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Annual Performance Report October 2012 – September 2013

Investment Enabling Environment (INVEST) Project

Submitted to:

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LIST OF ACRONYMS

APEC	Asia-Pacific Economic Cooperation
ARTA	Anti-Red Tape Act
ASEAN	Association of Southeast Asian Nations
ATM	Automated Teller Machine
BF	Business Forum
BFP	Bureau of Fire Protection
BIR	Bureau of Internal Revenue
BLGF	Bureau of Local Government and Finance
BOC	BPLS Oversight Committee
BOI	Board of Investments
BOSS	Business One-Stop Shops
BBC	Batangas City Business Club
BPCCI	Batangas Province Chamber of Commerce and Industry
BPLO	Business Permits and Licensing Office
BPLS	Business Permits and Licensing System
BPI	Bank of the Philippine Islands
CDA	Cooperatives Development Authority
CDI	Cities Development Initiative
CDO	Cagayan de Oro
CIDA	Canadian International Development Agency
CIP-TWG	City INVEST Project Technical Working Group
COMPETE	Advancing Philippine Competitiveness
COR	Contracting Officer Representative
CPA	City Program Adviser
CSC	Civil Service Commission
CSO	Civil Society Organization
CTI-PFAN	Climate Technology Initiative – Private Financing Advisory Network
CTO	City Treasurer's Office
DA	Department of Agriculture
DBP	Development Bank of the Philippines
DILG	Department of the Interior and Local Government
DOF	Department of Finance
DOST	Department of Science and Technology
DOT	Department of Tourism
DPWH	Department of Public Works and Highways
DTI	Department of Trade and Industry
eBPLS –TWG	Electronic Business Permitting and Licensing System Technical Working Group
EO	Executive Order
FFCCCII	Federation of Filipino Chinese Chambers of Commerce and Industry, Inc.
FGD	Focus Group Discussion
GAP	Gender Action Plan
HLRTD	High-Level Roundtable Discussion
HRDMO	Human Resources Development and Management Office
IBC	Iloilo Business Club
ICT	Information and Communications Technology
ICTIPB	Iloilo City Trade and Investment Promotions Board

ICTO	Information and Communications Technology Office
IEC	Information, Education and Communication
IFC	International Finance Corporation
ILED	Iloilo Economic Development Foundation, Inc.
INVEST	Investment Enabling Environment Project
IPC	Investment Promotions Center
IRO	Investor Relations Office
ISSP	Information System Strategic Plan
IT	Information Technology
ITSD	Information Technology Services Division
JIT	Joint Inspection Team
JMC	Joint Memorandum Circular No. 1, series of 2010
KRA	Key Results Area
LCE	Local Chief Executive
LEIPO	Local Economic and Investment Promotion Officer
LGSP-LED	Local Government Support Program for Local Economic Development
LGU	Local Government Unit
LIIC	Local Investment Incentives Code
LINC-EG	Local Implementation of National Competitiveness for Economic Growth
LOE	Level-of-Effort
LOGFRAME	Logical Framework
LRC	Local Revenue Code
MIGEDC	Metro-Iloilo Guimaras Economic Development Council
LTTA	Long-term Technical Assistance
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
NCC	National Competitiveness Council
NEDA	National Economic and Development Authority
NERBAC	National Economic Research and Business Assistance Center
OBLS	One Business Licensing Service
OCVAS	Office of the City Veterinary and Agricultural Services
OIDCI	Orient Integrated Development Consultants, Inc.
PagIBIG	Home Development Mutual Fund
PBED	Philippine Business for Education
PBR	Philippine Business Registry
PCCI	Philippine Chamber of Commerce and Industry, Inc.
PDF	Philippine Development Forum
PEZA	Phillipine Export Zone Authority
PFG	Partnership for Growth
PhilHealth	Philippine Health Insurance Corp
PIRS	Performance Indicator Reference Sheet
PMO	Project Management Office A month after the Business Forum
PPP	Public-Private Partnership
PTO	Project Technical Officer
RCC	Regional Competitiveness Committees
RFP	Request for Proposal
SEC	Securities and Exchange Commission
SGLG	Seal of Good Local Governance
SIDC	Sorosoro Ibaba Development Cooperative
SIMM	Scaling Innovations in Mobile Money
SME	Small- and Medium-Enterprises

SOW	Scope of Work
SP	Sangguniang Panlungsod
SSS	Social Security System
STTA	Short-term Technical Assistance
SWG-LIR	Sub-Working Group on Local Investment Reforms
TCD	Target Completion Date
TIEZA	Tourism Infrastructure and Enterprise Zone Authority
TWG	Technical Working Group
TWGeBPLS	Technical Working Group on eBPLS Automation
UA&P	University of Asia and the Pacific
UIC	Unified Inspection Checklist
UPV	University of the Philippines Visayas
USAID	United States Agency for International Development
WG-GIC	Working Group on Growth and Investment Climate

I. INTRODUCTION

The Investment Enabling Environment (INVEST) Project is a two-year project of the United States Agency for International Development (USAID) that aims to improve the enabling business environment in its partner cities: Batangas City, Iloilo City, and Cagayan de Oro City. This objective is in line with the long-term goal of increasing domestic and foreign investments in the Philippines. This, in turn, is part of goal no. 1 of USAID's Country Assistance Strategy, i.e. accelerating growth through improved competitiveness.

The Project was awarded by USAID to the Orient Integrated Development Consultants Incorporated (OIDCI) on September 30, 2011 and was launched on November 3, 2011. On April 10, 2013, USAID extended the Project to another year initially through a Preliminary Notice of Intent to Exercise of Option and subsequently through a contract modification on September 26, 2013 that extended the life of the project up to September 2014 with additional budget for the Option Year. The Project submitted its revised Workplan for the Option Year on September 27, 2013, which was approved by USAID on October 2, 2013.

This annual report summarizes the activities of the Project for the 12 months covering October 2012 to September 2013. It takes the place of the eighth quarterly report of the Project. The report covers the accomplishments of the project, in summary form (chapter 2), by project component (chapter 3), by city (chapter 4) and by program management (chapter 5). The report ends with a listing of implementation challenges encountered in Year 2.

Long Term Goals and Strategic Objectives

The Project seeks to measure its long-term goal in terms of various indicators for domestic and foreign investments. It recognizes that it is too small to directly affect the inflow of investments at the national level. Nevertheless, the reforms it has pursued could contribute to generating additional investments in the coming years.

It is opportune that the Project is being implemented at the time when the Philippine economy started to enjoy good reviews and upgrades in credit rating. This positive environment, together with the lackluster investment opportunities in other parts of the world, encouraged substantial capital flows to the Philippines—flows that could no longer be absorbed by portfolio investments alone. Hence, the environment was ripe for investors to take a closer look at direct investments not only in Metro Manila but also in other Philippine cities.

The positive outlook for investment in the Philippines is reflected in the impact/goal indicators for the Project (Table 1). The *Bangko Sentral ng Pilipinas* reported that net foreign direct investments increased by 53.7% in 2012, reaching US\$2,797 million, or 1.1% of gross domestic product, from US\$1,816 million in 2011. This positive performance was mirrored in other investment indicators. For instance, business name registrations for single proprietorship with the Department of Trade and Industry (DTI) rose by 1.7% to 329,390 in 2012. DTI also reported an increase of 2.3% in approved investments in 2012 by the Board of Investments and the Philippine Export Zone Authority (PEZA) from 2011. The Cooperatives Development Authority (CDA) masterlist for September 2013 showed that there were 23,461 registered cooperatives in 2012, or 13% higher than the baseline figure.

Table 1. National Impact/Goal Indicators of INVEST Logframe

Indicators	Baseline (2011)	Year 2 (2012)	% Increase
Foreign investment as % of GDP ¹	0.8	1.1	37.5
No. of domestic business registration (SEC)	27,895	n/a	
No. of new business names registered (DTI)	272,429	329,390	20.9
No. of new registered cooperatives (CDA) ²	20,792	23,461	12.8

Source of Basic Data: WB, DTI, CDA websites

At the city level, the total number of businesses that applied for permits in January for both new and renewals in all three cities rose by 88% to 26,124 in 2013 from 13,897 in 2012 (Table 2).

Table 2. City Level Impact/Goal Indicators of INVEST Logframe

Indicators	Baseline ³	Year 2	% Increase
No. of Business Registrations			
- Batangas City	1,982	5,600	182.5
- Iloilo City	5,980	10,819	80.9
- Cagayan de Oro City	5,935	10,245	72.6

Source of Basic Data: City Treasurer's Offices of the cities of Batangas, Iloilo and Cagayan de Oro

Outcome of Project Accomplishments in Year 2

In the absence of indicators on city rankings in various aspects of competitiveness⁴, it may be observed that there were other qualitative but visible manifestations of the improvement in the competitiveness of partner cities. Batangas City was able to establish a BOSS and was successful in exceeding the standards set by the national government. In the 2013 Business Permits and Licensing System (BPLS) Customer Satisfaction Survey conducted by the National Competitiveness Council (NCC), Batangas City garnered the second highest satisfaction score among the 14 cities included in the survey, which had businessmen as respondents. The Batangas Province Chamber of Commerce and Industry (BPCCI) also recommended it as the most business-friendly local government unit (LGU) in the region. Cagayan de Oro (CDO), on the other hand, was ranked first in terms of competitiveness by the NCC among the 122 cities included in the 2013 Competitiveness Survey, while Iloilo City was ranked second. Iloilo City was also recently given the Presidential Award by the Philippine Chamber of Commerce and Industry, Inc (PCCI) for its *“commendable efforts in local economic development program, particularly its outstanding initiatives which enabled the City to become a vibrant and attractive destination for investments.”* All three cities are now moving forward in their respective investment promotion efforts, culminating in the holding of Business Forums in the coming months.

¹ The data is taken from World Bank Indicators (<http://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS>). Base line data is the figure for 2011.

² Based on CDA's Masterlist of Cooperatives as of September 30, 2013. The baseline data is the annualized figure for 2012, based on the November 2012 Masterlist.

³ Baseline data refers to 2012 figures. Year 2 refers to 2013 figures.

⁴ AIM's Philippine Cities Competitiveness Report, which was the basis for the indicators used in the Performance Management Plan, was not undertaken for 2013. The INVEST Project Logframe used the rankings of the cities in specific areas of the Report, e.g. processing time, rating of process and procedure, and provision of tax incentives. as outcome indicators.

In terms of revenues generated by the partner cities, there were significant increases compared to 2012. Proceeds from business taxes and fees surged by 25% in January 2013, from PhP519.0 million to PhP649.1 million during the same period. Not all of the increases, however, may be attributed solely to the Project although testimonies from business applicants confirm significant positive changes in the permitting processes in all the three cities in 2013 as a result of Project assistance.

The number of employment generated was also included as an indicator in the Project Logframe. Data on employment, however, was not among the indicators in the reports generated by the BPLO from its business application forms. The Project has taken steps to extract this data from the application forms in the course preparing the profile of business establishments in partner cities.

Table 3. Outcome Indicators of the INVEST Project Logframe

Indicators	Baseline (Jan. 2012)	Year 2 (Jan. 2013)	% Increase
Revenue Generated (P million):			
- Batangas City	180.36	199.76	10.8
- Iloilo City	102.08	180.57	76.9
- Cagayan de Oro City	236.63	268.80	13.6

Source of Revenue Data: City Treasurer's Offices of the cities of Batangas, Iloilo and Cagayan de Oro

Project Outputs in Year 2

During its second year, the Project focused on ensuring the implementation of regulatory reforms in business permitting, preparing the groundwork for the holding of a business forum, strengthening institutional support, and data collection to promote competitiveness at the national and local levels. The Project organized eight (8) capacity building activities, thirteen (13) consultation workshops/focused group discussions, and two (2) events. These events conducted to either catalyze important reforms or present the findings of its studies – the High Level Roundtable Discussion on the Vision for the Philippine Business Registration and the 2013 Regional Competitiveness Summit. About 1,115 people participated in these activities (511 men and 604 women) (*Table 15*).

Significant reforms were also implemented as a result of project interventions. A Memorandum of Agreement (MOA) was signed between the Department of the Interior and Local Government and the Social Security System (SSS) in December 2012 that streamlined the procedures for securing the SSS clearance, a requirement in getting a Mayor's permit. At the city level, seven (7) Executive Orders were issued in partner cities with assistance from the Project (two for the cities of Batangas and Iloilo and three for Cagayan de Oro city)⁵. The project also drafted three (3) memorandum circulars for partner agencies, which are currently being drafted: (1) strengthening of the Philippine Business Registry, (2) guidelines for setting-up a business-friendly inspection system, and (3) promoting automation of business permits and licensing system (BPLS).

⁵ For Component 1, an executive order was issued in each city to adopt the reforms introduced by the Project in BPLS streamlining. The cities of Batangas and Cagayan de Oro also issued executive orders to create teams to implement the reforms on BPLS inspection and automation, respectively. For Component 2, Executive orders were issued to designate Iloilo City's Local Economic and Investment Promotion Officer and the Local Investment Incentives Code Drafting Committee of Cagayan de Oro City.

A breakdown of accomplishments reckoned in terms of expected outputs per program area and deliverable, based on the original work plan, is provided in Table 4. Out of 45 discrete expected outputs classified according to the project's seven program areas, 24 have been completed although the final reports for 10 outputs are yet to be submitted until end-November. Partial submissions have been done for 2 outputs, Batangas City's Information System Strategic Plan and the Industry Studies for Batangas and Cagayan de Oro. The implementation of the 21 remaining outputs will be carried over to Year 3. The report on the project assistance in promoting the BPI credit facility in the partner cities, which was earlier dropped, was included as part of the report on the Business Forums.

Table 4. Accomplishments of the INVEST Project, Year 2

Project Component	No. of Outputs (Approved Work Plan in Nov. 2012)	Completed			Outputs Carried Over to Year 2	Not Accomplished
		Total	Final report submitted to USAID	Report for submission to USAID		
Component 1	20	11	2	9	9	0
Component 2	13	6	5	1	7	0
Component 3	12	7	7	0	5	0
Total	45	24	14	10	21	0

Direction for the Option Year

Under the Project's Work Plan for the Option Year, the Project's activities will focus on assisting the partner cities in achieving their goal of generating investments and implementing best practices in business permitting reforms.

