

PD-ABW-394

BOT-III PROJECT

Build-Operate-Transfer, Phase III Project

PROJECT COMPLETION REPORT

July 31, 2001

Submitted by
Chemonics International, Inc.
Manila, Philippines

In association with
SCHEMA Konsult, Inc.
Taylor-DeJongh, Inc.
S. C. Myers & Associates, Inc.

Under Contract No. AID 492-C-00-98-00027-00
United States Agency for International Development

Office of the President
Republic of the Philippines
Coordinating Council for Private Sector Participation



CHEMONICS INTERNATIONAL, INC.

6 August 2001

Dr. Joseph Ryan

Director
Office of Economic Development
United States Agency for International Development
8/F PNB Financial Center
CCP Complex, Roxas Boulevard
Metro Manila

Attention: Mr. Emmanuel Miciano, Cognizant Technical Officer
Subject : Project Completion Report of the BOT III Project
Contract No. AID 492-C-0-00-98-00027-00

Dear Dr. Ryan:

In accordance with Section F.2.D of the contract, we are pleased to submit the project completion report (5 printed and 1 electronic copies). The report highlights the accomplishments of the project vis-à-vis the contractual deliverables, lessons learned and recommendations to sustain the gains of the Private Sector Participation Program of the Philippine Government.

In behalf of the BOT III Team of Chemonics International, I wish to express our heartfelt thanks to our project partners, USAID and CCPSP, concerned government agencies, USAID projects, and others who have in one way or the other been involved in the project, for their invaluable cooperation and support, without which we would not have successfully accomplished our tasks.

It has been a productive and rewarding experience for us working side by side with our partners to develop and bring to fruition the benefits of the PSP Program. We appreciate very much the trust and opportunity given to the team, and we look forward to yet another opportunity to work with you again.

Very truly yours,
CHEMONICS INTERNATIONAL, INC.


Alma D. Porciuncula
Chief of Party

CC. Mr. Emmanuel Miciano, USAID
Usec. Noel Eli B. Kintanar, Executive Director of CCPSP
Chemonics International Inc., Washington D.C.

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EXECUTIVE SUMMARY

Background

This report presents the accomplishments of the Build-Operate-Transfer III Project under Contract No. 492-C-00-98-00027-00 of Chemonics International with the United States Agency for International Development (USAID).

The BOT III Project is the third of the series of technical assistance (TA) provided by USAID to the Coordinating Council for Private Sector Participation (CCPSP). USAID provided the TAs to help develop the Private Sector Participation or then referred to as the Build-Operate-Transfer Program of the government, which was seen as one of the vehicles to meet USAID's objectives of promoting trade and investments, efficient fiscal resource allocation and good governance.

The general objectives of the TA are:

- Advance private investments for public infrastructure and other development projects,
- Strengthen the institutional structures of CCPSP and the government in general to support and sustain over the long term the public-private partnership program, and
- Provide management support to CCPSP

The scope of work of the TA has generally focused on the five core functions of the CCPSP, namely:

- policy review, advocacy and formulation;
- project development;
- institution building and training;
- promotion and marketing; and
- project and contract monitoring.

Highlights of Accomplishments vis-à-vis Project Objectives/Deliverables

The environment under which the BOT III project was implemented presented both opportunities and challenges, but overall, the project accomplished most of its deliverables and attained its objectives.

The BOT III project had to deal with a lot of challenges in the three years that it was implemented. It started at the advent of a change in administration, which brought along with it an adjustment period, a changing of guards with different approaches, priorities and style. The change in administration had a significant impact on the continuity of previous efforts started in the past BOT projects, as well as maintaining the level of support and commitment of the government to the program. The project also had to contend with the economic slowdown and the political upheaval in the country, which resulted to yet another change in administration in 2001.



However, while there were constraints, there were on the other hand, significant factors that contributed to the overall success of the project. These factors include:

- The unequivocal policy declaration of the government to utilize the BOT or public-private partnership as a development strategy, especially for the infrastructure sector;
- The BOT Law and its Implementing Rules and Regulations which has established the legal basis, the policy framework and clear cut transaction guidelines for PSP/BOT projects. If followed strictly, it should level the playing field and ensure a stable and consistent application of the rules of the game.
- The existing government institutions and the administrative machinery for the PSP program, which although needing constant improvement to keep pace with new developments, directions and evolving needs, are working. CCPSP as the central coordinating body has contributed much to the advocacy, increasing PSP deal flows and institution building of the PSP program. The addition of contract monitoring to its mandate by virtue of AO 67 supports the efforts of government to establish a guarantee management system. The Investment Coordination Committee as the primary approving body has well-defined project and contract evaluation guidelines. At least at the national level, the establishment of BOT units in implementing agencies has put in place focal points for each agency's PSP program.
- Good rapport of CCPSP with implementing agencies and private sector that made it an effective PSP coordinator.
- The institutionalization of the Project Development Facility; it is an important tool for building a robust shelf of well-conceptualized and structured PSP projects and for steering agencies to shift to public bidding instead of relying mostly on unsolicited proposals. To date six projects are provided technical assistance from the PDF.

Some of the challenges also turned out to be opportunities. For instance, when civil society raised its voice against corruption and red tape, it prompted government to look at measures to dispel these claims and show that it was doing positive measures to improve governance. This brought about:

- The openness to procurement reforms to steer agencies toward adopting and improving competition and transparency in the award of contracts;
- Deepening of the understanding of the policy and economic regulatory regime to encourage PSPs—cases in point are initiatives on regulatory reforms for the rail, water and port sectors essentially to separate

regulatory and proprietary functions, adopt market friendly economic regulations and to strengthen regulatory institutions; and

- Recognition and pro-active measures to set up a guarantee management system not just for PSP contingent liabilities but for GOCC and fiduciary obligations as well.

All things considered, the BOT III Project accomplished most of its deliverables as summarized below:

<u>BOT III Scope of Work</u>	<u>% Accomplishment of Deliverables</u>
• Institutional Support to CCPSP	- 100% (includes CCPSP reorganization, institutionalization of the Project Development Facility, and establishment of a contract monitoring framework)
• Project Development (17 projects out of 31 targeted to bring to bidding or solicitation of comparative proposal stage)	- 55% (in terms of number of projects, amounting to US\$1,246.1 million); however another 7 projects costing more than \$1 billion, assisted under the BOT III are in project preparation stage under PDF funding; 6 are likely to be brought to bid next year and one unsolicited proposal is expected to be brought to solicitation of comparative proposal within the current year
• Policy Review and Advocacy	- More than 100% (tasks in addition to the contractual deliverables were accomplished; includes recommendations for policy and regulatory reform in the rail and water sectors, strengthening of competitive processes on PSP procurement, preparation of a selection of sample PSP contracts with recommendations on risk allocation and regulations by contract)
• Outreach and Investment Promotion	- 100% (includes training of LGU staff on PSP project development, preparation of an LGU PSP project development manual, CCPSP internal training and promotion activities)

The attached table shows the more detailed listing of the project scope and deliverables vis-à-vis the accomplishments.



However, the ultimate measure of success is how these accomplishments contributed to the attainment of the BOT III objectives, discussed below:

1. Advance private investments

There are modest gains in terms of new investments generated. The total cost of the projects advanced to bidding stage amounted to \$1.2 billion only. Another \$1 billion plus may be generated next year from the following projects, which are currently at project preparation stage under PDF funding: Mananga Dam (\$150M), Metro-Kidapawan Water Concession (to be determined), Puerto Princesa Bulk Water Supply (to be determined), PPA North Harbor (\$512.83M), NAIA Access Road (\$197.0M) and San Fernando City IT Project (\$1M).

2. Strengthen institutional structures of CCPSP and the government in general to support PSPs

The reorganization of CCPAP to CCPSP made it more focused on the advocacy and development of the PSP program. It consolidated the staff of the ODA group and the BOT Center thus giving it a wider resource base to carry out its functions. Under the project, capability enhancement of the CCPSP staff was done primarily through a working partnership in a close and seamless manner between the team members and the staff and a two-way give and take learning process. CCPSP has over the years developed core competencies on project development, notably economic and financial evaluation and risk analysis project appraisal contract review, contract monitoring and training. Worthy of note is the contract monitoring function of CCPSP. Although still in its early operationalization stage it has proven to be a crucial role. Taking the case of Casecan project alone, after a contract execution review, CCPSP caused savings amounting to US\$735 million for government by identifying provisions in the contract for an alternative payment scheme for tax obligations (see discussion in Section IV-A.3).

The team feels highly confident that CCPSP will continue to be effective and capable to perform its mandate given officials and staff who are competent, motivated and dedicated.

The policy reform program of CCPSP recommended concrete measures to improve competition and transparency in contract award, harmonize the implementing guidelines of other legal bases for doing PSPs thus ensuring a consistent framework and decision rules. It also brought to fore or pursued regulatory reforms, in major sectors, aimed to rationalize economic regulations to make them attuned to the PSP market, streamline guidelines for regulations and strengthen regulatory agencies. Government processes were also improved to lessen the bureaucratic interventions in approving, implementing and operating PSP projects.

In terms of institution building particularly for Local Government Units, about 416 LGU planning and technical officers from all regions within the country benefited from the structured training on PSP project development. In addition, the LGU Policy Framework Study and the LGU Project Development Manual will be useful tools for LGUs intending to implement PSP projects.

The CCPSP institutional support, policy reform and training program of the BOT III project contributed to the overall strengthening of the PSP Program structures that are essential in sustaining and building the foundation for a significant qualitative change in infrastructure development.

3. Provide management support to CCPSP

The team supported CCPSP through the restructuring, operationalization and transition to CCPSP. Through the project's work plan it also provided continuity, through CCPSP's changes in management, in the policy agenda and its internal work plan to meet its strategic objectives of developing and promoting the PSP Program.

Lessons Learned and Way Forward

The current structures and systems, and fundamental policy framework will support and sustain the PSP program in the long term. However, the experience under the project highlighted both positive factors and on-going meritorious initiatives that should be pursued and gaps and specific issues that still need to be addressed:

Project Development

The development of national government projects outside of the power sector has been slow, even slower for LGU projects, which to date account for only 1.0% of the investment program. Efforts to identify and develop more PSP projects should be sustained through incorporation of a strategic approach at the implementing agency level in identifying PSP projects at the planning and programming stage. Currently agencies still consider ODA as the first choice for financing projects and use the PSP schemes for projects, which cannot be accommodated in the program. Furthermore, to facilitate qualitative change, a program approach to project development is suggested, rather than doing one-off deals. Under this approach, a privatization strategy is formulated and projects are identified and structured according to this framework. Efficiencies and synergy can be gained by implementing several projects similarly structured. Furthermore, policy and regulatory reforms presented in the context of facilitating or removing barriers for project implementation would likewise be better appreciated and would elicit a stronger sense of urgency to resolve pending issues.

CCPSP should complement the above approach by promoting the use of the Project Development Facility for pre-investment studies. Adopting, where appropriate, a repayment scheme to project consultants on a fixed and success fee basis can leverage the

PDF resources further. The latter component not only shares the risk with consultants it also encourages the consultant to perform more conscientiously.

PDF project assistance has proven to be more effective compared to thinly spreading the resources of CCPSP for intermittent and short term technical support to agencies/LGUs preparing projects using their own internal resources. Although the number of projects assisted may be limited, the concerted and total support for the entire project gestation will in the end be more effective and efficient. The team underscores the recommendation to use this approach especially among LGUs. Intensive, project specific- technical assistance is required for most LGUs doing PSP projects to shorten the learning curve. The training will be better appreciated if it is done on the job. It will also expedite the project development process, which is critical concerning the three-year tenure of the LGU executives. Moreover, since LGU PSP project development is still at advocacy stage, it is important to have successful demonstration projects to encourage other LGUs to try it.

Nonetheless, CCPSP should continue assistance to actual projects started that are at various stages of preparation. However, the projects should be carefully re-assessed so that it could focus its assistance on "winners". Furthermore, the emergence of new elective local officials and the renewal of mandates for those that were re-elected would be excellent timing to pursue aggressive PSP advocacy work among local governments. It would likewise be good timing to start on new, carefully screened projects, since there would be ample time for these officials to guide their projects to full project implementation.

Contract Monitoring

There is an urgent need for the government to strengthen its efforts to monitor and evaluate its portfolio of BOT and other PSP projects after contract award. The government must be more vigilant in ensuring that these projects meet predetermined targets/goals (economic, social and financial) and continue to comply with the approved contractual provisions as well as applicable laws and regulations.

The lessons learned from the early BOT projects are beginning to unravel partly through CCPSP's current contract monitoring functions. Some of the important observations include: the failure and passivity of implementing agencies to assert and exercise contractual rights and remedies such as liquidated damages arising from proponent delay in project construction, and their inability, at the agency level, to initially measure risks and make provisions for government direct or contingent liabilities triggered by certain contractual events under the project agreements. Since these projects are more likely big-ticket items (e.g., the NIA Casecanan multi-purpose irrigation and power project and the EDSA MRT 3 project alone have an estimated aggregate cost of US\$1.2 billion), the potentially serious impact on the country's overall financial position cannot be overemphasized.



Policy and Regulatory Reform

The policy and regulatory environment is critical to the success of the PSP Program, and would spell the difference in terms of the scope government support that lenders and developers would look for. The extensive contingent liabilities incurred by government are a reflection of the gaps and weaknesses of the policy and regulatory environment, which translate to a higher perception of project risks. Ideally policy and regulatory reforms should take place before the implementation of projects. However given the protracted process of consensus building within government and enacting necessary statutes to effect the reforms, the projects will not be built or if at all would be severely delayed. Hence, the option is to do both in parallel and to make interim adjustments within the ambit of existing laws and to pursue long term solutions.

BOT III applied this approach in structuring its policy agenda. It is important that approval and enactment of the proposed policy and regulatory reforms be pursued, notably: regulatory reforms in water and transportation, establishment of a guarantee management system, amendment of the BOT Law to limit application of unsolicited proposals to steer agencies toward competitive bidding and introduce other procurement reforms. The recent passage of the Power Reform Act manifested the current administration's political will to adopt progressive, albeit not popular policy reforms. The private sector deemed this a good signal and is expectantly tracking investment opportunities that the policy reform will generate. It is hoped that the same resolve will be shown for the other reforms.

Promotion and Marketing

External threats such as the financial crisis and the current political instability and peace and order problem of the country have adversely affected the appetite of developers and lenders for investments in the Philippines. In view thereof, the promotion and marketing efforts of the PSP Program has to be strengthened further.

Summary of BOT III Scope of Work/Deliverables and Accomplishments

Scope of Work	Deliverables	Accomplishments	Remarks
A. Institutional Support to the BOT Center (now CCPSP) – 100% of deliverables accomplished			
<ul style="list-style-type: none"> ▪ CCPAP/BOT Center Restructuring Study ▪ Institutionalization of a revolving project preparation/ due-diligence fund 	<ul style="list-style-type: none"> ▪ CCPAP/BOT center Restructuring Study ▪ Institutionalization of the Project Development Facility ▪ Operational Support for the PDF – USAID Grant (e.g., preparation of 3 studies; project screening, supervision of PDF consultants, TA for project tender), Lined up for three (3) projects: Gen. Santos Bus Terminal; Sta. Ana Port; and Cebu Fast Ferry Terminal 	<ul style="list-style-type: none"> ▪ CCPAP Restructuring Study <ul style="list-style-type: none"> - Organizational restructuring to focus on PSP Program coordination; Includes an Administrative Order reorganizing CCPAP to CCPSP (AO 67 signed by the President last June 1999) ▪ Project Development Facility <ul style="list-style-type: none"> - prepared the information memorandum which was used as the reference material in securing GOP approval; - assisted in sourcing funds, including a US\$3M ADB TA loan for relending to LGUs, total of \$1M from USAID (\$250 lodged with the BOT III contract and the rest given on a host nation contract arrangement), and about \$1M from USTDA granted to LWUA and MCWD; - prepared operating guidelines for the PDF - prepared an executive order for the establishment of the revolving mechanism for grant funds - PDF project preparation (2 out of 3 targeted from the \$250 PDF contribution) - Using the PDF contribution coursed through the Chemonics contract, 	<p>The work plan included the drafting of the implementing guidelines of the Project Preparation Fund proposed under the 2001 GAA. This fund however was not set up in view of the failure of the previous congress to approve the 2001 budget. Instead the 2000 budget was restated for 2001.</p> <p>The budget for PDF projects was realigned under the BOT III contract for other activities in the other three areas of the work plan as agreed with CCPSP and USAID.</p> <p>Related to PDF projects, the team assisted in the screening and preparation of documents for bidding the NAIA Access Road project preparation study.</p>

Scope of Work	Deliverables	Accomplishments	Remarks
<ul style="list-style-type: none"> ▪ General operational support to CCPSP 	<ul style="list-style-type: none"> ▪ General operational support to CCPSP 	<p>completed the General Santos Integrated Transportation Terminal Study, currently under bidding; and completed draft final report of Cebu Fast Ferry Terminal Study commissioned under Louis Berger Group Inc.</p> <ul style="list-style-type: none"> - Sta. Ana Port was dropped from the list since the LGU did not want to pursue the project - Other projects being undertaken using the PDF are: USAID: NAIA Access Road; USTDA: Mananga Dam, Metro Kidapawan Water Concession and Puerto Princesa Bulk Water <ul style="list-style-type: none"> ▪ Provided staff work for CCPSP and general advisory assistance in carrying out its functions ▪ Assisted in the preparation of the contract monitoring form and the checklist for monitoring ▪ Assisted in monitoring specific projects, i.e., Casecnan, MRT III, LTO-IT and the Ilijan Power projects 	
<p>B. Project Development (55% of the deliverables accomplished)</p>			
<ul style="list-style-type: none"> ▪ Screen projects to determine viability for PSP implementation ▪ Review of pre-FS, bid TOR and draft contract; or 	<ul style="list-style-type: none"> ▪ Project Development (bidding stage or solicitation of comparative proposals) 	<ul style="list-style-type: none"> ▪ Total projects delivered – 17 of 31 projects costing US\$1,246.1 million 	<p>The failure to deliver the target number of projects is due to a variety of reasons, mostly outside of the control of CCPSP and relatedly the BOT III Team. These reasons include:</p>

Scope of Work	Deliverables	Accomplishments	Remarks
<ul style="list-style-type: none"> ▪ Assist in the preparation of the above materials ▪ Review CCPSP-prepared TORs for consultancy services for PDF projects and assist in evaluating output of the consultants ▪ Assist IAs/LGUs in the bidding process ▪ As may be agreed with CCPSP, conduct project preparation studies from the sub-contracting resources 	<p>- 15 LGU projects</p>	<p><u>LGU Projects (8 of 15 delivered - \$39.8M)):</u></p> <ul style="list-style-type: none"> - Muñoz Public Market (approved by Sanggunian for solicitation of comparative proposals) - \$5M - Angeles City Information Technology Project (awarded)- \$1.0M 	<ul style="list-style-type: none"> - lack of commitment on the part of the implementing agency or low priority accorded to PSP project development ; - difficulty in securing requisite approval at the Local Government level mostly due to political differences between the executive and the legislative council, which is the approving authority for the project and the contract; - long gestation of project development ; - changes in administration, which shifted the focus of new officials. <p>The team assisted CCPSP in developing other projects through a range of activities, including screening, preparation of terms of reference for project preparation studies, appraisal of completed projects, review of contracts for projects, advisory assistance to implementing agencies doing feasibility studies and/or drafting of bid documents and guiding agencies through the bidding process.</p> <p>The list of other projects assisted are:</p> <p><u>LGU Projects (10)</u></p> <ul style="list-style-type: none"> - Sta. Ana Port Project - TBD - Marilao Public Market - \$ 5M - Tarlac Public Market - \$ 6M - Murphy (QC) Public Market - \$4.93M

Scope of Work	Deliverables	Accomplishments	Remarks
	<ul style="list-style-type: none"> - 2 Social Infrastructure Projects - 2 environmental projects - 10 national government projects 	<ul style="list-style-type: none"> - Bocaue Public Market (awarded) - \$5M - Orani (Bataan) Information Technology Project (bidding stage) - \$1.0M - Talisay City Hall Bldg. (Solicitation of Comparative Proposal) - \$4.0M - Matnog Integrated Bus Terminal (awarded) - \$4.4M - Bohol Power Joint Venture Agreement (awarded) - \$5.0M - Bohol Water Utilities Joint Venture Agreement (awarded) - \$14.4M <p><u>Social Infrastructure Projects (2 of 2 delivered) - US\$147.0M</u></p> <ul style="list-style-type: none"> - NSO Civil Registry System IT project (awarded) - \$65M - LRA Land Tilling IT Project (awarded) - \$82M <p><u>Environmental Projects (2 of 2 delivered) - US\$282.0M</u></p> <ul style="list-style-type: none"> - Bulacan Bulk Water Supply Project (awarded) - \$165M - MMDA Solid Waste Project (for award) - \$117M <p><u>National Projects (4 of 10 delivered) - US\$775.3M</u></p> <ul style="list-style-type: none"> - DFA Machine Readable Passport - (awarded) - \$50.3M - LRT I - (joint venture agreement signed September 4, 2000) - \$597M 	<ul style="list-style-type: none"> - Kamuning (QC) Public Market - \$4.32M - Candon Public Market - Php110M - Butuan City IT Project - \$ 1M - San Fernando La Union IT Project* - \$ 1M - Batangas City Solid Waste Project - Ulugan Bay Community-based Eco-tourism Project <p><u>National Government Projects (13)</u></p> <ul style="list-style-type: none"> - PPA Manila North Harbor Privatization* - \$ 512.8M - 7 PPA Ports - TBD - North Luzon Tollway Project - \$370M

Scope of Work	Deliverables	Accomplishments	Remarks
	<ul style="list-style-type: none"> - 2 GEM projects 	<ul style="list-style-type: none"> - Redevelopment of Port Irene (awarded) - \$84M - 50 MW Aggregate Capacity Power Plans in Island Electrification (awarded) - \$44 M <p><u>GEM Projects (1 of 2 delivered) – US\$2.8M</u></p> <ul style="list-style-type: none"> - General Santos Integrated Bus Terminal (under bidding) - \$2.8M 	<ul style="list-style-type: none"> - North Luzon East Expressway - \$351M - BIR Computerization Project - - Water Projects (5): Metro Cebu*, Puerto Princesa*, Metro Kidapawan*, Legaspi*, and Bacolod - TBD - Laiban Dam - TBD - Manila Calabarzon Express (MCX) - \$500M - NSO Office Building Complex - TBD <p><u>PDF Projects (3)</u></p> <ul style="list-style-type: none"> - NAIA III Access Road Project* - \$196.66M - Cebu Fast Ferry Passenger Terminal and Reclamation Project - TBD <p>Of the projects listed above, those with asterisk (7 projects) are in advance stages of preparation and are likely to be ready for bidding within the current year.</p>
<p>C. Policy Review and Advocacy – 100% of deliverables accomplished, and in addition accomplished other assignments</p>			
<ul style="list-style-type: none"> ▪ Prepare policy papers/ draft bills or executive issuances to effect policy reforms ▪ Provide comments on policy issues at the request of CCPSP ▪ Assist CCPSP in policy coordination meetings 	<ul style="list-style-type: none"> ▪ LGU PSP Policy Framework Study (inclusive of amendments to the Local Government Code and IRR) 	<ul style="list-style-type: none"> ▪ LGU PSP Policy Framework Study – review of legal and institutional conditions for PSP, recommendations on the amendment of the LGU Code and IRR to improve PSP project implementation, identification of other PSP modalities and review of regulatory framework under which 	<p>The work on policy review and advocacy as initially planned for in the BOT III work plan was expanded significantly. Most of the work focused on the improvement of the regulatory regime to make it more conducive for PSP project implementation, strengthening of competitive processes and transparency</p>

Scope of Work	Deliverables	Accomplishments	Remarks
	<ul style="list-style-type: none"> ▪ Sector Policy Reform and Regulatory Assistance (covering rail transportation, water and solid waste, and information technology) <ul style="list-style-type: none"> - the output will be in the form of executive issuance and/or draft bills restructuring and separating the regulatory function of PNR and LRTA - Draft the policy directive and provide assistance for the formulation of the implementation Plan for PNR privatization; note however that the technical assistance will not extend to the actual implementation of the Plan ▪ Sample concession agreements <ul style="list-style-type: none"> - Water supply/distribution projects (concession arrangement/Affermage) - Solid waste projects - NG and LGU information technology projects ▪ General PSP policy and government procurement reform and development 	<p>LGU PSP projects operate</p> <ul style="list-style-type: none"> ▪ Rail restructuring and privatization strategy including a draft EO ▪ TOR for ADB TA on Rail Institutional Restructuring, PNR Financial and Organizational Restructuring and Project Studies ▪ Review of Executive Order 59 – Port Privatization Framework; recommended privatization strategy and procurement guidelines that promote competition ▪ Water regulatory reform – assistance to CCPSP clarify roles and economic regulatory guidelines for bulk water and concession contracts at the interim; commented on the draft Water Regulatory Commission Bill, the long-term strategic regulatory reform ▪ Report on selection of PSP contracts: <ul style="list-style-type: none"> - Water supply/distribution projects (concession arrangement/Affermage) - solid waste projects - NG and LGU information technology projects ▪ Policy and Evaluation Guidelines for Joint Venture Projects 	<p>in contract award to support the efforts of the government toward improving governance, and harmonizing and streamlining government approval processes and requirements for PSP projects.</p> <p>However, it should be noted that the efforts on the PSP policy reform agenda have to be sustained after the project. Most of the instruments that will effect the reforms have been prepared under the project, but approval/ signing is still pending.</p>



Scope of Work	Deliverables	Accomplishments	Remarks
		<ul style="list-style-type: none"> ▪ Papers related to the PSP Policy Agenda <ul style="list-style-type: none"> - Prepared paper/ presentation of the PSP policy agenda to ECC - In support thereof prepared: <ul style="list-style-type: none"> - Amendments to the BOT law - Amendments to the BOT Law IRR - Amendments to the ICC Guidelines - EO on additional PSP modalities under the BOT Law - EO establishing the revolving fund for the PDF grant contributions - EO on JV evaluation guidelines - AO strengthening CCPSP contract monitoring - AO amending AO 141, which requires all BOTs to source insurances from GSIS ▪ Draft implementing guidelines for Section 6 of the General Appropriation Act ▪ Comments on the Study on Guarantee Management Framework and preparation of a terms of reference for the establishment of a guarantee management system ▪ Policy Position Papers : e.g., ICC policy Issues (submitted for discussion in an ICC policy workshop); WB's Country Framework Report 	

Scope of Work	Deliverables	Accomplishments	Remarks
		<ul style="list-style-type: none"> ▪ Various legal opinion and policy papers 	
D. Outreach/Investment (100% of deliverables accomplished)			
<p><u>Institution Building/ Training</u></p> <ul style="list-style-type: none"> ▪ Assist in the conduct of training programs for CCPSP clients (e.g. LGUs and national government agencies) ▪ Prepare training materials ▪ Conduct in-house training for CCPSP staff ▪ Organize special lectures (brown bag sessions) for CCPSP staff ▪ Prepare reference materials for PSP project development <p>N.B. The coverage of the training program and brown bag sessions will be finalized with the Training Division after the evaluation of the Training Needs Assessment currently being undertaken by the training consultant.</p>	<ul style="list-style-type: none"> ▪ Training <ul style="list-style-type: none"> - CCPSP External Training Program- Conduct training programs/Prepare the training design and materials - CCPSP Internal Training and Brown bag sessions 	<ul style="list-style-type: none"> ▪ Training <ul style="list-style-type: none"> <u>External Training</u> <ul style="list-style-type: none"> - LGU/ PDACs Project Development Seminars (covered all regions of the country) - ARMM/SZOPAD PSP Seminars <u>CCPSP Internal Training</u> <ul style="list-style-type: none"> - CCPSP Training Program for training design and assessment; presentation skills enhancement, accreditation of CCPSP training program in the Civil Service Commission - Special CCPSP staff lectures and brown bag sessions (10) ▪ Preparation of the PSP Project Development and Implementation Manual ▪ Procured MIS softwares and other materials for the Training and Promotion Group 	

Scope of Work	Deliverables	Accomplishments	Remarks
<p><u>Promotion</u></p> <p>Assist in the promotion of the PSP program and CCPSP</p>	<ul style="list-style-type: none"> ▪ Investment Promotion and Marketing <ul style="list-style-type: none"> - Preparation of information and promotional materials, and CCPSP Annual Reports - Strengthen CCPSP's One-Stop Information Center - Assist in the conduct of or participation of CCPSP in various investor conferences and round table conferences with the private sector <ul style="list-style-type: none"> ➢ At least one local investor conference ➢ Assist in the preparations for the WEDC Conference 	<ul style="list-style-type: none"> ▪ Investment Promotion and Marketing: <ul style="list-style-type: none"> - Four (4) LGU Briefing on the Doing PSPs and presentation of amended BOT IRR - Four (4) PDO Meetings (100%) - Assistance to various investor/ agency, government briefings e.g., Vietnam Government delegation, Hongkong Investors, private proponent companies, etc. (intermittent) - CCPSP Annual Reports and PSP Investment Kits - Primer on Project Packaging and Financing for LGUs - LGU PSP Guidebook - Infrastructure Forum - Conference on PSP Water Services - World Economic Development Congress 	

I. INTRODUCTION

This report presents the life of project accomplishments of the Build Operate Transfer III Project, which is under Contract No. 492-C-00-98-00027-00 of Chemonics International with the United States Agency for International Development (USAID).

II. DESCRIPTION OF THE PROJECT

A. Background on the USAID Technical Assistance to the Philippine Private Sector Participation (PSP) Program

The Philippine PSP Program has evolved from an immediate stopgap measure to avert the power crisis of the early 1990s to a cornerstone strategy for infrastructure development. Government recognized public-private partnership as a concrete measure to effect a paradigm shift on its role of direct provider to an enabler. However, more than the desire for an ideological transformation, the shift was prompted by budgetary constraints and the inefficiencies of government's direct provision and operation of public facilities and services. PSPs are seen as the means to mobilize additional resources, to tap efficiencies of private sector management, and to avail of new technology or operating systems. The growing gap between fiscal resources and the demand for public services, make the public-private partnership strategy an imperative and not a mere option.

The government avows its commitment to public-private partnership in its declaration of policy in the Philippine Development Plan and manifests this through specific courses of action. Over a period of ten years, the government established the structures of the PSP Program conscious of the need to put in place an environment that will encourage private sector to do business with government. These include the following:

- Enactment of the legal basis and therein, statement of the policy framework for PSP project development (i.e., BOT Law or RA 6957 as amended by RA 7718);
- Formulation of implementing rules and regulations for PSP projects, covering a clear approvals process, and transparent procurement guidelines
- Establishment of CCPSP, a focal agency that acts as the overall coordinator and promoter of the program; and recently
- Establishment of a project development facility, a self-liquidating fund for project and tender documents preparation.



To date the PSP Program has generated to date about US\$26 billion in investments for power, water, transportation, information technology and property development projects. In the current plan period, the government targets to source a significant percentage—in the magnitude of 40% of the total infrastructure investment requirements from public-private partnerships.

USAID has been in the forefront of this development initiative and has contributed directly and indirectly to the achievements of the program. It has over the past eight years been an active partner of the government, through its provision of technical assistance supportive of PSP institution building. In particular, USAID has assisted the Coordinating Council for Private Sector Participation (formerly Coordinating Council for the Philippine Assistance Program- BOT Center), through three projects: BOT I (1992 to 1996), BOT II (1996-1998), and BOT III (1998-2001). The scope of these projects revolved around the five core functions of CCPSP, namely: policy review and advocacy, project development, training and capability building, marketing and promotion, and project and of late contract monitoring.

B. BOT III Objectives

BOT III was designed as a follow through of the earlier technical assistance extended by USAID to CCPSP. The project falls under the purview of the Trade and Investment Team and was designed in order to meet USAID's Strategic Objective #2, "Improved National Systems for Trade and Investment". BOT III is expected to contribute to three key result areas, as follows, thereby also contributing to the other strategic objectives (SOs) of USAID:

- **Trade and Investment:** BOT III will directly expand investments in the Philippines by lowering the barriers to private investment in substantial sectors of the economy. Furthermore, it will also draw international investment in the Philippines, thus expanding trade.
- **Fiscal Resource Allocation:** BOT III will also contribute to improving fiscal resource allocation by allowing national and local government agencies allocate fiscal resources into areas where private capital is less available.
- **Expanding Local Public Services:** Among the areas into which BOT III will promote increased investment are potable water supplies, solid waste and waste-water management, which are important underlying factors in improving maternal-child health (SO3). In this respect, BOT III will complement USAID's pollution abatement activities (SO4). In general, BOT III will help many local governments become more effective in arranging for a variety of public services (SO6).

