

SECURING A SUSTAINABLE FUTURE THROUGH PPPS

2015 ANNUAL REPORT



PUBLIC-PRIVATE PARTNERSHIP CENTER



PUBLIC-PRIVATE PARTNERSHIP CENTER

The PPP Center is the main driver of the PPP Program. It serves as the central coordinating and monitoring agency for all PPP projects in the Philippines.

It champions the country's PPP Program by enabling national agencies and local government units in all aspects of project preparation, including the management and administration of the Project Development and Monitoring Facility (PDMF), PPP projects advisory and facilitation to implementing agencies, and provision of various capacity building activities.

The PPP Center also advocates policy reforms to improve the legal and regulatory frameworks governing PPPs in order to maximize the great potentials of these infrastructure and development projects in the country.

CONTENTS

- 1** Vision, Mission and Core Values
- 2** Message from the President of the Republic of the Philippines
- 3** Message from the Socio-Economic Planning Secretary and Director-General of the National Economic and Development Authority
- 4** Message from the Executive Director
- 6** PPP Awards and Citations
- 8** What We Have Achieved
- 11** Highlights and Achievements
- 14** Project Development and Monitoring Facility Service
- 16** Project Development Service
- 22** Policy Formulation, Project Evaluation and Monitoring Service
- 25** Capacity Building and Knowledge Management Service
- 29** Legal Service
- 33** Administrative Service
- 37** Collaboration with Development Partners
- 38** 2016 Outlook
- 40** Management Committee
- 41** Financial Highlights

PROFESSIONALISM

We commit to provide fast, reliable, efficient, competent, and effective services that adhere to the principles of good governance and genuine public service.

PASSION FOR EXCELLENCE

We are dedicated to consistently deliver timely and the best quality of public service and to ensure efficient and effective implementation of public-private partnerships in the country.

PRO-ACTIVENESS

As prime movers in public-private partnerships in the country, we strive to achieve positive results through dynamic processes that are anchored on the principles of transparency and accountability.

CLIENT ORIENTATION

We intend to foster long-term relationships that will enable clients to meet their public-private partnership targets. We will continuously innovate on our processes to maintain an investment climate where our partners could operate on a level-playing field.

VISION

THE CENTER SHALL SERVE AS THE CHAMPION OF PUBLIC-PRIVATE PARTNERSHIPS FOR THE COUNTRY'S INCLUSIVE GROWTH AND SUSTAINABLE DEVELOPMENT.

MISSION

THE CENTER SHALL FACILITATE AND OPTIMIZE PUBLIC-PRIVATE PARTNERSHIPS IN THE COUNTRY FOR THE DELIVERY OF PUBLIC INFRASTRUCTURE AND OTHER DEVELOPMENT SERVICES.

MESSAGE FROM THE PRESIDENT OF THE REPUBLIC OF THE PHILIPPINES



My warmest greetings to the Public-Private Partnership (PPP) Center on the publication of your 2015 Annual Report.

The past five years have been remarkable for the PPP Center and the Filipino people, with notable milestones for our country's flagship Public-Private Partnership Program. The projects you have rolled out, awarded, or that are already in the pipeline provide blueprints for our collective aspirations; those that you have already completed serve as concrete manifestations of our national rejuvenation. Truly, the Center has been instrumental in proving that a government founded on integrity, and a private sector willing to contribute its energies to development, can achieve great things.

The increased interest of foreign and domestic investors in the country's PPP projects speaks volumes of the Center's effectiveness and efficiency. With the awards it received and the recognition it gained from institutions like the Asian Development Bank (ADB), Japan International Cooperation Agency (JICA) and Moody's, the Philippines and the Center is now seen as a model for establishing and fostering an ideal PPP environment by countries in the region and beyond.

These achievements are the result of our collective resolve to institute fairness, transparency, and good governance in forging partnership with the private sector. I laud the Center's unfaltering commitment to advancing infrastructure development, and hope to keep working with you in endeavors that ensure meaningful, inclusive growth for our countrymen.

A handwritten signature in black ink, appearing to read 'Benigno S. Aquino III'.

BENIGNO S. AQUINO III
President
Republic of the Philippines

MESSAGE FROM THE SOCIO-ECONOMIC PLANNING SECRETARY AND DIRECTOR-GENERAL OF THE NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY



The Aquino Administration is committed to sustaining recent economic gains by creating more jobs and livelihood opportunities for Filipinos. To this end, we have ramped up infrastructure spending such that it is targeted to make up at least 5 percent of GDP in 2016.

The Philippine PPP program has been instrumental in our efforts to achieve our economic growth targets and in improving our country's infrastructure. It has come a long way in terms of developing a robust pipeline of bankable PPP projects ripe for investments.

By the end of 2015, the government had successfully awarded 12 projects to private partners, some of which are now in full-speed construction, and some already benefiting millions of Filipinos.

With a sound PPP environment attractive to investors, the Philippines is now recognized as a leader in the ASEAN region. This is because we have put in a great deal of work in streamlining processes and institutionalizing reforms to further enhance the PPP framework in the country. Our more competitive procurement processes, which are grounded on transparency and fair competition, have also boosted private sector interest and confidence.

Our success with our PPPs attests that the good governance reforms we have put in place would pave the way for sustainable economic development.

I commend the initiatives and innovations of our PPP Center for championing our PPP Program. Your hard work and steadfast commitment elevate the country's status as a global model for best practices in PPP program implementation.

My warmest congratulations to the PPP Center for a successful 2015.

ARSENIO M. BALISACAN
Socio-Economic Planning Secretary and
Director-General of the National Economic
and Development Authority



In 2010, the Public-Private Partnership (PPP) program was established as one of the Aquino Administration's cornerstone strategies to bridge the infrastructure gap that stymied the economic growth of the country. Five years later, the Filipino people are now able to reap the much heralded benefits of the program due to the hard work and strong collaboration of the government, private sector, stakeholders and development partners.

With the successful completion of three (3) PPP projects in 2015, motorists, schoolchildren, and the commuting public are now enjoying the benefits brought by the Department of Public Works and Highways' (DPWH) Muntinlupa-Cavite Expressway, the 9,296 classrooms constructed under Phase 1 of the Department of Education's (DepEd) PPP for School Infrastructure Project (Phase 1), and the Department of Transportation and Communication's (DOTC) Automatic Fare Collection System, or popularly known as the beep card.

Aside from the completion of these three projects, 2015 is also a banner year for the PPP program as we have set an unprecedented record by awarding four (4) PPP contracts to our private sector partners, increasing the number of awarded PPP projects to twelve (12). From our first ever pipeline of ten (10) PPP projects managed by a small team of experts, we will be ushering in the new year with 51 projects on different stages of the PPP process.

The Philippines has also joined the ranks of "developed" PPP markets such as the Republic of Korea, Japan, and India. Today, the PPP

“We do not only deliver much needed infra projects in the country through PPPs but we also ensure that we provide the Filipino people the highest quality of public service.”

MESSAGE FROM THE EXECUTIVE DIRECTOR



Center continuously shares its good practices and helps capacitates foreign governments especially in the emerging PPP markets in developing their own PPP framework.

These are huge achievements for the Philippine PPP program as we work towards the fulfillment of our promise of quality infrastructure and genuine service to the public. We will remain vigilant to ensure that the gains we have made will continue to translate into concrete benefits felt by each and every Filipino. We will also continue our thrust of institutionalizing policy and regulatory reforms to improve the PPP business climate and ensure the sustainability of the program.

For years we've held our heads down, worked hard, and dotted all our i's and crossed all our t's to ensure that all the PPP projects and their contracts are within the bounds of the law and will therefore be honored. We were able to make a significant impact in the infrastructure development sector that will not be soon forgotten. For this, I would like to thank the hardworking men and women of the PPP Center whose dedication and commitment to improving the country's public infrastructure is at the heart of the program's success.

I would also like to express my gratitude to our government partners: the late NEDA Secretary Cayetano W. Paderanga, who pushed me to join the government by painting me a picture of future made better by bridging the gap between public and private interests; NEDA Secretary Arsenio M. Balisacan, who put his complete faith in the PPP Center and provided the necessary boost to further strengthen the Program; the Office of the Cabinet Secretary, the Department of Finance, the Implementing Agencies and development partners such as ADB and the Government of Australia and Canada, whose hard work and tireless support to the PPP Program helped shape what it is today.

