

# LGUs to receive P1.034-trillion NTA in 2025

LOCAL government units (LGUs) will receive a National Tax Allotment (NTA) of P1.034 trillion in 2025, the Department of Budget and Management (DBM) said.

In a memorandum, the DBM said P237.96 billion will be released to provinces, P239.05 billion to cities, P350.68 billion to municipalities, and P206.92 billion to barangays.

NTAs are the 40% share of National Government (NG) revenue from three years prior. The 2025 NTA is thus based on government revenue reported in 2022.

The DBM reported that 43,622 LGUs will be receiving NTAs — 83 provinces, 149 cities, 1,485 municipalities, and 41,905 barangays.

The Calabarzon region will receive an NTA of P122.71 billion, followed by Central Luzon (P100.72 billion), the Western Visayas (P81.4 billion), the Central Visayas (P73.08 billion), and the National Capital Region (P62.32 billion).

NTA provided by the Bureau of Internal Revenue stood at P776.56 billion, with the Bureau of Customs supplying P258 bil-

lion. Other agencies certified by the Treasury bureau will provide P41.36 million.

Alongside the NTA, some LGUs will be given a share of the proceeds from resources generated within their jurisdictions, such as the excise tax on Virginia tobacco as well as burley and native tobacco.

Several local governments are also entitled to gross income taxes paid by businesses and enterprises within economic zones, a share of value-added tax and of fire code fees.

“The LGUs concerned are advised to coordinate with the appropriate revenue-collecting agencies and government corporations to reconcile their records with those of the collecting agencies to determine the amount of their shares from the said taxes,” DBM said.

The NTA and other resources should be devoted to providing basic services and facilities before they are spent for other purposes, the DBM said.

“Local budget plans and goals shall, as far as practicable, be har-

monized with national development plans, goals, and strategies to optimize the utilization of resources and to avoid duplication in the use of fiscal and physical resources,” the DBM said.

LGUs are required to allocate 20% of its NTA on development projects, and 5% on a Disaster Risk Reduction and Management Fund.

LGUs 2025 annual budgets must also include programs, projects, and activities for gender and development, senior citizens and persons with disabilities, preven-

tion and care against Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS), and the implementation of programs for the protection of children.

Barangays are required to allocate 10% of their general fund to the Sangguniang Kabataan council.

The NG spending plan for next year is at a record P6.2 trillion, up 7.5% from this year and equivalent to 21.4% of gross domestic product. — **Beatriz Marie D. Cruz**

## Four irrigation dams in Cavite to supply potable water to Maynilad

THE Department of Environment and Natural Resources (DENR) said it has cleared four irrigation dams in Cavite to be tapped for potable water.

Undersecretary Carlos Primo C. David said the dams controlled by the National Irrigation Administration (NIA) will supply Maynilad Water Services, Inc.

“One of the dams is already online and we are getting water from that dam, supplying water to Cavite residents. The three others will be supplying within the next few months,”

Mr. David said at a seminar hosted by Maynilad last week.

The NIA manages 22 dams in Cavite, where farms are dwindling due to the conversion of much of the land to residential development.

“A small policy innovation that we have signed was to convert all these dams into multi-purpose use. And therefore, companies like Maynilad can now access that water to provide water to their residents,” Mr. David said.

Last year, the DENR announced that it will offer 135 water projects to private investors in 2024 hoping to “increase the number of persons with ac-

cess to drinking water and generate inexpensive hydropower.”

Mr. David has said that the water projects involve water rights held by NIA.

In February, he said that the department has opened up 112 more water projects for public-private investment involving combined capacity of 100 to 170 million liters per day.

Maynilad serves the city of Manila, except portions of San Andres and Sta. Ana. It also operates in Quezon City, Makati, Caloocan, Pasay City, Parañaque,

Las Piñas, Muntinlupa, Valenzuela, Navotas, and Malabon.

It supplies the cities of Cavite, Bacoor, and Imus, and the towns of Kawit, Noveleta, and Rosario, all in Cavite province.

Metro Pacific Investments Corp., which has a majority stake in Maynilad, is one of three Philippine units of Hong Kong-based First Pacific Co. Ltd., the others being Philex Mining Corp. and PLDT Inc.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has an interest in *BusinessWorld* through the Philippine Star Group, which it controls. — **Sheldeen Joy Talavera**



JACEK DYLAG-UNSPASH

## Toll Board acquires 1.3-hectare property in Pandacan from NDC

THE Toll Regulatory Board (TRB) said it acquired a 1.3-hectare Pandacan property from the National Development Co. (NDC), on which it plans to build part of Metro Manila Skyway Stage 3 (MMSS3).

In a statement sent over the weekend, the NDC said that it signed with TRB a memorandum of agreement (MoA) and two deeds of absolute sale last week for the acquisition of the property.

