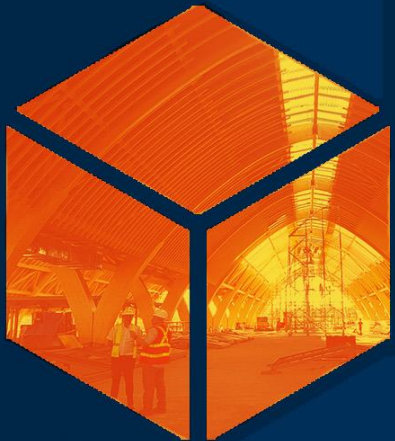


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Finding the Balance Between Private and Public in PPPs: The Philippine PPP Experience

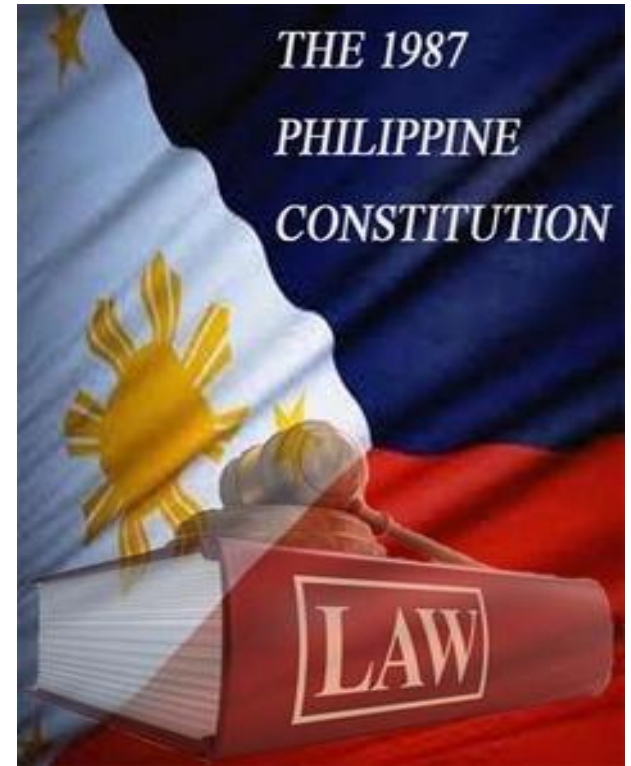
Maria Lerma L. Advincula
Public-Private Partnership
Center of the Philippines

*2018 APN Conference
Seoul, Korea
November 5, 2018*



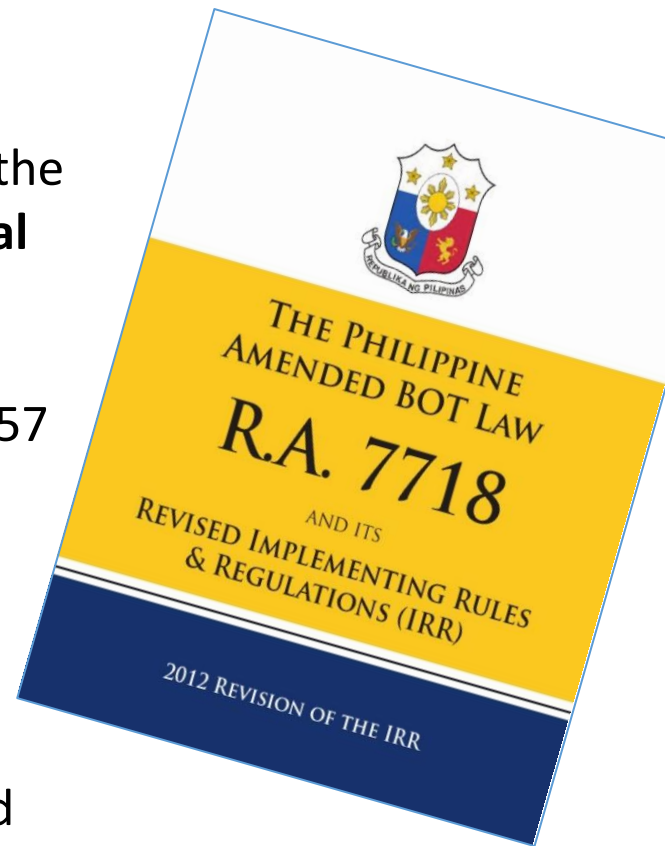
Recognition of the Role of the Private Sector in Nation Building

- The State recognizes **the indispensable role of the private sector** as the **main engine for national growth and development**, encourages private enterprise, and provides incentives to needed investments (*1987 Philippine Constitution*)
- The Government provides the most appropriate incentives to mobilize private resources for the purpose of financing the construction, operation and maintenance of infrastructure and development projects normally financed and undertaken by the Government

