USAID
FROM THE AMERICAN PEOPLE

YEAR 1 ANNUAL REPORT

(April 5 – September 30, 2013)

ADVANCING PHILIPPINE COMPETITIVENESS (COMPETE) PROJECT

CONTRACT NO. AID 492-C-13-00008

DATE OF SUBMISION: JANUARY 23, 2014

This publication is made possible by the support of the American people through the United States Agency for International Development (USAID). The contents of this publication are the sole responsibility of The Asia Foundation, Nathan Associates Inc., REID Foundation, Foundation for Economic Freedom, and Asia Pacific Projects, Inc., and do not necessarily reflect the views of USAID or the United States Government. It was prepared by Dr. Enrico Basilio, Chief of Party, for the Advancing Philippine Competitiveness (COMPETE) Project implemented by The Asia Foundation, Nathan Associates Inc., REID Foundation, Foundation for Economic Freedom, and Asia Pacific Projects, Inc.

ADVANCING PHILIPPINE COMPETITIVENESS (COMPETE) PROJECT

YEAR 1 ANNUAL REPORT

(April 5 – September 30, 2013)

CONTACT NO. AID-492-C-13-00008

Program Title	:	**Advancing Philippine Competitiveness (COMPETE)**
Sponsoring USAID Office	:	**USAID/Philippines**
Contract Number	:	**AID-492-C-13-00008**
Contractor	:	**The Asia Foundation**
		Nathan Associates Inc., REID Foundation, Foundation for Economic Freedom, and Asia Pacific Projects, Inc.
Original Submission	:	**January 23, 2014**
Author	:	**Dr. Enrico L. Basilio, Chief of Party**

Contents

Page No.

I. Background

The Advancing Philippine Competitiveness (COMPETE) project is an initiative of United States Agency for International Development (USAID) under the Partnership for Growth (PFG) engagement with the Philippine government to support policy and regulatory reforms to improve the business-enabling environment for existing and potential investors in the country. COMPETE has an operating budget of $22.5 million in the next five years (including a one-year option if exercised) starting on 5 April 2013 up to 4 April 2018.

The primary objective of COMPETE is to promote increased trade and investment through the provision of better infrastructure, advancing the competitiveness of key sectors, and improving access to credit in order to attain higher levels of investment and trade, create job opportunities, and promote inclusive growth. The Project supports Philippine Government efforts and development of private sector enterprises with the view of enhancing national industrial competitiveness.

The project aims to increase the exports of goods and services, as well as the inflows of foreign direct investments (FDI), and improve the country's position in major international competitiveness rankings. Given these, COMPETE is designed to "support measures that lower transport and logistics costs, reduce the cost of electricity, and promote the expansion of businesses in the priority sectors identified in the Philippine Development Plan, primarily in tourism, manufacturing, logistics and agribusiness".

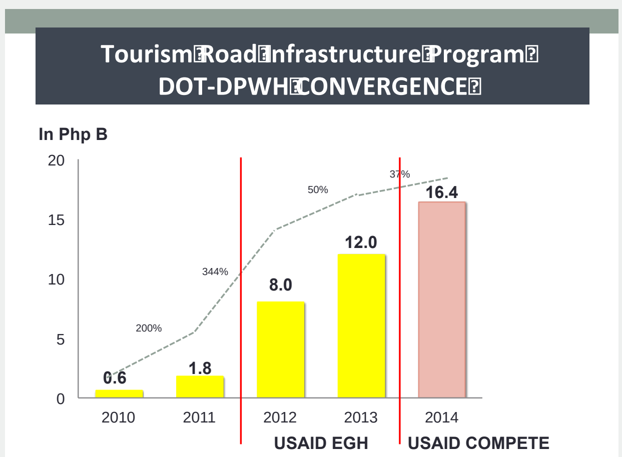
II. Major Project Accomplishments

Summarized hereunder are the major Project Accomplishments for Year 1 (April to September 2013) based on the approved Annual Work Plan and Budget. The detailed activities and outputs/deliverables are presented in Annex A.

A. COMPONENT 1 - INFRASTRUCTURE

- **Tourism Road Infrastructure**

Context	There should be seamless connectivity from the gateway (airport or port) to the tourism destinations/sites. The problem stems from the fact that only part of the alignment (from gateway to destination site) is classified as 'national road' under the care of the Department of Public Works and Highways (DPWH) while the rest may be 'local roads' that depend on revenue allotment. By the virtue of the Tourism Act of 2009 Sec. 34, the Department of Tourism (DOT) and the DPWH signed the Memorandum of Agreement (MOA) dated January 19, 2012 to establish a Convergence Program on Enhancing Tourism Access. Through this MOA, a working arrangement was established between the two departments to identify, evaluate, prioritize, and implement tourism road infrastructure across the country in support of the goals and targets of the National Tourism

	Development Plan (NTDP) for 2011 to 2016. Under the MOA, DPWH will fund the road construction regardless of category – i.e., whether national or local.
Project Goal/s	a. Increased investment in tourism road infrastructure b. Improved road quality
Project Activities	The COMPETE Project Team serves as secretariat to the TWG of the DOT-DPWH Convergence Program and assists in the planning and prioritization of the tourism road projects based on TRIPPC (Tourism Road Infra Project Prioritization)
Project Accomplishments	The Project provided technical assistance to DOT and DPWH in the identification and prioritization of tourism road projects. a. 37% growth in budget for tourism roads US$ 279 million (2013 approved budget) US$ 381 million (2014 proposed budget) b. Road quality Increased thickness (from 4-6 inches to 9-11 inches) Increased width (from 4-5 meters to 6.1-6.7 meters)  EGH – Economic Growth Hubs COMPETE – Advancing Philippine Competitiveness

- **Public-Private Partnerships (PPP)**

Context	PPP is a centerpiece program of the Aquino Administration. It aims to attract greater private sector participation in the provision/development of key infrastructures. One of the issues impeding the implementation of the PPP program is the lack of capacity on the part of the procuring agencies to prepare the project feasibility studies (FS) and bid documents.
Project Goal/s	Increased investments in PPP infrastructure projects Pipeline of PPP projects

Project Activities	Originally, the COMPETE Team was assisting the Clark International Airport Corporation (CIAC) in the preparation of the feasibility study for the Clark Budget Terminal. However, the Department of Transportation and Communication (DOTC) decided to undertake the project using its own funds because of the urgency to finish the documents within two months. [After three months, the study has not started]. Subsequently, COMPETE Project identified two important PPP projects: a. Laguna Lakeshore Dike Expressway Project (LLDE) – With the 'Habagat' (monsoon rain) that flooded South Luzon in August 2013.President Aquino directed the DPWH to prioritize the LLDE Project to mitigate the flooding in the Cavite-Laguna areas (through the construction of a dike) and, at the same time preventing further contamination of the Laguna Lake from landside wastes. To maximize the use of the dike, a 60-kilometer toll expressway will be constructed (also as an investment recovery mechanism on the part of the private proponent). DPWH requested the COMPETE Project to provide technical assistance in the preparation of the Feasibility Study (FS) and bid documents. This project will be the biggest PPP Project of the Aquino Administration both in terms of value (US$ 1.62 billion) and positive economic-environmental impact. b. Bohol Water and Sanitation Project (BWS) – In support of tourism, USAID (through the COMPETE Project) approved the request of the Provincial Government of Bohol for assistance in the preparation of the FS and bid documents. This project represents a major PPP initiative at the LGU-level (US$ 163 million). It will benefit Tagbilaran City and 15 other municipalities, at least 10,000 households to enjoy Level 3 water service, and expected to reduce water-borne diseases
Project Accomplishments	The COMPETE Project extends technical assistance to DPWH for the LLDE Project and the Provincial Government of Bohol for the BWS Project. a. LLDE Project – the study is currently being undertaken by J.F. Cancio and Associates for submission to DPWH in December 2013. b. BWS Project – the Terms of Reference (TOR) for the consultancy services (for the preparation of the feasibility study and bid documents) has been finalized for immediate tendering.

- **Inclusion of Gender Provisions in Project Terms of Reference of Infra Projects**

Context	Infrastructure development is key to improving the competitiveness of localities and industries. Water systems, roads, ports and airports help distribute economic opportunities and benefits. But these inclusive growth results have to be purposively pursued without discriminating or isolating certain sectors in the process.
Project Goal/s	a. Inclusion of gender provisions in Project TORs (Terms of Reference) b. Reduced discrimination against women and children

Project Activities	The inclusion of gender provisions in project TORs are done in various ways and at different stages of project TOR preparation: a. Consultations to involve women and women's groups, as well as, men, producers, workers and consumers; investors and advocacy groups; b. Environmental and Social Impact Assessment (ESIA) to include Gender Analysis, or a consideration of the current situation of women and men, and likely different ways in which they can be affected by the Project; c. Minimum Performance Standards and Specifications (MPSS) to include measures to prevent gender-based discrimination and violence against women and children (trafficking and prostitution).
Project Accomplishments	Gender provisions were incorporated in the TORs for the Laguna Lakeshore Dike Expressway (LLDE) and Bohol Water and Sanitation (BWS) PPP Projects. These requirements echo the key elements of the Harmonized Gender and Development Guidelines of the Philippine Government, and, in the case of infra, the Gender Tool Kit of DPWH. In so doing, COMPETE is raising the bar not just for business cases, FS and design, but also for actual implementation of infrastructure projects. COMPETE COP Henry Basilio and Gender Advisor Ms. Jeanne Illo presented this initiative to the members of the Official Development Assistance – Gender and Development (ODA GAD) Network.

- **Competitive Mechanisms in the Electricity Sector**

Context	Electricity cost in the Philippines is among the highest in the region. There is a need to develop new strategies (e.g., aggregation of electric cooperatives) for attracting more investments in the electricity sector to reduce cost.
Project Goal/s	a. Increased investment in the electricity sector b. Reduced electricity cost
Project Activities	The COMPETE Team provides technical assistance to the Central Luzon Electric Cooperatives Association (CLECA) comprising of 13 'aggregated' electric cooperatives (ECs). Aggregation of ECs is a strategy pursued by the Project aimed at enhancing the ECs' market participation – a mechanism for competitively securing lower power cost from the generation companies (GenCos). The COMPETE Team serves as Transaction Advisor to CLECA. The solicitation activity follows a 2-stage process: STAGE 1 – Competitive bidding, lowest bidder is awarded 'Firm Proponent Status'

	STAGE 2 – Swiss Challenge: Other losing bidders will be given 3 months to firm up their proposals and challenge the lowest bid. The Firm Proponent has the right to match.
Project Accomplishments	The COMPETE Project provided technical/transaction advisory assistance to CLECA for the bidding of its 300 MW (incremental) electricity demand. a. Increased investment in the electricity sector As Transaction Advisor to CLECA, the COMPETE Project assisted in the successful tender (STAGE 1) on August 21, 2013 of a 300-megawatt (MW) new power plant capacity (estimated cost: US$ 600 million). Six (6) GenCos were pre-qualified and three (3) submitted bids. Signing of MOU with the lowest bidder (as Firm Proponent) will be on November 8, 2013. b. Reduced power cost A price cap of Php 4.30/kilowatt hours was pegged. This rate is the same as the AMRECO (Association of Mindanao Rural Electric Cooperatives) contract. The target is to achieve a price lower than Php 4.30/kwh.

B. COMPONENT 2 – KEY INDUSTRIES

- **Mid-Term Review of the National Tourism Development Plan (NTDP)**

Context	The NTDP was crafted in 2010 and established the strategic directions for the Philippine tourism industry for the period of 2011 to 2016. The mid-term review seeks to identify the milestones from 2011 to 2013 and the priority action programs for 2013-2016. The NTDP has an integrated approach to support markets (motivating tourists), bridging components (ease of access), destination supply (attractions and services), and institutions (investors, services, and businesses). The Team's strategy similarly focuses on a range of activities to improve competitiveness of airports and the marketability of selected Tourism Destinations with secondary airports. Leveraging strategic alliances that have been built over several years of work in tourism and aviation, the project seeks to demonstrate immediate results in increasing arrivals and expanding infrastructure while institutionalizing practices to support more competitive Filipino tourism sector.
Project Goal/s	a. Increased visitor arrivals – domestic and international b. Increased tourism receipts and investments

Project Activities	The COMPETE Project Team assisted the DOT in the conduct of the following activities related to the mid-term review of the NTDP: - Assessment of progress on key targets and action plans at the National and Tourism Development Area (TDA) levels - Assessment of environmental changes and requirements that impact on the NTDP going forward - Prioritization of TDAs per regional cluster - Identification of gateway TDAs to deliver critical mass of international visitor targets As a result of the NTDP mid-term review, DOT, with assistance from the Project, identified about seven (7) gateway TDAs that will significantly contribute to the targets by 2016. The roadmaps and action plans are now being prepared for implementation.
Project Accomplishments	Completion of the NTDP Mid-Term Review for Implementation and Monitoring from Year 2 onwards

- **Competitive Tourism Gateways**

Context	One of the main constraints that impede tourism growth is the country's poor air and sea connectivity and airport/seaport infrastructure. Thus, it is vital to improve market access and connectivity.
Project Goal/s	a. Increased number of international airlines b. Increased number of international routes c. Increased weekly seats and visitor arrivals
Project Activities	The COMPETE Project Team is assisting the Department of Tourism (DOT) in enhancing tourism access through route network development and assessment of the infrastructure requirements of the private sector for scaling up operations in the Philippines.
Project Accomplishments	The Project prepared the technical inputs for strategic gateway marketing programs. It is now building on the outcomes of liberal air access supported by USAID by supporting the DOT in the development of gateway tourism development areas anchored on the strategic airports. Such developments will enable the further increase in the number of operators and more efficient route network to/from the Philippines.

- **Travel Facilitation Initiatives**

Context	One of the key barriers to the realization of the benefits of air transport liberalization is the poor travel facilitation arising from the lack of investments in border control systems that will ensure smooth and seamless yet safe and secure movements by tourists and passengers. By implementing tourist-friendly

	airports, procedures for travelers will become easier and faster. Furthermore, the Philippines is considered as one of the most expensive destinations for international airlines, thereby resulting to a small number of foreign carriers investing in the Philippines and limited route network for tourism.
Project Goal/s	Improved investment climate, market access
Project Activities	To facilitate cross-border travel by international passengers, the COMPETE Project Team is collaborating with the Joint Foreign Chambers' Arangkada Philippines in supporting DOT initiatives on enabling visa issuances and lowering costs of doing business thru 24/7 operations in international ports and airports of entry. COMPETE and Arangkada jointly conducted a focus group discussion on the way forward in support of achieving the 2016 tourism targets. The participants included tourism business leaders, government officials from DOT, Department of Foreign Affairs (DFA), Bureau of Immigration (BID), Philippine Retirement Authority (PRA), and Subic-Clark Area Development Council.
Project Accomplishments	Technical analysis and position papers on lowering the costs of doing business for the private sector (e.g. airline taxes, cross-border and visa issues). The technical assistance provided in the advocacy has contributed to the repeal of the common carriers tax that has been cited as one of the major barriers to airline investments.

