



## PHILIPPINES – UNITED STATES PARTNERSHIP FOR GROWTH SCORECARD



In November 2011, the Governments of the Philippines and the United States agreed to a Partnership for Growth to address the binding constraints to inclusive and sustainable economic growth in the Philippines. The country is one of just four countries worldwide invited to participate in the Partnership, and the only one in Asia. The Philippines' real GDP growth averaged 5.9 percent during 2011-2015, within the top decile globally, and second only to China in East Asia and the Pacific. From 2010-2015, the country's World Economic Forum Competitiveness ranking rose by 38 places. Its ranking in Transparency International's Corruption Perceptions Index improved 39 places. In 2013 and 2014, three of the world's leading credit-rating agencies upgraded the country's sovereign credit ratings to investment grade. Tax collections rose 74 percent from 2010-2015. *The United States is pleased to contribute to Philippines-led initiatives for inclusive and sustainable economic growth.*

To make the regulatory regime more consistent, transparent and supportive of development goals:

- The Customs Modernization and Tariff Act supports adoption of international standards in trade facilitation.
- The Competition Law outlaws collusion, predatory pricing, and abuse of dominant market position.
- A Department of Energy circular mandates distribution utilities to adopt a competitive selection process. Twelve power distribution utilities in Central Luzon combined their demand to enter into a 1,200 megawatt supply agreement, significantly reducing power costs, and ensuring supply for the coverage area.
- The signing of Protocols 5 and 6 of the ASEAN Open Skies Agreements boosts the Philippines tourism industry by enabling access to 105 million international tourist arrivals to the ASEAN region.
- The Foreign Cargo Co-Loading Act reduces logistics costs and fosters a more efficient import and export system.
- The Right of Way Act simplifies acquisition of right of way to accelerate implementation of public infrastructure projects.
- Streamlining of business permitting in three partner cities reduced registration time from 17-19 days to less than an hour, requiring only 2-4 steps from 27 steps.
- The Strategic Trade Management Act provides a framework, based on international standards, for managing trade of goods and services that can be used as/for weapons of mass destruction, while minimizing disruptions to legitimate trade.

To strengthen the rule of law and combat corruption:

- Quezon City courts reduced case processing time by 60 to 78 percent.
- Automated case management in courts of 10 priority cities raises efficiency and reduces influence peddling.
- Successfully prosecuted cases against high-ranking public officials increased from 42 in 2014 to 106 in 2015.
- Automated case management systems are tracking over 14,000 corruption cases at the Ombudsman's Office and helping generate leads on graft and corruption violations at the Department of Finance and its attached agencies.
- A total of 32 fraud audit reports questioned transactions in 2010-2015 involving over \$231 million.
- The number of errant individuals and corporations penalized for misconduct rose from 11,258 in 2012 to 19,194 in 2015.
- A total of 55 non-performing public corporations were dissolved or reorganized.

To promote better fiscal performance:

- The Tax Incentives Management and Transparency Act allows fiscal monitoring agencies access to data on the amount and value of tax incentives.
- Between 2013 and 2015, collections from value-added tax audits rose by 160 percent, and collections of unpaid obligations rose by 265 percent.
- Improved systems increased electronic filing of tax returns from 1.5 million in 2012 to 10 million in 2015.
- National government programmed expenditures for education, health, and public infrastructure more than doubled, from 5.4 percent of GDP in 2010 to 8.6 percent in 2015.
- A 2012 law restructured the excise tax on alcohol and tobacco, doubling tax collections of this nature from \$1.3 billion in 2012 to \$3 billion in 2015. The law earmarked part of the proceeds for public health programs, tripling those budgets.

To advance human capital development:

- Over one million Grade 1-3 pupils improved their reading skills.
- A total of 69 cities and municipalities strengthened education governance through mobilization of local school boards and school governing councils.
- Higher education institutions improved science and technology research capacity and enhanced linkages with industry to better equip university students with skills to meet industry needs.
- Better quality and access to healthcare was provided through financial risk protection under the Philippine Health Insurance Corporation.

