

LGU PPP Modalities

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ROLE IN PPPs: GOVERNMENT AS...



POLICY-MAKER



REGULATOR



FUNDER



SUBSIDY-PROVIDER



























GUARANTOR



PARTNER

PPP RESOURCE EXCHANGE

Modality	Government		Private Sector	
Build-Operate-Transfer			  	
Joint Venture		 		
Concession			  	
Management Contract		 		
Public Land Lease			  	
Policy-setting		Building		
Financing		Operating		

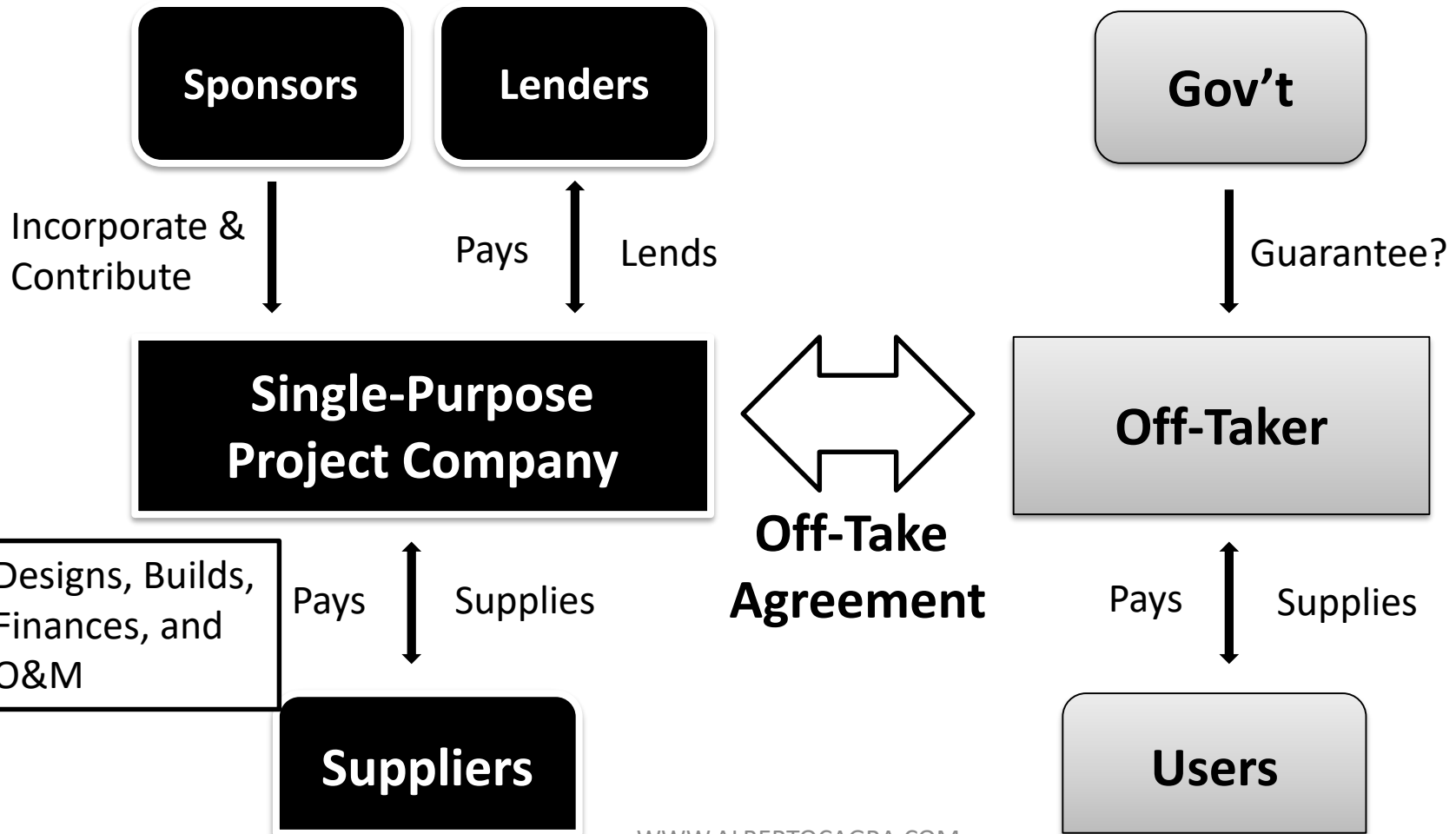
24+ PPP Modalities

1. Build-Transfer
2. Build-Lease-Transfer
3. Build-Operate-Transfer
4. Build-Own-Operate
5. Build-Transfer-Operate
6. Contract-Add-Operate
7. Develop-Operate-Transfer
8. Rehabilitate-Operate-Transfer
9. Rehabilitate-Own-Operate
10. Rehabilitate-Lease-Transfer*
11. Rehabilitate-Transfer*
12. Rehabilitate-Transfer-Operate*
13. Concession Arrangement
14. Joint Venture
15. Lease or Affermage
16. Management Contract
17. Management Contract (No Public Funds)
18. Service Contract
19. Service Contract (No Public Funds)
20. Divestment or Disposition
21. Corporatization
22. Subsidiary with Private Equity
23. Onerous Donation
24. Gratuitous Donation
25. Others

