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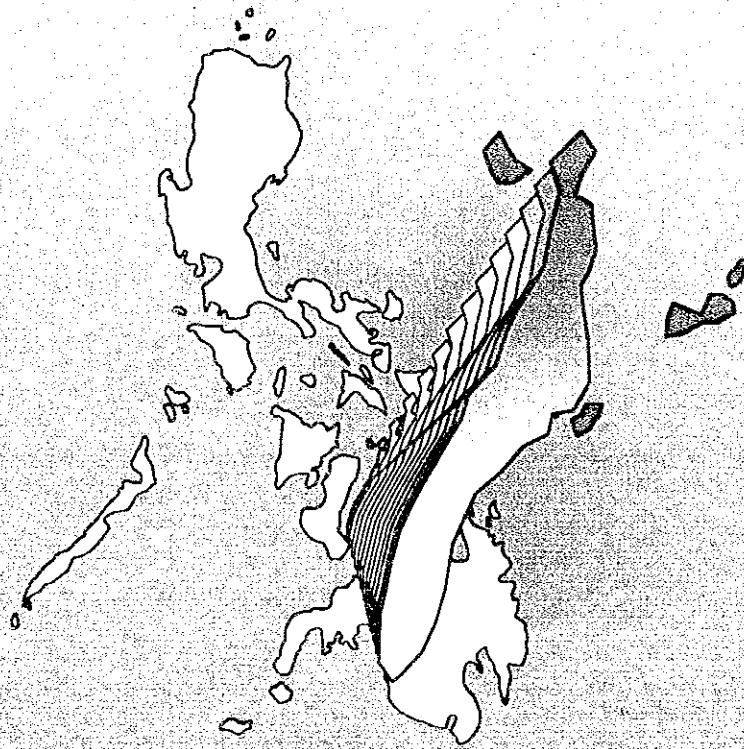
**REGIONAL DEVELOPMENT COUNCIL REGION VII (RDC VII)
REPUBLIC OF THE PHILIPPINES**

**THE STUDY ON THE
CEBU INTEGRATED AREA
DEVELOPMENT MASTER PLAN**

FINAL REPORT

VOL. 1:

**A SCENARIO FOR SUSTAINABLE
DEVELOPMENT**



JULY 1994

**PACIFIC CONSULTANTS INTERNATIONAL
NIPPON KOEI CO., LTD.**

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THE STUDY ON THE CEBU INTEGRATED AREA
DEVELOPMENT MASTER PLAN

FINAL REPORT Vol. 1

JULY 1994

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PREFACE

In response to a request from the Government of Republic of the Philippines, the Government of Japan decided to conduct a study on the Cebu Integrated Area Development Master Plan and entrusted the study to the Japan International Cooperation Agency (JICA)

JICA sent to the Philippines a study team headed by Dr. Katsuhide NAGAYAMA of Pacific Consultants International, between July 1993 and March 1994.

The team held discussions with the officials concerned of the Government of the Philippines, and conducted field surveys at the study area. After the team returned to Japan, further studies were made and the present report was prepared.

I hope that this report will contribute to the promotion of the projects and programs and to the enhancement of friendly relations between our two countries.

I wish to express my sincere appreciation to the officials concerned of the Government of Republic of the Philippines for their close cooperation extended to the team.

July 1994



Kensuke Yanagiya
President
Japan International Cooperation
Agency

July 1994

Mr. Kensuke Yanagiya

President
Japan International Cooperation Agency
Tokyo, Japan

Letter of Transmittal

Dear Sir:

We are pleased to formally submit herewith the final report of "Cebu Integrated Area Development Master Plan Study".

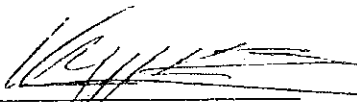
This report compiles the results of the Study which was undertaken in Cebu, Republic of the Philippines, from July 1993 to March 1994 by the Study Team, organized jointly by Pacific Consultants International and Nippon Koei, Co.Ltd.

We owed a lot to many people for the accomplishment of this report. First, we would like to express our deep appreciation and sincere gratitude to all those who extended their kind assistance and cooperation to the Study Team, in particular, the Steering Committee of the Central Visayas Regional Development Council, National Economic Development Agency Region VII, and Technical Working Groups.

We also acknowledge the officials of your agency, the JICA Advisory Committee and the Embassy of Japan in the Philippines.

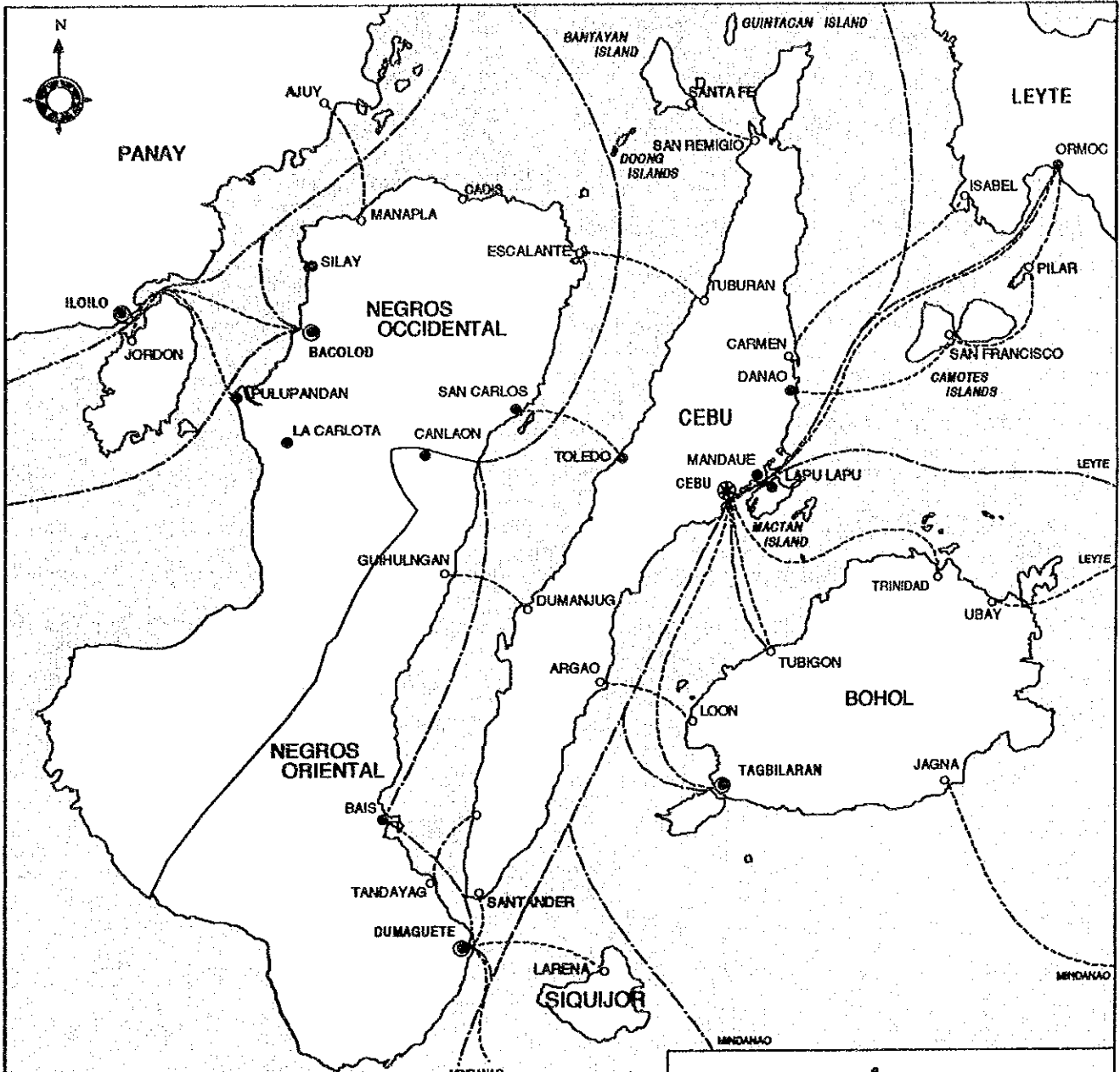
We wish the report would be able to contribute really to Cebu people and Cebu's socioeconomic development in the future.

Very truly yours,

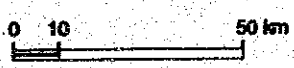


Katsuhide Nagayama, Ph. D.

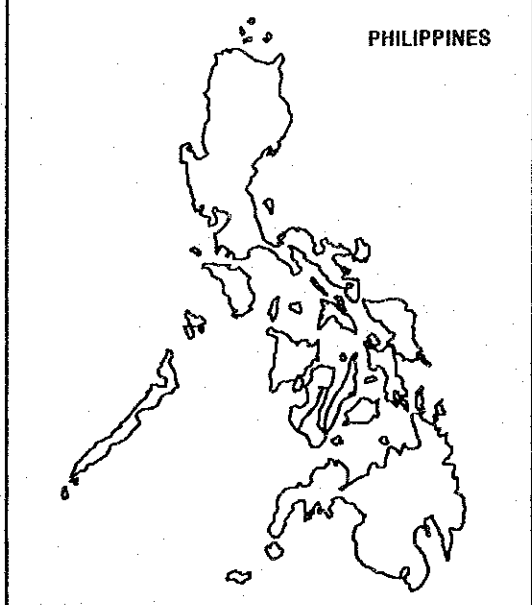
Team Leader
The Study Team for
Cebu Integrated Area Development
Master Plan Study

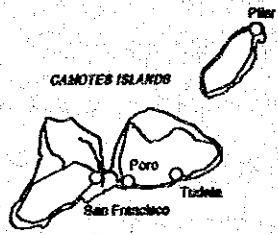
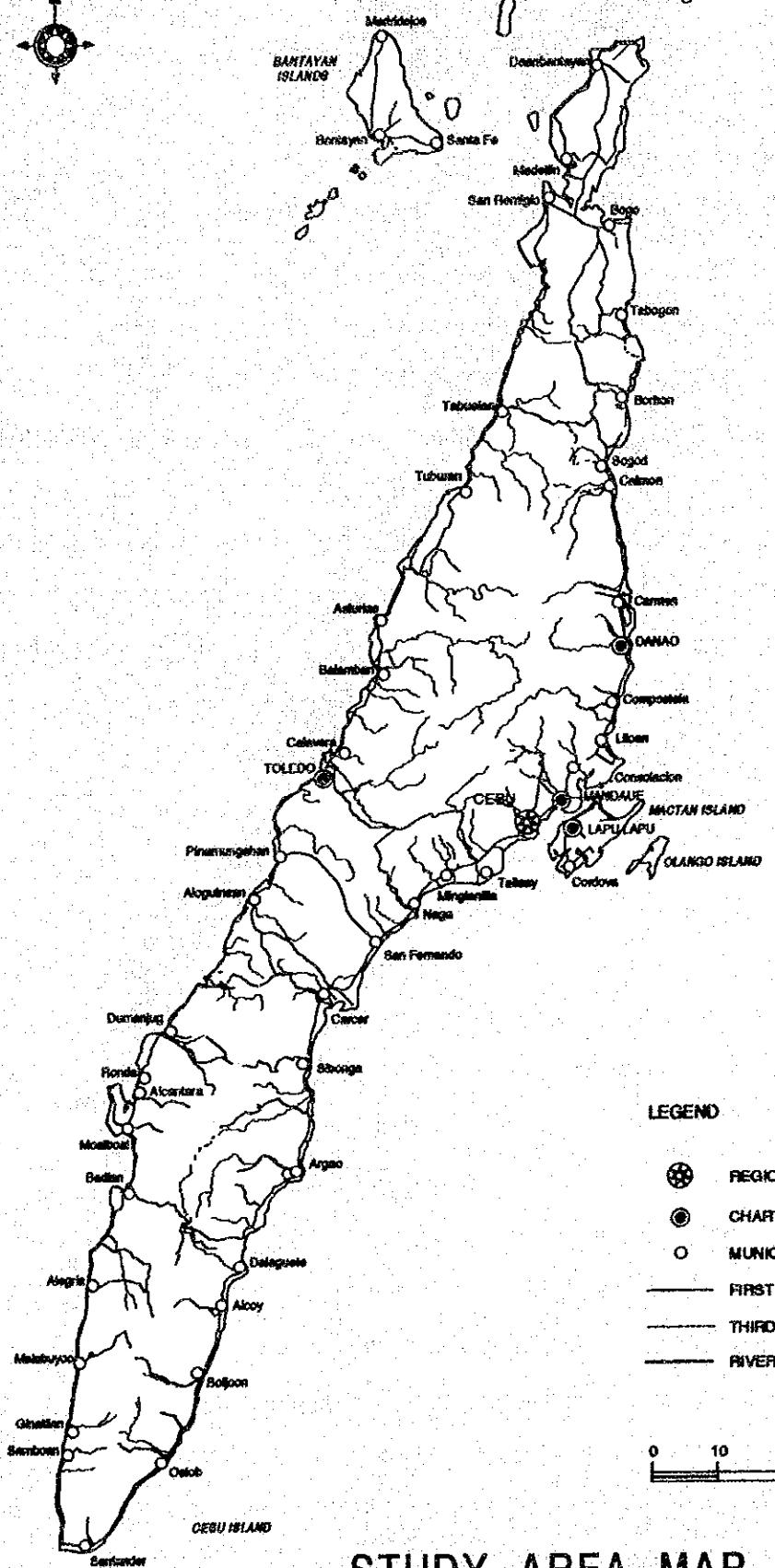


