Investors' Conference

Bislig City Bulk Water Supply and Septage Management Project
29 November 2023

pwc

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Agenda

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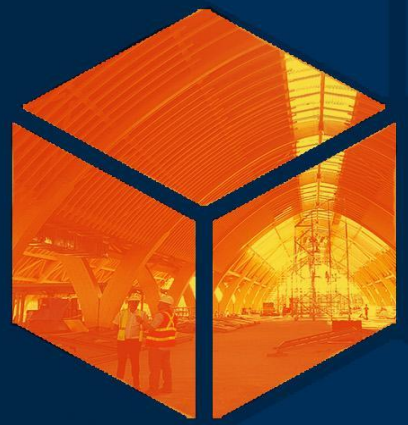
The Philippine PPP Program and PPP Center



Public-Private Partnership Center

AMBISYON NATIN 2040

Overview of the Philippine PPP Program

AARON GABRIELLE M. TANYAG
Project Development Service
PPP Center of the Philippines

November 29, 2023

PPPs and the Philippine Infrastructure Development Program

8-POINT SOCIOECONOMIC AGENDA

4

Job creation through infrastructure improvement, among others,

- Accelerate spending and increase investments in infrastructure
- Continue and expand, wherever possible, the existing government infrastructure program

FINANCING AND IMPLEMENTATION MECHANISMS

Government Financing
General appropriations, corporate funds

Government Borrowings
Domestic & foreign debt, official development assistance (ODA)

Private Sector Financing
Public-Private Partnership (PPP)

PPPs are catalysts to infrastructure development

PPP, as one of the infrastructure delivery mechanisms in the country, contribute to economic growth and resiliency.

7.2% end of 2022*

The **tight fiscal space** that will constrain public investments for the next few years provides a **rationale for favoring PPPs** in enhancing and upgrading infrastructure.

-**Philippine Development Plan (2023-2028)**

*based on World Bank predictions (https://www.reuters.com/world/asia-pacific/philippines-track-lose-growth-momentum-2023-world-bank-2022-12-06/)

PPP Center of the Philippines

PUBLIC-PRIVATE PARTNERSHIP CENTER

The PPP Center facilitates the implementation of the country's PPP Program. It serves as a central coordinating and monitoring agency for all PPP projects in the country.

Advocate for **POLICY** reforms to enhance enabling environment

Conduct **CAPACITY BUILDING** activities to improve skills of agencies

Policies and Guidelines

01 Review and formulation of legal framework (BOT Law and its Revised Implementing Rules and Regulations and Local PPP Codes)

Updates on the Proposed PPP Code

- On November 14, 2023, the enrolled bill of the "PPP Code of the Philippines" was submitted to the Office of the President for approval/signing.

02 PPP Governing Board's policies

03 Sector specific policies and guidelines

Status of the PPP Code in the 19th Congress

25 September 2023

Senate approved SB No. 2233 on third and final reading

Both the Senate and the House of Representatives ratified the Bicameral Conference Committee Report on the reconciliation of disagreeing provisions of House Bill No. 6527 and Senate Bill No. 2233

27 September 2023

14 November 2023

Enrolled bill submitted to the Office of the President for approval/signing

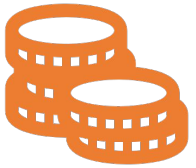
Issuance of the PPP Code Implementing Rules and Regulations

within 90 days from effectivity of the PPP Code

Passage of the proposed PPP Act

Reforms that address ambiguities in the existing law

Fold in joint ventures under a unified PPP legal framework



Provide a predictable tariff regulation regime that protects public interest

Reforms that address bottlenecks and challenges affecting the implementation of the PPP Program

Update approval thresholds for national PPP Projects, which may be updated by the ICC-NEDA

Delegate approval of local PPP projects to Sanggunians of LGUs or Boards of local universities and colleges

Institutionalize and strengthen the PPP Center, PPP Governing Board, and the Project Development and Monitoring Facility

Reforms that foster a more competitive and enabling environment for PPPs

Allow alternative sources of financing

Improve the framework for unsolicited proposals

Priority sectors to develop inclusive and sustainable infrastructure

Health

Education

Agriculture and food security

Water supply and sanitation

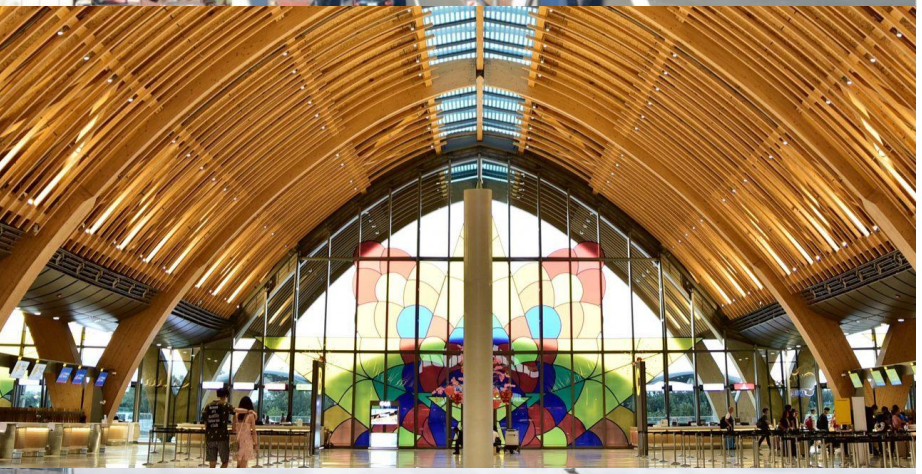
Tourism

Physical connectivity

Digital connectivity

Energy

PPP projects



as of November 3, 2023

181

AWARDED PROJECTS

PHP 2,661 Billion

	No.	PhP (bn)
National	121	2,062
Local	60	577

106

PROJECTS IN THE PIPELINE

PHP 2,523 Billion*

	No.	PhP (bn)
National	94	2,410
Local	12	111

**Total cost does not include projects undergoing studies and with costs that are yet to be finalized*

PPP pipeline

as of November 3, 2023

National PPPs (94)

