



Republic of the Philippines
City of Iloilo



ILOILO CITY SLAUGHTERHOUSE PROJECT

Project Information Memorandum

September 2021

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INFORMATION SUMMARY

Project Name	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 with no less than 500 animal heads production capacity per day and at least “Double A” National Meat Inspection Service (NMIS) accreditation of the Iloilo City Slaughterhouse.¹</p> <p>Potential revenue sources for the private sector participant may include slaughterhouse fee, slaughter fee, corral fee, meat delivery/hauling fee, cold storage fee, and meat cutting/processing fee.</p>
Project Objectives	The general objective of the Project is to be the first Double “A” NMIS accredited facility in the Province of Iloilo, with an initial capacity of 500 heads/day to meet the growing demand for meat products in Iloilo City and nearby areas. The Double “A” NMIS accreditation level will 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 and its IRR ²
Cooperation Period	25 years
Region	Western Visayas
Sector	Agriculture / Food Security

CONTACT PERSONS

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¹ The Project scope also includes future expansion such as, but is not limited to, increase in capacity and upgrade of NMIS accreditation, as applicable, subject to approval by the Iloilo City.

² The ordinances can be accessed through this link:

https://drive.google.com/drive/folders/1HxodxyCEN3s4ePppJfNF5eJg8_uvhdDrY?usp=sharing

1. 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".

2. 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 meat³ (pork, beef, and carabeef) in the City is about 21.5 kilos, this translates to about 28,221 kilos per day of meat consumption.

3. 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.

³ <https://psa.gov.ph/sites/default/files/2015-2016%20CSAC%20Vol2.pdf>

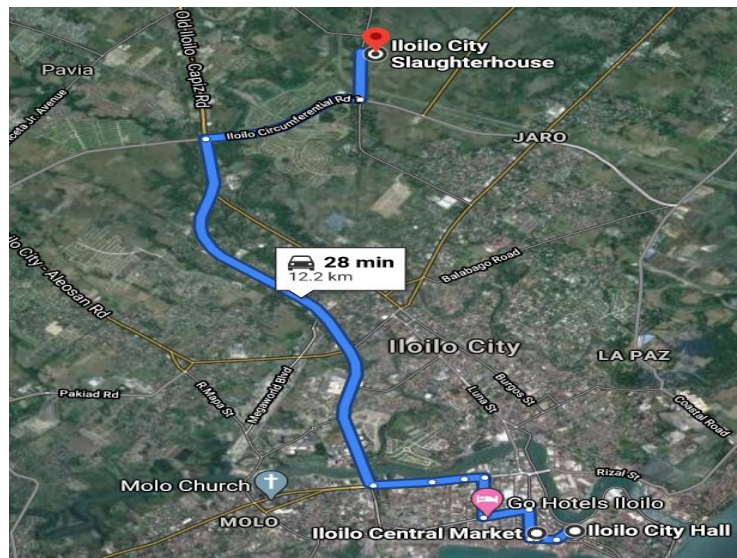


Figure 1. Proximity of the Slaughterhouse from the City Center⁴

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 40% - 60% of the original design capacity or only 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. Further, the revenues generated go to the general fund of the Local Economic Enterprise Office (LEEO). Thus, the budget for the slaughterhouse's development and maintenance is limited given that its revenues are co-mingled with other projects requiring immediate funding⁵.

Although still operational, the existing slaughterhouse is just registered in the City as a Locally Registered Meat Establishment (LRME). It is the only LRME in the City. However, it is still unaccredited and does not meet the classification standard of the NMIS. This is due to the facility's worn-out aesthetics, defective or unserviceable equipment and machineries, and lack of other necessary facility components. The nearest NMIS accredited facilities are located outside the City – two (2) in Negros Occidental, one (1) in Bacolod City and one (1) Aklan.⁶

The slaughterhouse has an existing Environmental Compliance Certificate (ECC) issued in 2005. However, this needs to be updated given that the scope of the Project.

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 for the use of the facility. As part of the Project, the City will undertake to make necessary amendments and updates to the Iloilo City Market and Slaughterhouse Code of 2009.

⁴ Source: Google Maps

⁵ However, as per the Manual on Setting Up and Operating Local Economic Enterprises (LEEs), issued by DBM in 2020, an LEE, such as the Slaughterhouse, shall have its own budget which is distinct and separate from the General Fund Budget. Thus, the budget for the Slaughterhouse shall no longer be co-mingled with the other projects of the City.