The Aquino Administration may have jumpstarted the PPP Program, but it was designed to be sustainable and transcend changes in government administrations. With the huge infrastructure gap the Philippines is currently experiencing, we hope the next administration will adopt, build on, and take the Program to greater heights. Developing the PPP Program from the ground up was no small feat, but the task of the incoming Administration will be no less challenging as policies change and institutions evolve. But change is inevitable, and we must embrace change that will bring better results without compromising the values that the Program is deeply anchored in: transparency, adherence to law, and fairness to all.

COSETTE V. CANILAO
Executive Director

PPP AWARDS AND CITATIONS



ASIA-PACIFIC GRANTOR OF THE YEAR

The Public-Private Partnership Center of the Philippines bagged its second international award as *IJGlobal* “Asia-Pacific Grantor of the Year” in Singapore on March 24, 2015.



PUBLIC PRIVATE PARTNERSHIP AGENCY OF THE YEAR PPP Center of the Philippines

Public-Private Partnership Center of the Philippines is named as a national government agency to champion the country's public-private partnership (PPP) programs. In 2011, it awarded state PPP projects, including the economic zone extension, worth about P1,800.00 million. Moreover, the international airport program estimated valued at P 184.56 billion and the Light Rail Transit (LRT) Phase 2 program valued at P 1,000.00 million. It also facilitated the approval of the Investment Coordination Committee of state projects: Cebu-Luzon Expressway, North Luzon South Luzon Expressway, International and Domestic Air public market modernization. These other projects were approved by the National Economic and Development Authority, including the New Divisadero water re-use facility, state program, expansion and development of LRT Line 1, and Luzon Interlink Expressway, state program.



PPP AGENCY OF THE YEAR

Executive Director Cosette V. Canilao, together with PPP Center officials, received the plaque of recognition as “Agency of the Year” from Mr. Daniel Yu, editor-in-chief of *The Asset Magazine*.

According to a report by The Economist Intelligence Unit

"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. The Philippines has one of the oldest BOT policies in the Asia-Pacific region, has introduced a new sub-national regulatory framework, and has used its increased capacity and transactional experience in recent years to promote capacity-building in emerging PPP markets within the region."



The 2014 Infrascopes

The Philippines is recognized as the "Most Improved Country in Asia-Pacific for PPP readiness" by The Economist Intelligence Unit report published in April 2015 entitled "Evaluating the environment for public-private partnerships in Asia-Pacific, The 2014 Infrascopes."

"The Philippines chooses to advance its infrastructure development through the PPP Center. The Philippines adapted successful practices and its practices are now being adapted by other economies in the region. President Aquino's government has done a remarkable PPP Center."

Ambassador Neil Reeder
Embassy of Canada in the Philippines
Co-chair of the APEC PPP Experts' Advisory Council
Fostering APEC's Infrastructure Through Long-Term
Investment and Capital Market Development
Iloilo City, Philippines | 23 - 24 July 2015



Ambassador Neil Reeder of Canada commended the Philippine PPP Program at "Fostering APEC's Infrastructure through Long-Term Investment and Capital Market Development Meeting" in Iloilo, City.

WHAT WE HAVE ACHIEVED

REAPING THE BENEFITS

MCX—PHILIPPINE PPP PROGRAM'S FIRST

The Muntinlupa–Cavite Expressway (MCX) or the Daang Hari–South Luzon Expressway (SLEX) Link Road project is the first awarded public–private partnership (PPP) contract under the Aquino administration. It is also the first PPP project to be completed and made operational.

The MCX is a new 4-kilometer (km) toll road from the junction of Daang Reyna and Daang Hari in Las Piñas and Bacoor, Cavite to SLEX through the Susana Heights Interchange in Muntinlupa, traversing the New Bilibid Prison reservation area. This project was implemented by the Department of Public Works and Highways (DPWH) to improve road interconnectivity in the region and to address the serious traffic congestion in the area, due to population growth, coupled with industrial and commercial development. Ayala Corporation, the project proponent, offered the government a total premium of ₱925.01 million for the financing, design, construction, operation, and maintenance of MCX, under a build-transfer-operate (BTO) contract scheme for 30 years.



Since its operation last July 24, 2015, the traffic volume for both directions has reached around 2.8 million. If travelling south, MCX shortens travel distance by 2 km and 3 km shorter if travelling north. This eases travel time in the area, compared to using Daang Hari Road and Commerce Avenue where queuing time and build up of vehicles can reach over 1.3 km long during peak hours. Through MCX, the travel time from Daang Hari Road to Alabang Interchange is reduced by 30–60 minutes. Reduced travel time also results in savings on fuel consumption.

The MCX adopts an “open system” of toll collection, which provides for a seamless inter-operation between MCX and SLEX. This is considered the first integrated toll collection system among concessionaires outside the franchise of the Philippine National Construction Corporation. It has likewise generated approximately 500 direct jobs during the construction and operation period.

The MCX experience has set the framework and guiding principles in developing and implementing a viable infrastructure project through its technical innovation, best practices, and a number of lessons learned.

CONNECTING RAIL LINES IN ONE BEEP™

The ₱1.72 billion Automatic Fare Collection System (AFCS) Project upgrades the existing magnetic ticketing system to a contactless ticketing system, which allows seamless and efficient passenger transfer within the country’s three rail lines —LRT 1 & 2, and MRT 3—and reduces passenger inconvenience due to ticket payment queuing and delays.

With the Department of Transportation and Communications (DOTC) as the implementing agency, the AFCS Project has been awarded to the AF Payments, Inc. (AFPI)—composed of Ayala Corporation and Metro Pacific Investments Corporation—on January 31, 2014. The concession agreement was signed on March 31, 2014. AFPI has a concession period of 10 years, inclusive of two years project development and systems installation.



The private partner provides the necessary equipment and machines for the system, including fare media devices, single-journey tickets (SJT), and stored-value cards (SVCs), which are issued to the public transport operators (PTOs). AFPI introduced beep™ as its SVCs, replacing the old magnetic SVCs. Commuters can purchase the beep™ for only P20.00 with economic life of four years. Over a million riders now use the beep card and it's reloadable from the minimum fare amount of P12.00 for LRT Lines 1 and 2, and P13.00 for MRT Line 3, up to P10,000.00.

In the near future, users can reload their beep cards outside the train stations, such as in leading retail stores and payment centers, for greater convenience. The plan may also expand to include the use of beep™ in other modes of transport like buses, taxis, and other services like toll roads and parking.

Following the successful testing of the systems, the DOTC issued its Full System Acceptance last December 16, 2015, or 21 months after the Concession Agreement was signed. Such remarkable period is considered one of the fastest completions of an automatic fare collection system in the world.

ADDRESSING CLASSROOM GAPS

The PPP for School Infrastructure Project (PSIP) Phase 1 is the country's first social infrastructure PPP project under the Aquino administration. It is in line with the President's Ten-Point Agenda for Basic Education, which aims to supplement the current initiatives of the Department of Education (DepEd) in classroom construction nationwide.

Using the PPP framework, private sector resources and technical expertise are harnessed in order to fast-track the building and delivery of classrooms, reduce its construction and maintenance cost for the national government, and introduce innovations in design, construction methods, and new materials.

The PSIP Phase 1 was successfully tendered in three contract packages on September 4, 2012. Contract Package A (Region 1) was awarded to the Bright Future Educational Facilities, Inc. (BFEFI), while Contract Packages B (Region 3) and C (Region 4-A) were both awarded to the Consortium of Citicore Holdings Investment, Inc. and Megawide Construction Corporation (CMC).

Signed on October 8, 2012, the build-lease-transfer (BLT) agreements for all packages involve the designing, financing, and construction of 9,296 one-storey and two-storey buildings, including furniture, fixtures, and toilets in 2,214 public elementary and high schools in Regions 1, 3, and 4-A. The private sector partners are likewise responsible for the periodic maintenance of the project over the 10-year lease period.

Given the magnitude of the project, various implementation bottlenecks were experienced, which happened simultaneously in various geographical regions. Despite these, the PSIP Phase 1 was successfully completed on December 4, 2015.