63	Transport & road (airport, road, rail, port, and terminal)
6	Health (hospital facilities and services)
11	Vertical infrastructure / property development
5	ICT systems
2	Water supply and sanitation
1	Tourism
3	Agriculture and food security
1	Energy
1	Solid waste management

Local PPPs (12)

2	Water supply and sanitation
3	Vertical infrastructure / government property development
4	Solid waste management
3	Transport & road (e.g. port, road, bus rapid transport [BRT], and terminal)

PPP Project Opportunities

Under Procurement

UP PGH Manila - Cancer Center
(Php 6.05 Billion)

The private partner will design, finance, construct, and commission a new standalone hospital building to be located within UP-PGH's Metro Manila campus with a dedicated 150-bed area for sponsored public patients and a clinically separate dedicated 150 bed area for self-paying private patients.

Ninoy Aquino International Airport (NAIA) PPP Project
(Php170.6 Billion)

The project involves the rehabilitation, operation, optimization and maintenance of the Ninoy Aquino International Airport. The Project entails capital investment to improve the airport's facilities in order to comply with International Civil Aviation Organization (ICAO) and other internationally accepted standards.

PPP Project Opportunities

Under Procurement

Bislig City Bulk Water Supply and Septage Project
(Php 0.73 Billion)

The project involves the design, financing, construction, operations, and maintenance of a bulk water supply and septage facility to provide a sustainable potable water supply to the city of Bislig. It also includes the rehabilitation of the water district's distribution network.

Dialysis Center PPP Project for the Renal Center Facility of BGHMC
(Php 0.40 Billion)

The project involves the retrofitting of the BGHMC's existing dormitory building into a functional dialysis center for delivery of quality services. The private sector partner is expected to be responsible for the finance, design, construction, supply of machines and equipment, and the operation and maintenance of the facility.

PPP Project Opportunities

For swiss challenge

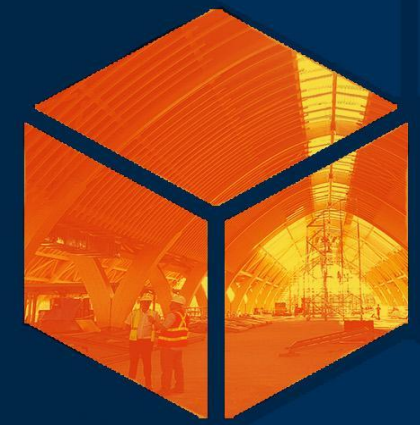
Tarlac-Pangasinan-La Union Expressway (TPLEX) Extension Project
(Php 23.4 Billion)

The Project involves the design, financing, construction, operation and maintenance of a 59.4 km four-lane TPLEX Extension Project from Rosario to San Juan, La Union.

Pipeline of PPP Projects

For complete listing of PPP projects in the pipeline in various stages of development, visit the PPP Center website:

https://ppp.gov.ph/list-of-projects/



PUBLIC-PRIVATE PARTNERSHIP CENTER

For further information, please visit:

www.ppp.gov.ph

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Public-private-partnership-Center-of-the-Philippines

PPPPhilippinenas

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Partnering with the Bislig City Water District