⁶ https://nmis.gov.ph/images/pdf/accredited_list/asoffeb2021/SLH.pdf

4. Project Information

Market Analysis

The result of the market demand assessment conducted in the Project's Business Case shows that the Project's safe production capacity is at a minimum of 500 heads per day. It is therefore recommended to design the existing slaughterhouse up to this initial capacity. Table 1 below shows the projected demand (per animal head per day) of the City of Iloilo and the Iloilo Province for the next 25 years.

Table 1. Iloilo City and Province Gross Demand Projections (animal heads per day)

Geography	Animal Type	2020	2023	2027	2032	2037	2042	2047
Iloilo City	Swine	491	513	545	586	631	680	732
	Cattle	83	87	92	99	107	115	124
	Carabao	2	2	2	2	3	3	3
	Total	576	602	639	688	741	798	859
Iloilo Province	Swine	1,880	1,965	2,085	2,245	2,417	2,603	2,803
	Cattle	236	247	262	282	303	327	352
	Carabao	12	13	13	14	15	17	18
	Total	2,128	2,225	2,360	2,541	2,736	2,946	3,172

It is also evident that the Province provides a great opportunity for more demand for the Project to cater. However, since the City lacks jurisdiction over other areas within the Province capturing demand from these areas cannot be guaranteed.

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.

The Project and Its Components

The City intends to upgrade the existing slaughterhouse facility to attain an increased capacity of no less than 500 heads per day. It also requires the upgraded facility to meet at least "Double A" NMIS accreditation. In addition, the complete facility shall meet all applicable Codes, Good Manufacturing Processes (GMP), pertinent Laws and other requirements as defined in the Minimum Performance Standards and Specifications (MPSS) and the Key Performance Indicators (KPIs).

The Bidder PSP would be required to assess the condition of the existing facilities in relation to the proposed upgrade of capacity and NMIS accreditation and the other requirements as discussed above.

The Project involves the design, rehabilitation (including upgrade and/or mechanization), finance, operation and maintenance of the Iloilo City Slaughterhouse. Specifically, the Project includes, but is not limited to providing comprehensive architectural/engineering design services, construction and construction management services, provision of all furnishings/fixtures/equipment as needed for the upgrade and necessary human resources to properly undertake the proper and extended operations and management of the completed facility. In addition, the Project scope also includes future expansion such as, but is not limited to, increase in capacity (i.e. number of heads per day) and upgrade of NMIS accreditation, as applicable, subject to approval by the Iloilo City.

Project Cost

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

Expected JV Contract Terms

The Project will be implemented pursuant to Regulation Ordinance No. 2019-024, entitled PUBLIC-PRIVATE PARTNERSHIP (PPP) OF ILOILO CITY, ADOPTING A CONTRACT MANAGEMENT FRAMEWORK AND PROVIDING APPROPRIATIONS AND FOR OTHER PURPOSES, "INTEGRATED PUBLIC-PRIVATE PARTNERSHIP (PPP) CODE OF ILOILO CITY" ("PPP Ordinance") and its IRR.

The JV Agreement will have a term of 25 years (excluding rehabilitation period) and will define the terms, rights, obligations, and responsibilities of the City and the winning PSP. Table 2 below provides the roles and contribution to the Project of the winning PSP and the City.

Table 2. Roles and Contributions of the Private Sector and Iloilo City

Roles and Contribution of the Private Sector	Roles and Contributions of the Iloilo City
<ul style="list-style-type: none"> • Obtain equity and debt financing • Conduct due diligence and prior site inspections or testing (e.g. water requirement analysis, geotechnical test, etc.) • Prepare the Environmental Impact Assessment (EIA) study or other relevant environmental reportorial requirements, including the cost • Prepare the Detailed Architectural and Engineering Design (DAED) of the Project • Rehabilitate (including upgrade and/or mechanize) the slaughterhouse facilities and equipment or new construction of the facility 	<ul style="list-style-type: none"> • Deliver possession over the land or other existing project assets • Provide assistance in the updating of the ECC for the Project • Assist the private sector in the conduct of EIA study and coordinate with DENR-EMB • Secure water supply source and connections • Monitor and evaluate compliance with the MPSS and KPIs • Approve/impose level of fees in accordance with the Regulation Ordinance No.2009-326 or the Iloilo City Market and Slaughterhouse Code of 2009⁷

