

The Philippine PPP Program

Framework, Pipeline, Lessons, Prospects and Challenges

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Public-Private Partnership Center of the Philippines

To lay down the foundation for inclusive growth, a high-trust and resilient society, and a globally competitive knowledge economy.

Ensure peace and security



Accelerate strategic infrastructure development



Ensure safety and build resilience



Ensure ecological integrity, clean and healthy environment



- Infrastructure development as a bedrock strategy
- Resilience, ecological integrity and healthy environment as equally important foundations
- The role of the private sector as development partner through Public-Private-Partnerships

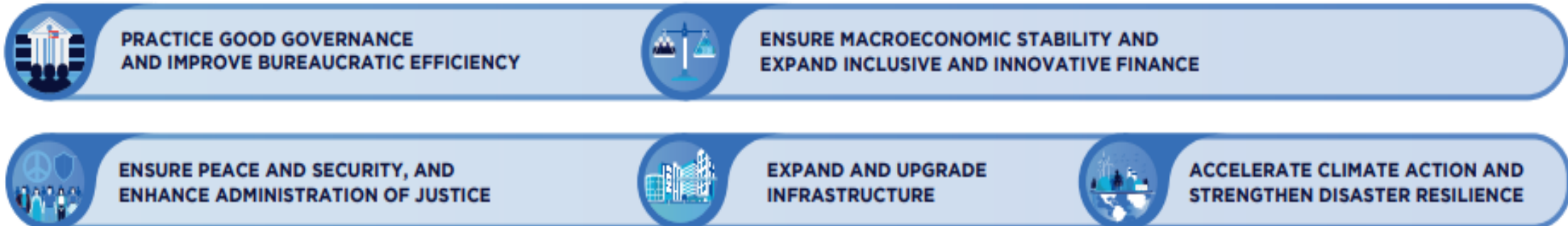
Private Sector Participation and Political Regimes

- 1987 Philippine Constitution's recognition of Private Sector as PARTNER in development
- Private sector engagement integral to Medium Phil Development Plan (MTPDP) and Medium Term Phil Investment Plan (MTPIP)
 - **AQUINO1** (1986-1992) - Divestment/disposition of assets
 - **RAMOS** (1992-1998) - Power Purchase Agreements, BOT Law, **BOT Program**
 - **ESTRADA** (1998-2001) – Flagship **Private Sector Participation Program**, BOT Law
 - **ARROYO** (2001-2010) – **BOT Program** under the BOT Law; Joint Venture Guidelines
 - **AQUINO2** (2010-2016) - **Public-Private-Partnership (PPP)** Program, BOT Law and JV Guidelines
 - **DUTERTE** (2016-2022) - **Build-Build-Build Program** (infra spending through Budget/ODA/PPP or combination), BOT Law and JV Guidelines
 - **MARCOS Jr** (2022-2028) – “**Build Better More**” Program (focus on PPP), BOT Law and JV Guidelines

Philippine Development Plan



“Reconfiguring public–private partnerships (PPP) can also help in addressing cross-cutting issues of a weak competition environment and the digital divide, as well as boost the country’s campaign to attract foreign investments.”



PPPs and the Philippine Infrastructure Development Program



“Public Private Partnerships or PPPs hold great potential for that expansion, for infrastructure development and for innovation.”

- Pres. Ferdinand Marcos Jr. SONA 2022

8-POINT SOCIOECONOMIC AGENDA

4

Job creation through infrastructure improvement (and expansion)

- Accelerate spending and increase investments in infrastructure (Infra Spending of 5-6% of GDP)
- Continue and expand the existing government infrastructure program (Build-Build-Build to **Build-Better-More**)