As designed, the BOT III Project had both short and long term objectives. The short-term objectives are:

- advance private investments,
- strengthen the institutional structures of CCPSP and the government of the Philippines in general to support the public-private partnership program, and
- provide management support to CCPSP.

The long-term objective relates to preparations to ensure sustainability of efforts and further the gains of the program even after USAID's assistance is completed.

C. Project Impact Measurement

The original contract identified the targets on activity results as indicated in Table 1. However, the validity of the activities' specific results rests on assumptions about matters that are outside of the control of USAID and its partners for the BOT III Project. Re-evaluation of assumptions as needed was one of BOT III's vital management tasks, particularly to help USAID and the parties involved in the project understand the constraints and adjust efforts accordingly.

Table 1. BOT III Impact Measurement Targets

1. Private Investments Advanced		
Amount (US\$M p.a.)	Number	
<ul style="list-style-type: none"> ▪ National level project - 2,000 ▪ LGU environment - 300 ▪ LGU non-environment - 100 	<ul style="list-style-type: none"> ▪ 10 national infrastructure projects advanced to bidding stage ▪ 10 regional or LGU projects advanced to bidding stage ▪ 2 GEM projects advanced to bidding or negotiation stage ▪ 1 projects with a growth area coordinating body ▪ 2 pilot public service infrastructure activities advanced to bidding or negotiation stage ▪ 1 solid waste demonstration project designed and advanced to bidding stage 	
2. Clear directions for continued investment promotion		
Result	Indicator	Target
<ul style="list-style-type: none"> ▪ GOP will support private participation in a wide range of public services 	<ul style="list-style-type: none"> ▪ Project development facility (PDF) to finance feasibility studies and technical evaluations structured and implemented under BOT III 	<ul style="list-style-type: none"> ▪ PDF funded, operational and supporting studies/ evaluations

Result	Indicator	Target
<ul style="list-style-type: none"> ▪ GOP will have guidelines for the terms on which private enterprises can participate in providing public services in each sector of substantial interest 	<ul style="list-style-type: none"> ▪ Guidelines for transparent and open competitive tendering of projects developed and issued by CCPSP for five sectors (power, transportation, telecommunication, environmental, social) 	<ul style="list-style-type: none"> ▪ 5 sets of guidelines
<ul style="list-style-type: none"> ▪ GOP will have assignments of roles among governmental agencies in promoting private investment 	<ul style="list-style-type: none"> ▪ Clear policies established in five sectors (power, transportation, telecommunications, environmental, social) of private investment that separate regulatory responsibilities from service provision 	<ul style="list-style-type: none"> ▪ 5 sets of policies
<ul style="list-style-type: none"> ▪ GOP will support attracting international (including US) private investment 	<ul style="list-style-type: none"> ▪ Opportunities for public participation are advertised in international journals and on the internet 	<ul style="list-style-type: none"> ▪ Advertisement of 1 or more investment opportunities in each of the 5 sectors

Source: Section E of the Contract No. 492-C-00-98-00027-00

The scope of the project and the corresponding deliverables evolved over time to respond to prevailing issues and to be consistent with the priorities of the government partners. The initial Life of Project Work Plan, which was prepared after a more thorough assessment of the prevailing condition and the priorities of the new administration, already had major adjustments on the targets. In particular the power and the telecommunications sectors were no longer included, for the following reasons:

- By the time the project started the power reform and restructuring bill was already being deliberated. The bill included an asset unbundling and privatization strategy and regulatory reforms.
- The development of PSP power generation projects was expected to be minimal in view of the pending bill and also the over capacity as a result of the decline in demand due to the economic downturn brought about by the regional financial crisis.
- It was inappropriate to include the telecommunications sector under the BOT or public-private partnership program since the telecommunications infrastructure and services is almost entirely privatized already. To do so would result to backsliding considering that government has already devolved its service provision and has focused on regulations.

The final set of deliverables/impact measurement targets as agreed among USAID, CCPSP and Chemonics and against which the project accomplishments should be reckoned is given in Table 2.

III. LIFE OF PROJECT WORK PLAN AND DELIVERABLES

The work plan of the BOT III Project was anchored on the following considerations:

- The operational support to CCPSP should cover its five basic functions, namely: project development, policy advocacy, institution building, marketing and promotion, and monitoring.
- Gear the work plan towards the achievement of the targets of the project, primarily: advance to bidding a total of 26 projects, institutionalize the Project Development Facility (PDF), formulate PSP policy framework and guidelines for priority sectors, promote PSP projects and address major policy and implementation issues affecting the PSP program.

The BOT III Project work plan went through three changes over the life of the project. As earlier mentioned the changes were prompted by the changing situation, needs and priorities, and infusion of additional resources from USAID to jumpstart the Project Development Facility¹. While assistance to CCPSP on its five core functions remained a constant, the specific activities changed. There was also a change in terms of the formatting of the work plan after USAID shifted from categorizing activities according to prescribed Contract Line Item Numbers, consisting of six areas to just one². Revisions to the work plan were always based on tripartite consultations and consensus.

The consolidated summarized work plan as revised and approved by the project partners is shown in Table 2.

Table 2. BOT III Project Life of Project Work Plan

Scope of Work/ Activities	Activities/ Deliverables
<i>Institutional Support to CCPSP</i>	
<ul style="list-style-type: none"> ▪ Assist CCPSP identify its long term role in the privatization program of the government and to recommend an appropriate institutional arrangement and organizational structure for the office to deal with the broader concerns of the privatization program 	<ul style="list-style-type: none"> ▪ CCPAP/BOT Center Restructuring Study

¹ In July 1999 USAID increased the BOT III budget by US\$250,000 mainly for initial capitalization of the Project Development Facility

² Under the first work plan activities were classified according to the following: CLIN 1- Institutional Support to BOT Center, CLIN 2- Policy Reform and Regulatory Assistance, CLIN 3- Environmental Infrastructure Development, CLIN 4- Social Infrastructure Development, CLIN 5- Outreach and Investment Promotion, and CLIN 6- LGU and Major Infrastructure Projects. The project resources were supposed to be allocated to each CLIN. Administratively this arrangement turned out cumbersome and was later changed to a more flexible resource allocation. The CLINs were merged to just one and the team reclassified the work plan activities to be more in sync with the five core functions of CCPSP.

Scope of Work/ Activities	Activities/ Deliverables
<ul style="list-style-type: none"> ▪ Assist in the creation and operationalization of the Project Development Facility (PDF). The PDF shall be designed as a revolving fund for the preparation of feasibility studies and bid documents. ▪ Provide general operational support to CCPSP 	<ul style="list-style-type: none"> ▪ Funding and institutionalization of the Project Development Facility ▪ General operational support to CCPSP ▪ Assistance for the preparation of a contract monitoring system
Project Development	
<ul style="list-style-type: none"> ▪ Screen projects to determine viability for PSP implementation ▪ Assist implementing agencies through the technical assistance of the BOT III core team in the preparation or review of the feasibility study, bid terms of reference and draft contract ▪ Prepare or review CCPSP-prepared terms of reference for consultancy services for PDF projects and later assist in evaluating the output of the consultants ▪ Assist implementing agencies in the bidding process ▪ Conduct project preparation studies from the sub-contracting resources 	<ul style="list-style-type: none"> ▪ 15 LGU projects ▪ 2 social infrastructure projects ▪ 2 environmental projects ▪ 10 national projects (inclusive of 1 PDF project) ▪ 2 GEM projects (inclusive of 1 PDF project)
Policy Review and Advocacy	
<ul style="list-style-type: none"> ▪ Prepare policy papers/draft bills or executive issuances to effect policy reforms ▪ Provide comments on policy issues at the request of CCPSP ▪ Assist CCPSP in policy coordination meetings 	<ul style="list-style-type: none"> ▪ LGU PSP Policy Framework ▪ Policy and regulatory review and recommendations for reform for the rail and water sectors ▪ Sample contracts for water, solid waste and IT projects ▪ PSP Policy Reform Agenda intended to improve transparency and competition ▪ Terms of reference for establishing a guarantee management system ▪ Ad-hoc assistance on policy review and preparation of position papers
Outreach and Investment Promotion	
<p><u>Institution Building/Training</u></p> <ul style="list-style-type: none"> ▪ Assist in the conduct of training programs for CCPSP clients (e.g. LGUs and national government agencies) ▪ Prepare training materials ▪ Conduct in-house training for CCPSP staff ▪ Prepare reference materials for PSP project development 	<ul style="list-style-type: none"> ▪ LGU Project Development Seminars ▪ PSP Briefings ▪ BOT Project Development Officers' Meetings ▪ CCPSP Internal Training/ Brown Bag Sessions on selected PSP Topics

Scope of Work/ Activities	Activities/ Deliverables
<p><u>Promotion and Marketing</u></p> <ul style="list-style-type: none"> ▪ Assist in the promotion of the PSP Program <p><u>Monitoring</u></p> <ul style="list-style-type: none"> ▪ Assist CCPSP in project and contract monitoring 	<ul style="list-style-type: none"> ▪ PSP Information Materials, Project Folio and CCPSP Annual Reports ▪ Strengthening of CCPSP as a one-stop information center ▪ Assist CCPSP to conduct or participate in investor conferences ▪ Support activities for project/contract monitoring

IV. BOT III PROJECT ACCOMPLISHMENTS

A. Institutional Support to CCPSP

A.1 Restructuring Study for the Coordinating Council for the Philippine Assistance Program (CCPAP)

At the request of the CCPAP Executive Director and with the concurrence of USAID, the CCPAP restructuring study was added to the deliverables of the project. The study was conducted to review the long-term role of CCPAP and how best to optimize its resources under a changing scenario that affects its principal functions. These changes primarily refer to the passage of the Official Development Assistance Law and the increasing prominence of PSPs in the development plan. A short backgrounder on CCPAP is given in Box 1.

Box 1. Backgrounder on CCPAP

Towards the late 1980's, a Multi-lateral Assistance Initiative for the Philippines was spearheaded by the United States Government. The MAI, which later became known as the Philippine Assistance Program was launched by 19 countries and 6 multilateral organizations to support the economic development program of the newly restored democracy in the Philippines. CCPAP was created through Administrative Order No. 5, in January 13, 1989 to be the overall coordinator of the PAP. Its major functions included: policy formulation for the PAP, facilitate implementation of projects and monitor and evaluate implementation of programs and projects under the PAP.

With the advent of the PSP, CCPAP became one of the strongest advocates for this scheme as a viable development strategy. It created a BOT Center, along side its organization that did PAP-related tasks, which focused on providing institutional support for the PSP program.

With the passage of the ODA Law, which recognized NEDA as the institution in charge of the ODA program (including the PAP), the mandate of CCPAP over ODA related functions was questioned. On the other hand, with the passage of the Amended BOT Law (RA 7718), CCPAP was mandated as the overall coordinator for BOT projects implemented under the Act.

The objectives of the study were:

- Review the role of CCPAP vis-à-vis the current institutional framework
- Recommend the functions that CCPAP should continue to perform and the appropriate organizational structure to support these functions
- Identify the enabling mandate to effect the restructuring and reorganization.

The review of CCPAP's mandate had the following findings:

- Some of its functions duplicate NEDA's role, particularly with respect to ODA policy coordination, ODA resource programming, project evaluation, program and project monitoring.
- NEDA, because of its institutional set-up and linkages is more appropriate to perform the above functions, except for project facilitation and individual monitoring of projects.
- Donors and implementing agencies underscored the importance of the project facilitation work being done by CCPAP
- The privatization program of the government remains as a cornerstone strategy for mobilizing capital funds for infrastructure investments. The program is however, not coordinated well in view of the different legal bases and institutions involved with the process. CCPAP's BOT Center played a central role in the coordination and promotion of BOT projects, currently worth about \$25 billion. It has therefore built up experience and expertise applicable to not only BOTs but also to other private sector participation (PSP) modalities.

With the above considerations, the consultants recommended the following functions for CCPAP, and to rename it as the Infrastructure Privatization Center:

- Coordination, promotion and monitoring of BOT projects implemented under RA 7718, other PSP modalities implemented under special charters of GOCCs and the Local Government Code
- Administration of a Project Development Facility
- Project facilitation for both ODA and PSP projects

An organizational structure was proposed to support the above functions. An administrative order was also drafted to effect the reorganization of CCPAP. This draft AO was used as a reference when AO 67, "*Reorganizing the Coordinating Council of the Philippine Assistance Program and converting it into the Coordinating Council for Private Sector Participation*" was finalized. AO 67 was signed on May 11, 1999 and gave CCPSP the mandate, in addition to the BOT Center functions, to coordinate and monitor PSP projects and contracts, manage and administer a project development facility, and conduct project

facilitation and problem solving of PSP projects. AO 67 also designated the NEDA Director-General as the ex-officio chairman of the Council³.

A.2 Project Development Facility

Background and Rationale

The Project Development Facility (PDF) is one of the most significant achievements of the BOT-III Project. The mechanism addresses the immediate need to strengthen the capability of the Government to prepare a pipeline of projects consistent with its development priorities and promote good governance in the procurement of private sector participation (PSP) contracts. The vision for the PDF is to intensify private sector interest in the country's PSP program that will accelerate the implementation of viable infrastructure projects and enable the Government to be more responsive to the debilitating shortage of basic services in various key sectors at the national and local levels.

Beyond the adoption of policies conducive to PSP, the impact of the infrastructure development program largely depends on the ability of the Government to find new ways to leverage the capital resources and technical expertise of the private sector to achieve specific development targets at the national and local levels. A critical factor in this initiative to expand the PSP program is the development by national implementing agencies (IAs) and local government units (LGUs) of a robust shelf of viable projects ready for public tender. It is important to note that during the 1996 APEC Roundtable Discussions held in Manila, the World Bank stressed that there is no lack of interest on the part of international private investors to do infrastructure projects in partnership with governments. The problem in many developing countries, including the Philippines, is the lack of properly identified and packaged projects to bid on (i.e. bankable projects).

Concept and Objectives

The BOT-III Project Team (the Project Team) assisted the Coordinating Council for Private Sector Participation (CCPSP) in developing and institutionalizing the concept for the PDF. By providing financial support for due diligence activities, the PDF is intended to strengthen the ability of IAs or LGUs to properly identify, prepare and package PSP projects. These IAs and LGUs are expected to become more pro-active and in control of their projects. In addition through eligibility requirements and conditions imposed on the IAs or LGUs for funding, the PDF will steer the IA or LGU towards public bidding using objective guidelines consistent with the Implementing Rules and Regulations of the BOT Law. This should ensure transparency in the process and create a "level playing field" that will attract qualified bidders and promote competition for the pipeline of projects developed through the PDF. Moreover, the PDF will reduce if not eliminate the

³ AO 67 was later amended by AO 103 signed January 10,2000, designating the ex-officio chairman of the Philippine Committee for Flagship Programs and Projects to be the concurrent chairman of CCPSP.

reliance by IAs or LGUs on unsolicited proposals that are often not entirely satisfactory to the IA or LGU and lead to prolonged and complicated negotiations which render the procurement process vulnerable to public criticisms.

Structure and Funding

The Project Team designed the PDF as a revolving fund that will lend to eligible IAs or LGUs for project preparation and other due diligence work required for the public bidding of viable PSP projects. The extension by the PDF of loans rather than grants is, firstly, to promote the sustainability of the fund through the recovery of the seed capital, and, secondly, to strengthen the commitment of IAs or LGUs to successfully tender their projects.

The structure developed by the Project Team incorporates a special feature for the repayment of the loans by the winning bidders as a precondition for contract award. In the case of failed attempts to bid out the project or award the contract, the IAs or LGUs shall be responsible for repaying the loan from their respective budgets. In this situation depending on how well the IA/LGU conducted the tendering process, a form of risk sharing between IAs/LGUs and CCPSP is possible through more lenient or subsidized repayment terms. The Project Team believes that this makes the PDF more marketable or attractive to prospective borrowers than other loan facilities for project preparation that are less flexible in nature.

The seed capital for the PDF shall be sourced from budgetary resources, multilateral or bilateral loans and grants. The PDF is envisaged by the Project Team to consist of several funds managed by different administrators, but all guided by a common set of policy and implementation guidelines set by a cabinet level inter-agency steering committee. The technical secretariat of the CCPSP shall provide the technical support to the steering committee and the fund administrators. The PDF will have different mechanisms for management of funds intended for national government implementing agencies and for local government units.

While the structure of the PDF is relatively simple, it offers a range of important long-term benefits to the principal parties involved in the infrastructure development program, as follows:

- Advantages for the Public/Consumer
 - Quality of life will be improved by addressing critical needs for basic services
 - Tolls, fees and charges for basic services shall be more reasonably priced
 - Modern, cost-efficient facilities should be ready for operation with less delays

- Advantages for the Government
 - Ability to achieve development targets at the national and local levels are strengthened
 - Proponent agencies can develop projects without having to rely on unsolicited proposals
 - Inflows of private sector capital will increase over time and relieve the Government of substantial fiscal pressures

- Advantages for Private Sector Proponents
 - More opportunities to pursue viable projects in a broader range of sectors should arise;
 - There will be greater transparency and less delays in the tendering process;
 - Due diligence and other pre-investment activities should be less costly.

- Advantage for Bilateral and Multilateral Agencies
 - Sustainability of the PDF through the recovery of the fund's seed capital reduces the county's continued dependence for additional grants and loans to develop sectors viable for PSP and frees up funds for less viable projects that have strong social benefits (depending on the appetite of IAs or LGUs for financial assistance, the PDF can facilitate a project pipeline worth up to 50 times its size each time it is fully utilized)

Accomplishments of the Project Team

The Project Team assisted CCPSP in all aspects relating to the approval and establishment of the PDF as an operating mechanism for the Government to expand the PSP Program. The Project Team was involved in producing the requisite documents, presentations, and business plans, and in participating in consultations with various government agencies as well as potential capital contributors to set up the PDF.

The efforts of the Project Team to institutionalize the PDF, including the deliverables and output, focused on the following targets/action areas:

1. Helped CCPSP secure government approvals for the PDF Concept and establishment of an LGU-PDF with Landbank of the Philippines funded by an ADB TA Loan

The Project Team prepared and submitted the PDF Information Memorandum to CCPSP management for review and approval. The main areas covered by the paper, among others, are as follows:

- Background and rationale
- Structure and objectives

- Institutional framework
- Potential sources of funding
- Mechanics and operating guidelines, including process flow, project screening system and terms and conditions for assistance
- Proposal for the ADB-LGU Private Infrastructure Project Development Facility

The paper provides sufficient depth of information for ICC review and approval of the PDF concept and use of ODA loans to fund the facility. A major component of the paper is a proposal for US\$3 million technical assistance loan from the Asian Development Bank to the Landbank of the Philippines (LBP) to develop LGU PSP projects (ADB-LGU Private Infrastructure Project Development Facility), including the institutional arrangement, deal structure and operating guidelines.

While preparing the Info Memo, the Project Team and CCPSP management met with ADB officers to get seed money for the PDF. The PDF concept was very well received as it supported ADB's thrust to promote the country's regional development and decentralization process. The Project Team assisted the ADB with the arrangements for a TA loan that would go to an LGU-dedicated PDF. The structure called for a government financing institution (GFI) to directly borrow the ADB TA loan and on-lend the loan funds to LGUs following the implementing guidelines of the PDF. This follows a general policy that funds intended for LGUs should not impinge on the national budget. While the GFI takes on direct credit risk for on lending to LGUs, it has an IRA intercept in its sub-loan agreements as a form of security. In addition to finalizing the structure and operating mechanism, a key output in the Project Team's involvement was in supporting the efforts CCPSP and ADB to convince the Landbank of the Philippines (LBP) to take on the loan. Given its many years of experience in lending to LGUs to promote countrywide development, LBP is ideally suited for the responsibility.

After the Project Team assisted CCPSP in consultations with national government oversight agencies (including NEDA and DOF), ADB and LBP to build support for the PDF, the PDF Info Memo was endorsed by CCPSP to the ICC for approval of the following:

- Establishment of the PDF as a technical assistance resource for project preparation and as a revolving fund
- Establishment of an inter-agency steering committee among Council member and the Landbank of the Philippines to set the policy and implementation guidelines for the PDF
- Proposal for LBP to take on ADB TA loan to develop PSP LGU projects



Following the approval by ICC, granted on October 1999, the Project Team assisted in the drafting and execution of the implementation agreement for the ADB-LGU Private Infrastructure Project Development Facility. This involves LBP as the direct borrower of a US\$3 million TA loan from ADB with a guarantee extended by the government through the Department of Finance.

2. Drafted the mechanism for establishing the PDF for national government agencies

The Project Team participated in policy discussions within CCPSP aimed at firming-up the design, mechanics and operating framework of the PDF for national government implementing agencies (NG-PDF). The arrangement of a GFI being the on-lender can be implemented only in the case of LGUs and GOCCs, who are allowed to take on commercial loans. The limitations for IAs to access commercial loans required a different arrangement for the NG-PDF. The main obstacle, however, to setting up the NG-PDF is creating appropriate mechanisms for the revolving feature and the lack of legal basis to set up the revolving fund. The Project Team found that if the seed capital is coming from loans or budgetary appropriations, the authority to set it up has to be through statute. However for grant funds, an administrative fiat will suffice.

The efforts of the Project Team to set up the NG-PDF were as follows:

- Developed an initial scheme to include NG-PDF in the Government Appropriations Act as a lump-sum un-programmed fund, so that IAs could tap the fund anytime within a budget year. In case of bid failure, the repayment would be automatically set-off in the IA's budget for the following year.
- However, DBM did not agree to the proposal and recommended that the revolving fund coming from loans or budgetary appropriations be established through an explicit legal basis. The mechanism to recover the loan in case of bid failure would be developed later on. In view thereof, the Project Team recommended amendments to the BOT Law which include an express provision to set up a revolving fund for the PDF, the disposition of which and accounting will be outside of the General Fund.
- With respect to PDF contributions coming from grant sources, DBM agreed that these could be revolved immediately provided, there is a specific proviso for such in the grant agreement and provided, the administering agency, CCPSP, has the mandate to do so. The Project Team drafted an Executive Order that gives

CCPSP the authority to immediately establish a revolving fund for the grant contributions to the PDF under its administration. This is one of the pending policy instruments for approval of the President.

3. Assisted CCPSP and other implementing agencies in accessing grant sources for the PDF

USAID provided the start up fund partly through the additional fund of US\$250,000.00 given to the BOT III contract, and the \$750,000.00 given to CCPSP under a host nation contract. US Trade and Development Agency later on gave more than \$1,000,000.00 earmarked for three water projects, namely: Puerto Princesa, Metro-Kidapawan and Metro Cebu Water Projects. The first two are under the auspices of the Local Water Utilities Administration (LWUA) and the latter under Metro Cebu Water District (MCWD). For these projects the Project Team drafted Memoranda of Agreement with LWUA and MCWD to revolve these grant funds using the PDF guidelines. The project Team also assisted CCPSP finalize the guidelines for re-lending and procuring the contracts for the \$750,000 USAID contribution.

The projects currently assisted by the PDF are:

- General Santos Bus Terminal (USAID/BOT III Contract)
- Cebu Fast Ferry Terminal (USAID/BOT III Contract)
- NAIA Access Road (USAID/Host Nation Contract)
- Mananga Dam for Metro Cebu Water District (USTDA)
- Puerto Princesa Water Supply (USTDA)
- Metro Kidapawan Water Concession (USTDA)

A.3 General Operational Support to CCPSP

Project and Contract Monitoring System

The capability of the Philippine government to monitor and evaluate its portfolio of PSP infrastructure projects under implementation must be developed as the project pipeline continues to expand. Generally, government proponent agencies have to improve the requisite technical expertise for this activity. The government must overcome this problem to ensure that project design, construction and operations are consistent with approved contractual requirements and that predetermined targets/goals (economic, social, financial) will be satisfied.

The task would involve a comprehensive project and contract monitoring system that would help the government manage its share of the project risks and raise "red flags" when pertinent contractual requirements will not be satisfied. Unless the government improves its capability to facilitate, monitor and track the

progress and performance of projects, the Philippine Infrastructure Privatization Program may be faced with the following dire consequences:

- Faulty or non-conforming facilities/services delivered by the proponents due to the inability of government to properly evaluate project deliverables and impose penalties/liquidated damages when necessary
- Greater fiscal pressures due to the inability of government to recognize and mitigate risks that can trigger explicit contingent liabilities arising from various types of government guarantees or penalties imposed on the government for non-compliance with specific contractual requirements
- Unreasonable tariffs, user fees, or other charges on the public due to the lack of financial information needed or the inability of government to correctly apply the rate adjustment formula in the contract
- Lack of a central institution as the repository of lessons learned that would be very useful to government for future project development efforts

Accomplishments of the Project Team

The Project Team assisted CCPSP in the following areas pertaining to project/contract monitoring:

1. Participated in an Inter-Agency Technical Working Group meetings led by CCPSP to develop a collaborative effort among government agencies to monitor infrastructure projects.
2. Prepared the form used by CCPSP to monitor the implementation status of Philippine infrastructure projects.

A comprehensive checklist, the form defines the data capture requirements with respect to infrastructure projects at various stages of development. The form should help CCPSP with the following, among others:

- a) Collect data pertinent to its mandate of project monitoring
- b) Monitor the actual progress of projects being tendered
- c) Assist IAs/LGUs in following the bidding procedure according to the BOT Law
- d) Monitor the government's exposure, both expected and actual, to contingent liabilities
- e) Monitor financial and economic feasibility indicators in relation to limits prescribed by the ICC



- f) Ensure compliance of government agency and private sector proponent with conditions precedent
 - g) Ensure that the debt and equity funds are utilized according to the approved financing plan
 - h) Monitor government support in the form of subsidies, enhancements, guarantees, etc. during construction and operation
 - i) Compile lessons learned
3. Assisted in monitoring specific projects by conducting financial analysis and reviewing contracts to determine the satisfactory compliance of proponents with the terms of reference and contractual provisions. The projects monitored are Casecnan Multipurpose Irrigation Project, LTO IT Project, MRT III and the Ilijan Power Project. Notably with respect to the Casecnan Project, CCPSP with assistance from the Project Team was able to call the government's attention to a contingent liability risk exposure of about \$735 million.

Casecnan Multipurpose Irrigation Project

The result of an unsolicited proposal, the Casecnan Project is being implemented under a BOT contract that took effect in November 1995. The \$600 million project aims to irrigate 35,000 hectares of new farmlands in the province of Nueva Ecija, and ensure irrigation supply to the existing 102,000 hectares service area for the Upper Pampanga River Integrated Irrigation System in Nueva Ecija. The Project also aims to generate additional 150 megawatt of electricity to the Luzon Grid. The proponent, California Energy/CP Casecnan Consortium, is under contract to deliver a 26 km transbasin tunnel capable of diverting 800 mcm of water per year to the Pantabangan Reservoir. The implementing agency is the National Irrigation Administration (NIA)

Under the contract, the NIA will repay the Proponent for all amounts advanced for taxes and fees arising from the importation of equipment, delivery of construction services, and registration of related documents. The repayment scheme in the contract imposes automatic increases to the basic water delivery fee (at a predetermined rate per \$1 million of such advances) which shall be in effect for the duration of the concession period. Based on the billing statement presented by the proponent in March 2001 the amortization of the tax advances amounting to \$47 million shall be \$29-\$38 million per year or a total of approximately \$735 million in nominal terms during the concession period (2001-2021). The resulting interest rate to the government is an exorbitant 82% p.a. Clearly; the scheme is grossly disadvantageous to the government/NIA. What was not pointed out was that the government/NIA had the option, provided for in the contract, of paying the tax advances of US\$47 million up front.

The Project Team assisted CCPSP in the preparation of memos, financial spreadsheets and presentation materials for inter-agency meetings among the

Department of Agriculture, DOF, NIA, DBM, and the NEDA-ICC. The meetings presented the liability exposure of the government/NIA to the Casecanan project and stressed the immediate need to renegotiate the onerous provisions of the contract with the proponent. In subsequent interagency meetings, the Project Team assisted in the negotiations with the proponent.

General Operational Support to CCPSP

The team performed staff work and backstop support to CCPSP in carrying out its functions. A number of ad-hoc assignments were given to the team on an intermittent basis.

B. Project Development

Situationer:

Restricted Macro-Environment for BOT III Project

The overall investment climate for private sector participation in infrastructure development in the Philippines both at the national and local level throughout the life of the BOT III project was largely influenced by the economic and financial crisis that has affected the Asian region. Proposals/negotiation for major unsolicited projects in the transport sector (e.g., Manila-Calabarzon Express, LRT IV, LRT V, Pasig Expressway) have either been withdrawn and/or suspended since the advent of the crisis. Even awarded projects (Metro Manila Skyway, North Luzon Tollway) have fallen behind in their implementation schedule because of difficulty in raising the required financing for these projects.

The transition from the Fidel V. Ramos government into the Joseph Estrada administration after the 1998 Presidential elections which ushered in new key officials and personnel in most infrastructure agencies contributed to the lack of clear policy directions with respect to infrastructure development. This situation hampered the tendering and/or negotiation of projects in such sectors as ports, rail and environmental areas (potable water supply systems, solid waste disposal, etc.).

The Philippine Ports Authority for quite a while was insistent in pushing for the privatization of the Manila North Harbor under a single port operator system. After some serious objections from many sectors, it was finally decided that two operators would be allowed with the appointment of a new PPA General Manager with the advent of the Macapagal-Arroyo Administration after EDSA II, privatization for Manila North harbor was put on hold. PPA is considering ODA as an interim development option. In rail, the government has put on hold the implementation of the North Rail project due to lack of financing while in the case of the MCX (Manila-Calabarzon express, decision is yet to be finalized on the definite PSP option to implement the project. Just when the Asian Development Bank was all set to provide technical assistance for rail

rationalization and PNR restructuring during the last quarter of 2000, the government through the Flagship Committee decided to defer this assistance in favor of other fast-tracked options which did not materialize.

The lack of clear-cut policy directions in the solid waste sector also hampered the effective implementation of the Metro Manila Solid Waste Project. The attempt to fast-track this project ended up nowhere due to lack of political will to implement the results of what appeared to be a legal and transparent bidding process.

Through most of BOT III, the prevailing dearth of capability among implementing agencies and local governments to prepare and package projects properly, restricted the number of projects that could be offered for PSP. While many projects have been endorsed to CCPSP by local governments for PSP-type implementation, majority of these have remained in the concept stage due to lack of supporting project documents e.g. pre-feasibility studies and tender documents. The Project Development Facility (PDF) which is designed to provide project preparation and packaging support is only starting to be operationalized.

Impact of CCPSP Re-Engineering

The re-engineering and transition of the CCPAP/BOT Center to CCPSP and the several changes that have occurred in the CCPAP/CCPSP Chairmanship and Executive Directorship with the advent of the Estrada Administration also affected the momentum of project implementation.

Chemonics for its part was tasked to work on the CCPAP re-engineering study and because of the various organizational changes, immediate decisions for project assistance could not be immediately obtained over a span of 3½ years, CCPAP/CCPSP had three (3) chairmen and four (4) executive directors.

Project Development: A Slow Process

The experience with BOT I, II and III has amply demonstrated that project development whether with national implementing agencies or with local government is really a slow and tedious process. The task of identifying projects, getting agencies/LGUs to agree with the assistance, and going thru the actual process of project packaging is really a slow and a time-consuming process. The initial hurdle is getting the commitment of agency and LGU heads. The next hurdle is preparing the project and getting it approved by the implementing agency or LGU. In the case of the latter, the political differences of the local executive and sanggunian members often hinder the consensus building for the project. The third hurdle is conducting the bidding process in an expedient and transparent manner.

There were on the other hand, some national infrastructure agencies as well local government that established strong cooperative relationship with the CCPSP/BOT III and vigorously pursued the implementation of these projects. With the active

assistance/participation provided by CCPSP/Chemonics, some national projects, e.g. DFA's Machine Readable Passport Project, DOT's LRT line I Extension, the NSO Computerization Project, LRA's Land Titling Computerization Project successfully went through the bidding and/or negotiation stages.

At the LGU level, the combination of BOT III assistance and the presence of project champions led to the successful award of projects as in the case of the Matnog (Sorsogon Integrated Bus Terminal) and the Bohol Water and Power Project.

