



PROJECT DEVELOPMENT AND MONITORING FACILITY (PDMF) GUIDELINES

October 2011

TABLE OF CONTENTS

I	Definition	4
II	The Project Development and Monitoring Facility (PDMF)	5
A	Objectives	5
B	Available PDMF Funds	6
C	Institutional Arrangements	6
D	Revolving Nature of the PDMF	6
E	Use of the PDMF	7
III	PDMF Process	7
IV	Screening and Evaluation of PDMF Applications	9
V	Post-Board Approval Activities and Project Implementation	10
A	Technical Assistance Agreement (TAA)	10
B	Project Study Committee (PSC)	10
C	Special Bids and Awards Committee (SBAC)	10
D	Technical Working Group (TWG)	10
E	Recruitment of Transaction Advisors	10
VI	Disclaimer	11
VII	Amendments	11
VIII	Effectivity	11
IX	PDMF Contact Persons	11

List of Acronyms

ADB	Asian Development Bank
BOT	Build-Operate-Transfer
BSP	Bangko Sentral ng Pilipinas (Philippine Central Bank)
DBM	Department of Budget and Management
DILG	Department of Interior and Local Government
DOF	Department of Finance
EO	Executive Order (Office of the President)
FBS	Fixed Budget Selection
GAA	Government Appropriations Act
GOCC	Government-Owned and Controlled Corporation
IA	Implementing Agency
IDC	Indefinite Delivery Contract
IDCA	Indefinite Delivery Contract Assistance
IDCF	Indefinite Delivery Contract Facility
IRR	Implementing Rules and Regulations
JV	Joint Venture
LGU	Local Government Unit
NEDA	National Economic and Development Authority
PDMF	Project Development and Monitoring Facility
PPP	Public-Private Partnership
PSC	Project Study Committee
QBS	Quality-Based Selection
RA	Republic Act
RDC	Regional Development Council
SBAC	Special Bids and Awards Committee
TAA	Technical Assistance Agreement
TOR	Terms of Reference
TWG	Technical Working Group

I. Definition

- 1.1. For the purpose of these Guidelines, the following terms shall have the corresponding meanings:
- a. **Feasibility Study** – Refers to the full analysis and evaluation of a project based on the pre-feasibility study with extensive analysis of the technical, financial, economic, social and institutional merits of the project, and more definite estimates of financial returns and economic impact and project implementation.
 - b. **Implementing Agency (IA)** – Refers to any department, bureau, office, commission, authority or agency of the national government, including Government-Owned and/or – Controlled Corporations (GOCCs), Government Financial Institutions (GFIs) and State Universities and Colleges (SUCs), authorized by law or their respective charters to contract for and undertake infrastructure or development projects.
 - c. **Indefinite Delivery Contract (IDC)** – Refers to the contracts with the pre-qualified firms or consortia thereof which have been retained to be in a pool of consultants for a period of three (3) years to provide transaction advisory services for the development of well-structured bankable PPP projects, when selected in accordance with these Guidelines.
 - d. **Indefinite Delivery Contract Assignment (IDCA) or Assignment Contract** – Refers to the consulting assignment wherein pre-qualified firms/consortia would be invited to develop a specific, well-structured bankable PPP project, the selection of which will be made on a competitive basis, using Fixed Budget Selection (FBS) method based on the evaluation of a Bio-data Technical Proposal on the basis of a specific TOR.
 - e. **Local Government Unit (LGU)** – Refers to provincial, city, municipal and/or barangay government entities.
 - f. **Pre-Feasibility Study** - Refers to a preliminary assessment of likely project viability, including basic project analysis with orders of magnitude for financial and economic analysis, and which ensures a solid basis for undertaking a feasibility study.
 - g. **Project Development and Monitoring Facility (PDMF)** – Refers to the revolving fund with initial funding from the Government of the Philippines and the Government of Australia through the Asian Development Bank (ADB) and made available for the preparation of pre-investment studies, project documentations, guidance and assistance in the tendering process of PPP projects of Implementing Agencies/LGUs in accordance with these Guidelines.
 - h. **Project Proponent** – Refers to the private sector entity or individual which shall have contractual responsibility to undertake the PPP Project as indicated in the Project Contract.

