

# PHL yet to finalize borrowing plan, ADB says

THE Asian Development Bank (ADB) urged the Philippines to finalize its borrowing plan for the year as the government faces a revenue shortfall while also planning to support segments of society classified as vulnerable to the effects of the Iran war.

"The government... is facing maybe less revenue this year because of the slowdown in the economy, and they are also facing issues helping the most vulnerable people because of the crisis and all," ADB Country Director

Andrew Jeffries told reporters last week.

"And so, the government needs to really think about and prioritize what it is going to borrow for this year," he added. "And again, that process has not been finalized yet."

He added that the Philippines and the ADB have been discussing a counter-cyclical support facility aimed at helping developing countries like the Philippines weather the impact of the Middle East conflict.

"We've shared details and we've had back and forth, but there has not yet been a formal request for one. But they are considering it amongst a lot of options, because, as you know, the impact here is pretty high," he added.

He said the impact of the conflict is being felt through higher oil prices, rising inflation, and slower economic growth.

"There's obviously a high impact here, as expected, the only question is how long this will last,

and nobody really knows that. But...we're certainly willing to support," he said.

The Philippine economy grew 2.8% in the first quarter, dragged down by the lingering effects of last year's corruption scandal.

Meanwhile, headline inflation accelerated to 7.2% in April, exceeding the Bangko Sentral ng Pilipinas' (BSP) 5.6%-6.4% forecast for the month. It also marked the second straight month that inflation breached the BSP's 2%-4% target range.

UnionBank of the Philippines Chief Economist Ruben Carlo O. Asuncion said he expects a recalibration in borrowing rather than a slowdown.

"While weaker growth could dampen revenue collection and force the government to be more deliberate in prioritizing projects, the same external shock is also increasing fiscal pressures," he said via Viber.

"As a result, financing needs are unlikely to ease meaningfully. Instead of a sharp pullback, we expect

borrowing to remain broadly steady, but with a greater focus on essential, high-impact spending and more flexible financing instruments such as policy-based loans," he added.

The Bureau of the Treasury reported that the National Government's gross borrowings amounted to P1 trillion in the first quarter.

This represents 37.4% of the P2.68-trillion gross borrowing program for the year according to the Budget of Expenditures and Sources of Financing 2026. — **Justine Irish D. Tabile**

## Iran crisis exposes PHL energy vulnerabilities

THE Middle East conflict has exposed the Philippines' energy vulnerabilities and needs to leverage its chairmanship of the Association of Southeast Asian Nations (ASEAN) to steer the bloc towards expanding regional cooperation, a sustainability expert said.

"The Philippines' role is to strengthen the foundations of its domestic energy system while (advocate for) a more integrated, resilient, and investment-ready ASEAN energy system," Angelo Kairos T. dela Cruz, executive director of the Institute for Climate and Sustainable Cities, said at the BusinessWorld Economic Forum on Monday.

As this year's ASEAN chairman, the Philippines is expected to push for stronger regional cooperation on energy security and supply resilience as the Iran war roils global energy markets.

"As a net energy importing region, ASEAN continues to be exposed to fossil-fuel volatility, making energy security and economic resilience central to policy priorities among its members," Mr. dela Cruz said.

He said the region is moving towards more diversified and decentralized energy systems, with growing renewable energy deployment across various national markets.

Mr. dela Cruz said transitioning to renewable energy is becoming "increasingly urgent."

"The conversation is now shifting. The question is no longer whether the Philippines is ready for renewable energy investments, but how these investments can be structured to deliver impact across national infrastructure, local communities, and end-user systems," he said.

Jonathan Back, group chief finance officer and chief strategy officer of renewable energy developer ACEN Corp., said the Philippines is not alone in facing challenges arising from the Middle East crisis.

"This is absolutely not unique for the Philippines. I think across the world, every government and

regulator is asking how to become more energy independent, how do we become resilient?"

Currently, ACEN has about 7 gigawatts of attributable renewable energy capacity, including operational, under-construction, and committed projects. The company operates in the Philippines, Australia, Vietnam, India, Indonesia, Laos, and the US.

Mr. Back said the Philippines has an advanced energy market structure despite its archipelagic challenges.

Mr. Back said increasing the share of renewable energy in the power mix could be comple-

mented by building energy storage systems to enhance integration and help stabilize the grid.

"We think that is the key way to really boost that 35% by 2030 and 50% by 2040, to make it even faster," he said, referring to the government targets for the share of renewables in the power mix.

Sharon Ocampo-Montañer, director of market operations service at the Energy Regulatory Commission, said the Iran war continues to expose weaknesses in global energy supply chains.

