NATIONAL COMPETITIVENESS COUNCIL | PHILIPPINES

Strengthening Opportunities for Competitiveness

MR. GUILLERMO M. LUZ

Private Sector, Co-Chairman

National Competitiveness Council

MANDATE: EXECUTIVE ORDER NO. 44

- Advise the President on policy matters affecting competitiveness of the country
- Promote and develop competitiveness strategies and push for the implementation of an action agenda for competitiveness and link it to the Philippine Development Plan
- Provide inputs to the Philippine Development Plan, Investment Priorities Plan, Export Development Plan
- Recommend to Congress proposed legislation regarding country competitiveness
- Strategize and execute steps to improve Philippine competitiveness s

MEMBERSHIP

NATIONAL COMPETITIVENESS COUNCIL | PHILIPPINES

Public Sector Chairman

Secretary of Trade & Industry

Secretary of Finance

Secretary of Energy

Secretary of Tourism

Secretary of Education

Director General, NEDA

Private Sector Co-Chairman

Business Community

CEO – Ayala Corporation

CEO – Shell Group

CEO – Jollibee Food Corporation

CEO – Tallwood Venture Capital

CEO – JG Summit

WORK PROGRAM

- **Benchmark** against key global competitiveness indices
- **Map** each indicator to the agency responsible
- **Focus** on lowest- indicators
- **Track** city competitiveness and key indicators
- **Working Groups** concentrate on specific projects
- **Link** work to Philippine Development Plan, National Budget, Legislative Executive Development Advisory Council, Cabinet Agenda