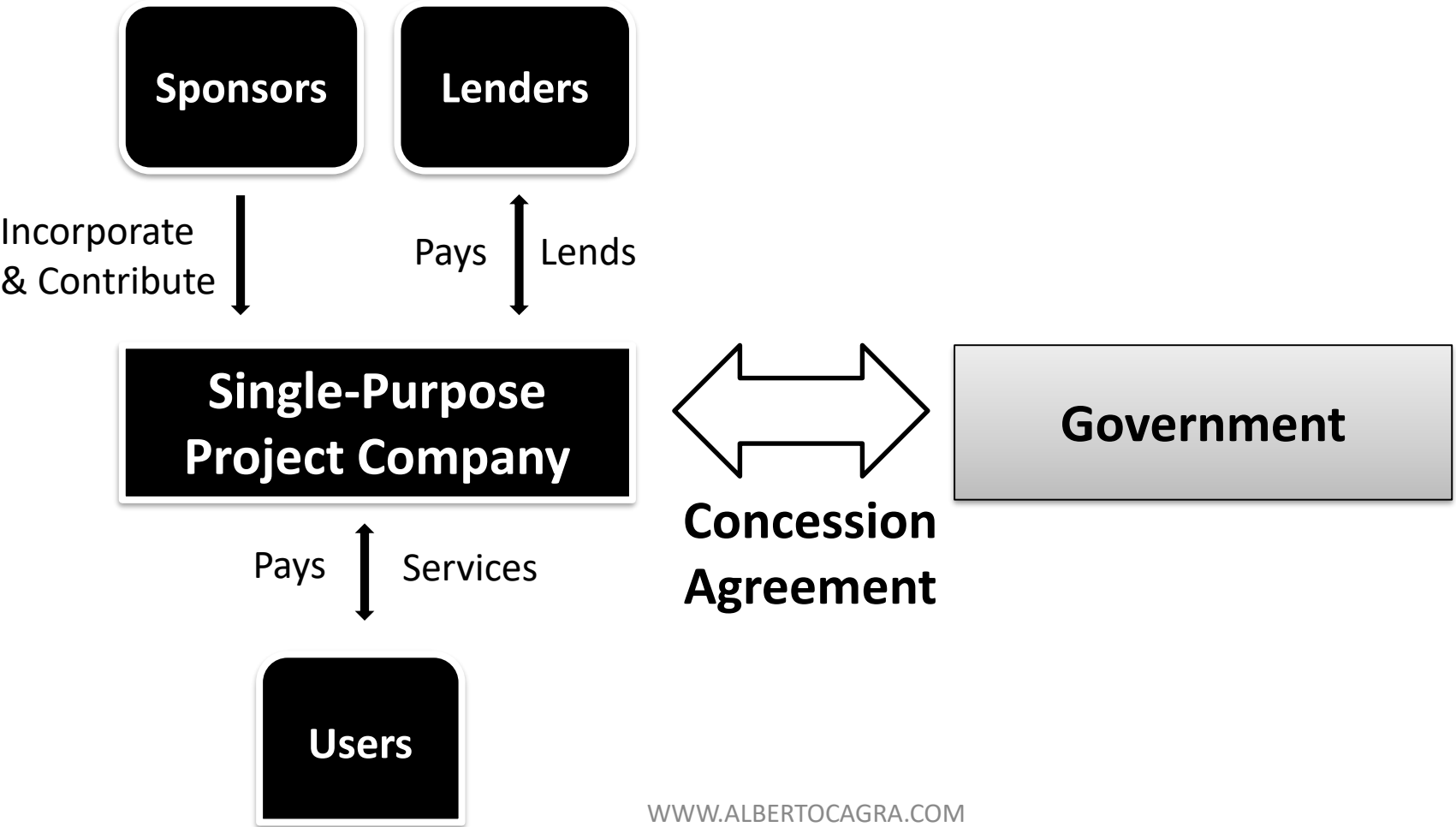
Governing Laws/ Rules

PPP Modality	Governing Law
BOT Law Variants (9+)	BOT Law
Concession	Special Laws/ Local Ordinance
Joint Ventures	NEDA JV Guidelines/ Local Ordinance
Management and Service Contract*	GPRA/ Local Ordinance
RT, RLT and RTO	Local Ordinance
Lease/ Affermage/ Donations	Civil Code/ Local Ordinance
Divestment/ Disposition	Commission on Audit Circular No. 89-296
Corporatization	Corporation Code