These newly constructed classrooms are benefiting over 400,000 students—who are now enjoying school rooms that are conducive for learning. The project also helps the local economy grow through the local employment it generated. During the construction period alone, around 140 subcontractors were engaged and over 11,000 workers were hired. Almost 100 local suppliers were also given opportunity to supply materials and participate in this massive construction project.

The completion of PSIP Phase 1 indeed helped the government achieve its objective of expanding the supply of classrooms in the public schools as fast as it could do so and reducing classroom backlog nationwide.



HIGHLIGHTS OF ACCOMPLISHMENTS

3 COMPLETED PROJECTS

6 ROLLED OUT PROJECTS

4 AWARDED PPP CONTRACTS

6 ICC AND NEDA BOARD APPROVED PROJECTS

7 APPROVED PPP POLICY CIRCULARS

12 SIGNED PDMF CONTRACTS

US\$ **10.42 M**
TOTAL OF REIMBURSED PDMF FUNDS

33 TOTAL OF PDMF-FUNDED PROJECTS SINCE 2011

142 ORGANIZATIONS CAPACITATED

50 CAPACITY BUILDING INITIATIVES



PROJECT DEVELOPMENT AND MONITORING FACILITY SERVICE

For 2015, the Project Development and Monitoring Facility (PDMF) continued to successfully facilitate the development of well-prepared, bankable PPP projects. As the anchor mechanism for the PPP Program, the PDMF, which enables the Government to engage high-caliber project preparation and transaction support consultants, has been instrumental in getting more PPP projects successfully tendered.

The PDMF Service was able to prudently administer and manage the PDMF through rigorous evaluation of applications for funding support, regular monitoring of availability and utilization of the PDMF funds, efficient selection of consultants, and effective management of consultants and consulting service contracts.



CONTINUED CONTRIBUTION TO PPP PROJECT DELIVERY

In 2015, the PDMF Service processed five funding applications for new consulting assignments from various implementing agencies. To meet new project preparation requirements, the PDMF Service evaluated nine applications for contract variations for ongoing PDMF-funded consulting assignments. As a result of its careful scrutiny, nine funding requests were presented to the PDMF Committee for approval in the same year.

By the end of 2015, the PDMF Service has facilitated the signing of 12 contracts, including contract amendments.

SUSTAINABLE REVOLVING FUND

This year also marked the award of four more PDMF-funded PPP projects. These are (i) the Southwest Integrated Transport System Project, (ii) the Cavite–Laguna Expressway Project, (iii) the Bulacan Bulk Water Supply Project, and (iv)

the South Integrated Transport System Project. Consequently, reimbursements in the amount of US\$10.42 million were received from the winning bidders for said projects. These reimbursements will now, in turn, be used to fund new requests for new PDMF support.

The PDMF also received supplemental budget to address the more-than-expected demand for funding support in 2015.

To be able to respond to changing demands and requirements for PDMF support, the PDMF Service has periodically undertaken work and financial programming.

EXPANDED USE TO MEET EVOLVING NEEDS

In view of the new mandate to use PDMF for engaging probity advisors and independent consultants, the PDMF Service has defined the scope for both services to ensure transparency in all PPP transactions, and to ascertain the prompt implementation of PPP projects that are compliant to the government's requirements.

FURTHER IMPROVED PROCESSES

To address consulting contract implementation concerns before these become major issues, and to generate feedback for system-wide process improvements, the PDMF Service carried out regular consultant interactions with members of the PDMF Panel of Consulting Firms. Results of these interactions were documented and incorporated as inputs in relevant PDMF processes.

The PDMF Guidelines was also revised in 2015 to make it more responsive to new demands in the PPP environment. This was done through a series of consultations and workshops. To support the revision of the guidelines, the PDMF Service held several consultations to enhance the Technical Assistance Agreement, incorporating lessons learned from past consulting contract implementations.

STATUS OF THE PDMF

As of December 2015, under the administration and management of the PDMF Service, 62% of the total PDMF funds has been committed to a total of 33 projects, utilizing 60% of the total contribution of the Government of the Philippines and 71% of that from the Government of Australia. Across development sectors, 77% of the funds have been committed to the transport sector with a total of 26 projects.



2015 PDMF STATUS

12 SIGNED PDMF CONTRACTS

US\$ **10.42 M**
TOTAL OF REIMBURSED PDMF FUNDS

33 TOTAL PDMF-FUNDED PROJECTS SINCE 2011

4 PDMF-FUNDED AWARDED PPP PROJECTS (SOUTHWEST INTEGRATED TRANSPORT SYSTEM PROJECT, CAVITE-LAGUNA EXPRESSWAY PROJECT, BULACAN BULK WATER SUPPLY PROJECT, AND SOUTH INTEGRATED TRANSPORT SYSTEM PROJECT)





PROJECT DEVELOPMENT SERVICE

CONTINUING MOMENTUM FOR PPPS

The robust pipeline of PPP projects for the year 2015 illustrates the success of the Philippine Public–Private Partnership (PPP) Program. One of the drivers of the continuing momentum of the program is the effective implementation of PPP projects, which is anchored on proper selection and development of projects.

Critical to this process is the Project Development Service (PDS), which renders technical assistance and project advisory services to both national government agencies (NGAs) and local government units (LGUs) in developing and managing PPP projects. The PDS assists from conceptualization and structuring of projects to the approval and tendering processes. In 2015, the PDS assessed a total of 43 projects in the pipeline for possible implementation.

Important milestones were achieved in 2015 by the PPP Center with the successful awarding of four PPP contracts. These four projects bring the total PPP projects awarded under the Aquino administration to 12. This is a crucial step taken by the government in addressing the infrastructure gap in the Philippines.

In the transport sector, the Integrated Transport System Projects (South and Southwest Terminals) aim to provide seamless transfers by connecting passengers coming from the provinces to other transport systems in the capital, and vice versa. The Cavite-Laguna Expressway (CaLax) is targeted to support trade and socioeconomic activities in Cavite and surrounding vicinities by providing a faster, safer, and more reliable route in the area.

Aside from transport projects, the PPP program also aims to address gaps in the basic needs of communities. Considered as a pioneer project in water infrastructure, the Bulacan Bulk Water Supply Project will now provide 388 million liters of water per day from Angat Dam to approximately 3 million residents of Bulacan.



FOR INCLUSIVE GROWTH AND SUSTAINABLE DEVELOPMENT

To pursue the vision of tapping PPPs for the country's inclusive growth and sustainable development, various projects are also being developed to foster progress outside of Metro Manila.

The North-South Railway Project – South Line plans to revive the railway from Metro Manila to Legazpi City, improving transport and logistics services to currently underserved areas. The Plaridel Bypass Toll Road, a 24-km road from the Balagtas interchange in North Luzon Expressway (NLEX) to San Rafael, Bulacan, is proposed to ease the growing traffic issues and to provide economic savings to motorists in terms of vehicle operating cost and travel time.

The year 2015 also marked the roll out of pilot projects in the information and communication sector, which will improve registry and franchising services to the general public. When implemented, the Civil Registry System – Information Technology Project (Phase II) will upgrade the current service levels of the Philippine Statistics Authority by cutting down the transaction time in issuing civil registry documents such as birth, marriage, death and no marriage certificates.

COLLABORATIVE EFFORTS AS CORNERSTONE

The strong collaboration between the PPP Center and its partner implementing agencies is one of the cornerstones that the Center continues to value and develop as it pursues more complex projects. As a result of this collaboration, the PPP Center has assisted the Department of Tourism in developing its first tourism-oriented PPP projects—the Philippine Travel Center Complex Project and the New Nayong Pilipino Project.

The growing reach of the Philippine PPP Program is manifested by the increasing number of NGAs and LGUs initiating and undertaking PPP projects and foreign investors participating in the PPP program.

As the PDS gears up for 2016, the last year of the current administration, it aims to continue to build up the robust pipeline of PPP projects and to ensure that the PPP program is sustained through an efficient and transparent tendering process.



