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## PHILIPPINES

# PPP Best Practices and Identifying Prioritized PPP Areas of Development for Fisheries (Policies, Arrangement, Opportunities and Challenges)

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**CTI-CFF Public Private Partnership Preparation (PPP)**

**Expert-Consultation Meeting on PPP Design and Arrangement**

**Aryaduta Hotel , Jakarta, Indonesia**

**4-5 April 2018**

# PPP Program for Infrastructure Development

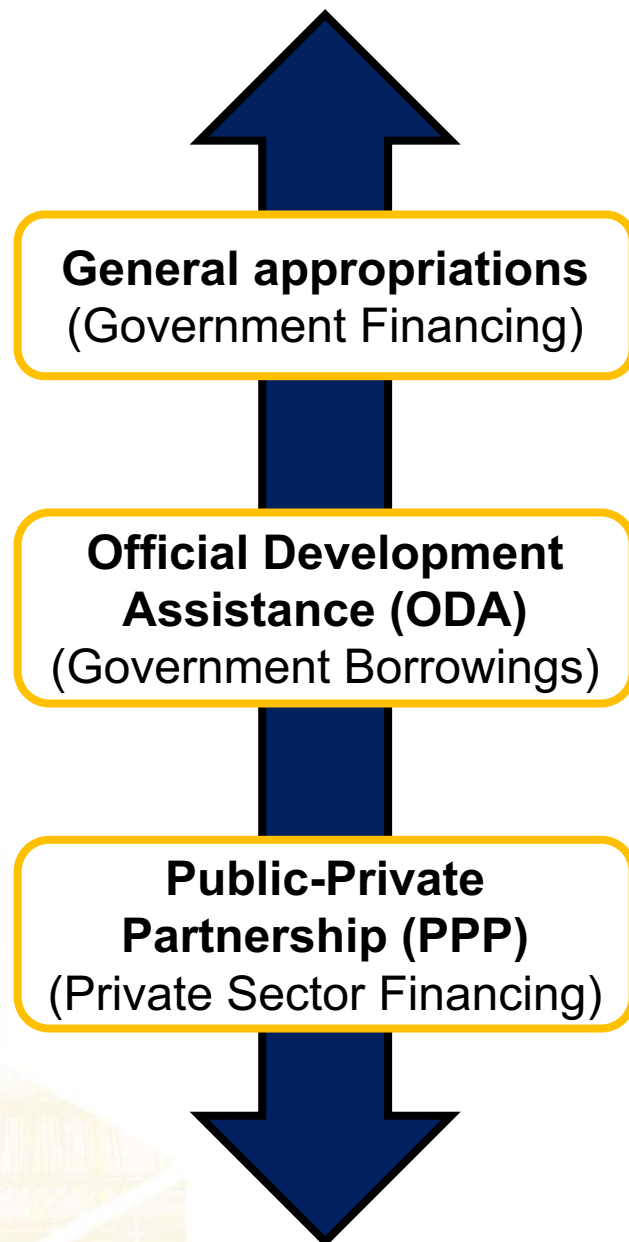
**AMBISYON** NATIN 2040  
A LONG-TERM VISION FOR THE PHILIPPINES

**4**

*Accelerated Infrastructure Development*

Accelerate **infrastructure spending** to account for 5% of GDP, with public-private partnerships (PPPs) playing a key role

No. 4 of the Ambisyon 2040  
Zero +10 Point Economic Agenda



# Legal Framework for PPPs

PPP Modality	Governing Framework
Build-Operate-Transfer (BOT) Variants (Solicited and Unsolicited)	<ul style="list-style-type: none"><li>▪ RA 7718, as amended, or the BOT Law and its implementing rules</li><li>▪ Local Ordinances (e.g. P4 Initiative)</li></ul>
Joint Ventures	<ul style="list-style-type: none"><li>▪ 2013 NEDA JV Guidelines</li><li>▪ Local Government Code</li><li>▪ LGU Ordinances</li></ul>

