



Davao Regional Development Plan 2011-2016





Davao Regional Development Plan

2011-2016

Message



MALACAÑAN PALACE

I commend the NEDA Regional Development Councils and all stakeholders in the 17 regions for coming together to formulate your respective Regional Development Plans. May this partnership among regional and local institutions, the private sector, and civil society ensure the continued success of these programs and the distribution of their benefits throughout the country.

Along with the Philippine Development Plan, the RDPs will guide our development efforts in the next five years, and will act as a common roadmap for our country's development and for the establishment of the necessary infrastructure that will help us achieve our goal of increasing economic and social opportunities for our people. Guided by our commitment to the UN Millennium Development Goals, our concerted efforts will not only help accelerate economic growth, but will also give our provinces improved access to quality education, health, and social services.

We came to government with a mandate to eradicate poverty and create a better future for our nation. As we carry out key reforms in the bureaucracy, we also strive to set in place an environment of sustainable and equitable progress in the coming years. Together, let us fulfill the potential of our great nation.

A handwritten signature in black ink, appearing to read "Benigno S. Aquino III".

BENIGNO S. AQUINO III
President

Republic of the Philippines

MANILA
May 2011

Message



The Regional Development Plans (RDPs) represent the aspirations of Filipinos in different areas of the country. As accompanying documents of the Philippine Development Plan (PDP) 2011-2016, the RDPs also provide the spatial dimension to the national plan by identifying the regions' contributions to our goal of a high, sustained and broad-based growth. This "inclusive growth" involves rapid economic expansion that must reach population groups throughout the country through the provision of productive employment opportunities, thereby reducing poverty.

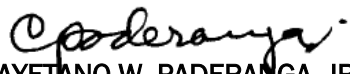
The attainment of our goals requires massive investments in infrastructure, social services and other productive activities. The PDP, along with the RDPs are the key instruments that will guide the proper and equitable allocation of resources to ensure improvements in the welfare of our people. Likewise, our plans shall direct our efforts in protecting the environment, reducing climate and disaster risks, promoting good governance and ensuring peace and stability.



**NATIONAL ECONOMIC
AND DEVELOPMENT AUTHORITY**
Pasig City

The RDPs provide the framework for local development. We thus enjoin the local government units to align their local plans and programs with the RDPs. We likewise seek the support of regional institutions and the private institutions in the realization of the plans which many of them have helped prepare. We need to strengthen our multistakeholder cooperation particularly as we promote public-private partnership to improve the provision of services for our people.

I thank the Regional Development Councils (RDCs) for spearheading the preparation of the RDPs and we count on their continued leadership in coordinating development efforts in the regions.


CAYETANO W. PADERANGA, JR.
Secretary of Socioeconomic Planning and
NEDA Director-General

Foreword



I commend the efforts of the Regional Development Council XI in the formulation of the *Davao Region Development Plan, 2011-2016*. The government, together with the business sector and the civil society, conscientiously identified strategic interventions that would sustain high economic growth to lower incidence of poverty among the people.

I am glad that this Plan focuses to achieve *inclusive growth*, and that it is *people-oriented*; thus, strengthening our Region's first-rate human resources in order to contribute to a sustained high economic growth. This Plan further ensures that the benefits of this growth are felt by all sectors of society; particularly, the marginalized sectors or the so-called *poorest of the poor*. Because it is only when we are able to significantly reduce poverty and continually improve the lives of the majority of the population can we say that we have achieved our goal.



REGIONAL DEVELOPMENT COUNCIL XI
Davao City

I enjoin the government and the private sector to make this Plan **work**. It is laudable that this Plan was crafted involving the widest spectrum of society, but I believe that it will be more significant if we can make the dreams and aspirations of every Davaoeño, as embodied in this Plan, a **realization**. I emphasize that implementation of this Plan is paramount. The region now faces many challenges as it endeavors to ensure economic development while at the same time, protects the environment, as well as adapts to climate change; thus, the support of each constituent is necessary to hurdle all these.

We have made commendable achievements in the past. I believe that with political will, dedication and love for this region, we can do better. Let us prove to ourselves and to the world that Davao Region can be the best place to live in.

Madayaw Davao!


MAYOR SARA Z. DUTERTE
RDC XI Chairperson

Acknowledgement



**NATIONAL ECONOMIC
AND DEVELOPMENT AUTHORITY**
Davao Region

The Davao Region Development Plan (DRDP), 2011-2016 was borne out of several consultations, feedbacking and review and enhancement sessions involving the participation of various stakeholders at different levels of governance. The draft took several months to formulate before it was finally approved by the Regional Development Council XI.

The ideas, contribution and invaluable roles of the following partners in making the DRDP truly an embodiment of multisectoral, multistakeholder and multi-level aspirations are therefore deeply appreciated and acknowledged; viz:

- The Regional Development Council XI, for the review, approval and adoption of the Plan;
- The RDC XI Sectoral Committees which served as the Planning Committees responsible for the initial review and endorsement of the Plan to the Regional Development Council XI;
- The Provincial/local partners particularly the Provincial Governors and City Mayors who gave their support during the review of the Plan and for enriching it by providing the sub-regional dimension;
- The heads of Regional Line Agencies who stood as active partners in the formulation of Plan targets and strategies;
- The Private/Business Sector and the Academe who provided the private sector perspectives of the Plan particularly in the preparation of policy agenda;
- The region's Congressional Representatives, for giving the Planning Committees and the RDC XI Executive Committee valuable insights and policy directions; and
- The NEDA XI Staff who provided the technical secretariat services to the Sectoral Planning Committees and the Regional Development Council; and most importantly ensured that the Plan reaches its completion.

Maria Lourdes D. Lim

MARIA LOURDES D. LIM, CESO II
Regional Director
NEDA Regional Office XI



Republic of the Philippines
REGIONAL DEVELOPMENT COUNCIL
Region XI, Davao City

RDC XI Resolution No. 60, Series of 2010

Approving the *Davao Regional Development Plan (DRDP), 2011-2016*, Subject to the Recommendations for the Enhancement of Chapters 1, 2, 6, 7, 8 and 10; and Incorporating the Principles of Sustainable Development and Gender and Development (GAD) in Chapters 1 to 10

Whereas, Memorandum Circular (MC) No. 3 issued on September 2, 2010, directs the National Economic and Development Authority (NEDA) to coordinate the preparation of the Medium-Term Philippine Development Plan (MTRDP) and the Medium-Term Philippine Investment Program (MTPIP) for 2010-2016 which shall be jointly formulated by the executive and legislative branches of government in a participative process involving other sectors of the Philippine Society;

Whereas, the issuance called for the formulation of the successor Medium-Term Regional Development Plans (MTRDPs) covering the next six-year term (i.e., 2010-2016) that would contribute to the fulfillment of the President's vision and development agenda as contained in his *Social Contract with the Filipino People*, and such a formulation shall be spearheaded by the Regional Development Councils (RDCs);

Whereas, MC No. 3 also stated that all plans of the Local Government Units (LGUs) shall be consistent with the regional development strategies, physical framework, and local needs;

Whereas, the *Guidelines on the Formulation of the Medium-Term Regional Development Plan (MTRDP), 2010-2016 for Davao Region* was approved by the RDC XI-Executive Committee during its September 09, 2010 meeting;

Whereas, the Council's Sectoral Committees (SeComs) served as the Planning Committees that were tasked to assess the implementation performance of the terminating MTRDP, as well as draft the sectoral components of the successor Davao Region MTRDP that serves as the region's translation of the development directions of the MTPDP, 2010-2016, and provides the region's perspective of the constraints and strategies to promote inclusive growth and reduce poverty as prerequisites to sustained socioeconomic development;

Whereas, the Draft *Davao Regional Development Plan (DRDP), 2011-2016*, was presented for the review by RDC XI-Advisory Committee (AdCom) on 29 September 2011, which was also attended by other key stakeholders of the region;

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Whereas, the Draft DRDP, 2011-2016 was presented for the review and endorsement by the RDC XI-Executive Committee (ExCom) to the RDC XI during its 13 October 2010 meeting;

Whereas, the RDC XI Executive Committee endorsed the Draft DRDP, 2011-2016, subject to the incorporation of its recommended enhancements;

Whereas, this Council finds the DRDP, 2011-2016 enhanced with the recommendations of this Council's Executive Committee and recommends its further enhancement with the incorporation of the principles of Sustainable Development (SD), and Gender and Development (GAD); and the enhancements of Chapters 1,2,6,7,8 and 10; *now, therefore, be it*

Resolved, as it is hereby resolved, that this Council approve and adopt the *Davao Regional Development Plan, 2011-2016* subject to the incorporation of its recommendations.

Resolved, further, that copies of this Resolution, together with the approved DRDP, 2011-2016 be submitted to His Excellency President Benigno S. Aquino; and furnished the National Economic and Development Authority, all members of the Philippine Senate; all members of the House of Representatives representing Davao Region's eleven (11) congressional districts; all members of this Council and its Sectoral Committees; and all other regional line agencies, government-owned and controlled corporations, state universities and colleges, government financial institutions and local government units in or with offices in the Davao Region.

Approved unanimously, this 29th day of October, Two Thousand and Ten, in Davao City, Philippines.

Certified Correct:

NOEL E. QUIRATMAN
Secretary

Attested/Approved by:

DIR. MARIA LOURDES D. LIM
Acting Chairperson and Presiding Officer

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List of Acronyms

ACEF	Agricultural Competitiveness Enhancement Fund	CLOA	Certificate of Land Ownership Award
ACO/ARO	Agency Central Office/Agency Regional Office	CMTS	Cellular Mobile Telephone System
ADB	Asian Development Bank	CSR	Corporate Social Responsibility
ADSDPP	Ancestral Domain Sustainable Development and Protection Plan	DA	Department of Agriculture
AFF	Agriculture, Fishery and Forestry	DANECO	Davao del Norte Electric Cooperative
ALS- A&E	Alternative Learning System- Accreditation and Equivalency program/system	DARAB	Department of Agrarian Reform Adjudication Board
AMCFP	Agro-Industry Modernization Credit and Financing Program	DASURECO	Davao del Sur Electric Cooperative
AFMA	Agriculture and Fisheries Modernization Act	DATE	Davao Trade Expo
AFNR	Agriculture, Forestry and Natural Resources	DFA	Department of Foreign Affairs
ARB/C	Agrarian Reform Beneficiary/Community	DFPC	Davao Fish Port Complex
AFTA	ASEAN Free Trade Agreement	DENR-LMB	Department of Environment and Natural Resources-Land Management Bureau
BAS	Bureau of Agricultural Statistics	DepEd	Department of Education
B/CEmONC	Basic/Comprehensive Emergency Obstetrics Neonatal Care	DICCEP	Davao Industry Cluster Capacity Enhancement Project
BESRA	Basic Education Sector Reform Agenda	DLPC	Davao Light and Power Company
BHRAC/O	Barangay Human Rights Action Center/Officer	DOE	Department of Energy
BIMP-EAGA	Brunei-Indonesia-Malaysia-Philippines-East Asian Growth Area	DOH	Department of Health
BLP	Basic Literacy Program	DOLE	Department of Labor and Employment
BMBE	Barangay Micro Business Enterprises	DOSCST	Davao Oriental State College of Science and Technology
CALABARZON	Cavite-Laguna-Batangas-Rizal-Quezon	DOST	Department of Science and Technology
CADT	Certificate of Ancestral Domain Title	DPWH	Department of Public Works and Highways
CALT	Certificate of Land Title	DR-GIN	Davao Region Geographic Information Network
CARL	Comprehensive Agrarian Reform Law	DRICP	Davao Region Industry Cluster Plan
CARP	Comprehensive Agrarian Reform Program	DRDP	Davao Regional Development Plan
CeC	Community-based e-Center	DRR/CCA	Disaster Risk Reduction/Climate Change Adaptation
CEPT	Common Effective Preferential Tariffs	DSL	Digital Subscriber Line
CHED	Commission on Higher Education	DSWD	Department of Social Welfare and Development
CHR	Commission on Human Rights	EDC	Economic Development Committee
CIIF	Coconut Industry Investment Fund	EPI	Expanded Program on Immunization
CIDSS-KALAHI	Comprehensive and Integrated Delivery of Social Services-Kapit Bisig Laban sa Kahirapan program	ERP	Economic Resiliency Plan
		EVS	Education Voucher System
		FGD	Focus Group Discussion
		FMD	Foot and Mouth Disease
		FPIC	Free and Prior Informed Consent
		GASTPE	Government Assistance to Students and Teachers in Private Education
		GHG	Group Home for Girls

GLAD	Group Land Acquisition and Development	NCIP	National Commission on Indigenous Peoples
GMP	Good Manufacturing Practices	NHA	National Housing Authority
		NHTSPR	National Household Targeting System for Poverty Reduction
GRDP	Gross Regional Domestic Product	NIA	National Irrigation Administration
GVA	Gross Value Added	NIPAS	National Integrated Protected Area System
GOCC	Government-Owned and Controlled Corporation	NSCB	National Statistical Coordination Board
GSIS	Government Social Insurance System	NSO	National Statistics Office
HDMF	Home Development Mutual Fund	ODA	Official Development Assistance
HEI	Higher Education Institution	OFW	Overseas Filipino Worker
HGC	Home Guaranty Corporation	OWWA	Overseas Workers' Welfare Administration
HRD	Human Resource Development	4Ps	Pantawid Pamilyang Pilipino Program
LCMP	Localized Community Mortgage Plan	PAGASA	Philippine Atmospheric, Geophysical and Astronomical Services Administration
LGU	Local Government Unit	PAMANA	Payapa at Masaganang Pamayanan
IA	Irrigators' Association	PBGEA	Pilipino Banana Growers and Exporters Association
IAS	Irrigators' Association System	PCO	Public Calling Office
ICC/IP	Indigenous Cultural Communities/ Indigenous Peoples	PDIP	Provincial Development and Investment Program
ICT-BPO	Information, Communication Technology-Business Process Outsourcing	PFDA	Philippine Fisheries Development Authority
IELTS	International English Language Testing System	PHIC	Philippine Health Insurance Corporation
IGACOS	Island Garden City of Samal	PhilDHRRA	Philippine Partnership for the Development of Human Resources in Rural Areas
ILO	International Labor Organization	PhilMech	Philippine Center for Postharvest Development and Mechanization
IMES	(Plan) Implementation Monitoring and Evaluation System	PPP	Public-Private Partnership
IMT	Irrigation Management Transfer	PSHS	Philippine Science High School
IPRA	Indigenous Peoples' Rights Act	RBA	Rights-Based Approach
ISSPD	Information Support System for Peace and Development	R&D	Research and Development
ISO	Internal Organization for Standardization	RDC	Regional Development Council
MDG	Millennium Development Goals	RDEI	Research and Development Extension Institution
MENA	Middle East and North African region	RDIP	Regional Development and Investment Program
MinDA	Mindanao Development Authority	RDRA	Regional Development Research Agenda
MMR	Maternal Mortality Rate	RDRRMC	Regional Disaster Risk Reduction and Management Council
MSDF	Mindanao Strategic Development Framework	RM	Results Matrix
MSME	Micro, Small and Medium Enterprises	RPMC	Regional Project Monitoring Committee
NAT	National Achievement Test	RPMES	Regional Project Monitoring and Evaluation System
NARRDN	National Agriculture and Resources Research and Development Network	RPOC	Regional Peace and Order Council
NERBAC	National Economic Research and Business Assistance Center	RRCY	Regional Rehabilitation Center for Youth
NARAC	National Agrarian Reform Adjudication Commission	RSCC	Reception and Study Center for Children
NB-RDCom	NEDA Board-Regional Development Committee		

RUS	Regional University System
S&T	Science and Technology
SAFDZ	Strategic Agriculture and Fisheries Development Zone
SBM	School Based Management Program
SEA-K	Self-Employment Assistance-Kaunlaran
SEARICE	Southeast Asia Regional Initiatives for Community Empowerment
SETUP	Small Enterprise Technology Upgrading Program
SEZ	Special Economic Zone
SHFC	Socialized Housing Finance Corporation
SMARRDEC	Southern Mindanao Agriculture and Resources Research and Development Consortium
SOCCKSARGEN	South Cotabato-Cotabato-Sultan Kudarat-Sarangani-General Santos City
SPAMAST	Southern Philippines Agribusiness and Marine and Aquatic School of Technology
SPMC	Southern Philippines Medical Center
SSS	Social Security System
SUCs	State Universities and Colleges
STI	Science, Technology and Innovation
TAWAG	Tuloy Aral Walang Sagabal
TBI	Technology Business Incubation
TEFASCO	Terminal Facilities and Services Corporation
TelOf	Telecommunications Office
TOEFL	Test of English as a Foreign Language
TGP	Techno-Gabay Program
TESDA	Technical Education and Skills Development Authority
TVET	Technical Vocational Education and Training
ULRP	Urban Land Reform Program
UNESCO	United Nations Educational, Scientific and Cultural Organization

Executive Summary

The Davao Region Development Plan (DRDP), 2011-2016 embodies the aspiration of its people to become the Rising Global Frontier at the turn of the decade. To realize this aspiration, the region shall strive to attain rapid, high and sustained economic growth that shall result in faster decline of poverty incidence. The ultimate aim is to bring the region closer to the achievement of its Millennium Development Goals (MDG) and to facilitate a more inclusive growth.

Cognizant of its inherent strengths and potentials, agri-industrialization shall be the main vehicle for the vision to be realized supported by strong industry and services sectors. Agri-industrial development shall focus on achieving greater complementation between the agriculture and industry sectors aided by strong infrastructure and logistics support, science, technology and innovation, human resource development, social protection, environmental sustainability, peace and development efforts and good governance.

Agri-industrialization shall focus on the development of the agro-economic zones to increase the value-adding activities and develop the value-chain mechanisms of the major and priority agricultural products. The requisites for agri-industrialization are the improvement of infrastructure and logistics support, review of and the implementation of policies under the Agriculture and Fisheries Modernization Act (AFMA), the upscaling of the Davao Region Industry Cluster strategy, the improvement of agriculture sector governance and the full implementation of asset reform programs.

Food security shall be a major thrust of the Plan. To attain this, focus shall be on increasing food production and reducing year-to-year variability in supply. More efforts shall be channeled to improving the stability of input-supplies and ensuring that production shall be undertaken in an environmentally and economically sustainable basis.

The industry and services sectors shall focus on improving competitiveness toward reducing export trade barriers and contend with the global trading environment. These sectors shall raise the bar of the region's production and the quality of products to maintain existing markets, open new markets and expand foreign market potentials. The tourism sector shall do its share by improving and actively promoting tourism destinations and programs as well as develop tourism potentials through strong partnerships of the local governments and the private sector.

To support agri-industrialization and to sustain the growth of the industry and services sectors, the infrastructure sector shall pursue the construction and development of major infrastructure projects to further improve the flow of people, goods and services within and outside the region and to reduce production costs. Focus shall be given to projects that facilitate the integration of the production areas to the urban/marketing centers. This means roads, telecommunications and power services shall be prioritized along with projects that support the development of human resources which shall include access to basic social services and the provision of amenities.

Recognized as a significant player in achieving economic growth and competitiveness, science, technology and innovation programs shall be aimed at adopting more extensively, research products for commercial use while aggressively pursuing the institutionalization of certification and accreditation processes particularly for export products. Meanwhile, developing a mindset for science and math education shall be cultivated by strengthening related education programs in partnership with the private and the public sectors.

For a more effective support from the human capital base, development pursuits shall focus on universalizing access to appropriate, affordable and comprehensive health services. This means access to essential health services and appropriate health care shall be made widely available by improving delivery systems and accelerating the implementation of health-related programs. Access to education shall be increased by adopting innovative approaches to quality and basic education through the delivery of formal, non-formal education and alternative learning systems. Higher education and skills development shall be targeted at matching the requirements of the domestic priority industries and international market demands. Access to affordable and decent housing shall be increased also by improving access to credit for shelter, home lending programs and other mechanisms including risk-sharing and optimization of benefits accruing to investors.

To improve the protection mechanisms for the vulnerable groups, the government shall fasttrack the full implementation of programs within the framework of equitable distribution of entitlements including the delivery of support services to agrarian reform beneficiaries. Institutional impediments shall be addressed as well, to continually facilitate the implementation of ancestral domain programs. Persons with disabilities shall be integrated to the formal and non-formal education programs as one of the many forms of practice of human rights principles.

The quest for a sustained economic growth shall be pursued in tandem with the improvement of ecological integrity. Efforts shall then be geared at maintaining a stable base of renewable resources by reducing poverty in the uplands; improving forest cover, enhancing ecosystem management and services and improving the capacities of the LGUs and communities in resource conservation and management.

The image of the region shall be insulated from peace issues by proactively pursuing participatory processes in peace-building activities. Communities shall be capacitated in the management of conflicts as well as in facilitating activities leading to social cohesion and the exercise of individual human rights. Meanwhile, advocacy on the integration of peace education in school curricula shall be undertaken while actively engaging the media in projecting the region as a peaceful, tourist-friendly and business-conducive area.

The region's goals shall be achieved within the framework of reformed governance. Basic services shall be delivered and the costs of doing business shall be reduced as direct results of transparent and responsive governance. Resources management shall be improved by maximizing private sector participation in investments through Public-Private Partnership agreements particularly in the delivery of basic services and infrastructure development; increasing the absorptive capacities of the national line agencies and improving the capacities of the local government units to undertake resource generation activities.

The local government units shall be the national government's active partner in job generation and poverty reduction. Local resource generation capacities shall be improved to augment internal revenue allocations and allow more room for the local government units to initiate local development activities from their means. Disruptions in local development activities resulting from the occurrence of disaster events and climate change shall be minimized through the integration of disaster risk assessment in local development planning and decision-making processes, particularly in the management of calamity funds and in prioritizing local investment programs.

The DRDP, 2011-2016 shall be implemented within the Development Results Management Framework that defines and closely measures the impact/outcomes and outputs achieved out of its implementation. This framework shall ensure the effectiveness, efficiency, responsiveness and sustainability of development interventions taking into account the limited government resources.

This framework tightens the linkages in planning, investment programming and budgeting to ensure that the interventions and policies identified in the DRDP are translated into implementable programs and projects and allocated with corresponding budget where results can be measured within designated implementation timeframes.

Capability building activities for plan implementers shall be instituted to ensure that the DRDP is implemented within the results management environment. Aggressive communication and advocacy activities shall also be pursued with the end of enhancing the sense of plan ownership of the stakeholders and generate support for its implementation in the process.

Part I: Profile of Davao Region

Location

Davao Region is located in the southeastern part of Mindanao surrounding the Davao Gulf. It is bounded on the north by the provinces of Surigao del Sur, Agusan del Sur of Caraga Region and Bukidnon of Northern Mindanao Region. On its west is Central Mindanao and on its east is the Philippine Sea. It faces Micronesia in the Southern Pacific Ocean to the east and Eastern Indonesia through the Celebes Sea to the south (Figure 1.1).

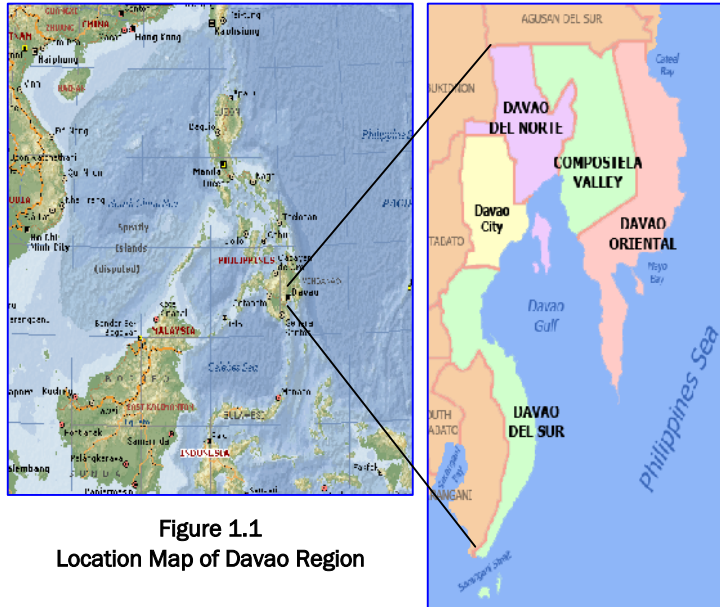


Figure 1.1
Location Map of Davao Region

Political Subdivision

Davao Region is composed of 4 provinces, 1 highly-urbanized city, 5 component cities and 43 municipalities, divided into 1,162 barangays in 11 congressional districts (Table 1.1). The provinces are Davao Oriental, Davao del Norte, Compostela Valley and Davao del Sur. The cities are Davao, Panabo, Tagum, Island Garden City of Samal, Digos and Mati.

Table 1.1 Number of Districts, Municipalities and Barangays, By Province/City
Davao Region, 2009

Province/City	Congressional Districts	Municipalities	Cities	Barangays
Davao Oriental	2	10	1	183
Davao del Norte	2	8	3	223
Compostela Valley	2	11	-	237
Davao del Sur	2	14	1	337
Davao City	3	-	1	182
Total	11	43	6	1,162

Source: NSCB XI, DILG XI

Land Area

Davao Region has a total land area of 19,671.83 square kilometers (Table 1.2), corresponding to 6.6 percent of the total land area of the Philippines and 19.3 percent of Mindanao. The region's land area is composed of 62.5 percent forestland and 37.5 percent alienable and disposable land. The soil is rich and suited for agricultural crops.

Climate

Davao Region is blessed with good climate with rainfall evenly distributed throughout the year. It is outside the typhoon belt. Fair weather is usually experienced during the months of December to June. The prevailing wind is slightly variable and generally moves from the northeast to southwest. During this time, the southwest monsoon wind known as “Habagat” prevails. From July to October, the region also experiences the east to west wind, locally known as “Amihan”.

Table 1.2 Land Area, By Land Classification, By Province/City, Davao Region, 2009

Province/City	Land Area (In sq. km.)		
	A & D	Forestland	Total
Davao Oriental	2,008.46	3,156.00	5,164.46
Davao del Norte	1,443.37	2,019.45	3,462.82
Compostela Valley	1,530.97	3,135.96	4,666.93
Davao del Sur	1,375.27	2,558.74	3,934.01
Davao City	1,014.88	1,428.73	2,443.61
Total	7,372.95	12,298.88	19,671.83

Source: DENR XI

Water Resources

The region has twenty-two (22) major river basins with a total drainage area of 13,705.35 square kilometers and estimated length of 1,170 kilometers. The biggest among the river systems is the Agusan River basin located in Compostela Valley, followed by the Tagum River basin located in Davao del Norte.

Population

In 2007, Davao Region had 4,159,469 inhabitants making it the most populous region in Mindanao and the fourth most populous region in the country (Table 1.3). It registered a population density of 211 persons per square kilometers compared to 187 persons in 2000 and 167 in 1995.

Davao City had the biggest population at 1,366,153 or 32.8 percent of the regional total. It is the country's fourth most populous city after Quezon, Manila and Calocan.

Table 1.3 Population and Annual Growth Rates, By Province/City, Davao Region 1995, 2000 and 2007

Province/City	Total Population			Population Growth Rate		
	Sept. 1995	May 2000	Aug. 2007	1995-2000	1995-2007	2000-2007
Philippines	68,616,536	76,506,928	88,566,732	2.36	2.16	2.04
Davao Region	3,288,824	3,676,163	4,159,469	2.41	1.99	1.72
Davao Oriental	413,472	446,191	486,104	1.64	1.37	1.19
Davao del Norte	671,333	743,811	847,440	2.22	1.97	1.81
Compostela Valley	520,110	580,244	637,366	2.37	1.72	1.30
Davao del Sur	677,069	758,801	822,406	2.47	1.64	1.12
Davao City	1,006,840	1,147,116	1,366,153	2.83	2.59	2.44

Source: NSO

Economy

Davao Region's economy has consistently grown through the years. Although it is agriculture-based, the services sector contributes the biggest to its growth, followed by the industry sector. The trade sub-sector, which is largely agriculture-based, is the prime booster of the services sector.

Davao Region has a sizeable financial base, with total deposits amounting to more than seventy-eight billion pesos and a loan portfolio of almost twenty billion pesos in 2008. This reflects a growth of 10.5 percent and 20.9 percent, in 2007 and 2008, respectively. The combined resources of the banking offices in the region grew by 11.6 percent between these two years, reaching almost ninety billion pesos as of December 2008. The banking system had 267 offices as of December 2008, with commercial and universal banks accounting for 54.7 percent and rural banks comprising 35.2 percent. Non-bank financial intermediaries, composed mainly of pawnshops, had 604 branches. The region is, thus, considered a hub of financial services in Mindanao, wherein Davao City is the financial center. It also plays a vital role as the seat of the Federation of Chambers of Commerce in Mindanao and the Mindanao Business Council.

The ICT-BPO industry is one of the fastest growing sectors in the region, rising at 78 percent from 2008 to 2009. It is dominated by the voice sector, with eighteen call centers capturing 86 percent of the sector's labor force. Non-voice sector composed of software development, graphics animation, and transcription, absorbed the remaining 14 percent, with its forty companies. In 2009 alone, 6,000 jobs were provided by the industry. The region is considered a primary BPO destination in the country, with Davao City ranking first among the Philippines' IT-BPO next wave cities in 2010. It is Mindanao's Cyber Hub given its readiness in terms of telecommunication capacity, redundancy and resiliency, next generation capability for IT-BPO spaces, and air and sea linkages.

The region is a growing tourism destination, with tourism receipts and tourist arrivals recording annual increases of ten and eleven percent, respectively. It has a wide array of tourism facilities such as hotels, resorts, restaurants, cafes, malls, medical facilities, as well as, land, sea and air transport. Particularly, modern but affordable medical care is offered by a number of hospitals, especially in Davao City, and by health and wellness establishment that offer alternative treatment procedures like iridology, acupuncture, massage, among others, providing an edge for the region in terms of medical tourism. Thus, the region is regarded as a potential Medical Tourism Hub in Mindanao. Also, it has varied tourist attractions that include the Philippine Eagle, the world's largest eagle and king of Philippine skies which can be seen at the Philippine Eagle Center in Malagos, Davao City; Waling-waling, the queen of orchids is propagated in Malagos Garden Resort in Davao City; Mt. Apo, the country's highest peak and king of Philippine mountains is partly located in Davao del Sur; dive spots in the Davao Gulf are among the best in the country; and Aliwagwag falls, which is a series of falls, is in Davao Oriental. Davao Region is also renowned for its festivals. Foremost among them are the Kadayawan Festival (Davao City) which is celebrated in August, Musikahan Festival (Tagum City, Davao del Norte) in February, Bulawan Festival (Nabunturan, Compostela Valley) in March, Pista sa Kinaiyahan (Sta. Cruz, Davao del Sur) in April and Sambuokan Festival (Mati, Davao Oriental) in October.

In terms of agricultural products, Davao Region is the number one producer of bananas and coconuts in the country, second in coffee and fourth in cacao. It supplies 61 percent of Mindanao's banana output and about 45 percent of the country's total. Coconut output represents 39 percent of Mindanao's and 22 percent of the country's total production. The region is also a leading producer of fruits such as durian, pomelo and mangosteen. The region's traditional export products include banana, coconut, pineapple, rubber, mango, abaca and forest products. The region's trading partners include Japan, USA, Korea, China, the Middle East, and European countries.

An emerging growth driver for the region is the mining industry. An estimated 189 million metric tons of gold deposits are mostly found in Mt. Diwata in Compostela Valley and nickel deposits of 490.7 million metric tons are mostly located in Davao Oriental and Compostela Valley.

Labor and Employment

From 2005 to 2010, the region's labor force comprised an average of 65.9 percent of the working age population. It is higher than the national average of 63.9 percent and at par with most Mindanao regions. For the same period, the average employment rate was 94.6 percent. For the past six years, unemployment rates remained at single digit levels while underemployment has been fluctuating. It decreased from the 2005 level of 25.8 percent to 16.2 percent in 2010 (Table 1.4). Employment capacity of the major sectors of the regional economy varied and is slowly shifting from agriculture towards becoming a major service-oriented economy. Economic activities are converging in services-related activities, particularly Information Technology and Business Process Outsourcing centers, medical and financial services.

Table 1.4 Rates of Labor Force, Employment, Unemployment and Underemployment and Percent Share to Total Employment, by Industry Group Davao Region, 2005-2010 (%)

Indicator	2005	2006	2007	2008	2009	2010
Labor Force Participation Rate	66.4	66.0	65.6	65.7	66.2	65.5
Employment Rate	94.1	94.5	95.1	95.7	94.0	93.9
Agri., Fishery & Forestry	43.7	43.9	45.2	43.7	41.5	39.2
Industry	11.2	11.8	12.0	13.0	15.1	13.4
Services	45.1	44.3	42.8	43.3	43.4	47.4
Unemployment Rate	5.9	5.5	4.9	4.3	6.0	6.1
Underemployment Rate	25.8	19.1	15.5	16.1	17.1	16.2

Source: NSO

Transportation

The primary transportation modes in the region are land, air and sea. The region's arterial road network links the cities and provincial capitals of the region, provincial and municipal areas, as well as, other parts of Mindanao and the rest of the country.

There are two public airports and twenty-eight private airstrips in the region. Ten of these private airstrips are located in Davao del Norte. The two public airports are the international airport in Davao City and the secondary airport in Mati City. The Davao International Airport serves the region's air cargo and passenger traffic needs. It accommodates approximately 1.2 million passengers and 84,600 tons of cargo per year. It has the latest navigational, security and baggage handling equipment, including an extended single 3,000-meter precision runway which accommodates large aircrafts such as the 747's and Airbus A-340s, 7 to 10 aircraft parking positions, 8 to 10 aircraft landings per hour and 688 cars at the parking bays. It currently serves as Mindanao's gateway to Asia with regular flights to Singapore. It has the potential to expand its air services to Indonesia, Malaysia, Hongkong, Australia and New Zealand. On the other hand, Mati Airport which is classified as a secondary airport, is located in the north side of the region. Apart from these facilities, there are 28 aerodromes/airstrips operated and owned by private entities.

Davao Region is served by forty (40) port facilities for its cargo and passenger traffic. Seventeen (17) of its port facilities are administered by the government and the rest are privately-owned ports.

The government-owned ports include the base port at Sasa, Davao City (Sasa Wharf), the terminal port (Mati Wharf) in Mati City, Davao Oriental and the rest are municipal ports which are distributed among the provinces in the region. Sasa Wharf is one of the largest and busiest ports in Mindanao. It is also one of the country's premier export and import hubs, serving inter-island and international shipping. It ranks third nationwide in foreign container traffic and fourth in domestic and foreign cargoes. The Mati Wharf in Davao Oriental is serving the eastern portion of the region. Other public ports that also handle domestic shipping operations include the Malalag and Digos ports in Davao del Sur; and Lupon and Baganga ports in Davao Oriental. The Island Garden City of Samal (IGACOS) has three (3) municipal ports. There is also one (1) military supply point port administered by the Philippine Navy in Panacan, Davao City. A fishing port operated by the Philippine Fish Port Development Authority is also located in Daliaw, Toril, Davao City. There are also private ports that support these public facilities. Among them are the commercially-operated Tefasco Wharf in Davao City and 17 non-commercial private ports that cater to companies' internal operations and export and import activities. These ports are located in Davao City; Panabo and Tagum Cities in Davao del Norte; Baganga, Mati and Cateel in Davao Oriental; and Sta. Cruz in Davao del Sur.

Communication

The region continues to be served with telecommunication services employing the latest technologies. Digital exchanges and radio systems including the latest wireless landlines and internet from major telecom providers operating in the region. The bandwidth requirement to meet the increasing demand of BPOs, to include call centers and software development companies; is also available. In addition, infrastructure requirements for broadcast in AM/FM radios, TV, cable TV and Direct-to-Home (satellite) TVs are available.

As of June 2010, there are 906 cell sites distributed all over the region. More than 70 percent of the total number of cell sites is located in Davao City. Based on the requirement of the general population (in both urban and rural areas) to access to communication, the Cellular Mobile Telephone System (CMTS) is becoming more significant and popular. The service provided by CMTS is normally available twenty-four hours a day and seven days a week and has become relatively more affordable across the economic strata of the general population. In addition, there is also the reach and speed of the service provided by CMTS which goes beyond regional and national borders. The proliferation of mobile phones actually led to the decrease in telephone land line subscriptions from 139,805 lines in 2005 to 82,027 lines in 2006. In 2010, however, subscriptions reached 96,065 lines due to the DSL internet service packaged with telephone lines offered by leading communication companies. Davao City accounted for the bulk at 73 percent.

The region has a growing Business Process Outsourcing services which are mostly located in Davao City. It has 57 BPO centers employing 3,000 workers which have grown by 56 percent in just one year.

There are six (6) Internet Service Providers operating in Davao Region offering dial-up, dedicated and DSL types of services. Davao City alone has over a hundred Internet cafés operating in strategic areas using the latest computer innovation technology.

Power/Electricity

The power requirement of the main Island of Mindanao including Davao Region is supplied by the Mindanao Power Grid. Power generating facilities in Davao Region has an installed capacity of 240 MW, which is only one-third of the power requirement of the entire region. The deficit is being

supplied from power generated in Northern Mindanao (where most of the major hydro-power plants and coal-fired plants are located) and transmitted into the region.

There are three electric cooperatives and one private power distribution facility in the region, the Davao Light and Power Company (DLPC). The Davao del Norte Electric Cooperative (DANECO) supplies the power needs of Davao del Norte and Compostela Valley provinces, the Davao Oriental Electric Cooperative (DORECO) provides the power needs for the province of Davao Oriental and the Davao del Sur Electric Cooperative (DASURECO) serves the province of Davao del Sur. The DLPC distributes power for the entire Davao City and Panabo City, the municipalities of Carmen, Sto. Tomas and Braulio Dujali in Davao del Norte.

The region's power supply may be augmented by potential alternative renewable energy sources such as geothermal (Kapatagan, Davao del Sur), hydropower (Baguio District, Davao City) and biomass (Davao City). These could generate an estimated 85 MW of power supply. Ocean energy may also be generated in Tarragona (486 has.) and Governor Generoso (3,483 has.), Davao Oriental, and Santa Maria (1,701 has.) and Jose Abad Santos (1,863 has.), Davao del Sur.

Social Services

There are more than seventy institutions in Davao Region offering higher education. Of this number, five are government-owned Higher Education Institutions (HEIs), which include the University of the Philippines-Mindanao. Most of the privately owned HEIs are located in Davao City. The number of graduates in tertiary education has been increasing at 2.52 percent annually since 2001. Medical, commerce, IT-related and allied disciplines are the most popular courses. There is also a growing number of language schools, i.e., for Korean, Japanese, Chinese, Arabic, Spanish, German languages, as well as, review centers for international professional licensure examinations, i.e., Test of English as a Foreign Language (TOEFL), International English Language Testing System (IELTS). The region is also home to the first regional campus of the Philippine Science High School (PSHS), a public science high school system in the Philippines. The PSHS Mindanao Campus, located in Tugbok, Davao City, caters to scientifically and mathematically-gifted high school students from all over the country, especially those in Mindanao.

Davao Region has the biggest government hospital in Mindanao, the Southern Philippines Medical Center (SPMC) located in Davao City. SPMC is equipped with modern medical facilities. The region also has modern facilities for special needs of patients such as the Cancer Center, Heart Center, Kidney Center and Burn Center. The second biggest public hospital in the region is the Davao Regional Hospital located in Tagum City which also offers the same quality specialized physician training and health services as the SPMC.

There are private hospitals: the Davao Doctors' Hospital, San Pedro Hospital, Brokenshire Memorial Hospital, Ricardo Limso Medical Center, and the Davao Medical School Foundation Hospital, among others, that offer health trainings and specialized medical care services such as dialysis and eye laser centers. The region has also facilities for old-aged persons, differently-abled persons, women and children. Psychiatric hospitals, psychotherapy clinics and counseling centers are also found in the region, directed and manned by internationally-trained counselors, psychologists, psychometricians and psychiatrists.

Part II: Development Framework

Vision

Davao Region in 2016, is envisioned as *the nation's Rising Global Frontier*.

The region's emergence in the global stage shall be propelled by a modern agriculture supported by highly competitive industrial and services sectors led by empowered men and women. Boosted by increasing demand for innovation and technological leadership, Davao Region's progress shall banner years of sustained high and inclusive growth.

Productive employment and productivity growth in all sectors—agriculture, industry and services—shall be the central focus in achieving the vision that shall result in the fast decline of poverty in the region.

Davao Region's participation in the global market shall be maximized by working for more global presence; pursuing its spatial and economic integration; trimming the risks and uncertainties stemming from the global market; and heightening governance responses to environmental challenges and low family incomes.

Development Challenges and Opportunities

The diagnostic analysis of the region revealed that its core problem is its inability to sustain high economic growth levels as indicated by its GRDP performance during the previous plan period (see Figure 2.1). This erratic performance is attributed to the region's less competitive industries, relatively poor human capital, and low resilience to disasters, climate change, and conflict. All these factors are mainly caused by poor governance in many sectors.

Poor governance is thought to be largely responsible for corruption and red tape, low investments in human resource development, and limited capacity to monitor program implementation and to perform regulatory functions. Corruption and red tape have resulted to inadequate and inefficient infrastructure and logistics support, and high transaction costs. Low investment in human resource development did not create the ideal workforce that would have improved the effectiveness of basic service delivery and a pervasive consciousness for innovation and technology. These, in turn, inhibit the region to fully develop its people and resources, thus creating the vicious cycle of poverty.

The competitiveness of the region's industries is mainly challenged by the acknowledged high cost of doing business in the region that deters the influx of more investments. This is the result of a myriad of other factors, among which are, generally, poor governance environments across all sectors, high interest rates, corruption and red tape, high transportation and shipping costs, inadequate and inefficient infrastructure and logistics support, and the low assimilation of technology and inclination for innovation.

The region's human capital has to contend with generally low investments in human resource development by government at both the national and local levels, which, in turn, results in the NGAs' and LGUs' ineffectiveness in delivering the basic entitlements of families. This is often compounded by a pervasively low consciousness for technology and innovation.

An alarmingly degraded natural resource coupled by inadequate capacities for disaster risk reduction and climate change adaptation undermine the communities' resilience in the face of threats from

natural hazards. Again, poor governance is identified among the major reasons for the weak enforcement of environmental laws and the lack of livelihood opportunities in the region that exacerbate the degradation of its forests.

Goal and Objectives

Aiming as *the* nation's Rising Global Frontier, Davao Region shall focus on the goal of a faster decline in its poverty numbers by 2016. This goal that shall bring down the region's poverty incidence among families from 26.2 percent in 2006 to 22.3 percent in 2016 is easily attainable.

Achieving a faster decline in poverty levels shall require significantly increasing the competitiveness of the region's industries so that they are able to contend with a rapidly liberalizing global economy; building and nurturing a healthy and skilled human capital that is able to grab the more expansive opportunities that would result from the region's inclusive growth strategies; improving the resilience of communities so that they are able to avoid or reemerge from disasters, adapt to climate change and overcome conflicts; working for and sustaining peaceful communities; and upping the levels of family income as a result of abundant livelihood opportunities and high growth in productivity; all preferably through improved governance in all sectors, at all levels, and by engendering a pervasive mindset for science, technology and innovation in the schools, workplaces, industries, and in farms. This shall be the overall framework for Davao Region's development (Figure 2.2).

Regional Development Strategies and Targets

Overall Development Strategy

For the region to achieve its goal of a faster decline in its poverty levels, it has to pursue a host of key strategies that are aimed at impacting directly on the foregoing objectives. Investing substantially in human capital is an imperative, more than ever, in order to empower the region's workforce toward being able to compete globally. Developing a mindset for technology in schools, workplaces and businesses shall engender a self-motivated workforce, provide a mechanism that shall continuously and instinctively upgrade educational standards everywhere, and bring business establishments at par with their competitors the world over. Pursuing the industry clustering strategy using the value chain approach shall be the main option for developing the region's micro, small and medium enterprises toward attaining high and sustained growth.

Developing market linkages through ICT is one sure way of elevating the business sector to the global stage, but they must also be capable of absorbing the linkage demands of the world economy, especially in the areas of data and information exchange, e-commerce, and physical capacity to supply the proffered goods and services.

A critical response to the challenge of bringing down poverty in the region quicker is to push for the component LGUs to reaffirm their devolved responsibilities especially on delivery of basic entitlements and environment management. The MDGs should be foremost among their concerns and a firm focus of their interventions. This would require the LGUs to improve on their mobilization of resources because the challenge posed by the MDGs is both daunting and urgent.

A relentless pursuit should be made to achieve easier access to credit for the region's productive sectors. Credit has remained elusive to MSMEs because of prevailing high interest rates, stringent procedures and collateral requirements of financing institutions. Even more ingenious schemes such as credit scoring for MSME lending, packaging of proposals on extending credit to MSMEs under non-traditional modes of lending and creation of new credit facilities that are responsive to the

needs of the target sectors, shall have to be evolved in order for the region's budding MSMEs to be able to access credit.

Integrating the region in both the spatial and economic dimensions remains an overriding objective for the region, and this shall be pursued through strategic infrastructure and telecommunications development, among others.

Finally, Davao Region aims not only for socioeconomic upliftment but to be a peaceful region as well. This would mean that the region achieves sustained peace and order condition with nil or minimum armed skirmishes and even more minimal displaced families due to conflict. Davao Region shall pursue a culture of peace where both government and private sectors exert every effort to ensure human security, protection of human rights, promotion of gender equality, delivery of services, resilient communities, as well as investments in the region.

Figure 2.1
 Davao Region's Development
 Diagnostic Framework/Problem Tree

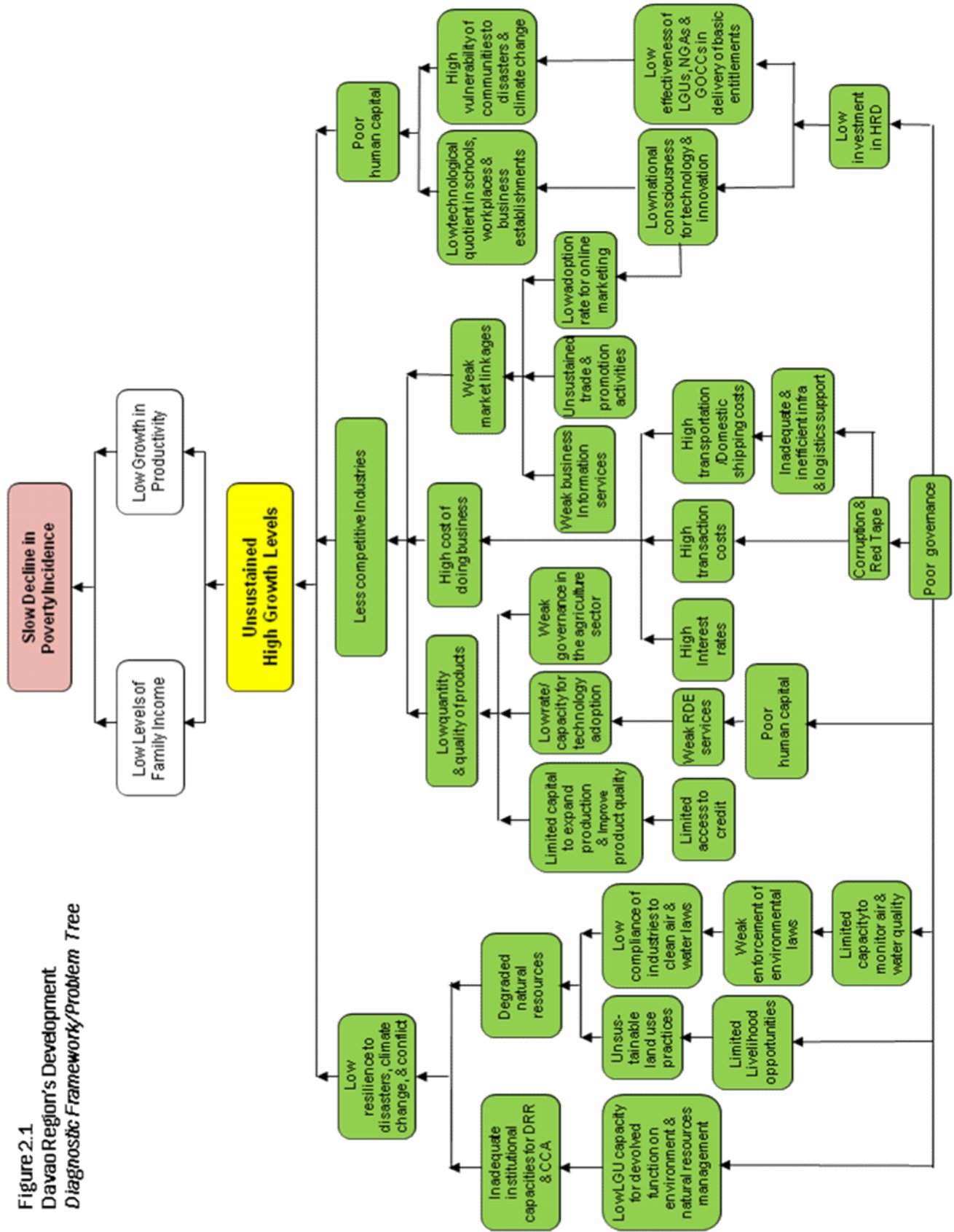
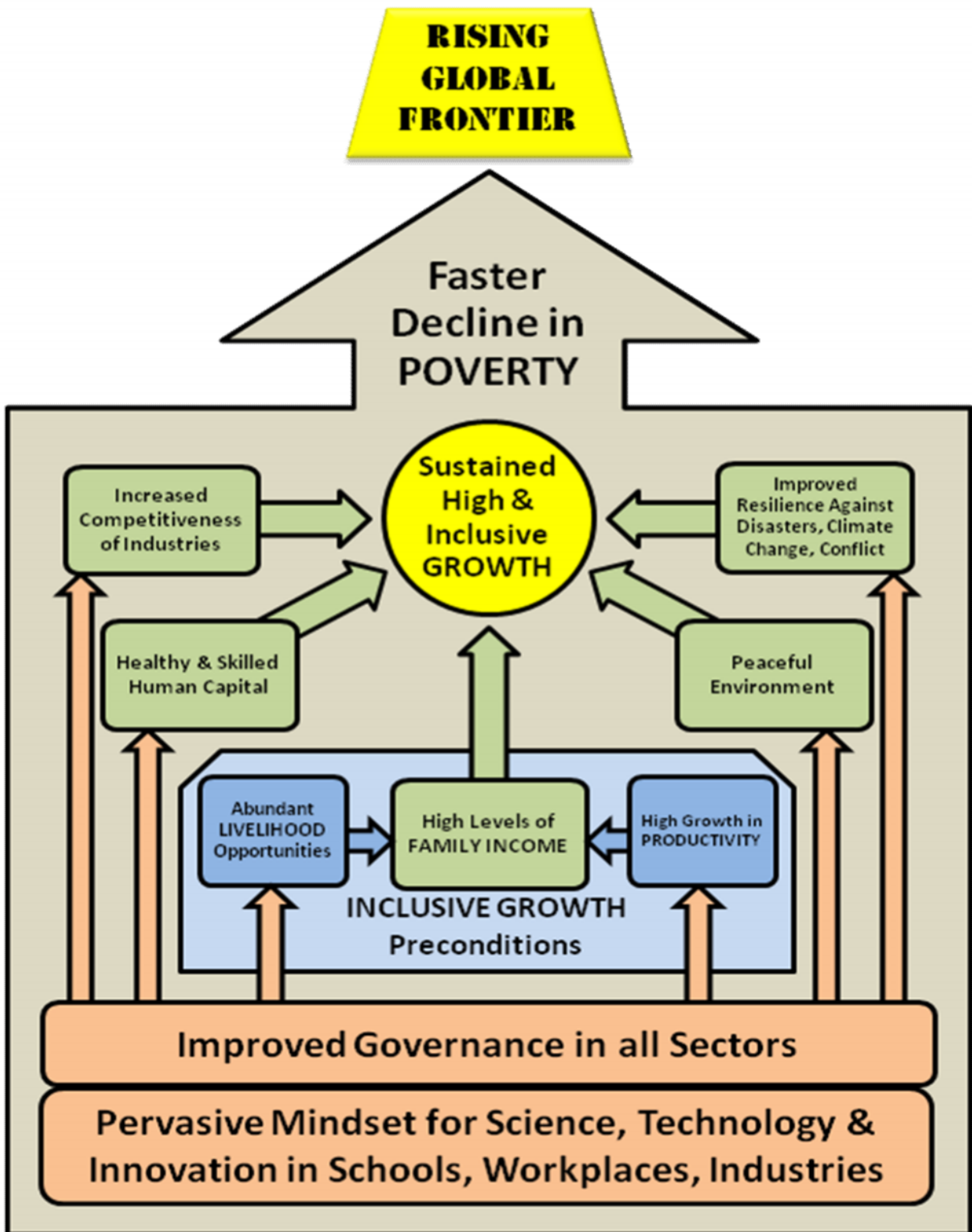


Figure 2.2 Davao Regional Development Framework



Spatial Development Strategy

The onset of this Plan coincides with the phasing in of the *Medium-to-Long Term Phase* (i.e., Phase II) of the *Davao Regional Physical Framework Plan, 2003-2030*, covering the decade 2010-2020. This stage prescribes the region to focus on the development of its Nodal Growth Centers (NGCs) toward their transition into agro-ecozones and industrial estates. The maiden phase of the *Framework* ending in 2010 put emphasis on the region's Linear Urban Corridor while calling for concurrent focus on the NGCs as both the primary sources of production inputs of the Corridor and as the region's distribution centers. The region's Linear Urban Corridor is the strip from Digos City in Davao del Sur through Davao City, the regional center, and terminating at Tagum City in Davao del Norte. The NGCs, on the other hand, are Malita in Davao del Sur, Mati City in Davao Oriental, Nabunturan in Compostela Valley, and the Island Garden City of Samal in Davao del Norte. The combination of the Linear Urban Corridor and the Nodal Growth Centers is Davao Region's preferred spatial development strategy until 2030.

