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## **ECONOMIC SECTOR REPORT**

### **Part 6: Tourism and International Relations**

#### **Chapter 1 Existing Conditions**

##### **1.1. Tourism Development Setup**

###### **1.1.1. Tourism administration**

The Department of Tourism (DOT) is the principal government agency responsible for the encouragement, promotion, and development of both domestic and international tourism. The following agencies are attached to the Department of Tourism.

1) Philippine Tourism Authority (PTA)

It serves as the implementing arm of infrastructure development and implementation of all policies and programs of the Department of Tourism.

2) Philippine Convention and Visitors Corporation (PCVC)

It is a government-controlled corporation which serves as the marketing arm of DOT.

3) National Parks Development Committee (NPDC)

It is tasked with the operation and maintenance of public parks including Rizal Park in Manila and the park in Baguio. It is noted that nature areas like Mt. Apo National Park are managed by Department of Environment and Natural Resource.

4) Intramuros Administration (IA)

It is the agency in restoring the walls and fortifications and in reviving the cultural and religious traditions in Intramuros.

Each Region in the Country has a DOT regional office. The DIDP Area is administered by DOT Region XI. DOT coordinates with LGUs through their regional offices. LGUs are expected to implement tourism projects and programs within their jurisdictions according to the Local Government Code of 1991.

Four provinces and a city in the DIDP Area have a tourism section or a council in their local government units. Assigning an officer in charge of tourism is an optional requirement for municipal government. Planning and Development Officers at the provincial and municipal levels would prepare tourism-related plans and projects as necessary.

The following tourism associations that aim to support local tourism enterprises have been established in the DIDP Area:

- City Tourism Council;
- Davao Tourism Association;
- Davao Travel Agents Association;
- Davao Association of Tour Operators;
- Southern Philippines Tourism Council; and
- Woman in Travel.

## 1.1.2. Tourism policies and plans

### (1) Tourism Master Plan of the Republic of the Philippines

The Tourism Master Plan submitted by DOT in 1991 defines the government policies on tourism at present. It sets the four main goals for tourism development as follows:

- Economic goal to optimize the contribution of tourism to economic growth at a national level and regional level;
- Socio-cultural goal to enhance and contribute to social cohesion and cultural preservation at the local level;
- Physical environmental goal to develop tourism on an environmentally sustainable level; and
- Marketing goal to develop a diversity of destinations, attractions and markets to minimize exposure to major internal and external threats to tourism activity.

The master plan adopts a cluster development approach and the Philippines consists of three clusters, namely:

- Luzon cluster (including Palawan, Mindoro, Marinduque);
- Visayas cluster; and
- Mindanao cluster.

The positioning of the Mindanao cluster is "an exotic wilderness and cultural destination" as compared with the Luzon cluster which is "a multi-faceted destination providing attractions for all markets," and with the Visayas cluster which is "a resort and cultural heritage destination."

The master plan sets the target number of respective clusters as shown in Table 1. The target number of visitor arrivals to the whole Philippines in the target year of 2010 is 17,206,000. The targeted number of visitor arrivals to the Mindanao cluster in 2010 is 3,008,000, of which domestic arrivals constitute 1,989,000 (66%) and international arrivals 1,019,000 (34%), respectively. The Mindanao cluster is supposed to constitute 17.5% of the targeted visitor arrivals of the whole Philippines in the target year.

**Table 1 Development Framework of the National Tourism Master Plan**

Unit (persons)		Short Term -1993	Medium Term 1994-1996	Long Term 1997-200
Luzon	Domestic	3,117,000	3,593,000	7,037,000
	Foreign	1,072,000	1,158,000	2,682,000
	Sub-total	4,189,000	4,751,000	9,719,000
Visayas	Domestic	1,341,000	1,520,000	2,815,000
	Foreign	344,000	417,000	1,663,000
	Sub-total	1,685,000	1,937,000	4,478,000
Mindanao	Domestic	1,400,000	1,593,000	1,989,000
	Foreign	84,000	136,000	1,019,000
	Sub-total	1,484,000	1,729,000	3,008,000
Philippines	Domestic	5,858,000	6,706,000	11,841,000
	Foreign	1,500,000	1,711,000	5,364,000
	Total	7,358,000	8,417,000	17,206,000

Source: Department of Tourism, "National Tourism Master Plan"

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The master plan chooses five priority development areas after assessing tourism potential and development possibilities of 18 candidate destinations. They are:

- Baguio, La Union, Ilocos Norte & Sur (Luzon cluster);
- Tagaytay, Taal, Batangas, Ternate (Luzon cluster);
- Northern Palawan (Luzon cluster);
- Panglao Island (Visayas cluster); and
- Samal Island (Mindanao cluster).

Samal Island is located in the DIDP Area, which evidences the importance of the tourism sector in this master plan study.

## **(2) Tourism development master plan for the Southern Mindanao Region**

In 1998, DOT Region XI prepared the Tourism Development Master Plan for the Southern Mindanao Region which covers the DIDP Area as well as General Santos City, Sarangani and South Cotabato Provinces.

The master plan specifies seven tourism development areas (TDAs) in the region. They are:

- Eden-Bayabas Mountain Resort (Davao City);
- Bukal Hot Springs/Park Resort (Compostela Valley);
- Menzi Estate Development Center (Davao Oriental);
- Kapatagan Mountain Lodges (Davao del Sur);
- Gumasa, Glan Resort (Sarangani);
- Lake Sebu Tourism Development Area (South Cotabato); and
- Paraiso Tourism Development Area (South Cotabato).

Four TDAs out of the seven are located within the DIDP Area. Samal Island is not chosen as a TDA since the Samal Island Tourism Estate (SITE) project has already been started by DOT and PTA.

The regional master plan seems to place more emphasis on the domestic market compared with the national tourism master plan, the latter of which stresses the importance of beach resort development to attract international visitors. This may imply that the regional tourism master plan intends to supplement the national tourism master plan.

## **(3) Davao Oriental Tourism Master Plan**

Davao Oriental completed the Davao Oriental Tourism Master Plan in 1993. The master plan includes projects such as a retirement village in the Pujada Bay area, expansion of Tourism Complex in Mati, and development of Aliwagwag Fall. The plan largely depended on private sector's investment, which has not yet been realized as of 1998.

## **(4) Malita/Santa Maria Retiree's Paradise and Comprehensive Tourism Development Plan**

The "Malita/Santa Maria Retiree's Paradise and Comprehensive Tourism

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Development Plan” is another optimistic plan on developing the Malita/Santa Maria Special Economic Zone with special focus on tourism and retiree’s real estate development. The plan proposes to build a new international airport, a Disney-World-like theme park, Marine World, mountain resort hotel with a golf course, retiree’s village, beach resorts, and marinas.

It envisages to obtain large part of initial development cost by selling retiree’s real estate. Admitting that the Philippine Government is keen to develop retiree’s market, it is not certain at present whether the Government would be successful in this attempt. Moreover, Mindanao, which is still affected by an unfavorable image of Muslim rebels, would face tough competition in the Philippines for a retiree’s destination.

**(5) Other tourism-related plans**

Other provinces and Davao City have tourism plans although each of them is not organized into the form of a tourism master plan. The Tourism Master Plan for the Southern Mindanao Region, however, is incorporating these regional tourism plans. Tourism-related projects that are not included in the regional master plan but of special notes are as follows:

- Santa Ana Ferry Terminal Project;
- Cultural Village (ethnic theme park);
- Kupiat Island Development; and
- Proposed development for the Hijo Plantation, Inc., Twin Rivers Plantation, Inc. and APO Fruits Corporation Properties.

**1.2. International Relations**

**1.2.1. BIMP-EAGA**

Mindanao Economic Development Council (MEDECO) is the government agency in charge of the BIMP-EAGA cooperation on the Philippines side, and runs a secretariat for the regional cooperation scheme in Davao City.

Davao City has been hosting conferences and meetings with the public and private sectors in the BIMP-EAGA. Growth of the convention and meeting market in Davao City, as will be discussed later in the tourism market section, owes in part to the establishment of BIMP-EAGA. Davao City envisages to be the meeting place of the BIMP-EAGA.

**1.2.2. Sister cities**

Davao City has three sister cities: Seattle (USA), Kaohsiung (Taiwan), and Manado (Indonesia). Being a port city is the characteristics they have in common with Davao City. Davao City has been exchanging delegates with these cities to promote mutual understanding and friendship. It is apparent that these exchanges have contributed to promote tourism and investment by creating awareness of Davao City through various events and media coverage.

In addition to Manado, Davao City is currently negotiating only with Kota Kinabalu, another city in the BIMP-EAGA, but also with Kagoshima City in Japan, to conclude sisterhood treaties. The latter is situated in a bay area of the southern part of Japan, and close to a volcano like Mt. Apo.

### 1.3. Tourism Market

#### 1.3.1. Visitor arrivals in the Philippines

The number of international visitor arrivals to the Philippines was 2.05 million in 1996, which was a 16.4% increase from the previous year as shown in Table 2.

**Table 2 International Visitor Arrivals to the Philippines**

	International Arrivals (persons)	Growth Rates from Previous Year
1985	773,074	-
1986	781,517	1.1%
1987	794,700	1.7%
1988	1,043,114	31.3%
1989	1,189,719	14.1%
1990	1,024,520	-13.9%
1991	951,365	-7.1%
1992	1,152,952	21.2%
1993	1,372,097	19.0%
1994	1,573,821	14.7%
1995	1,760,163	11.8%
1996	2,049,367	16.4%
AAGR (86-91)	4.0%	-
AAGR (91-96)	16.6%	-

Note: AAGR = annual average growth rate  
Source: Department of Tourism (DOT)

Although international tourism stagnated in 1990 and 1991 due to the devastating earthquake in Baguio and an eruption of Mt. Pinatubo, as well as due to concerns over the Philippines' political stability, it has shown a healthy growth since 1992. An annual average growth rate (AAGR) of international arrivals during 1991-1996 is as high as 16.6%. The Central Bank of the Philippines estimates that the international tourism receipts in 1995 was US\$2,454 million. However, it is not possible to identify the trend, for the figure is not consistent with past figures.

Table 3 shows that an explosive growth of visitors from Korea, Taiwan and Hong Kong led the rapid growth of international tourism during 1991-1996. The growth rates of visitors from ASEAN countries were also high during the same period.

It is noted that visitors from English-speaking countries, namely, USA, Canada, New Zealand, and Australia contain a large number of nationalized Filipinos who come to the Philippines to visit friends and relatives (so-called FR market or Balikbayan market). The principal characteristics of the market is low usage ratio of commercial accommodation.

No reliable statistics on domestic tourism at the national level is available except for the survey of regional tourism conducted by DOT in 1989. According to the survey, total number of domestic tourists that used commercial accommodations was 2.0 million in the year. DOT's National Tourism Master Plan estimates additional 2.9 million domestic tourists who used unregistered or non-commercial accommodations in the same year.

**Table 3 International Visitor Arrivals by Country of Residence**

	1991	1996	Percent Shares	AAGR (1991-1996)
Asia	435,555	1,081,609	50.3%	20.0%
ASEAN	48,683	139,324	5.3%	23.4%
East Asia	351,188	896,096	43.7%	20.6%
Japan	197,540	350,242	17.1%	12.1%
Hongkong	55,673	149,479	7.3%	21.8%
Korea	40,554	173,910	8.5%	33.8%
Taiwan	52,548	206,708	10.1%	31.5%
America	216,482	434,828	21.2%	15.0%
USA	192,499	373,953	18.2%	14.2%
Canada	22,225	56,852	2.8%	20.7%
Europe	128,349	269,976	13.2%	16.0%
Oceania	52,248	98,473	4.8%	13.5%
Africa	1,254	2,891	0.1%	18.2%
Others and unspecified	15,530	18,837	0.9%	3.9%
Overseas Filipinos	101,947	142,753	7.0%	7.0%
Total	951,365	2,049,367	100.0%	16.6%

Source: Department of Tourism (DOT)

Growth of domestic tourism market hinges on the growth of the national economy. Considering the healthy economic situation in the Philippines over the past several years, current volume of the domestic market would be much larger than the figure in 1989. Based on an assumption that domestic tourism market grows at the same pace as its economy, the number of domestic tourists that used commercial accommodation in 1996 might be around 2.4 million or a 21% increase from 1989, since Philippine GDP at constant price grew by 21% between 1989 and 1996.

### 1.3.2. Visitor arrivals to Region XI and the DIDP Area

Table 4 shows that the total number of visitor arrivals to Region XI was 470,676 in 1996, which is a remarkable 59.7% increase from the previous year. Both domestic and international markets grew at a very high growth rates in 1995 and 1996.

