

A push for inclusive growth through attracting more investments

Development Policy Support Program for Investment Climate (DPSP-IC)

Only from the alliance of the one, working with and through the another, are great things born – Antoine de Saint-Exupery, writer and poet

It is a common sight to see young men and women lining up for their shuttle buses on their way to work in economic zones in the provinces outside Metro Manila. These young men and women could either be a high school graduate or a college drop-out, but they are able to secure a job in manufacturing facilities often operated by foreign investors in these so-called investment zones.

Local and foreign investments have been driving up job opportunities for highly skilled, young graduates or undergraduates in the Philippines. Yet, it is easy to imagine how much more jobs could be generated if certain bottlenecks in certain investment policy areas are ironed out.

"Our initiative is meant to initiate policy dialogues with different concerned government agencies in the Philippines to identify the bottlenecks that affect investments. Together, we are coming up with policy actions to address these barriers," said Mr. Toru Yoshida, Representative and Chief of the Economic Growth Section of the Japan International Cooperation Agency (JICA) in the Philippines.

In a report made by the Asian Development Bank (ADB) "Improving Business Climate in the Philippines," it showed that the Philippines' dismal growth for the past decade can be attributed to its poor investment climate. The report said that Philippine economic development has been constrained by macroeconomic instability, stalled policy reforms, and poor infrastructure. A confluence of these factors failed to create economic activities that could have spilled over to jobs opportunities, quality business environment, and competitive economy.

The Philippine government, through the Philippine Development Plan (PDP), has recognized that there has never been a greater opportunity than today to address all these barriers to achieve inclusive growth.

The Joint Foreign Chambers in the Philippines in their Arangkada Philippines 2010 has also echoed similar desire towards building a more competitive economy for the Philippines and creating jobs.

Government agencies together with JICA and ADB are addressing policy issues on investment climate through DPSP-IC

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This also explains the hopeful position of an improved business climate for the Philippines by international agencies like the JICA and ADB. From 2007 to 2009, both agencies provided loan assistance to the Philippine government to address its fiscal imbalance, investment climate, and other social assistance issues through the Development Policy Support Program 1-3 or DPSP.

In 2011, JICA, ADB plus 11 Philippine government agencies are taking the DPSP to a higher level.

"We believe that we can increase investment opportunities in the Philippines and we are stepping up the program to initiate policy dialogues on areas that could boost competitiveness," said Yoshida.

JICA and ADB officials have been meeting with the different government agencies composed of the Department of Finance (DOF), Department of Budget and Management (DBM), Bureau of Internal Revenue (BIR), Bureau of Customs (BOC), Department of Trade and Industry (DTI), Board of Investments (BOI), Department of Transportation and Communications (DOTC), Department of Justice (DOJ), Energy Regulatory Commission (ERC), Department of Energy (DOE), and the National Economic Development Authority (NEDA).

The synergy of these different government agencies is also driving the program's focused scope.

"This group interface is critical in achieving the policy actions we want," according to Yoshida. The many investment hurdles – tax refund facilitation for Japanese business under the Japan Philippines Economic Partnership Agreement (JPEPA), harmonized customs procedures and vehicle regulations and registrations, need for comprehensive competition policy, implementation of the Philippine Investment Promotion Plan, Public-Private Partnership infrastructure development, reasonable electricity, and logistics facilitation – are some of the target policy areas of the program.

Under the DPSP, the ambition, drive, and collaboration are blending together to possibly make the Philippine investment climate better. And with this program, as significant investments are created, we can already see many more young men and women equipped with jobs, confident of their future.