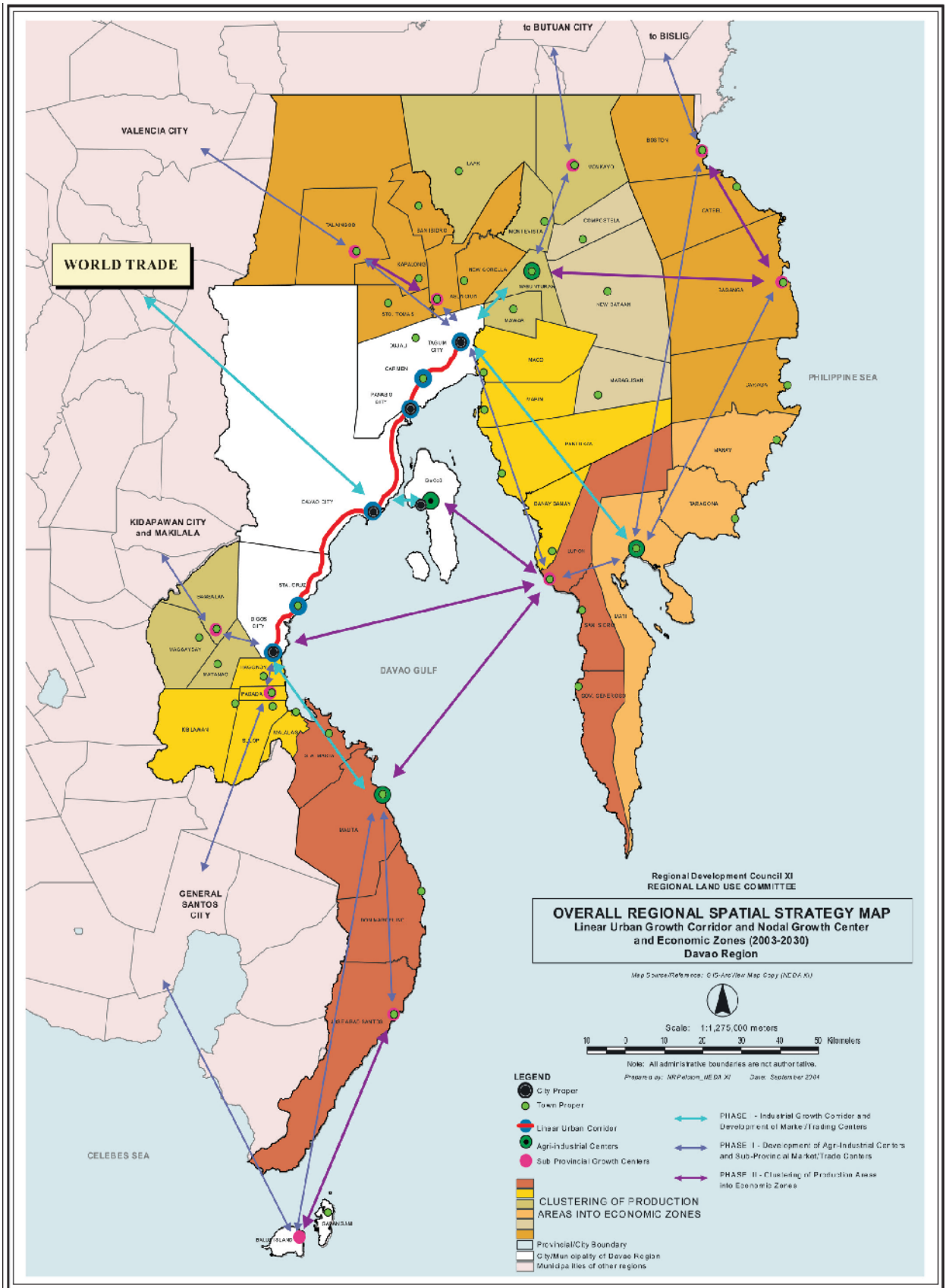
During this Plan's implementation, development shall spill over from the Linear Urban Corridor into the NGCs, thus resulting in their transition into agro-ecozones and industrial estates. Simultaneous with the development of the agro-ecozones and industrial estates, sub-provincial growth centers shall be developed to diffuse the concentration of industries and population. Market linkages and services shall be enhanced in these growth centers by providing their basic facility requirements. Their municipal and farm-to-market roads and land transport services shall be improved to provide access from the production centers to the sub-provincial market/trading centers (Figure 2.3). This spatial development strategy significantly supports the thrust for an inclusive growth outcome for the region by connecting the region's rural areas to its growth centers.

Externally, the *Davao Regional Development Agenda*¹ has identified a number of trade linkages that the region could exploit arising from the various economic and trade agreements that the Philippine Government has joined. These represent the different world stages upon which the region has been making or could make its global presence felt. The nine-member Association of Southeast Asian Nations (ASEAN) represents a market of over 560 million in a cooperation focused on security, socio-cultural and economic integration. The Brunei-Indonesia-Malaysia-Philippines East Asian Growth Area (BIMP-EAGA) allows access to a market totaling 61.8 million, where the thrust is on developing the agro-industrial, tourism, transport and energy resources of the cooperating nations.

The Coral Triangle Initiative (CTI) allows the region to trade with a potential market of 150 million in Indonesia (Central and Eastern), Malaysia (Sabah), Papua New Guinea, Solomon Islands and Timor-Leste along the areas of human resource development, institutional development and biodiversity conservation. Finally, the emerging cooperation in the Central East Asia Growth Polygon (CEAGPOL) combines the markets of southeast and northeast Asia covering Taiwan, Hong Kong, Macau, Guangdong, Fujian and possibly Hainan in China; Okinawa in Japan and the Guam-Marianas in a cooperation ranging from socio-cultural to economic trade.

¹ NEDA, August 2009

Figure 2.3 Regional Spatial Strategy, Davao Region, 2010-2020



Part III: Sectoral Development Directions

Chapter 1: Macroeconomic Management

This chapter focuses on the macroeconomic behavior of the Davao Region economy and how it affects other vital sectors of the regional economy. It discusses how population, productivity and income distribution can directly affect the absorptive capacity of the regional economy to sustain high economic growth.

It also analyzes the poverty situation in the region resulting from less employment opportunities and widening income disparity or inequality in income distribution. It also explains how macroeconomic policies on capital formation, expansion and mobilization can be utilized to increase levels of family incomes that can significantly contribute to a faster decline in poverty incidence. Thus, the region shall achieve inclusive growth wherein sustained high economic growth levels and rates are able to create jobs, maximize economic and social benefits and more importantly, reduce poverty particularly in the rural areas.

The strategic framework of this chapter builds on the major development strategies such as the Industry Clustering Approach and Agro-Industrial Development that the region has adopted and are explained in detail in other chapters how these strategies interphase in the Plan.

I. ASSESSMENT

1. Population and Density

Based on census in 2007, Davao Region's population reached 4,159,469 persons. This total count represents a 1.72 average growth over the 2000 level of 3,676,163 persons, which was lower than the national average of 2.04 percent. The region's growth rate of 1.72 percent was the 3rd lowest growth rate among Mindanao regions. The region is an in-migration area, with a mixture of migrants.

Among provinces, Davao del Norte recorded the biggest population and growth rate at 847,440 persons and 1.81 percent, respectively. Among cities, Davao City had the largest population at 1,366,153, and the highest growth at 2.44 percent, and density at 559 persons per square kilometer. The city had a higher growth rate and more dense population than the regional average of 204 persons per square kilometer (Table 3.1.1). Its increased population has been attributed to migration of people from the provinces due to employment opportunities in the city.

Table 3.1.1 Population statistics, Davao Region, 2000 and 2007

Province/City	Population		2000-2007 Average Annual Growth Rate (%)	Density (Persons/ Square Kilometer)	
	2000	2007		2000	2007
Davao Oriental	446,191	486,104	1.19	79	86
Compostela Valley	580,244	637,366	1.30	130	142
Davao Del Norte	743,811	847,440	1.81	217	247
Davao del Sur	758,801	822,406	1.12	112	121
Davao City	1,147,116	1,366,153	2.44	469	558
Davao Region	3,676,163	4,159,469	1.72	181	204

Source: NSO

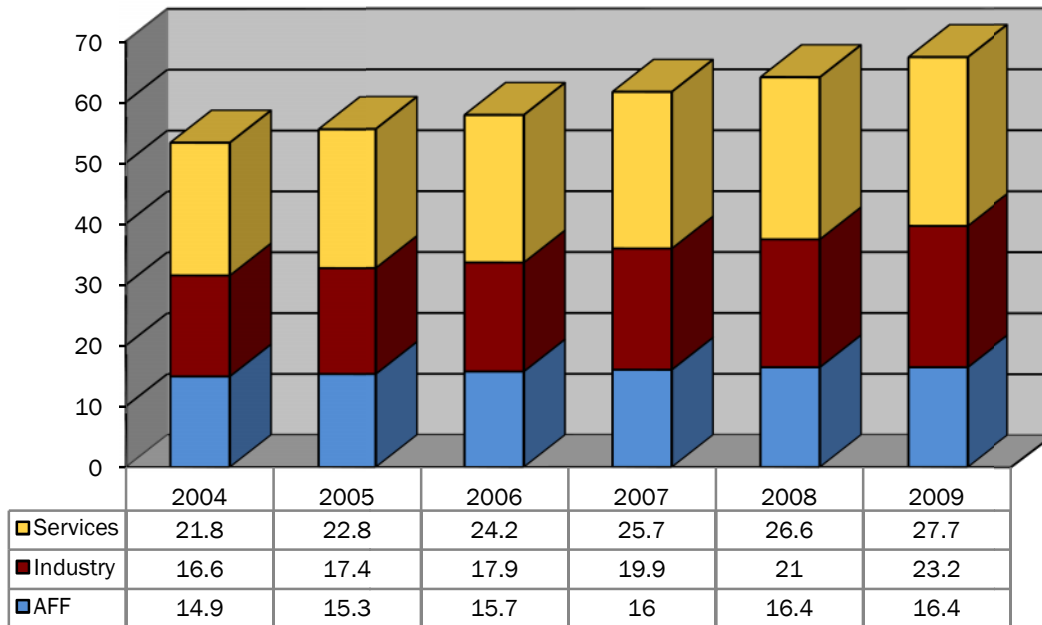
The male population (2,121,330) slightly exceeded the females (2,038,139) in the region. Among provinces and cities, only Davao City recorded more females than males at 684,443 to 681,710. There were more people with ages 18 and over than those with ages 0-17 years.

2. Economic Output levels and growth rates

Davao Region's total economic output as measured by the Gross Regional Domestic Product (GRDP) reflected an uptrend from 2004 to 2009. In 2009, GRDP in real terms was pegged at P67.4 billion from P53.2 billion in 2004. It steadily grew by an average annual growth rate of 4.8 percent from 2004 to 2009, boosted by the Services sector particularly its subsectors on trade and private services (education, medical, health and wellness, business process outsourcing); and the Industry sector, particularly its manufacturing (packaging materials, cold storage facility) and construction (low-cost housing and high-rise condominiums) subsectors.

The Services sector had the highest Gross Valued Added (GVA) at P27.7 billion, from P21.7 billion in 2004. This was followed by the GVA in Industry at P23.2 billion while the least value was recorded by the Agriculture, Fishery and Forestry (AFF) at P16.4 billion (Figure 3.1.1). During the period 2004-2009, however, it was the Industry sector that grew fastest at 6.9 percent followed by the Services sector at 4.9 percent. The AFF did not only have the least value but it grew at the slowest pace at 2.0 percent.

**Figure 3.1.1 Gross Regional Domestic Product and Gross Value Added By Origin
Davao Region, 2004-2009 (In Billion Pesos, Constant 1985 prices)**



Source: NSCB

In terms of sectoral shares, the services sector accounted for 41.1 percent of total output with highest contributions from the trade (wholesale and retail) and private services subsectors, while the Industry sector gave 34.4 percent with the most contributions from the manufacturing and construction subsectors; the least share was contributed by the Agriculture sector with the agriculture and fishery subsectors accounting for 99 percent and forestry subsector by 1 percent.

In terms of Per Capita GRDP or the economic contribution of each person in the region, Davao Region's contribution was on an increasing trend from 2007 to 2009, reflecting an average annual growth rate of 2.8 percent, the highest growth among Mindanao regions and almost at par with the Mindanao average rate of 2.9 percent (Table 3.1.2). This was due to the region's increasing levels of economic output or GRDP and at the same time, its population growth rate has been lower at 1.7 percent between 2000 and 2007 compared with other regions in Mindanao. Thus, the proportion of GRDP to total population of Davao Region was higher than other regions in Mindanao.

**Table 3.1.2 Per Capita GRDP, Davao Region, 2005-2009
(in Pesos)**

Mindanao Regions	2005	2006	2007	2008	2009	AAGR Per Capita GRDP Rate (%)	AAGR Popn Growth Rate (2000-2007)
Zamboanga Peninsula	10,143	10,150	10,670	10,671	11,173	2.3	1.83
Northern Mindanao	14,942	15,670	16,539	17,042	17,183	1.9	1.67

Table 3.1.2 (Cont'd)

Davao Region	13,795	14,161	14,847	15,139	15,696	2.8	1.72
SOCCSKSARGEN	11,502	11,987	12,503	12,782	12,665	0.6	2.41
CARAGA	6,727	7,042	7,466	7,525	7,579	0.7	1.25
ARMM	3,433	3,480	3,585	3,563	3,572	-0.2	5.46
MINDANAO	60,542	62,490	65,610	66,722	67,868	2.9	2.39

Sources: NSCB and NSO

However, in terms of GRDP growth rates, Davao Region was unable to sustain its high growth experienced in 2004 and 2007 at 6.5 and 6.7 percent, respectively. The region only grew at an average annual rate of 4.8% from 2004 to 2009. The highest growth experienced by the region was in 2007, spurred by the industry sector which grew by 11.9% brought about by the recovery of the mining and quarrying, manufacturing and construction subsectors (Table 3.1.3).

The rebound and impressive performance of the mining subsector was attributed to the increased gold production which accounts for 98% of total mineral output of the region. More investments were also poured into the sector particularly by big mining companies. The region continued to be a prime residential area as the construction subsector more than doubled its growth rate to reach 29.1% due to the proliferation of low-cost housing particularly in the southern part of Davao City.

The lowest GRDP growth was experienced in 2008, likely the effect of the global economic crisis affecting the prices of the region's mineral exports to the world market and slowing down the financial sector which grew sluggishly at 2 percent. Internally, the region's forestry subsector rebounded from a negative 38 percent performance to a positive 104.8 percent due to the following factors: a) increased wood production from harvest of plantation species; b) lifting of the moratorium on logging that granted tree-cutting permits for CBFMA, IFMA holders, and private timber lands and integrated social forestry areas; and c) increasing demand for pallet boards in the USA, Europe and Korea.

Table 3.1.3 GVA growth rates, By Industrial Origin, Davao Region, 2005-2009 (in Percentage)

Indicator	2005	2006	2007	2008	2009
1. Agriculture, Fishery and Forestry	2.7	3.0	2.0	2.0	0.5
a. Agriculture and Fishery	2.7	3.2	2.2	1.7	0.2
b. Forestry	-1.4	-30.6	-38.0	104.8	53.6
2. Industry	8.1	2.8	11.9	5.4	10.2
a. Mining and Quarrying	7.9	-20.5	9.6	-8.7	3.0
b. Manufacturing	9.3	5.4	5.8	8.1	7.1
c. Construction	5.3	11.5	29.1	5.5	19.6
d. Electricity, Gas and Water	8.9	-0.6	5.0	4.0	5.1
3. Services	4.2	6.4	5.9	3.3	4.6
a. Transportation, Communications and Storage	7.4	5.0	5.6	5.4	6.2
b. Trade	4.3	6.7	5.9	2.0	2.7

Table 3.1.3 (Cont'd)

c. Financial Intermediation	6.9	9.3	9.5	2.0	4.9
d. Occupational Dwellings and Real Estate	2.7	10.0	4.5	5.5	3.5
e. Private services	3.5	4.9	8.7	5.2	11.3
f. Government services	1.1	2.5	2.4	4.0	6.0
Gross Regional Domestic Product	5.0	4.4	6.7	3.7	5.4

Source: NSCB

Between 2004 and 2009, the region exceeded its Plan targets thrice, i.e., in 2004, 2005 and 2007 (Table 3.1.4). The region recovered from the global economic crisis in 2009 when it exhibited a higher rate of 5.4 percent boosted by the Industry and Services sectors. This rate was even higher than the national average of 1.1 percent. The services sector accounted for the largest share at 41.2 percent while the Industry's share increased to 34.4 percent.

**Table 3.1.4 GRDP Growth Rates vis-a-vis targets
(at constant prices), Davao Region, 2004-2009**

Indicator	2004	2005	2006	2007	2008	2009
GRDP actual rates	6.5	5.0	4.4	6.7	3.7	5.4
GRDP targets	4.5	4.8	5.0	5.5	5.9	6.3

Sources: NSCB**Davao Region Development Plan, 2004-2010**

Among Mindanao regions, Davao Region placed second to Zamboanga Peninsula in terms of growth in 2009 (Table 3.1.5). From 2007 to 2009, Northern Mindanao was ranked number 1 while Davao Region took second place in terms of total economic output.

**Table 3.1.5 GRDP Growth Rates of Mindanao Regions
(at constant prices), 2004-2009**

Mindanao Regions	2004	2005	2006	2007	2008	2009
Zamboanga Peninsula	4.1	7.2	2.1	7.4	2.0	6.8
Northern Mindanao	7.2	3.8	6.9	7.9	5.2	2.9
Davao Region	6.5	5.0	4.3	6.7	3.7	5.4
SOCCKSARGEN	5.8	2.3	6.6	6.7	4.5	1.3
CARAGA	3.1	3.5	6.0	8.6	2.7	2.7
ARMM	5.2	3.9	3.7	5.4	1.6	2.6

Sources: NSCB

Productivity

Davao Region's total labor productivity grew by 3.8 percent from 2004-2009. The Industry sector posted the highest productivity level at P99,062 per person, but only grew by about 2.4 percent in 2009. The Services sector contributed less than half the contribution of an industrial worker at P36,314 but grew faster at 3.7 percent. The Agriculture, Fisheries and Forestry (AFF) sector registered the least at P23,158 per worker. Overall, labor productivity per worker in the region was pegged at P39,488, only slightly higher than the contribution of a service worker (Table 3.1.6). The Agriculture sector attributed its low productivity to various factors, such as limited investments in land and market support services, inadequate post-harvest facilities, low utilization of technology, and inefficient logistics support, among others.

Workers from the manufacturing sector posted the highest value at P125,053 per worker in 2009, while those in the private services (e.g. tourism, education, health, social and personal services) contributed the least at P26,757. However, this sector posted the highest growth at 12.5 percent partly due to the surge of the Business Process Outsourcing services in the region coupled by the opportunities offered by a strong tourism sector. Surprisingly, the productivity of workers in the mining and quarrying subsector, which started strong in 2004 at P110,618 per worker, experienced a continuous decline by 11.6 percent from 2004 to 2009 due to the stalled exploration activities of large mining companies as approvals of exploration permits had been slow. Thus, mining activities in the region had been dominated by the small-scale miners whose productivity is compromised by low utilization of appropriate technology.

Table 3.1.6 Labor Productivity by sector, Davao Region, 2004-2009

Sector	2004	2005	2006	2007	2008	2009	AAGR (%)
1. Agriculture, Fishery and Forestry	20,618	21,062	22,111	21,046	20,196	23,158	2.3
2. Industry	87,829	92,248	93,828	98,860	97,504	99,062	2.4
Mining and Quarrying	110,618	125,023	80,269	63,537	45,414	59,747	-11.6
Manufacturing	106,500	111,167	111,312	123,909	138,351	125,053	3.3
Construction	59,246	63,830	72,341	83,678	68,915	85,131	7.5
Electricity, Gas & Water	53,638	41,719	72,536	76,132	158,393	55,490	0.7
3. Services	30,305	30,605	33,896	35,504	34,324	36,314	3.7
Transportation, Communication & Storage	25,935	28,441	28,077	29,364	27,932	28,160	1.6
Trade	38,891	37,117	44,149	45,980	43,568	47,078	3.9
Finance	52,670	49,204	57,371	55,420	73,911	67,185	5.0
O. Dwellings & Real Estate	133,299	104,001	119,168	110,744	126,087	81,658	-9.3
Private Services	14,836	15,944	16,528	17,760	18,504	26,757	12.5
Regional Labor Productivity	32,691	33,548	35,793	36,559	35,548	39,488	3.8

Sources of basic data: NSCB and NSO

3. Poverty incidence

Despite Davao Region's increasing economic output levels and high growth rates from 2004 to 2009, the poverty incidence of families or the proportion of families with per capita income falling below the poverty level, remained relatively high at 25.6 percent in 2009 compared to the national average of 20.9 percent but is the lowest among Mindanao regions. From 2003 to 2009, its decline in rate was merely 0.2 percentage point (Table 3.1.7). However, the number of poor families increased by 2.5 percent from the 2006 figure of 220,707 to 226,284 in 2009. In terms of poor population, a slight improvement was noted as 31 out of 100 persons in the region were poor in 2009 compared to 32 in 2006. While poverty deteriorated between 2003 and 2006, this improved between 2006 and 2009 with poverty incidence down to 25.6 percent.

In 2009, annual per capita poverty threshold or the annual income needed by each person in the region to stay out of poverty was P17,040.00. This was an average annual increase of 26.0% from its level in 2003. Its annual per capita food threshold or the income needed by each person to meet his/her food needs also increased at the same pace at 26.0 percent, from P7,493.00 in 2003 to P11,879.00 in 2009. In terms of family size, a family of five would need a monthly income of P4,949 to meet food needs and P7,100.00 per month or P233.00 daily to stay out of poverty.

**Table 3.1.7 Poverty Statistics
Davao Region, 2003, 2006 and 2009**

Indicator	2003	2006	2009	AAGR (2003-2009)
Annual Per Capita Poverty Threshold	10,737	13,469	17,040	26.0
Annual Per Capita Food Threshold	7,493	9,392	11,879	26.0
Poverty Incidence Among Families (in %)	25.4	26.2	25.6	0.2 percentage point

Source: NSCB

Among provinces in Davao Region, Davao Oriental recorded the highest poverty incidence in 2009 at 42.5 percent, a 6.9 percentage points increase from 2003 to 2009. This province has consistently been included in the bottom cluster of provinces in Mindanao. The next highest incidences were recorded by the Provinces of Compostela Valley, Davao del Norte and Davao del Sur (includes data for Davao City). However, it was Compostela Valley which showed the most improvement by recording the largest drop in poverty incidence by 2.0 percentage points (Table 3.1.8).

On the other hand, Davao del Sur continues to record the lowest poverty incidence among families at only 19.2 percent, an improvement of 1.3 percentage points over the 2 survey periods in 2003 and 2006. The province also recorded the lowest incidence among population at 24.6 percent in 2009 from 24.3 percent in 2006.

**Table 3.1.8 Poverty Incidence Among Families
Davao Region, By Province, 2003, 2006, 2009 (in %)**

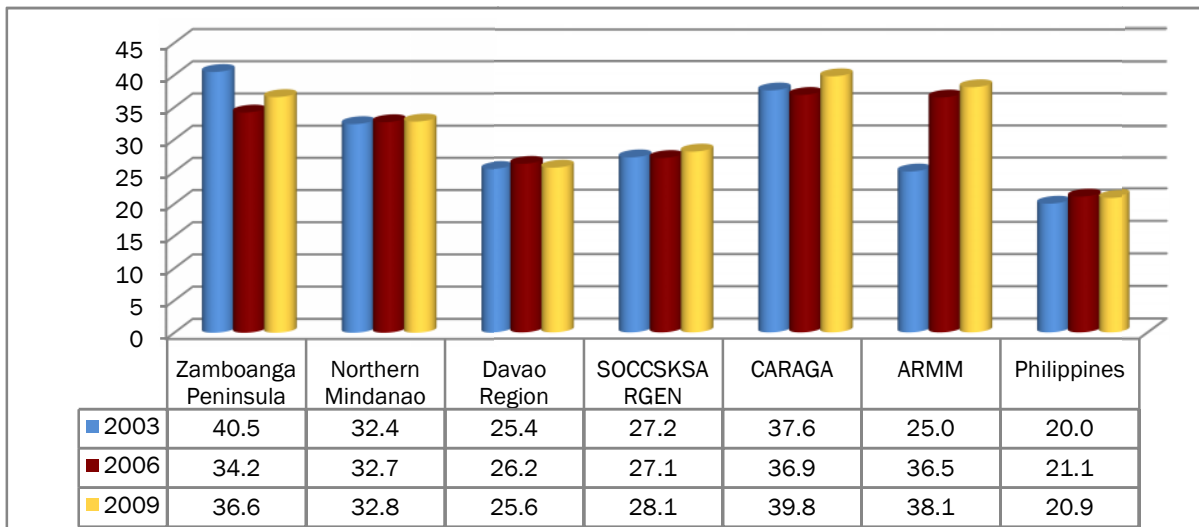
Province/City	2003	2006	2009	Percentage Points Increase/Decrease (2003-2009)
Davao Oriental	35.6	39.0	42.5	6.9
Compostela Valley	33.1	30.3	31.1	-2.0
Davao del Norte	26.6	31.6	29.6	3.0
Davao del Sur	20.5	20.2	19.2	-1.3
DAVAO REGION	25.4	26.2	25.6	0.2

Source: NSCB

Among Mindanao regions, Davao Region is the only one which recorded an improvement in poverty situation with a decline in its poverty incidence by 0.2 percentage points and the lowest poverty incidence in 2009, as well as the only Mindanao region among the 8 regions in the Philippines to have decreased its rate. However, the region’s rate was still higher than the national rate of 20.9 percent. On the other hand, Caraga region recorded the highest poverty incidence at 39.8 percent in 2009, even slightly higher than ARMM’s rate of 38.1 percent. These 2 regions consistently posted the highest poverty incidence among families in 2006 and 2009 (Figure 3.1.2).

Davao Region is one of the 3 regions in Mindanao which significantly reduced its share to total poor families to only 5.9 percent in 2009 from 6.3 percent in 2003.

**Figure 3.1.2 Poverty Incidence Among Families, By Region, in Mindanao
2003, 2006 and 2009
In Percent**



Source: NSCB

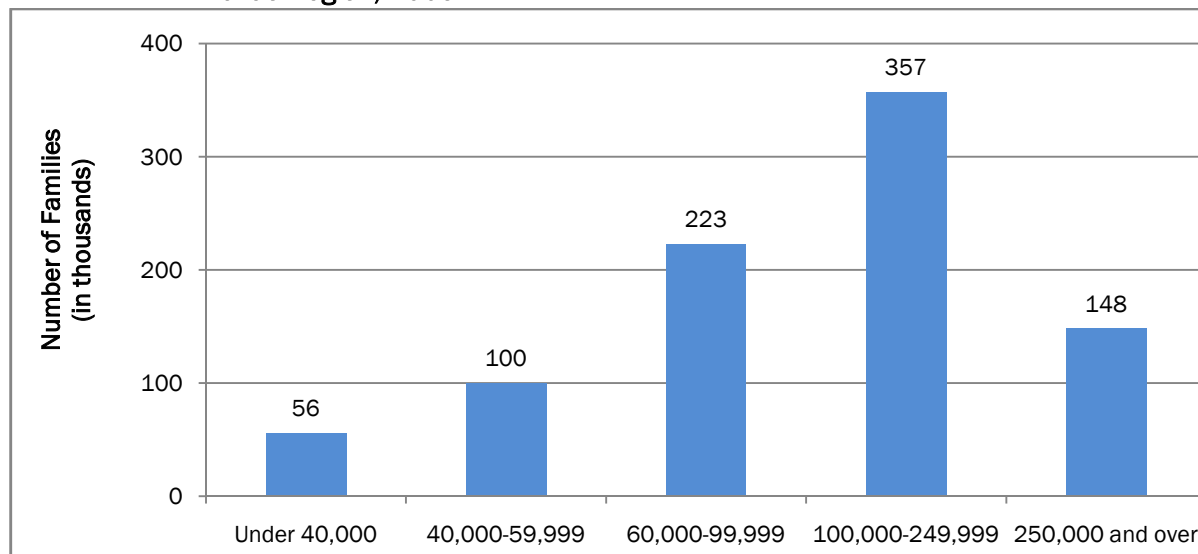
Due to improved poverty situation in Davao Region, income shortfall of the poor consequently decreased between 2006 and 2009. This means that the average income of a poor person in the region needed to be increased by 27.5 percent of the poverty threshold of P4,686.00. This further means that the government needed a total of P6.0 billion in 2009 to eliminate poverty in the region.

The average family income in Davao Region increased significantly to P166,000.00 from P135,000.00 in 2006, reflecting a 23 percent (P31,000.00) improvement in disposable income. Though this was lower than the national average of P173,000.00 in 2006 and P206,000.00 in 2009, it was the highest among Mindanao regions in 2009 and second highest in 2006. On a monthly basis, the reported average income of a family in the region was estimated at about P13,833.00. This improvement in income levels in 2009 is consistent with the fact that the economic growth or GRDP growth rate of the region rebounded during that year at 5.4% from 3.7 percent in 2008.

On the other hand, the region's average annual family expenditure was at P142,000.00 in 2009, P27,000.00 more than they have spent on the average in 2006 at P115,000.00. Monthly average family expenditure was estimated at P12,000.00. Based on a family of five, the annual per capita income or of each person was at P33,000.00, spending P28,000.00 and saving P4,800.00.

In terms of the distribution of families by income class, more than 40 percent (357,000) of the families in the region belonged to the income class with annual earnings of P100,000 to P249,000. Followed by 25 percent (223,000) with earnings of P60,000 to P99,000. More than 16 percent (148,000) have annual earnings of P250,000 and over. Only 6.3 percent (56,000) of the region's families earned below 40 thousand (Figure 3.1.3).

**Figure 3.1.3 Distribution of Families By Income Class
Davao Region, 2009**



Source: NSO

The main source of family income were from wages and salaries earned by about 50.1 percent of total families in the region. Only 33 percent of families generate their income from entrepreneurial activities while 16.5 percent source their income from cash receipts abroad, rentals from non-agricultural land, buildings, spaces, and interests from banks and loans granted to others.

Despite the increase in average family incomes between 2006 and 2009, income inequality or disparity remained wide in Davao Region as compared with other regions in Mindanao. From 2000-2009, the Gini Coefficient ratio or the measure for income inequality, showed that the region's income distribution was more unequal as indicated in its higher ratio of 0.43 in 2009 compared to its level in 2006 at 0.42. This means that the gap between the rich and the poor has slightly widened. The situation was better in the region compared to the national level at 0.45 in 2009 (Table 3.1.9).

Among Mindanao regions, the ARMM posted the lowest ratio at 29.0 indicating that its income distribution is more equal. Only ARMM and Davao Region posted the lower ratios while Zamboanga Peninsula and Northern Mindanao posted the highest ratios at 0.47.

**Table 3.1.9 GINI COEFFICIENT, Philippines and Mindanao Regions
2000, 2003, 2006 and 2009**

REGION	2000	2003	2006	2009
1. Philippines	0.48	0.47	0.46	0.45
Zamboanga Peninsula	0.47	0.52	0.50	0.47
Northern Mindanao	0.48	0.48	0.48	0.47
Davao Region	0.43	0.46	0.42	0.43
SOCCSKSARGEN	0.46	0.48	0.40	0.44
CARAGA	0.41	0.43	0.44	0.46
ARMM	0.32	0.36	0.31	0.29

Source: NSO

In 2009, families in the bottom 30 percent income group (from 1st to 3rd decile), which may be considered the poorest families, had an average annual income of P54,000 while families in the upper 70 percent (4th to 10th decile, with the 10th decile as the richest group) income group has an annual average family income estimated at P213,000.00.

The disparity has been such that the accumulation of wealth in terms of taking advantage of economic opportunities has not been significant. Access to credit for the purpose of providing livelihood and employment opportunities had been difficult due to higher lending rates of commercial banks from 8.7 percent in 2007 to 9.4 percent in 2009. Apart from this, stringent credit requirements imposed by both government and private commercial banks further discouraged the business sector from availing of loans for business expansion.

The average per capita income of the bottom 30 percent or the poorest groups rose faster than prices of all items which indicated their increased capacity to pay. However, the declining purchasing power of the peso hampered significant rise in the family income levels as the value of the peso, pegged at 2000 prices, had eroded from a value of P0.82 in 2004 to only P0.60 in 2009. This situation prevailed despite the moderate increase in the prices of basic commodities as reflected in the regional inflation rates, which declined by 3 percentage points from 2004 to 2009. The lowest rates were experienced in 2007 and 2009 at 2.9 percent and 4.7 percent mainly due to the stable supply of agricultural staple products.

Another contributory factor that further widens the gap is the fact that there are lesser opportunities for productive or full employment due to the prevalence of more low-skill and low-wage variety as indicated by the region's high underemployment rate (Table 3.1.10).

**Table 3.1.10 Employment Statistics
Davao Region, 2004-2010**

Indicator/ Area	2004	2005	2006	2007	2008	2009	2010 (July)
Employment Rate (%)							
Philippines	89.1	89.7	92.7	93.7	93.2	92.9	93.1
Davao Region	91.3	91.4	94.5	95.1	95.7	94.0	94.1
Unemployment Rate							
Philippines	10.9	10.3	7.3	6.3	6.8	7.1	6.9
Davao Region	8.7	8.6	5.5	4.9	4.3	6.0	5.9
Underemployment Rate							
Philippines	-	-	20.4	18.1	17.5	19.4	17.9
Davao Region	-	-	19.1	15.5	16.1	17.1	23.9

Source: NSO

II. CHALLENGES

1. Increasing population and high density
2. Unsustained high economic growth rates
3. Low productivity levels and growth
4. Slow decline in poverty incidence
5. Widening Income Disparity

III. STRATEGIC DEVELOPMENT FRAMEWORK

A. Development Goal, Objectives, Targets and Strategies

The overall goal of Davao region is to achieve a faster decline in poverty incidence. This goal is broken down into the objectives of sustained high economic growth levels, managed population growth, improved access to credit, increased government revenues to sustain development financing and improved savings mobilization. To realize inclusive growth, sound macroeconomic policy must be accompanied by measures to improve productivity and create new opportunities for full employment and efficient allocation of resources. This permits rapid, sustainable and broad-based growth. Meanwhile, there are necessary conditions for improving productivity and competitiveness, including having adequate and reliable infrastructure and instilling efficiency in the bureaucracy.

To ensure that high economic growth levels will be sustained, there is a need to increase the investment levels among priority industry clusters that would ensure higher productivity levels of workers, thereby providing full employment. Consequently, family income levels will significantly increase to make the people less poor. The concept of inclusive growth dictates that the region's economic growth should be high and sustained, at least 6 percent, as well as broad-based such that it creates jobs and is equitably shared by all sectors of society.

The region's Gross Regional Domestic Product (GRDP) is targeted to grow at an average annual growth rate of 7.5 percent between 2010 and 2016, peaking at 8.7 percent by 2016. The largest contributor to the economy with a 41.7 percent share and the fastest growing sector by 2016, shall be the Industry sector spurred by its manufacturing, construction and mining and quarrying subsectors. The Services sector's contribution will almost be at par with that of the Industry sector at 41.1 percent share but growing slower at 7.7 percent from 2010 to 2016. The private services subsector shall spur the growth particularly the ICT services. The Agriculture, Fisheries and Forestry sector is expected to achieve a conservative target of 3.6 percent by 2016. This is mainly due to some risks this sector is expected to face during the 6-year period such as climate change (El Niño and La Niña phenomena), short-term losses for the fruit industry (e.g. export banana) due to sanctions imposed on Iran (e.g., freezing of assets), the third largest market for the region's bananas, and the slow recovery of the U.S. and European countries from the Global Economic Crisis that would limit market options.

The aggressive pursuit for the realization of the projects committed to the region such as those for energy, the manufacture of packaging materials, computer plant assembly, mining exploration, cold storage, agri-business (banana), and ICT (e.g. BPOs) through the forging of Public and Private Sector Partnerships (PPPs) shall ensure the achievement of the economic targets.

Given this, regional labor productivity is expected to increase by 8.5 percent by 2016 from a 3.8 percent growth in 2009. By 2016, labor productivity in the Agriculture sector is to grow by 4.5 percent, Industry by 6.0 percent, and the Services sector by 7.0 percent. Rising productivity, which is vital to enhancing competitiveness, allows the economy to produce a larger output level with the same input mix.

To complement the objective on sustained high economic growth, there is also a need to manage population growth such that the current population growth rate of the region at 1.7% will be significantly lower than the per capita GRDP (2.8%) and projected national average population rate of 1.9%.

To sustain high economic growth, the following strategies shall be adopted:

- 1) Strengthening Davao Region's priority industry clusters and develop other clusters supportive of the region's vision to be the Rising Global Frontier

Davao Region shall endeavor to upscale the development of the priority industry clusters by updating and implementing the *Davao Region Industry Clusters Development Plan* as well as improving institutional capacities for value-chain development and management. To realize this, there should be strong policy support in the strengthening of these clusters particularly in providing a conducive climate for sustained investments. This, in turn, will increase the productivity of all priority sectors that would provide full employment. Adoption and advocacy of responsive investment incentives and promotions shall be pursued particularly among the local government units with the passage of local investment codes.

Parallel to this effort is the implementation of the *Davao Region Industry Clusters Human Resource Development Action Plan* that outlines the strategic interventions of the government and the private sectors in addressing the mismatch between the existing skills and skill requirements of the region's priority industries. This includes the acquisition of new skills and upgrading of existing ones to meet the demands of the industries.

2) Adoption of modern and appropriate technology to increase efficiency in all sectors

The use of appropriate technology for productivity enhancement in priority industries will be promoted as will be the making of technology affordable to all sectors. The promotion of institutional innovations that build capabilities and enhance existing technologies shall be pursued in partnership with the private sector through the mechanism of Public-Private Sector Partnership (PPP). The concept of *Filipinnovation* shall be adopted as an innovation strategy anchored on knowledge-based economy.

3) Pursuit of Agro-industrial development

The region shall pursue agro-industrial development through the use of technology for product diversification that would have more value-added and be more attractive to global markets. This strategy is expected to increase agricultural productivity and ensure food security for the region.

In terms of improving access to credit, the region shall strengthen the Credit Surety Fund of government that extends loans to microenterprises as facilitated by the Bangko Sentral ng Pilipinas (BSP) with partner banks and cooperatives. The region expects a wider coverage of this facility to the Province of Davao del Sur and City of Davao by 2011. The region targets to surpass the existing 7 banks servicing 20,000 microenterprises with over P100 million loans outstanding by 2016. To ensure the stability of partner banks that would infuse funds to the business sector, the BSP shall continue to provide viable loans to banks with microfinance windows through their rediscounting facility.

To make loans affordable to the business sector, particularly to the large segment of MSMEs, BSP shall ensure the stability of domestic prices by targeting the inflation rate for 2011 to hover within the range of 3.0 to 5.0 percent. Given such stability, the domestic lending rates are expected to decline from its present rate of 9.4 percent considering that the BSP has targeted the 91-day Treasury Bill rates to hover at 4.0-6.0 percent in 2010 and 2011. The government has been implementing an inflation-targeting rule that primarily aims to achieve low and stable inflation conducive to balanced and sustainable growth.

In terms of increasing government revenues for development financing, the region shall endeavor to promote greater voluntary tax compliance through tax campaign dialogues with the business sector. Another strategy would be to vigorously pursue implementation of the Run-After-Tax Evaders (RATE) Program of the Bureau of Internal Revenue (BIR) that culminates in court prosecutions. The role of the LGUs is pivotal in ensuring that taxes are collected. In terms of targets, the region expects to collect P15.36 billion from the efforts of BIR alone. The amount is expected to increase over the years with the inclusion of taxes collected from the Bureau of Customs (BOC) and the LGUs.

In terms of financial expansion, savings mobilization for small savers and overseas Filipino workers (OFWs) is useful as this would directly help people through loan-financing of productive inputs for agriculture or credit support for businesses, especially MSMEs. A robust financial

market also shields people against the risks of income shocks through some hedging instruments and other insurance products. The region shall undertake a savings mobilization program for small savers and OFWs as credit support for business. These savings and remittances shall be converted into viable investments. The BSP, in coordination with Overseas Workers Welfare Administration (OWWA), Department of Finance (DOF), Davao City Bankers Association (DCBA) and Department of Education (DepEd) shall undertake advocacy activities with OFWs and their dependents and small savers to make them financially literate. The establishment of a Regional Economic and Financial Learning Center and the integration of Financial Literacy in curriculum of elementary levels shall be pursued within the 6-year period of the Aquino Administration.

Chapter 2: Modern and Competitive Agriculture

The past plan period saw the agriculture sector playing an important role in the overall economic development of the region. It remains as a key driver for development despite its decreasing contribution to total output over the years. It also remains as a major export earner and supplier of raw materials for the industries. Since it generated more than 40 percent of total employment and absorbed the majority of the labor force, its development is crucial in attaining the region's goal of poverty reduction and in facilitating a more inclusive growth.

I. ASSESSMENT

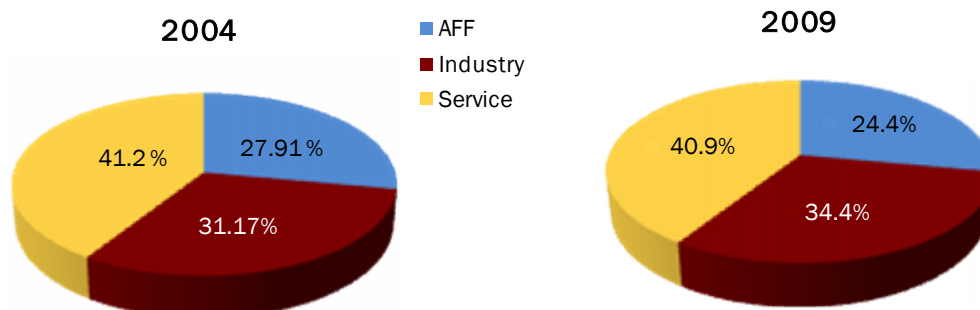
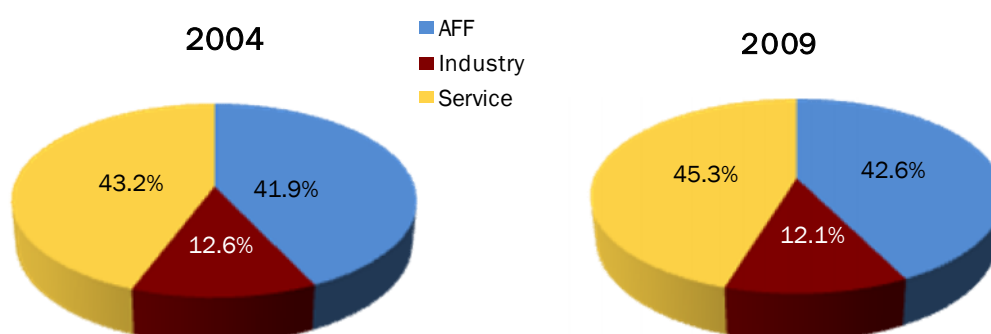
From 2004-2009, the gross value added for the Agriculture, Fishery and Forestry (AFF) sector grew at an average of about 2.0 percent yearly. Notwithstanding the effects of the drought in 2006 and the start of the global financial crisis in 2007, agricultural production and productivity were observed to be generally low over the past plan period. The higher growths of 2.6 percent achieved in 2005 and 3.0 percent in 2006 were not sustained through the plan period as the sector concluded with a growth of only 0.5 percent in 2009.

Consistent with the sector's low growth was its shrinking share to GRDP. The 24 percent share of the agriculture sector to GRDP in 2009 was lower compared to its share in 2004 and the target of 26 percent. It lagged behind the industry and services sectors that accounted for 34 percent and 41 percent of the GRDP, respectively. The sector was largely dependent on agriculture and fishery subsectors comprising 99 percent of its total output. The forestry subsector shared the sector's balance of about 1.0 percent despite an average growth of about 10 percent in the last five years.

Employment in the agriculture sector, however, was in contrast with its gross value added. The sector employed about 700 thousand in 2009 comprising 43 percent of the region's total employment with an average growth of 1.2 percent annually. The agriculture and the services sectors may have absorbed the labor surplus from the industry sector whose share slightly contracted in 2009. The agriculture sector remained one of the region's top job generators (Figures 3.2.1 and 3.2.2).

The region adopted the industry clustering approach as one its economic strategies to achieve the past plan period's growth targets. The aim under this strategy was to strengthen the supply base of globally competitive products to serve as engines of growth. Selected products among high-value crops, wood, livestock and poultry and seaweeds were prioritized for development under this approach. However, the performance levels of some products despite being prioritized for development remained less than expected.

The weak performance of the agriculture sector brought concerns to fore like food security, competitiveness and its long-term sustainability.

Figure 3.2.1. Gross Value Added Shares by Sector, 2004 and 2009

Figure 3.2.2. Employment Distribution by Sector, 2004 and 2009


Sources: NSCB, NSO

Rice Self-Sufficiency

The production levels of palay tapered by an average of 3.5 percent yearly from 2005 to 2010, translating to low rice sufficiency levels from 63 percent in 2005 to less than 50 percent in 2010. The region had been a net importer of rice over the years. Among four Mindanao regions, Davao Region had the lowest rice self-sufficiency level at an average of 54.2 percent, far behind SOCCSKSARGEN and Zamboanga Peninsula whose average sufficiency levels were consistently more than 100 percent (Table 3.2.1).

Table 3.2.1. Rice Self-Sufficiency Ratio, Mindanao Regions, 2005-2010

Region	Rice Self-Sufficiency Ratio						
	2005	2006	2007	2008	2009	2010	Average
Zamboanga Peninsula	121.0	108.0	114.0	119.0	111.0	122.0	115.8
Northern Mindanao	85.0	84.0	83.0	75.0	81.0	71.2	79.9
Davao Region	63.2	62.4	54.5	49.7	49.1	46.3	54.2
SOCCSKSARGEN	133.0	136.0	138.0	141.0	137.0	127.0	135.0
Caraga	-	-	-	-	-	-	-
ARMM	-	-	-	-	-	-	-

Source: DA

Relatedly, the overall annual growth in area harvested to palay decreased by 2.8 percent translating to a reduction of 14,896 hectares in 2010 compared to 2004. Palay productivity level was recorded at 4.2 metric tons per hectare in 2010 slightly lower than the 2004 level of 4.34 metric tons but remained higher than the national average of 4.0 metric tons. The contraction in production and in area harvested to palay were due to farmers' shifting to high-value crops, insufficient irrigation support, high cost of inputs and adverse weather conditions that all contributed to high production costs resulting in the stagnating development of the rice farming industry and high dependence on imported rice.

The present condition of the local rice farming industry raised apprehensions among farmers on the level of the region's readiness to compete with imported rice in the market once the country enters a more liberalized rice trading environment under the Common Effective Preferential Tariffs (CEPT) of the ASEAN Free Trade Agreement (AFTA). The said scheme proposed a lowering of tariff on rice imports to 40 percent by 2009-2014 and further down to 35 percent by 2015 per Executive Order (EO) 894 issued in June 2010. The region has to anticipate and prepare for the unintended effects of the lowering of tariffs particularly on production, income and employment of rice farmers.

High-Value Crops

Under the industry cluster approach, the foci of development among high-value crops were banana, coconut and mango. While the development of said products were given priority, other crops with high growth potentials were also developed such as, rubber mango, coffee, abaca, sugarcane, pineapple and cacao while closely observing the potentials of other products such as durian, mangosteen as well as, coconut derivatives like coco coir and coco peat.

Having been known as one of the top 3 world banana exporters, the region's total Cavendish banana production increased to over 2.8 million metric tons in 2009 growing at a rate of 14.3 percent over the last four years. The growth of export banana was driven largely by demand from Eastern Asia and the Middle East.

The area planted/harvested to Cavendish banana also grew 6.6 percent. Average productivity levels were high at 60.67 metric tons per hectare. Income from banana comprised about 75 percent of the region's total income from exports. The issuance of Executive Order 807 in 2009 repealing the law that restricted the area planted to export banana had likely contributed to its growth despite threats related to agrarian reform and the global financial crisis that started in 2007. The banana industry has one of the most developed supply chain industries among the region's priority products. However, it has to face threats related to the increasing global players in the industry and ecological issues brought about by monocropping.

Coconut production also performed well, albeit with a slower annual growth of 1.9 percent, translating to a production volume of 2.8 million metric tons in 2010 or about 199 thousand metric tons more than the volume produced in 2004. Coconut products were one of the region's top exports in the form of coco oil, desiccated coconut, activated carbon, copra meal, coco coir, coco shell and coco chemical. The top 3 export destinations of the region's coco products included the Netherlands, Germany, the United Kingdom and Belgium. Coco coir and coco peat were recently found to have potentials for export as well.

The other priority product was mango whose production grew annually at a rate of 3.4 percent, translating to a production of more than 37 thousand metric tons in 2010, grown in over 17 thousand hectares across the region's provinces. The region contributed about 3.3 percent to the country's total mango production. Under the industry clustering strategy, the region aimed to carve a

niche for its own in the world market through aggressive marketing and achieving competitive production levels in order to go beyond its current role as mere supplier to Luzon.

Other major products like abaca, coffee and sugarcane were produced at more than 10 thousand hectares each with aggregate production of over 10 thousand metric tons. Other products observed to be with high growth potentials were rubber, cacao and pineapple. Products with export potentials were durian and mangosteen whose production grew 20 percent and 5.3 percent respectively and harvested at over 11 thousand hectares and 356 hectares respectively. The potentials of these products were the subject of the study of the Southern Mindanao Agriculture and Resources Research and Development Consortium (SMARRDEC) for the development of more advanced processing technology.

Livestock and Poultry

On livestock and poultry, the region was one of Mindanao's major producers. It led other Mindanao regions in hog production; second to Northern Mindanao in chicken production and had the fastest growth in carabao production. Overall, livestock and poultry production remained at competitive levels.

The region contributed the largest to Mindanao's total hog production with 25 percent share. It is second to Northern Mindanao in cattle production with 13 percent share; second to SOCCSKSARGEN in carabao production with 22 percent share and second to ARMM in goat production with 13 percent share.

The aim to raise the bar on food safety standards through the Halal certification had been continuously worked out to increase the region's access to the world's Halal market and generate more jobs for the agriculture sector.

Poultry production, i.e. chicken and duck, also remained at competitive levels sharing 30 percent of Mindanao's total production, second to Northern Mindanao which had 36 percent. Duck production was at 20 percent share, second to SOCCSKSARGEN's 36 percent. However, the growth of poultry production slowed down at 6.9 percent for chicken and 13 percent for duck. Poultry products were exported to Vietnam, Japan and Korea. The region stepped up its efforts of maintaining an Avian Flu-free zone through surveillance, veterinary quarantine and wildlife management.

Fisheries

The fishing industry posted positive growth in 2010 particularly for commercial and aquaculture industries. However, the fishing industry had to perform better if it were to be as competitive as the other Mindanao regions like SOCCSKSARGEN, Zamboanga Peninsula and ARMM.

The region's commercial fishing industry grew at an average of 3.9 percent yearly translating to a production of over 12 thousand metric tons in 2010. The municipal fishing industry posted a negative growth of less than 1 percent but its output was over 100 percent more than the commercial fishing industry at more than 28 thousand metric tons. However, these performances were way lower compared to SOCCSKSARGEN's commercial fishing output of over 211 thousand metric tons and Zamboanga Peninsula's over 339 thousand metric tons in 2010.

