

**Highlights of the
1st 2010 Meeting of the Working Group on
Growth and Investment Climate (WG-GIC)**

Audio-Visual Room, BOI Penthouse
385 Sen. Gil Puyat Avenue, Makati City

22 January 2010, 2:00 pm

ATTENDEES:

Ms. Kim S. Jacinto-Henares, IFC
Co-Convener, WG-GIC

Government

Asst. Secretary Jesus Mateo, DepEd
Dir. Bernie Justimbaste, DOST
Asst. Dir. Romell Antonio Cuenca, SEC
Engr. Edwin Fortes, DPWH
Engr. Victor Andres, DOTC
Ms. Carmina dela Cruz, DBM
Mr. Ruel S. Lacambra, DOE
Ms. Jeanne S. Guinto, DOF
Mr. Dennis A. Lim, NEDA
Ms. Maria Ellaine Patambang, NEDA
Ms. Gizella Marie Herrera, NEDA
Mr. Jun Maralli, LGA
Ms. Sarah Lope, NCC Secretariat

DTI/BOI

Ms. Alicia Ore, BOI
Ms. Grace Ahmad, BOI
Mr. Vince Justo, RODG
Ms. Elsie Tan, BSMED
Ms. Zeny Pre, BSMED
Mr. Armando S. Rosil, BOI

Development Partners

Ms. Gerlin May Catangui, IFC
Ms. Marieta S. Patag, IFC
Dr. Benedikt Madl, DECP
Ms. Victoria Antonio, GTZ
Mr. Narufumi Takenaka, JICA
Mr. Shozo Suzuki, JICA
Mr. Jun Santos, Embassy of Spain
Mr. John Lawrence M. Avila, USAID
Mr. Deo Custodio, LINC-EG
Mr. Arlan Brucal, LINC-EG

Local and Foreign Business Chambers

Mr. Robert Sears, AMCHAM
Mr. John Forbes, AMCHAM
Mr. Jan M. Neri, AMCHAM
Mr. Nobuo Fujii, JCCIPI
Ms. Grace Caroline Morella, PCCI
Ms. Grace T. Mirasol, EDC

Sectoral Technical Working Groups (TWGs)

Dir. Cynthia C. Lazo, DOT
Engr. Glenn Marcelo Noble, MGB
Ms. Nieva Natural, DA
Mr. Marriz Agbon, PADCC
Ms. Tamara Jean Palis, PADCC
Ms. Emmy Lou Delfin, CICT
Mr. Marcos S. Aradanas, DOT
Ms. Melody Bondoc, DOT
Ms. Socorro L. Caraig, DOT

Secretariat

Ms. Abigail R. Zurita, OPR-DTI
Ms. Teresita I. Revilla, OPR-DTI
Mr. Elvin C. Vilorio, OPR-DTI
Ms. Nellie I. Tria, OPR-DTI
Ms. Marife I. Cagulada, OPR-DTI
Mr. Domingo Miguel Huelar, OPR-DTI
Ms. Dana Krystyl V. Bustillo, OPR-DTI

I. Call to Order

Ms. Henares (IFC) called the meeting to order at 2:35 p.m.

II. Highlights of the Meeting

- Ms. Henares mentioned the objectives of the meeting are to update the working group members on the accomplishments of WG-GIC for 2008-2009 and present the proposed work plan for 2010.

Review of the Highlights of 29 January 2009 1st WG-GIC Meeting

- Ms. Henares informed the body among the agreements/next steps during the 29 January 2009 1st WG-GIC Meeting, only the Study on OFW Remittances as an Engine for Competitiveness and Productivity was not attended to. However, the major work undertaken by the working group in 2009 was the Streamlining of Business Permits and Licensing Systems (BPLS) in the Philippines, a joint activity of the Working Groups on Growth and Investment Climate (GIC) and Decentralization and Local Government (DLG), with financial assistance from GTZ, USAID and IFC in addition to the conduct of the policy forum in April 2009.

Presentations:

A. WG-GIC Accomplishment Report 2008-2009

- Ms. Henares, before presenting the accomplishments of WG-GIC for 2008-2009, gave a brief review on the current growth and investment situation in the Philippines. She said it is not the global financial crisis that is affecting growth and investment in the country, but some systemic deficiencies. Specifically, she discussed the following topics:

- Growth and Investment Situationer 2008-2009
Framework for Accelerating Inclusive Growth and Enhancing Competitiveness
Accomplishments of WG-GIC for 2008-2009
- Supported policy reforms to promote sector and LGU competitiveness
 - Initiated procedural challenges to improve the investment climate
 - Implemented capacity building programs for LGUs and NG agencies
 - Strengthened institutional support to competitiveness reforms
 - Encouraged and harmonized ODA for growth and competitiveness reforms
 - Created knowledge products for informed policy making

(Please see attached presentation materials.)