Financing and implementation mechanisms

Government Financing
General appropriations, corporate funds

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

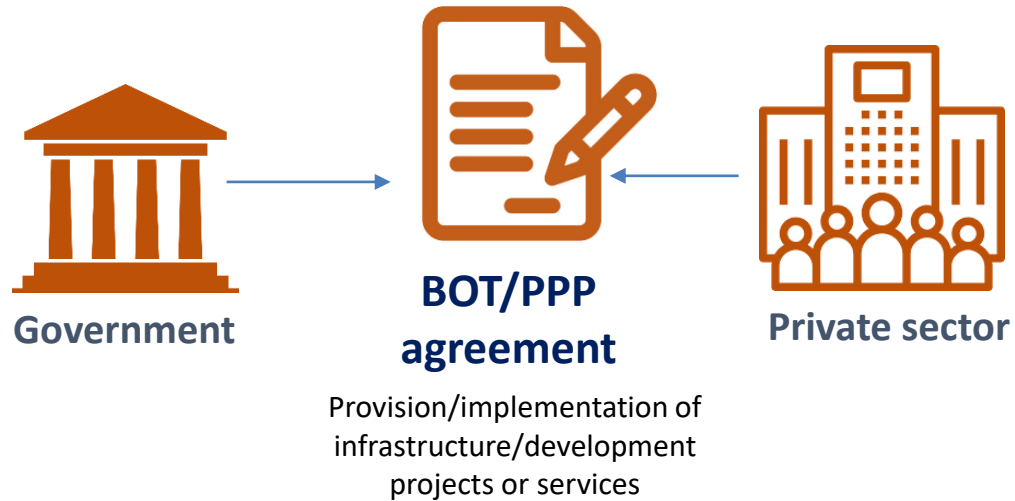
Private Sector Financing
Public-Private Partnership (PPP)



Typical PPP Contractual Agreements in the Philippines

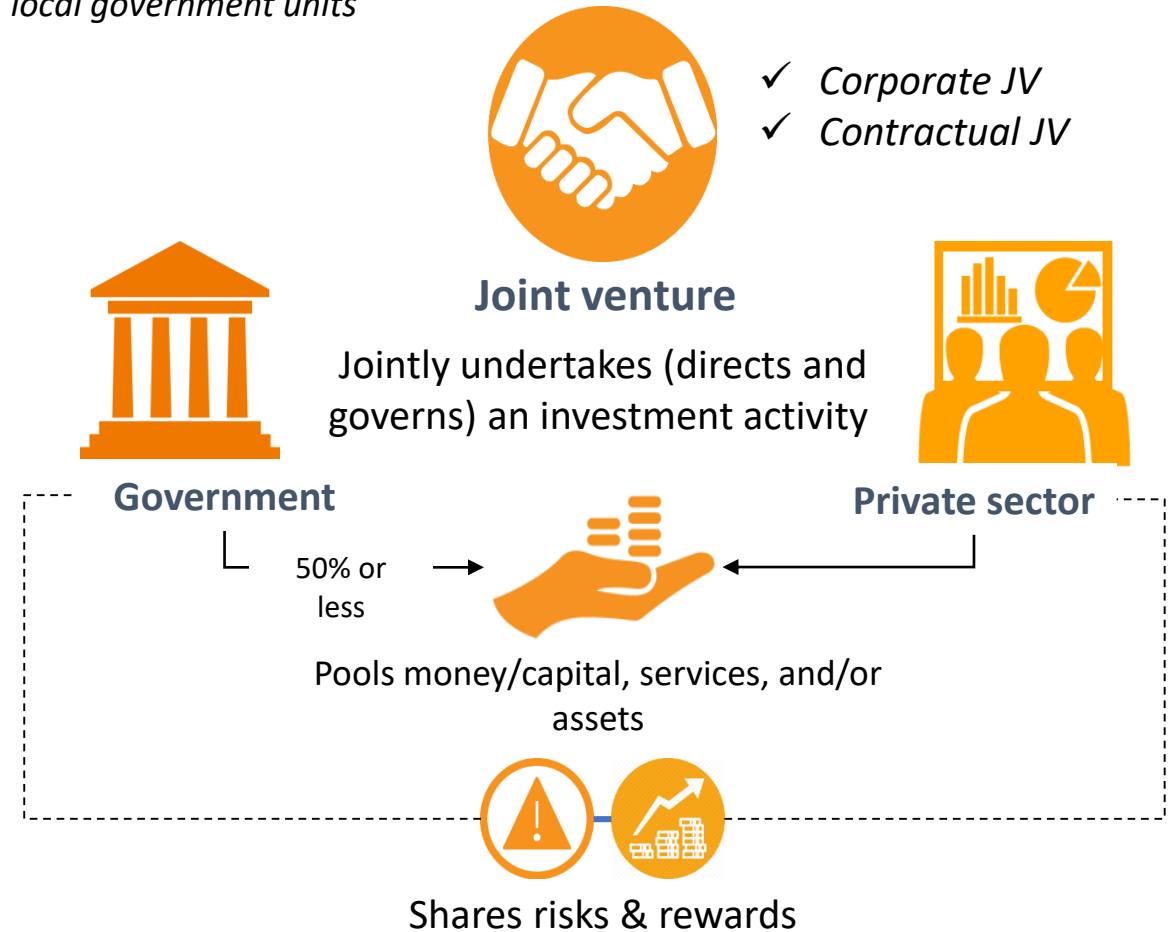
Typical PPP contractual arrangements in the Philippines

