



PPP TALK
JULY - DECEMBER 2019

THE RISE OF LOCAL PPPS



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PPP TALK is a semi-annual newsletter of the Public-Private Partnership Center of the Philippines. This newsletter is part of the Center's thrust to provide relevant, accurate, and reliable PPP knowledge and information.

ABOUT THE COVER

An editorial illustration on how Public-Private Partnerships are changing the landscape of local public service through well thought-out infrastructure and development projects.



VIEW FROM THE CENTER

STRENGTHENING PROJECT PREPARATION SUPPORT FOR LOCAL PPP PROJECTS THROUGH PDMF

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In line with the Duterte Administration's thrust of regional development, the Public-Private Partnership (PPP) Center has launched its Local PPP Strategy in 2017 which is aimed at providing strengthened support to local government entities in developing and implementing their infrastructure and development projects. The Local PPP Strategy intends to pilot local PPPs in priority sectors and providing enhanced capacity building modules in the short term, replicate pilot local PPPs in the medium term, and acquire expertise and initiate development in the long run.

ENHANCED PDMF

In support of the Local PPP Strategy, the Project Development and Monitoring Facility (PDMF) was enhanced to make it more accessible to local government entities as a project preparation funding source for their potential PPP projects. This enhancement includes the creation of a Regional PDMF Committee, establishment of a Panel of Consultants for Local PPP Projects, and improvements to the PDMF Guidelines.

CREATION OF REGIONAL PDMF COMMITTEE

To attract more local government entities to tap the PDMF and to infuse more local perspective in their proposed PPP projects at project conceptualization stage, the Regional PDMF Committee was created in 2019 consistent with the functions and membership composition as prescribed under Executive Order (EO) No. 8, as amended by EO 136. The Regional PDMF Committee shall evaluate and approve PDMF applications submitted by local implementing entities such as local government units (LGUs), local water districts (WDs), local state universities and colleges (SUCs), and special economic zones (SEZs). The Regional PDMF Committee was specifically created to be chaired by the

National Economic and Development Authority (NEDA) Undersecretary for Regional Development together with the NEDA Regional Directors who are expected to provide valuable on-the-ground inputs to the proposed local PPP projects.

ESTABLISHMENT OF PANEL OF CONSULTANTS FOR RESILIENT LOCAL PPP PROJECTS

The inherent cost of engaging high caliber international and national consultants from the existing Panel of Project Preparation and Transaction Support Consultants under the PDMF has discouraged local government entities to tap the facility considering their limited budgets. To address this, last year, the PPP Center has set up the Panel of Consultants for Resilient Local PPP Projects which is composed of equally capable international and national consulting firms that are ready to accept relatively smaller scale projects at the local level. The new Panel shall be dedicated to local projects which address climate change impacts and urban resilience which have been observed to be the priority sectors at the local level based on consultations.

STREAMLINED PDMF PROCESS

To better guide local government entities in the application process as well as in the duration of the consulting services once approved with PDMF support, amendments to streamline the PDMF process were introduced – from application and screening to the evaluation of the PDMF request and management of the consulting contracts. These improvements were incorporated in the PDMF Guidelines as amendments, which were subsequently approved by the PPP Governing Board as recommended by the PDMF Committee in 2019. The amended provisions provide step-by-step approval process, indicative timelines, and standard documentary requirements.

ADDITIONAL FUNDING

To complement the strategies of the PPP Center, the PDMF has received an additional funding of USD 2.5 million from the Urban Climate Change

Resilience Trust Fund (UCCRTF) to support local projects that address climate change and urban resilience.