- i. **Project Study Committee** – Refers to the committee to be created through the issuance of an Office Order by the PPP Center responsible for preparing the terms of reference (TOR) for IDCA, reviewing the reports and deliverables of the consultants/transaction advisors, and recommending to the PPP Center the payment of the corresponding consulting fees.
- j. **Public – Private Partnership (PPP) Projects** –Refers to projects pursued under any of the PPP schemes allowed under the BOT Law and its IRR.
- k. **Special Bids and Awards Committee** - Refers to a committee created through the issuance of an Office Order by the PPP Center responsible for the selection of the Transaction Advisor/Consultant for IDCA.
- l. **Technical Assistance Agreement (TAA)** – Refers to the agreement entered into by and between the PPP Center and the IA/ LGU for the availment of the PDMF.
- m. **Transaction Advisor** – Refers to the entity chosen through a competitive process from the pool of pre-qualified entities that shall provide transaction advisory services for the development of PPP projects.
- n. **Unsolicited Projects** - Refer to project proposals submitted by the private sector, not in response to a formal solicitation or request issued by the IA/LGU, to undertake Infrastructure or Development Projects which may be entered into by IA/LGU subject to the requirements/conditions prescribed under the Republic Act 7718 and its IRR.

II. The Project Development and Monitoring Facility (PDMF)

A. Objective

- 2.1 The general objective of the PDMF is to provide a facility to fund and facilitate pre-investment activities of potential PPP projects such as undertaking the pre-feasibility and feasibility studies and develop a robust pipeline of viable and well-structured PPP projects for IAs/LGUs.
- 2.2 Specifically, the PDMF may be utilized for, but not limited to, the following:
 - a. Preparation of project pre-feasibility and feasibility studies
 - b. Project structuring
 - c. Preparation of bid documents & draft contracts
 - d. Transaction advisory
 - e. Assistance in the tendering process, including bid evaluation and award of PPP projects through competitive selection

2.3 Governing Principles. In the use of the PDMF, the following principles shall be observed:

- a. The capacity of IAs/LGUs to identify, package/structure PPP projects, and manage the bidding process should be developed/strengthened.
- b. Project management skills and technical capacity of the IAs/LGUs to successfully undertake and monitor PPP projects shall be enhanced.
- c. International best practices, including compliance with established environmental sustainability, social and gender sensitivity safeguards shall be adopted.
- d. The revolving feature of the fund shall be strictly observed to provide a sustainable stream of utilizable funds for the PDMF's objectives.

B. Available PDMF Funds

2.4 The Philippine Government allocated P300 million (equivalent to about US\$7.0 million) to the PDMF as its initial working contribution and the Australian Government contributed US\$6.0 million. The Australian Government's grant co-financing is to be administered by the Asian Development Bank (ADB).

C. Institutional Arrangements

2.5 A PDMF Board shall be responsible for setting the policy and implementation guidelines for the use of the PDMF, and for approving PDMF applications. It shall be composed of the National Economic and Development Authority (NEDA) as Chair, the Department of Finance (DOF), the Department of Budget and Management (DBM), and the PPP Center. The PPP Center will oversee the administration and management of the PDMF.

D. Revolving Feature of the PDMF

2.6 The PDMF is structured as a revolving fund. On successful completion of the bidding process, the project development cost would be recovered from the successful bidder¹ plus an administrative fee of 10%. Said administrative fee shall be used to ensure the sustainability of the revolving fund. The collection and remittance mechanisms will be subject to the existing budgeting, accounting and auditing rules and regulations.

2.7 However there are some cases where the reimbursements will need to be recovered directly from the Government through the normal budgetary process², to wit:

- a. The IA/LGU will repay the project development costs incurred in full, plus the administrative fee, when due to reasons within IA's responsibility, the IA fails to:
 - Bid out the project;
 - Conclude the bidding process and/or;
 - Sign the contract with the winning bidder

¹ The reimbursement of the project development costs will be a condition precedent for contract award to the private sector proponent or concessionaire. Furthermore, said reimbursement will be subject to existing laws, policies, rules, and regulations.

