

# Socio-economic Trends in Mindanao

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Foundation for Economic Freedom, Inc.



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## Note to readers

ARMM is composed of the provinces of Basilan, Lanao del Sur, Maguindanao, Sulu and Tawi-Tawi.

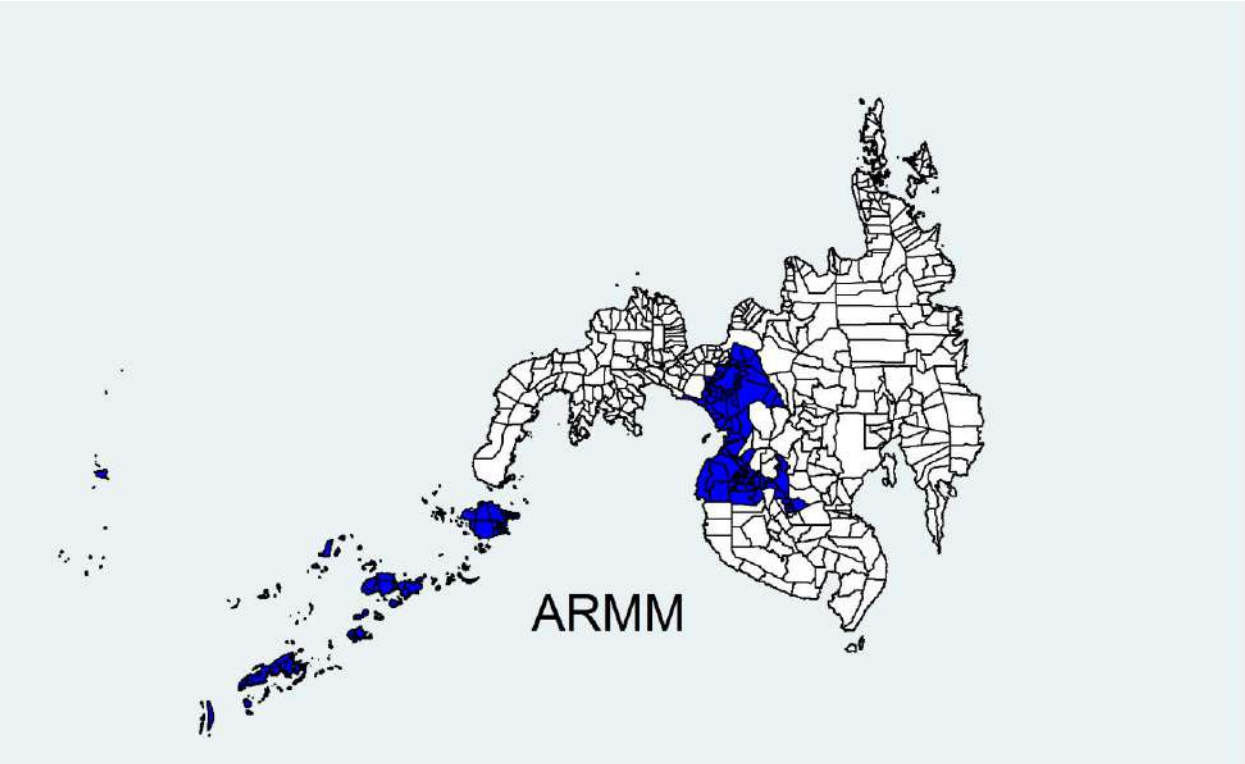
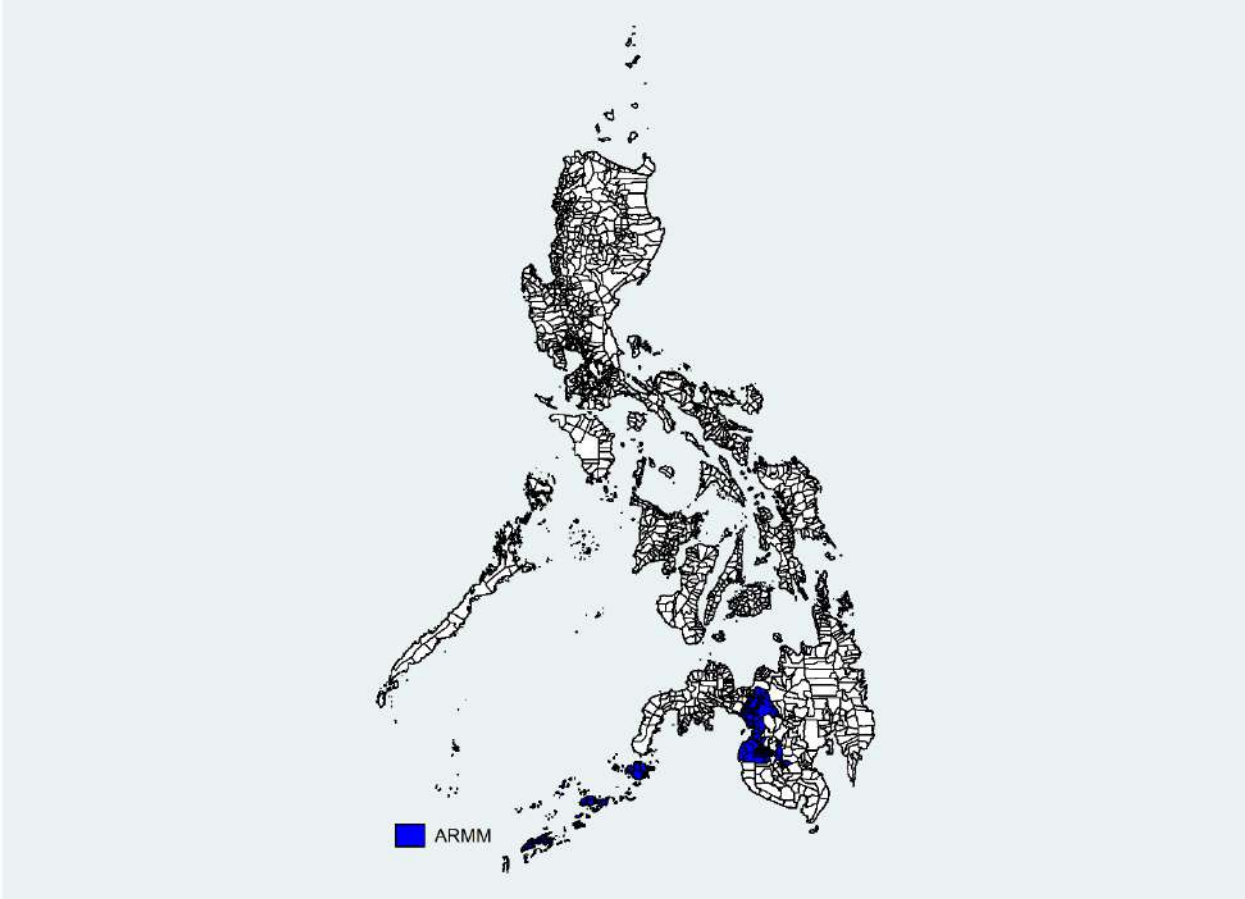
The core territory of the Bangsamoro is composed of provinces of the ARMM; Cotabato City, Isabela City; the 6 municipalities in Lanao del Norte that voted for inclusion in ARMM in 2001 (Baloi, Munai, Pantar, Nunungan, Tagaloan, Tangkal); and 39 barangays in 6 municipalities of North Cotabato that voted for inclusion in 2001 (Kabacan, Carmen, Aleosan, Pigkawayan, Pikit and Midsayap).

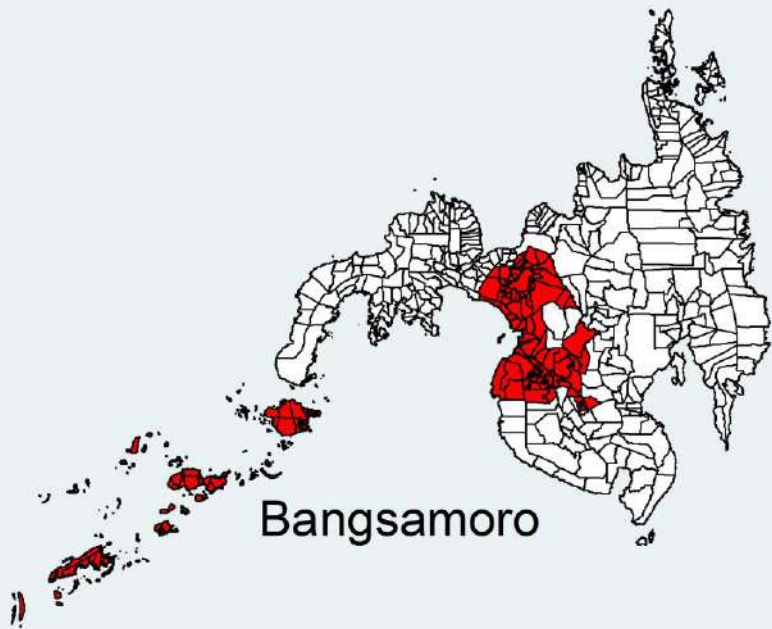
The 39 Barangays located in six municipalities in the province of North Cotabato that voted for inclusion in the 2001 ARMM plebiscite are:

<b>Municipality</b>	<b>Barangay</b>
Aleosan	Dunguan, Lower Mingading, Taodoc
Carmen	Nasapian, Manarapan
Kabacan	Nangaan, Sanggadong, Simbuhay
Midsayap	Damatulan, Kadigasan, Kadingilan, Kapinpilan, Kudarangan, Central Labas, Malingao, Mudseng, Nabalawag, Olandang, Sambulawan, Tugal
Pigkawayan	Damatuluan, Kadigasan, Kadingilan, Lower Baguer, Lower Pangangkalan, Matilac, Patot
Pikit	Bagoinged, Balatican, Balong, Balungis, Batulawan, Buliok, Gokoton, Kabsalan, Lagunde, Macabual, Macasendeg

All other contiguous areas where there is a resolution of the local government unit or at least 10 percent of the qualified voters in the area may ask for their inclusion in the plebiscite, at least 2 months prior to its conduct, for the ratification of the Bangsamoro Basic Law and the process of delimitation of the Bangsamoro.







## Economic growth

### Mindanao's contribution to the national economy

- **Mindanao accounts for 40 percent of land area but contributes only 16 percent to total Philippine GDP.**
  - Aside from the relatively small contribution to total GDP, contribution of both Mindanao and Visayas to total Philippine GDP has been decreasing, whereas the contribution of Luzon has been increasing.
  - Mindanao's contribution to total GDP decreased from an average of 21 percent in the late 1970s to 16 percent in the past decade, while Luzon's contribution to total GDP increased by nearly 8 percentage points (ppt).
  - Within Mindanao, Region XI continues to contribute the largest share to Philippine GDP, with a long-run average of 6.3 percent since 1975. ARMM had the smallest contribution to total GDP, averaging 0.9 percent contribution over the past two decades.

**Table. 1 Average share to total GDP**

	1975-1980	1981-1990	1991-2000	2000-2013	Average
<b>Philippines</b>	100.0	100.0	100.0	100.0	100.0
<b>Luzon</b>	61.7	63.5	66.0	69.3	66.0
NCR	28.3	29.9	33.2	36.3	32.8
<b>Visayas</b>	16.9	16.4	16.0	14.6	15.7
<b>Mindanao</b>	21.4	20.1	18.0	16.0	18.3
Region IX	3.4	3.2	2.7	2.2	2.7
Region X	5.7	5.6	4.6	4.2	4.9
Region XI	8.3	7.5	6.5	4.5	6.3
Region XII	3.9	3.8	3.1	3.0	3.3
<b>ARMM</b>			1.0	0.9	0.9
CARAGA			1.2	1.3	1.2

Source: Philippine Statistics Authority

- **However, Mindanao has historically contributed a larger share to the country's agriculture production.**
  - Since 1975, Mindanao has on average, contributed more than a third of agricultural production to the Philippine economy. This share has remained relatively stable, only decreasing by an average of 2 ppts since 1975.
  - Within Mindanao, regions X and XI contributed the most to agriculture production, averaging 8.2 and 11.6 percent respectively since 1975.
  - From 2001-2013, Region X averaged the largest contribution to agriculture in Mindanao with 8.1 percent, followed by Region XII with 7.6 percent, and Region XI with 7.5 percent.
  - ARMM and CARAGA both contribute the least to agriculture production, with a long-run average of 3.2 percent and 2.6 percent respectively.



**Table 2. Average share to total GDP (agriculture)**

	1975-1980	1981-1990	1991-2000	2001-2013	Average
<b>Philippines</b>	100.0	100.0	100.0	100.0	100.0
<b>Luzon</b>	42.8	42.8	46.6	47.2	45.4
NCR				0.3	0.4
<b>Visayas</b>	20.5	19.5	18.8	18.0	18.9
<b>Mindanao</b>	36.6	37.7	34.6	34.8	35.7
Region IX	6.6	6.8	6.3	5.6	6.2
Region X	8.3	9.2	7.3	8.1	8.2
Region XI	15.1	14.6	13.0	7.5	11.6
Region XII	6.6	7.1	5.6	7.6	6.8
<b>ARMM</b>			2.6	3.4	3.2
<b>CARAGA</b>			2.3	2.7	2.6

Source: Philippine Statistics Authority

- **In the industry sector, Mindanao (and Visayas) contribute a small amount to total industry production compared to Luzon.**
  - Since 1975, Mindanao has contributed on average, 14 percent to total industry Gross Value Added (GVA), which is slightly higher than Visayas' 13.2 percent contribution. Luzon continues to contribute a large amount to industry production, averaging more than 70 percent of industry production since 1975.
  - Within Mindanao, contribution to total industry production is limited to just a few regions. Most of the contribution to industry production is limited to Regions X, XI and XII which account for more than 80 percent of Mindanao's contribution to industry production.
  - ARMM has an almost non-existent contribution, with an average of only 0.3 percent to industry production in the Philippines, CARAGA and Region IX have a slightly higher contribution, both averaging a little over one percent contribution to industry GDP.

**Table 3. Average share to total GDP (industry)**

	1975-1980	1981-1990	1991-2000	2001-2013	Average
<b>Philippines</b>	100.0	100.0	100.0	100.0	100.0
<b>Luzon</b>	73.4	72.6	73.7	72.6	73.0
NCR	40.0	38.4	35.6	29.1	34.5
<b>Visayas</b>	12.7	13.3	12.9	13.4	13.2
<b>Mindanao</b>	13.9	14.1	13.4	14.0	13.9
Region IX	1.3	1.4	1.3	1.5	1.4
Region X	4.6	4.5	3.8	4.2	4.2
Region XI	4.8	4.8	4.4	4.2	4.5
Region XII	3.2	3.4	3.1	2.9	3.1
<b>ARMM</b>			0.5	0.2	0.3
<b>CARAGA</b>			1.1	1.1	1.1

Source: Philippine Statistics Authority

- **The same overall trend for industry follows in manufacturing, where both Mindanao and Visayas have a relatively small share of total manufacturing production compared to Luzon.**
  - Mindanao has contributed an average of 13.8 percent to total manufacturing production since 1975, which is slightly higher than the 13.3 average for Visayas. However, both are well below Luzon's contribution to total manufacturing production of 72.9 percent since 1975.
  - Within Mindanao, Region X, Region XI and Region XII make up most of the manufacturing production. Region X has the largest contribution at 4.5 percent, followed by Region XI at 4.3 percent, and Region XII at 3.4 percent.

- ARMM has the smallest contribution to total manufacturing production, at 0.1 percent, followed by CARAGA, at 0.5 percent.

**Table 4. Average share to total GDP (manufacturing)**

	1975-1980	1981-1990	1991-2000	2001-2013	Average
<b>Philippines</b>	100.0	100.0	100.0	100.0	100.0
<b>Luzon</b>	72.9	72.7	71.8	73.8	72.9
NCR	46.9	43.8	42.9	34.1	40.5
<b>Visayas</b>	12.6	13.2	14.0	13.0	13.3
<b>Mindanao</b>	14.5	14.1	14.2	13.2	13.8
Region IX	1.1	1.2	1.1	1.6	1.3
Region X	4.7	4.5	4.6	4.3	4.5
Region XI	5.0	5.0	4.5	3.5	4.3
Region XII	3.6	3.4	3.5	3.3	3.4
<b>ARMM</b>			0.2	0.1	0.1
<b>CARAGA</b>			0.8	0.4	0.5

Source: Philippine Statistics Authority

- **The situation is similar for the service sector, where Mindanao has a relatively small contribution to total services production.**
  - Mindanao, on average, contributes roughly 14 percent to total production in services since 1975, the lowest in the Philippines. Recently, it has averaged even less, at 12 percent since 2001. While the contribution of Mindanao to services GVA continues to decrease, the contribution of Luzon continues to increase, reaching an average of 73.7 percent since 2001.
  - Majority of the contribution to total service GVA in Mindanao comes from Region XI and Region X, which contribute 5 percent and 4 percent to total services GVA respectively.
  - ARMM contributes less than a percent to total services production in the country, which is similar to CARAGA, both contribute the lowest to services GVA within Mindanao.
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**Table 5. Average share to total GDP (services)**

	1975-1980	1981-1990	1991-2000	2001-2013	Average
<b>Philippines</b>	100.0	100.0	100.0	100.0	100.0
<b>Luzon</b>	65.9	67.7	70.5	73.7	70.4
NCR	38.1	39.7	44.1	48.3	43.7
<b>Visayas</b>	17.8	17.2	16.1	14.3	16.0
<b>Mindanao</b>	16.3	15.1	13.3	12.0	13.7
Region IX	2.8	2.6	2.1	1.7	2.2
Region X	4.7	4.5	3.6	3.1	3.8
Region XI	6.4	5.8	5.2	3.8	5.0
Region XII	2.3	2.2	1.7	1.8	1.9
<b>ARMM</b>			0.6	0.6	0.6
<b>CARAGA</b>			0.8	0.9	0.9

Source: Philippine Statistics Authority

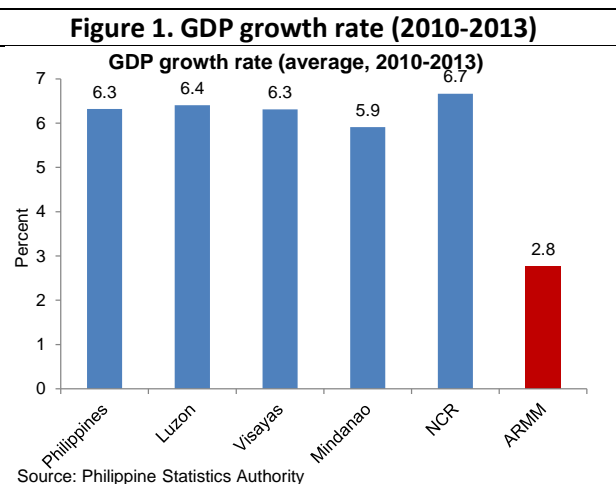
## GDP growth

- **Economic growth in Mindanao has generally lagged behind Philippine growth; within Mindanao, growth has been uneven.**
  - Except for a brief period in the late 1970s, Mindanao has generally lagged behind Luzon and Visayas, averaging a long-run growth rate of 3.3 percent compared to 4 percent in Luzon and 3.8 percent in Visayas since 1975.
  - Recently, Mindanao has been growing at a fast pace, growing at an average of 5.9 percent since 2009, however it still lags behind both Luzon and Visayas.

- Growth has been uneven among the regions in Mindanao. The highest average growth was recorded in CARAGA while the lowest average growth was recorded in ARMM.
- CARAGA has averaged a 4.6 percent growth rate since 1995, mostly due to the fast pace of growth in recent years. CARAGA was consistently one of the fastest growing regions in the Philippines since 2009, averaging a 9.4 percent growth rate in the past 4 years, while Region X has kept pace with the Philippines as a whole, growing at an average of 6.3 percent over the same period.
- ARMM has performed poorly relative to both Mindanao and the Philippines, growing at the second slowest pace in the Philippines since 2009. In recent years, GDP growth averaged 2.8 percent, well below the average for both Mindanao and the Philippines.

	1975-1980	1981-1990	1991-2000	2001-2008	2009-2013	Average
<b>Philippines</b>	6.1	1.8	2.9	4.8	6.3	3.8
<b>Luzon</b>	6.2	2.2	2.9	4.9	6.4	4.0
NCR	6.5	2.3	3.0	5.9	6.7	4.3
<b>Visayas</b>	5.4	1.8	3.0	4.9	6.3	3.8
<b>Mindanao</b>	6.1	0.5	2.7	4.6	5.9	3.3
Region IX	5.9	1.0	2.6	4.0	4.7	3.1
Region X	7.7	0.1	0.0	5.6	6.3	2.9
Region XI	5.1	0.4	1.9	4.5	5.9	2.9
Region XII	5.9	0.8	0.5	4.4	6.0	2.7
<b>ARMM</b>			2.5	2.0	2.8	2.4
<b>CARAGA</b>			3.0	3.1	9.4	4.6

Source: Philippine Statistics Authority



## Sectoral composition and growth

- **Mindanao is mainly an agricultural economy yet growth in the sector is lower than the national average.**
  - Agriculture comprises around 31 percent of the Mindanao economy over the past decade. It is the largest sector in ARMM, Region IX and Region XII.
  - However, since 1975, the share of agriculture in Mindanao continues to decrease, once averaging close to 50 percent in the late 1970s, it is now down to an average of 31 percent since 2000.
  - In ARMM, agriculture continues to be the dominant source of production for the region, averaging a 54 percent share to total GDP since 1995.
  - Like the Philippines as a whole, growth in agriculture has slowed down since the mid-1970s and remains the slowest growing sector in Mindanao. Between 2001 and 2008, agriculture in Mindanao grew the fastest at 4.7 percent. However, in recent years, growth decelerated to 0.8 percent, which is the lowest in the Philippines.
  - The Philippines relies on Mindanao for its agriculture exports, as it is the dominant source of production for agriculture exports. Mindanao is also home to some of the country’s largest agri-business firms.
    - In 2012, Mindanao exported more than USD 3 billion in agricultural products, which accounts for 60 percent of the country’s total agriculture exports<sup>2</sup>.

<sup>2</sup> See: <http://minda.gov.ph/site/about-minda/news-and-events/view/Davao-Chamber-chief-lauds-Aquino-admin-for-Moody%E2%80%99s-rating-upgrade>

- As a result of the region's heavy focus on export-led agriculture, some of the largest agri-business multinational firms are located within Mindanao.
- One of the country's primary agriculture exports are pineapples, where the Philippines is the fourth biggest producer of pineapples in the world, and the second largest net exporter (Fairfood International). Most of this production is focused in 2 regions in Mindanao, where 87 percent of pineapples in the Philippines are produced. These are Region X and Region XII, which account for 54 percent, and 33 percent of pineapple production in the Philippines, respectively (Fairfood International).
- Most of the production in the domestic pineapple industry comes from multinational companies, with 80 percent coming from multinationals (Fairfood International).
- The DOLE Food Company, one of the largest producers and marketers of fresh fruit and vegetables in the world, operates as DOLE-Stanfilco in the Philippines with operating zones in the Davao provinces, as well as South Cotabato, Sarangani, North Cotabato, Compostela Valley, Bukidnon, and Surigao
- Del Monte Philippines, which operates the world's largest pineapple operation in Southern Philippines, also has a number of its operations located in the Mindanao region.
- In addition, the Philippines is the world's second largest banana exporter, and Mindanao plays an important role in the production of banana exports.
- The Philippines has a total of 449,442 hectares of land used for banana plantations, of which about 51 percent are located in Mindanao<sup>3</sup>. Region XI accounts for the largest area of production for bananas in Mindanao, accounting for 19 percent (87,313 ha) of the total land area for banana production in the Philippines. Region X has the second largest share with 11.5 percent, followed by ARMM at 7 percent, Region IX has the smallest share of land area for banana plantations in Mindanao, with a 4.4 percent share.
- Major exporters include agri-business firms found mainly in the Davao region. It is led by Lapanday Foods (25 percent share), TADECO – Del Monte Fresh (20 percent) with Dole – Stanflico, Marsman – Drysdale and other smaller exporters sharing the remaining 55 percent (Digal).

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<sup>3</sup> Based on data from the Philippine Statistics Authority (BAS)

Table 7. Sector share to total RGDP (Agriculture)						Table 8. Average agriculture growth (1975-2013)						
Average Sector Share to total RGDP, Agriculture						Average agriculture growth, constant prices						
	1975-1980	1981-1990	1991-2000	2001-2013	Average		1975-1980	1981-1990	1991-2000	2001-2008	2009-2013	Average
<b>Philippines</b>	29	24	20	14	20	<b>Philippines</b>	5.1	1.2	1.8	3.8	1.6	2.5
<b>Luzon</b>	20	16	14	9	14	<b>Luzon</b>	4.9	2.3	2.0	3.5	2.3	2.9
NCR				0.1	0.1	NCR				-1.0	-10.4	-5.3
<b>Visayas</b>	35	28	24	17	24	<b>Visayas</b>	4.7	0.8	2.0	2.9	1.2	2.2
<b>Mindanao</b>	49	45	39	31	39	<b>Mindanao</b>	5.5	0.1	1.3	4.7	0.8	2.1
Region IX	56	52	47	35	45	Region IX	4.7	1.1	2.7	3.6	-3.5	2.0
Region X	41	39	32	27	33	Region X	7.2	0.2	-2.4	6.4	2.4	1.8
Region XI	52	46	40	24	38	Region XI	4.6	-0.8	0.4	3.7	-1.1	0.9
Region XII	49	45	37	37	40	Region XII	6.2	1.0	-1.4	5.0	2.8	1.9
<b>ARMM</b>			51	56	54	<b>ARMM</b>			2.3	3.6	1.6	1.7
CARAGA			37	30	31	CARAGA			-0.3	2.9	0.6	2.1

Source: Philippine Statistics Authority

- **Among the sectors, industry is the least important in Mindanao.**
  - From 2001-2013, the average share of industry to total GDP in Mindanao was 28 percent, slightly higher than the long-run average of 27 percent.
  - Within Mindanao, the share of industry to GDP has been uneven, with industry accounting for about a third of the share of GDP in Region XII, Region X and CARAGA, but with regions like ARMM and Region IX averaging less than 20 percent share.
  - In ARMM, industry is becoming even less important, only averaging a 9 percent share of total GDP since 2001, down from 17 percent in the mid-1990s.
- **In spite of industry being the least important sector to Mindanao, growth in the sector has outpaced the Philippines as a whole since 1975.**
  - In Mindanao, growth in industry averaged 4 percent since 1975, compared to the 3.5 percent average for the Philippines. More recently, the average growth rate of 9 percent since 2009 has been faster than the 7.5 percent growth rate for the Philippines as a whole. This was a result of the fast pace of growth in both the construction sector, and the manufacturing sector in the region.
  - Within Mindanao, CARAGA had the highest average growth during that period at 20.8 percent, this was largely driven by fast pace of growth in the Mining sector, averaging 25 percent since 2010.
  - ARMM had the lowest growth rate, at 5.7 percent, well below the average for the region and the Philippines as a whole.

Table 9. Sector share to total RGDP (industry)						Table 10. Average industry growth (1975-2013)						
Average Sector Share to total RGDP, Industry						Average growth industry, constant prices						
	1975-1980	1981-1990	1991-2000	2001-2013	Average		1975-1980	1981-1990	1991-2000	2001-2008	2009-2013	Average
Philippines	36	37	33	32	34	Philippines	7.2	0.6	2.6	3.8	7.5	3.5
Luzon	43	42	35	33	37	Luzon	7.2	0.8	2.3	3.6	7.1	3.4
NCR	53	48	37	27	38	NCR	7.0	-0.1	2.0	4.4	7.3	3.2
Visayas	29	30	29	30	30	Visayas	6.5	1.0	3.2	3.9	8.3	3.8
Mindanao	24	26	26	28	27	Mindanao	8.1	-0.5	3.8	4.8	9.0	4.0
Region IX	15	16	17	23	19	Region IX	10.2	0.6	3.6	3.6	9.5	4.4
Region X	30	29	31	33	31	Region X	9.2	-2.1	1.9	4.8	8.7	3.1
Region XI	21	23	23	29	25	Region XI	7.3	0.3	3.2	4.9	7.4	3.7
Region XII	30	33	36	31	33	Region XII	7.1	0.4	2.2	4.3	8.7	3.5
ARMM			17	9	11	ARMM			4.7	1.3	5.7	3.5
CARAGA			29	29	29	CARAGA			4.0	2.4	20.8	6.7

Source: Philippine Statistics Authority

- **The Philippines' lack of structural transformation is most evident in Mindanao.**
  - On average, manufacturing accounts for 19 percent of Mindanao's economy. In fact, it is limited to Region XII and Region X, the only regions where manufacturing has a greater than 20 percent share to total GDP.
  - The lack of structural transformation within Mindanao is also exhibited in ARMM<sup>4</sup>, where manufacturing only accounts for 4 percent of GDP, which is the lowest in Mindanao
  - In spite of the low share of manufacturing in the Mindanao, it has grown at a faster pace than the Philippines as a whole. Some of the largest manufacturing firms in the region are mainly in food manufacturing, such as Nestle, DOLE, Del Monte, and Coca Cola, which are mostly located in Northern Mindanao.

Table 11. Sector share to total RGDP (manufacturing)						Table 12. Average manufacturing growth (1975-2013)						
Average Sector Share to total RGDP, Manufacturing						Average manufacturing growth, constant prices						
	1975-1980	1981-1990	1991-2000	2001-2013	Average		1975-1980	1981-1990	1991-2000	2001-2008	2009-2013	Average
Philippines	26	25	23	23	24	Philippines	5.5	1.1	2.6	4.2	7.9	3.5
Luzon	30	29	25	24	26	Luzon	5.6	1.3	2.6	3.8	7.6	3.4
NCR	42	37	30	21	30	NCR	6.1	0.4	2.1	5.2	8.2	3.5
Visayas	19	20	20	20	20	Visayas	4.5	1.4	2.6	5.2	8.7	3.8
Mindanao	17	18	18	19	18	Mindanao	6.1	-0.5	2.9	5.5	9.8	3.7
Region IX	9	10	10	16	12	Region IX	9.3	0.1	2.0	6.6	9.9	4.2
Region X	21	20	24	23	22	Region X	6.0	-1.3	2.4	4.9	10.2	3.2
Region XI	15	17	16	18	17	Region XI	6.6	-0.2	2.0	6.4	9.4	3.7
Region XII	24	23	27	25	25	Region XII	4.4	0.0	3.0	5.7	10.3	3.7
ARMM			4	3	4	ARMM			3.7	5.9	5.1	5.0
CARAGA			12	8	8	CARAGA			10.1	1.5	18.1	6.5

Source: Philippine Statistics Authority

- **Services is the largest sector in terms of value-added, with a large share coming from the informal<sup>5</sup> services sector.**
  - The share of services to GDP has been increasing through time in Mindanao, a pattern which mirrors the situation of the Philippines as a whole.

