

ILO Asia-Pacific Working Paper Series

Local economic development and
youth employment in the Philippines:
the case of Cotabato City

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Subregional Office for South-East and the Pacific
Manila

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Foreword

Youth unemployment and the difficulty of transiting from school to work has been a persistent and significant problem not just in the Philippines, but throughout the Southeast Asia and Pacific region. A number of policy and programme initiatives have been introduced to address youth unemployment problems including provision of labour market information, skills training and upgrading, online job-matching, nurturing of entrepreneurship skills, etc. All these initiatives benefit from the political will of different stakeholders and often require both large sum of money (usually taken from national budget appropriations where they have to compete against other urgent priorities) as well as human resources and the energy to sustain each initiative. Despite all these programmes, the problem of youth unemployment persists. This might lead one to pose questions such as: “are we doing the right thing?”, “what types of youth-oriented and labour market initiatives would lead to employment creation?” and so forth.

In order to ensure these initiatives and reforms impact on young people and their lives in a positive and tangible manner, there is a need for a greater understanding of the nature of the environment that such initiatives are designed to address. As well as understanding the dynamics of the labour market, an important first step is to know the current profile of young people entering the workforce for the first time. This study is a response to that need and was commissioned by the International Labour Organization (ILO) through the *Promoting Youth Employment in the Philippines (PYEP): Policy and Action Project* to assist policy makers (especially those operating within local government units who interact most often with young people needing work) in analyzing the real situation of the youth today in their locality: their needs, aspirations, and constraints, etc. so that officials and social workers can target and prioritize particular youth groups in greatest need, better address the problems they face and craft value-for-money solutions, measures, and/or youth investment options.

As always, we at the ILO Office hope that this initiative can be used by other local government units (LGUs) towards better understanding of the youth and employment challenges in their locality for them to craft effective and efficient measures to address youth unemployment.

Linda Wirth-Dominice
Director, ILO-SRO Manila

Preface

The Philippines was one of four countries selected for an initial three-year phase of the ILO's Action Programme for Decent Work under an agreement signed in 2002 between the local tripartite partners.¹ Promoting youth employment is one target outcome under this Decent Work Country Programme (DWCP) specifically under Pillar 2: "creating employment opportunities for men and women."²

The Canadian International Development Agency (CIDA) Philippines through its Private Sector Development Fund provided a grant to pilot-test the youth employment project in the Philippines. The PYEP project aimed at capacitating relevant stakeholder institutions to assess the state of the labour markets at both the national and local levels, identifying employment growth areas that would provide opportunities for current and future youth, and its various segments. These segments were identified as: (i) students; (ii) the employed youth (including those that were self-employed); (iii) the unemployed job-seekers; and (iv) those not in the workforce.

Finally, armed with the knowledge of current and potential future opportunities, the project sought to foster the necessary conditions to realize these opportunities. An important component of this was recognition of the need to promote entrepreneurialism among the youth and a series of training modules were introduced and piloted in specific localities designed to encourage youth to think of themselves as micro entrepreneurs.

Importantly, the project disaggregated the factors and conditions surrounding youth unemployment from the more general unemployment and underemployment problem facing the Philippines and fostered the realization among stakeholders that this was indeed a separable problem that required its own specific set of interventions in order to resolve. Unemployment during a person's early working years can discourage a person and reduce self-esteem. This often leads to a lifetime of unemployment or underemployment and wasted potential for the country.

To make the programme implementable and measurable, the project management team dovetailed its project strategy with the ongoing effort of the ILO Manila to promote local development and decent work in other areas.

Thus there were a number of activities funded under the youth employment project that were carried out to address broader targets of the DWCP and which were co-funded through other allocations: for instance promoting local development and decent work (such as developing the studies linking youth employment to local economic development strategies) and also funds allocated for promoting gender equality in employment.

Eight pilot locations were selected partly on the basis of recommendations of the Department of Labor and Employment–Bureau of Rural Workers (DOLE-BRW) which the DOLE assessed as showing already some level of success based on implementation of other national flagship programmes including those on poverty reduction. The final decision was also made on the basis of an assessment of the ILO Manila as to the openness of the local LGU leadership to work with the ILO in this regard.

Policy research was undertaken which led to consequent technical discussion and advocacy activities conducted to harness multi-sector support for a policy and action agenda that would complement,

¹ See for example http://www.unwire.org/unwire/20020514/26368_story.asp (accessed 21 November 2009).

² See for example ILO, 2006 *From Pilot to Decent Work Pilot Programme*, Geneva; available online at http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/documents/publication/wcms_079471.pdf (accessed 23 November 2009).

replicate, disseminate, and scale up the delivery of tried and tested employment support services for youth throughout the country. These policy research papers are integrated into this set of working papers.

National and local partners participated in a series of ILO-organized advocacy and learning forums and were oriented in the ILO entrepreneurship tools (KAB, GYB/SYB, and GET AHEAD) which were pilot tested in 48 secondary schools throughout the country as well as in the Technical Education and Skills Development Authority (TESDA)-administered schools.

Knowledge materials were produced to assist both institutional partners and target youth beneficiaries during and after the project period while documentation of the supported demonstration projects helped in disseminating lessons and facilitated replication of good practices by other parties.

Finally and at the local level, ILO-CIDA-PYEP supported research into youth unemployment in each pilot location through a youth employability survey. This was followed by a multi-stakeholder consultation, the outcome of which provided the basis for development of a local youth employment strategy.

Location-specific projects were developed to create immediate and limited scale demonstration effect on jobs, incomes, and decent work status of target youth segments. These were piloted in the eight localities using ILO tools and expertise and generated results favourable to intermediary local institutions and target youth beneficiaries. These demonstration projects were useful for improvement, replication, and scaling up. These particularly covered:

1. Angono –five demonstration projects anchored on art tourism including: (i) arts exhibits, (ii) traditional animation and artistic training; (iii) souvenir items development and culinary arts; (iv) souvenir items development using recycled materials; and (v) tour guide training and transport-aided tourism promotion that directly enhanced skills. These were translated into jobs and income opportunities initially for 110 young artistically inclined youth.
2. Concepcion – one project anchored on eco-tourism titled “LGU and Youth Employment Generation Capacity on Tourism Development” that enabled 20 youth direct beneficiaries duly screened and selected, from the different barangays of the town to acquire through structured learning opportunities necessary attitude, exposure, and skills to start, grow and sustain in a business-like manner the operations of an LGU tourism services shop, This will indirectly benefit 400 local potential and existing artisans and entrepreneurs by providing new outlets for their products.
3. Cotabato City – one demonstration project focused on enabling a Muslim youth-run organization to prepare and expand its social enterprise service lines to include blueprinting services on top of established computer and photocopying services; in effect creating additional opportunities for the organization’s target out-of-school-youth; and enabling employed out-of-school-youth to earn incomes sufficient to cover for their needs and for costs in pursuing a short vocational/technical training course of their choice.
4. Davao City – one project involving various stakeholders in enhancing the employability factor of targeted disadvantaged youth in the city such as the out-of-school-youth and the job seeking unemployed youth technically inclined to engage in jobs in the hotel and restaurant industry, building electrical wiring trade and metal arc welding trade. The programme provided for skills training, testing and certification; entrepreneurship orientation, personality

development, post-training employment services, and a mechanism for employers' feedback on programme participants.

5. Dumaguete –one demonstration project involving various stakeholders in enhancing values, industry/trade skills and entrepreneurship base of local unemployed graduates. As an adjunct to this, the city provided two tracks of post-training employment facilities services for the youth. One track is geared towards getting trainees employed in the labour-short but high-paying business process outsourcing-information and communication technologies (BPO-ICT) sector as well as in hospitality and automotives sectors. Another track was geared towards enabling these young people to start-up their own service shops.
6. Guimaras Province –two different projects with the first one supporting employability and actual employment of 50 local youth for housing sector jobs implemented prior to employment strategy planning as an emergency response to the oil spill disaster that affected local livelihoods and incomes of affected communities in the province in 2006 and the second one complementing resources mobilized by the provincial government to implement an integrated set of employment interventions based on identified gaps and action points from the youth employment planning workshop.
7. La Castellana – one demonstration project affording young people and their parents in comprehensive agrarian reform programme (CARP) whose long pending land disputes case have been finally settled and thus ready to respectively invest in the development of their respective lands, with entrepreneurship orientation, training, and post-training advisory services.
8. Marikina City – In addition to the survey and youth planning forums, the ILO provided the city with technical (e.g. feasibility studies, trainings, forum facilitation and advisory services) and brokering (e.g. between BPO firms and Marikina LGU) services to complement the overall efforts of the LGU to organize a fully functioning one-stop-shop labour market center capable of delivering a comprehensive set of employment services for the city with a special focus on the more disadvantaged youth segments.

These projects served as a deciding point for LGUs and stakeholders to mainstream youth employment policy and action points in local development planning, budget, and administration processes.

This second set of papers in this series provides the case studies that highlight how these ILO-sponsored interventions complemented local economic development initiatives in each of these eight areas and the result obtained.

As noted in the independent evaluation report,³ PYEP is clearly just a beginning. Nevertheless, it has managed to establish momentum that can be carried on by the project partners with or without further project support.

It underscored the challenges facing all the partners involved: the local governments, the partner non-governmental organizations (NGOs), the schools and training institutions, the employer groups, trade unions, national government agencies, and the international development institutions involved (ILO and CIDA), that is to do what is necessary to ensure that such momentum is not dissipated.

³ Working Paper No. 7 of the Youth Employability series.

This current series of working papers provides a useful benchmark of the various youth employability outcomes against the backdrop of local economic development strategies. From this, it is possible to assess the longevity and achievements of the various projects undertaken as well as the concepts and lessons that can be carried over into other localities concerned with building youth employability into their development programmes. For more detailed information, readers are referred to the Terminal Report, produced by ILO Manila.

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List of acronyms

ARMM	: Autonomous Region of Muslim Mindanao
BFAD	: Bureau of Food and Drugs
BPO	: Business Process Outsourcing
CCIADP	: Cotabato City Integrated Agricultural Development Programme
CCSPC	: Cotabato City State Polytechnic College
CDA	: Cooperative Development Authority
CIDA	: Canadian International Development Agency
DA	: Department of Agriculture
DILG	: Department of Interior and Local Government
DOLE	: Department of Labor and Employment
DOST	: Department of Science and Technology
DSWD	: Department of Social Welfare and Development
DTI	: Department of Trade and Industry
ELSA	: Education Livelihood Skills Alliance
EO	: Executive Order
FGD	: Focus Group Discussions
GMP	: Good Manufacturing Practices
GRP	: Government of the Republic of the Philippines
GYB	: Grow Your Business
HRD	: Human Resources Development
ILO	: International Labour Organization
JMSP	: Justiniano Marquez School of Peace
KAB	: Know About Business
LDDW	: Local Development and Decent Work
LED	: Local Economic Development
LGSP	: Local Government Support Programme
LGU	: Local Government Unit
MEDCo	: Mindanao Economic Development Council
MILF	: Moro Islamic Liberation Front
MKDA	: Metro Kutawato Development Alliance
MNLF	: Moro National Liberation Front
MOU	: Memorandum of Understanding
NDU	: Notre Dame University
NEDA	: National Economic Development Authority
OJT	: On-the-job-training

OWWA	: Overseas Workers Welfare Administration
PBSP	: Philippine Business for Social Progress
PEDO	: Provincial Economic Development Office
PESO	: Public Employment Service Office
PMO	: Project Management Office
PRODMEG	: Programme for Development of Manpower and Employment Generation
PTEDC	: Provincial Training and Enterprise Development Center
PWD	: Persons with disabilities
PYEP	: Promoting Youth Employment in the Philippines
RA	: Republic Act
SDO	: Sectoral Desk Office
SEA-K	: Self-Employment Assistance Kaunlaran
SME	: Small and medium enterprises
SP	: Sangguniang Panlungsod (see Glossary)
SPCD	: Southern Philippines Council for Peace and Development
SYB	: Start Your Business
TESDA	: Technical Education and Skills Development Authority
TNS	: Taylor Nelson Sofres
TWG	: Technical Working Group
UNDP	: United Nations Development Programme
UNFPA	: United Nations Population Fund

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Acknowledgement also to all assisting researchers and local stakeholders from the government and the private sector who assisted and contributed in the various stages of developing and updating the case studies for each of the pilot sites, from 2005 to 2009 and to the ILO-PYEP, Employment, and Publication teams for the overall efforts in delivering this knowledge product and especially Maria Asuncion Ortiz who coordinated the research, writing, and compilation of these case studies.

A note on spelling and other conventions

In accordance with the practice of the International Labour Organization (ILO) this document follows the general spelling conventions as laid out in the Oxford Dictionary. Where two or more alternative spellings are allowed, we normally apply the first such spelling.

Exceptions are made for proper names. Thus we use the general term of “labour market” and “labour scenarios” but “Department of Labor and Employment” and “Labor Code of the Philippines”.

The Philippine *Youth in Nation Building Act of 1997* defines youth as those within the age group of 15–30 years while the Department of Statistics uses the cohort 15–29 years. Both are used in this group of studies depending on the source of information.

Glossary of terms

Barangay	: The smallest administrative district of government in the Philippines; also “barrio” from the Spanish
Career Pathways	: A DepEd pilot programme integrating trade skills and entrepreneurship instruction in select high schools to be mainstreamed in the secondary education programme
Consuelo Foundation	: See Consuelo Zobel Alger Foundation
Consuelo Zobel Alger Foundation	: A private foundation operating under US law and based in Hawaii, founded in 1998 to assist disadvantaged women, children and families in the Philippines and in Hawaii. In July 2002, it was officially renamed the Consuelo Foundation Incorporated.
GET AHEAD	: Gender and Entrepreneurship Together (GET) An ILO training and resource kit in four modules targeting women; see for example http://www.ilo.org/public/english/region/asro/bangkok/library/pub4c.htm (accessed 2 December 2009)
Liga ng mga Barangay	: League of Barangays
Malong	: A traditional "tube skirt" made of hand-woven or machine-made multi-coloured cotton cloth, bearing a variety of geometric designs. The malong is traditionally used as a garment by Muslims in the Southern Philippines and the Sulu Archipelago. It is similar to the sarong worn by people in Malaysia, Brunei, Borneo, and Indonesia.
MERP	: Mindanao Rural Development Programme - a programme of the Department of Agriculture requiring LGU equity funds
Nipa	: Usually refers to the Nipa Palm, <i>Nypa fruticans</i> , but may also refer to nipa grass, <i>Distichlis palmei</i> see: http://en.wikipedia.org/wiki/Nypa_fruticans
Plantilla	: The approved organizational establishment against which individual positions can be filled; from the Spanish meaning <i>template</i>
Poblacion	: The center of a town or municipality, usually the administrative district
Project RAUL	Reform in Accelerated and Unified Learning
Purok	: See <i>sitio</i>
RA 7160	: The Local Government Code of the Philippines (1991), Republic Act 7160
Sangguniang Bayan	: The local legislative body of a municipality
Sangguniang Kabataan	: Youth Council
Sangguniang Panlalawigan	: The legislative board of a province under the chairmanship of the vice governor
Sangguniang Panlungsod	: The legislative branch of a city government
Sari-sari store	: The Filipino equivalent of a “mom-and-pop” store that sells to local communities
SEA-K	: A livelihood enhancement facility organized by the DSWD and designed To diversify income sources for indigent groups

Sitio : An administrative enclave within a barangay (also purok)

SOCCSKSARGEN : Administrative Region XII of the Philippines comprising the provinces of Cotabato, South Cotabato, Sultan Kudarat, and Sarangani and the cities of General Santos and Cotabato City