Build-Operate-Transfer

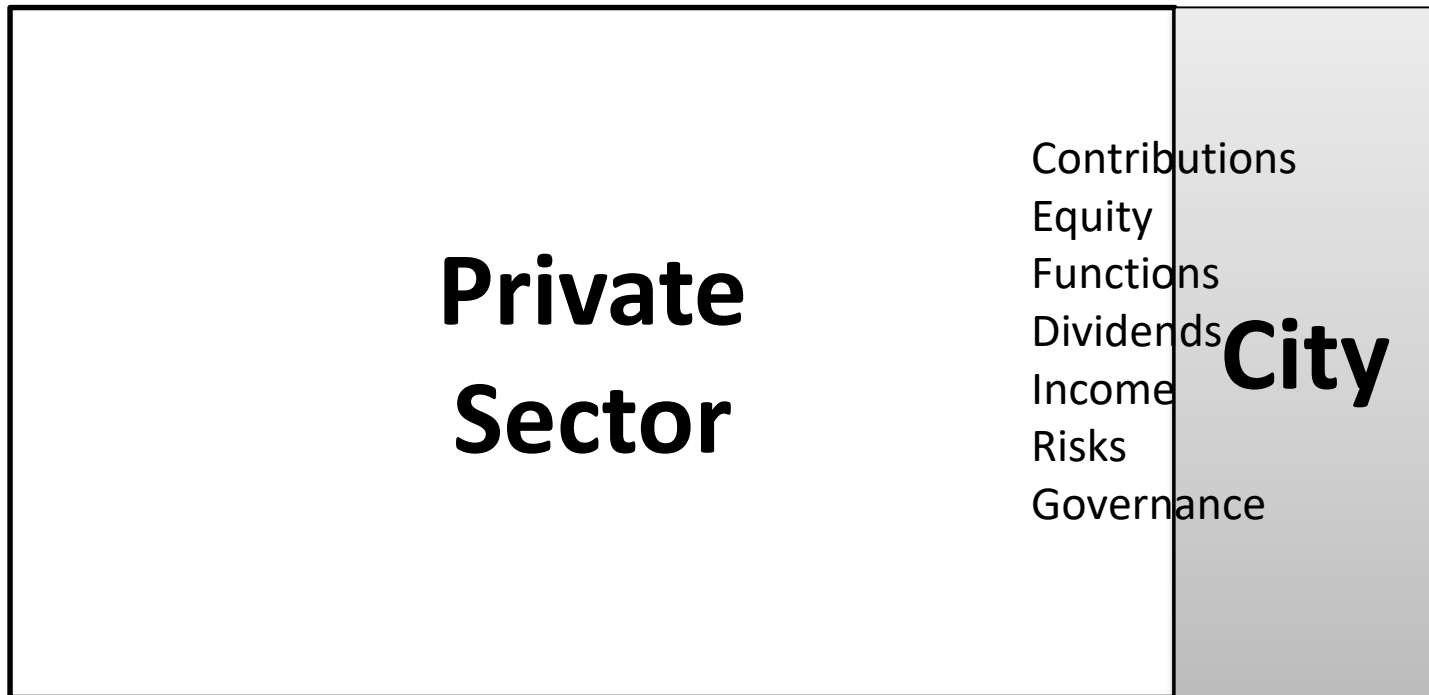


Concessions



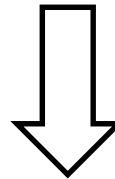
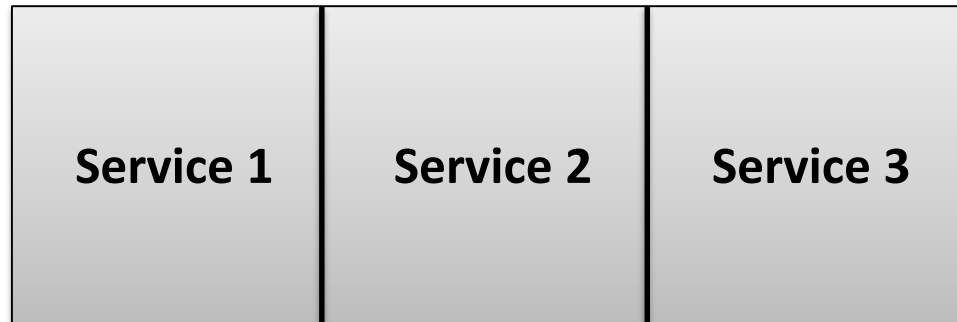
Joint Ventures