4 AWARDED PPP CONTRACTS



2. CAVITE-LAGUNA EXPRESSWAY (CALAX)
Implementing Agency : DPWH
Private partner : MPCALA Holdings, Inc.
Date of award : June 8, 2015
Contract signing : July 10, 2015



1. SOUTHWEST INTEGRATED TRANSPORT SYSTEM
Implementing Agency : DOTC
Private partner : MWM Terminals, Inc.
Date of award : January 21, 2015
Contract signing : April 24, 2015



3. SOUTH INTEGRATED TRANSPORT SYSTEM
Implementing Agency : DOTC
Private partner : Ayala Land, Inc. (ALI)
Date of award : November 13, 2015
Contract signing : Scheduled on the first quarter of 2016

14 PROJECTS UNDER PROCUREMENT

4. BULACAN BULK WATER SUPPLY PROJECT
Implementing Agency : MWSS
Private partner : SMC-K Water Consortium
Date of award : December 7, 2015
Contract signing : Scheduled on the first quarter of 2016



6 ROLLED OUT PROJECTS





POLICY FORMULATION, PROJECT EVALUATION, AND MONITORING SERVICE

POLICY INITIATIVES AND ADVOCACIES

A number of policy initiatives and advocacies were put forward in 2015 by the Policy Formulation, Project Evaluation, and Monitoring Service (PFPEMS). These are part of the PPP Center's thrust to formulate policy recommendations and courses of action on current and emerging issues, and to do research on developments and rising trends in public-private partnerships (PPPs).

The first major policy initiative is the proposed amendment to the existing Build-Operate-Transfer (BOT) Law, which is proposed to be named as the PPP Act. Since 2013, the PPP Center has been at the forefront of this policy initiative, which aims to ensure the sustainability of the PPP Program. At the start of 2015, several committee hearings and technical working group meetings were held in both Houses of Congress to further fine-tune this bill.

Several stakeholders meetings were also held advocating the amendment of the two-decade old BOT Law. On May 21–22, 2015, the PPP Center, through the Asian Development Bank's (ADB) Capacity Development Technical Assistance (CDTA), facilitated a

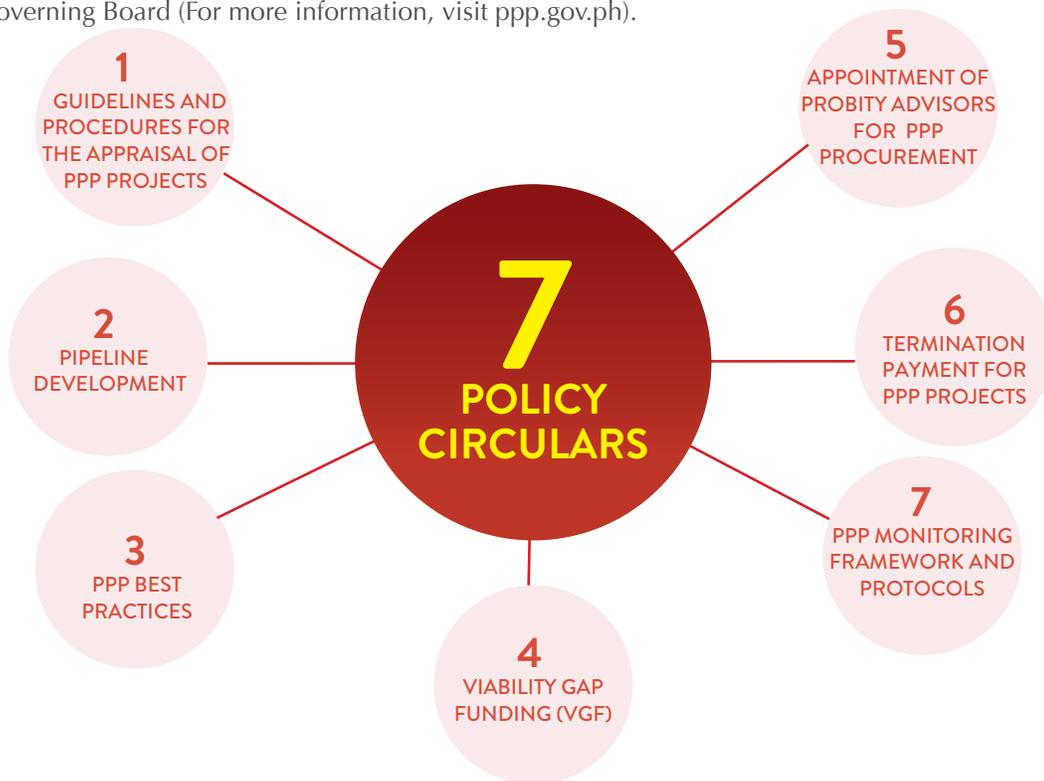
Philippine–Australia PPP Policy Dialogue in Melbourne, Australia. The event, in collaboration with Partnerships Victoria, was attended by key members of the Senate of the Philippines and from the executive department. The State of Victoria, together with the Philippine legislators and Cabinet members, shared their PPP experiences, best practices, and strategies in sustaining their PPP program, including the critical value of having a solid legal framework. This dialogue has been replicated in Cebu on August 13–14 and in Manila on August 17–18 to engage more participants both from the legislative and executive branches of the government.

In the latter part of 2015, significant progress on the proposed PPP Act had been realized (see infographic on page 22). Both House Bill (HB) 6331 and Senate Bill (SB) 3035 were already endorsed to the plenary for the approval of the Committee Reports, respectively; thereafter, the deliberations on Second Reading (with the sponsorship speech scheduled on December 16). President Aquino certified the urgent need to pass the PPP Act to expedite the implementation of vital infrastructure projects in the country.



HOUSE COMMITTEE REPORT NO.947	SENATE COMMITTEE REPORT NO. 339
<ul style="list-style-type: none"> Approved by the Committee on Public Works and Highways on March 18, 2015. 	<ul style="list-style-type: none"> Approved by the Senate Committee on Public Works on December 14, 2015.
<ul style="list-style-type: none"> Approved by the Committee on Ways and Means on November 10, 2015. 	<ul style="list-style-type: none"> Senate started the bill interpellation in December 2015.
<ul style="list-style-type: none"> Approved by the Committee on Appropriations on December 14, 2015. 	

The PPP Center also spearheaded several policy circulars on various PPP subject matters. The following initiatives were vetted by the relevant agencies and stakeholders and approved by the PPP Governing Board (For more information, visit ppp.gov.ph).



Apart from these, several policy issuances under conceptualization or finalization are yet to be presented to the PPP Governing Board for clearance or approval. This includes the proposed Policy Circulars on Managing Government Personnel Affected by PPP Projects, Public Consultation, and Assessing Value for Money in PPP Projects.

Toward the end of 2015, the memorandum of agreement (MOA) between the PPP Center and the Board of Investments (BOI) was also signed, which simplifies the BOI registration and

evaluation process for PPP projects. The MOA clearly stipulates the obligations of PPP Center and BOI on sharing of information and details of PPP projects as well as clearer information on the registration process and guidelines on incentive availment for the project proponents.

The PPP Center also shared its key experiences and expertise on PPPs in terms of crafting policies. In particular, it provided comments and inputs to the Department of Environment and Natural Resources (DENR) PPP Guidelines, and to the LGU PPP Codes of Davao City, Makati City, and Binangonan, Rizal.

APPROVED PROJECTS

In 2015, the PPP Governing Board issued its Policy Circular No. 01-2015 entitled “Guidelines and Procedures in the Appraisal of PPP Projects.” This circular formalized the operations of the Project Evaluation Division (PED), which was mandated to process PPP projects submitted for approval. In the same year, PED had under its purview a total of 20 projects, six of which—with a total project cost of ₱310.05 billion—have already secured approval from the Investment Coordination Committee–Cabinet Committee (ICC-CC) and the National Economic and Development Authority (NEDA) Board (see infographic).

PFPEMS facilitated the Investment Coordination Committee (ICC) approvals of the C-5 Modern Bus Transit System (MBTS) Project, Makati–Pasay–Taguig Mass Transit System Loop (MTSL), and Motor Vehicle Inspection System (MVIS) projects. However, these projects have not been confirmed by the NEDA Board to date, pending compliance of the Department of Transportation and Communications (DOTC) to the ICC’s instruction to consider other alignments for the MTSL and the NEDA Board’s instruction to consider implementing the MVIS in phases. The C-5 MBTS Project, on the other hand, was withdrawn by the DOTC for NEDA Board confirmation due to the National Capital Region’s Regional Development Council–Infrastructure Committee’s instruction to pursue a full bus rapid transit project.