In Component 1, the Project will continue the studies that were started in the latter part of Year 2 and work towards the adoption of business permitting reforms at the national level. The Project will focus on setting up a computerized business permitting system, introducing risk-based inspection system, streamlining the procedures for securing construction-related permits and those operating hotel establishments and tourism-related activities, and assessing the business permitting reforms that will be adopted by the partner cities in 2014. The Project will also review the JMC in partnership with DILG and DTI with the objective of refining the standards to match those followed in other ASEAN countries. As in previous years, the Project will provide technical support to national inter-agency committees that oversee policies on business permitting.

In Component 2, priority will be on activities related to the Business Forums in each partner city, which will entail formulating investment plans that would clearly identify investment opportunities for the business sector, developing marketing materials for the Business Forum, and engaging partners to co-sponsor the event. As part of post-business forum activities, the Project will assist the partner cities set up Investment Promotion Centers, where prospective investors can get information on the city's investment opportunities.

In Component 3, the Project will deliver output in two major categories: enhanced system for measuring the level of competitiveness in partner cities and project closeout activities. Project management will be busy in ensuring that the requirements for project closeout will be complied with. A demobilization plan will be prepared and an exit strategy for the Project in each of the partner cities will be discussed with USAID.

II. ACCOMPLISHMENTS IN SUMMARY

Consistent its work plan for Year 2, Project activities focused on ensuring that the partner cities implement reforms in business processing and investment promotion, which were identified in their action plans formulated in Year 1. Systems and processes were established to facilitate the implementation of reforms. At the same time, the Project assisted the oversight agencies in setting in place national level policies that would further streamline the regulatory environment for business. As part of its monitoring work, it also contracted consultants to assess the reforms undertaken in the two components of the project.

Similar to the first year, the INVEST Project, generally accomplished its expected major outputs. Presented below is an overview of its accomplishments, classified into four areas- at the city level, at the national government level, in relation to USAID, and with other development partners.

A. City-Level Assistance

1. Assisted Partner Cities to Become Models in BPLS Reforms

The Project continued its capacity building programs for the partner cities in streamlining their BPLS, in time for the renewal period in 2013. It conducted two important trainings in Year 2 – improving basic customer service skills and the setting up business-friendly inspection systems. The Project's City Program Advisers (CPAs) also closely coached the cities as they introduced new procedures for processing Mayor's permits. Assistance was provided in conducting the communication campaigns before the renewal period as well as in solving day-to-day operational problems in processing business permits in January 2013. The Project's interventions proved to be significant as the assessments done in 2013 showed that Batangas and Cagayan de Oro cities not only met all the BPLS standards but also exceeded some targets. Batangas City had the most dramatic change, with the construction of the Business One-Stop Shop (BOSS) and the use of extensive backroom processes to reduce contact between city officers and applicants. Cagayan de Oro City had the fastest processing time, i.e. less than 1 hour for new registrations and less than 2 hours for renewal of business registration. This was made possible by linking the computerized systems of the City Treasurer's Office (CTO), the Business Permits and Licensing Office (BPLO) and the Bureau of Fire Protection (BFP).

2. Engaged the Newly-Elected City Officials of Partner Cities in the Reform Process

A key factor in any successful reform initiative at the local level is the support provided by the Local Chief Executive (LCE). Hence, the Project, together with USAID, exerted efforts at getting the commitment of the LCEs of the partner cities in the activities of the Project right after the announcement of election winners in June 2013. Together with USAID officials, courtesy calls were arranged to meet the new mayors of Batangas and Cagayan de Oro cities. On the latter, the Project assisted in drafting a new Executive Order that reorganized the City INVEST Project Technical Working Group (CIP-TWG), with no less than the Mayor as Chair. Since the Project consider the Mayor as the champion of reforms in the city, it organized a one-day Exposure Trip to Manila to show best practices in business permitting as well as to engage important groups in CDO's efforts to promote investment.

3. Showcased the Best Practices in ASEAN in Business Processing and Investment Planning and Promotion

Realizing the importance of benchmarking, the Project organized an international study tour for the three cities to see models of good practices in BPLS and investment promotion. City officials visited various offices in Singapore and Malaysia where they were provided with information on business processes, the use of automation in government services, urban planning, investment promotion and port operations. Their learning from the exposure trip was incorporated in the action plans, which were formulated by each of the cities as an offshoot of the study tour.

5. Deepened Partnerships Among City Government Officials and the Private Sector

The Project recognizes that for reforms to be sustainable, efforts should be owned and participated in by the stakeholders. Hence, as the cities plan for the business forum, the Project became more intent in bringing together local business chambers and groups to work with the city government towards a common objective of marketing the city and increasing investment. The approach followed by the project differed across the three cities. In Batangas, for instance, the Project brought together business leaders and the city officials to come up with a common vision for the city, a first given the past adversarial relationship between the city government leadership and some members of the business sector. The persistence of the Project led to the organization of the Batangas City Business Club, which is currently being formalized by a group of businessmen in the city. In Iloilo City, the Project brought together three business groups, the Iloilo City Trade and Investment Promotions Board (ICTIPB), the Iloilo City Business Club (IBC) and the Iloilo Economic Development Foundation, Inc. (ILED). In the case of Cagayan de Oro City, the Business Forum Organizing Committee included civil society organizations in addition to the recognized business organizations in the city. In both Iloilo and Cagayan de Oro cities, the Project collaborated closely with concerned groups (e.g. the ILED and the Development Bank of the Philippines (DBP)) in organizing prominent Manila-based businessmen from these cities to support their city governments in mounting the business forum.

6. Supported Capacity Building Activities for the Academic Community and Selected Civil Society Groups in Partner Cities

The Project, apart from inviting members of the academic community and civil society organizations (CSO) in its forums, also gave an opportunity to some of the universities from the partner cities to participate in its sub-projects. Specifically, the assessment of the cities' BPLS reforms was subcontracted to the local universities from the three cities, which paved the way for greater involvement of the academe in the reforms of the city government. At the same time, the Project, together with the Civil Service Commission (CSC), trained selected representatives from local civil society organizations on the conduct of the Report Card Survey. Even after the life of the Project, CSC and local private sector groups can tap these CSO representatives in monitoring the performance of the city government in delivering frontline services, including business processing.

7. Leveraged Project Funds with Partner Cities and Private Sector Groups

As part of the Memorandum of Understanding between the USAID and the partner cities, the latter committed to support the INVEST project through the provision of staff and the designation of an office for the Project. In Year 2, some of the cities allocated budgets for the activities being promoted by the Project, e.g. the Business One-Stop Shop (BOSS), the information campaigns on the BPLS procedures, the activities related to the business forum. On

the latter, local private sector groups also initiated meetings to gain support for the business forum, e.g. the two ILED meetings in Manila, the visioning meeting for the CDO Mayor by the DBP.

B. Assistance to National Government Oversight Agencies

1. Supported the National Competitiveness Council in Promoting Local Competitiveness

The Project, realizing the need to have a national competitiveness framework that can be used to promote competitiveness at the local level, formulated one with a corresponding competitiveness indicator system. This was used by the newly organized Regional Competitiveness Committees under the Regional Development Councils to collect data on key regional cities and capital towns, which was aggregated into a competitiveness index for each of the LGUs included in the survey. For the first time, the NCC was able to come up with a competitiveness ranking system that covered most of the cities and capital towns in the Philippines. While in its infancy stage, the system can be further refined and annually computed, as a way of promoting competitiveness. Related to this, the Project also assisted the NCC in refining and analyzing the 2013 BPLS Client Satisfaction Survey that was used to measure public perception on the business processing reforms of the government.

2. Supported the Department of the Interior and Local Government (DILG) in Promoting Business-Friendly LGUs

The DILG has included the promotion of business-friendly LGUs as part of its key result areas (KRA) for 2013. Related to this KRA, the Project assisted the agency in the following two activities: (1) the revision of the DILG guidelines for formulating the Local Investment Incentives Code (LIIC); and (2) the conceptualization of the competitiveness audit which will form part of a new award to be conferred to LGUs in 2014 – the Seal of Good Local Governance (SGLG). On the first, the Project developed an easy to use template that LGUs can follow in updating/developing their respective LIICs. The template included information on the incentives provided in national laws to ensure consistency between local regulations w/ these laws. The use of the template was explained during the Orientation Forum organized by DILG for its regional officers, who have been tasked to rollout the new LIIC Guidelines. Since the Project developed the competitiveness framework and indicator system together with NCC, it also supported the DILG in identifying the indicators for inclusion in the competitiveness audit of LGUs, which is being considered as a criterion in the SGLG. The Project also provided a resource person during Consultation Forum on the SGLS organized by DILG with other development partners in August 2013.

3. Supported the DTI in Developing of the Next-Generation Philippine Business Registry Roadmap

One of the important programs of the government in streamlining business processing is the Philippine Business Registry (PBR). In Year 1, the Project assisted the DTI in evaluating the current state of the PBR and in identifying options for improving its operations. The DTI response was quite positive to the Project's recommendations, paving the way for continued support to get the project moving on its second phase. In its second year, the Project paved the way for the formulation of the vision for the next-generation PBR by the heads of the partner agencies in the PBR and the crafting of the PBR roadmap.

4. Assisted the Oversight Agencies in Promoting BPLS Automation Reforms

The Project was instrumental in forging a partnership among the three oversight agencies, DTI, DILG and DOST, in launching the BPLS Automation Project which was formalized thru a Memorandum of Agreement that was signed on July 24, 2012. In its second year, the Project assisted the DOST in making sure that the Technical Working Group on BPLS Automation (eBPLS TWG) remains active. With assistance from the Project, the DOST was able to submit: (a) an e-Readiness ranking of participating LGUs based on the 2010 survey conducted by DILG and DOST, which was presented to the BPLS Oversight Committee; (b) a refined e-Readiness Survey, which will be administered nationwide by DILG in 2013; and (c) a draft Memorandum Circular that promotes BPLS automation.

5. Provided Technical Assistance to Four Policy-Level Committees Concerned with Investment and Business Processing Reforms

Similar to Year 1, the Project provided technical support to the following committees: (1) the Working Group on Growth and Investment Climate (WG-GIC) under the Philippine Development Forum (PDF); (2) the Sub-Working Group on Local Investment Reforms (SWG-LIR); (3) the BPLS Oversight Committee; and (4) the eBPLS TWG chaired by the ICTO of DOST. The Project assisted the technical secretariat of these committees in agenda-setting, providing the discussion papers presented in the committees and preparing work plans and discussion guides for the meetings.

6. Leveraged Project Funds with National Government Agencies

The Project also leveraged project resources to raise financial support from national government agencies for some of its activities. Specifically, the Project provided the technical support to the *Regional Competitiveness Summit in 2013*, which was fully funded by the NCC and where it presented the results of the INVEST-sponsored competitiveness ranking of over 200 LGUs. Another activity, the *Orientation on the Guide for Local Government Units in Formulating the Local Investment Incentives Code*, which was held on September 19, 2013, was partly funded by the DILG, which provided the transportation cost of the participants. The training on the conduct of the Report Card Survey was organized with the Civil Service Commission, which assigned officials as speakers. The Project also supported some of the meetings of the Sub-Working Group on Local Investment Reforms (SWG-LIR) which is co-chaired by DTI and DILG as well as the eBPLS TWG under the DOST.

C. Support to USAID Activities

1. Supported the Action Planning of the Cities Development Initiative (CDI) in its Partner Cities

In Year 2, the Project assisted the partner cities draw up and refine their action plans for the implementation of the CDI in their localities. The Project prepared the design for the CDI action planning workshops, coordinated and managed the actual workshops, and prepared the integrated report on the results of the workshops, which were conducted in October 2012 for the three cities. These workshops ended with the stakeholders signing the Expression of Support for the CDI. The CDI action plans were refined in January 2013 by the city governments with selected stakeholders. The Project also organized a roundtable discussion on urban development challenges in the Philippines, which brought together experts from the academe, the private urban planning practitioners, the government, and the development partners. This

discussion coincided with the visit of Mr. Mike Keshishian, the urban specialist of USAID from Washington, who also went to the different cities to interview various stakeholders.

2. Coordinated Activities with Other Partnership for Growth (PfG) Projects

With the launching of several USAID projects under the PfG in Year 2, INVEST jointly conducted activities with some of these projects as it started to organize for the business forum in its partner cities. Specifically, the Local Business Forum for Batangas City held in November 2012 was conducted with the Scaling Innovations in Mobile Money (SIMM) Project. Lately, the Focused Group Discussion on Agriculture and Aquaculture in Iloilo City was jointly organized with the Advancing Philippine Competitiveness (COMPETE) Project. INVEST also invited COMPETE speakers in the ‘Kapihan sa Batangas” to discuss the prospects for Roll-On-Roll – Off Projects in Batangas City. INVEST values the contribution of the other PfG Projects in deepening the investment-related reforms that it is promoting in partner cities.

3. Assisted the COR and Alternate COR in their Participation in NG Committees

Since USAID is currently the Co-Convener of the SWG-LIR, project assistance has been in the form of preparing talking points for the Chairs of the committee to ensure meaningful and productive management of the meetings.

D. Working with the Donor Community

1. Leveraged Project Funds with Development Partners

Similar to Year 1, the Project has been closely working with other development partners to ensure harmonization of initiatives and to coordinate activities to ensure efficient use of Official Development Assistance. In Year 2, the Project collaborated with other development partners in the following activities: (a) Consultation Workshop on the Performance Measures for Competitive LGUs where the International Finance Corporation and the Local Government Support Program for Local Economic Development (LGSP-LED) both funded the logistical requirements of the Forum while the Project provided the technical inputs; and (2) the formulation of the competitiveness framework was made with assistance from LGSP-LED, under the Canadian International Development Agency (CIDA). These engagements enabled INVEST to expand the scope of its activities beyond what it would have otherwise been with its limited resources.

III. ACCOMPLISHMENTS BY COMPONENT

A. Component 1: Streamlining Business Registration Process and Lowering Business Transaction Costs of Compliance with Rules and Regulations

Year 2 marks the implementation of streamlined processes in the BPLS of partner cities, and the conduct of assessments to determine the impact of streamlining reforms on the business sector. The activities of the Project under this component, including the outcomes of the reforms are detailed below.

