



**Asia-Pacific
Economic Cooperation**

2014/ISOM/SYM/011

Session: 4

Sustainable Infrastructure Financing

Submitted by: Ayala Corporation



APEC
PHILIPPINES
2 0 1 5

**Symposium on APEC 2015 Priorities
Manila, Philippines
8 December 2014**



Asia-Pacific Economic Cooperation

Sustainable Infrastructure Financing

Presentation to the APEC 2015
Informal Senior Officials' Meeting (ISOM)

December 8, 2014
Manila, Philippines

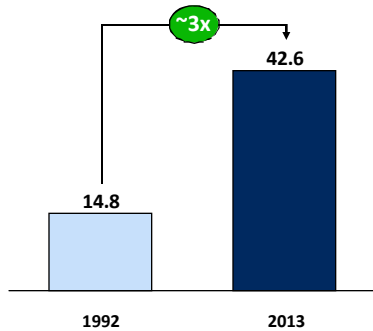
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APEC GROWTH

The Asia-Pacific region continues to develop rapidly, contributing significantly to the world economy

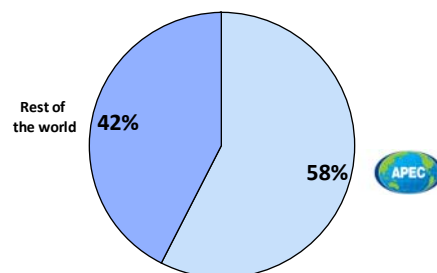
APEC GDP nearly tripled since 1992

APEC GDP
In US\$ Trillions



APEC: An engine of world economy

GDP: APEC vs Rest of the World
Based on current US\$; 2013



REGIONAL INFRASTRUCTURE BACKLOG



However, in order to sustain APEC's growth, the significant infrastructure backlog needs to be addressed

Estimated infrastructure backlog
(2010 to 2020)



~US\$ 8 Trillion



~US\$ 1 Trillion

Infra sectors that require significant spending and have the most potential to spur economic growth



Transport networks in urban areas



Information & Comm Tech grid



Trade infrastructure



Energy

Source: APEC.org; PwC 2013 APEC CEO Survey; ADB

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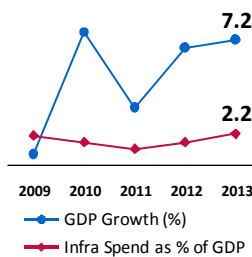
INFRASTRUCTURE INVESTMENT IN THE PHILIPPINES



In the Philippines, infrastructure investment needs to keep pace with the requirements of a fast-growing economy

Underspending in PH infra

GDP Growth & Infra Spend



WORLD
ECONOMIC
FORUM

91st
out of 144

The Global
Competitiveness Report
2014-2015

Massive infrastructure upgrade needed in key areas



Urban settlement conditions



Urban transport situation



Airport capacity



Port congestion

Source: Phil. Institute for Dev't Studies – Navarro and Llanto; WEF Global Competitiveness Reports; WorldBank.org; Nathaniel von Einsiedel; OECD

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ROLE OF PRIVATE SECTOR IN SUSTAINABLE INFRASTRUCTURE FINANCING



Infrastructure initiatives could be financed through various means, with private sector contribution and PPPs being an important part of the mix

Sample Infrastructure Funding Sources



PUBLIC SECTOR SPENDING

Agas-Agas Bridge (Southern Leyte)



OFFICIAL DEVELOPMENT ASSISTANCE (ODA)

LRT-1 Expansion



PUBLIC – PRIVATE PARTNERSHIP

Water Utility Privatization (Manila Water)



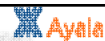
PRIVATE SECTOR INVESTMENT

Telecom Industry Liberalization (Globe)

Source: Financing Infrastructure in the Philippines: Fiscal Landscape and Resources Mobilization, Navarro and Llanto

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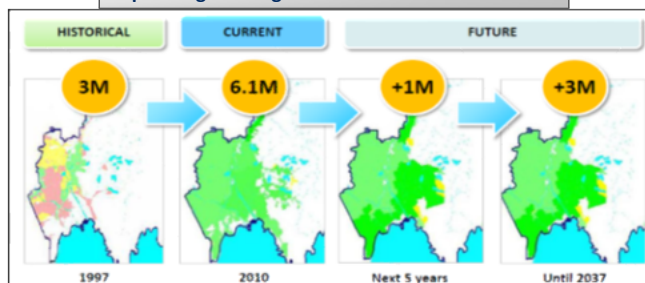
PRIVATIZATION OF WATER DISTRIBUTION SERVICES



Manila Water, one of the first PPPs, helped improve water distribution services to Metro Manila



Expanding coverage of water distribution services



	Pre-privatization	Post-privatization
Potable water supply coverage	59%	99%
Service availability (Hours per day)	16	24
Non-revenue water	63%	12%

Source: Ayala Corp., MWC

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LIBERALIZATION OF THE TELECOM INDUSTRY



Industry liberalization facilitated a competitive environment that greatly enhanced network infrastructure and service upgrades in telecommunications



Globe



The first and the biggest 4G network now made faster and better.



PRE-LIBERALIZATION

- 1 phone line per 100 Filipinos
- Poor coverage, especially outside Metro Manila
- Years to process applications

POST-LIBERALIZATION

- >P475B investment in telco sector
- 85% real penetration (wireless)
- Accessibility anytime, anywhere

Source: Ayala Corp., Globe

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KEY MESSAGES



Effective collaboration between public and private sectors facilitates sustainable infrastructure financing

Strong political will and good governance

Establishing a clear framework based on legislation

Solid long-term commitment

Bringing in business expertise to enhance capabilities

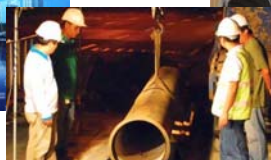
Strategic partnerships

Leveraging strengths, even with local and regional competitors

Continued dialogue and openness between sectors

Achieving balance of needs and risk allocation

Philippines Investment Forum: The New Beginning
27-28 March 2013 • The Peninsula, Manila, Manila



Source:

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