Yellowfin Tuna, Roundscad and Skipjack were the first top 3 in production with an aggregate output of over 6 thousand metric tons in 2010. This was much lower, compared to SOCCSKSARGEN's

aggregate output of over 195 thousand metric tons and Zamboanga Peninsula's over 50 thousand metric tons.

The less than desirable performance of the fisheries sector was attributed to the lesser frequency of fishing operations due to high fuel prices and the declining quality of the Davao Gulf. Davao Gulf was a major source of fishing industry. However, the disposal of waste, effluents from agricultural, industrial and mining activities without effective waste control and management led to the deterioration of the quality of water and the estuarine areas (Davao Gulf Management Framework, 2005-2014).

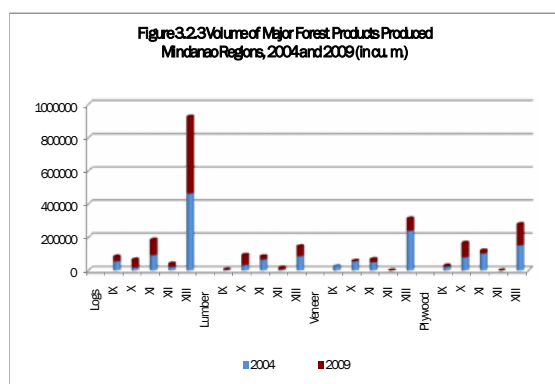
Production from the Davao Fish Port Complex (DFPC) was also reported to have lowered due to lesser unloading of fish catch. Records showed that 400 commercial vessels unloaded their tuna catch at the port in 2007 down by 21 from the 421 calls in 2006 and further down to 111 vessels in the first 3 quarters of 2008. During the earlier operations of the DFPC, over 5,000 vessels from China, Korea, Vietnam and Taiwan reportedly use the port as transshipment point and/or use the port's facilities to prepare tuna fish catch for export to Canada, the USA and Europe.

The seaweed production also grew faster than most of the Mindanao regions but lower compared to Zamboanga Peninsula's and ARMM's production volume. The region posted over 2 thousand metric tons in 2010 while Zamboanga Peninsula's was over 258 thousand metric tons and ARMM's was over 686 thousand metric tons. Its faster growth however, indicated the potential of seaweed production to become a major industry of the region including soft shell crabs which have earned a growing market interest in the recent years. Seaweeds were exported to France, Korea, China and Hongkong as food thickeners. Upstream activities including farming, drying, storage and transport that support processing were the focus under the industry clustering strategy. Allied services such as financing, technical assistance, research and development, marketing and distribution were reported to have been insufficient to allow more private sector participation in the seaweed industry.

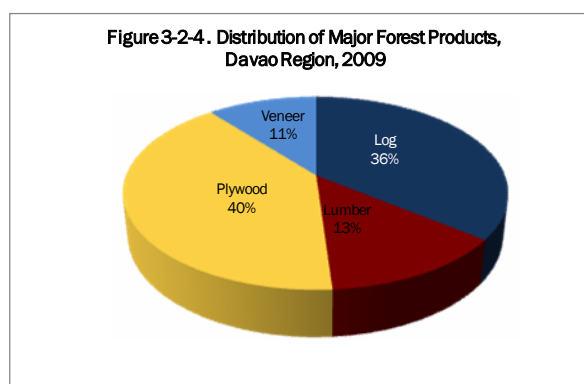
Forestry

The average wood production for 2004 and 2009 showed that the region was the second highest producer among Mindanao regions following Caraga. Demand for wood mostly came from the construction, banana and furniture industries and export markets for packaging materials. Wood products were exported to the USA, Europe, Japan, Korea, Taiwan and other Asian countries. The major wood products comprised largely of log, lumber, veneer and plywood. Logs comprised more than 35 percent of the total wood production indicating that the region's wood industry still comprised largely of unprocessed forest materials (Figure 3.2.4). Generally, the wood industry's performance had been unstable as shown by the decrease in production in 2009 experienced by almost all regions in Mindanao including Caraga (Figure 3.2.3).

The wood industry's performance was influenced by high production costs attributed to the lack of farm-to-market roads making the transport of products difficult; fluctuations in foreign exchange rates and high inflation rates; insufficient financing packages for reforestation projects and lack of technology for waste utilization.



Source: DENR-FMB



II. CHALLENGES

The centerpiece for the development of the agriculture and fishery sector was the Agriculture and Fisheries Modernization Act (AFMA) or RA 8435. AFMA's goals included poverty alleviation, food security, rational use of resources, global competitiveness and sustainable development. This law took effect in 1998 and its implementation was evaluated in 2008. Results of the review indicated that its performance was below par and its impacts to the poor, moderate.

In the region, the implementation of AFMA had been complemented with local initiatives such as the implementation of the Davao Region Industry Cluster Plan (DRICP). However, the DRICP was not fully implemented as the institutional platform had yet to be strengthened.

The past plan period saw the unsustainable growth of the agriculture sector and the impacts of climate change and uncertainties in the global market further affected its performance. There were gaps along production, logistics and infrastructure, technology and institutional capacities that needed to be addressed to allow the continuing or sustained development of the sector.

Low production and productivity

Generally, the performance of the region's agriculture sector slowed down in 2010 compared to production levels in 2004 except for some high-value commercial crops and poultry and livestock industries. Productivity levels of some major crops were lower compared with the national or other ASEAN counterparts like Vietnam and Thailand (Table 3.2.2) indicating low production efficiency and low competitiveness. This was caused by high production costs, inefficient logistics support and inadequate rural infrastructure such as farm-to-market roads and irrigation facilities, limited investments in market support services, research and technology services. Other causes include trade barriers to export and the slow implementation of asset reform programs.

Table 3.2.2. Productivity Gap in Crop Production, Davao Region vs Philippines vs Selected ASEAN Countries

Commodity	Davao Region* (a)	Philippines** (b)	ASEAN** (c)	Gap (a) vs (c)
Palay	4.4 tons/ha	4.0 tons/ha	5.0 tons/ha (Vietnam)	12%
Corn	1.2 tons/ha	2.8 tons/ha	4.5 tons/ha (Thailand)	73%
Coconut	0.7 tons/ha	0.8 tons/ha	>2.5 tons/ha	72%
Coffee	0.4 tons/ha	0.4 tons/ha	2.0 tons/ha	80%

Sources: *BAS, **Strategic Framework for Inclusive Growth, NEDA-ADB, 2010

High Production Costs

The cost of farm inputs such as fertilizers, to production is about 20-30 percent (NEDA-ADB, 2010). Thus, the wide use of fertilizers particularly petroleum-based, makes local production vulnerable to changes in the prices of oil in the market. When oil prices started rising in 2007-2008, it significantly affected local prices of fertilizers reducing the region's rice production by about 2 percent and corn by as much as 19 percent.

Inefficient logistics support and inadequate rural infrastructure

Studies show that there is a positive correlation between the quality of infrastructure and agricultural performance as it plays a crucial role in inducing the farmers to move onto a commercial agricultural system (Pingali, Food Policy, 1995). The lack of infrastructure and the inefficiency in logistics support hinder the productive potentials of the agriculture sector. The high cost of transport experienced nationwide, indicates that farm-to-market roads, shipping, power supply and other infrastructure facilities were inadequate that may have affected the delivery of inputs and accessibility of raw materials.

A nationwide study conducted by NEDA-ADB found that the cost of shipping and trucking constitute 62 percent of transport and logistics costs. Shipping rates from Manila to China, for example is only US\$250 per 20-footer container van compared to Davao to Cebu's US\$808 per 20-footer container van despite the contrasting distance. This means domestic shipping costs (US\$1.30 per nautical mile for every 20-footer container van) are 70 percent more expensive than the foreign shipping rate of only US\$0.38 per nautical mile along this particular route (MSDF, 2010-2020).

On the provision of electricity, while it is reported that 100 percent of the region's barangays were energized (DOE, 2009), electricity supply particularly in the provinces, remained unstable.

The development of the region's irrigation system was also slow. The total area served with irrigation facilities in 2009 was estimated at 50 percent inclusive of areas with 3 percent slope (Table 3.2.3) leaving about 74 thousand hectares of irrigable area with no irrigation facilities. The areas served with irrigation facilities were only 25 percent if estimates were based on serviceable area with up to 8 percent slope. This did not include irrigation facilities that need repair and rehabilitation and those without water supply. Data on irrigated palay production reflected a declining trend from 431,080 metric tons in 2004 to 386,390 metric tons in 2009 or about 12 percent.

Table 3.2.3. Gaps in Irrigation Services, Davao Region, as of December 2009

	Level of Irrigation Services in 2009 (in hectares)			%
	Potential Irrigable Area	Area Served	Balance to be Developed	
NIA*	100,562	75,525	74,085	50
IASR**	304,561	101,988	191,622	25

**Estimate of NIA inclusive of 3% slope; **Estimate of World Bank inclusive of 8% slope*

Source: NIA Corporate Plan, 2010-2020

Limited investments in market support, research and technology services

It was reported that the funds allocated to marketing assistance for the period 2004-2009 was only 1.1 percent of the average annual budget of the Department of Agriculture, 7 percent below the prescribed allocation under AFMA (NEDA-ADB, 2010). The limited market support compromised the

sector's competitive edge in terms of market knowledge, standards, prices and technological advancements. The limited investments in research and technology services, as well as, the limited financial capacities of farmers also resulted in lower productivity. Moreover, it was found that manual labor largely characterized the local farming system. Manual labor and use of farm animals in production is reported to account for 76 percent while the use of mechanization, 24 percent (NEDA-ADB, 2010). The average farm mechanization level nationwide was 1.68 horsepower/hectare, reported to be the lowest in Asia (PhilMech, 2009). The low mechanization rate was also attributed to small farm holdings (average of 1.5-2.0 hectares per farmer) making production more expensive per unit area for mechanization. The use of high-yield variety seeds among rice farmers was also limited to 25 percent (SEARICE, 2007) nationwide due to insufficient supply and high cost.

Trade Barriers to Exports

The export of agriculture and agri-based products was also challenged by the increasingly stringent and varying requirements imposed by importing countries. It was noted that agricultural products bear greater non-tariff measures than non-agricultural items. In some markets for instance, non-tariff measures affected the region's major exports such as banana, mango, live animals and wood packaging materials. Non-tariff measures such as standards, testing, certifications and labeling applied in agriculture products were estimated to have made production costs higher and access more difficult particularly for small industries.

Limited institutional capacities to perform critical programs and devolved functions

Weak extension services

The weak capacities of the local government units to take on the task of devolved agricultural functions particularly extension services hampered local agricultural development. Studies show that compared to infrastructure sector, agriculture gets lower priority in the local agenda of LGUs leading to smaller fund allocation and often dependent on the support of the national government (NEDA-ADB, 2010). Available data from the Provincial Development and Investment Programs (PDIP), 2011-2016, of the region's four provinces show that the average shares of economic services¹ to the total expenditures for 2007 and 2009 were 15.2 percent and 20.42 percent, respectively (Table 3.2.4). Since agriculture is only a component of economic services, then its support had been much lower. Nationwide, it was found that the low investments in agriculture resulted in weak extension services (NEDA-ADB, 2010).

Lack of spatial strategy for agricultural investments

An assessment report on the implementation of AFMA undertaken in 2008 revealed that the failure to fully implement the Strategic Agriculture and Fisheries Development Zones or SAFDZs, resulted in the lack of focus on areas with high agricultural potential, spreading resources too thinly across areas resulting in low production. In the updated Provincial Development and Physical Framework Plans of the region's provinces, not all have allocated lands for SAFDZs while those provinces that have, need to be updated and validated on the ground. SAFDZ plans also need to be prepared, updated and implemented to maximize the benefits intended to be derived from its implementation.

¹ Includes services for agriculture and veterinary programs, environment and natural resources, cooperatives, engineering, tourism projects, commercial and industrial development projects, energy development projects, livelihood projects, other economic services and economic enterprise.

Table 3.2.4. Expenditure Shares of Economic Services to Total Expenditures, by Province, 2007 and 2009

Province/ Expenditure Item	Expenditures (P)		Share of Economic Services to Total Expenditures (%)	
	2007	2009	2007	2009
Compostela Valley				
Economic Services	64,396,021	160,900,497	10.31	20.00
Total Expenditures	624,274,234	804,163,632		
Davao del Norte				
Economic Services	101,145,209	168,137,699	21.20	24.87
Total Expenditures	476,989,906	675,999,056		
Davao Oriental				
Economic Services	96,320,956	137,853,820	20.25	25.10
Total Expenditures	475,460,356	549,032,290		
Davao del Sur				
Economic Services	62,827,437	83,874,003	11.25	12.57
Total Expenditures	558,011,490	666,950,544		
Average, All Provinces				
Economic Services	81,172,406	37,691,405	15.21	20.42
Total Expenditures	533,683,997	674,036,381		

Sources: PDIP, 2011-2016 of Davao del Sur, Davao del Norte, Davao Oriental and Compostela Valley

Slow implementation of the land reform program

Upon reaching its full implementation period, the Comprehensive Agrarian Reform Program (CARP) has yet to distribute the balance of about 16 percent or 45,771 hectares to its beneficiaries. The delay in the implementation of land reform programs affected productivity as landless farmers and/or farmers with untitled lands had limited access to credit facilities. Large tracts of land that were undistributed were also likely idle and unproductive that did not augur well for the region's total production performance.

High vulnerability to international market conditions

Having a global market introduces the region to risks to international shocks. In the event of moratorium on issuances of import licenses from foreign markets, price hikes, emergence of more aggressive global market players, variations in standard requirements, among others may cost huge losses to the region's export industries or worse, impairment. The cost of multiplier effects to the downstream and upstream industries can also be high.

High vulnerability to disaster risks and climate change

The drought in 2008 was reported to have damaged crops and agricultural losses. The Pilipino Banana Growers Export Association (PBGEA, 2010) recorded a reduction of 20 to 30 percent in production due to drought. Davao Region is likely to have a declining annual rainfall trend by 2050 (PAGASA, 2011) making the region more vulnerable to climate change. This report also classified the region as inherently vulnerable to natural hazards such as tropical cyclones, flooding and rain-induced landslides due to its topography.

Partial realization of the Industry Clustering Strategy

The main attribute of the industry clustering strategy is the creation of strategic partnerships among industries in infrastructure, labor force, technology, research and development, financing and safety standards to increase their competitiveness. The most critical stage in this strategy was the initiation stage where the participating industries and institutions established organizations and undertook capability-building activities to build trust among themselves for future cooperation and collaboration activities. Earning trust, gaining mutual benefits and clarifying the distribution of benefits and costs among the participants were crucial in building partnerships under this strategy. Thus, it took time for some industry players particularly the large ones to participate and consequently, for the strategy to be fully realized.

Inappropriate agricultural practices

Inappropriate agricultural practices including improper disposal of agricultural wastes had been observed to have caused soil erosion and pollution leading to the deterioration of agricultural lands and fishing grounds. The wide use of chemical fertilizers, pesticides and growth regulators in farms also continued despite the high costs of these inputs and despite the awareness among farmers of their negative effects. The very few alternatives that can be considered practical and feasible particularly for small farmers led to the continued use of harmful chemical inputs. The integrated and organic farming system had been introduced in the past but the farmers were slow in adopting them due to its lack of economic viability.

III. STRATEGIC FRAMEWORK

Results of the assessment show that the growth of the region's agriculture, fishery and forestry sectors was led by agriculture and fishery subsectors more than the forestry subsector. The growth of the agriculture subsector was led by high-value crops while the fishery subsector was pulled up by the remarkable growth of the aquaculture industry. Rice sufficiency was low, leading to high dependence on imported rice. The region's export industry was also heavily dependent on fresh, unprocessed products suggesting that the region is highly vulnerable to external shocks and climate change. Generally, the growth of the region's agriculture sector was dampened by several factors such as slow industrialization, limited investments, inefficient logistics support, failure to fully implement the provisions of the AFMA (RA 8435) which should have been the platform for improving the sector's competitiveness and sustainability as well as, the partial implementation of the DRICP.

In this planning period, emphasis shall be centered on the development of the region's growth drivers like the high-value crops and aquaculture industries and developing the micro, small and medium enterprises (MSMEs); diversifying exports and increasing production efficiency. To increase the sector's competitiveness, industrialization of farming systems shall be made central in this plan by advocating the full implementation of AFMA while pursuing the implementation of the DRICP. While international competitiveness shall be pursued, domestic concerns like food security shall be addressed by widening economic opportunities and improving the production of staples.

Goal

Achieve a modern, sustainable and competitive agriculture sector.

Objectives

1. Increase production and productivity
2. Increase food sufficiency
3. Improve capacities for agriculture governance
4. Increase resilience to international market shocks
5. Reduce vulnerability to disasters and climate change

Targets

1. Sustain GVA-AFF average annual growth of 1.5-4.5 percent
2. Increase the average rice sufficiency level to 76 percent
3. Decrease post-harvest losses for major products
4. Improve the existing 75 percent share of fresh banana to total exports and increase the share of processed agricultural products and other crops to total exports
5. Increase the investments in the agriculture sector, e.g., annual share of agricultural expenditures to total local expenditures to 25 percent and the annual share of the agriculture sector to the total national regional budget allocation
6. Full implementation of CARP and the DRICP
7. Minimum damage to agri-fishery production due to climate change

Strategies

The objectives and targets shall be achieved by pursuing agri-industrialization. This framework shall involve developing the agri-based rural industries (MSMEs) and adding value to agricultural export products. The prerequisites that have to be satisfied to evolve into an agro-industrialized sector are: efficient logistics support, increase in technology adoption and development of the agro-ecozones and the SAFDZs.

Agri-industrialization shall be complemented with improving local capacities for agricultural development; reducing vulnerabilities to disaster risks, climate change impacts and uncertainties brought about by international market conditions. Agro-industrialization shall be pursued in a sustainable framework for long-term sustainability.

1. Attaining sustainable agri-industrial development

Achieve efficiency in logistics support

Efficiency in the following three key areas of infrastructure development shall be pursued: 1) support to production; 2) increasing market connectivity; and 3) improving access to rural infrastructure services.

Support to production shall focus on the development and rehabilitation of irrigation facilities including the integration of water management component in irrigation systems and increasing access to post-harvest facilities. Improving market connectivity shall be provided by increasing access to market information in real time which shall be facilitated by the provision of ICT services. Improving access to rural infrastructure services shall be achieved by reducing the cost of transport to production to be facilitated by increasing access to farm-to-market roads (FMRs); reducing the cost of shipping services, providing fishports along the eastern seaboard and providing adequate electricity supply. The likelihood of improving the implementation of more farm-to-market roads shall

be increased by encouraging the local government units to increase their counterpart shares, employing cost recovery mechanisms and involving the users in the maintenance of FMRs. The provision of adequate electricity supply shall be supplemented with the development of renewable energy by harnessing agricultural waste and other renewable sources.

Increase technology adoption

Increasing technology adoption shall involve the three-pronged approach of: 1) bridging the gap between technology and technology adoption; 2) product diversification; and 3) providing stable and quality human resources.

Bridging the gap between technology and technology adoption shall involve strengthening extension services, increasing farm mechanization rate and maximizing collaboration with academe, research consortia and national line agencies for research and documentation services. Strengthening extension services shall involve increasing investments in agricultural services, capacity building and increasing the use of electronic communications in agricultural services. Increasing farm mechanization rate shall mean easier access to mechanized farm equipment to achieve a more efficient production system. This will also involve pushing for policy support like the passage of the Mechanization Development for Agriculture, Fisheries, Agro-Forestry and Forest Industries Law (HB 843) and the activation of the region's Farm Equipment and Machinery Industry Cluster. Strengthening collaboration among agricultural research consortia, academe and line agencies shall include addressing the sustainability issues of agricultural export products. This shall involve certification of agri-fisheries products to international and Halal standards to increase the region's competitive advantage of sustaining existing market and tapping a potential global market. It shall also include the preparation of an R&D unified framework involving various agencies such as the Department of Science and Technology (DOST), Agriculture Training Institute (ATI), Bureau of Fisheries and Aquatic Resources (BFAR) and the Bureau of Plant Industry (BPI), among others. The unified R&D framework shall address gaps between the development and adoption of technology, as well as, the conduct of research activities and research needs.

Product diversification shall involve increasing the share of processed products to agricultural exports and developing more varied crop-mix of high-value commercial crops that have high elasticity. It shall also involve encouraging innovations in processing raw materials and improving livestock breed. Product diversification shall also involve multiple cropping to address the issue on the negative effects of long-term monocropping.

Manpower supply shall involve providing a steady supply of expertise on agricultural science, e.g. botany, veterinary medicine, entomology, agronomy and the like. It shall also include training and certification of agricultural extension workers as well as machinery technicians and operators.

2. Developing the agro-industrial economic zones and SAFDZs

The region's agro-ecozones that are being developed under the Philippine Economic Zone Authority (PEZA) are located in Davao City and the Island Garden City of Samal or IGACOs. These agro-ecozones complement the development of the agri-industrial corridor from Tagum, Davao del Norte to Sta. Cruz, Davao del Sur (RPPF, 2004-2030). The development of these agro-ecozones and the agri-industrial corridor will facilitate closer linkage between the agriculture and industry sectors, in effect the linking of primary producers to processors, business as well as, marketing chains which will benefit the rural industries and encourage commercialization of agricultural products. They also provide effective link to national and international markets given the necessary off-site and on-site

support facilities and services. The development of the agro-ecozones shall be promoted by encouraging locators through the provision of infrastructure facilities and incentives.

In the provinces, the establishment of SAFDZs shall allow the concentration of investments in areas found to have high agricultural potentials. The SAFDZs shall be pursued by institutionalizing a procedure for identifying the SAFDZs based on the criteria set in the AFMA. The establishment of SAFDZs shall involve the development of model farms and encouraging locators through incentives for agriculture and industries implemented in the zones.

The development of the SAFDZs shall be dovetailed with the upscaling of the implementation of the region's Industry Clusters (ICs). The upscaling of the ICs shall include improving institutional support and ensuring value chain development and management.

3. Improving capacities for agriculture sector governance

Increase investments in the agriculture sector

Increasing investments shall be achieved by providing efficient credit facilitation services to improve credit supply such as, the Agricultural Competitiveness Enhancement Fund (ACEF) or the Agro-Industry Modernization Credit and Financing Program (AMCFP), Coconut Industry Investment Fund (CIIF) and Public-Private Partnership to improve private sector investments. The local government units shall also design incentives for investors and lenders who take higher risks in supporting agricultural investments.

To improve national-regional allocation, the participation of the local stakeholders to include the local chief executives and the congressional representatives of the region shall be enlisted in planning and decision-making at the local and regional levels to increase the chances of improving the regional allocation in the annual budget deliberations.

The participation of the local government units shall be engaged particularly in agricultural promotion and development by making them food security champions. In effect, this shall improve local government investments in agriculture. The participation of national line agencies with complementary mandates in agricultural development and environmental management shall be maximized through the convergence initiatives of the Department of Agriculture (DA), Department of Agrarian Reform (DAR), National Irrigation Authority (NIA) and the Department of Environment and Natural Resources (DENR). Policy measures directed at improving the implementation of AFMA and encouraging the rice farming industry shall be pursued.

Micro financing shall be made accessible to agrarian reform beneficiaries through the provision of capacity development programs earmarked at improving repayment capacity, encouraging re-investment and opening more credit opportunities. Credit providers, in turn, shall improve on making credit information available particularly to beneficiaries.

Full implementation of CARP

The implementation of CARP shall be completed by 2011. Improvements in the implementation of agrarian reform programs including support to agrarian reform beneficiaries shall be stepped up toward increasing the farmers' and agrarian reform beneficiaries' access to credit assistance and improving farm productivity. Cooperative development shall be the main vehicle for fostering self-reliance and empowerment among agrarian reform beneficiaries. The provision of technical

guidance, financial assistance and other services shall be continually provided and aimed at developing viable and responsive economic enterprises.

Reduce vulnerabilities to disaster risks and climate change impacts

Vulnerabilities to disaster risks and climate change shall be reduced by improving decision support on the use of the 5 percent calamity fund of the local government units with focus on the protection of agricultural areas. The preparation of DRR/CCA-enhanced Plans shall integrate disaster risk assessment and reduction measures for the agriculture sector. The vulnerability of the natural ecosystems to climate change risks shall be reduced through ecosystem-based management approaches, conservation efforts, and sustainable environment and natural resource-based economic endeavors. The resilience of agricultural communities shall be increased through the development of climate change-sensitive technologies, establishment of climate-proof agricultural infrastructure and climate-responsive food production systems, as well as provision of support services to vulnerable communities. The resilience of fishing communities shall be enhanced through the rehabilitation of fishing grounds, stocks and habitats and improving investments in sustainable and climate change-responsive fishing technologies and products.

Undertaking or increasing coverage of risk-transfer mechanisms shall also be encouraged. To ensure sufficiency of staples, the identification of rice cluster areas shall be undertaken with the LGUs as lead. To further cushion the impact of climate change to the poor, rice self-sufficiency and production shall be increased by improving technology that takes into account the possible impact of climate change in the agriculture sector.

Increase resilience to international market conditions

The strategy of reducing the region's vulnerability to external shocks shall be implemented by advocating the reduction of trade barriers to exports; diversifying export products and increasing support for the development of other competitive products like the high-value crops. Dependence on petroleum-based fertilizer products shall be reduced by implementing energy-efficient farming systems or promoting organic farming. These initiatives will reduce production input cost and increase production efficiency. Measures that ensure the region as FMD- and Avian Flu-free Zone shall be sustained. Aggressively pursuing halal certification and other international certification programs shall be stepped up to support local export industries particularly in satisfying international standards requirements.

Upscale the implementation of the industry clustering strategy

The industry clustering strategy shall be continually implemented by building interest and participation among the industry players as well as, building the commitment of the cluster organizations towards the promotion of the region's general economic development. To this end, the cluster industries shall be continually assessed for its infrastructure needs to support economic performance, facilitating consensus in undertaking joint economic activities among the players and clarifying the distribution of benefits and costs of any undertaking related to the strengthening of cluster organizations.

IV. MAJOR PROGRAMS, PROJECTS AND ACTIVITIES

Efficient logistics support

- Construction and improvement of farm-to-market roads
- Integrated irrigation and water supply services
- Municipal fish ports along the eastern seaboard
- Post-harvest facilities
- ICT services in agricultural areas
- Improvement of electricity supply and conversion of agricultural wastes to renewable energy
- Davao Food Exchange Complex and its provincial components

Increase technology adoption

- Unified R&D Framework
- High-Value Commercial Crops Program
- Livestock Development Program
- Aquaculture Development Program
- Energy-efficient farming systems/Promotion of Organic and Environment-friendly Technologies
- Training and certification of agricultural technicians and operators
- Promotion of agri-fisheries education system

Develop the agri-ecozones, the agri-industrial corridor and the SAFDZs

- Infrastructure support to agro-ecozones and the agri-industrial corridor
- Promotion of agro-ecozones
- Development and promotion of SAFDZs
- Identification of rice cluster areas
- Updating and implementation of the Davao Region Industry Cluster Plan

Improve agriculture sector governance

- Disaster Risk Assessment for the Agriculture Sector
- Study and implementation of crops and livestock insurance and other risk-transfer mechanisms
- Improvement of credit facilitation services e.g. access to ACEF, CIIF and PPP
- Maximize the benefits of convergence initiatives of DA, DENR, DAR and NIA

- Provision of incentives to financing institutions lending credit to high-risk agricultural crops and livestock
- Measures to maintain an FMD- and Avian-flu Free Zone
- MSME Development Program
- Comprehensive Agrarian Reform Program
- Provision of Technical Skills Development Programs in rural areas
- Full implementation of CARP

Reduce risks to climate change

- Ecosystem-based management approach to agricultural and fisheries production systems
- Davao Gulf Management Program
- Conservation efforts
- Development of climate-responsive technologies in production systems
- Establishment of climate-proof agricultural infrastructure
- Rehabilitation of watersheds and fishing grounds
- Climate-responsive fishing technologies and products
- Disaster Risk Assessments of agricultural areas integrated in the Provincial Development and Physical Framework Plans and Investment Programs

Reduce trade export barriers and increase resilience to international market conditions

- Certification programs for agri-fishery products
- Halal international certification systems
- Product diversification
- Multiple cropping systems/programs
- International market expansions/promotions

V. POLICY AGENDA

1. Continuing advocacy on the lowering of shipping costs

Shippers in the region had been clamoring for the repeal of the Cabotage Law which provides for domestic shipping operators the right to ply Philippine waters and does not allow foreign vessels to engage in coastwise trade. This prohibition increases the costs for exporters and importers who have to transship their products from an international port to a local port and vice versa. This issue had been elevated to appropriate bodies in the past but no positive action had been taken as it will involve amending the Constitution and other pertinent laws such as Public Service

Act. However, the benefit of allowing foreign vessels to operate in coastwise trade will translate into lower transport and production costs particularly for Mindanao traders. Thus, the advocacy for liberalizing the local shipping industry with the end of lowering shipping and ultimately production costs shall be continued.

2. Passage of the Mechanization Development for Agriculture, Fisheries, Agro-Forestry and Forest Industries Law (House Bill 843)

Farm mechanization benefits the farmers by increasing farm productivity, reducing costs of operations and time savings. It has been established that the cost of mechanization is high particularly for farmers with small land holdings. The average land holding per farmer in the region as well as, nationwide is 1.5-2.0 hectares. This law facilitates increased and faster mechanization rate by legislating the local production of tools and machineries with the end of reducing reliance on expensive imported machineries. The passage of this law will spread the benefits to the local machinery manufacturers and generate local employment. This proposed law includes related components as the establishment of standards to ensure the quality performance of locally-manufactured machineries and tools; access to credit and skills training.

3. Local legislation on raising taxes and/or offering incentives related to the conversion of rice farming areas

To support food security measures, incentives shall be provided to areas or farmers that shall undertake rice farming activities. On the other hand, deterrents in the form of tax measures shall be applied particularly to existing rice areas that will convert to other crops.

Chapter 3: Competitive Industry and Services Sectors

The Industry and Services sectors are the main driving forces that have transformed Davao Region from a predominantly agricultural area into a strategic regional agro-industrial and knowledge economy of the country. This metamorphosis of the region's economy is expected to help carry the region forward to establish itself as the country's rising global frontier that would open up another strategic window for the national economy to the world.

In propelling Davao Region's economy to assume its envisioned role as a global frontier, the Industry and Services sectors have to overcome their erratic upward run and pursue a growth path in a sustained manner. Davao Region has the resources and capacity to firm up the global competitiveness of its Industry and Services sectors. However, the region needs to proactively harness these comparative advantages to hurdle competitiveness issues of both sectors.

I. ASSESSMENT

Davao Region has a vast agricultural, fishery, and forestry base for processing. Its rich natural resources show strong potentials for mining, construction, tourism, and energy generation, including domestic and industrial water supply. The region's physical and economic integration with the rest of the country is continuously improving, its vibrant domestic and foreign trade that are well-supported by a dynamic finance sector and connectivity to the rest of the world manifest the basic characteristics of a global frontier. It has a largely young human resource that has shown bright prospects to enhance the global competitiveness of the country. It has several vocational and technical schools competent in a wide range of courses, and some of the better medical facilities in the country. It has an aggressive business sector with a harmonious relationship with the National Government and Iigus, a basic requirement for an efficient and effective collaboration for growth and development. Its civil society networks can ably complement and augment government efforts to provide critical interventions necessary for the socio-economic empowerment of the poor communities to enable them to actively participate in sustaining the socio-economic growth and development of the region.

Davao Region's Industry and Services sectors performed well when gauged against the past plan targets. Over the period 2004-2009, the Industry sector posted an average annual growth rate of 6.91 percent buoyed by the expansion of the manufacturing and construction industries. The Services sector grew by an average annual rate of 4.95 percent, powered by vigorous trading activities, growing private services, and a robust finance industry.

Industry Sector

Despite the rising oil prices and the global financial crisis, the Industry sector was still able to increase its contribution to the output of the economies of the region and the Philippines, sustained by the promising performance of the manufacturing and construction industries which account almost 90 percent of the region's industrial output. The share of the Gross Value Added (GVA) in the

Industry sector to the region's GRDP rose from 12 percent in 2004 to 13 percent in 2009, after posting an average annual average growth rate of 9.9 percent over the same period. The contribution of the region to the country's GVA in Industry also increased from 4.34 percent in 2004 to 5.04 percent in 2009, making it the 6th most industrialized region in the country after traditional leaders National Capital Region, CALABARZON, Central Luzon, Western and Central Visayas. Its share in Mindanao's GVA in Industry also improved from 29.86 percent in 2004 to 30.46 percent, overtaking Northern Mindanao which has always been ahead of Davao Region in recent years. The Industry sector's performance can be considered beyond expectations as it was done with only 12 percent of the region's total employment. The region, thus, appears poised to be among the country's primary agro-industrial economies in the next few years.

Manufacturing

The GVA in Manufacturing in the region reached PhP 13.6 billion in 2009, representing 20.23 percent of the region's GRDP. The manufacturing industry produced the biggest share to the region's industrial output at almost 59 percent. It is the third largest contributor to the region's GRDP after agriculture and fishery which produced 24.18 percent and trade which contributed 21.52 percent. Among Mindanao regions, the output of the region's manufacturing industry is second to Northern Mindanao's PhP 16.3 billion, after dislodging SOCCSKSARGEN. It is ranked 7th in the entire country with its 4.34 percent share, which was only 3.48 percent in 2004.

The region has the second fastest growing manufacturing industry as its GVA grew by an average annual rate of 10.2 percent over the past plan period, second only to the 10.5 percent posted by Western Visayas and far better than the 3.2 percent posted by the country's entire manufacturing industry. Its growth rate in 2009 is even more significant as it was the highest in the country at 7.1 percent while the entire country's manufacturing industry contracted by 4.5 percent and the other two industrialized regions, CALABARZON and Central Luzon, experiencing negative growth rates of 8.3 to 8.4 percent.

The dramatic growth of the industry manifested the positive impact of the establishment of the clustering strategy for the region's priority industries. The banana industry intensified the manufacturing of banana chips which earned US\$43.2 million in 2009, making it the 3rd export commodity of the region. Export earnings of banana chips grew by at least 15 percent annually over the period 2004-2009. With a large coconut production base, the region continued to process coconut into activated carbon, charcoal, and briquette which are among its leading export commodities. Export earnings of these products was estimated at US\$ 43.1 million, increasing around 11 percent annually and averaged US\$ 33.6 million over the period 2004-2009. In 2009, around PhP 500 million have been invested for coconut processing in the region. Despite declining export receipts since 2004, the region's processed wood products, such as furniture, are still in demand abroad and remained among the region's top exports as of 2009, generating earnings of US\$ 8.9 million annually

The industry, particularly its food processing component, however, has not been able to achieve the success of its counterparts in other areas of the country. For instance, Cebu City made a mark as a leading producer of dried mangoes even without a vast source of raw mangoes in its own area. The mangoes of Davao Region are still exported and attempts to commercially produce processed mangoes have failed. Coconut, banana, and other crops of the region have likewise been processed into traditional outputs signifying inadequate investment for research and development and a lackluster drive for innovativeness.

The industry has not also extensively penetrated the tourism industry. In general, food processed in the region is the only prominent product in support of the tourism industry. Crafts sold as souvenir items for tourists are still produced in other parts of the country and even abroad. Most of the machineries and equipment for tourism facilities were likewise imported.

Although the manufacturing industry is a major employer in the region, having absorbed 49 percent of the total employees of the Industry sector, the industry has inherently suffered from a dearth of technical support personnel not because they are unavailable but primarily due to less competitive salaries and wages. Large manufacturing companies are also confined to the basic processing of the region's raw materials due to the lack of research and development and more comprehensive market studies.

Further, the high cost of domestic shipping have inhibited these companies to embark into innovative ventures. As a result, micro and small manufacturing firms have been forced to imitate the production lines of big manufacturing firms instead of providing support in the form of production of components/inputs. The absence of forward linkages of their product has limited micro and small manufacturing forms to generally family businesses.

Construction

The construction industry of Davao Region experienced an impressive growth of 19.6 percent and provided employment to 33 percent of the Industry sector workers in 2009. The sharp increase in the industry's growth was largely due to the boom in private property development and public infrastructure projects. In 2008, total investments for private construction reached P6.2 billion or roughly 37 percent of the total investments in the region that was estimated at P16.8 billion. The following year, the total value of private construction both for commercial and residential purposes climbed to P8.8 billion or about 56 percent of the total investments of P15.8 billion. Construction for commercial purposes that included shopping malls, an information technology (IT) park, and warehouses was placed at P4.9 billion or about 56 percent of the total value of private construction. Meanwhile, the rise in the value of public construction was largely due to the frontloading of budget for infrastructure development as stipulated in the Economic Resiliency Plan (ERP).

The industry provided the basic off-site and on-site facilities that supported the vibrant tourism industry of the region. The improvement of these facilities, however has not been able to cover all existing and potential tourist spots in the region. Hence, tourism investors prefer to confine themselves to traditional tourism winners within Davao City and its peripheries, particularly IGACOS.

The increase in the demand for consumer products in Davao Region, fueled partly by a steady rise in the regional population size and an increasing preference for more luxurious living in the urban areas, has encouraged investors to establish more shopping malls in the cities of Davao, Tagum, Panabo, and Digos. Middle rise residential units and condominiums have sprouted in Davao City as the value of land spiraled upward. The spread of industrial firms outward north and south of Davao City has invariably pulled up the value of real estate in these areas.

Mining

The mining industry is among the priority industries covered under Davao Region's industry cluster strategy. The region contributed 8.65 percent to the country's GVA in Mining, 6th overall nationwide. However, after leading the Mindanao mining output during the early years of the past plan period; Davao Region has recently dropped to second, next to Caraga Region. Despite an erratic growth during the period 2004-2008, with the industry contributing only 3.26 percent to the region's GRDP

and around 10 percent to the GVA in Industry, the mining industry is poised to be a major growth driver once its full development takes off.

The industry is largely concentrated in Compostela Valley which is host to very huge mineral deposits, particularly gold. The industry's outputs are being produced by a few large firms and many groups of small-scale miners. The aggregate value of the industry's production, especially gold, could not be exactly determined as trading of valuable metals are not tightly contained by existing channels. Gold is allegedly sold through traders in the black market.

The development of the industry has been sluggish because the approval of many applications for exploration permits takes as long as 8 years. The approval period has been reduced recently and is expected to be further fast tracked after the issue has been endorsed by the Regional Development Council (RDC) XI and the Mindanao Area Committee of the NEDA Board Regional Development Committee (RDCOM) to the National Government for immediate action. Over the past years, the industry has been marred by protests and disagreements among several mining stakeholders, including environment interest groups, especially on the implementation of the Mining Act of 1995 and the destruction to the environment due to mining processes. The LGUs that are hosts to mining areas were also hard pressed to pursue support programs and projects to the industry because they have not received their rightful share from the proceeds of mineral extraction. The unabated influx of people into the mining areas and the indiscriminate establishment of communities within and outside peripheries of mining areas have also created more profound problems, such as environmental degradation, difficulty in the delivery of basic services due to difficult terrain, and high susceptibility of communities to natural risks like landslides. The inability of small-scale miners to put up the huge capital requirement and procure high cost mining technology limited the efficiency of the mining operations in Davao Region. In addition, small-scale miners preferred the informal sources of financing despite the presence of a strong finance sector. Further, machineries and equipment industry, which was included among the priority industry clusters, have not yet organized its cluster, thus, curtailing the mining industry's ability to move forward.

Power, Light and Water

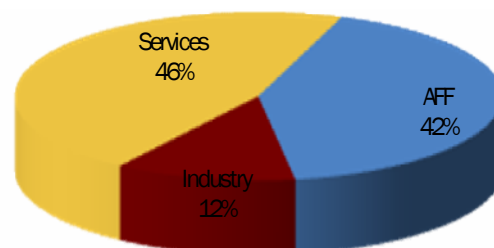
The industry trailed those of most regions of Mindanao in terms of GVA, generating only PhP 3.3 billion in 2009 or roughly 10.29 percent of Mindanao's output and 1.38 percent of the country's total placing the region 13th in the national rankings.

Investments on energy development are expected to lead investments generation at PhP 6 billion.

Services Sector

The GVA in Services was estimated at PhP 27.7 billion in 2009. Even if its growth rate has been irregular, the Services sector growth rate in 2009 was 2nd best in the country. The Services sector posted a higher growth rate of 4.6 percent in 2009 compared to its 2008 rate of 3.3 percent mainly due to higher outputs from trade and private services. The growth of the value of private services subsector surged to 11.3 percent in 2009 from a mere 5.2

Figure 3.3.1. Average Employment Share by Major Industry Group, 2004-2009, Davao Region



Source of basic data: NSO

percent in 2008 due to the proliferation of medical, health and wellness, education and recreation services. The occupational dwellings and real estate subsector showed a slower growth at 3.5 percent in 2009 from 5.5 percent in 2008.

The average share of the sector's employment to region's total employment over the period 2004 – 2009 was placed at 46 percent. Like in the AFF sector, employment in the Services sector was largely dependent on the demands of the season and, thus, was more irregular. It has been observed that during decreases in the employment share of the AFF sector, there is a corresponding increase in the share of the Services sector, indicating movements in employment between these sectors. This trend was manifested during the global financial crisis in 2007-2008, when the employment share of the Services sector dropped while that of the AFF sector increased.

Real Estate

Davao region's GVA in Ownership of Dwelling and Real Estate (ODRE) grew from PhP 2.53 billion in 2004 to PhP 3.27 billion in 2009 for an average growth rate of 7.2 percent annually, 3rd nationwide after Central Visayas and NCR, and 1st among Mindanao Regions. The region's share in the entire country, however, was only 4.89 percent, 8th nationwide, and 25.11 percent among Mindanao regions, next only to Northern Mindanao.

The growth rate of subsector peaked in 2006 when it reached 10 percent due to heavy investment in real estate, particularly in Davao City. Investments in real estate in Davao City were geared toward high-end living as manifested by the implementation of upscale subdivisions and high-rise residential units by leading real estate developers in the country. The city has become an attractive area for real estate development because it has one of the lowest crime rates and the most peaceful highly urbanized city in the country.

Its amenities and basic services are highly accessible with vehicular traffic still not at the same congestion level in Metro Manila and Cebu City. Other urban centers in Davao Region have also attracted real estate development but not of the same scale as Davao City. Real estate development in the rural areas, in contrast, have remained sluggish as economic activities are not as diverse and high-value as those in the urban areas.

The sharp rise in the subsector's growth rate, however, mellowed with the onset of the global financial crisis, averaging about 4.5 percent over the period 2007-2009.

Trade

The region's GVA in Trade rose from P11.7 billion in 2004 to P14.5 billion in 2009 for an average growth rate of 5.9 percent per year placing it 6th among all regions in the country. Its share in the country's total trade output slightly declined from 6.3 percent to 6.0 percent over the same period. Its share in Mindanao's total trade output also decreased from 32.5 percent to 31.8 percent, second only to Northern Mindanao.

Trading in Davao Region is mostly on agricultural raw materials and by-products, as well as imported goods. The region has become a major trading hub in the country due to the presence of an international sea port and international airport, branches of large manufacturing and trading companies, trading/cargo forwarding firms, several commercial and rural banks, good telecommunications facilities, extensive quality road network and skilled and unskilled manpower.

Finance

Davao Region is the acknowledged financial center of Mindanao as its GVA in Finance increased from P737.4 million in 2004 to P960.8 million in 2008, which represented about 41.3 percent of Mindanao's total finance output, almost twice as large as the second placed Northern Mindanao. The growth rate of its GVA was estimated at 9.2 percent annually from 2004 to 2008. The region's share in the country's GVA in Finance, however, dropped slightly from 1.3 percent to 1.2 percent.

The region's role as the financial hub of Mindanao is ably performed by Davao City which hosts a good number of branches of commercial banks and rural banks. These banks have also branches in many parts of the region. One major rural bank has its headquarters in the city. The total bank loan portfolio in the city ranks 3rd after Metro Manila and Cebu City. Pawn shops and private lending/credit firms have also established several branches in the City, and in other areas of the region.

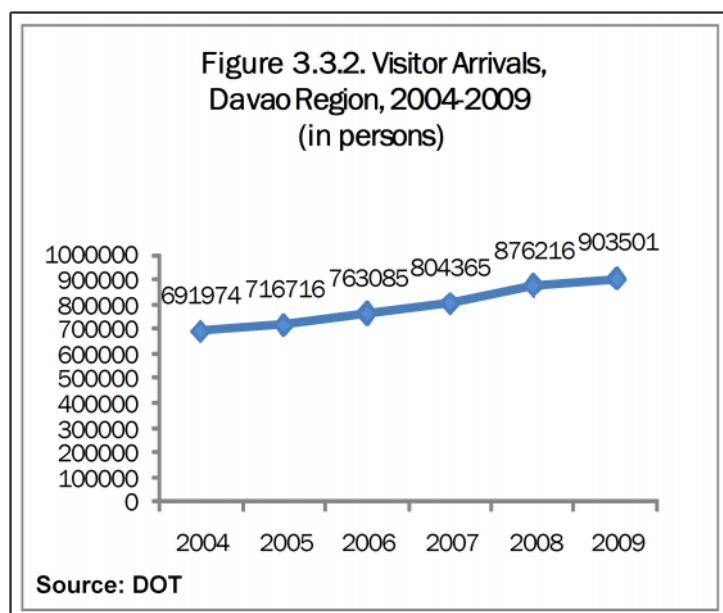
These banks and other financial firms are equipped with state-of-the-art telecommunications and banking equipment and supported by highly competent staff. Banking/lending services and procedures are similar with the rest of the country. However, despite the availability of capital for credit, loans through informal means still being resorted to, especially by individuals and micro firms, thus, depriving government of taxes.

The dependence on informal means of credit points to the need for immediate funds. This can be further traced to a failure to promote savings as rates on bank deposits are less competitive. Relatedly, a substantial number of individuals and firms are not well-organized that would have otherwise make it easier for them to access credit through formal channels.

Personal Services

In terms of GVA in Personal Services, the region's output grew from P2.6 billion in 2004 to P3.3 billion in 2008, exhibiting an average annual growth rate of 6.14 percent. Its output in 2008 is the biggest among Mindanao Regions as it represented 35.1 percent of the island's output, far ahead Northern Mindanao which took a 25.3 percent share.

The region's GVA in Personal Services reflects the high quality of its human resource that has attracted more investments in education, health, and finance, among others, thus, affirming its role as center of quality education, health, and financial services of Mindanao. Together with an improving infrastructure and logistics support and a wide array of natural attractions, the region's quality human resource has helped the region maintain its position as one of the major tourist destinations in the country. Tourist traffic inflow has been steady, averaging a growth rate of 4.54 percent annually. Domestic tourists comprised 94 percent of the total arrivals. The steady increase in



tourist arrivals can be attributed to the intensification of the advocacy programs of key tourist programs, such as the From Highlands to Islands, Fun in the sun, and event promotions, among others. The four main festivals in the Davao region, specifically, Musikahan in Tagum City of Davao del Norte, Bulawan of Compostela Valley, Caracoles of IGACOS, and Kadayawan in Davao City generated the interest of foreign and local tourists.

The conduct of the ASEAN forum in 2006 in Davao City marked the region as a tourist destination and one of the financial hubs in the country. The opening of Air Asia's direct flights from Davao to Palau in 2006 also resulted in increase of tourist traffic, but this was not sustained.

Majority of the tourists visited Davao City while the rest visited the region's provinces and other cities. Most of the foreign visitors came from Japan, Korea, the United States of America, China and Australia. The number of Korean tourists in 2007 increased significantly, as many of them came to the region to learn the English language. From 2005 to 2008, the region earned approximately Php9.25 billion on the average, in tourist receipts.

While the region's human resources are gaining competitive skills, keeping them to support the region's industries in a sustained manner has become a serious challenge.

II. CHALLENGES

Davao Region possesses the critical ingredients for competitiveness but the assessment of its economic performance in the past plan period indicates that the region has been unable to take full advantage and convert these key factors for its Industry and Services sectors to achieve a level of competitiveness that can really establish the region as a rising global frontier. Both sectors have enjoyed impressive runs but these spurts of growth were short lived. This inability to sustain a growth momentum reveals a failure to squarely address issues that have been deeply ingrained in the systems of both sectors over the years.

High cost of doing business

Inadequate and inefficient infrastructure and logistics support

The infrastructure and logistics support for the Industries and Services sectors of the region has been improving through the years but they continue to be inadequate in the face of growing demand. The region's main public seaport at Sasa, Davao City and secondary seaports, such as those in Mati City and the municipalities of Malalag and Maco, still lack the facilities to accommodate bigger cargo movement requirements, forcing the private sector to invest in ports development, such as the TEFASCO in Davao City and the ports in the cities of Tagum and Panabo. The cost of domestic cargo shipping continues to be prohibitive, being protected by the Cabotage law.

Post-harvest facilities provided by government are not widespread and comprised mostly of multi-purpose pavements and simple ice storage structures that are mostly directed to support small-scale agricultural production. Large and more modern post-harvest facilities had to be established by the business sector to serve its needs.

The construction industry has to expand the participation of the private sector from merely implementing government infrastructure projects to direct investing in the establishment of facilities in the region's growth centers far beyond Davao City and its peripheries.

The region is highly dependent on Northern Mindanao for its power supply and the additional hydropower facilities developed recently could only augment a small part of the region's total power supply requirement. Electrical power supply, especially in the rural areas, is not highly reliable, such that investors will have to spend for alternative power sources like power generating sets. It is estimated that by 2014, the power supply in the region could fall short the power demand. The region, being a net importer of power, has been a cause of hesitancy for investors to come in.

High transaction cost

Investors are also hesitant to put in capital or delay business decisions in the region because of the cost involved as a result from bureaucratic and complex business processes. In other countries, it would take around 13 days to start a business, but in the region it takes almost four times longer. The one-stop shops that were established to ease up business processing still need to improve communicating their services to investors, facilitating property acquisition for investment projects, and coordinating with national line agencies and local government units.

Available financial resources in the region could not be easily accessed by small and medium enterprises, considered as the backbone of Davao Region's economy, mainly due to high interest rates, especially among rural banks, and stringent procedures and collateral requirements of financing institutions. These limit their capacity to maintain, sustain, and expand operations and deliver more quality products and services.

Weak research and development and technology adoption

The Industry sector has yet to be more aggressive and innovative to find the right mix and technology to process the region's raw materials into a wider array of high value by-products. Majority of the processing activities have remained traditional due to expensive machineries and equipment that are still to be imported.

Research and development, as well as technology adoption are key components to upgrade the quality of products and services in the region. New innovations and technologies remain prohibitive, thus not extensively adopted, limiting the region's forward steps toward competitiveness in the global market.

Further the link of the results of any new research and new technologies to users has been perennially weak. The demand for the region's banana chips, for instance, is increasing based on the volume of exports. However, local suppliers have yet to make use of new technology for packaging and processing to increase the value of these products. The role of the Department of Science and Technology (DOST) in assisting local industries develop products that can compete globally needs to be strengthened.

The region's mining industry is also characterized by heavy participation of small scale miners who have not adopted highly advanced technologies and equipment, for extraction.

Unsustained trade and promotion linkages

While annual trade expositions, market conferences, investor fora, business matching events and other similar activities are conducted regularly to connect the local, national, and international markets, broader exposure of the region's products has not been achieved as follow through activities for these initiatives have not been adequately undertaken. As a result, the region's export

products are highly susceptible to domestic shocks in the international market, such as the case of export bananas when Iran had difficulty in paying these exports due to the UN sanctions.

Weak business information services

Davao Region's telecommunications infrastructure can be considered among the better facilities in the country but these are heavily concentrated in Davao City and the region's urban centers. Such cannot be said to the rest of the region, especially the rural areas, where telecommunications technology has been utilized more for social exchange and rarely for business transactions, such as downloading information on markets, prices, and technology.

Likewise there are still barriers in the region, such as tariffs, non-tariff barriers to trade, import licenses, export licenses, import quotas and many others discourage investors to enter the region.

III. STRATEGIC FRAMEWORK

The presence of a vibrant and active private sector of the region also remains to be an opportunity to be maximized to support the growth of local industries. Other efforts to link with markets can be explored such as online marketing which have recently been responsible for escalating business-making opportunities.

Competitive industry and services sectors in Davao Region are reliable suppliers of secure and steady employment and can substantially increase the region's economic as shown in the past plan period. Sustaining job generation and economic growth of the region can fast track the reduction of poverty incidence. Regulatory reforms, clear and simplified rules and regulations, investments in science and technology (S&T) and research and development (R&D), continued infrastructure development and secure peace and order situation, as well as stable business environment are the fundamentals that ensure growth of the region's industries and services.