<sup>4</sup> ARMM's 5 percent average growth rate for manufacturing is in large part due to the low base effect for manufacturing in the region.

<sup>5</sup> The informal services sector is operationally defined to include the the following subsectors: i) wholesale and retail trade, and ii) transportation, communication and storage (TCS).

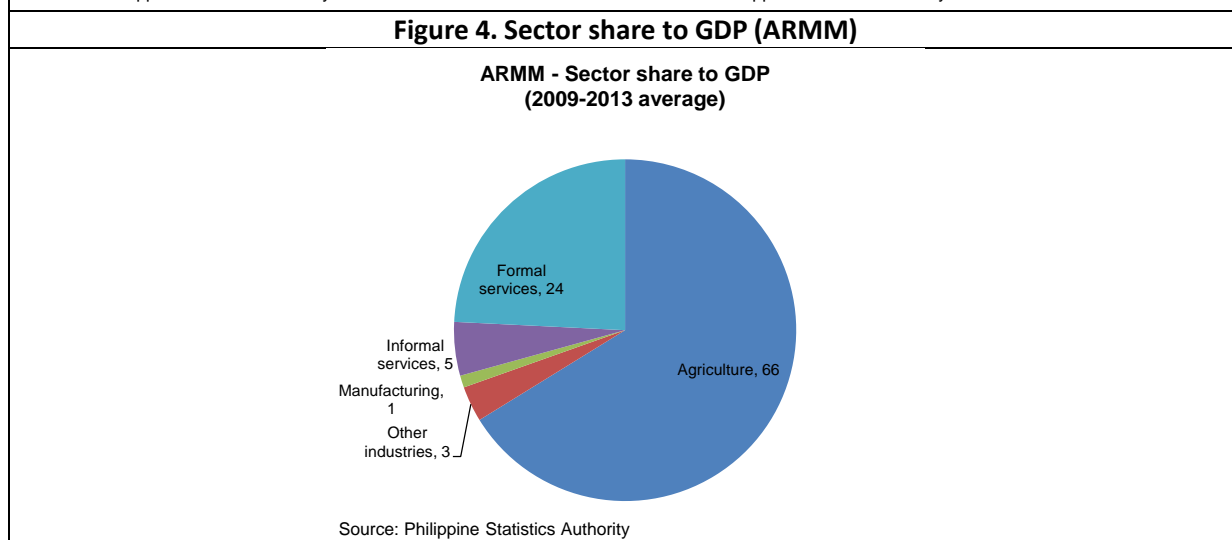
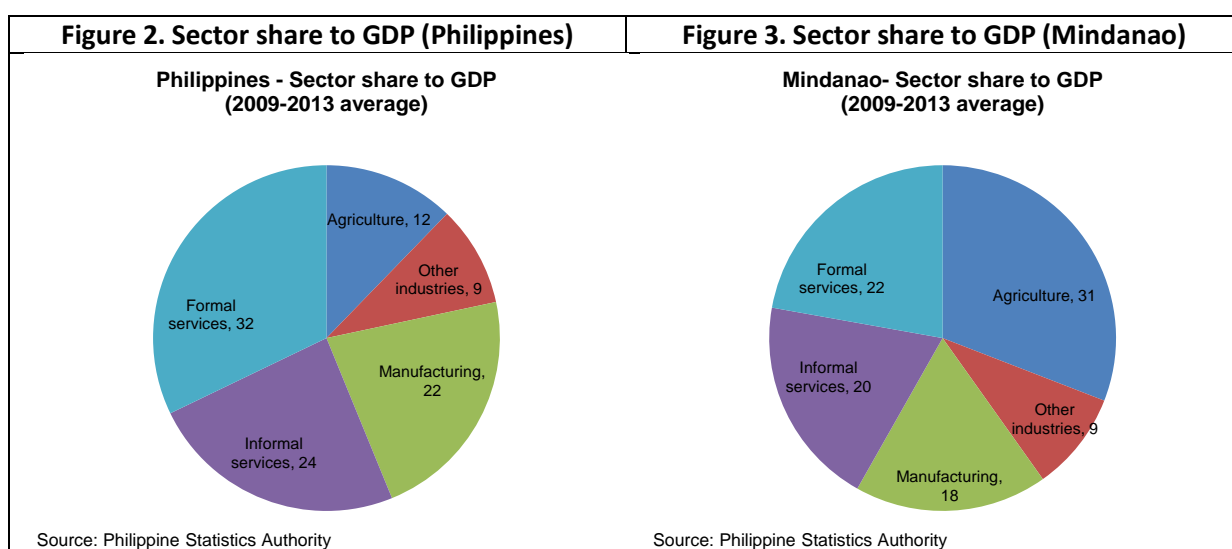
- Services now accounts for 41 percent of GDP in Mindanao since 2000, overtaking agriculture as the dominant source of production in the region.
  - The same holds true for regions within Mindanao, where the sector share of services has been increasing since 1975.
  - In ARMM, although still heavily reliant on agriculture, services accounts for more than a third of GDP, averaging 35 percent since 1995.
  - A more detailed look into the services sector reveals that in Mindanao, informal services makes up about half of the share of services to GDP. In recent years, formal services averaged 23 percent share to total GDP, with informal services averaging a 20 percent share.
  - In ARMM however, the difference in the contribution of formal services and informal services is much greater. Informal services only averaged a 5 percent share to total GDP<sup>6</sup>, whereas formal services averaged 27 percent since 2009.
- **Services has been the fastest growing sector in Mindanao, averaging a 4 percent growth rate since 1975. However Mindanao still lags behind Luzon and Visayas.**
    - Recently however, Mindanao has been outpacing the Philippines in terms of growth in the services sector, growing at an average of 7 percent compared to the 6.7 percent average for the Philippines.
    - Within Mindanao, ARMM lags with an average growth rate of 4.8 percent since 2009, the lowest growth rate for services in the region. ARMM is the only region where the services sector grows at less than 5 percent average since 2009.
    - This is mostly due to the slow pace of growth in the formal services sector, which makes up the bulk of services GDP in the region. The formal services sector only grew at an average of 4.9 percent in ARMM, compared to 7.4 for the Philippines as a whole.
    - In addition, the informal services sector, also grew at a relatively slower pace compared to the Philippines. The trade sector, grew at an average of 1.36 percent since 2009 for ARMM, compared to the 6.2 percent average growth rate of the Philippines as a whole since 2009.
    - The transport sector also grew at a relatively slow pace in ARMM, growing at an average of 3.7 percent since 2009 compared to the 4.7 percent average for the Philippines.

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<sup>6</sup> This was a result of the low contribution of the transport sector to GDP in ARMM, averaging just 4 percent of total GDP for ARMM, and the even lower share of the trade sector, which only contributes an average of 1 percent to total GDP in the region.

Table 13. Sector share to total RGDP (Services)						Table 14. Average services growth (1975-2013)						
Average Sector Share to total RGDP, Services						Average services growth, constant prices						
	1975-1980	1981-1990	1991-2000	2001-2013	Average	1975-1980	1981-1990	1991-2000	2001-2008	2009-2013	Average	
<b>Philippines</b>	35	39	47	54	46	<b>Philippines</b>	5.5	3.4	3.7	6.0	6.7	4.7
<b>Luzon</b>	37	42	50	58	49	<b>Luzon</b>	5.7	3.8	3.7	6.2	6.6	4.9
NCR	47	52	63	73	62	NCR	6.0	4.7	3.8	6.8	6.7	5.3
<b>Visayas</b>	37	41	48	53	46	<b>Visayas</b>	5.1	3.0	3.5	6.3	6.8	4.6
<b>Mindanao</b>	26	30	35	41	34	<b>Mindanao</b>	5.3	2.2	3.4	4.9	7.0	4.0
Region IX	29	32	36	42	36	Region IX	5.8	1.6	2.0	4.7	6.5	3.4
Region X	29	32	37	41	36	Region X	7.0	2.3	1.2	6.0	6.9	3.9
Region XI	27	30	37	47	38	Region XI	4.3	2.6	3.2	5.3	7.6	4.1
Region XII	21	23	27	32	27	Region XII	4.1	1.3	2.0	4.6	6.2	3.1
<b>ARMM</b>			32	36	35	<b>ARMM</b>			4.5	3.6	4.8	4.2
<b>CARAGA</b>			34	40	40	<b>CARAGA</b>			6.7	4.4	8.2	5.9

Source: Philippine Statistics Authority



## The lack of a structural transformation

- By the end of the 20<sup>th</sup> century, Mindanao had transformed itself into a services-driven economy, following the same pattern of the Philippines as a whole.

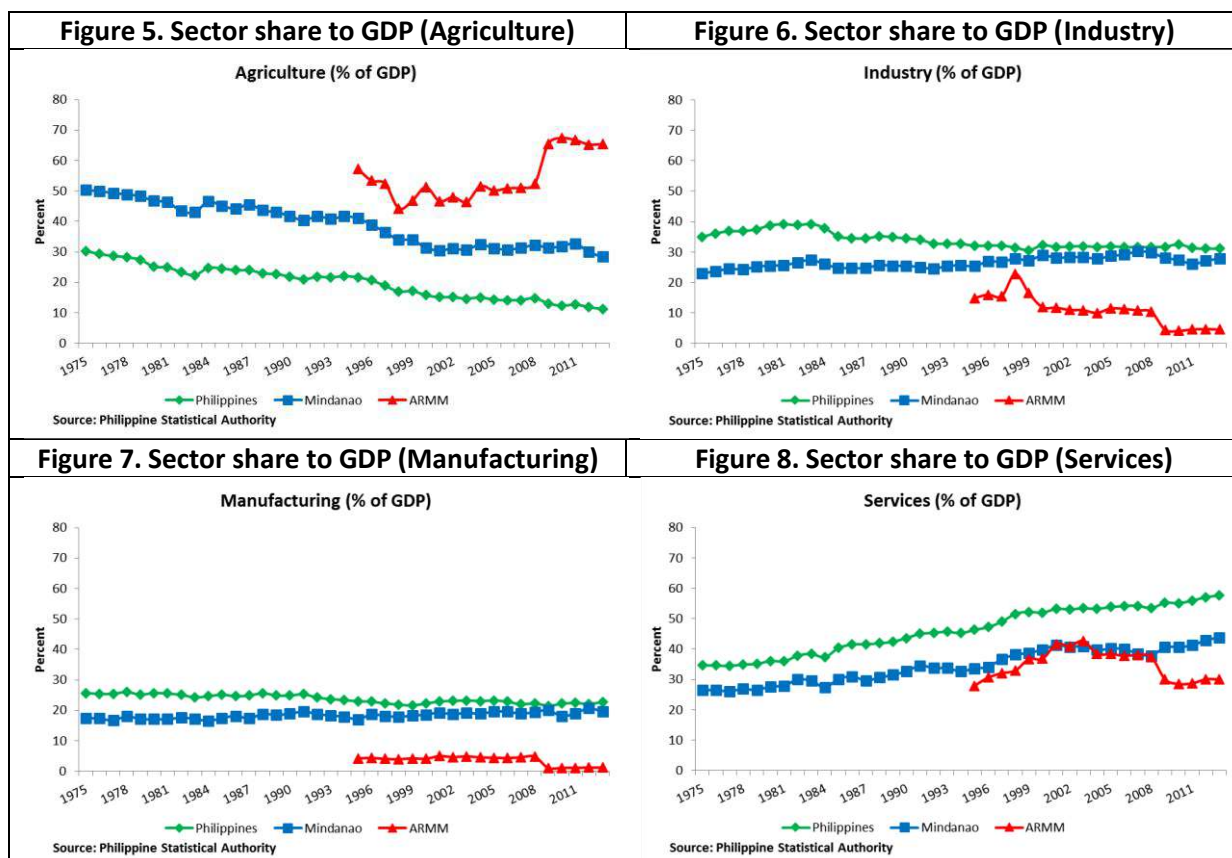


- The agriculture sector has generally remained backwards and unproductive, growing at the slowest pace and having the lowest labor productivity among the three sectors.
  - Over the past few decades agriculture's share of GDP fell from 30 percent to around 12 percent in 2013.
  - Manufacturing continues to decline, from its peak of 30 percent share of GDP in the early 1970s, to around 22 percent in 2013.
  - In place of agriculture and manufacturing, the services sector has dominated growth.
  - In 1998, its share of GDP breached the 50 percent mark, and it continues to grow towards 60 percent of GDP.
  - Although the Philippines and Mindanao are moving away from agriculture into services, ARMM still relies heavily on agriculture for its production. In fact, it receives a much larger share of its production from agriculture than in 1995. The share of agriculture to GDP has now increased to 66 percent of GDP in 2013 from 57 percent in 1995.
- **At first glance, the pattern of growth for both Mindanao and the Philippines seems akin to the normal pattern of structural transformation:** a first phase in which manufacturing grows, replacing agriculture as the dominant sector, followed by a second phase in which the services sector takes over as the engine of growth.
    - However, this seemingly normal pattern of structural transformation is actually far from normal.
    - This is because more than 80 percent of services sector employment is comprised of informal or low-skilled workers.
    - In addition, the informal service sector contributes only about 20 percent on average in Mindanao from 2009-2013, and 24 percent for the Philippines.
    - The picture that emerges is of a labor force that escapes the unproductive agriculture sector in depressed rural areas and looks for better-paying jobs in urban areas, only to find that such jobs are non-existent.
    - This unemployed<sup>7</sup> and underemployed<sup>8</sup> labor force then ends up in self-employment or informal employment in low-income services.

---

<sup>7</sup> Unemployment is defined to include workers who are 15 years old and over as of their last birthday, and are reported as: i) without work and currently available for work and seeking work, or ii) without work and currently available for work but not seeking work for the following reasons: a) tired/believe no work is available, b) awaiting results of a job application, c) temporarily ill/disabled, d) bad weather, and e) waiting for rehire/job recall.

<sup>8</sup> Underemployment is defined to include all employed persons looking for more work.



## Why the lack of structural transformation?<sup>9</sup>

### Total Factor Productivity<sup>10</sup>

- **The first major reason for the country's economic underperformance stems from the low levels of investment in human and physical capital alongside the lack of technological change.**
  - A simple growth decomposition analysis covering the period 1961 to 2000 shows that the contribution of physical capital to Philippine growth is only 0.9 percentage points compared to an average of 2.4 ppt in East Asia.
  - The contribution of human capital at 0.4 ppt is comparable to the regional average of 0.5 ppt but this figure does not capture large differences in the quality of the labor force.
  - More glaringly, the Philippines is the only country in the region where total factor productivity (TFP) contributed negatively to growth.

<sup>9</sup> Section taken from the 2013 Philippine Development Report (World Bank)

<sup>10</sup> Mindanao to be added in a future update.

**Table 15. Total Factor Productivity**  
**Total factor productivity of East Asian countries**

	Growth in output per worker	Contribution to growth of		
		Physical capital	Human capital	TFP
Philippines	1.0	0.9	0.4	-0.3
East Asia	4.4	2.4	0.5	1.4
China	4.8	1.7	0.4	2.6
Indonesia	3.0	1.8	0.5	0.6
Korea	4.8	2.8	0.7	1.2
Malaysia	3.6	2.2	0.6	0.8
Singapore	5.0	3	0.5	1.5
Taiwan	5.8	3	0.6	2.1
Thailand	4.1	2.5	0.4	1.2

Source: World Bank (WB) staff estimates using data from 1961 to 2000

### Infrastructure and human capital (education, health) investment

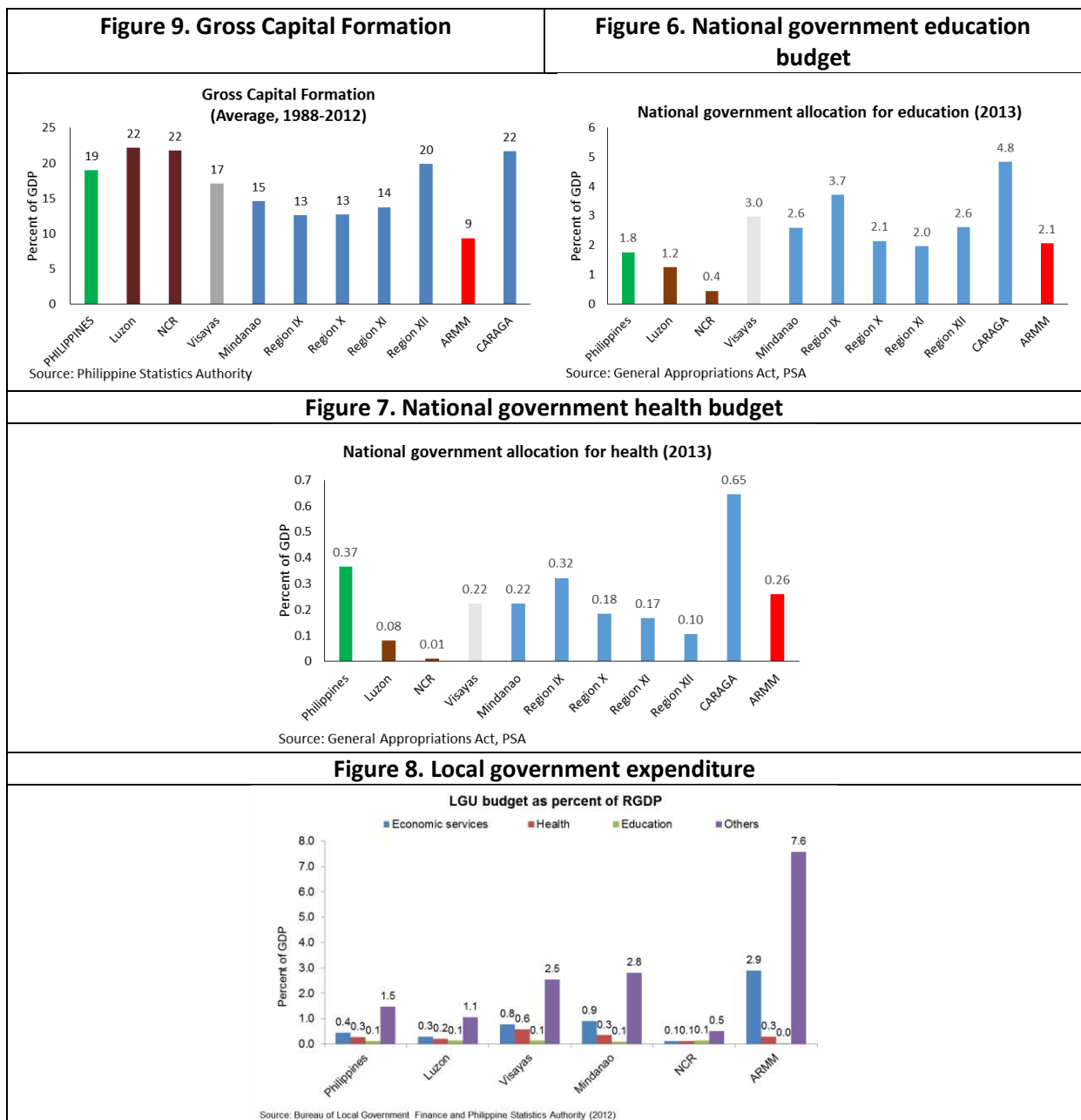
- **The low levels of public investment in physical and human capital made the transformation difficult.**
  - Mindanao has the lowest level of investment in the Philippines, averaging 15 percent of GDP since 1988. CARAGA had the highest average level of investment in Mindanao at 22 percent of GDP, comparable to Luzon and NCR.<sup>11</sup>
  - Region IX, Region X and Region XI had levels below the Mindanao average. Among the regions in Mindanao, ARMM averaged the lowest level of investment, averaging 9 percent share of GDP since 1995.
  - In addition, public spending on education and health<sup>12</sup> by the national government has been inadequate. Based on the 2013 General Appropriations Act, less than 3 percent of Mindanao's GDP goes to investments in health and education<sup>13</sup>.
  - Aside from the low level of spending from the national government, local government units (LGU) in Mindanao have lower levels of investment in human capital compared to the rest of the Philippines (see section on public finance).
  - The Philippines' low level of investment in human capital especially in rural areas compromised a successful transition of labor from farm to non-farm sectors. And without adequate investment in health and education in rural areas, rural and agricultural productivity itself remained stagnant.
  - As mandated by the 1987 Constitution, the biggest share of the national government budget goes to basic education. However, because of perennially low revenues, the level of basic education spending was much lower than in neighbouring countries.
  - Meanwhile, better services and higher wages in urban areas attracted migrants, which contributed to congestion in urban areas.

<sup>11</sup> This was mostly due to the relatively low levels of GDP for CARAGA. CARAGA has historically received the second lowest amount of investments in Mindanao, with ARMM receiving the least.

<sup>12</sup> The larger share for both Visayas and Mindanao compared to Luzon is also a product of the lower GDP for both Visayas and Mindanao compared to Luzon.

<sup>13</sup> Investment in education based on the budget both Department of Education and Commission on Higher Education, while investment in health based on the budget of the Department of Health.

- However, without the necessary skills to transition to manufacturing and the lack of manufacturing jobs, migrants resorted to finding or creating work in the low-skill low-productivity informal services sector.



## Conflict

- **Conflict in Mindanao is a long standing issue, its roots dating back to the 16<sup>th</sup> century.**
  - The conflict between Christian Filipinos and Muslim Moros in the Philippines could be traced back to the 16<sup>th</sup> century as part of Spain's attempt to colonize the Philippines. During this time, the Muslims of Mindanao and Sulu were more established and organized, most notable were the sultanates or royal kingdoms of Sulu and Maguindanao. This made it hard for Spanish colonization to take place in Mindanao, which led to initial attempts of colonization to be focused on the scattered areas of the Luzon and Visayas. Resistance from

Spanish colonization continued for more than 300 years, without much success (Luga; Knack).

- The Philippine revolution against Spanish rule in 1898, which turned into the Spanish-American war, led to the signing of the Treaty of Paris in 1898 between Spain and America. This was essentially an agreement giving the American colonial government control and ownership of the Philippines. The Philippine colonial government then passed laws legalizing confiscation of land owned by the Muslims of Mindanao, along with large-scale land grabbing, and policies implementing resettlement programs of Christian Filipinos to areas in Mindanao which were once dominated by Muslims in Mindanao (Luga; Knack).
- Conflict between the Muslims of Mindanao continued in 1968 when Filipino Muslim military trainees were murdered when they refused to take part in a plot by the government to reclaim Sabah. This event was known to be the Jabitah massacre. This culminated in the 1970s with the formation of the Moro National Liberation Front (MNLF in 1969), headed by Nur Misuari, which pushed for the independence of the Bangsamoro land.
- In 1976, the peace agreement known as the Tripoli Agreement was signed by the Philippine government and the MNLF, in an attempt to establish an autonomous Muslim region in Mindanao. However, the implementing rules and regulation of the agreement never materialized, and conflict continued as a result (CENSEI; Buendia).
- However, the signing of the Tripoli Agreement brought about a rift within the MNLF. Hashim Salamat broke away from the MNLF and formed the Moro Islamic Liberation Front (MILF) in 1977 due to the belief that independence should be the goal of any agreement over autonomy. This led to continued armed conflict for the independence of the Moro nation in Mindanao (CENSEI; Buendia).
- On August 1, 1989, as part of the mandate of the 1987 Constitution, the Autonomous Region in Muslim Mindanao (ARMM) was created.
- Peace temporarily came in 1996 with the Philippine government and the MNLF Final Peace Agreement. This allowed MNLF Chairman Nur Misuari to assume the position of regional governor of the ARMM, and chairman of the Southern Philippines Council for Peace and Development (CENSEI; Buendia).
- Peace talks between the government and MILF began in 1997, which would continue until the regime of then president, Joseph Estrada (CENSEI; Buendia).
- Dissatisfaction with the negotiation process, and instances of armed conflict throughout 1999, and 2000 resulted in all-out war in 2000 with the MILF (CENSEI; Buendia).
- As Gloria Macapagal-Arroyo assumed office in 2001, the peace process was revived by signing the “General Framework for the Resumption of Peace Talks and its Implementing Guidelines” on March, 2001 (CENSEI).
- Seven years of negotiations took place, before reaching an agreement on a draft accord on the Ancestral Domain Aspect of the Tripoli Agreement (MOA-AD), which was scheduled for signing on August, 2008. However, the MOA-AD was struck down by the Supreme Court due to the unconstitutionality of some of the provisions of the MOA-AD. As a result, armed conflict followed after the junking of the MOA-AD (CENSEI).
- President Arroyo suspended military operations on July, 2009, in an attempt to salvage the negotiations between the MILF and the government of the Philippines. Negotiations were continued by the current administration of Benigno Aquino III, culminating in the recent submission of the draft Bangsamoro Basic Law (CENSEI).

## Employment

## Population and Labor Force

- **Mindanao is home to some 22 million people in 2010, as well as a diverse set of Indigenous People.**
  - In Mindanao, where around 60 percent of indigenous peoples reside, the top 3 indigenous peoples in terms of population are the Maguindanao, who account for 6.5 percent of the population, the Maranao (5.7 percent) and the Tausug (5.4 percent).
  - In ARMM, indigenous people account for a larger share of the population. The Maranao has the largest share of the population at 26.7 percent, followed by the Tausug (26.2 percent) and the Maguindanao (19 percent). The top 3 indigenous peoples account for more than 60 percent of the population, the highest among regions in Mindanao.
  - The top 3 IP groups per region are listed in the table below.

**Table 16. Top 3 highest population of Indigenous People per region (Mindanao)**

	Total	Share to population (%)		Total	Share to population (%)
<b>Mindanao</b>	<b>21,911,661</b>		<b>Region XII</b>	<b>4,103,105</b>	
Maguindanao	1,417,766	6	Maguindanao	744,043	18
Maranao	1,238,751	6	B'laan/Blaan	205,193	5
Tausug	1,188,170	5	T'boli/Tboli	142,914	3
<b>Region IX</b>	<b>3,397,838</b>		<b>CARAGA</b>	<b>2,424,788</b>	
Subanen/Subanon	433,506	13	Manobo	331,802	14
Tausug	285,465	8	Mamanwa	202,862	8
Sama/Samal	58,930	2	Banwaon	8,204	0.3
<b>Region X</b>	<b>4,284,594</b>		<b>ARMM</b>	<b>3,248,787</b>	
Maranao	307,136	7	Maranao	865,266	27
Higaonon	306,310	7	Tausug	852,388	26
Bukidnon	91,044	2	Maguindanao	610,134	19
<b>Region XI</b>	<b>4,452,549</b>				
Mandaya	273,387	6			
Manobo	96,947	2			
B'laan/Blaan	94,754	2			

Source: 2010 Census of Population and Housing

- **Mindanao's high population growth rate has added further pressure to the domestic labor market, mirroring the situation of the Philippines as a whole.**
  - The average population growth in Mindanao from 2000-2010 is similar to that of the Philippines at 1.9 percent, which was the highest in the East Asia region.
  - Within Mindanao, Region XII has the highest average population growth rate, at 2.5 percent, with regions X, and XI as the other regions with population growth rates greater than that of Mindanao.
  - Both ARMM and CARAGA have relatively low annual average population growth rates at 1.5 percent and 1.4 percent respectively. In the past decade, the average population growth rate in ARMM decreased by more than half, coming from 3.2 percent from 1990-2000, down to 1.5 percent.

**Table 17. Population by region (in millions)**

**Table 18. Average annual population growth rate (percent)**

	1980	1990	2000	2010
<b>Philippines</b>	<b>48.1</b>	<b>60.8</b>	<b>76.5</b>	<b>92.3</b>
<b>Luzon</b>	<b>30.6</b>	<b>38.8</b>	<b>49.0</b>	<b>59.5</b>
<b>Visayas</b>	<b>8.5</b>	<b>10.0</b>	<b>12.1</b>	<b>14.3</b>
<b>Mindanao</b>	<b>10.9</b>	<b>14.2</b>	<b>18.1</b>	<b>22.0</b>
Region IX	1.8	2.2	2.8	3.4
Region X	2.2	2.8	3.5	4.3
Region XI	2.2	2.9	3.7	4.5
Region XII	1.7	2.4	3.2	4.1
CARAGA	1.4	1.8	2.1	2.4
ARMM	1.6	2.1	2.8	3.3

Source: Philippine Statistics Authority

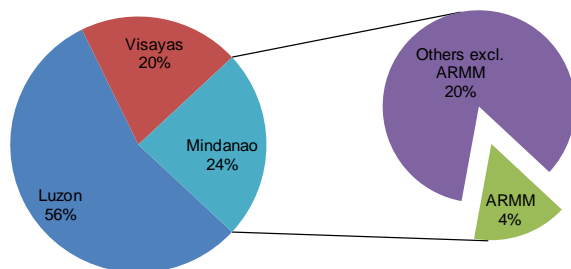
	1980-1990	1990-2000	2000-2010
<b>Philippines</b>	<b>2.4</b>	<b>2.4</b>	<b>1.9</b>
<b>Luzon</b>	<b>2.4</b>	<b>2.4</b>	<b>1.9</b>
<b>Visayas</b>	<b>1.7</b>	<b>1.9</b>	<b>1.6</b>
<b>Mindanao</b>	<b>2.8</b>	<b>2.5</b>	<b>1.9</b>
Region IX	2.3	2.5	1.8
Region X	2.4	2.2	2.1
Region XI	3.0	2.3	2.0
Region XII	3.6	3.1	2.5
CARAGA	2.6	1.7	1.4
ARMM	3.0	3.2	1.5

Source: Philippine Statistics Authority

- **The distribution of the population and the labor force is similar across all island groups and for ARMM and the Bangsamoro.**
  - Majority of the labor force can be found in Luzon (54 percent), followed by Mindanao at 26 percent, and Visayas at 20 percent. This mirrors the distribution of the population among the three island groups.
  - Both ARMM and the Bangsamoro account for 4 percent of the population, while accounting for 3 percent and 4 percent of the labor force, respectively.

