

The Rationale and Importance of Measuring City Competitiveness



Flow

- **Beginnings of PH Measurement of Competitiveness**
- **What is City Competitiveness**
- **Why Measure City Competitiveness**
- **Challenges**



Development Goal



Economic Growth



Poverty Reduction

Determinants of Economic Growth



Growth (Demand Side)

- Consumption
- Government Spending
- Investments
- Exports
- Imports



Growth GDP (Supply Side)

- Agriculture
- Industry
- Services



New Economic Geography
(NEG)
CITIES ARE DRIVERS OF
GROWTH
(Paul Krugman)





Michael Porter (1990)

Need for nations to enhance their competitiveness



Paul Krugman

“Nations do not compete against each other in any real sense, rather firms & cities are the competitors”

City Cluster Economic Development (ADB)

“By better understanding a city’s attributes of competitiveness, policy makers & investors can better foster key investments.....that will lead to enhanced competition”

(ADB 2020)



Competitive Cities vs Sustainable Competitive Cities: Regulatory Implications

**Social Dev. Goal #11
Inclusive, Safe, Resilient &
Sustainable Cities**

Competitive
Cities

- Starting a business
- Registering Property
- Enforcing Contracts
- Resolving Insolvency
- Entry and Exit of Firms

Sustainable
Competitive
Cities

- Land Use Regulation
- Urban Growth boundaries
- Density Regulations
- Minimum emission Standards

Initial Initiatives at the Formulation of a Philippine Competitiveness Index

USAID Projects

Local Implementation of National Competitiveness for Economic Growth (LINC-EG)

- IFC Grant for Sub-national Doing Business for the Philippines (2000)
- AIM Philippine City Competitiveness Ranking Project (2009)

Investment Enabling Environment (INVEST)

- Framework and Indicators for Local Competitiveness
- 2013 (1st) & 2014 (2nd) Competitiveness Summit



National Govt.