The table also shows that domestic arrivals constituted 88% of the total visitor arrivals in 1996. The annual average growth rate (AAGR) of international visitor arrivals during 1991 - 1996 (38.7%) was higher than that of domestic arrivals (21.4%).

**Table 4 Visitor Arrivals to Region XI**

	Domestic Arrivals (persons)	Growth	International Arrivals (persons)	Growth	Total	Growth
1991	157,768	-1.9%	10,721	-14.1%	168,489	-2.8%
1992	162,867	3.2%	15,728	46.7%	178,595	6.0%
1993	176,264	8.2%	18,188	15.6%	194,452	8.9%
1994	183,660	4.2%	22,131	21.7%	205,791	5.8%
1995	260,196	41.7%	34,506	55.9%	294,702	43.2%
1996	415,646	59.7%	55,030	59.5%	470,676	59.7%
AAGR (92-96)	21.4%		38.7%		22.8%	
Percent Shares	88.3%		11.7%		100.0%	

Source: Department of Tourism (DOT), Region XI

Domestic and international visitor arrivals from January to July in 1997 grew by 13.5% and 21.6%, respectively, from the same period of the previous year. It is anticipated, however, that currency crisis in ASEAN countries would be negatively affecting tourism from the neighboring market in the second half of 1997.

Table 5 shows that East Asia was the largest international market segment with a share of 34.1% in 1996. ASEAN was the second largest market segment for Region XI with a share of 18.8%. It is closely followed by North America with a share of 18.3%. Region XI is noted for a higher share as well as a higher growth rate of visitors from ASEAN countries than the national averages.

**Table 5 Visitor Arrivals by Region of Origin (1996)**

	Region XI			Philippines Total		
	Visitor Arrivals (persons)	Percent Shares	AAGR (91-96)	Visitor Arrivals (persons)	Percent Shares	AAGR (91-96)
ASEAN	10,348	18.8%	66.0%	139,324	6.8%	23.4%
East Asia	18,782	34.1%	35.6%	896,096	43.7%	20.6%
North America	10,083	18.3%	43.3%	430,805	21.0%	14.9%
Oceania	3,300	6.0%	42.8%	98,473	4.8%	13.5%
Europe	7,442	13.5%	28.6%	269,976	13.2%	16.0%
Others	3,345	6.1%	17.9%	71,940	3.5%	4.2%
Balibbayans	1,730	3.1%	34.3%	142,753	7.0%	7.0%
Total	55,030	100.0%	38.7%	2,049,367	100.0%	16.6%

Note: AAGR = Annual average growth rate

Source: Department of Tourism (DOT), Region XI

Table 6 shows the countries that generated visitors to Region XI in descending order in 1996. Japan generated the largest number of visitors with 14,671 arrivals. It was followed by USA (5,069), Malaysia (4,448), Australia (3,05), Germany (3,094), and Indonesia (2,465).

**Table 6 International Visitor Arrivals by Country of Origin (1996)**

	Region XI			Philippines Total		
	Persons	Percent Shares	AAGR (91-96)	Persons	Percent Shares	AAGR (91-96)
Japan	14,671	26.7%	34.9%	350,242	17.1%	12.1%
USA	5,069	9.2%	30.5%	373,953	18.2%	14.9%
Malaysia	4,448	8.1%	74.1%	52,080	2.5%	30.8%
Australia	3,053	5.5%	40.6%	87,553	4.3%	14.8%
Germany	3,094	5.6%	26.8%	60,367	2.9%	16.4%
Indonesia	2,465	4.5%	70.1%	19,280	0.9%	19.3%
Canada	2,240	4.1%	46.8%	56,852	2.8%	20.7%
Brunei	2,051	3.7%	-	3,393	0.2%	15.4%
Taiwan	1,853	3.4%	75.6%	206,708	10.1%	31.5%
UK	1,533	2.8%	30.4%	83,513	4.1%	18.3%
Korea	1,243	2.3%	-	173,910	8.5%	33.8%
Hon Kong	1,015	1.8%	7.7%	149,479	7.3%	21.8%
Balibbayans	1,730	3.1%	-	142,753	7.0%	7.0%
Total	55,030	100.0%	38.7%	2,049,367	100.0%	16.6%

Source: Department of Tourism (DOT), Region XI

Shares of Japan and, as has already been pointed out, ASEAN countries, Canada and Australia were higher than the national average, while those of Taiwan, Korea,

Hong-Kong, and USA are conspicuously smaller. This implies that the rapid growth of the Korean, Taiwan, and Hong Kong markets in the 1990s has not much benefited Region XI.

Table 7 shows the composition of purposes of visit to Region XI during the first half of 1997. "Holiday," which generally constitutes a greater part of visitor arrivals in many tourism destinations, was only 14.4%. Region XI is noted for high shares of "business" and "convention."

**Table 7 Purposes of Visits to Region XI**

	1997 (Jan.-Jul.)	Percent Shares
Business	113,932	42.1%
Holiday	38,972	14.4%
Convention	97,495	36.0%
Visit friends & relatives	18,975	7.0%
Others	1,430	0.5%
Total	270,804	100.0%

Source: Department of Tourism (DOT), Region XI

The number of visitor arrivals to the DIDP Area was 359,503 in 1996 as shown in Table 8. The number of domestic visitor arrivals was 311,964 or 87% of the total arrivals, while that of international arrivals was 47,539 or 13% of the total.

**Table 8 Visitor Arrivals to the DIDP Area in 1996**

	Domestic	Percent Shares	International	Percent Shares	Total	Percent Shares
Region XI	415,646	100.0%	55,030	100.0%	470,676	100.0%
DIDP area total	311,964	75.1%	47,539	86.4%	359,503	76.4%
Davao City	239,449	57.6%	44,479	80.8%	283,928	60.3%
Davao Province	43,065	10.4%	1,686	3.1%	44,751	9.5%
Davao del Sur	22,807	5.5%	983	1.8%	23,790	5.1%
Davao Oriental	6,643	1.6%	391	0.7%	7,034	1.5%

Note: Expatriate residents in the Philippines are included in domestic arrivals, while mga Balikbayan are included in international arrivals.

Source: Department of Tourism (DOT), Region XI

It is noted that visitors to the DIDP Area, in particular, international visitors concentrate in Davao City. This implies that resort tourism, which is considered to be an important tourism opportunity for the three provinces, is at a very immature stage of development.

Davao City is increasingly recognized as a new convention destination in the Philippines, and recent growth of visitor arrivals to Davao City would be attributed to the growth of this market segment. According to interviews with the travel trade in Davao City, conventions and conferences held in Davao were predominantly domestic conventions but international conventions among the BIMP-EAGA countries also have been increasing rapidly.

However, the travel trade also reports that Davao City is still not a MICE (meeting, incentive, convention, and event) destination because it is not suitable for incentive travel due to an insufficient number of tourism attractions.



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## **1.4. Tourism Resources**

The DIDP Area has a wide variety of tourism resources ranging from the bustling Davao City to idyllic remote mountain villages inhabited by indigenous peoples, and from palm-fringed coral beaches to high mountain peaks. Most of these tourism resources, however, are not properly developed as tourism products.

The JICA Study Team listed up tourism resources from various tourism literature and information provided by DOT and local governments. These tourism resources were evaluated through discussion with DOT, provincial tourism officers, and the travel trade. The following are the results of the evaluation.

### **1.4.1. Natural tourism resources**

#### **(1) Beaches and diving sites**

Best beaches are found in Samal Island and Talikud Island, as well as along the Pacific Coast. The latter, however, has a constraint in accessibility. Beaches that face Davao Gulf such as those in Maco, Malalag, and Malita are not comparable to the beaches in the islands and along the Pacific Coast but they have development potential taking into account their advantage in proximity to Davao City and the airport.

The best diving sites are in Pujada Bay and Davao Gulf off San Isidro and Governor Generoso in Davao Oriental. Samal and Talikud Islands in Davao del Norte also have diving sites that are less attractive but have an advantage in that they are close to resorts in Samal Island and Davao City.

#### **(2) Inland nature tourism resources**

Mt. Apo, which is the highest mountain in the Philippines, has a good tourism appeal to the domestic market. Resort development on the slope of the volcano capitalizing on cool weather would be promising due to the celebrity status of the mountain among Filipinos.

Innumerable falls, caves, and hot/cold springs were listed up as tourism resources. Their tourism potential, however, is questionable considering that other part of the Philippines also has these types of tourism resources. Among the falls, Aliwagwag Falls in Davao Oriental and Tudaya Falls in Davao del Sur are of special note. The former is recognized as the largest falls in the DIDP Area, and Davao Oriental has a plan to develop it. The latter is located adjacent to the Kapatagan Tourism Development Area (TDA). Mainit Hot Springs National Park in Compostela Valley is designated as a TDA by DOT.

Maragusan in Compostela Valley is a unique place with scenic landscape, cool climate, and sizable indigenous population.

Tropical rain forest are increasingly recognized as an important tourism resource. Although the DIDP Area still retains nature areas where tropical forests are still intact, poor accessibility makes a serious constraint to utilize them as tourism products. Tropical rain forest that remains in the Hijo Plantation in Davao del Norte is a precious exception within this category. Other forest areas that have possibility for development as tourism products are the forests along the climbing trail to Mt. Apo near Kapatagan, near Eden-Bayabas TDA, near Aliwagwag Falls, and the Bonsai (dwarf) Forest in San Isidro.

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#### 1.4.2. Cultural tourism resources

As the Tourism Master Plan of the Philippines suggests, ethnic and community-based tourism resources would be a comparative advantage of the DIDP Area over competitor destinations in the Philippines. There are many villages inhabited by indigenous peoples in the Study Area, some of which would be suitable to introduce tourism for social development adopting a high-income low-volume strategy to reduce negative impact of tourism. Talaingod in Davao del Norte and Maragusan in Compostela Valley are the possibilities of this type of tourism development.

Plantations and local industries could be tourism resources if they are carefully arranged to represent "locality" of an area. Among various plantations, durian farm could become a good tourism product for both domestic and international visitors since the fruit is widely recognized as a symbol of the Davao area. Some orchid farms located in and around Davao City have tourist facility and receive tourists. Factories and workshops that produce local souvenir items such as weaving, basket, and pottery would also be potential cultural tourism resources.

#### 1.4.3. Man-made tourist attractions

This category includes tourism facilities built for a tourism purpose. For example, historical building belongs to cultural tourism resource since it was not built for tourism, while theme park falls into this category since it was built to receive tourists.

This category is quite weak in the DIDP Area in terms of tourist appeal. The most renowned tourist attraction in this category is the Philippine Eagle and Nature Research Center in Calinan, suburb of Davao City. Casino would be a good appeal to the BIMP-EAGA market since Davao is the only city that has casinos in the area.

The DOT's plan to build a "Cultural Village" may add a competitive tourist product to this category.

#### 1.4.4. Tourism resources in the BIMP-EAGA area

The following are major tourism resources in the BIMP-EAGA area. Tourism resources in the area are more or less similar: beaches and diving sites that could be combined with cultural attractions of tribal people intact from the modern civilization.

##### (1) Sulawesi

Bunaken Island off Manado is probably the most competitive diving destination in the BIMP-EAGA or even in South East Asia. Tanah Toraja is a cultural destination with a very high image particularly in Europe.

##### (2) Kalimantan (Indonesian part of Borneo)

Culture of Dayak people is the principal cultural attraction. There are still nature areas in the upper Mahakam river area. Derawan Island is considered to be a competitive diving destination.

##### (3) Eastern Malaysia (Malaysian part of Borneo)

Mt. Kinabalu is the highest mountain (4,101m) in South East Asia, which overwhelms Mt. Apo (2,954m). East Malaysia has well-managed national parks that boast of their tropical rain forest inhabited by Orang-utang and other wildlife. Sabah

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State is focusing on Sandakan for development of both marine and cultural tourism products. Labuan Island is a duty free port rivaling Brunei.

**(4) Brunei**

Principal tourism resources in Brunei are impressive mosques and large shopping centers. Brunei envisages to be the transportation hub of BIMP-EAGA like Singapore to the western part of ASEAN.

**(5) Other part of the Philippines**

Diving sites and good beaches abound in the coastal areas that face Sulu Sea and Sulawesi Sea. Among these, Palawan and Tubbataha Reef are particularly competitive. The Lake Sebu area inhabited by T'boli people in South Cotabato would be an important cultural destination in Mindanao.

**1.4.5. Travel patterns**

**(1) Travel itinerary**

Average length of stay for international visitors is 10 days according to the national statistics. The figure for the DIDP Area, however, is not available.

