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**THE ECONOMIC SITUATION OF THE PHILIPPINES AND LIPA CITY,
BATANGAS PROVINCE: LIPA CITY'S DEVELOPMENT PROJECTS AND THEIR
EVALUATION**

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This paper has been prepared primarily for the Overseas Field Work (OFW) 2004 Preparatory Seminars, in partial fulfillment of the author's obligation as Visiting Research Fellow at the Graduate School of International Development, Nagoya University. This is one of the four (4) papers, which she delivered during the Preparatory Seminars from May 12- July 28, 2004. This particular paper is meant as an introductory document to provide a perspective on the Philippine economy at the national and local levels. As such, it touches on macro-level data and data specific to the OFW 2004 study site- Lipa City in the Province of Batangas, with emphasis on socio-economic parameters. It also includes specific economic development projects in Lipa City that could be the focus of the OFW's evaluation and the relevance of Participatory Rural Appraisal Tools.

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THE ECONOMIC SITUATION OF THE PHILIPPINES AND LIPA CITY, BATANGAS PROVINCE: LIPA CITY'S DEVELOPMENT PROJECTS AND THEIR EVALUATION*

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Introduction

The purpose of this paper is to present an overview of the economy of the Philippines at the macro and micro levels. It is meant as an introductory document to students who would be visiting the Philippines in September 2004 under the Overseas Field Work Program. As such, it touches on national-level data and data specific to the study site – Lipa City in the province of Batangas.

Data about Lipa City are merely introductory information. More information is expected to be gathered by the OFW participants themselves during the visit on September 26 to October 10, 2004. Actual exposure to development projects shall also be provided by then and the use of participatory rapid appraisal tools and techniques shall be employed. Hence, the paper concludes on the importance of a participatory mode of evaluating development projects for sustainability considerations. This latter portion of the paper is meant to fulfill her obligation as stipulated on her engagement as Visiting Research Fellow at the Graduate School of International Development, Nagoya University.

The Philippine Economy in General

The author in an earlier paper has discussed general information about the Philippines. Suffice it is to say this time that the Philippines lies in the heart of Southeast Asia stretching more than 1840 km; 240 km. away from Taiwan in the north; 24 km from Borneo in the South. It has a population of more than 80 million people spread in three main island groups: Luzon, Visayas and Mindanao. Total land area is about 300 sq, km, or 20 million hectares.

Contributors to Gross National Product (GNP). While the Philippines is traditionally viewed as an agricultural economy, agriculture is not the major contributor to its economy. Table 1 shows that in 2003, “Services” contributed to almost half (49.5 %) of the GNP (at current prices); “Agriculture, forestry and fishery” contributed only 13.5 % of GNP.

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Services remains the leading growth sector and grew by 5.9 % between 2002 and 2003 (it grew by 5.4 % between 2001 and 2002). The high growth was due to land transportation, finance and real estate and communications, which grew by 13.4 %.

Agriculture grew by 3.9 % while industry grew by 3.0 % between 2002 and 2003.

Table 1. Contributors to Philippine Economy, by Sector

Source	At Current Prices		At Constant Prices	
	Value	%	Value	%
Agriculture	632,007	13.49	214,327	18.13
Industry	1,409,553	30.08	372,048	31.46
Services	2,317,485	49.46	506,942	42.87
NFIRW	326,397	6.97	89,115	7.54
TOTAL	4,685,442	100.00	1,182,432	100.00

Source: National Statistical Coordinating Board, 2004

Some Economic Indicators. Data from the Philippine International Development Studies (2004) indicate how the economy had fared in recent years.

Aggregated by years, the period 2001-2003 are better years compared with 1998-2001. In the 2001-2003, GDP growth averaged 4.5 %; in 1998-2001, GNP growth was only 2.9 % (Table 2).

Table 2. Some Selected Economic Indicators (in percent)

Items	1998	1999	2000	2001	2002	2003
Real GNP growth	0.4	3.7	4.8	3.4	4.5	5.5
Real GDP growth	- 0.6	3.4	4.4	4.5	4.4	4.5
Inflation Rate	9.7	6.7	4.4	6.1	3.1	3.1

Source: PIDS, 2004

On the other hand, the Gross National Product or GDP plus income from abroad, hit 5.5 percent growth in 2003. This was higher than the upper end of the target of 4.5 to 5.4 %. Inflation had been better managed in recent years. From close to a double-digit rate (9.7 %) in 1998, inflation had settled at 3.1 % in years 2002 and 2003. Unemployment, however, continue to be a recalcitrant problem.

Between 1998 and 2003, the number of people employed grew. From only 26.6 million in 1998 to 30.6 million in 2003. This represents an increase of 15 % over the period. The number of unemployed (those who ought to have work but could not find any), however, rose from 3.043 million in 1998 to 3.93 million in 2003 for an

increase of 29 %. Expressed as unemployment rate, 11.4 % were unemployed in 2003; 10.3 % were unemployed in 1998 (*Table 3*).

Table 3. Data on Employment

Particulars	1998	1999	2000	2001	2002	2003
Employed (1,000)	26,631	27,742	27,453	29,155	30,062	30,627
Unemployed (1,000)	3,043	3,017	3,459	3,653	3,874	3,932
Unemployment Rate (%)	10.3	9.8	11.2	11.1	11.4	11.4

Source: PIDS, 2004

Further adding to the problem is the reported underemployment of 15.7 % in 2003.

The job generation picture, however, is not that gloomy. Disaggregated by years, the last three years have resulted in jobs being created. In 1998 – 2000, Agriculture was losing 94,000 while Industry was losing 53,000 jobs a year, this was reversed in 2001-2003, where Agriculture generated 341,000 while Industry generated 128,000 additional jobs a year (*Table 4*). The present administration commits to creating one (1) million jobs in Agriculture every year.

Table 4. Jobs Created by Sector, 1998 - 2003 (in thousand)

Sector	1998-2000	2001-2003
Agriculture	-94	341
Industry	-53	128
Services	473	591

Source: Cororaton, NEDA, 2004

Consumption. On the demand side, strong private consumption expenditures and investments underpinned growth as the public sector compressed expenditures to meet the fiscal deficit target. In 2003, personal consumption posted the highest growth rate of 5.1% since 1990 (*Table 5*). Higher per capita income, low inflation and greater variety in consumption goods fostered more personal or private spending. Dragging the economy was government consumption, which contracted by 2.8 % because of fiscal woes.

