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The Entrepreneur

PPP program should not stop MSME projects

I really hope the biddings for the first batch of 10 projects under the Public-Private Partnership (PPP) program will finally be held before the end of 2011. It may be too late to affect economic growth, which has been slowing down since the first quarter, but it should at least generate interest from foreign and domestic investors – a sort of economic morale booster.

The PPP drew a lot of enthusiasm when it was launched last year and kindled hopes that the country would gradually catch up with its neighbors in attracting foreign direct investments rather than the fickle-minded portfolio investments or hot money that flows in and out of the stock market.

The government has repeatedly announced plans to conduct biddings for the projects. However, no bidding has been held, and the earliest would be in December, for the Daang Hari-South Luzon Expressway road project, which at four kilometers and an estimated cost of P1.96 billion is one of the smallest of the initial 10 PPP projects.

Other PPP projects that are being rolled out are: MRT-LRT extension, NLEX-SLEX connector road, LRT 2 extension, NAIA Expressway, MRT-LRT 1 operations and maintenance contract, Panglao (Bohol) airport, CALA Expressway, Puerto Princesa (Palawan) airport, Legazpi (Albay) airport and Laguindingan (Misamis Oriental) airport.

With an estimated combined cost of about P150 billion, these projects would be a big boost to the Gross Domestic Product (GDP) growth, which is estimated at about 5% for 2011, down from 7.6% in 2010. Given the multiplier effect and the labor-intensive nature of infrastructure projects, the impact on employment would also be significant.

The delays in the implementation of the PPP projects highlight the need to review the rules and procedures that must be followed in bidding and implementing these projects to identify the reasons for the delays, and then to make the necessary corrections.

There may also be a need to review existing laws on PPP schemes, particularly the Build-Operate-Transfer Law, which are also due for review and improvement. I don't see any problem of obtaining support for them from both

houses of Congress as far as passing legislature measures to boost the implementation of the PPP program.

Also, with simplified rules and procedures and better PPP legislation, future projects will not have to go through the current lengthy process. I understand the government is already looking at the second batch of PPP projects for 2012.

I want to stress, however, that the focus on the PPP projects should not mean stopping existing projects, particularly those that are nearing completion. These should be pursued so people will see that things are moving while new projects are being prepared. Public perception, after all, plays a big role in surveys, both domestic and international, regarding the government's performance.

Even the fight against corruption, including contractors that were implicated in irregularities, should not prevent the government from pursuing essential infrastructure projects.

After all, the fight against corruption is the proper domain of the Department of Justice and the Office of the Ombudsman (the latter just received a big energy boost with the appointment of retired Justice Conchita Carpio-Morales as the new Ombudsman).

Other agencies like the Department of Public Works and Highways can and should continue to perform their functions: building roads and bridges, hospitals and schools and other projects that benefit the people and the economy.

In line with the renewed drive against corruption, implementing agencies should send a message to all contractors – and even to the officials and employees of these agencies – that there is a new rule in place: no more corruption.

In the same token, pursuing big-ticket projects should not prevent the government from supporting the growth of our micro, small and medium enterprises (MSMEs), which is a faster way of addressing our poverty problem. These small businesses account for more than 90 percent of all registered enterprises in the country and employ more than 60 percent of the labor force.

We should welcome foreign direct investments because we need both foreign capital and technology to drive economic growth. But we should also provide more support to MSMEs, particularly in terms of access to credit. Helping small entrepreneurs does not only create more jobs, but it also creates wealth, which means reducing poverty.

In the end, I reiterate my position that governance is a multi-tasking responsibility. Running the country is like running a giant corporation: the chief executive must maintain focus on all operating units, from the major business lines to the smallest subsidiaries.

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