Interviews with hoteliers, travel agencies and tour operators in Davao City revealed that international visitors usually stay four to five days at an accommodation in Davao City or Samal Island, and that average period of domestic conventions, which is booming in Davao City, is three to four days. Average length of stay for domestic business travellers, which is reported to be shorter than convention attendants, would be two to three days.

**(2) Combined destinations with Davao**

The JICA Study Team could not find an example of organized tours that combine Davao City with other BIMP-EAGA or ASEAN cities except tailor-made tours prepared for BIMP-EAGA delegates.

Visitors from Europe and North America visit Davao City as part of their itinerant travel around Asia for one to two weeks. They are mostly individual tourists and combines Davao City with Zamboanga, Cebu, and Manila in the Philippines, as well as with major transportation hubs in Asia such as Tokyo, Hong Kong, and Bangkok. With the introduction of new flights within BIMP-EAGA, number of tourists who combine Davao City with Singapore, Kuala Lumpur, Kota Kinabalu, and Manado are picking up.

For visitors from Asia, Davao City is usually a fly-in fly-out destination. They, however, sometimes have to stay overnight at Cebu or Manila for flight connection. There are examples of organized tours to Samal Island for four to six days from Japan and Hong Kong though the number is limited at present.

**(3) Travel routes in Mindanao and the DIDP Area**

A limited number of organized overnight tours in Mindanao makes it difficult to identify typical touring circuits. It means that touring in Mindanao is still limited to adventurous independent tourists due to insufficient road network, long distance between developed tourism products, and concerns over security conditions in some parts of the island. One rare example is two to three day trips from Davao City to Lake Sebu in South Cotabato Province via General Santos City.

Typical one-day excursions marketed in the DIDP Area are as follows:

- Davao City Tour: Davao City proper - half day;
- Island Tour: Samal/Talikud Islands - one day,
- Countryside Tour a; Philippine Eagle Center and various plantations - one day;
- Countryside Tour b; indigenous village and plantations. - one day; and
- Mountain Resort Tour: Eden, Bayabas - one day.

Above tours all start from Davao City, and visit tourist attractions locating mostly within Davao City and Samal Island. It is noted that, except Samal Island, the four provinces in the DIDP Area rarely receive visitors from Davao City despite the fact that they are located within three hour time-distance where a day-trip is viable.

## 1.5. Tourism Sub-sector and Tourism Services

### 1.5.1. Tourism employment

The tourism sub-sector generated 3,485 direct employment as of June 1997. Although no study on indirect employment is available in Region XI, various tourism studies conducted so far show that one direct tourism employment generally creates 3 to 4 indirect employment.

**Table 9 Tourism Direct Employment in Region XI (June 1997)**

	Management	Other	Total
Accommodation	337	2,042	2,379
Restaurant, bar, cafe	180	650	830
Travel and tour operators	56	135	191
Tourist transport services	18	67	85
Total	591	2,894	3,485

Source: DOT

### 1.5.2. Accommodations

The DIDP Area has 66 registered tourist accommodations with a total of 1,473 rooms. Table 10 shows the distribution of rooms in the DIDP Area. It shows that 84.9% of the rooms concentrate in Davao City. Although they are not classified as "resort" in the table, there is a good number of small-scale beach resorts along the Davao Bay and in Samal Island that cater to local market.

**Table 10 Distribution of Accommodation (number of rooms)**

	Davao Province	Davao City	Davao del Sur	Davao Oriental	Total	Percent Shares
Hotel	7	500	17	0	517	37.7%
1st class	0	160	0	0	160	11.7%
Standard	0	217	0	0	217	15.8%
Economy	7	123	17	0	140	10.2%
Resort	0	172	0	0	172	12.6%
Others	66	515	52	34	601	43.9%
Unclassified	30	63	0	17	80	5.8%
Total	103	1250	69	51	1370	100.0%
Percent Shares	7.5%	91.2%	5.0%	3.7%		100.0%

Note: Others include pensions, lodges, and inns.

Source: DOT

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Accommodations within the Study Area that have more than 100 rooms are only Apo View Hotel and Insular Century Hotel. Though small in scale, Pearl Farm Resort in Samal Island is a quality resort that has a good number of visitors from long-haul markets such as Europe, North America and East Asia. Most of the accommodations in the Study Area are small-scale family-run establishments that depend on domestic walk-in guests.

Due to the rapid increase of visitors to Davao City, tour operators and travel agents often report insufficient supply of up-market accommodations for international tourists, convention attendants, and business travelers. Corresponding to this situation, there are on-going plans to construct new accommodations in Davao City and Samal Island.

Among these, Ekran Resort on Samal Island has a special importance since the Malaysian investment is symbolic of the BIMP-EAGA cooperation, and is also the icebreaker of the SITE Project. High-rise Marco Polo Hotel in Davao City, which is an investment from Hong Kong, is scheduled to open in January 1999. It is noteworthy that the Hong Kong-based hotel chain that operates hotels in Hong Kong, Singapore, Jakarta, Ho Chi Minh, and Xiamen did build their first hotel in the Philippines not in Manila but in Davao City. Other new hotels in Davao City include Mercure Hotel which accommodates a casino, and Royal Mandaya which is an expansion of an existing small-scale hotel.

Interviews with hoteliers in the DIDP Area revealed that employment per room is approximately two persons. This means that a hotel with 100 rooms employs 200 persons. This figure is rather large compared with the figures in developed countries where employment per room is only one person. In spite of this, JICA Study Team's own experiences as well as feed backs from the travel trade in the Philippines show that services provided even at the best hotels in Davao often lag behind the international standard. Considering the openings of new hotels, it may be more difficult to maintain even the current level of services due to lack of skilled work force.

Accommodations in the four provinces need much improvement in terms of both facility and services. Aside from tourism development, the provinces should be aware that the lack of clean and hospitable accommodations is actually repelling business opportunities and investments.

#### **1.5.3. Convention facilities**

The Philippine Central Bank Convention Center in Davao City is the largest convention facility in the Study Area, which can accommodate 1,500 persons. Hotels in Davao City such as Apo View Hotel, Insular Hotel and Grand Men Seng Hotel have conference halls for small- to middle-scale conferences. Due to the strong growth of the convention and conference market, the travel trade in Davao City is demanding a larger conference facility.

#### **1.5.4. Diving facilities**

Despite the potential in scuba diving, the DIDP Area does not have a compression chamber that treats caisson disease. Divers who suffer from the disease generally go to Zamboanga or Cebu for treatment in a compression chamber. The medical facility is important to promote the diving market since it makes a prerequisite for

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divers to obtain diving insurance.

#### **1.5.5. Visitor facilitation**

##### **(1) Tourist information center**

The current Davao International Airport has a small booth run by Davao City Tourism Council, which provides arriving passengers with tourist information like brochures and maps. The location of the booth at the entrance of the arrival lobby, however, is not ideal since many arriving passengers pass without noticing the booth.

DOT's Region XI office located at Magsaysay Park near Santa Ana Wharf also provides tourist information. Davao Oriental has a tourism office in the Tourism Complex in Mati, which would provide visitors with tourism information on the province as necessary.

##### **(2) Tourism brochures**

Tourism brochures or other brochures that include tourism information are produced by DOT, Davao City Tourism Council, provincial governments, as well as by many of the municipalities in the Study Area. Due to limitation in budget, quantity of brochures, rather than quality, is not always sufficient. These brochures, however, are for general purpose, and no brochure specifically produced for the travel trade or organizers of convention and incentive travel is available. They are distributed through the Tourist Information Center at Davao Airport and the DOT office.

##### **(3) Tourist signs and interpretation boards**

Tourist signs and interpretation boards are poorly provided in the DIDP Area. With the increase of visitors, the DIDP Area, in particular, in Davao City, will have to improve signs to, and interpretation boards at, tourism sites.

#### **1.5.6. Tourism capacitation**

The Joji Ilagan Career Center in Davao City provides tourism courses for hotel employees. A few colleges in Davao City provide courses for tourism. However, students who want to learn tourism management generally go to universities in Manila, the most famous of which is the Asian Institute of Tourism. It is often reported that talented young people who engage in tourism leave Davao for better working conditions in Manila or Cebu.

#### **1.5.7. Tourism development**

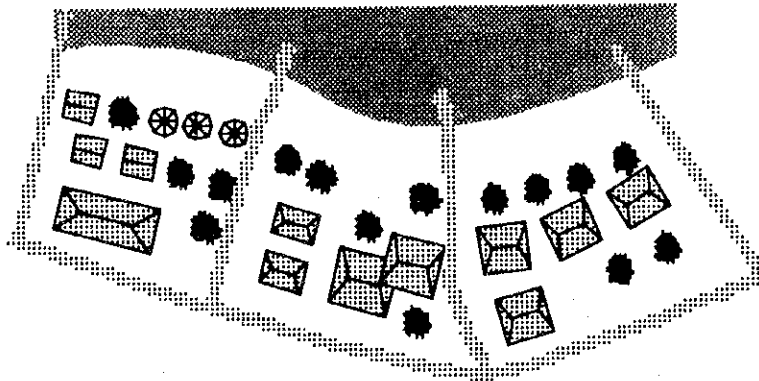
##### **(1) Characteristics of tourism development in the Philippines**

Public sector intervention in tourism development has not been very intensive in the Philippines compared with other ASEAN countries due to a small government policy that advocates decentralization. It would be a reason why tourism development in the Philippines is characterized by scattered enclave type development with poor integration among tourism establishments and with local community.

DOT's Samal Island Tourism Estate (SITE) project as mentioned previously is a memorable experiment in that it employs an integrated area development approach. Though existing resorts in Samal Island are of enclave type, the project envisages to develop resort areas that are shared by a number of tourism establishments.

built walls for exclusive use of beach front as illustrated in Figure 1.

**Figure 1** Segmented Beach (beach fencing)



Source: JICA Study Team

Though this practice is very common in the Philippines, it is rarely found outside the Philippines except large-scale enclave type establishments. "Foreshore lease contract" provides the legal basis for this practice, in which DENR entitles resort owners to an exclusive use of the shore in front of their seaside property for a certain amount of fee.

#### **1.5.8. Urban amenity**

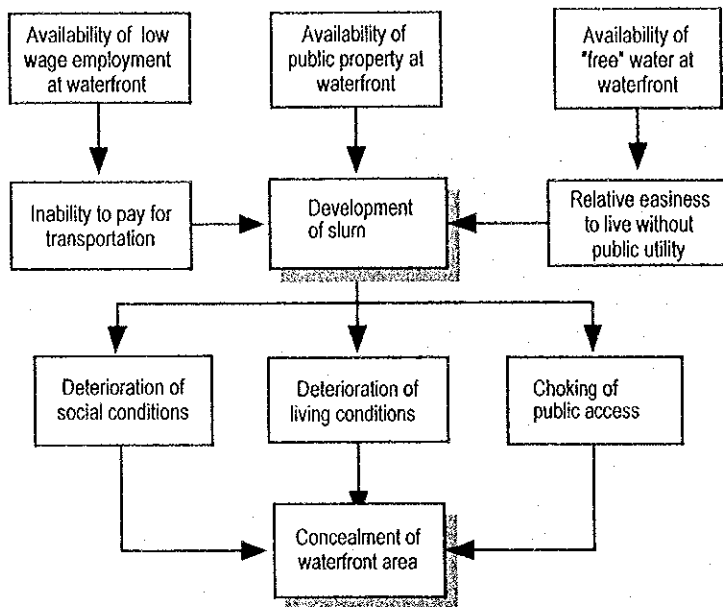
Improvement of urban amenity benefits both visitors and local residents alike. Davao City lacks in public space that would provide visitors and residents with urban amenity, and represent its historical and cultural identity. Considering the expected role of Davao City in the BIMP-EAGA, which would be to provide a meeting place for the regional cooperation scheme, Davao City should tackle to create an attractive urban center. Beautification of the water front area in the downtown of Davao City is considered to be a measure to cope with this issue.

In the DIDP Area, water front area tends to be regarded as a marginal place due to the presence of slums and non-Christian residents. Not only in Davao but in many of large cities in the Philippines, slums and squatters deter public access to waterfront areas. The process of waterfront marginalization is shown in Figure 2.

The figure indicates that improvement of urban amenity through waterfront development become possible only when the squatter problem is solved. Public housing for low-income households would be indispensable to eliminate the malicious cycles of the urban problem.

It is important to note that sites for public housing should be close to where low-income families have employment because their income is too low to pay for transportation. Negligence of this would lead to emergence of new squatter areas in other parts of the downtown area.

**Figure 2 Process of Waterfront Concealment**



Source: JICA Study Team



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## **Chapter 2 Development Issues**

The existing conditions as discussed previously are examined to identify development issues based on theoretical framework which is presented as follows.