**Figure 9. Share to total population (ARMM)**

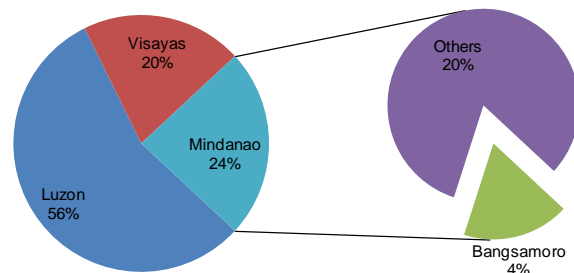
Share to total population (2013)



Source: 2013 Labor Force Survey

**Figure 10. Share to total population (Bangsamoro)**

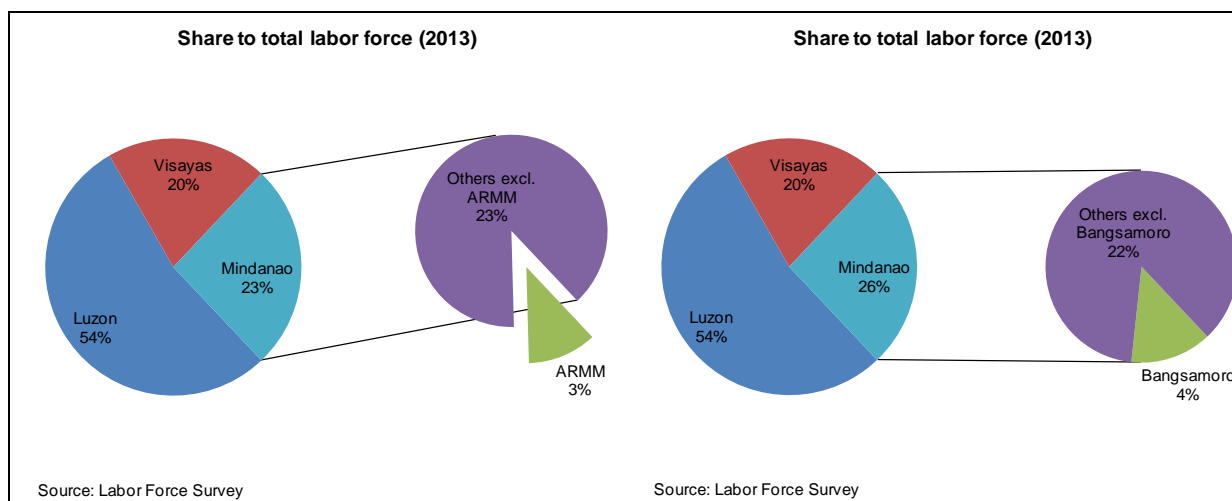
Share to total population (2013)



Source: 2013 Labor Force Survey

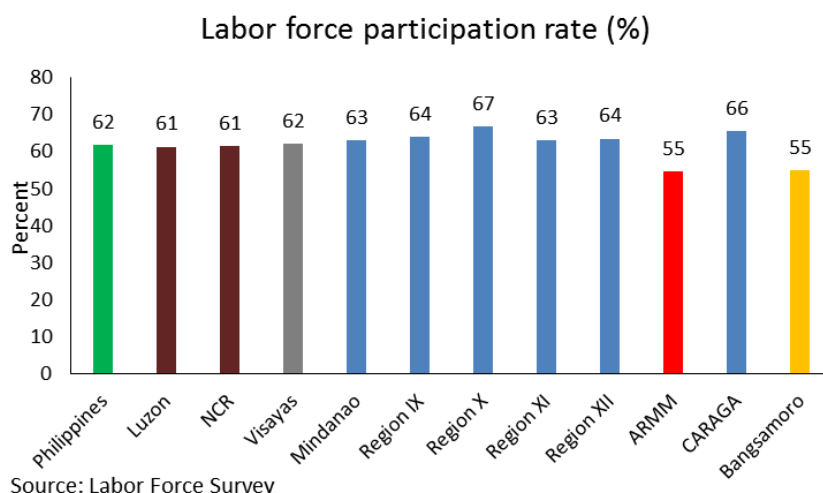
**Figure 10. Share to total labor force (ARMM)**

**Figure 11. Share to total labor force (Bangsamoro)**



- Labor force participation in Mindanao is the highest in the Philippines; yet some of the regions with the lowest labor force participation rates are in Mindanao.**
  - Mindanao had the highest labor force participation rate in the Philippines in 2013 at 63 percent.
  - Within Mindanao, Region X had the highest labor force participation rate at 67 percent, followed by CARAGA with 66 percent, and Region IX and XII with 64 percent.
  - Both the Bangsamoro and the ARMM however, have lower labor force participation rates compared to other regions in 2013 at 55 percent, the lowest among all regions in the Philippines.
  - The main reason for the disparity in labor force participation for both ARMM and Bangsamoro, is the discrepancy in labor force participation between male and female laborers.

**Figure 12. Labor force participation rate (2013)**



### Women in the labor force

- A closer look at the labor force participation rate by gender highlights the discrepancies in labor market outcomes between genders in Mindanao, specifically in ARMM and the Bangsamoro.**
  - Females in Mindanao only have a slightly lower labor force participation rate compared to the rest of the Philippines. The 46.7 percent labor force participation rate for Mindanao



females is just slightly lower than the Philippines (48.3 percent), and for both Luzon (48.4 percent) and Visayas (49.3 percent).

- However, in ARMM and the Bangsamoro, the labor force participation rate of females is much lower compared to both Mindanao and the Philippines, while the labor force participation rate of males is just slightly higher. This leads to a much lower labor force participation rate as a whole for both ARMM and the Bangsamoro compared to other regions in the Philippines.
- Additionally, women in Mindanao had a higher unemployment rate compared to males, and were largely employed in the services sector.
- Among the 3 island groups, only Mindanao had a higher unemployment rate for females than males (6.1 percent vs 4.8 percent). The disparity was much larger in both ARMM and Bangsamoro, where females had an unemployment rate of 8.2 percent, compared to just 3.7 percent for males in the region.
- In terms of underemployment, Mindanao, ARMM and Bangsamoro follow the general pattern observed in the Philippines, where the underemployment rate is much lower among women than among men.
- In terms of sectoral employment, females in Mindanao were mostly employed in the services sector, followed by the agriculture sector. However, in ARMM a larger share of females are employed in agriculture (53.9 percent), followed by services (43.4 percent).

**Table 19. Male and female labor market outcomes (2013)**

Male and female labor outcomes, 2013 (percent)

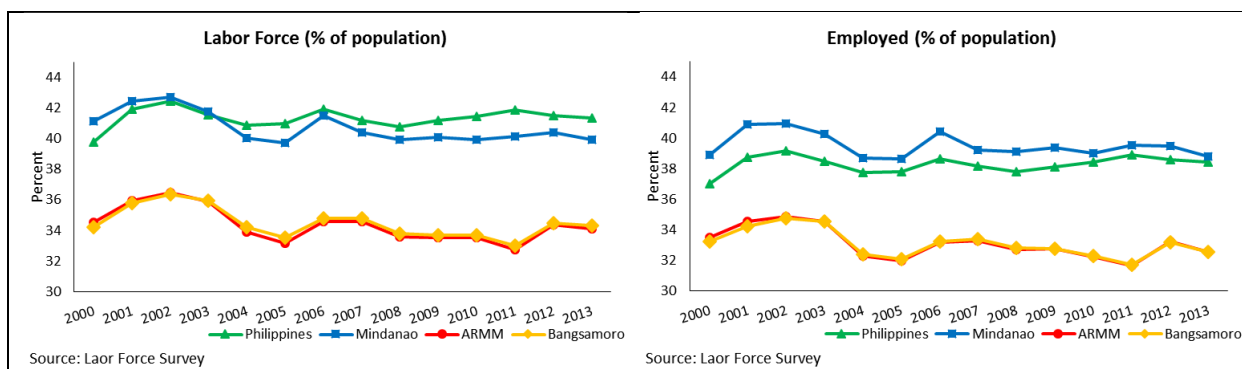
Labor outcome	Philippines		Luzon		Visayas		Mindanao		ARMM		Bangsamoro	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Labor force participation	75.5	48.3	74.4	48.4	74.4	49.8	79.1	46.7	78.2	31.9	78.0	32.8
Employment share												
Agriculture	38.1	20.1	29.1	13.7	44.0	23.8	52.9	32.9	74.2	53.9	69.8	48.9
Industry	19.0	10.1	22.2	12.4	17.2	8.8	13.7	5.5	2.9	2.7	3.9	2.8
Services	42.9	69.8	48.7	73.9	38.8	67.4	33.4	61.6	22.9	43.4	26.2	48.4
Unemployment	7.3	6.8	8.5	7.5	6.9	5.5	4.8	6.1	3.7	8.2	3.7	8.2
Underemployment	21.8	15.5	20.5	14.6	23.3	16.0	23.5	17.2	13.0	10.9	13.2	11.6
Average wage	342	361	386	390	272	310	279	311	290	387	294	370

Source: LFS 2013

- **The growth of the Labor force has consistently outpaced employment growth, and this gap has not changed for the Philippines as a whole, although the gap is much smaller for Mindanao.**
  - Low economic growth and even lower growth in job creation, combined with fast population growth, have resulted in poor labor market outcomes in the Philippines.
  - The gap between the labor force and employment, as shares of the population, was around 3 percentage points for the Philippines as a whole, indicating that Filipinos are having a more difficult time finding work.
  - However, the gap between labor force and employment is less for Mindanao at 1.1 ppt, however, slightly higher for ARMM at around 1.6 ppt.

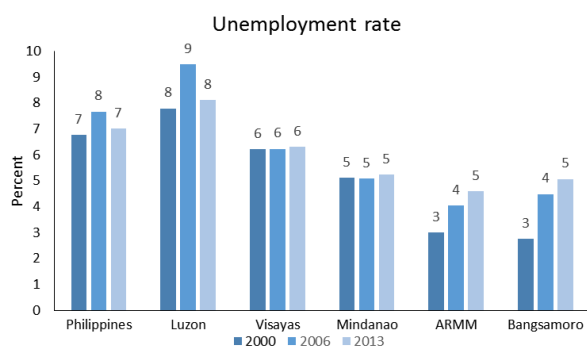
**Figure 13. Labor force as percent of population**

**Figure 14. Employed as percent of population**

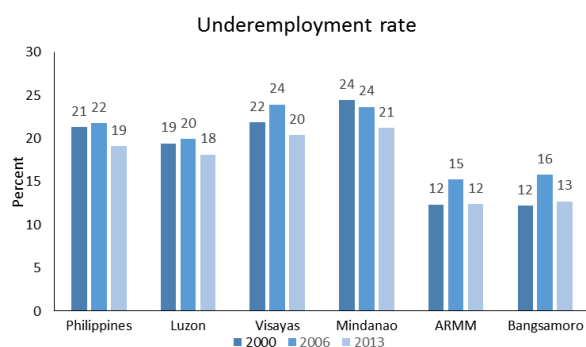


- **As a result, the unemployment in Mindanao has remained the same over the past 13 years, and underemployment has remained structurally high.**
  - The smaller gap between the labor force and employment as share of the population for both Mindanao and the ARMM resulted in lower unemployment rates compared to the Philippines as a whole.

**Figure 15. Unemployment rate (%)**



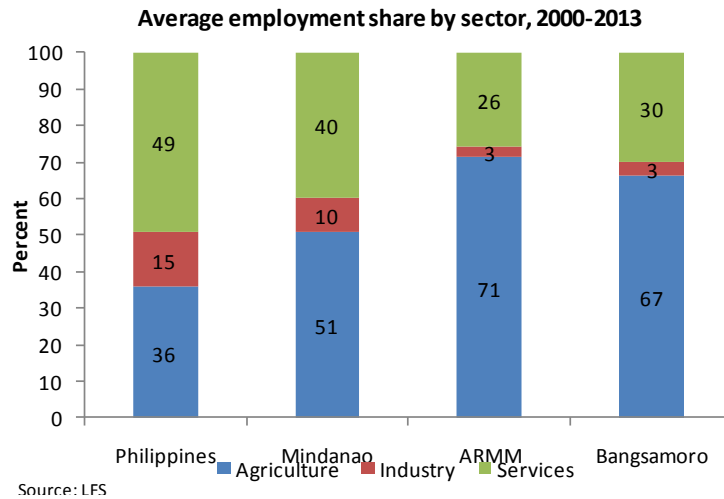
**Figure 16. Underemployment rate (%)**



## Sectoral patterns of employment

- **Even though Mindanao has been moving more towards services in terms of production, on average, majority of the employed can still be found in agriculture.**
  - Employment in agriculture accounts for 51 percent of total employment in Mindanao since 2000, followed by services at 40 percent, and roughly 10 percent for industry. This is in contrast to the Philippines, where majority of the employed belong to the services sector, followed by the agriculture sector.
  - In ARMM, however, the difference is more pronounced among the three sectors. A much larger share are employed in agriculture at 71 percent, followed by services at 26 percent, and industry at 3 percent.
  - The Bangsamoro shares the same basic pattern of sectoral employment, with agriculture still accounting for most of the employed in the region. Compared to ARMM however, the share of agriculture employment is slightly lower, with 67 percent of employed in the agriculture sector compared to 71 percent in ARMM over the past decade.

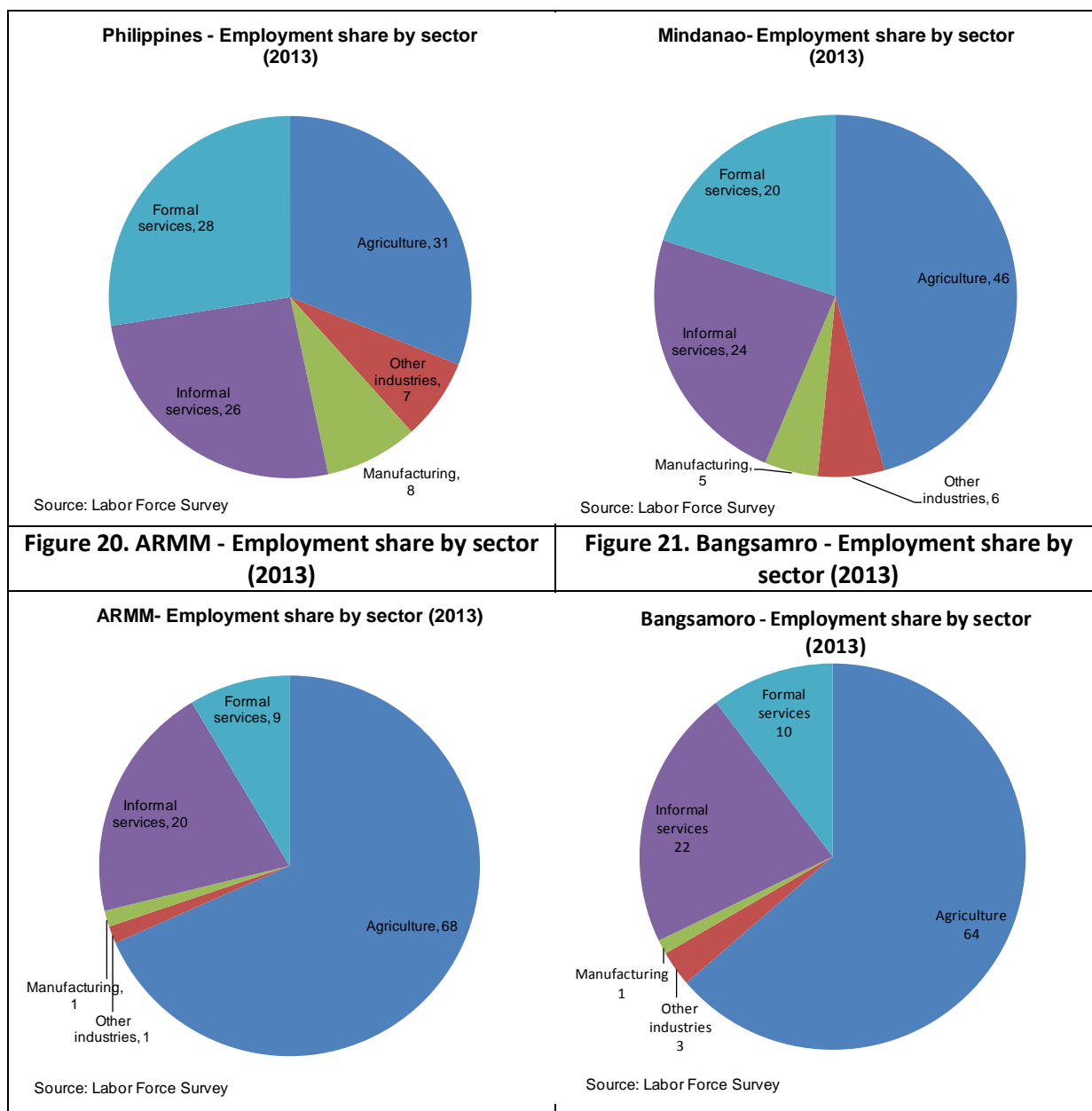
**Figure 17. Average employment share by sector (2000-2013)**



- **More recently, sectoral composition of employment has been even between agriculture and services in Mindanao.**
  - Services now accounts for 44 percent of total employment in Mindanao, which is now about even with agriculture, which accounts for 46 percent of total employment.
  - Majority of the employment in Mindanao’s services sector comes from the informal services sector<sup>14</sup>, accounting for 24 percent of total employment, compared to 20 percent for formal services.
  - The same holds true for ARMM and Bangsamoro, with a much larger share of employment in the service sector comprising informal services compared to formal services. In ARMM informal services accounts for 20 percent of total employment compared to just 9 percent for formal services. The same trend holds for Bangsamoro with 22 percent of employment in informal services and just 10 percent in formal services.
  - However most of employment in both ARMM and Bangsamoro can still be found in agriculture. In ARMM, around 68 percent were employed in agriculture in 2013, while the Bangsamoro had a slightly lower share at 64 percent.
  - The low share of industry employment in both ARMM and Bangsamoro reflect the low share of production to total GDP in the region, with only 2 percent of total employment in industry for ARMM, and 4 percent for Bangsamoro.
  - Manufacturing employment in both ARMM and Bangsamoro is virtually non-existent, accounting for only 1 percent of total employed, once again reflecting the very small share of manufacturing to total production in the region.

<b>Figure 18. Philippines - Employment share by sector (2013)</b>	<b>Figure 19. Mindanao - Employment share by sector (2013)</b>
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<sup>14</sup> Informal services are operationally defined to include the wholesale and retail trade and the transportation, communication, and storage services sectors.

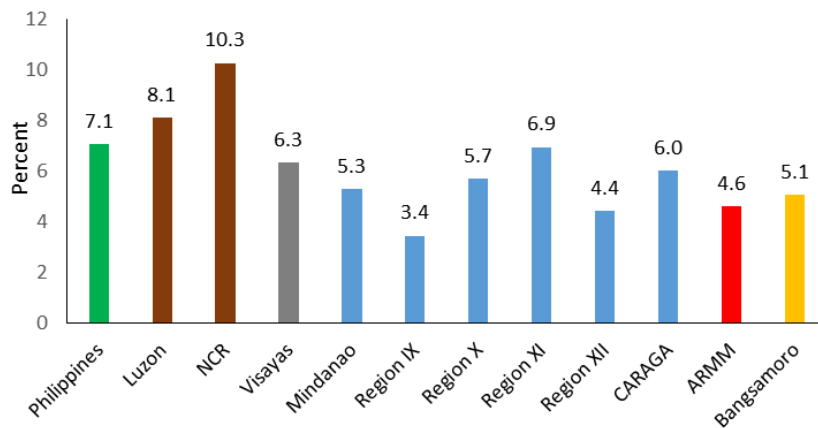


## Unemployment

- Unemployment in Mindanao is relatively low compared to the Philippines as a whole.**
  - In 2013, the unemployment rate in Mindanao was 5.3 percent, lower than the 7 percent unemployment rate for the Philippines, and the 8.5 percent and 6.3 percent unemployment rate for Luzon and Visayas, respectively.
  - Within Mindanao, Region XI has the highest unemployment rate in 2013 at 6.9 percent, the only region in Mindanao near the unemployment rate of the Philippines as a whole. CARAGA is the only other region with an unemployment rate above 5 percent.
  - Region IX has the lowest unemployment rate in Mindanao at 3.4 percent, followed by Region XII at 4.4 percent, both ARMM and the Bangsamoro have lower unemployment rates than Mindanao as a whole, at 4.6 percent and 5.1 percent respectively.

**Figure 22. Unemployment rate (2013)**

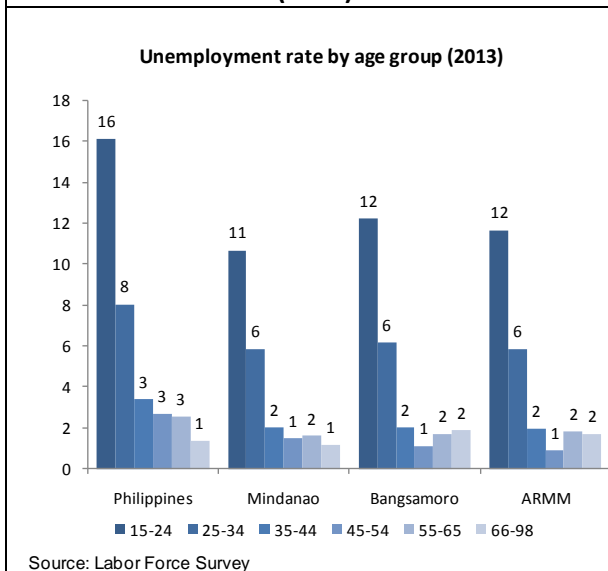
Unemployment rate (2013)



Source: Labor Force Survey (2013)

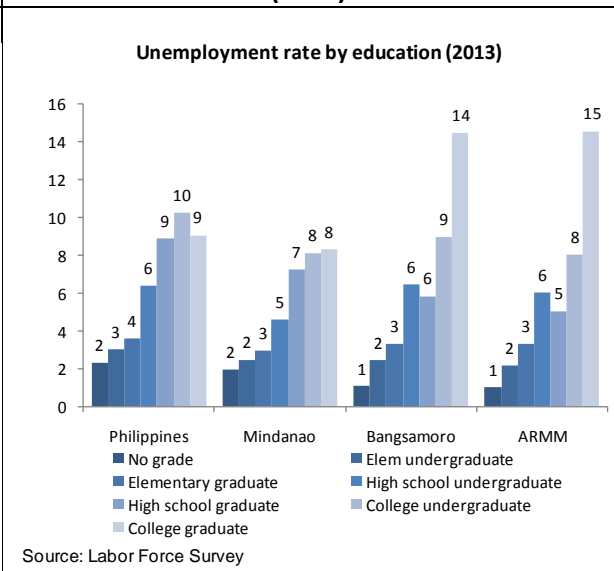
- **The unemployed are generally characterized as the young, the more educated, and the rich.**
  - Across the Philippines, Mindanao, ARMM and Bangsamoro, the young (aged 15-24) have the highest unemployment rate. However, the unemployment rate for those aged 15-24 is much less for Mindanao, ARMM and Bangsamoro compared to the Philippines as a whole.
  - Based on educational attainment, workers who are at least a college undergraduate tend to have the highest unemployment rates. While across the board, workers with no education have the lowest unemployment rate.
  - In general, the rich are those who are unemployed, however for the Bangsamoro, the unemployment rate is high across quartiles.

Figure 23. Unemployment rate by age group (2013)



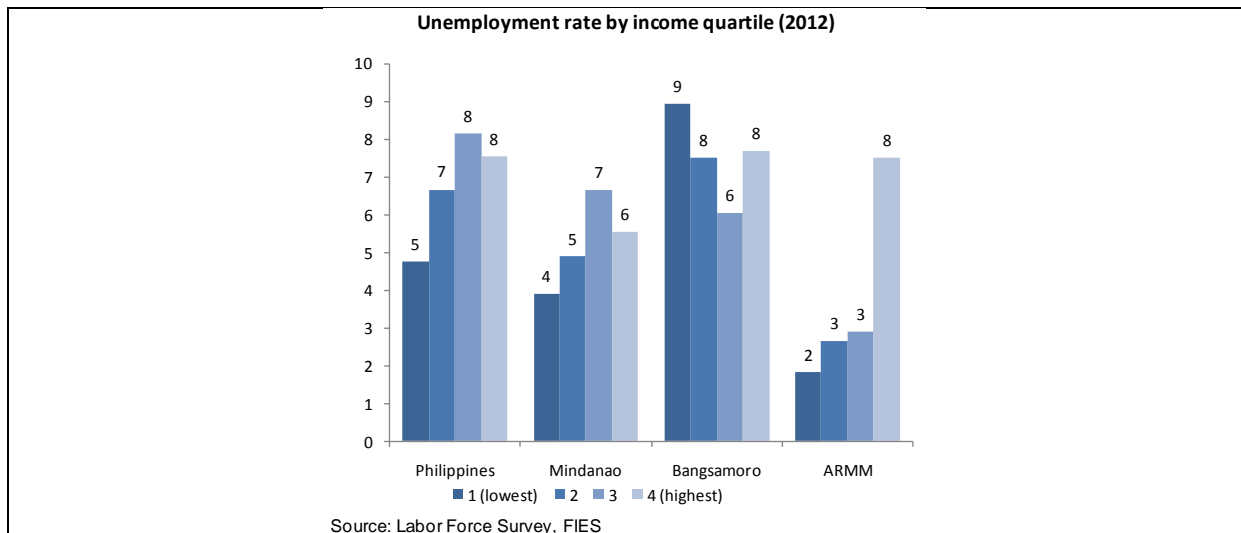
Source: Labor Force Survey

Figure 24. Unemployment rate by education (2013)



Source: Labor Force Survey

Figure 25. Unemployment rate by income quartile (2013)



## Underemployment

- **While Mindanao fares well compared to the rest of the country in terms of unemployment, it has the highest underemployment rate in the Philippines.**
  - Mindanao's 21.2 percent underemployment rate is the highest in the Philippines. Within Mindanao are some of the regions with the highest underemployment rates in the country.
  - In Mindanao, the underemployment rate is the highest in CARAGA at 27.1 percent, followed by Region X at 25.7 percent, and Region XII at 22.7 percent.
  - However, ARMM<sup>15</sup> and the Bangsamoro stand out as having some of the lowest underemployment rates in the country, at levels comparable to NCR, at 12.4 percent and 12.7 percent respectively.
  - In general, a larger share of the underemployed is visibly underemployed as opposed to invisibly underemployed. Visible underemployment<sup>16</sup> points to the lack of gainful employment, which could be a consequence of labor market rigidities, high cost of doing business, or weak investment climate, while invisible underemployment<sup>17</sup> could indicate, among others, a mismatch between job demand and available skills.

**Table 20. Underemployment rate (2013)**

<sup>15</sup> These are based on official statistics using the Labor Force Survey. However, they do not conform with stylized facts regarding poor regions & underemployment, the research team will look into this outcome.

<sup>16</sup> Visible underemployment includes persons working less than 40 hours per week.

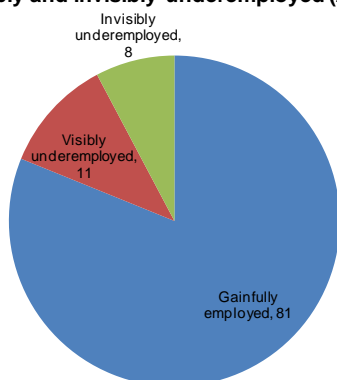
<sup>17</sup> Invisible underemployment include persons working 40 hours or more per week.

