Chapter 7

Philippines Country Report

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November 2014

This chapter should be cited as
Navarro, A. M. (2014), 'Philippines Country Report', in Zen, F. and M. Regan (eds.), *Financing ASEAN Connectivity*, ERIA Research Project Report FY2013, No.15.Jakarta: ERIA, pp.265-326.

CHAPTER 7

Philippines Country Report

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Introduction

This study looks at the financial sources for infrastructure projects in the Philippines in the last five years and analyses the country's current fiscal situation as it relates to infrastructure financing. It also gives updates on developments in public-private partnerships (PPPs) and describes the level of capital market development in the country. It is part of a larger study by the Economic Research Institute for ASEAN and East Asia (ERIA). While the larger ERIA study maps the regional financial sources and possible mechanisms to enhance regional cooperation in infrastructure development, this country study provides updates on the Philippines' contribution to regional financing and on efforts in developing the regional connectivity infrastructure.

To put in geographical context the challenge of financing infrastructure development in the Philippines, a map of the Philippine archipelago is presented in Figure 7.1 below. The archipelago is divided into three regions—Luzon, which consists of the main Luzon island and nearby islands in the north; Visayas, which consists of the cluster of islands in the centre; and Mindanao, which consists of the main Mindanao island and nearby islands in the south. A brief overview of the physical infrastructure connecting these islands is

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discussed in the next section.

Figure 7.1: Map of the Philippine Archipelago.

Source: National Mapping and Resource Information Authority.

Overview of the Infrastructure Situation in the Philippines

This section presents the infrastructure stock to date and the population's level of access to infrastructure. Infrastructure sectors covered in this brief overview include the transportation, water supply, energy, and information and communications technology sectors. The Philippine Development Plan (PDP) 2011-2016 describes the current infrastructure stock as inadequate and the level of access as inequitable. For a long time, the government and the private sector have under-invested in infrastructure and the resulting inadequacy and inequitable access hamper the national government's goal to bring about inclusive growth in the country.

Transportation

Road assets consist of a total of 215,088 km of national roads, secondary roads, provincial roads, city roads, municipal roads, and *barangay* (i.e., smallest administrative unit in the Philippines) roads as of October 2012, of which 27 percent are paved and in good condition. Of these roads, national roads measure 25,443.44 km, where around 80 percent are paved (DPWH, 2013).

In maritime transport, there are 211 ports handling domestic traffic and 38 ports managing international traffic as of 2012 (ASEAN-Japan Transport Partnership, 2012). The domestic shipping fleet consists of 7,299 vessels with a gross tonnage of 1.76 million tons as of 2011(NSCB, 2012). The Philippine archipelago has what is called a nautical highway that allows vehicular traffic from highways to continue the inter-island journeys via roll-on/roll-off (RORO) ferries along 12 specific routes. However, RORO ferries have pulled out their operation in five out of these 12 routes mainly due to port underdevelopment[1].

The country currently has 10 international airports serving international flights, 34 principal airports catering to domestic flights, and 41 community airports used by general aviation aircrafts. The dramatic increase in air traffic in recent years, coupled with inadequate infrastructure investments, has led to

[1] Based on an interview conducted with MARINA Domestic Shipping official. July 2013.

congestion in airports. For example, the Ninoy Aquino International Airport is designed to accommodate only 36 aircraft movements (take-off and landing) per hour, but actual aircraft movements reached 50 per hour in the summer of 2012 (DOTC, 2012).

Water Supply

The water supply sector is quite fragmented. There are numerous water providers, including 511 water districts[2], 475 private water utilities[3], and a still undetermined number of small water service providers. As of 2011, around 86 percent of Filipinos had access to safe drinking water(NEDA, 2012).

Energy

Power generation is a competitive business, where the total capacity is 16,162 megawatts (MW) of installed capacity and 14,477 MW of dependable capacity. The generation capacity margin is tight, and frequent power shortages have been occurring in Mindanao in the past two years. Transmission is a natural monopoly, and the grid is operated by a private firm. The distribution sector consists of 119 electric cooperatives and 25 private and local government-owned utilities. As of 2010, 73.7 percent of Filipino households had access to electricity.[4]

Information and Communications Technology

Information and communications technology (ICT) is a competitive and private sector-driven industry, with a total of 70 local exchange carriers and nine cellular mobile radio service providers nationwide as of 2011[5]. Teledensity in 2012 was at around seven installed lines per 100 Filipinos[6]. In the same year,

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[2] Based on an interview conducted with Local Water Utilities Administration (LWUA). July 2013.

[3] Raw data retrieved from 2009 registration data of the National Water Resources Board.

[4] Raw data retrieved from the Department of Energy.

[5] Raw data retrieved from the National Telecommunications Commission

[6] Raw data retrieved from the Department of Science and Technology-ICT Data and Statistics and

there were 106.7 mobile phones per 100 Filipinos, while internet usage was at 36.24 percent. Meanwhile, fixed broadband subscription was at 2.2 subscribers per 100 Filipinos[7].

Quality of Infrastructure Relative to Those of ASEAN Neighbours

The Philippines lags behind most of its ASEAN neighbours in the quality of its infrastructure. According to the latest Global Competitiveness Report (2012-2013) of the World Economic Forum, the Philippines ranks 98th out of 144 countries in terms of quality of overall infrastructure and is second to the last among the ASEAN countries included in the ranking.

Public Sources of Infrastructure Financing

National Sources

The immense importance of investing in infrastructure development to facilitate inclusive economic growth is recognised by the current administration. The Philippine Development Plan (PDP) 2011-2016 puts high priority on infrastructure development, which has both growth and equity effects. Thus, this section begins with a discussion of the national development priorities contained in the government's investment programme. The discussion then continues with a presentation of how the government financed infrastructure investments for the past five years through the national budget.

National Development Priorities

The current administration is guided by a comprehensive investment plan entitled "Public Investment Programme (PIP) 2011-2016". In 2013, the National Economic Development Authority (NEDA) released a "Revalidated PIP", which incorporates updated data as of May 31, 2012 and shows that infrastructure development has the largest share at US$13.06 billion or 77

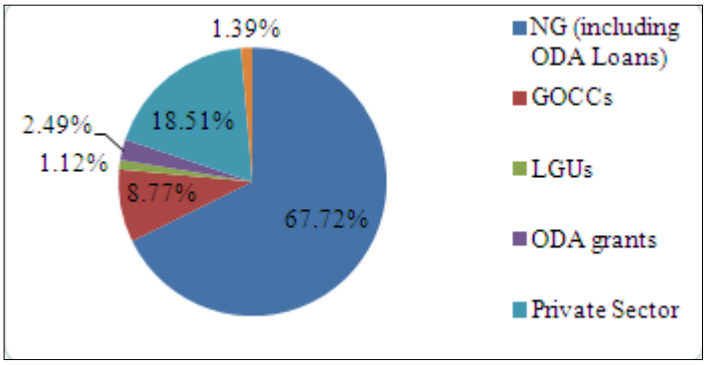
International Telecommunications Union

[7] *Ibid.*

percent of the total amount of target investments in eight key investment areas[8] for the remaining years 2013 to 2016. This amount corresponds to a total of 69 out of the identified 102 core investment projects and programmes. Such is the high priority that the current administration puts on infrastructure development. Annex 1 provides details on the infrastructure investment programme in the PIP.

Infrastructure development in the PIP will be financed for the most part by the national government. Figure 7.2 shows that the national government, aided with official development assistance (ODA) loans, will shoulder 67.72 percent of the 2011-2016 investment programme for infrastructure. Private sector investment ranks second with a 18.51 percent share, followed by investments by government-owned and controlled corporations (GOCCs) at 8.77 percent share.

Figure 7.2: Aggregate Investment Targets by Funding Source (2011-2016)



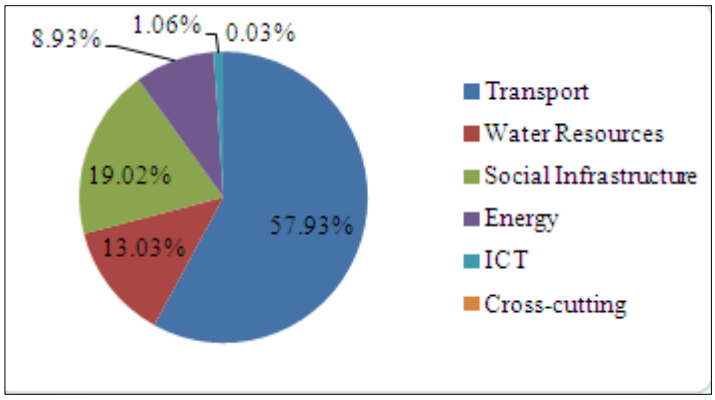
Source of raw data: PIP 2011-2016 (as of 31 May 2012).

In terms of the distribution of investment targets among infrastructure subsectors (Figure 7.3), more than half (57.93%) of the total 2011-2016 infrastructure investment target is for the transport subsector. Specifically, the 2011-2016 PIP assigns US$34.79 billion as the total target amount for the transport subsector; US$11.63 billion for social infrastructure; US$7.96 billion for water resources; US$5.47 billion for energy; and US$0.02 billion for cross-

[8] The eight key areas are infrastructure, industry and services, agriculture and fisheries, financial sector, governance and the rule of law, social development, peace and security, and environment and natural resources.

cutting key programmes and projects.

Figure 7.3. Investment Targets by Infrastructure Subsector, 2011-2016



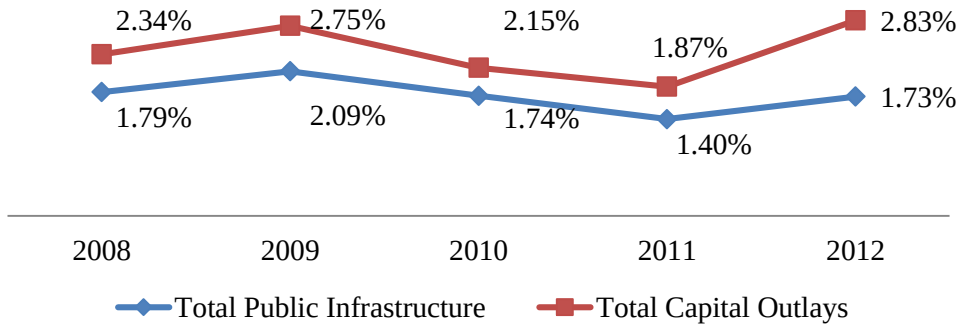
Source of raw data: PIP 2011-2016 (as of 31 May 2012).

Budget Composition

The national government takes pride in the fact that infrastructure spending has been prioritised in 2013. The Department of Budget and Management (DBM) stated that the infrastructure and other capital outlays allocation went up by 17.7 percent, from US$5.98 billion in 2012 to US$7.04 billion in 2013. This is supposedly to support infrastructure projects that are necessary for transport, tourism, and agriculture industries.

The budget for infrastructure and other capital outlays comprises 14.8 percent of the total US$47.48 billion budget in 2013. However, the amount for such budget item that the DBM is monitoring does not go wholly to physical infrastructure that raises total factor productivity, but also to such sub-items as buildings, vehicles, equipment and the like for government units. If actual public infrastructure spending is separated from actual total capital outlays, one sees that in the last five years (2008-2012), public infrastructure spending as part of GDP averaged at 1.4 percent to 2.09 percent only (Figure 7.4). This is a far cry from the current administration's target to raise infrastructure spending to 5 percent of GDP over the medium term.

