



# Developing a PPP Program: The Experience of the Philippines

March 4, 2016



# The Philippine PPP PIPELINE

(as of February 17, 2016)

Awarded Projects **12**  
PHP 200.48 billion

Projects under the BOT Law **1**  
PHP 69.30 billion

Projects under Joint Venture Agreement **1**  
PHP 37.43 billion

Projects under Procurement **14**  
PHP 556.56 billion

Projects for Roll Out **2**  
PHP 66.09 billion

For approval of Relevant Government Bodies **7**  
PHP 101.94 billion

Projects under Evaluation **2**  
PHP 539.41 billion

Projects with Ongoing Studies **5**  
PHP 44.55 billion

**7**  
Projects Under  
Development

**51**  
PROJECTS  
PHP 1,615.75  
BILLION



# What they say about the program



Best Central Government  
PPP Promoter  
Partnerships Awards 2014



Asia-Pacific  
Grantor of the Year  
IJGlobal Awards 2014



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

“ The Philippines moves up to join the developed group of countries in this study (it was classified as an emerging country in the 2011 study). By finishing in seventh position, it is among those which have improved the most. It recorded the most improved regulatory and institutional frameworks and is one of the leading countries in the study for improved investment climate and financial facilities.”



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





# Success factors

- Clear Legal Framework
- Central Agency to Advocate and Align
- Clear Governance Structure and Clarity of Roles
- Solid Policy Framework
- Robust but Fast Approval Process
- Mechanism to Procure Advisers to Develop Projects





# Legal and Regulatory Framework

## ■ 1987 Philippine Constitution

- “The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments.”

## ■ **RA 6957, as amended by RA 7718:** The Amended Build-Operate-and-Transfer (BOT) Law

## ■ **EO 8, s. 2010 as amended by EO 136, s. 2013** renaming the BOT Center to the PPP Center and expanding its mandate

## ■ **Revised BOT Law Implementing Rules and Regulations**

## ■ **Other Major Issuances**

- RA 8974 (*Right of Way Acquisition Act*)
- RA 8975 (*Expeditious Implementation and Completion of Government Infrastructure Projects by Prohibiting Lower Courts from Issuing Temporary Restraining Orders*)
- RA 7160 (*Local Government Code*)
- EO 423, s. 2005 (*Section 8 – Issuance of NEDA Guidelines on Joint Venture Agreements*)
- EO 78, s. 2012 (*Use of Alternative Dispute Resolution Mechanisms in all PPP and JV Projects*)
- DILG MC No. 2011-16 (*Creation of a PPP subcommittee in the Local Development Council*)





