Aid to the Philippines
2019 Australian Consulting Services Mission
26 March, 2019
PHILIPPINES

- Current population of 107 million
  - Expected to balloon to **129 million by 2037**
  - Workforce estimated to reach 70 million by 2020 (median age: 24 yo)
- GDP growth rate: 6.8% (2017), 6.2% (2018), expect **6.5 - 6.9% (2019)**
- 10\textsuperscript{th} fastest growing economy in the world
- President Duterte’s “Build, Build, Build” strategy
  - Heavy focus on physical infrastructure (11% of 2018 GDP) and new townships
- Continued growth in **domestic consumption** (66.6% of 2018 GDP) & **OFW remittances** (US$21.3 bn first 3Q 2018)
- FDI pledged to the Philippines reached an all-time high in 2017 (US$10 bn). US$9.2 bn in 2018. **Chinese investments increased by 2,000%**.
- In 2017-18, two-way trade in goods and services between Australia and the Philippines reached **A$4.5 bn.**

Sources: World Bank, Dec 2018; PSA, Dec 2018; BSP, Dec 2018; DFAT, The Philippines Fact Sheet
SECTOR INSIGHTS - WATER

• With the demand for wastewater treatment technologies is expected to rise in the Philippines in the coming years, market participants will benefit immensely from investments in the region in the medium and long terms

• Luzon region of the Philippines is the largest market for water treatment industries. Heavy penetration of industrialisation in the Metro Manila region is the key driver.

• The electronics and semiconductor industry was the largest user of water treatment facilities in the Philippines in 2018.

• According to Research and Markets ‘Philippines Industrial Water and Waste Water Treatment Market Outlook to 2022’, the market is predicted to register constant growth at a five year CAGR of 10%.

• The majority of the new contracts are in small scale segment and are garnered by local companies, however the large volume contracts attract foreign plays.

• The future for industrial water and waste water treatment is very much regulation driven and the degree of implementation of existing or upcoming regulation will act as the key driver of the market
SECTOR INSIGHTS – INNOVATION & TECHNOLOGY

• the Philippines is well-poised to adopt new technology and develop a dynamic innovation ecosystem
  › 60 million internet and social media users,
  › 130 million mobile connections
  › 54 million active mobile social users,

• The Philippine government, industry and private sector have all been promoting innovation and digitalisation

• Fintech:
  › According to Statista, the transaction value in the Fintech market in the Philippines amounted to A$6.1 billion in 2016. This value is expected to grow annually at a CAGR of 21 per cent, reaching A$13.1 billion by 2020

• As the Philippines economy move to a more digitize environment, Australia is well placed to assist and collaborate with Philippine regulators and industry players on policy regulations and technology adoption. Philippines can draw on Australia’s best case examples as well as the introduction of technology and applications which can help in addressing social issues as well as assist in pushing a more inclusive growth in the economy.
SECTOR INSIGHTS – URBAN INFRASTRUCTURE

- The Philippines is currently undergoing major urban infrastructure development, which a focus on townships and smart cities. For example:
  
  › New Clark City
  
  – The first Smart City in the Philippines, it is a new metropolis within the Clark Special Economic Zone and is one of the big-ticket projects under the ‘Build Build Build’ program.
  
  – Phase 1B will include the construction of government and commercial buildings, and is set to be completed by 2022.

  › Metro Clark
  
  – There are five infrastructure projects set to be completed in the next five years: Clark Airport Expansion, Subic-Clark Cargo Railway, Manila-to-Clark Passenger Railway, Metro Manila Skyway, NLEX Luzon Expressway.

  › Opportunities for Australia
  
  – **Green and sustainable Architectural Design**: The Philippine Green Building Council established a green building rating system certification for building standards, ‘Building for Ecologically Responsive Design Excellence (BERDE)/ All new buildings, retrofits and renovations must be BERDE compliant.

  – **Urban planners, town planners and engineering consultants**: The private real estate developers and the government will require master plans before the development and construction of smart cities, districts and subdivisions.

  – **Emerging energy technologies**
ODA TO THE PHILIPPINES OVERVIEW

- Philippine ODA (Official Development Assistance) portfolio as of September 2018
- **AUD$20.45 billion**

› 60 Loans: AUD$17.31 billion
› 352 Grants: AUD$3.13 billion

*This data includes all ODA assisted programs and projects that were signed, became effective, implemented or completed, or had its ODA financing closed/ended from January 1, 2018 to September 31, 2018*

*converted from USD at 1:1.41 (13-02-19)

### Source of ODA Loans

- Loans: 41%
- Japan - JICA: 18%
- World Bank: 16%
- ADB: 25%
- Other: 8%

### Source of ODA Grants

- Grants: 36%
- USAID & MCC: 21%
- Australia - DFAT: 11%
- UN: 24%
- EU: 8%
- Other: 21%

