

4.0 Economy

4.1 Economic Structure

4.1.1 External Context of the Local Economy

The region's economy is predominantly agriculture-based with agriculture/fishery/forestry as the primary source of income accounting for the largest share in terms of family income by household head kind of business or industry. Of the total regional income, agriculture/fishery/forestry shares P26,406,728,000.00 or 39.56% (CY 2000). Of this, around 12.29% of the total regional income comes from Cotabato Province.

In lead industries (mining/quarrying and manufacturing) and service industry, South Cotabato contributes the largest share while Cotabato Province ranks second.

Comparatively, Cotabato Province ranks second to South Cotabato in the total regional economic performance. (See Tables 13 & 14)

*(Note: * Starting July 2003 survey, provincial/city data were no longer generated. Available data is regionwide only.*

Table 13. Total Family Income (P1000) by Household Head, Kind of Business/Industry, 2000

Provinces/ Cities	Kind of Business/Industry									Total
	Agri/Fish/ Forest	Mining/ Quarry	Manufac- turing	Cons- truction	Wholesale/ Retail	Transp/Stor/ Comm.	Comm/Social/ Pers Serv	Finance/Real Est/Bus Serv	Not Defined	
North Cotabato	8,204,000	0	502,855	0	3,103,218	1,178,899	1,055,337	1,709,696	0	15,754,005
South Cotabato	6,925,027	499,547	724,516	0	3,236,480	1,136,768	1,197,913	4,256,233	106,909	18,083,393
Sultan Kudarat	5,188,400	0	96,730	0	1,346,876	465,117	862,078	966,184	46,514	8,971,899
Saranggani	3,573,148	0	295,559	0	1,093,498	464,090	189,773	435,145		6,051,213
Cotabato City	518,560	0	66,915	0	1,949,149	317,339	893,719	481,639	0	4,227,321
Gen. Santos City	1,997,593	0	640,070	0	6,567,889	2,098,086	265,573	1,608,244	493,874	13,671,329
Region 12	26,406,728	499,547	2,326,645	0	17,297,110	5,660,299	4,464,393	9,457,141	647,297	66,759,160

Table 14. Joint Probability: Shares of Total Family Income by Household Head, Kind of Business/Industry, 2000

Provinces/ Cities	Kind of Business/Industry									Total
	Agri/Fish/ Forest	Mining/ Quarry	Manufac- turing	Cons- truction	Wholesale/ Retail	Transp/Stor/ Comm.	Comm/Social/ Pers Serv	Finance/Real Est/Bus Serv	Not Defined	
	North Cotabato	12.29	0.00	0.75	0	4.65	1.77	1.58	2.56	
South Cotabato	10.37	0.75	1.09	0	4.85	1.70	1.79	6.38	1.60	27.09
Sultan Kudarat	7.77	0.00	0.14	0	2.02	0.70	1.29	1.45	0.70	13.44
Saranggani	5.35	0.00	0.44	0	1.64	0.70	0.28	0.65	0.00	9.06
Cotabato City	0.78	0.00	0.10	0	2.92	0.48	1.34	0.72	0.00	6.33
Gen. Santos City	2.99	0.00	0.96	0	9.84	3.14	0.40	2.41	7.41	20.48
Region 12	39.56	0.75	3.49	0	25.91	8.48	6.69	14.17	9.72	100.00

4.1.2 Patterns of Industry Concentration and Specialization

As shown on the tables below (tables 15 and 16), agriculture is dominated by Cotabato Province sharing 31.07% of the regional income in this sector, followed by South Cotabato (26.22%). In the lead industries such as mining/quarrying, manufacturing, Cotabato Province ranks second (17.79%) with South Cotabato leading at 43.31%. Cotabato Province (19.11%) ranks second to South Cotabato (26.65) as leading in the service sector. The undefined industries are dominated by General Santos City (76.30%).

