STRUCTURAL POLICY
COUNTRY NOTES
Philippines

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The growth momentum of the Philippine economy was robust in 2013 and this favourable trend will continue for the coming years. The current favourable macroeconomic situation has opened a window of opportunity to facilitate several reforms. Structural reforms are essential to maintain the robust growth of the Philippine economy. The country’s potential – macroeconomic and political stability, favourable demographics – could provide a good base for the necessary structural reforms.

However, the country also suffers from high degrees of poverty and inequality. The government need to concentrate on policies to create lasting productive employment in order to reduce poverty. It should focus on fostering a favourable business and investment climate, particularly for small and medium-sized enterprises which contribute so much to employment.
The Philippines is one of the countries most prone to natural disasters in the world. It is exposed to multiple natural hazards from typhoons, earthquakes, volcanic eruptions, and especially flooding. Serious aggravating factors are environmental degradation, climate change, and uncontrolled urbanisation. The government will need to take concerted action to build the country’s disaster reduction and management capacity. It must sustain that effort, make it holistic, and reinforce it with measures to contain rampant urbanisation.

The Philippines’ poorest island grouping, Mindanao, has been overlooked by rural development policies. Its regions’ Human Development Index (HDI) rankings are the worst in the country, while income disparities translate into a continuous cycle of low access to infrastructure services, persistent gaps in education and health outcomes, and lower investment and business activity. Yet Mindanao’s agricultural production meets 40% of the country’s food needs and its fertile land boasts a wealth of resources. To help Mindanao capitalise on those assets, invigorate its economy, and lift its people out of poverty, rural development needs to focus on improving agricultural productivity and the island’s woeful transport infrastructure.

**The Philippines’ policy challenges and responses**

- Create more jobs for sustainable poverty reduction
- Build holistic disaster risk reduction and management capacities to reduce vulnerability to natural hazards
- Improve agricultural productivity and transport infrastructure in Mindanao

**POLICY FOCUS**

Create more jobs for sustainable poverty reduction

Poverty in developing countries is generally measured in absolute terms against a poverty line determined by the monetary cost of a given basket of goods. In high-income countries, however, it is measured in relative terms as a share of a country’s average, or median, standard of living. In other words, poverty is defined in relation to the economic status of other members of society and people who live below the prevailing standard of living in a given societal context are poor. On both counts, the Philippines compares unfavourably with selected ASEAN member countries. In 2006, absolute poverty in the Philippines was 23%, and relative poverty was 17%. Those figures mean that not only were a lot of people poor, there was a high degree of inequality.

**Tackle unemployment to fight poverty**

To tackle poverty in the Philippines, the government will need to provide quality jobs to both the unemployed and the underemployed. Yet the Philippine economy has a relatively poor ability to create jobs, as its low employment-to-population ratio (EPR) indicates. Compared to selected ASEAN member countries in 2011, the Philippines had the lowest EPR at 60%. Viet Nam had the highest at 75%, followed by Thailand with 71%, and Singapore with 64%.

That the Philippine economy has a relatively weak capacity for jobs creation is one reason why unemployment and underemployment are persistently higher than...
in neighbouring countries in the region. And the persistently high unemployment and underemployment make it particularly difficult to alleviate poverty and inequality.

Yet the economy is currently among the top gross domestic product (GDP) growth performers in Southeast Asia. In 2012, GDP grew 6.6%, with private consumption rising by 6.1% and contributing the most to GDP growth on the expenditure side. Higher remittances from overseas Filipino workers, a slight rise in employment, and low inflation all helped drive buoyant consumption. However, that it should such factors pushing growth upwards suggests that, in the absence of structural reforms, the economy will continue to have trouble generating jobs, especially on the scale necessary to make a significant difference.

The link between unemployment and poverty is intuitive and straightforward: high unemployment drives up poverty levels if appropriate policy responses are not found.