	Underemployment rate	Visible underemployment	Invisible underemployment
<b>Philippines</b>	19.3	11.3	8.0
Luzon	18.1	10.0	8.1
NCR	12.1	4.6	7.5
Visayas	20.4	12.5	7.9
Mindanao	21.2	13.4	7.8
Region IX	21.8	13.6	8.3
Region X	25.7	16.6	9.1
Region XI	17.3	10.6	6.7
Region XII	22.7	14.4	8.3
ARMM	12.4	8.5	3.9
CARAGA	27.1	16.4	10.7
Bangsamoro	12.7	8.3	4.4

Source: Labor Force Survey (2013)

**Figure 26. Philippines – Gainful employment (share to total employment, 2013)**

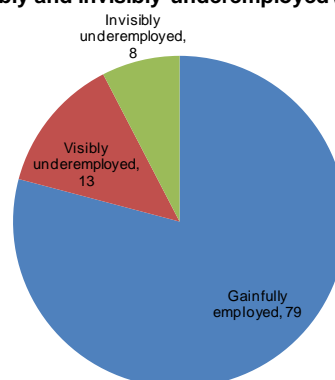
Philippines - Employment shares - Gainfully employed, visibly and invisibly underemployed (2013)



Source: Labor Force Survey

**Figure 27. Mindanao – Gainful employment (share to total employment, 2013)**

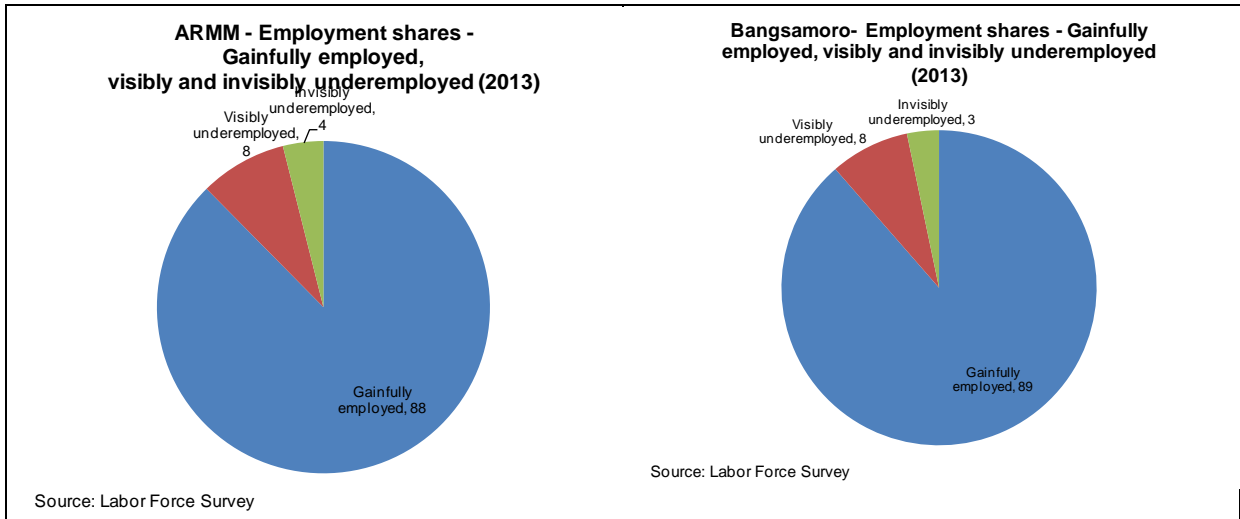
Mindanao - Employment shares - Gainfully employed, visibly and invisibly underemployed (2013)



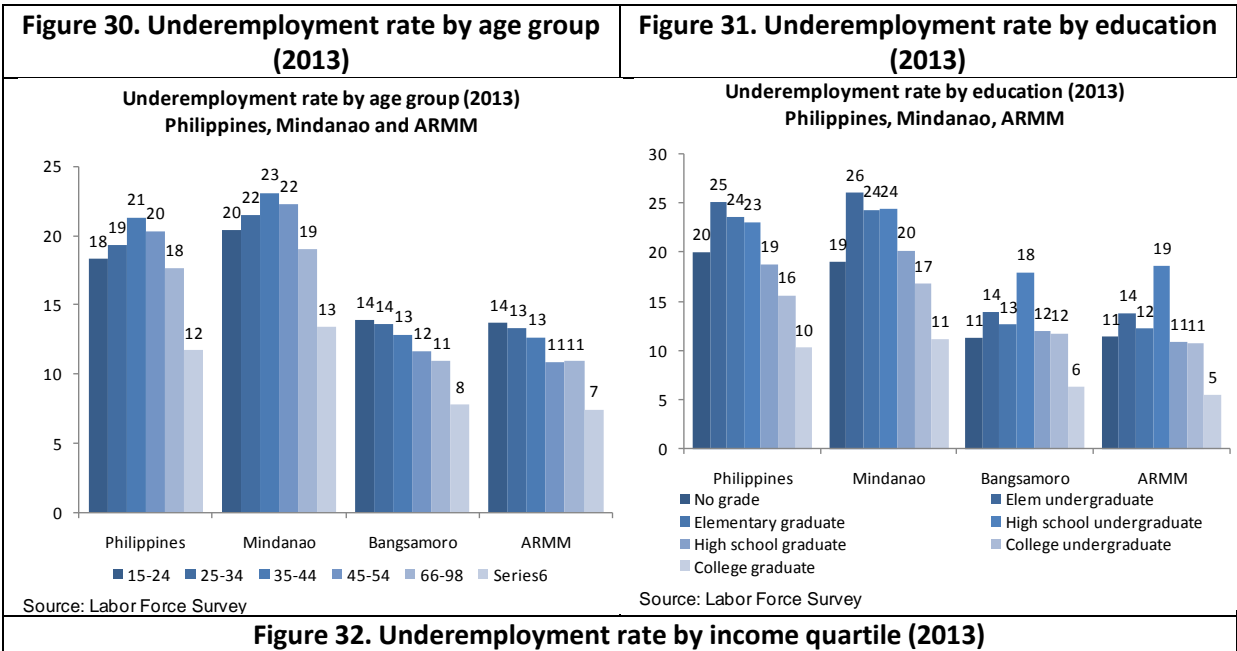
Source: Labor Force Survey

**Figure 28. ARMM – Gainful employment (share to total employment, 2013)**

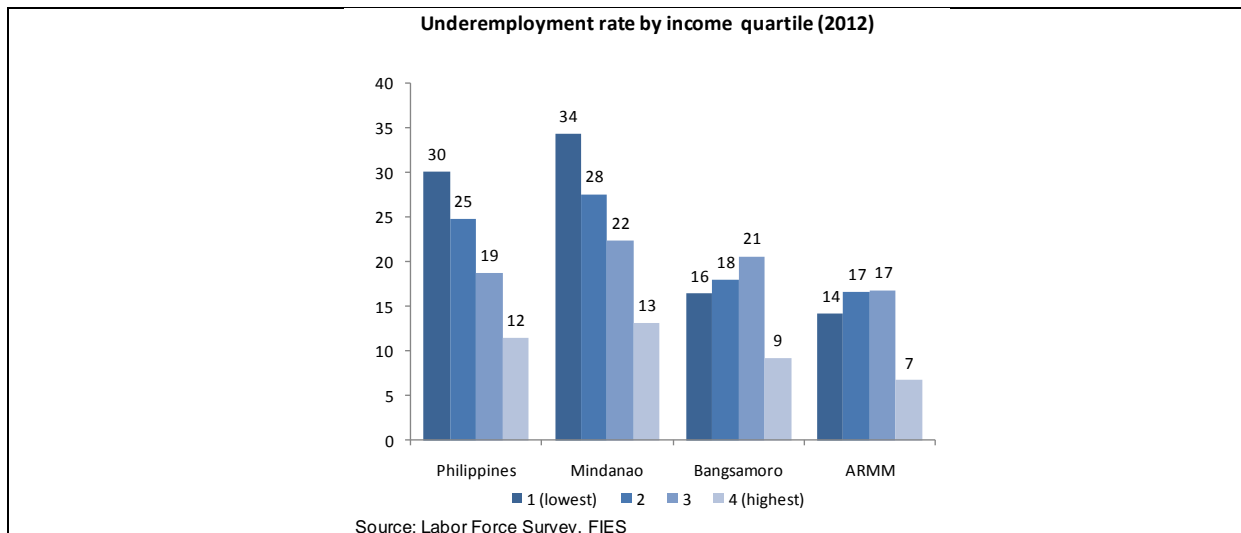
**Figure 29. Bangsamoro – Gainful employment (share to total employment, 2013)**



- **Underemployment is characteristic of the middle-aged, the less educated, and the poor.**
  - In both Mindanao and the Philippines, the middle-aged (aged 35-54), has the highest underemployment rates across all age groups. However within Mindanao, the young has the highest underemployment rates.
  - For both the Philippines and in Mindanao, the less educated generally have a higher underemployment rate.
  - The underemployment rate is decreasing by level of educational attainment for both ARMM and Bangsamoro.
  - However for most levels of educational attainment, the underemployment rate is roughly the same except for High School undergraduates and for College graduates (who have the lowest underemployment rate at 5 percent).
  - Based on educational attainment, workers who are at least a college undergraduate tend to have the highest unemployment rates. While across the board, workers with no education have the lowest unemployment rate.
  - In general, individuals who belong to the richest quartile have the lowest underemployment rates across the Philippines, Mindanao, ARMM and Bangsamoro.



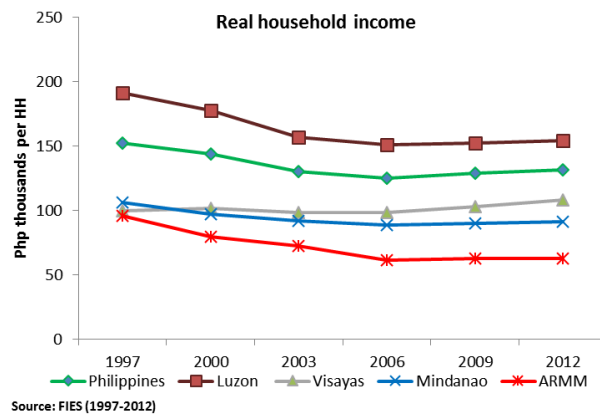




## Real household income and real wages

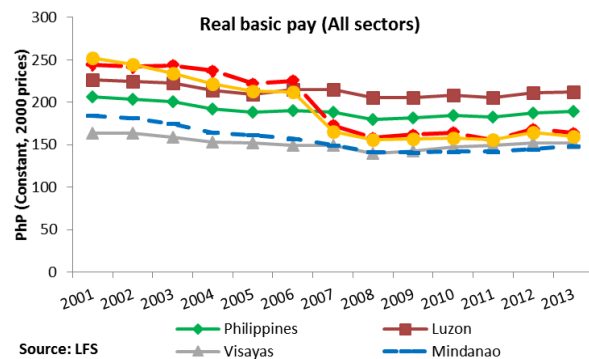
- **With a fast-growing labor force and an economy that does not provide enough jobs, average real household income has declined.**
  - Between 1997 and 2009, real household income as measured by the FIES fell by 14 percent in Mindanao, compared to the decrease of 19 percent for Luzon and the 13.8 percent decrease for the Philippines as a whole. After an initial decrease in the real household income for Visayas between 1997 and 2006, real household income has now increased by 8 percent compared to its 1997 level.
  - In comparison, real household income fell by 34 percent since 1997 in ARMM. This was the largest decline among regions in Mindanao. In addition, ARMM also has the lowest level of real household income in the Philippines.

**Figure 33. Real household income**

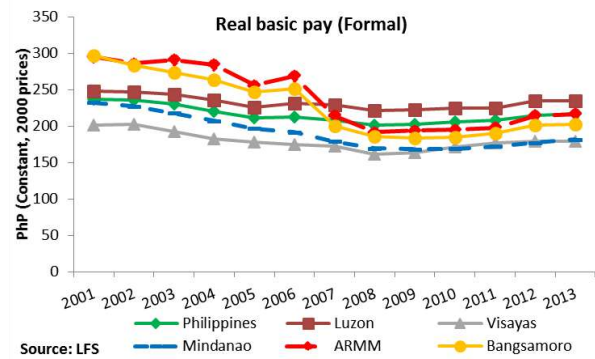


- The decline in real household income can be explained largely by the decrease in real wages, mostly in the informal sector.
  - Although real wages for the formal sector have decreased from its 2001 level, it has been increasing since 2009, in large part due to the annual increase in the statutory minimum wage despite lower productivity growth.
  - Real wages across all sectors decreased by 19 percent overall since 2001 in Mindanao, by 22 percent for the formal sector, and by 16 percent in the informal sector.
  - In ARMM, the decrease in real wages is much larger, declining by 32 percent for all sectors since 2001, by 27 percent for the formal sector, and by 34 percent for the informal sector.

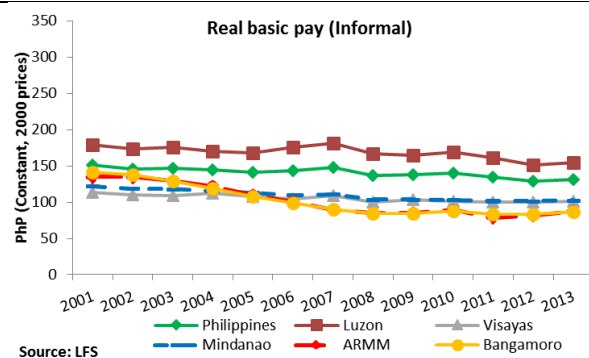
**Figure 34. Real basic pay (All sectors)**



**Figure 34. Real basic pay (Formal sector)**



**Figure 35. Real basic pay (Informal sector)**



**Figure 36. Labor productivity, minimum wage growth rates**



## Labor market outcomes, conflict<sup>18</sup> areas (2013)

- **One of the primary concerns in Mindanao is the presence of armed conflict. In general, areas suffering from armed conflict are generally worse off in terms of both labor market outcomes and poverty.**
  - Conflict provinces have a much higher poverty incidence compared to non-conflict provinces. In fact the poverty incidence is more than double in conflict compared to non-conflict provinces (43 percent vs. 20 percent).
  - Although conflict provinces only account for 23 percent of the population, a disproportionate amount of the poor live in conflict areas, with 43 percent of the poor living in conflict provinces.
  - Conflict provinces are worse off in terms of labor market outcomes as well.
  - In 2013, conflict provinces as a group had a lower unemployment rate, but a higher underemployment rate compared to non-conflict provinces (23 percent vs. 18 percent).
  - Workers are also more vulnerable in conflict areas, with employment in conflict provinces in general is focused on agriculture, and with the fraction of self-employed and unpaid laborers higher in conflict provinces.
  - In addition, workers in conflict provinces have lower wages than non-conflict provinces (PHP 282 vs. PHP 361).
  - These statistics show that recurring episodes of conflict can have a significant negative impact on the quality of jobs and the welfare of its citizens.
- **Within types of conflict areas, labor market outcomes are mixed.**
  - Muslim related conflict areas have a much higher poverty incidence compared to provinces with NPA related conflict (48 percent vs. 40 percent), even though it accounts for a much lower share of the population and the poor population.
  - Muslim related conflict areas have a lower unemployment rate and underemployment rate. In fact the underemployment rate for areas affected by Muslim conflict is better than both the national average and non-conflict areas.
  - Employment in Muslim related conflict areas is dominated by agriculture, with 56 percent of all workers being employed in agriculture. NPA conflict areas have a larger share of its employed in services (46 percent), with agriculture not far behind (40 percent).
  - Muslim related conflict areas have a much larger share of its employed considered vulnerable, with 66 percent considered vulnerable workers. NPA conflict areas however have a much larger share of its workers as wage and salary workers at 51 percent, with 49 percent vulnerable.
  - The average daily wage<sup>19</sup> is larger in Muslim conflict areas compared to NPA conflict areas (296 PhP vs. 277 PhP).

**Table 21. Poverty statistics and labor market outcomes (conflict vs non-conflict areas)**

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<sup>18</sup> Conflict provinces are those with either Muslim or NPA-related conflict. Provinces with Muslim-related conflicts are: Basilan, Lanao del Norte, Lanao del Sur, Maguindanao, North Cotabato, Sulu, Tawi-Tawi, and Zamboanga del Sur. Provinces with NPA-related provinces are: Agusan Norte, Agusan del Sur, Albay, Camarines Norte, Camarines Sur, Catanduanes, Davao del Norte, Eastern Samar, Masbate, Negros Occidental, Northern Samar, Samar, Sorsogon, Surigao del Norte, Surigao del Sur, and Compostela Valley

<sup>19</sup> Measured using mean basic pay from the Labor Force Survey.

Indicators	Philippines	Non-conflict provinces	Conflict provinces	Muslim provinces	NPA provinces
<b>Poverty Incidence</b>	25	20	43	48	40
Share to population	100	77	23	8	15
Share to total poor	100	61	39	15	24
<b>Labor Force</b>	100	100	100	100	100
Employed	93	93	95	96	94
Unemployed	7	7	5	4	6
Underemployed	19	18	23	17	27
Visibly (share to underemployed)	59	57	63	69	61
Invisibly (share to underemployed)	41	43	37	31	39
<b>Employed</b>	100	100	100	100	100
<u>By sector</u>					
Agriculture	32	27	47	56	42
Industry	15	17	10	7	12
Services	53	56	43	37	46
<u>By class of worker</u>					
Wage and salary	58	61	45	34	51
Own-account	32	30	39	45	35
Employer	11	9	16	21	14
<u>By nature of employment</u>					
Permanent	76	76	75	83	71
Short term	21	20	22	15	25
Different employer	4	4	3	2	4
Mean Basic Pay	348	361	282	296	277

Source: Labor Force Survey (2013), PSA

## Poverty and informality

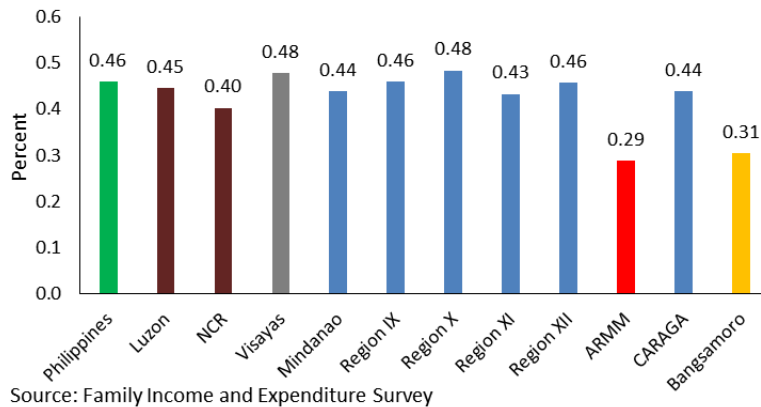
### Poverty

- **A major consequence of Mindanao's weak employment record is its high incidence of poverty.**
  - In 2012, Mindanao had the highest poverty incidence in the country, with 41 percent of its population considered poor compared to 33 percent for Visayas and 16 percent in Luzon.
  - Within Mindanao, poverty incidence is generally high, with ARMM having the highest poverty incidence in the region, at 56 percent. In addition, Region XII, Region IX and CARAGA all have a poverty incidence of 40 or greater in 2012.
- **However, there is less inequality in Mindanao compared to the Philippines as a whole.**
  - Among the three island groups, Mindanao has the lowest level of inequality with a Gini coefficient<sup>20</sup> of 0.44 in 2012.
  - Within Mindanao, the highest level of inequality can be found in Region X, with a Gini coefficient of 0.48, followed by both Region IX and Region XII, with a Gini coefficient of 0.46.
  - Inequality is much lower in ARMM compared to the Philippines, and Mindanao. It is the only region with a Gini coefficient below 0.3 in the Philippines. However, this should be taken in context, with the very high poverty incidence in the region.

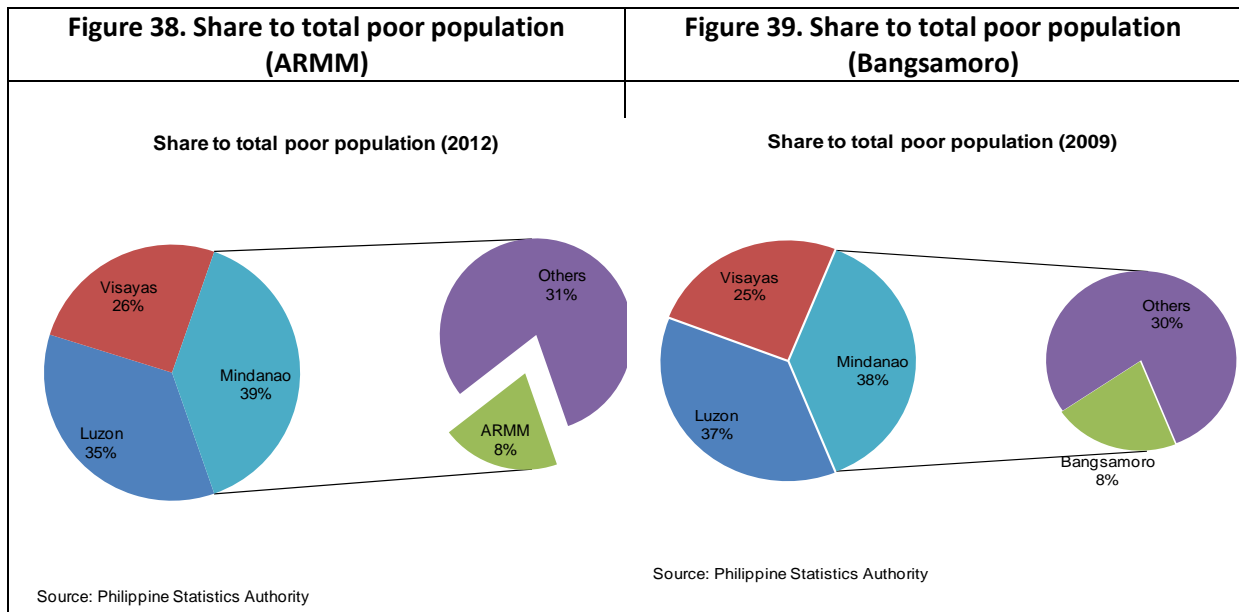
<sup>20</sup> The Gini coefficient is a measure of inequality ranging between 0 (perfect equality) and 1 (perfect inequality).

**Figure 37. Inequality**

GINI coefficient (2012)



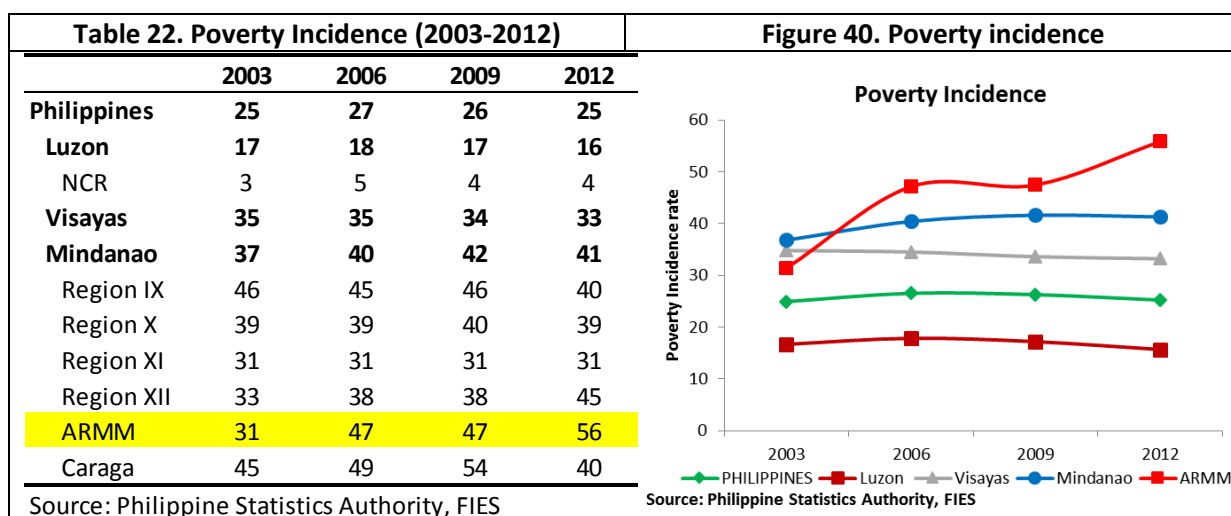
- **Aside from having the highest poverty incidence in the Philippines, Mindanao also accounts for the largest share of the poor.**
  - Mindanao accounted for roughly 40 percent of the poor in both 2009 and 2012.
  - Even though ARMM and the Bangsamoro<sup>21</sup> only account for 4 percent of the total population, they both account for 8 percent of the total poor.



- **In addition, poverty has continued to worsen for Mindanao compared to the rest of the Philippines, where poverty has remained unchanged for most of the past decade.**
  - From a poverty incidence of 37 percent in 2003 in Mindanao, it increased to 42 percent in 2009, slightly decreasing to 41 percent in 2012.
  - Within Mindanao, the change in poverty incidence has been uneven. Poverty incidence has improved in Region IX, and CARAGA, while mostly remaining the same in Region X, and Region XI. Poverty has worsened in both Region XII, and ARMM, with both regions having

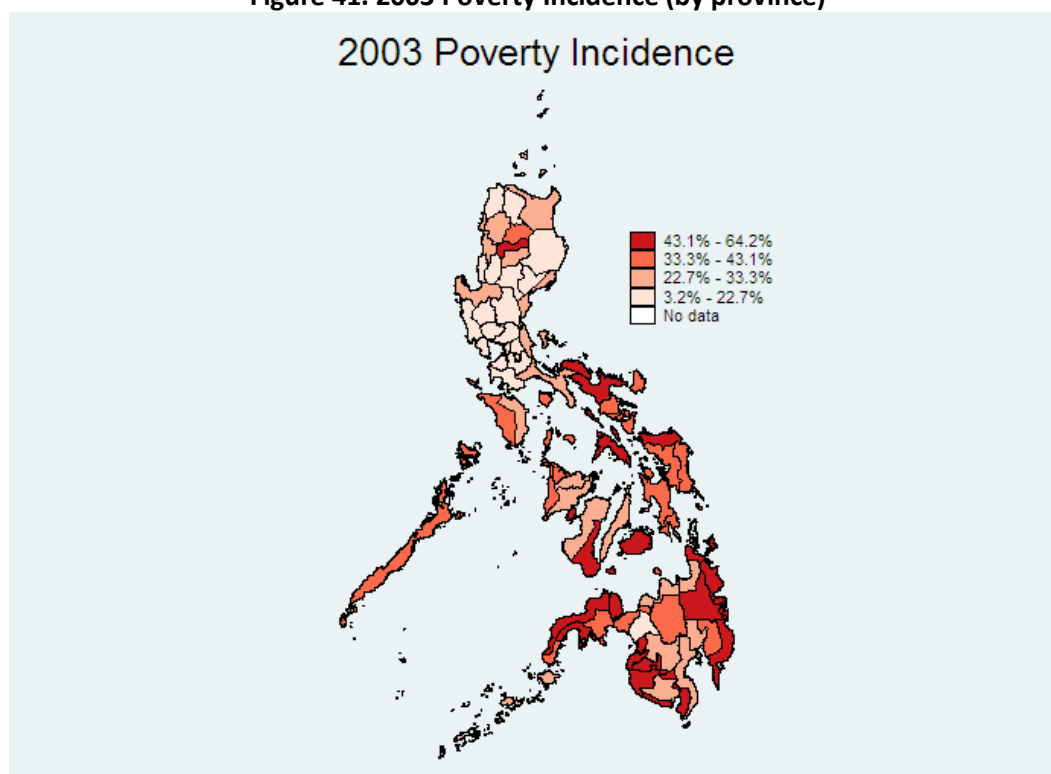
<sup>21</sup> Small area estimates were used to estimate the poverty incidence for the Bangsamoro (data only available for 2009)

the highest poverty incidence in Mindanao at 45 percent and 56 percent respectively. The increase in ARMM has been particularly sharp, increasing by 25 ppts from 2003 to 2012.



- **A closer look at the provinces in the Philippines shows that not much has changed over the past decade in Mindanao.**
  - A map of the poverty incidence by province shows that, in 2003 the poorest of the poor can be found in Mindanao. More than half of the provinces in the highest quartile for poverty incidence are from Mindanao.
  - These are the provinces of Agusan del Sur, Davao Oriental, Maguindanao, Misamis Occidental, Sarangani, Sultan Kudarat, Surigao del Norte, Surigao del Sur, Zamboanga del Norte and Zamboanga Sibugay.

