

Government urged to make big green energy push

By Tobias Jared Tomas

THE GOVERNMENT needs to refocus its borrowing to aggressively pursue sustainable energy initiatives, which multilateral institutions are willing to fund on favorable terms, in response to the rising cost of traditional fuels, economists said.

"The ongoing constraints posed by the current global landscape should highlight the importance of alternative sources of energy," ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa said in an e-mail. "Other nations have decided to accelerate their plans to shift to renewable forms of energy to ensure stable supply chains while simultaneously championing sustainability."

"Loans from the World Bank (WB) and the Asian Development Bank (ADB) offer very affordable rates and oftentimes target projects that are not just viable, but have a substantial impact on development, equity, and environmental sustainability."

Mr. Mapa said that such loan exposure is less vulnerable to swings in global markets.

"Such investments do not bear fruit overnight; thus the government must identify this shift as a priority," he added. "Currently, the Philippines has made some strides in chasing environmental sustainability with the legislative framework recently passed. Despite these developments, however, the Philippines lags its peers in terms of progress, with the country yet to set a target date for net zero carbon emissions."

The Philippines has set a goal of cutting its greenhouse gases emissions by 75% by 2030, particularly for agriculture, waste management, industry, transport, and energy.

Leonardo A. Lanzona, who teaches economics at the Ateneo de Manila University, said in a Viber message that "it may be appropriate to invest in environment and renewable energy," but called for "careful analysis of the expected returns" from such projects.

Recent loans that the government recently took on are not cause for concern, but attention should be paid to how productively they are deployed, UnionBank of the Philippines, Inc.

Chief Economist Ruben Carlo O. Asuncion said.

"I think that we have a great window in dealing with the nation's debt and be able to assess debt sustainability," Mr. Asuncion said in an e-mail. "It is all right to be worried, but it is more productive to hold government accountable for whatever that they will do moving forward."

The government took out a string of loans over the past few weeks. The Asian Development Bank (ADB) lent \$250 million for climate mitigation, \$400 million for capital market development and insurance, and \$4.3 billion for the South Commuter Railway Project. It also signed a \$350-million loan with China for the construction of the Samal-Davao bridge.

"In order to be sustainable, the rate of return coming from these loans needs to be greater than the interest imposed by these loans," Mr. Lanzona said. "Regardless of the sector where these loans are placed, as long as this condition is satisfied then the loans are properly placed."

"The concern is not the amount of loans per se, but the returns or the productivity obtained," he added.

Strong finish in Q1: McDonald's Philippines poised for full recovery in 2022

With the Philippine economy in an upward trend, quick service restaurant giant Golden Arches Development Corp. (McDonald's Philippines), majority owned and operated by McDonald's Master Franchise Holder Dr. George T. Yang (Chairman & Founder) and Kenneth Yang (President & CEO), is poised for sustained growth and recovery in 2022.

Coming into 2022, McDonald's remained resilient and sustained its recovery momentum in the first quarter of the year despite the Omicron surge in January. It continued its commitment of being a trusted partner of the Filipino community with its safe, quality food, innovative services, focus on supporting its employees and communities in need, and being a partner of the government in navigating through the pandemic.

"We've overcome the challenges of the past two years because of strategic investments on innovations we made before the pandemic, which enabled us to serve a safe and frictionless omni-channel experience for our customers. We are confident that this will continue to drive our growth in 2022," says President & CEO Kenneth Yang.

In the first quarter of the year, McDonald's Philippines achieved double-digit sales growth of 29% versus the same period last year driven by strong same store sales growth of 22%.

The company has also achieved 100% of its sales recovery plan versus 2019.

Growth across all channels is enabled by the company's initiative to roll out cashless solutions. To date, 86% of its store base are equipped with cashless.

Robust momentum towards growth

McDonald's kept its focus on improving the quality and safety of its food and service across all customer channels. It was underscored with initiatives that the company implemented in support



(From L-R) McDonald's PHL President and CEO Kenneth S. Yang, McDonald's Corp. Chief Executive Officer Chris Kempczinski and McDonald's PHL Master Franchise Holder and Chairman Dr. George T. Yang at the 2022 McDonald's Worldwide Convention in Orlando, Florida

of its employees, owner operators and partners.

To ensure safe restaurant operations throughout the pandemic, McDonald's launched the M Safe program in 2020. According to the company, the principle of M Safe is that if their employees are safe, they will keep customers safe.

Aside from compliance with all government mandated health and safety protocols, McDonald's rolled out its employee vaccination program with education initiatives and providing access to the vaccines.

McDonald's has also remained a committed partner in creating a positive difference in communities where they operate.

