

Public-Private Partnerships by Barangays



Atty. Alberto C. Agra

Law Professor, PPP Law and Local Government Law
Advocate, PPP for and with the People and PPP Law-for-All
Certified Specialist, Certified PPP and Regulation Specialist™
Former Public Official, Acting Secretary of Justice,
Acting Solicitor General, Government Corporate Counsel, and
Chairman of the Philippine Reclamation Authority

6 November 2025

Government Projects



5 Questions

Can a **Barangay**:

1. Enter into a **Public-Private Partnership** arrangement?
2. Collaborate with **another Barangay** for a PPP?
3. Enter into a **lease arrangement** for a **health center**?
4. Pursue a **joint venture arrangement** for **retail outlets**?
5. Approve a PPP project **on its own**?

Presentation Flow: 7 Ps



1
Policies

2
Parties

3
Projects

4
Partnership
Schemes

5
Permissions

6
Procedures

7
Pact

PPP Code and IRR



Dates	Milestones/ Activities
December 5, 2023	Republic Act No. 11966 (Public-Private Partnership Code) signed into law.
December 23, 2023	PPP Code became effective.
March 22, 2024	IRR published.
April 6, 2024	IRR became effective.

PPP defined



- A **contractual** arrangement between an **Implementing Agency (IA)** and a **Private Partner (PP)**
- to **finance, design, construct, operate, and maintain**, or any combination or variation thereof,
- **infrastructure or development projects** and services which are **typically provided by the public sector**,
- where each party **shares in the associated risks** and
- where the **investment recovery** of the PP is **linked to performance**.

Nature of PPPs



Barangay

**Private
Proponent**



**PPP
Project**

Aspects:

- Project
- Design
- Finance
- Construction
- Operations
- Governance
- Risk-Allocation
- Period
- Performance
- Payments
- Liabilities
- Procedures



Rationale of PPP

Private Sector

- Indispensable role
- Mobilize its resources
- Financing
- Additionality

Impact and Values

- Public interest
- Better quality of PPP Projects
- **Local autonomy**
- Program Integration
- Open, fair, transparent, and competitive selection

Implementing Agencies: *Public Partners*



National

1. National Government
2. State University and College
3. Government-Owned and -Controlled Corporation
4. Government Instrumentality with Corporate Powers
5. Water Districts
6. Government Financial Institutions
7. Economic Zones

Local

1. **Local Government Unit**
 - a. Provinces
 - b. Cities
 - c. Municipalities
 - d. Barangays**
2. Local University and College

Co-Grantorship



Inter-LGU

1. National government, subject to the approval process for National PPP Project
2. Next higher level of LGU
3. LGUs concerned, subject to the approval process for Local PPP Projects

National IA and LGU

- Joint Committee or
- ICC and Sanggunian/ LUC Board

Private Party



- **Private Partner** - private sector entity determined to be **financially, legally, and technically capable** to undertake obligations under an awarded PPP contract
- **Private Proponent** - private sector entity which has **submitted bid** in relation to a Solicited Project, or a private sector entity which has **submitted an Unsolicited Proposal**; may be **Filipino or foreign-owned**, and may engage the services of a foreign Contractor or foreign Facility Operator, subject to requirements and limitations provided under the Constitution, existing laws, rules, and regulations
- **Facility Operator** - any entity allowed and duly registered and licensed under Philippine laws, which may or may not be the Private Partner, that shall be responsible for **operating and/or maintaining a facility**
- **Contractor** - any entity allowed and duly registered and licensed under Philippine laws, which may or may not be the Private Partner, that shall be responsible for the **construction and/or supply of equipment or services** for PPP Projects

Approving Bodies



ED Council

ICC

Cabinet
Secretary

GOCC/ GI
Board

Sanggunian

LUC Board

Pre-qualification/ Quali, Bids and Awards Committee (PBAC) Composition (*Min.*)



1. Chairperson –at least a third ranking permanent official
2. Treasurer or Accountant
3. Planning and Development Coordinator or Engineer
4. Legal officer (if none, external legal advisor or higher LGU)
5. A representative from and selected by the *Sanggunian Barangay* designated through a resolution

