

DoF urges private partners, LGUs to back P1-T water security plan

THE government's water security plans for 2030 are expected to require investment of P1 trillion, too large for the Treasury to undertake by itself, Finance Secretary Benjamin E. Diokno said, inviting the participation of the private sector as well as local governments and overseas funders.

"Last year, the National Economic and Development Authority (NEDA) introduced the Philippine Water Supply and Sanitation Master Plan. This plan serves as a blueprint to achieve universal access to safe, sufficient, affordable, and sustainable water supply, hygiene, and sanitation by 2030," Mr. Diokno said in a recorded video message at the "Sustainable Path to Water Security for the Philippines" event on Tuesday.

"The plan calls for a total investment of over a trillion pesos... This would require a harmonized orchestration of investments and increased participation from the private sector, international development partners, as well as local and national agencies," he added.

At the same event, NEDA Assistant Secretary Roderick M. Planta said that while the initiative will require P125 billion annually, the government can only provide about P7-P10 billion from the General Appropriations Act each year.

"Government cannot do it all alone," he said.

Mr. Diokno said that the government's current financial strategy is focused on revenue generation and measures to protect the environment.

He cited the issue of sustainability global bonds worth \$1 billion and sustainability samurai bonds worth \$600 million, both of which were met with strong demand.

"To complement these efforts, we are building the capacity of our local governments for the formulation and implementation of sustainable development projects on the ground," he added.

However, Mr. Planta said that only three provinces are on board with NEDA's Philippine Water Supply and Sanitation Master Plan.

"So, while we say that we have a water security game plan... at the subnational level (it) needs to be articulated even further," he said.

Rafael Francisco Amparo, executive director of the Rural Bankers Association of the Philippines, said that rural banks can contribute in narrowing the financing deficit in local water districts.

"One of our projects was to lobby for guarantee support for riskier credit. It would make banks more comfortable if government guarantee programs were backing them up," he said.

Carlos N. Santos, Jr., general manager of the Santa Maria Water District in Bulacan, expressed doubts about the capacity of rural banks to finance local water districts amid their regulatory constraints.

"Lone water districts are government-owned and -controlled corporations. We are subject to the rules and regulations of the Commission on Audit, the local

water utilities administration, as well as the monetary board of the central bank," Mr. Santos said.

"We need to go to all these agencies of government to be able to get the necessary funds. Normally, it takes us around eight to 12 months to get these funds."

Mr. Santos said that the General Appropriations Act should provide a special fund that local water districts can draw from.

"The vital shareholders of this master plan are the local water districts nationwide. If we do not sustain and reach the goal by 2030, we're all going to fail, and we cannot do it without the necessary funds."

Mr. Planta said that while nine out of 10 families have access to basic services involving treated water, there are still regional variations in service quality.

"Basic sanitation is (accessible to) eight out of 10 families, (but) there are areas that are worse off."

NEDA's Philippine Water Supply and Sanitation Master Plan also proposes the creation of a Department of Water, "a focal institution for planning and for policies."

"We are so stuck with our own administrative data collection, and without that department, everybody is just minding what they are collecting," Mr. Planta said, noting the multiple regulators overseeing 27,000 water service providers.

"What is happening with the master plan is that we're institutionalizing the data collection mechanism at the center, and looking also at the mechanism at

the subnational level because we also aggregate data from them," he added.

Meanwhile, Senator Maria Imelda Josefa Remedios R. Marcos, who also spoke at the event, said that the administration should evaluate the necessity of a new department given the fiscal constraints.

"What I have recommended is that we begin with a water resources and management authority, hence limiting the numbers of undersecretaries, assistant secretaries, and other bureaucrats," Ms. Marcos said.

"Simply focus on the problem at hand, which is water management; (the) integration and unification of policies as to the distribution and management of limited water resources," she added.

In his first State of the Nation Address in July, President Ferdinand R. Marcos, Jr. cited the establishment of the Department of Water as a legislative priority.

"We will also look into the precarious fresh water supply situation, especially in our urban areas. Many of our water supply systems date back to the 1950's, and they must now be rehabilitated and improved," Mr. Marcos said in his address.

"I have instructed the Department of Environment and Natural Resources together with the Department of Public Works and Highways, to explore possible partnerships with the private sector to address this crucial situation." — **Diego Gabriel C. Robles**

Absence of port, dock construction budget reflects devolution — DBM

LOCAL government units (LGUs) are now on the hook for the construction of 36 new ports and docks in the wake of devolution, the Department of Budget and Management (DBM) said, in noting the absence of such funding in the 2023 budget.

"Per Section 17 B item 8 of the Local Government Code of the Philippines, and pursuant to the Mandanas-Garcia Case Ruling, the construction of local ports has already been devolved to the LGUs," Budget Undersecretary Goddess Hope O. Libiran told reporters in response to queries.

