Implications of Republic Act No. 11966 - An Act Providing for the Public-Private Partnership Code of the Philippines*

I. Salient Features

Republic Act (RA) No. 11966, otherwise known as the "Public-Private Partnership (PPP) Code of the Philippines", which was signed into law on 05 December 2023, is a timely piece of legislation that will enhance public-private sector collaboration and lay the foundation for ensuring the realization of high-quality infrastructure projects and services in the country.

The key provisions of RA 11966 are as follows:

1. Identification, development, and preparation by implementing agencies[1] (IAs) of their respective lists of PPP projects[2] guided by the following principles:
    a. Effectiveness in meeting government objectives;
    b. Appropriateness of the chosen procurement modality and source of funding;
    c. Value for money;
    d. Accountability and transparency;
    e. Consumer rights;
    f. Affordability; and
    g. Public access, safety, and security.

    The lists of PPP projects or any update thereto shall be submitted by the IAs to the appropriate oversight agencies, including the National Economic and Development Authority (NEDA), the regional development councils (RDCs), the local Sanggunian concerned, and the PPP Center, in accordance with the rules, regulations, and guidelines to be promulgated pursuant to the provisions of the PPP Code. (Section 6)

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[1] Refers to a department, bureau, office, instrumentality, commission, or authority of the NG, SUC, LUC, LGU, and GOCC. [Section 3(q) of RA 11966]

[2] The law provides that all PPP projects shall be consistent and responsive to national, local, and sectoral development and investment plans.

2. On the approval of PPP projects, the same shall be in accordance with the following:

For National PPP projects[3]

a. Project cost is greater than or equal to P15 billion to be approved by the NEDA Board upon favorable recommendation of the NEDA Board-Investment Coordination Committee (ICC). In the case of projects to be implemented by State Universities and Colleges (SUCs) that do not require any government undertaking from the National Government (NG), the same shall be processed through a green lane to be established pursuant to the guidelines to be issued by the NEDA Board-ICC.

b. Project cost of less than P15 billion—to be approved by the Head of the IA. However, if the IA is an attached agency without a governing board, the head of the department or agency to which the IA is attached shall approve the PPP project. In the case of an IA with a governing board, whether or not it is an attached agency, such a governing board shall approve the PPP project. The NEDA-ICC may also approve projects with a project cost of less than P15 billion if:

   i. it physically overlaps with a project approved by a government authority or with a project being developed by another government entity based on national or sectoral development plans;
   ii. it negatively affects the economic benefits, demand, and/or financial viability of a project approved by a government authority or a project being developed by another government entity based on national or sectoral development plans;
   iii. it requires financial government undertakings to be sourced and funded under the General Appropriations Act (GAA);
   iv. it involves availability payments[4] to be sourced and funded under the GAA; or
   v. the contribution of an IA in a proposed joint venture exceeds 50% of its entire assets based on its latest audited financial statements and other pertinent documents and is subject to the subsidy agreement as defined under Section 3(gg) of the Code.

[3] PPP Projects undertaken by national government, state colleges and universities, government -owned and -controlled corporations including government instrumentalities with corporate powers (GICPs), government corporate entities (GCEs), government financial institutions, water districts, and economic zone authorities.

[4] Refer to predetermined payments by the IA to the Private Partner in exchange of delivering an asset or service in accordance with the PPP contract. [Section 3(b) of RA 11966]

c. For PPP projects that do not fall under any of the above, the IA shall notify the NEDA and the PPP Center in writing of such information and submit the project details for monitoring purposes.

d. For national PPP projects that encompass or extend beyond jurisdictional boundaries or where bundling of similar projects can benefit from economies of scale and increase the viability of a proposed PPP project, they may be jointly implemented by all IAs concerned under a single PPP contract. In such cases, all the IAs concerned shall secure the required approvals of all Approving Bodies concerned pursuant to the provisions of the Code.

The NEDA-ICC may, as it deems necessary and in strict adherence with the principles of prudence and reasonableness, review, evaluate, and update the P15 billion threshold.

For Local PPP Projects[5]

Local PPP projects shall be approved by the respective local Sanggunians in the case of local government units (LGUs), or by the boards in the case of local universities and colleges (LUCs). Prior to approval, local PPP projects implemented by LGUs shall be confirmed by the respective local development councils (LDCs).

