Public-Private Partnership Program of the Philippines

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PPP Center Deputy Executive Director
Outline of Presentation

1. Philippine PPP Program: An Overview
2. Legal and Institutional Framework
3. The PPP Center and Its Services
4. Updates and Recent Developments
5. Pipeline of PPP Projects
The Philippine Investment Climate

2nd Quarter 2012 economic performance of ASEAN & non-ASEAN countries

- China 7.4%
- Indonesia 6.37%
- **Philippines 5.9%**
- Malaysia 5.4%
- Vietnam 4.7%
- Thailand 3.3%
- Singapore 2.2%

Source: NSCB data as cited in BSP Presentation to Moody’s Investors Service, June 2012

Photo by: Rappler (www.rappler.com)
Infrastructure Sector

- Infrastructure/ other capital outlays spending grew by 58.8% (Q1); 45.7% in (Q2)

- DPWH slated P63.5bn for its Infrastructure Program, and 86% of total infrastructure projects in 2012 are already bid out (as of April 2012)

- Several airport projects are being implemented and are under construction

- Government is tapping various mechanisms to accelerate infrastructure development in the country—national budget, official development assistance (ODA), and public-private partnerships (PPPs)

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

—Infrascope 2011 Study
(By the Economist Intelligence Unit as commissioned by ADB)

Sources: Infrascope 2011, BSP Presentation for Moody’s (June 2012)
The PPP Center as the main facilitator of the PPP Program

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
Institutional set-up

- 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)
Eligible Types of 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
Government Support For PPPs

Strategic Support Fund (SSF)
- Right of way acquisition (ROWA) and related costs (including resettlement)
- Costs of designing, building and otherwise delivering any part of the project

Project Development Monitoring Facility (PDMF)
- 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
Government Support for PPPs: Project Development & Monitoring Facility (PDMF)

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

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 (Luxembourg)
- 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)
The PPP Center

Executive Order No. 8 signed on September 9, 2010:

- BOT Center renamed as **PPP Center**

- **Expanded mandate:**
  - BOT Law
  - Joint Venture arrangements
  - Other PPP arrangements

- PPP Center to:
  - Provide *advisory services*
  - **Facilitate development** of PPP projects
  - *Capacitate* national implementing agencies and LGUs
  - Advocate *policy reforms*
  - **Monitor implementation** of PPP projects
PPP Center Services

PPP Center is involved in every part of the project cycle, ensuring that projects are bankable, transparent and advancing public interest.

**PROJECT PREPARATION AND DEVELOPMENT**
- Capacity Development
- Pre-investment financing (PDMF)
- Advisory services (legal, technical, financial matters)
- Preparation of PPP transaction documents
  - (bid documents, draft contract, etc)
- Monitor project implementation and contract compliance
- Participate as non-voting observer of BAC
- Provide advice during procurement process
- Contract award and implementation
- Preparation of bid documents

**PROJECT REVIEW AND APPROVAL**
- PQ & BID evaluation
- Contract award and implementation
PPP Updates and Recent Developments

INSTITUTIONAL STRENGTHENING

• Reorganization of the PPP Center
• Capacity Building of PPP Units of Implementing Agencies
• Improved inter-agency coordination and involvement

PPP-ENABLED IMPLEMENTING AGENCIES AND LOCAL GOVERNMENT UNITS

• Capacitated over 350 IAs and LGUs in PPP project preparation
• Successful launch of the LGU PPP Manual Vols. 1-3; regional training roll-out ongoing
• DILG-PPP Center Memorandum of Agreement on PPP Capacity Building for local government units
• Partnerships with various institutions to conduct relevant capacity building interventions on PPP
PPP Updates and Recent Developments

CONSULTATIVE AND SYSTEMATIZED PARTNERSHIPS

- Dialogues and consultative meetings with foreign and local private investors, banks, development partners, foreign trade missions, and other stakeholders

PIPELINE BUILD-UP AND ROLLOUT OF PROPERLY PREPARED PROJECTS

- Successful tender of the DPWH’s Daang Hari-SLEX Link Road project and DepEd’s PPP for School Infrastructure Project
- Two other projects have been successfully rolled out—LRT Line 1 South Extension, and the NAIA Expressway Phase II projects
- Modernization of the Philippine Orthopedic Center project has been approved by the NEDA Board last Sept-4
PPP Updates and Recent Developments

INSTITUTIONALIZATION OF GOVERNMENT SUPPORT

• Project Development and Monitoring Facility
  • 14 PPP projects approved for PDMF support (total of USD 16M earmarked for pre-investment and other transaction advisory support)
  • PDMF funds available: USD 7M initial contribution from the Philippine Government; USD 6M contribution from the Australian Government (administered by ADB); USD 9M additional contribution from the Australian Government (administered by ADB); USD 11.5M counterpart contribution of the Philippine Government

• Strategic Support Fund (SSF)
  • Right of way acquisition (ROWA) and related costs (including resettlement)
  • Costs of designing, building and otherwise delivering any part of the project
**PPP Updates and Recent Developments**

