# Game-changing economic reforms

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Big business groups last week praised lawmakers for passing three key economic reform measures aimed at boosting investments, improving transparency in government transactions, and speeding up key infrastructure projects. The Makati Business Club (MBC) lauded Congress for approving amendments to the Foreign Investors’ Long-Term Lease Act, and the E-Governance Act, and the Right of Way (ROW) Act, reforms that “aligned with our advocacies for improvements in governance, infrastructure, and transparency, which we see as key drivers to attract more investors and create more jobs.” The Filipino Chinese Chambers of Commerce and Industry Inc. (FFCCCII), for its part, noted that the business sector had long been urging the government to enact these reforms to attract more foreign investments and ease bottlenecks in infrastructure development.

The changes to the long-term lease law seek to encourage more foreign capital by extending the allowable lease period to 99 years from 75 years previously, thus bringing the Philippines more in line with regional competitors and address the major issue often cited by prospective foreign investors on their limited ability to secure land for extended periods, which made long-term planning and investment riskier. The E-Governance Act, meanwhile, seeks to promote transparency and efficiency by expanding digital access to government services. By mandating the digitization of public services and integrating platforms across agencies, the reform aims to reduce red tape and improve the overall ease of doing business needed by investors.

## High ROW costs

The most important of the three is the ROW amendments, which will hopefully put an end to a problem that has nagged previous administrations as far back as the 1970s. The ongoing P448-billion Metro Manila subway project is a case in point. The administration of the late former president Benigno Aquino III removed the project from its pipeline due to issues such as high ROW costs. It was included in the ambitious “Build, Build, Build” program of former president Rodrigo Duterte in 2017 as the Mega Manila Subway and carried over to the present administration of President Marcos as part of its P9-trillion infrastructure flagship projects list. It was targeted for partial operation before the end of Mr. Marcos’ term in 2028.

It is designed to interconnect with other rail systems—the operating Lines 1 and 2 of the Light Rail Transit system and the Metro Rail Transit Line 3 on Edsa; the MRT Line 7 (another project that has been delayed for years now), and the North-South Commuter Railway Extension at the FTI and Bicutan Stations.

## Thorny issue

Based on a plan dated Sept. 27, 2019, construction of a section of the subway was to start in 2019 and operate in 2022. Construction of the remaining sections was to begin in 2022 and operate in 2025. It has become doubtful if partial operation can start by 2028 as ROW problems continue to hound the project. These same issues have also delayed the completion of a key segment intended to link the North Luzon Expressway–South Luzon Expressway connector road to the Metro Manila Skyway Stage 3 as well as many other important infrastructure projects across the country.

The Accelerated and Reformed Right-Of-Way Act that will amend the current ROW law addresses the thorny issue of compensation, perhaps the most common cause of ROW delays, by updating the standards for assessing the value of property subject to negotiated sale using Republic Act No. 12001, or the Real Property Valuation and Assessment Reform Act, which was signed in January this year.

## Ease of doing business

At the end of the day, however, a law becomes truly effective only when it is put into action. As MBC noted, it hopes that the proper implementation of these reforms will achieve the intended goal of enhancing the country’s competitiveness. For the E-Governance law, its success will depend a lot on whether local government units, which are notorious for bureaucratic red tape, embrace the digitization of public services and for the different departments to integrate their platforms across agencies as mandated by the proposed law. This will hopefully improve the overall ease of doing business and attract investors, particularly outside the traditional urban centers of Metro Manila, Cebu, and Davao.

For the ROW amendments, the involvement of all concerned agencies will be crucial to successfully implement these reforms, which the FFCCCII describes as essential changes to break a cycle of failure. “Standardized valuation based on fair market principles, guaranteed funding for land acquisition, and structured resettlement programs address the root causes of delay: arbitrary pricing, fiscal uncertainty, and inadequate planning,” it pointed out. And as Transportation Secretary Vince Dizon emphasized, solving ROW issues is not just a problem of his agency, but concerns that need “a whole-of-government approach.”