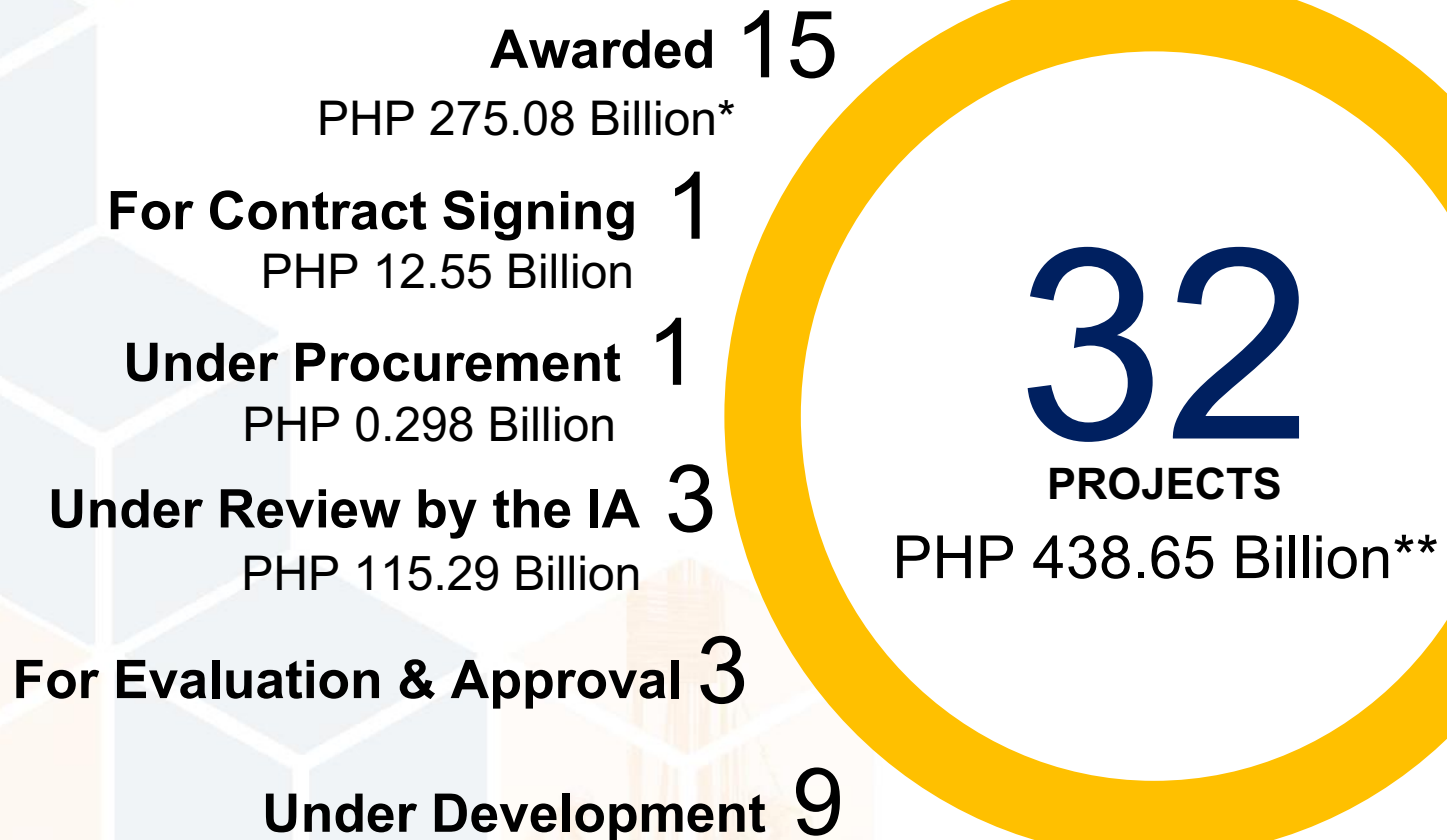


# Eligible Types of PPP Projects



- Highways/Roads
- Railroads & Railways
- Ports
- Airports
- Transport Systems
- Power Generation
- 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
- Climate change mitigation/adaptation infrastructure projects
- Other Infrastructure/ Development Projects

# PPP Project Pipeline (as of January 2018)



*\*Projects started from 2010 onwards*

*\*\*Amount does not include 12 other projects with no estimated costs yet*

# Awarded PPP Projects

## Transport-Related Projects



Muntinlupa-Cavite Expressway  
*PhP 2.2 bn*



NAIA Expressway Phase (II)  
*PhP 17.9 bn*



Metro Manila Skyway Stage 3  
*PhP 37.4 bn*



Cavite-Laguna Expressway  
*PhP 35.4 bn*



NLEX-SLEX Connector Road  
*PhP 23.2 bn*



LRT Line 1 Cavite Extension & O&M  
*PhP 64.9 bn*



MRT Line 7  
*PhP 62.7 bn*



AutomaticFare Collection System  
*PhP 1.7 bn*



Southwest Integrated Transport System  
*PhP 2.5 bn*



South Integrated Transport System  
*PhP 5.2 bn*



Mactan-Cebu International Airport  
*PhP 17.5 bn*



PPP for School Infrastructure (Phase I)  
*PhP 9.9 bn*



PPP for School Infrastructure (Phase II)  
*PhP 3.9 bn*



Bulacan Bulk Water Supply  
*PhP 24.4 bn*



Civil Registry System Phase 2

# Local PPP Projects - Pipeline

## Sectors

8

Water Supply



11

Sanitation & Solid Waste



13

Vertical Infrastructure



**Project Under Procurement**

- Baggao Water Supply Project

## Regions



# Institutional Arrangements

- **Implementing Agencies**
  - Line Agencies (national government agencies)
  - Government Corporations (GOCCs)
  - State Universities and Colleges (SUCs)
  - Local Government Units (LGUs)
- **Review and Approving Bodies**
  - Local Development Councils
  - Investment Coordination Committee (ICC)
  - National Economic and Development Authority (NEDA) Board for national projects
- **Coordinating and Monitoring Agency**
  - PPP Center





# Solicited PPP Project Life Cycle



## **DEVELOPMENT STAGE**

- IA Identifies PPP Project
- Project Preparation (Feasibility Study, Market Sounding)
- Project Structure is finalized



