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Report on LEIPO Action Plans

Investment Enabling Environment (INVEST) Project

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ACRONYMS

ASEAN	Association of Southeast Asian Nations
BOI	Board of Investments
BPOSS	Building and Occupancy Permits One-Stop-Shop
BRIC	Business Resource and Innovation Center
CDI	Cities Development Initiative
CDO	Cagayan de Oro
CPA	City Program Adviser
CPDC	City Planning and Development Coordinator
DTI	Department of Trade and Industry
ICT	Information and Communication Technology
INVEST	Investment Enabling Environment Project
IPC	Investment Promotion Center
JIT	Joint Inspection Team
OIDCI	Orient Integrated Development Consultants Inc.
LCDC	Liveable Cities Design Challenge
LEIPO	Local Economic and Investment Promotion Officer
LGU	Local Government Unit
LIIC	Local Investment Incentives Code
NCC	National Competitiveness Council
ORO-TIPC	Cagayan de Oro Trade and Investment Promotion Office
SIAL	Salon International de l'Agroalimentaire
USAID	United States Agency for International Development

I. INTRODUCTION

The Investment Enabling Environment (INVEST) Project was funded by the United States Agency for International Development (USAID) under the Cities Development Initiative (CDI). The Project sought to promote economic growth in CDI partner cities by creating a competitive and business-friendly environment. The Project had three components: (1) streamlining business registration processes and lowering transaction cost (Component 1), (2) improving investment planning and promotion in partner cities (Component 2), and (3) addressing cross-cutting concerns (Component 3). The Project was implemented in Batangas City, Iloilo City, and Cagayan de Oro City (CDO).

Within the partner cities, the Project worked closely with the Local Economic and Investment Promotion Officer (LEIPO) in pursuing activities to generate investments and improve competitiveness. This report contains the action plans prepared by the LEIPOs to promote investments in their respective cities in 2014 (Output No. 1.1, Deliverable 2.2, Component 2). It may be noted that an earlier report was submitted to USAID containing the LEIPO action plans on investment planning and promotion prepared during Year 1 of the Project (dated August 10, 2012).

II. LEIPO ACCOMPLISHMENTS

Among the measures initially adopted by the Project to pursue streamlining and investment reforms in partner cities were the designation by the Mayor of the Local Economic and Investment Promotion Officer and the establishment of the Local Economic and Investment Promotion Office. Thereafter, the Project assisted the LEIPOs and their offices in conducting action planning. The initial action plans of the three LEIPOs centered on four key activities: (1) organization of the LEIPOs; (2) conduct of capacity-building programs; (3) conduct of studies; (4) review and updating of the Local Investment Incentives Code (LIIC); and (5) various investment planning and promotion activities, including the Business Forums.

A. Organization of the LEIPOs and Establishment of Investment Promotion Centers

By 2014, all partner cities have operating LEIPO offices, organized through various approaches. The Investment Promotion Centers, however, were in various stages of organization.

In Batangas City, the Mayor designated a LEIPO, assigned personnel to support him, and provided space for the office. Eventually, in Year 2 of the Project, and with the support of the Project's City Program Adviser (CPA), a formal proposal was submitted to the *Sanggunian* for the creation of plantilla items and provision of a regular budget for the LEIPO and his staff. Batangas City was in the process of setting up its Investment Promotion Center (IPC), in partnership with DTI's Business Resource and Innovation Centers (BRICs). The IPC was supposed to be established in the Green Building of City Hall. Funding for the construction of the IPC and the BRIC would be provided by Department of Trade and Industry (DTI). Unfortunately, until November 2014, construction had not started because of internal discussions within DTI, which had implications on the role and services of the BRICs. DTI had committed to commence work on the center in January 2015 in a letter transmitted to the Batangas City Government in November 2014. In the meantime, the LEIPO has compiled data

and other information needed for the virtual IPC. The City's Information Technology (IT) Unit is currently working on the webpage to house these information.

In Cagayan de Oro City, the Mayor designated a LEIPO, provided two staff, and assigned a room for the office. This process was repeated in 2013, when the newly-elected Mayor assumed office and appointed a new LEIPO, coming from the private sector. The LEIPO, with technical support from the CPA, also took the lead in organizing the Cagayan de Oro Trade and Investment Promotion Center (Oro-TIPC). ORO-TIPC was launched on October 23, 2014 during the visit of USAID officials.