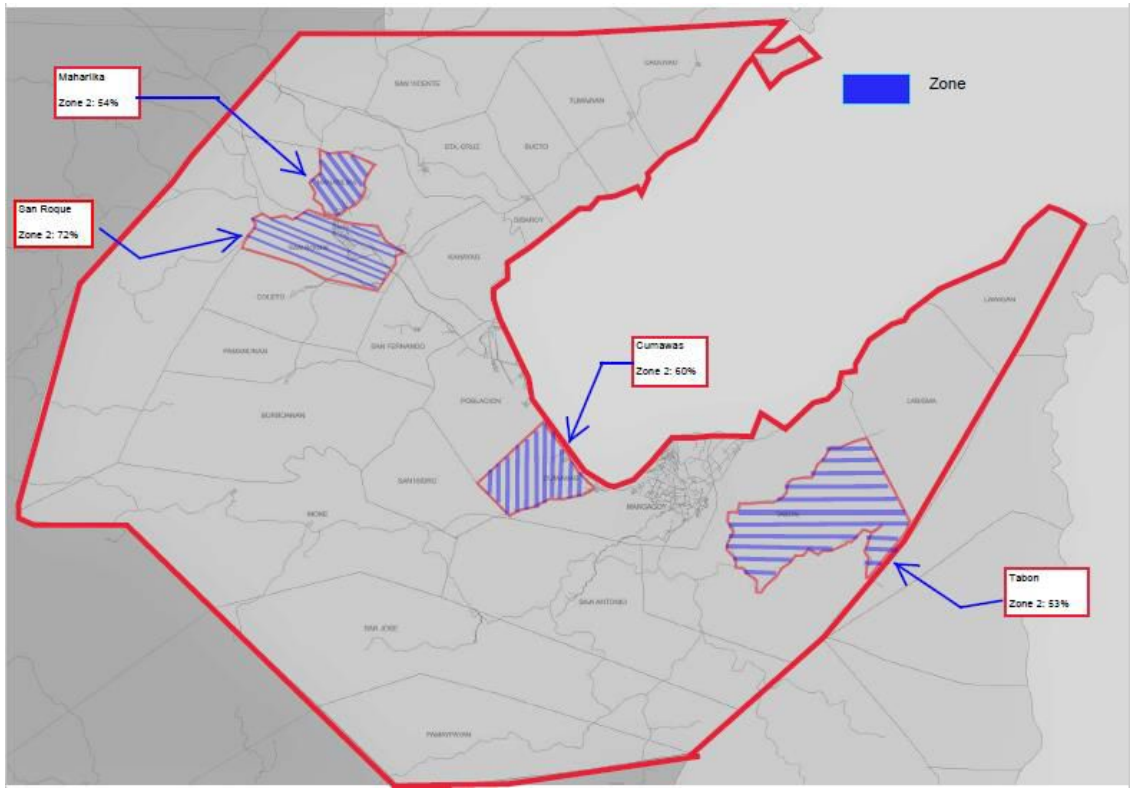
Company Mandate

Bislig City Water District (BCWD) was created under Resolution No. 44-A of Bislig Municipal Council on September 10, 1974, and awarded by the Local Water Utilities Administration with the Conditional Certificate Conformance on May 19, 1976. It was classified as a Government-Owned and Controlled Corporation on March 12, 1992, through a Supreme Court Decision and autonomously adopted the government policies and systems.

BCWD Existing Service Connections

Served Barangays - Refers to barangays that are already served by BCWD as well as barangays that are partially-served, namely: Coleto, Mangangoy, Poblacion, San Antonio, San Fernando, San Vicente, Kahayag, Tabon, San Roque, Maharlika, and Cumawas

Partially Served Barangays - Refers to non-served areas of Barangays that are already (partially) served, namely: Tabon, San Roque, Maharlika, Cumawas



BCWD Existing Sources

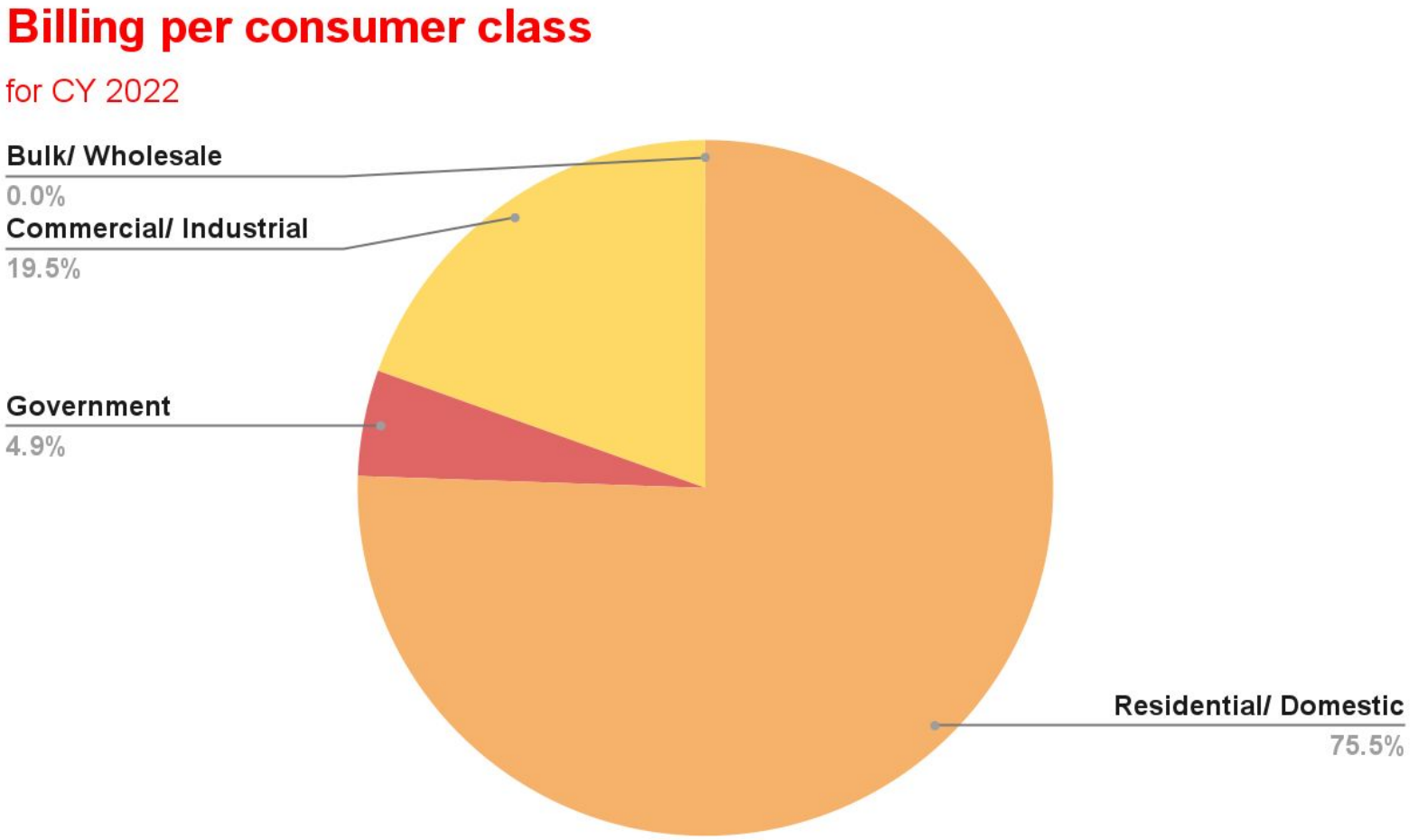
Water Source	Type
Tabon Deep Well	Deep Well
San Antonio Production Well	Deep Well
Coleto Production Well	Deep Well
Cumawas Spring	Spring
Kauntuan Spring	Spring
San Antonio Spring 1	Spring
San Antonio Spring 2	Spring
San Antonio Spring 3	Spring
Mantaban Spring	Spring
San Vicente Spring	Spring
Sian River	River (Surface Water)