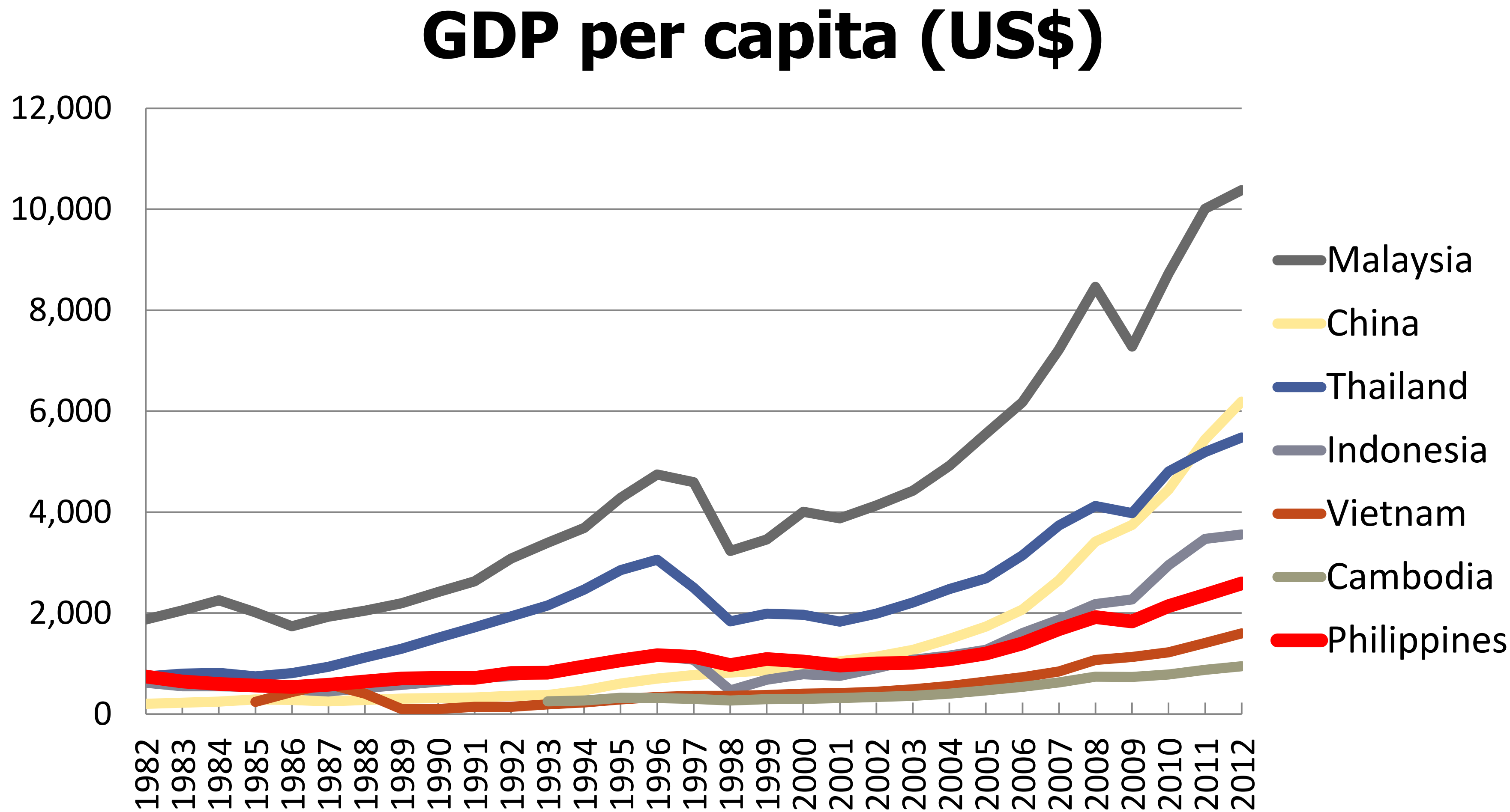
PROJECTS

- Working Groups
- Regional Competitiveness Committees
- Ease of Doing Business Task Force
- Balanced Scorecards
- Monitoring and Evaluation
- Simplification

- ➢ Sectoral focus
- ➢ Geographical focus

- ➢ Process improvement focus
- ➢ Institutional focus
- ➢ Measuring customer experience
- ➢ Regulatory focus

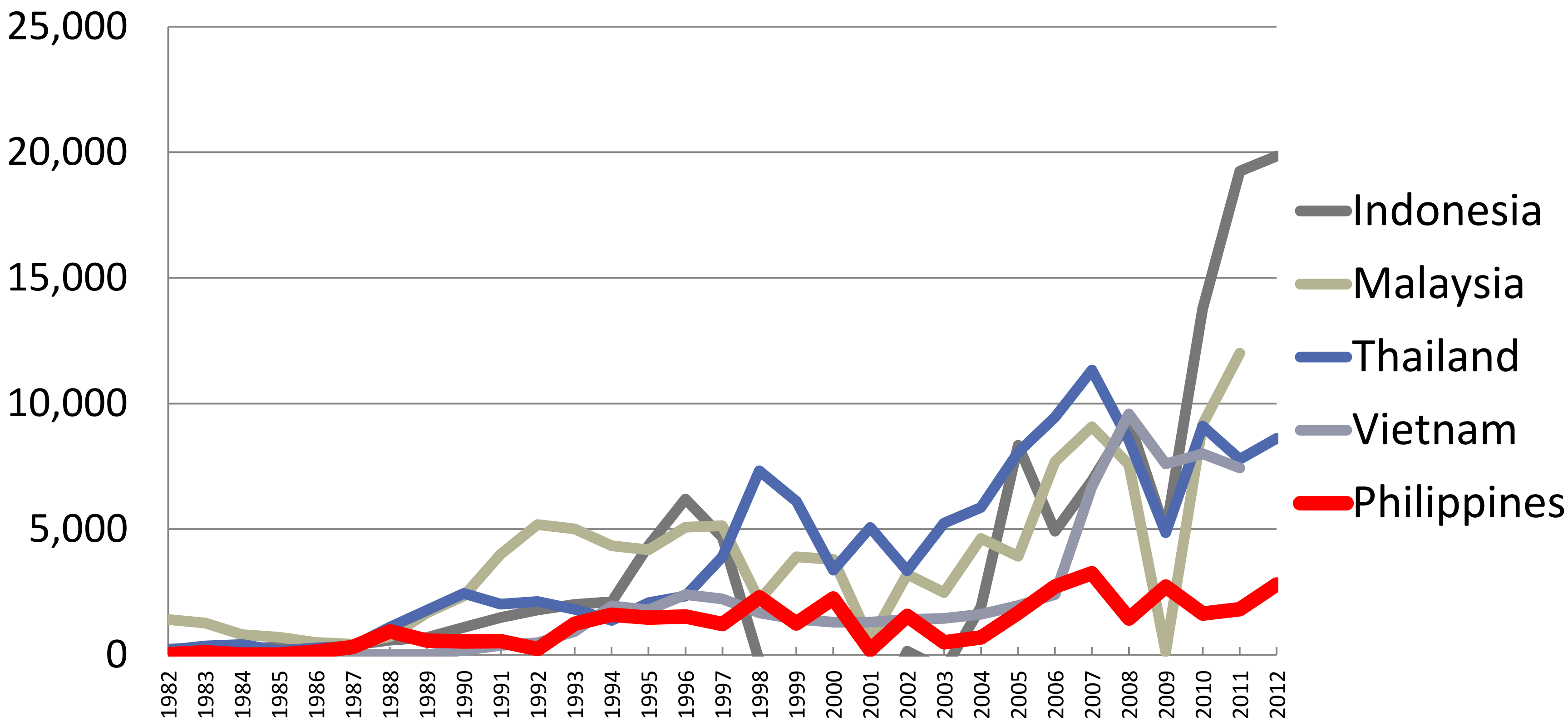
WHY COMPETITIVENESS MATTERS?