- LEGEND**
- REGIONAL CAPITAL
 - CAPITAL OF PROVINCE
 - CHARTERED CITY
 - FERRY PORT
 - - - FERRY BOAT
 - SHIPPING LINE



MAP OF REGION VII
CENTRAL VISAYAS = REGION VII



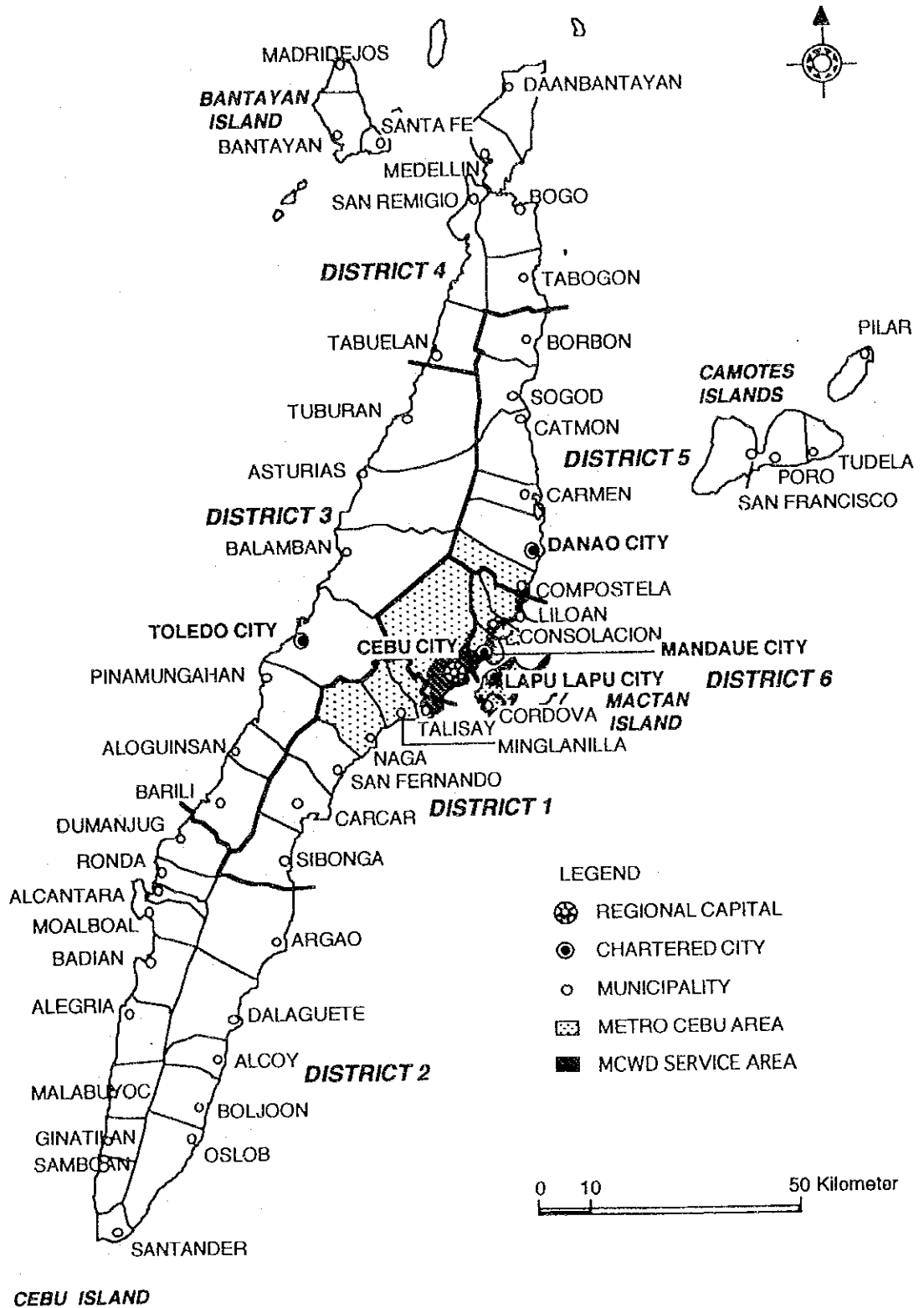


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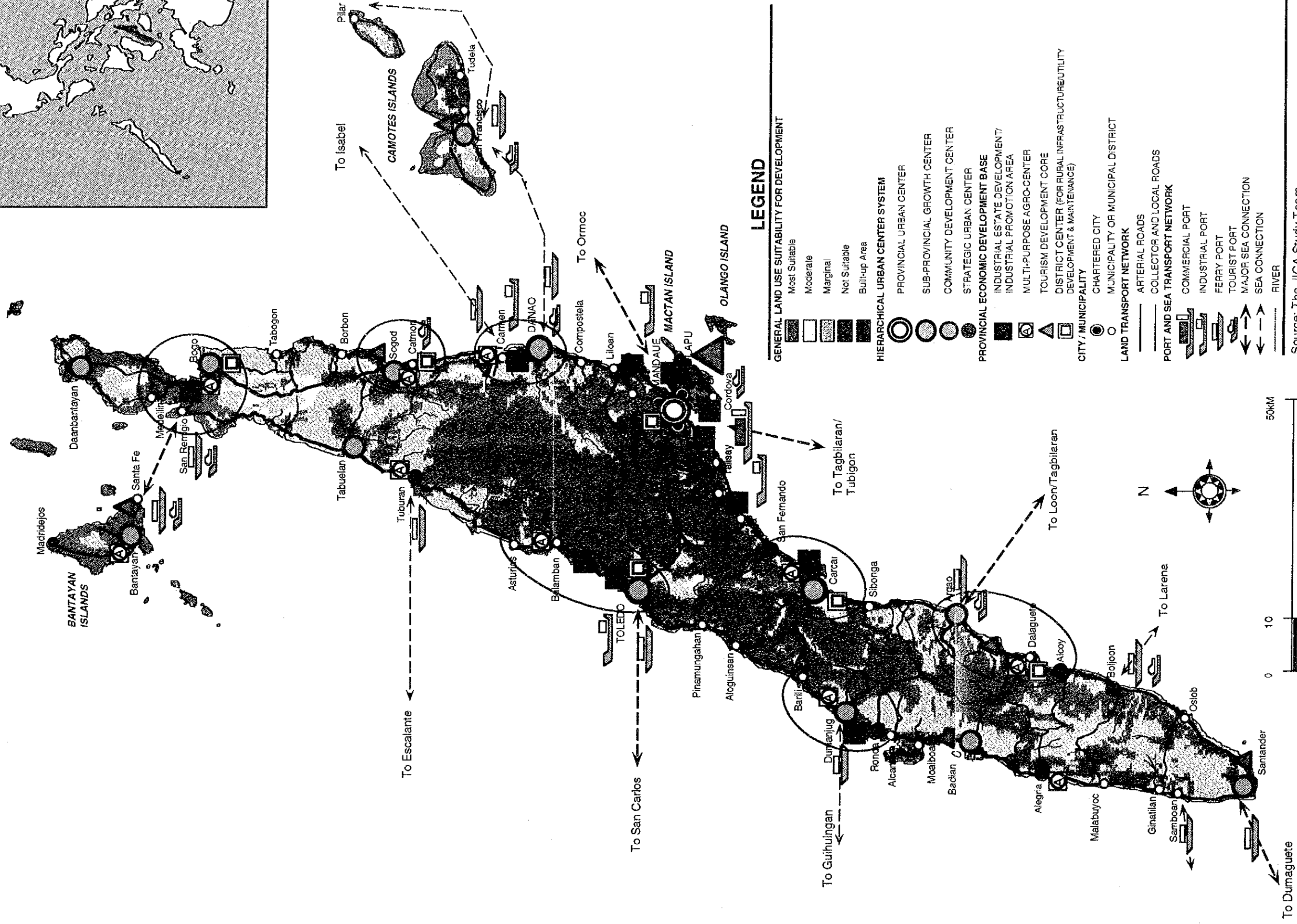
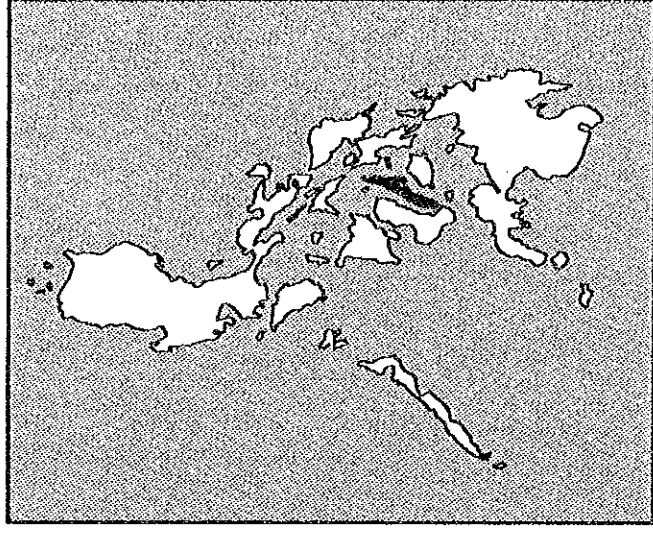
- REGIONAL CAPITAL
- CHARTERED CITY
- MUNICIPALITY OR MUNICIPAL DISTRICT
- FIRST AND SECOND CLASS ROAD
- THIRD CLASS ROAD
- RIVER



STUDY AREA MAP
CEBU PROVINCE

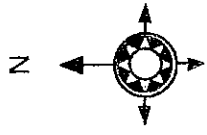


THE STUDY AREA MAP:
ADMINISTRATIVE AND CONGRESSIONAL DISTRICT BOUNDARIES



LEGEND

- GENERAL LAND USE SUITABILITY FOR DEVELOPMENT**
 - Most Suitable
 - Moderate
 - Marginal
 - Not Suitable
 - Build-up Area
- HIERARCHICAL URBAN CENTER SYSTEM**
 - PROVINCIAL URBAN CENTER
 - SUB-PROVINCIAL GROWTH CENTER
 - COMMUNITY DEVELOPMENT CENTER
 - STRATEGIC URBAN CENTER
- PROVINCIAL ECONOMIC DEVELOPMENT BASE**
 - INDUSTRIAL ESTATE DEVELOPMENT/ INDUSTRIAL PROMOTION AREA
 - MULTI-PURPOSE AGRO-CENTER
 - TOURISM DEVELOPMENT CORE
 - DISTRICT CENTER (FOR RURAL INFRASTRUCTURE/UTILITY DEVELOPMENT & MAINTENANCE)
- CITY / MUNICIPALITY**
 - CHARTERED CITY
 - MUNICIPALITY OR MUNICIPAL DISTRICT
- LAND TRANSPORT NETWORK**
 - ARTERIAL ROADS
 - COLLECTOR AND LOCAL ROADS
- PORT AND SEA TRANSPORT NETWORK**
 - COMMERCIAL PORT
 - INDUSTRIAL PORT
 - FERRY PORT
 - TOURIST PORT
 - MAJOR SEA CONNECTION
 - SEA CONNECTION
 - RIVER



Source: The JICA Study Team

CEBU MASTER PLAN 2010

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ABBREVIATIONS

ACMDC:	Atlas Consolidated Mining & Development Corporation
ADB:	Asian Development Bank
BOMEDCO:	Bogo Medellin Company
BPI:	Bureau of Plant Industry
CARP:	Comprehensive Agrarian Reform Project
CCCI:	Cebu Chamber of Commerce and Industry
CCHDP:	Cebu City Hillyland Development Project
CDOP:	Community Development Outreach Project
CIP:	Cebu International Port
CUP:	Cebu Upland Project
CVRMS:	Central Visayas Resource Management Center
CVWSP:	Central Visayas Water & Sanitation Project
DA:	Department of Agriculture
DECS:	Department of Education, Culture and Sports
DENR:	Department of Environment and Natural Resources
DOF:	Department of finance
DOH:	Department of Health
DOLE:	Department of Labor and Employment
DOST:	Department of Science and Technology
DOT:	Department of Tourism
DOTC:	Department of Transportation and Communications
DPWH:	Department of Public Works and Highways
DSWD:	Department of Social Welfare and Development
DTI:	Department of Trade and Industry
ECC:	Environmental Management Bureau
EMPAS:	Environmental Management and Protective & Services
ERDS:	Ecosystem Research and Development Sector
FG-PVP:	Federal Republic-German Photo-Voltaic Pumping Project
GRDP:	Gross Regional Domestic Products
GTZ:	Deutsche Gessellschaft fur Technische Zusammenarbeit
HUDCC:	Housing and Urban Development Coordinating Council
JICA	Japan International Cooperation Agency
LGC:	Local Government Code
LGU:	Local Government Unit
LWUA:	Local Water Utilities Administration

MCDP:	Metro Cebu Development Project
MCWD:	Metro Cebu Water District
MEPZ:	Mactan Export Processing Zone
MRP:	Mandaue Reclamation Project
NAMRIA:	National Mapping & Resource Information Authority
NEDA:	National Economic and Development Authority
NGO:	Non-Government Organization
NIA:	National Irrigation Administrations
NIEs:	Newly Industrialized Economies
NMYC:	National Manpower and Youth Council
NPC:	National Power Corporation
NRNDP:	Natural Resources Management Development Project
OECF:	Overseas Economic Cooperation Fund
PAGASA:	Philippine Atmospheric Geophysical & Astron Services Administration
PDO:	Port District Office
PIDS:	Philippine Institute for Development Study
PITO-P	Private Investment Trade Opportunity Projects
PMO:	Port Management Office
POPCOM:	Population Commission
PPA:	Philippine Ports authority
PPDO:	Provincial Planning and Development Office
PTA:	Philippine Tourism Authority
PWDTF:	Provincial Water Works Development Task Force
RDC:	Regional Development Council
RLUC:	Regional Land Use Committee
TWG:	Technical Working Group
UNCHS:	United Nations Center for Human Settlement
WD:	Water District
WRC:	Water Resource Center

1 INTRODUCTION

1. INTRODUCTION

1.1 Background

Based upon the bilateral agreement between Republic of the Philippines (hereinafter referred to as "GOP") and the Government of Japan (hereinafter referred to as "GOJ"), Japan International Cooperation Agency (hereinafter referred to as "JICA"), the official agency responsible for the implementation of the technical cooperation programs of GOJ, undertakes "The Study on the Cebu Integrated Area Development Master Plan (CIADMPS)" in the Republic of the Philippines (hereinafter referred to as "the Study") in accordance with the relevant laws and regulations enforced in Japan. On the part of GOP, NEDA Region VII, the secretariat of Regional Development Council (RDC) Region VII shall act as the counterpart agency to the JICA Study Team.

JICA dispatched the Study Team, headed by Dr. K. Nagayama, to the Philippines on July 16, 1993. The RDC Steering Committee meeting for CIADMPS was held on July 20, 1993, chaired by Cebu City Mayor, Tomas R. Osmeña, attended by fourteen RDC steering committee members, NEDA staff, JICA Advisory Committee members to present the Inception Report prepared by the Study Team.

Based on the agreed scope of work, the Study Team, in collaboration with the NEDA counterparts, commenced the Study with a wide variety of surveys such as the briefing sessions of on-going projects/programs, meetings with local government leaders and resource people, site investigations and data collection from relevant agencies to identify the existing resources, potentials and constraints for the development of Cebu Province.

The Interim Report compiling preliminary findings was presented to the RDC Steering Committee on November 4, 1993. For the purposes of verification of the preliminary findings, Technical Working Groups (TWGs) were then organized for the following sectors:

- Agriculture and rural development;
- Trade and industry;
- Tourism;
- Social Services;
- Transportation;
- Water resources and supply;
- Power and energy;
- Local government finance and administration; and
- Land use and environment.

This report is the final outcomes of the Study. In the stream of conducting the Study, the Team paid special attention to the local people's voices and ideas, and made efforts to incorporate them into a long-term scenario of the development in Cebu Province, based on a recognition that regional development should be initiated by the local people themselves with local reality.

1.2 Study Framework

(1) Objectives of the Study

The objectives of the Study are:

- To prepare an integrated regional development master plan on long-term perspectives with the target year of 2010 for Cebu Province;
- To formulate medium-term investment programs up to the year 2000, and long-term projects/programs for 2010 on ward, and institutional measures necessary for effective implementation of the master plan; and
- To conduct technology transfer to the Philippine counterpart staff in the course of the Study.

(2) Study Area

The study area encompasses the entire Cebu Province. The macro-economic framework of Central Visayas Region, focusing on the influence area of the Metro Cebu economy, is viewed in the Study. The area of Cebu Province accounts for about 5,088 km², and the population, as of 1990, is about 2,647 thousand.

Development of provincial urban centers of Metro Cebu, Danao City and Toledo City are given special attention, based on the recognition that these urban centers shall play significant roles in the socioeconomic development of Cebu Province.

(3) Definition of Metro Cebu

Metro Cebu is not an administrative jurisdiction but a deliberately recognized area centered on Cebu City. The Study Team defines Metro Cebu as the metropolitan area where *physical and socioeconomic development shall be pursued to solve existing and would-be-emerging urban problems centered on Cebu City, by mobilizing integrated efforts of the local government units concerned.* Under the above definition, the population of Metro Cebu, as of 1990, is 1,274 thousand.

Based on this definition, the coverage of Metro Cebu shall be wide enough to accommodate anticipated urbanization in the long-term. In the Study, Metro Cebu is construed as the metropolitan area encompassing three cities of Cebu, Mandaue, Lapu-Lapu and seven municipalities of Talisay, Minglanilla, Naga, Compostela, Liloan, Cordova and Consolacion, or the area with a 25 km radius centered on Cebu City.

However, viewing the longer-term perspective, RDC-Region VII has defined Metro Cebu as the area referred to as Central Cebu encompassing Carmen in the northern corridor, Argao in the southern corridor and Barili to Tuburan in the western coastal corridor, or the area with a more or less 50 km radius, as shown in Fig. 1.1.1. By this definition, the following cities and municipalities are additionally included: Danao City, Toledo City, Carmen, San Fernando, Carcar, Sibonga and Argao, Tuburan, Asturias, Balamban, Pinamungahan, Alguinsan, Barili. This area is recognized as "Greater Metro Cebu", and considered as the direct influential area of the Cebu economy in the Study.

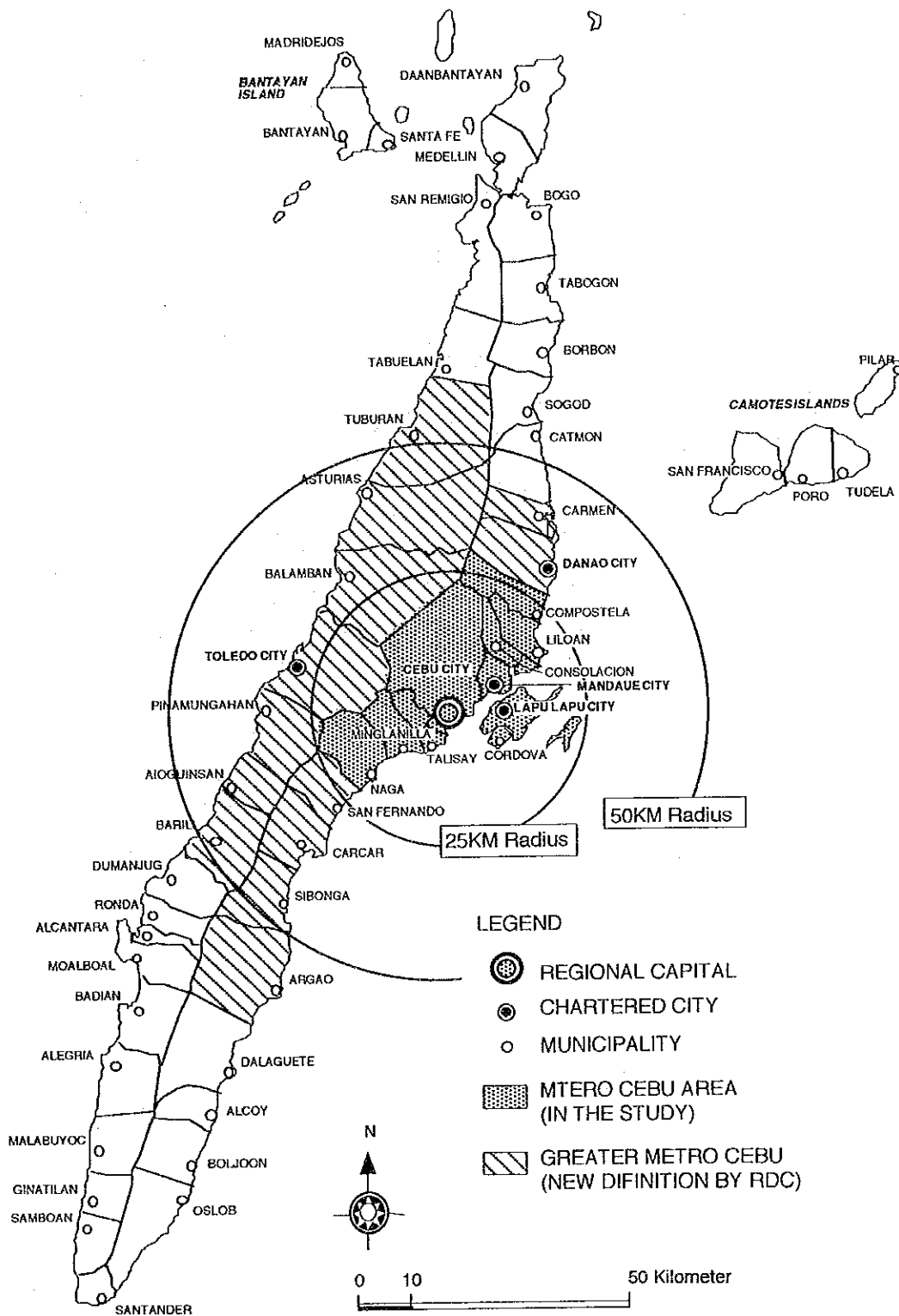


Fig. 1.1.1 DEFINED AREA OF METRO CEBU

1.3 Report Organization

Final Report consists of the following volumes:

- Executive Summary
- Volume I: Overall Issues and Plans
- Volume II: Sector Studies
- Volume III: A Profile of Proposed Projects and Programs

Volume I discusses general issues and presents the overall picture of the master plan and the institutional aspects for the implementation. Volume II compiles detailed sector issues and plans. Volume III contains the profile of proposed projects/programs in a common form indicating necessary information for the project preparation.

