



NATIONAL
COMPETITIVENESS
COUNCIL | PHILIPPINES

GAMEPLAN FOR COMPETITIVENESS

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2013 OVERVIEW

PHILIPPINES

Ease of doing business (rank)	138	East Asia & Pacific		GNI per capita (US\$)	2,210
		Lower middle income		Population (m)	94.9
Starting a business (rank)	161	Registering property (rank)	122	Trading across borders (rank)	53
Procedures (number)	16	Procedures (number)	8	Documents to export (number)	7
Time (days)	36	Time (days)	39	Time to export (days)	15
Cost (% of income per capita)	18.1	Cost (% of property value)	4.8	Cost to export (US\$ per container)	585
Minimum capital (% of income per capita)	4.8			Documents to import (number)	8
		Getting credit (rank)	129	Time to import (days)	14
Dealing with construction permits (rank)	100	Strength of legal rights index (0-10)	4	Cost to import (US\$ per container)	660
Procedures (number)	29	Depth of credit information index (0-6)	3		
Time (days)	84	Public registry coverage (% of adults)	0.0	Enforcing contracts (rank)	111
Cost (% of income per capita)	103.0	Private bureau coverage (% of adults)	9.0	Procedures (number)	37
				Time (days)	842
Getting electricity (rank)	57	Protecting investors (rank)	128	Cost (% of claim)	26.0
Procedures (number)	5	Extent of disclosure index (0-10)	2		
Time (days)	50	Extent of director liability index (0-10)	3	Resolving insolvency (rank)	165
Cost (% of income per capita)	833.3	Ease of shareholder suits index (0-10)	8	Time (years)	5.7
		Strength of investor protection index (0-10)	4.3	Cost (% of estate)	38
				Recovery rate (cents on the dollar)	4.9
		Paying taxes (rank)	143		
		Payments (number per year)	47		
		Time (hours per year)	193		
		Total tax rate (% of profit)	46.6		

EASE OF DOING BUSINESS REPORT

Philippines vs ASEAN

COUNTRIES	2013 (185 economies)	2012 (183 economies)	2011 (183 economies)	2010 (183 economies)	2009 (181 economies)
SINGAPORE	1	1	1	1	1
THAILAND	18	17	16	12	13
MALAYSIA	12	18	23	23	20
VIETNAM	99	98	90	93	92
BRUNEI DARUSSALAM	79	83	86	96	88
INDONESIA	128	129	126	122	129
PHILIPPINES	138	136	134	144	140
CAMBODIA	133	138	138	145	135
LAOS	163	165	163	167	-----

EASE OF DOING BUSINESS REPORT

2009 – 2013 PHILIPPINE GLOBAL RANKING

Indicators	2013 (185 economies)	2012 (183 economies)	2011 (183 economies)	2010 (183 economies)	2009 (181 economies)
Over-all ranking	138	136	134	144	140
Starting a business	161	158	155	162	155
Dealing w/ construction permits	100	102	98	111	105
Getting electricity	57	54	57	-	-
Employing Workers		-	-	115	126
Registering Property	122	117	109	102	97
Getting Credit	129	126	116	127	123
Protecting Investors	128	133	131	132	126
Paying Taxes	143	136	127	135	129
Trading across borders	53	51	54	68	58
Enforcing contracts	111	112	114	118	114
Resolving Insolvency	165	163	161	153	151

ASSUMPTIONS FOR GAMEPLAN:

- Starting point is No. 136 in September 2012 (as reported in DB Report 2012)
 - Movement for other countries not known
 - Reforms must be completed by 1 July 2013 to qualify for DB Report 2014
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Summary - 2012

Indicator	Indicator Rank (2012/13)	Target Indicator Ranking (2013/14)	Indicator Ranking Variance	New World Ranking , single variable (basis: 136)	World Ranking Variance
Starting A Business	158	24	+134	119	+17
Dealing with Construction Permits	102	23	+79	128	+8
Getting Electricity	54	30	+24	133	+3
Registering Property	117	23	+94	126	+10
Getting Credit	126	8	+118	117	+19
Protecting Investors	133	5	+128	113	+23
Paying Taxes	136	73	+63	132	+4
Trading Across Borders	51	3	+48	129	+7
Enforcing Contracts	112	26	+86	128	+8
Resolving Insolvency	163	52	+111	118	+18

