

PPPs: Definition, Rationale and Projects

Alberto C. Agra

Certified PPP Specialist™

Certified Regulation Specialist™

PPP Consultant and Practitioner

PPP Law and Local Government Law Professor, and Political Law Bar
Reviewer, Ateneo Law School

Adviser to DILG on PPP

President, Forensic Solutions

Columnist, PPP Lead, BusinessMirror

PhD Candidate, Leadership Studies major in Public Management,
Ateneo School of Government

Former Acting Secretary of Justice, Acting Solicitor General and
Government Corporate Counsel



PUBLIC SECTOR PPP PROPONENTS

**NATIONAL
GOVERNMENT**

**GOVERNMENT
CORPORATIONS**

STATES 

**AUTONOMOUS
REGIONS**

PROVINCES

CITIES

MUNICIPALITIES

BARANGAYS

AVERTING PPP TURF CLASHES



**DIALOGUE AND
CONSENSUS**



SYSTEM OF HIERARCHY



FIRST IS PRIORITY



PRESIDENTIAL ACTION



AWARDED PROJECTS

12 PROJECTS

USD 4.45 BILLION

PHP 200.48 BILLION

(AS OF MAY 2016)



DAANG-HARI-SLEX LINK ROAD PROJECT



PPP FOR SCHOOL INFRASTRUCTURE PROJECT (PSIP) PHASE I



NAIA EXPRESSWAY (PHASE II) PROJECT



PPP FOR SCHOOL INFRASTRUCTURE PROJECT (PSIP) PHASE II



MODERNIZATION OF THE PHILIPPINE ORTHOPEDIC CENTER (MPOC) PROJECT



AUTOMATIC FARE COLLECTION SYSTEM (AFCS) PROJECT



MACTAN-CEBU INTERNATIONAL AIRPORT (MCIA) PASSENGER TERMINAL BUILDING PROJECT



LRT LINE 1 CAVITE EXTENSION AND O&M PROJECT



SOUTHWEST INTEGRATED TRANSPORT (ITS) SYSTEM



CAVITE-LAGUNA EXPRESSWAY (CALAX) PROJECT



SOUTH INTEGRATED TRANSPORT SYSTEM PROJECT



BULACAN BULK WATER PROJECT



PROJECTS UNDER PROCUREMENT

14 PROJECTS

PHP 556.56 BILLION

USD 12.37 BILLION

(AS OF JANUARY 2016)



LAGUNA LAKESHORE EXPRESSWAY DIKE PROJECT

PHP 122.8 BILLION
USD 2.73 BILLION



NEW CENTENNIAL WATER SOURCE - KALIWA DAM PROJECT

PHP 18.72 BILLION
USD 416 MILLION



OPERATION & MAINTENANCE OF LRT LINE 2 PROJECT

NO CAPEX



LRT LINE 6 PROJECT

PHP 65.09 BILLION
USD 12.367 BILLION



NEW BOHOL (PANGLAO) OPERATIONS, MAINTENANCE & DEVELOPMENT PROJECT

PHP 2.34 BILLION
USD 52 MILLION



LAGUINDINGAN AIRPORT OPERATIONS, MAINTENANCE & DEVELOPMENT PROJECT

PHP 14.62 BILLION
USD 324 MILLION



DAVAO AIRPORT OPERATIONS, MAINTENANCE & DEVELOPMENT PROJECT

PHP 40.57 BILLION
USD 901 MILLION



BACOLOD AIRPORT OPERATIONS, MAINTENANCE & DEVELOPMENT PROJECT

PHP 20.26 BILLION
USD 450 MILLION



ILOILO AIRPORT OPERATIONS, MAINTENANCE & DEVELOPMENT PROJECT

PHP 30.40 BILLION
USD 675 MILLION



REGIONAL PRISON FACILITIES THROUGH PPP PROJECT

PHP 50.18 BILLION
USD 1.115 BILLION



DAVAO SASA PORT MODERNIZATION PROJECT

PHP 18.99 BILLION
USD 422 MILLION



NORTH-SOUTH RAILWAY PROJECT (SOUTH LINE)

PHP 170.70 BILLION
USD 3.79 BILLION



ROAD TRANSPORT INFORMATION TECHNOLOGY INFRASTRUCTURE PROJECT (PHASE II)

