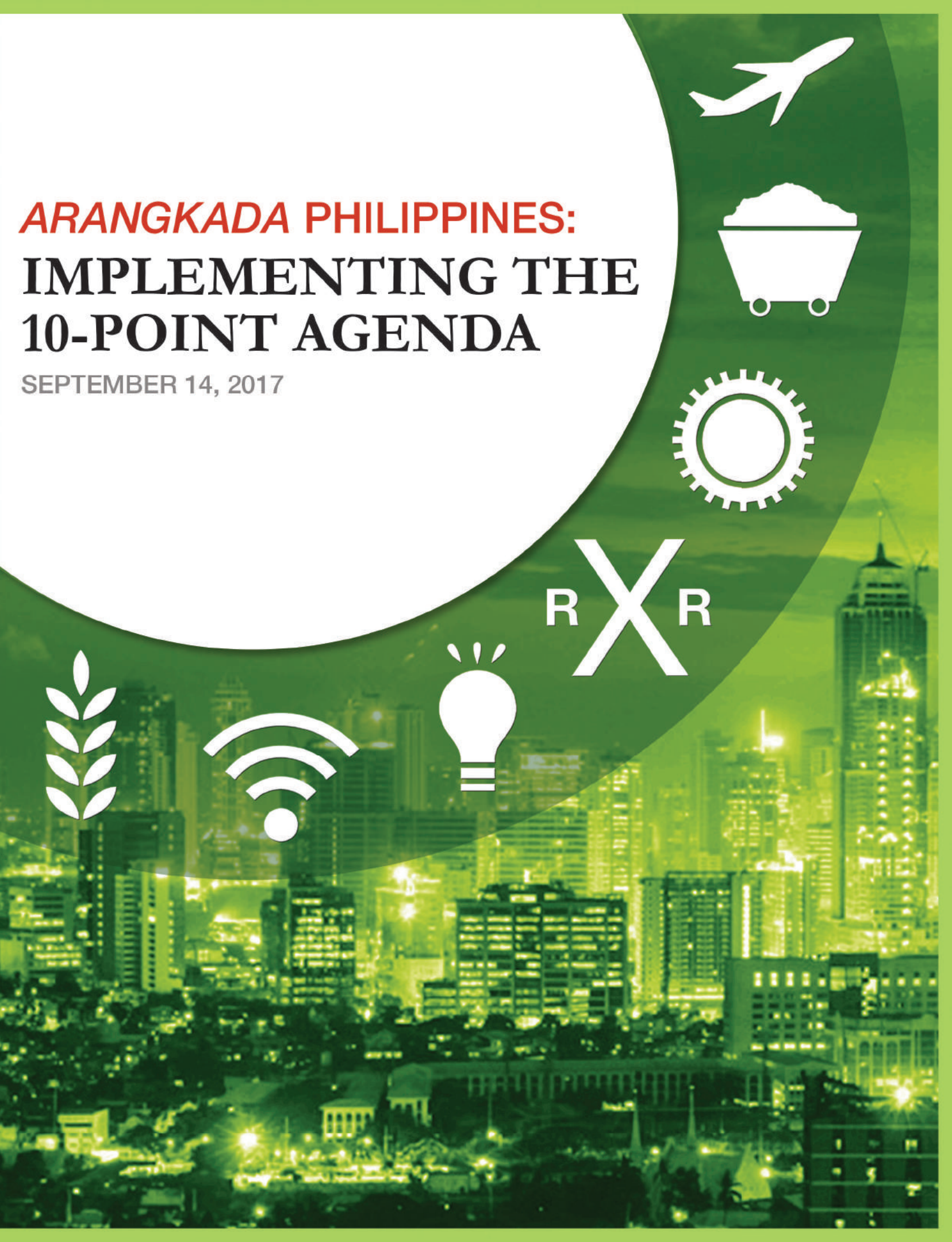


**ARANGKADA PHILIPPINES:
IMPLEMENTING THE
10-POINT AGENDA**

SEPTEMBER 14, 2017



Arangkada Philippines

10



and the

POINT

Socio-Economic Agenda
of the Duterte Administration

An *Arangkada* Philippines Project Publication

September 14, 2017

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The “*Arangkada Philippines and the Ten-Point Socio-Economic Agenda of the Duterte Administration*” publication is the result of a small team immensely assisted by the generous outpouring of support from countless stakeholders. The production of this document was led by the Chief of Party of The *Arangkada* Philippines Project (TAPP), **John D. Forbes**, as the principal author in collaboration with **Aimee Bettina T. Bautista** and **Froland M. Tajale** as co-authors, editors, and coordinators of the publication details. TAPP commends the works of **Angeli Grace Juani**, who contributed as an economics researcher and reproduced most of the graphs and tables; **Christina Maria D. Tuguigui**, who designed the front and back covers and the inside cover; and **Mary Grace Dilag-Mojica** who layouted the entire document to a handsome book.

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Lastly, we are greatly indebted to our generous corporate sponsors who made the Sixth *Arangkada* Forum a reality. A list of these sponsors can be found at the last pages of this book.

MESSAGE



MALACAÑAN PALACE
Manila



MESSAGE

My warmest greetings to the **Joint Foreign Chambers (JFC)** of the Philippines as they hold the **Arangkada Philippines Forum 2017** on the occasion of their 6th Anniversary.

More than a year ago, we launched a Ten-Point Socio-Economic Agenda that seeks to spur self-sustaining and inclusive growth throughout the country. Its successful implementation would not just depend on the efforts of the government, but also on the active participation of the business community.

I therefore commend JFC for providing a forum where expert panelists and interested stakeholders from both the public and private sectors can share insights on how we can introduce effective reforms in key areas, particularly in agribusiness, information and communications technology, creative industries, infrastructure, manufacturing and logistics, mining and tourism.

May this event inspire the participants to join us in creating a more dynamic economy that is capable of providing a better life for our people. Together, let us create a vibrant business environment that is geared towards building a stronger and more progressive nation.

I wish you all the best.


RODRIGO ROA DUTERTE

MANILA
14 September 2017

THE PRESIDENT OF THE PHILIPPINES

MESSAGE



MESSAGE



Congratulations to the **Joint Foreign Chambers (JFC)** for convening the 6th **Arangkada Forum**, an annual platform to assess the current Philippine investment climate by the country's major business chambers of commerce.

I would also like to commend the member-organizations of the JFC for their continued support and esteem for Filipinos who loyally serve as the backbone of their operations here in the Philippines.

This year's theme of "*Arangkada Philippines: Implementing the Ten-Point Agenda*" is indeed timely and relevant, especially as it focuses on President Rodrigo Duterte's 10-Point Socioeconomic Agenda — dubbed as "*Dutertenomics*" — that aims to widen the gains of economic development, to address income inequality, and to uplift the quality of life of every Filipino.

As initiatives implemented under Duetertenomics are targeted towards creating more jobs and generating more income opportunities, the business community's support of the government's socioeconomic agenda is integral to the full realization of the agenda's targets.

Moreover, as a partner in ensuring that the country attains inclusive growth leading to shared prosperity for all, the business community is an essential contributor in the government's efforts to strategically implement programs and projects that would greatly benefit our countrymen while also empowering those at the bottom of the pyramid.

I am optimistic that the discussions in the forum will be both fruitful and substantive, especially those touching on the reforms that the Duterte Administration will undertake to ensure ease of doing business in the country.

I wish to note that JFC's goal in promoting an investor-friendly environment in the Philippines and in guaranteeing a level-playing field for all businesses are in line with the Department of Trade and Industry's (DTI) pursuit for genuine and inclusive growth and shared prosperity.

DTI is greatly supportive of the JFC in the conduct of this Forum as representatives from the private and public sectors discuss key programs and policies that will help achieve the goals of Dutertenomics. What we will gain here will be for the benefit of all.

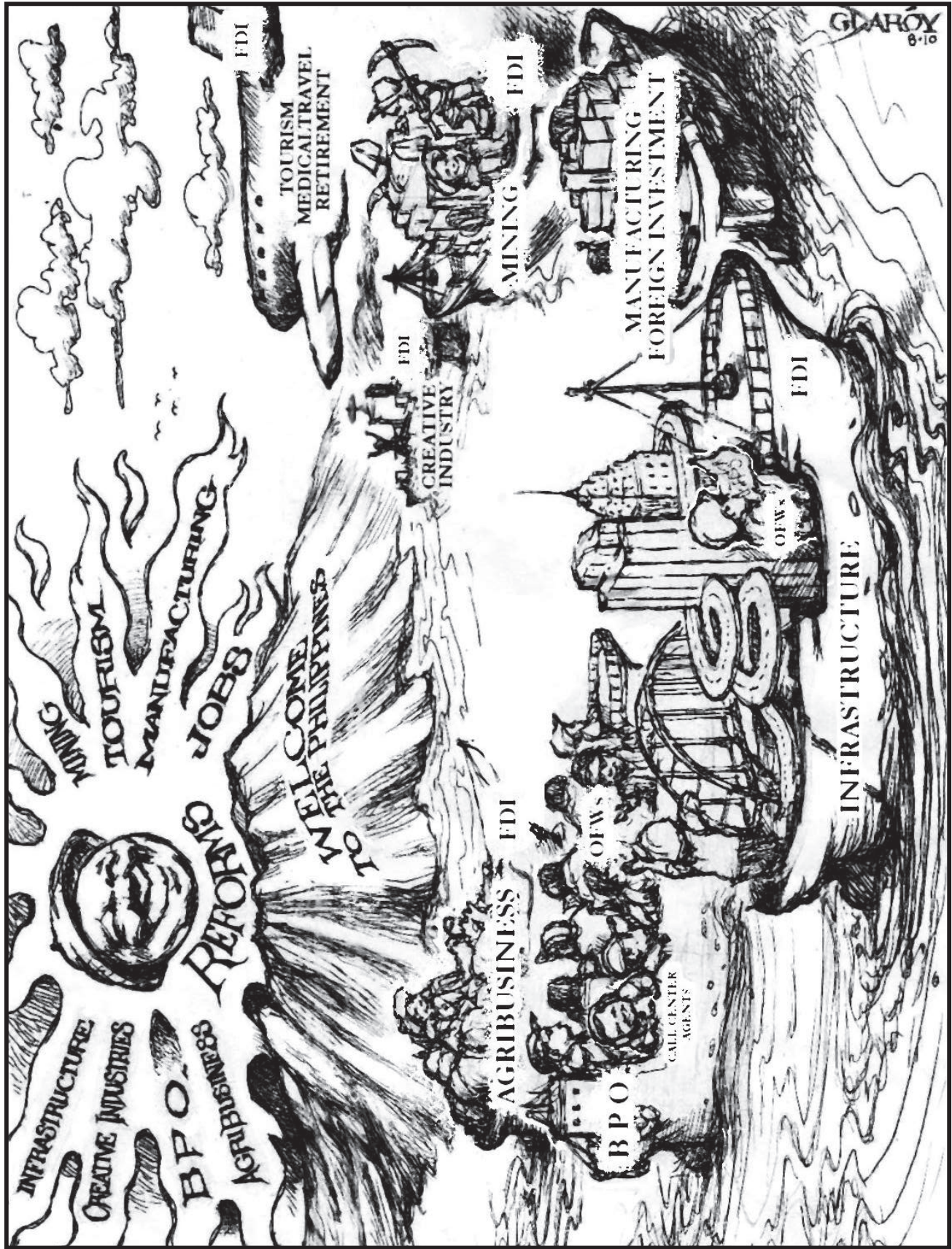
Thank you and *mabuhay!*


RAMON M. LOPEZ
Secretary

Enabling Business, Empowering Consumers

OFFICE OF THE SECRETARY

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Introduction to *Arangkada* Philippines

Since releasing its first publication in late 2010, *Arangkada* Philippines has established itself as a detailed source of policy documents with recommendations from the foreign investment community to support increased foreign investment and job creation in the Philippines. Sponsored by the seven members of the Joint Foreign Chambers of the Philippines (JFC)¹, *Arangkada* has prepared and published five policy briefs and seven policy notes, in addition to its original book *Arangkada* Philippines 2010: a Business Perspective. These publications – please see Figure 1 - can be found on the *Arangkada* website at www.arangkadaphilippines.com.

Figure 1. *Arangkada* List of Publications: 2011-2015

ARANGKADA AND ANNIVERSARY ASSESSMENTS



POLICY BRIEFS



POLICY NOTES



1 The seven JFC members are: American Chamber of Commerce Inc., Australia-New Zealand Chamber of Commerce Inc., Canadian Chamber of Commerce, Inc., European Chamber of Commerce Inc., Japanese Chamber of Commerce and Industry Inc., Korean Chamber of Commerce Inc., and Philippine Association of Multinational Companies Regional Headquarters Inc.

Arangkada built its recommendations on the Seven Big Winner Sectors, which the JFC believes have the highest potential for growth with the support of domestic and foreign investment:

- Agribusiness
- Business Processing Management
- Creative Industries
- Infrastructure (Airports, Power, Rail, Roads, Seaports, Telecommunications, and Water)
- Manufacturing and Logistics
- Mining
- Tourism, Medical Travel, and Retirement

In addition to an extensive discussion of the Seven Big Winner Sectors, *Arangkada* Philippines 2010 contained sections on Growing Too Slow, Becoming More Competitive, and the General Business Environment.²

Following the 2010 publication of *Arangkada*, annual assessments of the 470 recommendations were published and released at the annual *Arangkada* forum. Five fora were held each with a different theme:

- Move Twice as Fast (2012)
- Realize the Potential (2013)
- More Reforms=More Jobs! (2014)
- Invest NOW for Inclusive Growth! (2015)
- A Bolder and More Inclusive Decade (2016)
- Implementing the Ten-point Agenda (2017)

Following the fifth forum, a summary of the progress in implementation of the recommendations was made and sent to President Aquino. The letter to him can be seen at Annex A and the summary appears at Figure 2.

Figure 2. *Arangkada* Recommendations Assessed: 2011-2015



2 This section covered 13 policy areas which impact on the investment climate: Business Costs, Environment and Natural Disasters, Foreign Equity and Professionals, Governance, Judicial, Labor, Legislation, Local Government, Macroeconomic Policy, Security, and social services Education, Health and Population, and Poverty.

The JFC has organized the Sixth Annual *Arangkada* Forum on September 14, 2017 on the theme ***Implementing the Ten-point Agenda*** of the President Rodrigo R. Duterte Administration. Keynote speakers and five panels from the public and private sectors will discuss key programs, policies, and projects that support achievement of the ten points in the years ahead. The panels are entitled:

- Muscling the Economy: Filling the Infrastructure Gap
- Philippine Industrial Revolution: Manufacturing, Logistics, and Mining
- Game Changers: Agribusiness, Creative Industries, and Tourism
- Disruptive Technologies: Artificial Intelligence, Big Data, Drones, Robots, etc.
- Philippine Workforce 2030: Human Capital Challenges and Solutions

These reforms will be discussed within the framework of the Ten-point Socio-Economic Agenda, *Arangkada's* Seven Big Winner Sectors, the Philippine Development Plan 2017-2022, and *Ambisyon Natin 2040* vision of the National Economic and Development Agency (NEDA).

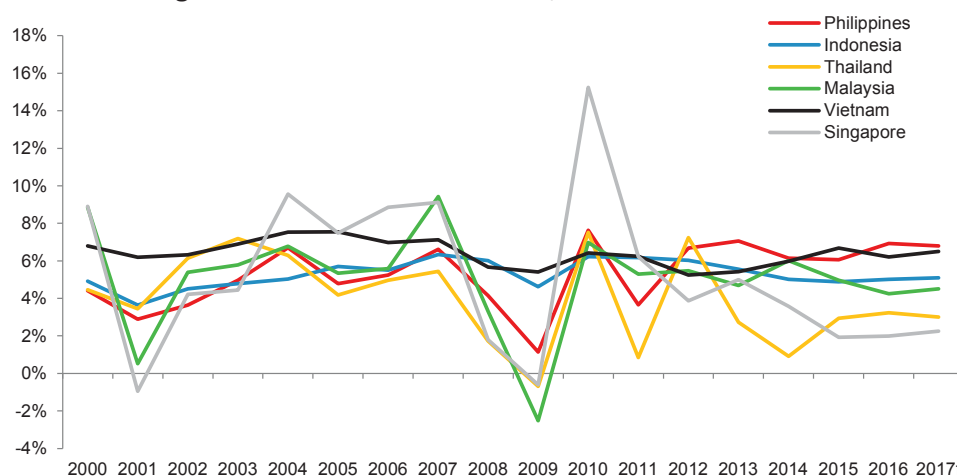
As a companion document to the discussion at the *Arangkada* Forum, the staff of The *Arangkada* Philippines Project (TAPP) at the American Chamber of Commerce has prepared this special publication entitled *“Arangkada Philippines and the Ten-Point Socio-Economic Agenda.”* Recommendations contained in previous *Arangkada* publications are combined with recommendations from the Philippine Development Plan, *Sulong Pilipinas*, the Philippine Chamber of Commerce and Industry, The European Chamber of Commerce of the Philippines and other sources to create an extensive menu of policy suggestions that, when implemented, assures the Philippines will be rated in future years much closer to the other ASEAN-6 economies that it currently lags behind.

Arangkada is a Filipino word meaning “to accelerate.” When used in the context of the country’s economy, *Arangkada* Philippines means to accelerate economic growth and all that should come with it: accelerated job creation, accelerated domestic and foreign investment, accelerated exports of goods and services, accelerated inclusiveness, accelerated building of infrastructure, accelerated remediation of the environment, and, most importantly, accelerated reduction of poverty.

Arangkada Philippines and the Ten-point Socio-Economic Agenda

In the seven years since the publication of *Arangkada* Philippines 2010: a Business Perspective, the Philippine economy has made impressive progress. From 2011 to 2016 GDP growth averaged 6.3% (see Figure 3), and the Philippines has become known as the fastest growing of the larger ASEAN-6 economies, shedding its economic basket case, boom-and-bust, and “Sick Man of Asia” reputation from decades past.

Figure 3. Real GDP Growth Rates, ASEAN-6 1990-2017f



Source: World Bank and Country Statistics Offices

Steady remittances from overseas workers, fast-rising revenue of the business processing industry, and strong growth in the manufacturing and tourism sectors are driving increased consumer spending by an enlarging middle class. Double-digit growth is also occurring in the construction sector with private commercial, office, and residential buildings rising, paralleled by large increases in public sector spending on infrastructure.

Table 1. 2016 Compared with 2010; Areas of Considerable Progress

	2010	2016
Average broadband speed	1Mbps	4.5Mbps
BPO employment	536,128	1,300,000
Corruption Perception Index ranking	134 of 178	101 of 176
Doing Business ranking	146 of 183	99 of 190
Foreign direct investment (US\$ billion)	\$1.1 Bn	\$7.9 Bn
Foreign tourist arrivals	3.8 Mn	6 Mn
Global Competitiveness ranking	85 of 139	57 of 138
Public sector spending on infrastructure (% of GDP)	1.79%	4.50%
Remittances	\$18.8 Bn	\$26.9 Bn
Underemployment rate	18.70%	18.30%
Unemployment rate	7.30%	5.50%

Despite the impressive progress, in comparison to its major ASEAN neighbors, the Philippines still lags behind in terms of overall competitiveness. The most recent data from the World Economic Forum (WEF) Global Competitiveness Report show that the Philippines rated considerably lower than Malaysia, Thailand, and Indonesia and only slightly ahead of Vietnam (*see Table 4*). The unfortunate ten-place drop from 47 in 2015 to 57 in the 2016 WEF competitiveness rankings underlines the need to both sustain improvements and increase efforts to move ahead of the competition, which is not standing still in their own efforts to attract more investment.

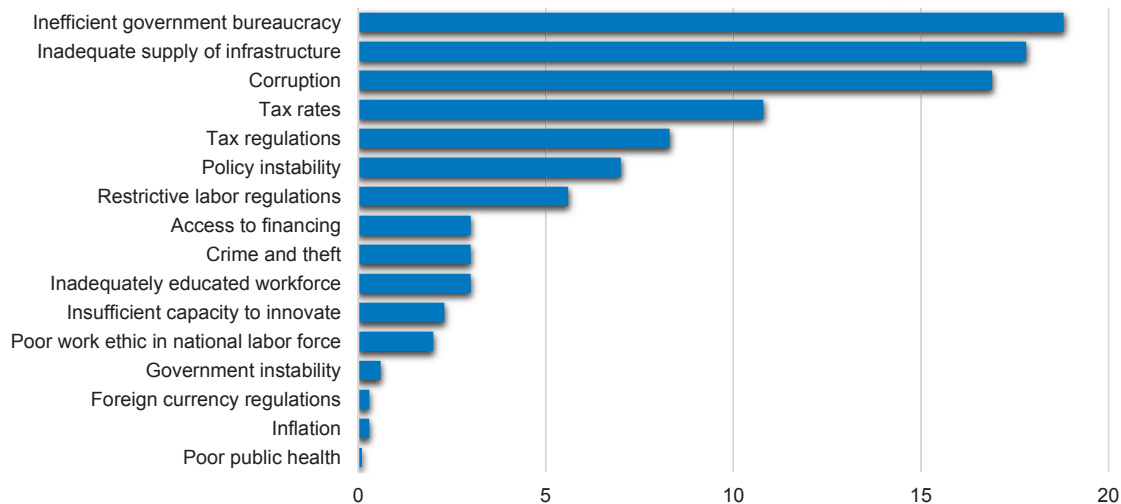
Table 2. Global Competitiveness Report, Philippines vs ASEAN (2010-2016)

COUNTRIES	2016 (of 138)	2015 (of 138)	2014 (of 138)	2013 (of 138)	2012 (of 138)	2011 (of 138)	2010 (of 138)	Change (2015-2016)	Change (2010-2016)
Singapore	2	2	2	2	2	2	3	0	1
Malaysia	25	18	20	24	25	21	26	-7	1
Thailand	34	32	31	37	38	39	38	-2	4
Indonesia	41	37	34	38	50	46	44	-4	3
Philippines	57	47	52	59	65	75	85	10	28
Vietnam	60	56	68	70	75	65	59	-4	-1

Source: Global Competitiveness Report, World Economic Forum (WEF)

Achieving improved and sustainable competitiveness will require implemented reforms in the country's investment climate to become more regionally competitive in the ASEAN-6 cluster. The WEF cited 16 problematic areas that affect Philippine competitiveness led by inefficient government bureaucracy (18.8%), inadequate supply of infrastructure (17.8%), corruption (16.9%), tax rates (10.8%), tax regulations (8.3%), policy instability (7%), and restrictive labor regulations (5.6%) (*See Figure 4*).

Figure 4. Most Problematic Factors for Doing Business, 2016



Source: Global Competitiveness Report, World Economic Forum (WEF) 2016-2017

The data presented by the WEF report may have influenced the Duterte Administration when crafting its Ten-point Socio-Economic Agenda. Finance Secretary Carlos G. Dominguez asserted the agenda aims to increase overall competitiveness of the Philippine economy.

“Alongside reducing the poverty incidence by 9 percentage points over the next six years, the new government has given top priority to sharpening the Philippines’ global competitiveness, precisely to improve the ease of doing business here and turn our country into a magnet for investments on the Duterte watch.”³

He further stated that President Duterte wanted the agenda to be put in place to address the concerns affecting foreign investors that were reflected in the WEF report.

“[President Duterte] put in place his 10-point socio-economic agenda that already addresses these concerns raised by the international business community in the annual global competitiveness report of the WEF.”⁴

Finance Undersecretary Gil Beltran added that the 10-point agenda aims to reverse the 2015-2016 fall.

“The Duterte administration aims to reverse the decline in the Philippines’ WEF competitiveness rating that happened in the final year of the former Aquino presidency, resulting primarily from the business community’s nagging concerns over their perceived bureaucratic inefficiencies, poor infrastructure, official corruption and tax issues.”⁵

And most recently, in his message to the September 14th Forum, President Duterte stated:

“More than a year ago, we launched a Ten-Point Socio-Economic Agenda that seeks to spur self-sustaining and inclusive growth throughout the country. Its successful implementation would not just depend on the efforts of the government, but also on the active participation of the business community.”⁶

3 October 4, 2016

4 October 4, 2016

5 October 4, 2016

6 Stated in a letter of President Rodrigo R. Duterte to the JFC on August 16, 2017.

In addition to the seven areas identified by the WEF in Figure 4, *Arangkada* would note others that require attention:

Table 3. 2016 Compared with 2010; Areas of Little or No Progress

	2010	2016
Broadband speed	1Mbps	4.2Mbps
Construction sector growth rate	17.50%	15.06%
Cost of electricity (<i>industrial</i>)	\$0.15/kWh	\$0.16/kWh
Enforcing contracts	118 of 183	136 of 190
Manufacturing sector growth rate	13.10%	6.60%
Number of paid non-working holidays	22 days	24 days
Number of major telco providers (<i>with cable landing stations</i>)	3	2
Overall infrastructure ranking (<i>WEF</i>)	113 of 139	112 of 138
Protecting investors ranking	132 of 183	136 of 190
Starting a business ranking	162 of 183	164 of 190
Total exports of goods	\$55 Bn	\$43 Bn
Trading across borders	68 of 183	93 of 190
Value of mineral exports	\$2 Bn	\$2 Bn

The lists in Tables 1 and 3 of areas that progressed and areas that did not are illustrative rather than comprehensive. The 10-Point Socio-Economic Agenda is an excellent summary of needed reforms and areas said to affect Philippine competitiveness that require additional policy emphasis. But the agenda is not limited specifically to the enumerated ten points. Many recommendations and policy initiatives can fall under each point, making it more expansive and holistic. This expansion of advocacies is evident in the Philippine Development Plan 2016-2022, the *Arangkada* publications, and many other documents from the public and private sectors.

This publication is organized in seven chapters, which sequentially follow the ten points; however some points have been combined under one chapter. Chapter 1 will discuss points 1 and 2 namely on improving the macroeconomic agenda and pursuing tax reform. Chapter 2 discusses point 3 on the various ways to increase Philippine competitiveness and improve the ease of doing business. Chapter 3 discusses point 4 on accelerating infrastructure. Chapter 4 will discuss points 5 and 6 on rural development and land administration. Chapter 5 will discuss points 7 and 10 namely human capital development as well as the implementation of the Reproductive Health Law. Chapter 6 will discuss point 8 or the promotion of science, innovation, technology and creative industries. And last, Chapter 7 will discuss point 9 on improving social protection programs and reducing poverty.

Each chapter contains a number of recommendations from the sources described above color-coded per the guide at the bottom of each page.

Chapter 1: Continue Macroeconomic Agenda (Point 1 and 2)

A. Macroeconomic Policies (P1)	2
B. Tax Reform (P2)	8

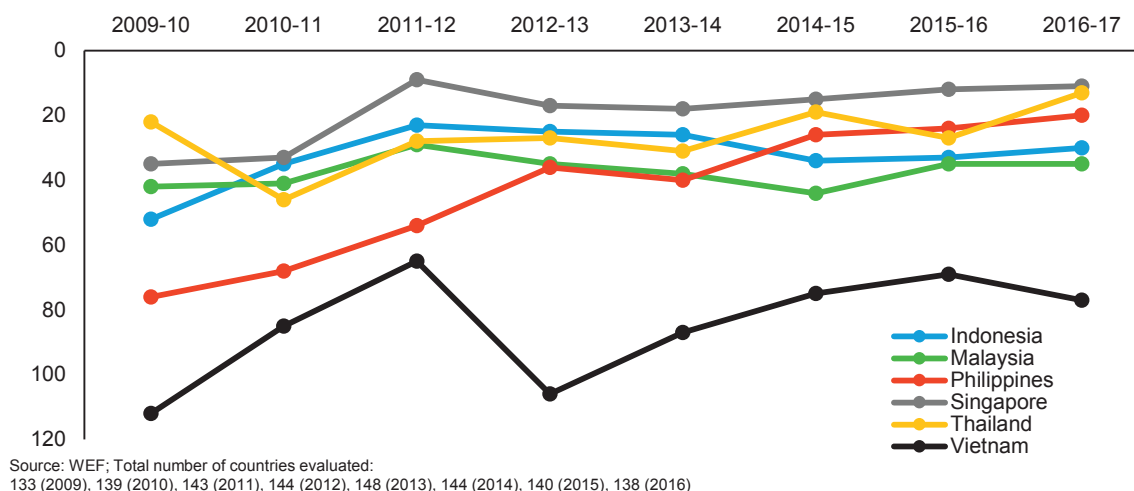


Point 1: Continue and maintain current macroeconomic policies including fiscal, monetary and trade policies.

A. Macroeconomic Policies (Point 1)

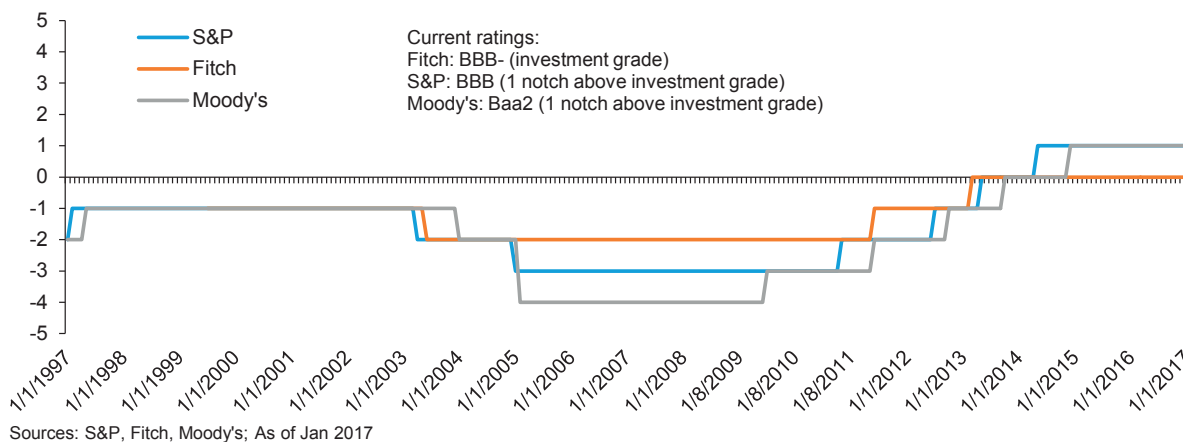
The first point of the Socioeconomic Agenda highlights the very high priority of continuing and keeping stable macroeconomic policies. Investors seek predictability of exchange and interest rates, inflation, adequate foreign reserves, a sound banking system, and the like. The Department of Finance (DOF) and the *Bangko Sentral Pilipinas* have been well regarded for their excellence in macroeconomic management over many years. This is especially true in recent years when the WEF rating of the Philippines for Macroeconomic Environment/Stability rose very substantially from 76th to 20th, moving ahead of Malaysia and Indonesia to be third among the ASEAN-6 (see Figure 5).

Figure 5. Macroeconomic Environment / Stability, Rank, ASEAN-6, 2009-2017



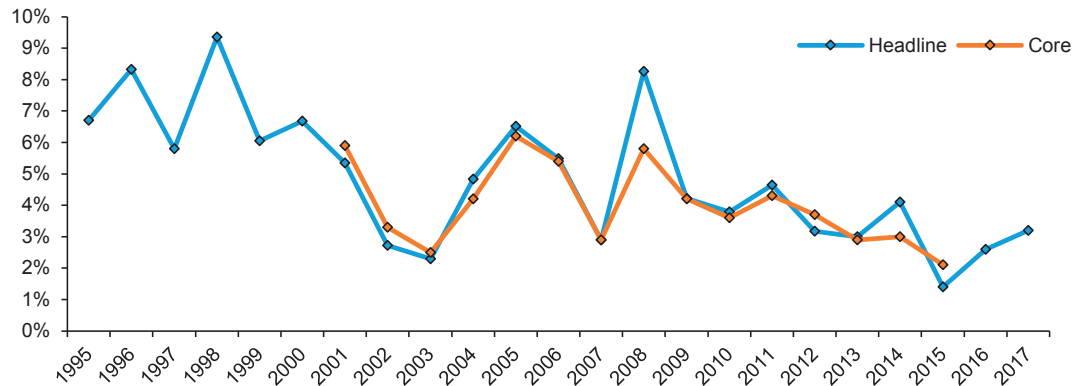
Many investors view sovereign credit ratings as a sign of sound macroeconomic governance. These also progressed upwards in recent years to unprecedented levels. Such ratings affect the interest rates both public and private sectors pay for foreign borrowings. From considerably below investment grade, the ratings by Fitch, Moody's, and S&P all reached investment grade or 1 notch above by 2017 (see Figure 6).

Figure 6. Sovereign Credit Ratings, Philippines, Notches from Investment Grade, 1997-2017



Inflation has been held to acceptable levels since a high of 8.3% in 2008, averaging 3.3% per annum from 2009-2017.

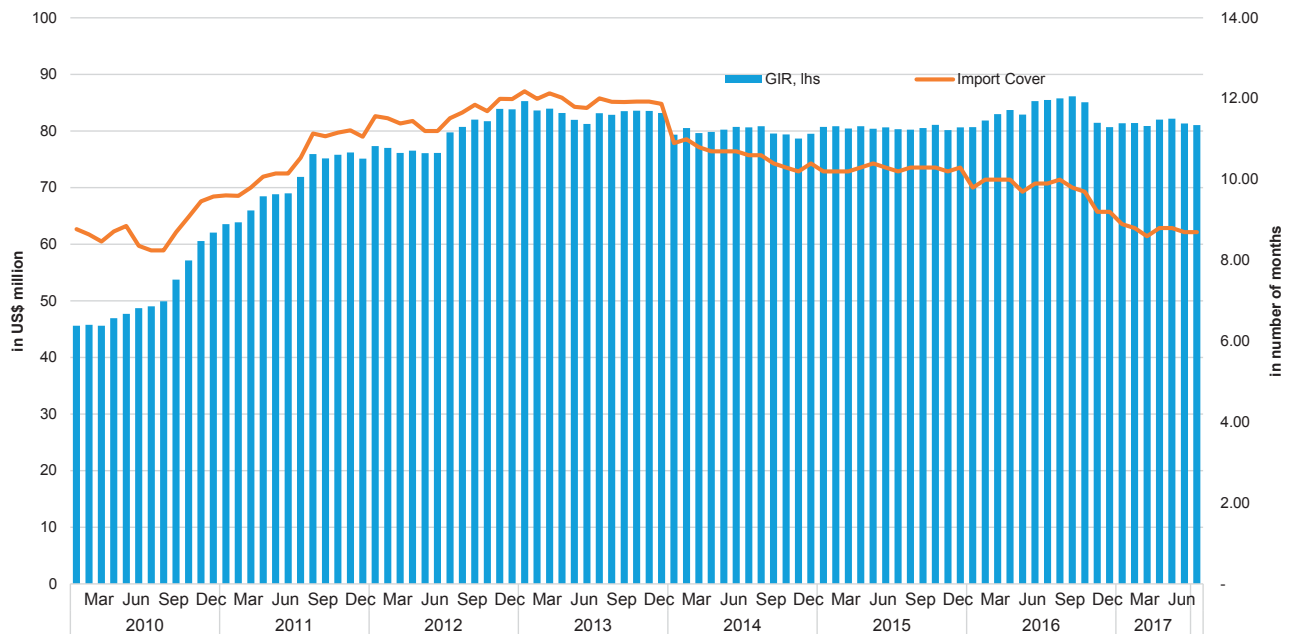
Figure 7. Domestic Inflation, 2006=100, 1995-2017f



Source: PSA, Consensus Feb 2016 forecasts; Core inflation excludes food and energy-related components of the CPI

Gross International Reserves (*GIR*) have increased impressively in recent years from sufficient for 3-4 months of imports to as long as eleven months. A high level is important to maintain investor confidence and guard against sudden capital flight, which could rapidly weaken the peso and cause higher inflation and investor uncertainty.

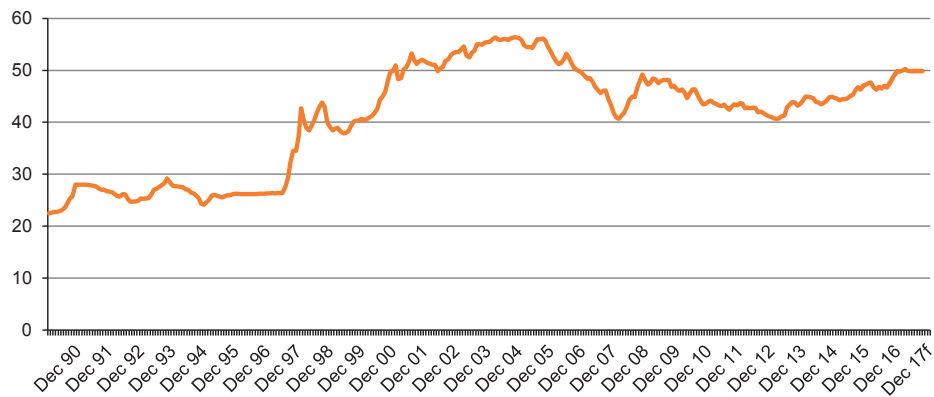
Figure 8. Philippine Gross International Reserves and Import Cover, Monthly, 2010-2017



Source: BSP; Import cover is the number of months of average imports of goods and payment of services and income that can be financed by reserves.

The peso/dollar exchange rate breached the Php 50=US\$ 1.00 in 2017, a level reached previously from 2000 to 2006. At the rate of Php 40=US\$ 1.00 in 2012 the peso was considered overvalued and its steady depreciation since has helped restore the currency to a better rate for exporters and inbound overseas remittances.

Figure 9. PhP / USD Exchange Rate, 1990-2017f



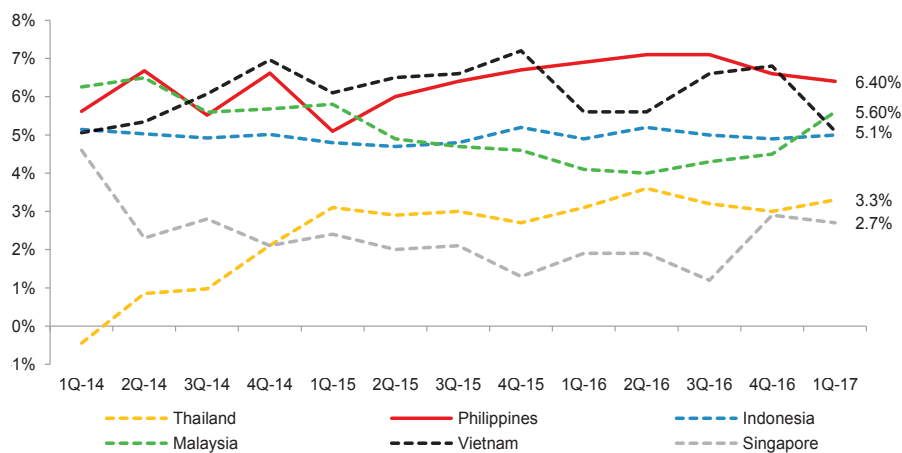
Source: BSP (monthly averages up to 2016); End-of-period consensus forecasts for 2017 as of Aug 2017

Probably the most impressive macroeconomic indicator is the annual GDP growth rate in recent years, which has moved in the 6-7% range and for several years has been one of the highest in Asia (see Figure 10). The growth rate is supported by remittances from the overseas diaspora of ten million Filipinos, the fast-growing BPM industry, rising domestic construction, manufacturing, and tourism sectors, and increased public spending. The proposed 2018 national budget of Php 3.8 trillion is more than double the budget of Php 1.7 trillion in 2010. The economic managers have targeted a growth rate of 7-8% during the Duterte Administration. This should be achievable with increased spending on infrastructure, reforms that support more exports of agricultural, manufactured goods, and minerals, and the steady growth of the BPM and tourism sectors.

President Rodrigo Duterte put forth in his first SONA last July 25, 2016 that his macroeconomic strategy is to continue the current (i.e. Aquino) macroeconomic policies of the Philippines and even improve them in hopes of sustaining and increasing the momentum of economic growth:

“...My administration will continue and maintain current macroeconomic policies, and even do better...through prudent fiscal and monetary policies that can help translate high growth into more and better job creation and poverty reduction. By the end of my term, I hope and pray to hand over an economy that is much stronger, characterized by solid growth, low and stable inflation, dollar reserves, and robust fiscal position.”⁷

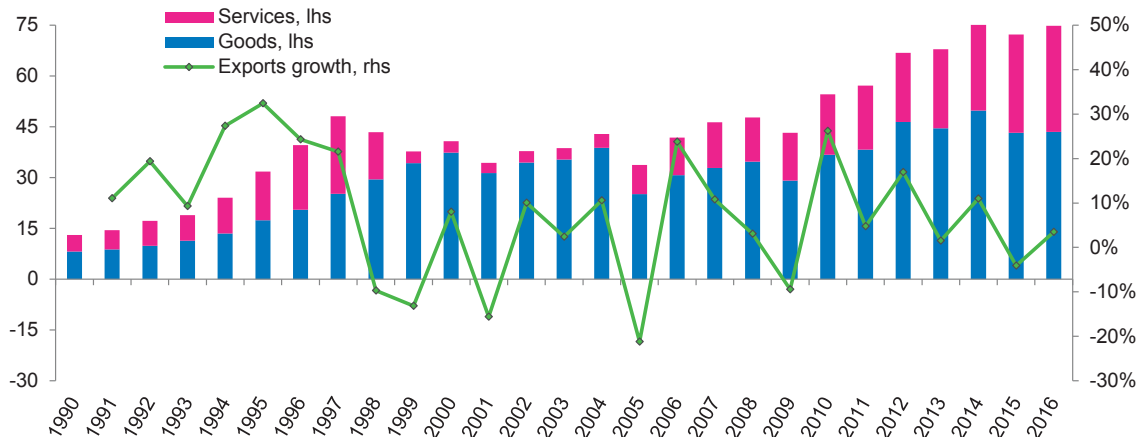
Figure 10. Real GDP YoY Growth Rates, Quarterly, ASEAN-6, 2014-2017



sources: BSP; Respective national statistics offices

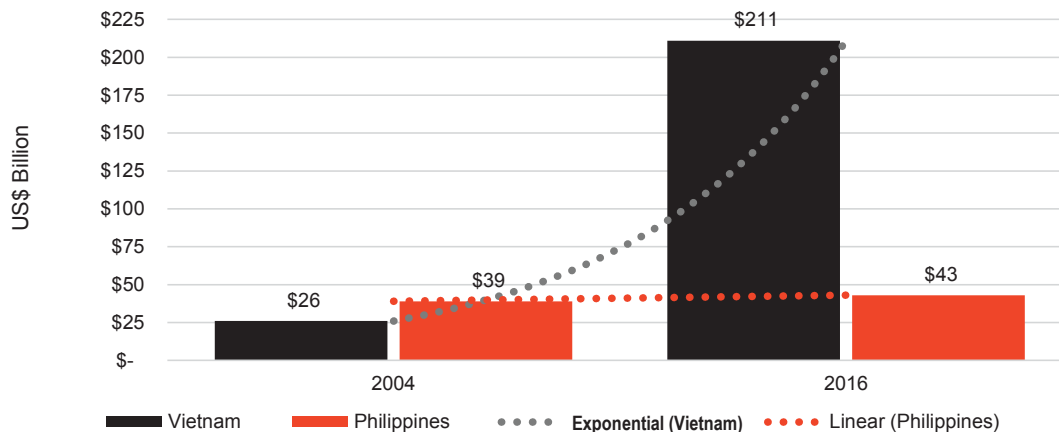
Total Philippine exports of goods have increased by only 10% from US\$ 39 billion in 2004 to US\$ 43 billion in 2016, while exports of services have increased eightfold from US\$ 4 billion in 2004 to US\$ 31 billion in 2016 (see Figure 11). During the same period, exports of goods of rival Vietnam zoomed nine-fold from US\$ 26 billion to US\$ 211 billion (see Figure 12). With its large labor force available for manufacturing, its significant mineral resources, and high agribusiness potential, the Philippines can achieve much higher volumes of exports of goods.

