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Proposed Year 2 Work Plan (October 2012 to September 2013)

Investment Enabling Environment (INVEST) Project

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Acronyms and Abbreviations

AIP	Annual Investment Plan
ARTA	Anti-Red Tape Act
ASEAN	Association of Southeast Asian Nations
BFP	Bureau of Fire Protection
BOC	BPLS Oversight Committee
BOSS	Business One-Stop Shops
BPLS	Business Permits and Licensing System
CAS	Country Assistance Strategy
CDI	Cities Development Initiative
CDA	Cooperative Development Authority
CDO	Cagayan de Oro
CDP	Comprehensive Development Plan
CIP-TWIG	City INVEST Project – Technical Working Group
CLUP	Comprehensive Land Use Plan
COR	Contracting Officer's Representative
COTR	Contracting Officer's Technical Representative
CPAs	City Program Advisers
CPDO	City Planning and Development Office
CSC	Civil Service Commission
CSOs	Civil Society Organizations
CY	Calendar Year
DILG	Department of the Interior and Local Government
DPWH	Department of Public Works and Highways
DOST	Department of Science and Technology
DTI	Department of Trade and Industry
ELA	Executive-Legislative Agenda
GAD	Gender and Development
INVEST	Investment Enabling Environment
IR	Intermediate Results
IRR	Implementing Rules and Regulations
ISSP	Information Strategic System Plan
ICTO	Information & Communication Technology Office
IT	Information Technology
JIT	Joint Inspection Team
JMC	Joint Memorandum Circular
KM	Knowledge Management
LDIP	Local Development Investment Plan
LEIPOs	Local Economic and Investment Promotion Officers
LGA	Local Government Academy
LGU	Local Government Unit
LINC-EG	Local Implementation of National Competitiveness for Economic Growth
LIIC	Local Investment Incentives Code
LRC	Local Revenue Code
LTTA	Long-Term Technical Assistance
MC	Memorandum Circular
M & E	Monitoring and Evaluation
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MSME	Micro, Small and Medium Enterprises
NCC	National Competitiveness Council
NCC	National Computer Center

NEDA	National Economic and Development Agency
NERBAC	National Economic Research and Business Assistance Centers
NGAs	National Government Agencies
OIDCI	Orient Integrated Development Consultants, Inc.
PBR	Philippine Business Registry
PCCI	Philippine Chamber and Industry
PCF	Performance Challenge Fund
PDP	Philippine Development Plan, 2011-2016
PHILHEALTH	Philippine Health Corporation
PMO	Project Management Office
PMP	Performance Management Plan
PMT	Project Management Team
PPP	Public-Private Partnership
RDCs	Regional Development Councils
REIPO	Regional Economic and Investment Promotion Officer
SEC	Securities and Exchange Commission
SO	Strategic Objective
SSS	Social Security System
STTA	Short-Term Technical Assistance
SWG-LIR	Sub-Working Group on Local Investment Reforms
TORs	Terms of Reference
TOT	Training of Trainers
USAID	United States for International Development

I. Introduction

The Investment Enabling Environment (INVEST) Project is a two-year project of the United States Agency for international Development (USAID) that aims to improve the investment climate in the Philippines by providing direct assistance to the three first-class cities of Batangas, Iloilo, and Cagayan de Oro in the areas of business registration streamlining and investment planning and enhancement. The management of INVEST was awarded to Orient Integrated Development Consultants, Inc. (OIDCI) on September 29, 2011. The submission of a work plan for the Project is one of the contractual obligations of OIDCI under Section F.7b of its contract with USAID.

This work plan covers the second year activities of INVEST, more specifically those from October 2012 to September 2013. It is divided into 10 sections including the introduction. The nine sections succeeding the introduction are: the project's results framework; the accomplishments during the first year of project implementation, which is based on the work plan approved on May 16, 2012; the proposed activities for Year 2; the proposed budget; general management and administration matters; timetable of activities; coordination with partners and stakeholders; consistency with Regulation 216 on environmental documentation; and risks in Year 2 implementation. The accomplishments covered in the report cover those achieved as of end-August 2012. A more complete Year 1 accomplishment report will be submitted by October 2012.

This work plan continues most of the activities in Year 1. It took into account the action plans formulated by the three INVEST partner cities while, at the same time, considering the proposed plans of partner oversight agencies such as the Department of Trade and Industry (DTI), the Department of the Interior and Local Government (DILG) and the Department of Science and Technology (DOST) as articulated in various meetings with them and in the inter-agency committees being assisted by the Project. A planning workshop was held on August 14-15, 2012 to initially present the draft activities to, and get the initial comments of the Contracting Officer's Representative (COR) and his Alternate¹. The proposed work plan for Year 2 in this report took into account the comments of the COR on the draft of the Year 2 work plan received on September 11, 2012 and during the meeting with him on September 19, 2012.

For Year 2, the Project will focus on ensuring that the partner cities will implement the reforms in business processing and investment promotion, which were identified in their action plans. At the same time, the Project will also assist the oversight agencies in setting in place national level policies that would further streamline the regulatory environment for business. As the project is ending, an assessment of the reforms undertaken in the two components of the project will also be conducted.

As with Year 1, the Project will continue to follow a demand-driven and participatory approach in identifying, formulating, and implementing activities for the second year, with its role being limited to "assisting" the cities and participating stakeholders as they go through the reform process. However, as the partner cities go through the local and national elections in 2013, the Project faces more risks of delays and possible changes in activities. Nonetheless, any further

¹ The Project COR is Mr. John Avila while Mr. Thomas Rojas is the Alternate COR.

revisions in the INVEST work plan will remain within the Project's goals and objectives and will be made in consultation with, and approval of, the COR or his Alternate.

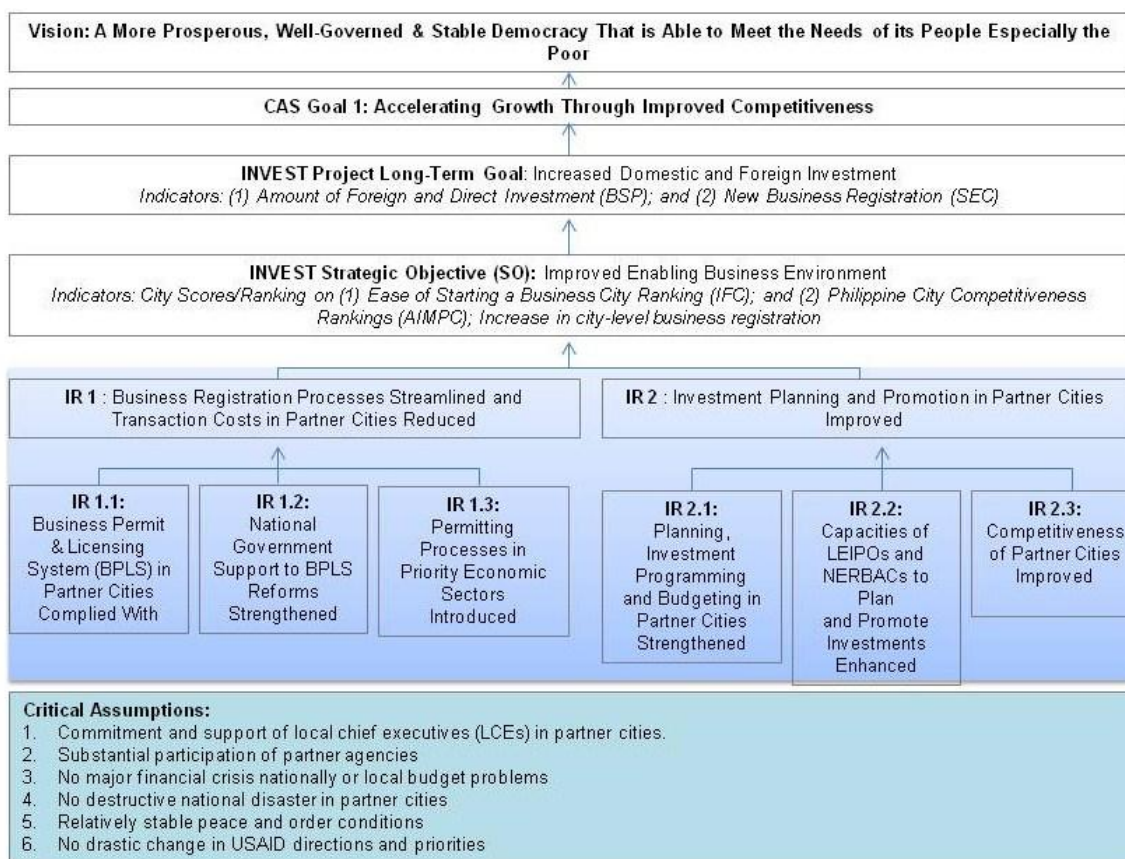
II. Framework

The INVEST Project was formulated to address the key binding constraints that limit the flow of private investments into the country, including bureaucratic regulatory processes in business permitting that increase the cost of doing business and contribute to the Philippine's poor standing in global competitiveness surveys. The Project's objectives are consistent with the new USAID Forward Reform Agenda, through its focus on partnerships, innovation, and measurable results. These are also aligned with the Philippine government's development goal of inclusive growth through infrastructure investments, good governance, and human development.²

Figure 1 presents the proposed results framework for the Project. It shows that the Project's long-term goal is to increase foreign and local investments, which is critical in achieving Goal 1 of USAID's Country Assistance Strategy (CAS) for the Philippines, which is, "accelerating growth through improved competitiveness." The Project's strategic objective (SO), as agreed with USAID, is to improve the business enabling environment in the country. This strategic objective will be attained through the Project's two intermediate results (IR) which correspond to the project's two components: (1) streamlining of business registration processes and lowering of the business transaction costs of compliance with rules and regulations; and (2) improving investment planning and promotion in target cities. The activities under these components will encourage the entry of new local and foreign investments which, in turn, will generate jobs and additional revenues for, while enhancing the competitiveness of, the partner cities.

² NEDA (2011). Philippine Development Plan, 2011-2016

Figure 1. INVEST Project Results Framework



Legends:

CAS – Country Assistance Project

SO – Strategic Objective

IR – Intermediate Results

BPLS – Business Permit and Licensing System

LEIPOs – Local Economic and Investment Promotion Officers

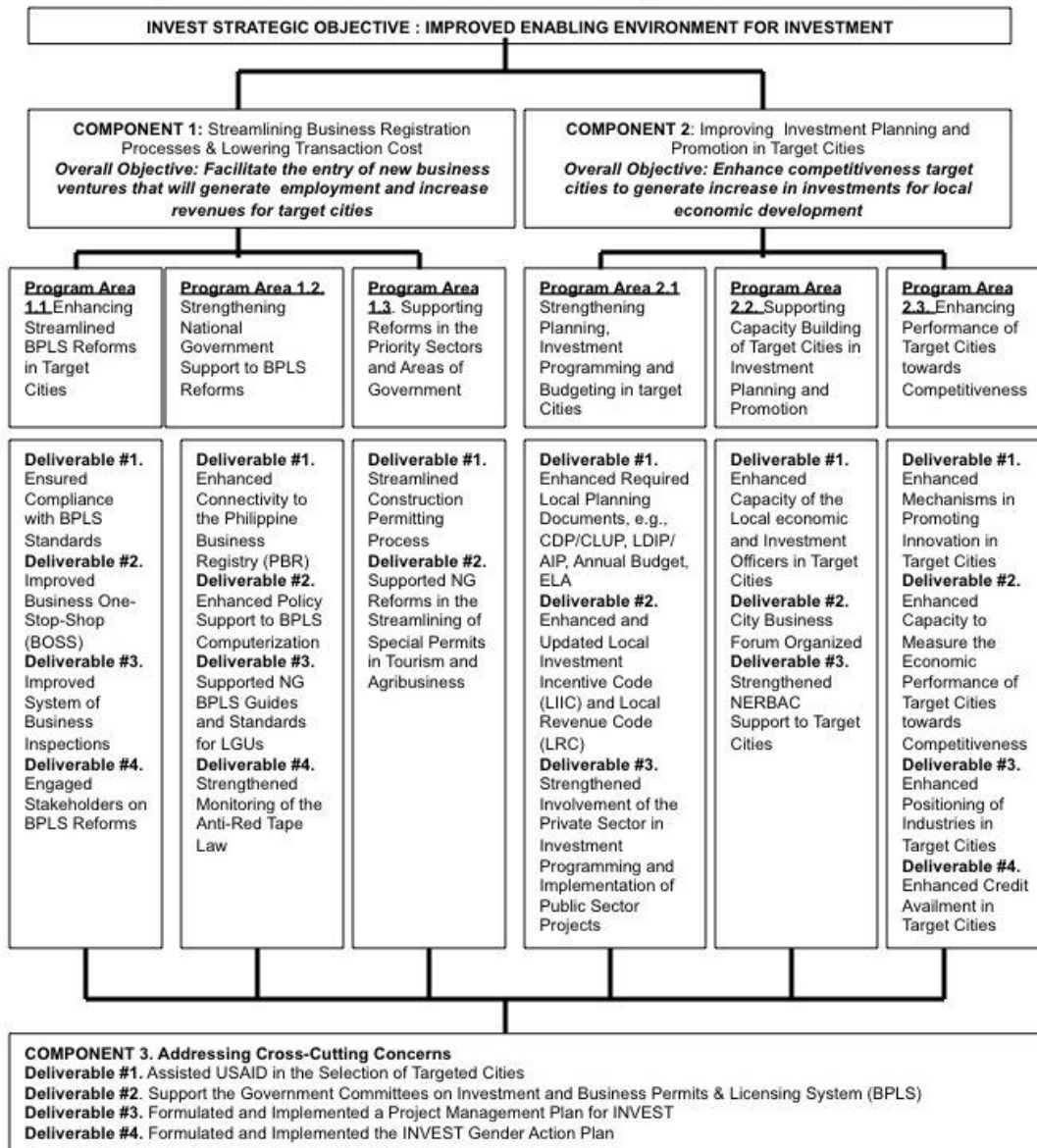
NERBAC – National Economic Research and Business Assistance Centers

III. Assessment of Year 1 Performance

The Project's Year 1 work plan, program areas, and deliverables under each of its two components as approved by the COR are summarized in *Figure 2*. More specific outputs under each deliverable have been identified in the approved work plan (as of May 16, 2012).

Component 1 has three program areas: (1) enhancing the business permits and licensing systems (BPLS) in the target cities; (2) strengthening national government support for BPLS reform; and (3) supporting regulatory reforms in the priority sectors and areas of government. Component 2 also has three program areas: (1) strengthening planning, investment programming and budgeting in the target cities; (2) supporting the building up of the capacity of target cities in investment planning and promotion; and (3) enhancing the performance of target cities towards improved competitiveness.