PHP 298 MILLION
USD 6.63 MILLION



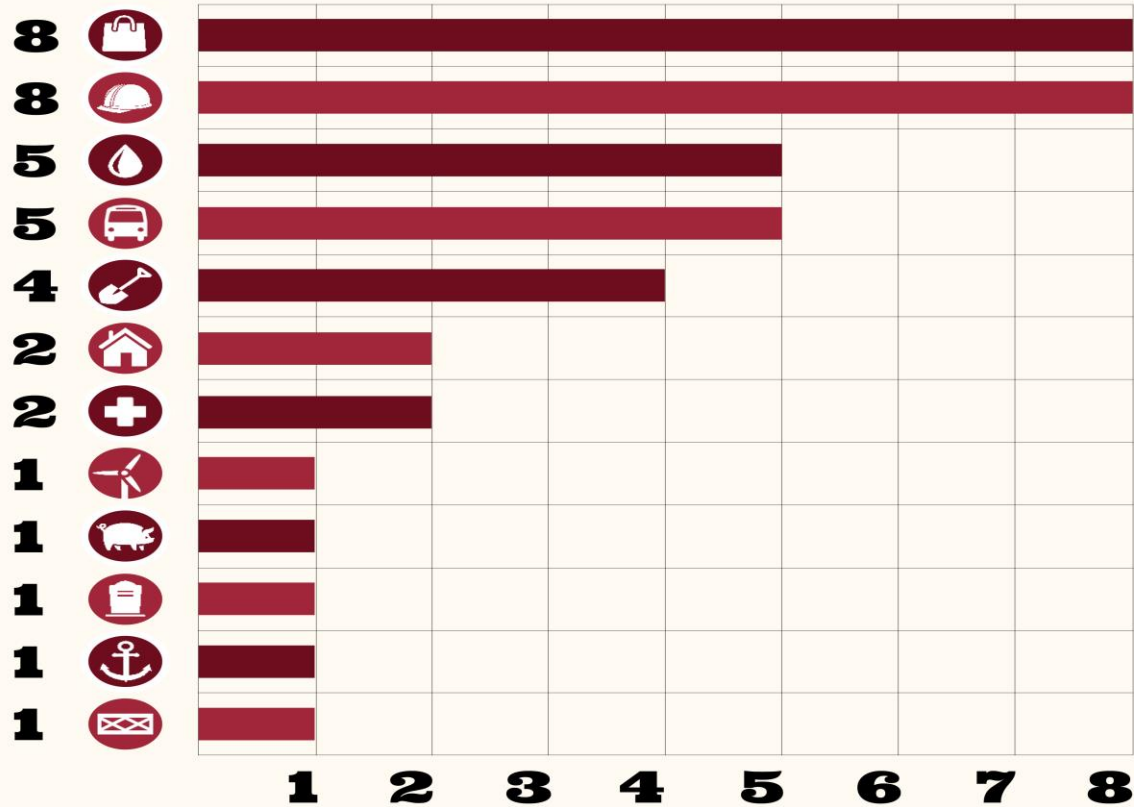
CIVIL REGISTRY SYSTEM - INFORMATION TECHNOLOGY PROJECT (PHASE II)

PHP 1.59 BILLION
USD 35.27 MILLION

27 JV/ PPP Projects by GOCCs/ GIs

1. Water Concession (MWSS)
2. Boracay Water Distribution (PTA)
3. North Bonifacio Land Development (BCDA)
4. Cagayan Airport (CEZA)
5. Land Development (NHA)
6. [Paper Supply (PCSO)]
7. Broadcast City Land Development (IBC 13)
8. Reclamation (PEA)
9. Transmission Concession (NPC)
10. Land Development Privatization (FTI)
11. UP Technohub (Lease)
12. UP Town Center (Lease)
13. Traffic Information Board System (MMDA)
14. Clark Green City (BCDA)
15. SCTEx Concession (BCDA)
1. Bulk Water Supply (Zamboanga City WD)
2. Bulk Water Supply (Davao WD)
3. Bulk Water Supply (Butuan WD)
4. Develop, Rehabilitate and O&M (Lingayen WD)
5. Develop, Rehabilitate and O&M (Lemery WD)
6. Develop, Rehabilitate and O&M (San Carlos WD)
7. Develop, Rehabilitate and O&M (Tarlac WD)
8. Develop, Rehabilitate and O&M (Daraga WD)
9. Develop, Rehabilitate and O&M (San Pedro WD)
10. Develop, Rehabilitate and O&M (Camiling WD)
11. Bulk Water Supply (Tagum WD)
12. Bulk Water Supply (Metro Iloilo WD)

39 LGU PPP PROJECTS



-  Markets
-  Health
-  Property Redevelopment
-  Wind
-  Water
-  Slaughterhouse
-  Terminal
-  Columbarium
-  Reclamation
-  Port
-  Housing
-  Bridge