To attain the vision of becoming the country's rising global frontier, the region has to pursue innovative and technological leadership. Although Davao City is already competitive in terms of its products and services, other areas in the region need to catch up in order for the region to establish a brand of good quality that is exclusively Davao.

Goal

Increased global competitiveness of the Industry and Services sectors.

Objectives

- To attract and generate more investments for the full development of the region's Industry sector, particularly in the processing of the region's raw agricultural produce and valuable mineral resources.
- To expand the support base of the region's industry support base in information and communications technology, innovative research and development, efficient marketing and trading facilities, globally competitive human resource, and a dynamic finance sector.
- To improve economic governance that support entrepreneurship, business and industry promotions.

Targets

- Sustain an average growth in the Gross Valued Added for Industry of 6 to 7 percent.
- Sustain an average growth in the Gross Value Added for Services of 5 to 6 percent.
- Sustain growth in private investments, especially for the region's 11 priority industries.
- Sustained increase in exports.
- Increase visitor arrivals and tourist receipts by an annual average of 10 percent

Strategies

In pursuing this track, the industry can help dissipate industrial development to the rural areas and lift these areas to higher growth levels. This likewise creates a reliable support to the main industrial growth center of the region.

In particular, the electricity, gas and water industries need to immediately identify and develop new sources to ensure adequate support to the other industries. Renewable energy resources need to be explored fast to augment current and future supply from external sources so as to avert the impending power crisis in 2014.

Meanwhile, the Services sector has to work toward opening more domestic and international markets and expand shares in existing trading partners for the region's products.

The competitiveness of the industry and services sectors shall be further improved by strengthening trade linkages; improving products and services, increasing the supply of credit, improving the infrastructure facilities and support services and building good image.

Strengthen trade and marketing promotion

Trade and marketing promotion are essential to generate viable levels of demand for businesses to succeed in a very competitive world. Given the competitiveness of neighboring countries, the region shall bring to the awareness of the global, as well as domestic communities what Davao region has to offer in terms of tourism and business.

Such can be achieved by conducting inbound and outbound travel and trade missions, trade expo, regional tour expo, production of quality and focused collaterals (e.g., brochures and other printed information, visual aids, web content, etc.) and by undertaking aggressive marketing activities.

Likewise, strengthening trade and marketing promotions will lead to the increase of foreign direct investments. Marketing the region as an economic hub can also encourage business to set up their major branches or even headquarters in the region.

Develop and upgrade industrial output and services to global standards

To encourage influx of investments and increase the demand for the region's products and services, their quality shall be upgraded and further developed. Intensive marketing will be meaningless unless the quality and quantity of the products do not meet the expectations of the clients since they determine the region's capability to compete. This strategy shall apply to the production of industrial goods and raw materials.

The development of the skills and competencies of the workforce and micro, small and medium enterprises (MSMEs), especially those located in the rural areas shall be pursued. The provision of assistance by both the government and private sector in developing local products shall be also improved. In addition, funding support shall be allocated for research and development, as well as for exploration of new technologies that improve quality and quantity of products and services of the Industry and Services sectors. The availability of quality products and services with the corresponding volume shall redound to higher income and more sustainable economy.

Improve access to financing

The lack of incentives given to financial institutions (FIs) extending assistance to micro, small and medium enterprise (MSMEs) discourage FIs to lend capital assistance to MSMEs. To increase the number of MSMEs, there is a need to adopt financing schemes that will not require collateral.

Access to financing can be expanded by adopting models like credit scoring for SME lending, packaging of proposals on extending credit to SMEs under non-traditional mode of credit lending and creation of new credit facilities that are responsive to the needs of the recipients.

Upgrade standards/services of tourism facilities

Developing or upgrading of standards of tourism products and services shall be undertaken to maximize the tourism potentials of the region. This shall be synchronized with infrastructure development for the priority tourism destinations to generate more tourist traffic.

The construction of support facilities for tourism destinations, establishment of activities to monitor and evaluate tourism-related programs and projects, as well as lobbying for policy support on the improvement of services related to tourism shall upgrade and improve the tourism industry.

Improve infrastructure facilities

Improvement of infrastructure facilities shall be pursued to stimulate private sector investment, increase competitiveness and improve the general investment climate of the region focusing on reducing the cost of doing business and promoting the growth of tourism, industry and trade. The construction of roads and opening of access roads are aligned with the current administration's thrust of lessening infrastructure gaps to support trade and tourism.

Build good image and strengthen international relations

Building good image and strong international ties shall be intensified to attract more tourists, businesses, investors and project locators. Changing the perception that Davao Region, being part of Mindanao, has peace and security issues shall be considered of utmost importance that influences the growth of local industries.

The region shall intensify hosting of international summits, conventions and events to improve perceptions on the region's image. Positive image shall be built by showcasing the region's best and finest to increase its opportunities for growth. International relations shall be improved by tapping overseas Filipino communities to act as marketing representatives that will generate interest in business engagements with the region.

In addition, constant press releases and success stories shall be featured in the tri-media to boost the image of the region.

Increase adoption rate for online marketing

Online marketing enables even the smallest company to compete globally. By using the internet, the market has expanded its coverage worldwide. MSMEs shall make use of this channel to promote and market locally produced products and services. The provision of computer literacy trainings, as well as trainings on online marketing promotion shall develop the capacities of the region's MSMEs to engage in online marketing.

Also, there is a need to increase the compliance rate to electronic-commerce as provided for in the Republic Act 8792 known as the Electronic Commerce Act passed in 2000. This law recognizes a wide range of factors which can be enumerated as follows: the vital role of information and communications technology (ICT) in nation-building; the need to create an information-friendly environment which supports and ensures the availability, diversity and affordability of ICT products and services; the primary responsibility of the private sector in contributing investments and services in telecommunications and information technology; the need to develop, with appropriate training programs and institutional policy changes, human resources for the information technology age, a labor force skilled in the use of ICT and a population capable of operating and utilizing electronic appliances and computers; its obligation to facilitate the transfer and promotion of adaptation technology, to ensure network security, connectivity and neutrality of technology for the national benefit; and the need to marshal, organize and deploy national information infrastructures, comprising in both telecommunications network and strategic information services, including their interconnection to the global information networks, with the necessary and appropriate legal, financial, diplomatic and technical framework, systems and facilities.

Identify niche markets

The identification of niche markets in the region shall help in distinguishing which product or service the region needs to promote aggressively. In order for the region to identify its niche market, the following major activities shall be undertaken:

- Inventory of skilled workers
- Conduct of market research
- Develop a comprehensive and reliable database (i.e., Davao Region Geographic Information Network (DRGIN))
- Implement the industry HRD action plan formulated by the Davao Region Industry Cluster Human Resource Development Task Force

Strengthen the industry clusters

Building on the gains of the industry clustering strategy implemented in the previous plan period shall be pursued to continuously improve the performance of the industry clusters. To accomplish this, the following activities shall be carried out:

- Conduct strategic planning sessions
- Undertake marketing activities for the industry cluster commodities
- Implement the Industry Cluster Action Plans resulting from the DICCEP
- Design an industry performance evaluation system

Reduce the cost of doing business and improve the business support environment

Simplifying business rules and regulations to reduce the cost of doing business shall be pursued to encourage the entry of more investors. Aside from infrastructure support, LGUs shall undertake policy and procedural reforms in processing the requirements of investors.

The provision of incentives shall speed up the development of the special economic zones and IT parks in the region, as well as make the region more attractive to locators.

To attain increasing growth levels, importance shall be given to the improvement of the business climate to include good governance and human resource development, among others. Major activities that contribute to the achievement of this strategy are:

- Improve the operations of one-stop-shops such as the National Economic Research and Business Assistance Center (NERBAC)
- Develop and promote new investment models
- Identify projects on Venture Capital Formation
- Advocate for the establishment of PPP satellite center in Davao Region
- Follow through initiatives in the completion and operation of special economic zones and IT park in the region

Strengthen knowledge management

The volume of information has increased greatly, how to filter out the key information needed to support decisions made by leaders, businessmen and other stakeholders has become a challenge. Knowledge management shall play a key role in supporting the information needed by relevant sectors. Best practices shall be documented and disseminated and conduct of impact assessment studies shall be initiated to encourage knowledge-based decision-making.

Advocate for Quality Management System in local government units

The LGUs shall also endeavor to align their systems with the International Organization for Standardization (ISO). Conduct of advocacy activities that will promote quality management system in LGUs shall be one of the major undertakings of national line agencies.

Create an enabling environment to mainstream DRR/CCA in industry and services sectors

To lower the region's vulnerability to climate changes and disaster risks, compliance of the business sector to DRR standards in their operation systems shall be established. This shall include the operations of the mining companies and in areas found to be suitable for mineral explorations. Advocacy and awareness-raising activities among the private sector shall also be heightened.

IV. MAJOR PROGRAMS, PROJECTS AND ACTIVITIES**Strengthen trade and marketing promotion**

- Conduct of inbound and outbound travel and trade missions
- Conduct of trade expo

- Conduct of regional tour expo
- Production of quality and focused collaterals
- Undertake aggressive online marketing activities

Improve quantity and quality of products and services

- Conduct of skills upgrading and competency building
- Assist in local product development

Improve access to financing

- Adopt models like credit scoring for SME lending
- Package proposals on extending credit to SMEs under non-traditional mode of credit lending
- Creation of new credit facilities that are responsive to the needs of recipients (i.e. MSMEs)

Upgrade standards/services of tourism facilities

- Construction of support facilities for tourism destinations
- Lobby for policy support on the improvement of services related to tourism

Improve infrastructure facilities

- Energy development
- Improvement of Sasa Wharf
- Construction and improvement of more Farm-to-Market Roads
- Improvement of the Davao International Airport Terminal Building and Equipment
- Construction of Modern Post-harvest Facilities
- Construction, completion and rehabilitation of irrigation facilities
- Adoption of more modern post harvest facilities such as warehouses, cold storage, etc.
- On-site and off-site facilities for tourism destinations

Increase road network to tourism destinations

- Road networks in support to the tourism circuit built around the international gateway (Davao City). This road network shall serve primary tourist destinations including Mt. Apo, Mt. Hamiguitan and the Island Garden City of Samal

Good image building and strengthen international relations

- Host international summits, conventions and events

- Tap overseas Filipino communities to act as marketing representatives who will generate interest in business engagements to the region
- LGUs to enter into sisterhood pacts with other key cities and countries
- Constant press release and success stories featured in the tri-media

Increase adoption rate for online marketing

- Conduct of computer literacy trainings for MSMEs
- Conduct of trainings on online marketing promotion

Identify niche markets for the region

- Inventory of skilled workers
- Conduct of market research
- Develop a comprehensive and reliable database (i.e. Davao Region Geographic Information Network (DRGIN))
- Implement the industry HRD Action Plan of the Davao Region Industry Cluster Human Resource Development Task Force

Strengthen the industry clusters

- Conduct strategic planning sessions
- Undertake marketing activities for the industry cluster commodities
- Implement the Industry Cluster Action Plans resulting from the DICCEP
- Design an industry performance evaluation system

Reduce the cost of doing business and improve the business support environment

- Sustain the operation of the National Economic Research and Business Assistance Center (NERBAC)
- Develop and promote new investment models
- Identify projects on Venture Capital Formation
- Advocate for the establishment of PPP satellite center in Davao Region
- Follow through initiatives on the completion and operation of SEZs and IT parks

Strengthen knowledge management

- Document best practices
- Conduct of impact assessment studies

- Increase use of e-commerce

Advocate for Quality Management System in Local Government Units

- Conduct of advocacy activities that will promote quality management system in LGUs

Create an enabling environment to mainstream DRR/CCA in industry and services sectors

- Advocate and disseminate IEC materials on DRR/CCA
- Monitor compliance to mechanisms on DRR standards

Chapter 4: Strategic and Sustainable Infrastructure

Infrastructure development in Davao Region in the last six years enhanced the access and mobility of people, goods and services within and outside the region. The sector contributed to the attainment of economic growth and job generation, and providing access to basic social amenities through the construction of major infrastructure projects that supported the development and growth of agro-industries in the countryside and strengthened trade linkages within the country and around the neighboring countries in Asia and the rest of the world. For the period 2011-2016, Davao Region strives to provide strategic and sustainable infrastructure to improve and sustain the gains that it has achieved particularly in enhancing its connectivity from within and outside the region and providing quality infrastructure services for socio-economic development. Priority areas of concern for infrastructure development are focused to support the Industry Cluster Approach for agri-industrial development, attainment of the Millennium Development Goal (MDG) targets, mainstreaming of disaster risk reduction and climate change adaptation, gender and development and peace and development. Good governance in infrastructure development shall be pursued with greater collaboration and cooperation with private sector and civil society organizations (CSOs) in the planning, implementation, monitoring and evaluation of programs and projects. Transparency and accountability in the implementation of government infrastructure projects shall be promoted aggressively through the Regional Development Council and its committees, and the local development councils as well. All these convergent efforts shall lead to the reduction of poverty to realize the Davao Region vision by 2016.

I. ASSESSMENT

The construction of major road projects boosted economic linkages of the Davao Region with Northern Mindanao, SOCCSKSARGEN, and the Caraga Region. Farm-to-market roads, on the other hand, contributed to making agricultural produce accessible to markets and trading centers.

Irrigation development supported agricultural productivity through the construction of several irrigation facilities. However, these were not sufficient to meet the demands of areas not yet served by irrigation facilities.

Towards the end of the past plan period, Davao Region experienced power outages that affected substantially its economic activities. Energy sufficiency and reliability remain to be challenging despite the significant developments of private sector-led power generation. Efforts in harnessing alternative and renewable energy sources continue to be explored to meet the current and potential power demands.

The expansion of telecommunications and other digital infrastructure created competitive advantage for Davao Region as the new ICT hub in Southern Philippines. It also paved the way for the

connectivity of the whole of Davao Region through the expansion of coverage of the cellular mobile telephone system.

Notwithstanding the substantial contribution of infrastructure to achieving the regional vision, more efforts remain to be done in Davao Region to achieve effective internal circulation between its urban centers, industry and tourism areas, and production areas, as well as, strengthen its trade linkages to the domestic and global markets.

The assessment of the sector's performance in 2004-2010 focused on the extent of the development of infrastructure facilities to generate employment, facilitate the flow of people, goods, services, as well as attract private investment and enhance formation of specialized industries. Partnership, collaboration and cooperation between the government, private sector and civil society were undertaken towards the achievement of these development thrusts in the past plan period.

Enhancing Access and Mobility through Transport

The region's arterial road network substantially connects it to other parts of Mindanao and the rest of the country. In 2004, the total road network of Davao Region was 14,609.21 kilometers with a computed road density of 0.82 kilometer per square kilometer of arable land area. Though the figure has increased in 2010 with a total road network of 15,745.060 kilometers or a road density of 0.89 kilometer per square kilometer of land, the total is still below the national road density standard of one (1) kilometer per square kilometer of land.

Effectively, the requirement for the Davao Region to meet the road density standard is the construction or opening of a total of 1,981.950 kilometers of road. Among the areas in the Davao Region, the Provinces of Davao del Norte and Davao del Sur registered the highest road density at 1.33 and 1.17 kilometer per square kilometer of land, respectively, surpassing the road density standard. On the other hand, Davao Oriental registered the lowest road density figure at 0.51 kilometer per square kilometer of land. With the substantial efforts in improving the road network of Compostela Valley and Davao City in recent years, the current road density level of Compostela Valley is now at 0.77 kilometer per square kilometer of land, and that of Davao City with 0.83 kilometer per square kilometer of land.

The increase in the road density of the Davao Region from 2004 to 2010 translates to an additional 1,136 kilometers of roads constructed over the last six years, which is close to the target set in the DRDP 2004-2010 of 1,155 kilometers. Various upgrading and improvement of national and secondary road network were implemented in order to achieve high standard highway quality and internationally accepted road safety standards. Upgrading and reconstruction of critical bridges along national roads were also focused on.

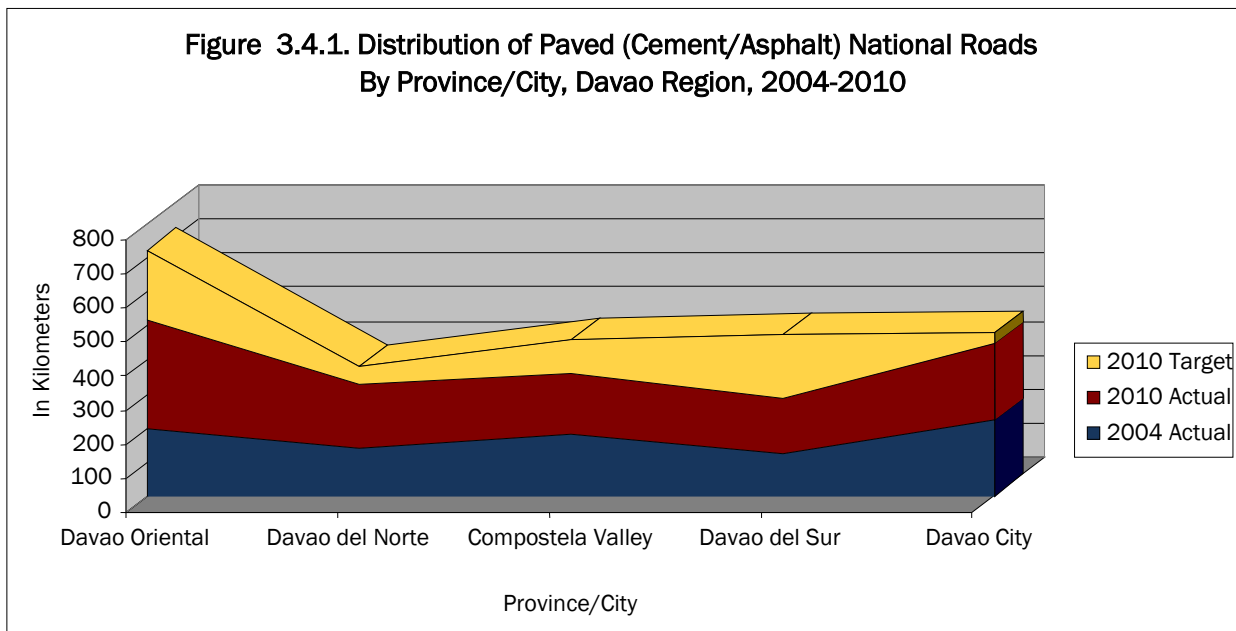
The improvement of major road projects linking Davao Region to Caraga Region through the Davao-Cotabato Road allowed greater mobility of people and goods, particularly in the production areas in Davao Oriental. Coconut farmers in the province benefit from the improvement of this road network.

In the same light, the opening the Kapalong-Talaingod-Bukidnon Road also improved trading activities in this part of the Davao Region. Rice and corn farmers benefited from this road project, as well as, vegetable farmers who can now easily bring down their goods to the trading centers in

Tagum City and Kapalong town. The much improved road condition considerably reduced the transportation cost of farm produce, at the same time ensuring that the goods arrive in the market still fresh.

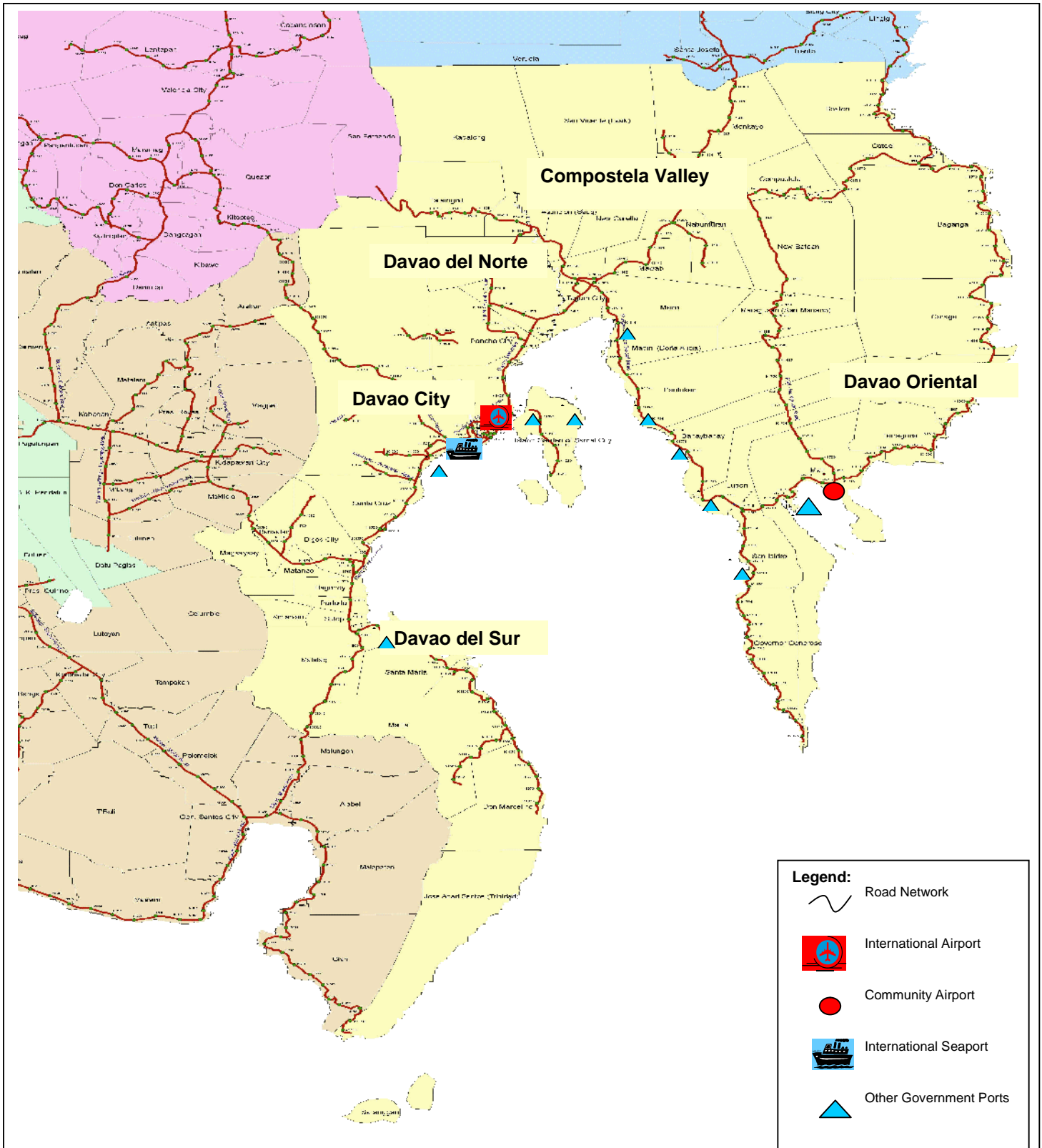
The Davao-Bukidnon Road connects Davao Region to Northern Mindanao; the Davao-Surigao Coastal Road links Davao Region with Caraga and the Davao del Sur-Sarangani Coastal Road connects the region to Central Mindanao. This connectivity was further augmented with the completion of the Kapalong-Talaingod-Valencia Road in February 2010, connecting Davao del Norte directly to Valencia City, Bukidnon, as well as, the Surigao-Davao Coastal Road (Manay-Boston Section), connecting Davao Oriental to Surigao del Sur. These projects have further improved trading links, as well as boost economic and tourism activities within these areas.

The higher density of good quality roads can also be attributed to the total paved roads in kilometers over the total arable area of the region, which translates that 865 kilometers or almost 60 percent of national road paved in 2004. An additional 207 kilometers or 69 percent have already been paved for the last six years (Figure 3.4.1).

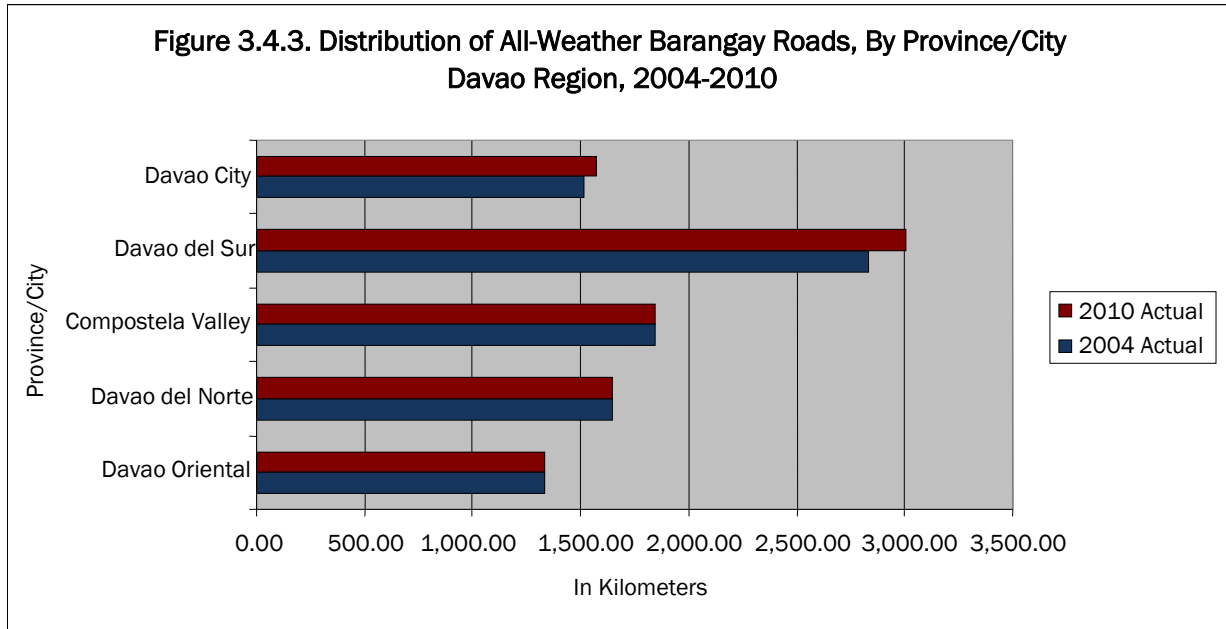


Source: DPWH XI

Figure 3.4.2. Existing Road Network, Airports and Ports, Davao Region, 2010

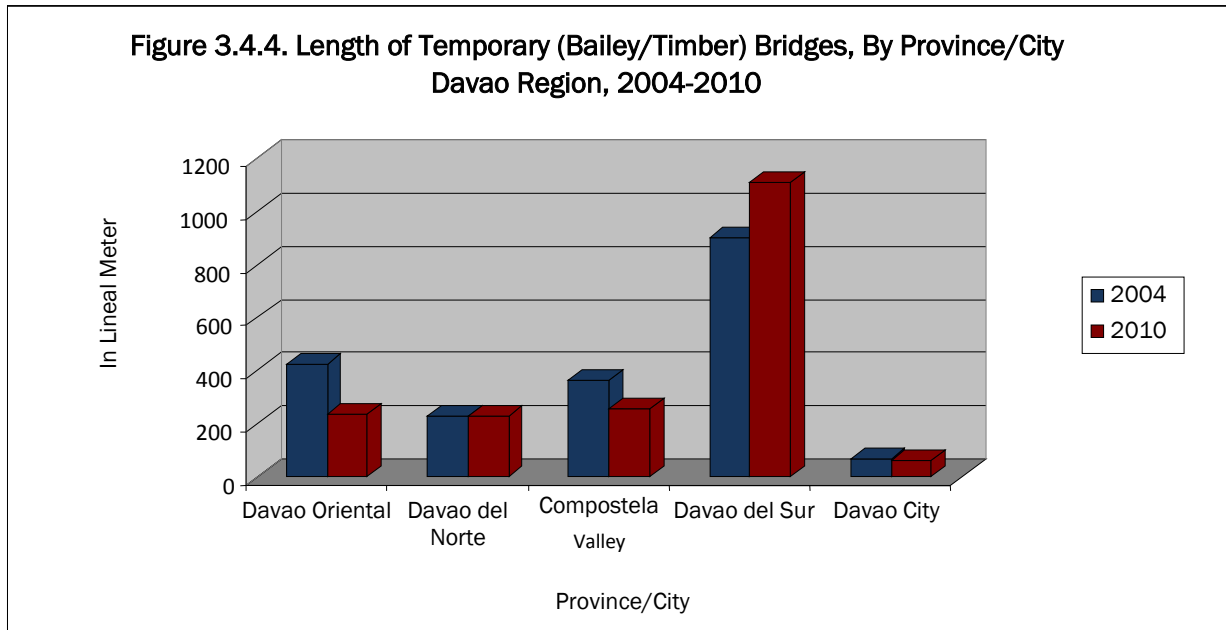


Complementing the paving of national road projects, a total of 9,398.62 kilometers of all-weather roads have been constructed to date. These roads allow the easier link of the farms to the arterial/secondary roads. Many of these all-weather barangay roads are located in Davao del Sur, totaling about 3,004.50 kilometers. Davao Oriental registered the least number of all-weather barangays roads with only about 1,337 kilometers. The length of all-weather barangay roads for Davao Oriental, Davao del Norte and Compostela Valley provinces remained unchanged in the last six years since most of the projects implemented in these areas were improvement and upgrading of existing road network (Figure 3.4.2).



Sources: LGUs, Davao Region

While the region is physically connected with the adjoining regions in Mindanao, poor road condition in major thoroughfares hampers inter-regional economic activities. The expansion of agricultural activities in the resettlement and key production areas necessitates the opening and construction of alternative routes and farm-to-market roads, as well as, the conversion of temporary (bailey/timber) bridges to permanent (concrete/steel) bridges. These bridges are mostly located in Compostela Valley and Davao Oriental. To date, the total length of temporary bridges in the Davao Region is estimated at 1,894 lineal meters (Figure 3.4.3).



Sources: DPWH XI, LGUs, Davao Region

Davao Region is served by forty (40) port facilities for its cargo and passenger traffic. Seventeen (17) of its port facilities are administered by the government and the rest are privately owned ports. The government-owned ports include the baseport at Sasa (Sasa Wharf), the terminal port (Mati Wharf) in Mati City, Davao Oriental and the rest are municipal ports. The Davao Fish Port Complex also exists in the region particularly located in Toril, Davao City. The 4.5 hectare port complex is operated and managed by the Philippine Fisheries Development Authority (PFDA). It serves as a center for the collection, processing, storage and packaging of fishery and marine products for distribution to Davao City's area of influence and to the export market.

Sasa Wharf is one of the largest and busiest port facilities in the Southern Mindanao area, as well as the country's premier export and import hubs. It serves inter-island and international shipments, largely dominated by container cargo, raw materials, bulk cargo, general cargo and passenger traffic. It ships out bulk cargoes to Hongkong, China and Singapore at least thrice a week. Its expansion further improved the region's international and inter-regional sea transport services. The Mati Wharf in Davao Oriental is serving the eastern portion of the region. The municipal ports are distributed among the provinces in the region. Five ports are located in Davao del Norte (Babak, Caliclic, Kaputian, Limao and Peñaplata, all in the Island Garden City of Samal), four ports in Davao del Sur (Dawis, Malalag, Sta Cruz and Sarangani), three ports in Davao City (CASODECO, Km. 11 Sasa, Sta Ana), and one port each in Davao Oriental (Lupon Port) and Compostela Valley (Maco Port).

While there is a good number of sea ports in the Davao Region, the physical condition of most of these ports need further improvement. Other than the need to improve the physical condition of the port facilities, there is also a need to install good quality port cargo handling facilities. To date,

except for the Sasa Port, the cargo handling facilities of the smaller ports around the Davao Region are way below standard.

Apart from enhancing public access to selected tourism areas throughout the country, the implementation of the Strong Republic Nautical Highway offers an alternate route for the flow of agricultural products, efficient option for transporting goods from Mindanao to Luzon, creating new and bigger markets, and building a stronger network for inter-island trade between the north and the south.

The continuing modernization of Sasa Wharf is being implemented to accommodate larger and more foreign vessels from Hongkong, China, Singapore, Australia, Europe, the United States of America, Middle East and the countries from BIMP-EAGA, as well as, boost local tourism and domestic trade.

The region's air cargo and passenger traffic needs are served by the Davao International Airport or the Francisco Bangoy International Airport. It accommodates approximately 1.2 million passengers and 84,600 tons of cargo annually. It is complemented with the latest navigational, security and baggage handling equipment including an extended single 3,000-meter precision runway which can accommodate large aircrafts such as 747s and Airbus A-340s. Despite the fact that the Davao International Airport is categorized as an "international airport", it currently serves only one international destination, Singapore. There are occasional chartered flights to Davao from Manado by Wings Air. Cebu Pacific Air used to serve Davao-Hongkong and Singapore, however, these flights were discontinued in 2009. Similarly, given that the terminal building is equipped with modern facilities and services, the full utilization of these facilities should be maximized, given the low frequency of flights catering to domestic routes. The adoption of an "open skies" policy need to be pursued to maximize the utilization of the airport's facilities, as well as expand its services to the international market through the implementation of a more aggressive marketing plan.

Mati Airport, classified as a secondary airport, can accommodate military aircraft and helicopters in the north side of the region. Apart from these two facilities, twenty-eight (28) aerodromes/airstrips are operating and owned by private entities, majority of which provide specialized services to agricultural plantations.

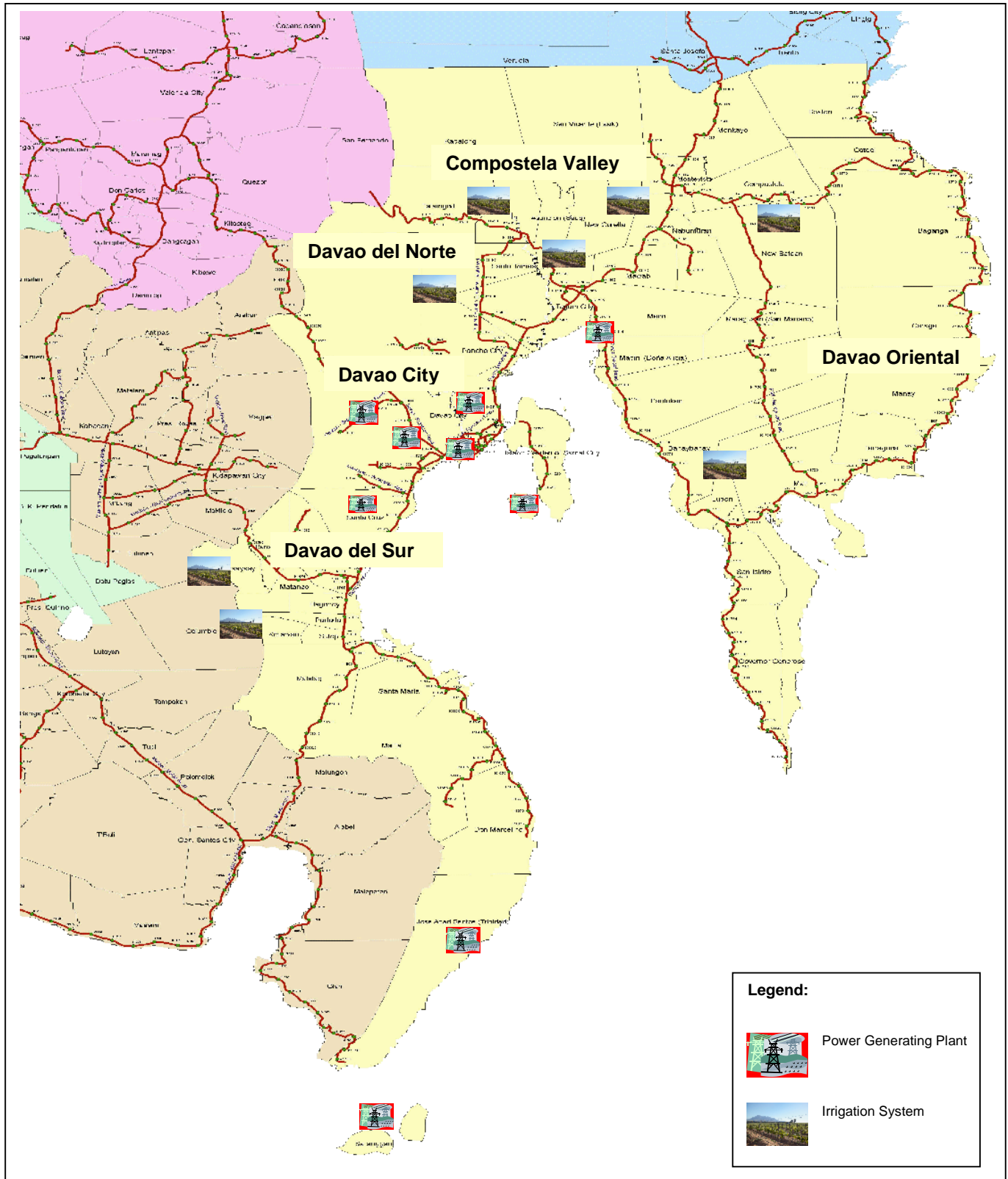
Providing Water Supply for Farms and Households

With respect to irrigation service facilities, the region's total serviced area is only about 59 percent of the total potential irrigable area. The slow development of irrigation areas in the region was attributed to several irrigation service areas needing rehabilitation, as well as, the lack of sufficient funds of NIA and the LGUs to properly operate and maintain irrigation systems.

Davao Region is currently on track as far as attaining the Millennium Development Goal (MDG) of halving the percentage of population without sustainable access to improved water source. As of 2009, NSCB's MDG Watch reported that the Region's status is at 8.9 percent of the total population without sustainable access to safe drinking water against the 2015 MDG target of 11.0 percent. Despite this high probability of reaching the MDG on improved water source accessibility, the challenge remains in the rural areas which still lack Level II and Level III water facilities. Women and

children are the major users and collectors of water and if the levels of accessibility will not be improved, these are the sectors that are heavily affected. Some tap stands are also located along highways or roadsides that may adversely affect the safety and security of women and children collecting water for domestic use.

Figure 3.4.5. Existing Irrigation and Power Facilities, Davao Region, 2010



Responding to Energy and Electrification Needs

Another aspect in the infrastructure sector that needs to be given important consideration is the power and electrification sector. Based on recent information, the household energization rate is only computed at about 65 percent. In actual figure as of 2007, the total number of households not energized is about 278,000 households.

The power requirement of the main Island of Mindanao including Davao Region is supplied by the Mindanao Power Grid. Currently, the supply is sufficient at 1,682 MW existing capacity. The power for the Mindanao Power Grid is generated from six sources. The dependency (fifty-two percent) on hydro-power generation of the Mindanao Power Grid is prone to instability in power supply during extended drought. The rotational brownouts experienced in 2010 proved detrimental to the overall economy of Mindanao particularly Davao Region.

Power generating facilities in Davao Region has an installed capacity of 197 MW. The recent completion of the Sibulan Hydro-Power Plant in Davao del Sur, which is the only addition in Davao Region in the last six years; will make the total installed capacity at 240 MW level. This represents only one-third of the power requirement of the entire region. The deficit is being supplied by the Mindanao Power Grid particularly from power generated in Northern Mindanao (where most of the major hydro-power plants and coal-fired plants are located) and transmitted into the region. The immediate completion and commissioning of the 230 kV Maramag-Bunawan Transmission Facility is necessary to ensure that additional power for Davao Region is provided.

While the current capacity of the Mindanao Power Grid is sufficient to supply the demand for the entire Mindanao, additional power capacity is immediately needed to meet the increasing demand for power particularly in Davao Region brought about by the rapid expansion of commercial and agro-industrial activities.

On the other hand, Davao Region is endowed with potential sources of renewable energy, thereby, making it imperative to consider the development of its alternative sources of energy. Once the renewable sources of power in the region are developed, there will be enough power supply to meet the increasing requirements for sustained development of the region in the immediate future. Optimizing the use of renewable energy sources is its contribution to reducing the region's and the country's carbon footprint.

Davao City and four towns of Davao del Norte which are the franchised areas of Davao Light and Power Company, consumes forty-five percent of the total power demand of Davao Region. The commercial and industrial sectors consume sixty-one percent of the total annual energy consumption.

Ensuring Access through Modern Telecommunication and ICT Facilities

In today's fast-paced and rapidly changing world, access to quality information is considered a critical component for economic development and poverty reduction. Information and Communications Technology (ICT) has the potential to facilitate economic development and aid in the delivery of social services. ICT facilities—such as fixed lines, mobile phones, and the Internet—serve as tools to access relevant information and communication services that can help provide crucial knowledge inputs to enable productive activities in rural and poor households, make markets more accessible, increase the reach and efficiency of the delivery of social services, and give people a chance to influence policy and decision-making.

A number of challenges remain in terms of expanding access, especially to rural areas in Davao Region. The digital divide can be characterized in the areas of ownership, access and utilization of ICTs.

Access to ICT services in Davao Region is customarily measured by the availability or number of telephone facilities (TL), public calling offices (PCO), telegraphs stations (TS) and postal offices (PO). At present, Davao Region is provided with several other forms of telecommunication services using the latest technology on wireless communication and internet connections.

Telephone land lines in the region that were actually subscribed decreased from 139,805 lines in 2005 to 82,027 lines in 2006 but increased to 96,065 lines in 2010. Davao City accounted for the bulk at 73 percent. The initial decrease in the subscription level was due to the availability of cellular mobile telephone service (CMTS) and the latest increase is due to the DSL internet service packaged with telephone lines offered by leading communications companies especially in most cities in the region.

The use of the CMTS has become the common mode of communication in the region. This is due mainly to its widespread availability and affordability in both urban and rural areas. Notwithstanding the technical or geographic coverage of a cell site, a municipality/city with at least one cell site is considered served with CMTS. In the assessment, the annual target is set at forty-nine which corresponds to the total number of municipalities/cities in the region. From 2004 until the end of 2007, there were only eleven (11) municipalities/cities with cell sites. In 2009, all municipalities/cities in the region host at least one cell site. As of First Semester of 2010, the total number of cell sites is 607, which increased significantly from 67 in 2004. Thirty-four percent or 205 cell sites are located in Davao City.

The Telecommunications Office (TelOf) continues to provide telecommunication services through Public Calling Offices. At present, there are only 18 remaining public calling offices over the region. The significant decrease in number is primarily due to the entry of CMTS in remote areas. On the other hand, the postal services improved due to the increases in number of post offices from 60 in 2007 to 111 outlets in 2010 including those located in malls, retail stores and other strategic public centers.

The bandwidth to meet the increasing demand of BPOs such as call centers and software development companies is also available. In addition, infrastructure facilities for broadcast in AM/FM radios, TV, cable TV and Direct-to-Home (satellite) TVs are likewise available.

Providing Access to Education and Health Facilities

The region's social infrastructure subsector requires a major boost. Concerns in this regard are focused on supporting the provision of quality basic education, particularly the construction of school buildings and classrooms. At the start of the past plan period in 2004, the classroom needs for the entire Davao Region was placed at 2,186 classrooms. The figure represents the total elementary school classroom needs of 1,636, and 550 classrooms for the secondary schools.

By school year 2009-2010, the total number of classroom needs of the Davao Region for the elementary level has been reduced to 1,159. However, the classroom needs for the secondary level increased to 1,173. While the figures for classroom to pupil and student ratio region-wide appears to be within the ideal number, the situation, on a school-to-school basis, shows a different scenario

in terms of classroom needs. The disparity in terms of the availability of this type of social infrastructure holds true.

Health facilities, particularly the availability of main health centers and barangay health stations, are among the concerns being considered in the aspect of health infrastructure. By the end of the past planning period in 2010, at least nine (9) main health centers need repair and/or upgrading. Moreover, a total of 87 barangay health stations (BHS) need to be constructed, while another 71 BHS needs repair and/or improvement.

II. CHALLENGES

The foregoing assessment of the region's infrastructure sector points to the challenges that it will face in the next six years, as follows:

Need to improve access to and quality of infrastructure and logistic support

The region still has to catch up in terms of construction of more and better quality roads in order to achieve high standard highway quality and internationally accepted road safety standards. As to logistics, the region needs to improve the facilities of its ports in order to provide for the efficient, safe and secure sea transport, particularly cargo handling. The high domestic shipping rates have been a restrictive factor that made exporters and traders less globally competitive as they increase the cost of export products and imported raw materials. The region has to deregulate shipping industry environment by allowing the shipping sector to set shipping rates in line with market forces. The implementation of the Strong Republic Nautical Highway for an alternate route for the flow of agricultural products, efficient option for transporting goods from Mindanao to Luzon, creating new and bigger markets, and building a stronger network for inter-island trade between north and south shall be given priority in the region.

On irrigation, it has been noted that the development of irrigation services had been very slow over the years. In 2004, the irrigation service coverage was computed at about 44 percent. By 2009, the coverage grew to about 59 percent, or an increase in percentage points of about 15 percent for a span of five years. Considering the significant contribution of irrigation to agricultural productivity, access to this service shall be addressed by NIA, the LGUs and irrigators' associations (IAs).

One important aspect of access to infrastructure facilities that needs improvement is the stability of power supply. Aside from reliability and efficiency, affordability is also one of the considerations for accessibility. In line with this, there is also need to improve the distribution of electricity for household energization.

A major concern for Davao Region, as well as the rest of Mindanao is its dependency on generating power from hydro-power plants. Latest recorded and predicted rainfall patterns show a steady decrease in rainfall events in Mindanao which is a significant consideration for power generation from hydro-electric power plants.

Ownership of other forms of ICTs such as personal computers and internet access which could expand reach of knowledge is still limited to urban areas and major town centers in the region. The ownership of personal computers is limited mainly due to limited access to telephony, internet and

broadband technology. Differences in effective utilization of the ICTs which can be characterized in the use of personal and office computers for work-related tasks is also limited.

To attain the Millennium Development Goals on education and health, greater access to school and health facilities should be addressed, particularly in school-less areas of the region that are located in mountainous and populated predominantly by indigenous people (IPs) and other cultural communities.

Disparity in infrastructure service delivery

Despite the efforts of the local government units to construct more roads, the region as a whole still failed to achieve the road density standard. While some parts of the Davao Region already surpassed the standard, the other provinces are lagging behind in terms of meeting the standards for road density. The provinces of Davao Oriental and Compostela Valley registered road densities that are much lower than Davao del Norte and Davao del Sur.

Another problem compounding the lack of road network is the quality of the roads constructed, particularly in the countryside, which are the links to production areas. The disparity in the quality of roads between the rural areas and the urban centers is quite evident in the far flung areas of the regions.

Aside from the length of roads constructed, the other aspect of disparity is the quality of roads. Rural roads are much inferior in terms of quality compared to the roads in the urban areas.

Weak governance for sustainable infrastructure services

The region has also to address recurring issues on the effective and efficient use of public and private resources in the provision of infrastructure services as culled from regular monitoring reports of the Regional Project Monitoring Committee (RPMC) XI. These issues bordered on the need to improve local government capacity to implement infrastructure projects and provide regular maintenance and rehabilitation because of insufficient budgetary resources.

An effective results monitoring system also needs to be established to measure access and sustainability outcomes of infrastructure spending. Anti-corruption programs need to be strengthened, particularly in procurement of infrastructure services and to promote transparency and accountability in project implementation of line agencies and LGUs.

III. STRATEGIC FRAMEWORK

The challenges of the infrastructure sector in the Davao Region shall be addressed by enhancing its connectivity internally between and among Davao City and other urban and developing areas, as well as externally within and outside Mindanao, and in the Southeast Asian region with quality transportation facilities and services. Improved irrigation facilities and services shall be pursued to support food security and agri–industrial development. Reliable and sufficient power and electrification facilities and services shall respond to the needs of industries and services for higher growth and productivity. Improved and greater access to information, communication and technology (ICT) facilities and services shall enable the region to be connected to the digital highway for participation in the global economic arena. The provision of improved and more social infrastructure facilities and services like potable water supply, school buildings, hospitals, waste

management and sewerage facilities shall support the human development needs in line with the attainment of the Millennium Development Goals (MDGs), and contribute to human resource development for employment and productivity. With these facilities and services, the provision of strategic and sustainable infrastructure shall be attained and seen to contribute to the achievement of the objective on high and sustained economic growth, leading to the improved quality of life for all by 2016.

Goal

Enhanced Connectivity and Quality of Infrastructure Services for Sustained Economic and Inclusive Growth

Objectives

By 2016, the following objectives shall have been achieved by the sector, viz:

1. Improved internal circulation, mobility and external linkages by:
 - Paving 100 percent of the total arterial roads and 78 percent of the total secondary roads;
 - Upgrading/improving all temporary bridges to permanent (steel/concrete bridges); and
 - Opening/construction of 1,982 farm-to-market roads to allow easier link of the farms to the arterial/secondary roads.
2. Improved access to water facilities by ensuring that ninety-five (95) percent of the households have access to water facilities, broken down as follows:
 - For Level 3 water facilities – 40 percent;
 - For Level 2 water facilities – 35 percent; and
 - For Level 1 water facilities – 20 percent
3. Improved irrigation services by increasing the proportion of serviced area to potential irrigable area to 80 percent.
4. Improved sufficiency and reliability of power by:
 - increasing supply of power generated from within the region from 240 MW to 540 MW;
 - increasing the number of households energized from 66 percent to 80 percent; and
 - energized ninety (90) percent of puroks/sitios.
5. Improved access to information and communication technology by providing all barangays with appropriate ICT facilities; and increasing the total number of cellsites, particularly located or distributed in Davao Oriental and Compostela Valley, and along sections of the national arterial road network which are currently unable to receive CMTS
6. Improved education and health facilities by:
 - Reducing by 75% the backlog in the classroom requirement;

- Completing the construction of barangay health stations in all barangays in the Davao Region; and
- Completing the construction and repair of all main health stations.

Strategies

Cross-cutting Strategies

1. Pursue strategic infrastructure planning for transport, energy and power, ICT, and water resources to address sustained economic growth
2. Ensure security and safety of critical infrastructure services of the region through coordination with local government units, military and police officials.
3. Harness the participation of private sector in infrastructure development through private-public partnership (PPP), corporate social responsibility (CSR) and other modes of partnership and collaboration
4. Strengthen governance for sustainable infrastructure services by adopting results monitoring and evaluation system for performance management and implementing anti-corruption programs such as Integrity Development Action Plan, Citizen's Charter, ISO accreditation, etc.

Strategies Supportive of High Sustained Economic Growth

Improving Internal Circulation and Physical Linkages

1. Improve road network by pursuing the opening of roads and conversion of local roads of strategic importance to national roads to ensure regular maintenance and rehabilitation.
2. Improve national arterial and secondary roads and provincial roads that connect the municipal centers and provincial market/trading centers to promote efficient flow of people, goods and services.
3. Develop urban mass transport system for Davao City and its environs to provide safe, affordable and reliable commuter service in the short-run, and to contribute to the reduction of carbon (green house gas) emission and climate change adaptation (CCA) in the long-run.
4. Implement travel demand management approaches and integrate land use and transport management in urban areas to complement the development of mass transport system to make efficient the transport system and manage congestion.
5. Improve capacity for cargo and berthing of major seaports and alternate ports to meet current and future demands of passenger and commodity transport within and outside the region.
6. Develop rural airport system for tourism and more importantly as proactive response to disaster and security emergency situation.

7. Develop water (gulf) transport system that will serve the coastal provinces of Davao Region and Central Mindanao with the Island Garden City of Samal as the transport hub enhancing the flow of people and goods and the region's tourism highway.
8. Implement an integrated road-based transport network that shall promote the reduction of vehicle emission, as well as social and economic drain due to road traffic accidents.

Enhancing Digital Connectivity

1. Expand ICT infrastructure such as cellsites, CATV and broadband internet connectivity.
2. Establish tele-centers or community e-centers in all cities and provincial growth centers
3. Modernize public telecommunication facilities and postal operations in the municipalities including the public calling offices and internet facilities

Improving Energy Sufficiency and Reliability

1. Develop the Davao Region power mix by pursuing the identification and development of potential renewable energy sources in Davao Region as a long term strategy, and by investing in the short-term power sources, particularly by setting up diesel power plants and barges to arrest the expected shortage in power in the immediate future.
2. Identify and develop potential renewable energy resources in the region.

Improving Irrigation Services

1. Improve irrigation services in the region by strengthening the capacity of irrigation associations to implement the irrigation management transfer (IMT), restructuring/streamlining of the National Irrigation Administration to address financial and operational problems and implement on a pilot basis the volumetric pricing scheme.

Strategies Supportive of Providing Equal Access to Development

Improving Access to Household Energization

1. Accelerate household energization particularly in hard-to-reach areas by enforcing the missionary electrification

Improving Access to Water Resources

1. Develop community based water supply systems including the employment of rainwater harvesting technologies for non-potable use.