Figure 11. Total Philippine Exports, Bn US\$, 1990-2016



Source: BSP (BOP); 2015-2016 data - based on BPM6 concept

Figure 12. Export of Goods, Philippines and Vietnam, US\$ Bn 2004, 2016



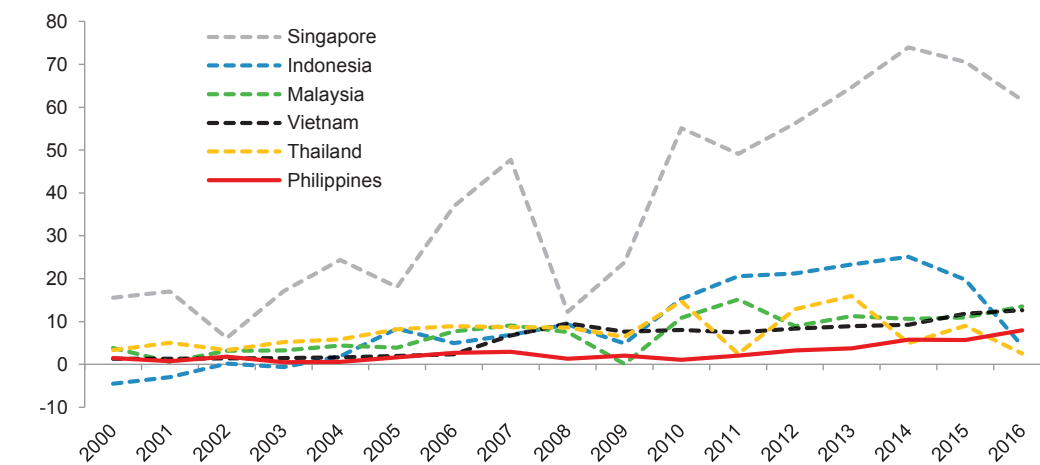
- **Recommendation 1:** Maintain improved macroeconomic policy management and better sovereign credit rankings. Seek to maintain relatively stable inflation and foreign exchange rates.
- **Recommendation 2:** The GPH should adopt policies to double the GDP growth rate to nine percent. This has to be supported by a clear long-term industry policy.
- **Recommendation 3:** Improve fiscal space to absorb the incoming initiatives towards higher investments in infrastructure, social services and innovation.
- **Recommendation 4:** Improve budget utilization for national government and address weaknesses in project design and preparation, procurement difficulties, and implementation of bottlenecks arising from the structural weaknesses and other constraints of line agencies.

● PDP 2017-2022
● Arangkada Publications

- **Recommendation 5:** Strengthen effectiveness of financial inclusion initiatives by focusing on the efficient delivery of microfinance and micro-insurance products and services for Filipinos including those who live abroad.
- **Recommendation 6:** Exports of goods should grow by 15% a year to attain a total target of US\$ 100 billion should be set, with more diversified exports and new markets.

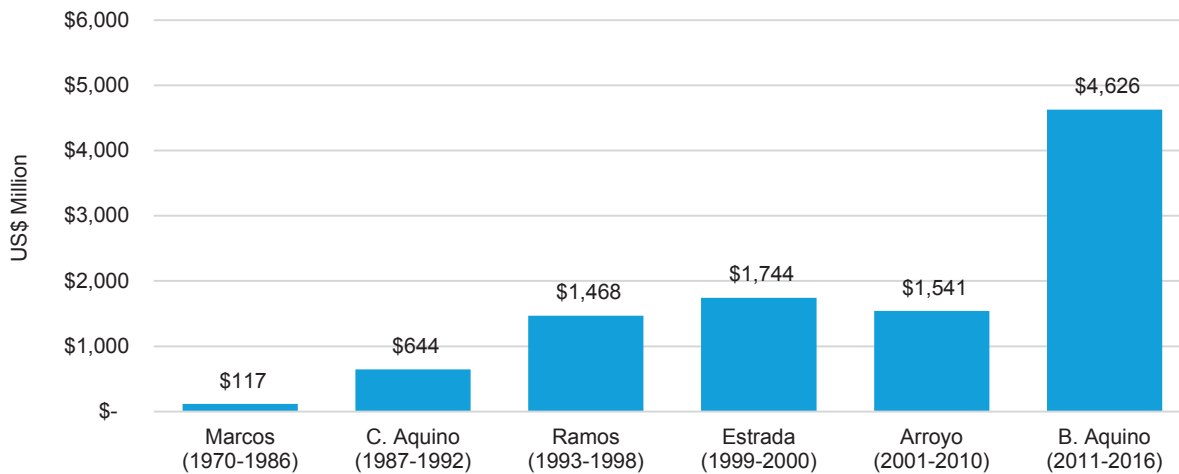
Since 2014, the Philippines has broken out of its past low level of FDI to move up 600% from 2010 to an average of over \$ 6.5 billion a year. Nevertheless, it still lags behind Indonesia, Malaysia, and Thailand.

Figure 13. Net FDI, Bn US\$, ASEAN-6, 2000-2016



Sources: UNCTAD, World Bank, BSP (2016)

Figure 14. Annual Average FDI per Administration, in US\$ Million, 1970-2016



Source: UNCTAD, BSP

The Philippines is a member of the Regional Comprehensive Economic Partnership (RCEP) involving 16 Asia Pacific nations including China and India (but not the United States). A traditional-style free trade agreement (FTA), the RCEP aims to increase regional trade and market access among its members. The Philippines and the European Union are negotiating a more advanced FTA. In November 2015, President Aquino stated an intention to apply to join the ambitious, comprehensive Trans-Pacific Partnership, which covered 40% of global GDP, from which President Trump withdrew the US. The remaining 11 members may go forward without the US. The Philippines may also prioritize a bilateral FTA with the US if the latter agrees.

- **Recommendation 7:** Pursue strategic trade partnerships and maximize opportunities in bilateral, regional and global integration.
- **Recommendation 8:** Intensify marketing and promotion of Philippine goods and services and increase market intelligence.
- **Recommendation 9A:** Minimize the cost of production and delivery of goods and services through reforms.
- **Recommendation 9B:** Improve quality of goods and services by adopting best practices and successful business models in production processes.
- **Recommendation 10:** Pursue the Budget Reform Bill in order to institutionalize good PFM practices which include: a) shift to cash-based budgeting from the current obligation basis; b) reducing the validity of appropriations to one year from the current two years, etc.⁸
- **Recommendation 11:** Institute reforms in real property valuation and assessment in the Philippines through the Real Property Valuation and Assessment Reform Act⁹
- **Recommendation 12:** Expand and improve the operations of the Banko Sentral ng Pilipinas through amendments of the BSP charter.
- **Recommendation 13:** Pursue the Amendments to the Anti-Money Laundering Act in order to expand its organizations and transactions coverage, including granting additional powers.¹⁰
- **Recommendation 14:** Amend the provisions of RA 1405 (Law on Secrecy of Bank Deposits) and RA 6426 (Foreign Currency Deposit Act)¹¹ to exempt government officials and employees, whether elected or appointed, from the coverage of the Bank Secrecy Law.¹²
- **Recommendation 15:** Establish a comprehensive legal framework on lending transactions involving personal property as collateral.
- **Recommendation 16:** Pursue legislative measures that will promote and support the sector will be supported including those proposing the streamlining of export and import procedures and reduction of import and licensing fees.

Concomitant with higher GDP growth and sound macroeconomic management, the country has received record high levels of foreign direct investment (FDI) in recent years, rising by 600% between 2010 (US\$ 1.1 billion) and 2016 (US\$ 7.9 billion) and averaging US\$ 6.4 billion for the three year 2014-2016 period (*see Figures 13 and 14*). From only 1 % of total ASEAN investment in 2010 the Philippines

8 House-Pending with the Committee on Appropriations; Senate- Pending in the Committee

9 House-Pending with the Committee on Government Reorganization; Senate- Pending in the Committee

10 RA10927 enacted on 07/14/2017

11 House-Pending with the Committee on Banks and Financial Intermediaries;
Senate- Not filed

12 House-Pending with the committee on Banks and Financial Intermediaries;
Senate-Pending in Committee

received 8% of the total in 2016. Nevertheless, competing regional economies Malaysia (US\$ 13.5 billion) and Vietnam (US\$ 12.6 billion) received more in 2016, setting a target for the Philippines to reach in the years ahead. However, Thailand, impacted by political instability, floods, and labor shortages, which has long been a foreign investment favored destination, faltered in 2016 with only US\$ 2.6 billion.

- **Recommendation 17:** Reduce corruption in public sector revenue collection and expenditure through more transparency, e-governance, and competitive bidding and enforcement at all levels of government.
- **Recommendation 18:** Maintain predictability and stability. Once policies are well established through debate and implementation, maintaining them in a predictable and stable fashion creates a more positive climate for investors, who prefer that unpredictable risks are minimized.
- **Recommendation 19:** Take advantage of new trading opportunities under the various new Asian regional free trade agreements. Negotiate new free trade agreements with Europe and the US.
- **Recommendation 20:** Implement the Customs Modernization and Tariff Act (CMTA) and ratify the Trade Facilitation Agreement ¹³
- **Recommendation 21:** Support utilization of the Generalized System of Preferences (GSP+)

B. Tax Reform (Point 2)

Point 2: Institute progressive tax reform and more effective tax collection indexing taxes to inflation. A tax reform package will be submitted to Congress by September 2016. ¹⁴

One of the major reforms of the current administration is the Comprehensive Tax Reform Package known as Tax Reform for Acceleration and Inclusion (TRAIN). According to the Department of Finance:

"We are redesigning our tax system to be simpler, fairer, and more efficient for all, while also raising the resources needed to invest in our infrastructure and our people. Our goal is to correct our tax systems' problems to become simpler, fairer and more efficient. We will lessen the overall tax burden of the poor and the middle class." ("What is the Tax Reform Program?" Department of Finance website)

President Duterte mentioned in his first SONA that various reforms in the financial sector are one of the main initiatives of his administration for the benefit of all.

"...My administration will pursue tax reforms towards a simpler and more equitable and more efficient tax system that can foster investment and job creation. We will lower personal and corporate income tax rates and relax the Bank Secrecy Law...We shall continue to attract investments that will generate thousands of jobs each year — jobs that are suitable for the poor and less skilled members of the workforce."¹⁵

The last comprehensive tax reform in the Philippines was in 1997, when corporate and personal income taxes were revised, as were excise taxes on alcohol, cigarettes, and tobacco (ACT). Subsequently, RA 9337 in 2005 increased the VAT rate to 12% and expanded its coverage to petroleum and electricity. In 2012 RA 10351 reformed the ACT taxes, especially on cigarettes, and committed to use most of the additional revenue for public health programs. Efforts to pass the bill on rationalization of fiscal incentives have consistently failed due to unresolved differences between the lead departments.

13 House-Approved on 05/31/2017; Senate-Pending in the Committee

14 House-Approved on 05/31/2017; Senate-Pending in the Committee

15 SONA of President Rodrigo Duterte, July 25, 2016

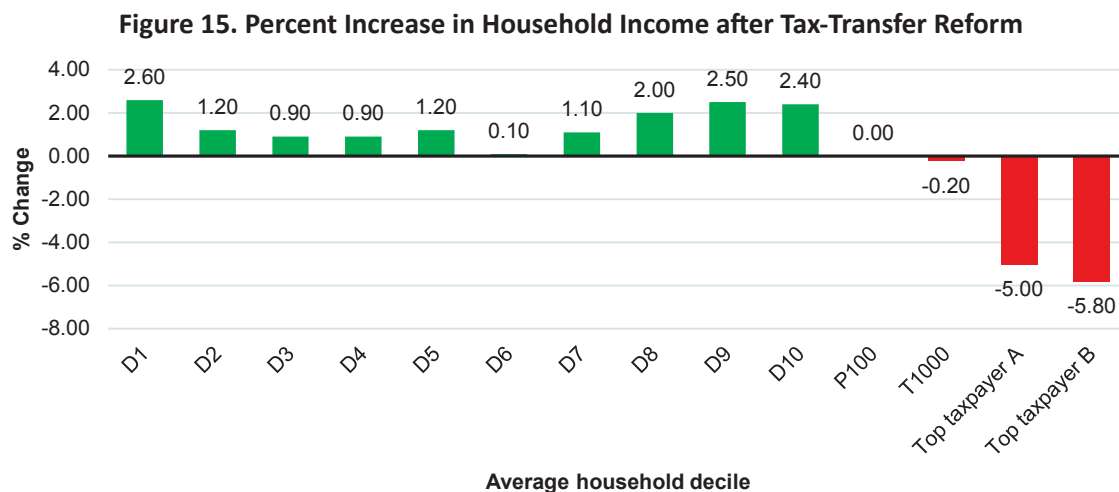
During the Aquino Administration, the DOF sent a proposed Comprehensive Tax Reform Package to the Office of the President, but it was not approved for submission to the 16th Congress. The two chairmen of the House and Senate Ways and Means Committees each made studies and proposals to correct the “bracket creep” on employees that resulted from there being no provision for inflation in the 1997 law.

The current comprehensive tax reform is expected to comprise five separate bills. The first bill passed the House May 31, 2017 on HB 5636. President Duterte made it one of his top legislative priorities in his second SONA, and Senate approval is targeted for September 2017, with implementation to commence on January 1, 2018.

The key elements of the first bill include lowering the personal income tax on employees and professionals; broadening the VAT base; raising excise taxes on gasoline, diesel, and automobiles; and reducing the estate and donor’s taxes, it also contains provisions for fuel marking, e-receipts, relaxation of bank secrecy for fraud cases, and other provisions. A separate bill imposing a tax on the volume of sugary beverages was added in the House to the administration proposal.

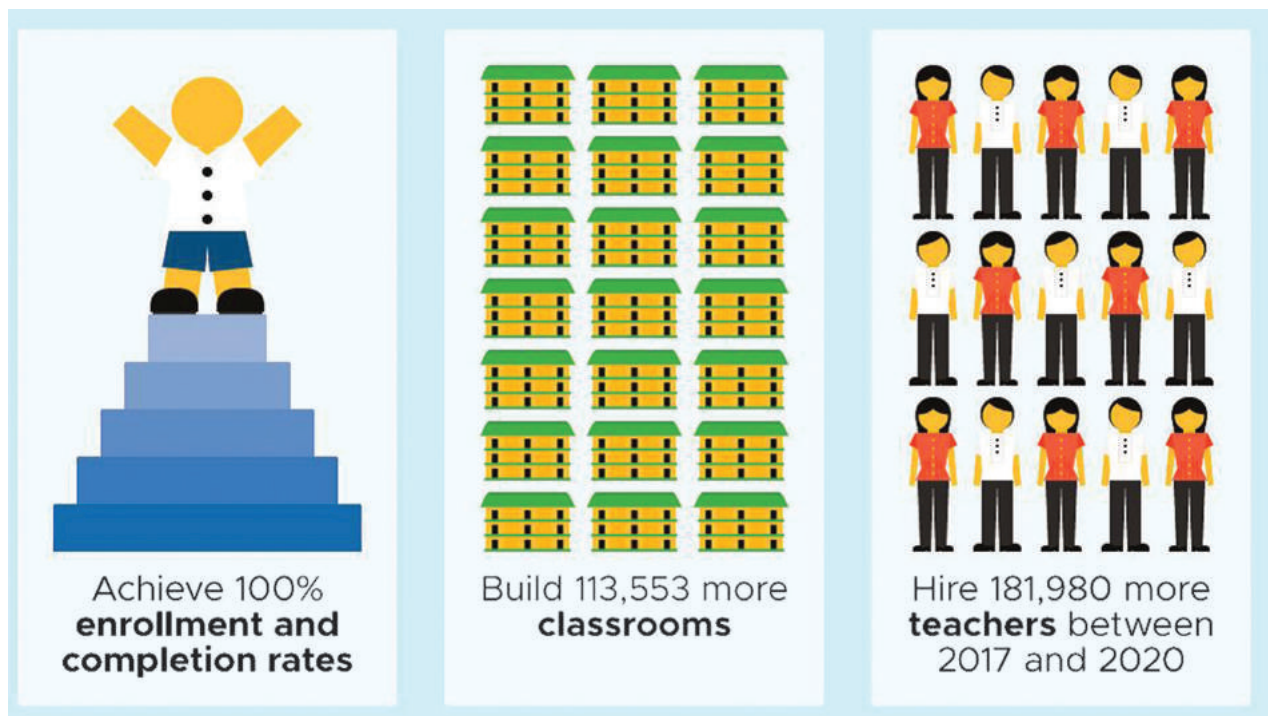
Subsequent bills for consideration in 2018 and later will reduce the corporate income tax, rationalize fiscal incentives, and amend other provisions of the Tax Code.

The DOF has illustrated how its tax reform program is progressive and will impact on different income levels (see Figure 15).

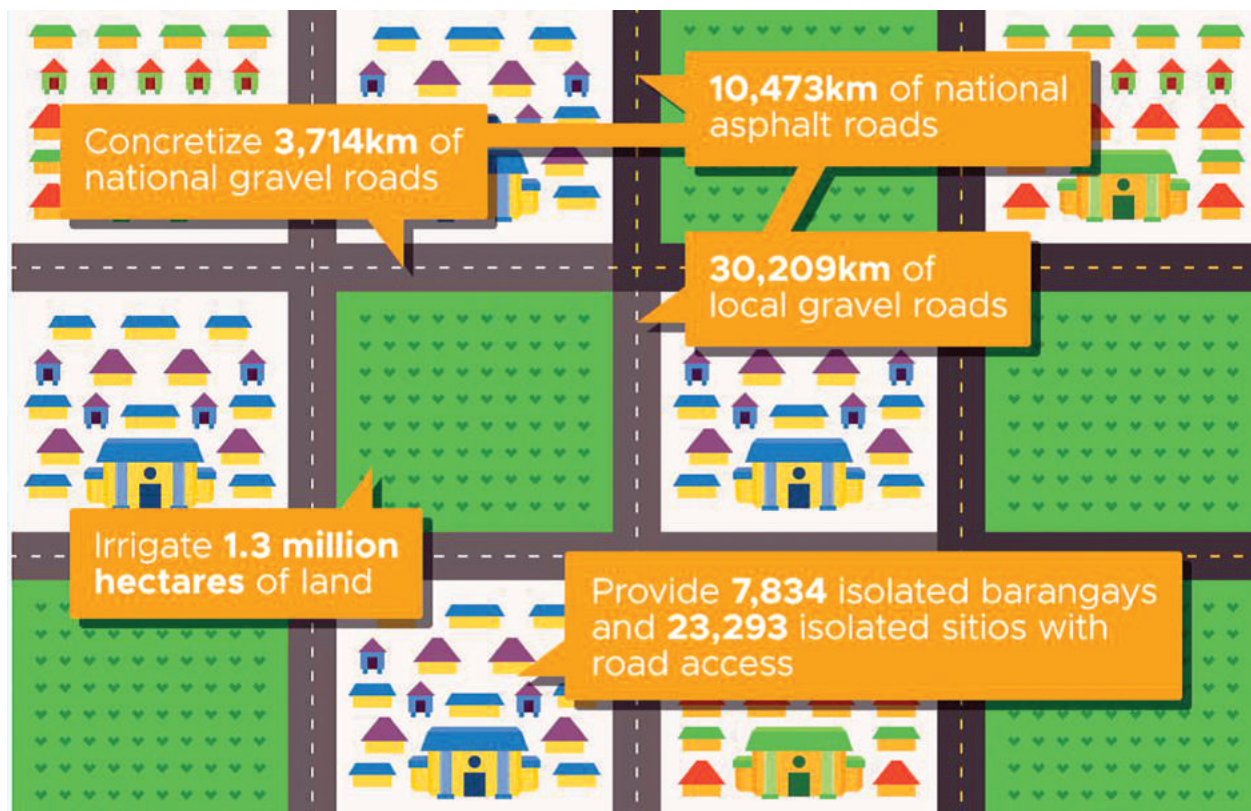


Source: PSA and DOF staff estimates

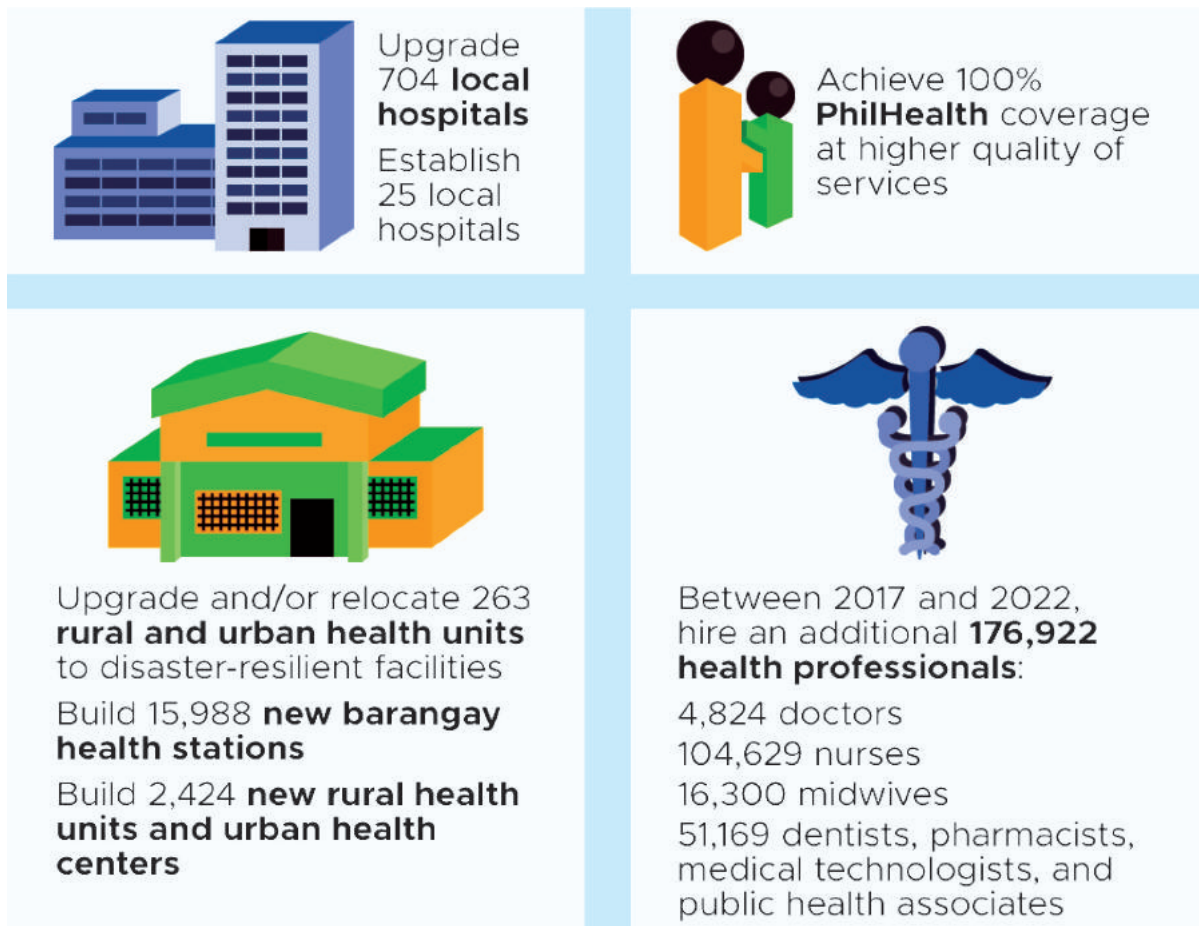
The Duterte Administration comprehensive tax reform is not intended to be revenue neutral but to raise at least Php 100 billion in its first year, funds that the government has stated it will spend on education, health, irrigation, and transportation. At the *Sulong Pilipinas* forum on August 9, 2017, DOF Secretary Dominguez presented two relevant slides on how the added funds will be spent (see illustrations in the succeeding pages).



Source: Department of Finance Secretary Carlos Dominguez as presented in the Sulong Forum, 2017.



Source: Department of Finance



Source: Department of Finance

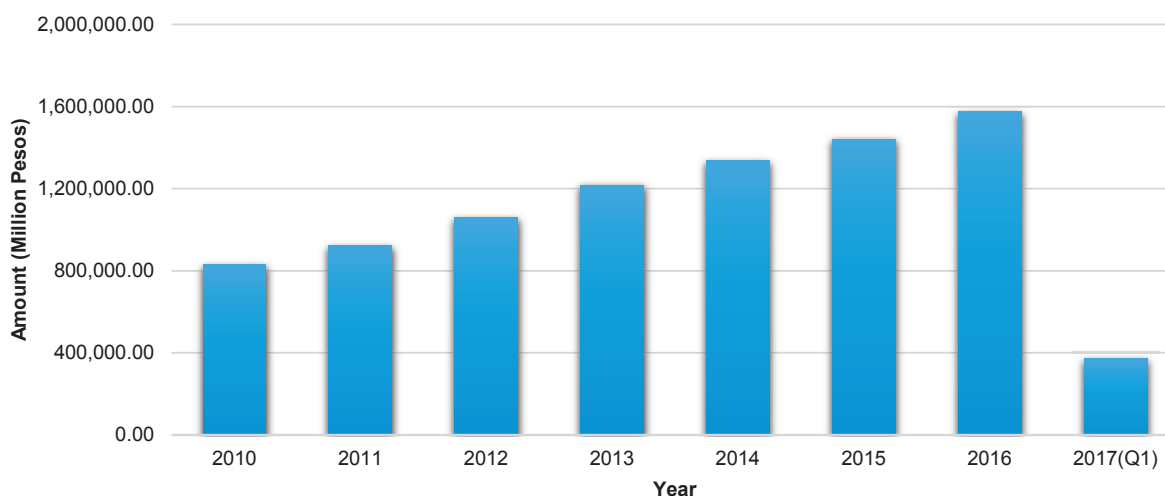
Some concerns have been expressed by members of the JFC over proposed provisions in the first TRAIN that could have negative effects on BPM, ROHQ, automotive, and beverage firms. Some of these concerns were ameliorated in the House version of the new law, while others may be resolved in the Senate and the bicameral reconciliation process.

JFC members support taxes that are: (1) more progressive than regressive, (2) that incentivize individuals and corporations to work hard to produce income, to save, and to invest, (3) that impose a significant burden of taxation on consumption, (4) support investment and job creation, (5) support needed physical and social infrastructure programs, and (6) are collected fairly, fully, efficiently, and without corruption.

The tax reform package is meant to provide a stable revenue stream to finance the government's agenda for inclusive growth such as initiatives towards spending on infrastructure, human capital, and social protection for the poor and other vulnerable sectors. The tax reform program is essential in fulfilling many of the initiatives in the 10-point socio-economic agenda.

According to data from the BIR, tax collection has been improving steadily over the past few years. As a percent of GDP, the revenue collection effort has improved from 12.1% in 2010 to 13.7% in 2016. (see Figure 16)

Figure 16. Total Tax Collection in the Philippines, 2010-2017 (Q1)



Source: Bureau of Internal Revenue

- **Recommendation 1:** Increase computerization of relevant data to enable BIR and BOC to better estimate taxpayer liabilities.
- **Recommendation 2:** Enable more e-transactions to reduce interaction between taxpayers and BIR personnel especially outside BIR offices.
- **Recommendation 3:** Redesign the tax system to be simpler, fairer, and more efficient for all while raising resources to invest in infrastructure through the Tax Reform Package of the DOF.
- **Recommendation 4:** Significantly reduce the time needed to pay taxes in the Philippines.
- **Recommendation 5:** BIR and BOC should improve the Run after Tax Evaders (RATE) and Run After Smugglers (RATS) programs by improving the poor rate of successful prosecution.
- **Recommendation 6:** All taxes due to the national government should be collected from all taxpayers; reduce losses from smuggling and tax evasion.
- **Recommendation 7:** Maintain a competitive fiscal incentives regime.
- **Recommendation 8:** Rationalize the granting of tax incentives since many of them are known to be unnecessary or redundant.
- **Recommendation 9:** There is a need to reduce corporate income tax to a level that makes the Philippines competitive in a field of countries competing for the same direct investment funds.

With the tax reform initiative of the DOF, the BIR should also step up its performance in order to efficiently implement the TRAIN. The info-graphic below illustrates a recent performance report of the BIR (see Figure 17. BIR Performance Report).

Figure 17. BIR Performance Report



Chapter 2: Increase Competition and the Ease of Doing Business (Point 3)

A. Increasing Competitiveness	17
B. Reducing Cost of Doing Business: Red Tape	22
C. Reduce Cost of Doing Business: Labor Issues	25
D. Competitiveness: Liberalization of Foreign Participation in the Economy	27
E. Reduce Cost of Doing Business: Judicial Issues and Corruption	29
F. Reducing Cost of Doing Business: Crime and Violence	31



Point 3: Increase competitiveness and the ease of doing business. This effort will draw upon successful models used to attract business to local cities (e.g. Davao) and pursue the relaxation of the constitutional restrictions on foreign ownership, except with regards land ownership, in order to attract foreign investment.

The WEF 2016-2017 rating of Problematic Factors in Doing Business in the Philippines (*see Figure 4 in Introduction*) placed Inefficient Government Bureaucracy as the highest concern of respondents, who singled out red tape as their most serious concern with a vote of 18.8%.

President Duterte spoke forcefully about this issue in his first State of the Nation Address (SONA) on July 25, 2016 when he said:

"I am addressing to all of the Cabinet members: Make use of the computer. I do not want to see people lining up under the heat of the sun...(or)...under the rain. Processing time in issuing permits and licenses shall be reduced to the barest minimum. In my city (Davao), it is always three days for local governments. That will bind the Office of the President down to the last barangay... Local government. Business permit, clearances, no follow-ups."

The National Competitiveness Council (NCC) has worked diligently in recent years to raise the country's rating in the Ease of Doing Business Survey of the World Bank. Its efforts have seen considerable success in the improvement of the overall ranking of the Philippines moving up to 99th of 190 countries in 2017 from 146th of 183 in 2010. Still, as Figure 5 shows, there is far to go in improving many of the factors that comprise the overall Ease of Doing Business ranking. The NCC continues to work with involved government agencies to reduce the burden of red tape on businesses, by reducing the number of permits required, encouraging national and local government units to maximize use of the internet, including for payments of taxes and fees, and implementing Project Repeal to review existing administrative orders and laws for consolidation, amendment, or removal/repeal. The new Department of Information and Communications Technology (DICT) is encouraging the public sector to use Philippine GovCloud and a new common database for documents required by the bureaucracy from private firms to reduce paperwork in filing for permits.

The Ease of Doing Business survey does not measure the ease of doing business in PEZA and special economic zones. PEZA zones, the former US military bases at Clark, John Hay, and Subic, have attracted several thousand locators employing more than 1.5 million Filipinos. The three former bases are also important tourist destinations. BCDA is developing a new city called Clark Green City at Clark, Pampanga, where several government agencies are expected to locate as part of the policy to decongest Metro Manila.

In many of the global rankings tracked by the NCC the Philippines has improved in recent years (*see Table 4*). The NCC is working to move the country's score upwards into the top third percentile in the world. Getting into the higher ranks becomes increasingly difficult because those ranks are occupied by the world's most competitive economies, which continually exert work to maintain and improve their competitiveness.

Table 4. Global Competitiveness Report Card (2010-2017)

Report	2017	2016	2015	2014	2013	2012	2011	2010	CHANGE 2010/11 to LATEST	SOURCE	Top 1/3
Doing Business Report	-	99/190	103/189	95/189	108/189	138/185	136/183	148/183	49	International Finance Corporation	63
Economic Freedom Index	58/180	70/178	76/178	89/178	97/177	107/179	115/179	-	57	Heritage Foundation	60
Corruption Perceptions Index	-	101/168	95/168	85/175	94/177	105/176	129/183	134/178	33	Transparency International	58
Global Competitiveness Report	-	57/138	47/140	52/144	59/148	65/144	75/142	85/139	28	World Economic Forum	47
Global Enabling Trade Index	-	-	n/a	64/138	n/a	72/132	n/a	*92/125	28	World Economic Forum	46
Travel and Tourism Report	79/136	n/a	74/141	n/a	82/140	n/a	n/a	94/139	15	World Economic Forum	46
Global Innovation Index	-	74/128	83/141	100/143	90/142	95/141	91/125	-	17	World Intellectual Property Organization	47
Global Information Technology Report	-	77/139	76/143	78/148	86/144	86/142	86/138	-	9	World Economic Forum	48
E-Government Index	-	71/193	-	95/193	-	88/191	-	78/184	7	United Nations	64
Fragile States Index	-	54/178	48/178	52/178	59/178	56/177	50/177	-	4	Fund for Peace	118
Global Gender Gap Report	-	7/144	7/145	9/142	5/136	8/135	8/135	9/142	2	World Economic Forum	47
World Competitiveness Yearbook	-	42/60	41/60	42/60	38/60	43/59	41/59	-	-1	International Institute for Management Development	20
Logistics Performance Index	-	71/160	n/a	57/160	n/a	52/155	n/a	44/155	-27	World Bank	53

Source: NCC

A. Increasing Competitiveness

Increasing competitiveness and allowing more ease in doing business is one of the top priorities of the Duterte Administration. According to Finance Secretary Carlos G. Dominguez III in an October 2016 speech on the 10-point socioeconomic agenda:

“Alongside reducing the poverty incidence by nine percentage points over the next six years, the new government has given top priority to sharpening the Philippines’s global competitiveness, precisely to improve the ease of doing business here and turn our country into a magnet for investments....”

Source documents contain numerous recommendations to increase the competitiveness of the Philippine economy as well as reducing red tape and unnecessary procedures that impede the ease of doing business in the Philippines.

- **Recommendation 1:** The Philippines should continue aggressive efforts to improve its rankings. The government and private sector should select areas of competitiveness (whether low- or medium-ranked) which are most important to investors and where the Philippines can move up the most and the fastest, and focus resources on improving these.
- **Recommendation 2:** The Philippines should equal or exceed Indonesia and Vietnam in the next few years and Thailand in the medium term in terms of rankings in major global competitiveness indices.
- **Recommendation 3:** Review potentially anti-competitive legislation and policies that may substantially prevent, restrict, or lessen competition.
- **Recommendation 4:** The government and private sector should continue to identify areas where the Philippines is weakest and plan effective strategies to improve rankings. The Philippines should maintain and improve those high-rated strengths it has in competitiveness ratings.
- **Recommendation 5:** FDI should be targeted to exceed US\$ 10 Bn. FDI should be measured in terms of job creation and exports (products and services) generated.
- **Recommendation 6:** Reduce the burden of government regulation of the private sector.
- **Recommendation 7:** Implement the comprehensive national industrial strategy aimed at upgrading industry.

- **Recommendation 8:** Improve the competitiveness of industry and services ensuring openness of services markets; promoting good regulatory practices and sound competition policy.
- **Recommendation 9:** Simplify the rules and regulations on business registration and licensing, entry and exit, paying taxes, and access to finance, including full implementation of the Philippine Business Registry and the Business Permit Licensing System, which will facilitate start-ups and help reduce transaction costs.
- **Recommendation 10:** Set up a National Quality Infrastructure system to integrate and coordinate standardization, metrology, testing analysis, quality management, certification, and accreditation.
- **Recommendation 11:** The government should push for the passage of a law on regulatory management system to establish a more competitive and coherent regulatory environment. A central body will be created to ensure that there is an evidence-based approach to formulating laws, rules, and regulations.
- **Recommendation 12:** Modernize government regulatory processes. This can be done by developing an overarching National Regulatory Architecture with the following components: (a) a comprehensive national regulatory policy; (b) an appropriate institutional infrastructure to manage regulations; (c) regulatory making and review process; (d) regulatory framework per priority industry; (e) a quality regulatory management system; (f) a public consultation process; (g) competency development programs for relevant government bodies; and (h) the Philippine Business Regulatory Information System.
- **Recommendation 13:** Institutionalize regulatory impact assessments within government to improve the quality of regulations through a rigorous, evidence-based process in identifying and assessing policy options (regulatory or otherwise) that will deliver the greatest net benefit.
- **Recommendation 14:** Focus attention on boosting services exports by moving up the global value chain of the IT-BPM industry and increasing the country's market share in international tourism, including health and education services; promoting creative industries that cover both tangible products and intangible services; and developing the potential of the Philippines in digital trade and e-commerce.
- **Recommendation 15:** Sustain existing transparency initiatives.
- **Recommendation 16:** Provide information and communications technology (ICT) infrastructure for internet accessibility. There should be free Wi-Fi access in all public places by implementing a law mandating Free Wi-Fi.
- **Recommendation 17:** Strictly implement anti-corruption laws and provisions under the Anti-Red Tape Act (ARTA).¹⁶
- **Recommendation 18:** Pass and implement the Unified National Identification System Act to harmonize ID systems and reduce red tape in collating of basic documents.¹⁷
- **Recommendation 19:** Amend the Corporation Code to address the bottlenecks in starting an enterprise, protect minority investors, improve visitorial powers of the Securities and Exchange Commission, penalize fraud, graft and corruption, and provide mechanisms to avoid protracted litigation.¹⁸

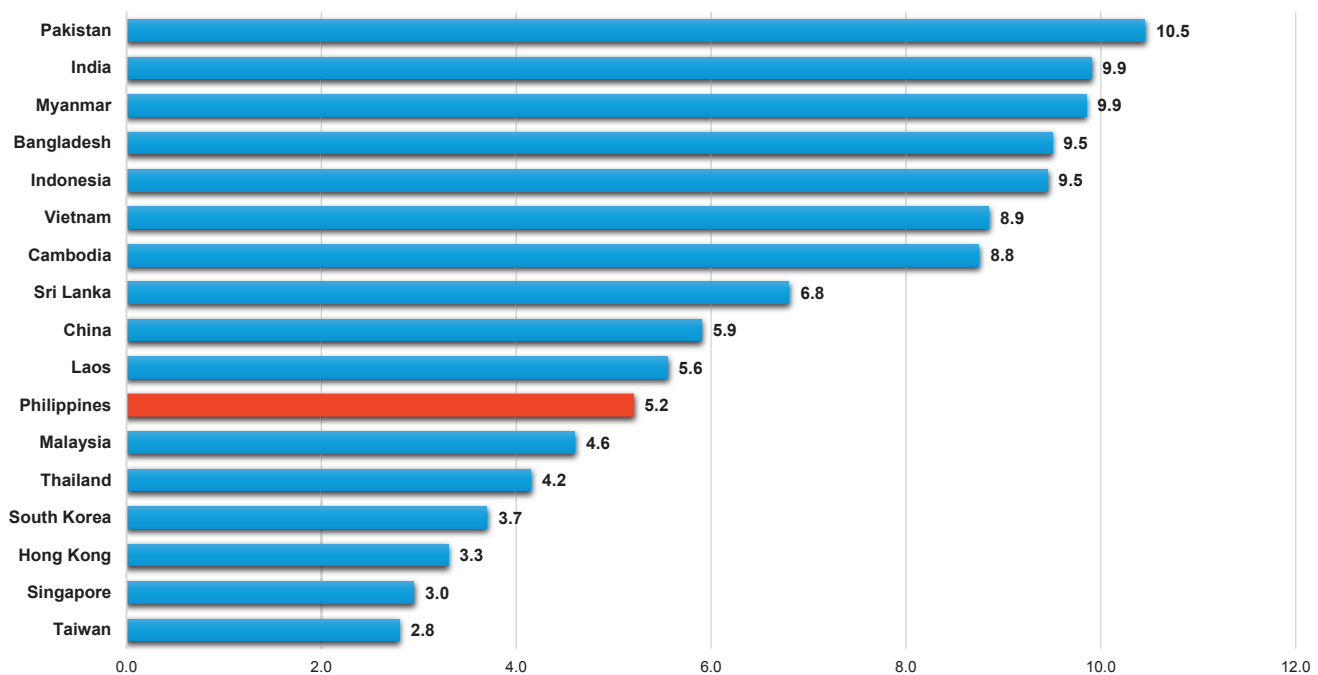
16 Senate: Approved on Third reading; House: in PWG of Committee on Trade

17 House: Approved by the Committee on Appropriations; Senate: pending in Committee on Justice and Human Rights and Committee on Finance

18 House: Pending with the Committee on Trade and Industry; Senate: Pending Second Reading

- **Recommendation 20:** Pass the Freedom of Information Bill.¹⁹
- **Recommendation 21:** Pass an Act Rightsizing the National Government to Improve Public Service Delivery.²⁰
- **Recommendation 22:** Pass the Civil Service Code to address deeply-rooted problems besetting the public service (such as graft and corruption, red tape, violations of employee rights, and organizational ineffectiveness).²¹
- **Recommendation 23:** Amend RA 6713 “Code of Conduct and Ethical Standards for Public Officials and Employees” to promote shared public values in civil servants.²²
- **Recommendation 24:** Create a national culture of Filipino competitiveness. Improving cost competitiveness should be an important public sector priority because of its close relationship to employment creation.
- **Recommendation 25:** Reduce the number of non-working holidays (NWHs) some possible-NWHs from among the five for heroes - should be changed to working holidays to improve national competitiveness.

Figure 18. Average Wage Increase Rates (%), Select Asian Countries, 2015-2017



Source: JETRO

Note: A study by *Arangkada* for these same countries for 2013-2014 showed the Philippine % increase also was 5.2%.

- 19 House: Pending with the Committee on Public Information; Senate: Pending Second Reading
- 20 Note: H. B. No. 5707 the Rightsizing the National Government Act has been passed on third reading by the House. President Duterte also included it among his priorities in his July 2017 SONA.
- 21 House: Pending with the Committee on Civil Service and Professional Regulation since 2017-05-03
Senate: Pending in the Committee
- 22 House: Pending with the Committee on Civil Service and Professional Regulation; Senate: Pending in the Committee

Table 5. Number of Holidays, Select Countries, 2017

Country	Number of Holidays	Rank
UNITED STATES	9	1
SINGAPORE	12	2
MALAYSIA	14	3
VIETNAM	15	4
SOUTH KOREA	16	5
INDONESIA	16	5
JAPAN	17	7
TAIWAN	18	8
THAILAND	18	8
CHINA	18	8
PHILIPPINES	24	11
CAMBODIA	40	12

- **Recommendation 26:** The president should hold regular LEDAC meetings of executive and congressional leaders.
- **Recommendation 27:** Prioritize bills that improve competitiveness, increase investment and revenue, and create jobs, in order to accelerate economic growth.
- **Recommendation 28:** Pass legislation rapidly especially for business and economic reforms. Prioritize “low hanging fruit” legislation.
- **Recommendation 29:** Pass more investment climate reform bills in 17th Congress (*see Table 6*).
- **Recommendation 30:** Use executive orders to introduce reforms quickly. Follow-up as needed with laws to make reforms permanent.
- **Recommendation 31:** Seek to make the Foreign Investment Negative list (FINL) more positive; level the playing field for foreign investors. Review all restrictions in the FINL to determine which continue in the national interest and recommend revoking those that are not.
- **Recommendation 32:** Seek to reduce and remove discrimination against foreign firms in Philippine government procurement laws, regulations, and practices, bringing them into conformity with international best practice.
- **Recommendation 33:** The Philippines should become an observer and eventually a member of the WTO Agreement on Procurement.
- **Recommendation 34:** Develop a comprehensive Philippine Legal Code and Code of Regulations to create an inventory of laws and regulations accessible on the Internet.
- **Recommendation 35:** Identify best competitive advantages versus other countries in ASEAN and rally both government and private sector to drive growth and competitiveness

Table 6. Legislative Business and Economic Reform Measures, 17th Congress

BILL	CLA	JFC-PBG	PLA	PDP
1 Agricultural Free Patent Reform Act		X		
2 Agricultural Tariffication Act amendments	X	X		X
3 Apprenticeship Program Reform		X		X
4 Balik Scientist Act amendments	X	X		X
5 Bank Secrecy Law amendments		X	X	X
6 Budget Reform Act	X	X		X
7 Build-Operate-Transfer Law amendments	X	X		X
8 CAAP Law amendments		X		
9 Civil Service Code amendments				X
10 Coconut Levy Fund Utilization	X	X		
11 Codifying of the Philippine Criminal Laws		X		X
12 Commission on Audit Charter amendments		X		X
13 Commonwealth Act 138 (Flag Law) amendment		X		X
14 Comprehensive Agreement on the Bangsamoro Enabling Law			X	X
15 Comprehensive Tax Reform Program	X	X		X
16 Construction/Procurement by Foreign Firms amendments		X		
17 Corporation Code Amendments		X		X
18 Criminology Profession Regulation Act amendments		X		
19 Cybercrime Prevention Act amendments	X	X		
20 Declaring Energy Projects as Projects of National Significance		X		X
21 Department of Housing and Urban Development		X		X
22 Dual Training System Act of 1994 amendments		X		X
23 Ease of Doing Business Act/Fast Business Permit Act	X	X		X
24 Energy Efficiency Act		X		X
25 Extractive Industry Transparency Initiative		X		X
26 Foreign equity restriction amendments in the Constitution		X		X
27 Foreign Investment Act amendments		X		
28 Forest Limits Delineation	X	X		X
29 Freedom of Information		X	X	X
30 Government Procurement Reform Act amendments	X	X		
31 Holiday Rationalization Act		X		
32 Immigration Act amendments		X		X
33 Land Administration Reform Act	X	X		X
34 LGU Share in National Wealth Taxes, Direct Remittance		X		
35 Maritime Transport Independent Regulatory Body				X
36 National Disaster Risk Reduction and Management Authority		X	X	
37 National Land Use Act	X	X		X
38 National Quality Infrastructure		X	X	
39 National Transport Act, to Address Transport Traffic Crisis	X	X		
40 National Transportation Safety Agency		X		X
41 New Central Bank Act amendments		X	X	X
42 NIA Charter Free Irrigation Act amendments	X	X		
43 NTC Reorganization		X		
44 Ombudsman Expansion of Powers		X		X
45 Omnibus Investments Code amendments		X	X	
46 Open Access Policy (Telecommunications)		X		X
47 Payments Systems Act		X	X	X
48 Philippine Airports Authority		X		
49 Philippine Crop Insurance Corporation Act or RA 8175 amendments		X		X
50 Philippine Innovation Act		X		
51 Philippine National Police Reorganization and Modernization Act		X		X
52 Philippine Qualifications Framework	X	X		X
53 Philippine Space Agency Act		X		X
54 Public Service Act amendments	X	X		X
55 Radiology Profession Regulation Act		X		
56 Railway Independent Regulatory Board				X
57 Real Property Valuation and Assessment Reform Act		X		X
58 Regulatory Management System Act				X
59 Retail Trade Act Amendments		X		X
60 Rightsizing of the National Government	X	X		X

BILL	CLA	JFC-PBG	PLA	PDP
61 Road Board Abolition		X		
62 Secured Transactions Act		X		X
63 Social Security Act Amendments	X			
64 Sustainable Forest Management Act		X	X	
65 Telecommunications Act Reforms		X		
66 Transport Safety and Security (Independent Body)				X
67 Unified National Identification System Act	X	X		X
68 Universal Health Care Act (Enhanced)	X	X		X
69 Water Sector Reform Act		X		X
70 Water Supply and Sanitation Regulator				X
71 Whistleblower Protection Strengthening		X		
72 Witness Protection Act Strengthening		X		

Legend:

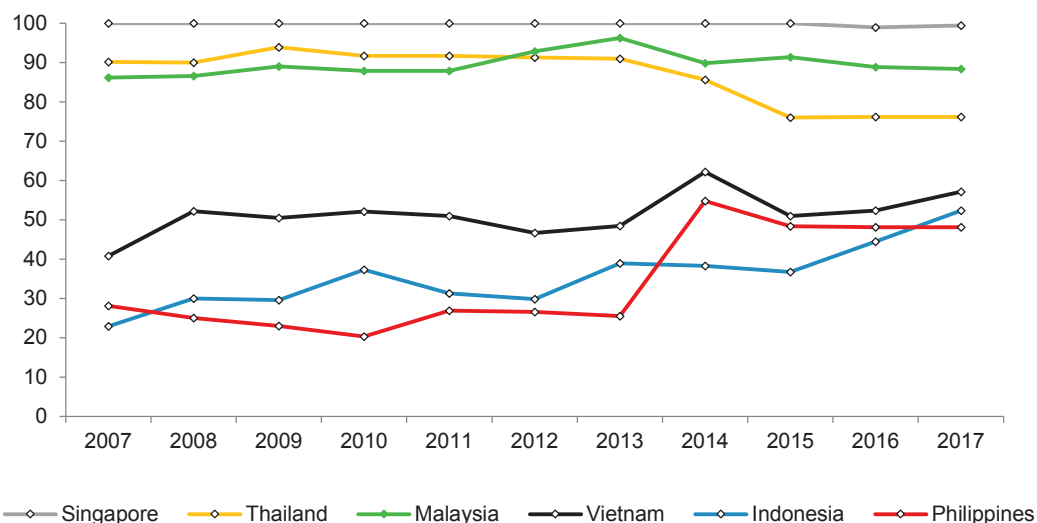
CLA - Common Legislative Agenda of Congress and President
JFC-PBG - Joint Foreign Chambers-Philippine Business Groups
PLA - President's Legislative Agenda

B. Reducing Cost of Doing Business: Red Tape

Competitive business costs in the Philippines are very important to both domestic and foreign investors, more so with globalization and in light of ASEAN integration. Leadership should make citizens more aware of the competitive environment in which the nation exists, calling for behavioral reforms that will enable the Philippines to become more competitive. Improving cost competitiveness should be an important public sector priority because of its close relationship to employment creation.