Nos. 2-5: can be external consultants/ entities



Barangay PPP Units

- Barangays may create PPP Units (planning, overseeing, implementing, and monitoring the PPP Projects)
 - New unit or office
 - Existing unit or committee
- PPP Center to assist

Composition (discretionary)

1. Senior Official (at least 3rd ranking)
2. Technical – Project Development
3. Technical – Planning
4. Technical – Contract Management
5. Finance
6. Legal



PPP Center: Key Functions

1. Assist IAs in identifying, prioritizing, developing, and maintaining a pipeline of **PPP Projects**
2. Manage and administer the **Project Development Management Fund** and **PPP Risk Management Fund**
3. Coordinate in formulation of **guidelines**
4. Determine **completeness** of unsolicited proposals and appropriate Approving Body
5. Issue **non-policy matter opinions**



PPP Projects

- **Infrastructure or development projects and services**
- **Typically provided by the public sector**
- **Used by the public**
- **Consistent and responsive to national, local, and sectoral development and investment plans**
- **Part of list submitted** to appropriate oversight agencies, NEDA, RDC, Sanggunian and the PPP Center
- **Demonstrate Value for Money (VfM)** - Effective, efficient, and economic use of resources




HARD

INFRASTRUCTURE ASSETS







- | | |
|---|--|
|  Road |  Terminal |
|  Water |  Government Buildings |
|  Power |  Parks |
|  Ports |  Information Technology |
|  Reclamation |  Cemetery |
|  Sports Complex |  Solid Waste Management |
|  Markets |  Bridges |
|  Transport Systems |  Malls |

SOFT

SOCIAL ASSETS AND SERVICES

- | | |
|---|---|
|  Classroom |  Housing |
|  Hospital |  Evacuation Center |
|  Agriculture |  Prisons |

BUNDLED

- | | |
|--|--|
|  +
Hard and Hard |  +
Soft and Soft |
|  +
Hard and Hard |  +
Hard, Soft and Soft |
|  +
Hard and Hard |  +
Hard, Hard and Soft |





29+ Eligible Types of Projects

1. Highways
2. Land transportation systems
3. Transport projects
4. Port infrastructure
5. Maritime infrastructure
6. Airports
7. Power
8. Energy efficiency
9. Telecommunications
10. Information Technology
11. Irrigation
12. Water
13. Educational infrastructure
14. Health infrastructure
15. Multi-purpose water resources
16. Land reclamation
17. Industrial and tourism estates
18. Government buildings
19. Urban redevelopment
20. Heritage preservation
21. Markets
22. Warehouses
23. Public fish ports
24. Agri-fishery industrial hubs
25. Cold chain systems
26. Prisons and national defense or security-related facilities
27. Solid waste management
28. Climate change adaptation
29. Other Infrastructure or Development Projects

Devolved Basic Services and Facilities



- Agricultural Support Services
- Distribution System for Agriculture and Fishery Inputs
- Operation of Agricultural and Fishery Produce Collection and Buying Stations
- Health and Social Welfare Services
- Barangay Health Centers
- Barangay Daycare Centers
- General Hygiene and Sanitation, Beautification
- Solid Waste Collection
- Barangay Roads
- Barangay Bridges
- Barangay Water Supply Systems
- Multipurpose Hall
- Multipurpose Pavement
- Plaza
- Sports Center
- Information And Reading Center
- Satellite Public Market

Universe of Arrangements



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. Lease-to-Own
17. Real Property Swap
18. Management Contract
19. Management Contract (No Public Funds)
20. Service Contract
21. Service Contract (No Public Funds)
22. Divestment or Disposition
23. Corporatization
24. Subsidiary with Private Equity
25. Onerous Donation
26. Gratuitous Donation

PPP RESOURCE EXCHANGE



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

Delineation of Functions
("Division of Labor")



