



**USAID**  
FROM THE AMERICAN PEOPLE

# YEAR 2 ANNUAL REPORT

(October 1, 2013 – September 30, 2014)

## ADVANCING PHILIPPINE COMPETITIVENESS (COMPETE) PROJECT

**CONTRACT NO. AID 492-C-13-00008**

**DATE OF SUBMISSION: NOVEMBER 6, 2014**

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

# **ADVANCING PHILIPPINE COMPETITIVENESS (COMPETE) PROJECT**

**YEAR 2 ANNUAL REPORT**  
**(October 1, 2013 – September 30, 2014)**

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

**Program Title** : **Advancing Philippine Competitiveness (COMPETE)**

**Sponsoring USAID Office** : **USAID/Philippines**

**Contract Number** : **AID-492-C-13-00008**

**Contractor** : **The Asia Foundation**  
**Nathan Associates Inc., REID Foundation,**  
**Foundation for Economic Freedom, and Asia**  
**Pacific Projects, Inc.**

**Original Submission** : **November 6, 2014**

**Author** : **Dr. Enrico L. Basilio, Chief of Party**

# Contents

Page No.

I.	Background.....	4
II.	Major Project Accomplishments and Success Stories	
	A.    COMPONENT 1 – Improving Competitiveness through the Provision of Better Infrastructure.....	5
	B.    COMPONENT 2 – Key Industries.....	19
	C.    COMPONENT 3 – Access to Credit.....	43
III.	Gender and Development (GAD) Initiatives.....	47
IV.	Monitoring and Evaluation.....	48
V.	Submission of Project Plans/Reports to USAID.....	52
VI.	USAID Project Site Visits.....	53
VII	Working Meetings with USAID, Government and Private Sector Partners.....	53
VIII.	Synergies with other PFG Projects.....	54
IX.	Next Steps (Planned Activities for 1 <sup>st</sup> Quarter of Year 3.....	55
 Annexes		
	Annex A – Matrix on Status of Outputs/Deliverables.....	58
	Annex B – Performance Indicator Tracking Table.....	139
	Annex C – State of Phillippine Competitiveness.....	148
	Annex D – Total Training Activities Uploaded in TRAINET.....	152
	Annex E – Training Evaluation.....	154

## **I. Background**

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

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

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

## **II. Major Project Accomplishments and Success Stories**

The performance of the COMPETE Project in promoting investments has surpassed all expectations so far going into the last quarter of FY 2014. Within 15 months since its start-up in April 2013, the COMPETE Project has managed to serve as the major catalyst in mobilizing potential investments in public infrastructure worth in excess of \$5.0 billion (vis-a-vis its total Project spending of a little more than \$5 million). This total is comprised of the projected investments required for the PPP projects currently undergoing the competitive bidding process developed by the COMPETE Team as well as the \$2.4 billion projected cost of the 1200 MW coal-fired power plant of GN Power (the power supply contract was signed in June 2014), designed and planned to achieve sufficient economies of scale to serve as basis of the lowest power rates in the competitive bidding developed and organized by Central Luzon Electric Cooperatives Association – First Luzon Aggregators Group (CLECA-FLAG) with key technical assistance from the COMPETE Project. The total is equivalent to 2% of GDP<sup>1</sup> – which, however, cannot be collectively quantified for a single year since the investments will be realized in different time periods and schedules (except for the tourism road budget which will be spent specifically on 2015).

---

<sup>1</sup> Based on the GDP of \$292 billion for 2014 according to the IMF World Economic Outlook (April 2014).

**Potential Investments Generated by COMPETE (In Millions US\$, as of June 2014)**

Tourism Roads for 2015 Government Budget	465
PPP Project: Laguna Lakeshore Expressway Dike	2,800
Aggregation of Power Distribution Utilities: GN Power plant	2,400
<b>Total</b>	<b>5,665</b>

Apart from these big-ticket activities, the COMPETE Project is also expected to bring in more investments, raise employment, and generate foreign exchange savings once the real sector activities in tourism and agribusiness commence in FY 2015.

Summarized hereunder are the major project accomplishments and success stories for Year 2 (October 1, 2013 to September 30, 2014) based on the approved Annual Work Plan and Budget. The detailed activities and outputs/deliverables are presented in Annex A.

**COMPONENT 1: Improving competitiveness through the provision of better infrastructure Sub-**

**Sub-Component 1.A – Investments in infrastructure increased**

*TASK 1 – Through technical assistance, research and analytical assistance – to strengthen the regulatory and institutional framework governing public-private partnerships (PPPs)*

**Activity 1.A.1 Support policy issuances to address regulatory, institutional, and legal issues to promote open, transparent, and competitive process**

<b>Context</b>	<p>Right-of-Way Acquisition (ROWA) is a key concern for infrastructure projects, whether they are road, airport, or seaport projects. Some big-ticket toll road projects, for example, have to deal with as many as 4,000 ROWA cases.</p> <p>There is a need to amend the existing ROWA Law in order to streamline the process and property valuation.</p>
<b>Project Goal/s</b>	<p>a. Increased investments in PPP infrastructure projects</p> <p>b. Pipeline of approved PPP projects</p>
<b>Project Activities</b>	<p>The COMPETE Project is extending technical assistance to the Department of Public Works and Highways (DPWH) and, through DPWH, to Representative Cosalan, and Senator Marcos, Jr. (Bill sponsors) for the preparation of the proposed ROWA Bill.</p> <ul style="list-style-type: none"> <li>• Representative Ronaldo Cosalan filed House Bill No. 2994 on September 2013.</li> <li>• The ROWA Bill was routed to the various government agencies for comment. COMPETE consolidated all comments and incorporated them into the Substitute Bill that was submitted to the offices of Representative Cosalan and Senator Marcos, Jr. on January 13, 2014.</li> <li>• Senator Marcos, Jr. filed Senate Bill (No. 2145) on February 26, 2014.</li> <li>• The House Committee on Public Works chair Rep. Cosalan conducted a</li> </ul>

	<p>hearing on HB 2994 on February 19, 2014.</p> <ul style="list-style-type: none"> <li>• HB 2994 was approved by the House Committee on Public Works and Highways on May 7, 2014.</li> <li>• DPWH Secretary Singson presented the salient points of the proposed ROWA Bill to the Economic Development Cluster on June 20, 2014. COMPETE incorporated the comments from the Economic Cluster to the position paper submitted by DPWH to the office of Senator Marcos on June 30, 2014.</li> </ul>
<p><b>Project Accomplishments</b></p>	<p>On August 27, 2014, The House Committee on Public Works and Highways approved HB No. 2994 and requested the House Committee on Appropriations for its endorsement of the Bill. The Bill will be introduced at the Plenary on October 20, 2014.</p> <p>The counterpart bill (SB 2145) is being discussed at the Committee level in the Senate.</p> <p>On September 1, COMPETE organized a ROWA Forum for DPWH and PPP Center re salient features of the proposed amendments to the ROWA Law.</p>
<p><b>Potential Impact</b></p>	<p>Once enacted, the amended ROWA Law is expected to expedite the processing of ROWA and will facilitate the implementation of infrastructure projects.</p>



*TASK 2 – Through technical assistance, training, and limited commodities assistance - support relevant line agencies develop a steady pipeline of viable PPP projects*

**Activity 1.A.2 Institutionalize rational procurement process for PPP pipeline**

<p><b>Context</b></p>	<p>PPP is a centerpiece program of the Aquino Administration. It aims to attract greater private sector participation in the provision/development of key infrastructures. One of the issues impeding the implementation of the PPP program is the lack of capacity on the part of the procuring agencies to prepare the project feasibility studies (FS) and bid documents. COMPETE’s key contribution is in increasing the number of projects in the government pipeline of approved projects – through its technical assistance in the preparation of the bidding documents for the procurement of consultancy services for the Feasibility Studies for the the Laguna Lakeshore Expressway Dike Project (LLEDP) and the Bohol Water and Sanitation Project (BWSP). Moreover, COMPETE assists in ensuring that these projects secures NEDA Board approval and rolled out in the market.</p> <p>For the Laguna Lakeshore Expressway Dike (LLED) PPP Project, COMPETE was requested by the Department of Public Works and Highways (DPWH) to assist in</p>
-----------------------	---

	<p>the preparation of the FS and draft bid documents. LLED has two components: (a) a 6-lane expressway-dike; and (b) land reclamation. The project aims to mitigate flooding in the Laguna Lake coastal towns, particularly in Southern Metro Manila and Laguna, improve the environmental condition of the Lake, and promote economic activities through the efficient transport of goods and people. LLED involves the construction of a 47-kilometer flood control dike on top of which will be a high-speed tollway. The project will likewise provide opportunities for developing a new business and residential district (Central Business District) in the reclaimed areas.</p> <p>For the Bohol Water and Sanitation (BWS) PPP Project, COMPETE was requested by the Bohol Provincial Government to undertake the preparation of the FS and draft bid documents. The Province of Bohol is one of the Tourism Development Areas (TDAs) identified by the Department of Tourism (DOT). One of the infrastructure concerns of the province is the development of level 3 water supply system, including sanitation, especially in the tourism areas. The Bohol Provincial Government received unsolicited proposals in the past for the development of a bulk water system in the province. However, Governor Chatto wanted to subject the project to an open and competitive process but lacks the feasibility study to support it. In 2011, Governor Chatto requested then DOT Secretary Lim for TIEZA (Tourism Infrastructure Economic Zone Authority) and PPP Center to fund preparation of FS for the Bohol Water and Sanitation (BWS) PPP project. In 2013, in support of tourism, USAID and the Provincial Government of Bohol entered into a Memorandum of Cooperation (MOC) for the COMPETE Project to undertake the preparation of the FS and draft Bid Documents. This project represents a major PPP initiative at the LGU-level (US\$ 163 million). The BWS Project covers Tagbilaran City and 14 other municipalities in the tourism areas of the Province.</p>
<p><b>Project Goal/s</b></p>	<p>Increased investments in PPP infrastructure projects Pipeline of approved PPP projects</p>
<p><b>Project Activities</b></p>	<ul style="list-style-type: none"> <li>• <b>LLED Project</b> – The COMPETE Project is extending technical assistance to DPWH for the LLED Project. <ul style="list-style-type: none"> <li>– In August and September 2014, DPWH Secretary Singson requested COMPETE Project to extend technical assistance to DPWH for the LLED Project (DPWH letters in August 23 and September, 2013)</li> <li>– In October 2013, with green light from the COR and CO, the COMPETE Project tapped J.F. Cancio and Associates to undertake the preparation of the project FS and draft Bid Documents for the LLED Project.</li> <li>– DPWH created the Technical Working Group (TWG) and Steering Committee (SC) for the LLED Project.</li> <li>– From October to December 2013, the COMPETE Team met and coordinated with concerned government agencies (Laguna Lakeshore Development Authority, Philippine Reclamation Authority, PPP Center, and Toll Regulatory Board) . During this period, informal market sounding activities were likewise undertaken with various private sector groups (e.g., CITRA Skyway Corp., MPTC, Ayala Corp., AC Infra, Ayala Land, FMIC, and Greenfield Development Corporation).</li> <li>– The team also sought expert advice from (a) Camus-Cuervo-Go regarding land valuation and reclamation pricing, and (b) Fr. Joaquin Bernas on constitutional issues surrounding reclamation projects.</li> </ul> </li> </ul>

- In December 2013, COMPETE submitted to DPWH the following Reports: socio-economic study, traffic study, technical due diligence report, business development options, economic and financial analyses, institutional and legal aspects, draft transaction/bidding documents, and overall project evaluation.
  - In January 2014, the team submitted to DPWH the resettlement action plan and environmental study. The team also conducted a site visit on January 21, 2014.
  - DPWH and COMPETE conducted further consultations with LLDA (January 15), PPP Center (February 3), NEDA (February 14), DOF (on February 27), and DILG (with peoples' organizations on March 12 re social and environmental impact).
  - On February 13, 2014, DPWH submitted the LLED project FS and draft Bid Documents to the PPP Center, DOF, DENR, and NEDA Investment Coordinating Council (ICC).
  - On March 10, 2014, USAID COMPETE and PPP Center signed a Letter of Understanding to strengthen the collaboration of both organizations with regard to the LLED and Bohol Water and Sanitation projects as well as in developing the pipeline of PPP projects.
  - On April 21, 2014, NEDA ICC endorsed the project to the NEDA Board for approval.
  - On April 30, COMPETE team met with PPP Center Executive Director to discuss the transaction advisory services for LLED. PPP Center committed to fund the \$1.6 million transaction advisory services.
  - Consultations with Calamaba Mayor Chipeco and City Council on May 6, 2014; Binan Mayor Aguiat and City Council on May 9, 2014.
  - On May 22, 2014, COP Basilio and Infra Specialist R. Balbieran met with DENR Secretary Paje to secure his support for the project, discuss the ECC requirement and DENR Patent for the reclaimed land.
  - On June 19, 2014, the NEDA Board, chaired by President Aquino, approved the LLED Project for implementation.
- **BWS Project** – USAID (through the COMPETE Project) approved the request of the Provincial Government of Bohol for assistance in the preparation of the FS and bid documents for the Bohol Water and Sanitation (BWS) Project. While USAID has a dedicated water project (BE-SECURE), COMPETE was allowed to pursue the BWS project for the following reasons: (a) it supports tourism, a major focus of COMPETE; (b) Bohol province is not one of the six (6) areas where BE-SECURE operates; and (c) BWS is a PPP project, PPP being a major activity of COMPETE under Component 1.A (Infrastructure/PPP).
    - Having acquired all the necessary approvals from TAF and USAID for the BWS project, COMPETE met with its counterparts from the province of Bohol (Provincial Planning and Development and Legal Offices) on March 4, 2014 to organize the Special Bids and Awards Committee (SBAC) and Technical Working Group (TWG) for the bidding of the consultancy services (preparation of FS and draft bid documents) for BWS.
    - The consultancy services for BWS was tendered on April 9, 2014. The Request for Proposals (RFP) was published in (a) national dailies (Philippine Star, Philippine Daily Inquirer, and Business World), (b)

	<p>websites of The Asia Foundation (TAF), PPP Center, and Provincial Government of Bohol.</p> <ul style="list-style-type: none"> <li>- The Pre-bid conference was held on April 23, 2014 and attended by 17 prospective bidders.</li> <li>- On May 26 (deadline of submission of bids), four (4) proposals (from EDCOP, CEST, K&amp;M, and Woodfields) were received by COMPETE and subsequently declared by the SBAC as compliant with the minimum mandatory requirements for technical evaluation eligibility. USAID Contracting Officer Jorge Dullanto-Hassenstein attended the activity to observe the process.</li> <li>- The SBAC, assisted by the TWG, conducted evaluation and due diligence.</li> <li>- On June 9, 2014, EDCOP (in association with SCHEMA) was declared the Highest Rated and Responsive Bidder.</li> <li>- On August 29, 2014, USAID Contracts Office approved the award of the contract to EDCOP-SCHEMA.</li> </ul>
<p><b>Project Accomplishments</b></p>	<ul style="list-style-type: none"> <li>• <b>LLED Project</b> – The LLED Project was not in the original list of the government’s PPP Projects. But now, it is No. 1 in the list and the biggest PPP project to date (at US\$ 2.8 billion).</li> </ul> <p>COMPETE responded well to the urgent (limited time) request of Philippine government/DPWH (based on a Presidential instruction/directive). From start (FS and Bid Documents) to finish (NEDA Board approval and market rollout), the COMPETE Team completed the task in 10 months.</p> <p>COMPETE was also able to leverage the project assistance with the PPP Center. Instead of the COMPETE Project funding the legal/ transaction advisers for the LLED, the PPP Center – using its Project Development Management Fund (PDMF) - tapped Jones Day – ARC to undertake the Project Due Diligence and serve as Legal/Transaction Adviser for the LLED Project (\$1.6 million).</p> <p>On August 8, 2014, LLED was publicly tendered. Advertisements for prequalification were published in leading newspapers (Deadline for the submission of Bids is July 2015). Twenty-two (22) prospective bidders have signified interest to participate/bid in the LLED Project. An Investors’ Forum will be organized on October 3, 2014.</p>

- BWS Project** – The COMPETE Project successfully bid the Consultancy Services for the preparation of FS and draft Bid Documents for the BWS PPP Project. With the approval of USAID, the consultancy contract was awarded to EDCOP (in association with SCHEMA) and the contract signed on September 13, 2014. It will take EDCOP nine (9) months to complete the task. EDCOP will present to the Bohol Provincial Development Council the Project Inception Report on October 10, 2014.



**Potential Impact**

With the **LLED Project**, COMPETE was able to increase the number of “**approved**” PPP projects rolled out in the market.

The construction is expected to commence in late 2015 and end in 2021. When completed, the Project will protect more than 200,000 households or around a million Filipinos living in low-lying communities affected by yearly flooding. The structure will also protect more than 5,000 factories and commercial establishments and avoid billions of pesos worth of damage. More than the \$2.8 billion cost of the expressway-dike, the reclamation of some 700 hectares of land will usher the development of a new Central Business District (CBD) that is at least twice as big as the Bonifacio Global City (BGC).



The **BWS project** supports the tourism sector in the Bohol. Aside from the hotels and resorts operating in the covered areas (Tagbilaran City and municipalities in the Panglao island, at least 10,000 households will benefit from clean water and enjoy Level 3 water service. The project is likewise expected to reduce water-borne diseases.

*TASK 3 - Through technical assistance, training, and limited commodities assistance , strengthen the link between infrastructure planning and public budgeting*

**Activity 1.A.3. Strengthening Infrastructure Planning and Public Budgeting**

**Context**

The National Budget is the financial translation of the socio-economic priorities of the National Government. Budget allocation to different programs and projects reflects the true priorities and reform agenda of the Government. In recent years, the National Budget grew significantly. For 2013, the National Government earmarked about 2.0T, twice as large as the 2007 budget. For this

fiscal year, the capital expenditure is only about 18.9% of the budget, or 378B. Among other challenges, the complexity of the budget process from the planning to its execution stage makes infrastructure provision a challenge. Apart from the complex budget process, it is worth to note the disconnect between the socio-economic reform agenda and sectoral priorities of the National government and infrastructure provision. COMPETE contributes in addressing the situation by extending technical assistance to different national and local government agencies that provide infrastructure for the country. Through partnerships and development of convergences, the Project is promoting a comprehensive, harmonized and goal-oriented infrastructure for the country. With COMPETE's technical assistance, the Convergence Program between the Department of Public Works and Highways (DPWH) and the Department of Tourism (DOT) called the Tourism Road Project (TRIP) established under the earlier USAID Economic Growth Hubs Project addresses the planning (identification and prioritization based on a well defined criteria - TRIPCC) and mplementation/development of infra in support of the tourism sector. In Year 2, the Convergence Program has expanded to other agencies of government (DOT-DPWH for the One-Step Program, DOT- DOTC-CAAP-TIEZA for the airports/gateways, DOT-DTI for the Shared Services Facilities and local industry supply chain) in order to cover the other infra facilities.

**Project Goal**

- a. Increased government investment in tourism road infrastructure
- b. Enhanced M&E for Tourism Road Projects (GIS Video Mapping)

**Project Activities**

DOT-DPWH Tourism Road Infra Convergence – The COMPETE Project Team serves as secretariat to the TWG of the DOT-DPWH Convergence Program and assists in the planning and prioritization of the tourism road projects based on TRIPCC (Tourism Road Infra Project Prioritization). COMPETE is involved in the following programs: TRIP; Secondary Tourism Road Network (STRs); Access Road to Ports and Airports; and Softscape infrastructure.

- On January 16, 2014, the DOT, DPWH and COMPETE met with DILG to discuss the funding for the maintenance of local roads. The group agreed that a Memorandum of Agreement (MOA) be entered into by the concerned LGUs for the implementation, maintenance, monitoring and evaluation (M&E) of local tourism road projects.
- On February 6-8, 2014, a DOT-DPWH TRIP Convergence Conference was organized and attended by tourism-supporting agencies (DOT, DPWH, DBM, NEDA, DOTC, TIEZA, MINDA, CAAP, and PPA) to prepare for the tourism infrastructure program for 2016 (including the roads leading to tourism supplier and emerging tourist destinations, relevant softscapes, and other major infrastructures – ports, airports, water and sanitation, and power). A follow up meeting was held between DPWH and PPA to review the list of ports for inclusion in the FY 2015 budget on March 11, 2014.
- On February 25, 2014, COMPETE, DOT, and DPWH met with the Road Board to discuss the prioritization of funds from the SRF (Special Road Fund) and SRSF (Special Road Safety Fund) in support of the local tourism road projects. A follow up meeting was held on February 28, 2014 between COMPETE and DILG to discuss the pilot implementation in Bohol and Palawan of the road safety amenities program for local tourism roads that will be funded by the SRSF. On March 5, 2014, COMPETE organized a focus group discussion in Palawan re: use of SRSF by LGUs to fund local tourism road maintenance and safety amenities.

Representative from the Palawan provincial office agreed to prioritize and fund local tourism roads using SRSF.

- The TRIP Central TWG organized separate meetings with DPWH Bureau of Designs (BOD) and Road Board in connection with the drafting of the implementing guidelines for tourism softscapes. The Central TWG also coordinated with Senator Franklin Drilon regarding tourism softscape projects in Region 6, which will be used as a showcase area. Site inspections in Aklan (May 22-23) and Iloilo-Guimaras (June 26-28) were conducted by a team composed of representatives from DOT, DPWH (central and regional), and the COMPETE Project to determine the softscapes needs of complete TRIPs in these areas.
- GIS Mapping to strengthen the Monitoring and Evaluation (M&E) of Tourism Road Projects. As the Convergence Program scales up its activities, the Geographic Information System (GIS) Mapping effort is proving to be a strategic approach not only in the efficient monitoring and evaluation of tourism road projects but more importantly, in preventing double budget allocation for the same project. The GIS Mapping of all projects under TRIP is part of the Open Government Initiatives of the Office of the President and the Department of Budget and Management. Part of this initiative is the development of applications where visitors and other public users can view tourism destination information from the web or through their mobile phone units.
- COMPETE convened the technical working group for the implementation of softscape infrastructure starting in the 6 APEC sites. The softscape infrastructure includes lighting, visitor information centers (VICs), and Green Rest Rooms (GROOMs). The COMPETE team provided technical assistance for the preparation of the bid documents, MOA between the TIEZA-LGU and DSWD (in support of the One-Step Project), and the guidelines for the participation of private sector and community beneficiaries in the program.
- COMPETE team assisted the DOT, TIEZA and DSWD in finalizing the MOAs for bidding of the Visitor Information Centers (VICs) and Green Restrooms (GROOM).

**Project Accomplishments (Refer to Accomplishments under TRIP under 2.A.8.1)**

**Sub-Component 1.B: Improving Competitiveness through Lower Power Cost**

*TASK 4 – Through technical assistance, research and analytical assistance, reinforce competitive market mechanisms in the electricity market*

**Activity 1.B.4.1: Policy Development on Cross Ownership**

<b>Context</b>	<p>The Philippines has the highest cost of power in Asia. This high cost, marred by unreliable power supply, is among the binding constraint to industrial competitiveness and inclusive growth. The mandate of the COMPETE Project for the electricity component is to find ways, other than subsidy, on how power supply reliability can be improved, power cost reduced, and policies formulated that will enhance market mechanisms for greater competition.</p> <p>In Year 1 of the COMPETE Project, the team conducted a policy study on the “existence and implications of cross-ownership in the electricity sector” that: (1) provided research and analysis on the current status and impact of the cross-ownership issue in the electricity sector; (2) examined weaknesses and loopholes of current EPIRA rules and regulations on competition; (3) examined</p>
----------------	--

	<p>the experiences and remedies applied in other Philippine utilities and energy sector in other countries; (4) identified the energy regulations that apply to the issue, that may need to be strengthened; and (5) crafted an action plan on how to proceed for Year 2. At the end of the activity, the output was a policy analysis report that served as starting point for Year 2's actual policy development agenda.</p>
<b>Project Goal/s</b>	<p>a. Enhanced competitive behavior in the electricity market</p>
<b>Project Activities</b>	<p>With the Year 1 sector and market analysis completed, COMPETE sought to implement the study's essential policy recommendations, targeting the amendment of specific Energy Regulatory Commission (ERC) regulations that are intended to manage industry players' structure and behavior in the electricity market.</p> <p>On June 6, 2014 COMPETE met with ERC to discuss the technical assistance on the amendment of ERC Resolutions 26 and 45 through writeshop activities. The meeting was attended by ERC commissioners (Chair Zenaida Ducut, Gloria Yap-Taruc, and Ina Magpale-Asirit) and selected officers from the Market and Operations Services (MOS) and Legal Services (LS) Departments.</p> <p>On September 9, 2014, the ERC and COMPETE Partnership was launched and the event was attended by 25 officers from the ERC Departments of Market and Operations Services (MOS) and Legal Services (LS) and 3 Commissioners, headed by Commissioner Zeneida Ducut, who also formally opened the program. The first writeshop working session commenced, with COMPETE Advisor Edna Espos discussing how the competition environment can be enhanced within the mandate of the ERC.</p>
<b>Project Accomplishments</b>	<p>COMPETE provides technical assistance to the ERC to promote competitive behavior in the electricity market by eliminating excessive cross-ownership practices or ensuring competitive practices. The team pursued a two-fold approach:</p> <ul style="list-style-type: none"> <li>• <u>First, reviewing the implementation of two ERC regulations and preparing a policy review report:</u> (1) <i>ERC Resolution No. 45 Series of 2006 – Resolution Adopting the EPIRA Competition Rules and Complaint Procedures</i> and (2) <i>ERC Resolution No. 26 Series of 2005 – Guidelines for the Determination of Installed Generating Capacity in a Grid and the National Installed Generating Capacity and Enforcement of the Limits on Concentration of Ownership, Operation, or Control of Installed Generating Capacity under RA 9136</i> and</li> <li>• <u>Second, assisting the ERC in preparing amendments to the regulations</u> to strengthen their effectiveness and implementability, via a series of mentoring and writeshop sessions.</li> </ul> <p>At the end of Year 2, COMPETE completed the systematic analysis of the two cited regulations and produced a policy report that was used as basis for development of writeshop kits. The writeshop sessions for the first regulation - <i>ERC Resolution No. 45 Series of 2006</i> were also commenced (and shall be continued into the 1<sup>st</sup> quarter of FY 2015), along with the second part of the writeshops, which will address the amendment of ERC Resolution No.26.</p>



**Activity 1.B.4.2: Transaction Advisory, capacity building, and policy development on aggregation and competitive supply procurement by electric cooperatives**

<p><b>Context</b></p>	<p>In the current regime of the Philippine electricity industry, most electricity supply is negotiated directly by the distribution utilities (DUs) – private and electric cooperatives (ECs) – with generators (GenCos) through direct contracting. When a relatively smaller entity i.e., the DU, contracts with a larger party, i.e., the GenCo, the process leaves little room for competitive mechanisms, thereby making the attainment of lower power costs for the consumers more difficult. COMPETE’s life-of-project goal is to address the combined issue of “constrained supply market-high generation costs” by providing technical assistance to the DUs, so that they may be able to competitively procure their supply requirements at reasonably lower cost. The expectation is that with lower generation costs of reliable supply, the DUs will be able to sell electricity to consumers at reduced cost as well.</p> <p>COMPETE pursued the strategy of “aggregating” electric cooperatives (ECs) in order to (a) enhance their bargaining power vis-à-vis the generating companies (GenCos) by coming up with a consolidated projection of their future electricity requirements to achieve scale, (b) make the power supply procurement process competitive, and (c) as a result, lead to new investments in power and lower power cost.</p>
<p><b>Project Goal/s</b></p>	<p>a. Increased investment in the electricity sector b. Reduced electricity cost</p>
<p><b>Project Activities</b></p>	<ul style="list-style-type: none"> <li>• <b>Central Luzon Aggregation</b> – Towards the end of Year 1 and during Year 2, COMPETE provided support to the 13-member Central Luzon Electric Cooperatives Association – First Luzon Aggregation Group, the CLECA-FLAG, in successfully closing its 20-year Power Purchase Supply Agreement (PPSA) with a generation company (GenCo) to meet its aggregated demand in the region for years 2018 to 2038, through a competitive bidding process. The process involved 2 stages:</li> </ul>

- First, a regular bidding where the participants underwent prior prequalification, and
- Second, a Swiss Challenge round, whereby the chosen Firm Proponent from Round 1 was allowed to be challenged by the other first round qualifiers and to counter-challenge the latter's best offers.

In the end, GN Power, Inc. emerged as the winner and the PPSA was signed last June 10. COMPETE served as transaction adviser to the CLECA-FLAG's Technical Working Group (TWG) from inception to contract signing.

#### Activity Highlights

- *Signing of Power Purchase and Sale Agreement (PPSA) between GN Power and CLECAFLAG.* The Central Luzon Electric Cooperatives Association – First Luzon Aggregation Group (CLECAFLAG) signed its *Power Purchase and Sale Agreement (PPSA)* with GN Power LTD. last 10<sup>th</sup> of June at Intercontinental Hotel, Makati City. The signing ceremony sealed and completed the procurement process of CLECAFLAG's 20-year power supply requirement, starting with 300 megawatts (MW) for year 2018 and 400 megawatts (MW) for 2019 and beyond. With technical assistance from USAID-COMPETE, CLECAFLAG was able to conclude its two-stage competitive procurement process for its long-term power supply. The entire membership of the Aggregation group attended the ceremony, together with officials from GN Power. The Department of Energy, headed by Secretary Jericho Petilla and National Electrification Administration Administrator Edita Bueno, also witnessed this historic event. The CLECAFLAG/GN Power Transaction, with technical assistance from USAID-COMPETE, proved that with a competitive mechanism installed in the procurement of new capacity, a lower power rate can be achieved, ultimately benefiting the consumers. It should be noted that because of this process, the DOE has started drafting a policy requiring electric cooperatives to aggregate and auction future supply requirements to (1) attract power investors, and (2) lower electricity rates.
- *Signing of MOC between CLECAFLAG and USAID.* Coinciding with the PPSA Signing Ceremony in Intercontinental Hotel was the signing of a Memorandum of Cooperation between CLECAFLAG's President Reynaldo Villanueva and USAID's Mission Director Gloria Steele. Witnessing the MOC Signing were USAID Acting Assistant Administrator Denise Rollins, NEA Administrator Edita Bueno, and DOE Secretary Jericho Petilla. The MOC confirmed the continued technical advisory support of USAID to CLECAFLAG in the latter's development of its corporate governance handbook.
- **Regions 1/CAR and 8 Aggregation** – With the initial success from Central Luzon aggregation (CLECA-FLAG), COMPETE expanded its work to other areas (Regions 1/CAR and 8).

During the 4<sup>th</sup> quarter of Year 2, COMPETE commenced its technical assistance to the Aggregation of Cordillera Administrative Region and

	<p>Region 1 Electric Cooperatives Association (AGCARRECA) and the Region 8 National Association of General Managers of Electric Cooperatives (RENAGMEC). Using the CLECAFLAG transaction as reference for the supply procurement process of both aggregations, COMPETE’s TA was aimed at helping the aggregations to formulate their transaction memoranda and bidding documents via a series of workshops/writeshops with the respective TWGs of each aggregation.</p>
<p><b>Project Accomplishments</b></p>	<ul style="list-style-type: none"> <li>• The <b>CLECA-FLAG</b> technical assistance of COMPETE demonstrated the viability of introducing competition in a process that would have otherwise been dominated by a large player, i.e., a GenCo. The electric cooperatives, by “banding together” and systematically making known their demand to the market via a competitive bidding process, was able to obtain best results – a reasonably priced long-term power supply (300-400MW) with what is to date, the lowest generation rate (PhP3.7002/kwh).</li> </ul> <p>An additional positive outcome from the transaction was the commitment of the winning GenCo (GN Power Inc.) to invest in an extra 800MW capacity, thus introducing an incremental supply to the country totaling 1,200 MW. Total investments that were committed via the process is estimated to be US\$ 2.4 Billion.</p> <p><b>Increased investment in the electricity sector</b> – US\$ 2.4 billion investment on a new 1,200 MW power plant</p> <p><b>Reduced power cost</b> – Reduced power generation cost by 31% (a new historic low at P3.70/kwh) and reduced retail rates to customers by about 23% (Php 6.09/kwh from the average of P7.91/kWh in 2013).</p> <ul style="list-style-type: none"> <li>• For <b>Regions 1/CAR and 8</b>, the procurement transactions differed in the length and volume of power supply to be contracted and the procurement strategy –</li> </ul> <p><b>For RENAGMEC (Region 8)</b>, 93 MW in the short term (2015-2018) and 200 MW for long-term (2019-2034)</p> <p><b>For AGCARRECA (Region 1/CAR)</b>, about 164 MW in the long-term (2019 2034)</p>
<p><b>Potential Impact</b></p>	<ul style="list-style-type: none"> <li>• <b>CLECA-FLAG</b> – Once onstream in 2018, the new power plant capacity will enhance the availability and reliability of power supply in the Central Luzon Grid. An estimated 4 million consumers in Central Luzon and 70,000 commercial establishments will gain from this development.</li> <li>• The Aggregation of Region 1 &amp; CAR Electric Cooperatives (AGCARRECA) will benefit more than a million consumers in their geographic area, once completed by December 2015. On the other hand, Region 8 Aggregation (RENAGMEC)’s successful procurement process for its short-term requirements will equate to reliable electricity supply and possibly lower rates to more than six hundred thousand (600,000) consumers in Eastern Visayas starting in January 2015.</li> </ul>

- More importantly, because of the success of the “aggregation” strategy, Energy Secretary Jericho Petilla has requested USAID, through the COMPETE Project, to assist the Department of Energy (DOE) in crafting the Aggregation Policy that will govern future aggregation activities.



### Activity 1.B.4.3 Island Power Development Planning and Implementation

<p><b>Context</b></p>	<p>Electricity cost in the Philippines is among the highest in the region. There is a need to develop new strategies (e.g., aggregation of electric cooperatives) for attracting more investments in the electricity sector to reduce cost.</p>
<p><b>Project Goal/s</b></p>	<p>a. Increased investment in the electricity sector b. Reduced electricity cost</p>
<p><b>Project Activities</b></p>	<p>For FY2014, COMPETE assisted the respective multi-sector advisory groups – Palawan Joint Energy Development Advisory Group (JEDAG) and the Bohol Energy Development Advisory Group (BEDAG) in power systems planning, which included demand &amp; supply analysis, and the corresponding transmission and distribution development planning of their relevant distribution utilities. The specific outputs for the activity are the Island Power Development Plans (IPDP) of Bohol and Palawan, which were prepared in coordination with provincial stakeholders comprised of the LGUs, Business Groups, and Distribution Utilities, and endorsed by the respective Provincial Development Councils and Boards. In addition, COMPETE also provided limited TA to the Mindoro Provinces on their initiatives to form Mindoro Energy Development Advisory Group (MEDAG), which is expected to coordinate the entire island’s power supply planning initiatives. As of FY 2014, the status in each province is as follows:</p> <ul style="list-style-type: none"> <li>• <b>Palawan Energy MasterPlan</b> – Palawan’s JEDAG endorsed the Province’s Island Energy Masterplan back in July and is poised to present the same to the Palawan Provincial Development Council for onward endorsement to the Provincial Board in October.</li> <li>• <b>Bohol Island Power Development Plan</b> – The BEDAG TWG has completed the draft Bohol Island Power Supply Plan and is poised to present it to the BEDAG and the Provincial Development Council for approval and adoption in October.</li> <li>• <b>Mindoro Energy Developmetn Group</b> – Formation of the MEDAG has been initiated by the two provinces (Oriental and Occidental) and the DOE, with COMPETE providing technical advisory to the electric coops in the</li> </ul>

	<p>discussion of the island’s transmission network issues and supporting the first ever joint workshop of the two provinces’ respective technical working groups.</p>
<p><b>Project Accomplishments</b></p>	<ul style="list-style-type: none"> <li> <p><b>Completion of the Palawan Energy Master Plan</b> – The COMPETE technical assistance to the Joint Energy Development Advisory Group (JEDAG) of the Province of Palawan and the City of Puerto Princesa commenced in the second year of the Project. Several lectures and mentoring workshops were conducted that eventually led to the completion of the Palawan Energy Master Plan or PEMP (i.e., the Palawan Island Power Development Plan). The PEMP will be the basis for future power-related developments in the Island of Palawan. It describes the future energy requirements as well as transmission and distribution expansion programs that are needed. The Palawan Islands Energy Master Plan was presented to the Members of the JEDAG and last 25<sup>th</sup> of July 2014 for review and adoption.</p> </li> <li> <p><b>Completion of the Bohol Island Power Supply Plan</b> – The Bohol Energy Development Advisory Group (BEDAG) was created under the Executive Order of the Provincial Government of Bohol. It is tasked to come up with an annual Power Plan for the Island to avoid long blackouts due to lack of connections as experienced from Super Typhoon Haiyan (Yolanda). Throughout the second year of the Project, the BEDAG, with assistance from COMPETE, was able to draft (through lectures and workshops) the Bohol Power Supply Plan. The Bohol Power Supply Plan describes the future energy requirement the island will be needing in order for it to sustain and maintain the growing energy demand. It should be noted that the technical assistance of the Power Team for the Island of Bohol is under the <i>Bohol Recovery Program</i>. The Bohol Power Supply Plan will be presented to the Governor, the DOE, and other stakeholders, (e.g. the Provincial Development Committee) for review and adoption in October 2014. In order to have an encompassing energy plan, the BEDAG will have to come up with a Transmission and Distribution Plan that will support the Power Supply Plan of Bohol Island.</p> </li> </ul> <div data-bbox="711 1306 1188 1600" data-label="Image"> </div>

*TASK 5 – Through technical assistance, training, and limited commodities assistance, strengthen institutional governance in the power sector*

The activity on the establishment of an Independent Market Operator (IMO) has been deferred to Year 3 to give priority to the aggregation work with CLECA and two other groups in Northern Luzon (Region 1/CAR) and Eastern Visayas (Region 8).

*TASK 6: Through technical assistance, research and analytical assistance, promote regulatory reforms that incentivize more private investments in power generation projects, including the expansion and rehabilitation of existing generation facilities.*

As part of the approved Year 2 Work Plan, the activity on the establishment of Power Economic Zones and technical assistance to the Mindanao Development Authority (MINDA) has been deferred to Year 3 to give way to the Island Power Development Planning in Bohol, Palawan, and Mindoro.

For the work on demand forecasting, USAID Mission Director Gloria D. Steele and COMPETE COP Henry Basilio met with NEDA Director General Arsenio Balisacan upon the latter’s request for technical assistance in the development of an electricity demand forecasting model since economic planning needs to incorporate reliable projections on energy demand and supply. COMPETE tapped Dr. Peter U and Dr. Victor Abola of the Center for Research and Communication – University of Asia and the Pacific (CRC-UA&P) to assist in developing the model. The preliminary Report was submitted and presented to NEDA and DOE in September 2013. The Report consists of a rapid appraisal of NEDA’s and DOE’s existing practice of electricity demand modeling, survey of existing electricity forecasting methodologies used, a set of electricity demand forecasts using region-specific regression models. Population, economic activity, price of fuel, light and water, dummy variables (to capture specific power outages) were used as determinants (independent variables) of electricity demand. Three growth scenarios were assumed: baseline growth (7% GDP growth rate); low (6%), and high (8%). In April 2014, COMPETE COP Basilio handed over a copy of the Report to Energy Secretary Jericho Petilla.