Although the ranking of the Philippines has improved in the past few years, the latest Ease of Doing business ranking shows that despite its improvements, the Philippines continues to be one of the lowest among the ASEAN-6 (see Figure 19).

Figure 19. Ease of Doing Business, Percentile Rankings, ASEAN-6, 2007-2017



Source: World Bank; rankings based on new methodology from 2014 onwards

In President Duterte's second SONA, he mentioned the need to prioritize streamlining of the services of government agencies and to make sure that people will receive quality services without the red tape:

"The people's patience is wearing thin, so is mine. I am reiterating my directive to all government agencies [with] frontline services to our people, from womb to tomb, to further streamline their respective services to make these truly efficient and people-friendly. We want to ensure that our people receive the quality services that they surely deserve minus the delays by the bureaucratic red tape. I expect speedy reforms along this line."

The reduction of red tape needs to be heavily improved. Reforms to attract foreign investors must not only focus on financial incentives and infrastructure but more importantly in curbing inconvenient business processes as well. The Philippines has the highest number of procedures in starting a business compared to the ASEAN-6 which is not a good sign as it affects competitiveness and discourages investors as well as businessmen. It takes at least 16 procedures to start a business in the Philippines.


The Asian Development Bank and the UN Economic and Social Commission for Asia and the Pacific (UNESCAP) reported that for 2017 reported that the region could reduce costs and save \$ 219 billion annually by improving trade facilitation especially by adopting paperless procedures. (Note: A 2016 study by an economic reform project identified over 7,000 import requirements by GPH bureaucracies.)

- **Recommendation 1:** Enhancing competition in services, especially telecommunications and power, should be prioritized.²³
- **Recommendation 2:** Automation and streamlining of business permitting and licensing systems and reducing bottlenecks in land titling to ease and improve the cost of doing business and eliminate windows of corruption.
- **Recommendation 3:** Pass and implement the Expanded Anti-Red Tape Act of 2017.²⁴
- **Recommendation 4:** Increase the provision of government services through e-governance.
- **Recommendation 5:** Implement the BOC's National Single Window Program interconnecting over 40 government agencies involved in licenses, clearances, and permits for import/export processing of all major ports in the country.
- **Recommendation 6:** Implement the ASEAN Single Window to facilitate movement of trade-related documentation among the ASEAN-6 economies.
- **Recommendation 7:** Continue the implementation of Project Repeal, an initiative by the National Competitiveness Council (NCC).

23 The Apprenticeship Bill is currently filed in both houses and included in the legislative agenda of the Philippine Development Plan of NEDA.

24 The Expanded Anti-Red Tape Act of 2017 has been passed on second reading at the Senate and is undergoing deliberations at the House of Representatives on the committee level.

Box 1. Project Repeal




PROJECT REPEAL:

Philippine Red-Tape Challenge

WHY REPEAL?

- Consumers and Businesses are saddled by too much regulation
- Regulation happens at Executive, Legislative, Local Government levels
- Laws date back to Commonwealth period and includes PDs from Martial Law era Multiple layers of laws, rules, regulations
- Are they all necessary or relevant ?




PROJECT REPEAL

Launched last March 2016, the Project Repeal, initiated by the National Competitiveness Council, is a government-wide regulatory reform initiative which aims to repeal outdated rules and reduce the cost of doing business. The mission is to review irrelevant, burdensome, and unnecessary laws/issuances imposed on businesses and citizens that affect the country's global competitiveness ranking and investment climate.

INCREASED PARTICIPATION FROM NATIONAL GOVERNMENT AGENCIES AND ACADEME

From an initial eight government agencies that participated in the initiative since the 1st Repeal Day in June 2016, it has expanded to a total of 86 government line and attached agencies.

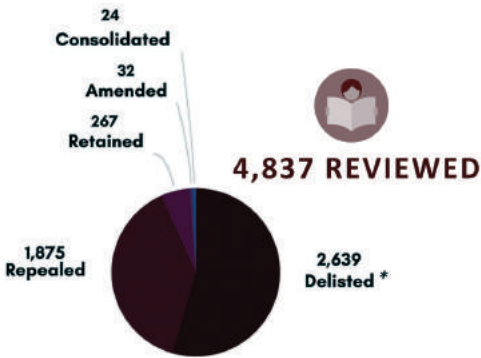


8 Initial Participating Agencies

86 Current Participating Agencies

STATUS OF REVIEW

Since it was launched, an aggregate of 4,837 policy issuances has already been reviewed.



4,837 REVIEWED

1,875 Repealed

267 Retained

32 Amended

24 Consolidated

2,639 Delisted*


*Removal of invalid rules and regulations from a government website and roster of active issuances.

ENGAGING THE ACADEME

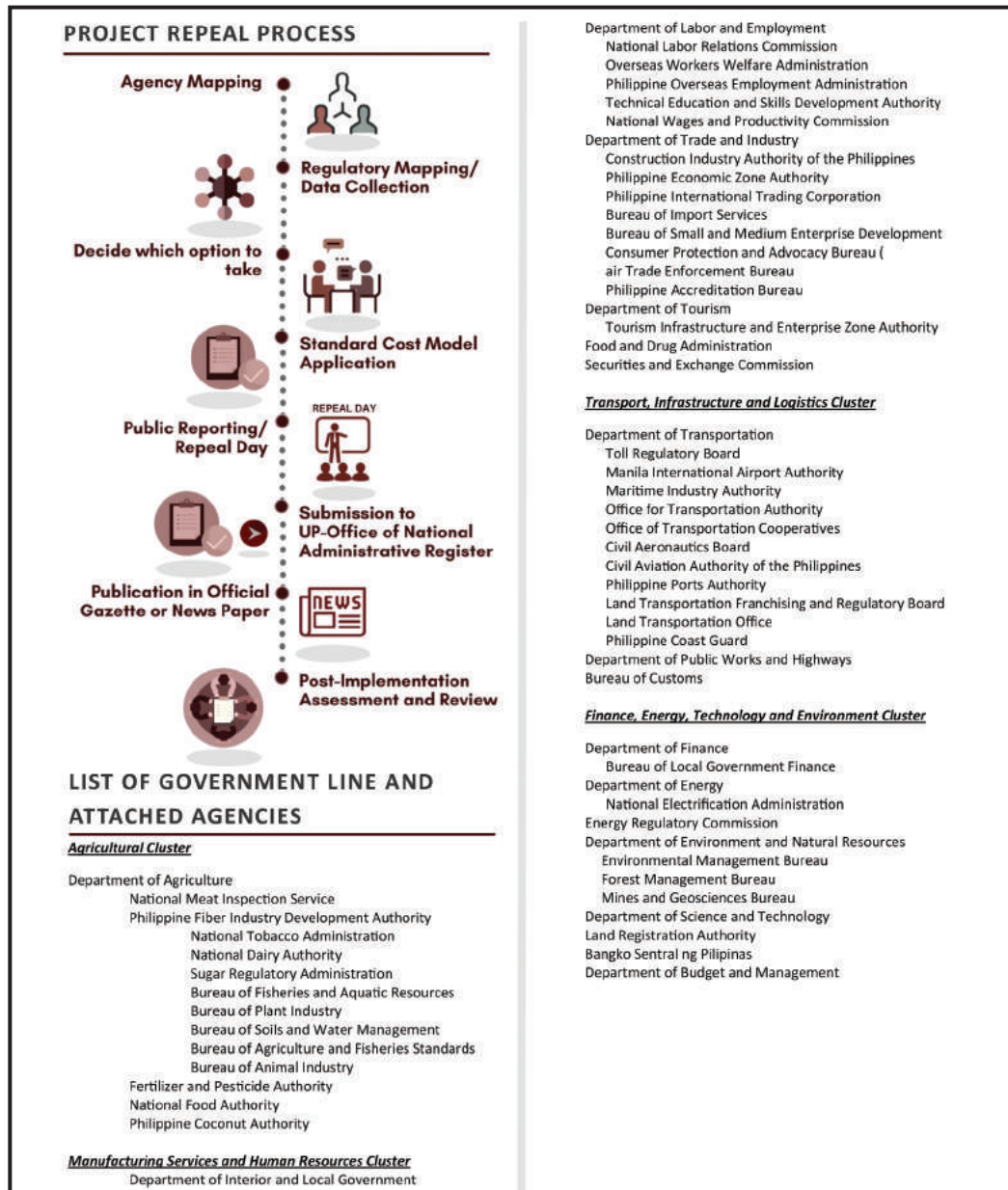
Project Repeal has collaborated with the Commission on Higher Education (CHED) and signed a Memorandum of Agreement (MoA) last 15 June 2017 to engage faculty members from **Jose Rizal University (JRU)** who will provide technical support through policy research.

Moreover, a MoA will also be inked between the NCC, DTI, and the **University of the Philippines Law Center-Office of National Administrative Register (UP Law Center-ONAR)**. All repealed, amended, and consolidated regulations will be filed with ONAR to complete the repeal process.

August 2017



Box 1. Continued...



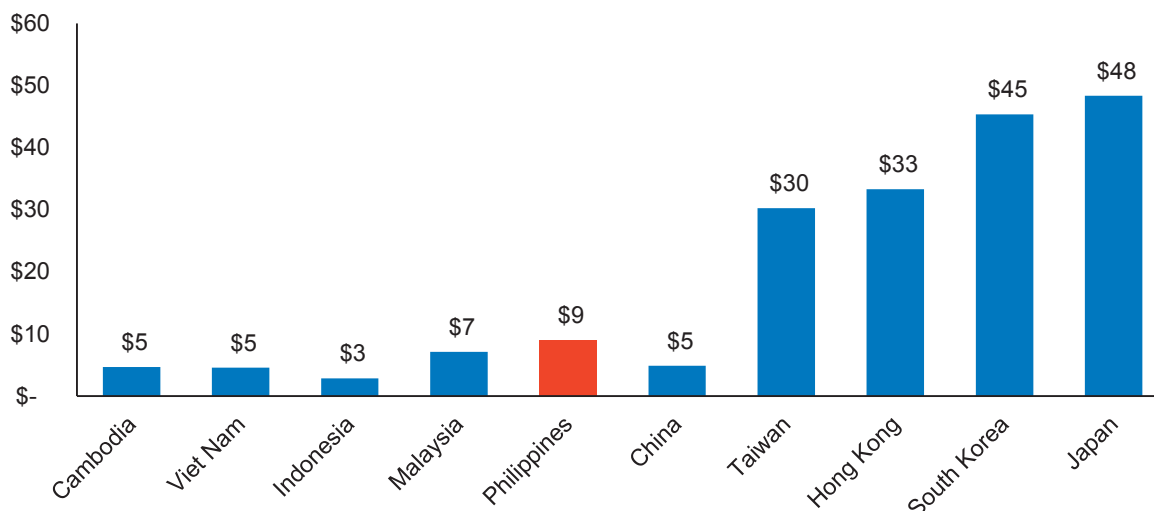
C. Reduce Cost of Doing Business: Labor Issues

The Philippine economy does not create sufficient high quality jobs for its growing young population. Disruptive technologies are a new challenge to the economy even when more high quality jobs are created. As the economy does not create enough jobs, many go abroad while others remain unemployed. Without the overseas market, unemployment and underemployment rates would be staggeringly high. Restrictive labor regulations were identified by 5.6% of respondents as a problematic factor for doing business in the WEF survey (see Figure 4).

In recent years, minimum wage in the Philippines has remained low and is increasing at a rate that keeps it competitive with several regional economies and makes it more competitive with other economies whose wages are rising faster. Given that the Philippines has a young population and relatively

lower wages, this may serve as a tool to attract foreign investors to go to the Philippines. However, other ASEAN countries also have low wages hence there needs to be more effort in developing the labor force and the regulatory measures that surround it.

Figure 20. Daily Minimum Wages, Select Asian Countries, US\$, June 2017



Source: DOLE-NWPC

- **Recommendation 1:** Modernize the 43-year old Labor Code to end the disadvantage it has created for the Philippines with regional competitors. Areas for possible amendment include: making it easier to dismiss employees for sound business reasons and poor performance, non-diminution clause of wages and benefits, and maintaining competitive rules on labor contracting.
- **Recommendation 2:** Job creation by the private sector should receive extremely high priority to reduce unemployment and underemployment and to give Filipinos more alternatives to working abroad.
- **Recommendation 3:** Pass a law to rationalize holidays to approach the ASEAN average of 15 paid days.
- **Recommendation 4:** Reduce the burden of high holiday payroll expenses by reducing the number of non-working holidays.
- **Recommendation 5:** Make wage increases consistent with inflation and productivity.
- **Recommendation 6:** Maintain minimum wage competitiveness to be more regionally competitive (see Figure 18).
- **Recommendation 7:** Enact the Apprenticeship law amendments.²⁵
- **Recommendation 8:** Create millions of new jobs, many of higher quality, through increased investment. Give Filipinos better choices of working at home rather than overseas.
- **Recommendation 9:** Maintain the low level of labor disruption of business operations through good communications and cooperation between labor and management.
- **Recommendation 10:** Improve ease of doing business through the convergence of different agencies, including Local Government Units (LGUs).

25 This bill is in second reading in the Senate. The House Committee has not scheduled hearings.

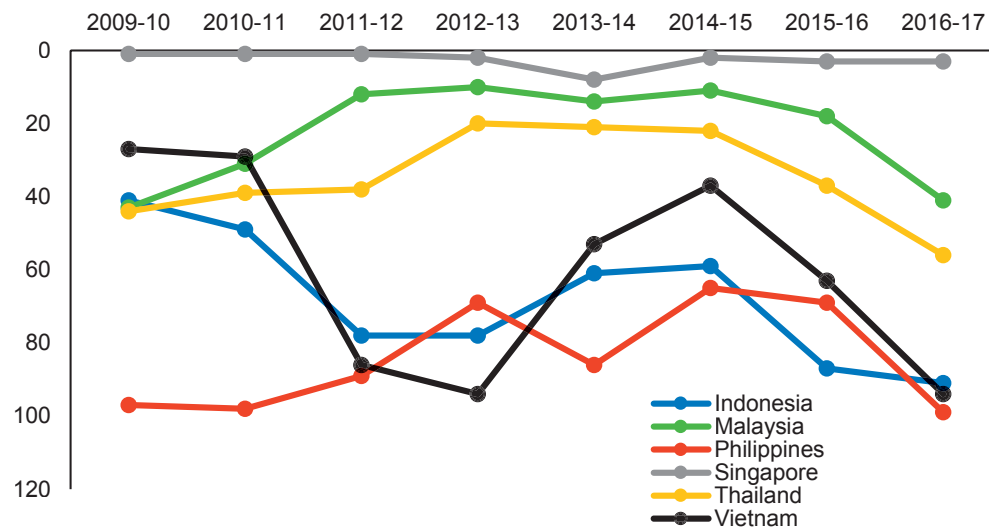
D. Competitiveness: Liberalization of Foreign Participation in the Economy

The freer movement of goods, services, capital, people, technology, and information are results of rapid globalization during recent decades in which the Philippines has participated. The Philippine Senate approved joining the WTO in 1995. Under the ASEAN Free Trade Area (AFTA), goods from ASEAN countries have been able to enter the Philippines at zero tariff since 2010, with the exception of rice, which is limited under a quota system. Imports from other countries (Australia, China, India, Japan, Korea, and New Zealand) enter at rates below WTO MFN in accordance with additional FTAs between those countries and ASEAN or the Philippines. Most Philippine exports enter those countries at similar low or zero rates, as well as at zero duty to the US and the EU under the WTO Generalized System of Preferences (GSP).

While the Philippine economy has long welcomed foreign investment for export of goods and services, it has restricted foreign ownership of domestic businesses. A major reform in 1991 (RA 8179) liberalized such investment and required all constitutional, legal, and administrative restrictions to be included in a Foreign Investment Negative List (FINL) published every two years. Most domestic enterprises previously limited to 40% foreign equity were opened to 100% as a result of this law.

The 10th FINL was issued in May 2015. Only two major reforms have been made to the FINL in nearly two decades: (1) allowing foreign investment in retail trade above a US\$ 2.5 million minimum capital and (2) allowing up to 100% foreign equity in the PAGCOR Entertainment City. In the banking, insurance, and financial sectors, reforms to the banking, rural banking, and other relevant laws have opened these activities to more foreign participation. Despite these reforms, the restrictions in the Constitution and remaining laws combined are considered more restrictive than other economies in the region. The Philippines continued to have the lowest score among the ASEAN-6 on the business impact of rules on FDI in the most recent WEF ranking (*see Figure 21*).

Figure 21. Business Impact of Rules of FDI, Rank, ASEAN-6, 2009-17



Source: WEF; Total number of countries evaluated:
133 (2009), 139 (2010), 143 (2011), 144 (2012), 148 (2013), 144 (2014), 140 (2015), 138 (2016)

Prominent business advocacy organizations such as the Management Association of the Philippines (MAP), and the Foundation for Economic Freedom (FEF) have recommended removing the constitutional restrictions on foreign equity.

MAP believes the restrictions hamper economic growth:

*"If there is an inherent flaw in the 1987 Philippine Constitution, it is in the integration of economic policies into its provisions. While a Constitution embodies the fundamental law of the land and lays down principles and general guidelines, economic policy must be more specific, changeable, and consist of programs that cater to the changing needs and challenges of market fluctuations."*²⁶

FEF elaborates on the need for foreign investors in the Philippine market to expand choices and improve quality of services:

*"It is the firm belief of the Foundation that opening up the economy to foreign investors and allowing more freedom in investments and flow of factors of production will lead to more economic activity that will benefit all. Moreover, entry of foreign investments in strategic industries that are highly technical and require high capitalization is a win-win scenario. Foreign investments are expected to provide competition and break monopolies of existing market giants and increase consumer welfare through better service delivery and more choices."*²⁷

- **Recommendation 1:** Enhance market competition through improving ease of doing business. The passage of the Ease of Doing Business Act will sustain the intention of Project Repeal to review existing policies, statutes, and regulations, and eventually repeal unnecessary issuances.
- **Recommendation 2:** Amend the Public Service Act (PSA) by defining public utilities.
- **Recommendation 3:** Allow new players in the telecommunications industry.
- **Recommendation 4:** Relax restrictive foreign ownership provisions of the Constitution to attract more FDI.
- **Recommendation 5:** Support efforts to remove foreign equity restrictions from the Philippine Constitution. To achieve a level playing field, consider zero or minimal successor restrictions, after their removal.
- **Recommendation 6:** Pass the Retail Trade Act amendments to allow foreign investment in domestic retail enterprises on the same basis as other domestic enterprises in RA 8179.²⁸
- **Recommendation 7:** Remove legal restrictions of foreign firms participating in government construction and procurement contracts.
- **Recommendation 8:** Remove other restrictions on foreign investment in domestic enterprises, such as security agencies, manning agencies, spas, manufacturing of fireworks, and the like.
- **Recommendation 9:** Pass a law to make explicit that foreign ownership of land in horizontal condominiums, industrial estates, tourism estates, retirement villages, and similar real estate arrangements is allowed.
- **Recommendation 10:** Open the practice of professions now closed by law to foreign nationals (criminology and x-ray technology) and remove reciprocity provisions on others.
- **Recommendation 11:** Amend the Retail Trade Liberalization Act to align guidelines for foreign investments with the Foreign Investment Act and lower capital requirements for foreign enterprises.

26 Quoted from a position paper of MAP

27 Quoted from FEF's 2014 press release

28 House: Pending with the Committee on Trade and Industry; Senate: Not filed

E. Reduce Cost of Doing Business: Judicial Issues and Corruption

In building a competitive business environment, judicial and anti-corruption policies are very important to attract and to keep investors. Reforms in the administration of justice are ongoing, but their implementation should be continuously intensified.

Some of the problematic factors in the WEF competitiveness ranking pertained to the judicial and security problems that afflict the Philippines. According to the WEF ratings (*see Figure 4*) investors also identified corruption (16.9%), policy instability (7%), and crime and theft (3%). The Supreme Court and the judicial system it administers face major challenges such as case backlog, using modern technology, obtaining more funding. These are factors which investors very much consider before they invest in a particular country and comprises of what makes a country competitive.

Clogged courts have long been an issue in the Philippine judiciary system. It often takes numerous years to have a case decided and, as new cases come every year, caseloads have piled up. Major reforms have been introduced under the leadership of Chief Justice Maria Lourdes Sereno, including computerization of decisions, court records and continuous trials.

**Table 7. Transparency International Corruption Perceptions Index,
Selected East and South Asian Countries, 2005-2016**

2010			2012			2014			2016		
Rank	Country	CPI Score	Rank	Country	CPI Score	Rank	Country	CPI Score	Rank	Country	CPI Score
1	Singapore	9.3	5	Singapore	87	7	Singapore	84	7	Singapore	84
13	Hong Kong	8.4	14	Hong Kong	77	15	Japan	76	15	Hong Kong	77
17	Japan	7.8	17	Japan	74	17	Hong Kong	74	20	Japan	72
33	Taiwan	5.8	37	Taiwan	61	35	Taiwan	61	31	Taiwan	61
39	South Korea	5.4	45	South Korea	56	43	South Korea	55	52	South Korea	53
56	Malaysia	4.4	54	Malaysia	49	50	Malaysia	52	55	Malaysia	49
78	China	3.5	80	China	39	85	India	38	79	India	40
78	Thailand	3.5	88	Thailand	37	85	Philippines	38	79	China	40
87	India	3.3	94	India	36	85	Thailand	38	90	Indonesia	37
110	Indonesia	2.8	105	Philippines	34	100	China	36	101	Thailand	35
116	Vietnam	2.7	118	Indonesia	32	107	Indonesia	34	101	Philippines	35
134	Bangladesh	2.4	123	Vietnam	31	119	Vietnam	31	113	Vietnam	33
134	Philippines	2.4	139	Pakistan	27	126	Pakistan	29	116	Pakistan	32
143	Pakistan	2.3	144	Bangladesh	26	145	Bangladesh	25	145	Bangladesh	26

Source: Transparency International; Number of countries: 2001=91; 2005=158; 2010=178; 2012=176; 2014=175; 2016=176

Corruption has long been a major concern for doing business in the country. Only in recent years has it moved down from first to third place in the WEF assessment to be slightly below red tape and poor infrastructure. In the Transparency International annual Corruption Perception Index the Philippines improved from 134th in 2010 to 101st in 2016, yet is still ranked in the bottom 50%, along with Indonesia, Thailand, and Vietnam.

- **Recommendation 1:** Continue to increase judicial salaries and hire more judges, encouraging new judges to reduce the case backlog more. Steadily raise the budget for the judicial branch.
- **Recommendation 2:** Make greater use of alternative dispute resolution and arbitration to resolve civil disputes outside of courts, which should reduce the backlog of cases and hasten justice.
- **Recommendation 3:** Reduce the caseload of the Supreme Court by limiting acceptance of cases largely to cases involving national issues.
- **Recommendation 4:** The Ombudsman should improve its capability to investigate and prosecute allegations of corruption against public officials. The Sandiganbayan should reduce its backlog of cases and increase its conviction rate.

- **Recommendation 5:** Pass amendments to the Ombudsman Act to Strengthen the Ombudsman as an Institution, Upgrading of Ombudsman Employee Skills, Augmenting Compensation and Benefits, and Enhancing Fiscal Autonomy.²⁹
- **Recommendation 6:** The government must demonstrate through consistent example that it has the political will to greatly reduce corruption. Investigating, bringing charges against, and successfully prosecuting government officials and private sector persons and corporations guilty of not paying proper taxes, bribery, and other major corrupt acts must be sustained.
- **Recommendation 7:** Public officials, and private persons found guilty of major corrupt activities should, after a fair trial, be punished with heavy sentences, including imprisonment and seizure of assets.
- **Recommendation 8:** The Ombudsman must be impartial and willing to investigate thoroughly all major allegations of official corruption.
- **Recommendation 9:** Strengthen the anti-corruption legal framework by passing: a) anti-Graft and Corrupt Practices Act amendments³⁰ b) Witness Protection Act³¹ and c) Whistleblowers Protection Act.³²
- **Recommendation 10:** Pass laws to exempt BIR and BOC employees from the Salary Standardization Act.³³
- **Recommendation 11:** Appropriate resources should be provided to the justice sector actors to support the fair administration of justice.
- **Recommendation 12:** Institutionalize the Justice Sector Coordinating Council. A national body to monitor and facilitate coordination between and among justice sector agencies and other stakeholders will be institutionalized.
- **Recommendation 13:** Strengthen economic justice. Establish and enhance special courts who will designate special courts to address specific cases and pursue contract enforcement. For instance, infrastructure courts, commercial courts, cybercrime courts and environmental courts.
- **Recommendation 14:** Streamline rules on the disposition of land cases. The Supreme Court should study the need to designate special courts on land dispute settlement.
- **Recommendation 15:** Reduce of aging of criminal, civil, administrative and commercial cases from filing to judgment.
- **Recommendation 16:** Streamline investigation and prosecutorial processes.
- **Recommendation 17:** Raise scientific investigation capabilities, and strengthening witness and whistleblower protection.
- **Recommendation 18:** Enhance and expand the continuous trial system.
- **Recommendation 19:** Roll out automated systems in court hearings nationwide.
- **Recommendation 20:** Enhance and expand night courts.
- **Recommendation 21:** Enhance and expand eSubpoena and eWarrant systems.
- **Recommendation 22:** Strengthen forfeiture and recovery of assets.

29 House: Pending with the Committee on Justice; Senate: Pending in the Committee

30 House: Pending with the Committee on Civil Service and Professional Regulation; Senate: Not filed

31 House: Pending with the Committee on Justice since 2016-12-07; Senate: Pending in the Committee

32 House: Pending with the Committee on Justice; Senate: Pending in the Committee

33 House: Pending with the Committee on Appropriations; Senate: Pending in the Committee

- **Recommendation 23:** Reinforce alternative ADR mechanisms so that courts can refer cases for ADR and help in the speedy disposition of cases.
- **Recommendation 24:** Information and communication technology (ICT) should be used sector-wide to help address fragmentation in the justice system and greatly enhance the information management of the whole justice sector.
- **Recommendation 25:** Mechanisms to utilize ICT infrastructure in the judicial process should be established.
- **Recommendation 26:** The Judiciary Case Management System should be used to address the twin problem of docket congestion and delay.

F. Reducing Cost of Doing Business: Crime and Violence

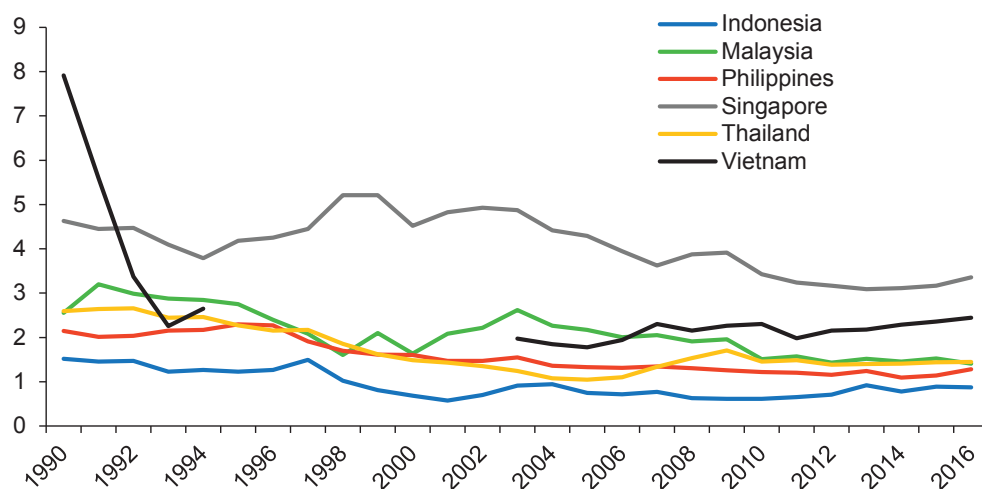
The Philippines ranks sixth among the ASEAN-6 economics in business costs of crime and violence, somewhat worse than Indonesia and Thailand (*see Figure 24*). Crime and murder rates in the country have long been higher than elsewhere in Asia. Small radical Islamic groups are active in Mindanao. The communist New People’s Army has 4,000 armed men, whose *raison d’être* has increasingly become imposing “revolutionary taxes” on businesses as a means of livelihood. The largest Muslim armed force of the MILF respects the long-standing ceasefire in Central Mindanao, while it awaits a political settlement including enactment of the Bangsamoro Basic Law (BBL).

Two radicalized Maranao brothers with 145 soldiers died, and of several hundred armed men revolted in May 2017 against the central government in Marawi, claiming affiliation with ISIS and causing over 250,000 residents to flee from 100 days of fighting. As a result of this rebellion, President Duterte declared martial law in Mindanao, which Congress extended until the end of 2017.

As promised during his campaign, President Duterte intensified anti-drug operations of the police, who have killed thousands of persons during their raids, equalled by extrajudicial murders by assassins. Extensive negative international publicity from both the Marawi fighting and the drug war has created the impression abroad of a more violent and less secure Philippines. Continued negative publicity is likely to weaken investment and tourism from some foreign markets.

Figures 22, 23 and 24 show the Philippines to be low ranked among ASEAN-6 in military spending, reliability of police services, and business costs of crime and violence.

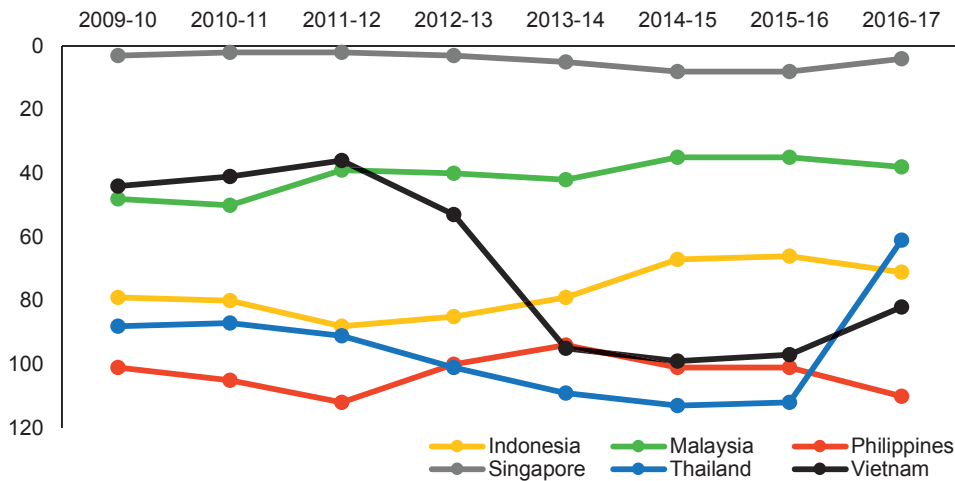
Figure 22. Military Spending, % of GDP, ASEAN-6, 1990-2016



Source: Stockholm International Peace Research Institute (SIPRI) and World Bank (GDP series)
Note: Gaps indicate absence of data

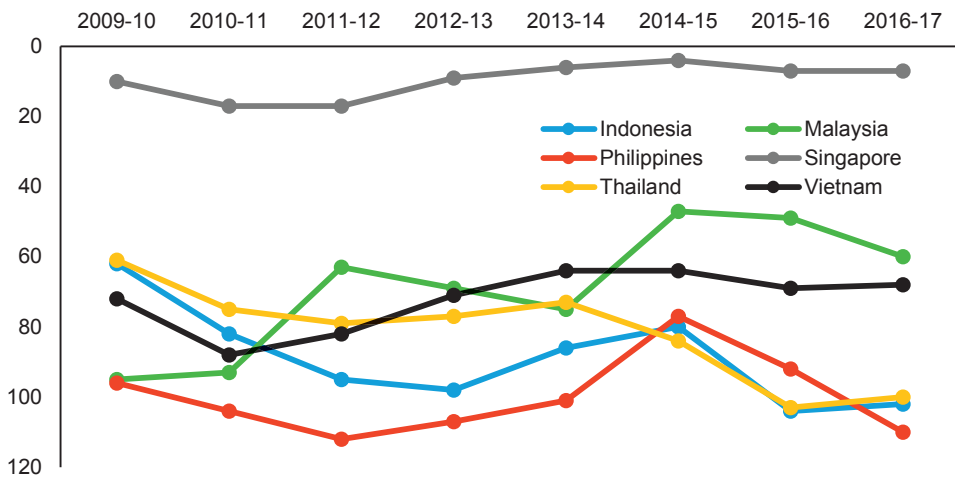
● PDP 2017-2022

Figure 23. Reliability of Police Services, Rank, ASEAN-6



Source: WEF; Total number of countries evaluated:
133 (2009), 139 (2010), 143 (2011), 144 (2012), 148 (2013), 144 (2014), 140 (2015), 138 (2016)

Figure 24. Business Costs of Crime and Violence, Rank, ASEAN-6



Source: WEF; Total number of countries evaluated:
133 (2009), 139 (2010), 143 (2011), 144 (2012), 148 (2013), 144 (2014), 140 (2015), 138 (2016)

- **Recommendation 1:** Pursue the meaningful implementation of the agreement with the MILF toward healing in the Bangsamoro.
- **Recommendation 2:** Complete the implementation of the remaining commitments under the GPH/MNLF Peace Agreements.
- **Recommendation 3:** Pursue the enabling law that will pave the way for the establishment of the Bangsamoro political entity.
- **Recommendation 4:** Pursue and sustain programs for the modernization and capability upgrade of the Armed Forces of the Philippines and the Philippine Coast Guard.
- **Recommendation 5:** Intensify law enforcement operations, including military support to fight criminality, trafficking, and terrorism.

- **Recommendation 6:** Launch a holistic program to combat criminality, illegal drugs, and corruption.
- **Recommendation 7:** Ensure that all law enforcement and military operations comply with the requirements set by the international human rights standards.
- **Recommendation 8:** To further improve its system capability in providing better police services for crime prevention, suppression, and investigation, the government must pursue the Passage of PNP Reorganization and Modernization Act.³⁴
- **Recommendation 9:** Pursue the Amendment of the Philippine Immigration Act to strengthen, among others, legal and institutional framework, capability on border control at ports of entry; and regulation and registration of foreign nationals within the country.³⁵
- **Recommendation 10:** Intensity and speed up the resolution of the conflict in Marawi.
- **Recommendation 11:** Codify all penal laws, update the Revised Penal Code provisions in the process.
- **Recommendation 12:** Enact the PNP Act.

34 House: Pending with the Committee on Justice

35 House: Pending with the Committee on Justice; Senate: Pending in the Committee

Chapter 3: Infrastructure Building (Point 4)

A. Spending Levels, Funding Sources, Procurement Policy	37
B. Airports	40
C. Maritime Ports	44
D. Power	45
E. Roads and Expressways	49
F. Intra- and inter-urban Railways and Bus Rapid Transit	54
G. Telecommunications	56
H. Water	59



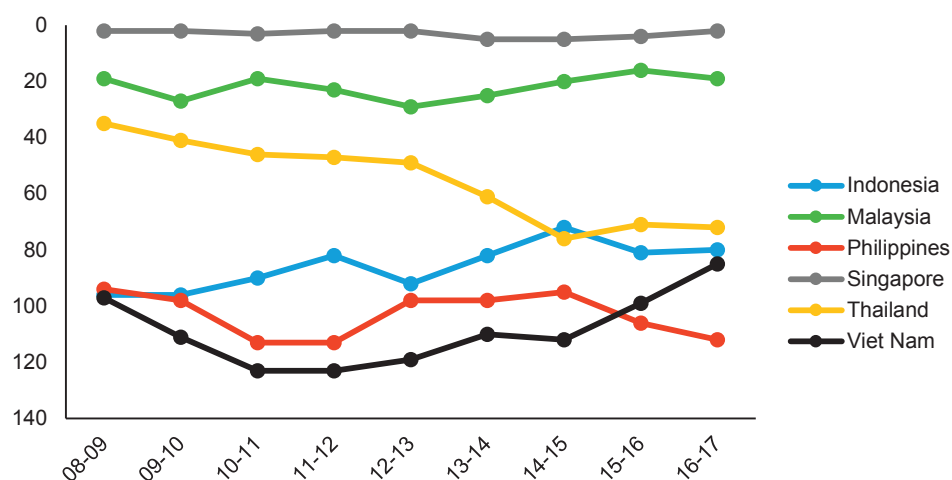
Point 4: Accelerate annual infrastructure spending to account for 5% of GDP; with Public-Private Partnerships playing a key role.

Infrastructure improvement is one of the top priorities of the Duterte Administration, as well as the second highest concern (17.8%) identified by the WEF for doing business in the Philippines (see Figure 4 in Chapter 1). Congested airports, roads, and seaports, expensive broadband and electricity, poor water supply and sanitation, underdeveloped public transportation characterize the Philippines, adding to the cost of doing business and constraining higher rates of GDP growth. Boldly, the Duterte Administration has embarked on its “Build, Build, Build” program to bring a “Golden Age of Infrastructure” to the country in order to accelerate economic growth and catch up with regional competitors. Speaking at the April 2017 “Dutertenomics” forum, DOF Secretary Dominguez reiterated the need for the Philippines to work towards prioritizing the improvement of infrastructure:

“In the decades when we neglected our infra while our neighbors rapidly built up theirs, we lost out on competitiveness. For an archipelagic country, poor infrastructure is debilitating... If we examine all the reasons why the Philippines fell behind the other economies of this dynamic region, it has much to do with poor infrastructure. It is here where we should begin rebuilding our competitiveness.”

Among the ASEAN-6, the Philippines ranks 6th in Overall Infrastructure Rank of the WEF. In 2008, the Philippines, Indonesia, and Vietnam were roughly equal. By 2016, the Philippines had declined, while Indonesia and Vietnam improved and are close to Thailand.

Figure 25. Overall Infrastructure Rankings, ASEAN-6, 2008-2017



Source: WEF Global Competitiveness Report (various years)

Table 8. Key Infrastructure Indicators, ASEAN-6

	Share of population with access to electricity, 2014	Quality of electricity supply score (out of 7), WEF 2016	Distribution losses as % of total net generation, 2014	Fixed telephone subscriptions per 100 inhabitants, 2015	Mobile phone subs per 100 inhabitants, 2014	Share of population with access to improved water sources, %, 2015	Share of population with access to improved sanitation, %, 2015	Road density - Population per km of road ² , 2013	Paved roads as % of total road network ² , 2013
Indonesia	97	4.2	9.4	8.75	132.3	87.4	60.8	494.6	57
Malaysia	100	5.8	5.8	14.65	143.9	98.2	96	143.1	78
Philippines	89	4	9	3.17	115.8	91.8	73.9	452.3	27
Singapore	100	6.8	2.0	35.88	146.5	100	100	1563.6	100
Thailand	100	5.1	6.1	7.88	152.7	97.8	93	291.1	83
Vietnam	99	4.4	9.2	6.32	130.6	97.6	78	424.2	66

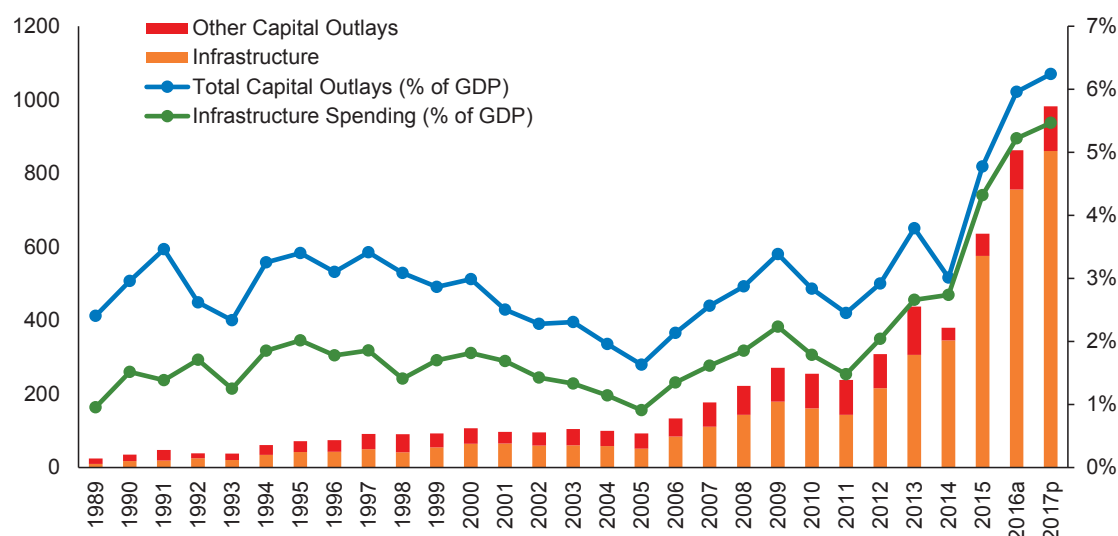
Sources: US EIA, ITU, WHO-UNICEF JMP, ASEAN-Japan Transport Partnership, ASEAN Secretariat, World Bank & author's calculations

2 - This refers to the entire road network

A. Spending Levels, Funding Sources, Procurement Policy

The Philippine Government has for many years underspent on public infrastructure.³⁶ As shown in Figure 26, which covers the last five presidential terms, public sector spending on infrastructure rarely exceeded 2% of GDP but exceeded 3% in 2015 and 4% in 2016.³⁷

Figure 26. National Infrastructure Spending and Other Capital Outlays, Php Bn, 1989-2017p



Sources: DBM obligation basis data and authors calculations; Note: 2016 & 2017 are based on adjusted and proposed expenditure programs; other capital outlays include capital transfers to LGUs (20% of IRA allocation for development projects), special shares to LGUs and other capital outlay items not classified elsewhere but net of corp equity

Point 3 targets attaining levels of 5% of GDP spending on infrastructure. Figure 27 of the Department of Budget and Management (DBM) shows past and targeted levels during the current administration, which exceed 5% per year in 2017, 6% per year in 2018-2021, and 7% in 2022³⁸. DBM Secretary

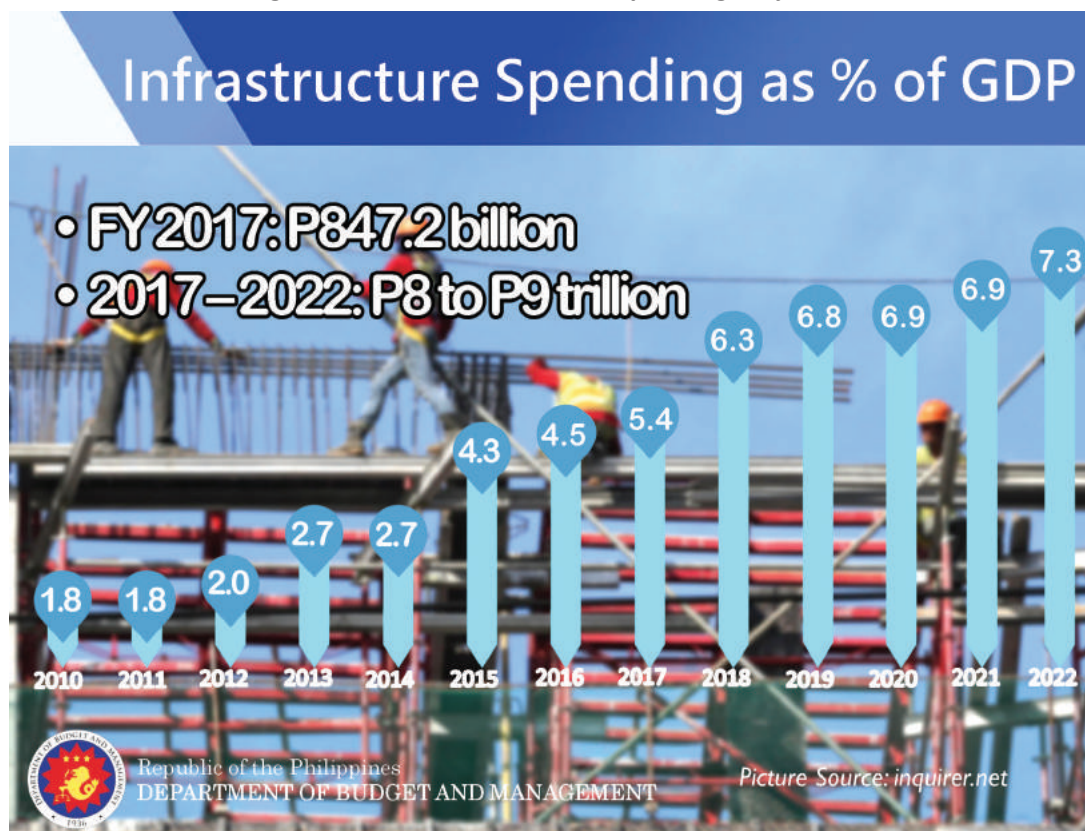
36 Spending on PPP projects, power, and telecommunication infrastructure is primarily by the private and not the public sector.

