

# DYNAMICS OF EMPLOYMENT, POPULATION AND POVERTY INCIDENCE IN NORTHERN MINDANAO

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**ABSTRACT-** *High employment rate and low poverty incidence are indicia of economic growth. In addition, empirical evidence such as the contributions of agriculture, industry, services sectors as well as major programs and policies implemented by Duterte's administration are equally important for the reputable economic growth. This study aimed to determine the significant factors affecting the decrease of poverty incidence in Northern Mindanao from 2015-2018. Data were gathered using a systematic review method, pooled data from government repositories (e.g. Philippine Statistics Authority (PSA)) and agencies as well as the in-depth interview and focus group discussion (FGD) conducted with concerned stakeholders. Descriptive and inferential statistics were used to analyze the secondary data collected from PSA while the data collected from the in-depth interview and FGD was analysed with using thematic analysis. Data revealed that the Northern Mindanao region showed noteworthy performance in terms of poverty alleviation and this is clearly indicated on the increase of Gross Regional Domestic Product (GRDP) and of employment rate in the region from 2015 to 2018. Overall, the major programs of the present administration, most especially the Build-Build-Build (BBB) program as well as the municipal initiatives, external grants received and other interventions applied provided the greatest impact in the reduction of poverty incidence in the Northern Mindanao region. Hence, government policies and programs that would boost employment in agriculture, industry and services sector is recommended to continuously decrease poverty incidence in the region.*

**Keywords** – Employment Rate, Poverty Incidence, Northern Mindanao, Gross Regional Domestic Product, Economic Growth, Agriculture, Service, Industry Sector.

## 1. INTRODUCTION

In the Mindanao Strategic Development Framework of the National Economic and Development Authority, Mindanao by 2020 is being envisioned as a peaceful and socially-inclusive with strong, sustainable, competitive, ICT-driven, agri-industrial and resource-based economy responsive to local and global opportunities.

To realize this vision, it is therefore imperative that Mindanao benefits are shared by all sectors in all regions by being economically and physically linked. The former pertains to linkages between and among markets, and production areas whereas the latter are in terms of infrastructure, transport and communication facilities. Thus, Mindanao by 2020 has been fully integrated to the rest of the country and to the world by developing its gateways and its strategic growth areas.

In response to this vision, the region of Northern Mindanao came up with its development vision:

*“Northern Mindanao is envisioned to be the gateway and leading industrial core and trade center in Southern Philippines with dynamic men and women enjoying equal opportunities in sustainably harnessing its agricultural and natural resources in building a decent, harmonious and safe environment”.*

*[Underscoring added]*

To be the gateway of Mindanao, the Region of Northern Mindanao implemented the strategic interventions coined as GATEWAY that address the three pillars of the Philippine Development Plan/Regional Development Plan, namely, enhancing the social fabric (*Malasakit*); reducing inequality (*Pagbabago*); and increasing potential growth (*patuloy na pag-unlad*). GATEWAY stands for: G – Good Governance and Peace and Order; A – for Access, Logistics and other Infrastructure; T – Trade, Industry and Tourism; E – Environment and Sustainable Development; W – Well-being and Improved Welfare; A – Agriculture, Fishery and Forestry; Y – Education and Youth Empowerment. It is on these strategic interventions that serve as impetus in which to look at the factors that

contributed in the reduction of poverty in Northern Mindanao, hence, this study.

To understand the drivers of and impediments in poverty alleviation particularly in Region-X, there is a need to understand how the different sectors of the regional economy and the policies enunciated by the national government contributed to poverty reduction in Northern Mindanao. In doing so, this can provide understanding as to which sectors of the regional economy need to be strengthened and what policy considerations need to be put in place to catapult Northern Mindanao on a faster track to reducing poverty and in the promotion of the common good for Mindanao in general. Presently, if such policies are to be enunciated, it needs to be anchored on the present administration thematic thrust, as outlined in the words of President Rodrigo Duterte, which serve as a guidepost in the crafting of said policies.