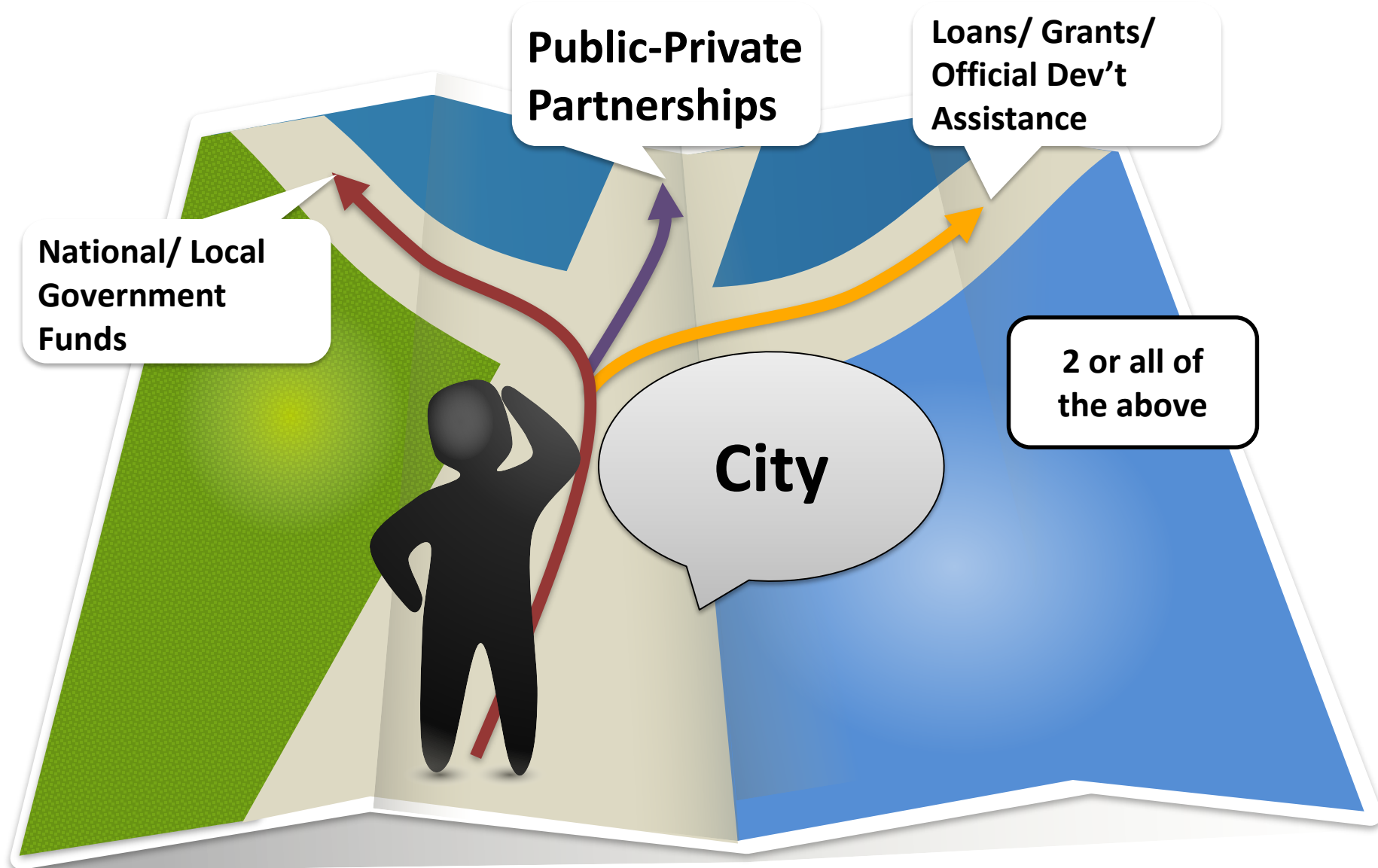
31 LGU JV Projects

1. Cavite Province Housing
2. Camarines Sur Water
3. Camarines Sur Wind Power
4. Iloilo City Ferry Terminal
5. Pasay City Reclamation
6. Paranaque City Reclamation
7. General Tinio Reservoir
8. Calamba Regional Government Center
9. San Juan City Columbarium
10. Nueva Ecija Business Hub
11. Valenzuela City Center
12. Valenzuela City Market
13. Bataan Transport Mall
14. Bataan Capitol Redevelopment
15. Cordova Reclamation
16. Tiwi Water Supply Improvement
17. Davao Port Development
18. Malabon Socialized Housing
19. Manila Dialysis Center
20. Manila Harrison Plaza
21. Manila Quinta Market
22. Manila Sta. Ana Market
23. Manila San Andres Market
24. Manila Trabajo Market
25. Manila Sampaloc Market
26. Manila New Antipolo Market
27. Manila Reclamation
28. Quezon Bulk Water, Hydro Power and Wind Power
29. Cebu-Cordova Bridge
30. San Luis Mini-Hydro
31. Puerto Princesa Waste-to-Energy

9 LGU Non-JV PPP Projects

1. Mandaluyong City Marketplace (BT/ BOT)
2. Cebu Property Ventures Development (Corporatization)
3. Northern Samar Provincial Hospital Pharmacy (Lease, O&M)
4. Legazpi City Bus Terminal (Lease, BOT)
5. Tarlac City Slaughterhouse (ROT)
6. Tarlac City Common Terminal (DOT)
7. Tarlac City Business Licensing Division Building (BOT)
8. Passi City CityMall (Lease)
9. Batangas Terminal (Lease)

IMPLEMENTATION-FUNDING JUNCTION



Restrictive or Broad

DEFINITION(S) OF PPP

Definitional Realities

1. No universal definition of PPP
 - a) each country will have its own definition
 - b) No one-size-fits-all definition
2. In the Philippines, there is no single law on PPPs.
 - a) National Government
 - I. Only administrative definition
 - II. Various modalities anchored on different laws, rules, guidelines, and resolutions
 - b) Local Government
 - I. Anchored on local autonomy and fiscal autonomy
 - II. LGUs enacted PPP Code or JV Ordinances

NEDA's Definition

A contractual arrangement between the government and the private sector to deliver public infrastructure and/or public services.

PPP Center's Definition

A contractual agreement between **government and a private firm** targeted towards **financing, designing, implementing *and* operating infrastructure facilities and services** that were **traditionally** provided by the public sector. It embodies **optimal risk allocation** between the parties – minimizing cost while realizing project **developmental objectives**. Thus, the project is to be structured in such a way that the private sector gets a **reasonable rate of return** on its investment.

Broad or Restrictive?

1. PPP = BOT
2. Excludes other PPP Modalities
 - a) Service Contracts
 - b) Management Contracts
 - c) Joint Ventures
 - d) Disposition
 - e) Lease and Affermage
 - f) Corporatization
 - g) Donation
3. Excludes pure Public Financing
4. Only provides for one tariff mechanism (rate of return), excludes:
 - a) Cash Needs
 - b) Price Cap
 - c) Revenue Cap
5. Only traditionally provided by public sector

71 LGU PPP CODES

49 LGUs PPP CODES REFERRING TO AGRA TEMPLATE

17 PROVINCE

- Cavite
- Camarines Sur
- Northern Samar
- Pangasinan
- Nueva Ecija
- Bataan
- Bohol
- Agusan Norte
- Southern Leyte
- Pampanga
- Zambales
- Tarlac
- Davao Norte
- Quezon
- Cebu
- Aklan
- La Union

22 CITIES

- Butuan
- Olongapo
- Batangas
- Cauayan
- Paranaque
- San Juan
- Pasay
- General Santos
- Quezon City
- Imus
- Passi
- Catbalogan
- Navotas
- Malabon
- Legazpi
- Davao
- Antipolo
- Bayawan
- Puerto Princesa
- Baguio
- San Fernando, La Union
- Makati



