

POLICY BRIEF

Power to the Province



How local governments in the Philippines are successfully forging multi-million dollar public-private partnership deals.

Introduction

Statement of Issue

The Philippine infrastructure gap is prominent at the local government level. In the Philippine Development Plan for 2011-2016, the public-private partnership program was identified as the main mechanism through which infrastructure development can be accelerated and inclusive economic growth can be attained.

Drawing on lessons of the successful revival of the Philippine public-private partnership program, the study examines past experiences of public-private partnership projects of local government units in the Philippines and provides solutions for:

- Helping local government units prepare bankable public-private partnerships
- Ensuring efficient project procurement
- Enhancing financial viability of public-private partnerships
- Strengthening local government unit's public-private partnerships legal and institutional frameworks to enable leveraging more private investment in local economic and social

Challenges

Lack of technical and financial resources for project preparation, monitoring, and implementation has always been cited and continues to be a major impediment to local government units undertaking public-private partnership projects.

To successfully implement public-private partnerships, these needs should be addressed simultaneously and comprehensively via technical assistance and financing facilities

Lessons

Lessons learned from the study can be found in the following areas:

National Government Level

At the national level, the success of public-private partnerships involve the President setting the policy direction, cabinet members providing the technical and financial resources and the regulation and clear definition of the role of the private sector in public-private partnerships.

Local Level

Factors for success at the local level include strict adherence to a build operate transfer law and other relevant laws involving transparency, projects that are viable and attractive enough for the private sector, and a reasonably large number of potential investors with managerial, technical and financial capabilities.

Technical Assistance

Recognizing the need for technical assistance to identify viable partnerships, to help prepare and bid out projects successfully, and in monitoring, implementing and evaluating projects contribute to overall success of public-private partnerships.

Financing Facilities

Success factors include offering low interest rates to make financing attractive to local government units, regular monitoring, and financially viable projects.

Resources

ADB. 2016. Philippines: Public-Private Partnerships by Local Government Units. Manila.

Related links

[The Time Is Ripe for Public-Private Partnerships in Central Asia](#)

[What are Public Private Partnerships?](#)

Meet the expert



[Aziz Haydarov](#)

Infrastructure Economist, Indonesia Resident Mission, Asian Development Bank

Aziz Haydarov became an ADB Public-Private Partnerships Specialist in 2013 wherein he covered the Philippines, Indonesia, Viet Nam, Lao PDR, and Malaysia. In March 2015, he assumed the position of Infrastructure Economist at ADB's Indonesia Resident Mission where he leads ADB's support on raising the level and quality of public and private infrastructure investments in Indonesia. Prior to joining ADB, he was Country Officer at the World Bank's country office in Tajikistan.

Last updated: March 2017