

**Highlights of the
4th Meeting of the Working Group on
Growth and Investment Climate (WG-GIC)**

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

04 November 2008, 2:00 p.m.

ATTENDEES:

Undersecretary Zenaida C. Maglaya
(Lead Convener)

Government Sector

Director Cynthia Lazo, DOT
Director Bernie Justimbaste, DOST
Director Marris Agbon, DA
Asst. Director Edwin Domingo, MGB
Mr. Glenn Marcelo Noble, MGB
Ms. Emmy Lou Delfin, CICT
Mr. Christopher Bandojo, MDC
Ms. Hazel Canlas, MDC
Mr. Jerome Ilagan, DBM
Ms. Liza Pangilinan, DOE
Ms. Paz Javier, DOF
Mr. Felicisimo Pangilinan, DOTC
Mr. Crispin Banaag, Jr., DPWH
Ms. Emma Pelayo, DPWH
Ms. Carolina dela Cruz, NEDA
Mr. Arturo Cebuma, NEDA
Mr. Allan Barcelo, PEZA
Ms. Fidelita de Guzman, PEZA
Director Maria Teresita Semana-Santiago, BOI
Director Dennis M. Miralles, BOI
Director Nestor P. Arcansalin, BOI
Ms. Elvira Tan, BMSMED
Mr. Albin Gancho, BETP
Mr. Vince Justo, RODG, DTI
Mr. Albert Imperial, BOI
Ms. Lillian Cotaz, BOI
Ms. Raquel Echague, BOI
Ms. Raquel Balbido, BOI
Mr. Ruben Sendangan, BOI

Private Sector

Mr. Ruy Moreno, NCC
Ms. Emmarita Mijares, EDC

Development Partners

Ms. Kim S. Jacinto-Henares, IFC
(Co-Convener)
Mr. Kohei Noda, Embassy of Japan
Ms. Charlotte Minasyan-Pekovits, EC
Ms. Anja Gomm, GTZ
Ms. Hanna Bucher, GTZ
Ms. Cristina Santiago, JBIC
Mr. Jose Primo Santos, Spanish Embassy
Mr. Ignacio Orfila, Spanish Embassy
Mr. John Avila, USAID
Dr. Ramon Clarete, LINC-EG, USAID

Local and Foreign Business Chambers

Ms. Cheska Alvarez, PCCI
Mr. John Forbes, AMCHAM
Mr. Robert Sears, AMCHAM
Mr. Sean Georget, CCCP
Mr. Vincent Supetran, ECCP

WG-GIC Coordinator

Ms. Ofelia Templo

Secretariat

Director Maria Lourdes A. Yaptinchay
Head, WG-GIC Secretariat
Ms. Teresita I. Revilla, OPR-DTI
Mr. Elvin C. Vilorio, OPR-DTI
Ms. Rosemarie Eguia, OPR-DTI

I. Call to Order

Ms. Henares (IFC) called the meeting to order at 2:25 p.m.

II. Highlights of the Meeting

Matters Arising from 17 July 2008 WG-GIC Meeting

- On Mr. Moreno's (NCC) query regarding the agreement that the Secretariat will look into the proposed Tourism Act, Director Yaptinchay reported that the Secretariat did not go through the Tourism Act bill because the issues embodied in the bill were discussed in the sectoral meetings. She said that the creation of the National Tourism Council, a major recommendation being considered in the proposed Act, is one of the main issues raised during TWG meetings.

A. Report on 23 October PDF Meeting of Conveners

- Ms. Henares reported that last 23 October 2008, a meeting was held in preparation for the next PDF in March or April 2009. She said the World Bank and the Department of Finance (DOF) wanted to get suggestions on how to make the next PDF more relevant to what the working groups are doing. The concerns/issues raised were:
 - Need for a closer working relationship among the PDF working groups;
 - Agreement as to whether or not the WG-SRD should handle the agribusiness sector;
 - The proposal to have the MDG Working Group handle education sector under Theme 5 of the Work Plan; and
 - Call for suggestions on the theme for the 2009 PDF.

B. Status of the WG-GIC Work Plan

- Undersecretary Maglaya briefly discussed the accomplishments of the WG-GIC as of 31 October 2008. She said there is a need to shortlist the work plan and come up with doable activities which can be committed as deliverables by end March 2009.

(Please see attached presentation materials)

C. Updates by Technical Working Group (TWG) Heads of 4 Sectors

Agribusiness

- Dir. Agbon (DA) discussed the highlights and accomplishments of the agribusiness sector as well as the commitments of the sector during the 08 October 2008 LGU Conference.

(Please see attached presentation materials)

IT-BPO

- Ms. Delfin (CICT) reported on the "Offshoring and Outsourcing Philippine Roadmap 2010" launched in 2007, the existing 27 Next Wave Cities, the Top Ten Next Wave Cities for 2008, and CICT initiatives for the IT-BPO sector. She also discussed the commitments of the LGUs during the LGU Conference to improve the competitiveness of their respective cities as preferred destination for IT-BPO.

