



PUBLIC-PRIVATE PARTNERSHIP GOVERNING BOARD

Resolution No. 2025-10-01

September 25, 2025

FOR: All Local Government Units, Local *Sanggunians* and their Secretariats, Local Universities and Colleges and their respective Boards, Third-Party Appraisers for Local PPP Projects, and Private Sector

SUBJECT: GUIDELINES ON THE CONDUCT OF VALUATION AND COMPENSATION OF THE USUFRUCT OF ASSETS, PROPERTIES, AND/OR RIGHTS CONTRIBUTED FOR LOCAL PPP PROJECTS

1. Background

Section 140 of the Implementing Rules and Regulations (“IRR”) of the Republic Act No. 11966, titled “*An Act Providing for the Public-Private Partnership Code of the Philippines*” (“PPP Code”) provides that assets, properties, and/or rights to be contributed by an Implementing Agency (IA) to a National or Local PPP Project shall be valued through a fair valuation as determined by a Third-party Appraiser in any of the foregoing circumstances:

- (a) in case of Unsolicited Proposals containing Government Undertakings in the form of payment of Right-of-way (ROW) related costs and/or contribution of assets, properties, and/or rights, including usufruct, where the government receives appropriate compensation, pursuant to Section 10(c) of the PPP Code;
- (b) in case of solicited and unsolicited joint venture (JV) PPP Contracts, the valuation shall cover all equity contribution of the government, pursuant to Section 11(b) of the PPP Code. Private sector equity contribution in the form of assets, properties, and/or rights shall also be subject to valuation prior to the submission of the project documents for the proposed unsolicited JV to the appropriate Approving Body; and
- (c) in PPP Projects where the investment recovery scheme involves the grant of a portion or percentage of a reclaimed land, pursuant to Section 18 of the PPP Code.

The same section states that such contribution must be valued according to accepted standard methodologies and practices commensurate to the nature of the assets and that further details on the requirements for the valuation of assets, properties, and/or rights to be contributed for PPP Projects may be issued by the Investment Coordination Committee (ICC) in the case of National PPP Projects, and by the PPP Governing Board in the case of Local PPP Projects.

On April 15, 2025, the ICC issued the guidelines detailing the requirements for National PPP Projects, titled *Guidelines on the Valuation and Compensation of the Usufruct of Assets*,

*Properties and/or Rights Contributed for National Public-Private Partnership (PPP) Projects*¹. The guidelines was published in a newspaper of general circulation on May 29, 2025, and became effective on June 13, 2025.

Pursuant to Section 140 of the PPP Code IRR, and in order for Local PPP Projects to also be provided detailed requirements on the valuation and compensation of the Usufruct of assets, properties, and/or rights contributed for a Local PPP Project, this Resolution is being issued.

2. Objective

This Resolution is being issued to provide guidelines on the valuation and compensation of the Usufruct of assets, properties, and/or rights to be contributed by the government for Local PPP Projects, as required under Section 140 of the PPP Code and its IRR.

3. Scope and applicability

This Resolution shall apply to all Local PPP Projects where a third-party valuation report for the valuation and compensation of the Usufruct of assets, properties, and/or rights to be contributed by the government for Local PPP Projects is required for purposes of processing such Local PPP Project.

For avoidance of doubt, this Resolution shall not extend to matters related to real property valuation and assessment as provided under Republic Act No. 12001, otherwise known as the “*Real Property Valuation and Assessment Reform Act.*”

4. Definition of terms

4.1 **Adjacent** shall mean “*lying near or close to; contiguous.*”²

4.2 **Final Value** refers to the final value of the Usufruct of assets, properties, and/or rights, to be contributed by the government to the project which shall be within the fair range of values, as referred to in Section 6.4.1 of this Resolution.

4.3 **Parameters, terms, and conditions (PTCs)** refers to a set of project information and/or requirements contemplated under Section 7 of the PPP Code and Sections 30 and 41 of its IRR, which is approved by the appropriate Approving Body, and which shall be the basis for the drafting and approval of tender documents and the PPP Contract.