## **COMPONENT 2: Enhancing competitiveness in key priority sectors**

### **Sub-Component 2.A – Tourism arrivals and investments increased**

*TASK 7 – Through technical assistance, training, and limited commodities assistance, pursue actions that increase and facilitate tourist arrivals*

#### **Activity 2.A.7.1: Strategic Marketing and Institutional Strengthening of Secondary Gateways**

<b>Context</b>	<p>In Year 1, COMPETE assisted DOT in the mid-term review of the National Tourism Development Plan (NTDP, 2011-2016). The findings were presented to DOT Secretary Jimenez on October 4, 2013. As a result, DOT, with assistance from COMPETE, identified eight (8) priority Tourism Development Areas (TDAs) and crafted the Tourism Action Plans for these TDAs.</p> <p>For Year 2, COMPETE focused on the tourism product assessments and development for these priority TDAs. Due to the negative effects of the earthquake and Yolanda typhoon on the province of Bohol, COMPETE also extended technical assistance in the crafting of the Bohol Tourism Recovery Plan.</p>
----------------	--

<b>Project Goal/s</b>	<ul style="list-style-type: none"> <li>a. Increased tourist arrivals</li> <li>b. New tourism products (destinations) developed</li> </ul>
<b>Project Activities</b>	<ul style="list-style-type: none"> <li>• <b>Implementation of the DOT Tourism Action Plan</b> <ul style="list-style-type: none"> <li>– <i>Tourism Product Assessments and Development</i> – COMPETE implemented a series of product assessments in support of product development initiatives in the eight (8) TDAs.</li> </ul> <p>PUERTO PRINCESA. The team conducted an assessment of the current and emerging tourism circuits of Puerto Princesa City during May 19-21. The findings were presented on June 24. The COMPETE Project is pursuing the development of the heritage area in Puerto Princesa, anchored on the Plaza Cuartel area. At the same time, the COMPETE team, Provincial Tourism Council of Palawan, and Palawan Chamber of Commerce are working together for the hosting of the 70<sup>th</sup> Year of the Liberation of the Palawan Province and for the launch of the heritage project on April 22, 2015. The team has started to reach out to the living members, families, relatives, and friends of the 41<sup>st</sup> Infantry, 186<sup>th</sup> Regiment of the US Military who fought during the World War II.</p> <p>ILOILO CITY. In April 2014, the team conducted a product assessment in Iloilo City. The results were then presented to the stakeholders on June 2. The team then pursued implementation of the recommendations for softscapes infrastructure with the DOT and the Tourism Infrastructure Enterprise Zone Authority (TIEZA), the infrastructure arm of the DOT. Since Iloilo City was identified as one of the six APEC sites, the USAID-COMPETE team is working with the TIEZA to address the infrastructure-related concerns of the city.</p> <p>CEBU PROVINCE. The team is assisting the Cebu Province in developing tourism areas and in enhancing the connectivity between Cebu as hub and the tourism development areas of Bohol and Negros Oriental. Apart from conducting tourism product assessments in Cebu City, Northern Cebu, and Southern Cebu, the team is also working with the NEDA Regional Office to address the connectivity issues. To make tourism growth more inclusive, the team met with the DTI and the DSWD to implement programs that will involve more local communities. A series of activities were pursued during this period included:</p> <ul style="list-style-type: none"> <li>Cebu-Mactan Product Assessment Presentation – April 10</li> <li>Inclusive Tourism Business Package FGD – April 14</li> <li>Cebu Tourism Stakeholders Meeting on Tourism Bubble – April 23</li> <li>Northern Cebu Product Assessment – June 9-11</li> <li>Presentation in Cebu Business Month – June 19</li> <li>Cebu-Bohol Connectivity – June 20</li> </ul> <p>LEGASPI. The team supported the DOT in the hosting of the UNWTO Tourism and Climate Change last May 19-20 thru the facilitation of a break-out session and provision of technical inputs to the program and to the presentation of USAID Deputy Mission Director Reed Aeschliman, who served as one of the plenary speakers. The team is working with DOT in conceptualizing and implementing a program for sustainable</p> </li> </ul>

tourism production and consumption and destination competitiveness and resiliency.

- *Product Development Initiatives: Cruise Tourism* –A focus group discussion (FGD) was organized by the COMPETE Project, together with the ARANGKADA Project implemented by the American Chamber of Commerce of the Philippines (AmCham), to address the issues affecting the development of the cruise tourism industry in the Philippines. Representatives from the DOTC, DOT were also invited to provide the existing plans of the government relevant to cruise tourism. The recommendations were then incorporated into the presentation of DOT Undersecretary Daniel G. Corpuz during the June 26 workshop on cruise tourism organized by the DOT and the Cruise Line International Association (CLIA). The COMPETE team served as technical secretariat of the workshop that was attended by the top executives of cruise liners such as Royal Caribbean, Star Cruises, Carnival Cruises.

The team will provide technical assistance to the DOT in the crafting of the National Cruise Tourism Development Plan and in addressing the issues at the port and the destinations including the shore excursions (or SHOREX). The team is currently working with its local partners in order to address the feedback raised by the CLIA executives during the workshop, following their technical inspection of the ports. The team has also partnered with the DOT in providing support and technical assistance to the cruise liners in order to upscale cruise tourism and facilitate investments and mobility of the tourists.

*National Ecotourism Strategy (NES) and Action Plan 2013-2022 Orientation and Workshop for the Regional Ecotourism Councils (Northern Luzon Cluster)* – COMPETE provided technical assistance to the Department of Tourism (DOT) during the two-day workshop (September 25-26). The workshop provided a venue for the Regional Ecotourism Councils (REC) in Northern Luzon to craft an action plan for their prioritized ecotourism sites in their respective regions. This is the last leg of the orientation and workshop series of the NES.

- *Travel facilitation initiatives* – COMPETE leveraged its resources with the International Air Transport Association (IATA) to support the DOT in organizing the May 6-7 workshop and technical meeting on the implementation of the Advance Passenger Information System (APIS) in the Philippines. USAID Office of Economic Development and Governance Chief Daniel Miller served as one of the key speakers. The event was also attended by airline executives and representatives from government agencies – Department of Justice (DOJ), Civil Aviation Authority of the Philippines (CAAP), DOTC, Bureau of Immigration (BI), and Bureau of Customs (BOC). The objective of APIS is to enable the BI to pre-screen the passengers entering the Philippines with the use of system. This will reduce the processing time and provide seamless travel to the passengers at the ports and airports. The workshop yielded a draft Executive Order on APIS that was endorsed by the DOT, the Board of Airline Representatives (BOR), and the BI to the Office of the President for

approval. Once issued, it is expected to enhance the travel of APEC delegates in time for the hosting of APEC in 2015.

COMPETE provided technical assistance to DOT Routes Development Group (RDG) for the Philippine Airports Routes Brochure that was used as marketing material in *World Routes 2014* in Chicago on September 20 – 23, 2014. During this event, the organizers of Routes announced that the Philippine DOT will host the Routes Asia 2016 in Manila with technical tours in the countryside. This Routes Asia is the biggest and most important airport-airline route development forum in the region. The COMPETE team is now working with the DOT for the crafting of the Route Development Strategy.

- *Tourism Incentives Regulations under TIEZA* – The COMPETE Team assisted DOT and TIEZA in reviewing the “incentives” regulations for tourism under the RA 9593 in connection with the implementation directive of the President dated August 5, 2014.
- *Amazing Race USA* – COMPETE assistance was again sought by DOT and television producers, this time for the two-day shoot of Amazing Race USA. As a special project, COMPETE Communication Specialist Andrea Echavez coordinated with the DOT and facilitated the access of Amazing Race production team and contestants at the NAIA Terminal 1, Intramuros, and Divisoria where most of the filming was done. Two episodes were produced in Manila and will be shown around September-October in the US. Media value for the exposure is estimated to reach US\$12 million.
- **Bohol Tourism Action Plan (including recovery and rehabilitation strategies)**
  - COMPETE partnered with DOT, PATA (Pacific Asia Travel Association), and United Nations World Tourism Organization (UNWTO) in coming up with the Bohol Tourism Recovery Program.
    - On April 1, 2014, the team presented the initial draft of the Program to the stakeholders. The Program includes projects such as investments in human resource skills upgrade, improvement of airport facilities and processes, and development of other tourism products. The team also visited and assessed the municipality of Anda (a budding tourism site in Bohol), the proposed geological center in Maribojoc, and the Albur Adaptive Re-Use of the Convent for Tourism.
    - A Media Relations Workshop was held on April 15 and was attended by 20 staff of the Bohol Tourism Office, tourism officers of some Municipalities, and representative of local people's organizations. The objective of the workshop was to orient the participants on how to maximize media coverage in promoting Bohol. COMPETE Communication Specialist Andrea Echavez served as the main resource person. Among the key topics discussed were media relations and how it is different from public relations; how media relations and public relations can be utilized in marketing Bohol as a tourist destination; how media look for stories (i.e. what is news); how to write pitch letters; and understanding new media/social media.

- On May 16, 2014, the team presented the highlights of the Bohol Tourism Recovery Program to Governor Chatto, Provincial Board, and tourism stakeholders. The Report was officially handed over to Governor Chatto by USAID Deputy Mission Director Reed Aeschliman, UN WTO Secretary General Taleb Rifai, and DOT Assistant Secretary Allan Canizal.
  - *BBC Coverage on Bohol Tourism After Earthquake.* DOT Region 7 sought assistance from COMPETE to facilitate the request of BBC London to film an episode of its top-rated show – The Travel Show with Rajan Datar. Communication Specialist Andrea Echavez, in coordination with DOT 7 and the Bohol Tourism Office, developed the itinerary for the BBC production team, including looking for resource persons to be interviewed and locations that could be included in the filming. She also served as the main conduit of BBC producer Amandeep in the pre-filming arrangements, which also covered coordination with the City of Manila where part of the show was filmed. The outcome of the assistance to the BBC was a beautifully produced 24-minute episode headlined “The Filipino Factor”, which revolved around the resilient attitude of Filipinos. More than half of the show covered post-earthquake Bohol that showed the major attractions of the province. Media value of the episode was around US\$300,000. It has an estimated reach of 240 million viewers worldwide. (Link to the official video clip: <https://www.youtube.com/watch?v=kprtoz9wi1A>)
  - *Media Familiarization Tour.* Upon the request of Bohol Gov. Chatto, COMPETE arranged a media familiarization trip for 12 Manila-based journalists in June as part of the promotion activities of the province, which aim to bring in at least one group of journalists every month to Bohol. Different story angles were explored in the itinerary and touched on topics such as farm tourism (Maribojoc LGU Organic Farm), dolphin watching and island hopping, and announcement of the Sandugo Festivities. Communication Specialist Andrea Echavez developed the story-based itinerary and facilitated interviews.
  - *PATA Travel Mart 2014* – In line with the Bohol Tourism Recovery Program, USAID-COMPETE supported the participation of Bohol in the PATA Travel Mart from September 17-19. The COMPETE team also attended the conference on ASEAN Tourism Investment Forum and the Community-Based Tourism Development in Phnom Penh, Cambodia. On September 22, 2014, the COMPETE Team met with the DOT to discuss the results of the PATA Travel Mart and to prepare for the debriefing and presentation of next steps to the Secretary of DOT and the Provincial Government of Bohol.
- **Borderless ASEAN Tourism: Making It Work for the Philippines** – COMPETE assisted the Tourism Congress of the Philippines, DOT, and DTI in conducting the forum last September 29, 2014 at Dusit Thani Hotel, Makati City. This was a culmination of the ASEAN Tourism Integration Series (Luzon, Visayas, and Mindanao clusters). This activity also tapped the TRADE Project as partner. TRADE COP Dr. Cielito Habito served as one of the plenary speakers. COMPETE SME Specialist Mr. Albert Pascual also served as one of the speakers. The outputs from the workshops, presented during the event, will be used as inputs for the Philippine Tourism Competitiveness Roadmap 2015 and Beyond. Secretary Ramon R. Jimenez Jr. delivered the keynote speech.

<p><b>Project Accomplishments</b></p>	<ul style="list-style-type: none"> <li>• <i>Amazing Race USA</i> – Two episodes were produced in Manila shown in September-October in the US. They have an estimated media value (for the exposure) of US\$12 million.</li> <li>• Bohol Tourism Recovery Program (Report) and Visit Bohol 2015 Campaign submitted to Governor Chatto. The report is to be presented to the Provincial Development Council on October 10, 2014.</li> <li>• BBC Coverage on Bohol Tourism After Earthquake (aired in the top-rated show – The Travel Show with Rajan Datar), a beautifully produced 24-minute episode headlined “The Filipino Factor”, which revolved around the resilient attitude of Filipinos. Media value of the episode was around US\$300,000. It has an estimated reach of 240 million viewers worldwide. (Link to the official video clip: <a href="https://www.youtube.com/watch?v=kprtoz9wi1A">https://www.youtube.com/watch?v=kprtoz9wi1A</a>)</li> <li>• Trained 20 staff of the Bohol Tourism Office/representatives of select municipalities and local people’s organization on media relations.</li> <li>• Media familiarization Tourp for 12 Manila-based journalists as part of the promotion activities of the province which aim to bring in at least one group of journalists every month to Bohol.</li> <li>• Star Cruises will have its maiden ship call at the port of Puerto Princesa on November 10, 2014. Star Cruises will have weekly calls from November 2014 to February 2015.</li> </ul>
<p><b>Potential impact</b></p>	<ul style="list-style-type: none"> <li>• 20,000 tourists (Star Cruises, cruise tourism) in Palawan</li> <li>• Increased awareness (BBC, Amazing Race USA episodes) for Philippines as a tourist destination.</li> </ul>

*TASK 8 – Through technical assistance, training, and limited commodities assistance, improve quality of tourism-related infrastructure*

**Activity 2.A.8.1: Expansion of and institutionalization of New Convergence Programs**

<p><b>Context</b></p>	<p><b>Convergence on Tourism Roads</b> – Tourism and infrastructure are growth drivers, but the dismal state of roads in the country is contrary to the Department of Tourism’s new slogan “It’s More Fun in the Philippines”. It is definitely not fun to spend more time with bad roads. <b>The result: BAD trip.</b> The problem emanates from the fact that the road connectivity from the gateway (usually an airport or seaport) to the tourism destination site is not “seamless”. In many cases, large portion of the alignments are in bad condition while other parts have gaps. This occurs because only a segment of the alignment is classified as “national road” under the care of the Department of Public Works and Highways (DPWH) while the rest may be “local roads” that depend on revenue allotment (IRA).</p> <p>By virtue of the Tourism Act of 2009 (Section 34), the Department of Tourism (DOT) and the DPWH implemented in 2012 the DOT-DPWH Tourism Road Infrastructure Program (TRIP). Through this Convergence Program, a working arrangement was established between the two departments to identify, evaluate, prioritize, and implement tourism road infrastructure across the country in support of the goals and targets of the National Tourism Development Plan (NTDP) for 2011 to 2016.</p>
-----------------------	--

The idea is to ensure "seamless" connectivity from the gateway (airport or port) to the tourism destinations/sites. Under the Convergence Program, DPWH will fund the road construction regardless of category – i.e., whether national or local. An institutional framework was established and clear criteria (TRIPPC) laid down. Both the Regional Tourism Officer and District Engineer vet the projects for inclusion in the priority list.

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

**Convergence on Tourism Water** – The reliable supply of potable water is an “essential” especially in tourism destinations. The DOT-DPWH Convergence was expanded to cover water and sanitation through a program called *Tourism Water (or TouWa)*. Initial focus was placed on the the “waterless municipalities” in tourism development areas. Other concerned government agencies were made part of the program – Local Water Utilities Administration (LWUA) and National Anti-Poverty Commission (NAPC). For 2014, the Department of Budget Management (DBM) released Php 1.7 billion for the implementaton of the TouWa program in 30 municipalities.

**Convergence on Travel Facilitation** – One of the key barriers to the realization of the benefits of air transport liberalization is the poor travel facilitation arising from the lack of investments in border control systems that will ensure smooth and seamless yet safe and secure movements by tourists and passengers. By implementing tourist-friendly airports, procedures for travelers will become easier and faster. Furthermore, the Philippines is considered as one of the most expensive destinations for international airlines, thereby resulting to a small number of foreign carriers investing in the Philippines and limited route network for tourism. A new convergence program (DOT-DOTC-CAAP-PPA) was developed to facilitate travel.

<b>Project Goal/s</b>	<ul style="list-style-type: none"> <li>a. Increased investment in tourism road infrastructure</li> <li>b. Improved road quality</li> <li>c. Enhanced M&amp;E for Tourism Road Projects (GIS Video Mapping)</li> <li>d. Increased investment in tourism water and sanitation</li> </ul>
<b>Project Activities</b>	<ul style="list-style-type: none"> <li>• <b>DOT-DSWD One Step, DOT-DTI LINC's Convergence Programs</b> – The COMPETE Project Team serves as secretariat to the TWG of the DOT-DSWD One-Step Program and provides the general framework for the partnership, including the identification of major activities to be undertaken and funded, finalization of the areas to be covered as well as coordination with LGUs covered by the Program. The project team provides support in the conceptualization, design, implementation, monitoring and evaluation of the inclusive tourism projects in specific areas. On August 5, 2013, the Department of Tourism, Department of Social Welfare and Development, and USAID signed the Memorandum of Understanding (MOU) for the implementation of the One-Step Project. The project areas to be supported by the DOT-DSWD have been identified. <p>BOHOL. On May 9, the COMPETE Project gathered various government agencies for a meeting with Bohol Governor Edgar Chatto to discuss the convergence initiatives for the One-Step Project in the province. The COMPETE activities discussed included product development strategy program in partnership with the Department of Trade and Industry (DTI) for souvenir products, product development assistance for the production of carabao milk soap in Ubay and adjacent municipalities under the One-Step Project, and the supply chain audit of dairy products. Several offices committed to support and provide specific resources for the joint initiatives of COMPETE and the provincial government of Bohol.</p> <p>The COMPETE team (a composite of tourism and agribusiness experts) developed the concept notes for the (1) proposed Craft Village in Bohol and (2) Product Development Strategy Program for Bohol's souvenir producers. The proposed craft village will serve as a shared service facility for artisans and producers of agri-based souvenirs while also providing them a venue for market promotion. It will also provide international and domestic buyers a venue to do business and develop new products together with the producers. The craft village will be a one-stop destination which offers visitors a distinctive variety of activities. It is intended to be a "must visit" tourist destination. In this village, visitors will learn about Philippine (and Bohol in particular) creativity, through craft demonstrations and hands-on interactive sessions. It aims to further develop the crafts that the Philippines is known for. The facility will also provide a selling area for wholesale buying transactions, a mini-museum that will tell the history of the industry and demonstrate its capability to serve its markets, a photography booth, an information centre, a DIY (do-it-yourself) craft making area, a meeting room equipped with business and communications amenities, and craft-themed shops or various trading units where walk-in guests can buy products on retail.</p> <p>The proposed Product Development Strategy Program aims to strengthen and sustain the growth and development of the agri-based souvenir sector. This project will provide professional technical consulting, design capability, and one-on-one mentoring sessions on product development strategies among</p> </li> </ul>

students and producers' in-house designers. The Bohol Provincial Office of DTI has approved the proposed concepts.

Specific details on implementation of the two concepts are still under discussion. However, preparations to implement the product development strategy have already started. Mr. Percy Aranador, COMPETE consultant and international lifestyle designer, was tapped as consultant to implement the product development mentoring program for design capability. A site inspection of the fabrication laboratory (Fablab) at Bohol Island State University was also conducted since one of the goals is to utilize the Fablab facilities (one of DTI-supported Shared Services Facilities) in the conduct of workshops and eventually be regularly used by the local designers and souvenir shops. The team also met with Philippine Carabao Center (PCC) officials and representatives of dairy cooperatives (beneficiaries of the Pantawid Pamilyang Pilipino Program) in preparation for the workshop in July to improve the design, packaging, and formulation of milk soaps. Once the workshops is completed, the target is to link the milk soap producing cooperatives to the resorts and other tourism facilities in Bohol.

**PALAWAN.** In collaboration with the Palawan Tourism Council (PTC), the Team conducted an assessment of Palawan's souvenir industry. The Team's assessment activity covered the following manufacturers/outlets: Binuatan Creations, Iwahig Penal Colony, MBA Pearls & Accessories, Batac Center, Salvacion View Deck, Buenavista View Deck, and Daluyon Port. Based on the interviews, some products sold at the different souvenir shops that the team visited can be diversified to serve the requirements of middle or high-end hotels, resorts, spas or even homes. A proposed strategy to improve the industry is to identify possible new markets and assess what these markets need or want. After this, producers who can develop unique and exclusive products for the new market/client could be identified. The Palawan Tourism Council is an important factor to provide information on possible new markets and/or support for the successful implementation of this strategy. Another possible strategy is to develop sustainable design-led crafts by creating a line concept and product range. Using the same skills and indigenous materials, producers can expand their product line horizontally, which may allow their buyers to supply homes, development projects in Palawan, or nearby provinces or the BIMP market. The COMPETE consultants are currently developing the Concept Note on Palawan Product Development.

**DAVAO ORIENTAL, ANTIQUE, LEGASPI, INTRAMUROS.** Upon the request of DOT, scoping work was undertaken (in April-May) by the team for possible upscaling of livelihood opportunities in the tourism communities/areas of Davao Oriental (Samal Island), Antique, Legaspi (Daraga), and Manila (Intramuros). Representatives from USAID-COMPETE Team, together with the DOT Central, DPWH and DOT Regional Offices-NCR, and Architect Paulo Alcazaren of Paulo G. Alcazaren and Associates (PGAA) Creative Design, conducted a meeting last September 29 to discuss updates about the Roxas Re-development Program. Assistant Secretary Rolando Canizal requested the USAID-COMPETE Team to draft a memo of DOT to DPWH Secretary Rogelio Singson to request funding for the said Program.

*Community-based Kulinarya Workshop (Davao City).* The culinary workshop held last September 17-18 was organized in partnership with the Department of Tourism (DOT) and the Department of Social Welfare and Development (DSWD) as part of the One-Step Project. The workshop aimed to upgrade the service standards of the restaurants in Barangay Los Amigos, Davao City in time for the annual catfish festival in October 28.

- **DOT-DPWH-LWUA-NAPC Tourism Water Convergence** – COMPETE provided technical assistance to DPWH in finalizing the MOA for the TouWa Pre-FS activities. The MOA was finalized and signed on September 26. The disbursement of the funds for the Pre-FS activities to the Local Water Utilities Administration (LWUA) has started. On August 8, COMPETE facilitated the Water and Sanitation Donors’ Meeting. A Tourism Water Forum was organized on August 12-13 to present the TouWa Program. COMPETE presented the TouWa Program at the Philippine Development Forum (PDF) Sub-Committee on Water and Sanitation Meeting on August 14, 2014.
- **DOT-DOTC-CAAP Convergence (Institutional Strengthening of Air Transport Regulation)** – To facilitate cross-border travel by international passengers, the COMPETE Project Team is collaborating with the Joint Foreign Chambers’ Arangkada Philippines in supporting DOT initiatives on enabling visa issuances and lowering costs of doing business thru 24/7 operations in international ports and airports of entry.
  - COMPETE and Arangkada jointly conducted a focus group discussion on the way forward in support of achieving the 2016 tourism targets. The participants included tourism business leaders, government officials from DOT, Department of Foreign Affairs (DFA), Bureau of Immigration (BID), Philippine Retirement Authority (PRA), and Subic-Clark Area Development Council. Technical analysis and position papers were done on lowering the costs of doing business for the private sector (e.g. airline taxes, cross-border and visa issues). The technical assistance provided in the advocacy has contributed to the repeal of the common carriers tax that has been cited as one of the major barriers to airline investments.
  - On March 19, 2014, COMPETE met with DOT, DOTC, CAAP, DPWH, and TIEZA to discuss and finalize the scope of work for the eight (8) TDAs and integrate the findings of the joint technical inspection conducted by DOT, CAAP, and COMPETE for the tourism airports in Iloilo, San Vicente, Legaspi, Davao, Kalibo, Caticlan, and Busuanga.
  - On March 27, COMPETE team met with DOTC to discuss the next steps for the ASEAN RORO between the Philippines and Indonesia. DOTC and COMPETE signed a Letter of Understanding (LOU) for the technical assistance extended by COMPETE to DOTC in the areas of RORO network expansion, DOT-DOTC-DPWH-CAAP Convergence Program.
  - On April 2, the COMPETE Project and DOT Undersecretary Jasmin held a preliminary coordination meeting with CAAP Deputy Director-General Joya to discuss COMPETE’s assistance to CAAP under the DOTC-CAAP-DOT Convergence Program. The Project was able to secure approval (in the form of Letter of Understanding and Memorandum of Acceptance) from the CAAP for the Tourism Team to assist in addressing the sustainability issues of the CAAP in order to prevent future downgrade

by the US Federal Aviation Administration and ban on Philippine carriers by international safety bodies. These sustainability issues included (1) overlapping mandates of various government agencies on security; and (2) conflicting regulatory and development functions of CAAP, among others.

- COMPETE provided international consultants with experience in US FAA rules and audit beginning in July 2014. The main objective of the assistance is to provide technical inputs to the proposed amendments of the current CAAP law and to the proposed creation of Philippine Airports Authority that will handle the developmental functions. COMPETE worked closely with CAAP and DOT in the crafting of the Bill that will separate CAAP’s regulatory and development functions.

**Project Accomplishments**

- **TRIP** – The Project provided technical assistance to DOT and DPWH in the identification and prioritization of tourism road projects following a well-defined institutional process and criteria (TRIPPC).

Now, infrastructure spending, especially on tourism roads (construction and maintenance), has substantially increased in recent years (see Figures 1 and 2). This is in recognition of the inadequacy or absence of critical infrastructures that serves as a major binding constraint to economic growth and development. As a result, from a mere \$15 million budget on tourism roads in 2010, it has substantially increased to Php \$381 million in 2014. The TRIP Budget included in the 2015 National Expenditure Program (NEP) submitted to Congress is \$465 million.

The COMPETE Project’s mandate is to (a) increase infrastructure investments and (b) improve the quality of infrastructure. Clearly, the TRIP has contributed positively in increasing infrastructure investments. In terms of quality improvement, all the roads constructed under this program follow the national road standard. Moreover, the COMPETE Project and World Bank are jointly doing a GIS-mapping some of these road projects. **Now, it is good TRIP for tourists.** For instance, from three hours before, it only takes an hour today to the Underground River from Puerto Princesa!

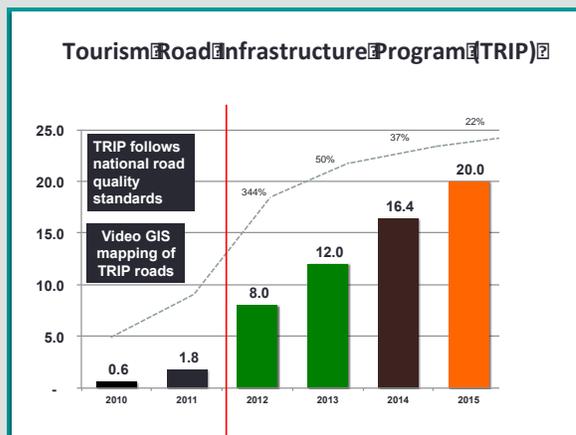
- a. **Increased public investments on tourism road infrastructure:** 22% growth in budget for tourism roads from 2014 to 2015 (proposed)

Year	Number of Road Projects	Length of Road (in Kilometers)	Investment Value (In Million \$)
2013	170	650	279
2014	175	723	381
2015	180	750	465
TOTAL	525	2,123	1,125

- b. **Improved road infrastructure quality:** DPWH adopted national road quality standards for these tourism road projects.

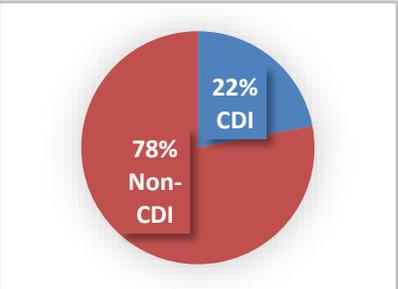
Increased thickness (from 4-6 inches to 9-11 inches)

Increased width (from 4-5 meters to 6.1-6.7 meters)



In terms of the specific contributions to the City Development Initiative (CDI), 22% (\$ 106 million) of the 2015 TRIP Budget has been allocated to the CDI cities (Batangas, Iloilo, and Cagayan de Oro) plus Bohol and Palawan (new COMPETE areas). It is important to highlight the huge increase in the TRIP budget for Palawan. The additional budget will be used to construct the access road that will be connected to the roll-on/roll-off (RO-RO) ports that will be developed in Borac, Coron and Buliluyan in Bataraza. The Borac RO-RO port will connect Palawan with Mindoro (via Bulalacao). This connection will support trade between Palawan and Mindoro, Batangas, all the way to Manila. On the other hand, it will also support the flow of tourists to Palawan taking the inexpensive RO-RO buses (similar to the Boracay and Iloilo experiences). The Port in Buliluyan in Southern Palawan will be connected to Kudat, Sabah. This route supports the ASEAN RO-RO initiative of President Aquino. It is expected to facilitate tourism and trade. Moreover, it will also support the transport of the cacao that will be produced in Palawan (6,000 hectares) to Kota Kinabalu where Kennemers' processing plant is located.

*Percentage Distribution of TRIP Budget to CDI and Non-CDI Areas*



Total budget allocated to CDI areas, from 2013 to 2015, accounted for 22% of the total TRIP budget (during the same period).

**TRIP Budget in CDI Areas (in Million \$)**

AREAS	2013	2014	2015
Iloilo	5	6	10
Cagayan de Oro		13	
Batangas	14	24	12
Bohol	11	18	16
Palawan	28	30	68
<b>Sub-Total</b>	<b>58</b>	<b>91</b>	<b>106</b>
<b>PHILIPPINES</b>	<b>279</b>	<b>381</b>	<b>465</b>

- Pilot GIS Mapping of TRIP** – COMPETE collaborated with the World Bank (WB) for the GIS (Geographic Information System) Mapping effort to strengthen the monitoring and evaluation of Tourism Road Projects under the Expanded Convergence Program. Initial activities covered the provinces of Palawan, Bohol, Cebu, Benguet, and Ifugao. Equipped with global positioning system (GPS)-capable cameras and handhelds, the COMPETE-WB Team was able to capture video footages and still photos with data regarding the exact location of the road projects in tourism destination areas, and actual progress and condition of the road projects, thus facilitating on-time and standard completion of the projects. The M&E and Impact framework/ activities for the Tourism Road Infrastructure Program (TRIP) have been completed.

In partnership with the Provincial Government of Bohol and the Bohol Chamber of Commerce and Industry, COMPETE and WB conducted a 3-week training workshop on GIS to capacitate local stakeholders in the use of GIS-based infra mapping for planning and monitoring purposes. Around 115 LGU officials, local stakeholders and IT students participated in the workshop. By end June, 27 out of 49 municipalities in Bohol already had shapefiles of their respective areas for processing.

- Tourism Water (TouWa)** – Php 1.7 billion has been disbursed for the 30 priority waterless municipalities in tourism development areas.
- Draft Amendment of CAAP Law (RA 9497)** – COMPETE presented to CAAP the draft amendments to the CAAP Law on September 30, 2014. The draft amendments will be endorsed by CAAP to Congress.

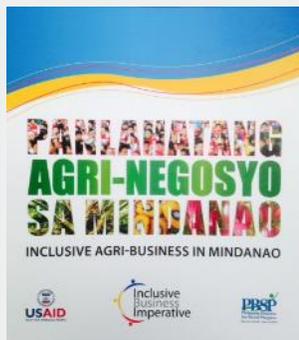
## Sub-Component 2.B – Promote a competitive agricultural export industry

*TASK 9 – Through technical assistance, training and limited commodities assistance, increase levels and improve quality of agri-food exports*

### Activity 2.B.9.1: Develop commercial relationships in agribusiness value chains

<b>Context</b>	The Philippine agri-food export intensity is poor. Based on estimates, only 6.7% of Philippine merchandise trade exports come from the agri-food sector. The Agricultural and Fisheries Modernization Act (AFMA) has so far not translated into improved productivity and export performance in the agricultural sector.
<b>Project Goal/s</b>	<ul style="list-style-type: none"> <li>a. Increased exports of agri-food products</li> <li>b. Higher value added</li> </ul>
<b>Project Activities</b>	<ul style="list-style-type: none"> <li>• <b>Inclusive Agribusiness for Mindanao</b> – The output of this activity is an upgraded value chain for priority crops. The COMPETE agribusiness team, in collaboration with the Philippine Business for Social Progress (PBSP), developed business cases (including inclusive business models) for select high value crops – cardava banana, coffee, cacao, rubber, and seaweeds. The drafts will be submitted to DTI and DA. The COMPETE Project and PBSP published an “Inclusive Business Resource Book” which features the business cases developed by the COMPETE Project. The IB Resource Book was launched at the Agribusiness Summit on September 8, 2014 in Davao City. The summit brought together major private sector players, key government agencies, and other key stakeholders with the goal of encouraging them to commit in promoting competitive agribusinesses in selected areas of Mindanao. The COMPETE Project will assist in mobilizing investments by the private sector and government agencies in value chain upgrading for selected high value crops.</li> <li>• <b>Upscaling coffee, cacao, and seaweeds</b> – To pave the way for the up-scaling of production for exports as well as enhance value-adding activities, the Project acted as ‘investment facilitator’ between private companies and the Provincial Government of Palawan (PGP) for the development of coffee and cacao production in the southern part of Palawan covering a total area of 12,000 hectares. This initiative is expected to benefit around 12,000 families (1 family per hectare). Projected monthly income of each family is about Php15,000.00 (approximately US\$350.00). In November 2013, Memoranda of Cooperation (MOCs) were signed with private sector partners – Kennemer Foods (cocoa) and Rocky Mountain (coffee).</li> </ul>
<b>Project Accomplishments</b>	<b>Business Cases and Inclusive Agribusiness Resource Book</b> – COMPETE produced four (4) Business Cases on cocoa, coffee, seaweeds, and rubber. COMPETE also co-published with PBSP an Inclusive Agribusiness Resource Book that was presented/handed over by USAID Deputy Mission Director Reed Aeschliman to President Benigno Aquino III during the Mindanao Agribusiness Summit on September 8, 2014 in Davao City.

**Upscaling of cacao, coffee, and seaweeds in Palawan** – Kennemer and Rocky Mountain established cacao and coffee nurseries in Quezon, Aborlan, and Brooke’s Point (Palawan). In July, COMPETE submitted to the Provincial Government of Palawan the Seaweeds Upscaling Program (SUP) and the pre-feasibility study for the establishment of a carrageenan processing plant in Palawan.



• **Activity 2.B.9.2 Support increased exports through improved compliance with quality and SPS standards**

<b>Context</b>	In order to boost the country’s exports of agricultural products, product standards must comply with market requirements. Farmers find it difficult to comply with sanitary and phytosanitary standards (SPS), particularly in obtaining HACCP (Hazard Analysis and Critical Control Points), traceability, and Good Agricultural Practices (GAP) certification. In 2012, Congress passed the Food Safety Act.
<b>Project Goal/s</b>	<ul style="list-style-type: none"> <li>a. Increased exports of agri-food products</li> <li>b. Improved quality of agri food products</li> </ul>
<b>Project Activities</b>	<ul style="list-style-type: none"> <li>• <b>Improvement of compliance with quality and SPS standards</b> – The output of this activity is a draft Implementing Rules and Regulations (IRR) for the recently enacted Food Safety Act (FSA) of 2012. The Team provided technical assistance to the Department of Agriculture (DA) on the drafting of the IRR. The Team presented the draft IRR in regional public consultations and participated in extensive consultations with concerned government agencies, including DA, Department of Health (DOH), Bureau of Food and Drug (BFAD), local government units (LGUs), and Bureau of Customs (BOC) to discuss mandates of each agency and terms of responsibilities in the IRR. Specifically, the draft IRR on the principal and specific responsibilities of the Department of Interior and Local Government (DILG) were discussed with the Bureau of Local Government Supervision (BLGS). In general, the BLGS agreed with the proposed rules with some refinements in the language of the IRR. DA and DOH also presented the draft rules and DILG’s involvement in the Food Safety Regulation Coordinating Board (FSRCB). The draft is currently undergoing legal scrubbing and is expected to be jointly issued by Secretaries Alcala and Ona in September.</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Organization and management review of BAFPS in light of FSA 2012</b> – The COMPETE team is preparing the terms of reference (TOR) for the organization and management review of the Bureau of Agricultural and Fisheries Product Standards (BAFPS) as well as for the consultants who will conduct the management audit.</li> <li>• <b>Farmer training on GAP and traceability</b> – COMPETE is identifying areas where farmers will be trained on Good Agricultural Practices (GAP) to ensure that the products meet (export) market standards. The areas targeted are those where the COMPETE Project is facilitating upscaling activities for priority crops, especially cacao production. The Project Team will draft the scope of work for GAP Training and Traceability of DA employees and cacao farmers.</li> <li>• <b>Agribusiness Manager’s Program</b> – This program is designed to complement the other activities on upscaling, GAP, market standards, and traceability. The agribusiness team is currently conducting a survey of state universities with ongoing short courses on agribusiness management for practitioners. The terms of reference has been drafted for submission to USAID.</li> </ul>
<b>Project Accomplishments</b>	The draft IRR for the Food Safety Act has been submitted to DA and DOH. It is currently undergoing legal scrubbing. Hopefully, the IRR will be issued in November 2014.

