# Incentive board calls for more **BPO on-site work after March**

THE information technologybusiness process management (IT-BPM) industry needs to shift to more on-site work as vaccination rates rise, according to the Fiscal Incentives Review Board (FIRB), which regulates the industry's eligibility for fiscal incentives.

In a statement on Wednesday, Finance Secretary and FIRB Chairman Carlos G. Dominguez III said the board, at a Feb. 21 meeting, rejected a petition by the Philippine Economic Zone Authority (PEZA) to extend the work-from-home (WFH) arrangement of registered **IT-BPM** companies.

"TheWFHarrangementisonly a time-bound temporary measure adopted during the surge of the COVID-19 pandemic. Given the increasing vaccination rate of Filipinos nationwide, we can now undertake safe measures for physical reporting of employees, including those working in the IT-BPM firms operating within economic zones (ecozones) and freeports." Mr. Dominguez said.

The industry's entitlement to incentives is tied to their use of premises located in economic zones. It was only allowed to resort to WFH due to the public health emergency.

Under FIRB Resolution No. 19-21, registered IT-BPM firms

bagged a similar contract for the Malolos-Clark

Transportation Undersecretary for Legal Affairs

Railway Project and the North-South Railway

Reinier Paul R. Yebra issued the notice of award

to the group on Jan. 14, according to a copy of the

Project-South Line.

are allowed to offer WFH arrangements to a maximum of 90% of their personnel until March 31.

PEZA had requested an extension of the resolution until Sept. 12 to allow for sufficient time for companies to revive their operations in economic zones.

"The employees' return to the office will provide more opportunities and pave the way for the recovery of micro, small, and medium enterprises (MSMEs) that depend on IT-BPM employees for their livelihoods," Mr. Dominguez said.

Metro Manila and 38 other areas were placed under Alert Level 1 between March 1 to 15, which allowed business establishments and public transport to operate at 100% capacity.

Asked to comment, IT & **Business Process Association of** the Philippines President Jack Madrid said in an e-mail that a majority of the industry's workers prefer hybrid work arrangements, which combine on-site and work-from-home.

"We support the need to fully reopen the economy. But as IT-BPM employees have an overwhelming preference for a balanced, hybrid work arrangement, we are working with our government partners to provide the industry a smooth transition to on-site operations towards a WFH/hybrid model in the longer term," Mr. Madrid said.

In a mobile phone message, PEZA Director General Charito B. Plaza said the agency will ask the FIRB to reconsider its WFH ruling.

Ms. Plaza added that ending the WFH arrangement by March 31 would be too abrupt for business process outsourcing (BPO) companies.

"We'll ask for a reconsideration especially that (the) cost of oil and goods are high. The pandemic is not yet over and large amounts were invested in equipment for WFH arrangements, like laptops," Ms. Plaza said.

Optum Philippines Managing Director Ivic Mueco said in a separate virtual roundtable on Wednesday that allowing hybrid work arrangements will help the industry find workers anywhere.

"(Hybrid work) would democratize where we find talent. If you want to tap a talent in Zamboanga, Davao, Jolo, or Benguet, as long as the internet connection is stable, we can tap talent anywhere in the Philippines," Ms. Mueco said.

Meanwhile, the FIRB also rejected PEZA's petition to remove the moratorium on the development of ecozones in Metro Manila.

Under Administrative Order No. 18 issued in June 2019, ecozone development in Metro Manila was frozen in order to push investment out to other parts of the country.

"The board stood firm on the Duterte administration's intention to increase investments outside Metro Manila, and emphasized that AO No. 18 still complements the government's strategies and policies on rural development, aligned with the objectives of Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act," the FIRB said.

According to Ms. Plaza, the moratorium should be lifted because locators who are interested to expand are discouraged due to lack of necessary facilities in the countryside.

"(This) discouraged locators who want to expand because most of the countryside don't have much IT infrastructure and facilities yet. (The) moratorium should be lifted as there are still nine cities (in) Metro Manila not hosting IT centers and parks," Ms. Plaza said. – Revin Mikhael **D. Ochave** 

## DTI proposes zero-tariff EV imports to encourage electric transport growth

The **Economy** 

THE Department of Trade and Industry (DTI) is proposing a zero-tariff regime for imports of electric vehicles (EVs), which it pitched as a measure to accelerate their adoption.

Trade Secretary Ramon M. Lopez said during the virtual Kapihan sa Manila Bay forum on Wednesday that the DTI is proposing zero tariffs for EVs in lieu of the current 30% rate.