# Central Agency to Advocate and Align

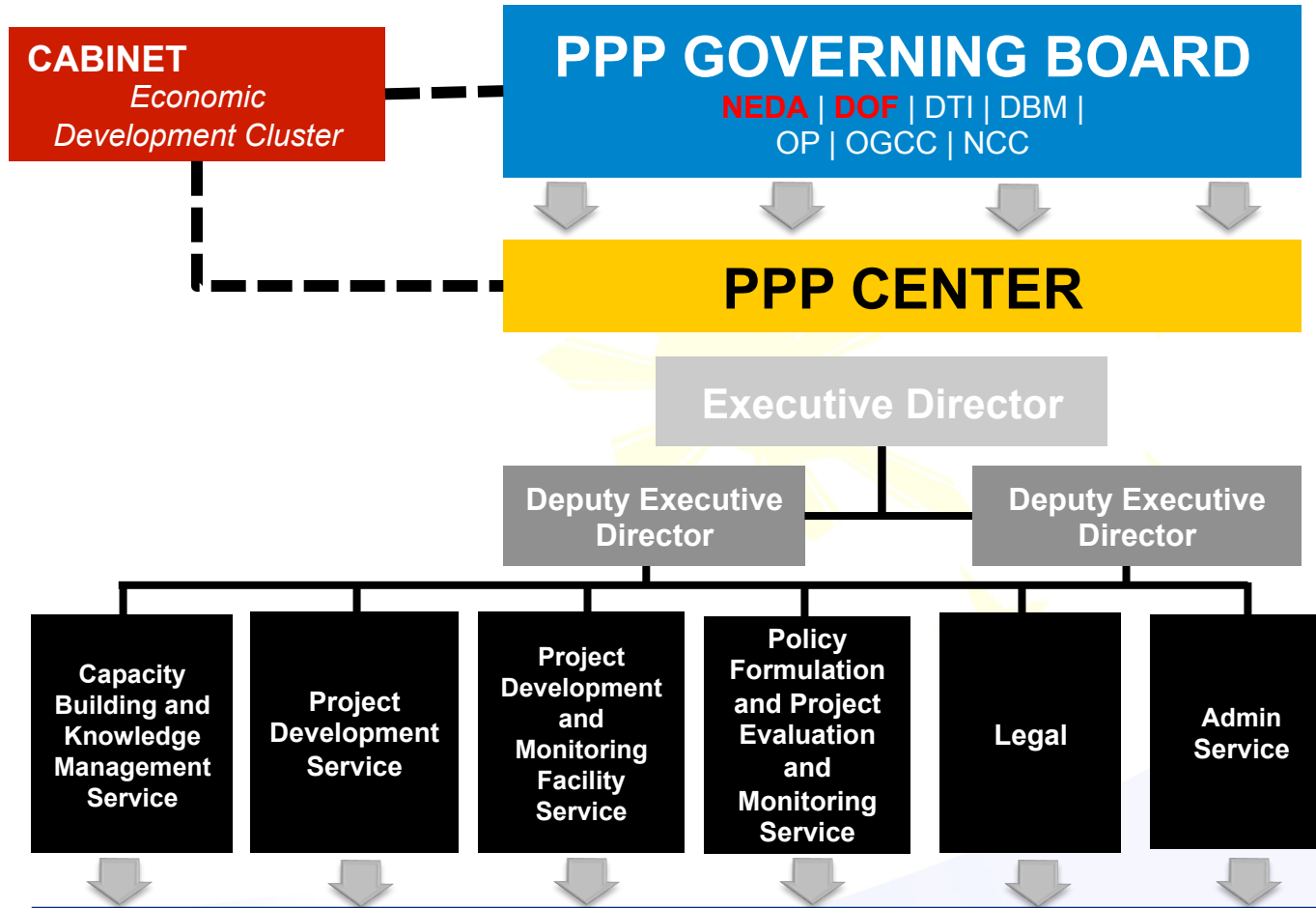
## PPP Center

- **Expanded mandate:**
  - BOT Law
  - Joint Venture arrangements
  - Other PPP arrangements
- 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
  - Establish a repository of database on PPPs





# Clear Governance Structure



## External Support

- ADB  
CDTA-7796  
(ADB, CIDA, AusAid)
- JICA
- World Bank
- CDIA
- British Embassy
- ABAROLI

## IMPLEMENTING AGENCIES

National Agencies | Line Agencies, GOCCs, SUCs  
Local Government Units | Province, City, Municipality





# Solid Policy Framework

- Generic Preferred Risk Allocation Matrix
- PPP Policy Circulars:
  - Project identification, selection, prioritization
  - Project appraisal
  - Institutionalization of best practices such as market sounding, use of independent experts/consultants, conflict management
  - Use of probity advisers
  - Viability gap funding
  - Termination Payments
  - Monitoring of PPP Projects
- Further polices on budgeting, material adverse government action, project cost and public consultations are being developed







# Robust but Fast Approval Process

## Reviews Conducted (Agency Responsible)

- Economic Appraisal (Planning)
- Value for Money Analysis (PPP Center)
- Financial Appraisal (Finance)
- Appraisal of Fiscal Requirements (Finance)
- Risk Allocation (Finance)
- Environmental Appraisal (Environment)
- Technical Validation (Implementing Agency)
- Legal and Institutional Appraisal





# Robust but Fast Approval Process

## Approval Process:

- Technical Working Group
- Investment Coordination Committee – Technical Board (Removed)
- Investment Coordination Committee – Cabinet Committee
- NEDA Board





# Project Development and Monitoring Facility

- Revolving pool of funds
- Can be tapped for:
  - Feasibility Study
  - Transaction Adviser
  - Probity Adviser
  - Independent Consultants
- Pre-implementation costs are reimbursed by the winning bidder





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Thank You





# PPP Process

## Development Stage

- Project Identification
- Project Preparation (Feasibility Study, Market Sounding Activity)
- Finalization of Project Structure

## Approval Stage

- Project submission to relevant approving bodies
- Project Assessment and Appraisal
- ICC-Cabinet Committee Project Approval/Recommendation
- NEDA Board Approval

## Competition Stage

- Prequalification (e.g. Advertisement of Invitation to Prequalify to Bid, Prequalification Conference, Submission of Prequalification Documents)
- Bid Proper (e.g. Pre-bid Conference, Bid Submission, Bid Opening and Evaluation)
- Project Award to Private Partner

## Cooperation Stage

- Contract Signing
- Financial Close
- Implementation (e.g. Preparation of Detailed Engineering Design, Construction, Commissioning)
- Turnover of Facility/ Infrastructure Back to Government