Joint Venture Company/ Agreement

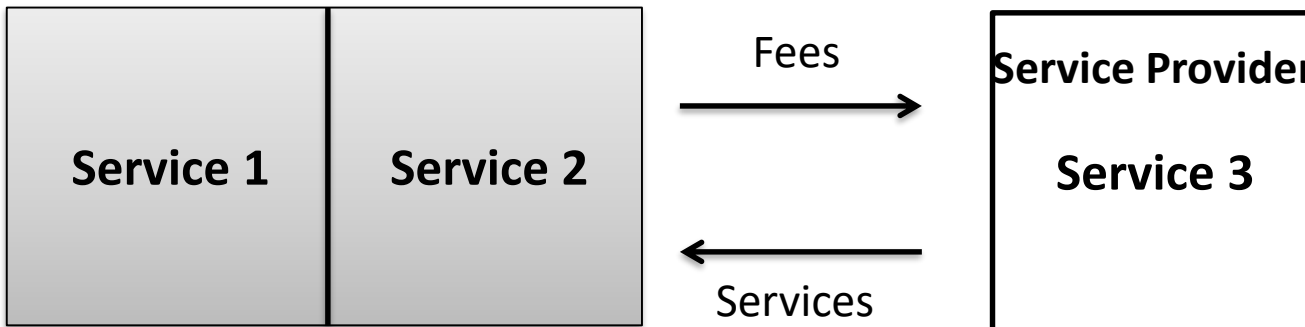


Service Contract

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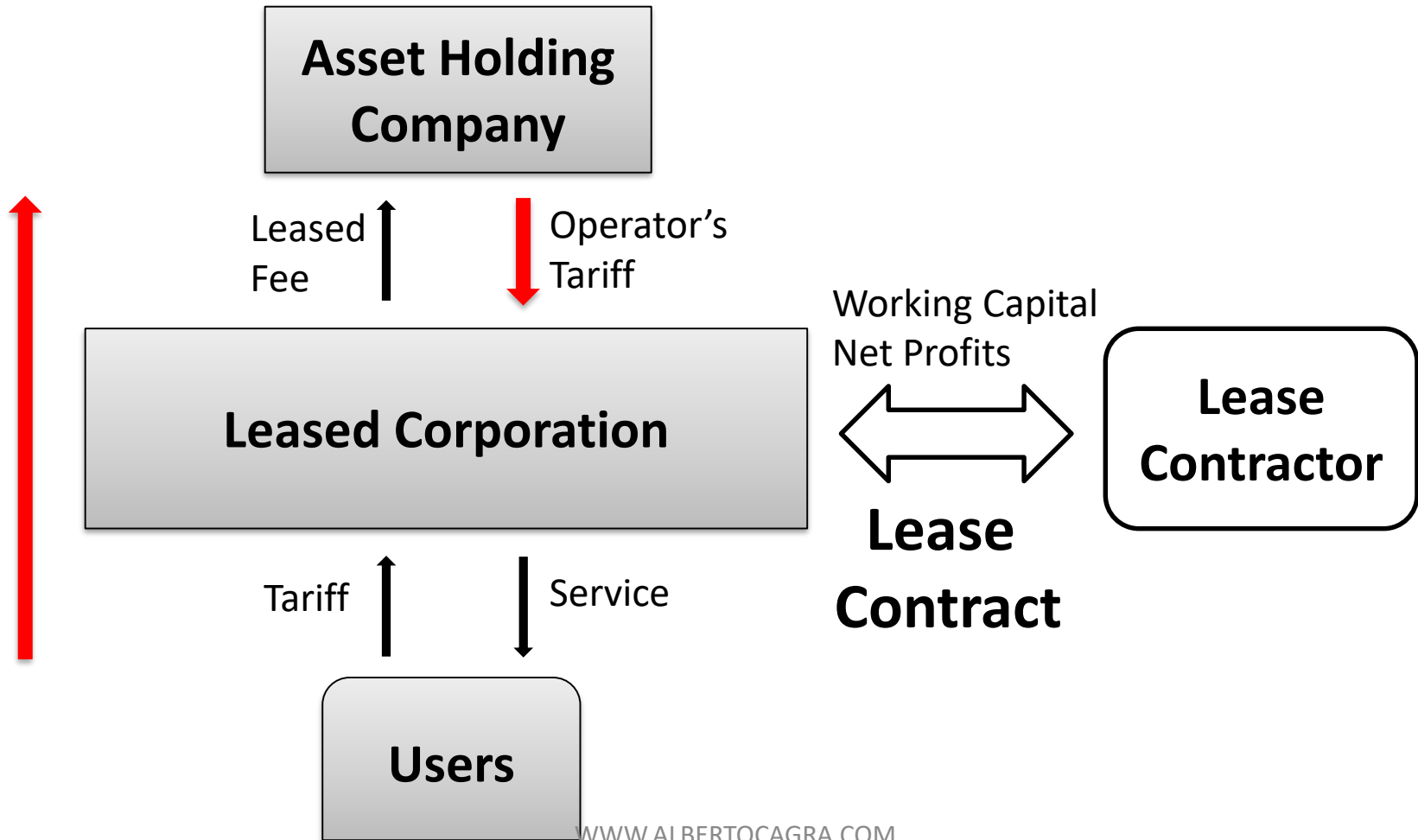
Management Contract