10 MUNICIPALITIES

- General Tinio, NE
- Cordova, Cebu
- Cainta, Rizal
- Tiwi, Albay
- Consolacion, Cebu
- Dinalupihan, Bataan
- La Trinidad, Benguet
- Coron, Palawan
- Kalibo, Aklan
- Abucay, Bataan

10 LGU JV ORDINANCES REFERRING TO AGRA TEMPLATE

1 PROVINCE

- Camarines Sur

3 CITIES

- Manila
- Valenzuela
- Caloocan
- San Fernando, La Union

4 MUNICIPALITIES

- Opol, Misamis Or
- Mendez, Cavite
- Tuburan, Cebu
- San Luis, Aurora

10 LGU JV ORDINANCES REFERRING TO 2008 NEDA GUIDELINES

- Cebu Province
- Cebu City
- Lapu-Lapu City
- Mandaue City
- Iloilo City

- Pasay City
- Tacloban City
- Calamba City
- Laguna Province
- Argao, Cebu

1 LGU ORDINANCE BASED ON OWN VERSION

- Albay Province

1 LGU PPP REFERRING TO PPP CENTER TEMPLATE

- General Santos

Proposed Definition under Draft DILG MC

At the *policy* level:

PPP is a developmental, innovative, change and partnership strategy aimed at promoting the general welfare, inclusive growth and better quality of life of Filipinos.

At the *project* level:

PPP is a contractual arrangement between the government and the private sector to deliver public infrastructure and/or public services where each party assumes specified functions, bears certain risks, provides contribution, performs particular obligations, and earns benefits and revenues.

PPP METAPHORS



Nature of PPPs



Components:

- Project
- Design
- Finance
- Construction
- Operations
- Governance
- Risk-Allocation
- Period
- Performance
- Payments
- Liabilities
- Procedures

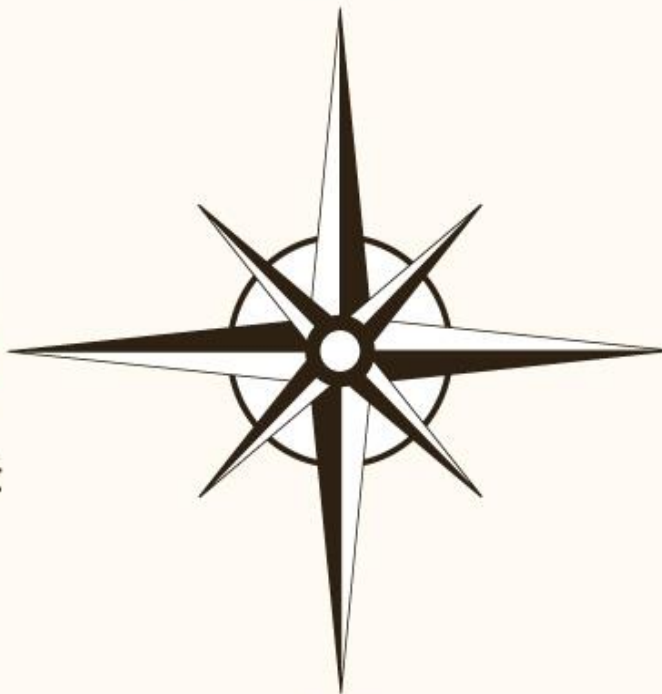
PPP MENU

- 1 FUNDING OPTION**
.....
.....
- 2 PPP MODALITY**
.....
.....
- 3 RISK ALLOCATION**
.....
.....
- 4 PPP PROJECT**
.....
.....
- 5 TARIFF MECHANISM**
.....
.....
- 6 PPP PERIOD**
.....
.....
- 7 ROLE OF GOVERNMENT**
.....
.....
- 8 PPP VALUE DRIVERS**
.....
.....
- 9 GOVERNMENT SUPPORT**
.....
.....
- 10 FINANCIAL PARAMETER**
.....
.....
- 11 PPP SELECTION PROCESS**
.....
.....
- 12 IMPLEMENTING AGENCY**
.....
.....