2

**SALIENT FEATURES OF THE
CEBU ECONOMY**

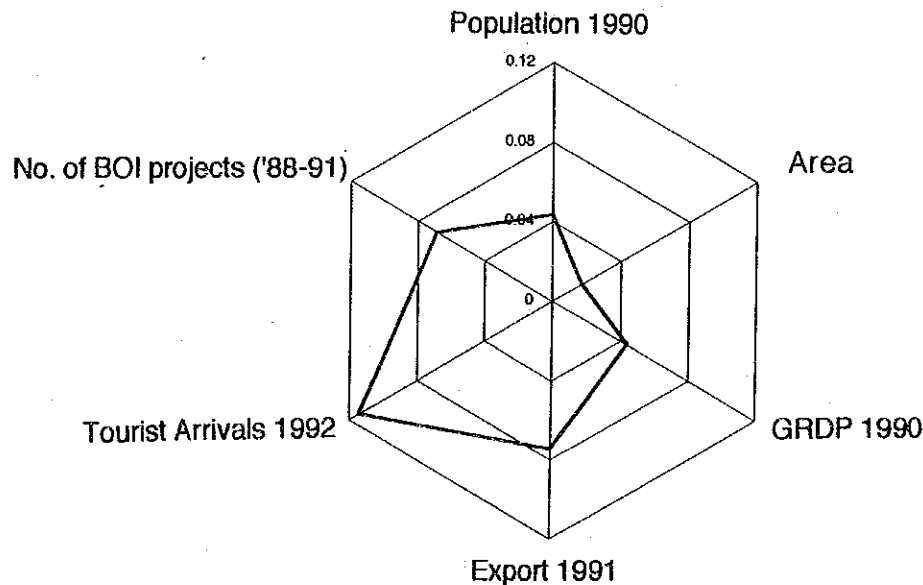
2. SALIENT FEATURES OF THE CEBU ECONOMY

2.1 Cebu Economy in the Philippines

Even during the late 1980s when the Philippine economy faced serious economic stagnation, the Cebu economy enjoyed a considerably sound growth, through direct foreign investment and increased exports.

Viewing its economic performance, as shown in Fig. 2.1.1, the Cebu economy is generally characterized in the country by the following:

- Cebu is the second largest, pivotal urban economic center in the Philippines, serving Northern Mindanao as well as Visayas with a 15 million population;
- Cebu is a predominant destination of direct foreign investment, following the National Capital Region (NCR);
- Cebu is a predominant site of export industries, trade and other supporting urban services;
- Cebu is an outstanding international tourist destination in the Philippines;
- Cebu is the second international gateway serving as a regional hub in air and sea transport network.



Notes: Each share of Cebu Province to the Nation is indicated on each axis.

Fig. 2.1.1 CHARACTERISTICS OF THE CEBU ECONOMY IN THE PHILIPPINES

2.2 Economic Growth

The macro economic data/statistics is not compiled on the provincial base, but available only for the region in the Philippines. In view of the performance of economic activities, the following are noted as characteristics of the regional economy in Central Visayas Region, compared the national performance:

(1) Relatively Higher Economic Growth in Late 1980s:

As shown in Table 2.2.1, the regional economy in Central Visayas Region (Region VII) has enjoyed a faster growth than the national average. The growth rate of GRDP of Region VII between 1985 and 1990 was 5.5 % p.a. in real term, which is higher than that of the national average, 3.8 %, and reached P46.6 billion in 1985 prices.

(2) Susceptible to Internal and External Environment:

Although the latest data on regional economies is not officially available as of November 1993, it is cited that even though the Region VII's economy grew faster than the nation during 1985 to 1990, the region recently showed a decline at negative 0.6% p.a. between the period 1990 and 1992, affected by several internal and external conditions such as political instability, natural calamities and the Gulf War. The same negative growth appeared in the national economy, negative 0.4% over the same period. However, along with the increasing credibility in the political circumstances under the Ramos Administration, the 1993 figures will represent a remarkable recovery in the Philippine economy. Thus, the regional economy of Central Visayas as well as the Cebu Economy is susceptible to such internal and external conditions.

(3) Increasing Economic Significance of Central Visayas:

The regional economy led by Cebu has increased its contribution to the national economy. The region's share to the national GDP slightly increased by 0.23 point from 6.16% in 1985 to 6.39% in 1991.

(4) Predominant Trade and Manufacturing Sectors in Central Visayas:

The leading sectors of the Central Visayas economy are primarily "trade" which shares 27.1% of the region's GRDP in 1990, followed by "manufacturing", 21.6%. Compared to this, the leading sectors of the national economy are "manufacturing" (25.4%) and "agriculture (22.5%).

Looking into the economic structure, the comparatively salient sectors of Region VII are identified to be "mining", "trade" and "real estate", all of which have significantly higher percentages of the gross value added than those in the nation. The share of the mining sector to the region's GRDP is 5.5%, while the national average is only 1.6% in 1990. Likewise, the trade sector shows 27.1%, compared to 14.2% of the nation, and the real estate sector in Central Visayas was 6.8%, compared to 5.6% of the nation. The predominance of the mining sector, however, is gradually shrinking due to the recent propensity of price down of copper in the world market.

Table 2.2.1 GROSS DOMESTIC PRODUCT

The Philippines		(1985 constant prices)						
		1985 (mill. P)	1990 (mill. P)	1991 (mill. P)	Distribution		Growth Rate (%)	
					1985	1990	85-90	90-91
Agriculture & Forestry		162,519	160,577	161,710	27.4%	22.5%	-0.24	0.71
Mining/Quarrying		11,893	11,091	10,770	2.0%	1.6%	-1.39	-2.89
Manufacturing		143,852	181,983	180,402	24.2%	25.4%	4.81	-0.87
sub-total		318,264	353,651	352,882	53.6%	49.5%	2.13	-0.22
Service Sector		275,585	361,501	354,976	46.4%	50.5%	5.58	-1.80
Construction		29,037	42,639	35,928	4.9%	6.0%	7.99	-15.74
Electricity, Gas and Water		15,767	20,423	20,601	2.7%	2.9%	5.31	0.87
Tranpt., Cmnc't'n, Storage		31,666	41,217	41,407	5.3%	5.8%	5.41	0.46
Trade		82,835	101,354	102,758	13.9%	14.2%	4.12	1.39
Finance		17,123	29,964	29,091	2.9%	4.2%	11.84	-2.91
Real Estates		32,132	40,146	40,242	5.4%	5.6%	4.55	0.24
Private Service		39,121	49,353	49,284	6.6%	6.9%	4.76	-0.14
Gorv. Service		27,904	36,405	35,665	4.7%	5.1%	5.46	-2.03
Total		593,849	715,152	707,858	100.0%	100.0%	3.79	-1.02
Population	(thousand)	54,035	60,703	62,099	-	-	2.35	2.30
Per Capita	(Pesos)	10,990	11,781	11,399	-	-	1.40	-3.25

Source: NEDA

Regional VII		(1985 constant prices)				
		1985 (mill. P)	1990 (mill. P)	Distribution		Growth Rate
				1985 (%)	1990 (%)	85-90 (% p.a.)
Agriculture & Forestry		5,676	6,939	15.9	14.9	4.10
Agriculture		5,639	6,908	15.8	14.8	4.14
Forestry		37	31	0.1	0.1	-3.48
Mining and Quarrying		2,058	2,552	5.8	5.5	4.40
Manufacturing		7,705	9,877	21.6	21.2	5.09
sub-total		15,439	19,368	43.3	41.6	4.64
Service Sector		20,211	27,194	56.7	58.4	6.12
Construction		1,224	2,171	3.4	4.7	12.14
Electricity, Gas and Water		753	902	2.1	1.9	3.68
Tranpt., Cmnc't'n, Storage		2,021	2,704	5.7	5.8	6.00
Trade		9,476	12,609	26.6	27.1	5.88
Finance		543	943	1.5	2.0	11.67
Real Estates		2,483	3,177	7.0	6.8	5.05
Private Service		2,613	3,357	7.3	7.2	5.14
Gorv. Service		1,098	1,331	3.1	2.9	3.92
Total		35,650	46,562	100.0	100.0	5.49
Population	(thousand)	4,171	4,594			1.95
Per Capita	(Pesos)	8,547	10,135			3.47
To the Natiaal		0.78	0.86			2.04

Source: NEDA

(5) Lessening Regional Discrepancy in Per Capita GRDP:

In 1990, the per capita GRDP in Region VII accounted for P10,135 in 1985 prices, while that of the Philippines was P11,781. Thus, the level of per capita GRDP of Region VII is lower by 14% than the national average. However, the per capita GRDP of Region VII grew at 3.5 % p.a. in real term during the period between 1985 and 1990. This is significantly higher than 1.40% of the national average, even compared to 3.0% of Metro Manila, as shown in Table 2.2.2. If this momentum will last, the discrepancy of per capita GRDP between Region VII and the national average will be lessening.

Table 2.2.2 COMPARISON OF PER CAPITA GRDP AND REGIONAL DISCREPANCY

	P/C GDP 1990 (in 1985 prices)	Discrepancy		Growth Rate 1985- 1990
		to Nation	to Metro MNL	
Region VII	10,135	0.86	0.36	3.5%
The Philippines	11,781	1.00	-	1.4%
Metro Manila (NCR)	28,153	-	1.00	3.0%

Source: NEDA and NSO

2.3 Population and Employment

(1) Still High Population Growth:

The population of Cebu Province as of 1990 is about 2.65 million which shares 58% of the Regional population, 4.59 million, as shown in Table 2.3.1. The population growth rate of the Cebu Province during the period between 1980 and 1990 was 2.38% p.a. on the average. This is almost the same as that in the nation, 2.35%. If it is assumed that the natural population growth rate in the region is identical to that in the national average, this implies that Cebu Province had zero social increase, or a balance between numbers of out-migrants and immigrants ¹.

On the other hand, the population growth rate of Central Visayas was 1.95% p.a. during the same period. This means that out-migration is predominantly taking place in the region as a whole. As a result, the population share of Cebu Province in the region is increasing.

Meanwhile, urbanization can be obviously seen in Cebu Province during the period between 1980 and 1990, that is, the rural ² population growth rate was 0.8 % p.a., while that in urban area, 4.1 % p.a. The population of Metro Cebu, which includes partially rural areas, grew at 3.0 % p.a.

¹ For reference, Metro Manila's population growth rate was 2.98% p.a. during the same period, greater than the national average. Therefore, Metro Manila attracted a sizable number of immigrants.

² The definitions of "urban" and "rural" are based on those in the National Population and Housing Census. According to that, the urban population is the number of people who live in areas with high densities more than 10 persons per hectore.

Table 2.3.1 POPULATION AND POPULATION GROWTH

	1980	1990	Growth Rates	Distribution (%)	
			1980-1990	1980	1990
CEBU	2,092	2,647	2.38%	55.2	57.6
Urban	930	1,390	4.10%	24.6	30.3
Rural	1,161	1,257	0.80%	30.7	27.4
Metro Cebu	945	1,274	3.03%	25.0	27.7
OTHERS	1,695	1,947	1.40%	44.8	42.4
BOHOL	806	948	1.64%	21.3	20.6
NEGROS ORIENTAL	819	925	1.22%	21.6	20.1
SIQUIJOR	70	74	0.56%	1.8	1.6
CENTRAL VISAYS	3,787	4,594	1.95%	100.0	100.0
Metro Manila	5,926	7,948	2.98%		
The Philippines	48,098	60,703	2.35%		

Notes: NSO

(2) Lagged Employment Growth:

Although the regional economy is growing relatively faster than the entire nation in terms of GRDP, the performance in generating employment of Region VII was not so appreciable. According to the Labor Force Census, even in Cebu Province where the economic center of Region VII, the number of gainful employment³ grew at 2.2 % p.a., from 707,639 in 1980 to 881,927 in 1990. This is slower than the national average, 3.1 %. There is a big gap between urban and rural areas in employment generation. Urban areas has a 4.6 % growth, while the rural areas gained almost zero employment increase, as shown in Table 2.3.2.

(3) Manufacturing as A Major Sector Generating Employment:

The fastest growing sector generating employment in Cebu Province is "manufacturing" which recorded a 4.5% growth rate from 1980 to 1990, particularly in urban areas where had a 6.0% growth, as shown in Table 2.3.2. Employment increment in the manufacturing sector accounted for 27.4% of the total increase, or 174,288 during the last decade. Thus, the manufacturing sector was a vehicle for creation of job opportunities in Cebu Province. Followed by this, the "wholesale and retail" sector shows a 3.9% p.a. growth in generation of gainful employment in Cebu Province. However, this growth rate is far less than the national average, 7.3%. The job generating capacity of the "wholesale and retail" sector is expected to become greater along with the economic growth of the province as a whole by stimulating the regional demand.

³ The definition of "gainful employment" is given by the Labor Force Survey" by NSO, that is, an employment which can offer him/her working most of the year for at least 10 hours a week for 26 weeks for pay in cash or in kind in own farm, business or establishment, or practice of a profession.

(4) Sluggish Growth in Agricultural Employment:

In rural areas, the employment in the wholesale and retail sector and the manufacturing sector obtained a considerably fast growth and increased their shares in the employment structure. However, the agricultural sector lost 21 points from 47.9% in 1980 to 26.9% in 1990 in its share of employment, as shown in Table 2.3.2. The agricultural sector is narrow and shallow in Cebu Province in terms of employment generating capacity.

(5) Predominant Sectors in Employment Structure:

The location quotient coefficients (LQCs)⁴ show that compared to the national employment structure, the Cebu economy is specialized by three sectors, i.e., "mining and quarrying" (2.2), "manufacturing" (1.6) and "electricity, Gas and water" (1.2) in its employment structure. However, as seen in the preceding section, the mining and quarrying sector is likely to decline, depending greatly on the world market demands, should no new mining activities take place.

(6) Higher Unemployment Rate:

According to the Labor Force Survey, unemployment situation in Cebu Province, in general, is slightly worse than that of the national average, as shown in Table 2.3.3. In 1992, the unemployment rate of the Philippines was 10.0%, while that of Cebu Province was 10.6%. Looking at the two major cities of Cebu and Mandaue, it can be stated that the unemployment rates are significantly worse than the average of Cebu Province: 13.2 % and 18.2 % respectively. The rates of un- and under-employment altogether in the two cities were as high as 26% and 31% respectively. The problem on urban unemployment is often explained by a consequence of rural-to-urban migration caused by both "Pull-effect" and "Push-effect". This seems to be true in Cebu Province as well. Such high unemployment rates attribute to the continuing inflow of migrants from rural areas for job-search on one hand, and more problematically, the less capability of job-creation of the urban economy on the other hand. Therefore, it must be a prime issue that the generating capability of urban employment should be further strengthened.

⁴ LQC is an indicator to identify the comparatively specified characteristic, calculated by dividing the share of each industry sub-sector of a region by the national average.

Table 2.3.2 GAINFUL EMPLOYMENT IN CEBU PROVINCE

	No. of Employment						Percentage distribution						Growth Rate (%)		
	1990			1980			1990			1980			(1980-90)		
	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural
Total	881,927	481,658	400,269	707,639	306,030	401,609	100.0	100.0	100.0	100.0	100.0	100.0	2.2	4.6	0.0
Agri., Fishery & Forestry	237,397	47,166	190,231	338,908	55,412	283,496	26.9	9.8	47.5	47.9	18.1	70.6	-3.5	-1.6	-3.9
Mining and Quarrying	12,017	3,191	8,826	13,023	2,991	10,032	1.4	0.7	2.2	1.8	1.0	2.5	-0.8	0.6	-1.3
Manufacturing	134,572	98,241	36,331	86,868	55,000	31,868	15.3	20.4	9.1	12.3	18.0	7.9	4.5	6.0	1.3
Electricity, Gas & Water	3,956	3,039	917	2,796	2,030	766	0.4	0.6	0.2	0.4	0.7	0.2	3.5	4.1	1.8
Construction	40,796	22,646	18,150	33,221	18,126	15,095	4.6	4.7	4.5	4.7	5.9	3.8	2.1	2.3	1.9
Wholesale and Retail	87,706	64,582	23,124	59,630	43,489	16,141	9.9	13.4	5.8	8.4	14.2	4.0	3.9	4.0	3.7
Trans., Storage & Commun.	47,669	34,756	12,913	44,659	32,672	11,987	5.4	7.2	3.2	6.3	10.7	3.0	0.7	0.6	0.7
FIRE & Business Services	13,857	11,946	1,911	13,301	11,475	1,826	1.6	2.5	0.5	1.9	3.7	0.5	0.4	0.4	0.5
Com'ly Social & Pers'l Serv.	122,420	92,566	29,854	113,103	83,723	29,380	13.9	19.2	7.5	16.0	27.4	7.3	0.8	1.0	0.2
Unclassified	55,148	35,325	19,823	2,130	1,112	1,018	6.3	7.3	5.0	0.3	0.4	0.3			
Not stated	126,389	68,200	58,189				14.3	14.2	14.5						

FIRE=Financing, Insurance, and Real Estate

Source: NSO, Population and Housing Census 1980 and 1990

Table 2.3.3 UN- AND UNDEREMPLOYMENT

Employment status	Philippines	Central Visayas	Cebu Province			
			Total	Cebu*	Cebu city	Mandaue
Labor force Participation rate	66.0%	66.3%	64.6%	64.5%	65.5%	63.1%
Employment rate	90.0%	91.6%	89.5%	91.1%	87.1%	81.8%
Employed in Agriculture		45.9%	33.1%	45.3%	6.3%	3.2%
Employed in Non-agriculture		54.1%	67.0%	54.7%	93.7%	98.4%
Unemployment rate	10.0%	8.4%	10.6%	8.9%	13.2%	18.2%
Underemployment rate	20.5%	35.2%	26.2%	32.2%	12.7%	12.7%
Un- & Under-employment	30.5%	43.6%	36.8%	41.0%	25.9%	30.9%

Source: Labor force survey - Integrated Survey of Households Preliminary Tables, 1st to 4th Quarter 1992, NSO Region VII.

Note: Cebu* indicates Cebu Province except Cebu city and Mandaue city.

2.4 Private Investment for Export

(1) Success in the MEPZ Development:

Mactan Export Processing Zone (MEPZ) is the only one industrial estate where offered fully serviced industrial sites and buildings in Cebu Province. Foreign investors have tended to congregate in the MEPZ to take advantage of the ready infrastructure and the favorable policy and administrative environment. In 1986, there were only eight firms operating in MEPZ. However, the number of the firms operating in MEPZ grew rapidly till 1992, reaching 42 in total, and another eight have been given approval to operate in the zone.