Source: World Bank

WHY COMPETITIVENESS MATTERS?

Foreign Direct Investments, net inflows
(US$ millions)



Source: World Bank

GLOBAL COMPETITIVENESS REPORT CARD

REPORT	2014 RANK	2013 RANK	2012 RANK	2011 RANK	CHANGE	ASEAN RANK	NEXT RELEASE	SOURCE	TARGET
1. WEF Global Competitiveness Index		59/148	65/144	75/142	↑ 6	6 of 10	Sep-14	WEF	49
2. IFC Ease of Doing Business		108/189	138/185	136/183	↑ 30	6 of 10	Oct-14	International Finance Corp	63
3. IMD World Competitiveness Report	42/60	38/60	43/59	41/59	↓ 4	5of 5	May-15	Int'l Institute for Mgt Dev't	20
4. TI Corruption Perception Index		94/177	105/176	129/183	↑ 11	4 of 10	Dec-14	Transparency International	60
5. Economic Freedom Index	89/178	97/177	107/179	115/179	↑ 8	5 of 9	Jan-15	Heritage Foundation	59
6. Global Information Technology Report	78/148	86/144	86/142	86/138	↑ 8	6 of 10	Apr 15	WEF	49
7. Travel and Tourism Report		82/140	n/a	94/139	↑ 12	7 of 8	Mar-15	WEF	46
8. Global Innovation Index	100/143	90/142	95/141	91/125	↓ 10	6 of 8	Jul-15	World Intellectual Property Org	47
9. Logistics Performance Index	57/160	n/a	52/155	n/a	↓ 5	6 of 9	Mar-16	World Bank	53
10. Fragile States Index	52/178	59/178	56/177	50/177	↓ 7	8 of 10	Jun-15	Fund for Peace	118
11. Global Enabling Trade Index	64/138	n/a	72/132	n/a	↑ 8	6 of 10	Mar-15	WEF	46
12. Global Gender Gap Report		5/136	8/135	8/135	↑ 3	1 of 9	Oct-14	WEF	--

***As of July 2014

GLOBAL COMPETITIVENESS REPORT
PHILIPPINES VS ASEAN

COUNTRIES	2013 Out of 148	CHANGE 2012-2013	2012 Out of 144	2011 Out of 142	CHANGE 2011-2012
1.SINGAPORE	2	0	2	2	0
2. MALAYSIA	24	+1	25	21	- 4
3. BRUNEI DARUSSALAM	26	+2	28	28	0
4. THAILAND	37	+1	38	39	+ 1
5. INDONESIA	38	+12	50	46	- 4
6. PHILIPPINES	59	+6	65	75	+ 10
7. VIETNAM	70	+5	75	65	- 10
8. LAOS *	81	-	-	-	-
9. CAMBODIA	88	-3	85	97	+ 12
10. MYANMAR*	139	-	-	-	-

