EO 59 streamlines approval process for flagship projects

By Kyle Aristophere T. Atienza
Reporter

THE GOVERNMENT has issued an executive order (EO) streamlining the process for bringing over 180 big-ticket infrastructure projects to operational status faster.

In EO No. 59 dated April 30, President Ferdinand R. Marcos, Jr. said all such projects with complete submissions are deemed approved if not acted upon by the prescribed period.

He said no other national or local permit or clearance may be required for flagship projects except for the environmental compliance certificate or certificate of non-coverage from the Department of Environment and Natural Resources; building or occupancy permit issued by a municipal official; excavation permit from the local government unit (LGU), and clearances from the National Commission for Culture and Arts, Metropolitan Manila Development Authority, Department of Public Works and Highways, and the Bases Conversion and Development Authority as applicable.

The order also cited "other requirements as mandated by the Constitution and existing laws."

Should a government agency or LGU fail to act on an application or request for renewal of any requirement related to the implementation of flagship projects, the validity of the document "shall be deemed extended."

"To be clear, the executive order continues to recognize the applicability of other laws which ensure social welfare and environment protection. As such, requirements for the resettlement of affected informal settler families in infrastructure projects subsist under Urban Development and Housing Act," according to Terry L. Ridon, convenor of InfraWatch PH.

"The executive order also does not dispense with the free prior informed consent requirements for areas considered ancestral domain by indigenous peoples under the Indigenous Peoples Rights Act," he said in a chat message.

The order covers all government instrumentalities including National Government agencies, government-owned or -controlled corporations, and LGUs.

It tasked agencies involved in the implementation of flagship infrastructure projects to review their citizens' charters "to remove redundant and burdensome procedures and requirements" and ensure the accessibility of the revised procedures.

The National Economic and Development Authority (NEDA) Board has approved 185 flagship infrastructure projects, with the government seeking to spend the equivalent of 5%-6% of gross domestic product on infrastructure.

Last month, Mr. Marcos issued a similar order to speed up the implementation of national railway projects, which have been struggling with right-of-way issues.

Citing the Anti-Red Tape Act of 2007, Mr. Marcos said in the April 30 order that the number of signatories in any document related to flagship infrastructure projects be limited to three signatures. He also ordered agencies to adopt a system for online submission and acceptance of applications.

The President also cited the Electronic Commerce Act, which promotes the universal use of electronic transactions in the government, and ordered agencies to accept electronic copies of documentary requirements and recognize digital signatures.

The order directed all National Government agencies and encouraged LGUs to offer digital payment options, through partnerships with public and private payment system providers regulated by the central bank.

It tasked all national agencies and LGUs to set up within their offices a one-stop shop for flagship infrastructure projects which may not duplicate existing centers with similar objectives.

The order directed all National Government agencies to automate and computerize their databases and asked LGUs to adopt platforms designed for them by the Department of Information and Communications Technology to expedite permitting.

The NEDA Board Committee on Infrastructure, in coordination with the Anti-Red Tape Authority and Interior and Local Government department, will oversee the order's implementation.

Meanwhile, Mr. Marcos issued an administrative order creating an inter-agency coordinating council that will consolidate the master list of all government-owned land.

"To ensure the efficient and effective allocation and utilization of land resources for the country's national development goals, it is necessary to consolidate a comprehensive list of all government lands," he said in Administrative Order No. 21.

The council will be co-chaired by the Department of Environment and Natural Resources and the Department of Human Settlements and Urban Development. The Department of Agriculture will serve as vice chair.

Members of the council include the Office of the Executive Secretary, Department of Interior and Local Government, Office of the Solicitor General, Department of Justice, Land Registration Authority, Commission on Higher Education, and the Department of Information and Communications.

The DENR-Land Management Bureau will serve as the Secretariat of the Coordinating Council.

Incentive package being readied for EV makers, buyers, PUV operators

By Justine Irish D. Tabile
Reporter

THE Department of Trade and Industry (DTI) is preparing a "comprehensive" package of incentives for electric vehicle (EV) manufacturers, vehicle buyers, and public utility vehicle (PUV) operators.

Undersecretary for Competitiveness and Innovation Rafaelita M. Aldaba said the DTI hopes to present a draft to President Ferdinand R. Marcos, Jr. within the year.

"These are still under discussion within DTI, but the next plan is to discuss them with other agencies like the Department of Finance," Ms. Aldaba told reporters on the sidelines of a German-Philippine Chamber of Commerce and Industry forum.

"This time around, in the case of the EV sector, what we are proposing is a more comprehensive package of incentives that would provide fiscal and non-fiscal support to both the demand and supply sides, to both the manufacturers as well as to the consumers," she added.