Projects Assisted and Delivered

Under the BOT III project, several national as well as local government projects have been identified (together with the CCPSP) and provided technical assistance and support, ranging from: project screening, drafting of the terms of reference for the study, preparation or appraisal, review of bid documents and contract, and guidance through the bidding and contract award process. These include the following (see Annex __ for project profiles):

Table 3 List of PSP Projects Assisted by the BOT III Project

Category/List of Projects (Deliverables)/Status	Cost (US\$M)	Agency	BOT III Assistance/ Follow-on Work
A. LGU Projects (8* of 15 delivered)			
1. Munoz Public Market* <ul style="list-style-type: none"> ▪ Approved by Sanggunian for solicitation of comparative proposal. 	5.00	Munoz, Nueva Ecija Municipal Government	<ul style="list-style-type: none"> - Assisted the LGU in evaluating the unsolicited proposal submitted for the project - Guided the LGU in the formulation of guidelines for the solicitation on unsolicited proposals - LGU needs to be further guided in the solicitation and evaluation of unsolicited proposals.
2. Angeles City Information* Technology Project <ul style="list-style-type: none"> ▪ The project was awarded to the lone complying bidder, but the bidder backed out due to failure to raise the financing required. The project is being prepared for re-bidding. The LGU is currently updating the Terms of Reference of the project. 	1.00	Angeles City Government	<ul style="list-style-type: none"> - Reviewed bidding documents and provided close guidance in the bidding process - Assisted in evaluation of lone complying proposal - Would need to provide further assistance in updating bid documents and acted conduct of re-bidding

Category/List of Projects (Deliverables)/Status	Cost (US\$M)	Agency	BOT III Assistance/ Follow-on Work
3. Bocaue Public Market* <ul style="list-style-type: none"> ▪ Contract awarded to Meditech Trade and Development. Under construction. 	5.00	Bulacan Municipal Government	<ul style="list-style-type: none"> - Assisted LGU in preparing tender documents and in actual conduct of bidding - Provides advice in contract finalization
4. Marilao Public Market <ul style="list-style-type: none"> ▪ Project approved by Municipal Dev't Council, SB, & SP. Feasibility study was delayed due to a political issue. 	5.0	Marilao Municipal Government	<ul style="list-style-type: none"> - Project has not moved because of political issues coordinating project
5. Tarlac Public Market <ul style="list-style-type: none"> ▪ LGU still has to submit the project for RDC and ICC Approval 	6.25	Tarlac City Government	<ul style="list-style-type: none"> - Provided advice to city mayor on the BOT process of procurement
6. Orani Information Technology Project* <ul style="list-style-type: none"> ▪ Before the change in administration, the LGU was reviewing the financial proposal of the lone complying bidder. However the new administration decided to reject it and re-bid the project instead. 	1.00	Orani Municipal Government	<ul style="list-style-type: none"> - Review pre-FS - Provided advice to former mayor on the BOT process - LGU will need guidance in project re-bidding
7. Talisay City Hall Bldg.* <ul style="list-style-type: none"> ▪ Contract was awarded to PMGI on January 12, 2001. City Government terminated the contract last June 5, 2001 due to proponent's failure to comply with conditions for contract award. The LGU is still studying possible options for the implementation of the project. 	4.0	Talisay City Government	<ul style="list-style-type: none"> - Review of bid for necessary to attract new investors
8. Matnog Integrated Bus Terminal* <ul style="list-style-type: none"> ▪ Awarded to Matnog Collaborative Ventures, Inc. 	4.40	Matnog Municipal Government	<ul style="list-style-type: none"> - Assisted in negotiation/ contract finalization - Project under construction - Project/contract monitoring necessary
9. Bohol Water Supply System Joint Venture Agreement* <ul style="list-style-type: none"> ▪ Awarded to Salcon Consortium Phil. Agreement signed on August 28, 2000. 	14.4	Bohol Municipal Government	<ul style="list-style-type: none"> - Provided advisory assistance during bid evaluation - Recommended modifications on JVA structure

Category/List of Projects (Deliverables)/Status	Cost (US\$M)	Agency	BOT III Assistance/ Follow-on Work
10. Bohol Provincial Electric System <ul style="list-style-type: none"> ▪ Awarded to Salcon Consortium (Phil.). Joint Venture* Agreement signed on August 28, 2000. 	5.00	Bohol Municipal Government	<ul style="list-style-type: none"> - Project awarded Aug. 28 '00 - Will require project/contract monitoring
11. Murphy Public Market <ul style="list-style-type: none"> ▪ City Government still to provide required documents for PDF assistance. 	4.93	Quezon City Government	<ul style="list-style-type: none"> - Identified project for PDF assistance - Conducted preliminary evaluation - Needs follow-up with new Q.C. administration
12. Butuan City Information Technology Project <ul style="list-style-type: none"> ▪ Project approved by Sanggunian for BLT implementation Awaiting completion of new city hall where the system will be installed. 	0.75	Butuan City Government	<ul style="list-style-type: none"> - Project assessed as suitable for PSP/BOT - Requires follow-up with LGU
13. Calapan Public Market and Commercial Center <ul style="list-style-type: none"> ▪ For RDC approval. Bid documents under preparation by city government. 	10.40	Calapan Municipal Government	<ul style="list-style-type: none"> - Reviewed project F/S - Brief PBAC on bidding process
14. Kamuning Public Market <ul style="list-style-type: none"> ▪ City Government still to provide required documents for PDF assistance. 	4.32	Quezon City Government	<ul style="list-style-type: none"> - Identified project for PDF assistance - Performed preliminary screening - Needs follow-up with new Q.C. administration
15. Candon Market and Shopping Complex <ul style="list-style-type: none"> ▪ Deadline for submission of comparative proposals postponed indefinitely. 	2.75	Candon Municipal Government	<ul style="list-style-type: none"> - Project went thru acceptance of unsolicited proposal but solicitation of comparative proposals has been stymied
B. National Government Projects (4* of 10 delivered)			
1. DFA Machine Readable Passport* <ul style="list-style-type: none"> ▪ Awarded. Contract signed on 8 February 2001 between DFA and BCA Int'l. 	50.3	Department of Foreign Affairs	<ul style="list-style-type: none"> - Assisted DFA in the finalization of bidders, reviewed contract and assisted in bidding and contract award - Require project/contract monitoring

Category/List of Projects (Deliverables)/Status	Cost (US\$M)	Agency	BOT III Assistance/ Follow-on Work
2. Laiban Dam <ul style="list-style-type: none"> ▪ Study showed many constraints on the project, consultant recommended looking for an interim source of supply. An alternative study is being conducted on the Agos River Development Project. 		MWSS	<ul style="list-style-type: none"> - Provided comments on the contractual arrangement proposed to be a JV - Project held in abeyance
3. Manila Calabarzon Express (MCX) <ul style="list-style-type: none"> ▪ The project will be reviewed and repackaged for possible combined ODA and PSP financing. In this light, CCPSP has recommended the official termination of the unsolicited proposal of Ayala. 	500.00	Department of Transportation and Communication	<ul style="list-style-type: none"> - Project for discussion with DOTC including ADB offer of Technical Assistance for PNR restructuring and MCX
4. Metro Manila Expressway R4 & R5 (PasEx) <ul style="list-style-type: none"> ▪ Unsolicited proposal got first pass ICC approval in 1997. However, proponent has indicated that it will submit a revise proposal in the light of changes in cost. 	730.00	Department of Public Works and Highway	<ul style="list-style-type: none"> - Awaiting submission by proponent of revise proposal
5. Light Rail Transit Line No. 1 Extension Project* <ul style="list-style-type: none"> ▪ JVA contract approved by ICC on August 25, 2000. Proponent to draft implementation agreement. Acquisition of ROW and Application for ECC ongoing. 	597.00	DOTC/LRTA	<ul style="list-style-type: none"> - Provided comments on draft contract and parametric rate adjustment formula - LRTA requires assistance in finalizing implementation agreement
6. PPA North Harbor Privatization <ul style="list-style-type: none"> ▪ Before the change in administration, PPA was in the process of completing the study and the bid documents to tender the project under a two-operator scheme. The new management however, held this in abeyance and considered tapping ODA or internal cash generation instead. As of this writing there is no official advice yet from PPA on what to do with the project. 	122.00	Philippine Ports Authority	<ul style="list-style-type: none"> - Provided comments/inputs to PPA TOR for bidding of project - Assisted PPA in ECC presentation - Reviewed findings of Halcrow - New PPA management to confirm implementation strategy



Category/List of Projects (Deliverables)/Status	Cost (US\$M)	Agency	BOT III Assistance/ Follow-on Work
7. NAIA Expressway Project <ul style="list-style-type: none"> The bidding for the study to revalidate DPWH study and prepare bid documents for the BOT component is close to contract award. The study is expected to be completed within two months from award. 	196.66	Department of Public Works and Highway	<ul style="list-style-type: none"> Provided assistance in preparing TOR of FS and bid documents Assisted in securing funding (through USAID assisted PDF) for FS validation and tender document preparation Facilitated resolution of legal issues Will require further assistance during tendering
8. NSO Office Building Complex <ul style="list-style-type: none"> Preliminary screening completed; deferred due to low market potential due to current financial crisis 		National Statistics Office	<ul style="list-style-type: none"> Performed preliminary financial analysis Found to have low PSP potential
9. Privatization of Seven Major PPA Ports <ul style="list-style-type: none"> New PPA management held the plan in abeyance 		Philippine Port Authority	<ul style="list-style-type: none"> Fine-tuned study TOR and prepared cost estimates Study worth pursuing
10. Cebu Fast Ferry and Reclamation Project <ul style="list-style-type: none"> The draft final report was presented and discussed before the Cebu City Waterfront Dev't Commission, and later with CCPSP. Assumptions on the viability indicators were questioned and required to be validated with current local market conditions. Institutional and contractual arrangement also required major revamp. 	26.92	Cebu Port Authority/Cebu City Government	<ul style="list-style-type: none"> FS/Tender documents preparation funded from Php250,000 USAID assistance to PDF (through Chemonics BOT III contract) Option of increasing reclaimed area being investigated to improve economic/financial viability of project
11. Legaspi Water District Concession Project <ul style="list-style-type: none"> Awaiting 2nd pass approval of ICC-TWG 	68.76	LWUA/LCWD	<ul style="list-style-type: none"> Participated in project/ conduct evaluation/review Provided advisory assistance during negotiations on contract Awaiting ICC review/ approval
12. Mananga Dam (Phase II) Project <ul style="list-style-type: none"> Updating of F/S and bid documents ongoing; completion of study expected by December 2001. 	150.00	Metro Cebu Water District	<ul style="list-style-type: none"> Assisted in fine-tuning TOR for FS updating Will require guidance in tendering after FS completion

Category/ List of Projects (Deliverables)/Status	Cost (US\$M)	Agency	BOT III Assistance/ Follow-on Work
13. Metro Kidapawan Water Supply Project <ul style="list-style-type: none"> Updating of F/S and bid tender documents completion expected by December 2001. 		Metro Kidapawan Water District	- Will require guidance/ assistance in project tendering and bid evaluation after FS completion
14. Puerto Princesa Water Supply <ul style="list-style-type: none"> Updating F/S and bid documents completion expected December 2001. 		Puerto Princesa Water District	- Will require guidance/ assistance in tendering and bid evaluation after FS completion
15. North Luzon Tollway Project <ul style="list-style-type: none"> Phase I of NLTP has an overall accomplishment of 9.5%. On-going activities such as advance and further advance construction work is 90.6% accomplished; river bridge widening was completed. 	370.00	DPWH/TRB	- Requires project/contract monitoring
16. North Luzon East Expressway Project <ul style="list-style-type: none"> Awaiting DPWH submission of necessary documents for the PDF application and USAID approval in principle for PDF funding. 	351.00	Department of Public Works and Highway	- Fine-tuned study TOR - Prepared cost estimates for pre-FS - DPWH/CCPSP/USAID to agree on pre-FS start-up
17. Redevelopment of Port Irene* <ul style="list-style-type: none"> Contract awarded to APIT 1st quarter of 2000. Awaiting ECC Clearance from DENR. 	84.0	Cagayan Economic Zone Authority	- Requires project/contract monitoring
18. BIR Computerization Project <ul style="list-style-type: none"> Held in abeyance by new BIR management 		Bureau of Internal Revenue	- Review of project necessary
19. 50 MW Aggregate Capacity Power Plants in Islands Electrification* <ul style="list-style-type: none"> Awarded to Salcon Consortium. Draft Power Purchase Agreement for 5MW Marinduque Fired Diesel Power Plant for review by NEDA-ICC-TWG on going. 	44.0	National Power Corporation	- Monitored development of project
20. Batangas City Solid Waste Project <ul style="list-style-type: none"> For approval by the city government Sangguniang Panglungsod. 	2.5	Batangas City Government	- Assisted LGU in preparing concept paper - FS needs updating

Category/List of Projects (Deliverables)/Status	Cost (US\$M)	Agency	BOT III Assistance/ Follow-on Work
21. Ulugan Bay Community-based Sustainable Tourism Project <ul style="list-style-type: none"> Screened potential for PSP implementation and was found to be not financially viable. 		Palawan City Government	<ul style="list-style-type: none"> Visited Ulugan Bay and collaborated with Puerto Princesa City and UNDP to screen projects for PSP implementation Projects were found to be too small and not viable for BOT/PSP implementation
C. Environmental Projects (2* of 2 delivered)			
1. Bulacan Bulk Water Supply Project* <ul style="list-style-type: none"> Since execution of Project Agreement last 7 November 2000, proponent was given 12 months within which to comply with the requirements set forth in the Agreement. A copy of the agreement was forwarded to OP for concurrence, but the OP forwarded the same to NEDA. 	165.00	BWSSI	<ul style="list-style-type: none"> Provided LWUA a lawyer and technical expert in the preparation of the TOR for solicitation of comparative proposals helped resolve legal/contractual issues For project/contract monitoring
2. MMDA Solid Waste Project* <ul style="list-style-type: none"> PBAC recommended award to most responsive proponent/bidder; notice of award still on hold due to issuance of temporary restraining order. 	117.00	Metro-Manila Development Authority /Greater Metro Manila Solid Waste Management Committee	<ul style="list-style-type: none"> Provided assistance in bidding preparations Clarified legal/institutional issues affecting project Awaiting further developments including lifting of temporary restraining order
D. Social Projects (2* of 2 delivered)			
1. NSO Civil Registry System IT Project* <ul style="list-style-type: none"> Awarded to Unisys 	65.00	National Census and Statistics Office	<ul style="list-style-type: none"> assisted in the conduct of the bidding process including bid evaluation for monitoring
2. LRA Land Tilling IT Project* <ul style="list-style-type: none"> Awarded. Notice to proceed issued on 16 January 2001. 	82.00	Land Registration Authority	<ul style="list-style-type: none"> provided assistance during bidding/negotiation for monitoring
E. GEM Projects (1* of 2 delivered)			
1. General Santos Bus Terminal* <ul style="list-style-type: none"> Pre-FS funded through PDF. Schema Konsult completed the final report. The project obtained 1st pass approval from NEDA-ICC. Currently under bidding. 	2.81	Gen. Santos City Government	<ul style="list-style-type: none"> Provided funding for Pre-FS/tender documents preparation under BOT III contract Assisted LGU in securing NEDA-ICC approval and the BOO scheme Preparation for bidding is underway

Category/List of Projects (Deliverables)/Status	Cost (US\$M)	Agency	BOT III Assistance/ Follow-on Work
2. Sta. Ana Port Development <ul style="list-style-type: none"> ▪ PPA and the Davao City Govt. signed a MOA transferring the administration of the Sta. Ana Port's operations and administration to the local government. The city government has no firm decision yet on the project. 		Davao City Government	<ul style="list-style-type: none"> - Together with GEM identified project and conduct preliminary screening for PSP implementation - Prepared study TOR and arranged project for PDF assistance under Chemonics contract - Awaiting LGU decision on CCPSP offer of assistance
F. PDF Projects (2*of 3 delivered)			
1. Cebu Fast Ferry and Reclamation Project* See above	26.92	Cebu Port Authority/ Cebu City Government	See above
2. General Santos Bus Terminal* See above	2.81	Gen. Santos City Government	See above
3. NAIA Expressway Project See above	196.66	Department of Public Works and Highway	See above

C. Policy Review and Advocacy

While the BOT-III Project was envisioned to place emphasis on the development of PSP projects that were consistent with the development priorities of Government, particularly, on the environmental and social sectors, significant accomplishments in policy reform and advocacy were achieved and far exceeded original project goals.

Policy work figured very prominently during the course of the BOT-III Project and required more resources than planned to carry out or run all related studies and activities. This resulted as CCPSP accorded priority on the policy reform agenda with the view that it will improve private sector interest in the long run as well as strengthen the institutions for transparency and competition in the provision of government services. Project activities included policy studies that were necessary to effect regulatory reforms and improve the policy regime for PSP. Special policy work was also done in response to particular requests from CCPSP and/or government line agencies that had to deal with and resolve policy

issues while seeking approvals for particular projects or reaching a consensus on development strategies.

Policy reform and advocacy work done by BOT-III could be categorized as follows:

- LGU PSP Policy Framework
- Sector Reform and Development
- PSP Policy and Government Procurement Reform Agenda
- Guarantee Management Framework for BOT/PSP Projects
- Other Policy Related Activities

C.1 LGU PSP Policy Framework

The major objectives of the study were to:

- To harmonize the policies and implementation guidelines enunciated in the Local Government Code and Republic Act 7718 (BOT Law) with the view to providing inputs for their amendments
- To explore the other mechanisms for public-private partnerships in LGU projects and to provide guiding principles and transparent implementing rules and regulatory processes, keeping in mind the need to ensure that private sector initiative, transparency, regulatory requirements, cost effectiveness and competitive environment are all maintained.

The study was divided into four tasks:

- Task 1 - review of the legal and institutional conditions to identify impediments and recommend measures to strengthen PSP project development at the LGU level;
- Task 2 - recommendations on the amendment of the Local Government Code and in the interim its implementing rules and regulations to provide clear and specific provisions for PSP modalities not covered among the nine (9) variants in the BOT Law and to improve the transparency of PSP procurement under the Code;
- Task 3 - identification of non-BOT PSP modalities, and formulation of guidelines on PSP project screening, structuring, and risk analysis; and
- Task 4 - review of the regulatory framework under which LGU-PSPs operate.

The outputs of the study are the following:

- Amendments to the Local Government Code focusing on implementation and procurement guidelines for PSPs,
- Amendments to the IRR of the existing LGC,
- Draft IRR based on amendments of the LGC,
- An analytical tool to identify the most appropriate PSP modality for LGU projects,
- A review of the regulatory framework affecting PSPs.

The analytical tool developed in the study was used in the project identification and screening workshops of the LGU PSP Project Development Training Program. It is also one of the main features of the PSP Project Development and Implementation Manual for Local Government Units.

C.2 Sector Reform and Development

1. Rail Restructuring and Privatization Strategy

The team had intermittent but extensive involvement in groundwork preparation for the rail sector restructuring and implementation of a privatization strategy. In mid- 1999, the team prepared a rail reform and restructuring paper based mainly on the findings and recommendations of the Transport Infrastructure Capacity Development (TICD) Study⁴ and the Non-Core Assets Study⁵ for PNR. The paper essentially recommended the restructuring of the rail sector to separate rail regulatory from operating functions. The privatization (via various forms of PSP) and the organizational restructuring of the Philippine National Railways was also advocated.

The highlights of this paper were presented to the Secretary of Transportation and Communications and the PNR Board Chairman which subsequently received the unanimous endorsement of both the DOTC Secretary and the PNR Board. The team drafted an Executive Order outlining the privatization framework for PNR and giving the Board Chairman (then Chairman Carlos Borromeo), the mandate to effect the restructuring and privatization of PNR.

The CCPSP proposed a three-level assistance to PNR to enable the company to achieve the objectives of restructuring and privatization. The first is the above assistance extended to the Chairman of the Board. The second level is the formulation of a detailed action plan to implement the privatization of PNR (to be provided under the BOT III contract). The third is specific project development, to prepare priority projects to

⁴ By Halcrow-Fox under Asian Development Bank TA to NEDA.

⁵ By Transportation and Economic Research Association under USTDA grant.

bidding stage, initially the South Commuter Rail (MCX) and the North Rail projects (ADB indicated interest to extend a policy and project loan to support PNR's projects). The team arranged meetings between ADB and USAID to agree on the complementation of the assistance both donors will provide.

However, the initiative fizzled when new appointments were made in the PNR. The PNR Chairman, Mr. Carlos Borromeo that we were working with was transferred to the DOTC as the Undersecretary for the rail sector⁶. The new PNR Chairman did not share the sense of urgency of the previous chair and asked to be given time to familiarize himself with the sector and to review the proposal for restructuring and the privatization strategy. The team sensed political dynamics between the DOTC undersecretary for rail and the new PNR chairman, which we think attributed to the inaction of the latter on the initiative of the former.

Around the third quarter of 2000, the PNR Board (under the new chairman and new membership) expressed interest in the restructuring and modernization of PNR. This was prompted by the concern of then President Estrada to expedite the pending rail projects, particularly North Rail and the Manila Calabarzon Expressway (MCX). PNR commissioned a study from a local consulting firm to prepare the framework and the corresponding executive order therefor. During the inter-agency discussions on the draft executive order, another development took place. The chairman of the Flagship Committee was made the point person for the rail projects and policy reform measures.

The team provided technical assistance to the Flagship Committee through CCPSP to review and redraft the Executive Order. The team also assisted CCPSP prepare a terms of reference for a technical assistance proposal to ADB to implement the policy and regulatory reform of the rail sector, organizational restructuring of PNR and prepare priority projects, specifically North Rail and MCX for public tender. The funding scheme was for a mix of ODA and PSP financing. Relatedly, we also backstopped CCPSP and the Flagship Committee in the inter-agency and ADB discussions on the proposal.

The highlights of the terms of reference for the ADB technical assistance proposal are given in Box 2.

⁶ Worth noting is the fact that DOTC is not even a member of the PNR Board on ex-officio capacity, hence the undersecretary for rail had no direct clout.

Box 2. Highlights of the TOR for the ADB TA

The ADB technical assistance will consist of three (3) parts as follows:

PART I

Formulation/implementation of an over-all rail sector institutional rationalization/restructuring and development plan consistent with Executive Order mandating rail sector/PNR rationalization and restructuring.

PART II

Formulation/implementation of detailed PNR restructuring/PSP Plan.

- The planning/implementation process should encompass the following:
 - Articulation of the PNR restructuring/privatization strategy with the implementing details, timing/phasing of execution and specific action plans;
 - Appropriate technical, economic and financial analysis on the PNR sectors identified for privatization; and
 - Evaluation of the sectors as to their feasibility for privatization and/or PSP/BOT implementation.
- Preparing/Obtaining required legal authority to implement PNR/Rail Sector Restructuring.
- Prepare indicative business plan to chart PNR's directions for the next 10 years, in accordance with its restructured role.
- Preparing/implementing the strategy for the financial restructuring of PNR to make the new structure a viable entity.

Firming up plans and measures to achieve PNR downsizing.

Determination of PNR assets that may be unbundled and/or disposed.

PART III

Review/Updating/Validation of Feasibility Studies

- 1) Review/updating of the North Rail FS
- 2) Validation/upgrading of the South Rail Pre-FS
- 3) Review/validation of the North Rail/South Rail link and recommend preferred option.
- 4) Define right-of-way requirements and extent of resettlement of informal dwellers along PNR-row to be undertaken.

It is expected that with this particular project and technical assistance, several sub-PSP projects will be forthcoming including the following:

- Rolling stock operation and maintenance for the South Rail (Magallanes to Calamba);
- Rolling stock operation and maintenance for the North Rail (Caloocan to Calumpit);
- PSP/BOT of the rail operations component of the North Rail/South Link between Magallanes to Caloocan;

- Privatization of track maintenance for both the North and South Rail
- PSP/BOT/Sale of the PNR Hospital
- PSP/BOT of the PNR Mechanical Depot;
- PSP/BOT/Sale of major real estate properties including stations
- Possible revival/rehabilitation of old/abandoned lines including Batangas, mainlines (North/South)
- Others

The proposal was at fact-finding stage when the Flagship Committee Chairman decided to change its course of action. It deemed the ADB approval process to be too long and cumbersome, and may therefore delay the implementation of the projects, which were the utmost priority. The Chairman requested ADB to concentrate its TA on the policy and regulatory reform and organizational restructuring. For the project preparation, it opted to use the previous studies done for North Rail and the unsolicited proposal for MCX, with updates to be done by the DOTC in-house staff. DOTC staff initially did an assessment of the unsolicited proposal and concluded that it required more than updating, i.e. additional studies, particularly more in depth traffic studies were required to get reliable feasibility indicators.

Meanwhile the rail-related tasks got suspended in view of the change in administration. In June 2001, CCPSP revived discussions of these tasks with the new DOTC undersecretary for rail, Usec Wilfredo Trinidad. He expressed interest to review the policy agenda and pursue the technical assistance proposal with ADB.

2. Review of Executive Order 59 – Port Privatization Framework

Executive Order 59 was passed in December 1998. It provided for the policy framework and privatization strategy for PPA ports and recognized PPA's authority using its charter as the legal basis to privatize port operation. The most significant feature of the EO is that it allows a single contractor for the entire port operation, and the use of direct negotiation for the procurement of the contract. While EO 59 was supposed to be applicable to all ports, the pilot project was the privatization of Manila North Harbor, the premier domestic port.

USAID requested the team to review EO 59, provide a critique of the privatization strategy and the procurement modality, and recommend an alternative strategy that will encourage competition, cost effectiveness to port users, and transparency in the procurement process. The team prepared a number of memos, which were used as reference materials in the deliberations of concerned bodies (PPA Board and the Economic Mobilization Group and then later the Economic Coordinating Council) to

adopt or to rescind/ amend EO 59. The memos were complemented by a draft EO amending EO 59. In essence, the team recommended competition for the procurement of the contract and the operation itself.

The resolution of the issue on the port privatization strategy went through a long and arduous process. It took almost two years before stakeholders (PPA, shippers and user groups) and the policy makers to agree to procure the contract through public tender and to introduce competition in the service provision by having at least two operators. After the involvement in the review of EO 59 and the advocacy to amend it to shift to competitive processes and structure, the next major involvement of the team was in the formulation of a term of reference (bid documents and draft concession agreement) for a two operator scheme. About the fourth quarter of 2000, PPA commissioned Halcrow to do a study on the unbundling of port operations, prepare the feasibility study and the bid documents and concession agreement. CCPSP was instructed by the Economic Coordinating Council (then the highest economic policy/oversight body of the government) to assist PPA review and finalize the study and guide it through the bidding and contract award process.

Much like, the PNR assignment, the change in administration halted the conduct of the study, which was at the stage of finalizing the feasibility study and structuring the two- operator bid evaluation parameter and contractual arrangement. The new PPA general manager was initially not in favor of privatization at all and instead considered use of ODA or internal cash generation to rehabilitate North Harbor. As of this writing there is no official advice yet that the PPA management has had a change of heart and that the privatization option is again being considered.

3. Water Sector Regulatory Reform

Key PSP policy reform work in the water sector that sought to respond to both long and short-term concerns and issues had been completed and had figured prominently under BOT-III. Policy work basically focused on the appropriate regulatory arrangement for private sector involvement in water services with an emphasis on the economic regulation of water utilities.

Both public sponsors and project proponents agree that one of the essential elements for successful public-private partnerships is the existence of a clear and transparent regulatory framework for doing PSP. The BOT Law provides this workable framework for the development of PSP projects in the country by laying down specific approval conditions and procurement guidelines applicable to all sectors, there is a need to harmonize these requirements further with those pertinent to each infrastructure sector as set by appropriate regulators. And if none exists, the need to establish a suitable regulatory arrangement for such sector deepens.



This has become a serious challenge particularly to PSP stakeholders in the water sector. As earlier stated, best practices dictate that a suitable sectoral and regulatory framework be in place as an *ex ante* condition for carrying out PSP projects. However, major water resource development and distribution improvement projects have gone through the approval and implementation process in spite of fundamental gaps in Philippine water sector regulation. Regulatory authority, for example, is fragmented and spread among different government agencies with apparently overlapping powers and functions. In addition, ambiguities in special laws have resulted to conflicting interpretations on regulatory powers and have raised contentious issues affecting the grant of rights. These issues include:

- Regulatory power over concessionaires that have taken over the operation of water district-owned systems
- Regulation of local government-owned-and-operated waterworks systems
- Power to issue franchises in political subdivisions where local water districts exist, and
- Exclusivity of franchises.

On the other hand, private developers seriously worry about the unpredictability of government rules and policies and the enforceability of contractual rights, particularly, the method and application of tariff adjustments. Provisions and systems that are intended to protect consumers and to determine compliance with service levels are perceived to be weak and insufficient.

In view of the need to clarify existing regulatory roles and responsibilities among the regulatory agencies and to set out a permanent solution to a fragmented sector, BOT-III supported parallel efforts to resolve both immediate and long-term concerns.

a. Interim Regulatory Arrangement

The need to address the regulatory gaps ailing the water sector became an immediate concern due to PSP projects of local water districts and LGUs that were under development and up for government approvals.

BOT-III sponsored and actively participated in a roundtable discussion called by CCPSP on finding interim regulatory measures and strategic regulatory reforms in the water sector among government regulators including NWRB, LWUA, DPWH, and MWSS (with inputs from DILG). The roundtable discussion was held on May 31 to June 1, 2001 at the Fontana Leisure Park Resort in Clark, Pampanga.

The primary objective of the roundtable discussion was to forge a consensus among the regulatory and oversight agencies on an interim regulatory arrangement for water utilities implementing BOT/PSP projects within the existing legal framework.

At the roundtable discussion, the participants reached a consensus on the following important points:

- Regulation of Water Districts and LGU-Owned Water Systems with BOT/PSP Projects

The regulatory jurisdiction over water utilities with BOT/PSP projects were tackled based on the scheme or type of BOT/PSP arrangement entered into by the water utility. The following clarifications/agreements were reached in consideration of the existing laws, rules and regulations governing each government agency:

- a) In situations where the water district continues to exist and has not been fully privatized or dissolved, LWUA retains jurisdiction and exercises regulatory functions over the water district.
- b) If the water district loses its corporate personality through dissolution or full privatization (full divestiture), then NWRB regulates the transferee, whether a public or private entity, that takes over the operations and acquires ownership of the water district assets.
- c) For the following BOT/PSP options, the following regulatory arrangement would apply:

Service and Management Contracts – private contractors are not subject to regulation by NWRB and LWUA.

Lease or Affermage – water districts with lease arrangements continue to be regulated by LWUA while water utilities other than MWSS or local water districts regulated by LWUA would be regulated by NWRB.

Joint Ventures and Concessions – the same regulatory principles apply as that indicated in paragraphs (a) and (b) above.

BOT Bulk Water Supply – operations of the bulk water supplier is essentially a water resource management

concern and consequently, would be under the jurisdiction of NWRB.

For LGU-owned-and-operated waterworks systems, DILG has acknowledged in writing NWRB's regulatory functions over such waterworks systems. However, DILG also indicated possibly conflicting provisions of the Local Government Code and the NWRB-related laws particularly on the authority to issue franchises for the operation of public water utilities. In the case of establishing Contract Administration Units (CAUs) by virtue of the contractual agreements for DILG's Urban Water and Sanitation Project, there is a consensus that this is a valid and legal option for the LGUs. However, NWRB insists that the decisions made by the CAUs are still subject to NWRB review and should not be final and executory.

Relative to LWUA acting as interim regulator of water districts with BOT/PSP projects, the need for LWUA not to be signatory to the contract/agreement was cited to avoid conflicts of interest.

- Options for Financial/Economic Regulation

Return-on-rate-base (RORB) regulation is the usual regulatory option being used for public utilities, whether public or privately owned. While there is a prescribed 12% cap on the RORB, this is not automatically granted to all public utilities, but subject to the limit imposed at the time of the issuance of the franchise.

Return-on-investment/equity is used when the asset base of the public utility is not owned by the operator/concessionaire.

The discussions raised an issue on the type of regulation that will be used in setting the tariffs of waterworks utilities with BOT/PSP projects. Some agreements provide for automatic tariff adjustments based on an approved parametric formula defined in the contract. This is allowed and provided for under Section 12.15.2 of the BOT Law IRR, subject, however, to the approval of the appropriate government regulatory bodies.

For the MWSS Concessions, it was clarified that it is the MWSS that is subject to the RORB regulation and not the private concessionaires since MWSS is still the owner of the assets and there is no transfer of ownership of the assets to the private concessionaires.

As a follow-on activity to the roundtable discussion, we also sponsored the holding of investors' consultation on regulatory issues, which was held on July 16, 2001 at the Hyatt Hotel.

b. Proposed Water Regulatory Commission Act

NEDA through World Bank assistance is working on the enactment of the proposed Water Regulatory Commission (WRC) Act that is intended to fill in the gaps in the existing regulatory framework by providing policies and terms for the economic regulation of firms engaged in water supply and sewerage services.