- **Expansion of the Tourism Convergence Program**

Context	To make tourism more inclusive, there is a need to enhance the reach and power of communities by increasing their market access for business enterprises and integrating them to the tourism value chain either as 'supplier communities' (providers of food and souvenir products) or 'destination communities.' In this regard, a program called 'One-Step Project' was developed to provide opportunities for the communities to participate in the supply chain as suppliers of goods and services to tourism destination areas. The One-Step Project is designed to (1) increase the net economic benefits for the poor through more direct interventions (in terms of creating or expanding employment and business opportunities and enhancing their "reach" through infrastructure access), (2) increase the non-economic benefits and enable social inclusion. [*Social inclusion offers opportunities to improve economic conditions and quality of life for marginalized persons such as women, children and those with disabilities, as visitors or providers of tourism goods and services*]. The inclusive tourism approach is consistent with the thrust of the Aquino administration's job generation goals by 2016. Through this approach, there will be an increase in community participation in policy and process reform, and in building networks with the public and private sector partners. The One-Step Project also supports the advocacy programs for the protection of women and children through the Child Wise Tourism and Gender Development Programs.

Project Goal/s	a. Increase number of Micro-Small-Medium Enterprises participating in the tourism supply chain b. Increase employment opportunities for the targeted communities
Project Activities	The COMPETE Project Team serves as secretariat to the TWG of the DOT-DSWD One-Step Program and provides the general framework for the partnership, including the identification of major activities to be undertaken and funded, finalization of the areas to be covered as well as coordination with LGUs covered by the Program. The project team provides support in the conceptualization, design, implementation, monitoring and evaluation of the inclusive tourism projects in specific areas.
Project Accomplishments	On August 5, 2013, the Department of Tourism, Department of Social Welfare and Development, and USAID signed the Memorandum of Understanding (MOU) for the implementation of the One-Step Project. The project areas to be supported by the DOT-DSWD have been identified.

- **GIS Mapping to strengthen the Monitoring and Evaluation (M&E) of Tourism Road Projects**

Context	As the Convergence Program scales up its activities, the Geographic Information System (GIS) Mapping effort is proving to be a strategic approach not only in the efficient monitoring and evaluation of tourism road projects but more importantly, in preventing double budget allocation for the same project. The GIS Mapping of all projects under TRIP is part of the Open Government Initiatives of the Office of the President and the Department of Budget and Management. Part of this initiative is the development of applications where visitors and other public users can view tourism destination information from the web or through their mobile phone units.
Project Goal/s	Enhanced M&E for Tourism Road Projects
Project Activities	The COMPETE Project is collaborating with the World Bank (WB) for the GIS (Geographic Information System) Mapping effort to strengthen the monitoring and evaluation of Tourism Road Projects under the Expanded Convergence Program. Initial activities covered the provinces of Palawan, Bohol, Cebu, Benguet, and Ifugao. Equipped with global positioning system (GPS)-capable cameras and handhelds, the COMPETE-WB Team was able to capture video footages and still photos with data regarding the exact location of the road projects in tourism destination areas, and actual progress and condition of the road projects, thus facilitating on-time and standard completion of the projects.
Project Accomplishments	The M&E and Impact framework and activities for the Tourism Road Infrastructure Program (TRIP) have been completed.

- **Competitive Agri-Food Exports in an Inclusive Business Ecosystem**

Context	The Philippine agri-food export intensity is poor. Based on estimates, only 6.7% of Philippine merchandise trade exports come from the agri-food sector. The Agricultural and Fisheries Modernization Act (AFMA) has so far not translated into improved productivity and export performance in the agricultural sector. Farmers also find it difficult to comply with sanitary and phytosanitary standards (SPS), particularly in obtaining HACCP (Hazard Analysis and Critical Control Points), traceability, and Good Agricultural Practices (GAP) certification.
Project Goal/s	a. Increased exports of agri-food products b. Higher value added
Project Activities	In collaboration with the Philippine Business for Social Progress (PBSP), the COMPETE Project Team prepared the business cases for selected tree crops (cacao, coffee, and rubber), documenting the good and replicable business models of some private companies that contribute to the reduction of poverty and promotion of inclusive business growth when good/best practices are applied. The research outputs will be used for the Inclusive Agribusiness Summit to be organized in Mindanao. Tree crops have been identified as a priority for intervention under the Inclusive Business Agenda of President Benigno Aquino III. Tree crops are seen as avenues for increasing rural incomes and therefore, reducing poverty. To pave the way for the up-scaling of production for exports as well as enhance value-adding activities, the Project acted as 'investment facilitator' between private companies and the Provincial Government of Palawan for the development of coffee and cacao production in the southern part of Palawan covering a total area of 12,000 hectares. This initiative is expected to benefit around 12,000 families (1 family per hectare). Projected monthly income of each family is about Php15,000.00 (approximately US$350.00) The Project likewise advised the Department of Agriculture (DA) for the (a) Establishment of a 2-hectare rubber budwood gardens in Mindanao (including Palawan) for the production of budded seedlings to improve the quality of planting materials, and (b) Construction of cacao farmers' hub in San Isidro, Davao del Norte as a facility where extension services and training as well as post-harvest processing (fermentary) can be provided to the farmers' community. Taking into account the various components of the program, a properly designed implementation approach must be set in place to allow scalability and ensure program sustainability over the long run. The proposed project introduces a sustainable support mechanism through the establishment of a network of cocoa hubs. These cocoa hubs will include (1) nurseries for good planting material, (2) model farms and training centers for trainers and farmers, (3) buying centers to consolidate harvests, and (4) post-harvest facilities to produce export quality fermented beans. As the support

	structure for the SCALE program, the hubs will be key to the scalability and the transformation of the cocoa sector.
Project Accomplishments	a. Business cases prepared for select tree crops (cocoa, coffee, and rubber) b. An agreement will be signed through an MOU in November between the Provincial Government of Palawan and private companies: - Rocky Mountain Arabica Coffee Company (RMACC) : development of coffee farm (6,000 hectares), establishment of coffee nursery, construction and operation of a coffee mill for coffee process/value-adding. RMACC is committed to buy back the coffee produce for processing (roasting, milling, packaging) and distribution. - Kennemer Foods International, Inc. (KFI) : development of cacao farm (6,000 hectares), establishment of cacao nursery and fermentary. KFI is committed to buy back the fermented cocoa beans for export. c. DA approved the provision of a grant (Php 4.7 million) for the construction of cacao farmers' hub in San Isidro, as well as the establishment of rubber budwood (rubber) gardens in five (5) provinces in Mindanao (including Palawan).

- **Enhancing the Competitiveness of the Manufacturing Sector**

Context	Industrial diversification has stagnated over the years and industrial productivity has been on the decline. "Investments in this sector have not translated into a deepening of industrial capabilities and have not promoted product diversification" (N. Usui. "Transforming the Philippine Economy: Walking on Two Legs", ADB Economics Working Paper Series, March 2011). Industrial exports remain highly concentrated on electronics, which account for close to 70% of total exports, while other products remain outside global production networks.
Project Goal/s	a. Increased investment in the manufacturing sector
Project Activities	The COMPETE Team provides technical assistance to the Department of Trade and Industry (DTI) in the preparation of industry primers based on existing Industry Roadmaps. The Project likewise prepared the Input-Output (I-O) Analyses for 18 industries and conducted capacity building in I-O Analysis Technique. DTI is requesting the Project to enhance 10 industry roadmaps by incorporating the global supply chain dimension. Moreover, the DTI has requested the Project to undertake the preparation of new Industry Roadmaps to cover five processed food industries (cacao and chocolate products, seaweeds/carrageenan, marine/fish products, condiments, and processed fruits).
Project Accomplishments	With assistance from the project, the following outputs were produced: a. Five (5) Industry Primers (for posting at DTI-BOI website) b. Five (5) Condensed Industry Roadmaps (for posting at DTI-BOI website)

	c. Input-Output (I-O) Analyses for 18 industries d. DTI Board of Investment (BOI) were trained on I-O Analysis (19 attended the first session and 12 attended the second session)

C. COMPONENT 3 – ACCESS TO CREDIT

- **Enhancing Access to Credit through the DCA-LPG Facility**

Context	The Development Credit Authority – Loan Portfolio Guarantee (DCA-LPG) is a facility that provides USAID Mission the authority to issue credit guarantees to private banks to encourage them to lend to sectors that have less access to credit. The target borrowers are small and medium enterprises (SMEs) that show potential for growth and have immediate plans to scale up their business operations. The guarantees cover up to 50% of the risk in lending to projects.
Project Goal/s	a. Increased utilization of DCA-LPG facility b. Enhanced access to credit by women entrepreneurs
Project Activities	To identify SMEs that have potential for growth, the COMPETE Project Team conducted consultative meetings with the Department of Trade and Industry (DTI) Provincial Directors and staff in CDI (City Development Initiative) areas - Batangas, Iloilo, Lanao del Norte, Misamis Oriental, and Negros Occidental; national and provincial business associations; and partner banks' headquarters and provincial branches. Eight (8) focus group discussions (FGDs) were organized attended by about a hundred SMEs (42% women) to gather information on their financing requirements, challenges and constraints in meeting bank requirements, specific types of assistance they need to enhance their capacity to access SME credit. Follow-up advisory consultations with individual SMEs were made to identify and assist those with viable projects that can immediately be endorsed to partner banks for financing.
Project Accomplishments	a. Utilization of DCA-LPG increased from US$ 1.5 million in April to US$ 5.2 million in end-September (2013). Growth rate: 346% (in absolute amount). The utilization rate of the DCA-LPG Facility increased from 5 % (April 2013) to 15% (September 2013) b. Percentage of women entrepreneur-borrower: 17% (3 women/17 borrowers).

- **Property Rights as a Credit Enhancement Mechanism**

Context	There are about 20 million parcels of residential lands in the Philippines however only 50% of these are titled. There is, therefore, a large chunk of unproductive asset (untitled lands) that cannot be used for economic undertaking (i.e., as loan collateral). A Residential Free Patent (RFP) Law was passed in 2010 that shortened the processing time of title applications and reduced titling costs.

	From an average titling of 4,000 parcels of land per year, the number dramatically increased to 55,000 (in 2011), a year after the law was passed. The COMPETE Project seeks to take a step beyond promoting secure property – one that makes use of RFP-titled land for economic purposes.
Project Goal/s	a. Increased loans using RFPs as collateral b. Increased conversion of tax declarations to RFPs by banks
Project Activities	The COMPETE Project Team enters into a partnership with the Chamber of Thrift Banks (CTB) and Rural Bankers Association of the Philippines (RBAP) to conduct trainings and workshops with its members on the promotion of access to credit, conversion of tax declarations to RFPs, and land titling process (including land investigation). For its part, the CTB is assisting its member-banks in setting up land titling services for RFP-beneficiaries.
Project Accomplishments	On September 11, 2013, USAID and CTB signed the Memorandum of Understanding (MOU). Trainings and workshops of thrift and rural banks will commence in Year 2.

III. Highlights of Key Project Activities

A. Project Team Meetings with USAID

The Project Mobilization meeting between USAID representatives (COR John Avila and Alternate COR Kevin Sharp) and the COMPETE Project Team was held on April 16, 2013 at The Asia Foundation office. Messrs. Sharp and Avila congratulated TAF and its partners for winning the COMPETE Project, briefly discussed the salient features of the Project and outlined the following key messages in connection with the project implementation:

- Scale up project activities
- Promote synergies among components, COMPETE and other PFG projects
- Leverage project activities with partners and counterparts
- Execute the project effectively

A workshop was organized on April 23, 2013 at the Mandarin Hotel to present to USAID (Daniel Miller, John Avila, and James Soukamneuth) the preliminary project work plans (activities). The initial work plans were presented by the Project COP Henry Basilio, DCOP Curtis Hundley, the Team Leaders Arlene Donaire, Lydia Martinez, and Mario Lamberte and other key personnel (Cherry Lyn Rodolfo, Teddy Encarnacion, Narz Lim, Ludwig Rieder, Roni Balbieran and Leandro Tan). [*The revised Year*

1 Work Plan was submitted to USAID on May 22, 2013 for review and approval incorporating the inputs of USAID during the Workshop. Additional comments were incorporated in the Final Year 1 Work Plan].

On April 24, 2013, the Project post-award meeting was held on April 24, 2013 at Cielito Inn, Makati. The meeting was attended by the following:

- USAID Contracts Office (Contracting Officer Jorge Dulanto-Hassenstein, Deputy Comptroller Aneda Ward, Acquisition Specialist Jojo Calixto, OEDG (Chief Daniel Miller, COR John Avila and Alternate COR Kevin Sharp), OPRM (Development Assistance Specialist Gil Dy-liacco, Marking and Branding Specialist Kiel Enrique), OFMS (Chief Fatima Almeida, Financial Analyst Erick Mauricio);
- COMPETE Project COP Henry Basilio, Deputy Chief of Party Curtis Hundley, and M&E Specialist Leandro Tan; and
- The Asia Foundation (TAF) Deputy Representative Ky Johnson, Director for Finance Maricel dela Cruz, and Compliance Officer Jessie Tolentino.

Mr. Jorge Dulanto-Hassenstein discussed the provisions of the contract for the COMPETE Project. He raised the need to have a contract modification in order to reflect the new address of USAID (Annex 2 Building, US Embassy, 1201 Roxas Boulevard, Ermita, City of Manila, Philippines 1000). Mr. Gil Dy-liacco discussed the Partnership for Growth (PFG) implementation arrangements as well as some USAID Program Office Concerns. He presented the PFG Joint Steering Committee and its Technical Sub-Committees (i.e., Regulatory Quality, Rule of Law and Anti-Corruption, and Fiscal Space). COMPETE is under the PFG Sub-Committee on Regulatory Quality chaired by the Department of Trade and Industry (DTI). Gil Dy-liacco likewise discussed the Global Development Alliance (GDA), the sector-level Program Monitoring (scorecard), VAT and Customs Duty Exemptions/VEC, TraiNet, and presented the list of PFG bridge and ongoing projects. Ms. Fatima Almeida, USAID Chief of Financial Management Services gave a presentation on USAID's methods of payment, payment process, financial provisions in the contract, audit requirements, the accrual process, and end-use checks. Mr. John Avila raised the need to include a grant provision in the contract, which will be included in a future contract modification, and requested that all persons hired by the project receive his technical approval in addition to other required USAID approvals.

The COMPETE Project also organized and participated in special meetings and events related to the project:

- COP Henry Basilio and DCOP Curtis Hundley attended the COP-DCOP Meeting with USAID Mission Director Gloria D. Steele on May 23, 2013.
- Roundtable Meeting for the visiting USAID Asia Bureau Director Manpreet Singh Anand, on June 21, 2013 at Oakwood Hotel (in Ortigas) to discuss USAID's new approach in engaging with development partners. The meeting was attended by more than twenty (20) business leaders (National Competitiveness Council, Philippine Chamber of Commerce and

Industry, Federation of Philippine Industries, Makati Business Club, Supply Chain Management Association of the Philippines, Philippine Business for Social Progress, Philippine Exporters Confederation) and PFG project partners (PhilDev, Philippine Business for Education, and University of the Philippines School of Economics).

- COMPETE helped organize the Roundtable Meeting of US Deputy Trade Representative Karl Ehlers with the business community in Cebu on August 29, 2013.