Providing Access to Quality Social Infrastructure and Other Facilities

1. Ensure strategic allocation of school building projects to needy schools
2. Pursue adopt-a-school program

3. Maximize support by the LGUs in financing school building programs through their special education fund and the construction of barangay health stations through local government support
4. Integrate disaster resilient and climate proofing design aspects on school buildings and community health centers
5. Protect communities from floods
6. Pursue the proper management of wastewater and solid waste

IV. MAJOR PROGRAMS, PROJECTS AND ACTIVITIES

Land Transport

- Paving of national arterial and secondary road network to facilitate inter- and intra- regional transport of goods and services.
- Widening of national arterial roads, in particular the Agusan-Davao Road and Davao-Cotabato Road, to accommodate increasing volume of motor vehicle traffic.
- Upgrading of bridge facilities along national arterial roads including the construction of additional lanes and increase capacity.
- Construction and upgrading of bridge facilities along provincial/municipal/barangay roads to improve intra- regional travel.
- Construction and improvement of strategic farm-to-market roads to open up potential production areas particularly in Davao Oriental and Davao del Norte.
- Conduct of feasibility study on an urban mass transport system in Davao City for efficient public transport and improved urban environment.
- Implement traffic demand management approaches and integrate land use and transport management to optimize use of public space in urban areas.
- Improvement of pedestrian facilities and construction of bicycle lanes in urban areas including the cities of Davao, Tagum and Digos,
- Construction of by-pass roads, coastal roads and expressway in/along growth corridors including vehicular over/underpass in major intersections in the convergence areas of Davao City and the other urban areas in the region to alleviate congestion or bottlenecks in the road transport system.
- Conduct of feasibility study for the establishment of the efficient mass public transport (i.e. light railway system) that will connect the cities of Tagum, Davao and Digos.

- Pursue preparatory work leading to the construction of a bridge that will link the Island Garden City of Samal to Davao City.
- Pursue preparatory work for the opening of Padada-Columbio Road in Davao del Sur to open up vast agricultural areas and facilitate inter-regional travel.

Sea Transport

- Expansion of Sasa Wharf for the terminal building and roll on-roll off (RoRo) berth facility for improved passenger and cargo sea transport.
- Development of quay crane rail at Sasa Wharf and Increase berth length of Sasa Wharf to improve vessel and cargo handling capacity.
- Upgrading of cargo handling equipment at Sasa Wharf to improve overall cargo handling efficiency.
- Improvement of port facilities and passenger terminal of all ports to enhance overall transport efficiency in Davao Region.
- Establishment/improvement of ferry system and facilities including fast craft services of ports in the Davao Gulf such as Gov. Generoso, Banaybanay, Lupon, Malita, Jose Abad Santos and especially the development of a modern ferry system linking Davao City and the Island Garden City of Samal
- Improvement of the Malalag Port to open up economic opportunities in the Malalag Bay area.
- Conduct of feasibility study for the establishment of ports in Panabo City or Tagum City to anticipate exchange and transport of agricultural produce from Bukidnon with the opening of the Kapalong-Talaingod-Bukidnon Road.

Air Transport

- Conduct of feasibility study on rural airport system including the improvement of the operational capability of Mati Airport in Davao Oriental to support economic and tourism activities in the area, and transport of goods and services in times of natural and man-made emergencies.

Digital Infrastructure

- Construction/installation of cellsites in strategic locations
- Expansion/improvement of internet connection accessibility in major urban areas and key towns

Power

- Full energization of barangays in the region particularly those located in remote areas of the municipalities of Don Marcelino and Jose Abad Santos in Davao del Sur
- Install/establish additional sub-station and transmission lines to complete the power interconnection in Davao Region' power grid particularly in Davao Oriental and Compostela Valley
- Improve/upgrade the submarine cable link to stabilize the supply of power in the Island Garden City of Samal
- Profile and pursue the development of potential renewable energy sources in the region including the Aliwagwag Falls in Cateel in Davao Oriental and Tamugan and Suwawan in Davao City for hydro-power plant, geothermal power plant in Compostela Valley, solar and wind in the Island Garden City of Samal and the East Coast and Gulf towns in Davao Oriental and other sources such as biomass.
- Construct/install additional power generation plants from a mix of sources including oil-based mobile and fixed plants and coal-fueled plant in Davao City.
- Implement joint energization and rural electrification projects including construction/installation of solar and micro/pico hydro-power facilities by the national government, local governments, power distribution utilities/cooperatives, private sector and communities to contribute to the improvement of energization to clusters or sparsely distributed households especially those located in far-flung and off-grid areas.
- Implement missionary electrification programs or special financial packages to make households connections affordable to very low income households.
- Advocate to LGUs for the passage of ordinances on local incentives on energy efficiency and conservation, development and utilization of renewable energy especially in off-grid areas, utilization of alternative fuel such as biodiesel, bio-ethanol, natural gas, electricity, hydrogen and automotive LPG, instead of gasoline and diesel, distribution, sale and use of bio-fuels and bio-fuel blends, and communities hosting renewable energy

Water Resources - Water Supply

- Construct/upgrade water supply facilities to expand coverage areas particularly in Davao del Sur
- Establish an integrated water system facility in Davao del Norte
- Expand/improve water facilities in Davao City to expand water service coverage and development of water sources including the use surface water to ensure increasing water demand from commercial and industrial activities
- Construct/establish water supply systems in rural areas
- Conduct extensive but calculated resistivity survey to identify potential sources of underground water for the barangays

- Implement rainwater harvesting facilities development programs for non-potable use.

Water Resources - Irrigation

- Construct new and expand existing irrigation facilities
- Repair/rehabilitate existing national and communal irrigation facilities
- Massive reforestation program and adopt a site program
- Develop the Saug Multi-purpose Project in Davao del Norte and Asbang Small River Impounding Project (SRIP)
- Promote/develop alternative schemes of irrigating elevated areas not served by irrigation canals

Social Infrastructure and Other Facilities

- Implement School Building Program
- Promote Adopt-a-school Program
- Construct/repair school buildings integrating disaster resilient and climate proofing design aspects
- Improve facilities in the Southern Philippines Medical Center (SPMC) and Davao Regional Hospital and all provincial hospitals
- Construct/repair main health stations and barangay health stations integrating disaster resilient and climate proofing design aspects

Housing

- Construct low cost housing facilities
- Construct mass housing facilities under joint undertakings of local government units and private sector/non-government organizations such as the the 'Gawad-Kalinga' and other similar approaches

Flood Control and Drainage Facilities

- Construct shore protection and river flood control structures in flood and 'tsunami' prone areas especially in the Upper Agusan River Basin, Libuganon River Basin, the gulf towns and coastal municipalities and communities of Davao Oriental, Davao del Sur and Davao City.
- Construct and improve drainage systems in the region's urbanized and urbanizing areas particularly in the cities of Davao, Tagum, Panabo and Digos.

Sewerage and Solid Waste Management Facilities

- Construct facilities for the proper management of solid waste and wastewater in urban areas.

V. POLICY AGENDA

1. Passage of local ordinances on regulating ground water drilling and water extraction (may require amendment of the water code to empower the LGU to regulate ground water extraction activities)
2. Passage of local ordinances for local incentives on energy efficiency and conservation, development and utilization of renewable energy especially in off-grid areas, utilization of alternative fuel such as biodiesel, bio-ethanol, natural gas, electricity, hydrogen and automotive LPG, instead of gasoline and diesel, Distribution, sale and use of bio-fuels and bio-fuel blends, and communities hosting renewable energy
3. Advocate for modified open sky policy for Davao International Airport
4. Conversion of local roads of strategic importance to national road by legislative action
5. Review, for possible amendment , of the Roxas Law
6. Amendment of the Cabotage Law
7. Review the utilization of the Motor Vehicle User's Charges (MVUC) allocation for the repair and maintenance of national and provincial/city roads

Chapter 5: Science, Technology and Innovation

Science, technology and innovation (STI) have been acknowledged to play a significant role in achieving economic growth, competitiveness, and sustainable development. In particular, innovation has been increasingly recognized as an important expansion of the paradigm of science and technology, offering solutions to key public policy challenges, such as food security, climate change, and health needs of the poor, among others¹.

Even the achievement of the UN Millennium Development Goals had been anchored on stronger worldwide capacities in science and technology so that successful strategies may be identified and effective programs can be implemented. Sustained progress in reducing poverty and related problems is believed to require strengthened institutions for STI throughout the world, including in each developing nation².

I. ASSESSMENT

At the national and regional levels, high reliance has been placed on STI as a key driver of economic growth. Over the years, however, national spending on research and development (R&D) has been declining, from 0.15 percent of Gross Domestic Product (GDP) in 2002 to only 0.11 percent in 2007. The annual budget of the Department of Science and Technology is also declining, including its percentage share to the total national budget. For Davao Region, R&D expenditure figures are even lower at 0.6 percent of the Gross Regional Domestic Product (GRDP), which is below the average for developing countries, as determined by UNESCO, at 1 percent of GDP. Although the ratio of R&D practitioners in the region increased to 98 per one million; this is still way below the UNESCO standard of 380 per one million population and the national average of 130 per one million population.

There are at least four research consortia in Davao Region and each of these is producing a number of researches every year, not to mention those produced separately by state universities and colleges, private higher education institutions, and private industries. The adoption of the research recommendations for commercial use, however, is not widespread. Patent licensing and the protection of intellectual property, and innovation have not been extensively practiced. One underlying issue here is the lack of resources of industries, especially MSMEs, that would enable them to adopt available technologies. Moreover, many researches undertaken do not directly match industry research requirements resulting to non-utilization of many of the recommendations of these researches. In a recent research forum with private higher education institutions in the region, it was elucidated that the region's students and faculty seem to be at a loss of valuable research topics to undertake for course completion requirements when the industries in the region are hungry for information that could help them adopt technologies, innovate, and enhance their productivity practices.

Currently though, a Regional Development Research Agenda was formulated to serve as reference in the conduct of researches which are in line with the development thrusts of the region and respond

to the needs of the region's R&D stakeholders. Among others, this agenda specifically spells out the research areas for the development of the region's eleven priority industry clusters (*banana, coconut, mango, seaweeds, wood, mining, tourism, ICT, livestock and poultry, biofuel, and machineries and equipment*). These industry clusters are considered the region's growth drivers and, therefore, the importance of R&D in these areas has been emphasized with the identification of Centers of Excellence that take care of their science, technology and innovation requirements, as well as, human resource development needs. Active collaborations are ongoing with the agri-business industry clusters and the Southern Philippines Agri-business and Marine and Aquatic School of Technology (SPAMAST) and the UP Mindanao, the wood and mining industry clusters with the University of Southeastern Philippines and the ICT industry cluster with the Ateneo de Davao University. Other Higher Education Institutions (HEIs), i.e., Women's College of Davao and the University of the Immaculate Conception, as well as, research centers, i.e., Philippine Coconut Authority Research Center and the DOST-Metal Industry Research and Development Center, have been initially identified to shepherd the rest of the industry clusters.

Finally, there is the pressing need to improve the quality of education of students, particularly in their working knowledge in math and science. The region's latest performance in the national achievement tests remain low with the elementary school level posting only 67.1% and secondary level registering a much lower 44.4%. These figures suggest a long hard climb to match the passing rate of 75% and far from positively influencing the creation of new and enhanced knowledge in the future.

II. CHALLENGES

Based on the foregoing situation, the region needs to respond to the following challenges to support the region's desired economic advancement:

1. Low scientific and technological quotient in schools, workplaces and business establishments
2. Low capacity of small farmers and industries for R&D, technology adoption, and innovation
3. Weak linkage between researchers and research users
4. Low investments in science and technology infrastructure and human resource capital

III. STRATEGIC FRAMEWORK

Goal

The region shall be developed into "a science, technology and innovation-driven economy".

Objectives

The region shall, thus, pursue the following objectives:

- a) Advocated a firm mindset for science, technology and innovation in schools, workplaces, and business establishments
- b) Increased R&D, technology adoption, and innovation by small farmers and industries

- c) Enhanced productive practices of industries
- d) Increased responsiveness of research products to market needs
- e) Strengthened S&T infrastructure and human capital

Targets

The region shall achieve the following targets:

- Increase R&D expenditures from .06% in 2007 to .40% percent of GRDP
- Increase the average number of R&D human resource from 98 per 1 million population in 2007 to the standard 380 per 1 million population in 2016
- 100% adoption and commercialization of technologies developed
- 100% of SUCs and private HEIs utilizing the unified regional development research agenda for the research requirements of students and faculty

Strategies

Strengthening of a policy framework and support to S&T through linkages among government, the academe, the business sector, and civil society

The region shall strengthen its policy framework and support to STI by strengthening and establishing networks among government, the academe, the business sector, and civil society that shall contribute in mapping out the development directions of STI in the region.

Promoting technologies in industries

The region's R&D consortia, as well as, STI practitioners shall proactively undertake the conduct of researches on products and technologies as required by the region's industries. This shall also involve capacitating industries in absorbing these new knowledge and technologies to advance productivity.

Promoting institutional innovations that build the capability of the region's human resource to enhance existing technologies

Inventors and innovators shall pursue the diffusion of institutional innovations to help the region's human resource maximize the utilization and enhancement of existing technologies.

Upgrading standards of S&T systems and services for the development of globally-competitive products

This shall involve the institutionalization of certification and accreditation processes for products developed, as well as the protection of items of intellectual property developed in the region. STI practitioners and other regional stakeholders shall also assess and upgrade STI services in the region as means to capacitate industries in developing globally-competitive products.

Utilizing ICT for productivity enhancement in industries

The utilization of information technologies to facilitate organizational and management processes, as well as, the creation of new ideas or value-adding activities that produce better products and

services shall be emphasized. Diffusion of knowledge shall be pursued not only to develop other technologies and innovations but also to provide information to producers and consumers to help them make efficient choices and decisions. Adherence to e-commerce shall likewise be promoted as a tool for marketing, trading, and consolidation of products to increase productivity.

Employing public-private partnership in enhancing the region's S&T infrastructure

Public-private partnership or PPP shall be adopted in the establishment of the region's requirements for science and technology infrastructure.

Encouraging media and corporate CSR programs to promote science, technology, and innovation consciousness among the region's population

The region's media partners and business sector shall be tapped in the promotion of science, technology, and innovation to help institutionalize a mindset for STI among the region's population.

IV. MAJOR PROGRAMS, PROJECTS, ACTIVITIES

1. Strengthening of policy framework and support to S&T through linkages among government, the academe, and the private sector

Creation of science and technology/research and development committees at the regional, provincial/city levels

A committee on science and technology/research and development is proposed to be created as a special committee under the Regional Development Council (RDC) XI. At present, S&T concerns is lodged with the Economic Development Committee (EDC) XI. Most often, concerns on S&T/R&D were not given adequate attention. Parallel creation of S & T committees at the provincial and city levels is also proposed. This is to give focus on S&T/R&D concerns at the level of the provinces and cities.

Strengthen R&D consortia in the region

Provide degree and non-degree level training as part of the capacity-development program of the consortia. Provide scholarship grants to deserving scientists and R&D staffs to boost morale of scientists. Provide higher budget for R & D projects and activities.

Promote volunteerism in R&D, STI endeavors

Provide opportunities to science and technology students and practitioners to immerse in R&D, STI activities/projects to hone their skills while contributing to STI efforts in the region.

Advocacy and monitoring on the utilization of the Davao Region Development Research Agenda

The RDRA will aid the effective implementation of the region's RDP, 2011-2016, focusing on the plan's development challenges and preferred strategy. It will cover the inventory of proposed, on-going and completed relevant development researches, as well as conduct of new researches, and ultimately the utilization of such researches. Among others, the RDRA shall promote continuing researches on disease control and pest management of the region's priority agricultural industries.

Furthermore, SUCs in the region shall utilize the RDRA as its main source of researchable areas for its students and faculty.

2. Promoting technologies in industries

Small Enterprise Technology Upgrading Program (SETUP)

The Small Enterprises Technology Upgrading Program (SETUP) is a nationwide strategy of the government to encourage and assist local micro, small and medium scale business firms to implement technological innovations and improvements in their operations. The program enables the firms to address their technical problems through technology transfer and technical interventions. The activity improves on the aspects of operation such as productivity, product quality, manpower development, cost of production, waste management, and other operation-related activities. The program helps modernize the production line of the firms and indirectly stimulate the country's economic growth.

Food safety, packaging and labeling services trainings

Capability trainings for manufacturing and food companies on basic food hygiene and Good Manufacturing Practices (GMP). Part of the program is the conduct of site evaluation and assessment on food processing firms for food safety compliance, plant layout improvement, and GMP implementation. Enhance training in the packaging and labeling of products and their production in compliance to the requirements of regulatory agencies in terms of shelf-life testing, microbial testing & nutrition labeling.

Institutionalization of Techno-Gabay Program (TGP) in the provinces/cities

TGP is one of PCARRD's banner programs. It aims to bring science-based information and technology services to end-users in the agriculture, forestry and natural resources (AFNR) sectors. The institutionalization of TGP in the provinces and cities will strengthen networking of research and development (R&D) institutions in the AFNR sectors in the provinces, cities and municipalities and the region as a whole. This will likewise strengthen collaboration among LGUs in the region, the Southern Mindanao Agriculture and Resources Research and Development Consortium (SMARRDEC), and other consortia members of the National Agriculture and Resources Research and Development Network (NARRDN), the private sector, nongovernment organizations (NGOs) and other extension service providers, in enhancing technology utilization, adoption, and commercialization in the region.

Conduct of technology benchmarking (thru trainings)

Technology benchmarking is a method for comparing the performance of the region with best practices and technology applications of other regions or countries for the enhancement of the region's own practices. Related local and foreign trainings shall be promoted for the region's micro, small and medium enterprises.

Conduct research, development, and extension reviews

Research, development and extension services are the drivers for innovation, productivity and long term cost competitiveness. The conduct of reviews will strengthen the RDE capability and sustainability in the region through the development of a coordinated program approach, thus,

enabling the government to prioritize its RDE programs that meet the priority industry cluster needs of the region. This will also strengthen capacity of scientists and researchers, as well as ensure appropriate and relevant researches and better access to international developments.

3. Promoting institutional innovations that build the capability of the region's human resource to enhance existing technologies

University-industry collaboration in promoting innovations

This activity is designed to bring together concerned industries and research institutions or academe to work together for the development and innovation of technologies for a particular industry. Industry partners help guide the researchers participate in the engineering of solutions and eventually take the resulting technology to market. Other researchers provide specialized science skills, knowledge and resources, while industries provide funding support and infrastructure needs.

Conduct of innovation survey

DOST XI will conduct annual innovation survey to gauge the number of enterprises engaged in innovation cooperation and the type of innovation they are pursuing. This is very important to improve productivity and competitiveness of farmers and industries in the region.

Conduct regional S&T fairs and exhibits

Science and technology fairs and exhibits offer a perfect platform for Davao Region to display latest advances & developments in the field of science and technology. Local S&T fairs and exhibits will be conducted annually. LGUs are encouraged to host the annual S&T fairs and exhibits in their respective localities.

Research on environment-friendly products and technologies, extreme weather observations and S&T innovations

This program aims to promote sustainable development and strengthen the competitiveness of the Philippine industries by providing technical information and assistance in adopting cleaner production technologies that include waste minimization and pollution prevention techniques.

4. Upgrading standards of S&T systems and services for the development of globally-competitive products

Implementation of ISO certified/accredited S&T services

For products and S&T services to compete globally, the region needs to adopt and implement ISO certification.

Establishment of a Regional Intellectual Property Philippines Office

The establishment of the Intellectual Property Philippines Office in Davao Region would usher the growth of the region's innovation potential through efficient transfer of technologies, specifically those funded by public funds. With the recent issuance of the implementing rules and regulations (IRR) of Republic Act 10055, otherwise known as the Technology Transfer Act of 2009, it will

strengthen the lodging of ownership of the intellectual property rights (IPRs) to research and development institutes (RDIs) by setting parameters on copyright ownership and recovery of the IPR ownership.

Review and harmonization of the region's laboratory systems and standards

There is a need to review and harmonize the existing laboratory protocols and standards for uniformity of scaling and calibration of standards, as well as aligning with international standards in order for our products and services in the region to compete globally.

Conduct R&D expenditures and human resources survey

R & D expenditures and human resource survey is conducted by DOST annually. This survey will help gauge or assess the level of expenditure and R&D manpower which are indications of institutional efficiency in the national science and technology system in the region and the country, as a whole. This will thus help in policy and decision-making processes relating to STI in the country.

5. Utilizing ICT for productivity enhancement in industries

Community-based e-Centers

A Community-based e-Center (CeC) is a public access point that allows communities to avail of basic telecommunications and ICT services that can help facilitate science and technology and research and extension services, as well as socio-economic activities. CeC can provide support in addressing certain community needs by serving as a communication and knowledge hub for farmers and extension workers who are engaged in agricultural activities; supplementing learning resources of rural schools by providing online and offline (print material and CD) educational materials for both teachers and learners; facilitating ICT skills trainings, especially for the youth; and providing access to health care information and services, both general and specialized.

IT-related trainings for MSMEs

Conduct of capability IT- trainings for Micro Small and Medium Enterprises (MSMEs) to enhance their productivity and competitiveness, as well as application of effective IT technologies and related resources. This would include alignment of databases according to MSMEs needs, promote IT/e-commerce, speed up development of websites among industry and local associations and government agencies, and syndicate hyperlinking of their databases, as well as the development of a complete "one-stop" MSME website.

Davao Region Geographic Information Network (DR-GIN)

The DR-GIN will involve the establishment of a network of national agency regional offices, local government units, congressional district offices, and the private sector in Davao Region that shall ensure the availability and accessibility of up-to-date, accurate, and reliable information on the biogeophysical and socio-economic characteristics of the region and its localities expressed in spatial terms. These information shall be made available through a Geographic Information System or Davao Region's virtual library which shall be managed and maintained by the network.

6. Employing public-private partnership in enhancing the region's S&T infrastructure

Establishment of the Mindanao S&T Park

The Mindanao S & T Park is likened to Silicon Valley, however, it is focused on research and technology. The Mindanao S&T Park will house everything from corporate, government or university labs to very small companies engaged in S&T and R&D, including facilities, researches and latest innovations.

Establishment of Technology Business Incubators

The government has adopted Technology Business Incubation (TBI) as a flagship program for food processing, industrial manufacturing, and software development. Business incubators are programs designed to accelerate the successful development of entrepreneurial companies through an array of business support resources and services, developed and orchestrated by incubator management and offered both in the incubator and through its network of contacts.

Establishment of Technology Innovation and Packaging Development Center

The DOST will establish a national packaging R &D center that will provide, among others, a common service facility for the use of industries. Through the Center, the DOST will offer testing and related services for industry; conduct training programs and information dissemination campaigns; facilitate technology transfer to industry; and develop and maintain regional industry networks on packaging technology and services, particularly for SMEs.

Establishment of Agromet/Weather Stations

The establishment of agromet/weather stations in the region will provide farmers and the business sector updated and reliable information on climatic condition and rainfall/weather patterns in the region. This is very useful particularly for cropping calendar and timing in the delivery and production of goods.

Establishment of the Banana Research Institute

SMARRDEC in coordination with DOST XI and DA-RFU XI shall prepare the feasibility study (FS) on the establishment of the Banana Research institute. The region is the number one producer of bananas in the entire country. To protect and enhance the industry needs, the local business and government sectors are presently working on a position paper for the creation of a banana research institute that is aimed to boost the banana industry in Davao Region. The institute will administer research and development programs that will cater to the needs of the banana industry in the region.

7. Encouraging media and corporate CSR programs to promote technology and innovation consciousness among the region's population

Industry-media-government collaboration in the promotion of technology and innovation in the tri-media

Ensure the collaboration of industry, media, and government in the promotion of technology and innovations using the tri-media approach. This includes production of brochures, leaflets, studies, press releases, TV and radio guestings, among other forms of tri-media advocacies.

Industry-government collaboration in technology and innovation promotion activities of industries

This activity is designed to bring together industries and government agencies to work together for the development and innovation of technologies in the region. Industry partners will help guide the government in identifying the right technology and innovations needed by the industries in the region. Industries may provide funding support while government can provide appropriate research policies and infrastructures.

V. POLICY AGENDA

1. Establishment of a Philippine Banana Research Institute

The Philippine Banana Research Institute is proposed to be established as one of the Philippine agriculture research institutes that will handle R&D-related issues and technologies on bananas. It will have its headquarters in Davao del Norte, Davao Region being the top producer of bananas for export and Davao del Norte being the anchor province for the banana industry cluster. The institute will play a key role in building and sustaining a competitive banana economy for the whole country and Davao Region, in particular.

2. Creation of S&T/R&D Committees at the Regional, Provincial and Municipal Levels

These committees will serve as venues for deliberating S&T/R&D issues and concerns at the regional and local levels. The institutionalization of these committees will strengthen the role of S&T/R&D in the region's development efforts.

Chapter 6: Good Governance

The government plays a vital role in development and governance has been recognized as one of the key determinants of growth. Good governance is about creating a climate wherein people will want to invest their money and get the economy going, creating jobs and opportunities for better life. With good governance, government effectively and efficiently provides the basic services, generates and allocates revenues for its programs and projects. Good governance prevails when corruption is minimized, and when the views of the minority are taken into account and the voices of the most vulnerable in society are heard in decision-making.

Good governance is forefront to achieving one of the country's goals of doing the right thing that will translate into economic value and for a transformed leadership. As envisioned, it is government that is free from corruption, that empowers people and that provides them with opportunities. It is also a government where the citizenry has full trust in its leaders for having integrity and competence.

I. ASSESSMENT

Measuring governance remains a challenge because of its multi-dimensional character. Given this, the RDC XI has identified the following indicators that describe the level of achievement for the region's strategic outcome on good governance: 1) expenditure-to-total budget of agency regional offices and local government units; 2) programs, projects and activities (PPAs) in the Annual Investment Program (AIP) actually implemented; 3) share of internal revenue allotment (IRA) in the total LGU budget; 4) crime solution efficiency; 5) RDC-endorsed PPAs funded under the ARO annual budgets; and 6) LGUs with approved and enforced physical framework and land use plans.

Mobilization, allocation and use of resources by LGUs

Fund Sourcing

The main sources of LGU income are internally generated revenues (tax and non tax revenues) and external sources (IRA and borrowings).

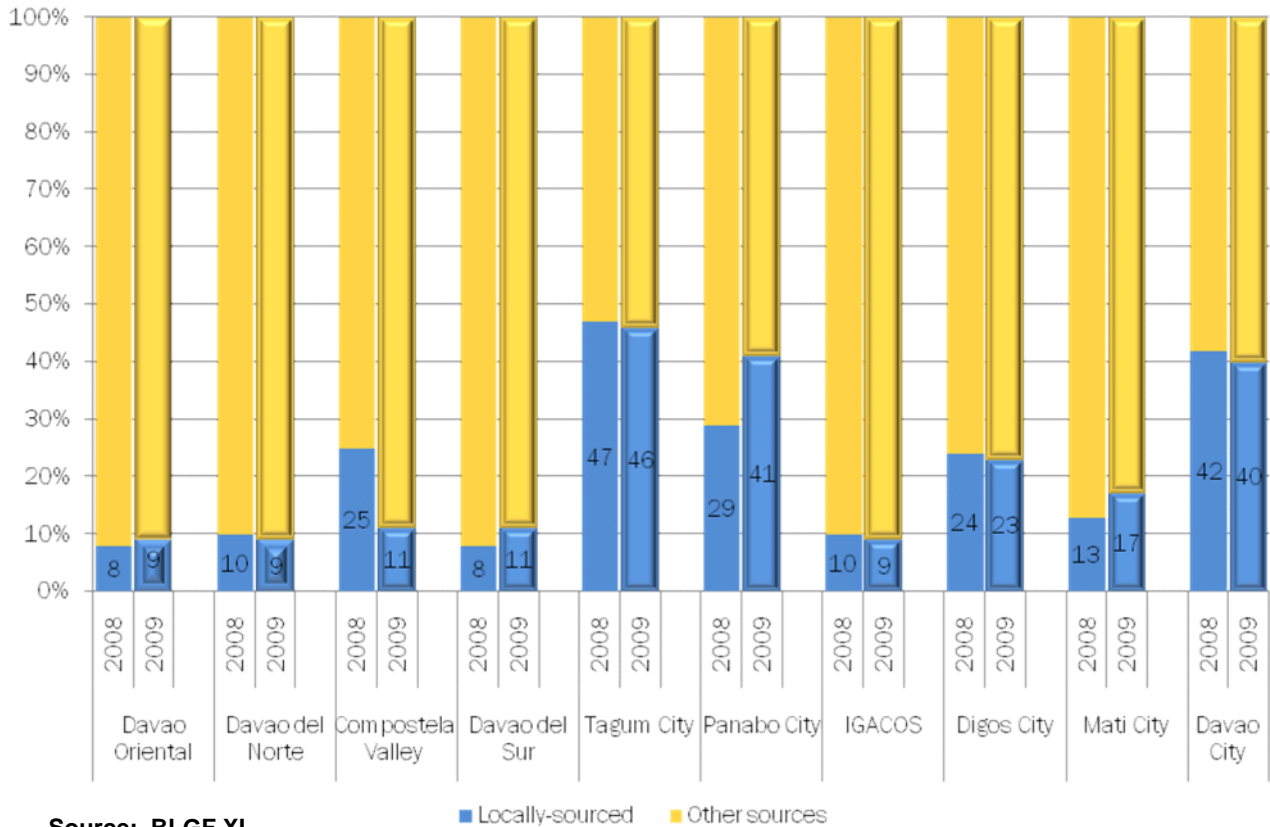
LGUs could generate their funds from grants, loans and locally sourced revenue that, among others, include real property and local taxes, receipts from economic enterprises and service/user charges.

For the locally sourced revenue-to-total income ratio which determines the local revenue collection effort, Tagum City consistently had the biggest proportion of locally sourced revenue at 47 percent in 2008 and 46 percent in 2009. The City's high locally-sourced income is being attributed to the twenty (20) percent discount that it offers for advance payments of real property taxes.

Figures in 2009 revealed that among the provinces, Compostela Valley and Davao del Sur achieved the biggest locally-sourced income, both with 11 percent. However, Compostela Valley recorded the biggest decline in its revenues at 68 percent, from about P306 million in 2008 to P98 million in 2009 (See figure 3.6.1).

Aside from limited capacity of the taxpayers to pay their real property taxes, the moderate level of local revenue collection was due to low tax collection levels from the Comprehensive Agrarian Reform Program (CARP) beneficiaries as they did not want to pay while the titles were not yet handed to them.

Figure 3.6.1. Locally-sourced income to Total Income (in percent)

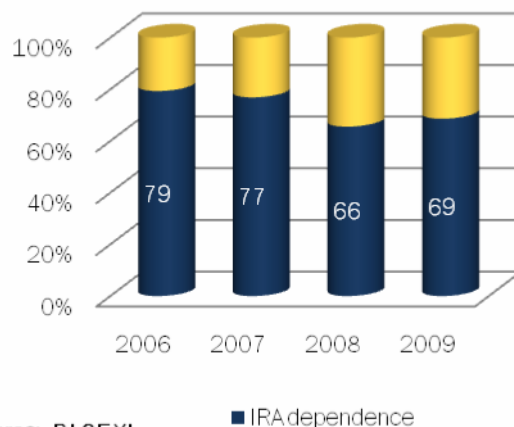


Source: BLGF XI

Some LGUs had implemented initiatives to collect real property taxes, such as waiver of penalties for those who will pay in full, or compromise agreements between the LGUs and the taxpayers.

Aside from the internally sourced revenue, the Constitution provides that local government units shall have a “just share” in national taxes. The internal revenue allotment (IRA) is the portion of total national government revenue that accrues to the local governments by virtue of the Local Government Code (LGC) of 1991.

Figure 3.6.2. IRA to Total Income (in percentage)



Source: BLGF XI

Figure 3.6.2 shows that during the period in review, the LGUs’ dependence on IRA declined, from 79 percent in 2006 to 69 percent in 2009, but on the average it was still more than 70 percent. The target was

to lower IRA dependence to 60 percent by 2009. Among the provinces and cities, the Island Garden City of Samal had the highest dependence on IRA at 91 percent, while Tagum City was the least dependent at 54 percent.

The main reason for the high dependence on IRA was the high unconditional grant, the formula of which is based on population, land area, and equal sharing. The distribution did not even consider the capacity of LGUs to raise their own resources to carry out their functions.

Relatedly, as shown in Table 3.6.1, LGUs' total income in 2009 reached about Php 9.4 billion while total expenditure was about Php 7.1 billion. Among the LGUs, Davao City had the biggest income with about Php 4 billion while IGaCoS had the least with Php 352 million.

Table 3.6.1. LGU Income and Expenditure

Province/City	Income		Expenditure	
	2008	2009	2008	2009
Davao Region	8,220.91	9,447.38	7,604.34	7,183.64
Davao Oriental	618.05	712.08	629.46	671.29
Davao del Norte	706.62	826.89	705.55	596.66
Compostela Valley	1,227.33	897.51	897.05	575.65
Davao del Sur	689.10	827.95	550.04	391.57
Tagum	606.10	727.76	507.78	384.64
Panabo	424.70	618.17	397.79	498.98
IGaCoS	278.80	352.16	278.79	241.54
Digos	410.74	479.79	392.97	385.97
Davao	3,259.47	4,005.07	3,244.91	3,437.34

Source: BLGF XI

Resource Allocation

In 2009, LGUs spent 19 percent of their total budget for social services, which is very important in empowering the people to be more productive; while 17 percent was spent for the economic sector, the rest to debt service. The biggest chunk went to general expenditures that include salaries and wages of personnel (see Table 3.6.2).

The low spending for these important sectors is manifested in the low participation in elementary and secondary education, increase in maternal mortality rate, and increasing housing needs.

Table 3.6.2. LGU spending by sector, 2009

Provinces/Cities	General	Social	Economic
Region XI	62	19	17
Davao City	64	19	14
Digos City	73	9	17
IGACOS	62	17	20
Panabo City	68	9	19
Tagum City	57	11	28
ComVal	58	15	25
Davao del Norte	50	29	18
Davao del Sur	49	30	19
Davao Oriental	59	28	12

Source: BLGF XI

Relatedly, LGUs' capacities to implement devolved functions remained a challenge in the environment sector where as of 2009, only about 20 percent of cities/municipalities in the region had Solid Waste Management Plans as mandated under RA 9003.

Despite the low spending in social services, Tagum City was declared champion in the 2010 National Literacy Award for the component city category. This was the third time for the City as it bagged the same award in 2009 and 2001. Among its winning points were: a) consistent implementation of a functional literacy program; b) balik sigla program; c) indigenous education; and d) organic farming.

Davao City was also awarded first place among highly urbanized cities for its exemplary accomplishments in literacy development. Sta. Cruz, Davao del Sur, copped second place in the municipal level category A.

Table 3.6.3 shows that the provinces and cities incurred an average debt service cost of 12 percent to total income in 2009. Of the provinces and cities, Digos City had the highest debt service ratio at 29 percent, followed by Davao Oriental at 18 percent, while Davao del Norte incurred the lowest at 3 percent. The debt servicing limitation is set by the Local Government Code of 1991 at 20 percent of the regular income. The debt service ratio considers the proportion of actual debt service costs to total regular income. It is the key to the financial strength of the government.

Table 3.6.3. Debt Service to Total Cost, 2009

Province/City	Debt Service Ratio
Davao Oriental	18.38
Davao del Norte	2.53
Compostela Valley	5.47
Davao del Sur	5.00
Tagum City	15.76
Panabo City	7.11
IGACOS	No data
Digos City	29.2
Davao city	9.00

Source: LGPMS website

Capacities of NGAs/LGUs/GOCCs to adequately deliver entitlements especially those directed at poverty alleviation

LGU Performance

The Local Governance Performance Management System (LGPMS), which is a self-assessment tool was developed to assess the performance and state of local development, using sets of indicators. Results had shown the performance scale of LGUs in the region in 2009 reached 4.62, which is considered high but not excellent. This measures the state of local governance based on the LGUs’ key responsibilities or on areas where LGUs have direct control, such as governance in administrative, social, economic, environment and valuing fundamentals. Among the LGUs, Davao del Sur had the lowest performance scale of 3.94 in administrative governance and 3.81 in social governance. The service areas assessed in administrative governance are 1) local legislation; 2) development planning; 3) resource allocation and utilization; 4) customer services; and 5) human resource management and development. While in social development, the service areas assessed are 1) health services; 2) support to education; 3) support to housing and basic utilities; and 4) peace, security and disaster risk management (see Table 3.6.4).

On the other hand, Davao City and Compostela Valley had performance scales of 5 or excellent in valuing fundamentals and environment, respectively. The factors considered in valuing fundamentals are 1) transparency; 2) participation; and financial accountability; while in environmental governance, factors considered are management in 1) forest ecosystem; 2) freshwater ecosystem; 3) coastal marine ecosystem; and 4) urban ecosystem.

Table 3.6.4. Performance Scale, CY 2009

LGU	Administration	Social	Economic	Environment	Valuing Fundamentals	TOTAL
ComVal	4.24	4.79	4.74	5.00	4.85	4.72
Davao del Norte	4.66	4.22	4.55	4.80	4.77	4.60
Davao Oriental	4.34	4.25	4.62	4.88	4.58	4.53
Davao del Sur	3.94	3.81	4.61	4.82	4.65	4.36
Davao City	4.77	4.95	4.82	4.93	5.00	4.89
Davao Region	4.38	4.39	4.66	4.88	4.76	4.62

Source: DILG XI

The LGUs in Davao Region has formed alliances through the Davao Integrated Development Program (DIDP) since 1994. The DIDP is a development strategy anchored on the concerted effort to pursue an integrated and effective development by mustering the various strengths and resources of the LGUs in the region. Its vision is to promote and expand an effective and mutually beneficial undertaking through socio-economic cooperation and development, in support to the National Government Agenda for Peace and Development.

Among its recent successful effort is the Local Governance and Rural Empowerment Project (LGREP) that was completed in 2010. LGREP which was funded by the Japan International Cooperation Agency (JICA), has strengthened the local government units of the region through the DIDP in delivering efficient and effective services to its constituents.

Noteworthy in 2008, Davao City was named “*Most Competitive City in the Philippines*” by the Asian Institute of Management (AIM). The ranking criteria included: a) cost of doing business; b) dynamism of the local economy; c) linkages and accessibility; d) human resources and training; e) infrastructure; f) responsiveness of local government to business needs; and g) quality of life.

LGU Development Index

On the other hand, the region’s development index (scale of 1 to 5) in 2009 was 2.98, which is considered poor. The development indicators measure the state of local development focusing on social development, economic development and environmental development. Among the LGUs, Compostela Valley had the lowest development index at 1.76 in economic development (see Table 3.6.5).

Table 3.6.5. Development Index, CY 2009

LGU	Social Development	Economic Development	Environmental Development	Overall Development
COMVAL	2.97	1.76	3.03	2.58
Davao del Norte	3.01	2.47	3.23	2.90
Davao Oriental	3.18	2.24	3.09	2.84
Davao del Sur	3.26	2.06	3.32	2.88
Davao City	3.77	3.00	4.35	3.71
Davao Region	3.24	2.30	3.40	2.98

Source: DILG XI

Public Safety

Good governance is also about the capacity of government to ensure safety and security for its people to be able to get things done. It is about ensuring the rule of law and effective policing as well as fire prevention.

Measuring the region’s ability to govern peacefully, as of 2009, Davao Region’s crime solution efficiency was reported at 8 percent. Performance comparisons could not be made for this particular indicator since significant modifications to its definition and measurement methodology were adopted starting in 2009.

Davao Region is suffering from jail congestion. At present, the region has a total of 1,836 square meters of jail cell area for its 2,265 jail population. Since the requirement is 3 square meters of cell

area per inmate, the region needs about 4,959 square meters of cell area for the remaining 1,653 jail population.

Worth mentioning is Davao City’s public emergency center, which is the first in the Philippines. The public safety center building has an initial set of 16 closed-circuit televisions (CCTVs) monitoring 65 street intersections and the Davao International Airport. The city has plans to improve the communication system between the center and the police so that the CCTV cameras could be used to prevent the commission of crimes rather than become mere video recordings of what had happened.

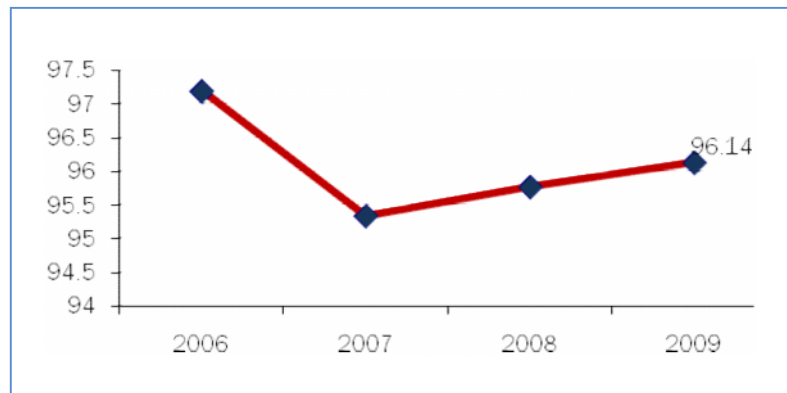
The city also maintains the 911 Emergency Response with its 18 ambulances outfitted with lifesaving gadgets. It also has four rubber boats, three fiberglass boats, two amphibious all-terrain vehicles and modern equipment to respond to vehicular and structural accidents.

Absorptive capacities of NGAs

Expenditure management shows the relationship between the budget and expenditure or the use of public money in a manner that reflects most closely the people’s preference. One important factor that should be assessed in expenditure management is the absorptive capacity as it refers to the ability to efficiently spend the given budget. The national government agencies (NGAs) are tasked to carry out their programs, projects and regular functions and this information shows their respective capacities to use their legislated budgets.

A decreasing trend is observed in their budget utilization from 97 percent in 2006, to 96 percent in 2009, showing a gap below 5 percent. The target was pegged at 100 percent each year (see Figure 3.6.3). The negative gap or “lapsed allotment” is already lost opportunity to use or obligate the allotted budget for the region’s programmed expenditure.

Figure 3.6.3. Level of Expenditure to Total Budget of NGAs (in percentage)



Source: COA XI

Corruption and Red Tape

Transparency

Transparency is needed for accountability among the duty bearers. It implies a proactive effort to make information accessible to the people as this is the basis to check against mismanagement and corruption and achieve public confidence.

As an indication of efforts at promoting transparency, all the provinces and cities in Davao Region have put up and are maintaining websites. However, information presented varies. Aside from history, legal mandate and functions, other contents of the websites include, programs and services,

investment opportunities, bids and awards results, executive issuances, citizen's charters, cost of doing business, and lists of ordinances, among others.

Even though the above-mentioned menus were available, most of the information was geared toward promoting citizen's awareness and understanding of LGU characteristics. A few LGUs have shown bids and procurement processes and financial statements in their websites.

Relatedly, Davao City was awarded as the LGU with the most updated financial statements and the first city to implement the Electronic Government Accounting System (e-NGAS) by the Commission on Audit in 2009. The e-NGAS provides the Philippine bureaucracy with a modern and sound governance-enhancing accounting system.

Compliance to ARTA

Republic Act No. 9485, otherwise known as the Anti-Red Tape Act (ARTA) of 2007 which took effect on September 5, 2008, intends to improve efficiency in the delivery of government services to the public by reducing bureaucratic red tape and preventing graft and corruption. The ARTA requires all government offices to draw up a Citizen's Charter which identifies the frontline services offered, the steps involved in availing them, the civil servant responsible for each step, the amount of fees, the documents to be presented by the client and the procedure for filing complaints in relation to the services. In 2009, the Civil Service Commission cite Compostela Valley and Digos City as model province and city, respectively, for completing their respective citizen's charters, setting up public assistance and complaints desks and adopting measures to stop fixing activities.

In 2010, ComVal was awarded with the Seal of Excellence for having obtained the highest ARTA rating of 95.5 which is considered "excellent". The nationwide survey was conducted to determine compliance with and effectiveness of the Citizen's Charter.

Although most of the NGAs/LGUs/GOCCs have complied with the ARTA, but there is a need to monitor these agencies' effectiveness, whether the Citizen's Charters are being followed and to determine how the agencies are performing.

Participation

Involvement of the people in the development process is important to ensure that all feel that they have a stake in it and do not feel excluded from the mainstream of society. This includes all groups, particularly the most vulnerable, to have equal opportunities to improve or maintain their well being.

The Local Government Code of 1991 provides for the establishment of Local Development Councils (LDCs) as one of the participatory venues that people's organizations (POs) and nongovernmental organizations (NGOs) can use to take part in policy development and implementation. In furtherance of this intent, Davao Region's LGUs chalked up an average of 26 percent PO and NGO membership in the LDCs during the period 2004 to 2009.

Aside from bringing forth specific concerns, the NGOs/private sector membership to the LDC allows them to take part in the formulation of the LGUs' long and medium term and annual socio-economic development plans and policies, investment programming, formulate local investment incentives to promote the inflow and direction of private investment capital and monitor and evaluate programs and projects.

Relatedly, LDCs' functions to formulate long-term, medium-term and annual socioeconomic development plans and policies ensures the sustainable management of the LGUs' environment and the targeted delivery of basic services. In this regard, of the region's 53 LGUs (*provinces, cities and municipalities*) 52 had approved physical framework or land use plans in 2009, while one was for approval of the Sangguniang Panglalawigan. Of the 52 LGUs having approved plans, seven (7) were already updating these. This year's performance was remarkable compared to 2004, when only 75 percent or 40 out of 53 LGUs had approved plans. The high compliance rate may also be attributed to the planning assistance provided by the Housing and Land Use Regulatory Board (HLURB) to the LGUs. In the formulation of the land use plan, stakeholders' participation is required to ensure their involvement in the decision-making.

Also, Section 13 of RA 9184 or the "Government Procurement Reform Act", provides that to enhance transparency in the procurement process, BACs shall invite observers from a duly recognized private group in a sector or discipline relevant to the procurement at hand, and the other from a non-government organization. Absence of an observer however, does not nullify the procurement process. Usually, the invited observers are unable to attend due to time and logistics constraints.

II. CHALLENGES

There are three identified challenges in governance, viz:

1. Need for LGUs to mobilize, allocate and utilize resources.

LGUs' dependence on IRA is 68 percent which is 8 percent higher than the target in 2009. The targets are pegged at a decreasing rate of 60 percent in 2009 and 55% in 2010. Although, it is mandated that LGUs are to receive IRA, it would be more prudent to encourage the LGUs to explore the fiscal powers vested in them through the Local Government Code.

While the LGC mandates that LGUs will have shares in the IRA, there is still need to mobilize local sources to fund their development priorities as the IRA alone would not suffice. Also, a moderate level of local revenue collection was achieved by the region under the basic policy of devolution, the LGUs shall enjoy "genuine and meaningful local autonomy" that will enable them to develop into self-reliant communities, thus make them effective partners in achieving national goals. The LGUs, therefore, are challenged to explore ways to improve local resource mobilization.

The region got a below excellent LGPMS performance rating for the region in 2009 at 4.62 which is considered high but not excellent. There is, therefore, a need to improve local governance on areas where LGUs have direct control, such as governance in administrative, social, economic, environment areas and valuing fundamentals.

Sustaining LGU alliances is also important as they have their potential for sharing efforts, services and resources that are relevant in development.

2. Inability of NGAs/LGUs/GOCCs to adequately deliver entitlements especially those directed at poverty alleviation

The development index of the region in 2009 is poor, thus, more focus should be given on social, economic and environmental development as these are important sectors to achieve

inclusive growth in the region. Thus, the need to increase public spending in basic services such as education, health, housing and public safety.

LGUs had raised the concern that their priority programs and projects were not being considered in the NGAs' PAPs. For a meaningful budgeting exercise, NGAs should conduct consultations with the LGUs and vice-versa, to incorporate their priority PAPs.

3. Corruption and red tape

To curb corruption and red tape the government must take appropriate measures to promote transparency in each office with regard to the manner of transaction with the public and to simply procedures that will reduce red tape and expedite transactions.

LGUs must also show transparency-promoting content, such as financial and bids and procurement information.

Although most NGAs/LGUs/GOCCs have complied with the ARTA, there is a need to monitor their compliance to ARTA in terms of effectiveness and if Citizen's Charter is being followed.

III. STRATEGIC FRAMEWORK

Goal

To address these challenges, the goal for this sector is "*Inclusive development and growth from reformed governance*". This shall be pursued to attain sustained economic growth, reduce poverty and uphold good governance. Good governance shall be advanced by improving state delivery of services to develop human resources, by reducing cost of doing business through investment in physical infrastructure and simplification of government rules and transactions and by promoting transparent and responsive governance.

All these lead to a state of good governance that will translate to achieving the region's vision that by 2016, the region will be the "*Rising Global Frontier*". It affects many performance areas in governance that makes the region globally competitive, among which include the strengthened public administration that is able to establish appropriate fiscal, monetary, and trade policies, the modernized agencies that regulate and supervise private sector, the empowered human resource that boost productivity, and a strengthened rule of law that establish legal and judicial reforms. Good governance, therefore, is the catalyst to make the region go global.

Good governance shall also advance the development of the eleven (11) industry clusters in the region. The government can improve the industries' internal and external environments by proper involvement and intervention. The duty bearer's task therefore, is to provide the infrastructure and build a world-class image through a developed regional economy, politics, culture, society and environment. Necessarily, good governance shall improve the industrial environment through policies that would promote collaboration, establish quality supervision system, fair competition and R&D to advance these clusters.

Objectives

1) Improved state compliance with its delivery of services

Good governance is important in achieving social and economic development. It is necessary to improve state compliance with its responsibility of delivering services that lead to human development and poverty reduction. Attaining all this will be through more investments in human capital so that people are productively employed; and the provision of an enabling environment for the smooth operation of the government and business activities. The capacity of government is a key factor in the provision of many important services to business and the public, and in creating conditions for economic progress. Thus, delivery of basic services will continue to be a shared responsibility between the national and local governments through their complementary expertise and resources.

Also, achieving this objective shall be through a) strengthening the linkages between planning, budgeting, disbursement and accounting by the duty bearers; b) advancing LGU preparedness to adapt to and reduce risk to disaster and climate change through; c) passage of comprehensive local investment and revenue codes by all LGUs; d) building public-private alliances for effective development; and e) strengthening the rule of law.

2) Reduced cost of doing business

Government action focuses on the enabling environment such as infrastructure, fair trade policies, sound economic policies, regulatory framework, and technology that will create an environment conducive to private and public business or will foster enterprise development that will create opportunities, thus overall economic growth and social cohesion.

One important aim of enabling environment is reduced cost of doing business through the simplification of government rules and transactions. Doing business usually entails costs, from registration fees, taxes, manpower, transportation, utility and standard of living. Relatedly, a peaceful environment provides security for establishments as well as the investors who put up businesses in the region.

All these will be achieved through a) passage of comprehensive local investment and revenue codes by all LGUs, b) modernization of duty bearer's processes by establishment of one-stop-shops/automated processing by NGAs with frontline services and overlapping functions; and c) fostering culture of peace.

3) Improved transparency and accountability

Fundamental to good governance is improving transparency and accountability of government to ensure that power vested in the duty bearers is used appropriately and in accordance with public interest. Equally important is increasing the participation of all stakeholders, including women and the marginalized groups, for transparent decision-making and planning. Good governance, therefore, provides a unifying framework for the many concrete, specific programs and initiatives that Davao Region shall pursue in the next six years.

Transparency and accountability may be improved through a) complying with e-NGAs and Government Procurement Reform Act; b) adhering to Anti-Red Tape Act; c) making information publicly accessible and publication of financial reports; d) participation of private sector and civil society in development planning and bids and awards.

Targets

1. All LGUs have DRR/CCA-enhanced development plans by 2016
2. All LGUs have annual development plans approved by their Sanggunian
3. Locally-sourced revenues to increase 10 percent annually
4. All NGAs/LGUs expenditure level is 100 percent of appropriated budget/total income annually
5. LGPMS development index to increase from 2.98 level in 2009 to 5 level in 2016
6. LGPMS performance scale to improve from high (4.62) in 2009 to excellent level in 2016
7. Level of expenditure for social services to increase annually from its 3 percent level in 2009
8. All provinces and cities have established GIS Centers
9. All LGUs have local investment and revenue codes by 2016
10. All NGAs that have overlapping frontline services have converged and are using automated processing by 2016
11. All NGAs and LGUs are using e-NGAS by 2016
12. All NGAs and LGUs are using GEPS by 2016
13. All agencies are fully complying with the ARTA Law by 2016
14. All NGAs/LGUs/GOCCs are maintaining organization websites by 2010
15. Twenty-five percent NGO membership in all LDCs

Strategies

To achieve the foregoing objectives and targets, the following strategies shall be pursued:

In improving state compliance with its delivery of services

1. *Strengthen services in education, health, justice and peace administration, shelter, infrastructure, livelihood, environment protection and rehabilitation, disaster preparedness, fire and crime prevention and protection by a) securing the region's rightful share in the annual national budget and by enlisting the LGUs' commitment toward refocusing resources to fighting poverty; b) modernizing equipment and facilities, and continuing skills enhancement and value formation programs for duty bearers; c) building the capabilities of local planners in data generation and analysis through trainings; and d) expanding the local revenue base and regular updating of the schedule of real property values.*

The 1987 Philippine Constitution provides that the state shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life. However, the increasing demand for basic social services, infrastructure facilities, and other public services puts strain on the government's resources as these entail a huge cost.

