

LARGE SCALE INFRASTRUCTURE DEVELOPMENT:
**THE CASE OF PHILIPPINES' BUILD, BUILD,
BUILD" (BBB) PROGRAM**

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POLICY DESIGN &
IMPLEMENTATION IN
DEVELOPING COUNTRIES
(SPRING TERM, AY 2020 – 2021)

OUTLINE

- Overview of the Build! Build! Build! Program
 - Budget and Allocation
 - Coordination Mechanism
 - Financing/ Fund Source
 - Monitoring and Evaluation
 - Projects completed
- Linkage to the Philippine Development Plan
- Issues encountered by the BBB Program

**BUILD! BUILD!
BUILD! PROGRAM**

Aims to usher the “Golden Age of Infrastructure” in the Philippines

Lack of infrastructure has long been cited as the “Achilles’ heel” of Philippine economic development.

Accelerate public infrastructure expenditure from an average of 2.9 percent of GDP (Aquino admin.) during to 7.3 percent (end of Duterte admin.)

PLANNING AND BUDGET ALLOCATION

Philippine
Development
Plan (PDP)
2017-2022

- Chapter 19
Accelerating
Infrastructure
Development

Public
Investment
Program (PIP)
2017-2022

- priority
infrastructure
projects

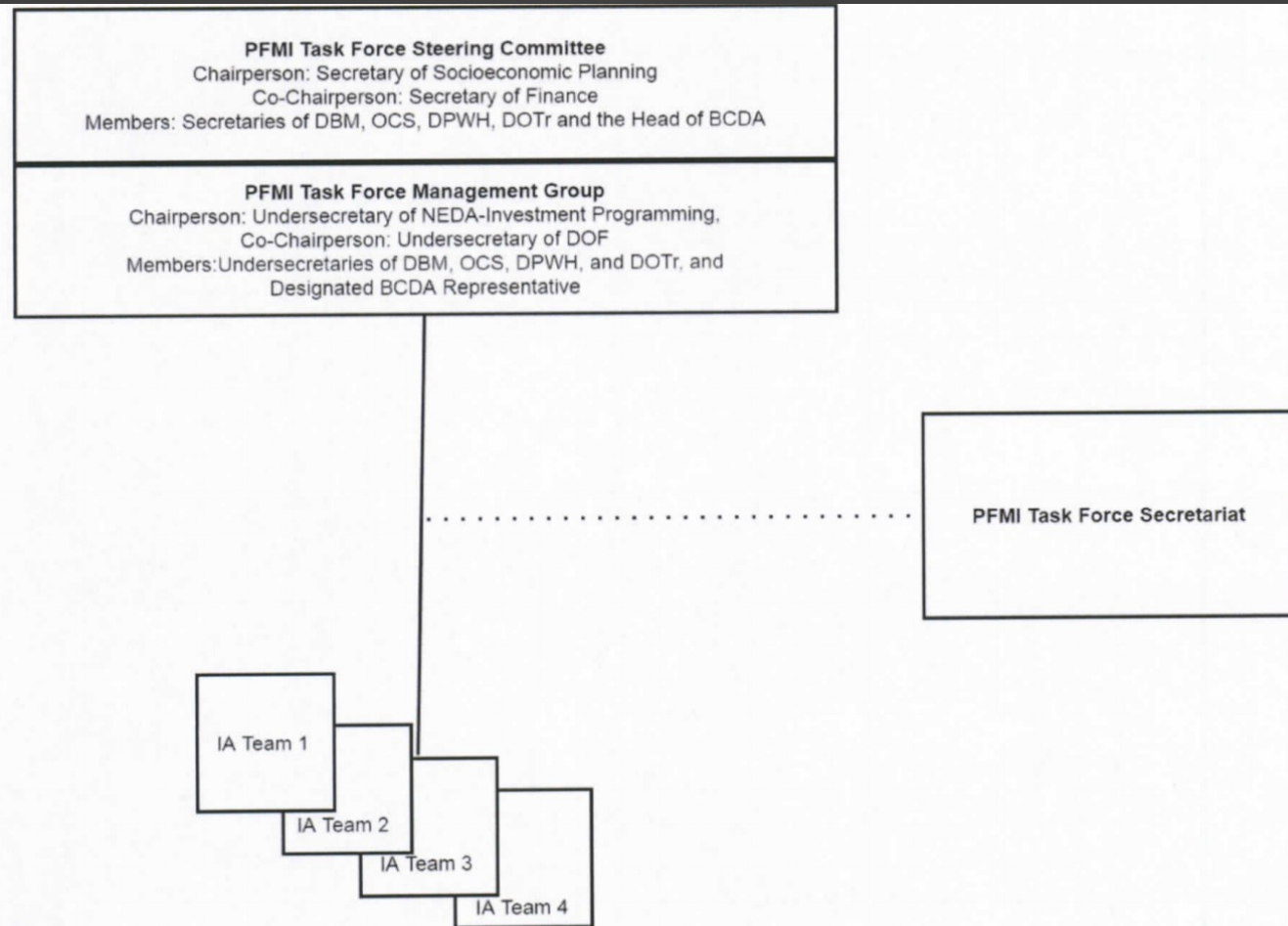
National budget

- P1.107 trillion under
the 2021 national
budget

COORDINATION

- In 2017, the NEDA board approved the establishment of the Project Facilitation, Monitoring, and Innovation (PFMI)
 - Mandated to facilitate the development, approval, and implementation of IFPs under the BBB Program
 - Composed of:
 - a) Steering Committee
 - b) Management Group
 - c) Secretariat
 - d) Agency PFMI Teams
- PFMI Steering Committee comprised of the economic managers and heads of key implementing agencies.
 - National Economic and Development Authority - Chairperson
 - Department of Finance- Co-Chairperson

PFMI IMPLEMENTATION STRUCTURE



PFMI Teams

Head: Implementing Agency's Project Implementation Officer

Members: Representatives from Implementing Agency's Planning, Budgeting and Project Management and Monitoring units.