## **APPROVAL STAGE**

- IA level project assessment and appraisal
- Project submission to relevant approving bodies



## **PROCUREMENT STAGE**

- Prequalification (e.g. Advertisement of ITPB)
- Prequalification Conference, submission of prequalification documents
- Bid proper (e.g. Pre-bid conference, bid submission, bid opening and evaluation)
- Issuance of Notice of Award to winning bidder
- Contract Signing



## **IMPLEMENTATION STAGE**

- Financial Close
- Implementation (Preparation of Detailed Engineering Design, Commissioning)
- Turn over of facility back to government

# Unsolicited Proposals under the BOT Law

WHAT IS AN

## UNSOLICITED PROPOSAL?

(UNDER THE AMENDED BOT LAW FRAMEWORK)

Project proposals submitted by the private sector to government.

Made not in response to formal solicitation or request by the government.

Subject to conditions enumerated by the Amended Build-Operate-Transfer (BOT) Law (R.A. 7718) and its Implementing Rules and Regulations (IRR) which makes it a PPP project.



# Unsolicited Proposals under the BOT Law



## WHAT **MAKES** IT AN UNSOLICITED PROPOSAL? (UNDER THE AMENDED BOT LAW FRAMEWORK)

- ✓ The project involves a new concept or technology and/or is not part of the List of Priority Projects;
- ✓ There is no direct government guarantee, subsidy or equity; and
- ✓ Implementing Agency (IA) issued a public invitation for comparative or competitive proposals and selection process

\*Rule 10, Section 10.1 of the Revised BOT IRR

# Joint Venture Projects

- ✓ Arrangement between private sector entities and government sector entities
- ✓ Pooling of interests/ contribution of money/capital, services, assets (including equipment, land, intellectual property or anything of value) or combination
- ✓ Sharing both profits, and risks and losses



## **Purpose**

A specific goal with the end view of facilitating private sector initiative in a particular industry/sector and eventually transfer the activity to either of the JV parties

Applicable Legal Frameworks:

- Revised Guidelines and Procedures for Entering into Joint Venture (JV) Agreements Between Government and Private Entities (2013) for GOCCs
- Local PPP Ordinances

# Payment Mechanisms in PPP

## 1. Availability-based PPPs



- The implementing agency (IA) will allocate budget as payments for the public asset or service delivered by the private partner as defined in the agreed contract.

## 2. User fee-based PPPs



- The private partner is allowed to collect charges, tolls, fees from users for providing the public asset or service (users pay principle)

## 3. Combination of 1 & 2



# Government Agencies in the Fisheries Sector



## **Department of Agriculture**

Main agency responsible for the promotion of agricultural development by providing the policy framework, public investments, and support services needed for domestic and export-oriented business enterprises



## **Bureau of Fisheries and Aquatic Resources**

Responsible for the development, improvement, management and conservation of the country's fisheries and aquatic resources



## **Philippine Fisheries Development Authority**

- ✓ Tasked to promote the development of the fishing industry through the provision of post-harvest infrastructure facilities
- ✓ Provides essential services that improve efficiency in the handling and distribution of fish and fishery products and enhance their quality



## **National Fisheries Research and Development Institute**

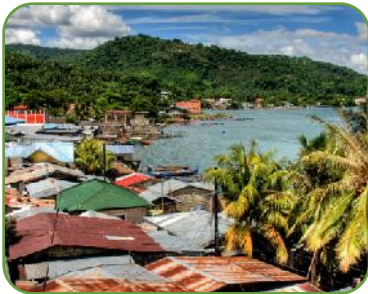
Lead agency fisheries research in the development, management, conservation and protection of the country's fisheries and aquatic resources

# PPP Opportunities and Challenges in Fisheries Sectors



## Existing Infrastructures

- Regional Fish Port Complexes operated by the government including the General Santos Fish Port
- Municipal Fish Ports operated by local government units
- Cold Chain Systems covering strategic areas



## Opportunities for PPPs

- Passage of amendments to the Fisheries Code
- Capacity building in PPP implementation for agencies in the fisheries sector
- Pilot learning sites for electronic Catch Documentation and Traceability System
- Exploring business opportunities and regulatory support during closed season
- Focus on infrastructure development by present administration



## Challenges

- Solidifying stakeholder support for PPP including commercial fishing communities, business chambers, etc.
- Data collection and management deficiencies in the fisheries sector
- Sourcing transaction advisory support for PPP project implementation

# PPP Outlook



## **Pipeline Development**

- ✓ Strengthen hybrid PPPs and joint ventures
- ✓ Assist in unsolicited proposals
- ✓ Potential projects in the fisheries sectors:
  - Rehabilitation and expansion of municipal ports
  - Mariculture parks, nurseries and hatcheries
  - Infrastructure for coastal resource management
  - Logistics Support on the Agri-Fishery Products Supply Chain



## **Local Government Units**

### **Focus**

- ✓ Showcase and replicate LGU PPPs in priority sectors
- ✓ Enhance PPP Center's technical assistance to LGUs





# Thank You!

For further information, please visit:

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