Figure 2.7.1. Poverty and unemployment rates in the Philippines, by region

Notes: CALABARZON, MIMAROPA and SOCCSKSARGEN are acronyms, combining the names of the provinces. The CALABARZON region is composed of CAvite, LAguna, BAtagas, Rizal and QueZON. The MIMAROPA region is composed of Occidental Mindoro, Oriental Mindoro, Marinduque, Romblon and Palawan. The SOCCSKSARGEN region is composed of four provinces and one city: South Cotabato, Cotabato, Sultan Kudarat, Sarangani and General Santos City. ARMM stands for Autonomous Region in Muslim Mindanao. Data for unemployment rate refer to 2011. Data for poverty incidence rate refer to 2012. Sources: National Statistical Coordination Board and World Bank, Washington, DC. StatLink &#160; http://dx.doi.org/10.1787/888932938213

A glance at Figure 2.7.1 seems, however, to suggest that Philippine regions that boast relatively low levels of unemployment may also suffer from relatively high incidences of poverty. And – vice versa – regions with relatively high rates of unemployment may enjoy relatively low levels of poverty. In both instances, the results seem counter-intuitive. However, there are possible explanations.
Regions at the low end of the real per capita income spectrum, where poor productive employment opportunities prompt a high outflow of jobseekers, can experience low unemployment but a high incidence of poverty. Similarly, regions that are attractive destinations for migrant job hunters from the less-developed provinces may have high unemployment but low poverty rates. The National Capital Region and neighbouring regions of Calabarzon and Central Luzon, for example, have the highest populations in the country and account for 37.5% of the total. The three regions also happen to have among the highest unemployment rates in the country – and the lowest rates of household poverty. One possible reason is that workers from National Capital Region, Calabarzon, Central Luzon enjoy better access to job opportunities overseas. The remittances they send home help keep the incidence of household poverty in the three regions relatively low.

Underemployment is actually more of a problem

Focusing solely on the unemployed in poverty alleviation efforts, however, overlooks an important group – the underemployed. In recent years, underemployment in the Philippines has run at more than double the unemployment rate (Figure 2.7.2). The most recent Labour Force Survey conducted by the National Statistics Office showed that, in April 2013, the unemployment rate stood at 7.5%, up from 6.9% in the same period the previous year. In the same month, the underemployment was a staggering 19.2% – equivalent to 7.252 million Filipinos (National Statistics Office, 2013). Figure 2.7.2 suggests that the drop in unemployment in 2004-05 did not actually point to an improvement in the labour market because there was a parallel rise in the underemployment rate over the same period.

Figure 2.7.2. Unemployment and underemployment rates in the Philippines, 1998-2011

![Chart showing unemployment and underemployment rates in the Philippines, 1998-2011.](http://dx.doi.org/10.1787/888932938232)

Regional data from the Philippines indicate a strong positive correlation between underemployment and the incidence of poverty (Figure 2.7.3). The Socio-economic Planning Secretary has in fact remarked that underemployment is more of a problem than unemployment in the Philippines and that the poor quality of the jobs of many Filipinos was largely to blame for the extremely slow progress in poverty-reduction efforts over the last two decades.
Figure 2.7.3. Poverty and underemployment rates in the Philippines, by region

Priority must be given to sectors with the greatest potential for creating jobs

Strategies to create more productive employment opportunities in the Philippines must satisfy at least the two following conditions: i) generate enough jobs not only to absorb new entrants into the labour market every year, but also to reduce over time the large pool of unemployed workers and ease underemployment; and ii) generate jobs in the less developed parts of the country.

Strategies to create more and better employment opportunities in the Philippines must address deep-seated, structural issues in the economy. In its endeavours to resolve them, the government will need to implement a holistic reform agenda that can foster a business environment conducive to private-sector growth accompanied by job creation. Measures should include: i) simplifying business rules and regulations to encourage private sector growth, with a special emphasis on small and medium-sized enterprises (SMEs); and ii) enhancing competition and giving priority to sectors with the greatest potential for creating jobs.

