



BAGONG PILIPINAS



PUBLIC PRIVATE PARTNERSHIP
CENTER



PPPs in the Philippines: Trends, Benefits, and Strategies For LGUs

Livable Cities Lab: Exploring Innovative PPP Models: Emerging Trends in Urban Development

October 26, 2023

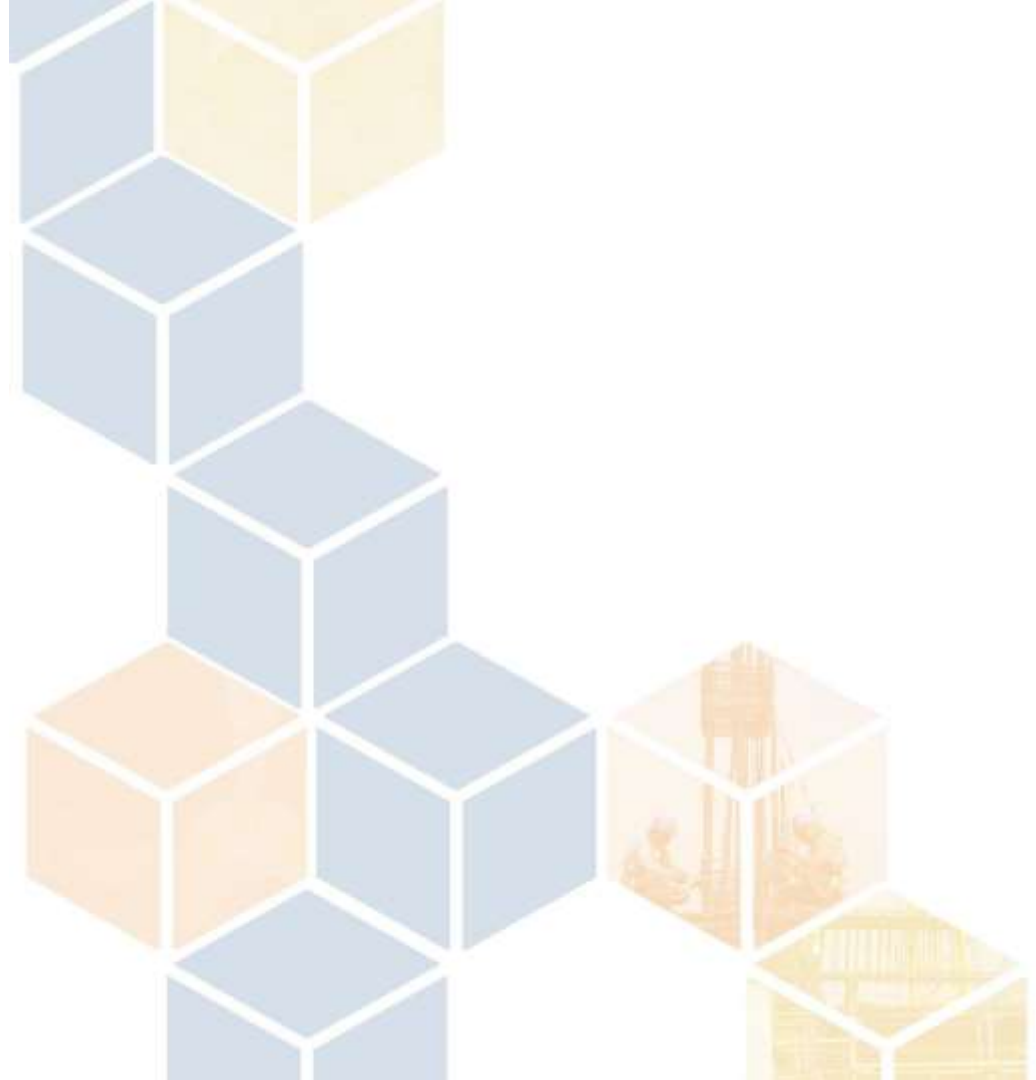
Asec. ELEAZAR E. RICOTE, CESO II
Deputy Executive Director
PPP Center of the Philippines





AMBISYON
NATIN 2040

PPP Policy Landscape



PPPs and the Philippine Infrastructure Development Program



8-POINT SOCIOECONOMIC AGENDA

4

Job creation through infrastructure improvement, among others,

- Accelerate spending and increase investments in infrastructure
- Continue and expand, wherever possible, the existing government infrastructure program

FINANCING AND IMPLEMENTATION MECHANISMS

Government Financing
General appropriations,
corporate funds

Government Borrowings
Domestic & foreign debt,
official development
assistance (ODA)

Private Sector Financing
Public-Private Partnership
(PPP)



PPPs are catalysts to infrastructure development

PPP, as one of the infrastructure delivery mechanisms in the country, contribute to economic growth and resiliency.