"For a country like ours, highly dependent on imported fuel, these disruptions translate directly into rising costs and uncertainty for households and businesses," she said.

"But while these challenges are real and immediate, they do not define us. What defines us is how we respond," she added.

Ms. Ocampo-Montañer said the regulator has taken steps to stabilize the system and protect consumers, by ensuring the continued operation of the spot market and easing cost pressures through the suspension of certain charges.

"Under its ASEAN leadership, the Philippines is actively advancing initiatives to move towards a more interconnected and resilient regional energy system," she said.

"For an archipelagic country like us, this presents challenges but it also opens up opportunities for greater cooperation, improved system reliability and access to more competitive energy resources," she added. — **Sheldeen Joy Talavera**



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## PHL losing out on funding for decarbonization due to lack of clear net-zero plan

THE PHILIPPINES is being locked out of international financing for climate and decarbonization projects because it lacks a clear framework for long-term low emission development strategies (LT-LEDS) and a net-zero target, according to a report by Bain & Co. and Standard Chartered.

In the Southeast Asia's Green Economy Report 2026, the Philippines was assessed to be unlikely on track to deliver its national climate targets, in the absence of LT-LEDS, which are voluntary plans created by signatories to the Paris Agreement to transition to net-zero.

Net zero refers to the reduction of greenhouse gas emissions to as close as zero while also offsetting any remaining greenhouse gases in the atmosphere.

"Publish LT-LEDS with a net-zero target to unlock DFI (development finance institutions) and institutional capital currently flowing to peers with clearer long-term frameworks," the report concluded.

Bain & Co. and Standard Chartered also noted that the Philippine green capital expenditure in 2025 was only 40-45% of the required green investment to meet its 2030 decarbonization targets.

To better integrate renewable energy and support the growing needs of high-energy industries like data centers, the Luzon inter-island transmission and distribution backbone should be the focus, as

this is where renewable energy integration constraints are most in need of investment.

Meanwhile, the report found that the Philippines shows promise in fiscal and regulatory incentives by having value-added tax zero rating for renewable energy projects and reduced import tariffs for electric vehicles.

The Philippines should promote fleet electrification to support demand for electric vehicles (EVs) and encourage investment in assembly operations, according to the report.

Bain & Co. and Standard Chartered said Southeast Asia stands to deliver approximately \$540 billion in green investment through 2030, but a little over half could be realized due to system bottlenecks.

"Realizing the full potential of green capital deployment in Southeast Asia hinges on the development of a robust power grid, but grid investment has lagged demand growth," they said.

Further investments in power, grid, and EV capex could unlock an additional \$80 billion by 2030, a 25% increase over projections.

"The opportunity for Southeast Asia's green economy is substantial, but capturing it requires synchronizing policy, infrastructure and finance at speed," according to Chow Wan Thonh, head of Coverage, Singapore and ASEAN for Standard Chartered. — **Sheldeen Joy Talavera**

## DoTr obtains P3.6B in financing to settle obligations to LRMC

THE Department of Transportation (DoTr) said it has been approved for a P3.6-billion facility by the Land Bank of the Philippines (LANDBANK) to help settle its obligations with Light Rail Manila Corp. (LRMC), the operator of Light Rail Transit Line 1 (LRT-1).

"We hope that as we settle our obligation with the private concessionaire, we will see more improvements in their services, including structural upgrades, digitalization, and the reliability of the rail line," Acting Transportation Secretary Giovanni Z. Lopez said in a statement on Tuesday.

Mr. Lopez said the credit line agreement with LANDBANK will enable the DoTr to fulfill its financial obligations with the LRMC to ensure continued services.

In February, the Light Rail Transit Authority (LRTA) said it is processing a loan with LANDBANK to settle the government's P4-billion obligation to the LRMC.

The government, through the LRTA, has already paid P926 million to LRMC, the LRTA has said.

Of the more than P900 million already paid, about P499 million went to structural rehabilitation, P409 million to light rail vehicle (LRV) shortfall payments, and

about P22 million for right-of-way acquisition settlements.

The LRTA has said that of the P4 billion claimed by LRMC, about P3 billion was the result of delays in the approval of fare adjustments.

Metro Pacific Investments Corp. (MPIC) has announced plans to divest from LRMC due to mounting losses, which were mainly attributed to the government's delayed payments.

LRMC assumed operations and maintenance of LRT-1 in September 2015 under a P65 billion, 32-year concession agreement with the LRTA and DoTr.