BOT-type concessions



- Build-transfer (BT)
- Build-lease-transfer (BLT)
- Build-operate-transfer (BOT)
- Build-own-operate (BOO)
- Build-transfer-operate (BTO)
- Other contractual arrangements as may be approved by the President

Joint ventures with gov't corporations such as BCDA & TIEZA, and local government units



PPPs in the Philippines

Project modalities and structures



Solicited mode

Unsolicited mode



BOT-type arrangement under BOT Law

Joint Venture thru Local PPP Code/NEDA JV Guidelines



Full PPP

Private sector undertakes all aspects of the project



Legend:



Other forms of PPP (hybrid or blended financing)

Private sector undertakes only certain portions of the project

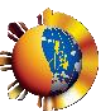


Legal frameworks for PPPs in the Philippines

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



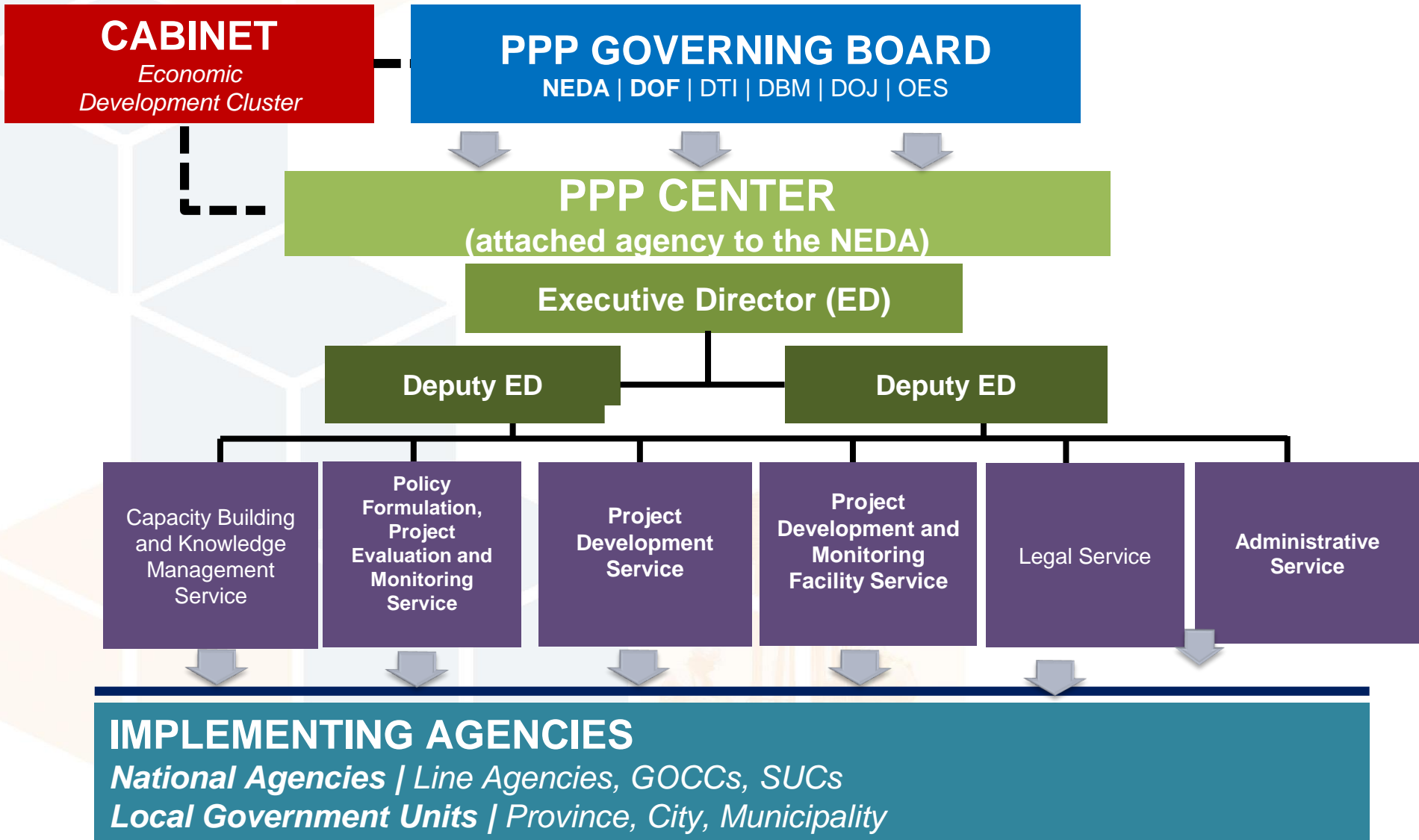
PPP Governing Board Policy Circulars



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	



PPP Center of the Philippines



External Support

- ADB
CDTA-7796
With contributions from Canada and Australia
- AP3F
UCCRTF
- Infrastructure Asia (Singapore)
- Australia Awards
- USAID
World Bank
JICA



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 in the country.

- The first Official Public Sector PPP Agency in the ASEAN
- Institutionalized in the BOT Law, its IRR and Executive Issuances
 - Exec. Order 8
 - Exec. Order 136



Provide technical assistance in **PROJECT DEVELOPMENT AND IMPLEMENTATION**



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



Provide technical assistance in **PROJECT MONITORING AND EVALUATION**



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



What They Say About Philippine PPPs and the PPP Center



Best Central Government
PPP Promoter - Gold Award
Partnerships Awards 2014



Asia-Pacific
Grantor of the Year
IJGlobal Awards 2014



PH: Most-improved in
Asia-Pacific for
PPP Readiness
INFRASCOPE
2014



