

**Tourism Infrastructure and  
Enterprise Zone Authority**

**Development and Management of the  
Balicasag Island Dive Resort Project**

Project Information Memorandum

November 11, 2019

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## 1. Context

### *The Balicasag Island*

The tourism sector in the Philippines is ever growing with its 9% growth rate from 2017 to 2018, totaling 7 million foreign visitor arrivals in 2018<sup>1</sup>. The Central Visayas (Region VII), known for its historical sites and islands, has the highest demand for travelers. The region welcomed more than 8 million foreign and local visitors in 2018<sup>2</sup>, with Province of Bohol contributing approximately 1.5 million visitors.

Panglao Island, one of the municipalities in the Province of Bohol, is famous for its diving locations and white sand beaches. Dive sites are abound around the Panglao Island, including Napaling, Doljo Point, Garden Eels, Arco Point, and Balicasag Island.

Specifically, the Balicasag Island is hailed as one of the best dive sites in the country. It can be reached in 20 minutes via speedboat from Panglao Island. It is approximately 25 hectares and is considered as a marine reserve and tourist zone. Throughout the years, the island has become a tourist attraction for its distinct diving area, clear blue waters, and warm hospitality of the locals. The mushroom-shaped coral island has five (5) diving sites to offer, namely, (i) Black Forest, (ii) Cathedral or Royal Garden, (iii) Divers Heaven, (iv) Rico's Wall, and (v) Rudy's Rock. The depth of the diving sites ranges from 3 to 45 meters, which allows snorkeling to some of its areas. It caters to various types of corals, fishes, turtles, among other sea creatures.



*Picture 1. Balicasag Island (Source: TIEZA)*

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<sup>1</sup> Department of Tourism (DOT) Visitor Arrivals to the Philippines by Country of Residence (2018)

<sup>2</sup> DOT Regional Distribution of Overnight Travelers in Accommodation Establishments (2018)



*Picture 2. Balicasag Island Dive Resort (Source: TIEZA)*

### ***Tourism Infrastructure and Enterprise Zone Authority***

TIEZA is a government corporation created by virtue of Republic Act No. 9593 or the Tourism Act of 2009 on May 12, 2009, replacing the Philippine Tourism Authority (PTA). TIEZA is mandated to continue the functions previously exercised by PTA under Presidential Declaration 564, unless otherwise inconsistent with the provisions of RA 9593.

TIEZA acts as the Department of Tourism's implementing arm in providing support infrastructures and facilitating investments in tourism enterprise zones (TEZ) nationwide. This is carried out through its main functions — infrastructure development; designation, regulation and supervision of TEZs; management of its existing assets or facilitation of their privatization; and administration of the collection of the Philippine Travel Tax.

As the country's builder of tourism infrastructures, TIEZA brings development to areas with high cultural, historical, religious, heritage and/or eco-tourism values, helping shape a deep sense of awareness and pride for the Filipino's traditions, natural bounties and uniqueness as a race.

The mandate of TIEZA include:

1. Designate, regulate, and supervise the Tourism Enterprise Zones (TEZ's) established under the Act;
2. Develop, manage, and supervise tourism infrastructure projects in the country;
3. Supervise and regulate the cultural, economic and environmentally sustainable development of TEZs towards the primary objective of encouraging investments therein;
4. Ensure strict compliance by the TEZ Operator with the approved development plan. Pursuant thereto, the TIEZA shall have the power to impose penalties for failure or refusal of the tourism enterprise to comply with the approved

- development plan, which shall also be considered a violation of the terms of registration; and
5. Continue to exercise functions previously exercised by the PTA under Presidential Decree no. 564, not otherwise inconsistent with the other provisions of the Act.

### ***Joint Venture***

In recognition of the integral role of the private sector in nation building, TIEZA implemented the Public-Private Cooperation Program which include the issuance of the TIEZA Joint Venture Guidelines for selected TIEZA properties and TEZs.

On August 29, 2019, the TIEZA Board of Directors approved the Joint Venture Guidelines pursuant to the provisions of Republic Act No. 9593 or the Tourism Act of 2009, as affirmed by the Office of the Government Corporate Counsel. Through this program, TIEZA can secure more private sector support in financing, managing, and operating tourism facilities.

## **2. Project Overview**

The development and management of the Balicasag Island Dive Resort (the “Project”) is to be undertaken through Public-Private Partnership (PPP) in accordance with the TIEZA Joint Venture Guidelines<sup>5</sup>.

The Balicasag Island Dive Resort is a diving destination and accommodation facility operated by TIEZA since 1989. It is currently composed of the following operational infrastructure facilities (the “Project Facilities”):

- Cottage and dormitory type accommodation (10 duplex cottages, 2 family rooms and 4 dormitory rooms);
- Restaurant for 40 guests;
- Dive Shop;
- Function Hall for 100 guests;
- Picnic huts;
- Administrative Office; and
- Staff house.

Through this Project, TIEZA aims to further develop Balicasag Island Dive Resort in a sustainable manner. The benefits expected from the Project include:

- Improvement of the dive resort and support facilities that will ensure compliance with environmental and ecological safeguards;
- Promotion of the diving spot to new markets;
- Increased number of local and foreign tourists within the prescribed carrying limits, as well as increased tourist spending; and
- Additional employment opportunities

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<sup>5</sup> The TIEZA JV Guidelines can be accessed at <https://tieza.gov.ph/assets-management/investment/list-of-tieza-properties/>

Subject to change, the key elements of the PPP transaction are summarized in Table 1 below.