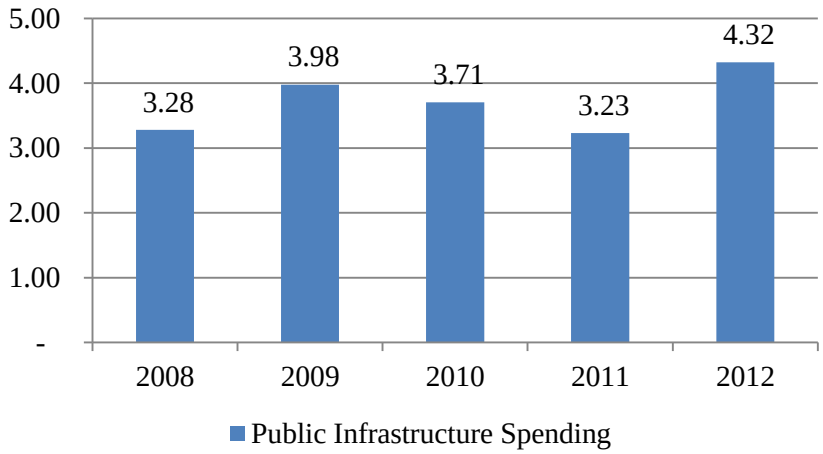
Figure 7.4: Actual Infrastructure and Other Capital Outlays as % of GDP, 2008-2012



Source: DBM National Expenditure Programme CY 2008-2014; PIDS Economic and Social Database.

The last five years also saw serious underspending in infrastructure, which began in 2010 and worsened in 2011 (Figure 7.5). Navarro and Yap (2011) state that the 2011 decrease in government's final consumption expenditure, mostly in infrastructure projects and programmes, cut GDP growth by 0.1 percent (Navarro and Yap, 2012). The executive branch of the government defended the underspending by stating that it was a consequence of the attempt to institute good governance, an important platform of the Aquino administration. The due diligence reviews of projects and programmes conducted in 2010-2011 led to postponement or delays in fund disbursements. Thereafter, an accelerated disbursement programme was instituted and by 2012, public spending on infrastructure has surpassed its 2009 level.

Figure 7.5: Actual Public Infrastructure Spending (in US$ billion), 2008-2012



Source: DBM National Expenditure Programme CY 2008-2014; PIDS Economic and Social Database.

Table 7.A.3 in Annex 1 shows the actual amount of spending of national government agencies for their respective infrastructure-related activities from 2008 to 2012. Note that infrastructure spending by such agencies had been between 11 percent and 13 percent of the national budget in the last five years. The government also has specialised financing agencies for infrastructure development—i.e., the National Electrification Administration (NEA) for electric power infrastructure and the Local Water Utilities Administration (LWUA) for water-related infrastructure. These institutions, unlike government financial institutions, receive yearly subsidies from the government. Table 7.1 and Table 7.2 summarise the grants and loans provided by these two lending agencies for infrastructure-related projects in the past five years.

Table 7.1: Amount of Grants and Loans Availed by Electric Cooperatives, 2008-2012

Year	Grants		Loans	
	(US$ million)	(%)	(US$ million)	(%)
2008	21.84	0.06%	37,865.15	99.94%
2009	11.84	0.03%	40,990.98	99.97%
2010*	1.49	0.0042%	35,781.27	99.99%
2011	45.54	0.14%	32,631.76	99.86%
2012	23.68	0.06%	39,049.18	99.94%

Note: * Used 2007 to 2009 subsidy savings
Source: National Electrification Administration.

Table 7.2: Amount of Loans and Grants Availed by Water Districts, 2008-2012

Year	Grants		Loans	
	(US$ million)	%	(US$ million)	%
2008	0.0011	0.01%	13.45	99.99%
2009	4.41	15.44%	24.15	84.56%
2010	72.97	85.90%	11.98	14.10%
2011	15.62	49.34%	16.03	50.66%
2012	1.67	17.55%	7.85	82.45%

Source: Local Water Utilities Administration.

External Sources

Official Development Assistance

Multiple ODA partners have invested significant amounts of resources in helping the Philippines develop its infrastructure. These resources come in the form of loans and grants. Annex 2 details the developing partners' profiles based on their priority areas, as well as their strategy frameworks for development.

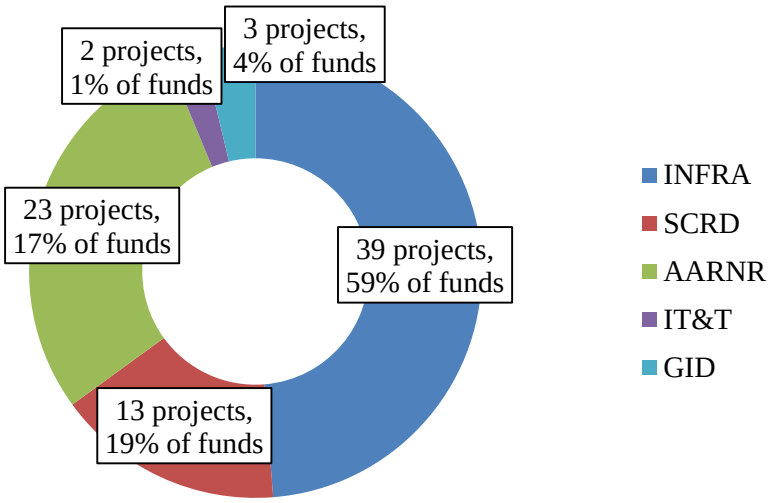
Multilateral agencies have had varying areas of focus: The Asian Development Bank (ADB) historically supported transport, energy, agriculture infrastructure, and water supply projects; the International Fund for Agricultural Development aided infrastructure for agricultural development; the United Nations backed infrastructure that centred on the attainment of the Millennium Development Goals; the World Bank and other funds that it administers focused on transport, water supply, and energy infrastructure. Bilateral aid agencies (i.e., aid

agencies of Australia, China, South Korea, New Zealand, Canada, European Union, France, Spain, and the United States), meanwhile, supported a number of cross-cutting areas such as public-private partnerships, investment-promoting infrastructure, infrastructure support to tourism, and infrastructure for peace and development in Mindanao.

Loans for Infrastructure

As of December 2012, the total loan commitment amounted to US$8.82 billion. Seventy-eight percent (or US$6.89 billion) was for project loans while the remaining 22 percent (or US$1.93 billion) was for programme loans. The total loan commitment in 2012 rose by about 2.6 percent from the registered loan commitment in 2011. Furthermore, of all the loans for 2012, the biggest share went to the development of the infrastructure sector. A total of US$5.19 billion (58%) of the loans was allocated to infrastructure, while 19 percent was for social reform and community development. Given the amount, it is not surprising that the infrastructure sector also had the largest number of projects: 39 projects supported by ODA loans in 2012. Figure 7.6 details the distribution of projects and percentage share by sector in the 2012 net loan commitments.

Figure 7.6: Project Count and Percentage Share of 2012 Total Loan Commitments, by Sector

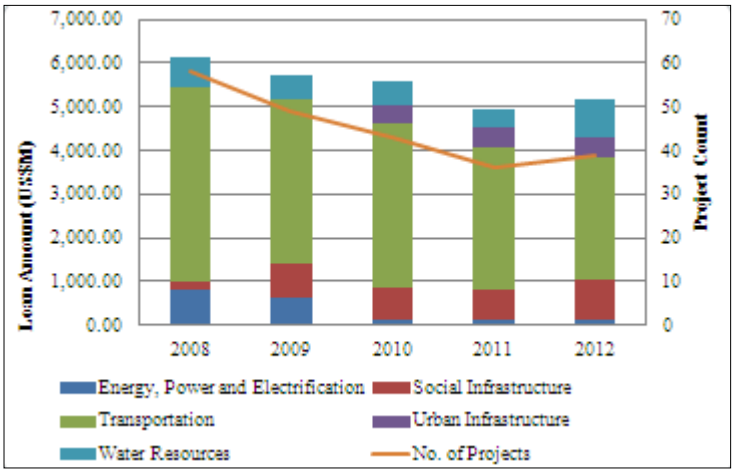


Notes: INFRA - Infrastructure
SCRD - Social Reform and Community Development
AARNR - Agriculture, Natural Resources and Agrarian Reform
IT&T - Industry, Trade, and Tourism
GID - Governance and Institutions Development
Source: 2012 ODA Portfolio Review, NEDA.

The fact that infrastructure has the largest share of the 2012 loans is consistent with the historical data for the past five years. From 2008-2012, ODA partners have constantly focused on infrastructure development in the country. Since 2008, more than 56 percent of the total annual loans has gone to projects for infrastructure development (Table 7.3).

Although the infrastructure sector gets prioritised in ODA assistance over other sectors, a decreasing trend in infrastructure loans can be observed in the past five years, with a slight rebound in 2012 (Figure 7.7). Consequently, the number of projects for infrastructure has also decreased. From a high of 58 projects in 2008, it has dropped to the current project count of 39. Within the infrastructure sector, the transportation subsector has consistently received the highest share of ODA loans.

Figure 7.7. Distribution of Infrastructure Loans by Subsector, 2008-2012



Source: 2008-2012 ODA Annual Portfolio Review

Table 7.3: ODA Loans, by Sector, 2008-2012

Sector	2008		2009		2010		2011		2012	
	Amount (US$M)	% Share	Amount (US$M)	% Share	Amount (US$M)	% Share	Amount (US$M)	% Share	Amount (US$M)	% Share
Agriculture, Natural Resources and Agrarian Reform	1,553.66	15%	1,612.28	17%	1,837.40	18%	1,192.03	14%	1,495.26	17%
Infrastructure	6,130.25	61%	5,741.39	60%	5,591.70	56%	4,950.35	58%	5,185.99	59%
Industry, Trade and Tourism	666.4	7%	470.02	5%	44.86	0%	218.64	3%	115.05	1%
Governance and Institutions Development	732.9	7%	909.19	9%	709.17	7%	32.9	0%	332.4	4%
Social Reform and Community Development	953.68	10%	904.33	9%	1,751.53	18%	2,205.63	26%	1,692.30	19%
Grand Total	**10,036.89**	**100%**	**9,637.21**	**100%**	**9,934.66**	**100%**	**8,599.55**	**100%**	**8,821.00**	**100%**

Source: 2008-2009 ODA Annual Portfolio Review; 2010-2012 NEDA Project Monitoring Staff.

For the past three years, the infrastructure sector has received US$15.72 billion. Among the development partners, Japan has consistently been the top source of funding for infrastructure projects (Table 7.4). In 2012, Japanese ODA accounted for 48 percent, or US$2.48 billion, of the total ODA loan funds allocated for the infrastructure sector. This is followed by French ODA (23%) and the World Bank (15%). As of March 2013, 25 infrastructure projects have been identified in the preliminary ODA pipeline (Annex 2).

Table 7.4: Infrastructure Loan Amount by Development Partner, 2010-2012 (US$ million)

Developing Partner	2010	2011	2012	Total
Japan	2,810.11	2,297.43	2,476.88	7,584.42
France	744.46	721.52	1,181.39	2,647.37
China	1,016.60	1,016.60	297.39	2,330.59
WB	496	485.56	761.99	1,743.55
Korea	206.33	219.62	237.66	663.61
ADB	31.1	31.1	93.1	155.3
Others	287.09	178.52	137.59	603.2

Source: NEDA-Project Monitoring Staff.