- The COMPETE Project organized the project site visit of Amb. Thomas to the Province of Bohol on September 5-6, 2013. Booths were set up to showcase the USAID Projects in the Province of Bohol through the years - i.e., GOLD, Bohol Poll, EcoFish, EcoGov, PRISM, ARD, LDAP, Visayas Health, PRIDE, EGH, and COMPETE.

- The COMPETE Project participated in the launch of the PFG Projects at the "Kapihan sa Embahada" on September 24, 2013.

- PFG Project Coordination Meetings. COMPETE COP Henry Basilio attended a number of coordination meetings among various PFG projects. On July 3 ,2013, COMPETE COP Henry Basilio also attended the PFG Regulatory Quality Pillar Technical Working Group meeting chaired by DTI Undersecretary Adrian Cristobal Jr.

- Regular COP-COR Project Meetings. The Project COR and COP have been meeting regularly (at least weekly) to ensure the efficient and effective implementation of the project and discuss, in real time, project-related concerns and developments. Other Project staff (DCOP, Team Leaders and Consultants) attend some of the meetings.

B. Government Counterpart Meetings

USAID and the COMPETE Project Team paid courtesy calls to the government counterpart agencies to present the COMPETE Project and its Year 1 Work Plan as well as introduce the Project Team members.

- Secretary Ramon Jimenez, Department of Tourism (DOT) – April 29, 2013
- Secretary Gregory Domingo, Department of trade and Industry (DTI) – May 7, 2013
- Chairman Ramon Quesada, Small Business Corporation (SBC) – May 14, 2013
- Secretary Rogelio Singson, Department of Public Works and Highways (DPWH) – May 16, 2013
- President Jose Victor Luciano, Clark International Airport Corporation (CIAC) – May 27, 2013
- Secretary Proceso Alcala, Department of Agriculture (DA) – May 31, 2013
- Secretary Arsenio Balisacan, National Economic Devt. Authority (NEDA) – July 4, 2013

C. USAID Compliance Trainings

The Project Officers and Staff attended various USAID-sponsored trainings:

- Environmental Compliance Workshop – May 6, 2013
- Workshop on Branding and Marking – May 10, 2013
- Workshop on Gender – May 10, 2013
- Workshop on Monitoring and Evaluation – May 10, 2013
- Implementing Partners' Training – May 29-31, 2013
- TraiNet Workshop – June 26, 2013
- Ethics Training – April 24, 2013 (The Project Team attended the Mandatory Statutory Ethics Training organized by TAF)

D. Submission of Project Plans / Reports to USAID

The COMPETE Project submitted to USAID the following project-related reports:

- Branding and Marking Plan – May 9, 2013
- Year 1 Work Plan and Budget – May 22, 2013
- Gender Plan – June 6, 2013
- Monitoring and Evaluation Plan – June 10, 2013
- Accrual Report – June 17, 2013
- Quarterly Financial Report – June 19, 2013

E. Memorandum of Cooperation (MOC) Signing with Project Partners

- **Bohol Water and Sanitation PPP Project (July 24, 2013)**

The USAID, through the COMPETE Project, is extending project technical/development assistance to the Bohol Province for the Bohol Water and Sanitation (BWS) PPP Project. The assistance includes crafting of the feasibility study, project proposal submission to NEDA-ICC and drafting of the Transaction Documents. The BWS PPP Project will provide water supply and sanitation to 15 local government units (LGUs).

- **One-Step Project (August 5, 2013)**

USAID, through the COMPETE Project, supported the creation of the DOT-DSWD-USAID Convergence Program, Tripartite Partnership called the One-Step Project. The One-Step Project aims to support the promotion of inclusive tourism at the community level - either as destinations or supplier communities. Under this partnership, the DSWD, through its Sustainable Livelihood Program (SLP), will support the DOT in translating the National Tourism Development Plan (NTDP) into a community-driven eco-tourism development plan to ensure inclusive economic growth.

- **Property Rights as Credit Enhancement Mechanism (September 11, 2013)**

USAID and the Chamber of Thrift Banks (CBT) signed a memorandum of cooperation to (a) improve access to credit of land titling beneficiaries and (b) organize activities among financial institutions, LGUs, Department of Environment and Natural Resources (DENR), and other stakeholders in connection with the promotion of property rights (residential free patents) as a credit enhancement mechanism. The Project activities shall include trainings and workshops on the promotion of access to credit, conversion of tax declarations to residential free patents and titling process (including land investigation).

- **USAID Partnership with the Philippine Business for Social Progress (PBSP) Towards Inclusive Business (September 12, 2013)**

USAID and the Philippine Business for Social Progress (PBSP) entered into a partnership agreement for the development of Inclusive Business Ecosystems for Agribusiness in Mindanao. Given the large concentration of the rural poor in Mindanao and its huge potential for agricultural development, the PBSP and USAID's COMPETE project initiated the discussions towards setting-up an Inclusive Business (IB) agenda in agri-business focusing on the select tree crops – cacao, coffee and rubber. These commodities, on top of being labour-intensive and high-value crops, have assured markets and huge demand in the local and global markets. Their development will contribute to generating jobs and livelihood in Mindanao. As a concrete response to the call of the government for more inclusive economic growth, COMPETE developed business cases on select tree crops, and in partnership with PBSP, facilitated the development of investment plans (public and private), expansion areas, and the potential outcomes of these investments in generating more jobs and livelihood opportunities for the farmers, especially in Mindanao. The investment proposals will be presented to the President through an Inclusive Business Summit to encourage more public investments and support services, and create buy-in from all relevant stakeholders in the implementation of the IB investment plans.

F. Working Meetings with Government and Private Sector Partners

- **USAID and NEDA Secretary General Balisacan discuss technical assistance on electricity demand forecasting (August 13, 2013)**

USAID Mission Director Gloria D. Steele and COMPETE COP Henry Basilio met with NEDA Director General Arsenio Balisacan upon the latter's request for technical assistance in the development of an energy demand forecasting model since economic planning needs to incorporate reliable projections on energy demand and supply. COMPETE tapped Dr. Peter U and Dr. Victor Abola of the Center for Research and Communication – University of

Asia and the Pacific (CRC-UA&P) to assist in developing the model. The Report was submitted and presented to NEDA in September 2013.

- **COMPETE-World Bank Collaboration on GIS Mapping of Tourism Roads**

The COMPETE Tourism and Infrastructure Teams are collaborating with the World Bank Sustainable Development Unit for the Geographic Information System (GIS) Mapping of all projects under TRIP as part of the Open Government Initiatives of the Office of the President and the Department of Budget and Management. Three projects will be showcased under this initiative – (a) Bottom-Up Budgeting, (b) Geo Hazards and (c) the TRIP projects. The idea is to develop applications where visitors and other public users can view tourism destination information from the web or through their mobile phone units. The pilot areas for these initiatives cover Palawan, Cebu and Bohol. The demo application was presented to the Secretary on July 1, 2013.

- **Mid-Term Review of the National Tourism Development Plan (NTDP)**

The COMPETE tourism team met with DOT Assistant Secretary Rolando Canizal on May 3, 2013 to jumpstart the mid-term review. The key activities under the mid-term review included: (a) assessment of the NTDP strategies and action programs by the national agencies and by the regional directors, (b) conduct of key informants interview, (c) conduct of regional cluster workshops in Cebu, Davao, Clark and Manila (last week of July to early August 2013) (d) presentation of the report to the Steering Committee, to DOT Secretary Ramon Jimenez and to the Tourism Coordinating Council (September 2013). The Project Team facilitated the focus group discussion (FGD) on the NTDP at the Asian Institute of Management, attended by a number of public and private sector stakeholders. A follow-up meeting was held last June 4, 2013 with Assistant Secretary Canizal to discuss the assessment forms to be distributed to the regional directors. In July-August, the Project Team, together with the DOT counterparts, conducted key informants interviews with the national agency representatives and four (4) regional cluster consultations. The results of the mid-term NTDP review were presented to the Steering Committee (including the 7 TDAs) in September. The same is slated to be presented to Secretary Jimenez in October 2013.

NTDP Mid-Term Review Cluster Consultations
July 31, 2013 – Visayas Cluster

- **Strategic Gateway Marketing Program**

The COMPETE tourism team met with Assistant Secretary Benito Bengzon Jr. on June 18, 2013 to discuss the workplan of the Market Development Unit of the DOT. This unit is in charge of Routes Development, Niche Markets, and Opportunities Markets. The COMPETE team then subsequently met with the Routes Development Unit composed of Dr. Erwin Balane and Mr Charlie Yu on June 25, 2013 and discussed the assistance to be provided in relation to the following: (a) preparation of marketing materials for the World Routes in Las Vegas on October, (b) drafting of a position paper on the incentives package or program for secondary gateway airports. A follow-up meeting with Undersecretary Daniel Corpuz in June 25, 2013 further clarified the relationships between the Office of Planning (that currently handles the Product Development) and the Office of Market Development. The Undersecretary agreed to the conduct of a strategic session/meeting among the Tourism Promotions Board, Market Development Unit and Planning Unit.

- **Convergence Programs**

Since April 2013, the Project Team has been providing assistance to the DOT and DPWH for the preparation of the FY 2014 budget for Tourism Roads. A total of Php 16 billion has been included in the DPWH budget for tourism roads.



Presentation of the 2014 Priority Tourism Road Projects to DOT Secretary Jimenez and DPWH Secretary Singson.

The Project Team expanded the convergence program to include the Leveraging Industry Supply Chains (LINCS) and Shared Services Facilities (SSF) programs of the Department of Trade and Industry (DTI). In July, the Project Team met with DOT Undersecretary Victoria Jasmin and DTI Undersecretary Zenaida Maglaya for the amendment of the DOT-DTI MOA (signed in 2011) to support the DOT-DSWD One-Step Project.

- **Institutional Strengthening of the CAAP**

Working on the institutional strengthening of the Civil Aviation Authority of the Philippines (CAAP), the Project Team received positive feedback from DOT Undersecretary Jasmin (who sits in the CAAP Board) that Director General William Hotchkiss III is supportive of the initiative to separate the regulatory and developmental functions of the agency. The Project continues to extend assistance to DOT that includes research on airport authorities (comparative study) and feasible arrangements in the Philippine setting as well as the drafting of the bill for the separation of the CAAP's regulation and development functions.

- **Upscaling of SMEs and Women Participation in Tourism**

The COMPETE tourism team has been discussing with Jeannie Javellosa, President of the Business Women Professionals and owner of the ECHOsi Foundation and ECHO Store/Market ways to upscale SME (women-owned) participation in the global/export market. *[Ms. Javellosa is also part of the APEC Business Women Council*].

- **Increasing investments in agribusiness**

The Project Team pursued two (2) parallel and complementary activities: (a) research on selected tree crops (coffee, cocoa, and rubber) for the Tree Crop Summit in Mindanao; and (b) facilitation of investments and increased value adding activities for select tree crops (cocoa and coffee). The Project Team worked with Kennemer (grower-buyer-exporter of cocoa products to the US chocolate manufacturers) and Rocky Mountain Café (arabica coffee producer and exporter to the US and Canada). The Provincial Government of Palawan has reached an agreement with Kennemer and Rocky Mountain for the development of a 12,000-hectare coffee (6,000 has.) and cacao (6,000 has.) plantation in the southern part of the province. The MOA will be signed in November 2013.

Cocoa Bean Sorting

Bagged Cacao Beans for Export

USAID and the Project Team visited the coffee plantation of Rocky Mountain in Camp John Hay on June 27-29, 2013.

- **Road mapping the Manufacturing Industry**

COMPETE is assisting the DTI Industry Group in the development of Industry Primers and condensed versions of the existing Industry Roadmaps. With assistance from the Center for Research and Communication – University of Asia and the Pacific (CRC-UA&P), COMPETE conducted a series of trainings on Input-Output (I-O) Analysis Technique for DTI-BOI staff members. COMPETE likewise submitted policy inputs on the "cabotage" issue.

- **Enhancing Connectivity**

For the transport-logistics activity of the COMPETE Project, COP Henry Basilio met with Mindanao Development Authority (MINDA) Executive Director Janet Lopoz, Dr. Malou Monteverde (Vice President, Davao City Chamber of Commerce), Director Angie Angliongto, Mary Anne Abundo, and Rey Billena, President of General Santos Chamber of Commerce and Industry to discuss the ASEAN RORO project (Davao-General Santos-Bitung Link) on May 24, 2013. As a result of this effort, a Philippine delegation led by Super Shuttle RORO and Davao City Chamber of Commerce and Industry went to North Sulawesi on June 10-12, 2013 to (a) discuss with the Bitung Port Authority the terms for Super Shuttle's port call, and (b) discuss with the business community the schedule of the launch of the RORO service. On the June 17 cabinet meeting, MINDA Secretary Antonino included in her presentation to President Aquino the Davao-General Santos-Bitung RORO link between the Philippines and Indonesia. The Delegation learned that there are certain products whose entry (imports) to Indonesia through the Bitung Port is restricted (i.e., electronic products, garments, shoes, food and beverage, toys, and medicine). MINDA and COMPETE organized a presentation to the Presidential Management Staff (PMS) on July 9, 2013 to brief them about the initiative. COMPETE is currently working closely with the DTI and DFA to have the commodity restrictions at the Bitung Port lifted.

- **Enhancing access to SME Credit**

The Team conducted six (6) FGDs in USAID – supported CDI (City Development Initiatives) areas to identify SMEs with growth potential as well as six 3-day trainings in the same areas involving 30-40 SME participants each training session to equip them with adequate skills to prepare a sound project proposal, including a business plan, marketing plan, and financial analysis, for bank financing and to complete loan application forms. The Project Team also facilitated introductions of banks to qualified SME borrowers and mentored selected SMEs on how best to present their business projects to bank loan officers. Team Leader Mario Lamberte met with NCC Deputy Executive Director Joselito Almario on May 24, 2013 to exchange information about existing national policies and programs on credit and Component 3. With regard to the programs to expand SMEs' access to credit, Mr. Almario pointed out that one missing component is the set of guidelines for valuing movables that can be used by the BSP as regulator, financial institutions and borrowers. He said that this may be one area where the COMPETE project can assist the NCC in developing an efficient collateral system.

For the PRCEM (Property Rights as Credit Enhancement Mechanism)initiative, the Project Team conducted focused and detailed interviews with officials of banks (universal, commercial, rural, savings and thrift banks), cooperatives and other financial institutions about loans made out on the strength of titled lands especially those issued as free patents. A parallel activity was undertaken with the Land Management Officer (LMOs) focused on identifying land titling beneficiaries who have utilized land titles as loan collateral. The Project Team likewise coordinated with the Bangko Sentral ng Pilipinas (BSP) on free patents as acceptable collateral for SME Lending.

G. Synergies with other PFG Projects

The project is collaborating with other PFG projects like INVEST, ARANGKADA, DCA-LPG, i3 and TRADE. COMPETE has partnered with the **ARANGKADA** for the tourism cross-border facilitation advocacy. For the **INVEST** Project, COMPETE Project staff participated as resource person in some of its focus group discussions (FGDs). For **TRADE**, COMPETE helped organize the consultative meeting of Deputy USTR Karl Ehlers with the business sector in Cebu (August 2013). COMPETE COP Henry Basilio attended PFG coordination meetings with the COPs of **PHIL AM FUND, STRIDE,** and **I3** projects. COMPETE participated in the launch of Phil Am Fund in Cebu. For the Electricity activity of COMPETE, the Project Team had several discussions with **CENERGY** to ensure complementation and avoid duplication of project activities. COMPETE is assisting the Mindanao Development Authority (MINDA) in the implementation of its “One-Stop Shop” Program designed to boost energy infrastructure investment and development in Mindanao.