² These repayment procedures will be coursed through the DBM and will be stipulated in the Technical Assistance Agreement (TAA) that will be executed between the PPP Center and the IA prior to initiation of consultants' selection.

- b. The IA/LGU will refund 50% of the cost incurred for project development, plus the administrative fee, when due to reasons beyond IA's responsibility or control, the IA/LGU fails to:
 - Bid out the project after a series of failed re-biddings;
 - Conclude the bidding process and/or;
 - Sign the contract with the winning bidder
- c. The cost of conducting such pre-feasibility or feasibility study will be reimbursed by the IA, thru the budgetary process, to the PDMF when:
 - The pre-feasibility or feasibility study of a Project approved for PDMF funding demonstrates that the project will not be feasible; or
 - The project fails to obtain ICC or NEDA Board approval and will no longer be pursued

E. Use of the PDMF

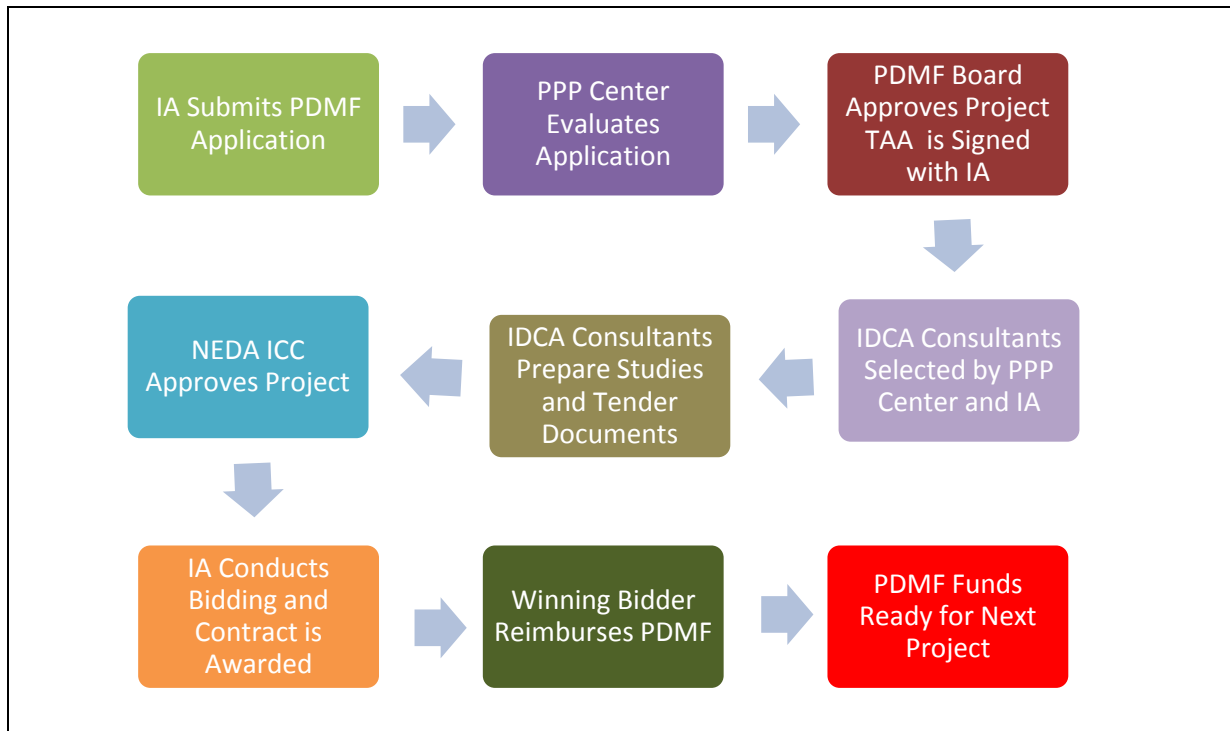
- 2.8 The PDMF shall only be used for the preparation of pre-feasibility studies, feasibility studies, preparation of tender documents and draft project contracts, provision of assistance in the tendering process, including bid evaluation and award of PPP projects. A sample list of projects that can be funded under the PDMF is shown in Appendix 1.
- 2.9 The contract value for each transaction advisory assignment will vary depending on the nature and complexity of the services to be required.

