



## **PUBLIC-PRIVATE PARTNERSHIPS** Investing in our Future

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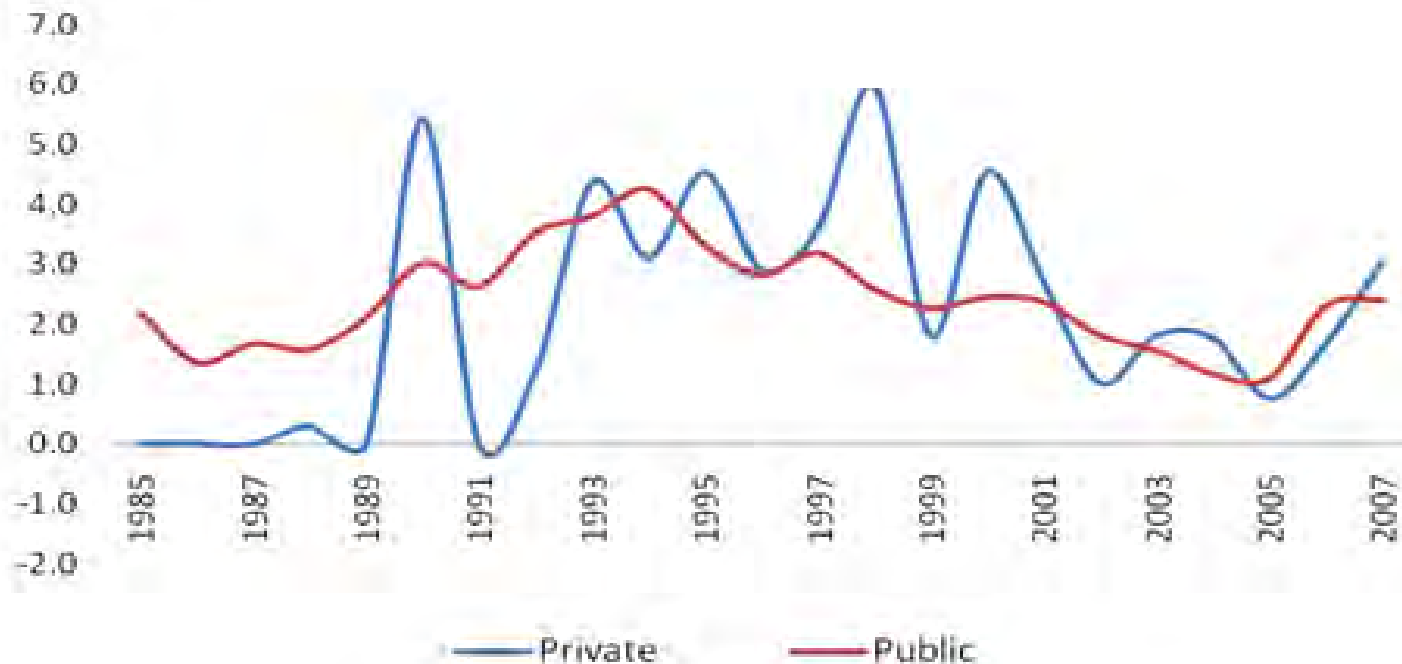


## INFRASTRUCTURE COMPETITIVENESS RANKINGS OF SELECTED ASIAN COUNTRIES, 2007

PARTICULARS	China	India	Indonesia	Malaysia	Philippines	Thailand	Singapore
Infrastructure	28	50	54	26	<b>51</b>	48	3
Basic Infrastructure	8	36	50	25	<b>55</b>	35	1
Energy	33	53	52	15	<b>49</b>	35	6
Water	31	47	54	19	<b>52</b>	36	1
Air Transport	2	15	16	20	<b>34</b>	22	23
Roads	3	49	44	51	<b>54</b>	2	5