Table 7.5. ODA Grants by Sector, 2008-2012 (US$ million)

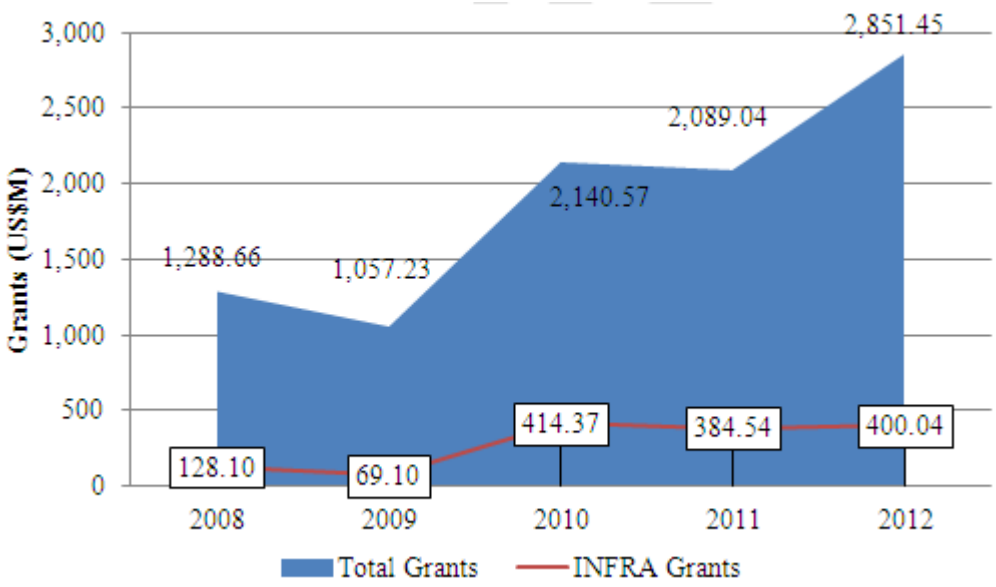
Sector	2008		2009		2010		2011		2012	
	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share
Social Reform and Community Development	284.82	22%	415.78	39%	931.12	43%	876.41	42%	1,519.40	53%
Governance and Institutions Development	474.13	37%	334.65	32%	400.93	19%	478.95	23%	561.92	20%
Infrastructure	128.10	10%	69.10	7%	414.37	19%	384.54	18%	400.04	14%
Agriculture, Agrarian Reform, and Natural Resources	338.80	26%	192.62	18%	344.55	16%	292.91	14%	314.19	11%
Industry, Trade and Tourism	62.81	5%	45.08	4%	49.60	2%	56.23	3%	55.90	2%
TOTAL	**1,288.66**	**100%**	**1,057.23**	**100%**	**2,140.57**	**100%**	**2,089.04**	**100%**	**2,851.45**	**100%**

Note: Total grant received in 2010 was US$2,247.53 million. An amount of US$106.961 million were tagged as unspecified
Source: 2008-2009 ODA Annual Portfolio Review; 2010-2012 NEDA Project Monitoring Staff.

Grants for Infrastructure

The total ODA grants that the Philippines has been receiving since 2008 is rising. Total grants for all sectors amounted to US$2.86 billion by 2012. Table 7.5 shows the breakdown of the grants received per sector over the past five years. It can also be observed from Table 7.5 and Figure 7.8 that grants specifically for the infrastructure sector show an increasing trend. Compared to the US$128.10 million received in 2008, infrastructure grants in 2012 reached US$400.04 million. The project count, however, had dipped in the past three years—from 95 in 2010, to 29 in 2012.

Figure 7.8: Total Grants vis-a-vis Infrastructure Grants Received, 2008-2012



Consistently, the Millennium Challenge Corporation (MCC), an independent US government foreign aid agency, tops the list of development partners in terms of grants for the Philippines' infrastructure development (Table 7.6). Since 2010, MCC has accounted for 54 percent of the infrastructure grants to the country, followed by Australia (24%), Japan International Coordination Agency (JICA) (7%), and the World Bank (6%).

Table 7.6: Grant Amount by Development Partner, 2010-2012 (in US$ million)

Development Partner	2010	2011	2012	Total
MCA/MCC	214.4	214.4	214.4	643.2
AUSTRALIA	101.87	79.14	104	285.01
JICA	-	47.01	37.04	84.05
WORLD BANK	35.26	20.24	14.07	69.57
ADB	10.21	7.7	14.57	32.48
GTZ/GIZ	31.97	-	-	31.97
USAID	5.5	5.5	5.51	16.51
Others	15.15	10.55	10.45	36.15
No. of projects	95	65	29	189

Source: NEDA-Project Monitoring Staff.

Regional Source – The ASEAN Infrastructure Fund

The ASEAN Infrastructure Fund (AIF) is another possible external source of funding for Philippine infrastructure requirements. This regional fund is initially expected to provide loans of up to US$300 million a year and has a lending commitment through 2020 of up to US$4 billion. It was incorporated in April 2012 with shareholdings from nine ASEAN members (Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam) and the ADB. The Philippines' initial equity contribution was US$15 million. Table 7.7 describes the basic design of the AIF.

Table 7.7: Basic Design and Structure of the ASEAN Infrastructure Fund (AIF)

Equity	Debt	Lending Operations	ADB's Role
• US$335.2 million from 9 ASEAN countries • US$150 million from ADB • Around US$162 million in hybrid capital (perpetual bonds)	• Debt issued to leverage 1.5 times the equity* • High-investment grade credit rating targeted • Central banks and other institutions, including private sector, to purchase the debt after the AIF has established a clear track-record and sufficient lending volume	• Lending to relevant ASEAN countries • Based on ADB's country partnership strategy, and regional pipelines • Initially only on sovereign and sovereign-guaranteed projects and public portion of PPP projects, later also loans to private sponsors after formal determination of the AIF	• Generate the project pipeline • Ensure that appropriate safeguards and due diligence are part of the project design and administration and report to ASEAN • Provide co-financing and act as the lender of record • Administer the AIF (including financial management, loan servicing, accounting and financial reporting) during the project administration and evaluation

Note: *In capital adequacy terms, it means an equity-to-loan ratio of about 60 percent by 2020 and about 44 percent by 2025.

Source: ADB August 2011 Report and Recommendation of the President to the Board of Directors: Proposed Equity Contribution and Administration of ASEAN Infrastructure. Fund.

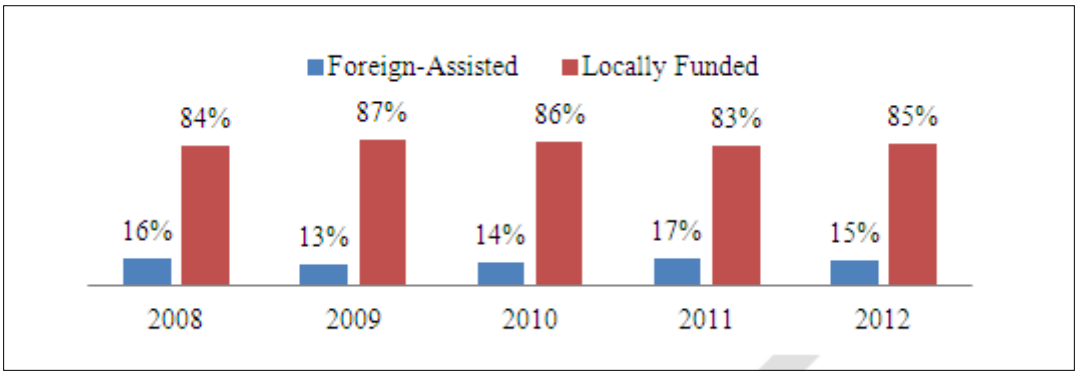
The AIF was reported to be ready to process projects in the pipeline by the second half of 2013. To date, however, details on the projects being processed have not yet been released.

Analysis of the Fiscal Situation

A healthy fiscal system supports the national government's spending on infrastructure projects funded by both local sources and external sources, with the latter usually utilising counterpart government contributions. Figure 7.9 shows that outlays for infrastructure are largely from local funds, which averaged 84 percent to 87 percent in the past five years. On the other hand, the share of foreign assistance stood at 13 percent to 17 percent. The decline in the share of foreign assistance from 17 percent in

2011 to 15 percent in 2012 also signifies the national government's decreasing reliance on ODA for its infrastructure budget. Locally sourced funding has become more sustainable in recent years due to the local economy's positive performance and improvements in the government's revenue generation efforts.

Figure 7.9: Infrastructure Spending by Source of Fund (Foreign-Assisted vs. Locally-Funded Budget), 2008-2012



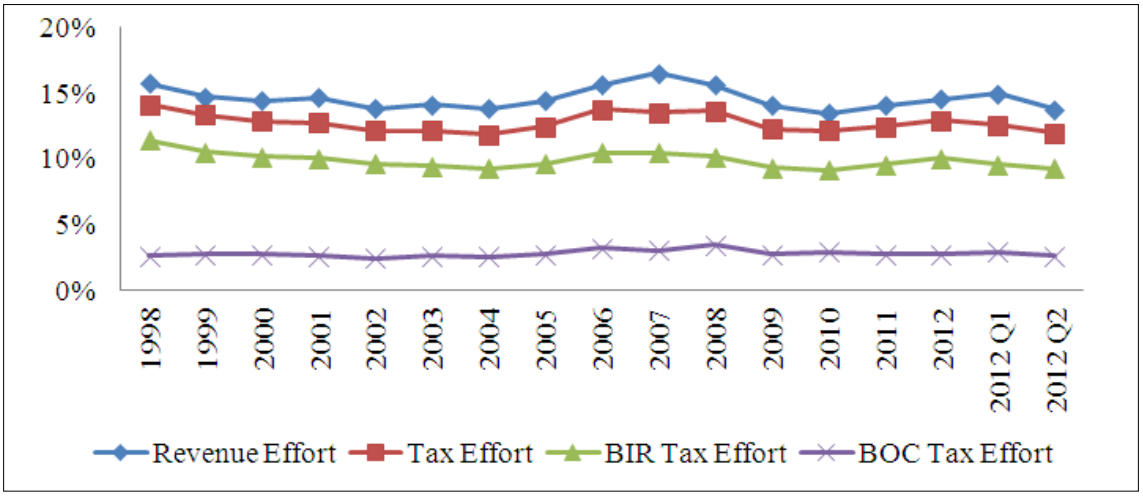
The recent strong performance of the economy (6.6% annual GDP growth in 2012 and 7.8% GDP growth in the first quarter of 2013) indicates a widening fiscal legroom for the national government. The 7.8-percent GDP growth in the first quarter of 2013 is the current administration's third consecutive quarterly growth above 7 percent. According to the National Statistical Coordination Board (NSCB), this can be attributed to the strong performance of the manufacturing and construction sectors, increased government and consumer spending, and sustained inflow of remittances from overseas Filipino workers.

Multilateral institutions also forecast a positive growth outlook for the Philippines. For instance, in July 2013, the World Bank projected the Philippine economy to grow at 6.2 percent for the said year and 6.4 percent in 2014. The International Monetary Fund likewise raised its growth outlook for the Philippines—from the original 6 percent, it amended its forecast in July 2013 to 7 percent by year-end.

Moreover, the Philippines' actual fiscal deficit by December 2012 stood at 2.3 percent of GDP, which is below the government's target cap of 2.6 percent of GDP. Navarro and Yap (2013) explain that compared to the previous year, where fiscal deficit was controlled at the expense of lower government spending, the fiscal deficit in 2012 improved due to the low-interest environment, less pressure on borrowings, faster-than-expected GDP growth, and increase in government revenues. However, Navarro and Yap note that recent revenue collections were still short of targets. The NEDA also raised the revenue effort issue in its *Socio-Economic Report 2010-2012* and stated that despite the country's recent commendable fiscal performance, improvements are still possible given the "path of revenues and spending."

Figure 7.10 presents the trend of the national government revenue effort from 1998 to early 2013 and shows that the Bureau of Internal Revenue (BIR) and Bureau of Customs' (BOC) tax collections, as a percentage of GDP, have recently declined. These agencies cite the challenges they face in collecting taxes as among the reasons for the decline in collections. The BOC representatives usually cite the lower tax base for import duties due to tariff reduction agreements as one big challenge. The BIR representatives, on the other hand, cite tax leakages and evasion. Observers, however, frequently point to corruption as the major reason tax collection targets are not met. The risk posed by such revenue performance on the country's fiscal position drives the current administration to pursue governance reforms in the two tax collecting agencies. At present, the BOC bureaucracy is being revamped, while a customs modernisation bill is in the legislative agenda. The BIR is also implementing stricter procedures to be able to cover tax evaders in its collection base.

