

Chapter 1

Executive Summary

I. DEVELOPMENT VISION

Davao Region envisions itself as the country's *Most Livable Region*. From this vision will emerge a community that is home to all peoples, creeds, and persuasions; plentiful in economic opportunities; responsive in its delivery of basic services; and ever mindful of its legacy to those who will inherit its future. Nurtured by this vision, Davao Region's human resource will thus rise to the constant challenge of a lead role in national development.

II. OVERALL STRATEGIC DEVELOPMENT FRAMEWORK

Propellant Sectors

This Plan commits itself to the 10-Point Legacy as spelled out in the *Medium-Term Philippine Development Plan, 2004-2010 (MTPDP)*. To this end, it lays the framework for the achievement of the following results:

- a. Increased job creation through economic growth
- b. Enhanced social development with direct poverty reduction measures
- c. Improved physical planning and sustainable management of the environment
- d. Improved infrastructure and logistics support
- e. Good governance

The pursuit of these results will be anchored on Davao Region's competitive quartet – its agriculture, its mining industry, its ecotourism, and its very promising ICT industry.

The core producers of its agriculture sector will be banana, mango, coconut, seaweed, and forest products. The Region's mining industry will be propelled by its thriving albeit underdeveloped gold, copper, and nickel sectors; while its ecotourism industry will gain its strength from the Region's identification as an alternative destination under the country's *Tourism Master Plan*. The Region will make its headway into the ICT industry by positioning Davao City as Mindanao's main outsourcing location for e-services in the areas of customer contact centers, medical transcription, animation, software development, and shared financial and accounting services.

The promotion and development of the MSME sector will be the Region's main thrust toward multiplying the value-added in its flagship quartet. Industry clustering will be the strategy-of-choice for developing the sector. The competitive quartet and their core producers will make up the eight primary clusters in this strategy, namely: a) banana industry; b) mango industry; c) coconut industry; d) seaweed industry; e) wood industry; f) mining industry; g) ecotourism industry; and h) ICT industry.

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Each of the Region's provinces and the City of Davao will anchor one or more industry clusters, thus: a) ICT for Davao City; b) wood products for Compostela Valley; c) banana for Davao del Norte; d) coconut for Davao Oriental; and e) mango for Davao del Sur.

The Region's mining industry, in particular, will be revitalized with focus on the development of the three mining areas in Mt. Diwalwal and Pantukan in Compostela Valley, and Mati in Davao Oriental, during the Plan period.

Champions' Row (a.k.a. Team Davao)

Key to the foregoing framework for the period 2004-2010 will be the assemblage of initiators whose converging efforts will help achieve this Plan's goal, objectives, and targets. The leadership and direction of the Regional Development Council will enhance the roles of the following agents of change under this Plan:

The **Business Sector** will be this Plan's main propellant. This sector will combine its resources with the LGUs in raising the needed capital, delivering basic services, and providing dignified employment that will empower the communities and fuel business and industry. Through its pursuit of market-determined initiatives and investments, this sector shall define the standards of efficiency for both governance and productive undertakings.

Civil Society shall spearhead the task of social integration. As the reservoir of human capital, this sector will lead human resource mobilization. It shall participate in governance and exert its influence toward the uplift of the vulnerable sectors, among whom are the urban and rural poor, the farmers and fisherfolk, the children and the elderly, the differently abled, and the indigenous peoples.

The **LGUs** will be the primary dispensers of basic services. They shall intensify the delivery of welfare among their constituent communities. In this task they shall draw on the private sector, whose resources and expertise may be tapped for such nation-building essentials as housing, health care, and education, among others. The LGUs will, moreover, be counted on to improve the local environment for business by developing or streamlining their institutional infrastructure. Through responsible and transparent governance, they shall take on the task of achieving and maintaining a profitable balance between opening opportunities for industry and business and providing protection to society's vulnerable sectors.

