

DBP sees wealth fund role as provider of infra capital

THE Development Bank of the Philippines (DBP) views the proposed Maharlika Investment Fund (MIF) as a valuable source of long-term capital for developing infrastructure.

In a statement, the bank's President and Chief Executive Officer Emmanuel G. Herbosa said such investment will be critical for food, water, green energy, agro-industrial ventures, telecommunications, public infrastructure, and road networks projects.

"From my personal standpoint, the creation of a SWF (sovereign wealth fund) is a superb opportunity to address the dearth in sources of long-term capital which is integral to support these capital-intensive investments," Mr. Herbosa said.

"As head of a government bank, the SWF is closely aligned with our operating principle of bolstering (the economy) through timely and meaningful support for critical industries and sectors," he added.

The House of Representatives last week approved on third and final reading the Maharlika Investment Fund (MIF) bill, with 279 votes for, or about 90% of the chamber.

According to Mr. Herbosa, the additional safeguards in the proposed measure will ensure that the fund is not misused, employed fraudulently, and shielded from political interference.

In the bill's latest version, the number of independent directors has been raised to four, congressional oversight and multiple layers of audit have been included, with stiff penalties prescribed for any misconduct by fund officials.

Mr. Herbosa said that the provision of sovereign guarantees for specific contributions adds another layer of confidence especially in funding projects while also attracting

Maharlika bill Fol safeguards seen as inadequate

THE Maharlika Investment Fund (MIF) bill is suffering from a lack of public consultation, with transparency safeguards like the obligation to respond to Freedom of Information (Fol) requests deemed insufficient for achieving transparency, a non-government organization said.

David Michael M. San Juan, convener of the Professionals for a Progressive Economy, added that public consultations on the bill should have taken months.

Mr. San Juan, also an associate professor at De La Salle University, said in an e-mail that he is not reassured by safeguards inserted into the bill allowing Fol requests to be addressed to fund officials.

"Based on my previous Fol experiences, some agencies can pretend that they don't have data available. At times, some agencies approve your request for information, then they'll ignore your follow-ups, in effect withholding information," he said.

Section 43 of House Bill (HB) 6608, which passed on third reading, contains a list of documents from the Maharlika Investment Fund (MIF) and the Maharlika Investment Corp. (MIC) that must be made public: "all investments thereof, planned or negotiated, statements of assets and liabilities (SALNs) of members and officials of the board of directors, advisory board, and risk management unit, the SALNs of those who appointed said members and officials, audit documents of the internal auditor, external auditor, and (the Commission on Audit), and other related documents and information."

In a statement on Sunday, Speaker Ferdinand Martin G. Romualdez said

that Congress has gone through "lengthy and exhaustive plenary deliberations on House Bill 6608" and has "adopted various safeguards to ensure we can achieve the objectives of the Maharlika Investment Fund."

Mr. Romualdez added that one of the key safeguards in the Maharlika bill is the provision that recognizes the public's right to Fol requests.

Regarding the lack of public consultation, Neri J. Colmenares, chair of the Bayan Muna Party-list and the National Union of Peoples' Lawyers, said in an e-mail, "The only hearing where the public was invited was when we were invited once but it was limited to us just asking questions in one hearing."

"The fact that certain members of Congress were allowed to propose amendments does not mean public consultations were done," Mr. Colmenares added.

Mr. Colmenares, who proposed the Fol provision when the bill was at committee level, said that the previous administration's executive order on how agencies must deal with Fol requests is no guarantee of transparency, because agencies can deny requests.

Executive Order (EO) No. 2, s. 2016 requires the Executive Branch to fully disclose information and State policies, which applies to the MIF.

Mr. San Juan added that the MIF must be required to disclose all companies it invests in, the amount invested, and the gains or losses recognized on a quarterly basis.

"There should also be a list of the full names and bionotes of all MIF officials, consultants, and fund managers posted online. This will be for greater

private sector and international funders.

"At this juncture it's best that we allow the bill to take its proper course in the legislative

mill as I believe this would lead to a solid and watertight law in view of the purification and purging process that it underwent," he added.

transparency on possible conflict of interest." Mr. San Juan said.

Despite the amendments included, there are no guarantees that the MIF and MIC won't fall into corrupt hands, according to Mr. San Juan.

"Political dynasties are so interconnected with big business firms (with bureaucrats and private sector CEOs connected to these dynasties and big business firms exchanging roles through a revolving door, which may be legal but certainly immoral) that no safeguard will be enough unless political dynasties are banned and electoral involvement of big business is at least strictly regulated if not eradicated," Mr. San Juan said.

Mr. Colmenares said the MIF's problem is fundamental: "No amendment can cure the Maharlika bill. Sovereign wealth funds are only established when there is excess wealth. We don't have excess wealth."