Figure 1: The eight pilot areas



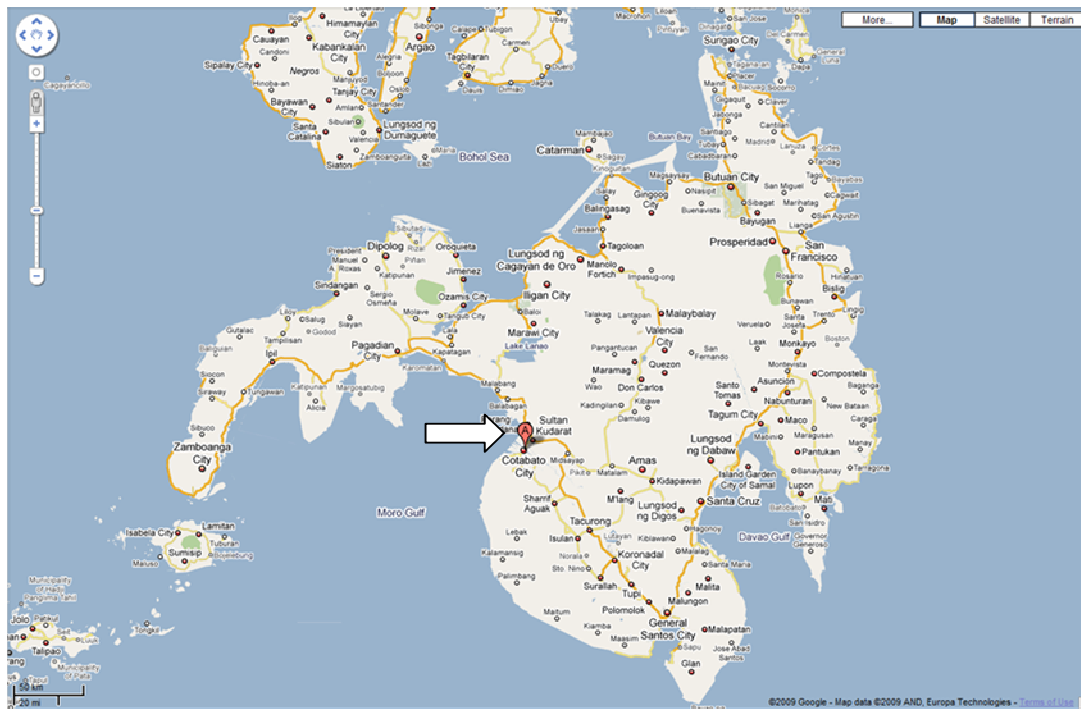
Local economic development and youth employment in the Philippines: the case of Cotabato City

1 Introduction

Cotabato City regards itself as “the heart of Central Mindanao”. The city is situated within the province of Maguindanao along the delta of two major rivers—the Tamontaka that flows south of the city and the Rio Grande de Mindanao to the north (Figure 2). The city is bounded by the Moro Gulf to the west, the province of Lanao del Sur to the north, North Cotabato province to the east, and the province of Sultan Kudarat to the south (not to be confused with the municipality of Sultan Kudarat which lies north of Cotabato City).⁴ Settlement in the area has been recorded as far back as 1475.

Cotabato City serves as the capital city of the Autonomous Region of Muslim Mindanao (ARMM) although the city is actually part of Region XII (Soccksargen). From 2006 until 2008 it was located within the province of Shariff Kabunsuan (which was part of the ARMM) but this province ceased to exist after the Supreme Court declared as unconstitutional, the *Muslim Mindanao Autonomy Act 2001*. The capital city of Maguindanao province is Shariff Aguak (Maganoy) to the south. Cotabato City remains the commercial hub of central Mindanao and administratively it is separate from the province that surrounds it.

Figure 2: Location of Cotabato City



Source: Google maps

Although the region of Central Mindanao no longer exists as an administrative entity, the strategic location of the city provides it with a natural role as a business and commercial center for surrounding areas. It is a major transshipment point for both marine and agricultural products as well as providing a magnet for those from surrounding areas seeking employment. Because of this it has become the fastest growing regional urban center in this part of Mindanao and one of the fastest growing in the Philippines.

1.1 Territorial profile

Cotabato City has been described as “a city of rivers and islets”. It occupies 176 square kilometers, (17,5999 hectares [ha]) of flat to undulating land which is criss-crossed by rivers and creeks that provide much of the water requirements of the city, both in terms of water for agricultural, commercial, and domestic use as well as drainage. Around 70 per cent of the land area is actually below sea-level.

Urban land for settlement is concentrated in the central portion of the city area. A total of 1,678 ha (around 10 per cent of the total land area) is given over to urban use. The remainder of the land is mainly used for agriculture with a small portion allocated for forest, pasture, or protected area. The city has 10,788 ha of agricultural lands (61 per cent) of which 42 per cent (4,514 ha) is considered marginal and of limited arability. In fact only 36 per cent of the total land area is in productive agricultural areas of which rice is the major crop. Irrigated rice is grown on 49 ha while 1,624 ha is used for non-irrigated rice. Other major crops grown include corn, coconut, and banana.⁵

Illaña Bay, to the west of the city, is considered one of the richest fishing grounds in Mindanao and is a major source of livelihood for coastal dwellers. As well as offshore fishing there are also fishponds given over bangus, prawns, crabs, shell, and seaweeds. Brackishwater fisheries occupy over 2,798 ha while a further 821 has are classified as inland fisheries.

1.2 Demographic profile

As of 2000 census (and at a time when Cotabato City was still a part of the Central Mindanao Region), the population of Cotabato City stood at 163,849, across 31,227 household units.⁶ The average household size was pegged at 5.2 persons per household. The female population outnumbered the male population with only 95 males for every 100 females. Women in their childbearing or reproductive years (15 to 49 years) constituted 56.3 per cent of the total female population. The 2000 population represented an increase of some 17,000 over the 1995 census figure (146,779) for an annual growth rate of around 2.3 per cent.

According to the Region XII National Statistics Office (NSO)⁷, the 2000 census revealed that more than 50 per cent of the residents of Cotabato City classified themselves as Maguindanoan while 14 per cent were Cebuano and 10 per cent Tagalog. More than 7 per cent classified themselves as Iranon⁸ and 19 per cent did not report their ethnicity.

⁴ Interviews with officials of the LGU, chamber, school, and other local stakeholders conducted by Maria A.A. Ortiz in October and November 2007 as well as follow-up in April and December 2009.

⁵ Much of the information in this section has been taken from the website of Cotabato City.

⁶ As of the year 2007 census, the population of the city stood at 259,153 across 50,126 household units. The average household size was unaltered.

⁷ [Http://nsor12.awardspace.com/link301.html](http://nsor12.awardspace.com/link301.html) (accessed 8 November 2009).

⁸ An ethno-linguistic group of the Southern Philippines.

The median age of the population of Maguindanao in 2000 was 26 years. This was higher than the national median and also slightly higher than the 1995 median (25 years) recorded for the area. The largest population group was among the 15–19 year old cohort and where females again predominated.

More than 62 per cent of the total population (102,310 persons) were estimated to belong to the productive age range (15 to 64 years); over 35 per cent were classified as dependent children (aged 0–14 years); and over 2 per cent were dependent adults (aged 65 years and above). The overall dependency ratio in 2000 was placed at 60.15. This meant for every 100 persons aged 15 to 64 years, there were a further 60 persons classified as dependents of which 56 were young dependents and four were elderly dependents.

Of the household population aged five years and above, 83 per cent had at least attended or completed elementary education, 25 per cent had a high school education, and 26.5 per cent a higher education. Females showed a better retention rate of schooling than males.

By the time of the 2007 census, the gross population had swelled to 259,153 giving an annual growth rate of the population during the most recent intercensal period of almost 6.8 per cent per annum. This is one of the highest growth rates in the Philippines and more than three times the national average.⁹ It is attributed to the urban drift associated with high incidence of poverty and conflict in surrounding areas. Detailed results from the 2007 census are not yet available and other data used in this section is taken either from the 2000 census results or (in the case of employment data) from the quarterly national Labour Force Survey. However, given what appears to be a high influx of people into the city, the demographics may change.

The quarterly labour force surveys conducted by NSO do not disaggregate data by province city or municipality and we are reliant on the macro data available by region. Since Cotabato City serves as a catchment for both the ARMM and Region XII, Table 1-1 shows recent survey data for both regions. While superficially, the unemployment rate in the ARMM appears much lower than either the national average or that for Soccksargen, the labour force participation rate is also much lower than the rest of the Philippines and also by comparison with Region XII. Whereas underemployment in the latter has been trending downwards, for the ARMM it is increasing. There are many reasons for this although a major reason is the lack of investment as well as livelihood disruption caused by ongoing conflict.

Cotabato City draws in many of these people, especially younger people seeking education or employment. With its competitive skills training and higher education facilities, the city has an abundance of graduates who constitute the pool of the city's local human resource base particularly in the fields of agricultural science, engineering, and business. As an education center for both central Mindanao as well as Muslim Mindanao, this makes the city both a melting pot of people from diverse ethnic and cultural groupings as well giving it a strong professional base across a range of occupational groupings.

⁹ This compares to a growth rate for the ARMM of 5.46 per cent for 2000–2007 and 2.41 per cent for Soccksargen.

Table 1-1: Labour force survey data for Region XII and ARMM (2005-2007)

Index	Region XII			ARMM		
	2007	2006	2005	2007	2006	2005
Total population aged 15 and above	2 382	2 337	2 279	1 891	1 881	1 869
Labour force participation rate	65.1	66.0	66.7	56.7	56.4	54.7
Employment rate	95.2	95.2	94.5	96.9	95.9	96.6
Unemployment rate	4.8	4.8	5.5	3.1	4.1	3.4
Underemployment rate	19.6	25.6	30.4	25.7	19.9	17.5

Source: Data based on Year 2000 census projections; October rounds; Population in thousands, other figures in per cent

According to the NSO information provided by the Cotabato City government, those within the productive age group of 15–64 years, were pegged at 101,000 for 2001, of which 86.2 per cent were estimated to be employed, 5.6 per cent were visibly underemployed, and 13.8 per cent unemployed. Unemployment rate figures improved after the Mindanao and national crisis situation that occurred between 1998 and 2001 and after the Cotabato City LGU took steps to attract new investment (Box 1). For 2003, the unemployment rate was down to 10.2 per cent and achieved against an increased number of persons entering the productive age pegged at 105,000.¹⁰

Despite its importance to the economy, the agricultural sector is a minor source of employment. According to figures of the Cotabato City government, agriculture employs roughly 4 per cent of the total labour force. However, in terms of formal sector employment it accounts for roughly 16.4 per cent of formal sector jobs. Manufacturing accounts for a further 9.1 per cent while the bulk of formal employment is to be found in services (74.5 per cent).

As elsewhere in the Philippines the preponderance of work is in the informal sector with many people engaged in subsistence livelihood activities.

1.3 Economic and job growth areas

Generally, the development potential of Cotabato City is to be found in the areas of agri-based industries and social infrastructure facilities. This is consistent with its role as a major commercial and administrative center (and possible future capital of any Bangsamoro entity established as part of a final peace settlement between the Moro Islamic Liberation Front (MILF) and the Government of the Philippines). The city has capitalized on these strengths and this has led to its emergence as a trade, administrative, and services provider center for the Mindanao region. Its primary comparative advantage is to be found in fisheries because of the rich stocks to be found in Illaña Bay in its western portion.

¹⁰ These figures should be approached with caution because they do not take account of the labour force participation rate.

Box 1: Stabilizing peace and order in the city

Foremost among the needs of the local business community is a stable peace and order situation. Prior to 2000, Mindanao was beleaguered by kidnappings, extortions, and other perceived security dangers within and around the city. Many local businesses left the area with many of those that left relocating to the National Capital Region (Metro Manila) or to the City of Davao.

To deal with this problem, the city government implemented a number of measures to improve peace and order and public safety aimed first at making the city a haven for investments and second a safe place for the many *datus* (local Muslim leaders) coming from surrounding municipalities particularly from within the ARMM region. The mayor's campaign message to the local business community who had left or intended to leave the city was simple but compelling, *"No people from outside will invest in our city if we ourselves do not demonstrate confidence in ourselves while others always see us in fear"*.

By 2000, after initial efforts to stabilize peace and order had been made, some of the local investors who had left the city began coming back. New businesses gradually emerged and thrived. As the mayor stated in interview, a predominant theme in many of the development steps of the city government was the notion that *"development only begets development"*.

As a show of support, a number of local businessmen invested in the city; many through franchising in food-related businesses including Jollibee, Goldilocks, Chow King, McDonald's, Mr Doughnuts, Greenwich Pizza, and others that were not in existence before in the region and which gave the city a more modern 'feel'. More gasoline stations were established. About 100 pawnshops/lending shops were also established to provide lending services. Mall developers such as the Super Rama grocery/mini-mall were established. Many of these maximized their opportunities by catering both to the needs of Muslims as well as non-Muslim residents. All of these were employment creating.

As a trading center, the city is a major trans-shipment point of goods and services to and from the other parts of Mindanao. Hence, wholesale and retail trading businesses are well embedded in the commercial life of the city. Some 1,004 major enterprises were registered in the city hall in 2001, to which has to be added an estimated 5,000 formal and informally operating MSMEs with Filipino-Chinese traders dominating the hardware, general merchandising, dry goods, and commodity distribution sub-sectors.

The various national government line agencies and the ARMM regional government offices in the city rely on the availability of a large number of educated workers that are linked to clients from different towns, provinces, and regions. In turn this has triggered an increase in demand for the city's goods and services.

New or parallel streams of economic activities have emerged, with the new opportunities opened up to the city within the framework of decentralization. Already established as well as potential new businesses which have been assessed as able to thrive in the city have been identified in the city's comprehensive development plan and are displayed in Box 2.

Realizing the economic potential of the city, a number of major private commercial banks, mostly based in Metro Manila have established full branch banking operations in Cotabato City.

Box 2: Identified job and income generators

- Adventure, diving, and island tours
- Business hotels
- Commercial complexes
- Convention center
- Corn and banana production and processing
- Crab fattening
- Dive and beach resort development
- Eco-tourism (Pedro Colina and Timako Hills)
- Essential oils production (perfume)
- Fast water transport
- Fish culture and processing
- High-value fruit/vegetable production/processing
- Housing and low cost-housing
- Light manufacturing and industrial estate development
- Livestock breeding and fattening
- Manpower training institutions
- Palm oil production and processing
- River port improvement
- Sports and recreational facilities
- Telecommunications development
- Wood processing (rubber, gemelina [*Gmelina arborea*])
- Wood and cement board production
-

Source: Cotabato City Comprehensive Development Plan 2003-2008; City Youth Employment Planning Proceedings 2007

Aside from a branch of Bangko Sentral ng Pilipinas (Philippines Central Bank) in the city, there are, at the time of writing, 13 branches of private commercial banks, four branches of specialized government banks, one quasi-government bank, one rural bank, and one niche bank, the Islamic Al Amanah Bank catering to the Muslim population and providing Islamic financing. Local and external parties to the city observed monetary flow in the city to be very fluid.

A number of established business and industry associations particularly the Cotabato City, Metro Cotabato, Filipino-Chinese and Muslim Chambers complement efforts of the city government to develop local enterprises and contribute to growth and better life opportunities for the local people—Muslims, Christians, and minority groups alike—away from a culture of poverty and war.

1.4 Issues and challenges

1.4.1 Geo-political issues complicate city development

The area surrounding Cotabato City, Maguindanao Province, by choice of its residents through a plebiscite became a part of the ARMM, effective August 1989.¹¹ As noted already, Cotabato City is geographically a part of Maguindanao Province but has been classified as a chartered city since 1959 and an independent component city since 1991 (a city with a charter that prohibits its residents from voting for provincial elective officials). But by virtue of the city's geographical location, political history, cultural, and religious diversity, as well as being a major trading and services center, it was selected to be the provisional capital of the ARMM, even though it is strictly not a part of the ARMM.

The complications of a city serving the needs of two different regions became more entrenched with the issuance of Executive Order No. 36 on September 2001 whereby the city, along with the provinces of North Cotabato, South Cotabato, Saranggani, Sultan Kudarat, and the cities of General Santos, Kidapawan, Koronadal, and Tacurong was classified as belonging to Region XII which has its regional administrative center in Koronadal. Again, as noted, the city was part of Shariff Kabunsuan from October 2006 until its nullification by the Supreme Court in July 2008.