7.2% end of 2022*

The **tight fiscal space** that will constrain public investments for the next few years provides a **rationale for favoring PPPs** in enhancing and upgrading infrastructure.

-Philippine Development Plan (2023-2028)

*based on World Bank predictions (<https://www.reuters.com/world/asia-pacific/philippines-track-lose-growth-momentum-2023-world-bank-2022-12-06/>)



Current Legal Frameworks for PPPs in the Philippines

Implementing agency	RA 7718 (BOT Law)	NEDA Joint Venture (JV) Guidelines	Local PPP Code or JV Ordinances	Special Charters
National government agencies	✓	✗	✗	✗
SUCs, GOCCs, GCE, GICP, GFI, (including WDs)	✓	✓	✗	✓
Local government units	✓	✗	✓	✗

Modes of procurement:

- Solicited
- Unsolicited



PPP Governing Board Policy Circulars



Public Consultation
and Engagement

Appraisal of PPP
Projects

Pipeline
Development

Best Practices

Viability Gap
Funding

Appointment of
Probity Advisors

Termination
Payment

Monitoring
Framework and
Protocols

Managing Affected
Government
Employees

Assessing Value for
Money

Framework on PPP
Center Assistance
on Joint Venture
Agreements

Guidelines on
Managing
Unsolicited
Proposals

Safeguards in PPP: Mainstreaming
Environmental, Displacement, Social, and
Gender Concerns

Suggested Guidelines on Managing Greenfield
Solicited Hybrid PPP Projects



Legislative reforms: 19th Congress Updates on the PPP Code



Senate approved SB No.2233
On third and final reading

25 September 2023



12 December 2022
House of Representative
approved HB No. 6527
On third and final reading



27 September 2023
Both the Senate and the House of
Representatives ratified the
Bicameral Conference Committee
Report on the reconciliation of
disagreeing provisions of House Bill
No. 6527 and Senate Bill No. 2233



Policy objectives of the PPP Code



PROPOSED PPP CODE HURDLES CONGRESS BICAM RATIFICATION, NEARS ENACTMENT



- ✓ Builds on and broadens the policy scope of the BOT Law
- ✓ Unifies fragmented legal frameworks on PPP
- ✓ Provides principles to guide IAs in the identification and development of PPP Projects
- ✓ Introduces improvements in the approval process
- ✓ Clarifies rules on allowable investment incentives and investment recovery schemes, variation, and contract termination
- ✓ Establishes a predictable tariff regime that safeguards public interest
- ✓ Strengthens enabling institutions for PPPs and institutionalizes PPP best practices



PPP Projects



as of October 13, 2023

181

UNDER IMPLEMENTATIO

PHP 2,601 Billion

105

PROJECTS IN THE PIPELINE

PHP 2,523 Billion*

	No.	PhP (bn)
National	121	2,084.16
Local	60	577.27

	No.	PhP (bn)
National	93	2,410.07
Local	12	113.33

**Total cost does not include projects undergoing studies and with costs that are yet to be finalized*



PPP Projects in the Pipeline

UP-PGH Cancer Center Project



- **300-bed comprehensive inpatient and outpatient Cancer Center facility will serve both underprivileged and private patients under a 30-year Build-Transfer-Operate scheme**
- **Bidding documents are now available.**
- The private partner will be selected through an **open, competitive tender** through a **single-stage process** based on the lowest required Annual Payment.
- The **Bid Submission Date** is indicatively scheduled for the **end of this year.**

Upgrade, Expansion, and Operations, and Maintenance of the Ninoy Aquino International Airport (NAIA)



- Department of Transportation (DOTr) and Manila International Airport Authority (MIAA)
- With an **estimated cost of 170.588 billion pesos**
- Under a **15 year**, with a 10-year extension, **Rehabilitate, Operate, Expand, and Transfer scheme**
- **Pre-Bid Conference was held on September 25, 2023**



Dialysis Center PPP Project for the Renal Center Facility of the Baguio General Hospital and Medical Center (BGHMC)

- Department of Health
- Involves the **retrofitting of BGHMC's existing dormitory building** and **expansion of the existing capacity of BGHMC's dialysis unit**
- **16 years**, inclusive of a one-year retrofitting period for the building and a **15-year operation period** under a **Build-Operate-Transfer (BOT) scheme**
- The **private partner** is expected to finance, design, retrofit, operate, and maintain the facility, including the supply of needed machines and equipment.