2012 Ease of Doing Business Ranking

WORLD RANKING OF ASEAN COUNTRIES PER INDICATOR - 2012

Country		Starting a Business	Dealing w/ Construction Permits	Getting Electricity	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Resolving Insolvency
Singapore	1	4	3	5	14	8	2	4	1	12	2
Thailand	17	78	14	9	28	67	13	100	17	24	51
Malaysia	18	50	113	59	59	1	4	41	29	31	47
Brunei	83	136	83	28	107	126	122	20	35	151	44
Vietnam	98	103	67	135	47	24	166	151	68	30	142
Indonesia	129	155	71	161	99	126	46	131	39	156	146
Philippines	136	158	102	54	117	126	133	136	51	112	163
Cambodia	138	171	149	130	110	98	79	54	120	142	149
Laos	165	89	80	138	72	166	182	123	168	110	183

EFFECTS OF REFORMS ON SPECIFIC INDICATORS AND WORLD RANKING,

Base = 2012 Report

Starting A Business

ASEAN Countries	World Ranking	# of Procedures	Time (days)	Cost (% per capita)	Paid-in Min. Capital	Ease of starting a business
Singapore	4	3	3	0.7	-	0.02
Malaysia *	50	4	6	16.4	0.0	0.31
Thailand	78	5	29	6.2	0.0	0.41
Laos	89	7	93	7.6	-	0.45
Vietnam	103	9	44	10.6	-	0.49
Brunei Darussalam	136	15	101	11.8	-	0.60
Indonesia	155	8	45	17.9	46.6	0.72
Philippines	158	15	35	19.1	5.2	0.73
Cambodia	171	9	85	109.7	31.3	0.83

Score Simulation per Indicator

Starting a Business	2012/13 Report	2013/14 Report	Movement/ Change in rank
Number of Days	35	6	-29 days
Number of Steps	15	4	-11 steps
Min Paid In Capital	5.2	0	
Effect in indicator ranking	158	24	↑ 134
Effect in world ranking	136	119	↑ 17

Recommendation	Agency
<ul style="list-style-type: none"> • Reduce number of days • Reduce number of steps • Implement Online Business Registration • Consider removing Min. Paid in Capital 	SEC, QC, SSS, PBR, BIR, Philhealth, Pag-ibig SEC/Congress

Dealing With Construction Permits

ASEAN Countries	World Ranking	Procedures (number)	Time (days)	Cost (% of income per capita)	dealing with licenses (percentile)
Singapore	3	11	26	18.1	0.10
Thailand *	14	8	157	9.5	0.18
Vietnam	67	10	200	109.0	0.44
Indonesia	71	13	158	105.3	0.44
Laos	80	23	108	52.4	0.47
Brunei Darussalam	83	31	163	4.2	0.48
Philippines	102	30	85	110.5	0.53
Malaysia	113	22	260	7.1	0.56
Cambodia	149	21	652	40.6	0.69

Score Simulation per Indicator

Dealing with Construction Permits	2012/13 Report	2013/14 Report	Movement/ Change in rank
Number of Days	85	85	same
Number of Steps	30	8	-22 steps
Effect in indicator ranking	102	23	↑ 79
Effect in world ranking	136	128	↑ 8

Recommendation	Agency
Reduce the number of Steps Note: Biggest factor is cost	QC , BFP, Registry of Deeds, Maynilad, Telephone Co.

Getting Electricity

ASEAN Countries	World Ranking	Procedures (number)	Time (days)	Cost (% of income per capita)	getting electricity (percentile)
Singapore	5	4	36	31.1	0.07
Thailand *	9	4	35	77.6	0.10
Malaysia	59	6	51	95.5	0.36
Brunei Darussalam	28	5	56	42.9	0.22
Vietnam	135	5	142	1,343.0	0.59
Indonesia	161	7	108	1,379.0	0.71
Philippines	54	5	50	762.0	0.35
Cambodia	130	4	183	3,062.5	0.59
Laos	138	5	134	2,381.6	0.61

Score Simulation per Indicator

Getting Electricity	2012/13 Report	2013/14 Report	Movement/ Change in rank
Number of Steps	5	4	1
Number of Days	50	35	15
Effect in indicator ranking	54	30	↑ 24
Effect in world ranking	136	133	↑ 3

