

**PUBLIC-PRIVATE PARTNERSHIP
CENTER**

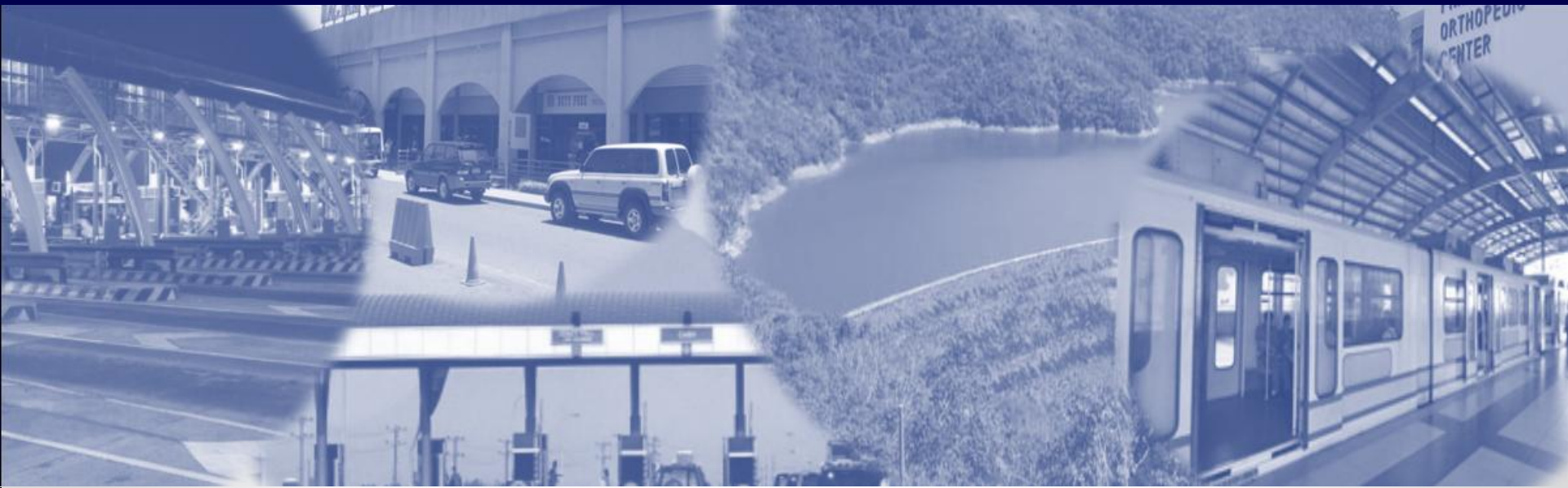
The Philippine PPP Program

28 June 2013 | Makati City

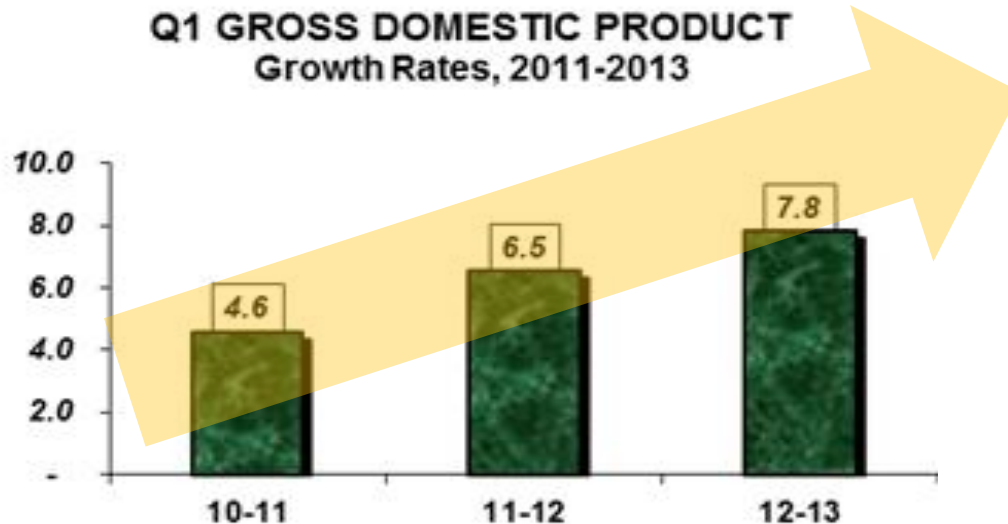
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www.ppp.gov.ph