Upgrade, Expansion, and Operations, and Maintenance of the Laguindingan International Airport

UNSOLICITED PPP



- DOTr and the Civil Aviation Authority of the Philippines (CAAP)
- Span of **30 years** and entails upgrading the existing facilities, capacity augmentation, installation of required equipment, enhancement of airside facilities, and comprehensive operations and maintenance (O&M) services
- With a total project cost of **12.75 billion pesos**



Upgrade, Expansion, Operation, and Maintenance of the Bohol-Panglao International Airport Project

UNSOLICITED PPP



- The upgrade aims to integrate the new concepts of **'Green'** and **'Connected'** airports
- The **private partner** is expected to be responsible for the operation and maintenance of the existing airport facilities, including all enhanced airside facilities. Further, it will be in-charge with the development, operation, and maintenance of the airport's commercial assets.

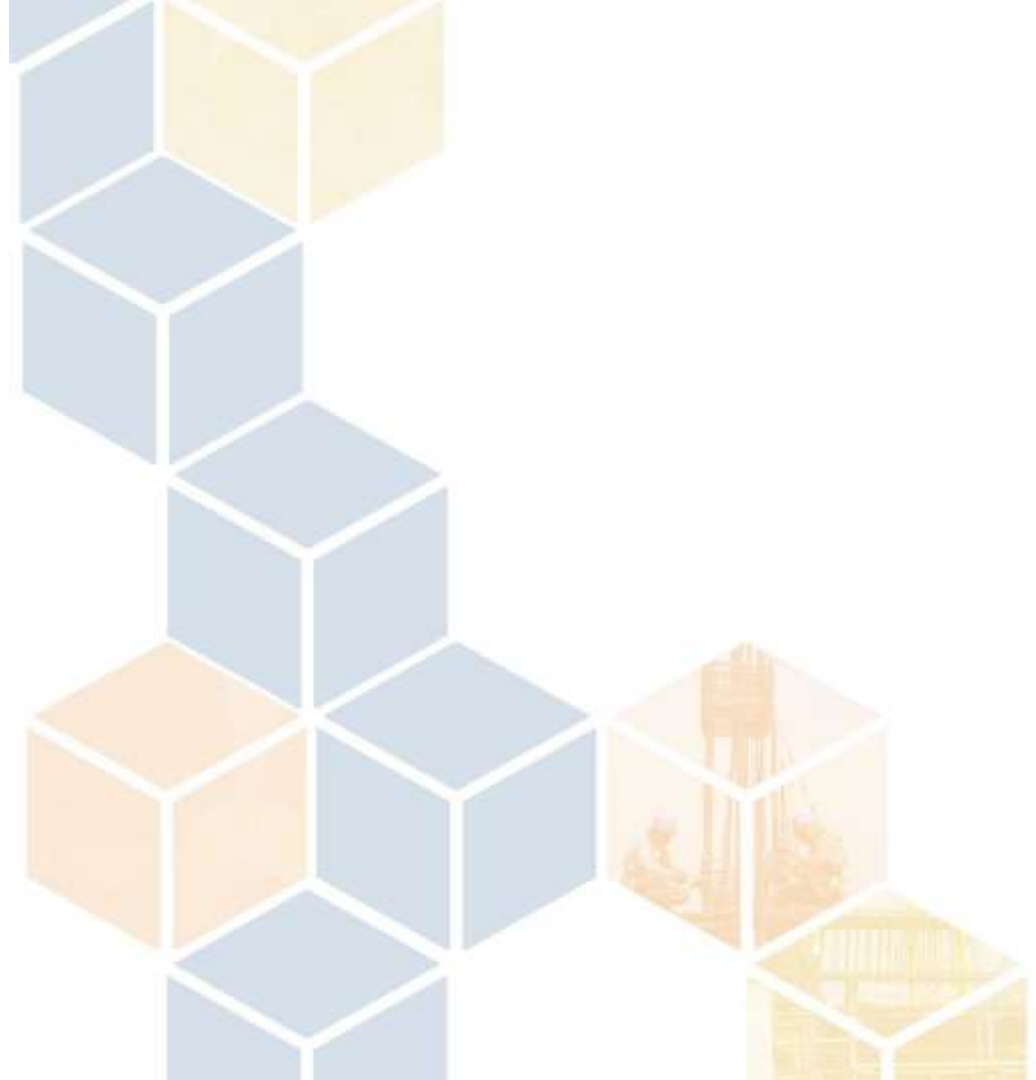
- The project will run for **30 years**.