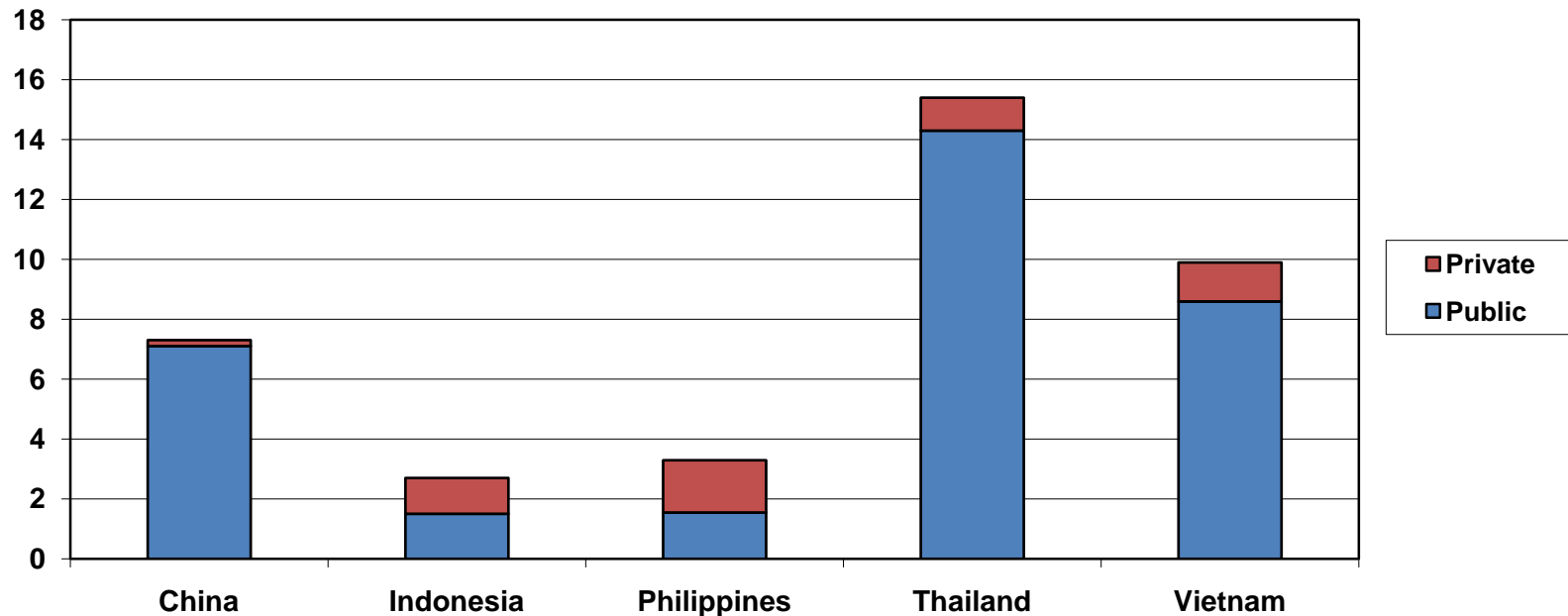
# THE STATE OF PHILIPPINE INFRASTRUCTURE



**Infrastructure Investments as percentage of GDP, 1985-2007**

# THE STATE OF PHILIPPINE INFRASTRUCTURE

Expenditure on Infra (% of GDP)



**Need to increase infrastructure spending from 3% to 5% of GDP**

# THE STATE OF PHILIPPINE INFRASTRUCTURE

Total Infrastructure Projects by Primary Sector and Subsector (US\$ million)

Sector	Sub-Sector	Number of Projects	Total Investment (1990 – 2009)
Energy	Electricity	71	23,222
	Natural Gas	1	432
	<b>Total Energy</b>	<b>72</b>	<b>23,654</b>
Telecom	Telecom	10	15,104
	<b>Total Telecom</b>	<b>10</b>	<b>15,104</b>
Transport	Airports	2	572
	Railroads	1	655
	Roads	5	1,451
	Seaports	7	911
	<b>Total Transport</b>	<b>15</b>	<b>3,588</b>
Water & Sewerage	Utility	6	8,098
	<b>Total Water &amp; Sewerage</b>	<b>6</b>	<b>8,098</b>
<b>Total</b>		<b>103</b>	<b>50,444</b>

## President Aquino on Public-Private Partnerships



... these projects promise so much for our economy and for the Filipino, and they will play a vital role in our administration's fulfillment of our Social Contract with our people.