In line with this, we need to emphasize that Ambisyon Natin 2040 [1] provided the long term vision that laid down the strategic focus of the Philippine Government to reduce poverty and improve the living conditions of the Filipino people. Based on this vision, the administration of President Rodrigo R. Duterte made a step forward in reducing poverty by coming up with the Philippine Development Plan 2017-2022 [2], which is a blueprint for the country's development in which it aims to “reduce poverty at an annual rate of one percentage point” [3]. This target however was responded appropriately at the regional level in which the Regional Development Council of Northern Mindanao came up with the Regional Development Plan 2017-2022 in order to ensure that the regional development thrusts are in-synch with the national development framework [4]. Thus, guided by the said regional development plan, Region-X – Northern Mindanao experienced economic growth in the past four years that was seen to have a positive effect on the socioeconomic development indicators of Region-X [4].

Inherent in these regional development plans are policies and actions that need to be formulated and carried out to complement and support the different sectors of the

economy. It is therefore expected that these policies and actions not only have a positive redounding effect to the economy of Northern Mindanao in general but would be made manifest in the region's socioeconomic development indicators such as the reduction in poverty, increase in Gross Regional Domestic Product (GRDP), and increase employment and income.

With this serving as backdrop, the main objective of this study is to determine the strategic performance of the different sectors of the economy of Region-X – Northern Mindanao during the calendar year 2015-2018 particularly its contributions to the region's GRDP, employment and income, poverty reduction, as well as the contributions of the policies that were enunciated in the growth of the region's economy; and the bearing of this economic growth in the reduction of poverty in Northern Mindanao.

Toward this end, the study investigated to answer the following:

1. Is the increase in the GRDP associated with an increase in employment rate?
2. Is the increase in GRDP associated with a decrease in poverty incidence?
3. Is the increase in employment rate associated with a decrease in poverty incidence?
4. What are the relevant programs and policies that have been enunciated during the Duterte Administration, which may have bearing in the overall reduction of poverty in Region-X, Northern Mindanao?

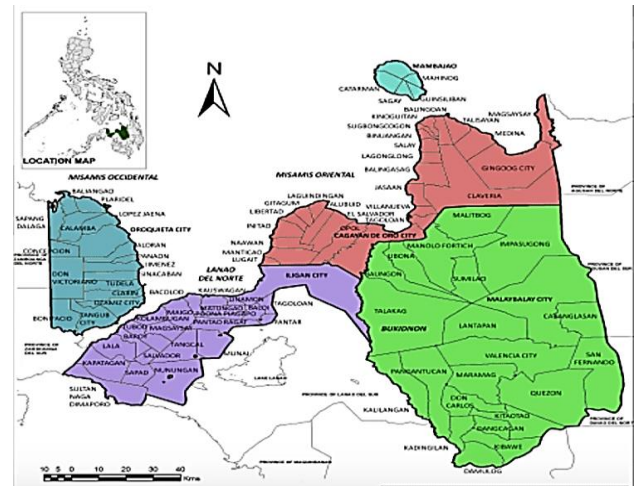
## 2. METHODOLOGY

### 2.1 Research Design

This research study employed systematic review and mixed methods (quantitative and qualitative) research designs. The systematic review provides an exhaustive summary of the pooled data from government repositories and agencies to collect the data needed in determining the significant factors affecting the reduction of poverty incidence in Northern Mindanao. In the context of the present study, data was collected mainly from government agencies such as the Philippine Statistics Authority (PSA), Department of Social Welfare and Development (DSWD), Department of Environment and Natural Resources (DENR), Department of Agriculture (DA), Department of Tourism (DOT), Department of Public Works and Highways (DPWH), Department of Education (DepEd), Department of Trade and Industry (DTI), Commission on Higher Education (CHED) as well as industries and other government repositories that assisted in providing data for this study and help this research study accomplish the objectives on determining the factors affecting the reduction of poverty incidence in Northern Mindanao. Moreover, a qualitative key informant interview with the stakeholders was conducted to cross validate the data collected from government repositories. Despite the COVID-19 pandemic, the research team was able to conduct face-to-face meetings, however limited, with the concerned stakeholders on the selected municipalities in Northern Mindanao who belong to either 1st, 2nd, 3rd, 4th and 5th class municipalities to gather the necessary information needed in this study.

### 2.2 The Research Locale

This study was conducted in the Northern Mindanao region which comprised the provinces of Bukidnon, Misamis Oriental, Misamis Occidental, Lanao del Norte and Camiguin. It has two highly urbanized cities, Cagayan



de Oro and Iligan that are administered independently from the province. The provinces are further subdivided into seven component cities and 84 municipalities, with a total of 2,022 barangays. The regional center is Cagayan de Oro City. The economy of the region is the largest regional economy in the island of Mindanao which is mainly agricultural. But there is also a booming growth of industries particularly in Cagayan de Oro and in Iligan City.