All set for a strong sustainable recovery

McDonald's ended 2021 with a 671-store base, opening 36 new stores. With every new McDonald's store that opens, the company provides employment opportunities with its direct hiring practice, which has been in place since 1981.

Marcos Jr., Concepcion discuss health, economy and MSMEs

President-elect Ferdinand "Bongbong" Marcos Jr. met with Presidential Adviser for Entrepreneurship and Go Negosyo founder Joey Concepcion last June 15 to discuss pressing issues affecting the country's micro, small and medium enterprises (MSMEs), specifically the country's health and economy, and the impact of the ongoing Russia-Ukraine crisis on large and small businesses.

At the courtesy call to the incoming President at his campaign headquarters in Mandaluyong City, Concepcion and Marcos agreed that MSMEs will be crucial in the country's path to prosperity. The sector, which comprises 99.5 percent of all business establishments in the Philippines, generates 62.6 percent of jobs for Filipinos.

At the meeting, Marcos assured that his administration will focus on the MSME sector. He also sought Concepcion's suggestions on what the sector needs most as the country recovers from the pandemic. "Our MSMEs need access to money, market and mentorship opportunities," said Concepcion, as he outlined the three elements that underpin the programs of the non-profit Go Negosyo, which he founded in 2005. The 'money' element, said Concepcion, will be especially crucial as the Russia-Ukraine crisis and the resulting inflation continue to exert pressure on the country's entrepreneurs.

Concepcion shared with the President-elect how large corporations can support MSMEs by including them in their value chain, allowing them to move up the ladder and help propel forward the country's economic progress.

Marcos welcomed the continuation of initiatives to help ease MSMEs into the digital economy, including those pioneered by Go Negosyo at the height of the lockdowns. Concepcion shared with the incoming President how Go Negosyo was able to shift online its in-person mentoring programs, specifically those it conducts in cooperation with the Department of Trade and Industry, the Department of Agriculture, and the Department

of Tourism. The shift also allowed Go Negosyo to explore more alliances and expand its reach across the archipelago using digital technology.

Concepcion also shared with the incoming President the organization's health initiatives during the pandemic. President-elect Marcos said his administration recognizes the need to always consider the people's health and the economy as inter-related issues. "I suggested to the President-elect that we should eventually have to plan how we can move out of a pandemic mindset to ensure our country's economic growth," said Concepcion.

He also reiterated to the President-elect his call to lift the public health emergency status and the eventual removal of alert levels, while at the same time continuing with vaccinations. Concepcion also suggested the granting of Certificates of Product Registration for Covid vaccines to allow their commercial availability to citizens who wish to be vaccinated.

Concepcion described the meeting as "meaningful and promising," and that the President-elect was open and welcoming to suggestions. "It was a productive discussion between two people who have heard of each other but never had the chance to meet in person," he said. Also present were incoming Executive Secretary Vic Rodriguez and Go Negosyo Lead Adviser Josephine Romero.

"We both agree that MSMEs should be supported if we are to realize inclusive growth for the Philippines," he said of the meeting.

The Go Negosyo founder committed to consolidate and bring together the private sector in its common goals with the Marcos administration, and to work with incoming Trade Secretary Alfredo Pascual to ensure continuity of its programs to provide access to money, market and mentorship to MSMEs.

"I am confident that under the Marcos presidency, and with united efforts from the private sector, we have a chance at realizing inclusive growth and prosperity for all," Concepcion said.

OPINION

The Metaverse beckons: Is it time to explore?

The Metaverse is the new industrial frontier. Futurists, entrepreneurs, and professionals have defined it in multiple ways, but its meaning continues to mystify the public. Organizations that decide to embrace it are more likely to discover a turning point, similar to the growth of the internet spurring globalization, or the rise of the smartphone that made on-the-go services available. As technologies cause a cultural shift that influence ways of living, they open a plethora of opportunities which businesses may consider for early adoption for their long-term strategy.

DEFINING THE METAVERSE

The word "Meta" in Metaverse is derived from Greek that means "transcending." Paired with the word "universe," it implies an area that is beyond the physical. The Metaverse can be defined as a virtual world where a real person can extend themselves and their lives onto digital identities. They can earn, purchase, socialize, learn, and enjoy in this digital space, and the results from these activities can connect and apply to the real world. This is much more immersive than the current ecosystem of social media, online shopping, or gaming communities, because the Metaverse involves key characteristics enabled by key technologies.

When derived from various forums, the key characteristics of the Metaverse include (1) Persistence: where your central digital identity is maintained even as you enter and leave the Metaverse; (2) Ownership: where everything you earn or purchase in the world is certified and attributed to be truly yours; (3) Interoperability: where you can carry what you own and use it in other virtual places, and (4) Decentralization: where there is no central organization that dictates the rules of the space, and is instead defined by the users themselves.

