



REPUBLIC OF THE PHILIPPINES
Department of Health
Department of Finance
Department of Budget and Management
National Economic Development Authority
(Public – Private Partnership Center of the Philippines)

JOINT CIRCULAR NO. 2013 - 1
SEPTEMBER 16, 2013

TO : All Concerned Government Agencies

SUBJECT : Guidelines for the Release and Utilization of the Public - Private Partnership Strategic Support Fund (PPPSSF) of CY 2012 for the Modernization of DOH Hospitals, Pursuant to Special Provision No. 1 of the DOH Appropriations under the FY 2012 General Appropriations Act, R.A. No.10155

1.0 PURPOSES

- 1.1 To prescribe the guidelines relative to the implementation of Special Provision No.1 of the appropriations of the Department of Health (DOH), page 548 of the FY 2012 General Appropriations Act (GAA), Republic Act (R.A.) No. 10155, quoted as follows:

“Public - Private Partnership Strategic Support Fund. The amount of Three Billion Pesos (P3,000,000,000.00) appropriated under B.1.a for the Public-Private Partnership Strategic Support Fund shall be used exclusively for the modernization of the below-enumerated regional hospitals including the conduct of feasibility studies, and engagement of legal, financial, and such other advisers needed to develop said projects under RA No. 6957, as amended by RA No.7718. However, no amount from this Fund shall be used to pay private partner’s financial obligations whose payment government has guaranteed.”

- 1.2 To clarify the roles and responsibilities of all national government agencies involved in the implementation of this Circular.
- 1.3 To prescribe the required reports for the release and utilization of the fund for the modernization of the DOH Hospitals.

2.0 OBJECTIVES

The Public - Private Partnership Strategic Support Fund (PPPSSF) is envisioned to achieve the following objectives:

- 2.1 To improve the level of quality hospital care services thru the upgrading and/or expansion of the DOH Hospitals' infrastructure and hospital equipment
- 2.2 To ensure availability and accessibility of hospital care services through the DOH Hospitals, in support of the Universal Health Care or *Kalusugan Pangkalahatan (KP)*
- 2.3 To promote performance efficiency and fiscal discipline in the operations of the DOH hospitals.

3.0 COVERAGE

This Joint Circular shall cover all DOH Hospitals authorized to avail from the PPSSF for the modernization and upgrading of their respective facilities in support of the major thrust of Universal Health Care or *Kalusugan Pangkalahatan (KP)*.

4.0 DEFINITION OF TERMS

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

- 4.1 **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.

- 4.2 ***Kalusugan Pangkalahatan (KP)*** – a focused approach to health reform implementation, ensuring that all Filipinos especially the poor receive the benefits of health reform; intended to ensure that the poor are given financial risk protection through enrolment in PhilHealth and that they are able to access affordable and quality health care and services in times of need.
- 4.3 **Pre-feasibility/Feasibility/Pre-Investment Study** – refers to a study undertaken to determine and document, among others, a project's technical, financial and economic viabilities.
- 4.4 **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.
- 4.5 **PPPSSF** – a lump - sum which shall be used exclusively for the modernization of the 25 priority hospitals including the conduct of feasibility studies, and engagement of legal, financial, and such other advisers needed to develop the projects to be implemented under RA 6957. No amount from PPPSSF shall be used to pay private partner's financial obligations whose payment government has guaranteed.
- 4.6 **DOH Macro Plan** – is also known as National Objectives for Health (NOH). This is the country's strategic plan for the health sector within a medium – term. It contains what the health sector seeks to achieve (i.e., goals and objectives) and how can these be accomplished (i.e., measurable indicators, targets and strategies).
- 4.7 **Business Case** – refers to the preliminary assessment of a project to justify the need to pursue the project and is argued in terms of cost/benefit analysis, which may include both financial, economic and societal benefit.
- 4.8 **Center for Excellence on Public – Private Partnership in Health (CEP3H)** – refers to the office established under DOH Administrative Order No. 2012 – 0004 primarily concerned with the PPPs related initiatives and activities of the DOH, it is specifically mandated to initiate; facilitate PPPs in Health projects, undertake policy formulation and advocacy, and monitoring and coordination of PPPs in Health.

- 4.9 **Project Cost** – refers to the total cost to be expended to plan, develop and construct the project to completion stage including but not limited to cost of feasibility studies engineering and design, construction, equipment, land and right-of-way, taxes imposed on said cost and development cost.
- 4.10 **Project Evaluation Report (PER)** – report prepared by the National Economic and Development Authority (NEDA) that contains technical, economic, financial and environmental appraisal of a PPP project.
- 4.11 **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.
- 4.12 **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.