H. Monitoring and evaluation

The primary objective of COMPETE Project as stated in the RFP is to pursue regulatory reforms that “contribute to higher growth through the better provision of by improving the provision of infrastructure, advancing the competitiveness of key sectors, and improving access to credit in order to attain higher levels of investment and trade.” The project is designed to “support measures that lower transport and logistics costs, reduce the cost of electricity, and promote the expansion of businesses in the priority sectors identified in the Philippine Development Plan, primarily in tourism and agribusiness.” In this regard, the horizontal and vertical scopes of the Project are both extensive. The Project encompasses three specific industry-level sectors (tourism, agriculture and manufacturing exports) with cross cutting business inputs (transport infrastructure, power and access to credit). The vertical scope of the Project is also wide as its technical assistance can be directed to national level policies (e.g. Executive Orders of the President and departmental regulations) to specific groups of individual beneficiaries (e.g. farm exporters, electric cooperatives, big power consumers, tourism hub establishments and SME loan borrowers).

- **Rationalizing Expectations of Project Results relative to national-level indicators prescribed in RFP**

It needs to be recognized that the potential of project impacts on national income level quantitative indicators is not substantial relative to the size of GDP (e.g. capital formation, exports, domestic credit, etc.). However it is expected that higher level of contribution affecting national level statistics is quite possible from Project activities related to tourism, PPPs and road infrastructure on national infrastructure spending, employment and investment.

- **Extensive scope of Project Activities for Possible Attribution**

For this Project, the normal attribution gap is quite wide between project activities (e.g. policy research and advocacy), expected outcomes (e.g. Increased competitiveness with reduced business and logistics costs and greater access to capital) and desired impact (e.g. increased trade and investment). This is because business decisions of the private sector (to trade and/or invest) do not only involve the policy environment at the national and local government levels but also industry and firm-level conditions that are beyond the scope of the Project. With the latter constraints inherent in a national policy reform project in mind, the primary function of M&E activities is more geared towards the monitoring of project activities and progress although direct attribution of the latter to the project impact indicators maybe established not at the national level but at the local or individual firm level from the potential direct beneficiaries of the Project.

- **Establishment of Baseline Information and Targets for the Monitoring and Evaluation Plan**

Consequently, M&E activities during the remaining six months of FY 2013 were focused on the development of the M&E Plan in compliance with the requirements stated during the meeting of Project senior staff with USAID on M&E last 20 May 2013. The initial step consisted of data gathering for indicators listed in the RFP which consisted of national-level indicators on competitiveness, investments, exports and tourism that are publicly available from websites of government and third-party indicator institutions. The next step involved consultations with Project staff for the scoping of the key project activities identified in the First Year Work Plan to determine possible performance indicators (and targets) that will supplement the indicators stated in the RFP. Additional discussions were held with the Gender Specialist and the USAID M&E Specialist in promoting gender-based reporting and in aligning the performance indicators of the Project with those of USAID as reported to the PFG. The initial list of project indicators including additional indicators involving gender and Foreign Assistance Standardized Program (FASP) Indicators (or F-statistics) were documented in the Performance Indicator Reference Sheets part of the draft M&E Plan that was submitted on 10 June 2013. The presentation to USAID that was postponed pending the finalization of the approved Project Work Plan is scheduled in early October 2013. In addition, the M&E Specialist and the Office Manager were trained on encoding data on participant training to the TraiNet system of USAID on 26 June 2013. (See *Annex B* on Initial List of Performance Indicators including F-indicators required by USAID.)

Subsequent revisions in the M&E Plan are expected in year 2 when consultations are finished with national government counterparts on how official macro-level indicators on tourism and infrastructure are defined, collected and monitored - so that the Project's data collection cycle can be synchronized to the periodic release of the official counterpart data and/or reports.

- **Initial monitoring and evaluation outputs released**

The public release of the Global Competitiveness Report 2013-14 of the World Economic Forum in early September 2013 was covered in a Summary Report detailing the status of Philippine competitiveness relative to other ASEAN nations. More importantly, it also established the baselines of performance indicators on national competitiveness. The GCR 2013-14 includes results from quantitative data as well as qualitative data from 227 respondents of the Executive Opinion Survey administered between January and May 2013 which coincides with the starting period of the Compete Project last April 2013. (See *Annex C*)

In addition, a preliminary training evaluation was conducted on the two-day seminar on sectoral impact analysis attended by nineteen (19) government investment planners held in August and September. The training was designed in response to a request by the Department of Trade and Industry to assist the staff of the Board of Investments in the evaluation of policy proposals identified in industry competitiveness roadmaps submitted by industry associations in support of the Medium Term Development Plan of the national government. Initial findings from self-ratings and tests before and after the training event show that the lectures and the hands-on exercises in the setting up of the input-output models has apparently been successful in attaining its initial objectives of raising the knowledge, capabilities and confidence of participants related to IO analysis. The knowledge gained has already proven useful in helping the participants explain to senior government officials and stakeholders the potential impact of proposed policy initiatives. (See *Annex D*)

I. Next Steps (Activities for 1st Quarter of Year 2)

The COMPETE Team will intensify the implementation of project activities in Year 2:

- **Infrastructure/PPP, Electricity, Water**

For the Laguna Lakeshore Expressway Dike PPP Project, the Project Team (working closely with Cancio and Associates) shall expedite the completion of the feasibility study and transaction documents. For the Bohol Water and Sanitation PPP Project, the Project Team will push the immediate open and competitive bidding for the consultancy services for the preparation of feasibility study and transaction documents. For the electricity aggregation initiative, the Project Team will continue its current technical assistance to CLECA. Award of "firm proponent" status to the lowest bidder in Stage I is expected to happen in November 2013. The Project Team will start working on new areas (Bohol and Palawan) in Year 2. For the policy reform initiatives, the Project Team will continue to extend technical assistance to DPWH especially in the amendments to the ROWA Law and the issuance of the National Transport Policy. Finally, for the tourism road infrastructure development, the Project Team shall continue its work on expanding the DOT-DPWH Tourism Road Infrastructure Development Program.

- **Tourism Development and Convergence Programs**

The Project Team shall intensify its work on the implementation of tourism development initiatives in seven (7) Tourism Development Areas (TDAs), especially the DOT-DSWD One-Step Project, DOT-DTI LINCs and SSF programs. The Project Team, in collaboration with the Work Bank Team, will continue its work on GIS mapping. In cooperation with the Arangkada Project, the Project Team will continue to pursue initiatives that will promote cross-border facilitation of international travel as well as address bottlenecks on investments in the tourism sector.

- **Agribusiness**

The Project Team will start working on new areas for the promotion of investments geared towards the upscaling of tree crop production (e.g., coffee, cacao). Moreover, the Project Team shall continue its work on the drafting of the implementing rules and regulations (IRRs) for the Food Safety Act as. Likewise, the Project will start training activities on SPS, GAP, HACCP in order to improve compliance of Philippine food exports to global market standards.

- **Manufacturing**

The Project Team shall continue expanding its work on the enhancement of the Industry Roadmaps, preparation of Industry Primers and the condensed version of the Industry Roadmaps. In Year 2, the Project will undertake the preparation of new Roadmaps for selected Food Manufacturing Industries. The Project Team shall continue its work on assessing the viability of some of the proposed Shared Services Facilities (SSFs).

- **SME Credit**

The Project Team will continue to work towards increased utilization of the DCA-LPG credit facility. With the scheduled launch of the expanded DCA-LPG 2 program (additional US$ 60 million, 4 new partner banks, and no geographical restriction) in December 2013, the COMPETE Project will be able to reach and assist more SMEs. Complementing this activity is the initiative to promote property rights as a credit enhancement mechanism. In line with this, the Project Team shall pursue vigorously the training of thrift bank personnel in land titling, investigation and other titling processes. To expand the coverage, a similar MOC with the Chamber of Thrift Banks shall be signed by the COMPETE Project with the Rural Bankers Association of the Philippines (RBAP).

- **USAID Ethics Training**

COMPETE staff to attend the Ethics Training at USAID in October 2013.

ANNEX A – Matrix of Year 1 Activities and Outputs/Deliverables

Components	Sub-Components	Tasks	Activities	Outputs/Deliverables	Status / Accomplishment (As of End September 2013)
1. Improving competitiveness through the provision of better infrastructure	1.A Investment in infrastructure increased	TASK 1.A.1: Through technical assistance, research and analytical assistance – to strengthen the regulatory and institutional framework governing public-private partnerships.	Activity 1.A.1.1 Support policy issuances to address regulatory, institutional, and legal issues to promote open, transparent, and competitive process.	Output 1.A.1.1.1 Supreme Court Memorandum Circular (MC) on Issuance of ROWA Writ of Possessions (WOP)	COMPLETED: Draft MC on ROWA WOP submitted to DPWH. NEXT STEP: DPWH to endorse the draft MC to the Supreme Court. The MC will be used as part of COMPETE's input/TA on the amendment of ROWA Law. DPWH, with assistance from COMPETE is spearheading the drafting of a ROWA Bill for submission to Congress.
		TASK 1.A.2: Through technical assistance, training, and limited commodities assistance - support relevant line agencies develop a steady pipeline of viable PPP projects.	Activity 1.A.2.1Institutionalize rational procurement process for PPP pipeline.	Output 1.A.2.1.1: Bohol Bulk Water Project (including Sanitation and possibility of Power Generation): Work plan Phase 1	COMPLETED: Memorandum of Cooperation (MOC) between Bohol Provincial Government and USAID for the assistance in the preparation of feasibility study (FS) and transaction documents for the Bohol Water and Sanitation (BSW) PPP Project signed.

					COMPLETED: Bid Documents for the Consultancy Services (i.e., preparation of FS and Transaction Documents) drafted and submitted to the Office of Governor Chatto for review and comments. Bid documents finalized and ready for tendering. NEXT STEP: Tendering of the Consultancy Services for the preparation of the feasibility study (FS) and transaction documents for the BWS PPP Project in Year 2.
				Output 1.A.2.1.2: Laguna Lakeshore Expressway-Dike and Calamba- Los Banos Expressway (LLDE) PPP Project	COMPLETED: Infra Team Prepared the Terms of Reference (TOR) for the Consultancy Services (Feasibility Study and Transaction Documents) for the LLDE PPP Project. COMPLETED: Procurement of the Consultancy Services for the LLDE PPP Project. Awarded to CANCIO and Associates.

					ONGOING: The preparation of FS and Transaction Documents for the LLDE PPP Project is ongoing.
				Output 1.A.2.1.2: Development Of Pipeline Of Public-Private Partnership (PPP) Projects	COMPLETED: Profiling of DPWH PPP Projects. Profiling of DOTC PPP Projects moved to Year 2 due to change in leadership at the Department. COMPLETED: PPP Prioritization Criteria/Process. NEXT STEP: The draft PPP Prioritization Criteria/Process has been submitted for review and adoption by the Inter-Agency Project Steering Committee. ON-GOING: Technical Assistance on Project Development with DPWH
		Task 1.A.3: Strengthening Infrastructure Planning and Public Budgeting	Activity 1.A.3.1. Seamless Inter-Modal Transport Infrastructure Planning	Output 1.A.3.1.1: Creation of New Convergences to include DOTC and DA through Signing of Memorandum of Agreements/ Cooperation	COMPLETED: Draft Convergence MOA between DOTC and DA submitted to the agencies for review and approval. NEXT STEP: Finalization and

					signing of the MOA.
				Output 1.A.3.1.2 Draft Seamless Transport Plan for the Central Spine Highway Project of the DOTC	ONGOING: Draft Road Station Concept for the Road-RoRo Policy submitted and discussed with DPWH. Draft for submission and discussion with DOTC.
				1.A.3.1.3 Other activities to be initiated: Taskforce on Priority Infrastructure Budgeting (Work Mechanism of EO on National Transport Policy) Comprehensive and Integrated Infrastructure Plan (CIIP) for the Next 3-4 Years	ONGOING: Revised Executive Order (EO) on National Transport Policy submitted to NEDA and DPWH for review and adoption. The Infra is working with NEDA on the CIIP.
			Activity 1.A.3.2. Budgeting and Implementation of Priority Infrastructure	Output 1.A.3.2.1: Tourism Road Infrastructure Inventory and Statistics Database: Preparation for the Inclusion in the DPWH Road Inventory and Statistics Database of 2012-2013 Projects	COMPLETED: Database and Statistics for tourism road projects submitted for GIS Mapping. ONGOING: GIS Mapping in selected provinces (Cebu, Bohol, Palawan, Benguet, and Ifugao)
				Output 1.A.3.2.2: Technical Assistance to the Expansion (Monitoring and Evaluation)	COMPLETED: Drafted the Monitoring and Evaluation of Tourism Roads Framework.

				of DOT-DPWH Convergence Program: Phase 1	ONGOING: Draft Framework currently being discussed with DPWH M&E Unit.
				Output 1.A.3.2.3: Cooperation Mechanism (MOA) between DOT, DPWH, DILG, LGU on Selected Projects	ONGOING: Draft MOA on DOT, DPWH, LGUs to be presented and discussed with the Regional Directors in a conference scheduled for October (2013).
	Sub-Component 1B: Improving Competitiveness through Lower Power Costs	Task 1.B.4: Through technical assistance, research and analytical assistance, reinforce competitive market mechanisms in the electricity market.	Activity 1.B.4. Draft a policy to eliminate cross ownership in the energy sector	Output 1.B.4.1.1 Policy Study cum Advocacy on Cross-Ownership in the Electricity Sector	COMPLETED: Report on Policy Study. The Project Team is crafting an advocacy strategy to address the Cross-Ownership issue.
			Activity 1.B.4.2 Reduce energy costs through competitive bidding.	Output 1.B.4.2.1 Case Study of AMRECO on "Aggregation" of Electric Cooperatives as a Mechanism to Increase the Bargaining Power in Supply Contract Negotiations	COMPLETED: Business Case on the AMRECO Aggregation. ONGOING: Technical assistance to the aggregation efforts of Central Luzon Electric Cooperatives Association (CLECA). The Team is providing transaction advisory assistance in securing a joint power supply agreement for a new power plant capacity (300 MW).