Program Area 1.1: Enhancing Streamlined BPLS Reforms in Targeted Cities

Through the streamlining reforms introduced by the Project, Batangas City and Cagayan de Oro City met and even exceeded the service standards set in the DTI-DILG Joint Memorandum Circular No. 1, series of 2013 (referred to as JMC). Iloilo City streamlined its processes, although the outcome was not enough to meet JMC standards.

Among the INVEST partner cities, Batangas City registered the best performance in terms of significant improvement in all the process indicators for both new and renewal of business registration. The city was able to accomplish all its BPLS process indicator targets.

Table 5. BPLS Process Indicators for Batangas City, 2012- 2013

BPLS Process Indicators	New Business Registration			Renewal of Business Registration		
	2012	2013		2012	2013	
	Assessment	Target	3 rd Party Assessment	Assessment	Target	3 rd Party Assessment
Forms	11	1	1	3	1	1
Steps	18	3	3	14	3	3
Signatories	22	2	2	14	2	2
Required Documents	7	3	3	9	4	4
Elapse Time	10 days, 11 hours & 49 minutes.	Less than 1 day	3 hours, 21 minutes	1 day, 5 hours & 30 minutes	Less than 1 day	5 hours & 38 minutes

Sources: CTO, Batangas State University (2013)

Cagayan de Oro City also registered significant accomplishments, although less dramatic than Batangas City, in all BPLS process indicators. The city, however, holds the distinction among the three INVEST cities of having the fastest processing time, i.e. less than one hour for new registrations and less than two hours for renewal of business registration. This was achieved by linking the computerized systems of the City Treasurer's Office (CTO), the Business Permits and Licensing Office (BPLO) and the Bureau of Fire Protection (BFP).

Table 6. BPLS Process Indicators for the City of Cagayan de Oro, 2012- 2013

BPLS Process Indicators	New Business Registration			Renewal of Business Registration		
	2012	2013		2012	2013	
	Assessment	Target	3 rd Party Assessment	Assessment	Target	3 rd Party Assessment
Forms	10	1	1	2	1	1
Steps	17	4	4	8	4	4
Signatories	27	1	1	13	2	1
Required Documents	14	5	7	1	1	5
Elapse Time	19 days & 20 mins	Less than one day	46 minutes	2 days, 1 hour & 50 minutes	Less than 1 day	1 hour & 41 minutes

Sources: CTO, INVEST 2012 Assessment, Capitol University (2013)

Iloilo City recorded improvements in some of the processes in 2013 compared to the 2012 levels, e.g. use of a unified application form, reduction in the number of steps from 21 and 13 in 2012 to 12 and 9 in 2013 for new registration and renewal, respectively, the number of signatories from 13 in 2012 to 3 in 2013 for renewal of registration and the elapse time from 3 days to 4 hours in 2012 to 1½ days in 2013 for renewals. There are still, however, remaining processes that need to be re-engineered to meet JMC standards. It is noted that the city was not able to meet most of its 2013 targets.

Table 7. BPLS Process Indicators for Iloilo City, 2012- 2013

BPLS Process Indicators	New Business Registration			Renewal of Business Registration		
	2012	2013		2012	2013	
	Assessment	Target	3 rd Party Assessment	Assessment	Target	3 rd Party Assessment
Forms	3	1	1	4	1	1
Steps	21	3	12	13	3	9
Signatories	9	3	21	13	2	3
Required Documents	3	3	3	6	3	6
Elapse Time	4 days, 14 hours & 25 mins.	1day, 4 hours (w/ inspection); 39 mins (w/o inspection)	5 days	3 days, 4 hours	25 mins.	1 1/2 days

Sources: CTO, INVEST 2013 BPLS Assessment, University of the Philippines Visayas (2013)

With streamlined permits and licensing systems, the Project expected the cities to process a larger number of applicants and to generate bigger revenues. In 2013, Batangas City registered the highest increase (182%) in the number of business applicants processed, followed by Iloilo City with 81% and Cagayan de Oro City with 73%. In terms of revenues, however, Iloilo City was able to generate 81% more revenues in 2013 relative to 2012 compared to 11% and 14% for Batangas City and Cagayan de Oro City, respectively.

Table 8. Number of Applicants and Revenues of Partner Cities, 2012- 2013

Cities	Number of Applicants			Revenues (in Php Million)		
	2012	2013	% Growth	2012	2013	% Growth
Batangas	1,982	5,600	182.5	180.36	199.76	10.8
Iloilo	5,980	10,819	80.9	102.08	180.57	75.7
Cagayan de Oro	5,935	10,245	72.6	236.63	268.80	13.6

Source: CTOs in Batangas City, Iloilo City and Cagayan de Oro City

The third party assessments, however, indicate that these impressive performances were achieved thru a combination of streamlined processes as well as additional measures that the CTO in the cities implemented during the renewal period. Iloilo City registered the highest increase (76%) in such revenues, which according to the City Treasurer⁶ can be attributed to three factors: (1) the surge in investment in the city that led to more tax payers in 2012; (2) the examination of the books of accounts of firms based on the i-SEC Report, the use of which enabled the CTO to discover undeclared gross receipts by some firms; and (3) the practice of conducting door-to-door inspection by the CTO through which firms without business licenses and/or without updated tax dues were discovered. The third party assessment conducted by the University of the Philippines in the Visayas (UPV) also reported that large establishments were advised by the CTO that those reporting a 20% increase in gross sales would not be subjected to audit. In the case of Batangas City, the Local Revenue Code, which requires all applicants to register their various lines of businesses in the city, was strictly implemented.

The third party assessment also conducted exit interviews of about 300 respondents in each of the cities. The results indicate the impressive improvement in satisfaction ratings of Batangas City with a 25 percentage point increase among those who are “very satisfied” with the business permit application services compared to just 2 percentage point increase in Iloilo City and a 13 percentage point drop among respondents from Cagayan de Oro. The latter could be explained by the unusual business permitting situation where rallies were held by groups against and groups supporting the former Mayor during the renewal period. This affected the operations of the BOSS.

Table 9. Satisfaction with LGU Services on Business Permit Application

Evaluation Rating Scale	Batangas		Iloilo		Cagayan de Oro	
	2012	2013	2012	2013	2012	2013
1 - Very Satisfied	30	55	26	28	51	38
2 – Satisfied	54	29	62	57	47	49
3 – Neutral	14	14	12	13	2	11
4 – Dissatisfied	2	2	0	2	0	2
5 - Very Dissatisfied	0	0	0	0	0	0

Sources: 2013 Assessment Reports of Batangas State University, University of the Philippines Visayas, and Capitol University

Deliverable No. 1: Ensured Compliance with BPLS Standards

In its Year 2 work plan, the Project targeted all partner cities to be compliant with the standards on processing of business permits and licenses set forth in the JMC. To achieve this target, the project implemented the following activities:

⁶ Letter to INVEST dated May 16, 2013.

1. Provided Coaching and Technical Support to Partner Cities

The Project assisted the three cities as they implemented the BPLS streamlined design formulated during the BPLS workshops in Year 1. The Project also conducted “dry-runs” of the streamlined processes (December 11, 2012 in Cagayan de Oro City, December 14, 2012 in Iloilo City, and December 27, 2012 in Batangas City) in anticipation of the renewal period in January 2013. The Project also gave inputs in the conduct of information campaigns of the cities.

The Project organized in Year 1 a local study tour to expose city officials with best practices on BPLS of other Philippine cities. This year, the project also organized study tours to further provide learning experiences to partner cities in preparation for the 2014 renewal period. The objective of the trips was to show how automation could lead to faster processing time and reduced steps. Three study tours were organized - the exposure trip of Iloilo City to Valenzuela City, the municipality of Sta. Maria in Bulacan, and Batangas City (July 25-27, 2013), the visit of Batangas City to Valenzuela City to observe the operations of the Philippine Business Registry (June 26, 2013), and the visit of the newly elected Mayor of Cagayan de Oro City to Valenzuela City (September 25, 2013).

2. Assisted the Cities in BPLS Automation

Automation is an important step in the upgrading of Philippine cities’ BPLS towards levels similar to the most competitive cities in the world. In Year 1, the Project assessed the level of automation of the partner cities and organized workshops on the use of technology to streamline business processing. The visible outcome of these workshops was seen in Year 2 in Batangas City, which designated an Information Technology (IT) Officer, organized an IT Office and formulated an Information System Strategic Plan (ISSP) (a copy was submitted to USAID on August 31, 2013). The latter is a useful guide in planning the connectivity of the cities’ departments for greater efficiency not only in processing business permits but also in delivering public services. Cagayan de Oro plans to prepare its ISSP under the new administration in Year 3. Iloilo City, however, is still in the process of deciding whether it will develop an ISSP in Year 3.

3. Organized Customer Service Training Workshops

Recognizing the importance of customer-oriented frontline personnel in the permitting and licensing offices of local government units, the Project organized a three-day Basic Customer Service Skills Training for city government staff who would be directly in touch with applicants. The training had two parts: (1) excellence in customer service; and (2) creating a service excellence environment. Part 1 consisted of a one-and-a-half day training for participants from all partner cities and was held on December 3-4, 2012 in Cagayan de Oro City. Part 1 covered topics on service excellence and its importance, developing a customer-oriented service culture, understanding the customers, and developing skill needed in building customer satisfaction. Part 2, which also lasted for one-a-half-days, was conducted separately for the three cities— December 10-11, 2012 in Cagayan de Oro City, December 13-14, 2012 in Iloilo City, and December 19-20, 2012 in Batangas City. Part 2 oriented the participants on the streamlined and updated BPLS in the respective project sites and covered topics on the cycles of service (i.e. a way of looking at customers total service experience), moments of truth (i.e. an event where customers come in contact with the organization and forms an impression), designing feedback instruments, and simulated exercises on the streamlined and updated BPLS or BOSS.

4. Organized Business-Friendly Inspection Workshops

Inspections are an important part of the business application process. Hence, any streamlining of business processes will necessarily involve a review of the different business-related inspections (e.g. zoning, sanitation and fire safety) conducted by the cities. Hence, the Project conducted an Inspection Workshop in each partner city (September 27-28, 2012 in Batangas City, October 8-9, 2012 in Iloilo City, and Oct 18-19, 2012 in Cagayan de Oro City) where participants identified the different inspection processes to be streamlined and how the streamlining will be undertaken. The workshop was a venue to train the participants in setting up a business-friendly inspection system using the guide prepared by USAID thru the Local Implementation of National Competitiveness for Economic Growth (LINC-EG) Project.

5. Conducted a Benchmarking Study on Business Permit and Licensing Service Fees and Charges

High and inequitable charges and fees levied on business registrants constitute a disincentive to investors. Recognizing the impact of business fees and charges on the competitiveness of cities, the Project, in coordination with the DILG, commissioned a study to determine: (1) the range of fees and business taxes charged by cities nationwide; and (2) the cost of delivering inspection services. The survey conducted as part of the study indeed confirms the wide range of business-related fees imposed by cities. The study also formulated a set of guidelines for setting inspection fees based on cost accounting principles, which were presented to the Bureau of Local Government Finance (BLGF) under the Department of Finance for possible adoption. The Project also presented the study to USAID, DTI, DILG and other partners on Oct. 22, 2012 as well as to the city officials, with recommendations on how their inspection fees imposed can be adjusted in order for the cities' to improve their competitiveness. The final report was submitted to USAID on December 12, 2012.

6. Evaluated the 2013 Streamlining Reforms of Partner Cities

The Project evaluated the results of the streamlining reforms along two parallel tracks. The first track was conducted through the CIP-TWG where the streamlined processes were assessed in terms of forms, steps, signatories, required documents, and elapsed time. The second track was done on January-February 2013 by local institutions contracted by the Project, i.e. Batangas State University for Batangas City, Capitol University for Cagayan de Oro City, and UP-Visayas for Iloilo City. The third-party assessors conducted a rigorous evaluation of the reformed BPLS of the cities, and submitted their reports directly to the Project. The Project then discussed the findings with the concerned City officials.

Deliverable No. 2: Improved Business One-Stop-Shops

In Year 2, the Project committed to conduct an evaluation of the BOSS operations in the partner cities. The purpose of the review was to determine whether the cities have improved their BOSS operations and to recommend further streamlining if required. The Project also committed to study the institutional support to the BOSS provided by national government agencies, with the objective of improving the design of the BOSS for the 2013 business registration period. In line with this, the project implemented the following:

1. Assessed BOSS Operations

The third-party assessment mentioned in the previous section incorporated the assessment of BOSS operations in the partner cities. It may be noted, however, that while Batangas City and Cagayan de Oro City established their respective BOSSs, Iloilo City did not set up a separate BOSS. Instead, it was the intention of Iloilo City to consider the entire local government unit as a “BOSS” for purposes of serving the business registrants.

2. Conducted the Institutional Study on the BOSS and NERBAC

The Project consultant for the study was mobilized on November 26, 2012. The consultant visited BOSS and NERBAC offices in the partner cities in December 2012 and provided initial recommendations on the BOSS operations in partner cities in time for the renewal period in January 2013.

The Project also refocused the institutional study on the NERBAC to a case study of the NERBAC in Region XII. The choice of Region XII was prompted by the Project’s discussions with DTI. This study has also been completed and was submitted to USAID on September 17, 2012. It may be noted, however, that this aspect of the deliverable was eventually transferred to Component 2, Program Area 2.2 (Supporting Capacity-Building of Target Cities in Investment Planning and Promotion).

Deliverable No. 3: Improved System of Business Inspection

The Project sought to improve the system of business inspection in the partner cities by introducing the idea of risk-based inspection. The Project also pursued reforms in partner cities such as the conduct of joint inspection by concerned local government departments, the preparation of an inspection checklist, and the issuance of notices to establishments to be inspected.

1. Assisted the Cities in Formulating Action Plans for Inspection Reforms

The previous section mentioned the conduct of the Business-Friendly Inspection Workshops in partner cities. The outputs of these workshops were action plans for the streamlining of inspection processes. The Project evaluated these action plans and saw the need for follow-up workshops in the cities. The follow-up workshops which refined and improved the action plans were held on March 13-14, 2013 in Iloilo City, March 21-22, 2013 in Cagayan de Oro City, and April 3-5, 2013 in Batangas City. The Project monitored the implementation of these action plans. In the case of Batangas City, Executive Order No. 8, series of 2013, dated April 24, 2013, has been issued, calling for the implementation of the Inspection Reforms Action Plan and mandating city departments to support the plan.