III. PDMF Process

- 3.1. The IA shall identify PPP projects and apply for PDMF financing. It shall, as a minimum, attach to its application, the following:
 - a. Project concept note (Appendix 2).
 - b. Indicative Terms of Reference (TOR), including cost estimates; and
 - c. Letter nominating the IA's representatives to the SBAC, PSC and TWG.
- 3.2. The PPP Center shall undertake the screening/evaluation of the PDMF application based on a set of eligibility criteria.
- 3.3. The PPP Center shall make a recommendation to the PDMF Board.
 - a. If the PDMF Board approves the application, the IA/LGU shall execute a Technical Assistance Agreement with the PPP Center.
 - b. If the PDMF Board disapproves the application, the following shall apply:
 - The IA/LGU may submit a written request for reconsideration to the PPP Center. The request shall include additional information and data that will justify the re-evaluation of the PDMF application.

- The PPP Center shall review the request for reconsideration and submit recommendation to PDMF Board based on additional information and justification submitted by the IA/LGU.
 - The decision of the PDMF Board on the request for reconsideration shall be final and executory and that no further request for reconsideration shall be entertained by the PPP Center.
- 3.4. The PPP Center shall establish (i) a Project Study Committee (PSC) to oversee the work of the Transaction Advisor/Consultant; (ii) a Special Bids and Awards Committee (SBAC) to be responsible for the selection/recruitment of the Transaction Advisor/Consultant; and (iii) a Technical Working Group (TWG) to support the SBAC.
 - 3.5. The PPP Center shall sign the consulting contract with the selected Project Development Consultants/Transaction Advisors with conformity of the IA/LGU.
 - 3.6. The selected Consultants/Transaction Advisors shall conduct the pre-investment studies, prepare draft tender documents, and provide PPP transaction advisory services.
 - 3.7. IA/LGU shall be responsible for obtaining the approvals, permits, authorizations and the like from appropriate authorities (e.g., NEDA Investment Coordination Committee (ICC)) for approval.
 - 3.8. If approved, a public bidding for the PPP project shall be conducted and it shall be in accordance with the BOT Law.
 - 3.9. The winning bidder shall reimburse all the project related cost and availments from the PDMF.

PDMF Process Flowchart



IV. Screening and Evaluation of PDMF Applications

4.1. The screening/evaluation of each PDMF application will be based on a set of criteria related to the project, sector and IA/LGU, which will include, but not be limited to, the following:

- Submission of the PDMF application requirements;
- Unless as otherwise herein provided, the proposed project should be consistent with and/or included in any of the following priority government infrastructure programs:

- Comprehensive and Integrated Infrastructure Program (CIIP);
- Medium-Term Philippine Development Plan (MTPDP) /Medium Term Public Investment Program (MTPIP);
- Regional Development Investment Program (RDIP);
- Provincial Development Investment Program (PDIP);
- Local Development Investment Program (LDIP).

4.2. The proposed project should be pursued under any of the PPP schemes allowed under the BOT Law and its IRR.

4.3. Any contrary provision herein notwithstanding, for unsolicited proposals where a project proponent has already been granted “original proponent” status, the PDMF can be utilized only for transaction advisory services to the IA/LGU. Project preparation for unsolicited proposals is not included.

V. Post-Board Approval Activities and Project Implementation

A. Technical Assistance Agreement (TAA)

- 5.1. Once a PDMF application is approved by the PDMF Board, the PPP Center and the IA/LGU shall enter into a Technical Assistance Agreement (TAA), provided that:
- a. The PDMF funding support to be extended pursuant to the PDMF Guidelines shall be expressly stipulated.
 - b. The obligations of the IA/LGU to ensure successful implementation of the technical assistance shall be specified.

