LRT-2 West Extension funding expected this year, Transport dep't says

THE Department of Transportation (DoTr) is aiming to obtain funding for the Light Rail Transit Line 2 (LRT-2) West Extension project this year.

"For the west extension, we're still working (to secure funding)... our target is within this year," Transportation Secretary Jaime J. Bautista told reporters last week.

Last year, the Light Rail Transit Authority (LRTA) through the DoTr requested the issuance of multi-year obligational authority (MYOA). Once issued, the authority will signify the government's commitment to fund the project.

The MYOA is issued by the Department of Budget and Management to government agencies undertaking multi-year projects.

Last year, the LRTA noted the delay in the MYOA's issuance, which should have been released in 2022.

Construction of the rail line is expected to begin next year, Mr. Bautista said.

The proposed LRT West Extension covers three kilometers from Recto Avenue station to Pier 4. This project will have three stations: Tutuban, Divisoria and Pier 4.

The LRT-2 West Extension project will cost an estimated P10.12 billion. The project also includes the procurement of additional light rail vehicles to meet growing passenger demand. — **Ashley Erika O. Jose**

BCDA open to selling NAIA T3 site amid lease renewal talks

THE Bases Conversion and Development Authority (BCDA) said that it is currently in talks with the Manila International Airport Authority (MIAA) for future lease or sale agreements for an airport terminal sitting on BCDA land.

"One of the big revenue potentials of BCDA is the renewal of the lease for the land where Terminal 3 is located. That is BCDA's land, the entire 60 hectares," BCDA President and Chief Executive Officer Joshua M. Bingcang said in a briefing last week.

According to Mr. Bingcang, BCDA's 25-year lease agreement with the MIAA expired last year. The lease covers the property where the Ninoy Aquino International Airport Terminal 3 (NAIA T3) was built.

"The arrangement that we have, which ended last year, is a 25-year lease. They were up to date with their payments ... and we have ongoing negotiations," he added.

"We have two options, one is for them to buy it and we are open to that because it is cash now, but we are also okay with a long-term lease," Mr. Bingcang said.

"We have had acquisition talks before because anyway we do not have other uses for it," he added.

The zonal value of the 60-hectare property is P50 billion which would be lower than the market value if a sale is executed, according to Mr. Bingcang.

However, he said that if the MIAA decides to go with a long-term lease agreement the BCDA will be proposing higher lease rates.

"The price in 1997 is different from the price in 2024. Before, it was P200 million a year. Basically, we are projecting at least P600 million a year for (that) property," he added.

Mr. Bingcang was due to meet Eric Jose Castro Ines, the general manager of the MIAA, last week.

Asked to comment, the MIAA said that it will "provide updates once the higher authorities have finalized their discussions," noting that the discussions took place at a "closed-door meeting." — **Justine Irish D. Tabile**

Foreign debt service bill up sharply at end of October

THE debt service bill for foreign obligations rose 132.8% in the 10 months to October, the Bangko Sentral ng Pilipinas (BSP) reported.

Citing preliminary data, the BSP said the debt service bill on external borrowing was $11.938 billion during the period.

At the end of October, debt service was equivalent to 3.5% of gross domestic product (GDP), against 1.6% a year earlier.

Debt service is the amount a country needs in order to remain up to date on foreign debt payments. It includes both principal and interest payments.

The BSP said principal payments rose 113.9% to $6.258 billion in the 10 months.

Interest payments stood at $5.68 billion, up 157.8%.

The principal component was mostly fixed medium- to long-term credit, while interest payments consisted mainly of fixed and revolving short-term credit from banks and nonbanks.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said that the growth in debt service was due to high interest rates and elevated inflation.

"Furthermore, increased foreign borrowing, both from commercial and multilateral and government sources amid the need to diversify borrowings also fundamentally increased the foreign debt service bill," Mr. Ricafort added.

The BSP estimates outstanding external debt to have risen 10.1% to $118.833 billion at the end of September.

External debt refers to all types of borrowings by Philippine residents from nonresidents, following the residency criterion for international statistics.

The external debt ratio, or the external debt as a percentage of GDP, was equivalent to 28.1% of GDP.

Separately, the Department of Finance announced that the Bureau of the Treasury (BTr) will be launching a retail Treasury bond (RTB) offer within the first quarter.

"The RTBs encourage ordinary Filipinos to start investing in safe and stable sources of passive income, while promoting financial inclusion," it said in a statement last week.

"To further this agenda, the BTr is looking to engage more digital finance platforms, allowing the BTr to reach a wider investor base," it added.

The department said that the BTr is also eyeing global bond offerings for its external financing program this year to diversify its funding sources.