Table 15. Concentration: Total Family Income by Household Head, Kind of Business/Industry, 2000

Provinces/ Cities	Kind of Business/Industry									Total
	Agri/Fish/ Forest	Mining/ Quarry	Manufac- turing	Con- struction	Wholesale/ Retail	Transp/Stor/ Comm.	Comm/Soc/ Pers Serv	Finance/Re- Est/Bus Ser	Not Define	
North Cotabato	31.07		21.61	0.00		20.83		18.08	0.00	23.60
South Cotabato		100.00		0.00	18.71	20.08	26.83	45.01	16.52	27.09
Sultan Kudarat	19.65	0.00	4.16	0.00	7.79	8.22	19.31	10.22	7.19	13.44
Saranggani	13.53	0.00	12.70	0.00	6.32	8.20	4.25	4.60	0.00	9.06
Cotabato City	1.96	0.00	2.88	0.00	11.27	5.61	20.02	5.09	0.00	6.33
Gen. Santos City	7.56	0.00	27.51	0.00	37.97	37.07	5.95	17.01	76.30	20.48
Region 12	100.00	100.00	100.00	0.00	100.00	100.00	100.00	100.00	100.00	100.00

Table 16. Conditional Probability: Concentration (from table 17)

Provinces/ Cities	Agri/Fish/ Forest	Industry	Service	Undefined
North Cotabato	31.07	17.79	19.11	0.00
South Cotabato	26.22	43.31	26.65	16.52
Sultan Kudarat	19.65	3.42	9.87	7.18
Saranggani	13.53	10.46	5.92	0.00
Cotabato City	1.97	2.37	9.87	0.00
Gen. Santos City	7.56	22.65	28.58	76.30
	100.00	100.00	100.00	100.00

In Cotabato Province, the dominant share for the family income comes from agriculture/fisheries/forestry accounting for 52.08% share (Table 17 & 18). Looking at table 18, it is safe to say that the provincial economies in the region follow the overall pattern of specializing in agriculture/fisheries/forestry.

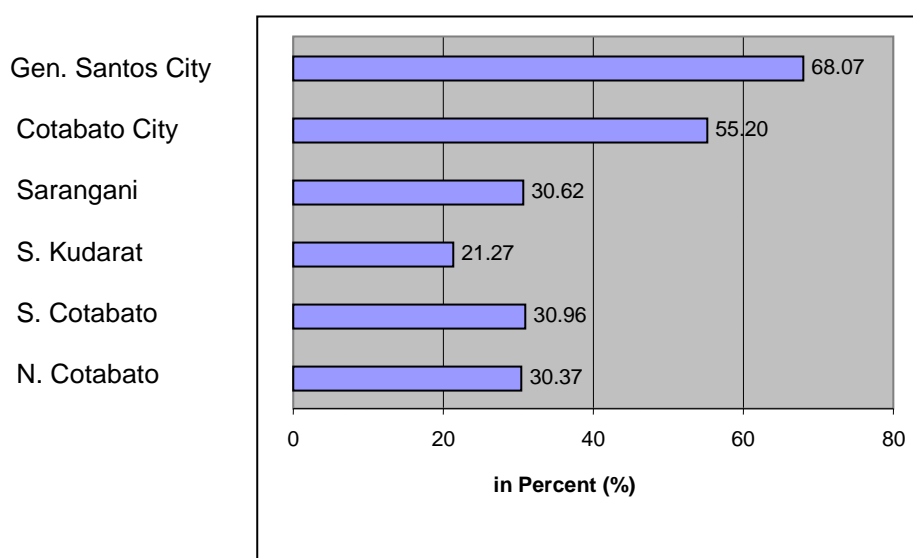
Table 17. Specialization: Total Family Income by Household Head, Kind of Business/Industry, 2000

Provinces/ Cities	Kind of Business/Industry									Total
	Agri/Fish/ Forest	Mining/ Quarry	Manufac- turing	Cons- truction	Wholesale/ Retail	Transp/Stor/ Comm.	Comm/Soc Pers Serv	Finance/Real Est/Bus Serv	Not Defined	
North Cotabato	52.08	0.00	3.19	0.00	19.70	7.48	6.70	10.85	0.00	100.00
South Cotabato	38.29	2.76	4.01	0.00	17.90	6.29	6.62	23.54	0.59	100.00
Sultan Kudarat	57.83	0.00	1.08	0.00	15.01	5.18	9.61	10.77	0.52	100.00
Saranggani	59.05	0.00	4.88	0.00	18.07	7.67	3.14	7.19	0.00	100.00
Cotabato City	12.27	0.00	1.58	0.00	46.11	7.51	21.14	11.39	0.00	100.00
Gen. Santos City	14.61	0.00	4.68	0.00	48.04	15.35	1.94	11.76	3.61	100.00
Region 12	39.56	0.75	3.49	0.00	25.91	8.48	6.69	14.17	0.97	100.00

Table 18. Conditional Probability: Specialization (from table 19)