PPP Agency of the Year
The ASSET Triple A Asia
Infrastructure Awards 2015



Best Central Government
PPP Promoter - Silver
Award Partnerships
Awards 2016

THEME: Preparation of Public-Private Partnerships	THEME: Procurement of PPPs	THEME: Contract Management	THEME: Unsolicited Proposals																																								
<p>Economy Data Table Ranking in East Asia and Pacific (EAP) Region</p> <table border="1"> <tr><td>Philippines</td><td>85</td></tr> <tr><td>Vietnam</td><td>77</td></tr> <tr><td>Indonesia</td><td>63</td></tr> <tr><td>China</td><td>61</td></tr> <tr><td>Singapore</td><td>60</td></tr> </table>	Philippines	85	Vietnam	77	Indonesia	63	China	61	Singapore	60	<p>Economy Data Table Ranking in East Asia and Pacific (EAP) Region</p> <table border="1"> <tr><td>China</td><td>82</td></tr> <tr><td>Vietnam</td><td>77</td></tr> <tr><td>Philippines</td><td>76</td></tr> <tr><td>Singapore</td><td>76</td></tr> <tr><td>Indonesia</td><td>74</td></tr> </table>	China	82	Vietnam	77	Philippines	76	Singapore	76	Indonesia	74	<p>Economy Data Table Ranking in East Asia and Pacific (EAP) Region</p> <table border="1"> <tr><td>Philippines</td><td>88</td></tr> <tr><td>China</td><td>76</td></tr> <tr><td>Cambodia</td><td>64</td></tr> <tr><td>Vietnam</td><td>62</td></tr> <tr><td>Singapore</td><td>62</td></tr> </table>	Philippines	88	China	76	Cambodia	64	Vietnam	62	Singapore	62	<p>Economy Data Table Ranking in East Asia and Pacific (EAP) Region</p> <table border="1"> <tr><td>Philippines</td><td>83</td></tr> <tr><td>Mongolia</td><td>75</td></tr> <tr><td>Indonesia</td><td>58</td></tr> <tr><td>China</td><td>54</td></tr> <tr><td>Timor Leste</td><td>50</td></tr> </table>	Philippines	83	Mongolia	75	Indonesia	58	China	54	Timor Leste	50
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The Project Development and Monitoring Facility

The **Project Development and Monitoring Facility (PDMF)** is a **PHP 4.4 billion 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.