37 With a GDP of \$305 billion in 2016, 5% of GDP would be US\$15 billion.

38 With a GDP growth around 7% a year, by 2022 the public sector spending on GDP would approach \$30 billion or twice as much as the year in which President Duterte was elected.

Benjamin Diokno has often stated that the planned total spending target for infrastructure spending is Php 8 to 9 trillion in the 2017-2022 period or more than US\$160 billion.

Figure 27: DBM Infrastructure Spending Projection



Source: As presented by DBM Secretary Diokno at the Dutertenomics Forum on August 10, 2017.

According to Secretary Diokno, the administration will finance its “Build, Build, Build” plan 80% from General Appropriations (GAA) and 20% from Official Development Assistance (ODA).³⁹ GAA spending is sourced from government revenue and borrowings (mostly domestic). ODA is usually very long-term loans from bilateral or multilateral sources with low interest rates after initial no-interest grace periods. Foreign grants for infrastructure are rarely available. Of available sources of ODA, the key change under the new administration is the high level of potential ODA that will be sourced from the People’s Republic of China and the Asian Infrastructure Investment Bank.

The 2018 requested budget – the first prepared by the current administration - will increase spending on infrastructure by 54.5% from Php487 billion planned in 2017 to Php753 billion, indicating how serious the Duterte Administration is in reaching its target to spend 5% of GDP on infrastructure. Aside from increased tax collections, the government will borrow more and is willing to increase the deficit from 2 to 3% of GDP. The budget deficit was 2.4% in 2016.

Point 3 also states that Public-Private Partnerships will play a key role. However, the Duterte Administration is making two key policy changes in its PPP program. First, the administration has welcomed unsolicited proposals (in contrast to the previous practice of discouraging these in favor of solicited bids). Second, it is emphasizing “hybrid” projects. In a hybrid project, the public sector will first build infrastructure projects with its own funding and bid out the Operations and Management (O&M)

39 20% of Php8 trillion is Php1.6 trillion or US\$32 billion.

to the private sector. Previously, a complete PPP package, including construction and ownership, was bid out. The administration has stated GAA and ODA financed projects can be built faster and at lower cost, while the private sector is better at O&M. Following this approach, several regional airports (Bacolod, Davao, Iloilo, Laguindingan, New Bohol, and Puerto Princesa) planned for PPP bidding have been shifted to the new model.

Government procurement policies have been criticized as delayed by right-of-way (ROW) acquisition problems, extended bidding procedures, judicial interference, and a requirement to award to the lowest cost - but often not the best quality - bidder.

- **Recommendation 1:** Undertake strategic measures to ensure that the annual public spending on infrastructure will be further increased to at least 5.3 percent of GDP in 2017 and possibly to 7.4 percent of GDP in 2022.
- **Recommendation 2:** An investment program based on an optimal mix of government financing, official development assistance, and private capital will be undertaken.
- **Recommendation 3:** Formulate and update master plans and roadmaps. Master plans are necessary to ensure that the implementation of programs and projects are harmonized and well-coordinated.
- **Recommendation 4:** Improve government administrative systems and procedures on project implementation. With the intended increase in spending for infrastructure, the capacities of implementing agencies will also be increased with respect to project development and preparation.
- **Recommendation 5:** There is a need to enact a National Transport Policy and to create independent regulatory bodies for the railways, airports and seaports.
- **Recommendation 6:** Enact a National Transport Policy to help achieve a safe, secure, efficient, competitive, dependable, integrated, environmentally sustainable and people-oriented. Philippine transportation system by setting forth policies that will serve as boundary conditions to guide all entities involved in the transportation sector in the exercise of their functions.
- **Recommendation 7:** Enact a law creating an Independent Body for Transport Safety and Security which places all transport safety and security matters under a single independent body that will, among others, investigate transport accidents and provide transport safety recommendations, thereby eliminating conflicting and overlapping functions of existing agencies or entities.⁴⁰
- **Recommendation 8:** Enactment of a law creating Independent Regulatory Bodies for Railway and Maritime Transport Sectors in order to solve the weak and fragmented institutional setup of concerned transport agencies by creating respective independent regulatory bodies for the railway sector and maritime transport sector, consistent with the National Transport Policy. The existing dual roles of some agencies acting as both operator and regulator of transport facilities will be effectively eliminated.⁴¹
- **Recommendation 9:** Encourage the private sector to engage in public-private partnership schemes to free up fiscal space.
- **Recommendation 10:** Reduction in bottlenecks in PPP and infrastructure projects and respect for the sanctity of contracts.
- **Recommendation 11:** Provide adequate infrastructure and logistical support to achieve connectivity, ensure the efficient flow of goods and services domestically and internationally, and lower cost of production and delivery.

40 This proposed law, while in the PDP, is not on the LEDAC list.

41 This proposed law, while in the PDP, is not on the LEDAC list.

- **Recommendation 12:** Pursue amendments to RA 9184 or the Government Procurement Reform Act to improve the bid selection process.⁴²
- **Recommendation 13:** Legal and procedural reforms are needed to revitalize PPP programs. Enact the Public-Private Partnership Act.⁴³

B. Airports

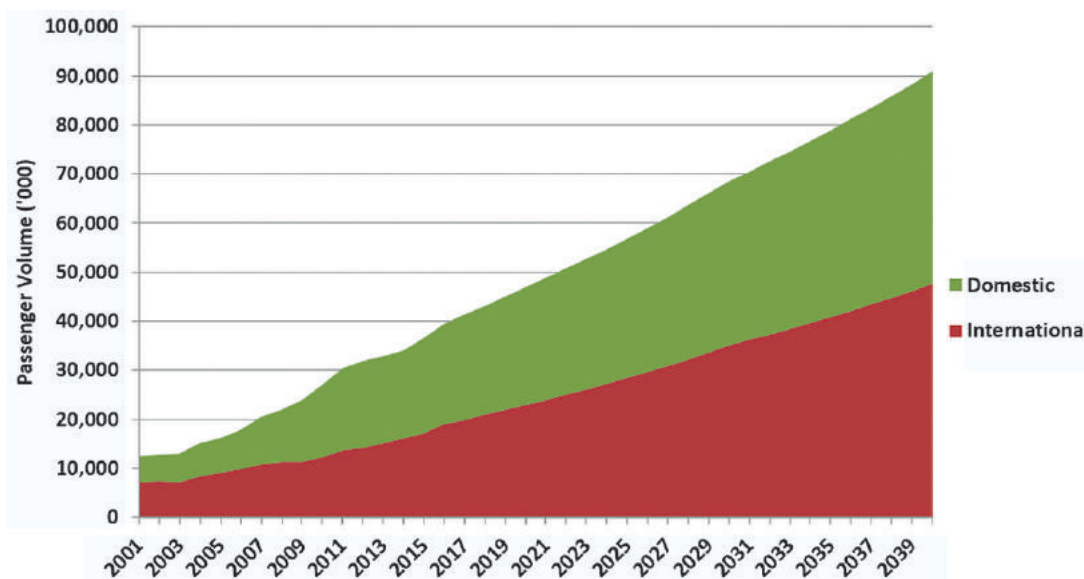
Most travelers and, increasingly, more goods enter and leave the Philippines by air. The three main issues pertaining to air transport infrastructure are (1) airports, (2) airlines, (3) air traffic. According to the International Air Transport Association:

“The air transport industry is estimated to have supported a \$1.8 billion gross value added contribution to GDP in the Philippines in 2014. Spending by foreign tourists supported a further \$7.4 billion gross value added contribution to the country’s GDP. ... 3.2 percent of the country’s GDP is supported by the air transport sector and foreign tourists arriving by air.”

“We should have started building airports five years ago. Just imagine the economic impact that the Philippine economy would have gained from an airport that can handle all potential travelers. The longer the delay, the bigger loss to the country.”⁴⁴

Arangkada published a policy brief “Airports” in 2017. It highlighted the need to relieve congestion at the country’s main gateway airport Ninoy Aquino International Airport, which operates beyond the capacity of its four terminals, and to develop a second gateway at Clark (see Figure 28).

Figure 28. NAIA Passenger Demand Forecast



*Actual Data for 2001-2016; JICA Forecast for 2017 to 2040
Source: MIAA and JICA Study on airport strategy for Greater Capital Region

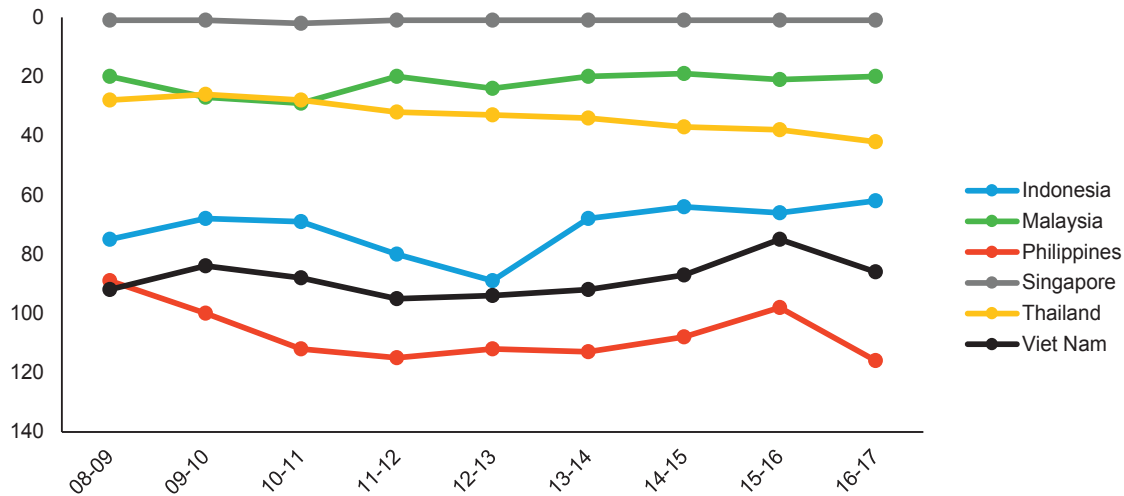
42 This measure is among the 28 LEDAC priorities of August 29, 2017.

43 The bill is in the TWG in the House, but the Senate Public Works Committee has not held a hearing.

44 Mr. Vinooop Goel, IATA Asia Pacific Regional Director, as quoted in TTG Asia. March 17, 2016

The quality of airports in the Philippines, as rated by the WEF, is shown in Figure 29. Over the last decade, the quality has fallen and is the lowest of the ASEAN-6.

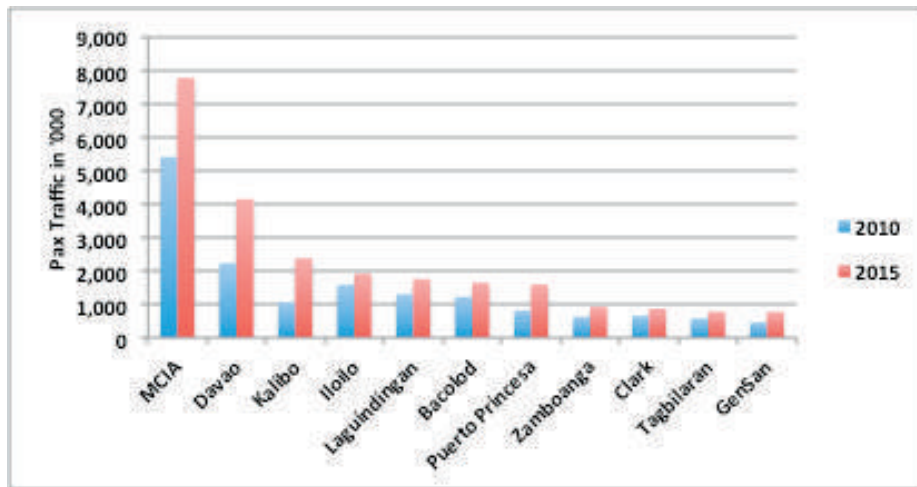
Figure 29. Quality of Air Transport Infrastructure Rankings, ASEAN-6 (2008-2017)



Source: WEF Global Competitiveness Report (various years)

Improvement of regional airport infrastructure is important to accommodate increasing domestic and international tourism. Figure 30 shows how traffic at many regional airports doubled between 2010 and 2015.

Figure 30. Passenger Movements in Philippine Airports Outside of Manila, 2010, 2015



Source: Civil Aviation Authority of the Philippines (CAAP)

- **Recommendation 1:** The government will exhaust all possible means to improve the operational efficiency of airports and to address constraints to optimal capacity utilization.
- **Recommendation 2:** Strategies should focus on decongesting air traffic serving the greater capital region, such as building a new international airport.
- **Recommendation 3:** At NAIA, transfer general aviation to other airports, construct a rapid exit taxiway, tighten intervals between aircraft movement, and procure state-of-the-art technology and services.

- **Recommendation 4:** Fast track development for the Clark International Airport for fast and direct access to Manila (e.g., rail system providing non-stop and commuter services).
- **Recommendation 5:** Improvements of regional airports will be fast tracked. Regional airports will be installed with night landing capabilities.
- **Recommendation 6:** Minimize further congestion at NAIA using the best available tools: traffic restrictions, rapid exit taxiways, night landings at more domestic airports, upgrade ancillary facilities, more direct foreign flights to secondary gateways, pricing at NAIA to use landing fees to incentivize carriers to use airport at least congested times.
- **Recommendation 7:** Privatize maintenance and operations of major international airports, including NAIA.
- **Recommendation 8:** Implement a multi-airport system policy in the Greater Capital Region (GCR) and accelerate the development of Clark International Airport.
- **Recommendation 9:** Place Clark, Sangley, and NAIA under a single airport authority to coordinate best usage of the facilities for Greater Metro Manila.
- **Recommendation 10:** Study the location of a successor multi-runway international airport to supplement or replace NAIA in 10 years.
- **Recommendation 11:** Accelerate development of secondary international gateways and provincial airports.
- **Recommendation 12:** Amend the Public Service Act to maximize competitiveness and quality of transportation.⁴⁵
- **Recommendation 13:** Create the Philippine Airports Authority to transfer airport operations from CAAP to an independent entity to consolidate functions of planning, developing, maintaining of all airports and regulating privatized airports.⁴⁶
- **Recommendation 14:** Corporatize or privatize air traffic control services as done in other countries such as Switzerland, Canada, and the UK.
- **Recommendation 15:** The government should provide CIQ services at government expense at all international airports.
- **Recommendation 16:** The legislative proposal to require a bidder for a PPP project to have a franchise approved by Congress prior to bidding should not become law.
- **Recommendation 17:** The president should approve the draft EO to enable the Bureau of Immigration to implement the Advanced Passenger Information System (APIS).
- **Recommendation 18:** Passenger flow through airport terminals should be made as efficient as possible by applying new technologies on-line check-in, eliminating fees, and reducing lines.
- **Recommendation 19:** Continue the shift of general aviation from NAIA to Sangley and complete improvements at the Sangley airport.

45 The PSA bill is in 2nd Reading in the House, while hearings by the Senate Public Service Committee have not taken place.

46 Senate Bill 1440, filed by Sen. Grace Poe, is pending in the Government Corporations Committee, while the House bill is yet to be filed.



Photo 1: The new Bohol Airport being constructed at Panglao Island, Bohol Province.



Photo 2: Aerial view of the proposed Clark International Airport.



Photo 3: Artist perspective on Cebu-Mactan Airport.

Table 9. Major Airport Projects, 2017

Project	Status
Bacolod Airport O&M	For bidding
Bicol (Daraga City) International Airport	For approval
Clark International Airport (New Passenger Terminal)	Bidding scheduled
Clark International Airport O&M	For bidding
Davao International Airport O&M	For bidding
Iloilo International Airport O&M	For bidding
Laguindingan Airport O&M	For bidding
Mactan-Cebu International Airport Passenger Terminal	Under construction
New Bohol (Panglao) Airport	Under Construction
New Bohol (Panglao) Airport O&M	For bidding
New Manila International Airport (Sangley or Bulakan)*	For evaluation
Ninoy Aquino International Airport O&M	For approval
Puerto Princesa International Airport O&M	For bidding
San Vicente (Palawan) Airport	Under Construction

* Unsolicited

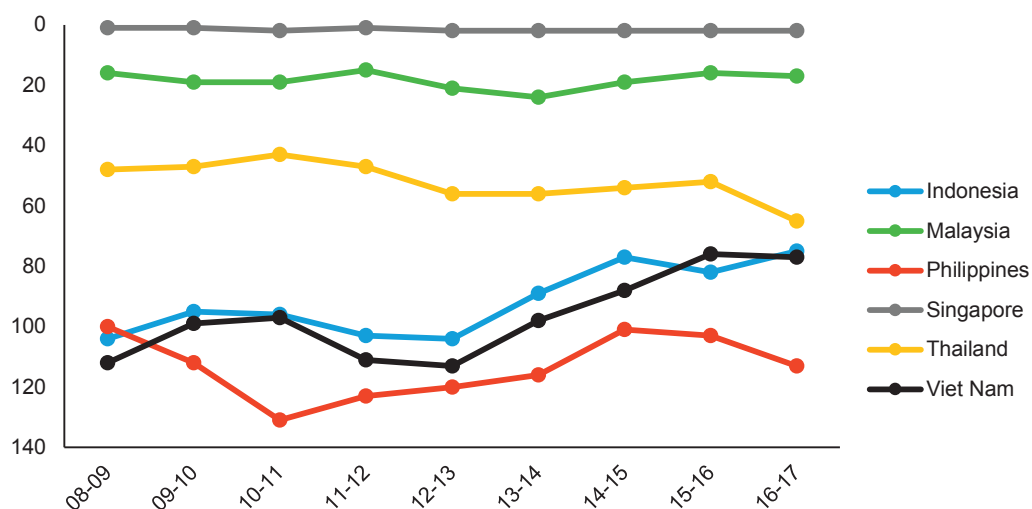
Sources: GPH websites; various media reports

C. Maritime Ports

As an archipelagic country with over 7,000 islands, the infrastructure of the Philippines requires strong maritime links between major islands. More than most other countries, the efficiency of the economy depends on the ability to move people and goods by sea between islands and by sea in and out of the country.

The quality of ports is shown in Figure 31. The Philippines is ranked 6th of the ASEAN-6 and far behind Vietnam and Malaysia.

Figure 31. Quality of Ports Rankings, ASEAN-6 (2008-2017)



Source: WEF Global Competitiveness Report (various years)

Table 10. Major Seaport Projects, 2017

Project	Status
Manila Cruise Ship Terminal	For project proposal
Batangas International Port Upgrade	TBD/private funding
Cavite Barge Gateway Terminal*	Under construction
Legazpi Cruise Ship Terminal	For project proposal
Cruise Ship Terminal (Caticlan or Boracay)	Preconstruction
New Cebu International Container and Bulk Terminal	For project proposal
Davao Coastline and Port Development Project	For approval
Davao Sasa Port Modernization Project	For approval
Central Spine Roll-on/Roll-off (RORO) Project	For project proposal
Modernization of RORO Transport System in the Philippines	For project proposal

* Unsolicited

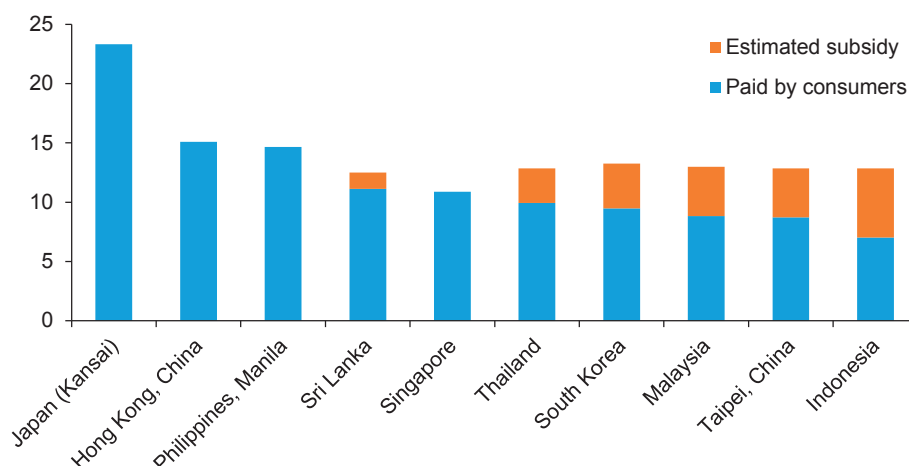
Sources: GPH websites; various media reports

- **Recommendation 1:** Port facilities should be improved to ensure that inter-island shipping, including a stronger RORO network, will remain a viable option for transporting people and cargo.
- **Recommendation 2:** Major ports should include all needed infrastructure including container terminals, ship-to-shore cranes, truck marshalling areas, and weighing scales.
- **Recommendation 3:** Connect Manila ports directly to the Metro Manila skyway system and improve skyways design for increased truck weight.
- **Recommendation 4:** Minimize truck bans.
- **Recommendation 5:** Grant long term permits to private firms to operate government ports.
- **Recommendation 6:** Major RORO ports should have modern passenger terminals with connected bus terminals, security systems and berthing spaces with good road access.
- **Recommendation 7:** Limit international container shipment volume in Manila (South Harbor and MICT) and increase use of Batangas and Subic, while increasing the capability of Manila piers to accommodate cruise ships.
- **Recommendation 8:** Expand the capacity of Batangas Port by adding cranes.
- **Recommendation 9:** PPA should find innovative ways to cut costs and increase revenue aside from continuously increasing fees, which make Philippine ports less competitive and add to cargo costs.
- **Recommendation 10:** Implement agro-industrial and manufacturing clustering near key regional ports to create cargo volume for larger ships and reduce shipping costs.
- **Recommendation 11:** Separate the regulatory and developmental functions of the PPA by an EO and/or a law to amend its charter.
- **Recommendation 12:** PPA should consider creating a private corporation solely focused on developing and privatizing ports.
- **Recommendation 13:** Take steps to persuade international shippers to reduce unwarranted fees on Philippine maritime freight.

D. Power

Achieving a reliable and affordable supply of electricity for the entire country has been a constant challenge for decades. Over the last 15 years the Philippines has been implementing a major reform under the Electric Power Industry Reform Act signed in 2001 transitioning from an inefficient public sector generation monopoly to a private-sector led “open access” competitive environment. The main Luzon-Visayas grid has maintained a stable expanding supply for several years. The separate Mindanao grid, after several years of blackouts, has added sufficient new capacity. The exhaustion of the Malampaya gas field in 2022-2023, which fuels 3,000 MW of power plants south of Manila, will require a regasification facility to be contracted soon. Although the Philippines uses considerable non-carbon fuels and new renewable energy projects are continuously opening, the growing share of coal will continue in response to the demand of a fast-growing economy. Due to government subsidies in several regional countries, power costs for manufacturing in the Philippines are often uncompetitive (*see Figure 32*).

Figure 32. Average Retail Electricity Tariffs, USc/kWh, 2016



Source: International Energy Consultants, May 2016

Table 11. Major Power Projects, 2017

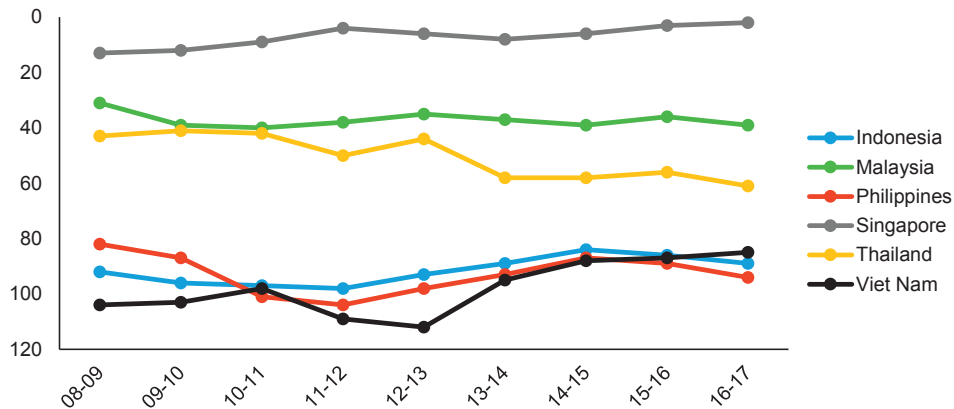
Project	Capacity	Target Commercial Operation
Baseload		
Luzon/Visayas		
Pagbilao Coal Fired Thermal Power Plant (Quezon Power)	400 MW	2017
Coal-Fired Power Plan (Redondo Peninsula)	600 MW	2019
San Buenaventura Power Ltd. Co. Project (Quezon Power)	500 MW	2019
Masinloc Expansion Project (AES)	335 MW	2019
Dinginin 2 x 660 MW Supercritical Coal Fired Power Plant (GNPower)	1336 MW	2020
AOE Coal-Fired Power Plan (Meralco)	1200 MW	2021
Mindanao		
Davao Power Plant Project Unit 2 (SMC)	150 MW	2017
Balingasag Thermal Circulating Fluidized Bed Combustion Coal + Fired Power Plant	165 MW	2017
FDC Misamis Circulating Fluidized Bed Coal Fired Power Plant Project Unit 3	135 MW	2017
Kauswagan Coal Fired Power Plant (GNPower)	540 MW	2018
Southern Mindanao Coal Fired Power Station	100 MW	2019
Pulangui V Hyrdo Power Project	250 MW	2021
Others		
Visayas-Mindanao grid connector	230 kV	2020
PH LNG Hub (receiving and distribution infrastructure)		TBD

Sources: GPH websites; various media reports

A major US\$ 750 million project to connect the Luzon-Visayas grid with the Mindanao grid has been delayed for two decades. It is uncertain that the private sector concessionaire operating the National Transmission Corporation will fund such an expense.

The Philippines is grouped with Indonesia and Vietnam in the WEF Quality of Power Supply Ranking (see Figure 33). As of July 2017, Arangkada counted 12 large power plants under construction with total generation capacity of almost 6,000MW (see Table 11).

Figure 33. Quality of Power Supply Rankings, ASEAN-6 (2008-2017)



Source: WEF Global Competitiveness Report (various years)

- **Recommendation 1:** Support and approve the required massive investments and fast track the implementation of energy infrastructure projects to improve power generation and capacity.
- **Recommendation 2:** Accelerate the evaluation of retail electricity supplier license application to broaden the list of suppliers in the market.
- **Recommendation 3:** Competition should be encouraged to reduce electricity costs.
- **Recommendation 4:** Increase the country's system reserve requirement to 25 percent of peak demand (from the current 17%).
- **Recommendation 5:** Accelerate the evaluation of retail electricity supplier license application to broaden the list of suppliers in the market.
- **Recommendation 6:** The government must pursue the development of the natural gas industry. The 121 km Batangas-to-Manila gas pipeline project has been proposed to be the first natural gas pipeline in the country. In line with this, liquefied natural gas terminals should be constructed in Quezon, Batangas, and Bataan.
- **Recommendation 7:** Prioritize the Visayas-Mindanao interconnection to increase the reliability of the Mindanao power systems.
- **Recommendation 8:** Enact a Law Declaring Energy Projects as Projects of National Significance which expedites the timely completion of energy projects to help cushion the impact of high power rates.⁴⁷
- **Recommendation 9:** Enact a Law on Energy Efficiency and Conservation which promotes demand-side management and incentivizes energy efficiency projects.

47 This bill has been extensively heard in the 17th and the 15th Congress and is overdue to be enacted.



Photo 4: Areal view of Team Energy's Pagbilao power plant in Pagbilao, Quezon Province.

- **Recommendation 10:** Implement the open access provision of EPIRA below the 1MG level to allow more competition among generating firms in the provision of electricity.
- **Recommendation 11:** Ensure power supply in Mindanao with privatization and rehabilitation of hydro power plants, adding non-hydro plants, and maintaining security of transmission towers. Connect Mindanao grid with the national grid.
- **Recommendation 12:** Remove the 60-40 equity provision in the IRRs for renewable energy projects.
- **Recommendation 13:** In the absence of development of a gas field comparable to Malampaya, the private sector should be enabled to build a regasification facility in Batangas to serve present and future demand for natural gas fuel.
- **Recommendation 14:** Strengthen electric power distribution in rural areas, as many Electric Cooperatives (ECs) are unable to handle technical/ financial issues. Increase support to the National Electrification Administration to enable ECs to upgrade operational/financial standards, as well as encourage privatization.
- **Recommendation 15:** Strengthen the market power of electric cooperatives by aggregating them per region to reduce distribution cost and to increase capacity.
- **Recommendation 16:** Accelerate and streamline the business processes for the development of energy projects, especially upstream energy resources such as oil and gas.
- **Recommendation 17:** Formulate an Energy and Power Development Roadmap (generation portfolio mix). Designate power supply quality, reliability, and affordability as key objective in formulating an integrated and sustainable Energy and Power Development Roadmap.
- **Recommendation 18:** Strengthen intra- and inter-agency coordination under the DOE and ERC to do sectoral planning and drafting of regional Energy Generation Investment Policies.
- **Recommendation 19:** Create a Renewable Energy Roadmap.
- **Recommendation 20:** Incentivize use of energy efficient technology and conservation measures.

● PDP 2017-2022

● G.I.A.N.T. S.T.E.P.S by Philippine Chamber of Commerce and Industry (PCCI)

● Arangkada Publications

- **Recommendation 21:** Impose strict anti-pollution measures for coal fired power plants.
- **Recommendation 22:** Promote investments in LNG for power and public transport.
- **Recommendation 23:** Review and/or remove items that add to escalating electricity tariffs such as the VAT on franchise tax and system loss.

E. Roads and Expressways

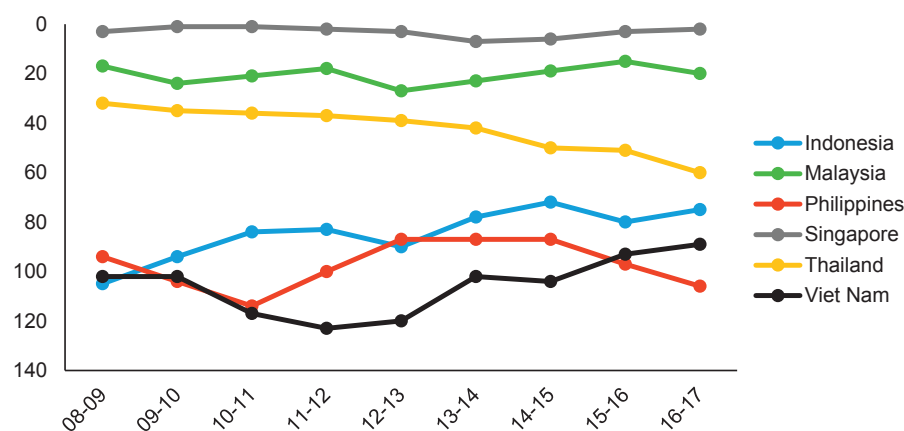
It is axiomatic that modern ground transportation infrastructure is essential for the efficient movement of goods and people, while its absence increases transport costs and harms country competitiveness. Although the Philippines has as extensive a road network in terms of total kilometers (over 200,000) as several of the other large ASEAN economies, its roads are inferior in quality compared to non-archipelagic and wealthier Malaysia and Thailand and even poorer Vietnam (see Table 12). The Aquino Administration launched a consistent effort to upgrade all national highways and to improve roads and bridges around important tourist destinations; progress was made over five years. Nonetheless, the Philippines Quality of Road rank declined during 2015-2017 and was overtaken by Vietnam. These programs are continuing with yet-increasing budgets for DPWH.

Table 12. Road Quality and Road Density, 2013

	Total Road Network, Km	Share of paved roads to total road network %	Population per km of road	Population per km of paved road
Indonesia	508,000	57	495	873
Malaysia	205,949	78	143	184
Philippines	215,717	27	452	1,651
Singapore	3,453	100	1,564	1,564
Thailand	231,736	83	291	350
Vietnam	211,496	66	424	643

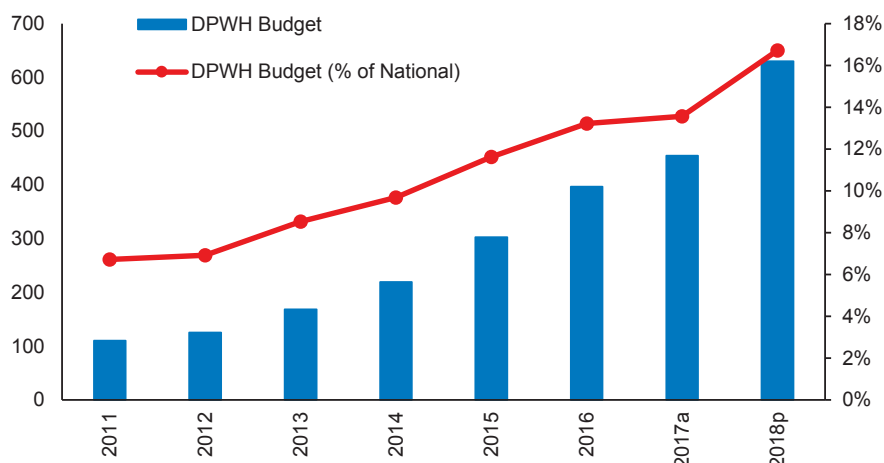
Sources: Country Public Works Offices, ASEAN-Japan Transport Partnership, ASEAN Secretariat & author's calculations

Figure 34. Quality of Roads Rankings, ASEAN-6 (2008-2017)



Source: WEF Global Competitiveness Report (various years)

Figure 35. DPWH's Budget (in Billion Pesos)



Source: DBM (Total obligations; Adjusted-Budget; Actual-Expenditure)

Inter-urban freeways are limited to Central Luzon; Metro Manila has only one skyway system near the country's principal international airport. Rapid urbanization and a growing middle class that can afford automobiles have overwhelmed the limited road space in cities. Motor vehicle sales are growing by more than 20% a year. The auto and truck manufacturer associations recorded combined sales in 2016 of 360,000 units up 25% from 2015. Sales could exceed 500,000 in 2018, even with an expected increase in excise taxes. The motorcycle industry association predicted that 1.8 to 1.9 million units will be sold in 2017.

Numerous projects have been approved and proposed for more freeways in Central Luzon (see Table 13) with various funding sources, ODA, GAA, and PPP; six were under construction as of mid-2017. Depending on the rate of implementation, it should be possible to drive from San Fernando, La Union to Lucena, Quezon (about 400 kilometers) on limited access toll roads before the end of the current administration (see Photos 5 and 6).⁴⁸

Table 13. Major Road and Expressway Projects, 2017

Project	Length	Financing	Status
Luzon			
Binondo-Intramuros Bridge		PRC	For approval
BGC to NAIA Bus Rapid Transit System		PRC	For approval
BGC to Ortigas Road Link Project, Sta. Monica-Lawton Bridge	1 km	GPH	For approval
C-5 Overhead Expressway	8 km	PPP	For approval
Camarines Sur Expressway Project	16 km	PPP	For project proposal
Cavite - Laguna (CALA) Expressway	44 km	PPP	Preconstruction
Central Luzon Link Expressway (CLLEX) Phase II	36 km	PPP	For project proposal
Delpa-Pasig-Marikina Expressway*	27 km	PPP	For project proposal
EDSA Bus Rapid Transit System		Private/GPH	TBD
Estrella-Pantaleon Bridge		PRC	For approval
Integrated Transport System-North Terminal Project		PPP	For project proposal
Integrated Viaduct and Personal Rapid Transit System		PPP	For evaluation
Manila to Quezon Expressway	102 km	PPP	Preconstruction
Manila to Taguig Expressway*	18 km	PPP	For approval
Metro Manila Bus Rapid Transit - Line 1 (Quezon Avenue BRT)	12 km	ODA	For approval

48 A driver starting in San Fernando, La Union on the SCTEX, continuing on the NLEX, then the NLEX-SLEX Skyway and the CALABARZON Skyway, should be able to reach Lucena, Quezon, stopping only for tolls and rest stops. North and south extensions, as well as spur and other connection projects, are planned.

Project	Length	Financing	Status
Metro Manila Bus Rapid Transit - Line 2 (Central Corridor)		ODA	For approval
Metro Manila Skyway (MMS) Stage 3 Project	15 km	PPP	Under construction
NLEX East Expressway	91 km	PPP	For approval
NLEX-Harbor Link Project	16 km	PPP	for ROW Acquisition
NLEX-SLEX Connector Road	8 km	PPP	Preconstruction
Plaridel Bypass Road	23 km	ODA	Under construction
Quezon-Bicol Expressway (QuBEx)	180 km	PPP	For project proposal
South Integrated Transport System Project		PPP	Preconstruction
South Luzon Expressway (SLEX)-Toll Road 4	57 km	PPP	Preconstruction
Southwest Integrated Transport System Project		PPP	Under construction
Tarlac-Pangasinan-La Union Expressway	89 km	PPP	Under construction
Visayas			
Bacolod Economic Highway	22 km	GPH	For project proposal
Cebu Bus Rapid Transit	16 km	ODA	Preconstruction
Cebu-Cordova Link Expressway Bridge*	8 km	PPP	Under construction
Metro Cebu Expressway	74 km	GPH	For project proposal
Mindanao			
Davao Bypass Road	45 km	ODA	For project proposal
Davao Coastal Road	35 km	ODA	For project proposal
Panguil Bay Bridge		GPH	For project proposal
Mindanao Logistics Infrastructure Network (MLIN)	4 km	GPH	For project proposal

* Unsolicited

Sources: GPH websites; various media reports

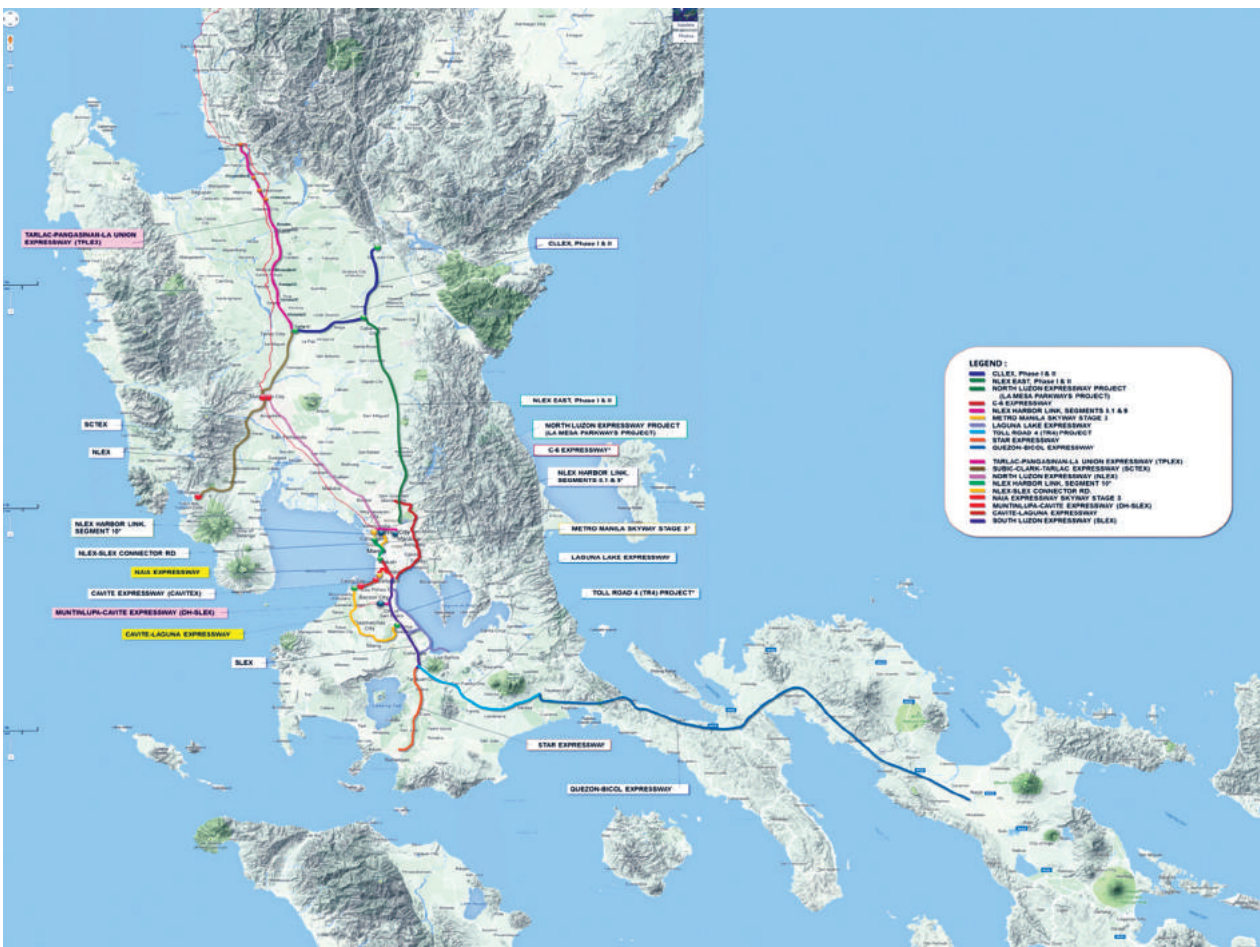


Photo 5: Luzon Freeway System; Source: DPWH

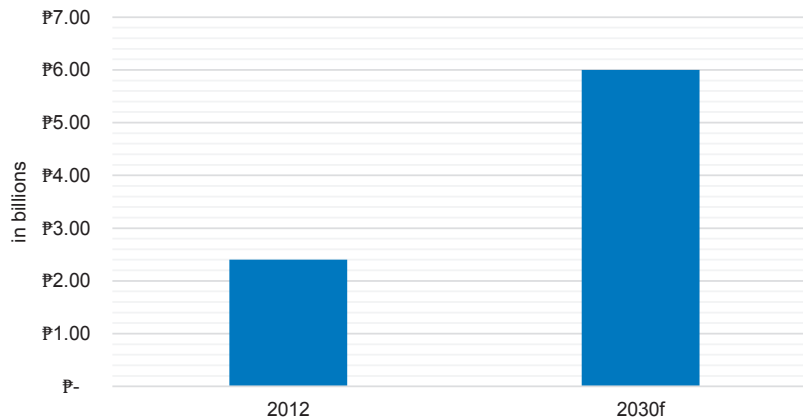


Photo 6: NLEX-SLEX Connector Road Project

As in some developed and many developing countries, major Philippine urban areas are severely challenged by the lack of adequate roads for private vehicles and substandard public transport facilities. Controls over the private use of automobiles (and their parking) are limited, motorcycles/bus/jeepney/tricycle drivers swerve or stop at will, heavy trucks clog certain routes, among other issues. Traffic congestion is a huge challenge for commuters and causes estimated economic losses to the economy in excess of P3 billion per day in 2017.⁴⁹ A JICA study estimated the daily economic loss from traffic in 2012 at PhP 2.4 billion and projected the loss to increase to P6 billion by 2030 (see Figure 36).