The agreement aims to ensure a “smooth and equitable process” for the acquisition and marks the reaching of a consensus that

upholds the interests of all stakeholders.

“This agreement reflects our commitment to responsible urban development and community welfare. We extend our gratitude to TRB for their cooperation throughout this process,” said Antonilo DC. Mauricio, general manager of NDC.

“The signing of the MoA underscores our shared commitment to delivering infrastructure projects that benefit the public while respecting property rights and promoting sustainable development,” TRB Executive Director Alvin A. Carullo said.

In total, NDC’s property in Pandacan, Manila, is a single five-hectare parcel that was split into three irregular fragments due to Skyway construction, including the 1.3 hectares acquired by the TRB.

“There were two deeds of sale because one is for the area affected by the main alignment of the MMSS3 Project and the other one is for the area affected by the interconnection structure,” the NDC said.

NDC said that the property is strategic for MMSS3, as a Skyway component sits on the property while there may be plans to build another connector stage.

Asked about the value of the acquisition, the NDC said: “Since it’s a transaction between two government entities, the property valuation can’t be disclosed.”

“We wanted to release this because both parties are now happy with finally concluding this lengthy process because it clears the property up for use in road construction and development for TRB’s joint venture with San Miguel Corp.,” it added.

MMSS3 is an 18-kilometer elevated expressway from Buendia in Makati to the North Luzon Expressway in Balintawak, Quezon City. — **Justine Irish D. Tabile**

## Weak global trade seen hampering PHL recovery

DISRUPTED trade is hindering the economy from returning to its pre-pandemic levels with consumer spending, the main driver of the economy, remaining weak, analysts said.

“The country is susceptible to a decrease in export demand and disrupted supply chains due to subdued global growth and trade fragmentation,” Security Bank Corp. Chief Economist Robert Dan J. Roces said in a Viber message.

The impact of the pandemic continues to be felt in weak consumer spending and elevated living costs, Pantheon Macroeconomics Chief Emerging Asia Economist Miguel Chanco said in an e-mail.

“In the Philippines’ case, one of the biggest and ongoing structural headwinds against faster consumer spending growth is the damage caused by the pandemic and, subsequently, the global cost of living crisis, on household savings,” he said.

Consumption would have helped expand the economy further if the government focused on upscaling domestic industries during and post-pandemic, Ateneo De Manila economics professor Leonardo A. Lanzona said.

“Instead, we remain reliant on imports for consumption, remittances for our external funds, and unskilled workers and services as

our production sector. On top of this, we have been embroiled with the maritime tensions with China,” Mr. Lanzona said via Messenger chat.

Household consumption, which accounts for more than a quarter of gross domestic product (GDP) growth, expanded 4.6% in the first quarter, the weakest reading since the pandemic. Government spending only grew 1.7%, contributing 0.2 percentage points (ppts) to GDP.

In its Global Economic Prospects report, the World Bank said global growth is expected to be a half percentage point lower than in the past decade due to geopolitical tensions, fragmented trade, and upside risks to inflation, prompting central banks to delay rate cuts.

To mitigate global trade and policy risks, the Philippines must diversify its exports and bolster domestic demand and infrastructure, Mr. Roces said.

It must also invest in human capital and utilize sound fiscal and monetary policy to minimize risk, he added.

Elevated interest rates will continue to slow private investment in the Philippines, delaying its return to pre-pandemic levels, Mr. Chanco said.

“Private fixed investment has yet to return to pre-COVID levels, and part of the problem

is, in our view, the overly aggressive tightening cycle of the BSP (Bangko Sentral ng Pilipinas) in response to a predominantly supply-driven inflationary shock that can’t be corrected by monetary policy,” he said.

The World Bank also noted that the faster-than-expected US growth would benefit exporting economies in the East Asia and the Pacific.

The bank its global GDP growth projection to 2.6% from 2.4% in January amid the US economy’s sustained growth.

However, changes in world food and oil prices pose bigger threats to the Philippines than global trade slowdowns, Foundation for Economic Freedom President Calixto V. Chikiamco said.

“Exports remain a small percentage of Philippine economic growth, and consumption remains the biggest driver of Philippine GDP growth,” he said via Viber.

Net exports of goods and services accounted for 1.2 ppts of GDP growth in the first quarter, according to the Philippine Statistics Authority.

“Global food and oil prices will have a much bigger impact on the Philippines as the country is a major importer of energy and food,” Mr. Chikiamco added. — **Beatriz Marie D. Cruz**

### OPINION

## Responsible AI: Transforming risk management in the Philippines

### IN BRIEF:

• The rise of AI in the Philippines signals a transformative shift in risk management practices.

• With AI’s growing prevalence, businesses must adopt responsible AI principles to navigate ethical, security, and transparency risks.

• The integration of AI in various sectors offers both opportunities and risks that require careful management.