2. Assessed Inspection Reforms in Partner Cities

The Project sub-contracted the conduct of a third-party evaluation of the inspection reforms being undertaken by the cities. The assessment was originally scheduled in April 2013 but had to be postponed to September 2013 due to the May elections and the short time with which the cities could implement their action plans. The reports of the contractors were submitted to the Project on October 16 and 17 and are currently being reviewed.

3. Pursued Study on Risk-Based Inspection

The study on risk-based inspection seeks to recommend a basis for classifying establishments according to risk levels and using the classification for the schedule and conduct of inspection by LGUs. This is brought about by the observation that LGUs are unable to inspect all establishments in their areas despite the payment of inspection fees. The Project has prepared the statement of work (SOW) for the short-term technical assistance (STTA) but the search for a qualified consultant is still ongoing.

Program Area 1.2: Strengthening National Government Support to BPLS Reforms

Reforms in business processing in recent years were initiated by national government agencies (DILG and DTI) through committees such as the BPLS Oversight Committee and the TWG-eBPLS. At the same time, national government agencies have various requirements for business registration, which are currently being integrated into a web-based portal called the Philippine Business Registry. Thus the Project saw the need to work with national government agencies to complement its support to the BPLS reforms being undertaken in the partner cities.

Deliverable No. 1: Enhanced Connectivity of the Philippine Business Registry

In Year 1, the Project assisted the DTI in assessing the Philippine Business Registry (PBR) to improve its implementation. This assistance continued in Year 2, in the following areas:

1. Provided Technical Assistance to DTI in Revitalizing the PBR Project

The Project's involvement with the PBR in Year 1 came about as a result of an initial assessment of the PBR made by the Project in response to a DTI request. The assessment aimed at identifying the issues why the PBR has not achieved its vision and objectives and to map out a plan of action that could be undertaken to fast track its implementation. The study recommended a phased approach to reform and a reconfiguration of the operation of the PBR.

The DTI Secretary later requested the Project for a continuation of its assistance primarily to implement the recommendations of the initial assessment and put the PBR Project on track. Hence, in Year 2, the Project followed the Phase 1 recommendations of the study, which involves a review of the current vision and mission of the PBR, the formulation of the functional requirements of the new PBR, creation of the PBR roadmap and a quick fix of the current PBR setup in order to make it usable while waiting for the rebuilding of the systems' infrastructure. The Project therefore assisted the DTI in organizing the High-Level Roundtable Discussion on the Vision for the PBR on March 18, 2013, during which the heads of five partner agencies of the DTI defined the vision for the next-generation PBR. The next-generation PBR will give potential and existing businessmen access to business registration services from a single portal. These services include verification and acceptance of applications; review, validation and acceptance of documentary requirements for business permit applications; and receipt of online payment of fees and other charges. The system will also process all national business registration requirements, including those of the Bureau of Internal Revenue (BIR), Social Security System (SSS), Philippine Health Insurance Corp. (PhilHealth), and Home Development Mutual Fund (PagIBIG); enable information sharing among government agencies concerned and between the government and private organizations; and generate summary reports.

The common vision defined in the high-level discussion finally closed one of the gaps in the implementation of the PBR—the lack of consensus on the vision. To further institutionalize the

organizational set-up for the PBR, the Project submitted a draft Executive Order which served as the basis for the final EO that is currently being reviewed by the DTI for endorsement to the Office of the President. Subsequently, the Project also organized a technical-level workshop on May 28-29, 2013 to make operational the vision of the next generation PBR and formulate plans for its implementation.

2. Prepared Roadmap for PBR Implementation

Using the agreements and insights generated from the top-level and technical-level workshops, the Project prepared a roadmap for the next-generation PBR that would serve as a guide to all partner agencies in pursuing the objectives of the PBR. Following a reorganization of the DTI, the Project presented the PBR roadmap to Undersecretary Nora Terrada (designated to oversee the PBR) and USAID officials on September 13, 2013. The final report will be submitted to DTI on the Option Year.

3. Assisted Partner Cities in Connecting to the PBR

The Project sought to connect its partner cities to the PBR. This, however, would depend on the PRB's readiness to manage LGU connectivity. This connectivity did not materialize in Year 2 because of problems encountered in the PBR. Recent discussions with the DTI indicate that it is ready to connect LGUs. Hence, the Project initiated discussions between DTI and the partner cities, which have agreed to sign the Memorandum of Agreement (MOA) that would trigger the PBR connection. The partner cities are poised to become the first cities in their respective regions to connect to the PBR in the coming months.

Deliverable No. 2: Enhanced Policy Support to BPLS Computerization

Computerization of the BPLS is a key to improve the ranking of the Philippines in global surveys on competitiveness and costs of doing business. Thus, the Project worked with DTI, DILG, and DOST to launch the BPLS Automation Project which enjoined LGUs to start automating their processing of business permit applications. In Year 2, the Project accomplished the following activities that promoted BPLS automation:

1. Provided Technical Assistance to the TWG on eBPLS

The Project organized a meeting of senior officials of ICTO/DOST, DILG, and DTI on May 6, 2013 to re-activate the eBPLS TWG which has not met since its creation in July 2012. The three agencies agreed that (1) ICTO/DOST, DILG, and DTI will assign permanent representatives to the TWG; (2) the web-based BPLS program will be promoted to LGUs; (3) the USAID-sponsored Guidebook on BPLS Automation and Baseline Design will be circularized; (4) the e-readiness survey will be conducted nationwide; and (5) training on BPLS automation will be given to LGUs. Following this agreement, the organizational meeting of the eBPLS TWG was held on July 8, 2013 and three subsequent meetings have been organized by the secretariat based at ICTO/DOST. In addition, the Project provided assistance to ICTO/DOST in the analysis of the e-readiness survey and formulation of a criteria for ranking LGUs according to e-readiness. INVEST convened two meetings (May 30 & June 5) with DOST staff to review the survey results which were presented to the BPLS Oversight Committee on 10 June 2013. The Project also provided assistance in the preparation of the TWG work plan and in the revision of the e-readiness survey questionnaire to be used in 2013. On July 19, 2013, the eBPL TWG requested the Project for assistance in analyzing the results of the 2011 e-readiness survey and in pre-testing the revised e-readiness survey that will be conducted online in the the

INVEST partner cities. The Project also drafted a circular on BPLS Automation, that is currently being circulated by DOST to the TWG members. The issuance of the circular is expected during the Option Year.

2. Promoted the Use of Automation in Business Processing

In preparation for the 2014 renewal period for business permits, the Project has been promoting the increasing use of technology in processing business permits by its partner cities. The visit to Valenzuela City by the Iloilo and CDO city officials mentioned earlier were aimed at showcasing how an online payment system works. Valenzuela is probably the first city that allows payment of real property and business taxes using Visa Card and automated teller machines (ATMs). The Project also organized a meeting between DBP and the Cagayan de Oro City Mayor where the former explained payment options that the cities can tap during the renewal period. The meetings with the two other cities are being arranged in November 2013. At the same time, the Project was a catalyst in convincing the cities to connect to PBR in order to facilitate the registration of businesses with the DTI. PBR connectivity of partner cities and the adoption of an online business registration system are initiatives that are expected to improve efficiency in business processing.

3. Drafted Training Manuals on BPLS Automation

As part of its contribution in promoting BPLS Automation, the Project will be sharing the training materials that it has used during the workshops undertaken by the Project in partner cities. The Project has gathered all the materials needed and is currently drafting the Manuals, which will be part of the knowledge products to be turned over by the Project to USAID and concerned government agencies.

Deliverable No. 3: Supported National Government BPLS Guide and Standards for LGUs

The service standards in the DTI-DILG Joint Memorandum Circular No. 1 have not been reviewed since the signing of the JMC on August 2010. There is need to assess compliance with the standards and the need to align/benchmark these with ASEAN neighbors. In view of this, the Project obtained the services of an STTA on July 22, 2013 to conduct a review of the JMC. The consultant has started the process of meeting key officials and holding focus group discussions. The output will be submitted to USAID during the Option Year.

Deliverable No. 4: Strengthened Monitoring of the Anti-Red Tape Act

The Anti-Red Tape Act of 2007 (Republic Act No. 9485) or ARTA for short was enacted to improve efficiency in government operations by reducing bureaucratic red tape, thereby limiting the opportunities for graft and corruption. In Year 2, the Project worked with the Civil Service Commission for the holding of a workshop to train six members of civil society organizations in the conduct of the Report Card Survey in the partner cities. The workshop was held on July 9-12, 2013. The conduct of the survey is currently being worked out with the DILG, which has been tasked to coordinate ARTA-related activities at the local level.

RA 9485 also required government agencies to prepare Citizens' Charters in order to inform the public of the standards followed by these agencies. The Project assisted the partner cities in drafting the revised flow charts for processing new business applications and renewal of business permits which were used during the 2013 business application period. Batangas City, in particular, has been active in updating its Citizens' Charter and, with the assistance from the

Project, has organized workshops and meetings among city officials in September 2013 for the purpose.

Program Area 1.3: Supporting Regulatory Reforms in the Priority Sectors/Areas of the Government

The reforms in business permitting being promoted by government and the Project covers the permits that are usually processed by LGUs as well as the business registration requirements by DTI, SEC and CDA. However, there are special permits per sector that businesses have to secure before they can operate. Hence, the Project will undertake initial studies to determine how the permitting processes for two sectors identified by the Sub-Working Group on Local Investment Reforms (SWG-LIR) can be further streamlined - construction and tourism sectors.

Deliverable No. 1: Streamlined Construction Permitting Process

The Project prepared the SOW for the STTA but it took some time before a qualified consultant was identified. The request for the hiring of an economist-construction expert was submitted to USAID on September 17, 2013 (approved by USAID on October 21, 2013).

Deliverable No. 2: Streamlined Special Permitting Processes in Tourism

The Project initially worked with the Tourism Infrastructure and Enterprise Zone Authority (TIEZA) and was considering the possibility of requesting USAID approval for the modification of the output towards the provision of technical assistance to TIEZA. Upon subsequent consultation with industry leaders, however, the Project learned that the grant of tourism incentives was suspended by DOT. Thus, the Project reverted back to the original output and submitted to USAID a request for the hiring of a tourism specialist on September 5, 2013 (approved by USAID on September 17, 2013).

B. Component 2: Improving Investment Planning and Promotion in Target Cities

Program Area 2.1: Strengthened Planning, Investment Programming and Budgeting in Target Cities

In Year 1, the Project helped its partner cities to revisit, redefine, and enhance its vision so that the vision statements would reflect the aspirations of local stakeholders and partners. The Project also assisted the partner cities generate a set of programs and projects that would help them attain their vision. In Year 2, the Project provided opportunities for the cities to further improve their capacities in planning, investment programming, and budgeting.

Deliverable No. 1: Enhanced Required Local Planning Documents and Their Links with the Annual Budget

One of the strategies of the Project in establishing a favorable environment for business and investments in partner cities is for the cities to clarify their development directions and to translate these into doable programs and projects. In Year 2, the Project assisted the cities to look at their own development potentials and determine the directions that they intend to take by benchmarking themselves with globally competitive cities. look at their own development potentials and determine the directions that they intend to take by benchmarking themselves with globally competitive cities.

1. Organized the International Study Tour for Partner Cities

The Project organized the International Exposure Trip on February 14-19, 2013 in Singapore and Malaysia. The Exposure Trip sought to provide a wider and more global perspective on the ongoing reforms that the Project is supporting in partner cities. The tour gave the partner cities the chance to observe, inquire about, and analyze the solutions that competitive cities in other countries (and organizations) executed to reduce transaction costs for investors and promote their cities as investment destinations. The 25-member Philippine delegation to the Exposure Trip was headed by Mr. John Lawrence Avila of USAID/Philippines and included key officials and selected businessmen from the partner cities as well as representatives from selected offices of the DTI. It visited 11 agencies and offices directly involved in promoting the setting-up of businesses, improving business registration and regulation, and facilitating investment generation.

The success of the Exposure Trip was evident from the very good ratings given to it by the participants during a post-activity assessment survey. Part of the output of the Trip was an agenda for reform which was formulated for each of the partner cities in the following areas: (a) urban development planning; (b) provision of services and infrastructure support systems; and (c) policy reforms. The trip paved the way for the signing of Administrative Order 38 on May 17, 2013, that created the Inter-agency Task Force on Ease of Doing Business, whose structure is akin to Malaysia's PEMUDAH. To this day, those who participated in the Tour refer to their observations and insights when they discuss reforms needed to make their cities globally competitive. The final report on the exposure trip was submitted to USAID on April 15, 2013.

Deliverable No. 2: Enhanced and Updated Local Investment Incentive Code (LIIC) and Local Revenue Code

Incentives are important for investors because these impact on the costs of doing business. In Year 2, the Project continued to assist the partner cities in defining and establishing investment incentives, taking into account consistency with the incentives given at the national level and the shared vision and development priorities of the partner cities.

To guide the partner cities in revising their local investment incentives codes, the Project prepared a compendium of incentives provided by national laws. The initial results of this study was presented to key officials of partner cities during the training on local economic and investment promotion held in Cebu City on July 24-27, 2012. Thereafter, the Project obtained additional inputs from private sector groups to get their insights on the applicability of investment incentives in their respective cities. The report was used as one of the inputs of the partner cities in preparing recommendations to revise their respective LIICs.

The Project also prepared a template for updating the LIIC. This template was specifically requested by the DILG so that this could be included in the LIIC manual that the Department was developing. The manual would be used by DILG to capacitate the LGUs in the process of LIIC updating. The draft template was presented to the Sub-Working Group on Local Investment Reforms, which is co-chaired jointly by DILG/DTI and USAID, during its meeting on June 10, 2013. The final version of the LIIC Ordinance Template (with guidelines) was presented to the LIIC Forum with DILG Regional Directors on September 19, 2013. The Project gave the template to the partner cities to assist them in updating their respective LIICs and in identifying the modifications that might be needed in their Local Revenue Codes.

The Project has now included the identification of incentives needed to support the development priorities of the partner cities in the preparatory activities leading to the Business Forum.