### 2.3 Data Gathering Procedure

In this study, the researchers investigated the significant contribution of agriculture, service and industry sector as well as the major policies and programs of the Duterte administration implemented such as the Social Protection Programs (VAWC), Free College Education (UNIFAST – RA 10687); and Sustained Growth (Build, Build, Build) and Revenue Generation (RA 10963 – TRAIN Law) to the employment rate, income level and poverty incidence in Northern Mindanao, data was obtained from different government repositories [6] and request for approval from these government agencies concerned were requested. Data was also obtained from key informant interviews conducted from each region in Northern Mindanao. During the first quarter of this study, the researchers conducted a consultation with NEDA Region X and discussed the conduct of the study for possible recommendations and instructions. After this meeting, the research group requested the processing of the materials and travel documents needed in visiting the different government agencies and LGUs of the different provinces and municipalities for data collection. However, due to the COVID-19 pandemic where majority of the provinces in Northern Mindanao was classified under the General Community Quarantine (GCQ) status, the data collection was put on hold until these provinces was classified under the Modified General Community Quarantine (MGCQ). During the visit to provincial offices, the researchers made a courtesy call to the head of the agency and the researchers visited the relevant municipal agencies for the conduct of the personal interview and focus group discussion in their Municipal Planning and Development Office (MPDO), Municipal Agriculture Office (MAO), Municipal Tourism Office (MTO) as well as the Public Employment and Service Office (PESO) and the regional offices of DPWH, DA and DOT for data collection. The researchers conducted these personal interview and focus group discussions (FGD) with LGUs and other concerned

agencies having highest poverty incidence and highest reduction of poverty incidence to ensure data triangulation collected in government repositories. Although, the researchers ensured that all provinces need to be visited, however, due to strict health restrictions of some municipalities (e.g. Baungon, Misamis Oriental, some parts of Lanao del Norte where they are classified under the Enhanced Community Quarantine (ECQ) and the province of Camiguin) the researchers were not able to conduct face-to-face interviews and FGD.

#### 2.4 Statistical Techniques

The data collected was analyzed using descriptive and inferential statistics. In order to determine the significant contribution of agriculture, service, industry sector as well as the major policies and programs implemented during the Duterte administration from 2016 to 2018 such as 4Ps Unconditional Cash Transfer (UCT), Free Education through UNIFAST, Build-Build-Build (BBB), Universal Health Care and TRAIN law to the employment rate, income level and poverty incidence in Northern Mindanao descriptive statistics such as frequency, percentage, mean and standard deviation and inferential statistics such as correlational analysis was utilized. The data collected from the face-to-face interview and focus group discussions with the concerned stakeholders was processed and analyzed using thematic analysis which provides substantial support for the secondary data collected from the PSA.

### 3. RESULTS AND DISCUSSION

#### The following are the salient features of this study:

1. Data from Philippine Statistic Authority showed that three different sectors that contributed to the region's economic growth viz Agriculture, Industry and Services Sectors. The industry sector, sub-sector construction, contributed the most in the increase of GRDP [8] of Northern Mindanao from 27.4% (PhP 45.5Million) in 2015 to 32.9% (PhP75.3Million) 2018. While agricultural sector, the GRDP increase from 23.2% (PhP 126.6Million) in 2015 to % (PhP156 Million) in 2018. The services sector has the increase of GRDP from 43.3% (PhP 223.5Million) in 2015 to 44.3% (PhP306.2Million). The increase in Northern Mindanao GRDP resulted to significant increase of employments in the agriculture, industry and services sectors. The increase of employment rate shows increase of income among the population thus, contributed to the upsurge of GRDP in the region
2. The relationship between GRDP and poverty incidence is negatively correlated, which means that as the GRDP of Northern Mindanao increases, poverty incidence among population decreases [9]. The increase of GRDP in the region can be attributed to the performance of three different sectors: Agriculture, Industry and Services from 2015 to 2018. The significant decrease of poverty incidence in the region is due to the increase of GRPD in Region X. This shows that the higher the GRDP is, the lower the poverty rate indicative that the economy in the region is doing better from 2015-2018.
3. The employment rate and poverty incidence is negatively correlated. This means that as employment rate increases poverty incidence among population decreases. This increase in employment was due to

the tremendous growth of the Northern Mindanao economy from the period 2015 to 2018 [10].