The Philippine Investment Climate



- ✓ Rapid and sustained **economic growth** is set to continue
- ✓ More effective **tax administration** measures
- ✓ **Business confidence** is rising (through good governance reforms); surge in investments expected
- ✓ **Infrastructure spending** dramatically increased

Challenge:

INCLUSIVE GROWTH



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Presentation Outline

1

The PPP Program: An Overview

2

**PPP Center of the Philippines:
Its Evolving Roles and Mandate**

3

**PPP Milestones: Updates and Recent
Developments on the PPP Program**



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The PPP Agenda

**PPP Program
geared towards
inclusive growth**



**Philippine Development Plan
2011-2016**



**PPP as a strategy
to accelerate
infrastructure
development**



**Private sector
as partner in
development**

Legal Framework

- **RA 7718:** The Amended Build-Operate-Transfer (BOT) Law
- **BOT-IRR:** BOT Law's Implementing Rules and Regulations
- **RA 7160:** The Local Government Code of the Philippines 1991
- **Other Related Laws**
 - Charters of Government Owned and Controlled Corporations
 - Legal Mandates of Implementing Agencies
 - Legal Mandates of Sectoral Regulatory Agencies
 - Other Republic Acts and Executive Issuances



Legal Framework

Other Related Laws

- **CA 146, as amended (*Public Service Act*)**
Limits foreign equity to 40% for operation of public utilities
- **RA 8179 (*Foreign Investments Act of 1991*)**
Provides regulations on foreign exchange transactions
- **EO 226, as amended (*Omnibus Investments Code of 1987*)**
Provides fiscal incentives
- **RA 8974 (*Acquisition of Right of Way*)**
- **RA 7160 DILG (*Local Government Code*)**
- **MC 2011-16 (*PPP Sub-Committee in the LDC*)**



Institutional Setup

■ Contracting Parties/ Implementing Agencies

- National Line Agencies
- Government Corporations
- Local Government Units

■ Other National Agencies Concerned

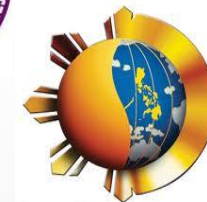
- Line Agencies/ Departments (policymaking bodies)
- National Regulatory Bodies
- Sectoral Regulators

■ Review and Approving Bodies

- Inter-Agency Investment Coordination Committee
- NEDA Board
- Local Government Councils

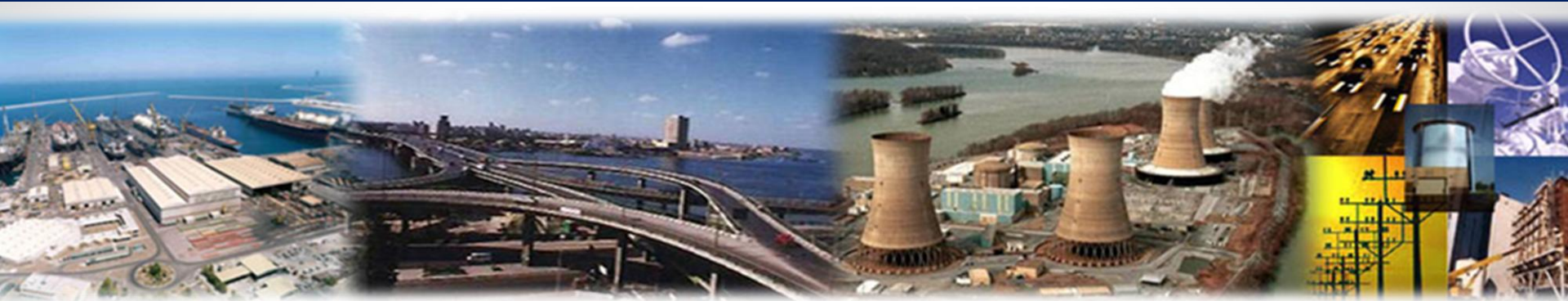
■ Coordinating and Monitoring Agency

- Public-Private Partnership Center (PPP Center)



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Eligible Types of PPP Projects



- Power Plants
- Highways/Roads
- Railroads & Railways
- Ports
- Airports
- Transport Systems
- Telecommunications
- ICT Systems/Facilities
- Agriculture
- Canals, Dams, Irrigation
- Water Supply
- Land Reclamation
- Solid Waste Management
- Tourism Facilities
- Education
- Health Facilities
- Industrial & Tourism Estates
- Markets, Warehouses, Slaughterhouses
- Housing, Government Buildings
- Other Infrastructure/ Development Projects/ Systems

