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The future of PPPs

The Philippine public-private partnership (PPP) programme, which the administration of President Aquino hopes will fast-track infrastructure development, has attracted a lot of interest from local and foreign investors. Nine projects have been awarded since 2010, including the NAIA Expressway, the LRT Line 1 Cavite Extension, the Mactan-Cebu International Airport Terminal, the Automated Fare Collection System, and the public school projects. Aside from these, 11 projects were rolled out in 2014, including the Laguna Lakeshore Expressway, which is the biggest project to date with a value of \$2.73 billion. Local government units have also initiated their own PPP projects.

With 50 more projects in the pipeline, the PPP programme could be the key to addressing the country's critical infrastructure backlog. However, concerns have been raised as to the sustainability of the programme. Will succeeding administrations continue to support it? Can best practices developed from, and the lessons of, past biddings be institutionalised?

At present, the main legal framework for PPPs is the Build-Operate-Transfer Law, which was enacted in 1991 and last amended in 1994. But some sectors have identified gaps in the regulations, such as conflicting requirements of various implementing agencies, lack of government support in the allocation of risks, and unclear and protracted bidding procedures. There are various initiatives in Congress that aim to address these concerns and make PPPs beneficial to all stakeholders. Worth noting among these are bills that: seek to streamline the procurement procedures; automatically grant a franchise to the winning bidder

(at present, a proponent that needs a congressional franchise to operate a project must go through a tedious and expensive legislative process after it is awarded the contract); exempt the project company from payment of transfer and local government taxes (project costs that are eventually passed on to the public); create a PPP guarantee fund, which would help make projects bankable; and, institutionalise the well-regarded PPP Centre. Another pending measure aims to strengthen the law facilitating right-of-way acquisitions for national government infrastructure projects.

Expediting the enactment of these measures into law would ensure that the PPP programme continues to attract investors and play a pivotal role in the country's infrastructure development.

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