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StatLink  
http://dx.doi.org/10.1787/888932938251
Tourism an inclusive growth sector with job creation

One sector that lends itself to efforts to encourage growth and create jobs is tourism. Tourist expenditure tends to rise faster when incomes rise, and that happens mostly in cities and urban areas. Domestic urban-dwelling tourists from the cities and urban areas are more likely to spend their time and money in the provinces, attractive rural areas and traditional locations in the regions away from the city. In this way, tourism can not only make a significant direct contribution to job creation, it also acts as an inclusive employment industry.

Demand in the tourist industry can benefit many different companies and economic sectors. Direct and indirect job creation arises from private investment in related industries like food and beverages, transport, accommodation, and indigenous arts and crafts.

Despite similar natural charms, visitor numbers to the Philippines pale in comparison with Thailand and Malaysia. In 2012, some 4.3 million foreign tourists visited the Philippines (Department of Tourism). Compare that figure with 25 032 708 in Malaysia (Tourism Malaysia) and 22 303 065 in Thailand (Ministry of Tourism and Sports). According to the World Economic Forum’s Travel & Tourism Competitiveness Report 2012, the Philippines continues to face issues that are holding back the potential of the economy’s travel and tourism competitiveness. For example: i) the difficulty of starting a business in terms of cost and length of the process; ii) safety and security concerns; iii) inadequate health and hygiene; and iv) underdeveloped infrastructure, viz. ground transport, tourism, and information and communication technology (ICT). These are the issues the government will need to take care of. In particular, the country’s underdeveloped infrastructure, which has been blamed mostly for the sector’s underperformance.

The government should also ensure that strategies to develop tourism should invest in the full spectrum of natural and cultural assets that the Philippines has to offer. These include weaving, sun, sand and sea, sites of natural beauty and historical interest, traditional cooking, and arts and crafts. By promoting all that the Philippines has to offer holiday makers, they will be persuaded to stay longer, return more often, and therefore spend more in the local economy – thereby creating more jobs.

Foster employment in manufacturing SMEs

The manufacturing sector is another ideal candidate for developing productive employment. Policies to that end should not overlook the importance of SMEs. SMEs absorb workers better than large firms and make important contributions to job creation. Labour-intensive industries that have high employment elasticities – like the jewellery trade, leather goods business, sportswear, knitted fabrics, textiles, fabricated metals, and stoneware – are particularly well suited to job creation and should therefore be targeted by employment policies (Das and Kalita, 2009).

However, SME performance in the Philippines has been weak, and can be attributed particularly to poor access to finance, technology and skills, as well as information gaps and difficulties in product quality and marketing (Aldaba, 2013). The competitiveness of the sector continues to be held back by, among other critical factors, access to finance. It noted that many private banks are still reluctant to lend to SMEs, which generally lack start-up funds, and face difficulties in coming up with collateral acceptable to the
banks. And according to Nangia and Vaillancourt (2006), funds obtained by SMEs from the banking sector accounted for only 11% to 21% of total capital raised. Compare that to the 30% international benchmark seen in other developing countries such as India and Thailand.

The Philippines government will need to further integrate its SME development strategy into its broader national development strategy and/or poverty reduction and growth strategy. That is because the success of any SME development strategy depends on: i) the capacity of the government to implement sound macroeconomic policies; ii) the capacity of stakeholders to develop microeconomic environments that are conducive to business; and iii) the ability of SMEs to implement competitive operating practices and business strategies.

There is an urgent need to invest in physical infrastructure and business services, build the implementation capacity of policy makers and local administrators, and put in place support structures. All are factors that determine the success of an SME development strategy. To deliver improved outcomes, the government will also need to foster continuous dialogue and partnerships between public sector, private sector and civil society stakeholders with regard to the implementation and review of support measures – particularly those related to capacity building in institutions at all levels.