Figure 7.10: Revenue and Tax Efforts (% of GDP), 1998-2013 Q1 GDP (Base Year 2000)



The current low-interest environment presents opportunities for the Philippines to manage its fiscal position well. The investment grade rating the country received from major rating agencies—first from Fitch Ratings in March 2013, and second from Standard & Poor's in May 2013—may attract more investments and improve macroeconomic performance. [9] Given these current developments, the government's policy is to lessen its dependence on foreign borrowings and instead turn to the local debt market for its borrowing needs. Macroeconomic assumptions for the 2013 budget include targeting a national government borrowing mix of 75 percent local and 25 percent foreign, although the Department of Finance announced in early 2013 that it might consider an 80:20 mix in favour of the local currency.

Improvements in infrastructure spending are also expected to occur given that the proposed 2014 national budget of US$53.71 billion is 13 percent higher than 2013's US$47.50 billion. The US$6.21 billion was reportedly added to achieve "increased investments in infrastructure, in good governance and anti-corruption, in building human capabilities especially

[9] At the time of this study, the government was also waiting for the credit rating of Moody's Investors Service, which visited the country in late July 2013 for an examination of the Philippine economy and a review of the country rating.

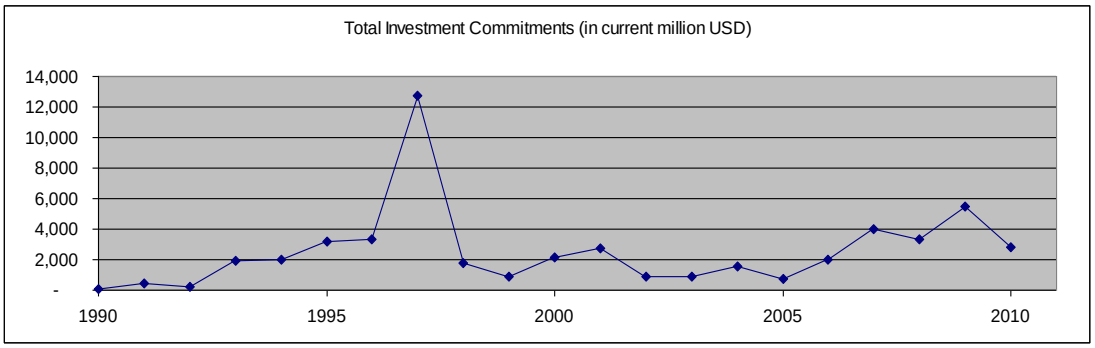
of the poor, through quality education, public health care and housing, and in climate change adaptation measures" (Diaz, 2013).

Public-Private Partnerships and the Capital Market

PPPs in Infrastructure

Public-private partnership (PPP) as an investment strategy was promoted in 1990, when the country was reeling from an electric power shortage. At that time, however, it was called build-operate-transfer (BOT) and its variants. The PPPs steadily increased in the 1990s but drastically declined after the East Asian currency crisis. It continued to drop during the first half of the Arroyo administration as most infrastructure projects were financed via ODA, and increased again beginning the mid-2000s (Navarro, 2012). Figure 7.11 below shows the path that PPPs took during the last two decades.

Figure 7.11: Total PPP Investments Committed in the Philippines, 1990-2010 (in US$ million)



Source: World Bank - Private Participation in Infrastructure Database

Regulatory Framework for PPPs

The regulatory framework for PPPs evolved from the first PPP law, the Republic Act (RA) 6957 entitled "An Act Authorizing the Financing, Construction, Operation and Maintenance of Infrastructure Projects by the Private Sector" and passed in 1990. In 1994, this was amended by RA 7718. At present, RA 7718 and its implementing rules and regulations (IRR) provide the framework and procedures for the competitive tender and government support for the following contractual arrangements: build-operate-transfer, build-transfer, build-own-operate, build-lease-transfer, build-transfer-operate, contract-add-operate, develop-operate-transfer, rehabilitate-operate-transfer, and rehabilitate-own-operate. Other variations of these contractual arrangements need to be approved by the president of the Philippines.

There are two modes of competition in the Philippine PPP framework—the solicited proposal process and the unsolicited proposal process. The solicited mode is the regular tendering process where a government unit prepares the project feasibility analysis and solicits competitive proposals from the private sector to undertake the project. In the unsolicited mode, a government unit may accept an unsolicited proposal from a private firm under three conditions: (1) The proposed project involves a new concept or technology and/or is not part of the government's list of priority projects; (2) No direct government guarantee, subsidy, or equity is required; and (3) The government unit has invited comparative or competitive proposals and no other proposal came in.

Joint ventures between government corporations and private entities must also follow a competitive process. The Joint Venture Guidelines issued by the NEDA in 2008 and revised in 2013 provide the rules and procedures for the competitive selection of private joint venture partners. Under the guidelines, the private sector can entirely take over a joint venture project after the government divests itself of any interest in such.

The existing regulators in infrastructure sectors also provide sector-specific regulatory rules, such as those relating to prices, routes, standards or operating parameters. These regulators include the Toll Regulatory

Board, Maritime Industry Authority, Energy Regulatory Commission, Civil Aviation Authority of the Philippines, and National Water Resources Board.

Operational and Proposed PPPs

As of December 2012, about 35 operational projects in the Philippines valued at US$15.86 billion were undertaken under the framework provided by RA 7718, the PPP law. Table 7.8 shows the sector distribution of these projects.

When the current administration revived the PPP programme in 2010, 10 projects were identified as priority projects and promoted to the private sector. However, only three projects[10] have been awarded to date. As of July 2013, the PPP programme consists of 20 projects with a worth of US$6.47 billion (Table 7.9).

[10] These three projects are the PHP1.96-billion (US$0.05 billion) Daang Hari-South Luzon Expressway Link, the PHP16.42-billion (US$0.39 billion) School Infrastructure Project Phase I, and the PHP15.86-billion (US$0.38) Ninoy Aquino International Airport Expressway (NAIA) Phase II.

Table 7.8: Operational PPP Projects by Sector (as of December 2012)

Sector	Scheme	Number of Projects	Estimated Cost in (US$ Million)
Power Sector	BOT-PPA	3	1,534.00
	BOO	1	22.00
	JV	1	5.00
	BROT	1	450.00
	BOO-ECA	2	170.00
	BOT-ECA	3	3,048.00
	Subtotal	11	5,229.00
Transport Sector	BLT	1	655.00
	JV	4	1,398.00
	BOT	1	84.00
	BTO	1	53.00
	Subtotal	7	2,190.00
Information Technology Sector	BTO	1	65.00
	BOO	1	82.00
	BOT	1	2.80
	Subtotal	3	149.80
Water Sector	CAOM	1	7,000.00
	JV	2	134.40
	BOT	1	650.00
	CA	1	55.00
	Subtotal	5	7,839.40
Property Development Sector	BOT	4	7.86
	BT/BOT	1	4.00
	DOT/BT	1	23.00
	JV	2	415.00
	Subtotal	8	449.86
Health Sector	PSP - Lease Contract	1	1.00
	Subtotal	1	1.00
GRAND TOTAL		**35**	**15,859.06**

Source: Public-Private Partnership Center.

Table 7.9: PPP Project Pipeline (as of July 2013)

Sector	Number of Projects	Amount (US$ Million)
Transport	11	4,804
Water and Sanitation	2	1,071
Energy	1	38
Social Infrastructure	3	369
Logistics and Supply Chain	3	191
Total	**20**	**6,473**

Source: Public-Private Partnership Center.

Capital Market in the Philippines

Level of Development of the Capital Market

The Philippine capital market offers a wide range of financial instruments. The government from time to time issues peso-denominated treasury notes, bills and bonds, and foreign currency-denominated bonds to institutional investors as well as peso-denominated treasury bonds and multi-currency treasury bonds to retail investors. Retail investors can also indirectly invest in treasury bills through trust agreements with banks. Private corporations have issued notes and bonds, as did some government corporations in the past. Banks also issue long-term negotiable certificate of deposits and tier 2 notes.

The size of the local bond market, as measured by the total amount outstanding, is US$99 billion as of the first quarter of 2013 (ADB, 2013). Of this amount, US$86 billion are government bonds and US$13 billion are corporate bonds. The size of the banking sector, on the other hand, is US$247.46 billion as of end-2012 (BSP, 2013a). The total Philippine stock market capitalisation as of June 2013 is US$0.28 trillion (BSP, 2013b). Equities are traded in the Philippine Stock Exchange, while debt trading is done in the Philippine Dealing Exchange.

The Philippines received sovereign credit ratings of BBB- with a stable outlook from Fitch Ratings on 27 March 2013, and BBB- with a stable outlook from Standard and Poor's on 2 May 2013. The local credit rating

agency for commercial papers is the Philippine Rating Services Corporation (PhilRatings).

Infrastructure financing activities in the local capital market currently include loan syndication or club financing by banks, and corporate bond issuances of holding companies with infrastructure exposure. To date, no specific infrastructure bonds have been issued for direct and fresh financing.

A New Private Equity Fund Co-financed by Pension Funds

The newly created Philippine Investment Alliance for Infrastructure (PINAI) Fund is another source of financing for Philippine infrastructure projects. The PINAI Fund is a private equity fund co-financed by pension funds and the ADB. It is capitalised at US$625 million, where the Government Service and Insurance System (GSIS), the Philippines' pension fund for government workers, contributed the largest equity share at 64 percent. The other equity contributors are: Agemene Pensioen Groep, a pension fund based in Netherlands, at 24 percent; Macquarie Infrastructure and Real Assets, which is owned by the Macquarie Group, at 8 percent; and the ADB at 4 percent. Recently, a private firm pursuing an 81-MW wind power project for the northern part of the Philippines expressed interest in tapping the fund (ADB, 2013a).

Challenges in PPPs and Opportunities in the Local Capital Market

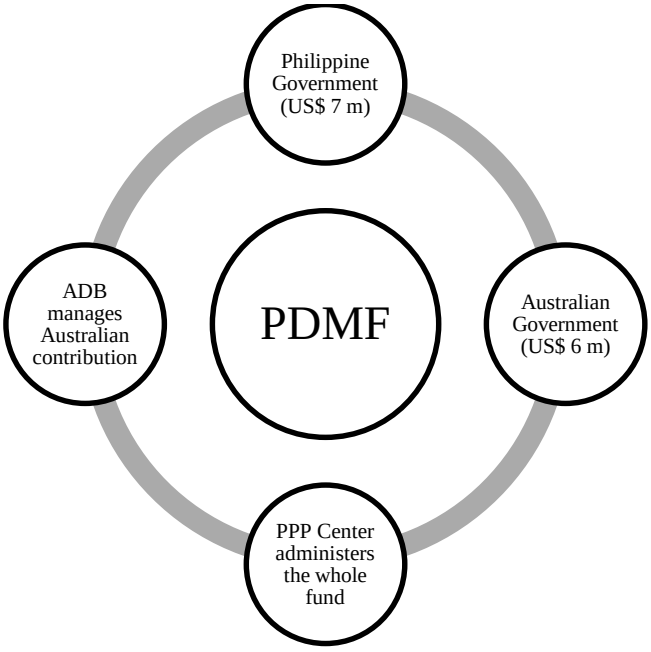
Despite the long history of Philippine PPPs, challenges remain. These include delays in rolling out projects for tender and the current PPP law's (RA 7718) inadequacy in dealing with competition and implementation problems.

Issues that gave rise to delays in the tendering process include the weakened capacity of government units to process PPPs and the lack of a prudent project development to support the PPP proposals. To address the capacity issue, capacity-building activities are being conducted for the

main agency in charge of the PPP programme (i.e., the Public-Private Partnership Center) as well as government implementing units and oversight agencies. To address project quality-at-entry, a Project Development and Monitoring Facility (PDMF) has been established.

The PDMF is a revolving fund (Figure 7.12) for the preparation of pre-feasibility and feasibility studies, and tender documents for PPP projects, and assistance in the bidding process. The fund revolves as the project development cost, including an administrative fee of 10 percent, is recovered from the successful bidder. In case the bidding fails due to reasons that are within the implementing government agency's responsibility, such agency refunds the full project development cost. If the bidding failure is due to reasons beyond the agency's control, the latter refunds only 50 percent of the cost.