PPP'S TRUE NORTH



Better Quality of Life



Hard and Soft
Projects

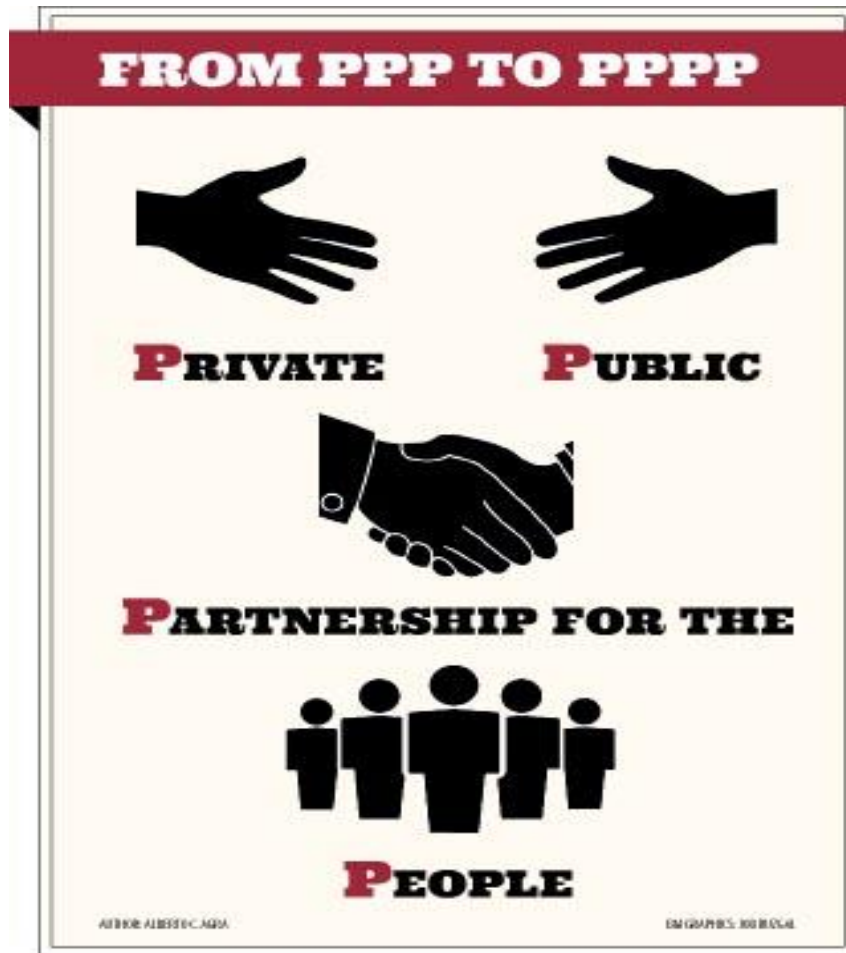


Sustaining
Partnerships



More Revenues

Proposed Policy Shift



PRO-PPP MEANS...



PRO-PEOPLE



PRO-CHANGE



PRO-LEARNING



PRO-SHARING



PRO-INNOVATION



PRO-LAW



PRO-GREEN



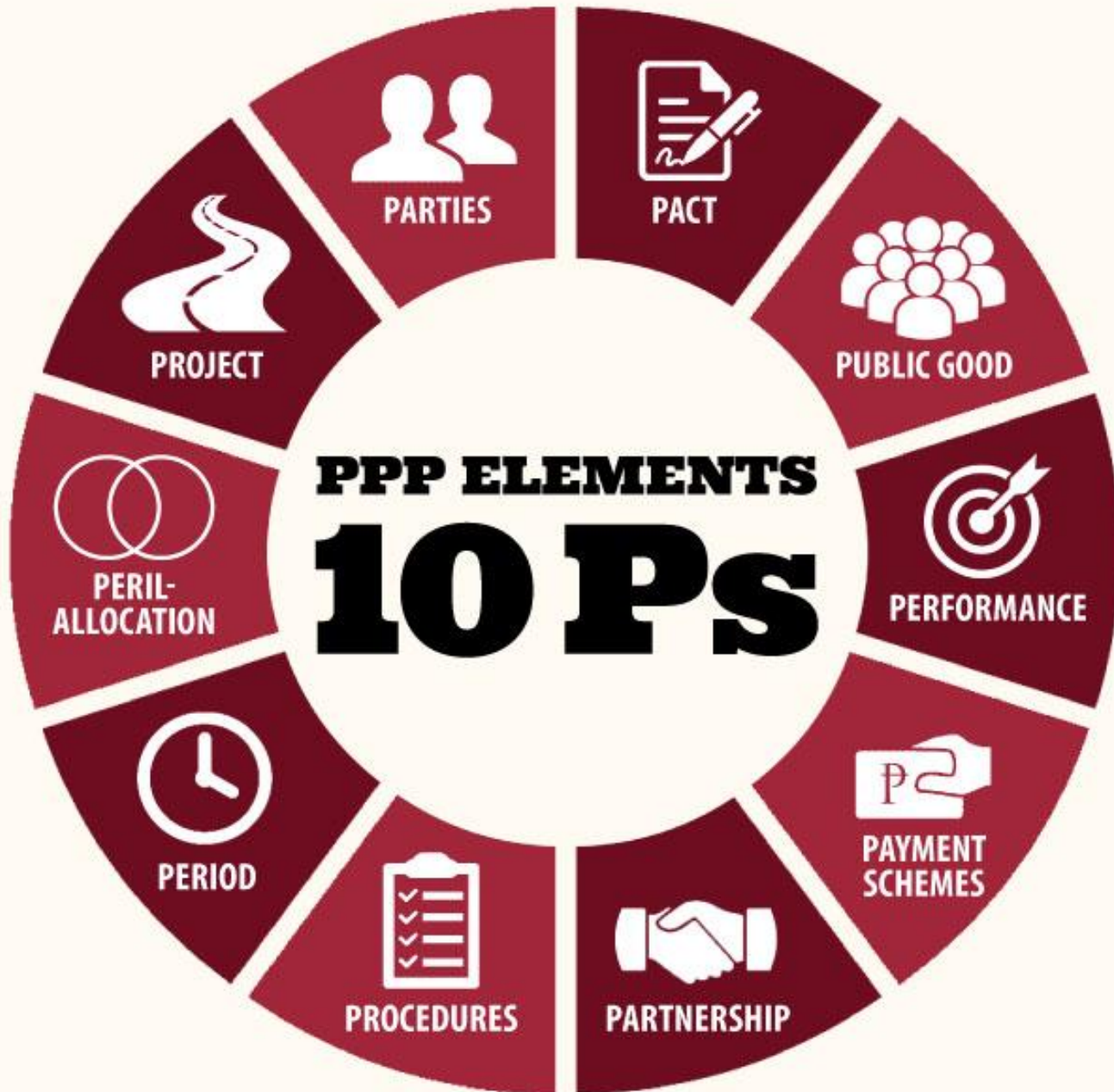
PRO-DECENTRALIZATION



PRO-PROCESS



PRO-IMPACT



Why Enter into PPPs

RATIONALE/ VALUE DRIVERS

WHY PPP?