MEPZ has a total area of 119 ha, of which all but 10 ha are presently occupied or committed. Lease of land in MEPZ normally included all site preparation and utility hook-ups provided by the zone, however, recently, because of lack of funds, tenants undertake the land preparation and adjust the land lease rate for the cost.

MEPZ offers a number of export-related services for its tenants like complete import/export documentation, on-site customs clearance, expatriate work permits, so on. A number of supporting services are also available in MEPZ, such as banks, travel agents, a medical clinic, etc. Such a packaged services is not offered outside MEPZ.

There is an expansion plan of MEPZ with 80 ha, by using part of the Air Force land adjacent to the existing site. It is reported as of August 1993 that a total of 17 potential investors have presented their interest in locating their factories in the would-be-expanded MEPZ. Thus, the MEPZ development can be assessed to be successful in inducing foreign investments as expected. This success should be utilized as a trigger of acceleration of the anticipated industrialization.

(2) Cebu as An Attractive Destination of BOI Investment:

According to the BOI statistics, Cebu Province accommodated a considerable amount of investment for new and/or expansion projects. In the form of "equity", it accounted for P534 million in 1988 and grew to be P2,229 million in 1990.

Looking at the accumulated amount of equity investment by province during the period between 1988 and 1991, Cebu Province is ranked at the 4th place among all provinces in the Philippines, following the provinces of Batangas, Laguna, and Cavite all which are located in so-called "CALABARZON", as shown in Table 2.4.1. Cebu is the highest ranked province outside the capital influence area.

With regard to the number of BOI projects between 1988 and 1991, Cebu Province had a total of 201 projects during this period, which is again the 4th greatest number, following Queson City (NCR), Laguna (Region 4), and Bulacan (Region 3), as shown in Table 2.4.2. Cebu accounts for 6.9% of the total of 2,927 projects all over the nation between 1988 and 1991.

However, it is noted that the latest BOI data presented a decreased number of projects dropping from 59 in 1991 to 24 in 1992.⁵ This seems to be affected by the world-wide economic recession and the "watch-and-see" behavior of potential investors in 1992 on one

⁵ The BOI data for 1992 compile only those firms registered at the regional BOI office, and the national statistics are not available, as of September 1993. Therefore, it cannot be identified whether this Cebu's shrinking trend is peculiar only in Cebu, or on the same trend in the Philippines.

hand, and a shortage in land area prepared to accommodate the BOI investment on the other hand. Because of the recent recovery of the Philippine economy in 1993, the upward inclination in foreign investments will emerge again. To accommodate it, land preparation for new investments should be promptly facilitated.

(3) Stable Growth of Export Activities:

As shown in Table 2.4.3, exports have remarkably grown at 13.0% p.a. between 1991 and 1992, regardless of the sluggish GRDP growth in the same period. Although traditional products such as copper and coconut oil fell into a negative growth, or minus 39 %, the non-traditional products such as industrial and consumer goods showed a significantly high growth of 26.3 % from 1991 to 1992. This non-traditional goods shared 89 % of the total exports, and increase its share year by year.

Exports from Cebu Province totals US\$748 million in FOB value as of 1991, which shares 8.1 % of the national total export value of US\$9,187 million.

The major products contributing to such a great growth of exports are "cameras", "wire harnesses" and "car stereos", where there were major new investments in the period. The largest producers are "electronic components" and "watches". In addition, notable are the great growth of resource-based products such as "marine products" and "mineral products".

Table 2.4.1 RANKING FOR AMOUNT OF EQUITY BY BOI PROJECTS

1988-91				
Rank	Province	Region	Investment	Share
	Philippines		118,480	
1	Batangas	4	19,066	16.1%
2	Laguna	4	11,401	9.6%
3	Cavite	4	7,701	6.5%
4	Cebu	7	6,660	5.6%
5	Manila	NCR	5,693	4.8%
6	Rizal	4	5,601	4.7%
7	Makati	NCR	4,358	3.7%
8	Leyte	8	3,979	3.4%
9	Paranaque	NCR	3,937	3.3%
10	Bulacan	3	3,489	2.9%

1988				1989					
Rank	Province	Region	Investment	Share	Rank	Province	Region	Investment	Share
	Philippines		14,314			Philippines		31,045	
1	Bataan	3	2,071	14.5%	1	Laguna	4	4,725	15.2%
2	Manila	NCR	1,350	9.4%	2	Rizal	4	4,171	13.4%
3	Laguna	4	1,339	9.4%	3	Cebu	7	2,108	6.8%
4	Pasig	NCR	1,327	9.3%	4	Taguig	NCR	2,093	6.7%
5	Paranaque	NCR	983	6.9%	5	Makati	NCR	1,790	5.8%
6	Bulacan	3	744	5.2%	6	Cavite	4	1,596	5.1%
7	Bukidnon	10	580	4.1%	7	Pasig	NCR	1,379	4.4%
8	Cebu	7	534	3.7%	8	Bulacan	3	1,151	3.7%
9	Cavite	4	516	3.6%	9	Mandaluyong	NCR	1,026	3.3%
10	Valenzuela	NCR	502	3.5%	10	Queson City	NCR	889	2.9%
1990				1991					
Rank	Province	Region	Investment	Share	Rank	Province	Region	Investment	Share
	Philippines		40,110			Philippines		33,010	
1	Batangas	4	5,272	13.1%	1	Batangas	4	13,056	39.6%
2	Cavite	4	4,301	10.7%	2	Leyte	8	3,753	11.4%
3	Laguna	4	3,666	9.1%	3	Cebu	7	1,789	5.4%
4	Manila	NCR	3,138	7.8%	4	Laguna	4	1,671	5.1%
5	Cebu	7	2,229	5.6%	5	Cavite	4	1,289	3.9%
6	Paranaque	NCR	2,206	5.5%	6	Negros Oriental	7	1,015	3.1%
7	Pangasinan	1	2,131	5.3%	7	Manila	NCR	835	2.5%
8	Benguet	1	2,096	5.2%	8	Bulacan	3	802	2.4%
9	Makati	NCR	1,775	4.4%	9	Bataan	3	725	2.2%
10	Surigao del Norte	10	1,291	3.2%	10	Camarines Norte	5	697	2.1%

Source: BOI

Note: Investments are in million Pesos.

Table 2.4.2 RANKING FOR NUMBER OF BOI PROJECTS

1988-91				
Rank	Province	Region	No.	Share
	Philippines		2,927	
1	Queson City	NCR	238	8.1%
2	Laguna	4	216	7.4%
3	Bulacan	3	208	7.1%
4	Cebu	7	201	6.9%
5	Rizal	4	171	5.8%
6	Cavite	4	129	4.4%
7	Paranaque	NCR	119	4.1%
8	Manila	NCR	118	4.0%
9	Taguig	NCR	114	3.9%
10	Makati	NCR	112	3.8%

1988					1989				
Rank	Province	Region	No.	Share	Rank	Province	Region	No.	Share
	Philippines		647			Philippines		1,023	
1	Queson City	NCR	53	8.2%	1	Queson City	NCR	94	9.2%
2	Cebu	7	47	7.3%	2	Laguna	4	73	7.1%
3	Negros Occidental	6	43	6.6%	3	Bulacan	3	64	6.3%
4	Paranaque	NCR	38	5.9%	4	Cebu	7	63	6.2%
5	Bulacan	3	37	5.7%	5	Valenzuela	NCR	56	5.5%
6	Makati	NCR	36	5.6%	6	Rizal	4	53	5.2%
7	Laguna	4	36	5.6%	7	Taguig	NCR	52	5.1%
8	Rizal	4	36	5.6%	8	Paranaque	NCR	48	4.7%
9	Manila	NCR	26	4.0%	9	Makati	NCR	42	4.1%
10	Pasig	NCR	24	3.7%	10	Negros Occidental	6	39	3.8%
1990					1991				
Rank	Province	Region	No.	Share	Rank	Province	Region	No.	Share
	Philippines		767			Philippines		490	
1	Queson City	NCR	68	8.9%	1	Laguna	4	51	10.4%
2	Bulacan	3	59	7.7%	2	Bulacan	3	48	9.8%
3	Laguna	4	56	7.3%	3	Cebu	7	44	9.0%
4	Cebu	7	47	6.1%	4	Cavite	4	40	8.2%
5	Manila	NCR	46	6.0%	5	Rizal	4	37	7.6%
6	Rizal	4	45	5.9%	6	Batangas	4	26	5.3%
7	Cavite	4	37	4.8%	7	Queson City	NCR	23	4.7%
8	Taguig	NCR	30	3.9%	8	Taguig	NCR	18	3.7%
9	Batangas	4	27	3.5%	9	Negros Occidental	6	10	2.0%
10	Paranaque	NCR	25	3.3%	10	Makati	NCR	9	1.8%

Source: BOI

Table 2.4.3 COMPARATIVE EXPORT PERFORMANCE IN CEBU PROVINCE

	Thousand Peso			Share			Growth rate	
	1990	1991	1992	1990	1991	1992	91/90	92/91
TOTAL	607,117	661,750	747,990	100.0%	100.0%	100.0%	9.0%	13.0%
NON-TRADITIONAL	476,385	527,421	666,043	78.5%	79.7%	89.0%	10.7%	26.3%
Industrial Goods	192,469	238,083	309,705	31.7%	36.0%	41.4%	23.7%	30.1%
Electronics	155,598	196,364	228,291	25.6%	29.7%	30.5%	26.2%	16.3%
Electrical Equipment	17,830	18,756	49,822	2.9%	2.8%	6.7%	5.2%	165.6%
Steel/Metal Products	675	506	688	0.1%	0.1%	0.1%	-25.0%	35.9%
Chemicals	14,053	11,533	12,637	2.3%	1.7%	1.7%	-17.9%	9.6%
Vehicles, Machinery	2,573	6,812	13,926	0.4%	1.0%	1.9%	164.8%	104.4%
Packaging Materials	1,420	1,374	259	0.2%	0.2%	0.0%	-3.3%	-81.2%
Others	337	2,683	4,082	0.1%	0.4%	0.5%	695.6%	52.1%
Consumer Goods	189,185	188,809	219,117	31.2%	28.5%	29.3%	-0.2%	16.1%
Furniture	103,839	101,939	119,180	17.1%	15.4%	15.9%	-1.8%	16.9%
Gifts, Toys, Housewares	61,018	55,766	65,523	10.1%	8.4%	8.8%	-8.6%	17.5%
Ceramics	158	61	459	0.0%	0.0%	0.1%	-61.3%	648.2%
Garments, Wearables	23,099	29,304	31,732	3.8%	4.4%	4.2%	26.9%	8.3%
Others	1,071	1,738	2,224	0.2%	0.3%	0.3%	62.3%	27.9%
Food and food Products	50,536	60,197	53,407	8.3%	9.1%	7.1%	19.1%	-11.3%
Fresh and Frozen	31,930	40,692	31,186	5.3%	6.1%	4.2%	27.4%	-23.4%
Processed Food	18,706	19,476	2,222	3.1%	2.9%	0.3%	4.1%	-88.6%
Resource-based	44,196	40,414	83,814	7.3%	6.1%	11.2%	-8.6%	107.4%
Marine Products	37,941	34,252	77,191	6.2%	5.2%	10.3%	-9.7%	125.4%
Mineral Products	3,994	4,181	4,328	0.7%	0.6%	0.6%	4.7%	3.5%
Agri-Forest Products	2,256	1,981	2,295	0.4%	0.3%	0.3%	-12.2%	15.9%
Plants and Flowers	5							
TRADITIONAL PRODUCTS	130,728	134,330	81,947	21.5%	20.3%	11.0%	2.8%	-39.0%
Copper	101,489	119,123	48,957	16.7%	18.0%	6.5%	17.4%	-58.9%
Coconut Oil	26,318	12,534	30,712	4.3%	1.9%	4.1%	-52.4%	145.0%

Source: PITO-P

Note: unit is thousand Pesos

2.5 Tourism As A New Development Opportunity

(1) Increasing International Tourist Arrivals:

The tourism sector has a great potential in terms of exchange earnings, generation of employment and diversification of the service sector. Cebu accommodated 131,859 foreign tourist arrivals in 1992 with 20 % increase from 1991. Major markets of the Cebu tourism are primarily East Asian countries, which shares 70% of the total, such as Japan (36.2%), Taiwan (25.8%), and Hong Kong (4.7%), and secondly Western Europe countries (10.3%) and thirdly USA (7.7%). Numbers of international tourist arrivals especially from such Asian countries will undoubtedly increase, because of: 1) Cebu's strategic location; 2) growing markets in NIEs; and 3) its international gateway function by the improvement of Mactan International Airport.

Cebu has a total of 44 major hotels and the resort type of accommodations with a total capacity of 2,812 rooms as of September 1993. Out of these, 867 rooms are resorts which are mainly located in Mactan Island. With a new momentum of investment on first class hotels, such as Shangri-La Beach Resort Hotel, Cebu will attract a more number of resort tourists from wider segments of the markets.

(2) A Correlation between Tourists (Human Flows) and Investment (Capital Flows):

There exists a significant correlation between international tourist arrivals and direct foreign investments. Fig. 2.5.1 shows such a correlation, taking, for instance, numbers of tourists and total investments from Japan in selected Asian countries. The square correlation coefficient (R^2) is computed at as high as 0.99. This implies that capital flows represented by direct foreign investment is concomitant to the human flows represented by tourists. In other words, *the more international tourists come, the more foreign direct investment may come.*

Some of factors necessary for investors' decision-making on the investment destinations seem to be identical to those for tourists to make decision of their tourism destinations, i.e., infrastructure, safety, cleanliness, and quality human resources.

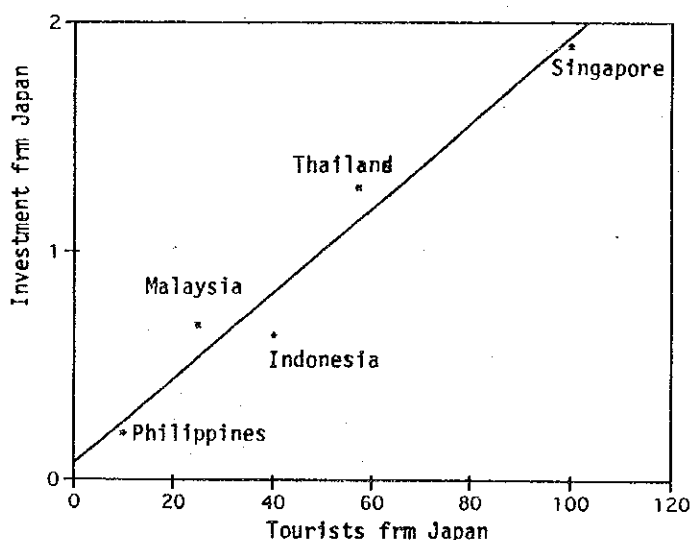


Fig. 2.5.1 CORRELATION OF DIRECT INVESTMENT AND TOURIST ARRIVALS

2.6 Needs for More Efforts on Education and Human Resource Development

(1) A Need of More Efforts on Universal Education:

The high literacy rate over the nation must be a pride of the Philippines. The literacy rates in the national average are 93.5% for the entire nation, 97.2% in urban, and 89.9% in rural areas. However, those in Cebu Province are slightly lower than the national average, that is, 92.5% in the entire Cebu, 95.5% in urban areas, and 89.2% in rural areas.

In spite of its better human capital assets of the 1960s compared to neighboring countries, it appears that the Philippines education has not performed well recently. Participation, formation of skills, equity of educational opportunity, efficiency of education are some of the major issues affecting the overall quality of education. Slow progress in the quality of education is in part explained by rapid growth of school-age population and a relatively low expenditure allocation for education, and the most critical issue is how to deliver the education opportunities to the economically depressed group of society. For equitable delivery of education, facilities, educational personnel, and equipment including textbooks must be provided, especially to children belonging to the poorer groups in the rural and urban areas.

It should be noted that although the participation rate for elementary schools is high at 88.7% in Cebu in the school year (SY) 1992-93 and that for secondary schools is 36.4% in SY1993-94, while the survival rates are 64% for elementary school in SY1992-93 and 68% for secondary schools in SY1993-94.

Mountain barangays are more suffering from lack of educational opportunities and facilities and equipment procurement than urban ones are. In addition, due to the high incidence of poverty in rural areas, especially at mountain barangays, school-aged children are often absent from classes and show higher dropout rate. A lack of land transportation system in the mountainous rural barangays also have hampered the delivery.

(2) Cebu's Central Function for Technical and Vocational Education:

Cebu is well-known as a regional education center for higher education and vocational education. Every year about 20,000 graduates are born from higher educational institutions such as colleges and universities, out of which approximately 5,000 students graduate from training and vocational education schools as shown in Table 2.6.1.

(3) A Need to Mitigate Technological Gaps:

Nevertheless, the main problem is lying on the technological gap between what the labor market expects and what the schools offer. Most schools are not well-equipped to train their students for actual business. The Six-year Development Plan 1993-1998 of Department of Education, Culture and Sports (DECS) Region VII assessed the technical and vocational education (TVE) and pointed out the following shortcomings:

- a mismatch of TVE school graduates with manpower demands of business and industry sector;
- Limited instructional materials and equipment facilities in the TVE institutions; and
- The existing fabrication/manufacture of industrial products in trade-technical shops; food crop production and processing in agriculture and fishery schools need more emphasis for increased productivity in TVE school-based projects.

Placement of graduates are not rosy. Some are not qualified because of their low attainment of techniques, so they are forced to have jobs at low technology industries. In addition, some brightest students just leave Cebu for better jobs which are not offered in Cebu. Thus, even though Cebu is one of educational centers, the schools need more appropriate job opportunities for their graduates.

