



What's Next for PPPs?

Special Integrity Forum

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PPP – What has been achieved?

- **Foundation laid for PPPs to gain momentum**
 - PPP Regulatory Framework
 - PPP Unit established
 - High Quality Transaction Advisers in Project Preparation, Procurement and Monitoring
 - Virtual Data Room for potential bidders
 - Capacity building activities of the PPP Center
 - Promoting the development of capital markets
- **125 PPP projects up to the end of the last administration**

Philippines' Scores in the "World Bank Benchmarking PPP Procurement 2017"

PHILIPPINES		GNI PER CAPITA (IN USD) \$3,540	
96	Preparation of PPP's		
	Central Budgetary Authority's approval	Yes	Both before tendering and contract signature
	PPP's prioritization consistent with public investment prioritization	Yes	Detailed procedure established
	Economic analysis assessment	Yes	Specific methodology developed
	Fiscal affordability assessment	Yes	Specific methodology developed
	Risk identification	Yes	Specific methodology developed
	Financial viability assessment	Yes	Specific methodology developed
	PPP vs. Public Procurement comparative assessment	Yes	Specific methodology developed
	Market assessment	Yes	Specific methodology developed
	Detailed PPP contract included in the request for proposals	Yes	
	Standardized PPP model contracts and/or transaction documents	Yes	
85	Procurement of PPP's		
	Evaluation committee members required to meet specific qualifications	Yes	Detailed membership and/or qualifications regulated
	Public procurement notice of the PPP issued by procuring authority	Yes	Available online
	Minimum period of time to submit the bids (>=90 days)	Yes	90 calendar days
	Tender documents detail the stages of the procurement process	Yes	
	Clarification questions for procurement notice and/or the request for proposals	Yes	Answers are publicly disclosed
	Financial model submitted with proposal	Yes	
	Proposals strictly and solely evaluated in accordance with published evaluation criteria	Yes	
	Procedure when only one proposal is received	Yes	Detailed procedure established
	Publication of award notice	Yes	Available online
	Notification of the result of the PPP procurement process	Yes	Includes grounds for selection
	Regulation of negotiations with the selected bidder before contract signing	Yes	
	Publication of contract	No	
67	Unsolicited Proposals		
	Assessment to evaluate unsolicited proposals	Yes	Consistency with government priorities evaluated
	Competitive PPP procurement procedure for USP	Yes	
	Minimum period of time to submit the bids (>=90 days)	Yes	60 calendar days
84	PPP Contract Management		
	System to manage the implementation of the PPP contract	Yes	Contract management team; Consultation with PPP procurement experts
	Monitoring and evaluation system	Yes	The private partner provides periodic info; The procuring authority gathers info; risk mitigation mechanisms
	Regulation of a change in the structure (i.e. stakeholder composition) of the private partner	Yes	Limitation to change the structure of the private partner during an initial period of time; Same qualifications legally required for the replacing entity
	Regulation of modification/negotiation of the PPP contract (once the contract is signed)	Yes	Limitation to change the scope and/or object of the contract; Limitation to change in risk allocation; Limitation to change the investment plan or duration of the contract
	Regulation of circumstances that may occur during the life of the PPP contract	Yes	Force majeure; Material adverse government action; Change in the law
	Dispute resolution mechanisms	Yes	To be regulated by the contract
	Lenders step-in right	Yes	Expressly regulated
	Grounds for termination of a PPP contract	Yes	Consequences of termination expressly regulated

Preparation of PPP's

- Focused on government priority infrastructure development projects
- Assessment of economic and financial viability, fiscal impact, risks and risk allocation, value for money backed by market and stakeholder assessments

- Draft contract prepared

Procurement of PPP's

- Transparency and fairness of the process
- Evaluation criteria for bids

Unsolicited Proposals

- Not a listed government priority project
- Same rigorous assessments as for solicited
- Restricted to new technology
- Subject to 60 days swiss challenge

PPP Contract Management

- Project monitoring unit
- Independent consultant
- Performance reporting

Infrastructure Building – What's Next? What are the Challenges?

Point No. 4 of Duterte Administration's 0-10 Socio-Economic Agenda

“Accelerate infrastructure spending to account for 5% of GDP, with Public-Private Partnerships playing a key role.”



- Roads and Bridges
 - Sta. Monica-Lawton Ortigas-BGC Link Bridge
 - UP-Miriam-Ateneo Viaduct
 - Iloilo-Guimaras-Negros-Cebu Link Bridge
 - Davao City Bypass Road
 - NLEX-SLEX Connector Road
- Rail
 - Manila-Clark Railway
 - Mindanao Railway
- Bust Rapid Transit
 - EDSA
 - BGC – Airport
- Airport
 - Regional Airports
 - New Clark Airport Terminal Building
- RORO Ports
- Clark Green City

PPP – What's Next?

- Push projects to the next stages
 - Under Procurement
 - 6 Airports (Regional Airports)
 - 1 Marine transport (Sasa Port)
 - 2 Rail (LRT 2 O&M, LRT 6)
 - 1 Water (New Centennial)
 - 2 Others (Prisons, LTFRB IT)
 - Approved under Duterte
 - 1 Airport (NAIA), 1 Rail (PNR South), 1 Tourism (New Nayong Pilipino)
 - For Approval
 - 1 Energy (Batangas-Manila Natural Gas Pipeline)
 - 1 Tourism (DOT Offices)
 - 19 Projects Under Development

PPP – What's Next?

- Focus on “Maximizing Value for Money in PPP”
 - *The right project, procured in the right mode, with the right structure, by the right partner and the right government support*
 - *Ensuring value is not destroyed during the implementation phase*

PPP – What's Next?

- Further improvements in the regulatory framework
 1. Institutionalization of the PPP Center, PPP Governing Board and the Project Development and Monitoring Facility;
 3. Automatic granting of permits and exemption from real property tax to projects of national significance
 4. Trust fund to meet contingent liability obligations
 5. Restriction of the authority to issue temporary restraining orders to the Supreme Court;
 6. Increasing value for money in unsolicited proposals by giving more time for a Swiss challenge and providing an option to convert unsolicited proposals to a solicited project;
 7. Clearer procedures for handling of protests during procurement stage;
 8. Institutionalization of the alternative dispute resolution in PPP contracts as mandated by E.O. 78; and
 9. Prohibition of regulatory agencies from being a grantor or co-grantor of concession projects that they regulate.

PPP – What's Next?

- Improved planning (infrastructure projects driven by sound policies and integrated master plans)
- Streamlining and systematizing of processes
- Improved inter-agency collaboration
- Continued capacity building
- Improved contract management
- Attract more and new investors
- Diversify financing options