# **INVESTMENT IN STRATEGIC INFRASTRUCTURE**

- Strengthens competitiveness
- Improves access to basic and social services
- Enhances the scope and quality of economic and social infrastructure



## **DEFINITION OF PUBLIC-PRIVATE PARTNERSHIP**

- Contractual arrangement between government and private sector to deliver public infrastructure and/or public services

## **RATIONALE FOR PUBLIC-PRIVATE PARTNERSHIPS**

- Private sector offers efficiency gains
- Private sector participation can accelerate the provision of public services
- Government's role can be rationalized

# LEGAL FRAMEWORK

- BOT Law (RA 7718)
- Amended Implementing Rules & Regulations (2006)

# **SALIENT FEATURES OF THE BOT LAW**

- Many allowable variants
- Covers most infrastructure sectors
- Allows reasonable return on investments made by the private sector
- Institutionalizes provision of government support

# **AUTHORIZED BOT VARIANTS**

- Build-Operate-Transfer (BOT)
- Build and Transfer (BT)
- Build-Own-and-Operate (BOO)
- Build-Lease-and-Transfer (BLT)
- Build-Transfer-and-Operate (BTO)
- Contract-Add-and-Operate (CAO)
- Develop-Operate-and-Transfer (DOT)
- Rehabilitate-Own-and-Transfer (ROT)
- Rehabilitate-Own-and-Operate (ROO)
- Other variations as may be approved by the President of the Philippines

# ELIGIBLE INFRASTRUCTURE & DEVELOPMENT PROJECTS

- Power Plants
- Highways
- Railroads & Railways
- Ports
- Airports
- Transport Systems
- Telecommunications
- Information Technology
- Canals, Dams, Irrigation, Water Supply
- Land Reclamation
- Sewerage, Drainage, Dredging, Solid Waste Management
- Tourism, Education
- Health Facilities
- Industrial & Tourism Estates
- Markets, Warehouses, Slaughter houses
- Housing
- Government Buildings
- Other Infrastructure/ Development Project



# REPAYMENT SCHEMES

- Project proponent repaid through:
  - Tolls, fees, rentals and other charges from users of facility for a fixed term not to exceed 50 years
- Share in revenue of the project
- Other non-monetary payments

# ENHANCEMENT OF PPP LEGAL FRAMEWORK

1. Amendment of the BOT IRR
  - Inclusion of the JV, concession, management contract and lease/affermage as PPP variants
  - Consultation with key PPP stakeholders is ongoing
  - Approval of the amendments is expected by June 2011
  
2. Amendment of the BOT Law
  - Identified as priority legislation of the Aquino government
  - House Committee deliberations ongoing

# PPP CENTER MANDATE

Executive Order No. 8 (09 September 2010)

- BOT Center renamed and reorganized into the PPP Center
- Attached agency of NEDA
- Expanded mandate – entire project cycle
- Project Development & Monitoring Facility – P300 Million
- Facilitate development of PPP Projects
- Advocate policy reforms
- Monitor PPP implementation