The current water sources of BCWD consists of 3 deep wells, 7 springs, and 1 river.

Customer Consumption Details

Billing per Customer Profile

Similar to most water supply districts, a significant majority of the customer base of the BCWD come from the household consumers. Commercial and industrial entities follow suit, reflecting the importance of water among business.



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Project Overview

Project Background

Project Rationale - Current Situation in Bislig City:

- The BCWD serves only ***11 out of the 24 Barangays***.
- Existing condition of BCWD water sources (*3 deep wells, 7 springs, and 1 river*):
  - can only meet the needs of the local residents in their immediate vicinity
  - ***climate dependent*** as experience during the 2018-2019 drought event
  - ***cannot accommodate the need for expansion*** to meet the continually growing population of the city
  - There is a ***need to develop a new water source*** to augment the current water supply.
- Existing sanitation facilities
  - The city has ***no systematized wastewater disposal facility***
  - Most household have septic tanks, the effluent of which are eventually discharged into bodies of water with minimal treatment

Project Objectives

The project aims to address the increasing water demand and improve wastewater management in Bislig City. This will be achieved by establishing a new source for bulk water supply and implementing a septage management system, ***ensuring a dependable, sustainable, and resilient water and sanitation infrastructure.***

4

The Project

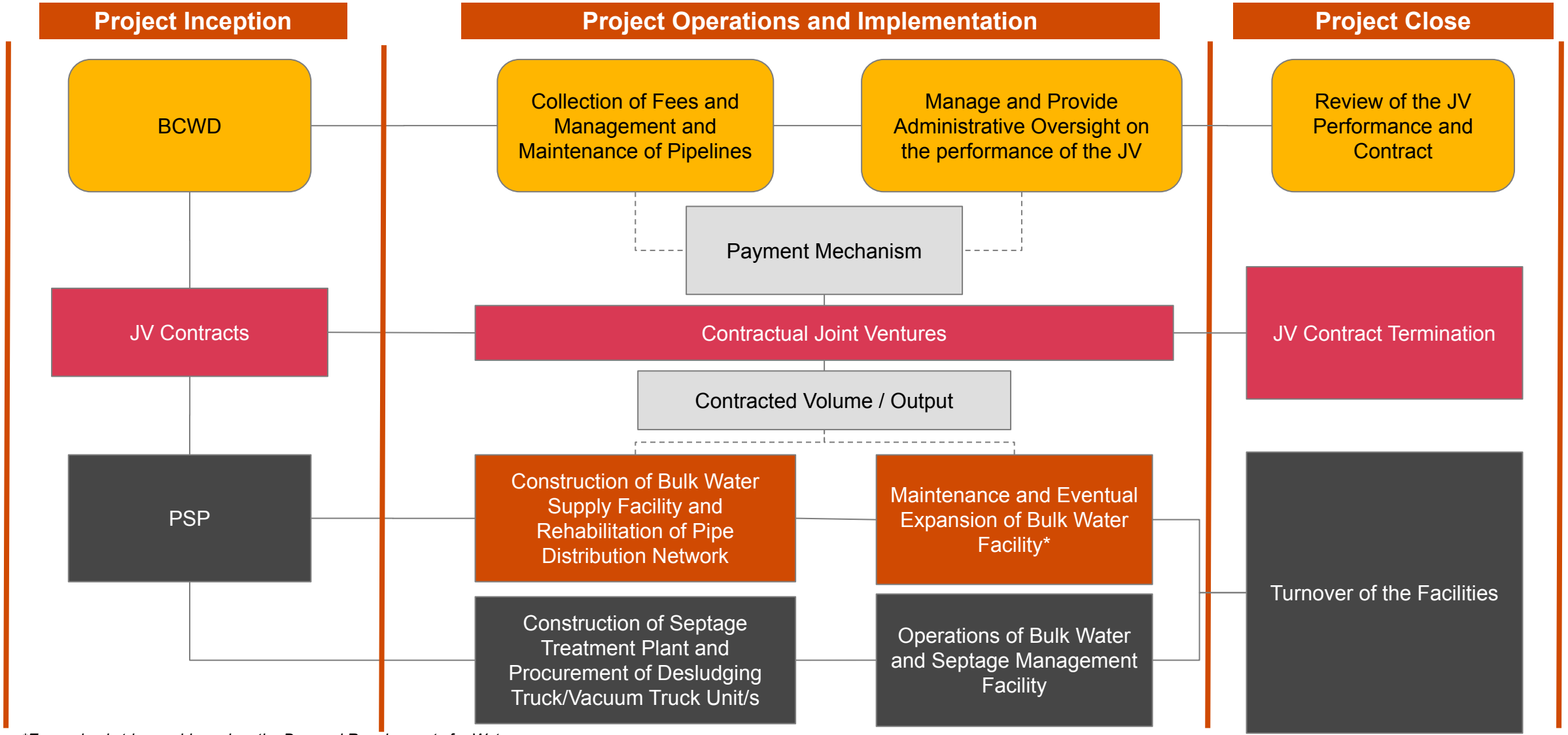
Project Terms

Bislig Bulk Water Supply Facility	
PPP structure:	Contractual Joint Venture under the 2023 Revised NEDA JV Guidelines
Project cost:	**Php ~700 million** • Bulk Water Supply with the following components: (1) Infiltration Gallery/Intake facility, (2) Water Treatment Facility, (3) Offtake Reservoir, (4) Pumping Stations, (5) Transmission line to BCWD Distribution System, and (6) Seismic joints • Rehabilitation of Distribution Network (From the Cumawas Offtake including Barangays Mangagoy, Tabon, and Poblacion - est. 14km)