Exports continued to grow (3.3%) despite sluggish recovery of electronics exports. Higher prices of minerals and coconut oil kept non-electronics exports afloat. Meanwhile, imports also increased by 10.3 %, indicating a pickup in the economy. Imports continued to support growth particularly investments in durable equipment (electrical machinery and transport equipment). The bulk of imports were not consumer goods but were capital goods and inputs to production.

Table 5. Growth in Aggregate Demand, 2002 and 2003 (in percent)

Particulars	2002	2003
Personal consumption	4.1	5.1
Government consumption	2.4	-2.8
Gross domestic capital formation	-3.5	4.8
Exports	3.6	3.3
Imports	4.7	10.3

Various structural reforms over the years have improved the economy's resiliency. Growth was supported by policies that encouraged healthy domestic and foreign demand. This low inflationary environment induced by prudent monetary policy operating under an inflation-targeting framework, boosted private consumption. Policies that have liberalized trade with other Asian neighbors contributed to the rebound of exports.

However, the Asian Development Bank warns about possible structural bottlenecks to higher and sustainable growth rates over the long term. ADB warns that "in spite of the above 4 percent growth in three of the past four years, structural problems forestall any end to the boom-bust cycle that has afflicted it for the past two decades and that prevent it from moving to higher and sustained growth rates" (*Asian Development Outlook quoted by Doris Dumlaog, Inquirer News Service, April 29, 2004*).

Comparison with Other Countries. For the year 2003, the Philippines performed creditably well compared with its ASEAN neighbors. Its 4.5 % growth rate compares relatively well with Indonesia, South Korea and Taiwan.

Table 6. A Comparison of Growth Rates Among ASEAN Countries, 2003 (%)

Country	Q1	Q2	Q3	Q4	Q1-Q3 Average	Q4 Final
Philippines	4.5	4	5.1	4.5	4.5	4.5
Malaysia	4.6	4.5	5.1	6.4	5.2	6.2
Indonesia	3.5	3.8	3.9	4.35	3.9	4.1
Thailand	6.7	5.8	6.5	n.a.	6.3	
Taiwan	3.5	-0.1	4.2	5.17	3.2	3.24
South Korea	3.7	1.9	2.3	n.a.	2.6	
China	9.9	6.7	9.6*	9.9*	8.3	9.1

Source: Country Statistical Web Sites

n.a. Not available

* Preliminary Estimates

Explaining the Performance. Irrespective of the recent economic performance, it is acknowledged that the Philippines had indeed lagged behind many of its Asian

neighbors. An article , “*The Philippines Into the 21st Century, Industrialization and Economic Development*”, by Abueva et.al. provides an explanation:

“Until the late 1960’s the Philippine economy was next only to that of Japan and Hong Kong in growth and vibrancy. But then we went through over 13 years of Marcos authoritarianism, and two oil shocks. Economic mismanagement in that one-man rule was marked by protected crony capitalism, growth by exploitation of forests and minerals, infrastructure construction that was debt-driven, and the overall inefficient allocation of resources. With the uncertainty of leadership succession, and the assassination of Benigno Aquino Jr. in 1983, the political instability deepened and mismanagement brought the economy to collapse.

All along we were left behind by the newly Industrialized Economies (NIEs) of Hong Kong, Taiwan, and China’s southern provinces, the Newly Industrialized Countries of Singapore and South Korea, and the later NICs- Thailand and Indonesia.

The Aquino presidency and administration (1986-1991) began the difficult process of restoring our democratic institutions and reviving the ruined economy, while fighting off military rebels in seven coup attempts. The monopolies were dismantled, economic liberalization was initiated while foreign debts were honored and re-structured. Under challenging conditions, President Aquino began the consolidation of constitutional democracy and jump-started the economy.

Building on the gains of his predecessor, President Ramos (1992-1996) has successfully pushed economic liberalization and attracted foreign investments in his international promotion of the revitalized economy and the improved business climate. He has also succeeded in bringing peace and stability through successful negotiations with military rebels and the Moro National Liberation Front and patient peace talks with the National Democratic Front. As a result, economic growth and confidence in the economy greatly improved, and a few new growth areas have risen.

More recent external developments further influenced economic performance: the ASIAN economic crisis in 1997; the Bali bombing of October 2002, the global impact of the US-Iraq war in March 2003, Severe Acute Respiratory syndrome (SARS) epidemic that caused alarm in China, Hongkong and the whole region. Even the most Avian Flu epidemic that hit Thailand and almost all Asian countries impacted on the country’s economy and development efforts.

Likewise, many internal developments impacted on the economy. Among the more recent ones were the ouster of President Estrada for alleged graft and corruption and inept governance, via a peaceful “People Power” revolution. The succession of President Arroyo to fill in the unfinished term of Estrada had been rocked with attempted *coup d’etat* by groups disenchanted with the government and the military: threats of terrorism by armed bandits like the *Abu Sayyafs* and other groups of different political ideologies like the *New People’s Army(NPA)*, *Mindanao National Liberation Front* etc. There are the kidnappings of foreigners and local Chinese businessmen and their scions. There was the attempted impeachment of the Chief Justice of the Supreme Court. There are talks of corruption in both high and low places of government. Of late, is the “neck-to neck” fight between the incumbent President and a movie actor with no governance or political experience but who,

apparently, has popular mass support. There are post-election squabbles over canvassing of votes, charges and counter-charges of fraud, and seemingly endless petitions and counter-petitions over election related issues.

All of these contributed to creating uncertainties, shaking investor confidence (even flight of domestic capital) and slowing down the economy.

Poverty

The most graphic way of illustrating economy at the micro-level is to discuss poverty. In this regard, poverty will be discussed not simply as low incomes but shall include social indicators illustrative of quality of life.

Incomes¹. Poverty incidence in the country or the proportion of families with per capita incomes below the poverty threshold was placed at 28.1 percent in 1997 and 28.4 percent in 2000. This means that in 2000, 4.3 million families or 26.5 million Filipinos, more than one-third (34.0%) of the country's population, were living below the poverty line. These figures indicate an increase over the 1997 levels of 4.0 million families or 24.0 million Filipinos.