(*) – New Economies added for 2013 report

GLOBAL COMPETITIVENESS REPORT
PHILIPPINES

12 PILLARS	2013	2012-2013 CHANGE	2012	2011-2012 CHANGE	2011
1st pillar: Institutions	79	+15	94	+23	117
2nd pillar: Infrastructure	96	+2	98	+7	105
3rd pillar: Macroeconomic environment	40	-4	36	+18	54
4th pillar: Health and primary education	96	+2	98	-6	92
5th pillar: Higher education and training	67	-3	64	+7	71
6th pillar: Goods market efficiency	82	+4	86	+2	88
7th pillar: Labor market efficiency	100	+3	103	+10	113
8th pillar: Financial market development	48	+10	58	+13	71
9th pillar: Technological readiness	77	+2	79	+4	83
10th pillar: Market size	33	+2	35	+1	36
11th pillar: Business sophistication	49	0	49	+8	57
12th pillar: Innovation	69	+25	94	+14	108

WORLD COMPETITIVENESS YEARBOOK

COUNTRIES	2014	2013	CHANGE 2013-2014	2012	2011
SINGAPORE	**3**	5	2	4	3
MALAYSIA	**12**	15	3	14	16
THAILAND	**29**	27	-2	30	27
INDONESIA	**37**	39	2	42	37
PHILIPPINES	**42**	38	-4	43	41

WORLD COMPETITIVENESS YEARBOOK
Philippine Rankings

INDICATORS	2011	2012	2013	2014	CHANGE
1. ECONOMIC PERFORMANCE	29	42	31	37	-6
1.1 Domestic Economy	40	44	32	22	10
1.2 International Trade	18	55	30	40	-10
1.3 International Investment	56	54	55	57	-2
1.4 Employment	33	22	29	27	2
1.5 Prices	12	17	23	46	-23
2. GOVERNMENT EFFICIENCY	37	32	31	40	-9
2.1 Public Finance	41	32	38	35	3
2.2 Fiscal Policy	13	11	9	13	-4
2.3 Institutional Framework	44	36	33	40	-7
2.4 Business Legislation	51	49	51	54	-3
2.5 Societal Framework	31	38	32	43	-11

WORLD COMPETITIVENESS YEARBOOK
Philippine Rankings

INDICATORS	2011	2012	2013	2014	CHANGE
3. BUSINESS EFFICIENCY	31	26	19	27	-8
3.1 Productivity and Efficiency	43	55	41	42	-1
3.2 Labor Market	5	1	1	4	-3
3.3 Finance	34	29	26	37	-11
3.4 Management practices	36	27	24	33	-9
3.5 Attitudes and Values	26	20	9	15	-6
4. INFRASTRUCTURE	57	55	57	59	-2
4.1 Basic Infrastructure	57	56	54	55	-1
4.2 Technological Infrastructure	32	46	40	45	-5
4.3 Scientific Infrastructure	58	58	59	59	0
4.4 Health and Environment	50	50	51	52	-1
4.5 Education	57	57	59	59	0

EASE OF DOING BUSINESS ASEAN (2012-2014)

ASEAN	2014 (out of 189)	2013 (out of 185)	CHANGE	2012 (out of 183)	CHANGE
1. Singapore	1	1	0	1	0
2. Malaysia	6	12	6	14	2
3. Thailand	18	18	0	17	-1
4. Brunei Darussalam	59	79	20	83	4
5. Vietnam	99	99	0	99	0
6. Philippines	**108**	**138**	**30**	**136**	**-2**
7. Indonesia	120	128	8	130	2
8. Cambodia	137	133	-4	141	8
9. Lao PDR	159	163	4	166	3
10. Myanmar*	182	NDA	0	NDA	0

*Myanmar is one of the four new economies measured in the report together with Libya, San Marino and South Sudan.