Figure 2. PROPOSED WORK PLAN FOR THE INVEST PROJECT, OCTOBER 2011- SEPTEMBER 2012



The first year INVEST was devoted to organizing the project management office, setting up institutional mechanisms at the city level, establishing partnerships, and implementing initial project activities such as assessments, action planning and capacity building that would prepare the groundwork for reform implementation in Year 2. As a matter of procedure, the outputs and activities of the project have been verified in continuing consultations with national and local government partners since October 2011 and approved by the COR. The succeeding sections highlight the achievements of the project in Year 1.

A. Review of Major Accomplishments

Stages of Project Implementation

The activities of the Project in Year 1 can be organized under three stages: (i) the project start-up; (2) the initial planning stage starting January 2012 after the cities were informed of their inclusion in the Project; and (3) build-up of project activities at the city level triggered partly by the hiring of the City Project Advisers (CPAs). These are not distinct stages which can be compartmentalized according a time period but actually overlap when viewed according to activities.

The first three months of INVEST's project life focused on the physical setting up of its office and the hiring of its personnel. INVEST spent the first six months in a temporary office at OIDCI while its permanent office in Ortigas was being renovated. The administrative start-up took longer than expected due to: (1) delays in the hiring of key personnel; and (2) the long processing of permits and clearances required by the Pasig City government before the renovation could start and before the office can be occupied. The start-up stage was completed in April 2012 with the Project's transfer to its permanent office and the hiring of all the CPAs. At the technical side of its operations, the first quarter of the Project focused on preparing the revised work plan and assisting USAID in the choice of the partner cities, the number of which was reduced from five in the original request for proposal to just three.

Once the decision was made on its partner cities at the end of December 2011 and the formal announcement to the cities in early January 2012, the Project proceeded with establishing confidence building-based partnerships with city officials and the varied stakeholders at the partner city and national levels. It also started hiring project personnel at the city level, a process which was completed in April 17, 2012. However, even without a complete personnel complement at the city level, the Project, mobilizing Home Office staff, started collecting baseline data on business processing, investment planning and investment promotion activities and preparing diagnostics of LGU regulatory processes. All these activities were critical in reform formulation and implementation at the latter stages of the Project.

The third stage of the project, which was triggered partly with the hiring of the CPAs, saw the notable acceleration in project activities. The first critical step was the setting up in each of the partner cities of a City INVEST Project-Technical Working Group (CIP-TWG), a multi-sectoral committee chaired by the Mayor, which would be tasked with implementing the activities of the project in the city. The Project then catalyzed key steps in reform processes at the national and city levels, and supported the cities in the initial phases of implementing reforms to streamline business registration processes while improving the requisite LGU capabilities in investment planning and promotion.

Project Accomplishments

The INVEST Project, in its first year of project implementation, generally accomplished its major outputs and in the process laid the groundwork for the more difficult task of reform implementation at the city level in its Year 2. The Project accomplishments can be classified into four - at the city level, at the national level, with USAID, and with other development partners..

City-Level Assistance

1. Encouraged Partnerships among City Government Officials and the Private Sector

The Project recognizes that for these to be sustainable, reform efforts should be owned and participated in by the stakeholders. Hence, one of its first activities it undertook in its partner cities was to meet with business sector representatives, the academic community, civil society representatives, as well as the different department heads of the city government. Within the first year of its implementation, the Project was instrumental in mobilizing the full and meaningful participation of the private sector in its activities with the city. In Batangas, in particular, the Project brought together business leaders and the city officials to come up with a common vision for the city, a first given the past adversarial relationship between the city government leadership and some members of the business sector.

2. Laid the Institutional Support Mechanism for Project Implementation

In all the cities, a City INVEST Project Technical Working Group (CIP-TWG) was organized with no less than the City Mayor as chair (except for Cagayan de Oro where the private sector chairs the Management Committee for the INVEST Project). The organization of the working group is based on the Project's principle that its activities should be in response to the cities' needs and that a formal structure in the city should be made accountable for the reform agenda and the project activities that will be implemented in pursuit of these goals. All working groups are multi-sectoral and include private sector representatives.

The Project was also instrumental in the formal designation of the Local Economic and Investment Promotion Officers (LEIPOs) in each of the three cities. These officers shall be the focal point of all investment planning and promotion activities in the cities.

3. Established Baseline Information on Business Processing, Consistency of Planning Documents and Training Needs of the LEIPOs

The Project completed the assessment of the cities' procedures for processing new business applications and renewals, the level of automation of their Business Permits and Licensing System (BPLS), the operations of their Business One-Stop Shops (BOSS) and their inspection system. It also assessed the different development plans and local investment incentives codes (LIICs) of the cities as well as the training needs of their LEIPOs. The assessments, which were mostly done by third party evaluators, served as inputs in the training and action planning activities of the project.

4. Conducted Capacity Building Activities

Based on the initial baseline information gathered from the assessment of the business processes and the training needs of the LEIPOs, the Project conducted a number of capacity building events. Among these events are a local study tour for the three cities to see models of good practices in BPLS, a forum on BPLS automation and inspection reforms, and individual city workshops on automation and inspection. The Project also conducted workshops on plan integration, local economic and investment promotion, and the formulation of the city vision.

5. Assisted the Cities in Formulating Action Plans for the Further Streamlining of Business Processing and the Improvement of their Capacity for Investment Planning

During the year, the Project conducted training cum action planning workshops where the cities were able to map their reform agenda in both the business processing and investment promotion. Action plans were formulated for BPLS streamlining, BPLS automation, and the improved operations of BOSS. In the field of investment promotion, the cities also identified measures to strengthen the Local Economic and Investment Offices (and not just the LEIPOs) and activities that would lead to the revision of their local investment incentives codes. These action plans have been submitted and endorsed for implementation by the CIP-TWGs and the Local Chief Executives of the partner cities.

6. Influenced the City in Implementing Initial Reforms in Business Permitting and Investment Promotion

With encouragement and support from the Project, some of the cities have already been instituting reforms in their BPLS even prior to the annual renewal period in January. In Batangas City, for instance, the number of signatories has been reduced and the Mayor has delegated her approval authority in granting permits. In Iloilo City, the city treasurer's office reduced processing time substantially for new business applicants. In the area of investment promotion, the Project has convinced the Chief Executives of the three cities to set up Local Investment Promotion Centers and the physical location of these have been identified.

7. Enhanced the Investment Planning Capacities of the Cities

To attract investors, the cities should have a credible investment plan based on the city vision of development. This was a major concern of the Project. To address this concern, all of the cities went through a visioning exercise during the year and, as a result, formulated their respective visions on how they wish to progress and develop. At the same time, the training on plan integration enabled the cities to produce a set of programs and projects consistent with their development thrusts. These set of programs and projects will be submitted for inclusion in the cities' 2013 Annual Investment Plans. This is the project's attempt to link the budgeting process of the cities with their development objectives and plans.

8. Built the Confidence of the City Officials in USAID and INVEST Project Staff

In the last nine months, the Project's various activities of the project have build the trust and confidence of the city officials and the private sector in USAID and the INVEST staff. This is an important Project achievement that has been, and will prove to be, a vital factor in project implementation and in motivating the city officials to undertake reforms.

9. Leveraged Project Funds with City Governments

Part of the memorandum of agreement (MOA) between USAID and the city government of a partner city for the implementation of INVEST is the latter's commitment to support the Project. In compliance with this commitment, the city governments have provided an office

for the CPAs, support during CIP-TWG meetings, staff support, as well as counterpart funds for some of the project activities, e.g., local study tour. This support has enabled the Project to engage in and finance more activities from its limited resources, while deepening the sense of ownership among the city government officials, in the process better ensuring the sustainability of the reforms jointly undertaken by all stakeholders with guidance and support from the Project.

Assistance to National Government Oversight Agencies

1. Supported the Review of the Philippine Business Registry

One of the important programs of the government in streamlining business processing is the Philippine Business Registry (PBR). The Project contracted an STTA to assist the DTI in evaluating the current state of the PBR and in identifying the options for improving its operations. The DTI response was quite positive to the Project's recommendations, paving the way for continued support to get the project moving on its second phase.

2. Assisted the Oversight Agencies in Promoting the Next Wave of BPLS Reforms

The Project was instrumental in forging a partnership among the three oversight agencies, DTI, DILG and Department of Science and Technology (DOST), in launching the BPLS Automation Project. It assisted in refining the Memorandum of Agreement that was signed on July 24, 2012 formalizing this partnership. The Project also organized the well-attended Forum that introduced to the Local Government Units (LGUs) the three knowledge products produced by USAID on setting-up a business-friendly inspection system and the planning guide and baseline design on BPLS automation.

3. Provided Technical Assistance to the National Competitiveness Council (NCC2) and Four Policy-Level Committees Concerned with Investment and Business Processing Reforms

The Project provided technical support to the following committees: (1) the Working Group on Growth and Investment Climate under the Philippine Development Forum; (2) the Sub-Working Group on Local Investment Reforms; (3) the BPLS Oversight Committee; (4) the Technical Working Group on eBPLS chaired by the ICTO of DOST. The Project assisted the technical secretariat of these committees in setting the agenda for the committees, preparing work plans and discussion guides for the meetings. The Project also contracted an STTA that assisted the National Competitiveness Council in evaluating the Client Satisfaction Survey that was used in measuring public perception on the business processing reforms of the government. In connection with the recent organization of the Regional Competitiveness Councils under the Regional Development Committees, the Project participated in the meetings and presented options in drawing up the competitiveness framework for the committee.

4. Leveraged Project Funds with National Government Agencies

Aside from the city governments, the Project also leveraged project resources to raise financial support from national government agencies for some of its activities. Specifically, the BPLS Automation Forum was funded jointly with the Local Government Academy and the National Competitiveness Council. The Project has also been supporting the Sub-Working Group on Local Investment Reforms as well as the informal Technical Working Group on BPLS Automation.

Support to USAID Activities

1. Submitted to USAID a List of Cities for Inclusion in the Project

The Project assisted the USAID in evaluating a list of first class cities for possible inclusion as an INVEST partner city. It submitted a short list of cities based on an agreed criteria and consultations with the government in late November 2011..

2. Supported the Launching of the Cities Development Initiative (CDI) in its three Partner Cities

The Project also supported the launching of the CDI in its partner cities. This support took the form of, among other measures, coordinating and liaising with officials of the cities, providing background information on the cities and scene setters, mobilizing the participation of various stakeholders in the ceremonies, and arranging for the venues of the ceremonies.

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

Since USAID is currently the Co-Convener of the Sub-Working Group on Local Investment Reforms, Project assistance has been in the form of preparing talking points for the Chairs of the committee to ensure meaningful and productive management of the meetings.

Working with the Donor Community

Leveraged Project Funds with Development Partners

The Project was able to partner with other development partners in the following activities: (a) the BPLS Forum on Automation and Inspection which involved CIDA's LGSP-LED and GIZ's Decentralization Project; and (2) the formulation of the framework for measuring economic growth and competitiveness, which is being undertaken with LGSP-LED. These engagements have enabled INVEST to expand the scope of its activities beyond what it would have otherwise been with its limited resources. They have also enabled the Project to help ensure that resources from the development partners in the Philippines are more efficiently utilized, consistent with the principles espoused in the Paris Declaration on Aid Effectiveness.

Comparison of Planned and Delivered Outputs

A breakdown of accomplishments reckoned in terms of expected outputs per program area and deliverable, based on the Year 1 work plan, is provided in *Annex 1*.

Table 1 summarizes the Project's accomplishments. Out of a total of 51 discrete expected outputs classified according to the project's seven program areas, 28 have been completed although the final reports for 11 still have to be submitted in October 2012. The accomplishment of 19 outputs will be carried over to Year 2. There were 3 outputs which have not been done and will not be carried over in Year 2 upon consultation with the COR. These include: (1) private sector engagement in BPLS reforms; (2) SEC connectivity in the Philippine Business Registry (PBR) and; (3) study on the streamlining of the permitting processes in agriculture.

Table 1. Accomplishments of the INVEST Project, Year 1

	No. of Outputs (Approved Work Plan in May 2012)	Completed			Outputs Carried Over to Year 2	Not Accomplished
		Total	Final report submitted to USAID	Report for submission to USAID		
Component 1	26	13	5	8 ¹	10	3
Component 2	19	9	7	2 ²	9	1
Component 3	6	6	5	1	6	
Total	51	28	17	11	19	3

¹ Of this number, 7 final reports will be submitted in Year 2

² Of this number, 1 final report will be submitted in year 2.

B. Implementation Challenges

The Project, in the main, successfully hurdled the major challenges it faced in Year 1. In the process of delivering some of the outputs, the Project encountered problems that it was able to address in most cases. Some of these pertain to the conditions at the city level, while others refer to aspects of project management.

City Level Challenges

1. **Unique city "work environment."** Each city is characterized by "home grown" political alignments, public-private alliances, private-private relationships, and even personal affinities which bear on the design and implementation of Project activities, especially the nature and level of participation that could be expected from key stakeholders. The local dynamic varies for each city and in each relationship, and ranges from friendly to distrustful to antagonistic. The Project has been sensitive to these relationships and has been successful in mobilizing full support from all stakeholders despite such alliances and

affinities. The project staff has been playing different roles from one city to another, including those of broker, initiator, mediator, and link.

- 2. *The varying/lack of capacity of partner cities.*** After several months of active engagement with them, it has become apparent that the partner cities differ in their levels of capacity to perform their functions as an institution and to engage in thematic programs such as the INVEST Project. Although project initiatives/activities have so far been the same for the three partner cities, the approaches and methodology in some cases needed to be specific for each city. In the design and implementation of subsequent activities, the Project will ascertain such levels of capacity and take these into account

- 3. *Dependency of the partner cities on INVEST to move the Project forward, especially in the initial stage.*** At the onset of their engagement, the partner cities acted like they expected INVEST to take the major lead in project implementation while they took the more “traditional” role of being a passive recipient of the assistance and a follower of the Project’s lead. If deeper and wider reforms are to be achieved and the sustainability of the reforms engendered during project implementation is to be secured, this dependency should be, as it had been during Year 1, tempered to the degree that the cities themselves have taken the lead in the reform process and relegating INVEST to the role of providing support and guidance. Formulating the appropriate activity designs and having locally-based CPAs who hold office in the city government and who works closely with the CIP-TWG were vital actions that sent the message to the cities that the Project adopts the consultative and participatory approach to project implementation where the city is actively engaged in decision-making, especially on project matters, and is to take the lead in project implementation in their respective jurisdictions. The partner cities have responded to these messages and have, in fact, taken the initiative in the reform processes supported by INVEST.

- 4. *Synchronization across cities.*** There were major activities, particularly those that required the participation of the Mayor and/or other key city officials, which needed to be synchronized across the three partner cities. These included the local study tours, action planning workshops, and presentations of final reports from studies. Activities such as these were subject to the different availabilities and preferences of the key officials and were therefore difficult to schedule. The project is now in a better position to address this challenge based on mutual trust and goodwill generated from the successful planning and implementation of various project activities in Year 1. The CPAs played a key role in “negotiating” schedules with local officials, for the purpose of enhancing inter-city synchronization. Where necessary, the project tapped and will continue to tap higher level contacts at the city, regional and national levels in order to achieve better synchronization.