*TASK 10 – Through technical assistance, training and limited commodities assistance, lower logistics costs for transport of agricultural goods*

#### **Activity 2.B.10.1: Diagnose constraints to lower transport and logistics costs for agricultural export**

<b>Context</b>	To increase the country’s competitiveness in agricultural export, technical and financial support is needed, for instance in infrastructure such as farm to market roads and improved cold chain facilities, to enhance distribution efficiency. Interisland and inter-regional transport is important for Filipino agricultural goods to compete effectively in domestic and regional markets. Experience has shown that for archipelagic nations, Ro-Ro transport can increase efficient and reliable transport service, expanding agricultural production and incomes.
<b>Project Goal/s</b>	<ol style="list-style-type: none"> <li>Lower transport cost</li> <li>Improved transport service quality</li> </ol>
<b>Project Activities</b>	<ul style="list-style-type: none"> <li>• <b>Agri Transport Logistics Cost Analysis</b> – COMPETE, using a proprietary software called <i>FastPath</i>, conducted a transport corridor performance assessment for selected agri-commodities (namely seaweed/carrageenan, dried mangoes, cardava banana, cacao, and frozen shrimp) in General Santos, Davao, Cebu, Palawan, Dipolog, and Dumaguete (<i>The provinces visited are the major hubs for the processing and export of the selected agri-commodities</i>). The team also visited and assessed the major ports in each</li> </ul>

	<p>province. The preliminary results of the study were presented to stakeholders and USAID in September (2014).</p> <ul style="list-style-type: none"> <li>• <b>Port Congestion</b> – COMPETE submitted a position paper on port congestion and truck ban to the Philippine Chamber of Commerce and Industry (PCCI officially adopted the position paper). COP Basilio discussed the issue with the members of the Clark Investors and Locators Association (July 22, 2014). COMPETE, in partnership with the Subic Bay Metropolitan Authority and Subic-Clark Alliance Development Council, organized a Northern Luzon Shipping Summit on September 29, 2014 to discuss the shift of cargoes in Subic Port.</li> <li>• <b>Co-Loading</b> – COMPETE submitted a policy/position paper to DTI and the Office of Senator Aquino on the amendment of the Tariff and Customs Code of the Philippines to allow co-loading of foreign cargoes by foreign shipping lines for domestic transshipment (in lieu of the proposed lifting of the “cabotage”).</li> <li>• <b>Chassis-RORO Policy</b> – COMPETE submitted the draft Executive Order to DTI, Department of Transportation and Communications, and Mindanao Development Authority). MINDA adopted the draft EO and advocated for its issuance.</li> <li>• <b>Davao-Gen San-Bitung RORO Link</b> – COMPETE is coordinating this activity with the government agencies (DOTC, DTI, DFA, and MINDA) as well as private groups (PCCI, Davao City Chamber, General Santos Chamber, SCMAP, and Export Development Council). COP Basilio presented this ASEAN RORO initiative at the 23<sup>rd</sup> Mindanao Business Conference in General Santos (September 2, 2013).</li> </ul>
<p><b>Project Accomplishments</b></p>	<ul style="list-style-type: none"> <li>• <b>Agri Transport Logistics Cost Study</b> – The draft report (preliminary findings) was presented to the industry stakeholders and DTI (September 2014).</li> <li>• <b>Port Congestion</b> – The government, in general, has now embraced the idea of shifting the cargo traffic to Subic and Batangas. The Philippine Ports Authority (PPA) has already diverted traffic to Batangas port (254% increase) and reduced the berthing fee by 90%. New shipping lines are now calling at Batangas Port. There are 28 trucking companies now serving Batangas Port. The cargo handling rates of the Asian Terminals Inc. in Batangas are now lower than (its rates for) Manila. For Subic, the Clark Development Corporation offered an area with Clark Ecozone for a container depot. Subic Port also experienced a surge in container traffic (244% increase). In addition to APL and Wan Hai, 3 new shipping lines will start calling weekly at Subic Port. SBMA reduced the cargo handling rate by 53%. Nestle and SMC are now using Subic Port; Yokohama plans to shift 50% of its cargoes to Subic. In addition to these, other locators in Clark, Subic, and Tarlac have now transferred their shipments to Subic Port. The Plan for Terminal 3 in Subic now being discussed.</li> <li>• <b>Co-Loading</b> – Senator Bam Aquino filed Senate Bill No. 2364. COMPETE sent inputs to DTI in support of this Bill (with some proposed revisions to further improve the Bill).</li> </ul>

- **Chassis-RORO** – DOTC adopted and endorsed the proposed Chassis-RORO policy submitted by the Mindanao Development Authority (COMPETE provided technical assistance to MINDA in the crafting of the ChaRO policy).
- **Davao-GenSan-Bitung RORO Service** – DTI, working with its Indonesian counterparts, succeeded in having the commodity restrictions lifted on half of the restricted products at the port of Bitung. A private shipping company has been formed to provide the RORO service (RORO ship already acquired). Preparations for the launch of the RORO service **is** ongoing.

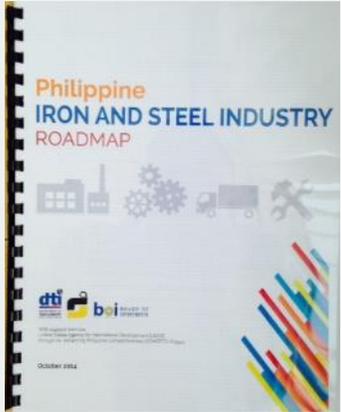


*TASK 11 – Through technical assistance, research and training, increase industrial productivity and promote product diversification*

**Component 2.C – Promote a competitive manufacturing industry**

- **Activity 2.C.11.1 Facilitate private sector involvement to resolve market failures in the manufacturing sector**

<b>Context</b>	<p>Industrial diversification has stagnated over the years and industrial productivity has been on the decline. “Investments in this sector have not translated into a deepening of industrial capabilities and have not promoted product diversification” (ADB Working Paper, 2011). Industrial exports remain highly concentrated on electronics, which account for close to 70% of total exports, while other products remain outside global production networks.</p> <p>The Department of Trade and Industry (DTI) has embarked on a Manufacturing Revival Program (MRP) designed to boost the investments in industries within the manufacturing sector. Roadmaps for these industries are being developed.</p>
<b>Project Goal/s</b>	<ul style="list-style-type: none"> <li>• Increased investment in the manufacturing sector</li> <li>• Higher value-adding activities</li> </ul>

<p><b>Project Activities</b></p>	<ul style="list-style-type: none"> <li>• <b>Industry Roadmapping</b> – COMPETE provides technical assistance to the Department of Trade and Industry (DTI) for the enhancement of nine (9) existing industry roadmaps (iron and steel, copper and copper products, electronics, auto parts, chemicals, plastics, mass housing, petrochemicals, and furniture) prepared by the industry associations. (<i>COMPETE received the consent of the industry associations to undertake the enhancement work on the roadmaps</i>). The enhancements include input-output and gender analyses. A global value chain (GVC) and impact analysis of the ASEAN integration will likewise be part of the enhancement work.</li> </ul> <p>COMPETE also conducted Rapid Industry Assessments (RIAs) for five (5) food manufacture industries (cacao and chocolate products, carrageenan, condiments and sauces, processed mangoes, and marine/shrimps). These RIAs will be expanded into industry roadmaps.</p> <p>For the service sector, COMPETE is also doing the Tourism Service Roadmap.</p> <ul style="list-style-type: none"> <li>• <b>Industry Development Council</b> – DTI hopes to re-establish the Industry Development Council (IDC) to focus on the implementation of the MRP. COMPETE provided technical assistance to DTI in the development of a “concept framework” for establishment of the IDC.</li> <li>• <b>Policy Papers</b> – COMPETE submitted policy/position papers on cabotage and co-loading, and port congestion/truck ban.</li> </ul>
<p><b>Project Accomplishments</b></p>	<p>With assistance from the project, the following outputs were produced:</p> <ul style="list-style-type: none"> <li>• 9 enhanced Industry Roadmaps (for submission to DTI-BOI in October 2014)</li> <li>• 20 Industry Primers (ready for posting at DTI-BOI website)</li> <li>• 20 testimonials (from companies)</li> <li>• Input-Output (I-O) Analyses for 18 industries</li> <li>• With assistance from the Center for Research and Communication – University of Asia and the Pacific (CRC-UA&amp;P), COMPETE conducted a series of trainings on Input-Output (I-O) Analysis Technique for DTI-BOI staffmembers (19 attended the first session and 12 attended the second session)</li> <li>• 3 Policy Papers – Investment Instruments, Cabotage and Co-Loading, Port Congestion and Truck Ban</li> </ul> 

**Potential Impact**

Enhanced government capability in formulating a comprehensive national Industrial strategy and implementing action measures where policy intervention is necessary. The industry roadmaps are expected to guide potential investors about the prospects and opportunities that various industries in the manufacturing sector offer.

*TASK 12 – Through technical assistance, research and training, promote regulatory reforms that incentivize more private investments in the manufacturing sector*

**Activity 2.C.12.1: Address regulatory constraints through targeted technical assistance and advocacy**

<b>Context</b>	In support DTI’s Manufacturing Revival Program (MRP), the Board of Investments (BOI) requested COMPETE to prepare a policy paper on Investment Instruments designed to boost the investments in industries within the manufacturing sector.
<b>Project Goal/s</b>	Increased investment in the manufacturing sector
<b>Project Activities</b>	<ul style="list-style-type: none"> <li>• On January 27, 2014, COMPETE submitted to DTI the draft policy paper prepared by Dr. Mario Lamberte (Team Leader) on “Policy Instruments for attracting investments in the Philippines”.</li> <li>• The paper was presented by Dr. Lamberte to DTI Undersecretaries Adrian Cristobal and Ponciano Manalo as well as BOI’s Board of Governors on February 3, 2014. On July 10-11, Dr. Lamberte again presented the paper to BOI staff and industry champions.</li> </ul>
<b>Project Accomplishments</b>	<p>The draft policy paper on investment instruments was submitted to DTI-BOI. DTI/BOI requested COMPETE to prepare a paper on policy instruments for attracting investments. The first draft was submitted on January 21, 2014 to DTI and presented to Undersecretaries Adrian Cristobal and Ponciano Manalo as well as BOI’s Board of Governors on February 3, 2014. In sum, the paper argues that many countries including advanced economies maintain fiscal incentives to attract investment to certain economic activities/sectors and regions of the country. Within the ASEAN region, the Philippine fiscal incentive system appears comparable with those of other member countries. Even though the ASEAN region successfully establishes the ASEAN Economic Community in 2015 and that everybody accepts that fiscal incentives serve only to complement rather than substitute traditional determinants of investment, member countries will likely to retain, with some fine tuning, their fiscal incentive systems to maintain their competitiveness in attracting investment. Critics of fiscal incentive system pointed out the high fiscal costs, high redundancy rate (i.e., the percentage of investors receiving fiscal incentives who would have invested anyway even if they had not been granted incentives), and proliferation of “footloose” firms that are being attracted by fiscal incentives. However, their studies that form the basis of their criticisms are hampered by lack of data, particularly firm-level data, and also suffer from the problem of identifying marginal cases that would enter the economy without incentives. The COMPETE paper revisited these issues, using BOI firm-level data (401 sample companies). The preliminary results show that BOI fiscal incentives attract investment to identified priority sectors and affect firms’ profitability. These findings raise doubt to earlier studies suggesting high redundancy of these incentives. Results also show that while more developed regions of the country have cornered a sizeable number and amount of investments, less developed regions have not been totally left</p>

out. Finally, findings show that domestic-oriented activities have attracted higher levels of investment than export-oriented activities, suggesting that to raise investment rate of the country, fiscal incentives should put equal attention to domestic- and export-oriented firms. This finding is important in shaping the country's investment policy in light of the need to raise competitiveness of domestic-oriented firms which will be facing stiff competition from imported goods from other ASEAN member countries when the ASEAN Economic Community is put in place and to efficiently utilize the lingering surplus savings of the country. Further analysis was done using new data sets provided by BOI. However, the results support earlier conclusion that current BOI incentives do attract investments, affect firm profitability and promote efficiency among registered firms. The results also show that while a significant portion of BOI-registered firms locate in more developed areas such as Metro Manila, some incentives recipients still establish operations in less-developed regions. Finally, domestic-oriented registered firms respond more positively to the incentives provided by BOI. The revised paper was submitted to BOI in August 2014. The DTI/BOI welcomes the findings of the study and will use the results in its discussions with the members of the Cabinet Economic Cluster.

**Potential Impact**

Incentives extended by the government are likely to attract both domestic and foreign investors in certain sectors and regions of the country.

**COMPONENT 3: Expanding the use of domestic credit through efficient capital markets**

*TASK 13 – Through technical assistance and training, increase lending to SMEs and encourage effective utilization of USAID’s New Loan Guarantee Program for select cities*

**Activity 3.13.1: Support the roll-out of the DCA-LPG in strategic sectors**

<b>Context</b>	<p>The Development Credit Authority – Loan Portfolio Guarantee (DCA-LPG) is a facility that provides USAID Mission the authority to issue credit guarantees to private banks to encourage them to lend to sectors that have less access to credit. The target borrowers are small and medium enterprises (SMEs) that show potential for growth and have immediate plans to scale up their business operations. The guarantees cover up to 50% of the risk in lending to projects.</p> <p>In January 2014, four (4) new financial institutions signed an agreement with USAID to participate in the Development Credit Authority (DCA) Loan Portfolio Guarantee (DCA-LPG) facility. These are: BPI Leasing, Philippine Business Bank (PBB), Philippine Savings Bank (PSB), and Security Bank (SB), bringing the total number of participating banks to six (including the original Bank of Philippine Islands and BPI Family Savings Bank). This also increased the resources available under the DCA-LPG facility from \$35 million to \$95 million. The geographical scope of the facility has also been expanded from being limited to three CDI areas (Batangas, Iloilo, and Cagayan de Oro) to cover the entire country (except for the National Capital Region, Cebu City, and Davao City).</p>
<b>Project Goal/s</b>	<ul style="list-style-type: none"> <li>a. Increased utilization of DCA-LPG facility</li> <li>b. Enhanced access to credit by women entrepreneurs</li> </ul>

**Project Activities**

The COMPETE Credit Team started establishing linkages with DTI Provincial Offices and business associations/chambers in CDI cities as well as those covered by the project (Palawan and Bohol).

- The COMPETE credit team conducted initial consultative meetings with local business/industry associations and partner banks' headquarters and provincial branches in Batangas, Iloilo, Lanao del Norte, Misamis Oriental, and Negros Occidental. Later, the team visited four new provinces—Quezon, Bohol, Cebu, and Palawan (since DCA 2 is no longer limited to CDI areas).
- Eight (8) focus group discussions (FGDs) were organized attended by 107 SME-participants (48% women) to gather information on their financing requirements, challenges and constraints in meeting bank requirements, specific types of assistance they need to enhance their capacity to access SME credit.
- Follow-up advisory consultations with individual SMEs were made to identify and assist those with viable projects that can immediately be endorsed to partner banks for financing.

**Project Accomplishments**

- The utilization of DCA-LPG facility already reached 71.5% (as of end September 2014) from 5% in April 2013 when COMPETE started. BPI and BPI-Family Bank (the original partner banks) have the highest enrolment (utilization) of the guarantee facility, but new partner banks (Security Bank and BPI Leasing) are fast catching up.
- In terms of contribution to the City Development Initiative, 54 (64%) of the 81 SME borrowers operate in the CDI areas. In terms of value, a total of Php 804 million were lent to SMEs in CDI areas (57% of the total loans enrolled in DCA).
- In terms of sectoral distribution, the loans went to agribusiness (65%), tourism (9%), healthcare (14%), manufacturing (9%), and construction (3%).
- Percentage of women entrepreneur-borrowers: 17% (17 out of 81 borrowers)

**Number of SME Borrowers (by Partner Banks and Geographical Distribution)**

Partner Financial Institution	Total Number of SMEs	CDI Areas			Non-CDI Areas
		Batangas	Iloilo	Cagayan de Oro	
BPI	40	10	7	6	17
BFS	33	3	8	14	8
SB	4	0	2	0	2
BPI Leasing	4	3	1	0	0
<b>TOTAL</b>	<b>81</b>	<b>16</b>	<b>18</b>	<b>20</b>	<b>27</b>

**SME Borrowers of DCA Partner Banks (Loans in million Pesos)**

Partner Financial Institution	Total Loans Enrolled	CDI Areas			Non-CDI Areas
		Batangas	Iloilo	CDO	
BPI	1,121	215	222	176	508

BFS	170	16	27	47	80
SB	50		30		20
BPI Leasing	71	59	12		
Totals	1,412	290	291	223	608

**Utilization Rate of DCA Partner Banks (Loans in million Pesos)**

Partner Financial Institution	Total Credit Facility	Percent Utilization (Sept '14)	Total Number of SMEs	Total of SME Loans Enrolled	No. of Women Entrep.
BPI	1,200	93%	40	1,121	7
BFS	215	79%	33	170	7
SB	280	18%	4	50	0
BPI Leasing	280	25%	4	71	0
Totals	1,975	71.5%	81	1,412	14



**Potential Impact**

The loans were mainly used for the expansion of existing capacities/operations in key sectors (83% of the loans went to COMPETE priority industries: tourism, agribusiness, and manufacturing).

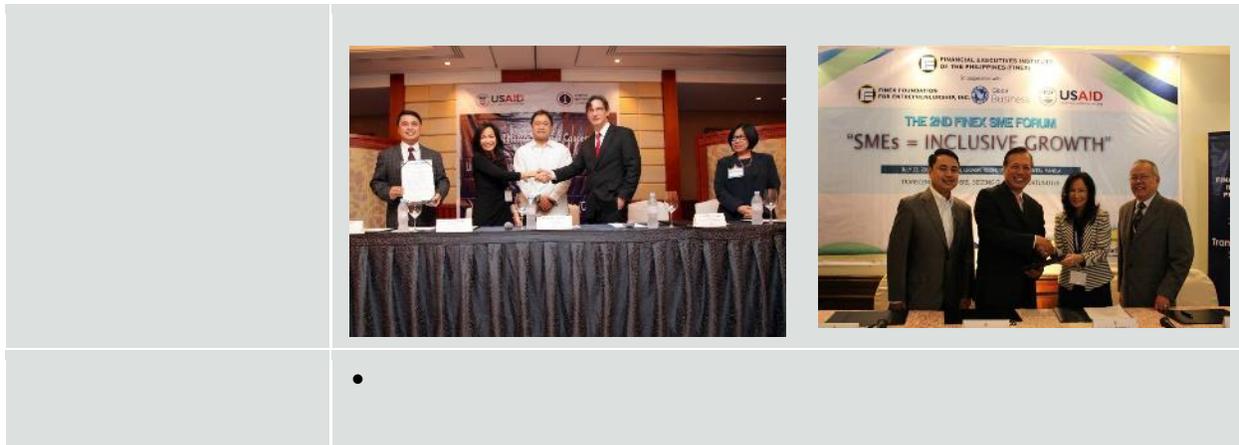
• **Activity 3.13.2 – Address priority regulatory constraints to SME access to credit through support to the central Credit Information Corporation (CIC)**

**Context**

The purpose of this technical assistance is to assist CIC in operationalizing a comprehensive and centralized credit information system. More specifically, COMPETE project will perform two major tasks.

- First, COMPETE will assist CIC in formulating a communication plan that conveys a consistent message; provides timely information to all stakeholders of the credit information system, helps create a favorable public opinion and perception about credit reference services (through the careful and strategic deployment of available media and communication resources), addresses the concerns of specific target groups, allays fears of borrowers regarding the sharing of confidential information, informs stakeholders especially financial institutions and consumers of the benefits of a centralized credit information system, and assures them of the integrity and security of the system. COMPETE will also assist CIC in preparing easy-to-read-and-to-understand educational materials (e.g., manuals, pamphlets,

	<p>comics, video materials) and translating them into five major dialects, as well as in organizing public fora to discuss the stakeholders' responsibilities, rights and benefits.</p> <ul style="list-style-type: none"> <li>• Second, COMPETE project will assist CIC in determining report formats that will be useful to different types of financial institutions in making credit decisions and in identifying potential value-added services (e.g., alerts regarding excessive exposure of a particular borrower, automatic linkage with the registry of movable collaterals), which CIC may offer to lending institutions. It will also help CIC organize Roundtable Discussions to identify and discuss the concerns and suggestions of financial institutions, such as confidentiality of data and ability to comply with the requirement to submit basic credit data, and advise CIC how to address them before the operationalization of the credit information system.</li> </ul>
<b>Project Goal/s</b>	<p>a. Increased awareness of CIC's operationalization of credit information system</p>
<b>Project Activities</b>	<ul style="list-style-type: none"> <li>• COMPETE met with Mr. Val Endriga, CIC President in May 2013 to discuss the possible technical assistance of COMPETE to CIC. Mr. Endriga requested COMPETE to assist CIC in designing and implementing its educational campaign/program.</li> <li>• Mr. Endriga resigned from his post and was succeeded by Mr. Jaime Garchitorea. On November 8, 2014, COMPETE met with Mr. Garchitorea to firm up COMPETE's TA to CIC.</li> <li>• On March 31, 2014, USAID and CIC entered into a Memorandum of Cooperation (MOC) governing the technical assistance of COMPETE to CIC for the design and implementation of its educational campaign.</li> <li>• COMPETE organized four (4) Roundtable Discussions (RTDs) on the Operationalization of the Credit Information System with large commercial banks (March 26 and 28, 2014), credit card issuers (May 26, 2014), and thrift banks (May 30, 2014). A total of 59 (of which 22 are women) senior officials of financial institutions involved in credit risk and participants attended the RTDs. Representatives from the Bangko Sentral ng Pilipinas (BSP) and International Finance Corporation (IFC) likewise participated in the RTDs. The results of these activities were incorporated into the design of the nationwide educational campaign. The purpose of the RTDs is to solicit cooperation from the banks for the operationalization of the credit information system and get inputs for the CIC educational campaign. COMPETE consultants gave presentations on the experiences of credit information systems in other countries including sample credit reports (Guillermo Bolanos, International Consultant) and the CISA law and IRR (Albert Pascual).</li> <li>• On July 23, USAID and FINEX (Financial Executives Institute of the Philippines) signed a MOC to expand the partnership (coverage) for the CIC credit information system educational campaign.</li> </ul>



**TASK 14 - Through technical assistance and training, increase SMEs' borrowing capacity**

- **Activity 3.14.1 – Develop BDS to strengthen SME borrowing capacity**

<p><b>Context</b></p>	<p>To strengthen the borrowing capacity of SMEs, COMPETE project aims to develop financially sustainable business development services (BDS) markets, giving priority to CDI areas. The Team developed the training modules for the Training of Trainers (ToT) Workshop for Business Development Services (BDS) providers and conducted a workshop each for the provinces of Bukidnon, Lanao del Norte and Misamis Oriental. The purpose of this workshop is to develop a cadre of BDS providers who can train SMEs in preparing business and financial plans and orienting them on how to hurdle bank loan requirements, particularly those of partner banks. The participants' main output is a training plan for SMEs aimed at enhancing their capacity to access bank credit. Participants in these workshops were selected on the basis of their previous experience in formulating and conducting training programs, commitment to conduct training programs for SMEs, and their potential to offer other business development services. The provincial DTI offices and business associations collaborated with the Team in selecting participants and in holding the events.</p>
<p><b>Project Goal/s</b></p>	<ul style="list-style-type: none"> <li>a. Increased borrowing capacity of SMEs</li> <li>b. Enhanced access to credit by women entrepreneurs</li> </ul>
<p><b>Project Activities</b></p>	<p>The COMPETE team developed the training modules for the Trainers' Training Workshops as well as the Business Plan Workbook. Likewise, the team organized the BDS Trainers' Training Workshops and Trainings on building SME capacities in accessing credit.</p>
<p><b>Project Accomplishments</b></p>	<ul style="list-style-type: none"> <li>• COMPETE organized a total of six (6) BDS Training of Trainers (ToT) Workshops in Iligan (March 5-7), Cagayan de Oro (March 10-11), Bukidnon (April 2-4), Bacolod (April 28-30), Iloilo (June 9-11), and Batangas (July 2-4).</li> <li>• A total of 118 BDS providers participated in these ToT Workshops, of which 55% are women.</li> <li>• In collaboration with participants of the ToT Workshops, COMPETE launched three (3) trainings on building SME capacities in accessing credit in CDO (September 8-10), Batangas (September 24-26), and Bukidnon</li> </ul>

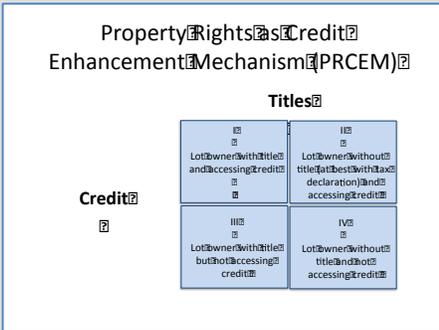
(September 29-October 1). These trainings were attended by 39 SMEs (of which 54% are women entrepreneurs).



• **Activity 3.14.2 – Property Rights as a Credit Enhancement Mechanism (PRCEM)**

**Context**

Only half of the 20 million parcels of residential lands are titled. The Property Rights work under the USAID Economic Growth Hubs (EGH) Project achieved secure property rights through: (a) the passage of Residential Free Patent Law (2010); and (b) Land titling activities at the LGU level (establishment of Land Management Offices). The mandate of COMPETE Project is to increase SMEs’ access to credit. The land titling efforts under EGH did not necessarily translate secure property rights to economic activities (i.e., use of titled land as loan collateral). Many of the land beneficiaries were interested in the land titles but not directly engaged in any economic activity – from Quadrant IV to Quadrant III.



The COMPETE PRCEM initiative addresses this by targeting those in Quadrant II to move to Quadrant I. Thrift and Rural Banks are being utilized for this purpose since these banks already lend to some SMEs whose collateral are limited to tax declarations (Quadrant II). The SME-borrower gets a loan (with Tax Dec as collateral) equivalent to only 30% of the property value. However, those SME-borrowers in Quadrant I (with Titled Property) gets as much as 80% of the value of the property in credit. Hence, the desire to move those in Quadrant II to Quadrant I. How? The COMPETE PRCEM Team trains thrift and rural banks (who are lending already to SMEs in Quadrant II) in land titling. For a small fee, banks facilitate the titling of the untitled lands. It is in the interest of the banks to do this because of their desire to increase their lending to SME clients.

<b>Project Goal/s</b>	<ul style="list-style-type: none"> <li>a. Increased loans using RFPs as collateral</li> <li>b. Increased conversion of tax declarations to RFPs by banks</li> </ul>
<b>Project Activities</b>	<p>COMPETE established partnerships with the Chamber of Thrift Banks (September 11, 2013), Rural Bankers Association of the Philippines (March 31, 2014) and the National Confederation of Cooperatives (June 11, 2014) on improving access to credit by title holders in connection with the trainings that COMPETE will conduct on land titling.</p> <ul style="list-style-type: none"> <li>• <b>Training of banks on land titling</b> – COMPETE conducted ten (10) “land titling orientation” seminars and five (5) “Converting Tax Declarations into Land Titles” seminars. A total of 564 participants (39%, 219 are women) from 221 financial institutions (rural and thrift banks, cooperatives) participated in these seminars.</li> <li>• <b>Guidebook on Land Titling</b> – A Guidebook on Land Titling for banks has been prepared by COMPETE. It is comprised of two (2) parts. The first part is a broad outline of the fundamental components of land ownership: land administration, surveying and boundary determination, private ownership and land registration in the Philippines. The second part is a detailed discussion on R.A. No. 10023, the conditions for its grant and the procedure in the processing of the application. This will also include a guide on how banks could assist its clients in registering residential lands for use as collateral to SME loans. The experience of Lipa Bank, Inc. in using R.A. No. 10023 as part of its effort to bring unregistered residential lands in the formal land market was presented as a case study.</li> <li>• <b>Policy Paper on Regulatory/Procedural Constraints on Land Registration</b> – There are certain factors (e.g., incorrect entry of owner’s name, incorrect technical description of property, time-consuming procedures on the verification, registration of mortgage, foreclosure and transfer of titles) that constrain landowners from using their real property as collateral for loans. These constraints diminish the utility of land titles as a source of additional capital for various purposes. COMPETE prepared a policy paper on regulatory/procedural constraints on land registration which will be submitted to the Land Management Bureau.</li> <li>• <b>Draft Bill to Amend PD 1529</b> – In response to cases of loss or destroyed owner’s duplicate certificate of titles due to disaster and other force majeure, a bill was drafted providing for the process of administrative and judicial reissuance of loss or destroyed owner’s duplicate certificate of titles. The draft bill on the Administrative and Judicial Reissuance of Lost or Destroyed Owner’s Duplicate Certificate of Title has been prepared for submission to Congress.</li> <li>• <b>DENR Policy in support of RFP Beneficiaries</b> – COMPETE endorsed to the Land Management Bureau (LMB), a draft DENR Policy on “Guidelines for Post Titling Support to Beneficiaries of Public Land Disposition”. The guidelines provide support to land title-holders as a result of public land disposition in order to enhance their knowledge and capacity on land and asset management including land preservation, conservation, economic application and sustainable utilization. The guidelines also provide</li> </ul>

provisions that promote gender equality among titling beneficiaries in accessing opportunities for capacity-building. The intention is for DENR to adopt this policy thru LMB.

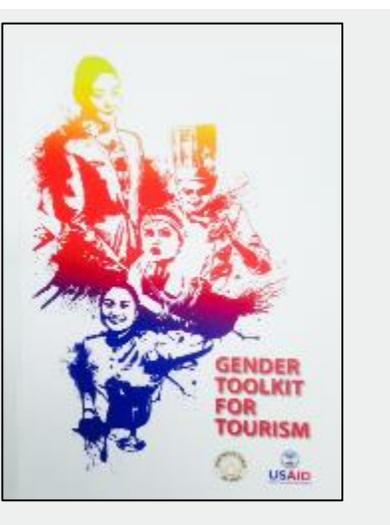
**Project Accomplishments**

- Ten (10) financial institutions have set-up **Titling Centers**:
  - Lipa Bank, Inc., Batangas
  - Inter-Asia Development Bank, Tagaytay City
  - Rural Bank of Catmon, Cebu
  - Rural Bank of Cavinti, Laguna
  - Banco Santiago de Libon, Albay
  - Frontier Bank, Inc., Cebu
  - Rural Bank of Loboc, Bohol
  - Rural Bank of Loon, Bohol
  - Cooperative Bank, Bohol
  - Holnamian Multi-Purpose Cooperative, Bohol
- **Ten (10) tax declarations** have been converted into titles (RFPs), while 23 applications are still being processed.
- The **Guidebook on Land Titling for Banks**, which will be launched in November 2014, is a good reference material for banks and other financial institutions regarding property rights as a credit enhancement mechanism (i.e., conversion of tax declarations into titles as collateral for SME Lending). It also provides bank employees and title examiners useful tools for detecting fake titles.



### III. Gender and Development (GAD) Initiatives

<p><b>Context</b></p>	<p>Gender and Development (GAD) initiatives have been incorporated in almost all components and activities of COMPETE. In infrastructure, gender provisions were incorporated in the terms of reference of the PPP project bid documents. Gender analysis was likewise incorporated in the enhancement of Industry Roadmaps for the agribusiness and manufacturing sector. But the biggest impact is seen in the tourism sector. Tourism can contribute more in the improvement of the conditions of women tourism industry through active and equitable participation of women. A Gender Toolkit for the Tourism Sector was developed to promote gender sensitive and responsive programs, projects, and activities. The tourism industry can raise the level of awareness on gender equality by safeguarding and protecting women, children, and vulnerable groups.</p>
<p><b>Project Goal/s</b></p>	<p>a. Gender equality and women empowerment</p>
<p><b>Project Activities</b></p>	<ul style="list-style-type: none"> <li>• <b>Component 1A:</b> Inclusion of gender analysis requirement as part of the social and gender analysis deliverable in the BWSP bid document (policy tool) and inclusion of the COMPETE Gender Advisor as a member of the TWG for BWSP BAC. <i>Result: bid documents assessment included plan for gender analysis and available human resources. Lesson learned—require social and gender analysis as separate from the environmental impact assessment, and require bidders to specify social and gender expertise as part of human resources.</i> Inclusion of gender assessment for the Laguna Lakeshore Expressway Development (LLED).</li> <li>• <b>Component 2A:</b> Preparation and publication, in partnership with DOT, of a Gender Toolkit for Tourism. The Toolkit is a product of the harmonization of reports produced by the LGSP-LED Project (GAD Checklist) and the PCW GREAT Project.</li> <li>• <b>Component 2 B and C:</b> Orientation of the Industry Research Associates and Agifoods Manufacturing team on gender analysis and integration of gender analysis results in industry roadmaps. Four IRAs completed the first draft of the gender analysis paper for four industries (iron and steel, chemicals, furniture, and mass housing); Coaching of the IRAs re: primary data be collected at firm and association levels. Some data have been collected.</li> <li>• <b>Component 3:</b> Continued inclusion of a session on gender equality and women empowerment in the TOT of BDS providers for SMEs. In all, there have been 5 sessions: three in the second quarter (Iligan, Bukidnon and Cagayan de Oro) and two in the third quarter (Iloilo, Bacolod). The gender session in the third quarter was handled by one of the STTAs of Component 3A; a gender session with Component 3B STTAs on May 8 discussed the relevant gender analysis questions and possible gender issues based on available data, and reviewed progress made against the gender action plan the subcomponent submitted in September 2013, including collection of key sex-disaggregated data.</li> </ul>

<p><b>Project Accomplishments</b></p>	<ul style="list-style-type: none"> <li>• Included gender provisions in the bid terms of reference for the LLED and BWS infra PPP Projects</li> <li>• Included gender analysis in the Industry Roadmaps</li> <li>• The Gender Toolkit for Tourism has been completed and will be launched by DOT, USAID, and the Philippine Commission on Women (PWC) on October 3, 2014.</li> </ul>	
---------------------------------------	---	---

#### IV. Monitoring and Evaluation

During the fiscal year, the M&E Specialist worked on the following activities: (1) Tracking of Performance indicators; (2) Provided updates on the state of Philippine competitiveness, (3) monitored project training activities for uploading into TraiNet website of USAID, and (4) conducted a preliminary training evaluation on a workshop to provide Business Development Services (BDS) to SMEs in Cagayan de Oro City and the province of Lanao del Norte.

- **Tracking of Performance indicators**

The performance of COMPETE in promoting investments has surpassed all expectations in FY2014. Within 18 months since its start-up in April 2013, COMPETE has managed to serve as the major catalyst in mobilizing potential investments in public infrastructure worth in excess of \$5.0 billion. This total counts the projected \$2.8 billion investment required for the LLED project that was formally approved in the NEDA board last December 2013. It also includes the \$2.4 billion projected cost of the 1200 MW coal-fired power plant of GN Power – which was designed to achieve sufficient economies of scale to serve as basis of the winning bid of P3.7022 per kilowatt (the lowest power generation rate ever so far according to the Department of Energy) – for the power supply contract with the 12 electric cooperatives aggregated by COMPETE. The power plant investment was required under the conditions of the competitive bidding rules developed by COMPETE which stipulated that the winning bid be sourced from new – and not existing - capacity.

Also included are the \$787 million road infrastructure projects that were prioritized through an objective selection process directed towards tourism sites, under the Convergence program between the Department of Public Works and Highways and the Department of Tourism for inclusion into the proposed DPWH budgets for 2014 and 2015. This translates to government funding for 588 kilometers of roads in

2013, of which 410 kms have been constructed and/or repaired in 2013 alone. The annual funding for tourism roads constitutes about 1% of GDP which is a significant contribution to the government's plan of raising public infrastructure outlays up to 3.4% of GDP in 2014, up from 2.2% in 2012 towards the 5% target by 2016. The total potential investments generated by COMPETE so far is equivalent to about 2.1% of GDP<sup>2</sup> – which, however, cannot be collectively quantified for a single year since the investments will be realized in different time periods in the future.

Apart from these big-ticket activities, COMPETE is also expected to bring in more investments, raise employment, and generate foreign exchange savings once the real sector activities in tourism and agribusiness commence in FY2015. These efforts will help accelerate the increase in gross domestic capital formation in the next 3 years which has dropped to +12.4% in June year-on-year from the +18.8% rise in 2013. This reinforces the rise in net foreign investment flows, which at \$3.7 billion as of June 2014, is 77% higher than last year and is about halfway to the \$7 billion target of the Joint Foreign Chambers set for 2020.

Expect the performance of indicators related to exports to improve in the future relative to government targets with the downward revision of export targets by the Department of Trade and Industry. The new targets represent significant changes to the official projections of the Philippine Export Development Plan 2010-2013, which did not account for the downward revisions of the 2011 export data as well as the lower than expected growth since then. Merchandise exports stood at \$40.7 billion up to August 2014 – up 9.2% which is higher than the annual target of +6% for the year. Exports in services registered \$10.8 billion which is up 7.2% according to Central Bank data -- but still below the +15% target for the year.

#### REVISED EXPORT TARGETS (\$ billions)

PEDP 2010-13	2011p	2012f	2013f	2014f	2015f	2016f
Goods	56.6	62.3	68.5	75.6	83.5	92.2
Services	15.5	18.0	20.7	22.9	25.3	27.9
<b>Total</b>	<b>72.1</b>	<b>80.2</b>	<b>89.2</b>	<b>98.5</b>	<b>108.7</b>	<b>120.1</b>
<b>% change</b>		11.2%	11.2%	10.4%	10.4%	10.4%
Revised Targets as of 2014	2011r	2012a	2013a	2014f	2015f	2016f
Goods	48.3	52.1	54.0	57.2	61.8	68.0
Services	17.9	18.6	21.6	24.8	28.8	33.4
<b>Total</b>	<b>66.2</b>	<b>70.7</b>	<b>75.6</b>	<b>82.0</b>	<b>90.6</b>	<b>101.4</b>
<b>% change</b>		6.8%	6.9%	8.5%	10.5%	11.9%

Legend: (a)ctual; (r)evised; (f)orecast

The status of performance indicators for data available up to September 2014 (because of the time lag on macroeconomic data (e.g. % of GDP) are in Annex B.

<sup>2</sup> Based on the GDP of \$292 billion for 2014 according to the IMF World Economic Outlook (April 2014).

- **Update on state of Philippine competitiveness**

The state of the Philippine competitiveness in 2014 improved significantly, as its global ranking rose 7 slots from 59<sup>th</sup> to 52<sup>nd</sup> out of the 144 countries listed in the Global Competitiveness Report (GCR) 2014-15 of the World Economic Forum, which was released in September. This brings the total improvement in global rankings to +33 since 2010, which has led to the country being identified as the “most improved country overall” globally since then. This also halved the ranking gap between the country and Indonesia from 41 slots in 2010 to only 22 slots this year. The major improvements in the state of Philippine competitiveness are related to pillars that many Filipinos still consider problematic, including innovation (+59), institutions (+58), and macroeconomic environment (+42). These results are contrary to the 4-slot drop in the Philippines’ ranking from 38<sup>th</sup> in 2013 to 42<sup>nd</sup> out of 60 countries in 2014 World Competitiveness Yearbook (WCY) reported in May. One explanation for the difference is the change in perceptions of international businessmen between the WCY and GCR surveys is that the shock effects of the revelations on corruption have started to wear off and that sentiments have moved on when the GCR survey was conducted up to May 2014 – months after the WCY survey was conducted in the first quarter of 2014.

The GCR is the major data source of the competitiveness indicators of COMPETE and PFG - not the WCY. The baselines of GCR indicators were reset from 2012 to 2013 on account that the GCR 2013-14 consist of quantitative data from 2012 and survey data from the first quarter of 2013 - which is more consistent with the April 2013 starting period of COMPETE. On overall infrastructure, the country did attain the rank target (95<sup>th</sup>) but not the rank percentile (34% vs 36%) with the exclusion of 4 economies from the country list due to non-availability of data. On quality of electrical supply, the country’s new rank percentile (40%) has reached the original standing of Indonesia in 2013 (40%) that was targeted by 2016 – only now Indonesia has moved the goalpost further (94<sup>th</sup> and 42%). On technological readiness, the country (69<sup>th</sup>) has already overtaken Indonesia (77<sup>th</sup>) and is closing in on Thailand (65<sup>th</sup>). On business sophistication, the country (46<sup>th</sup>) is nearing Thailand (41<sup>st</sup>) with Indonesia far ahead (34<sup>th</sup>). On ease of access to loans, the country (30<sup>th</sup>) is ahead of schedule in catching up with Thailand (23<sup>rd</sup>) by 2017. On venture capital availability, the country (31<sup>st</sup>) has made remarkable gains (+31) in the last two years to have passed Thailand (44<sup>th</sup>) towards the target slot of Brunei (24<sup>th</sup>) and closed the gap with Indonesia (14<sup>th</sup>), Singapore (7<sup>th</sup>) and Malaysia (2<sup>nd</sup>).