AMBISYON
NATIN 2040

PPPs for LGUs



LGU PPP For the People Directive (DILG Memo Circular 2016-120)

- **Guidelines for the Implementation of Public Private Partnerships for the People Initiative for Local Governments (LGU-P4)**
- **10 Guiding Principles:**, *People, Decentralization, Accountability, Change, Change, Value, Innovation, Learning, Participation, Rule of Law and Justice*
- **LGU-P4 Modalities:** BOT and Variants, JVs, Concessions, etc.
- **Adoption of a Local PPP Code:** 1) Basic Principles, 2) LGU-P4 Projects and Modalities, 3) Procedures and Contract, 4) Regulation and Contract Management, 5) Accountability, Information, Education and Monitoring
- **Development Plans and Investment Programs** as source of identified priority PPPAs for LGU-P4 projects
- **Requirements for an LGU-P4 Project**
 1. LGU-P4 Code
 2. Provincial Development and Physical Framework Plan (province)
 3. Comprehensive Land Use Plan (cities and municipalities)
 4. Comprehensive Development Plan (cities and municipalities)
 5. Appropriate Contracts



DILG-PPP Center JMC No. 2019-01



Background

- September 7, 2016: The DILG issued Memorandum Circular (MC) No. 2016-120 (LGU P4).
- Based on LGU feedback to the DILG and the PPP Center, LGUs need further guidance regarding the “LGU P4 modalities” to properly implement P4 projects



Objective

- To provide LGUs further guidance on the modalities under the P4 Guidelines and provide a template LGU Code for JVs;
- LGU to determine proper modality of the contractual agreement and proceed in accordance with the applicable procedures:



Policy Guidelines

- **BOT Law Variants** – follow BOT Law and its IRR
 - **JV Agreements** – follow template LGU Code for JVs
 - **Other Contractual Arrangements** – governed by existing applicable laws (e.g. Civil Code, GPRA)
- DILG MC 2016-120 Annex 1 (draft LGU P4 Code template) is superseded by the new JMC and its Annex



Institutional Set-Up – DILG Memo Circular 2020-167

Guidelines on Promoting Local Economic Development and Investment Promotion (LEDIP) and Establishment of LEDIP Office/Unit in all Provinces, Cities and Municipalities

- MC 2016-120 (LGU-P4) and JMC 2019-1 (P4 and JVs) as policy drivers
- **Local Economic Development and Investment Promotion (LEDIP) Office/Unit**
- (Sec. 6.2.1.3.1) **Economic Enterprise Division** may be created to do the following:
 - Formulation of plans, development and implementation of proposals
 - Facilitation and assistance in the implementation of PPP programs and projects
 - a) For PPP projects under the BOT Law variants, **serve as the LGU PPP Unit responsible for the planning, overseeing and implementing of PPP projects**
 - a) For Joint Venture arrangements, **provide support to the LGU's JV Selection Committee, Contract Management Unit**, etc following JMC 2019-01
 - a) **Coordination with the PPP Center on** — 1) planning, identification, development and structuring of projects; 2) accessing relevant PPP project development resources; 3) accessing relevant PPP learning or capacity building resources; 4) monitoring, tracking and documentation of project implementation