It is these characteristics that make it an overarching realm, as opposed to current platforms or small metaverses (with a lowercase "m"). These metaverses are managed centrally by the company that created them, and users typically are not able to consume or port digital assets across these.

On the other hand, notable technologies that realize the characteristics of the overarching Metaverse are 5G, blockchain, and virtual or augmented reality (VR/AR). Widely rolling out 5G infrastructure provides faster speeds for data consumption of up to potentially 10 GB per second, which is essential for a smooth experience in the virtual world. Blockchain is foundational in what creates the true ownership of certified digital assets or currencies, building a de-centralized autonomous environment enabled by the smart contracting that connects them. Moreover, VR and AR technology, which allows the creation of 3D environments supported by wearables, can make the experience more immersive. There are other layers of technologies involved, such as decentralized applications, but implementing the necessary infrastructure fast tracks the vision.

TAPPING INTO DIGITALLY NATIVE CONSUMERS

Understanding what the Metaverse is helps enable organizations to determine how they can generate new revenue streams or create new business models while positioning themselves early for success in this evolving technology — which can grow exponentially in the future. Leaders must realize that doing so taps into a promising audience: the digital natives. These are the people who grew up in the information age, and who spend a significant amount of their time using laptops, smartphones, and Internet of Things (IoT). Digital natives often prefer to interact online first rather than through traditional face-to-face transactions.

In 2019, CNN Philippines said in an online story that the people of the Philippines are some of the heaviest users of the internet, averaging about 10 hours a day. General information from the Philippine Statistics Authority (PSA) indicates that digital natives likely comprise a third or above of the population. These numbers alone provide ample opportunity for new revenue.

RECOGNIZING THE POTENTIAL OF NFTS

To cite potential application to business, it is also important to understand the concept of non-fungible tokens or NFTs in the Metaverse. NFTs are digital assets that are unique and authenticated through blockchain. This can be anything from digital art, gaming items, or video clips that are owned by people through their digital personas. Their financial value is created through supply and demand within the digital world. Its appeal can be tied to the human psychology that seeks ownership of things, which is why authenticating through blockchain is important to make it "real" and exclusively "mine." Aside from the advent of cryptocurrency, NFTs have opened possibilities of other forms of virtual ownership, and it drives demand.

In effect, real world brands can use NFTs in various ways, whether for creating brand awareness as people transact through their digital identities to own these NFTs or use the actual ownership itself to unlock a privilege, such as exclusive access or discount to a physical store or location. The applications are almost endless. The experience can be gamified, where online gamers not only play for entertainment, but have their actual efforts translate to acquiring NFTs that have value for trading purposes or even for benefits in the physical world.

According to Navigating the Metaverse, A Guide to Limitless Possibilities in a Web 3.0 World, by Cathy Hackl, Dirk Lueth, and Tommaso Di Bartolo, there are also potential recurring revenue streams from a secondary market for royalties for branded NFTs. This means that aside from earning from the primary purchase, royalties can still be applied as NFTs get traded down the line so that businesses can continue to receive earnings from subsequent trading.

Aside from products with NFTs, services for the Metaverse can also be provided by businesses, according to the EY white paper on the "Metaverse" by Bikram Dasgupta and Aarathi Panikkar. These can range from curating and developing virtual environments, pursuing business integration, running advertising campaigns, implementing smart contracting, and so on. There is a whole ecosystem that needs to support running and maintaining the world itself, which is also an area that can be engaged in for revenue.

THE METAVERSE AS AN INEVITABLE CULTURAL SHIFT

Back in October 2021, the most popular social media platform renamed itself to "Meta." This clearly demonstrates the explicit commitment of the organization to support the direction of the online environment. Moreover, one of the largest software companies has been acquiring well-known gaming companies, also alluding to how these platforms with their own communities and exchanges will play into the future of the Metaverse. The big players are preparing as early as now to help curate the future experience the Metaverse will be able to offer.

Given the current interest and increasing entry into the Metaverse globally, business leaders should recognize and understand the phenomenon — even if it sounds far-fetched or unreal — and consciously consider this in their periphery or as a direct future strategy for their organization. The Metaverse is looking to inevitably shift the culture, driven by technology, and should be given the requisite attention so that companies are prepared if it becomes a truly global-level disruption.

Similar to how digitization accelerated due to the obvious market of digital natives and even more so with the pandemic requiring seamless virtual work, consumerism, and lifestyles, the time to explore the potential of the Metaverse is now.

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