			Activity 1.B.4.3 Empower businesses such as manufacturers and agri-exporters to negotiate supply contracts under open access.	Output 1.B.4.3.1 Report on RCOA Policy	DEFERRED to Year 3 to give priority to the aggregation work with CLECA.
				Other Activities to be initiated: Trainings/ Seminars on fundamentals of power contracting under RCOA	DEFERRED to Year 3 to give priority to the aggregation work with CLECA.
		Task 1.B.5: Through technical assistance, training, and limited commodities assistance, strengthen institutional governance in the power sector.	Activity 1.B.5.1 Assist in the creation of an independent market operator (IMO).	Output 1.B.5.1.1 Policy recommendations on the creation of an Independent Market Operator (IMO)	COMPLETED: Study Report on Creation an IMO. Further action on this activity is deferred to Year 3.
		Task 1.B.6: Through technical assistance, research and analytical assistance, promote regulatory and policy reforms that incentivize more private investments in power generation projects, including the expansion and rehabilitation of existing generation facilities.	Activity 1.B.6.1 Conduct research and analysis on generation plants as economic zones.	Output 1.B.6.1.1 Policy Paper on the Establishment of Generation Plants in Economic zones	DEFERRED to Year 3 to give priority to the aggregation work with CLECA

				New request from USAID in response to the request of NEDA DG Arsenio Balisacan.	COMPLETED: Electricity Demand Forecasting Model prepared by the Center for Research and Communication. ONGOING: Discussion of the Demand Model with NEDA.
2 Enhancing competitiveness in key priority sectors	Sub-component 2A: Tourism arrivals and investments increased	TASK 2.A.7: Through technical assistance, training, and limited commodities assistance, pursue actions that increase and facilitate tourist arrivals.	Activity 2.A.7.1: Strategic Marketing and Institutional Strengthening of Secondary Gateways	Output 2.A.7.1.1: Mid-Term Review of the National Tourism Development Plan	COMPLETED: Mid-Term Assessment of the NTDP. ONGOING: Drafting of the NTDP Mid-Term Review Report for submission to DOT.
				Output 2.A.7.1.2: Strategic marketing program of airport gateways	COMPLETED: Assistance to the DOT for the marketing collaterals for the World Routes 2013. ONGOING: Assistance to the DOT for the technical assessment of secondary airport gateways.
				Output 2.A.7.1.3: Draft Inclusive Tourism Roadmap	COMPLETED: Selection Criteria for the Tourism "banner communities": ONGOING: Inclusive Tourism Roadmap
		TASK 2.A.8: Through technical assistance, training, and	Activity 2.A.8.1 Expansion of and Institutionalization of New	Output 2.A.8.1.1 - Expansion of the DOT-DPWH Convergence	ONGOING: Joint activity with the World Bank (WB) re GIS Mapping and Open

		limited commodities assistance, improve quality of tourism-related infrastructure.	Convergence Programs	Program (related Component 1A)	Government Data Initiatives for Tourism Roads.
				Output 2.A.8.1.2 Creation of New Convergence Programs and Implementation of Existing Partnerships	COMPLETED: Memorandum of Understanding (MOU) among DOT, DSWD, and USAID for One-Step Program. ONGOING: Implementation of One-Step Program
				Other Work Plan Activities initiated in Year 1: Output 2.A.7.1.5: Technical Analysis of the CAAP Regulatory Framework Reform Agenda Output 2.7.A.1.6: Draft Reports/Position Papers on Travel Facilitation Initiatives including Cross-Border Facilitation and Rationalization of Tourism Taxation and Charges	ONGOING: Initiated discussions with DOTC for the crafting of a draft bill for the reorganization of CAAP. ONGOING: Dialogue/ consultation with tourism stakeholders regarding cross-border facilitation. COMPETE is collaborating with ARANGKADA Project for this activity.
	Sub-component 2B: Promote a Competitive Export Industry	TASK 2.B.9: Increase Levels and Improve Quality of Agri-food Exports	Activity 2.B.9.1 Develop commercial relationships in agri-business value chains	Output 2.B.9.1.1 Commodity-Specific Assistance for Export Development	

				Output 2.B.9.1.1.a Business Case for Cacao Growership for Export Program	COMPLETED: Business case on cacao COMPLETED: Concept note on cacao farmers hub in San Isidro, Davao del Norte was already endorsed and approved for funding by DA-HVCDP at the Program Mgt. level. Proposal on cacao project in Davao del Norte was allotted a budget of P4.7 million.
				Output 2.B.9.1.1.b Business Case for the Coffee Growership for Export Program	COMPLETED: Business case on coffee
				Output 2.B.9.1.1.c Business Case for Rubber for Export Program	COMPLETED: Business case on rubber COMPLETED: The concept note on rubber budwood nurseries in Mindanao endorsed and approved for funding by HVCDP. The target is to establish 2-hectare budwood gardens in selected 10 provinces in Mindanao and Palawan with a budget of P25 million.

					The Provincial Government of Palawan has agreed to adopt the investment plans proposed by the business cases developed on cacao and coffee. MOA signing between the Palawan Provincial Government and Rocky Mountain (for Coffee), and Kennemer (for Cacao) slated for November 2013.
				Output 2.B.9.1.2 Productivity Improvement in Coconut Production	DEFERRED to Year 2 since work focused more on coffee and cacao in Year 1.
				Output 2.B.9.1.3 DOT-DPWH-DA Convergence Program (Iloilo High Value Crops Value Chain)	NOT pursued since the MOA for the DOT-DPWH-DA Convergence has not yet been signed.
				Output 2.B.9.1.4 DTI–DA Convergence Program on Shared Service Facilities (SSF) in priority tourism areas.	Activities deferred to Year 2.
				Output 2.B.9.1.5 Assessment of Needs for Value Chain Upgrading for Tree Crop Production	COMPLETED: USAID and the Philippine Business for Social Progress (PBSP) signed a MOA for the implementation of the Inclusive Business Initiative

					in Agriculture. Under the MOA, COMPETE will undertake research on select tree crops (cacao, coffee, rubber). Research completed. ONGOING: COMPETE is facilitating investment in coffee and cacao in the Province of Palawan and Bohol.
			Activity 2.B.9.2 Support increased exports through improved compliance with SPS standards	Output 2.B.9.2.1 Training Program and Manual on Good Agricultural Practices and Traceability System	COMPLETED: First draft of Implementing Rules and Regulations (IRR) of the Food Safety Act which was signed into law by President Aquino in 2013. NEXT STEPS: In Year 2, the Team will organize a series of consultative workshops on the draft IRR. Revise the draft based on the inputs from the workshops. The revised draft will be submitted to DA for issuance.
		TASK 2.B.10: Through technical assistance, training and limited commodities assistance, lower	Activity 2.B.10.1 Diagnose constraints to lower transport and logistics costs for agricultural exports.	Output 2.B.10.1.1 Maximizing the Utilization of the Batangas Port as Growth Driver for	ONGOING: Project Team had several discussions with the Philippine Ports Authority, Export Development Council, and

		logistics costs for the transport of agricultural goods.		Batangas City and its Environs	National Competitiveness Council on the shifting of foreign cargoes from Manila to Batangas Port.
			Activity 2.B.10.2 Introduce Chassis Ro-Ro and ASEAN Ro-Ro linkages to help reduce transport costs.	Output 2.B.10.2.1 : Re-drafting of the EO on the Cha-Ro Policy	ONGOING: Project Team had several discussions with the Philippine Ports Authority, Export Development Council, and National Competitiveness Council on the Cha-RO Policy. PPA is drafting the Memorandum Circular based on the discussions.
				Output 2.B.10.2.2: Launch of the Davao-GenSan-Bitung RORO Link	ONGOING: President Aquino announced at the BIMP-EAGA Summit in Brunei (April 25, 2013) the ASEAN RORO system connecting the Philippines to Indonesia. The Department of Trade and Industry (DTI) and Department of Foreign Affairs (DFA) are working with their counterparts for the lifting of some commodity restrictions at the Bitung Port.

				New request from USAID in response to the discussions with the Provincial Government of Oriental Mindoro.	COMPLETED: Development of an Island Development Framework for Mindoro. Organized a conference for the presentation of the Island Development Framework. The conference was attended by Provincial and local officials as well as stakeholders (including the business community)
	Sub-Component 2C: Promote a compe-titive manu-facturing industry	Task 2.C.11: Through technical assistance, research and training, increase industrial productivity and promote product diversificatio n.	Activity 2.C.11.1 Facilitate private sector involvement to resolve market failures in the manufacturing sector.	Output 2.C.11.1.1: Identification of the priority action programs from the industry roadmaps	ONGOING: Technical assistance to DTI International Trade Group and Board of Investments re Manufacturing Revival Program, Cabotage Policy, and Incentives. COMPLETED: Input-Output (I-O) Analyses for 18 Industries; 9 Industry Primers for posting in the DTI-BOI website; 9 condensed Industry Roadmaps (Summaries of existing Roadmaps); 25 staff of the DTI Board of Investment (BOI) were trained on I-O Analysis Technique

				Output 2.C.11.1.2 Value chain upgrading initiatives	COMPLETED: For Year 1, the project assisted the DTI in the review of 10 proposals for funding under the SSF program. Recommendations for enhancing viability were submitted. ToRs for bidding of facilities prepared by COMPETE consultants. Proposal review will continue in Year 2.
		Task 2.C.12 Through technical assistance, research and training, promote regulatory reforms that incentivize more private investments in the manufacturing sector.		Some activities included in Output 2.A.8.1.1.	ONGOING: Analysis of policy instruments to attract investments in key industries/ sectors
Component 3 – Expanding the Use of Domestic Credit through Efficient Capital Markets		Task 3.13: Increase Lending to SMEs and Encourage Utilization USAID's New Loan Guarantee Program in Selected Cities	Activity 3.13.1: Support the Roll-Out of the DCA-LPG in Strategic Sectors	Output 3.13.1.1: Baseline Data and Indicator for SME lending and Use of the DCA-LPG instrument	COMPLETED: Baseline data for total SME loans of the banking system established COMPLETED: Baseline data for total SME loans of DCA-LPG participating banks established COMPLETED: Initial report of focus group

					discussion (FGD) results prepared ONGOING: Monitoring of DCA-LPG utilization rate of participating banks
				Output 3.13.1.2: Training Materials and Training on Project Preparation, Financial Literacy and Loan Application	COMPLETED: Training materials prepared. (Training not conducted due to the delay in the approval of the STTAs' contract. Trainings will be conducted in Year 2)
		Task 3.14: Increase SMEs' borrowing capacity	Activity 3.14.1 Promotion of Property Rights as a Credit Enhancement Mechanism.	Output 3.14.1.1 Research Survey on SME borrowers and Land Titling Beneficiaries Output 3.14.1.2 BSP Policy Directive on Free Patents as Loan Collaterals	COMPLETED: Preliminary interviews/FGDs with residential free patent beneficiaries to determine how they utilized their titles. The Manual of Regulation for Banks (updated as of December 2011) already covers residential free patents as collateral. This provision is on page 48, Section X269.2 Eligible Papers and Collaterals, Part II on Deposit and Borrowing Operations of the Manual of Regulations for Banks.
				Output 3.14.1.3 Orientation Training for BSP	DEFERRED to Year 2 due to delays in the

				SES Staff on free patents	approval of STTAs.
				Output 3.14.1.4 Training materials for BSP orientation	DEFERRED to Year 2 due to delays in the approval of STTAs.

ANNEX B: COMPETE Project Logical Framework

Design Summary	Performance Indicators / Baseline[1] / Target	Data Sources / Type[2] / Frequency[3] / Report[4]	Assumptions
PROJECT GOAL Attain higher levels of trade, investment, and employment through the better provision of infrastructure, increased competitiveness of key industries, and increased access to credit	**G1- Exports of goods and services (% of GDP)*** *Baseline*: 30.2% in 2012 *Target*: 32% in 2017 *(Philippine Export Development Plan 2011-16)*	World Development Indicators	▪ Positive global economic growth ▪ No significant drop in global FDI into ASEAN region ▪ Stabilization of tensions in global financial system ▪ Absence of hostilities in Asia
	G2- Net Foreign Direct Investment* *Baseline:* $2.797b or 2.5% of ASEAN in 2012 *Target:* $6.2b or 5% of ASEAN in 2017 *(JFC Arangkada Philippines)*	Bangko Sentral ng Pilipinas; UNCTAD	
	G3- Gross Capital Formation (% of GDP) *Baseline:* 18.5% in 2012 *Target:* 20.4% in 2017 *(IMF WEO)*	IMF World Economic Outlook	
	G4- Global Competitiveness Index Rank* *Baseline:* 59/148 or 60% in 2013 Survey period *Target:* 49/148 or 67% in 2016 *(NCC)*	World Economic Forum	
COMPONENT GOAL 1 Provision of infrastructure improved	**CG-1 - Overall Infrastructure Rank*** *Baseline:* 98/148 or 34% in 2013 Survey period *Target:* 82/148 or 45% in 2017 *(Indonesia in 2013)*	World Economic Forum	▪ No backsliding of national government fiscal position ▪ Budget allocations for infrastructure are not decreased
SUBCOMPONENT GOAL 1A Investments in infrastructure increased	**SG-1A.1 Public Infrastructure Outlays*** *Baseline:* P237.3b or 2.2% of GDP *Target:* P834.5b or 5% of GDP *(GOP)*	World Economic Forum	
	SG-1A.2 Quality of Trade and Transport related infrastructure* *Baseline:* 62/150 or 60% in 2012 *Target:* 51/155 or 67% in 2016 *(NCC)*	World Bank – Logistical Performance Index / Bi-ennial	
Task Goal 1 Strengthen the regulatory and institutional framework governing public-private partnerships	**TG-1.1 No. of Writ of Possessions in Right-Of-Way cases issued within 30 days** *Baseline:* TBD *Target:* TBD	Department of Public Works and Highways	▪ Sustained momentum and enthusiasm for PPP by the administration ▪ Positive business

[1] Data type is assumed to be outcomes unless stated as outputs and/or otherwise.
[2] Baseline data are as of end 2012 or latest period before the Project start date of April 2013.
[3] Frequency of data availability is assumed to be annual unless otherwise specified.
[4] Reporting mechanism is by default the COMPETE Quarterly Report unless otherwise stated.