For eligible projects, the PDMF can be tapped by implementing agencies for engagement of consultants who can assist in **preparation of feasibility studies** and **other pre-investment studies**, **transaction and probity advisory services** during the bidding process until financial close is achieved, and **independent consultancy services** for the monitoring of project construction or operation.

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

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



Summary of PPP projects



as of 31 December 2022

- ✓ From 1990 to 2019, about 116 PPP projects from different sectors have successfully achieved financial close.
- ✓ PPPs are most dominant in the energy sector, transportation, roads, and water and wastewater sectors.
- ✓ The project financing of PPPs is dominated by local banks due to generally liquid debt market. Domestic projects loans banks are mostly backed by parent company balance sheet and do not have any political risk guarantees

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AWARDED PROJECTS

PHP 2,335 Billion

	No.	PhP (bn)	USD (bn)
National	88	2,156	39.58
Local	122	179	3.29

98

PROJECTS IN THE PIPELINE

PHP 3,044 Billion*

	No.	PhP (bn)	USD (bn)
National	73	2,914	53.49
Local	25	130	2.39

1 USD = 55

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



PPP projects in the pipeline

	No.	PhP (bn)	USD (bn)
National	73	2,914	53.49
Local	25	130	2.39

1 USD = 55 PHP



TOURISM

	No.	PhP (bn)	USD (bn)
N	1	TBD	TBD
L	2	11.69	0.21
Total		11.69	0.21



TRANSPORTATION

	No.	PhP (bn)	USD (bn)
N	55	1,378.63	25.30
L	4	69.23	1.27
Total		1,447.86	26.57



VERTICAL INFRASTRUCTURE

	No.	PhP (bn)	USD (bn)
N	6	1,493.72	27.25
L	5	19.17	0.35
Total		1,512.89	27.6



DIGITAL CONNECTIVITY

	No.	PhP (bn)	USD (bn)
N	4	0.41	0.0075
L	1	0.02	0.00036
Total		0.43	0.00786



PPP projects in the pipeline

	No.	PhP (bn)	USD (bn)
National	73	2,914	53.49
Local	25	130	2.39

1 USD = 55 PHP



WATER SUPPLY AND SANITATION

	No.	PhP (bn)	USD (bn)
N	1	14.49	0.26
L	7	7.75	0.14
Total		22.24	0.40



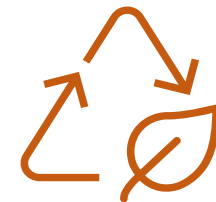
HEALTH

	No.	PhP (bn)	USD (bn)
N	6	26.41	0.48



SOLID WASTE MANAGEMENT

	No.	PhP (bn)	USD (bn)
L	3	22	0.39

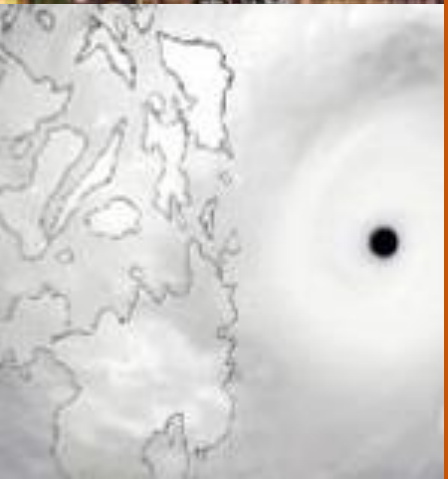


POWER

	No.	PhP (bn)	USD (bn)
L	2	TBD	TBD



The Philippine Sustainable Finance Roadmap



The Philippine Sustainable Finance Roadmap outlines specific actions to be taken as the government pursues initiatives to develop a **sustainable finance ecosystem**, including mobilizing finance to support sustainable activities, promoting sustainable financial products, identifying policy gaps and integrating sustainability into the risk management framework of banks.