49 Dr. Rene Orfreno, Business World, 2017

Figure 36. Metro Manila Cost of Traffic, PhP Bn/day



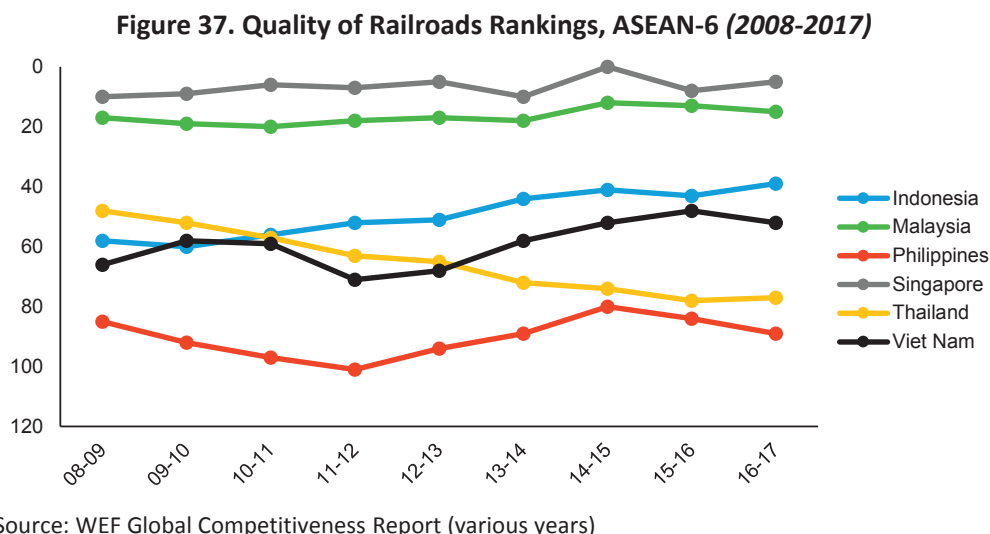
Source: Japan International Cooperation Agency (JICA)

- **Recommendation 1:** Reduce ground transportation costs.
- **Recommendation 2:** Enact the Emergency Powers bill to ease traffic.⁵⁰
- **Recommendation 3:** Achieve the same WEF ranking for Quality of Roads as Indonesia, Thailand, and Vietnam. Double the current percentage of roads that are paved.
- **Recommendation 4:** Continue to build expressways and improve national roads at an accelerated pace, not only on Luzon but in the Visayas and Mindanao as well.
- **Recommendation 5:** Complete the continuous freeway system from San Fernando, La Union to Lucena, Quezon.
- **Recommendation 6:** Complete the road system in the Metro Manila Transport Roadmap (JICA Dream Plan).
- **Recommendation 7:** Construct more skyways in Mega Manila, as proposed in several private sector unsolicited bids to DPWH.
- **Recommendations 8:** Build one new bridge a year over the Pasig River.
- **Recommendation 9:** Build a third Mactan-Cebu bridge.
- **Recommendation 10:** Complete the hardening of farm-to-market roads in rural areas.
- **Recommendation 11:** Complete C6 (From Skyway/FTI in Taguig to Batasan Complex in Quezon City) to ease Metro Manila congestion.
- **Recommendation 12:** In the short term, road-based transport will be improved by addressing traffic congestion through “engineering, enforcement, and education;” while in the long-run the road network will be upgraded and expanded to the highest quality standards.
- **Recommendation 13:** Strengthen the authority of MMDA over traffic management.
- **Recommendation 14:** Rationalize bus franchises and requirement for vehicle road worthiness, scale up P2P buses, and complete the 3 intermodal transport terminals for GMM.
- **Recommendation 15:** Encourage cashless transactions in toll operations and seamless interoperability between toll roads.

50 The bill is listed in the LEDAC priority legislative list. It is in the 2nd Reading in the Senate and has received committee approval in the House.

F. Intra- and inter-urban Railways and Bus Rapid Transit

Prior to WWII the Philippines had decent railroads and an excellent urban light rail system in Manila. Destroyed during the war, that system was never fully rebuilt nor well maintained. Railroad experts consider the Philippine National Railroad (PNR) to be one of the smallest in the world. Indonesia, Malaysia, Thailand, and Vietnam have national rail lines in much better condition than the Philippines (see Figure 37). Singapore boasts one of the world’s best light rail networks. Kuala Lumpur and Bangkok have networks similar to Manila but better maintained.



Currently, the long-awaited resurrection of the PNR north line from Tutuban in Manila to Malolos, Bulacan is planned with a US\$2.4 billion GOJ loan. The extension of the line to Clark and Clark Green City is also planned. A project for the PNR south line from Calamba, Laguna to Bicol estimated to cost US\$3 billion is being negotiated for a PRC loan.

A PRC-funded railroad project is also being negotiated for Mindanao, with the initial segment planned to connect Digos, Davao del Sur with Tagum, Davao del Norte, a distance of 103 kilometers.

The excellent pre-war Tranvia light rail service in Manila was not rebuilt after the war. However, LRT-1 opened in 1984, MRT-3 in 1997, and LRT-2 in 2004.⁵¹ These three lines are relied upon to move around 1.2 million commuters each work day.

Towards the end of the Aquino Administration, three projects were approved that will double the light rail network of Metro Manila by the end of the Duterte Administration. If the Duterte Administration and its successor can initiate inter-urban network expansion projects that add similar numbers of kilometers and stations the population of Mega Manila will enjoy an advanced urban public transportation system.

When a robust light rail system is combined with the PNR North and South lines then Metro Manila and the adjoining municipalities in Bulacan, Cavite, Laguna, and Rizal may be served by efficient modern rail lines. This would realize the target of the JICA “Dream Plan” presented to NEDA in 2014 to convert 54% of commuter trips in Mega Manila from road to rail. Without this kind of a transportation system, the prediction that Manila may become “uninhabitable” may become true.⁵²

51 The terminus of LRT-1 at North Avenue was not connected to the terminus of MRT-3 at Trinoma forcing passengers to otherwise move between the two stations. This challenge to commuters that has faced them for almost a decade is expected to be resolved when the Common Station for LRT-1, MRT-3, and MRT-7 becomes operational.

52 Article by Richmond Mercurio, Philippine Star, January 4, 2016.

Table 14: Major Railway Projects, 2017

Project	Length	Financing	Status
North-South Railway Project (north line) (Malolos-Clark Railway Phase 1)	51 km	GOJ	Preconstruction
North-South Railway Project (north line) (Malolos-Clark Railway Phase 2)	19 km		
MRT Line 7 Project*	23 km	PPP	Under Construction
East-West Rail Project*	9 km		For approval
LRT-2 west extension	3 km		TBD
LRT-2 east extension	4 km	PPP	Under Construction
LRT Line 1 Cavite Extension	12 km	PPP	Preconstruction
LRT Line 1 O&M		PPP	Underway
MRT 3 Rehabilitation and O&M*		PPP	TBD
Metro Manila Subway (Mega Manila Subway Phase 1)	25 km	ODA	For approval
Common Train Station Metro Manila		GPH	2018 Budget
Manila East-Rail Transit System Project		GPH	Preconstruction
LRT Line 6 Project	19 km	PPP	For approval
North-South Railway Project (central line) (Phase 1)	34 km	GOJ	Preconstruction
North-South Railway Project (south line) (Segment 1)	56 km	GOJ	For approval
North-South Railway Project (south line) (Segment 2)	478 km	PRC	TBD
North-South Railway Project (south line) (Segment 3)	175 km	ODA	TBD
Mindanao Railway: Tagum-Davao City-Digos (TDD) Segment	105 km	PRC	For project proposal

* Unsolicited

Sources: GPH websites; various media reports



Photo 7: Metro Manila traffic and MRT-3 operating during rush hour.



Photo 8: Proposed Mega Manila subway Phase 1 connecting Quezon City and Taguig City is planned to start by Q4 of 2019.

- **Recommendation 1:** The desired shift from private to public transport, with emphasis on mass transport, should be encouraged by ensuring the accessibility, availability, affordability, adequacy, convenience, and reliability of rail transport and bus rapid transit (BRT) systems. The rail network should be expanded by developing new lines in the major island regions.
- **Recommendation 2:** Traffic engineering solutions, such as the use of intelligent transport systems (e.g., signalized intersections, advanced detection systems, incident detection), should be installed, particularly in urban areas.
- **Recommendation 3:** The rail network should be expanded by developing new lines in the major island regions.
- **Recommendation 4:** Improvement of transport networks across the country to improve connectivity. There was a clear clamor to speedily implement infrastructure projects across the country.
- **Recommendation 5:** Introduce bus rapid transit systems in Metro Manila and Cebu.
- **Recommendation 6:** Complete the inter-modal provincial bus terminals north and south of Manila, near expressways and light rail. Reduce provincial buses entering NCR for decongestion.
- **Recommendation 7:** Using the PNR right-of-way, create a modern train service north to Clark and south to Bicol. Plan an extension to La Union.
- **Recommendation 8:** Build a fast train connection between NAIA and Clark International Airport with a stop at the Common Station.
- **Recommendation 9:** Build the Common Station where MRT-3, MRT-7, and LRT-1 connect.
- **Recommendation 10:** Complete the LRT-1 South Extension, LRT-2 East Extension, and MRT-7 .
- **Recommendation 11:** During the Duterte Administration, start the Mega Manila Subway, one other new line (LRT-4 Santa Mesa-Taytay or LRT-6 Niog-Dasmaringes), and the LRT-2 West Extension.
- **Recommendation 12:** Privatize through long-term concessions all light and inter-urban rail.
- **Recommendation 13:** Develop mass transit systems for Cebu and Davao. Build a third Mactan-Cebu Bridge.
- **Recommendation 14:** Maximize the operation of MRT-3, including rehabilitation and increased capacity. Consider the model used for the privatization of operations of LRT-1.

G. Telecommunications

Modernizing telecommunication infrastructure is one of the most important and also most challenging infrastructure need the Philippines faces. The World Bank estimated that a 10-percent increase in broadband penetration can lead to a 1.38 percent increase in a country's GDP. In 2015, United Nations Secretary-General Ban Ki-moon underlined the importance of having access to the internet:

"Information and communication technologies have reached into every walk of life....By 2020, it is anticipated that there will be six times as many devices connected on the Internet as people. We must cooperate to consider the implications of this and ensure that the Internet evolves into an inclusive space for the public good."

While Filipinos increasingly are able to afford devices that access the Internet, its speed and cost remain a barrier to realizing the digital dividend for most citizens. Internet access is growing rapidly but at a slower pace than neighboring ASEAN countries. The slow speed and high cost also raise the cost of doing business. The high cost

of Internet in the Philippines can be seen in Table 15 which shows the cost of mobile broadband in the Philippines to be much higher than Indonesia, Malaysia, Thailand, and Vietnam.

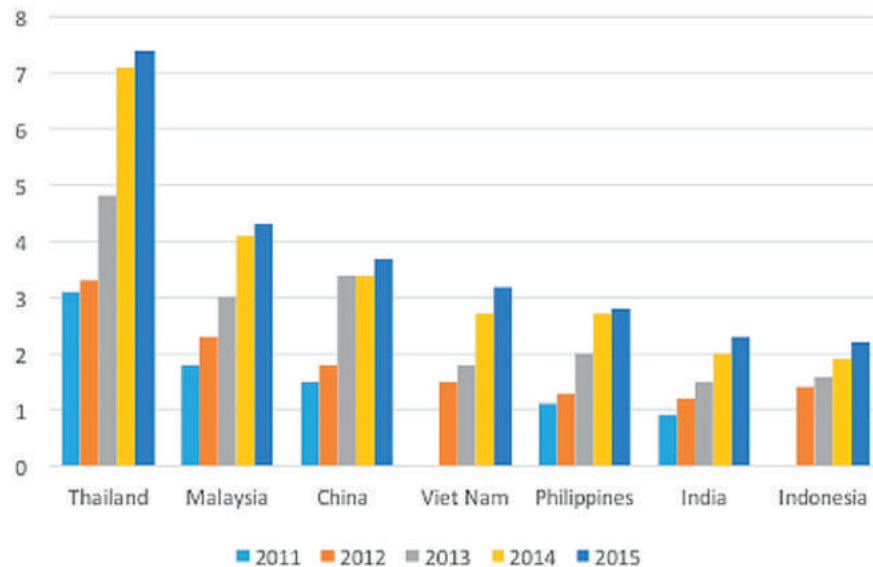
Table 15. Cost of Mobile Broadband in ASEAN (2015)

Country	Price of 1-GB data (in US\$)	Minimum wage per hour (in US\$)	Hours of work to afford 1-GB data
Brunei	7.09	5.76	1.04
Singapore	7.11	4.03	1.46
Cambodia	1.50	0.66	2.16
Thailand	2.74	1.15	2.23
Malaysia	4.42	1.18	3.45
Laos	4.11	0.84	4.53
Indonesia	2.84	0.54	5.16
Vietnam	3.58	0.59	6.04
Myanmar	3.68	0.46	8.00
Philippines	7.10	0.69	10.17
Timor-Leste	10.00	0.60	16.40

Source: TechInAsia, December 30, 2015 as cited in *Arangkada* policy brief Broadband

In terms of Internet speed however, high cost broadband services in the Philippines do not buy high speed. The speed of internet in the Philippines is not far away from that of Indonesia and Vietnam whose internet costs are much lower.

Figure 38. Average Download Speed (in Mbps) of Broadband in Select Asia Pacific Countries: ASEAN-6 + India (2011-2015)



Source: Akamai State of the Internet Reports, Q1 2011-2015

Only two companies are the main providers of fixed and mobile broadband services nationwide, following consolidation of the industry, which reached as many as five players following the competition reform introduced by President Fidel Ramos. According to Ookla’s recent Speedtest Global Index report, fixed broadband in the Philippines increased 57% in terms of download speed (12.43Mbps) and increased 111% in upload speed (10.37Mbps) from 2016 levels.

Lack of open access is one reason for high cost. Under RA 7925 only the two dominant companies qualify to access the fiber optic international cables, and they charge high rates to downstream users. An open access model would require amending RA 7925 to widen access to the cables as well as sharing broadband telecommunication infrastructure such as cell sites among telecommunication companies. Another reform to reduce costs is Internet protocol (IP) peering, where telecommunication firms allow local (rather than overseas) exchange of traffic to reduce internet transit fees, leading to cheaper costs for both parties. Globe and PLDT-Smart agreed to IP peering in mid-2016.

With rapid changes in telecommunication technology, there is a need to update the laws governing the industry. These include amendments to RA 7925 the Public Telecommunications Policy Act of the Philippines, amendments to CA 146 the Public Services Act, and amendments to the National Telecommunications Commission (NTC) Charter.

To improve broadband service for government agencies and remote areas, the Department of Information and Communications Technology (DICT) is prioritizing a National Broadband Network, possibly using the fiber optic cable of the National Grid Corporation of the Philippines (NGCP).

The Philippine Competition Commission (PCC) has been blocked by the Court of Appeals from determining whether the Competition Act was violated when the two telecommunication firms acquired 700MHz spectrum assets of San Miguel Corporation, after the latter's plan to use the spectrum for a new joint venture telecommunication firm with Telstra (Aus). The PCC has appealed to the Supreme Court to allow them to continue to investigate the case.

The NTC should lower barriers to entry, create equal opportunity for different players to participate and allow small players to grow, promote innovation, and protect consumer welfare and rights. The proposed bill on the NTC reorganization would also strengthen the agency's independence.

Telecommunication companies have cited excessive and slow permitting by LGUs that delay construction of new cell sites.

- **Recommendation 1:** Adopt and enforce open access in various segments of the telecommunications market (e.g. backhaul and backbone facilities) on a non-discriminatory basis and publicize prices in order to introduce effective competition in the broadband or telecom market.
- **Recommendation 2:** Increase the average broadband download and upload speeds to levels competitive with other ASEAN economies.
- **Recommendation 3:** Reduce the cost of broadband service to levels competitive with and similar to Indonesia, Malaysia, Thailand, and Vietnam.
- **Recommendation 4:** Adopt an open access model (local IP peering, shared infrastructure).
- **Recommendation 5:** Update laws and regulatory framework to promote investment and innovation in communications and connectivity.
- **Recommendation 6:** Continue to enhance the country's e-government system as a vital tool for good governance.
- **Recommendation 7:** Work with the LGUs to streamline and harmonize government requirements and processes on permits, clearances, and fees issuances for telco facilities.
- **Recommendation 8:** Formulate necessary master plans, such as the DTTB migration plan, national broadband plan, national cyber security plan, and other successor ICT master plans to provide the overall policy direction and guide all infrastructure roll-out and development interventions.
- **Recommendation 9:** Improvement of internet and telecommunications services to be competitive with the best in the region.
- **Recommendation 10:** Implement the National Broadband Plan.
- **Recommendation 11:** Improve spectrum management; consider auctions.
- **Recommendation 12:** Increase competition of the telecommunication industry by allowing the entry of foreign companies.

- **Recommendation 13:** The Supreme Court should prioritize a decision on the TRO against the PCC in the San Miguel sale of spectrum assets.
- **Recommendation 14:** Amend RA 7925 the Public Telecommunications Policy Act of the Philippines.⁵³
- **Recommendation 15:** Amend CA 146 or the Public Service Act.⁵⁴
- **Recommendation 16:** Amend the NTC Charter.⁵⁵
- **Recommendation 17:** Create a “Smart Countryside” in which rural areas are developed through e-platforms such as distance learning, telehealth, and telecommuting.⁵⁶
- **Recommendation 18:** Incentivize broadband users to narrow the digital divide. The GPH will establish an “access device” subsidy scheme for broadband users. This can be integrated to existing programs, like the 4P program and online learning.⁵⁷

Box 2. Better Broadband Alliance



The Better Broadband Alliance is a coalition of stakeholders committed to supporting initiatives that bring better broadband services to the Philippines.

The BBA believes that efficient broadband connectivity is a key driver of Philippine economic growth and development, an enabler of a knowledge-based society, and can open life-enhancing opportunities for all.

The BBA envisions a Philippines where every individual, home, and business has access to fast, reliable, and affordable broadband services anytime, anywhere, using any technology.

The BBA is a policy and regulatory environment that:

- promotes effective competition, a level playing field for service providers, and freedom of choice for consumers;
- adapts to innovation and encourages collaboration among stakeholders;
- ensures an open internet where all voices and ideas are welcome;
- allows democratic access to technology that enhances market dynamism and fosters innovation; and
- protects consumer rights and welfare.

The JFC supports the Better Broadband Alliance.

H. Water

The dependable supply and distribution of water for urban living as well as agriculture is critical to economic growth and the everyday life of Filipinos. Although rainfall is adequate in the country, the challenge is to store and deliver sufficient water for over 100 million citizens and to dispose of wastewater without hazard to the environment and public health.

Urban water supply has been privatized in Metro Manila and a few other cities, and private firms have contracted with some cities to supply bulk water. However, the water supply sector lacks a single national regulator and is characterized by the involvement of several national agencies and a myriad local water districts, each with its own plans, rules, and politics.

53 This reform legislation is being considered in the committees in both chambers of the 17th Congress.

54 HB 5828 has been approved on second reading in the House. The Senate has not yet held a hearing.

55 This reform legislation is being considered in the committees in both chambers of the 17th Congress.

56 Source: National Broadband Plan of DICT

57 Source: National Broadband Plan of DICT

Metro Manila depends on a single dam, Angat, for almost all its water. Planning called for the smaller second Kaliwa Dam to be built by 2020. The Aquino Administration began a bidding process for the dam as a PPP project, which was suspended by the Duterte Administration which has shifted to ODA funding.

“To address our water crisis (where an average of 73 people die every day due to water-related causes) it is imperative we implement an approach successfully used in many countries: Integrated Water Basin Management (IRBM).” – former DTI Undersecretary Ernesto Ordoñez, “Water crisis, river basins and governance” Philippine Daily Inquirer, June 27, 2017

Table 16. Major Water Projects, 2017

Project	Financing	Cost	Status
Metro Manila Flood Management Project	AIIB/World Bank	\$500 Mn	Preconstruction
Mandaluyong Main Drainage Project Phase II	GAA	₱359 Mn	Preconstruction
Pasig-Marikina River Channel Improvement Project Phase III	ODA	₱7.55 Bn	Preconstruction
Bulacan Bulk Water Supply Project	PPP, and PDMF	₱24.41 Bn	Under construction
New Centennial Water Source-Kaliwa Dam Project	PPP or ODA	₱18.72 Bn	For approval
Leyte Tide Embankment Project	GAA	₱7.90 Bn	For project proposal
Chico River Pump Irrigation Project	PPP and PRC	₱2.70 Bn	Under construction

Sources: GPH websites; various media reports

- **Recommendation 1:** Enact a Law Creating an Apex Body for the Water Resources Subsector to address the weak and fragmented institutional set-up of the water resources sub-sector with the creation of an Apex Body that will act as the single lead agency to oversee/coordinate overall policy and project/program implementation.
- **Recommendation 2:** Increasing the number of domestic, commercial and industrial wastewater treatment facilities in water districts.
- **Recommendation 3:** Implement the National Sewerage and Septage Management Program.
- **Recommendation 4:** Amend the Water Code to provide a legal framework for the institutionalization and operationalization of Integrated Water Resources Management to respond to current trends and challenges such as climate variability affecting water supply and availability, as well as address institutional gaps and weaknesses.
- **Recommendation 5:** Enact a Water Reform Act to establish an institutional and legal framework to develop and regulate water resources in the country, including water supply, sewerage, sanitation, and flood control.
- **Recommendation 6:** Allow the market to determine the wholesale price of water.
- **Recommendation 7:** Complete the Kaliwa Dam project to add a second dam water resource supply for Metro Manila.
- **Recommendation 8:** Open the water sector to foreign investors to increase competition and enhance water service in the country as well as to add more competition to the bidding process.
- **Recommendation 9:** Improve operations and management of Water Districts by insulating them from political interference and removing obstacles to privatization and consolidation to achieve economies of scale in water distribution and sewage.
- **Recommendation 10:** Upgrade the existing irrigation network and fund its rapid expansion to assist farmers to be more productive and reduce impact of climate change.

Chapter 4: Rural Development (Points 5 and 6)

A. Agribusiness	62
B. Tourism	65
C. Land Administration	68
D. Extractive Industries	69



Point 5: Promote rural and value chain development towards increasing agricultural and rural enterprise productivity and rural tourism.

Point 6: Ensure security of land tenure to encourage investments, and address bottlenecks in land management and titling agencies

A. Agribusiness



Photo: Dole Philippines pineapple plantation

Source: The Provincial Government of South Cotabato

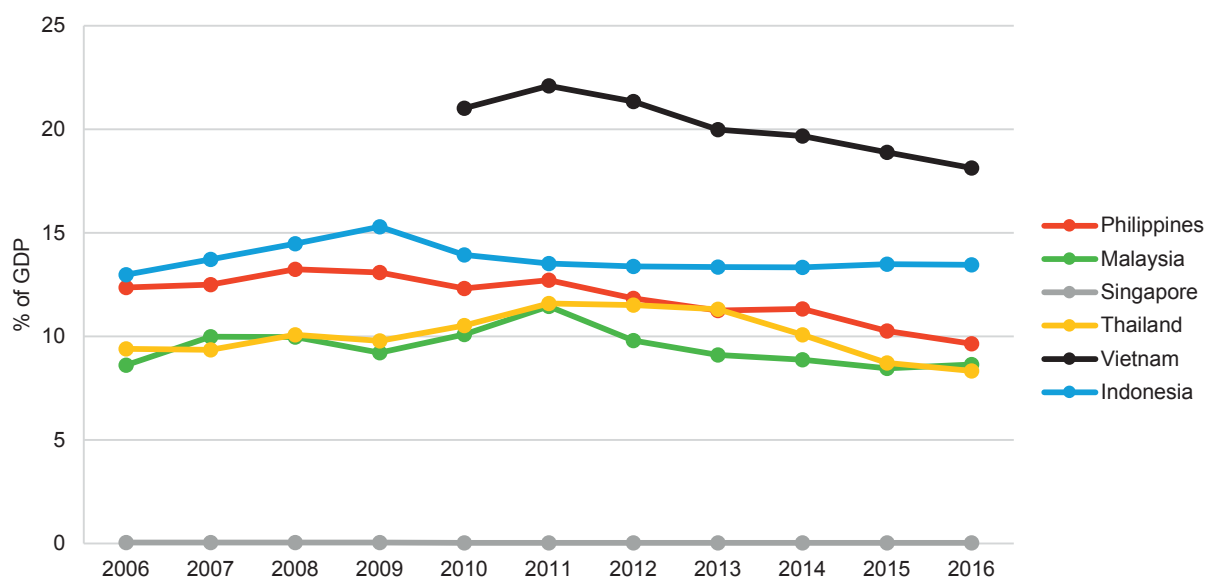
Although the Philippines is becoming a majority urbanized country at a fast rate, close to half of its citizens still live in rural areas. Significantly from the vantage of development and inclusive growth, 73% of the poor are rural residents. Over 12 million Filipinos, close to one-third of the total workforce, rely on agriculture for their livelihood.

Agriculture, mining, and tourism, are the sectors with the highest potential for growth in rural areas. SME development should also be pursued, especially in handicrafts using native materials.

Despite its size and importance to the economy, the overall agriculture sector contributed less than 10% to GDP in 2017; the last year in which it produced more than 20% of GDP was 1969 (*see Figure 39*).

Among the main challenges to agriculture growth are: (1) ability to utilize overseas market access; (2) poor logistics and supply chain; (3) poor access to finance; (4) inadequate crop insurance; (5) land market inefficiencies; and (6) poor extension services.

Figure 39. Percent Contribution of Agriculture to GDP, ASEAN-6, 2006-2016



Source: World Bank

Philippine agricultural exports are the lowest of the ASEAN-6 and below 5% of the total from the region. A country such as Vietnam - with a population size close to the Philippines but with less land available for agriculture - exports four times that of the Philippines. Exports of agricultural goods from the Philippines were US\$ 6.9 billion in 2014, while imports were US\$ 8.7 billion. Vietnam – at US\$ 26 billion - has become a leading exporter of rice, coffee, fish, fruits, and nuts. Top actual and potential Philippine exports include banana, cacao, coconut products, coffee, mango, marine products, pineapple, and sugar.

Table 17. Agricultural Goods and Food Exports, ASEAN-6, US\$ Bn, 2014

Countries	Agricultural goods			Food			Agricultural food exports, % of total agricultural exports	Agricultural Area, in ('000 Ha), 2014
	Exports	Imports	Trade Balance	Exports	Imports	Trade Balance		
Indonesia	44.1	22.2	21.9	35.4	17.0	18.4	80%	57000.0
Malaysia	30.1	20.2	10.0	26.0	16.5	9.5	86%	7839.0
Philippines	6.9	8.7	-1.7	6.3	8.2	-1.9	91%	12440.0
Singapore	11.9	14.6	-2.7	10.6	13.3	-2.8	89%	0.7
Thailand	39.7	16.2	23.5	30.8	12.6	18.3	78%	22110.0
Viet Nam	25.8	17.9	7.8	22.3	12.7	9.6	86%	10873.7

Sources: WTO and FAO (for agricultural land area as of 2014)

- **Recommendation 1:** There is a need to review government programs that distort market competition for land and that potentially affect small farmers' access to credit and preclude their ability to benefit from economies of scale.
- **Recommendation 2:** Create an irrigation master plan to set the direction for irrigation development and a framework for capital and O&M financing of irrigation projects will be formulated.
- **Recommendation 3:** New agriculture, forestry, and fisheries (AFF) enterprises should be developed, while existing ones will be encouraged to increase production and to go beyond producing merely raw materials through increased value-adding of products with higher market value.

- **Recommendation 4:** Develop an integrated color-coded agricultural map to identify the comparative advantage of specific areas.
- **Recommendation 5:** Accelerate construction of disaster- and climate-resilient small-scale irrigation systems and retrofit existing ones.
- **Recommendation 6:** Facilitate the use of appropriate farm and fishery machinery and equipment.
- **Recommendation 7:** Strengthen the AFF extension system through the engagement of a pool of professional extension workers that will provide technical and business advisory services.
- **Recommendation 8:** The DA should tap State Universities and Colleges to hasten the diffusion of good farm and fishery practices, indigenous and local knowledge, and appropriate technologies.
- **Recommendation 9:** Diversify into commodities with high value-adding and market potential. Commodities that can be developed based on vulnerability, suitability, and value-chain analyses of DA include mango for coffee, dairy cattle, abaca, and rubber, banana, and cacao.
- **Recommendation 10:** Expand AFF-based enterprises through new and innovative production and marketing schemes. New forms of linkages such as contract farming and corporate farming that will connect AFF enterprises to markets and other upstream services will be established.
- **Recommendation 11:** Farm-to-market roads, bridges, tramlines, and railways should be constructed to connect small farmers and fisherfolk to the agricultural value chain. Inter-island water transport (*e.g., roll-on roll-off nautical highway*).
- **Recommendation 12:** Increase the number of small farmers and fisherfolk that are provided with agricultural insurance as weather index-based and area-based yield index insurance will be promoted.
- **Recommendation 13:** Provide small farmers and fisherfolk easy access to affordable formal credit. The government will develop and implement innovative loan products with responsive credit delivery mechanisms
- **Recommendation 14:** The Agri-Agra Law should be revisited to identify factors that limit its effectiveness and determine appropriate measures
- **Recommendation 15:** Rather than mandating loan quotas in Agri-Agra, government effort should focus on programs to reduce agricultural risks (*e.g., provision of basic infrastructure, appropriate technology, and improved market information*).
- **Recommendation 16:** Raise investments in R&D for production and post-harvest technologies.
- **Recommendation 17:** Reorganize the Philippine Crop Insurance Corporation (*PCIC*) and increase its authorized Php 2 billion capital stock to cater more effectively to the demands of small farmers and fisherfolk through amending the Revised Charter of the PCIC Act of 1995 or RA 8175 as well as other relevant laws
- **Recommendation 18:** Pursue bold initiatives on crop insurance that reaches a large swath of an under-served market segment.
- **Recommendation 19:** The government must pursue clearer policy/strategy to maximize FTA utilization.
- **Recommendation 20:** Improve market information, technology transfer, marketing, export promotion, and broader trade facilitation measures.
- **Recommendation 21:** Give priority to high value export winner crops such as avocado, banana, cacao, coffee, mango, marine products, mongo beans, peanuts, pineapple, red hot chilli, squash and tobacco.

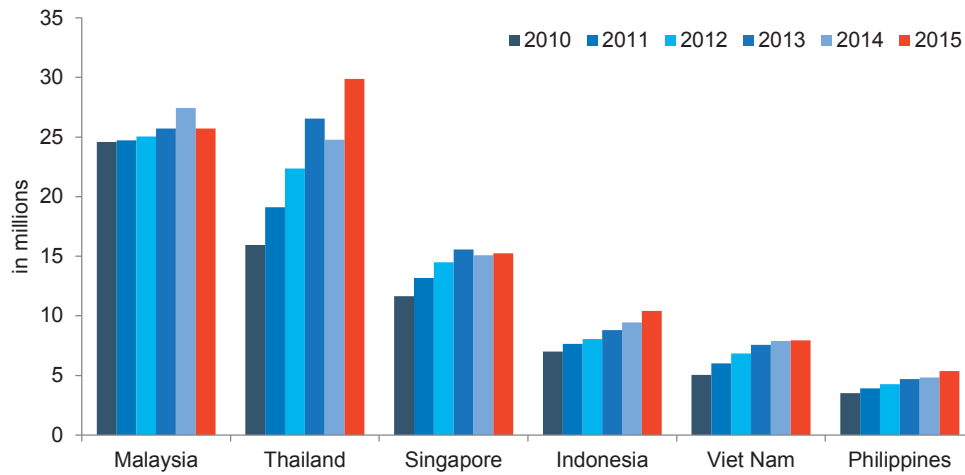
- **Recommendation 22:** Government should continue the further expansion of high value-added crops like coconut and palm oil.
- **Recommendation 23:** Refocus the Land Bank of the Philippines (*LBP*) from universal banking activities to supporting the agricultural sector.
- **Recommendation 24:** Integrate small farmers into larger enterprises.
- **Recommendation 25:** Policies and projects should modernize farm infrastructure, including farm-to-market roads, post-harvest processing facilities, irrigation, SPS inspection facilities, food terminals, cold storage, and food processing factories.
- **Recommendation 26:** Improve agricultural support infrastructure and services, such as farm-to-market roads, cold storage, and irrigation, to facilitate the distribution of agricultural products and increase farmer income.
- **Recommendation 27:** The Department of Agriculture (*DA*) bring order to extension services by guiding and coordinating extension units and strengthen links to R&D institutions and think tanks.
- **Recommendation 28:** Deploy a portion of coco levy funds to aid coconut farmers to enhance extension services, access to credit, investment, farm rehabilitation, and other poverty alleviation measures.
- **Recommendation 29:** Continue the Kapatid Mentor ME program (*KAMMP*) to the agriculture sector in collaboration with the DA and the Agriculture Training Institute.
- **Recommendation 30:** Continue to expand and strengthen the Go Negosyo Program under DTI to empower the bottom of the pyramid.
- **Recommendation 31:** Expand the Pondo sa Pagbabago at Pagasenso (*P3*) program of the DTI to empower rural MSMEs.⁵⁸
- **Recommendation 32:** Delivery of support services to farmers and fishermen such as financing, incentives, technology, irrigation, post-harvest facilities, farm-to-market roads, improved logistics and integration in the supply chain to fully develop the potential of the agricultural industry to develop rural areas and the countryside.

B. Tourism

Tourism is a major source of jobs in the Philippines, 5 million in 2015 or 12.5 % of total employment. It contributes a growing share of GDP, reaching 7.8 percent in 2014, of which \$ 5 billion were receipts from international tourists. Yet the country is the regional laggard among the ASEAN-6 in attracting international visitors (*see Figure 40*). Domestic tourism, estimated at 54 million day and overnight visitors in 2014, remains the backbone of the industry.

58 The P3 Program of the DTI assists start-ups and MSMEs to find capital to jumpstart their business as opposed to borrowing from unofficial channels. Borrowers may borrow up to Php100,000 with a 2.5% monthly interest rate.

Figure 40. International Tourist Arrivals, ASEAN-6, 2010-2014

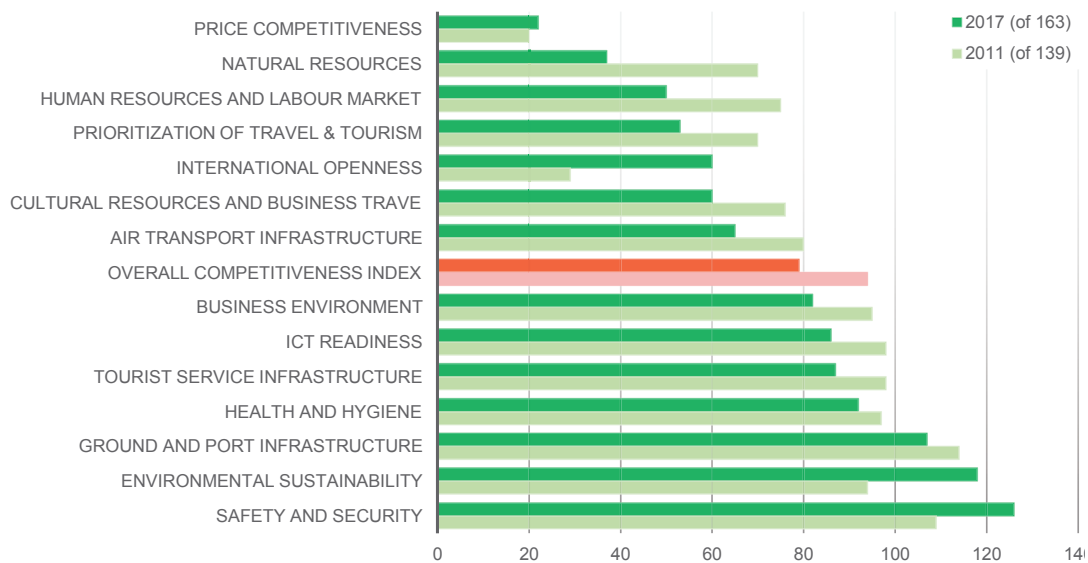


Source: ASEAN Secretariat

The competitiveness of Philippine tourism improved from 94th in 2011 to 79th in 2017, as measured by the WEF (see Figure 41). Some significant reforms supporting international tourism were (1) liberalization of air access, (2) removal of the Common Carriers Tax and Gross Philippine Billings, (3) 24/7 operations of border control state agencies in international airports, and (4) convergence programs to improve infrastructure in tourist areas that enabled the construction of over 2,500 kilometers of tourism roads. Also important was the resolution of the US and EU downgrades of GPH regulatory systems, the rollout of facilities under TIEZA, the expansion of hotel rooms, and other ongoing reforms.

Medical tourism, retirement programs, cruise tourism, Meetings, Incentives, Conventions, and Exhibitions (MICE) are new areas for expansion. Near the main gateway airport, three new world class casino and entertainment complexes now compete with Las Vegas, Macau, and Singapore. The Philippines is just beginning to become an important international tourist destination; the potential for the sector is immense.

Figure 41. Philippine Travel Competitiveness Index, 2011 and 2017



Source: Travel and Tourism Competitiveness Report, WEF 2011 and 2017



Source: "The best beaches of the Philippines" by Greg Bloom. Lonely Planet, April 2017.



Photo: Artist perspective of Okada Entertainment Complex in Parañaque City, Philippines.
Source: Casino News Travel Collectables

- **Recommendation 1:** Implement the National Tourism Development Plan (NTDP) of the DOT, which will include major investments in tourism infrastructure until 2022.
- **Recommendation 2:** Improve the low-ranked indicators for the country in the WEF Travel and Tourism Competitiveness Report.
- **Recommendation 3:** Expand and improve road networks to and from tourism sites. Access to/from tourism economic zones must be part of the overall development plans of investors and LGUs.

- **Recommendation 4:** Develop meetings, conventions and exhibits market with improved air transport infrastructure and hotels by promoting key tourist regions with infrastructure and more direct international flights in key regional areas.
- **Recommendation 5:** Reduce differential and discriminatory charges that are higher for tourists than local residents by issuing ordinances to prevent exploitation of tourists and implementing accreditation rules under the Tourism Act.
- **Recommendation 6:** Promote professional tourism training and education.
- **Recommendation 7:** Amend the Philippine Retirement Act to make it conform with the dynamic needs of the industry.
- **Recommendation 8:** Improve marketing and advertisement of the Philippines and allow this project to be headed by the private sector to be more competitive with other ASEAN tourism advertisements.
- **Recommendation 9:** Prepare the Philippine national aviation strategy relative to its strategic position in the Asia-Pacific and plan infrastructure development, particularly to address congestion at NAIA.
- **Recommendation 10:** Provide funding for priority seaports for cruise tourism as identified under the DOT's National Cruise Tourism Development Plan and with inputs from the private sector including cruise lines.
- **Recommendation 11:** Improve market access development programs for airlines and cruise lines to promote direct flights and ship calls to secondary gateways.
- **Recommendation 12:** Issue long-stay visa to attract long-stay tourists and potential retirees.
- **Recommendation 13:** Review conflicting legislation and regulations governing licensure, accreditation and certification of organizations and individuals.
- **Recommendation 14:** Tourism centers and sites of the TDAs, and put in place appropriate mitigation measures to safeguard heritage sites and vulnerable groups.
- **Recommendation 15:** Ensure the increase of security presence in key tourist areas to assure tourists of their safety and security while travelling the Philippines.
- **Recommendation 16:** Intensify transport infrastructure development.
- **Recommendation 17:** Pursue travel facilitation initiatives.
- **Recommendation 18:** Attract tourism investments and improve business environment.
- **Recommendation 19:** Expand product development initiatives.
- **Recommendation 20:** Enhance human resource capacity and improve service standards.
- **Recommendation 21:** Promote initiatives in embracing quality standards.

C. Land Administration

The property rights regime in the Philippines contains major deficiencies that undermine the investment climate and starve the rural sector of needed capital. Indicative of these inefficiencies in the land market. A staggering 11 million parcels of untitled properties litter a country of 24 million parcels. After six decades, the country's land reform remains incomplete, creating uncertainties for agribusiness, limiting collateralized lending in finance, and discouraging investments in agricultural production. Land distribution has created a new class of landed poor. Strong measures are needed to unshackle the land market in the Philippines.

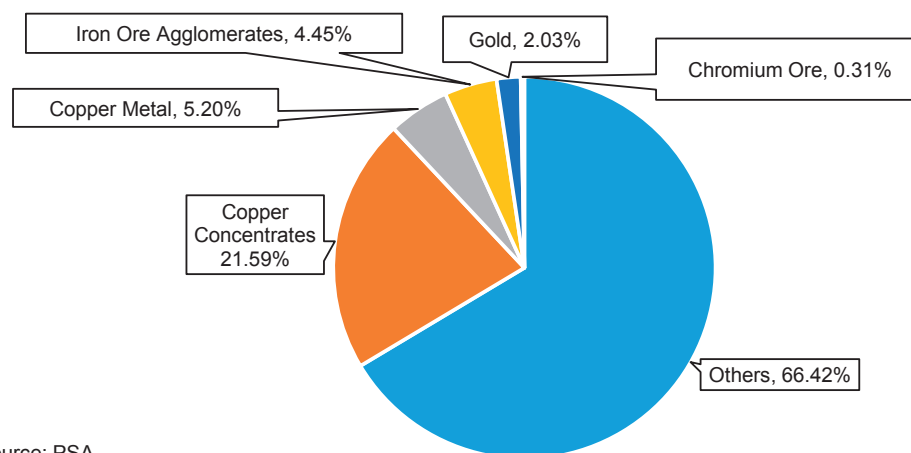
- *Arangkada Publications*
- *G.I.A.N.T. S.T.E.P.S by Philippine Chamber of Commerce and Industry (PCCI)*

- **Recommendation 1:** Address the urgency to provide rationalized land use planning in the country, consolidate national laws on land uses and address long-standing land use conflicts through the National Land Use Act.
- **Recommendation 2:** Pass the National Land Use Act to protect prime agricultural lands to ensure the sustainability of on-farm employment and overall rural development.
- **Recommendation 3:** Limits on land holding and its consolidation should be lifted, along with restrictions on selling or mortgaging newly redistributed land.
- **Recommendation 4:** Pass the Agricultural Free Patent Reform Act to make agricultural land titles immediately tradeable and bankable, provide farmer entrepreneurs the much-needed access to credit, and create capital to make investments, create jobs, increase productivity, and reduce poverty in rural area.⁵⁹

D. Extractive Industries

The Philippines has an abundance of high-value mineral resources that can be developed to create jobs in rural areas, increase national and local government revenue, and support community development. The Fraser Institute of Canada has ranked the country among the top ten most attractive countries for mineral development on the basis of its potential. The Extractive Industries Transparency Initiative Report 2014 estimated Philippine mineral resources to reach US\$1.4 trillion with copper, gold, and nickel being 75% of the total (see Figure 42).

Figure 42. Philippines' Mining Goods Exports Distribution



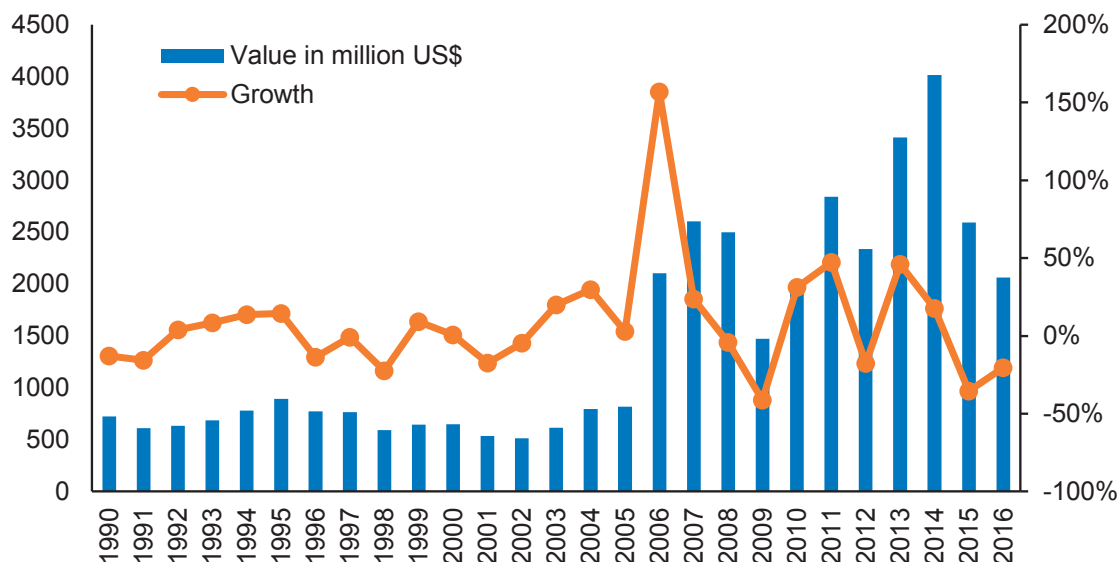
The country could also benefit from more local processing of ore as import substitutes for its manufacturing sector. For the most part, the potential for the mining sector in the Philippines remains unrealized.