Proposed Government Undertaking[6] that use NG funds for local PPP projects shall be submitted to the NEDA Board-ICC for approval, upon review and endorsement by the respective RDCs. [Section 7(a)]

3. The PPP projects undertaken through the Code shall be entitled to various incentives under applicable laws and existing government policies. Provided that any exemptions or special tax rates granted to a PPP project during the term of its PPP contract shall be reported in writing to the PPP Center. (Section 17)

II. Implications

Conceptually defined, PPPs are long-term contractual agreements between the government and a private firm targeted towards financing, designing, implementing, and operating infrastructure facilities and services traditionally provided by the public sector, in

[5] PPP projects undertaken by LGUs and LUCs.

[6] Government Undertakings shall include, among others, the following items to be provided by the NG to a local PPP project: (a) Guarantees on Demand; (b) Guarantees on Private Sector Return; (c) Guarantees on Loan Repayment; (d) Viability Gap Funding and other forms of subsidy; and/or (e) monetary payment of Contingent Liability through the PPP Risk Management Fund of the NG. Permits, clearances, licenses, or endorsements from NG agencies required for local PPP projects under laws, rules, and regulations shall not be considered as Government Undertakings by the NG for local PPP projects.

which responsibilities and rewards are shared.[7] Under the PPP Code, public infrastructure or development projects and services may be undertaken through PPP.[8]

PPPs may be categorized according to structure or form, implementing agency, and solicitation mode.

As to structure or form, a PPP project may either be availability- or concession-based. In an availability PPP, the public authority contracts with a private sector entity to provide a public good, service, or product at a constant capacity to the implementing agency for a given fee (i.e., capacity fee) and a separate charge for usage of the public good, product, or service (i.e., usage fee). Meanwhile, in a concession-based PPP, the government grants the private sector the right to build and operate a public good, infrastructure, or service, as well as the right to charge public users a fee or tariff, which public regulators and the concession contract regulate.

As to the implementing agency, PPP projects can be local or national. A local PPP project is undertaken by LGUs and LUCs. In contrast, a national PPP project is undertaken by the NG, SUCs, and government-owned and/or-controlled corporations (GOCCs).

As to the solicitation mode, a PPP project can be solicited or unsolicited. A solicited PPP project is one that an implementing agency identifies as part of its list of PPP projects that is subjected to public bidding.[9] On the other hand, an unsolicited PPP project refers to a project proposal submitted by a private proponent to undertake a PPP project[10] and is made not in response to formal solicitation or request by the government.

Infrastructure improvement in the Philippines is imperative to address various challenges holding back the nation's progress. Therefore, the PPP Code of the Philippines is a timely piece of legislation that emerges as a crucial approach to investing resources in developing infrastructure and providing a collective collaboration between public and private entities. With governments often facing budgetary limitations, PPPs offer a viable mechanism to attract private sector capital, expertise, and efficiency. The collaboration allows for sharing risks, with private entities taking on financial and operational responsibilities. This risk transfer mitigates the burden on public finances and incentivizes private partners to ensure the success and sustainability of projects.

Various PPP contractual arrangements reflect how risks are shared and identify the roles of the government and the private proponent. Build-operate-and-transfer (BOT) projects[11]

[7] Public-Private Partnership Center. (n.d.). What is PPP? Retrieved February 2024, from https://ppp.gov.ph/ppp-program/what-is-ppp/; United Nations Economic and Social Commission for Asia and the Pacific (2015). PPP Concept, Benefits and Limitations. Retrieved 13 February 2024, from https://www.unescap.org/our-work/transport/financing-and-private-sector-participation/public-private-partnership-course/module-1

[8] Section 3(cc) of RA 11966.

[9] Section 3(ff) of RA 11966.

[10] Section 3(ii) of RA 11966.

[11] See Annex A for the list of activities which may be undertaken under any of the recognized and valid BOT contractual arrangements.

and their other variants can be structured as either a concession or availability agreement. The partnership between the government and the private sector for infrastructure and development projects can be made possible through a broad spectrum of modalities,[12] which may be undertaken under RA 7718[13] and its revised implementing rules and regulations.[14]

With the PPP Code in effect, IAs play a pivotal role in the success of PPP initiatives, and the identification, development, and preparation of lists of PPP projects are integral to their effective execution. These activities are the foundation for strategic infrastructure development, aligning projects with broader national and regional goals. By carefully selecting and prioritizing projects, IAs optimize the allocation of limited resources, ensuring that the most impactful initiatives are pursued. Clear identification and preparation of PPP projects also enhance transparency, build stakeholder confidence, and attract private sector participation.