B. Project Study Committee (PSC)

- 5.2. After the TAA is signed, the PPP Center initiates the establishment of a Project Study Committee (PSC). The PSC shall be composed of representatives from the PPP Center, and IA/LGU. The PSC shall, among others:
- a. Review the TORs and bidding documents for the selection of consultants/transaction advisors;
 - b. Evaluate the deliverables of the consultants/transaction advisors; and
 - c. Endorse payments to the consultants/transaction advisors out of the PDMF.

C. Special Bids and Awards Committee (SBAC)

- 5.3. A Special Bids and Awards Committee (SBAC) will be created for the selection of consultants/transaction advisors and other consultants required for the preparation of the PPP project. The SBAC will be composed of representatives from the PPP Center, and the IA/LGU.

D. Technical Working Group (TWG)

- 5.4. A Technical Working Group (TWG) will be created to support the SBAC in the selection of consultants/transaction advisors and other consultants required for the preparation of the PPP project. The SBAC will be composed of representatives from the PPP Center, and the IA.

E. Recruitment of Transaction Advisors

- 5.5. The PDMF will fund the recruitment of consultants/transactions advisors to conduct the pre-investment activities mentioned in Section IV of these Guidelines. The recruitment process will start after the PDMF Board has approved the application of the IA and a Technical Assistance Agreement (TAA) has been executed between the PPP Center and the IA.

- 5.6. The selection of the consultants/transactions advisors that shall be utilized for a particular PPP Project shall follow a two-stage selection process.
- a. Stage 1 is the pre-qualification, selection and retention of a panel of consulting firms under an indefinite delivery contract (IDC) facility for a 3-year period from the date of signing of the contract, (without commitment) using Quality Based Selection (QBS) method. The PPP Center can update said panel of consulting firms periodically.
 - b. Stage 2 is the actual selection of a particular consulting firm from the IDC facility panel of firms to develop a specific, well-structured bankable PPP project under an IDC Assignment (IDCA). The selection shall be made on a competitive basis, using a Fixed Budget Selection (FBS) method.
- 5.7. A consulting contract will be negotiated and signed between the IDCA Consultants (selected from among the panel of IDCF consulting firms) and the PPP Center, with the conformity of the IA/LGU. Normally, the contract will be divided into phases, namely, pre-feasibility project preparation and the transaction execution. There will be a provision in the contract allowing contract termination after pre-feasibility if the PPP project is found not viable. If there is an acceptable feasibility study, the contract may cover only transaction execution up to and including the signing of the PPP contract agreement with the winning bidder.

VI. Disclaimer

- 6.1. The approval to avail of the PDMF Fund as contained in Section 3.4 hereof shall in no case be construed as an implied or express automatic approval for the PPP project itself. Neither shall the completion of the pertinent preparatory studies as contained in Section 3.7 carry with it any implied endorsement to or approval of the ICC.

VII. Amendments

- 7.1. No amendments or modifications to these Guidelines shall be made except with the specific approval by the PDMF Board.

VIII. Effectivity

- 8.1. These Guidelines shall take effect immediately.

IX. PDMF Contact Persons

- 9.1. The list of contact persons for the PDMF is in Appendix 3.

SECTORS/SUBSECTORS ELIGIBLE FOR PDMF FINANCING¹

- Highways, including expressway, roads, bridges, interchanges, tunnels, and related facilities;
- Railways or rail-based projects packaged with commercial development opportunities;
- Non-rail based mass transit facilities, navigable inland waterways and related facilities;
- Port infrastructures like piers, wharves, quays, storage, handling, ferry services and related facilities;
- Airports, air navigation, and related facilities;
- Power generation, transmission, sub-transmission, distribution, and related facilities;
- Telecommunications, backbone network, terrestrial and satellite facilities and related service facilities;
- Information technology (IT) and data base infrastructure, including modernization of IT, geo-spatial resource mapping and cadastral survey for resource accounting and planning;
- Irrigation and related facilities;
- Water supply, sewerage, drainage, and related facilities;
- Education and health infrastructure;
- Land reclamation, dredging and other related development facilities;
- Industrial and tourism estates or townships, including related infrastructure facilities and utilities;
- Government buildings, housing projects;
- Markets, slaughterhouses, and related facilities;
- Warehouses and post-harvest facilities;
- Public fish ports and fishponds, including storage and processing facilities; and
- Environmental and solid waste management related facilities such as but not limited to collection equipment, composting plants, landfill and tidal barriers, among others.

