



Iloilo City Slaughterhouse Project

Project Brief

June 2021



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INFORMATION SUMMARY

Project	Iloilo City Slaughterhouse Project
Indicative Project Cost	PhP 139.35 Million
Implementing Agency	City of Iloilo
Project Description	<p>The Project involves the design, rehabilitation (including upgrade and/or mechanization), finance, operation and maintenance of the Iloilo City Slaughterhouse with no less than 500 animal heads production capacity and at least “Double A” NMIS accreditation¹.</p> <p>Potential revenue sources for the private sector proponent may include slaughterhouse fee, slaughter fee, permit to slaughter fee, corral fee, meat delivery/hauling fee, cold storage fee, meat cutting/processing fee.</p>
Project Objectives	The general objective of the Project is to maximize and increase the existing slaughterhouse capacity to meet the growing demand for meat products in Iloilo City and nearby areas. The production capacity is intended to be at 500 heads per day of slaughtered animals. Specifically, it aims to meet at least Double “A” NMIS accreditation level to ensure the provision of adequate, safe and quality meat products for users and consumers.
Procurement Mode	Solicited
PPP Structure	Joint Venture
Legal Framework	City Ordinance No. 2019-524 or the Integrated PPP Code of Iloilo City
Cooperation Period	25 years
Region	Western Visayas
Sector	Agriculture / Food Security
Status	On-going conduct of business case

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¹ The PSP also has the option to upgrade to “Triple A” NMIS accreditation. Specific details will be disclosed in the tender documents.

ILOILO CITY SLAUGHTERHOUSE PROJECT

Introduction

The Public-Private Partnership (PPP) Center of the Philippines is a government agency tasked with facilitating the implementation of the country's PPP programs and projects. It provides advisory services and technical assistance to various government agencies on the development and implementation of PPP projects.

Iloilo City (the "City") is governed by the Local Government Code of 1991 (Republic Act No. 7160), which provides in its Implementing Rules and Regulations, Article 66, that local government units may enter into joint venture agreements and other cooperative arrangements with the private sector to engage in the delivery of certain basic services, capacity building, and livelihood projects, develop local enterprises to improve productivity and income, spur industrialization, promote ecological balance, and enhance the economic and social well-being of the people.

On August 14, 2019, the City signed a Memorandum of Agreement (MOA) with the PPP Center to collaborate in developing, procuring, and implementing the City's PPP projects. As a result, the City and the PPP Center agreed to conduct the Business Case for the Iloilo City Terminal Public Market Project, through Technical Assistance Agreement dated August 14, 2019.

The Project's Implementing Agency

The City of Iloilo has the mandate to operate slaughterhouses as part of their functions and responsibilities to provide basic services and facilities to the public. This is clearly stipulated in Republic Act No. 7160, otherwise known as the "Local Government Code of 1991" or the "LGC". Moreover, under Section 22 of the LGC, the City has the mandate to enter into contracts for the purpose of operating a slaughterhouse project.

The City also has the power and authority to regulate the construction, management, and operation of slaughterhouses within their respective territorial jurisdiction. This is recognized in Sections 10 and 11 of the Republic Act No. 9296, otherwise known as "Meat Inspection Code of the Philippines" or the "MICP".

Project Background and Rationale

Iloilo City is considered as one of the fast-growing cities in the country and regarded as prime center of economy of the Western Visayas region. The City is highly urbanized comprised of 180 barangays, with a total land area of 7,834 hectares. Being the center of education and trade in the region, the City has the highest population with an estimated population of 447,992 as of 2015, which is equivalent to about 19% of the entire population of the Iloilo Province. Since the year 2000, the annual average population growth rate in the City is about 1.48 percent. Meanwhile, the day-time population of the City increases for about 800,000 because of the influx of people going in and out of Iloilo City for school, work, or trade.

With this high level of economic activity in the City high level of consumption follows especially on food. Based on the data from the Philippine Statistics Authority (PSA) the average annual per capita consumption of meat² (pork, beef, and carabeef) in the City is about 21.5 kilos, this translates to about 28,221 kilos per day of meat consumption.

Project Overview

The Iloilo City Slaughterhouse is currently owned and operated by the City of Iloilo. It is located in Tacas, Jaro, Iloilo City, which is about 12.2 km away from the Iloilo City Hall and the Central Market. The slaughterhouse sits on a 2.3-hectare property owned by the City, only 0.71 hectares of which is occupied by the existing slaughterhouse and more than one hectare is still available for development and expansion.