Deliverable No. 3: Increased Investment of the Private Sector in Public Sector Projects

The Project conducted a training workshop for partner cities on managing risks and responsibilities in joint implementation of development projects between the city government and private sector groups. The training sought to (1) familiarize partner cities with the different modalities and approaches of involving the private sector in the implementation of development projects; and (2) assist them in preparing project documents which could be funded under PPP arrangements. The training was held in Pasig City on October 9-12, 2012.

Thereafter, the partner cities prepared Public-Private Partnership (PPP) project concept notes. The Project assisted Batangas City in developing the concept note for the city's integrated transport terminal, which was eventually discussed with the PPP Center on September 12, 2013. The City, however, eventually decided to fund the project using government resources. In Iloilo City and Cagayan de Oro City, project proposals that may be funded by PPP would be presented in their respective Business Forums.

Program Area 2.2: Supporting Capacity Building of Target Cities in Investment Planning and Promotion

In Year 1, the Project assisted the partner cities to comply with the provisions of DILG MC 2010-113 on the designation of LEIPOs. The Project also conducted various training programs for LEIPOs to help them in investment planning and promotion. In Year 2, the Project focused on the implementation of plans and programs to generate investments, particularly the preparations for the Business Forums.

Deliverable No. 1: Enhanced Capacity of the Local Economic and Investment Officers

The Project continued to provide technical advice and expertise, and limited material and financial resources, to the partner cities.

In line with institutional support for the LEIP Center in Batangas City, the Project prepared an organizational structure for the LEIP Center and discussed the proposal with the City's Human Resource Department. The Project assisted in setting-up three units under the LEIPC: (i) Policy and Plan Review and Formulation; (ii) Enterprise Development and Investment Promotion; and (iii) Information, Education and Communication. The interim set-up of the office was more attuned to its mandate. Mentoring by the Project was done based on the respective functions of each unit. The Project also assisted the LEIPO in preparing a budget for the office in 2014. The budget proposal was endorsed to the City's budget officer and planning coordinator.

In Iloilo City, the Mayor has designated a LEIPO since the start of the project but there was actually no formal appointment. Through the intercession of the Project, the Mayor eventually signed EO No. 20 on April 30, 2013 officially appointing Mr. Francis Cruz as the new LEIPO. The EO ended the confusion on who the LEIPO really was. With this action of the Mayor, the LEIPO received a fresh mandate to oversee the implementation of the BPLS streamlining plan and the city business forum plan.

In Cagayan de Oro City, the change of the local chief executive after the 2013 elections led to major reorganizations within the city government. The change proved to be a major challenge

for the implementation of INVEST in the city. Fortunately, the City Program Adviser was able to work closely with the new Mayor—thereby facilitating the transition. The Project is now working directly with the Mayor and with the newly-designated LEIPO in investment promotion.

Deliverable No. 2: City Business Forums Organized

The Project assisted the partner cities in laying the groundwork for their respective Business Forums. The Business Forum is an important activity for Component 2 because it will manifest the ability and willingness of the LGU and the private sector to work together in promoting investments in their cities. The Forum is also a test of the capacity of the LEIPOs to undertake investment planning and promotion. The Forum will serve as a signal to investors, both local and foreign, that the partner cities truly belong to the “next wave” of LGUs that will lead Philippine economic growth.

1. Established Partnership with Support Institutions

The Project sought the support of other organizations to assist the cities in generating investor interest, inviting participants in the Forum, and identifying possible funding sources for development projects. The Project established various levels of partnership with the Philippine Chamber of Commerce and Industry, the Trade Committee of the Federation of Filipino-Chinese Chambers of Commerce and Industry, the Investor Relations Office of the Bangko Sentral ng Pilipinas, the Development Bank of the Philippines, the COMPETE Project of USAID, and the University of Asia and the Pacific.

2. Organized Public-Private Preparatory Committees for the Business Forum

The Project adhered to the nature of the Business Forum as being demand-driven and inclusive, i.e. the Project would play only a supporting role to the cities and the Project should ensure participation of the private sector and the local government. This did not mean, however, that the Project would take a passive stance. On the contrary, the Project took the initiative of setting up Organizing Committees in the partner cities consisting of the local government and local or Manila-based private sector organizations.

In Batangas City, the Project worked with the Batangas Province Chamber of Commerce and Industry and the Batangas Filipino-Chinese Chamber of Commerce in organizing the Batangas City Business Club on September 20, 2013. The Club has not been formally registered but it has started working with the local government and with the Project in undertaking the preparatory work for the Business Forum. The Club has also been active in generating interest among potential investors. It may be noted that the organization of the Club itself can be seen as an important milestone in empowering the private sector in Batangas City and in strengthening its collaboration with the local government.

In Iloilo City, the Project organized a local committee composed of representatives from the provincial government, the city government, and various private sector organizations based in Iloilo City. Simultaneously, the Project also worked with an organizing committee based in Manila under the leadership of the Iloilo Local Economic Development Foundation (ILED).

In Cagayan de Oro City, the Business Forum organizing committee is composed of all the major business organizations in the city, local government representatives, representatives of civil society organizations, and even regional and provincial offices of national government agencies.

3. Organized Preparatory Workshops and Conferences

Part of the preparatory work for the Business Forum is the holding of local conferences, workshops, and focus group discussions to identify investment priorities and potentials, inform and consult local stakeholders on the development directions of the city, and encourage support and participation in the Business Forum.

The Project organized the *Kapihan sa Batangas* on July 25, 2013 which was attended by 73 participants from national and local government agencies, the private sector, and representatives from INVEST, COMPETE, and USAID. The forum highlighted the BPLS streamlining done in the city, the development potentials of Batangas, and the plans for the national and local governments. The Project also organized the FGD on Agriculture in partnership with the Sorosoro Ibaba Development Cooperative (SIDC) and the city government through the Office of the City Veterinary and Agricultural Services (OCVAS) on September 27, 2013. The FGD identified specific projects that may be promoted during the Business Forum.

The Project participated and supported the meeting of Ilongos in Makati in July 2, 2013 and the meeting of the ILED Board in Iloilo City on July 30, 2013. It was during the ILED Board meeting that the Board formally adopted the Business Forum as one of its projects, in partnership with the city government. Thereafter, the Project organized—with funding support from COMPETE—the Focus Group Discussion on Agriculture in Iloilo City where public and private sector representatives in the agriculture and fisheries sectors discussed current issues and identified investment potentials.

In partnership with the Development Bank of the Philippines and the Center for Research and Communication of UA&P, the Project set up a vision-setting workshop on September 26, 2013 with the newly-elected Mayor of Cagayan de Oro City and a top-level support group of successful *Kagay-anons* in Manila. The vision was presented by the Mayor on October 11, 2013 during the Local Stakeholders Forum organized by Orochamber, with support from the Project.

Deliverable No. 3: Strengthened NERBAC Support to Partner Cities

One of the insights of the Project's study on the NERBAC of DTI Region XII is that the NERBAC XII's value proposition lies more in the delivery of knowledge management services as effective inputs towards investment promotion (rather than delivery of business registration facilitation services). The study also identified the gaps that should be addressed, i.e. (1) systematic needs identification; (2) staff training; and (3) creation of promotional and information materials. The learning will be useful when the cities design their Investment Promotion Centers. The establishment of these Centers will be the Project's approach to ensuring the sustainability of its interventions on investment planning and promotion in the partner cities. The results of the NERBAC XII study were presented to DTI Undersecretary Maglaya on September 18, 2013 for possible replication in other DTI regional offices.

Program Area 2.3: Assisting SME's Become More Developed and Competitive

In Year 1, the Project completed the study on credit availment of SMEs in partner cities. This was used as background material for the signing of a credit facility for SMEs between USAID and the Bank of Philippine Islands. This Year, the Project continued to strengthen industry positioning of the partner cities and to promote innovation in the context of SME development in Batangas City.

Deliverable No. 1: Enhanced Mechanisms in Promoting Innovation in Target Cities

The Project prepared a study on setting the environment for innovation in Batangas City. The study has been previously presented to USAID and was presented once more to a wider audience during the *Kapihan sa Batangas*. The final report was submitted on August 8, 2013. The study highlighted the potential of Batangas City to promote S&T development. One of the recommendations of the study is the establishment of a Philippine Science High School Campus in the city. The local government has already initiated discussions with PSHS and has offered a 5-hectare property in the city as a possible site for the campus.

Deliverable No. 2: Enhanced Positioning of Industries in Partner Cities

The Project conducted consultations with local business groups, which indicate the lack of information on potentials for industrial growth in the cities. Thus the project commissioned studies in the industry potentials and competitive advantages of the partner cities. The industry studies for Batangas and Cagayan de Oro were submitted to USAID on October 3, 2013. The study for Iloilo City is being finalized. These industry studies are now being used as inputs in the preparations for the Business Forums.

Deliverable No. 3: Enhanced Credit Availment of SMEs

The Project sought to assist the USAID in promoting the credit guarantee facility for SMEs with BPI as administrator. The facility will be among the credit support open to SMEs to be included in the Business Forum. Its administrator, BPI, will also be invited to participate in the Forum.

C. Component 3: Cross Cutting Concerns

The Project has cross-cutting concerns that deal with support activities for the first two components and other interventions that enhance the goal of the project to promote competitiveness in partner cities. This year, the Project accomplished several initiatives falling within these cross-cutting concerns.

Deliverable No. 1: Assistance to USAID in the Activities of the Cities Development Initiative (CDI)

After the launching of the CDI in each of the partner cities, INVEST assisted USAID in organizing multi-stakeholder action planning workshops in October 2012 that identified challenges in the areas of investment and growth, education, health and environment that needed to be addressed. The workshops produced CDI action plans for each of the cities, and ended with the stakeholders signing an Expression of Support to the CDI Action Plans. In January 2013, these action plans were revisited and refined by the partner city governments and selected business groups and stakeholders.

The Project also organized a roundtable discussion on urban development challenges in the Philippines, which brought together experts from the academe, the private urban planning practitioners, the government, and the development partners. This discussion coincided with the visit of Mr. Mike Keshishian, the urban specialist of USAID from Washington, who also went to the different cities to interview various stakeholders. The Project coordinated the meetings among the city officials and private sector groups.

The Project promoted the CDI in partner cities with the constant review of the partner cities' CDI Action Plans and continually aligning them to the activities of INVEST. The Project attended briefing sessions on and for the new programs and projects of USAID to ensure synergy of focus, thrusts and directions. The Project participated in the *Kapihan sa Embahada* on September 24, 2013 and the Launching of the Phil-Am Fund on September 30, 2013.

The Project also researched on 40 first class cities in the Philippines, as requested by USAID, and generated socio-economic and political indicators for every city. This report was submitted to USAID as input for its CDI activities.

Deliverable No. 2: Enhanced Capacity to Measure the Economic Performance of Partner Cities Towards Competitiveness

1. Supported the Development of Competitiveness Indicators for LGUs

The Project realized the lack of a competitiveness framework for the country that could be used to guide agencies as well as LGUs in designing programs and projects that will enhance the country's competitiveness. Thus, the Project commissioned a study to formulate a national competitiveness framework based on existing global frameworks for competitiveness and generate a set of indicators that can be used to measure competitiveness at the local level on a regular basis. The NCC adopted the framework prepared by the Project. The study was submitted to USAID on May 1, 2013.

The study proved to be useful to NCC and generated a lot of follow-up work. On February 18-19, 2013, the framework and the set of indicators were presented to the meeting of Regional Competitiveness Committees in Cebu City. The RCCs were tasked to generate the data for the competitiveness indicators. The Project also assisted the NCC in analyzing the data consolidated by the RCCs and in preparing a competitiveness ranking of cities. The ranking was presented during the First Regional Competitiveness Summit held on July 30, 2013.

The NCC also expressed to the Project its desire to conduct a competitiveness survey, which can take the place of the Sub-National Doing Business Survey of the IFC. In subsequent discussions with USAID, it was agreed that the Client Satisfaction Survey (originally part of the outputs of Component 1) be converted into a Competitiveness-cum-Client-Satisfaction Survey which can complement the collection of the competitiveness indicators currently being done by the different RCCs. The survey can provide useful information on the business climate in cities. The data generated can also be combined with the RCC-collected indicators to obtain a measure of competitiveness from both hard and perception data. The survey instrument can also be used in the future by the RCCs and the PCCI to assess the business sector's perception of the business environment at the local level. USAID approved the Request for Proposal for the survey on September 6, 2013, which has been circulated to prospective bidders.

2. Supported DILG in Developing the Concept for a Business-Friendly and Competitiveness Audit

The DILG is currently proposing a new award system that will replace the existing Seal of Good Housekeeping. Dubbed as the Seal of Good Local Governance, this new award will include several criteria, one of which is a business-friendly and competitiveness audit, which LGUs are expected to pass. Since the Project was responsible for drawing up the local competitiveness indicator system, it has been called upon by the DILG to assist in conceptualizing the process and criteria for operationalizing the competitiveness audit of LGUs. The Project provided criteria

technical support and assisted DILG in organizing a Consultation Workshop on the Performance Measures for Business-Friendly and Competitive LGUs on September 18, 2013, together with the IFC and LGSP-LED.

Deliverable No. 3: Support to Inter-Agency Committees on Investment and Business Regulation

The Project has been actively participating in inter-agency committees organized by the national government to set policy directions in priority areas aligned with the Project's objectives, namely (1) the Working Group on Growth and Investment Climate under the Philippine Development Forum; (2) the BPLS Oversight Committee; (3) the Sub-Working Group on Local Investment Reforms; (4) the DTI Technical Committee on the Philippine Business Registry; and (5) the Technical Working Group on BPLS Automation.

The Project continued to assist the DTI in managing the Working Group on Growth and Investment Climate. As part of the preparations for the Philippine Development Forum in February 2013, it submitted inputs to the papers submitted by the secretariat for the Forum. The Project assisted DTI and DILG in formulating the agenda and in submitting briefings for the back-to-back meetings of the Sub-Working Group on Local Investment Reforms and the BPLS Oversight Committee held on October 22, 2012 and June 10, 2013, respectively. As discussed earlier, the Project also supported the work of the Technical Committee on the PBR and the TWG on BPLS Automation.