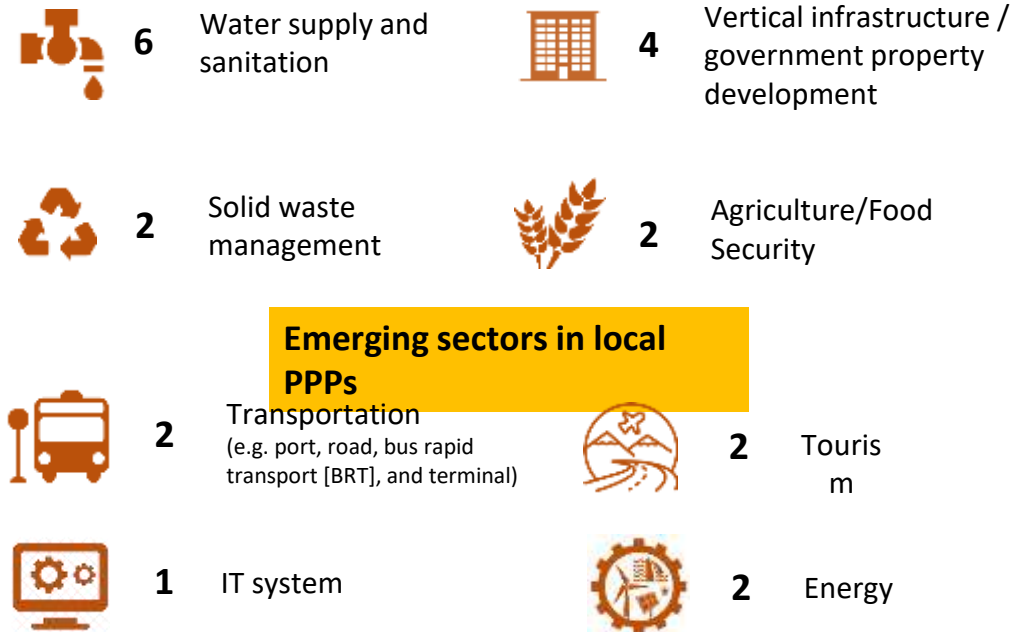
PPP trends: expanded sectors in the pipeline

as of July 31, 2022

National PPPs (53)



Local PPPs (21)



Project in focus: New Marulas Public Market



NEW MARULAS PUBLIC MARKET

[Redacted content]

OVERALL STATUS (as of August)

- Operational



Project in focus: Cebu-Cordova Link Expressway Project



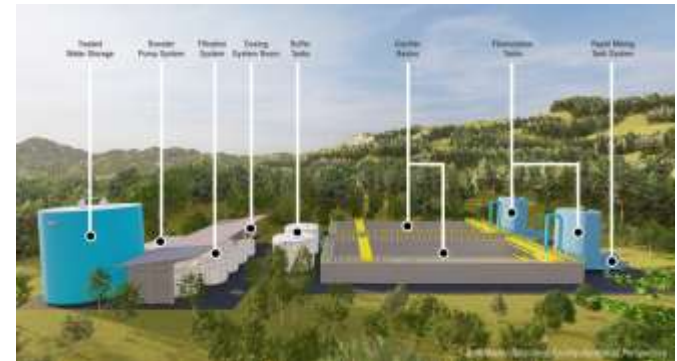
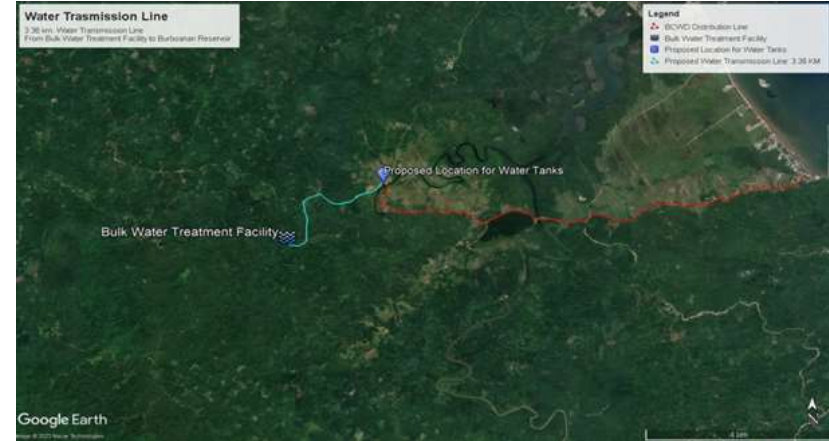
OVERALL STATUS (as of August)

- Operational



In the pipeline: Bislig City Bulk Water Supply and Septage Project

Implementing Agency:	Bislig City Water District
Project Description	<p>The project involves development of new water source and construction a bulk water supply facility and its ancillary appurtenances, including septage treatment facilities, covering the area under BCWD</p> <p>Project preparation support from PDMF</p>
Status:	Project study approved by the BCWD Board this May 2023. Ongoing preparation for procurement phase
Next Step	Conduct of Investors Conference and publication of Invitation to Bid. Procurement phase target to commence by Q4 2023.