Figure 41. 2003 Poverty Incidence (by province)



- **After nearly a decade, the same is still true. Most of the poorest provinces belong in Mindanao in 2012.**
  - Once again, more than half of the provinces in the highest quartile for poverty incidence are from Mindanao, these are the provinces of Agusan del Sur, Bukidnon, Camiguin, Davao Oriental, Lanao del Norte, Lanao del Sur, Maguindanao, North Cotabato, Saranggani, Sultan Kudarat, Sulu, Zamboanga del Norte, Zamboanga Sibugay.
  - Although in 2003, none of the provinces in the highest quartile for poverty incidence were from ARMM, in 2012 3 out of the 5 provinces in ARMM were now part of the highest quartile for poverty incidence (Lanao del Sur, Maguindanao and Sulu).
  - Although Basilan was not in the highest quartile, poverty was still high in Basilan in 2012. Basilan belongs to the second highest quartile of poverty incidence, with a poverty incidence of 41.2.
  - Tawi-Tawi had a relatively low poverty incidence compared to the other provinces in ARMM with a poverty incidence of 28.6 in 2012.
  - Taking a look the 2009 Small Area Estimates for poverty, reveals that most of the poorest municipalities in Mindanao were located in ARMM, CARAGA and Region IX

Figure 42. 2009 Small Area Estimates for poverty

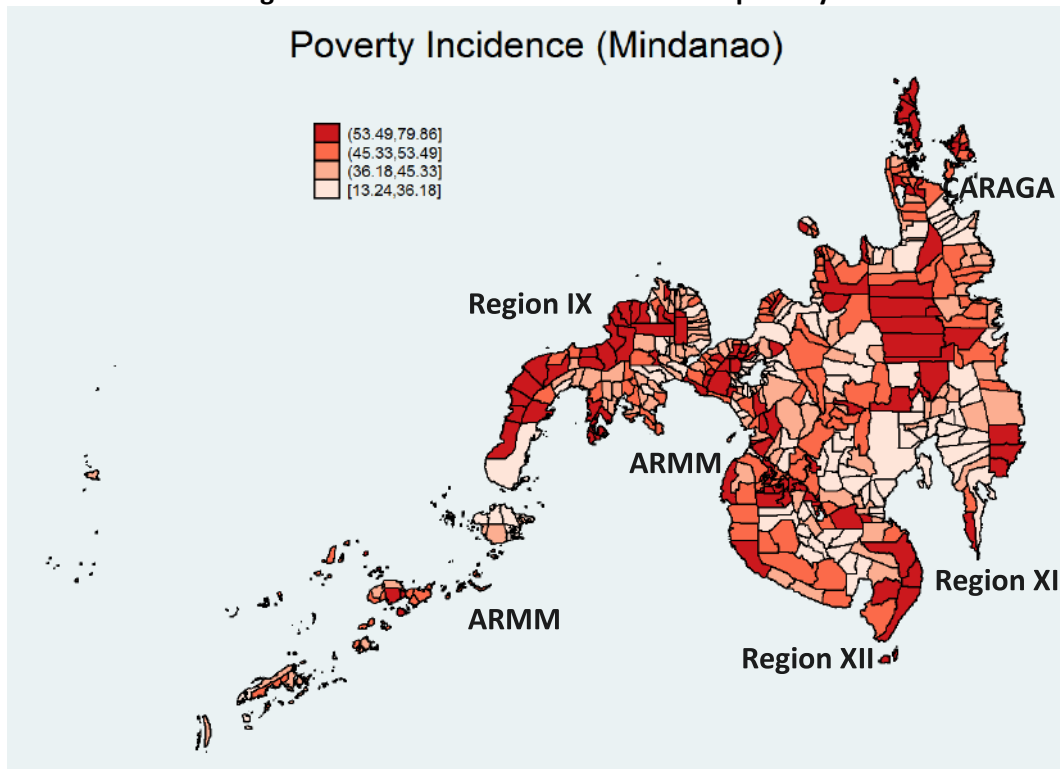
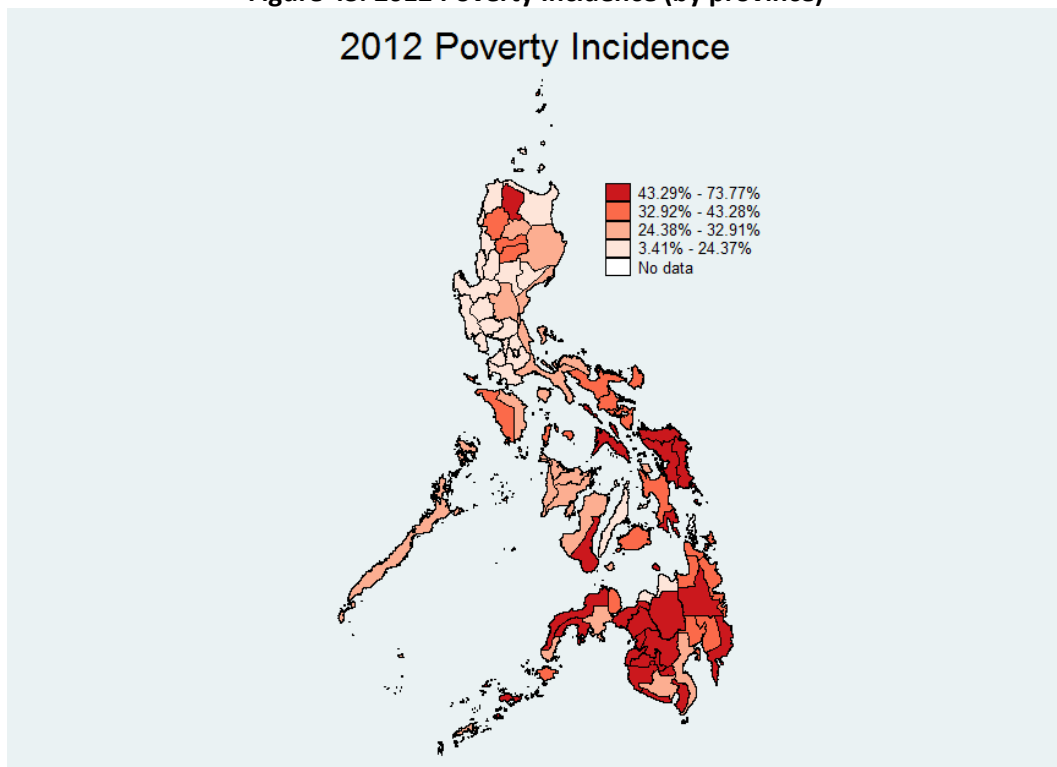


Figure 43. 2012 Poverty Incidence (by province)

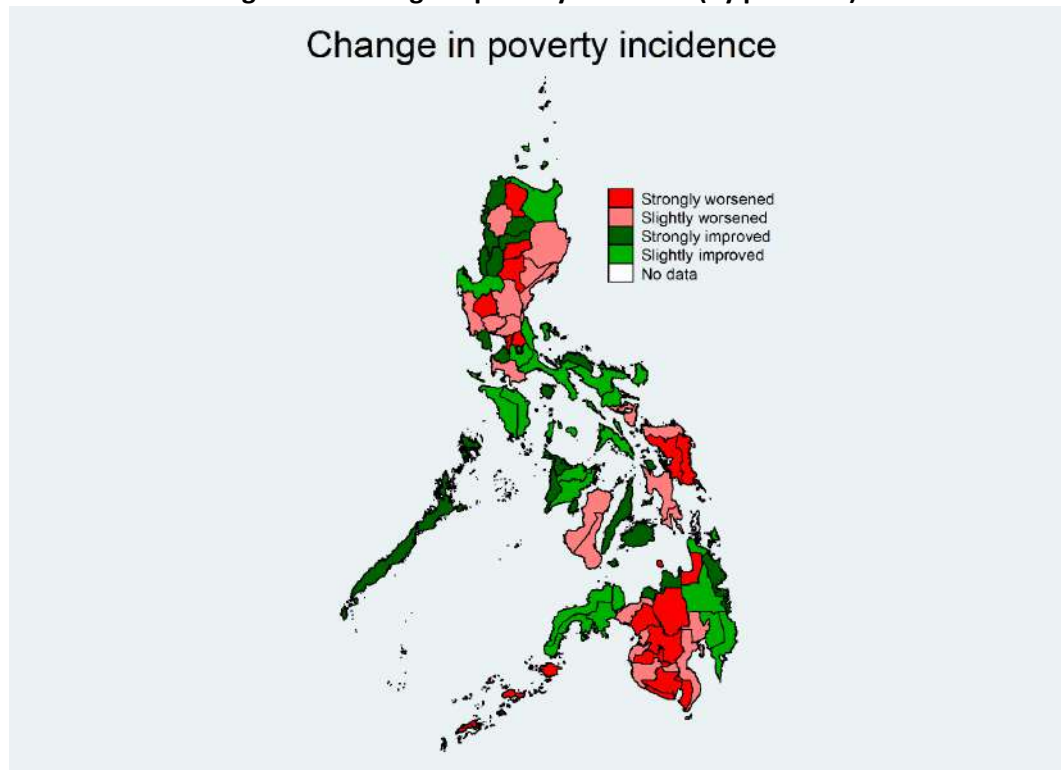


- **Most of the provinces where poverty incidence has worsened belong to Mindanao.**
  - 15 out of the 39 provinces where poverty worsened from 2003 and 2012 belong to Mindanao. These are the provinces of Agusan del Norte, Basilan, Bukidnon, Camiguin, Davao del Norte, Davao del Sur, Lanao del Norte, Lanao del Sur, Maguindanao, North Cotabato, Sarangani, South Cotabato, Sulu, and Tawi-Tawi.



- Of these provinces, Agusan del Norte, Basilan, Bukidnon, Camiguin, Lanao del Sur, Maguindanao, North Cotabato, Saranggani, South Cotabato, Sulu and Tawi-Tawi were the provinces where poverty strongly worsened<sup>22</sup>.

**Figure 44. Change in poverty incidence (by province)**



## Poverty profile

### Poverty incidence by sub-groups

- **Poverty is characteristic of women, children, the youth, those in agriculture, as well the employed and the vulnerable employed.**
  - Unsurprisingly, across all the sub-groups, the poverty incidence is much greater for ARMM compared to the Philippines as a whole.

**Table 23. Poverty incidence by sub-group**

<sup>22</sup> Poverty strongly worsened within a province if the poverty incidence in 2012 increased by 15 percent or more compared to 2003, whereas poverty slightly worsened if the poverty incidence in 2012 increased by less than 15 percent since 2003. Poverty strongly improved within a region if the poverty incidence in 2012 decreased by 15 percent or more compared to 2003, whereas poverty slightly improved if the poverty incidence in 2012 decreased by less than 15 percent compared to 2003.

	Philippines			ARMM		
	2006	2009	2012	2006	2009	2012
Overall	27	26	25	47	47	56
Women	26	26	26	46	47	55
Youth	21	22	22	40	40	49
Children	35	35	35	53	56	64
Senior Citizens	17	16	16	36	33	37
Residing in urban areas	13	13	13	43	28	40
Migrant and formal sector workers	16	17	17	23	24	36
Farmers	39	38	38	47	49	58
Fishermen	41	41	39	44	40	43
Self-employed and unpaid family workers	31	30	29	46	44	52
Employed	23	23	22	43	42	49
Unemployed	16	17	19	24	23	-

Source: Philippine Statistics Authority

## Dimensions of the poor

- **In general, the poor in the Philippines and in Mindanao had the worst conditions on all dimensions of poverty compared to the whole population.**
  - For example, a large majority of the poor belong to households whose heads did not even reach high school.
  - In general, the poor typically live in rural areas, belong to larger households, and have worse living conditions such as not having their own water source, living in houses with less sturdy build quality.

**Table 24. Profile of the poor (Philippines)**

Profile of the Poor (Philippines)			
<i>Out of 100...</i>			
All households	Not poor	Poor	Profile
55	49	80	Live in rural areas
30	22	59	Belong to households whose head works in agriculture
31	25	56	Belong to households with more than 5 members
5	4	6	Average household size
77	74	87	Belong to households headed by a male
49	44	71	Belong to households whose heads are informal sector workers
20	21	11	Belong to households whose heads are unemployed
41	34	67	Belong to households whose heads did not reach high school
2	1	6	Belong to households whose heads did not attend school
77	84	48	Live in dwellings built out of predominantly strong materials
11	6	31	Do not have access to electricity
46	38	78	Do not have their own water source
4	2	12	Do not have any toilet facility

Source: WB staff estimates using 2012 FIES

**Table 25. Profile of the poor (Mindanao)**

<b>Profile of the poor (Mindanao)</b>			
<i>Out of 100...</i>			
<b>All households</b>	<b>Not poor</b>	<b>Poor</b>	<b>Profile</b>
60	50	78	Live in rural areas
46	35	67	Belong to households whose head works in agriculture
34	23	56	Belong to households with more than 5 members
5	4	6	Average household size
83	80	88	Belong to households headed by a male
63	55	78	Belong to households whose heads are informal sector workers
13	16	8	Belong to households whose heads are unemployed
50	40	69	Belong to households whose heads did not reach high school
5	3	9	Belong to households whose heads did not attend school
65	75	46	Live in dwellings built out of predominantly strong materials
22	13	39	Do not have access to electricity
61	49	83	Do not have their own water source
4	2	8	Do not have any toilet facility

Source: WB staff estimates using 2012 FIES

- **Within Mindanao the situation is similar in both ARMM and the Bangsamoro, where the poor have the worst living conditions compared to the entire population.**
  - However, for both regions, the problem of poor living conditions isn't limited to poor families.
  - Compared to the Philippines, more households (including the non-poor) live in worse conditions in both ARMM and the Bangsamoro.
  - For example, there are more non-poor households in ARMM and the Bangsamoro who do not have access to their own water source compared to the Philippines as a whole.

**Table 26. Profile of the poor (ARMM)**

<b>Profile of the poor (ARMM)</b>			
<i>Out of 100...</i>			
<b>All households</b>	<b>Not poor</b>	<b>Poor</b>	<b>Profile</b>
86	83	90	Live in rural areas
67	57	77	Belong to households whose head works in agriculture
49	32	68	Belong to households with more than 5 members
6	5	6	Average household size
90	86	95	Belong to households headed by a male
83	78	88	Belong to households whose heads are informal sector workers
5	7	3	Belong to households whose heads are unemployed
63	55	70	Belong to households whose heads did not reach high school
16	15	17	Belong to households whose heads did not attend school
60	64	56	Live in dwellings built out of predominantly strong materials
42	41	43	Do not have access to electricity
86	83	90	Do not have their own water source
7	3	11	Do not have any toilet facility

Source: WB staff estimates using 2012 FIES

**Table 27. Profile of the poor (Bangsamoro)**

Profile of the poor (Bangsamoro)			
<i>Out of 100...</i>			
All households	Not poor	Poor	Profile
78	73	84	Live in rural areas
59	49	70	Belong to households whose head works in agriculture
47	30	67	Belong to households with more than 5 members
5.5	4.7	6.5	Average household size
88	83	93	Belong to households headed by a male
78	71	85	Belong to households whose heads are informal sector workers
7	10	4	Belong to households whose heads are unemployed
58	51	67	Belong to households whose heads did not reach high school
14	13	16	Belong to households whose heads did not attend school
61	67	56	Live in dwellings built out of predominantly strong materials
37	34	40	Do not have access to electricity
79	72	87	Do not have their own water source
7	2	12	Do not have any toilet facility

Source: WB staff estimates using 2012 FIES

## Poverty threshold

- **Recently, the poverty threshold<sup>23</sup> among regions in Mindanao has been approaching the poverty threshold in NCR.**
  - From 2006 to 2012, the poverty threshold has increased from around 80-85 percent of NCR's poverty threshold, to as high as 101 percent for regions in Mindanao in 2012.
  - The increase in poverty threshold in Mindanao is most evident in ARMM, where the poverty threshold was greater compared to NCR in 2012, after being significantly less in years prior.
  - The higher poverty incidence in the region, may suggest that cost of living in the region has been increasing.
  - A look at prices of some basic food commodities show that prices have been comparable to NCR, even exceeding the price in NCR for some commodities.
  - For example, in 2012, the prices of chicken and tilapia in ARMM were greater than that of NCR, while the price of bangus was similar to that of NCR. In fact, ARMM has some of the highest prices for basic food commodities in Mindanao in 2012.
  - With prices in ARMM being comparable to NCR, in addition to lower wages and income in the region, a large reason for why people in ARMM are poor is because prices are prohibitive. Taking a look at the prices for key commodity goods in the region compared to NCR shows that the cost-of-living is increasing.

**Table 28. Poverty threshold**

**Figure 45. Poverty threshold (as % of NCR)**

<sup>23</sup> The poverty threshold refers to the cost of the basic food and non-food requirements (valued in peso). The basic non-food requirements cover the non-food expenditure items of the Total Basic Expenditures. In the Philippine official methodology, the poverty line may be viewed as the minimum income required to meet the food requirements and other non-food basic needs. (1997 Philippine Poverty Statistics, NSCB).

	2006	2009	2012
NCR	15,699	19,227	20,344
Region IX	12,743	16,260	18,054
Region X	12,917	16,878	19,335
Region XI	13,389	17,120	19,967
Region XII	13,319	16,405	18,737
CARAGA	14,324	18,309	19,629
<b>ARMM</b>	<b>12,647</b>	<b>16,683</b>	<b>20,517</b>

Source: Philippine Statistics Authority

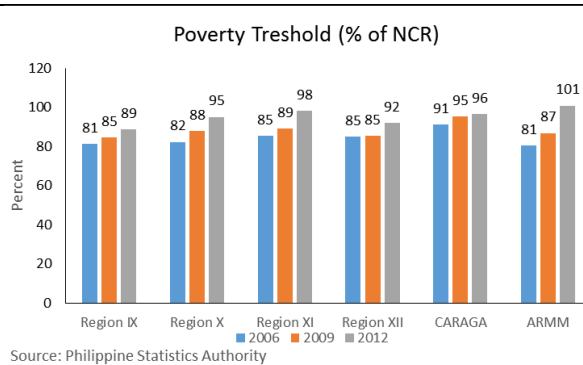


Figure 46. Retail price of pork

Figure 47. Retail price of chicken

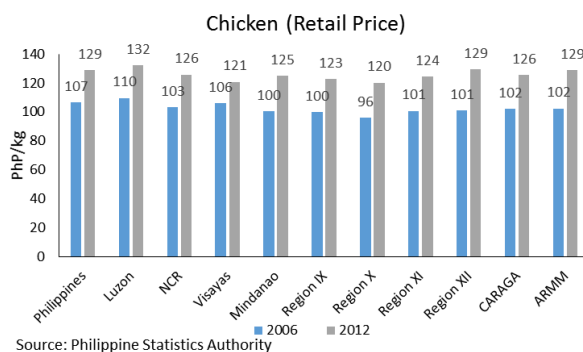
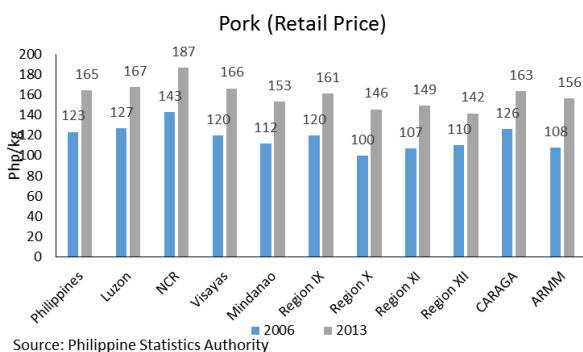


Figure 47. Retail price of bangus

Figure 48. Retail price of tilapia

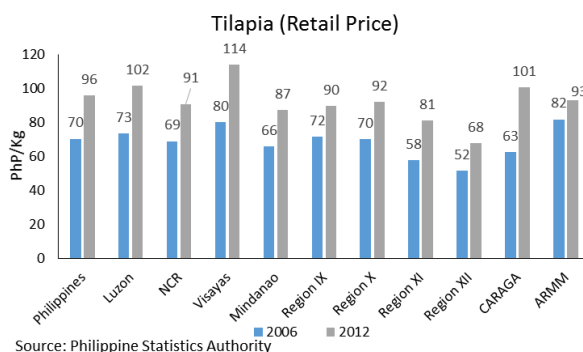
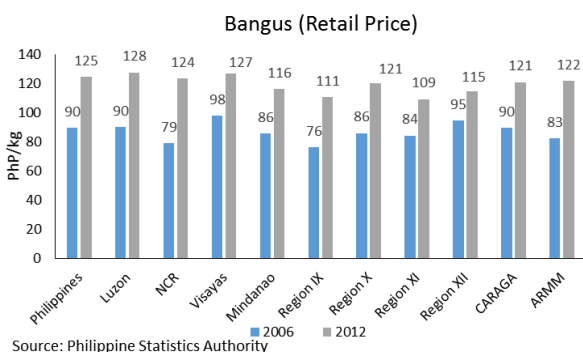


Figure 49. Retail price of beef

Figure 50. Retail price of yellow corn

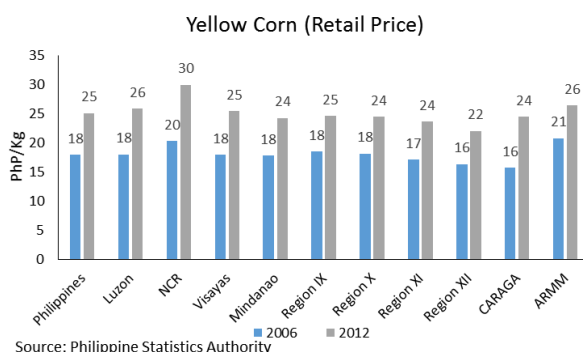
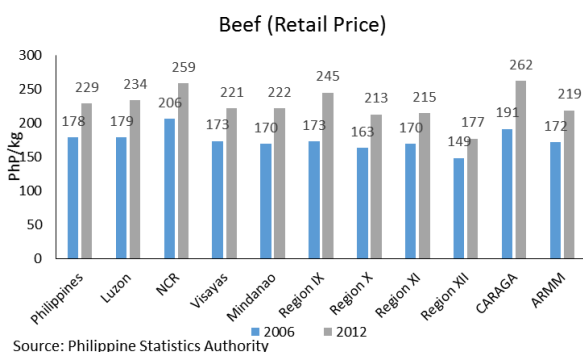
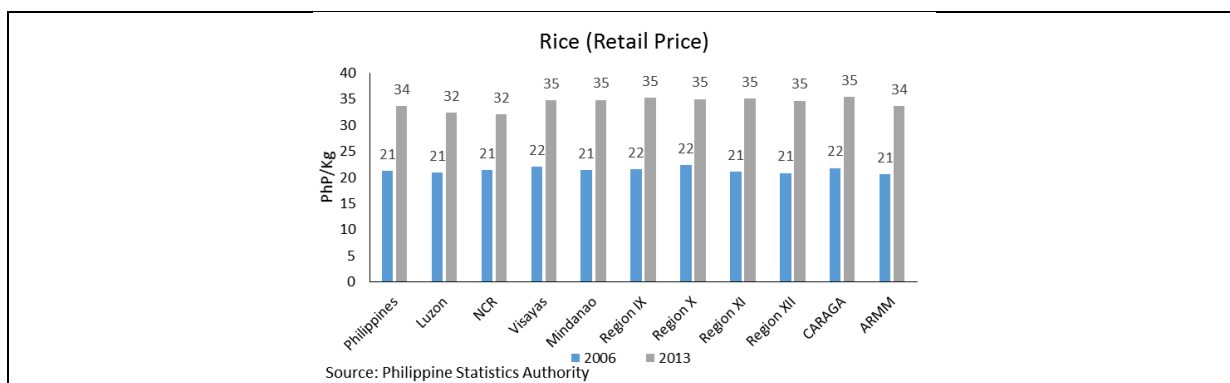


Figure 51. Retail price of rice



## Informality<sup>24</sup>

- **Aside from the high poverty incidence in the region, informality is also relatively high compared to the rest of the Philippines.**
  - Around 83 percent of those employed in Mindanao are informally employed, the largest in the Philippines.
  - Informality is generally high within Mindanao regions, where the share of informally employed are all greater than the share for the Philippines as a whole.
  - The region with the largest share of informally employed within the Philippines is ARMM, with a share of 92 percent of all employed in the informal sector.
  - These high levels of informality lead to vulnerability to income shocks or potential job losses, as those in the informal sector are not covered by the labor code and can be subject to abuse in the absence of protection.

**Table 29. Informally employed (000's)**

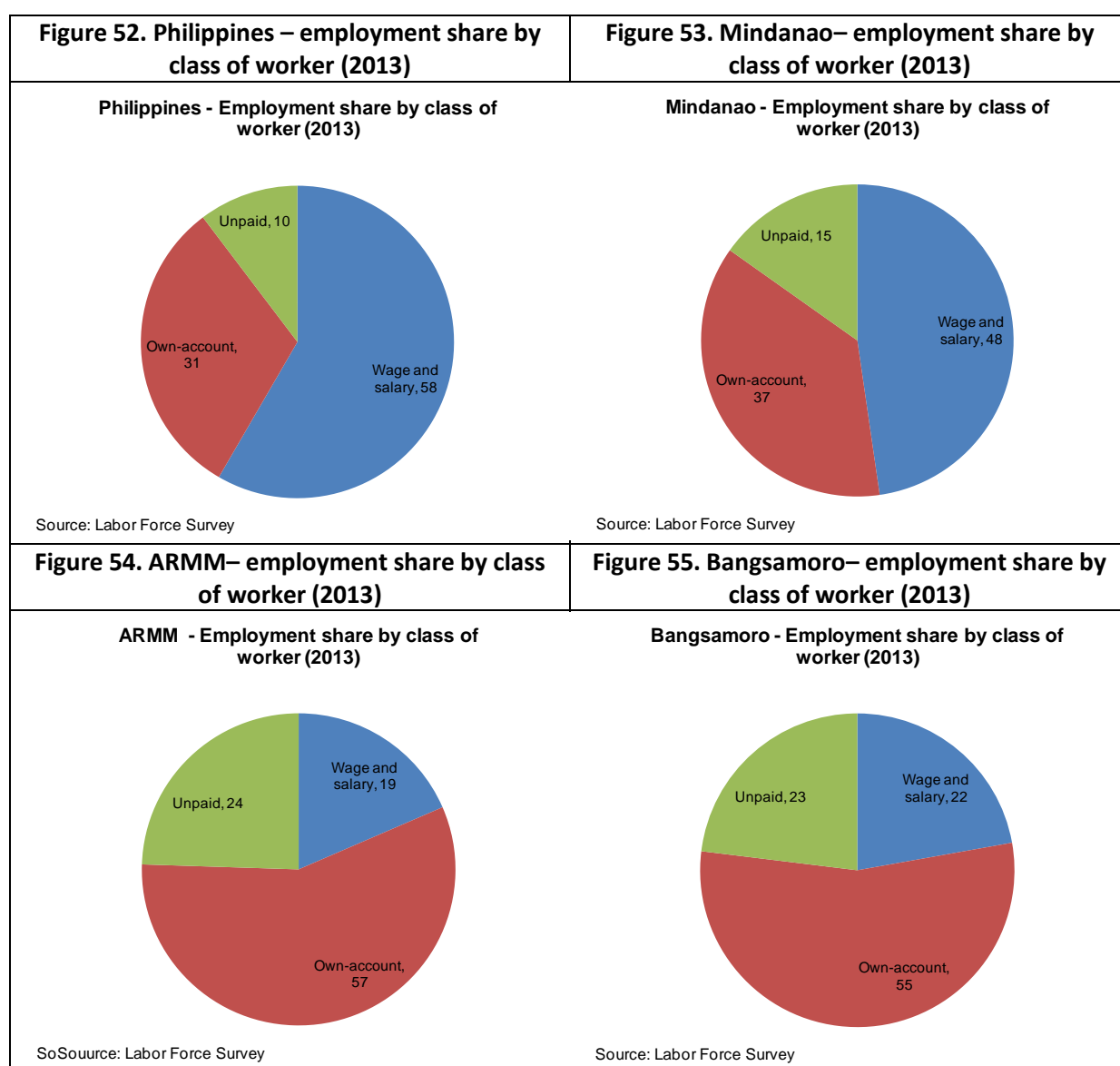
Region	Informally Employed	Employed	Share of informally employed
<b>Philippines</b>	<b>25,150</b>	<b>32,782</b>	<b>77</b>
<b>Luzon</b>	<b>13,022</b>	<b>17,884</b>	<b>73</b>
NCR	2,058	3,928	52
<b>Visayas</b>	<b>5,393</b>	<b>6,768</b>	<b>80</b>
<b>Mindanao</b>	<b>6,735</b>	<b>8,130</b>	<b>83</b>
Region IX	1,078	1,264	85
Region X	1,384	1,709	81
Region XI	1,264	1,630	78
Region XII	1,220	1,502	81
CARAGA	795	949	84
<b>ARMM</b>	<b>994</b>	<b>1,076</b>	<b>92</b>

Source: Informal Sector Survey

## Vulnerability of workers

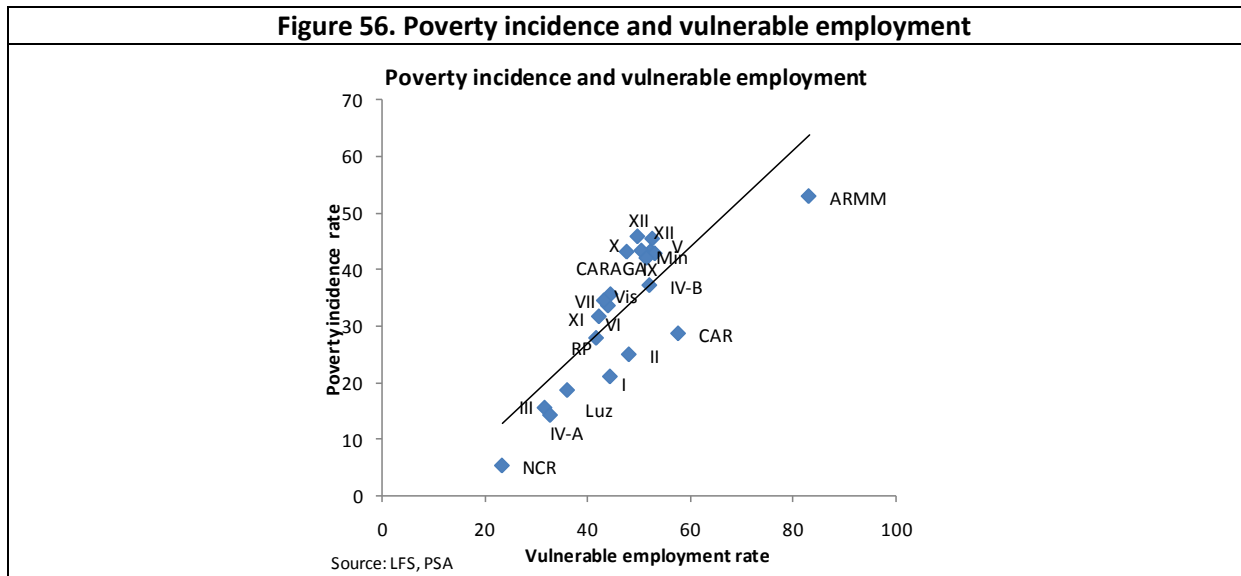
<sup>24</sup> The report operationally defines informal workers to include all self-employed workers (not including employers), unpaid family workers, and wage workers with no written contract, social insurance or protection from dismissal using the 2008 Informal Sector Survey of the Philippine Statistics Authority.

- **The magnitude of vulnerable workers, which include own-account and unpaid family workers, is still high, particularly in Mindanao.**
  - In Mindanao, 52 percent are considered vulnerable (37 percent own-account workers, and 15 percent unpaid workers), compared to the 41 percent in the Philippines.
  - The prevalence of vulnerable workers is even greater in ARMM and the Bangsamoro.
  - In ARMM, an overwhelming majority of all its workers are considered vulnerable, with 81 percent (57 percent own-account, 24 percent unpaid) considered vulnerable.
  - Bangsamoro has a slightly lower share of its workers considered vulnerable, however still relatively high with about 78 percent considered vulnerable (55 percent own-account, 23 percent unpaid).
  - While non-wage work does not necessarily mean a bad job, it is less desirable in most cases because workers in this category are less likely to have formal work arrangements, access to benefits and social security, and protection from income shocks or job losses.



- **In fact, vulnerable employment is highly correlated with poverty incidence.**

- This has some important implications for both ARMM and Bangsamoro since 81 percent of the workers in ARMM are considered vulnerable, while 78 percent are considered vulnerable in Bangsamoro.



### Measures of informality for wage workers

- **Even among wage workers, many are considered informally employed.**
  - Data from the 2008 Informal Sector Survey shows that Mindanao has a slightly larger share of its wage workers with no written contracts compared to the Philippines as a whole (64.8 vs. 63.3).
  - However, within Mindanao, ARMM a relatively large share of its wage workers with written contracts at 45.3 percent compared to 35.2 percent in Mindanao.
  - In spite of this, ARMM still has a large share of its wage workers with no written contracts. 31 percent of all wage workers in the region have no contracts, compared to 27 percent in Mindanao, and 23 percent in the Philippines as a whole.
  - In Mindanao, a large share of its workers have a high degree of income insecurity and a low degree of social protection, a pattern that holds true for the Philippines as a whole.
  - For example, 65.8 percent of wage workers in Mindanao do not have access to social insurance, which is larger than the national average of 61.9 percent. Protection from, and compensation for dismissal is also limited in Mindanao.
  - The same trend holds true for ARMM, however, a larger share of its wage workers have access to leave benefits compared to Mindanao, and the Philippines as a whole.

