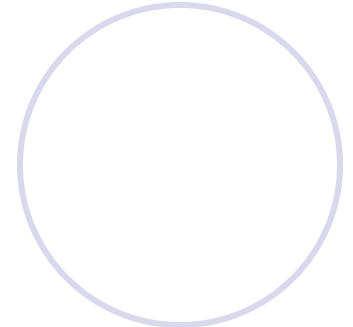
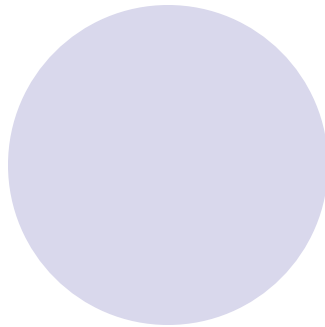
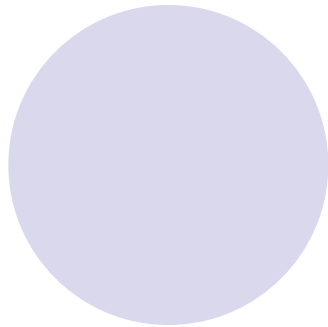




Growth & Investment Climate

Working Group's Report to Plenary



PHILIPPINES DEVELOPMENT FORUM

March 7-8, 2005, Marco Polo Hotel, Davao City

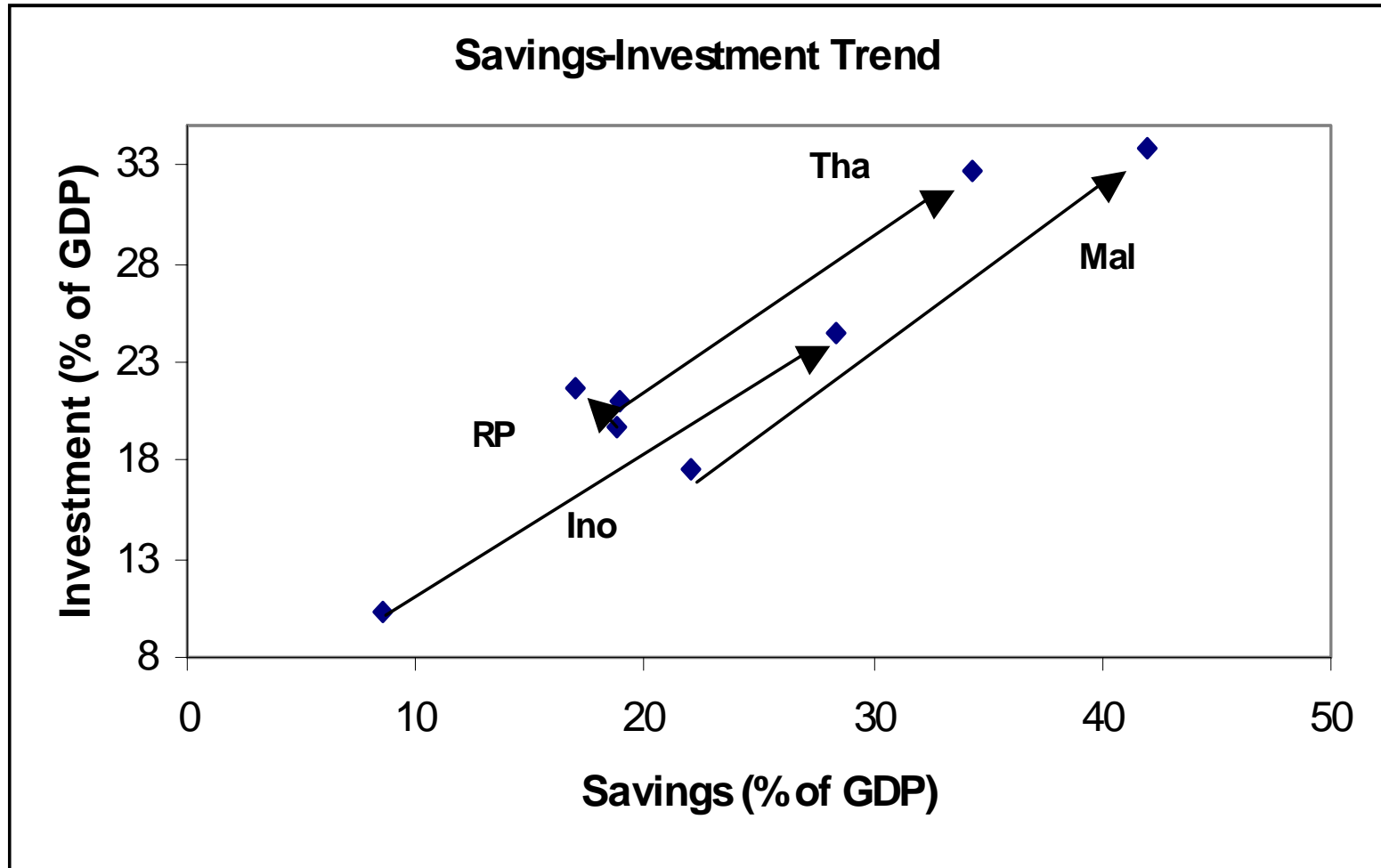
Working Group Composition

- Co-chairs: DTI & NEDA
- Other govt: DA, DoF
- Resources: IFC, Japan Embassy
- Private sector: JFC
- Other devt partners: Commercial attaches, IFIs, trade & professional associations