⁷ https://drive.google.com/file/d/1yfhcviA11ksLp_pDV1S4FUCLpFzY9J0u/view?usp=sharing

Roles and Contribution of the Private Sector	Roles and Contributions of the Iloilo City
<ul style="list-style-type: none"> • Construct a temporary facility for operations while rehabilitation works are underway • Provide all machineries, equipment, and utilities for the Project • Restore works of existing concrete pavements and drainage system • Operate and maintain the Project • Hire Slaughterhouse-in-Charge • Collect Service Fees • Comply with the MPSS and KPIs • Comply with operations safety and health provisions, rules, programs, and ensure adoption of efficient and environmentally safe and sustainable technology for operations and waste disposal and management • Provide manpower; priority in hiring qualified local residents for the construction and operation of the Project • Mainstream safeguards considerations in the DAED, construction, and O&M of the Project • Secure the needed permits from the City government of Iloilo and other government authorities • Secure at least Double “A” accreditation with NMIS • Pay water and electricity bills; integrate conservation measures in the building design and O&M • Prepare and submit periodic Self-Monitoring Reports to EMB-DENR Region 6 based on the current guidelines • Mainstream considerations in the project implementation • Institute proper protocols for archeological chance finds during building construction • Provide opportunities for integration of Persons with Disability (PWDs) into the mainstream society, as applicable • Provide benefits as mandated under the PWD and Senior Citizens Laws • Prepare and implement disaster risk reduction, management and emergency response • Plant trees as odor and noise buffer for the adjacent communities • If needed, shoulder the cost of amending the ECC and other related studies need for securing the ECC. 	<ul style="list-style-type: none"> • Designate the City’s monitoring team to closely work and monitor the Slaughterhouse-in-Charge hired by the JV partner for the Project’s O&M • Perform ante- and post-mortem inspection • Impose strict implementation of regulation against unregistered meat establishments • Regularly and timely remit twenty-five percent (25%) share of the national government in the Ante-Mortem and Post-Mortem Fees.

5. Salient Eligibility Requirements

a. Legal Requirements

Bidder PSP must be duly registered with the Securities and Exchange Commission (SEC) and be at least sixty percent (60%) Filipino-owned. If a Consortium, the ownership interest of Filipino Consortium Members in the Consortium must be at least sixty percent (60%). Further the Bidder PSP shall have no Derogatory Record for the past 5 years.

b. Technical Requirements

Design and Engineering Experience:

- The PSP must have successfully undertaken, within the last ten (10) years, the detailed design and engineering of a minimum of two (2) Projects pertaining to slaughterhouse, abattoir, meat processing, or similar projects, with at least Double “A” accreditation with NMIS.

Construction Experience:

- The Bidder PSP must have experience in having successfully undertaken, within the last ten (10) years, the construction, testing, and commissioning of a commercially viable slaughterhouse, abattoir, meat processing, or similar projects with at least Double “A” accreditation with NMIS.
- The entity proposed to meet the Construction Experience must possess a valid license issued by the Philippine Contractors Accreditation Board (PCAB) for Medium A (General Engineering) Classification/License Category B.

Operations and Maintenance Experience:

- The Bidder PSP must also demonstrate that they have sufficient experience in the operations and management of slaughterhouse, abattoir, meat processing, or similar projects, with at least Double “A” accreditation with NMIS. The period of management and operation must be at least five (5) years.

c. Financial Requirements

Bidder PSP must have:

- net worth [or market capitalization] of at least 20% of the BPSP estimated project cost or its equivalent as of its latest audited financial statements, which must be for a financial year ending not earlier than 2019, or a set-aside deposit equivalent to the same amount; and
- demonstrated that a domestic universal/commercial bank or an international bank with a subsidiary branch in the Philippines, or any international bank recognized by the Bangko Sentral ng Pilipinas attested that the PSP is one of its current clients and is in good financial standing.

Note:

The Tender Documents, consisting of (i) the Instructions to Bidder Private Sector Participants (the “IBPSP”) and (ii) Draft Joint Venture Agreement (the “JVA”) and its Annexes will be available at the address above or online through the Virtual Data Room: [Link to be provided], upon payment of a non-refundable fee in the amount of FIFTY THOUSAND PESOS (Php 50,000.00).