Project Management Issues

- 5. *Changes in the Original Project Work Plan.*** The Project initially submitted a Year 1 work plan that was very similar to the OI DCI submission in response to the RFP of the INVEST Project. This initial submission assumed that the cities will be immediately identified and that the first quarter will already be devoted to forging links with the local governments of participating cities so that project activities can be started immediately in January 2012, when renewals of permits usually occur. However, the decision of USAID to adopt a

competitive process for identifying cities, while a welcome development, delayed some of the activities of the project (e.g. hiring of city advisers). The Project, however, was able to catch up by adopting mitigating measures such as the temporary assignment of full-time staff to gather baseline information that otherwise would have been done by STTAs.

- 6. *Coordination with Partner National Government Agencies.*** One of the program areas of the Project is the provision of assistance to the National Government (NG) in formulating policies related to business processing reforms and on investment, as these will impact on policies and reforms at the city level. As a strategy, the Project engages NG agencies in studies and major activities, to ensure ownership of the recommendations of studies and to facilitate the issuance of policy circulars to LGUs. This implies involving agencies in finalizing statements of work and in the selection of consultants. However, this strategy has led to delays in contracting as well as in generating comments from the national government agency concerned on the final outputs of consultants. To manage this difficulty, the Project tried to improve coordination at all levels, and to be persistent and patient in following up outputs. The same strategy, which bore fruit in Year 1, will be followed in Year 2.
- 7. *Learning the Administrative Procedures of USAID.*** Since OIDCI is the first local firm to be given an award, there are still lessons to be learned in complying with the financial and administrative requirements of USAID. In contracting, for instance, the Project's recommendations for some STTAs were rejected by USAID at the start. The Project reached out to the COTR and COR in trying to understand USAID's decisions and it succeeded in identifying some mitigating measures. One area for review, based on recurring project experience in Year 1, is the level of professional fees. This will continue as to be an area of discussion in Year 2 with USAID. On the finance side, OIDCI also had to adjust its financial monitoring of the project's activities.
- 8. *Lack of Experience of Local Research Institutions.*** One of the measures that would sustain the activities of the Project even after its period of implementation is to involve local research and academic institutions in the studies of city government activities, such as the assessment of business processing. Hence, in the first subcontract of the project, local institutions in the three cities were invited to submit bids. However, none submitted and the Project announced a failure of bid. A second RFP was drawn up and opened again to local-based institutions. Only one qualified. This result actually delayed the Project, which had to resort to hiring several STTAs to make up for the deficiency. The Project will continue to try to contract local academic institutions to undertake studies as part of its plan to institutionalize some of its activities beyond project life. In the course of conducting workshops with local stakeholders, the Project came to know better the local academic institutions that could be tapped for researches in Year 2.
- 9. *Mobilization of STTAs.*** The Project had continually encountered difficulties in identifying candidates for particular studies, e.g., estimating demand for credit of SMEs in the partner cities. This difficulty was encountered in part because of the highly specialized talent required by the Project (e.g. sanitation engineers) and to the short period of engagement vis-à-vis longer-term professional engagements available to prospective STTAs. All these led to a tedious recruitment process.

To implement the activities that needed to be conducted within a particular period of time, whether or not STTAs were available, project staff had to take on the responsibility of the STTAs, thus affecting the Project's operations, e.g., the BOSS assessment conducted at the beginning of Year 2012. In other cases, schedules were adjusted, thus putting a heavy strain on the human resources of the Project when activities needed to be undertaken together with those that had been postponed. In response to this problem, the Project will continue to expand its pool of possible candidates for specialized talent through more active networking with recruitment facilities/agencies.

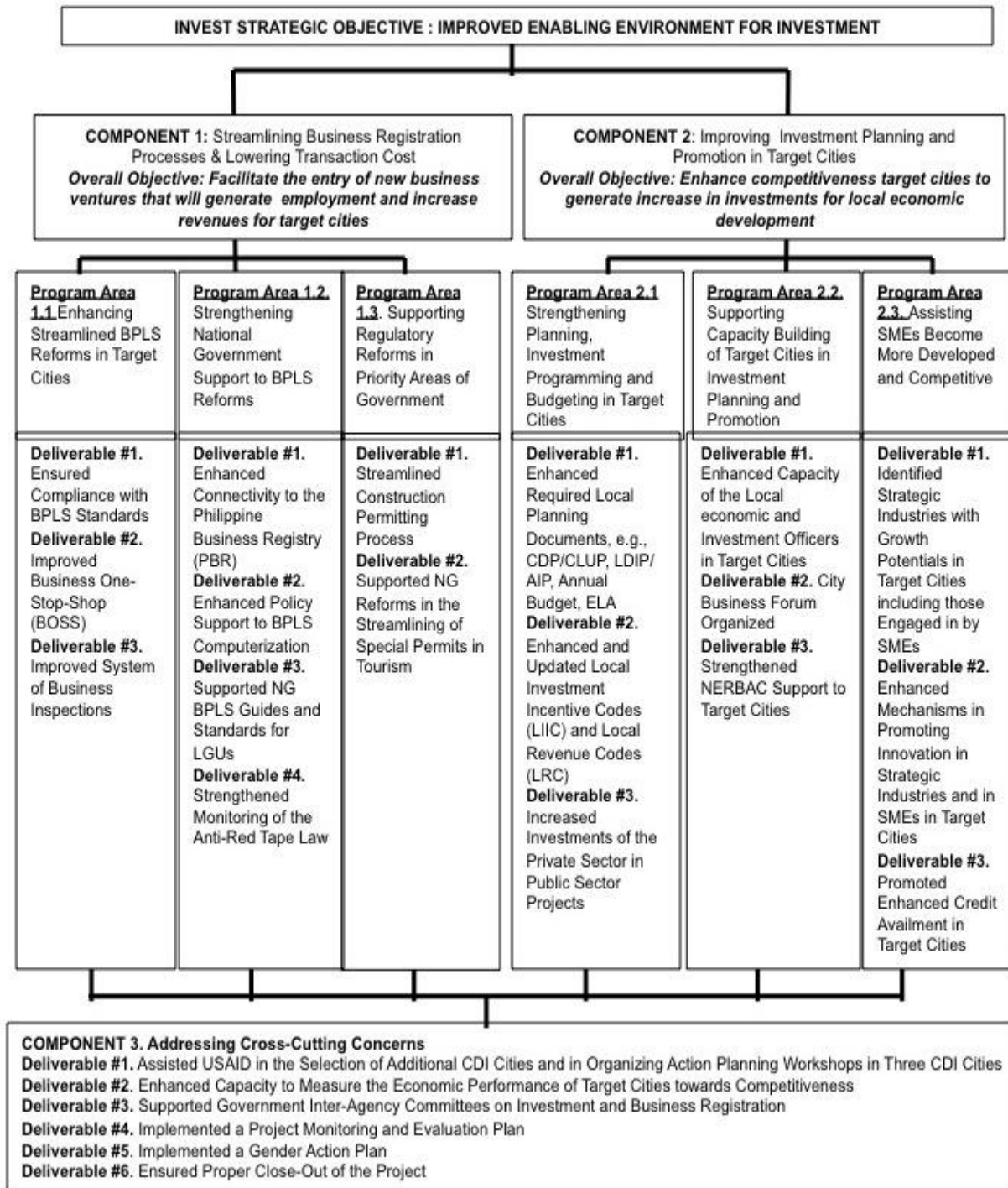
10. Heavy Workload of Project Staff with the Fast-Paced Activities of the Project. Since the Project is demand-based where schedules of many activities have to be synchronized with the city officials in three cities, there were instances when activities were conducted either simultaneously or back-to-back with each other. With very few administrative staff, the fast-paced Project activities in Year 1 including compliance with CDI activities required overtime work and/or the hiring of additional jobbers.

IV. Proposed Year 2 Work Plan

While the first year of INVEST focused on setting the stage for implementing the Project's various components and for building partnerships to ensure broad-based acceptance of the advocated reforms, the second year will be devoted to implementing action plans for reform, capacity building, and monitoring the progress of project implementation. The acceleration of project activities starting the second half of Year 1 will continue in Year 2 until the election period in the third quarter. The second and probably the last year of INVEST will focus on ensuring that the target cities complete the reform agenda formulated in Year 1 covering the areas of business permitting and investment planning and promotion. The campaign period starting March 2013 will require the Project to refocus its activities towards assisting oversight agencies in formulating reform policies on BPLS and investment promotion. Project activities starting the last quarter of Year 2 will focus on the implementation of the demobilization plan in anticipation of the Project's ending in end-September 2013. *Figure 3* summarizes the proposed Year 2 work plan of the Project, the program areas and the deliverables under each of its two components. The description of the various components and deliverables of INVEST is presented below.

Figure 3. PROPOSED WORK PLAN FOR THE INVEST PROJECT, OCTOBER 2012- SEPTEMBER 2013

A.



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

All of the Project's partner cities have identified the streamlined BPLS that will be implemented during the renewal period in 2013. For Year 2, therefore, the Project will focus on assisting them in: (1) formulating action plans for the remaining component of BPLS reforms, i.e. inspection; (2) conducting trainings in setting up business-friendly inspection systems and in improving customer relations; and (3) assisting oversight agencies in crafting the next wave of permitting reforms that covers special permits required by some sectors. After January 2013, the project will start assessing the impact of the reforms through surveys and studies aimed at identifying further reforms that will be needed to further reach performance benchmarks similar to the country's competitors.

Program Area 1.1: Enhancing Streamlined BPLS Reforms in Targeted Cities

As with Year 1, this program area will cover three aspects of the business permitting processes – service standards for BPLS, automation, and business-related inspection. Specifically, the program area has four objectives: (1) ensure that the partner cities comply and even exceed the standards set in JMC No. 1; (2) enhance the existing BOSS; (3) review and implement the automation of business processing; and (4) set-up business-friendly inspection systems. The second year of the Project will focus on capacity building and the implementation of the action plans of the partner cities for further streamlining of their respective business registration processes.

Deliverable No. 1: Ensured Compliance with BPLS Standards. For Year 2, the Project will assist the partner cities in implementing their respective action plans for BPLS process re-engineering, automation, and business-related inspection systems. Specifically, the following activities will be implemented during the year:

- a. *Conduct of Workshops for the Setting-Up of Business-Friendly Inspection Systems.* The objective of the workshop is to identify reforms in the conduct of business-related inspections, which have been the subject of various complaints from the business sector, and to formulate an action plan for undertaking such reforms. The inspection reforms will form part of the comprehensive BPLS reform agenda that the cities will be encouraged to implement prior to the business permit renewal period. The materials that will be used in the workshop, especially the paper entitled "Setting-Up a Business-Friendly Inspection System" which was produced under the LINC-EG project of USAID, will form part of the training modules that can be turned over to the DILG or the Local Government Academy (LGA) for use in future capacity building programs on BPLS.
- b. *Coaching and Monitoring of BPLS Reform Implementation.* Since action plans for implementing BPLS reforms would have been formulated at the start of Year 2, the Project intends to closely monitor and even coach the target cities as they implement streamlining activities. To the extent necessary, the Project will contract experts (e.g., IT specialists) to oversee some of the BPLS-related activities. Since the period of implementation for the reforms is quite limited (i.e. October-December 2012), the CPAs and the BPLS Strategist will closely monitor the implementation of these reforms.

- c. Conduct of Customer Relations Trainings for the Cities. One of the components of the BPLS Upscaling Program of the government is customer relations which aims at ensuring that LGUs understand its stakeholders and provides quality service to their constituents. The one-time training on customer relations to frontline service providers in the partner cities, which will be conducted with support from the Project, together with the institutionalization of reforms through the issuance of Executive Orders or *Sanggunian* Resolutions, completes the BPLS reform agenda. The training is targeted for the first quarter of Year 2, in time for the renewal period.
- d. Conduct of Assessment Studies and Surveys on BPLS Reform Implementation. For a more systematic assessment of the reforms, the Project will subcontract to local academic institutions and research groups the assessment of the cities' business renewal activities, similar to the baseline assessment undertaken in Year 1. Aside from a time and motion study of the new processes and exit interviews, a customer satisfaction survey will be conducted in Year 2. The results of the assessment will determine the partner cities' extent of compliance with the BPLS standards and will be critical in the assessment of Component 1 of the INVEST Project.
- e. Formulation of the Information Strategic System Plan (ISSP) for Each Partner City. One of the important findings of the BPLS automation assessment is the absence of an ISSP in each of the Project partner cities. During the BPLS Automation Workshops, the city officials who participated requested for assistance in formulating the ISSP in order to better plan the interconnectivity of each of the city departments to improve the efficiencies, not only in the BPLS, but also in the delivery of other public services. Moreover, the formulation of ISSPs will be useful in the other activities of CDI as well as in preparing city operations for the upcoming project of DILG and DOST on "Smart Cities."
- f. Preparation of a Profiling Study of Business Registration Applicants. The business application form provides useful information that can be used for further analyses of economic conditions in a particular city. This information includes employment generated, gender of applicants, capitalization, and annual gross sales of business enterprises. However, these are not usually processed by the cities. Hence, the Project intends to extract from the filled-up application forms from 2011 to 2013 in the three cities data that can be used for the impact and gender evaluation of its activities. The exercise will be in line with USAID's intent to improve data collection and analytics on economic growth and competitiveness in each of the three target cities of the Cities Development Initiative (CDI).

Outputs:

- Output 1.1 Report on the conduct of the customer relations workshops for the three cities
- Output 1.2 Assessment report on the streamlined processes for new and renewing business applications
- Output 1.3 Report on the conduct of a client satisfaction survey in the three cities (carry-over from Year 1)
- Output 1.4 Report on the profile of business applicants in the three cities
- Output 1.5 Information Strategic System Plan (ISSP) for each of the three cities

Deliverable No. 2: Improved Business One-Stop Shops (BOSS). In Year 1, the Project assessed (1) the presence or absence of BOSS in the partner cities; (2) the quality of the operations in existing BOSS during the renewal period in January 2012; and (3) the public's perception of the effectiveness of the BOSS through an exit interview among users. The partner cities used the results of this assessment to improve on their BOSS. For Year 2, the Project will undertake the following:

- a. Evaluation of the 2013 BOSS Operations in the three Cities. The BOSS evaluation aims to determine whether or not the cities have improved their BOSS operations, and then to recommend further streamlining if required. The assessment in 2013 will be done as part of the proposed subcontract for Output 1.2 above.
- b. Conduct of an Institutional Study on NERBAC, the PBR and the BOSS. Aside from improving the operations of the BOSS, there is the need to review the current institutional support to the BOSS provided by national government agencies like the Social Security System (SSS) and DTI, as well as the BOSS' link with the Philippine Business Registry (PBR) and the regional National Economic Research and Business Assistance Centers (NERBACs) managed by the DTI. The results of this institutional study will be used for designing the new BOSS that will be operational in 2013.