It is also home to the Bangsamoro Development Agency, the economic development arm of the MILF and which is charged with developing plans and policies for implementation in any future Bangsamoro entity that might emerge as an independent Muslim homeland within the Philippines.

Cotabato City is therefore administratively attached to Region XII, but politically attached to the ARMM and geographically attached to Maguindanao Province. This unusual situation makes the character of local governance, in the perception of the city government, somewhat complicated due to a number of factors:

- the influences of the two distinctly structured regional bodies dealing with the social, economic, and political aspects of Cotabato City;
- the physical and economic connectedness of the city and surrounding towns; enhanced by the transport links primarily through the port and the airport located outside of the city boundaries;
- the Local Government Code mandates that the city development plans be integrated with that of Region XII, not of ARMM. Already there have been issues such as water resource development and waste disposal where resolution of problems have been constrained by territorial and jurisdictional difficulties;
- business people and traders complain of alleged high fees and double charges at the port but resolution of these complaints is beyond the city's jurisdiction; and
- traders have to secure LTO permits and franchises on public transportation twice, one from the city and the other from the province of Maguindanao, in order to bring their goods to and from Cotabato City.

¹¹ Based on interviews with Cotabato City Mayor Muslimin Sema, other LGU Officials and partners, and documents consulted in the course of this study.

Investors and travellers alike shy away from the city due to an “image” problem tied to the peace and order situation. City officials claim that peace and order has improved in the city, but they also claim outsiders do not appreciate it. Many people still believe the city to be a high risk area associated with untoward incidents in the surrounding provinces or in other parts of Mindanao.

The national government directive to have the Region XII offices of the national government line agencies relocated from Cotabato City to Koronadal City added to the already complicated situation. The result of this confused situation was a reduction of income for Cotabato City associated with the regular purchases of goods and services by the many employees and client base of the regional government offices.

But some local people take it as wry humour that people from their city have to travel to Koronadal City for their regional government transactions while their own city hosts parallel offices at the service of people coming from the ARMM towns. The city government clearly sees the need for all sectors to work together to mitigate the effects of all these impediments to city development.

1.4.2 The challenges of governance

In recent years, Cotabato City has had to deal with the geo-political problems described above within a legislative and regulatory framework that has had to take account of the creation of the ARMM in 1989, the passage of the Local Government Code in 1991, the GRP-MNLF Final Peace Agreement of 1996, the enactment of the Agricultural and Fisheries Modernization Act of 1997 and also other relevant policy associated with decentralized governance and local economic development. Each of these events has impacted on the city. According to the City Mayor Muslimin Sema, major challenges have included the following:

- Stabilizing peace and order situation in the city and in the region
 - To arrest and reverse capital flight from the city and attract new, and sustained development investments in the city and neighbouring localities that would benefit foremost the Muslims and Christians who have been trapped in situations of poverty and war.
- Achieving the vision and goals of the city as the regional trading, services, and agri-investment center
 - The city is relying on its unique geo-political and economic stature; being the seat of the ARMM regional administrative body; a transshipment point of goods and services and a financial and education center for Region XII, the ARMM, Maguindanao Province, and the Cotabato subregion. It is also fortunate to have been selected one of the 12 regional agri-investment centers in the country.
- Developing institutional capacities to manage territorial resources and advantages
 - To maximize use of the limited natural and fiscal resources of the city, the diverse cultural and ethnic factors coming into play in the local economy, and the need to build stronger linkages not just with its 37 component barangays but also with external institutions that would enable the city to accelerate its economic development within the framework of lasting peace and sustained development.

- Mainstreaming issues and concerns of children, youth, and women in development policies, programmes, and systems
 - To ensure that the more vulnerable groups in the city such as children, in-school and out-of-school-youth and women benefit from the peace and development efforts of the city government and its stakeholders and that the same groups become the bearers of peace in the years and generations to come within the city and more widely.

1.5 Key responses and cumulative gains

The political administration of Mayor Muslimin Sema has stretched across four political terms (1998–April 2001, an unfinished term; 2001–2004, 2004–2007, and 2007–2010) and has built on and extended the efforts of the earlier political administrations through the following three key strategies:

- Investing in rational and productive relations between the city LGU and the business sector, the main engine of economic growth and resulting in:
 - (a) strengthened business representation in the city government council (CDC) and other consultative and learning forums;
 - (b) improved peace, order, and public safety situation in the city;
 - (c) renewed business and investor confidence in the locality;
 - (d) increasing number and diversity of businesses registered with the city;
 - (e) substantial annual (2002–2006) increases in city treasury’s revenue collection through business income taxes; and
 - (f) concrete forms of local government support for business, education, and smaller and vulnerable sectors in the local economy.
- Building an inter-LGU alliance mutually beneficial to the city and its neighbouring localities that resulted in:
 - (a) creation of the Metro Kutawato Development Alliance (MKDA). The agency that implements the Cooperative Agricultural Development and Investment Programme and under the Mindanao Economic Development Council (MEDCo);¹²
 - (b) a memorandum of agreement signed by local chief executives from nine LGUs and with the support of their local development councils to form the cooperative alliance. Achievement of agreement among nine local governments was no mean feat;
 - (c) establishment and maintenance of a Project Management Office (PMO) housed in the city planning office to handle MKDA routine and special programme activities;
 - (d) support of the Department of Agriculture (DA) and the Asia Foundation to embark on a capacity building programme for MKDA and target beneficiary sectors;
 - (e) development of an enhanced organizational, project management, and agriculture technical service capability of concerned staff in MKDA-PMO and partner LGUs;

¹² See Glossary.

- (f) design and implementation of an integrated agricultural support programme addressing the needs of the nine member LGUs;
 - (g) improved physical and socio-economic infrastructures in LGU targeted areas; and
 - (h) new and enhanced employment and income opportunities for agricultural communities in the city as well as in the neighbouring localities.
- Harnessing local, regional, national, and international relations with concerned sectors, office units, and agencies to obtain complementary support for the development infrastructure critical to addressing the city's standing and anticipated growth needs and sustainable development concerns. This included:
 - (a) enhanced capacities and functionality of the city and barangay level development planning and administration machinery;
 - (b) engaged participation of concerned local sectors in the local development process;
 - (c) mobilized support from local offices, national line agencies and international development agencies in fulfilling the general welfare provision of the Local Government Code (RA 7160);
 - (d) on-going efforts to establish barangay level development needs, profiles and plans and update the city's comprehensive development plan; and
 - (e) budgeted and implemented physical, social, and economic infrastructure for the city in line with the general welfare provisions of RA 7160.

2 Development and results of LED intervention strategies

This second part of the case study report elaborates on the general development status of the city and how key LED programmes have been initiated, developed, and translated into actual capacity improvements and local economic growth within the city and among its neighbouring localities.

2.1 Cotabato City and the establishment of the ARMM

The Autonomous Region of Muslim Mindanao (ARMM) was created on August 1, 1989 through Republic Act No. 6734 otherwise known as the *Organic Act in Pursuance to a Constitutional Mandate to Provide for An autonomous Area in Muslim Mindanao*.¹³

Following passage of the Act, a plebiscite was held in the provinces of Basilan, Cotabato, Davao del Sur, Lanao del Norte, Lanao del Sur, Maguindanao, Palawan, South Cotabato, Sultan Kudarat, Sulu, Taiwa-Tawi, Zamboanga del Norte, and Zamboanga del Sur; and in the cities of Cotabato, Dapitan, Dipolog, General Santos, Iligan, Marawi, Pagadian, Puerto Princesa, and Zamboanga to determine if the residents (mostly a mix of Muslims and Christians) would want to be part of the ARMM.

Of the areas where the plebiscites were held only Lanao del Sur, Maguindanao, Sulu, and Tawi-Tawi voted favourably for inclusion in the new autonomous region. The ARMM was officially inaugurated on November 6, 1990 in Cotabato City, which was designated as its provisional capital. Later in 2001

¹³ Reference: ARMM stories featured in Mindanao Newsmakers pp. 22–24, August 2007 issue, Davao City.

another national law was passed for the expansion of the ARMM to include areas which initially rejected inclusion into the region and the provinces which were carved from them. Marawi City and Basilan Province, except for Isabela City in Basilan, opted to be integrated in the ARMM.

Decentralization via the enactment of the RA 7160 was seen by city stakeholders to be relevant and beneficial as it provided them the elbow room needed to work together, approach issues based on clear understandings of local contexts and develop local resources without intervention or confirmation from national agencies.

Under RA 7160, local chiefs were vested with powers to control resources. This was perceived to be the critical element needed to make decentralization work although it was how those powers are actually used and accounted for to deliver economic gains and improvements to the lives of local inhabitants that determines the success of otherwise of the implementation.

From the standpoint of the incumbent City Mayor, Muslimin G. Sema, he has been challenged to work with local stakeholders and deliver to the city and the surrounding localities the desired economic and social development benefits expected and outlined in *The challenges of governance* above.

Prior to becoming a mayor, Muslimin G. Sema was already involved in the affairs of Filipino Muslims. He was a spokesperson for the Moro National Liberation Front (MNLF) being its Secretary General and was engaged in the negotiation for the Final Peace Agreement with the Government of the Republic of the Philippines.

Why the effort? According to Mayor Sema (interview in October 22, 2007, Cotabato City), the Filipino-Muslims quest for peace and development started long ago when colonial neglect and

Box 3: The Metro Kutawato Development Alliance (MKDA)

The MKDA has been a pioneering programme designed to foster cooperation among a number of local government units that are prepared to put their individual concerns aside in favour of an approach which fosters inter-LGU cooperation for the greater good of the greatest number.

Basically it provides a framework for a cooperative arrangement among the nine LGUs in undertaking development tasks that had previously been discussed at length in a paper prepared by a technical working group within Cotabato City, but which had itself been the subject of earlier consultation with surrounding towns. The framework is anchored in providing agricultural support programmes for each participating town and with each able to identify its own agricultural resource advantage and the means by which to harness and expand. It was signed between the nine mayors but the agreements would not have materialized without the support of each of the nine LGU legislative councils.

The agreement provides for: (i) a legal personality and coordination support structure in response to the dynamic and more cohesive intergovernmental cooperation of nine neighbouring LGUs including Cotabato City, Upi, Parang, Datu Odin Sinsuat, Datu Piang, Sultan Kudarat, Talayan, Talitay, and Kabuntalan; (ii) a regular forum through which the development interests and issues of the nine clustered areas could be regularly ventilated and addressed properly; and (iii) a strategy to sustain gains of peace and radiate progressive development in LGU clustered areas in line with the goals of the Final Peace Agreement between the Government of the Republic of the Philippines (GRP) and the MNLF in 1996.

A further part of the MOA implementing arrangements is to define the respective roles of LGU planners and agriculture officers to the point that they can implement programmes, assess technical capabilities, and make arrangement permitting without further involvement in the political process beyond that of reporting, review, and general oversight.

As such, the MKDA has become a model for intergovernmental development at the local level.

injustice were experienced by their ancestors. Those cases of neglect and injustice forced many of them to take the more drastic and radical path of armed struggle while others pursued their struggle within the remedies afforded by the legal system.

While each path to justice and peace is considered meritorious in its own right, it became clear to him that one path cannot stand alone. He has come to believe issues at hand had to be tackled with a combination of standard and unconventional approaches. Besides, he said, the years that they were engaged in armed struggle did not create any good to anybody.

He said they had to ask themselves what triggered them to “raise arms” over 40 years ago and whether those conditions still exist. As these conditions no longer existed, then it was time for them to change course and pursue peace within the national legal system and locally translate the over-used accord term “peace” to actual development gains for present and future generations of Filipino Muslims.

Since Mayor Sema was first elected in 1998 he has governed Cotabato City mindful of preserving and building upon the gains on the local peace and development efforts attached to the GRP-MNLF Final Peace Agreement.

As he assumed his mayoral post and re-examined the city’s standing development thrusts, he saw the need to leapfrog the city’s development status convinced that peace and development in Cotabato City could not sprout independently from the dynamics occurring in nearby places mainly in the Muslim areas.

Events in Cotabato City, he believes, have repercussions in adjacent towns. In the same way, developments in these towns often produce results that have wide-reaching implications for his city. Thus while not a formal part of the ARMM, he has to be mindful always that his city has a pivotal role to play in the development of ‘Muslim Mindanao’ and has to factor this into the development plans for Cotabato City.

At the helm of governing a complex city that is strategically attached to two regions, the mayor believes it is imperative that proactive, innovative, and (if needed) unconventional strategies be designed to achieve the goal of having a peaceful and progressive community for the city that is also beneficial to neighbouring localities in Region XII and the ARMM.

2.2 Investing in productive relations with the business sector

2.2.1 Encouraging business representation in policy consultation and planning forums

Under Muslimin Sema’s leadership, nurturing a good relationship between the city government and the business community is very important, the latter being the engine of growth for the city capable of creating opportunities for the people.

This is evidenced by the fact that various local business chambers in the city (Cotabato City Chamber, Metro Cotabato Chamber, Filipino-Chinese Chamber, and the Muslim Chamber) along with various social development organizations are strongly represented on the city development council.

The local chambers are consulted regularly in the development planning process; in the preparation of the annual budget for the city, in conducting public hearings on policy proposals and issues affecting local businesses; and in implementing major economic undertakings of the city. The needs of the

business community are recognized and where appropriate their efforts are supported or complemented with the resources of the city government.

The city government, from the outset of Muslimin Sema's leadership has prioritized the need to stabilize peace and order in the city (Box 1).

2.2.2 Obtaining business support to tax increases

The city government has only a limited revenue base at its disposal for a number of reasons. At the same time, with rapid population growth, demand for services has been increasing rapidly. The LGU has been addressing this concern through a number of policy and ground level revenue enhancing strategies but, initially, was met with local business sector resistance particularly in relation to the increased tax rates for business incomes in line with the revised City Revenue Code.

Traditionally, members of the City Council have been always hesitant to push for raising business income taxes, despite the fact that the city government had been implementing a local revenue code that was more than three decades old, held up by the fear of losing businesses to other cities.

On the other hand, local business chambers in the city—the Cotabato City Chamber (comprised mostly of the larger enterprises), the Metro Cotabato Chamber (mostly the smaller enterprises), the Muslim Chamber and the Filipino-Chinese Chamber—could be very reactive to the suggestion of any policy changes as every such policy change affects a particular aspect of business activity. This is according to Metro Cotabato Chamber of Commerce President Peter Marquez.¹⁴ However, if handled properly; the business sector would be supportive of the city government and could be relied upon to cooperate.

In supporting the city's amended local revenue code, Mr Marquez explained that local entrepreneurs needed to understand four things. They had to: (i) move away from their situation of paying only minimal taxes; (ii) have a factual comparison of how much enterprises in cities of the same class can afford to pay at higher rates of taxes; (iii) appreciate how they had been spared from past taxes dues to the city government because of an aged local revenue code; and (iv) be convinced of the benefits that new policies will directly and indirectly bring about.

Organizing business policy briefings is a standard practice of the local chambers in sensitizing members and non-members on the logic, benefit, and responsibilities arising from new or amended policies affecting businesses in the city. One such briefing was organized in 2005 for the purpose of publicizing and building support for the amended local revenue code.

It was in the same year in 2005, when the LGU through the *Sangguniang Panlungsod* (SP) formed a Technical Working Group (TWG) to conduct a series of research studies. It consolidated the findings and presented these to the City Chief Executive who was invited to the SP Council. The SP conducted committee and public hearings until a city ordinance was finally approved in the same year and implemented in 2006.

From the standpoint of the City Treasurer, Cleotilde B. San Luis (interviewed on October 24, 2007 in Cotabato City), getting the amended Local Revenue Code enforced will put the city government in a better position to provide new and enhanced services to its constituents. Among others, the business sector stands to gain from the revenue built-up.

¹⁴ Interviewed October 2007 while on a business trip in Manila.

The city government has already succeeded in improving substantially in its revenue collection from business income taxes. From PhP13.01 M in 2002, collection increased to PhP14.50 M in 2003, to PhP14.85 M in 2004, PhP18.57 M in 2005, and PhP23.17 M in 2006.