Pillar A (Policy) <i>Creating a conducive environment</i>	Pillar B (Financing) <i>Mainstreaming sustainable finance</i>	Pillar C (Investment) <i>Developing a sustainable pipeline, including PPP projects</i>
<ul style="list-style-type: none"> ✓ Integrating sustainability considerations into macroeconomic policies and regulations ✓ Strengthening coordinating efforts within the financial ecosystem 	<ul style="list-style-type: none"> ✓ Promoting Sustainable Financial Products ✓ Improving the Sustainable Finance definition and creation of a principles based taxonomy ✓ Tracking Sustainable Finance flows 	<ul style="list-style-type: none"> ✓ Driving sustainable investments ✓ Financing Low Carbon Energy ✓ Establishing a sustainable pipeline, both for public and private sector projects ✓ Progress monitoring and regular updating, including linking sustainable pipeline to SDGs, PDP, and NDC targets

Nudging climate finance in PPPs

The PPP Center has been directing its efforts to build **resilience in PPP infrastructure projects** given that: (i) the country is susceptible to impacts of climate change and disasters; (ii) infrastructure projects, designed as long-term solutions, need to be resilient (iii) national and local implementing agencies are “front liners” in providing basic services to their communities

Capacity building

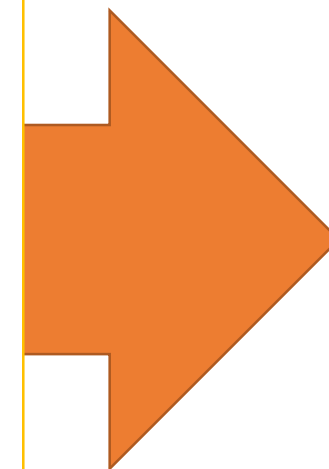
- Roll out of Comprehensive Capacity Building Program on Climate Change, Disaster Risk Management, and Resiliency
- Development of guides for development of SWM, renewable energy, and energy efficiency projects through a PPP arrangement

Policy assistance

- Development of Safeguards in PPP Mainstreaming Environmental, Displacement, Social and Gender Concerns
- Preparation of assessment tool on inclusion of climate change and resilience in the evaluation criteria for PPP projects submitted to approving bodies

Project assistance

- Project preparation and transaction advisory support for sustainable and resilient PPP projects, in partnership with facilities such as the ADB-UCCRTF
- Development of Investment Portfolios for Risk Resilience which contain recommended climate-resilient actions and investments to manage risks or impact of climate change, some of which maybe through PPPs tapping climate finance



Policy: Further mainstreaming GSS in PPPs



PPP Governing Board Resolution No. 2018-12-02 – Safeguards in PPP: Mainstreaming Environmental, Displacement, Social and Gender Concerns

This policy document aims to prevent negative impacts on people and environment in the implementation of PPP projects. The scope of the safeguards addressed issues relating to environmental impacts of proposed projects, climate change, indigenous peoples and vulnerable groups and gender. The PPP Center also drummed up support for more green projects that have climate resiliency components to address the threat of climate change in the country.

Pushing for PPP policies which will complement the policy signals supporting the transition to a sustainable economy and towards utilization of climate finance:



Amendment of the main PPP legislation in the Philippines (PPP Act) and its implementing rules



Assessment tool on inclusion of climate change and resilience in the evaluation criteria for PPP projects submitted to approving bodies



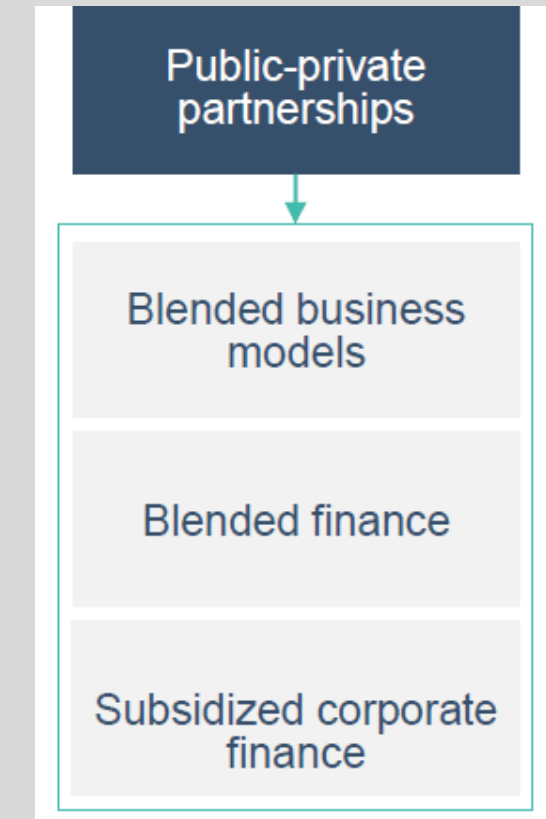
Preparation of sectoral guides (e.g. PPPs in Protected Areas) which aims to further mainstream GSS in PPPs