IFC International Finance Corporation World Bank Group

EASE OF DOING BUSINESS PHILIPPINES (2012-2014)

INDICATORS	2014 (189)	VARIANCE 2013-2014	2013 (185)	2012 (183)
Over-all	108	+30	138	136
1. Starting a business	170	-9	161	158
2. Dealing w/ construction permits	99	+1	100	101
3. Getting electricity	33	+24	57	53
4. Registering Property	121	+1	122	120
5. Getting Credit	86	+43	129	127
6. Protecting Investors	128	--	128	124
7. Paying Taxes	131	+12	143	136
8. Trading across borders	42	+11	53	56
9. Enforcing contracts	114	-3	111	109
10. Resolving Insolvency	100	+65	165	166

TOP 10 MOST IMPROVED IN TERMS OF (2014)

	ECONOMY	2013	2014	CHANGE
1	Philippines	138	108	30
2	Ukraine	137	112	25
3	Rwanda	52	32	20
4	Brunei Darussalam	79	59	20
5	Russian Federation	112	92	20
6	Burundi	159	140	19
7	Guatemala	93	79	14
8	Brazil	130	116	14
9	Iraq	165	151	14
10	Kosovo	98	86	12

JULY 2012
NCC crafts Gameplan for Competitive -ness
1

DECEMBER 2012
Videoconferences with IFC Washington
3

JANUARY 2013
Meeting with PH Embassy in Washington
5

MARCH 2013
Target validation workshops
6

MAY 2013
President Aquino signs Administrative Order No. 38 creating an inter-agency Ease of Doing Business Task Force
8

JULY 2013 OCTOBER 2013
Task Force convenes
10

SEPTEMBER 2012
Economic Development Cluster approves Gameplan
2

APPROVED

DECEMBER 2012 FEBRUARY 2013
Public-Private Dialogues
4

MAY 2013
Work teams commit to implement targets at Ease of Doing Business Summit
7