Task Goal 2 Support relevant line agencies develop a steady pipeline of viable PPP projects	**TG-2.1 Number of PPP infrastructure projects developed using objective methodology and bidding process** *Baseline:* None *Target:* Two(2) worth P80b in 2013	Department of Public Works and Highways / Output/ Quarterly as applicable	sentiment towards PPP policy environment remains
Task Goal 3 Strengthen the link between infrastructure planning and public budgeting	**TG-3.1 Road infrastructure projects proposed by DPWH-DSWD for following FY and using Convergence in annual budget bill** *Baseline:* None in 2013 *Target:* TBD	Department of Public Works and Highways; Annual General Appropriations Act / Output	▪ Inter-department cooperation continues
SUBCOMPONENT GOAL 1B Improving competitiveness through lower power costs	**SG-1B.1 Quality of Electricity Supply Rank*** *Baseline:* 93/148 or 37% in 2013 survey period *Target:* 89/148 or 40% in 2017 *(Indonesia in 2013)*	World Economic Forum	▪ External shocks and natural disasters that may affect energy markets can be successfully managed by GPH and private sector
	SG-1B.2 Generation cost of electric cooperatives (P/KWh) *Baseline:* P4.79 (Apr-Sep 2013 for CLECA only) *Target:* P4.00 or lower for each Power Supply Agreement approved by aggregated electric cooperatives by 2017	National Electrification Administration; Department of Energy	
Task 4 Reinforce competitive market mechanisms in the electricity market	**TG-4.1 Power supply contracts with lower power rates and/or improved quality (availability)** *Baseline:* None in 2012 *Target:* 6 by 2017	Electric Cooperatives / Output/ Quarterly	▪ Subject to openness and cooperation of electric cooperatives
	TG-4.2 Market concentration in registered power supply capacity and spot transactions *Baseline:* 1000< HHI<1800 or Moderate *Target:* None	Philippine Electricity Market Corp; Wholesale Electricity Spot Market	▪ For reference only
Task 5 Strengthen institutional governance in the power sector	**TG-5.1 Effective Spot Settlement Price in WESM (P/KWh)** *Baseline:* P7.065 in 2012 *Target:* None		▪ For reference only
Task 6 Promote regulatory reforms that incentivize more private investments in power generation projects	**TG-6.1 Number of new Power EcoZones established** *Baseline:* None in 2012 *Target:* One (1) by 2017	Department of Energy	▪ Resolution of issues on fiscal incentives
	TG-6.2 Projected New Investments in Power sector *Baseline:* None in 2012 *Target:* +$1.6b by 2017	Electric Cooperatives, MINDA, DOE / Quarterly	▪ Positive outlook of generation companies

COMPONENT GOAL 2 Enhanced competitiveness in key priority sectors	**CG-2.1 Technological Readiness Rank*** *Baseline:* 77/148 or 48% in 2013 survey period *Target:* 71/148 or 52% in 2017 *(= Indonesia and Brunei)*	World Economic Forum	▪ Aggressive ITC market penetration
	CG-2.2 Business Sophistication Rank* *Baseline:* 49/148 or 67% in 2013 survey period *Target:* 40/148 or 73% in 2017 *(= Thailand)*	World Economic Forum	▪ Market players cooperation to develop value-added cluster chains
	CG-2.3 Travel & Tourism Industry *Baseline:* TBD *Target:* TBD	Department of Tourism; World Tourism Organization	▪ International tourism is not inhibited by external events (i.e. natural disasters, terrorism threats, fuel costs, economic recession in source markets) ▪ Subject to policy priorities of national government
	CG-2.4 Travel & Tourism Economy *Baseline:* P748.3b and 4.9m employed in 2012 *Target:* P1,148b and 7.4m employed in 2016		
SUBCOMPONENT GOAL 2A Tourism arrivals and investments increased	**SG-2A.1 Investments in tourism sector*** *Baseline:* TBD *Target:* TBD	Department of Tourism; World Tourism Organization	
	SG-2A.2 Tourism Arrivals* *Baseline:* 4.27m in 2012 *Target:* 12m in 2017		
	SG-2A.3 Inbound Tourist Receipts* *Baseline:* $3.818b in 2012 *Target:* $13b in 2017		
Task Goal 7 Pursue actions that increase and facilitate tourist arrivals	**TG-7.1 International carrier costs** *Baseline:* TBD *Target:* TBD	International Airlines	▪ Favorable policy stance of government
	TG-7.2 Hotel Rooms / 100 population *Baseline:* 0.17 = 162,704 rm / 95.8m *Target:* 0.17 = 177,727 rm / 103.4m	Department of Tourism	▪ Business climate for tourism remains positive
	TG-7.3 Ease of Visa Processing *Baseline:* TBD *Target:* TBD	Department of Foreign Affairs	▪ Favorable policy stance of government
Task Goal 8 Improve quality of tourism-related infrastructure	**TG-8.1 Quality of Air Transport Infrastructure** *Baseline:* 69/ 140 in 2012 *Target:* 54 / 140 in 2016	World Economic Forum	▪ Sustained momentum and interest for supporting tourism by the administration
	TG-8.2 Public Roads to Tourism development areas identified and prioritized for funding and construction *Baseline:* 167 projects for 598 km worth P11.95b in 2012	Department of Tourism; Department of Public Works and Highways	▪ Budget allocations for infrastructure are not decreased

	Target: 900 projects for 4,050 km worth P81b in 2017		
SUBCOMPONENT GOAL 2B: Promote a competitive agricultural export industry	**SG-2B.1 Net Foreign Investments in agriculture sector*** *Baseline:* $0.91m in 2012 *Target:* To be determined	Bangko Sentral ng Pilipinas	▪ External shocks and natural disasters can be successfully managed by GPH and private sector
	SG-2B.2 Employment in agribusiness-related industries* *Baseline:* 12.084m in 2012 *Target:* 13.584m in 2017	National Statistics Office	
	SG-2B.3 Agricultural exports* *Baseline:* $3.55b in 2012 *Target:* $6.258b in 2017	National Statistics Office	▪ No significant appreciation of the peso
	SG-2B.4 Farms with output inclusive of new agri-processing stage *Baseline:* None in 2012 *Target:* 12,000 in 2018	Counterpart partners / Output	▪ Funding assistance for growing activities obtained
Task Goal 9 Increase levels and improve quality of agri-food exports	**TG-9.1 Foreign exchange gains from higher value added output in Cacao and Coffee** *Baseline:* $6.4m in Cacao exports and $61m in green Coffee bean imports in 2012 *Target 2017:* +$6.9m (= $6.6m or +100% in Cacao exports plus +$280k or -0.5% in Coffee imports) *Target 2018:* +$20.2m (= $13.2m or +207% in Cacao exports plus +$7m or -11% in Coffee imports)	Counterpart Partners	
	TG-9.2 SME Farms Certified in good agricultural practices and export quality goods *Baseline:* None in 2012 *Target:* 500 SMEs by 2017	Department of Agriculture / Output / Quarterly	▪ Pending new regulations upon issuance of new IRR for Food Safety Act
Task Goal 10 Lower logistics costs for the transport of agricultural goods	**TG-10.1 Volume of trade shipped via international Ro-Ro (TEUs)** *Baseline:* None in 2012 *Target:* To be determined	Philippine Ports Authority	▪ Appropriate financing mechanisms can be identified to make needed investments
	TG-10.2 Shipping cost of TEU container between international destinations *Baseline:* $3150 from Davao to Bitung, Indonesia in 2012 *Target:* $940 in 2017	Counterpart partners	
	TG-10.3 Time for shipment of container between key destinations *Baseline:* 10 days from Davao to Bitung, Indonesia in 2012 *Target:* 1 day by 2017	Counterpart partners	

SUBCOMPONENT GOAL 2C Promote a competitive manufacturing industry	**SG-2C.1 Net foreign direct investments in manufacturing sector increased*** *Baseline:* $1,033b in 2012 *Target:* To be determined	Bangko Sentral ng Pilipinas	▪ External shocks and natural disasters can be successfully managed by GPH and private sector
	SG-2C.2 Employment in manufacturing-related industries increased* *Baseline:* 3.13m in 2012 *Target:* 3.645m in 2017	National Statistics Office	
	SG-2C.3 Manufacturing exports increased* *Baseline:* $44b in 2012 *Target:* $89b in 2017 *(Philippine Export Development Plan 2011-16)*	National Statistics Office	▪ No significant appreciation of the peso
Task Goal 11 Increase industrial productivity and promote product diversification	**TG-11.1 SMEs utilizing Post-Harvest Facilities** *Baseline:* None in 2012 *Target:* 4 cooperatives by 2017	Department of Agriculture Counterpart partners / Output / Quarterly	▪ Service standards of Shared Service Facility of DA
	TG-11.2 Labor productivity in partner SMEs *Baseline:* To be determined *Target:* To be determined	Farmer groups / Quarterly	▪ Shortfalls in output due to force majeure are manageable
	TG-11.3 Industry Competitiveness Roadmaps reviewed, adopted and mobilized *Baseline:* None in 2012 *Target:* 15 + 3 Strategy Papers by 2017	Department of Trade and Industry/ Output / Quarterly	▪ Subject to political will and pro-open trade/ competitiveness stance behind roadmaps
Task Goal 12 Promote regulatory reforms that incentivize more private investments in the manufacturing sector	**TG-12.1 Benchmark indicators against regional competitors in select manufacturing industries (to be determined)** *Baseline:* To be determined *Target:* To be determined	Department of Trade and Industry	▪ The Government maintain political will to engage on regulatory reform issues
COMPONENT GOAL 3 Expanding domestic credit through efficient capital markets	**CG-3.1 Domestic credit provided by banking sector (% of GDP)*** *Baseline:* 50.88% in 2012 *Target:* 50.91% in 2017	World Bank - World Development Indicators	▪ Banks ease internal loan restrictions
	CG-3.2 Ease of Access to Loans Rank* *Baseline:* 37/148 or 75% in 2013 survey period *Target:* 23 / 148 or 84% in 2017 *(=Malaysia)*	World Economic Forum	
	CG-3.3 Venture Capital Availability Rank* *Baseline:* 40/148 or 75% in 2013 survey period *Target:* 24 / 148 or 84% in 2017 *(=Indonesia, Brunei)*	World Economic Forum	▪
SUBCOMPONENT 3A	**SG-3A.1 Lending to MSME's of partner banks** *Baseline:* P53.87b from BPI in 2012 *Target:* None	Partner banks	▪ For reference only

Use of domestic credit expanded			
Task Goal 13 Increase lending to SMEs and encourage effective utilization of USAID's New Loan Guarantee Program for select cities	**TG-13.1 Utilization Rate of banks loans to SMEs approved with DCA-LPG guarantee*** *Baseline:* 0% of $35m in 2012 *Target:* 100% of $95m in 2017	Partner banks / Quarterly	▪ Partner banks continues to be a supportive partner in the roll out of the DCA-LCG
	TG-13.2 Default rate of bank loans to SMEs *Baseline:* 7.4% for BPI in 2012 *Target:* lower than 7% for BDS-serviced loan applicants by 2017	Partner banks	
Task Goal 14 Increase SMEs' borrowing capacity	**TG-14.1 Ease of Getting Loans Rank** *Baseline:* 129 / 185 in 2012 *Target:* 42 / 189 in 2017	International Finance Corporation – Ease of Doing Business	▪ High compliance of banks with CCIC requirements
	TG-14.2 Credit Bureau Coverage as % of adult population *Baseline:* 9.0% in 2012 *Target:* 16.5% in 2017	International Finance Corporation – Ease of Doing Business	
	TG-14.3 Private Entities providing Business Development Services established *Baseline:* 0 in 2012 *Target:* 28 by 2017	Counterpart Partners / Output / Quarterly	▪ Feasibility of Private BDS providers as a business
	TG-14.4 Loan applicants serviced by Business Development Services *Baseline:* 0 in 2012 *Target:* 1,008 by 2017	BDS Partners / Output / Quarterly	
	TG-14.5 No. and value of loan applications approved in participant banks utilizing land as collateral *Baseline:* 0 in 2012 *Target:* to be determined	Partner banks / Quarterly	
	TG-14.6 Number of residential free patents / land titles issued that can be used as collateral for entrepreneurs and SMEs *Baseline:* 59,717 or 1.9% in 2012 *Target:* +305,000 in 2017	Department of Environment and Natural Resources	▪ Service capacity of DENR field offices
	TG-14.7 Number of converted tax declarations to residential free patents *Baseline:* To be determined *Target:* To be determined	Partner banks	▪ Cooperation of partner banks with regard to data confidentiality
	TG-14.8 Conversion Rate of land titles issued to collateralized land titles *Baseline:* To be determined *Target:* To be determined	Partner banks and BDS providers	▪ Cooperation of trained BDS providers and SME Loan applicants

CROSS CUTTING RESULTS including Gender and Foreign Assistance Standardized Program Indicators (F-statistics)	**Gender 1- Number of laws, policies, or procedures drafted, proposed or adopted to promote gender equality at the regional, national or local level** *Target:* At least two (2) by 2017 (TORs for PPPs and GAD Plan for DOT)	Counterpart Agencies and Project files	▪ Cooperation of counterpart agencies
	F-1 Number of commerce laws and regulations simplified and implemented in accordance with international standards as a result of USG assistance *Target:* At least two (2) by 2017 (Land Registration and IRR of Food Safety Act)	Counterpart Agencies and Project files	▪ See above
	F-2 Total public and private dollars leveraged by USG for infrastructure projects *Target:* $3.874 billion by 2016	Counterpart Agencies and Project files	▪ See above
	F-3 Kilometers of roads improved or constructed *Target:* 4,050 km by 2017	Counterpart Agencies and Project files	▪ See above
	F-4 No. of policies / regulations / admin procedures in development stages of analysis, drafting and consultation, legislative review, approval or implementation as a result of USG assistance *Target:* at least Fifty Nine (59) by 2017	Counterpart Agencies and Project files	▪ See above
	F-5 Number of people receiving USG supported training in energy related business management systems *Target:* TBD	Counterpart Agencies and Project files	▪ See above
	F-6 Number of people receiving USG supported training in energy related policy and regulatory practices *Target:* TBD	Counterpart Agencies and Project files	▪ See above
	F-7 Number of people with increased access to modern energy services as a result of USG assistance *Target:* at least 6 million by 2016 (= 3.7m in Central Luzon + 780k in Palawan + 1.4m in Bohol)	Counterpart Agencies and Project files	▪ See above
	F-8 Total public and private dollars leverage by USG for energy infrastructure projects *Target:* At least $600m by 2017 (Central Luzon only)	Counterpart Agencies and Project files	▪ See above
	F-9 Amount of private sector financing mobilized with DCA guarantees *Target:* $95m by 2016	Counterpart Agencies and Project files	▪ See above
	F-10 Person hours of training completed in trade and investment enabling environment supported by USG assistance *Target:* At least 200,000 person-hours by 2017	Counterpart Agencies and Project files	▪ See above

ACTIVITIES: (See Workplan)

1. Policy Studies, Position Papers, Business Cases, Proposed Plans, Policy Guidelines and Technical manuals
2. Drafts of Government Implementation Documents (e.g. MOAs, IRRs, EOs, Legislative bills, etc.)
3. Monitoring activities (e.g. Convergence of government plans and budgeting for public infrastructure, PPP process)
4. Facilitation meetings (e.g. technical working groups of inter-departmental government task forces)

   Training on Specialized Topics (e.g. aggregation of electric cooperatives, anti-competition policy in power sector, tourism marketing and planning, good agricultural practices in food processing, industry sector impact analysis, global supply chain linkages, business development services for SME loan applicants)

ANNEX C: Global Competitiveness Report 2013-14 -- A Summary

By Leandro Tan, USAID-COMPETE Project M&E Specialist

This summary report covers the recent release of the Global Competitiveness Report (GCR) 2013-14 of the World Economic Forum during the Philippine launch organized by the Makati Business Club (MBC) held at Microtel Mall of Asia, Pasay City last 4 September 2013. The event included presentations by and comments from MBC Chairman Ramon del Rosario, MBC Co-Vice Chairman Roberto de Ocampo, and National Competitiveness Council private sector co-chairman Guillermo Luz.

1. **The overall competitiveness global ranking of the Philippines improved by six notches from 65th in 2012 to 59th in 2013.** The improvement reflects the 1.3% increase in the country's overall score from 4.23 to 4.29 for the same period.[5] As a result the country has reached the upper 40th percentile of 148 countries and is apparently on track to reach the upper third of the rankings (or 49th out of 148) by 2016.
2. **Revisions in the country coverage from 144 to 148 economies had no effect on the overall global ranking of the Philippines.** The newly listed countries of Laos (81st), Bhutan (109th), and Myanmar (139th) were all far below the global ranking of the Philippines. The same condition holds for the re-listed countries that were absent in last year's report such as Tunisia (83rd) and Angola (142nd). Tajikistan (100th in 2012) is not covered in the latest Report as Survey data could not be collected for the year. The expansion of the country list did raise the rank percentile of the Philippines to the bottom 60% from 59.1% if based on 144 countries.