Outputs

- Output 2.1 Assessment report on the BOSS in the three cities
- Output 2.2 Institutional study on NERBAC, BOSS & the PBR [carry-over from Year 1]

Deliverable No. 3: Improved System of Business Inspections. The Project in Year 1 assessed the different business registration-linked inspections in the partner cities (e.g., zoning, fire safety, health and sanitation, and building-related clearances). At the same time, a study was conducted on the cost structure of undertaking inspections, the results of which were presented to the oversight agencies in Year 1. For Year 2, the Project will undertake the following activities:

- a. Conduct of an Action Planning Workshop on Business-Related Inspection Systems. Using the results of the third-party assessment on the inspection systems for the three partner cities, the workshop will identify inspection processes that should be streamlined and prepare an action plan to ensure the implementation of the required reforms. The workshop will also be an opportunity to train the city officials on conducting business-friendly inspections, using as guide the USAID reference on the setting up of business friendly-inspection systems developed in the LINC-EG project. The identified reform areas in the workshop are targeted for implementation in 2013.
- b. Conduct of a Study on Risk-Based Inspection. One of the major findings in past assessments of business-related inspection systems, including those undertaken in the three cities, is the inability of the local governments and the Bureau of Fire Protection to inspect all establishments despite the collection of inspection fees. The recommendation is to do selective inspection, focusing on high-risk establishments. To complement the other reform areas on inspection, the Project will initiate a study that will recommend a basis for classifying establishments according to risk levels and using this classification for conducting and scheduling the conduct of inspections by the LGUs.

- c. Assessment of the Inspection Reforms of the Target Cities. Based on the action plan on inspection, which will be formulated during the inspection workshop, the Project will monitor the cities' implementation of the identified reforms. An assessment of their reformed inspection system will be undertaken as part of the subcontract in Output 1.1 above.

Outputs

- Output 3.1 Study on risk-based inspection (carry-over from Year 1)
- Output 3.2 Report on the assessment workshops on the setting-up of business-friendly inspection system in the three cities (carry-over from Year 1)
- Output 3.3 Report on the assessment of the reformed inspection systems

Program Area 1.2: Strengthening National Government Support to BPLS Reforms

Reforms in business processing in recent years were initiated at the national government level under the leadership of the DTI and DILG through various committees like the BPLS Oversight Committee (BOC). In Year 1, the Project assisted the DTI in assessing the PBR and contributed in the launching of the BPLS Automation Project, a critical reform area in business processing streamlining which will be spearheaded by the Department of Science and Technology (DOST). In Year 2, it will continue its support to the oversight agencies through policy advice, production of knowledge management (KM) materials, and capacity building activities to ensure the replication of good BPLS practices in as many cities and municipalities as possible. The specific project interventions are explained below:

Deliverable No. 1: Enhanced Connectivity of the Philippine Business Registry. The PBR is a flagship project of the DTI to facilitate the registration processes of businesses in the country. In Year 1, the Project assisted in evaluating Phase 1 of the PBR. In the second year, the Project will undertake following activities to accelerate the implementation of the web-based portal.

- a. Provision of Technical Advice to DTI on the PBR, Phase 2. The Project previously provided a short-term consultant who made an initial assessment of the PBR Project. The DTI has requested for a consultant who will lead the implementation of the recommendations of this initial assessment, with the aim of putting the PBR Project onto the right track towards project completion and the attainment of its desired objectives. The consultant will assist DTI in project planning, organizational streamlining, service capability enhancement, and operational oversight, among others.
- b. Preparation of a Roadmap for PBR Implementation. One of the recommendations for the next phase of the PBR is to conduct a strategic planning exercise to revisit the PBR vision and objectives and to formulate a roadmap for its next phase of operation. The Project will assist DTI in organizing such strategic planning workshop and in drawing up the proposed roadmap in close collaboration with the consultant and the pertinent offices of DTI.
- c. Provision of Technical Assistance on the PBR Connectivity of the Three Cities. Depending on the roadmap to be formulated, the Project will assist the three cities

connect to the PBR during the life of the project. Much would depend, however, on the readiness of the DTI to manage LGU connectivity.

Outputs

- Output 1.1 Roadmap for PBR implementation
- Output 1.2 Reports on the assistance provided to DTI
- Output 1.3 Connectivity of the three partner target cities to the PBR³ (carry-over from Year 1)

Deliverable No. 2: Enhanced Policy Support to BPLS Computerization. BPLS computerization, which is one of the components of the BPLS Upscaling Program, is key to improving the Philippines' ranking in global surveys on competitiveness and the cost of doing business in the country. Hence, DTI, DILG and DOST launched the BPLS Automation Project on July 24, 2012 to enjoin LGUs to start automating their business processes. In this connection, the Project will be providing assistance in promoting BPLS automation, through the following:

- a. Provision of Technical Assistance to the Technical Working Group on eBPLS. A Memorandum of Agreement (MOA) was signed during the launching of the BPLS Automation Project on July 24, 2012 that established the TWG on eBPLS and delineated the roles of three agencies, the DTI, DILG and DOST, in the said committee. The Project will assist the agencies in the start-up of the committee, especially in the following activities: (1) issuance of a Joint Memorandum Circular to LGUs that will promote BPLS automation; (2) processing of the results of the *eReadiness* Survey that INVEST prepared for the oversight agencies to assess the state of automation in 480 target LGUs initially identified under the government program; (3) planning the capacity building requirements for BPLS automation, especially the nationwide use of the knowledge products produced by USAID, viz. *BPLS Automation Planning and Implementation Guide* and the *BPLS Automation Baseline Design Guide*; and (4) preparation of training modules for the BPLS automation training program based on similar workshops undertaken by the Project in its partner cities.
- b. Work on Addressing Policy Issues on Online Payment Systems in the Philippines. The project has been assisting its partner cities in addressing automation issues related to BPLS as a first step in encouraging the LGUs to maximize the use of technology in business processing. Some LGUs are instituting system changes that will allow on-line transactions for some of their services, e.g., tax assessments in Valenzuela. As part of the BPLS trailblazing reforms, the Project will identify options for online registration and attempt to address some of the issues related to on-line payment mechanisms, which have been identified as a stumbling block to the online transactions of LGUs. The project will work with USAID's Scaling Innovations in Mobile Money (SIMM) project in addressing some of the online payment issues as these are discussed and addressed in close consultation with the Commission on Audit.

³ Timing of the connectivity will be determined by the STTA who will assess the state of BPLS automation in target cities.

Outputs

- Output 2.1 Report on the technical assistance to the TWG on eBPLS
- Output 2.2 Training manuals of BPLS automation

Deliverable No. 3: Supported National Government BPLS Guide & Standards for LGUs. Since the signing of DTI-DILG Joint Memorandum Circular No.1, series of 2010, on BPLS on August 2010, there has not been a review of the implementation of the service standards set in it, although a monitoring system has been set up at the LGA to regularly report progress on the reforms. There had been recent developments, e.g., amendments to the Fire Code and other laws that may have an impact on the service standards set in the JMC. Meanwhile, the National Competitiveness Council is calling for more stringent benchmarks than those identified in the Anti-Red Tape Act, and comparable to the more progressive ASEAN countries. There is the need therefore to review the JMC to identify benchmarks that are realistic and would lead to more efficient delivery of services to business permit applicants. The output of the study is expected to will lead to policy changes at the national level.

Outputs

- Output 3.1 Assessment of BPLS standards in the DILG-DTI Joint Memorandum Circular No.1, series of 2010 (carry-over from Year 1)

Deliverable No. 4: Strengthened Monitoring of the Anti-Red Tape Act. Republic Act No. 9485, otherwise known as the Anti-Red Tape Act of 2007 (ARTA), was enacted to improve efficiency in government operations through reduced bureaucratic red tape, limiting in the process occasions for graft and corruption. Part of the monitoring tool mandated in the ARTA is the conduct of a Report Card Survey. Due to limited funds, this survey is undertaken only once in the cities and other LGUs in the country. The Project, in Year 1, wanted to conduct the survey in the target cities but was advised by DILG that it will be undertaking the survey on its own. Later the Project learned that the coverage of the DILG survey was limited and did not include business processing. Hence, for its second year, the Project will pursue the following:

- a. Conduct of the Report Card Survey in its Partner Cities in 2013. The Project will train local Civil Society Organizations (CSOs), in coordination with the Civil Service Commission (CSC), in conducting the Report Card Survey in its partner cities and then assist them in actually conducting the survey in 2012. This activity will be the Project's strategy to engage civil society in BPLS-related monitoring so that even after its project life, the CSOs in the cities can continue in pushing for reforms in business processing, jointly with the local business chambers.
- b. Revision of the Target Cities' Citizens' Charters. The Citizens' Charter, which is required in the ARTA, is the means to inform the public of the standards followed by government agencies and instrumentalities in rendering public services. With the streamlined procedures for securing Mayor's permits that the INVEST partner cities will be adopting, there is a need to revise the current Citizen's Charters of these cities. The Project will assist the cities do so.

Outputs

Output 4.1 Conduct of the Report Card Survey in the three cities for 2013

Output 4.2 Report on the revision of the Citizen's Charters in the three cities

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

Business registration is just one aspect of the whole permitting system in the country. The Sub-Working Group on Local Investment Reforms (SWG-LIR) identified other regulatory reforms critical to generating investment in the priority sectors identified by the DTI and DILG, one of which is the tourism sector. The Project will provide technical assistance to efforts by the Department of Tourism, (DOT) to streamline the business permitting process associated with operating some tourism activities. At the same time, it will support further studies to reform the construction permitting system, which has been the subject of complaints by private business.

Deliverable #1: Streamlined Construction Permitting Process. The Project will support the DTI-initiated committee tasked to recommend reforms in the current system for processing building and occupancy permits. More specifically, it will conduct a study on such reforms, using as a basis the "Guidelines for a Business-Friendly Local Inspection System" prepared by LINC-EG. In this effort, INVEST will closely coordinate with the DTI, DILG, and Department of Public Works and Highways (DPWH), which by law, has the responsibility for administering the Building Code. The Building Code provides the statutory bases for building-related permits.

Outputs

Output 1.1 Recommendations on the streamlining of construction permits

Deliverable #2: Streamlined Special Permitting Processes in Tourism. The Philippine Development Plan (PDP) 2011-2016 identifies priority sectors that are envisioned to propel the economy to growth. The Project will assist the DTI in conducting a study on special permits required in securing permits for the operation of hotels and similar establishments. The study will (1) inventory all relevant permits and their legal bases; (2) document the processing time, steps, forms, and signatures in the each of the permits; and (3) give initial recommendations on streamlining the permitting processes in these sectors. The study will include the processes for securing environmental clearances and pass-thru fees, among other issues.

Outputs

Output 2.1 Recommendations on the streamlining of the permitting processes for operating hotel establishments

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

Taking off from the gains and achievements in the first year of project implementation, Component 2 shall focus on two (2) sets of activities for the second year, to wit: (a) continue the conduct of capacity building activities, particularly in the areas where the partner cities could define, establish, and enhance their strengths as investment hubs; and (b) assist the partner

cities implement reforms and initiatives in identified areas where structural and policy interventions are necessary.

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

For Year 1, the Project assisted its partner cities generate a set of programs and projects that they envision would help attain their vision for local economic development and investment growth. It also helped the cities to revisit, redefine and enhance their vision – one that is shared by all local stakeholders and partners. For Year 2, the Project’s assistance will focus on the cities’ further refining their vision for economic development and investment growth; providing appropriate investment incentives to increase the inflow of private sector investors in identified potential areas or sectors for investments; aligning programs and projects for CY 2014 to their vision; and mobilizing private sector partners in the identification, funding and implementation of public sector projects.

To achieve these, Program Area 2.1 will focus on three major deliverables, namely: strengthened planning, investment programming and budgeting; enhanced local investment incentives and revenue codes; and deeper involvement of private sector groups in the implementation of development projects.

Deliverable No. 1: Enhanced Required Local Planning Documents and their Links with the Annual Budget⁴ One of the main strategies of the Project in establishing a conducive environment for business and investment in its partner cities is for the cities to clarify their development direction and to translate this into doable programs and projects. In doing these, the Project intends to assist the cities look at their own development potentials and course the direction that they intend to take using other cities that are more advanced and developed as their benchmark. For Year 2 of the Project, the following activities and outputs shall be undertaken and delivered:

- a. Conduct of an International Study Tour. This activity is intended to be an opportunity for the partner cities: to (i) benchmark their business registration processes, and development and investment promotion approaches with those of cities in Asia that possess similar characteristics but are more economically advanced and which could serve as development models of them; (ii) establish trade and investment partnership with these cities; (iii) determine roles of private sector groups in helping the city government in achieving local economic development; (iv) observe models of “Smart Cities” that use technology in delivering various public sector services; and (v) develop strategies for economic development and investment growth based on the best practices they would observe and gain knowledge on from these model cities.
- b. Generation of list of programs, projects and activities for CY 2014. The Project will continue to assist its partner cities in drawing up their annual investment programs for CY 2014, making sure that their shared vision for local economic development are

⁴ These planning documents include: (1) the Comprehensive Development Plan (CDP); (2) the Comprehensive Land Use Plan (CLUP); (3) the Local Development Investment Plan; (4) the Annual Investment Plan (AIP); and (5) the Executive Legislative Agenda (ELA).

supported with, and are translated into, appropriate programs and projects. This activity shall take off from the training on plan integration conducted by the Project in Year 1, and shall serve as a continuing mechanism of further strengthening the linkages between and among the functions of development planning, investment programming, and budgeting.