Enhancing the capacity of national government agencies and local governments for proper planning, budgeting and investment programming is necessary to equip them toward better service delivery, thus, facilitate inclusive growth, economic development and poverty reduction, while halting and mitigating environmental degradation.

Innovative revenue generation and resource mobilization schemes shall be explored as traditional national government allocations are becoming insufficient. It is crucial for the LGUs where the devolution in the 1990s has expanded their responsibilities to provide services carried out by the NGAs previously. Aside from the traditional sources of revenue such as real property taxes and local business taxes, private sector tie-ups may be considered through the build-operate-and-transfer

(BOT) scheme or other public-private partnership (PPP) schemes. With the PPP, the LGUs can pursue their development activities without being restricted financially. Urbanization and development of LGUs open opportunities for increased earnings from high-value real property. Also development and economic growth can expand the tax base as people will have more means thus, are able to pay more taxes.

It is also important to invest in the modernization of equipment and facilities as well as computerization of frontline services for a cost efficient delivery of public services.

2. *Build public and private sector alliances for effective development*

Alliances between and among local government units such as the DIDP, is considered as an effective strategy for local development. Aside from strengthening existing alliances, new alliances may be formed to address issues such as threat to the environment or other issues at hand. The political connections of LGU alliances can be an advantage in tapping public funds and government technical assistance.

Pursuing public-private alliance can provide complementary partnership in duty bearers pursuit for development. With public-private partnership, national and local governments may be able to mobilize resources and realize cost savings for the construction of capital projects. PPP may also be used in delivery of services.

3. *Strengthen linkage between planning, budgeting, disbursement and accounting by the duty bearers*

The LGUs play a crucial role in local economic development, poverty reduction and regional development. As guide, they are mandated to lay out their local development plans to serve as instruments for transforming the LGUs' visions into real programs and projects that would enable them to contribute more effectively to national development.

For an effective development plan, the LGUs' revenue generation, allocation and use of resources must be reflective of the community's vision and needs. This shall be achieved with the participation of all stakeholders. Prioritizing programs and projects is important to ensure fiscal and allocation efficiency.

The simplified *Guidelines on Provincial/Local Planning and Expenditure Management* crafted in 2007 shall increase efficiency in local planning as it emphasizes integrated and enhanced linkages among planning, investment programming, revenue generation, budgeting and expenditure management. Linkages shall be through the merging of the provincial development and physical framework plans into a single plan that integrates spatial-sectoral and medium- and long-term plans. Strengthening these linkages helps ensure that projects are derived from technically sound planning processes, realistic funding estimates and financing schemes.

For a cohesive planning and budgeting process, NGAs shall be committed in the conduct of consultations with their partners in the local government and other stakeholders to ensure that their priority programs and projects are considered in the agency plans and budget.

4. *Advance LGU preparedness to adapt to and reduce risks from disasters and climate change (DRR-CCA).*

The growing threat of climate change as manifested in the frequency and intensity of weather disturbances and the vulnerability of the people to these risks underscore the need to mainstream

climate change adaptation in the regional and local development plans. This is to reduce vulnerability and enhance resiliency of LGUs to disaster. Integrating DRR into development programs will ensure their safety and make them less vulnerable to natural hazards. Proper planning and programming will make people and communities safer as mitigating measures are in place.

5. Passage of comprehensive local investment and revenue codes by all LGUs

Each LGU shall have a comprehensive local investment code to lay down the legal framework and mechanism for integrating investment incentives of the national government with the local development initiatives. The code shall present procedures, rules and regulations, terms and requirements, incentives and privileges that provide favorable conditions for investments in the region. It shall not only promote the flow of investors, both foreign and local, thus; generating employment opportunities but also provide inter and intra linkages among industries.

The Code shall also ensure that all the basic rights and guarantees provided in the Constitution safeguard all investors and registered enterprises.

Likewise, the passage of the revenue code shall define the LGUs' fiscal resources. This shall be updated regularly to ensure the elasticity of tax and non-tax revenues.

6. Strengthen the rule of law

Being an important ingredient for a functioning institution in governance, the rule of law shall also be strengthened as it promotes social stability and legal certainty. It can curb corruption and encourage investment that promotes development, all of which are the enabler for growth in the region.

Likewise, the criminal justice system shall be improved through efficient and speedy indictment and investigation of criminal complaints, efficient and speedy prosecution of criminal cases in court and better access to the criminal justice system by the marginalized sectors.

In reducing cost of doing business

7. Push for the establishment of one-stop-shops/automated processing by NGAs with frontline services and overlapping functions

Eliminating corruption and red tape depends on the existence of well-defined and implementable rules and procedures in transacting with government. From manual processing, paper-based and labor-intensive transaction that is prime environment for corruption, the establishment of one-stop stops and automated processing will better serve the people through the consolidation of services in one location to provide convenient and efficient service. They will reduce cost to the government and clients as they will require fewer personnel, use less paper and time spent in the transaction as the services are consolidated, thus promoting transparency and reducing red tape. They also promote consistency within the system from fragmented information due to multiple offices, redundancy and paper-based reporting. Less time in transactions allows the client to engage in other economic activities.

8. Foster culture of peace through governance

Essential elements in governance such as transparency and accountability, rule of law, and duty bearer's good performance would promote culture of peace. All these, that give the feeling of human

security is conducive for investors and communities, thus promotes sustainable economic and social development that reduces social inequities. To cultivate peace further, equality of men and women shall be ensured, respect for human rights be promoted and international peace and security advanced.

In improving transparency and accountability of government services

9. Compliance with electronic New Government Accounting System (e-NGAS) and Government Procurement Reform Act (RA 9184)

The New Government Accounting System or e-NGAS will modernize the financial management information system of all government agencies, and is expected to enhance decision-making, accountability, and transparency in government transactions. It will standardize recording of government financial transactions, consolidate financial reports of NGAs, LGUs and GOCCs, align the accounting system with international accounting and financial reporting standards, and improve accountability and governance through transparency in governmental financial management.

Likewise, the Government Procurement Reform Act modernizes, standardizes, and regulates the procurement activities of the government. Among others, it promotes transparency and efficiency in the procurement process and in the implementation of procurement contracts by having a single portal called the Government Electronic Procurement System (G-EPS) as the primary and definitive source of information on government procurement. The Act shall also encourage competitiveness by extending equal opportunity to enable eligible and qualified private contracting parties to participate in bidding. It shall also streamline the procurement process that will uniformly apply to all government procurements.

10. Adherence to Anti-Red Tape Act by all NGAs/LGUs/GOCCs particularly those having frontline services

The Anti-Red Tape Act of 2007 shall improve efficiency in the delivery of government services to the public by reducing bureaucratic red tape, and preventing graft and corruption. It has been three years since this was passed and it is important to monitor its compliance by the public sector, such as whether the Citizen's Charter is being followed, and the latter's effectiveness.

Under the Act, offices and agencies providing frontline services shall be subjected to, among others, a "Report Card Survey" to get information on how the provisions of the Citizen's Charter are being followed and how the agency is performing. The survey covers the parameters of effectiveness, impact mechanism, and performance with respect to delivery of frontline services.

11. Promotion of transparency and accountability by making information publicly accessible through organizational websites and publication of financial reports by the LGUs, NGAs, and GOCCs in agency and COA websites.

Making information available to the public promotes transparency and the website is one of the tools that provide awareness and understanding about the NGAs', LGUs' and GOCCs' mandates, services and programs and projects.

Access to public documents such as the audited financial reports, rules and regulations and even decisions shall strengthen the people's right to information. Also, accurate and timely information about the economy and government policies is vital for economic decision making of the private sector.

Likewise, transparency and accountability are the most important responsibilities of persons elected to an office as it is their obligation to answer for their action. Public officials or institutions shall answer to the public for the action taken or the use of public resources. It implies overall disclosure of the rationale for the proposed action to be taken, the intended achievement and the mechanisms that will be applied.

12. Participation of private sector and civil society in development planning by sustaining their membership in the local and regional development councils and bids and awards committees

The extent of private sector and civil society participation in the government's activities determines how democratic the government is in the region. Through the stakeholders' involvement in consultations about development processes and decision-making, the government will have access to important information about the needs and priorities of individuals and communities, thus ensuring the state's compliance to better delivery of services as it will be in a better position to make good decisions.

This is in keeping with Article XIII, Section 15 to 16 of the 1987 Philippine Constitution where the state shall respect the role of independent people's organizations to enable the people to pursue and protect their legitimate and collective interests and aspirations through peaceful and lawful means. This may be done by ensuring the 25 percent membership of private sector and civil society in the development councils and by facilitating the establishment of adequate consultation mechanisms on important decision processes of the government.

To ensure transparency in the procurement process there may be a need to amend RA 9184 to ensure participation of the private sector/CSO in the Committee. Since their participation would require their time and resources, then they should be made bona fide members of the BAC so that they will also receive honoraria for their logistics support.

IV. PROGRAMS, PROJECTS AND ACTIVITIES

- Formulation of local DRR-enhanced plans
- Provision of service delivery entitlements to proper recipients
- Conduct of capability enhancement trainings and modernization of equipment of NGAs with frontline services
- Establishment of GIS Centers
- Updating of schedule of real property values by LGUs
- Annual development plans approved by Sanggunians
- Formulation of local investment codes
- Massive advocacy of incentives under the investment code
- Formulation and updating of local revenue codes
- Computerization of frontline services
- Fast-track harmonization of reporting system of government

- Conduct of report card survey using the following parameters of effectiveness, impact of mechanism, and performance with respect to delivery of frontline services
- Publication of financial and audit reports by LGUs/NGAs/GOCC

Chapter 7: Human Resource Development

Davao Region's human resource plays a lead role in economic growth. People are active agents who build up capital, harness natural and man-made resources, mobilize socioeconomic and political alliances, and push the region's development agenda. Essentially, the labor force provides the skills that propel agriculture, industry, services and governance. The region's development potential, thus, depends highly on the quality of its human capital.

A well-endowed human capital also serves as a major element to achieve inclusive growth and break the cycle of poverty. A skilled, healthy, well-educated populace generates higher income and in turn, benefits from growth opportunities. People are considered not only as critical inputs, but also as the ultimate beneficiaries of the development process. It is vital, therefore, to upgrade the caliber of the workforce for sustained economic growth and improved quality of life.

Through the years, the region has strongly pursued human resource development as a means to enhance the capacity of its people to reach their highest potentials. This encompassed an array of initiatives on education, training and capacity building, as well as on health, nutrition, housing and environment.

I. ASSESSMENT

Health and Nutrition

The government's sustained efforts have resulted in significant improvements on the health and nutrition status of Davaoeños. The region's infant mortality rate fell from 12 deaths per 1,000 live births in 2004 to around 8 in 2009, which surpassed the Millennium Development Goal (MDG) target of 18.7 by year 2015. (Table 3.7.1)

The under-five mortality rate also dropped from 33 deaths per 1,000 live births in 2006 to 13 deaths per 1,000 live births in 2009, exceeding the MDG target of 26 deaths by year 2015. This was due to improvements in pre-natal and post-natal services. Much of the decline in mortality was attributed to the intensification of the government's Expanded Program on Immunization, which significantly increased the proportion of children immunized against measles from 74.5 percent in 2004 to 87.1 percent in 2009. The proportion of fully immunized children also rose from 80.6 percent to 86.7 percent. Likewise, the proportion of mothers who were given tetanus toxoid plus vaccines increased from 80 percent to 82.7 percent.

The rate of malnutrition for children below five (5) years old, which refers to a lack of adequate nourishment resulting from insufficient food, unbalanced diet, or defective assimilation dropped from 15.7 percent in 2004 to 8.7 percent in 2009. This has surpassed the region's MDG target of 30.2 percent by 2015 and was attributed to improved nutritional intake and aggressive implementation of the government's breastfeeding and nutrition programs.

Meanwhile, the proportion of households with access to safe water supply rose from 87.1 percent in 2004 to 91.1 percent in 2009. This was, however, short of the region's target of 95.2 percent for 2009. The proportion of households with access to sanitary toilets increased from 73.0 percent to 91.1 percent, surpassing the region's target by 10.1 percentage points.

The region's crude death rate rose from 3.7 deaths in 2004 to 4.2 deaths per 1,000 population in 2009. Degenerative and lifestyle diseases were the leading causes of death. These included heart disease, cerebro-vascular diseases, hypertension, diseases of arteries, arterioles and capillaries, and malignant neoplasm. Side by side with these were communicable diseases, such as pneumonia, tuberculosis and respiratory infections. The leading causes of morbidity, on the other hand, included acute respiratory infection, pneumonia, diarrhea, genitourinary diseases, hypertension, and heart disease.

Furthermore, vector-borne, communicable and water-borne diseases continued to affect the region, particularly, the outbreak of dengue in the early part of 2010.

Maternal mortality ratio (MMR) worsened from 90 deaths in 2004 to 121 deaths per 100,000 live births in 2009. Complications of labor and delivery were the leading causes of maternal deaths. These included hemorrhage, ruptured uterus, retained placenta and uterine atony. Contributory factors were too close birth spacing, poor management of high risk pregnancies, deliveries by untrained health workers and lack of education. Meanwhile, the proportion of mothers who received tetanus toxoid plus vaccines registered 82.7 percent for 2008.

Overall access to health services has remained inadequate. As of 2009, the average hospital bed-to-population ratio stood at 1:906 vis-à-vis the standard of 1:500. The ratio of government physicians to population stood at 1:49,906, while the nurse to population ratio was 1:27,512. The standard for both the physicians and nurses to population ratio is 1:20,000.

Another prevailing concern was the non-functionality of the region's local health boards. It was observed that not all local health boards were fully exercising their mandated functions due to budgetary and other constraints.

Education and Manpower Development

The region's simple literacy rate improved from 92.7 percent in 2005 to 93.2 percent in 2009. This may be attributed to the increase in the number of schools built and level of enrolment in these

Table 3.7.1 Davao Region MDG Updates-Health

MDG Indicator	Baseline	Target	Latest
Infant mortality rate (per 1000 live births)	55.8 (1990)	18.7 (2015)	8.1 (2009)
Maternal mortality ratio (per 100,000 live births)	172.5 (1990)	43.0 (2015)	121.0 (2009)
Proportion of mothers immunized with tetanus toxoid plus	65.2 (1993)	100.00 (2015)	51.9 (2008)
Under-5 mortality rate (per 1,000 live births)	78.0 (1990)	26.0 (2015)	13.0 (2009)
Proportion of 1year-old children immunized against measles	85.5 (1991)	100.0 (2015)	87.1 (2009)
Proportion of fully immunized children (9-11 months)	79.9 (1993)	100.00 (2015)	86.7 (2009)
Prevalence of underweight children under 5 years old	60.3 (1992)	30.2 (2015)	8.7 (2009)
Proportion of households w/o access to safe water supply	22.0 (2001)	11.0 (2015)	8.9 (2009)
Proportion of households without sanitary facility	26.0 (2002)	13.0 (2015)	8.9 (2009)

Source: NSCB

schools. As of SY 2009-2010, there were 1,902 elementary schools, 475 secondary schools, 88 tertiary schools and 207 tech-voc institutions across the region.

Basic Education

The region's elementary enrolment followed an upward trend, reaching 674 thousand in SY 2009-2010. Notwithstanding this, the average participation rate has remained low. Elementary net enrolment rate fell from 77.5 percent in SY 2004-2005 to 75.1 percent in SY 2009-2010. (Table 3.7.3) Moreover, only 6 out of every 10 students who enrolled in Grade I completed Grade VI from SY 2003-2004 to SY 2009-2010. The rest dropped out of school or had no access to the intermediate grades. The public school system accounted for 93 percent of the number of elementary children enrolled in SY 2009-2010. Meanwhile, the SY 2009-2010 secondary school enrolment increased by an average of 0.4 percent annually, reaching about 292 thousand in SY 2009-2010. About 83 percent of students were in public high schools. Net enrolment rate, however, remained low at 40 percent, which meant that only less than half of the target population attended high school. Cohort survival rate in the secondary level was also low at 40 percent.

Table 3.7.2 Davao Region MDG Updates-Education

MDG Indicator	Baseline	Target	Latest
Net enrolment ratio in primary education	80.1 (SY02-03)	100.00 (2015)	75.1 (SY09-10)
Proportion of students starting grade 1 who reach grade 6	69.6 (SY02-03)	100.0 (2015)	59.9 (SY09-10)
Simple literacy rate (10 years old and over)	92.0 (1994)	100.00 (2015)	93.2 (2009)
Functional literacy rate (10-64 years old)	79.4 (1994)	100.0 (2015)	77.8 (2003)
Ratio of girls to boys in (a) primary education	94.5 (SY02-03)	100 (2015)	93.0 (SY09-10)
(b) secondary education	109.9 (SY02-03)	100 (2015)	93.0 (SY09-10)

Source: NSCB

The low participation rates in the elementary and secondary education were primarily attributed to slow improvements in family incomes especially in rural areas, where most families rely on seasonal agricultural jobs. Sporadic disturbances to peace and order in some localities have also affected the children's education.

On the average, the teacher-student ratio stood at 1:37 in elementary schools and 1:36 students in secondary schools. There were an average of 40 pupils per classroom in elementary schools and 56 students per classroom in secondary schools. While it may appear that the region had achieved the standard requirements for teachers and classrooms at the macro level, a school-to-school analysis reveals that some schools have excesses, while others have big shortages.

The computed school-to-school shortage as of SY 2009-2010 reached 1,159 classrooms for the elementary level and 1,173 classrooms for the secondary level. Along with the challenge to build more classrooms was the need to hire more teachers. The additional teacher needs as of SY 2009-2010 were 2,505 for elementary and 2,495 for the secondary level.

In terms of gender parity, the boys outnumbered the girls in the elementary level at 93 girls for every 100 boys as of SY2009-2010. In the secondary level, however, the gender parity ratio was in favor of girls at 105.5. (Table 3.7.2) This may be due to the fact that many adolescent boys among poor families had to forego schooling to help augment the family income.

Table 3.7.3 Basic Education Indicators, Davao Region, 2004-2009

<i>Basic Education</i>	2004	2005	2006	2007	2008	2009
Elementary Level						
Participation Rate	77.5	73.7	70.7	70.1	70.4	75.1
Cohort Survival Rate	64.2	54.1	56.9	60.5	55.1	59.9
No. of Schools	1,757	1,791	1,615	1,876	1,892	1,902
No. of Classrooms	15,301	15,411	15,500	15,700	16,021	16,163
Classroom-Pupil Ratio	1:39	1:38	1:38	1:38	1:38	1:40
No. of teachers	16,127	16,254	16,304	16,686	16,787	17,007
Teacher-Pupil Ratio	1:37	1:36	1:36	1:35	1:36	1:37
Secondary Level						
Participation Rate	38.6	40.0	38.3	38.4	38.2	40.0
Cohort Survival Rate	51.9	44.5	49.6	53.5	50.0	56.1
No. of Schools	401	402	422	440	451	475
No. of Classrooms	3,647	3,863	4,140	4,213	4,339	4,390
Classroom-Pupil Ratio	1:67	1:60	1:55	1:55	1:56	1:55
No. of teachers	5,950	6,084	6,183	6,265	6,401	6,623
Teacher-Student Ratio	1:41	1:38	1:37	1:37	1:36	1:36

Source: DepEd

Meanwhile, the challenge to improve the quality of education continued. In terms of outcomes, the region's performance in national achievement tests remained low in the past years. In SY 2009-2010, the average National Achievement Test results were placed at 67.0 in the elementary level and 44.4 in secondary. This suggests that significant numbers of students in elementary and public schools were unable to absorb their lessons.

Higher Education

In the tertiary level, the number of enrollees posted an average annual growth of 2.2 percent from 93,351 in 2004 to 103,958 in 2009 (Table 3.7.4). The enrolment had gone up over the 6-year period, except in SY 2008-2009, where the turnout of students was low. The most number of enrollees were in BS Nursing, Business Administration, Criminology, Information Technology, Education, Accountancy, Hotel and Restaurant Management, and Computer Science. Relatedly, the average number of graduates from 2004 to 2008 was 15,279 per year. The highest numbers were in BS Nursing, Commerce, Education, Accountancy, Bachelor of Criminology and Computer Science. Based on gender distribution, the enrolment in the tertiary level was composed of 55 percent females and 45 percent males.

In recent years, a surplus of nursing graduates had been noted, which was due to decreasing demand among local and foreign hospitals. These nursing graduates were, consequently, forced to take up jobs unrelated to their profession, while others remained unemployed or underemployed.

Table 3.7.4 Number of Schools, Enrolees and Graduates in Higher Education
Davao Region, 2004-2009

School Year	2004- 2005	2005- 2006	2006- 2007	2007- 2008	2008- 2009	2009- 2010
No. of Schools	71	74	77	80	82	88
No. of Enrolees	93,351	98,142	99,133	102,769	97,495	103,958
No. of Graduates	11,746	12,390	13,576	13,804	16,471	22,520

Source: CHED

Technical-Vocational Education and Training

From 2004 to 2009, approximately 408 thousand students were enrolled in the region's training modalities school, center, enterprise and technology-based programs, including scholarship programs. Out of this number, 403 thousand or about 98.7 percent were able to graduate. (Table 3.7.5) There were about 31 thousand enrollees and 30 thousand graduates assisted by scholarship programs.

Majority of students from SY 2004 to SY 2007 took up technology-based community training programs provided by the local government units in cooperation with TESDA XI. In 2006, the Training for Work Scholarship Program was initiated to complement DepEd's Private Education Student Financial Assistance under Government Assistance to Students and Teachers in Private Education (GASTPE). The average number of yearly student allocations under this program was 4,000 from 2006-2008 and this was increased to 17,000 in 2009. Consistent with the region's development thrusts, the sectors of Information and Communication Technology (ICT), Tourism, Metals and Engineering had the most number of graduates. Others included qualifications in languages, Korean, English Proficiency and Arabic. As of 2010, there were 248 private and public tech-voc training providers in the region, which had registered qualifications and programs with TESDA.

**Table 3.7.5 Number of Enrolees and Graduates in Technical-Vocational Education
Davao Region, 2004-2009**

	2004	2005	2006	2007	2008	2009	Total
Enrolees	79,420	64,107	93,420	99,100	38,704	33,420	408,171
Graduates	78,712	61,078	93,093	98,920	38,357	33,026	403,086

Source: TESDA

One major challenge faced by the region's tertiary and technical-vocational education was the perceived mismatch between the skills possessed by the graduates and the skills required for jobs, or so-called imbalance between market supply and demand for human capital. In 2009, a multi-sectoral stakeholders forum, which was jointly conducted by concerned national agencies, academe and industry players identified the existing gaps. Their assessment revealed that shortages existed on certain manpower expertise, which was needed by the region's priority industries. Among these were electrical and geological engineers, epidemiologists, animal nutritionists and veterinarians. Relatedly, some critical courses were not offered in the region's colleges and universities, such as mining engineering and metallurgical engineering, environmental engineering and other mining related courses.

Among the challenges faced by the agribusiness sector included the dwindling number of agricultural graduates and lack of management specialists on pest/disease control and harvest and postharvest systems. The sector needed Agricultural Engineers, Agronomists, Marine Agriculturists and Food Technologists. For tourism, high priority needs were for resort chefs, cooks, dive instructors and marketing specialists. The industry had difficulty in hiring experienced resort managers and dedicated frontliners. The tourism sector expressed the need for highly specialized competencies and upgraded skills that are at par with international standards. The high cost of specialized trainings, however, has hindered tourism personnel from availing such trainings. The IT sector, for its part, pointed to weak communication skills, difficulty in retention of employed talent and non-inclusion of required expertise in the current curriculum. Other sectors, such as machinery and equipment, complain of the fast turn-over of skilled workers and the need to professionalize machine shop skilled workers.

Housing

The housing and real estate markets have failed to keep pace with the region's rapid urban growth over the years. Shelter has not been affordable for the poor and many urban families live in makeshift dwellings in informal settlements. Davao Region's housing backlog reached 263,952 units between 2005 and 2010. This translates to an average annual backlog of 43,992 units for the region, with the most number of housing backlogs projected for 2010 at 46,134 units. This has been attributed to the region's increasing housing needs due to population growth.

About twenty-five percent (25%) of the households had no security of tenure in 2000. These households were either renting or occupying for free with or without owners' consent. Based on the 2007 Census of Population and Housing, the number of occupied dwelling units decreased by 18.7 percent from 1,044,610 units in 2000 to 879,929 units in 2007. This was attributed to non-payment of amortization fees by the occupants.

The number of households occupying concrete dwellings increased from 70 percent in 2000 to 81 percent in 2007. Relatedly, the number of households occupying unacceptable dwellings and makeshift units decreased from 28 percent in 2000 to 18 percent in 2007. The monthly amortization cost for socialized housing, which ranges from P2,500.00 to 4,500.00 may no longer be affordable for most of the poor, even for employed persons earning a daily minimum wage.

II. CHALLENGES

Based on the foregoing assessment, Davao Region needs to hurdle the following challenges in order to develop its human resources for more empowerment and competitiveness: (1) rising incidence of communicable and vector-borne diseases; (2) high maternal mortality ratio; (3) limited access to health services; (4) low participation rate and poor quality of basic education; (5) mismatch between the demands of priority industries and skills of graduates; and (6) low access to affordable housing.

III. STRATEGIC FRAMEWORK

In its efforts to attain inclusive growth, the region shall adopt key strategies that will broadly address the tough challenges to human resource development. This is to ensure that all Davaoeños are fully equipped to participate in society's productive endeavors and the outcomes of development are equitably shared by all.

Goal

Davao Region shall strive to achieve inclusive growth through an empowered and globally competitive human resource. This comprises men and women with vital skills and capabilities that can spur economic activity in the domestic arena and penetrate the international market. The attainment of this goal shall ultimately redound to the reduction of poverty and improvement of the quality of life of the Davaoeños.

Objectives

The region aligns its human resource development objectives with the President's Social Contract with the Filipino People, the nation's commitments on Education for All global movement, and the Millennium Development Goals. Specifically, the government shall endeavor:

1. To enhance the productive capacity of the region's workforce by improving the overall health and nutrition status; increasing access to and quality of education; and expanding delivery of affordable housing services
2. To ensure a suitable matching of the skills possessed by the region's workers and those that are needed by priority industries and the global market

Targets

Health and Nutrition

- a) Infant mortality rate shall be reduced from 8.1 deaths per 1,000 live births in 2009 to 5.0 deaths per 1,000 live births in 2016
- b) Maternal mortality rate shall be reduced from 121 deaths per 100,000 live births in 2009 to 45 deaths per 100,000 live births in 2016
- c) The prevalence associated with malaria shall be reduced from 4.9 in 2009 to zero in 2016
- d) The prevalence associated with tuberculosis shall be reduced from 100 in 2009 to zero in 2016
- e) The proportion of households with access to potable water shall increase from 91.0 percent in 2009 to 95.0 percent in 2016.
- f) The proportion of households with access to sanitary toilets shall rise from 80.6 percent in 2009 to 87 percent in 2016.

Education

- a) The elementary and secondary school participation rates shall both reach 100 percent in 2016 from 75.11 percent and 40.04 percent, respectively in 2009.
- b) Completion rates shall improve from their 2009 levels of 58.9 percent for elementary schools and 51.6 percent for secondary schools to 100 percent for both levels in 2016.
- c) Cohort survival rates shall improve from their 2009 levels of 59.9 percent for elementary schools and 56.1 percent for secondary schools to 100 percent in 2016.
- d) Elementary achievement rate shall improve from 67 percent in 2009 to 85 percent in 2016.
- e) Secondary achievement rate shall increase from 44 percent in 2009 to 82 percent in 2016.
- f) Dropout rates shall be reduced from 2009 levels of 0.6 percent for elementary schools and 6.23 percent for secondary schools to zero in 2016.
- g) Simple literacy rate shall increase from 93.2 percent in 2009 to 100 percent in 2016.
- h) Functional literacy shall increase from 86.3 percent in 2009 to 100 percent in 2016.
- i) The number of technical-vocational education graduates shall increase from 14,000 in 2009 to 22,000 in 2016.

Housing

The proportion of households with access to secure tenure shall increase through the years from 72 percent in 2000.

Strategies

Appropriate and timely strategies to improve the quality and quantity of human capital are crucial for poverty reduction and inclusive growth. The following interventions shall be adopted for positive impact and potential pay-offs on labor force capacities.

Universalize access to appropriate, affordable and comprehensive health services

The government shall ensure that essential health services, basic medicine and appropriate quality care are available to all. The initiatives shall include programs, projects and interventions to improve the outreach, range and effectiveness of health and nutrition delivery, healthcare financing, upgrading of facilities, provision of drugs, supplies, food and micronutrient supplements, capability-building of health personnel and community education on health and nutrition practices. Health research shall be pursued to develop and improve health products and services.

Adopt innovative approaches to increase access to and quality of education by improving the delivery of formal, non-formal education and alternative learning systems and provision of financial assistance

This shall include a thorough review of the elementary and secondary education system, adoption of alternative learning schemes, training of school personnel, research development, improvement of facilities and provision of teachers' welfare. At the higher education level, the initiatives shall include the provision of financial assistance to poor but deserving students, faculty development, liberalizing private school policies, rationalizing state colleges and universities (SUCs) and intensification of SUC income-generating programs to sustain instruction, research and extension programs. Peace education shall be incorporated into the school curriculums to instill the culture of peace among the young and not only to those who are directly involved in peace keeping process and mature levels of society. Moreover, the goals of Education for All and the MDGs shall be consistently pursued for improving the level of participation in education.

Focus higher education and manpower skills development on the greater demands of the region's priority industries and international markets

The region shall take into account the rapid development and changing needs for knowledge and skills among domestic industries and international markets. Broad initiatives shall cater to the demands of the region's small and medium sized enterprises and priority industries. Ladderized education programs shall be strengthened to provide the technical vocational education and training (TVET) workers with opportunities for career and educational progression and facilitate a seamless and borderless education and training system. Jobs-skills matching shall be addressed by directing students' course preferences towards priority disciplines, adopting IT-enabled, market-driven and internationally-comparable programs, strengthening of quality assurance systems and linkages between the industry and academe. Focus shall also be directed to global labor market opportunities, while ensuring that domestic market requirements are amply met.

Facilitate access to affordable, decent and appropriate housing, especially for low-income families

The region shall provide effective mechanisms to facilitate delivery of affordable and decent housing and to enhance security of tenure. Priority areas shall be on housing site development, access to microcredit for shelter finance, provision of tax incentives to developers, strengthening of home lending system and increasing the capacity of communities, LGUs and government housing agencies

to facilitate planning for shelter delivery. Market-based approaches will be tapped to close the gap between demand and supply for housing. Public-private partnerships shall provide a mechanism for resolving the "needs/demand gap" in shelter provision and provide the mechanism for sharing risks and maximizing returns on investment. Non-government organizations (NGOs), private sector and overseas Filipinos (OFs) shall be engaged in building and scaling up socialized housing projects. It must also be ensured that housing and shelter units are compliant with the standards set on disaster risk reduction and climate change adaptation.

Strengthen community participation and public-private partnerships (PPP) to bridge the gap between demand for and delivery of services for human resource development

This involves the government's collaboration with the private sector in the provision of much-needed resources for basic health, nutrition, education and housing services. The initiatives shall include the adoption of appropriate regulations, provision of tax and other incentives, as well as the creation of investment-friendly environment to upgrade public health services and develop education and training facilities, especially in underserved areas. Private sector resources shall be harnessed in the delivery, monitoring, social marketing and advocacy, and policy formulation, on developing human resources.

IV. MAJOR PROGRAMS, PROJECTS AND ACTIVITIES

1. For improving access to appropriate, affordable and comprehensive health and nutrition services

- Maternal and Child Health Programs
- Disease Prevention and Control
- Promotion of Healthy Lifestyle and Management of Health Risks
- Expansion of Healthcare Financing to generate revenue/income in the future; Philippine Health (Philhealth) Insurance Corporation accreditation of health facilities; and expanded enrolment to Philhealth to larger sections of the population, such as the indigents and unemployed.
- Establishment and Upgrading of Health Facilities – upgrading of the Mindanao Heart Center and completion of the Mindanao Cancer Center
- Environmental Sanitation Program

2. For improving delivery of formal, non-formal education and alternative learning systems and develop mechanisms to enhance the quality of education

- Project Reach
- Alternative Learning System
- Government Assistance to Students and Teachers in Private Education
- Adopt a School Program

- Food for School Program
- Applied Nutrition Program
- Basic Education Sector Reform Agenda (BESRA) – School Based Management Program
- Indigenous Peoples' Education Program
- K + 12 Program

3. For a more suitable skills matching between prospective workforce and the region's priority industries and of international markets

- Davao Region Industry Cluster Human Resource Development Action Plan
- Ladderized Education Program
- Private Education Student Financial Assistance
- TESDA's Seek-Find-Train-Certify-Employ Program
- Training for Work Scholarship Program
- Unified TVET Program Registration and Accreditation System

4. For expanding access to affordable, decent, safe and appropriate housing, especially for low-income and underprivileged families

- Formulation of Local Shelter Plans
- Low-Cost Housing Program
- NHA Joint Venture Housing Program
- Pag-IBIG Retail Housing Loan Program
- Pag-IBIG Group Land Acquisition and Development
- Pag-IBIG Development Loan
- Pag-IBIG Local Government Pabahay Program
- HGC Abot Kaya Pabahay Guaranty Program
- HGC Retail Guaranty Program
- Securitization Scheme Program

V. POLICY AGENDA

Policy reforms are needed to improve and promote health and nutrition, strengthen health systems, improve access to education and provide sufficient work opportunities, the following policy agenda are proposed:

1. Passage of an Act Creating a Regional University System (RUS) in Davao Region

This house bill shall integrate the region's lone university, the University of Southeastern Philippines (USEP) and the three state colleges, namely, the Davao del Norte State College (DNSC), the Davao Oriental State College of Science and Technology (DOSCST) and the Southern Philippines Agribusiness and Marine and Aquatic School of Technology (SPAMAST). The RUS shall provide a unified corporate structure to guarantee common academic standards and institutional identity. It aims to foster unity and stronger collaboration among the constituent units to create economies of scale; attain effective and efficient governance, improve quality and excellence, as well as wider access and equity.

2. Review of Republic Act 7880, otherwise known as the "*Fair and Equitable Access to Education Act*" or Roxas Law.

The Philippine Congress and DepEd shall be urged to review this law, which provides the method for allocating the annual DepEd budget, specifically for capital outlay, such as the acquisition of furniture and textbooks and the construction of school buildings and classrooms. It is believed that the allocation formula provided by Roxas Law does not respond to shortages of school requirements, which persist on a wider scale in less privileged areas.

3. Enactment of a national policy on reproductive health, responsible parenthood and population development

This shall strengthen the government's efforts towards upholding the rights of the people, particularly women to effective participation in promoting responsible parenthood, informed choices, birth spacing and respect for life in conformity with internationally recognized human rights standards. The State likewise guarantees universal access to medically-safe, legal, affordable and quality reproductive health care services, methods, devices, supplies and relevant information even as it prioritizes the needs of women and children, among other underprivileged sectors. This policy is anchored on the rationale that sustainable human development is better assured with a manageable population of healthy, educated and productive citizens.

Chapter 8: Peace and Development

In his Social Contract with the Filipino People, President Benigno S. Aquino III envisions “a country with an organized and widely shared rapid expansion of our economy through a government dedicated to honing and mobilizing our people’s skills and energies as well as the responsible harnessing of our natural resources . . . leading to among others, creating a sustainable development for reform, peace, justice, security xxx”.

Peace and development are two sides of the same coin. Development will remain elusive when insurgency and conflict reign. At the same time, poverty and inaccessibility to basic services are fuels to conflict and insurgency.

Davao Region shall adopt a culture of peace to attain the level of growth it envisions by 2016. Both government and private sectors shall exert every effort to ensure human security, protection of human rights, delivery of services, resilient communities, as well as investments in the region.

I. ASSESSMENT

Generally, the region was relatively peaceful throughout the previous plan period and its socio-economic performance was on an upward trend. Davao Region was and is regarded as a major economic hub in Southern Philippines and a leader among the Mindanao regions.

The highly urbanized city of Davao topped the list of the 2010 Top 10 Next Wave Cities for outsourcing operations. It scored high on availability of qualified talent and infrastructure. The title is a come-on to investors to invest not only in Davao City but also for the rest of Davao Region’s satellite cities and provinces.

Davao Region is currently enjoying harmony and economic stability. However, the region shall strive further to provide human security for its inhabitants so that they may move freely and peacefully and engage in gainful pursuits. While it is true that the region is peaceful, much is yet to be done to cultivate a culture of peace since peace is not just the absence of war or conflict, it is the sum total of conditions that ensure human and social wellbeing in all its dimensions.

Threat of Insurgency

For Davao Region, its biggest threat to human security is the problem of insurgency. Taking advantage of the rich minerals and vast forests and mountains of the region, the Communist Party of the Philippines-New People’s Army-National Democratic Front (CPP-NPA-NDF) maintains an active contingent in the region. Its main goal is to destabilize the government and seize control. The CPP-NPA’s destabilization campaign included targeting telecommunication facilities, big mining and logging companies, including large banana plantations as sources of operating funds. However, the insurgents were not successful in establishing a shadow government at the local level.

The Philippine National Police (PNP) established its Directorate for Integrated Police Operations (DIPO) for Eastern Mindanao, while the Armed Forces of the Philippines (AFP) created the Eastern Mindanao Command (EastMinCom) based in Davao Region.

The counter-insurgency operation of the EastMinCom is geared mainly towards the CPP-NPA-NDF. The military did not only conduct military operations to suppress insurgent activities, it also engaged in community development to “win the peace”. Included in its civil-military activities was the establishment of Kalayaan Barangays in conflict-affected areas that provided infrastructure support and social services.

Likewise, DIPO-Eastern Mindanao’s main function is to consolidate all police operations in Eastern Mindanao to contribute to the promotion of regional socio-economic development. Specifically, the Directorate’s functions include (1) directing and supervising the conduct of integrated anti-criminality, internal security and counter-terrorism operations, and (2) promoting inter-operability with the different units of the AFP.

Currently, although the CPP-NPA-NDF still has presence in the region, the government remains the sovereign. Armed encounters between the insurgents and the military, as well as insurgent activities, are nil and localized.

Concerns on Criminality

In terms of criminality, the region posted a meager 8% crime solution efficiency rate during the previous Plan period. Comparative police statistics for CY 2009 and CY 2010 indicate that crime volume and average monthly crime rate have decreased substantially in CY 2010. Despite the decrease, however, there is great concern on the low crime solution efficiency (CSE) rate. Contributory to the low CSE rate are the lack of police personnel in the region, dilapidated police buildings and obsolete police paraphernalia and equipment. The highly centralized budgeting of the PNP hampers the PNP XI from hiring additional and needed personnel and procure necessary equipment.

The PNP Regional Office (PRO) XI continues to function despite its shortage of police personnel and lack of equipment. Its greatest achievement so far is the operation of Davao City Central 911 which is supported by the Davao Light and Power Company in cooperation with the City Government of Davao. The 911 is a new unit under the Davao City Mayor’s Office composed of personnel who are trained to accept emergency calls and accurately locate and dispatch requests to emergency service providers such as the police, the fire department and hospitals for ambulance service. The 911 service initially supported the mobile operations of the police.

Among the top priorities of the region’s law enforcement agencies are the identification and the eventual prosecution of perpetrators of a number of unsolved killings and the suppression of the drug trade and human trafficking in the region. The PRO XI, in cooperation with the Philippine Drug Enforcement Agency (PDEA) XI, tightened the net for transporting drugs into the region by establishing active checkpoints around the region’s cities and provinces. As a result, drug traffickers have resorted to sea routes in transporting drugs. The Philippine Coast Guard, Maritime Police, Philippine Navy and PDEA shall consolidate their efforts to check the seaborne operations of the traffickers.

Law enforcement agencies and the Departments of Justice and Social Welfare and Development closely monitored human trafficking in the region. Only a few cases were reported during the

previous plan period. However, since trafficking in persons (TIP) is a major national concern, all government and private agencies in Davao Region were active in monitoring suspicious groups of women and children that were travelling, be they in airports, seaports or bus terminals.

The Regional Interagency Council against Trafficking (RIACAT)-Integrated Action Network (IAN), spearheaded by the Justice and Social Welfare departments, was established early in CY 2011 to monitor human trafficking in Davao Region. The RIACAT-IAN observed that of the 34 TIP cases that were recorded, only three ended in conviction. Seven of the cases were dismissed due to lack of evidence and five due to witnesses' lack of interest to pursue the case. The remaining cases were archived because the witnesses could no longer be located.

Case build-up is currently a priority among the police, the Regional Prosecutor's Office and the DSWD to arrest and prosecute the traffickers. Rescue and counselling of the victims are continuing activities undertaken by LGUs and social workers from both the government and private sectors.

Secessionist Activities

So far, threat to human security in the region mainly comes from insurgency rather than secessionism. The Task Force-Davao (TF-Davao) is very vigilant in ensuring that terroristic activities are quashed before they can affect human lives and inflict damage to property. However, threats from Muslim separatist groups could not be downplayed since Davao Region is adjacent to Central Mindanao Region and ARMM where bases of the Moro Islamic Liberation Front (MILF) are located.

Delivery of Justice

Vital in ensuring peace and development is the speedy delivery of justice. Toward this end, the five pillars of justice were at work in ensuring service of justice in the region.

However, during the previous plan period, police efforts were wanting in arresting criminal elements as evidenced by the low CSE rate. The prosecutors had difficulty in obtaining the needed convictions that would penalize offenders. The courts were also swamped with dockets that have to be resolved within the prescribed period.

As a consequence, the Office of the Regional Prosecutor and the police have teamed up to pursue case build-up to increase conviction rates.

II. CHALLENGES

Working on a more comprehensive strategy against insurgency

While the region is gaining strongly, Davao Region's greatest challenge is to map out a comprehensive strategy against insurgency to bring all armed conflict in the region to a permanent and peaceful closure. Both government and private sector efforts are necessary to come up with a strategy that would win the hearts and minds of the rebels by peacefully laying down their arms and turning to productive activities.

Achieving a Final Peace Agreement

Forging of Peace Pacts with the MILF and the CPP-NPA-NDF would be a major step toward ending the decades-long armed conflict and insurgency. The peace negotiations with the MILF shall cover reconstitution by the government of the peace negotiating panels and continue implementation of the ceasefire mechanisms as well as the rehabilitation and development of conflict-affected areas.

Peace negotiations with the CPP-NPA-NDF, on the other hand, shall focus on the reconstitution of the peace negotiation panels, as well as adherence by both the government and rebel group to international humanitarian laws and respect for human rights.

The peace negotiations should also include agreements from both the MILF and the CPP-NPA-NDF to refrain from targeting civilians in their operations. While these stipulations are laid on the negotiating table, the PNP and the military shall ensure that the region's airports, seaports, bus terminals, malls, and other public places are secure from any explosive or similar devices that could cost human life and damage to property.

Underdeveloped/vulnerable communities

The strongholds or mass bases of the CPP-NPA are usually communities in remote areas with less road accessibility and minimal economic activities. These communities are also located in “tri-boundary” areas of the military and police. Insurgents choose such “tri-boundary” areas since their chance of capture are less, given that the military and police have fixed areas of responsibility (AORs)—a military or police unit would have to coordinate with counterpart units to pursue insurgents or criminal elements beyond its AOR.

Since the CPP-NPA-NDF has established mass bases in the aforementioned communities, their recruits usually come from the residents of the area. They use the communities' lack of infrastructure, economic and social support as a basis to discredit the government and incite residents to join their insurgent activities.

Delivery of justice is often slow in these underdeveloped communities. It takes years to resolve a simple crime of theft or robbery, and an even longer time for crimes of murder. Most often than not, the insurgents provide instant justice to the aggrieved party to further discredit the government.

In times of disasters, these vulnerable communities are hit the hardest. Rehabilitation is also slow due to the remote location of the areas.

Perception of unpeace

The region also suffers from the stigma brought by the perception of pervasive lack of peace in Mindanao. Out of the ten advisories issued by foreign embassies against travel to Mindanao, Davao City was mentioned in six advisories. Davao Region has not managed to ever disassociate itself as being unaffected or uninvolved from the “Mindanao Conflict”. This has impacted on the region's ability to invite investors and tourists.

Weaknesses in the 5 Pillars of Justice

The Philippine Justice System has five pillars, namely: law enforcement, prosecution, the courts, correction, and the community. Weakness in any of these pillars would make the justice system ineffective or inefficient in the delivery of justice.

Law enforcement in Davao Region, which is the mandate of the PRO XI, is hampered with a shortage of law enforcement personnel and lack of state of the art equipment necessary to suppress criminal elements, mainly due to the highly centralized budgeting of the PNP.

Court dockets are clogged and disposition of cases is beyond the prescribed period. Litigants do not make use of the barangay mediation mechanism due to lack of information. This contributes to the rising number of court dockets instead of resolving disputes amicably at the barangay level.

The police and the prosecutors have yet to institutionalize a case build-up system to strengthen evidence gathering and safekeeping thereof.

III. STRATEGIC FRAMEWORK

Goal

Davao Region aims to be a peaceful and socio-economically developed region by 2016.

Objectives

Towards said goal, the following regional objectives shall be met by 2016:

1. Sustained peace and order condition with very minimum or nil armed encounters and even more minimal displaced families due to conflict.
2. Socio-economically developed communities, whose citizens are gainfully employed or engaged in productive economic activities.
3. Disassociated Davao Region from the stigma of the “Mindanao Conflict” and made a name and reputation as a peaceful, investor- and tourist-friendly destination.
4. Improved justice system.

Targets

The foregoing objectives shall be achieved by pursuing the following targets:

- Comprehensive resolution to conflict through forging of peace agreements
- Increase crime solution efficiency rate to 20.1% by 2016 (baseline rate – 8%)
- Achieve 98.5% disposition rate of cases under indictment/investigation by 2016
- Attain 100% coverage of public interest killing cases with case build-up assisted by prosecutors annually onward to 2016

- Realize 40% conviction rate of cases based on court decisions which are final and executory by 2016
- Increase the number of fora conducted in the region relating to the peace process with insurgent groups
- Inclusion of representatives from the indigenous peoples and business sectors in all peace negotiation panels

Strategies

1. Strategies against insurgency

Push for the reopening of peace negotiations with the CPP-NPA-NDF

The government shall strive to reconstitute the peace panels and facilitate reopening of peace negotiations. Negotiations with the armed groups shall be guided by the principles enshrined in Executive Order No. 3, series of 2001, which are: a) community-based, reflecting the sentiments, values and principles important to all Filipinos; b) forge a new social compact for a just, equitable, humane and pluralistic society; and c) seek a principled and peaceful resolution to the internal armed conflicts, with neither blame nor surrender, but with dignity for all concerned.

In line with the pursuit of peace negotiations with the CPP-NPA-NDF, the following sub-strategies shall be pursued:

Advocate for broader stakeholder membership in both sides of all peace negotiation panels

Each side of the peace negotiation panel shall involve broad stakeholder membership to promote inclusiveness and transparency. It is necessary that the peace panels represent the interest of their stakeholders so that what is brought to the negotiation tables are the true sentiments of the parties.

Push for referenda for the more contentious proposals in any peace agreement

All stakeholders shall push for referenda on the contentious proposals in peace negotiations. It is only through referendum that the voice of the people shall be heard.

2. Strategies against secessionism

Push for the reopening of peace negotiations with the MILF

Reconstitution of the peace panel for the reopening of peace negotiations with the MILF shall be pursued. Negotiations with the MILF shall likewise be guided by the principles of EO No. 3, series of 2001. Parallel to the reconstitution of the peace panel shall be the continued implementation of the agreements with the MILF on ceasefire mechanisms, and rehabilitation and development of conflict affected areas. The sub-strategies adopted on insurgency shall likewise be pursued parallel to the goal of reopening peace negotiations with the MILF.

Implement the Final Peace Agreement with the MNLF

The region shall support government's proactive steps toward the implementation of the final peace agreement with the MNLF, especially the second phase involving the establishment and operationalization of the new Autonomous Region in Muslim Mindanao (ARMM). One of the

identified causes for the continued uprising of the MILF was the failure of the government to implement the peace accord with the MNLF. Implementation of the signed peace agreement would be a great step in winning the trust of the MILF and convince them to cease armed hostilities.

3. Strategies to promote enduring peace and resilient communities

In addition to the specific strategies against insurgency and secessionism, the following strategies shall be pursued to promote lasting peace and build prosperous communities in Davao Region:

Pursue peace building initiatives

Peace initiatives shall be pursued in communities, with the aim of winning the hearts and minds of the aggrieved and afflicted while retaining the allegiance of the rest.¹ Toward this end, the peace-building framework shall focus on a) improving governance for peace; and b) promoting inclusive peace. These two strategies shall be pursued as socioeconomic interventions that will ensure access to basic services and means of livelihood of those affected by the conflict are implemented.²

Improving governance for peace in Mindanao shall be achieved through broadening of peace networks and constituencies. Representations from all stakeholders, i.e., government, civil societies, and citizens shall participate in policy formulation as well as in the design, implementation and monitoring of community-based peace and development programs.³

Initiatives on the peace process shall continue to be implemented. Strategies on this shall be in the context of an inclusive peace process which involves multilevel and multistakeholder participation both in policy making and implementation. This will ensure that policies are bias-free and peace building programs cater to the needs of the people.⁴

Strengthen peace and order councils, local crisis committees and civilian monitoring groups

Activation and strengthening of regional, provincial and municipal peace and order councils (POCs) may also contribute to the improvement of CSE rate. The POCs are composed of law enforcement agencies, representatives from the Department of Social Welfare and Development (DSWD), National Peace Commission (NPC), Commission on Human Rights (CHR), Department of Justice (DOJ) and private sector to formulate plans and recommend measures that will improve or enhance peace and order and public safety in their respective AORs. They shall also monitor the implementation of peace and order programs and projects at different local levels and the operation of Civilian Volunteer Self-Defense Organizations and other counter-insurgency programs and activities. Lastly, they shall make periodic assessments of the prevailing peace and order situation in their respective AORs and submit a report with recommendations to the Chairman of the National Peace and Order Council.

The establishment of local crisis committees and civilian monitoring groups shall be pursued as frontline mechanism for maintaining peace and order, as well as disaster response. LGUs may spearhead the organization of these committees/groups.

Ensure state compliance of its obligation to provide infrastructure, social services and horizontal projects through convergence effort among government agencies

¹Philippine Development Plan, 2011-2016

²Mindanao Strategic Development Framework, 2010-2020

³MSDF, 2010-2020

⁴Ibid

To further sustain peace and order in communities, the AFP, PNP, DOJ, DSWD, LGUs and the private sector shall converge efforts to provide civil-military operations, social services and horizontal projects, especially in conflict-affected areas. This strategy involves providing conflict-affected areas with projects and outreach programs that would uplift their standard of living and provide them access to basic services. Remote communities especially need roads, potable water, electricity, schools, health centers, telecommunications and other basic services to which the people are entitled.

Capacity building of communities in the areas of conflict management, social cohesion, good governance, respect for human rights, economic development, productive skills, DRR preparedness & CCA adaptation

Residents of communities need to be trained in the areas of conflict management, social cohesion, good governance, respect for human rights, DRR preparedness and CCA adaptation. Once communities are fully informed of their rights, entitlements and obligations, as well as organized and equipped to handle disasters, they will be less vulnerable to anti-government propaganda and well-prepared in times of disasters.

The following sub-strategy shall be adopted in line with building resilient communities:

Institutionalization of Payapa at Masaganang Pamayanan (PAMANA)

PAMANA is the Aquino administration's overarching framework and flagship program that aims to respond and strengthen peace building, reconstruction and development in conflict affected and vulnerable areas. PAMANA seeks to re-establish stronger presence that will: a) reduce poverty and achieve Millennium Development Goals; b) empower communities for self-development and in addressing conflict; and c) improve governance and local institutions.

Training on skills and productivity shall be provided under the identified PAMANA areas. The same opportunity for skills enhancement shall be provided to non-PAMANA communities. Such skills are necessary to render residents of individual communities productive. It is the intention of the state to establish self-reliant communities. The LGUs shall be in the forefront of bringing about the needed trainings in cooperation with NGOs and POs whose missions are community-building.

Social integration of former inmates and ex-combatants through community and interfaith dialogues and outreach programs

One of the purposes of committing perpetrators of crime to jail aside from punishing them for the crimes committed is to rehabilitate them inside the penitentiary. They are given lectures on morality and trainings on livelihood. They are expected to join the mainstream society once they have served their sentences. The usual problem that former inmates encounter once they are out of jail is that of finding gainful employment. Employers are wary in hiring them because of the stigma they carry. Most often than not, former inmates who have no social support end up committing the same crimes for which they were prosecuted and sentenced.