Table 1. Project Overview

<b>Indicative Feature</b>	<b>Terms</b>
Project Scope	<p>The scope of the Project includes the development and management of BIDR in order to upgrade the facilities of the asset, improve efficiency in operations, and create significant contribution to a thriving and sustainable tourism in the area. Specifically, the Project may include the following:</p> <ul style="list-style-type: none"> <li>• Rehabilitation and expansion of the accommodation capacity of the Project Facilities;</li> <li>• Operation and maintenance of the Project Facilities;</li> <li>• Provision of additional water sports activities and/or island tours; and</li> <li>• Other resort infrastructures and management strategies</li> </ul>
Concession Period	25 years
Project Structure	Contractual Joint Venture (JV)
Revenue Source	<p>To be determined by the Winning Bidder based on the proposed development which may include:</p> <ul style="list-style-type: none"> <li>▪ Island accommodation</li> <li>▪ Transportation operation</li> <li>▪ Food and Beverage operations</li> <li>▪ Water sports operation</li> <li>▪ Other related amenities</li> </ul>
Bid Parameter	To be disclosed in the Terms of Reference
Minimum Initial Annual Fixed Fee for TIEZA	To be disclosed in the Terms of Reference
TIEZA's Share On Gross Revenue from Operations	To be disclosed in the Terms of Reference

Capital Investment	Proponent shall adhere to the following parameter on project implementation:  A capital investment of P 110,000,000 shall be invested on the expansion and upgrading of facilities, with TIEZA's approval						
Performance Bond	Proponent shall post a Performance Bond upon signing of the Agreement/Contract representing the Minimum Capital Investment; refundable upon project completion.  <table border="1"> <thead> <tr> <th colspan="2">Amount of Performance Security if in the form of</th> </tr> <tr> <th>Manager's Check/Cash</th> <th>Performance Bond/SLC</th> </tr> </thead> <tbody> <tr> <td>10% based on the Nominal Committed Capital proposed to be infused during the 1<sup>st</sup> 25 years proposed by the Winning Bidder</td> <td>30% based on the Nominal Committed Capital proposed to be infused during the 1<sup>st</sup> 25 years proposed by the Winning Bidder</td> </tr> </tbody> </table>	Amount of Performance Security if in the form of		Manager's Check/Cash	Performance Bond/SLC	10% based on the Nominal Committed Capital proposed to be infused during the 1 <sup>st</sup> 25 years proposed by the Winning Bidder	30% based on the Nominal Committed Capital proposed to be infused during the 1 <sup>st</sup> 25 years proposed by the Winning Bidder
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### 3. Competitive Selection Timetable

The key dates for the competitive selection process are outlines in Table 2 below.

Table 2. Competitive Selection Timetable

Milestone	Indicative Date
Submission and Acceptance of Initial Required Documents	November 13, 2019 12:00 NN – December 26, 2019 12:00 NN
Deadline of Submission of Eligibility Documents	January 10, 2020 12:00 NN
Evaluation of Eligible Proponents	January 10, 2020 2:00 PM
Notice of Results to Eligible and Non-eligible Proponents	January 13, 2020
Issuance of TOR to Eligible Proponents	January 20, 2020
Pre-selection Conference	February 4, 2020 2:00 PM
Deadline for Submission of Technical and Financial Proposals	March 9, 2020 12:00 NN
Opening of Technical Proposal	March 9, 2020 2:00 PM
Presentation to JVSC of Technical Proposals by Eligible Proponents	March 12, 2020

Release of Results of the Evaluation of Technical Proposals	March 16, 2020
Opening and Evaluation of Financial Proposals	March 17, 2020 2:00 PM
Approval of Winning Proponent	May 2020

#### 4. Points of Contact

The Secretariat for the Technical Working Group (TWG) and the Public-Private Partnership Center may be contacted through the following information:

<p><b>Ms. Reyna A. Palacay</b> <i>Project Officer</i> <b>Balicasag Island Dive Resort</b> Address: 7th Floor, Tower 1, Double Dragon Plaza, Double Dragon Meridian Park Macapagal Avenue corner EDSA Extension, 1302, Bay Area, Pasay City Tel: 8249-5900 to 79 local 733/735 E-mail: <a href="mailto:jvsc.secretariat@tieza.gov.ph">jvsc.secretariat@tieza.gov.ph</a> Website: <a href="http://www.tieza.gov.hk">www.tieza.gov.hk</a></p>
<p><b>Ms. Justine E. Padiernos</b> <i>Officer-in-charge- Director III</i> <b>PROJECT DEVELOPMENT SERVICE</b> Public-Private Partnership Center Address: 8th Floor, One Cyberpod Centris, EDSA cor. Quezon Avenue, Brgy. Pinyahan, Quezon City Tel: (+632) 8709-4146 loc 6301 or 6102 E-mail: <a href="mailto:jepadiernos@ppp.gov.ph">jepadiernos@ppp.gov.ph</a> or <a href="mailto:jzsafe@ppp.gov.ph">jzsafe@ppp.gov.ph</a> Website: <a href="http://www.ppp.gov.ph">www.ppp.gov.ph</a></p>