In the absence of developing a well-regulated large-scale mining industry that complies with international standards, the mineral wealth of the country is being exploited by small-scale mining that desecrates the environment and pays no taxes.

⁵⁹ Several million farmers on parcels of former public land hold agricultural free patents which bear a restriction that the seller has a right for five years after the sale to repurchase the patent. The bill removes the five year restriction.

Since July 2012 a moratorium on approvals of new mineral production permits has been in place. Exports by value fell by 50% from 2014 to 2016 (see Figure 43).

Figure 43. The Mineral Products Exports in the Philippines



Source: PSA

With the new administration naming an anti-mining activist to the position of DENR secretary, the industry faced great uncertainty. Following her failure to receive confirmation, policies that encourage the expansion of responsible mining are hoped for.

The Philippines should not simply do away with mining but find ways to pursue responsible and safe methods of mining, a measure the President supports:

"I call on our industrialists, investors [and] commercial barons to put up factories and manufacturing establishments right here in the Philippines to process our raw materials into finished products... Responsible, regulated and sustainable development is what we advocate and require. The protection of the environment must be made a priority ahead of mining and all other activities that adversely affect one way or another. And this policy is non-negotiable...If possible, we shall put a stop to the extraction and exportation of our mineral resources to foreign nations for processing abroad and importing them back to the Philippines in the form of consumer goods."⁶⁰

- **Recommendation 1:** Institutionalize the Extractive Industry Transparency Initiative by improving transparency in revenue payments and sharing in the mining, oil and gas industries.
- **Recommendation 2:** Development of a major environmental and socially responsible large-scale mining industry as a national priority given the Philippines' strategic, economic and social development interests
- **Recommendation 3:** Ease restrictions of Foreign Direct Investment in large-scale mining to allow 100% foreign ownership of large-scale mines, excluding ownership of land.
- **Recommendation 4:** Review and reset the fiscal framework for large-scale mining so that the Average Effective Tax Rate (as measured by the IMF) is not higher than the average AETR imposed by all APEC countries.

● PDP 2017-2022
● Arangkada Publications

- **Recommendation 5:** Guarantee contracts for mining concessions and conditions relating to FDI for fifty years with no changes except by mutual agreement.
- **Recommendation 6:** Revise the revenue-sharing arrangements with LGUs and IPs with a reduced level of 50% to be retained by the national government and increased level of 50% to be paid within 6 months of receipt to LGUs and IPs.
- **Recommendation 7:** Set up a new Mineral Wealth Fund with 50% of the revenue the national government receives (*25% of total revenue*) each year invested in his fund with interest income of the fund to available to support development of the mining industry.
- **Recommendation 8:** Implementation of responsible mining with local value-added such as processing and limiting raw ore exports.

Chapter 5: Human Capital Development and Reproductive Health (Points 7 and 10)

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Point 7: Invest in human capital development, including health and education systems, and match skills and training to meet the demand of business and the private sector.

This chapter covers education, health, the environment, and reproductive health. It also covers the Business Process Management sector of the Arangkada Seven Big Winner sectors, a major employer of fresh college graduates.

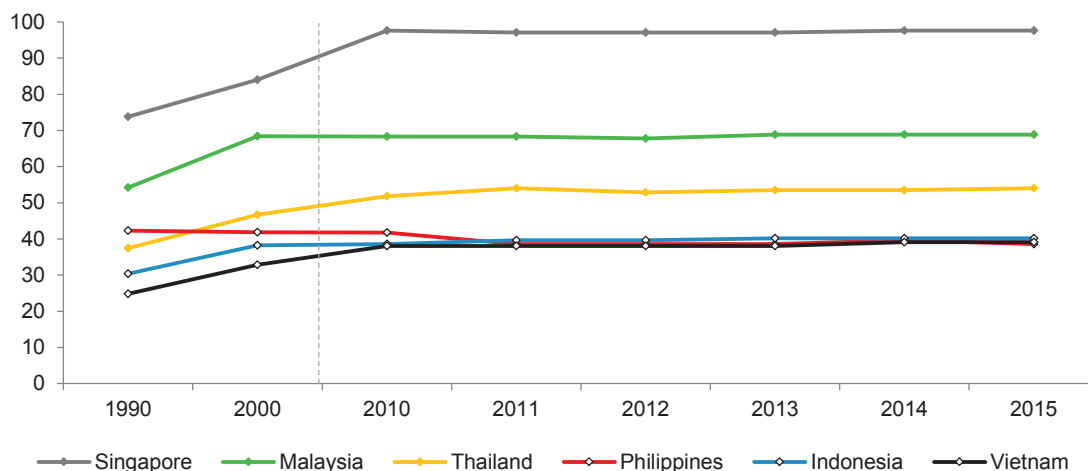
With a young population, the Philippines is often said to have a demographic “sweet spot” for the next several decades, in comparison to those Asian countries where the percent of older people is high and there are shortages of young workers. The current median age in the Philippines is 23. Education determines the quality of tomorrow’s workforce, while health determines the fitness of the workers.

For the potential of the country to be realized the potential of its people must also be achieved. As DBM Secretary Benjamin Diokno said:

“We must invest in our greatest resource – our youth. Our population’s median age is 23 years old. Hence, we must mold them into an agile, competent and productive workforce. This means allocating adequate resources to education, healthcare, social protection, among other things. And this is exactly what we are doing – 40 percent of the P3.35 trillion budget in 2017 is allotted to social services.”⁶¹

In terms of the Human Development Index (HDI), the Philippines ranked around the same level as Indonesia and Vietnam in 2016. However, its position relative to other countries globally has changed little for several decades (see Figure 44). Key indicators covered by the HDI include life expectancy, education, and per capita income.

Figure 44. Human Development Index, Percentile Rankings, ASEAN-6, 1990-2015



Sources: UNDP 2016 HDI report, author's calculations

A. Education

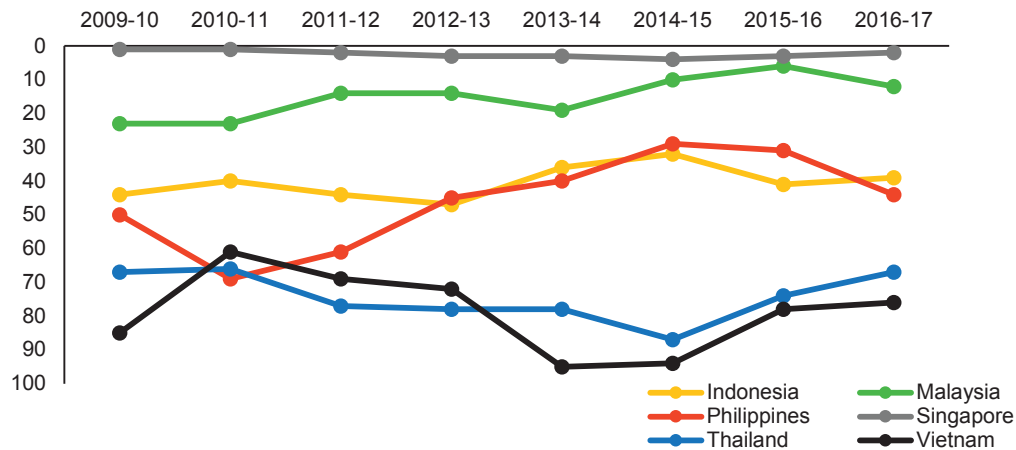
Two significant reforms in the education sector under President Aquino were (1) substantial increases in national government spending and (2) the addition of three years to basic education under the K+12 reform for basic education. The three-fold increased spending from Php186 billion in 2010 to Php543 billion in 2017 allowed the government to reduce or eliminate the large backlog in teachers, classrooms, desk, books, water and sanitation. The GPH is now spending more per student as a percentage of GDP per capita in 2015 than a decade ago, while also closing this spending gap with the ASEAN-6.

61 Source: Department of Budget and Management. February 3, 2017

The creation by this law of two years of senior high school brought the basic education length in the Philippines up to the international norm of 12 years. Roughly half of students in senior high school will take a “technical-vocational-livelihood” track and enter the workforce at age 18, while the other will follow the “academic” track, preparing them for tertiary education and employment at an older age.

These reforms paid off in a significant improvement in ranking of the Philippines for Quality of Education by the WEF 69th of 139 in 2010 to 31st of 134th in 2016 (see Figure 45). Over time these educational reforms should produce graduates who are better qualified for work in a modern economy and thereby will make the country more competitive.

Figure 45. Quality of Educational System, Percentile, ASEAN-6



Source: WEF; Total number of countries evaluated:
133 (2009), 139 (2010), 143 (2011), 144 (2012), 148 (2013), 144 (2014), 140 (2015), 138 (2016)

President Duterte is his second SONA in July 2017 committed to continue these educational reforms:

“We have sustained investments in higher education and are committed to the full implementation of the K to 12 Basic Education Program.”

A program to connect public schools to the Internet started by the Makati Business Club over a decade ago was taken over by the Department of Education (DepEd), but as of late 2016 only 26% of public schools were connected. The free Wifi in public places law (RA 10929) enacted under President Duterte should solve this challenge as the schools are included among the 100,000 sites that will be connected, if funded, over the next decade.



Source: <http://www.savethechildren.org.ph>

To “match skills and training to meet the demand of business and the private sector” has become increasingly important as the Philippine economy modernizes. The WEF updated a list of the top ten skills workers should possess in 2020 to be competitive (*see Figure 46*). The top three for 2020 are (1) complex problem solving, (2) critical thinking, and (3) creativity. In 2015, creativity was ranked in 10th place and critical thinking in 4th.

Figure 46. Top Ten Skills Workers Should Process in 2020

Top 10 skills

in 2020

1. Complex Problem Solving
2. Critical Thinking
3. Creativity
4. People Management
5. Coordinating with Others
6. Emotional Intelligence
7. Judgment and Decision Making
8. Service Orientation
9. Negotiation
10. Cognitive Flexibility

in 2015

1. Complex Problem Solving
2. Coordinating with Others
3. People Management
4. Critical Thinking
5. Negotiation
6. Quality Control
7. Service Orientation
8. Judgment and Decision Making
9. Active Listening
10. Creativity

Source: Future of Jobs Report, World Economic Forum

- **Recommendation 1:** Commit to an increasing public education budget of 4% of GDP. Double the average spending per student (from 2010) to be closer to other ASEAN economies.
- **Recommendation 2:** Narrow the skill-jobs mismatch by revising curricula and training and retraining the workforce for hard-to-fill jobs of the present and future economy. Support greater interaction between TESDA and the private sector.
- **Recommendation 3:** Empower teachers by constantly improving their quality and curriculum to help students acquire the knowledge and skills required to enable them to get higher quality jobs. Apply competency based-standards for teachers and provide more in service training, while maintaining their welfare and morale.
- **Recommendation 4:** Basic education and college curricula should increase study of science, technology, and math (STEM) subjects.
- **Recommendation 5:** Encourage more college students to study fields needed for specialized positions (*e.g. agribusiness, computer science, engineering, environmental science, mining, and physics*). Teach more foreign languages in colleges to support the BPO and tourism sectors.
- **Recommendation 6:** Intensify investment in technology for public education. Complete the connection of some 7,000 high schools to the Internet. Equip high school teachers with notebook computers and students with e-readers. Place Internet-connected computer labs in elementary schools
- **Recommendation 7:** Resolve administrative barriers (importation fees) to the donation of used computers by PEZA locators to the education sector. Hundreds of thousands of units could be given to help students learn essential computer skills.
- **Recommendation 8:** Change laws and rules to allow qualified foreign schools to operate and foreigners to teach in the Philippines.

- **Recommendation 9:** Strengthen the Dual Education/Dual Technical System by expanding scholarships and involving the private sector in the curriculum development and internships.
- **Recommendation 10:** Strengthen programs for early childhood care and development in order to adequately prepare for basic education.
- **Recommendation 11:** Increase the mean years of schooling from 8.9 in 2015 to in 11.3 in 2022.
- **Recommendation 12:** Continue curricular reforms in the science and technology curriculum to foster innovation and creative imagination.
- **Recommendation 13:** Expand access to higher education.
- **Recommendation 14:** Decrease duration of school-to-work transition of high school graduate from 4 years to 9-12 months. Decrease duration of school-to-work transition of college graduate from 2 years to 6-9 months.⁶²
- **Recommendation 15:** Filipinos should be equipped with 21st century skills to engage in meaningful and rewarding careers in today's changing world of work.
- **Recommendation 16:** Ensure globally competitive TVET programs.
- **Recommendation 17:** The overall performance of Technical Vocational Education and Training (TVET) is laudable, but inclusive access, desirability, and quality remain a challenge. There is a need to upgrade quality as evidenced by the lack of qualified trainers and equipment. There is also a need to increase the capacity of TESDA.
- **Recommendation 18:** Address job-skills mismatch through joint identification of job profiles needed per industry by government, industry and academe. Improve curriculum development to improve worker competitiveness via immersion or training in tech voc.
- **Recommendation 19:** Expand collaboration between government, academe and industry.
- **Recommendation 20:** The government should determine a realistic target of costing and producing quality PhDs per year in the next 5-7 years, considering the target of 2,700 PhDs per year in the next 10 years, and allocating the necessary funds to support graduate students.
- **Recommendation 21:** Strengthen and expand internship, apprenticeship and dual-training programs that facilitate school-to-work transition.
- **Recommendation 22:** Pass the Apprenticeship bill which will establish a reformed apprenticeship program that will ensure the availability of qualified manpower in the field of critical and in-demand technical skills through the active participation of all workers, enterprises, government agencies, and non-government organizations concerned.⁶³
- **Recommendation 23:** Pass the Philippine Qualifications Framework Bill, a quality-assured national system for the development, recognition, and award of qualifications based on the standards of knowledge, skills, and attitude acquired by learners and workers in the country.⁶⁴

62 In 2016 "The share of youth who are neither in education nor in employment in the total young working population reached 22.1 percent implying around 4.4 million young Filipinos are underutilized with skills not being enhanced either by education, training or employment."

63 The Apprenticeship Bill is currently filed in both houses and included in the legislative agenda of the PDP of NEDA. In the Senate, the bill is pending Second Reading.

64 The Philippine Qualifications Framework bill was among the 28 priority bills approved by the LEDAC at its August 29 meeting. It is approved on second reading in the Senate and at the committee level in the House of Representatives.

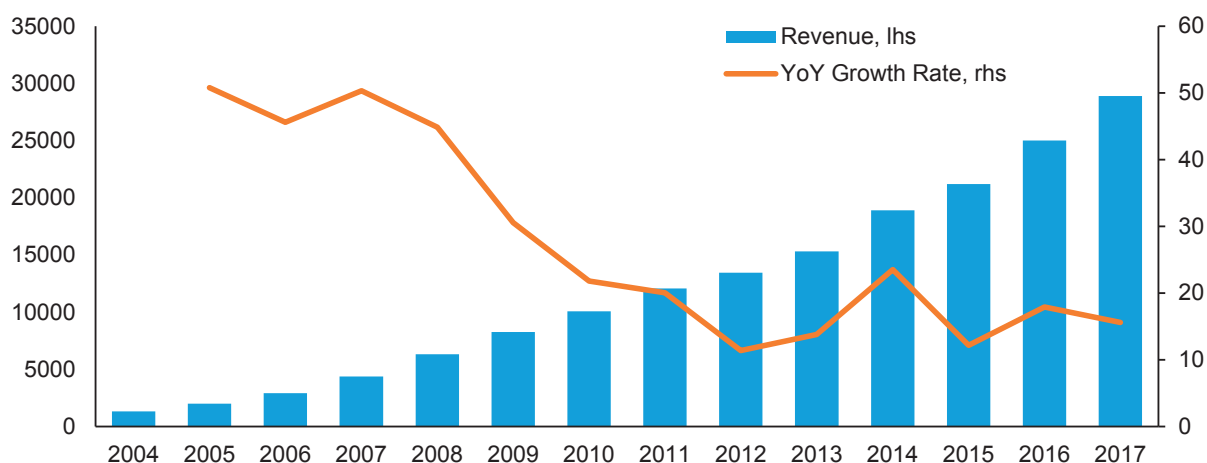
- **Recommendation 24:** Review RA 7686 or the Dual Training System Act of 1994 in order to entice more companies to engage in DTS. The current law stipulates the responsibilities of the trainees and establishments, and incentives for participating establishments.⁶⁵
- **Recommendation 25:** Implement RA 10931 the Universal Access to Quality Education Act to utilize available funding to prioritize support for the poorest students at state colleges and universities.
- **Recommendation 26:** Reduce the high pupil-teacher ratio in basic education closer to the ASEAN-6 average.
- **Recommendation 27:** Pass the Apprenticeship law amendments to allow longer period of apprenticeships beyond 6 months and more flexibility in their remuneration.

B. Business Process Management (BPM)

BPM has become an extremely important business sector in the Philippine economy, because of its large size, high growth rate, and long-term potential to provide several million quality jobs and earn high service export revenue. The Philippines has had clear advantages: a large workforce of educated, English-speaking talent with a strong customer-service orientation and cultural affinity to North America, highly reliable low-cost international telecommunications, diverse and inexpensive site locations, and strong government support.

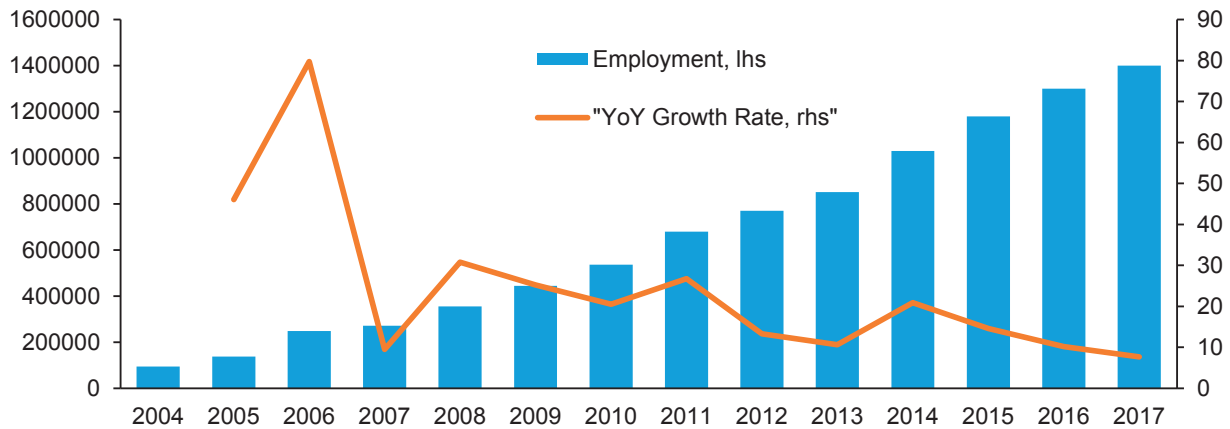
In less than 15 years, the BPO sector has grown exponentially in terms of total revenue and employment to become an important engine of the Philippine economy, approaching 10% of GDP and over 1.2 million employees (see Figures 47 and 48). As the industry has matured, its rate of growth is slowing, limited by the availability of larger and larger numbers of qualified job applicants. Other looming issues are competition from India, China, and elsewhere, technological advance especially artificial intelligence (AI), and weakened GPH support.

Figure 47. BPM Industry Revenues, Mn US\$, 2004-2017



Sources: BSP, IBPAP

Figure 48. BPM Industry Employment, 2004-2017



Sources: BSP, IBPAP

Google’s online dictionary defines AI as:

AI: “the theory and development of computer systems able to perform tasks that normally require human intelligence, such as visual perception, speech recognition, decision-making, and translation between languages.”

In the 2017 Tholons Services Globalization Country Index, the Philippines declined from the 2nd best-rated of 50 countries after India to the 3rd best-rated, after India and China. Top Philippines cities for services also declined in the same 2017 index for the best-rated 100 cities. Manila fell from 2nd to 4th place (behind Bangalore, Mumbai, and Delhi) and Cebu from 8th to 12th. Moving up quickly as rivals to Manila and Cebu, Sao Paulo rose from 27th to 6th and Buenos Aires from 33rd to 10th. This should be a “wake-up” call for the industry and the GPH in the Philippines.

“Philippines has been the undisputed leader in customer service, BPM and is home to major multinational corporations and GICs. English fluency among the youth, cultural affinity to US/UK and the growing influence of MNC operations on the country’s economy is significant. The city of Manila has become the focus of operations for various industries and has long challenged Bangalore, Mumbai and taken the lead in BPM. Philippines has a high presence of growing youth population. Furthermore, the country has a substantially high literacy rate (95%), an estimated 30% of graduates are employable and is one of the world’s largest English speaking nations. Leading MNC and GICs have made Philippines a hub for digital process innovation. A number of companies are leaders in putting robotics workforce and process simplification through digital. Having said this, the industry is probably the most susceptible to the digital onslaught and needs to have a sense of urgency to re-invent itself in this age of digital disruption.”⁶⁶

- **Recommendation 1:** Government must continue to be a strong and supportive partner of growth strategies of the sector.
- **Recommendation 2:** Government should maintain competitive incentives and regulations, including training incentives, tax breaks for location-related expenses, funding for university partnerships.
- **Recommendation 3:** Infrastructure can support the sector with improved airports, telecommunications, and reliable power.
- **Recommendation 4:** Improved security and disaster preparedness will support the sector.

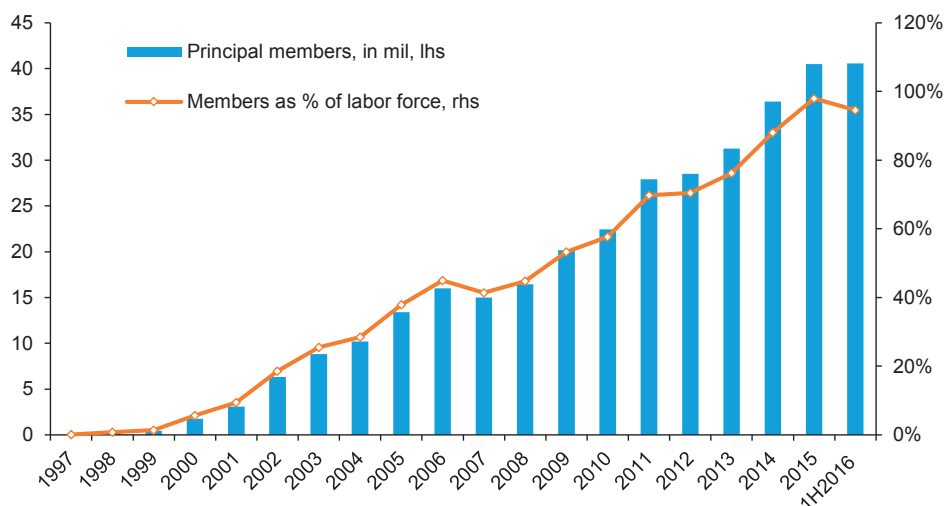
- **Recommendation 5:** The PEZA approval process should be accelerated and ease of doing business with LGUs improved.
- **Recommendation 6:** Continue to explore the potential of other sub-sectors of IT-BPO such as shared services and knowledge process outsourcing to pursue more value added sectors apart from voice.
- **Recommendation 7:** The Philippines should diversify and improve its IT outsourcing services as and pursue other areas of outsourcing, knowledge-process outsourcing, finance and accounting, human resources, market research and tech support among others.
- **Recommendation 8:** The education sector should equip Filipino workers with skills needed to transition to new areas of the business processing sector.
- **Recommendation 9:** LGUs should be more uniformly supportive of IT-BPO firms in their jurisdictions. LGUs should follow PEZA/BOI guidelines.

C. Health Care

Good public health is a significant concern for the business community. Healthy employees are more productive, have lower absenteeism, and incur lower healthcare expenses. Healthier children are more able to benefit from education and eventually contribute to the economy. Good health promotes increased labor productivity, which supports higher wages.

Under the Universal Health Care Program, the Aquino Administration sought to provide better public health care to more Filipinos by expanding PhilHealth coverage to more poor families and senior citizens (see Figure 49). With RA 10351 the Sin Tax Reform Act the government raised excise taxes on cigarettes to generate more revenue to spend on public health. The four-fold increased spending from Php 30 billion in 2010 to Php 140 billion in 2017, including the National Health Insurance Program (PhilHealth), is a start for meeting the requirement for government to provide much improved public health service, increase benefits for expanded membership for PhilHealth coverage, improve immunization of infants and children, and build new health care facilities and improve existing ones.⁶⁷

Figure 49. Philhealth Membership, Philippines, 1997-2016

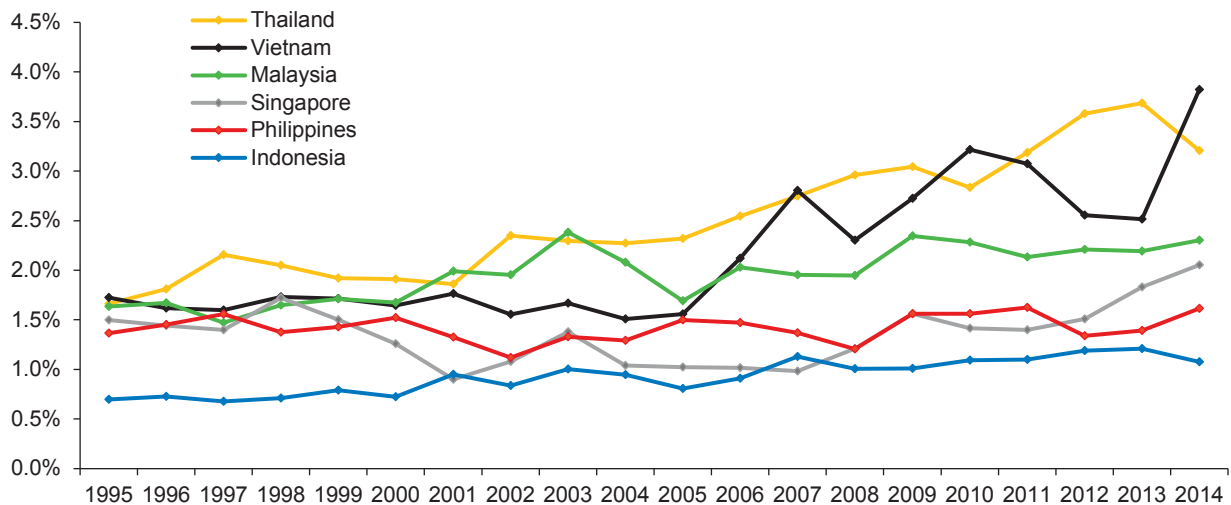


Source: PSA-BLES, PhilHealth Insurance Corporation

67 According to the PDP, 7,713 health facilities were constructed and upgraded from 2010 to 2016.

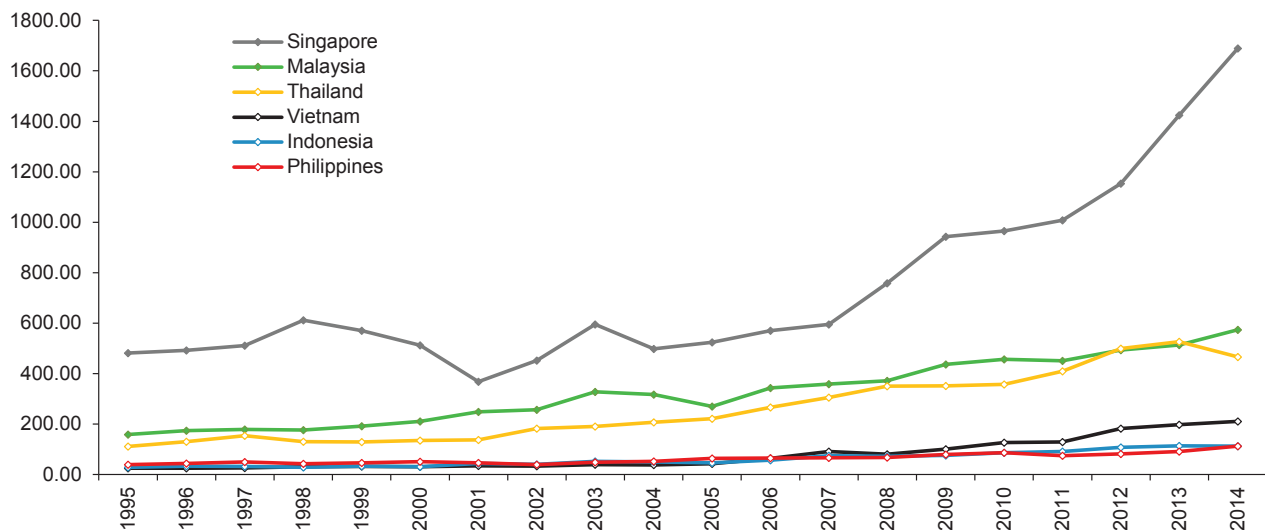
Figures 50 and 51 (with the most recent comparative data available from WHO only through 2014) show how little the GPH spends on health as a percentage of GDP and on a per capita basis compared to the ASEAN-6. GPH spending has varied little from 1.5% GDP over two decades. On a per capita basis, the Philippines spends as much as Indonesia, but much less than the other four countries. However, Figures 50 and 51 based on the latest WHO statistics do not reflect the recent higher spending levels.

Figure 50. Government Expenditure on Health, % of GDP, ASEAN-6, 1995-2014



Source: WHO

Figure 51. Per Capita Government Expenditure on Health, (PPP int. \$), ASEAN-6, 1995-2014



Source: WHO

In his second SONA, President Duterte strongly supported further improvements in public health:

“To ensure that Filipinos are given equitable access to quality and affordable health services, we expanded health insurance coverage and benefits. The destitute and the indigents, or those who just could not afford hospitalization, can now be provided with free services of government-operated and public hospitals.”



Source: University of Perpetual Help, College of Nursing & School of Midwifery

- **Recommendation 1:** Enact the Enhanced Universal Health Care Act.⁶⁸
- **Recommendation 2:** Expand health insurance coverage and improve benefit packages. Achieve 100% coverage by 2022.
- **Recommendation 3:** Improve the quality of health services by expanding public access to healthcare. (expanded Philhealth coverage, more free medicine, strengthening rural health units) as well as improving quality of available healthcare (improving government hospitals and equipment).
- **Recommendation 3:** Reduce percentage of out-of-pocket expenditure over total health expenditure from 56% in 2014 to 35% in 2022.
- **Recommendation 4:** Reduce percentage of stunting among children under 5 from 33% in 2015 to 21% in 2022.
- **Recommendation 5:** Adopt a “Nutrition and Health in All Policies” agenda. The LGU role in nutrition and health services delivery, such as advancing local health policies, providing family planning services and commodities, and reducing disaster risks will also be supported.⁶⁹
- **Recommendation 6:** The Philippine Government should double national spending on healthcare to 2.5% to 3% of GDP. Direct spending to the poorest Filipinos, who cannot afford any healthcare.
- **Recommendation 7:** Government hospitals should be modernized, rationalized and expanded, and many thousands of additional village health centers built. Better equipment and staff are also needed.
- **Recommendation 8:** PhilHealth should be expanded under Universal Health Care (UHC). The poorest Filipinos should be enrolled with no co-payments for services required. Outpatient services and free medicines should be added. Premiums should be progressive with income.
- **Recommendation 9:** Implement R. A. 10918 or the Pharmacy Profession Act Amendments.

68 This bill was included in the priority list at the August 29 LEDAC meeting.

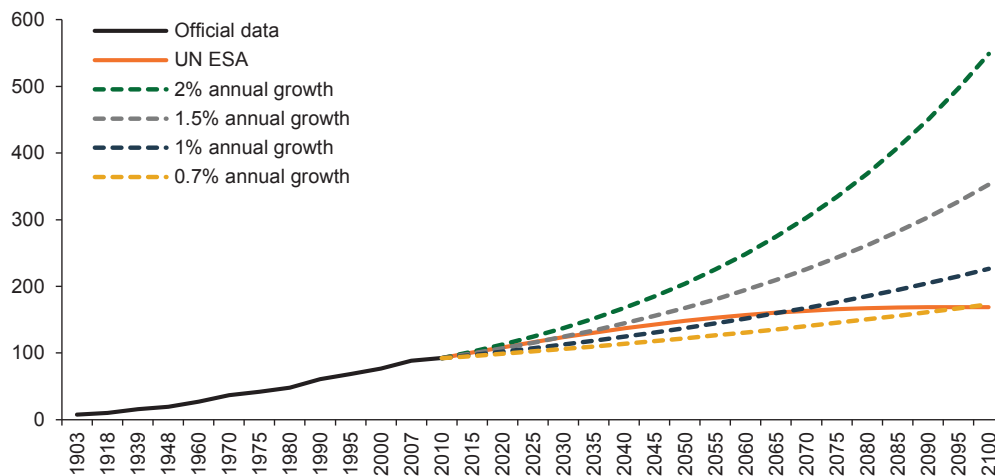
69 The NHIP will continue to provide financial risk protection to ensure that every Filipino will be a PhilHealth member. New benefits packages will be developed and existing ones may be expanded to lower the members’ out-of-pocket costs.

D. Reproductive Health

Point 10: Strengthen implementation of the Responsible Parenthood and Reproductive Health Law to enable especially poor couples to make informed choices on financial and family planning

The Philippine population has reached 105 million in 2017 and will likely reach 150 million by mid-century (see Figure 52). Urbanization, economic growth, and more access to methods of family planning rather than a national government family planning program have slowed down the population growth rate. From over 3% in 1970 it has fallen below 2% since 2001 and today stands at 1.7%.

Figure 52. Philippine Population Projections, In Mn, 1903-2100



Sources: PSA, UN ESA and author's calculations

One of the signature reforms of the Aquino Administration was enactment of RA 10354 the Responsible Parenthood and Reproductive Health Act of 2012, after decades of controversial debate. Since its passage, implementation has been delayed by legal challenges, first over specific provisions that resulted in a clarifactory ruling by the Supreme Court and second by a restraining order against a contraceptive implant that requires approval by the Food and Drug Agency. In January 2017, President Duterte issued an executive order directing implementation, and in his SONA, He expressed frustration that the law is not yet being implemented fully. The DOH has clarifies that other contraceptives are not affected.

President Duterte expressed his position as:

*"I am for the giving the freedom to a Filipino family to the size of his/her family, to how many children would they be able to support and send to school."*⁷⁰

The PSA estimates that at least six million women, of which two million are poor, have unmet need for any modern method of contraception.

- **Recommendation 1:** Ensure universal access to quality sexual and reproductive health (SRH) services.
- **Recommendation 2:** The main strategy will be to assist couples and individuals to achieve their desired family size within the context of responsible parenthood and informed choice in order to achieve population outcomes that are facilitative of economic growth.

● PDP 2017-2022

70 SONA of President Rodrigo Duterte, July 24, 2017

- **Recommendation 3:** Address unmet demand for family planning and unwanted pregnancies and aim to attain zero unmet need for modern family planning.
- **Recommendation 4:** Reduce the fertility rate from 3.1 in 2015 to 2.1 in 2022.
- **Recommendation 5:** Increase the modern contraceptive prevalence rate per 100,000 from 38% in 2015 to 65% in 2022.
- **Recommendation 6:** Implement the Reproductive Health Act of 2012 that mandates human sexuality education in schools and provide information and materials for family planning in all government clinics.

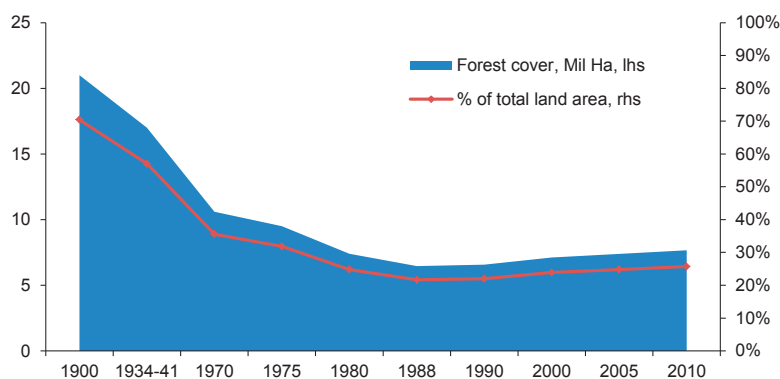
E. Environment and Disaster-Risk Reduction

The environment in the Philippines has been under assault for decades from the fast-growing population and destructive practices that degrade the country’s air, land, and water. Over half the country’s population lives in urban areas where polluted air is a silent killer and solid waste management and sanitation are very inadequate.

There has been growing recognition of problems such destructive environmental habits have created and the increasing need to introduce sound practices. Metro Manila and many other cities face a solid waste crisis. Despite passage of the Clean Air Act, too many vehicles, especially buses, jeepneys, and tricycles spewing noxious fumes, still ply Metro Manila’s streets due to inadequate enforcement.

Destruction of rich coral growth and extensive deforestation over a century contributed immensely to environmental degradation. Improved protection of watersheds, rivers, estuaries and remaining coral is essential. Philippine urban areas have developed with little planning to mitigate the effects of natural disasters. Figure 53 shows the decline of Philippine forest cover from 90% of the country’s total land area in 1934 to less than 30% today. Over the last two decades the Philippines has cut down its forests at a faster rate than Indonesia, Malaysia, and Thailand without proper replanting and forest management. The task to reforest is an enormous challenge.

Figure 53. Philippines’ Forest Cover, 1900-2010



Sources: DENR, WB CEA 2009 and 2010 FAO Global Forest Resources Assessment Philippines Country Report

Global indexes rank the Philippines as the most exposed major country to natural disaster risk as reported in the 2016 World Risk Report Index, calculated by the United Nations University for Environment and Human Security. The Philippines was 169th of 173 countries in 2016 (and the four countries ranked lower are much smaller). The index covers 28 indicators and natural hazards such as earthquakes, storms, floods, droughts, and sea level rise for 173 countries worldwide.

Several severe storms and floods pummeled Metro Manila and provinces in the last decade, most dramatically in 2009 (Ondoy in Manila), 2011

- PDP 2017-2022
- Arangkada Publications

(Sedong in N. Mindanao), 2012 (Pablo in E. Mindanao), and 2013 (the Signal 4 Yolanda in the Visayas). Earthquakes and volcanic eruptions remind the population and the citizenry that they live in the Ring of Fire. Metro Manila has begun awareness drills to prepare for a large magnitude earthquake. As the world's second largest archipelago, the country's shores and estuaries are predicted to be inundated by aftershocks and rising sea levels from global warming.

President Duterte in his second SONA in July 2017 prioritized creation of a Department of Disaster Resilience and Response.

“To undertake immediate action to ensure disaster resiliency and effective response in the greater Metro Manila area, which is our country's seat of governance, center of business, commerce, and the academe.”



Source: <http://www.meteoweb.eu/>

- **Recommendation 1:** Clear all impediments to the flow and drainage of flood waters, including all esteros and other urban drainages.
- **Recommendation 2:** Establish waste water sewerage treatment facilities in highly urbanized areas.
- **Recommendation 3:** Clean up polluted rivers and bays, especially Manila Bay.
- **Recommendation 4:** Encourage environment rehabilitation to include (1) reforestation, (2) urban greening and tree planting in idle urban land areas, and (3) provision of water catchments.
- **Recommendation 5:** Encourage all coastal LGUs to undertake marine regeneration projects such as mangrove replanting, coral preservations and rehabilitation, and fish sanctuaries.
- **Recommendation 6:** Compel all condominium and commercial buildings to have rain catchments, rooftop gardens, and/or solar power panels.
- **Recommendation 7:** Provide the enabling environment for resource recovery and privatization of solid waste management services.
- **Recommendation 8:** Implement the Solid Waste Management Act (RA 9003). Build sanitary landfills to contain the future solid waste of the metropolis and clean up existing dumpsites.
- **Recommendation 9:** Implement the Clean Air Act (RA 8749). Clean Manila's air faster by removing all vehicles that fail to meet pollution standards. Crack down on corrupt emission stations. Replace 2-stroke with 4-stroke engines. Convert jeepneys and buses from diesel to natural gas and electric.

● G.I.A.N.T. S.T.E.P.S by Philippine Chamber of Commerce and Industry (PCCI)
● Arangkada Publications

- Recommendation 10: Implement the Clean Water Act (*RA 9275*) to increase sewage systems and water treatment plants in all cities and municipalities in order to reduce water pollution.
- Recommendation 11: Educate the public to use reusable non-plastic bags and consider laws to reduce the widespread use of plastic that pollutes the marine environment and clogs waterways.
- Recommendation 12: Continue to fight illegal fishing methods and expand reef restoration programs and education of coastal communities.
- Recommendation 13: enforce the ban on illegal logging, encourage responsible commercial forestry, and increase reforestation in damaged watersheds.
- Recommendation 14: Incorporate disaster prevention, not just disaster reaction, into planning, development, and education.
- Recommendation 15: Create a Department of Disaster Resilience and Response to address the threat of worsening natural calamities.



Source: rappler.com

- **Recommendation 16:** Intensify sustainable management of natural resources through adoption of ridge-to-reef approach and sustainable integrated area development.
- **Recommendation 17:** Reverse the loss of forest cover through sustained rehabilitation of degraded forestlands including critical watersheds and strengthened protection of remaining natural forests.
- **Recommendation 18:** Enhance green spaces in urban areas.
- **Recommendation 19:** Promote sustainable forest-based (timber and non-timber) industries including agroforestry.
- **Recommendation 20:** Strengthen the enforcement of the antismoke belching campaign and vehicle emission testing.
- **Recommendation 21:** Promote environmentally-sustainable transport, including the mass transport system, use of cleaner fuels, and conversion to fuel-efficient engines.
- **Recommendation 22:** Implement the National Sewerage and Septage Management Program.
- **Recommendation 23:** Improve wastewater management by increasing the number of domestic, commercial and industrial wastewater treatment facilities in water districts, LGUs, and sites maintained by the private sector.

Chapter 6: Science, Technology and Arts (Points 8)

A. Promote science and technology	88
B. Promote Creative Industries	91
C. Promote Manufacturing	94



Point 8: Promote science, technology and the creative arts to enhance innovation and the creative capacity towards self-sustaining, inclusive development.

While it is generally recognized that Filipinos are very artistically talented, the areas of innovation, science, and technology are underdeveloped. In *Arangkada 2010* the Creative Industries sector was among the Seven Big Winner Sectors at the core of the advocacy. So were Agribusiness (*see chapter 4*), BPM (*see chapter 5*), and Manufacturing (in this chapter), three sectors that depend on science and technology for their growth and competitiveness. Hence the JFC welcomes the inclusion of science and technology in the ten-point agenda as well as the chapter devoted to the subject in the PDP, appropriately entitled “Vigorously Advancing Science, Technology and Innovation.”

A. Promote science and technology

Table 18 shows the Philippine overall Philippine ranking at 73rd of 127 countries in the 2017 Global Innovation Index.

Table 18. Global Innovation Index, Philippines Score and Rank, 2017

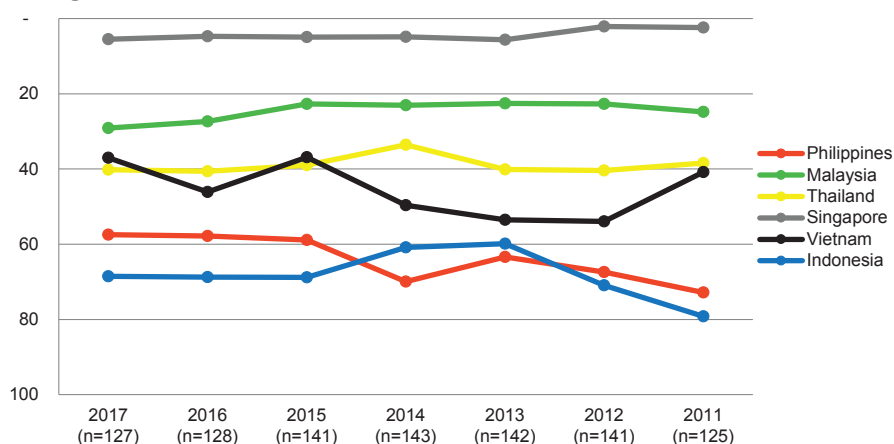
	Score (0-100)	Rank
Global Innovation Index (out of 127)	32.50	73
Institutions	50.00	89
Human Capital and Research	22.30	95
Infrastructure	44.60	72
Market Sophistication	41.30	92
Business Sophistication	36.90	45
Knowledge and Technology Inputs	28.30	42
Creative Inputs	22.80	94

Source: *Global Innovation Index 2017*

Looking at the indicators, the Philippines ranks lowest (95th) in human capital and research as well as creative outputs, market sophistication, and institutions. It should also be noted that the Philippines is highly unlikely to not become a high income industrialized economy without a strong base for innovation and research and development. In order to be more competitive in a world where technology has never advanced as rapidly, the success of the policies implemented under Point 8 will be critical.