APPROVED LOCAL PPP PROJECTS

Complemented by the efforts of relevant units in the PPP Center, several local government entities have expressed interest to utilize the PDMF to develop the full blown studies of their PPP projects. This led to a number of PDMF applications for local projects received and processed by the PPP Center in the late 2019. Subsequently, the Regional PDMF Committee has approved three (3) local projects during its inaugural meeting in January 2020. This includes the Bislig City Bulk Water Supply and Septage Project by Bislig City Water District, Iloilo City Integrated Solid Waste Management Facility Project by the Iloilo City Government, and Ormoc City Water Supply System Project by Ormoc City Government. The feasibility studies of these projects to be prepared by the PDMF-funded Consultants are expected to be available within 2020.

Given all the enhancements to make PDMF more accessible coupled with the intensified efforts of the PPP Center to assist local government entities in their PPP projects, the Center sees an increase in local entities opting to utilize PPP to deliver their infrastructure needs, and those that will tap the PDMF to fund their pre-investment studies. This is expected to significantly address the infrastructure gap at the local level with more PPP projects delivered through a more localized PDMF.





PROJECT UPDATES

The Mactan-Cebu International Airport New Passenger Terminal 1 rehabilitation is 100% complete as of August 31, 2019 and fully operational. On April 25, 2019, the Bulacan Bulk Water Supply Project is already operational serving 3 cities and 10 municipalities in the province of Bulacan.

The handover of the Operations and Maintenance activities for the existing passenger terminal building of the Clark International Airport was held on August 16, 2019. The New Clark International Airport terminal PPP is 83.22% complete as of September 2019.

For the Civil Registry System IT Project Phase II, the Central outlet operations officially transferred from Sta. Mesa, Manila location to the CRS Building in East Avenue on April 01, 2019.

The Cavite-Laguna Expressway partially opened the entry and exit points at Mamplasan Interchange on October 30, 2019. While the segment from Buendia, Makati to Paco, Manila of the Metro Manila Skyway Stage 3 was partially opened on July 22, 2019.

Meanwhile, the concession agreement of the New Manila International Airport Project was executed by the Department of Transportation (DOTr) and San Miguel Aerocity Inc., on September 18, 2019.

More local PPPs, unsolicited projects and Joint Venture projects are expected to be added on the pipeline in 2020 as the implementation of the Center's Local PPP Strategy continues to gain momentum.

BANNER STORY

LOCAL PROJECTS RAMP UP PPP PIPELINE

MORE LOCAL PPPS

More local implementing agencies (IAs) are now undertaking public-private partnerships (PPPs) as a result of the PPP Center's Local PPP strategy— an intensive campaign anchored on providing capacity building and technical assistance to local implementing agencies (IAs) such as local government units, water districts, state universities and colleges (SUCs), special economic zones ("SEZ"), and Tourism Enterprise Zones ("TEZ") to help generate more bankable PPPs at the local level.

At the close of the year, the PPP Center is monitoring 143 awarded projects of which 31 are projects undertaken by National Government Agencies (NGAs), 73 are from Government Owned and Controlled Corporations (GOCCs) and 39 are PPP projects of local government units (LGUs). Of the 143 awarded projects, 76 are solicited projects and 67 are unsolicited projects. The pipeline has an estimated total project cost of PHP2.1 trillion.

On the current pipeline, there are 32 unsolicited projects and 24 solicited projects on different stages of development, evaluation, and procurement.

Through the PPP knowledge corners lodged within the 15 National Economic and Development Authority (NEDA) Regional Offices and support of local and international partners such as the Asian Development Bank (ADB), the Department of the Interior and Local Government (DILG), League of Cities of the Philippines (LCP), and the Singapore's Infrastructure Asia, the PPP Center expanded its reach to other local IAs in the regions.

The local PPP strategy has helped transformed the Center's initiatives into projects that proved attractive to private investors and partners— projects that will improve lives, and enhance basic services that are badly needed by the communities.