"One thing we are proposing is to adjust the tariff rate from 30% to zero" to provide a boost to EV adoption, Mr. Lopez said.

"We need to promote EVs and the way to promote it is to encourage their use. How will you encourage the use of EVs if they are expensive? This is one of the immediate ways that we think can be done," he added.

According to Mr. Lopez, the proposal seeks to provide options for consumers and encourage them to trv EVs instead of vehicles powered by internal combustion, in the process helping protect the environment.

Mr Lopez said zero tariffs will encourage more dealers to begin importing EVs into the country. "Once we implement the zero

tariff, EV dealers will begin import-

ing. So, towards the second half of the year, if ever, we might be able to see more EVs," Mr. Lopez said.

Mr. Lopez said more charging stations will be installed to encourage EV adoption.

"There were project proposals submitted to the DTI regarding plans to encourage EVs, import the units, and put up charging stations so that the industry will grow," Mr. Lopez said.

"The DTI, together with the Committee on Tariff Related Matters, with the National Economic and Development Authority (NEDA) as co-chair, will push this proposal," he added.

Separately Mr. Lopez described trade with Russia and Ukraine in 2021 as minimal, accounting for only 0.49% of the total.

In 2021, he said trade with Ukraine was valued at \$131.4 million, while trade with Russia amounted to \$816.7 million.

Mr. Lopez said the effects of the conflict will be indirect mainly in the form of high commodity prices due to the disruption of the global supply chain. — Revin Mikhael D. Ochave

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#### THE Japan Transport Engineering Co. and document obtained from the Philippine Govern-Sumitomo Corp. Joint Venture (J-Trec & SC ment Electronic Procurement System. trainsets of Malolos-Clark Railway Project and JV), which previously won a contract to sup-"Your bid dated Feb. 8, 2021... in the ac-North South Railway Project-South Line. ply trainsets for the Metro Manila Subway, has cepted contract amount of the equivalent of The contract is funded from proceeds of

Japan's J-Trec-Sumitomo JV bags new trainset contract for gov't railways

P1.36 billion and 69.56 billion yen, inclusive of a loan provided by the Japan International provisional sums and value-added tax (VAT). Cooperation Agency. as corrected and modified in accordance with The work involves designing, manufacturing, the instructions to Bidders, is hereby accepted supplying, delivering, installing, testing, commis-

by our agency," Mr. Yebra said in his letter to sioning, integrating, and providing technical support for 38 eight-car train sets. - Arjay L. Balinbin

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## **JOB OPENING**

TSS Associate (Bahasa Indonesia Speaking) The key function of this position is to attend to functional inquiries/ requests/transactions as assigned (including inquiries or requests via telephone or email) in accordance with established policies and procedures. Follows through on commitments and takes responsibility for results; effectively prioritizes assignments; identifies and reports barriers and issues to Supervisor. Identifies potential areas for process improvements and makes recommendations to Senior and Supervisor roles.

Duties and Responsibilities: • Extract and analyze open Purchase Order follow up • Validate open Purchase Requisitions • Convert compliant and valid Purchase Requisition to Purchase Order • Analyze and resolve issues (parked/blocked invoices, GR/R process) • Generate procurement reporting to market • Exercise according to Market

- - nd in any rela

**OPINION** The high price of (not) properly dealing with MAGA

**TAXWISE OR** 

**OTHERWISE** 

**JOSE PATRICK S.** 

ROSALES

here has been a decade-long attempt to revise the Build-Operate-and-Transfer (BOT) Law and transform it into a Public-Private Partnership (PPP) Law. The recent attempts to

the group.

ing by the government to assure the PSP, as would a Performance Undertaking, that it will be compensated if such risk arises. If the above view is adopted, however, two consequences

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do so (i.e., Senate Bill No. 2074 or the proposed PPP Act and the proposed PPP Rationalization Act in the House of Representatives) have yet to move significantly forward.

In November, the National Economic and Development Authority (NEDA) announced that it was tasked to further amend the BOT Law's implementing rules and regulations (IRR) to "facilitate the development of well-structured PPPs that deliver high-guality services to the people." According to the agency, one of the objectives of the proposed amendments is to protect the government and the public from excessive payments, undue guarantees, unnecessary fiscal risk. and onerous contractual obligations arising from PPP projects.