Figure 7.12: Project Development and Monitoring Facility for PPP Projects



Source: Authors' interpretation of PPP Center documents.

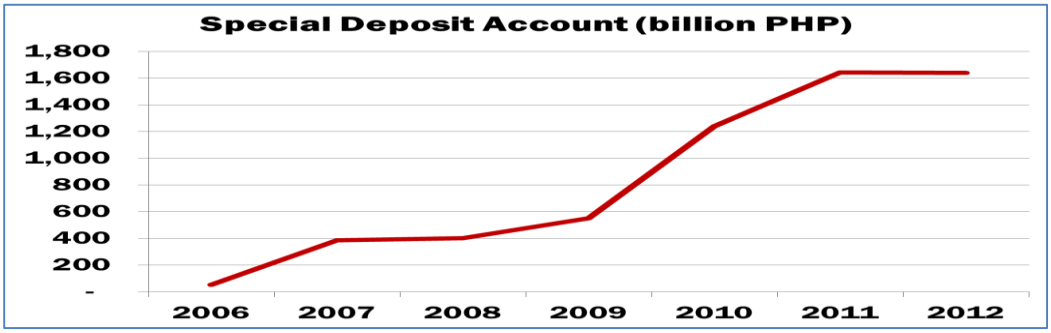
The initial fund for the PDMF was pooled from the contributions of the Philippine government (US$7 million) and the government of Australia (US$6 million). The ADB manages the Australian contribution under its Capacity Building Technical Assistance project for the PPP Center. The PPP Center, on the other hand, administers the whole fund and reviews proposals for PDMF funding.

The inadequacy of the PPP law in dealing with competition and implementation problems and the need to amend RA 7718 have both been raised several times in the past. Llanto (2010) explains that the PPP law (or "BOT law" as referred to in the study) should provide the enabling policy framework while the IRR should provide the technical and operational rules. However, as Llanto has argued, the Philippine PPP law contains both the enabling policy framework and too many details that should have been in the IRR instead, leaving the government with less flexibility to change these details in order to conform to the dynamic nature of such factors as technology and financial markets. At present, the call for amendment of the PPP law is still alive and being raised from time to time by the private sector.

Recent developments in the capital market also present opportunities for accelerating private sector participation in infrastructure investments. Liquidity in the banking system has been growing, and interest rates have been declining. Figure 7.13 shows that special deposit accounts, the main instrument of the Bangko Sentral ng Pilipinas (BSP) in mopping up excess liquidity in the financial sector, has dramatically grown and reached US$38.84 billion in end-2012.[11] Figure 7.14 shows the decline in reference interest rates across all maturities as of December 2012, which is actually a continuation of a general decline since 2009. The challenge now for the private sector is how to take advantage of these positive developments. Meanwhile, the challenge for the government is how to be facilitative in channelling capital market resources to PPP projects.

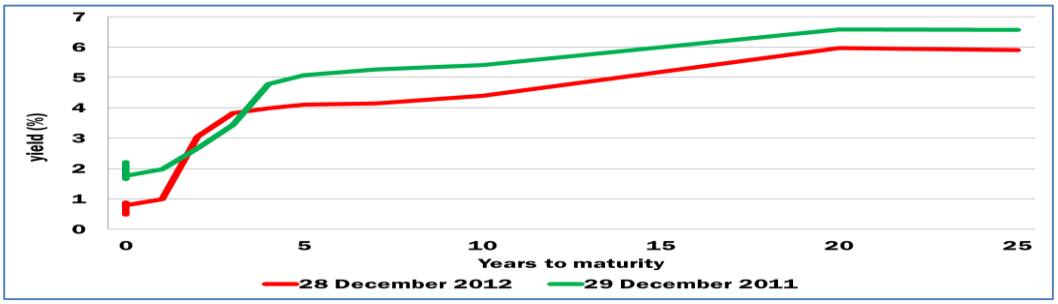
[11] The special deposit accounts, which allow banks and retail investors to park their excess liquidity at the BSP and earn above-market rates, however, will be phased out by the BSP in November 2013.

Figure 7.13: Rapid Growth of Special Deposit Accounts



Source of raw data: Bangko Sentral ng Pilipinas.

Figure 7.14: Declining Benchmark Treasury Rates



Source of raw data: Philippine Dealing Exchange.

The Philippines and ASEAN Connectivity

The Philippines remains committed to ASEAN connectivity. In fact, in the Philippine Development Plan 2011-2016, which is the government's blueprint for economic development during the current administration, the strategy for the transport sector includes "exploring ASEAN connectivity through sea linkages." The Philippines' contribution to the trans-ASEAN power grid and trans-ASEAN natural gas pipeline network is reckoned to be in the last leg of the ASEAN connectivity and envisioned to happen in 2020.

In the Master Plan on ASEAN Connectivity, one of the goals under maritime transport is to bridge archipelagic ASEAN with mainland ASEAN through a RORO and short sea shipping network. Major ports in

ASEAN countries, including the Philippines, were designated to be part of the network. The coordinator and centre of this effort in the Philippines is the Maritime Industry Authority (MARINA)[12], the regulator for the domestic shipping industry.

According to MARINA, the JICA-funded study on ASEAN RORO and short sea shipping network has just been completed in March 2013. Although four Philippine ports (Brooke's Point, Palawan; Zamboanga City; General Santos City; and Davao City) were initially considered in the study, only the Davao City-General Santos City connection was found to be viable. General Santos City was recommended as the main gateway via a connection to Bitung, Indonesia (Figure 7.15). Across ASEAN, the study identified three priority routes to be developed: Dumai (Indonesia)-Malacca (Malaysia) Route; Belawan (Indonesia)-Penang (Malaysia)-Phuket (Thailand) Route; and Davao/General Santos (Philippines)-Bitung (Indonesia) Route.

Figure 7.15: Davao/General Santos (Philippines) – Bitung (Indonesia) Route

Note : Distance:
Davao – Gen. Santos: 154 nautical miles (285 km)
Gen. Santos – Bitung: 302 nautical miles (560 km)
Source: JICA (2013). Masterplan and Feasibility Study on the Establishment of an ASEAN RORO Shipping Network and Short Sea Shipping.

[12] Interview with MARINA, 2 August 2013.

In the trans-ASEAN power grid, the Philippines-Sabah (Malaysia) grid interconnection is targeted to be in the last leg of the connectivity efforts. The Philippine coordinator for the trans-ASEAN power grid is the National Power Corporation through its membership in the Heads of ASEAN Power Utilities/Authorities (HAPUA) [13]. At present, the challenge for the Philippines is to achieve interconnection within the country itself since the Mindanao grid remains isolated from the interconnected Luzon-Visayas grid. For the meantime, the Philippines, through its chairmanship of the HAPUA working group on policy studies and commercial development, contributes to efforts to harmonise rules and standards within ASEAN, such as in the two ongoing HAPUA studies; namely, the study on energy taxation and the study on PPPs for transmission and generation.

The trans-ASEAN natural gas pipeline network is one connectivity infrastructure in the ASEAN wherein the development activities have endured long delays and uncertainties. One major reason is the issue over the commercial viability of the East Natuna (Indonesia) gas field. That is, there is a high cost involved in developing this field. It has a total of 46 trillion cubic feet of proven reserves but is found to have high levels of carbon dioxide (Global Association of Risk Professionals, 2013). For the meantime, the Philippines is preparing to enhance its gas distribution network through the Batangas-Manila pipeline (Batman 1), Bataan-Manila (Batman 2) pipeline, and Batangas-Cavite (Batcave) spur line of Batman 2. Batman 1, Batman 2, and Batcave are envisioned to put in place a total of 423 km of gas distribution lines.

Summary of Key Findings and Conclusions

This study assessed the sources and levels of infrastructure financing in the Philippines for the last five years (2008-2012). So as to provide context,

[13] Interview with the HAPUA Chairperson of Working Group on Policy Studies and Commercial Development, 23 July 2013.

the assessment is preceded by a brief overview of the infrastructure situation in the country.

Clearly, there had been underinvestment in infrastructure. Public infrastructure spending as a share of GDP averaged at only 1.40 percent to 2.09 percent in 2008-2012, which is a far cry from the current target of 5 percent of GDP over the medium term. As a result of underinvestment, the infrastructure stocks and levels of access in the Philippines are low. Moreover, the country has lagged behind most of its ASEAN neighbours in upgrading the quality of its infrastructure.

The national budget for the past five years shows that actual infrastructure spending as a share of the appropriated budget was 11 percent in 2008, 13 percent in 2009, and 11 percent again in 2010-2012. Government underspending in infrastructure is more visible when one looks at levels: Public infrastructure spending dropped from US$3.98 billion in 2009 to US$3.71 billion in 2010, and dipped further to US$3.23 billion in 2011 before it started to increase in 2012 as a result of the government's disbursement acceleration programme.

As external sources of financing, ODA partners have historically prioritised infrastructure financing. However, in the past five years, the country has been decreasing its reliance on ODA loans for infrastructure financing. These loans declined from a high of US$6.13 billion for 58 projects in 2008 to US$5.19 billion for 39 projects in 2012.

This study likewise took stock of PPPs in the Philippines and found that there are currently 35 operational PPP projects worth US$15.86 billion while the PPP pipeline consists of 20 proposed projects estimated to cost US$6.47 billion. The current PPP programme has encountered delays in the tendering process due to the weak capacity of government units to ensure project quality-at-entry and efficiency in the processing of PPPs.

The inadequacy of the PPP law in dealing with competition and implementation problems is also a key challenge; thus, the call to amend the law persists. The pressing need to address these challenges is all the more magnified by the opportunity presented by the currently liquid capital market and the low interest rate environment—an opportunity to

invest in infrastructure with the help of the private sector that should not be missed by the current administration.

This study also provides updates on the Philippines' participation in building the physical connectivity of the ASEAN through infrastructure. The feasibility study for the strategy of bridging archipelagic ASEAN with mainland ASEAN through a RORO and short sea shipping network was finished recently. Although four Philippine ports were initially considered in the study, only two ports were found to be viable—Davao City and General Santos City, with General Santos City acting as the main gateway via a connection to Bitung, Indonesia.

In the review of the sources of infrastructure financing, this study has uncovered a positive outlook for the Philippine government's fiscal health as well as the opportunities presented by new sources such a regional fund for ASEAN and a private equity fund capitalised with pension funds. However, based on recent experience, it is not really the availability of financial resources that is primarily restraining infrastructure development in the Philippines but the pace at which investments are being pursued. While the ODA had been relied on less and less and the fiscal position of the government had improved, there had been underspending in programmes and projects as the government focused instead on due diligence reviews and governance reforms. The PPP programme was revitalised and given much attention but delivered short on its promise due to delays in the tendering process, which in turn, were due to insufficient bankable projects.

The important lesson from all these is that an effective infrastructure financing strategy must not only focus on resource availability for the hard infrastructure but also on means to facilitate the way projects are identified, designed, proposed, reviewed, and implemented. In short, the resource and institutional requirements for project development, capacity building, and governance reforms must also be considered. Project development facilities need to be expanded in scale and scope to cover not only project development studies but also studies on reforms needed to make the complex wheels of the government evaluation machinery run more efficiently and local commercial partners act on opportunities more

quickly. This is an important lesson not only for the Philippines but also for the whole ASEAN region given that there is a seemingly lack of an ASEAN strategy to institutionalise project development facilities for infrastructure.

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Annex 1 – Infrastructure in the 2011-2016 Public Investment Programme

The following tables provide details on the investment targets for infrastructure as listed in the 2011-2016 Public Investment Programme.

