

# “ADDRESSING THE COVID-19 ECONOMIC IMPACT THROUGH PUBLIC-PRIVATE PARTNERSHIP”

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“The **infrastructure program remains to be the best driver of economic growth** because it has the best multiplier effects in terms of employment and shared prosperity.”

Sec. Carlos “Sonny” Dominguez III

Department of Finance

*Remarks delivered on 12 May 2020*

**“As we enter the 'new normal', we need to sustain government-business coordination to win the war against COVID-19. The challenge, therefore, is to strengthen the policy framework and conduciveness of the environment to expand and deepen dynamic public-private sector collaboration. By working together and enabling the private sector to flex its potential, we can heal faster.”**

**We heal faster through collaboration**

Philippine Daily Inquirer, 15 May 2020

**“Economic infrastructure is considered to be linked to economic growth.**

The ‘big push’ needs to consider three things: **(1)** the absorptive capacity, which explains the inability of additional public investment to create sustained output growth; **(2)** the need for effective coordination and consultation among line agencies, which poses serious limitations to the existing public investment framework; and **(3)** the assessment of the performance of the infrastructure program.

In a nutshell, one of the lessons that can be learned from the experience of countries embarking on a ‘big push’ infrastructure programs is that **private participation in infrastructure can increase efficiency and bring expertise, but possible risks that can occur must be understood in order to determine the appropriate regulatory framework.”**

**Dr. Epictetus Patalinghug**

Stratbase ADR Institute’s Special Study:

“The Build, Build, Build Program:  
Will it Live Up to the Expectations?”

# TIMELINE OF INFRASTRUCTURE PROJECTS

**October:** President Duterte and Prime Minister Shinzo Abe agreed to harness Official Development Assistance (ODA) to support inclusive growth and sustainable development in the Philippines.

**October:** President Duterte signed Executive Order (EO) 5 "Approving and Adopting the Twenty-Five Year Long Term Vision Entitled AmBisyon Natin 2040 As Guide for Development Planning."

**December:** Presidential Spokesperson Ernesto Abella highlighted the achievements of the Duterte administration for 2016 including the approval of 17 infrastructure projects.

**May:** President Duterte and President Xi Jinping finalized an agreement granting the Philippines P3.6 billion and P360 million for the construction of two bridges over Pasig River and drug rehabilitation centers in Mindanao, respectively.

**April:** The Duterte administration officially launched the 'Build, Build, Build' Program (BBB). To fund the program, President Duterte sidelined the PPP modality in favor of larger reliance on government revenues as well as ODAs.

**June:** NEDA officially released the list of 75 flagship infrastructure projects under the BBB program. Out of the 75 projects, only 2 were listed under PPP funding.

**December:** The Tax Reform for Acceleration and Inclusion (TRAIN) Act, the initial package of the Comprehensive Tax Reform Program (CTRP) was signed into law by President Rodrigo Duterte. 70% of the incremental revenues of TRAIN will go to infrastructure and the Build, Build, Build program

2016

2017

**June:** President-elect Rodrigo Duterte's economic team presented the administration's 10-point socio-economic agenda which prioritizes the acceleration of the country's infrastructure development.

**July:** In his first State of the Nation Address (SONA), President Duterte announced his commitment to accelerate the country's infrastructure spending by improving national roads and bridges and implementing the Mindanao Logistics Infrastructure Network and other road network master plans.