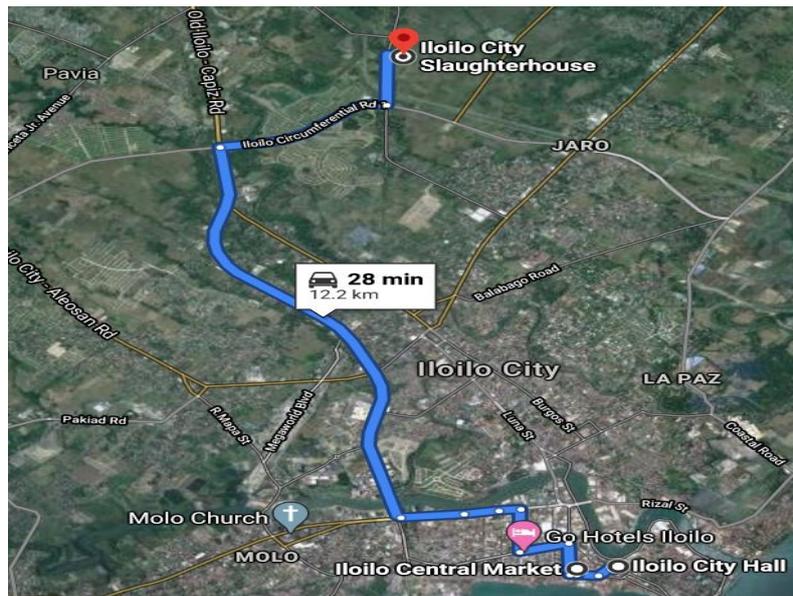


Figure 1. Proximity of the Slaughterhouse from the City Center³

The Iloilo City Slaughterhouse was constructed in 2008, designed with a total production capacity of 500 heads per day and has been catering to various types of animals such as hogs, cattle, carabaos, and goats. However, due to unserviceable equipment and machineries, the slaughterhouse resorted to manual operations, which reduced the production capacity of the facility to about 200-300 heads per day. While the slaughterhouse earns a reasonable income, it has neither maximized its potential nor served the needs of the growing population and commercial establishments, due to shift to manual operations.

On September 16, 2009, the Sangguniang Panlungsod enacted Regulation Ordinance No. 2009-316 entitled “An Ordinance to be known as the Iloilo City Market and Slaughterhouse Code of 2009 and Creating the Local Economic Enterprise Office, Designating Personnel Thereof and for Other Purposes” (the “ICMSC”). The ICMSC provides the basis on how the slaughterhouse shall be managed and operated, as an economic enterprise owned and managed by the City as well as the amount of fees and charges allowed to be collected.

Currently, the slaughterhouse facility is ungraded and does not meet the established classification standard of the National Meat Inspection Service (NMIS). While the facility

² <https://psa.gov.ph/sites/default/files/2015-2016%20CSAC%20Vol2.pdf>

³ Source: Google Maps

structure shows integrity, there is an urgent need to repair, rehabilitate and upgrade its aesthetics, functionality, and other significant components.

There are no NMIS-accredited slaughterhouse facility, privately or publicly run, within the City. The nearest NMIS accredited facilities are located outside the City – two (2) in Negros Occidental, one (1) in Bacolod City and one (1) Aklan.⁴

Project Objectives

The general objective of the Project is to maximize and increase the existing slaughterhouse capacity to meet the growing demand for meat products in Iloilo City and nearby areas. The production capacity is intended to be at 500 heads per day of slaughtered animals. Specifically, it aims to meet at least Double “A” NMIS accreditation level to ensure the provision of adequate, safe and quality meat products for users and consumers.

Achieving this objective will enable the provision of better services to the public. This will also ensure that the public is not exposed to meat-related diseases and outbreaks due to unsanitary and unstandardized slaughterhouse facility. The facility shall operate within the existing laws, regulations and policies pertaining to meat sanitation and safety standards and requirements. Moreover, the Project will address and mitigate the facility’s negative impact to the environment through the implementation of relevant safeguards. The COVID-19 pandemic also underscored the importance of the Project, promoting proper health and sanitation and ensuring food security.

Private Sector Involvement

The private sector partner (PSP) is expected to design, finance, rehabilitate and upgrade, operate and maintain (O&M) the Project for an initial proposed concession period of 25 years, which will be further validated in the finalization of the business case. Moreover, the PSP is also expected to construct, operate and maintain a temporary slaughterhouse facility to ensure continuous operations during the rehabilitation and expansion works for the Project. Key facilities, as listed in the Project Scope, shall be delivered and incorporated in the Project by the PSP. Further site investigations, testing and due diligence are also expected from the PSP.

Possible incentives or support that the local government may provide shall be determined by the final business case.

Further, the PSP shall comply with minimum performance standards and specifications (MPSS) and key performance indicators (KPIs) to be set by the City, and all the relevant rules and regulations pertaining to construction and O&M of a Double A slaughterhouse. Meanwhile, repayment to the PSP will come from user fees, as initially determined in the business case.

The rehabilitation (including upgrade and/or mechanization) of the existing slaughterhouse has an estimated total cost of about PhP 139.35 million. This includes components such as new construction with related rehabilitation, existing facilities’ rehabilitation and site development with rehabilitation of utilities.

⁴ https://nmis.gov.ph/images/pdf/accredited_list/asoffeb2021/SLH.pdf

Public Sector Involvement

The City shall (i) provide the land where the Project will be located, (ii) share in the revenues with the Private Sector, and (iii) retain its regulatory function cover over the facility, which would cover (a) monitoring of compliance with the MPSS, and (b) impose level of fees in accordance with the Regulation ordinance No. 2009-316 or the Iloilo City Market and Slaughterhouse Code of 2009, or as may be updated or amended.

Project Status and Timeline

The Project is currently subject to the conduct of a business case. Bidding for the Project is expected to commence in July 2021 until November 2021, while the target award is in December 2021.