## GLOBAL COMPETITIVENESS REPORT INDICATORS OF COMPETE

Data Period		2012	2013	2014	2014 T	2015 T	2016 T	2017 T
<b>Country Rank out of</b>		144	148	144	148	148	148	148
Overall Competitiveness	Rank	65	59	52	56	53	49	48
	Rank %	55%	60%	65%	62%	64%	67%	68%
Overall infrastructure	Rank	98	98	95	95	92	89	82
	Rank %	32%	34%	34%	36%	38%	40%	45%
Quality of Electricity Supply	Rank	98	93	87	92	91	90	89
	Rank %	32%	37%	40%	38%	39%	39%	40%
Technological Readiness	Rank	79	77	69	77	76	76	75
	Rank %	45%	48%	52%	48%	49%	49%	49%
Business Sophistication	Rank	49	49	46	48	46	43	40
	Rank %	66%	67%	68%	68%	69%	71%	73%
Ease of Access to Loans	Rank	46	37	30	34	31	28	23
	Rank %	68%	75%	79%	77%	79%	81%	84%
Venture Capital Availability	Rank	62	40	31	37	33	29	24
	Rank %	57%	73%	79%	75%	78%	80%	84%
<i>Legend -</i>		<i>Pass Target</i>		<i>(T)arget</i>				

(Further details on the Summary of GCR 2014-15 results are in Annex C.)

- **Updated project training activities in Trainet website of USAID**

In this fiscal year, COMPETE conducted several training activities focused on (1) promoting Business Development Services (BDS) for developing business plans of expanding SMEs - which are the common requirement that is insufficient in detail when SMEs are applying for bank loans; (2) encouraging rural banks to offer land titling services to potential would-be borrowers in order to raise the value of their collateralized land assets and hence the their possible bank borrowings for business capital and expansion; (3) developing power development plans for Bohol province as well as regions 1 and 8.

The BDS training is in two stages: the first stage consists of the training of trainers who in turn will train the SMEs in the second stage. To date, 120 BDS trainers – of which 65 or 54% are women – have been trained in 6 selected cities and provinces (Bacolod, Cagayan de Oro, Iligan , Iloilo, Lipa and Malaybalay) while 39 SMEs (with 22 women) from 3 cities (CDO, Lipa and Malaybalay) were trained.

The training on property rights as access to credit is of two types: Land Titling (or LT) and on Converting Tax Declarations into Land Titles (or CTD). To date, 564 rural bankers including 219 women from 220 rural banking institutions have been trained.

The series of successive workshops on power development plans for Bohol and regions 1 and 8 were attended by 16, 15 and 22 participants.

In total, the project has trained 814 individual participants of which 341 or 42% are women involving 12,343 participant hours. The summary table of all trainings is in Annex D – which shows the complete attendance including successive trainings of the same people in the workshops on power development plans.

- **Conducted initial training evaluations**

A preliminary training evaluation was conducted on the start of the Business Development Services (BDS) Workshops for Small and Medium Enterprises (SMEs) conducted by BDS providers trained in the previous Training of Trainers Workshops conducted by the COMPETE training team from Component 3 on Access to Credit for SMEs. The three-day training had 11 SMEs in attendance including a large cooperative interested in opening a cacao by-product processing plant to service the needs of Kennemer Food International, a partner private firm of COMPETE in promoting cacao processing and exports from selected target sites such as Palawan. The training was designed to assist SMEs who were in need of bank financing for business expansion to craft business plans which were then presented to a panel of bankers. The training was successful in raising the knowledge, capabilities and confidence of the SMEs for the next round of consultations with the banks. The complete report is in Annex E.

## **V. Submission of Project Plans/Reports to USAID**

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

- Accrual Reports - (AO June 2014 and AO September 2014)
- Expenditure Reports ( Jan.2014, Feb.2014,Marh-Apr. 2014,May-June 2014, July-Aug.2014)
- First Quarter Report – January 31, 2014
- Second Quarter Report – June 20, 2014
- Third Quarter Report – August 25, 2014
- Revised (Final) Year 2 Work Plan and Budget (February 3, 2014)
- Revised (Final) M&E Plan (February 5, 2014)

## VI. USAID Project Site Visits

- BOHOL – USAID DAA Greg Beck and Mission Director visited the project sites in Bohol after the earthquake and Yolanda typhoon (December 9, 2014); Ambassador Philip Goldberg visited the project sites on December 12, 2014).
- PALAWAN – USAID Mission Director visited the project sites in March 2014; US Ambassador Philip Goldberg visited Palawan in June 4-5, 2014. COMPETE organized the business sector meeting of Amb. Goldberg with the Palawan Chamber of Commerce and Industry and Palawan Tourism Council. COP Basilio gave a presentation on the project activities of COMPETE in Palawan.
- RIZAL and TACLOBAN – A USAID Land Tenure Team from Washington DC visited the project sites in August 2014.



## VII. Working Meetings with USAID, Government and Private Sector Partners

- June 3, 2014 – COMPETE COP attended the Infra Forum with US Secretary of Commerce Penny Pritzker.
- June 1, 2014 – COMPETE DCOP Greg Alling attended INVEST Event in Cagayan de Oro (dinner meeting with USAID A/AA Denise Rollins in Cagayan de Oro).
- July 1-2, 2014 – PFG Assessment Interview
- July 23, 2014 – COMPETE-USAID-DTI/BOI Component 2C Planning Workshop
- August 6, 2014 – PFG Regulatory Quality TWG Meeting (August 6, 2014)
- September 30, 2014 – Three (3) Women SME beneficiaries of the COMPETE-DCA Loan Portfolio Guarantee Facility attended a lunch get-together with the US Deputy Chief Mission Goldbeck.

## VIII. Synergies with other PFG Projects

- ARANGKADA – COMPETE participated in the manufacturing, tourism, and agribusiness FGDs organized by Arangkada.
- BE-SECURE – Coordination meeting on January 22, 2014 to discuss some approaches in water projects. Follow up meeting was held in August to discuss the credit for water projects.
- TRADE – Drs. Habito and Clarete requested COMPETE to develop the “Discussion Papers” on the ASEAN Framework Agreement on Services which will be used in the series of fora to be organized by TRADE Project on the ASEAN Economic Integration. Dr. Mario Lamberte will handle financial services, Dr. Henry Basilio will take care of maritime transport, while Prof. Cherrylyn Rodolfo will be in-charge of air transport. COMPETE requested the participation of TRADE (COP Cielito Habito) as plenary speaker during the ASEAN Tourism Integration Forum last September 29, 2014. The outputs from the workshops, presented during the event, will be used as inputs to the Philippine Tourism Competitiveness Roadmap 2015 and Beyond. COMPETE-TRADE Gender and Development meeting was held on September 26, 2014.
- STRIDE/PBED – COMPETE COP Henry Basilio attended 2014 Education Summit in Cebu on January 24, 2014 organized by PBED and STRIDE. Follow up meeting between COMPETE COP Henry Basilio and PBED Executive Director L. Basillote on February 3, 2014 to discuss coordination of activities in Bohol, Pampanga, and Palawan. COMPETE-STRIDE joint meeting with DTI Asec. Aldaba re: Human Resource Development component of the Industry Roadmaps (April 2, 2014). COMPETE COP gave a project briefing to STRIDE and HEPP Projects). USAID Director Robert Burch and CORs Mir Tillah and John Avila also attended the briefing (May 8, 2014). COMPETE introduced its public and private partners (in Bohol, Pampanga, and Palawan) to PBED. The COMPETE team attended the **PBED** presentation of the Human Resource Development Plan last September 29, 2014 in Panglao, Bohol. The needs and issues in the tourism industry in terms of human resource were brought up in the event. The formal plan to be released on November (2014).
- INVEST and COMPETE jointly organized a high-level meeting between the government (DOTC, CAAP, and DOT) and Cagayan de Oro LGU (Mayor Moreno) and Oro Chamber Board on January 20, 2014 to discuss the Laguindingan Airport issue. Some recommendations were put forward to fast track the full operation of the airport.
- COMPETE and TRADE Projects were requested by DTI Usec Cristobal to “peer review” the draft 2014 Investment Priority Plan (IPP); IPP Sectoral presentation (May 9); April 3, COMPETE COP Dr. Basilio briefed DTI Usec Cristobal, Chairman of the PFG Regulatory Quality Pillar TWG on the accomplishments of the COMPETE Project; April 4 – COMPETE participated in the Donor Meeting organized by DTI. USAID, through the COMPETE Project, is assisting the DTI-BOI in enhancing 10 existing industry roadmaps and 5 new roadmaps for food manufactures. GIZ will be involved in the “greening” of the roadmaps while JICA will focus on the automotive and electronics industries.
- COMPETE and Be-LEADERS made a joint courtesy call to Energy Secretary Petilla to discuss the project objectives and activities (April 25, 2014).

- ECOFISH. COMPETE DCOP Greg Alling and Tourism Advisor Twinkle Rodolfo met with the EcoFish Team to discuss collaborative arrangements for Bohol and Palawan.
- COMPETE-i3-FISCAL coordination meeting re: ports and customs activities.

## IX. Next Steps (Planned Activities for 1<sup>st</sup> Quarter of Year 3)

The COMPETE Project activities will slow down in Year 3 given the limited budget available for Year 3:

<b><u>COMPONENT 1 - Infra</u></b>	<b><u>PROJECT ACTIVITIES</u></b>
<b>1.A – Infrastructure/PPP</b>	<ul style="list-style-type: none"> <li>• <i>Bohol Water and Sanitation Project.</i> EDCOP to submit Inception Report for presentation to the Bohol Provincial Development Council on October 10, 2014.</li> <li>• <i>Laguna Lakeshore Expressway-Dike Project.</i> The COMPETE team, upon request of DPWH, shall review in October the Due Diligence Report prepared by PPP Center’s Transaction Adviser, Jones Day. An Investors Forum for the LLED Project will be organized on October 3, 2014 to present the Project, drum up interest, help the private sector appreciate the objectives and features of the Project, and clarify certain aspects of the Project. DPWH to procure additional consultancy services for the Final Resettlement Action Plan and Right-of-Way Acquisition Plan (LAPRAP).</li> </ul>
<b>1.B – Electricity</b>	<ul style="list-style-type: none"> <li>• <i>Right-of-Way Policy Advocacy.</i> The COMPETE team to prepare the draft policy paper documenting the proposed amendments to draft ROWA Bill.</li> <li>• <i>Bohol Island Power Supply Plan.</i> The draft of the Bohol Island Power Supply Development Plan will be presented to the Bohol Provincial Development Council for approval/adoption on October 10, 2014.</li> <li>• <i>Palawan Island Power Development Plan.</i> The draft Palawan Energy Masterplan to be presented to the Palawan Provincial Development Council on October 1, 2014.</li> <li>• <i>Region 8 Electric Cooperatives Aggregation.</i> The pre-bid conference for Region 8’s short-term power requirement (93 MW) will be held on October 15, 2014. Opening of bids is scheduled for October 23, 2014.</li> <li>• <i>Aggregation Policy Forum.</i> In connection with the request of DOE for COMPETE technical assistance in the crafting of the “Department Circular on the adoption of Demand Aggregation and Supply Auctioning Policy in the Electric Power Industry”, the COMPETE Electricity Team will participate in the Aggregation Policy Forum being organized by DOE on October 7, 2014.</li> </ul>
<b><u>COMPONENT 2 – Key Industries</u></b>	<ul style="list-style-type: none"> <li>– <i>PATA Travel Mart 2014.</i> The COMPETE Tourism team will present to Tourism Secretary Jimenez and the Bohol Provincial Development</li> </ul>

## 2.A – Tourism

Council the results of the PATA Travel Mart held in Cambodia in September 2014.

- *World Routes 2014.* The COMPETE Tourism team is currently working with the DOT for the crafting of the Philippine Route Development Strategy.
- *Cruise Tourism in Palawan.* The COMPETE Tourism team is coordinating with DOT, Palawan provincial and city government leaders, and the Philippine Ports Authority, Bureau of Immigration, and Department of Foreign Affairs the maiden port call of Star Cruises in Puerto Princesa on November 10, 2014. The plan is for Star Cruise shipping to have weekly overnight calls in Puerto Princesa from November 2014 to March 2015, bringing with it 800 tourists per week.
- *Bohol Tourism Action Plan and Visit Bohol Year 2015 Program.* The COMPETE Tourism Team will present to Governor Chatto and the Provincial Development Council on October 10 the Bohol Tourism Action Plan and the “Visit Bohol Year 2015” program. These programs are under the Bohol Tourism Recovery Plan.
- *ASEAN Tourism Strategic Action Plan: Post 2015.* The COMPETE Tourism team will assist the DOT for the ASEAN Tourism Forum workshop to be held in Manila on October 7-9, 2014.
- *Gender Toolkit for Tourism.* In partnership with the DOT, COMPETE will launch on October 1, 2014 a handbook (toolkit), which seeks to promote gender sensitive and responsive programs, projects and activities. Through this toolkit, the tourism industry can help raise the level of awareness on gender equity as provided in the National Tourism Development Plan (NTDP), by safeguarding and protecting women, children, and the vulnerable groups.
- *Institutional Strengthening of Air Transport Regulation in the Philippines.* The COMPETE team to finalize the final version of the Airports Authority of the Philippines Act that for presentation to the stakeholders in October-November 2014.

## 2.B – Agribusiness

- *Implementing Rules and Regulations (IRR) of the Food Safety Act of 2013.* The joint legal review between DA and DOH lawyers will be organized in November, 2014. Once completed, there will be a Joint DA-DOH Signing Ceremony.
- *ASEAN RORO.* The launch of the first ASEAN roll-on/roll-off (RO-RO) shipping route between the Philippines and Indonesia is being organized in December in General Santos City.

## 2.C – Manufacturing

- *Enhancement of Industry Roadmaps.* The COMPETE team shall focus on the global value chain (GVC) analysis and industry-level AEC impact assessment this coming quarter.

	<ul style="list-style-type: none"> <li>• <i>Regional benchmarking of select Food Manufactures.</i> After completing the Rapid Industry Appraisals, the team shall undertake regional benchmarking research for the select food manufactures.</li> </ul>
<p><b><u>COMPONENT 3</u> – Access to SME Credit</b></p>	<ul style="list-style-type: none"> <li>• <i>Workshop on Building SME’s Capacity to Access Credit.</i> The COMPETE Credit team shall continue conducting workshops on BDS in October-November 2014.</li> <li>• <i>CIC Educational Campaign.</i> On October 14, the COMPETE Credit Team will meet with CIC and ABS-CBN for a possible partnership in the implementation of the educational campaign on Credit Information System.</li> <li>• <i>Land Titling for Banks: A Guidebook.</i> Once approval is secured from USAID, the guidebook on Land Titling for Banks will be launched in November 2015.</li> </ul>

**ANNEX A – COMPETE MATRIX OF PROJECT ACTIVITIES AND OUTPUTS/DELIVERABLES**

<b>Component 1 – Improving competitiveness through the provision of better infrastructure</b>					
<b>Sub-component 1A – Investment in infrastructure increased.</b>					
<b>Task 1.A.1 – Through technical, research and analytical assistance, strengthen the regulatory and institutional framework governing public-private partnerships.</b>					
<b>Activity 1.A.1. 1: Support policy issuances to address regulatory, institutional, and legal issues to promote open, transparent, and competitive process</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Qtr.(July-Sept.2014)
<p><b>Output 1.A.1.1.1:</b></p> <p>Supreme Court Memorandum Circular (MC) on Issuance of ROWA Writ of Possessions (WOP)</p> <p>Note: In lieu of the Supreme Court Memorandum Circular on ROWA, upon the request of DPWH, COMPETE is providing technical assistance in the crafting and passage of the ROWA Bill (currently in the form of House Bill 2994 and Senate Bill 2145)</p>	<p><b>COMPLETED:</b></p> <p>House Bill 2994 was filed in Congress in September 2013.</p> <p><b>NEXT STEP:</b></p> <p>Submission to relevant government agencies of the HB 2994 for comments.</p>	<p><b>COMPLETED</b></p> <p>Consolidation of comments from various government agencies.</p> <p><b>NEXT STEP:</b></p> <p>Incorporation of the comments provided by government agencies on HB 2994 an incorporation of relevant comments to the Substitute Bill for submission the offices of Rep. Cosalan and Senator Marcos</p>	<p><b>COMPLETED:</b></p> <p>Submission of the Substitue Bill to the offices of Rep. Cosalan and Senator Senator Marcos.</p> <p>Rep. Cosalan conducted a hearing on HB 2994 on Feb. 19, 2014 while Senator Marcos filed the Senate Bill 2145 on Feb. 26, 2014.</p> <p><b>NEXT STEP:</b></p> <p>Presentation of the ROWA Bill to the Economic Development Cluster (EDC)</p>	<p><b>COMPLETED:</b></p> <p>The proposed ROWA Bill was presented by DPWH Sec. Singson to the EDC on June 20, 2014. COMPETE incorporated the comments from the Economic Cluster to the position paper submitted by DPWH to the Office of Senator Marcos on June 30,2014.</p> <p><b>NEXT STEP:</b></p> <p>Follow up the approval of HB 2994</p>	<p><b>COMPLETED</b></p> <p>The House Committee on Public Works and Highways approved HB No. 2994 and requested the House Committee on Appropriations for its endorsement of the bill. The Bill has been introduced at the Plenary on October 20, 2014.</p> <p><b>COMPLETED:</b> The ROWA Forum was organized for DPWH and PPP Center re salient features of the proposed amendments to the ROWA Law.</p> <p><b>ONGOING:</b>The counterpart bill (SB21450) is being discussed at the Committee level in the Senate</p>

					NEXT STEP: Follow through on the enactment of the ROWA Law.
--	--	--	--	--	---

<b>Component 1 – Improving competitiveness through the provision of better infrastructure.</b>					
<b>Sub-Component 1A – Investment in infrastructure increased.</b>					
<b>Task 1.A.2: Through technical assistance, training and limited commodities assistance, support relevant line agencies develop a steady pipeline of viable PPP projects.</b>					
<b>Activity 1.A.2 .1 : Institutionalize rational procurement process for PPP pipeline</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Qtr. (Oct-Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2Third Qtr. (April-June 2014)	Year 2 Fourth Qtr. (July-Sept.2014)
<b>Output 1.A.2.1.1:</b>  Bohol Bulk Water Project (including Sanitation and possibility of Power Generation): Work plan Phase	<b>COMPLETED:</b>  Memorandum of Cooperation (MOC) between Bohol Provincial Government and USAID for the assistance in the preparation of feasibility study (FS) and transaction documents for the Bohol Water and Sanitation (BSW) PPP Project signed.  Bid Documents for the Consultancy Services (i.e., preparation of FS and Transaction Documents) drafted and submitted to the Office of Governor Chato for	<b>COMPLETED:</b> COR gave the approval to proceed with the bidding of consultancy services. Tender will be undertaken in the 2 <sup>nd</sup> quarter.  <b>NEXT STEP:</b> Establishment of the Special Bids and Awards Committee (SBAC) and the Technical Working Group (TWG)	<b>COMPLETED:</b>  SBAC and TWG established.  Formal letters of invitations to SBAC and TWG members sent.  Pre-bid workshop of SBAC and TWG members coordinated.  <b>NEXT STEP:</b>  Tender to be published.	<b>COMPLETED:</b> The Highest Rated and Responsive Bidder has been identified by the SBAC which is EDCOP, in association with SCHEMA. The SBAC, with assistance from the TWG conducted the required post-qualification review where SBAC sustained its declaration of EDCOP as the HRRB.  <b>NEXT STEP:</b>  The SBAC will submit to USAID for approval of EDCOP as winning bidder so that the Consultancy Contract can be issued	<b>COMPLETED:</b>  USAID Approval on the Selection of EDOP  Signing of the Contract Agreement Between The Asia Foundation(TAF) and EDCOP  Submission of the Inception Report for the BWSP FS by EDCOP  <b>NEXT STEP:</b> Review of the Inception Report by the Oversight Committee and TWG

<b>Component 1 – Improving competitiveness through the provision of better infrastructure.</b>					
<b>Sub-Component 1A – Investment in infrastructure increased.</b>					
<b>Task 1.A.2: Through technical assistance, training and limited commodities assistance, support relevant line agencies develop a steady pipeline of viable PPP projects.</b>					
<b>Activity 1.A.2 .1 : Institutionalize rational procurement process for PPP pipeline</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Qtr. (Oct-Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2Third Qtr. (April-June 2014)	Year 2 Fourth Qtr. (July-Sept.2014)
	<p>review and comments. Bid documents finalized and ready for tendering.1</p> <p><b>NEXT STEP:</b></p> <p>Obtaining USAID Approval on the tendering of the Consultancy Services for the preparation of the feasibility study (FS) and Transaction documents for the BWS PPP Project in Year 2</p>		<p>Pre-bid conference among prospective bidders organized in 3rd Qtr.</p>	<p>and work on the BWSP FS can already start.</p>	

<b>Component 1 – Improving competitiveness through the provision of better infrastructure.</b>					
<b>Sub-Component 1A – Investment in infrastructure increased.</b>					
<b>Task 1.A.2: Through technical assistance, training and limited commodities assistance, support relevant line agencies develop a steady pipeline of viable PPP projects.</b>					
<b>Activity 1.A.2 .1 : Institutionalize rational procurement process for PPP pipeline</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Qtr. (Oct-Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2Third Qtr. (April-June 2014)	Year 2 Fourth Qtr. (July-Sept.2014)
<p><b>Output 1.A.2.1.2:</b> Development of Pipeline of Public-Private Partnership (PPP Projects)</p> <p>(Note: Upon request of DPWH, COMPETE is providing technical assistance in the preparation of the Feasibility Study and Bid Documents for the Laguna Lakeshore Expressway Dike (LLED) Project.</p>	<p><b>COMPLETED:</b> Preparation of the Terms of Reference (TOR) for the Consultancy Services (Feasibility Study and Transaction Documents) for the Laguna Lakeshore Expressway Project</p> <p><b>NEXT STEP:</b> Procurement of the Consultancy Services for the LLED PPP Project.</p>	<p><b>COMPLETED:</b> Procurement of the Consultancy Services for the LLDE PPP Project. Awarded to CANCIO and Associates.</p> <p><b>NEXT STEP :</b> Preparation of FS and Transaction Documents for the LLDE PPP Project</p>	<p><b>COMPLETED:</b> a. FS was submitted by Cancio to DPWH. b. FS was reviewed and transmitted, together with Project Proposal, to NEDA-PPP Center c. Parcellary Survey Completed d. Application for ECC have been submitted to DENR.</p> <p><b>NEXT STEPS :</b></p> <p>a. Securing Regional Development Council (Region IV-A and NCR:Metro Manila Development Authority) Endorsements</p> <p>b. Securing NEDA-ICC Approval</p> <p>c. Securing NEDA Board Approval</p>	<p><b>COMPLETED :</b> The Presidential Proclamation, DENR Patent, and ECC were issued for the LLED Project. On 19 June 2014, the NEDA Board, chaired by President Benigno S. Aquino III approved the implementation of the Project. Aside from the finalization of the FS, the Pre-Qualification and Transaction Documents were also prepared for the upcoming advertisement of the Invitation to Bid in August 2014. Other preliminary market sounding activities and LGU consultations were also conducted.</p>	<p><b>COMPLETED:</b> The LLEDP Project was publicly tendered through advertisements in leading newspapers where 22 prospective bidders have signified interest to bid.</p> <p><b>COMPLETED:</b> The Investor's Forum was organized on October 3, 2014</p>

<b>Component 1 – Improving competitiveness through the provision of better infrastructure.</b>					
<b>Sub-Component 1A – Investment in infrastructure increased.</b>					
<b>Task 1.A.2: Through technical assistance, training and limited commodities assistance, support relevant line agencies develop a steady pipeline of viable PPP projects.</b>					
<b>Activity 1.A.2 .1 : Institutionalize rational procurement process for PPP pipeline</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Qtr. (Oct-Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2Third Qtr. (April-June 2014)	Year 2 Fourth Qtr. (July-Sept.2014)
			d. Preparation of Transaction Documents		

<b>Component 1- Improving competitiveness through the provision of better infrastructure.</b>					
<b>Sub-Component 1A – Investment in infrastructure increased.</b>					
<b>Task 1.A.3 – Strengthening Infrastructure Planning and Public Budgeting</b>					
<b>Activity 1.A.3.1. Seamless Inter-Modal Transport Infrastructure Planning</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Qtr.(July- Sept.2014
<b>Output 1.A.3.1.1:</b> Creation of Convergences to include DOT and DPWH through Signing of Memorandum of Agreements /Cooperation	<b>COMPLETED:</b>  GIS Mapping (in cooperation with WB) and Open Govt. Initiatives for Tourism Road	<b>COMPLETED:</b>  . Expansion of the DOT-DPWH Convergence Program	<b>COMPLETED</b>  Technical assistance to the TRIP Program of DOT and DPWH	<b>COMPLETED</b>  COMPETE Project Team serves as secretariat of the TWG of the DOT-DPWH Convergence Program to assist in planning and prioritization of TRIPP(Tourism Road Infra Project Prioritization	<b>COMPLETED</b>  COMPETE Project Team serves as secretariat of the TWG of the DOT-DPWH Convergence Program to assist in planning and prioritization of TRIPP(Tourism Road Infra Project Prioritization
<b>Output 1.A.3.1.2</b> Draft Seamless Transport Plan for the Central Spine Highway Project of the DOTC	<b>ONGOING:</b> Draft Road Station Concept for the Road-RoRo Policy submitted and discussed with DPWH. Draft for submission and discussion with DOTC	<b>COMPLETED:</b> Road Station Concept for the Road-RoRo Policy Paper  <b>NEXT STEPS:</b> Discussion with DPWH on memorandum circular and further discussion with DOTC.	<b>ONGOING:</b> Discussions with DOTC. Presentation to DPWH is being calendared	<b>ONGOING:</b> Discussions with the DOTC for the airport and RORO ports in Palawan.	<b>ONGOING:</b> Discussions with the DOTC for the airport and RORO ports in Palawan.

<b>Component 1- Improving competitiveness through the provision of better infrastructure.</b>					
<b>Sub-Component 1A – Investment in infrastructure increased.</b>					
<b>Task 1.A.3 – Strengthening Infrastructure Planning and Public Budgeting</b>					
<b>Activity 1.A.3.1. Seamless Inter-Modal Transport Infrastructure Planning</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Qtr. (July – Sept. 2014)
<p><b>Output 1.A.3.1.3</b> Other activities to be initiated:</p> <p>Taskforce on Priority Infrastructure Budgeting (Work Mechanism of EO on National Transport Policy)</p> <p>Comprehensive and Integrated Infrastructure Plan (CIIP) for the Next 3 years</p>	<p><b>ONGOING:</b> Revised Executive Order (EO) on National Transport Policy submitted to NEDA and DPWH for review and adoption. The Infra is working with NEDA on the CIIP.</p>	<p><b>COMPLETED:</b> Database and Statistics for tourism road projects submitted for GIS Mapping.</p> <p><b>ONGOING:</b> GIS Mapping in selected provinces (Cebu, Bohol, Palawan, Benguet, and Ifugao)</p>	<p><b>ON HOLD</b> until NEDA's next action/direction</p>	<p><b>ON HOLD</b> until NEDA's next action/direction</p>	<p><b>ON HOLD</b> until NEDA's next action/direction</p>

<b>Component 1- Improving competitiveness through the provision of better infrastructure.</b>					
<b>Sub-Component 1A – Investment in infrastructure increased.</b>					
<b>Task 1.A.3 – Strengthening Infrastructure Planning and Public Budgeting</b>					
<b>Activity 1.A.3.1. Seamless Inter-Modal Transport Infrastructure Planning</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Qtr. (July – Sept. 2014)
<b>Output 1.A.3.2.1:</b> Tourism Road Infrastructure Inventory and Statistics Database: Preparation for the Inclusion in the DPWH Road Inventory and Statistics Database of 2012-2013 Projects	<p><b>COMPLETED:</b> Database and Statistics for tourism road projects submitted for GIS Mapping.</p> <p><b>ONGOING:</b> GIS Mapping in selected provinces (Cebu, Bohol, Palawan, Benguet, and Ifugao</p>	<p><b>COMPLETED:</b> All GIS Maps on Tourism Roads, Infrastructures (tourist arrivals, tourism establishments, etc.) information are done.</p> <p><b>NEXT STEPS:</b> Validate GIS maps with DOT and DPWH regional offices</p> <p>Conduct of workshops on video packing of tourism roads among relevant personnel of DOT and DPWH regional offices (Priority TDAs)</p>	<p><b>COMPLETED:</b> Validation of GIS maps with DOT and DPWH regional offices. Workshops on video packing of tourism roads carried out with relevant staff of DOT and DPWH regional offices.</p> <p><b>NEXT STEPS:</b> Field video packing of tourism roads in priority TDAs.</p>	<p><b>COMPLETED:</b> COMPETE and World Bank gave a presentation to the Bohol Provincial Development Council, chaired by Governor Chatto, on the proposed GIS training workshop on full-scale mapping of Bohol’s Local Road Network.</p> <p><b>COMPLETED:</b> COMPETE, in partnership with Province of Bohol, Bohol Chamber of Commerce and Industry (BCCI) and World Bank, conducted a three-week training workshop on Geographic Information System (GIS).</p>	<p><b>COMPLETED:</b> The TRIPP TWG organized separate meetings with DPWH Bureau of Designs (BOD) and Road Board in connection with the drafting of the implementing guidelines for tourism softscapes.</p> <p><b>COMPETE</b> convened the technical working group for the implementation of softscape infrastructures starting in the 6 APEC sites. The softscape infrastructure include lighting, visitor information centers and Green Rest Rooms (GROOMS).COMPETE provided technical assistance in the preparation of bid documents, MOA and guidelines for community and private sector participation.</p>

<b>Component 1 – Improving competitiveness through the provision of better infrastructure</b>					
<b>Sub-component 1B – Improving competitiveness through lower power costs</b>					
<b>Task 1.B.4 - Through technical assistance, research and analytical assistance, reinforce competitive market mechanisms in the electricity market.</b>					
<b>Activity 1.B.4.1. Draft a policy to eliminate cross ownership in the energy sector</b>					
<b>Outputs or Deliverables</b>	<b>STATUS/ACCOMPLISHMENTS</b>				
	<b>YEAR 1 (April-Sept 2013)</b>	<b>YEAR 2 First Quarter (Oct – Dec 2013)</b>	<b>YEAR 2 Second Qtr. (Jan. – March 2014)</b>	<b>YEAR 2 Third Qtr. (April-June 2014)</b>	<b>Year 2 Fourth Qtr. ( July-Sept. 2014)</b>
<b>Output 1.B.4.1.1</b>  Policy Study cum Advocacy on Cross-Ownership in the Electricity Sector	<b>COMPLETED:</b>  Report on Policy Study. The Project Team is crafting an advocacy strategy to address the Cross-Ownership issue.	<b>ONGOING:</b>  Technical Assistance Team has been organized. Inception Report is due for submission on January 31, 2014. Team Economist is awaiting for USAID Approval  <b>NEXT STEPS:</b> Review/Approval of Inception Report indicating the timeline of activities and strategies to be undertaken. Once approved by Component Team Leader, technical team will initiate meetings with concerned stakeholders (i.e. ERC, PEMC and DOE).	<b>COMPLETED:</b>  Team economist has been engaged and the Inception report has been submitted.  <b>ONGOING:</b> The team is completing its report on the evaluation of the market rules; reviewing anti-competition cases in other countries to be used as samples for the ERC workshops that will be organized next. Informal coordination also being done with the ERC Commissioners to inform them of the COMPETE activity.	<b>COMPLETED:</b>  Submission of Inception report indicating strategies and next steps.  <b>COMPLETED:</b>  Presentation of USAID-COMPETE and the proposed TA to the Energy Regulatory Commission; attended by ERC Chair Ducut, Commissioners Taruc, and officers of the Asirit and Market and Legal Services.  <b>ONGOING:</b>  (1) Drafting of “training kits” for the upcoming ERC writeshops	<b>COMPLETED:</b>  Training kits with all cases and attachments have been completed and distributed to ERC participants (25)  <b>ONGOING:</b>  Part 1 Writeshops with ERC on ERC Regulation 45 - Competition Rules in the Electricity Sector  <b>NEXT STEP:</b>  (1) Conitnue writeshops – Part 2 –ERC Regulation No 26 – Limits to Cross Ownership

			<p><b>NEXT STEPS:</b></p> <p>1) Formal meeting with the ERC to introduce COMPETE and the activity</p> <p>2) Preparation of workshop materials</p> <p>3) Conduct of ERC writeshops leading to Amended of ERC Rules on market, competition &amp; cross ownership.</p>	<p>(2) Organizational meetings with ERC staff</p> <p><b>NEXT STEPS:</b></p> <p>(1) Submission of LOU for possible adoption of ERC</p> <p>(2) Conduct of ERC writeshops leading to development of Amended ERC Rules on market competition and cross ownership.</p>	
--	--	--	---	---	--

<b>Component 1 -- Improving competitiveness through the provision of better infrastructure</b>					
<b>Sub-component 1B - Improving competitiveness through lower power costs</b>					
<b>Task 1.B.4 - Through technical assistance, research and analytical assistance, reinforce competitive market mechanisms in the electricity market.</b>					
<b>Activity 1.B.4.2 Reduce energy costs through competitive bidding</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Qtr. (July-Sept. 2014)
<p><b>New Outputs for Year 2</b></p> <p><b>Output 1.B.4.2.2</b></p> <p><b>TA on Electric Coop Aggregation</b></p> <p><b>(1) TA to CLECA-FLAG on Competitive Supply Procurement</b></p>	<p><b>New Output in YR 2</b></p>	<p><b>COMPLETED:</b></p> <p>GN Power and CLECA-FLAG signed a Memorandum of Agreement last November 8, 2013 to confirm the former as ‘firm proponent’ of the Php 3.70/kwh supply of electricity starting in 2018, with total capacity of 300MW.</p> <p><b>ONGOING:</b></p> <p>- Technical Assistance to CLECA-FLAG is on schedule, following the milestones set in the aggregation’s transaction memo.</p> <p><b>NEXT STEPS:</b></p>	<p><b>COMPLETED:</b></p> <p>Firm Proposal submitted by GN Power and accepted by CLECA-FLAG. No other pre-qualified GenCo challenged the firm proposal</p>	<p><b>COMPLETED:</b></p> <p>(1) CLECAFLAG and GN Power LTD signed PhP 3.7002/kWh Power Supply Agreement for 400 MW demand in 2018/2019.</p> <p>(2) USAID and CLECFLAG signed Memorandum of Cooperation for continued USAID-COMPETE Technical Assistance on Institutional and Governance of the Aggregation</p> <p><b>NEXT STEP:</b>Technical Assistance continuing on Institutional and Governance aspects of CLECAFLAG - Assist CLECAFLAG in establishing their corporate governance system and</p>	<p><b>ONGOING</b> Technical Assistance continuing on Institutional and Governance aspects of CLECAFLAG - Assist CLECAFLAG in establishing their corporate governance system and improve operational efficiency</p>

<b>Component 1 - – Improving competitiveness through the provision of better infrastructure</b>					
<b>Sub-component 1B - Improving competitiveness through lower power costs</b>					
<b>Task 1.B.4 - Through technical assistance, research and analytical assistance, reinforce competitive market mechanisms in the electricity market.</b>					
<b>Activity 1.B.4.2 Reduce energy costs through competitive bidding</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Qtr. (July-Sept. 2014)
		1) Technical Team to assist CLECA-FLAG in the review of the 'firm proposal' of GN Power to be submitted in January 2014. Once acceptable, the latter will announce the opening of the 'Swiss challenge' phase through an event wherein USAID-COMPETE and CLECA-FLAG will sign a Memorandum of Cooperation.	<p><b>ONGOING:</b></p> <p>(1) Final review and start of PSA negotiation between CLECA-FLAG and GN Powe</p> <p><b>NEXT STEP:</b></p> <p>CLECA-FLAG and GN Power PSA Signing.</p>	improve operational efficiency	

<b>Component 1 - -- Improving competitiveness through the provision of better infrastructure</b>					
<b>Sub-component 1B - Improving competitiveness through lower power costs</b>					
<b>Task 1.B.4 - Through technical assistance, research and analytical assistance, reinforce competitive market mechanisms in the electricity market.</b>					
<b>Activity 1.B.4.2 Reduce energy costs through competitive bidding</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Qtr. (July-Sept. 2014)
(2) TA to CAR+Regn1		<p><b>ONGOING:</b></p> <p>Technical Assistance to the 2nd aggregation group (Region 1 and Cordillera Autonomous Region) has been proposed during the January 22, 2014 workshop of the group at UP-NEC. COMPETE has received positive feedback from the Northern Luzon Electric Cooperatives.</p> <p><b>NEXT STEP:</b></p> <p>The Team expects to attend another meeting with the Region 1/CAR officials in February to finalize the partnership; looking at signing a MOC (similar with CLECA-FLAG) with the aggregation.</p>	<p><b>COMPLETED:</b></p> <p>Initial meeting with Northern Luzon + CAR Aggregation to present COMPETE's intended TA</p> <p><b>ONGOING:</b></p> <p>Roadshow of RECA1+CAR group to formulate their supply procurement transaction</p> <p><b>NEXT STEP:</b></p> <p>Meeting with North Luzon + CAR Aggregation on strategies and TA to be undertaken</p>	<p><b>ONGOING:</b></p> <p>Coordination with EC aggregation officers on the scope of TA</p> <p><b>NEXT STEP:</b></p> <p>Start of TWG workshops on load forecasting for the aggregation</p>	<p><b>ONGOING:</b></p> <p>Drafting of Information Memorandum for the procurement of long-term supply of 150 MW for 2019-2034</p> <p><b>NEXT STEPS (possibly for FY 2015)</b></p> <ul style="list-style-type: none"> <li>- Publish Information Memorandum</li> <li>- Continue technical Assistance and Assist in Pre-bidding and bidding conference</li> </ul>

<b>Component 1 - -- Improving competitiveness through the provision of better infrastructure</b>					
<b>Sub-component 1B - Improving competitiveness through lower power costs</b>					
<b>Task 1.B.4 - Through technical assistance, research and analytical assistance, reinforce competitive market mechanisms in the electricity market.</b>					
<b>Activity 1.B.4.2 Reduce energy costs through competitive bidding</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Qtr. (July-Sept. 2014)
(3) TA to Region 8					<p><b>ONGOING:</b></p> <p>Scoping for TA to REGION 8 aggregation</p> <p><b>NEXT STEP:</b></p> <p>Immediate TA for Competitive Supply Procurement started - Crafted and Published Information Memorandum for 93 MW Short-term Power Supply Contract. Specifically, assist in development of transaction documents; conduct (2) Pre-bidding Conferences and Bidding Conference</p> <p>- Sign Power Purchase and Supply Agreement with winning generating company (GENCO) by end December 2014.</p>