Table 2.6.1 TRAINING AND VOCATIONAL EDUCATION SCHOOLS

	No. of schools		No of Graduates (SY1992-93)		
			Male	Female	Total
Public Schools					
Cebu Province	1	(1)	7	7	14
Toledo City	1	(0)	0	0	0
Private Schools					
Cebu Province	4	(4)	68	132	200
Cebu City	23	(20)	2,347	2,361	4,708
Lapu Lapu City	4	(1)	5	17	22
Mandaue City	1	(1)	66	0	66
Total	34	(27)	2,493	2,517	5,010

Note: Figures in parentheses indicates the numbers of schools from which number. of graduates are counted. Therefore, more graduates are expected from all the schools in all the school division.

Source: DECS 7

(4) New Emphasis on Non-formal Education and Skills Training:

As mentioned in the Central Visayas Medium-Term Regional Development Plan (CV-MTRDP) 1993-98, in consideration of the limited resources to supply formal education for rapidly increasing school-age children, non-formal education should be explored and strengthened to complement the formal school system. There exist several programs in non-formal education and skills training. DECS is conducting non-formal activities concentrating on literacy and livelihood skills development for out-of-school youth and adults. Such skills training programs generally include food production, dressmaking, radio mechanics, and so forth. These programs netted 13,405 graduates, or 98.7% of 13,577 enrollees.

DECS is also conducting Barangay Operation for Livelihood Development (BOLD) which is designed to improve family living by engaging in livelihood projects emphasizing resourcefulness and self-reliance.

On the other hand, National Manpower and Youth Council (NMYC) has been conducting skill training programs mainly for out-of-school youth and unemployed adults. Such programs include Skills training, Industrial training, establishment of community training

units (CTUs), and training for rural entrepreneurial development program (TREND). In 1992, a total of 10,725 persons were trained accounting 141% of the target number of trainees of 7,596. NMYC is also presently making an effort to set up local manpower committees in order to achieve quality manpower development.

Aside from these governmental formal training and vocational education, some skill training courses are offered by the Center for Industrial Technology and Enterprises (CITE) and other associations of private firms.

Moreover, Department of Social Welfare and Development (DSWD) is also organizing some skills training as part of its livelihood programs. Under the Self-Employment Assistance Scheme (SEAS), DSWD is conducting livelihood-related skill training to the poor. However, basic welfare services should be made available for them build their human capability in association with self-employment assistance programs.

The biggest problem attached to those manpower skill training and livelihood programs is lack of funds. Every agency in charge of manpower development or livelihood programs are suffering from the shortage of funds. In spite of the fund shortage, there has not been little effort to make the service delivery more efficient and effective by integration and coordination of relevant programs among the line agencies. In order to improve the service delivery and more fruitful outcome, well designed integration of programs are indispensable.

(5) A Need of Inter-departmental Coordination:

It is pointed out by staff of different agencies engaged in manpower development that there is little coordination. Cebu, however, needs to have a good manpower to complement Cebu's growing economy. The efforts made by different agencies to produce quality manpower have so far been not well-organized, and there is little coordination among the line agencies in relation to livelihood programs. Even though the service area covered by each department is little duplicated, there are still great differences in the service levels among the areas depending on responsible agencies. In order to avoid service level differences and inefficient use of limited resources, integration and coordination of livelihood related delivery is strongly recommended.

2.7 Poverty Incidence

(1) Still High Poverty Incidence:

As shown in Table 2.7.1, poverty incidence ⁶ in Region VII decreased from 57.4% to 46.8% between 1985 and 1988. Thus, a substantial decrease in poverty incidence can be observed, however, even the improved level is still high, compared to the national average of 40.2% in 1988. About 389 thousand families are living under the poverty line as of 1988.

(2) More Serious in Rural Areas:

The difference in poverty incidence between urban and rural areas is significantly large, i.e., 31.1% in urban area and 54.2% in rural areas in 1988. Moreover, it is noted that the poor families tend to concentrate more in rural areas, that is, 78.8% of those under the poverty line lived in rural areas in 1988, compared to 73.7% in 1985. This concentration ratio in Region VII is greater than that of the national average, 71.7% in 1988. Thus, a more serious condition on the poverty problems are prevailing in rural areas.

(3) Gradual Improvement of Equality in Income Distribution:

Looking into the income distribution structure in 1985 and 1988, as shown in Table 2.7.2, it can be generally said that the income distribution pattern is shifting towards a slightly more equal state in both urban and rural areas in Region VII. The index of inequality in urban areas is improved from 0.57 to 0.39 between 1985 and 1988, and those in rural areas, from 0.54 to 0.30 between the same period.

In rural area in Region VII, it is noted that the 10th decile group showed a significant decrease ⁷ in income percentage from 52% to 29.7% between 1985 and 1988 on the one hand; and the lowest three (1st to 3rd) decile groups increased their shares from 3% to 11% on the other hand.

On the other hand, in the urban area, a notable change is the great increase in income shares of the middle decile groups (4th to 7th) from 16.5% to 26.6% with the drastic decline of the top decile group from 56.4% to 37.0%.

(4) A Need of More Job Creation with Human Resources Development:

A major cause of poverty is un- and under-employment. Creation of more productive employment is highly required in the rural areas where poverty is more prevalent ⁸. A wide variety of programs such as "livelihood programs" should be prepared and implemented.

⁶ The "core poor or the subsistence families/individuals" refer to those whose income cannot provide the basic food requirements called the food threshold. The proportion of these families/individuals to the total number of families/individuals is referred to as the "subsistence incidence." The "poor families/individuals refer to those whose income cannot provide for the basic food and non-food requirements called the "poverty threshold." The proportion of these poor families/individuals to the total families/individuals is referred to as the "poverty incidence."

⁷ The Comprehensive Agrarian Reform Program (CARP) might attribute to such an absolute decline in income shares of the top two decile groups.

⁸ Job creation in rural areas will result in alleviation of the urban poverty to some extent through lessening of rural-to-urban migration.

Creation of job opportunities for the urban poor calls for a more complex policy for the labor market, since they mostly involve in the so-called "informal sector" where the labor market is often characterized to be distorted and limited. Some direct approach to the substantial solution is necessary on the long-term perspectives. Emphasis should also be placed on enlargement of the labor market in the formal sector through diversification of the urban economy so that they can easily enter the formal labor market.

Furthermore, un- and under-employment are partly explained by the mismatch between supply and demand for skills in the labor market as mentioned in the preceding section 2.6. The improvement of human resources is required so that they can meet more the requirements in the labor market.

(5) Maldistribution of Resources:

Programs for redistribution of development resources and opportunities is required, e.g. the Comprehensive Agrarian Reform Program (CARP), the Program to Refocus Orientation for the Poor (PRO-POOR) and others. Those efforts should be geared with financial and human resource development programs. An equitable access to basic services has yet vigorously worked out in rural areas. Dynamics of rural development is a key element of the overall development process toward the equitable economic growth.

(6) A Need of Integration of Urban and Rural Economies:

The rural development, however, cannot be achieved by agricultural development alone, but needs an integration with the urban economy⁹. Agricultural development is accelerated with positive influences of growth of non-agricultural activities through "consumption linkages" as well as "production linkages" with both urban and rural economies. To this end, the following three key concepts should be pursued: 1) diversification in economic activities in rural areas; 2) market-induced agriculture; and 3) creation of job opportunities through these two.

⁹ The Philippines experienced rapid agricultural growth during 1965-80 under the green revolution. However, because of lack of efforts to develop non-farm activities at rural level, the agricultural sector is still weak in its structure and marketability. The development of rural economy should be spurred by rural people's efforts to raise their income level and diversify their income opportunities, not by owners of large land.

Table 2.7.1 POVERTY INCIDENCE OF FAMILIES: in Region VII and the Philippines

	Region VII		Philippines	
	1985	1988	1985	1988
Total: Poverty threshold (a)	3,305	3,711	3,777	4,777
Magnitude of families (b)	449,760	388,571	4,355,052	4,230,484
Incidence (%) (c)	57.4	46.8	44.2	40.2
Urban: Poverty threshold (a)	3,854	4,279	4,365	5,893
Magnitude of families (b)	118,229	82,236	1,250,393	1,198,555
Incidence (%) (c)	47.7	31.1	33.6	30.1
Rural: Poverty threshold (a)	3,033	3,428	3,353	4,094
Magnitude of families (b)	331,531	306,334	3,104,655	3,031,929
Incidence (%) (c)	61.8	54.2	50.7	46.3
Distribution of the poverty in rural	73.7	78.8	71.3	71.7

Source: TWS on Poverty Determination, HSCB

Noes: (a) The annual per capita income required or the amount to be spent to satisfy the nutritional requirements (2,000 calories) and other basic needs.

(b) The number of families whose annual per capita income fall below the annual per capita threshold.

(c) The proportion of families whose annual per capita income fall below the annual per capita poverty threshold.

Table 2.7.2 FAMILY INCOME DISTRIBUTION BY DECILE (1985 and 1988)

	1988						1985					
	Total		Urban		Rural		Total		Urban		Rural	
	%	Mean	%	Mean	%	Mean	%	Mean	%	Mean	%	Mean
PHILIPPINES		40,408		60,330		28,284		31,052		46,127		21,875
1ST DECILE	2.0	8,160	2.0	12,336	2.6	7,233	2.0	6,273	0.5	6,311	4.0	6,267
2ND	3.2	12,866	3.3	19,911	4.0	11,226	3.2	9,963	0.9	9,997	6.1	9,956
3RD	4.1	16,398	4.2	25,513	4.9	13,837	4.1	12,718	1.5	12,796	7.4	12,698
4TH	5.0	20,179	5.2	31,359	5.9	16,546	5.0	15,494	2.3	15,538	8.5	15,480
5TH	6.0	24,329	6.3	38,001	6.9	19,556	6.0	18,682	3.4	18,781	9.4	18,637
6TH	7.3	29,460	7.6	46,055	8.1	22,936	7.3	22,548	4.6	22,569	10.6	22,537
7TH	9.0	36,482	9.3	56,398	9.6	27,279	8.9	27,761	7.0	27,842	11.5	27,698
8TH	11.6	46,774	11.6	70,194	11.9	33,545	11.4	35,312	10.8	35,596	12.2	34,995
9TH	16.0	64,607	15.7	94,436	15.6	44,180	15.7	48,612	17.3	48,956	13.6	48,060
10TH	35.8	144,805	34.6	209,144	30.6	86,527	36.4	113,152	51.7	118,359	16.8	96,435
Inequality Index		0.37		0.36		0.31		0.37		0.55		0.16
REGION 7		27,972		46,241		19,413		20,756		31,973		15,571
1ST DECILE	1.9	5,213	1.7	7,792	2.4	4,657	1.9	3,972	0.4	3,418	0.5	4,038
2ND	3.0	8,458	2.9	13,531	3.9	7,563	3.2	6,632	1.0	6,736	1.1	6,610
3RD	3.9	11,064	4.0	18,445	5.0	9,566	4.1	8,487	1.2	8,535	1.3	8,480
4TH	4.9	13,568	4.9	22,501	6.0	11,779	5.0	10,366	2.1	10,454	2.7	10,344
5TH	5.9	16,483	5.7	26,588	7.1	13,671	6.0	12,396	3.6	12,511	4.1	12,348
6TH	7.2	20,302	7.0	32,472	8.3	16,073	7.1	14,788	4.6	14,639	5.3	14,858
7TH	8.7	24,256	9.0	41,400	10.0	19,497	8.6	17,816	6.2	18,074	6.7	17,681
8TH	11.0	30,702	11.7	54,718	12.0	23,361	11.1	22,963	9.4	23,018	10.2	22,925
9TH	15.7	44,070	16.1	73,173	15.7	30,189	15.5	32,173	15.2	32,579	16.0	31,812
10TH	37.8	105,533	37.0	172,612	29.7	57,755	37.5	77,956	56.4	79,791	52.0	73,356
Inequality Index		0.38		0.39		0.30		0.38		0.57		0.54

Source: National Statistical Office, Family Income & Expenditures Survey 1985, 1988.

Note:

"Inequality Index" is used to determine the income inequality. To compute the index, the formula is given as the following equation:

$$I = \sum d_i / 180,$$

where I is the index of inequality and d_i is the deviation from 10% of the percentage share of the i-th decile group. If there were perfect equality in the distribution of income, $I = 0$; In case of perfect inequality, $I = 1$.

3

**POTENTIALS AND
CONSTRAINTS**

3. POTENTIALS AND CONSTRAINTS

3.2 Development Potentials

(1) Improving Credibility of the Philippines

Although the Philippine economy is behind its neighboring ASEAN countries in terms of industrialization, its climate of economic growth has improved due to the increasing political security under the Ramos Administration. The clear-cut slogan of foreign investment driven growth strategies, articulated in the "Philippines 2000", will increase the national credibility. This will favor Cebu's growth in the future.

(2) Strategic Location

Towards the 21st century, the economic predominance of the Asia-Pacific Region will be further enhanced. Cebu is located in the center of this region, encompassing most of major growing economies within the area of an economic and strategic distance of 2,000 KM radius, approximately three-hour flight distance. However, this locational advantage will not be useful unless aggressive actions to attract potential investments are taken.

(3) Salient Economic Activities

With proper directions and innovative efforts in mitigating existing constraints, Cebu could be competitive in the following economic areas:

- Direct foreign investments in manufacturing and tourism sectors;
- Export and trade business, and maritime industries;
- Agro-products, mineral resources-based, and processing industries;
- Tourism and travel-related industries; and
- Educational functions (especially tertiary education).

(4) Growing Domestic Market

Although the purchasing power is still weak on the average of the Philippines at present, people's consuming activities will be certainly increasing in magnitude and variety. Therefore, the Philippine domestic market itself will become a considerably huge market with a 75 million population in 2000. The Cebu industries should tap this domestic market as well as the international market. Emphasis should be placed on a new direction towards import-substitution, in addition to the export-oriented policy.

(5) Quality of Human Resources

Being the regional education center, Cebu generated more than 20,000 graduates from higher educational institutes annually, of which more than 5,000 graduates are from a wide variety of colleges level vocational institutes. Availability of educated, serious, English-speaking and hard-working human resource must be one reason for foreign investments in Cebu. This quality human resource should be utilized for development of the modern sector

of the Cebu economy. This is a favorable facet, but there is much room to further develop the human resource as mentioned in Section 2.6.

3.3 Constraints

(1) High Population Growth

The economy with a too high population growth offsets its real economic growth in terms of upgrading people's standard of living, thereby deferring the take-off of the economy and adjustment of the income distribution. The present population growth rate of 2.38 % p.a. in Cebu Province is considerably high. More efforts need to be made to release such a high pressure of the population growth.

(2) Water Supply Shortage

Water supply is a must for all socioeconomic activities. Water supply in Metro Cebu is already at a critical state, and being a constraint on further economic development by new investments in industrial, tourism and urban services sectors. Further deferment of the implementation of the planned Mananga Projects will seriously spoil the Cebu's economic potential. Should the solution be delayed, potential investments would fly out towards some other destinations such as, maybe, Metro Manila, Davao, Brunei, Indonesia, Vietnam, or China.

(3) Insufficient Infrastructure Support

Port and Sea Transport

Cebu is widely recognized as a port city. Because of its island geography, the sea transport is the life-line of the Cebu economy. Cebu Port annually handles 5 million ton of general cargo. However, the port facilities are very poor and inefficient. Drastic measures to strengthen the international and domestic shipping function of the Cebu Port should be undertaken, otherwise, the Cebu economy will lose its vested advantage in the Asian-Pacific Region. Modernization of the operation system and rehabilitation, improvement, and expansion of the existing port facilities must be undertaken to meet the internationally containerized system.

Intra- and inter-regional economic linkage is another stem function of the Cebu Economy. Cebu supports the Visayas economies and vice versa. However, inferior sea transport facilities without safety measures continue to be operated. This hampers regional economic development as a whole.

Road Network

The land transport network in Cebu Province cannot support the integration of local economies. The intermodal system with sea and land transportation has not been developed due to: 1) insufficient funds available for the road sector in particular at municipal and provincial level; and 2) unavailability of equipment; and 3) shortage in engineering and planning personnel in the transport sector.

The circumferential road for the Cebu Island is very important for the provincial economy as the basic structure of the Island, but all the sections have not been paved yet. There are only three road links with smooth traffic connection between the eastern and western coast at present.

As of 1993, the total length of major roads, including the national and provincial roads, is 1,627 km, of which 644 km is the national road, and 983 km, the provincial road. 70 % of the national roads are paved, while only 26 % of the provincial roads are paved. This condition is far from the sufficient level. The analysis based on GIS reveals that out of a total of 795 barangays, 358 barangays, or 45 %, are located beyond 2 km buffer zone of these major roads. This means that only 55 % barangays are actually served by the major roads. In the rural area, there are 2,400 km of barangay roads to be improved and well-maintained, and additional 1,000 km roads are needed to be developed to provide more farm-to-market roads and serve local activities.

Meanwhile, in Metro Cebu, traffic congestion is getting more serious and worsening the economy of agglomeration due to:

- Insufficient road density and missing links in the network;
- Mixed traffic of trucks, passenger vehicles and Jeepney in busy areas;
- No mass public transport systems;
- Poor traffic control systems;
- Disorderly urbanization and sub-division development
- Rapid growth of motorization ¹⁰
- Inefficient road project implementation due to difficulties in land (ROW) acquisition.

(3) Poor Management of Land Use and Natural Resources

Scarcity of available land for general development is a serious constraint due to its natural configuration. The Study Team's analysis shows that the total of available land for development with less potential of erosion incidence, accounts for 1,213 km², which is 25 % of the total area. Therefore, the urbanization management especially in Metro Cebu, the watershed management, and the use of intensive agricultural farming systems are all crucial issues.

(6) Shortage in Human Resource

To achieve modern industrialization, a volume of labor force capable of leading the movement is required. The Cebu economy needs more technocrats. Quality skilled workers, engineers, researchers in technology and science are needed to met the demands. In the world-wide competitive market, new technologies are being developed rapidly, accordingly, old and obsolete technologies are losing their viability rapidly. Cebu is an educational center, however, vocational education cannot match the growing demands from the industrial front.

On the other hand, non-formal education/vocational training is another important issue in the line with human resource development. A bottom-up approach of encouraging low-productive labor force to take part in more vital urban economies as well as sustainable agriculture should be emphasized.