**POLICY FOCUS**

Build holistic disaster risk reduction and management capacities to reduce vulnerability to natural hazards

The Philippines is one of the countries most prone to natural disasters in the world. The high incidence of natural disasters can be explained by its geography and geology, but is exacerbated by the effects of environmental degradation, climate change and uncontrolled urbanisation. The people most vulnerable to and worst affected by natural disasters are those who live in poverty and in adverse socio-economic conditions in the most hazard-prone areas.

The Philippines is very prone to natural disaster

The World Risk Report 2012, produced by the United Nations University and the Institute of Environment and Human Security (UNU-EHS) ranks the Philippines as the third most hazard-prone country in the world (UNU-EHS, 2012). According to the PreventionWeb project of the UN Office for Disaster Risk Reduction (UNISDR, 2013b), there were 363 natural disasters in the Philippines between 1980 and 2010. They claimed 33 000 lives, affected 116 million people, and caused economic damage estimated at USD 7.5 billion.

Tropical cyclones, floods and landslides are the most prevalent types of hydrometeorological hazards in the Philippines. According to the National Disaster Risk Reduction and Management Council, 84 tropical cyclones struck the Philippines between 1997 and 2007, causing 13 155 deaths and economic losses estimated at over PHP 150 billion. In 2009, for example, typhoons Ondoy and Pepeng wreaked havoc equivalent to about 2.7% of the country's GDP (NDRRMC, 2011).
The Philippines is also prone to earthquakes and volcanic eruptions. While their destruction exceeds that of typhoons and floods, the recorded casualties and damage caused by the five destructive earthquakes of the last ten years were minor – 15 deaths and economic damage of some PHP 200 million (Philippine pesos) – compared to the consequences of tropical cyclones (NDRRMC, 2011).

And environmental factors such as deforestation are aggravating the risk of floods and landslides. Climate change too has exacerbated natural hazards. The high natural hazard rate is also made worse by uncontrolled urban growth. Poor land use, the falling number of protected forests and riverbanks, and dismal basic amenities such as waste disposal and housing have clogged waterways and increased the risk of floods (NEDA, 2011).
Natural hazards disproportionately affect the poor, especially those who live in the most hazard-prone areas, which in turn further hinders their chances of closing the poverty gap (NDRRMC, 2011). According to the Philippine Development Plan (PDP) 2011-2016, of the 32 provinces with poverty rates of at least 40%, 16 are hit by typhoons at least once a year.

**Disaster risk management – recent policies**

In recent years, the Philippine government has started to shift its approach to natural disaster management towards a more proactive strategy. This paradigm shift is in line with the country's international commitment to disaster reduction as set out in the 2005-15 Hyogo Framework for Action (HFA). The proposed "priorities for action" include ensuring that disaster risk reduction is a national and local priority with a strong institutional basis for implementation, and identifying, assessing and monitoring disaster risk and enhancing early warning.

- **The Strategic National Action Plan (SNAP)**

  After years of disaster risk reduction (DRR) policy that focused heavily on disaster preparedness and response, but little on comprehensively reducing people's exposure to risk, the government speeded up reform in 2010. It introduced the 2009-19 Strategic National Action Plan (SNAP), a long-term master plan for disaster mitigation. SNAP analysed the status of HFA's five priorities for action and drew up its own strategic objectives that include adopting a responsive legal and policy framework, and pursuing cost-effective ways and means to offset socio-economic losses.

- **Philippine Disaster Risk Reduction and Management Act (DRRM Act)**

  In May 2010 an important piece of DRR legislation was passed – The Philippine Disaster Risk Reduction and Management Act (DRRM Act). In line with the HFA's international guidelines and the objectives of SNAP, the DRRM Act envisioned a comprehensive, integrated, and proactive approach that involved all stakeholders and all aspects of disaster risk reduction and management.