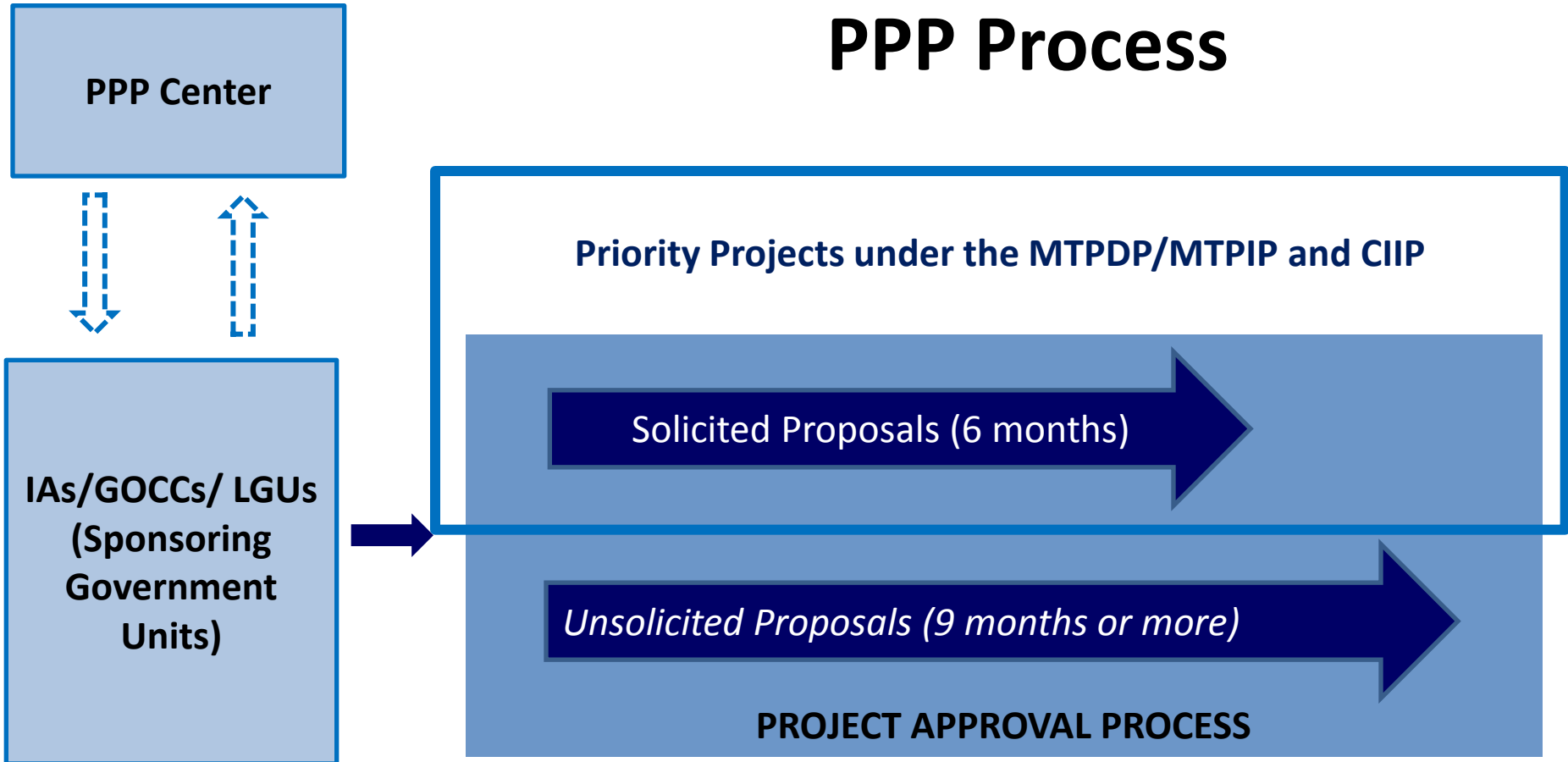
## PPP PROCESS

**IAs/GOCCs/LGUs  
(Sponsoring  
Government Units)**

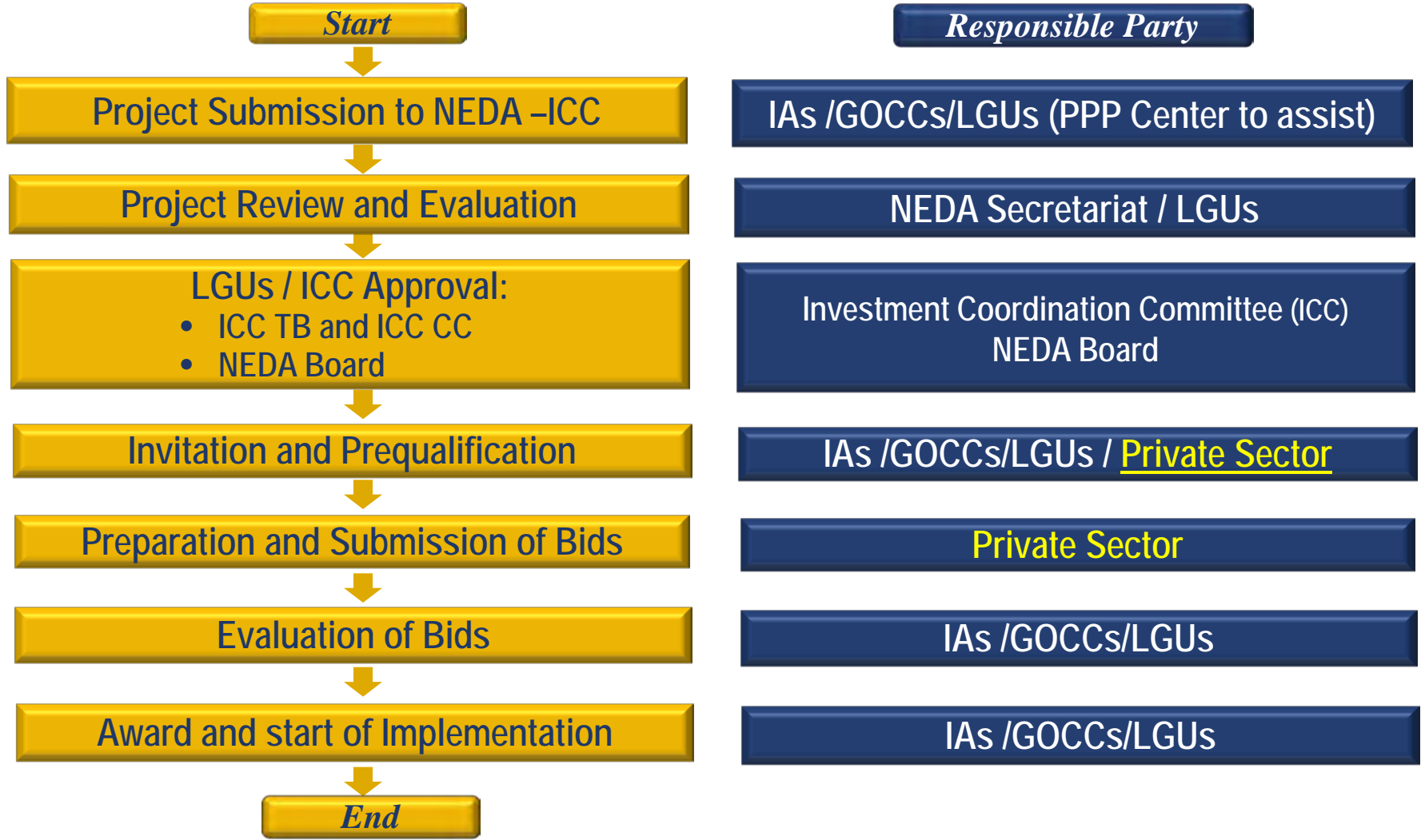
- **Completed FS**
- **Right of Way Acquisition (ROWA) Plans**
- **Draft PPP agreement**
- **Proposed risk allocation**
- **Valuation of direct and contingent government support**
- **Implementation plan with organizational & admin requirements**



# PPP Process



# PROJECT APPROVAL AND BIDDING FLOWCHART





## OUR SERVICES

- Monitor project implementation and contract compliance

**Contract Award & Implementation**

**Project Preparation, Review and Approval**

- Fund pre-investment activities through the PDMF
- Assist IAs/LGUs on project development and transaction structuring
- Provide advisory services to IAs/LGUs on legal, technical, and financial matters related to the project

