



**REPUBLIC OF THE PHILIPPINES
PROVINCIAL GOVERNMENT OF NEGROS OCCIDENTAL**



NEGROS OCCIDENTAL BULK WATER SUPPLY PROJECT

**Information Memorandum
December 2023**

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1.0 PROJECT DESCRIPTION

1.1 Project Background and Rationale

There is increasing concern on the sustainability of water supply service sources in Negros Occidental, which at present are predominantly groundwater sources. Groundwater extraction is already being extensively used as potable water source in Negros Occidental. Continuous groundwater extraction on coastal areas can lead to saltwater intrusion and also to subsidence as experienced by coastal areas. These information show that water sources other than groundwater should be explored and prioritized by the Province of Negros Occidental.

Recognizing these constraints and the need to meet the current and future requirement of the Province for potable, sustainable and resilient water supply, the Provincial Government of Negros Occidental (PGNO) with the assistance of the Public-Private Partnership Center (PPP Center) and ADB championed the development of the Negros Occidental Bulk Water Supply Project through the solicited Public-Private Partnership (PPP) delivery mode.

1.2 Project Scope and Components

The Negros Occidental Bulk Water Supply Project involves the development of a bulk water supply system in the Province of Negros Occidental comprised of, but not limited to, the following basic components:

- i. intake facilities
- ii. raw water transmission facilities
- iii. water treatment plants
- iv. treated water transmission facilities
- v. distribution reservoirs / offtake facilities

The bulk water supply system shall have a minimum capacity of 34.5 million liters/day (MLD) and shall utilize surface water source to supply bulk water to six (6) Water Service Providers (WSPs) of the Cities of Silay, Talisay, Bacolod and Victorias, and the Municipalities of EB Magalona and Manapla.

The Private Sector Partner shall undertake the financing, engineering design, construction, operation and maintenance of the bulk water supply system and shall be entitled to collect bulk water fee from the WSPs, all in accordance with the Joint Venture Agreement.

1.3 Project Objectives

The Project aims to address the increasing water demand of the Province of Negros Occidental by developing surface water as the source to provide potable, sustainable, and resilient water supply and at the same time reducing dependency on groundwater and use of deep wells.

1.4 Project Context

The Project is one of the priority projects under the Abanse Negrense seven-point development agenda of the PGNO. It is also aligned with the following strategies and programs:

- Philippine Water Supply and Sanitation Master Plan 2019-2030¹
- PPP Center Local PPP Strategy²
- DENR Strategic Program for Climate Resilience / Risk Resiliency and Sustainability Program³
- Philippine Clean Water Act of 2004 (Republic Act No. 9275)⁴
- Philippine Development Plan (PDP) 2023-2028⁵
- AmBisyon Natin 2040⁶

2.0 PROJECT SITE / WATER SOURCE

2.1 The Province of Negros Occidental

Beyond Metro Manila, Negros Occidental stands out with the highest number of cities, featuring its highly urbanized capital, Bacolod City, along with 12 component cities and 19 municipalities. Covering 792,607 hectares, Negros Occidental has a population of 3.2 million people according to the 2020 census. The province boasts 10 renewable energy sources and is easily accessible by air, land, and sea transport. As of 2018, 2.47 million residents are gainfully employed, benefiting from an active education program focused on skilled manpower. Furthermore, Negros Occidental hosts 24 Ecozones, including 3 agro-industrial zones, 19 IT/BPO Centers, and 2 manufacturing zones.

¹ The Philippine Water Supply and Sanitation Master Plan (PWSSMP) serves as the national action plan to achieve universal access to safe, sufficient, affordable, and sustainable water supply, hygiene, and sanitation by 2030. Linked to the national water supply and sanitation (WSS) targets, the PWSSMP is grounded on the realities of every region, with insights from over 1,000 representatives across the country. For more information - <https://neda.gov.ph/pwssmp/>

² As part of its Local PPP Strategy, the PPP Center works to support local implementing agencies and local government units (LGUs) in implementing PPP projects such as transportation, water supply, sanitation, solid waste management, health, information technology, and government property development, etc. For more information - <https://ppp.gov.ph/local-ppp-strategy/>

³ The SPCR is a framework program to improve the efficiency and effectiveness of responses to climate change. The SPCR for the Philippines is called the Risk Resiliency and Sustainability Program (RRSP). The RRSP supports and is strongly aligned with the Philippine government's long-term and medium-term development plans. The RRSP is designed to help operationalize in an integrated, coherent and phased manner the: (a) Philippines' national resilience program called the Risk Resiliency Program (RRP); (b) National Climate Change Action Plan (NCCAP); and (c) the Local Climate Change Action Plans (LCCAP) at the LGU level. The DENR leads the implementation of the RRSP.