On approving PPP projects, the distinction in the approval process for national PPP projects by the NEDA Board, upon favorable recommendation of the NEDA Board-ICC, and local PPP projects by the Local Sanggunians, as confirmed by LDCs, for LGUs and respective boards for LUCs, reflects the need for a hierarchical decision-making structure that aligns with the scope and impact of the projects. National PPP projects often involve significant financial commitments, have implications for the national economy, and require coordination across various sectors. In the case of National PPP projects, the NEDA Board will ensure a comprehensive and strategic evaluation of these projects, taking into account their implications on national development goals and economic sustainability. On the other hand, local PPP projects have regional and local impacts. The approval by Local Sanggunians for LGUs and boards for LUCs allows for a more detailed understanding of local needs, priorities, and community dynamics. It enhances local autonomy and governance, promotes community involvement, and ensures that PPP projects at the local level are tailored to address the specific challenges and opportunities within their jurisdictions.

Meanwhile, the ability of the NEDA-ICC to review, evaluate, and update the P15 billion threshold is of paramount importance in the context of PPP projects. This threshold represents a significant financial benchmark, and its periodic reassessment is necessary to align with the evolving economic landscape and the changing costs of infrastructure development. Regular reviews enable policymakers to ensure that the threshold remains realistic and relevant, taking into account the increasing costs of construction, technological advancements, and changing financial conditions.

Nonetheless, PPPs are not without their pitfalls. While PPPs may provide the government with an alternative option to fund critical infrastructure projects, they have potential disadvantages, and at times, they may even pose corruption and governance risks. In a collaborative work undertaken by the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank (IDB),

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[12] See Annex B for the list of PPP modalities.

[13] Entitled, “An Act Amending Certain Sections of Republic Act No. 6957”, 15 May 1994.

[14] Public-Private Partnership Center. (n.d.). What is PPP? Retrieved 11 January 2024, from https://ppp.gov.ph/ppp-program/what-is-ppp/

the Islamic Development Bank (IsDB), and the World Bank Group (WBG);[15] and in a briefer prepared by Transparency International,[16] the following disadvantages and risks were identified:

a. Compared with traditional procurement methods, PPPs are significantly more complex, and governments wanting quick results may be discouraged from following the PPP route.
b. PPPs are exposed and vulnerable to partisan politics. After the political change, new government administrations may perceive that (i) they are only paying for an infrastructure project that generated political benefits or credits to their predecessors or (ii) the PPP projects of their predecessors create budgetary constraints for them to develop their own new projects.
c. Public controversy may emerge due to the public belief that PPP implies either a rise in charges or the application of new user charges.
d. PPPs entail a higher cost in terms of surveillance for governments, introducing higher performance monitoring to make sure that the efficiency and quality gains are actually delivered.
e. Countries with less sophisticated accountability and fiscal monitoring regimes face a risk that PPPs will result in excessive budget commitments that threaten long-term fiscal sustainability.
f. After award and contract signing, contract renegotiations may occur. When this happens, being a monopolistic supplier, the private operator has an advantage in negotiating with the government compared to a supplier in a competitive market.
g. Unsolicited PPPs may be a convenient way for governments to turn infrastructure projects into white elephant projects that can be used for rent-seeking, and corruption risks can be exacerbated by low transparency and a lack of competition in the unsolicited proposal process, which can create opportunities for corruption, patronage, and collusion.

The government must also see that in adopting concession-based arrangements, it should not be bargaining away its regulatory powers to private firms, thereby resulting in a situation dubbed as “regulation by contract,” which may be detrimental to the public interest in the long run.[17] In 2019, a review of all government contracts was triggered due to certain onerous provisions of the 1997 water concession agreements, which provided for automatic rate increases, non-interference commitments, and non-compete clauses that required the government to ensure a monopoly during the entire concession period.[18]

[15] ADB, EBRD, IDB, IsDB, and WBG (2016). The APMG Public-Private Partnership (PPP) Certification Guide. Retrieved February 2024 from, https://ppp-certification.com/ppp-certification-guide/54-disadvantages-and-pitfalls-ppp-option.