¹⁰ The number of vehicle registration (all types) in Cebu Province accounted for 90,205 in 1992, compared to 44,493 in 1982. Thus, the average annual growth rate is computed at 7.3 %. Looking into the change in last 4 years between 1988 and 1992, the growth rate is as high as 8.6 % p.a.

(7) Limited Financial Resources of Local Government Units

The devolution of local development function of the National Government to Local Government Units (LGUs) is mandated by the new Local Government Code (LGC). Major cities like Cebu City are commendably capable of taking initiatives of the local development, however, small LGUs are not robust enough to assume the devolved responsibilities in terms of financial capabilities in sustaining the development. Strengthening of the financial capability of LGUs through improvement of the local tax administration need to be concomitant with this devolution process.

4 GOALS AND STRATEGIES

4. GOALS AND STRATEGIES

4.1 Goals

The Central Visayas Medium-Term Regional Development Plan (MTRDP) articulates the development vision that the region shall become a major site for new investments coming into the country and shall be the second gateway for international communications, travel, and trade. Cebu plays the prime role of the regional line-up activities to materialize this vision.

Based on this vision, and taking into account the potentials and constraints, the goals of the development in the long-run shall be threefold as follows:

(1) *Robust and Sustainable Economic Growth*

The Cebu economy can serve as an engine to drive the Philippines to achieve an expected economic growth. Robust and sustainable growth of the Cebu economy will be able to be attained in the long run, provided collective and integrated development efforts to:

- 1) attract direct foreign investment and external funds;
- 2) diversify the existing industries and service; and
- 3) mitigate the bottlenecks of water shortage and insufficient infrastructure.

(2) *Balanced Growth*

An important objective of the development shall be directing the benefits accruing from the economic growth to rural and urban areas. This long-standing goal could be achieved with the following policy mix:

- 1) decentralization to avoid excess concentration of urban and industrial activities;
- 2) agricultural diversification and rural market system development; and
- 3) Intra-regional transport network system development to integrate local economies and resources.

(3) *Social Development and Poverty Alleviation*

Social development aiming at poverty alleviation is the ultimate goal in the long-term. This calls for:

- 1) creation of job-opportunities in rural and urban areas by enlarging the economic bases and strengthen agricultural, industrial and service sectors;
- 2) a structural reform in land holding and income distribution systems through the equitable and justifiable taxation;
- 3) social development using the bottom-up approach with continuous efforts by both the public and the private sectors; and
- 4) stability and continuity of policy environment.

4.2 STRATEGIES

The following strategies of "3-Is", i.e., "Industrialization", "Internationalization" and "Integration" are proposed to achieve the goals:

(1) Industrialization

Industrialization is defined as the process of making the society productive by constantly creating value-added outputs and using skill and cleverness of labor. The objectives of industrialization are simple and clear to:

- 1) create more job-opportunities;
- 2) increase regional income;
- 3) strengthen export competitiveness; and
- 4) expand domestic market.

To these ends, four focal areas are proposed to be strategically emphasized on to:

- | |
|--|
| <ol style="list-style-type: none">1. place highest priority on the manufacturing sector;2. diversify economic activities in the service sector;3. emphasize the development of agro-industry;4. strengthen the educational and vocational training functions; and |
|--|

Regarding the above 2, diversification of economic activities in the service sector needs both horizontal and vertical expansion of urban services. The horizontal expansion appear in the process of enlarging the economic agglomeration, however, the vertical expansion is likely to be subject to some strategic policies such as encouragement of private investments on provision of the **first-class facilities** of hotels, shopping malls and housing.

(2) Internationalization

Internationalization should be pursued as another strategy to strengthen the Cebu economy to be competitively involved in the world market, and become one of the growth centers in Asian-Pacific Region. The potentials can be identified in:

- 1) its locational advantage in the new international manufacturing structure especially in Asian-Pacific Region;
- 2) popularity among travel-lovers and nature-lovers (especially divers) as a marine resort in the Asian Region with an advantage of the proximity to/from major source markets; and
- 3) predominant accumulation of trade and shipping business, export-oriented industries and local entrepreneurship with international mind;

Policies should be addressed to incorporate "Cebu" into the world-wide economies, with special emphasis on the following:

1. encourage promotion activities to attract more foreign investments;
2. encourage growth of the tourism sector; and
3. strengthen the market and technological linkages with the world economy.

(3) Integration

Integration is a key concept to create an efficient development system to achieve the development goals. The Philippines is too weak in integration of development resources. Many duplicated efforts are being made without coordination among relevant agencies. A coherent vision of development policy for the best use of resources is highly required. Integrated efforts should be made in the following three areas:

- 1) integrate development resources of the public and private sector
- 2) integrate Local Government Units' efforts and line-agencies
- 3) integrate international and domestic funds and technologies

5

**POLICIES AND MEASURES FOR
ECONOMIC AND SOCIAL
DEVELOPMENT**

5. POLICIES AND MEASURES FOR ECONOMIC AND SOCIAL DEVELOPMENT

5.1 General

A recent World Bank publication, "The East Asian Miracle: Economic Growth and Public Policy" discusses the fundamental factors supporting remarkable record of high and sustainable economic growth which are commonly found in the eight economies: Japan, Hongkong, Singapore, Korea, Taiwan, Indonesia, Malaysia and Thailand. These are:

- Universal education;
- Equitable land holding;
- Profusion of small- and medium-scale enterprises;
- Wide availability of low-cost housing; and
- Reputable civil services.

Unfortunately, the Philippines is comparatively weak in performance of all the above at present, although extensive efforts are being made to correct the situation. Obviously, these factors are all essential for the policy formation for regional development in the long-term.

5.2 Creation of A Sustainable Development Base in Rural Area

The creation of a sustainable development base in the long-term shall be formulated by combined policies/measures in 1) Management of Natural Resources; 2) Provision of Adequate Infrastructure; 3) Barangay Development; and 4) Human Resources Development.

(1) Management of Natural Resources

The environmental approach alone is not sufficient enough to materialize the expected management of natural resources, but an integrated approach with agricultural, rural and social development is needed. The "**watershed approach**" based on main river basins is thought to be the most appropriate to tackle with this issue. Based on the past experiences and learning through the implementation of CVRP, efforts should be continuously made, placing more emphasis on establishment of such a social system that people's activities for natural resource management can benefit directly upgrading of their livelihood.

The deliberate **reforestation** program is an important element of the watershed approach. Some measures are conceivable for this program. The private sector's involvement based on a contract system is an example. It could be justified that these social costs are paid by the public sector. However, more important is provision of incentives for the local people to be motivated to continuously work for maintaining the planted trees. Economic benefits

from reforestation should be returned directly to those who paid the cost in labor. In other words, some revenue-generating scheme needs to be incorporated into the reforestation program.

The on-going "Integrated Social Forest" program is another important program to be more facilitated. The periodical monitoring and technical assistance on the project sites by the responsible agency (DENR) are required. For this purpose, logistical supports for these activities should be more improved.

(2) Provision of Adequate Infrastructure

The inter-modal transport network system with sea and land transpiration should be developed. Because of the Cebu's significant position as the regional economic center, inter- and intra-regional transport connections should be enhanced. For the sustainable growth in the long-run, development of barangay roads is needed to be further facilitated as the **Island Minimum**. For this purpose, only enlargement of the capital outlay is not a substantial solution. Instead, the establishment of a supporting system to local people's self-help efforts may be more effective for the sustainable development. In this system (well-known as "Pakyaw System"), the provincial government's role to provide technical assistance for basic civil work with heavy construction equipment should be more strengthened.

Meanwhile, another substantial infrastructure is water supply facility in rural areas. The service coverage ratio in Cebu Province in terms of families served by "Level II and III facilities is still below the national average. The major weakness stems from a lack of technical and engineering bases for identification of potential water sources and maintenance of supply facilities. The sustainable development requires users' participation in the development and the users charge system for operation and maintenance, yet, no coherent policies on this regard have not been made. In order to facilitate the development over the Province, a more programmatic approach is necessary.

(3) Barangay Development

The GIS analysis reveals that 154 barangays, or 20 % of the total, are located in the mountainous areas higher than 300 m (above the sea level). Social services have yet adequately reached all barangays, especially these mountain barangays. There are 247 barangays with no elementary school in Cebu Province, and many schools have no toilets and even basic equipment such as blackboard and desks/chairs. The preventive health care hardly reach rural people. Infant motility of Cebu Province is higher than the national average. Under these circumstances, the "**Minimum Approach**" should be employed to distribute the development of these social services in as many barangays as possible.

On the other hand, more revenue opportunities need to develop at barangay level. To this end, agricultural diversification with development of functional marketing systems, encouragement of agri-business and tourism development in potential barangays should be further explored.

(4) Human Resource Development

Vocational functions should be further strengthened to produce human resource capable of taking part in modernized industrial and business sectors. People with intermediate technologies are needed to increase in number. At the same time, **non-formal education** should be given new emphasis in both urban and rural areas in order to improve the level of people's livelihood in the long-term. Needless to say, primary education is a base of the nation. Basic facilities of school and the employment environment of teachers should be improved with continuous efforts.

5.3 Industrialization for Take-off

(1) General Directions

As mentioned in the preceding Chapter, "industrialization" should be a focal strategy for the take-off of the Cebu economy, through strategies of "internationalization" and "integration." To this end, three general directions are recommended:

1. Foreign investments-driven;
2. Strengthening of small- and medium-scale local enterprises;
3. Export and domestic market-oriented
4. Decentralization of industrial locations; and
5. Stress on human resource and technology development

(2) Establishment of the Policy Base

Highest priority should be placed on the development of the industrial bases in terms of both physical and institutional conditions. Viewing the current worldwide industrial activities such as 1) restructuring in Japan and other advanced countries; 2) exploring second generation of industrialization with capital out-flow from NIEs; 3) accelerating ASEAN countries' economies; and 3) booming of capital in-flows into new destinations such as China and Vietnam, a great wave of changes can be recognized. In order to embark into the wave, Cebu should aggressively take actions right now. Otherwise, it would loose the opportunity of take-off. The following are recommended to be urgently undertaken:

- Formulate a "Central Visayas Long-term Industrial Development Plan", coordinated among relevant agencies and LGUs
- Develop **industrial estates** (one estate with the area of 100-200 ha) to accommodate international and domestic investments in the manufacturing sector. To this end, joint efforts with LGUs and DTI should be made. The land demand for industrial locations toward 2010 is projected as follows:

The total land area to be developed by 2010:	1,600 ha
of which,	
Area to be developed for industrial estates/parks:	1,000 ha
Area to be developed for industrial promotion zone:	600 ha

- Develop **Western Sea-Board** in the Toledo-Balamban-Asturias Corridor Area as a new industrial core. The Western Sea-Board Development is proposed as a national and regional industrial base. The Philippine industry is weak in production of raw materials and intermediate products which depend greatly on import, thereby resulting in the comparatively thin and vulnerable industrial structure. Therefore, manufacturing diversification is a substantial national issue. Especially development of material-based industries should be strengthened with specific policy emphasis. The Toledo-Asturias Corridor Area is a potential area where this national policy should be in place (further discussed in Section 7.4, regarding the spatial and physical issue).

Potential industries to be located in this new industrial base are:

- 1) Resources based and processing industries such as oil refinery, steel mill, steel metal and new basic material processing;
 - 2) Maritime and its related industries;
 - 3) Cement production and construction materials;
 - 4) Agro-products industries; and
 - 5) Machinery and light industries.
- Encourage the promotion activities to attract **foreign investments** and exploit **export markets** focusing strategically on Asian Markets such as Japan, Korea, Taiwan, Hongkong, and Singapore.
 - Establish the institutional system for **industrial pollution protection**, taking into account strict measures to control pollution generation from individual plants/facilities.
 - Develop a **Educational and Training Center** as a regional base of human resource and technology development, including facilitation of the R & D function

(3) **Potential Industries for Locations in Cebu**

Cebu can accommodate a wide variety of industries from up- to down-streams, or raw materials to final goods manufacturing, depending upon the areas. Although Cebu is no longer competitive in the labor wage rate against Indonesia and new comers such as China and Vietnam, the quality of labor force seems to be still competitive against other ASEAN countries. Therefore, there are still a considerable potential to induce some of the labor-intensive types of industries, or labor quality-conscious industries such as electronic and machinery parts and assembly. The locational advantage and availability of the international air and sea transportation are significant factors to encourage the industrial locations. The potential industries are assessed to be:

- Resource-based and related industries:
 - 1) Agro-processing and food industries;
 - 2) Marine resources processing;
 - 3) Cement and its derivatives;
 - 4) Construction materials;
 - 5) Steel fabricate and metal;
 - 6) Energy materials related; and
 - 7) other intermediate goods manufacturing.
- Location advantageous/urban industries:
 - 1) Maritime and its related industries;
 - 2) Paper and plastic Packaging;
 - 3) Data processing service industries; and
 - 4) Other light industries
- Labor and technology-based industries:
 - 1) Machinery parts and assembly;
 - 2) Electric and electronic parts and assembly;
 - 3) Transportation machinery and assembly;

- 4) Precision machinery parts and assembly;
- 5) Other knowledge-based industries.

(4) Enhancement of Local Industries

Relevant line-agencies together with LGUs should support small- and medium-scale local industries and business incubators, providing the government-initiating programs proposed as follows:

- **Local Economy Acceleration Program-Cebu** (LEAP-Cebu) with various components such as:
 - a. **International Technical Transfer Center**, composing of 1) Industrial Park for small- and medium-scale local enterprises; and 2) Industrial park for international enterprises; 3) Bonded warehouse; and 4) Common facilities such as common workshop, training and research section, information center, exhibition space, administration and public relation and sanitary/utility facilities. The basic concept is as shown in Fig. 5.3.1.

Organization of industrial cooperatives and/or grouping of local enterprises should be facilitated to promote their relocation or new establishment onto this industrial park. Focal industries are: 1) Furniture; 2) Wood Processing; 3) Metal Working; 4) Machinery; 5) Plastic and Packaging; 6) Garment and Textile; 7) Food Processing; and 8) Other Types of Light Industries, with Common Facilities.
 - b. **Cebu Investment Promotion Center (One-Stop Center)** Development for the purpose of: 1) basic information for business opening in Cebu; 2) local partnership promotion; 3) introduction to local technologies and man-power; 3) support services for BOI and related administrative procedures; 4) arbitration, so on. The **World Trade and Training Center** with a trade business training and an exhibition functions may be attached to this center.
 - c. **Export Business Support Programs** including 1) Production and Dissemination of Local Export Product Brochures; and 2) Market Exploitation Activities
 - d. **Technology and Financial Support Programs** for local enterprises such as: 1) modernization of plants; 2) cooperative organization, 3) consultation and diagnosis of management and production; 4) R and D activities, 5) export-market exploitation activities, 6) training of employees, so on.
- **Human Resource and Technology Network Program** (HRTNP) with the purpose of enhancement of training function in industrial skill and technologies to match the current requirements, and making best use of existing training facilities and on-going programs. This includes:
 - a. Promotion of OJT Program;
 - b. Formation of a "Technology Patent Market" linked with ASEAN and industrialized countries through a computerized information network system;
 - c. Provision of a micro credit program for support of business incubator;
 - d. Establishment of "Human Resource Bank"
 - e. Provision of non-formal educational programs

- **Enhancement of Strategic Local Industries:** DTI is now focusing on three strategic local industries which are likely to support and easily link with foreign export enterprises: 1) plastic and its processing; 2) packaging; and 3) light industries. This direction should be further facilitated with a linkage of the "LEAP-Cebu" as proposed above. In addition to this, the following measures are recommended:
 - a. Establishment of the "Tool and Die Center" where training programs and technical supports are available;
 - b. Development of "model factories" collaborated with the private sector; and
 - c. Provision of promotion service for sub-contracts.

The government sector's initiations for the above measures are substantially important, however, it should be noted that these will be really effective, if and only if the magnitude of the demands accruing from foreign enterprises' requirements is large enough for local enterprises to launch their business. Therefore, these measures should be linked with the foreign investment promotion program.

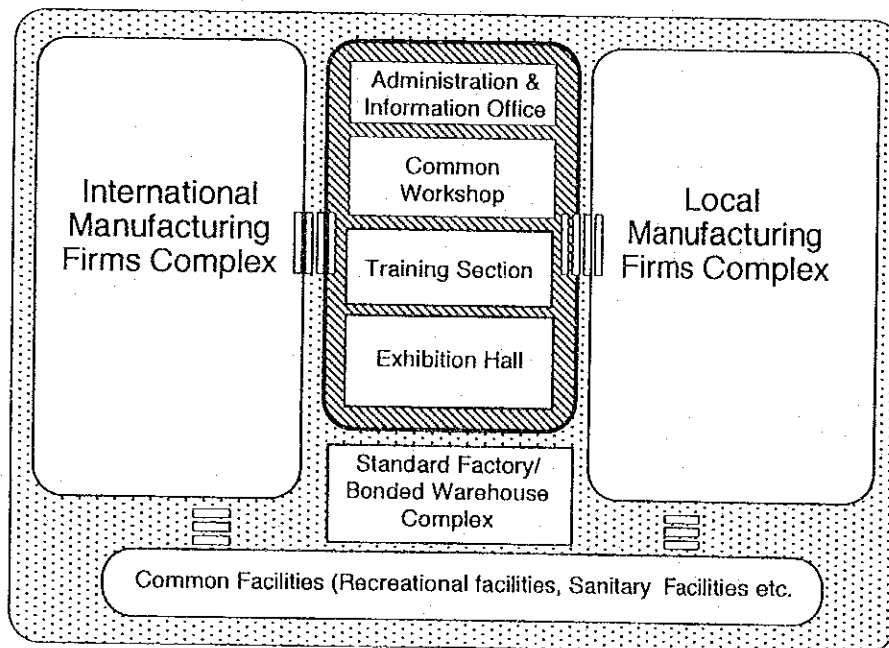


Fig. 5.3.1 A CONCEPT OF INTERNATIONAL TECHNICAL TRANSFER CENTER DEVELOPMENT

(5) Industrial Location Policies

The Study Team strongly recommends that the government should facilitate the development of **industrial estates** or institutionally designated areas of "**Industrial Promotion Area**" to accommodate locations and/or relocation of industries with three purposes of:

- Deliberate industrial locations;
- Environmental management; and
- Efficient infrastructure support.