Deliverable No. 4: Implemented a Project Monitoring and Evaluation Plan

The Project prepared an updated Monitoring and Evaluation Plan in line with its Year 2 Workplan. The M&E Plan was submitted to USAID on January 7, 2013. The Project has also been submitting regular quarterly performance reports, monthly activity reports, and weekly calendar of activities to USAID.

Deliverable No. 5: Implemented a Gender Action Plan

The Project prepared a Gender Action Plan and incorporated it in the M&E Plan that was submitted to USAID. The quarterly reports being prepared by the Project includes a portion on the gender action plan. Likewise, this report also contains a section on the Gender Action Plan.

Deliverable No. 6: Closing Out Activities of the Project

The Project has identified several closing out activities. These were not pursued in Year 2 and were moved to the Option Year.

IV. ACCOMPLISHMENTS BY PARTNER CITY

The Project has been working with the partner cities in streamlining their BPLS and in investment planning and promotion. Although the Project used a common results framework to achieve its objectives, the city-level initiatives differed from city to city, taking into account the unique circumstances present in each partner city.

A. Batangas City

1. Institutional Strengthening

The Project implemented various activities to develop the capacity of the BPLO and the LEIPO. The Project recognized that the BPLO was a critical institution in pursuing reforms on business registration. To become effective, the BPLO had to work with other city departments and NGAs. Recognizing the role of the BPLO, the Project conducted various types of technical assistance to the office to better equip it in handling the implementation of reforms. Capacity building initiatives covered: (a) preparation of minutes of meetings; (b) formulating a training design; (c) coordinating with other city departments/offices, LGUs, and NGAs; (d) formulating an operations manual; (e) operations monitoring; and (f) conducting an internal assessment of reform in business registration.

The Project also saw the importance of the LEIPO in initiatives to promote investments in the city. Thus the Project provided capacity-building in (a) preparation of minutes of meetings; (b) coordinating with other city departments/offices, Local Government Units, National Government Agencies, and private sector; and (c) conducting research. The Project helped in preparing the organizational structure of the LEIP Center and its proposed staffing. The document was endorsed to the Human Resources Development and Management Office (HRMDO) for the formal creation of the Center, which will be coursed through the *Sanggunian Panlungsod*.

The Project helped both the BPLO and the LEIPO in securing budget appropriation from the City Mayor before the election ban in March 2013. An estimated budget of PhP 500,000 was approved to fund the conduct of trainings and meetings, and the development of information, education and communication (IEC) materials by the BPLO. This appropriation is in addition to the budget for the redesigning of the BOSS in the city. The LEIPO, meanwhile, was able to secure a budget of PhP5 million to cover the development of a city investment brochure, audio visual material to attract investors, secure a venue for the business forum, and finalize investment-related planning documents (e.g. investment and incentive code and revenue code), among others.

The Project assisted the City in drafting Executive Orders supporting the implementation of BPLS reforms and the adoption of an operations manual for the city government.

2. Streamlining of BPLS

The Project provided assistance in firming-up the design of the temporary BOSS (currently at the People's Quadrangle) and permanent BOSS (scheduled for construction in 2014). A series of meetings were conducted by the Project with the Business Permits and Licensing Officer, City Engineer, City Treasurer, and LEIPO to develop the design of the two facilities. Designing

activities covered the concept, development of the Program of Works, and the cost estimates. The Project helped the city in planning for the communication strategy to disseminate business registration reforms and develop IEC materials for tri-media dissemination. The Project also trained the BOSS personnel on the new process flow for the issuance of a business permit. The training focused on the Operations Manual on Business Registration, involving not only the frontline service personnel of the city government but also the BFP. Part of the training was also teaching frontline service personnel about customer relations. The Core Group of the city government on customer relations facilitated this session.

The Project paved the way for the city government to discuss and agree on a collection modality with the BFP. Two meetings were facilitated by the Project: one with the Batangas City BFP and another with the BFP Regional Office. In principle the city government and BFP agreed to link their systems and for the city government to collect on behalf of the BFP. However, formal clearance needs to be secured from the BFP Central Office. Both parties agreed to accommodate an observation visit at the Regional Office of BFP IV-A for the new web-based system and for the city government to request the DILG-BFP to allow the arrangement.

The Project also organized an action planning session to review the previous action plan on business registration and identify important activities needed to be pursued in preparation for January 2014. The action plan identified the cost of continuously pursuing reforms, which became the basis for the BPLO budget for 2013 and 2014. The Project met with the Secretary to the Mayor, Business Permits and Licensing Officer, City Treasurer, City Engineer, City Health Officer and Fire Marshall to discuss the enhancement of the BOSS. Out of the meeting, timelines were set for the design and materials needed.

The Project assisted the city government in the Local Business Forum on December 2012 which sought to disseminate the reforms in business registration. There were presentations and discussions about the changes in business registration. The activity provided a venue for businesses to seek clarification about the new procedures of the city government.

Following the provisions of the ARTA and principles of customer relations, the training on customer relations emphasized the need to generate a feedback form for tax payers. The Project assisted the city government in developing the process flow for feedback, generating the tool or form, and teaching the BPLO to generate the report.

On inspection reforms, the Project facilitated several workshops at the city level to organize the Joint Inspection Teams (JIT), develop the unified inspection checklist and discuss protocols for business-friendly inspections. The Project also developed the manual of operations for the JIT, which included the business-friendly inspection framework, composition and mandates of the JITs, and protocols in conducting a business-friendly inspection. The manual was already discussed with concerned departments and NGAs and formally endorsed to the BPLO for approval of the city mayor. The Project was also instrumental in helping the city government's regulatory departments to conceptualize the Unified Inspection Checklist (UIC) following the organization of the JITs. The UIC was agreed to follow the mandates of each JIT. At present, the UIC of the Disclosure and Revenue Inspection Team was already finalized and utilized by the team. It was pre-tested prior to its utilization.

The Project organized a workshop on the updating of the respective Citizens Charters of city departments. The workshop assessed the requirements, procedures and fees of the frontline services, and identified areas for improvement per frontline service. All departments presented their outputs which were subjected to comments of the resource person.

3. Enhancing Investment Planning and Promotion

The Project facilitated the integration of the International Study Tour Action Plan in the CDI Action Plan. The Project convened the delegation of the city government to Singapore and Malaysia to clarify the process of integrating the activities in the CDI Action Plan. Out of the meeting, city officials identified the alignment of each activity to be pursued vis-à-vis the CDI Action Plan.

In preparation for the Business Forum, the Project organized the *Kapihan sa Batangas* which was a local forum on economic growth and investment opportunities. The *Kapihan* presented the result of the business registration third-party assessment, industry study, investment potentials of the city and development of the opportunities for the international port. More importantly, the forum provided a venue to allow the business groups to understand the development direction of the city government.

The Project met with the Soro-Soro Ibaba Development Cooperative (SIDC) and Office of the City Veterinary and Agricultural Services (OCVAS) to plan for the FGD on Agriculture. Out of the meeting, it was agreed that the SIDC would host the activity, while OCVAS would identify participants and confirm their participation. The Project's City Program Adviser acted as facilitator for the FGD.

Noting that there is vast opportunity in promoting investments related to agriculture, the Project and the LEIPO staff held meetings with officials of the Office of the City Veterinary and Agricultural Services (OCVAS) and President of the Hog Industry, where the concept for the city business forum was introduced. During the two separate meetings, the respective parties were requested to identify facilities, financing program, and business ventures, which will help the agricultural sector.

As a follow-through to the PPP Training, the Project provided technical assistance to the city government in developing the project concept note for the Integrated Transport Terminal. In the course of developing the project concept note, the concerned departments were convened by the Project to elicit their comments and commitment. The Concept Note was endorsed by the city to the PPP Center. A subsequent meeting with the PPP Center, however, led to the decision of the city to pursue the project using its own funds.

4. Building Partnerships

The Project, in partnership with the President of the Batangas Province Chamber of Commerce and Industry (BPCCI), convened prominent business groups in the city to discuss the creation of the Batangas City Business Club and Organizing Committee for the CBF. During the meeting, the core group was defined by the business owners and corporations present. The core group will attend to preparations necessary in formalizing the creation of the club, as well as coordinating with the Project for the CBF.

The Project introduced the LEIPO and hog and poultry industry players to the CTI-PFAN to be able to develop a business model which can be presented to investors. A series of meetings and workshop were conducted with CTI-PFAN. The output of the technical assistance of CTI-PFAN may also be presented in the CBF.

B. Iloilo City

1. Institutional Strengthening

The Project had been pushing for the formal designation of a LEIPO for the city. On April 30, 2013, the Mayor signed EO No. 20 on April 30, 2013 officially appointing Mr. Francis Cruz as the new LEIPO. Similarly, while the City has been implementing BPLS reforms since 2012, these have not been formalized by the city government. The Mayor also signed EO 21 on April 30, 2013 forming a new BPLS Technical Working Group to implement the BPLS reforms. The EO also provided operational guidelines for processing business permits. This issuance removes the uncertainty of some department offices on their roles in implementing BPLS reforms.

2. Streamlining of BPLS

The Project exerted efforts to streamline the city's BPLS. The Project worked with the city in preparing an action plan that identified the areas of reform to streamline the BPLS. At the start of Year 2, the Project also conducted the inspection workshop (October 7-8, 2012) and the Basic Customer Service Skills training (December 3-5 and December 13-14, 2012). The inputs from these activities were incorporated in the BPLS action plan of the city's CIP-TWG.

The findings of the third-party assessment in Iloilo City, however, showed the need for the city to further streamline its business processes in order to meet the standards set by the JMC. This prompted the holding of a series of meetings of the Project with the Mayor and city officials to discuss what can be done to address the bottlenecks in the implementation of BPLS reforms. As a result, the Mayor decided to personally take the lead in ensuring that city officials will comply with the action plan and targets for BPLS reforms.

The Project also initiated discussion on inspection reforms. Meetings with the city officials involved in inspection were conducted to discuss the details of the inspection action plan they crafted. Based on the discussions, the initial action plan did not contain important measures needed to addressing inspection issues in the city and thus a better action plan must be crafted and implemented in the Option Year.

To ensure that the city will implement drastic reforms to enable it to meet the JMC standards, a study tour was again organized by the Project for the LEIPO, who is also in charge of automation in the city, and the CTO. The Project brought the officials to Valenzuela City, which is currently allowing online payment for real property and business taxes, San Miguel Bulacan, which has started to accept online submission of business applications and to Batangas City which has designed an effective BOSS. The exposure trip helped the LEIPO in refining the design of the BPLS for the 2014 renewal period.

3. Enhancing Investment Planning and Promotion

The Project conducted an exploratory meeting with the city officials and representatives of both IBC-ILED and ICTIPB on May 3, 2013 in Lansaka Hotel in Makati City. The concept of CBF was discussed in the context of Iloilo City as an "APEC City" and in consideration of the upcoming events of MIGEDC and the BOI.

Thereafter, the Project convened the first meeting of the local organizing committee on June 5, 2013 at Iloilo Business Hotel. The LEIPO and his associate, the CPDO, the Chair, Vice-chair

and a board member for academic affairs of the ICTIPB, the DTI Provincial Director and the IBC-ILED Executive Director attended the meeting. The concept of the city business forum was presented by the Project. An initial action plan was crafted, including the proposed working structure for presentation and approval of the mayor and the private sector organizations.

USAID and the Project met with other private sector organizations to facilitate buy-in on the Business Forum. The first presentation was for the ILED in June 8, 2013 wherein USAID presented its programs and the CBF concept. The next presentation was with the ICTIPB in June 11, 2013 at Eon Centennial Hotel. In both meetings the mayor was present. All agreed to support the CBF and hold separate meetings to discuss their levels of engagement. Key activities that needed to be conducted in preparation for the CBF were the conduct of investment programming and the development of project briefs and promotional collaterals. The Project also participated in the meeting of Ilongos in that paved the way for the adopted by ILED of the Business Forum as its project.

The Project, in partnership with COMPETE and ILED, also organized an FGD on Agriculture and Fisheries Development in Iloilo City on August 14, 2013. The FGD brought together representatives from government and private organizations involved in agriculture and fisheries and discussed issues and concerns affecting them. The FGD also identified general directions that can be pursued to promote investments in the sectors.

4. Building Partnerships

The Project contracted a local university, the University of the Philippines Visayas to conduct a third-party assessment of business permitting reforms in Iloilo City starting January 2013. This assessment will cover the processes involving new applications for business permits and renewals, the operation of the BOSS and the inspection system. By contracting the university, the Project acted as a liaison between the city government and the academic sector that will hopefully start the process of engagement and assistance between the two parties in the areas of BPLS reform and in other aspects of governance, even after the end of the Project.

Similarly, the Project identified civil society organizations, which were trained to do the Report Card Survey of the CSC. This activity was conducted as part of the requirements of the ARTA.

The preparations for the Business Forum likewise created many opportunities to establish partnerships with various organizations. In this regard, the Project conducted Individual meetings with the Mayor of Iloilo City, the Chairperson of the Iloilo City Trade and Promotion Board, the Executive Director of the Iloilo Business Club and Iloilo Economic Development Foundation Inc., the program officer of LGSP-LED in Iloilo City, and the Provincial Director of the Department of Trade and Industry.

The Project, through the City Program Adviser, also attended the events conducted by the DTI in the city and the various meetings with city officials and private sector groups. These are the DTI Seminar on Doing Business in Free Trade Areas (May 21, 2013), NCC FGD on Satisfaction Survey (May 22, 2013), Meeting with the Marketing Officer of the Embassy of Malaysia (May 21, 2013) and the Meeting with Megaworld VP and associates (June 18-19, 2013).

The Project supported the conduct of the PBED-Braintrust Scenario Building workshop on April 15-16, 2013 and the academe and industry FGDs on April 20-21, 2013. This culminated in a lunch fellowship meeting with the Mayor and the ICTIPB at Eon Centennial Hotel.

The Project also organized meetings with the Mayor, ICTIPB and ILED for the USAID. This was meant to remind the mayor of its partnership with the USAID and the city's commitments to support its projects.