Tourism (including health and wellness)

- Dir. Lazo presented the directions set for tourism, work in progress on policy formulation/implementation and commitments during the LGU Conference.

(Please see attached presentation materials)

Mining

- Mr. Noble (MGB) discussed the issues on mining, action plan on remittance to LGUs of their share of mining excise taxes, action plans to strictly implement permitting requirements and processes and conduct consultations among the DENR-MGB, the Leagues of Provinces and Cities of the Philippines on the rational implementation of small-scale mining laws based on socio-economic considerations, the allocation of areas for small-scale mining, etc.

(Please see attached presentation materials)

D. Updates by Development Partners

United States Agency for International Development (USAID)

- Mr. Avila (USAID) briefed the body on the Local Implementation of National Competitiveness for Economic Growth (LINC-EG) project, the focus of which is the implementation of existing policies that will improve competitiveness.
- Dr. Clarete (LINC-EG) added that the project which will be implemented in Mindanao needs to link not only with the LGUs, regional offices of the national government agencies (NGAs) in Mindanao, but also with private sector associations in order to identify specific assistance and activities that the project can provide.

German Technical Cooperation (GTZ)

- Ms. Gomm (GTZ) mentioned about the publication of the toolkit on simplifying business permit and licensing process of local government and reported on the Local and Regional Economic Development (LRED). The LRED is an economic planning and implementation process that is participatory in nature, where public and private stakeholders come together and improve conditions for economic growth and employment generation. It mobilizes people to work together and initiate change in their localities by identifying comparative advantages, building on what is there and then progressing into developing competitiveness thinking to the LGUs. She discussed some future activities on LRED.

(Please see attached presentation materials)

European Commission (EC)

- Ms. Pekovits (EC) informed the body that the European Commission (EC) will continue to provide trade related technical assistance. Phase II of TRTA which was recently signed by DFA Secretary Romulo and EC Ambassador MacDonald on 23 August 2008 will start in November 2008. The TRTA II is a 4-year program which will build on the success of the previous program. It will focus on trade facilitation, trade policy capacity building, technical barriers to trade as well as sanitary and phytosanitary issues and on facilitating trade and promoting the expansion of Philippine export for foreign markets.

International Finance Corporation (IFC)

- Ms. Henares reported that because of the Doing Business Survey and other related activities on simplification and harmonization of business processes undertaken by donor partners, like GTZ for Visayas and the Asia Foundation for Mindanao area, the DILG and all the local executives, primarily, the NCR executives, have committed to simplify and harmonize their business processes, specifically on business registration by 19 December 2008. She also discussed the organizational structure and expected outputs of the TWG on Business Registration (Entry) Reforms.

(Please see attached presentation materials)

E. Discussions:

Agribusiness

- The following matters were raised/discussed:
 - The JICA-assisted project is tasked to come up with a framework for the agribusiness sector while the Sub-working Group on Agribusiness of the WG-SRD will come out with a detailed agribusiness plan;
 - NCC is interested in working closely with the TWG on Agribusiness regarding the commitments of the sector during the LGU Conference;
 - Unclear property rights on land considered a major investment constraint;
 - Availability of detailed information on identified areas in Mindanao like slope, suitability, soil characteristics, climate, farmer-partners and infrastructure;
 - Ground validation completed in Mindanao; Luzon and Visayas to follow;
 - Need to shortlist new areas identified for agribusiness for market matching purposes, BETP to provide market information;
 - Importance of LGU participation and the private sector in market matching; and
 - Policy of the working group on CARP extension and liberalization of restrictions on corporate farming and prospects for large investments being planned by Kuok Group with San Miguel Corporation as raised by AMCHAM;

Status of the sector (as reported by Director Agbon);

The policy on CARP extension has to be decided by Congress;

On prospects for large investments, DA is managing the program incorporation with San Miguel and the Kuok Group of Hong Kong. Currently it is in the stage of identifying the areas, the target of which is up to one (1) million hectares of new areas to develop for strategic cereals like rice and corn, to include cassava and oil palm, which is the interest of Kuok Group. The farming business arrangement to be engaged in with either the cooperatives or farmer associations is being finalized. Launching of the project with specific farm sites is targeted before end 2009.

- Undersecretary Maglaya solicited the body's comments on the possible spin off of the agribusiness sector to WG-SRD or some joint meetings of GIC with SRD.
- Ms. Henares suggested that the Government Chairs of the SRD, GIC and Infrastructure agree on how the issue should be addressed.

IT-BPO

- Discussions include the following:
 - Criteria for selection of the Top 10 Next Wave Cities for 2008, which were based on the availability of talent, infrastructure, cost and business environment;
 - Description of public-private partnership (PPP) for IT-BPO through the creation of ICT Councils and role of government in the PPP; and
 - Role of B/PAP regarding complaints or concerns on IT-BPO.