The same is true for ex-combatants. Once word gets out that they have gone back to the folds of the law, employers are wary to give them the chance to work in establishments. The community is also hesitant to trust them because of the stigma.

To prevent these former inmates and ex-combatants from committing the same crimes or rejoining anti-government groups, the community should be ready to receive and give them another chance to live reformed lives. This can be done through community and interfaith dialogues and outreach programs. A combined effort among the local government units (LGUs), the national government and private sector is necessary to carry out this strategy. The dialogues shall involve reintroducing the former inmates and ex-combatants to the community and airing their and the communities' expectation from one another.

The former inmates and ex-combatants shall also be provided with means to support themselves and their families through skills training and livelihood assistance.

Intensify “culture of peace” education in communities by integrating peace concepts and initiatives in public school curricula

One strategy that could promote peace and order, as well as build resilient communities is the intensification of peace education in communities by integrating peace concepts and initiatives in public school curricula. Currently, modules that integrate peace concepts are in place and are being used in the public elementary and high schools of Compostela Valley. The Department of Education (DepEd) XI is committed to replicate said modules among the rest of the region's elementary and high schools. Funding assistance from the LGUs and the private sector to replicate the modules are encouraged.

Adopt continuing education and skills enhancement programs

To keep community organizers and trainors updated on the concepts and principles of conflict management, social cohesion, good governance, human rights, DRR and CCA adaptation, continuing education and skills enhancement programs shall be provided to them. Government agencies and NGOs may be tapped to provide trainors' trainings.

Increase advocacy on the proposed provisions of peace agreement through conduct of fora

Provisions of any peace agreement shall be widely publicized to promote awareness and transparency among the citizenry. This can be done through appropriate fora. Awareness of the contents of the peace agreements will encourage communities to demand their entitlements from duty bearers. Duty bearers shall pursue activities to fulfill their obligation to provide these entitlements.

4. Maintain Law and Order and Disaster Response

Improve crime solution efficiency rate

With the under par performance of the police on crime efficiency, the image and morale of the police need to be raised so that it will gain the respect of the citizenry as the authority of peace-keeping activities. This can be done with the PRO XI's renewed efforts in identifying and arresting perpetrators of crime and raising the crime solution efficiency rate to higher levels.

Once the police have regained the reputation as crime busters, investors would feel safe and confident to put up businesses in the region.

The PRO XI needs to increase police visibility by deploying its personnel in strategic “hot spots” with the aim of deterring crime. The presence of police officers in areas dubbed as “hot spots” because

of the high incidence of crime in said areas, is expected to prevent crimes by discouraging perpetrators, and for the police to immediately act on crimes that are committed.

Decentralization of fund management by the PNP shall be advocated in view of the operational difficulties experienced by PRO XI as a result of the highly centralized budgeting system of the PNP. This will enable PRO XI to hire law enforcement personnel as required and acquire state of the art equipment necessary in the performance of its mandate.

Tighten security in airports, seaports and bus terminals

Security in the region's entry points are necessary to prevent entrance of criminal elements, prohibited drugs, explosive devices and smuggled items. Tight security in said ports of entry and terminals shall also prevent human trafficking. Concerned law enforcement agencies shall ensure control centers complete with detecting devices and K9 units. Trained personnel in passport detection fraud is also important in airports.

Encourage emergency disaster response

The region's LGUs shall be equipped to respond to emergencies and disasters. Disaster coordinating councils at all levels shall be strengthened. Disaster response teams shall be created in the LGUs.

All provinces and cities are enjoined to replicate the centralized information and dispatch system of the Davao Central 911 for police and fire department assistance and hospitals for ambulance service. The 911 system is dynamic and responsive to any emergency situation. The LGUs are enjoined to collaborate with the private sector in establishing their own dispatch system which may also be networked with the existing Davao Central 911.

Legislate/Implement local closed circuit TV (CCTV) ordinance among Davao Region's LGUs

The region shall adopt modern technology in preventing or speedily suppressing crime with the use of CCTV cameras in all strategic areas. A local ordinance shall be necessary to establish the monitoring stations and the satellite cameras. Some LGUs with existing ordinances are enjoined to implement the system.

Reduce court docket congestion by speedy resolution and exhaustion of all means of mediation in the barangay level, including efficient scheduling of cases and effective mediation skills

The Lupong Tagapamayapa of barangays are meant to resolved disputes at the lowest level of the justice ladder. Members of the Lupon shall be trained in mediation and conflict resolution concepts and techniques so that they will be effective in their functions. It is the intent of the state to resolve disputes amicably at the earliest time possible so that parties can live harmoniously in communities without resorting to expensive and long court proceedings.

Barangay personnel and members of the Lupong Tagapamayapa shall undertake efficient scheduling of hearing disputes so that said disputes can be disposed of speedily. The members of the Lupon should undergo training on mediation skills and thereby employ effective mediation methods to resolve disputes amicably.

Barangay mediation shall be advocated through trimedia. People would not directly resort to court litigation if they are aware and confident that disputes may and will be resolved at the barangay level.

Recognize traditional and community-based conflict resolution mechanisms particularly in IP and Muslim communities

Traditional methods for resolving conflict used by the indigenous people and Muslims shall be encouraged. These conflict resolution mechanisms are community-based and enforced by tribal councils. Agreements made in these proceedings are binding to the conflicting parties and have the force and effect of law. Mediation proceedings are founded on justice according to the moral values, beliefs and traditions of the communities. Communities where such mechanism exists, are encouraged to make use of the traditional dispute mechanism to lessen the burden of courts.

Efficient and speedy prosecution of criminal cases in court by setting high performance targets in the disposition of criminal cases prosecuted in court

Prosecutors shall efficiently and speedily prosecute criminal cases in court by setting high performance targets in the disposition of criminal cases prosecuted in court. Each case filed in court has a prescribed period by which it should be resolved. Prosecutors shall exert all efforts in disposing criminal cases within the prescribed period so that justice will be swift. Perpetrators should bear the consequence of their criminal acts such that victims and their families will be given closure.

Intensify case build-up assistance program between the prosecution and law enforcers

Teamwork between law enforcers and the prosecutors is necessary to bring perpetrators to the court of justice. Case build-up assistance program between the law enforcers and the prosecution shall be intensified so that evidence and testimonies of witnesses are strong and admissible in court. Law enforcers cannot afford to mishandle evidence while the prosecutors have no room for hearsay accounts of witnesses as such will mean the collapse of a criminal case and the release of the accused from criminal liability.

Provision of incentives for prosecutors and judges who have the highest rates of cases disposed at the shortest possible time

To encourage speedy disposition of cases, incentives for prosecutors and judges who have the highest rates of cases disposed at the shortest possible time shall be provided. While the courts and its officers are well aware of their avowed duty to speedily dispose of a case, an incentive for excellent performance will be good for their morale.

Ensure state compliance with its human rights obligations through convergence efforts

It is the obligation of the state to respect, protect and promote a person's right to life by adhering to international covenants on human rights. The PNP, CHR, RPO and LGUs shall explore and pursue all possible means in identifying the perpetrators of unsolved crimes, especially killings since such are clear violations of human rights. As a deterrent to the commission of the same crimes, the prosecutors and the courts shall contrive to render to the perpetrators the maximum imposable penalty on the crimes committed.

In handling suspects and conduct of investigations, the law enforcers and officers of the court shall adhere to the International Covenant on Civil and Political Rights (ICCPR) which declares that any person whose rights or freedoms are violated shall have an effective remedy and the state shall ensure that the competent authorities shall enforce such remedies when granted.

Maximum utilization of the Barangay Intelligence Networks in the identification & information generation on criminal incidents

The AFP has established the Barangay Intelligence Network (BIN) as a means of intelligence gathering mechanism. This shall be tapped in the identification of perpetrators of crimes and their whereabouts.

Investment in upgrading of skills, competencies and technologies for the 5 pillars of justice

Law enforcement agencies, the prosecutors, the courts, correctional institutions and the community are the country's pillars of justice. As such, the agencies shall continue to invest in skills, competencies and technologies upgrading to keep abreast with modern methods of preserving crime scenes, evidence gathering, case build-up, prosecution and rehabilitation of inmates. Earlier identified as one of the challenges to peace and development is the inefficient justice system in the region. Upgrading of human resource tasked to administer justice will address the challenge to bring about an improved justice system by 2016.

5. Marketing Davao Region to visitors and investors

Engage media in projecting an image of a peaceful, tourist-friendly, business-conducive and fully developed region that is distinctly Davao Region

The cooperation of the media shall be sought in projecting an image of a peaceful, tourist-friendly, business-conducive and fully developed region that is distinctly Davao Region. It is high time for Davao Region to be dissociated from the image of the "Mindanao situation" through an image campaign employing the trimedia. The region's potential as a business hub and tourist destination shall be aggressively promoted to build investor and tourist confidence. The idea is to "sell" the region such that when one thinks of investment or leisure, one will automatically think of Davao Region.

IV. MAJOR PROGRAMS, PROJECTS AND ACTIVITIES

Payapa at Masaganang Pamayanan (PAMANA)

PAMANA is the Aquino Administration's flagship program that aims to respond to and strengthen peace building, reconstruction and development in conflict affected and vulnerable areas. The PAMANA framework as a peace and development initiative includes 3 pillars: Pillar 1 – Building Foundations for Peace; Pillar 2 – Establishing Resilient Communities; and Pillar 3 – Addressing Regional Development.

Pamulaan IP College

Pamulaan is a special tertiary school for indigenous peoples (IPs) administered by the University of Southeastern Philippines (USEP) in its Mintal campus in Davao City. It is a college education program for the IPs in the Philippines and the first of its kind in the country. It is aimed at strengthening the potentials of indigenous youth for community leadership and a response to the IPs' dream of an educational program that is rooted in their life, culture and aspirations as a people. Pamulaan is currently open with 47 IP students (from 19 tribes from all over the Philippines). It offers degree programs such as BA in Applied Anthropology and Participatory Development, BS in Indigenous Peoples Education, BA in Peace Building and Multi-Cultural Studies, and BS in Indigenous Agriculture. Pamulaan also offers ladderized and modular courses leading to an associate degree as well as, to short-term courses for community leaders and development workers.

Construction/Upgrading of Police Stations and Provision of Equipment

Standard police stations shall be constructed, while fully depreciated ones will be upgraded. Housing of police personnel is necessary so that the police can work efficiently and independently. Police equipment necessary to its mandate shall also be provided. Vital to police work are transport vehicles and telecommunications equipment that would allow easy movement and networking among the law enforcement personnel.

Publication of Top Wanted Persons in All Government Websites

Currently, only law enforcement agencies post Top Wanted Persons in their websites. As such, the civilian populace is unaware that persons who are evading the justice system are present in their communities. To further deter crime and to quickly roundup criminal elements so that they can be made to answer for their crimes, all government agencies shall include in their websites a list of Top Wanted Persons. The posting of the Top Wanted list shall also limit the movements of perpetrators from one place to the next to evade the law.

Negotiations for Peace

Peace negotiating panels and its commitments are essential foundation to attaining a peaceful community. The following negotiation panels shall be supported, to wit:

- Resumption of Peace Negotiation with MILF – in pursuit of arriving political settlements with the Moro Islamic Liberation Front to solve the Bangsamoro question.
- Resumption of Peace Negotiation with CPP-NPA-NDF – involves furthering peace with the Communist Party of the Philippines-New People's Army-National Democratic Front of the Philippines (CPP-NPA-NDF), for achieving a lasting peace with the decades –old communist insurgency in the country, addressing the roots of conflict, administering socio-economic reforms, and pushing for an enduring political settlements and cessation of hostilities.
- Implementation of the 1996 Final Peace Agreement between the Philippine Government and the Moro National Liberation Front (MNLFF) to advance development and peace in the Autonomous Region in Muslim Mindanao.

Convergence for Peace and Development through Peace and Development Communities (PDCs)

A Peace and Development Community is a convergence area that seeks to promote lasting peace through the development and upliftment of depressed communities. These are marginalized conflict-affected communities which become actively engaged in a transformation process with the help of development partners. Through the PDC, social and economic development takes place by the strengthening of capacity of its community organization, rebuilding livelihood through sustainable agriculture and micro-enterprises; rehabilitating or constructing basic community infrastructure and facilities, and forging linkages with local service providers, including local government units and NGOs, to secure improved access to basic services.

Other provinces in Davao Region have started replicating the success of the PDCs in Davao del Sur as this initiative was effective in maintaining peace and order and promoting peace mechanisms such as inter-faith dialogues and formation of council of elders and established women's groups.

The three areas in Davao del Sur that have been transformed from being conflict zones into peace and development communities (PDCs) served as pilot areas for strengthening production, processing, packaging and marketing of PDC-economic development products.

Former MNLF combatants are, among others; already engaged in de-boned and smoked Bangus processing and packaging in the towns of Malita and Hagonoy, Davao del Sur as well as sandal manufacturing in Digos City. These PDCs have also learned how to access investment inputs for specialized machines related to community enterprise activities.

Davao del Norte has also initiated a Convergence Program on Peace and Development. It advocates the cooperative efforts of the local government, army and police, concerned national line agencies and NGOs to pull together their resources to elevate the conditions of the people. One of the primary thrusts of the initiative is to secure the economic and welfare needs of the depressed communities and its people.

Chapter 9: Sustainable Environment and Natural Resources

Achieving socio-economic development targets while maintaining and preserving the integrity of the environment and natural resources has been a persistent challenge for Davao Region's stakeholders. For a region that depends largely on its natural resource base to support its industries - agriculture, fisheries, forestry, mining, tourism, among others - ensuring sustainable environment and natural resources is all the more imperative.

Protection and management of the environment and natural resources and ensuring their sustainability is critical to achieving sustained economic growth, hence, the foregoing principle should be at the core of every development undertaking.

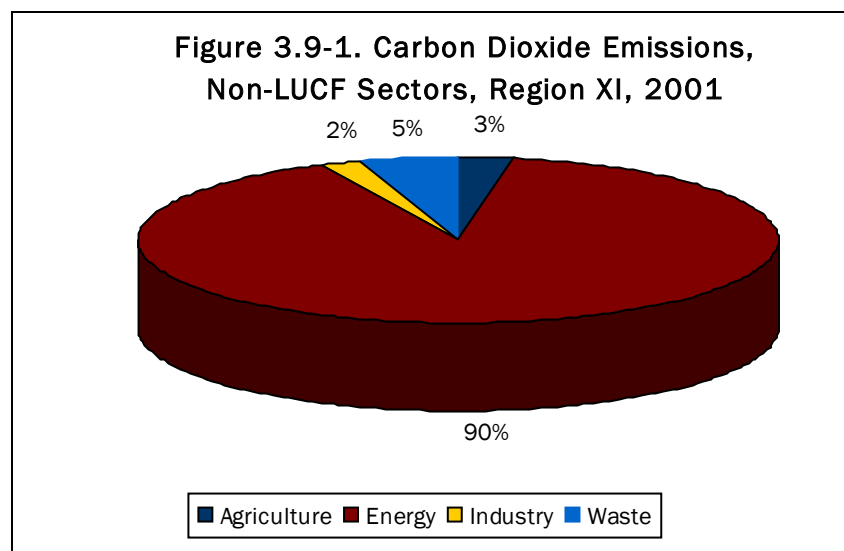
Unquestionably, environmental degradation limits the capacity of the region to attain its full development potential. Among other adverse effects, environmental degradation increases the region's vulnerability to disaster risks and climate change; limits soil capacity and consequently agricultural production; decreases marine resources resulting to loss of viable livelihood for fisherfolks, as well as adverse impacts on overall human development.

I. ASSESSMENT

Environment

Air quality

The quality of air in Davao Region has remained good. The levels of air pollutants measured in areas in the region that are highly prone to air pollution have remained within safe thresholds over the period 2004 to 2009. These levels, however, were observed to be on the rise. The concentration of total suspended particulates (TSP), for instance, breached the region's target of <80 micrograms per normal cubic meter (ug/Ncm), reaching as high as 93.14 ug/Ncm but still far below the <230 ug/Ncm safe limit set by DENR in its Administrative Order No. 93-14 or the National Ambient Air Quality Guideline for Criteria Pollutants. Other pollutants, such as nitrogen



Source: DENR-EMB

Other pollutants, such as nitrogen

dioxide, carbon dioxide emissions, and particulate matter have not been recently measured to determine their concentration in the air. Latest available information on carbon dioxide emissions was generated way back in 2001 during which the measurement registered 119,909 giga grams (Gg), up from 63,159 Gg in 1999 or a rise of carbon dioxide emission of at least 47 percent.

Carbon dioxide emissions in the region come from a combination of Green House Gases (GHGs) emitted from various sources involved in energy use, industrial operations, agricultural activities, and waste generation and disposal, and the net uptake (sink) of GHGs from the Land Use Change and Forestry (LUCF) sector. Energy use was the biggest source of carbon dioxide emissions in Davao Region accounting for about 90 percent of the region's total. GHG emissions from energy use were largely carbon dioxide and were mainly from fuel combustion. About 98 percent of these emissions were from power generating industries, transportation sector, and the manufacturing industries, which mainly use conventional fossil fuels, such as oil and coal, found to contribute substantially to GHG emissions.

Industry compliance to the Clean Air Act has also been consistently low. In 2009 for instance, there were 769 "air pollutive" firms monitored and only 52 percent were reported to have complied with the required air pollution control devices. The inadequacy of government to fully enforce emission standards through monitoring of motor vehicles and "air pollutive" industries, has raised the likelihood of the region's air quality to deteriorate given the increase in economic activities, especially in urban areas. Davao City and the five (5) component cities: Tagum, Island Garden City of Samal, Panabo, Mati and Digos, serve as the business centers business and economic hubs of the region.

Water quality

The region generates its water supply both from surface (85.7 percent) and ground water resources (14.3 percent). Surface water utilization rate is about 10 to 30 percent in most of the areas of the region, but could go as high as 70 percent in other areas. The region has a total of twenty-two (22) major river basins with a total drainage area of 13,705.38 square kilometers and an estimated length of 1,170 kilometers. These rivers drain into the Davao Gulf, Pujada Bay, and Malalag Bay, among others. These surface waters are more prone to contamination than ground water sources.

Notwithstanding their high exposure to the elements, three rivers monitored in 2009, namely, Davao River (Class A and B), Talomo River (Class B), both in Davao City and Naboc River (Class C) in Compostela Valley, have met the DENR water quality standards. These findings, however, were not conclusive of the true state of the region's waters since they comprise a small part of the region's water sources. Some of the region's rivers and tributaries were observed to be now heavily silted due from floods carrying top soil from eroded high areas and carry toward the sea heavy metals from mining operations, noxious chemicals and waste water from industrial plants and agricultural plantations that fail to comply with government standards and domestic wastes from high population density areas with poor waste management facilities.

Solid Waste Management

Republic Act 9003 or the Ecological Solid Waste Management Act of 2000 calls for a systematic, comprehensive and ecological solid waste management program. Section 16 of RA 9003 directs the province, city or municipality through its local solid waste management boards, to prepare their respective 10-year solid waste management plans consistent with the national solid waste management framework. As of 2009, 298 Ecological Solid Waste Management (ESWM) Plans nationwide have been crafted and ten (10) of these plans were formulated by the region's LGUs or 20 percent out of its 49 cities/municipalities, namely:

- | | |
|---|-----------------------------------|
| 1. Compostela, Compostela Valley | 6. Kapalong, Davao del Norte |
| 2. Monkayo, Compostela Valley | 7. Talaingod, Davao del Norte |
| 3. Panabo City, Davao del Norte | 8. Hagonoy, Davao del Sur |
| 4. Island Garden City of Samal, Davao del Norte | 9. Padada, Davao del Sur |
| 5. New Corella, Davao del Norte | 10. Gov. Generoso, Davao Oriental |

In terms of solid waste management facilities, forty-two (42) LGUs have categorized sanitary land fill facilities, 31 LGUs have composting facilities and only 339 out of 1,162 barangays regionwide or 30 percent, have materials recovery facilities.

Davao Region also pursued the “Green Movement Agenda: Our Strategy for Local Action” (GMA-SLA), focusing on a “Zero Basura” Action Plan that is geared to prioritize, operationalize, institutionalize and fast-track the implementation of Republic Act 9003 or the Ecological Waste Management Act of 2001 involving local government units.

Natural Resources

Forest Resources

About 60 percent of Davao Region’s total land area of 1,967,183 hectares are classified as forestlands. As of 2007, out of the region’s total forest area (production and protection) of 1,181,672 hectares, 36 percent or 426,583.59 hectares have forest cover. This remaining forest cover of the region cover its 8 priority watersheds, most of which are utilized as water sources for the region’s irrigation facilities.

The decline of the region’s forest cover was traced largely to more intense upland crop cultivation and intermittent illegal logging. Government could not effectively curtail these activities as the ratio of its forest rangers to forest lands in the region is 1:6,000 hectares, far from the ideal ratio of 1:2,000 up to 3,000 hectares depending on terrain, thus leaving much of the region’s forest areas exposed to further exploitation.

Reforestation efforts under the government’s Integrated Forest Management Agreement (IFMA), a tenure and use rights agreement with communities for forest resources, nonetheless, were successful as the total reforested areas reached 98,015.39 hectares as of the 1st quarter of 2010, an increase of 39.5 percent from the total reforested areas in 2004. Another tenure and use rights agreement, the Community-Based Forest Management Agreement (CBFMA), however, was not as successful. As of the first quarter of 2010, CBFMA covered a total of 206,345 hectares, a meager 2 percent increase from the total area of 202,295.79 hectares covered in 2004. The difficulty of applicants in securing Free and Prior Informed Consent (FPIC) was cited as one of the reasons for the slow expansion of coverage.

Biodiversity

Davao Region is blessed with a rich biological diversity. The Mt. Apo and the Davao Gulf are among the country’s centers of plant and animal diversity. Its remaining mangroves, freshwater and coastal ecosystems abound with different flora species and sea grasses. The region is also home to various bird and marine species. However, many of these wildlife species were reported to be rare, endangered and threatened including the famous Philippine Eagle¹. At least 15 flora, 8 fauna, 10 bird species, and 8 reptiles in the region are endangered. Threats to the region’s biodiversity come

¹ DENR XI

from land conversion, illegal logging, denudation of mangroves and watersheds, and uncontrolled collection of wildlife, among others.

The proclaimed protected areas such as the Mainit Protected Landscape in Nabunturan, Compostela Valley are threatened by illegal occupancy, illegal timber harvesting, illegal small-scale mining activities, and illegal conversion of the park areas into agricultural purposes. The Mt. Apo National Park likewise is threatened by conversion of forest to agriculture, uncontrolled collection of ferns, orchids and other non-timber forest species, and uncontrolled mountain trekking/hiking².



Mt. Apo National Park

Other protected areas in the region such as the Protected Landscapes/Seascapes in Baganga and Mati, Davao Oriental, in Mabini, Compostela Valley, and Island Garden City of Samal are likewise threatened by illegal human activities.

Coastal and Marine Resources

The region has a coastline of 1,337 kilometers which are indented by the Davao Gulf, the Pacific Ocean, and the bays of Pujada, Mayo, Cateel, and Malalag. Along this coastline are 262 barangays, 38 municipalities and 2 cities. The coastlines of 24 of municipalities need development and rehabilitation. Fourteen municipalities with a coastline of 453 kilometers are in the provinces of Davao Oriental, Davao del Norte and Davao del Sur. There are about 2,465 square kilometers of coral reef area and 57% of these are surveyed to be in good to excellent condition while 43% are in poor to fair condition.

Of the estimated 406,529 hectares of swampland, about 3,823 hectares or 1 percent, are covered with mangrove leaving a large chunk of the swampland denuded. This is primarily attributed to indiscriminate conversion of mangrove forest into fishpond and uncontrolled cutting for firewood. Poverty among coastal communities has contributed to the degradation of the region's coastal ecosystem as communities tend to exploit marine resources through destructive fishing methods.³

Mineral Resources

About 186.26 square kilometers of regional area is devoted to the production of various minerals, with 66 percent occupied for the production of metallic minerals and the rest for the production of non-metallic minerals. The estimated total value of the region's mineral deposits is P171 billion.

The Diwalwal Mineral Reservation in Mt. Diwata, Compostela Valley was proclaimed as a mineral reservation and as an environmentally critical area on November 25, 2002 through Proclamation No. 297. Approximately 8,100 hectares of Agusan-Davao-Surigao Forest Reserve has been segregated for mining activities, mineral processing plants and common tailings disposal system.

² Source: Protected Areas and Wildlife Bureau, DENR

³ <http://rxi.denr.gov.ph>

As of 2010, four (4) large scale mining projects are operated by two (2) mining companies covering a total area of 1,600.8 hectares. HOLLIM Philippines operates 3 mining projects, namely: 1) silica production in Mati City, Davao Oriental; 2) limestone production in Bunawan, Davao City; and 3) limestone production in Ilang, Davao City. The other firm is APEX Mining Co., Inc., currently operating in Masara, Compostela Valley for gold production.

In terms of small-scale mining activities, there were 13 approved mining tenements in Compostela Valley, Davao Oriental, Davao del Norte, and Davao City covering a total area of 22,809.62 hectares as of 2004. As of the first semester of 2010, the number of approved mining tenements increased to 31 covering a total area of 71,681.26 hectares, including areas in the Province of Davao del Sur wherein the Municipality of Kiblawan is currently being explored for potential copper, silver, and gold deposits.⁴



Mt. Diwata

However, informal small-scale mining activities are still prevalent, particularly in the Diwalwal Mineral Reservation area, and these activities contribute to the further degradation of the environment, mainly through pollution and siltation of river systems.

Disaster Risk and Climate Change

The region is outside the typhoon belt but climate change has now increased the region's vulnerability to disasters. Davao Region's general landscape compounds its susceptibility to disasters. Its extensive mountain ranges that are weakened by varying degrees of erosion can easily slide down. Its silted rivers, swamps, and lowlands can be defenseless from floods brought by torrential rains. Its coastal areas irregularly formed by several deep embankments with river deltas at the head of each bay that could likely be swamped by changing tides and sea surges.

Results of the Geo-Hazard Assessment and Mapping Program of the DENR-MGB revealed that all provinces in Davao Region have areas prone to floods and landslides. Compostela Valley and Davao del Norte have 20.2 percent of their combined areas that are susceptible to floods. Six (6) out of 10 barangays in Compostela Valley and Davao del Sur and 4 out of 10 barangays in Davao Oriental and Davao del Norte were found to be at risk to flooding with moderate to very high susceptibility.

Around 70 percent of Davao Oriental's land area is highly vulnerable to landslides. More than half of the total number of barangays in Davao Oriental and Compostela Valley were assessed to have moderate to high susceptibility to landslides. Forty-two (42) percent of barangays in Davao del Sur and 20 percent of barangays in Davao del Norte were assessed to be also prone to landslides.

During the period 2004 to 2010, the region was not spared from disasters. In 2008, two (2) landslide incidents near the site of the Apex Mining Corporation at Brgy. Masara, Maco, Compostela Valley displaced a total of 615 families or 2,643 persons. In 2009, flashflood caused by heavy rains

⁴ DENR-MGB XI

affected a total of 613 families or 3,065 persons in the Municipalities of Kapalong and Asuncion and in the City of Tagum.

The dry spells brought about by the El Niño Phenomenon in the later part of 2009 until the first semester of 2010 also affected 971 farmers and a total of 7,334 hectares planted to rice, corn and high value commercial crops (HVCC) in Davao del Norte, Davao del Sur and Davao City.

II. CHALLENGES

For Davao Region to sustain the quality of its environment and natural resources, it must address poverty, especially in the uplands and coastal areas. Studies have shown that environmental degradation is both a cause and effect of poverty. It deprives the poor of natural resources and therefore, livelihood; decreases their capacity to ensure their health, and increases their vulnerability and further deprivation of the basic necessities in life. Poverty forces overexploitation of natural resources.

Unless sustainable livelihood opportunities are provided for the rural poor, environmental degradation will persist and this would further expose them to disasters that would further aggravate their already impoverished state.

Environmental Degradation

Declining forest cover

The unabated scalping of the region's forests will further raise the specter of more disasters, such as landslides and heavy inundation, given the threats of climate change. The death toll and loss of property from landslides and floods have risen in recent years. Failure to restore the Davao Region's forest cover to its ideal state will likely change the region's landscape, distort well-laid land use plans, wreck havoc to agricultural production, and ultimately derail efforts to address poverty.

While upland communities and the private sector were encouraged to directly engage in forest management through tenurial instruments, such as CBFMA, IFMA and SIFMA, the implementation of some of these agreements has been slow. For instance, the slow expansion of CBFM areas was largely due to the difficulty in securing free and prior informed consent (FPIC).

Like the rest of the region's forest lands, its watersheds are being threatened by human activities, which, if not regulated, could result to further imbalance in the region's ecosystems and depletion of its water resources.

Degradation of the biodiversity and ecosystem

Similarly, the slow decline in poverty incidence which shoved the poor to encroach into the coastal areas and toward the upland fringes, the unscrupulous upward push of development, the indiscriminate disposal of waste due to a failure in implementing sustainable and efficient systems, have further opened its biodiversity and ecosystems, especially within the declared protected areas and buffer zones, to increasing threats to degradation. These factors have swamped serious attempts to protect the region's biodiversity and maintain the balance of its ecosystems.

Despite the enactment of laws and passage of local ordinances, collection of wildlife (flora and fauna) has not been fully controlled given the limited number of personnel of the National Government and the LGUs to curtail it. Illegal logging has continued, although in decreasing intensity, further reducing wildlife habitat.

The existing mine fields in Mt. Diwata continue to draw the poor and the rich, most of whom still practice unsustainable mineral extraction procedures, destroying the forests and land in the process. The uncontrolled use of mercury in gold mining has created a deadly trail downstream toward the sea. Studies have shown that people and animals have acquired levels of mercury and other heavy metals highly detrimental to their health and the fish in Davao Gulf have been found to carry the same deadly substances.

The increasing human population in the urban areas has become a massive source of a growing volume of waste. The absence of an efficient solid waste disposal system in most cities and municipalities has resulted to indiscriminate disposal of waste into waterways and open pits. As wastes move through the rivers until finally deposited in the sea, they contaminate the water making it unfit for human activity and destroy the spawning areas of marine resources. Waste seepage in open pits and untreated waste water contaminate the water bed, placing at risk the health of the population.

While there are laws that govern land use conversion, these are not properly adhered to and the failure of government to prosecute the offenders has further emboldened the violators to develop even the protected areas.

The failure to protect the region's biodiversity and ecosystems has manifested its ill-effects, such as declining agricultural and fishery production and decreasing wildlife population, over the years. Such is the case in the Mt. Apo National Park and other protected areas in Davao Region wherein the integrity of the biodiversity and ecosystem is threatened due to uncontrolled human activities.

Inadequate capacity to enforce policies and implement programs and projects and other initiatives toward sustainable environment

Limited capacity of government to monitor air and water quality in the region

Government does not have enough technical facilities and personnel to keep track of the quality of air and water in the region. Air quality is monitored in only 4 stations and all these are located in Davao City. In determining water quality for instance, monitoring was undertaken in only 3 river bodies which could not represent the water quality of the entire region. Air quality index was also inadequate while the latest green house gases emission (GHG) inventory was outdated.

As a result of the government's inadequate technical facilities and personnel in monitoring air and water quality, compliance of industries in the region to the Clean Air and Water Acts has been relatively low since 2004. As of 2009, compliance was placed at 52 percent for the Clean Air Act and 64 percent for the Clean Water Act.

Government's inadequacies to monitor air and water quality and enforce corresponding laws do not provide the region an informed basis to pursue interventions to prevent any case of worsening air and water quality. The region may find itself overwhelmed by problems related to air and water pollution in the future which could be costly and derail its efforts to ensure a sustainable environment.

Low capacities of LGUs to implement their devolved function on environment and natural resources management

It has been reported that most LGUs had neither the technical staff nor the funds for the land management and environmental management functions that had been devolved to them⁵. LGUs do not have the capability for comprehensive assessments of the resources and environmental impact of mining projects as they have limited or no technical experts, such as geologists and mining engineers.

LGU compliance to Ecological Solid Waste Management Act of 2000 was also low. As of 2009, only 20 percent of cities/municipalities in the region have Solid Waste Management Plans as mandated under RA 9003. As reported in the Local Governance Performance System (LGPMS), most of the provinces/cities lag in urban ecosystems management in the area of environmental governance, specifically on solid waste management.

Such scenario puts the region at a disadvantage, not only from the perspective of ensuring a sustainable environment but also from the viewpoint of growth and development. Poor environment does not attract economic investments that could pump prime the local economies. LGUs will be forced to redirect limited resources to welfare investments, with most of the benefits only realized in the long term.

Low capacities of LGUs on disaster risk reduction and climate change adaptation

Similarly, LGUs have low capacity to reduce disaster risks and adapt to climate change. They have not been able to establish effective and efficient systems to prevent extensive reach and cost of damage brought by natural and man-made disasters in the region. Most activities of the LGUs are merely reactive in nature, focused on search, rescue, and rehabilitation. After each calamity, only feeble attempts have been done to improve investments toward establishment of early warning systems, flood protection measures, reforestation, watershed rehabilitation, provision of alternative livelihoods for people at-risk, among others. Thus, LGUs will continue to face a vicious cycle of restoration and then picking up the pieces of destruction after each calamity. The National Government's recent intention to make the development plans DRR/CCA-proof is something that LGUs should seriously consider to sustain their growth and development.

Unsynchronized implementation of environmental laws

There have been overlaps and conflicts of institutional mandates to grant permits for resource use, set environmental requirements, collect fees, develop land, and enforce compliance among the Local Government Code, the Indigenous Peoples Rights Act of 1997, the Mining Law of 1995, and the NIPAS Act. Difficulties were reported in securing Free and Prior Informed Consent (FPIC) from the IP communities prior to granting of mining rights and in the issuance of tenurial instruments for reforestation.

The underlying conflict between mining and biodiversity conservation objectives has also resulted to unsynchronized implementation of environmental laws, making it difficult to protect and conserve the region's forests and other natural resources. All stakeholders must agree on environmental standards and acceptable trade-offs to conserve biological diversity while generating jobs and income.

⁵ Country Environment Assessment 2008, Asian Development Bank

Weak enforcement of policies related to the management and rehabilitation of the Diwalwal Mineral Reservation Area

Although the guidelines for the management and rehabilitation of the Diwalwal Mineral Reservation Area are in place, not much has been done to rehabilitate and efficiently manage the mineral reservation area. The uncontrolled influx of people and the unchecked unsustainable mining operations threaten the sustainability of Diwalwal and its environs, particularly the forests, the rivers, and the wildlife. These problems put into question the ability of the Philippine Minerals Development Corporation (PMDC) for areas below 600 meters above sea level (masl) and the Natural Resources Development Corporation (NRDC) for areas above 600 masl, in undertaking mining and mineral processing in the Diwalwal Mineral Reservation, and other similar National Government and local bodies to exercise their respective mandates.

III. STRATEGIC FRAMEWORK

Goal

Maintain a stable base of renewable resources and an improved environment quality for sustainable development.

Objectives

1. Ensure the good quality of the region's air and water
2. Increase the region's forest cover
3. Improve the disposal of solid and other wastes
4. Improve the state of the region's biodiversity and ecosystems
5. Increase the region's resiliency to disaster risks and climate change
6. Improve the capacity of the National Government agencies and local government units of the region in the enforcement of policies and implementation of interventions toward sustainable environment and natural resources.

Targets

1. Ensure the good quality of the region's air and water
 - Air quality
 - Nitrogen Dioxide (NO₂) at <150 microgram per normal cubic meter (ug/Ncm)
 - Total Suspended Particles (TSP) at < 80ug/Ncm
 - Particulate Matter (PM) at < 54ug/Ncm
 - Water Quality
 - Water used for drinking (A and AA), recreation and sports (SB), and Agriculture and Industrial (C & D) are within the prescribed standards
2. Increase the region's forest cover
 - Increase forest cover from 36.1 percent in 2007 to 39.7 percent in 2016

3. Improve the disposal of solid and other wastes
 - All LGUs have closed their open dumpsites and have operational sanitary landfill
4. Improve the state of the region's biodiversity and ecosystems
 - Increase the number of declared protected areas
5. Increase the region's resiliency to disaster risks and climate change
 - All LGUs have DRR/CCA-enhanced plans
6. Improve the capacity of the National Government agencies and local government units of the region in the enforcement of policies and implementation of interventions toward sustainable environment and natural resources.

Strategies

The region shall adopt an integrated management approach to the protection and rehabilitation of the region's environment and natural resources to ensure their sustainability.

1. Rehabilitation, protection and management of forest resources and watersheds

The region's forest cover shall be increased by fast tracking the expansion of the coverage of tenurial instruments like the Community Based Forest Management Agreements (CBFMA) and Integrated Forest Management Agreements (IFMA). The capability of LGUs in forest land use planning shall be strengthened to ensure the sustainable development of upland areas. The National Government shall invest more in the protection of the region's forests by deploying more forest guards with the objective of achieving the ideal forest guard to forest area ratio. LGUs shall also invest more to complement the National Government's efforts. Forest boundary assessment and delineation shall likewise be undertaken.

The region shall pursue the full implementation of the National Greening Program (NGP) as mandated under Executive Order No. 26, Series of 2011.

Watersheds shall be restored and regenerated. The region shall include among its priorities the formulation of Watershed Management and Development Plans with accompanying vulnerability assessments to improve the chances for watersheds to be restored and regenerated.

2. Establishment and management of protected areas

The establishment and management of more protected areas shall constitute the main strategy for the protection and conservation of the region's biodiversity and ecosystems. Stakeholders' participation, especially the affected communities, in the planning to monitoring and evaluation shall be the norm. The Protected Area Management Boards, including all other government instrumentalities and the private sector, shall be further strengthened through improved capacity and capability to enforce environmental and similar laws and to effectively manage the protected areas such as the Baganga Bay Protected Landscape/Seascape and Mati Protected Landscape in Davao Oriental, Mabini Protected Landscape/Seascape in Compostela Valley, Samal Island Protected landscape/Seascape, Mt. Apo National Park in Davao del Sur, among others.

3. Pursue an integrated approach to the management of coastal resources

This strategy shall involve the formulation of an Integrated Coastal Resource Management Framework to ensure proper management of coastal resources and reduce poverty among coastal communities. Closer linkage of government agencies like DENR and the Department of Agriculture-Bureau of Fisheries and Aquatic Resources and the concerned Local Government Units (LGUs) shall be ensured. Stakeholders shall take off from the experience of the Integrated Coastal Management Project (ICRMP) implemented in Davao Oriental.

4. Operationalize the Eastern Mindanao Biodiversity Corridor (EMBC) Conservation Framework

Implementation of strategies embodied in the Eastern Mindanao Biodiversity Corridor (EMBC) Conservation Framework shall be prioritized to ensure biodiversity conservation. This strategy shall involve the creation and expansion of a network of protected areas along Eastern Mindanao; mainstreaming and institutionalizing biodiversity conservation in local development plans and policies; building stakeholder capacities for sustainable management of the corridor's biological resources; establishing a database to enhance planning and decision-making; improving the delivery of health and education services linked to biodiversity for human welfare; establishing a coordinated information, education and communication system for biodiversity conservation; promotion of sustainable and appropriate livelihood and ensuring adequate fund mechanisms to enable the stakeholders to achieve conservation goals.

Eastern Mindanao covers about 909,191 hectares of wildlife habitats for 69 globally endangered species distributed across 8 provinces, 4 cities and 44 municipalities in Davao and Caraga Regions. Among the immediate actions that shall be undertaken are the following:

- Monitoring of activities of region-specific Key Biodiversity Areas (KBAs) by the Regional Project Monitoring Committee (RPMC) and Regional Land Use Committee (RLUC)
- Creation of an inter-regional EMBC management structure composed of stakeholders from Caraga and Davao Regions to oversee the implementation of the EMBC Conservation Framework

5. Ensure effective and sustainable management of river basins

The region has twenty-two (22) major river basins, four (4) cut across regions and require cooperation between and among adjoining regions in the preservation and management of resources. River basin-wide management bodies shall be established in the following:

- Agusan River Basin located in the provinces of Agusan del Sur (Caraga Region) and Compostela Valley (Region XI)
- Tagum-Libuganon River Basin located in Davao del Norte, Davao City (Region XI) and Agusan del Sur (Caraga)
- Davao River Basin located in Davao City (Region XI), Bukidnon (Region X) and North Cotabato (Region XII)
- Buayan-Malungon River Basin located in the provinces of South Cotabato (Region XII) and Davao del Sur (Region XI)

6. Pursue eco-tourism development

Ecotourism development shall be employed to sustain the region's ecosystem and biological diversity while providing viable livelihood opportunities for local communities. An eco-tourism

development plan shall be formulated for protected and wildlife areas, involving concerned LGUs and stakeholders from the environment and tourism sectors, as well as, indigenous peoples and local communities.

7. Promote responsible mining

To achieve balance between mining industry development and environmental conservation goals, responsible mining shall be promoted. This shall include monitoring and auditing of approved mining contracts/permits including areas with mineral reservations in terms of compliance to the implementation of approved work program and safety health environment and social program; assessment and identification of areas within mineral reservations; assessment of risks on operating and non-operating mines; conduct of training/orientation on minerals and geosciences resources; and formulation of Communication Plan for Minerals Development.

8. Pursue protection and rehabilitation of the Diwalwal Mineral Reservation Area

The protection and rehabilitation of the Diwalwal Mineral Reservation area shall be focused on environmental clean-up to include the establishment of disposal system and the rehabilitation of Naboc River. The functionality of the Philippine Minerals Development Corporation (PMDC) and the Natural Resources Development Corporation (NRDC) shall be assessed, including the exploration work program and the Mine Management Plan of the Diwalwal Mineral Reservation area.

9. Improve efforts/initiatives on environmental management

Efforts on environmental management and pollution control shall be improved through the strict enforcement of environmental laws such as the Clean Air Act, Clean Water Act and Ecological Solid Waste Management Act. The capacities of Local Government Units to effectively implement devolved functions under said laws shall be enhanced. This strategy shall involve:

- Capability-building/Re-tooling of LGUs on environmental laws
- Forest Land Use Planning
- Procurement/upgrading of equipment for air and water quality monitoring
- Monitoring of firms with Air Pollution Control devices and waste water facilities
- Ambient air quality monitoring
- Monitoring of water bodies
- Toxic Substances and Waste Management Program
- Monitor proper closure of open dumpsites and rehabilitate controlled dumpsites
- Assess/monitor LGU compliance to Ecological Solid Waste Management Act

10. Harmonize environmental laws

The consistency and complementation of environment-related laws shall be reviewed to resolve conflicts and overlaps among the Local Government Code, Indigenous Peoples Rights Act, the Mining Law and the NIPAS Act, among other environmental laws,

11. Enhance capacities and measures for disaster risk reduction and climate change adaptation

Improving the capacity of the region on disaster risk reduction and climate change adaptation shall include:

- Integration of Disaster Risk Reduction and Climate Change Adaptation in Local Development Planning and Decision-making Processes
- Strengthening of sustainable, multi-sectoral and community-based resource management mechanisms
- Conduct of IEC on high risk areas/geohazards

The promotion of green industries and jobs shall also be pursued to increase adaptation capability to climate change. Along this line, the region shall support agriculture, manufacturing, research and development, administrative and service activities that help protect and restore ecosystems and biodiversity, reduce energy consumption, decarbonize the economy, and minimize or altogether avoid the generation of all forms of waste and pollution.

12. Mainstream the Ancestral Domain Sustainable Development and Protection Plan (ADSDPP) of the ICCs/IPs into the Local Development Plans

The mainstreaming of Ancestral Domain Sustainable Development and Protection Plan (ADSDPP) of the ICCs/IPs into the Local Development Plans shall be ensured to encourage their active participation. This strategy recognizes the Indigenous Peoples' critical role as stewards of Ancestral Domains.

13. Improve ecosystems research and development

The research and development agenda within the next six (6) years shall be centered on sound information from reliable research and development activities on the effective management of the environment. These shall include:

- Environmental and socio-economic assessment of small-scale mining practices
- Documentation of responsible mining practices
- Wildlife assessment
- Ground water resources assessment and hydrogeology assessment
- Conduct of study on heavy metals contamination in food and water and their correlation to possible chronic and acute toxicity
- Analysis of drinking water for heavy metals

IV. MAJOR PROGRAMS, PROJECTS AND ACTIVITIES

- Establishment and Management of Protected Areas
- Rehabilitation, Protection and Management of the Region's Forests and Watersheds
- National Greening Program (NGP)
- Integrated Approach to Management of Coastal Resources
- Operationalization of the Eastern Mindanao Biodiversity Corridor (EMBC) Conservation Framework
- Effective and Sustainable Management of River Basins
- Eco-tourism Development
- Promotion of Responsible Mining

- Protection and rehabilitation of the Diwalwal Mineral Reservation Area
- Environmental Management
- Harmonization of environmental laws to include the: Local Government Code, Indigenous Peoples Rights Act, the Mining Law and the NIPAS Act
- Mainstreaming of Ancestral Domain Sustainable Development and Protection Plan (ADSDPP) of the ICCs/IPs into the Local Development Plans
- Ecosystems Research and Development
- Promotion of Green businesses and green jobs
- Capacity building on Greenhouse Gas Accounting
- Workplace Green House Gas (GHG) Audit
- Clean Development Mechanism Projects
- Davao Gulf Management

Chapter 10: Social Protection for Inclusive Growth

Social protection consists of policies and programs designed to reduce poverty and vulnerability by promoting efficient labor markets, diminishing people's exposure to risks, and enhancing their capacity to protect themselves against hazards and interruption/loss of income. Effective social protection contributes to fair growth, social stability and enhanced productivity.

Social protection aims to enhance the capacity of poor and vulnerable persons to manage economic and social risks, such as unemployment, exclusion, sickness, disability and old age. Policy interventions can improve their well-being by, among other things, moderating the impact of shocks causing sharp reductions in their income or consumption. Social protection and provision can also enhance the productive capabilities of poor men and women, reducing poverty and inequality and stimulating pro-poor growth.

I. ASSESSMENT

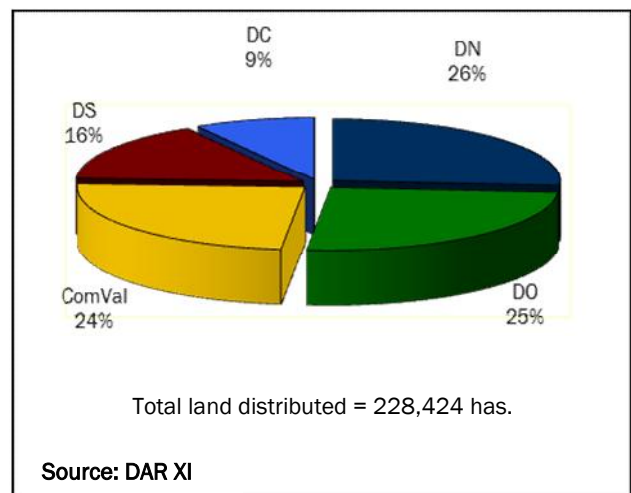
Asset Reform

Agrarian Reform Beneficiaries rights to Comprehensive Agrarian Reform Program

Republic Act 6657 or the Comprehensive Agrarian Reform Law (CARL) of 1988 was the basis for the Comprehensive Agrarian Reform Program (CARP), a social justice and poverty alleviation program, which seeks to empower the agrarian reform beneficiaries (ARBs) through equitable distribution and ownership of the land to the tillers. This program was intended to last for ten (10) years, from 1998 to 2008. Towards the end of the period, however, a large percentage of targeted lands had yet to be transferred to the ARBs, prompting its extension until December 2009.

From 1998 to 2009, a total of 228,424 hectares of land was distributed to 142,945 landless farmers in Davao Region. This was equivalent to 83.5 percent of the CARP XI target of 274,195 hectares. It has a remaining balance of 16.5 percent or 45,771 hectares to be distributed regionwide. The resistance to the program by landowners, long drawn legal impediments over land acquisition and valuation, continuing application for exemptions, issues on land conversion and land owner's unjust compensation had been cited as major obstacles to the smooth implementation of the program.

**Figure 3.10.1 Cumulative Land Distribution,
Davao Region, 1998-2009**



Among the region's provinces and cities, Davao del Norte had the largest CARP land at 26 percent or 59,910 hectares, followed by Davao Oriental at 25 percent or 58,155 hectares, and Compostela Valley at 24 percent or 55,146 hectares (Figure 3.10.1).

In terms of agrarian reform cases, the DAR XI Adjudication Board (DARAB) resolved a total of 2,400 cases affecting 1,755 agrarian reform beneficiaries (ARBs). This represented a 92 percent reduction in pending cases. The cases involved the recomputation and fixing, eviction of farmers from the land, titled fixing of rentals in leasehold areas, recovery of possession, and cancellation of land ownership award.

Based on a study of the Philippine Partnership for the Development of Human Resources in Rural Areas (PhilDHRRA) in 2008, support services to the ARBs such as credit, post-harvest facilities, infrastructures, extension services, and production inputs were most wanting.

Indigenous People's rights to ancestral domain

Republic Act 8371 (Indigenous Peoples' Rights Act or IPRA) was enacted on October 29, 1997, which aimed to transfer the ownership of ancestral lands back to the IP communities. As of December 2009, the region distributed 72.5 percent or 638,513 hectares of the total 881,365 hectares of ancestral domain lands targeted for distribution. These were in Boston and Caraga in Davao Oriental; Monkayo, Montevista, New Bataan, Pantukan, Maragusan, Maco, Mabini, Compostela and Mawab in Compostela Valley; Kapalong, San Isidro, Asuncion, Sto. Tomas and Talaingod in Davao del Norte; Magsaysay, Matanao, Kiblawan, Malita and Malalag in Davao del Sur; and Marilog and Baguio Districts and slope of Mt. Apo portion in Davao City.

A total of 14 certificates of ancestral domain titles (CADTs) and 1 certificate of ancestral land title (CALT) were issued to indigenous cultural communities/indigenous peoples (ICCs/IPs), such as the Mandaya, Manobo, Manuangan, Dibabawon, Bagobo, Tagabawa, B'laan, Ata-Manobo, Mansaka, Obu-Manobo, Tagacaolo, and Egalan-Gubayan clans. The remaining balance of 27.5 percent or 242,852 hectares of ancestral domain lands regionwide still has to be distributed. The reasons cited for delay in CADT issuances were questions on the constitutionality of the IPRA Law, conflict of ancestral domain claims with the mining reservation areas and lack of budget for land survey. There were also extractive and other types of ongoing activities in the ancestral domains. Of these activities, 69% were being undertaken without free and prior informed consent (FPIC) (PhilDRA study, 2008). It cannot also be discounted that some FPIC were obtained in an improper manner, i.e. inadequate compliance with guidelines. Though asset reform with regard to ancestral domain suffered a setback, the path has been set clear for restarting IPRA's implementation through the NCIP with its constitution of seven commissioners and 35 IP leaders. The budget for the NCIP has likewise been appropriated annually.

Informal Settlers' rights to decent housing

Urban land reform, in contrast to agrarian reform, involves land reform in urban areas. This seeks to address the needs of the poor for shelter, as well as the security of tenure for the land occupied by their housing units. All LGUs have a common problem - informal settlers. In highly urbanized LGUs such as Davao City, the number of informal settlers have grown annually due to migration by people seeking better opportunities. While anti-squatting laws are in place to prevent illegal occupation of private and government lands by informal settlers, humanitarian considerations, sometimes bind LGUs from enforcing an iron-fisted policy. Good urban land use planning, however, is seen as a long-term solution to urban squatting.

The number of households occupying unacceptable dwellings and makeshift units decreased from 29 percent or 305,317 dwellings in 2000 to 18 percent or 160,034 dwellings in 2007. These households, usually referred as squatters or informal settlers, lived in houses made of light materials, such as bamboo, sawali, cogon, nipa and anahaw.

The Urban Land Reform Program (ULRP) has been strengthened with the participation of the Socialized Housing Finance Corporation (SHFC), which aimed to absorb about 75 percent of cost of land purchase of local government socialized housing projects. The SHFC funding initiative under its Localized Community Mortgage Program (LCMP) would quadruple the capability of the local governments' P100 million stand-by housing fund to serve more informal settlers and other qualified sectors.

In Davao City, approximately 70 hectares of the foreclosed First Oriental Ventures property located in Barangay Ilang, Bunawan has been undertaken by the twelve (12) homeowners associations under the Kobbler Federation, a non-government organization of the urban poor associations. Worth about P60 to P70 million, the property has now more than 3,000 families settled on the site which could own their lots under the LCMP. SHFC pitched in 75 percent of the cost while the city government of Davao took charge of the remaining 25 percent. Other LGUs have the Gawad Kalinga Program for the poor and informal settlers.