Set-up the Institutional Mechanism for PCMI

National

National Competitiveness Council

Regional

Regional Devt. Council/Regional Competitiveness Council

- DTI
- NSO
- Academe

Competitiveness Surveys

International Surveys

IMD World Competitiveness Ranking

- Economic Performance
- Govt. Efficiency
- Business Efficiency
- Infrastructure

World Economic Forum Global Competitiveness Index

- Enabling Environment
- Human Capital
- Markets
- Innovation Ecosystem

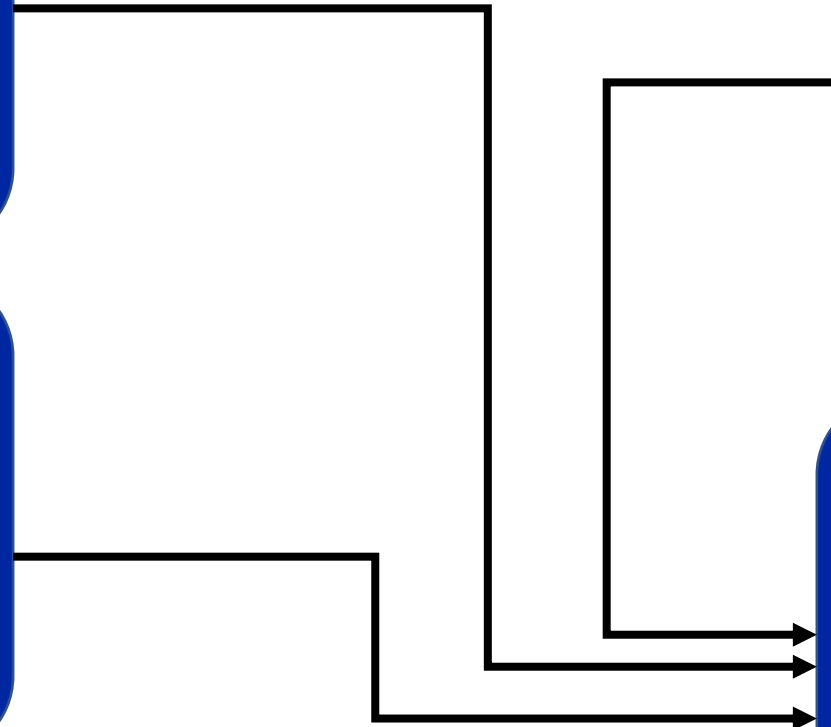
Local Surveys

AIM Competitiveness Survey

- Economic Efficiency
- Govt. Responsiveness
- Infrastructure
- Quality of Life
- Innovation and Dynamism

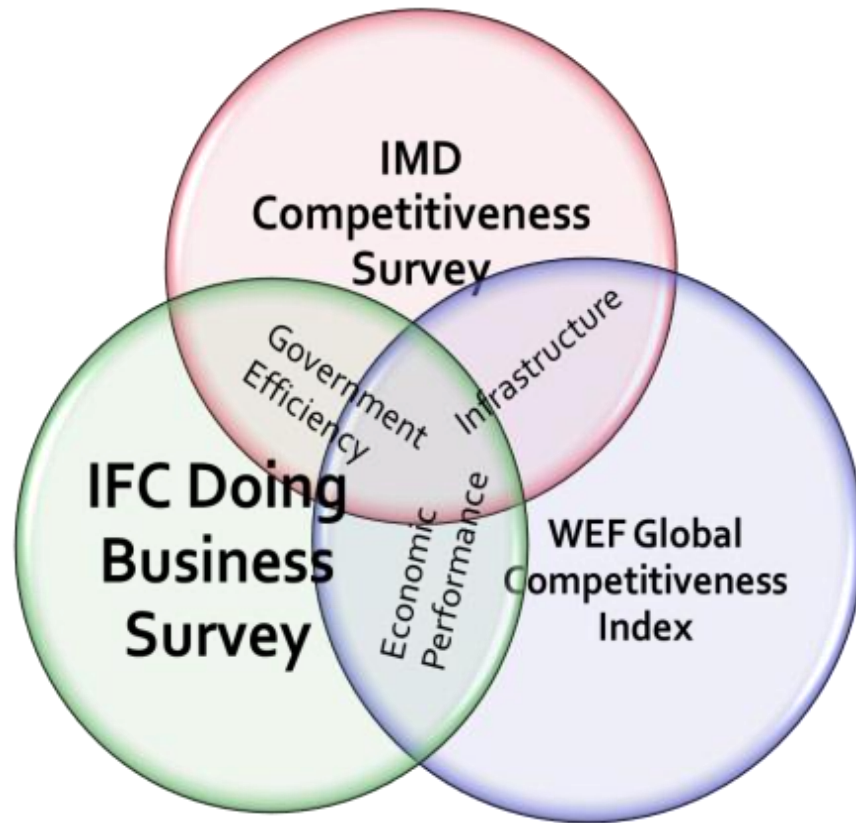
Philippine Cities and Municipalities Competitiveness Index