**Table 30. Informality among wage workers**



Measures of informality for wage workers					
			Written	Verbal	None
<b>Philippines</b>			36.7	40.1	23.2
<b>Luzon</b>			39.8	39.9	20.3
<b>Visayas</b>			28.5	48.0	23.5
<b>Mindanao</b>			35.2	38.2	26.6
<b>ARMM</b>			45.3	23.7	31.0
<b>Have no access to...</b>	<b>Phi</b>	<b>Luzon</b>	<b>Visayas</b>	<b>Mindanao</b>	<b>ARMM</b>
<b>Social Insurance</b>					
<b>(Social Security System or</b>					
<b>Government Service Insurance</b>					
<b>System)</b>					
	61.9	59.6	67.8	65.8	65.9
Protection from dismissal	58.6	55.9	56.4	61.9	61.2
Compensation in case of dismissal	70.2	67.9	74.8	71.5	63.6
<b>Leave benefits</b>					
Paid leave	72.0	70.9	76.5	74.0	60.4
Sick leave	71.1	70.2	70.2	70.2	59.5
Maternity/Paternity leave	72.7	71.8	71.8	71.8	60.9

Source: Informal Sector Survey (2008)

## Migration

### Domestic migration

#### In-migration

- **Migration<sup>25</sup> into Mindanao has decreased considerably over the past two decades, and migrants make up a very small share of Mindanao's population.**
  - In 1990, new migrants in Mindanao made up more than 10% of Mindanao's population, the majority coming from Region VII. However, in 2010, migrants now make up less than 1 percent of total population in Mindanao.
  - The pattern of migration into Mindanao was reversed within the past two decades. In 1990, 85 percent of migrants in Mindanao originated from the Visayas, however in 2010, 63 percent of the migrants originated from Luzon.

**Table 31. In-migration (Mindanao)**

<sup>25</sup> Migration is observed in the Census of Population and Housing if the respondent had a different residence in the past five years.

**Total in-migration (Mindanao)**

	Total in-migration			Share to Mindanao population			Share to total in-migration		
	1990	2000	2010	1990	2000	2010	1990	2000	2010
<b>Total</b>	<b>1,407,363</b>	<b>73,294</b>	<b>81,912</b>	<b>11.61</b>	<b>0.46</b>	<b>0.43</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Luzon</b>	<b>206,196</b>	<b>38,787</b>	<b>51,201</b>	<b>1.70</b>	<b>0.25</b>	<b>0.27</b>	<b>15</b>	<b>53</b>	<b>63</b>
NCR	12,709	20,716	24,863	0.10	0.13	0.13	1	28	30
CAR	29,190	957	843	0.24	0.01	0.00	2	1	1
Region I	1,622	1,367	1,551	0.01	0.01	0.01	0	2	2
Region II	1,215	1,557	1,647	0.01	0.01	0.01	0	2	2
Region III	2,800	4,565	5,544	0.02	0.03	0.03	0	6	7
Region IV-A	155,149	6,733	12,390	1.28	0.04	0.06	11	9	15
Region IV-B	966	1,030	1,158	0.01	0.01	0.01	0	1	1
Region V	2,545	1,862	3,205	0.02	0.01	0.02	0	3	4
<b>Visayas</b>	<b>1,201,167</b>	<b>34,507</b>	<b>30,711</b>	<b>9.91</b>	<b>0.22</b>	<b>0.16</b>	<b>85</b>	<b>47</b>	<b>37</b>
Region VI	20,908	8,714	6,327	0.17	0.06	0.03	1	12	8
Region VII	1,167,272	20,348	19,194	9.63	0.13	0.10	83	28	23
Region VIII	12,987	5,445	5,190	0.11	0.03	0.03	1	7	6

Source: Census of Population and Housing

- **There are very few new migrants going into ARMM, and this number has been decreasing over the past 2 decades. Migrants in ARMM make up even less share of the population compared to Mindanao.**
  - Over the past two decades, migration into ARMM has been less frequent. In-migration has decreased by 68 percent, from more than 11,000 in 1990, down to 4,000 in 2010.
  - Historically, new migrants have been virtually non-existent in ARMM. Migrants in ARMM make up only 0.14 percent of the population, with most of the migrants coming from within Mindanao.

**Table 32. In-migration (ARMM)**

**Total in-migration (ARMM)**

	Total in-migration			Share to ARMM population			Share to total in-migration		
	1990	2000	2010	1990	2000	2010	2020	2030	2040
<b>Philippines</b>	<b>11,529</b>	<b>8,476</b>	<b>4,000</b>	<b>0.64</b>	<b>0.35</b>	<b>0.14</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Luzon</b>	<b>883</b>	<b>1,558</b>	<b>685</b>	<b>0.05</b>	<b>0.06</b>	<b>0.02</b>	<b>8</b>	<b>18</b>	<b>17</b>
NCR	451	917	186	0.02	0.04	0.01	4	11	5
<b>Visayas</b>	<b>772</b>	<b>1,199</b>	<b>368</b>	<b>0.04</b>	<b>0.05</b>	<b>0.01</b>	<b>7</b>	<b>14</b>	<b>9</b>
<b>Mindanao</b>	<b>9,874</b>	<b>5,719</b>	<b>2,947</b>	<b>0.55</b>	<b>0.23</b>	<b>0.10</b>	<b>86</b>	<b>67</b>	<b>74</b>
Region IX	1,909	1,249	847	0.11	0.05	0.03	17	15	21
Region X	2,373	1,536	909	0.13	0.06	0.03	21	18	23
Region XI	607	374	127	0.03	0.02	0.00	5	4	3
Region XII	4,779	2,151	652	0.26	0.09	0.02	41	25	16
CARAGA	206	409	412	0.01	0.02	0.01	2	5	10

Source: Census of Population and Housing

## Out-migration

- **Migration out of Mindanao has generally increased over the past two decades, although migration has decreased in the last ten years.**
  - Out-Migration in Mindanao has increased by 6 percent overall since 1990. Between 1990 and 2000, total out-migration increased by 43 percent. This sharp increase in total out-

migration in Mindanao coincided with the return of heavy conflict in the region. In the past decade however, out-migration in Mindanao decreased by 25 percent.

- Most of the people leaving Mindanao are from the working age population, with most migrants concentrating in three regions, NCR, Region VII, and Region IV-A. In 2010, 84 percent of individuals who left Mindanao were of working age. This acts as a drain in the labor force of the region, as individuals seek better opportunities in Luzon or Visayas.

**Table 33. Out-migration (Mindanao)**

<b>Out-migration (Mindanao)</b>									
	<b>Total out-migration</b>			<b>Share of working-age population</b>			<b>Share to total out-migration</b>		
	<b>1990</b>	<b>2000</b>	<b>2010</b>	<b>1990</b>	<b>2000</b>	<b>2010</b>	<b>1990</b>	<b>2000</b>	<b>2010</b>
<b>Total</b>	<b>105,928</b>	<b>151,589</b>	<b>112,964</b>	<b>77</b>	<b>82</b>	<b>84</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Luzon</b>	<b>54,270</b>	<b>95,182</b>	<b>71,758</b>	<b>82</b>	<b>86</b>	<b>86</b>	<b>51</b>	<b>63</b>	<b>64</b>
NCR	33,843	48,800	32,290	85	90	90	32	32	29
CAR	547	863	988	79	84	83	1	1	1
Region I	2,421	3,219	2,743	72	79	82	2	2	2
Region II	1,019	1,244	1,057	72	77	83	1	1	1
Region III	6,089	10,351	9,679	78	83	84	6	7	9
Region IV-A	5,966	25,090	20,572	80	84	84	6	17	18
Region IV-B	3,296	3,187	2,000	71	70	76	3	2	2
Region V	1,089	2,428	2,429	73	75	78	1	2	2
<b>Visayas</b>	<b>51,658</b>	<b>56,407</b>	<b>41,206</b>	<b>72</b>	<b>76</b>	<b>79</b>	<b>49</b>	<b>37</b>	<b>36</b>
Region VI	9,371	9,702	6,574	68	73	77	9	6	6
Region VII	32,757	38,274	28,810	75	78	80	31	25	26
Region VIII	9,530	8,431	5,822	68	70	74	9	6	5

Source: Census of Population and Housing

- **Migration out of ARMM has been decreasing over the past two decades, with most of the migrants moving to other regions within Mindanao. Additionally, a large share of migrants out of ARMM are of working age population.**
  - Out-migration in ARMM has decreased by 17 percent since 1990, although the number of migrants out of ARMM has remained mostly the same compared to the year 2000.
  - Like Mindanao, most of the people leaving ARMM are of working age, around 75 percent of migrants leaving ARMM were from the working age population. This acts as a drain on the work force of the region, as members of its working age population leave the region to look for opportunities elsewhere.
  - About 8 percent of migration out of Mindanao were from ARMM in 2010. However, over the past two decades, most of migrants leaving ARMM, stayed within Mindanao. In 2010, 66 percent of all migrants from ARMM simply went to nearby regions, mostly going to Region XII, Region X, and Region IX.
  - 28 percent of migrants out of ARMM located in Luzon in 2010, with 11 percent going to NCR. Visayas has the lowest share of total migrants from ARMM, only accounting for 6 percent of total out-migration.

**Table 34. Out-migration (ARMM)**

### Total out-migration (ARMM)

	Total in-migration			Share of working age population			Share to total out-migration		
	1990	2000	2010	1990	2000	2010	1990	2000	2010
<b>Philippines</b>	<b>32,426</b>	<b>27,723</b>	<b>26,753</b>	<b>73</b>	<b>74</b>	<b>75</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Luzon</b>	8,334	9,409	7,487	<b>78</b>	<b>78</b>	<b>81</b>	<b>26</b>	<b>34</b>	<b>28</b>
NCR	4,720	4,857	2,824	82	82	85	15	18	11
<b>Visayas</b>	<b>2,832</b>	<b>2,298</b>	<b>1,705</b>	<b>71</b>	<b>73</b>	<b>75</b>	<b>9</b>	<b>8</b>	<b>6</b>
<b>Mindanao</b>	<b>21,260</b>	<b>16,016</b>	<b>17,561</b>	<b>71</b>	<b>71</b>	<b>72</b>	<b>66</b>	<b>58</b>	<b>66</b>
Region IX	1,407	4,330	4,492	70	70	71	4	16	17
Region X	5,486	4,243	4,708	71	74	73	17	15	18
Region XI	3,138	1,084	1,782	72	70	76	10	4	7
Region XII	9,497	5,837	6,116	71	70	71	29	21	23
CARAGA	1,732	522	463	69	68	72	5	2	2

Source: Census of Population and Housing

## International migration

- **With rising wage gaps between the domestic and global labor markets, and limited domestic job opportunities, more than 2 million Overseas Filipino Workers (OFWs) leave the country to work abroad, of which, Mindanao accounts for the lowest number of OFWs.**
  - Mindanao accounts for 15.8 percent of all OFWs since 2011, slightly lower than the 17.3 percent share of Visayas. Most of the OFWs in the Philippines originate from Luzon, averaging a 67 percent share of all OFWs in the Philippines since 2011.
  - Within Mindanao, Region XII accounts for the largest share of OFWs, accounting for a 4.3 percent share of OFWs since 2011, while CARAGA accounts for the lowest share of OFWs at 1.5 percent share since 2011.
  - ARMM accounts for a 2.6 percent share of OFWs since 2011, the third largest share in Mindanao.

Table 35. Total OFWs				Table 36. Distribution of OFWs			
Total OFWs (millions)	2011	2012	2013	Distribution of Overseas Filipino Workers			
	2011	2012	2013	2011	2012	2013	
<b>Philippines</b>	<b>2,057</b>	<b>2,220</b>	<b>2,295</b>	<b>Philippines</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Luzon</b>	<b>1,356</b>	<b>1,494</b>	<b>1,551</b>	<b>Luzon</b>	<b>65.9</b>	<b>67.3</b>	<b>67.6</b>
NCR	257	280	294	NCR	12.5	12.6	12.8
<b>Visayas</b>	<b>358</b>	<b>375</b>	<b>402</b>	<b>Visayas</b>	<b>17.4</b>	<b>16.9</b>	<b>17.5</b>
<b>Mindanao</b>	<b>344</b>	<b>351</b>	<b>342</b>	<b>Mindanao</b>	<b>16.7</b>	<b>15.8</b>	<b>14.9</b>
Region IX	39	40	39	Region IX	1.9	1.8	1.7
Region X	72	71	62	Region X	3.5	3.2	2.7
Region XI	47	60	60	Region XI	2.3	2.7	2.6
Region XII	91	95	94	Region XII	4.4	4.3	4.1
Region XIII	33	29	34	Region XIII	1.6	1.3	1.5
ARMM	62	56	53	ARMM	3	2.5	2.3

Source: Philippine Statistics Authority

Source: Philippine Statistics Authority

- **Although overseas employment for Filipinos has diversified, a large share of OFWs from Mindanao are still laborers and unskilled workers.**
  - Among the regions in the Philippines, Mindanao has the smallest share of OFWs working in high-skill professions such as managers, professionals, technicians and associate professions. Only 19 percent of the OFWs from Mindanao in 2013 were employed in skilled professions, the lowest among migrants from the Philippines.

- Conversely, Mindanao has the highest share of its OFWs working abroad as unskilled labor, with 81 percent share of all OFWs from Mindanao compared to 78.6 percent in Luzon, and 74 percent for Visayas in 2013.

**Table 37. OFWs by major occupation group**

Share of OFWs by major occupation group (2013)

Occupation	Philippines	NCR	Luzon	Visayas	Mindanao
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Skilled</b>	<b>22.7</b>	<b>28.5</b>	<b>21.3</b>	<b>26</b>	<b>19</b>
Officials of government and special-interest organizations, corporate executives, managers, managing proprietors, and supervisors	3.5	4.9	3.8	2.9	2
Professionals	11.6	13.8	10.8	13.4	10.5
Technicians and associate professionals	7.6	9.8	6.7	9.7	6.5
<b>Unskilled</b>	<b>77.3</b>	<b>71.5</b>	<b>78.6</b>	<b>74</b>	<b>81</b>
Clerks	5.2	7	5.3	5.8	2.7
Service workers and shop and market sales workers	16.7	21.3	16.4	14.9	15.5
Farmers, forestry workers and fishermen	-	-	-	-	-
Trade and related workers	12.9	15.3	13.7	13.4	7.6
Plant and machine operators and assemblers	11.7	10	10.9	14.7	12.3
Laborers and unskilled workers	30.8	17.9	32.3	25.2	42.9

Source: Survey on Overseas Filipinos (2013)

## Agriculture

- **Although Mindanao has largely been an agricultural economy, the agriculture sector has underperformed over the past three decades.**
  - The agriculture sector in general has both grown at the slowest pace and has the lowest labor productivity among the three sectors.
  - Except during the 1980s, growth in agriculture has been the slowest in Mindanao, and in the Philippines in general.
  - Recent data shows that the trend still continues, where the average growth rate of agriculture was the lowest from 2009-2013.
  - The same holds true for ARMM, even though the region is largely reliant on agriculture, the sector continues to grow at the slowest pace among the different sectors.
  - Another aspect where agriculture underperforms is in labor productivity, where labor productivity is the lowest for the agriculture sector in Mindanao.
  - Aside from labor productivity, one of the key constraints to agriculture is the lack of infrastructure, especially rural infrastructure in Mindanao, and the Philippines as a whole. In ARMM, there were only 5,626 kilometers of farm-to-market roads recorded in 2005<sup>26</sup> and only 1.4 percent of these were paved.

**Table 38. Farm to market roads**

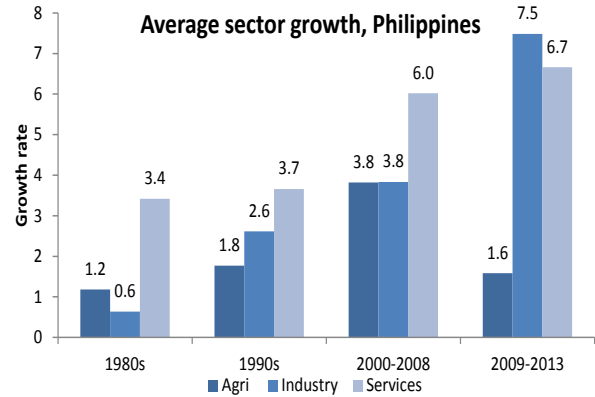
**Figure 57. Sector growth (Philippines)**

<sup>26</sup> Based on data from the Rural Development Report (World Bank, 2005).

**Farm to market roads, ARMM (2005)**

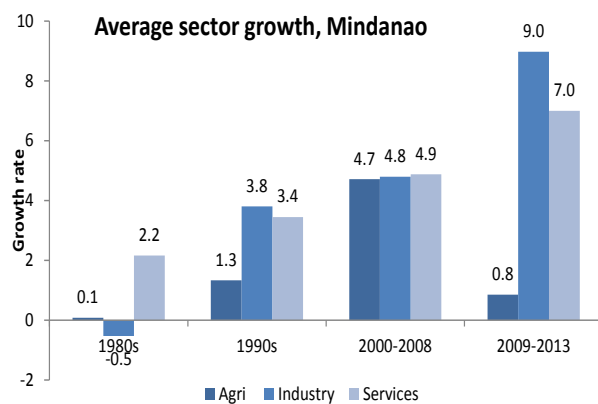
Provinces	Barangay roads / FMR (km)	Paved (km)	Percent paved (%)
Lanao	3,709	16	0.4
Maguindanao	1,050	35	3.3
Basilan	212	10	4.9
Sulu	655	18	2.7
<b>ARMM</b>	<b>5,627</b>	<b>79</b>	<b>1.4</b>

Source: World Bank, 2005



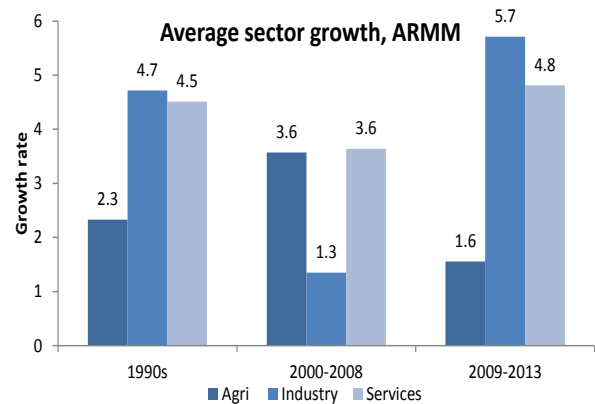
Source: Philippine Statistics Authority

**Figure 58. Sector growth (Mindanao)**



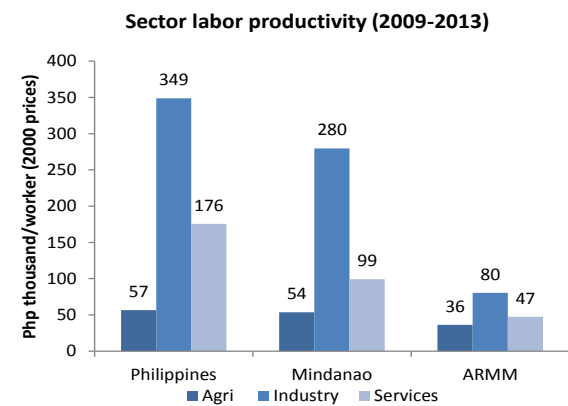
Source: Philippine Statistics Authority

**Figure 59. Sector growth (ARMM)**



Source: Philippine Statistics Authority

**Figure 60. Labor productivity**



Source: Philippine Statistics Authority, LFS

**Table 39. Growth rates of labor productivity**

	Average growth rates, RVA per worker, by sector (2000-2013)			
	Overall	Agriculture	Industry	Services
Philippines	3.0	2.3	2.8	2.8
Luzon	2.9	2.4	2.9	2.9
Visayas	3.1	1.9	2.4	2.7
Mindanao	3.0	2.3	2.9	2.5
ARMM	0.4	0.2	4.3	1.0

Source: PSA, LFS

## Agricultural land

- **Mindanao has the most amount of agricultural land in absolute terms, as well as having a relatively larger amount of agricultural land compared to the Philippines as a whole.**
  - Mindanao has about 31 percent of its total land area for agriculture, which is greater than Luzon, but slightly less than Visayas, although it has a larger amount of land area (in hectares).

- For a region that relies more heavily on agriculture for its production and employment, ARMM has a relatively small part of its total land area for agricultural land with only 17 percent of its land for agriculture.

**Table 40. Land area statistics**

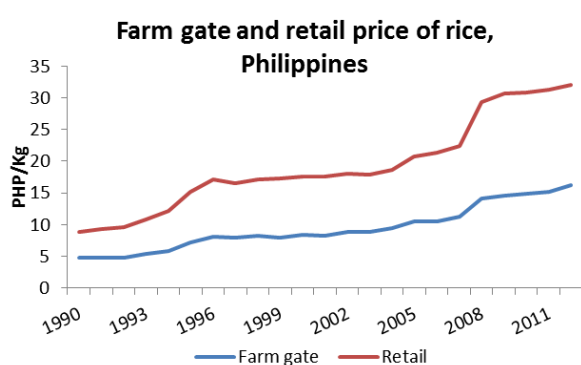
Land area (in millions)			
	Land Area (ha)	Agricultural land area (ha)	Agricultural land / total land (%)
<b>Philippines</b>	<b>34</b>	<b>10</b>	<b>28</b>
<b>Luzon</b>	<b>15</b>	<b>4</b>	<b>24</b>
<b>Visayas</b>	<b>6</b>	<b>2</b>	<b>32</b>
<b>Mindanao</b>	<b>14</b>	<b>4</b>	<b>31</b>
Region IX	2	1	46
Region X	2	1	36
Region XI	2	1	37
Region XII	2	1	35
Region XIII	2	1	24
<b>ARMM</b>	<b>3</b>	<b>1</b>	<b>17</b>

Source: Census of Agriculture and Fisheries

## Agriculture prices

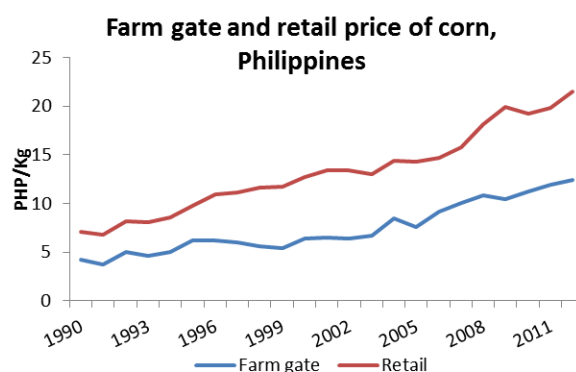
- **The continued underperformance of agriculture has not only led to an increase in farm gate and retail prices, but an increase between the farm gate-retail price gap as well.**
  - The gap between farm gate and retail prices for some key agricultural commodities has been increasing for the Philippines, and for the ARMM. This has led to consumers of key agriculture commodities, paying double the farm gate price.
  - While the general trend for the Philippines, Mindanao, and ARMM has been increasing, ARMM is worse off, where the retail price of key agricultural commodities is more than double farm gate prices.
  - In ARMM the gap between farm gate and retail price for rice increased from 89 percent in 1990 to 122 percent in 2012 compared to Mindanao, where the gap increased from 99 percent in 1990 to 110 percent in 2012. In Luzon, the increase in the price gap was not as large, coming from 70 percent in 1990, to only 93 percent in 2012.
  - For yellow corn, the gap between farm gate and retail prices increased from 47 percent in 1990 to 110 percent in 2012 for ARMM, compared to Mindanao, where the gap between retail and farm gate price for corn has increased from 30 percent in 1990, to 98 percent in 2012.

**Figure 61. Farm gate and retail price of rice, Philippines**



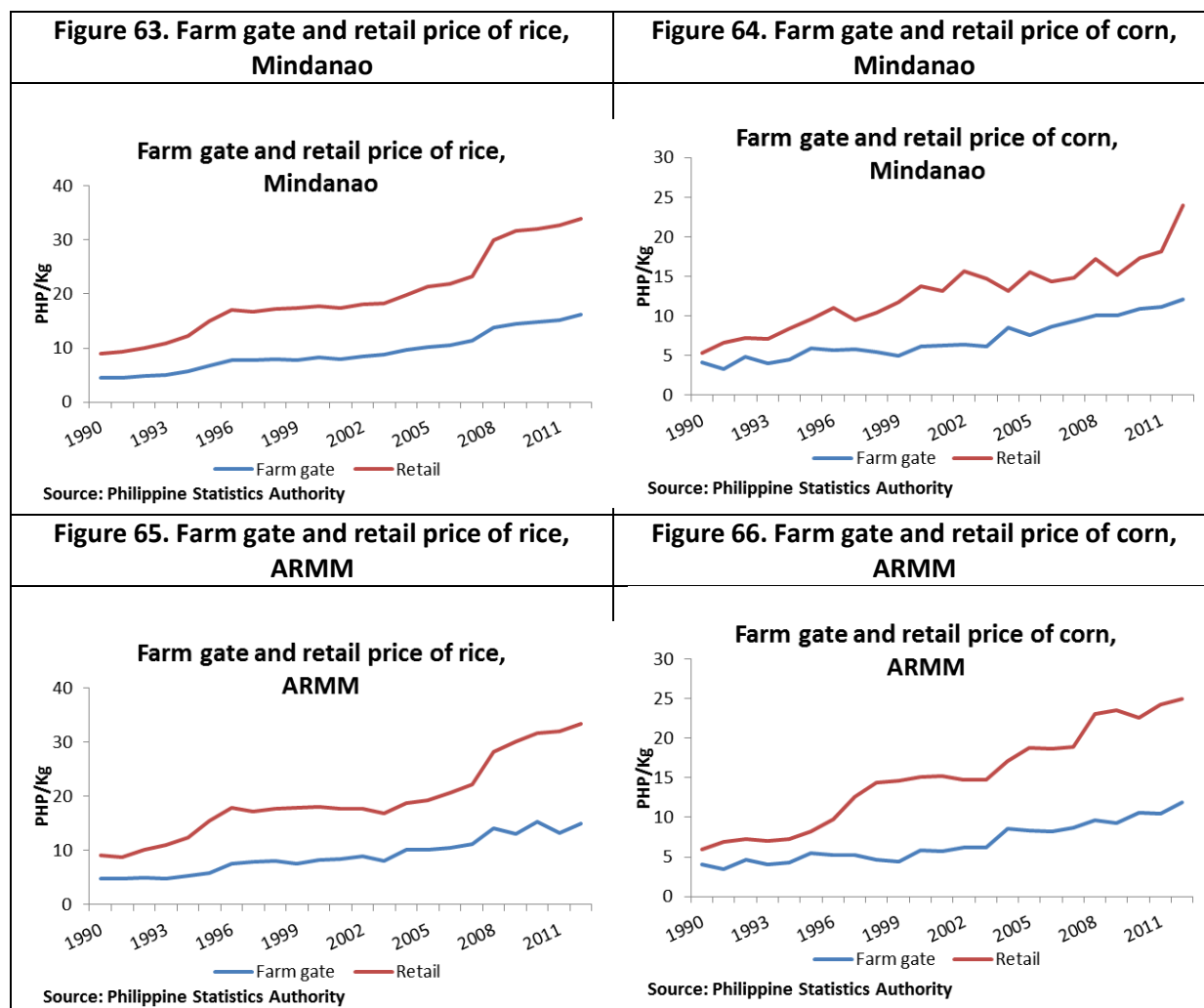
Source: Philippine Statistics Authority

**Figure 62. Farm gate and retail price of corn, Philippines**



Source: Philippine Statistics Authority





## Manufacturing

### The formal sector

- **Mindanao accounts for the smallest share of the formal sector in the Philippines.**
  - In 2012, there were 176,609 firms in the formal sector in Mindanao. This accounts for 18 percent of all formal sector firms. Most of the firms in the formal sector are located in Luzon, where 65 percent of all firms are located.
  - Region XI has the largest share of the formal sector within Mindanao, accounting for 4.8 percent of all formal sector firms in the Philippines, followed by Region XII, which accounts for 4 percent. ARMM accounts for the lowest share of formal sector firms in the country, accounting for only 1 percent of all firms in the country.
  - Although ARMM has the smallest share of formal sector firms within the region, growth of formal sector firms has outpaced both Mindanao and the Philippines as a whole. The increase from 4,586 firms in 2000 to 9,489 in 2012 represents an annual average growth rate of 8.2 percent, much larger compared to the 2.5 percent average growth rate of Mindanao, and 2.1 percent average growth rate of the Philippines.

- The average growth rate for firms with employment of 20 or more is much faster, growing at an average of 19.2 percent since 2000 for ARMM. This resulted in firms increasing from 38 in 2000, to 133 in 2012.

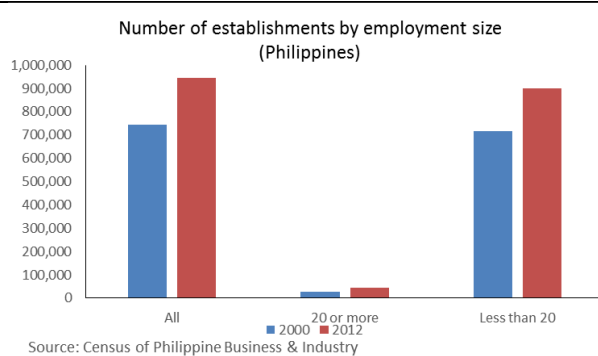
**Table 41. Number of formal sector establishments**

Number of establishments	2000			2012		
	All	20 or more	Less than 20	All	20 or more	Less than 20
<b>Philippines</b>	742,925	28,235	714,690	943,493	44,299	899,194
<b>Luzon</b>	502,340	20,860	481,480	619,659	31,997	587,662
NCR	184,576	13,021	171,555	211,651	18,300	193,351
<b>Visayas</b>	107,201	3,844	103,357	147,225	6,565	140,660
<b>Mindanao</b>	133,384	3,531	129,853	176,609	5,737	170,872
Region IX	26,736	600	26,136	31,351	758	30,593
Region X	23,390	728	22,662	36,165	1,514	34,651
Region XI	44,838	1,551	43,287	45,143	1,920	43,223
Region XII	19,365	346	19,019	37,910	945	36,965
Region XIII	13,650	257	13,393	16,551	467	16,084
ARMM	4,586	38	4,548	9,489	133	9,356

Source: Census of Philippine Business and Industry

- **Most of the firms in Mindanao are considered small, with majority of firms in the region employing less than 20.**
  - In Mindanao, around 97 percent of all firms have employment of less than 20 in 2012. This is slightly higher than the 95 percent share for the Philippines as a whole.
  - Among regions in Mindanao, ARMM has the largest share of small firms, with 99 percent of all formal sector firms with employment of less than 20.

