



# MANUFACTURING SUMMIT 2016

28-29 November  
Makati Shangri-La, Manila



In cooperation with



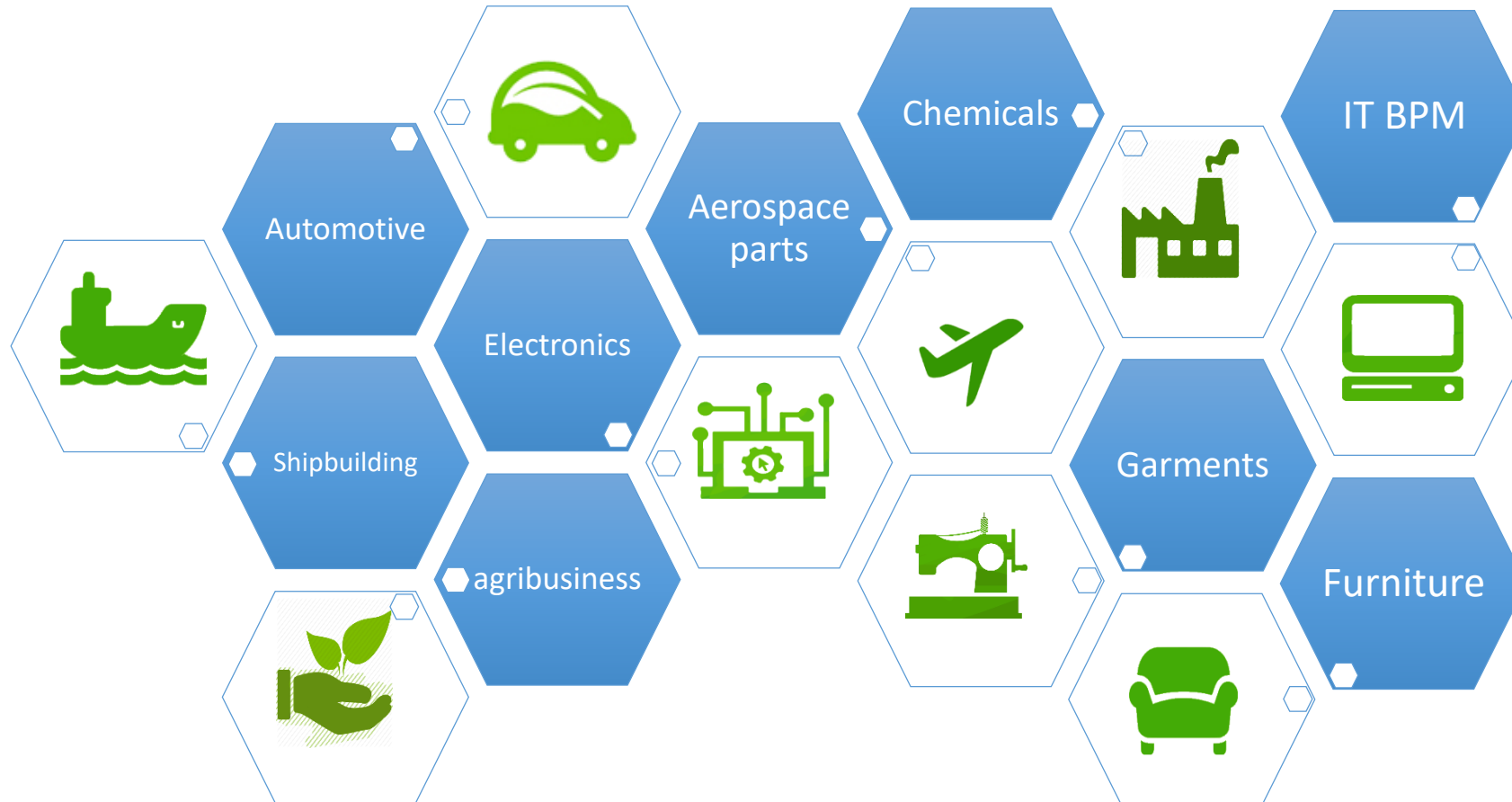
## INCENTIVES AND OTHER FORMS OF GOVERNMENT SUPPORT

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The goal of the New Industrial Policy is to create globally competitive, value adding, and innovative industries that would generate more and productive jobs and reduce poverty towards shared prosperity for all.



# Breakout Session Goal

- For each area, identify the most binding constraints preventing industry growth and recommend policy measures to resolve these constraints that would produce the biggest bang & lead to highly significant improvement in the overall business and investment environment
  - Competitiveness and innovation
  - Labor & HRD
  - Physical infrastructure
  - Ease of doing business
  - MSME Development & inclusive business
  - Incentives & other forms of government support
  - International Trade & FTAs



# Current State of Incentives and Other Forms of Government Support

# Incentives are used to balance the cost of doing business in the country:



- Institutional weaknesses of government agencies (slow and complicated business registration processes)
- Poor infrastructure (high transport cost, high cost of power, limited availability of high bandwidth)
- Unfavorable labor/wage policies
- Too many holidays (including lost working days due to natural disasters/calamities)



# Issues and Challenges

- There are 11 agencies administering around 200 laws/programs providing various fiscal incentives
- Many of the incentives lack economic justification as they did not undergo rigorous study on their costs and benefits
- Redundancy of fiscal incentives, causing revenue losses to the government
- Lack of sunset provisions of incentive programs

- Lack of transparency (procedures, listing of registered firms and corresponding incentives availed of)
- Absence of a roadmap for the reduction/elimination of incentives
- Lack of capacity by different government agencies in managing/aligning incentives





# Recommendations

- Harmonization and standardization of fiscal incentives
- Identification of an institutional mechanism that is empowered to manage the different incentives
- Focus on exporting firms
- Fiscal incentives should be:
  - Performance-based
  - Time-bound
  - Transparent
  - Easy to administer
  - Highly targeted

- Rigorous and efficient implementation of fiscal incentives
- Incorporation of fiscal incentives in the tax code
- Formulation of roadmap for the reduction/elimination of incentives in parallel to a roadmap for the reduction of the cost of doing business



Securing the Future of  
Philippine Industries

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THANK YOU.

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