Albay Rep. Edcel C. Lagman, who voted no to the MIF bill, said in a statement, "No avalanche of accepted amendments can cure the inherent chronic and substantial defects of the Maharlika Investment Fund," adding that the fund needs to focus on "human development (with) sufficient allocations for education, health, employment, food security, and basic infrastructure."

The Maharlika bill was first filed on Nov. 28. In its original form, it was to take in capital from the two government-run pension funds and the two leading government banks. HB 6608 is a substitute bill that proposed that the fund draw capital instead from the Bangko Sentral ng Pilipinas as well as the two government banks. — **Beatriz Marie D. Cruz**

The Government Service Insurance System and Social Security System were initially proposed as Maharlika funders, but were ruled out after a backlash. — **Keisha B. Ta-asan**



Farmers say high sugar prices due to issues with distribution, retail

THE Department of Agriculture (DA) needs to address the distribution and retail portions of the sugar supply chain, which are causing prices to rise, a farm industry association said.

High sugar prices are providing a pretext for the government to import sugar, shipments of which need to be "calibrated" in their arrival to avoid causing disruptions, Samahang Industriya ng Agrikultura Chairman Rosendo O. So added in an appearance on *BusinessWorld Live* on Thursday.

"High prices of sugar are driven by distribution and retailing issues. The DA should instead convene to address (these) problems," he said.

The DA, in a memorandum order dated Dec. 20, said it is expediting the import of 64,050 metric tons (MT) of refined sugar to stabilize prices.

Mr. So called for imports to be staggered from the January-March period.

"I think... we have just to calibrate the shipments. If the imports are calibrated, we don't see any problem. But if the whole 64,000 MT comes at once, then we will have some problems. Our farmers are still harvesting in the first part of January," he said.

Mr. So said the DA should be focusing on the role distribution plays in raising prices.

"December is harvest peak. We have enough stock; the only problem is the price. I think the

DA should talk to the millers to stabilize the price," he said, referring to the part of the supply chain that has the most impact on prices at the moment. "The 64,000 MT of imports will not come in December anyway, so best is to talk with the millers," Mr. So said.

In a statement, sugar planters said there is "no reason" for prices to remain high because supply is ample.

"There is no urgent need for imports especially during peak milling season, and there is also no reason why retail prices should remain disproportionately high," the National Federation of Sugarcane Planters, Inc.; Confederation of Sugar Producers Association, Inc. and Panay Federation of Sugarcane Farmers, Inc. said in a joint statement.

"We would like to reiterate at this time our call for the DA, Sugar Regulatory Administration, and Department of Trade and Industry to guard against excessive retail prices that are not in sync with prevailing millgate prices," they added.

Mr. So called the DA out of touch with conditions on the ground, saying its planning approach has been influenced by the National Economic and Development Authority (NEDA). He called NEDA's method "table computation," without referring to intelligence from the field. — **Ashley Erika O. Jose**

Israel invited to work with PHL dairy, plant industry, agri training agencies

By **Alyssa Nicole O. Tan**
Reporter

ISRAEL said it is willing to work with three agencies at the Department of Agriculture (DA) — the National Dairy Authority, the Bureau of Plant Industry, and the Agriculture Training Institute, following an invitation from the DA.

"Since agriculture is the top priority also for the President, I just met with (DA officials) and we discussed a few projects that the department would like us involved in and to support, things like dairy farming, high-value crops and training," Israeli Ambassador to the Philippines Ilan Fluss told *BusinessWorld* on the sidelines of a Hanukkah celebration with scholars sponsored by Israel's MASHAV program.

"In 2023, the Philippines is a priority country for MASHAV

(Center for International Development Cooperation), which means MASHAV will invest more," Mr. Fluss said.

Regarding collaboration with the DA, Mr. Fluss said, "Coming out of the pandemic and the last few years, there were no meaningful programs, so we're now trying to identify programs that will then continue for a few years. For this one, we need a strong partnership with the government here or other possible partners."

"We're still identifying long-term projects which will have an impact, be meaningful and we can continue," he added.

Nir Balzam, deputy chief of Mission at the Israeli Embassy, told *BusinessWorld* at the same event that the Israeli mission is also considering working with the "DoST (Department of Science and Technology), on the innovation side... (specifically) with the TBIs (technical business incubators) that

they're operating throughout the country."

Israel is also looking forward to collaborating with the Departments of Trade and Industry (DTI), and Education.

"What we're trying to do with DoST, also with DTI, is to help in creating an ecosystem of innovation in the Philippines through introducing the Israeli model," Mr. Fluss said, "because Israel is a leader in innovation, a number of startups and so on, so we're trying to identify the relevant tools."

"Some can be done with MASHAV, some can be purely business-oriented," he added.

MASHAV activities in the Philippines include a three-week training program, a 10-day in-depth study program, both in Israel; and an agriculture entrepreneurship program, also in Israel, which runs for 11 months.

MASHAV also organizes visits by Israeli business delegations to the Philippines.