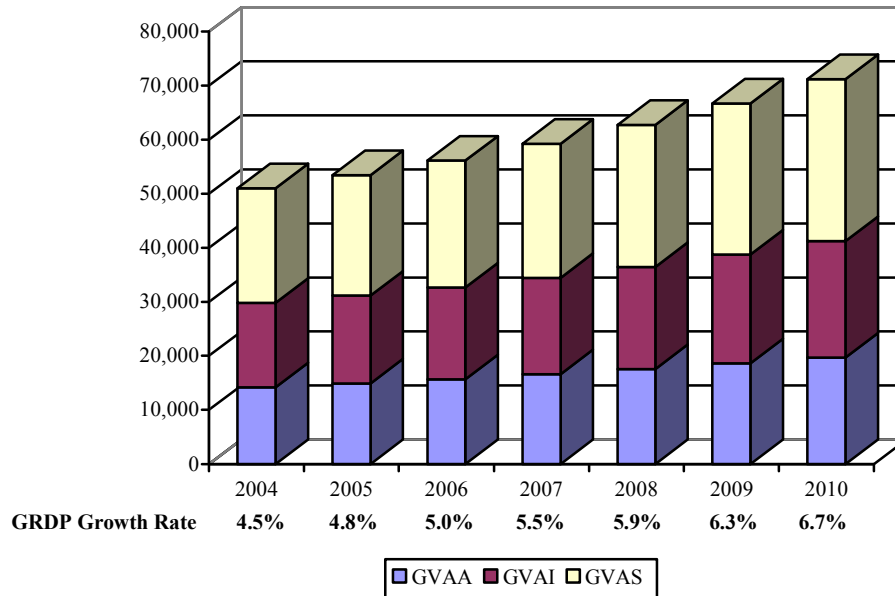
National Government shall contribute its equitable share in redistributing the national wealth. Until all LGUs are able to provide a standard package of basic services, central government shall oversee to the provision of these. Accordingly and specifically for the poor LGUs, the National Leadership shall continue to supplement LGU efforts in the delivery of basic services, the buildup of economic and social infrastructure, and the design of mechanisms and institutions that enhance the politico-legal environment for agriculture, commerce, industry, and tourism.

III. DEVELOPMENT GOAL, OBJECTIVES AND TARGETS

The vision of the country's *Most Livable Region* entails an overall goal of improving the Region's quality of life and environment. This goal is broken down into the objectives of increased economic growth, more livelihood opportunities, and the reduction in the Region's incidence of poverty.

The Region's GRDP is targeted to grow at an average rate of 5.7 percent between 2004 and 2010, peaking at 6.7 percent by 2010. This output will be dominated by the Services sector with its average share of 42 percent during the period. The Agriculture, Fishery, and Forestry and Industry sectors will approximate each other's average shares at 28 percent and 30 percent, respectively during the same period. (see Figure 1-1)

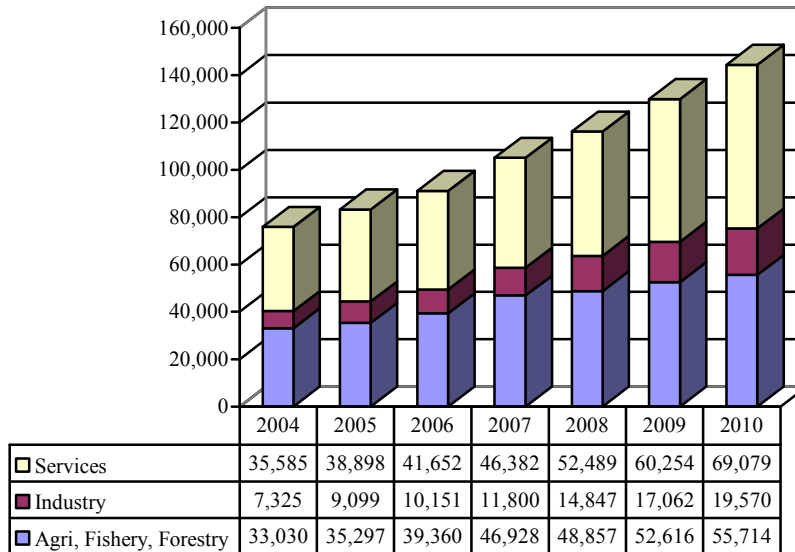
**Figure 1-1 Gross Regional Domestic Product & Sectoral Gross Value Added
Davao Region Targets for 2004-2010
(In Million Peso Constant 1985 Prices)**



These economic production levels will generate a total of 745,995 jobs in the Region by 2010, accounting for about 7.5 percent of the 10 million jobs committed by the *MTPDP* by then. (see Figure 1-2) On the whole, this program of development targets to bring down the Region's proportion of poor families¹ from 31.5 percent in 2000 to less than 20 percent by 2010.

