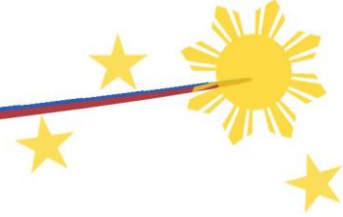




# **LEVERAGING ON ODAs AND CONCESSIONAL LOANS**

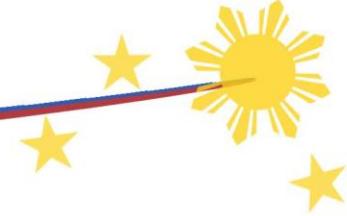
**30 August 2017**

# Build, Build, Build

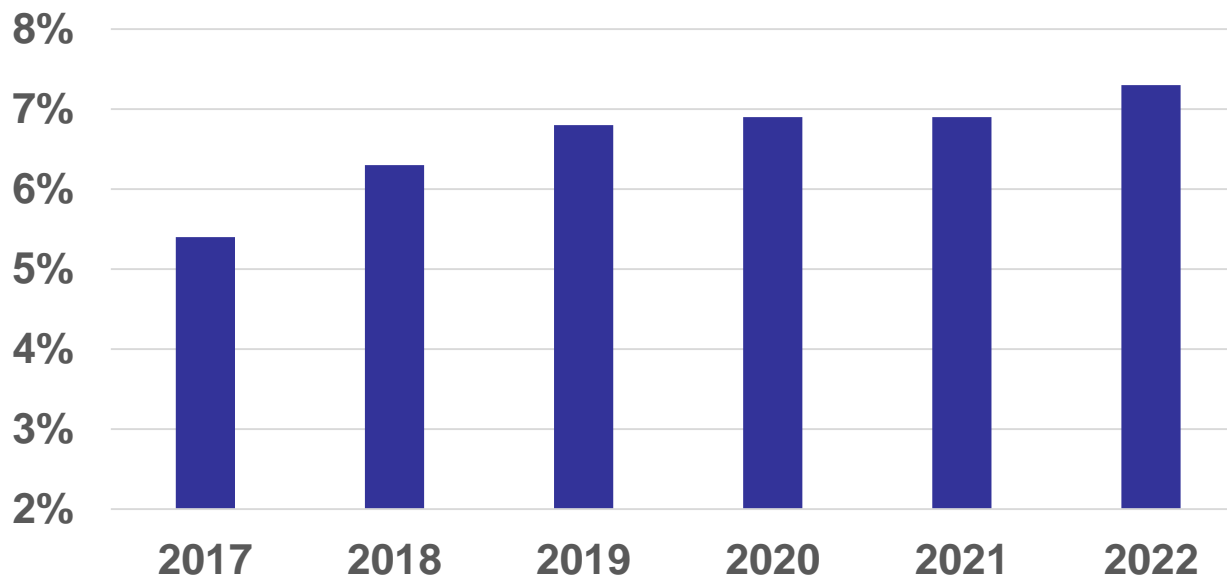


- **Cornerstone of inclusive growth.** Integral to 10-Point Socioeconomic Agenda, which aims to reduce poverty incidence in the country from 21.6% to 14% in 2022.
- **Multiplier effect on economy.** A 2006 NEDA study indicates that every peso spent on infrastructure yields P2.039 in contributions to the economy.
- **Favorable fiscal environment.** Infra development being executed against the backdrop of robust growth (2Q 2017 real GDP growth at 6.5%) and effective fiscal consolidation. NG has ample legroom to borrow and will maintain fiscal discipline.