Outputs:

- Output 1.1 Report on the conduct of the International study tour
- Output 1.2 Proposed list of programs and projects for 2014

Deliverable No. 2: Enhanced and Updated Local Investment Incentive Code (LIIC) and Local Revenue Code (LRC). One of the factors considered by investors in deciding where to invest is the availability of investment incentives. The Project will thus continue to assist its three partner cities in Year 2 in defining and establishing investment incentives, taking into account the following: (i) investment incentives as provided under national laws and policies which were not considered in the formulation of the existing LIICs of the three cities; and (ii) shared vision and industrial development priorities of the cities. For Year 2 of the Project, the following activities and outputs shall be undertaken and delivered:

- a. Inventory of Investment Incentives as provided under National Laws and Policies for Priority Sectors. In Year 1, the Project initiated the conduct of a study on how investment incentives, as provided under national laws and policies, could be applied at the city level based on identified industry niches and the shared vision of each of the cities. The study has been completed and the initial results of the study had been presented to USAID and to key officials of the partner cities during the training on local economic and investment promotion held in Cebu City from July 24-27, 2012. For Year 2, the Project shall conduct meetings and presentation sessions involving private sector groups to get their opinions and insights on the applicability of the investment incentives in their respective cities based on their distinct and unique economic features and potentials. The findings of the study shall also be presented to the Sub-Working Group on Local Investment Reforms (SWG-LIR) in order to address inconsistencies/issues between some national laws and policies and local regulations. To complete this undertaking, a final report on the recommendations of this study will be submitted to USAID.
- b. Review and Updating of Pilot Cities' Local Investment Incentive Codes (LIICs). The Project will assist the partner cities in the review and updating of their respective LIICs based on the results of the inventory of investment incentives, their distinct industry or sector priorities, and their shared vision. The review, updating and approval of the LIICs of the partner cities is targeted to be completed by the end of Year 2 of the Project. Assistance that the Project will provide shall be in the forms of consultation meetings and presentation sessions for the review, updating and approval of LIICs.
- c. Review and Updating of Pilot Cities' Local Revenue Codes (LRCs). Corollary to item (b) above, the Project shall likewise assist the partner cities ensure that pertinent provisions of their LRCs are consistent with, and supportive of, the investment incentives provided under their LIICs. This will require a review and updating of their LRCs.

- d. Implementing Rules and Regulations (IRRs) for the LIIC of Batangas City. In Year 2, the Project will respond to the request of Batangas City for it to assist them in the formulation of the IRRs for its LIIC. A local expert shall be commissioned to provide the necessary assistance for this undertaking.

Outputs:

- | | |
|------------|--|
| Output 2.1 | Study on the inconsistency of incentives provided in national laws and local applications including a compendium of incentives provided in national laws |
| Output 2.2 | Updated LIICs and LRC |

Deliverable No. 3: Increased Investments of the Private Sector in Public Sector Projects. The role of the private sector in promoting local development cannot be overemphasized. Business firms and groups are considered the engines of growth. At the level of the partner cities, there is a need to further strengthen the involvement of the private sector, not only as contributor or agent of local economic growth but, more especially, as an active player in governing the economic affairs of the city. The private sector possesses capabilities which have been untapped by the city government to further promote economic development. It has expertise, material and financial resources, and managerial capacities, which could be mobilized by the city government for projects that would have otherwise been the latter's sole responsibility to fund and implement. By forging partnerships with the private sector, the city government could now fund and implement more programs and projects for its constituents. For year 2, the Project will undertake the following activities:

- a. Conduct of Training on Managing Risks and Responsibilities in Joint Implementation of Development Projects between the City Government and the Private Sector. This activity is intended to strengthen the involvement of the private sector groups in the formulation of, provision of funding for, and implementation of, critical projects of the city governments towards achieving their respective shared vision for economic development. This training will (i) familiarize the partner cities with the different modalities and approaches in involving private sector groups in the implementation of development projects; and (ii) generate project documents such as pre-feasibility studies or business cases of projects, which could be funded under public-private partnership arrangements. The training will consist of concepts, modalities, approaches, and processes of public-private partnership arrangements, as well as the topics on the different aspects of feasibility and viability analyses.
- b. Provision of Technical Assistance to the Partner Cities in the Preparation of Project Documents for Identified Programs or Projects to be funded through Public-Private Partnership Arrangements. A series of coaching and mentoring sessions per city for the preparation of project documents such as pre-feasibility studies will follow the formal training in (a) above. These project documents could serve as bases in coming up with full-blown feasibility studies.
- c. Report on Fund Sourcing for Identified Programs or Projects to be funded through Public-Private Partnership Arrangements. The Project will assist the partner cities source out private sector funds for the conduct of full blown feasibility studies or for the

implementation of identified programs and projects for funding under public-private sector partnership arrangements.

Outputs:

- Output 3.1 Report on the training on managing risks and responsibilities in joint implementation of development projects between the city government and the private sector including the project concept documents (e.g., concept design and business cases) produced by the cities during the training and assistance leading to the formulation of full-blown project documents
- Output 3.2 Report on Fund Sourcing of Public-Private Arrangement Forged

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

In Year 1, the Project assisted its partner cities comply with the provisions of DILG MC 2010-113 for the designation of LEIPOs. It also conducted a training on local economic and investment promotion on July 24-27, 2012 which generated action plans for: (a) the institutionalization of the local economic and investment offices; (b) the institutionalization of reforms in enhancing investment planning and promotion; (c) the establishment of investment promotion centers; and (d) the conduct of city business forums. Year 2 of the Project will then be focused on the implementation of these action plans. The Project will provide the partner cities with assistance in the form of technical advice and expertise, and limited material and financial resources.

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

The LEIPOs serve as the focal point of development planning and investment planning and promotion. Their role then becomes critical to the attainment of the Project's objectives. Hence, during Year 2 of the Project, the following activities and outputs shall be undertaken and delivered:

- a. Implementation of Identified Activities under the Action Plan for Local Economic and Investment Promotion. The Project will assist each of its partner cities implement activities related to the institutionalization of its local economic and investment promotion office, establishment of its investment promotion center, and the conduct of its own city business forum. The assistance that will be provided by the Project will be technical advice and the conduct of meetings and workshops, as may be necessary.

Outputs:

- Output 1.1 Report on the Implementation of the Action Plan on LEIPOs

Deliverable No.2: City Business Forums Organized. The Project will assist the three partner cities in attracting more private sector investment. One of the more concrete activities a partner city can undertake toward this end is a city business forum, the organization of which will be supported by the Project.

- a. Conduct of City Business Forums. The project will assist each partner city to mount a City Business Forum which will primarily be intended to: (i) demonstrate the capacity and readiness of the city to plan and promote itself as an investment hub; (ii) involve the private sector and business groups in investment promotion and marketing activities; and (iii) attract local and foreign private investors.
- b. Commitments for Additional Investments. The Project hopes its partner cities would generate new investments during the conduct of the City Business Forums. It shall assist the pilot cities in undertaking follow through activities (such as meetings and further marketing) with potential investors. It is then envisaged that commitments for new investments would be generated from these follow through activities. Reports on developments related to this endeavor shall be submitted to USAID on a regular basis.

Outputs:

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|------------|--|
| Output 2.1 | Report on the conduct of the city business forum |
| Output 2.2 | Report on the commitments for additional investments in the partner cities |

Deliverable No.3: Strengthened NERBAC Support to Partner Cities. NERBAC has a huge database, which could help cities, and local governments promote their areas as possible investment destinations. In turn, cities and local governments have specific information which could be used by the NERBAC in promoting regional or area-wide development. For Year 2, the Project will:

- a. Conduct a Study on Strengthening the Links between NERBAC and Local Systems. The Project will assist the partner cities strengthen their links with the NERBACs so that they can easily access the databases in these centers, especially those data for business and investment matching and business location purposes. In the same manner, NERBAC can make use of business and investment related information available at the city level. Towards this end, the Project will commission a study to: (i) analyze the organizational set-up at both the NERBAC and city and identify procedural and operational links between the two entities, and (ii) determine the compatibility and consistency of information and data access systems and protocols at both levels.

Outputs:

- | | |
|------------|--|
| Output 3.1 | Recommendations for strengthening the links between the information system of NERBAC and the City Investment Center to be set-up |
|------------|--|

Program Area 2.3: Assisting SMEs Become More Developed and Competitive

In Year 1, the Project completed the conduct of a study on the credit availment of small and medium enterprises (SMEs) in the three partner cities. The study was used as background material that led to the signing of a credit facility for SMEs between USAID and the Bank of the Philippine Islands. To assist in generating demand for this facility, the Project conducted an industry for each of the three cities in Year 1, which is targeted for completion by the first

quarter of Year 2. In Year 2, the Project shall continue to strengthen the industry positioning of the cities and to promote innovations in the context of SME development. In addition, the Project will assist in increasing the demand for credit by SMEs.

Deliverable No. 1: Enhanced Mechanisms in Promoting Innovation in Target Cities. Pertinent studies have shown the increasing role of innovation in promoting accelerated growth in many countries, including those in East Asia. Hence, the Project will conduct a study in Batangas City that will recommend measures to : (1) encourage the local educational systems to produce more science and engineering graduates; (2) strengthen the links between the academic community and the industry sector; and (3) encourage technopreneurs through the development of technology and business incubation centers. The results of the study could be used by existing SMEs or prospective SME operators in identifying areas or activities needing funds and credit financing.

Output:

Output 1.1 Study to develop concepts of business incubation relevant in Batangas City

Deliverable No. 2: Enhanced Positioning of Industries in Partner Cities. Consultations with partner city officials and local business chambers indicate the lack of information on the potentials of the cities in promoting industrial growth. While there is willingness on the part of city officials to provide incentives, they need to be guided on the kind of industrial activities where the city would have comparative and competitive advantages. Hence, the Project shall commission the conduct of a study on the industry potentials and comparative advantages of the partner cities. The results of this study will contribute in accelerating growth in the partner cities by being able to direct potential or prospective investors to sectors where their investments can yield better, if not best, returns. This will help the investors on one hand by showing or defining the sectors or industries that are highly suitable and feasible for further investment and the cities, on the other hand, by being able to maximize the inflow of investment on high impact industries and sectors. Likewise, existing and available credit facilities from local financing institutions could be opened up for these industries or sectors and their downstream and upstream economic activities.

Output:

Output 2.1 Recommendations to enhance industry growth in target cities

Deliverable No. 3. Enhanced Credit Availment of SMEs. In Year 1, The Project commissioned a study that determined the financing gap of SMEs in the three cities that was used by USAID's Development Credit Authority in designing a credit guarantee facility for the Philippines. USAID recently launched this facility for SMEs with the BPI as administrator. The Project will continue to assist USAID in promoting the use of this guarantee facility by the SMEs in the target cities. Specific Project interventions will be discussed with the management of BPI as well as USAID.

Output

Output 3.1 Report on the Project assistance in promoting the BPI credit facility in the partner cities

B. Component 3: Addressing Cross-Cutting Concerns

In Year 2, the Project will continue to undertake activities that cut across its two components as follows:

Deliverable No. 1: Assistance to USAID in the Activities of the Cities Development Initiative (CDI). The Project assisted USAID in the launch of the Cities Development Initiative in the three partner cities in Year 1, where a Memorandum of Understanding was signed between USAID and the local chief executives concerned. For Year 2, the Project will continue to assist USAID in CDI-related activities in the following activities:

- a. Conduct of Action Planning Workshops. After the signing of the MOU, the cities are expected to start drawing up action plans covering the sectors that will be supported by USAID. The Project will be assisting USAID in the conduct of a workshop that will draw up an action agenda for CDI in the cities. The workshop will be held in the early part of Year 2 and will be closely coordinated with the COR.
- b. Selection of Additional Cities in the CDI. In Year 1, the Project assisted USAID in the selection of cities for the CDI using a “competitive” selection process where the Project formulated a criteria for pre-selection which was used in the short-listing of cities and provided secretariat support in the evaluation of these cities. In Year 2, the Project will again provide assistance to USAID in the selection of the next set of cities which will be included in the CDI. The assistance to be provided will be similar to the activities conducted in Year 1.

Output:

- Output 1.1 Report on the CDI Planning Workshop
Output 1.2 Selection criteria and a short-list of cities for the CDI

Deliverable No. 2: Enhanced Capacity to Measure the Economic Performance of Partner Cities towards Competitiveness. While the National Competitiveness Council is pursuing improved competitiveness, there is paucity of information with which to measure competitiveness at the local level, including the economic performance of local governments. To assist the NCC, the Project will commission a study to draw up a framework and set of indicators as well as a system, which the partner cities could use in measuring their economic performance and level of competitiveness on a regular basis. Using the agreed upon competitiveness framework, a local version of a competitiveness survey to be conducted for cities will also be developed. The study will be undertaken jointly with the Local Government Support Program for Local Economic Development (LGSP-LED) Project, which is being of the Canadian International Development Agency (CIDA). The Project is also collaborating closely with the National Competitiveness

Council (NCC), the National Statistics Office (NSO), the NEDA Regional Offices, the Regional Development Councils (RDCs), and DILG for the study.

Outputs:

- Output 2.1 Recommendations for a framework for measuring economic performance and competitiveness of cities
- Output 2.2 Economic and competitiveness Information system in target cities

Deliverable No. 3: Support to the Government Inter-Agency Committees on Investment and Business Registration. The government has created a number of inter-agency committees that set policy directions in various priority areas, including those covered by INVEST. As a strategic measure and for the purpose of donor coordination, the Project will participate in meetings of the following committees: (1) the Working Group on Growth and Investment Climate under the Philippine Development Forum; (2) the BPLS Oversight Committee; (3) the Sub- Working Group on Local Investment Reforms; (4) the DTI Technical Committee on the Philippine Business Registry; and (5) the Technical Working Group on BPLS Automation. It will, to the extent possible and with the approval of the COTR, present policy recommendations and progress reports in these committees. The Project will also assist the secretariats of these committees to a limited the extent and as requested.

Outputs

- Output 3.1 Report on the Assistance Provided to the Relevant Inter-Agency Committees

Deliverable 4: Implemented a Project Monitoring & Evaluation (M&E) Plan. As part of Year 1 requirements, the Project submitted a Performance Monitoring Plan (PMP) that will be used to monitor, evaluate, and report the progress of the project. An updated M & E Plan will be submitted to USAID to capture the revised work plan for year 1 and the new work plan for year 2. The monitoring of the project's progress will be continued in Year 2 with the submission of quarterly progress reports.

Outputs

- Output 4.1 Updated M and E Report
- Output 4.2 Quarterly M and E Reports

Deliverable 5: Implemented Gender Action Plan. The Project submitted a Gender Action Plan (GAP) as part of the M & E Plan. For Year 2, the Project will continue to implement this action plan. It will also submit a report on the gender perspective of the business permitting processes in the three cities, using the data that will be collected from the profiling of business permit applicants to be done under output 1.1 (Component 1).

Output:

- Output 5.1 Updated Gender Plan
- Output 5.2 Quarterly Report on Gender activities included in the Quarterly Reports

Output 5.3 Report on the Gender Perspective in the Business Permitting Process

Deliverable No. 6: Closing-Out Activities of the Project. The Project will be terminated on September 2013 unless an option year is granted. As part of its ending activities, the Project will be submitting the outputs specified below. As articulated by the late DILG Secretary Robredo during the launching of the INVEST project, the experiences in the project should be replicated in other cities. Hence, the project will document the good practices of the three cities.