<b>Component 1 – Improving competitiveness through the provision of better infrastructure</b>					
<b>Sub-component 1B – Improving competitiveness through lower power costs</b>					
<b>Task 1.B.4 - Through technical assistance, research and analytical assistance, reinforce competitive market mechanisms in the electricity market.</b>					
<b>Activity 1.B.4.3 Empower Businesses such as Manufacturers and agri-exporters to negotiate supply</b>					
<b>Outputs or Deliverables</b>	<b>STATUS/ACCOMPLISHMENTS</b>				
	<b>YEAR 1 (April-Sept 2013)</b>	<b>YEAR 2 First Quarter (Oct – Dec 2013)</b>	<b>YEAR 2 Second Qtr. (Jan. – March 2014)</b>	<b>YEAR 2Third Qtr. (April-June 2014)</b>	<b>Year 2 Fourth Qtr. (July-Sept. 2014)</b>
<b>Output 1.B.4.3.1:</b> Report on RCOA Policy	Deferred to Year 3 to give priority to the aggregation work with CLECA	Deferred to Year 3 to give priority to the aggregation work with CLECA	Deferred to Year 3 to give priority to the aggregation work with CLECA	Deferred to Year 3 to give priority to the aggregation work with CLECA	Deferred to Year 3 to give priority to the aggregation work with CLECA

<b>Component 1 – Improving competitiveness through the provision of better infrastructure</b>					
<b>Sub-component 1B – Improving competitiveness through lower power costs</b>					
<b>Task 1.B.5 - Through technical assistance, research and limited commodities assistance, strengthen institutional governance in the power sector.</b>					
<b>Activity 1.B.5.1 Assist in the creation of an independent market operator (IMO).</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Qtr. (July-Sept. 2014)
<b>Output 1.B.5.1.1</b> Policy recommendations on the creation of an Independent Market Operator (IMO)	<b>COMPLETED:</b>  Study Report on Creation of an IMO.  Further action on this activity is deferred to Year 3	<b>COMPLETED:</b>  Study Report on Creation of an IMO.  Further action on this activity is deferred to Year 3	<b>COMPLETED:</b>  Study Report on Creation of an IMO.  Further action on this activity is deferred to Year 3	<b>COMPLETED:</b>  Study Report on Creation of an IMO.  Further action on this activity is deferred to Year 3	<b>COMPLETED</b>  Study Report on Creation of an IMO.  Further action on this is deferred to Year 3

<b>Component 1 – Improving competitiveness through the provision of better infrastructure</b>					
<b>Sub-component 1B – Improving competitiveness through lower power costs</b>					
<b>Task 1.B.6 - Through technical assistance, research and analytical assistance, promote regulatory and policy reforms that incentivize more private investments in power generation projects, including the expansion and rehabilitation of existing generation facilities.</b>					
<b>Activity 1.B.6.1 - Conduct research and analysis on generation plants as economic zones.</b>					
<b>Outputs or Deliverables</b>	<b>STATUS/ACCOMPLISHMENTS</b>				
	<b>YEAR 1 (April-Sept 2013)</b>	<b>YEAR 2 First Quarter (Oct – Dec 2013)</b>	<b>YEAR 2 Second Qtr. (Jan. – March 2014)</b>	<b>YEAR 2 Third Qtr. (April-June 2014)</b>	<b>Year 2 Fourth Qtr. (July-Sept.2014)</b>
<b>Output 1.B.6.1.1:</b>  Policy Paper on the Establishment of Generation Plants in Economic zones	<b>DEFERRED to Year 3</b> to give priority to the aggregation work with CLECA and two other groups in Northern Luzon and Eastern Visayas.	<b>DEFERRED to Year 3</b> to give priority to the aggregation work with CLECA and two other groups in Northern Luzon and Eastern Visayas.	<b>DEFERRED to Year 3</b> to give priority to the aggregation work with CLECA and two other groups in Northern Luzon and Eastern Visayas.	<b>DEFERRED to Year 3</b> to give priority to the aggregation work with CLECA and two other groups in Northern Luzon and Eastern Visayas	<b>DEFERRED to Year 3</b> to give priority to the aggregation work with CLECA and two other groups in Northern Luzon and Eastern Visayas

<b>Component 1 – Improving competitiveness through the provision of better infrastructure</b>					
<b>Sub-component 1B – Improving competitiveness through lower power costs</b>					
<b>Task 1.B.6 - Through technical assistance, research and analytical assistance, promote regulatory and policy reforms that incentivize more private investments in power generation projects, including the expansion and rehabilitation of existing generation facilities.</b>					
<b>NEW ACTIVITY (Year 2) Activity 1.B.6.2 - Technical Assistance to Mindanao Development Authority (MINDA) in Power Development Capacity Building</b>					
<b>Outputs or Deliverables</b>	<b>STATUS/ACCOMPLISHMENTS</b>				
	<b>YEAR 1 (April-Sept 2013)</b>	<b>YEAR 2 First Quarter (Oct – Dec 2013)</b>	<b>YEAR 2 Second Qtr. (Jan. – March 2014)</b>	<b>YEAR 2 Third Qtr. (April-June 2014)</b>	<b>Year 2 Fourth Qtr. (July-Sept.2014)</b>
<p><b><u>New Output for Year 2:</u></b></p> <p><b>Output 1.B.6.2.1:</b>            Technical Assistance to Mindanao Development Authority (MINDA) in power development capacity building</p>	<b>New Output in YR 2</b>	<p><b>ONGOING:</b></p> <p>Team has been engaged but awaiting the end of USAID-CENERGY project to have a clear entry point for COMPETE's technical assistance.</p>	<p><b>ONGOING :</b></p> <p>USAID CENERGY has ended but now, TA scope needs to be coordinated with USAID B-Leaders Project, which just started this year. Awaiting USAID-OEDG guidance.</p>	<b>DEFERRED TO Yr 3</b>	<b>DEFERRED TO Yr 3</b>

<b>Component 1 – Improving competitiveness through the provision of better infrastructure</b>					
<b>Sub-component 1B – Improving competitiveness through lower power costs</b>					
<b>Task 1.B.6 - Through technical assistance, research and analytical assistance, promote regulatory and policy reforms that incentivize more private investments in power generation projects, including the expansion and rehabilitation of existing generation facilities.</b>					
<b>NEW ACTIVITY (Year 2) Activity 1.B.6.3 – Technical Assistance to the National Economic Development Authority</b>					
<b>Outputs or Deliverables</b>	<b>STATUS/ACCOMPLISHMENTS</b>				
	<b>YEAR 1 (April-Sept 2013)</b>	<b>YEAR 2 First Quarter (Oct – Dec 2013)</b>	<b>YEAR 2 Second Qtr. (Jan. – March 2014)</b>	<b>YEAR 2 Third Qtr. (April-June 2014)</b>	<b>Year 2 Fourth Qtr. (July-Sept.2014)</b>
<b><u>New Output for Year 2:</u></b>  <b>Output 1.B.6.3.1:</b> Demand Forecasting Model for the National Economic Development Authority	<p><b>COMPLETED:</b></p> <p>Electricity Demand Forecasting Model prepared by the Center for Research and Communication.</p> <p><b>ONGOING:</b></p> <p>Discussion of the Demand Model with NEDA</p>	Waiting for final direction from NEDA	No further progress yet. Will be processing the engagement of experts in 3 <sup>rd</sup> Quarter in coordination with NEDA	<b>DEFERRED TO YEAR 3</b>	<b>DEFERRED (To be pursued later depending on budget availability)</b>

<b>Component 2 – Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2A- Pursue actions that facilitate and increase tourist arrivals.</b>					
<b>Task 2.A.7– Through technical assistance, training and limited commodities assistance, pursue actions that increase and facilitate tourist arrivals.</b>					
<b>Activity 2.A.7.1: Strategic Marketing and Institutional Strengthening of Secondary Gateways</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2Third Qtr. (April-June 2014)	Year 2 Fourth Qtr. (July – Sept. 2014)
<b>Output 2.A.7.1.1:</b> Mid Term Review of National Tourism Development Plan	<p><b>COMPLETED:</b> Mid-Term Assessment of the NTDP.</p> <p>ONGOING: Drafting of the NTDP Mid-Term Review Report for submission to DOT.</p>	<p><b>ONGOING:</b> Implementation of the NTDP Action Plan.</p> <p><b>COMPLETED:</b> Creation of DOT-DOTC Task Force</p> <p>ONGOING: DOT-DOTC Task Force implementation</p> <p><b>COMPLETED:</b> Post-Damage Assessment of Bohol</p> <p><b>COMPLETED:</b> Draft Action and Communications Plan</p> <p><b>COMPLETED:</b> Post-Yolanda Assessment (Coron-Busuanga, Kalibo-Aklan, Northern Iloilo, Northern Cebu)</p>	<p><b>ONGOING:</b> Implementation of the NTDP Action Plan</p> <p><b>COMPLETED:</b> Completion of Bohol Tourism Action Plan .</p> <p><b>COMPLETED:</b> Product assessments of Cebu and Puerto Princesa (initial) and of Ecotourism</p> <p><b>COMPLETED:</b> Strategy session with the Tourism Congress of the Philippines</p> <p><b>ONGOING:</b> Product development initiative on Cruise tourism.</p> <p><b>ONGOING:</b> DOT-DOTC Task Force implementation</p>	<p><b>COMPLETED:</b> Presentation of the Tourism Recovery Program to Bohol Gov. Chatto and Provincial Board members and other stakeholders. It was officially turned over to Gov. Chatto by the USAID Deputy Mission Director.</p> <p><b>COMPLETED:</b> Implementation of a series of product assessments in support of product development initiatives in the gateway tourism development areas such as Puerto Princesa, Iloilo,Cebu, Legazpi,</p>	<p><b>COMPLETED:</b></p> <p><b>COMPLETED:</b></p>

<p><b>Output 2.A.7.1.2 :</b> Strategic marketing program of airport gateways</p>	<p><b>COMPLETED:</b> Assistance to the DOT for the marketing collaterals for the World Routes 2013.</p> <p><b>ONGOING:</b> Assistance to the DOT for the technical assessment of</p>	<p><b>COMPLETED:</b> Inspection of Kalibo, Busuanga and Davao airports</p>	<p><b>COMPLETED</b> 1) Joint assessment (with DOTC and CAAP) on secondary gateway airports specifically Legaspi, San Vicente and Kalibo). 2) Completion of the draft report on the state of Philippine aviation and</p>	<p><b>COMPLETED:</b></p> <p>A Media Relations Workshop was held participated in by 20 staff of the Bohol Tourism Office, tourism officers of some Municipalities and local POs. The participants were oriented on how to maximize media coverage in promoting Bohol.</p> <p><b>COMPLETED:</b></p> <p>A focus group discussion (FGD) was organized by COMPETE Project together with the ARANGKADA Project implemented by the American Chamber of Commerce of the Philippines (AmCham) to address the issues affecting the development of the the cruise tourism industry in the Philippines.</p> <p><b>NEXT STEP:</b> The Team will provide technical assistance to the DOT in the crafting of the National Cruise Tourism Development Plan and in addressing the issues at the port and the destinations including the</p>	<p><b>COMPLETED</b></p> <p><b>COMPLETED</b></p> <p><b>ONGOING:</b> Crafting of the National Cruise Tourism Development Plan</p> <p>Working with local partners in addressing the feedback raised by the Cruise Line International Association</p>
--	--	--	---	--	---

	secondary airport gateways		needed reforms (input to the amendment of RA 9497)	shore excursions or SHOREX.	(CLIA) executives during the FGD.
<b>Output 2.A.7.1.3:</b> Draft Inclusive (Poverty) Roadmap for Tourism	<b>COMPLETED:</b> Selection Criteria for the Tourism “banner communities”:  <b>ONGOING:</b> Inclusive Tourism Roadmap.	<b>MERGED WITH 2.A.8.1.2</b>	<b>NEXT STEPS:</b> 1) Technical Report on state of Philippine aviation for presentation and submission to Congress in aid of legislation. <b>ONGOING:</b> Technical assistance to DOT-DOTC Task Force through dialogues.		<b>ONGOING :</b> COMPETE is now working with the DOT for the crafting of the Route Development Strategy  <b>COMPLETED:</b> Provided technical assistance to DOT Routes Development Group (RDG) for the Philippine Airports Routes Brochure that was used as marketing material in World Routes 2014 in Chicago.
<b>New Output in Year 2:</b> <b>Output 2.A.7.1.4:</b> Tool Kit for Tourism Research, Monitoring and Evaluation and Impact Assessment	<b>NEW OUTPUT IN YR.2</b>	<b>ONGOING</b>	<b>ONGOING</b>	<b>ONGOING</b>	<b>ONGOING</b>
			<b>MERGED WITH 2.A.8.1.</b>	<b>MERGED WITH 2.A.8.1.</b>	<b>MERGED WITH 2.A.8.1.</b>

<p>Other Work Plan Activities initiated in Year 1:</p> <p><b>Output 2.A.7.1.5:</b> Technical Analysis of the CAAP Regulatory Framework Reform Agenda</p> <p><b>Output 2.7.A.1.6:</b> Draft Reports/Position Papers on Travel Facilitation Initiatives including Cross-Border</p>	<p><b>ONGOING:</b> Initiated discussions with DOTC for the crafting of a draft bill for the reorganization of CAAP.</p> <p><b>ONGOING:</b> Dialogue/ consultation with tourism stakeholders regarding cross-border facilitation. COMPETE is</p>	<p><b>ONGOING:</b> Initiated discussions with DOTC for the crafting of a draft bill for the reorganization of CAAP.</p> <p><b>ONGOING:</b> Dialogue/ consultation with tourism stakeholders regarding cross-border facilitation. COMPETE is collaborating with</p>	<p><b>ONGOING:</b> Initiated discussions with DOTC for the crafting of a draft bill for the reorganization of CAAP.</p> <p><b>COMPLETED:</b></p> <p>a.Draft –report on travel facilitation initiatives (TFI).</p> <p>b.Conduct of API workshop (jointly with DOT and IATA focused on harnessing technology in eliminating travelers’ inconveniences</p> <p><b>ONGOING</b> Dialogue/ consultation with tourism stakeholders regarding cross-border facilitation. COMPETE is collaborating with</p>	<p><b>COMPLETED:</b></p> <p>Preliminary coordination meeting with DOT Jasmin and CAAP to discuss the COMPETE assistance to CAAP under the DOT-CAAP-DOT Convergence Program. The Project was able to secure approval (in the form of Letter of Understanding and Memorandum of Acceptance) from the CAAP for the Tourism Team to assist in addressing the sustainability issues of the CAAP to prevent future downgrade by the US FAA.</p> <p><b>COMPLETED:</b>In cooperation with the International Air Transport Association (IATA) and in support of the DOT,</p>	<p><b>ONGOING:</b> COMPETE is working closely with CAAP and DOT in the crafting of the bill that will separate CAAP’s regulatory and development functions.</p> <p><b>ONGOING :</b> Draft Executive Order on APIS that was endorsed by the DOT, the Board of Airlines Representatives (BOR) ,</p>
--	---	--	---	---	---

<p>Facilitation and Rationalization of Tourism Taxation.</p>	<p>collaborating with ARANGKADA Project for this activity.</p>	<p>ARANGKADA Project for this activity.</p>	<p>ARANGKADA Project for this activity.</p>	<p>COMPETE helped in organizing the workshop and technical meeting on the implementation of the Advance Passenger Information System (APIS) in the Philippines attended by airline executives and representatives from government agencies. The APIS will reduce the processing time and provide seamless travel to the passengers at the ports and airports.</p>	<p>and the BI to the Office of the President for Approval.</p>
--	--	---	---	---	--

<b>Component 2 – Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2A – Pursue actions that facilitate and increase tourist arrivals.</b>					
<b>Task 2.A.7 – Through technical assistance, training and limited commodities assistance, pursue actions that increase and facilitate tourist arrivals</b>					
<b>Activity 2.A.7.2 (New Activity in Yr. 2) – Support reforms to increase competitiveness in air transport</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2Third Qtr. (April-June 2014)	Year 2 Fourth Quarter (July-Sept.2014)
<b>Output 2.A.7.2.1 (New Output in Yr. 2)</b>  Policy analysis/recommendations for removing associated carrier cost	<b>New Output in Yr. 2</b>	<b>Ongoing</b>	<b>Ongoing</b>	<b>Ongoing</b>	<b>Ongoing</b>

<b>Component 2- Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2B – Promote a competitive export industry</b>					
<b>Task 2.A.8- Through technical assistance, training and limited commodities assistance, improve quality of tourism-related infrastructures.</b>					
<b>Activity 2.A.8.1 – Expansion and institutionalization of New Convergence Programs</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Quarter (July-Sept.2014)
<b>Output 2.A.8.1.1 -</b> Expansion of the DOT- DPWH Convergence Program (related Component 1A)	<b>ONGOING:</b> Joint activity with the World Bank (WB) re GIS Mapping and Open Government Data Initiatives for Tourism Roads.	<b>MERGED WITH</b> <b>1.A.3.2.1</b>  <b>COMPLETED:</b> Prioritization Criteria for Developmental Tourism Attraction Road Projects (Secondary Tourism Road Network)  <b>COMPLETED:</b> Assessment of Tourism Supply-side M&E	<b>MERGED WITH</b> <b>1.A.3.2.1</b>	<b>MERGED WITH 1.A.3.2.1</b>	<b>MERGED WITH 1.A.3.2.1</b>
<b>Output 2.A.8.1.2</b> Creation of New Convergence Programs and Implementation of Existing Partnerships	<b>COMPLETED:</b> Memorandum of Understanding (MOU) among DOT, DSWD, and USAID for One-Step Program. <b>ONGOING:</b> Implementation of One- Step Program	<b>COMPLETED:</b> Selection of 5 One-Step Areas which are Ubay (Bohol), Daraga (Albay), Northern Panay Peninsula (Davao City), Intramuros and Malate (Manila).  <b>NEXT STEP:</b>  Efforts toward demonstrating inclusive	<b>COMPLETED:</b> Assessment/Validation of Select One –Step Communities , Selection of 5 One –Step Areas for Implementation.  <b>NEXT STEP:</b> Scoping work in selected provinces/cities.	<b>COMPLETED:</b>  Activities in the ff. provinces/cities were carried out:  <b>Bohol</b> - developed the concept notes for the (1) proposed Craft Village in Bohol and (2) Product	<b>COMPLETED:</b> Assessment of Aklan/Iloilo souvenirs industry  <b>ONGOING:</b> Development of concept note for Palawan’s souvenir industry. Concept notes on 1) Product Development Strategy Program (PDP) for

<b>Component 2- Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2B – Promote a competitive export industry</b>					
<b>Task 2.A.8- Through technical assistance, training and limited commodities assistance, improve quality of tourism-related infrastructures.</b>					
<b>Activity 2.A.8.1 – Expansion and institutionalization of New Convergence Programs</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2Third Qtr. (April-June 2014)	Year 2 Fourth Quarter (July-Sept.2014)
		tourism in said 5 areas and other areas too.		<p>Development Strategy Program for Bohol's souvenir producer.</p> <p><b>Palawan</b> – assessment of the province's souvenir industry, development of the Concept Note on Palawan Product Development is ongoing.</p> <p><b>Davao Oriental, Antique, Legaspi, Intramuros</b> -</p> <p>Scoping work was undertaken for possible upscaling of livelihood opportunities in the tourism communities/areas.</p>	<p>Palawan's Souvenirs; <b>2)</b> Aklan/Iloilo PDP; and <b>3)</b> Agri-tourism Farm in Bohol</p> <p><b>COMPLETED:</b> Community-Based Kulinarya Workshop organized in partnership with DOT and DSWD aimed at upgrading the service standards of barangay restaurants in Los Amigos, Davao City.</p> <p><b>COMPLETED:</b> COMPETE provided technical assistance to DPWH in finalizing the MOA for the TouWA Pre-FS activities. The MOA was signed on September 26.</p>

<b>Component 2- Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2B – Promote a competitive export industry</b>					
<b>Task 2.A.8- Through technical assistance, training and limited commodities assistance, improve quality of tourism-related infrastructures.</b>					
<b>Activity 2.A.8.1 – Expansion and institutionalization of New Convergence Programs</b>					
<b>Outputs or Deliverables</b>	<b>STATUS/ACCOMPLISHMENTS</b>				
	<b>YEAR 1 (April-Sept 2013)</b>	<b>YEAR 2 First Quarter (Oct – Dec 2013)</b>	<b>YEAR 2 Second Qtr. (Jan. – March 2014)</b>	<b>YEAR 2Third Qtr. (April-June 2014)</b>	<b>Year 2 Fourth Quarter (July-Sept.2014)</b>
				<p><b>ONGOING:</b> Support to the The Tourism Water (TouWa) Program- a convergence initiative of four agencies – DOT, DPWH, Local Water Utilities Administration (LWUA), and the National Anti-Poverty Commission (NAPC). The objective of TouWa is address the water and sanitation needs of both tourism destination sites and waterless municipalities.</p>	<p><b>COMPLETED:</b> COMPETE facilitated the Water and Sanitation Donor’s Meeting on August 8. A Tourism Water Forum was held on Aug. 12-13 to present the TouWa Program.</p>

<b>Component 2 – Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2B – Promote a competitive export industry</b>					
<b>Task 2.B.9 – Increase Levels and Improve Quality of Agri-food Exports</b>					
<b>Activity 2.B.9.1 – Develop commercial relationships in agri-business value chain</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Quarter (July – Sept. 2014)
<b>Output 2.A.B.9.1.1</b>  Commodity Specific Assistance for Export Development  <b>Sub-output 2.B.9.1.1.a:</b>  Assessment of Needs for Value Chain Upgrading for Tree Crop Production  (Renamed : Value Chain Upgrading for Tree Crops Implemented)	<b>COMPLETED:</b>  USAID and the Philippine Business for Social Progress (PBSP) signed a MOA for the implementation of the Inclusive Business Initiative in Agriculture. Under the MOA, COMPETE will undertake research on select tree crops (cacao, coffee, rubber). Research completed	<b>ONGOING::</b>  Initiated a meeting among Rafael Lopa (PBSP), Bukidnon Gov. Jose Ma. Zubiri, Jr., Rocky Mountain Arabica Coffee Company (RMAACC) and Bukidnon Kaamulan Chamber of Commerce and Industry (President Roberto Tinsay) to discuss possible partnership to assist the Lumads in undertaking the Dalwangan Coffee Project with RMAACC	<b>ONGOING :</b>  COMPETE is facilitating investments in coffee and cacao in the Province of Palawan and Bohol.	<b>ONGOING :</b>  COMPETE is facilitating investments in coffee and cacao in the Province of Palawan and Bohol.	<b>ONGOING :</b>  COMPETE is facilitating investments in coffee and cacao in the Province of Palawan and Bohol

<p><b>Sub-output 2.B.9.1.1.b:</b></p> <p>Business Case for Coffee Growership for Export Program</p>	<p><b>COMPLETED:</b> Business case on Arabica coffee completed</p>	<p><b>COMPLETED:</b></p>	<p><b>COMPLETED:</b></p>	<p><b>COMPLETED:</b></p>	<p><b>COMPLETED:</b></p>
<p><b>Sub-output 2.B.9.1.1.c:</b> Business case for Cacao Growership for Export Program</p>	<p><b>COMPLETED:</b> Concept note on cacao farmers' hub in San Isidro, Davao del Norte was already endorsed and approved for funding by DA-HVCDP at the Program Mgt. level. Proposal on cacao project in Davao del Norte was allotted a budget of P4.7 million.</p>	<p><b>COMPLETED:</b> Business case on cacao done.</p>	<p><b>COMPLETED</b></p>	<p><b>COMPLETED</b></p>	<p><b>COMPLETED</b></p>
<p><b>Sub- Output 2.B.9.1.1.d:</b></p> <p>Support for Increased Exports Through Improved Compliance with SPS Standards</p>	<p><b>INTEGRATED IN OUTPUT 2.B.9.2.1 in YEAR 2:</b></p> <p>IRR of the Food Safety Act of 2012 drafted and public consultation conducted.</p>	<p><b>INTEGRATED IN OUTPUT 2.B.9.2.1 in YEAR 2</b></p>			
<p><b>Sub-output 2.B.9.1.1.e:</b> Training Program and Manual</p>	<p><b>CHANGED AS SUB-OUTPUT 2.B.9.2.3.</b></p>	<p><b>CHANGED AS SUB-OUTPUT 2.B.9.2.3.</b></p>	<p><b>CHANGED AS SUB-OUTPUT 2.B.9.2.3.b</b></p>	<p><b>CHANGED AS SUB-OUTPUT 2.B.9.2.3.b</b></p>	<p><b>CHANGED AS SUB-OUTPUT 2.B.9.2.3.</b></p>

on GAP and Traceability System					
<b>Component 2 – Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2B – Promote a competitive export industry</b>					
<b>Task 2.B.9 – Increase Levels and Improve Quality of Agri-food Exports</b>					
<b>Activity 2.B.9.1 – Develop commercial relationships in agri-business value chain</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Quarter (July – Sept. 2014)
<b>NEW OUTPUT FOR YEAR 2)</b>  <b>Output 2.B.9.1.1.f:</b> Inclusive business summit conducted	<b>NEW OUTPUT IN YR.2</b>	<b>COMPLETED/ONGOING:</b>  Conducted jointly with PBSP consultation workshops on Inclusive Business for Mindanao on seaweeds in Cebu, and coffee and cacao in Davao.	<b>ONGOING:</b> <ul style="list-style-type: none"> <li>• Waiting for the final schedule of the Summit from the Office of the President and PBSP.</li> <li>• Preparation for publication jointly with the PBSP of Inclusive Business (IB) Investment Portfolio to include the business cases prepared by Compete.</li> <li>• IB Investment Portfolio will be presented to President Aquino during the Inclusive Agribusiness Launch.</li> </ul> <b>NEXT STEP:</b> PBSP has scheduled a financing forum to serve as a venue to discuss with financing institutions	<b>ONGOING:</b> <ul style="list-style-type: none"> <li>• Waiting for the final schedule of the Summit from the Office of the President and PBSP.</li> <li>• Preparation for publication jointly with the PBSP of Inclusive Business (IB) Investment Portfolio to include the business cases prepared by Compete.</li> <li>• IB Investment Portfolio will be presented to President Aquino during the Inclusive Agribusiness Launch.</li> </ul>	<b>COMPLETED:</b> Resource book on Inclusive Agribusiness in Mindanao; Launch of Mindanao Inclusive Agribusiness Program on September 8, 2014

<p><b>New Output in Year 2</b></p> <p><b>Output 2.B.9.1.1.g:</b></p> <p>Business case prepared for cardava banana growership for export program</p>	<p><b>NEW OUTPUT IN YR.2</b></p>	<p><b>COMPLETED/ONGOING:</b></p> <p>Gathering of secondary data about the industry</p>	<p>how agriculture financing can be made available to both interested private companies and farmers</p> <p><b>ONGOING:</b></p> <p>Site visits to plantations and consultations with stakeholders and exporters</p>	<p><b>ONGOING:</b></p> <p>Draft report on cardava banana business case completed and for review.</p>	<p><b>COMPLETED:</b> Business case on cardava banana completed and submitted.</p>
---	----------------------------------	--	--	--	---



<p><b>Output 2.B.9.1. 2:</b> Productivity Improvement in Coconut Production</p>	<p>Note: COMPETE will work on cacao and cardava banana intercropped under coconut trees in selected areas. • Note: Initiatives are part of the upscaling activities in cacao intercropped with coconut (reported under 2.B.9.1.4</p>	<p>and Palawan with a budget of P25 million.</p> <p><b>INTEGRATED TO Output 2.B.9.1.6</b> - becomes part of the upscaling activities in cacao intercropped with coconut.</p>	<p><b>INTEGRATED TO Output 2.B.9.1.6-</b> becomes part of the upscaling activities in cacao intercropped with coconut.</p>	<p><b>INTEGRATED TO Output 2.B.9.1.6-</b> becomes part of the upscaling activities in cacao intercropped with coconut.</p>	<p><b>INTEGRATED TO Output 2.B.9.1.6-</b> becomes part of the upscaling activities in cacao intercropped with coconut.</p>
---	--	--	--	--	--

<b>Component 2 – Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2B – Promote a competitive export industry</b>					
<b>Task 2.B.9 – Increase Levels and Improve Quality of Agri-food Exports</b>					
<b>Activity 2.B.9.1 – Develop commercial relationships in agri-business value chain</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Quarter (July – Sept. 2014)
<b>Output 2.B.9.1.3:</b> DOT- DOT-DPWH-DA Convergence Program (Iloilo High Value Crops Value Chain)	<b>DEFERRED to Year 2</b> since the MOA for the DOT-DPWH-DA Convergence has not yet been signed.  • Integrated to OUTPUT 2.A.8.1.2: Implementation of DOT- DSWD One Step and DOT-DTI Programs	<b>INTEGRATED to            OUTPUT 2.A.8.1.2:</b> Implementation of DOT- DSWD One Step and DOT-DTI Programs	<b>INTEGRATED to            OUTPUT 2.A.8.1.2:</b> implementation of DOT- DSWD One Step and DOT-DTI Programs	<b>INTEGRATED to OUTPUT            2.A.8.1.2:</b> Implementation of DOT- DSWD One Step and DOT-DTI Programs	<b>INTEGRATED to OUTPUT            2.A.8.1.2:</b> Implementation of DOT- DSWD One Step and DOT- DTI Programs
<b>Output 2.B.9.1.4:</b> DTI- DA Convergence Program (Shared Service Facility Program)	<b>DEFERRED to Year 2</b>  <b>INTEGRATED to            OUTPUT 2.A.8.1.2:</b> Implementation of DOT- DSWD One Step and DOT-DTI Programs	<b>INTEGRATED to            OUTPUT 2.A.8.1.2:</b> Implementation of DOT- DSWD One Step and DOT-DTI Programs  New Output in Y2	<b>INTEGRATED to            OUTPUT 2.A.8.1.2:</b> Implementation of DOT- DSWD One Step and DOT-DTI Programs New Output in Y2	<b>INTEGRATED to OUTPUT            2.A.8.1.2:</b> Implementation of DOT- DSWD One Step and DOT-DTI Programs  New Output in Y2	<b>INTEGRATED to OUTPUT            2.A.8.1.2:</b> Implementation of DOT- DSWD One Step and DOT- DTI Programs  New Output in Y2

<p><b>NEW OUTPUT FOR YEAR 2</b></p> <p><b>Output 2.B.9.1.5:</b> Investments for upscaling business models for cacao, coffee, and seaweed mobilized</p>	<p><b>NEW OUTPUT IN YR.2</b></p>	<p><b>ONGOING:</b></p> <p>The Provincial Government of Palawan has agreed to adopt the investment plans proposed by the business cases developed on cacao and coffee. MOAs signed between the Palawan Provincial Government and Rocky Mountain (for Coffee), and Kennemer.</p>	<p><b>ONGOING:</b></p> <p>The Team will continue to focus on increasing export of coffee and cacao beans by enhancing linkages between producers and exporters</p>	<p><b>ONGOING:</b></p> <p>The Team will continue to focus on increasing export of coffee and cacao beans by enhancing linkages between producers and exporters</p>	<p><b>ONGOING:</b></p> <p>The Team will continue to focus on increasing export of coffee and cacao beans by enhancing linkages between producers and exporters</p>
--	----------------------------------	--	--	--	--

<b>Component 2 – Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2B – Promote a competitive export industry</b>					
<b>Task 2.B.9 – Increase Levels and Improve Quality of Agri-food Exports</b>					
<b>Activity 2.B.9.1 – Develop commercial relationships in agri-business value chain</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Quarter (July – Sept. 2014)
<b>NEW OUTPUT FOR YEAR 2)</b>  <b>Output 2.B.9.1.6:</b> Upscaling business model for cacao	<b>NEW OUTPUT IN YR.2</b>	<b>COMPLETED:</b>  MOU signed between Provincial Government of Palawan (PGP) and Kennemer Foods International (KFI), with support from COMPETE last November 21, 2013  <ul style="list-style-type: none"> <li>• Lease agreement signed between PGP and KFI last Dec. 15, 2013 for two initial sites in Palawan for cacao nurseries.</li> <li>• Preparatory work including identifying the areas that will be used for the plantations, and surveying the potential farmer-beneficiaries undertaken.</li> </ul>	<b>ONGOING:</b>  Preparatory work for upscaling	<b>ONGOING :</b>  Upscaling activities in Palawan  <ul style="list-style-type: none"> <li>• Planning sessions of the technical working groups</li> </ul> Identification of farmer-beneficiaries  <ul style="list-style-type: none"> <li>• Preparation of feasibility study and business plan as requirement for financing from Land Bank and/or Development Bank of the Philippines</li> <li>• Nurseries in Rizal (400,000 seedlings), Brooke’s Point (600,000 seedlings), and Irawan (1M seedlings) initial production. Succeeding years will be double the quantity</li> </ul>	<b>ONGOING:</b>  Seedlings in Cacao Nurseries in Palawan ready for planting (initial: 1500 hectares); Meetings with prospective partners in cacao development in Bohol and other potential areas

				<ul style="list-style-type: none"><li>• Total seedling production capacity of KFI in Palawan is 3M seedlings per cycle of 6 months</li></ul> <p><b>NEXT STEPS :</b></p> <p>Other schemes to be pursued, and group/s assisted:</p> <p>a. Rice Land Paradise Multipurpose Cooperative (RIPAMCO): Assistance by KFI on financing and plantation rehabilitation</p>	
--	--	--	--	---	--

<b>Component 2 – Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2B – Promote a competitive export industry</b>					
<b>Task 2.B.9 – Increase Levels and Improve Quality of Agri-food Exports</b>					
<b>Activity 2.B.9.1 – Develop commercial relationships in agri-business value chain</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Quarter (July – Sept. 2014)
				<p>b. ABrown Company, an agribusiness company in Mindanao was assisted in connecting with KFI and Mars Company in exploring possible cooperation with KFI for cacao plantation in Bukidnon</p> <p>c. Cargill Philippines, Inc. will be assisted in connecting with KFI for possible production of cacao in the Philippines (possibly Davao areas)</p>	

<b>NEW OUTPUT in YEAR 2</b>	<b>NEW OUTPUT IN YR.2</b>	<b>COMPLETED:</b> MOU signing between Provincial Government of Palawan (PGP) and Rocky Mountain Arabica Coffee Company (RMACC), with support from COMPETE last November 21, 2013	<b>COMPLETED:</b> Development of information materials on the impact of the coffee project	<b>ONGOING :</b>  Upscaling activities in Palawan:  • Planning sessions of the technical working groups  • Identification of farmer-beneficiaries  • Preparation of feasibility study and business plan as requirement for financing from Land Bank and/or Development Bank of the Philippines  • Construction of 3 nurseries (100% complete: Aborlan and Brooke's Point)  • Identification of other potential private partners/ counterparts to pursue upscaling of Liberica coffee specifically those who have established business operations in the country	<b>ON HOLD</b>
<p><b>Output 2.B.9.1.7:</b> Upscaling business model for coffee</p>		<p><b>COMPLETED:</b> Lease agreement between PGP and RMACC signed last Dec. 15, 2013 for three initial sites in Palawan for coffee nurseries. Nursery construction to be completed by end of January.</p> <p>Preparatory work which includes identifying the areas that will be used for the plantations, and surveying the potential farmer-beneficiaries</p>			

<b>Component 2 – Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2B – Promote a competitive export industry</b>					
<b>Task 2.B.9 – Increase Levels and Improve Quality of Agri-food Exports</b>					
<b>Activity 2.B.9.1 – Develop commercial relationships in agri-business value chain</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Quarter (July – Sept. 2014)
<b>NEW OUTPUT IN YEAR 2 Output</b> 2.B.9.1.8: Upscaling business model for seaweeds	<b>NEW OUTPUT IN YR.2</b>	<b>ONGOING</b>	<b>COMPLETED:</b> <ul style="list-style-type: none"> <li>• Site inspection of major seaweed areas</li> <li>• Completion of business case report</li> </ul>	<b>ONGOING :</b> <ul style="list-style-type: none"> <li>• Consultation with stakeholders and development of business models</li> <li>• Documentation on the state of the seaweeds industry in Palawan</li> <li>• Completion of business case report</li> <li>• Preparations for upscaling seaweeds production in Palawan</li> </ul>	<b>COMPLETED:</b> <ul style="list-style-type: none"> <li>• Feasibility study on seaweed processing in Palawan;</li> <li>• Business case on seaweeds</li> </ul> <b>ONGOING:</b> <ul style="list-style-type: none"> <li>Developing concept note on seaweeds upscaling in Palawan in partnership with Palawan State University and Provincial Govt of Palawan</li> </ul>

<b>NEW OUTPUT FOR YEAR 2)</b>	<b>NEW OUTPUT IN YR.2</b>	<b>COMPLETED:</b>	<b>ONGOING:</b>	<b>ONGOING ACTIVITIES IN YEAR 2:</b>	<b>DEFERRED to YR 4</b>
<p><b>Output 2.B.9.1.9:</b> Agribusiness manager's program course designed and training of first batch completed</p>		<p>Course design done</p>	<p>Terms of Reference already submitted to Nathan Associates, Inc. for comments and guidance before proceeding to bidding and contracting of services of the training provider</p>	<p>•Discussions on the mode of contracting services of the training provider (Univ. of Asia and the Pacific) and course schedule.</p> <p><b>NEXT STEPS:</b></p> <ul style="list-style-type: none"> <li>• Selection of 25 scholars based on established criteria</li> <li>• Competitive selection via bidding should be conducted</li> </ul>	

<b>Component 2- Enhancing competitiveness in key priority sectors .</b>					
<b>Sub-Component 2B – Promote a competitive export industry.</b>					
<b>Task 2.B.9 – Increase Levels and Improve Quality of Agri-Food Exports</b>					
<b>Activity 2.B.9.2 – Support increased exports through improved compliance with SPS standards</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2Third Qtr. (April-June 2014)	Year 2 Fourth Quarter (July-Sept.2014)
<b>Output 2.B.9.2.1 (from Sub-output 2.B.9.1.1.e)</b>  Training Program and Manual on Good Agricultural Practices and Traceability System (including the IRR of the Food Safety Act)	<b>ONGOING:</b>  <ul style="list-style-type: none"> <li>• First draft of Implementing Rules and Regulations (IRR) of the Food Safety Act which was signed into law by President Aquino in 2013.</li> <li>• IRR of the Food Safety Act of 2012 drafted and public consultations conducted</li> </ul>	<b>ONGOING:</b>  <ul style="list-style-type: none"> <li>• Five consultations sessions on preliminary draft IRR completed.</li> <li>• Department of Agriculture (DA) work plan submitted to DA Sec. Proceso Alcala, Food and Drug Administration (FDA), and Senate and Congress.</li> </ul>	<b>ONGOING:</b> IRR was redrafted by teams from the DA and DOH	<b>COMPLETED:</b>  Writeshops and Public regional consultations were completed  Clean final draft under review by legal officers of DA and DOH.  <b>ONGOING:</b>  <ul style="list-style-type: none"> <li>• DA-DOH TWG meetings; Submission of full draft for legal scrubbing by DA-DOH lawyers (July 3)</li> </ul> <b>NEXT STEPS:</b>  <ul style="list-style-type: none"> <li>• Signing of the IRR by DA and DOH Secretaries.</li> </ul>	<b>COMPLETED:</b> Final Draft of the IRR on FSA 2013 (awaiting joint legal review of DA-DOH and approval & signing of DA-DOH Secretaries

<p><b>(NEW OUTPUT FOR YEAR 2) Output</b>  <b>2.B.9.2.2:</b> Organization and management of BAFPS conducted in light of FSA 2012</p>	<p><b>NEW OUTPUT IN YR.2</b></p>	<p><b>COMPLETED:</b></p> <p>Initial discussions with focal persons from the Bureau of Agriculture and Fisheries Product Standards (BAFPS) on the coverage of the audit to be conducted.</p>	<p><b>ONGOING</b></p>	<p><b>NEXT STEPS:</b></p> <ul style="list-style-type: none"> <li>• Drafting of the TOR for two (2) consultants for the management audit.</li> <li>• TOR for the Organization and Management Review of BAFPS is being drafted</li> </ul>	
<p><b>NEW OUTPUT FOR YEAR 2: Output</b>  <b>2.B.9.2.3:</b> Food Safety standards and practices strengthened</p>	<p><b>NEW OUTPUT IN YR.2</b></p>	<p><b>COMPLETED:</b></p> <p>Preliminary meetings with focal persons from the Bureau of Agriculture and Fisheries Product Standards (BAFPS) to plan the implementation</p>	<p><b>DEFERRED to YR 3</b></p>	<p><b>DEFERRED to YR 3</b></p>	<p><b>DEFERRED to YR 3</b></p>

<b>Component 2 – Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2B – Promote a competitive export industry.</b>					
<b>Task 2.B.9 – Increase Levels and Improve Quality of Agri-food Exports</b>					
<b>Activity 2.B.9.2 – Support increased exports through improved compliance with SPS standards.</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Quarter (July-Sept.2014)
provide safe food for consumers and facilitate trade		and schedule of the trainings. The schedule will depend on the completion of the Food Safety IRR and the organization and management.			
<b>Sub- Output 2.B.9.2.3.a:</b>  Staff of BAFPS and other DA agencies trained on Risk Assessment.	<b>ONGOING</b>	<b>ONGOING</b>	<b>DEFERED to YR 3</b>	<b>DEFERED To YR 3</b>	<b>DEFERED to YR 3</b>
<b>Sub- Output 2.B.9.2.3.b:</b> Farmers trained on GAP and trace	<b>ONGOING</b>	<b>ONGOING</b>	<b>ONGOING</b>	<b>NEXT STEPS:</b>  • Activities will follow upon identification of areas where farmers will be	<b>DEFERED to YR 4</b>

				<p>trained. Target areas include those where upscaling activities of select tree crops will be implemented especially cacao areas. (Refer to OUTPUT 2.B.9.1.1.a)</p> <ul style="list-style-type: none"><li>• SOW for GAP Training and Traceability of DA employees and cacao farmers.</li></ul>	
--	--	--	--	---	--



<b>Component 2 – Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2B – Promote a competitive export industry</b>					
<b>Task 2.B.10 – Through technical assistance, training and limited commodities assistance, lower logistics cost for the transport of agricultural goods.</b>					
<b>Activity 2.B.10.1: Diagnose constraints to lower transport and logistics costs for agricultural export.</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Qtr. (July – Sept. 2014)
				<b>ONGOING:</b>  Work on shifting of traffic to Batangas Port as part of the National Transport Plan	<b>COMPLETED:</b> In partnership with SBMA and SBITC (Subic Bay international Terminal Corp.), conducted the North Luzon Shipping Summit At Fontana, CAB

<b>Component 2 – Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2B – Promote a competitive export industry</b>					
<b>Task 2.B.10 – Through technical assistance, training and limited commodities assistance, lower logistics cost for the transport of agricultural goods.</b>					
<b>Activity 2.B.10.1: Diagnose constraints to lower transport and logistics costs for agricultural export.</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Qtr. (July – Sept. 2014)
<b>New Output in Y2</b>  <b>Output 2.B.10.1.2 :</b>  Establishment of the Palawan RO-RO Network	<b>NEW OUTPUT IN YR.2</b>	<b>PREPARATIONS UNDER WAY</b>	<b>ONGOING:</b>  Technical assistance to the Provincial Government of Palawan in establishing a Palawan RO-RO network that would further enhance the connectivity of the province and lower transport cost for agricultural goods, commodities, as well as passengers.	<b>ONGOING:</b>  Technical assistance to the Provincial Government of Palawan in establishing a Palawan RO-RO network that would further enhance the connectivity of the province and lower transport cost for agricultural goods, commodities, as well as passengers.	<b>ONGOING:</b>  Technical assistance to the Provincial Government of Palawan in establishing a Palawan RO-RO network that would further enhance the connectivity of the province and lower transport cost for agricultural goods, commodities, as well as passengers.