PPP Code-Covered Arrangements

PPP as defined/ satisfies elements or as may be approved by Approving Body

1. Joint Venture for public or public-commercial schemes
2. Lease for public or public-commercial schemes
3. BOT, BT, BLT, BOO, BTO, CAO, DOT, ROT and ROO
4. Operate and Maintain
5. Toll operation agreements or supplemental toll operation agreements, or any contractual arrangements involving the Construction, O&M, or a combination or variation thereof, of toll facilities



10 Exclusions

1. Procurement
2. Exclusively ODA Projects
3. Management Contracts
4. Service Contracts
5. Divestments or Dispositions
6. Corporatization
7. Incorporation of Subsidiaries
8. Onerous Donations
9. Gratuitous Donations
10. JV Agreements and leases involving purely commercial arrangements



2 Types Projects

Public

- Barangay Hall
- Water Supply
- Barangay Road
- Barangay Health Center
- Barangay Day-Care
- Barangay Housing

Commercial

- Retail Stores
- Commercial Space
- Commercial Sports Facilities
- Paid Parking
- Accommodations



Approval of Local PPPs *Regardless of Project Cost*

- Approved by **Sanggunian** (non-delegable)
- Confirmation/ endorsement by **LDC** prior to approval (30 *days, approval by inaction*)
 - Review if aligned/ consistent with local development plans
 - Review project and identify concerns
 - Submit confirmation and results of review
- **LGU Legal Officer**
- **ICC** if with Availability Payment (from GAA) and Government Undertakings



Approval of PPPs: Completeness

- Complete feasibility study
- Traceable economic and financial models in electronic copy
- Proposed parameters, terms, and conditions (PTCs)
- VFM analysis
- Valuation report, as applicable
- Documentation of the stakeholders' consultations conducted, including the participating sector or communities consulted
- Other documents, information, or materials that may be required by the ICC in its approval guidelines, including the forms and templates, needed to commence project evaluation



Complete Feasibility Study

1. Problem Definition/ Objectives
2. Project Description
3. Project Context
4. Sectoral Program
5. Regional and Spatial Context
6. Expected Outcomes and Key Success Indicators
7. Analysis of Technical Solutions
8. Project Costs
9. Legal Due Diligence
10. Demand and Supply/ Market Analysis
11. Market Sounding Feedback
12. Proposed Tariff Structure
13. Financial Analysis
14. Economic Analysis
15. Social and Environmental Analysis
16. Risk Allocation
17. VfM Analysis (for Solicited)
18. Contractual Arrangement Options
19. Job Creation Information
20. Land Acquisition/ Resettlement Action Plan
21. Heritage Impact Assessment
22. Geotechnical Report
23. Description of Products or Services to be provided
24. Description of the Geographic and Catchment Area

Parameters, Terms & Conditions (PTCs)



1. Project Scope
2. Contractual Arrangement
3. Contract Duration
4. Rights and Obligations of Parties
5. Performance Standards and Key Performance Indicators
6. Safeguards for Government and Public
7. Investment Recovery Schemes
8. Revenue share, if any
9. Government Undertakings
10. Proposed Risk Allocation
11. Contingent Liabilities
12. Bid Parameter
13. Ceiling for Debt-to-Equity Ratio
14. Proposed Public Bidding Process – single or 2-stage (if solicited)
15. Proposed Period for Comparative Challenge (90 days to 1 year)



2 Required Traceable Models

Economic Model

1. Assumptions
2. Economic Benefits and Costs
3. Conversion of Financial Costs to Economic Costs
4. Calculation of Economic Viability (economic internal rate of return; economic net present value; benefit-cost ratio)

Financial Model

1. Assumptions
2. Balance Sheet
3. Income Statement
4. Cash Flows (full life)
5. Calculations on Financial Viability (debt service coverage ratio, free cash flows to firm and equity holders; project and equity internal rates of return; project and equity net present value; and weighted average cost of capital)