Cooperation period:	33 years (inclusive of 3 years construction period for the bulk water supply facilities and 2 years capacity enhancement of the distribution network)
System requirements:	• Minimum system capacity of **10 MLD** with potential expansion to **16 MLD**, to be sourced from Burboanan River. • Pressure requirement at offtake point: **50 psi**
***JV Partner* Scope/Contribution**: **Repayment:**	• Design, Build, Finance, and Operation of Bulk Water Facilities and Rehabilitation of Distribution Network • Bulk Water Charge & Network Capacity Fee
***BCWD* Contribution:** **Revenue share:**	• Provision of land and ROW and Water Rights • Maintenance of Network Distribution Pipe • Collection of Fees • Bislig City shall share in revenues (Based on Capital Contribution)
Bid parameter:	Lowest Network Fee, sum of the two charges: (i) Bulk Water Charge and (ii) Distribution Network Charge

Project Terms

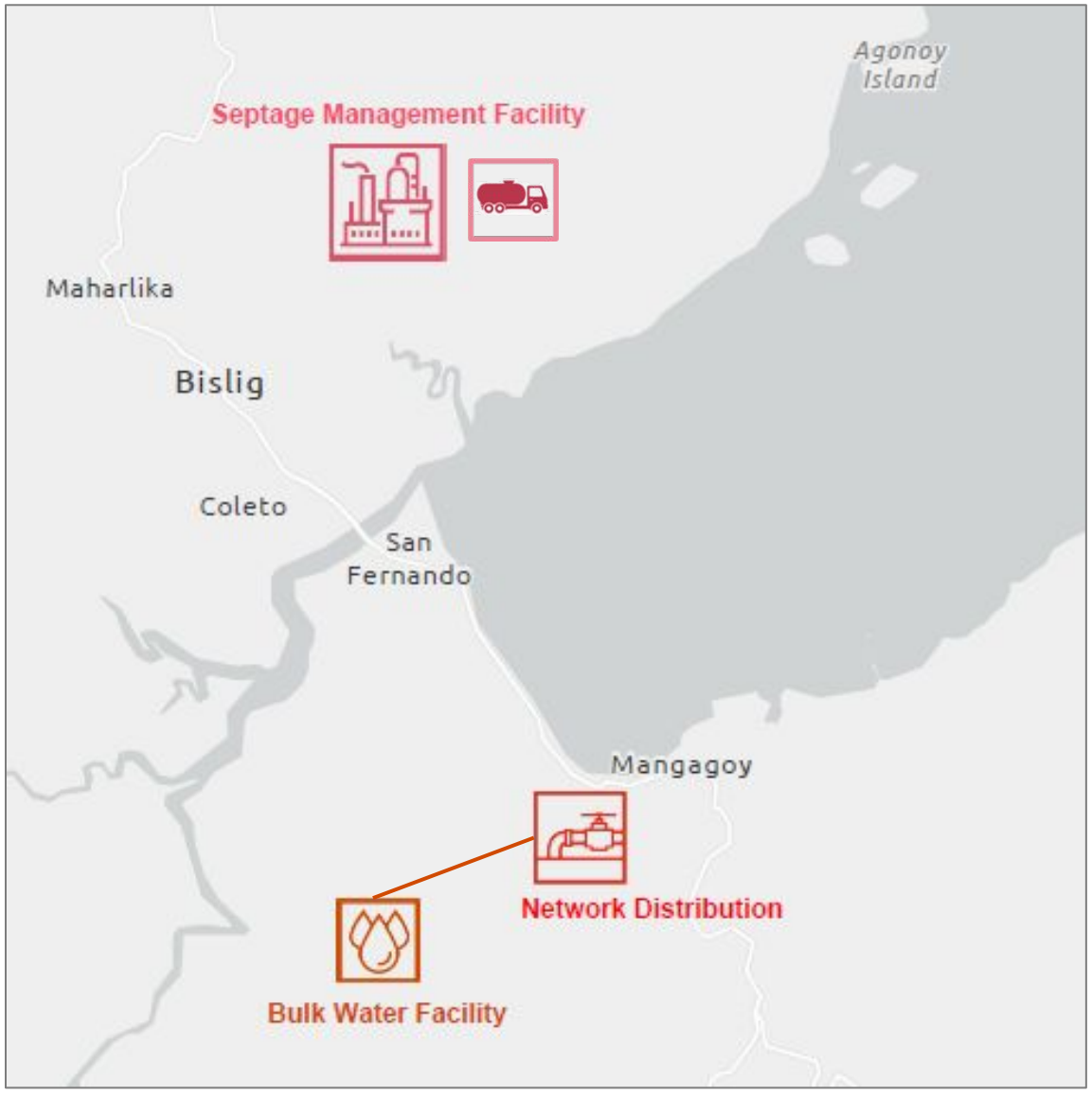
Septage Management Facility	
PPP structure:	Contractual Joint Venture under the 2023 Revised NEDA JV Guidelin
Project cost:	**Php ~75 million** •Septage Treatment Plant •Desludging/Vacuum Truck Units
Cooperation period:	•33 years (inclusive of 1 year construction period)
System requirements:	•Septage Treatment Plant with average treatment capacity of **40 cubic meters per day**. •Fleet of Desludging trucks/vacuum truck units
***JV Partner* Scope/Contribution**: **Repayment:**	•Design, Build, Finance, Maintenance, and Operation of the Septage Management System •Septage Fee Charge (From both BCWD and Non-BCWD Customers)
***BCWD* Contribution:** **Revenue share:**	•Provision of land and ROW for the project facilities •Collection of Fees from BCWD Customers •BCWD share in revenues (Based on Capital Contribution)
Bid parameter:	•Lowest Septage Fee