PPP Modes of Procurement

SOLICITED

- refers to projects identified by an implementing agency or a local government unit of the list of priority projects
- Government undertakings are **allowed**

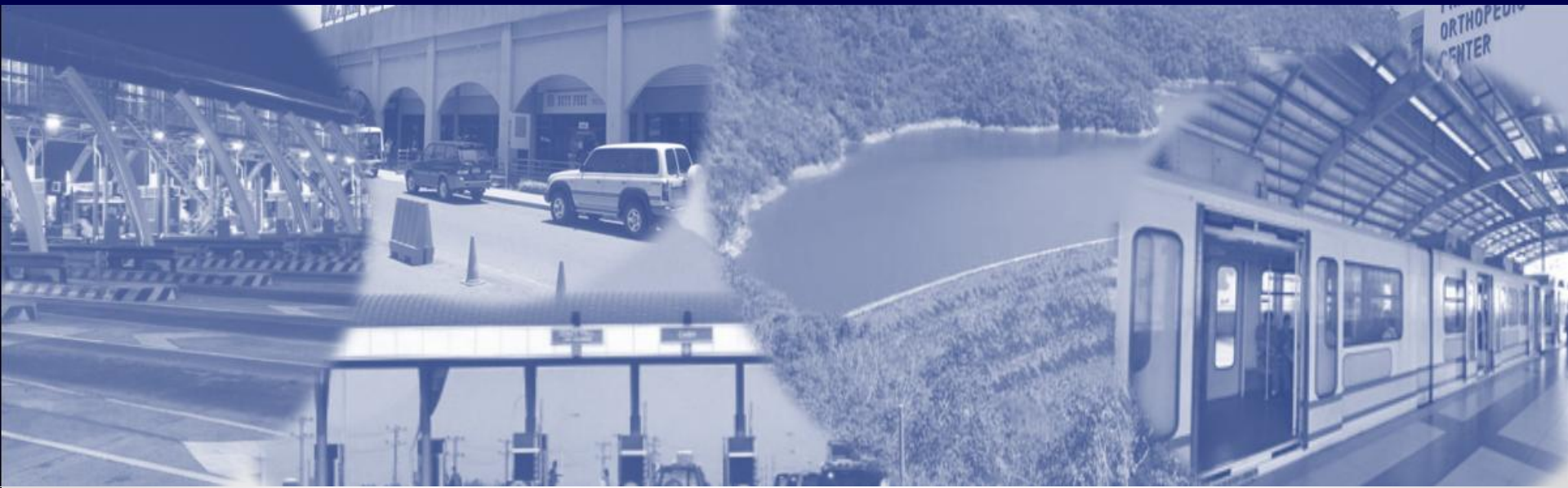
UNSOLICITED

- submitted by the private sector, not in response to a formal solicitation/request issued by an implementing agency or local government unit
- Involves **new concept** or technology and/or is not part of the list of priority projects
- **No** direct government **guarantee, subsidy** or **equity** is required
- Should undergo **COMPETITIVE CHALLENGE**





PPP Center of the Philippines: Its Evolving Roles and Mandate



Institutional Evolution of the PPP Center

Evolving Institutional Role in Critical Phases of Private Sector Engagement

Mid-1980s

- *Asset Privatization Trust*
- *Committee on Privatization*

Late 80s to 90s

- **CCPAP-BOT**
(under the Office of the President)
- **CCPSP**
(under the Office of the President)
- **BOT Center**
(under the Dept. of Trade and Industry)

Present-onwards

- **Public-Private-Partnership Center**
(attached to the *National Economic Planning and Development Authority*)



Institutional Evolution of the PPP Center



Per Executive Order No. 8, s. 2010,
as amended by **Executive Order No. 136**
signed last 28 May 2013:

- BOT Center renamed as **PPP Center**
- **Expanded mandate:**
 - BOT Law
 - Joint Venture arrangements
 - Other PPP arrangements
- PPP Center to directly report to the **PPP Governing Board**
- PPP Center Services:
 - Provide **advisory services**
 - **Facilitate development** of PPP projects
 - **Manage** the Project Development and Monitoring Facility
 - **Capacitate** national implementing agencies and LGUs
 - Advocate **policy reforms**
 - **Monitor implementation** of PPP projects