**Figure 67. Number of establishments by employment size (Philippines)**



**Figure 68. Number of establishments by employment size (Mindanao)**



**Figure 69. Number of establishments by employment size (ARMM)**



- **The formal manufacturing sector in Mindanao is the smallest in the country, both in terms of the number of firms and employment<sup>27</sup>.**
  - In 2006, the share of manufacturing firms in the formal sector in Mindanao decreased from 17.6 percent in 2000, to 13.3 percent in 2006. This represents the lowest share of manufacturing firms in the country.
  - The share of total employment in manufacturing also decreased over the same period. In 2000, Mindanao's share of employment in the manufacturing sector accounted for 10 percent of total employment. This decreased to 8 percent share in 2006.
  - Within Mindanao, Region XI accounts for the largest share of the manufacturing sector, accounting for 4.1 percent of all establishments in the country. However, Region XII accounts for the largest share of total employment in the sector.
  - In both 2000 and 2006, the manufacturing sector was virtually non-existent in ARMM, accounting for less than 1 percent of all manufacturing firms and employment.

<sup>27</sup> Regional data for the manufacturing sector based on the Census of Philippine Business and Industry was only available until 2006, preliminary data from 2012 CPBI was only available at the national level for the manufacturing sector.

**Table 42. Distribution of manufacturing firms (Philippines)**

Distribution of manufacturing firms in the Philippines (2000)

	Total		Total employment of 20 or more		Total Employment < 20	
	No. of establishments	Employment	No. of establishments	Employment	No. of establishments	Employment
<b>Philippines</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Luzon</b>	<b>67.7</b>	<b>76.6</b>	<b>80.9</b>	<b>80.0</b>	<b>66.9</b>	<b>68.7</b>
NCR	19.4	31.4	46.0	34.7	17.7	23.7
<b>Visayas</b>	<b>14.6</b>	<b>13.3</b>	<b>11.3</b>	<b>12.7</b>	<b>14.9</b>	<b>14.7</b>
<b>Mindanao</b>	<b>17.6</b>	<b>10.1</b>	<b>7.8</b>	<b>7.3</b>	<b>18.2</b>	<b>16.6</b>
Region IX	2.7	1.2	0.3	0.4	3.1	2.9
Region X	3.0	2.0	1.1	0.7	2.8	2.6
Region XI	6.1	4.2	1.4	1.6	3.1	2.8
Region XII	2.9	1.1	3.9	3.6	6.3	5.6
Region XIII	2.2	1.1	0.7	0.4	3.1	2.6
ARMM	0.6	0.5	0.6	0.7	2.3	2.0

Source: Census of Philippine Business and Industry

**Table 43. Distribution of manufacturing firms (Philippines)**

Distribution of manufacturing firms in the Philippines (2006)

	Total		Total employment of 20 or more		Total employment < 20	
	No. of establishments	Employment	No. of establishments	Employment	No. of establishments	Employment
<b>Philippines</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Luzon</b>	<b>71.7</b>	<b>77.3</b>	<b>79.0</b>	<b>78.0</b>	<b>69.0</b>	<b>71.4</b>
NCR	36.9	23.4	39.2	21.7	36.0	37.8
<b>Visayas</b>	<b>15.0</b>	<b>14.7</b>	<b>13.2</b>	<b>14.7</b>	<b>15.6</b>	<b>14.7</b>
<b>Mindanao</b>	<b>13.3</b>	<b>8.0</b>	<b>7.8</b>	<b>7.3</b>	<b>15.4</b>	<b>13.9</b>
Region IX	1.9	0.9	0.8	0.8	2.4	2.1
Region X	3.4	1.9	2.1	1.8	4.0	3.5
Region XI	4.1	1.9	3.1	1.5	4.4	4.4
Region XII	2.2	2.3	1.3	2.3	2.6	2.2
Region XIII	1.3	0.9	0.5	0.8	1.6	1.4
ARMM	0.3	0.2	0.1	0.2	0.4	0.4

Source: Census of Philippine Business and Industry

## Constraints

### Road infrastructure

- **One of the constraints to Mindanao's small formal and manufacturing sector is the lacking road infrastructure in Mindanao compared to the rest of the country.**
  - Mindanao has the lowest share of paved national roads in the Philippines, with only 71 percent of its national roads paved. In addition, Mindanao also has the lowest national road density in the Philippines, at 0.07 km/sq. km compared to 0.11 km/sq.km for Luzon and 0.13 km/sq.km in Visayas.
  - In general, regions within Mindanao have among the lowest share of paved national roads in the country.
  - ARMM has the largest share of paved national roads at 82 percent, while Region XII has the lowest share at 66 percent. However, ARMM has the lowest national road density among regions in Mindanao at 0.03 km/sq.km.

**Table 44. National road statistics**

	National Road Density	Total National Road length (km)	Paved Roads (km)	Percent Paved (%)	Percent unpaved (%)
<b>Philippines</b>	<b>0.09</b>	<b>32,590</b>	<b>26,256</b>	<b>81</b>	<b>19</b>
<b>Luzon</b>	<b>0.11</b>	<b>15,940</b>	<b>13,093</b>	<b>82</b>	<b>18</b>
<b>Visayas</b>	<b>0.13</b>	<b>7,667</b>	<b>6,791</b>	<b>89</b>	<b>11</b>
<b>Mindanao</b>	<b>0.07</b>	<b>8,983</b>	<b>6,373</b>	<b>71</b>	<b>29</b>
Region IX	0.08	1,448	1,023	71	29
Region X	0.09	1,900	1,351	71	29
Region XI	0.08	1,662	1,150	69	31
Region XII	0.07	1,521	997	66	34
Region XIII	0.07	1,460	1,040	71	29
ARMM	0.03	993	813	82	18

Source: DPWH 2013

## Power statistics

- **In addition, Mindanao continues to be the least secure from power failure in the Philippines.**
  - Mindanao has the lowest amount of Gross System Reserves<sup>28</sup> in the Philippines, which leads to Mindanao being the least secure from power outages in the country.
  - In March, 2013 for example, the region was hit with daily rotating power outages as a result of the inability of electric cooperatives to meet demand. During this time, affected areas in Mindanao had as much as an average of 8 hours of power outages per day (in ARMM).
  - Region XI had the largest power deficit during this period, at 54.6 MW, with ARMM having the lowest deficit at 6.1 MW.
  - The consequences to business were significant, as losses to businesses in the region were losing as much as 50 percent of sales and business opportunities due to the power outages.<sup>29</sup>
  - Although the amount of gross system reserves is relatively similar between Visayas and Mindanao, Visayas has the advantage of being interconnected to Luzon (that is, it can import excess power from Luzon and vice versa). Mindanao is a concern because it is isolated from the two other grids.
  - The issue in Mindanao is the lack of generation capacity to meet current demand, which will be an issue in the short-term as several of the country's power projects<sup>30</sup> are expected to come online in 2015 at the earliest.

**Table 44.a. Power statistics**

<sup>28</sup> In order to discuss the power situation, compare system peak (demand) and dependable capacity (supply availability), the difference between dependable capacity and system peak is gross system reserves. Reserves are needed mainly for two things: i) to address fluctuations in demand, ii) to have back-up in case other plants need to go on outage for maintenance (this is expected or planned), or they just trip while in operation (this is unexpected, or what the industry refers to as forced). The larger the reserve, the more secure the grid is. The smaller the reserve, the more the availability of each power plant becomes crucial in meeting demand requirements

<sup>29</sup> See: <http://www.gmanetwork.com/news/story/303995/economy/business/s-mindanao-could-lose-p300m-in-business-due-to-power-outages-trader>

<sup>30</sup> These are the 300 megawatt Coal-fired Therma South Energy Project, and the 200 megawatt Southern Mindanao Coal-Fired project in Sarangani (both expected for 2015), and the 405 MW Coal-Fired Power Plant of FDC Utilities in Misamis Oriental (September 2016).

### 2012 Key power sector statistics

	Dependable Capacity (MW)	System Peak (MW)	Gross system reserves (MW)
<b>Philippines</b>	15,371	10,761	4,610
Luzon	11,519	7,889	3,630
Visayas	2,103	1,551	552
Mindanao	1,749	1,321	428

Source: Department of Energy, Power Statistics

Table 44.b. Power statistics

Region	Average		Capacity (MW)	Total demand (MW)	Deficit (MW)
	power outage in hours (Q4 2012)	Average power outage in hours (March, 2013)			
Region IX	2.5	5.8	115.9	169.6	-53.7
Region X	1.4	2.9	132	175	-43
Region XI	3.0	2.5	84.4	139	-54.6
Region XII	1.2	3.4	159.8	207	-47.2
CARAGA	1.5	3.3	86.2	124.8	-38.6
ARMM	6.0	8.0	3.7	9.8	-6.1

Source: Electric Power Industry Management Bureau, DOE

Note: Supply and demand data from electric cooperatives were from March, 2013

## Public finance

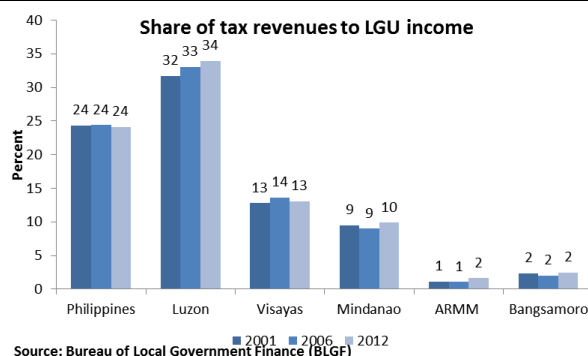
### Revenue

#### Tax revenue

- **Local government units in Mindanao are less reliant on tax revenue as a source of income compared to Luzon and Visayas.**
  - On average, only 9 percent of total LGU income come from tax revenues, the lowest in the Philippines. Over the same period, Luzon averaged the highest at 32 percent of total LGU income, followed by Visayas at 13 percent of total LGU income.
  - ARMM and the Bangsamoro do not rely on tax revenue for its income, only contributing a small amount to total LGU income.
  - The share of tax revenues to total income for LGUs in ARMM averaged 1 percent in the past decade, and at 2 percent for the Bangsamoro. This is below the average for Mindanao at 9 percent, and well below the Philippine average of 23 percent.
  - The share of tax revenue has remained constant through the past decade. LGUs typically rely less on tax revenue as a means to generate income.

- A closer look at the specific types of taxes, shows Mindanao collecting the lowest share of both real property tax and business tax in the Philippines.
- In 2012, the share of real property tax to total LGU income for Mindanao was 3.7 percent, compared to 10.5 percent in Luzon and 5.3 percent in Visayas. The share of real property tax collections was even lower in ARMM and Bangsamoro in 2012. A mere 0.4 percent and 0.6 percent of total LGU income in Mindanao were from real property tax collections in ARMM and Bangsamoro respectively.
- Additionally, only 4.5 percent of total income of Mindanao LGUs were from business taxes, compared to the 13.6 percent share for Luzon and 5.2 percent share for Visayas. Once again, both ARMM and Bangsamoro have a much smaller share, at 0.5 percent and 1.2 percent, respectively.

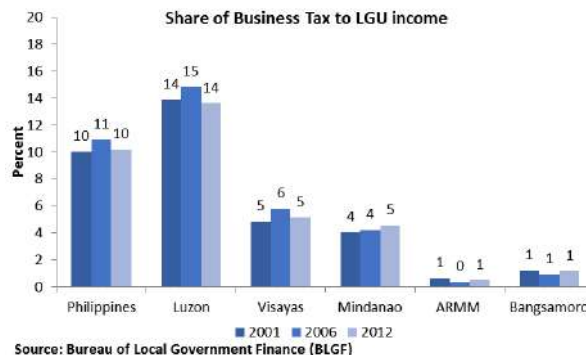
**Figure 70. Share of tax revenues to LGU income**



**Figure 71. Share of real property tax to LGU income**



**Figure 72. Share of business tax to LGU income**

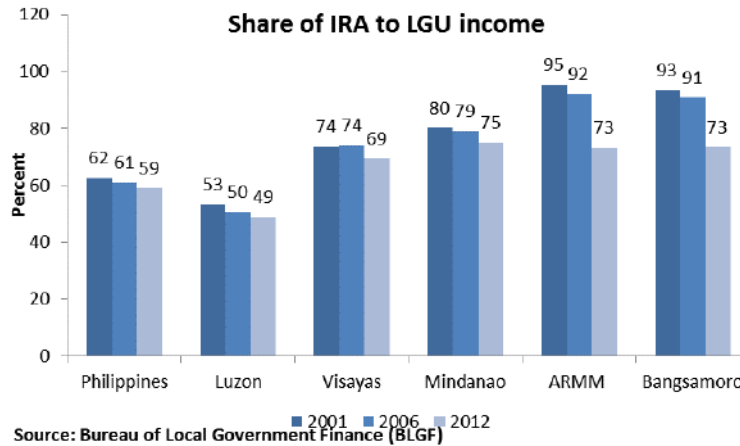


## Internal revenue allotment

- **As a result of low revenue generation by local government units in Mindanao, there is heavy reliance on external sources of income as a main source of revenue.**
  - In Mindanao, a larger share of income for LGUs comes from Internal Revenue Allotments (IRA). The share of IRA to total LGU income is the largest in Mindanao at 75 percent in 2012, compared to 69 percent in Visayas, and 49 percent to Luzon.
  - LGUs in Mindanao averaged an 80 percent share of IRA to total LGU income compared to all LGUs in the Philippines which averaged about 62 percent share of IRA to total income over the past decade.
  - Within Mindanao, both ARMM and the Bangsamoro rely even more heavily on IRAs as a source of income. In the past decade, LGUs in ARMM averaged a 93 percent share of IRA to total LGU income, while the Bangsamoro averaged 91 percent.

- In 2012, the share of IRA to total LGU income dipped to 73 percent for the ARMM and the Bangsamoro. This, however, was simply a result of increased external aid contribution, another external source of income.

**Figure 73. Internal revenue allotment**



## Expenditure

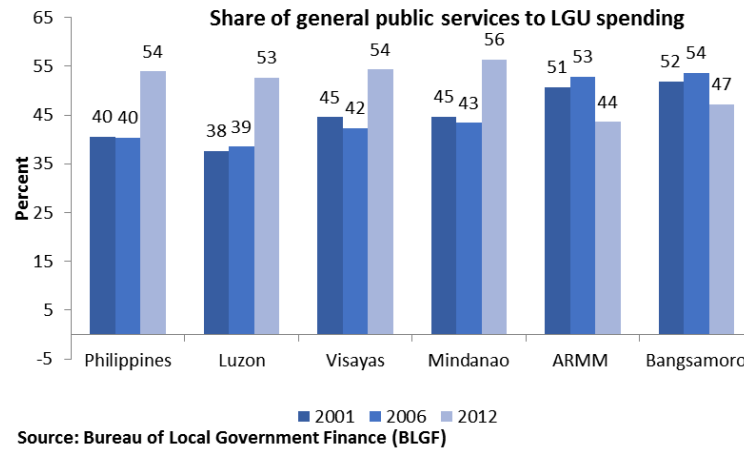
### General Public Services

- **Spending on general public services<sup>31</sup> takes up most of local government spending, at the expense of other key areas of spending.**
  - Across the Philippines, a large share of local government spending goes to general public services, which pertain to the regular services provided by the local government. These are primarily the administrative costs essential to running a local government.
  - In 2012, Mindanao LGUs had the highest share of total spending allocated to general public services in the Philippines. ARMM and Bangsamoro allocated much less to general public services in 2012 compared to both 2001 and 2006.
  - However, this is still a relatively large share of total spending, and the overall story remains the same, as spending on general public services still takes up most of the local governments spending.

**Figure 73. General public services**

<sup>31</sup> According to the Bureau of Local Government and Finance, general public services covers sector expenditures for services indispensable to the existence of an organized LGU. These include executive and legislative services; overall financial and fiscal services; the civil service; planning; conduct of foreign affairs; general research; public order and safety; and centralized services. These exclude general administration, regulation, research and other services of departments that can be identified directly under each specific sector.

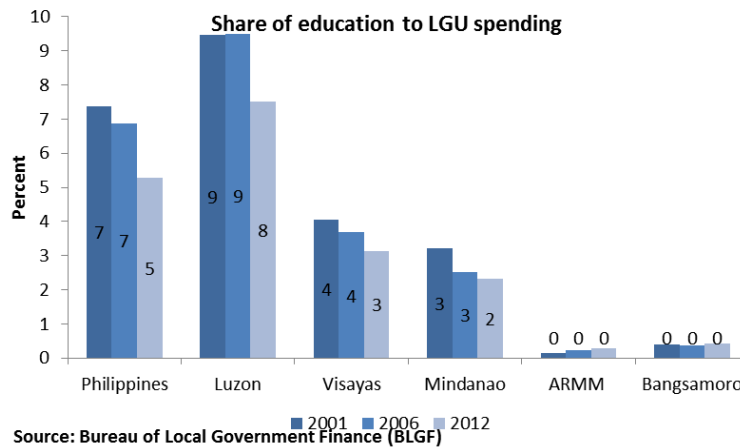




## Education

- **As a result, education spending does not receive much attention in the Mindanao region.**
  - Mindanao LGUs had the lowest share of education spending to total expenditure, with an average share of 2.6 percent in the past decade. Luzon had a higher share, averaging 8.6 percent over the same period, followed by Visayas at 3.6 percent.
  - Spending for education by ARMM LGUs remains very weak, averaging only 0.23 percent of total LGU spending during the past decade. The same holds true for the Bangsamoro, averaging only 0.39 percent of total LGU spending.
  - There is no improvement in the allocation of spending towards investment in human capital accumulation. In fact, the share decreased for Mindanao and remained roughly the same for both ARMM and the Bangsamoro.

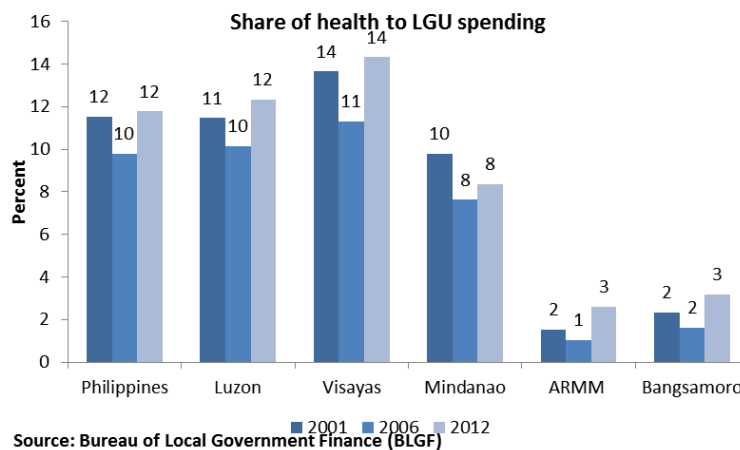
**Figure 74. Education**



## Health

- **In addition, Mindanao LGUs lag behind LGUs in Luzon and Visayas in health expenditure, another important component of human capital accumulation.**
  - Mindanao LGUs once again have the lowest share of health spending to total LGU expenditure, averaging 8.5 percent over the past decade. Visayas LGUs had the highest share among the island groups, averaging 12 percent share, followed by Luzon with 11.2 percent share.
  - ARMM, by comparison, has a significantly smaller share of health spending over the past decade with an average share of 1.6 percent.
  - The Bangsamoro performs only slightly better, averaging 2.2 percent over the same period of time.

**Figure 75. Health**



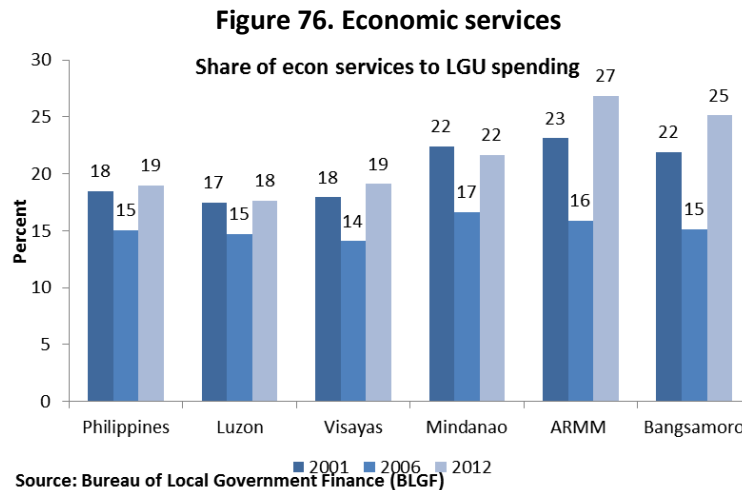
## Economic services<sup>32</sup>

- **An area of spending that receives relatively more attention from Mindanao LGUs compared to those in Luzon and Visayas is spending on economic services<sup>33</sup>.**

<sup>32</sup> Economic services refers to activities directed to the promotion and enhancement of economic growth, an important part of which, is infrastructure spending.

<sup>33</sup> An important part of economic services spending is infrastructure spending.

- Over the past decade, spending on economic services by Mindanao LGUs averaged 22 percent share total spending compared to 19 percent in Visayas, and 18 percent in Luzon.
- In comparison, ARMM and Bangsamoro allocate more on economic services, averaging 26 percent and 25 percent share to total spending, respectively since 2001.



## Business regulation<sup>34</sup>

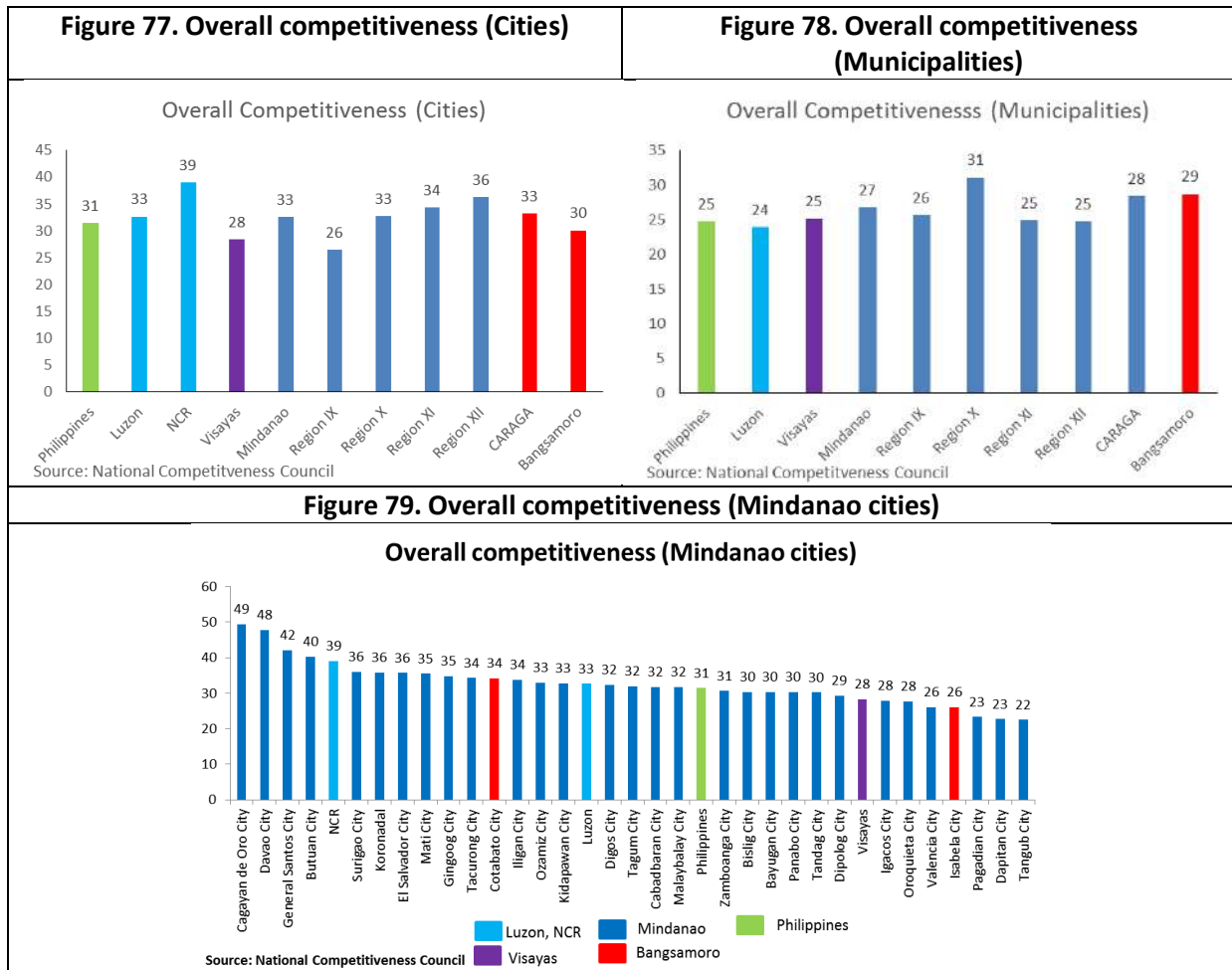
### Overall competitiveness

- **Taken as a whole, cities and municipalities in Mindanao are among the most competitive in Mindanao.**
  - Cities in Mindanao are on par with cities in Luzon, averaging roughly the same overall competitiveness score as Luzon in 2014.
  - Within Mindanao, cities in Region X had the highest average score for overall competitiveness<sup>35</sup>, followed by the cities in Region XI. Cities in Region X and CARAGA are just about on par with the overall average for Mindanao, while cities in Bangsamoro and Region IX have the lowest overall competitiveness score in the region.
  - In terms of overall competitiveness between the two cities in the Bangsamoro, Cotabato City had an above average score of 34 for 2014, however, Isabela City had the fourth lowest overall competitiveness score in Mindanao for 2014.
  - Overall competitiveness scores are lower for municipalities compared to cities for 2014, a trend which continues for each individual criteria of competitiveness.
  - Municipalities in Mindanao are, on average, the most competitive compared to the rest of the Philippines, averaging an overall competitiveness score of 27 compared to 25 for Visayas, and 24 for Luzon.

<sup>34</sup> Data from the National Competitiveness Council do not include cities and municipalities from the ARMM.

<sup>35</sup> Cities and municipalities are ranked on an overall competitiveness score, using the sum of scores on three main pillars of competitiveness based on the cities and municipalities competitiveness index. The three pillars are: economic dynamism, government efficiency, and infrastructure. Scores are determined by values of the actual data, as well as completeness of submitted data. The higher the score of a city or municipality, the more competitive it is.

- Within Mindanao, municipalities in Region X have the highest overall competitiveness score, followed by municipalities in Bangsamoro and CARAGA. Municipalities in Region IX, Region XI and Region XII all had average overall competitiveness scores lower than the Mindanao average, but are on par with the overall competitiveness score for the Philippines as a whole.



## Economic dynamism<sup>36,37</sup>

- **Cities and municipalities in Mindanao compare favorably to the Philippines as a whole in terms of economic dynamism.**
  - Mindanao cities were second to Luzon in terms of economic dynamism.
  - Within Mindanao, cities in Region XII averaged the highest score in terms of economic dynamism in 2014, followed by CARAGA. Cities in Region IX performed poorly, on average,

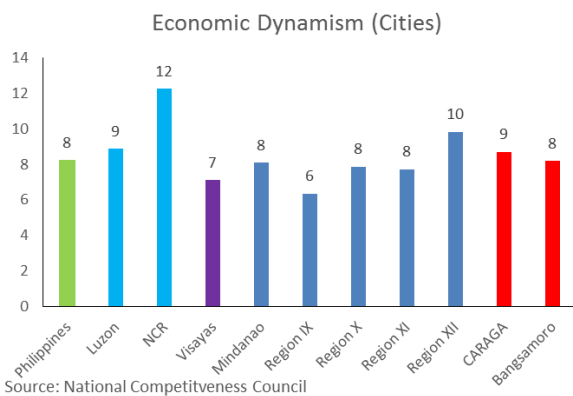
<sup>36</sup> Economic dynamism looks at the stable expansion of businesses, industries and employment. A high score refers to an expanding economy accompanied by job creation, stable prices, financial institutions, high productivity, and organized business groups (NCC).

<sup>37</sup> The eight indicators for economic dynamism are: i) size of the local economy (measured through business registrations, capital, revenue and permits), ii) growth of the local economy (measured through business registrations, capital, revenue and permits), iii) capacity to generate employment, iv) cost of living, v) cost of doing business, vi) financial deepening, vii) productivity, viii) presence of business and professional organizations.

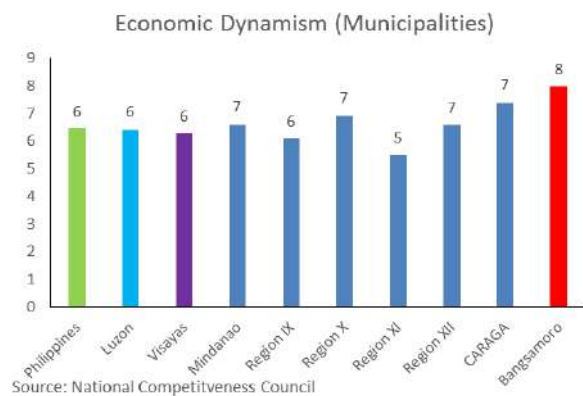
compared to the rest of the region with an average score of 6. The rest of the regions in Mindanao scored about on par with the Philippine average for cities in 2014.

- Performance in economy dynamism between the two cities in Bangsamoro is once again uneven. Cotabato City is one of the better performers among cities in Mindanao overall, however, Isabela City has one of the lowest scores in Mindanao.
- Municipalities in Mindanao on average performed better than Luzon and Visayas in 2014. Within Mindanao only Region XI scored below the Philippine average for 2014, while municipalities in Bangsamoro averaged the highest score for economic dynamism in 2014.