Recommendation	Agency
<ul style="list-style-type: none"> Reduce number of steps Reduce number days 	QC, Meralco

Registering Property

ASEAN Countries	World Ranking	Procedures (number)	Time (days)	Cost (% of property value)	registering property (percentile)
Singapore*	14	3	5	2.8	0.13
Thailand	28	2	2	6.3	0.22
Vietnam	47	4	57	0.6	0.30
Malaysia	59	5	48	3.3	0.41
Laos	72	5	98	1.1	0.44
Indonesia	99	6	22	10.8	0.53
Brunei Darussalam	107	7	298	0.6	0.57
Cambodia	110	7	56	4.3	0.57
Philippines	117	8	39	4.8	0.58

Score Simulation per Indicator

Registering Property	2012/13 Report	2013/14 Report	Movement/ Change in rank
Number of Days	39	5	34
Number of Steps	8	3	5
Effect in indicator ranking	117	23	↑ 94
Effect in world ranking	136	126	↑ 10

Recommendation	Agency
Reduce Number of Days Reduce number of Steps	QC, LRA, BIR (Cert. authorizing registration),

Getting Credit

ASEAN Countries	World Ranking	Credit Information Index	Legal Rights Index	Sum getting credit	getting credit (percentile)
Malaysia*	1	6	10	16	0.01
Singapore	8	4	10	14	0.12
Vietnam	24	5	8	13	0.21
Thailand	67	5	5	10	0.42
Cambodia	98	-	8	8	0.68
Brunei Darussalam	126	-	7	7	0.81
Indonesia	126	4	3	7	0.81
Philippines	126	3	4	7	0.81
Laos	166	-	4	4	0.95

Score Simulation per Indicator

Getting Credit	2012/13 Report	2013/14 Report	Movement/ Change in rank
Credit Information Index (0-6)	3	6	+ 3
Legal rights index (0-10)	4	8	+ 4
Effect in indicator ranking	126	8	↑ 118
Effect in world ranking	136	117	↑ 19

Recommendation	Agency
<p>Credit Information Index</p> <ul style="list-style-type: none"> Set up a mechanism that will improve access to credit information 	CIC,
<p>Legal Rights Index</p> <ul style="list-style-type: none"> Review laws on protecting legal rights of creditors 	Supreme Court, Congress

Detailed Indices for further study

****Credit Information Index**

Firms & individual data distributed?(YES)

Positive & negative data distributed?(NO)

Registry distribute credit information from retailers, etc? (NO)

More than 2 years of credit info distributed? (YES)

Data on loans below 1% of income per capita distributed? (YES)

Law guarantees borrowers to inspect data in registry?(NO)

****Legal Rights Index**

Can any business use movable assets as collateral? (YES)

Does the law allow businesses to grant a non possessory security right? (NO)

Does the law allow businesses to grant a non possessory security right in all of its assets? (NO)

May security rights extend to future or after-acquired assets? (No)

Is a general description of debts and obligations permitted in collateral agreements? (NO)

Collateral registry in operation (NO)

Secured creditors paid first outside insolvency procedure (Yes)

Secured creditors are paid first when a business is liquidated. (NO)

Secured creditors not subject to automatic stay/moratorium on enforcement procedures. (YES)

Law allows parties to agree in collateral agreement. (YES)

Protecting Investors

ASEAN Countries	World Ranking	Disclosure Index	Director Liability Index	Shareholder Suits Index	Investor Protection Index	protecting investors (percentile)
Singapore	2	10	9	9	9.33	0.01
Malaysia	4	10	9	7	8.67	0.02
Thailand *	13	10	7	6	7.67	0.08
Indonesia	46	10	5	3	6.00	0.35
Cambodia	79	5	9	2	5.33	0.52
Brunei Darussalam	122	3	2	8	4.33	0.72
Philippines	133	2	2	8	4.00	0.80
Vietnam	166	6	1	2	3.00	0.95
Laos	182	2	1	2	1.67	1.00

Score Simulation per Indicator

Protecting Investors	2012/13 Report	2013/14 Report	Movement/ Change in rank
Extent of Disclosure Index (0-10)	2	10	+8
Extent of Director Liability (0-10)	2	7	+5
Shareholder suits index (0-10)	8	8	same
Effect in indicator ranking	133	5	↑ 128
Effect in world ranking	136	113	↑ 23