⁴ The Philippine Clean Water Act of 2004 (Republic Act No. 9275) aims to protect the country's water bodies from pollution from land-based sources (industries and commercial establishments, agriculture and community/household activities).

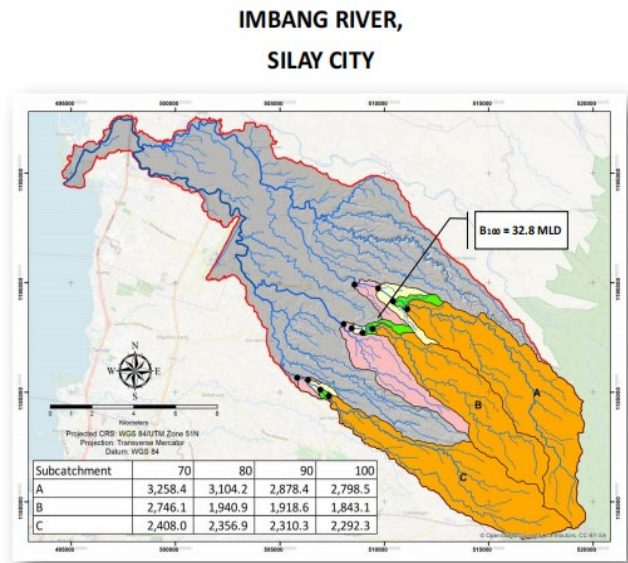
⁵ The PDP 2023-2028 is a plan for deep economic and social transformation to reinvigorate job creation and accelerate poverty reduction by steering the economy back on a high-growth path.

⁶ AmBisyon Natin 2040 represents the collective long-term vision and aspirations of the Filipino people for themselves and for the country in the next 25 years. As such, it is an anchor for development planning across at least four administrations.

2.2 Potential Water Source/s

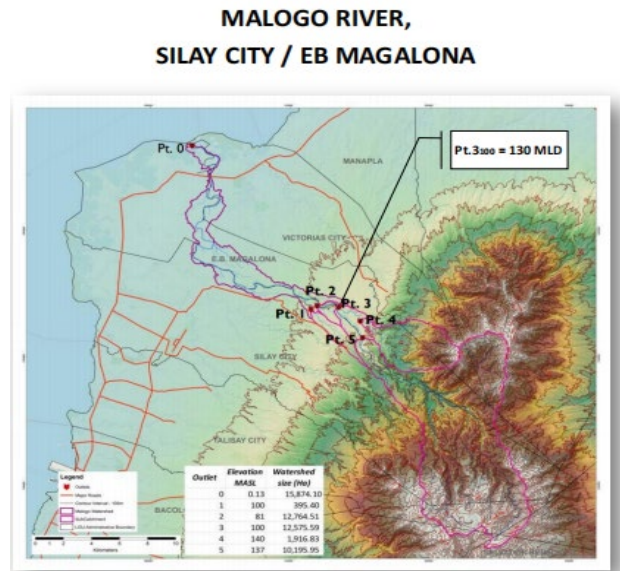
2.2.1 Imbang River

Imbang River is a major potential surface water source that can supply a cluster of cities downstream. The river is envisioned to augment the water supply in the Cities of Bacolod, Talisay, and Silay.



2.2.2 Malogo River

Malogo River is another major potential surface water source that can supply a cluster of cities downstream. The river is envisioned to augment the water supply in Victorias City and the Municipalities of E.B. Magalona and Manapla.



2.2.3 Development Options

The Private Sector Partner shall be allowed to develop the bulk water supply system with a total minimum system capacity of 34.50 MLD, to be sourced from Imbang and/or Malogo Rivers, using either of the following scheme:

- A. **Imbang River** for Silay, Talisay, Bacolod; and **Malogo River** for Victorias, Manapla and EB Magalona; **OR**
- B. **Malogo River** for Silay, Talisay, Bacolod, Victorias, Manapla, and EB Magalona

3.0 SERVICE COVERAGE AREA

The Project aims to supply bulk water to the six (6) Water Service Providers (WSPs) of Silay City, Talisay City, Bacolod City, City of Victorias, Municipality of Manapla, and Municipality of EB Magalona. The required minimum system capacity for each WSP is presented below.

Service Coverage Area and Required Minimum System Capacity

Service Area	Water Service Providers (WSPs)	Required Minimum System Capacity in MLD
City of Bacolod	Bacolod City Water District (BACIWA)	11.00
Enrique B. Magalona	Local Government Unit (LGU) of Enrique B. Magalona	0.50
Manapla	Manapla Water District	1.00
City of Silay	Silay City Water District (SICIWA)	10.00
City of Talisay	Talisay Water District (TWD)	6.00
City of Victorias	Victorias City Water District	6.00

4.0 LEGAL FRAMEWORK

The legal framework for the Project shall be the PGNO P4 Code (Ordinance No. 2018-001, s. 2018)⁷. The authority of the PGNO to enter into PPP projects emanates from the BOT Law (for BOT projects) and Sec. 35 of the LGC (for JV projects). These are reiterated and further reinforced in the PGNO's P4 Code, which likewise identifies water supply and distribution, sewerage, irrigation, drainage, and water conservation (such as impounding areas and rainwater harvesting) as among the eligible P4 projects that may be undertaken by the PGNO.