Table 7.A.1: Investment Target for Infrastructure by Funding Source (in PHP million)

Funding Source	2011	2012	2013	2014	2015	2016	Total
NG (includes ODA	156,244.77	230,440.10	296,778.14	312,982.89	369,222.46	382,992.18	1,748,660.53
loans)	8,015.85	13,359.66	12,314.26	10,336.30	11,515.35	8,643.39	64,184.79
ODA Grants	18,842.62	23,665.31	77,294.86	31,127.02	41,450.52	33,992.07	226,372.40
GOCC	3,083.77	24,197.68	65,789.67	145,781.34	150,337.16	88,640.95	477,830.57
Private Sector	4,328.13	9,751.90	12,509.31	2,400.00	-	-	28,989.34
LGU	1,100.00	4,802.00	9,166.98	8,874.35	11,268.12	805.00	36,016.45
Others	191,615.13	306,216.65	473,853.21	511,501.89	583,793.61	515,073.59	2,582,054.08

Source: PIP 2011-2016 (as of May 31, 2012).

Table 7.A.2: Investment Targets Agency/Department

Agency/Department (attached agencies)	2011	2012	2013	2014	2015	2016	Total
AFAB*	30.00	45.50	30.00	30.00	30.00	30.00	195.50
BCDA*	-	717.50	526.94	210.63	26,200.00	2.24	26,917.50
CDC*	13,000.00	-	2,154.58	5.00	33.54	75.00	13,000.00
PPMC*	1,200.00	4,500.00	191.20	154.28	75.00	1,850.66	5,700.00
BIR	18.99	1,194.61	100.00	100.00	100.00	7,484.08	1,986.94
CEZA	1,334.90	1,306.71	368.25	1,494.01	1,762.51	25,433.47	4,951.19
DAR	-	115.04	3,544.21	3,346.24	7,290.97	3,315.45	460.52
DFA	-	-	8,377.00	9,000.00	10,064.00	80.42	300.00
DILG	68.36	784.43	60,867.42	25,433.47	25,433.47	175.99	6,328.21
DOE	500.78	2,272.20	6,538.66	6,134.43	3,250.94	800.00	24,438.48
NEA	1,333.00	5,000.00	93.87	109.64	96.78	97.80	33,774.00
PNOC	1,352.86	9,050.77	248.20	141.38	157.11	400.00	147,571.45
NPC	263.98	1,903.41	800.00	800.00	800.00	400.00	21,406.87
DOST**	86.47	127.79	85.53	67.92	81.50	7,425.66	594.97
ASTI	351.35	524.44	56.60	400.00	400.00	10,496.00	1,598.48
ICTO	-	1,393.50	200.00	400.00	400.00	25,671.86	4,593.50
PAGASA	2,515.06	136.48	400.00	22,024.95	14,321.60	800.00	2,737.07
PCIEERD	-	55.50	16,981.15	444.00	16,684.95	550.00	359.33
PHIVOLCS*	15.00	69.50	11,045.90	15,426.54	470.00	30.00	15.00
MIRDC	54.25	200.00	418.00	800.00	25,244.71	2.24	1,523.75
DOTC	100.00	9,590.55	10,140.91	2,702.00	800.00	75.00	1,900.00
CAAP	6,957.88	609.70	800.00	681.16	279.50	1,850.66	77,301.79
CIAC*	-	972.00	3,296.00	3,150.00	187.06	7,484.08	28,340.55
CPA*	341.00	13,203.23	1,071.07	30.00	2,917.00	25,433.47	13,141.00
LRTA	3,868.15	800.00	4,089.25	210.63	30.00	3,315.45	93,555.40
LTO	-	841.50	30.00	5.00	26,200.00	80.42	4,000.00
MCIAA*	547.00	3,812.00	526.94	154.28	33.54	175.99	7,666.00
MIAA	341.40	4,618.30	2,154.58	100.00	75.00	800.00	6,092.69
PCG*	2,067.20	1,903.41	191.20	1,494.01	100.00	97.80	17,391.75
PNR	2,377.00	3,152.65	4,617.38	40,016.00	79,483.87	78,620.00	208,266.90
PPA*	2,607.19	2,939.74	10,426.67	8,739.52	16,103.09	8,609.05	49,425.27
MRT3*	6,923.00	4,290.00	5,401.00	5,838.00	5,859.00	6,068.00	34,379.00
DepEd	22,335.60	30,339.09	65,676.87	22,983.54	17,885.65	63,251.30	222,472.06

Agency/Department (attached agencies)	2011	2012	2013	2014	2015	2016	Total
DOH	7,143.91	26,800.00	43,000.00	40,300.00	4,600.00	-	121,843.91
DPWH	94,318.40	110,386.78	140,107.15	218,320.91	232,415.25	185,438.34	980,986.83
MWSS	250.00	3,500.00	6,129.25	7,376.77	10,326.77	2,267.12	29,849.91
DTI	-	-	100.00	35.00	-	-	135.00
LLDA*	-	-	-	-	-	11,500.00	11,500.00
LWUA	-	1,031.00	2,657.00	4,239.00	4,056.00	4,156.00	16,139.00
MMDA	-	2,919.02	6,078.53	5,748.22	4,448.52	4,423.52	23,617.81
NIA	12,790.65	30,000.00	28,361.26	30,610.26	29,722.41	23,958.74	155,443.31
NWRB	4.34	38.73	14.80	30.00	14.80	30.00	132.67
NEDA	98.93	113.77	178.52	178.63	108.95	69.75	748.55
PhilPost*	0.53	0.53	1.05	1.05	1.05	1.05	5.25
PCOO*-PTNI	26.94	231.68	-	1,796.34	3,592.69	3,592.69	9,240.34
PRRC*	-	15.00	105.00	70.00	-	-	190.00
DOTC & LGU	303.00	541.50	2,875.00	2,875.00	3,250.00	3,375.00	13,219.50
DILG, DOH & LWUA	20.00	800.00	1,500.00	1,500.00	1,500.00	1,500.00	6,820.00
HUDCC* & NHA	4,588.00	20,617.00	22,649.00	26,238.00	29,846.00	30,554.00	134,492.00
DepEd & DPWH	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	6,000.00
DepEd & NDRRMC*	480.00	550.00	550.00	550.00	550.00	550.00	3,230.00
LTO & LTFRB	-	3,105.53	-	-	1,948.93	1,020.41	6,074.87
Total	191,615.13	306,216.65	473,853.21	511,501.89	583,793.61	515,073.59	2,582,054.08

Notes: * AFAB - Authority of the Freeport Area of Bataan; BCDA - Bases Conversion Development Authority; CDC - Clark Development Corporation; PPMC - Poro Point Management Corporation; PHIVOLCS - Philippine Institute of Volcanology and Seismology; CIAC - Clark International Airport Corporation; CPA - Cebu Port Authority; MCIAA - Mactan Cebu International Airport Authority; PCG - Philippine Coast Guard; PPA - Philippine Ports Authority; MRT3 - Metro Rail Transit 3; LLDA - Laguna Lake Development Authority; PhilPost - Philippine Postal Corporation; PCOO - Presidential Communications Operations Office; PRRC - Pasig River Rehabilitation Commission; HUDCC - Housing and Urban Development Coordinating Council; NDRRMC - National Disaster Risk Reduction and Management Council.

Source: PIP 2011-2016 (as of 31 May 2012).

Table 7.A.3: List of Infrastructure Projects in the Revalidated PIP[14]

Title of Project	Agency	Expected Outputs/Description	Spatial Coverage	2013-2016 Investment Targets (in PHP Million)
DOT - DPWH Convergence Programme for Tourism Areas Access Provision	DPWH, DOT	Roads leading to tourist destinations constructed/improved	Interregional	-
Upgrading of the San Fernando Airport	BCDA-PPMC	Existing airport improved	I	-
Bicol International Airport Development	DOTC	New airport constructed	V	1,478.02
Puerto Princesa Airport	DOTC	Existing airport improved	IV-B	3,194.00
New Bohol (Panglao) Airport Development Project	DOTC	New airport constructed	VII	6,905.07
Clark International Airport - New Low Cost Carrier Terminal	DOTC-CIAC	New passenger terminal constructed	III	6,242.71
Construction of the New Passenger International Terminal at Mactan-Cebu International Airport	DOTC-MCIAA	New passenger terminal constructed	VII	8,873.10
Tacloban Airport Redevelopment Project	DOTC-CAAP	Existing airport improved	VIII	1,920.00
Manila-Clark Airport Express Rail Link, including JICA TA for FS	DOTC-NLRC	Express rail link connecting Clark to Metro Manila	NCR, III	91,060.00

[14] This is from the May 31, 2012 revalidation of the original Public Investment Programme (PIP) 2011-2016. The National Economic and Development Authority says that one of the salient features of the revalidated PIP is that it "veers away from the identification of all priority programmes and projects of the government and focuses on strategic core investment programmes/projects that will substantially contribute to the priorities embodied in the development objectives in the Philippine Development Plan and the critical indicators in results monitoring."

Title of Project	Agency	Expected Outputs/Description	Spatial Coverage	2013-2016 Investment Targets (in PHP Million)
Central Spine RORO Development	DOTC	Facilities for RORO ferry port network and services installed	IV-A, VI, VII, X	33,780.00
Development of New Cebu International Port (Phase 1) - Construction of a New International Port outside Cebu Baseport (Phase 1)	DOTC-CPA	3-Berth International Container Terminal constructed	VII	10,000.00
Integrated Railway System	DOTC-PNR	A railway system that will serve as a North-South Transportation Backbone constructed	Interregional	-
Construction/Rehabilitation of Farm-to-Mill Roads	DA-SRA	Existing road network upgraded/ rehabilitated and new roads constructed	II, III, IV-A, V, VI, VII, VIII, X, XI, XII	3,300.00
Central Luzon Link Expressway (CLLEX), Phase I	DPWH	30.70 km Expressway constructed	III	14,936.00
Cavite-Laguna (CALA) Expressway	DPWH	47.00 km expressway constructed	IV-A	31,158.68
Calamba-Los Baños Toll Expressway	DPWH	15.50 km expressway constructed	IV-A	8,210.00
Southern Tagalog Arterial Road (STAR) Stage 2 (Phase II)	DPWH	19.74 km expressway improved	IV-A	-
C-6 Expressway and Global Link (South Section)	DPWH	59.50 km expressway constructed	NCR	48,580.00
C-6 Extension (Flood Control Dike Expressway)	DPWH	43.60 km expressway constructed	NCR, IV-A	18,590.00
Modernisation of Kennon Road	BCDA	41.2 km road upgraded to tollway standard	CAR, I	-
Arterial Road Bypass Project Phase II, Plaridel Bypass Road	DPWH	9.96 km road constructed	III	3,341.00

Title of Project	Agency	Expected Outputs/Description	Spatial Coverage	2013-2016 Investment Targets (in PHP Million)
Project				
Samar Pacific Coastal Road Project	DPWH	14.87 km road improved	VIII	1,031.92
Baler-Casiguran Road Project	DPWH	33.00 km of road, 285lm of bridges, drainage structure and road safety facilities (Links Baler to Casiguran) constructed/improved	III	1,470.44
Albay West Coast Road	DPWH	42.90 km road constructed	V	811.18
Dalton Pass East Alignment	DPWH	60.45 km road constructed	III	928.95
Bridges under Design and Build	DPWH	18,843 km bridges constructed	Nationwide	19,855.00
EDSA-Taft Flyover	DPWH	4-lane flyover constructed	NCR	3,033.31
Metro Manila Interchange Construction Project	DPWH	7 interchanges constructed	NCR	6,105.00
Rehabilitation of EDSA (C-4)	DPWH	23 km road improved	NCR	3,744.00
Metro Manila Skybridge	MMDA	8.50 km elevated road	NCR	10,000.00
LRT Line 1 Cavite Extension including JICA TA for FS	DOTC-LRTA	System extended by 11.70 km	NCR, IV-A	56,203.25
LRT Line 2 East Extension, including JICA TA for FS	DOTC-LRTA	System extended by 4.12 km	NCR	9,445.96
MRT 3 Capacity Expansion	DOTC-MRT 3	48 Light Rail Vehicles (LRV) procured	NCR	4,500.00
Manila Bus Rapid Transit (BRT)	DOTC	Organised BRT system operationalised	NCR	-
Line 1 and Line 2 System Rehabilitation	DOTC-LRTA	LRT Line 1 and 2 rehabilitated	NCR	6,066.88
Common Station for LRT 1, MRT 3, and MRT 7	DOTC	New Light Rail Station Constructed	NCR	-
Metro Manila Central Business Districts Transit System Project (formerly known	BCDA	Mass transit system through Central Business Districts	NCR	-