¹ Families whose incomes fall below the poverty threshold as determined by the National Statistical Coordination Board based on the triennial *Family Income and Expenditure Survey*.

**Figure 1-2 Number of Jobs Created Annually by Sector
Davao Region Targets for 2004-2010**



Increased Job Creation Through Economic Growth

The industry clustering approach will be Davao Region’s main vehicle for developing its exports, generating jobs, and advancing its agribusiness. As the Region’s chief export and leading agricultural producer, the banana industry cluster is expected to generate about 150,000 more jobs until 2010. It is also poised to attract ₱1.1 billion in additional investments and has the potential to rake in some US\$4.5 billion in export revenues.

The Region’s wood industry cluster will be relied on to produce about 140,000 new jobs and ₱320 million investments. It is also expected to earn for the Region about US\$70 million in terms of exports. This cluster deals with the production of plantation trees for use as utility poles and as propping materials in the banana industry, as well as for the production of logs for processing as veneer, plywood, particle board, plyboard, furniture, chopsticks, pallets and boxes, handicrafts and other woodworks for the construction industry.

Another 68,000 jobs will be generated by the mango industry cluster. This cluster aims to establish a strong niche in both fresh and processed fruit for the domestic and export markets. For this cluster, the Region looks forward to about ₱170 million in new investments and US\$140 million in export earnings up to 2010. The mining industry cluster promises about 31,000 new jobs under this Plan on top of some ₱97 billion in investments by 2010.

The Region’s coconut industry aims to strengthen its position as the country’s top coconut producer. This cluster will work to diversify coconut production to include downstream industries in food and wood involving coconut. By 2010, the industry shall have generated 12,000 more jobs and about ₱1.6 billion in new investments; it will also have raked in US\$800 million in export income for the Region. The eco-tourism industry cluster will create about 9,000 additional jobs. It will focus on the advancement of domestic tourism through the LGUs, the development of quality tourism products such as facilities and services.

The Region's seaweed industry has the potential to provide 7,000 more jobs and some ₱100 million in new investments. The thrust for this cluster is the expansion of seaweed nurseries and farms throughout the Region, aiming to substantially contribute to efforts to sustain the country's stature as the world's top supplier of Euchema and semi-refined carageenan. This cluster can potentially reap for the Region US\$ 2 million in export earnings. Finally, the ICT industry cluster looks forward to generating a total of ₱200 million in fresh investments in the Region and creating 600 new jobs.

There are, of course, other produce of the Region that have strong domestic market demand and/or are popular with tourists, such as the durian and the pomelo. These commodities have strong potentials for propagation or expansion, and generate jobs in the process. They shall be closely watched and given focus through the use of *Commodity Road Maps*.

Enhanced Social Development with Direct Poverty Reduction Measures

Together with efforts focused on achieving the objectives of economic growth, more livelihood and reduced poverty, this Plan also trains its sights on attaining the following human development targets:

- a. Reduce the Region's infant mortality rate from 12 per thousand live births in 2003 to 8 per thousand in 2010
- b. Halve the proportion of children suffering from malnutrition
- c. Trim maternal mortality rate from 99 per hundred thousand in 2003 to 80 per hundred thousand in 2010
- d. Reduce under-five mortality rate by half
- e. Increase the number of functionally literate individuals from 84 percent in 2000 to 92 percent in 2010
- f. Improve the status of thirteen Minimum Basic Needs Core Indicators
- g. Halve the number of households occupying unacceptable dwelling units

Improved Physical Planning and Sustainable Management of the Environment

One result that this Plan sets out to achieve is to improve environmental quality and harness the Region's abundant natural resources. A number of measures will be pursued with a view toward gaining this result.