Mandatory Provisions in PPP Contracts



1. Contractual Arrangement
2. Term
3. Scope of work
4. Project Cost
5. Minimum Performance Standards
6. Key Performance Indicators
7. Implementation Milestones
8. Cost Recovery Scheme
9. Disclosure of Financing Documents
10. Liquidated Damages
11. Performance Security
12. Minimum Insurance Coverage
13. Acceptance Tests and Procedures
14. Warranty Period and Procedures
15. Lock-in Periods
16. Contract Termination
17. Lender Step-in Rights
18. Acceptable Permitted Security Interest
19. Anti-Corruption
20. Alternative Dispute Resolution
21. Wind-up and Transfer Measures
22. Gender and Environment Safeguards
23. Ownership or retention of patents
24. Monitoring, Evaluation and Reporting
25. Period for Financial Close
26. Compliance with Laws



Government Undertakings

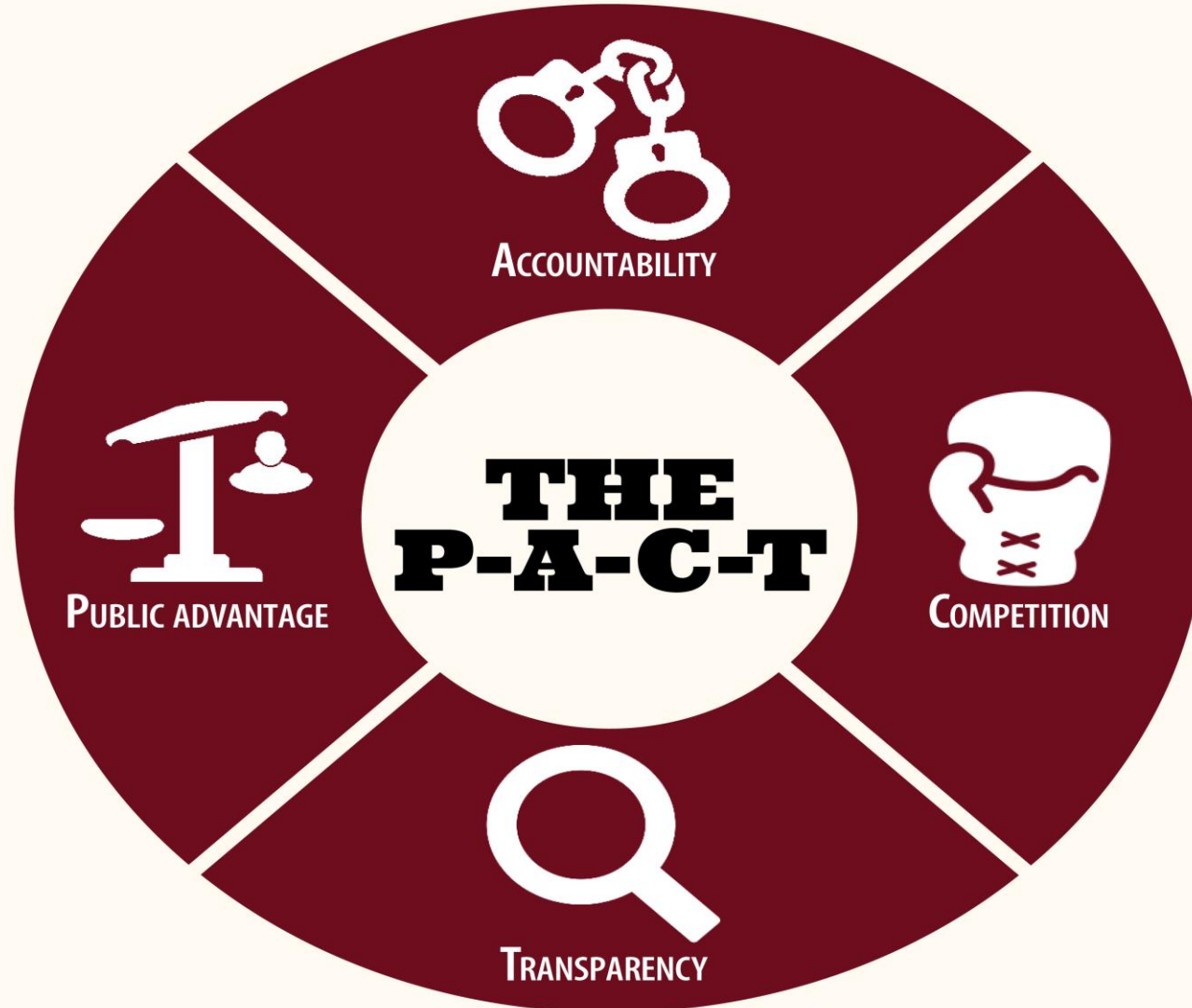
Not allowed for Unsolicited Proposals

- Viability Gap Funding
 - Subsidy
 - Payment of ROW related costs
 - Performance undertaking
 - Additional exemptions from any tax
 - Guarantee on Demand
 - Guarantee on Loan Repayment
 - Guarantee on Private Sector Return