The National Government shed billions of pesos worth of functions performed by its agencies in response to the Supreme Court's Mandanas-Garcia ruling, which expanded the 40% share granted to LGUs from National Government revenue.

Before the ruling, LGUs were entitled to a 40% share of "internal revenue," which the National Government previously interpreted as 40% of the collections of the Bureau of Internal Revenue.

The Supreme Court struck down this interpretation in ruling that LGUs are actually entitled to 40% of all national taxes, expanding the pot available to LGUs and causing the National Government to pass on responsibility for some of its operations to the subnational level.

"We note that the following basic services and facilities related to transportation and ports are devolved to the LGUs under Section 17 of the Local Government Code of 1991 (Republic Act No. 7160): infrastructure facilities including traffic signals and road signs and similar facilities; adequate transportation facilities; fish ports; and infrastructure facilities intended primarily to service the needs of the residents of the municipality including, but not limited to fish ports, among others." Undersecretary for Maritime Elmer Francisco U. Sarmiento of the Department of Transportation (DoTr) said that the DBM disapproved P800

million worth of proposed funding for the development of seaports.

"The DoTr has this proposal to construct 36 ports (next year). Unfortunately, it was not approved by the DBM. We also have foreign-assisted projects to improve capacity, especially the upgrade of assets of the Philippine Coast Guard, but they were rejected as well by the DBM," Mr. Sarmiento said during a briefing for the 2022 National Maritime Week on Monday.

"The plenary debates in Congress and Senate are upcoming. We are still fighting for additional budget for maritime. I think the problem we are facing right now is fiscal space. Given the limited resources, our government is prioritizing expenditures," he added.

Meanwhile, Ms. Libiran also listed other devolved functions, based on the submitted devolution transition plans of the DoTr, the Department of Agriculture, and the Department of Public Works and Highways.

These include the development of locally-funded social and tourism ports; the operation of municipal fish ports or for projects that cut across two or more barangays; and the construction or improvement of access roads leading to airports or seaports.

During a Senate Finance Committee hearing last week, Budget Secretary Ameh F. Pangandaman said President Ferdinand R. Marcos, Jr. ordered her department to prepare amendments to Executive Order (EO) 138, the devolution plan issued by the Duterte administration in response to the Supreme Court ruling.

"We have a draft already and, I think in two weeks' time, we will convene with the LGUs," she said.

The ruling raised the LGU allocation from National Government taxes to P959 billion this year, up 37.89%.

EO 138 set the completion of the devolution timetable to the end of 2024.

By 2024, the National Government is estimated to have shifted programs and projects worth P234.4 billion to LGUs. — **Diego Gabriel C. Robles**

PEZA counting on upgraded trade facilitation, seamless logistics to draw ecozone locators

THE Philippine Economic Zone Authority (PEZA) said it is hoping to make its economic zone offering more attractive to locators by offering seamless trade facilitation and upgraded logistics.

Tereso O. Panga, PEZA officer-in-charge and deputy director general for policy and planning, said he met with Customs Commissioner Yogi Filemon L. Ruiz on Sept. 16 to smooth out the supply chain for PEZA companies.

"PEZA is one with the Bureau of Customs (BoC) and other participants in the local supply and global value chains in enhancing the ecozone business ecosystem and our overall competitiveness to make the Philippines a viable investment destination in the region," Mr. Panga said.

PEZA could end up losing registered companies to the Board of Investments (BoI), an offshoot of the row that broke out between the government and the business process outsourcing (BPO) industry. The BPOs are seeking more freedom to offer their workers work-from-home arrangements, but risk losing access to tax incentives because tax laws require locators to perform much of their work within the ecozones.

The initiative to improve trade facilitation appears to indicate a renewed focus on manufacturers who need to move goods across borders, as opposed to services companies like BPOs.

"It is important to strengthen partnership between PEZA and BoC given their respective roles

in investment and trade facilitation that are being improved towards digital transformation," Mr. Panga said.

Mr. Panga said PEZA and the BoC discussed the concerns of registered enterprises including the use of single general transport surety bonds for ecozone imports and interzone transfer of goods between PEZA-registered enterprises, and the use of risk-based shipment inspections and electronic tracking of containerized cargo.

The two agencies also discussed the integration of the PEZA's electronic import permit system and automated export documentation system with the BoC's electronic-to-mobile system for improved security and transparency in the processing

and monitoring of import and export permits and documents. They also agreed to collaborate in clarifying the basis of computing tax and duties on the disposal of enterprise assets under Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises Law.

According to Mr. Panga, PEZA rolled out its online payment system and launched other office automation projects to improve the delivery of services and customer experience.