▶ Clark International Airport Expansion Project



▶ Civil Registry System – Information Technology Project (Phase II)

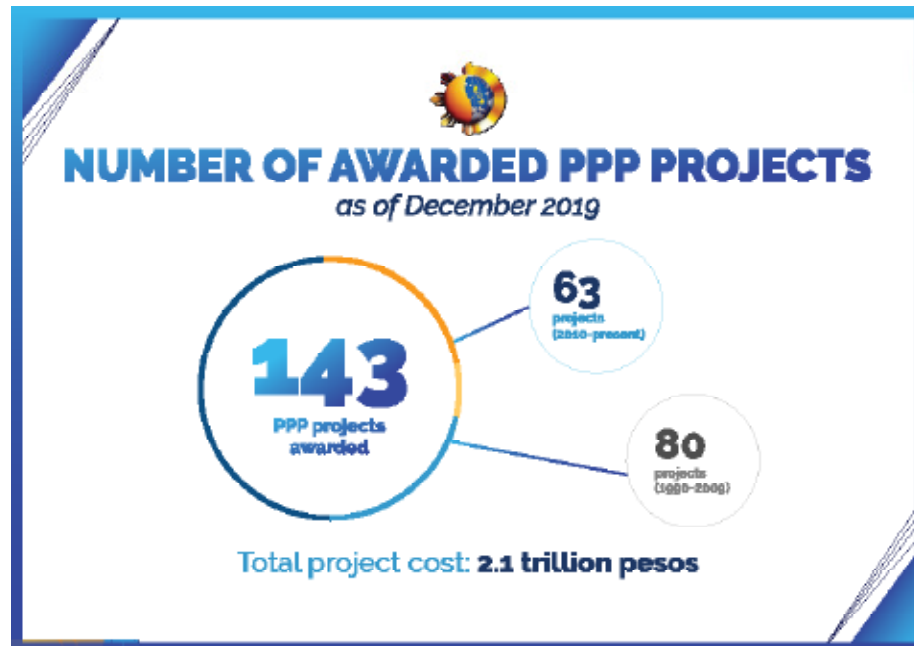


▶ Cavite-Laguna Expressway (CALAX) Project



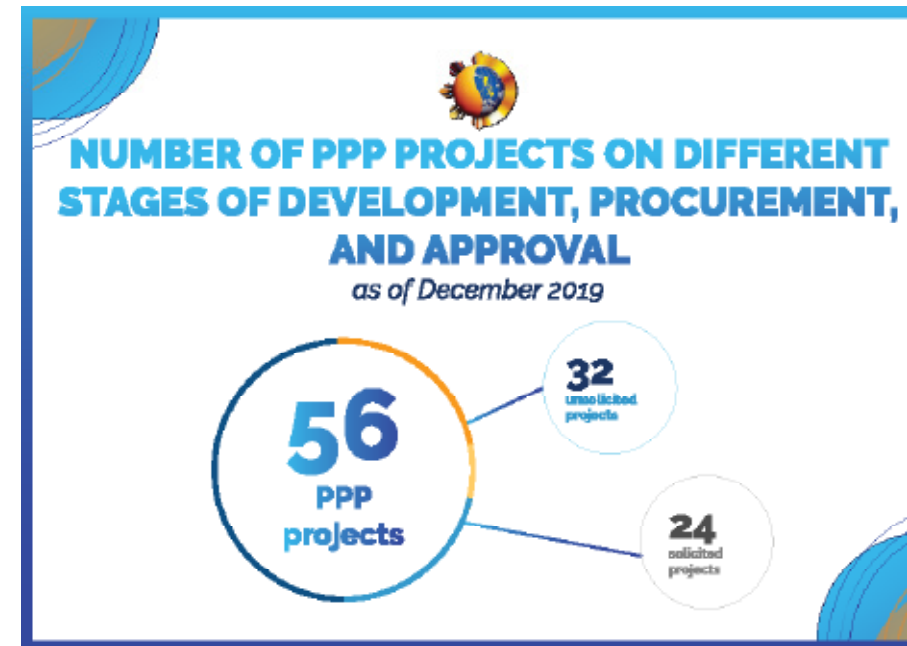
▶ Bulacan Bulk Water Supply Project

PROJECT UPDATES

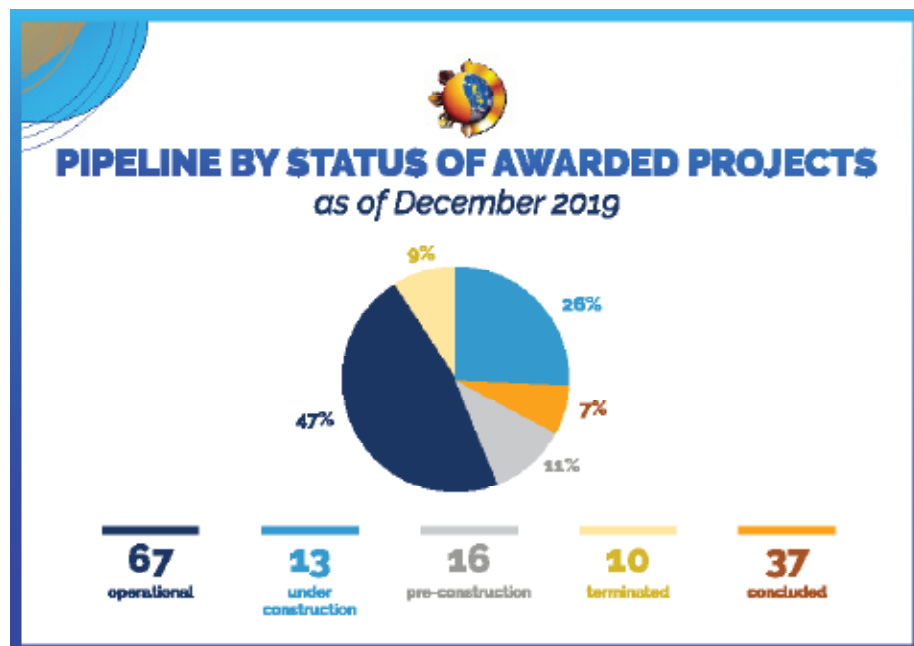


NUMBER OF AWARDED PPP PROJECTS

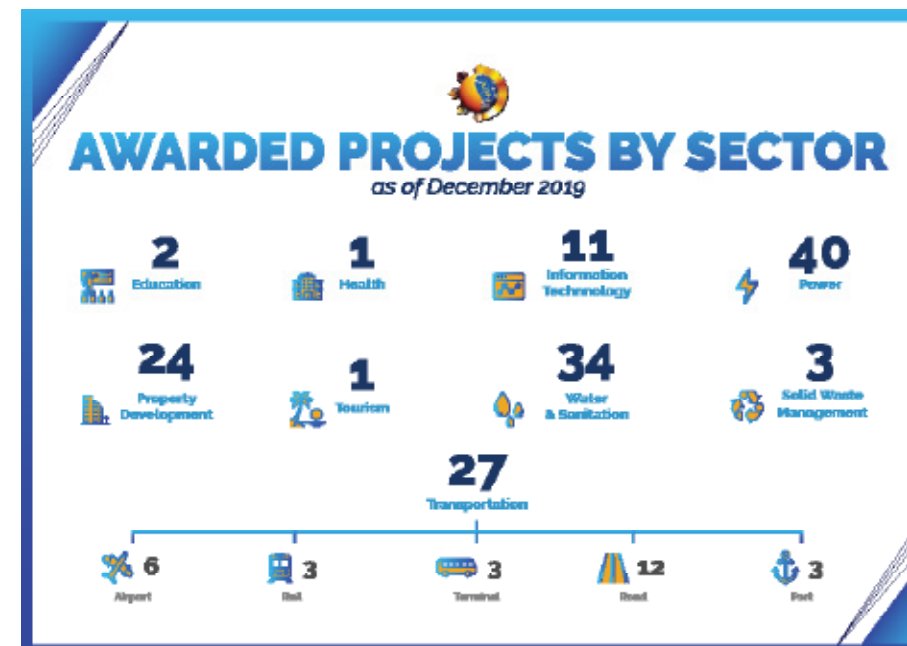
PROJECT UPDATES



NUMBER OF PPP PROJECTS ON DIFFERNT STAGES



PIPELINE BY STATUS OF AWARDED PPP PROJECTS



AWARDED PROJECTS BY SECTOR



PPP CENTER RELEASES JOINT POLICY ISSUANCES WITH DBM AND DILG



As part of its efforts to address policy gaps in PPP process and fast-track the implementation of projects in the pipeline, two policy instruments were crafted by the Public-Private Partnership Center with its partners. One is the DBM-PPP Center Joint Memorandum Circular No. 2018-01 or the Reporting of PPP Project Spending and Contingent Liabilities. This issuance, which took effect in February 2019 seeks to standardize the reporting and monitoring of public and private sector spending on PPPs and contingent liabilities arising from PPP projects, and to improve and regularly update the database of PPP project information. The Joint MC is expected to improve the government's ability to monitor spending on PPP projects and more proactively assess potential contingent liabilities.