Livelihood Opportunities and Micro-Financing

Self-employment Assistance Program for the poor

The government continued to upgrade the economic skills of the poor by organizing community-based associations, such as the Self-Employment Assistance Kaunlaran (SEA-K). This aimed to promote self-sufficiency among poor families by providing capital assistance and entrepreneurial skills to self manage a sustainable community based micro-credit organization for entrepreneurial development.

From 2004-2009, the SEA-K program benefited 512 SEA-K associations who were given capital seed fund worth P57.594 million. Davao City had the biggest number of SEA-K associations at 243 and received the largest chunk of the SEA-K financial assistance of P29.955 million. Successful SEA-K Associations were further organized into SEA-K Kabayan groups or SEA-K Level II. At this level, associations were given larger amounts of capital assistance to finance micro enterprises, affordable shelter, and home improvement. As of 2009, a total of 53 SEA-K Kabayans were organized and provided P43.785 million financial assistance.

Microcredit financing for the poor and vulnerable sectors

Microfinance is considered as a key solution to the problem of the poor since this provides them not only opportunities to make investments, but also plays a welfare-enhancing role. In line with the government's thrust of providing microcredit to micro, small and medium enterprises (MSMEs), CARP beneficiaries, farmers and fisherfolk, women, other disadvantaged groups and OFWs, microfinance providers now geographically cover 100 percent of provinces and cities and 97 percent of towns nationwide. RA 6977 or the Magna Carta for Small Enterprises of 1991 set the legal and policy framework for MSME development. This law mandates the government to assist MSMEs by creating conducive business environment, improving access to financing, providing adequate business support, providing trainings on entrepreneurship and skills and linkages between MSMEs and large firms, and working in partnership with the private sector.

RA 9178 or the Barangay Micro Business Enterprises (BMBEs) Act of 2002 also encourages the formation and growth of BMBEs by granting incentives and other benefits. This was intended for business enterprises engaged in production, processing or manufacturing of products, including agro-processing, as well as trading and services. Incentives of BMBEs under the Act include exemption from income tax for income arising from the operations of the enterprise, exemption from the coverage of the Minimum Wage Law for a period of two years, special credit window, technology transfer, production and management training, and marketing assistance.

Notwithstanding all these assistance, the very poor and the most disadvantaged groups could hardly access microfinancing due to documentation requirements and collateral problems.

Social Welfare

Children in need of special protection

The number of cases of children in the region in need of special protection decreased by an annual average of 30 percent, from 967 cases in 2004 to 163 cases in 2009. All provinces and cities recorded significant drops from 2007 to 2009 (Table 3.10.1). This was attributed to the passage of Republic Act (RA) 9344, an Act Establishing the Comprehensive Juvenile Justice System. This law mandates that children 15 years old or younger or those above 15 but under 18 years of age who do not act with discernment at the time of the commission of the offense shall be exempted from criminal liability. These children are referred to the Social Welfare offices in the municipalities for Diversion Program, which include rehabilitation and psycho-social intervention. Among the highest recorded cases of children in need of special protection are children physically abused or maltreated, children in conflict with the law, neglected children and sexually-abused children, including child trafficking. Rape was the most common reported case among sexually abused children. More than half of children in need of special protection were in conflict with the law.

**Table 3.10.1 Number of Children Needing Special Protection Assisted, By Province/City
Davao Region, 2005-2008**

Province/City	2004	2005	2006	2007	2008	2009	AAGR (%)
Davao Region	967	916	988	582	229	163	-30.0
Davao Oriental	150	113	113	99	45	47	-20.7
Davao del Norte	69	69	63	22	19	18	-23.6
Compostela Valley	77	109	89	67	46	20	-23.6
Davao Del Sur	60	45	46	32	11	18	-21.4
Davao City	435	424	535	302	83	49	-35.4
Tagum City	100	15	23	18	9	7	-41.2
Panabo City	17	73	45	18	7	1	-43.3
Island Garden City of Samal	1	5	7	2	4	-	-41.4
Digos City	58	63	67	22	5	3	-44.7

Source: DSWD XI

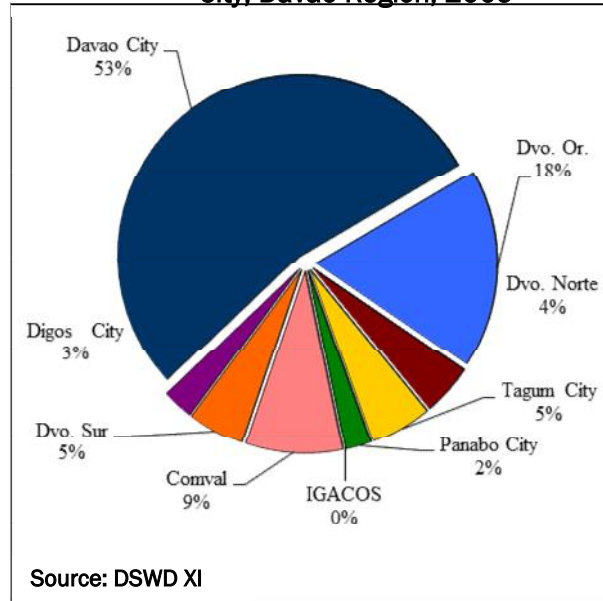
A survey commissioned by International Labor Organization (ILO) in 2010 reflects that the Davao Region has one of the highest incidences of child labor cases in Mindanao. This includes children in mining areas of Mt. Diwata (Diwalwal), Monkayo, Compostela Valley Province, children in sugar plantations of the Municipalities of Hagonoy and Kiblawan, Davao del Sur and commercially sexually exploited children in Davao City. The Commission on Human Rights, with its partners, is advocating for the mainstreaming of the Rights-Based Approach to Development (RBAD) and child labor

concerns in local governance, as well as, the establishment and /or strengthening of the Barangay Human Rights Action Centers (BHRAC s) in the Local Government Units of the target areas.

Women in especially difficult circumstances

From 2004 to 2009, the number of women in the region in especially difficult circumstances increased by an annual average of 4.3 percent, from 178 cases in 2004 to 220 cases in 2009. More than fifty percent (53%) of the recorded cases of violence against women were in Davao City. The number of women in this city under especially difficult circumstances quadrupled from 29 cases in 2004 to 118 cases in 2009. (Figure 3.10.2). The cases filed include physical, emotional and sexual abuses (rape), and illegal recruitment. Forty nine percent of the cases involved emotionally distressed and single parents. The increase in the number of cases filed was attributed to the implementation of the city's Women's Code. The Code provides for extensive advocacy and monitoring of cases on violence against women through the establishment of the Integrated Gender and Development Office.

Figure 3.10.2 Women in Especially Difficult Circumstances, By Province/ City, Davao Region, 2009



Differently-abled persons

The 2000 Census of Population and Housing showed that 43,179 persons in the region suffered from different types of disabilities. The most common types were low vision, partial blindness, and paralysis of one or both legs. DOH XI had identified malnutrition and unsanitary living conditions, especially among the urban slum dwellers as the most significant causes of disability, especially among children. Other causes cited were the lack of pre-natal check-up for expectant mothers and the practice of traditional birth attendants in delivering babies, which sometimes cause accidents that result in disability among newborn babies and lack of iron and iodine supplements among lactating mothers and lack of vitamin A among children which caused intellectual disabilities, speech impairment, deafness, blindness and physical differences. The unstable peace and order situation, vehicular and industrial accidents are likewise causes of disability in the region, and the country as a whole.

The minimum basic needs of differently-abled persons that require immediate attention include their need for inclusion in health, education, rehabilitation, employment and similar services. Despite efforts of the government to equalize opportunities and improve lives of the differently-abled persons, they continue to suffer exclusion from social and economic opportunities due to systemic barriers to their participation in decision-making processes; negative attitudes about disability; and discriminatory legislative frameworks that have not only excluded them but also contributed to the creation of barriers to their participation.

Systems and strategies for service provisions that are effective when addressing the needs of other vulnerable groups do not necessarily work as well when applied to differently-abled persons. The government's inability to include them as beneficiaries of such basic services is evident in the persistent poverty that characterizes their lives—be they in urban depressed communities or rural

areas. The government must adopt strategies that are specifically tailored to meet the sometimes unique requirements of differently-abled persons.

Indigenous Peoples

Davao Region is inhabited by non-Moro indigenous peoples called the “Lumads.” *Lumad* groups may be clustered into *Manobo*, *Bagobo-B'laan-T'boli-Tiruray*, *Mandaya-Mansaka*, *Subanen*, and the *Mamanwa*. The Lumads basically subsist through swidden and wet rice cultivation, hunting, fishing, gathering and the trade in locally manufactured items. They make up an estimated 10 percent of the region's population. They inhabit the environmentally fragile highlands of the region and live in extreme poverty, forced to exploit dwindling resources for food and fuel. Many of them do not have an area of land to call their own. One of the root causes of the poverty and marginalization of indigenous peoples is loss of control over their traditional lands, territories and natural resources. Indigenous peoples have a concept of poverty and development that reflects their own values, needs and priorities. A growing number of indigenous people live in urban areas as a result of the degradation of land, dispossession, forced evictions and lack of employment opportunities.

The National Commission on Indigenous Peoples (NCIP) help these tribal groups claim ancestral domain certification for their land and promote IP self-governance. Some of these communities now manage their own land and livelihood, and formulate ancestral domain sustainable development and protection plan (ADSDPP).

Overseas Filipino Workers

The term *Overseas Filipino Workers* or OFWs was officially adopted under the Ramos Administration to give recognition to millions of Filipinos who sacrifice by working in other countries out of a desire to earn better wages. They help their families back home to provide them a better life.

In the recent Philippine statistics assessment, there are about 9-10 million OFWs around the world. They can be found in medical centers, hospitals, computer companies, oil production companies, technical and computer based companies and other service-oriented institutions like hotels and resorts. OFWs are among the best workers in the world because of their skills, english proficiency and hospitality. The average annual remittances of OFWs to the Philippines is 8 billion dollars. Issues of OFWs include labor malpractices, unpaid salaries, maltreatment and sexual abuses.

The Middle East and North African (MENA) Region has the most number of Filipino migrant workers. A total of 512,507 migrants work in the said Region. This Region includes Bahrain, Eqtypt, Libya, Syria, Saudi Arabia, Yemen and Oman, and about 10,091 come from various provinces of Davao Region, eighty-nine percent (89%) of whom are in Saudi Arabia. Recently, the MENA Region experienced major political protests, civilian unrest, uprising and rebellion against their governments, particularly the Shi'ite protesters in Bahrain, the Shai community in Saudi Arabia, the Omanis in Eqtypt, and the whole of Libya against Gaddafi's government. Japan was also badly hit recently by an intensity 8.8 earthquake, followed by a tsunami and aggravated by Fukushima nuclear power plant accident which presented threats for radiation leaking. A total of 305,792 Filipinos are working in Japan, with 84,407 permanent Filipino residents in the whole of Northern Japan and about 4,500 Filipino migrants located in the quake- and tsunami-ravaged areas.

Racing against time to save Filipinos caught by the turmoil in these countries, the government through the Overseas Workers Welfare Administration (OWWA), in collaboration with the Department of Foreign Affairs (DFA), has chartered planes and ships to repatriate Filipino workers in these places, as well as, provide “Libreng Tawag” for OFW dependents and relief assistance. Repatriated

OFWs also received various assistance provided by the national government agencies, such as TESDA, on TVET competency certification trainings; DTI, on entrepreneurial skills trainings and business counseling; DOH and DSWD, on mental health and psychosocial support services to repatriated OFWs. RDC XI Resolution No. 54, Series of 2011 was passed to institutionalize the efforts of concerned agencies by creating a Task Force to sustain and strengthen the collaboration and provision of services to the region's migrant workers and repatriated OFWs and craft a contingency plan to provide assistance to such workers.

President Aquino launched a P2-billion reintegration program that would lend P300,000 to P2-million to OFWs at an interest rate of 7.5 per cent per annum. The OFWs and their families can use the loans to start and support the development and operation of small enterprises when they return from their overseas jobs.

Enrolment in social protection programs of the government

There was an increase in the enrolment to social protection programs of the government, except for the Philippine Health Insurance Corporation (PHIC). The Government Social Insurance System (GSIS) increased its enrollees by an annual average of 1.7 percent, from 26,344 enrollees in 2004 to 28,680 enrollees in 2009. The Social Security System (SSS) also increased its enrollees by an annual average of 0.2 percent, from 62,918 enrollees in 2004 to 63,615 enrollees in 2009. However, the Philippine Health Insurance Corporation (PHIC) has recorded an annual average decrease of 2.3 percent, from 308,624 enrollees in 2004 to only 274,861 enrollees in 2009 (Table 3.10.2).

Table 3.10.2 Number of Persons Enroled in Social Protection Programs, Davao Region, 2004-2009

Category	2004	2005	2006	2007	2008	2009	AAGR (%)
GSIS	26,344	27,893	27,933	28,067	28,686	28,680	1.7
SSS	62,918	66,715	59,579	58,628	60,263	63,615	0.2
PHIC	308,624	154,202	174,649	189,305	183,960	274,861	-2.3

Source: NSCB

The increases in the GSIS and SSS enrolment were due to new entrants to government service and hiring in business establishments, respectively, as well as active information drives of both institutions. The decline in PHIC enrolment was due to termination of sponsored-programs for which PHIC has no control of. These sponsored programs are administered by the LGUs, Congressmen or private persons/establishments.

One of the support services given to the ARBs was the social protection program known as Greater Medical Assistance sa Bayan-Anihan. The ARBs and their households were provided medical assistance to enhance their ability to be more economically productive and to defray costs of hospitalization. This is a community health care delivery and self-financing system through social health insurance and PhilHealth in collaboration with LGUs and ARB organizations. The government also implemented the following allied support services to support its poverty alleviation and social welfare and protection programs: a) Comprehensive and Integrated Delivery of Social Services (CIDSS-KALAH), b) Food for School Program, c) Pantawid Pamilyang Pilipino Program (4Ps), d) Tindahan Natin Project, e) Community Center-Based Services, such as the Reception and Study Center for Children (RSCC), Group Home for Girls (GHG), Regional Rehabilitation Center for Youth (RRCY), Substitute Home Care for Women, Home for the Aged, and Tuloy Aral Walang Sagabal (TAWAG).

Human Rights

Human rights are not limited to civil and political rights but also covers economic, social and cultural rights. Thus, the term “human rights” refers to the whole body of civil, political, economic, social, and cultural rights enshrined in the Constitution of the Philippines and in the international instruments which are binding in the Philippines.

Extra-judicial killings, tortures, acts of cruelty, ambushes carried out by armed groups; slavery, slave trade, servitude, compulsory labor experienced by women; child labor; rights and freedom to exercise religion and beliefs; land grabbing; and other forms of human rights violations were reported by local media. Davao Region was reported to have one of the highest incidence of human rights violations.

The right to development is an inalienable human right. Every person and all peoples are entitled to participate in, contribute to and enjoy all their rights and fundamental freedoms.

In Davao Region, the CHR is advocating for the mainstreaming of the Rights-Based Approach to Development (RBAD), child labor concerns in local governance and the establishment and /or strengthening of the Barangay Human Rights Action Centers (BHRACs) in the Local Government Units, particularly in Mt. Diwalwal in Compostela Valley, Hagonoy and Kiblawan in Davao del Sur, and Davao City where child labor in mining and banana plantations, and sexually exploited children are rampant, respectively. These will be manned by a volunteer called Barangay Human Rights Action Officer (BHRAO). The BHRAC will serve as the extension of the services of the CHR.

Daily minimum wage rates

Davao Region’s daily minimum wage rates increased over the past 5 years. The daily minimum wage for non-agriculture workers increased by 36.8 percent, from P209.00 per day in 2005 to P286.00 per day in 2010. The daily minimum wage for agriculture workers likewise increased by 38.7 percent, from P199.00 per day in 2005 to P276.00 per day in 2010 (Table 3.10.3).

Table 3.10.3 Daily Minimum Wage Rates, Davao Region, 2005-2010

Date of Effectivity	Non-Agriculture (PhP)	Agriculture (PhP)	
		Plantation	Non-Plantation
Jan. 2005	209.00	199.00	178.00
July 2006	240.00	230.00	209.00
Aug. 2007	250.00	240.00	219.00
May 2008	265.00	255.00	255.00
Sept. 2010	286.00	276.00	276.00

Source: RTWPB XI

The RTWPB XI, after determining the existence of supervening conditions existing in the region, grant relief to minimum wage workers to cope with the rising cost of living without impairing the productivity and viability of businesses and industries in the region.

Most of the establishments in Davao Region comply with basic labor laws. About 76 percent or 1,520 of the total 2,000 establishments in the region have complied with wage orders. Ninety (90) percent of the industries operating in Davao Region are in the services sector most of which are micro and small-scale businesses. Violation of basic labor laws can be attributed to lack of information on the new wage orders on the part of employers. However, this should not be an excuse for these companies from granting workers’ benefits as what has been set forth by the law.

II. CHALLENGES

Based on the foregoing assessment, the following are the challenges to social protection and inclusive growth: (a) delays in the distribution of CARP lands; (b) lack of support services to ARCs and ARBs; (c) delays in the issuance of Certificates of Ancestral Domain Titles (CADTs) for the indigenous cultural communities/indigenous peoples' ancestral domain claims; (d) lack of resettlement/relocation facilities for the informal settlers and slum upgrading for the urban poor; (e) difficult access to microfinance; and (f) limited access to social services.

III. STRATEGIC FRAMEWORK

Goal

To make growth inclusive, especially among the poor, the vulnerable and disadvantaged groups; for them to manage economic and social risks.

Objectives

The following are the objectives for social protection and inclusive growth:

- 1) Improving land tenure of farmers and ICCs/IPS
- 2) Enhancing support services to ARBs
- 3) Expanding livelihood and microfinance opportunities for the poor, marginalized farmers/fisherfolk and disadvantaged groups
- 4) Providing preferential access to the poor, vulnerable and disadvantaged to social welfare and development services
- 5) Addressing the housing needs and slum upgrading for informal settlers and urban poor

Targets

The region aims to achieve the following social protection targets:

- 1) Distribute 100 percent of the remaining CARP lands by 2014 in the following areas:

a) Davao City	-	5,265 hectares
b) Davao Oriental	-	7,066 hectares
c) Davao del Norte	-	15,192 hectares
d) Compostela Valley	-	9,717 hectares
e) <u>Davao del Sur</u>	=	<u>8,531 hectares</u>
Davao Region	-	45,771 hectares
- 2) Increase the average CARP area distributed to beneficiaries from 1.8 hectares in 2010 to 2 hectares starting 2011 until 2014
- 3) Increase the number of CARP beneficiaries from 3,285 in 2010 to 3,715 in 2014
- 4) Increase the number of agrarian cases resolved from 860 in 2010 to 3,815 in 2014

- 5) Provide P175.8 million for social infrastructure and capacity building benefiting 121 ARCs in 2014
- 6) Provide P500.2 million for sustainable area-based rural enterprise development to 2,154 ARC enterprises by 2014
- 7) Provide P276.4 million for access facilitation and economic support services benefiting 3,355 ARCs in 2014
- 8) Provide P4.6 million for gender and development sustainable resource management to 54 ARC women organizations in 2014
- 9) Increase the percentage of distribution of ancestral domain lands from 72 percent or 638,513 hectares in 2010 to 100 percent or 881,365 hectares in 2016
- 10) Increase the number of housing sites verified for resettlement/relocation programs from 13 sites in 2010 to 90 sites in 2016
- 11) Increase to 100 percent the number of LGUs/NGAs utilizing the National Household Targeting System for Poverty Reduction (NHTSPR) by 2016 from 20 percent in 2010.
- 12) 100 percent of targeted barangays and households are covered by KAHALI-CIDSS by 2016 from 20 percent in 2010
 - 260 barangays
 - 68,947 households
- 13) 100 percent of targeted household beneficiaries are served under the Pantawid Pamilyang Pilipino Program (4Ps)
 - 2011-2013 - Set 1 (8,833 households)
 - 2011-2014 - Set 2 (39,137 households)
 - 2011-2015 - Set 3 (8,159 households)
 - 2012-2016 - Set 4 (63,519 households)
- 14) 100 percent enrolment in social protection programs of the government by 2016 (GSIS, SSS and PHIC)
- 15) Implement and complete the following PAMANA social services related projects targeted in the municipalities of New Bataan, Montevista, Mawab, Monkayo, Laak and Nabunturan in Compostela Valley Province:
 - Agro-forestry Development Project – P1.5 Million
 - Rubber Plantation Project – P3.3 Million
 - Cacao Production Project – P2.7 Million

Strategies

1. Fast track acquisition and ensure a more equitable distribution of CARP lands, with due regard to the entitlements of duty holders

This involves the shortening of processing time of the acquisition and distribution of Certificates of Land Ownership Award (CLOA). Equitable distribution of lands to the farmer beneficiaries shall be fast tracked through the subdivision of collective CLOA holders whose lands have not been subdivided, individual survey and payment of just compensation to land owners. The strategy calls for fast tracking the resolution of agrarian reform cases through the DAR Adjudication Board as this is contributory to the delays in the distribution of CARP lands.

2. Enhance support services of Agrarian Reform Communities (ARCs) and Agrarian Reform Beneficiaries (ARBs)

This involves the expansion and hastening of support services to ARCs and ARBs, which includes post-harvest facilities, infrastructure, extension services and credit and production inputs.

3. Fast track the distribution of Certificates of Ancestral Domain Titles (CADTs) with due regard to the entitlements of the ICCs/IPs

This includes shortening of the processing time for CADT applications. NCIP needs to provide clear guidelines on how long the process should take. The settlement of jurisdictional conflict between the NCIP and DENR is also necessary. Both agencies claim a role in delineating ancestral lands by virtue of IPRA and the Mining Act of 1995. This also includes harmonization of laws in conflict with RA 8371 or the Indigenous Peoples' Rights Act (IPRA), such as the Comprehensive Agrarian Reform Law (CARL), the National Integrated Protected Areas System (NIPAS) Act, and the Local Government Code.

4. Enhance shelter security of the urban poor

This includes providing security of tenure and decent housing to informal settlers occupying government and privately-owned lands through presidential proclamations, resettlement and social housing assistance programs. Local governments shall set aside lands for social housing programs to benefit informal settlers. There shall be initiatives from LGUs and housing agencies to institute programs for distributing legal occupancy rights to urban informal settlers. Resettlement shall be treated as an entitlement for families subject to eviction, as well as evicted informal settler families. Basic infrastructure, such as roads, electricity, water and sanitation facilities, schools and health centers in the resettlement sites must also be provided. Given that full security of tenure can only be guaranteed with the possession of land titles by the beneficiaries upon full payment of the land, a process which can take as long as 25–30 years, the government needs to introduce intermediate instruments of tenure security that would allow social housing beneficiaries to enjoy the benefits of secure land tenure even without a title.

5. Provide livelihood opportunities and access to micro-financing

This involves social preparation and skills training on enterprise development and financial management for the poorest of the poor, vulnerable and disadvantaged groups so they can participate in livelihood and enterprise development activities. It also requires designing innovative micro-financing programs and pro-poor credit delivery schemes. This includes strengthening the region's cooperatives in providing access to microfinance and credit. Livelihood activities for households shall be engaged using nontraditional and innovative approaches (e.g. non-collateralized cash-flow based lending). The strategy will ensure the greater role of private microfinance institutions in the provision of financial services to low-income groups.

This also ensures the inclusion of differently-abled persons in mainstream skills and livelihood training activities. These provide opportunities for differently-abled persons to acquire the skills to be more competitive for employment in the open job market. The programs include entrepreneurial skills development, such as the identification of business opportunities, development of small and medium business plans, and provision of management and simple accounting/bookkeeping skills. These programs also include support services in marketing and production, access to interest-free or low-interest loans. By providing viable alternatives, differently-abled persons who are not competitive in the open employment market may have the option of becoming self-employed entrepreneurs.

6. Strengthen community-managed interventions for highly vulnerable individuals

This includes the facilitation of community-based poverty mapping and analysis to properly locate the poorest of the poor, highly vulnerable individuals and disadvantaged groups in the community including the youth, children, women, older persons, differently-abled persons, farmers and fisherfolk, families of overseas workers, victims of natural disasters and man-made tragedies, such as victims of natural disasters, victims of armed conflict, and structural adjustments, and persons with psychosocial problems arising from familial conflicts to ensure that limited resources of different social protection agencies reach the poorest of the poor. Local communities shall be empowered by building their capacities to undertake their own poverty reduction projects with funding support for basic infrastructure and livelihood. This also includes improving local governance by providing capacity-building activities and enhancing LGU service delivery through complementary activities.

This strategy also involves enhancing human capital, focusing on rights-based approach for a comprehensive program for the survival, protection, development and participation of children. One of these is the provision of cash grants to extremely poor households to allow them to meet certain human development goals in exchange of compliance to certain conditionalities. This is a short-term intervention while still working on the long-term solution for breaking the intergenerational cycle of poverty. Cooperatives may be tapped to provide livelihood opportunities for the conditional cash transfer program of the government, and other basic services to rural communities. PAMANA projects for the conflict affected areas are also community-managed interventions for the affected lowland and upland farmers, including the indigenous people's (IPs).

7. Integrate children with learning disabilities into formal and non-formal education programs

The concept of inclusion in education has been increasingly accepted over the years. The acknowledgement that differently-abled persons, especially children and youth, have the right to be included in both formal and non-formal education programs present an opportunity for government and other stakeholders to make education effective and responsive to learners with diverse needs, including those with disabilities. There is also a need for government to take more serious resolve to ensure that policies and programs for the education and development of differently-abled children are implemented with greater political will. The roles of the family and the community are also encouraged, supported and strengthened so that they can be partners in the effort of inclusive education. This approach can lead to a significant reduction in the large number of children and youth with learning disabilities who have no access to education. Methodologies and strategies to train more teachers in recognizing and addressing the special needs of children with learning disabilities must also be employed.

IV. MAJOR PROGRAMS, PROJECTS AND ACTIVITIES

1. For a more equitable acquisition and distribution of land

- Land Tenure Improvement Program
- Program Beneficiaries Development
- Agrarian Justice Delivery System

- Implement innovative approaches on issuance of certificate of ancestral domain titles (CADTs) to the indigenous cultural communities/indigenous peoples to ancestral domain claims
- Comprehensive mapping, delineation and titling of ancestral domains/lands
- Assistance in the formulation of Ancestral Domain Sustainable Development and Protection Plan (ADSDPP)
- Integration of ADSDPP in local development plans

2. For enhanced shelter security for the urban poor

- Government acquisition of lands as resettlement/relocation sites for informal settlers.
- Slum Upgrading Program.
- Implementation of housing programs by the LGUs
- Private sector and NGO-PO participation in the provision of low-cost housing for the poor and informal settlers
- Designing of alternative housing packages that are affordable for informal settlers

3. Provision of livelihood opportunities and access to micro-financing

- Innovative credit delivery schemes for the poor, vulnerable and disadvantage groups
- Design micro-financing programs for the poor using the National Household Targeting System for Poverty Reduction (NHTS-PR)
- Boost farm, off-farm and non-farm incomes by promoting integrated farming approach
- Harness OFW remittances in the promotion of livelihood programs and micro-financing
- Conduct livelihood and entrepreneurial skills trainings among disabled/handicapped persons, women, youth, farmers/fisherfolks and rural workers, indigenous cultural communities/indigenous peoples, urban poor families and families of OFWs
- Special livelihood and vocational training programs for persons with disabilities
- Self-Employment Assistance Kaunlaran (SEA-K).

4. Community-managed interventions for highly vulnerable individuals

- Strategic targeting of the poor in the delivery of basic health and other social services
- Implement innovative delivery of social assistance, development programs, and community empowerment
- Pantawid Pamilyang Pilipino Program (4Ps)
- KALAHI-CIDSS
- Welfare assistance to OFWs and their dependents
- Enrolment in government social protection programs

- Conduct employee safety summit and conferences
- Enforce greater compliance with labor standards and safety and health regulations
- PAMANA Program

5. Integration of children with learning disabilities into formal and non-formal education programs

- Enforce greater compliance with DepEd department orders on promoting inclusive education that mainstreams students with learning disabilities in regular classes
- Conduct training of teachers on special needs education

V. POLICY AGENDA

To strengthen the capability of the poor, vulnerable and disadvantaged groups to manage social and economic risk, the following legislative agenda are proposed:

1) Harmonization of laws in conflict with RA 8371 or the Indigenous Peoples' Rights Act (IPRA).

Laws in conflict with RA 8371 include the Comprehensive Agrarian Reform Law (CARL), the National Integrated Protected Areas System (NIPAS) Act, and the Local Government Code.

2) Review RA 7277 also known as the Magna Carta for Disabled Persons.

This is to make the law more responsive to the needs of persons with disabilities in providing for the rehabilitation and self reliance of disabled persons and their integration into the mainstream of society, particularly the inclusion of special needs education for children with learning difficulties, mentally retarded children, among other special needs.

3) Review Magna Carta for MSMEs and the BMEs

These laws are proposed to be amended by incorporating ways to increase access for a significant number of poor households and micro-entrepreneurs through innovations in area of rural micro finance without destabilizing fragile financial markets or compromising the development of viable financial institutions. Innovations may include solidarity group lending, village banking, repayment incentive schemes such as peer group monitoring, incentives for the borrower to repay through rebates and progressive lending.

4) Adopting volunteerism

The government shall strengthen the practice of volunteerism in the delivery of basic social services, provision of technical assistance, responding to disasters, and undertaking humanitarian efforts especially in the remote and unserved areas. The region shall tap and mobilize the talents, expertise and time of volunteers from the academe, corporate sector, non-profit organizations, government and foreign volunteer organizations.

Part IV: Plan Implementation, Monitoring and Evaluation

As the blueprint for the development of Davao Region to realize its vision as the Rising Global Frontier by 2016, effective and efficient strategies for its implementation have to be established and adopted. The key instruments that implement the Davao Regional Development Plan (DRDP) are the current and future government policies, public and private investments, as well as, development regulations. In order for these instruments to be fully harnessed to achieve the development goals and objectives, the Development Management Results Framework is adopted to ensure the effectiveness, efficiency, responsiveness and sustainability of development interventions within the context of limited government budgetary resources. Managing for development results in Davao Region identifies common results (goals/outcomes) through the regional development planning process, achieves integrated public sector management by synchronizing planning, programming, budgeting, implementation and monitoring and evaluation as a continual loop, and provides horizontal and vertical integration among the development actors. These development activities result to better policies and informed decisions, as well as, continuous learning from implementation practices. To support the plan implementation process in a results management environment, activities such as the communication and advocacy and capability building on plan formulation, implementation, monitoring and evaluation shall be pursued.

Planning for Development Results

The formulation of the Davao Regional Development Plan (DRDP) for 2011-2016 is anchored on the Development Management Results Framework adopted by the National Government in the implementation of the Social Contract with the Filipino people of President Benigno S. Aquino III. Guided by this framework, the DRDP clearly defines the impact/outcomes and outputs that are further measured by indicators for each level of results formulated. These are contained in the Results Matrices (RMs) of the ten (10) strategic areas of development of the Davao Region on macroeconomic management, modern agriculture, competitive industry and services, strategic and sustainable infrastructure, science, technology and innovation, good governance, human resource development, peace and development, environment and natural resources management, and social protection (Figures 4.1 & 4.2).

Investment Programming and Budgeting for Results

The Regional Development Investment Program (RDIP) 2011-2016

Based on the review of the Regional Development Investment Program (RDIP) 2004-2010, RDC XI reviewed and approved the new and enhanced Investment Programming Guidelines for 2011-2016. As the accompanying document to the DRDP, the RDIP translates the plan into concrete programs and projects that are systematically programmed to achieve the desired results in consideration of

the government's funding and budgetary thrusts. The RDIP guidelines provide the parameters for a project's inclusion in the RDIP that are consistent with the objectives and targets of the region for a given period. It also provides the mechanism to ensure that programs and projects proposed for national government funding are consistent with the development objectives. The RDC Sectoral Committees (SecComs) serve as clearinghouse for these projects to be included in the RDIP. The prioritization of the projects for the medium-term is done by the SecComs through a set of criteria duly approved by RDC XI. The guidelines also provide for the submission of documentary requirements to support the proposals such as project profile, concept papers, project feasibility study, endorsement by local development councils and other bodies like the SUC board of trustees/regents, among others.

Formulation of the Annual Investment Program

The RDIP shall be updated on an annual basis to come up with the Annual Investment Program (AIP). The AIP shall contain the projects that shall be approved and endorsed by RDC XI to agency central offices for inclusion in the agency budget proposal. After their endorsement to ACOs, these projects are to be tracked to ensure that these are considered in the budget proposal and subsequently funded. These projects are continuously monitored to ascertain the extent of the implementation of the RDIP, and to assess the effectiveness of RDC endorsement of its regional priorities. The RDC XI Secretariat shall prepare regular reports on project tracking to RDC XI.

One of the thrusts of the national government to ensure the funding of development priorities is harnessing private sector participation. Public-Private Partnership or PPP is one of those modes of project implementation that is encouraged by the national government. Towards the realization of this concern in the region, there is need to advance the preparedness of project proposals of regional development priorities particularly those proposed by local government units (LGUs). The regional Project Development Assistance Center under the RDC may be reinvigorated to provide this support to LGUs to advance their proposals for funding. This will also provide a venue to build up LGU capability on project preparation, feasibility study, and project appraisal and financing.

Managing the Plan Implementation Process

Good governance is the key to achieving effective coordination, collaboration and participation in managing the plan implementation process. Central to this strategy is the Regional Development Council (RDC) XI as the highest policy making body of the region and the overall coordinator and facilitator of regional development. RDC XI ensures the maximum participation and involvement of local government units, national government agencies, private sector, non-governmental organizations, academe and other institutions and stakeholders in the implementation of the plan. The various committees of RDC XI play major roles in providing support to plan implementation.

The Advisory Committee (AdCom) serves as a forum to provide continual coordination and collaboration between the executive agencies and the Congress in the region on plan implementation. Being composed by the RDC XI Executive Committee and the Members of the House of Representatives in the region, it ensures a stronger link between planning and investment programming/budgeting with the support of the legislators in terms of budgetary appropriation and policy making.

The Sectoral Committees of RDC XI which were constituted as Planning Committees shall be responsible for shepherding the sectoral development directions of the DRDP particularly in achieving the objectives and targets to realize the development outcomes.

On peace and order, as well as on disaster risk reduction concerns, RDC XI shall coordinate and collaborate with the Regional Peace and Order Council (RPOC) and Regional Disaster Risk Reduction and Management Council.

RDC XI shall actively relate and seek the support of the NEDA Board Regional Development Committee (NB-RDCom) through the Mindanao Area Committee, as well as coordinate with the Mindanao Development Authority (MinDA), to push for the region's policy and program thrusts that are supportive of Mindanao, national development agenda or the President's Social Contract with the Filipino people.

Monitoring of Results

The 2011-2016 Davao Regional Development Plan Implementation Monitoring and Evaluation System (DRDP-IMES) shall be established by further improving the benchmarking activities for the sectoral bottom lines adopted by RDC XI for 2009-2010 targets that includes the tracking of the region's attainment of Millennium Development Goals (MDGs) targets, as well as developing an information system for data generation, processing, retrieval and preparation of development performance assessment reports. As a results-based monitoring system of outputs and outcomes of regional and sectoral development interventions, it shall generate reports of the region's performance on a quarterly and annual basis to provide inputs to planners and decision makers on the progress of plan implementation. The DRDP-IMES shall facilitate the connection and synchronization between planning, investment programming/budgeting and project implementation activities (Figure 4.1).

The objectives of DRDP-IMES are to: a) assess regional development performance relative to the attainment of regional development targets of the 2011-2016 DRDP along its key development outcomes; b) assess the effectiveness and responsiveness of development strategies, programs and projects as contained in the six-year investment program; c) provide a feedback mechanism to RDC XI on plan implementation; and d) systematize/synchronize preparation of plan implementation reports.

Project Implementation Monitoring

The monitoring of project implementation shall be undertaken by the Regional Project Monitoring Committee (RPMC) through the Regional Project Monitoring and Evaluation System (RPMES) that shall be enhanced with Results Management. Results monitoring and evaluation or management is a strategy that focuses on using performance-based information to improve policy formulation and decision making. RPMC XI shall be using practical management tools to enhance its functions through strategic planning, risk management, progress monitoring and outcome evaluation. The RPMC XI shall continue to be a socially inclusive and participative mechanism by ensuring the participation of other important sectors of the region aside from the mandated agencies. As mandated by EO 93, RPMC XI shall prepare a quarterly monitoring report of project implementation and utilization of Official Development Assistance (ODA) in the region. This report will provide general information on the progress of implementation of projects in the region according to funding source on a quarterly basis. It will also identify projects that need to be validated by the RPMC XI in the monitoring activities at the local level. Project field monitoring reports shall be prepared to report the observations and findings and comparative analysis on the project implementation as reported by implementing agencies. These reports shall be reported during the meeting or problem solving

sessions of the RPMC for the recommendation of necessary actions to recognize exemplary performance, address implementation bottlenecks and call attention of implementing agencies.

With the operationalization of the Information Support System for Peace and Development (ISSPD) to serve as tracking system for project proposals and approved projects, the monitoring and evaluation loop of development planning process through DRDP-IMES is established. The ISSPD was developed using the RPMS framework and supports the database requirement for project tracking and mapping of project information. It has a capability for graphical (maps and charts) presentation of reports and findings, thus could be an effective advocacy tool for transparent and accountable project management.

Evaluation of Results

Annual Plan Performance Monitoring

The RDC XI Sectoral Committees, as the Planning Committees, shall undertake the annual monitoring of plan implementation, through the preparation of the Regional Development Report (RDR). The RDR shall focus on the region's performance in its attainment of objectives and targets of the MTRDP in a given year of its implementation based on the Results Matrices (RMs). It assesses the extent of the attainment of regional targets, identifies the factors that facilitate or hinder the attainment of the objectives, determines gaps and priority concerns, and recommends measures for review and approval by RDC XI. The report shall also cover the attainment of the Millennium Development Goals (MDGs) targets, as well as gender and development, peace outcomes, and other priority concerns.

The Sectoral Committees are responsible for ensuring that all regional line agencies (RLAs), government-owned and controlled corporations (GOCCs), state universities and colleges (SUCs), the local government units (LGUs), the private sector, and all other concerned stakeholders carry out their respective monitoring function in accordance with their respective mandates, level and responsibilities, particularly to their commitments or contributions to the implementation of the regional development plan. The RDC XI Secretariat shall coordinate, integrate and present this report to RDC XI on a regular basis.

Midterm Plan Evaluation and Updating

In the mid-implementation of the DRDP, an evaluation shall provide analytical and objective information on the progress of attainment of sectoral implementation results. The primary objective of this midterm review is to determine the efficiency, effectiveness, relevance, responsiveness, as well as, sustainability of development programs/projects towards the fulfillment of the regional development goals. There are two levels of approaches for this midterm review; first is through the conduct of technical review based on the annual performance reports prepared by the region, and second is through focus group discussion (FGD) with multi-stakeholders to generate qualitative assessment of plan results. The integration of these levels of review would provide the inputs for the updating of the DRDP in terms of its objectives, targets, strategies and action plans that would guide the remaining years of plan implementation. The midterm review shall take into consideration the following, but not limited to: a) assessment of plan results towards attainment of overall development goal; b) documenting best practices and lessons learned on priority regional and sectoral strategies/interventions; c) appraisal on the effectiveness of policies, capacities and processes of the region on plan implementation; and d) reformulation or adjustments of targets of bottomline indicators, as well as the identification of new strategic interventions and action plans.

Support Activities for Effective Plan Implementation

Communicating and Advocating Support for Plan Implementation

Communication and advocacy shall be continuously pursued as the social marketing component of plan implementation to ensure wide dissemination and support for the plan. After the DRDP shall have been approved by RDC XI, the RDC XI Secretariat shall formulate an effective communication and advocacy program (CAP) that shall utilize the tri-media approach. A regional launching may also be conducted to achieve the optimum effect of the advocacy program. Information collaterals shall be prepared like brochures, tarpaulins, as well as, audio visual presentations. Speakers' bureau shall also be organized to consist not only of RDC XI secretariat but also members of the Technical Working Group of Sectoral Committees to assist in the conduct of local level and multi-stakeholder orientations. Branding of the DRDP may also be an effective advocacy and communication tool to promote unity and singularity of the regional constituents and rally behind the vision of the region.

For the CAP to be realized, RDC XI shall allocate resources to support its implementation. However, it shall also generate support from government and private sector for its activities.

Addressing Capability Needs for Plan Formulation, Implementation, and Monitoring and Evaluation

Given these requirements for plan evaluation and updating, the region needs to beef up its capability in the following areas to improve plan formulation, monitoring and evaluation: a) improving regional target-setting methodologies; b) setting up of an indicators system for non-traditional sectors such as governance; c) policy review and analysis; d) establishing RDC resolution/document tracking system; e) mainstreaming national and international policies and commitments like MDGs, HRBA, etc.; f) approaches for results management-based evaluation; and g) inclusive and participative processes in plan formulation. RDC XI shall formulate a capability building program for the progressive realization of these capability building needs within the plan period.

Figure 4.1
Davao Region Development Results Framework

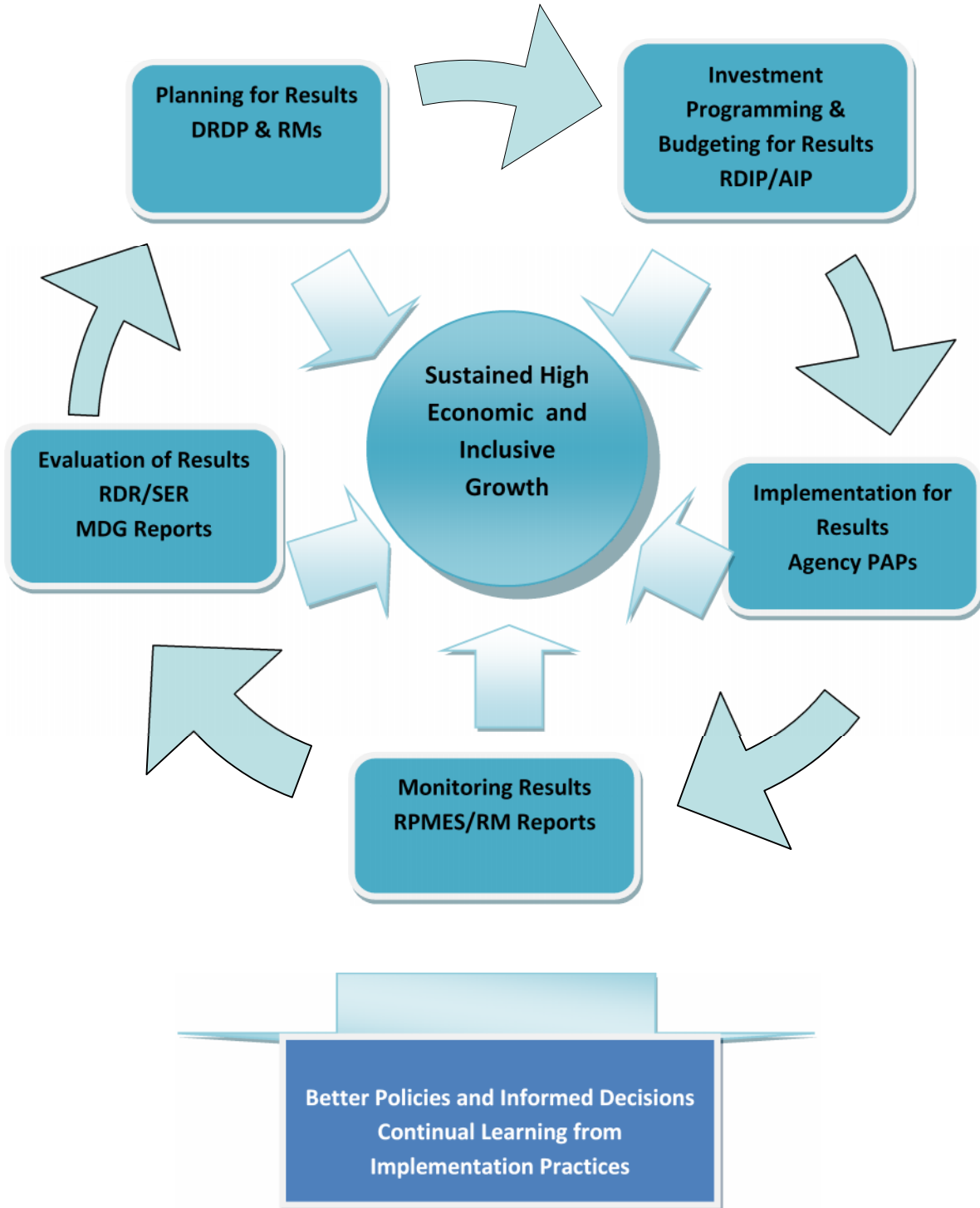


Figure 4.2
2011-2016 Davao Region RDP Implementation and Monitoring Framework

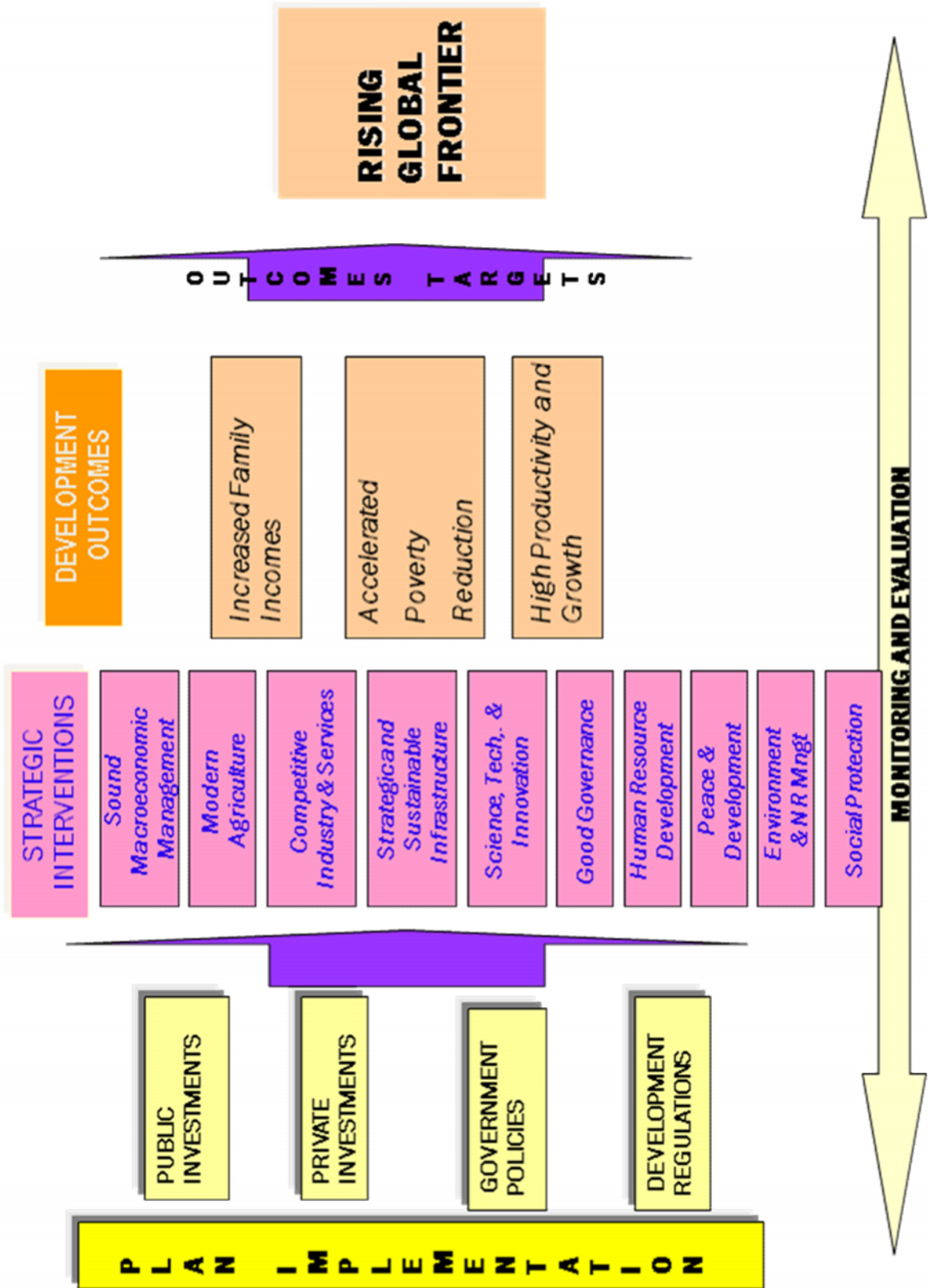
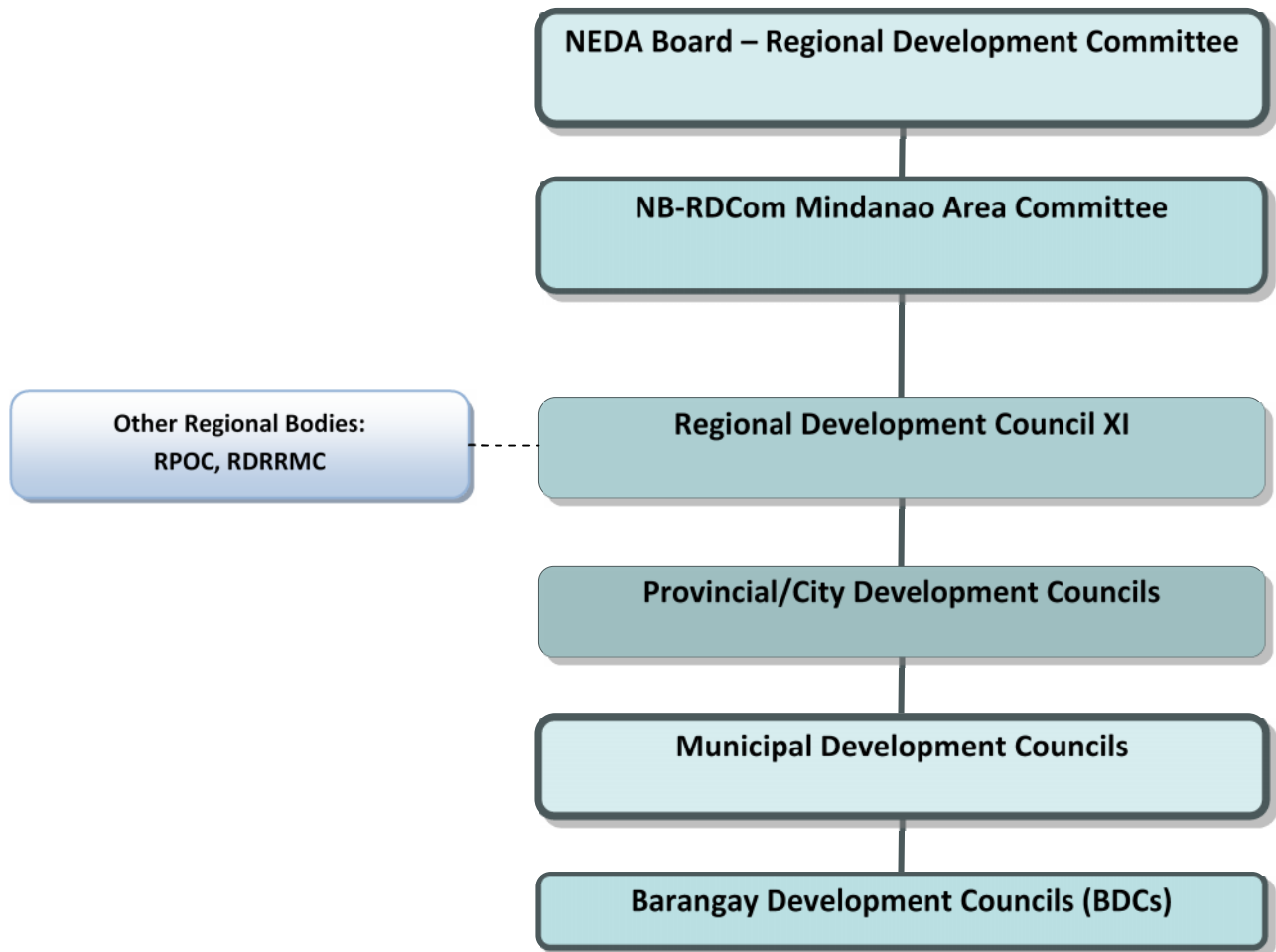


Figure 4.3
Plan Implementation Monitoring and Evaluation Institutional Mechanisms and Linkages





Crafters of the Davao Regional Development Plan, 2011-2016



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