The annual per capita poverty threshold or the amount required to satisfy food and non-food basic needs reached P11, 605 in 2000, an 18 percent increase over the 1997 threshold of P9, 843. Thus, a family of five (5) members should have a monthly income of P4, 835 to meet their food and non-food basic needs.

In urban areas, poverty incidence stood still at 15.0 percent in 1997 and 2000. In rural areas, poverty worsened by 1.5 percentage points from 39.9 percent to 41.4 percent.

Access to Social Services. A survey done in 2002 provides details on major differences between the lowest 40 % and the highest 60 % of the population based on incomes earned (*cited by the NSCB, 2003*).

In education, both groups have equal access to elementary education (91 %) but at the secondary level, only 67 % of the lowest while 83 % of the highest have access (*Table 7*).

The difference is more marked with respect to access to safe drinking water, sanitary toilets and electricity. Significantly more families in the lower 40 % have much less access (70%) compared to their "highest" counterparts (87 %).

More in the highest 60 % own houses of stronger materials. In terms of employment, more heads and more children in the lower 40% are gainfully employed.

¹ As of the writing of this report, 2003 data had not yet been released officially. According to the National Statistics Coordinating Board, the 2003 poverty statistics will be released by the NSCB after the NSO has finished processing the 2003 Family Income and Expenditure Survey (FIES) results.

The above data indicate an inequitable situation where the lower income groups have less than their high-income counterparts. Equity is an issue that had long plagued the Philippine economy.

Table 7. Comparative Access to Social Services

Indicator	% of Families	
	Lowest 40 %	Highest 60 %
Access to Elementary Education	91	91
Access to Secondary Education	67	83
Access to Safe Drinking Water	70	87
Access to Sanitary Toilet	73	95
Access to Electricity	56	94
Shelter made of Strong Materials	41	76
House Owned	63	69
Head Gainfully Employed	85	79
Children Working	19	9
Total Families Surveyed	15,925	

Source: NSCB, 2003

The Philippine Government

Forecast of Growth. Based on the 2003 performance, the Philippine government has optimistic projections for year 2004. GNP is projected to grow by 5.2 – 6.0 % compared with 5.5 in 2003. GDP is projected to grow by 4.9 – 5.8 % up from the 2003 rate of 4.5 %. Again, expected to lead the growth is “Services” which is expected to grow by 5.5 – 6.3 % (*Table 8*). Per capita GDPs are correspondingly expected to rise.

Table 8. Forecast of Growth in 2004.

Particulars	Actual 2003	2004 Forecast
Gross National Product (% growth)	5.5	5.2 - 6.0
Gross Domestic Product (% growth)	4.5	4.9 – 5.8
Agriculture	3.9	3.7 – 4.7
Industry	3	5.0 – 5.8
Services	5.9	5.5 – 6.3
GDP per capita (nominal in pesos)	52,959	55,082 – 56,073
GDP per capita (nominal in US\$)	977	1,001 – 1,020

Source: NEDA, 2004.

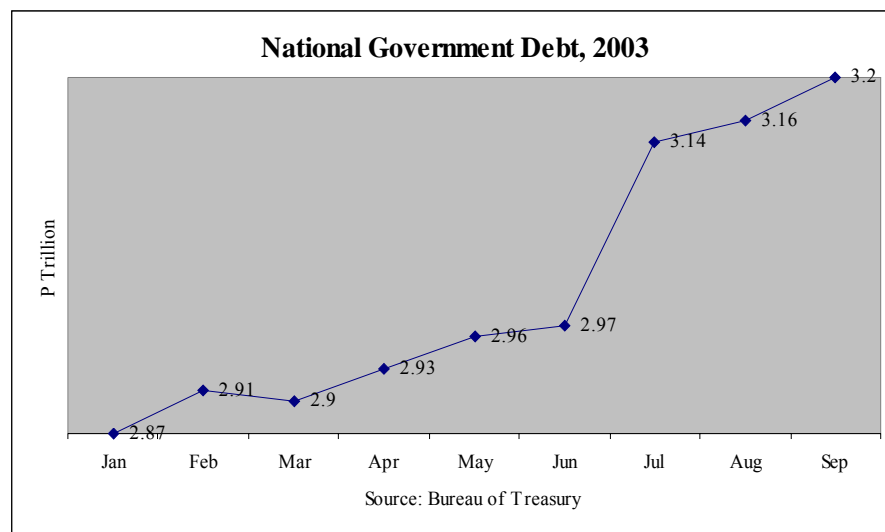
The current administration has also vowed to overcome poverty with “comprehensive set of social and economic policies and programs with a social bias, underpinned by good and effective governance and adherence to the rule of law”.

These optimistic projections must, however contend with certain negative realities. The more major ones being a burgeoning foreign debt and a widening budgetary deficit. These are in addition to concerns on improving the business climate, improving capacity to generate employment, and a very rapid population growth.

National Government Debt. Within 2003 alone foreign debt rose from 2.87 trillion pesos to 3.2 trillion pesos. This had significantly eaten up into the National Budget such that in 2004, 31.4 % is earmarked just for the interest payment of these loans.

A former National Treasurer likened the grim debt scenario to a seething “debt volcano” about to explode because of unabated borrowings resulting to government payables placed at over five trillion pesos and the share of debt payments in the annual national budget swelling from 18 percent in 1999 to 31 percent in 2004 (*Inquirer News Service, May 2, 2004*).

Figure 1. Philippine National Debt. 2003



Source: Slide courtesy of Arnold Padilla, IBON Foundation, March 2004

The increased allocation of funds to debt service had resulted in lesser allocations for economic and social services further reducing resources for programs that could alleviate poverty. For economic services, allocation for 2004 is 18 % down from 20.4 % in 2002. For social services, allocation in 2004 was 28,7 %, down from 31.1 % in 2002.