<b>Component 2 – Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2B – Promote a competitive export industry</b>					
<b>Task 2.B.10 – Through technical assistance, training and limited commodities assistance, lower logistics cost for the transport of agricultural goods.</b>					
<b>Activity 2.B.10.2: Introduce Chassis Ro-Ro and ASEAN Ro-RO linkages to help reduce transport costs.</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Qtr. (July – Sept. 2014)
<b>Output 2.B.10.2.1 :</b>  EO on Cha-Ro Policy Redrafted	<b>ONGOING:</b>  Project Team had several discussions with the Philippine Ports Authority, Export Development Council, and National Competitiveness Council on the Cha-RO Policy. PPA is drafting the Memorandum Circular based on the discussions.	<b>ONGOING</b>	<b>ONGOING:</b>  Conducted 1st round of stakeholder consultation which includes PPA, RORO operators, shippers, and cargo operators to discuss the CHA-RO policy and proposed amendments to the EO 170.	<b>ONGOING:</b>  <ul style="list-style-type: none"> <li>• Discussion with the National Competitiveness Council and Export Development Council on the implementation of the CHA-RO Policy</li> <li>• Inclusion on the CHA-RO policy as part of the National Transport Plan</li> <li>• CHA-RO policy in consultative rounds with private sector through PPA.</li> </ul> <b>NEXT STEPS:</b>  <ul style="list-style-type: none"> <li>• Submission of position paper on implementation guidelines for revised CHA-</li> </ul>	<b>ONGOING:</b>  Consultations/meetings with relevant partners on the proposed CHA-RO policy.

<b>Component 2 – Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2B – Promote a competitive export industry</b>					
<b>Task 2.B.10 – Through technical assistance, training and limited commodities assistance, lower logistics cost for the transport of agricultural goods.</b>					
<b>Activity 2.B.10.2: Introduce Chassis Ro-Ro and ASEAN Ro-RO linkages to help reduce transport costs.</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Qtr. (July – Sept. 2014)
<b>Output 2.B.10.2.2:</b>  Davao – GenSan – Bitung RORO link launched.	<b>ONGOING:</b>  President Aquino announced at the BIMP-EAGA Summit in Brunei (April 25, 2013) the ASEAN RORO system connecting the Philippines to Indonesia	<b>ONGOING/NEXT STEPS:</b>  Provide Consul General Burgos with Commodity List that can be traded between Mindanao and Sulawesi	<b>ONGOING :</b>  Assistance to the DOTC in preparing TOR on interagency committee on ASEAN RORO	RO policy to be done mid-July.  • Organize 2nd round of consultation meeting with stakeholders to present and finalize the proposed CHA-RO Policy  <b>ONGOING :</b>  • Provide technical assistance as part of the interagency committee on RORO formed by DOTC for the operationalization of the project.	<b>ONGOING:</b> Providing technical assistance to the interagency committee on RoRo in finalizing details/necessary arrangements and procedures for the launching of the Davao-Gen San-Bitung RORO link

<b>Component 2 – Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2C – Promote a competitive manufacturing industry</b>					
<b>Task 2.C.11 – Through technical assistance, research and training, increase industrial productivity and promote product diversification.</b>					
<b>Activity 2.C.11.1- Facilitate private sector involvement to resolve market failures in the manufacturing sector</b>					
<b>Outputs or Deliverables</b>	<b>STATUS/ACCOMPLISHMENTS</b>				
	<b>YEAR 1 (April-Sept 2013)</b>	<b>YEAR 2 First Quarter (Oct – Dec 2013)</b>	<b>YEAR 2 Second Qtr. (Jan. – March 2014)</b>	<b>YEAR 2 Third Qtr. (April-June 2014)</b>	<b>Year 2 Fourth Qtr. (July – Sept. 2014)</b>
<b>Output 2.C.11.1.1:</b> Identification of the priority action programs from the industry roadmaps	<b>ONGOING:</b> Technical assistance to DTI-ITG and BOI re Manufacturing Revival Program, Cabotage Policy, and Incentives  (Reporting for this output is done through the new sub-outputs in Y2 – under sub-outputs 2.C.11.1.1.a- 2.C.11.1.e)	Reporting for this output is done through the new sub-outputs in Y2 – under sub-outputs 2.C.11.1.1.a- 2.C.11.1.e	Reporting for this output is done through the new sub-outputs in Y2 – under sub-outputs 2.C.11.1.1.a- 2.C.11	Reporting for this output is done through the new sub-outputs in Y2 – under sub-outputs 2.C.11.1.1.a- 2.C.11	Reporting for this output is done through the new sub-outputs in Y2 – under sub-outputs 2.C.11.1.1.a- 2.C.11
<b>New Sub-Outputs in Y2</b>  <b>Sub-output 2.C.11.1.1.a:</b>	<b>NEW SUB-OUTPUT IN YR.2</b>	<b>COMPLETED:</b> Input-Output Analysis for eighteen (8) industries done and 25 BOI Staff trained on I-O Analysis Technique.	<b>COMPLETED</b>	<b>NEXT STEPS:</b>  1)I-O Analyses for the 18 Industry Roadmaps based on 2005 International I-O Table for Asia.	<b>ONGOING</b>

<b>Component 2 – Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2C – Promote a competitive manufacturing industry</b>					
<b>Task 2.C.11 – Through technical assistance, research and training, increase industrial productivity and promote product diversification.</b>					
<b>Activity 2.C.11.1- Facilitate private sector involvement to resolve market failures in the manufacturing sector</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Qtr. (July – Sept. 2014)
<p>Input- Output Analyses for Industries including training of BOI staff on I-O Analysis Technique</p> <p><b>Sub-output 2.C.11.1.1.b:</b> Development of Industry Primers and Condensed Roadmaps</p>	<p><b>NEW SUB-OUTPUT IN YR.2</b></p>	<p><b>COMPLETED:</b> Nine (9) Industry Primers done for posting in the DTI website. Nine (9) condensed industry roadmaps (summaries of existing roadmaps) done.</p>	<p><b>ONGOING:</b> Submitted for approval of the Industry Associations</p>	<p>2) Report on Comparative Analysis of Multiplier Effects on 18 Industry Roadmaps based on 2000 and 2006 Tables.</p> <p><b>ONGOING:</b> Submitted for approval of the Industry Associations</p> <p><b>NEXT STEP:</b> For uploading in the DTI website once approved by the industry association</p>	<p><b>COMPLETED:</b> Draft Enhanced Roadmaps on copper, iron and steel, chemicals, petrochemicals, housing, plastics, furnitures, autoparts and electronics.</p>

<b>Component 2 – Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2C – Promote a competitive manufacturing industry</b>					
<b>Task 2.C.11 – Through technical assistance, research and training, increase industrial productivity and promote product diversification.</b>					
<b>Activity 2.C.11.1- Facilitate private sector involvement to resolve market failures in the manufacturing sector</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2Third Qtr. (April-June 2014)	Year 2 Fourth Qtr. (July – Sept. 2014)
<b>Sub-output 2.C.11.1.1.c:</b> Enhancement of 10 Industry Roadmaps with Global Value Chain Analysis	<b>NEW SUB-OUTPUT IN YR.2</b>	<b>ONGOING:</b>  Initiated the enhancement of 10 Manufacturing roadmaps with Global Value Chain Analysis (Auto Parts, Chemicals, Copper, Tourism, Mass Housing, Electronics, Furniture, Plastics, Petrochemicals, Iron and Steel)	<b>NEXT STEP:</b> For uploading in the DTI website once approved by the industry associations.  <b>COMPLETED:</b>  Strategy papers prepared for the use of DTI-Industry Development and Trade Policy Group. These strategy papers include descriptions of the state of the industry, issues, challenges, and way forward.  <b>ONGOING:</b>  Finalization of materials for the Industry Development Program for the following	<b>COMPLETED:</b>  <ul style="list-style-type: none"> <li>• Autoparts: Draft of IRR for Auto Parts incentives and submitted to Automotive Policy Working Group (APWG)</li> <li>• Furniture: Draft of case studies for state of the industry and recommendation sections of the roadmap; Industry survey with CFIF</li> <li>• Mass Housing: FGDs for supply chain mapping</li> </ul> <b>ONGOING:</b>  <ul style="list-style-type: none"> <li>• Copper: Feasibility studies for proposed wire rod casting facility</li> <li>• Iron and Steel: Comparative analysis of</li> </ul>	<b>COMPLETED:</b>  Auto Parts - Review of final EO and Resubmission of draft IRR for auto parts incentives  <b>COMPLETED:</b> Technical assistance in the completion of the Copper feasibility studies such as establishing domestic enameled wires production.  <b>ONGOING:</b> Comparative analysis of ASEAN iron and steel industries policies.

<b>Component 2 – Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2C – Promote a competitive manufacturing industry</b>					
<b>Task 2.C.11 – Through technical assistance, research and training, increase industrial productivity and promote product diversification.</b>					
<b>Activity 2.C.11.1- Facilitate private sector involvement to resolve market failures in the manufacturing sector</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2Third Qtr. (April-June 2014)	Year 2 Fourth Qtr. (July – Sept. 2014)
<b>Sub-output 2.C.11.1.1.d:</b> New Industry Roadmaps for key food manufacturing industries crafted.	<b>NEW SUB-OUTPUT IN YR.2</b>	<b>COMPLETED:</b> Identification of specific food industries to be covered.	<b>COMPLETED:</b> TORs of the international consultants to provide global market perspectives in the industry	ASEAN iron and steel policies  <b>COMPLETED:</b> • Rapid Industry Appraisal of cacao (tablea), carrageenan, condiments and sauces, and dried mangoes  <b>ONGOING:</b> Rapid Industry Appraisal of frozen/processed shrimp	<b>COMPLETED</b>  <b>COMPLETED</b> Rapid industry appraisal of frozen/ processed shrimp

<b>Component 2 – Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2C – Promote a competitive manufacturing industry</b>					
<b>Task 2.C.11 – Through technical assistance, research and training, increase industrial productivity and promote product diversification.</b>					
<b>Activity 2.C.11.1- Facilitate private sector involvement to resolve market failures in the manufacturing sector</b>					
<b>Outputs or Deliverables</b>	<b>STATUS/ACCOMPLISHMENTS</b>				
	<b>YEAR 1 (April-Sept 2013)</b>	<b>YEAR 2 First Quarter (Oct – Dec 2013)</b>	<b>YEAR 2 Second Qtr. (Jan. – March 2014)</b>	<b>YEAR 2Third Qtr. (April-June 2014)</b>	<b>Year 2 Fourth Qtr. (July – Sept. 2014)</b>
				<ul style="list-style-type: none"> <li>• Development of food industry roadmaps for cacao (tablea), carrageenan, condiments and sauces, dried mango, and shrimps</li> </ul> <p><b>NEXT STEPS:</b></p> <ul style="list-style-type: none"> <li>• Meeting and coordination with DTI to align activities in the roadmapping exercise</li> </ul>	<b>ONGOING</b>

<b>Component 2 – Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2C – Promote a competitive manufacturing industry</b>					
<b>Task 2.C.11 – Through technical assistance, research and training, increase industrial productivity and promote product diversification.</b>					
<b>Activity 2.C.11.1- Facilitate private sector involvement to resolve market failures in the manufacturing sector</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2Third Qtr. (April-June 2014)	Year 2 Fourth Qtr. (July – Sept. 2014)
<b>Sub-output 2.C.11.1.1.e:</b>  Revival of the Industry Development Council	<b>NEW SUB-OUTPUT IN YR.2</b>	<b>ONGOING</b>	<b>COMPLETED:</b>  Initial discussions with DTI on COMPETE's technical and administrative assistance in re-establishing the Industry Development Council (I  <b>NEXT STEP:</b> Development of the IDC Paper.	<b>COMPLETED:</b>  Paper on Policy recommendations for revival of IDC submitted and presented to BOI and DTI	<b>ONGOING:</b> Meetings on IDC where the amendments to the EO have been agreed upon and submitted to the Office of the President
<b>Sub-output 2.C.11.1.1.f:</b>  Promotion of understanding among relevant BOI staff on Cabotage Policy	<b>NEW SUB-OUTPUT IN YR.2</b>	<b>ONGOING:</b> Presentation to relevant BOI staff on Cabotage Policy	<b>ONGOING:</b> Presentation to relevant BOI staff on Cabotage Policy	<b>ONGOING:</b> Presentation to relevant BOI staff on Cabotage Policy	<b>COMPLETED:</b> `COMPETE submitted a policy/position paper to DTI and the Office of Senator Aquino on the amendment of the Tariff and Customs Code of the Philippines to allow co-loading of foreign cargoes

<b>Component 2 – Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2C – Promote a competitive manufacturing industry</b>					
<b>Task 2.C.11 – Through technical assistance, research and training, increase industrial productivity and promote product diversification.</b>					
<b>Activity 2.C.11.1- Facilitate private sector involvement to resolve market failures in the manufacturing sector</b>					
Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2Third Qtr. (April-June 2014)	Year 2 Fourth Qtr. (July – Sept. 2014
<b>Output 2.C.11.1.2:</b> Value chain upgrading initiatives	<b>COMPLETED:</b> Assistance provided to DTI in the review of 10 proposals for funding under the SSF program. Recommendations for enhancing viability were submitted. TORs for bidding of facilities prepared by COMPETE consultants. Proposal review will continue in Y2.	<b>In Y2, this output has been integrated to Sub-output 2.C.11.1.1.d</b>	<b>In Y2, this output has been integrated to Sub-output 2.C.11.1.1.d</b>	<b>In Y2, this output has been integrated to Sub-output 2.C.11.1.1.d</b>	by foreign shipping lines for domestic transshipment (in lieu of the proposed lifting of the “cabotage”).  <b>In Y2, this output has been integrated to Sub-output 2.C.11.1.1.</b>

<b>Component 2 – Enhancing competitiveness in key priority sectors</b>					
<b>Sub-Component 2C – Promote a competitive manufacturing industry</b>					
<b>Task 2.C.12 – Through technical assistance, research and training, increase industrial productivity and promote product diversification.</b>					
<b>Activity 2.C.12.1-Address regulatory constraints through targeted technical assistance and advocacy</b>					
<b>Outputs or Deliverables</b>	<b>STATUS/ACCOMPLISHMENTS</b>				
	<b>YEAR 1 (April-Sept 2013)</b>	<b>YEAR 2 First Quarter (Oct – Dec 2013)</b>	<b>YEAR 2 Second Qtr. (Jan. – March 2014)</b>	<b>YEAR 2Third Qtr. (April-June 2014)</b>	
<b>New Output in Year 2:</b>  <b>Output 2.C.12.1.1</b>  Assessment of the policy instruments for attracting investments to key sectors	<b>Some activities included in Output 2.A.8.1.1.</b>	<b>ONGOING:</b> Analysis of policy instruments to attract investments in key industries/sectors.	<b>COMPLETED:</b> Assessment of Policy Instruments that could attract investments in key industries/sectors.  <b>COMPLETED:</b> Assessment Report presented to DTI in February 2014	<b>ONGOING:</b> Collection of data requirements from BOI and literature review on investment promotion framework	<b>ONGOING:</b> Preliminary results of the study have been submitted to DTI

<b>Component 3 – Expanding the Use of Domestic Credit Through Efficient Capital Markets</b>					
<b>Task 3.13 – Increase lending to SMEs and encourage utilization of USAID’s New Loan Guarantee Program in Selected Cities</b>					
<b>Activity 3.13.1 - Support the Roll-Out of the DCA-LPG in Strategic Sectors</b>					
<b>Outputs or Deliverables</b>	<b>STATUS/ACCOMPLISHMENTS</b>				
	<b>YEAR 1 (April-Sept 2013)</b>	<b>YEAR 2 First Quarter (Oct – Dec 2013)</b>	<b>YEAR 2 Second Qtr. (Jan. – March 2014)</b>	<b>YEAR 2Third Qtr. (April-June 2014)</b>	<b>Year 2 Fourth Qtr. (July-Sept. 2014)</b>
<p><b>Output 3.13.1.1</b> Baseline Data and Indicator for SME lending and Use of the DCA-LPG instrument</p> <p><b>Output 3.13.1.2 :</b> Training Materials and Training on Project Preparation</p> <p><b>New Output in Y2</b></p> <p><b>Output 3.13.1.3:</b> Baseline Data on SME loans on new partner</p>	<p><b>COMPLETED:</b> Baseline data for total SME loans of the banking system established.</p> <p><b>COMPLETED:</b> Training materials prepared. (Training not conducted due to the delay in the approval of the STTAs’ contract. Trainings will be conducted in Y2</p> <p><b>NEW OUTPUT IN YR.2</b></p>	<p><b>COMPLETED</b> in Yr. 1</p> <p><b>Output moved to Activity 3.14.2 as suggested by the COR</b></p> <p><b>COMPLETED:</b> Baseline data for total SME loans of BPI and BFS established.</p>	<p><b>Output moved to Activity 3.14.2 as suggested by the COR</b></p> <p><b>ONGOING:</b> Baseline data on SME loans requested from other partner banks</p>	<p><b>Output moved to Activity 3.14.2 as suggested by the COR</b></p> <p><b>ONGOING:</b> Baseline data on SME loans requested from other partner banks</p>	<p><b>Output moved to Activity 3.14.2 as suggested by the COR</b></p> <p><b>COMPLETED:</b> Baseline data on SME loans of</p>

<b>Component 3 – Expanding the Use of Domestic Credit Through Efficient Capital Markets</b>					
<b>Task 3.13 – Increase lending to SMEs and encourage utilization of USAID’s New Loan Guarantee Program in Selected Cities</b>					
<b>Activity 3.13.1 - Support the Roll-Out of the DCA-LPG in Strategic Sectors</b>					
<b>Outputs or Deliverables</b>	<b>STATUS/ACCOMPLISHMENTS</b>				
	<b>YEAR 1 (April-Sept 2013)</b>	<b>YEAR 2 First Quarter (Oct – Dec 2013)</b>	<b>YEAR 2 Second Qtr. (Jan. – March 2014)</b>	<b>YEAR 2 Third Qtr. (April-June 2014)</b>	<b>Year 2 Fourth Qtr. (July-Sept. 2014)</b>
banks and all partner banks					PSBank and Security Bank established
<b>Output 3.13.1.4:</b> Baseline data for DCA-LPG utilization rate of PFIs	<b>NEW OUTPUT IN YR.2</b>	<b>COMPLETED:</b> Baseline data on DCA-LPG utilization of PFIs established.  <b>COMPLETED:</b> <b>ONGOING:</b> Monitoring of DCA-LPG utilization rate of participating banks	<b>ONGOING:</b> Monitoring of DCA-LPG utilization rate of participating banks	<b>ONGOING:</b> Monitoring of DCA-LPG utilization rate of participating banks	<b>COMPLETED:</b> DCA-LPG utilization rate of new PFIs at the end of Y3 monitored.
<b>Output 3.13.1.5 :</b> COMPETE assistance introduced to new and potential partner Financial Institutions in support of utilization of DCA-LPG Facility	<b>NEW OUTPUT IN YR.2</b>	<b>ONGOING:</b> Organized introductory meetings with local partners (DTI, local chambers, local officers of PFIs) in the Provinces of Laguna and Bukidnon	<b>COMPLETED:</b> Signing of Announcement of New Credit Facility between USAID and PFIs organized and SME referrals given.	<b>COMPLETED</b>	<b>COMPLETED</b>



<b>Component 3 – Expanding the Use of Domestic Credit Through Efficient Capital Markets</b>					
<b>Task 3.13 – Increase lending to SMEs and encourage utilization of USAID’s New Loan Guarantee Program in Selected Cities</b>					
<b>Activity 3.13.1 - Support the Roll-Out of the DCA-LPG in Strategic Sectors</b>					
<b>Outputs or Deliverables</b>	<b>STATUS/ACCOMPLISHMENTS</b>				
	<b>YEAR 1 (April-Sept 2013)</b>	<b>YEAR 2 First Quarter (Oct – Dec 2013)</b>	<b>YEAR 2 Second Qtr. (Jan. – March 2014)</b>	<b>YEAR 2Third Qtr. (April-June 2014)</b>	<b>Year 2 Fourth Qtr. (July-Sept. 2014)</b>
<b>Output 3.13.1.8:</b>  Baseline data of SME borrowers established through the profile of SMEs attending the FGDs.	<b>NEW OUTPUT IN YR.2</b>	<b>ONGOING: Recording of profiles of SME participants in FGDs for Bukidnon and Laguna</b>	<b>COMPLETED:</b> Conducted FGDs for the Provinces of Bukidnon and Laguna.	<b>COMPLETED:</b> Conducted FGDs for the Province of Quezon and Bohol  <b>COMPLETED :</b> Recording of profiles of SME participants in FGDs for Bukidnon and Laguna  <b>NEXT STEP:</b> Conduct FGD for the Province of Cebu	<b>COMPLETED</b>  <b>COMPLETED:</b> FGD report with profile of all FGD participants  <b>DEFERRED:</b> Conduct of FGD for the Province of Cebu deferred to Y3

<b>Component 3 – Expanding the Use of Domestic Credit Through Efficient Capital Markets</b>					
<b>Task 3.13 – Increase lending to SMEs and encourage utilization of USAID’s New Loan Guarantee Program in Selected Cities</b>					
<b>Activity 3.13.1 - Support the Roll-Out of the DCA-LPG in Strategic Sectors</b>					
<b>Outputs or Deliverables</b>	<b>STATUS/ACCOMPLISHMENTS</b>				
	<b>YEAR 1 (April-Sept 2013)</b>	<b>YEAR 2 First Quarter (Oct – Dec 2013)</b>	<b>YEAR 2 Second Qtr. (Jan. – March 2014)</b>	<b>YEAR 2Third Qtr. (April-June 2014)</b>	<b>Year 2 Fourth Qtr. (July-Sept. 2014)</b>
<p><b>Output 3.13.1.9:Regulatory Reforms to enhance SMEs’ access to credit.</b></p> <p><b>Sub-output 3.13.1.9.1:</b> Pertinent BSP circulars and related studiesreviewed, position paper drafted, presented and disseminated to concerned parties (business associations, BSP</p>	<p><b>New Output in YR 2</b></p> <p><b>NEW SUB-OUTPUT IN YR.2</b></p>	<p><b>ONGOING:</b> The team met with BSP Deputy Governor Nestor Espenilla in November 2013 to discuss possible regulatory reforms</p>	<p><b>ONGOING:</b> The team is reviewing pertinent BSP circulars.</p>	<p><b>NOT TO BE PURSUED:</b> Drafting of policy paper cancelled due to ongoing extensive study conducted by BSP covering credit risk management that would cover these exemptions</p>	<p><b>NOT TO BE PURSUED:</b></p>



<b>Component 3 – Expanding the Use of Domestic Credit Through Efficient Capital Markets</b>					
<b>Task 3.13 – Increase Lending to SMEs and Encourage Utilization of USAID’s New Loan Guarantee Program in Selected Cities</b>					
<b>Activity 3.13.2 (New Activity in Y2) – Address priority constraints in SME access to credit through support to the CIC</b>					
<b>Outputs or Deliverables</b>	<b>STATUS/ACCOMPLISHMENTS</b>				
	<b>YEAR 1 (April-Sept 2013)</b>	<b>YEAR 2 First Quarter (Oct – Dec 2013)</b>	<b>YEAR 2 Second Qtr. (Jan. – March 2014)</b>	<b>YEAR 2 Third Qtr. (April-June 2014)</b>	<b>Year 2 Fourth Quarter (July – Sept. 2014)</b>
<p>among others CIC’s various output formats useful to different types of users of the credit information system</p> <p><b>Sub-output 3.13.2.1.3:</b></p> <p>Design of an educational program with specific timeline for implementation of each of the components of the program.</p>	<p><b>NEW SUB-OUTPUT IN YR.2</b></p>	<p>Elizalde, and IT Consultant Adi Cruz.</p> <p><b>ONGOING:</b> Inputs on content and strategy of the educational campaign gathered from introductory and coordination meetings with CIC officials</p>	<p>(RTDs) with Universal Banks organized</p> <p><b>ONGOING:</b> Inputs on content and strategy of the educational campaign gathered from RTDs with Universal Banks</p>	<p>Networking meetings with BAP and RABO</p> <p><b>ONGOING:</b> Inputs on content and strategy of the educational campaign gathered from RTDs with Thrift Banks and Credit Card Issuers and networking meetings with CTB, FINEX, and BSP</p> <p>Strategy Concept paper drafted.</p> <p><b>NEXT STEPS:</b> Continue gathering inputs from RTDs and networking meetings with other stakeholders to finalize the strategy and content of educational campaign.</p>	<p>other important stakeholders.</p> <p><b>COMPLETED:</b> Strategy for the conduct of educational campaign drafted.</p> <p><b>NEXT STEPS:</b> RTDs with Rural Banks, Cooperatives, Microfinance Institutions and Networking meetings with RBAP, BAP, BSP, and other important stakeholders.</p>

<b>Component 3 – Expanding the Use of Domestic Credit Through Efficient Capital Markets</b>					
<b>Task 3.13 – Increase Lending to SMEs and Encourage Utilization of USAID’s New Loan Guarantee Program in Selected Cities</b>					
<b>Activity 3.13.2 (New Activity in Y2) – Address priority constraints in SME access to credit through support to the CIC</b>					
<b>Outputs or Deliverables</b>	<b>STATUS/ACCOMPLISHMENTS</b>				
	<b>YEAR 1 (April-Sept 2013)</b>	<b>YEAR 2 First Quarter (Oct – Dec 2013)</b>	<b>YEAR 2 Second Qtr. (Jan. – March 2014)</b>	<b>YEAR 2Third Qtr. (April-June 2014)</b>	<b>Year 2 Fourth Quarter (July – Sept. 2014)</b>
<b>Sub-output 3.13.2.1.4:</b> Educational modules prepared and pre-tested.	<b>NEW SUB-OUTPUT IN YR.2</b>	<b>DEFERRED to Y3</b>	<b>DEFERRED to Y3</b>	<b>DEFERRED to Y3</b>	<b>DEFERRED to Y3</b>
<b>Sub-output 3.13.2.1.5:</b> Educational materials produced.	<b>NEW SUB-OUTPUT IN YR.2</b>	<b>DEFERRED to Y3</b>	<b>DEFERRED to Y3</b>	<b>DEFERRED to Y3</b>	<b>DEFERRED to Y3</b>
<b>Output3.13.2.2:</b> Implementation of the educational campaign	<b>NEW OUTPUT IN YR.2</b>	<b>DEFERRED to Y3</b>	<b>DEFERRED to Y3</b>	<b>DEFERRED to Y3</b>	<b>DEFERRED to Y3</b>
<b>Sub-output 3.13.2.2.1</b> Conducting 6-8 public for a in select cities to launching CIC’s educational program and discuss with	<b>NEW SUB-OUTPUT IN YR.2</b>	<b>DEFERRED to Y3</b>	<b>DEFERRED to Y3</b>	<b>DEFERRED to Y3</b>	<b>DEFERRED to Y3</b>

<b>Component 3 – Expanding the Use of Domestic Credit Through Efficient Capital Markets</b>					
<b>Task 3.13 – Increase Lending to SMEs and Encourage Utilization of USAID’s New Loan Guarantee Program in Selected Cities</b>					
<b>Activity 3.13.2 (New Activity in Y2) – Address priority constraints in SME access to credit through support to the CIC</b>					
<b>Outputs or Deliverables</b>	<b>STATUS/ACCOMPLISHMENTS</b>				
	<b>YEAR 1 (April-Sept 2013)</b>	<b>YEAR 2 First Quarter (Oct – Dec 2013)</b>	<b>YEAR 2 Second Qtr. (Jan. – March 2014)</b>	<b>YEAR 2 Third Qtr. (April-June 2014)</b>	<b>Year 2 Fourth Quarter (July – Sept. 2014)</b>
<p>stakeholders the central credit information system, its benefits, risks, and the rights and duties of borrowers and lenders</p> <p><b>Sub-output 3.13.2.2.2</b> Disseminating educational materials through various delivery mechanisms</p> <p><b>Sub-output 3.13.2.2.3</b> Monitoring the participation of financial institutions and borrowers in the credit information system</p>	<p><b>NEW SUB-OUTPUT IN YR.2</b></p> <p><b>NEW SUB-OUTPUT IN YR.2</b></p>	<p><b>DEFERRED to Y3</b></p> <p><b>DEFERRED to Y3</b></p>	<p><b>DEFERRED to Y3</b></p> <p><b>DEFERRED to Y3</b></p>	<p><b>DEFERRED to Y3</b></p> <p><b>DEFERRED to YR 3</b></p>	<p><b>DEFERRED to Y3</b></p> <p><b>DEFERRED to YR 3</b></p>

<b>Component 3 – Expanding the Use of Domestic Credit Through Efficient Capital Markets</b>					
<b>Task 3.14 – Increase SME’s borrowing capacity</b>					
<b>Activity 3.14.1 - Promotion of Property Rights as a Credit Enhancement Mechanism.</b>					
<b>Outputs or Deliverables</b>	<b>STATUS/ACCOMPLISHMENTS</b>				
	<b>YEAR 1 (April-Sept 2013)</b>	<b>YEAR 2 First Quarter (Oct – Dec 2013)</b>	<b>YEAR 2 Second Qtr. (Jan. – March 2014)</b>	<b>YEAR 2 Third Qtr. (April-June 2014)</b>	<b>Year 2 Fourth Quarter(July-Sept.2014)</b>
<b>Output 3.14.1.1</b> Research Survey on SME borrowers and Land Titling Beneficiaries	<b>COMPLETED:</b> Preliminary interviews/FGDs with residential free patent beneficiaries to determine how they utilized their titles	<b>COMPLETED</b>	<b>COMPLETED</b>	<b>COMPLETED</b>	<b>COMPLETED</b>
<b>Output 3.14.1.2:</b> BSP Policy Directive on Free Patents as Loan Collaterals	<b>NOT TO BE PURSUED:</b> The Manual of Regulation for Banks (updated as of December 2011) already covers residential free patents as collateral. This provision is on page 48, Section x269.2 Eligible Papers and Collaterals, Part II on Depositi and Borrowing Operations of the Manual of Regulations for Banks	<b>NOT TO BE PURSUED</b>	<b>NOT TO BE PURSUED</b>	<b>NOT TO BE PURSUED</b>	<b>NOT TO BE PURSUED</b>
<b>Output 3.14.1.3:</b> Orientation Training for BSP SES Staff on free patents	<b>DEFERRED</b> to YR 2 due to delays in the approval of STTAs	<b>NOT TO BE PURSUED :</b>	<b>NOT TO BE PURSUED</b>	<b>NOT TO BE PURSUED</b>	<b>NOT TO BE PURSUED</b>

<b>Component 3 – Expanding the Use of Domestic Credit Through Efficient Capital Markets</b>					
<b>Task 3.14 – Increase SME’s borrowing capacity</b>					
<b>Activity 3.14.1 - Promotion of Property Rights as a Credit Enhancement Mechanism.</b>					
<b>Outputs or Deliverables</b>	<b>STATUS/ACCOMPLISHMENTS</b>				
	<b>YEAR 1 (April-Sept 2013)</b>	<b>YEAR 2 First Quarter (Oct – Dec 2013)</b>	<b>YEAR 2 Second Qtr. (Jan. – March 2014)</b>	<b>YEAR 2 Third Qtr. (April-June 2014)</b>	<b>Year 2 Fourth Quarter(July-Sept.2014)</b>
<p><b>Output 3.14.1.4:</b> Training materials for BSP orientation</p> <p><b>New Output in Y2</b></p> <p><b>Output 3.14.1.5 :</b> Technical assistance on project preparation, financial literacy, and loan application</p> <p><b>Sub-Output 3.14.1.5.a:</b> SMEs who have immediate plans for expansion in preparing business</p>	<p><b>DEFERRED</b> to Y2 due to delays in the approval of the STTAs</p> <p><b>New Sub-Output in Yr. 2</b></p>	<p>Orientation training for BSP will no longer push through since the provision of residential free patents as collateral is already included in the Manual of Regulations for banks.</p> <p><b>COMPLETED:</b> Training materials have already been prepared for orientation/training with banks on land titles as access to credit</p> <p><b>ONGOING:</b> Conducted follow-up visits and mentored SMEs in Batangas, Laguna,</p>	<p><b>TRAINING NOT TO BE PURSUED</b></p> <p><b>ONGOING:</b> Conducted follow-up visits and</p>	<p><b>TRAINING NOT TO BE PURSUED</b></p> <p><b>ONGOING:</b> Conducted follow-up visits and</p>	<p><b>TRAINING NOT TO BE PURSUED</b></p> <p><b>NO NEW ACTIVITY</b></p>

**Component 3 – Expanding the Use of Domestic Credit Through Efficient Capital Markets**

**Task 3.14 – Increase SME’s borrowing capacity**

**Activity 3.14.1 - Promotion of Property Rights as a Credit Enhancement Mechanism.**

Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Quarter(July-Sept.2014)
<p>proposals and financial plans mentored.</p> <p><b>Sub-Output 3.14.1.5.b:</b> Introduction between SMEs and partner banks facilitated.</p> <p><b>New Output in Y2 Output 3.14.1.6:</b> Training of BDS providers</p> <p><b>Sub-Output 3.14.1.6.a:</b> Networking with private business associations and SMEs and assessing their training needs, building on the results of FGDs conducted</p>	<p><b>New Sub-Output in Yr. 2</b></p> <p><b>New Sub-Output in Yr. 2</b></p> <p><b>NEW OUTPUT IN YR.2</b></p>	<p>Misamis Oriental, Lanao del Norte, and Bukidnon</p> <p><b>COMPLETED:</b> Referred mentored SMEs in Batangas, Laguna, Misamis Oriental, Lanao del Norte, and Bukidnon to PFIs</p> <p><b>ONGOING:</b> Monitoring the status of referred SMEs in PFIs</p> <p><b>COMPLETED:</b> Networking meetings with Cagayan de Oro Chamber of Commerce and Industry Foundation (Oro Chamber), Chamber</p>	<p>mentored SMEs in Negros Occidental and Batangas</p> <p><b>COMPLETED:</b> Referred mentored SMEs in Negros Occidental and Batangas to PFIs</p> <p><b>ONGOING:</b> Monitoring the status of referred SMEs in PFIs</p> <p><b>COMPLETED:</b> Networking meetings with Association of Negros Producers (ANP), Taytay sa Kauswagan Inc. (TSKI), Philippine Institute of</p>	<p>mentioned SMEs in Iloilo and Bohol</p> <p><b>COMPLETED:</b> Referred mentored SMEs in Iloilo and Bohol to PFIs</p> <p><b>ONGOING:</b> Monitoring the status of referred SMEs in PFIs</p> <p><b>COMPLETED</b></p>	<p><b>COMPLETED:</b> Some FGD participants attended the BDS Training for SMEs for the provinces of Misamis Oriental, Batangas, Bukidnon.</p> <p><b>COMPLETED:</b> SME participants in FGDs for Bohol and Quezon referred to PFIs</p> <p><b>COMPLETED</b></p>