Recommendation	Agency
<ul style="list-style-type: none"> Review the Corporate Code of the Philippines (particularly on the above indices) 	SEC, Congress

Detailed Indices for further Study

***Extent of Disclosure:

- **Corporate body providing approval for transactions (0-3)**
- **Disclosure of conflict of interest required? (0-2)**
- **Immediate disclosure of the transaction to the public/shareholders (0-2)**
- Disclosure of the transaction in public periodic filings (2-2)
- **External body to review transactions(0-1)**

**Director Liability

- Shareholders can sue directly or derivatively (1-1)
- **Shareholders can hold Mr. James liable for the damage (0-2)**
- **Court can void transaction upon claim by a shareholder plaintiff (0-2)**
- Mr. James pay damage upon claim by the shareholder plaintiff (1-1)
- **Mr. James repays profits upon claim by the shareholder plaintiff (0-1)**
- **Fines and imprisonment can be applied against Mr. James (0-1)**

**Shareholder Suits

- Shareholders can inspect transaction documents before filing suit (1-1)
- Shareholders can request an inspector to investigate the transaction (1-2)
- Plaintiff can obtain any documents from the defendant and witness during trial (3-3)
- **Plaintiff can request categories of documents from the defendant without identifying specific ones. (0-1)**
- Plaintiff can directly question the defendant and witness during trial (2-2)
- Level of proof required for civil suits is lower than that of criminal cases (1-1)

Paying Taxes

ASEAN Countries	World Ranking	Payments (number)	Time (hours)	Total tax rate (% profit)	Total Tax rate (% of profit) threshold applied	Ease of paying taxes (percentile)
Singapore	4	5	84	27.1	32.5	0.04
Brunei Darussalam *	20	27	96	16.8	32.5	0.20
Malaysia	41	13	133	34.0	34.0	0.27
Cambodia	54	39	173	22.5	32.5	0.35
Thailand	100	23	264	37.5	37.5	0.51
Laos	123	34	362	33.3	33.3	0.59
Indonesia	131	51	266	34.5	34.5	0.62
Philippines	136	47	195	46.5	46.5	0.65
Vietnam	151	32	941	40.1	40.1	0.70

Score Simulation per Indicator

Paying Taxes	2012/13 Report	2013/14 Report	Movement/ Change in rank
Time (no. of hours / year)	195	96	- 99
Number of Payments	47	27	- 20
Effect in indicator ranking	136	73	↑ 63
Effect in world ranking	136	132	↑ 4

Recommendation	Agency
Reduce time to 96 hours Reduce number of payments/procedures to 27 Note : largest effect comes from reducing the overall tax rate	BIR

Trading Across Borders

ASEAN Countries	World Ranking	Documents for export (number)	Time for export (days)	Cost to export (US\$ per container)	Documents for import (number)	Time for import (days)	Cost to import (US\$ per container)	trading across borders (percentile)
Singapore*	1	4	5	456	4	4	439	0.01
Thailand	17	5	14	625	5	13	750	0.16
Malaysia	29	6	17	450	7	14	435	0.23
Brunei Darussalam	35	6	19	680	6	15	745	0.26
Indonesia	39	4	17	644	7	27	660	0.27
Philippines	51	7	15	630	8	14	730	0.31
Vietnam	68	6	22	580	8	21	670	0.34
Cambodia	120	9	22	732	10	26	872	0.56
Laos	168	9	44	1,880	10	46	2,035	0.85

Score Simulation per Indicator

Trading Across Borders	2012/13 Report	2013/14 Report	Movement/ Change in rank
Documents to export (number)	7	4	3
Time to Export (days)	15	5	10
Documents to Import (number)	8	4	4
Time to Import (days)	14	4	10
Effect in indicator ranking	51	3	↑ 48
Effect in world ranking	136	129	↑ 7

Recommendation	Agency
Streamlining of procedures	BOC, NSW

Enforcing Contracts

ASEAN Countries	World Ranking	Procedures (number)	Time (days)	Cost (% of debt)	enforcing contracts (percentile)
Singapore	12	21	150	25.8	0.14
Thailand	24	36	479	12.3	0.25
Vietnam *	30	34	295	28.5	0.29
Malaysia	31	29	425	27.5	0.29
Laos	110	42	443	31.6	0.56
Philippines	112	37	842	26.0	0.56
Cambodia	142	44	401	103.4	0.66
Brunei Darussalam	151	47	540	36.6	0.70
Indonesia	156	40	570	122.7	0.71