### **2.1. Tourism Planning Framework**

This section intends to introduce new tourism trends and ideas in general, which will help identify development issues, provide background for, and facilitate understanding of the tourism sub-sector plan in the next section.

#### **2.1.1. Trends in the global tourism market**

##### **(1) Increase in experienced tourists**

As consumers become experienced in tourism, they come to require higher quality of tourism services. In the old days, tourists from the north were more than happy when they see palm trees, the tropical sun and coral reef. Now vacation in a tropical area has become so common that it hardly satisfies without special experiences. They become increasingly demanding, and seek for something different from their previous trips.

As consumers become experienced in tourism, they tend to divide into two categories: those who seek more specialized knowledge over their fields of interest and those who have no interest in the outside their hotel. An example of the former is what we call "study-tour" which is accompanied by a guide with special knowledge. The latter is a resort hotel with all-inclusive services, so the guests do not have to go out for their needs. This kind of vacation is now increasingly popular.

In the present-day tourism market, a single tourism concept can hardly satisfy people with diversified tourism needs. A common-to all tourist plan may become unpopular in the matured tourist market.

##### **(2) Nature-orientation**

Influenced by the increasing awareness of global environmental issues and by progress of urbanization that are taking place in many countries, present-day consumers are increasingly nature-oriented. Ecotourism and soft adventure are the fastest growing segments of the global tourism market. This trend is also reflected in the consumer's preference for resort designs. They prefer physically unobtrusive development with sufficient environmental protection. In this context, huge resort development with high rise hotels apparently goes against their taste.

##### **(3) Emergence of new markets**

Countries that could generate tourists are rapidly increasing. East Asia has been the growth center of tourism market over the past decade. Since the 1990s, ASEAN countries and some Latin American countries have been recognized as emerging tourism markets. These new markets should be paid more attention, in particular, in the DIDP Area that is relatively close to BIMP-EAGA and East Asia.

#### **2.1.2. Revision of integrated tourism development**

"Integrated tourism development" is a conventional method of resort development, in which a developer acquires a huge land in rural area, and convert it into an international class resort with full-fledged infrastructure and tourism facilities. It had been a popular method for tourism development in the past, and had been

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applied to many parts of the world often with the initiative taken by the central government. Advantages of the development method are as follows:

- 1) Intensive investment of financial and human resources facilitates high-quality development;
- 2) Coordination with local people and organizations is relatively easy since development site tends to be an untapped area;
- 3) It is also easy to develop the infrastructure for environmental conservation;
- 4) High-quality and large-scale development backed up by the central government is favorable to attract foreign investment and international visitors to come; and
- 5) If the development is successful so as to receive a large number of foreign tourists in the area, favorable economic impacts would be likely to follow.

The tourism development method, however, has the following disadvantages:

- 1) Huge financial requirements need strong initiative by the central government. It is inconsistent with the global trend of decentralization;
- 2) This method is apt to center on the coastal development for beach resort tourism. It results in partial distribution of tourism benefit;
- 3) Mass market orientation often results in negligence of local traditions, and tends to turn the areas into characterless tourism destinations;
- 4) The development tends to be high-density, to cause drastic landscape alteration, and to be prone to negative environmental impacts when environmental infrastructure is not sufficiently provided;
- 5) Developed area is prone to rapid urbanization. This could result in the loss of original attractiveness;
- 6) Large proportion of investors from the outside could result in high-leakage of economic benefit to the outside because of the insufficient integration of tourism and local economy;
- 7) Fierce market competition in the beach resort tourism market could fail to generate sufficient economic benefits to recover the huge development cost; and
- 8) Foreign tourists, who would be less understandable about the host community and, as a consequence, would often produce some conflicts with them.

As has been pointed out, sophistication of consumer needs and growing preference for nature-oriented tourism may relate to the trend to reflect on large-scale integrated development. Alternative tourism, as will be discussed in the next section, is a challenge to conventional integrated development. Future direction, however, will not be the replacement of integrated development by alternative tourism, but sophistication of integrated development as well as coexistence of both types to generate synergy effects.

### **2.1.3. Mass tourism vs. alternative tourism**

The concept of alternative tourism has received attention since the 1980s. It is an anti-thesis against conventional mass tourism often associated with integrated development. Table 11 summarizes differences between the two types.

**Table 11 Conventional Mass Tourism and Alternative Tourism**

	Conventional mass tourism	Alternative tourism
Accommodation		
Spatial pattern	Coastal High density	Dispersed Low density
Scale	Large scale Integrated	Small scale Home style
Ownership	Foreign Multi-national	Local Family Small business
Market		
Volume	Higher	Lower
Origin	One dominant market	No dominant market
Segment*	Pshychocentric - Midcentric	Allocentric - Midcentric
Activities	Water/beach/nightlife	Nature/culture
Seasonality	Winter high season	No dominant season
Economy		
Status	Dominant sector	Supplementary sector
Impact	High import sector Repatriated profits	Low import sector Retained profits



Note \*: Pshychocentric are those who prefer the familiar in travel destinations and low activity levels, while allocentric are those who tend to be more inquisitive and curious.

Source: David B. Weaver, *Annals of Tourism Research* Volume 18, 1991

Alternative tourism is an experiment for a better tourism development with smaller scale, more local opportunities, less economic leakage, and fewer undesirable impacts such as environmental deterioration, price hike for locals, cultural and morale degradation, and enlargement of economic gap. It is noted that tourism at so-called "hippie destinations" such as Bali, Ko Samui, and Boracay may be better viewed as a type of alternative tourism in that budget tourists stay a longer period, and their spending goes directly to local people with little leakage to the outside, which would largely offset their small per-day spending.

Table 12 shows the relationship between market volume and adaptation to local situations by type of tourists. Integrated development targets incipient mass tourists, mass tourists, and charter tourists who show the least adaptation. As a consequence, the destinations that cater to the market segments inevitably lose local color, which would result in less competitiveness in the long-haul market. Alternative tourism, however, targets off-beat tourists, unusual tourists, and incipient mass tourists who appreciate exotic local color compared with charter tourists but still retain a sizable market volume.

**Table 12 Types of Tourists and Adaptation to Local Norms**

Type of tourist	Number tourists	Adaptation to local norms	Targets of integrated development	Targets of alternative tourism	
Explorers	Very limited	Good adaptation			
Elite tourists					
Off-beat tourists	 Massive arrivals	 Demand Western amenities		X	
Unusual tourists					
Incipient mass tourists				X	X
Mass tourists				X	
Charter tourists				X	

Source: Valene L. Smith, *Host and Guests - the Anthropology of Tourism*, JICA Study Team

The SITE project in Samal Island is a type of integrated development, which is expected to attract mass tourism. There should be attempts to introduce alternative tourism to the DIDP Area to supplement and enrich the national project, preferably with the local initiative.

#### 2.1.4. Resource-oriented tourism vs. market-based tourism

This categorization is taken from a famous theory of industrial development. Resource-oriented tourism is a tourism strategy that is suitable for areas that are far from tourism market but are endowed with competitive tourism resources. Market-based tourism is a strategy to create tourism attractions with intensive investment, which is suitable for areas close to a large market. The former aims to “pull” tourists from distant markets by stimulating their interests in cultural and natural attractions. The latter targets at “pushed” tourists who want an escape from daily life through appealing price competitiveness and good accessibility.

The DIDP Area is supposed to be a typical destination for a resource-oriented tourism strategy.

#### 2.1.5. Long-haul vs. short-haul tourists

Experiences in tourism research in various countries show that distance between origin country and tourism destination greatly affects the characteristics of tourism markets. Table 13 shows the comparison of long-haul market and short-haul market.

**Table 13 Comparison between Long-haul and Short-haul Markets**

	Long-haul market	Short-haul market
Market volume	Small	Large
Consumption per visitor	Large	Small
Length of stay	Long	Short
Expectation	Curiosity and exoticism (culture, history, nature etc.)	Rest and relax (resort, sports, gambling, entertainment etc.)
Living conditions	Appreciate local experiences	Demand similar living conditions as home
Effects on host community	Encourage re-evaluation of local traditions	Discourage local traditions

Source: JICA Study Team

The table shows that tourism strategy focusing on short-haul market could produce more negative impacts in exchange for larger economic benefit than those of long-haul market. Tourism development in the past tended to emphasize attracting visitors from short-haul market for purposes of economic development. In recent years, increasing attention has been paid to the “low-volume high-income” strategy which put relative importance on long-haul market in order to lower negative impacts and to reduce the business risk of depending on a single market.

The DIDP Area needs careful evaluation of the potential for short- (domestic and BIMP-EAGA), middle- (East Asia and the western ASEAN), and long-haul (North America and Europe) markets since these markets may have different and, sometimes, conflicting tourism needs.

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### **2.1.6. Tourism as a catalyst to local identity**

Tourism could give considerably different influences to local cultural identity depending on the situation. One is toward the promotion of local people's awareness of their own identity, and the other is toward its degradation.

Bali is an example of the former, where tourism contributed greatly to strengthen the cultural identity of the island, for tourism income was used to enrich their music, dance, and handicraft. Another case is found in a small town called San Miguel de Allende in Mexico, where contacts with American retirees who were attracted to the town for climate and lower living cost made local people aware of their cultural identity. They promoted the beautification and conservation of old Mexican buildings and townscape. The town has become one of the important handicraft shopping centers because of the relatively affluent clientele. Unfortunately, there are examples, mostly in beach destinations, that the inflow of foreigners did not have the same effects but brought about characterless and too much modernized townscape.

One of the important determinant factors for the contrasting results is attributed to the difference in visitor type. As has been shown in Table 11, mass tourism development earns larger economic benefits though it causes more negative social impacts. Many of the disadvantages of the integrated development are partly attributed to its marketing strategy oriented to mass-market.

The relationship between tourism and local culture had been discussed negatively in the past. Typical explanation was that the inflow of tourists would destroy its local culture, or that tourists' preference for local culture would "fossilize" its otherwise dynamic development. In recent years, anthropologists found positive influence of tourism which functions as a measure to promote local culture and to earn economic source for the nature conservation.

In this sense, targeting up-market clientele with a low-volume high-income strategy may be useful to guide the tourism development toward the direction that would positively affect local community. Alternative tourism such as ecotourism, soft adventure, and rural tourism is a good example of that type of tourism.

### **2.1.7. Resort destination and tourism circuits**

Analysis of tour brochures and the results of various visitor surveys show that well-established resort destinations generally have tourism circuit(s). A typical example is Mexico's Cancun Beach combined with the Mundo Maya (Mayan World) Circuit which visits ancient Mayan pyramids and indigenous people's villages in tropical rainforest. Other examples include Kenya's Mombasa Beach combined with wildlife safari in the inland, and Thailand's Pattaya and Hua Hin Beaches combined with a circuit visiting historical and cultural sites in Northern Thailand such as Golden Triangle, Sukhothai, and Chiang Mai.

These example shows that touring circuits attached to a beach destination are serving as "value added" that differentiates it from competitors. Importance of tourism circuit differs by market segment. Table 14 shows the general relationship between travel pattern and market characteristics.

**Table 14 Travel Pattern and Market Characteristics**

	Day trip	Short excursion	Touring
Market segment	Short-haul market	Middle-haul market	Long-haul market
Market volume	Large	Medium	Small
Purpose of trip	Rest	Rest and some experiences	Exotic experiences Achievement
Behavior	Stay at a beach and make day trip(s)	Short excursion between beach and another destination for sight-seeing.	Touring of historical, cultural, and natural sites.
Social impact	Large Demand international style development	Medium	Small Accept local style development
Length of stay	Long weekend trip 2-4 days	4-6 days	1 week and more

Source: JICA Study Team

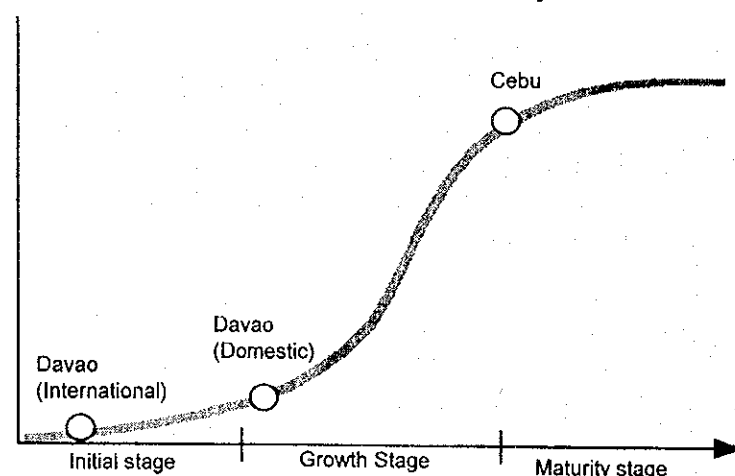
The table shows that introducing tourism circuits would help attract tourists from long-haul markets which generally appreciate cultural and natural attractions rather than sports and gambling. It also implies that the emphasis on developing tourism circuits should depend on the potential to attract long-haul visitors. As discussed previously, the DIDP Area is a destination of resource-based tourism, which should put relative emphasis on the long-haul market. Therefore, the DIDP Area should attach importance to establish a tourism circuit.