Another PPP policy initiative in 2019 is the Joint Memorandum Circular on the Supplemental Guidelines on PPP for the People Initiative for Local Governments (LGU P4) signed by the PPP Center, led by Undersecretary and Executive Director Ferdinand Pecson, and the Department of the Interior and Local Government (DILG), represented by Undersecretary for Operations Epimaco Densing last December 2, 2019 in Quezon City. The circular provides LGUs further guidance on the different "LGU P4" modalities among which LGUs may choose from in implementing their PPP projects. It also contains an annex draft Joint Venture code, which the LGUs may choose to enact so that they have a legal framework to implement their own Joint Venture projects.



PUBLIC-PRIVATE PARTNERSHIP CENTER OF THE PHILIPPINES

PPP Governing Board Resolution No. 2018-12-02

Safeguards in PPP Mainstreaming Environmental, Displacement, Social and Gender Concerns

"Safeguards are measures taken to avoid or minimize and manage the negative impacts of aid investments on people and the environment"

- Department of Foreign Affairs and Trade (DFAT)
 Safeguard Policy for Aid Program

MAINSTREAMING SAFEGUARDS IN PPPS

In December 14, 2018, the PPP Governing Board issued Resolution No. 2018-12-02, or the "Safeguards in PPP: Mainstreaming Environmental, Displacement, Social and Gender Concerns." The resolution can help minimize delays that might arise from the implementing agencies' limited resources and capacity to review all safeguards policies found in various issuances.