[16] Bullock (2019). Corruption and unsolicited proposals: Risks, accountability, and best practices. Retrieved February 2024, from https://knowledgehub.transparency.org/assets/uploads/helpdesk/Corruption-and-unsolicited-proposals-2019.pdf

[17] Wallace, P. (2019, October 14). Response to the Philippine Daily Inquirer Opinion Article Entitled “Revive PPP” dated 19 September 2019. Retrieved 28 February 2024, from https://www.dof.gov.ph/ppp/

[18] San Juan, J. (2019, December 4). MWSS’s water concession deals onerous, DOF finds. Retrieved 28 February 2024, from https://businessmirror.com.ph/2019/12/04/mwsss-water-concession-deals-onerous-doj-finds/

As regards the entitlement to incentives of PPP projects, Tier I[19] of the 2022 Strategic Investment Priority Plan[20] (SIPP), issued by the Office of the President through Memorandum Order No. 61[21] on 24 May 2022, PPP projects initiated and/or implemented by LGUs are identified as a priority activity and are therefore eligible for the following incentives:

a. Income tax holiday (ITH);
b. Special corporate income tax (SCIT) or enhanced deductions (ED);
c. Duty exemption on the importation of capital equipment, raw materials, spare parts, or accessories; and
d. Value-added tax (VAT) exemption on importation and VAT zero-rating on local purchases.

The duration of these tax benefits varies depending on whether the project involves domestic market or export activities, in addition to its geographical location and industry classification (see Table 1).

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[19] Tier I includes all activities listed in the 2020 Investment Priority Plan, as amended by Memorandum Circular No. 2021-005 [Amendments to the General Policies and Specific Guidelines to Implement the 2020 IPP on the Lifting of the Locational Restriction of Contact Centers and Non-Voice Business Processing Activities Located in Metro Manila (22 July 2021)].

[20] The SIPP refers to the plan prepared by the Board of Investment (BOI), in coordination with the Fiscal Incentives Review Board, investment promotion agencies, and other government agencies administering tax incentives, scope and coverage of location and industry tiers, recommendations for non-fiscal support and corresponding specific activities wherein investments are to be encouraged, and other information, analyses, data, guidelines, or criteria as the BOI may deem appropriate [Part 1, Rule 1, Section 4 (DD), CREATE Act IRR].

[21] Entitled, "Approving the 2022 Strategic Investment Priority Plan", 24 May 2022.

Table 1

Duration, in Years, of Incentives for Tier I Activities Under the RA 11534[22]

Location Tier	Duration of tax incentives (in years)	
	Domestic market enterprise	Export-oriented enterprise
NCR	4 ITH + 5 ED, and a maximum of 12 customs duty exemptions on the importation of capital equipment, raw materials, spare parts, or accessories from the date of registration	4 ITH + 10 ED/SCIT, and a maximum of 17 customs duty exemptions on the importation of capital equipment, raw materials, spare parts, or accessories and VAT zero-rating on local purchases and VAT exemption on importation from the date of registration
Metropolitan areas or areas contiguous and adjacent to the NCR	5 ITH + 5 ED, and a maximum of 12 customs duty exemptions on the importation of capital equipment, raw materials, spare parts, or accessories from the date of registration	5 ITH + 10 ED/SCIT, and a maximum of 17 customs duty exemptions on the importation of capital equipment, raw materials, spare parts, or accessories and VAT zero-rating on local purchases and VAT exemption on importation from the date of registration
All other areas	6 ITH + 5 ED, and a maximum of 12 customs duty exemptions on the importation of capital equipment, raw materials, spare parts, or accessories from the date of registration	6 ITH + 10 ED/SCIT, and a maximum of 17 customs duty exemptions on the importation of capital equipment, raw materials, spare parts, or accessories and VAT zero-rating on local purchases and VAT exemption on importation from the date of registration

The above-mentioned tax incentives are not granted automatically. PPP projects initiated and/or implemented by LGUs must register with an investment promotion agency (IPA)[23] and apply for tax incentives with the Fiscal Incentives Review Board (FIRB)[24] if their

[22] Rule 3, Section 6 of Implementing Rules and Regulation of Title XIII of RA 11534.

[23] This includes the following: (1) Authority of Freeport Area of Bataan, (2) Aurora Economic Zone and Freeport Authority, (3) Board of Investments, (4) Bases Conversion and Development Authority, (5) Clark Development Corporation, (6) Cagayan Economic Zone Authority, (7) John Hay Management Corporation, (8) Philippine Economic Zone Authority, (9) PHIVIDEC Industrial Authority, (10) Poro Point Management Corporation, (11) Regional Board of Investments-BARMM, (12) Subic Bay Metropolitan Authority, (13) Tourism Infrastructure and Enterprise Zone Authority, (14) Zamboanga City Special Economic Zone Authority.