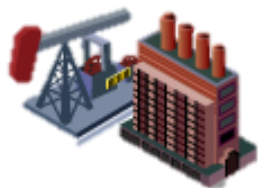


Recognition of the Role of the Private Sector in Nation Building

- As early as 1990, the Philippines passed the Build-Operate-Transfer (BOT) Law (*Republic Act 6957*) to implement the Constitutional provision recognizing the role of the **private sector as main engine for national growth and development**
 - ❖ First Southeast Asian country to enact a BOT Law
 - ❖ Republic 7718 enacted in 1994 to amend R.A. 6957
 - ❖ Implementing Rules and Regulations revised in 2012
- **Proposed PPP Act (Pending in Congress)**
 - ❖ Aims to seek major reforms to help boost the country's PPP Program, enhance competition and protection of public interest, promote public infrastructure financing



Government's 0-10 Point Economic Agenda



4

Accelerate annual infrastructure spending to account for more than 7% of GDP by 2022,* with PPPs playing a key role



3

Increase competitiveness and ease of doing business

- Enhance mobility or increase passenger and cargo throughput
- Improve connectivity by addressing gaps in physical infrastructure
- Reduce economic losses and damages due to flooding
- Enhance digital connectivity



5

Promote rural and value chain dev't toward increasing agricultural/rural enterprise productivity and rural tourism

- Accelerate irrigation development
- Provide access to electricity services and encourage private sector privatization
- Provide universal access to water supply and sanitation



7

Invest in human capital development, including health and education systems, match skills and training

- Provide safe, secured, adequate, and satisfactory educational facilities
- Enhance the teaching-learning processes
- Improve/upgrade healthcare facilities



8

Promote science, technology, and the creative arts to enhance innovation and creative capacity

- Develop the country's capacity in research and development and the application of nuclear science and technology

*Updated from 5% based on latest NEDA pronouncements

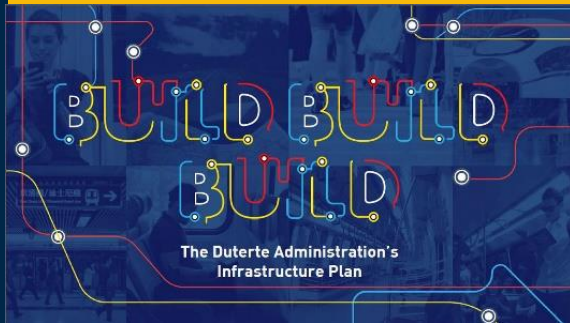


PPP Program for Infrastructure Development

10-POINT SOCIOECONOMIC AGENDA

4

*Accelerated
Infrastructure
Development*



Financing and Implementation



Delivery Mechanisms

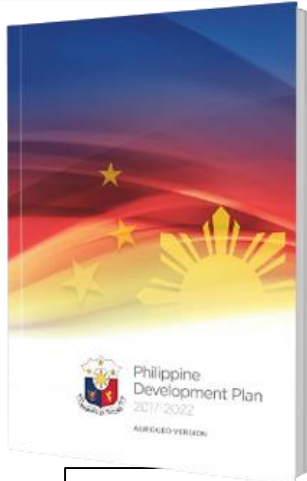
Government Financing
General appropriations,
corporate funds

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

Private Sector Financing
Public-Private Partnership
(PPP)



Project Identification – Solicited Mode



Philippine Development Plan



- Public-Investment Program (PIP) 2017-2022
- Three-Year Rolling Infrastructure Program (TRIP)
- Regional Development Plans
- Local Development Plans



PROJECTS

A row of seven icons representing different types of projects: a blue train, a purple trash bin, a grey road, a blue water drop, a black house, a green airplane, and a white bus.

Project Identification – *Solicited Mode*



2017-2022 *Public Investment Program (PIP)*:
Rolling list of **priority programs and projects** to be implemented by the national government within the medium term (or the plan period from 2017 to 2022) that contributes to the achievement of the societal goal and targets in the ***Philippine Development Plan***

Three-Year Rolling Infrastructure Program (TRIP):

Consolidated list of all infrastructure programs of the government to be undertaken in three-year period



Project Identification – *Unsolicited Mode*

- As a strategy, the new administration opened doors to unsolicited proposals
- BOT Law: Unsolicited proposals are not allowed in priority projects except if the unsolicited proposal involves a new concept or technology, as determined by the Implementing Agency, which the proponent has successfully implemented at a scale similar to the proposed project