 - Government Equity (allowed for JVs)
 - Contribution (allowed for JVs)
 - Monetary payment of Contingent Liability
 - Credit Enhancements
- Not GUs:
- Availability Payments
 - Permits from national government agencies for Local PPP Projects

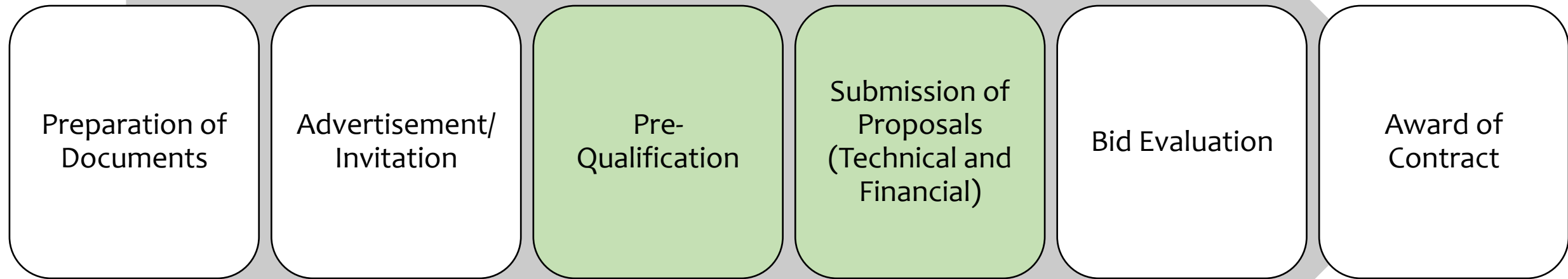
PPP SELECTION REQUIREMENTS



1. Open
2. Fair
3. Transparent
4. Competitive



Solicited Project: Process



- 1. Feasibility Study
- 2. Draft Contract
- 3. PTCs
- 4. Consultation
- 5. Instructions/ Forms
- 6. Proposal Securities

- 3 Tests
 - 1. Legal
 - 2. Technical
 - 3. Financial

Most Responsive/
Advantageous

- 3 Scenarios
 - 1. 2 or more
 - 2. Single/ only 1
 - 3. Failed/ 0



Solicited Project: Most Responsive Bid

Highest

- Payment to Government (Revenue-based)
- Share in Revenues (JV)
- Rental Payment to Government (IA as Lessor)

Lowest

- Government Subsidy/ Support
- Tariff by End-User
- Rental Payment by Government (IA as Lessee)

MRB: bid that conforms, in all material respects, to the bid solicitation requirements and approved bid parameters, and the one that is most advantageous to the government