4.4 **Usufruct** refers to “*a right to enjoy the property of another with the obligation of preserving its form and substance, unless the title constituting it or the law otherwise provides.*”³

4.5 **Valuation Approach** refers to a “*generic term for the use of the cost, income, or market approach.*”⁴

¹ Copy may be accessed at <https://ppp.gov.ph/wp-content/uploads/2025/05/2025-0428-ICC-Guidelines-on-Valuation-and-Compensation.pdf>.

² Based on the definition provided in Black’s Law Dictionary, 2nd Edition.

³ Article 562 of the Republic Act No. 386 or the Civil Code of the Philippines

⁴ Based on the definition provided in the International Valuation Standards (“IVS”). Copy may be accessed at https://viewpoint.pwc.com/dt/gx/en/ivsc/international_valuat/assets/IVS_effective_31_January_2025.pdf

4.6 **Valuation Date** refers to *“the point in time to which the valuation applies.”*⁵

4.7 **Valuation Method** is *“[w]ithin a valuation approach, a specific technique to conclude a value.”*⁶

Capitalized terms used in this Resolution shall have the meaning ascribed in the PPP Code and its IRR.

5. Purpose of valuation

Pursuant to Section 140 of the PPP Code IRR, the purpose of the conduct of valuation and compensation of the Usufruct of assets, properties, and/or rights to be contributed by the government for **Local PPP Projects** shall be as follows:

5.1 **In the case of Unsolicited Proposals**, establish the appropriate compensation that the government shall receive, *“xxx which shall in no way be lower than the value of the costs of ROW to be acquired and the usufruct of assets, properties, and rights contributed xxx”*, pursuant to Section 10(c) of the PPP Code.

5.2 **In the case of solicited and unsolicited Joint Ventures (“JV”)**, establish that:

5.2.1 *“Subject to pertinent laws, rules, and regulations, the equity contribution, including contribution of assets, properties, and rights, and other allowable Government Undertakings shall:*

(1) *In no case exceed fifty percent (50%) of the Project Cost in the case of a contractual JV; or*

(2) *Fifty percent (50%) of the outstanding capital stock of the JV company. xxx”*, pursuant to Section 11(b) of the PPP Code; and that

5.2.2 *“The shares of the Implementing Agency and the Private Partner in the profits, losses, assets acquired and/or constructed, and any other interests derived from the JV shall be proportionate to their respective contributions: Provided, That the parties may agree to a higher return for the government as compared to the actual percentage of government contribution in the JV. xxx”*, pursuant to Section 11(e) of the PPP Code.

5.3 **In the case of solicited and unsolicited PPP Projects where the investment recovery scheme involves the grant of a portion or percentage of a reclaimed land**, establish that *“xxx such investment recovery schemes involving the grant of a portion or percentage of a reclaimed land shall be subject to fair valuation”*, pursuant to Section 18 of the PPP Code.

⁵ *Ibid.*

⁶ *Ibid.*

6. Guidelines in preparing/assessing the required valuation of the Usufruct of assets, properties, and/or rights in Unsolicited Proposals

6.1 Preparation of an Unsolicited Proposal by the Private Proponent

The following details provide guidance to Private Proponents in preparing the third-party valuation report for Unsolicited Proposals:

6.1.1 The third-party valuation report to be submitted to the PPP Center as part of the documentary requirements in determining the completeness of an Unsolicited Proposal, shall satisfy the following requirements:

- a. The third-party valuation report shall cover the following: (i) Usufruct of all assets, properties, and/or rights involved in the proposed scope of the Unsolicited Proposal; (ii) all ongoing construction/improvement/acquisition of assets, properties, and/or rights relevant to the proposed specific scope of the project: *Provided*, That such Usufruct value shall be based on the projected completion percentage at the target transfer date of the assets, properties, and/or rights to the Private Proponent; and (iii) all existing assets or properties in the identified project site, which may be demolished, disposed, or decommissioned.

For avoidance of doubt, in the case of unsolicited JV PPP Contracts, cash contributions of contracting parties are not required to be valued.