The WRC is envisioned to be a single government regulator that will exercise regulatory powers over operators of waterworks and sewerage systems particularly in the critical areas of service quality or customer service standards and tariff setting. As an attached agency of the Office of the President, it is also proposed to have the sole authority to issue franchises to operators of water utility systems. Existing franchise holders will have to convert their franchises and permits into licenses to be issued by the WRC. Decisions of the WRC may be appealed to the Court of Appeals and then to the Supreme Court.

We prepared comments on the provisions of the draft bill, which were incorporated in the *aide memoiré* submitted by CCPSP to the World Bank. Among our comments were the following:

- As the draft bill is worded, the WRC will only regulate piped-water supply service providers which "make use of a piped water distribution system with individual connections for domestic and/or industrial use." Thus, the draft bill seems to exclude bulk water suppliers. There is no mention as well if other matters would be subject to WRC regulation such as water vendors, water products, etc.
- The status of water districts as "quasi-public corporations" is maintained. It may be a good opportunity to define what type of legal entity a water district should be since they were treated as private corporations before the landmark Davao City Water District case, which held that local water districts are GOCCs.
- The WRC is proposed to be an attached agency of the Office of the President. It may be more strategic to have it attached to the DENR so that both resource and economic regulation would be the responsibility of one line agency.



- The principles for approving tariffs do not specifically include the price of raw water.
- The transfer or assignment of licenses, and the sale or disposition of the business, will be subject to the prior approval of the WRC. This may be interpreted to mean that BOT/PSP projects of water districts and LGUs will require the separate approval of the WRC. It should not be the case. The WRC should remain an economic and service regulator, not a BOT/PSP project approving body.
- NWRB and LWUA are no longer allowed to issue CPCNs and certificates of conformance, respectively. There is still a need to clarify whether LGUs have the power under the Local Government Code to put up or issue franchises for water systems within their territorial jurisdictions. In addition, government corporations such as the SBMA, LLDA, and CDC have the authority under their charters to set up their own water utility systems or regulate operators within their respective jurisdictional areas. The effect of the proposed legislation on these entities and special laws are not covered as well.
- There may not be a need for an Advisory Council composed of private sector and interest group representatives to the WRC. Anyway, the granting of franchises and the promulgation of rules and regulations by the WRC are subject to mandatory public hearings.
- The economic regulation powers of LWUA that are being transferred to the WRC under the draft bill are not specified.
- The grounds for appeal are not defined.

The draft bill is expected to be filed during the first regular session of the 12th Philippine Congress.

4. Selection of PSP Contracts

The team prepared a selection of sample PSP contracts, namely:

- Sample Contract 1 - Concession Agreement for Water Services
- Sample Contract 2 - Bulk Water Supply Agreement
- Sample Contract 3 - LGU Information Technology Project Agreement
- Sample Contract 4 - NG Information Technology Project Agreement



- Sample Contract 5 - LGU Integrated Solid Waste Management Agreement

The principal objectives of the compilation are two-fold:

- To assist government agencies or local government units (LGUs) in the implementation of PSP water IT and solid waste management projects by providing them with working or discussion draft contracts that would form part of the project tender documents; and
- To guide implementing agencies (IAs) or LGUs in project development, deal structuring and contract review and/or negotiation by suggesting appropriate risk sharing and other contractual provisions for such projects considering the application of existing laws, mandatory clauses, and other applicable government policies, rules and requirements.

The contracts have a common structure and were prepared on the premise that the projects are publicly tendered, approval process prescribed under the BOT Law is strictly adhered to, and the contractual provisions consistent with the policy framework embodied in the BOT Law. Each contract contains the necessary provisions that a PSP arrangement should cover. These include:

- *Parties to the agreement* – The parties to the agreement (consisting of the government sponsor and the private sector project proponent) are properly identified. For the government side, it is important that the implementing agency or LGU has the legal mandate to be a party to the agreement and to perform the government's obligations. On the proponent side, it is assumed that a project company has been organized by the winning proponent and is made the party to the contract.
- *Object and scope of the agreement* – The project is described in detail and expressly made the subject of the agreement. The project scope and specifications that identify the particular phases, civil works, electromechanical works, and other components are listed and attached as a schedule to the agreement.
- *Grant of rights* – The right to implement the project is given to the proponent. This grant of rights typically includes the right to develop, construct, operate and manage the facility concerned and may involve the right to directly collect fees from facility users.

- *Term of the PSP arrangement* – The duration of the contract and the length of the concession period are indicated. The events and procedure for early termination are also provided.
- *Obligations of the parties* – The respective obligations of the parties relating to the implementation of the project are stipulated. Each party also states its express representations and warranties in favor of the other.
- *Project milestones* – Key project milestone activities and dates are identified. These milestones will be relevant in determining possible liabilities and claims due to non-performance.
- *Key regulatory provisions* – The appropriate regulatory arrangement for the particular facility, industry, service, business or sector is described. Emphasis is placed on the payment of fees and the mechanism and approvals for fee increases. It includes provisions on performance measurement and monitoring at the implementing agency level.
- *Performance securities and liquidated damages* – Performance guarantees for construction and O&M obligations are specifically required. The form and amount of any performance security must comply with the requirements of the BOT Law and its IRR. Liquidated damages are stipulated in case of project delays or non-performance of obligations.
- *Management of project risks* – Each project risk should be assigned to the appropriate party in accordance with the approved risk allocation matrix. The allocation of risk is made dependent on the PSP modality and related project conditions. These factors have been considered in the drafting of risk management clauses under the sample contracts.
- *Environmental compliance* – The proponent is made responsible for conducting an environmental impact study and securing the environmental approvals for the project. However, the IA/LGU is required to assist the proponent in obtaining all necessary approvals. The proponent must implement the project in compliance with all environmental laws, rules and regulations.
- *Transfer of assets* – The date, manner and conditions for the transfer, if any, of the facility and other assets from the proponent to the IA/LGU are set out.

- *Consents and approvals (conditions precedent)* – The conditions prior to the commencement of the parties' performance of their respective obligations under the agreements are enumerated.
- *Events of default* – The events attributable to each party that could lead to early termination of the contract or recourse to other contractual and legal remedies are stipulated.
- *Termination* – The reasons, procedure and effects of termination are clearly stated. Termination of the contract can result from expiration of the concession period, default by a party, or other termination events.
- *Dispute resolution* – Alternative dispute resolution modes are preferred in the settlement of contractual issues. Amicable settlement through discussion among the parties is the first level of resolution. Referral to experts or international arbitration is the next level. Litigation is excluded.
- *Miscellaneous provisions* – Other standard clauses complete the draft contracts. These sections are “boiler-plate” provisions and should not be contentious. They include insurance, mutual indemnity, notice, governing law, confidentiality and separability clauses.

Each sample contract assumes and suggests an approach to PSP, a contractual option, and a supporting regulatory framework to assist IAs/LGUs in the preparation of project tender documents. Specifically, IAs/LGUs can use the sample contracts:

- To guide the drafting of contractual documents;
- To guide the review and evaluation of draft contractual documents prepared by government project development officers, consultants, or by the private sector; and
- To provide reference for negotiations.

The sample agreements contain contractual language that is substantially complete and legally acceptable. However, there are items that still need to be filled in by the parties depending on specific project conditions and requirements.

Important issues are also discussed in annotations to some provisions. The IA/LGU concerned should evaluate whether these issues are in fact significant to the project and thereafter, determine if the solution provided applies or needs to be modified. Finally, it should be noted that some of

these issues are covered by existing laws, particularly, the BOT Law and its IRR, and therefore cannot be left to agency discretion.

C.3 PSP Policy and Government Procurement Reform and Development

1. Joint Venture Evaluation Guidelines

Upon the request of CCPSP we drafted evaluation guidelines for PSP arrangements, mostly joint venture arrangements implemented using charters of government owned and controlled corporations and the Local Government Code for local government units. The objectives of the exercise are: to plug the loophole for direct negotiation, rationalize the approval process for PSPs and JVAs done outside the BOT Law, and address the issue on conflict of interest for agencies entering into contractual arrangements requiring management participation and at the same time acting as the regulator.

The report recommended the use of the BOT Law procurement guidelines and essentially the ICC evaluation guidelines for reviewing and approving projects and contracts. It also recommended the process flow for approving PSP or joint venture projects requiring both GCMCC and ICC approval.

Hence the recommendations address the following issues:

- In the absence of explicit requirements for procurement of PSP or joint venture contracts in some GOCC charters and the Local Government Code, agencies/LGUs broadly interpret this as what is not disallowed is allowed, hence direct negotiation is resorted to. By requiring the use of the BOT procurement guidelines, the implementing agencies are compelled to use competitive processes in awarding contracts.
- The different legal bases for implementing PSPs, such as the BOT Law, GOCC charters and the Local Government Code, results to different entry points, approval process and approving authority. The recommendations of the study include measures to streamline the approval process and harmonize the decision criteria for approving all PSP projects.

The paper has the following sections:

- a) Policy Framework for Joint Venture Arrangements
- b) Forms of Organizing Joint Venture Projects
- c) Proposal Evaluation Guidelines and Requisite Contractual Provisions
- d) Valuation Methodologies for Government Investments

The policy recommendations were presented to the joint ICC and GCMCC technical working group and later to the joint Technical Boards, which approved the following policies:

- For GOCCs with proprietary and regulatory mandates, adopt contractual arrangements not requiring equity and management participation, e.g. concessions instead of joint venture arrangements
- Adopt BOT Law procurement guidelines for PSPs/JVs using as legal basis charters of government owned and controlled corporations
- Do NOT provide direct or indirect government support for PSPs/JVs done under GOCC Charters
- Streamline government approval process and requirements for PSPs/JVs done under GOCC charters by adopting joint guidelines and procedures by ICC and GCMCC.

2. PSP Policy Reform Agenda

In April 2000, DBM sponsored through AGILE assistance an inter-agency workshop that aimed to identify and address issues on government procurement. The workshop participants were divided into two groups, one to review government procurement policies and rules for public investments, and the other for BOT/PSP projects. Two members of the BOT III Team acted as resource persons in the discussions. For the BOT/PSP group, the workshop elicited recommendations to improve transparency and competition in the implementation of PSP projects, rationalize the privatization strategy for major infrastructure sectors, and manage government guarantees for PSPs.

The main recommendations of the group are as follows:

- Tighten the eligibility requirements for unsolicited proposals
- Create a Project Development Facility to give agencies access to funds for preparation of feasibility studies and bid documents
- Establish guidelines for joint venture contracts under GOCC Charters or the Local Government Code, currently allowing direct negotiation, following the BOT procurement guidelines
- Establish a guarantee management framework for government that will cover, valuation, accounting and monitoring of guarantees
- Formulate sectoral privatization strategy and program

BOT-III prepared presentation materials to the Economic Coordinating Council (ECC). CCPSP sought the approval of the ECC on the above

recommendations and its directive for other concerned agencies to get involved in the process. On 21 June 2000, the ECC approved in principle all the recommendations. The action plan, which was part of the ECC presentation, outlined the target output and milestones.

To carry out the recommendations, our team prepared the following:

- Executive Order approving additional PSP modalities that can be implemented under the BOT Law. New modalities included concessions, lease, management contracts and joint venture arrangements.
- Administrative Order directing implementing agencies to strictly comply with the reporting and contract submission requirements under the BOT Law
- Amendments to the BOT Law restricting unsolicited proposals, establishing a Guarantee Management Framework, and creating the Project Development Facility
- Amendments to the Implementing Rules and Regulations of the BOT Law, principally to tighten the eligibility requirements for unsolicited proposals
- Evaluation Guidelines for Joint Venture Arrangements for GOCC Projects
- Amendments to the Implementing Rules and Regulations of the Local Government Code to adopt BOT Law's procurement guidelines for joint venture arrangements implemented using the LGC as legal basis.

Table 4 describes the salient provisions of the foregoing instruments. Although the PSP policy reform agenda had been approved by the ECC chaired by then President Joseph Ejercito Estrada, the NEDA-ICC, after the change in administration in January 2001, had requested CCPSP to present anew the policy reform agenda to the new members of the ICC Cabinet Committee. As of the date of this report, the ICC has yet to schedule the presentation.



Table 4. PSP Policy Reform Agenda

Policy Reforms/ Instruments	Status (as of January 2001)
<p>1. EO for additional PSP modalities (e.g., joint venture arrangements, leases or affermages, management or service contracts, concessions) to be implemented under the BOT Law, hence using the procurement guidelines of the BOT Law.</p>	<p>Approved by ECC; pending with Presidential Management Staff (PMS) for signature of the President</p>
<p>2. AO requiring agencies to submit signed PSP contracts to CCPSP, which is tasked with contract monitoring. This will enable CCPSP to track the status of, or any calls made on government guarantees, among others.</p>	<p>Approved by ECC; pending with Presidential Management Staff (PMS) for signature of the President</p>
<p>3. Set up the PDF Revolving Fund (Project Development Facility) and EO giving CCPSP the authority to create a revolving fund out of the grant sources. – To date the PDF is funded by:</p> <ul style="list-style-type: none"> ▪ US\$3M from ADB through a re-lending arrangement with Land Bank of the Philippines, available for Local Government Units (LGUs) ▪ US\$1M from USAID grant funds administered by CCPSP ▪ US\$1M from USTDA grant funds earmarked for 3 water projects <p>The revolving fund mechanism for LGU PSP projects is operational. LGUs can apply for technical assistance loans for PSP projects with Land Bank of the Philippines.</p> <p>For the USAID and some of the USTDA grant funds, an EO will authorize and enable CCPSP to establish a revolving fund with a Government Financial Institution for the re-flows from the grant sources.</p>	<p>EO for grant sources approved by ECC; pending with Presidential Management Staff (PMS) for signature of the President</p>
<p>4. Amendment of the BOT Law, BOT Law IRR, ICC BOT evaluation guidelines:</p> <p>BOT Law amendments</p> <ul style="list-style-type: none"> ▪ Expand PSP modalities ▪ Limit eligibility of unsolicited proposals to projects using new technology ▪ Remove right to match for unsolicited ▪ Create a PSP PDF revolving fund (to cover loans) ▪ Include provisions for a guarantee management framework ▪ Include punitive measures for failure to comply with the requirements and procedures of the Law <p>BOT IRR amendment</p> <ul style="list-style-type: none"> ▪ Broaden list of priority projects to tighten the eligibility requirement for unsolicited proposal ▪ Impose a 120-day validity period for ICC approval of the unsolicited proposal to avoid prolonged negotiation periods 	<p>ICC Cabinet Committee deferred discussion of the BOT Law amendments in view of lack of material time to propose any legislative amendments</p> <p>It however agreed on the amendments to the BOT Law IRR and ICC BOT evaluation guidelines. NEDA, as Chair of the BOT IRR Committee will convene the IRR Committee to get its approval of the amendments. Conditions for effectivity of the revised IRR will be: said approval, public hearing and publication in newspapers of general circulation. CCPSP has written NEDA requesting for the convening of the IRR committee.</p> <p>ICC Technical Secretariat will revise the ICC evaluation guidelines according to the changes in the BOT IRR.</p>

Policy Reforms/ Instruments	Status (as of January 2001)
<ul style="list-style-type: none"> ▪ Limit direct negotiation for lone complying bidders to the financial proposal only ▪ Require international advertisement for projects costing more than US\$10 million ▪ Specify minimum insurance requirements for PSP/BOT projects 	
<p>5. Amendment of AO141, particularly the provision, which requires all BOT projects to secure their bonds and insurances solely from GSIS. The amendment cites the provision of the BOT Law and its IRR that bonds and insurances for BOT projects may be sourced from any firm accredited by the Office of the Insurance Commission of the Philippines</p>	<p>Approved by ECC; pending with Presidential Management Staff (PMS) for signature of the President</p>
<p>6. Joint Venture Policy and Evaluation Guidelines</p> <ul style="list-style-type: none"> ▪ ICC approved the following policy guidelines on PSP/JVAs implemented under GOCC Charters: <ul style="list-style-type: none"> - Agencies with proprietary and regulatory mandates, should not enter into PSP arrangements requiring from them equity and management participation - Use competitive procurement guidelines for PSPs/JVAs done under GOCC Charters, i.e., adopt BOT Law procurement guidelines - Do not provide direct or indirect government support for PSPs/JVAs done under GOCC Charters - Streamline approval process and requirements for PSPs/JVAs done under GOCC Charters 	<p>Approved by ECC; pending with Presidential Management Staff (PMS) for signature of the President</p> <p>ICC and GCMCC will formulate implementing guidelines with CCPSP's technical assistance. CCPSP has requested the convening of the joint meeting and has provided both committee secretariats with a working paper on the implementing guidelines.</p>
<p>7. Amendments to the Local Government Code Implementing Rules and Regulations to reflect competitive procurement guidelines for PSPs/JVAs implemented using as legal basis the LGC.</p>	<p>DILG has agreed to the amendments and to the convening of the IRR committee. Further it suggested issuing a DILG Memo Circular to LGUs to immediately effect the procurement guidelines in the IRR.</p>
<p>8. Draft bill for agency charter amendments to separate regulatory with proprietary functions</p>	<p>ICC and InfraCom to coordinate preparation thereof.</p>
<p>9. Sectoral privatization strategy</p>	<p>ICC and InfraCom to coordinate formulation thereof.</p>
<p>10. PSP Guarantee Management Framework</p>	<p>DOF to coordinate formulation thereof.</p>

3. Implementing Guidelines for Section 6 of the General Appropriations Act

The team drafted implementing guidelines for Section 6 "*Receipts Arising from BOT and its Variant Schemes Transactions*" of the General Appropriations Act. This section is relevant to contractual arrangements where the government agency collects the user fees from the PSP projects,

and which agency is required by law to remit all revenue collections to the general fund. It provides the legal basis to remit payments to PSP proponents directly from the government agency's depository bank instead of obtaining the payments from the National Treasury. The amount and terms of the payments shall be stipulated in the contract and these guidelines will complement the contract by setting an expeditious and simplified procedure for obtaining the payments.

C.4 Guarantee Management System

The government has no comprehensive and integrated system in place to manage its contingent liabilities. It was considered imperative to put such a system in place for the following reasons:

- a) The expected losses from committed projects have to be calculated more precisely and provisioned for better fiscal management; and
- b) PSP/BOT investments will remain a crucial component of the national development plan, hence the need to exercise prudence and rationality in the provision of guarantees. On the latter, the current MTPDP (1999-2004) targets 40% of the Php 1.5 trillion investment requirements of the infrastructure sector from private capital.

Cognizant of the need to establish a system for the management of guarantees, the ICC in its meeting held March 2, 2000, approved the creation of a technical working group to undertake the technical work involved in setting up the system. The CCPSP was designated as a member of this TWG.

The TWG was mandated to assist the ICC in the exercise of the following functions:

- a) Update the inventory of guarantees and performance undertakings extended by the NG and assist in the establishment of a comprehensive database system to effectively monitor these contingent liabilities;
- b) Identify all sources of existing and potential contingent liabilities of the NG, particularly those arising from (a) statutory and contractual guarantees of obligations of GOCCs; (b) payment guarantees and performance undertakings provided by the NG in connection with BOT/PSP-type contractual arrangements; and (c) any other forms of direct or indirect guarantee or undertaking given by the NG to support the obligation of an NG agency or local government unit;
- c) Review the features of outstanding guarantees and performance undertakings issued by NG with the purpose of unbundling risk in order to determine appropriate risk sharing among NG, GOCCs and

- private sector partners in the development of projects and to determine the government policy on infrastructure risks that will be assumed in the future;
- d) Formulate and recommend measures to minimize government exposure in existing and future extension of guarantees, performance undertakings and other enhancements for BOT/PSP covering following areas: risk and cost sharing mechanism, guidelines for risk analysis and market-based guarantee pricing;
 - e) Evaluate draft agreements and other documents on guarantees and performance undertakings being requested from NG;
 - f) Monitor ongoing BOT/PSP projects and identify real and likely claims on NG against guarantees and performance undertakings;
 - g) Formulate program for institutional and capacity building for the concerned line agencies to allow effective implementation of the contingent liability framework; and
 - h) Perform other tasks relating to NG contingent liabilities as directed by the ICC.

Earlier a study on the "Management of National Government Contingent Liabilities" was undertaken by the USAID-assisted AGILE project. The main outputs of the study are:

- An estimate of the national government's total exposure due to guarantees provided to GOCCs and PSP/BOT projects;
- An inventory of expected losses with respect to the guaranteed loans of GOCCs and estimate of expected losses for six PSP/BOT projects;
- A number crunching tool for estimating expected losses and a format for due-diligent listing and classification of risks; and
- Guiding principles for determining the level of guarantees to be provided and pricing thereof, and provisioning for guarantees.

Taking off from the study, Chemonics prepared a background paper and terms of reference for ICC's Technical Working Group on Contingent Liabilities to establish the policy and implementation guidelines to set up the guarantee management system. Additional work has to be done to formulate operating guidelines, procedures, standards and benchmarks to establish a comprehensive and cohesive system. Moreover, the institutional aspect of managing the

guarantees, particularly in terms of defining the roles or assigning responsibilities to concerned government agencies has to be considered in depth.

The proposed follow on work aims to:

- To immediately complete the inventory of contingent liabilities and estimate the expected calls;
- Establish the policy and operating guidelines of the guarantee management framework, taking into consideration the institutional structures, the budgetary system and procedures, and the legal and regulatory framework affecting PSP/BOT implementation;
- Train a technical oversight core staff that will be involved in operationalizing and maintaining the guarantee management system; and
- Disseminate information and train agencies on application of methodologies and tools used in the guarantee management system such as risk analysis, contract monitoring and data base development.

CCPSP has submitted the terms of reference for the follow-on work to the Department of Finance for consideration.

C.5 Other Policy Related Activities

In addition to the above, ad-hoc assignments undertaken related to policy work are as follows:

1. Prepared a PSP policy review paper submitted by CCPSP to ICC at a policy workshop held last May 1999. The paper outlined policy and implementation issues on PSP program development. It also included the PDF concept and recommendations of the government support policy for bulk water supply projects.
2. Prepared various legal opinions: (a) authority of DAR to implement BOT projects for agrarian reform communities; (b) whether the NSO is a public utility; (c) whether the ARMM Bride Program is exempted from public bidding requirement for government infrastructure projects; (d) the validity of EO 59 or the Port Privatization Framework; (e) inter-locking memberships/shareholders among bid consortia or joint ventures; (f) the legal implication of the Ople vs. Torres, et.al. Case (unconstitutionality of the national ID system) on the NSO CRS IT project; and (f) whether legislation is necessary to carry out the privatization of PNR.

3. Submitted comments on the proposed Water Regulatory Commission Act of 2000, which seeks to create an apex economic regulatory body that will cover tariff setting, performance regulation and issuance of franchises for water utility operators in the Philippines.
4. Submitted through CCPSP comments on the revised ICC Handbook. The Handbook outlines the ICC guidelines for evaluating and approving major capital projects funded through the budget or official development assistance (ODA) and BOT projects and contracts.
5. Coordinated with the AGILE team conducting the study on Guarantee Management Framework for PSP projects.
6. Provided comments on House Bill No. 8301, which proposes to grant tax credits to proponents advancing the cost of right-of-way for PSP projects
7. Prepared a memo responding to the issues raised by the HUDCC regarding the EO on joint venture arrangements, particularly addressing the apprehensions raised by HUDCC on the potential adverse effect of the EO on the government housing program
8. Provided comments on House Bill No. 8301, which proposes to grant tax incentives to proponents advancing the cost of right-of-way for PSP projects.
9. Drafted a memorandum for the ICC raising as an issue the authority of implementing agencies to enter into substantive amendments to previously approved contracts with the project proponents. This became an issue after the Project Monitoring and Facilitation Division of CCPSP discovered major amendments to the agreements covering different projects such as MRT 3, Casecnan and NAIA Terminal 3.
10. NAIA Terminal III Access Road legal opinion on exclusivity of franchise

D. Outreach and Investment Promotion

Under this area, the main tasks are training, PSP project promotion and upgrade of the project monitoring system. The major accomplishments in this area are:

D.1 Training and Capacity Building

The training and capacity building program of CCPSP consist of an internal training program for CCPSP staff, an external training program for implementing agencies/LGUs, and preparation of reference materials and tools for PSP project identification and preparation.

The training sessions conducted were as follows:

1. External Training

a. LGU and Project Development Assistance (PDAC) Training Program

We assisted in the design of the program, preparation of the training materials, acted as presentors for some modules and resource persons during the conduct of these seminars. The LGU-PDAC training program was designed to develop the capability of the LGUs and the PDACs prepare and evaluate PSP projects. The PDACs, which have been set up for each region in the country, are inter-agency bodies under the aegis of NEDA created to provide technical assistance to the LGUs prepare mostly capital projects.

The program was divided in two seminar-workshops. The first focused on general information on PSP project implementation; concepts, basic methodologies and tools for project identification, preparation, structuring and evaluation. The workshop under the first round was designed to help LGUs identify potential PSP projects. In between the first and the second round CCPSP and our team reviewed the projects identified to further assess their viability. The second round was designed for LGUs with potential PSP projects and focused on the contracting arrangement and risk allocation in particular. The following table summarizes the seminars conducted, regions covered and the number of participants:

Table 5: List of LGU-PDAC Workshop

Date/ Venue	Participating Regions	Round	Number of Participants
January 18-20, 2000/ Manila	National Capital Region (NCR) and Region 3	1	88
February 17-18/ Angeles, Pampanga	NCR and Region 3	2	59
February 22-24/ Manila	Regions 4 and 5	1	40
March 8-10/ Cebu City	Regions 6,7 and 8	1	60
March 22-24/ Davao City	Regions 9, 10, 11, 12, CARAGA and ARMM	1	62
March 30-31/ Manila	Regions 4 and 5	2	17
April 11-13/ Baguio City	Regions 1,2 and CAR	½	43
April 26-27/ Cebu City	Regions 6, 7, 8, 9, 10, 11, 12, CARAGA and ARMM	2	49
TOTAL			416

The seminar-workshop generated a total of 88 projects. These projects vary from public markets, fish ports, slaughterhouses, bus terminals, housing projects, sanitary landfills, hospitals, information technology, agri-industrial centers, administrative centers, water supply systems and cemeteries. The regional breakdown of these projects is as follows:

Regional Group	Number of Projects
▪ NCR, Region III	31
▪ Regions IV and V	15
▪ Regions VI, VII and VIII	15
▪ Mindanao	13
▪ Regions I, II & CAR	14
Total	88

Of the 88 projects identified, 10 were pursued. Table 6 provides the list of the 10 projects, their estimated cost and status.

Table 6: List of Projects Identified During the LGU-PDAC Workshops

Project Name	Estimated Cost (in US\$ M)	Remarks/Status
1. Orani Information Technology Project Orani, Bataan/Mun. Govt.	0.75	A lone bidder submitted its bid. Evaluation of Prequalification technical and financial proposal was started in the previous administration. Current administration held project in abeyance.
2. Orani Commercial Center Orani, Bataan/Mun. Govt.	5.00	Pre-feasibility study under preparation by municipal government. Project for approval by sanggunian.
3. Integrated Transport Terminal Tabaco, Albay		With request for PDF assistance
4. Botolan Commercial Center	2.50	Under preparation
5. Matnog Integrated Bus Terminal Matnog, Sorsogon/Mun. Govt.	4.40	Contract awarded to Matnog Collaborative Ventures, Inc. NTP issued on Oct. 3, 2000
6. Calapan Public Market and Commercial Complex (Calapan, Oriental Mindoro)	12.00	For RDC approval. Bid documents under preparation by city government. Public consultations undertaken by city government
7. Cebu Cyber City (IT) Cebu City/City Govt.	1.00	FS under preparation by city government under a BLT scheme.
8. Calbayog City Shopping Mall and Recreation Center (Calbayog City)	2.23	Project approved by sanggunian. RFP/ Tender documents under preparation by the city government

Project Name	Estimated Cost (in US\$ M)	Remarks/Status
9. Relocation, Rehabilitation, Operation & Management of the Cebu City Batching Plant	0.38	Unsolicited proposal submitted by Dakay Construction. Submission of comparative bids set on 16 Dec. 2000. Only 1 bidder submitted proposal. PBAC Technical Committee recommended award to challenger.
10. Catarman Integrated Bus Terminal	1.00	Prequalification documents of bidders under evaluation by LGU-PBAC

Note: 8 projects CCPSP assisted
 1 project with unsolicited proposal (Relocation, Rehabilitation Cebu City Batching Plant)
 1 project for BLT (Cebu Cyber City)

b. ARMM SZOPAD PSP Seminars

The team assisted CCPSP conduct a series of seminars on PSP project development to the personnel of ARMM-SZOPAD. The training was requested by ARMM-SZOPAD to enable its BOT Unit to identify and implement PSP projects in its area of responsibility.

2. Internal Training

- *CCPSP Training Program*

We provided CCPSP a training specialist to undertake the following:

- Assess the effectiveness of the existing CCPSP training programs and develop a training program based on the evaluation/ resulting recommendations;
- Assess the organizational capability of CCPSP in conducting training programs and provide recommendations to improve this;
- Develop the skills and capabilities of the CCPSP training unit and other concerned staff in the design and administration of training programs;
- Prepare the accreditation of CCPSP training programs with the Civil Service Commission.

The training specialist has completed the following:

- Conduct a training needs assessment for CCPSP staff and its external clients
- Provide recommendations on how to improve the CCPSP training programs, particularly on the modalities used, e.g.,

more workshop-type and participative activities instead of lectures

- Conduct a training skills development workshop for CCPSP management and staff
- Outline the proposal for accreditation of CCPSP training program with Civil Service Commission

In addition to the above, the training specialist is scheduled to conduct workshops on sales and marketing an output of which will be a CCPSP Promotion and Marketing Plan, training skills development for the mid-level technical staff, and professional enhancement for the secretarial staff.

- *CCPSP Staff Briefings and Brown Bag Sessions*

In addition to the above the BOT III core team, on as need basis, provides briefings to CCPSP staff, especially the new hires on various topics. It also organizes together with the CCPSP Training Division brown bag sessions on special topics. Speakers and resource persons are PSP experts or practitioners, who mostly talk about direct experiences on PSP project development. Topics covered are:

- a) With the restructuring of CCPSP, three sessions on fundamental PSP information was provided by the BOT III core team to the staff transferred from the ODA unit. Topics covered included: concept/key features of BOTs, approval and procurement process, risk assessment and security package, and contract review. The same lecture was given to new hires of CCPSP
- b) The team invited the independent quality assurance contractor (IQC) for the tollroad project to give a presentation on the role of an IQC in the implementation of a PSP contract.
- c) A water expert (Mauricio Gutierrez) from the Chemonics home office presented a case study of a water concession project: Concession of Public Water and Sewerage Services in the City of Monteria, Colombia. The presentation covered the following: a success fee approach to project preparation and advisory assistance to bid the project; procurement guidelines; bidding parameters; institutional arrangement; contractual arrangement and risk allocation.

- d) Another project finance consultant from the Chemonics home office gave a presentation of his paper on "Best Practices in Water PSPs in Selected Countries". The paper had a section on approaches and practices in constituting a PSP coordinating and oversight body. Notably, the Philippine model has been used as a reference in other countries.
- e) The team organized the presentation of Dr. Renato Reside for the approach and analytical tool for "Estimation of Contingent Liabilities, Risk Exposure and Prudent Guarantee Provision". This is one of the major components of the AGILE study on the guarantee management framework.
- f) Presentation on the Parametric Rate Adjustment Formula
- g) It is critical to the long-term success of PSP Projects that there must be clear and viable procedures on the adjustment of fees, tolls and charges to users of PSP facilities.
- h) The rationales for having an adjustment formula in a BOT contract are as follows:
 - i) The proponent is protected from the impact of some external factors that can affect its ability to achieve targeted rates of return;
 - j) The implementing agency (GOP) is assured that future rate adjustments will be undertaken according to a regulatory process agreed upon in the contract; and
 - k) The public is protected from unreasonable and unwarranted rate increases.
- l) To provide CCPSP personnel an understanding of the parametric escalation concept, a presentation was conducted on this topic during the quarter. The presentation walked the participants through a user fee adjustment procedure and formula with the recommended guidelines as to when the adjustments should take place.

3. Preparation of Reference Materials

a. PSP Project Development and Implementation Manual for Local Government Units

This Manual improves and updates the previous BOT Project Development and Implementation Manual prepared under the BOT I Project and incorporates non-BOT PSP modalities (service contracts, management contracts, leases and concessions arrangement) and contains the improvements/ additions to the PSP literature since the publication of the first BOT Manual.

The Manual is designed to serve as a guide to local government units in the implementation of PSP projects. It provides the necessary framework, analytical tools and techniques for each phase of the PSP project development process. It walks the users through the typical project phases: identification, preparation, appraisal, negotiation and implementation.

The Manual highlights the different procurement modalities available to local governments for enlisting private sector participation in infrastructure and/or related service provision. The various features, advantages and disadvantages, and recommended procedures under these modalities are described.