A clear-cut "**decentralization policy**" for industrial location over the island should be prepared. This shall provide industrial development opportunities in rural areas. Fig. 5.3.2 is a proposed concept of the industrial location structure in Cebu Province, taking into account all the discussions above. Fig. 5.3.3 and Table 5.3.1 show 12 potential sites suitable for development of industrial estates identified by the Study Team, in consideration of physical conditions and a number of planning criteria such as availability of land, proximity to urban centers and resources, conditions of infrastructure, zoning by local governments, potentials of economic activities in the hinterland, and relations to on-going and/or planned projects. The possibility and implementability of the industrial estates development in these candidates sites are expected to be further pursued and discussed with the local governments, relevant line agencies and the private sector concerned.

(6) Actions

The following are the proposed actions to be urgently taken:

- Arrange the institutional legal setting for "Long-term Industrial Location Program" including:
 - 1) Designation of Industrial Estate Project Sites and Industrial Promotion Areas on the long-term basis, in coordination with LGU Land-use Zoning Plans
 - 2) Establishment of "**Industrial Estate Development Guidelines**" articulating legal framework, design criteria, environmental guidelines, institutional incentives, advantages of infrastructure provision and local people's consensus making process, in coordination among DTI/BOI, MCWD, NAPOCOR, DPWH, DOTC and LGUs.
- Support LGU efforts in the development of industrial areas/estates designated in their zoning plans, and encourage private sector participation in implementation of the projects under the Industrial Estate Development Guidelines as proposed above.
- Establishment of **an implementing body** for project/program of industrial estates development and tourism sector-related development. The Study Team recommends that the body, named Cebu Economic Development Corporation (CEDC), will be quasi-public, involving the private sector's participation ¹¹.

¹¹ The popular scheme in Japan is called the "Third Sector Scheme", i.e., the joint venture company with the public and private sector. Sizable scale of capital projects such as reclamation project, airport, new towns, industrial estates, large-scale recreational facilities, etc., are mostly undertaken under this scheme.

- Promotion activities to induce foreign investors and exploit the export markets in strategic markets with joint efforts with DTI and DOT.
- Preparation of the programs (possibly as foreign assistance program) of Local Economy Acceleration Program (LEAP)

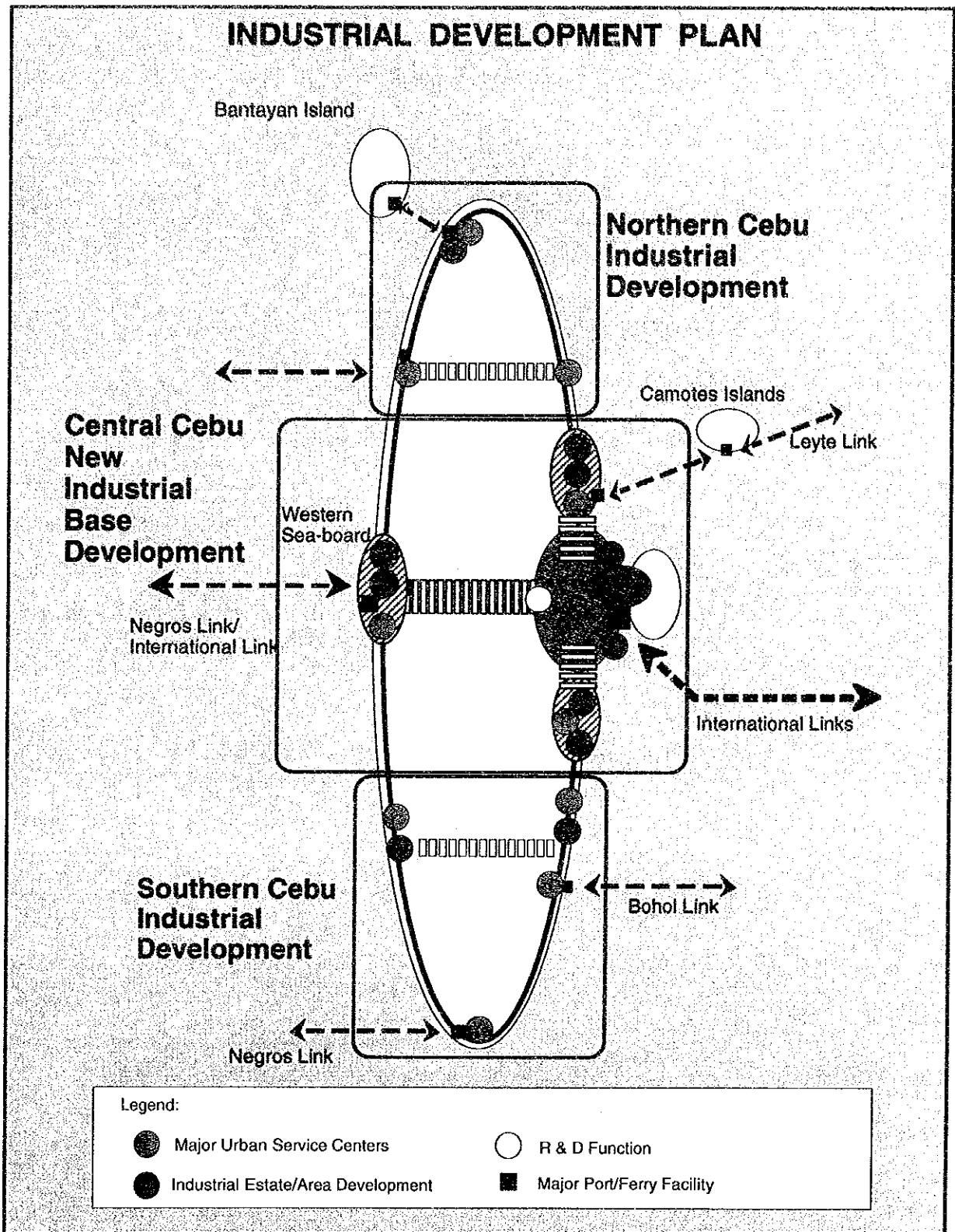


Fig. 5.3.2 A PROPOSED CONCEPT OF INDUSTRIAL DEVELOPMENT IN CEBU PROVINCE

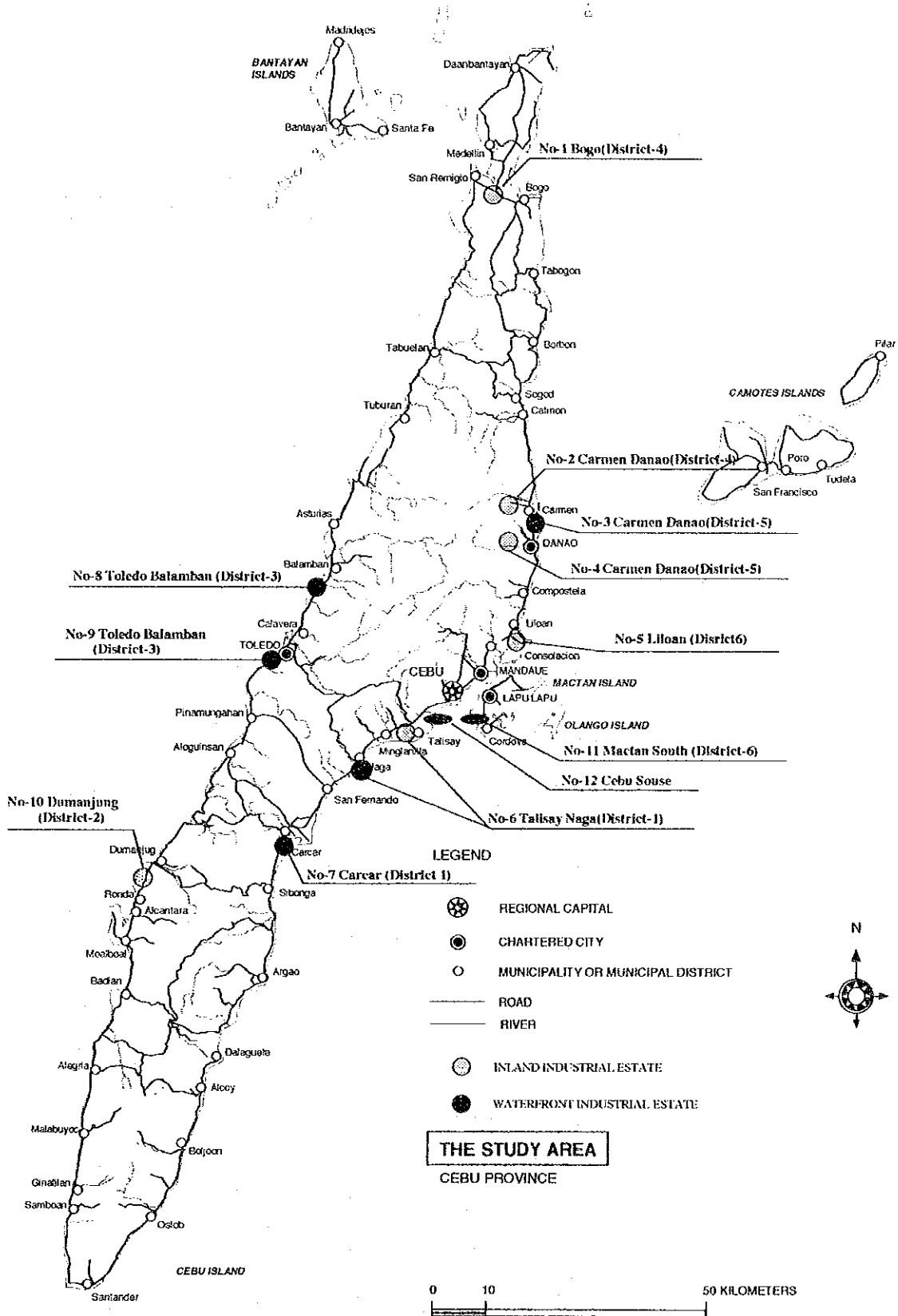


Fig. 5.3.3 POTENTIAL SITES FOR INDUSTRIAL ESTATES DEVELOPMENT

Table 5.3.1 DIRECTIONS OF DEVELOPMENT IN POTENTIAL SITES

Location	Proposed Area (ha)	Desired/Potential Industries	Problems to Be Solved
No.1 Bogo	150	<ul style="list-style-type: none"> • Agro-based industries • Steel fabricate • Machinery parts • Light industries 	<ul style="list-style-type: none"> • Marketing
No.2 Carmen-Danao	150	<ul style="list-style-type: none"> • Marine-resource and processing • Food processing • Machinery parts • Electronic components • Light industries 	<ul style="list-style-type: none"> • Access roads • Environmental control
No.3 Carmen-Danao	200	<ul style="list-style-type: none"> • Marine-and agro-based industries • Repair yards (small ship) • Machinery and machine parts 	<ul style="list-style-type: none"> • Environmental control • Landreclamation • Security of water supply
No.4 Carmen-Danao	100	<ul style="list-style-type: none"> • Agro-based industries • Machinery • Electronic components 	<ul style="list-style-type: none"> • Security of water supply • Land acquisition
No.5 Liloan	100	<ul style="list-style-type: none"> • Machinery • Electronic components • Metal machinery • Industrial materials • Distribution-related services 	<ul style="list-style-type: none"> • Land acquisition • Development of road network system
No.6 Talisay/Naga	200	<ul style="list-style-type: none"> • Sundry products • Apparel • Metal products • Machinery • Woodworking • Electronic components 	<ul style="list-style-type: none"> • Road network system • Possibility of land reclamation • Construction of Cause way • Market renewal
No.7 Carcar	300	<ul style="list-style-type: none"> • Marine-resource industries • Cement processing • Metal/Machinery • Transportation machinery assembly • Electronic components • Distribution industries 	<ul style="list-style-type: none"> • Environmental control • Availability of power supply • Road network system
No.8 Toledo-Balamban	150	<ul style="list-style-type: none"> • Resource-based (Steel and steel materials) • Cement production • Construction materials • Agro-processing • Machinery • Light industries 	<ul style="list-style-type: none"> • Water supply • Comprehensive urban development plan • Improvement of road network to Metro Cebu
No.9 Toledo-Balamban	200	<ul style="list-style-type: none"> • Resource-based processing (oil refinery, steel mill, steel metal, new basic material processing) • Cement products • Construction materials • Machinery • Light industries 	<ul style="list-style-type: none"> • New industrial truck roads • Comprehensive urban development • Ferry linkage with Negros • Effective land use plan
No.10 Dumanjung	100	<ul style="list-style-type: none"> • Local resources-based industries 	<ul style="list-style-type: none"> • Access to market • Road network

5.4 Tourism as A Trigger for Internationalized Economy

(1) General Directions

"Cebu Tourism" is one of the most promising sector, which can be regarded as a trigger for the internationalization. Tourism is one of export industry, and can contribute to the local economy (average daily expenditure by foreign tourist in Cebu was US\$ 125 in 1991.) As experienced by many other countries, tourism, if it could be properly promoted, may function as a strong and efficient stimulator to boost the economy. Attraction of international tourists leads to attraction of international investments. The recommended directions are:

- to develop Cebu into a full-fledged international tourist destination over the medium and long-term period to be competitive with such international resort destinations in the ASEAN as Phuket in Thailand and Bali in Indonesia
- to target at the reputable international resort, "One-million Arrivals" in 2010
- to diversify Cebu's tourism attractions to meet various segments of both international and domestic tourist market.

(2) Potentials and Advantages

Cebu is the best beach-oriented destination in the Philippines with a concentration of resort facilities of salable standards, capable of accommodating mass tourist traffic, adequately trained service labor force and passable urban amenities, compared to other beach destinations in the Philippines such as Boracay and El Nido.

Cebu has first-class airport facilities second only to Manila and its airport terminal is being expanded to cope with the anticipated future tourism demands. Encouragingly, international direct flight services are on the increase adding a competitive edge to Cebu over other destinations in the Philippines.

Given the proper improvement of facilities and infrastructure and the introduction of new transport services, notably in the area of air and sea links, Cebu can be a potential hub for international holiday tourists not only in the region (Visayas) but also in the whole Philippines, competing with Manila which now suffers negative impacts, because of notorious NAIA arrival conditions, traffic congestion, pollution in the air, river and sea, high crime incidence, etc.

However, in the internationally competitive markets, Cebu still lies below the standard in terms of supporting facilities. One distinct advantage of Cebu over the other ASEAN destinations is its proximity to the fast growing East Asian tourist source markets, such as Japan, Taiwan, Hong Kong and Korea.

(3) Policies/Strategies

Emphasis should placed on:

- to enhance the position of Cebu as a tourist destination, especially in the area of tourism support infrastructure, vis-a-vis competing ASEAN destinations;

- to increase the appeal and attractiveness of Cebu as a tourist destination, by diversifying tourist attractions and sights, vis-a-vis competing ASEAN destinations;
- to upgrade tourist servicing in Cebu through focused human resource development and training;
- to enhance the overseas promotional activities in strategic resource markets, especially focusing on the East Asian Market; and
- to develop hi-land tourism in some potential areas to diversify tourism sources, and stimulate the barangays economies.

(4) **Market and Facility Requirements**

- Main thrust should be towards the East Asia market such as Japan, Taiwan, Hong Kong and Korea. This market shared 70 % of the total of tourists in Cebu in 1993; and its significance will increase in the future.
- Efforts should be mounted to tap the MICE (meetings, incentives, conferences and events) market.
- The accommodation capacity should be enlarged in a deliberate manner, i.e., a total of 6,600 beds, or approximately 3,900 rooms will be additionally required for the Cebu tourism up to 2010.
- Supporting facilities/functions should be improved, developed or enhanced, including hotel service training function, information services, installation of fine signs and information boards, so on.

(5) **Actions**

- Establish an **implementing body** for project/program of tourism sector-related development as recommended in the Study. This should be the same organization proposed in the preceding section. This will act as a command center for tourism development and industrial development in Cebu
- Implement proposed projects and programs according to the time-frame.
- Activate a massive continuous and repetitive community awareness campaign to enhance cleanliness like "NOT to Litter Streets" campaign, and "Wash Graffiti Away" operation.

5.5 Integration of Agriculture and Rural Development

(1) General Direction

Agriculture in Cebu Province suffers from low productivity and subsistence-level production. An integrated approach, combined with rural and social development, must be adopted to solve the problems. The recommended directions are:

- Uplifting of productivity through: 1) diversification/intensification of agricultural land and activities; 2) facilitation of cooperative organization; 3) introduction of new value-added crops; and 4) encouragement of farmers training.
- Development of a functional market system
- Agri-business/industries promotion

(2) Issues

The main issues that must be addressed in agriculture and rural development are:

- **Low productivity and production:** Crops yields in Cebu province are among the lowest in the country. Agricultural production is mostly at subsistence level. Cebu's agricultural production cannot meet the provincial demands, therefore, large percentages of agricultural commodities are supplied from other provinces.
- **High incidence of poverty in the rural area:** Estimates of poverty incidence for 1991 indicates that approximately 53 per cent of the population of Region VII was below poverty level. Poverty incidence in rural areas is higher than in urban areas.
- **Unsustainable use of natural resources:** Only 21 % of the total land area of Cebu province is considered suitable for farming, but actual farming land is twice the area. Thus, 50 % of the land area under farming is being used in a unsustainable manner. In the fishing sector, destructive fishing methods (dynamite and cyanide) are commonly used by fishermen, resulting in significant reduction of fish population.
- **Lack of infrastructure for supporting production and marketing:** Infrastructure such as farm-to-market roads, irrigation systems, storage, market place, fishing wharf, and other types of infrastructure are often being requested by farmers, fishermen, and local authorities. Because of this shortage, transportation of produce is difficult and expensive, and post production losses are high.
- **Insufficient coverage of agricultural extension service:** Extension services provided by different agencies are very limited. The farmer household survey conducted by the Study Team shows that approximately 42 % of the respondents received extension services, but the service provided is insufficient and inefficient.

(3) Development Polices

The following polices are recommended to be pursued along with integrated efforts among relevant agencies.