The following will be invited during the inter PFMI Team and Secretariat Meetings: DOF (IFG and/or CAG), DBM (Fiscal Planning and Reforms Bureau, Performance Monitoring and Evaluation Bureau and concerned Operations Bureau), PPP Center, and NEDA Secretariat (Central Office Staffs and Regional Offices)

FINANCING/FUNDING SOURCE

- The 112 IFPs have an indicative total investment requirement of **PHP 4.69 trillion**. Most of the IFPs are funded through Official Development Assistance (ODA).

Funding Source	Count	Cost (in PHP billion)*
ODA	54	2,612.04
PPP	23	1,599.81
GAA	25	186.24
STOA/PPP	5	148.43
ODA/PPP	1	64.92
GAA/PPP	1	26.63
GAA/ODA	1	28.27
Private	2	20.05
Total	112	4,687.16

MONITORING AND EVALUATION

- The Philippines' government's central monitoring body covers only projects funded through **Official Development Assistance (ODA)** and **ICC-approved purely government funded projects**
- In 2009, the central Monitoring and Evaluation Staff of NEDA institutionalized the **Alert Mechanism (AM)** reporting
 - aims to identify and flag projects which require priority monitoring and facilitation.
 - used since then to generate quarterly reports on problem projects
 - The Enhanced AM utilizes indicators on four categories (i.e., Financial, Physical, Cost Overrun, and Stage of Implementation) to flag (i) Potential Problem Projects and (ii) Actual Problem Projects
 - (ii) Actual Problem Projects are further classified into two Alert Levels
 - Early Warning Stage (Level I)
 - Critical Stage (Level II)



The Build Build Build Program has its own portal (<http://www.build.gov.ph/>) where projects are monitored and tracked and is accessible to the public



PHILIPPINE INFRASTRUCTURE TRANSPARENCY PORTAL

**"I ASSURE YOU,
THIS WILL BE A CLEAN
GOVERNMENT."**

PRESIDENT RODRIGO DUTERTE

In his 10-point Socioeconomic Agenda, President Rodrigo Duterte envisioned the reduction of poverty from 21.6% in 2015 to 13%-15% by 2022.

