

## **“Addressing the COVID-19 Economic Impact through Public-Private Partnership”**

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### **PPP**

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It's too bad that at the start, this administration saw the private sector as greedy private parties so that it wanted to go it alone, particularly in building infrastructure projects – its signal BBB program, via the Official Development Assistance and the General Appropriations Act or budget.

The administration's term hasn't ended but we already know the ending of the story. None of the BBB's bold and ambitious goals will be attained. The BBB program rested on the faulty assumption that the government had the money and the competence, but although it may have had the money, it didn't have the competence and wherewithal.

Now, with the pandemic consuming most of the government's resources, the government doesn't even have the money. It may have no choice but to see the private sector as valuable partners, rather than enemies to be demonized, in healing the damage to public health and to the economy that the pandemic has caused.

The problem is that the game has changed. For obvious reasons, airport projects are no longer attractive to the private sector. Limited mobility also means that toll roads may not result in a positive rate of return. Revenues from concessionaires like restaurants and retail shops which could help offset the low margins from tolls or fees won't be around. The economics of private sector participation for infrastructure may no longer be there.

This doesn't mean that PPP shouldn't be pursued. On the contrary, PPPs are more needed than ever, particularly in light of corruption and inefficiency associated with most government projects. Designed in the right way, solicited PPP projects can be a win-win for the Filipino people.

In the light of the pandemic crisis, the PPP mode should be used in two areas: public health and public transportation for the new normal.

In the case of public health, let's implement the Universal Health Care Law along PPP lines. One idea is to privatize most government hospitals, including the specialty hospitals like Philippine Heart Center and National Orthopedic. Not only would privatization raise money for the government, but it would improve efficiency and reduce corruption in the delivery of hospital care.

Another idea which I wrote about in my column for economic recovery is to bid out public health in the various regions to PPP providers and pay these PPP providers on the basis of agreed health outcomes, such as morbidity, hospital stays, infant mortality, patient experience, increased life expectancy, etc. This outcome based reward framework will promote disease prevention and produce innovations, such as telemedicine, rather than the present Philhealth system which rewards more procedures and unnecessary interventions. It pays for outcomes rather than the process, which means more dialysis, more operations, and more medicines, all of which are prone to overpricing and corruption.

However, all of these won't happen unless Philhealth itself is reformed. It should be reformed with a governance structure similar to the Social Security System, with participation in the board by patient and private sector representatives.

The PPP mode should also be explored in revamping our present chaotic public transportation system under the "new normal." First, let's accept the fact that government is a poor operator of public transport – MRT and PNR – and therefore these should be privatized. Second, I believe my FEF colleague Eddie Yap is proposing reforming the present chaotic and inefficient bus system for the new normal under a Bus Rapid Transit system. If so, all I can advise him is never let the government be the operator. Let it be a PPP. Perhaps two private concessionaires as in the water system may be allowed to

operate it. This can lead to salary based drivers and innovations such as use of apps to gauge demand and dispatch.

To sum up, the Covid crisis is an opportunity for the government to pivot back toward solicited PPP, which has proven in the past to be a win-win for Filipino taxpayers and consumers. Thank you.