- b. The third-party valuation report shall indicate the Valuation Approach and Valuation Method, which shall present a fair range of values (i.e., a low case, a base case, and a high case). It shall also provide justification on why the chosen Valuation Approach and Valuation Method are the most relevant and appropriate for the nature of the assets, properties, and/or rights being valued.
- c. The third-party valuation report shall disclose key inputs and assumptions used in the conduct of valuation. Such shall be based on reliable and up-to-date sources, with references that are not older than three (3) years as of the Valuation Date. In cases where the data/references are older than three (3) years as of the Valuation Date, an explanation on the use of such data/references shall be provided.
- d. The third-party valuation report shall include a proof that the Third-party Appraiser/s is included in the list of Accredited Asset Valuers of the Securities and Exchange Commission (“SEC”), or a proof that the Third-party Appraiser/s is associated with a recognized accrediting body.
- e. Pursuant to the International Valuation Standards (IVS) and Section 190 of the PPP Code IRR, the valuation report shall include a declaration from the Third-party Appraiser/s, which shall state that the Third-party Appraiser/s has/have (a) no present or prospective interest in the assets, properties, and/or rights to be contributed to the project, (b) that the independent Third-party Appraiser's fees are not contingent upon the

value reported, and (c) that conflict/s of interest have always been avoided.

- f. The third-party valuation report shall include a disclosure of the Third-party Appraiser's adherence to the principles of ethics outlined in the IVS when conducting the valuation.

- 6.1.2 In preparing for the conduct of valuation, the Private Proponent and/or Third-party Appraiser/s may send a letter to the IA requesting reasonable assistance and/or access to site/s and/or information on specific assets, properties, and/or rights deemed necessary to prepare the required valuation report.

The IA, based on its discretion or internal rules, may permit and grant such request/s. The IA shall respond to such request/s within five (5) calendar days from receipt of request in writing. If the IA deems it necessary, the Private Proponent may be required to execute a non-disclosure agreement.

Existing valuation reports on assets, properties, and/or rights, including related data/information, which are available with the IA, may be shared or published by the IA in public, or shared with requesting Private Proponents/Third-party Appraisers, based on its discretion or internal rules (e.g., Freedom of Information policy, etc.). Such valuation report shall not be binding on the part of the IA and may be required to be updated in the course of processing the Unsolicited Proposal, as may be necessary.

In instances where the IA has a third-party valuation report on hand, such report may be made available to the Private Proponent and/or the engaged Third-Party Appraiser. For avoidance of doubt, any valuation report prepared or developed by the IA itself shall not be interpreted and considered as third-party valuation report, pursuant to this Resolution.

- 6.1.3 In the case of Local PPP projects with an investment recovery scheme involving grant of a portion or percentage of a reclaimed land, either:

- a. a third-party valuation report of the land to be reclaimed, **or**
- b. a third-party valuation report of the assets and/or properties Adjacent to the land proposed to be reclaimed,

shall be deemed acceptable for purposes of PPP Center's determination of completeness.

6.2 Determination of completeness by the PPP Center of the Unsolicited Proposal submitted by a Private Proponent

The PPP Center's [Procedures for the Submission of Unsolicited Proposals to the PPP Center for Determination of Completeness and Appropriate Approving Body pursuant to Section 10\(a\) of Republic Act No. 11966 and Sections 52 and 53 of its Implementing](#)

[Rules and Regulations](#)⁷, under its [Completeness Check Forms](#), and any amendments thereto, requires the submission of valuation report/s by a third-party appraisers as part of the completeness checklist for USPs.

6.3 Conduct of detailed evaluation by the IA if it decides to proceed in processing the Unsolicited Proposal

The following details provide guidance to IAs in assessing the submitted third-party valuation report for Unsolicited Proposals:

6.3.1 During the detailed evaluation, the IA shall evaluate:

- a. the robustness of the third-party valuation report by Third-party Appraiser/s for the Usufruct of assets, properties, and/or rights to be contributed by the government; and
- b. the compliance of the third-party valuation report with the PPP Code and its IRR, and this Resolution.

6.3.2 The IA may require the Private Proponent to submit a supplemental or a new third-party valuation report as it deems necessary, such as when the IA has determined that there is a mismatch between the assets, properties, and/or rights covered by the third-party valuation report vis-a-vis the proposed scope of the submitted Unsolicited Proposal: *Provided*, That such shall not delay the prescribed timeline for the processing of the Unsolicited Proposal pursuant to the PPP Code IRR.

