

Column for Manila Bulletin
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March 7, 2012

Of Trees and Forest

Primary Responsibility

MANILA, Philippines — Undoubtedly, we need the private sector and private capital to undertake major infrastructure projects that require huge investments.

Infrastructure is, indeed, vital to our country's development. But the current state of our infrastructure has been blamed for our failure to attract a large chunk of investments that would have spawned the growth of industries and provided jobs to millions of our countrymen.

In 2011, the World Economic Forum ranked the Philippines No. 113 among 139 countries in terms of quality of overall infrastructure. Among our Southeast Asian neighbors, we outranked only Vietnam (No. 123).

Actually, our score (3.2) in the WEF rankings was not too far from Vietnam's 3.0. We had the same score as Nicaragua, Libya, and Zimbabwe. On the other hand, Singapore was No. 3 (among the world's most competitive in terms of quality of infrastructure). Malaysia was ranked 27th, Brunei 36th, Thailand 46th, Cambodia 83rd, and Indonesia 90th.

The Philippines, like other emerging economies, turned to the private sector for help in the speedy development of infrastructure. It used to be a build-operate-transfer (BOT) arrangement, whereby a private company builds a highway, for example, with government contributing right-of-way expenses.

When the project is completed, the contractor collects toll from motor vehicles passing through, supposedly for a specific period, after which the road becomes a public highway.

Of course, we all know that toll highways have a way of avoiding the transformation to a toll-free highway for everybody to enjoy, but that's beside our point in this issue.

Today, we have another term for BOT and its variations. We call it Public-Private Partnership program or PPP.

The government has been so successful in promoting PPP that it is beginning to consider the PPP as the only solution to our infrastructure problems, which were blamed on the government's lack of financial resources.

I disagree. The Bureau of Internal Revenue (BIR) recently reported that it collected P924.1 billion in taxes last year, reflecting a 12.34 percent growth from 2010 collections of P822.26 billion. The amount, while short of the BIR's target of P940 billion, is nevertheless commendable given the slowdown in the economy last year.

The Department of Finance reported also that the fiscal deficit in January-October, 2011, stood at R74.25 billion, less than a third of the P270.30 billion deficit incurred during the same period in 2010. The DOF estimates that the final deficit figure for 2011, which was capped at P300 billion, will only be in the vicinity of P192 billion, just 64 percent of the target.

So it's not true the government lacks the financial muscle to undertake big – ticket projects.

The administration has been implementing reforms to weed out corruption, which has been blamed for the loss of billions earmarked for infrastructure projects. As a result, the administration claims it has been saving billions, which may now be channeled to capital expenditure projects.

In other words, the government is now efficient and responsible in spending taxpayers' money. Efficiency, if we are to believe reports from government agencies, is also evident in implementing projects.

The Department of Public Works and Highways (DPWH) said early last month that 59 percent of its programmed infrastructure projects for 2012 had already been bid out. DPWH Secretary Rogelio Singson said the department had given notices to proceed to qualified contractors for 1,208 projects that recently underwent competitive public bidding.

Of the total 2,128 projects costing P63.12 billion under the 2012 Infrastructure program, 1,862 projects are below P50 million and 97 percent of this category had been advertised, Singson said. Even if the year 2012 has just started, he noted, the agency has already saved P2 billion from the department's 2012 allocation, which could be used to finance additional projects.

What's my point? The government claims it has improved efficiency, instituted transparency and fairness as well as safeguards against corruption in spending taxpayers' money.

Then it's time we junk the argument that the government cannot undertake major infrastructure projects, which is based on the past belief that the government was corrupt, inefficient, and lacked transparency.

We need the private sector, through the PPP, to help undertake big-ticket projects. But, in the end, the government is still mainly responsible for building roads and highways and other vital infrastructure.

The beauty in this is that the people who are paying taxes to finance infrastructure projects do not have to pay more taxes in the form of tolls for the use of these projects.

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