The Manual was specifically conceived for LGUs the following reasons:

- 1) To provide a transparent framework for implementing PSP projects especially for users of other PSP modalities;
- 2) To provide LGU's flexibility in structuring projects to suit various project conditions; and
- 3) To ensure conformity to procedures that are legally defensible.

Box 3 provides an outline of the content of the Manual.

Box 3. Outline of the LGU PSP Project Development Manual	
PSP PROJECT DEVELOPMENT AND IMPLEMENTATION MANUAL FOR LOCAL GOVERNMENTS	
Chapter 1 – Background	
1.0	Introduction
1.1	Infrastructure Development at the LGU Level
1.2	The Need for Private Sector Participation at the LGU Level
1.3	Benefits from Private Sector Participation
1.4	PSP Alternatives for LGUs
1.5	The Objectives and Structure of the Guidebook

Chapter 2 – The PSP Legal and Policy Framework

- 2.0 Relevant Laws
 - 2.0.1 RA 7718 – Highlights of BOT Law
 - 2.0.2 Relevant Constitutional Provisions
 - 2.0.3 The Public Service Act
 - 2.0.4 E.O. 226 (Omnibus Investment Code) and R.A. 7042 (Foreign Investments Act of 1991)
 - 2.0.5 General Banking Act
 - 2.0.6 R.A. 7160 (Local Government Code)
- 2.1 Recent Policy Procurements
 - 2.1.1 Policy Directions for LGUs
 - 2.1.2 Reform of the LGC
 - 2.1.3 Amendments of the Implementing Rules and Regulations of RA 7718

Chapter 3 – The Build-Operate-Transfer Scheme

- 3.0 Rationale for the BOT Scheme
- 3.1 Roots of BOTs
- 3.2 Common Characteristics of BOT Projects
- 3.3 Eligibility Requirements for BOTs
- 3.4 Allowable BOT Schemes
- 3.5 Projects Eligible for BOT Implementation
- 3.6 Key Success Factors in BOT Projects
- 3.7 Government Support Allowed for BOT Projects
- 3.8 Applicability of the BOT Process for LGUs

Chapter 4 – Overview of Non-BOT PSP Modalities

- 4.0 Introduction to Non-BOT PSP Alternatives
- 4.1 The Non-BOT Modalities
 - 4.1.1 Service Contract
 - 4.1.2 Management Contract
 - 4.1.3 Lease
 - 4.1.4 Concession
 - 4.1.5 Management Contract – Lease
 - 4.1.6 Management Contract – Concession
 - 4.1.7 Lease – Concession
- 4.2 Legal Basis For Non-BOT Modalities
- 4.3 Summary of Non-BOT PSP Arrangements

Chapter 5 – The Project Development Framework

- 5.0 Definition and Characteristics of a Project
 - 5.0.1 Importance of Proper Project Preparation
 - 5.0.2 Definition
 - 5.0.3 Project Categories
- 5.1 The Project Development Cycle: Stages of Project Development
 - 5.1.1 Pre-Investment Phase
 - 5.1.2 Investment Implementation Phase
 - 5.1.3 Post-Investment Phase
- 5.2 Project Planning
 - 5.2.1 The Project Plan
 - 5.2.2 Project Stake-Holders
 - 5.2.3 Preparing the Plan
 - 5.2.4 Developing Project Estimates
- 5.3 Selecting/Prioritizing a Project for PSP Implementation/Use of the PSP Screening Process

Chapter 6 – The Project Preparation and Appraisal Processes

- 6.0 Responsibility for Project Preparation
- 6.1 Areas of Study
 - 6.1.1 Market Aspects
 - 6.1.2 Technical Aspects
 - 6.1.3 Organization/Institutional Analysis
 - 6.1.4 Financial Analysis
 - 6.1.5 Economic Analysis
 - 6.1.6 Environmental Analysis
- 6.2 Levels of Feasibility Analysis
 - 6.2.1 Pre-Feasibility Study
 - 6.2.2 Feasibility Study
- 6.3 Project Appraisal Process
 - 6.3.1 Technical Aspects
 - 6.3.2 Market Aspects
 - 6.3.3 Financial Aspects: Appraisal scope and criteria
 - 6.3.4 Economic aspects
 - 6.3.5 Operational aspects
 - 6.3.6 Organization and management aspects
 - 6.3.7 Environmental aspects

Chapter 7 – Selecting the Appropriate PSP Arrangements

- 7.0 BOT Versus Non-BOT Arrangement
- 7.1 Use of Management Screens: BOT Filtering System
 - 7.1.1 Priority accorded a project
 - 7.1.2 Least Cost Solution or Avoided Cost Concept
 - 7.1.3 Financing Options and Models
 - 7.1.4 Appropriateness of Contractual Arrangements
 - 7.1.5 Extent of GOP Support
- 7.2 Implementing Non-BOT PSPs: Project Selection and Structuring
 - 7.2.1 Three Filter groups: User Fees, Institutional Factors, Project Economics
 - 7.2.2 The Decision Tree Analogy
 - 7.2.3 Use of Guide Questions
 - 7.2.4 LGU Risk Allocation Matrix

Chapter 8 – The BOT Procurement and Approval Process: Publicly Bid Projects

- 8.0 BOT Project Procurement Modes
 - 8.0.1 Public Bidding vs. Unsolicited Proposals
 - 8.0.2 BOT Approval Bodies
- 8.1 Approval Stages for Publicly Bid BOT Projects
 - 8.1.1 Stage 1: Project Identification and Preparation;
 - 8.1.2 Stage 2: Approval of List of Priority Projects;
 - 8.1.3 Stage 3: Prequalification, bidding and award; and
 - 8.1.4 Stage 4: Final clearance/contract award
- 8.2 Evaluation of Bids
 - 8.2.1 Option 1
 - First Stage Evaluation
 - Second Stage Evaluation
 - 8.2.2 Option 2

Chapter 9 – BOT Approval Process: Unsolicited Proposals

- 9.0 Advantages of an Unsolicited Proposals
- 9.1 Checklist for Evaluating Unsolicited Proposals
 - 9.1.1 Sectoral Strategic Planning and Policy Formulation
 - 9.1.2 Project Evaluation
 - 9.1.3 Proponent Evaluation
 - 9.1.4 Evaluation of Proposal Contract Terms
 - 9.1.5 Solicitation of Comparative Proposals
- 9.2 Negotiating Unsolicited Proposals

Chapter 10 – The Procurement Process for LGU Non-BOT PSP Projects

- 10.0 The Public Bidding Process
 - 10.0.1 Option 1
 - 10.0.2 Option 2
- 10.1 The Unsolicited Proposal Process

Chapter 11 – BOT Contractual Considerations

- 11.0 Introduction
- 11.1 Basic Characteristics of Well Structured Proposals
 - 11.1.1 Well-structured proposals ameliorate lender's concerns;
 - 11.1.2 The BOT modality is primarily a financial construct;
 - 11.1.3 not an engineering proposition;
 - 11.1.4 Well-structured proposals recognize that BOT projects must be profitable;
 - 11.1.5 Well-structured proposals require some government support;
 - 11.1.6 Well-structured proposals reflect proper unbundling.

Appendices

- Appendix 1 - Financial Aspects of Appraisal
- Appendix 2 - Financial Ratios
- Appendix 3 - Economic Aspects of Appraisal
- Appendix 4 - Sources of Equity and Debt Financing
- Appendix 5 - Overview of EIS System
- Appendix 6 - Concession Agreement Outline
- Appendix 7 - Glossary of Terms

D.2 PSP Investment Promotion

The assistance provided by the team in this area include: PSP briefings to government as well as private sector clients and other PSP practitioners, investment promotion conference, BOT –PDO meetings, promotional materials including CCPSP annual reports and PSP investment kit. The major accomplishments include:

1. LGU PSP Briefings

Four (4) LGU briefings (conducted for a cluster of LGUs for Metro-Manila, Luzon, Visayas and Mindanao) on the revised implementing rules and regulations of the BOT Law. The briefing was also used to advocate

for public-private partnership for LGU development activities and to introduce public-private partnership for LGU development activities and to introduce the concept of the PDF.

2. Four (4) national PDO meetings

The PDO meetings are regular consultations or exchange of information between CCPSP as the PSP Program coordinator and PSP point persons of line agencies. The PDO agenda included: the revised IRR, PSP program thrusts and priorities, PDF, project and contract monitoring, among others.

3. CCPSP Annual Reports and PSP Investment Kits

Assistance in the preparation of the 1998 and 1999 Annual reports. The production cost of the 1998 Annual Report was covered under the BOT III budget.

4. Primer on Project Packaging and Financing for LGUs

The primer was prepared by the CCPSP LGU adviser to provide LGUs with information on various options to finance their development projects. It not only describes the options it also provides brief information on the process and requirements to access the financing, as well as appropriate contact persons within the government. The Team assisted in reviewing and fine-tuning the draft, in field testing and gathering comments from LGUs, and in launching the primer in Malacanan last May 2, 2000. Also the cost of the publication of the primer came out of the BOT III contract.

5. LGU PSP Guidebook

Similar to the financing primer the LGU PSP Guidebook is a promotional material intended to increase the level of awareness of LGUs on the PSP benefits, modalities, implementation process and requirements. The Team drafted the manuscript, assisted in the finalization of the material, and organized the launching of the guidebook last December. The guidebook has been included in the CCPSP website and currently being hyper-linked with other websites, which have PSP related contents. The publication was also covered by the project's budget.

6. Infrastructure Forum

The BOT III Team/Chemonics participated actively in the planning and preparations for the Philippine Infrastructure Forum held at Dusit Hotel last June 23-24, 2000. The Forum, sponsored by the Department of Finance with the assistance of World Bank and the International Finance Corporation, was a conference between the government and private sector representatives to discuss policy issues and recommendations thereon,

related to the PSP/BOT Program of the government. The conference was preceded by a series of sectoral working group meetings, covering the transportation, water, power and telecommunications sectors, CCPSP and the Team acted as resource persons during these meetings.

There were various presentations and panel sessions on private sector participation strategies and current policy issues on ports and airports, roads and bridges, water, power, telecommunications. Mr. Douglas Tinsler, Chemonics Senior Vice President echoed some private sector perceptions about the Philippine investment climate in general and infrastructure privatization policies in particular.

Mr. Antonio Fleta, CCPSP Executive Director also delivered a presentation where he provided an overview of the PSP legal framework, introduced the newly re-engineered CCPSP and most notably informed the body of the current policy reforms on PSP. These reforms were those approved by the Economic Coordinating Council on procurement guidelines, privatization strategy and management of contingent liabilities.

The forum is planned to be a continuing undertaking of the government to ensure active consultations with the private sector as the PSP program continues to evolve.

7. Conference on Private Sector Participation in Water Services

The conference was held last October 4-5, 2000. It was co-sponsored by USAID and USAEP. Participants came from water districts, LGUs, regulatory and oversight agencies of the government, donors, private companies, and international experts involved in the implementation and operation of PSP water projects. The objectives of the conference were:

- Impart information on the various options and the appropriate contractual arrangements for private participation in water projects;
- Draw lessons and insights from international trends and best practices on water privatization
- Discuss the issues related to water privatization e.g., legal and regulatory, government guarantees, labor problems
- Impart information on how to identify and effectively allocate project risks and properly structure water contracts to reflect the responsibilities of concerned parties

Box 4 shows the topics covered in the conference.



Box 4: PSP Water Conference Topics

- Overview of privatization options for water utilities, advantage and disadvantage of each option, and recommendation on the appropriate approach towards implementation
- International best practices on privatization of water services/utilities
- Structuring concession agreements and dealing with related issues, e.g., description of contractual arrangements, legal bases, risk allocation, regulatory issues of concessions and change management
- Project development checklist for concession arrangement
- Sample contract for concession arrangements for water utilities
- Case Studies:
 - Suez, Egypt
 - Monteria, Colombia
 - MWSS

The conference was able to raise the level of awareness of participants on the benefits of PSP, and the issues that have to be addressed to ensure success. Most notably, there were strong recommendations to formulate a water resource management framework, establish a water economic regulatory office, and separation of operating and regulatory functions of water agencies and LGUs to remove the conflict of interest inherent in these roles. The conference also highlighted the majesty of competitive processes in contract award.

This conference had two follow-up activities, namely the roundtable discussion with water regulatory and oversight agencies and another session with private proponents to discuss interim economic regulations and the proposed long terms strategic regulatory reform (see discussion on water regulatory reform under the Section C.2.3).

8. World Economic Development Congress

The World Economic Development Congress is an annual conference dealing mostly with public-private partnership and project finance issues. It is widely attended by government representatives, major private sector developers, lenders and donor community. The BOT Center in previous years is a regular attendee as well as a presenter for the in-country briefings. However, the last one it attended was in 1998. Under the previous administration, the promotion of PSP took a back seat.

This year's WEDC was held at Kuala Lumpur on June 27 to 29. The team planned and led the preparations for Philippines' "come back" under a new administration at the WEDC. The team felt that the WEDC was a fitting cap to the promotion efforts under the BOT III Project and would

send a clear message that the Philippines is once again an active player for PSPs.

The team arranged for the following GOP "exposures":

- A keynote address by President Gloria Macapagal-Arroyo delivered through a videoconference from Malacanang. President Arroyo underscored her administrations' platform, immediate plans to solve the peace and order problem and the commitment to PSP as a cornerstone development strategy
- Panel discussions by Secretary Camacho, DOF on energy policy and Usec Kintanar, CCPSP on water regulations
- Philippine PSP Program Briefing (sponsored by Chemonics) led by former President Fidel V. Ramos, who gave a spiel on why it pays to invest in the Philippines. He was joined by Secretary Camacho, who gave a briefing on the Power Reform Act and the investment opportunities therein, Usec Kintanar who presented the highlights of the PSP program including projects in the firm pipeline and Chairman Ruben Almendras of Metro Cebu Water District, who presented the Mananga 2 bulk water supply project.

The Philippine briefing was the most widely attended both by WEDC participants as well as local businessmen from Malaysia. Since the conference there have been follow-up inquiries on the water projects and expression of interest from one firm to operate the power trading pool.

9. Information Technology Seminar-Workshops

a) Roundtable Discussion with IT Private Sector Developers

The objective of the roundtable is to be able to attract private sector companies to invest and finance projects of the LGUs. This will also be the venue to discuss related issues and problems they encounter with the LGUs and in return solicit solutions to these issues and problems.

The participants to the roundtable discussion are expected to:

- a. Appreciate investment opportunities in the LGU;
- b. Identify appropriate BOT/PSP contractual arrangements for IT projects;
- c. Recommend systems solutions to enhance LGU revenue generation and other concerns with LGUs.
- d. Discuss concerns of the private sector in LGU IT investments

This is scheduled to be conducted on July 25, 2001.

10. LGU IT Workshops (Luzon and Visayas/Mindanao Clusters)

Local Government Units (LGUs) can benefit from the use of IT through higher tax collection rate thus increasing LGU revenues without actually increasing taxes; efficiency in revenue collection; streamlined public transaction process; improved public service, management and decision making.

The Coordinating Council for Private Sector Participation (CCPSP) is currently assisting a number of LGUs in their IT projects, drafted the Generic Information Systems Plan (GISP) and the LGU IT Contract.

CCPSP with the assistance of Chemonics International would like to propose the conduct of a conference for Local Government Units with emphasis on packaging Information Technology (IT) projects. The conference aims to provide the local chief executives the ability to explore the advantages of private sector participation in these projects.

It will highlight the application of IT practices at the local level. It is envisioned to gather major players in the IT sector, specifically the local government units (LGUs) who are interested and are willing to introduce and implement these projects through public-private partnership.

The two (2) One-Day Conference is planned to be held on August 2 & 7 to give emphasis on the new administration's focus on Information and Communications Technology (ICT) as a catalyst for national development and will provide the opportunity for newly elected local government officials recognize the significance of ICT in local governance and development. One will be held in Manila for Luzon and the other in Cebu City for Visayas and Mindanao.

V. SUMMARY OF ACCOMPLISHMENTS

The environment under which the BOT III project was implemented presented both opportunities and challenges, but overall, the project accomplished most of its deliverables and attained its objectives.

The BOT III project had to deal with a lot of challenges in the three years that it was implemented. It started at the advent of a change in administration, which brought along with it an adjustment period, a changing of guards with different approaches, priorities and style. The change in administration had a significant impact on the continuity of previous efforts started in the past BOT projects, as well as maintaining the level of support and commitment of the government to the program.



In CCPSP alone, there were three changes in the chairmanship and four changes in the executive director position during the course of the project. There was also a major reorganization after six months of commencement. The work plan underwent a number of changes, to reflect the priorities of the CCPSP management. For instance, levels of effort were at one point shifted from project development to policy work, and external client training to CCPSP internal training. The project also had to contend with the economic slowdown and the political upheaval in the country, which resulted to yet another change in administration in 2001.

There were on the other hand, significant factors that contributed to the overall success of the project. These factors include:

- The unequivocal policy declaration of the government to utilize the BOT or public-private partnership as a development strategy, especially for the infrastructure sector;
- The BOT Law and its Implementing Rules and Regulations which has established the legal basis, the policy framework and clear cut transaction guidelines for PSP/BOT projects. If followed strictly, it should level the playing field and ensure a stable and consistent application of the rules of the game.
- The existing government institutions and the administrative machinery for the PSP program, which although needing constant improvement to keep pace with new developments, directions and evolving needs, are working. CCPSP as the central coordinating body has contributed much to the advocacy, increasing PSP deal flows and institution building of the PSP program. The addition of contract monitoring to its mandate by virtue of AO 67 supports the efforts of government to establish a guarantee management system. The Investment Coordination Committee as the primary approving body has well-defined project and contract evaluation guidelines. At least at the national level, the establishment of BOT units in implementing agencies has put in place focal points for each agency's PSP program.
- Good rapport of CCPSP with implementing agencies and private sector that made it an effective PSP coordinator.
- The institutionalization of the Project Development Facility; it is an important tool for building a robust shelf of well-conceptualized and structured PSP projects and for steering agencies to shift to public bidding instead of relying mostly on unsolicited proposals. To date six projects are provided technical assistance from the PDF.

Some of the challenges also turned out to be opportunities. For instance, when civil society raised its voice against corruption and red tape, it prompted government to look at

measures to dispel these claims and show that it was doing positive measures to improve governance. This brought about:

- The openness to procurement reforms to steer agencies toward adopting and improving competition and transparency in the award of contracts;
- Deepening of the understanding of the policy and economic regulatory regime to encourage PSPs—cases in point are initiatives on regulatory reforms for the rail, water and port sectors essentially to separate regulatory and proprietary functions, adopt market friendly economic regulations and to strengthen regulatory institutions; and
- Recognition and pro-active measures to set up a guarantee management system not just for PSP contingent liabilities but for GOCC and fiduciary obligations as well.

All things considered, the BOT III Project accomplished most of its deliverables as summarized below:

<u>BOT III Scope of Work</u>	<u>% Accomplishment of Deliverables</u>
<ul style="list-style-type: none"> • Institutional Support to CCPSP 	<ul style="list-style-type: none"> - 100% (includes CCPSP reorganization, institutionalization of the Project Development Facility, and establishment of a contract monitoring framework)
<ul style="list-style-type: none"> • Project Development (17 projects out of 31 targeted to bring to bidding or solicitation of comparative proposal stage) 	<ul style="list-style-type: none"> - 55% (in terms of number of projects, amounting to US\$1,246.1 million); however another 7 projects costing more than \$1 billion, assisted under the BOT III are in project preparation stage under PDF funding; 6 are likely to be brought to bid next year and one unsolicited proposal is expected to be brought to solicitation of comparative proposal within the current year
<ul style="list-style-type: none"> • Policy Review and Advocacy 	<ul style="list-style-type: none"> - More than 100% (tasks in addition to the contractual deliverables were accomplished; includes recommendations for policy and regulatory reform in the rail and water sectors, strengthening of competitive processes on PSP procurement, preparation of a selection of sample PSP contracts with recommendations on risk allocation and regulations by contract)



BOT III Scope of Work**% Accomplishment of Deliverables**

- **Outreach and Investment Promotion - 100% (includes training of LGU staff on PSP project development, preparation of an LGU PSP project development manual, CCPSP internal training and promotion activities)**

Accomplishments for project development fell short of the target, largely due to factors outside the control of CCPSP and the BOT III team. The major ones include: inadequate commitment and zeal among implementing agencies to implement projects mostly due to competing claims on the attention of the agency officials on more pressing and urgent problems; in LGUs in particular, political differences between the executive and members of the Sanggunian hinder buy-ins for PSP projects; protracted process to get the requisite approvals for the funding and mechanisms for the Project Development Facility delayed the offering of this resource to implementing agencies; and the mismatch in the tenure of LGU officials and project gestation period sets back the progress made on LGU project development.

The ultimate measure of success is how these accomplishments contributed to the attainment of the BOT III objectives, discussed below:

1. Advance private investments

There are modest gains in terms of new investments generated. The total cost of the projects advanced to bidding stage amounted to \$1.2 billion only. Another \$1 billion plus may be generated next year from the following projects, which are currently at project preparation stage under PDF funding: Mananga Dam (\$150M), Metro-Kidapawan Water Concession (to be determined), Puerto Princesa Bulk Water Supply (to be determined), PPA North Harbor (\$512.83M), NAIA Access Road (\$197.0M) and San Fernando City IT Project (\$1M).

2. Strengthen institutional structures of CCPSP and the government in general to support PSPs

The reorganization of CCPAP to CCPSP made it more focused on the advocacy and development of the PSP program. It consolidated the staff of the ODA group and the BOT Center thus giving it a wider resource base to carry out its functions. Under the project, capability enhancement of the CCPSP staff was done primarily through a working partnership in a close and seamless manner between the team members and the staff and a two-way give and take learning process. CCPSP has over the years developed core competencies on project development, notably economic and financial evaluation and risk analysis, project appraisal, contract review, contract monitoring and training. Worthy of note is the contract monitoring function of CCPSP. Although still in its early operationalization stage it has proven to be a crucial role. Taking the case of Casecan project alone, after

a contract execution review, CCPSP caused savings amounting to US\$735 million for government by identifying provisions in the contract for an alternative payment scheme for tax obligations (see discussion in Section IV-A.3).

The team feels highly confident that CCPSP will continue to be effective and capable to perform its mandate given officials and staff who are competent, motivated and dedicated.

The policy reform program of CCPSP recommended concrete measures to improve competition and transparency in contract award, harmonize the implementing guidelines of other legal bases for doing PSPs thus ensuring a consistent framework and decision rules. It also brought to fore or pursued regulatory reforms, in major sectors, aimed to rationalize economic regulations to make them attuned to the PSP market, streamline guidelines for regulations and strengthen regulatory agencies. Government processes were also improved to lessen the bureaucratic interventions in approving, implementing and operating PSP projects.

In terms of institution building particularly for Local Government Units, about 416 LGU planning and technical officers from all regions within the country benefited from the structured training on PSP project development. In addition, the LGU Policy Framework Study and the LGU Project Development Manual will be useful tools for LGUs intending to implement PSP projects.

The CCPSP institutional support, policy reform and training program of the BOT III project contributed to the overall strengthening of the PSP Program structures that are essential in sustaining and building the foundation for a significant qualitative change in infrastructure development.

3. Provide management support to CCPSP

The team supported CCPSP through the restructuring, operationalization and transition to CCPSP. Through the project's work plan it also provided continuity, through CCPSP's changes in management, in the policy agenda and its internal work plan to meet its strategic objectives of developing and promoting the PSP Program.

VI. LESSONS LEARNED AND WAY FORWARD

The current structures and systems, and fundamental policy framework will support and sustain the PSP program in the long term. However, the experience under the project highlighted both positive factors and on-going meritorious initiatives that should be pursued and gaps and specific issues that still need to be addressed:



Project Development

The development of national government projects outside of the power sector has been slow, even slower for LGU projects, which to date account for only 1.0% of the investment program. Efforts to identify and develop more PSP projects should be sustained through incorporation of a strategic approach at the implementing agency level in identifying PSP projects at the planning and programming stage. Currently agencies still consider ODA as the first choice for financing projects and use the PSP schemes for projects, which cannot be accommodated in the program. Furthermore, to facilitate qualitative change, a program approach to project development is suggested, rather than doing one-off deals. Under this approach, a privatization strategy is formulated and projects are identified and structured according to this framework. Efficiencies and synergy can be gained by implementing several projects similarly structured. Furthermore, policy and regulatory reforms presented in the context of facilitating or removing barriers for project implementation would likewise be better appreciated and would elicit a stronger sense of urgency to resolve pending issues.

CCPSP should complement the above approach by promoting the use of the Project Development Facility for pre-investment studies. The PDF resources can be leveraged further by adopting, where appropriate, a repayment scheme to project consultants on a fixed and success fee basis. The latter component not only shares the risk with consultants it also encourages the consultant to perform more conscientiously.

PDF project assistance has proven to be more effective compared to thinly spreading the resources of CCPSP for intermittent and short term technical support to agencies/LGUs preparing projects using their own internal resources. Although the number of projects assisted may be limited, the concerted and total support for the entire project gestation will in the end be more effective and efficient. The team underscores the recommendation to use this approach especially among LGUs. Intensive, project specific- technical assistance is required for most LGUs doing PSP projects to shorten the learning curve. The training will be better appreciated if it is done on the job. It will also expedite the project development process, which is critical concerning the three-year tenure of the LGU executives. Moreover, since LGU PSP project development is still at advocacy stage, it is important to have successful demonstration projects to encourage other LGUs to try it.

Nonetheless, CCPSP should continue assistance to actual projects started that are at various stages of preparation. However, the projects should be carefully re-assessed so that it could focus its assistance on "winners". Furthermore, the emergence of new elective local officials and the renewal of mandates for those that were re-elected would be excellent timing to pursue aggressive PSP advocacy work among local governments. It would likewise be good timing to start on new, carefully-screened projects, since there would be ample time for these officials to guide their projects to full project implementation.

Contract Monitoring

There is an urgent need for the government to strengthen its efforts to monitor and evaluate its portfolio of BOT and other PSP projects after contract award. The government must be more vigilant in ensuring that these projects meet predetermined targets/goals (economic, social and financial) and continue to comply with the approved contractual provisions as well as applicable laws and regulations.

The lessons learned from the early BOT projects are beginning to unravel partly through CCPSP's current contract monitoring functions. Some of the important observations include: the failure and passivity of implementing agencies to assert and exercise contractual rights and remedies such as liquidated damages arising from proponent delay in project construction, and their inability, at the agency level, to initially measure risks and make provisions for government direct or contingent liabilities triggered by certain contractual events under the project agreements. Since these projects are more likely big-ticket items (e.g., the NIA Casecan multi-purpose irrigation and power project and the EDSA MRT 3 project alone have an estimated aggregate cost of US\$1.2 billion), the potentially serious impact on the country's overall financial position cannot be overemphasized.

Policy and Regulatory Reform

The policy and regulatory environment is critical to the success of the PSP Program, and would spell the difference in terms of the scope government support that lenders and developers would look for. The extensive contingent liabilities incurred by government are a reflection of the gaps and weaknesses of the policy and regulatory environment, which translate to a higher perception of project risks. Ideally policy and regulatory reforms should take place before the implementation of projects. However given the protracted process of consensus building within government and enacting necessary statutes to effect the reforms, the projects will not be built or if at all would be severely delayed. Hence, the option is to do both in parallel and to make interim adjustments within the ambit of existing laws and to pursue long term solutions.

BOT III applied this approach in structuring its policy agenda. It is important that approval and enactment of the proposed policy and regulatory reforms be pursued, notably: regulatory reforms in water and transportation, establishment of a guarantee management system, amendment of the BOT Law to limit application of unsolicited proposals to steer agencies toward competitive bidding and introduce other procurement reforms. The recent passage of the Power Reform Act manifested the current administration's political will to adopt progressive, albeit not popular policy reforms. The private sector deemed this a good signal and is expectantly tracking investment opportunities that the policy reform will generate. It is hoped that the same resolve will be shown for the other reforms.

Promotion and Marketing

External threats such as the financial crisis and the current political instability and peace and order problem of the country have adversely affected the appetite of developers and lenders for investments in the Philippines. In view thereof, the promotion and marketing efforts of the PSP Program has to be strengthened further.