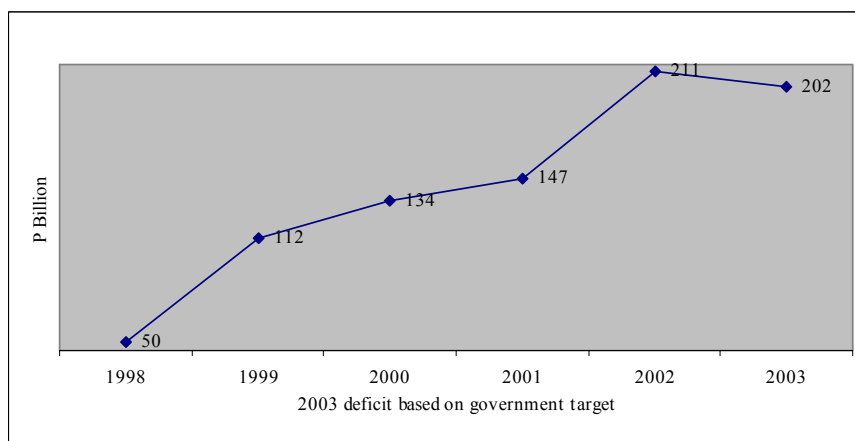
Table 9. Distribution of Philippine National Budget, 2002-2004

Particulars	2002	2003	2004
Interest Payment	25.1	28.4	31.4
Social Services	31.1	29	28.7
Economic Services	20.4	20.2	18
Geberal Public Services	17.9	16.6	16.2
Defennse	5.2	5	4.9
Lending	0.3	0.7	0.6

Source: Department of Budget and Management

Budget Deficit. Since 1998, the budgetary deficit continuously widened from “only” about P50 billion in 1998 to a high of P211 billion in 2002. For 2003, this was projected to drop to P202 billion (*Figure 1*).

Figure 2. Philippine National Debt, 2003.

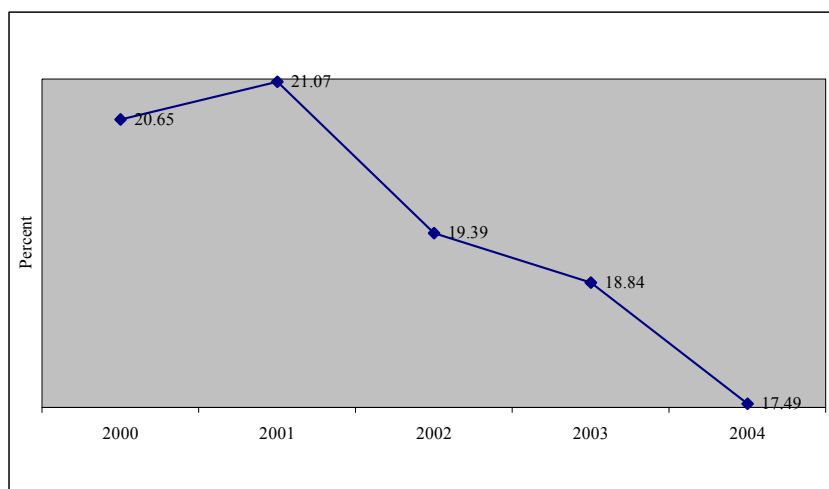


Source: Department of Finance as cited in a Slide courtesy of Arnold Padilla, IBON Foundation, March 2004

The deficit is normally met through borrowings and this further adds to the national debt further compounding debt payment problem.

Related to this and further compounding the issue is the observation that collection of tariff is accounting for less and less share on the total revenues of government. This indicates possible lapses in the tariff/tax collection system that needs to be addressed.

Figure 3. Share of Tariff Total Revenue, 2000 = 2004 (%)



Source: Department of Finance as cited in a Slide courtesy of Arnold Padilla, IBON Foundation, March 2004.

Some Conclusions on the Philippine Economy

The Philippine economy had rightly been referred to as following a “boom and bust cycle” characterized by ups and downs. While in the 60s, it ranked just next to Japan and HongKong, the 70s were years of slow growth, if not decline, while other Asian countries notably Singapore, Malaysia and South Korea gained substantial headways in their economic growth and development. Some headway was attained in the late 80s and the nineties. Illustrative of this improvement was the reduction of poverty incidence from 44 % in 1985 to 32 % in 1997.

The 1997 Asian financial crisis, along with other external developments, SARs, Middle East crises, oil price increases etc. dampened growth. It was not only external development but also internal ones i.e. political uncertainties, crimes and corruption, devaluation of currency, increased interest rates and others slowed down growth.

Today, the Philippine economy is still plagued with problems. But the present administration is optimistic that it can grow, it can develop not necessarily in the immediate but in the long term. The lessons of the past are clear; the road towards growth pretty well chartered. It is a matter of political will which the present administration commits to undertake.

The Economic Situation of Lipa City

Lipa City is located in the province of Batangas, which is part of Administrative Region 4, in the island group of Luzon. It is 85 kms. more or less from Metro Manila (the National Capital Region), is accessible via South Luzon Expressway and only one and one-half hours drive from the Ninoy Aquino International Airport. It is bounded by municipalities of Sto. Tomas in the northeast, San Antonio, Quezon (another province) and San Pablo City (also of another province, Laguna) in the east; the municipalities of Padre Garcia and Rosario in the southwest, the municipalities of Cuenca and Mataas na Kahoy in the west, and Balete and Malvar in the northwest.

Lipa City in Batangas province is a curious mix of new and old, of religious and secular, of farming and industrial economy. Convents, seminaries, old houses, and churches dotting the landscape provide a testament to this city's strong Hispanic and religious background. Meanwhile, the 35,000-square meter Festival Mall, hotels and various familiar food chains provide for its rapidly urbanizing lifestyle. Lipa is also known for its farms but big-scale manufacturing arrived here with a 700-hectare LIMA Technology Center (Peyra, Delma, 2001. *Farms and Charms*. Philippine Business Magazine; Volume 9 No.2).

Geography

Lipa City is located at Longitude 13 Degrees 56 Minutes North; Latitude 121 Degree 10 Minutes East. It consists of 24, 765.93 hectares of land which are irregular rolling plateaus of slightly gradient and undulating higher gradients in the eastern and western fringes or mountains and lake boundaries and creek embankments.

It is located at 1025 Feet Above Sea Level and is considered the third highest city in the Philippines next only to Baguio and Tagaytay. Thus, its relatively cool and invigorating climate makes it attractive, not only for farming or agriculture, but also a location for settling in- to hold residence and do business in.