As the digital age continues to evolve, artificial intelligence (AI) is rapidly becoming a cornerstone of innovation and efficiency. In 2021, the Philippines launched the National Artificial Intelligence Roadmap, which prioritizes inclusive, resilient, and sustainable development. Furthermore, the President believes that AI can uplift the lives of citizens, drive enterprise productivity, and increase the economy’s competitiveness.

According to a recent study by IBM’s Institute for Business Value, three out of four CEOs think that organizations with the most advanced generative AI (GenAI) are at an advantage, with nearly half utilizing GenAI to guide their strategic decisions. As organizations expand their AI adoption, it is imperative that they adhere to responsible AI practices, which promote the ethical, transparent, and beneficial use of the technology.

### AI ADOPTION IN THE PHILIPPINES

AI adoption is evident across multiple Philippine industries, each harnessing its capabilities to enhance operations and manage risk.

### SUITS THE C-SUITE CHRISTIANE JOYMIEL C. SAY-MENDOZA

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As AI becomes more pervasive in the country’s business landscape, its impact on society will be profound, shaping the future of work, influencing broader socio-economic development, and driving positive change.

• Financial institutions. Some universal banks are leveraging AI for risk assessment, fraud detection, and customer service, utilizing solutions provided by tech giants such as Microsoft.

• Healthcare. Some healthcare platforms are leveraging AI for medical data analysis, improving patient care, and expanding telehealth services.

• Telecommunications. Telecom companies employ AI for network optimization, customer service enhancement, and predictive maintenance.

• E-commerce/Retail. Online marketplaces and retailers utilize AI-driven recommendations and predictive analytics to refine the customer experience and operational efficiency.

### AI’S IMPACT ON RISK MANAGEMENT

AI is revolutionizing risk management by offering enhanced data analysis, predictive capabilities, real-time risk assessments, and advanced cybersecurity measures. These technologies en-

able businesses to identify and respond to risk with unprecedented speed and accuracy.

However, the integration of AI into risk management is not without its challenges. Concerns around data privacy, algorithmic bias and fairness, transparency, and regulatory compliance must be addressed to ensure the responsible use of AI.

• Data privacy and security. AI systems rely on data. There’s a risk that sensitive customer or business information could be exposed, particularly if appropriate cybersecurity measures are not in place.

• Algorithmic bias and fairness. AI systems are only as good as the data they’re trained on. If the data are inaccurate, incomplete, or biased, it can lead to unreliable or discriminatory decisions.

• Lack of transparency. Complex AI models may lack transparency, making it challenging for stakeholders to understand how decisions are made. If the reason behind a decision by AI can’t be explained, it can lead to legal and ethical implications.

• Regulatory compliance. The legal environment for AI is complex, fluid, and still developing. Companies can face risks relating to non-compliance with data protection regulations and other industry-specific laws.

### NAVIGATING AI RISKS WITH RESPONSIBLE PRACTICES

Responsible AI covers transparency, fairness, accountability, ethical use, privacy protection, reliability, safety,

sustainability, inclusivity, and governance.

To integrate responsible AI into risk management, companies can adopt the following best practices:

• Ethical framework development. Create a comprehensive ethical framework that aligns with regulatory standards and industry-specific best practices.

• Data governance and privacy protection. Implement data governance practices to ensure data privacy and transparency in AI models.

• Transparency and explainability. Make AI outputs understandable and provide justifications for AI-generated decisions.

• Bias detection and mitigation. Conduct thorough bias assessments to identify and mitigate biases in AI models.

• Human-AI collaboration. Augment human expertise with AI, promoting collaboration through accessible interfaces like visualizations and interactive dashboards.

### EXAMPLES OF RESPONSIBLE AI IN ACTION

• Banks. Major banks are incorporating AI in risk management, with a focus on fraud detection. Responsible AI usage involves stringent data protections and privacy measures.

• Telecommunications. Providers use AI to manage infrastructure risk and predict outages. Ensuring responsible AI usage means preventing wrongful service denials.

• E-commerce. Some platforms employ AI for product recommendations,

with a responsibility to avoid discriminatory biases.

• Health Tech. Certain companies use AI for disease diagnosis, requiring the protection of sensitive health information.

### THE TRAJECTORY OF RESPONSIBLE AI IN THE PHILIPPINES

The future of responsible AI in the Philippines includes broader AI adoption, enhanced regulation, and workforce upskilling, among others. With the Philippines set to propose the creation of a Southeast Asian AI regulatory framework to ASEAN in 2026, responsible AI could become a standard in business operations.

As AI becomes more pervasive in the business landscape, its impact on society will be profound, shaping the future of work, influencing broader socio-economic development, and driving positive change. It is therefore imperative for organizations to embrace responsible AI principles in risk management and collaborate with stakeholders to navigate the opportunities and challenges presented by AI-driven innovation.

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