Projects: Developing PPPs which may qualify for downstream climate finance



- ✓ To empower implementing agencies in delivering well-structured climate resilient PPP projects, PPP Center, with ADB, and the Urban Climate Change Resilience Trust Fund (UCCRTF), partnered with the Department of Environment and Natural Resources (DENR) are developing the **Resilience Roadmap** and the **Investment Portfolio for Risk Resilience** of participating local governments.
- ✓ The Risk Resiliency Program, which will produce an IPRR for each of the targeted provinces and urban areas, will recommend actions and investments to manage risks and address vulnerabilities in the form of specific resilience programs and projects in these LGUs. The proponents will then be able to identify potential climate-resilient PPP projects from these IPRRs.

Exploring financing models for PPP



Ongoing Project. The Cebu Bus Rapid Transit Project is partially funded by WB Clean Technology Fund. The Department of Transportation plans to tap private sector financing through PPP for the O&M of the facility

Capacity building: address knowledge gaps in climate-resilient PPPs



NEWS RELEASE

PPP CENTER ROLLS OUT COMPREHENSIVE CAPACITY BUILDING PROGRAM ON CLIMATE CHANGE, DISASTER RISK MANAGEMENT, AND RESILIENCY

SEPTEMBER 6-9, 2022



The PPP Center rolls out comprehensive capacity development program that captures climate change mitigation, adaptation, resiliency, and disaster risk management readiness factors and challenges for PPP projects.

The PPP Center, in collaboration with the Department of Energy (DOE), Asian Development Bank (ADB), and Infrastructure Asia (InfraAsia), conducted an online capacity building activity (OCBA) titled *Special Topic on Sectoral PPPs: Renewable Energy (RE) and Energy Efficiency (EE) PPP Projects* on September 13-14, 2022.



NEWS RELEASE PPP Center pilots training on Renewable Energy and Energy Efficiency PPP Projects

SEPTEMBER 13-14, 2022



Building networks and collaboration points



Australian Government
Department of Foreign Affairs and Trade



URBAN
CLIMATE CHANGE
RESILIENCE
TRUST FUND
Asian Development Bank

TA 7796: Strengthening PPPs in the Philippines;
RETA 8229: Support to the ASEAN Economic
Community; and Asia Pacific Project Preparation
Facility (AP3F)

- Scope: PDMF funding, capacity building, and IT development support



AFD
AGENCE FRANÇAISE
DE DÉVELOPPEMENT



AFD & EU

- Scope: capacity building to develop local PPPs and PPP projects with climate change resilience components



Kingdom of the Netherlands

Embassy of Netherlands

- Scope: project preparation capacity building in PPPs in solid waste management



UNDP

- Scope: project preparation and capacity building for nature-based solutions

The Goal: Utilize climate finance for future PPP investments

Snapshot of PPP project in the pipeline



Health

University of the Philippines (UP) Philippine General Hospital (PGH) Diliman (USD 440 million)

Development of new 700-bed university teaching and research hospital



Health

UP PGH Manila - Cancer Care (USD 95 million)

Construction of new hospital: 150 charity beds (operated by UP) and 50-150 private paying beds (operated by private partner)



Water

Ormoc City Water Supply System

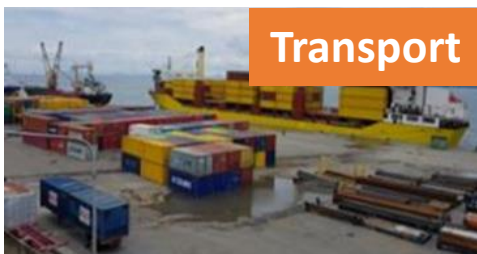
Construction and O&M of water supply system - water source, storage, transmission and distribution



Economic Zone

UPLB Agro-Industrial Information and Technology Parks

Establishment of world-class academic and research support facilities enabling conduct of collaboration and innovation.