"The BTr is exploring a potential curtain-raiser offering in the first semester of the year," it added.

Former Finance Secretary Benjamin E. Diokno said that the government is planning to raise around $5 billion from the issuance of foreign bonds this year.

The government's borrowing program is set at P2.46 trillion this year, of which P606.85 billion will come from external sources.

In 2023, the government raised $3 billion from dollar bonds in January; $1.26 billion from a retail dollar bond offering in October; and $1 billion from its inaugural Sukuk bond issue, which was settled in December. — **Luisa Maria Jacinta C. Jocson**

FAO: Better market access for farmers key to boosting agri

By Adrian H. Halili
Reporter

THE PHILIPPINES needs to focus on improving market access for farmers to support its agriculture industry, an official with the United Nations Food and Agriculture Organization (FAO) said last week.

"The main challenge in the Philippines is access to markets. It is very complicated," FAO Country Representative for the Philippines Lionel Henri Valentin Dabbadie told *BusinessWorld*.

He said that farmers are having difficulty selling their produce due to the country's archipelagic nature, leaving producers mainly dependent on their local markets or on traders who consolidate their harvests.

"Most of the time, those traders are also small traders, and they also don't have a lot of money," he added.

Last week, the Department of Agriculture (DA) said it will invest in constructing a network of cold storage facilities to minimize post-harvest losses and allow commodities to be stored to maintain their quality during periods of oversupply.

The facilities would allow farmers to generate revenue from their harvests, even if it requires waiting until market conditions improve.

"When you see the product arriving in the market, the quality is not very good. So, you can definitely improve the quality of the product; to improve it, you need to have (more) investment" Mr. Dabbadie said.

Agriculture Secretary Francisco Tiu Laurel, Jr. said the DA is budgeting P1 billion for the construction of four cold storage facilities on Luzon.

Mr. Laurel added that another P5 billion is needed in the next three years to construct other such facilities elsewhere.

"It is definitely something that should have been done a long time ago, and (this plan) is going in the right direction," Mr. Dabbadie added.

In a Palace briefing, Mr. Laurel said that there had been no major investments in post-harvest facilities in the last 40 years, with those that were built being too small to make an impact on post-harvest losses.

The government has also invested in the building of more farm to market roads, with around 67,328.92 kilometers built last year.

"There is a real need for investment in Philippine agriculture, particularly from the point of view of facilitating access to markets and improving the quality of the markets," he said.

He added that the FAO is considering supporting the government with projects to improve the agriculture value chain.

OPINION

Strategies to achieve a sustainable future

SUITS THE C-SUITE
BENJAMIN N. VILLACORTE

The government and private market sustainability players fulfill crucial roles in their transition to a sustainable future. Their capacity to identify environmental, social and governance (ESG) material issues, along with their means for innovation, enables them to tackle environmental challenges globally and locally. The key challenge is balancing the protection of the planet, people, and profits as market players conduct their business operations.

This is the second article in a two-part series that will discuss insights from COP28. In this part, we underscored the urgent need for a real and meaningful transition. Increased investor demand and regulatory pressure echo this sentiment, amplified by governments' collective commitment at COP28 for science-based actions. This second part explores how to move profoundly from a lofty ambition — that is, halving emissions by 2030 and achieving net zero down the line — to progressive action.

Ernst & Young's (EY) keynote session at COP28, "Building Confidence in a Sustainable Future," featured three panel discussions that delved into three concrete strategies for entities to employ in their efforts to arrest climate change and achieve a sustainable future.

Strategy #1: Building investor confidence through regulation and sustainable finance

Regulations act as a catalyst for broader sustainability transformation, helping economies allocate capital more efficiently. The creation of the International Sustainability Standards Board (ISSB) disclosure standards, for instance, empowers investors to make better economic and investment decisions by incorporating comprehensive sustainability information.

Organizations are encouraged to identify, disclose, and later address material information or the most significant sustainability-related risks and opportunities that could influence such decisions. Businesses in carbon intensive sectors are pressed to disclose their decarbonization plans and progress. These companies are among the top contributors of greenhouse gas emissions, the primary cause of climate change. They, including their assets and supply chains, are also the most susceptible to climate impact. In light of the COP28 agreement to put an end to oil, gas, and coal use in energy systems, this group will continue to face mounting pressure from regulators and investors, including financial institutions, to ramp up their adoption of decarbonization strategies.

A few other industries identified with the most exposure to transition risk are real estate, mining, agriculture, and telecommunications.