B. Report on the Nationwide Streamlining of Business Permits and Licensing (BPLS) in the Philippines

- Ms. Henares reported on the nationwide streamlining of BPLS in the Philippines, specifically the following topics:
 - Objectives of the program
 - Minimum standards on BPLS streamlining
 - Criteria for prioritizing LGUs in the Program
 - BPLS Workshops in Pilot Region
 - Coverage
 - Participants
 - Objectives of the Workshops
 - Commitments/Results of the Workshop

(Please see attached presentation materials.)

C. Proposed Projects of the GIC or 2010

- Ms. Henares presented the Proposed Projects of the GIC for 2010. She discussed the following topics:
 - The PDF-GIC Mission
 - Charting the GIC Agenda
 - Proposed 2010 Objective of the GIC: Accelerating Economic Recovery and Laying the Groundwork for Competitiveness
 - Proposed Institutional Set-Up of the GIC for 2010
 - Collaboration with other PDF Working Groups
 - Next Steps

(Please see attached presentation materials.)

D. Proposed Workshop on “Sharpening the Roadmap for Enhancing the Competitiveness of the Philippines”

- Ms. Zurita presented the Proposed Workshop on “Sharpening the Roadmap for Enhancing Competitiveness of the Philippines”. She discussed the following topics:
 - Objectives of the Workshop
 - Proposed Design
 - Session Design
 - Proposed Participants
 - Timetable
 - Resources Needed

(Please see attached presentation materials.)

III. Discussions

A. WG-GIC Accomplishment Report 2008-2009

- On the Design and Testing of Training of Trainees Module in Region 7 (GTZ w/ UP NCPAG), Ms. Antonio (GTZ) clarified that the module has not been tested yet, but for finalization.
- On the Work Plan matrix, Mr. Takenaka (JICA) asked why the activities submitted by JICA to the WG-GIC Secretariat after the 15 June 2009 WG-GIC Meeting with Development Partners were not reflected in said matrix.

Ms. Henares clarified what were included in the work plan are priorities of the working group but if there are other concerns that need to be included in the matrix, the members may email these concerns to the Secretariat.

She said the Secretariat will email the Work Plan matrix to all WG-GIC members for comments and suggestions.

Sectors

Tourism

- Mr. Forbes (AmCham) raised the issue/controversy regarding the Implementing Rules and Regulations (IRR) of the Tourism Act, like the formation/composition of the Tourism Board. He said PCCI organized a two-day workshop to get recommendations from the private sector, but it appears inputs and views of the private sector were not reflected in the IRR.

(Undersecretary Maglaya gave instructions to WG-GIC Secretariat to write a letter addressed to DOT Secretary Durano to be signed by Secretary Favila regarding the issue raised by Mr. Forbes.)

Director Lazo (DOT) responded she will ask the person in charge of the IRR about Mr. Forbes' concern.

Mr. Avila (USAID) informed the body USAID received a request from DOT for assistance in drafting the IRR. He said the IRR is still a work in progress since only the administrative section has been finalized while other sections have yet to be drafted. The LINC-EG project of USAID will work with DOT on this.

D/Lazo (DOT) mentioned in previous TWG meetings, there was a suggestion that the Department of Science and Technology (DOST) be part of the group. She said it is a very challenging initiative especially if there will be a link with medical and wellness tourism since some strengths have been identified during the recent International Health and Wellness Summit where foreign experts pointed out the Philippines as having a niche on health and wellness. This is where DOT and DOST can forge an alliance.

Dr. Madl informed the body the European Commission (EC) is supporting the accreditation of medical laboratories and the National Kidney Transplant Institute (NKTl) was the first one to get ISO accreditation last 18 January 2010. He added ISO accreditation for medical laboratories will help in pushing medical tourism to international standards.

Agribusiness

- On the plan to craft an AFTA 2010 Preparedness Program for affected crops, Mr. Agbon (PADCC) said he will check with DA's Policy Unit regarding its status.
- Mr. Agbon suggested for a possible cooperation between WG-GIC and WG-SRD on simplification and harmonization of rules and procedures in accessing agri-business lands and identification of working agri-business models and include the same in the GIC work plan.