The resolution can help (1) identify the issues and corresponding mitigating measures, (2) integrate these measures into the project terms and the PPP contract, and (3) implement monitoring mechanisms to ensure that safeguard measures are complied with and any unforeseen environmental and social issues are managed properly. The PPP Center supports the inclusion of environmental and social safeguards in the PPP project cycle by mainstreaming safeguards in local PPPs which include:

- ▶ Support during a project's life cycle (development, review and approval, procurement, and implementation)
- ▶ Conduct of capacity building activities and production of knowledge materials and other information resources.

Interested local implementing agencies may visit the website of the PPP Center for the schedule of the Center's capacity building activities. The capacity building team may also be reached by emailing capacitybuilding@ppp.gov.ph for more information about Safeguards in PPPs.



NEWS IN BRIEF



PPP CENTER- GIZ CONDUCTS STAKEHOLDERS' CONSULTATION ON LOCAL GOVERNMENT JOINT VENTURE (JV) ARRANGEMENTS WITH LOCAL PRIVATE COMPANIES

The PPP Center and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, conducted a Stakeholders' Consultation on Local Government Joint Venture Arrangements with Local Private Companies on November 22, 2019 in Quezon City. During the consultation private sector partners learned how to participate in Joint Ventures being undertaken by local governments for their various infrastructure projects. The consultation and discussion focused on the different types of Joint Ventures, the legal and regulatory frameworks, and basic principles and processes.