[24] The FIRB is an inter-agency committee created under Presidential Decree 776 (issued on 24 August 1975), tasked to determine what subsidies and tax exemptions should be modified, withdrawn, revoked or suspended.

investment capital exceeds P1 billion[25] or with the IPA if the investment capital is P1 billion[26] or below. Such application shall be thoroughly examined in accordance with the conditions and specifications set forth in RA 11534[27], otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act", its implementing rules and regulations, and other pertinent issuances.

Further, under Section 16(b) of the 2024 GAA, tax obligations assumed by the National Government pursuant to a valid PPP agreement are considered both revenue and expenditure of the government and are deemed automatically appropriated. Thus, IAs can apply for a Tax Expenditure Subsidy (TES) before the Department of Budget and Management (DBM), which is also a form of fiscal privilege under which the government assumes taxes and duties due from a government entity through budgetary appropriation, pursuant to the GAA enacted on an annual basis by the Congress. As may be provided under the GAA, national government agencies, GOCCs, government commissaries, SUCs, and other government instrumentalities are generally eligible for tax subsidy.

The TES, however, is not automatically granted. In cases where tax obligations are assumed by the National Government pursuant to a valid PPP agreement, government entities must formally request TES entitlement from the DBM. This application will undergo a thorough evaluation to avoid unwarranted leakages, abuses, and/or fiscal inefficiency.

The provision stipulating that any exemptions or special tax rates granted to a PPP project during the term of a PPP contract shall be reported in writing to the PPP Center promotes transparency. This allows the PPP Center, which serves as the central coordinating and monitoring agency for all PPP projects in the Philippines, to be informed on any other privileges or incentives accorded to PPP projects outside of those provided by existing laws.

While granting fiscal incentives for PPP projects may encourage more private firms and investors to collaborate with the government or to otherwise 'sweeten' their pre-cleared deal with the government, there are some concerns as to the propriety of the grant of incentives, especially to unsolicited proposals. Governments offer fiscal incentives primarily to influence an investment decision either by (i) directly affecting the profit streams accruing to that potential investment or (ii) reducing the risks attached to it.[28] Prior to the submission of their proposal to the government, unsolicited PPP projects have undergone feasibility and profitability analysis. As such, the proponent has predetermined, or at the very least, already

The FIRB currently processes and approves the grant of tax subsidy to GOCCs, government commissaries, SUCs, and other GIs.

[25] FIRB Resolution No. 003-2024 (dated 2 February 2024) increased the investment capital threshold from above P1 billion to above P15 billion.

[26] Ibid.

[27] Entitled, "An Act Reforming the Corporate Income Tax and Incentives System, Amending for the Purpose Sections 20, 22, 25, 27, 28, 29, 34, 40, 57, 109, 116, 204 and 290 of the National Internal Revenue Code of 1997, as Amended, and Creating Therein New Title XIII, and for Other Purposes", 26 March 2021.

[28] Chalk (2001). *Tax Incentives in the Philippines: A Regional Perspective.* Retrieved February 2024, from https://www.imf.org/external/pubs/ft/wp/2001/wp01181.pdf

has a hint that the project will be viable regardless of tax incentives. Meanwhile, for road or expressway PPP projects, the Toll Regulatory Board approves the toll rates charged by contractors and already ensures that there is a reasonable return on investment, as well as operating and maintenance costs, based on their accepted bid proposal. Therefore, with fiscal prudence principles in mind, the grant of tax incentives may not always be necessary for a PPP project's success; and the potential foregone government revenues resulting from the grant of incentives could be better used for other activities that will expand the country's economic pie.