PFPEMS also facilitated the approval and resolution of the various concerns of eight previously approved PPP projects, as follows:

- Determination of reasonable rate of return for the Cabanatuan City Slaughterhouse Project and for the Tanauan Public Market Redevelopment Project
- Variations in the Tarlac–Pangasinan–La Union Expressway Project, Daang Hari–SLEX Link Road Project, NAIA Expressway Phase II Project, and the Regional Prison

APPROVED PROJECTS BY THE ICC-CC AND NEDA BOARD



PPP PROJECTS FOR NEDA BOARD APPROVAL



Facilities through PPP project.

- Notation on the construction of four lanes for future expansion to six lanes for the Laguna Lakeshore Expressway Dike Project
- Co-implementation for the New Centennial Water Source (Kaliwa Dam) Project by the Metropolitan Waterworks Sewerage System (MWSS) and the Department of Public Works and Highways (DPWH)

With its thrusts aligned with the Philippine Development Plan's strategy of accelerating infrastructure development, PFPEMS commits to continue delivering efficient and reliable service by upholding the PPP appraisal and approval process. As part of this commitment, it intends to strengthen the team by completing its staff complement and streamlining its internal processes.

PFPEMS will also continue to improve its coordination with the Technical Working Group members—the NEDA, Department of Finance (DOF), and Environmental Management Bureau (EMB).

COMPLETED PPP PROJECTS

The PPP Program was further accelerated during the year following the successful completion of three projects and the unprecedented award of four contracts in a year, increasing the total number of awarded PPPs to 12.

Three PPP (3) projects have reached completion and have started operations, namely the Muntinlupa-Cavite Expressway or the Daang Hari-SLEX Link Road Project, the PPP for School Infrastructure Project (PSIP)-Phase 1, and the Automatic Fare Collection System (AFCS).

Four other PPP contracts were also awarded in 2015 (see infographic on p.19). Other awarded projects have also reached significant contractual milestones this year.

In time with the influx of projects under the implementation stage, the PPP Center has pioneered the development of Policy Circular on PPP Monitoring Framework and Protocols (Policy Circular No. 07-2015). The circular, which was approved by the PPP Governing Board on August 25, 2015 (i) identifies

the roles and responsibilities of key parties involved in monitoring the implementation of PPP projects; and (ii) defines the protocols for generating, processing, and sharing of project information, lessons learned, and best practices during project implementation that may be used in planning, evaluating, and implementing future PPP projects.

MILESTONE INITIATIVES

Another milestone initiative by the PPP Center is the creation of the Economic Development Cluster (EDC) Subcommittee on PPP Projects Execution, which was approved by the EDC during its meeting on May 29, 2015. The subcommittee was created to serve as a formal high-level venue to discuss and address interagency issues that affect PPP projects. This is co-chaired by the Cabinet Secretary and the Socioeconomic Planning Secretary, with the PPP Center as the secretariat.

Other initiatives aimed to facilitate the implementation of PPP projects, include (i) the Proposed Guidelines for the Issuance of Multi-Year Obligational Authority (MYOA) Covering Budget Support for PPP Funded Projects, which is being developed in partnership with the Department of Budget and Management (DBM); (ii) the Proposed Rules on Trust Liability Accounts (TLA) for PPP Projects, which is being developed in partnership with the Permanent Committee; and (iii) the Implementing Guidelines for the Utilization of the Contingent Liabilities Fund under the General Appropriations Act, which is being developed with the CL-TWG composed of the (DOF), DBM, and the PPP Center as permanent members, with the Bureau of the Treasury as the secretariat.

CAPACITY BUILDING AND KNOWLEDGE MANAGEMENT SERVICE

ENHANCING LOCAL KNOWLEDGE ON PPPS

Building the capacity to implement PPP focused on enhancing the ability of local government units (LGUs) to structure and implement their own PPP projects.

Beyond the usual orientation and briefings, the PPP Center mobilized several innovations to supplement the process, including strengthening its partnerships with Local Capacity Building Institutions (LCBIs), providing direct technical assistance to LGUs, and collaborating with development partners that are focused on project development at the local level.

In 2015, the PPP Center, through the Capacity Building and Knowledge Management Service (CBKMS), trained a significant number of LGU officials and technical personnel under the standard program on PPPs. At the national level, national government agencies (NGAs) also received guidance on how to adopt PPPs in their program planning outlook.



PPP CAPACITY BUILDING IN FIGURES

53 LGUs

413 LGU OFFICIALS
AND PERSONNEL
TRAINED

21 NGAs

400 NGA OFFICIALS
AND STAFF
TRAINED

12 GOCCS
ORIENTED

6 WATER
DISTRICTS
TRAINED

16 REGIONAL
LINE AGENCIES
TRAINED

7 ACADEMIC
INSTITUTIONS
TRAINED

16 PRIVATE SECTOR
GROUPS ORIENTED

In line with its institutional strengthening program, the PPP Center conducted 10 knowledge sharing sessions that mostly presented PPPs from a macro-level perspective. Topics included best practices from the Australian PPP experience, an update on the PPP Act, and related policy circulars. The PPP Center also organized a special lecture on the recent developments in conducting economic analysis of PPP projects, delivered by Dr. Cayetano Paderanga, former Socio-Economic Planning Secretary and Director-General of the National Economic and Development Authority.

A Training of Trainers was conducted for the Ateneo de Naga University (ADNU)–Center for Local Governance to establish a local PPP training presence in the Bicol Region. The PPP Center also inked two Memorandum of Understanding (MOU)

with the Western Mindanao State University (WMSU) and the Development Academy of the Philippines (DAP). The PPP Center counts on seven academic institutions (University of the Philippines (UP)–School of Urban and Regional Planning, De La Salle University–Jesse M. Robredo Institute of Governance, Ateneo de Zamboanga University–Center for Local Governance, UP Los Baños–Center for Public Affairs and Development, ADNU, Western Mindanao State University, and DAP) as partners in advocating PPPs at the LGU level.

Direct technical guidance was also provided to LGUs with projects to be undertaken as PPPs, such as the ₱400-million Tanauan City Public Market Redevelopment Project and the ₱84-million Baggao Water Supply PPP Project.



KNOWLEDGE HUB AND REACHING A WIDER AUDIENCE

The year 2015 was truly busy for the PPP Center, necessitating major communication efforts to be pushed to keep stakeholders and partners updated with the latest PPP project information and activities. The PPP Center also continued to strengthen its ties with the public through strategic media releases, interviews, live social media coverage, press conferences, and knowledge products publications.

To pursue the vision of being a knowledge organization, the PPP Center also opened its Knowledge Hub—a specialized library catering primarily to the information needs of the PPP Center officials, employees, partners, and stakeholders. The Hub maintains a current and specialized collection of PPP resources ranging from PPP contracts, business cases, feasibility studies and guidelines on PPPs, which are readily available at the PPP Center’s new office.

SPOTLIGHT ON THE PHILIPPINE PPP PROGRAM

With the Philippine PPP program now being regarded as a center of excellence in the region, the PPP Center continues to accommodate various foreign delegations from other countries. In 2015, countries such as Viet Nam, People’s Republic of China (local government of Hebei Province), Bhutan, Afghanistan, Bangladesh, and the Lao People’s Democratic Republic conducted their study visits to plan out their respective PPP initiatives in their countries. CBKMS organized these international visits and project tours,

imparting the country’s PPP knowledge and practice, and showcasing the development of PPP Program in the country.

One of the major activities of the PPP Center for the year was the PPP Forum, which was staged in partnership with the International Project Finance Association (IPFA), together with Securities and Exchange Commission (SEC) and The Philippine Stock Exchange, Inc. (PSE) and sponsored by the Asian Development Bank (ADB).

The PPP Forum culminates a series of roundtable discussions and workshops where government was able to consult the private sector (including local and international banks, financing institutions, and investors) development partners, and foreign embassies on investment issues and constraints on financing PPP projects. Through the PPP Forum, the government explored policy proposals to reform the sector’s regulatory framework with the goal of eventually bolstering capital market funding for PPP projects.