6.3.3 The IA may secure a non-binding opinion on the submitted third-party valuation report from the Department of Finance (“DOF”). The DOF shall issue within 15 calendar days its non-binding opinion containing either an expression that they have no objection on the submitted third-party valuation report, or its assessment on the acceptability of such third-party valuation report.

6.4 Negotiation between the IA and the Private Proponent on the value of Usufruct of assets, properties, and/or rights involved in the Unsolicited Proposal

The following details provide guidance to IAs and the Private Proponents (the “parties”) during negotiation:

6.4.1 Based on the determined fair range of values, the parties shall negotiate and agree on the following:

- a. The Final Value of the Usufruct of assets, properties, and/or rights to be contributed by the government, which shall in no case be lower than the low case of the fair range of values indicated in the third-party valuation report.

⁷ Copy may be accessed at https://ppp.gov.ph/wp-content/uploads/2025/06/20250630_PPPC_Procedures-for-Submission-of-USP.pdf.

- b. The compensation to the government, which shall in no case be lower than the agreed-upon Final Value of the Usufruct of assets, properties and/or rights to be contributed by the government.

6.4.2 The parties shall also negotiate and agree on the following parameters, terms, and conditions (“PTCs”) related to the compensation to the government for the Usufruct of properties, assets, and/or rights:

- a. The timing of the payment of compensation to the government which may be paid upfront, on a later date within the concession period, or in installments over the concession period.
- b. The interest rate/discount rate to be used if the payment will not be paid upfront shall not be below the prevailing risk-free rate, pursuant to Section 138 of the PPP Code IRR.
- c. The specific mechanisms for the private proponent to fully de-risk the compensation in the event of a shortfall in compensation within the contract period, pursuant to Section 138 of the PPP Code IRR.

The parties shall also ensure that taxes, handback values of government assets, and cashflows incidental to the PPP Project shall not form part of the compensation for the Usufruct of assets, properties, and/or rights contributed, pursuant to Section 50 of the PPP Code IRR.

6.4.3 Should there be ancillary services to be rendered by the IA for the project but which are not part of the project scope, such are not subject to the required valuation under this Resolution. Nevertheless, the IA may negotiate on the compensation for such provision of services.

6.4.4 If the parties fail to agree on the Final Value of the Usufruct of assets, properties, and/or rights to be contributed, and/or the appropriate compensation, within the allowable negotiation period, the IA shall declare failure of negotiation, pursuant to Section 58.2 of the PPP Code IRR.

6.4.5 In the case of an Unsolicited Proposal with an investment recovery scheme involving grant of a portion or percentage of a reclaimed land, the IA may, as part of its proposed PTCs to be negotiated with the Private Proponent, require an updated third-party valuation report during project implementation to ascertain the reasonableness of the value of the reclaimed land vis-a-vis the value of the actual investment by the Private Proponent.

6.4.6 In the case of unsolicited JV PPP Contracts, the equity contribution shall not exceed fifty (50%) percent of the Project Cost in the case of a contractual JV, or fifty (50%) percent of the outstanding capital stock in the case of a JV company; and the return for the government shall at least proportionate to its corresponding contribution.

6.5 Finalization and approval by the appropriate Approving Body of the compensation for the Usufruct of assets, properties, and/or rights

The following details provide guidance to the IA and the appropriate Approving Body, which are the local *Sanggunians* in the case of Local Government Units (LGUs), and Local University and Colleges (LUC) Boards in the case of LUCs, during approval:

- 6.5.1 In preparing its submission to the appropriate Approving Body, the IA shall consider the following:
- a. The date of issuance of the third-party valuation report to be submitted to the appropriate Approving Body shall not be older than one (1) year from the date of submission to the appropriate Approving Body, pursuant to Section 140 of the PPP Code IRR.
 - b. The Agency Project Evaluation Report, shall contain the IA's findings on the submitted third-party valuation report and establish its compliance with the provisions of this Resolution.

The IA shall be prepared to provide clarifications on the submitted documents upon request of the appropriate Approving Body.

- 6.5.2 The results of the submitted third-party valuation report are final and cannot be altered. It only serves as a decision-making parameter and is not binding on the part of the government.