Ms. Henares noted Mr. Agbon's suggestion.

National Single Window (NSW)

- On the National Single Window, Ms. Henares said Phase 1 has been bid out with a budget of Five Hundred Million Pesos (PhP500M), but a lot of work has to be done after Phase 1.

Dr. Madl (EC) mentioned about the workshop on NSW with the Bureau of Customs (BOC), but has yet to get updates from his Team Leader. He said Dr. Clarete is doing a study and will give a debriefing last week of January 2010.

On the e2m Customs System of the BOC, Dr. Madl mentioned it has been rolled out in the Port of Manila.

Revised Kyoto Convention (RKC)

- Ms. Henares mentioned ratification of the RKC has to wait for the next congress should its ratification not push through in February 2010.
- Mr. Forbes mentioned during the summit he attended on 21 January 2010, Senator Santiago committed to push for RKC ratification considering the limited sessions left in the Senate. Also, he said there were manifestos supporting it.

Trade Facilitation - Delegation of the European Commission to the Philippines

- On trade facilitation, Dr. Madl updated the body on recent developments where the European Commission (EC) is involved in. They are still awaiting for the phase on Enhancement Management System of the Manila International Container Port (MICP).

On Customs Transit, he mentioned a workshop and three (3) consultations were conducted with stakeholders. He added there is already a draft proposal for a system where a Global Positioning System (GPS) device will be attached to each container which can be tracked from a central unit in the BOC. This would considerably reduce the cost of business by about 80% and address some issues on smuggling.

Dr. Madl mentioned the EC has launched the Trade Related Technical Assistance website (www.eu-trtaphils.org) and for Secretariat to include the website in its directory.

AmCham/Joint Foreign Chambers (JFC)

- Mr. Forbes informed the group the Joint Foreign Chambers called a press conference in June 2009 to comment on a paper regarding the impact of the global financial crisis in the Philippines. He said focus group discussions (FGDs) were conducted to identify the next steps to be undertaken for the different areas like infrastructure, tourism and others. Said FGDs were attended mostly by private sector representatives. Relative to this, a paper has been prepared containing analysis and recommendations, foremost of which is on tourism, particularly, medical travel and retirement. He suggested WG-GIC to look into specific recommendations on policy and administrative reforms, tax issues and legislation, among others.

Mr. Forbes said he will be providing the WG-GIC Secretariat a copy of said paper.

- Mr. Sears raised the issue on inconsistencies regarding taxes being imposed by the local government and national government agency. He said companies are being taxed by the local government with certain amount, but these companies have also an agreement with the national government agency. He added companies will pay the taxes only if both the national government and local government agree on taxes being imposed on them.

Ms. Henares responded the issue needs to be discussed with the PDF Working Group on Economic and Fiscal Reforms since it is a concern of the Department of Finance.

On Mr. Sears' suggestion to work at the provincial level, Ms. Henares responded WG-GIC will work with the League of Provinces of the Philippines (LPP) regarding the issue.

- Mr. Forbes announced the plan to do a consultation with the Presidential Legislative Liaison Office (PLLO), the planning officers of the Senate and House of Representatives to discuss/prioritize legislative agenda for the business community and business economic reforms to be put forward to the 15th Congress come July 2010.

He said Undersecretary Zenaida C. Maglaya, who presented the DTI Legislative Agenda during the "Consultative Forum and Workshop on Advocating Policy and Legislative Agenda to Improve Philippine Competitiveness for the 15th Congress" held in Tagaytay City, will be invited to said consultation. Prioritization can also be done to identify legislative agenda which will fall under the WG-GIC or other PDF working groups.

- Mr. Forbes suggested WG-GIC to request Mr. Hoffman (World Bank) as co-convenor of PDF to confer with other PDF working groups regarding their legislative agenda.

B. Report on the Nationwide Streamlining of BPLS

- Ms. Henares informed the group Manila is going to launch its streamlined BPLS on 15 February 2010, the aim of which is to process business permits and licenses in fifteen (15) minutes. She added Quezon City has also launched its system and has shortened processing time to 30 minutes.

On the query of Mr. Forbes if the processing time also applies to building and construction permits, Ms. Henares clarified the BPLS project is only about business permits and licenses aspect and does not include applications for building/construction permit yet.