**ENHANCED LEGAL AND REGULATORY FRAMEWORKS**

- **Reviewed and streamlined processes** in evaluation and approval of projects
- **Amendments to the BOT Law-Implementing Rules and Regulations (BOT Law IRR)**
  - speedy processing of PPP projects
  - transparency measures in the bidding and award of projects
  - improvements to governance and accountability
  - improvements to unsolicited proposals
- **Alternative Dispute Resolution (Executive Order No. 78)**
  - efficient tool and an alternative procedure in achieving speedy and impartial justice
  - de-clogging of court dockets
  - more inviting climate for private investments
- **DILG Memorandum Circular No. 2010-16**
  - Provides for the creation of PPP Units/ subcommittee at the local development council to assist in the formulation of action plans and strategies related to the implementation of PPP program and projects
Pipeline of Projects

LGU PROJECTS
2 projects | USD 6.28B

TRANSPORTATION
8 projects | USD 1.88B

AGRICULTURE
2 projects | USD 186.9M

WATER SECTOR
3 projects | USD 1.08B

ROAD NETWORK
4 projects | USD 1.29B

HEALTH SECTOR
2 projects | USD 126M

TOTAL PROJECT COST: apx. USD 4.80B*

*Project Costs of O&M of LRT-2, O&M of Puerto Princesa, ITS, Bulacan Bulk Water, El Nido Project= TBD
## Status of PPP Projects

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>INDICATIVE COST (USD)*</th>
<th>STATUS as of October 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>LRT Line 1 Cavite Extension and O&amp;M</td>
<td>1.25B</td>
<td>Bidder due diligence ongoing</td>
</tr>
<tr>
<td>NAIA Expressway Phase II</td>
<td>377.6M</td>
<td>Invitation to bid (ITB) to be issued</td>
</tr>
<tr>
<td>Modernization of Philippine Orthopedic Center</td>
<td>135.5M</td>
<td>Invitation to bid (ITB) to be issued</td>
</tr>
<tr>
<td>Vaccine Self-Sufficiency Project Phase II</td>
<td>10.8M</td>
<td>In the process of securing Government approvals</td>
</tr>
<tr>
<td>Cavite-Laguna Expressway</td>
<td>651.7M</td>
<td>In the process of securing Government approvals</td>
</tr>
<tr>
<td>O&amp;M of Angat Hydro-Electric Powerplant Turbines 4 &amp; 5</td>
<td>27.5M</td>
<td>In the process of securing Government approvals</td>
</tr>
<tr>
<td>NLEx-SLEx Connector</td>
<td>504.8M</td>
<td>In the process of securing Government approvals</td>
</tr>
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* USD1.00 = PHP 42.00
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<tr>
<td>Automatic Fare Collection System*</td>
<td>42.9M</td>
<td>For submission to NEDA</td>
</tr>
<tr>
<td>Mactan Cebu International Airport Passenger Terminal Building*</td>
<td>530.3M</td>
<td>For submission to NEDA</td>
</tr>
<tr>
<td>Enhanced O&amp;M Panglao Airport*</td>
<td>190.5M</td>
<td>Finalization of Project Structure On-going</td>
</tr>
<tr>
<td>O&amp;M of Laguindingan Airport*</td>
<td>42.9M</td>
<td>Finalization of Project Structure On-going</td>
</tr>
<tr>
<td>Grains Central Project</td>
<td>9.5M</td>
<td>Ongoing Preparation of Feasibility Study</td>
</tr>
<tr>
<td>Establishment of Cold Chain Systems*</td>
<td>35.7M</td>
<td>Ongoing Preparation of Feasibility Study</td>
</tr>
<tr>
<td>O&amp;M of LRT Line 2</td>
<td>TBD</td>
<td>Ongoing Preparation of Feasibility Study</td>
</tr>
<tr>
<td>O&amp;M of Puerto Princesa Airport</td>
<td>TBD</td>
<td>Ongoing Preparation of Feasibility Study</td>
</tr>
<tr>
<td>Talisay City Plaza Complex Heritage Restoration and Redevelopment Project</td>
<td>TBD</td>
<td>Ongoing Preparation of Business Case /Feasibility Study</td>
</tr>
<tr>
<td>Integrated Transport System*</td>
<td>TBD</td>
<td>For procurement of Transaction Advisor</td>
</tr>
<tr>
<td>New Centennial Water Supply*</td>
<td>TBD</td>
<td>For procurement of Transaction Advisor</td>
</tr>
<tr>
<td>Bulacan Bulk Water Supply Project*</td>
<td>TBD</td>
<td>For procurement of Transaction Advisor</td>
</tr>
<tr>
<td>Rehabilitation of Quirino Highway Project*</td>
<td>TBD</td>
<td>For procurement of Transaction Advisor</td>
</tr>
<tr>
<td>El Nido Water Supply System and Sanitation</td>
<td>TBD</td>
<td>For procurement of Transaction Advisor</td>
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The PPP Program is anchored in Good Governance.

Government reforms driven by sound fiscal management are starting to bear fruits.

Legal and regulatory frameworks are continuously being improved.

Infrastructure funds are increasingly available to finance PPP projects in the Philippines.

Bigger projects covering wider range of sectors to be offered in 2013.

Why Invest in the Philippine PPP Program?
Public-Private Partnership Program of the Philippines

THANK YOU!