The year 2015 also brought the spotlight to the Philippines with the Asia-Pacific Economic Cooperation (APEC) summit held in the country last November. PPP Center Executive Director Cosette V. Canilao championed the Philippine PPP Program in a series of dialogues in APEC fora. The PPP Center also advocated the creation of a PPP Knowledge Portal for the Asia-Pacific region to facilitate and fast track infrastructure investments.



LEGAL SERVICE

The Legal Service plays a vital part in ensuring the government's goal of having legally viable and well-framed public-private partnership (PPP) program and projects. In 2015, it provided legal support and collaborated with the different Services of the PPP Center in engaging the best technical advisors, developing the tender documents for vital projects that are ready for the market, and monitoring the implementation of awarded PPP projects.

LEGAL ADVICE AND GUIDANCE

In fulfilling its core role, the Legal Service provides research-backed comments and legal advice on PPP projects. In 2015, it prepared, reviewed, and submitted legal documents and recommendations on more than 25 live projects to its external stakeholders, both at the national and local levels. These include the tender documents of the multi-billion dollar Regional Airports Project, strategically located in five different regions of the country, which had been identified as one of the essential infrastructure projects to realize the Master Plan for the ASEAN Connectivity (MPAC); and the ₱24.4-billion Bulacan Bulk Water Supply Project, the first PPP water project to be awarded under the Aquino administration, among others.



The Legal Service also provided turnkey solutions to various project development and monitoring issues through quality review and advisory services for the PPP projects in the pipeline. Its partnership with the Monitoring Division is part of its broader part in engendering effective risk control management to more than 10 awarded PPP projects by (i) ensuring that contractual milestones and obligations are complied with, (ii) providing legal assistance in management issues, and (iii) resolving legal issues and holdups in the course of PPP project implementation. In coordination with the Capacity Building Division, the Legal Service methodically structured the ₱400-million Tanauan City Public Market Redevelopment Project—the first local government PPP project approved by the National Economic and Development Authority–Investment Coordination Committee (NEDA-ICC)—into manageable pieces.

ORGANIZATIONAL FUNCTION

As the PPP Center’s organizational structure grows more complex and the processes become more dynamic, the Legal Service consistently demonstrated the importance of legal function in the PPP Center’s

compliance with pertinent laws and issuances. Together with the Administrative Service, it managed and addressed the general procurement concerns of the PPP Center by reviewing referred contracts and correspondences.

The Legal Service also represented the PPP Center during the study visits of various foreign governments, such as the Islamic Republic of Afghanistan and the Royal Government of Cambodia, to learn about the Philippine PPP Program.

LEGAL REFORMS AND COLLABORATION

Cutting through the conventional approach, the Legal Service endeavoured to standardize PPP contracts and other tender documents. It is also actively involved in the PPP Contract Standardization Project, in collaboration with the University of the Philippines Law Center’s Institute for Government and Law Reform. Outputs from these initiatives will benefit future implementing agencies with no experience yet in PPP projects.



STRONGER ROLE IN SOLVING PPP LEGAL CHALLENGES

In advancing the interest of the PPP Center, the Legal Service also managed to integrate improvements to ensure that the PPP Center exercises a stronger role in solving the challenges of managing PPP projects. Through its function as the secretariat of the PPP Governing Board (PPPGB), it was able to provide the avenue for the approval of policies that enabled an institutional environment for PPPs to operate, and that set up the PPP's strategic direction. The year closed with seven approved policy circulars, which formalized the captured best practices, information, and regulations that will be useful in future project planning and management. These policies ensure that the PPP Center, as well as the projects that it facilitates, are not unnecessarily exposed to legal risks, while promoting successful projects and organizational outcomes.

The Legal Service staff also joined various seminars that provided updates and clarifications of pressing issues on public financial management, and other concerns in the government service that are relevant to PPP. For instance, the Legal Service sent a resource speaker for a seminar conducted by the Philippine Association for Government Budget Administration (PAGBA); and to training workshops held in Cebu City, Pampanga, and La Union. These seminars and workshops were conducted to capacitate officials and staff and local development planners on how to develop PPP projects. The resource speakers' expertise facilitated discussions on certain legal concerns and enabled the exchange of information and opinion regarding PPP projects and the Build-Operate-Transfer (BOT) Law.



For the year, the key objective was to resolutely support all the legal needs of the PPP Center on matters where scope is difficult to define, where management based on the agreed project terms is critical, and where there is a large number of laws involved.

In the following years, the Legal Service will promote the implementation of policies and strategies at the project level to better achieve results aligned with the long-term goals of the Philippine PPP Program. These shall be its consistent and coherent driving force—to sustain and improve overall efficiency as the PPP Center’s pipeline of projects continue its growth trajectory.



ADMINISTRATIVE SERVICE

NEW HOME FOR THE PPP CENTER

In February 2015, the agency transferred to its new home at One Cyberpod Centris, Quezon City. The Administrative Service (AdS) led the herculean task of relocating the PPP Center to its new location. The task of moving people, furniture, and equipment and then setting these up at the new place was challenging but it was successfully accomplished. The new location has not only provided comfort and added security but has also brought a sense of pride to all PPPC officials and employees.

At the new location, the AdS also headed the PPP Center's participation to the first Metro Manila Shake Drill in July. The General Services team, together with the Emergency Response Team (ERT), and the Human Resources Division (HRD) team, spearheaded the planning, coordination with responsible entities, and provision of orientation session to all employees during the drill.

Several briefings and courses, such as Disaster Preparedness and Management, Disaster Risk Reduction and Response, and Basic Occupational Safety and Health Appreciation Course were also held to prepare employees for any possible threats and impacts of all hazards, and to provide mechanisms on how to manage and improve workplace safety at the PPP Center.



EFFICIENT FINANCIAL MANAGEMENT

Among the major accomplishments of AdS is the effective management of its financial resources. For financial year (FY) 2015, the AdS posted a total of 99% accomplishment rate for its current and continuing allotments, including releases from Special Purpose Funds. Of the ₱33.690 million obligations incurred for Maintenance and Other Operating Expenses (MOOE), a total of ₱32.785 million, which is equivalent to 97% disbursement rate, were paid in accordance with budgeting and accounting guidelines and procedures. This shows that AdS has achieved 9% and 7% accomplishment rates higher than the targeted 90% for both obligation and disbursement Budget Utilization Rate (BUR), respectively.

The AdS has also oriented the staff on the Program Expenditure Classification (PREXC) after several discussions with the Department of Budget and Management (DBM) officials. This is one of the latest Public Financial Reforms of the Aquino administration to better link planning, budgeting, and budget execution. The PPP Center is now using this new classification.

INCREASE IN HUMAN CAPITAL AND PROCESS REVIEW AND UPDATES

The PPP Center, through AdS, achieved a remarkable hiring rate in 2015. Of the 115 plantilla positions, 110 were filled up as of December 31, 2015.

Aside from the different platforms used for posting job vacancies/announcements, the PPP Center adopted and entered into an agreement with Kalibrr. This cloud-based platform provides assistance to the Human Resources Division (HRD) in encouraging more applicants to apply in the agency's open positions.

The AdS also organized the Knowledge Sharing Sessions (KSS), which ran for a couple of months. This aimed to orient every member of AdS of the services that it offers, and to review and update its current processes and procedures. The final output came in the form of a revised Administrative Service Process Flows.

4

TRAININGS

- 5S Training
- Training for executive and administrative assistants
- "Lead and Manage: Doing the Right Things Right" Leadership Training
- Learning session on the use of the Harmonized Gender and Development Guidelines (HGDG) Tool

10

BRIEFINGS

Briefings on climate change, financial wellness, health, government services, and others

1

SEMINAR

Revised IRR of RA 9184: Latest updates and issuances

The AdS also facilitated the conduct of the Seminar on the “General Provisions and Amendments in the Implementing Rules and Regulations (IRR) of the Government Procurement Reform Act (RA 9184) in coordination with Government Procurement Policy Board-Technical Support Office (GPPB-TSO) and HRD. From this, it spearheaded the conduct of the first Suppliers’ Forum, in coordination with the Bids and Awards Committee—to update Service Providers with the latest issuances and updates on procurement.