Digital national ID issuances hit 10 million, behind target

THE Philippine Statistics Authority (PSA) announced on Wednesday that issuances of the digital version of the national ID, known as the ePhilID, have topped 10 million, about half of the target for the year.

The PSA said in a statement that the number of ePhilIDs that have been claimed at Philippine Identification System (PhilSys) registration centers is 10,126,352.

The PSA's target is to deliver 30 million physical cards and 20 million ePhilIDs by the end of 2022.

President Ferdinand R. Marcos, Jr. laid out the target of 50 million IDs — physical and electronic — in his State of the Nation Address.

In a Dec. 6 meeting with Socioeconomic Planning Secretary Arsenio M. Balisacan and PSA officials, the President said: "Let us print out as much as we can, and then let's issue the physical ID as soon as we can."

The printing delays were blamed on the "late start of the flow of data and the volume of the data, which is less than what is supposed to be," according to a statement issued by the Office of the Press Secretary on Dec. 6.

According to the PSA, the ePhilID is the digital version of the PhilID, which is a physical card. The Agency began rolling out the ePhilID in late October.

The ePhilID will soon be accessible through mobile phones, the PSA said.

Those who have registered will be able to download their ePhilIDs on their smartphones as well as their laptops through the PhilSys website, the PSA said. — **Aaron Michael C. Sy**

PHL signs ODA deal with South Korea for loans of up to \$3 billion

THE PHILIPPINES has signed a framework agreement with South Korea that could lead to official development assistance (ODA) loans of up to \$3 billion, the Department of Foreign Affairs (DFA) said in a statement.

The Framework Arrangement Concerning Loans from the Economic Development Cooperation Fund will remain effective until 2026.

"This Framework Arrangement amounts to \$3 billion, three times the amount of the previous arrangement," Foreign Affairs Secretary Enrique A. Manalo said during the signing, referring to the 2017-2022 framework arrangement that focused on sustainable rural development, health services, and water management and distribution projects.

"Today's event formalizes the assistance of the Korean government to the Philippines in both breadth and magnitude," he added.

South Korean Ambassador to the Philippines Kim Inchul said that the new agreement will add momentum to Philippine efforts to become an upper-middle-income country.

Korean involvement in Philippine infrastructure development, "including the construction of highways, railways, ports and airports, is an important aspect of bilateral relations between the two countries," Mr. Kim added.

The DFA cited major loan projects in the pipeline which include the four-lane 32.47-kilometer Panay-Guimaras-Negros Island Bridges Project; the Ilocos Norte and Abra Irrigation Project which may generate 42.8 megawatts of electricity; and flood control projects under the Philippine-Korea Project Preparation Facility.

South Korea was the Philippines' 6th largest ODA source last year, having funded phase 2 of the Jalaur River Multipurpose Dam Project worth P11.2 billion, the P9.2-billion construction of a cargo terminal at the Cebu International Port, and the construction of a two-lane bridge across Pangulig Bay worth P7.4 billion. — **Alyssa Nicole O. Tan**

Gov't cold chain database due for launch in February

THE Board of Investments (BoI) said on Thursday that the government is working with the private sector to launch the Cold Chain Database by February.

"With the database's completion, specifically on generating viable investment locations based on supply-demand gap analytics, the BoI can now fine-tune its investment prospectus for the cold chain industry," Francis Peñaflor, acting chief of the BoI's Agri-based Industry Division, said in a statement.

According to the BoI, the database will be used in aid of policy formulation and investment promotion. It will map out all the current cold chain

service providers and facilitate supply and demand estimates and forecasts for cold chain services. It may also be used to detect cold chain service gaps for agricultural and fishery products, which are the main users of such facilities.

The database will also aid in investment promotion efforts by pointing to likely locations where services are most needed.

The official target for expanding the cold chain is 50,000 pallet positions a year.

InsightSCS Corp., developer of the DeliverE platform, recently presented its final deliverable for the project, a study called "Development of a Cold

Chain Integrated Supply Chain Solution for Evidence-based Policy Making and Investment Programming."

The project was the result of a memorandum of understanding between the BoI and the Environmental Management Bureau (EMB) and was funded by the United Nations Industrial Development Organization (UNIDO), and InsightSCS Corp.

National Policy and Regulations Coordinator of the UNIDO Project Mae Valdez said the project is a significant step in developing the cold chain industry.

"The project has been significant in generating relevant data for other programs being implemented by other

agencies such as the development of guidelines for the Minimum Energy Performance for Sectors (MEPS) for the cold chain industry by the Energy Utilization Management Bureau," Ms. Valdez said.

According to the statement, the guidelines support the implementation of Republic Act 11285 or the Energy Efficiency and Conservation Act.

The EMB is also in talks with InsightSCS Corp. regarding the compilation of data on refrigerants to help the Philippines comply with commitments made in connection with the Kigali Agreement on the phasing out of hydrofluorocarbons. — **Justine Irish D. Tabile**