Provinces/ Cities	Agri/Fish/ Forest	Industry	Service	Undefined
North Cotabato	52.08	3.19	44.73	0
South Cotabato	38.29	6.77	54.35	0.59
Sultan Kudarat	57.83	1.08	40.57	0.52
Saranggani	59.05	4.88	36.07	0
Cotabato City	12.27	1.58	86.15	0.00
Gen. Santos City	14.61	4.68	77.10	3.61

Figure 4 . Share Diagram: Industry: Share of Total Family Income by HH Head Business/Industry, Region XII, 2000



4.1.2 Basic Sectors and Corresponding Industries in the Province.

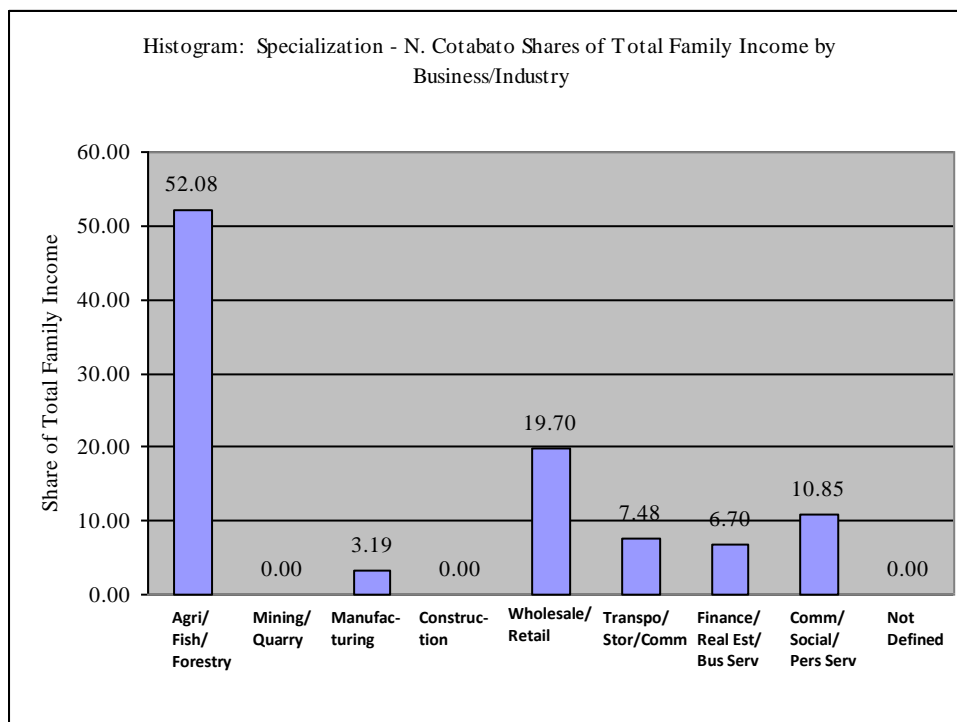
In the province, agriculture/fisheries/forestry contributes a dominant share of 52.08% of the total industries. This means that from among the industries present, the province most specializes in agriculture/fisheries/forestry. Cereal and other high value commercial crops (rubber, banana, coconut, oil palm, coffee and fruits) production play a major role in this sector.

This is followed by the service industry sharing 44.73%, of which wholesale/retail, finance/real estate/business services are main contributors. The industries of mining/quarrying and manufacturing have the lowest contribution of 3.19% of the total industries due to strict compliance to the stand of the province to no mining policy. There are no mining concessions in the province except for quarrying of sand and gravel.

Basic infrastructure facilities such as transport roads and terminals, telecommunication, drainage and irrigation system of the province are in place providing support to the above-mentioned industries. The full operationalization of the M'lang airport as well as the opening of proposed linkages will further improve these industries.

The agriculture/fisheries/forestry, being the dominant industry in the province, face challenges and constraints in terms of unstable domestic/international demand and market value, insufficient funding assistance for farm inputs of small-scale farmers, lack of more advanced skills capacity and technology in farming, illegal land conversions/use of productive lands or improper land use practices, unstable peace and order situation, and unfair trading practices.

Figure 5. Histogram



4.2 Potentials for Contributing to Local Economic Growth

4.2.1 Economic Base Industries

The economic base industries or major exporting industries in the province include cereal (rice and corn) and high value commercial crops particularly rubber, banana, coconut, coffee and fruits. Historically, the province has been a supplier of planting materials, tropical fruits, rice and corn to other provinces/cities in the country and continues to do so. It engages in exporting semi-processed rubber and Cavendish Banana. The province have also maintained its status as the fruit basket of the Philippines and is set to put up a food processing plant to package products as “pasalubong” to other places. Sugar industry is also present through Cotabato Sugar Central Corporation (COSUCECO) and from other small-scale muscovado sugar mills.