Among the ASEAN-6, the Philippines in 2017 placed behind Singapore (7), Malaysia (37), Thailand (51), and Vietnam (47) but ahead of Indonesia (87) (*see Figure 54*).

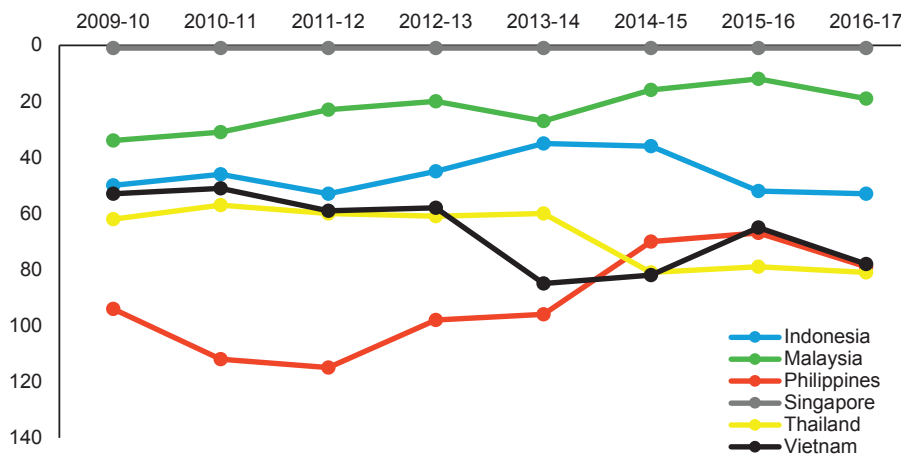
Figure 54. Global Innovation Index, ASEAN-6, Percentile, 2011-2017



Source: World Intellectual Property Organization

In Chapter 5, Figure 45 showed the significant improvement since 2011 in the WEF Quality of Education ranking of the Philippines within the ASEAN-6. A parallel improvement has occurred in the WEF Quality of Math and Science Education as shown in Figure 55. From a lowly 115th of 143 countries in 2011, the Philippines advanced impressively to 67th of 140 countries in the most recent 2015-16 report.

Figure 55. Quality of Math and Science Education, Rank, ASEAN-6



Source: WEF; Total number of countries evaluated: 133 (2009), 139 (2010), 143 (2011), 144 (2012), 148 (2013), 144 (2014), 140 (2015), 138 (2016)

Table 19. Research and Development Expenditure, % of GDP, ASEAN-6

Country	R&D expenditure (% of GDP)	Year (latest available data)
• Singapore	2.19%	2014
• Malaysia	1.26%	2012
• Thailand	0.48 %	2013
• Indonesia	0.08%	2013
• Philippines	0.14%	2014
• Vietnam	0.19%	2015

Source: Trading Economics

- **Recommendation 1:** Continue to improve the country's rank in the WEF Quality of Math and Science Education measure to become 3rd best in ASEAN and in the top 25% globally.
- **Recommendation 2:** Expand and strengthen the role of the Innovation Council (formerly known as The Philippine Council for Industry, Energy, Emerging Technology Research and Development) to include more collaborations with the private sector to encourage technological development and innovation in the Philippines.



Source: Department of Science and Technology (DOST) (www.dost.gov.ph/)

- **Recommendation 3:** Enact the Philippine innovation Act.⁷¹
- **Recommendation 4:** Support and encourage MSMEs to move up the value chain towards more technology/innovation driven ventures.
- **Recommendation 5:** Improve curricula in the STEM to encourage the youth to pursue career paths geared towards innovation.
- **Recommendation 6:** Improve regulatory framework on property rights to encourage competitiveness and more resident patenting.⁷²
- **Recommendation 7:** Improve necessary infrastructure and facilities for the ICT sector and implement needed reforms for more competition and better Internet speed.
- **Recommendation 8:** Government should ensure that the country's ICT infrastructure and services are available, accessible, reliable, trusted and affordable. Put in place a robust ICT infrastructure, deploying better ICT infrastructure and addressing gaps in digital connectivity.
- **Recommendation 9:** There should be more initiative to foster a culture that values arts, science, technology, and innovation.
- **Recommendation 10:** Increase R&D expenditures as a percentage of GDP from 0.14% in 2013 to 0.5% in 2022.
- **Recommendation 11:** Improve the Philippine ranking among the ASEAN economies in the WEF ratings for (1) Innovation, (2) Technological Readiness, and (3) University-Industry Collaboration Index.

71 The Senate has approved on third reading S. B. 1355 the Philippine Innovation Act, which seeks to adopt innovation as a vital component of the country's development and use it to promote the growth of MSMEs, through programs and initiatives which include the creation of a new interagency National Innovation Council.

72 Resident patent applications in the country have been consistently low throughout the years according to data from the World Bank. There is a large gap between resident patents (less than 500 a year) and non-resident patents (over 3,000).

- **Recommendation 12:** Increase the number of researchers per million population from 270 to 300 by 2022
- **Recommendation 13:** Encourage venture capitalists to pursue investments in innovative Filipino start ups.
- **Recommendation 14:** Encourage innovative Filipino start-ups to pursue new areas of innovation mainly in the fields of block chain, artificial intelligence, logistics, biometrics, etc.
- **Recommendation 15:** Utilize technology to improve transport and for the betterment of the commuting public.
- **Recommendation 16:** Collaborate with the private sector to conduct R&D programs on various industries as well as for health care and technological developments.
- **Recommendation 17:** Implement brain gain initiatives to be spearheaded by DOST to encourage overseas Filipino scientists, experts, and highly trained professionals abroad to return and share their knowledge and expertise to be utilized for the development of the Philippines.⁷³
- **Recommendation 18:** Enact the bill on Strengthening the Balik-Scientist Program.⁷⁴
- **Recommendation 19:** Encourage and support innovation in the country's export-oriented goods and services industries through investment in R&D and product development.
- **Recommendation 20:** Attract more foreign industry partners to do their R&D in the Philippines,
- **Recommendation 21:** Enable shared R&D infrastructure, which requires a direct link between academia and industry.
- **Recommendation 22:** Enable links to professionals to advise and support start-ups.

B. Promote Creative Industries

Creative Industries are extremely diverse, including advertising, animation, architecture, broadcast arts, content development, crafts, culinary arts, cultural/heritage activities, design, film, fine arts, literature, music, new media, performing arts, publishing, and visual arts.

Filipinos enjoy a well-deserved reputation for creativity. However, to better understand the sector, Philippine Creative Industries should be mapped and developed. There are legal issues that work against full development, such as limiting the practice of foreign professionals, the ban on foreign equity in media, and the limit of 25% foreign equity in advertising.

73 According to the May 2017 USAID Stride Philippine Innovation Needs Assessment, the Philippines is the fourth largest external source of workers for technology industries in the US, including architecture, biotech, business, chemistry, education, engineering, mathematics, medicine/health, and science. India, China, and Canada had more H1-B visa recipients (2009-2011).

74 The Strengthening the Balik-Scientist Program bill was included in the list of 28 priority bills of the LEDAC at its August 29, 2017 meeting

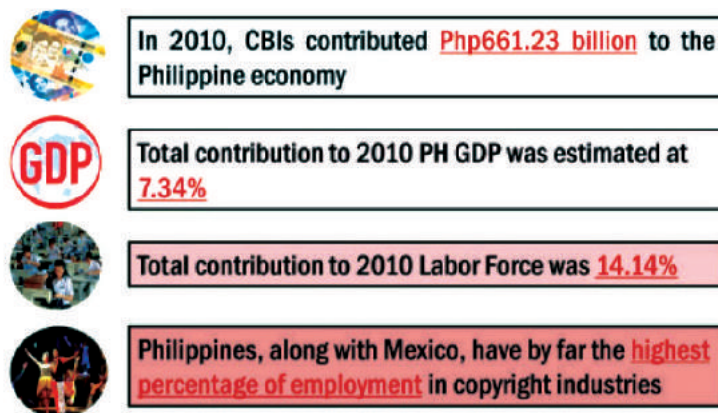


Source: Philippine International Furniture Show (PIFS)

A UNESCO Creative Industry Report in 2010 estimated that these industries in the Philippines contributed over 11% of total employment. The *Arangkada* policy note on Creative Industries in March 2016 predicted the value of the sector could reach \$ 11 billion by 2016 and employ 5.7 million persons. Figure 56 shows the significant contributions of copyright based industries CBIs to the national economy.

Figure 56. Economic Contribution of Copyright Based Industries

Copyright Based Industries (CBIs) contribute significantly to national economies (WIPO 2014)



Sources: IPOPHL, WIPO Report 2015

The landmark Philippine Design Competitiveness Act was enacted in 2013 to spur further development of the sector and its IRRs issued in late 2015. The Design Center under the DTI is responsible for implementing the law. A Design Advisory Council has been appointed. The industry is in the process of organizing an association the Creative Economy Development Council of the Philippines Inc. The Design Center is a member.



Source: Preview Magazine (www.preview.ph)

- **Recommendation 1:** To best implement its creative industries initiative, the industry should have an effective association/organization. Similar to IBPAP, to identify and plan key strategies to improve the sector. The Design Center and all subsectors should be included.
- **Recommendation 2:** Create a Philippine Creative Industries Master Plan detailing where the industry should develop and steps that must be taken towards its goals. The Master Plan will create a consistent policy framework for the sector.
- **Recommendation 3:** Do more to protect Philippine intellectual property. Government should not only create laws and rules but also implement and enforce them.
- **Recommendation 4:** Recreate the Design Center of the Philippines, where international designers lecture and advanced training for local designers is provided. It will promote interchange of American, Asian, and European design ideas, while informing potential investors of opportunities in the Philippines.
- **Recommendation 5:** Remove restrictions on foreign equity in advertising to attract more foreign creative professionals to work in the Philippines.
- **Recommendation 6:** Re-brand the country's creative products and coherently market them abroad as distinctively Filipino
- **Recommendation 7:** Expand the small domestic market by supporting Philippine creative industry practitioners to sell what they create abroad.
- **Recommendation 8:** Promote the creative arts by including courses and curricula for developing artistic and cultural workers will be developed and promoted to provide citizens with opportunities to be absorbed in culture industries (e.g. media, tourism, performing art)
- **Recommendation 9:** A culture of creative excellence needs to permeate various levels of public consciousness as the foundation of a globally-competitive knowledge economy.

- **Recommendation 10:** The agents of creativity should be empowered and supported by an institution that will encourage the production of creative works, invest in human development of its stakeholders, support their products, and develop the industry.
- **Recommendation 11:** Pursue institutional reforms for cultural development. A coordinating body that will streamline services and activities must be established.

C. Promote Manufacturing

The Philippines has evolved from predominantly low-cost, labor-intensive manufacturing for import substitution and export in the 1960s and 1970s, in products such as garments, footwear, and furniture, towards higher value-added, more complex manufacturing since the 1980s, such as automotive, assembled electronics, and semiconductors. However, assembly is a better term than complete manufacturing for such industry in the Philippines since most products are assembled from imported materials, parts, and sub-assemblies.

Manufacturing in the country in terms of gross value added has grown at a slowly increasing rate over several decades: in the 1990s by 2.5%; in the next decade by 4.1%, and for 2011-2017 by 6.9% (see Figure 57).

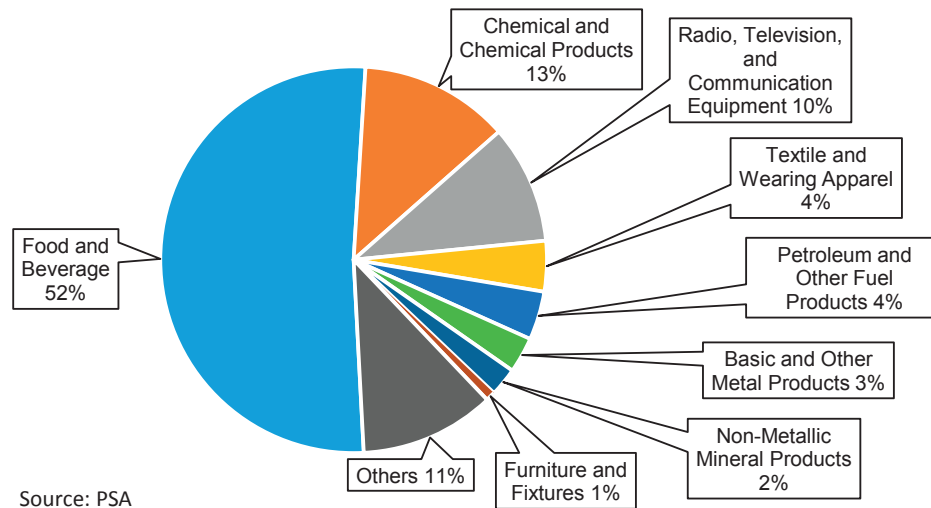


Source: PSA

During the twelve months ending in August 2017, Philippine manufacturing has been expanding at a rate above the ASEAN average, as measured by the Nikkei Purchasing Managers' Index, slightly faster than Vietnam (see Figure 61). The index rate for the country was 52.8 in July and 50.6 in August 2017, the lowest in 12 months and it has been moving close to contracting below 50.0.

Under the Philippine Economic Zone Authority (PEZA), employment and exports from PEZA zones have grown rapidly; as of 2017 there were 372 PEZA zones operating. There were 3,995 locators, with 1,360,342 employees, and total annual exports of goods and services was worth US\$42.10 billion in the first ten months of the Duterte Administration. About half of the zones are IT zones and half are manufacturing zones.

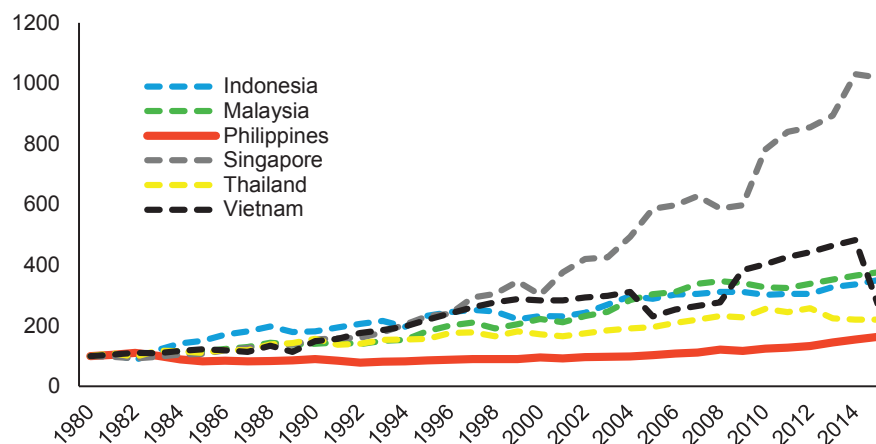
Figure 58. Distribution of Manufacturing GVA in the Philippines



A large number of low-skilled workers lost their jobs when low-cost manufacturing left the country in pursuit of even lower costs in Bangladesh⁷⁵, Cambodia, Indonesia, and Vietnam⁷⁶. With the country's extremely high combined rate of unemployed/underemployed Filipinos at around 25% of the workforce and more young people entering every year, policies to regain and expand labor-intensive manufacturing subsectors in order to enhance inclusive growth should be implemented.

The manufacturing sector's performance in recent years has been characterized by steady growth in GVA, sluggish employment growth, but slowly improving labor productivity (see Figure 59). The *Arangkada* Project in a 2013 policy brief recommended that the goal for the sector should be to create a globally competitive manufacturing sector that contributes 30% of the Philippines' total GVA and 18% of total employment.

Figure 59. Manufacturing Labor Productivity (1980=100), 1980-2014



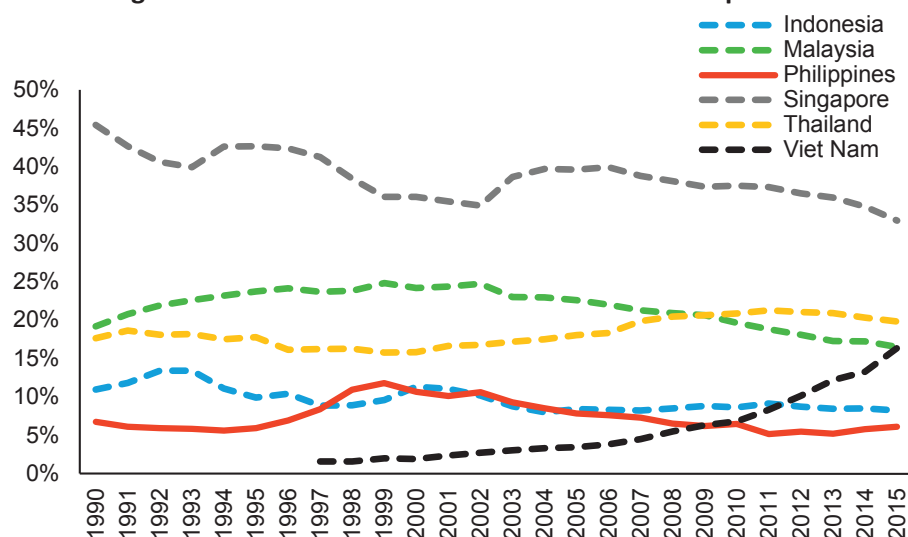
Source: ILO, UNSD, ADB and author's calculations. Notes: This is based on Mfg GVA per person engaged at constant 2005 \$US. This measure shows the level of productivity changed relative to 1980 level.

75 With four million workers in garments, Bangladesh has become the world's second largest garments exporter after China. The Philippine minimum wage is 2.5 times higher than Bangladesh.

76 Factories in Vietnam employing 320,000 workers make shoes and garments for Nike. The Philippine minimum wage is 40% higher than Vietnam, which has fewer paid holidays and subsidizes electricity.

Philippine exports of manufactured goods are the weakest of the ASEAN-6, measured as a percentage of the ASEAN total (see Figure 60). Since 1999 the Philippines has lost its fourth place position and been overtaken by both Indonesia and Vietnam. The phenomenal growth of Vietnam's exports indicates it could soon surpass Malaysia and possibly even Thailand, which has become the regional automotive export hub.

Figure 60. Share in ASEAN-6 Total Manufactures Exports



Source: WTO; Note: No data for Vietnam before 1997

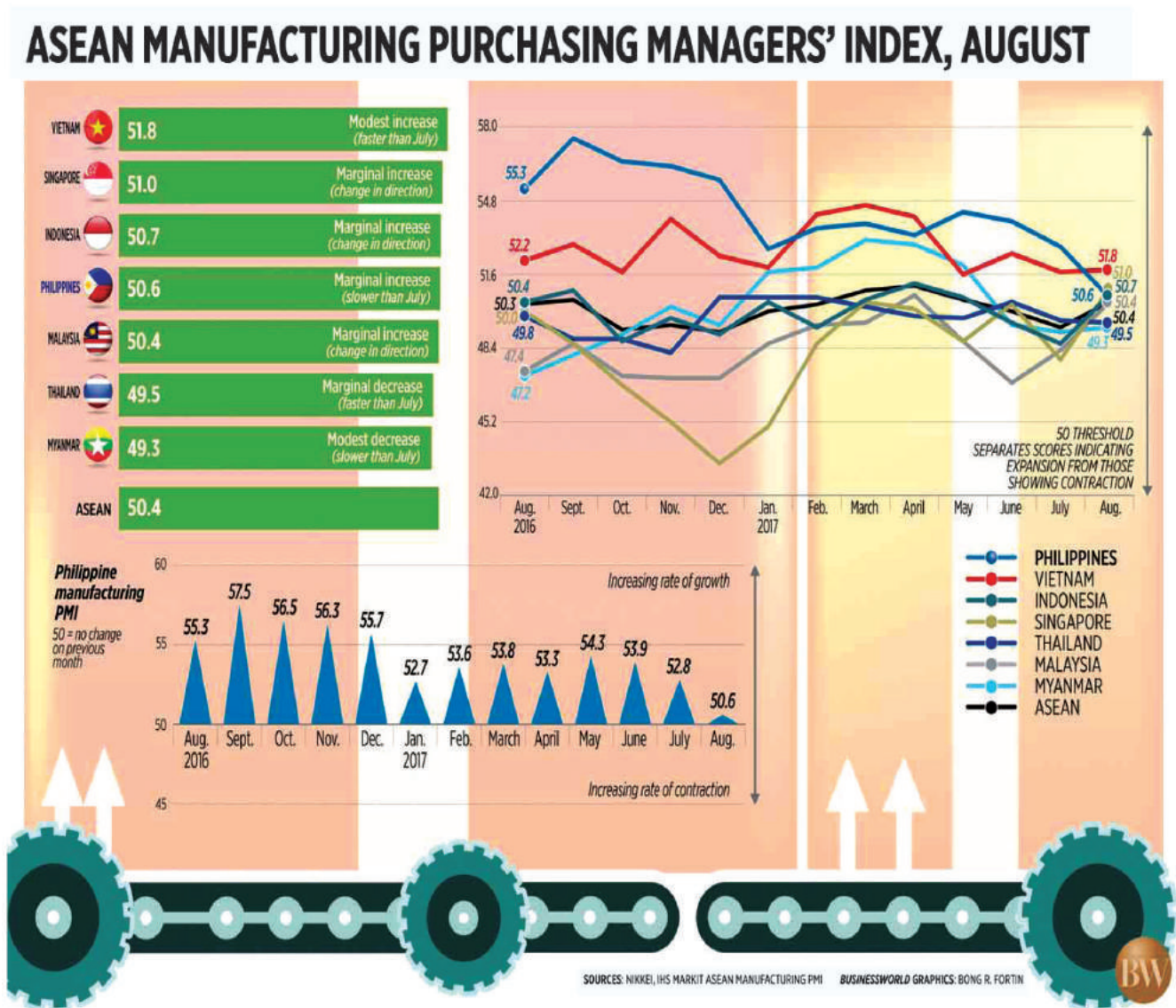
- **Recommendation 1:** Government agencies should review and streamline existing processes for licensing, permits, and certification for manufacturers.
- **Recommendation 2:** Conduct regulatory impact assessments on all rules and laws related to manufacturing. Put as many procedures and their fee payment on line. Simplify import and export permitting and finally operate a true Single Window on lien system as the BOC.
- **Recommendation 3:** Facilitate collaboration among government agencies involved to identify and eliminate overlaps and duplication, as well as address conflicting rules. Utilize online and digital technologies to establish the maximum e-governance.
- **Recommendation 4:** Improve the quality of backward and forward linkages to enable companies to move up the value chain. In the case of food and beverage manufacturing, low agricultural productivity means farmers cannot meet demand for raw materials.
- **Recommendation 5:** Address the high costs of power through tax credits and discounts. Government should consider allowing cost of power as a tax credit and/or exempt power used from manufacturing from the 12% VAT.
- **Recommendation 6:** Encourage the clustering of manufacturing in only a few areas in the country near major airports and seaports.
- **Recommendation 7:** Support labor-intensive manufacturers through wage subsidies, waiver of minimum wages, free factory space and dormitories for workers.
- **Recommendation 8:** From the 30-plus industry roadmaps that were developed by the DTI, prioritize the ones with the highest potential, such as electronics, aerospace, and automotive parts. Decide which have the potential to be big winners and make it happen.

- **Recommendation 9:** Embed a seasoned industry expert with international experience in the DTI/BOI for each priority product. Each expert can guide government in multiple aspects of development of the industry in which he/or she is an expert in.
- **Recommendation 10:** Upgrade/improve the quality of products offered by MSMEs. Help enterprises meet product standards and certifications, including export standards. Moreover, increase their access to technologies that trigger innovation and creativity in product development and production. Increase financing programs.
- **Recommendation 11:** Support the establishment of more industrial domestic and export economic zones with tax incentives, long-term land leases, and assistance in dealing with government agencies. The PEZA has demonstrated great success in attracting investment in manufacturing and creating jobs.
- **Recommendation 12:** Maintain current incentives for PEZA locators and expand zones to include more domestic market manufacturers, in accordance with provisions in the PEZA Act, either in poorer provinces or for specific categories of manufactured goods.
- **Recommendation 13:** Target of 18% of the total workforce in manufacturing by 2030 amount to about 10 million employees.⁷⁷
- **Recommendation 14:** Increase manufacturing employment as a percentage of total employment from 8.3% in 2016 to 11.8% in 2022.
- **Recommendation 15:** Implement the comprehensive national industrial strategy.

- **Recommendation 16:** Expand access to economic opportunities for MSMEs, cooperatives, and OFWs.
- **Recommendation 17:** Strengthen forward and backward linkages toward more efficient supply and value chains.
- **Recommendation 18:** Develop globally competitive and innovative manufactured products with a comparative advantage in labor, raw materials, and technology as well as adequate soft and hard infrastructure
- **Recommendation 19:** Support linkages between MSMEs and large corporations.
- **Recommendation 20:** Institutionalize the industry cluster approach.

⁷⁷ This target was chosen based on information from Dr. Jesus Felipe at ADB that no country has reached the industrialization stage without a manufacturing workforce of 18% of the total workforce.

Figure 61. ASEAN Manufacturing Purchasing Managers' Index, August 2017



Source: Nikkei, HIS ASEAN Manufacturing. As cited in Business World on September 5, 2017.

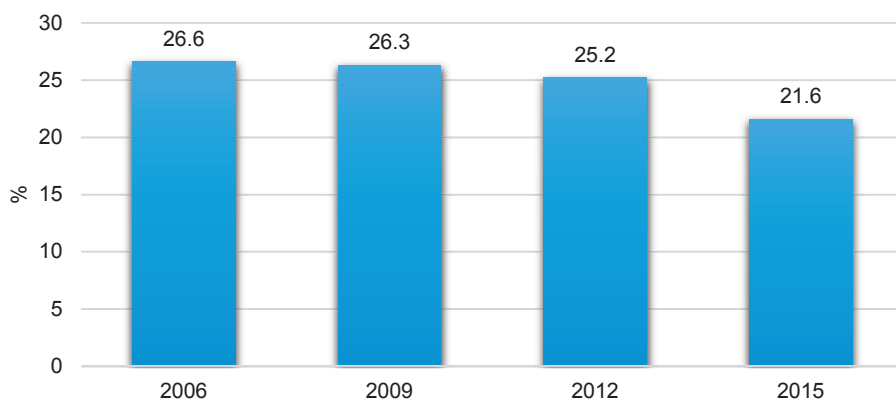
**Chapter 7:
Poverty Alleviation and
Social Protection Program
(Points 9)**



Point 9: Improve social protection programs, including the government’s Conditional Cash Transfer program, to protect the poor against instability and economic shocks.

The high rate of poverty and the high number of poor citizens has been a persistent development challenge in the Philippines. A high population growth rate combined with poor governance, frequent natural disasters, and weak economic growth created a constantly high proportion of the population classified as poor. In the last several years, the poverty incidence has begun to decline at a faster rate (see Figure 62).

Figure 62. Poverty Incidence in the Philippines, 2006-2015

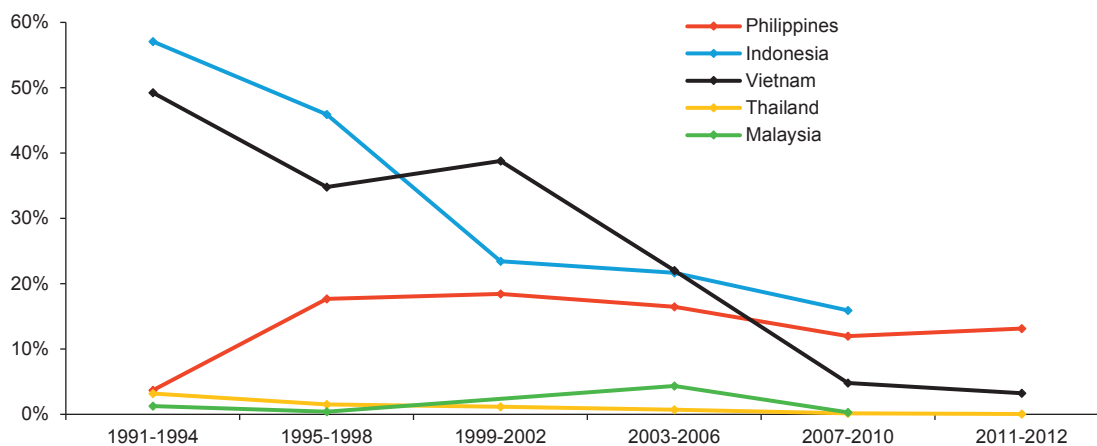


Note: Poverty Incidence is the proportion of families/individuals with per capita income less than the per capita poverty threshold to the total number of families/individuals.

Source: PSA

Within the ASEAN region, Malaysia and Thailand have nearly eliminated poverty below \$1.25 a day in their countries, while Indonesia and Vietnam have made better progress in this indicator of development than the Philippines (see Figure 63 with latest WB data). These countries in past decades (to varying degrees) have had more economic growth, more investment and quality job creation, fewer national disasters, and better political and policy stability than the Philippines.

Figure 63. Poverty Rate at \$1.90/day (PPP) Benchmark, % of Population, 1991-2012



Source: World Bank; The plotted data represent the latest data given the indicated time interval. Gaps indicate absence of data.

In recent years, however, the Philippines is doing better. With consistent stronger economic growth, higher domestic and foreign investment, better governance, and a declining population growth rate, the poverty rate is declining. The targeted rate of reduction of the Duterte Administration is 1.5% per year so that the percentage of Filipinos in poverty in 2022 will decline to 17%.

Speaking in Washington D.C. in January 2016, the credit rating agencies DOF Secretary Dominguez stated:

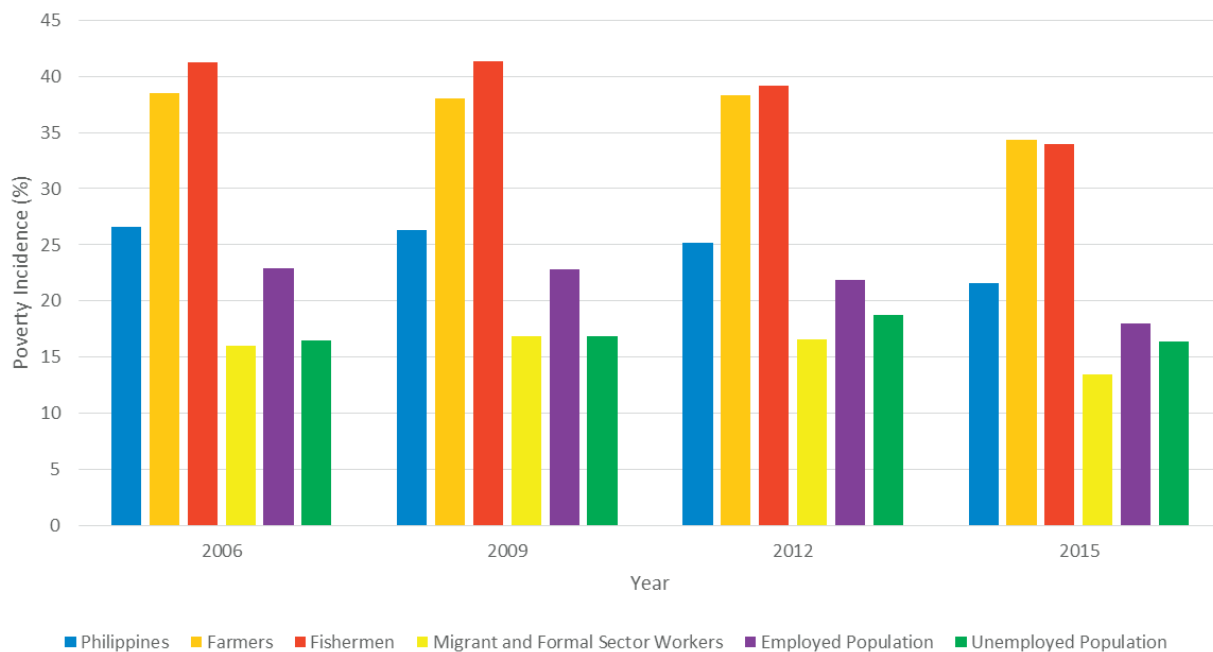
“Over the next six years, our goal is to reduce the poverty rate from the current 26 percent to just 17 percent.”⁷⁸

According to the Philippine Statistics Authority, farmers and fishermen are among the poorest in the country:

“Among the nine basic sectors, farmers, fishermen and children belonging to families with income below the official poverty threshold or poor families posted the highest poverty incidences in 2015 at 34.3%, 34.0% and 31.4%, respectively. These sectors consistently registered as the three sectors with the highest poverty incidence in 2006, 2009 and 2012. Also, 5 of the 9 basic sectors consisting of farmers, fishermen, children, self-employed and unpaid family workers, and women, belonging to poor families, had higher poverty incidence than the general population estimated at 21.6% in 2015.”

This is illustrated in Figure 64 below.

Figure 64. Poverty Incidence for Basic Sectors, 2006, 2009, 2012 and 2015

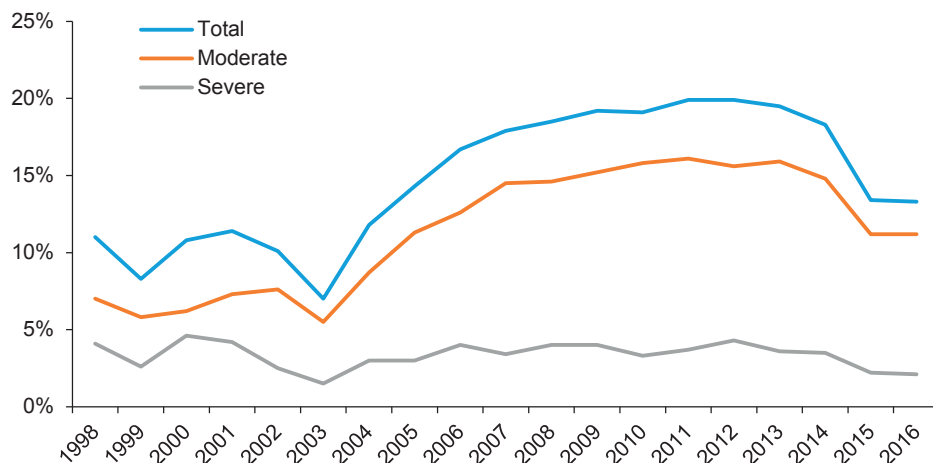


Source: Philippine Statistics Authority

The poor are often hungry. Their diet is inadequate. Their children are frequently malnourished and stunted. The Social Weather Stations (SWS) measures self-rated moderate and severe hunger by asking respondents if they have had nothing to eat. The September 2010 poll counted 16% of households - equivalent to some three million families - claiming to have had nothing to eat at least once in the past

three months, down from 21% in the June 2010 survey (see Figure 65). While this seems to be progress, it is still considerably higher than the rate 15 years before.

Figure 65. Degree of Self-Rated Hunger in Households, 1998-2016

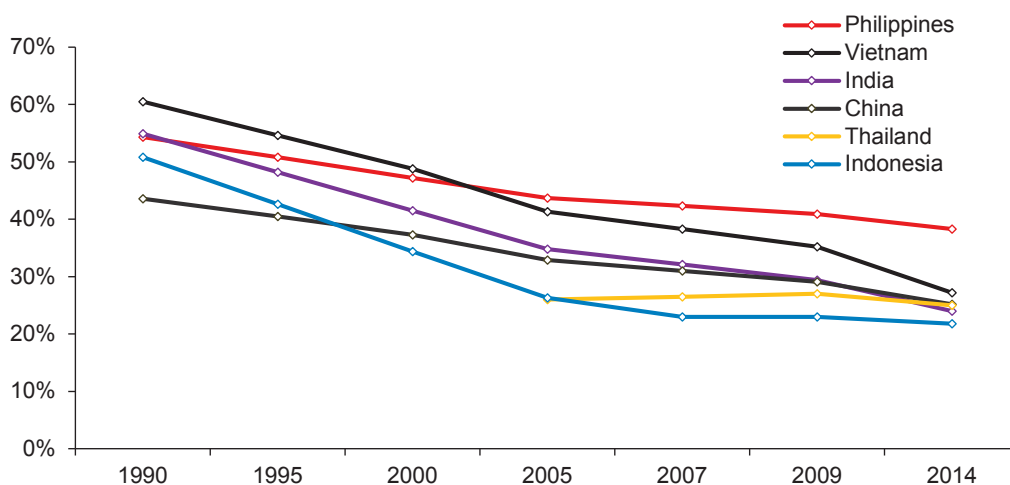


Source: SWS

The Global Hunger Index rated the Philippines in 2015 as “serious,” in the same category as Indonesia and Cambodia but lower than the “moderate” rankings of Malaysia, Thailand, and Vietnam.

Among the ASEAN-6, the Philippines holds the highest slum population as a percentage of urban population compared to other populous Asian economies (see Figure 66).

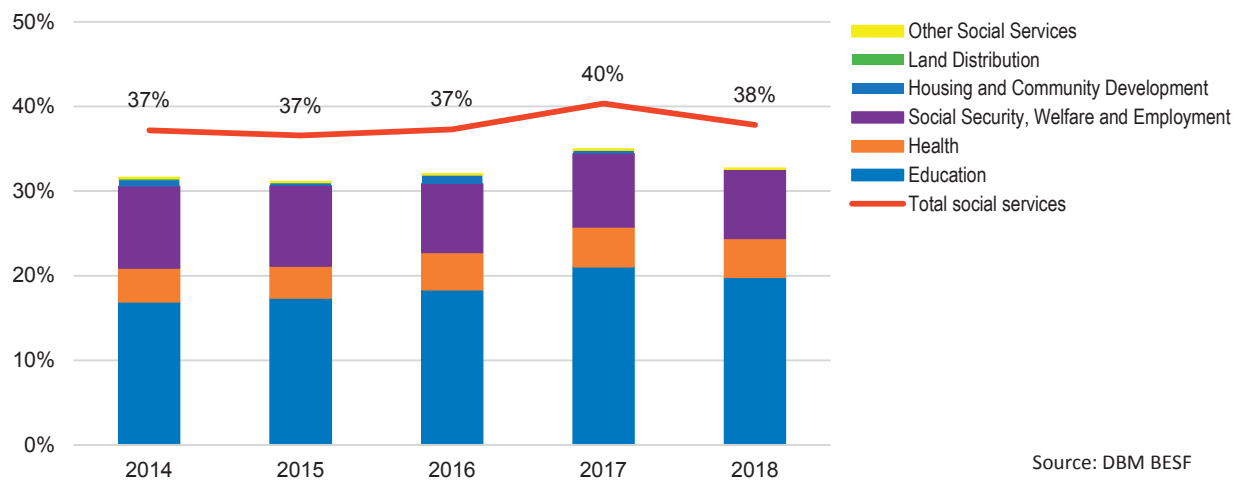
Figure 66. Slum Population as % of Urban Population, Select Asian Countries, 1990-2014



Source: MDGS UN Statistics Division; Gaps indicate absence of data.

The Aquino Administration greatly expanded the Conditional Cash Transfer (CCT) program or the Pantawid Pamilyang Pilipino Program (4Ps) initiated by President Macapagal-Arroyo in 2007. CCT now assists 4.4 million households totaling 20 million Filipinos. The transfers are provided directly to recipients on the condition that their children are inoculated and participate in school feeding programs to combat childhood diseases and malnutrition. Total funding increased from Php 10 billion in 2010 to Php79 billion in the 2017 budget.

Figure 67. Social Services Expenditure Program, % of National Budget, 2014-2018



- **Recommendation 1:** Continue to reduce number of poor in absolute terms and as percentage of population.
- **Recommendation 2:** Continue to reduce the incidence of hunger.
- **Recommendation 3:** Expand insurance coverage to include more poor.
- **Recommendation 4:** Successfully implement expanded CCT program to include all 6.9 million poor families.
- **Recommendation 5:** Implement unemployment Insurance as a social safety net.
- **Recommendation 6:** Enhance CCT program to ensure that the rights of poor children are upheld and to help child beneficiaries and their families to become more self-sufficient and self-reliant..
- **Recommendation 7:** Establish unemployment insurance.⁷⁹
- **Recommendation 8:** Implement an involuntary separation benefit system to provide meaningful jobs, guarantee income security during sudden unemployment, and provide financial assistance linked to active labor market programs.
- **Recommendation 9:** Create jobs and economic opportunities. Job creation in the industrial, agricultural and service sectors will be facilitated by government, in collaboration with the private sector.
- **Recommendation 10:** Review of the conditional cash transfer (CCT) program
- **Recommendation 11:** Implementation of national ID system for improved targeting of social services. Participants identified the pressing need to institute a national ID system that will allow government agencies to provide more targeted social services, and prevent double-counting or leakage.

79 This program will address income insecurity by: (a) facilitating re-employment and (b) cushioning individuals and their families from the impact of involuntary work dismissal.



Source: Rappler.com

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Bibliography

Sponsors List

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ARANGKADA PHILIPPINES
A PROJECT BY THE JOINT FOREIGN CHAMBERS OF THE PHILIPPINES

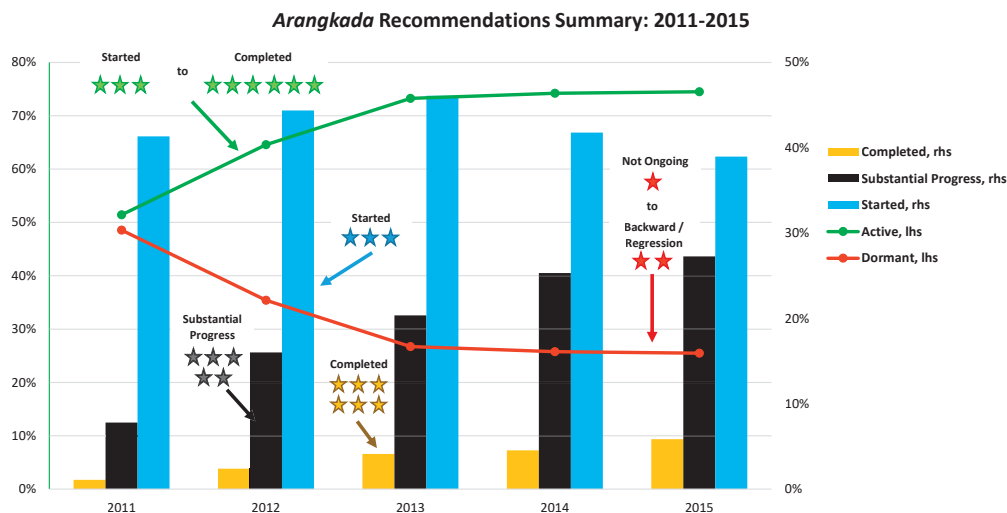
March 7, 2016

His Excellency Benigno S. Aquino III
President of the Republic of the Philippines
Malacanang Palace
San Miguel, Manila

Your Excellency:

The Joint Foreign Chambers of the Philippines is pleased to send you a copy of The **Arangkada Philippines Project's (TAPP) Fifth Anniversary Assessment**, the last in the series of assessments of the recommendations contained in *Arangkada Philippines: A Business Perspective* published in December 2010 and launched with the Department of Trade and Industry.

The Fifth Anniversary Assessment was unveiled on March 1, 2016 at the Marriott Hotel during our advocacy's Fifth Anniversary Forum, which carried the theme *Arangkada Philippines: A Bolder and More Inclusive Decade!* Over 600 delegates, speakers from both government and private sectors, and the media attended this year's event.



Out of the 471 recommendations distributed among 29 policy areas of the advocacy, 462 were rated using a six-star system. Based on the collective evaluation done by 35 public and private sector experts, **75% of the rated recommendations garnered at least four stars (started)**, and were thus considered



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to be active or moving, while the remaining 25% were rated three or two stars, thereby categorizing them as dormant. These reflect improvement over the First Anniversary Assessment, which had only 51% active recommendations.

Eighteen sectors/subsectors were rated as **more active/moving**: growth, competitiveness, agribusiness, business process outsourcing, tourism, infrastructure policy, airports, roads and rails, telecommunications, environment and natural disasters, governance, judicial, labor, local governance, macroeconomic policy, security, education, and poverty.

Eleven sectors/subsectors were rated as **less active/moving**: creative industries, logistics, manufacturing, mining, power, seaports, water, business costs, foreign equity and professionals, legislation, and health.

The experts detailed the status of all recommendations in the book as well as the continuing challenges to keep the country moving forward twice as fast and to achieve inclusive growth.

Following this year's theme, each of the seven foreign chambers produced one Policy Note, which re-evaluate the recommendations for each of the Seven Big Winner Sectors made in 2010 and recommend important reforms for the decade ahead. We will share each note with the responsible government department and encourage them to study all and partner with the private sector in their implementation.

We hope you find this document a valuable source of insights into furthering your administration's reform agenda and attaining *inclusive growth*!

In the spirit of a stronger public-private partnership, the JFC looks forward to continued collaboration to improve the investment climate to stimulate more investment, job growth, and less poverty.

Thank you and best regards.

Sincerely,



Rick Santos
President
American Chamber of Commerce
of the Philippines, Inc.