Transport

San Ramon Newport (USD 240 million)

Construction and O&M of new seaport at the Zamboanga City Special Economic Zone



Transport

Metro Manila Subway O&M (USD 55 million)

O&M of 30-km electrified standard gauge subway with twin tunnels in Metro Manila



Transport

North-South Commuter Rail (NSCR) O&M (USD 67 million)

O&M of 56-km commuter rail operations from Manila to Calamba City in Laguna



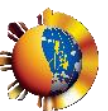
SWM

Quezon City Integrated SWM Facility (USD 460 million)

Construction and O&M of waste-to-energy facility (up to 3,000 MT of waste and up to 36 MWe of generated power)

SUMMARY: *Framework, Institutions and Perspectives*

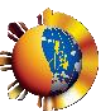
- **The first in the ASEAN to formalize a PPP legal & institutional framework**
 - 1997 Constitution recognition of private sector as partner in development
 - BOT Law, Implementing Rules, Joint Venture Guidelines, PPP Policy Circulars, Local PPP Codes
 - From traditional infrastructure sectors (transport, energy, water) to development and social sectors (health, ICT, etc.) and new infrastructure agencies (local governments, state universities)
 - ***The PPP Center as the central coordinating and monitoring body***
- **PPP as many things**
 - As development program formalized to medium term development programs
 - As financing option along with budget/appropriations, ODA (+ combinations/hybrid)
 - As mechanism to enjoin private sector efficiencies (design, construction, O&M)
 - As a distinct procurement option (solicited and unsolicited) separate from main procurement law

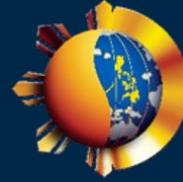


TAKEAWAYS: Lessons, challenges/prospects

- **Some noteworthy lessons and examples**
 - The Project Development and Monitoring Facility (PDMF): investing in project development and harnessing international experience in project structuring, transaction advisory, etc.
 - Program, institution building, project development/management support (funding, technical assistance, transaction advisors) from development partners and agencies (ADB, USAID, WB-IFC, etc.)
 - Sectoral nuances, realities, context, risks (sectoral policy and institutional frameworks, guidelines)
 - Continued policy and process review and improvements (national and local policy instruments)
- **Challenges, Realities and Prospects**
 - Mainstreaming climate change, resiliency elements and other critical social safeguards
 - Due diligence in critical project development, review and procurement stages (the PDMF and more)
 - Financing and contractual structures that require government support
 - Sustaining a robust pipeline of projects (balance between solicited and unsolicited)
 - Establishing a reasonable risk sharing framework and sustaining private sector interest
 - Expanding the capital markets (pension funds, climate/green finance, the Maharlika Investment Fund)
 - Institutionalizing good governance

 - Harnessing PPPs in the SDG commitments/targets
 - Managing political and leadership transitions





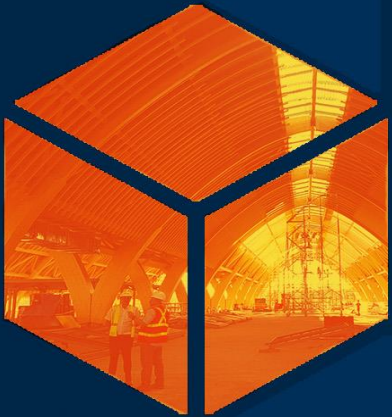
PUBLIC-PRIVATE PARTNERSHIP
CENTER

For further information, please visit:

www.ppp.gov.ph

For inquiries, you may e-mail:

info@ppp.gov.ph



PPPCenter.Philippines



@PPP_Ph



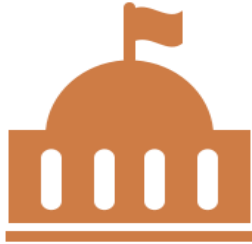
Public-private-partnership-
Center-of-the-Philippines



PPPPinas

Amendment of the BOT Law into the PPP ACT

SALIENT FEATURES



Address the concerns of LGUs in undertaking PPP Projects

- Autonomy in project approval
- Capacity to establish local PPP codes
- Capacity to develop local projects



Provide adequate measures to protect public interest

- Avoiding onerous provisions in PPP contracts
- Increased competition in the procurement process
- Regulation of PPP contracts
- Avoidance of conflict of interest
- Management of project risks
- Post-project impact evaluation



Enable efficient and timely delivery of public services

- More streamlined processes
- Strengthened resources to develop projects
- Allowing unsolicited proposals even for priority projects, subject to a clear set of rules and processes