In the pipeline: Negros Occidental Bulk Water Supply Project

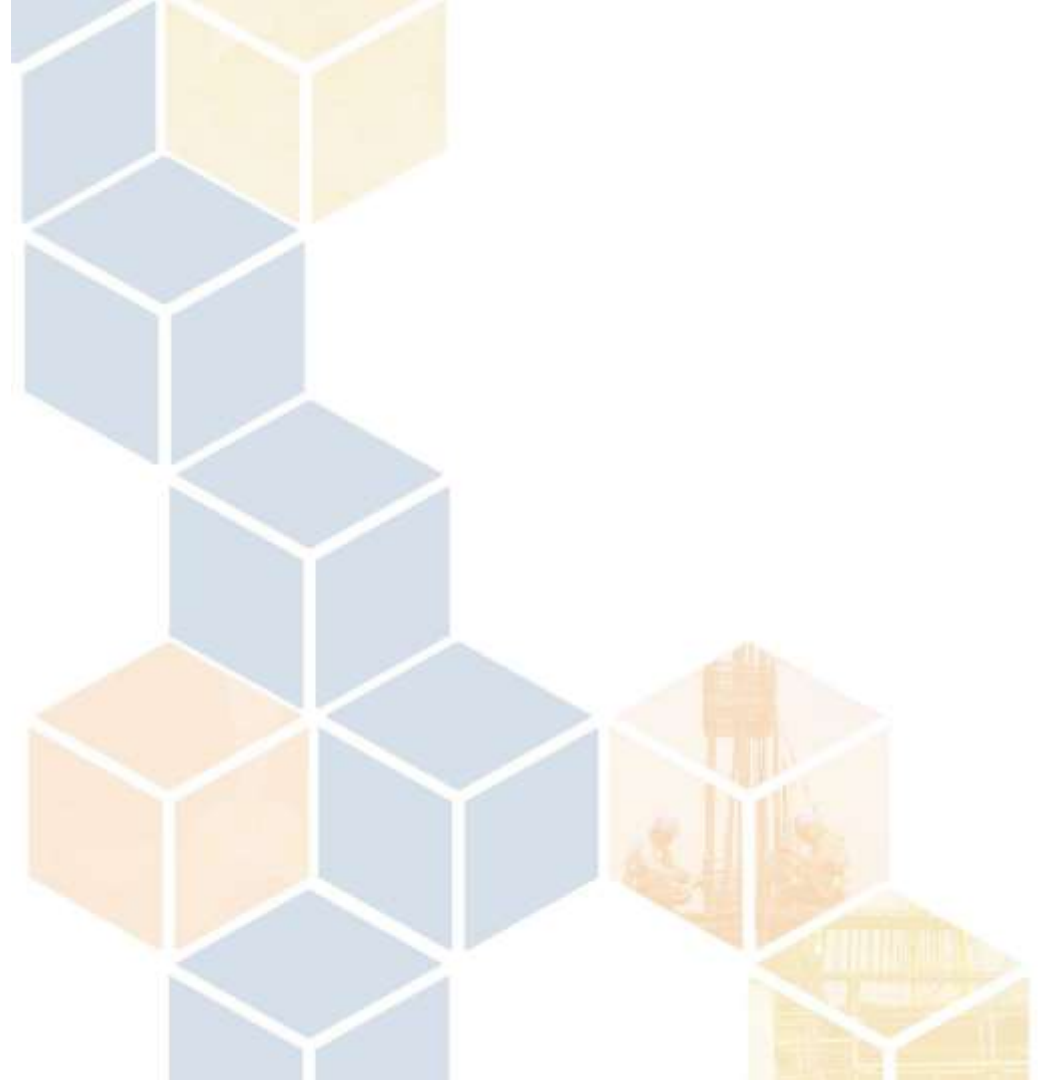
Implementing Agency	Provincial Government of Negros Occidental
Project Description	<p>The Project involves the design, financing, construction, and operation and maintenance of a bulk water supply facility, and includes the following components:</p> <ul style="list-style-type: none"> • Development of intake facility along water source; • Construction of water treatment facility; • Installation of transmission water pipeline and other appurtenances i.e flow meter, gate valves, blow off, etc. <p>The Project aims to cater to the six LGUs in the Province, namely; Bacolod City, Talisay City, Silay City, Municipality of E.B. Magalona, Victorias City, and Municipality of Manapla</p> <p>Project study preparation support from ADB and USAID Safe Water</p>
Status	Ongoing preparation of project study
Next Step	<ul style="list-style-type: none"> • Presentation of proposed project terms to the Province PPP Committee by Q4 2023





AMBISYON
NATIN 2040

PPP Center programs and initiatives



PPP Center of the Philippines



The PPP Center facilitates the implementation of the country's PPP Program. It serves as a central coordinating and monitoring agency for all PPP projects.