- 6.5.3 Pursuant to Annex B, Section 1.6⁸ of the [PPP Governing Board Resolution No. 2025-06-02](#) or the *Amended Guidelines and Procedures for the Review and Approval of Local PPP Projects by the Appropriate Approving Body under the PPP Code of the Philippines and its Implementing Rules and Regulations*, and any amendments thereto, if the appropriate Approving Body deems that the PTCs pertaining to the amount of compensation are unreasonable, it may adjust such PTCs as part of its approved PTCs for the project; *Provided*, That if the Private Proponent disagrees with the adjusted PTCs pertaining to the compensation, the IA shall inform the Approving Body in writing, and the project shall be returned to the IA.

This is without prejudice to the IA's right to resubmit the Unsolicited Proposal to the appropriate Approving Body and the validity period of the Original Proponent Status granted to the Private Proponent.

7. Guidelines in preparing/assessing the required valuation of the Usufruct of assets, properties, and/or rights for Local Solicited Projects

In preparing the required third-party valuation for solicited JVs and Solicited Projects where investment recovery scheme involves a grant of a portion or percentage of reclaimed land, the IA shall observe and/or satisfy the requirements described in the following sections of this Resolution:

⁸ Copy may be accessed at <https://ppp.gov.ph/guidelines-and-issuances/>.

- 7.1 Sections 6.1.1, 6.3.1, 6.4.6, and 6.5.1(a) on the coverage and quality of the third-party valuation report to be submitted to the appropriate Approving Body.
- 7.2 Section 6.1.3 on the allowable third-party valuation for Solicited Projects where investment recovery scheme involves a grant of a portion or percentage of reclaimed land to be submitted to the appropriate Approving Body.
- 7.3 Section 6.4.3 on allowing the IA to require compensation for ancillary services to be provided by the IA to support the project, which may not necessarily be part of the proposed scope of the project.
- 7.4 Section 6.4.5 on allowing the IA to require an updated third-party valuation report during project implementation to ascertain the reasonableness of the value of the reclaimed land vis-a-vis the value of the actual investment by the Private Proponent.

The IA shall be prepared to provide clarifications on the submitted documents upon request of the appropriate Approving Body.

8. Miscellaneous provision

All queries in relation to the above processes may be raised to the PPP Center by sending an email to evaluation@ppp.gov.ph.

9. Feedback Mechanism

To support the continuous improvement of PPP-related policies and guidelines, the PPP Center shall publish a feedback form following the implementation of this Resolution. The feedback form shall gather observations on the efficiency, clarity, and overall experience in the implementation of the Resolution, including any operational challenges encountered and recommendations for enhancement of the policy instrument. Stakeholders may access and accomplish the feedback form through the PPP Center website.

10. Separability Clause

If any provision of this Resolution is declared unconstitutional or invalid, other parts or provisions hereof not affected thereby shall continue to be in full force and effect.

11. Transitory Clause

The following proposed PPP Projects shall be processed in accordance with the rules in effect prior to the effectivity of this Resolution:

- 11.1 Unsolicited Proposals that are ongoing completeness check by the PPP Center, detailed evaluation by the IA, negotiation between the IA and the Private Proponent, or approval of the appropriate Approving Body: *Provided*, That this Resolution shall apply once the Unsolicited Proposal proceeds to the next stage⁹; and

⁹ For example, an Unsolicited Proposal that is ongoing detailed evaluation by the IA when this Resolution become effective shall not be governed by this Resolution until the end of the detailed evaluation period. However, the requirements under this Resolution shall be applicable when the Unsolicited Proposal reaches the negotiation stage.

11.2 Solicited Projects that are submitted to the appropriate Approving Body for review and approval.

12. Validity

This Resolution shall remain valid until superseded by subsequent resolution to be issued by the PPP Governing Board.

13. Effectivity

This Resolution shall be effective thirty (30) calendar days from its publication in a newspaper of general circulation and submission to the Office of the National Administrative Register.

An electronic copy of the approved Resolution shall also be published in the website of the PPP Center.

I hereby certify that this Resolution was presented to the PPP Governing Board at its meeting held on September 25, 2025, approved via ad referendum, and that the said ad referendum approval was duly confirmed by the Board at its meeting held on March 13, 2026.



ATTY. PHEBEAN BELLE A. RAMOS-LACUNA
Head, PPP Governing Board Secretariat