Table 7: Summary of BOT III Scope of Work/Deliverables and Accomplishments

Scope of Work	Deliverables	Accomplishments	Remarks
A. Institutional Support to the BOT Center (now CCPSP) – 100% of deliverables accomplished			
<ul style="list-style-type: none"> ▪ CCPAP/BOT Center Restructuring Study ▪ Institutionalization of a revolving project preparation/ due-diligence fund 	<ul style="list-style-type: none"> ▪ CCPAP/BOT center Restructuring Study ▪ Institutionalization of the Project Development Facility ▪ Operational Support for the PDF – USAID Grant (e.g., preparation of 3 studies; project screening, supervision of PDF consultants, TA for project tender), Lined up for three (3) projects: Gen. Santos Bus Terminal; Sta. Ana Port; and Cebu Fast Ferry Terminal 	<ul style="list-style-type: none"> ▪ CCPAP Restructuring Study <ul style="list-style-type: none"> - Organizational restructuring to focus on PSP Program coordination; Includes an Administrative Order reorganizing CCPAP to CCPSP (AO 67 signed by the President last June 1999) ▪ Project Development Facility <ul style="list-style-type: none"> - prepared the information memorandum which was used as the reference material in securing GOP approval; - assisted in sourcing funds, including a US\$3M ADB TA loan for relending to LGUs, total of \$1M from USAID (\$250 lodged with the BOT III contract and the rest given on a host nation contract arrangement), and about \$1M from USTDA granted to LWUA and MCWD; - prepared operating guidelines for the PDF - prepared an executive order for the establishment of the revolving mechanism for grant funds - PDF project preparation (2 out of 3 targeted from the \$250 PDF contribution) - Using the PDF contribution coursed through the Chemonics contract, 	<p>The work plan included the drafting of the implementing guidelines of the Project Preparation Fund proposed under the 2001 GAA. This fund however was not set up in view of the failure of the previous congress to approve the 2001 budget. Instead the 2000 budget was restated for 2001.</p> <p>The budget for PDF projects was realigned under the BOT III contract for other activities in the other three areas of the work plan as agreed with CCPSP and USAID.</p> <p>Related to PDF projects, the team assisted in the screening and preparation of documents for bidding the NAIA Access Road project preparation study.</p>

Scope of Work	Deliverables	Accomplishments	Remarks
<ul style="list-style-type: none"> ▪ General operational support to CCPSP 	<ul style="list-style-type: none"> ▪ General operational support to CCPSP 	<p>completed the General Santos Integrated Transportation Terminal Study, currently under bidding; and completed draft final report of Cebu Fast Ferry Terminal Study commissioned under Louis Berger Group Inc.</p> <ul style="list-style-type: none"> - Sta. Ana Port was dropped from the list since the LGU did not want to pursue the project - Other projects being undertaken using the PDF are: USAID: NAIA Access Road; USTDA: Mananga Dam, Metro Kidapawan Water Concession and Puerto Princesa Bulk Water <ul style="list-style-type: none"> ▪ Provided staff work for CCPSP and general advisory assistance in carrying out its functions ▪ Assisted in the preparation of the contract monitoring form and the checklist for monitoring ▪ Assisted in monitoring specific projects, i.e., Casecanan, MRT III, LTO-IT and the Ilijan Power projects 	
<p>B. Project Development (55% of the deliverables accomplished)</p>			
<ul style="list-style-type: none"> ▪ Screen projects to determine viability for PSP implementation ▪ Review of pre-FS, bid TOR and draft contract; or 	<ul style="list-style-type: none"> ▪ Project Development (bidding stage or solicitation of comparative proposals) 	<ul style="list-style-type: none"> ▪ Total projects delivered – 17 of 31 projects costing US\$1,246.1 million 	<p>The failure to deliver the target number of projects is due to a variety of reasons, mostly outside of the control of CCPSP and relatedly the BOT III Team. These reasons include:</p>



Scope of Work	Deliverables	Accomplishments	Remarks
<ul style="list-style-type: none"> ▪ Assist in the preparation of the above materials ▪ Review CCPSP-prepared TORs for consultancy services for PDF projects and assist in evaluating output of the consultants ▪ Assist IAs/LGUs in the bidding process ▪ As may be agreed with CCPSP, conduct project preparation studies from the sub-contracting resources 	<p>- 15 LGU projects</p>	<p><u>LGU Projects (8 of 15 delivered - \$39.8M):</u></p> <ul style="list-style-type: none"> - Muñoz Public Market (approved by Sanggunian for solicitation of comparative proposals) - \$5M - Angeles City Information Technology Project (awarded)- \$1.0M 	<ul style="list-style-type: none"> - lack of commitment on the part of the implementing agency or low priority accorded to PSP project development ; - difficulty in securing requisite approval at the Local Government level mostly due to political differences between the executive and the legislative council, which is the approving authority for the project and the contract; - long gestation of project development ; - changes in administration, which shifted the focus of new officials. <p>The team assisted CCPSP in developing other projects through a range of activities, including screening, preparation of terms of reference for project preparation studies, appraisal of completed projects, review of contracts for projects, advisory assistance to implementing agencies doing feasibility studies and/or drafting of bid documents and guiding agencies through the bidding process.</p> <p>The list of other projects assisted are:</p> <p><u>LGU Projects (10)</u></p> <ul style="list-style-type: none"> - Sta. Ana Port Project - TBD - Marilao Public Market - \$ 5M - Tarlac Public Market - \$ 6M - Murphy (QC) Public Market - \$4.93M

Scope of Work	Deliverables	Accomplishments	Remarks
	<ul style="list-style-type: none"> - 2 Social Infrastructure Projects - 2 environmental projects - 10 national government projects 	<ul style="list-style-type: none"> - Bocaue Public Market (awarded) - \$5M - Orani (Bataan) Information Technology Project (bidding stage) - \$1.0M - Talisay City Hall Bldg. (Solicitation of Comparative Proposal) - \$4.0M - Matnog Integrated Bus Terminal (awarded) - \$4.4M - Bohol Power Joint Venture Agreement (awarded) - \$5.0M - Bohol Water Utilities Joint Venture Agreement (awarded) - \$14.4M <p><u>Social Infrastructure Projects (2 of 2 delivered) - US\$147.0M</u></p> <ul style="list-style-type: none"> - NSO Civil Registry System IT project (awarded) - \$65M - LRA Land Titling IT Project (awarded) - \$82M <p><u>Environmental Projects (2 of 2 delivered) - US\$282.0M</u></p> <ul style="list-style-type: none"> - Bulacan Bulk Water Supply Project (awarded) - \$165M - MMDA Solid Waste Project (for award) - \$117M <p><u>National Projects (4 of 10 delivered) - US\$775.3M</u></p> <ul style="list-style-type: none"> - DFA Machine Readable Passport - (awarded) - \$50.3M - LRT I - (joint venture agreement signed September 4, 2000) - \$597M 	<ul style="list-style-type: none"> - Kamuning (QC) Public Market - \$4.32M - Candon Public Market - Php110M - Butuan City IT Project - \$ 1M - San Fernando La Union IT Project* - \$ 1M - Batangas City Solid Waste Project - Ulugan Bay Community-based Eco-tourism Project <p><u>National Government Projects (13)</u></p> <ul style="list-style-type: none"> - PPA Manila North Harbor Privatization* - \$ 512.8M - 7 PPA Ports - TBD - North Luzon Tollway Project - \$370M



Scope of Work	Deliverables	Accomplishments	Remarks
	<ul style="list-style-type: none"> - 2 GEM projects 	<ul style="list-style-type: none"> - Redevelopment of Port Irene (awarded) - \$84M - 50 MW Aggregate Capacity Power Plans in Island Electrification (awarded) - \$44M <p><u>GEM Projects (1 of 2 delivered) – US\$2.8M</u></p> <ul style="list-style-type: none"> - General Santos Integrated Bus Terminal (under bidding) - \$2.8M 	<ul style="list-style-type: none"> - North Luzon East Expressway - \$351M - BIR Computerization Project - - Water Projects (5): Metro Cebu*, Puerto Princesa*, Metro Kidapawan*, Legaspi*, and Bacolod - TBD - Laiban Dam - TBD - Manila Calabarzon Express (MCX) - \$500M - NSO Office Building Complex - TBD <p><u>PDF Projects (3)</u></p> <ul style="list-style-type: none"> - NAIA III Access Road Project* - \$196.66M - Cebu Fast Ferry Passenger Terminal and Reclamation Project - TBD <p>Of the projects listed above, those with asterisk (7 projects) are in advance stages of preparation and are likely to be ready for bidding within the current year.</p>
<p>C. Policy Review and Advocacy – 100% of deliverables accomplished, and in addition accomplished other assignments</p>			
<ul style="list-style-type: none"> ▪ Prepare policy papers/ draft bills or executive issuances to effect policy reforms ▪ Provide comments on policy issues at the request of CCPSP 	<ul style="list-style-type: none"> ▪ LGU PSP Policy Framework Study (inclusive of amendments to the Local Government Code and IRR) 	<ul style="list-style-type: none"> ▪ LGU PSP Policy Framework Study – review of legal and institutional conditions for PSP, recommendations on the amendment of the LGU Code and IRR to improve PSP project implementation, identification of other PSP modalities and review of regulatory framework under which 	<p>The work on policy review and advocacy as initially planned for in the BOT III work plan was expanded significantly. Most of the work focused on the improvement of the regulatory regime to make it more conducive for PSP project implementation, strengthening of competitive processes and transparency</p>

Scope of Work	Deliverables	Accomplishments	Remarks
<ul style="list-style-type: none"> ▪ Assist CCPSP in policy coordination meetings 	<ul style="list-style-type: none"> ▪ Sector Policy Reform and Regulatory Assistance (covering rail transportation, water and solid waste, and information technology) <ul style="list-style-type: none"> - the output will be in the form of executive issuance and/or draft bills restructuring and separating the regulatory function of PNR and LRTA - Draft the policy directive and provide assistance for the formulation of the implementation Plan for PNR privatization; note however that the technical assistance will not extend to the actual implementation of the Plan ▪ Sample concession agreements <ul style="list-style-type: none"> - water supply/distribution projects (concession arrangement/Affermage) - solid waste projects - NG and LGU information technology projects ▪ General PSP policy and government procurement reform and development 	<p>LGU PSP projects operate</p> <ul style="list-style-type: none"> ▪ Rail restructuring and privatization strategy including a draft EO ▪ TOR for ADB TA on Rail Institutional Restructuring, PNR Financial and Organizational Restructuring and Project Studies ▪ Review of Executive Order 59 – Port Privatization Framework; recommended privatization strategy and procurement guidelines that promote competition ▪ Water regulatory reform – assistance to CCPSP clarify roles and economic regulatory guidelines for bulk water and concession contracts at the interim; commented on the draft Water Regulatory Commission Bill, the long-term strategic regulatory reform ▪ Report on selection of PSP contracts: <ul style="list-style-type: none"> - water supply/distribution projects (concession arrangement/Affermage) - solid waste projects - NG and LGU information technology projects ▪ Policy and Evaluation Guidelines for Joint Venture Projects 	<p>in contract award to support the efforts of the government toward improving governance, and harmonizing and streamlining government approval processes and requirements for PSP projects.</p> <p>However, it should be noted that the efforts on the PSP policy reform agenda have to be sustained after the project. Most of the instruments that will effect the reforms have been prepared under the project, but approval/ signing is still pending.</p>



Scope of Work	Deliverables	Accomplishments	Remarks
		<ul style="list-style-type: none"> ▪ Papers related to the PSP Policy Agenda <ul style="list-style-type: none"> - Prepared paper/ presentation of the PSP policy agenda to ECC - In support thereof prepared: <ul style="list-style-type: none"> - Amendments to the BOT law - Amendments to the BOT Law IRR - Amendments to the ICC Guidelines - EO on additional PSP modalities under the BOT Law - EO establishing the revolving fund for the PDF grant contributions - EO on JV evaluation guidelines - AO strengthening CCPSP contract monitoring - AO amending AO 141, which requires all BOTs to source insurances from GSIS ▪ Draft implementing guidelines for Section 6 of the General Appropriation Act ▪ Comments on the Study on Guarantee Management Framework and preparation of a terms of reference for the establishment of a guarantee management system ▪ Policy Position Papers : e.g., ICC policy Issues (submitted for discussion in an ICC policy workshop); WB's Country Framework Report 	

Scope of Work	Deliverables	Accomplishments	Remarks
		<ul style="list-style-type: none"> ▪ Various legal opinion and policy papers 	
D. Outreach/Investment (100% of deliverables accomplished)			
<p><u>Institution Building/ Training</u></p> <ul style="list-style-type: none"> ▪ Assist in the conduct of training programs for CCPSP clients (e.g. LGUs and national government agencies) ▪ Prepare training materials ▪ Conduct in-house training for CCPSP staff ▪ Organize special lectures (brown bag sessions) for CCPSP staff ▪ Prepare reference materials for PSP project development <p>N.B. The coverage of the training program and brown bag sessions will be finalized with the Training Division after the evaluation of the Training Needs Assessment currently being undertaken by the training consultant.</p>	<ul style="list-style-type: none"> ▪ Training <ul style="list-style-type: none"> - CCPSP External Training Program- Conduct training programs/Prepare the training design and materials - CCPSP Internal Training and Brown bag sessions 	<ul style="list-style-type: none"> ▪ Training <ul style="list-style-type: none"> <u>External Training</u> <ul style="list-style-type: none"> - LGU/ PDACs Project Development Seminars (covered all regions of the country) - ARMM/SZOPAD PSP Seminars <u>CCPSP Internal Training</u> <ul style="list-style-type: none"> - CCPSP Training Program for training design and assessment; presentation skills enhancement, accreditation of CCPSP training program in the Civil Service Commission - Special CCPSP staff lectures and brown bag sessions (10) ▪ Preparation of the PSP Project Development and Implementation Manual ▪ Procured MIS softwares and other materials for the Training and Promotion Group 	



Scope of Work	Deliverables	Accomplishments	Remarks
<p><u>Promotion</u></p> <p>Assist in the promotion of the PSP program and CCPSP</p>	<ul style="list-style-type: none"> ▪ Investment Promotion and Marketing <ul style="list-style-type: none"> - Preparation of information and promotional materials, and CCPSP Annual Reports - Strengthen CCPSP's One-Stop Information Center - Assist in the conduct of or participation of CCPSP in various investor conferences and round table conferences with the private sector <ul style="list-style-type: none"> ➤ At least one local investor conference ➤ Assist in the preparations for the WEDC Conference 	<ul style="list-style-type: none"> ▪ Investment Promotion and Marketing: <ul style="list-style-type: none"> - Four (4) LGU Briefing on the Doing PSPs and presentation of amended BOT IRR - Four (4) PDO Meetings (100%) - Assistance to various investor/ agency, government briefings e.g., Vietnam Government delegation, Hongkong Investors, private proponent companies, etc. (intermittent) - CCPSP Annual Reports and PSP Investment Kits - Primer on Project Packaging and Financing for LGUs - LGU PSP Guidebook - Infrastructure Forum - Conference on PSP Water Services - World Economic Development Congress 	

ANNEX A
MONITORING CHARTS

ANNEX A

Status of the BOT III Work Plan (1998 - 2001)

	1998		1999				2000				2001		
	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.
1) Institutional Support													
• CCPAP/BOT Center Restructuring Study		█	█	█									
• Funding and Institutionalization of the PDF		█	█	█	█	█	█	█	█	█	█	█	
• General Operational support to CCPSP	█	█	█	█	█	█	█	█	█	█	█	█	█
• Contract Monitoring System Assistance in Preparation					█	█	█	█	█				
2) Project Development													
• LGU Projects													
a) Munoz Public Market			█	█	█								
b) Angeles City IT Project				█	█	█	█	█	█	█	█	█	
c) Bocaue Public Market				█	█				█	█			
d) Marilao Public Market			█	█	█								
e) Tarlac Public Market			█	█	█								
f) Orani IT Project									█	█	█	█	█
g) Talisay City Hall Bldg.										█	█		
h) Matnog Integrated Bus Terminal								█	█	█	█	█	
i) Bohol Water Supply								█	█				
j) Bohol Provincial Electric System								█	█				
k) Murphy Public Market							█	█	█	█			

	1998		1999				2000				2001		
	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.
l) Butuan City IT Project													
m) Calapan Public Market								■	■	■			
n) Kamuning Public Market							■	■	■				
o) Candon Market & Shopping Complex			■	■	■								
• National Government Project													
a) DFA Machine Readable Passport			■	■	■	■	■	■	■	■	■	■	■
b) Laiban Dam			■				■		■				
c) Manila Calabarzon Express (MCX)						■	■						
d) Metro Manila Expressway R4 & R5 (Pasex)						■	■		■				
e) Light Rail Transit Line No. 1 Ext.						■		■	■			■	
f) PPA North Harbor Privatization						■	■	■	■	■			
g) NAIA Expressway Project												■	■
h) NSO Office Building Complex												■	■
i) Privatization of 7 Major PPA Ports										■			
j) Cebu Fast Ferry Terminal			■	■	■	■	■	■	■	■	■	■	■
k) Legaspi Water District Concession								■	■	■	■	■	■
l) Batangas Solid Waste Project			■										
m) Mananga Dam (Phase II) Project							■						
n) Metro Kidapawan Water Supply							■						
o) Puerto Princesa Water Supply							■						
p) North Luzon Tollway Project									■				
q) North Luzon East Expressway									■				

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	1998		1999				2000				2001		
	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.
r) Redevelopment of Port Irene					■	■							
s) BIR Computerization Project								■	■				
t) 50 MW Aggregate Capacity Power			■	■									
u) Ulugan Bay Community-based Sustainable Tourism Project								■					
• Environmental Projects													
a) Bulacan Bulk Water Supply		■	■	■	■	■	■	■	■	■	■	■	■
b) MMDA Solid Waste Project			■		■	■	■	■	■	■	■	■	■
• Social Projects													
a) NSO Civil Registry System IT			■	■	■	■	■	■	■	■	■	■	■
b) LRA Land Titling IT			■	■	■	■	■	■	■	■	■	■	■
• GEM Projects													
a) General Santos Bus Terminal			■	■	■	■	■	■	■	■	■	■	■
b) Sta. Ana Port Development			■	■	■	■	■	■	■	■	■	■	■
3) Policy Review and Advocacy													
• LGU-PSP Policy Framework			■	■	■	■	■	■	■	■	■	■	■
• Sector Reform and Development													
a) Rail Restructuring and Privatization Strategy					■	■	■	■	■	■	■	■	■
b) Port Privatization Framework							■	■	■	■	■	■	■
c) Water Sector Regulatory Reform													
- RT Discussion on Bldg. Consensus on Interim Water Regulatory										■		■	■
- RT with PS Water Developer of Eco. Regulation													■

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	1998		1999				2000				2001		
	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.
d) Sample Contract													
- LGU IT					■	■	■	■	■	■	■	■	■
- NG IT							■	■	■	■	■	■	■
- Bulk Water Supply					■	■	■	■				■	■
- Water Concession										■	■	■	■
- Solid Waste										■	■	■	■
• PSP Policy and Govt. Procurement													
a) Reform Agenda													
- JV Evaluation Guidelines						■	■	■	■	■	■	■	■
- PSP Policy Reform Agenda								■	■	■	■	■	■
(i) Amendments to the BOT Law, BOT Law IRR & ICC Guidelines, EO on add'l PSP modalities under BOT Law, etc.													
- Implementing guidelines for Sec. 6 of GAA											■	■	■
b) Guarantee Management System										■	■	■	■
c) Other Policy Related Activities, Legal opinions; various policy preparations	■	■	■	■	■	■	■	■	■	■	■	■	■
4) Outreach and Investment Promotion													
• External Training													
a) LGU and PDAC Project Evaluation			■	■	■	■	■	■	■	■	■	■	■
b) ARMM SZOPAD PSP Seminar		■	■	■	■	■	■	■	■	■	■	■	■
• Internal Training	■	■	■	■	■	■	■	■	■	■	■	■	■

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	1998		1999				2000				2001		
	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.
• CCPSP Staff Briefings and Brown Bag Presentations				■	■	■	■	■			■		■
• PSP Project Development and Implementations Manual for LGU								■	■	■	■	■	■
• PSP Investment Promotion													
a) LGU PSP Briefings				■	■								
b) PDO Meetings	■	■	■			■							
c) CCPSP Annual Reports and PSP Investment Kits		■■■■			■■■■	■■■■				■■■■			
d) Primer on Project Packaging and Financing for LGUs							■	■	■				
e) LGU PSP Guidebook							■	■	■	■			
f) Infrastructure Forum							■	■	■				
g) Conference on Private Sector Participation in Water Services							■	■	■				
h) World Economic Development Congress (WEDC)											■	■	
i) Information Technology Conference													■
- RT Discussion with PS on LGU IT													■
- LGU IT - Luzon and Visayas & Mindanao													■
j) Training Program Assessment and Train the Trainer Program							■	■	■	■	■	■	■
k) Marketing and Promotion (AVP)										■	■	■	■
l) Procurement of 1 laptop computer & camera										■	■		

Note:

■■■■ plus intermittent assignments through out life of project (LOP)



Annex A.1

Status of Projects

a1. Publicly-bid

Name of Project	Stage of Project Development									
	1	2	3	4	5	6	7	8	9	
LGU Projects										
1. Angeles City IT Project										
	For re-bidding due to failure of proponent to comply w/conditions for contract award									
2. Bocaue Public Market										
	Under construction									
3. Marilao Public Market										
	Approved by Sanggunian for BOT implementation									
4. Tarlac Public Market										
5. Talisay City Hall Bldg.										
	City Government terminated contract last 01/05/01									
6. Matnog Integrated Bus Terminal										
7. Bohol Water Supply										
8. Bohol Provincial Electric System										
9. Murphy Public Market										
	City Gov't still to provide required doc for PDF									
10. Butuan City IT Project										
	Awaiting completion of new city hall									
11. Calapan Public Market										
	RDC final endorsement held in abeyance subject to PDC endorsement									
12. Kamuning Public Market										
	City Gov't still to provide required doc. for PDF									
13. Candon Public Market										
	Deadline for submission of comparative proposa postponed indefinitely									
14. Orani Commercial Complex										
	Pre-FS under preparation									
15. Nueva Vizcaya Agricultural Terminal										
	Will be implemented as JV. Pre-FS support of ARD-GOLD									

Name of Project	Stage of Project Development								
	1	2	3	4	5	6	7	8	9
National Government									
1. DFA Machine Readable Passport	Contract signed Feb. 28, 2001 between DFA & BCA Int'l								
2. Laiban Dam									
3. Manila Calabarzon Express (MCX)	Unsolicited proposal held in abeyance								
4. Light Rail Transit Line No. 1 Ext.,									
5. PPA North Harbor Privatization									
6. NAIA Expressway Project									
7. Privatization of 7 Major PPA Ports	Concept paper finished								
8. Cebu Fast Ferry Terminal	Draft Final Report of F/S submitted and under review								
9. Batangas City Solid Waste Project									
10. Mananga Dam (Phase II) Project	F/S and bid docs completion expected by November 2001								
11. Metro Kidapawan Water Supply	F/S and bid documents completion Expected by December 2001								
12. Puerto Princesa Bulk Water Supply (TDA-PDF)									
13. North Luzon Tollway Project									
14. North Luzon East Expressway Project									
15. BIR Computerization Project									
16. 50 MW Aggregate Capacity Bunker-Fired Diesel Power Plant in Islands Electrification									
17. Davao City Sanitary Landfill	Waiting for DOJ's opinion on IRA intercept mechanism and minimum tonnage guarantee								



Name of Project	Stage of Project Development								
	1	2	3	4	5	6	7	8	9
Environmental Project									
1. MMDA Solid Waste Project									
	Notice of award still on hold due to issuance of TRO								
Social Projects									
1. NSO Civil Registry System IT									
	Awarded to Unisys								
2. LRA Land Titling IT									
GEM Projects									
1. General Santos Bus Terminal									
2. Sta. Ana Port Development		Dropped. LGU did not want pursue the project.							

²¹ Study may have to be updated and resubmitted to ICC

- Legend:
- 1 - Project Preparation
 - 2 - ICC First Pass Approval
 - 3 - Preparation of Bid TOR
 - 4 - Pre-qualification
 - 5 - Issuance of Request for Proposal
 - 6 - Contract Approval - ICC/Sanggunian
 - 7 - Technical Evaluation
 - 8 - Financial Evaluation
 - 9 - Recommendation for Award

a2. Unsolicited Proposals

Name of Project	Stage of Project Development									
	1	2	3	4	5	6	7	8	9	
LGU Projects										
1. Munoz Public Market	[Shaded]									
	Dropped/funding from bond floatation									
2. Orani IT Project	[Shaded]			Held in abeyance by new Mayor						
3. Davao City IT	[Shaded]									
4. San Fernando IT	[Shaded]									
National Government Project										
1. Metro-Manila Expressway R4 & R5 (PASEX)	[Shaded]									
2. LRT4	[Shaded]			Held in abeyance by new DOTC Mgmt						
3. Legaspi Water District	[Shaded]					For 2 nd pass ICC approval				
	Proponent planning to back-out of the project									
4. Redevelopment of Port Irene	[Shaded]									
Environmental Project										
1. Bulacan Bulk Water Supply	[Shaded]									

- Legend:
- 1 - Submission of Complete Proposal/ Evaluation by Agency
 - 2 - ICC First Pass Approval
 - 3 - Negotiation
 - 4 - Preparation of TOR and Concession Agreement for the Solicitation of Comparative Proposals
 - 5 - ICC Contract Approval
 - 6 - Issuance of Terms of Reference for Comparative Proposal
 - 7 - Technical Evaluation
 - 8 - Financial Evaluation
 - 9 - Recommendation for Award



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ANNEX B

PROJECT PROFILES

- **LGU Projects**
- **National Government Projects**
- **Environmental Projects**
- **Social Infrastructure Projects**
- **GEM Projects**

PROJECT PROFILES
LGU PROJECTS

PROJECT PROFILE

Muñoz Wag-Wag Shopping Mall

A. PROJECT SUMMARY

Sector : Property Development
 Implementing Agency : Municipality of Muñoz, Nueva Ecija
 Mode of Implementation : Unsolicited Proposal
 Contractual Arrangement : BOT
 Proponent : BVG Lumber and Construction
 Location : Muñoz, Nueva Ecija
 Description : The project involves the construction of a four-storey shopping complex on a four-hectare lot strategically located at the center of the town's commercial area adjoining the Municipal Hall. The mall will accommodate cinemas, banks, food stores, a supermarket, and stalls for various consumer products. The building shall be equipped with modern facilities such as escalators and centralized air-conditioning system and will allocate space for parking.

The prospective clientele of the shopping mall shall be the 62,000 residents of the municipality, the residents of four municipalities, namely: Lupao, Talugtug, Sto. Domingo, and Talavera; and transients who visit the Central Luzon State University and the Philippine Rice Research Institute – the main attractions of Muñoz.

Project Cost (in US\$ M) : 5 million

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					
Unsolicited Proposal Receipt/Evaluation					BOTC reviewed the unsolicited proposal and made some recommendations.
ICC Approval (First Pass)					
Negotiation					
ICC Clearance (Second Pass)					
Preparation of Bid Documents		Jan-99			BOTC assisted in the preparation of bid documents.
2. Bidding/Award					
Advertisement	Feb-99	Feb-99			
Pre-qualification					
Challenge Period/Match Period	5-Mar-99		Mar-99	Jul-99	
Evaluation and Award					



C. ISSUES/COMMENTS

The CCPSP will continue its assistance to the LGU by assisting in the evaluation of comparative proposals.

D. CONTACT PERSONS

CCPSP: Ms. Cora Ravara, Director
LGU Division

IA/LGU: _____

Address: Municipal Hall

Telephone No. (044) 456-0102

Fax No. (044) 456-0102

PROJECT PROFILES

Angeles City IT-Based Government Operations and Information Management System

E. PROJECT SUMMARY

Sector : Information Technology
 Implementing Agency : Angeles City Government
 Mode of Implementation : Public Bidding
 Contractual Arrangement : BLT
 Proponent : To be determined
 Location : Angeles City Hall
 Description :

The GO-IMS is a system that will combine and organize policies and work practices, information and databases, managers and staff, the corresponding equipment and facilities, and information technology to help the city government accomplish its goals.

The project shall be undertaken in three (3) phases:

- Phase I : Revenue-generating Operations and Fiscal and Property Management Operations
- Phase II : Geographic Information System (GIS) and Social Services Operations
- Phase III : Barangay Networking
Barangay Residence Registration System

Project Cost : US\$ 1 million

F. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					
Feasibility Study Preparation					
Bid Documents/Concession Agreement					BOTC reviewed bid documents prepared by city government.
2. Bidding/Award					
Advertisement	27-Nov-98				
Pre-qualification	Jan-99				
Bid Preparation/Evaluation					
ICC Clearance (Second Pass)					
Evaluation and Award					

G. ISSUES/COMMENTS

The city government is currently updating the TOR for re-bidding purposes. CCPSP to provide close-in assistance to LGU in the preparations for re-bidding.



A. CONTACT PERSONS

CCPSP: SJ Pastrana, Director
MIS Division

IA/LGU: _____

Address: City Hall

Telephone No. (045) 322-0444

Fax No. (045) 323-4105

PROJECT PROFILE

Marilao Market/Commercial Center

A. PROJECT SUMMARY

Sector : LGU-Property Development
 Implementing Agency : Marilao Municipal Government
 Mode of Implementation : Public-bidding
 Contractual Arrangement : BOT
 Proponent : To be determined
 Location : Marilao, Bulacan
 Description : The project aims to boost the economic condition of the municipality by providing more income opportunities and by improving its image through a clean public market.

The proposed project will involve the construction of a multi-storey building which will accommodate a public market as well as commercial center. The Commercial center portion will accommodate shopping stalls, an entertainment center, supermarkets, as well as other commercial establishments.

The project was recently approved by the Sanggunian Panlalawigan for implementation under the BOT scheme. Previous approvals were from the Municipal Development Council and the Sanggunian Bayan. Documents are being prepared by the municipal government for presentation to the Regional Development Council (RDC).

Project Cost (in US\$ M) : US\$ 5 Million

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					Consultations held with City Mayor March 1999
Feasibility Study Preparation					Concept/design prepared
Bid Documents/Concession Agreement					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Challenge Period/Match Period					
Evaluation and Award					

C. ISSUES/COMMENTS

FS preparation has been delayed due to political issues.



D. CONTACT PERSONS

CCPSP: Ms. Cora Ravara, Director
LGU Division

IALGU: _____
Address: _____
Tel. No. (044) 711-31-42 / 711-31-44
Fax No. (044) 841-12-34

PROJECT PROFILE

Tarlac City Public Market and Commercial Complex

A. PROJECT SUMMARY

Sector : LGU-Public Market
 Implementing Agency : Tarlac City Government
 Mode of Implementation : For Public Bidding
 Contractual Arrangement : Build-Operate-Transfer
 Proponent : To be determined
 Location : Tarlac City
 Description : This involves the reconstruction and re-development of the burned down Tarlac public market on F. Tañedo St. into a more modern market and commercial complex
 Project Cost : P 300 M

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					No assistance extended so far
Feasibility Study Preparation					Consultations with LGU was undertaken March 18, 1999
Bid Documents/Concession Agreement					
2. Bidding/Award					
Advertisement					Feb. 19 & 26 March 5, 1999
Pre-qualification					March 5 – April 16, 1999
Bid Preparation					
ICC Clearance (Second Pass)					
Evaluation and Award					

C. ISSUES/COMMENTS

- Mayor Ace Manalang requested for CCPSP assistance to package this project for possible private sector participation.
- The project site is right within the CBD of Tarlac City appropriate for a commercial complex.
- Project cost estimate is P 300 M. LGU still has to submit the project for RDC and ICC Approval.
- CCPSP can assist in the preparation of ICC-PE forms and review/evaluation of bid proposals.
- Technical and financial bid proposal evaluation is on-going.



D. CONTACT PERSONS

CCPSP: Ms. Cora Ravara

IA/LGU:

Address: Municipal Bldg., Tarlac City

Tel. No. 982-01-90/982-06-92

Fax No. (045) 982-93-22



PROJECT PROFILE

Orani IT Project

A. PROJECT SUMMARY

Sector : Information Technology
 Implementing Agency : Orani Municipal Government
 Mode of Implementation : Public Bidding
 Contractual Arrangement : Build-Lease-Transfer (BLT)
 Proponent :
 Location : Orani, Bataan
 Description :

The project will provide a system that will combine and organize policies, information and databases, managers and staff, equipment, facilities and information technology in order to help city government accomplish its development goals of increasing revenues through an effective and efficient collection of taxes and fees; instituting transparency in its administrative and fiscal affairs; and bringing the city government closer to its constituents among others.

The project will automate critical operations and processes in the government offices in phases and interconnect offices through a local area network (LAN).

Project Cost : Php 23 million

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					
Unsolicited Proposal Receipt/Evaluation					
ICC Approval (First Pass)					
Negotiation					
ICC Clearance (Second Pass)					
Preparation of Bid Documents					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Challenge Period/Match Period					
Evaluation and Award					

C. ISSUES/COMMENTS

CCPSP provided technical assistance in the preparation of the ISP and Request of Proposals and during the Pre-Bid Conference.

D. CONTACT PERSONS

CCPSP: _____

IA/LGU: _____

Address: _____

Telephone No. _____

Fax No. _____

PROJECT PROFILE

Talisay City Hall Building

A. PROJECT SUMMARY

Sector : Property Development
 Implementing Agency : Talisay City Government
 Mode of Implementation : Unsolicited Proposal
 Contractual Arrangement : Build-Transfer (BT)
 Proponent :
 Location : Talisay City, Negros Occidental
 Description : The project involves the construction of a three-storey government building on an area approx. 40,000 sq.m. in the city. It aims to replace the existing Municipal Hall Building that is already dilapidated. The project will enable the city to accommodate the increasing volume of business transactions to its constituents
 Project Cost : Php156 million

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					
Unsolicited Proposal Receipt/Evaluation					
ICC Approval (First Pass)					
Negotiation					
ICC Clearance (Second Pass)					
Preparation of Bid Documents					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Challenge Period/Match Period					
Evaluation and Award					

C. ISSUES/COMMENTS

Contract awarded to PMGI on January 12, 2001. City government terminated the contract last June 5, 2001 due to proponent's failure to comply with conditions for contract award. The LGU is still studying possible options for the implementation of the project.

D. CONTACT PERSONS

CCPSP: _____

IA/LGU: _____

Address: _____

Telephone No. _____

Fax No. _____



PROJECT PROFILE

Matnog Integrated Bus Terminal

A. PROJECT SUMMARY

Sector : LGU-Property Development
 Implementing Agency : Municipality of Matnog, Sorsogon
 Mode of Implementation : To be determined
 Contractual Arrangement : Build-Operate-Transfer
 Proponent : Matnog Collaboration Ventures, Inc.
 Location : Matnog, Sorsogon
 Description : The Integrated Bus Terminal is intended to provide facilities and services such as: wide and spacious parking area; suitable and well-ventilated passenger's waiting area; clean and standard restrooms & 24-hour security service; fast food and entertainment centers; commercial spaces/banks & transportation and ticketing offices; and lodging & hotel accommodation and a super gasoline station.

This is also intended to boost economic activities and creates new opportunities that will increase revenue for the LGU and provide income and employment for its constituents.

Project Cost : The estimated cost of the project is Php 175 million.

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					
Feasibility Study Preparation					
Bid Documents/Concession Agreement					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Bid Preparation					
ICC Clearance (Second Pass)					
Evaluation and Award					

C. ISSUES/COMMENTS

The project is awarded to Matnog Collaborative Ventures, Inc. Notice to Proceed was issued last October 3, 2000. Project currently under construction.

D. CONTACT PERSONS

CCPSP: Cora Ravara, Director
 LGU Division

IA/LGU: _____
 Address: _____
 Tel. No. _____
 Fax No. _____

PROJECT PROFILE

Bohol Provincial Waterworks System

A. PROJECT SUMMARY

Sector : LGU-Environmental
 Implementing Agency : Bohol Provincial Government
 Mode of Implementation : Public Bidding
 Contractual Arrangement : Joint Venture-ROO & Maintenance
 Proponent : Salcon International Inc., et al
 Location : Tagbilaran City, Bohol Province
 Description : The project involves financing, rehabilitation, management, operation and ownership (sale) of the Provincial Waterworks System.
 Specific Components:
 1. Raw water abstraction
 2. Water treatment facilities
 3. Storage
 4. Primary distribution
 5. Secondary distribution
 6. Non-revenue water control
 7. Metered connections

Project Cost : PWS assets (appraised value) Php 76,000,000.00
 Five-year CAPEX program (estimated) 500,000,000.00
Php576,000,000.00

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development			Jan-00	Apr-00	Project recently identified for possible technical assistance. TOR and technical assistance under PDF to be firmed-up.
Feasibility Study Preparation					
Bid Documents/Concession Agreement					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Bid Preparation					
ICC Clearance (Second Pass)					
Evaluation and Award		Apr-00			CCPSP provided draft of JV agreement



C. ISSUES/COMMENTS

- April 25, 2000 - PBAC – Technical Committes recommendation to Award Project to Salcon International, Inc, et al
- June 30, 2000 - Final Draft Contract for Sanggunian Panlalawigan Approval
- July 20, 2000 - Court restraining order issued against Gov. Relampagos and the Provincial Board.
- August 8, 2000 - Temporary Restraining Order (TRO) lifted.
- August 25, 2000 - Sangguniang Panlalawigan passed ordinances approving projects and authorizing Governor to enter into and sign joint venture agreement.
- August 28, 2000 - Joint Venture Agreement between Salcon International and Bohol Province signed.