Annex A

Non-exhaustive list of activities that be undertaken under any of the recognized and valid BOT contractual arrangements (PPP modalities)[29]

1. Highway, including expressways, roads, bridges, interchanges, tunnels, and related facilities;
2. Railways or rail-based projects that may or may not be packaged with commercial development authorities;
3. Non-rail-based mass transit facilities, navigable inland waterways, and related facilities;
4. Port infrastructures like piers, wharves, quays, storage, handling, ferry services and related facilities;
5. Airports, air navigation, and related activities;
6. Power generation, transmission, sub-transmission, distribution, and related facilities;
7. Telecommunications, backbone network, terrestrial and satellite facilities, and related service facilities;
8. Information technology (IT) and database infrastructure, including modernization of IT, geo-spatial resource mapping, and cadastral survey for resource accounting and planning;
9. Irrigation and related facilities;
10. Water supply, sewerage, drainage, and related facilities;
11. Education and health infrastructure;
12. Land reclamation, dredging, and other related development facilities;
13. Industrial and tourism estates or townships, including ecotourism projects such as terrestrial and coastal/marine nature parks, among other and related infrastructure facilities and utilities;
14. Government buildings, housing projects;
15. Markets, slaughterhouses, and related facilities;
16. Warehouses and post-harvest facilities;
17. Public fish ports and fish ponds, including storage and processing facilities;
18. Environmental and solid waste management-related facilities such as, but not limited to, collection equipment, composting plants, landfills, and tidal barriers, among others; and
19. Climate change mitigation and adaptation infrastructure projects and related facilities.

[29] Public-Private Partnership Center. (n.d.). *What is PPP?*. Retrieved 11 January 2024, from https://ppp.gov.ph/ppp-program/what-is-ppp/

Annex B

PPP contractual arrangement	Role of the private proponent	Role of the government	Notes/Remarks
Build-Operate-and-Transfer (BOT)	Finances and constructs; operates and maintains facility for a fixed term; collects fees and charges to recover investments plus profit; transfers facility at the end of cooperation period (maximum of 50 years)	Provides franchise (if required) and regulates activities of BOT contractor; acquires ownership of facilities at the end of cooperation period	Includes a supply-and-operate scheme, a contractual arrangement whereby the supplier of equipment and machinery for a given infrastructure facility, if the interest of the Government so requires, operates the facility.
Build-and-Transfer	Finances and constructs; turns over ownership of the facility to the government after project completion	Acquires ownership of the facility after construction; compensates proponent at the agreed amortization schedule	May be employed in any project, including critical facilities which, for security or strategic reasons, must be operated by the Government.
Build-Own-and-Operate (BOO)	Finances, constructs, and owns facility; operates and maintains a facility in perpetuity (facility operator may be assigned); collects fees and charges to recover investments and profits	Provides authorization and assistance in securing approval of BOO contract; possesses the option to buy the output/service provided by the BOO operator	All BOO projects, upon recommendation of the NEDA-ICC, shall be approved by the President of the Philippines.
Build-Lease-and-Transfer	Finances and constructs; turns over the project after completion; transfers ownership of the facility after cooperation/lease period	Compensates proponent by way of lease of facility at agreed term and schedule; owns facility after cooperation/lease period	Akin to Lease-to-Own
Build-Transfer-and-Operate	Finances and constructs on a turn-key basis; transfers title of facility after commissioning; operates the facility under an agreement	Owns facility after commissioning	Minimizes construction risk delays

PPP contractual arrangement	Role of the private proponent	Role of the government	Notes/Remarks
Contract-Add-and-Operate	Adds to an existing facility; operates expanded project for an agreed franchise period	Collects rental payment under agreed terms and schedule; regains control at the end of lease term	There may or may not be a transfer arrangement with regard to the added facility provided by the Project Proponent.
Develop-Operate-and-Transfer	Builds and operates a new infrastructure; transfers property/ facility at the end of the cooperation period	Regains possession of property turned over to investor after cooperation period	Project proponent enjoys some benefits the initial investment creates, such as higher property or rent values; akin to BOT with the option to develop the adjoining property
Rehabilitate-Operate-and-Transfer (ROT)	Refurbishes, operates, and maintains facility; the facility is turned over after the franchise period	Provides franchise to ROT company; regains legal title of property/ facility after franchise period	Also used to describe the purchase of a facility from abroad, importing, refurbishing, erecting, and consuming it within the host country.
Rehabilitate-Own-and-Operate (ROO)	Refurbishes and owns facility; operates facility in perpetuity as long as there is no franchise violation	Turns over facility and provides franchise to operate; may opt to share in the income of ROO company	Period to operate is dependent on franchise agreement.

Note. Sourced from PPP Manual for LGUs: Understanding PPP Concepts and Framework. Retrieved 11 January 2024, from https://ppp.gov.ph/wp-content/uploads/2012/07/PPP-Manual-for-LGUs-Volume-1.pdf