In Iloilo City, the Project worked with the LEIPO until May 2014, when a new LEIPO was designated by the Mayor.

By the time the Project started implementing reforms and conducting investment promotion activities in the partner cities, all the LEIPOs were fully operational, with offices and staff support. The offices of the LEIPOs also served as office of the CPAs. The new LEIPO took part in the planning workshop for the establishment of the IPC on July 9, 2014. Originally, the City planned to set up an Investment Promotion Center at Robinson's Iloilo, adjacent to the DTI's Business Resource Center. Funding for the Center was committed by DTI. In view of delays in funding, the City decided to instead focus on setting up the virtual IPC first. This web-based IPC was launched on December 4, 2014 during the visit to Iloilo of USAID.

B. Capacity-Building Programs and Activities

The Project, through its CPAs, provided regular on-the-job training and coaching for LEIPOs. The Project also organized several formal training and capacity-building activities, such as (1) training on plan integration for the partner cities (July 18-20, 2012); (2) training workshop for partner cities on managing risks and responsibilities in joint implementation of development projects between the city government and private sector groups (October 9-12, 2012); (3) local study tours to government offices of Valenzuela, Quezon City, and Manila as well as the offices of Fort Bonifacio Development Corporation and UP-Ayala Land Techno Hub (May 30-June 1, 2012); and (4) International Exposure Trip in Singapore and Malaysia (February 14-19, 2013). Details of these training activities are contained in the Project's Final Report (submitted to USAID on December 30, 2014).

C. Conduct of Studies

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 was submitted on December 7, 2014. The results of these industry studies were cited and used as inputs in various workshops and consultations, most particularly in preparation for the City Business Forums. The Project also 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 to USAID on August 8, 2013.

D. Updating of the Local Investment Incentives Code

The review of investment incentives under the LIIC was part of preparatory activities for the Business Forum. The partner cities, however, had different approaches in dealing with the updating of investment incentives.

In Batangas City, the Project supported the CPDC and LEIPO offices to formulate the revised LIIC beginning August 2013. A series of meetings from February to May 2015 were convened by this group to solicit inputs from city officials and councilors involved in the Committee on Trade, Industry, and Operation of Markets to identify the following: composition of the Board, incentives to be granted, criteria and computation of incentive measures, and local investment priority areas. The LIIC draft was further enhanced in July 2014 after the DTI and Board of Investments (BOI) provided specific suggestions during the DTI-BOI training on investments promotion in June 2014. On November 25, 2014, the Mayor formally submitted the LIIC Draft to the *Sanggunian* to initiate the legislative process.

In Cagayan de Oro City, incentives for businesses were contained in two ordinances: (1) Ordinance No. 8268 – 2002, known as the Cagayan de Oro Investment Incentives Ordinance of 2002, providing incentives to prospective and existing investors; and (2) Ordinance No. 10014 – 2006, providing incentives to Information and Communications Technology (ICT) – related businesses. There was another ordinance (Ordinance No. 11219 – 2008) that approved the establishment of the Cagayan de Oro Trade and Investment Promotions Center as a tripartite cooperation among the City Government of Cagayan de Oro, the DTI - Misamis Oriental and the Promote CDO Foundation. In order to harmonize the investment incentive system of the City, the Mayor issued Executive Order No. 55 – 2013 creating the Local Investment Incentives Review Committee. The Committee was tasked to formulate and recommend appropriate investment policies that will enhance the city's position as an investment haven. The Project provided technical support to the Committee. The Committee noted that under Ordinance No. 8268 – 2002, *"the City Mayor shall promulgate the Implementing Rules and Regulations including the negative list of investments."* Thus the Committee drafted an Executive Order providing for the implementing rules and regulations of the Cagayan de Oro Investment Incentives Ordinance No. 8268 – 2002. The Mayor approved and signed this Executive Order on August 20, 2014, during the visit of USAID Regional Director for East Asia and the Pacific Ernesto Uribe.

In Iloilo City, there was a decision not to update its existing LIIC because it was still relatively new. The existing LIIC, which was amended through Ordinance No. 2009-256 on June 17, 2009, remained in effect during the entire Project implementation period. On July 9, 2014, the Project conducted a planning workshop for the establishment of the Iloilo City IPC. During the discussion on next steps, the participants observed that there may still be need to review and revise the LIIC in order to strengthen the organizational set-up for the IPC. The review of the LIIC is part of the continuing work of the new LEIPO.

