



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
Malacañang, Manila

NATIONAL BUDGET CIRCULAR

No. 538
March 22, 2012

TO : All Heads of Departments, Agencies, Bureaus, Offices, Commissions, State Universities and Colleges, Other Instrumentalities of the National Government and all Others Concerned

SUBJECT: GUIDELINES IN THE SUBMISSION OF AGENCY BUDGETARY PROPOSAL TO BE FUNDED FROM PUBLIC-PRIVATE PARTNERSHIP STRATEGIC SUPPORT FUND (PPPSSF) AND PROJECT DEVELOPMENT AND MONITORING FACILITY (PDMF)

1.0 Rationale

Pursuant to the Philippine Development Plan, 2011-2016, the government will mobilize the private sector to accelerate the financing, construction, rehabilitation and operation of major infrastructure facilities with minimum fiscal burden while protecting the public interest. In relation, the Public-Private Partnership (PPP) Center of the Philippines was mandated to oversee and monitor all PPP projects under Executive Order No. 8 dated September 9, 2010.

2.0 Purposes

- 2.1** To provide guidelines in the preparation of annual agency budget for project components as cited in this Circular which are to be funded from the PPPSSF and the PDMF for Fiscal Year 2013 and succeeding years.
- 2.2** To rationalize and delineate the use of PPPSSF and PDMF
- 2.3** To prescribe the documentary requirements for ongoing and new PPP projects to be funded from PPPSSF and PDMF.

3.0 Definition of Terms

For the purpose of this circular, the following terms shall be construed to mean as follows:

- 3.1 Implementing Agency (IA)-** refers to any department, bureau, office, commission, authority or agency of the national government including GOCCs, GFIs and SUCs, authorized by law or their respective charters to contract for and undertake infrastructure or development projects.

- 3.2 **Medium-Term Expenditure Program (MTEP)** – a planning-budgeting approach that provides medium-term perspective to decision making process during budget preparation characterized by a predictable timetable and process for a disciplined medium term fiscal policy that will guide resource allocation given budget constraint.
- 3.3 **Project Development and Monitoring Facility (PDMF)**- refers to the revolving fund constituted pursuant to Section 2a and Section 6 of Executive Order No. 8 s. 2010, with financing from the Government of the Philippines and the Government of Australia through the Asian Development Bank (ADB) available for PPP-related activities cited herein.
- 3.4 **Pre-Feasibility/Feasibility Study**- refers to a study undertaken to determine and document, among others, a project's technical, financial and economic viability.
- 3.5 **PPP**- a range of possible contractual arrangements between the public and private entities to provide and/or deliver infrastructure and/or development projects or services, with the roles and responsibilities of the parties/partners defined and the allocation of revenues/costs/risks sharing among public and private partners are clearly provided.
- 3.6 **PPPSSF**- a lump-sum appropriation lodged in the budget of IAs to fund the government share for PPP project components
- 3.7 **Project Evaluation Report (PER)** – report prepared by the National Economic and Development Authority that contains technical, economic, financial, social and environmental appraisal of PPP project.
- 3.8 **Project Proponent** – private entity which has contractual responsibility for the implementation of a PPP project, with adequate financial base consisting of equity and firm commitments from reputable financial institutions to provide, upon award, sufficient credit lines to cover the total estimated cost of the project.
- 3.9 **Unsolicited Project Proposals**- submissions by the private entities not in response to a formal solicitation or request made by IA to undertake infrastructure/development projects/services.

4.0 Guidelines

- 4.1 For FY 2013 and succeeding years, funding for project components for PPP projects from PPPSSF and PDMF shall be authorized for the following:

PPPSSF

- 4.1.1 The PPPSSF in FY 2013 and succeeding years shall be disaggregated to specific components of PPP projects, which shall be included in the annual budget of the IAs. The Fund shall only be used for the following:

4.1.1.1 Right-of-way acquisition and related costs (including resettlement), government counterpart to be used for the construction and other related costs for potential and actual PPP projects identified by the IA, provided these do not exceed fifty percent (50%) of the project cost pursuant to *Section 2a of Republic Act (RA) No. 7718 (Philippine BOT Law)*; and

4.1.1.2 Cost of designing, building and otherwise delivering any part of a PPP project which government decides to retain responsibility for. These include public infrastructures such as rural and access roads, utilities, and other support facilities required for a PPP project to be viable.

4.1.2 The PPPSSF **shall not** be used for:

4.1.2.1 Any expenses related to unsolicited project proposals pursuant to Section 4A of RA No. 7718;

4.1.2.2 Credits and loans to the PPP private partners, and guarantees provided by the government to the lenders of any private entity for any PPP project; and

4.1.2.3 Support to the regular programs of the IA.

PDMF

4.2 Consistent with the PDMF guidelines, the Fund shall only be used for the following:

4.2.1 Preparation of project pre-feasibility and feasibility studies;

4.2.2 Project structuring;

4.2.3 Preparation of bid documents and draft contracts;

4.2.4 Transaction advisory;

4.2.5 Assistance in the tendering process, including bid evaluation and award;

4.2.6 Activities required to determine the feasibility and viability of potential PPP projects;

4.2.7 Preparation of various project documents as required for approval by the NEDA-ICC and other approving bodies; and

4.2.8 Hiring of consultants and advisors to assist the IA in the various aspects of the project preparation.

4.3 In the event that an IA fails to bid out the project, conclude the bidding process or sign the contract with the winning bidder, the repayment of the project development costs to the PDMF to be sourced within its annual budget shall be as follows:

- one hundred percent (100%) if the failure is within the IA's fault/responsibility as determined by the PDMF Board ; or
- fifty percent (50%) if it is beyond the IA's fault/responsibility as determined by the PDMF Board.