Further amendment of the BOT IRR cannot come at a more oppor-

tune time, given the recent ratification by Congress of the Revised Public Service Act, and could serve to at least make some headway in updating the rules of the game sans the revision of the BOT Law. Section 13.3 of the current BOT IRR allows the government to provide any form of support or contribution to solicited projects such as but

not limited to: cost sharing, credit enhancements, direct government subsidy, direct government equity, performance undertaking, legal assistance, and/or security assistance. However, the total government undertakings must not exceed 50% of the total project cost. A hot topic on government undertakings is government liabilities arising from Material Adverse Government Action (MAGA). According to the World Bank's Guidance on PPP Contractual Provisions (2019), MAGA may be defined as "any act or omission by the government contracting authority (GCA) or any relevant public authority, which occurs during the term of the PPP Contract and which directly causes the private sector partner (PSP) to be unable to comply with all or some of its obligations under the PPP Contract and/or has a material adverse effect on its costs or revenues."

MAGA events are also referred to as political risk or political force majeure. The purpose of including a MAGA clause in a PPP Contract is to allocate political risk to the GCA, address the consequences of such risks occurring, and provide the PSP with appropriate relief and compensation. Since the PSP has little to no control over MAGA events, transferring any MAGA risk to the PSP (by unreasonably limiting the amount of compensation thereof) is likely to result in either a high-priced premium that would make the project unaffordable or an unbankable project that would fail to generate any interested bidders.

One question to ask is: would the government's payment for MAGA be considered a government undertaking as defined under Section 13.3 of the BOT IRR? Section 13.3 makes it clear that its enumeration is by no means exhaustive. Technically, MAGA may take the form of a Performance Undertaking (Section 13.3 subsection [e]), which seems to cover a nearly similar situation, i.e., instances where another branch of government (often the Department of Finance) assumes the responsibility of performing the GCA's obligations in the PPP Contract, including payment of monetary obligations, in case of default. Following this, MAGA may be recognized as an undertak-

MAGA becomes a form of support or contribution that may only be extended to solicited projects. This means that original proponents of unsolicited proposals cannot be compensated for MAGA events. Second. MAGA can at most only cover liabilities up to 50% of the total project cost, since it is merely an additional form of "support" along with other government undertakings in the project (if any). Perhaps a different view may be adopted. Section 13.3 covers various forms of support or contribution to the project, which a MAGA clause is not. Instead, it is more akin to a form of compensation by way of damages arising from a contractual breach (committed by the government), where such payment is meant to indemnify the injured party (i.e., the PSP) for the damage or loss caused by the breach. As such, MAGA is more a form of penalty on gov-

ernment, and not an undertaking by it, for failure to abide by its obligations under the PPP contract.

This is consistent with the internationally accepted principle of MAGA compensation. which is typically required by PSPs when dealing with governments in less established markets where there is an actual or perceived increased

likelihood of MAGA events or where there is a lack of track record in administering long-term contracts free from any political interference.

MAGA becomes even more of a concern for PPPs at the local government unit (LGU) level, where regime changes are much more frequent, where there's less capacity to manage PPP contracts, and little to no funds to cover contingent liabilities Oftentimes, PSPs in municipal PPPs are often left holding an empty bag in case the project is halted due to a regime change.

Hopefully, the implementation of the Mandanas Ruling, which increased the internal revenue allotment of LGUs, could also provide LGUs an allocation or a pool of funds that may answer for MAGA-related liabilities. The recently circulated draft proposed amendments to the BOT IRR by the PPP Center provides a definition of MAGA as well as additional provisions which classify MAGA as a government contingent liability, with the manner of compensation (including a cap) determined on a per-project basis.

Perhaps a provision that categorically indicates that MAGA clauses should not be considered a form of government undertaking would put the issue to rest. The inclusion of rules on the treatment of MAGA in the BOT IRR is as tricky as it is necessary. It must be approached with due care, otherwise we could all be paying a high price. After all, who would want to bear the consequences of the government's failure to get its act together?

The views or opinions expressed in this article are solely those of the author and do not necessarily represent those of Isla Lipana & Co. The content is for general information purposes only and should not be used as a substitute for specific advice.