The implementation of the *SAFDZ* and the *CBFM* will be strengthened. This would mean giving the responsibility of resource management directly to the LGUs and communities concerned.

The Region shall also prioritize watershed reforestation and rehabilitation, and the improvement of watershed management practices in order to maintain the quality of surface and ground waters determined to be suitable sources for drinking purposes. To address harmful tourism activities, illegal collection and trade in endangered species and the unsustainable use of endemic flora species medicinal purposes, the implementation or enforcement of applicable laws shall be

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stepped up. These include, among others, the *AFMA*, the *Fisheries Code*, the *NIPAS Law*, the *Wildlife Resources Conservation and Protection Act*.

Support will be provided to improve tree species aimed at increasing forest productivity and forest conservation. Environment-friendly technologies for the uplands shall be pursued (e.g., *SALT*, hedge rows, use of organic fertilizers).

The Region shall apply measures that employ market-based instruments such as the “polluters pay” principle in the implementation of development and economic projects that have the potential to affect the Region’s air and water quality.

Infrastructure and Logistics Support

Infrastructure development will be pursued toward generating employment, facilitating the flow of people, goods and services, attracting investment, and stimulating the growth of micro, small, and medium industries.

Transport infrastructure shall be improved primarily to increase economic efficiency and productivity. This calls for the construction and improvement of facilities that would enhance international, as well as inter- and intra-regional trade linkages.

As this Plan’s commitment to the 10-Point Legacy, potable water shall be made accessible to 100 percent of the Region’s families by 2010, from 75 percent in 2000. Focus shall be on the expansion of the coverage areas of Level III facilities, and the installation of Level I and II systems in areas where Level III is not feasible. In support of the Region’s agriculture, existing irrigation facilities shall be rehabilitated and coverage of irrigation systems shall be expanded to water about 22,000 hectares of identified production areas. The development of ground water shall likewise be explored as an alternative scheme for irrigation.

Community participation shall be encouraged in the provision of water supply facilities and rehabilitation of watershed areas particularly in Compostela Valley, and the capacities of irrigation cooperatives and implementing agencies will likewise be strengthened.

Good Governance

Governance calls for the state to create conducive political and legal environment; for the private sector to generate jobs and income; and for civil society to facilitate political and social interaction, mobilizing groups to participate in economic, social and political activities. All three entities are critical for sustaining regional development, but because each has weaknesses and strengths, a major objective of good governance is to promote constructive interaction among all three. Good governance therefore demands effective and efficient LGU performance.

As it is, however, the Region’s LGUs face a number of challenges. Among them are poor local administration, weak local resource mobilization capabilities, lack of capability in disaster management, and inadequate regional and sub-regional linkages.

The management capabilities of LGUs need to be enhanced to ensure the successful implementation of programs and projects in their localities. Furthermore, staff capabilities have to be upgraded in order to better handle devolved functions in areas of physical and socioeconomic planning, investment programming, project development implementation and monitoring, among others.

For FY 2003, IRA comprised 88.7% of the combined total income of the Region's provinces. This means that the Region's property tax, business and other income comprised only 11.3% of its collective income. Even with higher IRA shares allocated to them, LGUs need to mobilize additional revenues from local sources. They have yet to explore the additional fiscal powers given them as they are largely dependent on the IRA.

To effectively deal with natural or man-made calamities, the LGUs have formulated their respective *Disaster Management Plans* and *Disaster Contingency/Preparedness Plans* pursuant to Presidential Decree 1566. They have also organized Disaster Coordinating Councils to provide technical and financial assistance in the rescue and rehabilitation efforts in areas affected by calamities, such as flooding. It has been noted, however, that community participation, which is vital in rescue operations, has been wanting. There is, therefore, a need to invest in the training of more people in disaster prevention, disaster preparedness, as well as disaster operations.

Various mechanisms have been put in place to facilitate planning, investment programming, as well as project development and monitoring between and among national government agencies and LGUs in the Region. Even with these mechanisms, however, the Region needs to enhance its coordinative and collaborative efforts to link all current activities, vertically and horizontally. Initially, the establishment of a Regional Government Center will physically integrate the facilities of the various national government agencies in the Region for easier access of clients to their services.