- **National Disaster Risk Reduction and Management Council (NDRRMC)**

  The new National Disaster Risk Reduction and Management Council, under the aegis of the Department of National Defence's Office of Civil Defence, reflects the newly comprehensive approach to disaster risk reduction. It is chaired by the Secretary of the Department of National Defence, while four vice chairpersons are each in charge of a specific area of priority action set out in the National Disaster Risk Reduction and Management Plan.

- **The National Disaster Risk Reduction and Management Framework**

  The National Disaster Risk Reduction and Management Framework (NDRRM Framework), which was approved by the National Disaster Risk Reduction and Management Council (NDRRMC) in June 2011, builds on the vision outlined in the DRRM Act. The Framework applies a multi-hazard, community-based approach to the underlying causes of people's vulnerability by institutionalising arrangements and measures for reducing the risk of disaster and improving disaster-preparedness and response capabilities at all levels (NDRRMC, 2011).
National Disaster Risk Reduction and Management Plan

When the DRRM Act became law in 2010, it contained provisions for an action plan, the 2011-28 National Disaster Risk Reduction and Management Plan (NDRRMP). To meet the objectives of the NDRRMP Framework, the Plan sets out a roadmap drawn up through a consultative process that brought together representatives from national and local government, civil society organisations, and regional DRRM Councils.

The four areas of priority action at work

The prevention and mitigation priority area seeks to evaluate and lessen hazards, analyses vulnerability, identifies hazard-prone areas, and mainstreams DRRM into development plans. Meanwhile, the priority area of rehabilitation and recovery emphasises issues of employment and livelihood, and infrastructure and lifeline facilities. Under the terms of the National Disaster Risk Reduction and Management Plan, priority projects include developing further plans (e.g. local DRRM plans and a National Disaster Response Plan), guidelines for communications and information protocols before, during and after disasters, and evacuation standards, and establishing DRRM training institutes, local councils and offices.

Disaster risk management – key challenges ahead

Although the Philippines has substantially enhanced its disaster risk reduction practices and capacity over the past few years with the new framework and national plan underpinned by Philippine Disaster Risk Reduction and Management Act, the threat of natural disasters remains. The main challenges identified and targeted by the National Disaster Risk Reduction and Management Plan are to: i) address the underlying causes of people’s vulnerability; ii) enhance convergence between DRR policies and climate change adaptation (CCA) programmes; iii) mainstream DRR and CCA into development plans; iv) develop new information and campaign materials and institutionalise knowledge-sharing mechanisms related to DRR and CCA; v) enhance disaster response activities within DRRM; vi) build the DRR and CCA capacity of people and institutions.

Convergence between DRR and CCA remains a challenge, as conceptual and operational divides exist and institutional mechanisms have worked in isolation from each other. Mainstreaming DRR and CCA into development plans is further hampered by the fact that most agencies and communities still fail to view DRR and CCA as part of a sustainable development framework. There is a need to develop new information and campaign materials and institutionalise knowledge-sharing mechanisms in order to improve understanding of DRR and CCA. And as disaster risk reduction and response are actually complementary, disaster response activities should be continuously enhanced as part of the risk reduction approach. Finally, it is absolutely essential to build the capacity of the people and institutions involved.

In addition to the challenges identified by the NDRRMP, the Philippine Development Plan (PDP) 2011-16 also pinpoints the lack of technical expertise, capacity, and funding as just some of the major challenges to which disaster risk reduction must rise. It is important to budget DRR activities clearly so that extra resources – for instance in the form of international aid – can be used flexibly and efficiently in accordance with specific needs.
Last but by no means least, the uncontrolled and ever-faster pace of urbanisation is a major obstacle to disaster risk reduction. In order to mitigate its negative impacts on DRRM, the authorities must improve land use and planning and build preventive infrastructure, such as flood defence and early warning systems.

**POLICY FOCUS**

*Improve agricultural productivity and transport infrastructure in Mindanao*

While the development of the National Capital Region (NCR) – where Metro Manila is located – has been effective, the same cannot be said of rural areas in the other regions of the Philippines. Poverty there is widespread. In 2011, rural areas still accounted for 51% of the country’s poor who tend to be employed in agriculture and fisheries. And income disparities at the regional level translate into a continuous cycle of significantly lower access to infrastructure services, persistent gaps in education and health outcomes, and lower investment and business activity in rural areas.

