

**PRESIDENTIAL COMMUNICATIONS OFFICE
PRESIDENTIAL NEWS DESK**

**SPEECH BY PRESIDENT FERDINAND R. MARCOS JR.
AT THE CEREMONIAL SIGNING OF MAHARLIKA INVESTMENT FUND ACT**
[Delivered at the Kalayaan Hall in Malacañan Palace, Manila | 18 July 2023]

Thank you very much our Executive Secretary, Secretary Luke Bersamin. *[Oh, please, please take your seats].*

Of course, with us are the members of the Congress of the Philippines, from the Senate joining us here is the Senate President, Senate President Migz Zubiri and the senators who have worked long and hard to get this bill passed; then also, of course, the House of Representatives, our Speaker, Speaker Martin Romualdez, who is no longer the late Martin Romualdez *[laughter]* and the members of the House of Representatives who I know also have put in a lot of late hours and a lot of long days to get this extremely important measure into law; all the partners that we have here from the private sector; all our fellow workers in government; ladies and gentlemen, a very, very good morning to you.

We mark today a momentous occasion in the history of our nation as I sign into law the Maharlika Investment Fund Act (MIF).

The MIF is a bold step towards our country's meaningful economic transformation.

Just as we are recovering from the adverse effects of the pandemic, we are now ready to enter a new age of sustainable progress, robust stability, and broad-based empowerment.

For the first time in the history of the Philippines, we now have a sovereign wealth fund designed to drive economic development.

Through the Fund, we will leverage on a small fraction of the considerable but underutilized investable funds of government and stimulate the economy without the disadvantage of having additional fiscal and debt burden.

And this is maybe perhaps it's time that we clarify all the questions and answer all the questions that have been raised about the Maharlika Fund. What is its intent? What is it supposed to be? How is it supposed to work?

We have talked very much about foreign investment coming into the country. We have encouraged PPPs. We have encouraged joint ventures. We have encouraged G2G arrangements. But all of these come under the category of borrowings. We are at present at about, if I am not mistaken 63 percent GDP-to-debt ratio.

And although that is relatively good when we compare it to other countries around the region, it's still a very high number. However, there are so many infrastructure development, structural developments that we need to implement if we are going to be able to say that the Philippines can now compete in the world market be it in labor, be it in manufacturing, be it in agricultural exports. If we are going to do that, there are great many investments that are going to be needed to be done for us to achieve that.

The first part of this administration was spent on a very simple principle that we will go out to the world and we will do the changes that are necessary for the Philippines to become an investment-friendly nation. And that has earned some success, both on the private sector and also in the public sector.

However, these are all borrowings. And now, we now put aside a fund wherein the government's funds that are as I said underutilized, the instincts of any financial manager is that money must work for you. It must not sit in the bank and earning an interest rate that is almost, almost up to the level of the cost of money. And that's why we go in and out of these accounts.

So, these are the elements – this is the context in which we approach the Maharlika Investment Fund. We now have an available fund that will provide us the seed money for investments and to attract other foreign investments and for us to be able to participate in those operations, in those investments without additional borrowings.

And let us make sure that the fund is well-run. Let us make sure that these are professionals. Let us make sure that decisions that are being made for the fund are not political decisions, that they are financial decisions because that is what the fund is. It is essentially a fund that we will continue to invest in.

And the fund will fail if we do not make money on the fund. It's that simple. But there are so many opportunities that we cannot allow to slip by and that is why we have put up the Maharlika Fund so as to be able to give us the capacity and the ability to join in those investments, be part of that. Put in the government counterpart for any of these projects and without additional borrowings. And quite a contrary, instead of taking on additional borrowings and having to work to pay for the interest and roll over the principal every so often, we now have a fund which will itself make money and that will increase its capacity and capability to invest in all of these extremely important projects.

We are talking about investments in agriculture. We're talking about investments in infrastructure. We are talking about investments in digitalization. We are talking about the investments in the strengthening of our supply chains. We are talking about all of those elements that the post-pandemic economy has shown us are necessary for us to be able to transform the Philippines into a country that not only is investment-friendly but also is competitive in the rest of the world. That is the point of this fund. That is the reason we have created this fund.

And of course, many, many of you have been extremely important parts in the whole process and having to try to explain. And I know that people think that this is – they are weary because it's something new. Although it isn't. Sovereign funds have been started since the 1950s.