Tourism

- In addition to Director Lazo's presentation, she updated the group on other developments in sector. The Philippine Health and Wellness Tourism Summit which was held on 22-25 October 2008 showcased the country's areas of competence on medical tourism. During the summit, international speakers and buyers from South Asia, Europe, Russia and the United States were unanimous in saying that it was their first time to attend a summit that put together medical tourism and wellness. The summit resulted in positive feedback from the buyers.
- Discussions include the following:
 - Better coordination between the DOTC and DOT regarding inputs that need to be considered in the National Airport Master Plan, like infrastructure requirements;
 - Importance of maintenance of medical facilities in the country;
 - Energy problem being faced by some airports, like the new Bacolod-Silay International Airport and Iloilo Airport;
 - Palawan as potential area for eco-tourism and initiatives being undertaken by DOTC;
 - The Philippines' potential for retirement as a component of the tourism sector;
 - Importance of a policy that should go along with physical infrastructure, taking into consideration not only the domestic airlines, but international airlines as well;
 - DOTC to be invited in the next medical tourism cluster meeting chaired by DOH and DOT; and
 - DOTC and DPWH to be invited during meetings of the agribusiness and tourism sectors because synergy and coordination are very important to achieve desired results.

Mining

- Asst. Director Domingo raised the following issues and concerns on the mining sector:
 - Mining sector affected by current financial and economic crisis;
 - Problem of LGUs regarding remittance of their shares on excise taxes;
 - Lack of human resources for the mining industry;
 - Status of the Extractive Industry Transparency Initiative (EITI) piloted in Palawan and Baguio;
 - Composition and function of the Minerals Development Council (MDC); and
 - Current initiatives on mining: a) encourage local universities to offer courses on mining and geology, like in Silliman University in Dumaguete, Bicol and Davao and b) develop partnership between the government and private sector.
- Undersecretary Maglaya suggested that the MDC take care of the mining sector to tackle the sector's issues and concerns rather than creating another working group. MDC will then be invited to report to GIC on the sector's updates.
- Asst. Director Domingo requested that a communication be sent to MDC regarding the group's decision.

E. WG-GIC Work Plan

- Undersecretary Maglaya suggested that the sectoral working groups meet and agree on doable activities to come up with a firmer action agenda deliverable by end March 2009.
- On 1.2.1 of the Work Plan: Action on some of the recommendations of the foreign business chambers, Director Santiago informed the body that these are currently being worked on. Mr. Forbes (AMCHAM) suggested that a meeting be set to discuss the updates/status of said recommendations.
- Director Justimbaste (DOST) commented that on Theme No. 5: Raise Quality and Productivity Thru Innovation and Technology, only the human resource development component is included. In relation to innovation and technology, he cited that in agribusiness, what is needed to be competitive is a good food security infrastructure, which at present, is not yet included in the sector. This needs government intervention.

G. 08 October 2008 LGU Conference

- Mr. Moreno reported on the participation of LGUs and private sector during the 08 October 2008 LGU Conference. He said that the LGU Conference was a success and both the public and private sector showed support to the event.

H. Other Matters:

Financing Opportunities with European Investment Bank

- Mr. Supetran (ECCP) informed the body that on 26 November 2008, the representatives from the European Investment Bank will be coming to the Philippines to talk about their organization and financing opportunities being offered by the bank. EIB has made available €1 billion for Asia.

IV. Agreements/Next Steps

- Each sectoral TWG to meet and agree on how to shortlist the WG-GIC Work Plan and prioritize doable activities which can be committed as deliverables by end March 2009.

Secretariat to inform the development partners on schedule of TWG meetings in order for them to choose which group they want to join in.

- Agribusiness
 - The Lead Conveners of the Working Groups on Sustainable Rural Development (SRD), Growth and Investment Climate (GIC) and Infrastructure to meet and agree on whether or not the agribusiness sector will be handled the WG-SRD, with support from GIC and Infrastructure working groups or jointly by the WGs on SRD and GIC.
 - The Departments of Transportation and Communication, Public Works and Highways and Science and Technology to be invited in succeeding meetings of the TWG on Agribusiness and Tourism.
- Mining
 - The Minerals Development Council (MDC) to take care of the concerns of the mining sector;
 - The WG-GIC Secretariat to write a letter to MDC regarding the agreement; and
 - MDC to report on mining sector updates in WG-GIC meetings

- Tourism
 - The Departments of Transportation and Communication, Public Works and Highways and Science and Technology to be invited in succeeding meetings of the TWG on Tourism

- Joint Foreign Chambers (JFC) Recommendations

Director Santiago to schedule a meeting with the JFC to discuss status/updates on its recommendations

V. Adjournment

- The meeting was adjourned at 5:15 p.m.

Prepared by:

Office of Policy Research
20 November 2008