¹ *The list is not exhaustive and may include other sectors/subsectors.*

PDMF PROJECT CONCEPT NOTE

Project Name:	
Proponent:	
Sector:	

A. About the Project

Project Historical Background

This section provides the milestones in project development and processing. Prior studies (and related studies) and their recommendations should be indicated including highlights of decisions and actions taken, if any, on said recommendations.

This section should also indicate difficulties encountered and/or issues raised in the development of the project.

Rationale of the Project

This section establishes the need for the project. This section should discuss how the project attains sectoral objectives and/or addresses gaps, based on sector master plan, if any, and the identified linkages with other projects and/or programs.

This section also provides the justification for the site selected and likely impact/s.

Brief Description

This section presents the output/s of the project including the activities required. If available, this section also presents a brief description of major components.

This section also indicates the location of the project, perceived benefits from the project, and target beneficiaries.

Implementation Schedule

This section presents the target start of implementation and completion.

This section may also indicate important milestones the project has or is committed to accomplish (e.g., Investment Coordination Committee approval by a certain date).

List of previous studies

This section lists previous studies and related studies made on the project.

B. Transaction Advisory Services Requirements

Scope of private sector involvement

This section describes how the private sector may be involved. Role/s of the private sector, in what areas of project implementation, operation and/or maintenance, perceived arrangement including cost recovery mechanisms should be indicated.

Scope of Transaction Advisory Service

This section indicates the purpose of the funding request. This section should contain a brief description of each major output required (e.g., demand-supply study, geotechnical survey, conceptual design, environmental impact study/assessment, risk assessment, financial analysis including financial model, PPP options study and structuring, bid process design and documents preparation, assistance/support in ICC approval, assistance/support in the bid process until financial closure, etc.).

Experts/ Expertise Required

This section enumerates the specialists required with their corresponding field of expertise (and/or required related field) to deliver the major outputs. Special emphasis is given into enumerating sector-specific experts³ including tasks to be performed by each. To the extent possible, minimum requirement for experience, involvement in projects, and number of projects completed, among others, should be included.

Suggested format is:

With international expertise		
1	Expert:	Qualification:
	Tasks 1. 2. 3.	
2	Expert:	Qualification:
	Tasks 1. 2. 3.	

With national expertise		
1	Expert:	Qualification:
	Tasks 1. 2. 3.	

³ Specialists not on the following fields of expertise - PPP, Project Finance, Project Finance Legal, Risk Management, Economics, Environmental, Gender, Social Development and Resettlement.

2	Expert:	Qualification:
	Tasks 1. 2. 3.	

Estimated funding requirements for the transaction advisory service

This section indicates the estimated funding requirement to deliver the major outputs as enumerated above.

C. Implementing Agency

Legal Authority to undertake PPP

This section establishes the legality of the agency entering into a PPP arrangement with the private sector. The section describes the agency’s mandate including relevant laws and policies that support the same.

Resources to be provided by the proponent

This section states resources that the agency may provide to the Transaction Advisors once engaged. This may include, among others, office space, relevant studies, and counterpart staff.

Endorsed by:

 Head of Agency

**PROJECT DEVELOPMENT AND MONITORING FACILITY (PDMF)
LIST OF CONTACT PERSONS**

PUBLIC-PRIVATE PARTNERSHIP (PPP) CENTER

NEDA-sa-Quezon City
EDSA, Diliman
Quezon City
Tel. No. (63-2) 929-4968
Fax No. (63-2) 929-86-30
www.ppp.gov.ph

Ms. Cosette V. Canilao

Executive Director
Public-Private Partnership (PPP) Center
Email: cvcamilao@ppp.gov.ph

Ms. Rina P. Alzate

Director
Project Development and Monitoring Facility Service (PDMFS)
Public-Private Partnership (PPP) Center
Email: rpalzate@ppp.gov.ph