Not only Mindanao but the Philippines in general are slow to formulate tourism circuits linked to a resort destination. Admitting that the Philippines' geographic condition - it consists of more than seven thousands islands - is not ideal for touring circuit formulation, Mindanao, which is the second largest island, definitely has possibility to develop tourism circuits.

### 2.1.8. Tourism destination life cycle theory

Tourism destination life cycle theory is an application of the product life cycle theory to the tourism field. It assumes a growth curve as shown in Figure 3. The theory provides hints for an appropriate tourism strategy depending on the stage of growth curve.

**Figure 3 Concept of Destination Life Cycle**



Source: JICA Study Team

The DIDP Area is supposed to be at the initial stage for the international market and the beginning of the growth stage for the domestic market. It is contrasted with Cebu which is supposed to have reached the maturity stage. The following table summarizes the characteristics of respective stages of the life cycle.

**Table 15 Characteristics by Development Stages of the Resort Life Cycle Theory**

	Initial stage	Growth stage	Maturity stage
Growth rate	Low- high growth rate	High growth rate	Lowering growth rate
Investment	Large investment with small or minus profit	Large investment with high return	High profit
Development strategy	Development of basic infrastructure	Improvement of tourism amenity Creation of tourism products	Rejuvenation of existing tourism center Enhancement of general urban functions Development of new satellite resort areas
Tourism network	Immature	Developing	Developed
Tourism promotion	Creation of market awareness	Establishment of a high image	Maintenance of the high image Mass market orientation
Markets	Dependence on a single market	Market diversification	Dependence on various markets
Appeals to markets	Nature Exotic culture Less known	Being an "in" place	Being well-known Good infrastructure Comfort

Source: JICA study team

### 2.1.9. Inputs to the tourism sub-sector plan in the DIDP Area

Inputs from the theoretical background to the tourism sector plan for the DIDP Area are summarized as follows:

- The DIDP Area, which is basically a resource-based tourism destination at the initial stage of the tourism destination life cycle, should place relative importance on developing quality tourism products that suffice the needs of "pulled" tourists;
- Tourism products based on the concept of "alternative tourism" like ecotourism, soft adventure, and village tourism have relative importance to suffice the needs of "pulled" tourists;
- The development strategy of the DIDP Area should shift from that of the initial stage of resort life cycle theory to that of the growth stage, which place importance on amenity creation, diversification of markets, and development of tourism network;
- The DIDP Area may need two-pronged strategy: one for the MICE market and another for the "pulled" tourists who are interested in the nature and indigenous cultures;
- SITE (Samal Island Tourism Estate) Project should seek for a new integrated area development paradigm which coexists with alternative tourism, or incorporates it into its development scheme; and
- The DIDP Area needs to formulate attractive touring circuits that enhance the competitiveness of the SITE Projects. This strategy would be particularly effective to attract international tourists from middle to long-haul markets.

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## **2.2. Development Issues**

After examining the existing conditions based on the theoretical framework, the JICA Study Team has identified the following development issues.

### **2.2.1. Issues regarding tourism market and products**

#### **(1) Scarcity of tourism products that meet market expectations**

In spite of the fact that DOT's national tourism master plan stipulates Mindanao as "an exotic wilderness and cultural destination," and the travel trade in the Philippines also use similar wording to sell Mindanao, Davao and its vicinity, which are the leading tourism destination in Mindanao, have few tourism products that meet the market expectations. The travel trade cites "lack of destinations (attractive tourism products)" as the principal reason why Davao City is not ideal for incentive tourism.

Although the DIDP Area abounds in tourism resources that would meet the expectations such as tropical rain forests, mountains in wilderness, and colorful indigenous cultures, they are not properly utilized for tourism.

#### **(2) Dependence on the local market**

Except for a few accommodations in Davao City and Samal Island, most of tourism establishments in the DIDP Area, in particular, those outside Davao City and Samal Island, depend on the small local market within the DIDP Area. Though visitor arrivals to the DIDP Area are increasing rapidly, they only benefit hotels in Davao City. Tourism establishments that do not have sufficient access to, and does not suffice the requirements of the market outside the DIDP Area, need measures that would facilitate them to cater to the new markets.

#### **(3) Long distance from tourism markets**

The DIDP Area is relatively far from major tourism markets such as Manila and countries in East Asia compared with other destinations in the Philippines. Although it is close to the cities in BIMP-EAGA, they cannot be counted as the major source of visitors, at least, for short to middle-term when considering their population and economic situation. Since the airport in Davao City is an "alternative" international airport, the role of which is to cater for short-haul international flights, most of the visitors from the middle and long-haul markets such as Japan, Europe and North America have to come to Davao via Manila or a major city in East Asia or ASEAN countries.

This situation implies that the DIDP Area needs quality tourism products that could "pull" tourists from relatively distant markets, capitalizing on competitive tourism resources. In this sense, the DIDP Area should adopt "resource-based" tourism development strategy. This situation would make a contrast with Central Luzon and CALABARZON areas that should adopt market-based tourism strategy generally suitable for the areas close to a large city like Metro Manila that has an airport for international long-haul flights.

#### **(4) Poor market awareness of the DIDP Area as a resort destination**

According to the DOT statistics, 77% of the domestic visitors and 94% of the international visitors to the DIDP Area stayed in Davao City in 1996. Although Davao City is increasingly popular among domestic visitors primarily as a



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conference destination, the DIDP Area has not yet established itself as a resort destination despite its potential for both beach and mountain resort tourism. Interviews with the travel trade revealed that the DIDP Area is regarded as a stop-over for sight-seeing tours rather than an independent resort destination like Cebu.

Insufficient infrastructure in the provinces would be an important reason for the current concentration of visitors in the urban area. The DIDP Area should make more investment in development and promotion of resort tourism to tap the market opportunity.

Beach resorts located at the periphery of Davao City will be less attractive in the future due to the progress of urbanization. This, however, implies increasing tourism opportunities for the coastal areas of the four provinces.

**(5) Necessity of “cooperation (cooperation + competition)” among BIMP-EAGA tourism destinations**

Tourism destinations in BIMP-EAGA are competitors, in particular, for the short-haul market, since they have more or less similar tourism resources. The similarity, however, would provide rationale for cooperation in tourism promotion like the case of the Caribbean countries.

Destinations in BIMP-EAGA would be able to create a favorable tourism image of the area as a whole, which would facilitate joint tourism campaign toward the long-haul international market by pooling limited financial resources.

It may be also possible to establish multi-country touring circuits under a common tourism theme like colorful ethnic cultures and tropical rain forest. Sulu & Sulawesi Sea cruise may be worth consideration in this context, though security problems in some part of the area remain to be solved.

**2.2.2. Issues regarding tourism development measures**

**(1) Lack of touring circuits**

Davao City has tourism sites for a day-trip but does not have a week-long touring circuit that would connect major tourist destinations in Mindanao. This is probably due to poor road conditions and security problems in some part of the second largest island in the country. Lack of touring circuit is a drawback that negatively affects the competitiveness of the DIDP Area, in particular, for the long-haul market.

The Lake Sebu area in South Cotabato, which is home to T'boli people renowned for their culture and handicraft, would be an important partner of beach resort tourism in Samal Island.

**(2) Lack of urban amenity in Davao City**

Davao City, which is being advertised as a new MICE (meeting, incentive, convention, and event) destination, JICA Study Team found that feedback from its visitors are not always positive due, in part, to its poorly designed urban center, insufficient urban amenity, and poor tourism attractions. As the largest urban center in BIMP-EAGA, Davao City would need, at least, an attractive urban area that could be a symbol for the residents and a must-see for the visitors.

Taking into account the history and geographic characteristics of the City, redevelopment of sea/river-front areas for commercial, convention, and tourism purposes might be worth consideration.

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**(3) Poor “sense of arrival”**

“Sense of arrival” is a well-known concept of tourism planning. It is based on the fact that first impression influences whole of visitor’s impression of a tourism destination. It is why many tourism destinations beautify airport, install signboard with welcoming messages, plant trees along the roads to the downtown and major tourism sites, develop part of their downtown area so as to represent their history and cultural identity. Although efforts have been made to improve the sense of arrival to Davao City by DOT and Davao City Tourism Council, they are not sufficient considering Davao City’s role as the international gateway not only for the DIDP Area but Mindanao Island as a whole.

Most of all, garbage problems are seriously tarnishing the sense of arrival. A garbage disposal site along a popular travel route in the suburb of Davao City had been considerably hampering area’s tourism image before it is was removed at the end of 1999. Resorts in the Samal Island are suffering from floating garbage from Davao City.

Creation of an attractive urban center in Davao City as discussed earlier would also be a measure to improve the sense of arrival.

**(4) Insufficient integration of tourism establishments in resort development scheme**

Few “resort area” exists although enclave type resorts are quite common in the DIDP Area. Resort area as discussed here refers to an area that consists of various accommodations and tourism-related establishments such as restaurants, shops, and travel agencies, typical examples of which are White Beach in Boracay, Kuta Beach in Bali, Cancun Beach in Mexico, and Miami Beach in Hawaii.

An enclave type resort makes a good market appeal if it is in a large scale. It is, however, not a suitable development manner for small and middle-sized tourism enterprises that are so common in the DIDP Area. Since each tourism establishment in an integrated resort area specializes in a specific service and there could be competitors in the same area, integrated resort area as a whole could be more competitive than a large enclave type resort.

Beach resort owners have a tendency to build walls on the shore to enclose their guests inside their establishment. As discussed previously, it has more drawbacks than benefits for small-scale tourism establishments in the long-term perspective. DENR’s foreshore lease contract, which provides an institutional basis for the practice, may need a revision to promote integration in tourism development.

**2.2.3. Issues regarding social and natural environment**

**(1) Insufficient provision of tourism capacitation**

Interviews with the travel trade and the JICA Study Team’s own experiences show that even up-market tourism establishments that are considered as international-class hotels have problems in services and maintenance of facilities. Since the market is expanding rapidly, lack of skilled employees could be a serious problem in the near future. It is reported that, due to a high rate of turn-over, management side feels that investing in tourism capacitation is not financially feasible.

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**(2) Inadequate interpretation of indigenous cultures**

Indigenous cultures utilized for tourism and commercial purposes like Kadayawan Festival are reported to be incorrectly representing the cultures. Relocating indigenous peoples from a traditional community to work for “weaving center” in a city is also reported to be a social problem associated with tourism.

Indigenous cultures are envisaged as one of the most important tourism resources in the DIDP Area, and tourism, if guided properly, could promote conservation and enrichment of the cultural heritage. Hence, the tourism sub-sector should pay more attention to maintaining the authenticity of tourism resources. This would be achieved by enhancing indigenous communities’ initiative in tourism use of their culture.

**(3) Limited local participation in tourism**

Enclave type tourism development is limiting local communities’ participation in tourism. Local communities tend to be regarded as a source of labor force rather than active players of tourism development.

Public sector’s supports that would facilitate local people to participate in tourism like training of tourism skills for operating tourist lodges would greatly encourage local participation in tourism. Promotion of tourist attractions based on local industries and agriculture would also be conducive to community-based tourism development. As discussed previously, encouragement of Boracay-style resort development would greatly contribute to increase local participation.

**(4) Difficulty to maintain accessible nature areas**

Tropical rain forests are potential tourism resources rivaling indigenous cultures. Construction of access road, however, would risk the forest to be deforested by illegal loggers. Despite the fact that tourism income should motivate local people for environmental protection, it is difficult to maintain easily accessible nature areas under the existing condition.

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## **Chapter 3 Tourism Development Objectives and Strategy**

### **3.1. Tourism Development Objectives**

The tourism sub-sector should develop so as to create synergy effects on other sub-sectors in the DIDP Area. The objectives of the tourism sub-sector plan under the DIDP paradigm are:

- 1) To achieve economic development in the DIDP Area by strengthening the performance of the tourism sub-sector;
- 2) To conserve the nature and cultural diversity of the DIDP Area by providing people with economic incentive of alternative livelihood, and by encouraging the awareness of their cultural identity;
- 3) To facilitate the exchange of ideas and people in the BIMP-EAGA area by providing places and services for MICE (meeting, incentive travel, convention, and event); and
- 4) To attract investors and talented people from all over the world by improving amenities in, and creating a favorable image of, the DIDP Area.