**Mindanao’s provinces are the poorest and most rural in the Philippines**

Mindanao is divided into six administrative regions – Zamboanga Peninsula, Northern Mindanao, Davao Region, SOCCSKSARGEN, Caraga Region, the Autonomous Region of Muslim Mindanao (ARMM). The island, which accounts for around 30% of the country’s total land area and 24% of its population, relies heavily on agriculture with its share of local production ranging from 19% in Davao Region to 63% in ARMM. Yet Mindanao’s share of total national output is smaller than that of the Luzon island group. In 2011, it contributed 14% to the country’s gross domestic product (GDP), compared with Luzon’s 73% and Visayas’ 13%.

Despite the great potential of Mindanao’s fertile, abundant land and resource-rich environment, its provinces are among the poorest and most rural in the country. Mindanao has the highest poverty incidence of all the three island groups with four of its regions in the Philippines’ bottom five (Figure 2.7.6.). Similarly, Mindanao’s provinces rank dismally in the Human Development Index (HDI).

The persistent rate of poverty in Mindanao is partly due to the fact that a substantial part of the population still depends on subsistence farming (NEDA, 2010). While agricultural productivity remains low and agri-industries underdeveloped, there are not enough employment opportunities outside of the agriculture sector. To invigorate Mindanao’s economy and lift its people out of poverty, rural development needs to focus on improving agricultural productivity and transport infrastructure. It is also critical to develop transport infrastructure in order to further diversify the region’s economy towards service-oriented sectors with high revenue and job-creation potential – e.g. information technology, business process outsourcing (BPO), and tourism.
Agricultural sector needs to be further developed

As Mindanao is the Philippines’ main supplier of agricultural produce, there is a great potential for further agri-industrial development. Most of its regions are located outside the typhoon belt and its water supply is ample for irrigation (NEDA, 2010). As a result, Mindanao meets over 40% of the country’s food requirements and contributes more than 30% to the national food trade.

However, despite the bright prospects of Mindanao’s agricultural sector, there is scope for improvement so as to exploit the full potential of its endowments. Agricultural productivity is low owing to its technology lag, high production costs, and shortage of skilled labour. Although labour productivity in Mindanao’s agricultural sector varies from province to province, it is in particular need of improvement in Zamboanga Peninsula, Caraga, and the ARMM where it is below the national average (Figure 2.7.7).

Improved productivity and the broader development of the agriculture industry call for the adoption of new farming and processing technologies, an increase in related research and development (R&D), the establishment of new agri-industrial economic zones, and upgraded transport infrastructure. Improvements to farming and processing technologies also need to be supported by an expansion in credit facilities, the provision of post-harvest facilities, infrastructure, and irrigation systems (NEDA, 2010). As for the fishery and forestry industries, their sustainability needs to be strengthened through the rehabilitation and restoration of these natural resources.

R&D in the agricultural sector should focus on identifying the crops that meet certain parameters – e.g. the soil and terrain suitability and marketability – and on experimenting with climate-change-resistant food crops. It is also desirable that R&D should be better aligned with needs and spread evenly across the different organisations such as agricultural research institutions and universities.
Figure 2.7.7. Labour productivity in the agriculture, fishery and forestry sector in the Philippines, by region, 2011

PHP in constant 2000 prices

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Source: Bureau of Labour and Employment Statistics.

The promotion of existing agri-industrial economic zones – in Lanao del Norte, Davao del Sur, Cagayan de Oro City, General Santos City and South Cotabato – needs to be strengthened and new ones established. Not only would access to modern agricultural technologies be facilitated through the inflow of foreign investment and know-how, there would be linkages with processing industries that would create local employment opportunities.