Its climate is considered Tropical, with uneven annual rainfall. The highest recorded temperature was 35.7 degrees Celsius; the lowest was 16.4 degrees Celsius. The dry season is from January to May; the wet season, from June to December.

The soil consists of a series of decomposed volcanic stuff materials that makes the land fertile and highly suitable for agriculture.

Land Use

Based on land use, Lipa City still is basically agricultural with 67 % (13,947.62 has) of its total land area of 20,940 hectares devoted to agriculture. Additionally, 282 hectares are devoted to agro-industrial purposes. Peyra (2001) reported that Lipa thrives with farms, and their good yields make the city the food basket of the Tagalog region. She claims that as much as 60% of table eggs, chicken, beef, and pork sold in Metro Manila come from Lipa's farms. She further cited that all

over the city, there are more than a hundred poultry and livestock raisers, with thousands of stocks including large multinational companies and homegrown small and medium scale farms.

The agricultural feature of Lipa has historical roots. As early as the Spanish Time (late 18th century), Lipa City had been already identified with agriculture, particularly the planting of “coffee”. Records showed that it was in Lipa that the first coffee seeds were introduced and grown in the Philippines. There was a time that two-thirds of the total land area of Lipa was planted to coffee. Lipa became the world’s sole supplier of coffee sometime in 1886-1888 when coffee plantations in Europe, and later South America and Java were wiped out due to fungi infestation. This coffee boom brought prosperity, elevating the town to a City on 1887 (*Masataka Kimura, p.14-15 Elections and Politics Philippine Style- A Case in Lipa-, 1997; Brochures, Lipa City Mayor’s Office, 2004*).

Some 2,809 hectares or 13 % of land area are still considered forests.

Urban-residential areas occupy 14 % of total area. Urban –commercial, light industrial areas are those occupied by commercial institutions and light industries and comprise less than 3 % of total land area however, this provides major share to incomes and is expected to increase as more push is given towards commercialization and industrialization in Lipa.

Table 10. Land Use in Lipa City

Land Use	Area (ha)	% of Total
Agriculture	13,948	66.61
Forestry	2,809	13.41
Agro-Industrial	282	1.35
Urban-Residential	2,911	13.90
Urban-Commercial, Light Industrial	454	2.17
Military	294	1.41
Parks, plaza, recreational	187	0.90
Others	55	0.26
TOTAL	20,940	100.00

Source: Office of the City Planning and Development Coordinator, Lipa City (March 2004)

Demography

It is estimated that Lipa City has a population of 247,299 in year 2004. Growth rate over the years was 3.16 % per annum, higher than the national figure of 2.3 %. In-migration due to work opportunities in the City may explain this relatively high population growth rate.

The male: female ratio is in favor of males with a male: female ratio of 1.01:1.

Adults, aged 22-59 years old constitute 43 % of the population. Children (12 years old and below) constitute 32 % and the youth (13-21 years old), 19 %.

There are 48,582 households with an average household size of 5.09. Over-all population density was 11.45 persons/ha.

Of the 132,000 people who ought to be in the labor force (15 years old and over), 82,000 (62 %) are fully employed; 14,000 (11 %) are unemployed and 36,000 (27 %) are considered underemployed.

Literacy rate is at 87.94%, but simple literacy was higher at 98.46%.

Political Subdivisions

As with the rest of the country, Barangay remains the smallest governmental unit in Lipa City.

Lipa City has a total of 72 barangays distributed in five (5) districts: urban, north, south, east, and west.

The South District has the most number of barangays (18) followed by the East District (16). But as to size, the former has only 19 % of the total land area while the latter occupies the largest portion (33%) of the total land area. Both Antipolo del Sur (coverage of the Working Group on Communication and Development) and San Isidro (coverage of Working Group on Education) are located in the East District.

The North district comes second as to size (26 % of the total area) has 11 barangays and includes Brgy. Talisay (the coverage of the Working Group on Migration).

The West District has 15 barangays covers 21 % of the total land area. It is the location of Barangay Halang, the coverage of WorkingGroup on Economy.

The Urban District, which has 12, *Poblacion* Barangays cover less than 1 % of land area respectively. They are not covered by the OFW 2004.

Family Income and Expenditures (FIIES)

Families in Lipa are earning more than their national counterpart. In year 2002, average annual family income at the national level was P144, 039 while average expenditure was P118, 002. On the other hand, families in Lipa City were earning, on the average P191, 477 (or US 3,480 / Yen 383,000) and spending P165, 719 (or US 3,013 / Yen 331,483).

Tourism and Leisure

Peyra (2001) provides a description of the tourist offerings of Lipa City.

“ Historical, religious, and cultural landmarks abound in Lipa. Among them are the Casa Segunda, the ancestral house of Segunda Katigbak (National hero Jose Rizal’s first love), the Peace Tower, a World War II campsite of Japanese soldiers, the San Sebastian Museum and Library of Arts, and the Lipa Art Galleries housing original Filipino artworks.

Pilgrims troop to Mt. Carmel Church, known for its “Miraculous Shower of Petals” and the appearance of the Virgin Mary to a convent nun. The centuries-old and huge San Sebastian Cathedral is the seat of the Archdiocese of Batangas and the dioceses of Lucena, Infanta, and Calapan.

The city also offers a number of entertainment and leisure facilities. There are several hotels, inns, and religious retreat houses that can provide accommodation. Local and foreign businessmen and tourists frequent the 27-hole golf course of the Malarayat Golf and Country Club, reputedly one of the best in the country. Shoppers and mall enthusiasts troop to Fiesta Mall, the only mall found in Batangas. Opened in 1997, the shopping complex attracts patrons from the surrounding Quezon, Laguna, and Marinduque provinces. The mall houses local and Manila retail names and well-known food chains and dining places such as Pizza Hut, Chowking, McDonalds, Jollibee, and Jazz Rhythm.”

The Industrial Estate

With Malvar, an adjacent municipality, Lipa hosts an industrial estate called the LIMA Technology Center – “LIMA” being derived from the names of the two places (municipalities).