The first objective is a general objective of economic sub-sectors: the tourism sub-sector creates employment thus benefits people. The second one refers to ecotourism which could help conserve nature and cultural traditions: tourists' expenditure could be guided toward economic incentives to achieve conservation goals. The third one corresponds to the role of Davao City in the context of the BIMP-EAGA cooperation scheme. Davao City should capitalize on its comparative advantage over other BIMP-EAGA cities as a destination for MICE. The fourth refers to outcomes of successful tourism development: tourism development brings amenity for living, and creates a favorable image and good awareness of a place, and improves living amenity such as clean streets, various leisure facilities, and good restaurants. They are favorable to attract people like investors and skilled professionals who would greatly contribute to develop the DIDP Area.

### **3.2. Development Vision**

Based on the development objectives as well as identified issues, development vision for the tourism sub-sector in the DIDP Area is set as follows:

- Fun meeting place for BIMP-EAGA and the Philippines; and
- Exotic resort destination as the base for exploring the wilderness and indigenous cultures in Mindanao.

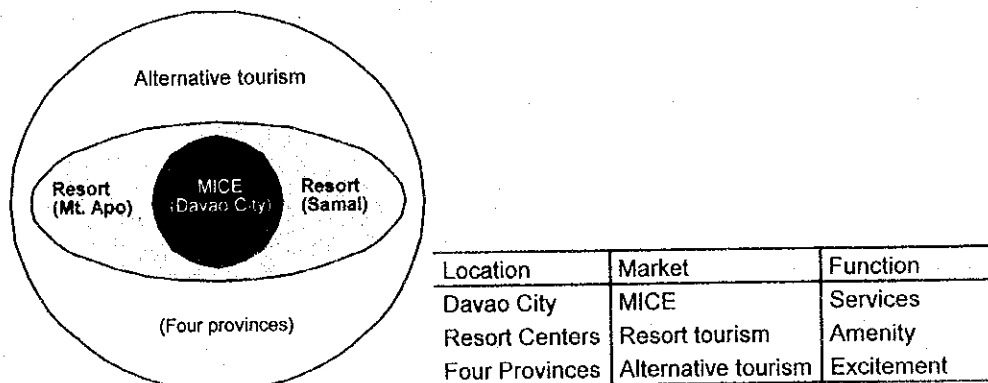
Above vision is two-pronged targeting both MICE (meeting, incentive travel, convention, and event) from the short-haul market of BIMP-EAGA and the domestic, and long-haul beach resort tourism from the international market. Resort areas in the DIDP Area would cater to both markets: it could be destinations for "post-convention" excursions and alternative accommodation bases for MICE while they serve as bases to explore "exotic wilderness and cultural destinations" in Mindanao Island.

The concept of long-haul beach resort tourism has a strategic importance in the DIDP Area. It attracts "pulled" tourists who are interested in wilderness and cultures while it secures a sizable volume of visitors by appealing to the "gray" market that

is interested in Mindanao but is hesitant in fear of the tough travel conditions of the exploration. Establishing resort areas that work as the base for the exploration could lure visitors out to Mindanao.

The two-pronged development concept reflects on the spatial concept of the DIDP Area. The Davao City proper is for the MICE, while the four provinces should be areas for alternative tourism that caters to the market expectations of wilderness and ethnic cultures. Resort Centers that surround Davao City makes buffer zone catering to both markets by providing mass-market oriented attractions and places for rest and relaxation. Figure 4 shows a simplified diagram of this spatial concept.

**Figure 4 Diagram for the Spatial Concept for the DIDP Area**



Source: JICA Study Team

### 3.3. Development Strategy and Measures

Five components of the development strategy are set in compliance with the tourism development objectives and the development vision as discussed above. They are:

- Formulation of tourism network;
- Introduction of ecotourism;
- Supports for local participation;
- Integration in tourism development; and
- Establishment of Davao City as a MICE center.

The following section elaborates on the development strategy along with development measures that relate to respective strategy components.

#### 3.3.1. Formulation of tourism network

As has been pointed out in the analysis of existing conditions, visitor arrivals currently concentrate in Davao City, and touring in Mindanao and BIMP-EAGA is limited to adventurous independent travelers. Improving security conditions in Mindanao, thanks to the peace agreement with MNLF and establishment of the BIMP-EAGA cooperation scheme, has paved the way to establish touring circuits for ordinary tourists.

Establishing touring circuits is important for the following three purposes:

- Touring circuit attracts "pulled" tourists who are identified to have relative importance in the DIDP Area;

- The circuit serves as a “value-added” for resort areas, which differentiates them from competitors, and could attract visitors from the long-haul market; and
- Touring circuit distributes tourism opportunities to a wider area, and benefits a broader range of people.

The market segment of “pulled tourists” is worth an attention since they are generally up-market tourists who are high-income, well educated, and coming from the long-haul market. As mentioned in the development vision, long-haul beach resort tourism is a strategic target of the DIDP Area since it could secure a sizable market volume. Establishment of tourism network makes a prerequisite to attract the market that is interested in both resort tourism and sight-seeing.

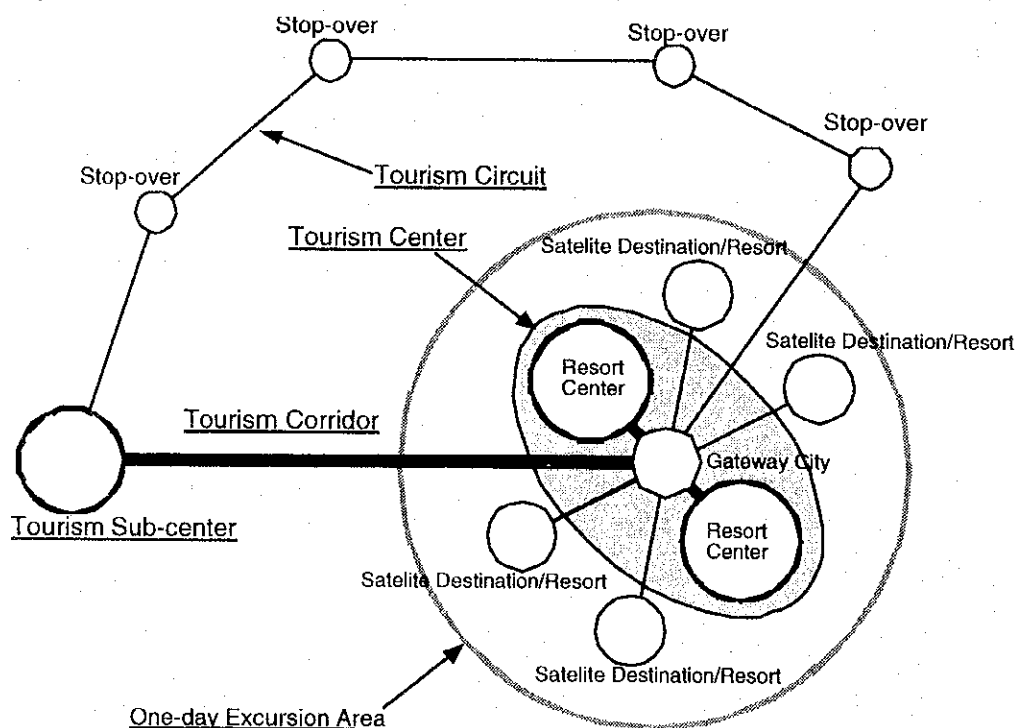
Tourism network is discussed at three different levels: the DIDP Area level, the Mindanao level, and the interregional level.

**(1) Overview of the tourism structure**

**a. General tourism structure**

After analyzing a number of travel itineraries at various tourism destinations, the JICA Study Team has recognized that matured tourism destinations generally have the following structure as shown in Figure 5.

**Figure 5 General Tourism Structure**



Source: JICA Study Team

The diagram shows that a Tourism Center, which consists of a Gateway City and Resort Center(s), is the main resort destination. Satellite Destinations and Satellite Resorts are strategic development sites that locate outside the Tourism Center. One-day Excursion Area is the extent to which tourists staying at a Tourism Center can make a day trip, which is generally within 3-hour time distance from the center.

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Tourism Center should accompany a Tourism Circuit for sight-seeing trip for several days. Tourism Corridor is part of Tourism Circuit between Tourism Center and Tourism Sub-center. Tourism Sub-center is a destination with a number of tourism attractions that is expected to lure visitors out from Tourism Center for a short excursion. Tourism Corridor is the most attractive part of Tourism Circuit, and is for tourists who don't have enough time to cover the whole tourism circuit. Stopovers are places where tourists stay overnight to visit tourism attractions along the Tourism Circuit.

The following discusses the tourism structure applied to Mindanao and the DIDP Area.

**b. Gateway City, Resort Centers, and Satellites in the DIDP Area**

Davao City is the international gateway to Mindanao, therefore it is the Gateway City according to the above diagram. Davao City has two Resort Centers: Samal Island Resort and Mt. Apo Resort. Davao City and the two Resort Centers constitute the Tourism Center for the Mindanao Touring Circuit. Functions of the Gateway and the Resort Centers are as follows.

**Davao Gateway City**

As a role in the tourism circuit, Davao City is the transportation hub and a node for interregional touring package like BIMP-EAGA island hopping and BIMP-EAGA cruise. It is also planned as the MICE center for BIMP-EAGA. Detailed development strategy and methodology are discussed in the strategy of "development of Davao City as a MICE center."

**Samal Island Resort Center**

The Samal Island Resort Center is for beach resort tourism. Its development directions are discussed in the strategy of "integration in tourism development."

**Mt. Apo Resort Center**

The Mt. Apo Resort Center is for mountain resort tourism capitalizing on its cool climate, and the base for climbing Mt. Apo. It consists of three sub-resort centers of TRIAD, Kapatagan, and Kidapawan. Although Kidapawan, which is located in North Cotabato, is outside the Study Area, other two sub-resort centers should coordinate with Kidapawan to generate synergy effects.

Satellites are resorts or tourism destinations that are strategically planned to supplement the Tourism Center of "mountain, city, and island." Their roles are to create destinations for a day trip from the center, to provide alternative types of tourism products, and to absorb tourism demand if the existing center gets saturated. Each satellite should develop accommodations that are more oriented to niche markets rather than the mass market as in the Tourism Center.

In the DIDP Area, the following satellites are planned.

**Malita/Santa Maria Satellite**

The Malita/Santa Maria Satellite in Davao del Sur is for beach resort tourism and nature ecotourism of inland forest. Establishment of Mindanao Touring Circuit is expected to bring tourists to this Satellite.

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### **Talaingod Satellite**

The Talaingod Satellite in Davao del Norte is for village tourism, or community-based cultural ecotourism on the Ata-Manobo culture. Its development measure is detailed in the strategy of "introduction of ecotourism."

### **Maragusan Satellite**

The Maragusan Satellite in Compostela Valley is also for village tourism that capitalizes on the Mansaka culture and cool climate. Its development measure is detailed in the strategy of "introduction of ecotourism."

### **Dahican Satellite**

The Dahican Beach Satellite in Davao Oriental is for beach resort tourism and diving in Pujada Bay and Davao Gulf. Establishment of Mindanao Touring Circuit would bring more tourists to this Satellite.