Advocate for **POLICY** reforms to enhance enabling environment



Conduct **CAPACITY BUILDING** activities to improve skills of agencies



PPP Center – Capacity Building Support

MEDIA RELEASE



PPP PROJECT CONCEPT NOTE DEVELOPMENT WORKSHOP FOR THE PROVINCIAL GOVERNMENT OF NEGROS OCCIDENTAL

June 8-9, 2022 | Bacolod City



Building Competencies to Deliver Infrastructure or Development Projects

The PPP Center capacity building program aims to build and continuously enhance the competencies *(project identification, development, evaluation, procurement, implementation, monitoring, and oversight, as applicable)* of Agencies/LGUs and various public sector stakeholders involved in the delivery of PPP projects



(3) Project development assistance - projects via PDMF

The **Project Development and Monitoring Facility (PDMF)** is a **USD 99.2 million revolving fund** managed by the PPP Center to enhance the investment environment for PPP and to develop a robust pipeline of viable and well-prepared PPP infrastructure projects

Implementing agencies, such as LGUs and water districts, can tap the PDMF for engagement of consultants who can assist in project development and procurement

Additional funding to support local PPP projects (USD 2.5M foreign counterpart funding in the PDMF)



PDMF Committee for Local PPP Projects

NEDA Usec and Asec for Regional Development and NEDA Regional Directors as representatives to the PDMF Committee to provide **local perspective in the evaluation of projects** for funding support

Local PDMF Panel

Access to a **pool of experts specializing in the development of local PPP projects**, particularly resilient and environmentally sustainable projects, and climate change adaptation and disaster risk management projects

Project preparation and transaction advisory consultants

Solicited mode

- Conduct of feasibility study
- Project structuring
- Preparation of tender documents
- Management of bid process
- Assistance until financial close

Unsolicited mode

- Evaluation and negotiation of unsolicited proposals
- Assistance in management of Swiss Challenge until financial close



(1) Capacity building through *knowledge products*



NGA/LGU PPP Guidebooks

PPP Book

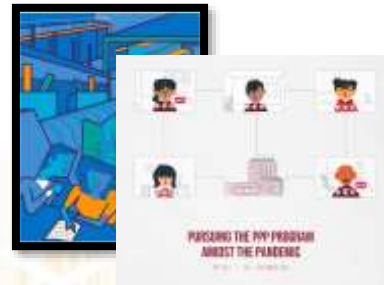


Primers on PPP topics

PPP Learning Series



Annual Reports



PPP Talk
(published every semester)

Briefers, FAQs, Brochures, Flyers



...and other resources available at the official PPP Center website (www.ppp.gov.ph)



(1) The Local PPP Knowledge Corner



- ✓ **Information hubs on PPPs** where IAs (LGUs, SUCs, WDs) and other stakeholders (academe, private sector, etc.) can get accurate and updated information and knowledge on PPPs.
- ✓ **Access point to the PPP Center's services** to help them develop and implement bankable PPP projects.
- ✓ **Lodged at the NEDA Regional Offices** to facilitate alignment of local PPPs with regional priorities and plans (i.e Regional Development Council and Committees)



Other PPP Resources Available 1/2 (www.ppp.gov.ph)

- **Generic Preferred Risk Allocation Matrix (GPRAM).** The GPRAM identifies the party that could best handle the risks involved in undertaking a PPP project including some proposed mitigating strategies and contractual provisions.
- **Framework for Assessing Local PPP Codes.** Developed to provide LGUs the key considerations for LGUs in drafting their Local PPP Code. This covers several aspects which should be considered when drafting a PPP code, namely: getting ready to conduct PPPs, preparing the project, avoiding conflict of interest, and public interest concerns under the other stages of the PPP process.
- **Unsolicited Proposal Assessment Forms.**
Guide government agencies who have received unsolicited PPPs
 - a) evaluating the proponent's legal, technical, financial qualifications
 - b) reviewing the appropriateness of the proposed risk allocation;
 - c) assessing proposed contract provisions, including contingent liabilities and other sources of fiscal exposure



Other PPP Resources Available 2/2 (www.ppp.gov.ph)

The **Parameters, Terms, and Conditions (PTCs) template** is a tool developed by the PPP Center, which aims (i) to provide transparency on what parameters, terms, and conditions will be entered into by the government; and (ii) to ensure that negotiations and subsequent drafting of PPP contracts are done expeditiously. The template also serves as a reference tool to help contract drafters and reviewers after project approval.