The Roles of PPP Center

PROJECT PREPARATION AND DEVELOPMENT

- ✓ Capacity Development
- ✓ Pre-investment financing (PDMF)
- ✓ Advisory services (legal, technical, financial matters)

PROJECT REVIEW & APPROVAL/ PREPARATION OF BID DOCUMENTS

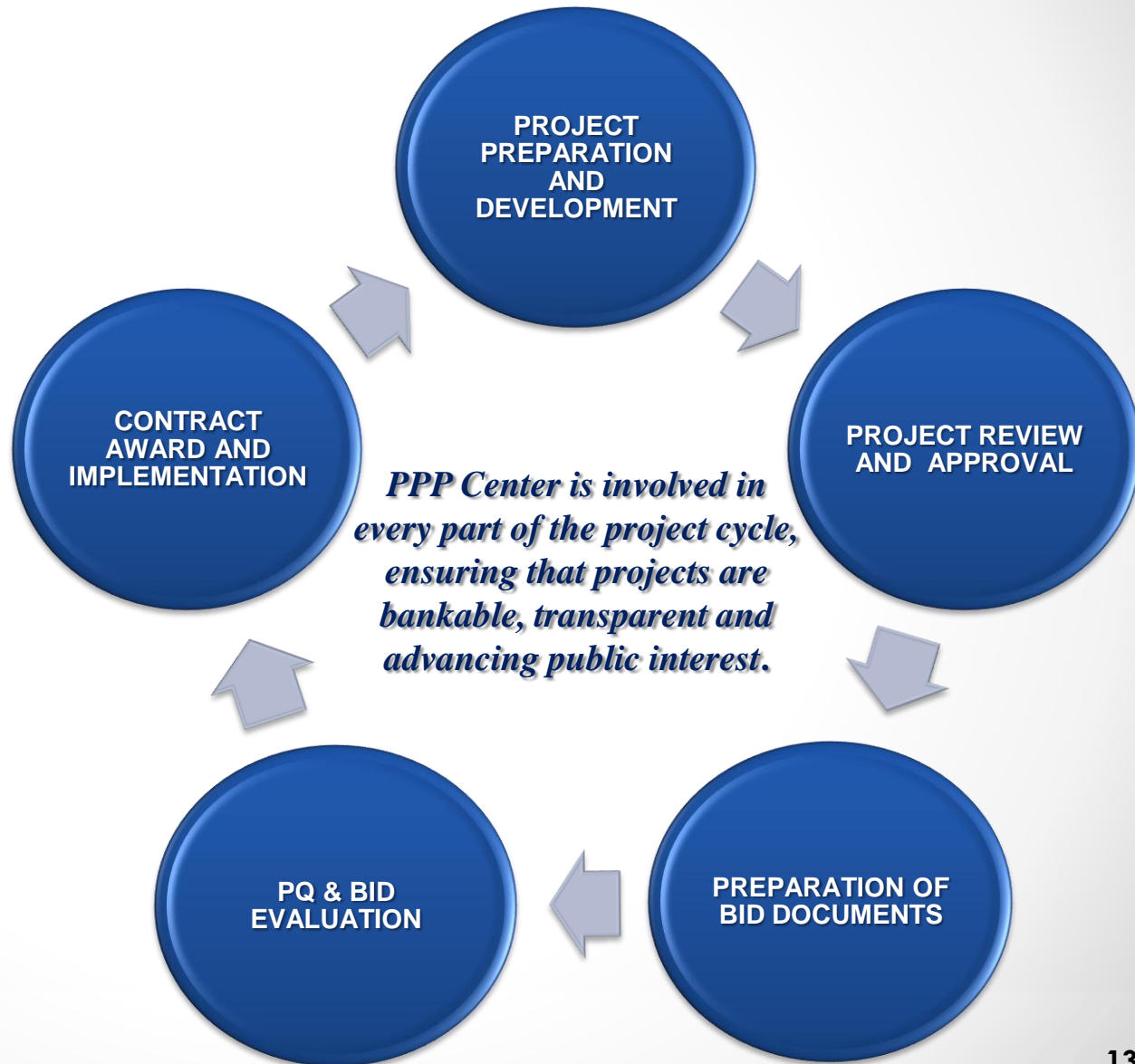
- ✓ Preparation of PPP transaction documents (bid documents, draft contract, etc)