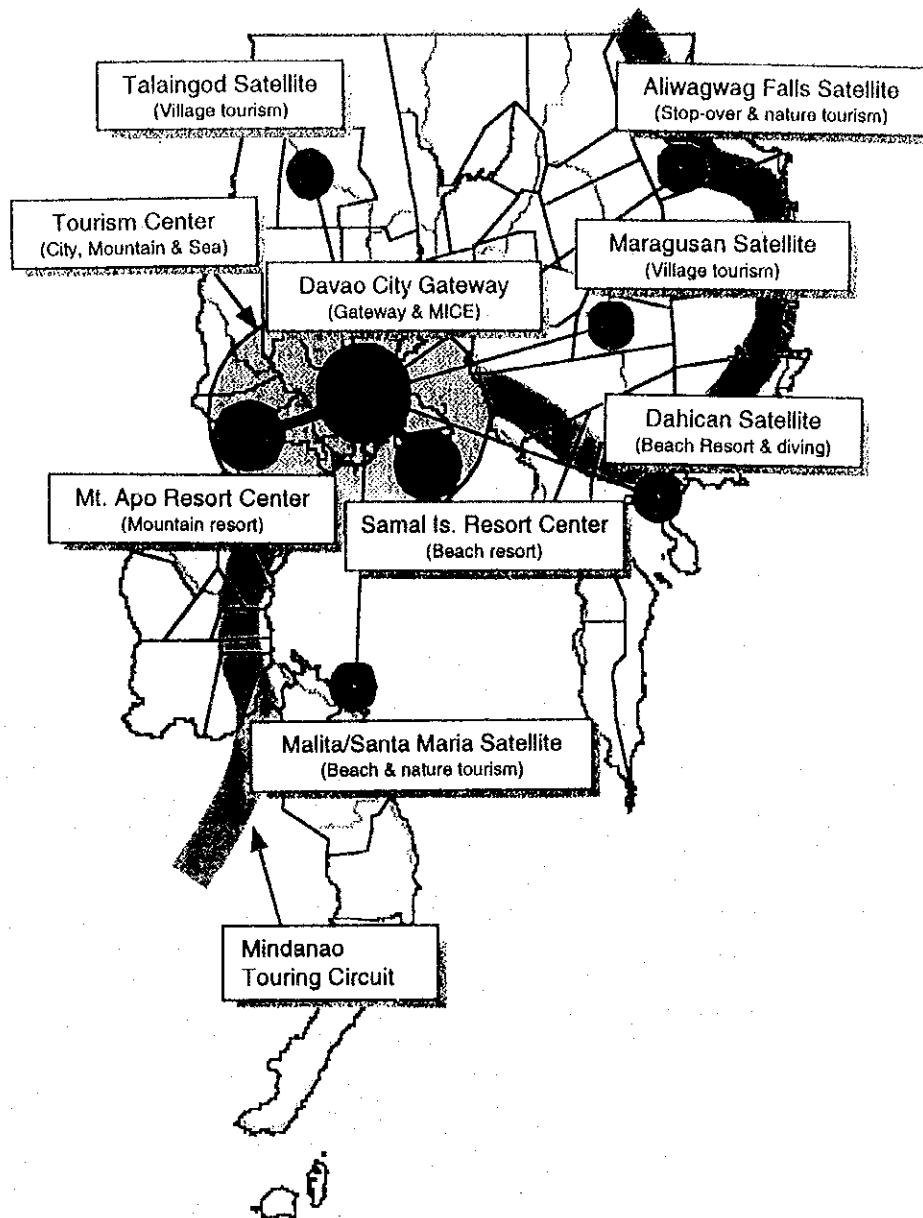
### **Aliwagwag Falls Satellite**

The Aliwagwag Falls Satellite in Davao Oriental is for a stop-over for Mindanao Touring Circuit, visit to Aliwagwag Falls, and nature ecotourism in the surrounding forest.

Figure 6 shows the tourism structure in the DIDP Area and the locations of Gateway, Resort Centers, and Satellites.



Figure 6 Tourism Structure in the DIDP Area



Source: JICA Study Team

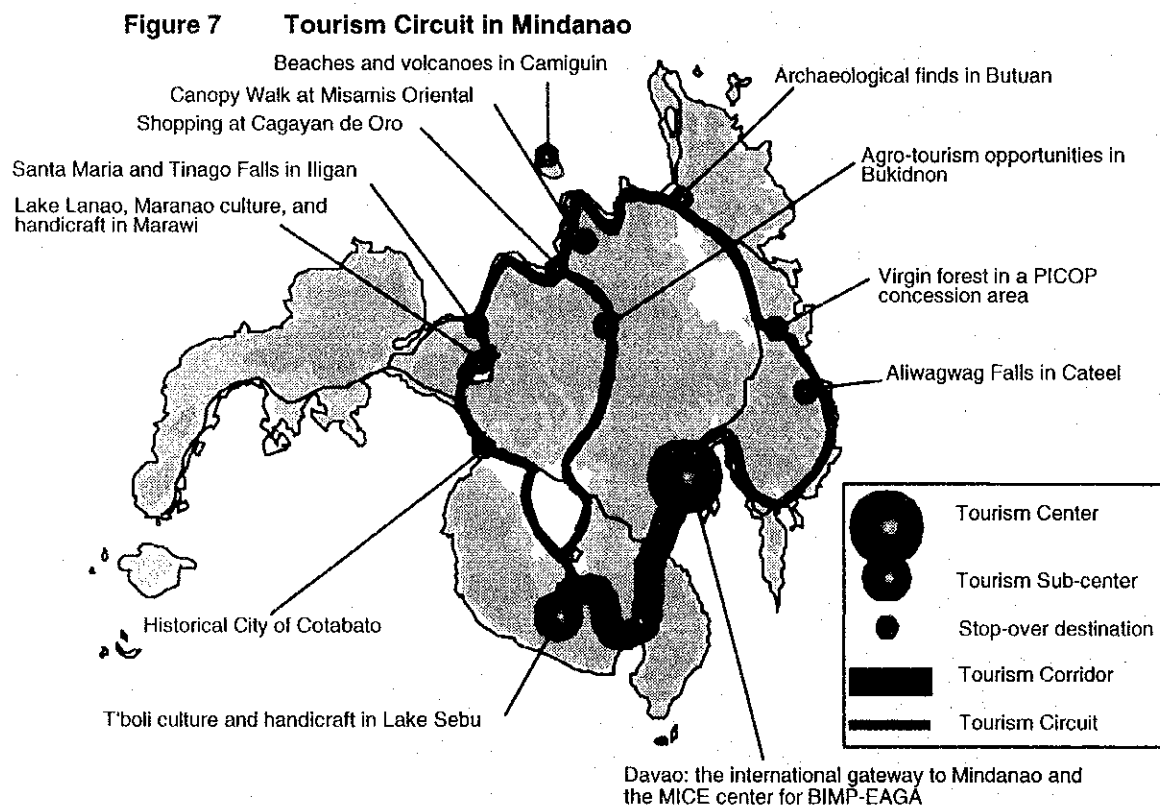
## (2) Establishment of Mindanao Touring Circuit

The Lake Sebu area is the most suitable for Tourism Sub-center since the area has possibilities to develop various tourism products based on the T'boli culture and surrounding nature areas. Therefore, the section between Davao City and Lake Sebu should be regarded as Tourism Corridor. In this sense, DOT Region XI's Lake Sebu TDA has a strategic importance.

Target market for Mindanao Touring Circuit would be well-traveled tourists who are interested in exotic cultures and the untouched nature. Therefore tourism products along the circuit should comply with their needs. It means that tourism products that should be picked up are those based on cultural and natural heritage rather than resorts and shopping. Therefore the following would be suitable for the Mindanao Touring Circuit:

- Canopy Walk Adventure near Cagayan de Oro;
- Santa Maria Falls and Tinago Falls in Iligan City;
- Dramatic cultural change from that of Christian in Iligan City to that of Moslem in Marawi City;
- Lake Lanao area with temperate climate, Maranao cultural heritage, and handicraft;
- Volcanic Island of Camiguin;
- Archaeological finds in Butuan;
- Virgin forest in a PICOP Concession Area;
- Aliwagwag Falls and its surrounding forest; and
- Scenic coastal road along the Pacific Coast in Davao Oriental.

Under the current situation, Cagayan de Oro, Marawi City, Camiguin, Butuan, and Mati would be Stopovers where tourists stay overnight to visit tourist attractions in the vicinity. Figure 7 shows the touring circuit in Mindanao.



Source: JICA Study Team

Immediate issues on the proposed tourism circuit are to develop new tourism products and to improve the poor road condition between Lake Sebu and Cagayan de Oro. In particular, Bukidnon Province needs much effort to develop tourism products and improve the link to Lake Sebu. Agro-tourism would be a possibility for the province. The road along the Pacific Coast in Davao Oriental and Agusan del Sur, the access road to Aliwagwag Falls also need improvement and pavement.

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Travel route from Lake Sebu to Cagayan de Oro via Bukidnon is chosen to cope with the security problem that currently hinders travel to Marawi City by way of Cotabato City. The latter route, however, would be a better one compared with the Bukidnon route since tourists do not have to travel back the same way to visit Marawi City and Lake Lanao. Therefore, tour operator should consider the latter route if security problem in Lanao del Sur is solved.

Region XI should coordinate with Region XII and ARMM to help formulate this touring circuit. The cooperation would include joint tourism promotion campaign for the international market, coordination to improve infrastructure, and development of strategic tourism products that would help formulate the circuit.

**(3) BIMP-EAGA “coopetition”**

**a. Tourism network in BIMP-EAGA**

**BIMP-EAGA coopetition scheme**

Co-operation with BIMP-EAGA destinations would be viable as far as target markets for joint promotion activities are toward the international market. Introducing touring within BIMP-EAGA would be of special importance for the co-operation.

It is recommended to establish a tourism organization that promotes BIMP-EAGA’s tourism products like the role of Caribbean Tourism Organization as proposed by ADB’s BIMP-EAGA study. The organization would be tasked to create awareness of BIMP-EAGA tourism in major source markets, and to influence the travel trade to introduce touring packages that visit various BIMP-EAGA destinations.

Since touring in BIMP-EAGA would be expensive, its target market would be tourists who are relatively well-off, and interested in cultures and the ecology in the area. Hence, approaching to niche tour operators who specialize in nature and cultural tourism and special interest tourism (SIT) is more important than direct advertisement to the general public.

Joint participation in travel trade shows is a way to disseminate the idea of the BIMP-EAGA touring, while seeking for cooperators in the travel trade. In recent years, travel trade shows that specialize in ecotourism have been started. They would be better opportunities than ordinary travel trade shows to promote the tourism products.

**Island hopping in BIMP-EAGA**

The most possible tourism product is to promote island hopping tours using air flights that may visit such cities as Davao, Manado, Kota Kinabalu, Sandakan, and Bandar Sri Bungawan (Brunei). Nature and cultural tourism would be the most appropriate type of tourism, and it should highlight colorful indigenous cultures, tropical forest and wildlife, and transition from a Christian society to a Moslem one.

This type of touring package needs an international gateway. Under the current situation, Brunei would be the most appropriate gateway, since it has the most extensive international flight network that covers Japan, Korea, Taiwan, ASEAN, as well as Europe and USA. Davao, Manila, and Kota Kinabalu could be alternative international gateways to island hopping tours.

### **BIMP-EAGA cruise**

The natural beauty of Sulu and Celebes Seas is comparable with that of Caribbean. Therefore, BIMP-EAGA Cruise would be a competitive tourism product if developed. Figure 8 shows a possible cruise route and port of calls.

**Figure 8 Possible Route of BIMP-EAGA Cruise**



Source: JICA Study Team

At the introduction stage, the cruise should focus on the nature and sea faring cultures in Sulu and Celebes Seas. Visits to Tana Toraja and the upper Mahakam River area could be included in the itinerary. The tourism products may be better marketed to nature lovers and cultural tourists rather than general interest tourists.

BIMP-EAGA cruise will be marketed as a fly and cruise package, since the main market would be tourists from outside the BIMP-EAGA such as Japan, Taiwan, and countries in Europe, North America and Oceania. Hence, mother port of the cruise should be a city with an international airport and a port equipped with facilities and services for cruise ships. The entire cruise route, which would take two weeks, may be better divided into two parts -Sulu Sea Cruise and the Celebes Sea Cruise – to facilitate marketing of the product since tourists from East Asia would not spend a long holiday in neighboring countries. In this context, Davao City or Zamboanga would be the mother port for the Celebes Sea part of the cruise. Comparing both cities, Davao would be more suitable than Zamboanga since it has an international airport and better flight connection with Manila.

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However, there are many obstacles to eliminate to introduce the new tourism product. Most of all, security problem in Sulu Archipelago has to be solved. Establishment of BIMP-EAGA may pave the way to conduct an international cleanup operation of the pirates. Poor port facility is another obstacle. Under the current situation, passengers have to use small boat for landing at some destinations in Sulu and Celebes Seas. Food and fuel supply could be another obstacle at some ports. Lengthy and inhospitable immigration procedure needs improvement. Proposed BIMP-EAGA tourism organization would have to lobby with government organizations to eliminate these problems.

Some tour operators in the Philippines and BIMP-EAGA conduct week-long diving tours using small ships called live-aboard, some of which have acceptable amenity. At the initial stage of its introduction, they could be deployed for BIMP-EAGA cruise. Since the new tourism product is an "eco-cruise" that targets nature lovers and cultural tourists, huge luxurious ships as used for Caribbean Cruise would not be necessary, at least, at the introduction stage.

### **Diving**

Diving is a strength of BIMP-EAGA and most of diving destinations in the area are at the initial stage of tourism development; hence they lack in financial resource to launch a tourism promotion campaign independently. This situation requires a joint campaign by pooling limited resources and know-how to establish a tourism image of BIMP-EAGA as the leading diving destination in Asia.

### **b. Coopetition within the Philippines**

Manila and Cebu are generally regarded as competitors of the DIDP Area. It would be true for some market segments such as MICE, domestic resort tourism, and short-haul beach resort tourism. However, there would be markets that might prefer to combine these competitors with the DIDP Area. The necessity of cooperation increases as markets become long-haul.