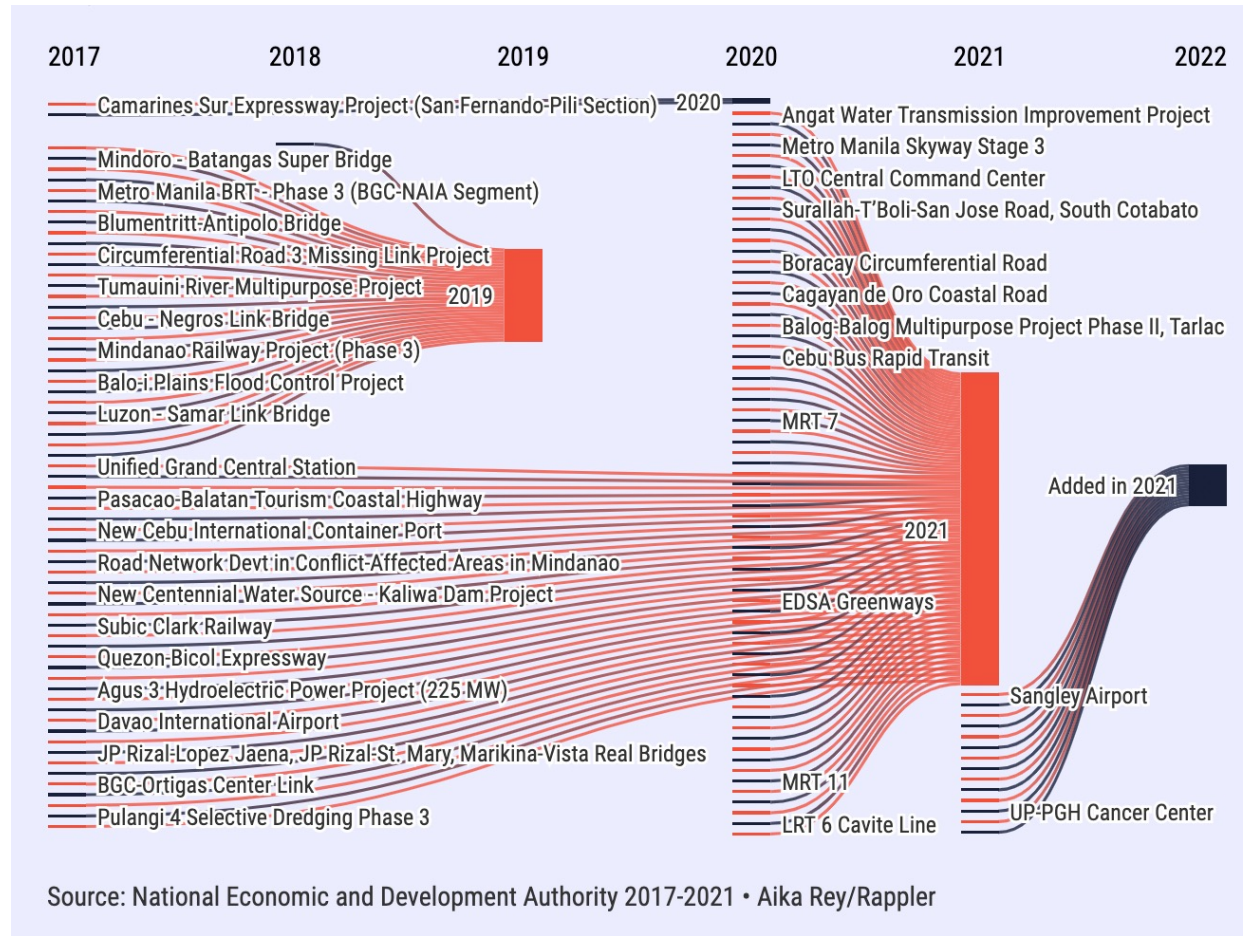
Among the reforms that will drive this Agenda is the acceleration of infrastructure and the development of industries that will yield robust growth across the archipelago, create jobs and uplift the lives of Filipinos.

Infrastructure is among the top priorities of this Administration with public spending on infrastructure projects targeted to reach 8-9 trillion pesos from 2017-2022.