Public Sector

Management Contractor

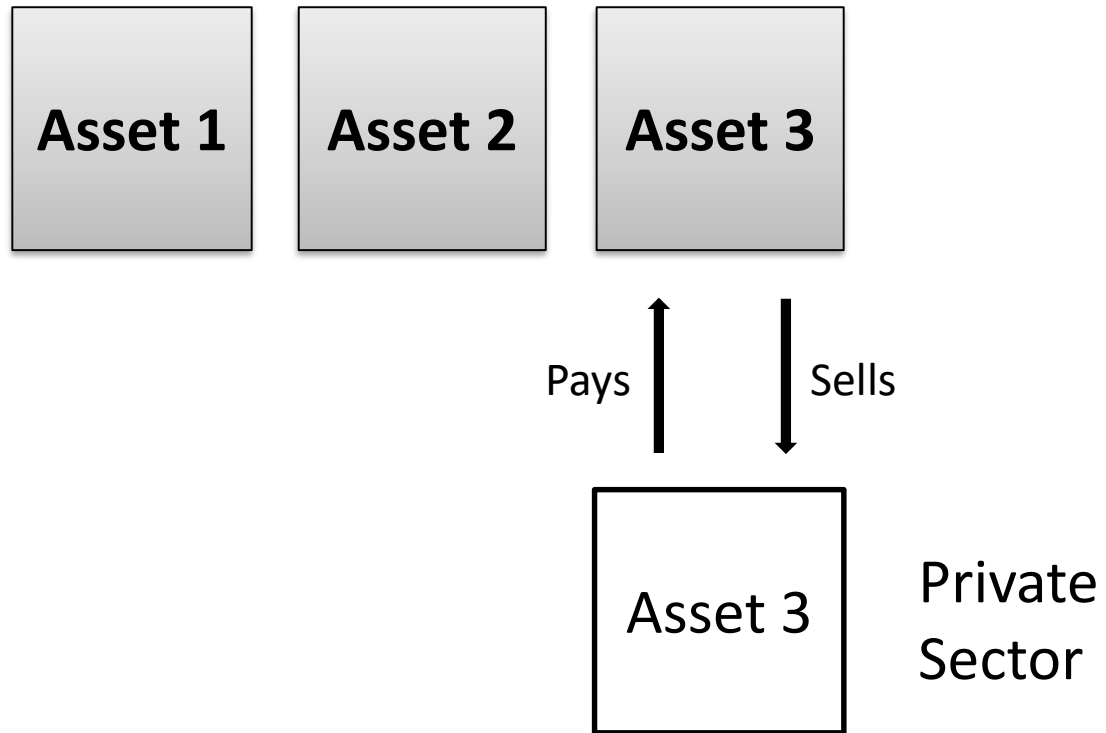


Lease and Affermage