Meanwhile, financial institutions (FIs) also play an integral role in advancing ESG outcomes through sustainable financing. However, it must go beyond supporting customers and communities in achieving their goals. Banks and institutional investors are urged to lead by example, engaging with their suppliers and corporate clients at scale to facilitate effective transition plans. Additionally, banks are perceived as pivotal partners for small- and medium-sized businesses, offering not just financial resources but also essential guidance in the latter's transition towards more sustainable practices.

In the Philippines, there is a pressing need for local businesses to further enhance their reporting practices despite noticeable improvements on two metrics: (1) the number of disclosures made per the recommendations by the Task Force on Climate-Related Financial Disclosures or TCFD (coverage); and (2) the extent and detail of each disclosure (quality).

Publicly-listed companies (PLCs) in particular should brace themselves for an upgrade. After deferring implementation late last year, the Securities and Exchange Commission (SEC) notified PLCs that the Revised Sustainability Reporting Guidelines and the SEC Sustainability Reporting Form (SuRe Form) are slated for release in 2024.

In keeping with developments on international reporting standards, the SEC is looking at mandating compliance for data covering the year 2024, with reporting due the following year (2025). Regarding sustainability reports for 2023 or those due in 2024, PLCs are advised to continue adhering to the provisions set out in SEC Memorandum Circular No. 4, series of 2019, also known as the "Sustainability Reporting Guidelines for Publicly-Listed Companies."

Since the government is aligning to global sustainability standards and frameworks, companies may gradually start transitioning themselves to the expectations and requirements of investors. They can partner with FIs who support sustainable finance and invest in companies who are advancing sustainability in the market.

Strategy #2: Building business confidence through data and talent

You can only improve what you can measure. Harnessing in-depth, reliable sustainability data is fundamental for businesses to make informed decisions. This process involves consistently gathering data into a cohesive system and rigorously evaluating sources, quality, and completeness. Accurate and ample data enable companies to analyze and generate insights, and be clear about their sustainability objectives. At the same time, it allows them to acknowledge areas of unfulfilled goals openly. Ultimately, clarity and transparency in managing sustainability data are critical to boosting their credibility.

On a related note, the increase in sustainability reporting, highlighted by the fifth EY Climate Risk Barometer, further emphasizes the need for skilled professionals. These experts are instrumental in weaving standardized reporting frameworks into the fabric of business processes, ensuring that sustainability is not just a compliance metric but a core component of corporate strategy. Accountants, for example, provide expertise in managing and interpreting data that directly influences strategic decisions, aligning financial practices with sustainability objectives.

Moreover, just as financial statements are audited, enlisting independent assurance over sustainability reporting shouldn't be an afterthought. Obtaining assurance empowers businesses to achieve external accreditation or support management's confidence that the necessary processes and controls are in place. This, in turn, improves stakeholder trust and confidence in an organization's financial and non-financial reporting.

Strategy #3: Collaborative action from the public and private sectors

Businesses are key drivers in climate action and are central to the success of the COP28 agreement. Their role comes with the recognition that real impact requires integrating climate data and its ramifications into the core business strategy at the Board level. This transcends mere compliance; it's about taking responsibility by embedding climate awareness across operations, human resources, supply chains, and technology.

However, holding governments and country leaders accountable is just as important. Business and industry leaders must challenge the government, demand concrete regulation, and steer the policy compass. Collaboration between the public and private sectors is key to supporting a faster and safer transition to more sustainable operations. It can also drive nationwide discussions or negotiations, ensuring inclusive actions from stakeholders involved.

Time is running out. Proactive strategies, razor-sharp policies, and targeted investments aimed at slashing emissions by 2030 are non-negotiable. This journey demands relentless scrutiny, unwavering collaboration, and enduring actions that deliver a triple win for society, policy, and business.

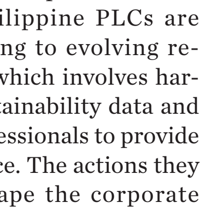
CHARTING A SUSTAINABLE COURSE FOR ALL BUSINESSES

Now is a critical moment for public and private market players to lead the charge toward sustainability. This era calls for a shift from mere regulatory compliance to completely reimagining business strategies and operations.

Specifically, Philippine PLCs are tasked with adapting to evolving reporting standards, which involves harnessing precise sustainability data and engaging adept professionals to provide additional confidence. The actions they take today will shape the corporate landscape of tomorrow.

Embracing sustainability positions these companies as leaders and innovators in a global economy increasingly focused on responsible business practices. This is a strategic imperative for enduring success, blending economic growth with a commitment to the planet and its people.

This article is for general information only and is not a substitute for professional advice where the facts and circumstances warrant. The views and opinions expressed above are those of the author and do not necessarily represent the views of SGV & Co.



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