"All these will contribute to higher productivity, reliability, availability, increased performance, and reduced operating costs to the benefit of our valued ecozone investors and other stakeholders," Mr. Panga said. — **Revin Mikhael D. Ochave**

Congress hears proposals for DUs, co-ops to invest in RE

THE House Committee on Energy heard proposals to incentivize distribution utilities (DUs) and electric cooperatives (ECs) to invest in renewable energy (RE) as a means of bringing down electricity prices.

"There are several distribution utilities and cooperatives whose power service agreements are expiring this year or next two years with a lot of our generators heavily using coal; what DU or EC would want to enter a 10-year contract with coal and gas prices at all-time highs?" Nueva Ecija Rep. Rosanna V. Vergara said at a committee hearing on Tuesday.

Ms. Vergara said very few generation facilities are currently offering renewable energy.

"I agree that the most expensive power is no power but P20 per kilowatt hour is also not acceptable; this is a

challenge that the committee will have to face in the short term," Ms. Vergara said.

Ranulfo M. Ocampo, president of Philippine Electric Plant Owners Association said that stranded contract costs are addressed by a Department of Energy (DoE) circular on the conduct of the Green Energy Auction program.

"Under this program, the DoE will conduct the bidding process to procure renewable energy for the market," Mr. Ocampo said.

Mr. Ocampo said generation costs are too high due to the Philippines' dependence on imported fuel.

"It will take time for us to transition to cleaner and more indigenous power, as the market shifts to local and cleaner sources," Mr. Ocampo said. — **Ashley Erika O. Jose**



BIG BUSINESSMEN MENTOR MSMEs AT 3MOW. Big names in business lent their support to the country's micro, small and medium enterprises at Go Negosyo's popular on-ground mentoring event 3M on Wheels held last September 17, 2022 at the Alabang Town Center in Muntinlupa City. "The successful turnout today of these big-brother companies and businessmen is the very essence of our Kapatid Angat Lahat program, where big business helps the small so that eventually they, too, can help other aspiring entrepreneurs," said Go Negosyo founder Joey Concepcion. "Access to all these three elements, the three M's— money, markets and mentoring—are essential in growing small businesses. More people with meaningful employment will redound to more economic activity, which will benefit even the large corporations," he said.

The principle of big business coming to the aid of MSMEs are embodied in Go Negosyo's Kapatid Angat Lahat initiative, which aims to integrate MSMEs into the value chain of medium and large corporations. 3M on Wheels remains a free nationwide mentorship program by the Philippine Center for Entrepreneurship.

UK sees tariff-free scheme as key to expanding PHL trade

THE expansion of the United Kingdom's (UK) trade with the Philippines is expected to hinge on the greater use of the UK's Developing Countries Trading Scheme (DCTS), a duty-free export concession, a trade official with the British Embassy in Manila said.

Lindsey Gilbert-Crouch, the Manila-based country director of the Department for International Trade, said in a keynote speech for UK-Philippines virtual trade mission organized by the British Chamber of Commerce Philippines (BCCP), that the DCTS, launched on Aug. 16, covers 65 developing countries including the Philippines.

"As of (the 12 months to June) this year, UK-Philippine trade has increased by almost 20% from last year to 1.9 billion pounds sterling. And this is all in spite of the headwinds that the global economy is facing today," Ms. Gilbert-Crouch said.

The DCTS, which replaces the UK's Generalized Scheme of Preferences, will come into force by early 2023.

The new trading scheme allows over 80% of Philippine export goods and 99% of total export goods by value to enter the UK duty-free.

The Philippines is expected to save around 21 million pounds' worth of tariffs yearly from the DCTS.

Ms. Gilbert-Crouch noted that British meat continues to make inroads into the Philippine market.

"The Philippines is now the UK's second-biggest pork market outside of Europe," Ms. Gilbert-Crouch said.

British pork shipped to the Philippines amounted to 24.14 million kilograms, or over 5% of Philippine pork imports as of the end of August, according to the Bureau of Animal Industry (BAI).

The BCCP conducted the first day of its virtual trade mission on Sept. 15, in partnership with the Kent County Council and nine UK firms in the food and beverage industry.

The second day of the BCCP's virtual trade mission takes place on Sept. 21.

"The project serves as a way to help small businesses from East Sussex, Kent & Medway, Essex and South Essex to get into overseas markets such as the Philippines. In this way, it helps British businesses unleash their potential particularly with this year's trade mission in the food and beverage sector," the BCCP said.

The British firms participating in the trade mission include Old Dairy Brewery, Must Chup, Maidstone Distillery, Karimix, Personalised Product Consultants/Sugarbranding, Retrocorn, G&I Spirit Group Ltd., Boost Ball, and Barn Farm Drinks.

The goods and services trade between the UK and the Philippines is estimated at 2 billion pounds a year, the British Embassy said. — **Revin Mikhael D. Ochave**