Figure 1: Philippine Competitiveness in the ASEAN region

YEAR	2010	2011	2012	2013	Change since	
Rank Out of	139	142	144	148	**2010**	**2012**
Singapore	3	2	2	2	+1	0
Malaysia	26	21	25	24	+2	+1
Brunei	28	28	28	26	+2	+2
Thailand	38	39	38	37	+1	+1
Indonesia	44	46	50	38	+6	+12
Philippines	**85**	**75**	**65**	**59**	**+26**	**+6**
Vietnam	59	65	75	70	-11	+5
Laos				81		
Cambodia	109	97	85	88	+21	-3
Myanmar				139		

[5] Using the 1-7 scale, where 7 is best.

3. **<u>The improvement in country rank of the Philippines is highest in the ASEAN since 2010 and has narrowed the gap with the top 5 ASEAN countries.</u>** The recent 6-slot jump in 2013 to the global rank of 59th continues the upsurge of what is now 26 notches above the 85th ranking of the country in 2010. This also marks the reversal of places with Vietnam which claimed the 59th rank in 2010 but has since slipped to 75th in 2012 and recovered slightly to 70th in 2013. This achievement also has narrowed the gap with the top 5 ASEAN countries which also registered slot improvements within the same period. The slot gap with the next closest ASEAN country – Indonesia -- has been halved from -41 in 2010 to only -21 in 2013. (See Figure 1)

4. **<u>The Philippines registered higher rankings in all twelve (12) competitiveness pillars except slight drops in the macroeconomic environment and higher education and training</u>**. The top gainers were with respect to competitiveness pillars were innovation (+25), institutions (+15), financial market development (+10), goods market efficiency (+4) and labor market efficiency (+3). However, the country lagged further behind with regard to macroeconomic environment (-4) and higher education and training (-3). *Innovation* improved due to higher rankings in capacity for innovation (+38), government procurement of advanced technology products (+22), quality of scientific research institutions (+11), and university-industry collaboration on R&D (+10). The major gainers related to *institution building* included efficiency of legal framework in settling disputes and challenging regulations (+31), wastefulness in government spending (+23), diversion of public funds (+21), ethical behaviour of firms (+18), property rights (+13), favoritism in decisions of government officials (+12), organized crime (+10) and protection of minority shareholders' interests (+10). Financial market development improved with increased availability of venture capital (+22) and financial services (+10). (See *Figure 7* below for complete breakdown of competitiveness indicators).

5. **<u>The poor state of local infrastructure has replaced corruption as the top constraint for doing business in the country according to the Executive Opinion Survey.</u>** This observation is consistent with the increasing gap between institutions (79th) and infrastructure (96th) pillars. The rise in the problem of infrastructure, restrictive labor regulations and tax regulations coincided with the perceived drop in issues related to corruption, inefficient government bureaucracy, inadequately educated workforce, insufficient capacity to innovate, inflation and government instability / coups. (See figure 2).

Figure 2: Problematic Factors for Doing Business					
Rank		Factors	Percent of Responses		
2013	2012		2012	2013	Chg
1	3	Inadequate supply of Infrastructure	16.2	21.1	4.9
2	1	Corruption	19.3	17.8	-1.5
3	2	Inefficient government bureaucracy	17.2	16.9	-0.3
4	5	Tax regulations	7.7	8.6	0.9
5	7	Restrictive labor regulations	6.0	8.4	2.4
6	4	Policy Instability	9.2	7.2	-2.0
7	6	Tax rates	6.0	6.3	0.3
8	8	Crime and theft	3.2	3.4	0.2
9	13	Access to financing	1.7	2.0	0.3
10	11	Insufficient capacity to innovate	2.4	1.6	-0.8
11	16	Poor public health	0.8	1.5	0.7
12	14	Foreign currency regulations	1.3	1.2	-0.1
13	9	Inflation	3.0	1.2	-1.8
14	12	Government instability / coups	2.0	0.9	-1.1
15	15	Poor work ethic in national labor force	1.3	0.9	-0.4
16	10	Inadequately educated workforce	2.5	0.9	-1.6
Source: Global Competitiveness Report 2012-13 and 2013-14					

6. **<u>While the improvements in the Philippines was notable, the recovery in Indonesia was even more impressive.</u>** Indonesia as the closest ASEAN nation to the Philippines in overall competitiveness rankings made a significant comeback in rising from 50th in 2012 to 38th in 2013. Double-digit gains were made in five competitiveness pillars: infrastructure (+17), labor market efficiency (+17), goods market efficiency (+13), financial market development (+10) and technological readiness (+10). These advances has led to the widening of the competitiveness gap between Indonesia and the Philippines especially with regard to infrastructure (-35) and goods market efficiency (-32). In addition, the Philippines is still far behind in innovation (-36), health and primary education (-24), macroeconomic environment (-14), institutions (-12) and business sophistication (-12). (see Figure 3)

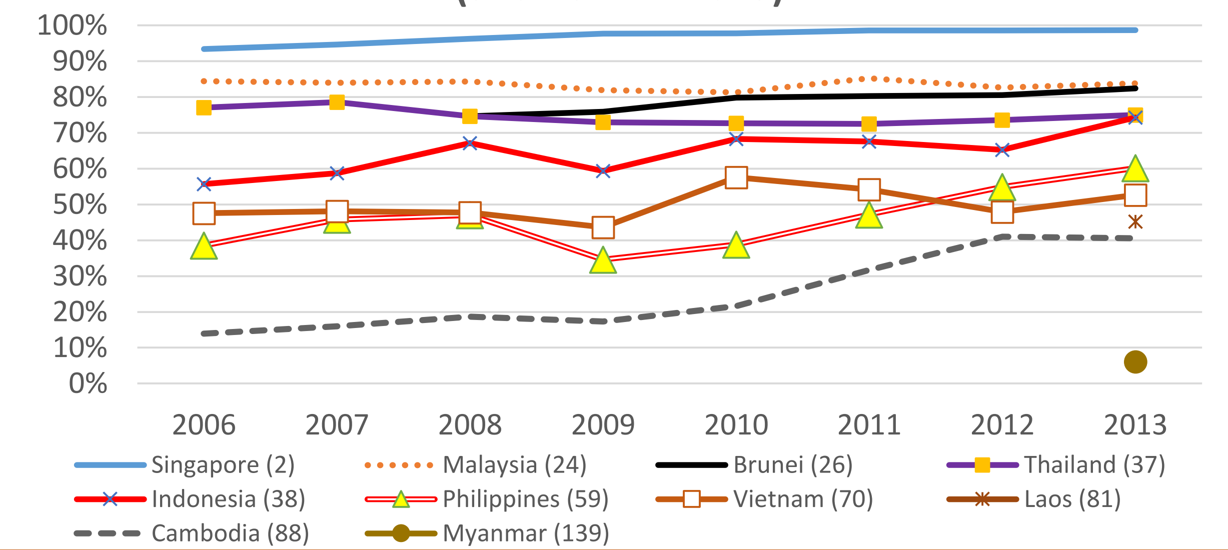
Figure 3: Competitiveness Gap between Philippines and Indonesia					
PILLAR	Philippines		Indonesia		Gap of RP vs Indo
	2013	Chg	2013	Chg	
Overall GCI	**59**	6	38	12	-21
1 Institutions	79	15	67	5	-12
2 Infrastructure	96	2	61	17	-35
3 Macroeconomic environment	40	-4	26	-1	-14

4 Health and primary education	96	2	72	-2	-24
5 Higher education and training	67	-3	64	9	-3
6 Goods market efficiency	82	4	50	13	-32
7 Labor market efficiency	100	3	103	17	3
8 Financial market development	48	10	60	10	12
9 Technological readiness	77	2	75	10	-2
10 Market size	33	2	15	1	-18
11 Business sophistication	49	0	37	5	-12
12 Innovation	69	25	33	6	-36

Source: Global Competitiveness Report 2013-14

7. **<u>The recent recovery of Indonesia merits a review of RP competitiveness targets higher than the top third percentile in global competitiveness rankings.</u>** The jump in the rankings of Indonesia to 38th highlights the new fact that the top 5 ASEAN nations above the Philippines are now all virtually equal to or above the 75% rank percentile (or the top 25% in the world). (See *Figure 4*)

Figure 4: Global Competitiveness Rank Percentiles (and Rank in 2013)



The performance of the Philippines is below the top third percentile (or top 67%) target set by the national government by 2016. This means that for the country to vault to top 5 would require more indicator rankings within the top 67% to 75% (or from 37th to 49th out of 148) from the current three (3): macro environment (40th), financial market development (48th) and business sophistication (49th). Major improvements in infrastructure (96th) and health and primary education (96th) are urgently needed while deficiencies in the labor market efficiency (100th) are even worse than in Vietnam (56th), Laos (44th), Cambodia (27th) and Myanmar (98th). (See *Figure 5*)

.

Figure 5: PILLARS OF COMPETITIVENESS IN THE ASEAN REGION

PILLARS	Singapore	Malaysia	Brunei	Thailand	Indonesia	Philippines	Vietnam	Laos	Cambodia	Myanmar
Overall GCI	2	24	26	37	38	59	70	81	88	139
1 Institutions	3	29	25	78	67	79	98	63	91	141
2 Infrastructure	2	29	58	47	61	96	82	84	101	141
3 Macroeconomic environment	18	38	1	31	26	40	87	93	83	125
4 Health and primary education	2	33	23	81	72	96	67	80	99	111
5 Higher education and training	2	46	55	66	64	67	95	111	116	139
6 Goods market efficiency	1	10	42	34	50	82	74	54	55	135
7 Labor market efficiency	1	25	10	62	103	100	56	44	27	98
8 Financial market development	2	6	56	32	60	48	93	91	65	144
9 Technological readiness	7	51	71	78	75	77	102	113	97	148
10 Market size	34	26	131	22	15	33	36	122	92	79
11 Business sophistication	17	20	56	40	37	49	98	78	86	146
12 Innovation	9	25	59	66	33	69	76	68	91	143

LEGEND	0 to 33%	51% to 66%	76% to 90%	
Rank Percentile from Bottom	34% to 50%	67% to 75%	91% to 100%	

Source: Global Competitiveness Report 2013-14

8. **More relevant to the Compete Project is that the GCR report provides the baselines of several performance indicators.** The report includes results from quantitative data as well as qualitative data from 227 respondents of the Executive Opinion Survey administered between January and May 2013 which coincides with the starting period of the Compete Project last April 2013.

Figure 6: Baseline Date from GCR report 2013-14			
Level	**Indicator**	**2013 Baseline and 2017 Target**	**Remarks**
Project Goal	PG-4 Global Competitiveness Index	*2013 Score*: 4.29 *2012 Rank:* 65th out of 144 *2013 Rank:* 59th out of 148 *Old Target:* 45th = based on top third (48th) in 2012 by 2016	May need to change target closer to new 38th rank of Indonesia in 2013

Component 1	CG-1.2 Quality of overall infrastructure	*2013 Score:* 3.73 *2012 Rank:* 98th out of 144 *2013 Rank:* 98th out of 148 *Old Target:* 92nd = Indonesia rank in 2012	May need to change target closer to new 86nd rank of Cambodia in 2013 (vs Indo rank of 82nd in 2013)
Subcomponent 1B	SG-1B.1 Quality of Electricity Supply	*2013 Score:* 4.01 *2012 Rank:* 98th out of 144 *2013 Rank:* 93rd out of 148 *Old Target:* 93rd = Indonesia rank in 2012	May need to change target closer to new 89nd rank of Indonesia in 2013
Component 2	CG-2A.1 Technological Readiness Pillar	*2013 Score:* 3.58 *2012 Rank:* 79th out of 144 *2013 Rank:* 77th out of 148 *Old Target:* top 72 = 50% rank percentile in 2012 by 2016	May need to change target closer to new 71st rank of Brunei in 2013
Component 2	CG-2A.2 Business Sophistication Pillar	*2013 Score:* 4.29 *2012 Rank:* 49th out of 144 *2013 Rank:* 49th out of 148 *Old Target:* 46th = Thailand in 2012	May need to change target closer to new 40th rank of Thailand in 2013
Component 2 / Task 8	CG-2A.8.1 Quality of Air Transport Infrastructure (QATI)	*2013 Score:* 3.54 *2012 Rank:* 112th out of 144 *2013 Rank:* 113th out of 148 *New Target:* 92nd = Vietnam in 2013	Propose to change from QATI pillar in bi-ennial Travel and Tourism Competitiveness Report due in March 2015 to QATI indicator in annual GCR
Component 3	CG-3.2 Ease of Access to Loans	*2013 Score:* 3.31 *2012 Rank:* 46th out of 144 *2013 Rank:* 37th out of 148 *Old Target:* 42nd	Need to change target closer to new 33rd rank (+1 per year)
Component 3	CG-3.3 Venture Capital Availability	*2013 Score:* 3.06 *2012 Rank:* 49th out of 144 *2013 Rank:* 40th out of 148 *Old Target:* 47th = ave of ASEAN-6	Need to change target closer to new 35th rank = ave of ASEAN-6 excl Sing, Cambodia, Laos and Myanmar

Figure 7: BREAKDOWN OF PHILIPPINE COMPETITIVENESS INDICATORS

In Global Rankings (out of 148)

COMPETITIVENESS INDICATOR	2013	2012	Chg
GCI Global Competitiveness Index, 1-7 (best)	**59**	**65**	**6**
Subindex A Basic requirements, 1-7 (best)	**78**	**80**	**2**
1st pillar: Institutions, 1-7 (best)	**79**	**94**	**15**
1.01 Property rights, 1-7 (best)	61	74	13
1.02 Intellectual property protection, 1-7 (best)	78	87	9
1.03 Diversion of public funds, 1-7 (best)	79	100	21
1.04 Public trust in politicians, 1-7 (best)	90	95	5
1.05 Irregular payments and bribes, 1-7 (best)	105	108	3
1.06 Judicial independence, 1-7 (best)	99	99	0