Furthermore, according to the City Treasurer, the improvements from 2002 to 2006 were based on the old revenue code. Increased collection was influenced by the growing number of businesses registered with the city. But with the amended revenue code already being enforced, further substantial improvements will be possible through increased collection efficiency and additional revenue, especially from the increased business income taxes that can be expected in the coming years and which will benefit both local business and the community generally.

Members of the business community appear to accept that as a result of the increased revenue collection, city services have improved, especially in the areas of peace and order, infrastructure and services. Members of the education sector also attest that the city government can now afford to allocate funds for sending student delegations to regional, national and international workshops, conferences, and competitions.

The city government is now ready for its next challenge; that of improving revenue collections from real property taxes. At the time of interview and initial writing this was a work in progress.

2.2.3 Reinforcing the city's business conduciveness

The renewed confidence of investors in the city and the increasing number of MSMEs operating, results in greater demand for support services, facilities, and infrastructure for local businesses—particular with regard for support for informal businesses that will bring them into the formal sector in a manner in which they not only survive but also grow and contribute to the city's tax base. To achieve this, the administration is seeking to:

- create an environment that encourages fair competition among traders and moving against many traditional monopolistic practices in the city;
- provide livelihood and enterprise development orientation, training, advisory, and technical services at the community level;
- organize agricultural trade fairs showcasing the produce and products of the city and neighbouring localities;
- open up a large commercial complex outside the city center to decongest the city and spur business growth and development outside the city proper; and
- develop new road networks and public transport terminals allied to the development of new growth centers outside the city proper and anticipated establishment of its own seaport facilities.

These initiatives have been taken through LGU focal units in cooperation with national government agencies, local business sector organizations, barangay development councils, and people organizations engaged in economic undertakings; and in cooperation with national or international banks and aid agencies.

2.2.4 Moving towards new investment frontiers

The city is seeking to create a “sleepless city” which means trading centers and service shops are encouraged to open around the clock primarily to stimulate economic activities. At the same time this

projects the city as a safe place to move around at any time of the day or night. The strategy, says the Mayor, is aimed at overcoming what he perceives to be the misleading and “bad” publicity that the city gets from national and international media associated with it being in Mindanao, its link to the ARMM and the current state of its peace and order situation.

One area that the city government has begun to explore in is putting up a local BPO in the city that capitalizes on the local people’s facility for the Arabic language.

2.3 The MKDA as an inter-LGU alliance

2.3.1 Creating the forum for the inter-LGU alliance

As discussed earlier, building an inter-LGU alliance that was mutually beneficial to the city and its neighbouring localities was a key component of the local economic development strategy. It has been an important vehicle for spurring complementary economic development in the city and the surrounding poverty and war stricken municipalities.

According to Mayor Sema, if people in localities around Cotabato City have no income they cannot buy anything from their traders. The same way, if people in surrounding localities cannot produce anything out of their agricultural base, the city traders will have nothing to sell to generate their incomes. Clearly, there was the need to create opportunities for both sides, taking into consideration the need to strategically address the peace and order situation in the city and the Muslim region.

It is for such reciprocity that a local forum was perceived to be necessary through which interests and issues of the neighbouring localities could be ventilated and addressed properly. Thus, an inter-LGU alliance now embodied by MKDA was seen as an essential consequence of the Final Peace Agreement between the Government of the Republic of the Philippines (GRP) and MNLF inked in 1996.

The objective was to sustain the gains of peace and radiate progressive development in the cluster area and to respond to the need of a dynamic and cohesive intergovernmental cooperation among local government units now including Cotabato City, Upi, Parang, Datu Odin Sinsuat, Datu Piang, Sultan Kudarat, Talayan, Talitay, and Kabuntalan.

The initial stage of alliance-building effort was facilitated through a consultation workshop organized by the Southern Philippines Council for Peace and Development (SPCD) where Mayor Sema used to be an executive director, with the support from the National Economic Development Authority (NEDA)–United Nations Multi-Donor Assistance Programme under the UNDP-HRD Programme on Leadership and Governance.¹⁵

This involved chief executives and planning coordinators of different LGUs in Region XII and in the ARMM region and key officials/representatives of NEDA Region XII Office, Regional Planning Office of ARMM, UNDP Manila (along with an expert on regional governance from UNDP Pakistan) and the DILG Local Government Academy.

2.3.2 Legitimizing engagement of LGUs in the MKDA forum

Consistent with Section 33 of the Local Government Code of 1991 (Box 4), the pioneering local chief executives from the nine participating LGUs affirmed their support for cooperation by signing a

¹⁵ Facilitated by a Cotabato City-based consultant Rogelio U. Uy.

Memorandum of Agreement to basically consolidate and coordinate development services and resources mutually beneficial to them.¹⁶

In a very real sense they were “pioneers” testing new forms of inter-LGU cooperation. The local chief executives were not acting alone but had engaged and obtain the support of their local legislative councils and this support was instrumental in establishing the broad base of agreement and negating any rancour or rivalries. The level of cooperation between the various branches of government (mayors, administration, development councils, and legislative bodies) across nine separate units was unprecedented. But it meant that local chief executives were armed with the authority from their respective local councils for entering into this kind of agreement. The results that have been delivered stand as testimony to their office and provide a “best practice” example, both for their successors and for other areas within the Philippines faced with similar challenges.

2.3.3 Formalizing operations of a support mechanism for alliance building activities

MKDA has been supported by a PMO to facilitate and handle its day to day activities including coordination tasks with local and national partners in pursuit of its established development goals and objectives.

The PMO operates as a non-stock, non-profit organization that serves as the umbrella organization of these LGUs working for peace and development. It was registered with the Securities and Exchange Commission in April 2003.

The PMO has been holding office temporarily at the Planning and Development Office in the City Hall of Cotabato. It has the Planning and Development Coordinator of Cotabato City as its interim programme manager backed up by two dedicated technical cum administrative staff to handle MKDA routine and special programme activities.

The PMO team reports to an executive committee composed of the local chief executives of the member LGUs. The committee sets the policy direction of the alliance. Further, the work of PMO is assisted by it TWG composed of the municipal planning and development coordinators and the municipal agriculture officers.

The PMO serves as the linchpin between the participating municipalities and caters to the actual planning, programming and implementation of development projects of the alliance. It wholly draws its formalization, formation, maintenance and services delivery support from the Department of Agriculture which is a recipient of funding assistance from the Asia Foundation as noted already.

Box 4: Cooperative undertakings among local government units

“Local government units (LGUs) may, through appropriate ordinances, group themselves, consolidate, or coordinate their efforts, services, and resources for purposed commonly beneficial to them. In support of such undertakings, the LGUs involved, may upon approval by the Sanggunian concerned after a public hearing conducted for the purposes, contribute funds, real estate, equipment, and other kinds of property and appoint or assign personnel under such terms and conditions as may be agreed upon by the participating local units through Memoranda of Agreement.”

Source: Section 33 of RA 7160

¹⁶ These LGUs are listed in Table 2-1.

2.3.4 Implementing a capability building programme for MKDA-PMO and partner-LGUs

The efforts of the MKDA have been concentrated on the provision of opportunities to develop the capabilities of the staff in MKDA-PMO and partner LGUs particularly targeting the planners and agriculture officers.

The training programme has included three components on: (i) organizational development; (ii) staff capability seminars; and (iii) exposure trips to integrated farm development and cluster areas.

The knowledge and skills acquired and exposure afforded to them as a result of programme participants imbued in them the confidence and the inspiration to do their part as well in contributing to the achievement of their vision and goals (Box 5).

Box 5: The MKDA development framework

Our vision

The MKDA is a dynamic and cohesive intergovernmental cooperation framework for the attainment of peaceful and progressive communities anchored on sustainable development.

Our mission

As a unique alliance of local government units in Region XII and the Autonomous Region in Muslim Mindanao, we collectively improve that quality of life of the people and the communities emerging from the ravages of war, guided by the principles of commitment, cooperation, and complementation.

Our goal

To build a strong culture of peace and spur balanced social and economic development within the cluster area through spatial complementation.

Our objectives

1. Foster cross-border cooperation.
2. Strengthen multi-stakeholder participation.
3. Conduct continuing capacitation programmes.
4. Establishment of a unified political and economic base.
5. Promotion of “big brother” supporting “little brother”.
6. Deepening the relationship among member LGUs.

Development directions

1. Institutionalize establishment of MKDA as a Zone of Peace
2. Generate Support for the PMO
3. Create a favourable environment for the attainment of goal and objectives
4. Promote an integrated area development approach to optimize utilization and sustainable development of resources
5. Strengthen investment promotion in the area
6. Promote and preserve cultural heritage and values

Source: MKDA Brochure

The capability building programme has resulted in having an operational development framework which has guided the MKDA-PMO and the LGUs in structuring, implementing, monitoring, and evaluating overall LGU efforts.

2.3.5 Designing an MKDA support programme for LGUs

The capability building programme described above also resulted in the design of an integrated agricultural support programme to address growth deficits in the agri-based communities within the nine MKDA member-localities. This was meant to promote the “big brother-small brother” relationship between Cotabato City and the other LGUs.

According to the Planning Coordinator of Cotabato City and concurrently the Programme Manager for MKDA-PMO, the support programme augments the resources of every LGU to cover for the physical, social and economic development infrastructure deficits in their respective agri-based towns.

The MKDA integrated agricultural development support programme for member LGUs covers four areas of interventions, namely: (i) product support services; (ii) infrastructure and post-harvest facilities; (iii) education, training, and extension services; and (iv) programme management services.

The programme provided full support to locally identified economic projects mainly in the areas of crop production, aqua, and fishery production as well as poultry and livestock production, anchored on the major programmes and projects of its national partner, the DA as displayed in Box 6.

2.3.6 Activation of programme activities at the LGU level

The MKDA standard strategy was for the LGU planning and agriculture officers to facilitate activities in their respective towns, identification of primary and secondary products to promote, develop, and sell within the town, region, and externally, considering local terrain, resource endowments, and comparative advantages.

The choice of products to promote and develop, the development stage of product undertaking (pioneering or building upon existing production capacities), resources, facility, infrastructure deficits, and other barriers to full-scale product development constitute the determinants of the range and mix of product support packages each LGU is afforded with under the programme is shown in Table 2-1.

Table 2-1: Products to promote and develop under MKDA

LGU	Primary and secondary products to promote and develop
Datu Piang	Due to its topography the LGU has chosen to focus on agro-forestry development and fish production
Datu Odin Sinsuat	The LGU proposed support for enhancing grain production, seaweed production, and high value vegetables
North Upi	Its mountainous area (south of the City of Cotabato), cool climate, and fertile land make it an ideal place for coffee production, corn production, and high value vegetables
Talitay	Because it is a landlocked area, the LGU is pursuing livestock fattening and corn production
Talayan	Its flat and fertile land led the LGU to bank primarily on mango production and secondarily on rice production
Sultan Kudarat	The flat land of this municipality led the LGU to consider grains and fruit-based plantations
Cotabato City	Considering the proximity to Illaia Bay on the west side into which flows river waters that crisscross the city makes it an ideal place for crab culture. The LGU has also pursued production of high value vegetable crops, livestock, and poultry
Kabuntalan	Its marshy land that is crisscrossed by tributaries led the LGU to propose inland fishery and corn production
Parang	Its flat and rolling terrain that goes down to the sea on its south and the western sides led the LGU focus on fruit tree crop production and seaweed farming

Source: Based on viewing of MKDA Audio-Visual Production Material developed by DTI (Nelly Dilleria) for the City LGU

Box 6: MKDA Agricultural Support Programme

Major Programmes and Projects Supported by the Department of Agriculture
and available to LGUs through MKDA

1. Pre-production equipment:
 - (a) Shallow tube wells
 - (b) SIPA water pumps
 - (c) Four-wheel tractor
 - (d) Power tiller
2. Agri and aqua marine production inputs:
 - (a) Fish (tilapia and bangus) fingerlings
 - (b) Crablets and prawn fry
 - (c) Corn and rice seeds
 - (d) Fertilizers
 - (e) Feeds
 - (f) High value crops seedlings
3. Post-harvest equipment and facilities:
 - (a) Warehouse and dryer
 - (b) Rice thresher
 - (c) Corn shelter
4. Capability building trainings:
 - (a) Bangus/tilapia culture, production, management
 - (b) Bangus deboning, packaging, and marketing
 - (c) HVCC production and management training
 - (d) Rice and corn production and management training
 - (e) Training on crab fattening
 - (f) Other projects and services
 - (g) Farm to market roads
 - (h) Establishment of greenhouse for vegetables
 - (i) Establishment of net house for environmental protection
 - (j) Establishment of coffee nursery
 - (k) Livestock dispersal
 - (l) Poultry production
 - (m) Establishment of demo-farm
 - (n) Establishment of family garden drip irrigation system

Source: MKDA brochure

Each LGU, was technically backstopped by the local planning coordinator and local agriculture officer, both as attached members of the MKDA-PMO-TWG. They were tasked to facilitate downloading and managing of the programme from the working group level to the town, barangay, and beneficiary levels and ensure through proper coordination with concerned stakeholders, sound process execution of selecting, and capacitating beneficiaries and duly assessing and providing pre-production, agri-production proper, and post-production support to beneficiaries.

The complete operation of local projects entrusted to the LGU gave stakeholders a sense of ownership and accountability for the project and steered them towards greater efforts to serve local constituents. Also, the programme provided a unique opportunity for the planning officers and the agricultural officers to work closely together at all levels. In fact they all formally requested their local chief executives not to be involved in the PMO-TWG so as to ensure that the programme delivery process is technically grounded and not influenced by political interests.

2.3.7 Gauging the gains of MKDA agricultural support programme

For the five years to 2007, a great deal of assistance was provided through the MKDA agricultural support programmes. Necessary resources and support were all provided by the MKDA as proposed

by and committed to every LGU. This required the MKDA-PMO-TWG to conduct regular and spot inventory exercises to check whether material resources were going to assigned localities and properly used by target beneficiaries. The inventory normally covered the production inputs including certified rice and corn seeds, coffee seeds, large planting materials, bags of fertilizers, and other provisions.

The PMO data shows the improved physical, social, and economic infrastructure and sustainability mechanisms in place in the pilot areas of MKDA member LGUs. This data was validated through interviews with select municipal planners and agriculture officers in a meeting in Cotabato City and a site visits in project areas in the City and in one of the LGU partners, Upi, which is a best practicing town of local governance and economic development.

Feedback generated from the LGU chiefs, planners, agriculturists, collaborators from business and community organizations, as well as primary and secondary beneficiaries indicated positive local governance, economic, and social outcomes arising out of the MKDA intervention programme. These included the following messages from the many remarks culled from documented consultations on MKDA economic gains and from sites visited. The programme had:

- fostered productive local partnerships among concerned stakeholders at the community, town, and cluster level;
- placed the local government in a better position to serve and make itself relevant to local constituents in line with the general welfare provision of RA 7160;
- spurred new and enhanced existing economic and livelihood undertakings at the community and town levels;
- allowed husband and wife teams to working together in an economic or livelihood undertaking for the sake of their family and community;
- enabled agriculture (vegetables) and aquatic (crab and fish culture) farmers to sell in local stores and markets;
- enabled agriculture and aquatic farmers to participate in trade fairs organized normally in Cotabato City;
- reduced the time and costs associated with bringing harvests from farm to market as new roads are engineered;
- generated new incomes for those previously without income and expanded and reinforced existing local earnings for others;
- improved the standard of living of beneficiary groups for short-cycle interventions; and
- stimulated interest of other LGUs to join the MKDA.

Filipino-Muslim communities as well as Filipino Christian and Chinese Buddhist communities within Cotabato City stand to benefit directly and indirectly from the MKDA supported “Cotabato City Integrated Agricultural Development Programme” (CCIADP) through:

- installation of a coco oil mill, rice mill, corn mill, and feed mill at the city’s Techno Park to operate in full starting 2008;
- maintenance of a greenhouse for production of a variety of vegetables;

- provision of rice seeds, corn seeds, and fertilizers to city farmers; tilapia fingerlings and feeds to city fisherfolks;
- construction of farm-to-market roads as well as pre and post-harvest facilities, including a warehouse and multipurpose drier pavements; and
- provision of rice threshers, multi-crop thresher and sheller, floating tiller, knapsack sprayers, etc. on a limited scale to enhance local productivity.