C. Proposed Projects for the WG-GIC for 2010

Proposed Institutional Set-up for the WG-GIC

- Creation of Sub-Working Groups
 - On Ms. Antonio's query regarding the three sub-working groups (SWGs) to be created under the WG-GIC, Ms. Henares said the SWGs are: 1) Business Permits and Licensing System (BPLS); 2) Trade Facilitation; and 3) Philippine Business Registry (PBR) Project. She said the BPLS is re-engineering of the process, its computerization is the PBR project while trade facilitation concerns the NSW. She envisions in the future the PBR and NSW will be the two (2) portals for the whole business environment in the Philippines.

D. Proposed Workshop on "Sharpening the Roadmap for Enhancing the Competitiveness of the Philippines"

- Ms. Henares pointed out the objective of the proposed workshop is to formulate a 6-year agenda for the WG-GIC which can include its legislative agenda.
- Mr. Forbes informed the body on the following JFC activities:
 - A roadmap was prepared in 2004;
 - JFC Workshop on Foreign Direct Investment "How to Get \$3 Billion" was conducted in October 2006 with specific recommendations (see attached JFC 2006 FDI Workshop Recommendations Status as of February 2009); and
 - Focus Group Discussions (see attached documents from JFC).

He added the Philippine Chamber of Commerce and Industry (PCCI) did a very useful FGD which came up with 70 or 80 recommendations.

- Since four (4) priority sectors have been identified by the WG-GIC, Ms. Natural (DA) asked if the Departments of Agriculture, Environment and Natural Resources, Tourism and the Commission on Information and Communications Technology (CICT) are already part of the working group. Ms. Henares responded said agencies are already members of the WG-GIC. She added there have been agreements on the following:
 - The Working Group on Sustainable Rural Development (WG-SRD) to spearhead agribusiness activities/concerns;
 - DOT to handle tourism activities;
 - CICT to oversee the IT-BPO sector whose private sector counterpart, the Business Processing Association of the Philippines (B/PAP) is an active partner; and
 - The Minerals Development Council (MDC) to handle mining sector issues and concerns.
- Ms. Henares pointed out the proposed workshop will provide venue for all ideas, issues and concerns to be tackled and come up with a consensus on what to put forward toward improving competitiveness of the Philippines.
- Ms. Natural mentioned the WG-SRD has identified the Land Use Act as one of its priority legislative agenda but it has been pending in the Congress for many years.

Ms. Kim responded the WG-GIC will advocate it and reiterated the purpose of the proposed workshop is to put forward important concerns that will affect the country's competitiveness.

- Mr. Justimbaste (DOST) shared with the group initiatives of the Department of Science and Technology to promote technology in terms of improving the country's competitiveness. He said all over the world, competitiveness agenda is anchored on innovation and technology. In line with this, the department has commissioned two (2) important papers on historic analysis and making the Philippines attractive for Research and Development.

He gave the following updates:

- The budget for science and technology has been increased to PhP5.3 Billion from PhP2.8 Billion;
- Investments were made on infrastructure, science and technology, particularly for disaster mitigation and service education in Philippine Science High School;
- Program with UP called Engineering R&D for Technology (to link with world class universities);
- Agreement with Taiwanese group on scholarships for MS, PhD, for qualified Filipinos; and
- Creation of the Commission to Review Science and Technology Engineering in the Philippines, called COMSTE, headed by Senator Angara and Representative Andaya, focusing on six (6) priorities, such as agriculture and food, electronics and semiconductors, energy and environment, health sciences, IT & IT-Enabled Services and Science, Mathematics and Engineering Education.

Other details are provided at www.comste.gov.ph.

- Mr. Sears suggested staff from both the Senate and House of Representatives be invited to the workshop since WG-GIC may need their assistance on legislative matters.

IV. Agreements/Next Steps

- As suggested by Mr. Agbon, WG-GIC to collaborate with WG-SRD on simplification and harmonization of rules and procedures in accessing agri-business lands (to bring back private capital into agribusiness) and identification of working agri-business models and include the same in the GIC work plan;
- WG-GIC to look into the issue raised by AmCham regarding inconsistency on real property tax imposed by local government and the national government agency or IPAs;
- WG-GIC to include a legislative agenda in the Work Plan;
- Include representatives from the Senate and House of Representatives during workshops/consultations;
- Request Mr. Hoffman to confer with other PDF working groups regarding their legislative agenda;
- Finalize Work Plan to incorporate comments/suggestions; and
- WG-GIC members to submit to the Secretariat any comments/suggestions on the Work Plan.

V. Adjournment

- The meeting was adjourned at 4:20 p.m.

Prepared by:

Office of Policy Research
28 January 2010