5.0 ROLES AND RESPONSIBILITIES

5.1 Department of Health

- 5.1.1 Shall ensure that the DOH hospital concerned strictly implement the provisions of this Joint Circular, subject to sanctions provided for under applicable laws, for the upgrading and modernization of the hospital.
- 5.1.2 Shall monitor the implementation of projects funded under the PPPSSF pursuant to the provisions of this Joint Circular.
- 5.1.3 Shall submit reports on the utilization of the fund to DBM, and quarterly status reports on the implementation of PPP projects to the DOF and the PPP Center.
- 5.1.4 Shall include in the request the breakdown of each projects by category (Infrastructure, Equipment and Funding Strategy).
- 5.1.5 Shall issue Department Administrative Order to provide guidelines to operationalize this Joint Circular.

- 5.1.6 Shall submit monthly physical and financial report of operations to DBM on the utilization and status of funds on the implementation of the PPP project pursuant to NBC 507.
- 5.2 **Department of Finance** – shall monitor the implication/s of PPP projects on the fiscal position of the national government and provide measures to mitigate/minimize potential contingent liabilities.
- 5.3 **Department of Budget and Management**
- 5.3.1 Based on the request submitted by DOH – Central Office, shall release SARO/NCA through DOH – Central Office and shall be in accordance with Special Provision No. 1 of the DOH Budget under RA 10155.
- 5.3.2 Release funds subject to cash programming, budgeting, accounting and auditing and other applicable laws, rules and regulations.
- 5.4 **National Economic and Development Authority – Public-Private Partnerships Center of the Philippines (PPP Center)** – shall monitor the implementation of PPP programs and projects.

6.0 GENERAL GUIDELINES

The PPPSSF shall be utilized only for the following activities:

- 6.1 Right of Way (ROW) 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 RA 7718 (Philippine BOT Law);
- 6.2 Cost of designing, building, and otherwise delivering any part of a PPP project which government decides to retain responsibility for. This include public infrastructures such as rural and access roads, utilities, and other support facilities required for a PPP project to be viable.

6.3 Under exceptional circumstances, subject to the justification by the IA and approval by the DBM, the PPPSSF for FY 2012 may also be used for the following purposes:

6.3.1 Feasibility studies, business case development, pre-investment studies and other activities required to determine the feasibility and viability of potential PPP projects;

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

6.3.3 Hiring of consultants and advisors to assist the Department in various aspects of the project preparation, tendering, and execution process, including for the preparation of feasibility studies, transaction documents and marketing materials.

6.4 PPPSSF shall not be used for:

6.4.1 Any expenses related to unsolicited project proposals;

6.4.2 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

6.4.3 Support to the regular programs of the Department.

6.5 PPPSSF shall include the following:

6.5.1 List of Hospitals to be funded broken down by Infrastructure, Equipment and Feasibility Study;

6.5.2 Conditions for the release per category:

Infrastructure: should include the Work Program of the Project

Equipment: should be classified as Movable and Needs Installation. For Movable Equipment, the list of equipment is required. For Needs Installation, this should be submitted together with the approved Feasibility Study.

6.6 The PPP process is independent on the release of funds.

6.7 PPPSSF shall be released by Tranche/Phase

7.0 DOCUMENTARY AND REPORTING REQUIREMENTS

7.1 The following documentary requirements shall be submitted to the DBM, copy furnished to the DOF and the PPP Center, together with the annual budget:

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

7.1.2 Project Implementation Plan (Form 1)

7.1.3 Physical and Financial Accomplishment Report; and

7.1.4 Updated Work and Financial Plan

7.2 A status report on the utilization of PPPSSF and implementation of the PPP project/s.

8.0 APPLICABILITY CLAUSE

The provisions of this Joint Circular shall be applicable until such time that the Special Provision No. 1 of the FY 2012 appropriations of DOH as stated in Item No. A.III.B/1 above is superseded/deleted.

9.0 GOVERNING CLAUSE

Cases not covered by the provisions of this Joint Circular shall be referred to the DBM, which shall resolve the matter in coordination with the DOH and in consultation with the DOF and the PPP Center.

10.0 EFFECTIVITY

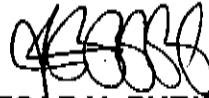
This Joint Circular shall take effect immediately.



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ANNEX A

**FY 2012
LIST OF HOSPITALS FOR FUNDING ASSISTANCE UNDER PPP STRATEGIC
SUPPORT FUND**

HOSPITAL		PPP PROJECT	PARTICULARS	AMOUNT*
1.	Vicente Sotto Medical Center	Modernization Plan: increase capacity to 1200 beds and transfer of hospital site to Eversley Sanitarium; Establishment of a cancer center complete w/ equipment	DOH Equity for part of infrastructure and ROW acquisition; major equipment requirements under PPP arrangements, including project feasibility study preparation	100,000,000
2.	Western Visayas Medical Center	Modernization Plan: increase capacity to 1,000 beds	DOH Equity for part of infrastructure and the hospital & major equipment requirements under PPP arrangements, including project feasibility study preparation	125,000,000
3.	Cagayan Valley Medical Center	Modernization Plan: increase capacity to 800 beds	DOH Equity for infrastructure; Hospital equipment under PPP arrangements	150,000,000
4.	Northern Mindanao Medical Center	Modernization Plan	DOH Equity for part of infrastructure and major hospital equipment under PPP arrangements	100,000,000
5.	Quirino Memorial Medical Center	Modernization Plan : increase in bed capacity to 1000 beds	DOH Equity for part of infrastructure; balance on infrastructure and all major hospital equipment under PPP arrangements	100,000,000