C. Cagayan de Oro City

1. Institutional Strengthening

The city experienced a drastic reorganization at City Hall with the election of a new Mayor. In anticipation of the change, the Project consultations with the Mayor-elect to facilitate the early issuance of an executive order to manage the implementation of the Project in the city. The Mayor agreed to take a direct hand in the Project and to act as Chairman of the Mancom (but he wanted a co-chair from the business sector). To complement the business sector, the Chairman of a CSO that is into peace and development, Balay Mindanaw, will be the Vice-chair. The city's LEIPO also decided to terminate her contract as development planning consultant and LEIPO of CDO. Fortunately, the proposed Co-chair is familiar with the project having attended the LEIPO training in Cebu and can ably undertake the responsibilities of a LEIPO with the assistance of INVEST.

The Project, through the City Program Adviser, provided inputs to the Mayor on the reconstitution of the INVEST Project Management Committee and in the identification of possible members, especially those from the business, academe, and CSO sectors. The Project drafted a new executive order for the Project Management Committee, which the Mayor signed on July 15, 2013. The EO also re-established the Investment Promotions Center, this time with two permanent staff and in a bigger office. It is headed by the LEIPO who, fortunately, represented the private sector in the Capability Building Workshop for LEIPOs in Year 1.

The respective Executive Orders for the implementation subcommittees on BPLS and Investment Promotions were also drafted by INVEST and signed by the Mayor in September 2013. Inasmuch as the members were almost entirely new, the Project conducted a series of briefings on the project, its status and the action plans.

The working space for the Project was used by the incoming Mayor as his office. Thus, the Project coordinated with the incoming City Administrator for a new location for the Project Office in City Hall and for the assignment of personnel to the Project.

2. Streamlining of BPLS

The action steps needed to attain the targets set for the January 2013 registration period were executed in the first quarter of Year 2. These included enabling the use of electronic signature, connecting the BFP to the CTO database so that payment would be one step, and the completion of the Tax Due Worksheets in December. The flowchart and re-layout of the BOSS were prepared to accommodate the BFP and additional backroom personnel for the printing and releasing of the business permits. The customer relations workshop and dry run of the new system was conducted in the first week of December. Thus, as planned, the JMC standards were exceeded and the targets achieved except for the time elapsed which exceeded the target of one hour by an average of forty one minutes as reported in the third party assessment.

The goals the city set for itself in streamlining its BPLS were fully reached during the year's renewal period. The streamlining of the city's BPLS has encouraged a greater number of businessmen to register their respective businesses or renew their business licenses. What

made the BPLS of the city more efficient were the use of just an electronic signature for the issuance of the business permit, the removal of the requirement for notarization of the application, the revision of the process flow chart and BOSS layout to give room for the inclusion of the BFP in the process, the constitution and deployment of a validation team that rechecked documents prior to affixing the e-signature, and the opening of a second waiting area for claimants of the business permit. Also vital was the use of the NERBAC as an alternate BOSS during the renewal period.

Towards the end of Year 2, the Project arranged the visit of the Mayor, together with the LEIPO and the Planning Officer, to observe BPLS automation with online payment in Valenzuela City and other automation applications that has increased Valenzuela's net revenues and professionalized the delivery of essential services.

3. Enhancing Investment Planning and Promotion

The International Study Tour organized by the project gave the Cagayan de Oro delegation concrete ideas on what ought and can be done to improve business registration and investment planning and promotion in the city. The result was a short-term action plan to accelerate the reforms. The plan includes the full automation of the city government's operations which, in turn, involves the completion of the city's ISSP and the enhancement of the city website, as well as the establishment of a permanent IT Office within the city government. The action plan also calls for the formulation of a Metro Cagayan de Oro Master Plan, which involves the inclusion of the municipalities surrounding the city in the plans and programs for the city's development and modernization. The action plan also provides for the identification and implementation of inspection reforms as well as an enhanced advocacy effort to support investment promotion and business climate reform initiatives.

The Investment Promotions Center was re-established in the first of a series of EOs signed by the new Mayor to implement the Project. Headed by the LEIPO and assigned two permanent personnel, the IPC was designated as the secretariat of the Mancom and the two subcommittees. It was also the lead coordinator of investment promotion activities and provision of assistance to potential investors. The IPC is also the Project Office and, thus, provides support to Project activities.

During the year, various preparatory activities for the Business Forum were undertaken. The Project organized five sectoral consultations or FGDs in selected sectors intended to generate sector profiles and potential projects for promotion at the Business Forum. The Project also created a Business Forum Organizing Committee consisting of representatives from the city government, provincial government, regional offices of national government agencies, and the private sector. The Project generated consensus on the content and desired messages for the promotional collaterals of the CBF and the Investment Promotions Center. The Project also assisted the city in the drafting four (4) concept notes for submission to the PPP Center. These notes were those on Solid Waste Management, Wastewater and Septage Management, Food Terminal for Small and Medium Enterprise, and Berth Expansion of the Mindanao Container Terminal.

The Business Forum was first scheduled in October but later moved to the first quarter of 2014. The Organizing Committee decided to hold a Local Stakeholders' Forum in October to give support to investors who are already in the city and encourage them to expand.

Another requirement for the Business Forum is the revision of the Local Investment Incentives Code. A series of meetings were done in March and April 2013 to draft the proposed investment policies and revisions to the Code. In September, the City Mayor signed an EO creating a Drafting Committee to review the existing investment related ordinances and propose a consolidated Investment Ordinance.

4. Building Partnerships

Under the new administration, the Project assisted the city in ensuring a wider participation of key sectors both in the Mancom and the subcommittees on BPLS streamlining and investment promotions.

The INVEST Mancom was enriched by the membership of a CSO (Balay Mindanaw) and academe (Mindanao University of Science and Technology) in addition to the two business organizations. The President of Xavier University also agreed to be a senior adviser of the Mancom.

Significantly, the BPLS subcommittee is now chaired by a CSO (Balay Mindanaw) and composed of key stakeholders: sector organizations (tourism and food processing) and relevant professional organizations (accountants, civil engineers and electrical engineers). The general business organizations such as the Orochamber and Filipino-Chinese Chamber of Commerce are in the Investment Promotion Committee and joined by Balay Mindanaw.

The Mayor has also enlisted the expert advice of Dr. Bernardo Villegas of the University of Asia and the Pacific for the Business Forum and in promoting inclusive growth. He has also galvanized the support of prominent *Kagay-anons* in Metro Manila for the Business Forum. DBP hosted the first meeting of *Kagay-anons* in Manila for this purpose.

V. GENDER AND DEVELOPMENT

As the Project promotes sustainable and inclusive economic growth by improving the business environment in the target cities, the Project consciously supports the advocacy to provide equal opportunities for both men and women to participate in formulating the development agenda in their respective localities. Realizing the need to incorporate gender perspectives to the project, a gender and development action plan was formulated initially during the onset of the project in 2011.

USAID, however, revised its Gender Policy in 2012, which called for the need to revisit the GAP to align it with the thrusts of the revised gender policy and further mainstream gender and development in INVEST's project activities.

A. ACCOMPLISHMENTS

The revised Gender and Development Action Plan of the project was submitted to USAID on January 2013, which aims to:

1. Build capacities of project personnel to promote gender equality and integrate GAD in their respective responsibilities and activities;
2. Integrate gender equality concerns in the project workplan and monitoring and evaluation system; and
3. Provide equal opportunities for men and women to avail of capacity development programs supported by the project.

Given these objectives, the accomplishments of the project for its second year are as follows:

1. **Conducted a Briefing on the revised gender guidelines of the USAID.** On November 17, 2012, Ms. Lucita Lazo, the gender specialist of the project, conducted a briefing for the project personnel, on the revised gender policy of the USAID.
2. **Issued the Employee Handbook of the INVEST Project.** An employee handbook has been issued to provide the code of conduct for its employees. Based on the revised gender policy of the USAID, the handbook includes gender-related policies on Sexual Harassment and Anti-Trafficking in Persons.
3. **Revisited the Gender Action Plan of the Project.** Following the gender briefing, an action-planning workshop was conducted, which identified the gender issues that may be addressed by the project's activities. The gender issues identified served as basis for identifying other activities, which were included in the revised Gender Action Plan.
4. **Integrated gender-based indicators in the monitoring and evaluation plan.** During the updating of the project's monitoring and evaluation plan, gender-based indicators were also identified to appropriately monitor the implementation of the revised gender action plan. These set of indicators were likewise added to the Performance Indicator Reference Sheets (PIRS) section of the updated monitoring and evaluation plan.

5. **Monitored male and female participation in streamlining business registration processes and investment promotion efforts.** A total of 755 participants attended INVEST activities for the year, of which 54% were female and 46% were male. More women attended activities of the three project components comprising 59% for Component 1, 53% for Component 2 and 51% for Component 3, of the total participants.
6. **Conducted data gathering on gender-related baseline data on BPLS and investments.** In connection with the study on the profile of business applicants in the partner cities (Output 1.4, Component 1), the project mobilized encoders in partner cities to input the required information, which include among others the gender of the business owners operating in the cities.
7. **Special Lane for Pregnant Women in Batangas City's Business One-Stop Shop.** The improved Business One-Stop Shop of Batangas City included a special lane for senior citizens and pregnant women.

B. PLANS FOR THE OPTION YEAR

For the option year, the INVEST project will undertake the following activities in relation to its GAP:

1. Continue monitoring of male/female participation in INVEST activities;
2. Continue data gathering and monitoring of gender-related baseline data on BPLS and investment; and,
3. Submit the study on the profile of business applicants in the three partner cities.

Table 10. Number of Male and Female Participants for all Activities Conducted by the Project, Year 2

Activity Title	Venue	Dates Covered	Participants		
			Male	Female	Total
Component 1: Streamlining Business Registration Processes and Lowering Transaction Costs					
Simplifying the Business Inspection System of Iloilo City	Iloilo Business Hotel	October 8-9, 2012	17	23	40
Business Friendly Inspection Workshop	Dynasty Court Hotel, CDO City	October 18-19, 2012	18	8	26
Basic Customer Service Skills (BCSS) Training	Dynasty Court Hotel, CDO City	December 3-5, 2012	12	31	43
High-Level Roundtable Discussion on the Vision for the PBR	Dusit Thani Manila, Ayala Center, Makati City	March 18, 2013	20	19	39
Anti-Red Tape Act - Report Card Survey Seminar	Fersal Hotel, Quezon City	July 9-12, 2013	2	7	9
Focused Group Discussion on the Review of the DTI-DILG Joint Memorandum Circular No. 1 s. 2010	Iloilo Midtown Hotel	September 27, 2013	7	15	22
Sub-total			76	103	179
Component 2: Improving Investment Planning and Promotion in Target Cities					
Presentation of the LIIC Study in CDO City	Dynasty Court Hotel, CDO City	October 18, 2012	9	7	16
City INVEST Project Visioning workshop	Amigo Terrace Hotel, Iloilo City	October 29, 2012	16	17	33
FGD with Professional NERBAC Staff	DTI-NERBAC Office, General Santos City	March 20, 2013	2	4	6
Small group discussion on Region XII Investors' Assistance Network	Hotel San Marco, Gen San	March 20, 2013	8	5	13
Kapihan sa Batangas: A Forum on Economic Reforms and Opportunities in Batangas City	Pontefino Hotel, Batangas City	July 25, 2013	33	35	68
Regional Competitiveness Summit 2013	Intercontinental Hotel, Makati City	July 30, 2013	147	198	345
Re-Orientation on the Revision of the Guide for LGUs in Formulating Local Investments and Incentives Code (LIIC)	Cocoon Boutique Hotel, Quezon City	September 19, 2013	7	16	23
Sub-total			222	282	504
Component 3: Addressing Cross-Cutting Concerns					
Facing the Challenges of Broad-Based and Inclusive Growth in Batangas city	Pontefino Hotel, Batangas City	October 23, 2013	51	50	101
Facing the Challenges of Broad-Based and Inclusive Growth in CDO city	Mallberry Suites Business Hotel, Cagayan de Oro City	October 25, 2013	34	46	80

Activity Title	Venue	Dates Covered	Participants		
			Male	Female	Total
Facing the Challenges of Broad-Based and Inclusive Growth in Iloilo city	Amigo Terrace Hotel, Iloilo City	October 30, 2013	50	55	105
Meeting on the Cities Development Initiative Action Plans for Batangas City	Teacher's Conference Center, Batangas	January 22, 2013	17	15	32
Roundtable discussion on Best Practices in Urban Development	Discovery Suites, Ortigas Center, Pasig City	January 23, 2013	8	3	11
Roundtable discussion on Best Practices in Urban Development with Agencies	Discovery Suites, Ortigas Center, Pasig City	January 23, 2013	12	10	22
Meeting on the Cities Development Initiative Action Plans for Cagayan de Oro City	The Mallberry Suites Business Hotel, Cagayan de Oro City	January 24, 2013	18	22	40
Meeting on the Cities Development Initiative Action Plans for Iloilo City	Iloilo Business Hotel	January 28, 2013	23	18	41
<i>Consultative Workshop on the DILG Competitiveness Audit*</i>	Discovery Suites, Ortigas Center, Pasig City	September 18, 2013			
		Sub-total	213	219	432
		Total	511	604	1,115

*Data is still being secured from the International Finance Corporation

SUCCESS STORIES

A DEEPER AND WIDER PERSPECTIVE ON INVESTMENT GENERATION THROUGH THE USAID-INVEST INTERNATIONAL EXPOSURE TRIP FOR PARTNER CITIES

An exposure tour in Singapore and Malaysia has given INVEST partner cities, national government agencies, and private sector groups insights into what could and must be done to make business registration processing and investment planning and promotion at both local and national levels more competitive with those of the country's ASEAN neighbors. The tour, which was conducted on February 14-19, 2013, involved visits to 5 Singaporean and 4 Malaysian agencies directly involved in promoting the setting-up of businesses, improving business registration and regulation, and facilitating investment generation.

Among the 25 tour participants were the Mayor of Iloilo City, heads and key personnel of city government units involved in business registration and investment promotion in Batangas, Iloilo and Cagayan de Oro cities, and representatives of the Department of Trade and Industry. Also in the study tour were the heads of business groups, one in Iloilo and the other in Cagayan de Oro. The delegation was headed by John Avila, Project Management Specialist of USAID Philippines and Ofelia Templo, INVEST Chief of Party.