<b>Component 3 – Expanding the Use of Domestic Credit Through Efficient Capital Markets</b>					
<b>Task 3.14 – Increase SME’s borrowing capacity</b>					
<b>Activity 3.14.1 - Promotion of Property Rights as a Credit Enhancement Mechanism.</b>					
<b>Outputs or Deliverables</b>	<b>STATUS/ACCOMPLISHMENTS</b>				
	<b>YEAR 1 (April-Sept 2013)</b>	<b>YEAR 2 First Quarter (Oct – Dec 2013)</b>	<b>YEAR 2 Second Qtr. (Jan. – March 2014)</b>	<b>YEAR 2 Third Qtr. (April-June 2014)</b>	<b>Year 2 Fourth Quarter(July-Sept.2014)</b>
<p>under and other studies on SME training needs.</p> <p><b>Sub-Output 3.14.1.6.b:</b></p> <p>5-7 BDS providers selected and their capacities to deliver trainings to SMEs assessed.</p> <p><b>Sub-Output 3.14.1.6.c</b> Designing Training Modules for BDS providers to enhance</p>	<p><b>NEW SUB-OUTPUT IN YR.2</b></p> <p><b>NEW SUB-OUTPUT IN YR.2</b></p>	<p>of Commerce and Industry Foundation of Iligan City (Iligan Chamber), Bukidnon Kaamulan Chamber, and Valencia City Chamber of Commerce and Industry Association Inc. conducted.</p> <p><b>COMPLETED:</b> Iligan Chamber, Oro Chamber, and Bukidnon Kaamulan and Valencia City Chamber selected as BDS providers for the Provinces of Lanao del Norte, Misamis Oriental, and Bukidnon Kaamulan Chamber respectively.</p> <p><b>ONGOING:</b></p>	<p>Certified Public Accountants (PICPA)- Lipa City Chapter conducted.</p> <p><b>COMPLETED:</b> ANP and TSKI selected as BDS providers for the Provinces of Negros Occidental and Iloilo respectively.</p> <p><b>COMPLETED:</b></p>	<p><b>COMPLETED:</b> PICPA-Lipa City Chapter selected as BDS provider for the Province of Batangas.</p> <p><b>COMPLETED:</b> Training of Trainers Workshop on BDS for SMEs conducted for the</p>	<p><b>COMPLETED</b></p> <p><b>COMPLETED:</b> Run through of BDS Training Modules conducted for the provinces of Batangas,</p>

<b>Component 3 – Expanding the Use of Domestic Credit Through Efficient Capital Markets</b>					
<b>Task 3.14 – Increase SME’s borrowing capacity</b>					
<b>Activity 3.14.1 - Promotion of Property Rights as a Credit Enhancement Mechanism.</b>					
<b>Outputs or Deliverables</b>	<b>STATUS/ACCOMPLISHMENTS</b>				
	<b>YEAR 1 (April-Sept 2013)</b>	<b>YEAR 2 First Quarter (Oct – Dec 2013)</b>	<b>YEAR 2 Second Qtr. (Jan. – March 2014)</b>	<b>YEAR 2 Third Qtr. (April-June 2014)</b>	<b>Year 2 Fourth Quarter(July-Sept.2014)</b>
<p>their capacities to deliver BDS to SMEs</p> <p><b>Sub-Output 3.14.1.6.d:</b> Conducting 5-7 trainings with BDS providers</p> <p><b>New Output 3.14.1.7:</b> Training of SMEs by BDS providers</p> <p><b>Sub-Output 3.14.1.7.a:</b></p>	<p><b>NEW OUTPUT IN YR.2</b></p>	<p>BDS Training of Trainers modules drafted.</p> <p><b>ONGOING:</b> Preparatory meetings with Oro Chamber, Iligan Chamber, and Bukidnon Kaamulan and Valencia City Chamber organized.</p> <p><b>DEFERRED:</b> Selection will start after the conduct of Training of Trainers Workshop</p>	<p>BDS Training of Trainers modules finalized.</p> <p><b>COMPLETED:</b> Training of Trainers Workshop on BDS for SMEs conducted for the Provinces of Misamis Oriental and Lanao del Norte</p> <p><b>DEFERRED:</b> Selection will start after the conduct of Training of Trainers Workshop</p>	<p>Provinces of Negros Occidental, Iloilo, and Batangas.</p> <p><b>COMPLETED</b></p> <p><b>DEFERRED:</b> Selection will start after the conduct of Training of Trainers Workshop</p>	<p>Iloilo, Negros Occidental, Misamis Oriental, Lanao del Norte, and Bukidnon.</p> <p><b>COMPLETED</b></p> <p><b>COMPLETED:</b> Forty five SMEs selected for SME training in Misamis</p>



<b>Component 3 – Expanding the Use of Domestic Credit Through Efficient Capital Markets</b>					
<b>Task 3.14 – Increase SME’s borrowing capacity</b>					
<b>Activity 3.14.1 - Promotion of Property Rights as a Credit Enhancement Mechanism.</b>					
<b>Outputs or Deliverables</b>	<b>STATUS/ACCOMPLISHMENTS</b>				
	<b>YEAR 1 (April-Sept 2013)</b>	<b>YEAR 2 First Quarter (Oct – Dec 2013)</b>	<b>YEAR 2 Second Qtr. (Jan. – March 2014)</b>	<b>YEAR 2 Third Qtr. (April-June 2014)</b>	<b>Year 2 Fourth Quarter(July-Sept.2014)</b>
<p><b>New Output in Yr. 2</b></p> <p><b>Output 3.14.2.1</b></p> <p>Signed Memoranda of Understanding (MOUs) /Letters of Understanding (LOUs) with the following:</p> <p>a.Rural Banks, Savings Banks, Thrift Banks and Savings/Loan Cooperatives, Selected LGUs, National Government Agencies (e.g. DENR); Business Organizations</p>	<p><b>NEW OUTPUT IN YR. 2</b></p> <p><b>COMPLETED:</b></p> <p>Six MOUs/LOUs signed with the following partners:</p> <p>a.DENR, Region VII</p> <p>b.Municipality of Cordova, Cebu</p> <p>c.Municipality of Ginatilan, Cebu</p>	<p><b>COMPLETED:</b></p> <p>Five MOUs/LOUs signed with the following partners:</p> <p>a.Rural Bankers Association of the Philippines</p> <p>b. Confederation of Southern Tagalog Rural Bankers</p> <p>c. Northern Luzon Confederation of Rural Banks</p> <p>d.Inter-Asia Development Bank ((IADB)</p> <p>e. Laguna Federation of Rural Banks</p> <p><b>NEXT STEP:</b></p> <p>a.Meetings/discussions with federations /confederations and individual banks on partnership agreement.</p> <p>b.Organize workshops on Access to Credit/Conversions of Tax</p>	<p><b>COMPLETED:</b> Three (3) MOUs signed with the following partners:</p> <p>a.Banco Santiago de Libon</p> <p>b. Cebu Federation of Rural Banks, Inc.</p> <p>c. Rural Bankers Association of the Philippines</p> <p><b>ONGOING:</b> A possible partnership with cooperatives is being pursued, starting with the Coop-National Confederation of Cooperatives (NATTCO)</p> <p><b>ONGOING:</b></p> <p>Organization of trainings on land titles as access to credit/conversion of tax declarations into titles in Bohol, Cagayan de Oro City, Palawan, Quezon and previously covered areas (Laguna, Batangas, Cebu, Bicol, Regions 1 and 2)</p>	<p><b>COMPLETED:</b></p> <p>MOU signed with NATTCO on June 11, 2014.</p> <p><b>ONGOING:</b></p> <p>A possible partnership with the Pampanga Federation of Rural Banks is being pursued.</p> <p><b>ONGOING:</b></p> <p>Organization of training on land titles as access to credit/conversion of tax declarations into titles in Bohol and for Batangas LMC in Tayabas, Quezon.</p>	<p><b>COMPLETED:</b></p> <p>MOU signed with the Pampanga Federation of Rural Banks on July 31, 2014.</p>

**Component 3 – Expanding the Use of Domestic Credit Through Efficient Capital Markets**

**Task 3.14 – Increase SME’s borrowing capacity**

**Activity 3.14.1 - Promotion of Property Rights as a Credit Enhancement Mechanism.**

Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Quarter(July-Sept.2014)
<p>d. Municipality of Albuquerque, Bohol</p> <p>e. Sugbuanon Rural Bank, Inc. and Sugbuanon Foundation DRREAM</p> <p>f. Chamber of Thrift Banks</p> <p>Continuing partnership with the Lipa Rural Bank and LGUs which were partners of FEF in public land titling</p> <p><b>New Output in YR 2: Output 3.14.2.2: Capacitated Banking Units</b> a. Capacitated Banking Units able to process residential free patents</p>	<p><b>NEW OUTPUT in Y2:</b></p>	<p><b>COMPLETED:</b> Four trainings/orientation workshops have been conducted for rural and thrift banks both in Luzon and Visayas, wherein 46 banks participated</p>	<p><b>COMPLETED:</b> Five (5) trainings were conducted in both Luzon and Visayas, with 68 participants with 5 coming from cooperatives and the rest from rural banks.</p>	<p><b>COMPLETED :</b></p> <p>A training on Converting Tax Declarations into Titles Seminar was conducted in Tagbilaran City Bohol on April 28, 2014. In attendance were</p>	<p><b>COMPLETED:</b></p> <p>Five (5) trainings were conducted in both Luzon and Visayas, in 28 coops, 23 thrift banks and 31 rural banks.</p>

**Component 3 – Expanding the Use of Domestic Credit Through Efficient Capital Markets**

**Task 3.14 – Increase SME’s borrowing capacity**

**Activity 3.14.1 - Promotion of Property Rights as a Credit Enhancement Mechanism.**

Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Quarter(July-Sept.2014)
as part of loan application		1 bank (Lipa Rural Bank, with 9 branches in Batangas) is already offering titling packages for untitled lands and conversion of tax declaration to RFPs.	<p><b>ONGOING:</b> Lipa Bank, Inc. has already 10 tax declarations under process for titling. Other banks such as Banco Santiago de Libon, Inter-Asia Development Bank, Loboc Rural Bank, Cordova Multi-Purpose Cooperative (CMPC) and Banco Rural de Isla Cebu (BRIC) are still on the process of doing IEC campaigns for title holders and development of their own titling services.</p> <p><b>NEXT STEPS:</b></p> <ol style="list-style-type: none"> <li>1. Monitor conversions and applications for loans in partner banks.</li> <li>2. Organize title holders forum on access to credit in coordination with partner banks</li> </ol>	<p>participants from 4 rural/cooperative/thrift banks, 11 cooperatives and representatives from the Cooperative Development Authority within the province of Bohol</p> <p><b>ONGOING:</b></p> <p>6 banks have engaged with the Project to become titling centers. Lipa Bank Inc. has 15 tax declarations applied for conversion into titles. Inter-Asia Development Bank and Rural Bank of Loboc has both three (3) tax declarations for processing, while the Rural Bank of Catmon has selected 5-10 tax declarations to undergo land titling conversion. in n. The Rural Bank of Cavinti is tentatively scheduled for FGD, Banco Santiago de Libon has completed the training and Rural Bank of Loboc is still at the inventory stage on the</p>	<p>10 banks/coop have engaged with the Project to become titling centers. These are the following:</p> <ol style="list-style-type: none"> <li>1.Lipa Bank, Inc.</li> <li>2.Inter-Asia Development Bank</li> <li>3.Rural Bank of Catmon, Cebu</li> <li>4.Rural Bank of Cavinti, Laguna</li> <li>5.Banco Santiago de Libon, Albay</li> <li>6.Frontier Bank, Inc., Cebu</li> <li>7.Rural Bank of Loboc, Bohol</li> <li>8.Rural Bank of Loon, Bohol</li> <li>9.Cooperative Bank, Bohol</li> <li>10.Holnamian Multi-Purpose Cooperative</li> </ol> <p>10 applications for conversion have already been processed into residential free patents. There is a total of 23 applications currently being processed for residential free patents in</p>

**Component 3 – Expanding the Use of Domestic Credit Through Efficient Capital Markets**

**Task 3.14 – Increase SME’s borrowing capacity**

**Activity 3.14.1 - Promotion of Property Rights as a Credit Enhancement Mechanism.**

Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Quarter(July-Sept.2014)
<p><b>New Output in Y2:</b>  <b>Output 3.14.2.3:</b>                      Manual/Brochure for Banks and Financial Institutions regarding the utilization of Titles as Collateral for SME Lending and the detection of fake titles for bank employees, or title examiners</p>	<p>New Output in Y2</p>	<p><b>ONGOING:</b>                      Outline for said Manual is already being prepared and topics are already being written based on the training materials being used for the actual trainings. Manual expected to be finished by end of February 2014</p>	<p><b>ONGOING:</b>                      Manual has been drafted but yet to be finalized for lay-outing, design and printing.                       Extension for the printing and distribution of the manual was requested by FEF on 15 April 2014. Request for extension has been approved by COP.</p>	<p>number of tax declarations in its portfolio.</p> <p><b>NEXT STEPS:</b></p> <ol style="list-style-type: none"> <li>1. Monitor conversions and applications for loans in partner banks.</li> <li>2. Organize title holders forum on access to credit in coordination with partner banks</li> </ol> <p><b>ONGOING:</b>                      Validation workshop for Manual conducted for finalization of content. Manual is for finalization of layout and cover. Awaiting approval of USAID message. Expected to be ready for distribution by July 2014.</p>	<p><b>ONGOING:</b>                      Manual is now on the process of printing after getting approval from USAID last October 16, 2014.</p>

**Component 3 – Expanding the Use of Domestic Credit Through Efficient Capital Markets**

**Task 3.14 – Increase SME’s borrowing capacity**

**Activity 3.14.1 - Promotion of Property Rights as a Credit Enhancement Mechanism.**

Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Quarter(July-Sept.2014)
<p><b>New Output in Y2: Output 3.14.2.4: Policy Paper on Regulatory/Procedural Constraints on Land Registration</b></p>	<p>New Output in YR 2</p>	<p><b>ONGOING:</b> Compilation of constraints on land registration from banks gathered during trainings/orientations</p>	<p><b>NEXT STEPS:</b> Manual will be ready for distribution at the end of June 2014.</p> <p><b>ONGOING:</b> Compilation of constraints on land registration from banks gathered during trainings/orientations.</p> <p>TOR for the policy paper prepared. The proposed consultant undergoing the process of approval from USAID.</p> <p><b>NEXT STEPS:</b> Prepare draft policy paper on constraints for banks on land registration due on the 4th quarter.</p>	<p><b>ONGOING:</b> The proposed Consultant already approved by USAID and is already on board.</p>	<p><b>ONGOING:</b> Request for Extension was approved for the writing of the final report. Submission will be end of October 2014.</p>

**Component 3 – Expanding the Use of Domestic Credit Through Efficient Capital Markets**

**Task 3.14 – Increase SME’s borrowing capacity**

**Activity 3.14.1 - Promotion of Property Rights as a Credit Enhancement Mechanism.**

Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Quarter(July-Sept.2014)
<p><b>New Output in Y2</b> <b>Output 3.14.2.5:</b> Draft Bill to Amend PD 1529</p>	<p><b>NEW OUTPUT IN YR.2</b></p>	<p><b>No Progress</b></p>	<p><b>ONGOING:</b> Start baseline data gathering on land registration in support for the amendment of PD 1529.</p> <p>TOR for the baseline data gathering prepared.</p>	<p><b>ONGOING:</b> The draft bill has been prepared but it has yet to be validated with the baseline studies to be conducted starting this July 2014.</p>	<p><b>COMPLETED:</b> The draft bill on the Administrative and Judicial Reissuance of Lost or Destroyed Owner's Duplicate Certificate of Title was submitted on July 10, 2014</p>
<p><b>New Output in Y2:</b> <b>Output 3.14.2.6:</b> Draft DENR Policy in Support to RFP Beneficiaries</p>	<p><b>NEW OUTPUT IN YR.2</b></p>	<p><b>ONGOING:</b> Policy being drafted</p>	<p><b>NEXT STEPS:</b></p>	<p><b>COMPLETED:</b> Draft policy submitted to COMPETE and to the Land Management Bureau for review of its Policy Review Committee and subsequent</p>	<p><b>COMPLETED:</b> Draft policy submitted to COMPETE and to the Land Management Bureau for review of its Policy Review Committee and subsequent</p>

**Component 3 – Expanding the Use of Domestic Credit Through Efficient Capital Markets**

**Task 3.14 – Increase SME’s borrowing capacity**

**Activity 3.14.1 - Promotion of Property Rights as a Credit Enhancement Mechanism.**

Outputs or Deliverables	STATUS/ACCOMPLISHMENTS				
	YEAR 1 (April-Sept 2013)	YEAR 2 First Quarter (Oct – Dec 2013)	YEAR 2 Second Qtr. (Jan. – March 2014)	YEAR 2 Third Qtr. (April-June 2014)	Year 2 Fourth Quarter(July-Sept.2014)
			<p>By end of the 3rd quarter, a draft bill on the amendment of PD 1529 is prepared</p> <p><b>ONGOING:</b></p> <p>Gathering information on the LGU-DENR partnership on titling and post-titling activities demonstrated in LGUS being closely assisted by COMPETE.</p> <p>NEXT STEPS: At the end of May 2014, a draft DENR Administrative Order supporting post-titling activities is prepared and submitted to DENR</p> <p><b>ONGOING:</b> Policy being drafted</p>	endorsement to the DENR Central Office for adoption	endorsement to the DENR Central Office for adoption.

## Annex B: PERFORMANCE INDICATOR TRACKING TABLE (as of 30 Sep 2014).

							<i>Status / Remarks Legend</i>	Over Target	Equal to Target	Under target
	Indicator	Baseline		For Data Available end-Sep 2014			Status / Remarks as of Sep 2014	TARGETS		
		Date	Actual	Target Rationale	Target	Actual		2015	2016	2017
Project Level	Exports of goods and services (as % of GDP)	2012	28.3%	+8.6% in 2014 from DTI	28.1%	29.7%	Up to June vs Dec target	27.2%	27.2%	24.3%
	Net Foreign Direct Investment (\$ bil)	2012	3.22	Amcham target of \$7 billion by 2020	1.76	3.57	Up to June	3,945	4,425	4,962
	Gross Capital Formation (as % of GDP)	2012	18.1%	IMF WEO Apr 2014	16.5%	18.6%	Up to June vs Dec target	17.4%	18.1%	18.5%
	Global Competitiveness Index Rank Percentile	2013	60%	NCC Target of 67% by 2016	62%	65%	Rank rose from 59th out of 148 to 52nd out of 144	64%	67%	68%
Component 1on Infrastructure	Overall Infrastructure in GCI Rank Percentile	2013	34%	Match 45% of Indonesia by 2017	36%	34%	Rank still rose from 98th out of 148 to 95th out of 144	38%	40%	45%
	Public Infrastructure Outlays (as % of GDP)	2012	2.2%	WB benchmark of 5% by 2016	2.5%	2.7%	OVER for CY2013	4.0%	5.0%	5.0%
	Quality of Trade and Transport related infrastructure in Logistics Performance Index Rank Percentile	2013	62%	Top 1/3 or 67% Rank Percentile in 2016	65%	TBD	Bi-ennial data out in 2016	65%	67%	67%
SubComponent 1A on Public Infrastructure	No. of Writ of Possessions in Right-Of-Way cases issued within 30 days	2012	TBD	Passage of ROWA bill and Supreme Court Memo Circular on ROWA Writ of Possession	TBD	TBD	To be based on survey of contractors of PPP projects underway in 2014-15	TBD	TBD	TBD
	Number of PPP infrastructure projects developed using objective methodology and bidding process	2012	0	Policy stance of DPWH	1	1	EQUAL (LLED)	1	0	0

	Road infrastructure projects proposed by DPWH-DSWD for following FY and using Convergence in annual budget bill	2012	0	Policy stance of DPWH and DSWD	0	0	Out in 2015			
SubComponent 1B on Power	Quality of Electricity Supply Rank Percentile	2013	37%	Match 40% of Indonesia by 2017	38%	40%	Rank rose from 93rd out of 148 to 87th out of 144	39%	39%	40%
	Aggregated groups of Electric Distribution Utilities with Power supply contracts that have lower power rates and/or improved quality (availability and reliability)	2012	0	Entry of new Power Generation players	1	1	<b>EQUAL</b> (CLECA-FLAG)	2	1	
	Projected New Investments in Power sector (\$ mil)	2012	0	Positive investment climate	600	2,400	GN Power plant of 1200 MW for 300 MW in PSA	3,128	3,278	3,278
Component 2 on Key Priority Sectors	Technological Readiness Rank Percentile	2013	48.0%	Aggressive ITC market penetration to equal Indonesia by 2017	46.5%	52.1%	Rank rose from 77th out of 148 to 69th out of 144	48.6%	48.6%	49.3%
	Business Sophistication Rank Percentile	2013	66.9%	New value-added cluster chains developed to equal Thailand by 2017	48.0%	68.1%	Rank rose from 49th out of 148 to 46th out of 144	68.9%	70.9%	73.0%
SubComponent 2A on Tourism	Tourism Industry (Php bil)	2012	631	Infrastructure capacity in place	748	TBD	Data due in 2015	974	1,148	1,245
	Employment in Tourism Industry (million)	2012	4.2	Infrastructure capacity in place	5.4	TBD	Data due in 2015	6.3	7.4	8.0
	Net Foreign Direct Investment in Tourism (\$ billions)	2012	2.6	+12% yoy	1.66	14.29	Up to June	3.72	4.17	4.67
	International Tourist Arrivals (million)	2012	4.27	Infrastructure capacity in place	3.97	2.86	Typhoons and earthquake devastated tourist sites plus delayed airports	8.20	10.00	12.00

	International Tourist Receipts (Php bil)	2012	158	Infrastructure capacity in place	270	126		350	455	
	International carrier costs - common carriers tax	2012	3%	TBD	0	0	Internal revenue code amended to remove 3% common carriers tax and 1.5% Gross Philippine Billing tax per airline ticket resulting in P1.9 billion savings per year	0	0	0
	Accommodation infrastructure	2012	0.17	Planned +15k new rooms materialize by 2016	TBD	TBD	Awaiting data from DOT		0.17	0.20
	New gateways for cruise ships established	2012	0	High priority Tourism Development Area	0	0	50,000 passengers annually per gateway	1	1	
	Air Transport Infrastructure Pillar Rank Percentile	2012	50.7%	To match 61.4% of Indonesia by 2017	55.7%	TBD	Data due in 2015	58.6%	61.4%	
	Road infrastructure projects proposed by DPWH-DOT for following FY and using Convergence in annual budget bill	2012	167	Adequate fiscal space and policy stance of DPWH	175	297	additional budget made available by DBM	800	480	222
SubComponent 2B on Agribusiness	Net Foreign Direct Investments in Agriculture (\$ mil)	2012	0.91	+12% yoy	0.07	0.67	Up to June	1.29	1.45	1.62
	New Employment in agriculture (thousands)	2012	0	+1 million jobs per year and maintain 2012 employment structure	+322	190	July vs Average Annual target	+322	+322	+322

	Exports from agriculture (\$ bil)	2012	3.58	+6% yoy from revised PEDP	2.55	2.89	Up to July	4.7	5.2	5.7
	Land planted with cacao - cumulative	2012	0	Fast mobilization of PGP	500	0	PGP delayed in selecting farmers	4,000	6,000	6,000
	Land planted with coffee - cumulative	2012	0	Fast mobilization of PGP	600	0	RMACC defaulted on nursery development	TBD	TBD	TBD
	Area planted for seaweed - cumulative	2012	0	Fast mobilization of PGP	0	0	Awaiting data from PGP	1,000	1,000	1,000
	Foreign exchange gains in cacao (\$ mil)	2012	0	Fast mobilization of PGP	0	0	New output starts in 2017	0	0.0	3.7
	Foreign exchange gains in coffee (\$ mil)	2012	0	Fast mobilization of PGP	0	0	New output starts in 2017	0	0.0	23.8
	Farms Certified in good agricultural practices and export quality goods	2012	0	Issuance of new regulations on food safety	0	0	Target is 200 from 2000 trained in 2016	0	200	0
	Volume of Trade shipped via international Ro-Ro (TEUs)	2012	0		0	0	RoRo launch delayed to Oct 2014	TBD	TBD	TBD
	Shipping cost of TEU container between international destinations (from Davao to Bitung, Indonesia) - amount (US\$)	2012	3,170	Sufficient volume is reached	940	3,170	RoRo launch delayed to Oct 2014	940	940	940
	- Days	2012	10 days	for economies of scale	1 day	10 days	RoRo launch delayed to Oct 2014	1 day	1 day	1 day
SubComponent 2C on Manufacturing	Net Foreign Direct Investment in manufacturing (\$ mil)	2012	1,033	Growth consistent with current GDP	649	66	Up to June	1,457	1,634	1,832
	New Employment in manufacturing (thousands)	2012	3.1	+1 million jobs per year and maintain 2012 employment structure	82	133.1	Ave of Apr & July vs Annual Ave target	82	82	82

	Exports from manufacturing (\$ bil)	2012	44.4	+6% yoy from revised PEDP	27.5	28.7	Up to July	50.9	56.0	61.6
	Industry roadmaps enhanced (cumulative)	2012	0.0	Cooperation from industry associations	9	9	Auto parts, chemicals, copper products, electronics, furniture, iron & steel, mass housing, petrochemicals, plastics	10	10	10
Component 3 on Credit to SMEs	Domestic credit provided by banking sector (% of GDP)	2012	50.9	Trend analysis of last 5 years	52.7	51.9	UNDER	54.7	55.7	56.8
	Ease of Access to Loans Rank Percentile	2013	75%	To match 84% of Thailand by 2017	77%	79%	Rank rose from 37th out of 148 to 30th out of 144	79%	81%	84%
	Venture Capital Availability Rank Percentile	2013	73%	To match 84% of Brunei by 2017	75%	79%	Rank rose from 40th out of 148 to 31st out of 144	78%	80%	84%
	Utilization Rate of banks loans to SMEs approved with DCA-LPG guarantee	2012	0	Fast mobilization of partner banks	54.8%	54.0%	2 banks (PBB & PS Bank) still have zero utilization	75%	100%	100%
	Ease of Getting Credit from IFC EODB Rank Percentile	2012	30%	2 new reforms on credit information	54%	TBD	Data due in Oct	63%	63%	79%
	Credit Bureau Coverage (% of adult population)	2012	0	Target is 25% by 2016	0	0	Operational within 2015	20%	25%	35%

Training Entities providing Business Development Services established (cumulative)	2012	0	Endorsement from DTI	6	6	CDO, Iligan, Lipa, Malaybalay, Iloilo, Bacolod	7	7	7
BDS Trainers trained (cumulative)	2012	0	15 Trained per BDS Training Entity	90	120	50% Higher than expected turnout in CDO and Iligan	135	135	135
Loan applicants assisted by Business Development Services (cumulative)	2012	0	15 SMEs assisted by BDS providers per year	216	261	Training consultant had to be replaced causing delays	366	471	576
Number of banks/coops offering land titling services	2013	0	Sufficient economies to scale exist	0	10	29 banks including number of branches (1 thrift bank, 8 rural banks, 1 coop)	3	5	5
Number of converted tax declarations to residential free patents	2012	0	Voluntary disclosure of partner banks	0	10	23 applications for conversion from tax declarations to titles	TBD	TBD	TBD
Number of loan applications approved in participant banks utilizing land as collateral	2012	0	Voluntary disclosure of partner banks	0	0	None yet	TBD	TBD	TBD

Gender	Number of laws, policies, or procedures drafted, proposed or adopted to promote gender equality at the regional, national or local level	2012	0	Openness of partner agencies to improving gender-sensitive issues	3	3	<b>EQUAL</b> GAD checklist on tourism + Gender analysis as part of Social and Environmental Impact Assessment in TOR of feasibility studies and in bidding documents for PPP projects (e.g. LLED and BBWSP)			
F-STATISTICS For USAID	Number of commerce laws and regulations simplified and implemented in accordance with international standards as a result of USG assistance	2012	0	Policy stance of partner agencies	0	0	Implementing rules and regulations on Food Safety	1	1	0
	Total public and private dollars leveraged by USG for infrastructure projects (potential) (\$ mil) (cumulative)	2012	0		634	6,022	LLED Project not in Workplan + GN Power plant 1200 MW capacity greater than 300MW PSA requirements	TBD	TBD	TBD
	Kilometers of roads improved or constructed - cumulative	2012	0	Fiscal space provided to DPWH	412	410	For reference only	TBD	TBD	TBD

No. of policies / regulations / admin procedures in development stages of analysis, drafting and consultation, legislative review, approval or implementation as a result of USG assistance	2012	0		35	35	<b>EQUAL</b>	31	TBD	TBD
Number of people receiving USG supported training in energy related business management systems	2012	0	Needs assessment of power distribution utilities	0	0	Training activities suspended due to limited budget in FY2015	0	TBD	TBD
Number of people receiving USG supported training in energy related policy and regulatory practices	2012	0	Needs assessment of Energy Regulatory Commission	25	19	Training started in 4Q FY2014	25	0	0
Number of people with increased access to modern energy services as a result of USG assistance (potential) millions- cumulative	2012	0	Network capacity of partner distribution utilities	3.92	3.92	<b>EQUAL (Central Luzon)</b>	1.68		
Total public and private dollars leverage by USG for energy infrastructure project (\$ mil) - cumulative	2012	0	Power needs assessment of partner power distribution utilities	600	2,400	GN power plant value for 300MW in PSA of CLECA-FLAG)	3,128	3,278	3,278
Amount of private sector financing mobilized with DCA guarantees (\$ mil) cumulative	2012	0	Mobilization of newest partner banks	34.5	34.0	2 banks (PBB & PS Bank) still have zero utilization	71.0	95.0	95.0

Person hours of training completed in trade and investment enabling environment supported by USG assistance	2012	0		10,641	12,343	50% Higher than expected turnout for seminars on land titling and converting tax declarations	2,880	TBD	TBD
---	------	---	--	--------	--------	---	-------	-----	-----

## Annex C. UPDATE ON THE STATE OF PHILIPPINE COMPETITIVENESS

### WEF Declares Philippines Most Improved Country in Global Competitiveness

By Leandro Tan

10 September 2014

Short version posted at: <http://asiafoundation.org/in-asia/2014/09/10/wef-declares-philippines-most-improved-country-in-global-competitiveness/>

The Filipino workforce has long been considered to be internationally competitive as exemplified in its impressive performance in the business process outsourcing and overseas labor markets. However, it is only recently that Philippine competitiveness has been recognized on a global scale. Last week, the World Economic Forum's new Global Competitiveness Report, which looked at the competitiveness of 144 economies based on 2013 data and a survey of business perceptions up to May 2014, declared the Philippines the "[most improved country overall](#)," rising seven notches to 52<sup>nd</sup> place. This is welcome news to the Philippines, particularly since it has been rocked by numerous natural calamities, most devastating of which was Typhoon Yolanda last November that left nearly 8,000 dead, affected 16 million people, and resulted in the virtual destruction of major productive assets (e.g. agriculture and food manufacturing) amounting to about \$10 billion in economic damages according to the [International Disaster Database](#). The country's rise in its competitiveness standing is all the more surprising on several counts.

First, the Philippines has risen 33 places since 2010 when it ranked 85<sup>th</sup>, marking the biggest improvement among all countries during that period. The other top 10 gainers include: Latvia (+28 to 42<sup>nd</sup>), Nepal (+28 to 102<sup>nd</sup>), Tajikistan (+25 to 91<sup>st</sup>), Georgia (+24 to 69<sup>th</sup>), Kazakhstan (+22 to 50<sup>th</sup>), Lesotho (+21 to 107<sup>th</sup>), Azerbaijan (+19 to 38<sup>th</sup>), Zambia (+19 to 96<sup>th</sup>), and Rwanda (+19 to 62<sup>nd</sup>). Such gains show that significant progress is not only possible among the lowest ranked countries, but that there is room in the top one-third (48<sup>th</sup> or better, the official target of the National Competitiveness Council) for countries other than what the report calls advanced economies. The Philippines' current ranking is now close to this official ranking, in running with Panama (48<sup>th</sup>), Italy (49<sup>th</sup>), Kazakhstan (50<sup>th</sup>) and Costa Rica (51<sup>st</sup>) and ahead of more industrialized countries such as Russia (53<sup>rd</sup>), South Africa (54<sup>th</sup>), Brazil (57<sup>th</sup>), Mexico (61<sup>st</sup>), India (71<sup>st</sup>), and the Ukraine (76<sup>th</sup>).

Second, this development helps to change the public image of the Philippines as the "sick man of Asia" and the "odd man out" in a dynamic ASEAN region. The improvement is the highest in the ASEAN region since 2010 and has narrowed the gap with the top five ASEAN countries. Vietnam, which ranked 59<sup>th</sup> in 2010, has since slipped to 75<sup>th</sup> in 2012 and recovered slightly to 68<sup>th</sup> in 2014. The next closest ASEAN country – Indonesia which ranks 34<sup>th</sup> – has only shown a 10-point increase since 2010, compared to a 33-point increase for the Philippines.

**Figure 1: Competitiveness Rankings in the ASEAN region**

	2010	2011	2012	2013	2014	Change since 2010
Rank Out of	139	142	144	148	144	2010
Singapore	3	2	2	2	2	+1
Malaysia	26	21	25	24	20	+6
Thailand	38	39	38	37	31	+7
Indonesia	44	46	50	38	34	+10
<b>Philippines</b>	<b>85</b>	<b>75</b>	<b>65</b>	<b>59</b>	<b>52</b>	<b>+33</b>
Vietnam	59	65	75	70	68	-9
Cambodia	109	97	85	88	95	+14

Note: Brunei and Laos were not listed in GCR 2014-15 due to unavailability of data.

Third, the competitiveness data shows that this positive development is not a one-time fluke but an improving trend in the Philippines since 2010 that is generally consistent across the board with the 12 pillars of competitiveness. The improvements have been occurring every year with only slight slippages in 2014 in terms of market size (-2 to 35<sup>th</sup>) and financial market development (-1 to 49<sup>th</sup>). According to the government, the latest credit rating upgrade to investment grade by the South Korea-based National Information & Credit Evaluation (NICE) group is the 18<sup>th</sup> positive rating action since President Aquino assumed the presidency in 2010.

**Figure 2: Rankings of Competitiveness Pillars in the Philippines**

	2010	2011	2012	2013	2014	Change since 2010
<b>Global Competitiveness Index</b>	85	75	65	59	52	+33
1 Institutions	125	117	94	79	67	+58
2 Infrastructure	104	105	98	96	91	+13
3 Macroeconomic environment	68	54	36	40	26	+42
4 Health and primary education	90	92	98	96	92	-2
5 Higher education and training	73	71	64	67	64	+9
6 Goods market efficiency	97	88	86	82	70	+27
7 Labor market efficiency	111	113	103	100	91	+20
8 Financial market development	75	71	58	48	49	+26
9 Technological readiness	95	83	79	77	69	+26
10 Market size	37	36	35	33	35	+2
11 Business sophistication	60	57	49	49	46	+14
12 Innovation	111	108	94	69	52	+59

<b>LEGEND</b>	0 to 33%	51% to 66%	76% to 90%
Rank Percentile	34% to 50%	67% to 75%	91% to 100%

Fourth, the major improvements in the state of Philippine competitiveness are related to pillars that many Filipinos still consider problematic, including innovation (+59), institutions (+58), and macroeconomic environment (+42). The participation of Filipino workers in fields of innovation is well known and reinforced with the rise in capacity for innovation (+50 to 30<sup>th</sup>) since 2010. But what are not well known are the improvements on how government purchasing decisions are fostering innovation (+76 to 53<sup>rd</sup>), company spending on R&D (+43 to 42<sup>nd</sup>), quality of scientific research institutions (+33 to 75<sup>th</sup>) and the availability of scientists and engineers (+25 to 71<sup>st</sup>). However the Philippines has lagged further behind in terms of patent applications (-17 to 88<sup>th</sup>).

The historical experience of the Philippines in effective institution-building has been generally not too successful such that the anti-corruption stance of then Senator Benigno Aquino III was considered to be the differentiating factor that won him the presidency in the 2010 elections. Since then, the sentiments of businessmen regarding Philippine institutions based on the Executive Opinion Survey have been more favorable which is surprising since government anti-corruption measures normally tend to produce more negative sentiments in the near term as the corruption issues are exposed and scrutinized more before it can be rectified.

This can be seen in the recent drop in the rankings of the Philippines on bribery and corruption (-13 to 54<sup>th</sup>) and on social cohesion (-18 to 25<sup>th</sup>) out of 60 countries in the 2014 World Competitiveness Yearbook (WCY) of the International Institute for Management Development can be attributed to the polarizing effect on society caused by the ongoing disputes between the administration, opposition and the judiciary over the legal and alleged corruption issues surrounding the Priority Development Assistance Fund (PDAF) and other pork barrel schemes which the Supreme Court declared as unconstitutional in November 2013. Political and social tensions intensified after the first batch of 10 individuals including three opposition senators allegedly involved in the illegal disbursement of public funds to fake NGOs endorsed by the legislators were indicted for plunder and graft last 1 April 2014. One possible explanation on the differences in the perceptions of businessmen between the WCY and GCR surveys is that the shock effects of the revelations on corruption have started to wear off and that sentiments have moved on when the GCR survey was conducted up to May 2014 – months after the WCY survey was conducted in the first quarter of 2014.

Nevertheless, all competitiveness indicators on institutions improved in 2013-14 and since 2010. The latter group is led by competitiveness factors on favoritism in government decisions (+80 to 49<sup>th</sup>), efficiency of legal framework in challenging regulations (+65 to 66<sup>th</sup>), efficiency of legal framework in settling disputes (+54 to 68<sup>th</sup>), burden of government regulation (+53 to 73<sup>rd</sup>), and transparency of government policymaking (+38 to 85<sup>th</sup>). The recent ruling of the Supreme Court declaring the government disbursement acceleration program as unconstitutional has led to the jump in judicial independence (+34 to 77<sup>th</sup>). There were also reported improvements in government services particularly in relation to combatting organized crime (+37 to 69<sup>th</sup>), intellectual property protection (+37 to 66<sup>th</sup>), business costs of crime and violence (+27 to 77<sup>th</sup>) and even to reliability of police services (+4 to a still low of 101<sup>st</sup>). What is notable is that the private sector has apparently embraced the call towards more ethical behavior of firms towards government and other firms (+80 to 49<sup>th</sup>), and has apparently not associated the present

corruption issues to the present administration with higher rankings on the wastefulness of government spending (+58 to 60<sup>th</sup>), diversion of public funds (+57 to 78<sup>th</sup>), irregular payments and bribes (+42 to 86<sup>th</sup>) since 2010.