Under the agreement, the operator may seek a fare adjustment every two years. In April 2025, the DoTr approved LRMC's petition for fare adjustments, though the new fare matrix remains below the company's requested rates, resulting in a deficit of P2.17 billion.

MPIC holds a 35.8% stake in LRMC through its unit, Metro Pacific Light Rail Corp., while Sumitomo Corp. owns 19.2% and Macquarie Investments Holdings (Philippines) Pte. Ltd. 10%. LRMC is a joint venture company of MPIC, AC Infrastructure Holdings Corp. (a unit of Ayala Corp.), Sumitomo, and Macquarie Investments Holdings. — **Ashley Erika O. Jose**

## Yellow alert raised over Visayas grid once more

THE Visayas grid was placed on yellow alert once again with the supply margin remaining narrow due to the unavailability of several power plants in the face of high electricity demand.

In an advisory on Tuesday, the National Grid Corp. of the Philippines placed the Visayas grid under yellow alert between 3 p.m. and 9 p.m. that day.

A yellow alert is issued whenever power reserves are insufficient to meet the transmission grid's contingency requirement.

Available capacity stood at 2,691 megawatts (MW)

against the peak demand of 2,594 MW.

A total of 846.3 MW was not available to the grid as 21 power plants remained offline and 10 plants running derated.

The Department of Energy (DoE) is expecting more grid alerts to be issued in the second half of 2026 with El Niño setting in next month and likely to persist until early next year.

The DoE said it is projecting at least one yellow alert in Luzon, along with seven in the Visayas and six in Mindanao. The Visayas grid is expected to experience six red alerts. — **Sheldeen Joy Talavera**

## Guidance to LGUs pursuing PPP projects due in 2<sup>nd</sup> half

THE Public-Private Partnership (PPP) Center is set to release a joint memorandum circular (JMC) in the second half to guide local government units (LGUs) seeking to tap PPPs for development projects.

In a statement, the PPP Center said it is working with the Department of the Interior and Local Government on the JMC, which will serve as a PPP imple-

mentation guide for LGUs, particularly for projects involving healthcare.

"The JMC is targeted to be issued in the early second semester of 2026," the center said.

The PPP Center is also drafting guidelines for health PPPs to support the initiatives of the Department of Health.

PPP Center Undersecretary and Executive Director Rizza

Blanco-Latorre said the PPP Code streamlined the processing of PPP projects for LGUs, with each Sanggunian now empowered with project approval regardless of project cost.

As of May 15, 15 health PPP projects are in the pipeline worth P26.05 billion.

Overall, the PPP pipeline consists of 251 projects valued at P3.13 trillion. Of the total, 167 projects

will be implemented by the National Government, while 64 projects will be overseen by LGUs.

Solicited projects numbered 195, while 56 were unsolicited proposals.

The railway sector accounted for P1.97 trillion of the project pipeline, followed by land transport (P277.26 billion) and property development (P221.46 billion). — **Justine Irish D. Tabile**

## P50 imported rice price cap deemed fair, domestic rice SRP to be set at P53 per kilo

THE Department of Agriculture (DA) called the P50 per kilo price ceiling on imported rice fair for all participants in the supply chain, while announcing plans to establish a P53 per kilogram suggested retail price (SRP) for domestically grown rice.

Agriculture Secretary Francisco P. Tiu Laurel, Jr. said on Tuesday that the cap on the 5% broken variety of imported rice — imposed by President Ferdinand R. Marcos, Jr. for 30 days starting May 14 — assumed a landed cost of P37 to P38 per kilo, leaving a margin sufficient to cover logistics, shrinkage, and markups.

"There is still a workable margin across the value chain," Mr. Laurel said after in-

specting rice prices at Paco Public Market. "We are ensuring that consumers get affordable rice while traders and retailers remain viable. The goal is balance, not disruption."

"For the entire value chain — from importer to trader to retailer — the markup should only be around P10. If landed cost is P38, retail should be about P48," he said.

"No one should be profiteering, especially during this period," Mr. Laurel added.

Full enforcement of the price cap will begin next week, giving retailers and consumers time to adjust. DA field teams will monitor markets nationwide and distribute imple-

mentation guidelines with contact details for stakeholder concerns.

Meanwhile, Mr. Laurel said the DA has reached a consensus with the rice industry to set a suggested retail price of P53 per kilo for domestic rice, positioning it slightly above the imported rice ceiling.

The SRP "is just a guide for consumers on fair local rice prices," he said, adding that market participants remain free to sell for less. "I've consulted rice millers and industry groups, and P53 per kilo is acceptable."

A DA memorandum detailing price guidance for domestic rice will be issued shortly. — **Pierce Oel A. Montalvo**

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