

# PHILIPPINES

**PUBLIC-PRIVATE PARTNERSHIP (PPP)  
INITIATIVE**

# Investment Performance

- USD5.4 billion from January-August 2010
- 152% increase compared to same period in 2009 (USD2.1 billion)

# Exports

- USD46 billion in 2010
- Up 20.0% compared to 2009 (USD38.3 billion)

# Outlook in 2011

- Real GDP growth : 7 to 8%
- Headline inflation : 3 to 5%
- Export growth : 13%
- Import growth : 18%
- OFW Remittances : USD20.2 billion  
(8%)

# Sectoral Targets

- BOI-PEZA Approved Investments: USD10 billion
- Merchandise Exports: USD46 billion
- OFW remittances: USD20.2 billion
- BPO / Call Center: USD9.4 billion
- Electronics / Semicon: USD25 billion
- Tourism: 3.3 million foreign visitors

# Investment Priority Areas

- Infrastructure (main focus of PPP);
- Agriculture and fisheries;
- Manufactured products;
- Business process outsourcing (BPO);
- Creative industries;
- Strategic activities;
- Green projects;
- Disaster prevention, mitigation and recovery projects; and
- Research and development and innovation.

# Legal Framework of PPP

## The Foreign Investments Act

### Special Features:

- Allows Non-Philippine Nationals to invest in domestic or export –oriented (at 60% export) activities (non-FINL) up to 100% of its capital

### Foreign Investment Negative List (FINL)

- List A – areas of activities reserved to Philippine nationals where foreign equity participation in any activity listed therein shall be limited to a maximum of 40% as prescribed by the Constitution
- List B – areas of activities where foreign ownership is limited pursuant to law for reasons of security, defense, risk to health and morals and protection of SMEs.

# Legal Framework

- **EO No. 8: Reorganizing/Renaming the BOT Center to the Public-Private Partnership (PPP) Center and Transferring its Attachment from the DTI to the NEDA**
- **RA No. 7718: The Amended BOT Law** - provides framework for BOT projects and outlines the government approval process
- **RA No. 7160: The Local Government Code** - allows LGUs to enter into contracts with the private sector and provides BOT guidelines for LGU Projects under R.A. 6957 as amended by R.A. 7718



# Private-Public Partnership Initiative

## Highlights

- Many allowable variants:
  - Build-Operate-Transfer (BOT)
  - Build and Transfer (BT)
  - Build-Own-and-Operate (BOO)
  - Build-Lease-and-Transfer (BLT)
  - Build-Transfer-and-Operate (BTO)
  - Contract-Add-and-Operate (CAO)
  - Rehabilitate-Own-and-Operate (ROO)
- Covers most infrastructure sectors
- Reasonable rate of return
- Institutionalized government support

# Rationale

- PH government's recognition of the role of the private sector as main engine for growth and development

# Government support to PPP Projects

- **Fiscal Incentives**

- Projects costing more than P1 billion are entitled to incentives under the Omnibus Investments Code (OIC) upon registration with the Board of Investments

- Projects costing P1 billion and below can avail of incentives under OIC subject to inclusion in the current Investment Priorities Plan

- LGUs may provide additional tax incentives, exemptions, or reliefs, subject to the provisions of the Local Government Code and other pertinent laws

# Government support to PPP Projects

- **Cost-Sharing**

- Projects with difficulty sourcing funds may be partially financed from direct government appropriations (GAA) and/or Official Development Assistance (ODA)

- Financing from GAA or ODA not to exceed 50% of project cost

- **Other Government Undertakings**

- Include credit enhancements such as currency convertibility, etc.

- Direct government subsidy or equity

# Criteria for selection of PPP Projects

## 1. Project Readiness/Preparation

### a. For 2011 Rollout

- i. Feasibility Study to be completed within 2010 to 2011,
- ii. Completed Feasibility Study being reconfigured for PPP, and
- iii. Ready to tender in 2011.

# Criteria for selection of PPP Projects

## b. For Medium-Term Rollout and other PPP Projects

- i. Included in the PPP pipeline projects of the Implementing Agencies, and
- ii. Initial preparation on-going, i.e., concept stage, hiring of consultants for Feasibility Study preparation.

# Criteria for selection of PPP Projects

2. Responsiveness to the sector's needs (e.g., part of the transport network system, water supply/sewerage, electric power capacity, etc); and
3. High implementability (bankable, no major issues).

# Priority Projects in 2011-2012

- 6 airports
- 2 urban land transports
- 8 railways



# For further information

**Philamer C. Torio**

Executive Director

**Public-Private Partnership Center of the Philippines**

4th Floor, G.A. Yupangco Building,

339 Sen. Gil Puyat Avenue, 1200 Makati City, Philippines

Telephone Nos.: (632) 896.4697 (632) 897.6826 (632) 895.3893

Fax No. (632) 899.8821

Email Address: [info@ppp.gov.ph](mailto:info@ppp.gov.ph)

Web site: <http://www.ppp.gov.ph>



**THANK YOU FOR YOUR ATTENTION!**