PQ & BID EVALUATION

- ✓ Participate as non-voting observer of BAC
- ✓ Provide advice during procurement process

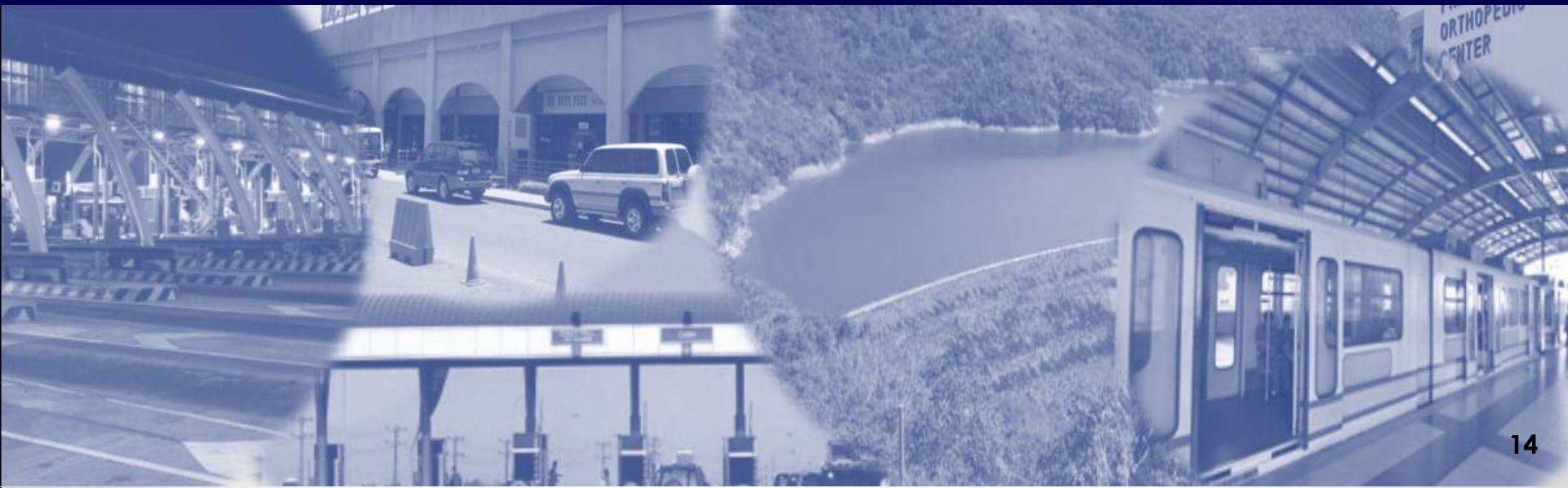
CONTRACT AWARD & IMPLEMENTATION

- ✓ Monitor project implementation and contract compliance





PPP Milestones: Updates & Recent Developments



PPP Milestones:

Enhancing Legal and Regulatory Frameworks

- 1. Amended Implementing Rules and Regulations of the BOT Law (Revised BOT Law IRR)**
 - Provide clearer guidelines on how PPPs are to be executed
 - Improved mechanisms geared towards streamlined processing of projects, and clearer governance and accountability measures
- 2. Issuance of Executive Order No. 78 or the Alternative Dispute Resolution**
 - Providing alternative avenues outside of court to settle disputes/conflicts that may arise during the contract lifetime of a PPP project
- 3. Extension of the BSP Circular No. 779 on Single Borrower's Limit**
 - Three (3) year extension allowing a separate single borrower's loan (SBL) limit of 25% of the net worth of the lending bank/quasi-bank for loans, credit accommodations

PPP Milestones:

Enhancing Legal and Regulatory Frameworks

4. Executive Order No. 136 (series of 2013)

- Amendments to Executive Order No. 8, s. 2010
- Creation of the PPP GOVERNING BOARD which shall be the overall policy-making body of all PPP-related matters, including the PDMF; shall provide strategic direction for the PPP Program
- PDMF fund to support implementing agencies in the conduct of pre-investment studies, and project monitoring (i.e. hiring of independent consultants for monitoring)

5. NEDA Joint Venture Guidelines

- Clear and detailed provisions on the approval of joint venture proposals, including possible forms of performance security that a government entity should require



PPP Milestones:

Project Development & Monitoring Facility

- A revolving pool of funds made available to enhance the investment environment for PPP and to develop a robust pipeline of viable and well-prepared PPP infrastructure projects
- Source: USD18 million from AusAID through ADB;
USD23 million from GOP
- 15 consortia of Internationally-renowned consulting firms

