

Abstract

SESSION 3:

From Vision to Reality: Aligning the Global Agenda with Local Benefits

WORKSHOP 3.1:

Matching the Societal Aspiration for a Blue Economy through Public-Private Partnership (PPP)

National PPP Enabling Environment and Lessons Learned from Local Level PPPs

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The Philippines was the first country in Asia to pass a law specifically to promote private sector participation in the provision of public infrastructure through the Build-Operate-Transfer (BOT) and Build-Transfer (BT) schemes. The BOT Law was enacted in 1990 and amended in 1994 to introduce seven more schemes, unsolicited proposals and additional incentives for private sector proponents and to make development projects eligible for PPPs.

With the passage of the Local Government Code in 1991, responsibility for the provision of many infrastructure services as well as implementation of many development projects was devolved to local governments. They were authorized by the Code to enter into BOT and other similar arrangements as well as joint ventures for projects that are financially viable.

Based on a study of PPP projects implemented or attempted at the local level in the Philippines and other emerging economies, the following are considered as critical for the success of such projects:

- a) Local leadership that is development-oriented and determined to succeed despite obstacles and initial failures;
- b) Willingness of local stakeholders to keep politics to a minimum, enough to allow for the public good to be served through successful implementation of the proposed PPP project;
- c) Willingness of the LGU to conduct open and extensive consultations with its constituents;
- d) LGU officials from different departments working together and getting trained together on PPPs, ideally as a formal PPP unit;
- e) Willingness of the LGU to strictly follow the provisions of the BOT law and its IRRs and other relevant laws, particularly with regards to the transparent bidding out of projects;
- f) Willingness of the LGU to ensure that attractive options are provided to employees adversely affected by the proposed PPP arrangement;
- g) A high priority project that is viable and attractive enough for the private sector;
- h) Existence of well-functioning regulatory regimes inside or outside the LGU;
- i) Willingness of the LGU to impose or support higher tariffs for improved services;
- j) Willingness and capacity of the LGU to help make the proposed PPP project financially viable and seek Viability Gap Funding (VGF) support, as needed; and
- k) Timely and appropriate financial and technical support from the concerned national government agencies throughout the project cycle.



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Global Targets
Local Benefits

Setting the Sustainable Development Agenda for the Seas of East Asia beyond 2015