The Provincial government programs aim at increasing areas planted with rubber, oil palm, coconut, coffee and banana. Complementary with this is to put up processing plants for these products. The private sector has already initiated the establishment of crude palm oil mill [CPO Mill] in District 1, banana chips processing plants in Magpet, Makilala, and Pres. Roxas to cater cardava production, and rubber processing plants in Makilala.

The KMM Eco-Triangle (Kidapawan City, Makilala and Magpet) at the foot of Mt. Apo have various attractions that make it tourist destinations, at the same time potential areas for eco-tourism development. There are various potential eco-tourism sites found in other municipalities which are within the protection areas.

The province has its competitive advantage over other provinces in terms of service industry with the highest location quotient of 3.41 (table 19). This is manifested by the presence of wholesale/retail, finance/real estate/business services in the province. Commercial and banking institutions are present in major and secondary growth areas. Even in small towns, wholesale/retail and agri-trading activities are also proliferating. The growing service industry has also generated local employment. This increases the income and revenues of the locality.

Table 19: Location Quotients, Total Family Income by Household Head, Kind of Business/Industry, 2000

Provinces/ Cities	Kind of Business/Industry								
	Agri/Fish/ Forest	Mining/ Quarry	Manufac- turing	Cons- truction	Wholesale/ Retail	Transp/Stor/ Comm.	Comm/Soc Pers Serv	Finance/Real Est/Bus Serv	Not Defined
North Cotabato	1.32	0.00	0.92	0.00	0.76	0.88	1.00	0.77	0.00
South Cotabato	0.97	3.69	1.15	0.00	0.69	0.74	0.99	1.66	6.09
Sultan Kudarat	1.46	0.00	0.31	0.00	0.58	0.61	1.44	0.76	5.37
Saranggani	1.49	0.00	1.40	0.00	0.70	0.90	0.47	0.51	0.00
Cotabato City	0.31	0.00	0.45	0.00	1.78	0.89	3.16	0.80	0.00
Gen. Santos City	0.37	0.00	1.34	0.00	1.85	1.81	0.29	0.83	3.73

Provinces/ Cities	Agri/Fish/ Forest	Industry	Service	Undefined
North Cotabato	1.32	0.92	3.41	0.00
South Cotabato	0.97	4.84	4.08	6.09
Sultan Kudarat	1.46	0.31	3.39	5.37
Saranggani	1.49	1.40	2.58	0.00
Cotabato City	0.31	0.45	6.63	0.00
Gen. Santos City	0.37	1.34	4.79	3.73

4.2.2 Local Employment Growth

Human resources are the main contributors to the economic activity of the locality. With the investments coming into the province there is a ready manpower to supply the needs. International markets for rubber and banana have been growing, as well as local demands for agricultural products of the province. Additional areas planted proportionately increased to supply the demand. It generated local employment, thus improve their economic status. Most of the employed in this sector are agriculture laborers, both skilled and unskilled.

The entry of the multi-national companies engaged in banana industry also generates more job opportunities. With the growing service industry, local employment for non-agriculture laborers has also increased. The amount of investments in the province generated from the new establishments that registered their business names (BN) with DTI-Cotabato was around P303.587 Million or 18% lower compared in 2004 with P368.857 Million from the previous years. This created a total of 4,848 local employments.

The Cotabato Provincial Government's program on overseas employment provides technical and financial assistance to qualified applicants for possible employment abroad. The program is set to be innovated to include the monitoring of deployed OFWs to ensure their welfare and safety. The provincial government appropriated a yearly budget for said program which resulted to the deployment of more than 500 workers abroad. Corollary to this, the promotion of local employments will also be facilitated by the provincial government.

The provincial government also implemented the Special Program for the Employment of Students (SPES) benefiting an approximate 100 deserving students per year. More so, the Department of Labor and Employment (DOLE) promotes gainful employment facilitation through trainings, job solicitation and placement of the following programs and projects: Public Employment Service, SPES, Work Appreciation Program, and Job's Fair (local and overseas).

Cotabato Province's 2002 employment rate of 96.5 percent shows the presence of employment opportunities brought about by the influx of investments.