PDMF Panel of Consulting Firms

Manabat San Agustin & Co. Rebel Group International BV Deloitte Touche Tohmatsu India Pvt. Ltd.
CPCS Transcom Ltd. (Canada) Ernst & Young Australia Infrastructure Advisory
PricewaterhouseCoopers Services LLP (Singapore) ICRA Management Consulting Services Ltd.
(India) Hill International SA (Luxemberg) SMEC International Pty Ltd. (Australia)
IMC Worldwide Ltd. (UK) MMM Group Limited (Canada) Ove Arup & Partners Hong Kong Ltd.
(China) PARY & Co Chartered Accountants (India) Punongbayan & Araullo (Philippines)
Feedback Infrastructure Services Pvt. Ltd. (India)

PPP Milestones:

Project Development & Monitoring Facility

24

**PROJECTS APPROVED
FOR PDMF SUPPORT**

7

**PROJECTS ROLLED-OUT
WITH PDMF SUPPORT**

10

**PROJECTS WITH ONGOING
PRE-INVESTMENT STUDIES**

7

**PROJECTS FOR PROCUREMENT
OF TRANSACTION ADVISORS**

Scope of services include pre-investment activities of potential PPP projects, including but not limited to:

- preparation of project pre-feasibility and feasibility studies
- project structuring
- preparation of bid documents and draft contracts
- transaction advisory
- assistance in the tendering process including bid evaluation and project award through competitive selection

PPP Milestones:

Pipeline Development & Status of PPP Projects

PPP PROJECTS AT A GLANCE

By Stages in the Project Cycle*

- 3** AWARDED
- 7** BIDDING STAGE
- 1** NEDA BOARD-APPROVED
- 3** FOR APPROVAL
- 2** FOR FINALIZATION OF PROJECT STRUCTURE
- 10** ONGOING STUDIES
- 5** FOR PROCUREMENT OF CONSULTANTS
- 9** UNDER CONCEPTUALIZATION OR DEVELOPMENT

By Implementing Agency

- 14** DOTC
- 13** DPWH
- 2** DOH
- 2** DepED
- 3** MWSS
- 2** DA
- 4** Others (DOJ, BCDA, PNOC, etc.)

TOTAL PROJECTS IN THE PIPELINE:

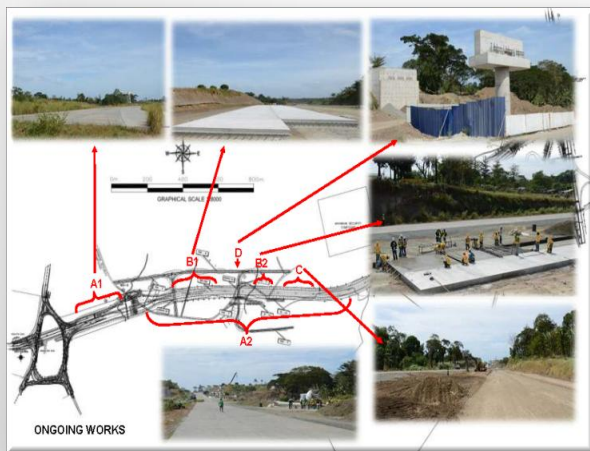
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PPP Milestones:

Pipeline Development & Status of PPP Projects

AWARDED PROJECTS

	PROJECT	EST. COST (PHP)*	PPP STRUCTURE	STATUS
1	Daang Hari-SLEX Link Road Project	2.01 B	Build-Transfer-Operate (BTO)	Construction ongoing Target Completion: June 2014
2	PPP for School Infrastructure Project (Phase I)	16.28 B	Build-Lease-Transfer	Construction ongoing Target Completion: February 2014
3	NAIA Expressway Phase II	15.52 B	Build-Transfer-Operate (BTO)	Date of Award: May 14, 2013 Contract Signing: July 1, 2013



PPP Milestones:

Pipeline Development & Status of PPP Projects

PROJECTS AT BIDDING STAGE

	PROJECT	EST. COST (PHP)	PPP STRUCTURE	STATUS
1	LRT Line 1 Cavite Extension and O&M	60.63 B	Contract-Add-Operate (CAO)	Bid Submission: July 30, 2013
2	Modernization of Philippine Orthopedic Center	5.69 B	Build-Operate-Transfer (BOT)	Evaluation of bid docs on-going
3	Rehabilitation, O&M of Angat Hydro-Electric Power Plant Auxiliary Turbines 4 & 5	1.16 B	Rehabilitate-Operate-Transfer (ROT)	Re-publication of the Invitation to Prequalify and Bid (ITPB): July 2013
4	Automatic Fare Collection System	1.72 B	Build-Own-Operate (BOO)	Bid Submission: 30 August 2013
5	PPP for School Infrastructure Project Phase II	8.8 B	Build-Transfer (BT)	Bid Submission: 17 July 2013
6	Mactan Cebu International Airport Passenger Terminal Building	17.52 B	Build-Rehabilitate-Operate-Transfer (BROT)	Bid Submission: 28 August 2013
7	Cavite-Laguna Expressway	35.58 B	TBD	Invitation to Prequalify and Bid (ITPB) released: 09 April 2013 / Structure changed from Hybrid to Pure PPP

MORE PROJECTS IN THE PIPELINE

NEDA Board-Approved/ LDC-Approved Projects

- NLEX-SLEX Connector Road
- Talisay City Plaza Complex Heritage Restoration and Redevelopment Project

For Evaluation and/or Approval

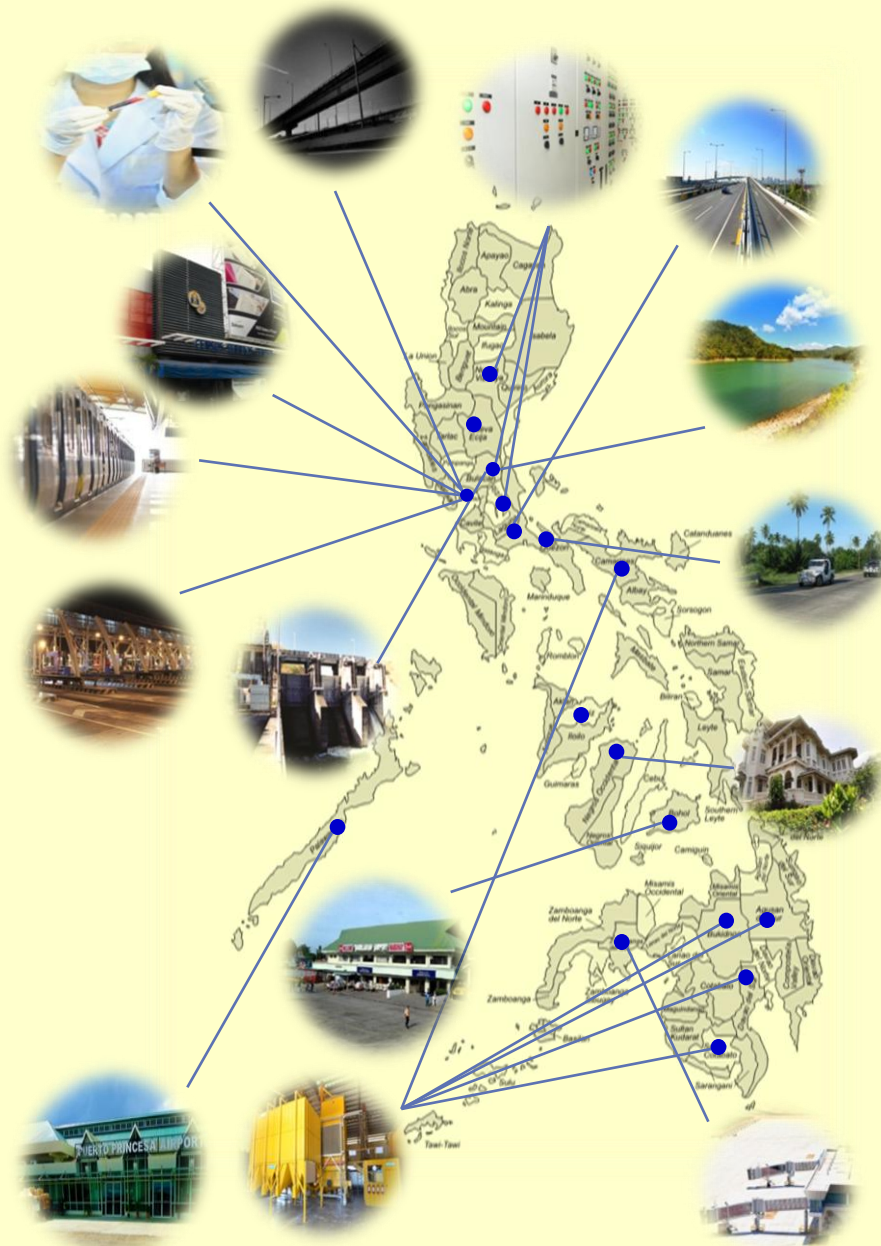
- Civil Registration System – Information Technology Project Phase II
- Integrated Transport System Project
- Enhanced O&M Panglao Airport