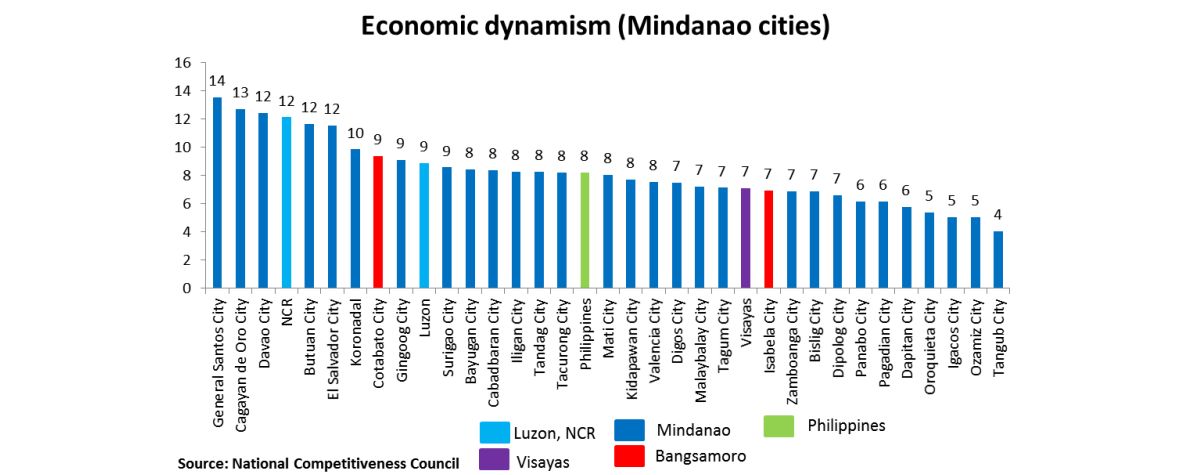
**Figure 80. Economic dynamism (cities)**



**Figure 81. Economic dynamism (municipalities)**

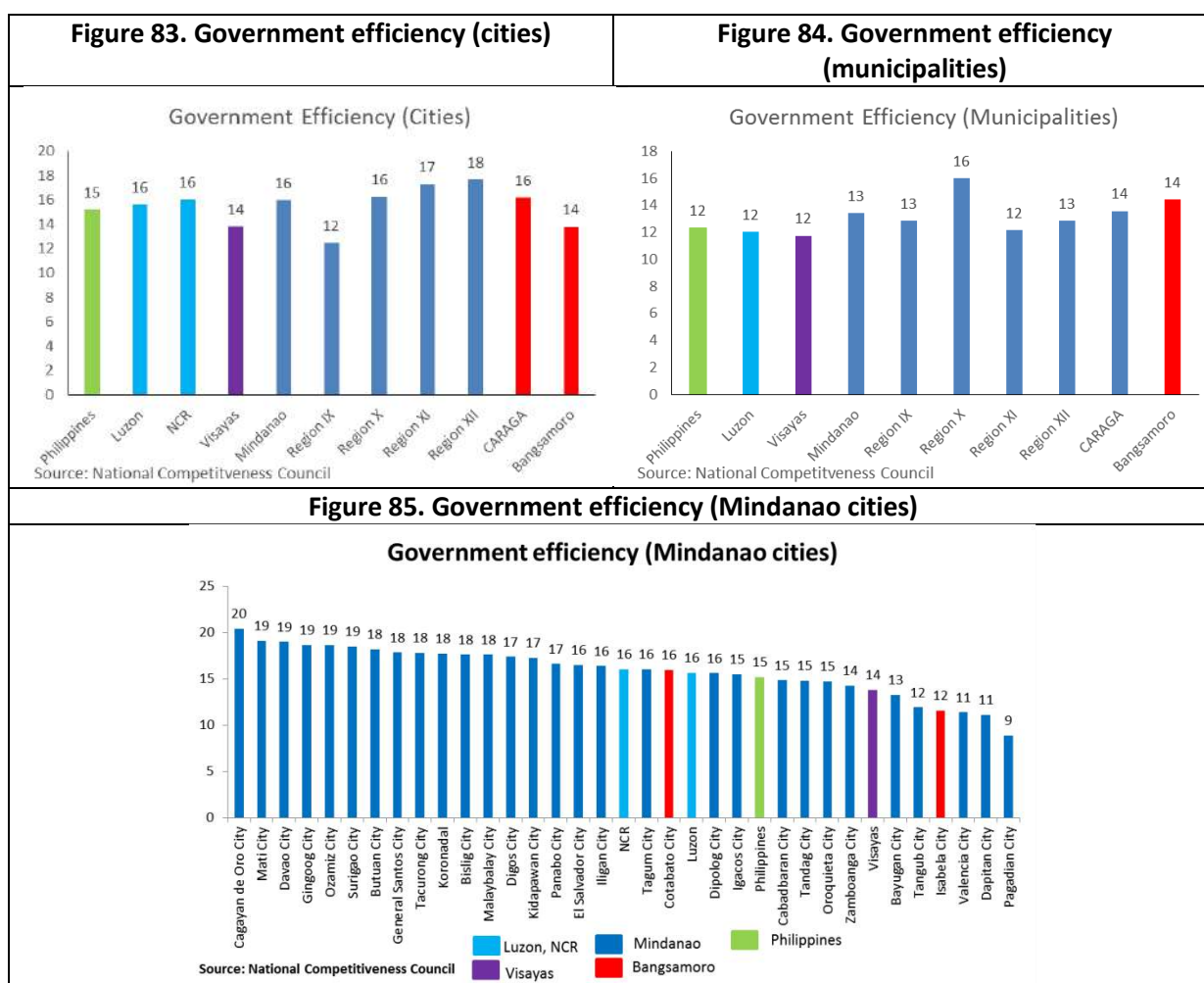


**Figure 82. Economic dynamism (Mindanao cities)**



## Government efficiency<sup>38,39</sup>

- **Mindanao LGUs for both cities and municipalities received the highest average score in terms of government efficiency in 2014.**
  - In fact, 16 out of the 31 cities in Mindanao scored in the top 50 in terms of government efficiency.
  - Most of the regions in Mindanao scored above the Philippine average for cities, with only Region IX and the Bangsamoro scoring less than the national average for 2014.
  - For municipalities, all regions scored favorably compared to the national average, with only Region XI scoring about on par with the Philippines as a whole.
  - Within the Bangsamoro, Cotabato City again scores relatively well compared to other cities in the Philippines. However Isabela City is one of the worst performing cities in the region, averaging well below the average for Mindanao.

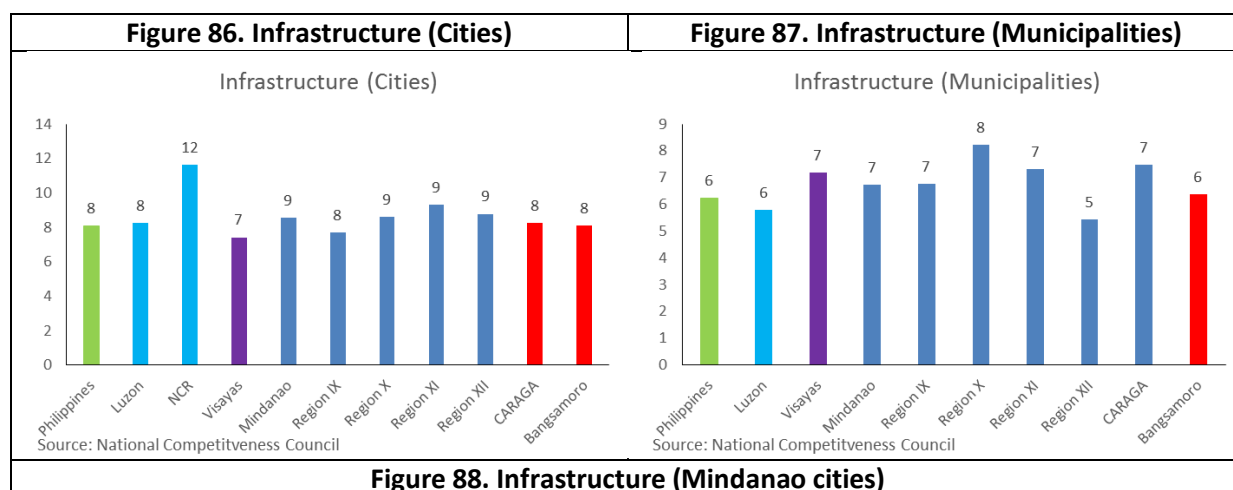


<sup>38</sup> Government efficiency refers to the quality and reliability of government services and support for effective and sustainable productive expansion. A high score on government efficiency points to a local government that is transparent, able to generate its own resources, facilitates doing business, promotes investments and provides for human and natural resources (NCC).

<sup>39</sup> The ten indicators used to measure the government efficiency score are: i) transparency score in local governance performance management system, ii) economic governance score in local governance performance management system, iii) ratio of LGU-collected tax to LGU revenues, iv) LGU competition related awards, v) business registration efficiency, vi) investment promotion, vii) compliance to national directives for LGUs, viii) security, ix) health, x) education.

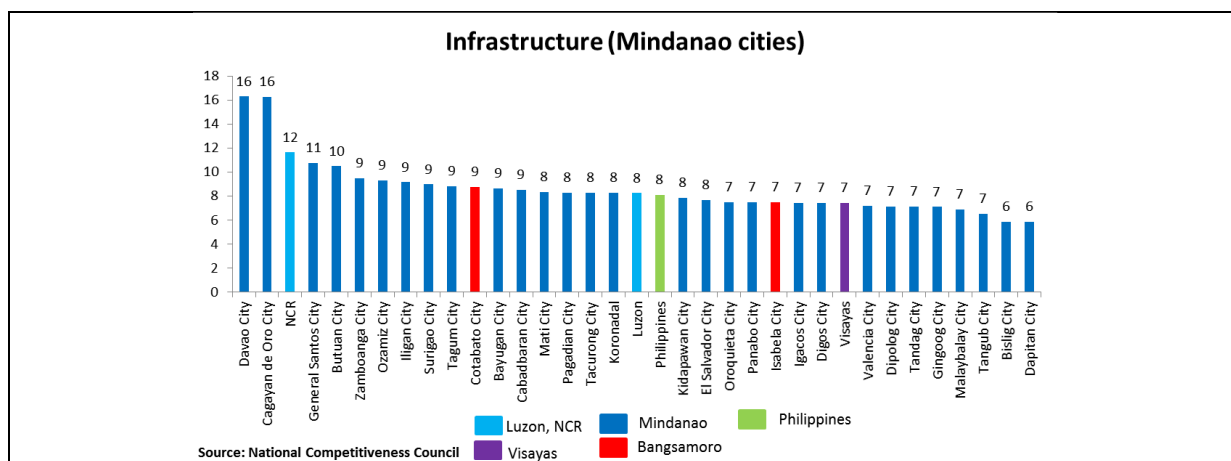
## Infrastructure<sup>40,41</sup>

- **Mindanao cities and municipalities also compare favorably in terms of infrastructure.**
  - Cities in Mindanao received the highest average score in terms of infrastructure in 2014, Of the 50 cities with the lowest infrastructure scores in the Philippines, only 7 were from Mindanao.
  - Within Mindanao, Region XI, Region XII and Region X, on average perform better than cities in Luzon and Visayas. However, cities in the different regions in Mindanao still trail behind NCR considerably.
  - For municipalities, the average score for Mindanao is slightly lower than Visayas, although municipalities in Mindanao averaged a higher score than municipalities in Luzon.
  - Municipalities in Region X averaged the highest score in terms of infrastructure. Municipalities in the Bangsamoro are about on average with the Philippines as a whole, but scored lower than most regions, except for Region XII, which had the lowest infrastructure score among regions in Mindanao.
  - Within cities in the Bngsamoro, Cotabato City performs better than Isabela City, which received a lower score than the national average for 2014.



<sup>40</sup> Infrastructure refers to the physical building blocks that connect, expand and sustain a city or municipality and its surroundings to enable the provision of goods and services. It involves basic inputs of production (such as energy and water), interconnection of production (such as transportation, roads and communications) and sustenance of production (such as disaster preparedness, environmental sustainability and human capital formation infrastructure). A high score on infrastructure points to the availability, reliability and predictability of roads, transportation, utilities and other infrastructure.

<sup>41</sup> The ten indicators used to measure the infrastructure score are: i) existing road network, ii) distance from city/municipality center to major ports, iii) DOT accredited accommodations, iv) health infrastructure, v) education infrastructure, vi) availability of basic utilities, vii) annual investments infrastructure, viii) connection of ICT, ix) number of ATMs, x) number of public transportation vehicles.



## Doing Business Philippines

- **With the exception of registering property, in general, Mindanao cities observed in the Doing Business Philippines (2011) study all compare favorably to Quezon City<sup>42</sup>.**
  - Davao and General Santos are among the top cities in terms of starting a business and dealing with construction permits, with Zamboanga not far behind, although Cagayan de Oro ranks worse than Quezon City.
  - It generally costs considerably less to start a business in Mindanao compared to Quezon City, with only Cagayan de Oro comparing poorly in terms of the cost of starting a business. It also takes fewer days to start a business in the cities observed.
  - It is also easier to deal with construction permits in Mindanao, where it takes a shorter amount of time, and where it costs less compared to Quezon City.
  - However, Mindanao cities fall short in registering property, where it takes a lot more time to register property, especially for Cagayan de Oro, at more than double the number of days in Quezon City and other Mindanao cities (except for General Santos).

**Table 45. Doing Business Philippines**

Components	Quezon City	Cagayan de Oro	Davao	General Santos	Zamboanga
<b>Starting a business (rank)</b>	<b>12</b>	<b>14</b>	<b>2</b>	<b>1</b>	<b>6</b>
Number of procedures	16	17	17	17	20
Number of days	36	32	27	22	28
Cost (percent of per capita income)	21	28	17	15	17
<b>Dealing with construction permits (rank)</b>	<b>22</b>	<b>7</b>	<b>1</b>	<b>3</b>	<b>4</b>
Number of procedures	33	30	27	29	32
Number of days	120	92	57	71	46
Cost (percent of per capita income)	804	280	94	645	609
<b>Registering property (rank)</b>	<b>17</b>	<b>24</b>	<b>20</b>	<b>25</b>	<b>23</b>
Number of procedures	8	8	8	9	9
Number of days	39	81	36	43	26
Cost (percent of property value)	5	5	5	6	6

Source: Doing Business Philippines (2011)

<sup>42</sup> Quezon City is the reference city used in the Doing Business Report



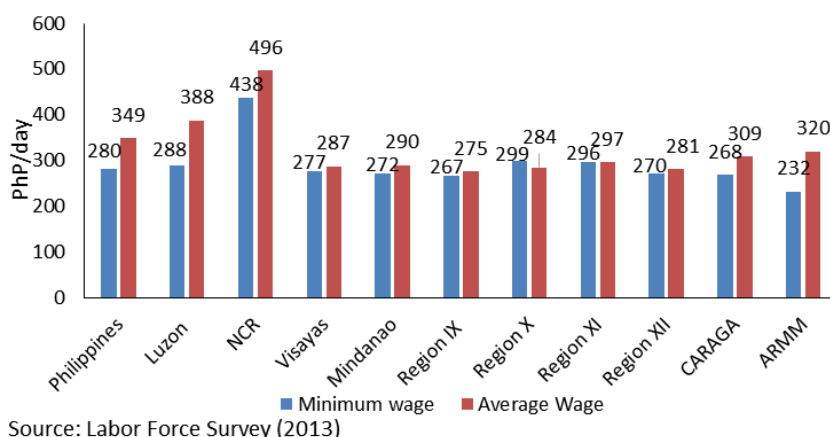
## Labor regulations

### Labor policy

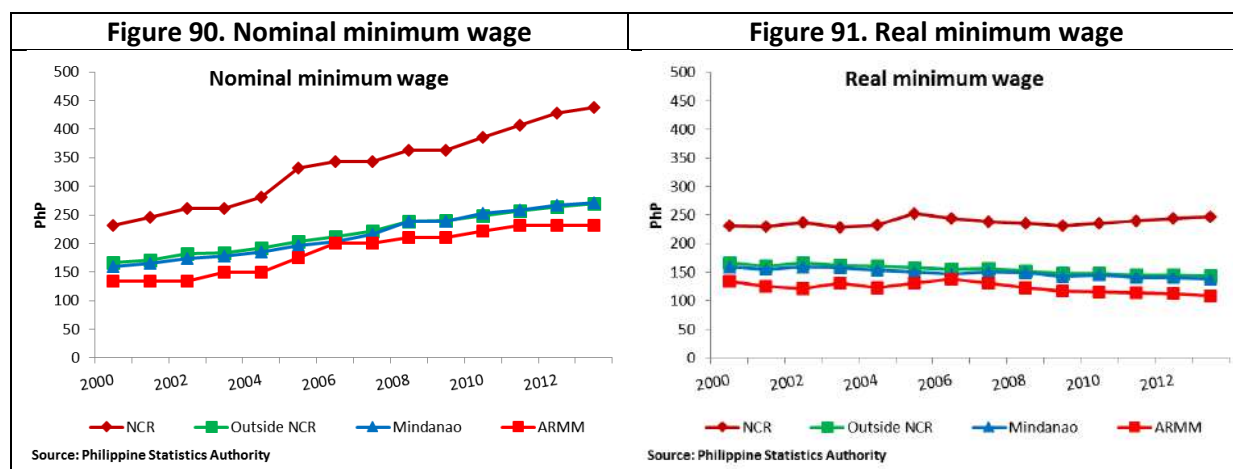
#### Minimum wages

- **Minimum wages are set too close to average wages in the Philippines.**
  - The ratio between the minimum wage rate and the average wage was 94 percent in Mindanao, slightly lower than the 96 percent ratio for Visayas, but well above the 74 percent average for Luzon.
  - Most of the regions in Mindanao, have minimum wages close to the average daily wage. Region X stands out as having minimum wages greater than the average daily wage for 2013, while the minimum is about equal with the average daily wage in Region XI. Region IX and XII also have minimum wage rates nearly equal the average daily wage for 2013. ARMM has the lowest minimum wage-average daily wage ratio in Mindanao at 74 percent.

**Figure 89. Minimum wage vs. average daily wage**  
Minimum and average daily wage (PhP)



- **Minimum wages have been adjusted yearly to account for inflation in Mindanao and the Philippines as a whole.**
  - In real terms however, minimum wages have been flat or falling, as nominal adjustments fall short of inflation. The general trend holds for Mindanao, and ARMM.
  - The almost annual increase in minimum wages has meant that more firms are seeking to be exempted given their inability to cope with the increase.



## Unions/Collective Bargaining Agreements/Labor disputes

- **Protection of workers' rights continues to weaken in the Philippines as a result of declining union membership, and virtually non-existent coverage of Collective Bargaining Agreements.**
  - Union membership in the Philippines continues to decline, with membership down to 1.85 million in 2013 from about 3.7 million in 1998.
  - Mindanao has the lowest number of unions in the Philippines, only accounting for 9 percent of all unions in the Philippines.
  - Unions are almost non-existent in ARMM, totaling only 33, with membership of roughly 4,000.
  - Workers covered by Collective Bargaining Agreements in 2013 represented only 1 percent of wage and salary workers in the Philippines, and only 0.6 percent of all employed workers.
  - In Mindanao, workers covered by CBAs represented 1 percent of wage and salary workers, and only 0.55 percent of all employed workers.

- Coverage of CBAs is virtually non-existent in ARMM with only 0.43 percent of wage and salary workers and 0.08 percent of all workers covered by CBAs.
- The decrease in the amount of unions and union membership has resulted in a decrease in labor disputes, in terms of strikes and lockout notices.

**Table 46. Union, workers organizations and CBAs**

<b>Unions, workers organizations, and collective bargaining agreements</b>					
	<b>Philippines</b>	<b>Luzon</b>	<b>Visayas</b>	<b>Mindanao</b>	<b>ARMM</b>
<b>Number of existing workers' associations (2012)</b>	29,921	9,511	7,901	12,510	1
<b>Membership in existing workers' associations</b>	1,163,967	395,753	311,131	457,090	7
<b>Existing Unions (as of June 2013)</b>	18,460	14,482	2,154	1,679	33
Federations/Labor Centers	145				
Private Sector Unions	16,546	13,463	1,802	1,281	23
Public Sector Unions	1,769	1,019	352	398	10
<b>Membership of Existing Unions (000's)</b>	1,857	1,475	161	221	4
Private Sector Unions	1,392	1,114	111	167	3
Public Sector Unions	465	360	50	55	1
<b>Existing Collective Bargaining Agreements (2013)</b>	1,358	965	167	226	16
<b>Workers covered by CBAs (in 000s)</b>	228	157	21	51	1

Source: Bureau of Labor and Employment Statistics

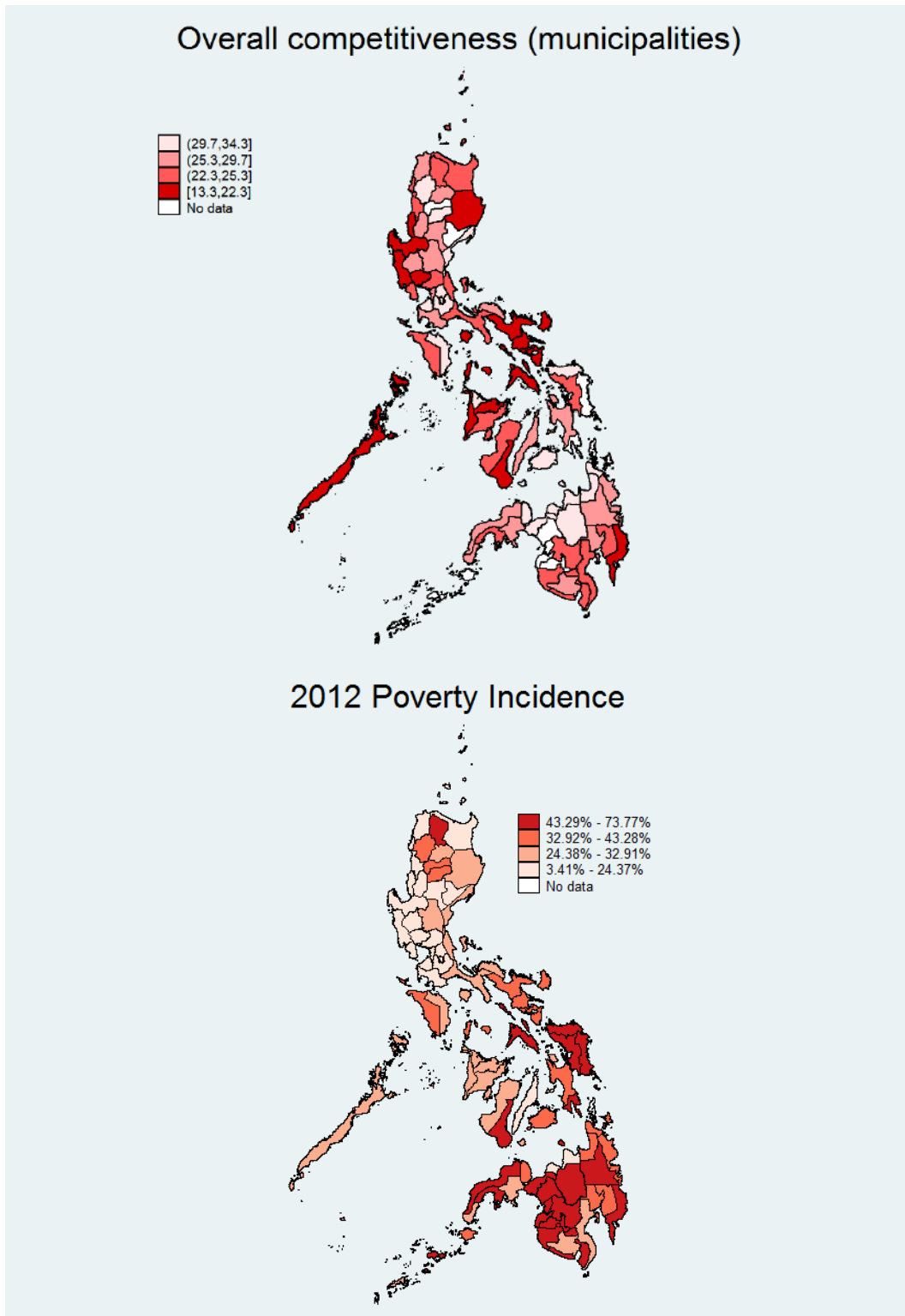
Note: Workers' associations are any association of workers organized for the mutual aid and protection of its members or for any legitimate purpose other than collective bargaining

**Table 47. Strikes, lockout notices and disputes**  
**Strikes, lockout notices, and dispute settlement**

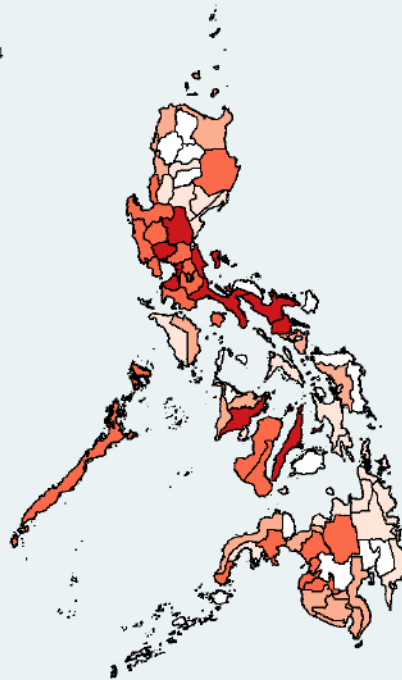
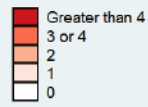
INDICATOR	2008	2009	2010	2011	2012
<b>PHILIPPINES</b>					
Strike/Lockout Notices Handled	406	327	325	274	222
New Strike/Lockout Notices Filed	362	286	276	240	184
Cases Disposed	365	278	291	236	194
Materialized into Actual Strike/Lockout	4	4	5	1	3
Settlement Rate (%)	77	74	80	79	79
Disposition Rate (%)	90	85	90	86	87
Workers Involved	74,797	60,573	59,750	51,001	40,861
<b>LUZON</b>					
Strike/Lockout Notices Handled	352	265	283	204	153
New Strike/Lockout Notices Filed	313	230	238	171	128
Cases Disposed	317	220	250	179	137
Materialized into Actual Strike/Lockout	2	1	3	1	0
Settlement Rate (%)	77	74	80	79	79
Disposition Rate (%)	90	83	88	88	90
Workers Involved	63,495	48,971	48,429	32,823	27,407
<b>VISAYAS</b>					
Strike/Lockout Notices Handled	29	38	25	36	32
New Strike/Lockout Notices Filed	24	35	22	36	31
Cases Disposed	26	35	25	35	28
Materialized into Actual Strike/Lockout	1	2	1	0	0
Settlement Rate (%)	77	74	80	79	79
Disposition Rate (%)	90	92	100	97	88
Workers Involved	3,362	5,954	7,861	4,255	10,273
<b>MINDANAO</b>					
Strike/Lockout Notices Handled	25	24	17	34	37
New Strike/Lockout Notices Filed	25	21	16	33	25
Cases Disposed	22	23	16	22	29
Materialized into Actual Strike/Lockout	1	1	1	0	3
Settlement Rate (%)	77	74	80	79	79
Disposition Rate (%)	88	96	94	65	78
Workers Involved	7,718	5,648	3,460	13,923	3,181

Source: Bureau of Labor and Employment Statistics

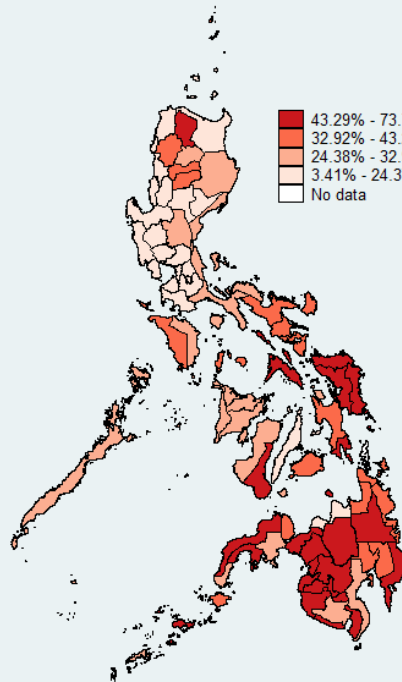
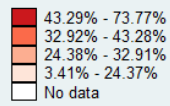
## Appendix



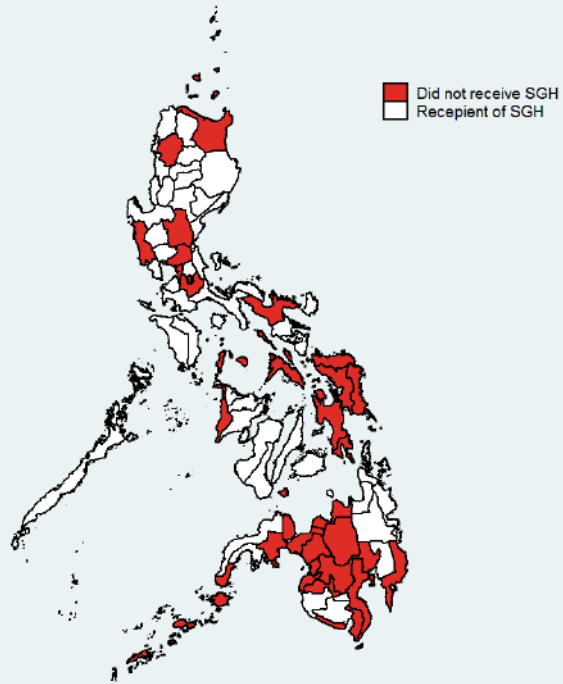
## Political families in the Philippines



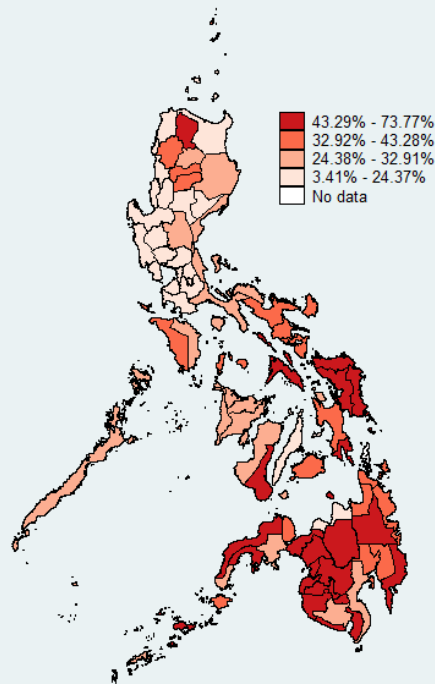
## 2012 Poverty Incidence



## Seal of Good Housekeeping (2012)



## 2012 Poverty Incidence



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