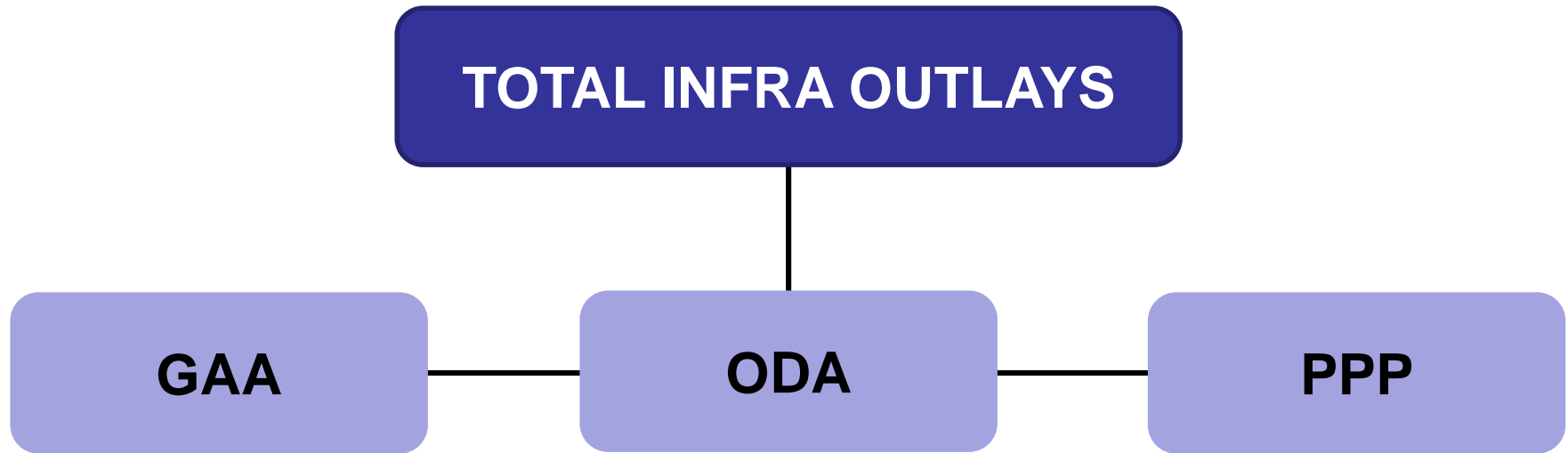
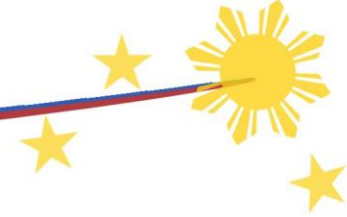
# Build, Build, Build



- **Duterte gov't to pursue 75 flagship projects.** This robust pipeline of projects aim to create additional jobs and enhance the country's productivity.
- **P8.4 trillion in infra spending from 2017 to 2022.** Boost in outlays will push infra spending to 7.3% of GDP by 2022 and our GDP growth trajectory to 7-8% per annum.



# Main Sources of Financing



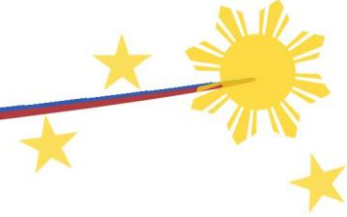
- **Right financing for right project.** Pipelined projects assigned financing schemes based on their respective peculiarities (e.g. cash flow generation, recovery period).
- **Maximizing each financing scheme's strengths.** Less built-in delay (GAA), lower borrowing costs (ODAs), expertise in O&M (PPP).

# Hybrid Financing Models



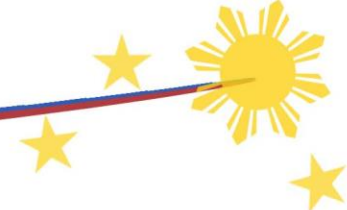
- **Part-bilateral loans and part-multilateral loans.** Co-financing enables NG to build more big-ticket projects and obtain the best value for money while taking advantage of lower interest rates.
- **Hybrid PPP.** NG funds construction before bidding to private sector to leverage on their O&M expertise.
- **Unsolicited PPP proposals.** NG will remain open to unsolicited PPP proposals from private sector players.

# External Financing



Particulars	Program 2018 (in Php millions)	Amount (in US\$ millions)
<b>Gross Borrowing</b>	<b>888,227.00</b>	<b>17,545.92</b>
<b>External (20%)</b>	<b>176,269.00</b>	<b>3,481.99</b>
<b>Project</b>	<b>41,055.00</b>	<b>811.00</b>
of w/c China	13,086.05	258.00
Project	227.80	4.50
NIA – Chico River Pump Irrigation		
DOTr – North-South Railway Project –		
South Line	12,858.24	254.00
<b>Program</b>	<b>84,214.00</b>	<b>1,663.55</b>
<b>Commercial</b>	<b>51,000.00</b>	<b>1,007.45</b>
<b>Domestic (80%)</b>	<b>711,958.00</b>	<b>14,063.92</b>

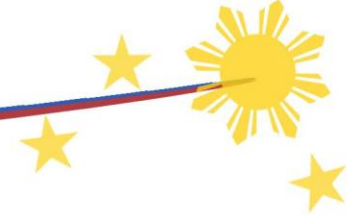
# China ODA Financing



- 35 projects proposed for China ODA financing.
  - Two (2)\* have received NEDA Board approvals and have been submitted to the Chinese Government on June 30, 2017.