Rehabilitation and upgrade of PWS will cover a period of five years. Commencement date will be on Turnover Date (date of transfer of PWS by Province to Contractor). (Updated July-01)

D. CONTACT PERSONS

CCPSP: Alpha Samoza

IA/LGU: _____

Address: _____

Telephone No. _____

Fax No. _____

PROJECT PROFILE

Bohol Provincial Electric System

A. PROJECT SUMMARY

Sector : Environmental (Power)
 Implementing Agency : Bohol Provincial Government
 Mode of Implementation : Public Bidding
 Contractual Arrangement : JV – ROO & Maintenance
 Proponent : Salcon International, Inc., et al
 Location : Tagbilaran City
 Description : The project involves financing, rehabilitation, management, operation and ownership of the Provincial Electric System.

Specific Components:

1. Construction/instillation of 20 MVA, 69 kV Power Substation
2. Conversion of 2.4kV, three-phase primary lines to 13.8kV three-phase primary lines.
3. Reconductoring of 13.8kV, three primary lines including extensions to other areas.
4. Revamp of secondary lines including replacement of rotten and dilapidated wooden poles.
5. Purchase of additional distribution transformer for low voltage areas and other expansion.
6. Upgrading of system's line protection equipment such as circuit breakers, reclosers, disconnect switches, sectionalizers, relays, and other system monitoring equipment.
7. Acquisition of modern pilferage detection equipment and other hot line tools and equipment.
8. Acquisition of service vehicle boom truck equipped with communication network.
9. Human resource development (computerization programs and skills trainings).
10. Demand Side Management (DSM) plans implementation.

Project Cost : PES Asset = Php 59,390,000.00
 Rehabilitation & Upgrading Cost = 161,000,000.00
Php220,390,000.00

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development			Mid-Dec 2000	Mid-May 2001	Project was given USTDA funds for project preparation for implementation under the public bidding mode.
Feasibility Study Preparation					
Bid Documents/Concession Agreement					

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
2. Bidding/Award					
Advertisement			Jul-Aug 2001	Sep-Oct 2001	
Pre-qualification					
Bid Preparation					
ICC Clearance (Second Pass)					
Evaluation and Award					

C. ISSUES/COMMENTS

- April 25, 2000 - PBAC – Technical Committee's recommendation to Award Project to Salcon International, Inc, et al
- June 30, 2000 - Final Draft Contract for Sangguniang Panlalawigan Approval
- July 20, 2000 - Court restraining order issued against Gov. Relampagos and the Provincial Board.
- August 8, 2000 - Temporary Restraining Order (TRO) lifted.
- August 25, 2000 - Sangguniang Panlalawigan passed ordinances approving projects and authorizing Governor to enter into and sign joint venture agreement.
- August 28, 2000 - Joint Venture Agreement between Salcon International and Bohol Province signed.

Rehabilitation and upgrade of PES will cover a period of five years. Commencement date will be on Turnover Date (date of transfer of PES by Province to Contractor). (Updated: July-01)

D. CONTACT PERSONS

CCPSP: Aloha Samoza, Director
Environment & Power Div.

IA/LGU: _____
 Address: _____
 Telephone No. _____
 Fax No. _____

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PROJECT PROFILE

Murphy Public Market

A. PROJECT SUMMARY

Sector : LGU – Property Development
 Implementing Agency : Quezon City Government
 Mode of Implementation : Public Bidding
 Contractual Arrangement : Build-Operate-Transfer
 Proponent : To be selected
 Location : Murphy, Q.C.
 Description : The project includes the development of a 3-storey commercial building under a one-stop-shop concept with the following components:

Basement – with provision of 83 parking slots for private vehicles and 10 slots for delivery trucks/vans

Ground Floor – Market area (wet and semi-set sections) an commercial spaces

Second Floor – Market area (dry section) and commercial spaces

Third Floor – Office spaces and fast food center

Project Cost : Php192.38 million

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development			Dec-00	Mar-01	
Feasibility Study Preparation					
Bid Documents/Concession Agreement					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Bid Preparation					
ICC Clearance (Second Pass)					
Evaluation and Award					

C. ISSUES/COMMENTS

CCPSP assistance to this project would involve pre-feasibility study and tender documents preparation under the LGU-PDF. Endorsed to Land Bank for evaluation and possible PDF funding. City government still to provide required documents for PDF assistance.



D. CONTACT PERSONS

CCPSP: Ms. Corazon Ravara, Director
 LGU Division

IA/LGU: Dr. Manuel Alba, City Administrator
Address: Quezon City Hall
Telephone No. 928-8856/922-4458
Fax No. 921-7734



PROJECT PROFILES

Butuan City IT Project

A. PROJECT SUMMARY

Sector : Information Technology
 Implementing Agency : Butuan City Government
 Mode of Implementation : Public Bidding
 Contractual Arrangement : BLT
 Proponent : To be determined
 Location : Butuan City Hall
 Description :

The information system structure of the city has four levels:

1. Financial and Revenue-Generating Systems
2. Systems supporting Critical City Government Operations
3. Administrative Systems
4. Planning and Decision-Support Systems

The project aims to enhance the regulatory, collection, and revenue-generation functions of the LGU and to streamline present operations.

Project Cost : US\$ 0.75 million

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					
Feasibility Study Preparation					BOTC is currently reviewing pre-fs prepared by LGU.
Bid Documents/Concession Agreement					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Bid Preparation					
ICC Clearance (Second Pass)					
Evaluation and Award					

C. ISSUES/COMMENTS

- Approved by Sangguniang Panglungsod for BLT Implementation.
- Awaiting completion of new city hall building where the system will be installed.



D. CONTACT PERSONS

CGPSP: Ms. Cora Ravara, Director
LGU Division

IA/LGU: Engr. Antenedo Milloren
Address: City Hall
Telephone No. (085) 342-9313
Fax No. _____

PROJECT PROFILE

Calapan Public Market

A. PROJECT SUMMARY

Sector : Property Development
 Implementing Agency : Calapan City Government
 Mode of Implementation : Public Bidding
 Contractual Arrangement : Build-Lease-Transfer
 Proponent :
 Location : Calapan City, Oriental Mindoro
 Description : The projects involves the construction of a five-story state-of-the-art public market/commercial complex. Strategically located at the center of the town's commercial area.
 Project Cost : Php500 million

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					
Unsolicited Proposal					
Receipt/Evaluation					
ICC Approval (First Pass)					
Negotiation					
ICC Clearance (Second Pass)					
Preparation of Bid Documents					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Challenge Period/Match Period					
Evaluation and Award					

C. ISSUES/COMMENTS

Conducted an orientation seminar for the LGU Officials, PBAC, and Sanggunian on the BOT/ PSP procedures and approval process. Provided technical assistance in the preparation of the pre-FS. Assisted the LGU in securing approval for the project through coordination with the RDC secretariat.

D. CONTACT PERSONS

CCPSP: _____

IA/LGU: _____

Address: _____

Telephone No. _____

Fax No. _____



PROJECT PROFILE

Kamuning Public Market

A. PROJECT SUMMARY

Sector : LGU – Property Development
 Implementing Agency : Quezon City Government
 Mode of Implementation : Public Bidding
 Contractual Arrangement : Build-Operate-Transfer
 Proponent : To be determined
 Location : Kamuning, Q.C.
 Description : The proposed development of the Kamuning Public Market is a two-storey building operated under a one-stop-shop concept wherein a wide variety of products and services shall be available to the consuming public. It shall have the following components:
 Ground Floor – Market area (wet and dry sections); parking slots for private vehicle (88 slots) and delivery truck (10 slots)
 Second Floor – Commercial space; restaurant, recreational area/office space.

Project Cost : Php168,412,500.00

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development			Nov-00	Jan-01	
Feasibility Study Preparation					
Bid Documents/Concession Agreement					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Bid Preparation					
ICC Clearance (Second Pass)					
Evaluation and Award					

C. ISSUES/COMMENTS

Endorsed to Land Bank for evaluation and possible PDF funding. City government still to provide required documents for PDF assistance.

D. CONTACT PERSONS

CCPSP: Ms. Corazon Ravara, Director
 LGU Division

IA/LGU: Mr. Manuel S. Alba
 City Administrator
 Address: City Hall, Q.C.
 Telephone No. 928-8856/922-4458
 Fax No. 921-7734

PROJECT PROFILE

Candon Public Market

A. PROJECT SUMMARY

Sector : Property Development
 Implementing Agency : Municipality of Candon, Ilocos Sur
 Mode of Implementation : Public Bidding
 Contractual Arrangement : Build-Transfer
 Proponent : Elmere Construction
 Location : Candon, Ilocos Sur
 Description : The project involves the completion of a three-level structure. It will consist of a wet and dry market, food court, supermarket, shops, offices, cinema and support facilities such as circulation, parking, and waste disposal areas.
 Project Cost (in US\$ M) : 2.75 million

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					
Feasibility Study Preparation					
Bid Documents/Concession Agreement		Jan-99			BOTC assisted in the preparation of bid documents
2. Bidding/Award					
Advertisement	7-Feb-99	20-Feb-99			
Pre-qualification					
Bid Preparation/Bid Submission					Postponed by LGU indefinitely until some political issues are resolved
ICC Clearance (Second Pass)					
Evaluation and Award					

C. ISSUES/COMMENTS

The deadline for submission of bids was reset to April 15, 2000 to provide ample time for preparation of proposals. Bidding was postponed indefinitely by LGU until some political issues are resolved.

D. CONTACT PERSONS

BOT Center: Mr. Jun Diaz/Ms. Cora Ravara

IA/LGU: Administrator Rafael Abaya

Address: Municipal Hall

Telephone No. (077) 742-6136

Fax No. (077) 742-6136



PROJECT PROFILE

Orani Commercial Center

A. PROJECT SUMMARY

Sector : LGU-Property Development
 Implementing Agency : Orani Municipal Government
 Mode of Implementation : To be determined
 Contractual Arrangement : Build-Operate-Transfer
 Proponent : None
 Location : Orani, Bataan
 Description : The Orani (Bataan) Municipal government wishes to modernize its old/dilapidated public market and replace it with a more modern market cum-commercial complex with private sector participation.
 Project Cost : US\$ 5.0 M

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					No BOT Center assistance has been extended
Feasibility Study Preparation					CCPSP assisted in the preparation of FS
Bid Documents/Concession Agreement					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Bid Preparation					
ICC Clearance (Second Pass)					
Evaluation and Award					

C. ISSUES/COMMENTS

LGU completed Feasibility Study. Awaiting for SB approval.

D. CONTACT PERSONS

CCPSP: Cora Ravara, Director
 LGU Division

IA/LGU: _____
 Address: _____
 Tel. No. _____
 Fax No. _____

PROJECT PROFILES

Nueva Vizcaya Agricultural Terminal

A. PROJECT SUMMARY

Sector : Agriculture
 Implementing Agency : Provincial Government of Nueva Vizcaya
 Mode of Implementation : Public Bidding
 Contractual Arrangement : BOT
 Proponent : To be determined
 Location : Barangay Macate, Bambang, Nueva Vizcaya
 Description :

The project will be established to provide an efficient and organized marketing and trading system in the province that would cater to local and regional products and in the process increase the productivity and profitability of farmers and producers. It will be equipped with an administrative building, lodging area and restaurant, covered stalls, covered bay area, guard house, multi-purpose pavement, water system, waste disposal system, parking area, comfort rooms, and a market/price information system.

Project Cost : US\$ 0.55 million

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					
Feasibility Study Preparation				2 nd qtr. 1999	BOTC conducted briefing on the preparation of feasibility study. Currently reviewing pre-fs prepared by LGU. LGU has not decided if the project will be implemented through BOT or through other modes
Bid Documents/Concession Agreement					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Bid Preparation					
ICC Clearance (Second Pass)					
Evaluation and Award					



C. ISSUES/COMMENTS

ARD-GOLD assisted in the preparation of the feasibility study.

D. CONTACT PERSONS

CCPSP: Ms. Cora Ravara, Director
LGU Division

IA/LGU: Engr. Larry B. Lannu, PPDO
Address: Provincial Capitol
Telephone No. (078) 321-2551
Fax No. (078) 321-2758



PROJECT PROFILES

NATIONAL GOVERNMENT PROJECTS

PROJECT PROFILE

Machine Readable Passport and Visa (MRP/V)

A. PROJECT SUMMARY

Sector : Information Technology
 Implementing Agency : Department of Foreign Affairs
 Mode of Implementation : Public Bidding
 Contractual Arrangement : BOT
 Proponent :
 Location : Central facility should be located in Metro Manila
 Description : The project consists of four principal computers:
 γ Provision of hardware, accessories and peripherals that include computers, printers, modem, OCR readers, scanners, biometric machines, cutters and other supporting equipment;
 γ Provision of software system; and
 γ Training of DFA central, regional and international personnel

Project Cost : US\$ 20 M

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development		Mar-99			
Feasibility Study Preparation					
Bid Documents/Concession Agreement					
2. Bidding/Award			3 rd and 4 th Quarter, 1999		
	Advertisement				
Pre-qualification					
Bid Preparation					
ICC Clearance (Second Pass)			1 st and 2 nd Quarter, 2000		
Evaluation and Award					

C. ISSUES/COMMENTS

1. The project was previously approved for implementation under the Build-Operate-Transfer (BOT) scheme or any of its variant schemes by the ICC-Cabinet Committee last 8 February 1995. The approval was made on the condition that the Department undertake security measures during the operation of the project and that it should ensure that there will be minimal government exposure.
2. Last 26 January 1998 former President Ramos directed the department to re-bid the project and revised the Term of Reference to include the following:
 - a. Separation of the information technology and real estate components;

- b. To use existing government facilities as the project site; and
 - c. To link up with the Social Security System for the use of biometrics.
3. The Office of the President directive prompted the Department to withdraw the tender issued for the project and decided to revise the proposal accordingly. The DFA was able to secure a USTDA grant to assist them in the revision of the proposal for re-submission to the ICC.
 4. The successful implementation of the Project is expected to deter the counterfeiting and forging of passports, to eliminate occurrence of duplicate/multiple passport holding, to ensure an authentic link between the passport and the passport holder, and to meet the standards set by the International Civil Aviation Organization (ICAO).
 5. The central MRP/V Facility in Manila to be situated in the PNB building at Roxas Boulevard will be the main communication center. Passport Regional Offices in the Philippines and Foreign Service Posts issuing passports and visas as well as international airport terminals in the Philippines will have computer communications links with the Central Facility. The Project will also undertake limited site improvement activities including those that will address physical security.
 6. In June 1998, DFA was granted a technical assistance (TA) package by USTDA in the amount of US\$ 245,000. The objectives of the TA were to review and, as necessary, revise the F/S, and define the parameters of the Project, develop the RFP, establish bidding guidelines, and oversee the proponent selection process. After a competitive bidding was conducted, Abacus Technology was engaged as the consultant to DFA on the MRP/V Project.
 7. The Project obtained ICC first pass approval in May 1999. Advertisement of the notice for public bidding immediately followed. The RFP was made available on June 1999. Deadline for the submission of pre-qualification documents was set in August 1999.
 8. Results of the pre-qualification process were announced on 07 September 1999 with nine (9) bidders pre-qualifying.
 9. Key PBAC members visited prospective bidders at their head offices to assess their technical capabilities to undertake the Project.
 10. Submission of technical proposals was set sometime January 2000.
 11. The evaluation of the technical proposals commenced on 26 January 2000 and ended on the third week of March 2000.
 12. Two (2) bidders out of five (5) , BCA-Unisys Consortium and Raytheon Systems Company, passed the technical evaluation and were thus qualified for the next round of the bidding process, the financial evaluation stage. The three (3) that failed to proceed to the next stage were AMA Consortium, Mega Data Consortium, and Software Ventures International.
 13. Financial evaluation was temporarily halted by a TRO filed by the AMA Consortium, which secured an order directing DFA PBAC-MRP/V to open and evaluate the financial proposal of the petitioner along with those of the two other technically-qualified bidders.
 14. On 14 April 2000, the PBAC-MRP/V filed a Motion to Dismiss and Opposition to the Issuance of a Writ of Preliminary Mandatory Injunction.



15. On 05 May 2000, the RTC issued an Order denying the PBAC-MRPV's Motion to Dismiss and granting the petitioner's application for the issuance of a writ of preliminary mandatory injunction.
16. On 26 May 2000, the PBAC-MRPV filed an "Urgent Ex Parte Motion for Reconsideration".
17. On 29 June 2000, the RTC issued an Order granting the PBAC-MRPV's Motion for Reconsideration.
18. On 13 July 2000, petitioner AMA Consortium filed a unilateral Notice of Dismissal, which the RTC confirmed in an Order dated 18 July 2000.
19. While the AMA Petition was being heard, the PBAC-MRPV through a Financial Working Group (FWG) continued with the financial evaluation of the financial bids of Raytheon and BCA-Unisys.
20. On 29 June 2000, the PBAC, in a resolution formally adopted the report of the FWG and resolved, as follows:
 - To disqualify Raytheon on the basis of the "Commercial Clarifications" included in their proposal which was found to expand DFA's obligation/exposure and was thus determined to be non-complying;
 - To notify and inform Raytheon of the reasons for its disqualification;
 - To hold in abeyance the notice to BCA-Unisys as the lone complying bidder until after Raytheon has exhausted its right to appeal the decision of the PBAC-MRPV to the Secretary of Foreign Affairs, consistent with the BOT Law provision ; and
 - To advise BCA-Unisys to extend the validity of its bid security.
21. Pursuant to the above-mentioned Resolution, the PBAC-MRPV notified Raytheon of its disqualification in a letter dated 29 June 2000.
22. On 20 July 2000, which was the second to the last day of the appeal period, the Chair of the PBAC-MRPV received Raytheon's appeal against the Notice of Disqualification issued by the PBAC on 29 June 2000.
23. Although the appeal was addressed to the Chair of the PBAC-MRPV and not to the Secretary of Foreign Affairs as directed by the pertinent provisions of the BOT Law IRR, the PBAC-MRPV nevertheless resolved to accept and dispose of it on the merits to resolve the issue once and for all.
24. On 21 July 2000, the PBAC-MRPV denied the appeal of Raytheon on the following grounds:
 - Acceptance of Raytheon's explanation that the "Commercial Clarifications" are mere "discussion topics" and may be taken out of the proposal if not acceptable to the Committee is tantamount to allowing Raytheon to improve its bid;
 - The NEDA Board approval of the Project is clear – the Project will not require any government equity, subsidy or guarantee. The RFP explicitly stated this fact, and further made no provisions for the acceptance of conditional bids.
 - The PBAC-MRPV disqualified Raytheon because the "Commercial Clarifications" rendered Raytheon's financial proposal non-responsive and/or non-complying.
 - Finally, the appeal is addressed to the Chair of the PBAC-MRPV and not to the Secretary as mandated by the BOT Law IRR.



25. On 24 July 2000, Raytheon filed a Motion for Reconsideration of the PBAC-MRP/V's denial of its appeal. The Motion for Reconsideration mostly reiterates the arguments already raised by Raytheon in its appeal.
26. On 28 July 2000, in a Resolution, the PBAC-MRP/V denied Raytheon's Motion for Reconsideration for lack of merit.
27. ICC-TB cleared the Project for negotiation and set the reasonable rate of return (IRR_e) at 19+/-2% before taxes in accordance with the BOT Law provision on lone complying bid last 14 August 2000.
28. Invitation to Pre-qualify and Bid for the work of the Independent Verification and Validation Contractor/ Consultant was posted by DFA in the Philippine Daily Inquirer last 21 August 2000.
29. First day of negotiation between DFA and BCA officially started last 30 August 2000.
30. BCA requested for a reconsideration of the IRR_e prescribed by the ICC to a 19% after tax rate.
31. Financial negotiation was concluded last 29 September 2000. P 600.00 and US\$ 20.00 will be charged for passports and visas, respectively, subject to clearance by the ICC-CC of the IRR_e.
32. The Notice of Award (NOA) has already been issued by DFA on October 2000.
33. 1st meeting for the contract review was held last 12 October 2000. BCA would submit initial comments on the draft contract particularly on the parametric formula which was said to be unresponsive to fluctuations in variables such as forex rates, prices, etc.
34. ICC-CC approval of the request on IRR_e of 19% +/-2% after tax was obtained on 23 October 2000.
35. Contract signed on February 8, 2001 between Usec. Borja and BCA Int'l.

D. CONTACT PERSONS

CCPSP: _____

I/ALGU: Mr. Catalino Dilem, Exec. Dir.
Chairman Project Negotiating
Team

Address: DFA, 2330 Roxas Blyda
Pasay City

Tel. No. 834-4858

Fax No. _____



PROJECT PROFILE

Laiban Dam Project

A. PROJECT SUMMARY

Sector : Environmental (Water)
 Implementing Agency : MWSS
 Mode of Implementation : Public Bidding
 Contractual Arrangement : Build-Operate-Transfer
 Proponent : To be determined
 Location : Manila
 Description : The Laiban Dam Project is part of the Long Term Water Supply Program for Metro Manila. It aims to meet increasing water demand in Metro Manila. The Project involves the following components:

- a. A resettlement scheme for inhabitants of the reservoir and catchment areas
- b. Laiban Dam – a concrete-faced rockfill dam
- c. Tunnels and transmission pipelines (approx. 17 km.)
- d. Hydropower plant (approx. 30MW)
- e. 2300 MLD Water Treatment Plant
- f. Treated Water Reservoirs and Pumping Stations
- g. Primary Distribution Mains

Project Cost : To be determined

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					
Feasibility Study Preparation					
Bid Documents/Concession Agreement					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Bid Preparation					
ICC Clearance (Second Pass)					
Evaluation and Award					

C. ISSUES/COMMENTS

Study showed that many constraints faced the Laiban Dam Project, hence, consultant recommended to look for an interim source of supply. An alternative study is being conducted on the Agos River Development Project (Lower Laiban Dam).



D. CONTACT PERSONS

CCPSP: Aloha Samoza, Director
Environment & Power Div.

IA/LGU: _____
Address: _____
Telephone No. _____
Fax No. _____



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PROJECT PROFILE

Manila Calabarzon Express (MCX) Commuter Rail Project

A. PROJECT SUMMARY

Sector : Transportation
 Implementing Agency : Department of Transportation and Communications (DOTC)
 Mode of Implementation : Unsolicited Proposal
 Contractual Arrangement : BT-BOO
 Proponent : Ayala Land, Inc.
 Location : Metro Manila-Calabarzon
 Description : The project involves the construction of a five (5) stage railway line (Phase I), namely

- S-1 : Tutuban-Alabang (km. 0.0-28.7)
- S-2 : Alabang-Calamba (km. 28.7-56.0)
- S-3 : San Pedro-Carmona (km. 35.6-40.6)
- S-4 : Biñan-Canlubang (km. 39.5-54.0)
- S-5 : Tutuban-Kalookan (km. 0.0-2.1)

The scope of work includes among others, the installation of state-of -the-art signaling and communication system and facilities and the introduction of new locomotive and passenger coaches for safer and more reliable train operations. The line will be extended to Batangas City after the initial service is completed.

Project Cost (in US\$ M) : US\$ 480.1 Million (excluding financial charges)

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					
Unsolicited Proposal Receipt/Evaluation					
ICC Approval (First Pass)	August 14, 1997				
Negotiation					
ICC Clearance (Second Pass)					
Preparation of Bid Documents					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Challenge Period/Match Period					
Evaluation and Award					

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C. ISSUES/COMMENTS

Project is being packaged as 100% government project and proposed to be under the special yen loan package. (Updated: Dec-00)

D. CONTACT PERSONS

CCPSP: _____

IA/LGU: Terry Galvante
Rail Transport Dept., DOTC
Address: Columbia Tower Building
Ortigas Avenue, Mandaluyong City
Tel. No. 727-7960
Fax No. 727-7948



PROJECT PROFILE

**Metro-Manila Expressway (R4&R5)
Pasig Expressway Project (PASEX)**

A. PROJECT SUMMARY

Sector	:	Transportation
Implementing Agency	:	Department of Public Works and Highways (DPWH)
Mode of Implementation	:	Unsolicited Proposal
Contractual Arrangement	:	Build-Operate-Transfer
Proponent	:	Strategic Development Corporation (Stradec)/ Marubeni/ Kumagai Gumi/PNCC (Japan/Phil.)
Location	:	Metro-Manila
Description	:	The project, which has total length of 17.8 km., consists of the following:
		<ol style="list-style-type: none"> 1. An elevated link road from Ayala Avenue Ext. to Sta. Ana 2. R-4 or the Pasig Expressway from Sta Ana, Makati to C-5, along the general alignment of the Pasig River, and 3. R-5 or the Pasig Expressway, from C-5 to Ortigas Avenue Extension in lieu of an elevated road along Ortigas Avenue Extension from Rosario, Pasig
Project Cost (in US\$ M)	:	US\$ 730 million

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					
Unsolicited Proposal Receipt/Evaluation					
• Unsolicited Submitted	_____	Sept. 30, 1996			
• Preliminary Evaluation	_____	4 th Qrt. of 1996 and 1 st Qrt. of 1997			
ICC Approval (First Pass)					
• Presented to ICC-TB	_____	March 20, 1997			
• ICC-TB endorsement	_____	August 21, 1997			
• ICC-TB endorsement	_____	Dec. 17, 1997			
• ICC-CC endorsement	_____	January 12, 1998			
• NEDA Board Project Approval	_____	January 27, 1998			
Negotiation					• Provision of legal and financial advisory services to DPWH
ICC Clearance (Second Pass)					
Preparation of Bid Documents					
2. Bidding/Award					
Advertisement					

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
Pre-qualification					
Challenge Period/Match Period					
Evaluation and Award					

C. ISSUES/COMMENTS

There is a re-alignment of BOT contract due to inconsistencies between the Project and Pasig River Rehabilitation Commission's Promenade Project (PREMAR) on the use of the riverbanks of Pasig River. This issue is being resolved bilaterally between the Department of Public Works and Highways (DPWH) and the Pasig River Rehabilitation Commission (PRRC)

STRADEC and DPWH are presently revising the design of the Project in account of changes in project standards, i.e., (i) decrease in the number of lanes from six to four, and (ii) PASEX will use only the southern bank of Pasig River instead of both riverbanks. The change in number of lanes is due to the decrease in projected traffic along the proposed route of PASEX. DPWH will submit the revised proposal to the ICC for appropriate clearance.

D. CONTACT PERSONS

CCPSP: _____

IA/LGU: Godofredo Galano
Project Manager, BOT-PMO
 Address: DPWH Port Area, Manila
 Tel. No. 527-56-28
 Fax No. 527-41-05

PROJECT PROFILE

LRT Line 1 Extension Project

A. PROJECT SUMMARY

Sector : Transportation
 Implementing Agency : LRTA
 Mode of Implementation : JV
 Contractual Arrangement :
 Proponent :
 Location : Metro Manila to Cavite
 Description : The project will extend the existing LRT line I southward by approximately 12 km. It will directly connect the existing Baclaran station and end in a southern terminus at Bacoor, Cavite. The system will operate on a fully elevated dual guideway and adopt a compatible technology to the existing Line 1 to allow through running of trains. There will be ten (10) passenger stations namely; Redemptorist, Mia, Asia World, Ninoy Aquino, Dr. Santos, Manuyo Uno, Las Piñas, Zapote, Talaba and Niyog.

The Project also involves the procurement of 11-4 car trains, which will be compatible with the trains procured recently under OECF-assisted LRT Line 1 Capacity Expansion Project Phase I.

Succeeding phases will cover the extension of the line by another 4 km. to Imus, then finally by 11 km. to Dasmariñas

Project Cost : US\$597 M

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					
Unsolicited Proposal Receipt/Evaluation					
ICC Approval (First Pass)	April 26, '99				
Negotiation					
ICC Clearance (Second Pass)		Aug 25' 00			ICC-CC approved the JVA for LRT Line 1 Extension Project
Preparation of Bid Documents					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Challenge Period/Match Period					
Evaluation and Award					

C. ISSUES/COMMENTS

The Project will be implemented on a public/private sector arrangement through a Joint Venture of the LRTA, representing the Government of the Philippines, and SNC-Lavalin, representing the Private Sector.

SNC-Lavalin will incorporate a special purpose company ("SPC), the Manila Bay Area Rapid Transit Corp. (MBART), in the Philippines to be used as the vehicle, by SNC-Lavalin, and other investors, for financing and implementing the Extension, for owning the Electromechanical Systems, and for participating in the Operation and Maintenance of the Integrated System. SNC-Lavalin will assign its rights and obligations under the JV Agreement to the SPC, and will design and build the Civil Works and the Electromechanical Systems for the Extension under fixed price, time-certain contracts awarded by the SPC.

Contract review for the project started August 10, 2000. CCPSP together with DOTC, NEDA, LRTA and SNC Lavalin, concluded the line by line review last August 23, 2000. JVA signed September 4, 2000. Parametric formula presented to CCPSP last May 11, 2001 and to LRTA and NEDA 3rd week of May 2001. Implementation Agreement negotiation with LRTA on-going.

D. CONTACT PERSONS

CCPSP: Lulu Baclagon, Director
Transportation Division

IA/LGU: Godofredo Galano
Project Manager – BOT PMO
Address: DPWH Port Area, Metro-Manila
Tel. No. 304-3000 loc. 3247
Fax No. _____



D. CONTACT PERSONS

CCPSP: Ms. Lulu Baclagon, Director
Transportation Division

IA/LGU: Freddie Galano
Director
Address: DPWH
Telephone No. 304-3000 Loc. 3247
Fax No. _____

PROJECT PROFILE

Cebu Fast Ferry Terminal

A. PROJECT SUMMARY

Sector : Transportation
 Implementing Agency : Cebu Waterfront Development Commission/Cebu Port Authority
 Mode of Implementation : Solicited Proposal
 Contractual Arrangement : Build-Operate-Transfer
 Proponent :
 Location : Cebu City
 Description :
 Project Cost :

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development			Feb-01	Jun-01	Pre-FS and tender document preparation to start February 12, 2001 and expected to be completed by 13 June 2001. Contract with study consultant already signed to be funded under Chemonics BOT III contract.
Feasibility Study Preparation			Feb-01	July-01	
Bid Documents/Concession Agreement					
2. Bidding/Award			Aug-01	Aug-01	
Advertisement					
Pre-qualification					
Bid Preparation					
ICC Clearance (Second Pass)					
Evaluation and Award			Sep-Oct 2001	Oct-01	

C. ISSUES/COMMENTS

The Louis Berger Group, Inc. in association with Basic Technology and Management Corporation prepare the pre-feasibility study and tender documents for the project. Draft Final Report was presented and discussed before the Cebu City Waterfront Development Commission last June 15, 2001. Project was found to be financially viable but fell short on economic viability. Results of pre-feasibility study for presentation to the new city administration.



D. CONTACT PERSONS

CCPSP: Clarrise Tuazon
Director, Project Development
Group

IA/LGU: Mr. Firmo Dayao
Address: Cebu Waterfront Development
Commission
Telephone No. _____
Fax No. _____

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PROJECT PROFILE

Operation and Development of Legaspi City Water District Supply System

A. PROJECT SUMMARY

Sector : Environmental (Water)
Implementing Agency : Legaspi Water District
Mode of Implementation : Unsolicited
Contractual Arrangement : Contract-Add-Operate (CAO)
Proponent : Generale Des Eaux / Aboitiz Equity Ventures
Location : Legaspi City
Description : The project involves:

1. Development of water resources thru:
 - a. Rehabilitation of existing production facilities and creation of 19 new production well fields to the south of the City w/ total production capacity of 50ML/d.
2. Improvement of water supply pressure, network & distribution:
 - a. Provision of 65 km raw water collection mains.
 - b. Construction of new water treatment plant of 27 ML/d output capacity to service existing networks and their expansion in Legaspi City.
 - c. Construction of new water treatment plant of 10 ML/d output capacity to service new networks proposed to the south of the City in the Homapon area.
 - d. Construction of six pumping/booster stations.
 - e. Construction of additional 3,500 m3 ground level treated water storage within the City and another for the Homapon system.
 - f. Construction of eight elevated water storage tanks w/ total installed capacity of 1,000 m3.
 - g. Provision of approx. 270 km. Distribution mains and 27,500 new connections.
3. Enhancement of water service operations:
 - a. Provision of new offices and depot facilities for the new southern service area.
 - b. Provision of all appropriate tools, equipment, facilities, systems and materials necessary for the proper functioning of the water service.
 - c. Provision of technical assistance and expertise to the Water District.