Project Development – Feasibility Study (FS)

Solicited Mode

FS undertaken by the Implementing Agency either through own funds or the use of facility such as the Project Development and Monitoring Facility (PDMF)

Unsolicited Mode

FS undertaken by the unsolicited proposal proponent but evaluated by the Implementing Agency either on its own, or through the assistance of PPP Center using in-house technical expertise or through PDMF-funded consultants



Project Development – Project Structuring

Guided by the following:

1. ***Generic Preferred Risk Allocation Matrix (GPRAM)*** formulated by the Government

A guide for government entities and the private sector in structuring PPP projects with regard to the risks to be borne by the government or the private sector, and the risks that may be shared between the government and the private sector

2. Relevant ***Policy Circulars Issued by the PPP Governing Board***

Examples:

- Guidelines on Assessing Value for Money in PPP Projects
- Guidelines on Viability Gap Funding (VGF)



Project Approval

Evaluation process following either the:

❖ BOT Law

Approving body depends on project cost or if negotiated project

- National Projects: Investment Coordination Committee (ICC), NEDA Board
- Local Projects: Local Development Councils, ICC

❖ For Joint Venture Agreements, **Joint Venture Guidelines or PPP Ordinance of Local Government** as passed by the relevant legislative body



Project Procurement

Consultations

1. Investment forum
2. Stakeholders' consultation
3. Market sounding
4. One-on-one sessions

Legal Framework

- BOT Law, or
- Joint Venture Guidelines
- PPP Ordinance by a particular local government



PPP Contract / Concession Agreement

- ❖ Provisions that Protect the Government:
 - Key Performance Indicators (KPIs)
 - Minimum Performance Standards and Specifications (MPSS)
 - Liquidated Damages for Delays and Failure to Comply with KPIs, MPSS
 - Contractual/Special Approval Requirements – e.g. DED, any Special Proponent Action
 - Performance Securities
 - Lock-in Requirements
 - Handback Provisions including Asset Refresh Clauses
 - Insurance

- ❖ Provisions that Protect the Private Sector:
 - Termination Payment
 - Material Adverse Government Action



Project Implementation and Monitoring

- ✓ Appointment of an Independent Consultant
- ✓ Reporting of PPP Project Spending and Contingent Liabilities
- ✓ Creation of Project Steering Committee
- ✓ Audit of PPP Projects by the Commission of Audit





Trends and Developments



PPP Program Direction

- Open doors to Unsolicited Proposals (USPs)
- Hybrid PPPs (ODA-GAA-PPP Mix)
- Pursue PPPs in local and regional jurisdictions
- Access and affordability of services to the public
- Projects that improve inclusivity and promote urban resiliency and sustainability