HOSPITAL		PPP PROJECT	PARTICULARS	AMOUNT*
6.	Bicol Medical Center	Modernization Plan including establishment of a Cancer Center with complete radiotherapy equipment	DOH Equity for part of infrastructure and major hospital equipment under PPP arrangements	100,000,000
7.	Bicol Regional Training & Teaching Hospital	Modernization Plan	DOH Equity for part of infrastructure and the hospital & office furniture & fixtures including training equipment requirements; infrastructure and major hospital equipment under PPP arrangements	25,000,000
8.	Eastern Visayas Medical Center	Modernization Plan	DOH Equity for part of infrastructure; infrastructure and major hospital equipment under PPP arrangements	80,000,000
9.	Zamboanga City Medical Center	Modernization Plan: increase of bed capacity to 800 beds including establishment of a Cancer Center with complete radiotherapy equipment	DOH Equity for part of infrastructure ; infrastructure and major hospital equipment under PPP arrangements	80,000,000
10.	Cotabato Regional Hospital	Modernization Plan	DOH Equity for part of infrastructure and major hospital equipment under PPP arrangements	300,000,000
11.	Ilocos Training and Regional Medical Center	Modernization Plan	DOH Equity for part of infrastructure; infrastructure and major hospital equipment under PPP arrangements	80,000,000
12.	Baguio General Hospital	Modernization Plan	DOH Equity for part of infrastructure; infrastructure and major hospital equipment under PPP arrangements	100,000,000

HOSPITAL		PPP PROJECT	PARTICULARS	AMOUNT*
13.	Batangas Regional Hospital	Modernization Plan	DOH Equity for part of infrastructure and; infrastructure and major hospital equipment under PPP arrangements	360,000,000
14.	Corazon Locsin Montelibano Memorial Hospital	Modernization Plan	DOH Equity for part of infrastructure; infrastructure and major hospital equipment under PPP arrangements	25,000,000
15.	Veterans Regional Hospital	Modernization Plan	DOH Equity for part of infrastructure; infrastructure and major hospital equipment under PPP arrangements	50,000,000
16.	Rizal Medical Center	Modernization Plan	DOH Equity for part of infrastructure; infrastructure and major hospital equipment under PPP arrangements	200,000,000
17.	Southern Philippines Medical Center	Modernization Plan includes establishment of a medical arts building	DOH Equity for part of infrastructure; infrastructure and major hospital equipment under PPP arrangements	50,000,000
18.	Amang Rodriguez Medical Center	Modernization Plan	DOH Equity for part of infrastructure; infrastructure and major hospital equipment under PPP arrangements	25,000,000
19.	Samar Provincial Hospital	Modernization Plan	DOH assistance to the Modernization Plan of the LGU hospital	50,000,000
20 - 21	Jose Reyes Medical Center, Jose Fabella Memorial Hospital and San Lazaro Hospital	Development of a medical complex linking the 3 hospitals and sharing a common diagnostic center and national center for geriatric health	DOH Equity for part of infrastructure; infrastructure and major hospital equipment under PPP arrangements	260,000,000

HOSPITAL		PPP PROJECT	PARTICULARS	AMOUNT*
22.	JB Lingad Medical Center (San Fernando City, Pampanga)	Cancer Center with complete radiotherapy equipment	DOH Equity for the renovation work on the proposed site; major equipment under PPP arrangements	100,000,000
23.	Paulino J. Garcia Memorial Research and Medical Center (Cabanatuan City)	Establishment of a Cancer Center with complete radiotherapy equipment	DOH Equity for the renovation work on the proposed site; major equipment under PPP arrangements	50,000,000
24.	Region I Medical Center (Dagupan City)	Upgrading Plan	DOH Equity for part of infrastructure including site development; infrastructure and major hospital equipment under PPP arrangements	50,000,000
25.	CARAGA Regional Hospital	Upgrading/ Plan	DOH Equity for part of infrastructure; infrastructure and major hospital equipment under PPP arrangements	50,000,000
	10 Priority Hospitals	Conduct of FS and Hiring of Transaction advisers		390,000,000
	GRAND TOTAL			3,000,000,000

Note: *The estimated amounts are proposed to be used for Right-of-Way acquisition for hospitals to be relocated, equity support for infrastructure construction and conduct of feasibility studies as may be necessary.