JORDAN (TCC) and PHILIPPINES (NPC): BOND ISSUES

THE CHALLENGE

- The National Power Corporation of Philippines (NPC) and the Jordan Telecommunications Corporation (TCC) required long term borrowing to support critical infrastructure projects.
- NPC: Peak electric power demand in the Philippines was expected to double in 2000 to 8.3MW. Financing was required for the Leyte-Luzon Geothermal Power Project of $1.3 Billion.
- TCC: In 1995 the telecom sector in Jordan faced line shortages (only 77% of demand was met), poor quality of service and imbalance in tariffs. Required significant investments.

THE SOLUTION

- Risk Sharing was a key element of the WB Guarantee program for both countries that helped raise the credit rating of the bond issue as it neared maturity.
- WB “shares” risks with market by covering only those risks the market is not willing to bear such as repayment at maturity.
- NPC: was able to achieve a 15 year maturity, double what it had done previously. Bond issue helped introduce NPC to new investor base.
- Risk Sharing: 24% WB, 76% Investors.
- TCC: 1st capital market issue for Jordan and 1st for a project in the Middle East. Helped establish the corporate credit of TCC while raising sufficient financing for required investments.
- Risk Sharing: 58% WB, 42% Investors.
TENOR EXTENSION IN THE BOND MARKET: JORDAN AND PHILIPPINES

- **Stand-alone Tenor** (0 for Jordan, 7 for Philippines)
- **Tenor with guarantee** (7 years for Jordan, 15 for Philippines)
- **Issue amount** ($50mn for Jordan; $100mn for Philippines)
- **Additional term provided by WB guarantee**
- **WB PBG guarantees principal payment at maturity**