2.3.8 Sustaining and enhancing city development planning

Sustaining and enhancing the Cotabato City development planning as a means of realizing the city's vision and goals, entailed the city making efforts to harness and reinforce relations with various intra-local, intra-regional, and national government line agencies as well as with various international agencies. Utilizing the partnership building mechanisms for nurturing relationships mandated under RA 7160 resulted in many gains to the city. These gains included:

- proven efficacy of the city development planning machinery as it resulted in widespread improvement in the ability to tackle economic issues confronting a range of stakeholders including the barangays, the business sector, social development NGOs, city government unit line offices, national government line agencies, and international resource agencies;
- enhanced the personnel, financial, and administrative systems of the city government;
- built-up and enhanced capabilities of barangay development councils;
- updated barangay development profiles and plans (by the more able barangays);
- regularly budgeted—and implemented in stages—the planned physical, social, and economic and administrative infrastructures for the city in line with the RA 7160 general welfare provision; and
- generated external complementary fund support for major city undertakings.

A draft copy of the updated comprehensive development plan for the city was presented or presented in the *Sangguniang Panlungsod* and through the appropriate committee subject to public hearing and deliberation for approval by 2008.

3 LED implementing structures

Section 451 of the 1991 Local Government Code provides that a city may be classified as either a “highly urbanized city” or a “component city”. It further provides for a third classification of a city, referred to as an “independent component city”, a city which is geographically a part of a province but whose charter prohibits its voters from voting for provincial elective officials. An independent component city is autonomous and therefore independent of any province in which it is located.

In line with this, Cotabato City is classified geographically as a component of Maguindanao Province. A chartered city long before the enactment of the 1991 Code, its charter prohibits city voters from voting for Maguindanao's elective provincial officials. This technically makes the city an independent component city.

There is no clear cut provision in the Code on the reporting duties of an independent component city. But in practice, the City Mayor of Cotabato City has reporting duties to (and is under the general supervision of the Department of Interior and Local Government (DILG), regional and national offices, and the President of the Philippines.

3.1 Structuring the LGU machinery towards development tasks

Cotabato City is administratively linked to Region XII. Its city government is composed of 12 functional offices with 1,014 funded employees as of 1999 and had reduced to 677 employees out of the 731 funded positions as of January 2007. The city administration is under the direct supervision of the mayor assisted by the city administrator and the secretary to the mayor.

The offices of the city mayor and the *Sanggunian* have the largest payrolls but among the regular functioning units of the city government, it is the treasury, engineering, assessor, and social welfare offices that have the greatest number of employees reflective of being in line with the priorities and focus of the city government.

Basically, the city's government functions deal with delivery of basic social services to the community, public works, and engineering as well as administrative and legal services. All offices are now located in the new city hall.

Since the approval and implementation of the RA 7160, important administrative reforms and innovations have been instituted to provide better public services aimed at a more cohesive, integrated, specialized and responsive administrative machinery, systems, and processes.

3.2 Capacitating LGU work units

The required human resources in the city government functional units have been rationalized to provide greater efficiency and are only being filled as needs and suitable applicants arise. Participation structures and processes for regular and substantive participation of every unit of the city government in the formulation, implementation and monitoring of development plans, policies, strategies, and projects is being gradually implemented.

Some divisions and units still lack the necessary personnel required for the performance of some functions. Specifically, the CPDO or planning and development office lacks needed human resources to effectively discharge its functions while some units have employees with overlapping functions. There remain cases of overloading of tasks and functions in some positions.

Organizing the local policy and law-making bodies at the local levels was a priority once the 1991 Code became law. The *Sangguniang Panlungsod* for the city and the *Sangguniang Barangays* for the 37 barangays were set up to enable these bodies to support ordinances and pass necessary resolutions within their respective jurisdictions.

It was ensured that the president of the *Liga ng mga Barangay* (League of Barangays) representing the 37 barangay is seated as member at the *Sangguniang Panlungsod* to present proposals and recommendations as well as to seek early resolution of problems and issues affecting the barangays. Strong coordination mechanisms have been sustained between these two bodies and this has allowed efficient decision-making and service delivery.

3.3 Providing LGU Staff with a conducive work environment

A further need was to provide adequate office space for each city division and unit and to accommodate the city government workers in a functionally effective working environment. This was a need recognized from the outset but not achieved until 2006 when employees started to report to the new city hall.

In addition, there was the need to improve the administrative and managerial capability of officials, officers, and employees and the need to further strengthen the city government's capability in planning and monitoring as well as programme and project implementation. Responses were not implemented overnight, especially with local finances being tied to the implementation of rules and regulations on taxation, the need to improve efficiency in the methods of tax collection, budgetary misallocations, and the inability to obtain sources of funds for long-term budgetary commitments such as capital investments.

To help improve the fiscal position of the city, the City Treasurer's Office was strengthened in order to intensify and augment the city LGU revenue collection so as to provide additional resources for the expanded services of the city government.

4 Good practices and lessons learned

The City LGU is performing at the local level the social welfare and development function formerly the responsibility of the Department of Social Welfare and Development (DSWD).

According to the city's Welfare and Development Officer, Ofelia Ibrahim, at the time these functions of the national government were devolved, the local staff of DSWD were prepared to localize their operations and to report to (and work directly with) locally elected officials as well as operating within the capacities of the LGU to finance wage costs and operations expenses necessary to sustain key programmes. Eventually, most programmes previously implemented at the national level were carried over and enhanced at the local level. The national welfare and development workers now under the *plantilla* of the local government adjusted quickly to working with the local political leadership. New services have been developed but targets, strategies and programmes are essentially the same as before. Core services target a number of vulnerable groups including families, children and youth, women, people with disabilities, senior citizens, as well as those in need of emergency services. Local welfare and development councils and committees were put in place at the city and barangay level. An "office" or so-called "division" in each LGU is dedicated to welfare and development functions.

The need to reach out and provide services at the community level has been addressed by having each section in the social welfare division focus on a particular programme to deliver a specific service.

The same office ensures that every target sector in every barangay has a volunteer worker as a counterpart to the more than 40 barangay-based welfare workers whose services are paid for by the city government. The barangay council manages the pool of volunteers as these people stabilize and sustain barangay level practices even with the changes in barangay leaders.

From the standpoint of the Social Welfare and Development Officer, there is an observed improvement in the lifestyle of families living in the city, (especially in terms of food sufficiency and home ownership) and of the clients of the city government and other service agencies. This

improvement has come about in spite of an influx of migrant traders and workers from the ARMM, particularly from conflict areas, who choose to escape conflict and reside in the city.

However, it has also been observed that a number of barangays have a high incidence of street children and youth. According to the Welfare Officer, these are people from barangays where families remain impoverished and where further interventions are needed. On their part, they have three key programmes at work and which are under constant improvement.

1. The Self-Employment Assistance–Kaunlaran or SEA-K Programme

- As far as economic, employment, livelihood, and income generation for the people in the barangay are concerned, the social welfare office claims the SEA-K is a successful self-help programme benefiting primarily the youth and women within age range of 18–59 years.
- The programme is implemented using a group-based client approach with resources from the national government offices particularly from the DSWD and the TESDA. It is designed to get more women, youth, and persons with disabilities involved in and benefit from the process.
- The programme in essence is a livelihood enhancement facility designed to diversify income sources by: (i) organizing and training community members as a first stage intervention in target areas; and thereafter (ii) providing organized communities with loan assistance through a group-based seed capital to support individual income-generation and enterprising endeavours.

2. Persons with Disabilities (PWD) Programme

- This programme is intended for people with disabilities—either from birth or as a result of participation in the armed conflict that has beset the region. Under the programme, people with disabilities are trained to make chairs for schools as well as in handicrafts.

3. Referral service for internally displaced and migrant population groups

- LGU walk-in clients including migrant youth, women, and conflict-displaced workers from within or outside the barangay and city. Such people are referred to a special agency that can address specific aspect of their economic and employment-related needs or concerns.
- The primary clients of this programme are displaced workers but this status is only granted for six-months. After this time, such people no longer qualify as migrants and they graduate to other regular programmes of the local government.

The Welfare Officer claimed in discussion that there are other livelihood undertakings that are equally successful while some are not successful at all. The main problems with the latter group relate to problems of financing and sustaining the chosen livelihood undertaking over the longer term.

4.1 DTI entrepreneurship services

The city LGU hosts an annual trade fair in cooperation with the Department of Trade and Industry (DTI). The DTI provides the city LGU constituents such as the crop producers and producers of Muslim delicacies and crafts with technical assistance on entrepreneurship development which includes the following aspects:

- product development as an entry point in its community-based enterprise assistance;
- marketing support such as organizing local trade fairs;
- linking with buyers in the Mindanao region such as in the Davao City, Zamboanga City, and Manila;
- matching products with international buyers; and
- linking enterprises for other needed resources such as:
 - financing with lending facilities;
 - product registration with BFAD;
 - labelling/package designing/packaging of products with support of the Department of Science and Technology (DOST) and Philippine Design Center.

4.1.1 DTI support in local trade fairs

The DTI local office engages various business, industry and community-based groups operating in the city as well as those invited from and outside Region XII and the ARMM and offers them an opportunity to develop and/or upgrade agri-based products and introduce them to the market. This service is especially useful for start-up or growing enterprises.

Groups organized with DTI support such as the Biniruan Farmers Cooperative have been producing agri-products such as nipa vinegar while a reconciliation center has been organized by local religious groups to provide community enterprise training on handicrafts to benefit the jobless, unemployed mothers, and other low income workers.

Individual entrepreneurs have benefited from advisory services in the area of labelling and packaging of food and non-food products.

4.1.2 The city LGU and DTI future challenge

Ideally, the city plans to have an agricultural processing facility for providing value-added processing of local commodities (such as nipa for vinegar) established in each barangay, separate from the makeshift facilities in the homes or backyard of the constituents. In view of present constraints, as a first step it is looking at the possibility of establishing a common service area in association with other agencies and with a processing facility attached that is compliant with the workplace and product related health and safety standards of the Bureau of Food and Drugs (BFAD) and Good Manufacturing Practices (GMP).

To realize its plan, without any external support, the city needs to improve its real property tax collections in order to allocate funds for this programme. It remains on the drawing boards.

4.2 A Multi-purpose Crab and Aquaculture Project

A further livelihood project recently established is the Kalanganan Fishpond Owners and Workers Multi-Purpose Cooperative. The core service of the cooperative is to deliver a supply of crabs on a seasonal basis and a supply of bangus fry year round. As of 2009, the cooperative has been reduced to 33 members from an original 50 (2007). The reasons given were primarily due to death (many of them were old) but also because some resigned preferring to continue as independent fishpond operators.

The cooperative is under the leadership of Jose Gaylan, a migrant from Guimaras whose forefathers were skilled in fishpond operation. He worked for many years in Davao City as a payroll and accounting employee. After retiring, he went back to Cotabato City, where his family now resides, and dedicated his time to strengthening an existing cooperative and preparing the existing members and staff, especially the younger members (as many original members—including the officials—were already in their senior years) of the cooperative to eventually manage and sustain its operations.

The cooperative demonstrates two key features:

- Externally, it shows how Filipino Christians, Filipino Muslims, and Chinese traders all benefit, directly and indirectly, from a community-based crab and fish culture project implemented by a cooperative with fund support from city government-MKDA.
- Internally, the cooperative as an organization, struggles to professionalize, grow, and sustain its operations.

Members believe that the key to sustaining the cooperative does not lie in any single factor but is dependent on a number of inter-related dynamics:

- through adherence to the principle that people can survive better by working together than by standing alone;
- by sharing information through organizing regular monthly meetings for updating of the cooperative status and for problem-solving in a group environment;
- being scrupulous and transparent in its accountability; whereas the requirement of the Cooperative Development Authority (CDA) is for financial statements to be updated at least once a year; this cooperative has chosen to update and report its financial status on a monthly basis and to keep everyone informed of the profit and loss account as well as the actions taken and the reasons for them; and
- segregating accounting of the “buy” and “sell” entries respectively for crabs and fish prices so that the profitability of each can be better determined.

With the financial status clean and up-to-date, it has been easier to meet the criteria for approval of bank loans for business expansion.

The profit from the venture is shared in the proportion of 70 per cent for the members and 30 per cent for Mr Gaylan and for the technical services and operating expenses entailed in crab and aquaculture farming.

4.3 Capacity building in the North Upi municipality

The North Upi Municipality has been a recipient of the CIDA-LGSP Programme and Asia Foundation-DA-MKDA Programme to build its capacity. In cooperation with national and international agencies, programmes have been put in place to organize the bureaucracy, capacitate its officials and workforce, mobilize the demand (local SME sector) and supply side (the agricultural school and its students) of the economy, community volunteers and other community-based sectors. Principle areas of focus have included establishing and maintaining:

- a greenhouse for growing various types of organic crops including grains, vegetables, coffee seedlings, and others;
- an agricultural produce processing facility; and
- a marketing facility.

The LGSP programme has helped build the capacity of the LGU as a professionally-run public institution. The LGU has a well-defined vision, mission, and goals and has put in place performance indicators for the entire organization and for each of its component departments. This has been complemented by a trained workforce.

The North Upi LGU has established a good cooperative atmosphere with local businesses, schools, and the wider community as a result of which it is able to mobilize adults and young people alike in line with the welfare and employment promotion provision of the 1991 Local Government Code.

5 The ILO-sponsored interventions

ILO-CIDA in partnership with the Department of Education (DepEd) and the Cotabato City Government, through the PYEP project, sponsored the training of four high school teachers in Cotabato City employed in the J. Marquez School of Peace and the Cotabato City National Science and Technology High School in regard to the pilot-testing of the Know About Business (KAB) learning modules in entrepreneurship instruction for fourth year high school students. The KAB pilot-run took place in the school year 2006–2007 and thereafter the schools, through the teachers, adopted the KAB voluntarily into the high school entrepreneurship instruction prior to the full mainstreaming of DepEd's Career Pathway's Programme, a trade skills based entrepreneurship programme. The case of the J. Marquez School is outlined in detail later in this section of the paper.

Through the same project, ILO-CIDA sponsored the training and certification of local trainers on Generate Your Business and Start Your Business (GYB/SYB) programmes and these trainers are respectively working in the local government and in the Notre Dame University Community Development Office. The latter's post-trainer's training efforts in regard to the incorporation of the GYB/SYB training modules in its community extension services for out-of-school-youth is also discussed in some detail.

Furthermore, ILO-CIDA supported a youth employability survey conducted by TNS Inc. in the final quarter of 2006, followed by multi-stakeholder youth employment strategy planning session held in February 2007 with the support of the local government through the participation of its local planning and development coordinator and Public Employment Service Office (PESO) officer. The seminar-workshop was conducted for all pilot localities planning and employment focal persons with the focus

on facilitating the mainstreaming of youth employment plans in local government and non-government plans, budgets, and regular services.

Towards the end, the ILO-CIDA supported the Shariff Kabunsuan Progressive Youth Organization in regard to its youth run social enterprise. The latter received a GYB/SYB training and a blueprinting machine as additional capital equipment to enable it to expand its shop service lines and employ additional out of school youth to earn incomes sufficient to cover for their needs and for their costs in pursuing short vocational/technical training courses of their choice.

In this section of the case study we report on the outcome of these various interventions.

5.1 The Justiniano Marquez School of Peace (Elementary and High School)

The Justiniano Marquez School of Peace (JMSP) envisions a generation of youth as peace champions able to facilitate conflict transformation and peace building efforts in Mindanao communities. This is the guiding philosophy of this unique school.

Both elementary and high schools, named after the benefactor, (a landlord and owner of the sites where both schools are now located) were declared Schools of Peace in 1997. The establishment of the School of Peace is a flagship project of the DepEd, Region XII in support of the 1996 Peace Agreement signed by GRP under then President Fidel V. Ramos and the MNLF under Nur Misuari.