Table 20. Labor Force and Employment Status of Household Population 15 Years and Over, Cotabato Province

Area/ Employment Status	2001		2002	
	Total	Rate	Total	Rate
Total Population 15 Years Old and Over	604,000		624,000	
In the Labor Force	455,000	75.30	457,000	73.24
Employed	437,000	96.00	441,000	96.50
Unemployed	19,000	4.20	16,000	3.50
Not in the Labor Force	149,000	24.70	167,000	26.76
Source: RSET 2008				

The regional employment rate was estimated at 90.70 percent. Among provinces, Cotabato recorded an employment rate of 96.50% second to Sultan Kudarat which recorded the highest employment rate at 96.6 percent. (see Table 21)

Table 21. Labor Force and Employment Status of Household Population 15 Years and Over, by Province, Region XII, 2002 (Numbers in Thousands)

Area/ Employment Status	Cotabato Prov		S. Cotabato		Sultan Kudarat		Sarangani		Region XII	
	Total	Rate	Total	Rate	Total	Rate	Total	Rate	Total	Rate
Total Population 15 Years Old and Over	624		457		383		277		2,125	
In the Labor Force	457	73.24	331	72.4	233	60.8	209	75.5	1,486	69.9
Employed	441	96.50	272	82.2	225	96.6	188	90.0	1,348	90.7
Unemployed	16	3.50	59	17.8	8	3.4	21	10.0	138	9.3
Not in the Labor Force	167	26.76	126	27.6	151	39.2	68	24.5	639	30.1

Source: RSET 2013

(Note: * Starting July 2003 survey, provincial/city data were no longer generated. Available data is nationwide only.)

4.2.3 Competitiveness and Market Share

Considering that all the provinces in the region specializes in agriculture/fisheries/forestry, the demands for some agricultural products like rice, corn and tropical fruits can be supplied also by other provinces. But rubber industry and other high value commercial crops such as banana and tropical fruits is dominated by Cotabato Province.

In terms of competitiveness, all over the Philippines the province is considered the No. 9 rice-producing province. Areas for rice production in the province are sufficient to meet its demand, however, the challenge lies in the need for the full utilization of irrigation systems such as the Malitubog-Maridagao (MalMar) Irrigation Project. Major rice-producing areas include Midsayap, Libungan, Kabacan, Pigcawayan, Tulunan and M'lang.

Based on the data from the NFA Kidapawan City on palay procurement/rice distribution and dispersal operation there has been no rice inflow in the province. This could mean that the province has surplus production of rice for local consumption and at the same time supplies the rice requirement of the neighboring provinces and regions.

The presence of the multi-national companies engaged in banana industry (located at Makilala, Kidapawan City, Magpet, Arakan, Antipas, and Matalam) gives the province the edge in meeting the increasing international demands.

4.2.4. Potentials for Local Economic Growth

Among the industries in the province that contributes the most to local economic growth are those in the agriculture/fisheries/forestry particularly the high value commercial crops such as rubber, banana, oil palm and coconut. It is considered a strong performer, competitive and has the potential to generate more local employment. On the other hand, cereals like rice and corn still contribute to local employment but are threatened by various factors such as crop shifting of farmers from rice to high value commercial crops, high cost of farm inputs and insufficient government subsidy.

Local employment for non-agriculture laborers have also increased in the growing service industry. Continuous influx of investments in the province has contributed in the overall employment status.

Table 22 . Employment by Industry, Cotabato Province, 1995, 2002, 2012

Subsector	1995 Total Employment	2002 Total Employment	2012 Total Employment
Agriculture -	325,000	239,000	314,000
Forestry			
Fishery			
Industry -	22,000	45,000	51,000
Mining & Quarrying			
Manufacturing			
Construction			
Wholesale & Retail Trade			
Services -	75,000	157,000	256,000
Electricity, Gas & Water			
Transportation			
Finance, Dwelling & Real Estate			
Private/Gov't Services			
Industry NEC -	0	0	0
TOTAL	422,000	441,000	621,000
SOURCE: RSET 2004 & DOLE XII			

Note: * Starting July 2003 survey, provincial/city data were no longer generated.
Available data is regionwide only.

- 2012 data is computed/derived by the DOLE XII using ratio and proportion based on the available regional data.

4.3 Local Factors

The most competitive advantage of the province is its location at the center of Mindanao making it feasible for inter-province economic growth. Alongside with this is the developed infrastructure in going to and from different ports of entry, by land, air and sea.

In terms of human resource, the province has sufficient manpower, both skilled and unskilled in the field of agriculture. It sufficiently meets the manpower demand by various agri-investments and industries. The presence of various agriculture-focused institutions such as the University of Southern Mindanao (USM) and Cotabato Foundation College of Science and Technology (CFCST) can support the technical skills requirements of the human resource. Other educational institutions, both private and public, also provide for the technical skills advancement.