4.4 To ensure the sustainability of the PDMF, starting FY 2013 and thereafter, the PPP Center may include in its annual budget the funding requirement to augment PDMF in an amount not exceeding the Estimated PDMF Cash Deficiency for FY 2013 and succeeding years, if there is any, to be computed as prescribed in **Form 2**:

4.5 In case there is no estimated PDMF deficiency for FY 2013 and succeeding years, appropriation cover shall no longer be provided.

4.6 The PPP officials/accountable officers shall be responsible for the veracity and validity of aforesaid information that would serve as basis of augmenting the PDMF.

5.0 The day-to-day operational requirements of the IAs including capacity building in the undertaking of PPP projects shall be sourced within the IA budget.

6.0 **Documentary Requirements**

6.1 **For PPPSSF**

The following documentary requirements shall be submitted to the DBM together with the annual IA budget:

6.1.1 **For new projects**

6.1.1.1 NEDA -ICC-TB endorsement and PER indicating cost sharing and financing scheme between national government and private entities; and

6.1.1.2 Project Implementation Plan (**Form 1**).

6.1.2 **On Going Projects**

6.1.2.1 Project Implementation Plan (**Form 1**);

6.1.2.2 Physical and Financial Accomplishment Report; and

6.1.2.3 Updated Work and Financial Plan.

6.2 **For PDMF**

To sustain the PDMF, the following documentary requirements shall be submitted by the PPP Center to the DBM together with its annual budget:

6.2.1 Statement of Cash Flows (Form 2); and

6.2.3 Medium Term Requirements for FY 2012-2016 (Form 3).

7.0 Requests of IAs for the use of PDMF shall be forwarded to the PPP Center, being the manager and administrator of the Fund pursuant to Section 2d of Executive Order No. 8 dated September 9, 2010.

8.0 Cases not covered by these guidelines for PPPSSF and PDMF shall be referred to the DBM and PPP Center, respectively.

9.0 For compliance.

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FLORENCIO B. ABAD
Secretary

PROJECT IMPLEMENTATION PLAN FOR PPPSSF

Project Name: _____

Implementing Unit: _____

Project Cost : _____

Particulars/ Activities (1)	2012				2013 to 2016			
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Preliminary and Detailed Engineering								
Approval of Plans and ABC								
Procurement/Bidding								
Awarding and Contract Implementation (Construction)								

Prepared by:

Planning Officer

Certified Correct:

Director

Approved by:

Agency Head

PROJECT IMPLEMENTATION PLAN FOR PPPSSF

Instructions:

1. Project cost refers to the amount charged against the PPPSSF.
2. In column 1, the list of activities can be modified by the agency as applicable for specific project.
3. This form shall be accomplished by IA using GANTT Chart to determine the projected timeline of the project from estimated start to end date

**STATEMENT OF CASH FLOWS (PDMF)
 GOP Counterpart
 Fund 101**

	Actual	Projection	
	FY 2011	FY 2012	FY 2013
Beginning Balance		XXX	XXX
Cash Inflows:			
Receipt of Notice of Cash Allocation (NCA)	XXX	XXX	XXX
Receipt of PDMF Reimbursement:			
a. From Winning Bidder (indicate bidder and date of reimbursement)	XXX	XXX	XXX
b. From IA			
100% reimbursement (indicate IA and date)	XXX	XXX	XXX
50% reimbursement (indicate IA and date)	XXX	XXX	XXX
(other cash inflows to PDMF consistent with PDMF guidelines)			
TOTAL CASH INFLOWS	XXXX	XXXX	XXXX
Cash Outflows:			
Cash Payment (availment of PDMF, indicate date of release)			
a. DPWH	(XXX)	(XXX)	(XXX)
b. DOTC	(XXX)	(XXX)	(XXX)
c. DepEd	(XXX)	(XXX)	(XXX)
(other IAs provided with PDMF)			
TOTAL CASH OUTFLOWS	(XXXX)	(XXXX)	(XXXX)
CASH BALANCE(DEFICIENCY)	XXXX	XXXX	XXXX

Prepared by:

Financial Analyst V

Certified Correct:

Director

Approved by:

Executive Director

**PPP Center
Medium Term Expenditure Program – PDMF
(in thousand Pesos)**

Particulars (1)	Approved Amount (2)	Projected Disbursement (3)					Remarks (4)
		2012	2013	2014	2015	2016	
Department							
PPP 1							
Activity 1							
Activity 2							
Activity n							
PPP 2							
Activity 1							
Activity 2							
Activity n							
PPP n							
Activity 1							
Activity 2							
Activity n							
Department n							
PPP 1							
Activity 1							
Activity 2							
Activity n							
PPP 2							
Activity 1							
Activity 2							
Activity n							
PPP n							
Activity 1							
Activity 2							
Activity n							
TOTAL							

Prepared by:

Financial Analyst V

Certified Correct:

Director

Approved by:

Executive Director

**PPP Center
Medium Term Expenditure Program – PDMF**

Instructions:

1. This form shall be accomplished to determine the projected medium-term requirements of the PDMF based on on-going and projected PPP projects.
2. Column 1 shall contain information on PPP projects and activities of the concerned department(s) to be charged against the PDMF as listed under item 4.2 of National Budget Circular (NBC) No. _____ issued on February __, 2012.
3. Column 2 shall indicate the amount approved by the PDMF Board.
4. Column 3 shall indicate the projected requirements for projects and activities for 2012 to 2016.
5. Assumptions for projected requirements for 2012-2016 shall be indicated in "Remarks" column.