Project Structure



**Expansion is triggered-based on the Demand Requirements for Water*

Major Components

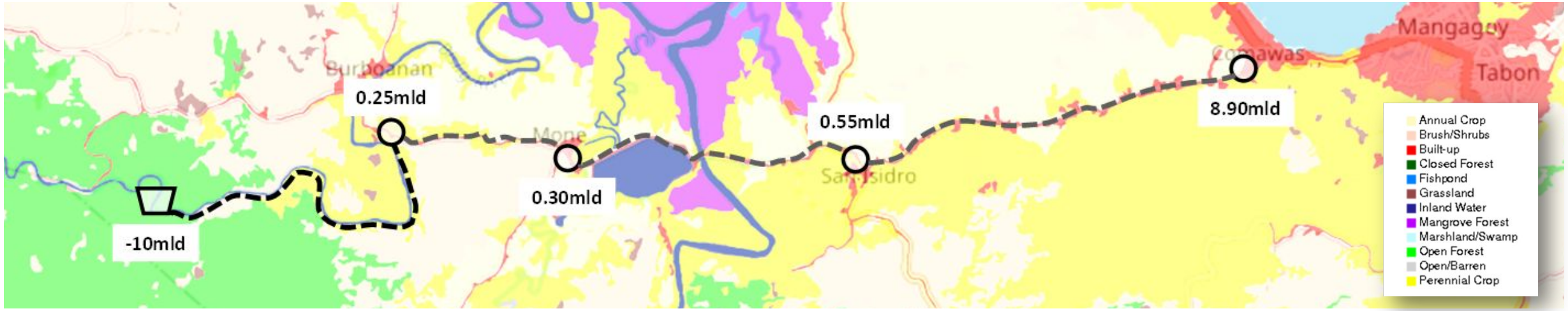


Description	Location	Land Area
Bulk Water Facility		10,000 sq.m
Water Treatment Plant (WTP)	Burboanan River	
Transmission Line	WTP to Offtake Pt.	4,000 l.m.
Pipe Distribution Network	Burboanan - Mangagoy	13,600 l.m.
Septage Treatment Plant	Vacant Lot- Barangay San Vicente	7,000 sq.m.

Bulk Water Supply

Alignment: **Abstraction Point - Cumawas Offtake**
With the rehabilitation of pipe distribution network including Mangagoy, Tabon, and Poblacion

The PSP will cover Design, Build, Finance, Maintenance, and Operations (DBFMO) of bulk water facilities until **Cumawas**.



Septage Facility

- The total land proposed for the Septage Management Facility will be 7,000 sq.m of the Eco Zone in Barangay San Vicente, this lot will be available through an MOU with the LGU.

- The Septage Facility's services will be available to both non-BCWD customers and neighboring LGUs, subject to obtaining the required permits by the PSP.

- Open technology will be accepted as long as it meets the requirements outlined in the MPSS.