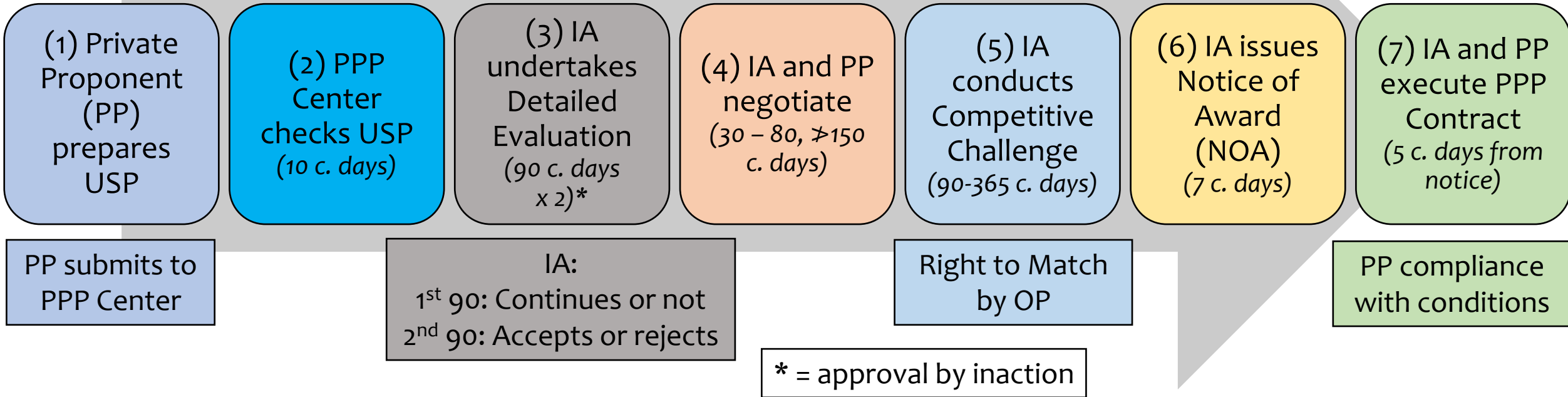
Unsolicited Proposal (USP): 7 Stages



- USP Completeness
- Appropriate Approving Body
- If complete, endorsed to Implementing Agency (IA)
- No decision = USP incomplete

- Successful (or failed) negotiations
- If successful, PP conferred Original Proponent Status (OP) valid for 1 year
- USP and PTCs submitted to Approving Body for approval (120 c. days)*
- If Local PPP, LDC endorsement (30 c. days)*

- Awarded to OP (no challenger or OP able to match superior offer) or Challenger (OP not match)
- NOA subject to conditions (20 days)



21 Important PPP Code Provisions



1. Risk Allocation
2. Sources of Financing
3. Financial Close
4. Investment Recovery Schemes
5. Tolls, Fares, Fees, Rentals and Other Charges
6. Availability Payments
7. Reasonable Rate of Return
8. Land Value Capture Strategies
9. Contingent Liability
10. Viability Gap Funding
11. 3 Guarantees
12. Subsidy
13. Government Undertakings
14. Divestment and Lock-in
15. Government Takeover
16. Wind-Up and Transfer Measures
17. Alternative Dispute Resolution
18. Material Adverse Government Action
19. Variation, Expansion or Extension
20. Termination
21. Accountability/ Liability

PPP Code vs. PPP Ordinance







Aspects	PPP Code	PPP Ordinance
Application	All LGUs	Specific (adopting) LGU/ Sanggunian
Covered Arrangements	<ol style="list-style-type: none"> JVs for Public or Mix of Public and Commercial purposes Leases for Public or Mix of Public and Commercial purposes BOT, BT, BLT, BOO, BTO, CAO, DOT, ROT and ROO Operate and Maintain 	<ol style="list-style-type: none"> JVs for purely commercial purposes Leases for purely commercial purposes Donations (Onerous and Gratuitous) Divestment (COA Circular) Subsidiary (Corporation Code) Corporatization (Corporation Code)
Study	Feasibility Study	Feasibility or Pre-Feasibility Study
Approving Body	Sanggunian	LGU: LCE and Sanggunian
Unsolicited Prop.	Government Undertakings not allowed	N/A
Other Agencies	PPP Center (for completeness) and ICC (when GAA)	N/A

Proposed/ Template PPP Ordinance





-  www.albertocagra.com
-  09175353823
-  alberto agra
-  alberto.c.agra@gmail.com

Together, let us learn-unlearn-relearn.

Thank you.