It seats on 700 hectares of land situated within the boundaries of the Lipa City and the Municipality of Malvar. There are about 23 resident locators employing at least 6,000 employees producing diverse products – from inkjet printers by EPSON, other computer parts and accessories to automobile spare parts (<http://www.LIMA.org>). A few of these locators/companies are: Epson Precision Phils., Hitachi Cable Phils. Inc., Rex Technologies Phils., K& K Molding, Inc., TOSOH POLYVIN corp. SOHBI KOHGEI Phils. Inc., Phil. Toshin Rubber Chemicals Co. Ltd., Philinak Industries, Inc., JIDECO Manufacturing Corp. The Marubeni Corporation of Japan is one of its major developers. The industrial estate is still open for locator companies.

A deluxe hotel is also found here, called the LIMA City Hotel.

Incentives given to locators of this export processing zones include those of Board of Investment (BOI) such as exemption from local taxes (except real estate tax), licenses and fees , exemption from real estate tax on production equipment and machinery, exemption from the 15 percent branch profits remittance tax, 100 percent foreign ownership, simplified import and export procedure and exemption from SGS inspection.

Business Establishments

There are a considerable number of business establishments in Lipa City. More than half (57 %) of those registered in 2003 were engaged in retail business. These are mostly retail shops/stores in the public markets and around the City. Those engaged in providing services – transport, hotels, restaurants, beauty shops etc. – account for 25 % of total number of establishments.

Table 11. Number of Business Establishments, By Major Kinds (2003)

Kinds	Number	%
Retail	2,991	56.69
Services	1,257	23.82
Industry	343	6.5
Banks	192	3.64
Real Estate	307	5.82
Wholesale shops	58	1.10
Insurance Firms	60	1.14
Other Institutions	68	1.29
Total	5,276	100.

Source: Office of the City Planning and Development Coordinator, Lipa City (March 2004)

Twenty-two (22) of the above registered businesses are multi-national companies engaged in food business such as Kenny Rogers, Mc Donald’s Philippines, and other chain stores such as Seven Eleven, supermarkets, banks, industries, etc. On the other hand, the existing local industries range from agricultural or agri-based such as cut flower production, livestock (hogs and cattle) raising, feedmilling, poultry raising, coffee farming, blackpepper production/trading, dairy production/processing, meat processing, buko juice and other food products (*suman, puto, bibingka* or different forms ice cakes) to other craft industries such as jewelry making, metal craft, woodcraft and garments.

Tax Ordinance #71, Series of 2002 or the Investment Incentive Code of Lipa City provides local incentives to these establishments/ industries put up in the City.

Local Government- Initiated Development Projects

To spur the development of the City and address the need to provide the Minimum Basic Needs, in line with poverty alleviation goals and ensure that “every citizen lives in dignity and in a progressive and self-reliant community by means of an equal access to social services, economic opportunities and justice to all”, the administration of Mayor Vilma Santos- Recto has implemented the following (*from VSR Accomplishments, July 1998- December, 2003 unauthored handout*):

Infrastructure Development. Infrastructure projects were in support to Economic, Social and Aesthetic/ beautification sectoral goals.

In support to **economic objectives**, a cooperative canteen at the back of the City Hall was constructed. This has been primarily put up to provide for the food needs of the employee-members and at the same time give them back some monetarial gains/dividends at the end. There were also road widening/concreting and construction of bridges not only in the city but also in the depressed barangays. This way, the flow of goods/products to markets can be facilitated and thus serve as a boon to enhance farm production and marketing. Existing drainage systems were also improved to make them more fit to absorb increases in usage.

Along **social concerns**, infrastructure development projects were undertaken in support to the educational sector. New 14 VSR- type of school buildings were constructed. This alone has provided additional 100 new classrooms or accommodation of 5,000 pupils. Construction of 118 additional classrooms in both public and secondary schools was also undertaken to cater to increasing enrollments/school population. Repairs/face-lifting of old school buildings/classrooms and Gymnasiums were also carried out, together with improvements of schools’ fences and stages used for programs and convocations.

Outside education, infrastructure development was also carried out to cater to survival and security needs: building artesian wells for provision of clean water supply to the barangays; lighting the streets/main thoroughfares for security and protection, construction of Main Health Center, and construction of 23 Day Care Center Buildings to cater to the needs of working mothers and children’s welfare.

Included in the infrastructure projects undertaken are the beautification/ landscaping projects at junctions in the City, in the City Hall Compound and the Monument of Claro M. Recto (A National Hero who is the grandfather of Senator Ralph Recto, the husband of Mayor Vilma Santos-Recto).

Social Development. Basically, the Projects implemented along social concerns were meant to improve/develop human resources/capacities at different levels/groups, improve relocation of urban poor and improve health conditions.

For women and youth, SINAG KABABAIHAN, a Women’s Center was put up to get women organized and respond to their needs and problems. Scholarship grants were provided to 30 scholars. This number of 30 students being assisted is maintained yearly. As of the last report, 7 had already graduated from four (4) year degrees/ courses. A Foundation (Lipa City Special Children Foundation) to cater to the needs of special

children in Lipa City was also put-up; Computers and textbooks were also provided to public schools.

The Main Health Center was accredited to provide for the health needs of the populace; a LOVE LIPA Foundation, to provide medical assistance to indigent Lipenos; and provision of allowance/incentive of P500 to P700 for each Barangay Health Worker. In these medical assistance, free medicines (for common ailments) and laboratory services were extended.

Cultural enrichment was also aimed when the City conceptualized and implemented VSR- (Voices, Songs and Rhythms) which has been running for three (3 years) already. Lipa Integrated Performing Arts (LIPA) was also organized which made performances not only within but also outside Lipa.

Economic Development. The integration of livelihood programs of the City Government for better coordination and more effective implementation has been effected through the creation of a Livelihood Office and the designation of an Executive Assistant to directly take charge of this concern. It coordinates activities of the different Lipa City Government offices that are concerned with the provision of livelihood opportunities such as the City Cooperative's Office, Agriculturist Office, Veterinarian Office, Social Welfare Development Office, Public Employment Service Office (PESO) and other private sectors concerned with provision of livelihood.