Communications facilities were put up as information-based systems to serve not just the province but the whole of Asia as well. It is capable of being an internet service provider. Cellsites are prominently installed throughout the province as well as local telephone systems.

In the banking industry, the province is considered as surplus depositor which means that our deposits are more than sufficient to cater to the local needs. The banking sector is ever ready to lend a helping hand to the local government units. It is sourced out to finance physical and social infrastructure, as well as the financial requirements for further agricultural development. The Provincial Government has also allocated funding support for many agricultural programs such as Plant-Now-Pay-Later (PNPL), Plow-Now-Pay-Later, and Micro-Financing Cost Recovery Scheme.

The asphalt plant owned by the provincial government provides for the construction and maintenance of national, provincial, municipal and even barangay roads. This will not only improve transportation access but also provides for convenient agricultural trading. The ongoing construction of M'lang Airport is aimed to serve the growing needs of the populace for transport and agri-trading. The geothermal plant operated by EDC, has provided the power needs not only of the province but to the whole of Mindanao.

4.4. Summary

4.4.1 Overall Structure of the Provincial Economy

a. Among the provinces in the region, Cotabato Province has the largest contribution in agriculture with 31.07% share in the regional income in this sector followed by the Province of South Cotabato (26.22%) (Table 16). In 2002, the agriculture sector has the highest number of employment at 724,000 employed persons.

b. The provincial specialization in agriculture/fisheries/forestry is evident sharing 52.08% of the family income. In the whole region, however, Cotabato only ranks third in the agro-fisheries industry as source of family income. Family income derived from lead Industry accounts for 3.19 only. While commercial, social and personal services contribute 44.73% as the source of income.

c. The rubber industry of the province largely contributes to the strong demand of raw materials not only from the country but also from neighboring industrial countries.

The province has a surplus production of rice and corn for local consumption and at the same time supplies the cereal requirements of the neighboring provinces and regions. However, this industry is threatened.

The above-mentioned major industries that contribute to the economic growth of the province is being complemented with available agriculture manpower. The province has been an agent for sending surplus manpower for overseas employment through various programs of the local government such as Jobs Fair and Passport Processing.

4.4.2 Industries that have best potentials for contributing to local economic growth

The agriculture/fisheries/forestry industry particularly high value commercial crops are considered to have the best potentials for contributing to local economic growth as it generates local employment. Cereals have less impact on the employment status of the province considering the seasonality of the bulk of work involved.

The growing service industry has also the potentials for contributing to local economic growth.

4.4.3 The location of Cotabato Province being at the central part of Mindanao is its most competitive advantage for economic growth. This is further supported by developed infrastructure and facilities such as transportation, educational institutions, communication systems and banking services.

As the province is highly agricultural, the opportunities were also opened in the stages of post-harvest which include the establishment of processing plants and cottage industries that will allow higher value added production. The operationalization of M'lang Airport is also seen as contributory factor that would enhance the province's economic growth.

The presence of geothermal plant operated by EDC, also presents an advantage for the province.

Map 11 – Map of Industries with Best and Declining Potentials



INDUSTRIES RELATED FACILITIES MAP

BASE DATA LEGEND

- ★ Municipal / City Hall
- National Road
- Provincial Road
- ▨ Marshland
- Lakes

Industries Related Facilities

- Banana Chips
- Crumb Rubber
- Mangosten Tea
- Muscovado Sugar
- Raw Sugar
- Rice Mills
- Wooden Pallettes



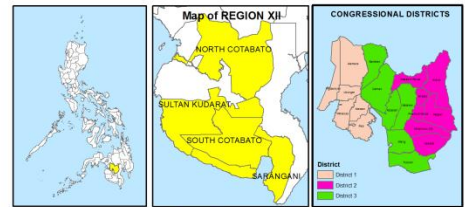
PROVINCE OF COTABATO
REGION XII - SOCCSKSARGEN

1:400,000

Kilometers



SPHEROID..... CLARKE 1866
PROJECTION..... UNIVERSAL TRANSVERSE MERCATOR
VERTICAL DATUM..... MEAN SEA LEVEL
HORIZONTAL DATUM..... LUZON DATUM



Map prepared by:

Provincial Government of Cotabato GIS Team in coordination with the National Economic and Development Authority-Region 12 (NEDA-R12) under the Integrating Disaster Risk Reduction and Climate Change Adaptation (DRR-CCA) in Local Development and Decision-making Processes