Toward the last quarter of 2015, it also institutionalized the PPP Center’s program for “Senior citizens and persons with disabilities, and ages 35 and up,” and the Sports and Cultural Program.

PERFORMANCE MANAGEMENT

To ensure employees’ continuous education and refinement of the system per se, and to ensure better alignment of organizational and individual objectives, the AdS provided continuous reorientation of the Strategic Performance Management System (SPMS) during the 12-month period.

Aside from the conduct of Training Needs Assessment and the 2014 individual performance assessment, the HRD commenced the accomplishment of the Performance Development Plan (PDP) of individuals. The PDP serves as a tool for determining the employees’ actual/specific development needs to further enhance their performance, address shortfall in the delivery of output, and/or bridge their competency gaps. The results paved way for the Consolidated Individual Career Development Plan, which was then distributed to the different Services to serve as reference in planning or identifying their respective staff’s participation to the Workplace Learning and Performance Activities (WLPA).



COMPLIANCE TO RULES AND REGULATIONS

One of the significant accomplishments of the AdS for the year is the compliance with the Agency Procurement Compliance and Performance Indicators (APCPI) System, a new feature under the grant of Performance-Based Bonus (PBB). The PBB provided the standard procurement performance monitoring and evaluation tool for use by all procuring agencies, on a regular basis. The General Services Division personnel attended and participated in several capacity-building activities, and strict implementation and compliance to all the provisions of the newly introduced system was ensured.

The key to this level of accomplishment is the constant monitoring conducted by the service director, assisted by the division chiefs. While actual planning was done on the last quarter of 2014, during the entire year of 2015, the officials strategized the fast delivery of targets without let up.



COLLABORATION WITH DEVELOPMENT PARTNERS

1) Asian Development Bank (ADB) Capacity Development Technical Assistance (CDTA) 7796-PHI on Strengthening Public-Private Partnerships (PPPs) in the Philippines, co-financed by the Governments of Australia and Canada

Phase 1 of CDTA:

1. **PDMF COMPONENT** – Transactions Advisory services for development, preparation and bidding of PPP projects.

2. CAPACITY BUILDING COMPONENT

- a. Strengthened PPP Enabling Framework
 - i. Development of PPP Manual for National Government Agencies and LGUs
 - ii. Support for the legislation of the PPP Act
 - iii. Preparation of PPP Sector Guidelines
 - iv. Development and issuance of policy papers on selected topics related to PPPs
 - v. New appraisal and approval process for PPP projects
 - vi. Framework for harmonization of ROWA, EPIRA, Water Industry, TRB and RA 9184 with the BOT Law
- b. Strengthened Capacity of the PPP Center
 - i. National and International Consultants to build capacity of the PPP Center
 - ii. Development of the PPP Knowledge Portal and its web-based IT knowledge management systems
 - iii. Conduct of external training, seminars and conferences for development of PPP Center staff
- c. Institutionalization of PPP Best Practices
 - i. Training of Trainers for the oversight agencies, Implementing agencies and LGUs
 - ii. Training of Government Lawyers in drafting and negotiating PPP project agreements
 - iii. PPP Center Institutional Strengthening through Knowledge Sharing Sessions (KSS) and Learning Series (LS)
 - iv. Twinning Partnership with Infrastructure New South Wales (INSW)
 - v. LGU PPP Strategic Assistance

d. Established Long-term Financing and Risk Guarantee Mechanisms

- i. Guidelines on risk identification and allocation, funding and management of contingent liabilities for PPPs
- ii. Development of long-term financial instruments for PPPs
- iii. Framework for risk management in PPPs

Phase 2 of CDTA (in process):

1. PDMF for Independent Consultants (IC) and Probity Advisory Services
2. LGU project preparation assistance
3. Support to the Securities and Exchange Commission (SEC) for PPP capital market instruments;
4. Support to the Commission of Audit (COA) for new audit guidelines for PPPs

2) Japan International Cooperation Agency (JICA)- Capacity Building on PPP Project Formulation

Collaborated with JICA to develop DOH, DPWH, DOTC AND ILOILO CITY GOVERNMENT'S
1) Capacity Assessment Report, which identifies each agency's competency gaps in implementing PPP projects, and their subsequent 2) Capacity Development Plan, which proposes specific initiatives responding to these gaps.

3) World Bank (WB)-Water and Sanitation Program (WSP)

Launch of Knowledge Product Toolkit for Water and Sanitation PPPs for LGUs and WDs that will help standardize project development process.

Institutionalization of a National Government Technical Working Group for Local and sanitation PPP Projects (LWUA, NWRB, PAWD, DILG and PPPC).

4) American Bar Association Rule of Law Initiative (ABAROLI) on EO 78 IRR

Capacity Development includes:

Training of Trainers on Alternative Dispute Resolution for the Office for Alternative Dispute Resolution and the PPPC

2016 OUTLOOK

STAYING THE COURSE

As the current administration draws to a close, 2016 will serve as the litmus test of the success of the Philippine Public-Private Partnership (PPP) Program. This is the year when our collective resolve will be ultimately tested; and every crafted policy, every signed contract, and every brick, board, and nail will be scrutinized.

Secure in the fact that we have built the appropriate groundwork and cultivated the right conditions for success, it is thus with great confidence that we look forward to 2016 as we report on the fulfillment of our social contract with the Filipino people. Due to untiring efforts to improve the PPP process and the legal framework in which it operates, we believe we are on track to achieving our promise of a robust pipeline of PPP projects in 2016—15 PPP contracts signed, with five projects completed and operational.

We recognize that much more work still need to be done to establish a sustainable national PPP regime. While the PPP Center and other PPP stakeholders have been doing transparent and meticulous work through the last five years to ensure that all PPP projects and contracts are within the bounds of the law and thus will be continued beyond the current administration, it is imperative that all the lessons we have learned and the best practices we have developed be formalized in a key piece of legislation. This coming year, we remain relentless in our pursuit of the passage of the PPP Act, or the amendments to the Build-Operate-Transfer (BOT) Law.

In 2016, we also continue to push for improvements in the PPP enabling framework by formulating policy circulars to address weaknesses under the current legal framework. Among other reform areas, the PPP Center is crafting policies on Material Adverse Government Action (MAGA), Determination of PPP Project Cost,

Conduct of Public Consultation in PPP Projects, Managing Affected Employees in PPP Projects, and Value for Money (VfM).

In recognition of the evolving needs of the PPP projects as the Philippine PPP Program continues to mature, the PPP Center aims to expand the current coverage of the Project Development and Monitoring Facility (PDMF) to include probity advisors and independent consultants. As the PDMF is slowly being replicated by other countries, we intend to keep a steady flow of funds to keep the facility sustainable. We also target to update the PDMF Panel of Consulting Firms to further enhance the expertise available to PDMF-funded projects.

As the PPP pipeline grows and individual PPP projects increase in both size and scope, private companies engaged in PPP are finding it more difficult to raise the needed funds for these projects as domestic banks are unable to address them all. Thus, the PPP Center is working closely with the Securities and Exchange Commission, Philippine Stocks Exchange, the Bureau of the Treasury, and other institutional partners to explore the possibility of tapping the capital markets to provide long-term financing to support infrastructure projects, particularly PPPs.

We remain committed in our efforts to capacitate and empower national and local implementing agencies to undertake PPP projects on their own. In 2016, we will be officially launching our e-Learning Series on PPPs. Through a series of self-paced online modules, interested individuals from local and national implementing agencies, private sector organizations, and the general public can take a series of courses geared toward understanding the different aspects of PPP.

The year 2016 marks the start of laying the necessary foundation to establish a PPP Knowledge Hub within the PPP Center. The Knowledge Hub is envisioned to, among others, highlight the role of the PPP Center, and establish relationships and linkages with other research groups such as the Philippine Institute for Development Studies (PIDS) and the academe, and other PPP institutions such as the Asian Development Institute (ADB) Institute and the Public-Private Infrastructure Facility (PPIAF).

We also aim to build on the significant milestones we have achieved last year in the water sector. With assistance from development partners, we will review existing policy and legal instruments governing PPPs in the water sector in order to improve its legal and regulatory environment through the formulation of a local “PPP Code” for water districts and local government units (LGUs). The Water and Sanitation Technical Working Group, which was established in 2015, intends to convene regularly to harmonize and facilitate these sectoral interventions.