Through this Livelihood Office, the following Development Projects were undertaken until 2003:

- Provision of skills training on rugs, doormat, and cloth scraps projects; candle-making; duck raising and duck-egg processing, hog raising/swine production
- Loan assistance Program by the City Social Welfare and Development (SEAP-Tulong Puhunan or Microfinance Soft Loan), City Cooperatives Office implementing the Cooperative Loan Assistance program, the PUNLAKA at KALINGA ni ATE VI Program
- Swine breeding and Dispersal by the City Agriculturist in 44 Barangays; Cattle fattening in 10 Barangays. This is intended to enhance the livestock, particularly, the swine productivity in the different barangays. The Program is described in Box A below.
- In the Public market, the construction of Stalls for Ambulant Workers, increased accessibility of rice section and relocation of the textile section were done to generate more returns
- Encourage establishment of major investments by: The FARM, San Fernando Funeral homes, Robinson's Mall, New Era University, and some major food chains, residential subdivisions. All these are geared towards creation of more employment opportunities and activate the economy.

The Hog Breeders Dispersal Project

The Hog Breeders Dispersal Project by the City Agriculture's Office aims at increasing hog production by multiplying hog breeders through dispersal in the Barangays. The project began when the PhP 800,000.00 originally appropriated by the Lipa City Government for cattle fattening in year 1999 was converted for its use. Hence, the start of distribution of 126 breeding hogs to 42 pilot barangays, at the rate of three (3) heads per barangay. There were also a total of 126 initial recipients. Each dispersed piglet weighed from 25-30 kilograms (liveweight) and costing from PhP 2,375.00 to PhP2, 500.00. In sum, the total cost of these initial breeding stock was estimated at Ph.P300, 000.00 or barely, 37.5% of available appropriation.

Project Features:

- When first implemented, a piglet was given to each three (3) recipients in each Barangay. Upon its farrowing, two of its female weanlings were returned to the Project by each recipient for every piglet originally received. These returned female piglets in turn were re-dispersed to the next round of recipients. Hence, the Project has become popularly known in the Barangays as the "Back 2" Project.
- The first recipients in each Barangay were selected by the Barangay Captain. The criteria used in the selection were: permanent residency in the Barangay, experience/knowledgeability about hog raising, provision of acceptable pig pens/housing and capacity of feeding the pigs. However, in the next round of dispersal or re-dispersal, the original recipients already had a hand in the choice of would be recipients.
- Piglets are grown to become breeders; those found unfit are grown and sold as fatteners by the recipients, with the proceeds used in buying a good breeding piglet as replacement.
- Only when a recipient has given back two female piglets for re-dispersal for each piglet received can he/she be released from contractual obligations under the Project.
- The Project is monitored monthly by the City Agriculture's Office and annual reporting is made to the City Government. Pig mortality and replacements were identified as major deterrents in the progress of the hog breeding dispersal project. As of January 2001, 54 (42%) original recipients had been fully freed from their contractual obligation; 10 (8%), only partially, having returned only a piglet to the project while 38 (30%) have not yet complied at all.

Source: The City Agriculturist Office

Special mention should be made of the Cooperative Loan Assistance Program of the Lipa City Government, directly implemented by the City Cooperatives Office. Through the Program, P1.6 Million loan assistance was extended to eight organized cooperatives in year 2003 alone. These organized cooperatives, aside from providing loans to members have also employed 80 persons for their daily operations.

Presented in another Box below, are the features of the Cooperative Loan Assistance Program, which has been cited as a development program that has been effective in fueling growth and development, not only of the cooperatives and its members but also of their respective communities. The general objective of the CLAP is to enhance the growth of small but deserving cooperatives by providing them access to cheap source of capital to start a new business or expand existing businesses, thereby making them able partners in improving the quality of life of *Lipenos* (people of Lipa City), and in achieving the vision of making Lipa one of the top ten (10 cities) in the Philippines.

The Lipa City Cooperative Loan Assistance Program

The Cooperative Loan Assistance Program of the Lipa City Government, directly implemented by the City Cooperative Office was started in January 1999 with loanable amount of P50,000.00 per cooperative. From this initial credit limit, the loanable amount was increased to P100,000.00 after a year of implementation (2000), then to P200,000.00 in year 2001 and P300,000.00 in year 2002. This is in response to the consistent clamor from the cooperatives' beneficiaries for an increase in the loanable amount as triggered by their increase in membership size and the desire for business expansion.

Since the start of the program, the City Cooperative Office has assisted twenty (20) cooperatives for a total loan release of P4.3 M with a collection rate of 99.33%.

A comparative study on the impact of the Program showed that cooperatives, which accessed loans from the City Government, had considerably increased in number of membership and size of business, capital, assets and earnings.

Loan Features:

1. Loanable Amount: Depending upon the type of the project, the maximum loanable amount shall be:
 - a. P100,000 for first time availer
 - b. Aggregate total of P300,000. for loan renewal, subject to 75 % repayment of the quarterly amortizations.
2. Type of Loan: Short to Medium Term Loans
3. Interest Rate: Six percent (6%) per annum based on diminishing balance.
4. Terms of Payment : Equal quarterly amortizations for a maximum term of :
 - a. 1 year - P50,000.
 - b. 2 Years- P51,000- P130,000.
 - c. 3 Years- P131,000- P210,000.
 - d. 4 Years- P211,000- P300,000
 - e.
5. Equity requirement: At least 10% of the total project cost
6. Loan Purposes: Operating capital to start a new business or expand existing one; relending to members; fixed asset acquisition in support of existing business
7. Collateral: Promissory Note executed by the Cooperative thru its authorized signatories

Source: The City Cooperatives Office, Brochure, 2004

Another livelihood project is the **Self Employment Assistance Program (SEAP)-Tulong Puhunan** (or commonly called as Microfinance) that is directly implemented by the City Social Welfare Development Office. It is meant to provide the needed basic capital assistance for income-generating projects by individual clients. This Program has been pursued to “extend more help to those who are intending to indulge in business but constrained by financial matters. It is run in support to Lipa City Government’s Minimum Basic Needs(MBN) livelihood goals of “increasing income and employment for household head and members of family for better life quality”. Loans are extended or administered individually or by groups (with 5 individual members each group as in the Grameen Bank Model).