*Source: National Economic and Development Authority, 2018 – Indicative Total ODA Ranking by Fund Source as of September 2018*
**SOURCES OF ODA**

*Please note that Australia also contributes to the funding of the ADB and WB*

### Total ODA Contribution

- **Japan - JICA**: 4410 AUD Millions (41%)
- **World Bank**: 1138 AUD Millions (15%)
- **ADB**: 930 AUD Millions (6%)
- **USAID/MCC**: 482 AUD Millions (6%)
- **South Korea**: 1138 AUD Millions (6%)
- **Australia-DFAT**: 1014 AUD Millions (5%)
- **UN Systems**: 659 AUD Millions (3%)
- **EU**: 3159 AUD Millions (3%)
- **Other**: 482 AUD Millions (1%)

**Total ODA Contribution**: 8427 AUD Millions

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**Source**: National Economic and Development Authority, 2018 – Indicative Total ODA Ranking by Fund Source as of September 2018
The Philippines has been among the largest recipients of Japan’s ODA; 3rd following Indonesia and Vietnam.

JICAs priorities in the Philippines are:
- Sustainable Economic Growth
- Poverty Reduction
- Peace and Stability in Mindanao

JICA funded projects include:
- Senior Highschool Support Program
- Arterial Road Bypass II

The World Bank’s partnership with the Philippines spans almost 60 years.

The partnership strategy from 2015-2019 revolves around the theme “Making Growth Work for the Poor”.

World Bank projects include:
- The Philippine Rural Development Project
- The Participatory Irrigation Development Project
- The Learning, Equity and Accountability Program Support (LEAPS)

ADB’s cumulative assistance to the Philippines has reached 213 public sector loans (AUD$23.7 billion) and 23 grants (AUD$116.5 million).

The average annual lending is AUD$1.1 billion (based on the past 10 years).

ADB funded projects include:
- the Facilitating Youth School-to-Work Transition Program, Jobstart Philippines, Improving Growth Corridors in Mindanao and Encouraging Investment through Capital Markets Reform Program

Source: Asian Development Bank, Asian Development Bank Member Fact Sheet – Philippines
Source: JICA, Japanese ODA in the Philippines
Source: JICA, Priorities in the Philippines
DIVISION BY SECTOR

Infrastructure Development (INFRA)
45% (AUD 9.42 billion for 36 loans, 27 grants)

Social Reform and Community Development (SRCD)
26% (AUD 5.41 billion for 8 loans, 106 grants)

Agrarian Reform and Natural Resources (AARNR)
14% (AUD 2.93 billion for 21 loans, 120 grants)

Governance and Institutions Development (GID)
13% (AUD 2.79 billion for 5 loans, 75 grants)

Industry, Trade, and Tourism (ITT)
1.3% (AUD 0.19 billion for 24 grants)

Source: National Economic and Development Authority, 2018 – ODA Report 2017
### ABOUT THE SECTORS

<table>
<thead>
<tr>
<th>Sector</th>
<th>Examples of Existing ODA Projects</th>
</tr>
</thead>
</table>
| Agriculture, Agrarian Reform, and Natural Resources (AARNR) | • Agricultural Credit Support Project – JICA  
• Agrarian Reform Communities Project II – ADB & OFID  
• Philippine-Sino Centre for Agricultural Technology – China |
| Governance and Institutions Development (GID) | • Bureau of Fire Protection Capability Building Program Phase 2 – Austria  
• Convergence on Value Chain Enhancement for Rural Growth and Empowerment – IFAD |
| Industry, Trade, and Tourism (ITT)          | • Fisheries, Coastal Resources, and Livelihood Project – IFAD  
• Harnessing Agribusiness Opportunities through Robust and Vibrant Entrepreneurship Supportive of Peaceful Transformation - JICA |
| Infrastructure Development (INFRA)          | • Road Upgrading and Preservation Project – JICA  
• Road Improvement and Institutional Development Project – ADB & OFID  
• Participatory Irrigation Development Project - WB |
| Social Reform and Community Development (SRCD) | • Senior High School Support Program - JICA  
• Basic Education Assistance for ARMM - Australia  
• Education Governance Effectiveness (EdGE) Program – USAID  
• Basic Education Sector Transformation (BEST) Program - Australia |

*Source: National Economic and Development Authority, 2018 – ODA Report 2017*
PROJECT REACH

- **Nationwide (40%)**
  ‣ 209 projects
- **Multi-Regional (38%)**
  ‣ 110 projects
- **Region-Specific (22%)**
  ‣ 93 projects

*As of December 2017

Source: National Economic and Development Authority, 2018 – ODA Report 2017
PROJECTS BY SUSTAINABLE DEVELOPMENT GOALS

ODA Loans and Grants Supporting the SDGs

Number of Projects*

Source: National Economic and Development Authority, 2018 – ODA Report 2017

*As of December 2017
‘BUILD, BUILD, BUILD’ PROGRAM

- Under the ‘Build, Build, Build’ Program, 75 Infrastructure Flagship Projects (IFPs) have been proposed.