Tom Grealy
President
Australian-New Zealand Chamber of
Commerce of the Philippines, Inc.



Julian Payne
President
Canadian Chamber of Commerce
of the Philippines, Inc.



Guenter Taus
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and Industry of the Philippines, Inc.



Ho-ik Lee
President
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Dan Molloy
President
Philippine Association of Multinational
Companies Regional Headquarters, Inc.

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AMCHAM
PHILIPPINES
AMERICAN



Philippine Business Groups Joint Foreign Chambers of the Philippines

Alyansa Agrikultura ♦ American Chamber of Commerce of the Phils., Inc. ♦ Australian-New Zealand Chamber of Commerce (Phils.), Inc. ♦ Bankers Association of the Philippines ♦ Canadian Chamber of Commerce of the Phils., Inc. ♦ European Chamber of Commerce of the Phils., Inc. ♦ Financial Executives Institute of the Philippines ♦ Foundation for Economic Freedom ♦ IT and Business Process Association of the Philippines ♦ Japanese Chamber of Commerce & Industry of the Phils., Inc. ♦ Korean Chamber of Commerce of the Phils., Inc. ♦ Makati Business Club ♦ Management Association of the Philippines, Inc. ♦ Philippine Association of Multinational Companies Regional Headquarters Inc. ♦ Semiconductors Electronics Industries in the Philippines, Inc.

January 19, 2017

Hon. Salvador C. Medialdea

Executive Secretary
Office of the President
Malacañang Palace
San Miguel, Manila

Dear Executive Secretary Medialdea:

The undersigned business chambers and associations are writing to share with you their support for 12 business and economic legislative reform measures for approval during the 17th Congress.

We understand that your office, along with the Presidential Legislative Liaison Office under Secretary Sitoy and NEDA, are coordinating proposals of the various departments and cabinet clusters in preparation for consideration by the LEDAC and President Duterte.

Our business groups have selected 12 reforms after a series of meetings among ourselves and representatives of Congressional and Executive agencies and an e-mail vote for a list of 25 proposed measures. Many were considered in the last Congress and some even earlier but did not complete the legislative process. All constitute reforms that will improve the business and economic climate of the Philippines and result in more investments, jobs, and inclusive growth. The order of the 12 below is in the order of the “voting” results, with most measures receiving tied votes.

1. Constitutional Amendments (foreign equity restrictions)
2. Comprehensive Tax Reform Package
3. Apprenticeship Program Reform
4. BOT Law amendments
4. Freedom of Information
6. Corporation Code Amendments
6. Public Service Act amendments
6. Telecom reforms
6. Water Sector Reform Act
10. Bank Secrecy Law amendments
10. Emergency powers to address traffic and transportation crises
10. Retail Trade Act amendments

Given the multiple bills for most of these proposed laws, the undersigned support them in principle but not always in every detail. Our specific comments and suggestions will be made during the legislative process and in consultation with concerned departments.

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JAPANESE



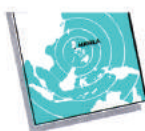
KOREAN



MBC
MAKATI BUSINESS CLUB
THE MAKATI FOR CONSTRUCTION DEVELOPMENT



Management Association of the Philippines



PAMURI




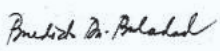
SEIPI

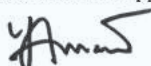
The Philippine Business Groups - Joint Foreign Chambers are optimistic that the Executive Branch will prioritize these proposals. We believe they are in line with the 10-point Socioeconomic Agenda of the Duterte Administration.

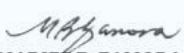
Sincerely yours,


ERNESTO M. ORDONEZ
Chair
Alyansa Agrikultura

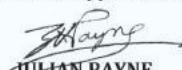

NESTOR V. TAN
President
Bankers Association
of the Philippines

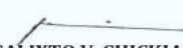

BENEDICTA DU-BALADAD
President
Financial Executives
Institute of the Philippines


YOSHIO AMANO
President
Japanese Chamber of Commerce
of the Philippines, Inc.


MARIFE B. ZAMORA
President
Management Association
of the Philippines

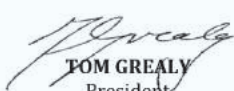

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JULIAN PAYNE
President
Canadian Chamber of Commerce
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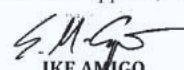

CALIXTO V. CHICKIAMCO
President
Foundation for Economic Freedom



HO-IK LEE
President
Korean Chamber of Commerce
of the Philippines, Inc.



DAN MOLLOY
President
Philippine Association of
Multinational Companies Regional
Headquarters, Inc.


TOM GREALY
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Australia-New Zealand Chamber
of Commerce of the Philippines, Inc.


GUENTER TAUS
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of the Philippines, Inc.


IKE AMIGO
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IT and Business Process
Association of the Philippines


EDGAR O. CHUA
Chairman
Makati Business Club


DANILO C. LACHICA
President
Semiconductor and Electronics
Industries in the Philippines, Inc.

Cc: Senate President Aquilino Pimentel III
House Speaker Pantaleon Alvarez
Secretary Carlos G. Dominguez III, DOF
Secretary Ernesto Pernia, NEDA
Secretary Adelino B. Sitoy, PLLO

Status of JFC-PBG Legislative Priorities

Annexes

	JFC-PBG Legislative Priorities	PDP*	CLA**	PLA***	Status
1	Constitutional Amendments (foreign equity restrictions)	Ch 9	X	7	Senate: Under Constitutional Amendments Committee Deliberation House: Pending Second Reading
2	Comprehensive Tax Reform Package	Ch 15	4	4	Senate: Under Ways and Means Committee Deliberation House: Approved on Third Reading (HB 5636)
3	Apprenticeship Program Reform	Ch 10	X	X	Senate: Pending Second Reading (Interpellations) House: Pending in Labor and Employment Committee
4	BOT Law amendments	Ch 15	22	33	Senate: Pending in Public Works Committee House: Public Works Committee TWG deliberation
5	Freedom of Information	Ch 5	X	15	Senate: Pending Second Reading (Interpellations) House: Approved by Public Information Committee
6	Corporation Code amendments	Ch 5	X	X	Senate: Pending Second Reading (Amendments) House: Pending in Trade and Industry Committee
7	Public Service Act amendments	Ch 9, 16	12	X	Senate: Pending in Public Services Committee House: Period of Interpellations and Amendments
8	Telecom reforms	Ch 5, 19	X	X	Senate: Pending in Science and Technology Committee House: Under ICT Committee TWG deliberation
9	Water Sector Reform Act	Ch 19, 20	X	50	Senate: Pending in Public Services Committee House: Under Government Enterprises Joint with Public Works Committee deliberation
10	Bank Secrecy Law amendments	Ch 15	X	36	Senate: Under Banks Committee deliberation House: Pending in Banks Committee (included in Tax Reform Bill)
11	Emergency powers to address traffic and transportation crises	X	5	6	Senate: Pending Second Reading (Interpellation) House: Approved by Transportation and Appropriations Committee
12	Retail Trade Act amendments	Ch 9	X	X	Senate: Not Yet Filed House: Pending in Trade Committee

*Philippine Development Plan 2017-2022

**LEDAC-Approved Common Legislative Agenda of the Congress of the Philippines (as of August 29, 2017)

***President's Legislative Agenda (as of July 28, 2017)

Annexes

As of 27 June 2017

Infrastructure Flagship Projects

No.	Implementing Agency	Co-Implementing Agency	Project Title	Region	Ground-breaking	Funding Source	Total Project Cost (Php Million)	Start	End	Feasibility Study	ICC/NEDA Board Processing/Approval	Remarks
I. Mega Manila												
NEDA Board Approved												
1	DOTr		PNR North 2 (Malolos-Clark Airport-Clark Green City Rail)	NCR, Region III	Mar-18	Japan	211,460.00	2018	TBD	Completed	NEDA Board approved	The Pre-Feasibility Study for the project was submitted by JOIN to the DOTr last March 2017. The Project is also among those being considered for possible pledging by the GOI by November 2017.
2	MWSS	DPWH	New Centennial Water Source - Kaliwa Dam Project	NCR, Region IV-A	Sep-17	China	10,857.00	2017	2023	Completed	NEDA Board approved	20 March 2017 Letter from DOTr on the "PNR Luzon System Development Framework (Phasing, Funding Source and Implementation Mode) indicates that the project cost for the build component amounts to Php150 billion. The NEDA Board confirmed ad referendum the proposed change in financing of the project from PPP to ODA. Project was approved by ICC and confirmed by the NEDA Board in 2014 for PPP financing and implementation. The ICC, on March 21, 2017, confirmed the proposed change in financing of the Project from PPP to ODA. Taking off from the 03 April 2017 ICC Action Letter to MWSS, the latter, through its 06 April 2017 letter, provided a copy of its Board of Trustees Resolution No. 2017-440-CO dated 05 April 2017 endorsing the Project and confirming the new estimated cost of Php10,857 billion. The ICC-CC, during its 17 May 2017 meeting, reaffirmed its previous approval of the project on April 23, 2015. The ICC-CC reaffirmation of its approval is with the understanding that the submission of the project for NEDA Board confirmation is contingent on the BCDA submission of the DOF-Corporate Affairs Group (CAG) review of the project and updated information on the demand projection for the project in terms of number of passengers per annum.
3	DOTr	BCDA	Clark International Airport New Terminal Building Project	Region III	Jun-17	GAA	15,354.48	2017	2020	Completed	NEDA Board approved	The ICC-CC, during its 17 May 2017 meeting, reaffirmed its previous approval of the project on April 23, 2015. The ICC-CC reaffirmation of its approval is with the understanding that the submission of the project for NEDA Board confirmation is contingent on the BCDA submission of the DOF-Corporate Affairs Group (CAG) review of the project and updated information on the demand projection for the project in terms of number of passengers per annum.
4	DPWH		Bonifacio Global City to Ortigas Center Road Link Project, Phase I, IIA & IIB (Sta Monica-Lawton Bridge)	NCR	Jun-17	GAA	1,857.30	2017	2020	Completed	NEDA Board approved	NEDA Board confirmed ad referendum the new configuration and cost
5	DOTr		MRT-LRT Common Station Project	NCR	Dec-17	GAA	2,800.00	2017	TBD	Completed	NEDA Board approved	Manila City Hall - Quezon Memorial Circle Bidding Q4 2017
6	DOTr		Metro Manila BRT - Line 1 (Quezon Avenue)	NCR	Q1 2018	WB/AFD	4,789.08	2018	2021	Completed	NEDA Board approved	Partner in ODA to be determined Monumento - SM MOA
7	DOTr		Metro Manila BRT - Line 2 (EDSA/Central)	NCR	Q1 2018	ODA	37,760.00	2018	2021	Completed	NEDA Board approved	Based on PIPOL, the total project cost is Php8,918.00 Million and the project is expected to start in 2019.
8	DPWH		Cavite Industrial Area Flood Management Project	Region IV-A	2018	Japan	9,990.00	2019	2022	Completed	NEDA Board approved	The ICC, on March 21, 2017, confirmed the proposed change in financing of the Project from GAA to ODA.
II. Rest of Luzon												
9	NIA		Chico River Pump Irrigation Project	CAR, Region II	Sep-17	China	2,696.00	2017	TBD	Completed	NEDA Board approved	The ICC-CC, in its 17 May 2017 meeting, noted the decision of DOTr to suspend the bidding of the five unbundled airports. DOTr will undertake the development of the five airports using the General Appropriations Act.
III. Visayas												
10	DOTr		Iloilo Airport	Region VI	2017	GAA	30,400.00	2017	2025	Completed	NEDA Board approved	NB approved cost 9.2 billion (not indicated in PIPOL)
11	DOTr		New Cebu International Container Port	Region VII	Dec-17	Korea	9,200.00	2017	TBD	Completed	NEDA Board approved	

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As of 27 June 2017

Infrastructure Flagship Projects

No.	Implementing Agency	Co-Implementing Agency	Project Title	Region	Ground-breaking	Funding Source	Total Project Cost (Php Million)	Start	End	Feasibility Study	ICC/NEDA Board Processing/Approval	Remarks
12	DOTr		New Bohol Airport	Region VII	2017	GAA	4,570.00	2017	2025	Completed	NEDA Board approved	The ICC-CC, in its 17 May 2017 meeting, noted the decision of DOTr to suspend the bidding of the five unbundled airports. DOTr will undertake the development of the five airports using the General Appropriations Act.
13	DOTr		Bacolod Airport	NIR	2017	GAA	20,260.00	2017	2025	Completed	NEDA Board approved	The ICC-CC, in its 17 May 2017 meeting, noted the decision of DOTr to suspend the bidding of the five unbundled airports. DOTr will undertake the development of the five airports using the General Appropriations Act.
IV. Mindanao												
14	NIA		Maitubog-Maridigno Irrigation Project, Phase II	ARMM, Region XII	2011	Japan	5,444.84	2011	2019	Completed	NEDA Board approved	NEDA Board endorsed the change in scope, cost, and financing of the ongoing project.
15	DPWH		Pangasinan Bay Bridge Project	Region X	Sep-17	Korea	4,858.99	2017	2020	Completed	NEDA Board approved	The ICC-CC, in its 17 May 2017 meeting, noted the decision of DOTr to suspend the bidding of the five unbundled airports. DOTr will undertake the development of the five airports using the General Appropriations Act.
16	DOTr		Laguindingan Airport	Region X	2017	GAA	14,620.00	2017	2025	Completed	NEDA Board approved	The ICC-CC, in its 17 May 2017 meeting, noted the decision of DOTr to suspend the bidding of the five unbundled airports. DOTr will undertake the development of the five airports using the General Appropriations Act.
17	DOTr		Davao Airport	Region XI	2017	GAA	40,570.00	2017	2025	Completed	NEDA Board approved	The ICC-CC, in its 17 May 2017 meeting, noted the decision of DOTr to suspend the bidding of the five unbundled airports. DOTr will undertake the development of the five airports using the General Appropriations Act.
18	DOTr		Mindanao Rail Project (Phase 1) - Tagum Davao Digos Segment	Region XI	Q1 2018	GAA	35,257.00	2018	2019	Completed	NEDA Board approved	FS for Tagum-Davao-Digos (TDD) segment to be submitted to ICC in April 2017
							Sub-Total (NEDA Board Approved)					462,744.69

ICC Approved for NEDA Board Confirmation

I. Mega Manila												
1	DOTr		PNR South Commuter Line (Turuban-Los Baños)	Region IV-A, NCR	TBD	ODA	134,000.00	TBD	2022	Completed	ICC approved	20 March 2017 Letter from DOTr on the "PNR Luzon System Development Framework (Phasing, Funding Source and Implementation Mode)" indicates that, for the PNR South Commuter (a.k.a. NSRP South Line), the selection of formally committed ODA partner for the build component costing PHP 134 billion is being determined; Single O&M PPP Concessionaire for the North and South Commuter Lines
II. Mega Manila and Rest of Luzon												
2	DOTr		PNR Long-haul (Calamba-Bicol)	Region IV-A, Region V	Dec-17	China	151,000.00	2017	2024	Completed	ICC approved	20 March 2017 Letter from DOTr on the "PNR Luzon System Development Framework (Phasing, Funding Source and Implementation Mode)" indicates that PNR South Long-haul (a.k.a. NSRP South Line) is from Los Baños to Matnog with spur line from Calamba to Batangas; Total project cost for the build component is PHP 151 billion committed for China ODA funding.
							Sub-Total (ICC Approved)					285,000.00

Pipeline for ICC Processing/Approval

I. Mega Manila												
1	DPWH		Mindoro - Batangas Super Bridge	Region IV-A, Region IV-B	2020	China	30,883.40	2020	F and B	No F/S		To be submitted to ICC
2	DPWH		Aqueduct No. 7 (AO-7)	Region III, NCR	TBD	China	TBD	TBD	TBD	No F/S		To be submitted to ICC
3	DPWH		Ipo Dam No. 3	Region III, NCR	TBD	China	TBD	TBD	TBD	No F/S		To be submitted to ICC
4	BCDA		Clark-Subic Rail	Region III	Dec-17	China	57,600.00	2017	2021	Ongoing		To be submitted to ICC
							Sub-Total (ICC Approved)					15 March 2017 letter of BCDA to NEDA and DOF indicates that the F/S will be locally funded.

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As of 27 June 2017

Infrastructure Flagship Projects

No.	Implementing Agency	Co-Implementing Agency	Project Title	Region	Ground-breaking	Funding Source	Total Project Cost (Php Million)	Start	End	Feasibility Study	ICC/NEDA Board Processing/Approval	Remarks
5	BCDA		Clark Green City Government Center	Region III	Jan-18	GAA	TBD	2018	TBD	No F/S	To be submitted to ICC	
6	BCDA		Clark Green City Mixed-Income Housing	Region III	Jan-18	PPP	TBD	2018	TBD	No F/S	To be submitted to ICC	
7	BCDA		Clark Green City Commercial Center	Region III	Jan-18	PPP	TBD	2018	TBD	No F/S	To be submitted to ICC	
8	DPWH		North Luzon Expressway East, Phase I and II	Region III	Jan-18	China	44,610.09	2018	2022	No F/S	To be submitted to ICC	FS to start by June 2017
9	DPWH		Binondo-Intramuros Bridge	NCR	Sep-17	China	2,300.00	2017	TBD	Completed	To be submitted to ICC	FS to be completed by April 2017
10	DPWH		Estrella-Panaloan Bridge	NCR	Sep-17	China	1,200.00	2017	TBD	Completed	To be submitted to ICC	FS to be completed by April 2017
11	DOTr		Metro Manila BRT - Phase 3 (BGC-NAIA Segment)	NCR	Nov-17	China	40,000.00	2017	2020	Ongoing	To be submitted to ICC	BGC-NAIA, FS to be completed in 2017
12	DOTr		Mamila Metro Line 9 (Mega Mamila Subway Project - Phase 1)	NCR	Dec-18	Japan	230,000.00	2018	2022	Ongoing	To be submitted to ICC	15 March 2017 letter of BCDA to NEDA and DOF indicates that the F/S will be locally funded. The conduct of the F/S for the project is currently ongoing and is expected to be completed by July 2017 per DOTr's latest presentation. The project is expected to be submitted by DOTr to NEDA immediately after the completion of the F/S, with the view to securing ICC/NEDA Board approval by October 2017 and subsequent pledging by the GOJ at the sidelines of the upcoming ASEAN Summit meeting at Manila in November 2017.
13	DPWH		Improvement of remaining sections along Pasig River from Deljanan Bridge to Nagpartian Channel	NCR	2018	Japan	1,000.00	2018	2020	Ongoing	To be submitted to ICC	
14	DA		Regional Fish Port Project for Greater Capital Region (Upgrading / Rehabilitation of Navotas Fish Port Complex)	NCR	2018	GAA	10,639.99	2018	2020	Ongoing	To be submitted to ICC	
15	DPWH		Ayala Bridge	NCR	Jan-18	TBD	TBD	2018	TBD	Ongoing	To be submitted to ICC	FS to be completed in 2017
16	DPWH		Pandacan-Sa An Bridge	NCR	Jan-18	TBD	TBD	2018	TBD	Ongoing	To be submitted to ICC	FS to be completed in 2017
17	DPWH		Blumentritt-Anipolo Bridge	NCR	Jan-18	TBD	TBD	2018	TBD	Ongoing	To be submitted to ICC	FS to be completed in 2017
18	DPWH		Sheridan-JP Rizal Bridge	NCR	Jan-18	TBD	TBD	2018	TBD	Ongoing	To be submitted to ICC	FS to be completed in 2017
19	DPWH		Katayan-Kaipunan Bridge	NCR	Jan-18	TBD	TBD	2018	TBD	Ongoing	To be submitted to ICC	FS to be completed in 2017
20	DPWH		Reposo-Guarnate Bridge	NCR	Jan-18	TBD	TBD	2018	TBD	Ongoing	To be submitted to ICC	FS to be completed in 2017
21	DPWH		JP Rizal-Yale Bridge	NCR	Jan-18	TBD	TBD	2018	TBD	Ongoing	To be submitted to ICC	FS to be completed in 2017
22	DPWH		G Gabriel Mercury Ave Bridge	NCR	Jan-18	TBD	TBD	2018	TBD	Ongoing	To be submitted to ICC	FS to be completed in 2017
23	DPWH		Robinson Bridge	NCR	Jan-18	TBD	TBD	2018	TBD	Ongoing	To be submitted to ICC	FS to be completed in 2017
24	DPWH		East-west Bank Bridge 1	NCR	Jan-18	TBD	TBD	2018	TBD	Ongoing	To be submitted to ICC	FS to be completed in 2017
25	DPWH		East-west Bank Bridge 2	NCR	Jan-18	TBD	TBD	2018	TBD	Ongoing	To be submitted to ICC	FS to be completed in 2017
26	DPWH		Circumferential Road 3 (C3) Missing Link Project	NCR	2018	Japan	10,500.00	2018	2023	No F/S	To be submitted to ICC	FS to start by June 2017 Request forwarded to the DOF on March 24, 2017, as part of the Nationwide Island Provinces Link Bridges for Sustained Development, for onward transmittal to the Chinese Government.
II. Rest of Luzon												
27	NIA		Gregorio del Pilar Impounding Project	Region I	2019	China	3,452.00	2019	2023	Completed	To be submitted to ICC	
28	NIA		Iteos Norte Irrigation Project, Stage 2	Region I	2019	China	14,994.04	2019	2026	Ongoing	To be submitted to ICC	FS to be completed in 2017
29	NIA		Turamai River Multipurpose Project	Region II	2019	China	4,003.30	2019	2021	Ongoing	To be submitted to ICC	FS to be completed in 2017
30	DPWH		Pasecao - Balayan Tourism Coastal Highway	Region V	Mar-18	China	4,740.00	2018	2024	No F/S	To be submitted to ICC	
31	DPWH		Camarines Sur Expressway Project (San Fernando-Pili Section)	Region V	Mar-18	China	2,251.00	2018	2023	No F/S	To be submitted to ICC	
32	DPWH		Camarines - Catanduanes Friendship Bridge (Nationwide Island Provinces Link Bridges)	Region V	2020	China	22,030.16	2020	2024 and Beyond	No F/S	To be submitted to ICC	
III. Visayas												
33	DPWH		Panay-Guimaras-Negros (PGN) Island Bridge Project	Region VI, NIR	Q4 2018	China	27,156.81	2018	TBD	No F/S	To be submitted to ICC	FS to start by Sept. 2017

Annexes

As of 27 June 2017

Infrastructure Flagship Projects

No.	Implementing Agency	Co-Implementing Agency	Project Title	Region	Ground-breaking	Funding Source	Total Project Cost (Php Million)	Start	End	Feasibility Study	ICC/NEDA Board Processing/Approval	Remarks
34	DPWH		Bohol - Leyte Link Bridge (included in the Nationwide Island Provinces Link Bridges)	Region VII, Region VIII	Q1 2019	China	72,061.28	2019	TBD	No F/S	To be submitted to ICC	China Grant: FS to start by June 2017 Request forwarded to the DOF on March 24, 2017, as part of the Nationwide Island Provinces Link Bridges for Sustained Development, for onward transmittal to the Chinese Government. FS to start by Sept. 2017
35	DPWH		Cebu - Negros Link Bridge (Nationwide Island Provinces Link Bridges)	Region VII, NIR	Q1 2019	China	14,412.26	2019	TBD	No F/S	To be submitted to ICC	FS to start by Sept. 2017
36	NIA		Panay River Basin Integrated Development Project	Region VI	2018	China	19,300.00	2018	2025	Ongoing	To be submitted to ICC	FS to be completed by 1st quarter 2017
37	NIA		Bohol Northeast Basin Multipurpose Project	Region VII	2019	China	4,134.00	2019	2023	Ongoing	To be submitted to ICC	FS to be completed in 2017
38	DPWH		Cebu - Bohol Link Bridge (Nationwide Island Link Bridges)	Region VII	Q4 2018	China	56,619.58	2018	TBD	No F/S	To be submitted to ICC	The DPWH has yet to submit proposal for FS.
IV. Mindanao												
39	ARMM		Road Network Development Project in Conflict Affected Areas in Mindanao	Region IX, Region X, Region XI, Region XII, Region XIII	TBD	Japan	TBD	TBD	TBD	No F/S	To be submitted to ICC	
40	DOTr		Mindanao Railway Project (Phase 3)	Region X, Region XI, Region XII, Region XIII	TBD	China	TBD	TBD	TBD	No F/S	To be submitted to ICC	
41	DOTr		Mindanao Railway Project (Phase 2)	Region XI, Region XIII	TBD	China	TBD	TBD	TBD	Ongoing	To be submitted to ICC	
42	DA		Rehabilitation / Improvement of the Zamboanga Fish Port Complex	Region IX	2018	GAA	1,387.17	2018	2020	Completed	To be submitted to ICC	DA Letter dated 22 March requests inclusion in the pipeline for GOI ODA. However, it was not discussed in the Philippine - Japan Joint Committee on Infrastructure Development and Economic Cooperation Dialogue.
43	DOE		Agus 6 Unit 4 Major Rehabilitation Project	Region X	2018	China	504.00	2018	2018	No F/S	To be submitted to ICC	Southern Segment From N. Domingo St. in San Juan City to Buendia Ave. in Makati City The project is currently in its preparatory stages with technical assistance from JICA. The project is targeted to be implemented in 2018.
44	DPWH		Balabon Plains Flood Control Project	Region X	2020	China	2,100.00	2020	3 and beyond	No F/S	To be submitted to ICC	
45	DOE		Pulangi 4 Selective Dredging Phase 3	Region X	TBD	China	500.00	TBD	TBD	No F/S	To be submitted to ICC	Pursuit of the project subject to the completion of Pulangi 4 Selective Dredging Phase 2
46	DOE		Rehabilitation and upgrading of all Agus-Pulangi Hydroelectric Plant Units	Region X	TBD	China	TBD	TBD	TBD	No F/S	To be submitted to ICC	
47	DOE		Agus 3 Hydroelectric Plant	Region X	TBD	China	TBD	TBD	TBD	No F/S	To be submitted to ICC	
48	NIA		Ashang Small Reservoir Irrigation Project	Region XI	2019	China	1,400.00	2019	2025	Completed	To be submitted to ICC	
49	DPWH		Davao City Expressway Project	Region XI	2018	China	25,625.00	2018	2021	No F/S	To be submitted to ICC	Restoration of capacity from 25MW (denation) to 50MW rated capacity
50	DPWH		Ambal Simay Sub-Basin of the Mindanao River Basin Flood Control and River Protection Project	Region XII	Mar-18	China	13,657.58	2018	2023	No F/S	To be submitted to ICC	Full FS preparation proposed for Chinese Government financing. FS to be submitted to NEDA ICC for review.
IV. Nationwide/Multi-Regional												

Annexes

As of 27 June 2017

Infrastructure Flagship Projects

No.	Implementing Agency	Co-Implementing Agency	Project Title	Region	Ground-breaking	Funding Source	Total Project Cost (Php Million)	Start	End	Feasibility Study	ICC/NEDA Board Processing/Approval	Remarks
51	DA		Nationwide Fish Ports Project (Package III)	Region I, Region IV-A, Region V, Region VI, Region IX	2018	GAA	3,353.44	2018	2020	Completed	To be submitted to ICC	The project consists of improvement/ rehabilitation of 5 regional fish ports. If the ports are to be implemented separately, it may not require ICC/NEDA Board Approval DA Letter dated 22 March requests inclusion in the pipeline for GOJODA. However, it was not discussed in the Philippine - Japan Joint Committee on Infrastructure Development and Economic Cooperation Dialogue.
52	DPWH		Dalton Pass East Alignment Alternative Road Project (East Dalton Bypass Project)	Region II, Region III	Jun-18	Japan	4,018.00	2018	2021	Ongoing	To be submitted to ICC	31 March 2017 exchange rates: 1USD = PHP50.194
53	DPWH		Quezon-Bicol Expressway	Region IV-A, Region V	Jun-18	GAA	TBD	2018	TBD	Ongoing	To be submitted to ICC	
54	DPWH		Luzon - Samar Link Bridge (Nationwide Island Provinces Link Bridges)	Region V, Region VIII	Q1 2019	China	57,649.02	2019	TBD	No F/S	To be submitted to ICC	FS to start by Sept. 2017
55	DPWH		Leyte - Surigao Link Bridge (Nationwide Island Link Bridges)	Region VIII, Region XIII	Q1 2019	China	47,354.55	2019	TBD	No F/S	To be submitted to ICC	FS to start by Sept. 2017 Request forwarded to the DOF on March 24, 2017, as part of the Nationwide Island Provinces Link Bridges for Sustained Development, for onward transmittal to the Chinese Government.

Sub-Total (Pipeline) 831,436.66
TOTAL 1,579,181.25

Annexes

List of Websites of Arangkada Public and Private Partners

Arangkada Partners	
American Chamber of Commerce of the Philippines, Inc.	http://www.amchamphilippines.com/
Australian-New Zealand Chamber of Commerce of the Philippines, Inc.	http://anzcham.com/
Canadian Chamber of Commerce of the Philippines, Inc.	http://cancham.com.ph/
European Chamber of Commerce of the Philippines, Inc.	http://www.eccp.com/
Japanese Chamber of Commerce and Industry of the Philippines, Inc.	http://www.iccpi.com.ph/
Korean Chamber of Commerce of the Philippines, Inc.	http://www.kccp.ph/xen/
Makati Business Club	https://mbc.com.ph/
Management Association of the Philippines	http://www.map.org.ph/
Philippine Chamber of Commerce and Industry, Inc.	http://philippinechamber.com/
Part 1: Growing Too Slow	
Bangko Sentral ng Pilipinas	http://www.bsp.gov.ph/statistics/efs_ext3.asp
Department of Trade and Industry	http://www.dti.gov.ph/index.php
Philippine Exporters Confederation	http://www.philexport.ph/
Philippine Development Plan	http://pdp.neda.gov.ph/
Philippine Statistics Authority	http://psa.gov.ph/
International Monetary Fund	http://www.imf.org/en/Countries/ResRep/PHL
Part 2: Becoming More Competitive	
National Competitiveness Council	http://www.competitive.org.ph/
Forbes' Best Country for Business List	https://www.forbes.com/best-countries-for-business/list/
Fragile States Index	http://fundforpeace.org/fsi/
Index of Economic Freedom	http://www.heritage.org/index/
World Competitiveness Yearbook by Institute for Management Development	http://www.imd.org/wcc/world-competitiveness-center-rankings/world-competitiveness-yearbook-ranking/
International Property Rights Index	http://internationalpropertyrightsindex.org/
Corruption Perception Index	https://www.transparency.org/research/cpi/overview
Human Development Index	http://hdr.undp.org/en/content/human-development-index-hdi
E-Government Readiness Survey	http://www.unpan.org/egovkb/global_reports/08report.htm
Ease of Doing Business Rankings	http://www.doingbusiness.org/rankings
Investing Across Borders	http://iab.worldbank.org/
Paying Taxes Ranks	http://www.doingbusiness.org/reports/thematic-reports/paying-taxes
Global Competitiveness Report	http://reports.weforum.org/global-competitiveness-report-2015-2016/
Travel and Tourism Competitiveness Report	http://reports.weforum.org/travel-and-tourism-competitiveness-report-2015/
Environmental Performance Index	http://epi.yale.edu/
Philippine Economic Update (April 2016)	http://documents.worldbank.org/curated/en/845151468185031838/pdf/104611-WP-P149001-PUBLIC-Philippine-Economic-Update-PEU-April-2016-edition-final-for-release.pdf
Part 3: Seven Big Winner Sectors	
Agribusiness	
Department of Agriculture	http://www.da.gov.ph/
Food and Agriculture Organization	http://www.fao.org/home/en/
Philippine Council for Agriculture, Aquatic, and Natural Resources Research and Development	http://www.pcaarrd.dost.gov.ph/home/portal/
Business Process Outsourcing	
IT and Business Process Association of the Philippines	http://www.ibpap.org/
Creative Industries	
World Intellectual Property Organization	http://www.wipo.int/portal/en/index.html
Product Development and Design Center of the Philippines	http://server2.dti.gov.ph/dti/index.php?p=183
Center for International Trade Expositions and Missions	http://www.citem.gov.ph/
Philippine Design Competitiveness Act of 2013	http://www.officialgazette.gov.ph/2013/05/15/republic-act-no-10557/
UNESCO-UNDP Creative Economy Report	http://www.unesco.org/culture/pdf/creative-economy-report-2013.pdf
Infrastructure: Policy	
NEDA PPP Center	http://ppp.gov.ph/
Japan International Cooperation Agency (JICA)	https://www.jica.go.jp/english/
Global Competitiveness Report	http://reports.weforum.org/global-competitiveness-report-2015-2016/
Department of Budget and Management	http://www.dbm.gov.ph/

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Department of Public Works and Highways	http://www.dpwh.gov.ph/dpwh/
Project Development Monitoring Fund (PDMF)	http://ppp.gov.ph/?page_id=26094
National Economic Development Authority	http://www.neda.gov.ph/
Airports	
Department of Transportation and Communications – List of PPP Projects	
Civil Aviation Authority of the Philippines	http://www.caap.gov.ph/
Manila International Airport Authority	http://125.60.203.88/miaa/
Clark International Airport Corporation	http://crk.clarkairport.com/
Power	
Department of Energy	http://www.doe.gov.ph/
Power Sector Assets and Liabilities Management Corporation) PSALM	https://www.psalms.gov.ph/
Wholesale Electricity Spot Market	http://www.wesm.ph/
National Grid Corporation of the Philippines	http://www.ngcp.ph/
Energy Regulatory Commission (ERC)	http://www.erc.gov.ph/
Philippines Energy Efficiency and Conservation Action Plan 2016-2020	http://www.investphilippines.info/arangkada/wp-content/uploads/2015/08/philippines_energy_efficiency_action_plan2016-20.pdf
An Energy Efficiency Roadmap for the Philippines 2014-30	http://www.investphilippines.info/arangkada/wp-content/uploads/2015/08/Philippines_energy_efficiency_and_conservation_roadmap2014-2030.pdf
Roads and Rail	
Department of Public Works and Highways	http://www.dpwh.gov.ph/dpwh/
Toll Regulatory Board	http://www.trb.gov.ph/
Department of Transportation and Communications	http://dotr.gov.ph/
Seaports	
Global Competitiveness Report	http://reports.weforum.org/global-competitiveness-report-2015-2016/
Philippine Ports Authority	http://www.ppa.com.ph/
Maritime Industry Authority	http://www.marina.gov.ph/
Telecommunications	
RA 7925	http://www.lawphil.net/statutes/repacts/ra1995/ra_7925_1995.html
Department of Science and Technology – Information and Communications Technology Office	http://www.asti.dost.gov.ph/index2.php?option=com_content&task=view&id=242&pop=1&page=0&Itemid=1
Philippine Digital Strategy 2011-2016	http://www.dict.gov.ph/wp-content/uploads/2014/06/philippine-digital-strategy-2011-2015.pdf
Integrated Government Philippines Project	http://i.gov.ph/
Government Web Hosting Services	http://i.gov.ph/gwhs/
Government Network	http://i.gov.ph/govnet/
National Government Data Center	http://i.gov.ph/ngdc/
Government Cloud	http://i.gov.ph/govcloud/
Philippine e-Government Interoperability Framework (PeGIF)	http://i.gov.ph/pegif/
National Computer Center	http://www.ncc.gov.ph
The Philippine Geoportal Project	http://www.geoportal.gov.ph/
National Mapping and Resource Information Authority	http://www.namria.gov.ph/
Water	
National Water Resources Board	http://www.nwr.gov.ph/
Bulacan Water Supply Project	http://ppp.gov.ph/?ppp_projects=bulacan-bulk-water-supply-project
New Centennial Water Source – Kaliwa Dam Project	http://mwss.gov.ph/projects/new-centennial-water-source-kaliwa-dam-project/
Local Water Utilities Administration	http://www.lwua.gov.ph/
DPWH – Integrated Water Resources Management Coordination Team	http://www.dpwh.gov.ph/dpwh/tags/integrated-water-resources-management-coordination-team-iwrmt-committee-071
DPWH – Flood Management Project Cluster	http://www.dpwh.gov.ph/dpwh/org-chart/bureau/services/UPMO/FCMC
DPWH – National Sewerage and Septage Management Program	http://www.dpwh.gov.ph/dpwh/references/guidelines_manuals/NSSMP
Metropolitan Waterworks and Sewerage System	http://mwss.gov.ph/
Manila Water Company, Inc.	http://www.manilawater.com/Pages/Home.aspx
Maynilad Water Services, Inc.	http://www.mayniladwater.com.ph
National Irrigation Administration	http://www.nia.gov.ph/

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Philippine Water Partnership	http://www.pwp.org.ph/
USAID Be Secure Project	https://www.facebook.com/besecureph/
Manufacturing	
Department of Trade and Investments – Boar of Investments	http://industry.gov.ph/
Logistics	
International Container Terminal Services, Inc.	http://www.ictsi.com/
Subic Bay Metropolitan Authority	http://www.mysubicbay.com.ph/
Philippine Economic Zone Authority	http://www.peza.gov.ph/
Bureau of Customs	http://customs.gov.ph/
SITC Philippines	http://www.sitc.com/en/contact/index.asp?id=76
MCC Philippines	https://www.mcc.com.sg/shipping/ph
Kyoto Protocol	http://unfccc.int/kyoto_protocol/items/2830.php
Mining	
EO 79	http://www.officialgazette.gov.ph/2012/07/06/executive-order-no-79-s-2012/
Mines and Geosciences Bureau	http://www.mgb.gov.ph/
Chamber of Mines of the Philippines	http://www.chamberofmines.com.ph/
Tourism, Medical, Travel, and Retirement	
Tourism Infrastructure and Enterprize Zone Authority	http://investphilippines.gov.ph/tag/tieza/
Manila International Airport Authority	http://125.60.203.88/miaa/
Bureau of Immigration	http://www.immigration.gov.ph/
WEF Travel and Tourism Competitiveness Report	http://reports.weforum.org/travel-and-tourism-competitiveness-report-2015/
PD 856	http://www.officialgazette.gov.ph/1975/12/23/presidential-decree-no-856-s-1975/
Retirement and Healthcare Initiative	http://www.rhc.com.ph/
Philippine Healthcare Initiative	http://www.rhc.com.ph/philippine-healthcare-initiative/
Professional Regulation Commission	http://www.prc.gov.ph/
Philippine Retirement Authority	http://www.pra.gov.ph/
Philippine Council on the Accreditation of Healthcare Organizations	https://www.facebook.com/Philippine-Council-on-Accreditation-of-Healthcare-Organizations-PCAOH-1568562626705156/
Department of Tourism	http://www.tourism.gov.ph/pages/default.aspx
Department of Health	http://www.doh.gov.ph/
Expat360	http://expat360.ph/
Part 4: General Business Environment	
Business Costs	
List of National Holidays	http://pcoo.gov.ph/wp-content/uploads/2016/09/20160816-Proc-50-RRD.pdf
Bureau of Internal Revenue	https://www.bir.gov.ph/
Japan External Trade Organization	https://www.jetro.go.jp/en/
Environment and Natural Disasters	
Solid Waste Management Act of 2000	http://www.officialgazette.gov.ph/2001/01/26/republic-act-no-9003-s-2001/
Clean Air Act of 1999	http://emb.gov.ph/wp-content/uploads/2015/09/RA-8749.pdf
Clean Water Act of 2004	http://emb.gov.ph/wp-content/uploads/2015/09/RA-9275.pdf
Department of Environment and Natural Resources	http://www.denr.gov.ph/
Water Quality Management Areas	http://119.92.161.2/embgovph/water/Programs/WaterQualityManagementAreas.aspx
Kapit Bisig Para sa Ilog Pasig	https://corporate.abs-cbn.com/lingkodkapamilya/
National Institute of Physics – UP Diliman	http://www.nip.upd.edu.ph/
Nationwide Operational Assessment of Hazards	http://noah.dost.gov.ph/#/
Philippine Institute of Volcanology and Seismology	http://www.phivolcs.dost.gov.ph/
Philippine Climate Change Commission	http://climate.gov.ph/
National Climate Change Action Plan 2011-2028	http://climate.emb.gov.ph/wp-content/uploads/2016/06/NCCAP-1.pdf
Foreign Equity and Professionals	
Global Competitiveness Report	http://reports.weforum.org/global-competitiveness-report-2015-2016/
Resolution of Both Houses No.1	
EO No. 184, s. 2015 (10th Regular FINL)	http://www.sec.gov.ph/wp-content/uploads/2015/08/EONo.-184-The-Tenth-Regular-Foreign-Investment-Negative-List.pdf
Philippine Teachers Professionalization Act of 1994	http://www.officialgazette.gov.ph/2004/04/21/republic-act-no-9293/
Governance	
Bureau of Internal Revenue	https://www.bir.gov.ph/
Securities and Exchange Commission	http://www.sec.gov.ph/

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Judicial	
Bureau of Internal Revenue	https://www.bir.gov.ph/
Labor	
Department of Labor and Employment	https://www.dole.gov.ph/
National Wages and Productivity Commission	http://www.nwpc.dole.gov.ph/
Technical Education and Skills Development Authority	http://www.tesda.gov.ph/
Legislation	
House of Representatives – List of Committees	http://www.congress.gov.ph/committees/
Senate of the Philippines – List of Committees	https://www.senate.gov.ph/committee/list.asp
House of Representatives – House Bills and Resolutions Download Center	http://www.congress.gov.ph/download/?d=billstext
Senate of the Philippines – Legislative Documents Download Center	http://www.senate.gov.ph/lis/leg_sys.aspx
Local Government	
Cities and Municipalities Competitiveness Index	http://www.competitive.org.ph/cmindex/
Three-Year Rolling Infrastructure Program	http://www.dbm.gov.ph/wp-content/uploads/issuances/2015/Corporate%20Budget%20Memorandum/BudgetCall2016/ANNEXC.pdf
Ease of Doing Business Rankings	http://www.doingbusiness.org/rankings
DTI-DILG Joint Memorandum Circular no. 1	http://www.dilg.gov.ph/PDF_File/issuances/joint_circulars/DILG-Joint_Circulars-20100813-JMCNo01_Seriesof2010.pdf
Social Weather Stations	https://www.sws.org.ph/swsmain/home/
Philippine Economic Zone Authority	http://www.peza.gov.ph/
Macroeconomic Policy	
Development Budget Coordination on Committee	http://www.dbm.gov.ph/?page_id=8959
Budget and Treasury Management System	http://www.dbm.gov.ph/?page_id=8959
Department of Budget and Management	http://www.dbm.gov.ph/
Commission on Audit	http://www.coa.gov.ph/
Bureau of Treasury	http://www.treasury.gov.ph/
Unified Accounts Code Structure	http://www.uacs.gov.ph/resources/issuances/95/unified-accounts-code-structure-uacs
National Single Window	https://www.nsw.gov.ph/
Electronic Tax Information System (eTIS)	https://www.bir.gov.ph/images/bir_files/internal_communications_1/Programs/eTIS%20Updates_Feb.%202015.pdf
Bureau of Internal Revenue	https://www.bir.gov.ph/
BIR – E-services	http://www.bir.gov.ph/index.php/eservices.html
BIR – Run After Tax Evaders (RATE) Program	http://governance.dbm.gov.ph/governance/
BIR – Run After the Smugglers (RATS) Program	http://governance.dbm.gov.ph/governance/
Revenue Memorandum Circular No. 54-2014	https://www.bir.gov.ph/images/bir_files/old_files/pdf/87996RMC%20No%2054-2014.pdf
Business Permit and Licensing System (BPLS)	http://governance.dbm.gov.ph/governance/
Philippine Business Registry	http://www.business.gov.ph/web/guest;jsessionid=7e0b2928bdc78c04e76aa6ca52f9
Governance Commission for GOCCs (GCG)	http://gcg.gov.ph/site/
Security Social Services: Education	
Asia Maritime Transparency Initiative (AMTI)	https://amti.csis.org/
Future You.PH	http://www.futureyou.ph/
Technical Education and Skills Development Authority	http://www.tesda.gov.ph/
Commission on Higher Education	http://www.ched.gov.ph/
Department of Education	http://www.deped.gov.ph/
Gearing Up Internet Literacy and Access for Students (GILAS)	https://www.facebook.com/GILASconnect
Fast-tracked S&T Scholarship Act of 2013	https://www.senate.gov.ph/republic_acts/ra%2010612.pdf
IT & Business Process Association Philippines	http://www.ibpap.org/
Health and Population	
World Health Organization	http://www.who.int/en/
Philhealth	http://www.philhealth.gov.ph/
The Responsible Parenthood and Reproductive Health Act of 2012	http://www.doh.gov.ph/node/6971
Poverty	
Annual Poverty Indicator Surveys	https://psa.gov.ph/apis-index
SWS Survey on Self-Rated Poverty	
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Canadian Chamber of Commerce of the Philippines, Inc.
European Chamber of Commerce of the Philippines, Inc.
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Metro Pacific Investments Corporation
Moog Controls Corporation
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Mondelez Philippines, Inc.
Pilipinas Shell Petroleum Corporation
Royal Cargo, Inc.
Toyota Motors Philippines Corporation

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DoubleDragon Properties Corporation
Social Security System

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