Outputs:

- Output 6.1 Final Report on INVEST
- Output 6.2 Documentation of INVEST Experiences in the Three Cities
- Output 6.3 Demobilization Plan

V. General Management and Administration

In Year 2, the Project Management Team (PMT) will continue providing technical and administrative support to project activities. This support will encompass the following:

1. Overseeing, supervising, implementing, monitoring, and evaluating the project work plan;
2. Executing and monitoring the Financial Management Plan, which ensures the timely and sufficient availability of resources;
3. Implementing and monitoring the Human Resource Management Plan which involves formulating scope of work (SOW) of consultants, ensuring the availability of experts/ consultants, negotiating with them as well as mobilizing them;
4. Implementing the M & E Plan to measure the gains and successes of the Project as its moves towards the realization of project goals;
5. Implementing and monitoring the Gender Action Plan, to ensure that USAID as well the Philippine government's policies and principles on gender equity are observed;
6. Ensuring that logistical support is available when needed;
7. Strengthening linkages and maintaining contacts with project partners and stakeholders; and
8. Strengthening coordination with USAID, including compliance with required reports.

In the last three months of Year 2, there will be a gradual phasing out of engagement with the partner cities as the Project moves towards closure in September 2013. The PMT will devote more time in preparing for the proper turnover of documents, equipment, and properties to USAID. Its activities in this phase of project implementation will be guided by a demobilization plan which will be developed and finalized at least six months prior to project closure.

VI. Timetable of Activities

On the last year of INVEST, the Project will focus on the full implementation of its remaining activities to achieve its desired outputs and show results before the local elections in 2013. Majority of the activities in Year 2 will focus on building the capacities of the target cities to implement BPLS reforms, increase investments and enhance competitiveness. Further, Year 2 will see the Project assist its target cities in the implementation of their customized “roadmaps” or action plans that would help them achieve their economic development goals and potentials. Sustainability measures will also be installed to make sure that efforts at both local and national levels will be sustained and continued by the partner cities and the Project’s partners from the government and private sector.

Annex 2 presents the outputs for each deliverable under the two (2) components of the project and schedule of activities for Year 2. Any adjustments that may need to be made on account of the local situation will be reported to USAID immediately.

VII. Coordination with Partners and Stakeholders

Of crucial importance in securing its reform agenda are the Project’s partnerships at the city level, particularly with the CIP-TWGs, the mayors, the city councils, and the local private sector groups. Its partnership with these groups, as well as the partnerships between and among them, will define the success of project activities such as the conduct of the city business forums, the implementation of reforms and initiatives for local economic and investment promotion, the establishment of business-friendly inspection systems, and further streamlining of the cities’ of BPLS.

Collaboration and cooperation with national line agencies, particularly the DTI, NEDA, DILG, DOST and NCC, are likewise crucial to ensure both consistency of thrusts and activities as well as adequate support to the implementation and sustainability of reforms. More specifically, these national line agencies are to create the environment conducive to the reform efforts through the issuance of national policy directions. In turn, the Project can advise and provide information to these partner agencies based on Project experience on the ground, the studies it conducts, and the expertise it has.

In Year 2, therefore, INVEST will further strengthen its ties with various stakeholders, particularly the partner city governments, national oversight agencies, and business groups and other CSOs. It will ensure their relevant participation in activity identification and design, implementation, and monitoring and evaluation. It will assist in providing technical advice to the secretariats of various inter-agency committees that deal with national level policies on investment and business processing reforms. It will conduct more frequent and meaningful dialogues with them, not only to ensure their participation in activities, but also to advocate for their continued support and buy-in to the whole reform process to ensure its sustainability long after the end of its implementation life.

Annex 3 contains the list of partnerships that need to be strengthened for each of the activities of INVEST in Year 2.

VIII. Consistency with Regulation 216 on Environmental Documentation

As in Year 1, INVEST will still largely focus on the provision of technical assistance and conduct of capacity development initiatives in Year 2. Thus, its Year 2 activities do not require Initial Environmental Examinations or Environmental Assessment and Environmental Impact Statements as specified under the procedures of Title 22 of the Code of Federal Regulations, Part 216. The small commodity grants, such as computer units, interconnectivity, simple software and similar components, that it intends to provide would hardly have any effect on, much less endanger, the environment.

Based on the (c) Categorical Exclusions (1) and (2) provided under Regulation 216.2 (Applicability Procedures), the Project is not subject to the procedures set forth in 216.3 based on the following:

- (1) The following criteria have been applied in determining the classes of actions included in 216.2(c) (2) for which an Initial Environmental Examination, Environmental Assessment and Environmental Impact Statement generally are not required:
 - (i) The action does not have an effect on the natural or physical environment; and
 - (ii) A.I.D. does not have knowledge of or control over, and the objective of A.I.D. in furnishing assistance does not require, either prior to approval of financing or prior to implementation of specific activities, knowledge of or control over, the details of the specific activities that have an effect on the physical and natural environment for which financing is provided by A.I.D.

- (2) The following classes of actions are not subject to the procedures set forth in 216.3, except to the extent provided herein:
 - (i) Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment (such as construction of facilities, etc.);
 - (ii) Analyses, studies, academic or research workshops and meetings; and
 - (iii) Document and information transfers.⁵

Still, the INVEST Project will continue to closely observe and promote both A.I.D. environmental policy as stated in the referred to procedures. It remains committed to observing and promoting Philippine environmental policies, which have been in effect before and after the Project have started its operation.

⁵ CFR 216 Agency Environmental Procedures, page 1

IX. Implementation Risks Faced by the Project in Year 2

As the Project continues its work on Year 1, there are risk factors that may affect the implementation of its work plan. First, the upcoming local elections in May 2013 will have various repercussions on the project. First, project activities are expected to slow down to starting January 2013 moving into March 2013, which is officially the start of the election period. Second, there is a risk that the Project will be dragged into the election activities of the incumbent Mayors. To avoid being associated with any electioneering activities of the city officials, the project will not be scheduling major events starting March 2013. Third, the sustainability of the reforms might be affected by any change in administration in the three cities. While the Project will end in September, the reforms on business processing and investment promotion will not be completed by the end of the Project. Hence, the buy-in of whoever wins as Mayor of the three cities will have to be sought by USAID. Furthermore, there is the risk that the reforms made during the life of the Project might be reversed by new city officials that will be elected.

Annex 1. Status of Year 1 Outputs, Challenges Encountered and Action Taken by the Project

Planned Outputs per Program Area (Year 1)	Status (as of September 30, 2012)	Challenges Encountered	Action Taken by the Project
COMPONENT 1: STREAMLINING BUSINESS REGISTRATION PROCESSES AND LOWERING TRANSACTIONS COSTS			
Program Area 1.1: Enhancing Streamlined Business Permits and Licensing System (BPLS) in Target Cities			
Deliverable 1: Ensured Compliance with BPLS Standards			
Output 1. Assessment Report on the current status of BPLS Reforms, including the state of BPLS automation in target cities	Completed. The report was submitted on May 31, 2012.	<ul style="list-style-type: none"> - Lack of interest by local academic institutions as well as the short notice in the submission of proposals led to the failure of bids for the first Request for Proposal (RFP) for the assessment of the business renewal processes in the partner cities. - Since the city project advisers (CPAs) of the project have not been hired and the project or the Cities Development Initiative (CDI) has not been officially launched at the time that the assessment needed to be undertaken on January 2012, coordination with city officials was initially difficult. 	<ul style="list-style-type: none"> - Management had to seek for alternative ways of conducting the assessment given the impossibility of hiring the needed number of qualified STTAs for the study: (1) mobilization of project staff to undertake the assessment; (2) hiring of a junior STTA to assist project staff. - The COP and DCOP went thru the rounds of project introductions in each of the cities before the conduct of the assessment.
Output 2. Local Study-Tours	Completed. The report was submitted on July	<ul style="list-style-type: none"> - Scheduling of the tour became difficult because of 	<ul style="list-style-type: none"> - The original schedules were moved to ensure

Planned Outputs per Program Area (Year 1)	Status (as of September 30, 2012)	Challenges Encountered	Action Taken by the Project
	12, 2012.	<p>the unavailability of the mayors and other city officials.</p> <ul style="list-style-type: none"> - Despite the synchronization of the study tour schedules with the availability of the Mayors, still the Mayors and some key officials of Iloilo and Cagayan de Oro who would have benefitted from the activity were not able to participate in the study tour. 	<p>that the mayor and other key city officials participated in the tour.</p> <ul style="list-style-type: none"> - In cases when some city officials were not able to join the tour, the results of the tour were discussed in the immediately preceding CIP-TWG meeting.
Output 3. Action Plan of target cities to further enhance their BPLS	The Self Assessment workshops to assess the BPLS processes and the automation workshops have been completed in each of cities. The action plans formulated in the workshops are being verified for possible revisions since the workshops. The report containing the action plans is being finalized and will be submitted in early November 2012.	<ul style="list-style-type: none"> - The difficulty of matching the schedules of the city officials and the resource persons for the workshops led to delays in the conduct of the action planning workshops. - The need to further refine the action plans by the CIP-TWGs of each city, to secure the approval of the Mayors and the ensure budget availabilities led to delays in submission of the report. The scheduling of the CIP-TWG meetings has not always been easy given the busy schedule of the city officials. 	<ul style="list-style-type: none"> - The Project persisted in matching the schedules of the participants and the resource persons and eventually succeeded. - The Project accepted the delays caused by the slower-than-expected pace of the cities in finalizing the action plans, recognizing the primacy of the need to have comprehensive and relevant plans over the need for compliance with previously set

Planned Outputs per Program Area (Year 1)	Status (as of September 30, 2012)	Challenges Encountered	Action Taken by the Project
			schedules.
Deliverable 2: Improved Business One-Stop Shop (BOSS)			
Output 1. Assessment Report on the BOSS in the Target Cities	Completed. The report was submitted on May 31, 2012.	Please refer to Output 1 of Deliverable 1. The BOSS was included in the assessment that was conducted.	
Output 2. Report on the Conduct of a Client Satisfaction Survey	The RFP of the CSS was prepared and released by the Project in the 3 rd quarter of the project. Negotiations were conducted with the lone bidder.	<ul style="list-style-type: none"> - There were differing views on the relevance of the survey, given that the National Competitiveness Council is undertaking a similar survey. - The timing of the survey (July 2012) was also not ideal. Prolonged negotiations with the lone bidder caused delays in the subcontracting of the activity. There were also delays were encountered in hiring the statistician who will design the survey. 	<ul style="list-style-type: none"> - Eventually, a decision was made to pursue the survey since the Philippine Chamber of Commerce and Industry (PCCI) and the local chambers can use it for assessing the national and local business environment after the project has ended. Given discussions with the NCC, there remains the question of whether to convert the survey into a customer and a competitiveness survey rolled into one. - The Project opted to move the conduct of the survey to Year 2, right after the business renewal period in February 2013.

Planned Outputs per Program Area (Year 1)	Status (as of September 30, 2012)	Challenges Encountered	Action Taken by the Project
Output 3. Action Plans of Targeted Cities on BOSS Reforms	Same status as Output 3 (deliverable 1) above. The preparation of the action plan for the BOSS was incorporated in the Self Assessment Workshops of the 3 cities. The action plans are being verified in case revisions were made by the CIP-TWG. The report will be submitted by November 9, 2012.	Same as Output 3 (deliverable 1) above.	Same as Output 3 (deliverable 1) above.
Output 4. Institutional Study on NERBAC, BOSS & the Philippine Business Registry (PBR)	The preparation of the Statement of Work has been done. The conduct of the study is included in the work plan for Year 2.	Difficulty in recruiting STTA due to the required experience required (e.g. knowledge of NERBAC, BOSS or PBR)	<ul style="list-style-type: none"> - The former BPLS Strategist, who is also an organizational development expert, is being proposed to undertake the study. - The conduct of the study is moved to Year 2.
Deliverable 3: Improved System of Business Inspection			
Output 1. Assessment Report on Inspection Systems in the Target Cities	The assessment study for the three cities have been completed and the findings have been presented to COR and Batangas City government during their Inspection Workshop. The report is being edited and will be submitted in	There was a failure of bids for the subcontracting of the activity in two cities.	The Project mobilized two STTAs instead to conduct the study.

Planned Outputs per Program Area (Year 1)	Status (as of September 30, 2012)	Challenges Encountered	Action Taken by the Project
	early October 2012. ⁶		
Output 2. Study on Risk-Based Inspection	The conduct of the study is included in the work plan for Year 2.	There has been considerable difficulty in mobilizing STTA to conduct the study, which required sanitary engineers and fire safety experts.	The Project moved the conduct of this study to Year 2 to allow it more time to recruit the appropriate expertise.
Output 3. Study on Benchmarking of Inspection Fees	The study has been completed and the findings of the study have been presented to USAID, DTI and DILG. The report is being finalized and will be submitted in early November 2012.	Apprehension on the willingness of Treasurers to participate in the survey of inspection fees which the DILG, the government partner, wanted to include in the study.	The Project engaged the Bureau of Local Government Finance to instruct the City Treasurers to participate in the survey.
Output 4. Action Plans of the Target Cities for the Implementation of Inspection Reforms	As planned, the action plans will be formulated during the inspection workshops to be conducted in each of the cities. Only Batangas City had been able to schedule its workshop in Year 1, i.e., in September 2012. The other two partner cities will be holding their inspection workshops in October. Hence, the submission of the action plans will be	Matching schedules of the city officials and the resource persons proved difficult.	The conduct of the assessment workshops will be undertaken in Year 2, including the submission of the action plans.

⁶ The Assessment Report was submitted to USAID on October 7, 2012.

Planned Outputs per Program Area (Year 1)	Status (as of September 30, 2012)	Challenges Encountered	Action Taken by the Project
	moved to Year 2.		
Deliverable 4: Engaged Stakeholders on BPLS Reforms			
Output 1. Conduct of Workshops	While workshops were undertaken in Year 1 to inform the private sector of upcoming BPLS reforms, the specific workshops for communicating the new BPLS procedures could not be undertaken in Year 1. As originally planned, the workshops will be undertaken once the BPLS reforms have been finalized. The workshops will be part of the city's communications plan for disseminating the new procedures for business processing. However, the BPLS reforms in each of the cities can only be done after the automation of the BPLS is put in place in the last quarter of the calendar year (quarter 1 of the project's year 2).	The adoption of a streamlined BPLS process, including automation, really takes a long time with the communication workshops being one of the last activities to be done once the reforms are put in place. Hence, the engagement of the private sector thru workshops can only be scheduled in November or December 2012, prior to the renewal period in January 2013.	As advised by the COR, this deliverable will no longer be included in the work plan for Year 2. Private sector engagement is an overriding principle that should be included in the activities under the two components of the project.
Output 2. Report on City Engagement of the Private Sector in BPLS Reforms	Completed. The submission of the report has been moved to Year		

Planned Outputs per Program Area (Year 1)	Status (as of September 30, 2012)	Challenges Encountered	Action Taken by the Project
	2.		
Program Area 1.2: Strengthening National Government Support to BPLS Reforms			
Deliverable 1: Enhanced Connectivity of Philippine Business Registry			
Output 1. Report on the Assessment of PBR Phase 1, including recommendations on future design of the PBR	Completed. The findings of the assessment have been presented to USAID and DTI twice; The final report is being awaited from the consultant and is targeted for submission in October 2012. ⁷	<ul style="list-style-type: none"> - The STTA was a delayed in submitting his final report due to difficult personal circumstances. - Since the project was conducted in partnership with the DTI, there was a need to get comments from DTI on the consultant's initial report. Organizing meetings with the key officials of DTI took some time. 	<ul style="list-style-type: none"> - The Project, with due consideration of the difficult circumstance of the consultant, constantly reminded him of his submission. - The Project also regularly coordinated with the DTI on its feedback on the report.
Output 2. SEC connectivity to PBR	This activity was not undertaken since DTI was still reviewing the PBR.	<ul style="list-style-type: none"> - The DTI's detailed plans on the PBR has not been clearly articulated. - While SEC is willing to participate in the PBR, it was unclear whether it will spend for the connectivity under its on-going computerization project. 	The Project will no longer include this in its Year 2 work plan.
Output 3. Connectivity of Target Cities to PBR	Work on this output has not started since DTI was still reviewing the PBR.	The DTI 's capability to manage the PBR connectivity of the cities has not been clearly established in year 1.	The Project will work with DTI in preparing the PBR roadmap. Once the advantages of the cities'

⁷ The Project will request that the submission of the report on the PBR be moved to early November 2012.