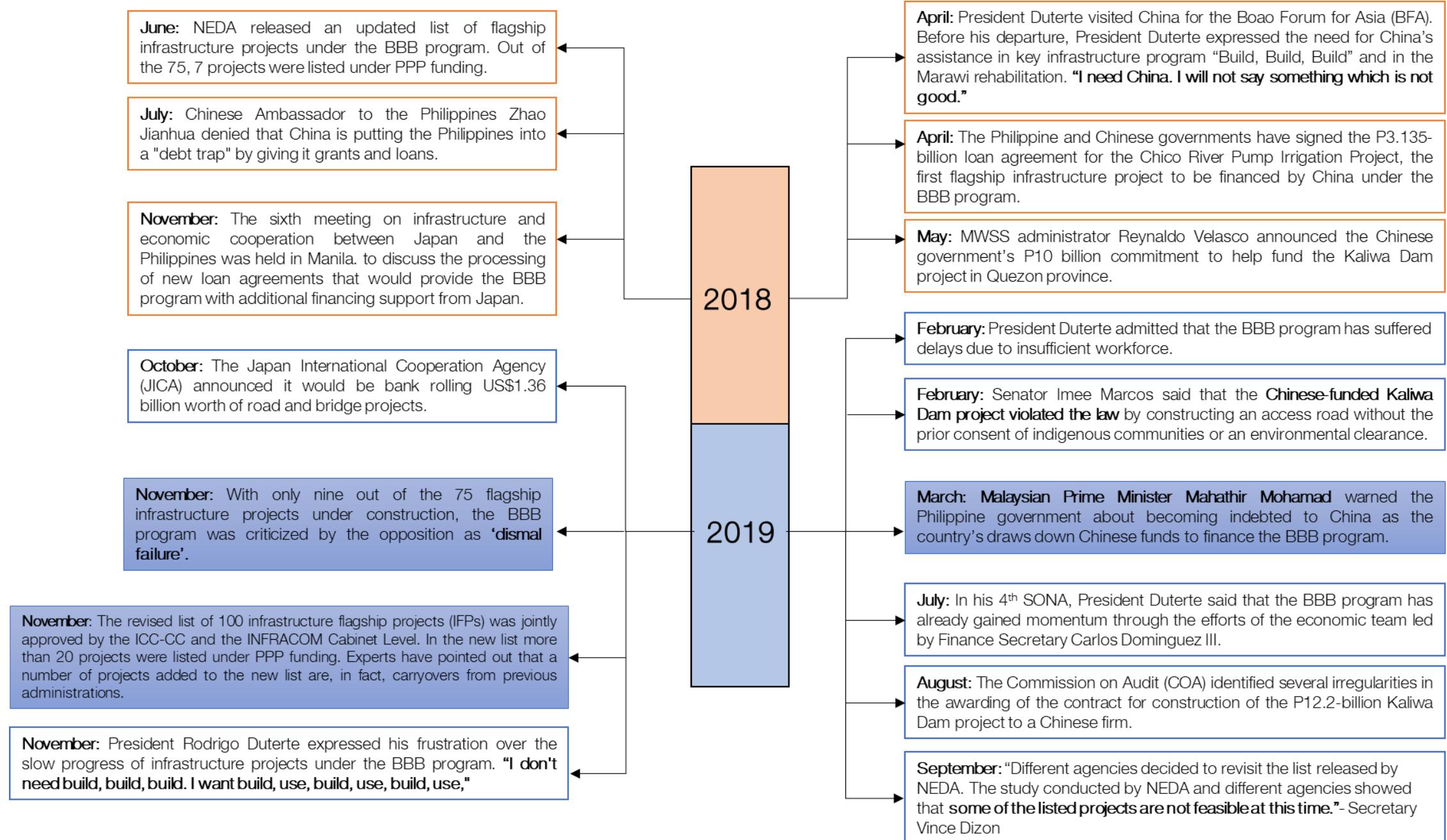
**September:** The Duterte administration approved the rollout of nine infrastructure projects worth over P171 billion including the P37.8-billion Metro Manila Bus Rapid Transit (BRT) in EDSA and the first phase of Metro Manila Flood Management Project.