However, over the years, sovereign funds have become different from one another. When we were studying the fund we looked back and we'll say let's look at the experience of other people, of other countries. What worked? What didn't work? What were the mistakes so we don't commit the same mistakes?

And the essential element that came back at us after that study was that every sovereign fund is unique depending upon the purposes of that fund.

For example, in China they had this the agency called [unclear] which started off as an agency that were looking for investments to be brought into China. As China grew wealthier, they changed the ambit of their operations. And it is now where can China invest outside of the People's Republic.

So, you can see that there is an evolution. It does not mean that what we have made here is it. It will evolve. As the context such as the economic situation, the global situation changes. And as the opportunities arise, and the risks are differently assessed, then that is what we will adjust to.

However, the point being as long as we manage it properly and I contend that we have some of the best economic managers both in government and in the private sector that we can count on to run this fund properly.

And so that is why it has been very important, of course, I have been watching the hearings and the debates in Congress about what is it supposed to do, how is it supposed to run. And immediately I removed... I said I'm not in favor of having – in the original iteration the President was the chairman of the – sabi ko “*no, you remove us.*” Then, there was the Secretary of Finance, no.

Because inevitably, if you put me or the Secretary of Finance in the decision-making loop, those decisions will be colored by political considerations, and that must not be the case. We have to look at these things... *[applause]*

We have to look at any potential investment. We have to look at any potential operation of the fund in a cold-calculating manner. That is the only way that it will succeed.

Once again, I'm confident that we will find all of the people who are so competent that we can rest easy that they will handle the fund properly, so long as structurally. And I think we've done that job.

Structurally, we removed the political decisions from the fund, and those political decisions are left with the bureaucracy, the political bureaucracy, and the fund is left to be a fund and operating on a sound and proactive financial basis.

Now, the DBP will pool together non-debt financial resources as to not crowd out other lending obligations that they need to fulfill under their respective mandates.

Moreover, the fund has the potential to funnel in external financing, reducing the government's burden to finance infrastructure through borrowings, taxes.

The establishment of a sovereign wealth fund will widen the government's fiscal space and ease pressure in financing public infrastructure projects.

I note that some of the objections very early on was there – I would hear some people commenting and saying, *“Hindi ba kung may pera tayong ganyan, kung may pondo tayong ganyan dapat ilagay ‘yan sa agrikultura, dapat ilagay ‘yan sa infrastructure, dapat ilagay ‘yan sa energy development.”*

Nanunuod ako ng television, sabi ko sa kanila, siyempre kinakausap ko ‘yung TV: *“Saan niyo kaya iniisip na ilalagay ‘yan? Bibili kami ng mga magagarang kotse? Bibili kami ng malalaking yate? ‘Yan ba ‘yung iniisip ninyo?”* It makes me laugh because that is so far from the truth. That is precisely where we are going to put this money. That is precisely where we are going to apply this money.

All those critical sectors that have been left behind. All those critical sectors that have to adjust to the new economy, the new global economy. Those are the pressure points that we will apply the fund on.

It is a crucial undertaking. It will support our overall goal of 6.5% to 8% gross domestic product growth in the medium-term.

And through the fund, we will accelerate the implementation of the 194 National Economic and Development Authority Board-approved, NEDA-approved flagship infrastructure projects.

While we celebrate this historic feat, let us remember that the fund goes beyond mere numbers or economic jargons.

At its core, the MIF carries the dreams and aspirations of the Filipino people—our citizens who strive for a better future for themselves, their loved ones, and their communities.

We take into heart the fact that the numbers we project would mean nothing if they are not seen or felt by the ordinary citizen.

Thus, the real challenge is to maintain the integrity of the fund [and] translate its gains into tangible changes for the benefit of all.

I assure you that the fund will be managed by highly competent personnel with a good track record and outstanding integrity.

We remain steadfast in our commitment to transparency, accountability, and good governance in this massive and purposeful undertaking.

I assure you that the resources entrusted to the fund are taken care of with utmost prudence and integrity.

We take one step in our journey towards success—a journey that is fueled by our ambition and the unwavering spirit of the Filipino people.

Let us embrace this opportunity with open hearts and minds, confident in our ability to shape our own destiny and create a future where no dream is too big [and] no aspiration is beyond reach.

That is the dream. That is what the fund is for. We hope to fuel that dream.

Thank you very much at mabuhay po kayong lahat. *[applause]*

--- END ---