- Currently 35 projects have been approved, and 25 of these projects will be ODA funded.

- 11 projects have confirmed ODA funding from:
  - China – 3 loans & 2 grants
  - Japan – 4 loans
  - South Korea – 2 loans

*As of December 2017
PERFORMANCE
OF ODA FUNDED PROJECTS
PERFORMANCE

ODA FUNDED PROJECT STATUS

- **Loan Assisted Projects**
  - Complete – 6
  - On Schedule – 24
  - Delayed – 23
  - Closed - 2

- **Grant Assisted Projects**
  - Complete - 73
  - On Schedule – 247
  - Delayed – 29
  - Closed – 3

*As of December 2017*
The utilisation level of active grants reached US$1.67 billion against total grant amount of US$2.47 billion.

- Overall utilisation rate of 68%
- The top three fund sources with the largest utilisation level are:
  - USA – AUD$791.45 million
  - Australia – AUD$555.78 million
  - The UN – AUD$282.59 million

Source: National Economic and Development Authority, 2018 – ODA Report 2017

*As of December 2017*
CURRENT STATUS OF ‘BUILD, BUILD, BUILD’ PROJECTS

- 11 of the 25 IFPs which are intended to be ODA funded have confirmed funding, the status of these funded projects varies:

<table>
<thead>
<tr>
<th>Status</th>
<th>Projects</th>
<th>Implementing Agency</th>
<th>Fund Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing</td>
<td>New Cebu International Container Port <em>Construction set to begin in early 2019</em>¹</td>
<td>DOTr</td>
<td>Korea</td>
</tr>
<tr>
<td>Procurement</td>
<td>New Centennial Water Source: Kaliwa Dam Project</td>
<td>MWSS</td>
<td>China</td>
</tr>
<tr>
<td></td>
<td>PNR South Long-haul (Manila – Bicol)</td>
<td>DOTr</td>
<td>China</td>
</tr>
<tr>
<td>Detailed Engineering Design</td>
<td>Cavite Industrial Area Flood Management Project</td>
<td>DPWH</td>
<td>Japan</td>
</tr>
<tr>
<td></td>
<td>Metro Manila Subway Project – Phase 1</td>
<td>DOTr</td>
<td>Japan</td>
</tr>
<tr>
<td></td>
<td>Panguil Bay Bridge Project</td>
<td>DPWH</td>
<td>Korea</td>
</tr>
<tr>
<td></td>
<td>Estrella-Pantaleon Bridge <em>Original bridge closed for deconstruction as of 18/1/19</em>²</td>
<td>DPWH</td>
<td>China</td>
</tr>
<tr>
<td></td>
<td>Binondo-Intramuros Bridge <em>According to news sources, began construction in July 2018</em>³</td>
<td>DPWH</td>
<td>China</td>
</tr>
<tr>
<td></td>
<td>PNR South Commuter Line (Tutuban - Los Banos)</td>
<td>DOTr</td>
<td>Japan</td>
</tr>
<tr>
<td></td>
<td>PNR North 2 (Malolos – Clark Airport – Clark Green City Rail)</td>
<td>DOTr</td>
<td>Japan</td>
</tr>
<tr>
<td>Civil Works</td>
<td>Chico River Pump Irrigation Project <em>construction commenced June 2018</em>⁴</td>
<td>NIA</td>
<td>China</td>
</tr>
</tbody>
</table>


*As of December 2017*
HUMANITARIAN AID
HUMANITARIAN AID

• In 2018, the Philippines received US$37.2 million in Humanitarian Aid

• *Typhoon Hagupit hit in 2014, devastating towns and cities, affecting more than 4 million people

Source: Financial Tracking Service, 2018 – Philippines 2018
SOURCE OF HUMANITARIAN AID

- The top humanitarian aid donor to the Philippines in 2018 was the US, at US$21.7 million.
- Of the total humanitarian aid for 2018, USD$20.4 million was funded through plans, and USD$52.4 million was other funding.

Source: Financial Tracking Service, 2018 – Philippines 2018
HUMANITARIAN AID BY SECTOR

The top three recipient sectors are food security, co-ordination and support services, and emergency shelter and NFI.

Source: Financial Tracking Service, 2018 – Philippines 2018
Thank You