

# INTEREST RATES

Type of Subproject	HUCs/Cities/ Provinces/ Municipalities
A. Public Economic Enterprise/ Revenue Generating Subprojects	3.75%
B. Social and Environmental Subprojects	
C. Solid Waste Management Facilities	

## FINANCING TERMS

- A. **Public Economic Enterprises/Revenue Generating, Social and Environmental Subprojects** – 15 years repayment period inclusive of three years grace period on the principal payment.
- B. **Water Supply Level III Subprojects** - 20 years inclusive of three years grace period on the principal payment.
- C. **Solid Waste Management, Sewerage and Sanitation facilities** – 20 years inclusive of three years grace period on the principal payment.

## APPLICATION REQUIREMENTS

1. Letter of Intent signed by the Local Chief Executive;
2. Local Government Resolution manifesting support for the project, and authorizing the LCE to enter into relevant agreements;
3. Feasibility Study with Certificate of Approval by the Local/National Approving Body;
4. Certificate of Net Borrowing Capacity issued by the Bureau of Local Government Finance (BLGF); and
5. If PPP arrangement already exists, a written contractual agreement between the LGU and the private entity stating the intent to pursue the project, terms of agreement and Financial Statement covered by the existing partnership.

*For more information, please write or call:*

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# PUBLIC-PRIVATE PARTNERSHIP FUND



## OVERVIEW

In recognition of the private sector's role as a vehicle in attaining the Philippines' objectives of inclusive growth and poverty reduction, the Aquino Administration pushed for Public-Private Partnerships (PPP) to accelerate infrastructure development in the country and to sustain economic growth.

Through Republic Act 7718, otherwise known as the Build-Operate and Transfer (BOT) Law, and its Implementing Rules and Regulations (IRR), the Department of Finance - Municipal Development Fund Office (DOF-MDFO) PPP fund financing window was opened to support LGU financing needs in engaging into a PPP scheme. Projects under this window can range from sectors of transportation, power, sanitation, water, education, and tourism.

## OBJECTIVES

1. To support the current Administration's thrust of moving the PPP to the LGU level;
2. To help the LGUs in closing the gap of inefficiencies in providing adequate urban services commonly brought about by inadequate manpower, insufficient financial allocations, cost overruns, huge infrastructure cost, and absence of accountability in revenue collections, among others;
3. To help LGUs increase infrastructure investments, expand access to urban services and achieve more efficient and effective local service delivery; and
4. To help LGUs in attracting private investments in developmental projects.

## ELIGIBLE BORROWERS

All LGUs are eligible to apply in the MDFO-PPP Fund, provided, that project proposal was approved by the local/national approving bodies.

Approving body	Local Project Cost
Regional Development Council	P 50-200 million
City Development Council	Up to P 50 million
Provincial Development Council	P 20-50 million
Municipal Development Council	Up to P 20 million

## ELIGIBLE SUBPROJECTS

1. Programs/ Projects that were not yet built or developed (new facility);
2. Programs/ Projects that were already built but needs augmentation of resources from the private sector thus the need to engage in PPP; and
3. Programs/ Projects that were already in the PPP but needs additional LGU counterpart.

### **Cluster A: Subprojects that are generally considered as Public Economic Enterprises:**

Bus and Jeepney Terminals/Land Transportation, Municipal Wharves and Fish Ports, Dry Port, Sea Port, Airport Strip, Hotels, Golf Clubs, Cold Storage Facilities, Ice Plants, Cemetery/Public Memorial Parks, Crematorium, Columbarium, Water Supply Level III, Local Electrification, Food Processing Facility, and OTOP Programs.

### **Cluster B: Social/Environmental Subprojects:**

Hospitals, Sports Facilities and Auditorium, Ecotourism facilities such as resorts, Historical-Cultural Heritage Sites, Museums, Camping and Caravan Sites, National Parks, eco-parks, guest houses, chalets, and cottages; School and University dormitories, Housing Projects, Annual Tourism Event, Investment Promotion, Mangrove and Watershed Protection, and Construction of Mini-Dams.

### **Cluster C: Solid Waste Management, Sewerage and Sanitation Facilities:**

Recycling Plant, Sanitary Landfills, Solid Waste Treatment, Drainage System, Sewerage and Sanitation Support Facilities, Sewage Systems and Wastewater Treatment Facility, Public Sanitary Toilets, Waste-to-Energy Facilities, and Septage Management.

*Subprojects not on the list may be proposed by the LGU, subject for MDFO-PGB approval*

## ACCESSING THE PPP FUND

- A. PPP Fund for financing project implementation
- B. Project Technical Assistance and Contingency Fund (PTACF) for pre-investment/development stage

## FINANCING THRESHOLD

The maximum loan amount an LGU can borrow is P200 Million and/or at most 60% of the Net Borrowing Capacity (NBC) of the LGU.