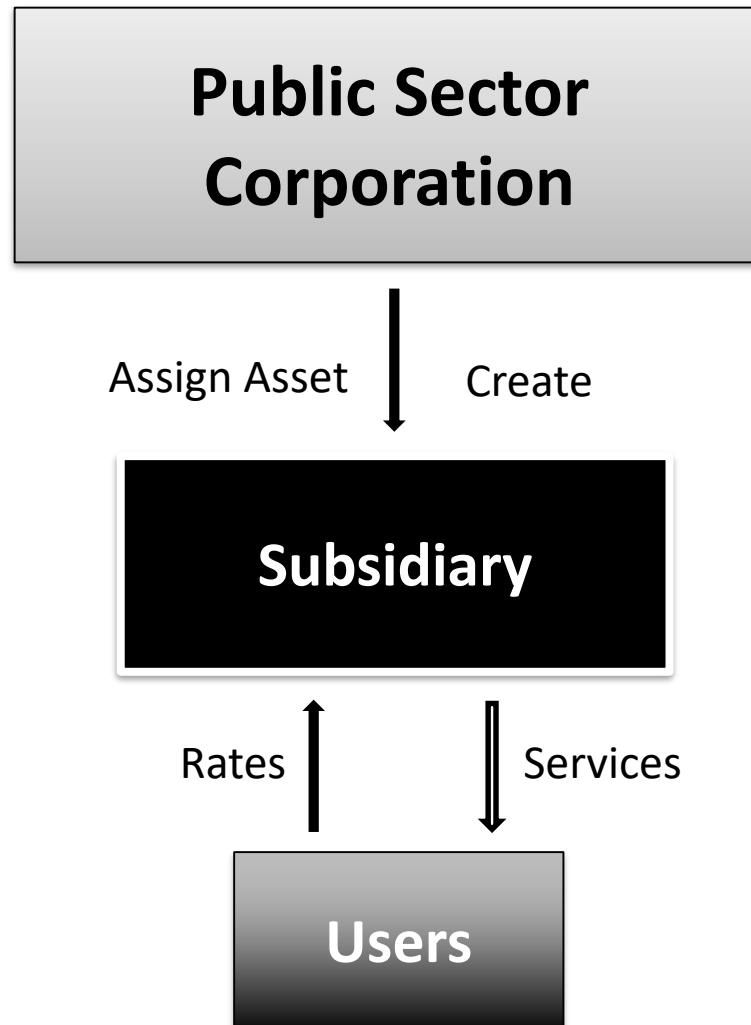


Divestment/ Disposition

Public Sector



Corporatization/ “Ring-Fencing”