Planned Outputs per Program Area (Year 1)	Status (as of September 30, 2012)	Challenges Encountered	Action Taken by the Project
		The connectivity of the cities to PBR will depend on the PBR roadmap that will still be formulated by DTI.	connectivity to PBR are clear, it will assist the cities in preparing the web service design for PBR connectivity. This is included in the work plan of the project for Year 2
Deliverable 2: Enhanced Information/Support to BPLS Computerization			
Output 1. Survey Design on BPLS Computerization	Completed. The report was submitted on July 20, 2012.		
Output 2. Report on project-supported policy recommendations to NCC, DTI and DILG	Completed. The project supported the DOST, DTI and DILG in promoting BPLS computerization. The report on this output will be completed in early October. ⁸	Engaging NG agencies in the activities leading to the creation of the TWG on eBPLS, (e.g. drafting and refining the Memorandum of Agreement (MOA)) has proven challenging.	The Project was patient and persistent in organizing meetings with the agencies.
Deliverable 3: Supported National Government BPLS Guide and Standards for LGUs			
Output 1. Memorandum Circular (MC) disseminating knowledge products on BPLS	Completed. A MOA among DTI, DILG and DOST where the three expressed their commitment to promote the knowledge products produced with funding support of USAID had been signed on July 24, 2012. This took the place of the Memorandum Circular.	Other concerns occupying the government partners delayed the submission of their comments on the draft MOA.	The Project took the initiative of consolidating the comments on the MOA until it was finalized and submitted to the Legal Departments of the three agencies.

⁸ The report was submitted on October 10, 2012 as part of the “Report on the Inter-Agency Assistance of INVEST.”

Planned Outputs per Program Area (Year 1)	Status (as of September 30, 2012)	Challenges Encountered	Action Taken by the Project
Output 2. Assessment of BPLS standards	The Statement of Work has been drafted. The study will be conducted in Year 2. The advertisement for the hiring of a consultant was posted on September __, 2012.	Identifying the appropriate agency that the Project can partner with in the study was initially difficult given the heavy workload of the Local Government Academy, which coordinates the BPLS project.	Since the DTI is the more active agency in providing technical coaching on BPLS matters at the local level, the Project has decided to partner with DTI on this study. Undersecretary Zenaida Maglaya has agreed to be a partner in the study
Output 3. Workshop on use of “eBPLS Planning and Implementation Guide”	Completed. The report was submitted on September 30, 2012.	<ul style="list-style-type: none"> - Coordination with the NG agencies and the development partners in organizing the Forum was challenging. - There were substantially more participants than anticipated. 	<ul style="list-style-type: none"> - The Project persisted patiently with its efforts in assist in the organizing of the Forum. - The Project secured additional financial support from donor organizations and NGAs to defray the costs of providing for the additional participants.
Output 4. Workshop on the Conduct of Business-Friendly Inspection	Completed. This workshop was folded into the BPLS Automation Forum. The report on this activity will be submitted on September 30, 2012.		
Deliverable 4: Strengthened Monitoring of the Anti-Red Tape Act			
Output 1. Conduct of CSO Training on the Report Card Survey	The Project has engaged the Civil Service Commission (CSC) to	The DILG initially assured CSC and the Project that it will conduct the Report Card	The conduct of the Report Card Survey (including the training for CSOs) in the

Planned Outputs per Program Area (Year 1)	Status (as of September 30, 2012)	Challenges Encountered	Action Taken by the Project
	conduct the training of selected Civil Society Organizations (CSOs) to conduct the Report Card Survey in early 2013.	Survey in all LGUs. However, it was learned in July that it decided to exclude business processing in its survey.	partner cities will be undertaken in partnership with CSC as part of the work plan for Year 2.
Program Area 1.3: Supporting Regulatory Reforms in the Priority Sectors and Areas of Government			
Deliverable 1: Streamlined Construction Permitting System			
Output 1. Recommendations on Construction Permit Reforms	The STTA has been identified and a request for approval for his hiring has been sent to USAID. The study will be conducted in Year 2.	<ul style="list-style-type: none"> - Difficulties were encountered in getting appointments with officials of DPWH, which is a partner for the study. - Identifying STTA for the conduct of the study had also been difficult. 	<ul style="list-style-type: none"> - The Project was eventually able to engage Engineer Cuntapay for the activity. However, the Project will be meeting other DPWH officials for the engagement. - The Project has moved the conduct of the study to its Year 2 to allow itself more time to recruit the appropriate expert for the study.
Deliverable 2: Streamlined Special Permits in Tourism and Agribusiness			
Output 1. Recommendations on the Streamlining of the Permitting Processes in two priority sectors of the	The SOW has been prepared but no contracting was undertaken until the DA	The Project had difficulty in identifying and coordinating with the appropriate official of the Department of Agriculture.	Per the advice of the COR, this activity will be deleted from the work plan for Year 2 as other USAID

Planned Outputs per Program Area (Year 1)	Status (as of September 30, 2012)	Challenges Encountered	Action Taken by the Project
Department of Agriculture	can be engaged.		projects can do this.
Output 2. Recommendations on the Streamlining of the Permitting Processes in two priority sectors of the Department of Tourism	THE SOW has been prepared but no contracting was undertaken until the DOT can be engaged.	Recruiting of qualified STTA to conduct the study was difficult.	An advertisement for the study has been posted. The study had been to be conducted in Year 2 of the project.
COMPONENT 2: IMPROVING INVESTMENT PLANNING AND PROMOTIONN TARGET CITIES			
Program Area 2.1: Strengthened Planning and Investment Programming and Budgeting in Partner Cities			
Deliverable 1: Strengthened Planning, Investment Programming, and Budgeting in Target Cities			
Output 1. Assessment Report on Planning Documents and Processes	Completed. The report was submitted on May 31, 2012.	The CPA for Cagayan de Oro, who was originally identified to do the assessment of the planning documents and processes of the city, has not been contracted.	Project staff conducted the assessment for Cagayan de Oro.
Output 2. Report on the conduct of an international study-tour	The concept paper has been formulated and preliminary discussions with the COR on logistics and possible dates have been undertaken.	<ul style="list-style-type: none"> - Differences in availabilities and preferences across cities have made it difficult for the Project to look for a consensus schedule. - Coordination with agencies in the country to be visited is proving difficult. 	<ul style="list-style-type: none"> - The Project has postponed the conduct of the international study tour to Year 2 to allow it to secure better arrangements.
Output 3. Report on the shared vision for economic and investment growth and direction	The three cities have conducted the visioning exercise. Iloilo City, however, is requesting another round of consultations to finalize their vision sometime in mid-October 2012. The report on this activity will be submitted in late	Matching schedules of the city officials and the resource persons proved challenging.	The Project will be submitting the report in late November 2012.

Planned Outputs per Program Area (Year 1)	Status (as of September 30, 2012)	Challenges Encountered	Action Taken by the Project
	November 2012.		
Output 4. List of development projects for 2013 reviewed and prioritized with funding options identified	Completed. The list of projects was generated in a Planning Integration Workshop held in July 2012. The report on this activity was submitted on September 30, 2012.		
Deliverable 2: Enhanced and Updated Local Investment Incentive Code (LIIC) and Local Revenue Code (LRC)			
Output 1. Inventory of investment incentives and recommendations for local applications	Completed. The inventory and recommendations have been presented to USAID, DILG and DTI. The final report will be submitted in early November after the presentations of the results to the city officials in October 2012.	The Project is currently experiencing some problems in scheduling consultation in the cities because of conflicting schedules of key city officials.	
Output 2. Report on the requirements of target cities in relation to LIIC (re)formulation	Completed. The report was submitted on August 10, 2012.		
Deliverable 3: Strengthened Involvement of the Private Sector in Investment Programming and in the Implementation of Public Sector Projects			
Output 1. List of projects and activities for joint implementation	This list of projects and activities will be the output of the training on Public-Private Partnerships, which is scheduled on October 2012. The activity design for the training on PPP	The city governments prioritized BPLS-related capacity building activities of INVEST in year 1 to be able to implement streamlined business process during the renewal period. Hence, the training on PPP had to be	The PPP training was moved to October 2012.

Planned Outputs per Program Area (Year 1)	Status (as of September 30, 2012)	Challenges Encountered	Action Taken by the Project
	has been formulated.	postponed to give way to BPLS-related workshops.	
Output 2. Project concept documents (e.g., concept design and business cases) and assistance leading to the formulation of full-blown project documents (pre-FS and FS)	These documents will be the output of the training on Public-Private Partnerships.	Schedule of the training was postponed twice due to the need to prioritize BPLS-related workshops.	The training was moved to October 2012.
Program Area 2.2: Enhancing Capacity-Building Support in Investment Planning and Promotion			
Deliverable 1: Enhanced Capacity of the Local Economic and Investment Promotion Officers (LEIPOs) in the Target Cities			
Output 1. Assessment report on the LEIPO	Completed. The report was submitted on May 31, 2012.	The assessment had to be done even if the contracting of CPA for Cagayan de Oro, who was supposed to conduct the assessment, has not been approved.	Project staff conducted the assessment for Cagayan de Oro.
Output 2. Detailed work plan for the LEIPO in generating more investments	Completed. The report was submitted on August 10, 2012.	The cities at the start of the Project have not named the LEIPOs.	Enjoined the city Mayors to officially appoint a LEIPO.
Output 3. Partnership arrangements with relevant national agencies, local chambers and business groups	In the original plan, these arrangements will be needed in setting up the database in the Investment Promotion Centers, which still has to be set up in the cities.	INVEST initially was not sure whether the setting up of Investment Promotion Centers is an activity that the city governments will undertake.	The Project, thru the CPAs, convinced the CIP-TWG with the While private sector engagement will be pursued by Project, COR has advised that this activity be excluded among the deliverables for Year 2.
Deliverable 2: Conducted City Business Forums			
Output 1. Report on the conduct of the City Business Forum	Per consultations with the partner cities, the Forum will most likely be held in the last quarter of 2012 of	- Other activities of the cities, deemed as important as, or more important than, the	

Planned Outputs per Program Area (Year 1)	Status (as of September 30, 2012)	Challenges Encountered	Action Taken by the Project
	the first quarter of 2013.	Business Forum, have been creating difficulties in having the activity scheduled. - Preparedness of the city and the local chambers to organize the Forum	
Output 2. Commitments for additional investments	This output will be an offshoot of the Business Forum which is scheduled in Year 2 of the Project.		
Deliverable 3: Strengthened NERBAC Support to Target Cities			
Output 1. Recommendations for strengthening the links between NERBAC and local systems	This is a two-part study that involves strengthening the NERBAC under DTI and trying to come up with a system that would facilitate business matching at the NERBAC using LGU data.	The Project is finding it difficult to recruit the appropriate STTA for the study.	<ul style="list-style-type: none"> - The Project will propose that the its former BPLS Strategist be contracted as an STTA to undertake the study. - The systems developer post that will refine the NERBAC system of Region 11 will be advertised
Program Area 2.3: Enhancing the Performance of the Target Cities towards Competitiveness			
Deliverable 1: Enhanced Mechanisms in Promoting Innovation in the Partner Cities			
Output 1. Concepts on business incubation developed	An STTA has been contracted to do the study for Batangas City. His output will be submitted in Year 2.	USAID suggested that the SOW of the study be refocused on SME lending.	The Project is discussing the request with the consultants.

Planned Outputs per Program Area (Year 1)	Status (as of September 30, 2012)	Challenges Encountered	Action Taken by the Project
Deliverable 2: Enhanced Capacity to Measure the Economic Performance of Target Cities towards Competitiveness			
Output 1. Recommendations for the development of a system to measure economic performance and competitiveness of cities	This study was originally intended to assist the cities in identifying indicators to assess their economic performance and competitiveness. In the spirit of aid harmonization, LGSP-LED, which also wants to do the same study but for alliances and municipalities, is partnering with INVEST in supporting the study. The National Competitiveness Council would also want to promote the use of the study results among the Regional Competitiveness Councils. To date, an STTA has been hired to undertake the study.	Since the Project will be jointly undertaken with LGSP-LED and the NCC, coordinating the conduct of the study has been challenging. The SOW for the study and other activities need to be closely coordinated with the partners.	The Project continues to closely coordinate with all its partners to ensure that the output of the project will be useful to them. This study has been included in the Year 2 work plan.
Deliverable 3: Enhanced Positioning of Industries in Partner Cities			
Output 1. Recommendations to enhance industry growth	Three STTAs have been contracted to undertake the study in the three cities.	USAID suggested that the SOW of the study be refocused on SME lending.	The Project is discussing the request with the consultants.
Output 2. Participation in <i>Arangkada</i> 2012	The activity was completed on January 26, 2012.	The activity was not included in the original work plan of the Project and thus required a realignment of resources.	The Project accommodated the request and made the necessary adjustments.