Mindanao has a large Muslim community, while its geographical location makes other Southeast Asian countries with Muslim populations easily accessible. These two assets could help it reinforce its share of the prosperous Halal industry. And with the certification framework for halal products already in place, Mindanao should step up its efforts to look for joint-venture opportunities and attract foreign direct investment (FDI) (NEDA, 2010).

A better developed transport infrastructure is also essential to improving the productivity of the agricultural sector. Its high production costs are in fact partly due to poor transport capacity. In that respect, irrigation systems, farm-to-market roads, and bridges are all examples of infrastructure developments that call for investment. They would improve the income and living conditions of rural households by reducing travel time and haulage costs as well as making basic social services such as schools and hospitals more easily accessible (Mangahas, 2010).

Develop transport infrastructure for overall rural development

Improving the tri-modal (road, sea, air) transport system in Mindanao is important not only for further development of the agricultural sector, but also for rural development as a whole. It would strengthen links between growth centres and the rural parts of
Mindanao, help diversify the region's economy, and the provision of basic services to the population.

Mindanao’s development is seriously constrained by the poor overall state of its transport infrastructure. With the exception of Northern Mindanao, the region’s provinces rank in the bottom half of all the Philippines’ provinces with respect to road density. It has the worst road infrastructure conditions of the three island groups as measured by the percentage of paved roads to total road length. Some 30% of its roads are unpaved (Figure 2.7.8). As a consequence, the costs of cargo shipment and human transport from Mindanao to other parts of the Philippines are very high (NEDA, 2010).

Figure 2.7.8. Proportion of the length of paved roads to total road length in the Philippines, by region, 2012

Clearly, a more efficient transport network linking production areas to markets is essential if regional economic growth is to be boosted and disparities narrowed. While road improvement is a critical requirement, particularly to connect the provinces of Caraga, Northern Mindanao, and ARMM to Davao, developing a railway system would offer a more effective long-term solution.

Air transport infrastructure has undergone substantial development in recent years, so increasing air freight capacity and boosting exports. However, Mindanao’s airports need to be further upgraded as air traffic is concentrated mostly in Davao International Airport, which is one of just three international airports. Other strategically situated airports with large catchment areas also need to be expanded and upgraded.

However, over 90% of the goods that arrive or leave Mindanao are still transported by sea. Yet the cost of shipping is very high. Rates from Manila to China, for example, are less than one-third of the shorter Davao to Cebu route. Furthermore, maritime transport is further restricted by the fact that foreign-owned ships can anchor only in the few

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ports in Mindanao that have adequate facilities. There is an urgent need to develop and upgrade existing port facilities, while the authorities must act to create a regulatory environment that would encourage competition and so reduce high shipping costs.

This last point holds true for Mindanao’s transport infrastructure as a whole. Hence, any development plan must include improvements to the institutional and regulatory framework. The authorities need to build the capacity of government departments and agencies tasked with developing transport infrastructure. Local government’s limited access to financial resources and lack of capacity is coupled with frequent overlaps in many agencies’ roles and responsibilities and issues related to land acquisition and resettlement.
Notes

1. Unemployment measures overlook underemployment which also contributes toward poverty.

2. Remarks made at a forum on 5 July 2013 organised by the Foreign Correspondents Association of the Philippines.

3. “Process or phenomenon of atmospheric, hydrological or oceanographic nature that may cause loss of life, injury or other health impacts, property damage, loss of livelihoods and services, social and economic disruption, or environmental damage.” Definition taken from PreventionWeb, www.preventionweb.net/english/professional/terminology/v.php?id=490.

4. SOCCSKSARGEN is located in central Mindanao. Its name is an acronym that stands for the region’s four provinces and one of its cities: South Cotabato, Cotabato, Sultan Kudarat, Sarangani and General Santos City.

5. Davao International Airport, inaugurated in 2003, was upgraded to international standards with the aim of making Mindanao a gateway to economic co-operation with the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area.
References