The proposed incentive package will be a CARS (Comprehensive Automotive Resurgence Strategy)-like program with a focus on domestic production of e-PUVs, Ms. Aldaba said.

"We would like to replicate it in the EV industry. But the focus would actually be on e-PUVs. And we see this, the focus on the commercial EV market, as an opportunity because, with the new EV technology, it would require fewer and simpler parts," she said.

"Hence, it would be easier for the Philippines to develop and export its own vehicle model" as the process becomes simpler, she added.

The DTI is also proposing a consumer subsidy program that aims to stimulate demand for EVs. The subsidy program is being planned around P500,000 per PUV, P10,000 per two-wheeler, and P20,000 per three-wheeler.

"For the battery manufacturers, we're looking at giving out support of something like 50% off the capital expenditure, excluding land, and a maximum of P3 billion (subsidy) per 2-gigawatt plant. We're targeting five plants," Ms. Aldaba said.


EMS.COM.PH

EMS planning $800-M Batangas plant making consumer products for EU

CONTRACT manufacturer EMS Group said it is expecting investors to put up $800 million for a plant in Batangas that will manufacture electronic products for the European consumer market.

"This is already 95% sure, and it will happen in the second half," EMS Group Chairman and Chief Executive Officer Ferdinand A. Ferrer told reporters on the sidelines of a plant tour on Friday.

Once operational, the plant will support 5,000 to 6,000 direct jobs.

"Bringing that company to the Philippines will open up other opportunities for other products that we can also manufacture here," Mr. Ferrer said.

"Because of the technology that they will bring here, we will now be able to go to our other wishlist customers that we could have brought here four years ago," he added.

The site selected in an economic zone in Batangas.

Mr. Ferrer did not disclose further details about the investor other than to say it has operations in another ASEAN country.

"This will complete their ecosystem here... Eventually, the majority of their operations will be here, and of course they will still have a European counterpart," he added.

EMS is also expecting the entry of multinationals from Japan and the US which will be pulling out their operations from China.

"We are looking at a total package of investment of around $800 million. It's for semiconductors. Part of that $800 million is already here, quietly. It's already running, and the full-rate production will happen probably in 2026, as they are still testing the waters in the Philippines," said Mr. Ferrer.

The two investments are expected to operate in a Philippine Economic Zone Authority-operated economic zone in Batangas and to generate up to 3,000 jobs.

Meanwhile, Mr. Ferrer said that the government and the private sector are working on a lab-scale wafer fabrication hub that will help train more engineers in wafer fabrication.

"Once we have a lab-scale wafer fab on the 6-inch and 8-inch wafer levels, maybe we can attract other designers to have (their products) designed here, and hopefully that will help grow our wafer fab industry," he added.

Expected to cost P500 million, he said that the funding for the lab-scale hub will be sourced from official development assistance or through support from the US CHIPS and Science Act.

He said that full-size wafer fab plants usually cost $20–50 billion.

"This is a private sector-led project together with the government. Hopefully the government can help encourage other governments to support the lab-scale wafer fab," he said.

"The good news is that our administration is on the radar of a lot of governments now," he added.

He said that the lab-scale wafer fab will demonstrate the Philippines' potential in wafer fabs to eventually attract more investments.

Asked about logistics issues, he said that the industry is still facing a 15-20% increase in logistics costs since the pandemic amid conflict in the Red Sea and the war in Ukraine. — **Justine Irish D. Tabile**

OPINION

Charting a resilient future: A business imperative for the Philippines

SUITS THE C-SUITE
BONAR A. LAURETO

(First of two parts)

IN BRIEF:

- *Climate resilience is becoming an existential necessity in the Philippines due to the country's vulnerability to climatic upheavals.*
- *Top government and private officials are stressing the need for resilience against climate impacts and the development of specific insurance products for climate change-related disasters.*
- *Philippine corporations are carrying out in-depth climate risk evaluations, which are aligned with global sustainability reporting standards.*

The imperative for climate resilience is underscored by scientific projections, economic analyses, and policy shifts that beckon Philippine businesses toward sustainability and resilience.

In an era where climate change reshapes global economies, resilience transitions from a mere buzzword to a fundamental business strategy. For the Philippines, a nation perennially at the crossroads of climatic upheavals, this transition is not just strategic — it's existential. The imperative for climate resilience is underscored by scientific projections, economic analyses, and policy shifts that beckon Philippine businesses toward sustainability and resilience.

This article discusses the importance of informed action, strategic foresight, and collaboration in building climate resilience. It highlights the pivotal role of business leadership in promoting sustainability and resilience as key drivers of economic growth and competitive advantage in the Philippines.