The Build Build Build Portal lists down high impact projects that are envisioned to increase the productive capacity of the economy, create jobs, increase incomes, and strengthen the investment climate leading to sustained inclusive growth.

It is a real-time tool where projects are monitored and tracked - with relevant information made available to everyone.

BUILD, BUILD, BUILD PROJECTS FROM 2017 - 2021



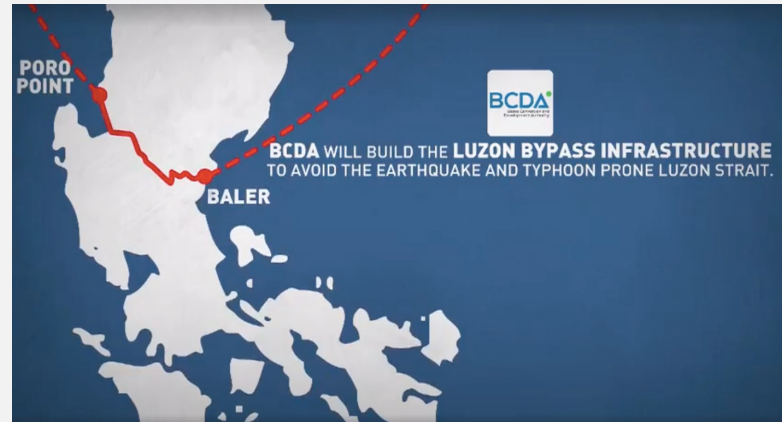
Milestone/ Status	Count	Cost (in PHP billion)
Completed	5	87.77
Ongoing implementation	79	3,513.08
Pipeline	28	1,086.31
Total	112	4,687.16

Source: National Economic and Development Authority 2017-2021 • Aika Rey/Rappler

COMPLETED BBB PROJECTS



Sangley Airport



Luzon Bypass Infrastructure Project



New Clark City Phase I



Clark International Airport
Expansion Phase I



LRT 2 East Extension



Metro Manila Skyway Stage 3

BBB PROGRAM AND PHILIPPINE DEVELOPMENT PLAN LINKAGE

- The PDP identifies five infrastructure outcomes under the strategic framework for accelerating infrastructure development:
 - a) Efficiency, transparency, and participation in governance enhanced
 - b) Competitiveness and productivity of economic sectors increased
 - c) Gaps in basic infrastructure for human capital development reduced
 - d) Safety and security against natural and man-made disasters, especially for the poor, improved

A. EFFICIENCY, TRANSPARENCY, AND PARTICIPATION IN GOVERNANCE ENHANCED

- ICT infrastructure is recognized as one of the important factors in promoting good governance according to NEDA
- 10 BBB projects are related to ICT
- 1 project has been completed the Luzon Bypass Infrastructure Project
- Other ongoing projects that are necessary in enhancing efficiency, transparency, and participation in governance are:
 - Road Transport IT Infrastructure Project
 - National Broadband Program
 - LTO Central Command Center
 - Motor Vehicle Recognition and Enhancement System
 - National Government Data Center
 - Philippine Identification System

B. COMPETITIVENESS AND PRODUCTIVITY OF ECONOMIC SECTORS INCREASED

- To increase competitiveness and productivity of economic sectors, the BBB projects contribute by:
 - a) improving regional connectivity,
 - b) easing the cost of doing business to increase the country's growth potential and competitiveness, and
 - c) linking production areas to growth centers through an efficient transportation network
- There are 32 land transport projects that are ongoing while 6 are still for government approval
- There are 20 rail transport projects under the BBB Program and 1 has been completed which is the LRT 2 East Extension
- There are 12 air transport projects where 5 are under construction and 7 are still waiting government approval

C. GAPS IN BASIC INFRASTRUCTURE FOR HUMAN CAPITAL DEVELOPMENT REDUCED

- five water resources IFPs address concerns relating to water and sanitation
- two IFPs are envisioned to contribute to power generation and electrification
- However, there are no major capital projects construction and upgrading of health facilities nationwide hence the BBB Program is not responsive to the PDP targets for social infrastructure

