



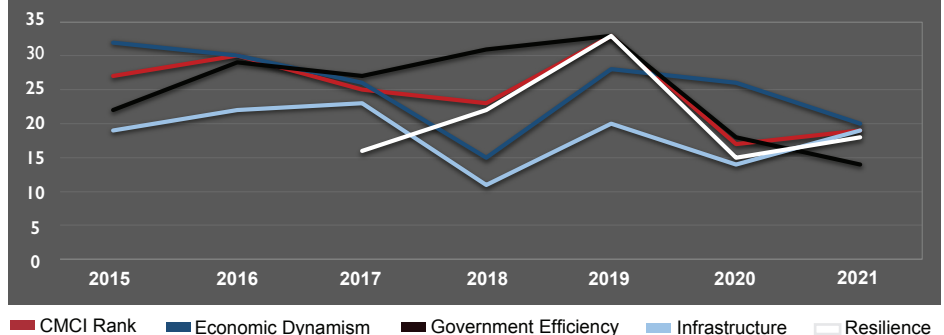
Boosting Private Sector Investments in Puerto Princesa City

USAID engaged Puerto Princesa in July 2015 with a Cities and Municipalities Competitive Index (CMCI) rank of 27 (14 adjusted) and registered businesses of 8,597, generating Php14.1 billion in gross sales. The city generated Php438 million locally and was dependent on the Internal Revenue Allotment (IRA) at 80 percent. By 2020, the city's CMCI ranking improved to 17 (6 when adjusted), and registered businesses reached 11,678, generating Php30.0 billion in gross sales. The city generated Php817.6 million locally, and IRA dependency dropped to 73.7 percent.

Through SURGE, USAID conducted many assessments to determine the appropriate technical assistance needed by Puerto Princesa. These assessments covered: Geographic Information System Mapping, Skills Inventory, Rapid Urban System Analysis, Climate Disaster-Resilient Community, Land Use and Infrastructure, Business Permits and Licensing System, Real Property Tax and Land Tenure, Public Financial Management, and the Business Enabling Environment of the city.

The skills assessment conducted in 2016 found that Puerto Princesa had a one-person team Local Economic and Investment Promotions Office (LEIPO), which was seconded by the City Planning and Development Office. Like many other cities, the LEIPO was not linked with the Negosyo Center and Public Employment Service Office. The person did not have the necessary skills to deal with investors and business clients. Investors were also unaware of the investment incentives program.

Figure 1: CMCI Ranking (Overall and Pillars), Puerto Princesa



Building the Capacity of the LEIPO is Key

SURGE assisted Puerto Princesa in **creating permanent LEIPOs** with permanent staff who had the **necessary competencies**.



SURGE helped **craft the organizational setup**, defining skills and competencies required and delineating functions among staff.

SURGE assisted Puerto Princesa in **creating its investment promotions committees** or boards.

SURGE **trained LEIPO staff in mounting investment forums**.

In an investment forum held on September 2019, the city was able to attract three investments – Villa Perenisa Resort, Sakura Pool and Leisure Hub, and Sabang Renewable Energy. Total reported investment commitments were Php31.7 billion. There were commitments from developers (Php5.3 billion), medical tourism (Php3.7 billion), hotel and resorts (Php2.2 billion), and other pledges that were not listed.

The better-equipped LEIPO was able to initiate activities that attracted investments into the city.

The city subsequently passed Ordinance No. 47, amending the city's Investment Code and creating the Local Economic Development Management Division. The city partnered with the Puerto Princesa City Chamber of Commerce on some activities. It became more involved with the city Development Council, Tourism Council, and the Public-Private Partnership Joint Venture Agreement Selection Committee.

In April 2018, the city passed Ordinance 919, or the Tourism Mile/Night Time Economy, which provided 100 percent tax exemption for all businesses in the Tourism Mile area known as the old area in Bancao-Bancao. Other policies such as Ordinance 461 provided incentives for businesses with capitalization of over Php5 million, and Ordinance 1084 granted business incentives to establishments employing senior citizens and persons with disability.

The LEIPO is also active in offering opportunities for emerging investments in health and manufacturing, jump-started by an online webinar – Investment Aftercare Service in the New Normal, in December 2020.