The second part of this series will focus on practical strategies and success stories, providing a roadmap for businesses to effectively manage climate risk with agility and insight.

Understanding climate resilience

At its core, climate resilience involves the capacity of businesses to adapt, survive, and thrive in the face of climate-induced disruptions. This notion gains prominence against the backdrop of the Philippines' acute vulnerability to climate risks, highlighted by its ranking on Germanwatch's most recent Global Climate Risk Index, an annual report that analyzes the effects of weather-related loss events.

Germanwatch is a non-profit organization that monitors global climate policies and human rights issues. Moreover, a recent publication from the Swiss Re Institute, a leading wholesale provider of reinsurance, highlights the economic impact of climate change, identifying the Philippines as the country most economically exposed to weather-related perils like floods and tropical cyclones.

In addition, new research by international journal Nature, the economic commitment of climate change, suggests that the world economy is committed to an income reduction of 19% within the next 26 years due to climate change, regardless of future emission choices.

This damage outweighs the mitigation costs required to limit global warming to 2°C by sixfold over this near-term time frame. The World Economic Forum also states that by 2050, climate change will cause an additional 14.5 million deaths and $12.5 trillion in economic losses worldwide. Healthcare systems will see an additional $1.1 trillion burden due to climate-induced effects, with floods, droughts, and heat waves identified as leading causes of climate-related mortality and economic losses, and the rise and spread of climate-sensitive diseases like malaria and dengue.

The Philippines typically experiences a significant 3% loss in GDP due to weather events, highlighting the urgency for adaptation measures to mitigate economic losses. The Swiss Re report, Changing climates: The heat is (still) on emphasizes the importance of accurately pricing climate change risk to catalyze necessary investments in adapting and resilience-building efforts.

THE WARMING WORLD AND ITS IMPLICATIONS

The Philippine economy, with its significant reliance on agriculture, tourism, and real estate, is particularly susceptible to climate-induced hazards. Flooding and droughts threaten agricultural productivity and asset values, and extreme heat elevates energy demand and costs. Furthermore, typhoons and storm surges can devastate tourism assets, a crucial income source for many communities.

With scientists warning of intensified, extreme weather events in a warming world, the cost to the economy can only go up. The insurance industry, grappling with losses from natural catastrophes, echoes this concern, highlighting a burgeoning coverage gap and the escalating cost of insurance in the Philippines.

LOCAL PERSPECTIVES

The urgency for climate resilience is echoed in the corridors of power, with President Ferdinand R. Marcos, Jr. elucidating the stark reality of the country's economic exposure to climate risk. In March 2024, the President emphasized the need for the economy to be resilient against climate impacts, suggesting that without these challenges, the country's economic strength would be more apparent. He made these remarks to highlight the importance of understanding and mitigating climate risks for economic development.

During the APEC CEO Summit in November 2022, the President also underscored the necessity of resilient infrastructure to combat climate threats, further underlining his commitment to climate resilience as a foundational element for the nation's growth.

In addition, the Finance Secretary has expressed the need for developing insurance products specifically designed to address climate change-related natural disasters. This underscores his recognition of the increasing importance of adaptive measures in the financial sector to mitigate the economic impacts of climate-related events.

REGULATORY LANDSCAPES AND STRATEGIC IMPERATIVES

The Securities and Exchange Commission's mandate for publicly listed companies (PLCs) to disclose climate hazard exposures and risk mitigation strategies illustrates a pivotal shift toward transparency and accountability in climate risk management. Aligned with global sustainability reporting standards, this regulatory evolution underscores the importance of integrating climate considerations into corporate governance and strategic planning.

Similarly, the mandate of the Bangko Sentral ng Pilipinas on environmental and social risk management and climate stress testing for banks systemically integrates climate resilience in the financial sector, influencing corporate strategies across the board.

CORPORATE LEADERSHIP IN ACTION

Many PLC and non-PLCs are proactively bolstering their defenses against climate change, with key industry leaders conducting in-depth climate risk evaluations in line with Task Force on Climate-Related Financial Disclosures (TCFD) guidelines. These comprehensive assessments deploy sophisticated climate models to gauge the potential severity and occurrence rate of climate-related threats, aiming to assess how these factors might impact corporate assets.

This forward-thinking approach demonstrates a broader commitment to sustainability and risk management, safeguarding stakeholder interests and ensuring long-term corporate value, which goes beyond standard regulatory requirements.

To continue this discussion, the next article will explore how leading Philippine companies are leveraging their proactive sustainability strategies to improve their market position and drive long-term value.

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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