USAID Philippines Project Management Specialist in animated discussions with representatives of the Suruhanjaya Syarikat Malaysia (Companies Commission of Malaysia) during the INVEST delegation visit

One of the more fruitful visits of the group was that to the Standards, Productivity, and Innovation for Growth (SPRING) Singapore which is responsible for helping Singapore enterprises become more competitive. It runs EnterpriseOne (One Network for Enterprises) which is a totally automated system that can be used by local enterprises and aspiring entrepreneurs in Singapore to access business-related government information and services. The portal's main feature is the One Business Licensing Service (OBIS) which is an end-to-end system through which enterprises in Singapore can register, completely online, for any and all licenses necessary for their operations. The OBIS includes online payment and notification and release of permits. The portal also contains knowledge products; information on financing options, public support for enterprises, and market data; and issue-centered micro sites.



H.E. Minda Calagian Cruz, Philippine Ambassador to Singapore, (2nd from left) briefs the INVEST delegation, headed by John Avila, USAID Philippines Project Management Specialist, and INVEST Chief of Party Ofie Templo (3rd and 4th from left).

The other destination that was most noteworthy was Pemudah or the Special Task Force to Facilitate Business, which is a ministerial-level collaboration between public and private sectors to facilitate business in Malaysia. Its programs and projects include the streamlining of business registration, which had reduced the process from 9

procedures that take 11 days to 1 procedure that takes 1 day, at 1/3 the previous cost. It had also shortened the process of registering a property from 5 procedures taking 144 days to 2 procedures that takes one day. The task force also operates a portal through which enterprises

can apply for 102 licenses, permits and approvals from 45 agencies in the construction, manufacturing, and hotel sectors. It had also expanded the scope of myBayar, an e-payment facility, from 42 agencies receiving e-payments for 70 services, to 250 agencies and 551 services.

As a result of the exposure trip, the cities of Batangas, Iloilo, and Cagayan de Oro reviewed their respective development plans.

Inspired by what its delegation witnessed during the tour, Batangas City took a second look at its master plan in include the creation of a new business hub and review and possible amendment of its Local Investment Incentives Code and Land Use Plan to make these more supportive of its vision for economic growth. The city also reconsidered its infrastructure program to make it more supportive of increased inflow of investments. The city also sought to address the gap between the labor supply from its educational institutions and the labor demand from industry.

Meanwhile, Iloilo City reviewed its plans for the complete automation of its Business Permits and Licensing System (BPLS) to encourage investments. It also started work on the formulation of a Public Transportation-Based Urban Transportation Plan to facilitate the movement of people and goods and thus increase and improve trade and the enhancement of its Environment Code to improve the sustainability of its resources, particularly groundwater, to be able to support increased current and future demand.

For its part, Cagayan de Oro City studied the possibility having a master plan for Metro CDO to cover 8 towns of Misamis Oriental and 3 towns of Bukidnon, the new international airport , and the container port, as well as expansion areas for industry. It also reviewed its development plans to provide for the immediate and full implementation of its Information Systems Strategic Plan, for the automation of all government operations, including its BPLS.



Part of the INVEST Partner Cities delegation being briefed by officials of the Standards, Productivity, and Innovation for Growth (SPRING) Singapore.

USAID-INVEST SUPPORTS GOVERNMENT EFFORTS TO SET-UP ONLINE ONE-STOP BUSINESS REGISTRATION PROCESSING SYSTEM

In March 2013, heads of government agencies involved in business registration processing, led by Trade Secretary Gregory L. Domingo, committed to the establishment of an online one-stop business registration system for all types of businesses in the country, the New-Generation Philippine Business Registry (PBR). The next generation PBR, as articulated by Secretary Domingo, “*aims to provide a seamless transactional environment for business registration and facilitation with all concerned agencies on a timely and accurate manner -- where one can do all permitting process through the online system that is centralized.*” The commitment was pledged during a top-level meeting held in Makati on March 18, 2012. The meeting was supported by the United States Agency for International Development (USAID) through the INVEST Project.



Some of the heads of agencies and guests during the high-level meeting on the PBR were (from left to right): PagIbig President and CEO Darlene Marie Berberabe, SSS President and CEO Emilio De Quiros, USAID Philippines OEDG Chief Daniel Miller, USAID Philippines Mission Director Gloria Steele, Trade and Industry Secretary Gregory Domingo, SEC Chairman Teresita Herbosa, and BIR Commissioner Kim Henares..

The New-Generation PBR will give potential and existing businessmen access to business registration services from a single portal through various channels. These services include verification and acceptance of applications; review, validation and acceptance of documentary requirements for business permit applications; and receipt of online payment of fees and other charges. The system will also process all national business registration requirements, including those of the Bureau of Internal Revenue (BIR), Social Security System (SSS), Philippine Health Insurance Corp. (PhilHealth), and Home Development Mutual Fund (PagIBIG); enable information sharing among government agencies concerned and between the government and private

organizations; and generate summary reports.

Among the actions the meeting agreed upon to set up the Next-Generation PBR was the formalization of the interagency Steering Committee through the issuance of an executive order, the assigning of permanent agency representatives to a technical working group working on the technical specifications and the installation of the system, the adoption of a Standard Data Dictionary, and the adoption of a common web-communication protocol.

The other heads of agencies that attended the meeting were SSS President and CEO Emilio S. De Quiros, Securities and Exchange Commission Chairperson Teresita J. Herbosa, BIR Commissioner Kim Jacinto-Henares, Cooperative Development Authority Chairman Emmanuel M. Santiaguél, and Pag-IBIG President and CEO



Heads of the PBR partner agencies with USAID Philippines Mission Director Gloria Steele (2nd from right) and USAID Philippines Mission OEDG Chief Daniel Miller (right)

Atty. Darlene Marie B. Berberabe. Also attending were USAID Philippines Mission Director Gloria D. Steele, USAID Philippines Office of Economic Development and Governance Chief Daniel Miller, USAID Philippines Project Management Specialist John Avila, and INVEST Project Chief of Party Ofelia Templo.



As a follow-up activity to the High Level Meeting, INVEST organized a technical-level workshop to translate in operational terms the agreements made during that meeting. The two-day workshop had the following objectives: (1) to level understanding on the vision for the next generation PBR from the perspective of the applicant and the partner agencies; (2) to forge consensus on the design specifications of the next generation PBR consistent with the vision for the PBR, e.g. features and functionality, requirements and service levels; (3) to formulate the Implementation

requirements for the next generation PBR, e.g. process alignment, policy changes roles and responsibilities of each partner agency, institutional support and advocacy plan and schedule of activities; and (4) to foster a stronger and more productive working relationship.

The TWG workshop was held on March 28 and 29, 2013 at the St. Giles Hotel in Makati City. The participants to the Workshop came from the seven partner agencies of DTI e.g. SEC, CDA, BIR, SSS, Philhealth, Pag-IBIG) and the cities of Batangas, Iloilo, and Cagayan de Oro.

With the assistance of USAID-INVEST, the following have been prepared and under consideration and action of DTI and its PBR partner agencies: a road map for the next generation PBR, proposed PBR organizational streamlining, advocacy plan and a proposed EO providing for the policies and guidelines of the Philippine Business Registry project and strengthening its institutional support.

POST-ELECTION TRANSITION: USAID-INVEST STRENGTHENS TIES WITH PARTNER CITIES

In view of the recently concluded national elections in May 2013 and the organizational transition in some partner cities, USAID and INVEST exerted efforts to sustain and strengthen ties with its partner cities.



INVEST Chief of Party attended the oath-taking ceremony of Mayor Jed Mabilog in Iloilo City on July 1, 2013. Subsequently, on July 9, 2013, the COP met with Mayor Mabilog to discuss the results of the UP Visayas assessment on the City's streamlining reforms in business permitting and to reiterate the Project's support to the City's initiatives.

INVEST also organized courtesy calls to the newly-elected local chief executives of Batangas City and Cagayan de Oro City.

John Avila from USAID met with Mayor Eddie and former Mayor Vilma Dimacuha on June 7, 2013 in Batangas City. INVEST's COP Ofie Templo and the Project's City Program Adviser, Jed Tabamo, joined the meeting.



USAID's Dan also met with CDO Mayor Oscar Moreno during on August 1, 2013. With USAID are Kevin Sharp and John Avila. Mayor Moreno is joined by a board member of the City.



During these meetings, USAID reaffirmed its commitment to support the efforts of its partner cities to undertake reforms for growth and competitiveness.

USAID-INVEST DEVELOPS INDICATOR SYSTEM FOR COMPETITIVENESS RANKING

USAID-INVEST worked closely with the National Competitiveness Council to establish a framework for competitiveness and develop a competitiveness indicator system that could be used for assessing the competitiveness of LGUs.



These outputs were adopted by the National Competitiveness Council and used by the newly-organized Regional Competitiveness Committees in collecting data for 28 socio-economic indicators for 285 cities. The data was then used in ranking the LGUs according to a three-part criteria, i.e. dynamism of the local economy, governance and infrastructure.

This is the first time that a competitiveness ranking exercise with such wide LGU coverage was undertaken at the local level by government. Through its intervention, the USAID-INVEST (1) strengthened statistical data collection of competitiveness indicators at the local level; (2) empowered the regional line agencies of DTI, NEDA and DILG in promoting LGU competitiveness; and (3) assisted the LGUs in understanding the requirement for competitiveness which hopefully will lead to more informed local policy making and in motivating them to create a better business climate in their localities in the years to come. The results of the competitiveness ranking study was presented to the Summit on Competitiveness on July 2013 and the National Convention on Statistics on October 1, 2013.



USAID-INVEST AND PARTNER CITIES: WORKING FOR INVESTMENT PROMOTION

As part of the preparatory work for the City Business Forums on December 10 (Batangas City), February 12 (Cagayan de Oro City), and March 12 (Iloilo City), USAID-INVEST provided support to its partner cities in organizing various preparatory activities. These activities sought to encourage local stakeholder support and clarify development directions.

On July 25, 2013, USAID-INVEST and the local government of Batangas City jointly organized the “*Kapihan sa Batangas: A Forum on Economic Reforms and Opportunities in Batangas City.*” The *Kapihan* served as a venue for the city to present its development plans to private sector participants. It was also an opportunity for the private sector to share their insights on these development plans, and on the initiatives that the city has undertaken in the areas of business permitting and investment promotion.



In Iloilo City, USAID through its Projects INVEST and COMPETE, supported the initiative of the Iloilo Economic Development Foundation Inc. (ILED) and the City Government in organizing a focus group discussion on map out strategies to promote investments and support the development of the agriculture and aquaculture sectors in Iloilo and Guimaras. The FGD was led by Ms. Narz Lim, former Tourism Secretary and President of ILED. The FGD was held on August 14, 2013.

For Cagayan de Oro City, the Project collaborated with the Development Bank of the Philippines and the Center for Research and Communication in organizing a vision-setting workshop on September 26, 2013 for Mayor Oscar Moreno and Kagay-anons in Manila who have become successful in their respective fields. DBP Chair Jose Nunez Jr. and DBP President Gil Buenaventura hosted the meeting that was held on September 26, 2013 at the DBP Boardroom..



USAID-INVEST HELPS IMPROVE CUSTOMER SERVICE IN PARTNER CITIES

USAID-INVEST provided a customized Basic Customer Service Skills (BCSS) Training Program to the service providers of the streamlined and updated Business-One-Stop-Shops (BOSS) in its partner cities of Cagayan de Oro, Iloilo, and Batangas. This training was conducted for 67 BPLS frontline personnel consisting of 46 female and 21 male participants during the period December 3-21, 2012. This was done in preparation for the annual business renewal period in January 2013.



The training was designed with the view that customer satisfaction results from optimal service delivery, which, in turn, is achieved through excellence in technical and human relations. The training consisted of two parts. The first part, entitled “*Excellence in Customer Service*” was conducted for a day-and-a-half in Cagayan de Oro City on December 3-4, 2012 for participants from the three partner cities. It presented to the participants the basic concepts and principles in customer relations. The second part, entitled “*Creating a Service Excellence Environment through Customer Feedback*,” was focused on the applications of the basic concepts and principles in customer relations in particular situations in each partner cities and on the gathering of customer feedback. This was conducted through one-and-a-half-day sessions in each of the partner cities, i.e. December 10-11, 2012 in Cagayan de Oro City, December 13-14, 2012 in Iloilo City, and December 20-21, 2012 in Batangas City. The last day of the training served as dry run for the streamlined BPLS in the BOSS area. The workshop outputs from each of the partner cities that their respective delegations produced were the *Cycles of Service* and a *Draft Customer Feedback Instrument*.



Batangas BOSS Area.



The third party assessment conducted exit interviews of about 300 respondents in each of the cities. The results indicate the impressive improvement in customer satisfaction ratings of Batangas City with a 25 percentage point increase among those who are “very satisfied” with the business permit application services compared to just 2 percentage point increase in Iloilo City and a 13 percentage point drop among respondents from Cagayan de Oro. The latter could be explained by the unusual business permitting situation where rallies were held by groups against and groups supporting the former Mayor during the renewal period which severely affected the operations of the BOSS.

Table 11. Satisfaction with LGU Services on Business Permit Application

Evaluation Rating Scale	Batangas		Iloilo		Cagayan de Oro	
	2012	2013	2012	2013	2012	2013
1 - Very Satisfied	30	55	26	28	51	38
2 – Satisfied	54	29	62	57	47	49
3 – Neutral	14	14	12	13	2	11
4 – Dissatisfied	2	2	0	2	0	2
5 - Very Dissatisfied	0	0	0	0	0	0

Source: Assessment Reports of Batangas State University, UP Visayas College of Management and Capitol University

Another tangible result of the BCSS training was that the BPLS frontline staff exhibited friendly attitude towards the customer applicants. The exit interview conducted during the January 2013 renewal period showed that majority of the applicants in Batangas City rated the BPLS staff as “*very friendly*,” an increase of 11 percentage points from 2012. A 9 percentage point increase in “*very friendly*” rating was also recorded in Iloilo City.

Table 12. LGU Staff's Friendliness During Application Process

Evaluation Rating Scale	Batangas		Iloilo		Cagayan de Oro	
	2012	2013	2012	2013	2012	2013
1 - Very Friendly	46	57	28	37	70	33
2 - Friendly	32	34	66	41	28	49
3 - A Little Friendly	22	9	*	19	0	15
4 - A Little Unfriendly	0	0	*	3	2	2
5 - Not Very Friendly	0	0	*	0	0	1

Source: Assessment Reports of Batangas State University, UP Visayas College of Management and Capitol University