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PRESS RELEASE

Philippines Climbs 13 Notches in *Doing Business* Report

The National Competitiveness Council is pleased to report that the Philippines has climbed 13 notches from No. 108 to No. 95 of 189 economies in the 2015 World Bank - International Finance Corporation *Doing Business* Report. The country has gained 53 spots in the *Doing Business* report since 2011, the largest gain in the region.

On its 12th edition, the annual report measures the ease with which a business undertakes ten processes in its typical lifecycle given existing regulations in an economy: Starting a Business, Dealing with Construction Permits, Getting Electricity, Registering Property, Getting Credit, Protecting Minority Investors, Trading across Borders, Enforcing Contracts, and Resolving Insolvency. The performance of a country in the report is often regarded by governments and investors worldwide as an indicator of how conducive an economy is for business.

The Philippines now ranks No. 5 of ten in ASEAN, ahead of Brunei Darussalam (No. 101), Indonesia (No. 114), Cambodia (No. 135), Lao PDR (No. 148) and Myanmar (No. 177), and behind Singapore (No. 1), Malaysia (No. 18), Thailand (No. 26), and Vietnam (No. 78).

At the indicator level, the Philippines drew an even hand of gains and drops. It has moved up in Resolving Insolvency (up 50, from No. 100 to No. 50), Getting Electricity (up 17, from No. 33 to No. 16), Registering Property (up 13, from No. 121 to No. 108), Starting a Business (up 9, from No. 170 to No. 161), and Paying Taxes (up 4, from No. 131 to 127). Declines, on the other hand, were seen in Protecting Minority Investors (down 26, from No. 128 to No. 154), Dealing with Construction Permits (down 25, from No. 99 to No. 124), Trading across Borders (down 23, from No. 42 to No. 65), Getting Credit (down 18, from No. 86 to No. 104), and Enforcing Contracts (down 10, from No. 114 to No. 124).

While gains were mostly associated with efficiency-related measures such as fewer procedures, shorter time periods, and lower costs as reported, quality-related measures will come to play an increasingly important role in succeeding reports as these are introduced or expanded in specific indicators. The country dropped ranking and scores in some indicators with the introduction of new criteria.

“Though we are pleased with the results, this year’s report points to certain indicators and sectors which need improvements and more reforms in the next year. The results also show that our task force can be an effective group for driving change and improvements,” stated Guillermo Luz, private sector chairman of the NCC.

“We are also convinced that if new criteria are communicated earlier to us, we will be able to address those issues early and prevent downgrades in some indicators,” added Luz.

Aside from these changes, *Doing Business 2015* also featured a new measure called the “distance to frontier” (DTF) score, which shows how far an economy is to the best available standard in absolute terms. The DTF score ranges from 0 (worst performance) to 100 (frontier or perfect performance).

With a DTF score of 62.08, the Philippines already finds itself well within the range of other competitive economies like China (No. 90, DTF score 62.58). Still, it has much ground to cover if it aims to be at par with the most business-friendly economies in the world.

It is worth noting that the report has already started to measure two cities for 11 large economies with a population of more than 100 million. While the Philippines has not yet qualified for the addition of another city besides Quezon City, this calls for a closer examination of how business practices are applied across cities and municipalities nationwide.

As the inter-agency Task Force on Ease of Doing Business designs its next Gameplan for Competitiveness to initiate, implement, and monitor ease of doing business reforms, we should look beyond cutting down steps and days and focus on “removing administrative barriers and strengthening laws that promote entrepreneurship and creativity”. These improvements in the efficiency and quality of business regulations will lay the foundations for “an enabling atmosphere” that “can enhance living standards and promote growth and shared prosperity”.

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