E. Investment Planning and Promotion Activities

The LEIPOs were at the center of preparations for the City Business Forums in all the partner cities. The LEIPOs acted as representatives of the Mayor in organizing committee meetings, served as coordinator for local private sector groups and government agencies operating in the LGU, provided technical support in the investment planning activities, took the lead in the preparation of city and sector profiles and project briefs, and provided over-all secretariat support to the Business Forum (See Report on Business Forums, submitted to USAID on December 28, 2014).

The LEIPOs also took the lead in conducting other investment promotion activities.

In Batangas City, among the activities handled by the LEIPO were (1) Turkish trade and investment mission to Batangas City; (2) consultations with Asian Terminal Inc. (operator of Batangas Port) on improving the utilization rate of Batangas Port; (3) meetings with Lima Land (special economic zone operator) on establishment of an economic zone in Batangas City; and (4) meeting with Paradigm Global Investment Management Inc.

In Cagayan de Oro, the LEIPO met Swedish investors on a waste-to-energy project, Nestle Philippines on coffee production in rural barangays of Cagayan de Oro, and possible investors on an ICT project involving medical coding. The LEIPO also took the lead in organizing the Agribusiness Forum on May 20, 2014 and in the City's participation in SIAL-ASEAN 2014 investment Forum on June 11-13, 2014.

In Iloilo City, the LEIPO assisted the Mayor in various meetings with investors as part of the preparations for the Business Forum. These investors committed a total of Php 31.4 billion for various projects in Iloilo City.

III. 2014 LEIPO ACTION PLANS

In 2014, the Project assisted the LEIPOs in updating their action plans to promote investments and improve competitiveness. These plans covered measures to institutionalize the gains achieved over the past three years, specifically on investment planning and promotion. Below are the key activities for the LEIPOs in 2014.

A. Batangas City

The Project held a planning session with the LEIPO and staff on May 14-16, 2014 in anticipation of Project termination. The planning session covered not only investment planning and promotion, but also aspects of business permits streamlining that the Project initiated in the City (particularly joint inspection and the next wave of reforms in business permitting). The major activities identified were as follows:

- (1) Operationalization of the Fire Safety Joint Inspection Team (JIT);
- (2) Operationalization of Compliance JIT and Building and Occupancy Permits One Stop Shop (BPOSS);
- (3) Expansion of business registration fees covered by mobile payment;
- (4) Online registration by January 2015;
- (5) Completion and publication of Citizen's Charter;
- (6) Continuing support to Metro Batangas Business Club;
- (7) Advocacy for the passage of the revised LIIC;
- (8) Establishment of the IPC (physical and virtual);
- (9) Conduct of detailed studies and preparation of briefs on tourism, agriculture, human resource development;
- (10) Compilation of data for competitiveness rankings; and
- (11) Digitization of relevant issuances and publications.

B. Cagayan de Oro City

The Project assisted the new LEIPO when she assumed office in mid-2013. The LEIPO action plan consisted of key activities identified by the LEIPO and the CPA (all of which were accomplished as of end-2014):

- (1) Conduct of the City Business Forum (including all the preparatory work needed);
- (2) Conduct of Stakeholders Meeting (before the Business Forum);
- (3) Conduct of various investment promotion activities (e.g. Agribusiness Forum);
- (4) Organization of the virtual and physical IPC (eventually referred to as the Oro-TIPC);
and
- (5) Establishment of an end-to-end business registration system.

C. Iloilo City

The new LEIPO assumed office in May 2014, after the holding of the Business Forum. The Project, through the CPA, assisted the new LEIPO in conducting a planning session and in preparing a workplan. The major activity of the LEIPO for 2014 identified in the workplan was the establishment of an IPC.

It may be noted that there is only one focal activity for the LEIPO because the IPC would serve as the venue for many other related activities, such as:

- (1) Grant of local incentives to local investors;
- (2) Assistance to investors in securing licenses and permits;
- (3) Monitoring of potential investments, networking with business sector and other institutions
- (4) Establishment of databank on business and economic information; and
- (5) Conduct of communication and advocacy programs to encourage businesses to invest in Iloilo.

IV. CONCLUSION

The LEIPO action plan served as a mechanism to guide the Project and the cities in institutionalizing the reforms done in the past three years. There are a number of other action steps that need to be undertaken to build on these gains and make the first three CDI cities more investor-friendly and competitive. These “next steps” (which covered LEIPO activities) were previously reported to USAID in the Project’s Final Report.