For Finalization of Project Structure

- Grains Central Project
- Establishment of Cold Chain Systems

On-going Studies

- O&M of Laguindingan Airport
- O&M of LRT Line 2
- O&M of Puerto Princesa Airport
- New Centennial Water Supply
- Rehabilitation of Quirino Highway Project
- Bulacan Bulk Water Supply Project
- Davao Sasa Port
- Integrated Luzon Railway Project
- Manila-Makati-Pasay-Paranaque Mass Transit System
- Regional Prison Facilities through PPP
- El Nido Water Supply and Sanitation Facility



Ongoing/ For Procurement of Transaction Advisor

- Plaridel Bypass Toll Road
- Batangas-Manila (BatMan) 1 Natural Gas Pipeline Project
- LRT-1 Extension to Dasmarinas
- O&M of Ilioilo, Davao, and Bacolod Airport
- Manila Bay-Pasig River-Laguna Lake Ferry System

Projects under Development

- PhilHealth Information Technology Project
- Metro Cebu Expressway Project
- Central Luzon Link Expressway Phase II: Cabanatuan-San Jose Section
- Manila Heritage and Urban Renewal Project
- Global City Mass Transit (Monorail System) Project
- C-6 Extension (Laguna de Bay Flood Control Dike Expressway
- Calamba – Los Banos Toll Expressway Project
- Tagum-Davao-General Santos High Standard Highway
- O&M and Improvement of Kennon Road and Marcos Highway

Other Projects being Monitored by the PPP Center

- Skyway Stage 3
- MRT Line 7

PPP Milestones:

Updates & Recent Developments



Analysis of a benchmark index and learning tool that assesses the readiness and capacity of countries in the Asia-Pacific Region to carry out sustainable, long term PPPs

Ranking Criteria:

- Legal and regulatory framework (25%)
- Institutional framework (20%)
- Operational maturity (15%)
- Investment climate (15%)
- Financial facilities (15%)
- Sub-national adjustment factor (10%)

Result: Overall Index

1	Australia	92.3
2	UK	89.7
3	Korea, Rep.	71.3
4	Gujarat State	67.6
5	India	64.8
6	Japan	63.7
7	China	49.8
8	Philippines	47.1
9	Indonesia	46.1
10	Thailand	45.3
11	Bangladesh	39.2
12	Pakistan	38.8
13	Kazakhstan	34.3
14	Vietnam	26.3
15	Mongolia	23.3
16	Papua New Guinea	20.8

“In the ASEAN region, Philippines ranked highest in terms of PPP readiness...”

--Infrascope 2011 Study

(By the Economist Intelligence Unit as commissioned by the Asian Development Bank)

PPP Milestones:

Updates & Recent Developments

Partnerships
AWARDS 2013



THURSDAY 23 MAY 2013
PARK PLAZA
WESTMINSTER BRIDGE

**PPP FOR SCHOOL
INFRASTRUCTURE PROJECT**
shortlisted under the category
BEST PATHFINDER.

**It is the lone ASEAN entry to
Partnerships Awards 2013.**

BEST PATHFINDER

Aberdeen Community Healthcare Village, UK

Four Tuscan Hospital PPP, Italy

Hounslow Highways Maintenance PFI, UK

Intercity Express Programme, UK

PPP for School Infrastructure Project (PSIP), Philippines

PPP Programme for Prison Development, Mexico

Sheffield Highway Maintenance PFI, UK

U.S. Route 460 Corridor Improvements Project, USA

Wiri Men's Prison, New Zealand



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www.partnershipsbulletin.com/awards/categories.html



“...these (PPP) projects promise so much for our economy and for the Filipino people, and they (private partners) will play a vital role in our administration's fulfillment of our Social Contract with our people.”

--President Benigno S. Aquino III



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**PUBLIC-PRIVATE PARTNERSHIP
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THANK YOU

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