Project	Approved Cost (In USD\$ Millions)
Chico River Pump Irrigation Project*	53.86
MWSS Kaliwa Dam Project*	374.03
North South Railway Project – South Line	3,016.00
<b>TOTAL</b>	<b>3,444.00</b>

# Japan ODA Financing

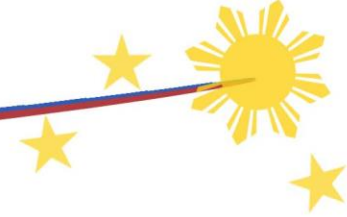


- 9 projects proposed for Japan ODA financing.
  - NEDA Board has approved Malolos-Clark Railway and Cavite Flood Management.
  - NEDA Board has also approved the widening of bypass roads along Plaridel.

Project	Estimated Cost (In USD\$ Millions)
PNR North 2 (a.k.a. Malolos-Clark Railway Project)	4,272.00
PNR South Commuter [a.k.a. North-South Railway Project South Line (Commuter)]	2,674.00
Metro Manila Subway Project	TBD
Cavite Industrial Area Flood Management	197.00
Malitubog-Maridagao Irrigation Project Phase II	109.00



# Japan ODA Financing



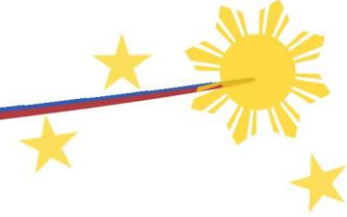
Project	Estimated Cost (In USD\$ Millions)
Dalton Pass East Alignment Alternative Road	96.00
Circumferential Road 3 Missing Link Project	210.00
Road Network Development Project in Conflict-Affected Areas	200.00
Pasig-Marikina River Channel Improvement Project	536.00

# Continued Fiscal Sustainability

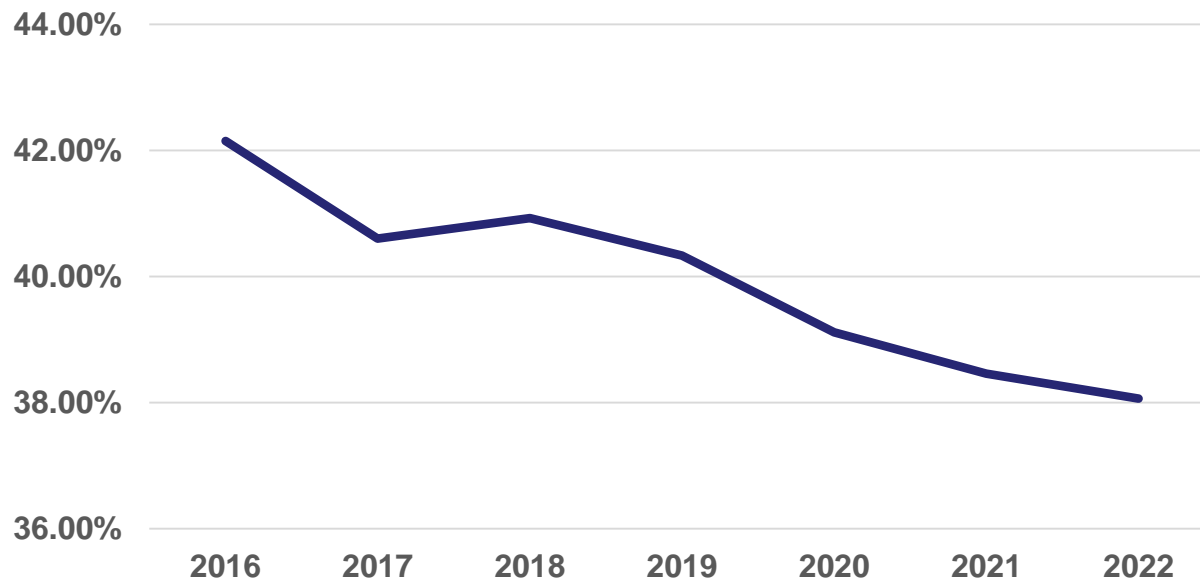


- **Favorable debt position.** The country's debt metrics are in their best shape, with GG debt-to-GDP at 32.6%, at their lowest level since peaking at 68.0% in 2003.
- **Fiscal space for more productive spending.** Interest payments as a percentage of NG revenues and expenditures at ten-year lows of 14.5% and 13.9% respectively. Additional fiscal space to be channelled to big-ticket infra projects.

# Continued Fiscal Sustainability



- **Borrowing with a bias toward domestic financing.** NG is implementing its borrowing program with a target financing mix of 80% domestic and 20% external to deepen domestic GS markets and mitigate against external shocks.
- **Tax reform to ensure improving debt metrics.** The successful passage of Package One of the Tax Reform Program will lead to NG debt-to-GDP level of 38% by 2022 (based on net revenues of P133.8 billion from HB 5636).





**Thank you!**