## Statistical Annex

| Indicator  | Year                   |                        |                        |                        |                        |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
|  | 2011                   | 2012                   | 2013                   | 2014                   | 2015                   |
| <b>OVERALL PERFORMANCE</b>   |                        |                        |                        |                        |                        |
| <b>GDP Growth (at constant 2000 prices, %)</b>   | <b>3.7</b>             | <b>6.8</b>             | <b>7.1</b>             | <b>6.2</b>             | <b>5.9</b>             |
| Rationale/Definition: Primary indicator of a country's economic performance. Defined as the value of all goods and services produced domestically; the sum of gross value added of all resident institutional units engaged in production (plus any taxes, and minus any subsidies, on products not included in the values of their outputs).<br>Interpretation: A greater positive number indicates better economic performance.<br>Source: <a href="#">Philippine Statistics Authority – National Accounts of the Philippines</a>  |                        |                        |                        |                        |                        |
| <b>GRDP Growth of Regions Outside Metro Manila (at constant 2000 prices, %)</b>  | <b>3.9</b>             | <b>6.5</b>             | <b>5.9</b>             | <b>6.3</b>             | <b>5.5</b>             |
| Rationale/Definition: Inclusive growth indicator. Gross Regional Domestic Product (GRDP) is the aggregate of gross value added (GVA) of all resident producer units in the region. A greater positive number contributes to more inclusive growth.<br>Source: <a href="#">Philippine Statistics Authority – Regional Accounts of the Philippines</a>   |                        |                        |                        |                        |                        |
| <b>Unemployment Rate (%) – Jan/Apr/Jul/ Oct Average</b>  | <b>7.0</b>             | <b>7.0</b>             | <b>7.1</b>             | <b>6.6</b>             | <b>6.3</b>             |
| Rationale/Definition: Inclusive growth indicator. Persons who are 15 years and over as of their last birthday and are reported as: (1) without work and currently available for work and seeking work; or (2) without work and currently available for work but not seeking work. A reduction in the unemployment rate contributes to more inclusive growth.<br>Source of basic data: <a href="#">Philippine Statistics Authority – Labor and Employment</a>   |                        |                        |                        |                        |                        |
| <b>TRADE AND INVESTMENT REGIME</b>   |                        |                        |                        |                        |                        |
| <b>Growth of Fixed Capital Formation (at constant 2000 prices, %)</b>  | <b>-1.9</b>            | <b>10.8</b>            | <b>11.8</b>            | <b>6.2</b>             | <b>15.2</b>            |
| Rationale/Definition: Investment Indicator. Fixed Capital Formation measures the value of acquisitions of new or existing fixed assets by the business sector, government and households less disposals of fixed assets. A greater positive number indicates faster growth in investment.<br>Source: <a href="#">Philippine Statistics Authority – National Accounts of the Philippines</a>  |                        |                        |                        |                        |                        |
| <b>Value of Exports of Goods and Services (U.S. \$, millions)</b>  | <b>57,155</b>          | <b>66,823</b>          | <b>67,848</b>          | <b>75,322</b>          | <b>71,443</b>          |
| Rationale/Definition: Export Indicator. Exports cover all goods in which ownership has been transferred from Philippine residents to nonresidents through sales, grants, gifts, and donations. Services are the result of a production activity that changes the conditions of the consuming units, or facilitates the exchange of products or financial assets. This account covers 12 services transactions based on the Balance of Payments Manual, 6th edition. A larger value indicates more favorable export performance<br>Source: <a href="#">Bangko Sentral ng Pilipinas – Balance of Payments BPM6 Format, New Concept</a>   |                        |                        |                        |                        |                        |
| <b>World Economic Forum Competitiveness Ranking – Percentile Rank*</b>   | <b>47<br/>(75/142)</b> | <b>55<br/>(65/144)</b> | <b>60<br/>(59/148)</b> | <b>64<br/>(52/144)</b> | <b>66<br/>(47/140)</b> |
| Rationale/Definition: Indicator for competitiveness landscape of economies, providing insight into the drivers of their productivity and prosperity. The Global Competitiveness Index (GCI) is a weighted average of many different components that are grouped into three sub-indexes and 12 pillars of competitiveness: (A) Basic Requirements Sub-index - (1) institutions, (2) infrastructure, (3) macroeconomic environment, and (4) health and primary education; (B) Efficiency Enhancers Sub-index - (5) higher education and training, (6) goods market efficiency, (7) labor market efficiency, (8) financial market development, (9) technological readiness, and (10) market size; and (C) Innovation and Sophistication factors - (11) business sophistication, and (12) innovation. The computation of the GCI is based on successive aggregations of scores from the indicator level (i.e., the most disaggregated level) all the way up to the overall GCI score. Unlike the case for the lower levels of aggregation, the weight put on each of the three sub-indexes. The percentile rank refers to the percentage of countries ranked lower than the Philippines and permits comparison of rankings over time regardless of the number of countries ranked. A greater positive number indicates higher country ranking in competitiveness.<br>Source: <a href="#">WEForum Reports</a> |                        |                        |                        |                        |                        |