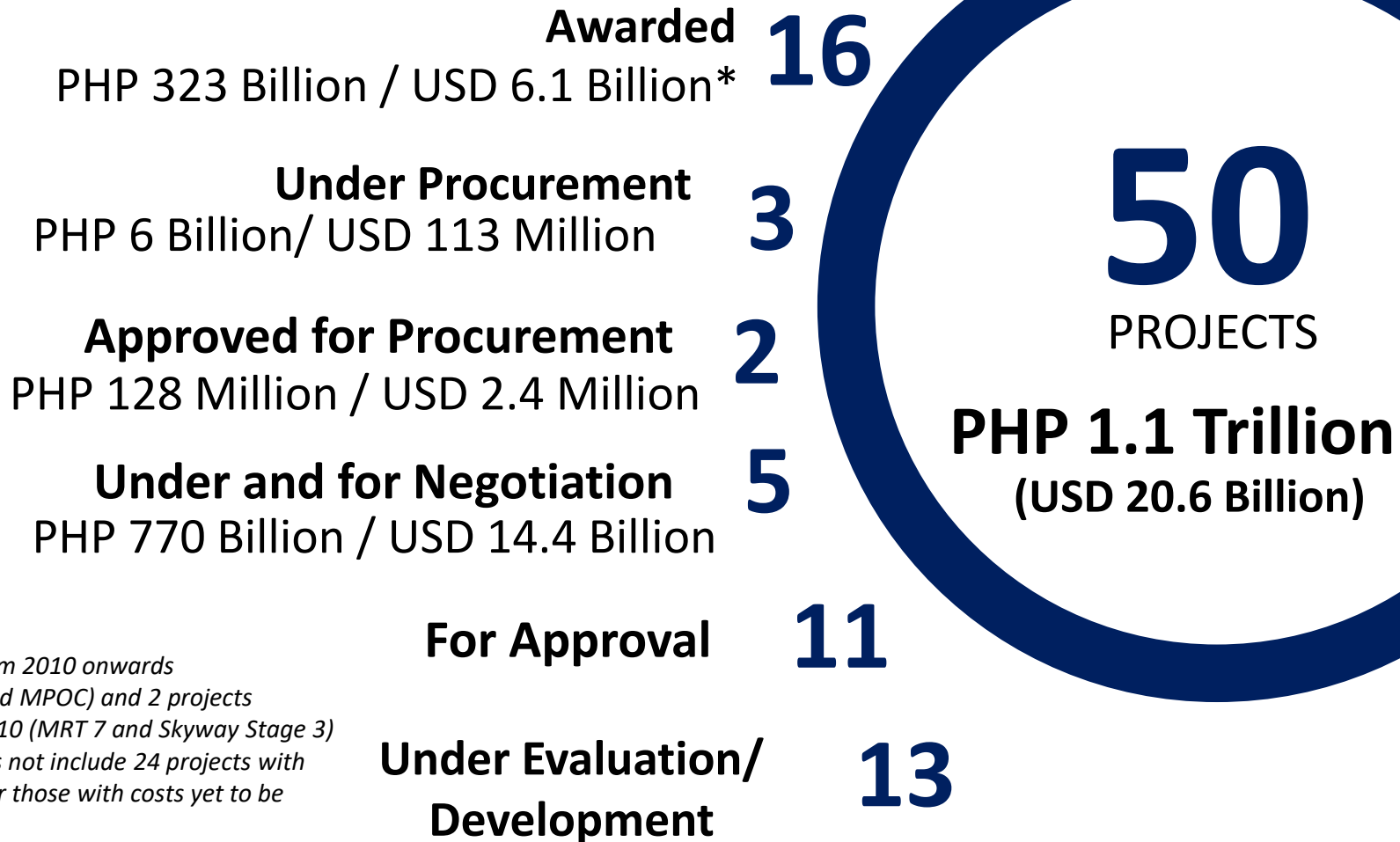
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PPP Projects



National and Local PPP Projects

as of October 2018



**Projects started from 2010 onwards
(excluding terminated MPOC) and 2 projects
developed before 2010 (MRT 7 and Skyway Stage 3)
Note: Total cost does not include 24 projects with
no estimated costs or those with costs yet to be
finalized.*



National PPP Projects - Awarded

Transport-Related Projects



Muntinlupa-Cavite Expressway



NAIA Expressway Phase (II)



Metro Manila Skyway Stage 3



Cavite-Laguna Expressway



NLEX-SLEX Connector Road



Paranaque Integrated Terminal Exchange



Taguig Integrated Terminal Exchange



Mactan-Cebu International Airport



Clark International Airport - EPC



LRT Line 1 Cavite Extension & O&M



MRT Line 7



Automatic Fare Collection System



PPP for School Infrastructure (Phase I)



PPP for School Infrastructure (Phase II)



Bulacan Bulk Water Supply



Civil Registry System IT (Phase II)



National PPP Projects - Pipeline

Transport-Related Projects



East-West Rail
(unsolicited)



Fort Bonifacio-Makati Skytrain
(unsolicited)



Modified LRT Line 6
(unsolicited)



C5-MRT 10
(unsolicited)



Davao People Mover
(unsolicited)



Clark International Airport - O&M



Bulacan International Airport
(unsolicited)



Mactan-Cebu International Airport
(unsolicited)



San Ramon Newport



Central Luzon Link Expressway



Cavite-Tagaytay-Batangas Expressway
(unsolicited)



Manila Bay
(unsolicited)



Cebu Bus Rapid Transit (BRT) O&M



NDC Admin and Commercial Complex



Duty Free Retail Development



Philippine General Hospital - Diliman O&M



Angat Hydroelectric Power Plant - Auxiliary 4 & 5



Road Transport IT Infrastructure (Phase II)



Local PPP Projects

As of October 2018, there are around **58 local PPP projects** (solicited and unsolicited, either BOT or JV) that are in the early stages of development

Sectors



9 Water Supply & Sanitation



15 Solid Waste Management & Energy



33 Vertical Infrastructure



1 Others

Regions



Selected Local PPP Projects



Baggao Water Supply



Pampanga Bulk Water Supply



General Santos Public Market



Kalibo Slaughterhouse



Cebu City Solid Waste Management



Quezon City Waste-to-Energy



Cagayan de Oro Septage Management

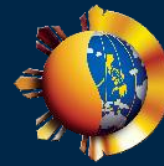


Boracay Island Waste-to-Energy



IT Project for City of Naga-UNLAD BAYAN





For further information, please visit:

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