In terms of loan sizes, these have ranged at the start of the Program from Php1,000 to Php 5,000 per individual and from Php 15,000 to Php30,000 for Groups. The Program, which has been started as early as 1994 is said to have already covered almost all Barangays of Lipa City. Hence, the likelihood of its presence in all the OFW- covered Barangays. The 2003 Annual Report of Lipa City states that the amount of Php 12,086,000. was availed at by 1622 members and that those availing of the loan for the first time can now be granted Php4,000 payable for 6 months, after which the amount can be doubled upon loan renewal based on the credit standing of the borrower.

Another livelihood project supported by the Lipa City Government is the backyard ornamental fish growing. The 2003 Annual Report of Lipa City also included the progress made on fish culture undertaken in Barangay Halang, one of the four-slated OFW sites. The Barangay Halang Fisherfolks Association, Inc., which is engaged in production of “ornamental” or aquarium fishes and has been a recipient of cooperative loan, has been able to repay a sizeable amount of the loan extended them. Of the Php288,000 loan extended by the Lipa City Government, it has already paid back P57,150 (20% repayment). Thirty-four (34) families have requested additional loans for construction of additional fishponds.

Local Administration Development. There were initiatives designed to improve the delivery of services along different sectoral areas through effective and efficient local administration. This meant provision of rewards and incentives to city government employees to enhance their welfare, boost their morale and make them perform better. These consist of monetarial benefits, i.e. allowances, honoraria, cash gifts, provision of insurance etc. and other non-monetarial or in-kind benefits such as computerization, air conditioning of offices, high tech equipment, etc. In the process also, this will motivate them to render better performance/services.

Likewise, there were initiatives that are expected to give more returns to the government and enable it to support/implement the different development projects mentioned earlier and those that have yet to be formulated. These development initiatives/ projects consist of One- Stop- Shop Business Permits Processing (to make registration customer friendly and enlist more registrants/increase collection of fees, and privatization of Slaughterhouse (to minimize losses/wastage and enhance collection of fees).

Development Projects Evaluation

A systematic monitoring and evaluation of these local development initiatives/projects is necessary. This will allow for an objective assessment of the capacity of the different offices/personnel implementing said programs/projects. It can go to the extent of determining the impacts as well as the level of benefits down to the level of the beneficiaries or intended end-users/clients. It can go at the grassroots level, down to the Barangay.

As a learning process, any evaluation that will be carried out by and/or with the implementers/beneficiaries or partners themselves can result to identification and formulation of strategies that can improve and benefit the implementation of said programs/projects. Hopefully, this shall redound to stronger and more capable, self-sustaining operations by the Local Government Unit of Lipa City.

The challenge to OFW and other well-meaning outside groups concerned with determining the progress (impacts and benefits as well) of said development projects is **how they can involve the different stakeholders - the implementing organizations/personnel, the barangay recipients and the intended beneficiaries/end users of the Projects' outcomes, and other interested parties- in the process.** Related to this concern are other specific issues such as:

- How can the barangay constituents or stakeholders be involved to identify and measure the “what, the how, and the how much” of what shall be looked at about the said development projects or initiatives?
- What particular learning approach or action orientation, such as the set of tools and methods to be used, will enable the local people in the Barangay to bring out their own information and analyse the same for their problem solving, inspite of our presence as “outsiders”?
- How can the OFW participants conduct, and better yet transfer to Barangay constituents such skills and knowledge in a more systematic way, despite limitations of time?
- How can the constituencies as key stakeholders be involved such that in the process, they will get to have a sense of identification and ownership of the program/project being looked at? And, upon our exit or departure, enable them to continue with the process that has been started and make them always conscious of the need to know what has been done, where they are now, where could they have been, where else they can do and go, how they can realize it and at what cost.
- What other more steps and partnerships do they have to make, inside and outside the Barangay to get them where they want to go, and, thus at the same time, OFW has helped in the broadening/expansion of their horizons?

There are many more issues that can be raised relative to evaluation of development projects. But the above are mere “starters” to posit the value and significance of the methodology that is, Participatory Rapid Appraisal (PRA) which shall be adopted in OFW 2004.

While the terms “Participation” and “Participatory Approaches” have already been used widely in both government and non-government sectors in the Philippines, these can evoke different meanings for different people, much more with people of different cultural backgrounds. These may vary from one cultural context to another, and can be affected by a host of variables, such as who are doing them, the purposes, locations, resources available, time and etc.

Some PRA Tools and Their Use

Just as Physicians have their Medical Kits, development practitioners also have their bag of tools. A cursory study of these tools may not just be enough. To effectively evaluate development projects using the PLA or PRA, one has to be more than just familiar with the wide range of methods and tools that can enable people to express and share information, and stimulate discussion and analysis. One has to practice its use to gain the confidence, very necessary if one has to rely on it to get the participation of those who have to be involved.

The list of participatory tools is long and even getting longer, as more people and organizations resort to their use, and discover more creative ways in encouraging people to talk, exchange views and participate. However, just for starters, a sampling of these tools are: Mapping tools, such as social mapping, resource mapping, mobility mapping, transect walk, body mapping, mind mapping; Diagramming tools, such as seasonal calendar, time line, time trend diagram, flow diagram, flow diagram, daily routine diagram, power structure diagram, institutional diagram, cause and effect diagram, tree diagram; Ranking tools, such as well-being ranking, pair-wise ranking, direct matrix ranking, and happiness ranking; and discussion tools, such as the focus group discussion and semi-structure interview.

The “How Tos” on the use of these Tools is the subject of another topic for the Preparatory Seminar. It is enough for this paper to posit that evaluation of the development projects in Lipa City, and anywhere for that matter can rely on PRA. This is something that altogether can be tried and learned from the OFW 2004.

Though the OFW duration in the Lipa City is short (only 10 days), the development of a methodology/process that will involve key stakeholders in the Barangay, for them to know more about their conditions and those of development projects undertaken or have yet to be undertaken is important. This said developmental process can be just as rewarding or in some cases will even be more rewarding than the data and information itself that stand to be generated and collected in the short run, during the visit. It is a development methodology/tool that OFW 2004 can bequeath or leave to their Host Barangays. The value or benefit derived by the local people from having learned the use of the methodology can be continuing even long after the OFW participants have gone back to Japan.

Figure 5. Map of the Philippines Indicating Project Site (Batangas Province)



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