Upcoming: Guide for Developing Solicited (Local) Health PPP Projects. This is intended for use by all health implementing agencies for the development of greenfield and brownfield health projects which have both construction and operations and maintenance components, including facility management.

PPP Center invited all partner stakeholders and the public to provide inputs and comments to the “Guide for Developing Solicited Health Public Private Partnership (PPP) Projects”.



3) Risk Resiliency Program and PPP



- ADB technical assistance grant financed by the Urban Climate Change Resilience Trust Fund (UCCRTF) to the Philippine PPP Center for capacity building, development and procurement of local climate and disaster resilient PPPs
- Collaboration with the Department of Environment and Natural Resources (DENR) and selected Local Government Units
- **Preparation of Risk Resiliency Program (RRP) and Investment Portfolios for Risk Resilience (IPRRs) for 12 provinces and 4 metro cities**
- **The IPPRs will consist of PPP projects in emerging climate change and resilient sectors including: water supply and sanitation, solid waste management, renewable energy, health, drainage and flood control, green vertical infrastructure, etc.**
- **The potential PPP projects identified in the IPPRs will be evaluated, developed and packaged by the PPP Center for private sector financing under PPP arrangements**



Actions being taken by PPP Center to address climate change in PPPs

Risk Resiliency Project Team A

- **Phase 1:** Formulate resilience roadmaps and IPPRs for **Metro Manila, Northern Samar, Eastern Samar, Siquijor, Lanao del Sur, Maguindanao, North Cotabato and Sulu**
- **Phase 2:** Assist the PPP Center in the PPP structuring of the selected projects in the IPPRs of 7 LGUs

Risk Resiliency Project Team B

- Phase 1: Formulate resilience roadmaps and IPPRs for **Apayao, Kalinga, Ifugao, Mt. Province, and Catanduanes, Metro Cebu, Metro Iloilo and Metro Davao**
- Phase 2: Assist the PPP Center in the PPP structuring of the selected projects in the IPPRs of 7 LGUs

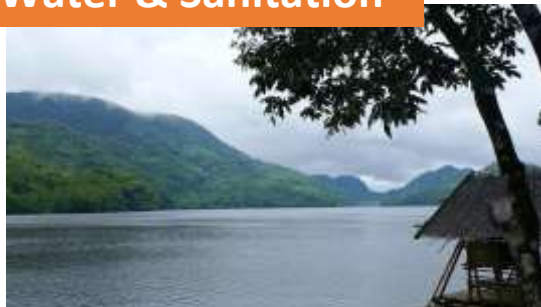
Role of the PPP Center

- Provide **advice on resiliency measures, climate change vulnerability assessment, land use and development planning, and geographic information systems of selected projects** in the PPP Center's pipeline
- **Prepare an assessment tool on inclusion of climate change and resilience in the evaluation criteria for PPP projects** submitted to approving bodies



ADB-UCCRTF support for resilient PPPs

Water & Sanitation



Ormoc City Water Supply System

The Project aims to provide a **comprehensive water supply system** to meet the demand for good quality and sufficient water supply, and an operation capable of providing Level III service to its service area on a 24/7 basis, i.e. continuous water service without interruption.



Bislig City Bulk Water Supply and

The Bislig City Bulk Water Supply and Septage Project is envisioned to mitigate the risks and impact of climate change by **ensuring the reliability and sustainability of water supply and access to potable water and ensure proper septage management in the City.**



San Pablo City Septage Management

The Project involves the construction and O&M of **septage treatment facility** with rated capacity of 70 cu.m. per day.





BAGONG PILIPINAS



PUBLIC-PRIVATE PARTNERSHIP
CENTER



For further information, please visit:

www.ppp.gov.ph

For inquiries, kindly e-mail:

info@ppp.gov.ph



PPPCenter.Philippine
S



@PPP_Ph



Public-private-
partnership-
Center-of-the-Philippines



PPPPinas