Title of Project	Agency	Expected Outputs/Description	Spatial Coverage	2013-2016 Investment Targets (in PHP Million)
as "Taguig-Makati-Pasay Elevated Monorail")				
Contactless Automatic Fare Collection System	DOTC	3 Integrated Bus Terminals constructed	NCR	7,500.00
Contactless Automatic Fare Collection System	DOTC	Automatic Fare Collection System for urban rail systems installed	NCR	1,722.00
Bus Rapid System in Metro Cebu, including CTF-WB TA for project preparation	DOTC, LGU	Organised BRT system operationalised	VII	10,571.55
Davao Sasa Port Development Project	DOTC	Port facilities improved (quay cranes, buildings, yard lighting, reefers)	XI	-
Makati-Manila-Paranaque Mass Transit Loop	DOTC	Organised mass transit system operationalised	NCR	-
Installation of Intelligent Transport System (Module A & B)	MMDA	Traffic Signal Controls System installed; Safety, Road Information, Traffic Law Enforcement Systems installed	NCR	3,399.98
MaPaLla (Manila Bay- Pasig River-Laguna Lake) Mass Transit Loop	DOTC	Organised Water Ferry system Operationalised	NCR	-
Tumauini Reservoir Project	DA-NIA	2,385 ha of new area generated and 3,615 ha of existing irrigated area rehabilitated	II	450.00
Chico River Pump Irrigation Project	DA-NIA	8,700 ha of new irrigated area generated	II	600.00
Ilaguen Multipurpose Project	DA-NIA	30,000 ha of new irrigated area generated	II	1,300.00
Balintingon Reservoir Multipurpose Project	DA-NIA	14,900 ha of new irrigated area generated	III	500.00
Angat Dam and Dyke Strengthening Project (ADDSP)	MWSS	Angat main dam and dyke rehabilitated	NCR, III	5,719.90
Angat Water and Utilisation	MWSS	Aqueducts of the Angat Dam rehabilitated	NCR, III	4,350.00

Title of Project	Agency	Expected Outputs/Description	Spatial Coverage	2013-2016 Investment Targets (in PHP Million)
and Aqueduct Improvement Project (AWUAIP), Phase 3				
New Centennial Water Source Project	MWSS	Laiban Dam at the upper Kaliwa River and Kaliwa Low Dam at the downstream of Kaliwa River constructed	NCR	15,000.00
Bulacan Bulk Water Supply Project (BBWSP)	MWSS	Approximately 230 MLD of water provided and a water treatment plant, treated water reservoir, booster pump station, treated water transmission mains, and interconnection to water districts' trunk lines constructed	III	13,260.00
Rehabilitation, Operation and Maintenance of the Angat Hydro Electric Power Plant (AHEPP) Auxiliary Turbines 4 & 5 through PPP	MWSS	Auxiliary turbines 4 & 5 economic life extended up to 30 years and energy and load output increased by 60 percent	III	1,155.18
Uprating of Agus 6 Units 1 & 2	PSALM	Total plant capacity of Agus VI increased from 50 MW to 69 MW and the units economic life extended for a minimum of 30 years upon completion	X	2,598.00
New Communication, Navigation and Surveillance/ Air Traffic Management Systems Development Project	DOTC-CAAP	CNS/ATM equipped airport network (selected airports)	Nationwide	1,507.17
Integrated Disaster Risk Reduction and Climate Change Adaption Measure in the Low-Lying Areas of Pampanga Bay, Pampanga	DPWH	Flood damage to Pampanga mitigated by increasing waterways capacity of Third River, Eastern Branch River, Caduang Tete and Sapang Maragul River	III	3,112.94
Valenzuela-Obando-	DPWH	Flood damages mitigated by flood control and	NCR, III	7,700.00

Title of Project	Agency	Expected Outputs/Description	Spatial Coverage	2013-2016 Investment Targets (in PHP Million)
Meycauayan (VOM) Area Drainage System Improvement and Related Works Project (Metro Manila, Bulacan)		drainage improvement works in the VOM area and its surroundings, thereby improve the living conditions and promote/enhance economic activities in the said area		
Implementation of immediate high-impact projects identified under the Master Plan for Flood Management in Metro Manila and Surrounding Areas	DPWH	-- Flooding in Metro Manila and its surrounding areas with a total area of 4,354 sq. km or 435,400 hectares reduced -- Administration areas in and around the Study Area include sixteen (16) cities and one (1) municipality in NCR, 63 cities/ municipalities in the CALABARZON area and eight (8) cities/municipalities in Bulacan with a population of 20,433,722 in and around the Study Area, and estimated population of 17,147,658 in the Study Area.	NCR, III, IV-A	5,000.00
DOTC Road Transport Information Technology Infrastructure Project, Phase I	DOTC-LTO, DOTC-LTFRB	Processing time of motor vehicle registration and franchise issuance reduced through IT system	Nationwide	8,750.00
Motor Vehicle Inspection and Type Approval System	DOTC-LTO		Nationwide	1,300.00
National Support Fund for Local Road Management	DILG	A performance-based incentive grant system that supports LGU road maintenance and road rehabilitation works	Nationwide	3,832.14
Roads in Conflict-Afflicted Areas	DPWH	Roads serving conflict-afflicted areas constructed/improved	ARMM	-
Public-Private Partnership (PPP) for School Infrastructure Project (PSIP) II	DepEd	10,680 classrooms (with toilets and furniture) designed, constructed and maintained in selected regions for a period of ten (10) years	I, CAR, II, III, IV-B, V, VI, VII, VIII, IX,	8,865.55

Title of Project	Agency	Expected Outputs/Description	Spatial Coverage	2013-2016 Investment Targets (in PHP Million)
Development and Operation of Waste-to-Energy Facilities	DENR-EMB, NSWMC		X, XI, XII, XIII, NCR, III, IV-A	1,500.00
National Sewerage and Septage Management Programme (NSSMP)	LWUA	On-the-ground sewerage and septage projects and programmes developed, capacity building support and financial incentives provided by the NG, 76 sewerage or septage management systems installed by 2020 covering a population of about 9,877,000 through local implementors, sewerage systems developed in 17 HUCs (Baguio, Angeles, Olongapo, Lucena, Puerto Princesa, Bacolod, Iloilo, Cebu, Lapu-Lapu, Mandaue, Tacloban, Zamboanga, Cagayan de Oro, Iligan, Davao, Gen. Santos, Butuan). The project is a bottom-up, demand-driven project that targets local implementers—LGUs, water districts, and private service providers.	CAR, III, IV-A, IV-B, VI, VII, VIII, IX, X, XI, XII, XIII	597.00
PTV Revitalisation Programme	PCOO-PTNI	-- Phase 1: Further improvement of key production & broadcast equipment, establishment of five regional centres & roll-out of analog transmitters in 11 priority areas nationwide -- Phase 2: Digitalisation of production, studio, master control, new media systems of the PTV Main Station and in five regional centres -- Phase 3: Digitalisation of terrestrial TV broadcasting systems of the People's Television Network Inc.	Nationwide	2,851.39

Title of Project	Agency	Expected Outputs/Description	Spatial Coverage	2013-2016 Investment Targets (in PHP Million)
Public-Private Partnership (PPP) for School Infrastructure Project (PSIP) Phase I	DepEd	9,301 classrooms (with toilets and furniture) designed, constructed and maintained	I, III, IV-A	15,326.86
Modernisation of the Philippine Orthopedic Center (POC)	DOH	The project envisions the development of a new facility intended to be a super-specialty tertiary orthopaedic hospital on an 8,000-square meter area within the National Kidney and Transplant Institute (NKTI) Complex along East Avenue, Quezon City.	NCR	5,691.50
Water District Development Sector Project	LWUA	Water supply systems in project WDs rehabilitated and expanded and septage treatment facilities in a few of the project WDs developed, and assistance in project management, institutional development and capacity building provided	I, XII (Additional projects still to be identified)	2,620.11
TOTAL				551,545.75

Annex 2 – ODA Profile and Infrastructure Pipeline

Table 7.A.4: Profiles of Developing Partners, by Strategy Framework, by Priority Areas

Development Partners	Country Assistance Strategy/Framework	Priority Areas
MULTILATERALS		
Asian Development Bank (ADB)	Country Partnership Strategy (CPS) 2011-2016 - Country Operations Business Plan (COBP)	Transport, energy, education, agriculture and natural resources (with operations limited to the Strategy 2020 core area of environment), and water supply, and other municipal infrastructure and services. Support to public sector management (cross-cutting themes)
International Fund for Agricultural Development (IFAD)	Philippines Country Strategic Opportunities Program (COSOP) for the period of 2010-2014	IFAD's thrust is enshrined in its objective to "enable the rural poor to overcome their poverty."
United Nations System	United Nations Development Assistance Framework (UNDAF) 2012-2018 Signed on 21 July 2011	Universal access to quality social services with focus on the Millennium Development Goals (MDGs) Decent and productive employment for sustained, greener growth Democratic governance Resilience toward disasters and climate change Environment and natural resources protection and conservation
WB	WB Country Assistance Strategy (CAS) FY 2010-2012 extended up to FY 2013 (July 2009 June 30, 2013) [Both for IBRD and IFC]	Stable Macroeconomy Improved Investment Climate Better Public Service Delivery Reduced Vulnerabilities Good Governance (cross-cutting)
BILATERALS		
Asia-Pacific		

Development Partners	Country Assistance Strategy/Framework	Priority Areas
Government of Australia, Australian Agency for International Development (AusAID)	Philippines-Australia Statement of Commitment 2012-2017 (signed: 14 March 2012)	Education Improving Local Government Capacity Disaster Risk Management/Climate Change Peace and Security *Cross-Cutting Themes* Governance/public financial management Human resource and organisational development Gender Public private partnership
People's Republic of China	Philippines-China Five-Year Program for Trade and Economic Development, 2011-2016 (signed: 31 August 2011)	Agriculture and fishery Infrastructure and public works Mining Energy ICT Processing and manufacturing Tourism Engineering services Forestry
Government of Japan	Country Assistance Policy, 2012-2016 (under formulation stage)	Achieving sustainable economic growth through further promotion of investment Overcoming vulnerability and stabilising bases for human life and production activity Peace and development in Mindanao

Development Partners	Country Assistance Strategy/Framework	Priority Areas
Republic of South Korea, Korea International Cooperation Agency (KOICA)	Country Partnership Strategy, 2012-2016 (under formulation stage)	Socioeconomic infrastructure development Agricultural and water resources development Health and medical service
	Framework Arrangement Concerning Loans Country (signed: 21 November 2011)	
Korea Eximbank-Economic Development Cooperation Fund (EDCF)		
New Zealand	ASEAN-New Zealand Joint Comprehensive Partnership Agreement (signed: 22 July 2010)	Economic development in the fields of agriculture, eco-tourism and enterprise development Safe and equitable communities Energy
West Canada	Strategy on Sustainable Economic Development (discussed during the September 2010 Consultations)	Sustainable economic development
European Union	EU Country Strategy Paper for the Philippines 2007-2013	Health, governance, trade-related assistance, vulnerable populations, support to the Mindanao peace process
	EU Multi-Annual Indicative Programme 2011-2013 (11 November 2010)	
France	French Financial Protocol expired in 2008; projects considered on a case-by-case basis	ICT, energy, transportation, environment, health
	GPH-AFD MOU on AFD's Development Activities to be signed on 23 May 2012	Climate change, green infrastructure, renewable energy and energy efficiency

Development Partners	Country Assistance Strategy/Framework	Priority Areas
Spain	Proposed Philippines-Spain MOU on Financial Cooperation in Support of Trade and Investment to be signed in 2nd half of 2012	Water treatment, new and renewable energies, energy and electricity, civil infrastructure, capital goods, turn-key projects, ICT, solid waste treatment, engineering and architectural services and works.
	Proposed Strategic Partnership Framework for Development Cooperation to be signed in 2nd half of 2012	Health, basic social services (health and water and sanitation), governance, peace process
USAID	Country Assistance Strategy Philippines: 2009-2013 (no signing)	Economic governance, health, environment and energy, education, Mindanao peace and development
	Draft Country Development Cooperation Strategy 2012-2016	Basically the same areas

Source: 2011 ODA Portfolio Review of the National Economic and Development Authority.