Score Simulation per Indicator

Enforcing Contracts	2012/13 Report	2013/14 Report	Movement/ Change in rank
Procedures (number)	37	34	3
Time (Days)	842	295	547
Effect in indicator ranking	112	26	↑ 86
Effect in world ranking	136	128	↑ 8

Recommendation	Agency
<ul style="list-style-type: none"> • Reduce procedures • Reduce days / length of cases • Note: largest impact will come from reduced costs of litigation 	Supreme Court , DOJ

Resolving Insolvency

ASEAN Countries	World Ranking	Time (years)	Cost (% of estate)	Recovery rate (cents on the dollar)	Ease of closing a business (percentile)
Singapore	2	0.8	1	91.3	0.01
Thailand *	51	2.7	36	43.3	0.28
Malaysia	47	1.5	15	44.6	0.25
Brunei Darussalam	44	2.5	4	47.2	0.24
Vietnam	142	5.0	15	16.5	0.78
Indonesia	146	5.5	18	13.8	0.80
Philippines	163	5.7	38	4.7	0.89
Cambodia	149	6.0	15	12.6	0.81
Laos	183	No practice	No practice	-	1.00

Score Simulation per Indicator

Resolving Insolvency	2012/13 report	2013/14 report	Movement/ Change in rank
Time (years)	5.7	2.7	3
Cost (% of estate)	38	36	2
Recovery Rate (cents per \$)	4.7	43.3	38.6
Effect in indicator ranking	163	52	↑ 111
Effect in world ranking	136	118	↑ 18

Recommendation	Agency
FRIA (IRR)	Supreme Court

“Low Hanging’ Fruit Indicators

Indicator (*) big impact indicators	Indicator Rank (2012/13)	Target Indicator Ranking (2013/14)	Indicator Ranking Variance	New World Ranking , single variable (basis: 136)	World Ranking Variance
Starting A Business*	158	150	+8	133	+3
Dealing with Construction Permits	102	88	+14	133	+3
Registering Property	117	96	+21	133	+3
Getting Credit*	126	78	+48	128	+8
Protecting Investors*	133	46	+87	124	+12
Paying Taxes	136	-----	-----	-----	-----
Resolving Insolvency*	163	-----	-----	-----	-----

Note: target ranking for paying taxes and resolving insolvency can't be computed since no quantitative data is provided by concerned agencies.

“Low Hanging’ Fruit scenario

2012/13 Report	2013/14 Report	Change in World Rank
136	109	+ 27

NOTE: If all recommendations and reforms are completed at a moderate level (i.e. not based on ASEAN benchmarks)on Starting a Business, Dealing with Construction Permits, Registering Property, Getting Credit, Protecting Investors, Paying Taxes and Resolving Insolvency by July 1. 2013.

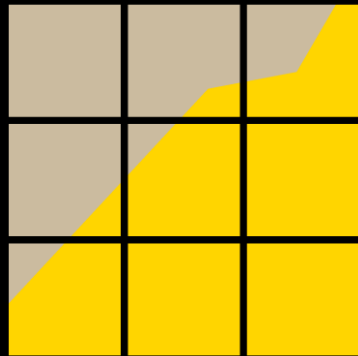
Big Impact Indicators

Indicator	Indicator Rank (2012/13)	Target Indicator Ranking (2013/14)	Indicator Ranking Variance	New World Ranking , single variable (basis: 136)	World Ranking Variance
Starting A Business*	158	24	+134	119	+17
Dealing with Construction Permits	102	23	+79	128	+8
Getting Electricity	54	30	+24	133	+3
Registering Property	117	23	+94	126	+10
Getting Credit*	126	8	+118	117	+19
Protecting Investors*	133	5	+128	113	+23
Paying Taxes	136	73	+63	132	+4
Trading Across Borders	51	3	+48	129	+7
Enforcing Contracts	112	26	+86	128	+8
Resolving Insolvency*	163	52	+111	118	+18

“Stretch Target” Scenario : Effects of 4 Big Impact Indicators

2012/13 Report	2013/14 Report	Change in World Rank
136	40	+ 96

NOTE: If all recommendations and reforms are completed on the 4 identified Big Impact indicators by 1 July 2013



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