The school is intended to be a vehicle for addressing the need to integrate into the education curriculum, a Moro perspective to the history of Mindanao and the parallel need to make Philippine education culturally sensitive and oriented towards the promotion of peace through inter-cultural understanding.

In Cotabato City, an immediate imperative for the establishment of the school of peace was presented by the situation in the barangay of the mother *poblacion* where a large segment of the population were families displaced by past armed conflicts between the GRP and the MNLF and orphaned children living with relatives. In addition, a number of MNLF commanders and their families also settled in the area after the signing of the peace agreement.

For the entire region, the objective of the JMSP is to contribute to conflict resolution and peace building in South Central Mindanao and to improving the quality of education as well as enhancement of support services for basic education.

For the DepEd, the objectives of the JMSP are as follows: (i) capabilities of JMES and JMHS strengthened; (ii) peace education activities for pupils and students implemented; (iii) school facilities improved and modernized; and (iv) an alternative learning system established in the form of a community learning center.

Subsequently, through the support of the Act of Peace, various capacity building strategies were implemented involving the faculty and the administrators of the school. A study was undertaken showing the progression of the physical, organizational, curricular, external relations, faculty, student, and community development that took place in the school under each school principal.

Simultaneously, capacity building activities were undertaken for the nine barangay officials of the Barangay Mother Poblacion LGU with barangay officials governing 22 puroks¹⁷ each with a purok leader and closely monitored by a designated responsible person. It was considered important that

¹⁷ A subdivision of a barangay, also referred to as a sitio.

barangay officials be informed and responsive about barangay level school realities—understanding and identifying from among the operating issues and concerns, those that can be addressed by LGU officials.

The J. Marquez Peace School was selected as one of the DepEd/ILO pilot schools for the KAB programme. This was undertaken during the administration of Principal Thong Amino.

Know about Business consists of nine modules that offer students opportunities to understand the culture of business and entrepreneurialism at an early stage of their development. Students taking the course learn to appreciate what private enterprise is, its importance to their development and employability, the qualities of a good entrepreneur and its relevance to improving the economic status of households and the community.

Although the school had a number of resource constraints, with the support of the principal and the efforts of the two trained and certified teachers on the ILO KAB programme, it was able to provide entrepreneurship instruction to the students on an on-going basis.

Equally, the ILO trained KAB teachers employed in the Cotabato City National Science and Technology School have on-going efforts on providing entrepreneurship instruction using KAB modules.

5.2 ILO's LGU and NGO partners and their association with Notre Dame University

ILO's partnership activities with the city government and the Consuelo Foundation have supported the efforts of the Notre Dame University (NDU) in the latter's community outreach policies and services, many of which address youth unemployment.

Notre Dame University of Cotabato City is a premier university in Region XII.¹⁸ Considering its distinctive aims as part of the Catholic education system, the University offers itself in service to all, Christian and non-Christian alike. Within this culture of service it has developed a series of youth-focused city and barangay development plans and interventions which it undertakes in partnership with the LGU and one NGO—the Consuelo Foundation.

The NDU other than its academic offices is structured to include non-academic and extension centers including the University Research Center, Guidance and Testing Center, Peace Center, Alumni, Scholarship and Job Placement Center, Information and Management Office, and Office of Community Development.

These centers were established to support the instruction function of the university formation, research, and extension programmes for the benefit of the city youth and adult population and its stakeholders—students, faculty and staff, partners, and adopted communities.

The centers' goals and objectives are aligned with the NDU mission of fostering a culture of peace and a dialogue of faiths and cultures; facilitating community empowerment for total human development especially among the poor; promoting holistic institutional growth; improving

¹⁸ Based on interview in 2007 and 2009 with Joseph Fernandez, Extension Officer of the NDU-CDO and an ILO certified GYB/SYB Trainer (through the Consuelo Foundation-ILO organized GYB/SYB training).

organizational productivity, effectiveness, and sustainability; and nurturing a community of stakeholders and partners valuing and sharing this vision and working towards its attainment.¹⁹

The Community Development Office (CDO) was formerly known as the Small Business Institute and Skills Training Center until reorganized in 2007. The office boasts of its access to the 37 barangays of the city through which it delivers its capacity building programmes and focused interventions.

It offers sponsored and non-sponsored training for social transformation and economic empowerment to communities targeting particularly women, youth, and overseas Filipino workers (OFW) sectors and their families. This training includes trade skills, entrepreneurship, and values formation, leadership and life skills training using community-based organizing process. Since 2004, it has followed the practice of prioritizing the training of women and youth especially out-of-school-youth in the city.

The school has a small team of trained community development personnel headed by an executive director who is part of the university's teaching personnel. Everyone in the team is trained and certified, among others as a life skills trainer. To deliver its outreach programmes the school taps the resources of local, national or international development institutions such as those from the government line agencies operating in the city including DOLE-Overseas Workers Welfare Administration (OWWA) and TESDA, the private sector agencies including the Consuelo Foundation and the Philippine Business for Social Progress (PBSP) as well as donor agencies, AUSAID and World Bank among others.

As a courtesy, the school normally writes to the city mayor when it intends to implement a programme or a project in a particular barangay. It has adopted a community-based approach to training and empowering its target clientele. This entails coordination with officials and leaders of the barangay and assessing the existing capacities of the communities and ability to engage in a particular programme or project. The type of trainings conducted includes the following:

- trade, livelihood, or occupation specific training;
- e-skills training which is incorporated in particular trade or occupational training; and
- entrepreneurship which is incorporated in all sponsored or funded programmes;

The effect of training on employability is limited to available job openings.

5.2.1 The city government and the Notre Dame University

While the city planning office had undertaken efforts to mainstream and update the socio-economic policies and services for women and out-of-school-youth within each barangay development plan through a consultative process and engagement of its different offices, particularly the engineering, social welfare, and agricultural office, what the NDU outreach team undertook, starting in 2008 (after the November 2007 barangay elections) was to align its own plans with the various barangay development plans and at the same time used this realignment to influence and enhance local plans.

Given its limited resources, instead of spreading itself thinly by trying to influence all barangays at the same time, the NDU chose to pilot its enhanced efforts in one barangay to demonstrate the value of its economic development and job-creation function. The school selected Barangay Biniruan as the pilot to implement a three-year comprehensive programme.

¹⁹ See www.nducotabato.org

Following a series of consultation meetings at the barangay level, an MOU was drawn up between the NDU President and the LGU officials of Barangay Biniruan. The plan was envisioned to be implemented in three stages.

- The first stage was the social preparation where most resources are generated from and through the NDU.
- In the second stage, the LGU along with its network of partners were expected to pool their resources and finance proposed enterprises—especially those for youth, women, and overseas workers’ family enterprises. Support infrastructure in terms of skills training, e-skills training, and entrepreneurship training were provided in partnership with concerned institutions.
- Third stage, consists of review, adjustment and enhancement, and sharing and scaling up of good community-based enterprise development practices and lessons learned.

The initial focus was on “social preparation”—preparing those people in the community who were expected to become involved in the process of developing, implementing and sustaining community development projects. These people needed to have their own analysis and understanding of their local issues and be able to prioritize those that needed to be addressed and given the available resources. If an economic project is to be implemented, the leaders and members of the community responsible need to be clear about the reasons why a project is being undertaken and what will be needed from them to make it successful and sustainable even after external help is no longer there.

Some of these outreach programmes of the NDU undertaken for children and youth aim to provide a strong foundation for further skills development, employability, and economic advancement. These programmes include:

- an Early Child Education Programme with support from the PBSP;
- organized training for community teachers as part of the programme of Basic Education Assistance for Mindanao;
- organized skills training and certification programme offered by TESDA including:
 - a five to seven months automotive repair certification programme;
 - a five months or less IT software development programme; and
 - cellular phone repair; computer-aided programme for auto repair, electricity, PC operation. etc.
- organized entrepreneurship skills programme using its own modules as well as enhanced modules (integrated GYB/SYB modules):
 - full entrepreneurship training programme for youth, women, and families of OFWs and made possible through sponsorships; and
 - simplified entrepreneurship that is incorporated into every skills training programme that allows graduates to make use of skills training to obtain either a wage-job or to start their own micro-enterprise.

5.2.2 The Consuelo Foundation and Notre Dame University

ILO's GYB and SYB Training Programmes have been a welcome tool for the NDU-CDO. It has its extension officer certified as a trainer under the training conducted through a trainers training partnership between ILO and Consuelo Foundation using ILO's GYB/SYB modules.

ILO, through the PYEP funds, provided for the GYB/SYB master trainer services and the GYB/SYB workbook materials needed to train Consuelo Foundation-identified local trainers from across schools and social development NGOs in the country. For its part, the Consuelo Foundation provided for the transport and five-day accommodation expenses of the participants and the follow-up work. The latter also arranged a fund facility for businesses that would be started up by trainees of the local trainers.

From the training, the trainer's plan was to mainstream the GYB/SYB into the existing NDU entrepreneurship programme for out-of-school-youth and women. However, the NDU-CDO had to review and modify first its initial loan programme to ensure sustainability of livelihood and small business undertakings of the trainees and it took sometime before GYB/SYB training could be delivered as a regular service to out-of-school-youth.

Thus far, as of December 2009, according to Joseph Fernandez, the ILO certified GYB/SYB trainer from the NDU, the CDO has been regularly using the GYB/SYB training modules not only in its adopted barangay in Cotabato City but in other localities outside of Cotabato City. The latter activities have been undertaken in partnership with Save the Children and with Consuelo Foundation through the USAID supported Education Livelihood Skills Alliance (ELSA).

- In partnership with the Save the Children, the NDU-CDO has been implementing a trade skills-cum-entrepreneurship skills programme which incorporates the GYB/SYB learning modules. The delivery of the programme is part of its extension services for out-of-school-youth not only for Cotabato City but for the entire Mindanao region. In 2009, it has run three batches of training which benefited 25 out-of-school-youth from Midsayap, North Cotabato, another 25 out-of-school-youth from Koronadal City, South Cotabato, and 30 out-of-school-youth from Pagadian City, Zamboanga del Sur.
- In partnership with the Consuelo Foundation (that initially partnered with ILO and CIDA for the GYB/SYB trainers training) a recipient of education and training funds from the USAID through the ELSA,²⁰ the NDU provides both training and start-up business funds for the potential out-of-school-youth entrepreneurs. It has so far run a total of six trade skill-entrepreneurship skills training programmes in 2009 benefiting around 200 out-of-school-youth. Each group has at least 30 trainees.

All trainees are provided with training and business start-up funds but not all of the trainees are able to start a business right away. The readiness and exercise of choice of the trainees are taken into consideration. Some of them choose to be employed by another business using the skills they have learned. For those who are ready and have started, they are provided with business mentoring support.

²⁰ The alliance to which Consuelo Foundation is a part of includes the Ayala Foundation, Petron Foundation, Philippine Business for Social Progress, and other corporate foundations.

5.3 Conducting a youth employability survey in the city through TNS, Inc.

The ILO commissioned the firm Taylor, Nelson and Sofres (TNS) to conduct a youth employability survey in Cotabato City covering young women and men as respondents. The TNS used a multi-stage random sampling in conducting the survey, the objective of which was to establish a baseline study of present conditions and attitudes of young people. Similar surveys were conducted in other pilot localities.

The survey sought to establish the socio-economic background of young people and to examine their work and life aspirations as well as their perceptions on employment, quality of employment and living standards with reference to their social background. It sought to establish how many of the 200 sampled youth were studying, looking for a job, already employed, or not actively seeking employment. Further it sought to establish why and how young people managed to get employed or the reason why those who claimed they were seeking work were not yet employed.

These were the main findings for the youth in the city, first made available to ILO in December 2006:

- Sixty per cent of those surveyed belonged to income class D, 39 per cent to income class E and only one per cent to income class C.
- Thirty-four per cent were within the age range 15–19, 29 per cent were aged 25–30, and 23 per cent were aged 20–24.
- Sixty-two per cent were single or never married, 37 per cent were married or living with a partner and 1 per cent were separated or divorced.
- Thirty per cent had some or had completed elementary school, 29 per cent had some high school or completed high school, 6 per cent were with some (or had completed) a vocational programme, and 31 per cent were had some, or had completed college.
- Eighty-seven per cent were non-recipient of OFW remittances while 13 per cent were recipients of OFW remittances.
- Twenty-six per cent were employed or self-employed, of these 39 per cent were underemployed and either seeking more hours of work or additional or alternative work with sufficient hours and incomes, 34 per cent were students, another 34 per cent were youth not in the labour force or not actively seeking work. The remaining 6 per cent were unemployed job seekers.
- Sixty-eight per cent define “good”, “decent”, or “quality” work in terms of the nature of the job, 34 per cent in terms of wage or compensation received, 13 per cent in terms of financial security gained and 2 per cent in terms of company reputation.

Note that more youths in Cotabato City compared to those in other surveyed localities and who were unemployed and not in the labour force, associate the concept of decent work with a permanent or regular job while students’ top two definitions were salary-related and financial security.

5.3.1 Employed and self-employed youth

Among the employed/self-employed (26 per cent or 52 of the 200 surveyed youth):

- Fifty-two per cent belong to income class D and 48 to class E, 66 per cent were male and 34 per cent female, 56 per cent were of the ages 25–29 and 44 per cent of the ages 15–24, 68 per cent were married or living in, and 32 per cent were single or never married.
 - The majority claimed their level of education or training was vital to successfully getting their current jobs.
 - Since most youth respondents had only a high school education, most of them were in need of additional training.
 - They generally expressed contentment in their present jobs or business since it addressed their need for cash, but given a choice, they would still look for better paying, more productive or more secure jobs or businesses.
 - Also, since most of them came from class D and E (where security of cash flow is a clear need), most of them were looking for additional or better paying hours of work.
- Thirty-four per cent were contractual workers while 31 per cent had regular status. The remainder did not indicate their status.
- Fifty-seven per cent use their relatives as sources of information in their job search and 39 per cent use friends similarly, 11 per cent have other sources, 4 per cent rely on newspapers while there was none indicating that they used the internet as a source of information in their job search.
 - Note that most of the youth respondents sought the assistance of relatives and friends in finding a job. Consistently, most learned of job vacancies or lucrative business ideas through these sources as well.

This may be due to one or other of a number of reasons:

- (a) Most of them lack money to pay for essential expenses (transportation, food, other requirements, etc.) when job hunting.
 - (b) They lack skills, confidence, and work experience.
 - (c) Free employment services are not accessible or are unknown to them.
- As to standards in accepting jobs: 27 per cent of those employed or self-employed said they would accept jobs no matter the conditions; 21 per cent said they would only accept jobs if they were stable, well-paid, and fitted their level of qualifications; and 22 per cent of them said they were inclined to work abroad for higher pay than obtainable in the Philippines and which was considered to be much higher than PhP2,000 per month.
 - With regard to the employment conditions of their present job, 19 per cent of them have written contracts, 37 per cent of them are provided with benefits aside from salary, 15 per cent received training on their present job, 60 per cent of them have a sense of security for their present job or business.
 - About 55 per cent of them believed that men and women must have equal opportunities at work.

- As to union membership (where there were multiple answers), 18 per cent of respondents were union members and for those who had not joined a union, the reasons for not joining included: (i) not aware of any union in the workplace or was never approached (probably has something to do with work status); (ii) 11 per cent claimed they were not interested in public affairs; (iii) 7 per cent had never considered joining; (iv) 11 per cent claimed they did not have the time; (v) 7 per cent have a negative view of trade unionism; and (vi) 6 per cent deemed it messy and complicated to take part in a union.

5.3.2 Youth not in the workforce

For youth not in the workforce (34 per cent or 68 of the 200 surveyed youth), the main survey findings may be summarized in the following terms.