THE 7 MAIN VALUE DRIVERS



**IMPLEMENT
CHANGE
POLICY**



**ENCOURAGE
INNOVATION**



**SERVE THE
PEOPLE**



**PROVIDE
BETTER
VALUE-FOR-
MONEY**



**ACCELERATE
DELIVERY OF
SERVICES**



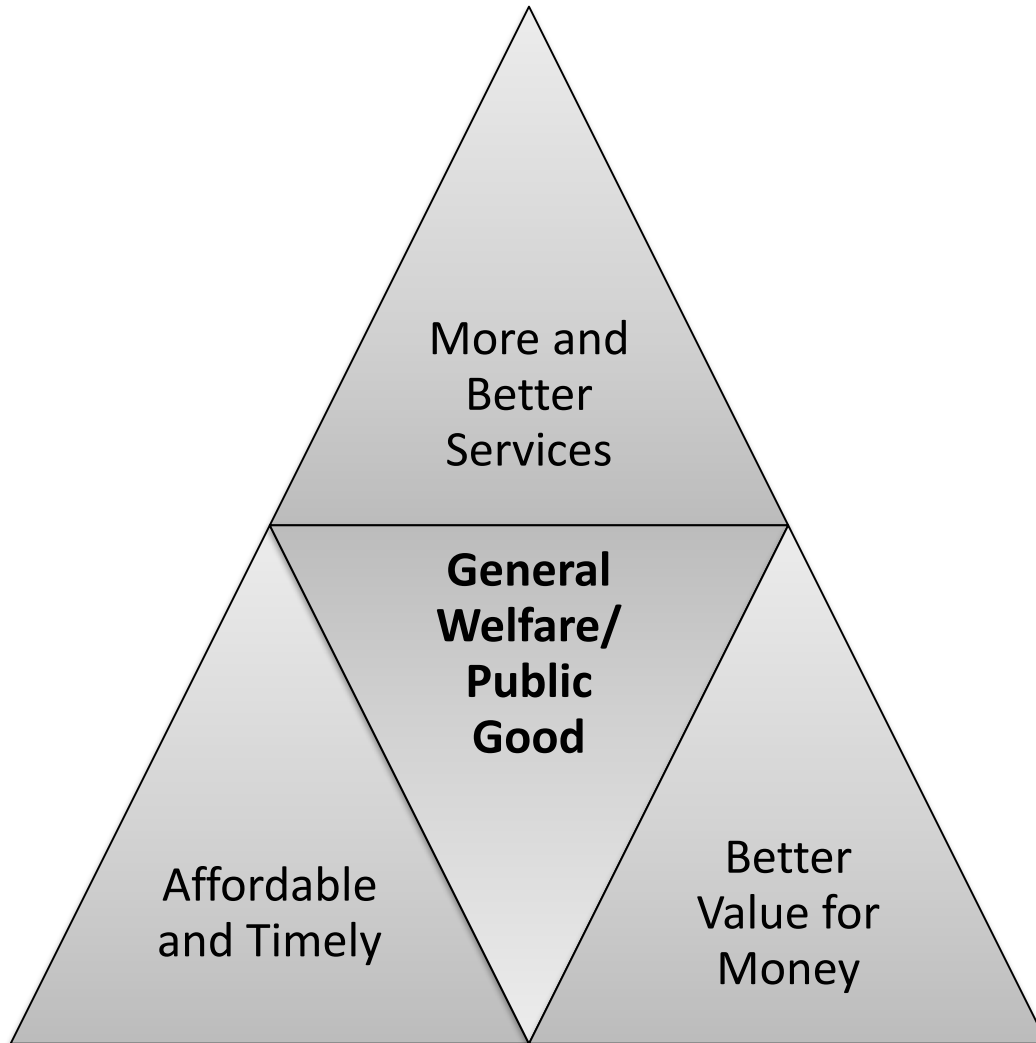
**SOLVE
RESOURCE
SCARCITY**



**SPREADING
RISKS**



Vision

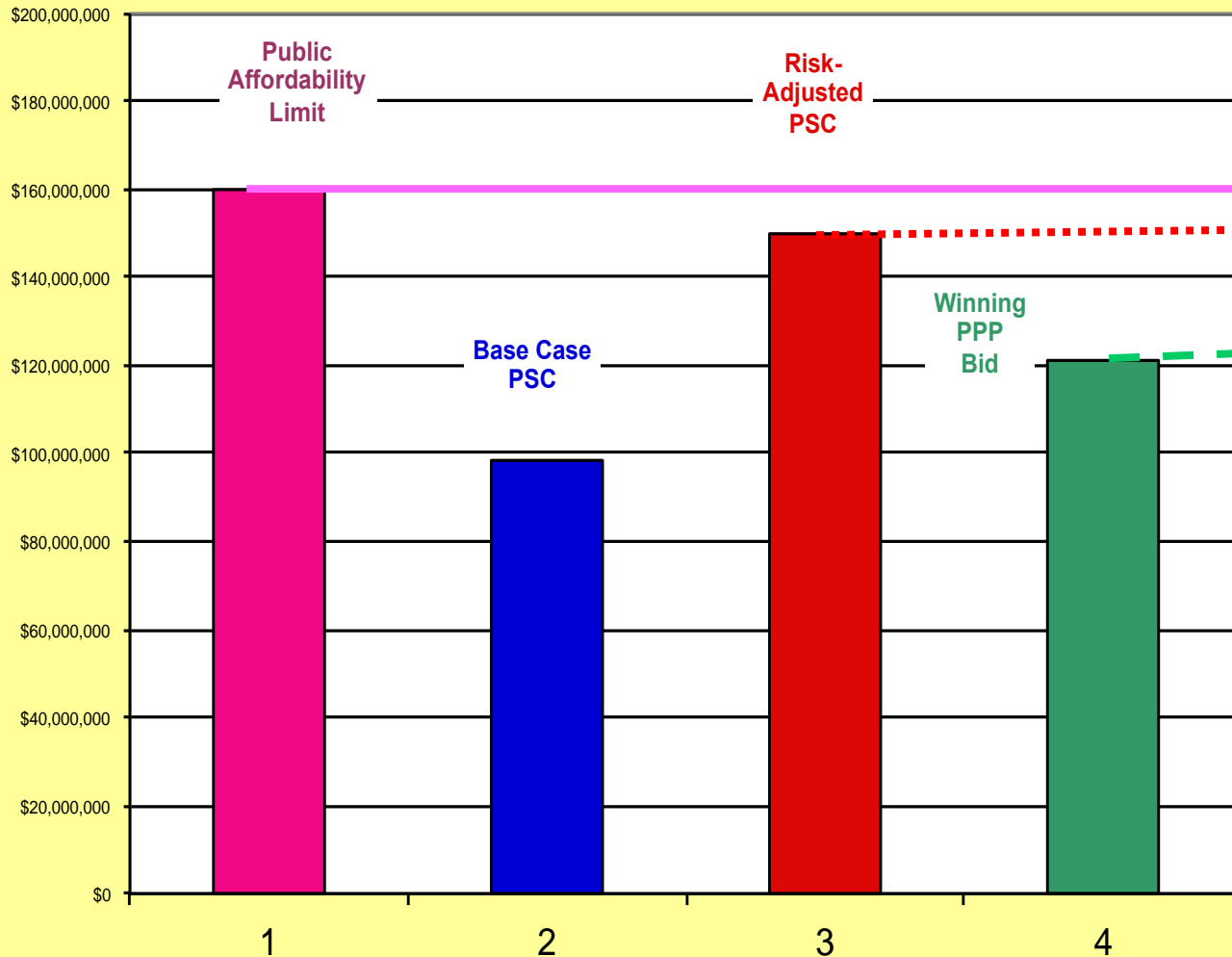


Additionality/ Acceleration



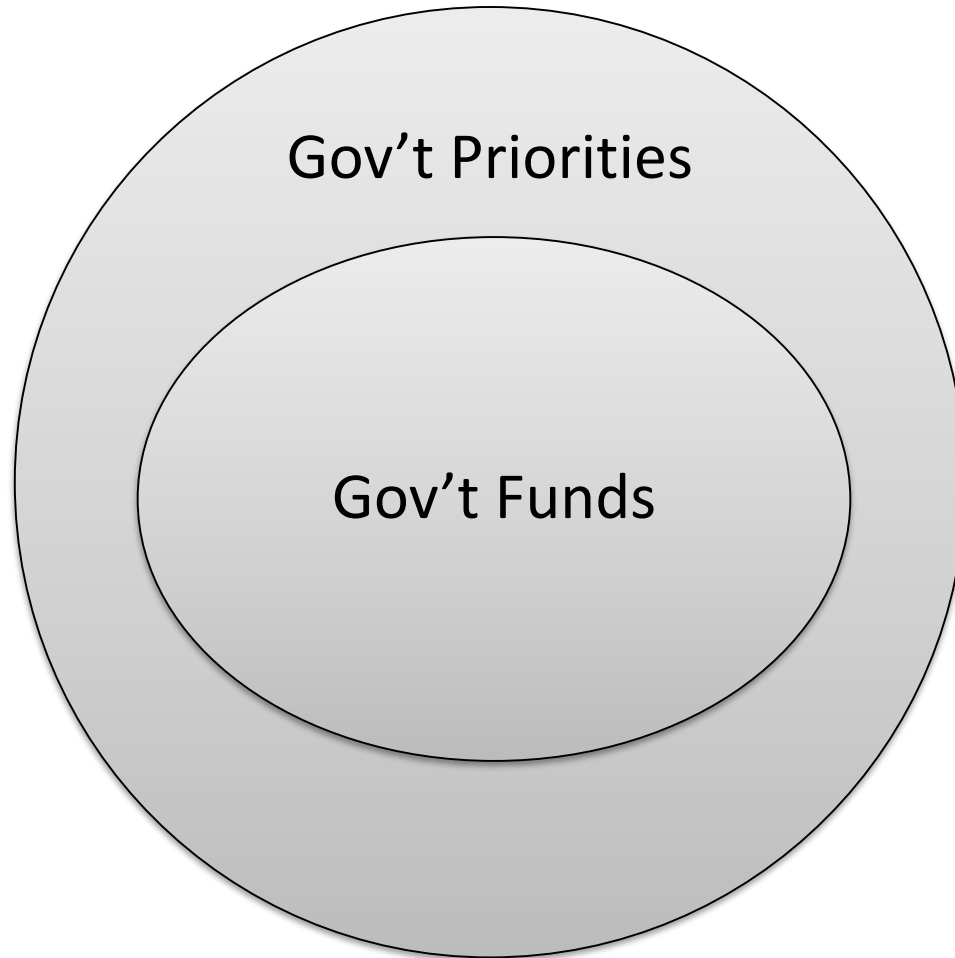
Value for Money

VFM Analysis of a Govt. Buildings PPP Project



**Value
for
Money
Benefits**

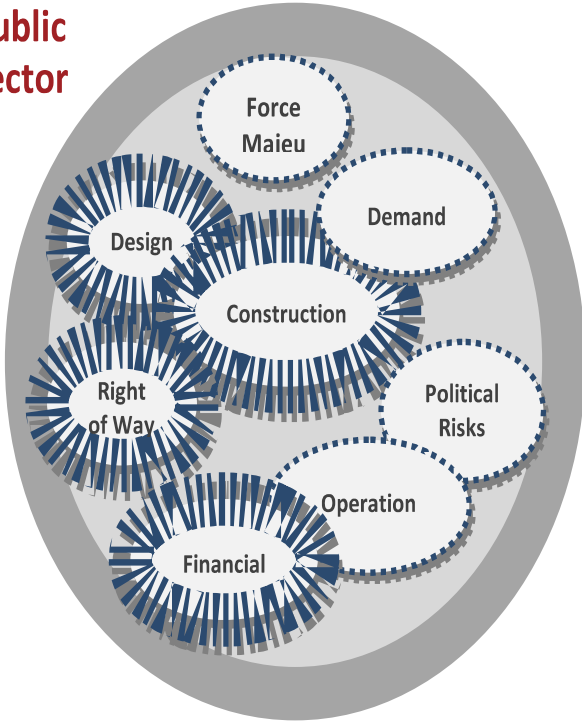
Public Cost Avoidance/ Fiscal Space



Risk Allocation

Publicly-financed Project

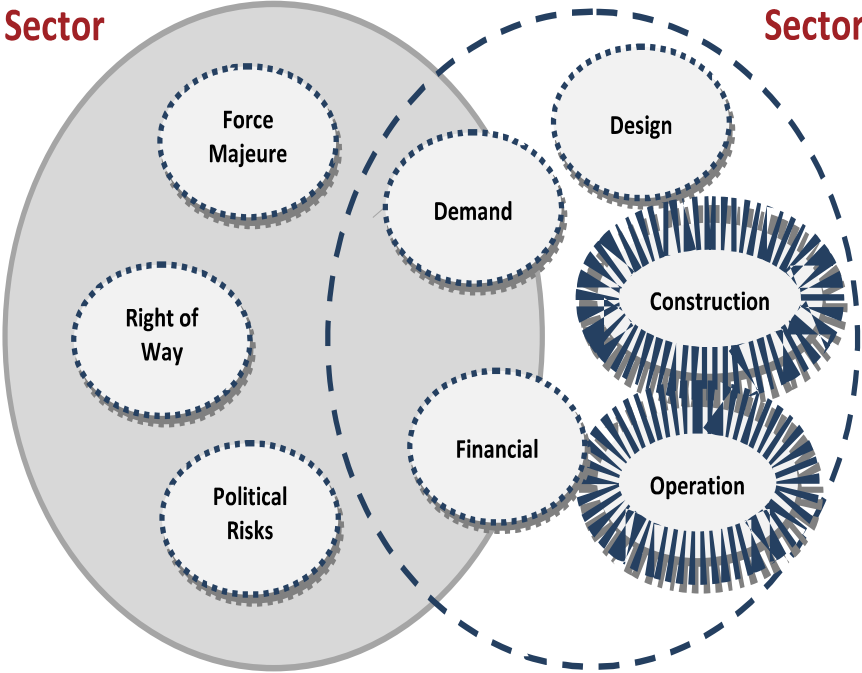
Public Sector



PPP Project

Public Sector

Private Sector



Innovation

Outputs: What/ Purpose

Classrooms must have an adequate power supply to meet operational requirements