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## Manulife China Bank

	Unit Price				
Fund	Current Week,	March 8, 2022	Previous Week,	March 1, 2022	
Peso Secure Fund		1.702		1.697	
Peso Diversified Value Fund		1.878		1.875	
Peso Grow th Fund		2.964		2.965	
Peso Dynamic Allocation Fund		1.039		1.038	
Peso Target Distribution Fund		0.807		808.0	
Peso Cash Fund		0.991		0.991	
Peso Wealth Optimizer 2026 Fund	-	0.912		0.912	
Peso Wealth Optimizer 2031 Fund		0.879		0.879	
Peso Wealth Optimizer 2036 Fund		0.864		0.864	
Pow erhouse Fund		0.895		0.899	
USD Secure Fund		1.599		1.601	
USD Asia Pacific Bond Fund		1.090		1.094	
USD Global Target Income Fund		0.819		0.839	
USD ASEAN Grow th Fund		1.485		1.518	
Chinabank Dollar Fixed Income VUL Fund		1.050		1.050	
USD Asia First Fund		1.251		1.337	
USD Asia Pacific Property Income Fund		0.893		0.910	
PHPAsia Pacific Property Income Fund		0.882		0.883	
PHP Tiger Grow th Fund		0.715		0.774	
USD Tiger Grow th Fund		0.648		0.716	
PHP Global Preferred Securities Income Fund		0.999		0.984	
USD Global Preferred Securities Income Fund		0.920		0.922	
PHP US Grow th Fund		1.035		1.056	
USD US Grow th Fund		0.947		0.984	

## Manulife China Bank

Dual Pricing Investment Funds of Variable Life Insurance Contracts

	Unit Bid Price					
Fund	Current Week, March 8, 2022	Previous Week, March 1, 2022				
Peso Bond Fund	2.009	2.003				
Peso Stable Fund	1.915	1.912				
Peso Equity Fund	2.049	2.049				
Peso Balanced Fund	1.054	1.053				
Peso Target Income Fund	0.821	0.823				
U.S. Dollar Bond Fund	1.672	1.674				

	Unit Offer Price					
Fund	Current Week, March 8, 2022	Previous Week, March 1, 202				
Peso Bond Fund	2.040		2.034			
Peso Stable Fund	1.944	1	1.941			
Peso Equity Fund	2.080		2.080			
Peso Balanced Fund	1.070		1.069			
Peso Target Income Fund	0.834	1	0.836			
U.S. Dollar Bond Fund	1.697		1.699			

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## **Manulife**

ngle	Pricing	Investment	Funds	of Variab	le Life	Insurance	Contracts

	Unit Price				
Fund	Current Week,	March 8, 2022	Previous Week,	March 1, 2023	
Peso Secure Fund	-	1.703		1.698	
Peso Diversified Value Fund		1.908	-	1.905	
Peso Growth Fund		3.041		3.042	
Peso Dynamic Allocation Fund		1.043		1.043	
Peso Target Distribution Fund		0.813		0.815	
Peso Cash Fund		1.016		1.016	
Peso Wealth Optimizer 2026 Fund		0.969	2	896.0	
Peso Wealth Optimizer 2031 Fund		0.939		0.939	
Peso Wealth Optimizer 2036 Fund		0.932		0.932	
Pow erhouse Fund		0.894		898.0	
Emperor Fund		0.924		0.926	
USD Secure Fund		1.620		1.623	
USD A sia Pacific Bond Fund		1.114		1.118	
USD Global Target Income Fund		0.814		0.835	
USD A SEAN Grow th Fund		1.506		1.539	
USD Asia Pacific Property Income Fund		0.891		0.908	
PHP Asia Pacific Property Income Fund		0.871		0.872	
PHP Tiger Grow th Fund		0.704		0.764	
USD Tiger Grow th Fund		0.640		0.706	
PHP Global Preferred Securities Income Fund		1.005		0.990	
USD Global Preferred Securities Income Fund		0.918		0.920	
PHP US Grow th Fund		1.055		1.077	
USD US Grow th Fund		0.946		0.982	

## Manulife

Dual Pricing Investment Funds of Variable Life Insurance Contracts

Fund	Current Week,	March 8, 2022	Previous Week,	March 1, 2022		
Peso Bond Fund		2.897		2.888		
Peso Stable Fund		2.888		2.883		
Peso Equity Fund		2.269		2.270		
Peso Balanced Fund		1.066		1.066		
Peso Target Income Fund		0.829		0.830		
U.S. Dollar Bond Fund		2.313		2.318		

	Unit Offer Price					
Fund	Current Week,	March 8, 2022	Previous Week,	March 1, 2022		
Peso Bond Fund		2.941		2.932		
Peso Stable Fund		2.932		2.927		
Peso Equity Fund		2.304		2.305		
Peso Balanced Fund		1.082		1.082		
Peso Target Income Fund		0.842		0.843		
U.S. Dollar Bond Fund		2.348		2.353		