- **Institutional development:**

Institutional development should focus on the formation of a strong system of farmers multipurpose cooperatives to promote and support financing, production, processing, and marketing activities. Government agencies will provide indirect support for the initial activities of the cooperative. At the same time, the LGU's agriculture sector need capability building in programming, coordinating, and implementation. Duplication of efforts caused by lack of coordination among agencies should be mitigated. The integrated agricultural development needs to be supported by "strong political will".

- **Support for effective implementation of CARP:**

The Comprehensive Agrarian Reform Program (CARP) is being implemented at very slow pace. The CARP has targeted the distribution of 49,656 ha in Cebu province, of which, up to date only 5,586 ha (11.2 %) have so far been distributed. The working capacity of agencies involved in the implementation of CARP should be enhanced. The implementation procedure should be simplified and economic resources for compensating landowners should be secured. Special attention should be given to organizing the cooperative of CARP beneficiaries along with the provision of required infrastructure.

- **Diversification and intensification of agricultural production:**

Effort must be directed towards changing the unsuitable present land use, especially in those in steep slopes which are highly susceptible to soil erosion. Diversification of agricultural production should be directed towards sound conservation with economic view points.

The sugar industry of Cebu will continue to decline in the long-term and will no longer be competitive in the world market. The land dedicated to sugarcane in Cebu should be converted to intensive type of agricultural production.

- **Development of marketing system:**

A fair market system of agro-products benefits both producers and consumers. At the local site, small farmers are always price-takers, because of insufficient volume of products salable at market, less accessibility to market information, no transport means and, hence, intervention of middleman. The following integrated measures are necessary to develop a fair market system:

- 1) organize multipurpose cooperatives which will favor the economic benefit of small agricultural producers and fishermen, with functions of farming planning and shipping schedule, dissemination of market information, provision of technical instructions and transport services
- 2) provision of public auction markets, required infrastructure and facilities such as refrigerators and storage.
- 3) establish a hierarchical market system in the region with a network with the barangay level, district level and provincial/regional level.

• Promote agri-business/industries

Agriculture-related business opportunities should be more promoted, making use of the Cebu's position of the regional economic centers. Looking into the inter-regional flows of agricultural products in 1989, Cebu attracts: Rice (25 % of the total national flows); Corn (36 %); and Fruit (18 %). As shown in Fig. 5.5.1, many agro-products are flowing into Cebu from various regions. This predominant distribution function of Cebu implies high possibility to bear more value-added related to agricultural products through food processing, canning, packaging industries and other agri-business.

In Cebu Province, agri-business potentials are lying in **poultry, livestock** of cattle and hog, **fishery** and **cut-flower**, given a commercial scale of the activities. There is also high possibility to promote their processing and/or packaging industries. Especially, **egg-based food processing** may be noted. Needless to say, to support these activities, transportation and market system development are basically required.

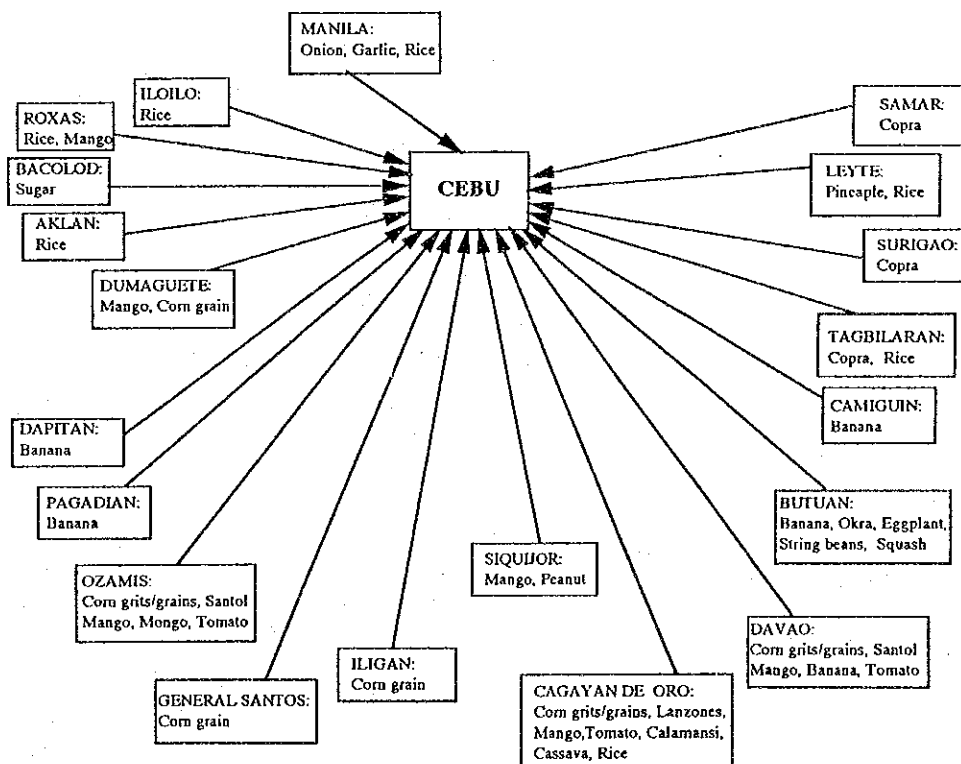


Fig. 5.4.1 AGRICULTURAL COMMODITY IN-FLOW INTO CEBU PROVINCE

- **Support for rural entrepreneurship:**

The potential for agricultural development in Cebu is relatively small. Additional activities for income generation in the rural areas should be supported. Training should be provided for developing the entrepreneurial capacity of rural people, especially youth, enabling them to develop their livelihood. A micro credit scheme is necessary to be available for their business attempts.

- **Measures to stop degradation of natural resources:**

The sustainability of agriculture and rural development must be based on appropriate management of natural resources. The deterioration of natural resources is putting in risk not only agriculture and fishery production. High population growth, lack of alternative livelihood opportunities, persistence of a colonial type of land tenure, lack of coherent policy vision for supporting rural development, are the most important causes of mismanagement of natural resources. To achieve a sustainable use of natural resources these causes have to be mitigated.

(4) **Actions**

A wide variety of projects/programs should be deliberately and carefully prepared for the agriculture and rural development. Coordination among relevant agencies and packaging of projects/programs are keys to make individual efforts more productive and constructive, avoiding duplication of investments.

Two types of actions should be undertaken in an integrated manner: institutional setting and preparation of the implementation of the proposed infrastructure projects:

- Institutional development and improvement of supporting services including:
 - 1) Program for organizing land workers and fisherman's multi-purpose cooperative
 - 2) Support program for effective implementation of CARP
 - 3) Program for implementation of an effective extension service
 - 4) Efficient Marketing system development program
 - 5) Zonification of agriculture production based on land suitability, and soil and water conservation
 - 6) Diversification and intensification of farming system based on some combinations of food trees, fruit trees, vegetables, cut flowers, back-yard poultry and livestock production, with promotion for organic farming and IPM
 - 7) Promotion of agri-business/industries, linked with the above 6)
 - 8) Study for the market demands of citronella oil, neem, fiber crops and their processing
 - 9) Promotion and support for sea-water fishery production, sea weed production
 - 10) Training program for rural entrepreneurial development, identification of investment opportunities in association with financial support through a macro-credit scheme
-

- Implementation of Projects/Programs for infrastructure development and maintenance, including:
 - 1) Construction of "**Multi-purpose Agro-Centers**" in 10 municipal canters with a front-function of the operation and implementation of all the above institutional programs. These centers will have necessary facilities and equipment for the expected activities.
 - 2) Farm-to-market road network development project
 - 3) Facilitation of small-scale irrigation infrastructure development and rehabilitation project
 - 4) Fish-landing pier ¹² development project with a priority scheme ¹³
 - 5) Upgrading the existing "Farmers Training Center" located in Barili" to be the "Integrated Rural Livelihood Promotion Center"

¹² A standard engineering design of the fish-landing pier useful for traditional out-rigger fishing boats are needed to be explored.

¹³ Highest priority is given to Bantayan, Daan Bantayan, Bogo and Borbon; and second priority, Moalboal, Tuburan and San Francisco. In the long-term, Alcoy, Dumanjug, Ginatilan, Ronda, Asturias, Santa Fe, Poro and Sogod.

6

SOCIOECONOMIC FRAMEWORK

6. SOCIOECONOMIC FRAMEWORK

6.1 ALTERNATIVES FOR GROWTH SCENARIO

The socioeconomic growth in the long-term is projected in three scenarios:

- Case I: Potential-based;
- Case II: Constraint-suffered; and
- case III: Target-oriented.

"Case I" is where the Cebu economy will continuously grow based on the present trend, or will grow, employing the existing potential resources and endowments, and accommodating external resources given in past years. The prospects for the Philippine economy is taken into account, that is, 1) the Philippine economy as a whole will recover in a few years; 2) it will begin to achieve a relatively stable growth long with the political stability; 3) the needed fiscal and monetary stabilization measures by the Government will be undertaken; 4) the structural reform in the administration will be effected; and 5) the international economy will not worsen.

"Case II" projects the Cebu economy to be severely affected by physical, economical and institutional constraints in the long-run and by the world-wide economic stagnation in the short run. This is the worst-case scenario, which is not necessarily unrealistic, because of resource limitations and poor resource management, thereby leading to a relatively sluggish growth in the Cebu economy as a whole.

"Case III" is an ambitious case. It requires intensified efforts for the maximization of all development resources and potentials in order to alleviate existing constraints. In this case, national economic recovery as described in Case I is also assumed. Moreover, massive international capital inflows into the Cebu economy are foreseen especially from Newly Developed Economies such as Korea, Taiwan, Hong Kong and Singapore and from developed countries. This case will materialize with a big-push led by the manufacturing and the service sectors.

After careful analyses of the three alternative, Case I is adopted as the socioeconomic framework of the Study.

6.2 Projection of Socioeconomic Framework

The socioeconomic frameworks were developed in consideration of the relationship among five economic elements, namely, 1) economic production; 2) labor market; 3) labor productivity; 4) population; and 5) per capita income level, under the process as shown in Fig. 6.2.1. In the process of the projection, employment rate was tailored as a given policy factor, because the rate implies an important social indicator which shall be managed by the development policy. Therefore, the socioeconomic framework herewith is computed so that the unemployment rate will decrease from 10.5% at present to 7% in 2000 and 6% in 2010.

Table 6.2.1 summarizes the results of the projection in Cebu Province, and briefly described as follows:

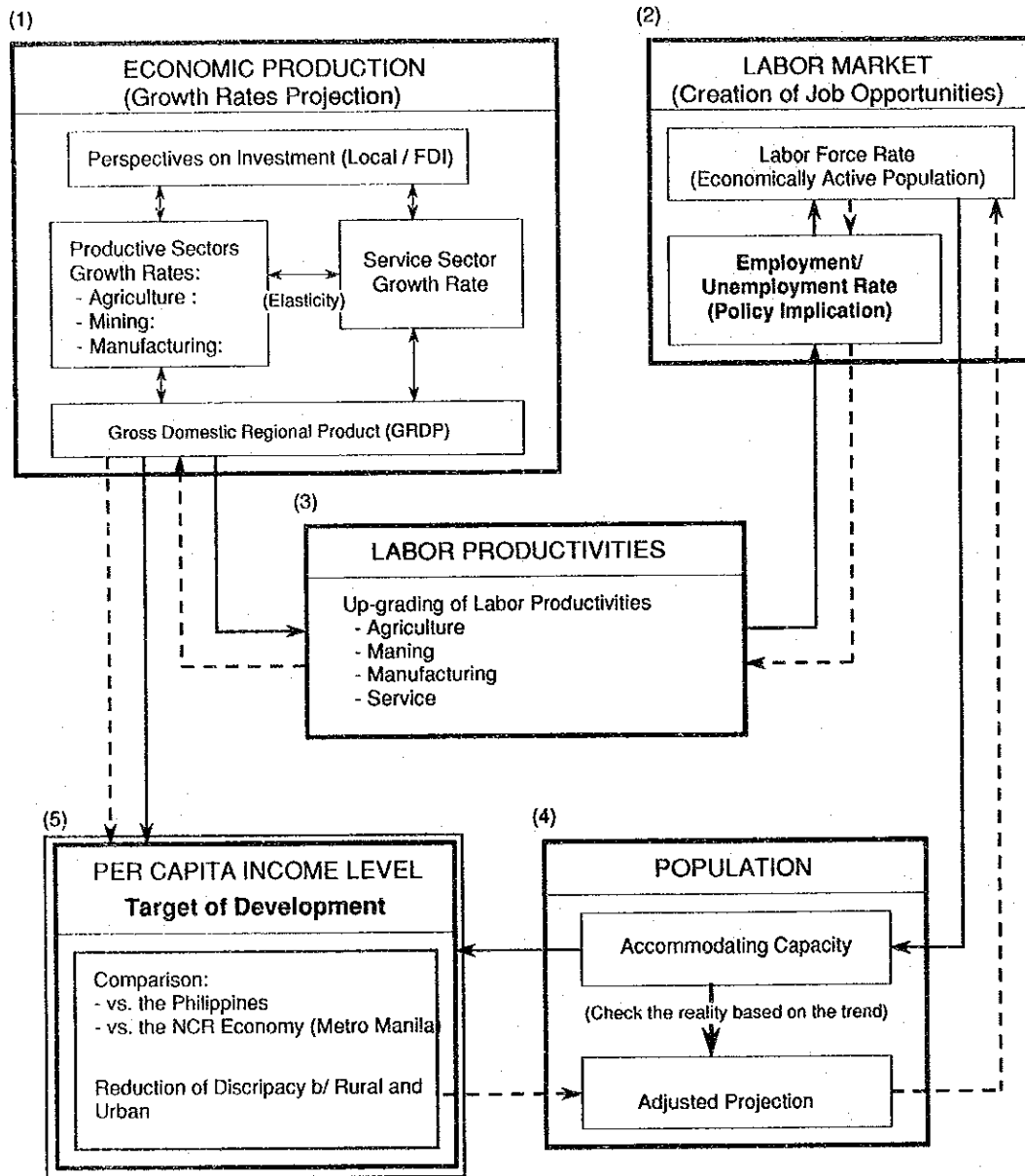


Fig. 6.2.1 SOCIOECONMIC FACTORS AND PROJECTION FLOW

- Population of Cebu Province will grow at higher rates, compared to the regional average. The population will be 4.0 million, compared to 2.6 million as of 1990, with the average growth rate will be 2.1 % p.a.
- GRDP Growth in Region VII will account for approximately P192 billion in 2010 in 1985 prices, or about 4 times the 1990 GRDP. It will enjoy a 7.3 % p.a. growth on the average between 1990 and 2010. Such a long-term high growth rate may still be a considerably optimistic projection, however, will/should be attainable, given the strong policies expressed in the Study.
- Per capita GRDP will reach P28,237 in 2010, compared to P10,135 as of 1990. This average growth rate is 5.2 % p.a. which will lessen, then, overwhelm the comparative discrepancy to the national average, i.e., the relative rate will be 1.4 in 2010, compared to 0.86 of the present rate ¹⁴.
- A total of 1.7 million will have gainful employment or about 2.0 times of the present number, as a result of the economic growth. A total of incremental jobs will be 860 thousand, and sectoral increases are: 1) 29 thousand in the agricultural sector; 2) 168 thousand in the manufacturing sector; and 3) 662 thousand in the service sector. Thus, the most greatest job-generating sector is the service sector.

Table 6.2.1 SOCIOECONOMIC FRAMEWORK FOR CEBU PROVINCE IN 2000 AND 2010

	1990	2010	2010/1990	Growth Rate (% p.a.)
1) Population of Cebu Province	2.6 mill.	4.0 mill.	1.5	2.18
2) Population of Metro Cebu	1.3 mill.	2.3 mill.	1.8	2.89
3) No. Gainful Employment	0.9 mill.	1.7 mill.	1.9	2.23
4) GRDP in Central Visayas (in 1985 prices)	P47 bill.	P190 bill.	4.0	7.23
5) Per Capita GRDP	P10,135	P28,200	2.8	5.25
• Compared to NCR	0.36	0.61	-	-
• Compared to National Average	0.86	1.40	-	-

Source: The JICA Study Team

¹⁴ The GDP growth rate in the nation was assumed at 5.0 % p.a. The population growth rates are assumed at 2.17% between 1990 and 2000, and 1.85% between 2000 and 2010.

6.3 Urbanization

The urbanization process will continue in Cebu Province, as shown in Table 6.3.1. The Population and Housing Census indicates that the urban population ¹⁵ ratio increased from 44.5% in 1980 to 52.5% in 1990. The average growth rate of the urban population during the past decade was 4.10% p.a., compared to that of the rural population, 0.8% p.a. This rapid urbanization momentum will be accelerated along with the economic growth in the future. As a result, the urban population ratio in 2010 will be 62.4%.

The concentrating inclination to Metro Cebu would continuously last without any effective decentralization policy. The projection shows that the population of Metro Cebu will account for 2.3 million, compared to 1.3 million as of 1990, hence, 1.0 million will be incremental. It will be undoubtedly a crucial issue how to accommodate this increased population in Metro Cebu given its hilly configuration and scarce land availability. This issue is further discussed in Chapter 8. Urban growth management is needed for the implementation of the urban policy mix with the local taxation on real property, control for subdivision development and decentralization in relation to infrastructure provision.

Table 6.3.1 URBANIZATION PROJECTION IN CEBU PROVINCE

	1980	1990	2000	2010	Growth Rates		
					1980-1990	1990-2000	2000-2010
Total Population (thousand)	2,092	2,647	3,291	4,023	2.38%	2.20%	2.03%
Urban	930	1,390	1,868	2,510	4.10%	3.00%	3.00%
Rural	1,161	1,257	1,423	1,513	0.80%	1.25%	0.62%
Urban Population Ratio (%)	44.5	52.5	56.8	62.4	-	-	-
Metro Cebu*	945	1,274	1,712	2,301	3.03%	3.00%	3.00%

Source: NSO and the Study Team

Note: * The population of Metro Cebu includes both part of urban and rural population.

¹⁵ "Urban Population" is defined as number of people who live in the areas with high densities of more than 10 persons per hectore.