- This group represented a higher number in percentage terms than the youth in the employed/self-employed group. These represent youths who will not actively seek jobs for an indefinite period of time, often because of the need to give priority to family responsibilities.
- In the case of Cotabato City, as in other surveyed localities, meeting family obligations, particularly taking care of their own children or younger siblings, were the main reasons why youth who were not in the labour force chose not to look for jobs.
- Nationally this is most common among women:
 - who believes that as women (mother of older sister), they are expected to be at home to care for the family;
 - who feel guilty about pursuing a career, especially those brought up by full time mothers;
 - whose concept of “self” is defined by their mother or care-giving role;
 - who see themselves actively looking for work when all their children are already old enough to care for themselves (already in high school). However, they worry about finding one given their age at that time; and
 - who believe that if ever they obtain work, their monthly salary will just be sufficient to pay the salary of a house helper of “yaya”. They express the view that there is therefore no logic to working.

A number of them have plans to go back to school but their parents cannot support their schooling due to pressing financial constraints. Generally, they belong to big families.

- Within this group, 48 per cent of them have plans to work in the future but are not able to determine when exactly this will be, and 25 per cent of them claimed they will work after 12 months or within a few more years. The rest made no response.
- Only 15 per cent of them were inclined to seek employment for a wage or salary while 74 per cent of them were inclined to run their own business. With regard to businesses, most of them said they were inclined to run a sari-sari store (35 per cent) or a grocery (12 per cent). Often this type of business was the more popular choice but was not necessarily a feasible one because of the capital outlay involved.

- As to skills and knowledge qualifications needed to get a business or job.
 - Forty-one per cent of them believe they need to a college degree in order to obtain a decent job or start a business.
 - Twelve per cent claimed they needed business/entrepreneurship know-how.
 - Six per cent needed IT or information technology skills.
 - Six per cent needed communication skills.
- Twenty-seven per cent of them were inclined to work abroad.
 - For those who had plans to work in the future, “future” for them meant when their children or siblings were already old enough for them to leave.
 - Their idea of decent wage employment was predominantly in the area of care-giving or office work.
 - Those who would like to start their own business preferred something they could do close to home, so they could still attend to family duties. Their preference to start their own business explains why most of them were in need of capital.

The foregoing statements were true not only for Cotabato City but across the other pilot localities surveyed.

5.3.3 Unemployed job seekers

Unemployed job seekers made up only 6 per cent or 12 of the 200 surveyed youth.

- The minimal proportion of unemployed job seekers among the total survey group was explained by efforts of the TESDA, DOLE, and the City Government’s PESO which locally, have all facilitated placement of job seekers for local and overseas jobs.
- Fifty per cent of the unemployed job seekers were from income class D, 48 per cent from income class E and 8 per cent from the combined income classes ABC. Note that Marikina was the only other pilot location where a significant percentage of unemployed job seekers came from classes ABC.
- Fifty-eight per cent were males and 42 per cent were females, 75 per cent belonged to the age cohort 15–24 and 25 per cent to ages 25–30, 83 per cent were single or never married and 17 per cent were married or living with a partner.
- Like other youth segments across different localities, the unemployed youth in Cotabato City generally belong to the lower income groups. The data suggests that they are often younger (15–24 years old) and unattached. Most of them cited lack of money to pay for job-hunting essentials such as transportation, food, securing application requirements, and medical clearance. Most of them were aware that they lacked the necessary skills needed for them to get the job they desired. They lacked confidence because of the reasons given above plus they lacked experience. They considered their chances as slim given the many applicants vying for the any jobs available.

5.3.4 Students

Students made up 34 per cent or 68 of the 200 surveyed youth.

- Sixty-six per cent of students belonged to income class D households, 32 per cent were in income class E, and 2 per cent in combined income class ABC.
- Fifty-four per cent were males and 46 per cent were females.
- Sixty-one per cent belonged to the 15–24 age bracket and the rest were within the 25–29 age bracket.
- Sixty-eight per cent were single or never married while the remainder (32 per cent) were either married or living in.
- Eighty per cent of the students had plans to complete their studies and work in the future.
- Twenty-four per cent of the same population of students had plans to start and manage their own businesses.
- Forty-six per cent of the students had the inclination to work abroad.

Generally, across the seven survey locations,²¹ the reasons given by different youth for not being able to find continue or go back to school and find jobs included:

- (a) financial constraints lacking in cash to spend for essentials when job hunting—food, transportation, documentary requirements, medical, etc.;
- (b) stiff competition with too many vying for the same jobs;
- (c) lack of one or more of skills, confidence, and work experience; and
- (d) high costs of food, transportation, and education.

The results for Cotabato City were broadly in line with the national findings.

5.4 Conducting a multi-stakeholder youth employment planning workshop

ILO supported the Cotabato City Government in organizing a Multi-Stakeholders Youth Employment Planning Workshop that was held in February 2007.

The planning workshop began with introduction of the ILO mission team who were there to provide facilitation and documentation services as well as to act as resource persons where needed. It was emphasized that it was an employment planning workshop rather than an economic development planning session.

It is an objective of ILO to ensure that employment plans are an integral part of local development plans, and this workshop was designed to focus on how this might be done.

The participants were informed that the CIDA funded ILO project had four intervention areas that represented the key to promoting youth employment. These were: (i) youth employability; (ii) employment creation; (iii) equal opportunity; and (iv) entrepreneurship. All of these were anchored in the ILO Decent Work agenda and in UN Millennium Development Goals (MDGs) No. 1

²¹ The Angono study was conducted by a different service provider and the results were not directly comparable with those of the other seven survey locations.

(eradicating extreme poverty and hunger) and (in particular) No. 8 (which is to establish global partnerships for economic development).²²

Further, ILO representatives explained to participants the typical misconceptions concerning youth and the labour market and they were asked to assess for themselves if these also applied to the situation in Cotabato City. From this, discussion moved to the youth employment problem chain such as being born from a poor family, unable to obtain an education, or obtains an education that is not functionally effective, no employable skills, among others. The City Planning and Development Coordinator gave the opening remarks and acknowledged that the workshop was timely because after the local elections of May 2007, a new planning process would be undertaken by the city government and it was the task of the City Planning and Development Office (CPDO) to provide the technical and coordination support necessary for this activity.

The main workshop facilitator explained the obstacles faced by youth to gaining employment, and focused on the need to address these obstacles through a series of specific workshop sessions identifying both the obstacles and the means to address them. This included action to create business and employment opportunities. This was followed by workshops identifying the obstacles preventing youth to connecting to available business and employment opportunities in and out of the city.

5.4.1 Workshop I: Listing of business opportunities in the city

Participants, during a plenary session, were asked (using meta-cards) to identify all business and job generating opportunities across the various economic sectors within the city. These were identified as being the following:

- **Agribusiness:** coconut oil, vinegar using nipa materials and nipa plantation, souvenir items and handicrafts, meat, and dried fruits, fruits processing, trading, bangus (deboned), animal feeds, food, native delicacies, cut-flowers.
- **Manufacturing:** glassware, textiles, and weaving of malong (Muslim designed cloth) and of high-end clothing, brassware.
- **Housing/construction/tourism:** government employees' housing project; Archdiocese housing project; resettlement; commercial center; seaport and rehabilitation of the airport; integrated bus terminal; circumference road; rehabilitation of fishponds; developing crab sanctuaries by protecting mangrove; food processing plants; ice plants; professional development services for the industry (skilled workers, architects, CAD operators, engineers), construction supplies; and professional development services to the real estate business.
- **Tourism:** Cave tourist development; historical sites to be converted into theme parks; harnessing the potential of the 39 rivers in Cotabato City; water skiing facilities, street cafes and food stores, night and flea markets; dredging of rivers; development of the barter trade center; Muslim-hotels and food restaurants; beach resort development; Muslim delicacies; travel agencies/packaging/guides, maps/tour consultants/tourism-websites; shirt-making/ Malay (Muslim) designs.

²² See for example <http://mdgs.un.org/unsd/mdg/Host.aspx?Content=Indicators/OfficialList.htm> (accessed 24 December 2009).

- **Services, ICT, start of business services:** Junkshops, tricycle, public utility jeeps, native delicacies, Muslim native delicacies,; boarding houses, WIFI hotspots; medical transcription centers; sports centers; call centers; computer technology; bakeshops; barbershop; spas; and medical tourism facilities.

5.4.2 Workshop II and III: Identifying the top three business opportunities in the city

The workshop facilitators then asked the participants to identify which, from the long list of opportunities provided in the plenary discussion, were the most suitable business opportunities on which to focus. The first step taken was to divide the entire group into three smaller groups. One group was tasked to assess and choose the best opportunities in the agribusiness and manufacturing sector. A second group was assigned the housing, construction and tourism sectors and a third group focused on services, ICT, and start-up business services.

Each group was asked to quickly identify which among the various business opportunities were foremost in terms of market potential. These were then further assessed in terms of technology, financing, labour, and other factor requirements (including health, safety, and environment implications) as well as whether the end product could be easily accessed and was affordable. Finally, the groups were asked to assess whether the proposed business belonged to the category of a “sunrise”, “noontime”, or “sunset” industry as this would determine such things as the expected market lifetime, potential for expansion and for triggering creating new business, jobs, livelihood, and income opportunities in the city.

Finally, each group were asked to post all their meta-cards to the white board and report the basis of the group’s choices and assessments made. Table 5-1 below provides some indications of the combined results of the three workshop groups’ discussions.

For the same business opportunities presented above, the facilitator then asked the participants to group themselves for a third workshop process of assessing each business opportunity for its: (i) potential obstacles and threats to commercialization; (ii) competitive advantages given local resources, available business development and market support; and (iii) action points, lead implementers for these action points and support needed to deal with obstacles as well as the competitive advantages of each business opportunity towards creation of more and enhanced jobs and income opportunities for local graduates, jobseekers, and working age youth.

Table 5-1: Workshop II: Obstacles, competitive advantages, action points, and lead implementers

Identified best business opportunities and its assessed market potentials, production factors, and industry stage and growth prospects

Group and sectors tackled	Business opportunities	Initial assessments				
		Market potential	Technology needs	Financing needs	Labour needs	Sunrise or sunset industry
Agribusiness/manufacturing	▪ Aquaculture production and processing	Strong	Potential for doubling or tripling of areas of production on aquaculture with export potential		Small and medium labour intensive The younger generation is not so much interested in agribusiness and prefers service jobs	All sunrise
	▪ Food seasoning - vinegar from nipa	Medium				
	▪ Etnal (special I type of clothing and accessories) production and manufacturing	Strong				
	▪ Halal food processing	Medium				
	▪ Poultry – chicken and duck raising	Good				
Housing, construction, and tourism facilities	▪ Integrated bus terminal	Good	Study (Medium)	High	Skilled and semi-skilled Highly professional, skilled and semi-skilled "same"	All sunrise
	▪ Convention Center international standard	Medium	Study (Medium)	High		
	▪ Riverine transport system	Good	Study (Heavy)	High		
Services/ICT/ start of business services	▪ One-stop-shop for automotive services	Strong		Problem of availability of willing investors		All sunrise
	▪ Medical transcription and call centers	Good				
	▪ Center for Youth	Medium				

Table 5-2 below provides some indications of the combined results of the three workshop group discussion towards building employable and entrepreneurial capabilities of the youth.

Table 5-2: Workshop IV: Local obstacles, strengths, and action points

Business opportunities	Obstacles/threats	Competitive advantages	Action points	Lead implementer and support Needs	Time frame
The need for one-stop-shop automotive services	<ul style="list-style-type: none"> ▪ Extortion ▪ High financial resource requirements ▪ Unavailability of spare parts ▪ Values, standardization ▪ Professionalism 	<ul style="list-style-type: none"> ▪ The city is an urban center in Central Mindanao and given the increasing inter-city traffic, Cotabato City can develop as a quality center for automotive services 	<ul style="list-style-type: none"> ▪ Include in the local development plans ▪ Encourage local investors 	<ul style="list-style-type: none"> ▪ Joint venture with LGU, local chamber groups, DOLE, and TESDA participation and support 	2007–2012

Business opportunities	Obstacles/threats	Competitive advantages	Action points	Lead implementer and support Needs	Time frame
Center for Youth (development, training, education, and employment and business services)	<ul style="list-style-type: none"> Financial and professional 	<ul style="list-style-type: none"> Ready market Low cut Efficient communication system Existence of support services (academe) 	<ul style="list-style-type: none"> Include in the local development plan Stronger linkages in TESDA and academe Encourage local character and identity 	<ul style="list-style-type: none"> LGU CCSPC Chambers of Commerce 	1–2 years
Native delicacies and souvenir items Incorporating food and souvenir development items below	<ul style="list-style-type: none"> Poor packaging Poor market linkages and lack of exposures 	<ul style="list-style-type: none"> Existing home-based industry Presence of technology Locally available materials 	<ul style="list-style-type: none"> Designate one stall in the proposed Cotabato City Square for delicacies and souvenir and novelty items 	<ul style="list-style-type: none"> DTI LGU Moslem Chamber Consolidator of Products 	Soon as the building is completed
Riverine transport system	<ul style="list-style-type: none"> High financing 	<ul style="list-style-type: none"> Uniqueness Inherent likeness to the water 	<ul style="list-style-type: none"> Dredging/ cleaning of riverbanks Feasibility studies, consultations Outsourcing funds Advocacy Capabilities building 	<ul style="list-style-type: none"> Joint venture engaging national agencies and concerned LGUs 	
Convention and multi-purpose center	<ul style="list-style-type: none"> High cost of financing 	<ul style="list-style-type: none"> Usability for their income generating purpose 	<ul style="list-style-type: none"> Land development feasibility study Exposure/ educational tour Linkaging Outsourcing 	<ul style="list-style-type: none"> Joint venture with support from professional, civic groups, and religious groups 	
Transport terminal	<ul style="list-style-type: none"> High cost of financing 	<ul style="list-style-type: none"> Rationalized transport system 	<ul style="list-style-type: none"> Land development Continuous study Consultations Advocacy 	<ul style="list-style-type: none"> Joint venture with legislative action support 	
Aquaculture production and processing	<ul style="list-style-type: none"> Land/pond ownerships Security Environmental threats – overflow, lack of mangrove, destruction of fish sanctuary Illegal fishing methods Supply of crablets, fires Low productivity 	<ul style="list-style-type: none"> Growing environment Reputation of product Area for expansion Availability of labour Prospect for processing Transport facilities (seaport and airport) Telecoms 	<ul style="list-style-type: none"> Crab summit Technology forum Pilot/Demo farm LGU support Study tour/ mission 	<ul style="list-style-type: none"> LGU and other agencies with funding, linkaging and study mission support for benchmarking and local practice adjustment 	
Food seasoning	<ul style="list-style-type: none"> Limited production Packaging Manufacturing facilities 	<ul style="list-style-type: none"> Raw materials readily available Packaging/labelling Manufacturing facilities 	<ul style="list-style-type: none"> Fund sourcing Upgrading of facilities 	<ul style="list-style-type: none"> Barangay LGU/City Other agencies With funds, technology, and marketing support 	

Business opportunities	Obstacles/threats	Competitive advantages	Action points	Lead implementer and support Needs	Time frame
Enaul (Muslim cloth and accessories), production, and manufacturing	<ul style="list-style-type: none"> ▪ Availability of labour ▪ Raw materials (thread) ▪ Competition 	<ul style="list-style-type: none"> ▪ Unique cultural dimension 	<ul style="list-style-type: none"> ▪ Establish production areas in the city ▪ Utilize commercial centers as production areas ▪ Showroom at New Commercial Center 	<ul style="list-style-type: none"> ▪ Barangays, LGU, and other agencies with funds, training, and technology needs support 	

From the intermediary list of business opportunities and given the assessments of each based on the factors identified above, the top three business opportunities that participants chose as the most viable in terms both of providing tangible local needs of the city as well as acting as a catalyst to trigger the creation of new and enhanced enterprises, jobs, and incomes and ancillary services were the following:

- a one-stop-shop automotive services;
- a center for youth (development, employability, employment, and business development) services; and
- support facilities for the production and marketing of local foods, food preparation, related supplies as well as souvenir production and sales services.

5.4.3 Workshop IV: Identifying obstacles, strengths, and action points

In Workshop IV, participants identified local obstacles, strengths, and action points towards building employable and entrepreneurial capabilities of youth.