Planned Outputs per Program Area (Year 1)	Status (as of September 30, 2012)	Challenges Encountered	Action Taken by the Project
Deliverable 4: Enhanced Credit Availment in the Partner Cities			
Output 1. Study on financing gaps for SMEs	Completed. The report was submitted on May 31, 2012.	Since the results of the study was needed by USAID immediately, the contracting of the STTAs to conduct the study e fast-tracked. There was little time to conduct a more-in-dept data gathering and analysis.	The Project closely monitored the progress of the study to ensure that the results could be produced on time.
COMPONENT 3: CROSS-CUTTING			
Deliverable No. 1: Provision of Assistance in the Selection of the Target Cities			
Output 1. Criteria and procedures for the selection of target cities and short-list of possible target cities	The output was completed in November 2012.		
Deliverable No. 2: Provision of Support to the Government's Interagency Committees on Investment and Business Registration			
Output 1. Report on the Assistance Provided to the Relevant Inter-Agency Committees	The submission of this report has been moved to Year 2.		
Deliverable No. 3: Formulation and Implementation of the Project Management Plan			
Output 1. Monitoring and Evaluation (M&E) Plan	Completed. The Project M&E Plan was submitted on May 16, 2012.	The M & E Plan submitted to USAID does not take into account the updated work plan for Year 1 and the approved work plan for Year 2.	The Project will submit an updated M & E Plan to USAID in Year 2.
Output 2. Quarterly Performance Monitoring Report (QPR)	Completed. QPRs were submitted on January 31, 2012; April 30, 2012 and July 31, 2012. The 4 th QPR will be submitted in early November as		

Planned Outputs per Program Area (Year 1)	Status (as of September 30, 2012)	Challenges Encountered	Action Taken by the Project
	agreed with COR.		
Deliverable No. 4: Formulation and Implementation of a Gender Action Plan			
Output 1. Gender Plan	Completed. The Project Gender Plan was submitted on May 16, 2012.		
Output 2. Inclusion of gender indicators in regular M and E reports	Completed. The Project monitors the male and female attendees to its meetings and events (e.g. Report on Local Study Tour)		

Annex 2: Detailed Timetable of Deliverables and Expected Outputs for Year 2 of INVEST

Program Area/ Deliverable/ Activity	2012				2013											
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Component 1. Streamlining Business Registration Processes & Lowering Transaction Cost																
Program Area 1.1: Enhancing Streamlined BPLS Reforms in Targeted Cities																
<u>Deliverable # 1. Ensured Compliance with BPLS</u>																
Output 1.1. Report on the conduct of the Customer Relations Workshops for the Three Cities																
Output 1.2. Assessment Report on the streamlined processes for new and renewinf business applications																
Output 1.3. Report on the Conduct of a Client Satisfaction Survey in Three Cities (carry-over from Year 1)																
Output 1.4. Report on the Profile of Business Applicants in the Three Cities																
Output 1.5. Information Strategic System Plan (ISSP) for each of the Three Cities																
<u>Deliverable #2. Improved Business-One-Stop-Shop (BOSS)</u>																
Output 2.1. Assessment Report on the BOSS in Three Cities																
Output 2.2. Institutional Study on NERBAC, BOSS and the PBR (carry over from Year 1)																
<u>Deliverable #3. Improve System of Business Inspections</u>																
Output 3.1. Study on Risk-Based Inspection (carry over from Year 1)																
Output 3.2. Report on the Assessment Workshops on the Setting-up of Business-friendly Inspection System in the Three Cities (carry over from Year 1)																
Output 3.3. Report on the Assessment of the Reformed Inspection Systems																

Program Area/ Deliverable/ Activity	2012				2013											
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Program Area 1.2: Strengthening National Government Support to BPLS Reforms																
<u>Deliverable #1. Enhanced Connectivity to the PBR</u>																
Output 1.1 Roadmap for PBR Implementation																
Output 1.2 Reports on the assistance provided to DTI																
Output 1.3 Connectivity of the three partner cities to the PBR (carry over from Year 1)																
<u>Deliverable #2. Enhanced Policy Support to BPLS Computerization</u>																
Output 2.1. Report on the Technical Assistance to the TWG on e BPLS																
Output 2.2. Training Manuals of BPLS Automation																
<u>Deliverable #3. Supported NG BPLS Guides and Standards for LGUs</u>																
Output 3.1. Assessment of BPLS standards in the DILG-DTI Joint Memorandum Circular No. 1 Series of 2010 (carry over from Year 1)																
<u>Deliverable #4. Strengthened Monitoring of the Anti-Red Tape Law</u>																
Output 4.1. Conduct of the Report Card Survey in the Three Cities for 2013																
Output 4.2. Report on the Revision of the Citizen's Charters in three cities																
Program Area 1.3: Supporting Reforms In the Priority Sectors and Areas of Government																
<u>Deliverable #1. Streamlined Construction Permitting Process</u>																
Output 1.1. Recommendations on the Streamlining of Construction Permits																
<u>Deliverable #2. Streamlined Special Permitting Processes in Tourism</u>																
Output 2.1. Recommendations on the streamlining processes for operating hotel establishments																
Component 2. Improving Investment Planning and Promotion in Target Cities																
Program Area 2.1: Strengthened Planning, Investment Programming and Budgeting in Targeted Cities																
<u>Deliverable #1. Enhanced Required Local Planning Documents (e.g. CDP/CLUP, LDIP/AIP, Annual Budget, ELA)</u>																
Output 1.1. Report on the Conduct of International Study Tour																
Output 1.2. Proposed List of																

Program Area/ Deliverable/ Activity	2012				2013											
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Programs and Projects for 2014																
Deliverable #2. Enhanced and Updated Local Investment Incentive Code (LIIC) and Local Revenue Code (LRC)																
Output 2.1. Study on the inconsistency of incentives provided in national laws and local applications including a compendium of incentives provided in national laws																
Output 2.2. Updated LIICs and LRCs																
Deliverable #3. Increased Investments of the Private Sector in Public Sector Projects																
Output 3.1. Report on the Training on Managing Risks and Responsibilities in Joint Implementation of Development Projects between the city government and the private sector including the project concept documents (e.g. concept design and business cases) produced by the cities during the training and assistance leading to the formulation of full-blown project documents																
Output 3.2. Report on Fund Sourcing of Public-Private Arrangement Forged																
Program Area 2.2: Supporting Capacity Building of Target Cities in Investment Planning and Promotion																
Deliverable #1. Enhanced Capacity of the Local Economic and Investment Officers (LEIPO)																
Output 1.1. Report on the Implementation of the Action Plan on LEIPOs																
Deliverable #2. City Business Forums Organized																
Output 2.1. Report on the conduct of the City Business Forum																
Output 2.2. Report on the commitments for additional investments in the partner cities																
Deliverable #3. Strengthened NERBAC Support to Partner Cities																
Output 3.1. Recommendations for strengthening the links between the information system of NERBAC and																

Program Area/ Deliverable/ Activity	2012				2013											
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
the city investment center to be set-up																
Program Area 2.3. Assisting SMEs become more developed and competitive																
<u>Deliverable #1. Enhanced Mechanisms n Promoting Innovation in Target Cities</u>																
Output 1.1 Study to develop concepts of business incubation relevant in Batangas City																
<u>Deliverable #2. Enhanced Positioning of Industries in Partner Cities</u>																
Output 2.1. Recommendations to enhance industry growth in target cities																
<u>Deliverable #3. Enhanced Credit Availment of SMEs</u>																
Output 3.1. Report on the Project Assistance in promoting the BPI credit facility in the partner cities																
Component 3: Addressing Cross Cutting Concerns																
<u>Deliverable #1. Assistance to USAID in the Preparation of Action Plans in Cities Assisted by the Cities Development Initiative (CDI)</u>																
Output 1.1. Report on the CDI Planning Workshops																
Output 1.2 Selection criteria and short-list of cities for the CDI																
<u>Deliverable #2. Enhanced Capacity to Measure the Economic Performance of Partner Cities towards Competitiveness</u>																
Output 2.1. Recommendations for a framework for measuring economic performance and competitiveness of cities																
Output 2.2. Economic and competitiveness Information system in target cities																
<u>Deliverable #3. Support to the Government Inter-Agency Committees on Investment and Business Registration</u>																
Output 3.1. Report on the Assistance provided to the relevant inter-agency committees																
<u>Deliverable #4. Implemented a Project Monitoring and Evaluation Plan</u>																
Output 4.1 Updated M & E Report																
Output 4.2 Quarterly M & E Reports																
<u>Deliverable #5. Implemented a Gender Action Plan</u>																
Output 5.1. Updated Gender Plan																
Output 5.2 Quarterly Report on Gender activities included in Quarterly Report																

Program Area/ Deliverable/ Activity	2012				2013											
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Output 5.3 Report on the Gender Perspective in the Business Permitting Process																
<u>Deliverable #6. Closing-Out Activities of the Project</u>																
Output 6.1. Final Report on INVEST																
Output 6.2. Documentation of INVEST Experiences in the Target Cities																
Output 6.3. Demobilization Plan																

Annex 3: Partnerships for INVEST Activities in Year 2

Program Area/ Deliverables	Outputs	Proposed Partnerships
COMPONENT 1: STREAMLINING BUSINESS REGISTRATION PROCESSES AND LOWERING TRANSACTIONS COSTS		
Program Area 1.1: Enhancing Streamlined Business Permits and Licensing System (BPLS) in Target Cities		
Deliverable # 1. Ensured Compliance with BPLS	Output 1.1. Report on the conduct of the customer relations workshops for the three cities	Partner cities, local research institutions
	Output 1.2. Assessment Report on the streamlined processes for new and renewing business applications	Partner cities, local research institutions, local business groups in target cities
	Output 1.3. Report on the conduct of a client-satisfaction survey in the three cities (carry over from Year 1)	NCC, partner cities,
	Output 1.4. Report on the Profile of Business Applicants in the three cities	Partner cities, local research institutions
	Output 1.5. Information Strategic System Plan (ISSP) for each of the three cities	NCC, Partner Cities
Deliverable #2. Improved Business-One-Stop-Shop (BOSS)	Output 2.1. Assessment Report on the BOSS in the three cities	Partner cities, local research institutions
	Output 2.2. Institutional Study on NERBAC, BOSS and the PBR (carry over from Year 1)	DTI, partner cities, and regional offices of SSS, BIR, and PhilHealth
Deliverable #3. Improved System of Business Inspections	Output 3.1. Study on risk-based inspection (carry over from Year 1)	Partner cities, local business groups in partner cities, Bureau of Fire Protection, DOH, DILG and DTI
	Output 3.2. Report on the Assessment Workshops on the Setting Up of Business-friendly inspection system in the three cities (carry over from Year 1)	Partner cities, local business groups in partner cities, Bureau of Fire Protection, DILG, DTI
	Output 3.3. Report on the Assessment of the Reformed Inspection Systems	Partner cities, local business groups in partner cities, Bureau of Fire Protection, DILG, DTI
Program Area 1.2: Strengthening National Government Support to BPLS Reforms		
Deliverable #1. Enhanced Connectivity to the PBR	Output 1.1 Roadmap for PBR Implementation	DTI's PBR, CDA, SSS, PhilHealth
	Output 1.2 Reports on the assistance provided to DTI	DTI, Partner cities
	Output 1.3 Connectivity of the three cities to the PBR (carry over from Year 1)	DTI's PBR, SEC, CDA
Deliverable #2. Enhanced Policy Support to BPLS Computerization	Output 2.1. Report on the Technical Assistance to the TWG in BPLS Automation	DOST, NCC, DTI, DILG and Technical Committee on eBPLS
	Output 2.2. Training Manuals of BPLS Automation	DOST, NCC, DTI, DILG

Program Area/ Deliverables	Outputs	Proposed Partnerships
Deliverable #3. Supported NG BPLS Guides and Standards for LGUs	Output 3.1. Assessment of BPLS standards in the DILG-DTI Joint Memorandum Circular No. 1 Series of 2010 (carry over from Year 1)	Partner cities, DILG, LGA, DTI, BPLS Oversight Committee
Deliverable #4. Strengthened Monitoring of the Anti-Red Tape Law	Output 4.1. Conduct of the Report Card Survey in the Three Cities for 2013	Partner cities, DILG, LGA, CSC, DTI, local CSOs/academic institutions
	Output 4.2. Report on the Revision of the Citizen's Charter	Partner cities, DILG, LGA, CSC, DTI
Program Area 1.3: Supporting Reforms In the Priority Sectors and Areas of Government		
Deliverable #1. Streamlined Construction Permitting Process	Output 1.1. Policy Recommendations on the streamlining of construction permits	DILG, DPWH, DTI, partner cities, construction associations
Deliverable #2. Supported NG Reforms in the Streamlining of Special Permits in Tourism	Output 2.1. Policy Recommendations on the streamlined permitting process for tourism	DOT, DTI, DILG
Component 2. Improving Investment Planning and Promotion in Target Cities		
Program Area 2.1: Strengthened Planning, Investment Programming and Budgeting in Targeted Cities		
Deliverable #1. Enhanced Required Local Planning Documents (e.g. CDP/CLUP, LDIP/AIP, Annual Budget, ELA)	Output 1.1. Report on the Conduct of International Study Tour	Partner cities, local business groups, international counterparts (Governments of Singapore and Malaysia)
	Output 1.2. Proposed List of Programs and Projects for 2014	Partner cities, local business groups
Deliverable #2. Enhanced and Updated Local Investment Incentive Codes (LIIC) and Local Revenue Codes (LRC)	Output 2.1. Study on the inconsistency of incentives provided in national laws and local applications including a compendium of incentives provided in national laws	DILG, Partner Cities
	Output 2.2. Updated LIICs and LRC	Partner cities, local business groups
Deliverable #3. Increased investments of the private sector in public sector projects	Output 3.1. Report on the Training on Managing risks and responsibilities in joint implementation of development projects between the city government and the private sector including the project concept documents (e.g. concept design and business cases) produced by the cities during the training and assistance leading to the formulation of full-blown project documents	Partner cities, local business groups, NEDA (PPP Center)
	Output 3.2. Report on fund sourcing or Public-Private arrangement forged	Partner cities, NEDA
Program Area 2.2: Supporting Capacity Building of Target Cities in Investment Planning and Promotion		
Deliverable #1. Enhanced Capacity of the Local	Output 1.1. Report on the Implementation of the Action Plan on	Partner cities

Program Area/ Deliverables	Outputs	Proposed Partnerships
economic and Investment Officers (LEIPOs)	LEIPOs	
Deliverable #2. City Business Forums Organized	Output 2.1. Report on the conduct of the City Business Forum	Partner cities, local business groups, local and national chambers, DTI
	Output 2.2. Report on the Commitments for additional investments in the partner cities	Partner cities, local business groups, local chambers
Deliverable #3. Strengthened NERBAC Support to Key Cities	Output 3.1. Recommendations for strengthening the links between the information system of NERBAC and the City Investment Promotion Center to be set-up	Partner cities, DTI, PCCI and local business chambers
Program Area 2.3. Assisting SMEs become more developed and competitive		
Deliverable #1. Enhanced Mechanisms in Promoting Innovation in Target Cities	Output 1.1. Study to develop concepts of business incubation relevant in Batangas City	Partner cities, DOST
Deliverable #2. Enhanced Positioning of Industries in Partner Cities	Output 2.1. Recommendations to enhance industry growth in target cities	Partner cities, local business groups, DTI
Deliverable #3. Enhanced Credit Availment of SMEs	Output 3.1. Report on the Project assistance in promoting the BPI credit facility in the partner cities	USAID, BPI, SME groups and local business groups