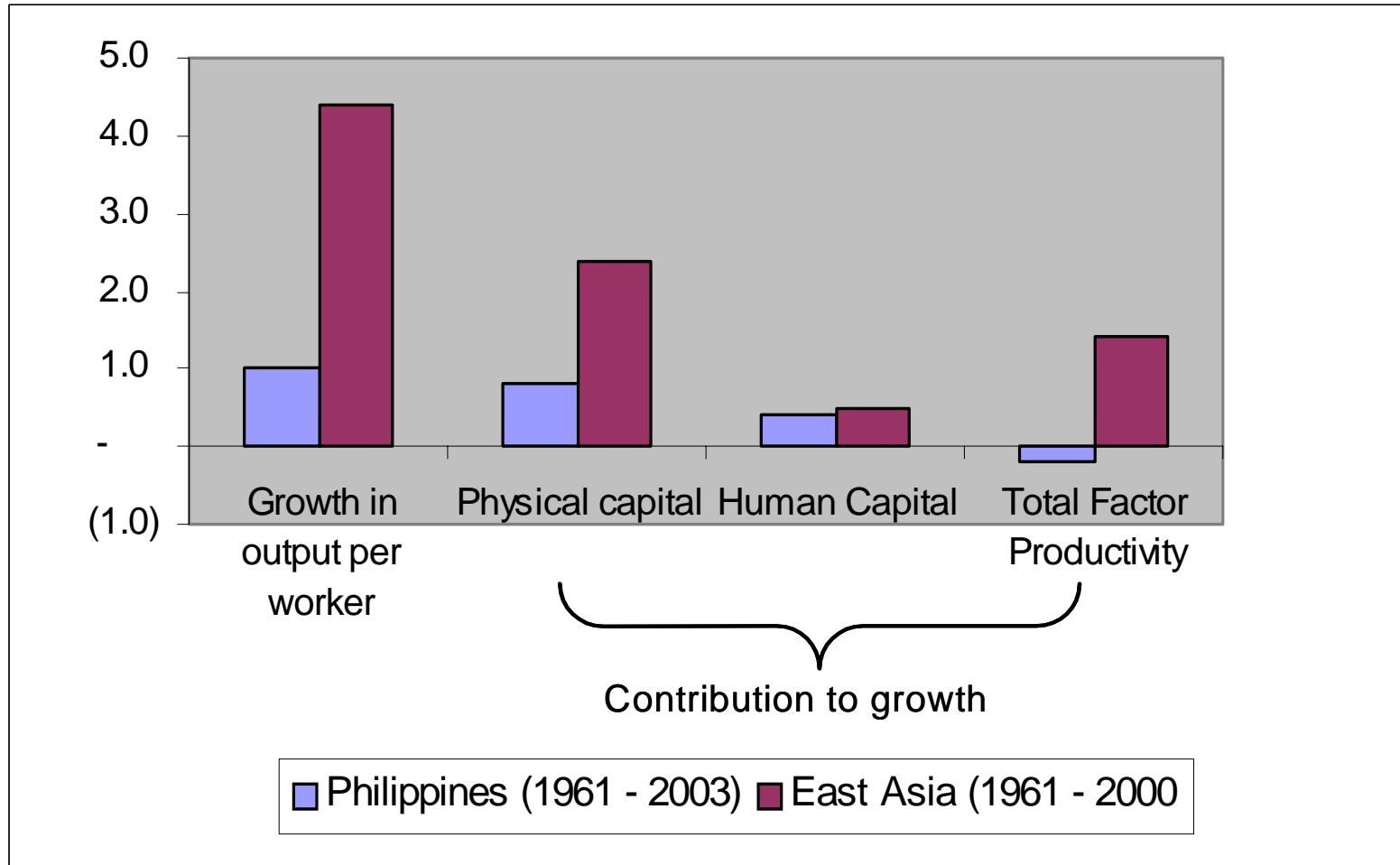
Why Investment Climate Matters

- Private sector is 86% of GDP
- Private sector is the job creator
 - Reduces poverty
 - Raises living standards
 - Spurs social development
 - What works for big business works for SMEs
- NG & LG face budget constraints
- Capital has choices

Room for improvement



Productivity





Constraints to be Addressed

- Corruption
- Govt Inconsistency (policy & contracts)
- Peace & Order
- Bureaucracy
- Infrastructure
- Financial Sector

Government's Progress

- Revenue Integrity Program (Lifestyle checks)
- Addressing fairness in existing BOTs
- Amending BOT IRRs
- Peace process
- Streamlining of business approvals, DTI increasing time-bound approvals, other agencies similarly adopting
- Created PIC to jump-start key infrastructure projects
- Capital Markets Devt Council, Fixed Income Exchange, Credit Bureau, etc.