***Innovation – Efficiency –
Whole-of-Life Costs –
Service Quality –
Technology Transfer***

Inputs: How/ Manner


Ensure that classrooms have at least two pairs of 240V power supply socket outlets available on each wall

Inclusive List

PPP PROJECTS




HARD

INFRASTRUCTURE ASSETS

- | | |
|---|--|
|  Road |  Terminal |
|  Water |  Government Buildings |
|  Power |  Parks |
|  Ports |  Information Technology |
|  Reclamation |  Cemetery |
|  Sports Complex |  Solid Waste Management |
|  Markets |  Bridges |
|  Transport Systems |  Malls |

SOFT

SOCIAL ASSETS AND SERVICES

- | | |
|---|---|
|  Classroom |  Housing |
|  Hospital |  Evacuation Center |
|  Agriculture |  Prisons |

BUNDLED

- | | |
|--|--|
|  + 
Hard and Hard |  + 
Soft and Soft |
|  + 
Hard and Hard |  +  + 
Hard, Soft and Soft |
|  + 
Hard and Hard |  +  + 
Hard, Hard and Soft |

PPP-IN-A-PPP



Land Reclamation

7 WATER PPP PROJECTS:

THE SPECTRUM



BULK WATER



IRRIGATION



HYDROPOWER



DISTRIBUTION



**NON REVENUE
WATER**



SEPTAGE



SEWERAGE

6-WAY VIABILITY TEST

L-O-T S-E-E

- 1  **LEGALLY JUSTIFIABLE**
- 2  **ORGANIZATIONAL PREPAREDNESS**
- 3  **TECHNICALLY FEASIBLE**
- 4  **SOCIALLY SUSTAINABLE**
- 5  **ECONOMICALLY VIABLE**
- 6  **ENVIRONMENTALLY COMPLIANT**

ROLE IN PPPs: GOVERNMENT AS...



POLICY-MAKER



REGULATOR



FUNDER



SUBSIDY-PROVIDER



GUARANTOR



PARTNER

Contents of Project Study

1. needs analysis
2. affordability assessment
3. value for money assessment
4. preliminary risk assessment
5. stakeholder assessment
6. human resource assessment
7. bankability assessment
8. legal viability assessment
9. market testing if relevant
10. PPP Option recommendation
11. indicative transaction implementation plan
12. draft PPP contract

THANK YOU