Prior to facilitating Workshop IV, the results of the youth employment survey were presented to participants for them to validate, elaborate on identify action points addressing obstacles of specific youth segments within their locality, capitalizing on existing local strengths, and capabilities in connecting them with available education, training, business, and employment services and economic opportunities.

A follow-up seminar workshop was conducted in April 2007 in Manila, gathering all local government planning and employment focal persons for the ILO to find out what has been done so far since the locally held employment planning forums. More importantly each team of local planning and employment focal persons were engaged in a process that would prepare them to mainstream the youth employment action points in local government and non-government plans, budgets, implementing structures, and regular services. Table 5-3 summarizes the findings of this workshop.

Table 5-3: Identified obstacles, strengths, and action points

Target youth groups	Obstacles and constraints to getting a (good) job	Strengths and capabilities	Employability action points	Entrepreneurship action points	Lead implementer and support needs
Employed and self employed	<ul style="list-style-type: none"> ▪ Scarcity of jobs/lack of job opportunities ▪ Mostly low paying jobs ▪ Contractuals/ casuals ▪ Below minimum wage 	<ul style="list-style-type: none"> ▪ Low cost of living in the city attracting migrant workers ▪ Willingness of local youth to accept low pay for a start ▪ High youth labour supply ▪ Flexibility/ Adaptability of local youths 	<ul style="list-style-type: none"> ▪ Jobs fair ▪ Specialized training ▪ specific to job opportunities ▪ Invite investors on local education and training support facilities and services 	<ul style="list-style-type: none"> ▪ Conduct of seminars using ILO's GYB and SYB training modules 	<ul style="list-style-type: none"> ▪ LGU/PESO and partners ▪ Needing ILO further training support ***at this time the NDU was not involved in GYB/SYB training
Unemployed jobseekers	<ul style="list-style-type: none"> ▪ Inappropriate/ lack of skills ▪ Low educational attainment ▪ Access to job information and opportunities ▪ Migration of job-seekers from other places 				
Not in the Workforce	<ul style="list-style-type: none"> ▪ Lack of opportunity (mismatched) ▪ Obsolescence of skills acquired) ▪ Unschooled ▪ Untrained ▪ Parents are good providers 	<ul style="list-style-type: none"> ▪ Potential and motivation 	<ul style="list-style-type: none"> ▪ Enhancement of skills, scholarship, sponsorship 	<ul style="list-style-type: none"> ▪ Training, financial assistance 	<ul style="list-style-type: none"> ▪ Chamber, Private sector, LGUs ▪ Needing build-up of: (i) capacities to deliver youth training/related services; and (ii) IES tools/ materials
Students and disadvantaged youth	<ul style="list-style-type: none"> ▪ Not full time due to financial constraints ▪ Limited employment opportunities after graduation ▪ Limited knowledge and skills 	<ul style="list-style-type: none"> ▪ Idealistic ▪ Alert ▪ Aggressive ▪ Willing to learn 	<ul style="list-style-type: none"> ▪ Invest further in: (i) Special Programme for Employment of Students; (ii) OJT ▪ Monetary compensation ▪ Experience and skills relevant to course and intended job: (iii) Stay in school programme 	<ul style="list-style-type: none"> ▪ Promote e-loading and other self-support and additional income generation schemes to support those students who wish to stay in school 	<ul style="list-style-type: none"> ▪ LGU ▪ DOLE ▪ Academe ▪ Business Center
Disadvantaged youth (in-school, out-of-school and graduates)	<ul style="list-style-type: none"> ▪ Passive attitude towards schooling and work ▪ Attended schools but not reputable 				

5.5 Supporting the social enterprise of a Muslim youth organization

ILO-CIDA sponsored one project in Cotabato City as an opportunity for a Muslim youth-run organization to prepare and expand its business service lines to include blueprinting services on top of an established computer and photocopying service. This had the effect of creating additional opportunities for the organization's target out-of-school-youth while enabling employed out-of-

school-youth to earn incomes sufficient to cover their needs and costs in pursuing short vocational or technical training of their choice.

The GYB/SYB training was conducted by local GYB/SYB trainers to enable the youth participants to review the long-term viability and potential of their chosen business services and the soundness of their planning, day-to-day management and operating practices. The service shop, being located near a school, had a captive market in the students for the computer and photocopying services, and the Cotabato City government as its captive market for blueprinting services.

The project began as intended but as was found in the course of a follow-up interview with the city government in 2009, the social enterprise manager, a youth leader (Sarkar Lamalan), who pioneered the business, eventually had to give up his job and his voluntary cause because of problems with his own young family.

The president of the Sharif Kabunsuan Progressive Youth Organization, had to take over the social enterprise and for his convenience relocated the business shop nearer to his home which goes contrary to the reasoning for locating the shop near to the school and city government. Eventually, as he was apparently not suited to running a social enterprise, he lost interest in sustaining the operations, and took a salaried job with the city government planning office.

According to CPDO, this is a common problem within many of the youth organizations. Collective social enterprises are now going out of favour and the trend is for youth to pursue their individual interests and achieve socio-economic progress for themselves. Thus, the city government, the schools, the local governments, the non-governmental cause-oriented organizations need to strengthen their facilities for supporting individual youths and focus on offering counselling, education, skills, and entrepreneurship trainings as well as employment and business support services.

5.6 Strengthening the Public Employment Services Office of the city government

The Public Employment Services Office (PESO) facility is under the Office of the Mayor. The designated PESO Officer coordinates with the different supply and demand side players within the local labour market. After participating in ILO-CIDA supported seminar workshop in April 2007 and in the DOLE organized youth development and employment strategy planning workshops, the Officer has been able to take further steps to work more closely with the local stakeholders to facilitate and account for the provision of employability and employment related youth services.

6 Way forward

6.1 Maintaining and scaling up present success

The city government remains committed to maintaining and scaling up efforts in four key areas.

6.1.1 Sustaining peace to keep existing and attract new investments

Cotabato City continues to implement measures to curtail and forestall incidences of violence, kidnappings, extortions and other threats to public safety in order both to retain the confidence of existing investors while at the same time encouraging further investors into the city. As already noted, it is promoting the concept of becoming a “sleepless city” whereby city businesses operate day and night. According to Mayor Sema, this will overcome the “bad” publicity created by the national and international media regarding the city and the region.

6.1.2 Efforts to build up local resources and attract external development resources

Cotabato City LGU continues to seek resources to sustain and scale up its agricultural support and infrastructure programme successfully piloted through the MKDA in the nine towns of the ARMM and Region XII. It is considered that the MKDA programme has already produced considering gains in expanding the agricultural base. Agri-based industries have grown as a result as have trading activities and allied services in the clustered areas.

The programme has also kept both indigents and former combatants productively engaged and mainstreamed in society.

6.1.3 Investing in youth education and training

The city is reinforcing efforts made towards lasting peace and development, and focusing more on the nurturing of mindsets and values of youth, especially the younger generation of Muslims. They need to be educated in the culture of peace complemented with tools for productive economic undertakings and social integration. Cotabato City intends to capitalize and scale up the gains already made on the following pilot programmes:

- Operation of the city's J. Marquez School of Peace administered by DepEd which has incorporated peace building modules into its curriculum and which also pilot-tested the ILO entrepreneurship modules in its curricular programmes for high school students.
- Pilot-testing and mainstreaming of KAB modules in the Cotabato City Science and Technology High School and the J. Marquez School of Peace.
- The Act of Peace has already taken steps working with DepEd and the other local governments in developing more "schools of peace" in Mindanao carrying on the essentials of a traditional and alternative learning system that has already worked for the Justiniano Marquez School of Peace.

6.1.4 Affording equal opportunity for war orphans to benefit on a longer term

The city now sees the need to devote greater effort towards the more disadvantaged youth. This group include the orphans of war in the city and neighbouring towns who have been temporarily housed in the homes of different Muslim families and who remain emotionally distressed and economically dependent on others.

The Cotabato City Orphanage and Training Center was donated and turned over by the Al Qadhaffi International Development Foundation to the city in 2007 to house the orphans and victims of war in Cotabato City and adjacent areas. The center has 60 rooms and three training halls to prepare victims to become economically productive, socially adjusted and mainstreamed citizens of the city and region.

At present, the center is not yet operational and intended beneficiaries have therefore not yet moved in. Neither are the intended facilities and furnishings for the training center yet in place. The work needed for completion is on-going at a slow pace and the center has been temporarily used as an office by the MNLF. The center however has been duly fenced and existing structures and facilities maintained until it can be fully made fully operational for its intended purpose.

6.2 Achieving the vision and the goals of the city

6.2.1 Continually updating the city's development plan

At the time of the 1995 population count conducted by NSO, the population of Cotabato City was recorded at 146,779. By 2000 census this had increased to 163,849 and increased again in 2007 at which time a population of 259,153 was recorded. In 12 years, the population of the city has increased by 77 per cent or an arithmetic average of 6.4 per cent per year. Such an increase—more than double the already high national average—has strained city resources to the limits.

Other than the problem of the minimal revenue share it gets from the Internal Revenue Allotment to complement the limited locally generated funds, financial resources are insufficient to cover for the growing requirements of the city.

What comes to the fore is the challenge to provide for the anticipated increase in the demand for basic services such as health and welfare, social infrastructure, telecommunication, power and water, food security, affordable housing, and the maintenance of peace and order. The city has to meet the twin challenges of coping with increased demand while at the same time providing an improved service through upgrading and reinvestment.

While the present resource base of the city is still manageable, the city government has determined that all sectors and stakeholders must contribute in proper proportion and help develop with long-term interventions to ensure the sustainability of its resources.

In addition, there is a growing concern to promote a healthy balance between the economic needs of the local population and the stability and productive capacity levels of the city's natural resource environment, taking into account each individual's capability to meet needed material requirements and honour social and moral responsibility to conserve and protect these resources not only for the welfare of the present generation but most of all, for the generations to come.

Based on local assessment of concerned city and national level authorities, the present state of the city's resources necessitates a verifiable assessment of its productive level to measure the extent of damage caused by frequent abuse and misuse of local environment resource due to the lack or absence of mitigating mechanisms.

The city government has recognized the need to synchronize the city's absorptive capacity and capability to meet the needs of its populace as the given development potential vis-à-vis the prevailing economic, socio-cultural, institutional, and infrastructure constraints in order to enhance the formulation of a development strategy that is realistic achievable and doable.

Premised on the above, the city government needed to come up with an updated development framework to ensure the continuing growth of its economy through the judicious and rational use of its resources not only in order to keep pace with other urbanizing cities, but more so, to serve the growing needs of its constituents.

A draft copy of the updated city comprehensive development plan has been prepared by the City Planning Office. Through the established local consultation and planning machinery, this will be subjected to public hearings and deliberation meetings before approval for implementation starting in 2008 or 2009.

6.2.2 Staging the initial development phase of the city's own commercial seaport

The proposed seaport is recognized as a critical facility to leapfrog and sustain the city's economy capitalizing and reinforcing at the same time the strength of the city as a transshipment point of goods and services and recovering lost opportunities for the city in the absence of a commercial port within the jurisdiction of the city or nearby.

According to the development consultant engaged by the city government (as relayed by the city mayor in 2007), the movement of goods for Cotabato City going through Davao City was estimated at two million kilos a month. This has meant lost opportunities for the city and particularly its local labour force.

In order to recover lost opportunities, the city government has taken steps towards developing its commercial seaport capacities considering there are no such port facilities yet in place which can serve as an alternative to ports outside of the city.

The city government presented to the key officials of the Philippine Ports Authority (PPA) the feasibility and merits of having a port within the city. Normally the PPA does not build a new port that is less than 150 kilometer from another major port. But seeing the importance of the city and its implications to neighbouring localities, the PPA, a corporate body with its own discretionary fund, earmarked a substantial part of it for the development phase of the proposed seaport facility which is to be complemented with counterpart funds provided by the city government.

The staging of seaport building works was initially expected to start in 2008 and be completed within three years. Once completed, it is anticipated it will bring substantial economic growth to the city and surrounding towns with the flourishing of port-linked industries and smaller enterprises. Movements of goods from ARMM provinces and municipalities will be swifter and steadier.

As the nearer alternative, the planned port facilities will service Cotabato City and all LGUs within a 100 kilometer radius to and from the area. Engineering and construction undertakings on road network development and enhancement, putting of terminals and other related transport facilities that lead to and back from the port area and complement port services are all works in progress.

At present, the intended budget for the city's seaport has been held off and according to city government source this can only be sorted out after the May 2010 national elections.

6.3 Sustaining and scaling up the MKDA Agriculture Support Programme

All nine participating LGUs, after having been a recipient of DA-Ford Foundation-MKDA support for the five years to 2007 were expected, beginning 2008, to start covering for at least 10 per cent of the amount of funds normally allocated by the DA for MKDA Agricultural Support Programme. This means that the budget for such programme must be mainstreamed in the LGU annual budgeting process and incorporated in its annual investment plan if they are to continue.

Efforts to tap other external sources of funds are being explored for the purpose of covering support for other LGUs which had expressly stated their interest to join the MKDA and its cluster efforts to build up its capacities to perform its welfare provisions mandate under the Local Government Code and generate peace and development gains for their local constituents. The plan to put up a common service facility for agriculture produce processing intended for start-up or back yard enterprises was envisioned to comply with BFAD and GMP requirements.

At present an additional funding support from DA has been provided to the MKDA direct action programme for 2009 which includes support for the planting of 100,000 coconuts for the city.

6.4 Postscript

Due to recent developments in the political dynamics in the city and the 2010 national elections, the larger and longer-term planned projects of the city that require huge investments and that are politically sensitive, have been held off.

But efforts of the local CPDO to put in the more essential local development information and planning tools are continually being worked upon. These include the city's Master Development Plan for 2010–2030, the Comprehensive Development Planning from 2010–2016 and the Comprehensive Land Use Plan where all future local development policies and actions are to be based upon and hopefully transcending political differences supported and adopted by the incoming executive and legislative leaders of the city and the country. The local PESO even without dedicated premises and a budget of its own is closely coordinating with concerned government, business, employment and academic institutions in strengthening its local labour market information system and relevant services to prepare and connect local youths to local and non-local job markets.

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Cotabato City LGU Website: www.cotabatocity.gov.ph

ILO Subregional Office for South-East Asia and the Pacific
LIST OF YOUTH EMPLOYMENT and LOCAL ECONOMIC
DEVELOPMENT PUBLICATIONS

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2	Choosing and assessing local youth unemployment interventions	Jude H. Esguerra	2009 978 922 121444 1 (print) 978 922 121445 8 (web pdf)
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7	Promoting youth employment in the Philippines: policy and action project. A final independent evaluation report	Cielito F. Habito	2009 978 922 121466 3 (print) 978 922 121467 0 (web pdf)
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Local economic development and youth employment in the Philippines: the case of Cotabato City

Cotabato City regards itself as the “heart of central Mindanao”. With a population that has been growing rapidly because of an influx of people seeking to escape from nearby conflict areas, the population of the city is now more than a quarter of a million people. It is chartered city, governed independently from the surrounding province of Maguindanao. It is the capital city of the Autonomous Region of Muslim Mindanao, although the city itself is part of Region XII that has its regional center in Koronadal City. This unusual situation has resulted in a unique character and particular geo-political challenges with which to deal.

Under its long-serving mayor, the city has fostered local economic development through dialogue with local communities and with the business sector. This has enabled it to restructure the local bureaucracy towards development task and introduce new tax-raising measures that work for the betterment of the fast-growing populace. It has also developed a unique inter-LGU alliance through which it coordinates a cooperative agricultural development and investment programme under the Mindanao Economic Development Council.

The ILO, through its PYEP project, has been involved in developing programmes and initiatives specifically designed to address the concerns of youth unemployment. Most noticeably this has taken the form of training in business and entrepreneurship. This has been done in association with a number of local NGO partners and educational institutions.

This study outlines the situation in which Cotabato City has had to come to terms with its youth unemployment problems, the initiatives undertaken to improve city governance and service delivery and the manner in which the ILO has engaged local stakeholders to address the various issues and deliver pilot programmes to underpin the efforts of the local LGU.

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