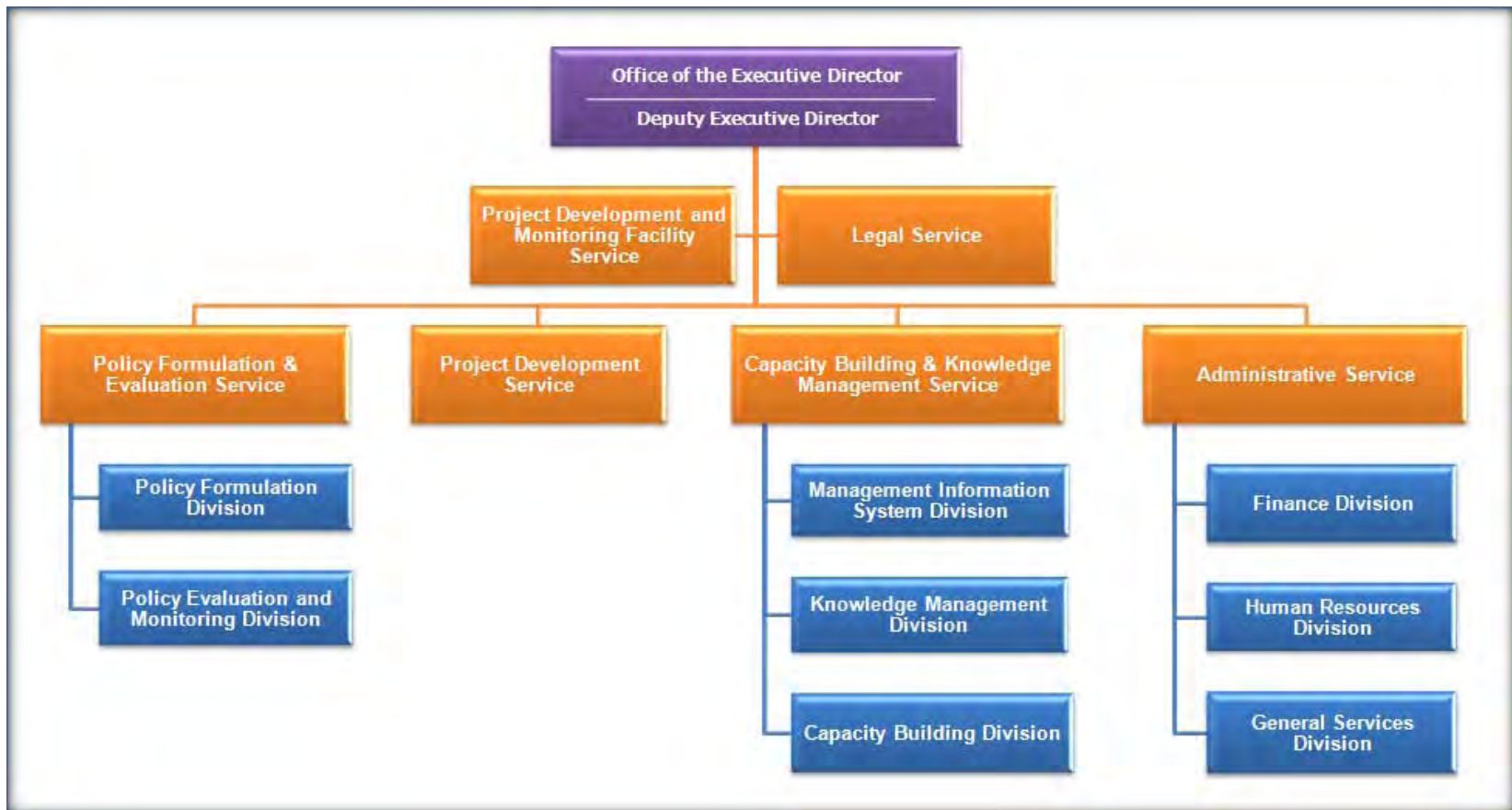
- Participate as non-voting observer of BAC
- Provide advice during procurement process

**PQ & Bid Evaluation**

**Preparation of Bid/Tender Documents**

- Assist IAs/LGUs in the preparation of PPP transaction documents

# ORGANIZATIONAL STRUCTURE



## **PROJECTED CONTRIBUTION TO ECONOMY**

- Infrastructure development
  - 10 projects for roll out in 2011 alone
- Mobilization of private capital
  - Total project cost of US\$3 Billion for 2011 projects
- Catalyst for GDP growth
  - Increased economic activity
  - Enhanced job creation
  - Increased investor confidence

## PPP PROJECTS FOR 2011 ROLL-OUT

Project Name	Indicative Date for Publication of Invitation to Bid
Privatization of LRT 1-MRT 3 Operation & Maintenance (DOTC)	<b>March 2011</b>
Daang Hari –SLEX Link Road (DPWH)	June 2011
NAIA Expressway, Phase 2 (DPWH)	June 2011
NLEX-SLEX Connector (DPWH)	June 2011
LRT Line 2: East Extension Project (DOTC)	November 2011
LRT 1 South Extension to Cavite Project (DOTC)	August 2011
New Bohol Airport Development (DOTC)	September 2011
Puerto Princesa Airport Development (DOTC)	July 2011
New Legaspi (Daraga) Airport Development (DOTC)	November 2011
Privatization of Laguindingan Airport Operation & Maintenance (DOTC)	October 2011
CALA Expressway – Cavite Side Section (DPWH)	November 2011



**Click to view**  
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**PPP 2011 Projects**

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**PUBLIC-PRIVATE PARTNERSHIP CENTER**

Investing & Financing in Public-Private Partnership Projects

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