Septage Facility

Major Components:

1. **Desludging Truck / Vacuum Truck Units**
2. **Septage Treatment Plant**
   - Access Road
   - treatment System (*waste stabilization ponds or activated sludge systems*)
   - Support Buildings
   - Internal road networks and perimeter fencing
   - Landscaping

Proposed Allocation of Obligations - Bulk Water Supply

1 BCWD

- Provide Water Rights and project site (e.g., land, ROW, etc.);
- Collect on behalf of the JV the water supply;
- Monitor compliance of JV partner with the MPSS and KPIs;
- Provide support to private sector partner in securing permits and approvals;
- Maintenance of the Distribution and Main Transmission lines

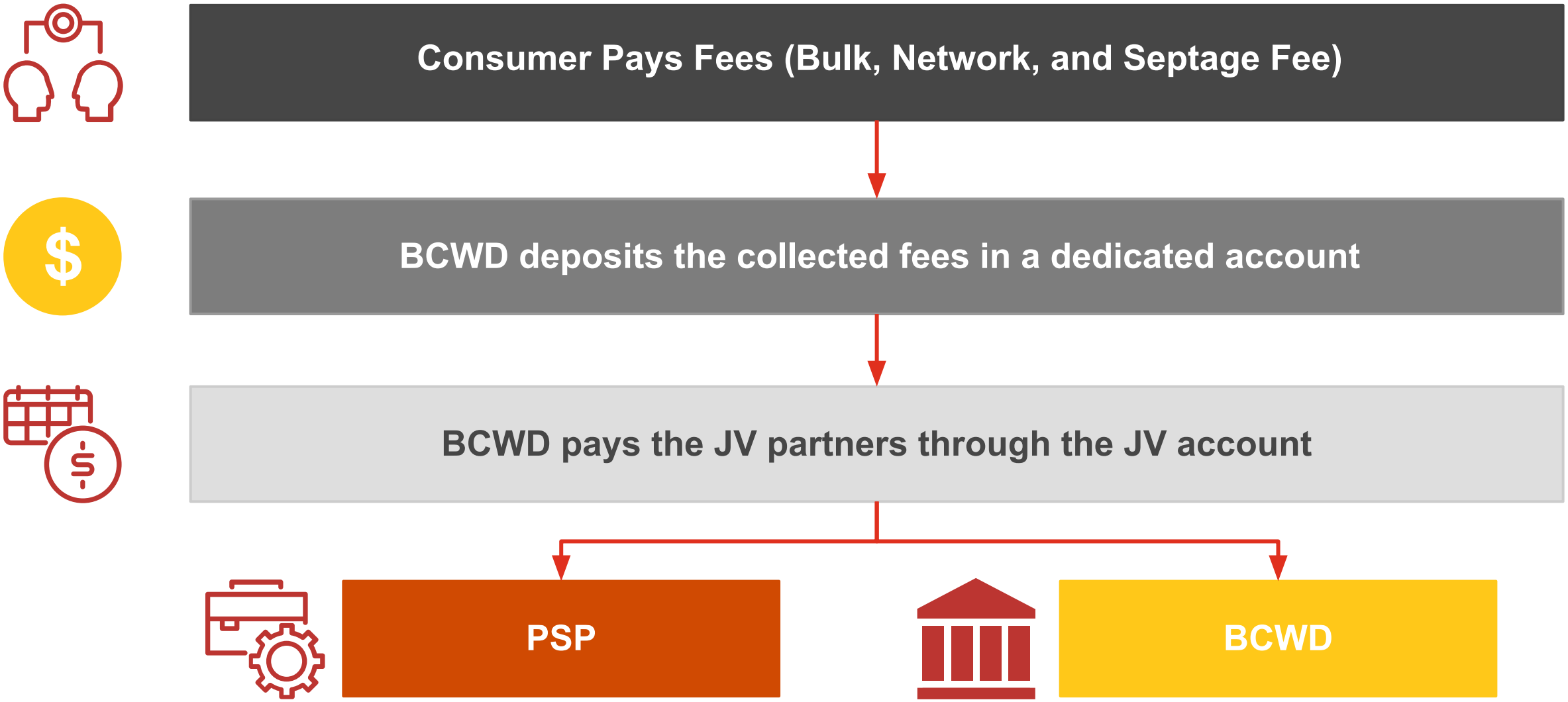
2 Private Partner

- Design, build, finance, and operate & maintain the bulk water supply;
- Design, build, and finance the Rehabilitation of the Pipe Distribution Network
- Procure, deliver, and install equipment, machineries, and utilities;
- Deliver required volume of water to BCWD;
- Secure relevant permits and clearances, including ECC.
- Reimburse project development cost

Payment Mechanism

Components	Obligation of PSP	Payment Mechanism	
Bulk Water	Design, Build, Finance, Maintenance, Operation	Bulk Water Charge	To be determined from bid, **variable** (linked to volume consumed)
Distribution Network	Design, Build, and Finance	Distribution Network Payment	To be determined from bid, **fixed** (linked to volume capacity provided by PSP)
Septage	Design, Build, Finance, Maintenance, Operation	Septage Fee	To be determined from bid, **variable** (link to volume consumed)