5.0 INDICATIVE PROJECT STRUCTURE AND TERMS

5.1 Project Structure

The Project will be implemented through a PPP scheme under a Contractual Joint Venture (JV) arrangement pursuant to PGNO's P4 Code. The implementing agency shall be the Provincial Government of Negros Occidental.

5.2 Cost of the JV Activity/ Project

The estimated capital expenditure (CAPEX) for the project is around PHP 1.2 billion.

PGNO shall provide a fixed amount of financial support (amount to be disclosed in the Bidding Documents) and shall bear the costs of acquiring land and right of way (ROW) for the project facilities, as well as the costs of environmental, institutional and social impact mitigation, if any.

⁷ Subject to transitory provisions of the recently enacted PPP Code of the Philippines

5.3 Contract Term

The Project shall have a term of thirty-eight (38) years inclusive of an indicative 3-year construction period, unless extended subject to the terms of the JV Agreement and applicable laws and regulations.

5.4 Summary of Indicative Project Terms

Contract Term	Description
Implementing agency:	Provincial Government of Negros Occidental
Legal framework:	Negros Occidental P4 Code
PPP structure:	Contractual Joint Venture
Project cost:	Php 1.2 billion (minimum system capacity of 34.50 MLD)
Cooperation period:	38 years (inclusive of 3 years construction period)
System requirements:	<ul style="list-style-type: none"> • Supply to 6 Water Service Providers (WSPs) of the Cities of Silay, Talisay, Bacolod and Victorias, and Municipalities of EB Magalona and Manapla • Minimum system capacity of 34.50 MLD, to be sourced from Imbang and/or Malogo, using either of the following scheme: <ol style="list-style-type: none"> 1. Imbang for Silay, Talisay, Bacolod; and Malogo for Victorias, Manapla and EB Magalona; <i>OR</i> 2. Malogo for Silay, Talisay, Bacolod, Victorias, Manapla, and EB Magalona
<p><i>Private Sector Partner</i></p> <p>Scope/ Contribution:</p> <p>Return:</p>	<ul style="list-style-type: none"> • Financing, Engineering Design, Construction, Operation and Maintenance of Project facilities (Intake Facilities, WTP, Transmission Mains, Offtake Facilities, etc.) • Bulk water charge from off-takers
<p><i>PGNO</i></p> <p>Contribution:</p> <p>Return:</p>	<ul style="list-style-type: none"> • Financial support/cash contribution to JV • Provision of and cost of acquiring land and ROW for the project facilities • Costs of environmental, institutional and social impact mitigation, if any • Fixed percentage % share in JV net income

6.0 OVERVIEW OF PROCUREMENT PROCESS AND TIMELINES

6.1 Competitive Selection Process

The tender process for the Project shall follow the Competitive Selection Process of the PGNO P4 Code. A single-stage Competitive Selection Process shall be undertaken by the Negros P4 Selection Committee (P4-SC).

6.2 Bid Parameter

The bid parameter shall be disclosed in the Bidding Documents to be made available to bidders at a later date.

6.3 Indicative Timeline

The indicative timeline for the procurement for the project is described in the table below:

MILESTONE	TARGET DATE
Publication of Invitation to Bid	December 2023
Issuance of Instructions to Bidders (ITB) and Draft Joint Venture Agreement (JVA)	January 2024
Pre-Selection Conference	February 2024
One-on-One Meetings with Bidders (per request)	February 2024
Bid Submission	April 2024
Evaluation of Bids	April 2024
Issuance of Notice of Award	April 2024
Submission of Post-Award Requirements	May 2024
Signing of JVA and Water Purchase Agreements	May 2024

7.0 CONTACT PERSONS



Atty. Jessa G. Genteroles
 Provincial Focal Person for PPP Projects
 Provincial Government of Negros Occidental
 Email: pppnegocc@gmail.com
 Telephone: 433-0409



PUBLIC-PRIVATE PARTNERSHIP
 CENTER

Maria Monica N. Fajardo
 Project Development Officer
 Public Private Partnership Center of the Philippines
 Email: mnfajardo@ppp.gov.ph

Jhoel G. Jorda
 Project Development Officer
 Public Private Partnership Center of the Philippines
 Email: jgjorda@ppp.gov.ph