4. The growth in Northern Mindanao economy was undergirded by government programs and policies of the present administration. To wit are the following: The Build Build Build Program generates jobs to the locals and the convergence program of Department of Agriculture (DA) with the farm to market road and Department of Tourism (DOT) that poured in a lot of investments in the areas. The convergence program helped the farmers elevate their living conditions and the establishments of small and medium-sized enterprises (SMEs) in the areas. And the DOT convergence projects with Department of Public Works and Highways (DPWH) under the Build Build Build Program. The Department of Tourism mentioned the convergence projects with DPWH, the Build Build Build Program such as Road to Destination Projects and the Tourism farm development-in cooperation with DA and Department of Science and Technology (DOST) - the presence of establishments in the areas and tourists patronizing local products. These establishments are Aloma Farm and Taglucop Strawberry Farm at Bukidnon; Kumaykay River Farm at Manolo Fortich, Glamping and farm; Binahon Farm at Lantapan. Another is the Unconditional Cash Transfer Program (UCT) Program includes those households in the Pantawid Pamilyang Pilipino Program (4Ps households). The UCT is a safety net that prevents further increase in poverty incidence as effect of the implementation of TRAIN Law. It is a social mitigating measure to protect and improve the lives of the poor and vulnerable.

### 4. CONCLUSIONS & RECOMMENDATIONS

It is proved that the GRDP is a substantial factor in the fight against poverty. Indeed, in this study, it is asserted that population growth promotes economic growth. Further, this can be gleaned in the preceding sections on the empirical evidences of the contributions of different sectors of the Northern Mindanao economy as indicated in the region's GRDP which led to the reduction of poverty in the region from 2015 to 2018. It is perceived that the sectors that contributed the most to Northern Mindanao's GRDP were Services sector, followed by Industry sector and last is Agricultural sector. Moreover, service sector has the biggest share of employment and this significant ascendancy of the Services sector indicates that Northern Mindanao economy has shifted from agriculture to manufacturing.

One thing to note that during this period 2015 to 2018, the Industry sector significantly contributed to the region's economic growth. One manifestation to that is the Build, Build, Build (BBB) program of the present administration that created the greatest number of employment among locals of the Northern Mindanao. This is along with other programs of the government that made an impact on the service sectors and industry sectors. Hence, different sectors will further increase its contribution to the GRDP of the region if programs, projects, and policies at the regional level will take its cue of this fact.

Based on the above findings, we would like to posit the following recommendations.

Firstly, the study confirmed that the correlation between Northern Mindanao Economic Growth (GRDP) and Employment is positive, then, it follows that the GRDP has contributed to increasing the employment rate in the region.

Hence, there is a need to have an in-depth study to identify and understand the critical constraints in sustaining the economic growth in Northern Mindanao [11]. Such a study should come up with concrete recommendations for regional policies, programs, and project recommendations.

Secondly, the study had validated that, as far as Northern Mindanao economy is concerned, the direction of the correlation between Northern Mindanao economic growth and poverty incidence is negative. Meaning to say, that the economic growth in the Region tends to decrease poverty incidence. Present exigency demands that in coming up with a sustainable development it should take into consideration two ideas in which economic development needs to be anchored. These ideas are environment/climate crisis and economic growth. Synthesizing these two ideas into a new concept based on the assumption that addressing the environment/climate crisis is an opportunity in which sustainable economic development in the 21st century can be realized (Nixon and Weiss 2019). In the context of Northern Mindanao, synthesizing the aforesaid ideas is for Region-X to aspire to be a national leader in the third economic revolution, that is, the Green and Cleantech revolution.

Thirdly, since the study had revealed that the direction of the correlation between Population and Northern Mindanao poverty incidence is negative, then, it follows that despite the present increasing trend of the population in the region it did not inhibit the decrease of poverty incidence in the region. To further buttress the existing effort of the national government in human capital development, the aforementioned council must come up with a human capital development strategy.

And finally, to further grow the economy in Northern Mindanao, as mentioned earlier, it is recommended to come up with a Northern Mindanao climate prosperity strategy. The crafting of this strategy should be participated by the business sector, government, academia, labor, and the community, and with that institutionalize the Regional Climate Prosperity Council, to be created based on the said principles. This is an opportunity for clean and green

industries and technologies, efficient transportation and smart building that welcome employment and market for green products and services.

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