Other Sectors



- Human capital
 - Literacy & basic education
 - Immediate focus on English → Call centers / IT
- Natural resources
 - Agriculture
 - Mining
- FX-earning sectors
 - Electronics / semicon
 - ICT
 - Tourism
 - Mining

Specific Actions (1 of 3)

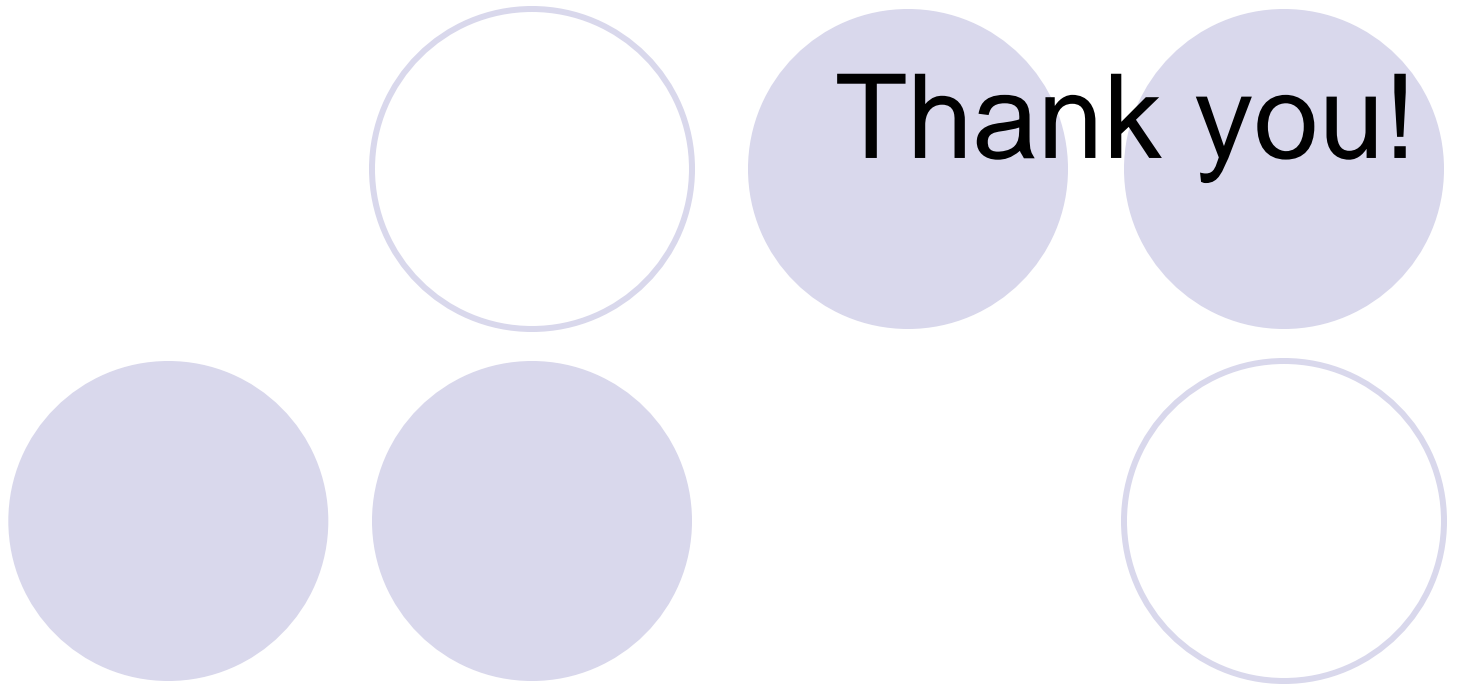
- IFIs to make more use of gtee instruments
- Establish private sector-GoP/DTI partnerships for key investment sectors
- DTI/BOI/NDC/PIC to get moving on 1-2 major projects in next few months (e.g., SLEX)
- DTI/BOI/NDC/PIC to target completion of “critical” projects ASAP

Specific Actions (2 of 3)

- Develop Subic-to-Batangas growth corridor
- GoP accelerate resolution of PIATCO
- Continue judicial reform
 - Institutionalize private sector briefings of courts on investment climate issues (*a la* mining)
- BSP to make Fixed Income Exchange operational by end-2005

Specific Actions (3 of 3)

- BSP to encourage formation of credit bureau
- Improve investment climate for other sectors: human capital, natural resources, FX-earners
 - Agricultural sector has great need & potential
- Monitor progress semi-annually through the Working Group



Thank you!

(And good luck to us all.)