COMPETITIVENESS INDICATOR	2013	2012	Chg
1.07 Favoritism in decisions of government officials, 1-7 (best)	75	87	12
1.08 Wastefulness of government spending, 1-7 (best)	63	86	23
1.09 Burden of government regulation, 1-7 (best)	98	108	10
1.10 Efficiency of legal framework in settling disputes, 1-7 (best)	76	107	31
1.11 Efficiency of legal framework in challenging regs., 1-7 (best)	71	102	31
1.12 Transparency of government policymaking, 1-7 (best)	92	97	5
1.14 Business costs of terrorism, 1-7 (best)	124	126	2
1.15 Business costs of crime and violence, 1-7 (best)	101	107	6
1.16 Organized crime, 1-7 (best)	86	97	11
1.17 Reliability of police services, 1-7 (best)	94	100	6
1.18 Ethical behavior of firms, 1-7 (best)	69	87	18
1.19 Strength of auditing and reporting standards, 1-7 (best)	38	41	3
1.20 Efficacy of corporate boards, 1-7 (best)	48	51	3
1.21 Protection of minority shareholders' interests, 1-7 (best)	47	57	10
1.22 Strength of investor protection, 0–10 (best)	107	110	3
2nd pillar: Infrastructure, 1-7 (best)	**96**	**98**	**2**
2.01 Quality of overall infrastructure, 1-7 (best)	98	98	0
2.02 Quality of roads, 1-7 (best)	87	87	0
2.03 Quality of railroad infrastructure, 1-7 (best)	89	94	5
2.04 Quality of port infrastructure, 1-7 (best)	116	120	4
2.05 Quality of air transport infrastructure, 1-7 (best)	113	112	-1
2.06 Available airline seat kms/week, millions	26	26	0
2.07 Quality of electricity supply, 1-7 (best)	93	98	5
2.08 Mobile telephone subscriptions/100 pop.	81	95	14
2.09 Fixed telephone lines/100 pop.	109	103	-6
3rd pillar: Macroeconomic environment, 1-7 (best)	**40**	**36**	**-4**
3.01 Government budget balance, %	42	36	-6
3.02 Gross national savings, %	59	47	-12
3.03 Inflation, annual %	54	70	16
3.04 General government debt, %	72	72	0
3.05 Country credit rating, 0–100 (best)	60	60	0
4th pillar: Health and primary education, 1-7 (best)	**96**	**98**	**2**
4.01 Business impact of malaria, 1-7 (best)	106	102	-4
4.02 Malaria cases/100,000 pop.	97	95	-2
4.03 Business impact of tuberculosis, 1-7 (best)	116	116	0
4.04 Tuberculosis cases/100,000 pop.	130	126	-4
4.05 Business impact of HIV/AIDS, 1-7 (best)	89	83	-6
4.06 HIV prevalence, %	11	12	1

COMPETITIVENESS INDICATOR	2013	2012	Chg
4.07 Infant mortality, deaths/1,000 live births	90	91	1
4.08 Life expectancy, years	104	102	-2
4.09 Quality of primary education, 1-7 (best)	76	86	10
4.10 Primary education enrollment, net %	108	101	-7
Subindex B Efficiency enhancers, 1-7 (best)	**58**	**61**	**3**
5th pillar: Higher education and training, 1-7 (best)	**67**	**64**	**-3**
5.01 Secondary education enrollment, gross %	83	81	-2
5.02 Tertiary education enrollment, gross %	81	76	-5
5.03 Quality of the educational system, 1-7 (best)	40	45	5
5.04 Quality of math and science education, 1-7 (best)	96	98	2
5.05 Quality of management schools, 1-7 (best)	39	39	0
5.06 Internet access in schools, 1-7 (best)	74	73	-1
5.07 Availability of research and training services, 1-7 (best)	51	62	11
5.08 Extent of staff training, 1-7 (best)	27	32	5
6th pillar: Goods market efficiency, 1-7 (best)	**82**	**86**	**4**
6.01 Intensity of local competition, 1-7 (best)	63	50	-13
6.02 Extent of market dominance, 1-7 (best)	105	98	-7
6.03 Effectiveness of anti-monopoly policy, 1-7 (best)	88	84	-4
6.04 Extent and effect of taxation, 1-7 (best)	58	57	-1
6.05 Total tax rate, %	106	102	-4
6.06 No. procedures to start a business	145	137	-8
6.07 No. days to start a business	118	112	-6
6.08 Agricultural policy costs, 1-7 (best)	80	76	-4
6.09 Prevalence of trade barriers, 1-7 (best)	60	76	16
6.10 Trade tariffs, %	46	53	7
6.11 Prevalence of foreign ownership, 1-7 (best)	64	66	2
6.12 Business impact of rules on FDI, 1-7 (best)	86	69	-17
6.13 Burden of customs procedures, 1-7 (best)	130	126	-4
6.14 Imports as a percentage of GDP	120	97	-23
6.15 Degree of customer orientation, 1-7 (best)	20	27	7
6.16 Buyer sophistication, 1-7 (best)	49	57	8
7th pillar: Labor market efficiency, 1-7 (best)	**100**	**103**	**3**
7.01 Cooperation in labor-employer relations, 1-7 (best)	34	38	4
7.02 Flexibility of wage determination, 1-7 (best)	109	117	8
7.03 Hiring and firing practices, 1-7 (best)	117	108	-9
7.04 Redundancy costs, weeks of salary	124	120	-4
7.05 Effect of taxation on incentives to work[a]	40		NA

COMPETITIVENESS INDICATOR	2013	2012	Chg
7.06 Pay and productivity, 1-7 (best)	44	57	13
7.07 Reliance on professional management, 1-7 (best)	32	38	6
7.08 Country capacity to retain talent[a]	71		NA
7.09 Country capacity to attract talent[a]	86		NA
7.10 Women in labor force, ratio to men	111	109	-2
8th pillar: Financial market development, 1-7 (best)	**48**	**58**	**10**
8.01 Availability of financial services, 1-7 (best)	40	50	10
8.02 Affordability of financial services, 1-7 (best)	31	34	3
8.03 Financing through local equity market, 1-7 (best)	27	36	9
8.04 Ease of access to loans, 1-7 (best)	37	46	9
8.05 Venture capital availability, 1-7 (best)	40	62	22
8.06 Soundness of banks, 1-7 (best)	36	41	5
8.07 Regulation of securities exchanges, 1-7 (best)	38	46	8
8.08 Legal rights index, 0–10 (best)	101	99	-2
9th pillar: Technological readiness, 1-7 (best)	**77**	**79**	**2**
9.01 Availability of latest technologies, 1-7 (best)	47	56	9
9.02 Firm-level technology absorption, 1-7 (best)	40	46	6
9.03 FDI and technology transfer, 1-7 (best)	42	40	-2
9.04 Individuals using Internet, %	87	90	3
9.05 Broadband Internet subscriptions/100 pop.	97	91	-6
9.06 Int’l Internet bandwidth, kb/s per user	85	75	-10
9.07 Mobile broadband subscriptions/100 pop.	104	93	-11
10th pillar: Market size, 1-7 (best)	**33**	**35**	**2**
10.01 Domestic market size index, 1–7 (best)	30	29	-1
10.02 Foreign market size index, 1–7 (best)	42	40	-2
10.03 GDP (PPP)	31	32	1
10.04 Exports as a percentage of GDP	105	96	-9
Sub-index C Innovation and sophistication factors, 1-7 (best)	**58**	**64**	**6**
11th pillar: Business sophistication, 1-7 (best)	**49**	**49**	**0**
11.01 Local supplier quantity, 1-7 (best)	54	49	-5
11.02 Local supplier quality, 1-7 (best)	68	68	0
11.03 State of cluster development, 1-7 (best)	55	38	-17
11.04 Nature of competitive advantage, 1-7 (best)	67	58	-9
11.05 Value chain breadth, 1-7 (best)	60	66	6
11.06 Control of international distribution, 1-7 (best)	41	54	13
11.07 Production process sophistication, 1-7 (best)	57	64	7

COMPETITIVENESS INDICATOR	2013	2012	Chg
11.08 Extent of marketing, 1-7 (best)	41	41	0
11.09 Willingness to delegate authority, 1-7 (best)	26	27	1
12th pillar: Innovation, 1-7 (best)	**69**	**94**	**25**
12.01 Capacity for innovation, 1-7 (best)	48	86	38
12.02 Quality of scientific research institutions, 1-7 (best)	91	102	11
12.03 Company spending on R&D, 1-7 (best)	51	58	7
12.04 University-industry collaboration in R&D, 1-7 (best)	69	79	10
12.05 Gov't procurement of advanced tech products, 1-7 (best)	85	107	22
12.06 Availability of scientists and engineers, 1-7 (best)	87	91	4
12.07 PCT patents, applications/million pop.	84	83	-1

a/ New indicator for 2013

Source: World Economic Forum

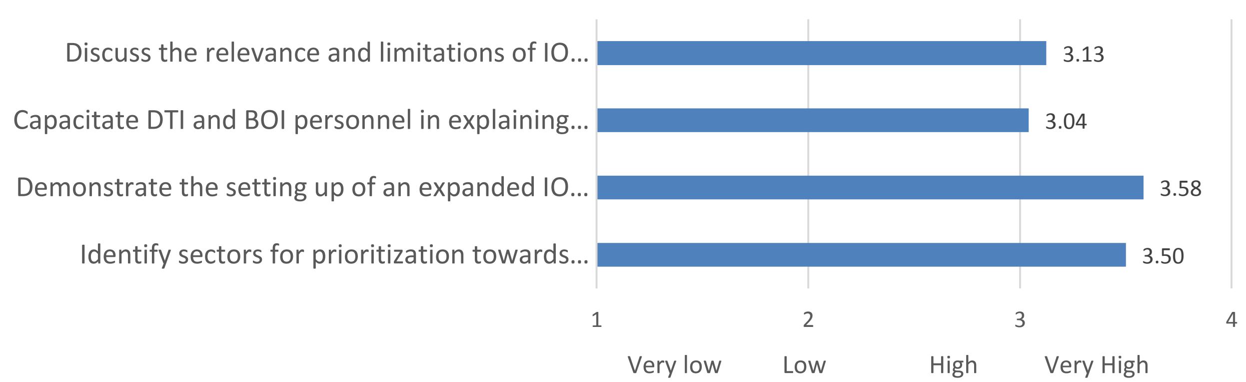
ANNEX D: PRELIMINARY TRAINING EVALUATION OF INPUT-OUTPUT ANALYSIS FOR GOVERNMENT INDUSTRY DEVELOPMENT PLANNERS

By Leandro Tan, Monitoring and Evaluation Specialist

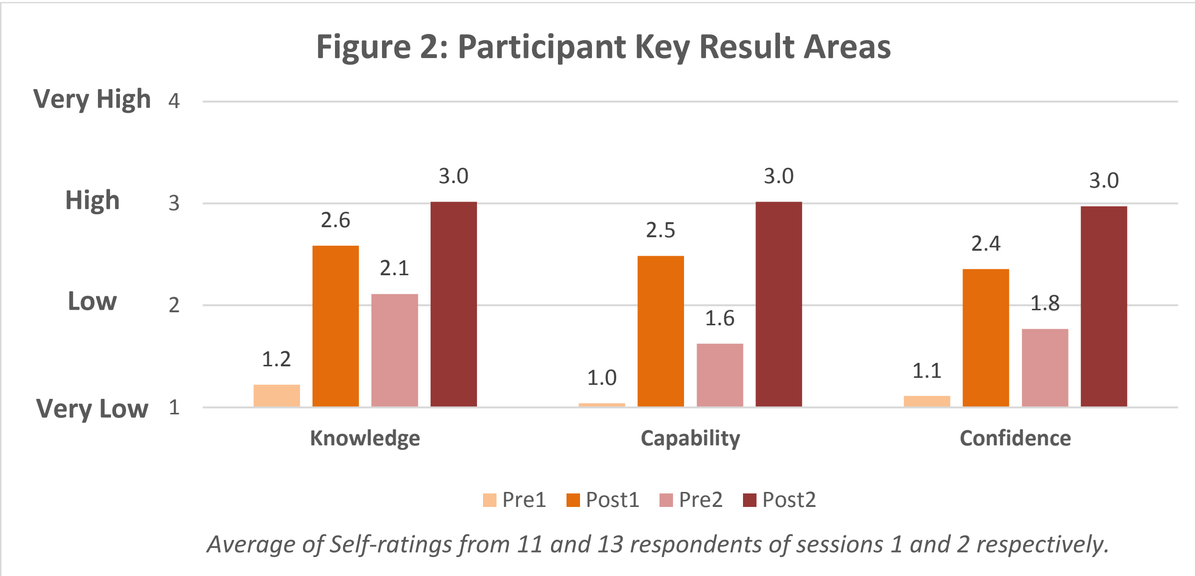
The Basic Input and Output (IO) Analysis Seminar was conducted by the Center for Research and Communication (CRC) to educate government planners of the Board of Investments on the estimation of potential impacts of increasing investments in select industries on economic output and employment at the national level. The training is supplemental to the CRC report on *Multiplier Effects and Production Linkages of Select Industries in the Philippines* which was submitted as a key reference on the review of selected industry competitiveness roadmaps developed by industry associations for possible government support in line with the Medium Term Development Plan 2010-16 of the national government. The training activity was held in the offices of the Department of Trade and Industry and Board of Investments on August 7, 2013 and September 11, 2013. Both events were attended by the same number of participants (19) -- of which ten (or 53%) and thirteen (or 68%) were female in the two successive activities respectively.

Attainment of Initial Training Objectives. The training has apparently been successful in attaining its objectives. Self-ratings from the participants were above "high" in the four training objectives (*Figure 1*). Notable among the participants were the hands-on exercise using MS Excel in demonstrating the setting-up and utilizing the expanded IO model, and the presentation of potential impact multipliers on output and employment using the latest IO tables for the year 2000 from the National Statistical Coordination Board. One respondent stated that "the exercise was most useful because it showed the procedures to compute for multipliers" which can easily be replicated by the participants using updated IO tables in response to new policy initiatives.

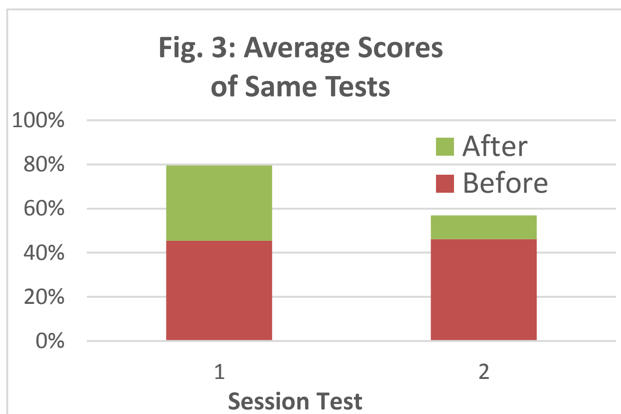
Fig 1. Ratings on Training Objectives



Capacity Building. The training has apparently been successful in attaining its initial objectives of raising the knowledge, capabilities and confidence of participants related to IO analysis. Self-ratings of the participants before and after the two training sessions showed marked improvements on the levels of (1) knowledge on IO facts, theory and concepts; (2) capabilities in calculating impact multipliers and backward/forward linkages; and (3) confidence in explaining IO assumptions and presenting IO results. (*Figure 2*)



The "before" ratings of session 2 (e.g. Pre2) were lower than the "after" ratings of session 1 because session 2 included the lower ratings of new respondents not present in session 1. Nevertheless, the end rating for all training objective areas bordered on ***high*** from very low ratings at the onset of the training. The rise in knowledge ratings was consistent with the increase in test scores of same test questions administered before and after the training. (*Figure 3*) Already, one respondent cited the usefulness of the training when she ended up discussing the analysis and interpretation of IO results with the technical working group for the iron and steel industry competitiveness roadmap.



Instructor Evaluation. The participants commented on the high quality of the instructor, Dr. Cid L. Terosa from the Center for Research and Communication. His level of knowledge, voice quality and answers' relevance to their work were all cited as strong points. (*Figure 4*) Respondents described him as "extremely qualified on subject matter (who) provided very relevant inputs" with “excellent technical knowledge” and someone who “promotes the usefulness of IO analysis to real life situations and understands the practicality of IO in formulating government policy.”