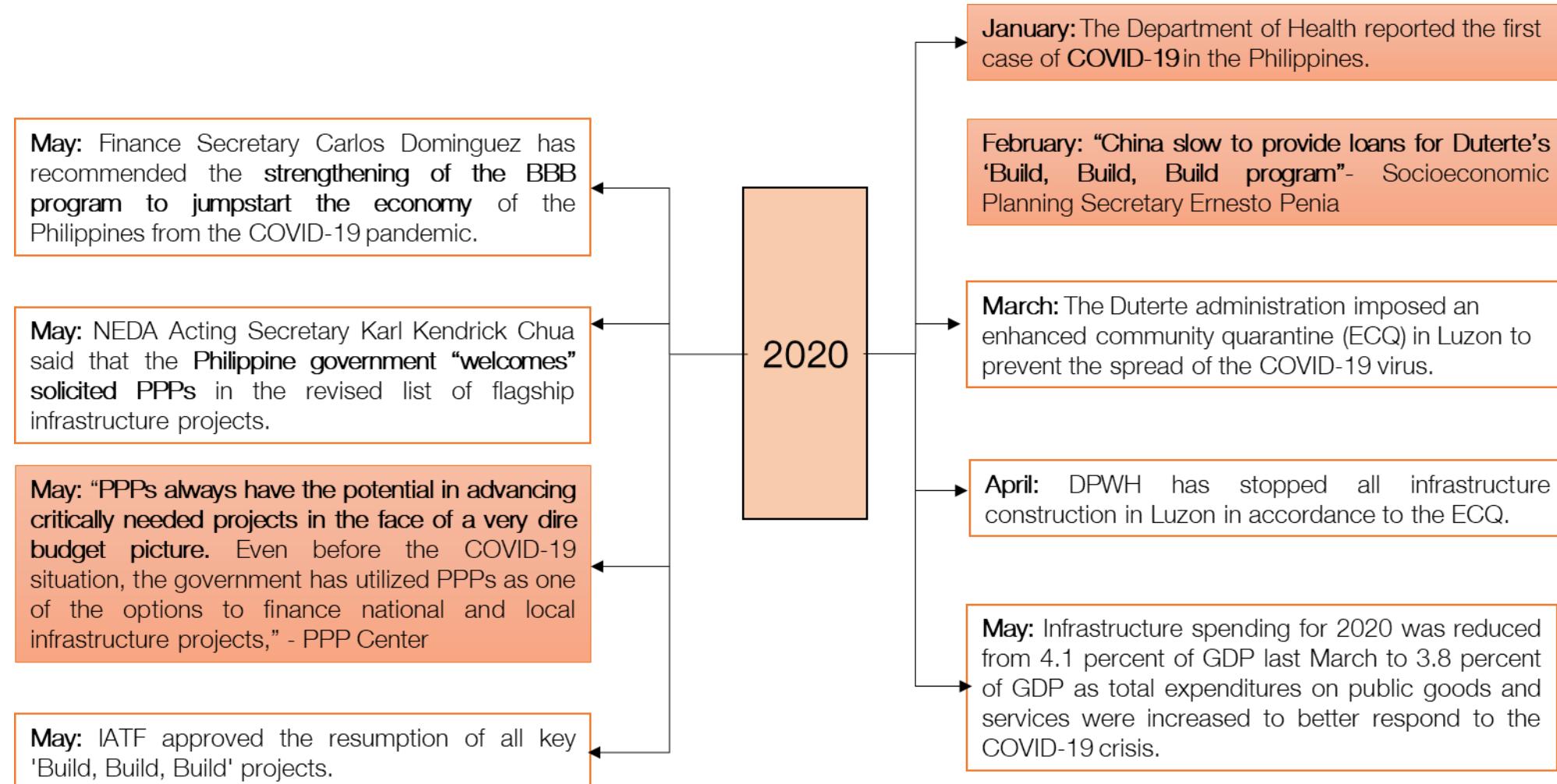
**October:** President Duterte engaged in a 4-day state visit to China wherein he announced the Philippine government's separation from the United States in favor of stronger relations with the Chinese government. China pledged \$24 billion in trade investment and loans including at least \$5.5-billion for transportation and infrastructure.

**January:** Japanese Prime Minister Shinzo Abe vowed to give the Philippines \$8.66 billion (1 trillion yen) in aid, which would be spread over 5 years.

**February:** NEDA Board approved the Philippine Development Plan (PDP) 2017-2022.

**March:** Philippine and Chinese officials signed the Six-Year Development Program (SYDP) for trade and economic cooperation, along with other agreements for two major infrastructure projects in the Visayas and Mindanao.





With the **slow progression of the BBB program** halfway into the term of President Duterte, the country's economic managers **decided to revise the initial list of flagship infrastructure projects** late last year. What is noteworthy in the revision is that the **new list** of 100 projects now includes 29 PPP projects as of February 2020.

Greater participation from the private sector and other stakeholders through the PPP would allow the Philippine government to fast-track its infrastructure program and effectively implement its economic recovery plan.

“Infrastructure development, through the administration’s flagship ‘Build, Build, Build’ program will play a key role in the country’s economic recovery moving forward, but the government needs to wean itself away from unreliable Chinese investment and rely more on Public-Private Partnership with Filipino businesses to invest in its infrastructure programs. Done right, Public-Private Partnership also has the added benefit of promoting transparency and accountability, since both the public and private sector ensures delivery of service of the mutually agreed upon contract.”

**Pandemic Recovery Thru PPP**  
Statement by Stratbase ADR Institute, 16 May 2020

“By harnessing the private sector support to invest in public infrastructure across the country, our government can appropriately revise and sustain the BBB program with due consideration to public health, education, and social services.

To foster strong collaboration between the private sector and government, there must first be a competitive and stable regulatory environment that respects the sanctity of contracts and rule of law. Good governance is vital in attracting investments that would strengthen economic resilience, improve transportation and connectivity, and create jobs that provide income security. Only through the private sector’s uninterrupted and robust participation can we survive through the pandemic and on to the new normal way of life and work.”

Fostering BBB thru PPP to reboot the economy  
Philippine Daily Inquirer, 29 May 2020