To address the growing number of PPP projects entering the implementation phase, the PPP Center will also intensify its capacity building and institutional strengthening support to major PPP implementing units, with special focus on implementation and contract management. The

assistance will include support in preparing organizational reviews and capacity development interventions that are geared to establish and strengthen PPP implementation units in various key national line agencies.

We are firm on staying the course and continuing our work on improving post-award processes and ensuring that the government delivers its obligations under the PPP contracts. We also believe that we will continue to reap the benefits of improved infrastructure and increasing economic growth in the foreseeable future.

We may have lacked the time to do everything we ought to do in the relatively limited time afforded to us, however, we have managed to assemble the building blocks necessary to create a PPP program that can withstand intense scrutiny from various stakeholders. We are confident that the initiatives undertaken, as well as ongoing efforts—reinforced by strong private sector confidence and support from development agencies—will surely sustain the program.



2015 MANAGEMENT COMMITTEE



ATTY. SHERRY ANN N. AUSTRIA
Deputy Executive Director

USEC. COSETTE V. CANILAO
Executive Director

ELEAZAR E. RICOTE
Deputy Executive Director

LELINA A. QUILATES
Director IV, Administrative Service

RINA P. ALZATE
Director IV, PDMFS

FEROISA FRANCISCA T. CONCORDIA
Director IV, CBKMS

VICTOR MARTIN L. LORENZO
Director IV, PFPEMS

ATTY. ANNA VICTORIA M. LU
Officer-in-Charge, Legal Service



DICK J. BORBE
Director III, PDMFS

JUAN ALBERTO B. MERCADO
Director III, PDS

ATTY. JOANNA V. GERONIMO-ANZURES
Director III, PFPEMS

ATTY. CHRISTINE V. ANTONIO
Director IV, PDS



FINANCIAL HIGHLIGHTS

PUBLIC-PRIVATE PARTNERSHIP CENTER OF THE PHILIPPINES
STATEMENT OF FINANCIAL POSITION (ALL FUNDS)
AS OF DECEMBER 31
IN PESOS

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	900,241,298.70	263,934,584.73
Receivables	1,090,544,296.83	682,830,923.26
Inventories	3,683,700.40	270,509.09
Other Current Assets	9,932,385.10	13,946,882.43
TOTAL CURRENT ASSETS	<u>2,004,401,681.03</u>	<u>960,982,899.51</u>
NON-CURRENT ASSETS		
Property, Plant and Equipment	41,574,275.04	64,014,415.83
Intangible Assets	8,136,554.07	
Other Non-Current Assets	-	740,366.99
TOTAL NON - CURRENT ASSETS	<u>49,710,829.11</u>	<u>64,754,782.82</u>
TOTAL ASSETS	<u><u>2,054,112,510.14</u></u>	<u><u>1,025,737,682.33</u></u>
LIABILITIES		
Current Liabilities		
Financial Liabilities	3,890,921.03	22,185,690.01
Inter-Agency Payables	121,099,924.12	134,395,184.05
Trust Liabilities	-	1,630,282.41
Other Payables	46,624,262.53	
TOTAL CURRENT LIABILITIES	<u>171,615,107.68</u>	<u>158,211,156.47</u>
NON-CURRENT LIABILITIES	-	
TOTAL NON - CURRENT LIABILITIES	0.00	0.00
TOTAL LIABILITIES	<u><u>171,615,107.68</u></u>	<u><u>158,211,156.47</u></u>
NET ASSETS / EQUITY		
Accumulated Surplus (Deficit)	1,882,497,402.46	867,526,525.86
TOTAL NET ASSETS / EQUITY	<u>1,882,497,402.46</u>	<u>867,526,525.86</u>
TOTAL LIABILITIES AND NET ASSETS / EQUITY	<u><u>2,054,112,510.14</u></u>	<u><u>1,025,737,682.33</u></u>

Certified Correct:



CATALINA R. CARAAN
Chief Administrative Officer
Finance Division

**PUBLIC-PRIVATE PARTNERSHIP CENTER OF THE PHILIPPINES
STATEMENT OF FINANCIAL PERFORMANCE (ALL FUNDS)
FOR THE YEAR ENDED DECEMBER 31
IN PESOS**

	<u>2015</u>	<u>2014</u>
REVENUE		
Service and Business Income	74,935,082.16	90,001,187.24
Shares, Grants and Donations	4,073,642.07	16,959,261.77
Total Revenue	<u>79,008,724.23</u>	<u>106,960,449.01</u>
Less: Current Operating Expenses		
Personnel Services	69,496,918.31	63,922,340.55
Maintenance & Other Operating Expenses	45,357,837.98	33,191,647.17
Financial Expenses	399,025.53	400,986.57
Non-Cash Expenses	11,232,329.36	2,665,404.92
Total Current Operating Expenses	<u>126,486,111.18</u>	<u>100,180,379.21</u>
Surplus (Deficit) from Current Operations	(47,477,386.95)	6,781,069.80
Net Financial Assistance / Subsidy	1,081,556,751.40	302,149,348.53
Gains	4,030,586.61	2,341,697.63
Losses	(3.19)	(17,486.13)
Surplus (Deficit) for the period	<u><u>1,038,109,947.87</u></u>	<u><u>311,253,629.83</u></u>

Certified Correct:


CATALINA R. CARAAN
Chief Administrative Officer
Finance Division

**PUBLIC-PRIVATE PARTNERSHIP CENTER OF THE PHILIPPINES
STATEMENT OF CHANGES IN NET ASSETS/EQUITY (ALL FUNDS)
FOR THE YEAR ENDED DECEMBER 31
IN PESOS**

	<u>2015</u>	<u>2014</u>
Balance at January 1	867,526,525.86	246,067,541.76
Changes in the recognition of Consultancy Services under PDMF Fund	(1,963,293.79)	318,504,964.88
Prior Period Adjustments / Unrecorded Income and Expenses	(4,660,678.97)	(8,299,610.61)
Restated balance	860,902,553.10	556,272,896.03
Changes in Net Assets/Equity for the Calendar Year		
Adjustment of net revenue recognized directly in net assets/equity	(16,515,098.51)	
Surplus for the period	1,038,109,947.87	311,253,629.83
Total recognized revenue and expense for the period	1,021,594,849.36	311,253,629.83
Balance at December 31	1,882,497,402.46	867,526,525.86

Certified Correct:


CATALINA R. CARAAN
Chief Administrative Officer
Finance Division

PUBLIC-PRIVATE PARTNERSHIP CENTER OF THE PHILIPPINES
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015
IN PESOS

<u>Expenses</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts on Comparable Basis</u>	<u>Difference: Final Budget and Actual Amount</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Services and Business Income	7,675,963.84	7,675,963.84	7,675,963.84	-
Assistance and Subsidy	851,050,567.00	851,050,567.00	851,050,567.00	-
Shares, Grants and Donations	109,240,659.87	109,240,659.87	109,240,659.87	-
Reimbursement of Project Costs	178,288,264.41	178,288,264.41	178,288,264.41	-
Gains	4,030,586.61	4,030,586.61	4,030,586.61	-
Others	1,730,668.12	1,730,668.12	1,730,668.12	-
Total Receipts	1,152,016,709.85	1,152,016,709.85	1,152,016,709.85	-
PAYMENTS				
Personnel Services	67,835,042.00	69,786,292.00	67,777,043.45	2,009,248.55
Maintenance and Other Operating Expenses	1,207,827,120.57	1,205,875,870.57	40,425,169.75	1,165,450,700.82
Capital Outlay		-		-
Financial Expenses	397,358.76	397,358.76	397,358.76	-
Other Disbursements				-
Remittance to National Treasury				-
Advances for Project Costs	504,444,368.53	504,444,368.53		-
Others				-
Total Payments	1,780,503,889.86	1,780,503,889.86	108,599,571.96	1,167,459,949.37
NET RECEIPTS/PAYMENTS	(628,487,180.01)	(628,487,180.01)	1,043,417,137.89	(1,167,459,949.37)

Certified Correct:


CATALINA R. CARAAN
Chief Administrative Officer
Finance Division

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(AS OF AUGUST 2016)

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