| Indicator  | Year        |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|
|  | 2011        | 2012        | 2013        | 2014        | 2015        |
| <b>RULE OF LAW AND ANTI-CORRUPTION</b>   |             |             |             |             |             |
| <b>Rule of Law Index – Percentile Rank*</b>  | <b>35.7</b> | <b>36.5</b> | <b>41.7</b> | <b>43.3</b> | <b>-</b>    |
| <p>Rationale/Definition: An index of perceptions of the extent to which agents have confidence in and abide by the rules of society, including the quality of contract enforcement, property rights, the police, and the courts, and the likelihood of crime and violence. The percentile rank refers to the percentage of countries ranked lower than the Philippines and permits comparison of rankings over time regardless of the number of countries ranked. A greater positive number indicates higher country ranking in rule of law.</p> <p>Source: <a href="#">World Bank Worldwide Governance Indicators</a></p>   |             |             |             |             |             |
| <b>Control of Corruption Index – Percentile Rank*</b>  | <b>26.1</b> | <b>32.5</b> | <b>43.5</b> | <b>39.9</b> | <b>-</b>    |
| <p>Rationale/Definition: An index of perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as “capture” of the state by elites and private interests.</p> <p>The percentile rank refers to the percentage of countries ranked lower than the Philippines and permits comparison of rankings over time regardless of the number of countries ranked. In this case, a lower index score corresponds to a higher percentile rank. A greater positive number indicates higher country ranking in control of corruption.</p> <p>Source: <a href="#">World Bank Worldwide Governance Indicators</a></p> |             |             |             |             |             |
| <b>FISCAL PERFORMANCE</b>  |             |             |             |             |             |
| <b>Revenue Effort (Total Revenue to GDP, %)</b>  | <b>14.0</b> | <b>14.5</b> | <b>14.9</b> | <b>15.1</b> | <b>15.9</b> |
| <p>Rationale/Definition: Revenue administration indicator (includes all tax and nontax revenues). The revenue effort, as measured by the ratio of total revenue to GDP permits assessment of revenue collections in relation to the country’s economic activity. A greater positive number indicates greater revenue collection performance.</p> <p>Source: <a href="#">Bureau of Treasury</a></p>   |             |             |             |             |             |
| <b>National Government Expenditures to GDP (%)</b>   | <b>16.0</b> | <b>16.8</b> | <b>16.3</b> | <b>15.7</b> | <b>16.8</b> |
| <p>Rationale/Definition: Increased revenues are expected to increase public expenditures. This indicator uses national government cash expenditures. The ratio permits assessment of government expenditures in relation to the country’s economic activity. A greater positive number indicates increased public expenditures in relation to overall economic activity.</p> <p>Source: <a href="#">Bureau of Treasury</a></p>   |             |             |             |             |             |

\*The percentile rank refers to the percentage of countries ranked lower than the Philippines.