D. SAFETY AND SECURITY AGAINST
NATURAL AND MAN-MADE DISASTERS,
ESPECIALLY FOR THE POOR, IMPROVED

- There are three Maritime safety and security projects under BBB which contributes to the target of increasing maritime incidents responded
- There are 2 projects related to mitigating the effects of earthquakes and 3 Major Flood Risk Management Projects

**ISSUES ENCOUNTERED BY THE BBB
PROGRAM**

INCONSISTENT LIST OF PRIORITY PROJECTS

- unfeasible projects with smaller, more feasible ones
- definition of infrastructure to go beyond the usual public works and include hence the addition of digital infrastructure
- Branding Projects as BBB even though they are inherited and continued from previous administrations
- From a monitoring perspective, it is difficult to assess the program's implementation as well as its achievements.

SITE CONDITION

- This involves issues on availability of site; inadequacy of existing site structures; unanticipated geological conditions; environmental contamination/liabilities; archaeological and cultural heritage discoveries; right-of-way, land acquisition, and resettlement; peace and order concerns.
- One of the BB Programs *Binondo-Intramuros Bridge Project*, required the revision of the Detailed Engineering Design (DED) to circumvent the disruption of a heritage site
- This was settled through coordination with project stakeholders including securing the assistance of the concerned LGUs

ISSUES ON PROJECT DESIGN/SCOPE/TECHNICAL SPECIFICATIONS

- Faulty/inadequate design resulting in facilities which are substandard, unsafe, or incapable of delivering the services at anticipated cost and specified level of service.
- Four BBB projects encountered bottlenecks in its design, scope, or technical requirements
- The implementing agencies resolved these issues through
 - a) streamlining of loan availment processes and continuing marketing drives which improved the beneficiaries' uptake on the existing socialized lending programs;
 - b) application of no-cost extension to accommodate change in priorities; and,
 - c) introduction of an alternative construction sequence and methodology for civil works.

PROCUREMENT

- Delays/problems in procurement and pre-procurement activities (e.g., failure in bidding, collapse in negotiations, etc.).
- 5 BBB projects had issues on procurement
- The agencies involved coordinated with the counterpart DPs on their procurement requirements, processes, terms and conditions, and procurement strategies
- The adoption of the GPPB Resolution Nos. 16-2019 and 09-2020, allowed the use of digital signature in all procurement-related documents to ensure the efficient conduct of procurement activities during state of calamities and to promote business continuity in the procurement process

BUDGET AND FUNDS FLOW

- Delayed fund releases; adverse movement of interest or exchange rates or absence of pre-requisite documents such as Multi-Year Contracting Authority (MYCA)
- 12 ODA/BBB projects had issues on insufficient budgets due to foreign exchange fluctuation
- Resolved through coordination with Oversight Agencies such as DBM, NEDA, and DOF and facilitated the budget issues either through bilateral coordination or through the intervention of the ICC/NEDA Board
- In addition, per Section 30 of the General Provisions of the 2021 GAA signed by the President on 28 December 2020, the issuance of MYCA shall no longer be necessary for foreign-assisted projects funded by foreign loans

BBB PROGRAM AMID COVID-19 PANDEMIC

- **Delays in project preparation**, procurement, and/or implementation due to disruption of work of contractors, professionals/experts/engineers and workers/laborers involved in ODA-funded projects;
- Interruption of **importation of construction materials** due to disruption of labor and materials supply;
- **Increase in costs of infrastructure projects** due to requirements for social distancing and other health precautionary measures;
- **Diminished fiscal space allotted for infrastructure** which was reallocated to the government's COVID-19 response pursuant to RA No. 11494 or the “Bayanihan to Recover as One Act”;
- **Change in demand** which affects the financial viability of public-private partnership (PPP) projects and the interest of the private sector in pursuing development projects; and
- **Difficulties in securing ODA** due to the shifting priorities towards COVID-19 responses

BBB PROGRAM AMID COVID-19 PANDEMIC

- government reassessed and reprioritized its infrastructure development program to consider the available fiscal space for infrastructure
- adjust its infrastructure spending strategy to support more health and social recovery programs
- Revised the list of BBB projects and incorporates measures addressing the new normal

THANK YOU!