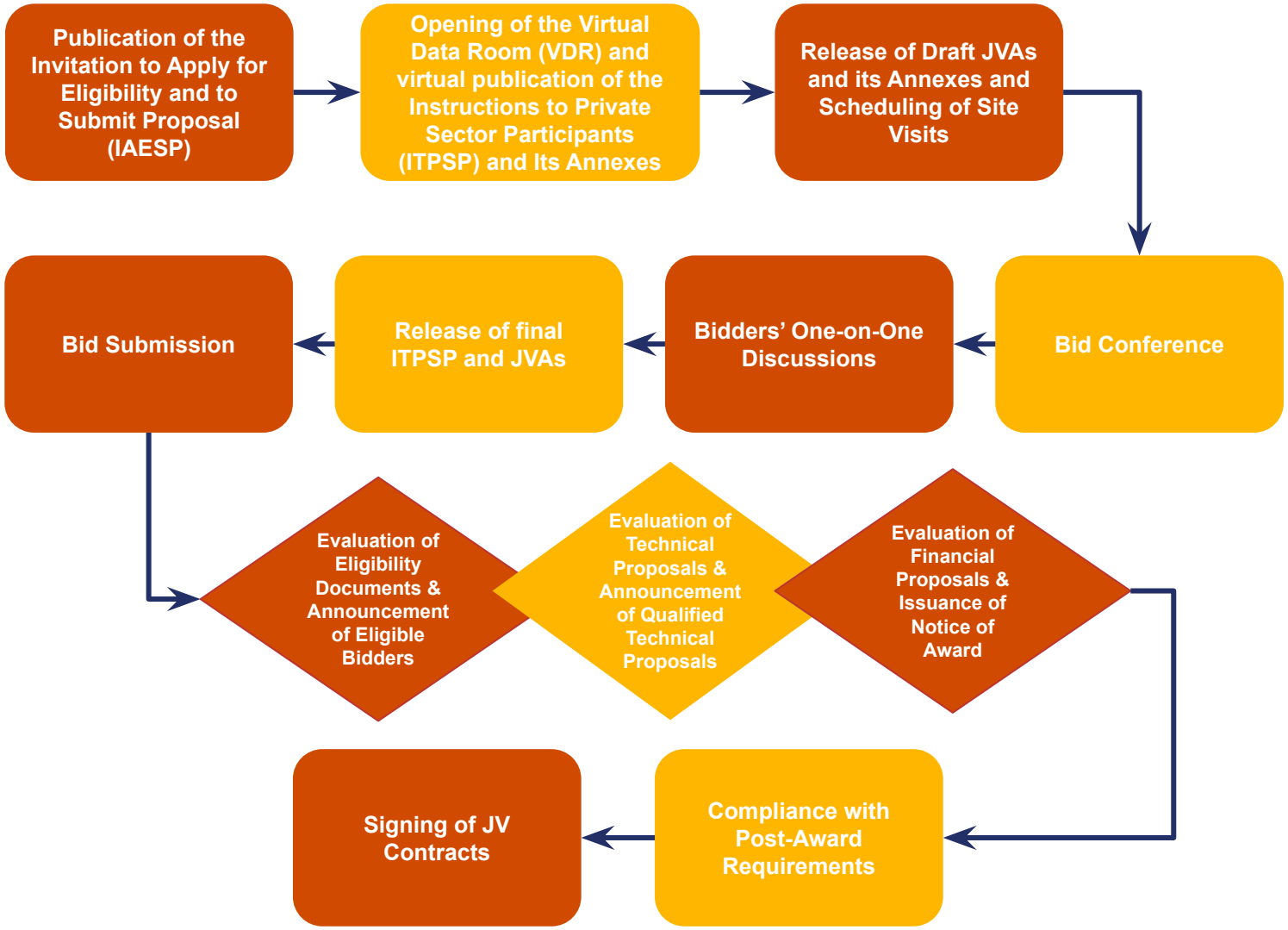
Project Cash Flow Structure



Bid Parameters

Components / Description	Bid Amount	Specific Notes & Instructions
I. Bulk Water System - The proposed bid parameter: Lowest Total Network Fee		
A: *Bulk water charge* (Php/m^3) - Applied as the rate of payment / m^3 of treated water supplied by the PSP to BCWD	[to be filled-up by Bidder]	Capped by an amount to be provided during actual bid process
B: *Distribution network capacity payment* (Php/m^3) - Applied as the rate of payment / m^3 of **volume capacity** made available by the PSP for use by BCWD - Payment will be uniform throughout the JV period - The rate / m^3 will be reduced when the required capacity is increased	[to be filled-up by Bidder]	Capped by an amount to be provided during actual bid process
Total Network Fee (Php/m^3) - The sum of A and B as described above	[auto-generated value based on the 2 values provided above by the Bidder]	Based on A and B, a cap will be in effect for *Total Network Fee*
II. Septage System - The proposed bid parameter: Lowest Septage Fee		
Septage Fee	[to be filled-up by Bidder]	Capped by an amount to be provided during actual bid process

Single Stage Process with for two project components (Bulk Water Supply and Septage)



The Project will be tendered through single-stage bidding, and will have two components. Only one Instructions to Private Sector Participants (ITPSP) will be issued, but there will be two draft Joint Venture Agreements (JVAs) - one for the bulk water supply component and another for the septage component.

The qualification documents, technical proposal, and financial proposal, will all be submitted together and will be opened and evaluated by the JV Selection Committee (JV-SC) sequentially:

- **Qualification Documents** (First Envelope) - evaluated on a Pass / Fail basis
- **Technical Bid** (Second Envelope) - evaluated on a Pass / Fail basis
- **Financial Bid** (Third Envelope) - winning bidder selected based on the highest percentage (%) of gross revenue share to the government (excluding PSC).

Two JVAs will be awarded either to two different winning PSPs or just one who submitted bids for both components.

Timeline

Activity	Indicative Date
Publication of IAESP and Release of Bid Documents	1st Week of January
Bid Conference	1st Week of February
One-on-One with Bidders	1st to 4th Week of February
Bid Submission	3rd Week of March
Bid Evaluation	3rd Week of March to 2nd Week of May
Contract Award	2nd Week of May