Project Cost : Php 3,437.8 Million



B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					
Unsolicited Proposal Receipt/Evaluation					
ICC Approval (First Pass)	Apr 10, 2000				
Negotiation					
ICC Clearance (Second Pass)					
Preparation of Bid Documents					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Challenge Period/Match Period					
Evaluation and Award					

C. ISSUES/COMMENTS

Proposal approved by NEDA-ICC-TB (1st pass) as of 10 April 2000. Awaiting for 2nd pass approval of NEDA-ICC TWG.

D. CONTACT PERSONS

CCPSP: Aloha Samoza, Director
Environment & Power Div.

IA/LGU: Mr. Mario Quitarano
 Address: LWUA
 Telephone No. 926-69-18
 Fax No. 924-54-33

PROJECT PROFILES

Metro Cebu Water Supply (Mananga II)

A. PROJECT SUMMARY

Sector : Environmental (Water)
 Implementing Agency : Metro Cebu Water District
 Mode of Implementation : Solicited
 Contractual Arrangement : To be determined
 Proponent : To be determined
 Location : Municipality of Talisay, Cebu Province
 Description : Project involves construction of a 90-meter high roller compacted concrete dam structure upstream of Maghaway Valley. Facilities include transmission tunnel and water treatment plant to produce 100,000 m³/day for 50,000 new service connections. It also includes the construction of a 20,000 m³ ground reservoir with approximately 46 kms. of trunk line and distribution main.
 Project Cost : US\$ 160 Million

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					
Preparation of Feasibility Study and Tender Document	Apr-01			Dec-01	Technical study is on-going
ICC Approval (First Pass)					
Negotiation					
ICC Clearance (Second Pass)					
Preparation of Bid Documents					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Challenge Period/Match Period					
Evaluation and Award					

B. ISSUES/COMMENTS

Contract Agreement for FS updating and bid/tender document preparation between Bechtel and Metro Cebu Water District signed on 22 March 2001. Study team has been mobilized and has submitted inception report. Technical study is on-going..



C. CONTACT PERSONS

CCPSP: Aloha Samoza, Director
Environment & Power Division

IA/LGU: Cynthia Abanilla, MCWD
Mandy Peredes

Address: M.C. Briones-P. Burgos Sts.
Cebu City

Telephone No. 256-0424 (Cebu)

Fax No. 032-254-5391

PROJECT PROFILE

Kidapawan Water Supply

A. PROJECT SUMMARY

Sector : Environmental (Water)
 Implementing Agency : Metro Kidapawan Water District/LWUA
 Mode of Implementation : Public Bidding
 Contractual Arrangement : To be determined
 Proponent : To be selected
 Location : Kidapawan City
 Description : The project involves development of spring water sources and construction of intake boxes and reservoirs, installation of service and transmission lines, and construction of water treatment plant under a 25-year operating concession agreement.
 Project Cost : to be determined

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development			Mid-Dec 2000	Mid-May 2001	Project was given USTDA funds for project preparation for implementation under the public bidding mode.
Feasibility Study Preparation				Dec-01	
Bid Documents/Concession Agreement					
2. Bidding/Award					
Advertisement			Jul-Aug 2001	Sep-Oct 2001	
Pre-qualification					
Bid Preparation					
ICC Clearance (Second Pass)					
Evaluation and Award					

C. ISSUES/COMMENTS

Consultants mobilized. Contract between LWUA and Penoni concurred by USTDA on 16 November 2000. Notice to Proceed for FS preparation issue mid-December 2000. Project description is based on initial recommendation of consultants and is still subject to revision depending on results of technical, institutional, financial and economic viability/assessment. Expected completion date of F/S and bid/tender document is on Dec. 2001.

D. CONTACT PERSONS

CCPSP: Aloha Samoza, Director
Environment & Power Div.

IA/LGU: _____
 Address: _____
 Telephone No. _____
 Fax No. _____

PROJECT PROFILE

Puerto Princesa Water Supply

A. PROJECT SUMMARY

Sector : Environmental (Water)
 Implementing Agency : Puerto Princesa Water District/LWUA
 Mode of Implementation : Public Bidding
 Contractual Arrangement : Build-Operate-Transfer
 Proponent : To be selected
 Location : Puerto Princesa City, Palawan
 Description : The project would entail construction of a surface water impoundment on the Montible River, a water treatment facility, 20 km of transmission pipeline, and a metering reservoir, as well as expansion of the existing distribution network. A 25-year operating concession agreement could be an option for project implementation.
 Project Cost : To be determined

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development			Mid-Dec 2000	Mid-May 2001	Project was given USTDA funds for project preparation for implementation under the public bidding mode.
Feasibility Study Preparation					
Bid Documents/Concession Agreement					
2. Bidding/Award					
Advertisement			Jul-Aug 2001	Sep-Oct 2001	
Pre-qualification					
Bid Preparation					
ICC Clearance (Second Pass)					
Evaluation and Award					

C. ISSUES/COMMENTS

Consultants mobilized. Contract between LWUA and Penoni concurred by USTDA on 16 November 2000. Notice to Proceed for FS preparation issued mid-December 2000. Expected completion date of F/S and bid/tender document is on December 2001.

D. CONTACT PERSONS

CCPSP: Aloha Samoza, Director
Environment & Power Div.

IA/LGU: Engr. Jose Rene C. Roncesvalles
Address: LWUA
Telephone No. 927-51-39
Fax No. 924-54-33



PROJECT PROFILE

North Luzon Tollways Project

A. PROJECT SUMMARY

Sector : Transportation
 Implementing Agency : Department of Public Works and Highways (DPWH)
 Mode of Implementation :
 Contractual Arrangement :
 Proponent : Philippine National Construction Corporation (PNCC) in JV with Manila North Tollways Corporation (MNTC)
 Location : North Luzon Expressway, Dau to Clark, San Fernando to Subic
 Description : The project involves:

- Rehabilitation/Improvement/Widening of existing North Luzon Expressway (NLE) from Balintawak to Sta. Ines, 82.62 km
- Construction of the San Simon to Subic and Clark, 67,000 km and
- Construction of C-5 from C.P. Garcia (UP) to Letre Road, 34.84 km

Project Cost : (in Million Pesos)

Rehabilitation/Improvement of Existing NLE	=	Php	3,583
Construction of NLE extensions	=		7,604
Construction of C-5 from C.P. Garcia (UP) to Letre Rd.	=		2,878
TOTAL	=	Php	14,965

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					
Feasibility Study Preparation					
Bid Documents/Concession Agreement					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Bid Preparation					
ICC Clearance (Second Pass)					
Evaluation and Award					

C. ISSUES/COMMENTS

Rehabilitation of Segment I, II and III (Balintawak to Tabang, Burol to San Fernando and San Fernando to Sta. Inez, respectively) is on-going. Engineering design is on-going. RC acquisition can commence upon approval of Detailed Engineering Design and availability of fund. Below is the implementing schedule: (Updated July-01)

Rehabilitation/Improvement of existing NLE	-	2000-2003
Construction of NLE extension	-	2001-2005
Construction of C-5 from C.P. Garcia (UP) to Letre Road	-	2001-2005

D. CONTACT PERSONS

CCPSP: Lulu Baclagon, Director
Transportation Division

IA/LGU: Godofredo Galano
Project Manager – BOT PMO

Address: DPWH Port Area, Metro-Manila

Tel. No. 304-3000 loc. 3247

Fax No. _____

PROJECT PROFILE

North Luzon Expressway Extension to San Jose Nueva, Ecija

A. PROJECT SUMMARY

Sector : Transportation
 Implementing Agency : Department of Public Works and Highways (DPWH)
 Mode of Implementation :
 Contractual Arrangement : Build-Operate-Transfer
 Proponent :
 Location : Metro Manila, San Ildefonso and San Miguel, Bulacan to San Jose, Nueva Ecija
 Description : The proposed NLEE starts from the Circumferential Roads 5 and 6 in Quezon City/Bulacan then runs northbound towards San Ildefonso and San Miguel in Bulacan, then towards San Jose, parallel to the Pan Philippine Highway (PPH).

The project has total length of 126 kilometers. The project will serve the heavily traveled PPH corridor and lead to the rich agricultural areas of San Jose City, Nueva Ecija.

Project Cost : (in Million Pesos)

Design	=	Php	526.0
Construction and Supervision	=		14,202.5
Land	=		2,119.5
TOTAL COST	=	Php	16,848.0

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					
Feasibility Study Preparation					
Bid Documents/Concession Agreement					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Bid Preparation					
ICC Clearance (Second Pass)					
Evaluation and Award					

C. ISSUES/COMMENTS

Funding of F/S for consideration under the Project Development Facility (PDF) of the Coordinating Council for Private Sector Participation (CCPSP). (Updated July-01)

D. CONTACT PERSONS

CCPSP: Lulu Baclagon, Director
Transportation Division

IA/LGU: Godofredo Galano
Project Manager – BOT PMO
Address: DPWH Port Area, Metro-Manila
Tel. No. 304-3000 loc. 3247
Fax No. _____

PROJECT PROFILE

Redevelopment of Port Irene

A. PROJECT SUMMARY

Sector	:	Transportation
Implementing Agency	:	Cagayan Economic Zone Authority (CEZA)
Mode of Implementation	:	Unsolicited Proposal
Contractual Arrangement	:	Build-Operate-Transfer
Proponent	:	Asia Pacific International Terminals, Inc. (APIT)
Location	:	Casanbalangan, Sta. Ana, Cagayan
Description	:	The project includes the following components: <ol style="list-style-type: none"> 1) The development of 25 hectares for administration building and other related facilities; 2) The redevelopment of the existing pier into a marginal wharf to accommodate high loading and unloading capacity of 40 TEUs/hour; and 3) The construction of a revetment along the shore for protection from wave action.
Project Cost (in US\$ M)	:	US\$ 84 million

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					
Unsolicited Proposal Receipt/Evaluation					
ICC Approval (First Pass)					
• ICC-TB endorsement		August 14, 1998			
Negotiation					
ICC Clearance (Second Pass)					
▪ ICC-CC Project Approval		Dec. 19, 1998			
▪ NEDA Board Approval		Jan. 15, 1998			
Preparation of Bid Documents					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Challenge Period/Match Period					
Evaluation and Award			1 st Qtr 2000		

C. ISSUES/COMMENTS

- A TWG was constituted to look at the contract agreement between CEZA and APIT. Negotiation was finalized and the contract was awarded to APIT 1st quarter of 2000.
- CCPSP assistance to the project is already finished.
- The project is already at its evaluation and award stage.
- Awaiting ECC clearance from DENR(target schedule June 2001)
- Detailed engineering design under preparation by APIT

- Public scoping still ongoing until towards the end of year 2000
 - One public scoping/hearing held in Manila has just finished last September
- Proponent planning to back-out of or cancel the project. CEZA seeking DOJ opinion on the suspension of Performance Security that is allowed by law.

D. CONTACT PERSONS

CCPSP: _____

IA/LGU:	<u>Ireneo V. Vizmonte</u>
	<u>Senior Deputy Administrator</u>
Address:	<u>CEZA, 7/F, Westar Bldg.</u>
	<u>Shaw Blvd., Pasig City</u>
Tel. No.	<u>(632) 636-5774 to 75</u>
Fax No.	<u>(45) 631-3997</u>

PROJECT PROFILE

50 MW Aggregate Capacity Bunker-Fired Diesel Power Plants in Islands Electrification

A. PROJECT SUMMARY

Sector : Energy
 Implementing Agency : National Power Corporation (NPC)
 Mode of Implementation : Public Bidding
 Contractual Arrangement : Build-Operate-Own
 Proponent :
 Location : 8 Major Islands not located to main NPC grids
 Description : The project involves the installation of bunker-fired power plants with aggregate capacity of 50 MW in eight (8) major islands not connected to the main NPC grids. Following are the islands and their corresponding plant capacities:

Island	Plant Capacity (in MW)
1. Bantayan	5
2. Catanduanes	5
3. Marinduque	5
4. Masbate	5
5. Sulu	5
6. Tablas	5
7. Tawi-Tawi	5
8. Mindoro	15

The BOO proponent shall design, supply, erect/install, commission, operate, and own the power facilities. It shall also be responsible for the necessary clearances and permits, the acquisition of the lots for the plant sites, and the required fuel and lubricants. NPC will be providing a power purchase agreement (PPA) for a period of 15 years.

Project Cost : US\$ 44 million

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					Assistance in promoting the project to private
Feasibility Study Preparation					
ICC First Approval	November 1998				
Bid Documents/Concession Agreement					
2. Bidding/Award					
Advertisement					
Pre-qualification	1 st Quarter 1999				
Bid Preparation					
ICC Clearance (Second Pass)					
Evaluation and Award			4 th Qtr. 99	1 st Qtr. 00	

C. ISSUES/COMMENTS

Project was awarded to the complying bidder after the technical and financial proposals were evaluated in August and September 1999. Provisional Notice of Award was issued last February 2000 to the lone complying bidder, Salcon Consortium. To date, the proponent is preparing compliance to conditions precedents. Provisional Notice of Award issued on February 2000. Compliance to condition precedents to award on going. Draft Power Purchase Agreement for 5 MW Marinduque Fired Diesel Power Plant for review by NEDA-ICC TWG still on going.

D. CONTACT PERSONS

CCPSP: Lulu Baclagon, Director
Transportation Division

IA/LGU: Mr. Fred Guerrero
Strategic Power Utilities Group
Address: NPC, Diliman, Quezon City
Tel. No. 924-5347/924-5394
Fax No. 921-3190



PROJECT PROFILE

Batangas City Solid Waste Project

A. PROJECT SUMMARY

Sector : Environmental (Solid Waste)
 Implementing Agency : Batangas City Government
 Mode of Implementation : Public Bidding
 Contractual Arrangement : Build-Operate-Transfer
 Proponent : To be determined
 Location : Batangas City, Province of Batangas
 Description : Construction of a fully engineered sanitary landfill. Projected capacity is 72 tons per day. Includes the construction of a 1.7 km. access road, linear and leachate collection system, and associated building and structures.
 Project Cost : US\$ 2.5 Million

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					CCPSP assisted in project development and financed geotechnical studies
Feasibility Study Preparation					
Bid Documents/Concession Agreement					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Bid Preparation					
ICC Clearance (Second Pass)					
Evaluation and Award					

C. ISSUES/COMMENTS

Conceptual plan/project study completed but needs to be updated in light of adjustments in demographics and demand analysis. Revision on-going. For presentation to and approval by the city government including the sangguniang lungsod. Completion of revisions is taking sometime despite CCPSP follow-up. Meeting with city government is necessary to establish time-frames and specific target dates for the project.

D. CONTACT PERSONS

CCPSP: Cora Ravara

IA/LGU: Felipe Baroja, Exec. Asst.
 Address: City Hall, Batangas City
 Telephone No. 723-2930
 Fax No. 723-1558

PROJECT PROFILE

Mass Rail Transit 4 (MRT4)

A. PROJECT SUMMARY

Sector : Transportation
 Implementing Agency : Department of Transportation and Communications DOTC
 Mode of Implementation : Unsolicited Proposals
 Contractual Arrangement : BT for Permanent Ways and BOO for Rolling Stock and Operation
 Proponent : Consortium of Bouyges, Systra and Ayala Land (France/Phil.)
 Location : Metro-Manila
 Description : The project involves the design and construction, as a BOT scheme of civil and electro-mechanical structures associated components for a 22.6 km. mostly elevated, double track carriageway running from the old Bilibid . Department of Public Estate Authority (PEA) in Manila up to Quirino Highway in Novaliches passing thru España, Quezon, Commonwealth and Regalado Avenue.

The project will be divided into two phases: (i) Old Bilibid – Batasan A (15.1 km.) and (ii) Batasan –Quirino Highway in Lagro (7.5 km.)

Project Cost (in US\$ M) : US\$ 1 Billion

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					
Unsolicited Proposal Receipt/Evaluation					
ICC Approval (First Pass)	January 28, 1998				Unsolicited BOT proposal approval of First Pass by NEDA Board January 28, 1998
Negotiation					
ICC Clearance (Second Pass)					
Preparation of Bid Documents					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Challenge Period/Match Period					
Evaluation and Award					

C. ISSUES/COMMENTS

Under negotiation stage prior to request for comparative proposals.

D. CONTACT PERSONS

CCPSP: Lulu S. Baclagon, Director
Transportation Division

IA/LGU: Asec Wilfredo M. Trinidad
DOTC

Address: 6/F Columbia Towers, Ortigas
Avenue, Mandaluyong

Tel. No. 727-79-49; 727-79-48

Fax No. _____

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PROJECT PROFILE

Davao City Sanitary Landfill

A. PROJECT SUMMARY

Sector : Environmental (Solid Waste)
 Implementing Agency : Davao City Government
 Mode of Implementation : Unsolicited (or public bidding)
 Contractual Arrangement : Concession (build-operate-transfer)
 Proponent : ECFM & Vectra Engineering, Inc.
 Location : Davao City
 Description : The project involves the construction and operation of a sanitary landfill – to accommodate a forecasted garbage volume of 800 tons per day. Proposed concession period is 8 years, renewable for another 8 years. ECFM submitted an unsolicited proposal to develop and operate a sanitary landfill for the city. Davao City closed its old dumpsite and is now dumping garbage on an undeveloped site. The selected area for the ECFM proposal is not the new city dumpsite. For this reason, the city government has not responded to the ECFM proposal. Meanwhile, the city has entered into another MOU for a new study to be conducted (with CIDA assistance) preparatory to submission of a new proposal.

Project Cost : US\$ 10.84 Million (submitted by ECFM)

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					CCPSP sent a letter to Mayor de Guzman of Davao on 4/3/00 stating CCPSP's position on direct guarantees by the City Gov't for the proponent. No response from the LGU has been made as of yet.
Feasibility Study Preparation					
Bid Documents/Concession Agreement					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Bid Preparation					
ICC Clearance (Second Pass)					
Evaluation and Award					

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C. ISSUES/COMMENTS

ICC-TB, in its meeting last Dec 2000, deferred its decision on the project and will advise the Davao City/LGU to seek DOJ opinion on IRA intercept as well as clarify the financial viability of the proposed project. The ICC Secretariat recommended that Davao City/LGU solicit proposals instead of accepting CELDEX unsolicited proposal.

D. CONTACT PERSONS

CCPSP: Aloha Samoza, Director
Environment & power Div.

IA/LGU: Engr. Ramos, City Planning Officer

Address: _____

Telephone No. _____

Fax No. _____

PROJECT PROFILES
ENVIRONMENT PROJECTS

PROJECT PROFILE

Bulacan Central Bulk Water Supply

A. PROJECT SUMMARY

Sector : Environmental (Water)
 Implementing Agency : LWUA and 8 Water Districts in Bulacan
 Mode of Implementation : Unsolicited
 Contractual Arrangement : Build-Operate-Transfer
 Proponent : Vivendi (CGE)
 Location : Bulacan Province
 Description : The project involves construction of facilities for a bulk water supply system to deliver potable water to 8 municipalities/water districts in Bulacan province. Phase I-A involves creation of a production well field capable of delivering 90,000 m³/d. Phase I-B comprises the creation of a river intake to extract water from the Angat River with production facilities capable of delivering 190,000 m³/d of potable water.
 Project Cost : US\$ 160 Million

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					
Unsolicited Proposal Receipt/Evaluation	6-Oct-97				
ICC Approval (First Pass) Negotiation		13-Nov-97			
					CCPSP has advised LWUA & TWG on draft contract terms and provisions.
ICC Clearance (Second Pass)	6-Apr-98	12-Aug-99			
Preparation of Bid Documents	Sep-99	Sep-99			CCPSP through Chemonics has provided LWUA with support consultants to prepare the tender documents.
2. Bidding/Award					
Advertisement	Dec. 17, 20 & 27, 1999	Dec. 17, 20 & 27, 1999			
Pre-qualification	5-Jan-00		Mar-00		
Challenge Period/Match Period		31-Mar-00	Mar-00	Jul-00	
Evaluation and Award		27-Apr-00	Jul-00	Aug-00	CCPSP is providing continued advice during the award process.



C. ISSUES/COMMENTS

Project awarded on Nov. 7, 2001. Proponent was given 12 months to comply with requirements set forth in the Agreement. A copy of the Agreement was forwarded to OP for concurrence/approval, but the OP forwarded the same to NEDA.

D. CONTACT PERSONS

CCPSP: Aloha Samoza, Director
Environment/Power Div., CCPSP

IA/LGU: Simplicio Belisario, Jr. or
Tony Ramirez

LWUA/ 8 Water Districts
Address: LWUA Bldg., Katipunan
Balara, Q.C.

Telephone No. 926-6918

Fax No. 920-5433



PROJECT PROFILE

Metro Manila Solid Waste Management Project

A. PROJECT SUMMARY

Sector : Environmental
 Implementing Agency : Metro Manila Development Authority
 Mode of Implementation : Public Bidding
 Contractual Arrangement : BOO
 Proponent : To be determined
 Location : North, South and/or East of Metro Manila
 Description : Financing, detailed design and engineering, construction, operation, maintenance, closure and post-closure of one or more sanitary landfill and appurtenant facilities for the disposal of municipal solid waste (MSW) from Metro Manila and its adjoining provinces, including the provision of at least two (2) transfer stations for the recovery of recyclable materials from the waste stream, each system having a minimum capacity of 2,000 tons per day of MSW. The sanitary landfill shall have the following minimum components: storage facility; leachate control, collection, discharge and treatment facilities; lining system, environmental monitoring system; gas control and management system; control and management of surface water including storm water drains; soil cover system; operation, maintenance and monitoring plan, closure and post closure plan.

Project Cost : Approximately Php3.5B but will be made definite after project award

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					
Feasibility Study Preparation					
Bid Documents/ Concession Agreement					
2. Bidding/Award	Mar-00				
Advertisement					
Pre-qualification	Jun-00		Feb-00		CCPSP has been giving technical/ financial/legal assistance to the MMDA and the Flagship Committee
Bid Preparation				Mar-00	
ICC Clearance (Second Pass)					
Evaluation and Award				Jun-00	



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C. ISSUES/COMMENTS

PBAC resolution recommending award to the most responsive proponent/bidder still on hold due to issuance of TRO dated 5 October 2000. However, League of Metro Manila Mayors has recommended the grant of a contract to DMCI/R-II Builders Consortium to operate an interim landfill facility in Semirara Island for Metro Manila solid waste. THE AWARD OF THE CONTRACT TO DMCI/R-II Builder Consortium has met a lot of opposition from many quarters but most especially from Semirara residents and has been put on hold.

D. CONTACT PERSONS

CCPSP: Aloha T. Samoza

IA/LGU: Mr. Eduardo Mejos, MMDA

Address: 2/F MMDA Guadalupe, Mkti.

Telephone No. 882-4151 - 77

Fax No. _____



PROJECT PROFILES

SOCIAL INFRASTRUCTURE PROJECTS

PROJECT PROFILE

The Civil Registry System (CRS)

A. PROJECT SUMMARY

Sector : Information Technology
 Implementing Agency : National Statistic Office (NSO)
 Mode of Implementation : Publicly-bid
 Contractual Arrangement : BTO
 Proponent :
 Location :
 Description : The project involves the development of a registry system that will create major subsystems such as civil registry document copy issuance, certification, authentication, vital statistics and population reference number issuance subsystems. This entire database shall be installed in a CRS Data Warehouse which will be made accessible to a central facility and a nationwide network of civil registry outlets in 84 locations throughout the country.

Implementation of the project entails the following:

- a) Site improvement for the central facility, RO/PO outlets and hubs;
- b) Establishment of 5 outlets in MM and a backup site;
- c) Systems installation and integration;
- d) Project management;
- e) Change management/business process re-engineering;
- f) Crowd control and security procedures, training and education;
- g) Systems promotion/information campaign;
- h) Technical support, maintenance and upgrading; and
- i) Documentation.

Project Cost : US\$ 20 Million

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					
Feasibility Study Preparation					
Bid Documents/Concession Agreement					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Bid Preparation					
ICC Clearance (Second Pass)					
Evaluation and Award					

C. ISSUES/COMMENTS

1. NEDA Board Approval of project was obtained on July 9, 1996; ICC-TB endorsement of draft project contract – January 28, 1997
2. The project was setback by a TRO was issued to NSO on the ground that the project involved the use of biometrics technology and the issuance of PRN (Personal Reference Number). The Supreme Court disallowed the use of a national computerized ID system as this was considered a violation of constitutional rights to privacy. Such a system was envisioned to facilitate the investigation/monitoring of individuals through the use of a single PRN that would access information stored by various government agencies. As a result, NSO removed use of biometrics technology and the issuance of PRN from the RFP. The revised RFP was issued in September 1998.
3. Bid submission, which was due on January 1999 resulted in one from Unisys Australia Ltd. (Philippine Branch). The technical proposal from Unisys complied with the technical requirements for the project.
4. After receiving the guidelines for negotiations from NEDA-ICC, NSO proceeded to evaluate the completeness of Unisys' financial proposal. The guidelines prescribed the range of acceptable IRRs for the project.
5. The project cost based on the financial proposal of Unisys is Php300M and would be entirely equity financed.
6. Negotiations between NSO and Unisys commenced in May; contract negotiation is allowed when there is only one bidder.
7. Initially, Unisys sought to include forex risk on the equity as part of the parametric formula but relented when this was rejected by NSO.
8. After the contract was finalized, NSO sought ICC clearance (2nd pass on the project and contract) on September 20, 1999.
9. The major issue, which caused a delay in obtaining the ICC clearance (2nd pass), was whether the project could be considered a public utility franchise; this would limit foreign ownership to 40%. Under the Unisys proposal, foreign participation on the project would be 100%. On this matter, ICC made an exception for the CRS project but indicated that the DOJ would render the final decision.
10. Contract was awarded in May 2000.
11. After the Contract award Unysis has commenced with the site preparation before beginning system rollout in the central facility.
12. Systems development and installation of the central facility, Manila outlets and initial file conversion is in progress.

D. CONTACT PERSONS

CCPSP: _____

IA/LGU:	<u>Ms. Sallie Cabrera</u>
Address:	<u>National Statistic Office</u>
Tel. No.	<u>713-7062</u>
Fax No.	_____



PROJECT PROFILE

Land Titling Computerization Project

A. PROJECT SUMMARY

Sector	:	Information Technology
Implementing Agency	:	Land Registration Authority
Mode of Implementation	:	Public Bidding
Contractual Arrangement	:	BOO
Proponent	:	
Location	:	Nationwide
Description	:	The computerized land Titling systems will link all levels of the LRA central office at the Regional Registration of Deeds. This will make available to the entire organization historical and other knowledge bases for making informed and intelligent decisions on land titling and registration.
Project Cost	:	US\$ 82.0 M

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					
Feasibility Study Preparation					
Bid Documents/Concession Agreement					
2. Bidding/Award					
Advertisement					
Pre-qualification (Opening)					
Bid Preparation					
ICC Clearance (Second Pass)					
Evaluation and Award	26-May-00				BOO Agreement approved by Off. of the Pres. July 31,2000

C. ISSUES/COMMENTS

- The project was first proposed as a BOT project; ICC-TB and ICC Cabinet Committee endorsements were secured in September 1997 and NEDA Board approval was obtained in October 1997.
- In March 1998 however, the project was resubmitted by LRA to NEDA as a BOO project. This was after USTDA gave LRA a technical assistance grant of \$236,000 for the engagement of technical and financial consultants to facilitate the public bidding process of the project.
- In April 1999, eleven (11) proponents participated in the pre-qualification process and eight (8) passed. Prior to bid submission key members of the PBAC went on tour in the US, Europe, and Korea to meet with the prospective bidders at their head offices and assess their capabilities for the project. The deadline for bid submission was October (originally September). From the pre-qualified



bidders 5 out of 6 submitted proposals. Of the 5, one (Oracle) was disqualified for not including the bid security in the first envelop (2 envelop system) which contained the technical proposal

4. Evaluation of the technical proposals currently ongoing, results to be announced on December 9. Opening of the financial proposal on 13 December.
5. Oracle has filed a complaint against the PBAC members for not having waived the requirement of the bid security being in the first envelop; this is not a TRO and has not caused any substantial in the technical evaluation process.
6. The MEGA consortium was declared the winning bidder after the financial proposals were opened. However in the 1st qtr 2000 they were disqualified, as they were unable to comply with the financial requirements included in the preconditions for the amending of the contract. As a result, the contract was awarded to the SUFC Consortium, the next highest bidder.
7. SUFC Consortium formed and incorporated the Land Registration Systems, Inc. (LARES Inc.) to implement the Land Titling Computerization Project.
8. LRA created a Project Management Committee (PMC) to oversee the implementation of the LTCP in parallel with the executive committee of LARES, Inc.
9. NTP issued on 16 January 2001. On going activities are: (a) core application system development and implementation of the RD system (b) data conversion in 3 pilot areas, (c) mobilization of resources for construction of new building facilities and (d) management training and education, systems promotion and information campaign.

D. CONTACT PERSONS

CCPSP: _____

IA/LGU: Ms. Cynthia Ignacio, Chief
Micrographic & Computer Division
 Address: Land Registration Authority
 Tel. No. 921-1311/920-1026 loc. 214
 Fax No. _____



PROJECT PROFILES
GEM PROJECTS

PROJECT PROFILE

General Santos Integrated Transport Terminal & Commercial Complex

A. PROJECT SUMMARY

Sector : LGU-Transport
 Implementing Agency : General Santos City Government
 Mode of Implementation : Public Tender
 Contractual Arrangement : BOO
 Proponent : To be determined
 Location : General Santos City
 Description : New modern terminal to replace existing Bulaong Bus/Jeepney Terminal. Private bus companies will be obligated to close their respective terminals once this project is operational
 Project Cost : USD 6.25 Million

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development			Aug-00	Jan-01	Project has been approved by CS; submitted to ICC for approval of the BOO contractual arrangement. Prefeasibility study and tender documents already finalized.
Feasibility Study Preparation					Completed
Bid Documents/Concession Agreement			Aug-00	Jan-01	Completed
RDC/NEDA Board Clearance			Feb-01	Feb-01	Proj. endorsed by RDC on Dec 2000
2. Bidding/Award					
Advertisement			July-01		
Pre-qualification			Aug-01		
Bid Preparation			Aug-01		
Evaluation and Award			Oct-01		

C. ISSUES/COMMENTS

The pre-feasibility study was funded through the PDF. Schema Consult, employed to do the feasibility study, has completed the final report. The project has obtained first pass approval from the ICC Cabinet Committee. Advertising/bidding for the project is scheduled in July – August 2001.



D. CONTACT PERSONS

CCPSP: Clarisse Tuazon, Director
Project Development Group

IA/LGU: Mayor Achanon
City Administrator Rudy Salangsang
Address: General Santos
Tel. No. 554-42-14
Fax No. 552-73-21



PROJECT PROFILE

Sta. Ana Port Area Development

DROPPED

A. PROJECT SUMMARY

Sector : Transport/Tourism/Property Development
 Implementing Agency : Davao City Government
 Mode of Implementation : To be determined
 Contractual Arrangement : To be determined
 Proponent : None
 Location : Sta. Ana Port Area (Davao City)
 Description : This port is being planned for a mixed use complex to include such components as a ferry terminal, a marina, a shopping center, restaurants, hotel and other recreational facilities. It was found to be an ideal site for a ferry terminal to connect local and tourist traffic to and from Samal Island.
 Project Cost : No cost estimate yet

B. PROJECT MILESTONES

Stage of Development	Dates				Status of Technical Assistance
	Actual		Target		
	Start	End	Start	End	
1. Pre-bid/Project Development					CCPSP prepared a draft TOR to guide consultants who will undertake the preparation of the pre-FS
Feasibility Study Preparation					
Bid Documents/Concession Agreement					
2. Bidding/Award					
Advertisement					
Pre-qualification					
Bid Preparation					
ICC Clearance (Second Pass)					
Evaluation and Award					

C. ISSUES/COMMENTS

Sta. Ana Port has been delisted from the PPA port system and has been formally turned over to the City Government of Davao. Davao City will henceforth assume responsibility for the development and operation and operation of Sta. Ana with the formal signing of the MOA between PPA and Davao City.

The proposed CCPSP assistance to this project would include the following:

- 1) Preparation of project feasibility study
- 2) Preparation of tender documents
- 3) Assistance in bidding negotiation and award



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4) Provision of start-up support

For the moment, CCPSP is awaiting reply from the Davao City Government on its offer of technical assistance.

The city government has no firm decision yet on the project.

D. CONTACT PERSONS

CCPSP: _____

IA/LGU: _____

Address: _____

Tel. No. _____

Fax No. _____