- Economic
- Govt. Efficiency
- Infrastructure

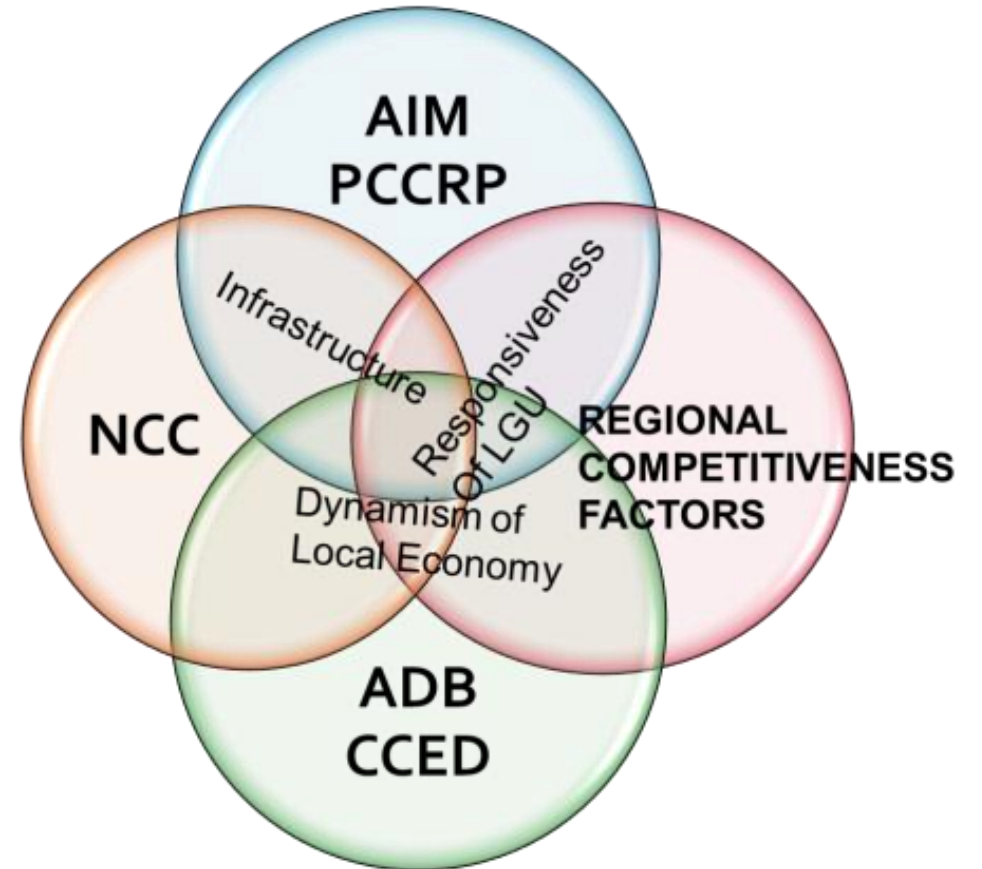


Formulation of the Philippine Cities and Municipalities Index (2013)

Convergence of Factors (Global)



Convergence of Factors (Sub-National)



First Competitiveness Summit (July 30, 2013)



Second Competitiveness Summit (August 2014)



Cities & Municipalities Competitiveness Index



Understanding City Competitiveness

- **What makes a city competitive?**

“The competitiveness of cities refers to the ability of an urban region or cities to produce and market a set of products (goods and services) that represent good value (not necessarily lowest price) in relation to comparable products of other urban regions.”

(Source: ADB, Competitive Cities: City Cluster Brochure)

Rationale for Measuring City Competitiveness

Local Gov't Units

Outcomes

Transformational Leadership

- Changing the mindset of Local Chief Executives (LCEs)
- Data facilitates compliance with required plans (CLUP, CDP, CDIP)
- More informed/ evidenced-based policy making & program development
- Benchmarking with other LGUs
- Awards system motivates them to do better



Better Urban Planning & Budgeting



Economic Growth & Development

- Increased Investments
- More Employment
- Sustainable Development



- Improved Quality of Life
- More Innovation & Smart Cities
- Green & Sustainable Cities
- Enhanced Public-Private Collaboration

National

- Better Regional & Public Investment Planning
- Investment Promotion
- Benchmarking with other units

Uses of CMCI Data

- **Number of establishments in the country**
- **Can be used to assess determinants of growth at the city/municipal level**
 - **investment (proxied by capitalization of new registered businesses)**
 - **employment**
 - **labor productivity**

[Impact of the Enhanced ECQ on Establishments and Employment]

Challenges in City Competitiveness Measurement

- **Data availability and accuracy**
- **Different definitions and methodologies**
- **Analysis and use of the data for policy making and program development**

Key Message: Cities are Drivers of Growth