Possibilities include a combination of the proposed Mindanao Touring Circuit and beaches in Cebu or Bohol. Island hopping tours using domestic flights is an existing tourism product but there should be more promotion to increase awareness in the source markets such as East Asia, Europe, and North America. DOT is planning to utilize Maharlika Highway for a sight-seeing corridor, which would also benefit the DIDP Area to pull tourists from the north.

Although the DIDP Area envisages to be a Tourism Center with full-fledged services for MICE and both mountain and beach resorts, its current role of the international market is as a stopover. Therefore the travel trade in the DIDP Area should approach to, and cooperate with, Cebu and Manila to attract tourists who are interested in sight-seeing in Mindanao, at least, in the short-term.

### **3.3.2. Introduction of ecotourism**

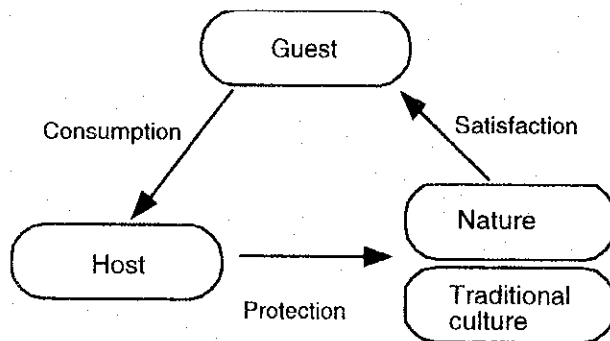
Ecotourism is a type of alternative tourism that is contrasted with large-scale mass tourism development. Ecotourism is an over-used word, and its meaning often differs considerably depending on user's backgrounds. After reviewing various tourism and environmental articles, documents and books, it is observed that types of tourism satisfying at least one of the following conditions are claimed to be ecotourism:

- Closer contact with;
- Lower impact on; and
- Better contribution to conserve, the nature and indigenous cultures.

People in the travel trade emphasize “closer contact” from the viewpoint of product differentiation and customer’s satisfaction. People in charge of environmental management stress its function to generate fund to conserve the natural environment. Those engaging in protection of indigenous people view ecotourism as an alternative livelihood that also contributes to the creation of cultural awareness. Customer’s satisfaction is so important for the travel trade that there could be ecotourism that deteriorates the nature and host community in exchange for providing their customers with closer contact. On the contrary, those engage in conservation of nature and welfare of indigenous peoples often face marketing problems due to negligence of needs from potential customers who would finance their conservation efforts.

Future direction would be to satisfy all the three conditions that could contradict without proper coordination: to satisfy the customer’s expectation while managing to conserve the nature and traditional cultures by earning income from tourism. Ideal ecotourism is to set up the following relationship among the three parties as shown in Figure 9.

**Figure 9 Triangle of Ecotourism**



Source: JICA Study Team

Introduction of ecotourism to the DIDP Area is necessary from the following three reasons:

- Ecotourism will enhance the tourism sub-sector by creating new tourism products capitalizing on the ecotourism potential in the DIDP Area;
- It will utilize the tourism sub-sector as a measure to create economic incentives for conservation; and
- It will contribute to create a favorable tourism image of the DIDP Area, in particular, in the long-haul market.

Major possibilities for ecotourism in the DIDP Area would be those based on tropical forest and indigenous cultures, both of which may diminish without the help from tourism.

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### **(1) Tourism use of tropical rain forest**

Ecotourism and soft adventure would be the tourism concepts that meet the market expectation of “exotic wilderness” of Mindanao. Soft adventure differs from real adventure in that it is designed to be acceptable for ordinary people who are willing to participate in. Market volume of real adventure is almost negligible, while that of soft adventure is viable for commercial operation. Though it is not always easy to distinguish soft adventure from ecotourism, nature-based ecotourism that puts emphasis on providing participants with thrill and excitement tends to be called soft adventure.

Tropical rain forest is one of the most important tourism objects in the international travel scene together with mangrove forest. The interest in these tropical forests is growing fueled by global environmental concerns. Hence, it is definitely a market opportunity for the tourism sub-sector in the DIDP Area. Compared with mangrove forest which is abundant throughout the Philippines, albeit very few are intact, tropical forest is a tourism strength of Mindanao and the DIDP Area over many of competitor destinations in the Philippines and other ASEAN countries. The following arrangements will be necessary to utilize forests for tourism.

- Availability of capable tourist guide who can provide visitors with environmental knowledge;
- Installation of facilities that would make the visit to forest enjoyable and acceptable for ordinary people;
- Basic infrastructure like trail that assures accessibility to nature area; and
- Management system that protect the area from illegal loggers.

The most basic method to utilize the forest is to introduce a walking tour or “nature walk” accompanied by local guide. Hiring “local” guide is important to formulate the above mentioned ecotourism triangle, in which economic benefit to host community is indispensable in motivating them to conserve forest. This, however, implies the necessity of public supports for educating local guides.

It is strongly recommended to introduce new tourism know-how on soft adventure to enjoy the visit to Type I or II tropical forest. “Canopy Walk” is an example of the know-how, which provide participants with unusual opportunity to see a forest from a tree top. There are examples of this type of tourist attractions in tropical forests in the Americas, and there is even an example in Misamis Oriental in Mindanao. It would be worth consideration by DOT Region XI, provincial governments, municipalities, or local tourism organizations to negotiate with the tour operator who has the know-how on Canopy Walk as shown in Figure 10 to install a similar facility to a forest in the DIDP Area.

**Figure 10 Canopy Walk**



Source: JICA Study Team

It is noted that these forest-based attractions should be designed for ordinary people to enjoy nature. It is important to arrange the tour to be conducted in a day so that participants would not need to stay in a tent or a shabby accommodation. Otherwise it would not attract a large volume of tourists. No pavement is necessary for walking trails, for it is a measure to enjoy nature. Planners of the trail, however, should fix every dangerous part of the trail that could harm participants such as slippery rock, pits, and river crossings without bridge. Other than designing the trails for ordinary people, it is important to publicize the importance of walking, in particular, toward the domestic market citing its contributions to reducing weight and improving health. It is also important to stress that the attraction is not only for young people.

Introduction of forest-based tourism attractions would also serve to enhance the competitiveness of proposed mountain resort development, since they could be "value-added" for the resorts.

Suitable sites for forest-based tourist attractions and their appropriate market segments are shown in Table 16. Market segmentation and expected tourist volume would differ considerably depending on the accessibility to nature area.

**Table 16 Market Segmentation of Forest Areas**

Type	Location	Accessibility	Market segment
I	Hijo Plantation	Good	Educational General interest mass tourists
II	Mt. Apo, Malita	Mediocre	Mass Tourist with environmental interest
III	San Isidro, Cateel, Talaingod, Malagusan	Difficult	Tourists with special interest in the nature

Source: JICA Study Team

## (2) Village tourism

The JICA Study Team defines village tourism as a type of alternative tourism, in which tourists stay in a rural community in an intimate atmosphere to enjoy unique



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cultural and natural experiences. It would introduce a type of tourism that contributes to cultural awareness of local people, as well as to rural development. Village tourism puts importance on “local color” such as traditional handicraft, landscape, local life style, festival, art and performance, and targets culturally-motivated tourists who want to experience a stay in a cultural community.

Village tourism is considered to be the most suitable form of tourism to be introduced to cultural communities in the DIDP Area, for this is a low-impact tourism based on the alternative tourism concept as discussed in the previous section.

Village tourism has the following positive impacts to the community:

- Increase in income and employment;
- Raising of openness to outsiders;
- Boosting of morale through local participation; and
- Discovery of own characteristics and re-evaluation of own identity;

It, however, may have the following risks unless it is carefully guided.

- Abrupt changes in social system through influx of easy money;
- Enlarging gap between the rich and the poor; and
- Cultural deterioration and morale corruption.

Introducing village tourism to rural community more or less provoke changes. The following considerations are necessary to guide the changes toward positive ones:

- To adopt a selective marketing method targeting culturally motivated up-market tourists;
- To promote participation of local people in the planning process; and
- To establish a community-based tourism organization, in which local people have initiative. The organization, however, has to be open to outsiders so that it would learn new know-how and receive feedback from the market to introduce sophistication into its tourism products.

The JICA Study Team has identified the following municipalities that are suitable for introduction of village tourism, and specified them as Satellites:

- Talaingod Municipality (Davao del Norte); and
- Maragusan (Compostela Valley).

The JICA Study Team chose the municipalities because they have scenic areas, and are noted for high percentage of indigenous peoples that still retain traditional way of life. Planning process of village tourism is as follows.

**a. Establishing a local tourism organization**

Establishing a local tourism organization is the first step to a successful introduction of village tourism. Municipal government should take the initiative, and financial support to set up the organization with assistance from provincial government and DOT. Organization members should be from municipal government, local chamber of commerce and industry, and anybody interested in tourism in the community together with non-villagers such as tour operators/travel agents interested in ecotourism, NGO members who work for the village, tourism officers from provincial government and DOT.

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Until the village tourism project takes off, non-villagers' roles are quite important. They are expected to provide villagers with recent tourism know-how, and promote tourism products to the outside: to the travel trade and tourism markets in both the Philippines and foreign countries. Moreover, they could advise villagers to identify their uniqueness that appeals to tourists.

The organization should be the body to implement the village tourism project, but it should also function as a think tank that provides individual tourism establishments with consultation for development and management. The task of the organization would be as follows:

- To publicize the idea of village tourism to community members to formulate a community-level consensus for tourism development;
- To prepare a tourism plan of their community including development concept and slogan, strategy, and specific tourism product ideas;
- To solicit villagers to participate in tourism businesses according to the plan, and to provide them with training and consultation;
- To regulate or license tourism establishments in the community;
- To publicize tourism products in their village to the travel trade and potential markets; and
- Provide visitors and the travel trade with tourist information.

With the progress of the village tourism project, the initiative taken by the municipal government should be transferred to the organization itself in exchange for financial self-sufficiency of the organization.

**b. Identifying potential tourism resources**

Newly established tourism organization members should examine tourism resources in their village. Other than existing tourism resources and products, they should try to discover new tourism resources according to the following criteria:

- Attractiveness to visitors who have different cultural and social background from villagers;
- Acceptability to visitors;
- Consistency with the image of the village;
- Representation of local color and cultural traditions; and
- Prospect for positive effects to the village.

As noted previously, non-villagers' role is important to identify tourism resources, for what are too familiar to villagers could be very exotic and interesting to visitors. Tourism resources such as falls, caves, and springs are relatively well researched, but there could be other types of potential resources. Types of these tourism resources and their directions for utilization are as follows.

**Scenery**

Both scenic view point and the landscape that non-villagers find unique are potential tourism resources. Building observation deck that also serves as a wayside amenity and rest station for trekking would facilitate visitors' attention to the

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resources. The observation facility should be consistent with local architectural design and physically unobtrusive.

### **Plant life**

Plant lives that are so common to villagers could be interesting to visitors. Installing interpretation boards to trees, flowers, and other interesting plants along tourist trail and in the garden of tourist accommodation would make supplementary tourist attractions. The interpretation board should include detailed description of plants, as well as topics that would attract visitor's attentions such as food, historical event, medicinal effect, myth and legend.

### **Architecture**

Local-style architecture is one of the most important tourism resources for cultural tourism. It is more important that a certain area is kept in a traditional architectural style rather than conserving a specific old building. The tourism organization should consider introducing building regulations covering a certain area of the village to maintain traditional landscape. Regulations should specify such aspects as colors, building materials, and construction methods.

Newly built tourist facilities such as rest station and tourist accommodation should observe the same architectural style of the village to give visitors a sense of arrival.

### **Handicraft**

Handicraft is important not only as a cultural representation but also as a measure to earn income from visitors. Not only products but visits to workshops to observe production process or even participation in the production would make a great attraction.

### **Local cuisine**

Local cuisine is a great experience for visitors. Tableware is also important not only to represent cultural tradition but also as potential shopping items. The dining experience could be enhanced by the explanation of plant life during hiking and sight-seeing.

### **Traditional cultures**

Not only folk costume but folk music and dance contribute greatly to give visitors a sense of arrival.

### **Ritual and festival**

Observation of ritual and festival is a great tourist attraction. It, however, needs consensus from villagers for tourism use of religious ceremonies. Tourism organizations should seek for the approval by setting a guideline for visitor's behavior, limitation in number, and financial contribution to the community.

### **Virtuoso**

Talented persons in various arts such as music, dancing, and producing handicraft should be viewed as important tourism resources. The tourism organization should create a database of villagers who have special skills, and mediate between tourism establishments that needs their skills and virtuosos who would appreciate income from tourism.