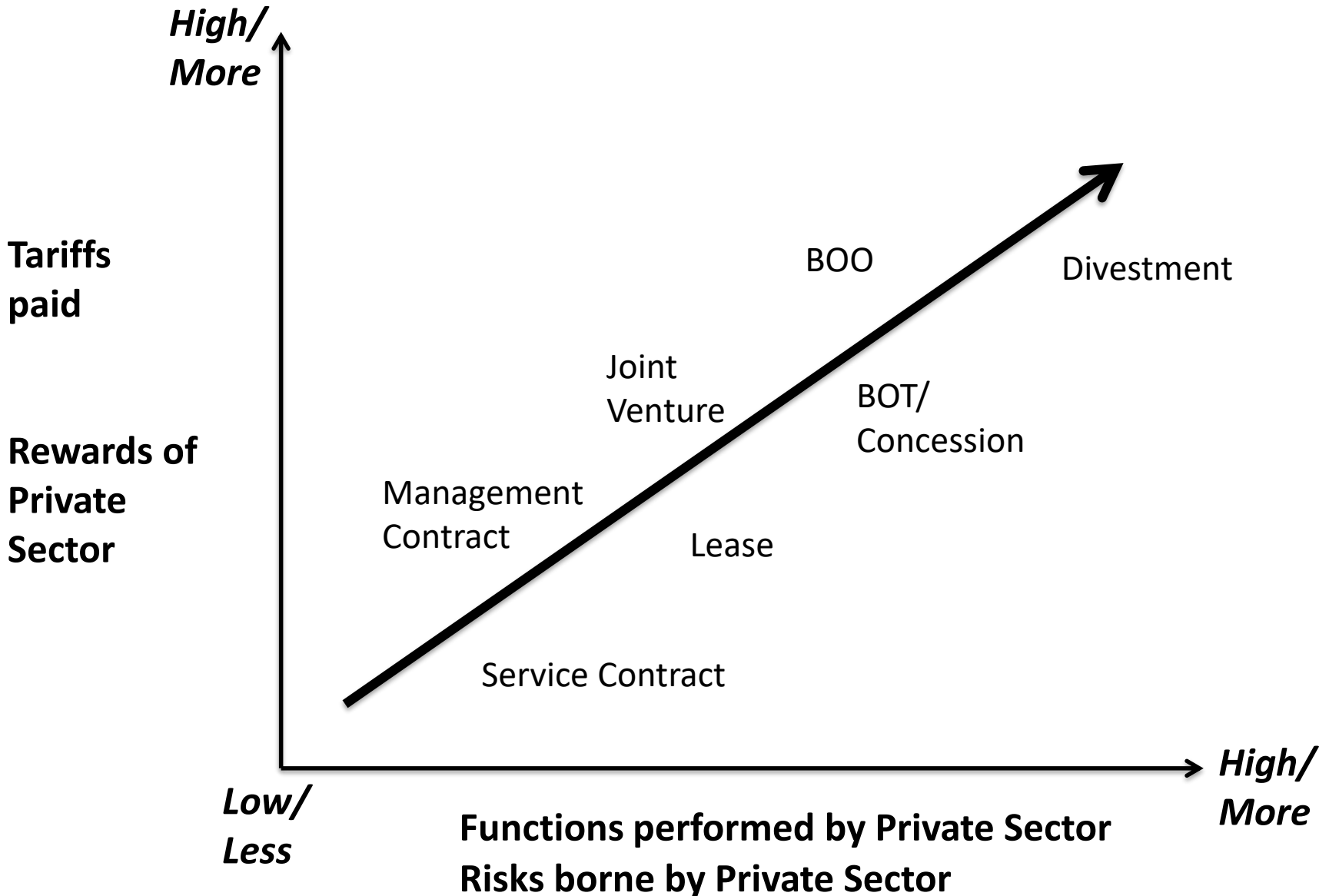
Compare and Contrast

Modality	Nature	Key Objectives	Functions	Term
<i>Service Contract</i>	Provides particular service for a fee	Improve efficiency	Single	2-3 years
<i>Mgt. Contract</i>	Supplies management service for a fee	Install new mgt. systems	Single	2-3 years
<i>Lease</i>	Uses property, runs business where lessee pays a lease fee	Efficient use of asset	Single	7-15 years
<i>BOT</i>	Designs, builds, finances, operates and maintains asset	Innovate, design, build, finance and operate	Bundle	25-50 years
<i>Joint Venture</i>	Pooling of resources in funding, building and O&M	Joint undertaking	Bundle	25-50 years
<i>Concession</i>	Rehabilitates, finances, operates and maintains asset; performance-based	Innovate, design, rehabilitate, fund & operate	Bundle	25-50 years
<i>Divestment</i>	Runs the business and owns asset	Innovate, design, build, finance and operate	Bundle	In perpetuity

Modality	Working Capital	Receives Net Income	Long-Term Financing	Ownership of Asset
<i>Service Contract</i>	Public	Public	Public	Public
<i>Mgt. Contract</i>	Public	Public	Public	Public
<i>Lease</i>	Private	Private	Public	Public
<i>BOT</i>	Private	Private	Private	Public
<i>Joint Venture</i>	Joint based on equity	Joint based on equity	Joint based on equity	Public or Private
<i>Concession</i>	Private	Private	Private	Public
<i>Divestment</i>	Private	Private	Private	Private

Modality	Customer of Private Sector	Revenue Source	Tariff Collection	Risks
<i>Service Contract</i>	Public	Paid per unit of service	Public or Private	Mostly Public
<i>Mgt. Contract</i>	Public	Fixed fee + bonus + salaries	Public or Private	Mostly Public
<i>Lease</i>	End-Users	Revenue – O&M – lease fee	Private	Shared
<i>BOT</i>	End-Users or Public	Capital + Revenue + O&M costs – finance costs – license fee	Public	Mostly Private
<i>Joint Venture</i>	End-Users or Public	Share in revenues	Jointly or Private	Shared based on equity
<i>Concession</i>	End-Users or Public	Revenue – O&M costs – finance costs – concession fee	Private	Mostly Private
<i>Divestment</i>	End-Users	Revenue – O&M costs – finance costs – license fee	Private	Mostly Private

Function-Risk-Costs-Tariff-Reward Relationship



THANK YOU