PPP CENTER BAGS 3RD OUTSTANDING ACCOUNTING OFFICE AWARD

The PPP Center was once again recognized by the Association of Government Accountants of the Philippines (AGAP) as one of the Outstanding Accounting Offices for Fiscal Year 2018. Accepting the award was the Center's Finance Division which was given during the opening day ceremonies of the AGAP convention-seminar in Cagayan de Oro City on October 23, 2019.

This is the third time that the PPP Center received the said award. The agency was also recognized in 2015 and 2017, for having exemplary met the criteria of accuracy, completeness, and timeliness in the submission of financial reports, that underscores the reliability and compliance of the Center with accounting rules and regulations set by the Commission on Audit (COA).

NATIONAL, LOCAL IAS LOOK FOR JOINT VENTURE PARTNERS

In line with the PPP Center's initiative to implement more projects in different sectors, three (3) projects are rolled out before the end of 2019. The Tourism Infrastructure and Enterprise Zone Authority (TIEZA) bid out two (2) projects namely, the Balicasag Island Dive Resort Project and the Club Intramuros Golf Course Project. Meanwhile, the San Pablo City and Dolores Water Districts (WDs) collaborated to implement the Lumbo Spring Bulk Water Supply Project. They are currently looking for a Joint Venture partner. The bulk water project will supply the needed additional water source for their respective communities.

Tourism Infrastructure and Enterprise Zone Authority
Public-Private Partnership Center of the Philippines

INVITATION TO APPLY FOR ELIGIBILITY AND SUBMIT PROPOSALS: BALICASAG ISLAND DIVE RESORT PROJECT

For the development and management of the BIDR

PPP FORUM DISCUSSES WAYS TO BOOST RENEWABLE ENERGY PROJECTS

The PPP Center, in collaboration with the Asian Development Bank (ADB), conducted the "Forum on Renewable Energy and Waste-to-Energy PPPs" to encourage local government units (LGUs), special economic zones (SEZs), and government-owned and -controlled corporations (GOCCs) to utilize PPPs as one of the tools to develop innovative solutions in implementing or integrating renewable energy and waste-to-energy in their infrastructure and development projects.



PHILIPPINES HOSTS 2ND UNESCAP MEETING ON ASIA-PACIFIC REGION PPPS

The Philippines, through the Public-Private Partnership Center hosted the 2nd Meeting of the Infrastructure Financing and Public-Private Partnership Network of Asia and the Pacific in collaboration with the United Nations Economic Social Commission for Asia and the Pacific (UNESCAP) and the China Public-Private Partnerships Center (CPPPC). The 3-day event was held from August 7-9, 2019 in Makati City.



PPP CENTER HOLDS WORKSHOP FOR LGUS ON DEVELOPING PROJECT CONCEPT NOTE (PCN) FOR SOLID WASTE MANAGEMENT PROJECT

The PPP Center in collaboration with Infrastructure Asia, conducted a workshop for the local governments of Antipolo City, Baguio City, Davao City, General Santos City, and the Province of Iloilo on how to develop a project concept note for their Solid Waste Management (SWM) PPP Projects. The workshop, which was conducted last December 10-11, 2019, aims to help LGUs prepare sound and viable SWM-PPP projects.

PPP CENTER PUBLISHES GUIDE FOR LOCAL JOINT VENTURES

The PPP Center in partnership with the Cities Development Initiative for Asia (CDIA) published a guidebook entitled "Guidebook on Joint Venture for Local Government Units (LGUs)." The guidebook provides insights and instructions in doing PPPs through JVs in which LGUs can undertake in developing viable PPP projects.



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