On the macroeconomic front, the country registered higher rankings based on economic data on public debt levels (+44 to 58<sup>th</sup>), government budget balances (+38 to 25<sup>th</sup>), national savings (+23 to 51<sup>st</sup>), and inflation (+16 to 57<sup>th</sup>). The latest employment figures shows indications that the macroeconomic performance has reached the grass-roots level. Excluding the region devastated by Typhoon Yolanda, over 1.654 million new jobs were created year-on-year in April 2014 — which is the first time that the government's target of 1 million new jobs per year has been attained since April 2012.

The next question is with regard to the general reaction of the local population regarding all this surprisingly good news from the perceptions of foreign and local businessmen based in the Philippines. Historical experience shows that Filipinos have shown the world glimpses of their true national character when faced with bad news in back-against-the-wall situations (e.g. EDSA 1 & 2, disaster relief). This gut reaction along with the more negative local crab mentality is however more closely associated with the behavior of bottom dwellers in extreme life-or-death circumstances. The question remains on how Filipinos - whose penchant for self-effacing humor in the face of economic turmoil is well known - will react to success stories on national competitiveness which have come so few and far between in their history. That outcome may pose the biggest surprise of them all...or not.

### Annex D: TOTAL TRAINING ACTIVITIES OF COMPETE UPLOADED TO TRAINET (up to September 2014)

Training	Location / Areas Covered		Inclusive Dates		Attendance				Participant-Hours
	Cities	Province	Start	End	Profile	Number	Female	% Female	
<b>TOTAL</b>						<b>1,104</b>	<b>407</b>	<b>37%</b>	<b>12,343</b>
Input-Output Analysis	Makati	NCR	7-Aug-13	7-Aug-13	BOI planners	19*	10	53%	76
			11-Sep-13	11-Sep-13		19*	13	68%	76
Training of Trainers for BDS providers	Bacolod	Negros Occidental	5-Mar-14	7-Mar-14	BDS Resource Persons	16	9	56%	232
	Cagayan de Oro	Misamis Oriental	10-Mar-14	12-Mar-14		36	19	53%	522
	Iligan	Lanao del Norte	2-Apr-14	4-Apr-14		24	8	33%	348
	Iloilo	Iloilo	28-Apr-14	30-Apr-14		15	9	60%	225
	Lipa	Batangas	9-Jun-14	11-Jun-14		14	10	71%	203
	Malaybalay	Bukidnon	10-Jul-14	13-Jul-14		15	10	67%	218
BDS Workshops for SMEs	Cagayan de Oro	Misamis Oriental	8-Sep-14	10-Sep-14	SMEs	11	6	55%	168
	Lipa	Batangas	24-Sep-14	26-Sep-14		11	5	45%	206
	Malaybalay	Bukidnon	29-Sep-14	1-Oct-14		17	11	65%	319
Land Titling As Access to Credit	Makati	NCR	14-Nov-13	15-Nov-13	Rural Bankers	50	17	34%	675
	Cebu	Cebu	3-Dec-13	3-Dec-13		36	9	25%	207
		Laguna	12-Dec-13	12-Dec-13		19	8	42%	124
		Laguna	19-Dec-13	19-Dec-13		19	8	42%	124
	Libon	Albay	24-Jan-14	24-Jan-14		33	19	58%	215
	Santiago	Region 2	5-Feb-14	5-Feb-14		58	16	28%	377
	Baguio	Region 1	12-Feb-14	12-Feb-14		25	6	24%	163
	Lipa	Batangas	19-Feb-14	19-Feb-14		34	19	56%	221
	San Fernando	Pampanga	31-Jul-14	31-Jul-14		35	15	43%	228
	Makati	NCR	25-Sep-14	26-Sep-14		74	38	51%	537
	Cordova	Cebu	21-Mar-14	21-Mar-14	Rural Bankers	44	12	27%	268
	Tagbilaran	Bohol	28-Apr-14	28-Apr-14	26	15	58%	163	

Converting Tax Declarations into Titles	Cagayan de Oro	Misamis Oriental	22-Jul-14	22-Jul-14		64	18	28%	416
	Lipa	Batangas	19-Aug-14	19-Aug-14		36	10	28%	234
	Iloilo	Iloilo	30-Sep-14	30-Sep-14		11	9	82%	83
BEDAG Workshops	Panglao Island	Bohol	15-Apr-14	16-Apr-14	Power Planners + Provincial Govt + Academe	19*	6	32%	304
	Tagbilaran	Bohol	15-Apr-14	16-Apr-14		32*	8	25%	512
	Panglao Island	Bohol	3-Jun-14	4-Jun-14		21*	4	19%	336
	Panglao Island	Bohol	8-Jul-14	10-Jul-14		29*	4	14%	696
	Panglao Island	Bohol	7-Aug-14	8-Aug-14		29*	4	14%	464
	Panglao Island	Bohol	27-Aug-14	28-Aug-14		27*	3	11%	432
	Panglao Island	Bohol	17-Sep-14	18-Sep-14		24*	5	21%	384
	Panglao Island	Bohol	29-Sep-14	30-Sep-14		16*	3	19%	256
Power Planning Workshop for Region 1	Quezon	NCR	20-Aug-14	21-Aug-14	Power Planners	15*	2	13%	240
	Laoag	Ilocos Norte	04-Sep-14	05-Sep-14		20*	4	20%	320
Power Planning Workshop for Region 8	Ormoc	Leyte	22-Jul-14	23-Jul-14	Power Planners	27*	9	33%	432
	Tacloban	Leyte	14-Aug-14	15-Aug-14		22*	9	41%	352
	Tacloban	Leyte	21-Aug-14	22-Aug-14		22*	7	32%	352
	Tacloban	Leyte	12-Sep-14	13-Sep-14		40*	10	25%	640
*Attendance of same participants									

## Annex E. TRAINING EVALUATION

30 October 2014

### **PRELIMINARY TRAINING EVALUATION: WORKSHOP ON BUSINESS DEVELOPMENT SERVICES FOR SMALL AND MEDIUM ENTERPRISES IN CAGAYAN DE ORO CITY**

Location: Cagayan de Oro City

Date: September 8-10, 2014

By Leandro Tan, *Monitoring and Evaluation Specialist*

The first Business Development Services (BDS) workshop for Small and Medium Enterprises (SMEs) in Cagayan de Oro City and the province of Lanao del Norte was conducted by the BDS lead agency – which in this case is the Cagayan de Oro Chamber of Commerce and Industry - and BDS providers earlier trained by the COMPETE team at the Xavier Sports and Country Club, Cagayan de Oro City from September 8 to 10, 2014.

The objective of this activity is to help Small and Medium Enterprises (SMEs) build their capacity to prepare their individual business and financial plans and facilitate introduction to banks and vice-versa, and give them opportunity to hear banks' comments about their draft business plan before actually submitting a loan application, thereby helping SMEs gain access to credit for business expansion.

This is the follow-on activity after the Training of Trainers Workshop held in the same venue last March 2014 which developed the BDS training program using training modules prepared by the COMPETE training team with some modifications introduced by the BDS providers. The first three batches of training supposed to be run by the BDS providers is still part of their training, hence the presence of the COMPETE team to assist them and recommend improvements in their delivery and COMPETE's financial support for the participants.

During the three-day training, the participants concentrated on the development of their individual business plans and its component parts: the marketing plan, the operations plan, and the financial plan. The eleven (11) participants - of which 5 or 45% are female – comprises 73% of the 15 SMEs targeted for training. They were taught by five (5) resource persons from the 36 potential BDS providers trained during the Training of the Trainers workshop.

**Profile of Participants.** This group of SME participants shows potential as possible loan applicants whether it be from their favorite banks or through the partner banks<sup>3</sup> under the Development Credit Authority-Loan Guarantee Program (DCA-LGP) of USAID. As seen in *Figure 1*, out of the eleven (11) participants, the majority (9) are engaged in priority sectors and/or economic activities related to agribusiness / agri processing, construction, energy, healthcare,

---

<sup>3</sup> The partner banks of the DCA-LGP in the Philippines include Bank of the Philippine Islands (BPI), BPI Family Bank, Philippine Business Bank, Philippine Savings Bank, BPI Leasing and Security Bank.

manufacturing, tourism. Whereas a small minority (2) are listed as small enterprises, more than half (7) are micro-level enterprises and there is one large enterprise. The participation of the latter appears justified on account of its high potential of engaging with SMEs and farms to service the requirements of the COMPETE partner private firm of Kennemer Food International. *(See box on next page)* One SME, a certain Mr. Alvin Adaza, has existing businesses but is interested in setting up a new social marketing firm to promote tourism. In total only 2 out of 11 participants did not pass the pre-selection priority sectors and/or economic activity criteria at the onset – prior to any evaluations with regard to their business plans and bank loan applications.

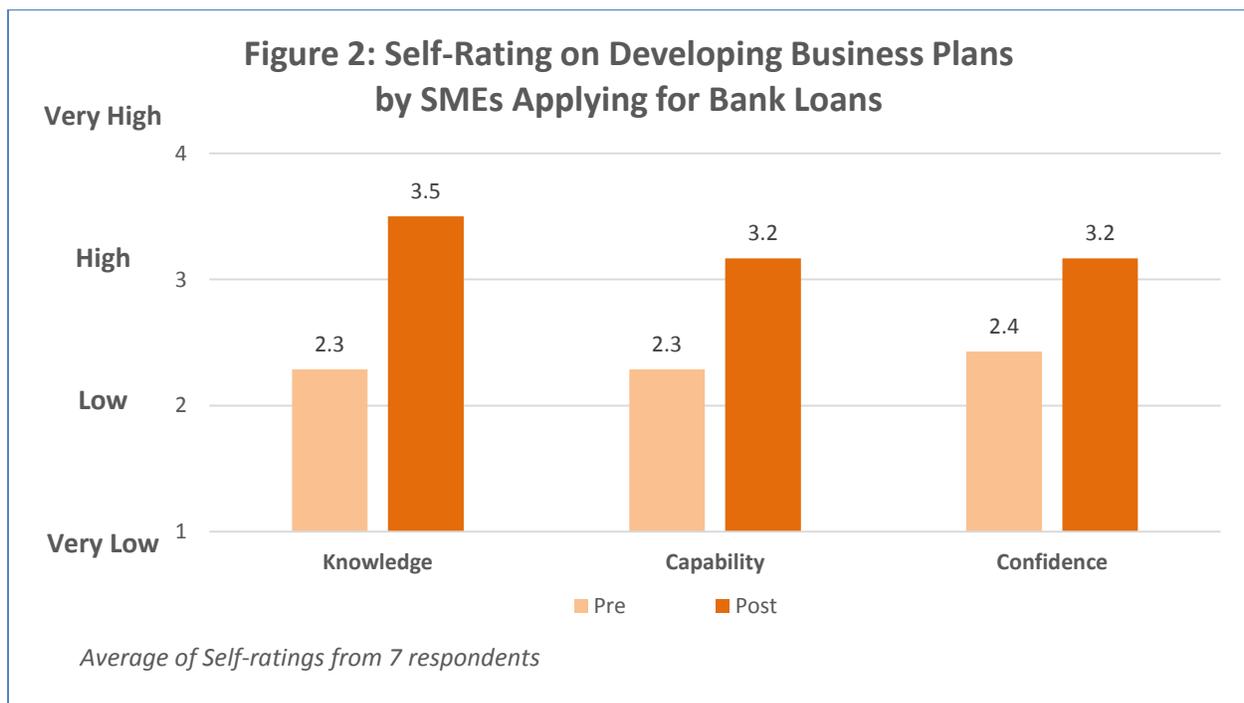
**Figure 1: Profile of SME Participants from CDO City**

No.	Last Name	First Name	Female?	Business Name	Economic Activity of Proposed Loan Proceeds	Asset Size	Expansion Plans
1	Adaza	Alvin		Metro Oro Ventures	P200,000 for working capital of social media marketing / consultancy firm promoting tourism	Micro	Within 6 months
2	Agustin	Josephine	Female	Personal Collection	Working capital for retail trade	Micro	within 6 to 12 months
3	De Veza	Kilian		Oro Integrated Cooperative	Construction of cacao by-product production plant	Large (see below)	within 6 months
4	Elizando	Ivy	Female	Drive General Merchandise	Construction of new stores	Micro	within 12 to 24 months
5	Flores	Janice	Female	Gozer Peddler	Working capital for retail trade	Micro	within 6 months
6	Lacuesta	Mark Anthony		Pane E Dolci Co.	P1 million for construction of new branch	Micro	within 6 to 12 months
7	Mariano	Rodolfo, Jr.		Limonero Fruit Drinks	P833,000 to increase inventory and for additional equipment on food manufacturing	Micro	within 6 to 12 months
8	Mendoza	Heidi Grace	Female	MIKMAG Properties Management Co.	Construction of residential / commercial buildings	Small	within 12 to 24 months
9	Obsioma	Jocelyn	Female	JSY - Obsioma Store	For new equipment on agro-processing	Small	within 6 months
10	Racid	Rebecca	Female	Quirbee Boarding House	Construction – for additional rooms in boarding house	Micro	within 12 to 24 months
11	Reyes	Gabriel Andrew		Golden Geese Balloons Shop	To expand the size of shop engaged in manufacturing to accommodate more equipment and people, and increase the production of balloons to keep up with growing demand	Micro	within 6 to 12 months

Legend: Inconsistent with pre-selection sectoral criteria

**Case of Large Enterprise Oro Integrated Cooperative.** OIC has total assets of Php1.7 billion and one of its projects is the financing of cacao production. It plans to expand the number of hectares to 2,000 and establish a cacao by-product (e.g. Cacao powder) production plant. Cacao pods will likewise be utilized as a raw material complementary to the swine manure in processing organic fertilizer. It will soon negotiate with Kennermer Foods International, COMPETE’s partner private company, for a contract to buy its products. The reason for attending the BDS training is to produce a business plan with alternative sources of financing (from OIC or bank, or both) which management can present to the Board and use in negotiating with Kennermer. Per discussion with USAID, cooperatives’ projects may be enrolled in the DCA-LPG facility so long as the loan will not be used for re-lending purposes but for production or processing purposes. OIC’s plan to establish a cacao by-product production plant, which may be a subsidiary of or separate entity from OIC, clearly qualifies with regard to the criteria.

**Attainment of Initial Training Objectives.** The training has apparently been generally successful in attaining its initial objectives of raising the knowledge, capabilities and confidence of participants related to preparing application forms for bank loans. Self-ratings of the participants before and after the training showed marked improvements on the levels of (1) knowledge in the requirements for SMEs to obtain bank loans; (2) capabilities in developing business plans; and (3) confidence in undergoing the loan borrowing process. (Figure 2)



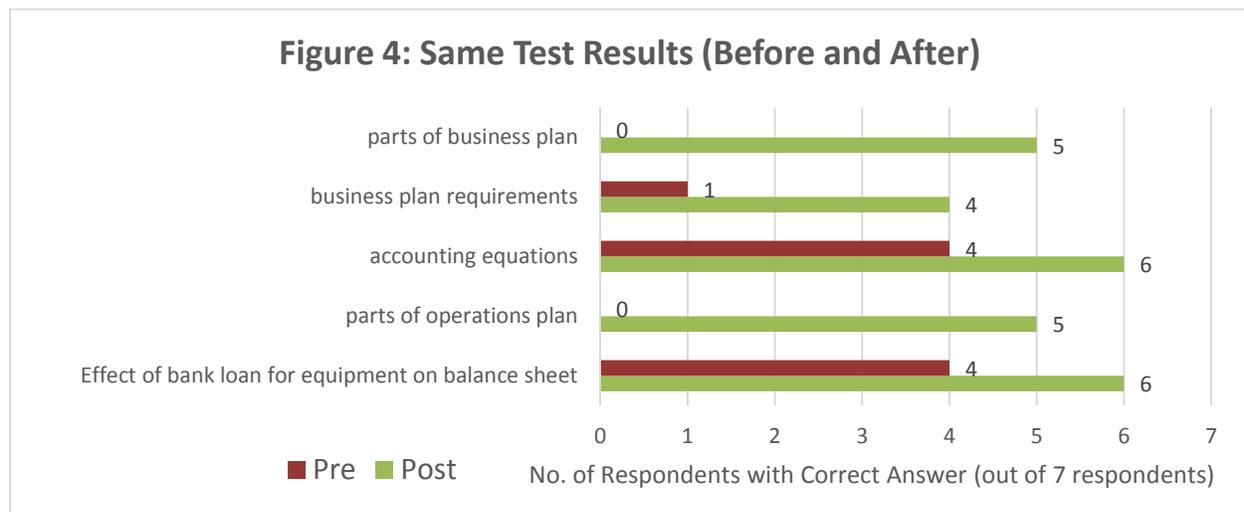
There is a notable shift in the number of respondents who rated very low and/or low before the training and who later rated high or very high after the training regarding their levels of knowledge, capabilities and confidence. (Figure 3)

**Fig 3. Number of Respondents by Self-Rating Category**

		1 Very Low	2 Low	3 High	4 Very High
<b>Knowledge</b> of Bank Loan Requirements	Before	0	5	2	0
	After	0	0	4	3
<b>Capability</b> of Preparing Business Plans	Before	1	5	1	0
	After	0	0	6	1
<b>Confidence</b> in Undergoing Lending Process	Before	0	4	3	0
	After	0	2	3	2

From 7 respondents

These positive changes in self-ratings are consistent with the significant increase in the scores of the same test before and after the training. The biggest improvements are in the parts of the business plan and operations plan as well as business plan requirements. (Figure 4)



However, there are still two (2) participants who registered low levels of confidence in undergoing the lending process after the training – Rebeca Racid of Quirbee Boarding House and Heidi Grace Mendoza of MIKMAG Property Management. They may be in need of further technical assistance by the BDS providers based on their still low or very low self-ratings after the training.

**Figure 5: Respondents with Low Self Ratings After Training**

	Kilian S. De Vera	Heidi Mendoza	Rebeca Racid	Gabriel Reyes
<b>Knowledge in...</b>				
the sources of research data for a business plan		2		
the elements the banks looks for in approving loans			2	
the available credit facilities offered by banks		2	2	
<b>Capability in ...</b>				
preparing basic accounting records	2			
preparing bank application forms and requirements		2	2	
<b>Confidence in ...</b>				
using and/or presenting financial reports I personally prepared	2			
evaluating a business plan presented to me		2	2	2
presenting a business plan to potential investors			2	2
securing loan from a bank using my current knowledge and capability in accessing bank financing		1	2	2

*Self rating Scale of 1 = very low; 2 = low; 3= high; 4 = very high,*

It is interesting to note that Ms. Mendoza still posted low self-ratings despite the perceived notion that her loan application was actually deemed one of the most acceptable (with its land assets as collateral) among the business plans presented to the banks. This situation highlights the possible difference between participant’s perceptions on banking requirements and the real standards of banks – which the trainers should emphasize in future dealings with SME loan applicants.

**Evaluation of Resource Persons.** The participants posted mostly favorable ratings (fair or above) on the performance of the resource persons. There is a noticeable downward trend in the ratings however as the topic of discussions flowed from the business plan to its component parts which require more technical knowledge although the ratings are still fair or better. There are no specific complaints whether major or minor raised although there is one respondent who rated as “somewhat disappointing” the competence, expertise rapport with the audience and the presentation skills of Ms. Cheryl Marie E. Calo during the session on the operations plan.

**Figure 6: Ratings of Resource Persons**

Resource Person	Elisabeth E. Figueroa	Rodel Reyes	Cheryl Marie E. Calo	Cheryl Marie E. Calo	Mark Doblas
Subject	Business Plan Development	Business Plan Development	Marketing Plan	Operations Plan	Financial Plan
<b>Overall Average Rating</b>	<b>4.63</b>	<b>4.03</b>	<b>3.93</b>	<b>3.83</b>	<b>3.83</b>
Competence and expertise	4.57	4.14	3.88	3.88	3.88
Rapport with participants	4.71	4.00	3.63	3.63	3.63
Time management (i.e., was able to cover all topics as planned)	4.57	4.00	4.13	4.00	4.00
Presentation skills (i.e., gives clear explanations)	4.57	4.00	4.00	3.75	3.75
Listening skills (i.e., listens well before answering questions)	4.71	4.00	4.00	3.88	3.88

From 14 respondents based on the 1-5 scale of 1 - Disappointing; 2 - Somewhat Disappointing; 3 - Fair; 4 - Satisfactory; 5 - Very Satisfactory

**TOT-BDS Training Program.** The training has been considered as “very helpful” and The self-ratings show that 7 out of 8 respondents provided the highest rating of “very satisfactory” to the overall training workshop based on their ratings as either “satisfactory” or “above satisfactory” on the workshop design and logistical support. The one respondent who provided ratings of “fair” also considered the food served as “somewhat disappointing” and the overall self-rating of the entire training activity as “satisfactory”. (Figure 7)

**Figure 7: Ratings of BDS Training Program**

	Average	Maximum	Minimum
<b>Workshop Design</b>	<b>4.5</b>	<b>5</b>	<b>4</b>
The choice of resource persons was fitting.	4.3	5	3
The teaching methods used are appropriate for the sessions.	4.4	5	3
The materials given are relevant to the workshops	4.9	5	4
The workload and pace were right.	4.6	5	4
<b>Logistics and Support</b>	<b>4.5</b>	<b>5</b>	<b>3</b>
The administration before the program was well handled.	4.5	5	3
The staff was attentive and helpful during the workshop.	4.6	5	3
The training venue was conducive to learning.	4.6	5	3
The food is varied and good.	4.4	5	2
<b>OVERALL TRAINING SCORE</b>	<b>4.9</b>	<b>5</b>	<b>4</b>

From 14 respondents based on the 1-5 scale of 1 - Disappointing; 2 - Somewhat Disappointing; 3 - Fair; 4 - Satisfactory; 5 - Very Satisfactory

The major learnings based in the number of citations from participants are on: the preparation of the business plan (4), the essence of the business plan in documenting the business vision (3), financial requirements for approval of bank loans (2), and presentation of business plan (1). The topics which were “hard to understand” were on financial analysis (3) and accounting (2) with no mention on whether it is basic or managerial accounting.

**Comments from the participants** include:

- more workshop-type learnings such as table and grouping activities
- more hands-on exercises with mentors
- add session with bankers' inputs
- a talk to properly appreciate credit

Some observations and recommendations of this third-party evaluation as well as the corresponding responses from the COMPETE training team are shown in Figure 9.

**Summary.** The BDS workshop for SMEs in Cagayan de Oro City and Lanao del Norte province proceeded with high expectations following the TOT training which had 36 potential BDS providers in attendance compared with the average of 17 for all other areas. To the majority of the participants this high expectations seem to have been met as seen in the improvements in self-ratings and same test scores before and after the training. There were no major complaints with regard to the resource persons, the training program or the venue - which were all generally rated as very satisfactory by the participants - apart from the food by a single respondent.

This positive sentiment among the participants belies the unfortunate state of the BDS training entity – the CDO business chamber - which was undergoing a shift in management during the same week as the training. The actual responsibility of organizing the event thus fell to the COMPETE training team which was more than capable to do the job even if on the fly. The COMPETE training team also acted as facilitators during the breakout sessions – a task which is normally expected from the BDS providers.

Nevertheless, the organizational limitations of the BDS training entity at that time ultimately led to lost opportunities in the form of the lower-than-expected attendance (11 out of 15 targeted SMEs) and an even lower turnout rate of 60% (9 out of 15 SMEs based on the budget if one were to consider the 2 SMEs which did not pass the pre-selection criteria). The lessons learned from these shortcomings will undoubtedly be conveyed by the COMPETE training team to the next sets of BDS training entities and providers.

**Figure 9: COMPONENT 3 TEAM’S RESPONSES TO THE M&E SPECIALIST’S OBSERVATIONS AND RECOMMENDATIONS**

<b>M &amp; E Specialist’s Observations</b>	<b>COMPETE Training Team’s Responses</b>	<b>M &amp; E Specialist’s Recommendations</b>	<b>COMPETE Training Team’s Responses</b>
<p>The management of the training entity (Chamber of Commerce and Industry in CDO) is in a state of flux with the appointment of the new Executive Director on the first week of September.</p>	<p>This is factually correct, a situation which is beyond the Team’s control. During the run-through of the training manual, we were told that the ORO Chamber was already in the process of selecting a new executive director and assured us that the workshop will push through as scheduled.</p>	<p>The new executive director and other potential local champions have to be sold on the vision of the BDS training as a sustainable activity beyond the assistance of COMPETE.</p>	<p>This is a non-issue. It is unfortunate that she was not adequately briefed by the out-going executive director about the BDS system COMPETE is promoting and the details of the SME training <i>per se</i>. However, the Team Leader personally discussed with the executive director the BDS program for CDO and Misamis Oriental during the conduct of the SME training in early September. Being just a few days in her office, she was overwhelmed by the number of existing and forthcoming activities she inherited from the previous executive director. The Team’s measure here was to postpone the second SME training to give her enough time to absorb the BDS program and the SME training. It may be worth noting that during the vacancy of the ORO Chamber `executive director position, the Chamber’s president assigned the BDS</p>

			<p>activity to the head of the Chamber’s Training Committee. He attended the run-through and made it clear that the activity was to be carried out under his committee. This illustrates that the Oro Chamber with DTI support is committed to the BDS program.</p> <p>The Team is not clear about what is meant by “potential local champions”. Before the conduct of the training, the Team had at least three meetings with the DTI provincial director and the President of the ORO Chamber about the BDS program. Both are sold to the program and assured us that they will do their respective parts. The Team also asked both DTI and ORO Chamber to identify potential BDS providers, including possibly university-based trainers, who can carry on the program as a profit-making activity well beyond the life of the COMPETE project.</p>
<p>As a consequence, the training entity did not fully function as the main organizer of the event – a</p>	<p>This is factually correct, except for the “tokens” which were shouldered by the ORO Chamber, not the COMPETE team, because it is part of their practice</p>	<p>One possible sign that the training entity is more serious in the BDS training as a business model is for them to develop their</p>	<p>During the BDS ToT workshop, the team thoroughly discussed with DTI, ORO Chamber and ToT participants</p>

<p>responsibility which fell on the COMPETE training team who acted as the facilitators of the SME participants during the hands-on breakout sessions and the actual presentation to the banks. All the trainers left after their lectures and after being provided tokens of appreciation by the COMPETE team.</p>	<p>whenever they have similar activities. The BDS training program is designed to hold three training runs for each province so that the trainers will have ample experience in organizing and delivering a BDS training program using the COMPETE training module, and to iron out any flaws that might appear during the delivery. Since the three training runs for each province are still considered as part of the training of the BDS providers, the COMPETE team attends all of them to coach and assist the trainers, point out some areas for improvement, be it the delivery of the training or contents of the training modules, and fill up some gaps. The CDO is first of the series of training, and we expected some hitches to appear, which indeed showed themselves, forcing the COMPETE team to make significant interventions during the breakout and presentation sessions. Completing the three run-throughs does not guarantee a flawless delivery of the training, but the experience gathered can provide lessons to trainers how to handle unexpected problems that might emerge.</p> <p>Right after the CDO training, the Team discussed important changes and corrective measures that need to be introduced for</p>	<p>own business plan on the BDS training showing the future revenue projections, schemes on compensating the trainers, marketing plans and possible business relations with banks.</p> <p>Another tool is for the training entity to implement a system for monitoring the progress of their client SMEs through the loan</p>	<p>alternative market-led models for delivering BDS for SMEs in a sustainable manner. They agreed to pursue one model, which is, the ORO Chamber acts as the lead institution with flexibility that other training institutions like those in the universities, training institutes and NGOs may later organize similar trainings using the COMPETE training modules. If ever SMEs need follow-up consultations or mentoring services, any of the BDS ToT participants can provide such services for a fee. So far, the ORO Chamber and the trainers have delivered their commitments in the first run, with the ORO Chamber taking the lead with support from DTI and the trainers taking time off from their regular schedules and commitments to do their part in the training without compensation, though admittedly, the results were less desirable as discussed earlier. The experience from the two or three training runs should give them idea the need for and</p>
---	---	---	--

<p>This unfortunate set of circumstances is also reflected in the high number of participants (7 out</p>	<p>the succeeding trainings. First, we stick to our requirement that both trainers and participants stay in the hotel throughout the training period. Second, even if the trainers had attended the run-through, we meet the trainers before the first session to clarify a few things, point out which areas that need to be given more emphasis, and share the experiences in previous trainings. Third, we give the participants more time to work on the Work Book right after the discussion of each topic. Fourth, we make the presentations of the participants' business plan in the afternoon of the third day so that participants can use the whole morning of the third day to do one-on-one consultation with trainers and wrap up their business plans. Fifth, we ask our trainers to divide the participants into several groups with each trainer assigned to supervise and render mentoring assistance to group members. The COMPETE team will be on hand to assist and coach the trainers. Finally, we ask our trainers to impress upon the participants the time limit of their presentation and to intervene when the allotted time is about to be exhausted. These changes are being followed in succeeding trainings.</p> <p>We do not agree with this observation for the</p>	<p>application process to establish a track record for the business model.</p> <p>The role of the COMPETE training team has to evolve from the organizer of the first stage (training of trainers) events to being behind-the-</p>	<p>how to make the program self-sustaining. This maybe the point when they formally formulate their own business plan. To impose it upon them at this point is not desirable.</p> <p>The proposed monitoring system and means of effectively implementing it can be discussed with the Team and Lead institution.</p>
--	--	--	---

<p>of 10) selected by the CDO Chamber which do not pass the profile of SMEs that maybe qualified into the DCA-LGP.</p> <p><i>Postscript – upon further discussion it was determined that the sectoral criteria can also be interpreted in terms of the economic activity in which the loan proceeds are intended for. Hence, “construction” refers not to the industry subsector per se but the construction and/or expansion of facilities and buildings. Thus the actual number of participants which did not pass the sectoral criteria is two (2) as identified in figure 1 above.</i></p>	<p>following reasons: First, in all our discussions with our FGD and BDS SME participants, we have emphasized that the loan size ranging from Php200,000 to Php60 million can be accommodated by partner banks as provided for in the CDA-LPG MOU between participating banks and USAID. Though the FGDs and BDS gives priority to SMEs with plans to scale up their businesses, we can also accommodate microenterprises with expansion plans that need external financing so that they can move up to the next level. Second, of the 11 participants (one profile was inadvertently left out because it was emailed to the ORO Chamber a day before the workshop), only two failed our sectoral criteria, which means we have to impress upon our partners the need to fully follow our sectoral criteria. Since COMPETE’s primary partner agency is DTI, we stress the need to focus on the six sectors (one process up). However, USAID has interpreted “agribusiness” to include farm level activities such as plantation, hog or chicken farming. Thus, we include participants with such agribusiness enterprises but we keep their number to a minimum. Third, two things must be clear. One is that the objective of this activity is to build SMEs’ capacity to</p>	<p>scene mentors to the training entity</p>	<p>This is a non-issue because this is the strategy the Team has adopted for the training since day one which was discussed with DTI, ORO Chamber and the BDS ToT participants. That is why the CVs of the BDS providers conducting the training appear in the folder containing the work book, exercises and presentation materials (following USAID’s branding policy) and the names of the trainers appear in each module. The Team has encouraged the trainers to modify the contents of the modules and exercises as they see fit, which some trainers actually did. Our role is to assist and coach the trainers, point out areas for improvement and fill up some gaps and/or respond to questions raised by the participants. In the case of the CDO first batch of training, the Team’s intervention was substantial for</p>
--	---	---	---

	<p>prepare a business plan which they can present to banks, not necessarily to qualify and enroll them in the DCA-LPG. Thus, SMEs' with business plans may approach their favorite banks without the DCA-LPG facility, not necessarily COMPETE's partner banks, which we have emphasized throughout the BDS workshops and our FGDs. In the case of COMPETE's partner banks, they may decide to enroll the account in the DCA-LPG facility, or in their regular credit facility, or reject the loan application. The other is that the project does not aim to substitute banks' job to evaluate and approve a loan proposal and enroll it in the DCA-LPG facility. <b>This is for the partner banks alone to decide, not the BDS team nor the M&amp;E specialist. This was made clear during the Team's discussions with all partner banks.</b></p>		<p>two reasons: First, it was the first training being conducted and we expected several problems to crop up. Second, the ORO Chamber did not organize well the trainers. The Team insisted that the trainers and the participants have to be billeted in the hotel so that they can spend more time interacting with each other, but the ORO Chamber thinks that it is not necessary since the trainers and participants live near the venue. Thus, the trainers left after they did their part. As discussed above, corrective measures have already been introduced.</p>
<p>The presentation of individual loan applicants to the panel of potential bankers is time consuming for both the bankers and applicants. The bankers are forced to watch draft presentations that are expectedly incomplete with no hardcopies of the loan application or its business plan for their review.</p>	<p>Any presentation is always time consuming to both the participants and banks. It is an investment for both of them. We think that putting a time limit to each presentation will impose discipline on the part of the presenters. The Team invited, not "forced", banks to watch the draft presentations. In our invitation, we made it clear to them that the participants will be presenting draft business plans. They attended the</p>	<p>A change in format maybe in order such that presentations to the plenary are limited to the executive summary, and that the interaction consist of simulating the actual loan application process.</p>	<p>We encourage the participants to make a short presentation highlighting the most important message of their business proposal. While we encourage them to use the executive summary, they may do otherwise so long as they are able to deliver their key messages across to the banks. To force them to be more systematic in their</p>

<p>There is also the tendency for the participants to either flash their business plans onscreen which can be unwieldy and confusing, or they can be overly focused on preparing power point slides – an exercise which is not normally done in applying for loans – instead of preparing the outputs for consideration of the banks.</p>	<p>presentations on a voluntary basis because such activity is not included in their MOU with USAID. Of course, their interest is to find potential borrowers who may be enrolled in the DCA-LPG facility or in their regular credit facility. We have not heard comments or complaints from bankers that the presentations were all time consuming for them. What we heard instead was that they appreciated the presentations of draft business plans and, in fact, stayed for a while to talk with some of the presenters. The second sentence is clearly a misunderstanding of the objective of the training. The Training Plan discussed with the trainers during the run-through, spells out the objective of the training, which is to “enable the participants to develop an initial business plan (if none exists) or to refine an existing plan to obtain business financing.”</p> <p>We do not agree that SME participants should be forced to come out with complete business plans that can be immediately evaluated by the bankers. Clearly, this cannot be done in 3 days for SMEs and 2 hours for bankers. In the same manner, the banks cannot be forced to give a credit decision based on incomplete information. As spelled out in the training objective mentioned above,</p>		<p>presentation, it is best to make them aware of the time limit for their presentations.</p> <p>We disagree that the interaction between the participants and banks consists of simulating the actual loan application process. In our training module, the loan application process or credit cycle involves 8 steps from initial interview up to the release of loan proceeds. For many micro and small enterprises intending to expand their businesses, hurdling the initial interview is crucial. Thus, the business plan is an important tool for them in addressing account officers’ basic questions, such as who owns the business, why they need such loan amount, how the loan will be used and repaid, how many units of x good they currently produce and their desired number of units to be produced in succeeding years, etc. In fact, we noticed that banks asked these questions during the presentations. Thus, the intent of the</p>
---	--	--	---

	<p>the business plans of the SME participants are not yet final and therefore the evaluation of the banks is also not final. The workshop is just an exercise where participants are allowed to present tentative business plans and financials as most of them would not want to share confidential figures or still have gather more information and legal documents which they did know before the workshop that such are needed for applying a loan. The actual loan application process will happen only after the SME participants have completed the workshop and banks find their business plans worthwhile pursuing further. During the one-on-one discussion between the bank and the SME, both sides can open up and be frank in disclosing confidential and credit-related figures/information. The workshop is intended only to train the SME participants in business plan preparation and how to access credit from banks.</p> <p>While we encourage participants to use the training module template for their participation, we give them the option to use other presentation formats, like using power point presentation, whichever is most convenient to them, provided that they are able to deliver their main message to the partner</p>	<p>Each participant is made to submit their draft applications to an individual bank along with a short oral presentation. The SME groups can be assigned to specific banks beforehand because of time constraints.</p>	<p>presentations is to whet the appetite of the banks regarding possible loan applications. The banks may later follow-up with those whom they think would qualify given their requirements. On the part of the participants, the presence of the banks is meant to familiarize and introduce them to bank officers and build confidence in dealing with them. The meeting is expected to initiate and facilitate conversation between the bank and the participant should the latter be serious in pursuing his/her expansion plan that requires additional financing.</p> <p>We do not agree with the first sentence. The presentation is meant to arouse the interest of banks in the participants' projects, not to submit draft applications. We also do not agree with the second sentence because it is contrary to the spirit of the exercise. We would like banks to make an assessment of the participants' proposed project/expansion plan and choose</p>
--	--	---	--

	<p>banks. Finally, the presentation is not meant to submit a loan application to the banks but simply to arouse their interest in the proposed project for possible financing.</p>		<p>which ones they would like to pursue further. Also, we would like banks to compete among themselves in choosing potential borrowers as happened in many focus group discussions we conducted and attended by banks.</p>
<p>The comments from the bankers can be too subjective with no framework as basis for the evaluation of the presented business plans.</p>	<p>The presentation of a business plan to bankers is different from that of an academic thesis. These are seasoned and professional bankers following their own system and process of evaluating a business plan. Sometimes their questions sound trivial to us, but to them they are not, as the answers guide them in assessing viability of project or capacity of the project to generate revenue and pay for the loan.</p> <p>The invited bankers are commenting only on the disclosed information that are presented by the SMEs.</p>	<p>The bankers will present their critique based on the official evaluation forms of their respective banks for which copies will be provided to the loan applicant for any required revisions with further assistance from the training entity and the COMPETE team.</p>	<p>We disagree with the first part of the sentence because the workshop is not meant for participants to submit a loan application for immediate evaluation of banks. This point is mentioned several times above. We also do not agree with the second part of the sentence because the training is designed such that further assistance needed by the participants to finalize their business plans should be sought from</p>

	<p>The actual loan application will be subjected to more specific comments and technical questions as it goes through the full credit cycle. Note that the invited bankers can initiate the credit cycle but will not be the final decision maker on the loan application. The loan proposal/recommendation that will be prepared by the Account Officer will be deliberated by a Credit Committee composed of senior bankers who will scrutinize all information on the borrower and his business plan before the loan is finally approved. Even if bankers have substantial amount of information about the project and the borrower, subjective elements always play a role.</p> <p>In conclusion, it is better to leave this exercise to bankers than for the COMPETE team to impose a framework for their evaluation.</p>	<p>Another option is to develop standard evaluation forms on the presented business plans for the bank officers based on the 5C's of credit: Capacity to pay (financial statements), Collateral (hard assets), Condition (industry situation), and Capital (amount invested in the business). The component on Character (credit history) which will require third party verification may not be possible.</p>	<p>the trainers or other BDS providers trained by COMPETE team in their locality. This is one of the essential aspects of our program to develop a market for business development services.</p> <p>Most of this cannot be done by banks during the presentations of the business plans with great confidence. For instance, they need to verify the integrity of the collateral being offered. Banks will do this in the course of the credit cycle as outlined in the training module.</p>
--	--	--	--