JUNE 2013
Submitted reform inventory to IFC
9

OCTOBER 2013
Release of 2014 Doing Business Report
11

TIMELINE

Lessons Learned

TRANSPARENCY LEADS TO COMPETITIVENESS

Governance Matters

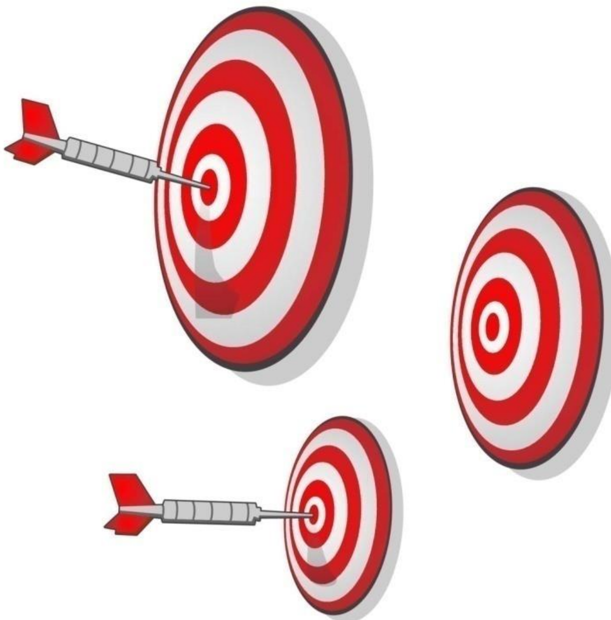
is not good enough

Execution and Delivery

Teamwork is required

NO MORE SILOS

on multiple fronts



NO SINGLE VARIABLE

THE

COMPETITION

NEVER

SLEEPS

THE BAR ALWAYS RISES

We move up a weight class and meet larger, stronger competition

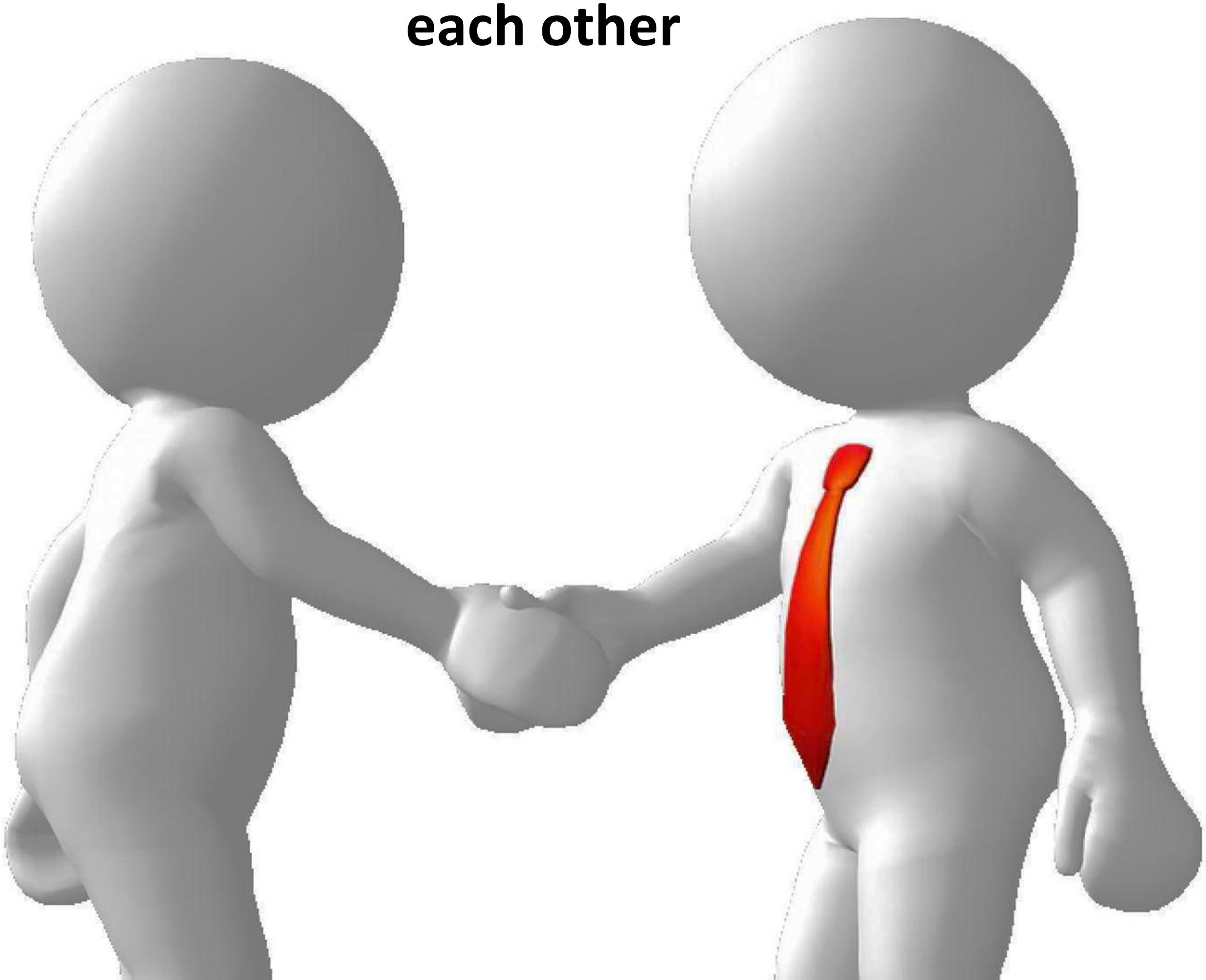
SPEED-TO-REFORM SHOULD BE OUR NEW MANTRA

MAINTAIN MOMENTUM

EMBED AND INSTITUTIONALIZE CHANGE

PUBLIC – PRIVATE COLLABORATION IS IMPORTANT AND EFFECTIVE.

We learn from each other



- Where have we succeeded ?

GOVERNANCE

- Where have we fallen behind ?

BUREAUCRACY

- How do we move forward ?

ON TIME EXECUTION

- How do we build a Culture of Competitiveness ?

STATE OF MIND

NATIONAL COMPETITIVENESS COUNCIL | PHILIPPINES

THANK YOU!

admin@competitive.org.ph

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