Table 7.A.5: ODA Infrastructure Pipeline

(as of 1st Quarter 2013)

Project Title	Project Description	Region	Implementing Agency	Loan Amount (In US$ million)	Grant Amount (In US$ million)	GOP/PS Counterpart	Total Project Cost
Asian Development Bank-Loan							
Market Transformation through Introduction of Energy-Efficient Electric Vehicles Project	The project will replace traditional tricycles particularly those aging tricycles and those running on two-stroke gasoline engines and promote the establishment of new associated electric vehicle support industries (e.g., battery leasing/recycling/ disposal, motor supply chain and charging stations) in the Philippines.	III, IV, XI, NCR, other regions to be identified	DOE	400.00	21.00	79.00	500.00
Water District Development Sector Project	The loan will help (1) improve living conditions in urban areas outside Metro Manila; (2) enhance competitiveness by developing water supply infrastructure; (3) develop the institutional capacity of water utilities; (4) support the reorganisation and institutional development of water districts and the LWUA; and (5) contribute to much needed sector reform. The project is expected to (1) increase the access of the population in the provincial cities to improved water supply and sanitation; (2) reduce the quantity of nonrevenue water and enhance asset management; and (3) improve the operating and financial	Nationwide	LWUA	50.00			50.00

Project Title	Project Description	Region	Implementing Agency	Loan Grant Amount (In US$ million)	GOP/PS Counterpart	Total Project Cost
	performance of water utilities.					
Urban Water Supply and Sanitation Project	The project aims to improve the water supply and sanitation (WSS) services in Metro Cebu, Davao City and other to-be-identified urban areas, by providing investment capital and technical assistance to the respective water districts (WDs).	VII and XI	DCWD and MCWD	70 (plusUS$50 million from AFD; US$50 million from AIF)		TBD
Alternative Water Source for Metro Manila	For discussion	NCR, III and IV	MWSS	50 (plus US$100 million from AIF)		TBD
Second Road Sector Institutional Development and Investment Programme	For discussion	TBD	DPWH	200 (plusUS$75 million from AIF; US$30 million from ADFD)		TBD
Integrated Transport Terminal	For discussion	TBD	DOTC	100.00		100.00
Solid Waste Management Sector Project	The proposed subject project aims to improve Solid Waste Management (SWM) in the Philippines through provision of investments to the local government units (LGUs) in establishing SWM infrastructure.	TBD	DENR	70.00		TBD
Angat Water Transmission Improvement Project	The project will secure raw water supply for the 15-million inhabitants of MWSS service area, through the rehabilitation of the Angat	TBD	MWSS	50.00		50.00

Project Title	Project Description	Region	Implementing Agency	Loan Amount (In US$ million)	Grant Amount (In US$ million)	GOP/PS Counterpart	Total Project Cost
	transmission line.						
Japan International Cooperation Agency (JICA)-Loan							
LRT Line 1 South Extension (hybrid PPP: Private sector undertakes CW and E&M whole GOP provides for the rolling stock and depot through JICA ODA STEP loan)	The project will extend LRT Line 1 by an approximately 11.7 km from Baclaran Station through the cities of Parañaque and Las Piñas, up to the municipality of Bacoor Cavite. It will involve civil works, electro-mechanical works, rolling stock, and operation and maintenance.	NCR, IV-A	DOTC	611.84		128.75 (GOP) 748.83 (Private sector)	1,489.42
LRT Line 2 East Extension	The project involves the design and construction of the 4.19-km eastern extension of the existing LRT Line 2 from the Santolan Station at Marcos Highway fronting SM Marikina, and terminating at Masinag Junction or the intersection of Marcos Highway and Sumulong Highway. The total length of LRT Line 2 will be approximately 16.75 km, upon completion of the project.	IV-A	DOTC	48.04			188.20
New Bohol Airport Construction and Sustainable Environment Protection Project	The project involves the development of a new airport facility of international standards in Panglao Island, Bohol to replace the existing Tagbilaran Airport due to its limitations and safety concerns.	Region VII	DOTC	141.90		38.20	180.11

Project Title	Project Description	Region	Implementing Agency	Loan Grant Amount (In US$ million)	GOP/PS Counterpart	Total Project Cost
Cavite Laguna Expressway (CALAX) Project	The project involves the financing, design, and construction of a new 47.02 km, four-lane expressway from the end of the Cavite Expressway (CAVITEX) in Kawit, Cavite, to the Mamplasan Interchange of the South Luzon Expressway (SLEX) in Biñan, Laguna. It aims to provide better access to Cavite and Laguna, where 49 ecozones/industrial estates, 1,590 companies/locators, and 27 residential subdivisions are located and around 500,000 workers are employed.	IV-A	DPWH	180.63	245 (Govt) 436 (Private)	861.22
World Bank (WB)-Loan						
Cebu Bus Rapid Transit	The project will establish a Bus Rapid Transit (BRT) System in Cebu City. The project aims to provide improved mobility for people in Cebu City and will offer a more efficient travel in and around the city, and will provide safer and environment friendly mode of travel.	VII	DOTC, Cebu City	IBRD - 110 CTF 25 AFD - 52		187.00
Renewable Energy Development Project (Ph RED)	The project will continue scaling up rural electrification and renewable energy expansion of the ongoing Rural Power Project	TBD	TBD	TBD		100.00
Secondary/Local Roads	As conceptualised by DPWH and DILG, the programme aims to improve the quality of roads convergence areas and promote economic activities in the influence	TBD	DPWH/DILG	250.00		250.00

Project Title	Project Description	Region	Implementing Agency	Loan Amount (In US$ million)	Grant Amount (In US$ million)	GOP/PS Counterpart	Total Project Cost
	areas of such roads leading to tourism service centres.						
France - Agence Francaise de Development (AFD)-Loan							
Bus Rapid Transport (BRT) Cebu (co-financing with World Bank)	The project, which is proposed to be co-financed with the World Bank, involves the construction of a bus rapid transit corridor (15 km) and system in the city of Cebu. The project's development objectives are to (1) improve passenger mobility in the project's corridors by providing an alternative that is safer, more secure, more efficient, and generates fewer emissions; and (2) to demonstrate effective public-private partnership arrangements in the Philippines' first BRT. AFD funding will be dedicated to the financing of the traffic management component of the project.	Region VII	DOTC	70.00-75.00	not specified		200.00
Urban Water Supply and Sanitation Project (Davao City & Metro Cebu Water Districts) (co-financing with ADB)	The project aims to improve the WSS services in Metro Cebu and Davao City by providing investment capital and technical assistance to the respective Water Districts. It specifically targets the expansion of water supply capacity, as well as the rehabilitation and expansion of water treatment facilities and the construction of waste-water treatment and sanitation facilities. The project is expected to sustainably	VII and XI	DCWD and MCWD	65.00	not specified		140.00

Project Title	Project Description	Region	Implementing Agency	Loan Grant Amount (In US$ million)	GOP/PS Counterpart	Total Project Cost
	improve the water supply services in the context of water resource scarcity and foreseeable impact of climate change on water resource availability.					
Korean Economic Development Cooperation Fund (EDCF)						
Samar Pacific Coastal Road Project	The project involves the construction/Improvement of 27.8km of road as follows: Jct. Simora – Simora Bridge (0.2km) Jct. Simora - Jct. Palapag (12.8km out of 18.0km) Jct. Palapag - Lapinig (12.0km out of 48.6km) Arteche - San Policarpio (2.8km out of 25.2km) Construction of Simora Bridge(141m)*, Jangtud Bridge (30m) and Pinaculan Bridge (50m)	VIII	DPWH	38.78	5.01	43.79
Northrail-Southrail Linkage Project, Phase I (NSLP 1) - Supplemental Loan	The Project aims to ensure the successful completion and development of the commuter rail service from the southern part of Manila to Metro Manila through improvement of tracks and provision of newly identified working scope.	NCR	PNR	17.81	3.57	21.38
Northrail-Southrail Linkage Project, Phase II (NSLP 2)	The Project aims to upgrade the present commuter rail service from Alabang to Calamba through track improvement, including double tracking, and the purchase of rolling stocks to alleviate traffic congestion in Metro Manila and adjacent	NCR, IV-A	PNR	111.54		151.04

Project Title	Project Description	Region	Implementing Agency	Loan Grant Amount (In US$ million)	GOP/PS Counterpart	Total Project Cost
	urbanised areas.					
Baler-Casiguran Road Project	The project will complete the remaining 32.97 km unpaved sections of the 116-kilometer Baler-Casiguran road (as appraised by Korea Eximbank). The road passes through flat, rolling and mountainous terrains and crosses more than 30 rivers and creeks on a 20-meter right-of-way (ROW).	III	DPWH	31.14	4.46	35.60
Casiguran International New Port Project	The project involves the development of an international new port in Casiguran Bay with the following major components/facilities: (1) Multi-purpose wharf (2 berths for 20,000 DWT) - For operation buildings, storage, wellbeing facilities, storage yards, substations, maintenance buildings, services areas, gates, etc. (2) Passenger wharf (1 berth for 400 GT) - For passenger terminal. (3) Fishery wharf - For marine products marketing stalls, storage, ship repair facilities.	III	APECO	41.83	5.54	47.37
Albay West Coast Road Project	The project involves the construction/improvement of the 42.9-km road from Pantao, Libon to Caratagan, Pioduran. The improvement will cover 31.83 kms road of PCCP. It will also cover the repair/replacement of 5 bridges with	V	DPWH	20.38	7.28	27.66

Project Title	Project Description	Region	Implementing Agency	Loan Grant Amount (In US$ million)	GOP/PS Counterpart	Total Project Cost
	an aggregate length of 250 m. Other works include slope protection and drainage.					
Modification of the Malinao Dam Project	The project includes: (1) dam (and road) improvement; (2) irrigation improvement (land levelling, construction of new farm ditches, concrete lining of farm ditches, lateral canal extension, road repair and improvement, installation of turnouts and postharvest facilities); (3) institutional development; (4) land acquisition and compensation; and (5) consulting services.	VII	DA-NIA	16.58	2.50	19.08
Chinese ODA Loan Financing						
Upgrading and Rehabilitation of the Navotas Fish Port Complex	Project involves the upgrading and rehabilitation of the existing Navotas Fish Port Complex. Project outputs include the following: (1) upgrading/Improvement of the NFPC facilities; (2) establishment of cold storage facilities; (3) upgrading of Piers 4 and 5 and provision of an area; for other fishery and agriculture-based industries; (4) conversion of Piers 4 and 5 to wharf landing; (5) provision of waste water treatment facility; (6) upgrading of landing quay from Market Hall 1 to Pier 2; and	NCR	DA-PFDA	61.67	3.61	65.28

Project Title	Project Description	Region	Implementing Agency	Loan	Grant	GOP/PS Counterpart	Total Project Cost
				Amount (In US$ million)			
	(7) rehabilitation of the west breakwater						

Source: National Economic and Development Authority.