

Overseas Field Work Report 2000:

Laguna Province, The Philippines

Graduate School of International Development
Nagoya University

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Graduate School of International Development
Nagoya University, Nagoya, Japan

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Introduction

It was in the evening of July 24, at a Hotel in Hokkaido, when I received the fax from Dr. Osada, Dean of the Graduate School of International Development (GSID), Nagoya University, in which he proposed to change the site for the ninth annual Overseas Fieldwork (OFW 2000). A travel advisory issued by Japan's Ministry of Foreign Affairs covering Bohol province and other places in the Philippines, affected his final decision. As program director, I accepted his judgment.

In January 2000, with a generous subsidy from the Foundation for Advanced Studies on International Development (FACID), members from OFW Committee and professors from the University of the Philippines Los Baños (UPLB) visited several places in Laguna Province and Bohol Province to look for suitable sites for OFW 2000. After many heated discussions – both provinces were highly evaluated for their attractive sites and open-minded municipal and provincial government officials, they eventually decided on Bohol. We unfortunately gave up Bohol in July for security reasons, however, fortunately Laguna was still in our hands. Of course, the sudden change of locations from Bohol to Laguna added extra work for our colleagues from UPLB, even though Laguna is their home province.

Students participated in weekly seminars to prepare for OFW 2000:

- 1) Using diverse approaches, the twenty-eight participants comprehensively studied the current situation in the Philippines from May 17 to July 19. Professor Rufino S. Mananghaya, a visiting professor from UPLB, and several colleagues from GSID managed these seminars.
- 2) From August 28 to September 1, participants improved their discussion skills utilizing Project Cycle Management (PCM) - a tool designed to moderate interactive discussion among stakeholders in participatory development projects. Ms. Yuriko Minamoto and staff from FACID, the creators of PCM, moderated the seminars.
- 3) The participants were divided by their interests into four Working Groups and each group made up an interim research plan during September 18 - 21.

OFW 2000 was conducted during October 9 - 27. The OFW Committee did not set specific methods or formats for group work; rather, we left a free hand to each working group. Groups organized their activities in consultation with UPLB advisers. Working Group 1 focused on small and medium enterprises in Laguna, identifying problems and proposing possible solutions; Working Group 2A took on the formal education in the Philippines, observing bilingual education, health education and secondary education; Working Group 2B surveyed technical/vocational education and training, and outlined labor markets in Laguna; Working Group 3 tackled water supply systems in the Philippines from the perspective of privatization, evaluating the merits and demerits of privatization; Working Group 4 profiled tourism in Pagsanjan, measuring the impact of tourism on the local community.

It is great pleasure for me to introduce *Overseas Fieldwork Report 2000*, composed of four Group Reports and

thirteen Individual Reports chosen by the OFW Committee.

Program Director
Kimiaki Takahashi

Acknowledgement

The Committee of OFW2000 is indebted to many people and institutions both in the Philippines and Japan for the successful completion of this year's program.

Our thanks are first due to the people of Laguna Province. We are especially grateful to the Governor and all the experts of the Provincial Government for their precious support and cordial hospitality. We also would like to express our sincere gratitude to all of those who kindly gave us helpful information in the interviews.

Next our thanks are due to the advisors from UPLB : Professor Wilfredo B. Carada (Director), Professor Constancia Z. Rosacia, Professor Romeo B. Obedoza, Professor Rufino S. Mananghaya and Professor Mimosa C. Ocampo. Their close and dedicated collaboration was truly indispensable for the accomplishment of the whole program. We should not forget to thank the students of UPLB who helped GSID students as translators and joint researchers all through the period of the fieldwork.

Last but not least, we are very grateful to those who provided valuable instruction to our students in the PCM Intensive Preparatory Course and the Weekly Seminar: Ms. Yuriko Minamoto, Ms. Akemi Ishikawa and several students of GSID, who acted as moderators in the PCM course, and Professor Hirotune Kimura, Professor Hiroshi Osada of GSID, again Professor Rufino S. Mananghaya from UPLB, who gave lectures on the various topics of the Philippines in the seminar, and finally Mr. Acosta Roberto Reyes in doctor program of GSID, supported the Weekly Seminar and fieldwork in Laguna Province, and corrected four Group Reports and thirteen Individual Reports in this volume.

Committee on OFW-2000

Kimiaki Takahashi, Professor and Project Director

Yutaka Otsuka, Professor

Tomoki Okuda, Associate Professor

Office of OFW

Etsuko Sugiyama, Research Associate

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OFW 2000-PHI Participants

Faculty members of GSID and University of the Philippines, Los Baños(UPLB)

Working Group	GSID Advisor		UPLB Advisors*	
WG1	Etsuko Sugiyama	Research Associate	Constancia Z. Rasacia	Professor
WG2	Yutaka Otsuka	Professor	Romeo B. Obedoza, Jr.	Professor
WG3	Tomoki Okuda	Associate Professor	Rufino S. Mananghaya	Professor
WG4	Kimiaki Takahashi	Professor	Mimosa C. Ocampo	Professor

*All of the UPLB advisors belong to Institute of Development Management and Governance College of Public Affairs (IDMG), UPLB.

Students of GSID and UPLB

		Dept.	Grade	Name		Sex	Nationality	Remarks
WG1 Economy	1	DID	M1	Hiroshi	Saito	M	Japanese	
	2	DID	M1	Jaka Aminata		M	Indonesian	Moderator
	3	DID	M1	Heni Kartikawati		F	Indonesian	
	4	DID	M1	Roosiana		F	Indonesian	
	5	DID	M1	Tamako	Watanabe	F	Japanese	Leader
	6	DICOS	M1	Takuya	Miyajima	M	Japanese	
	7	IDMG		Andre	Cutay	M	Filipino	
	8	IDMG		Rona	Rosales	F	Filipino	
	9	IDMG		Ismael	Santillan	M	Filipino	

		Dept.	Grade	Name		Sex	Nationality	Remarks
WG2a: Formal Education	1	DID	D1	Mia	Kim	F	Japanese	
	2	DID	M1	Tsunetaka	Tsuchiya	M	Japanese	Sub Leader
	3	DICOS	M1	Yoshiko	Ogura	F	Japanese	
	4	DICOM	M1	Yumi	Kondo	F	Japanese	
	5	DICOS	M1	Masamichi	Toyooka	M	Japanese	
WG2b: Nonformal Education	1	DID	M1	Patricia Nair Moutinho Brito		F	Portuguese	Moderator
	2	DID	M1	Koichi	Motomura	M	Japanese	Leader
	3	DID	M1	Gabriele	Castaldi	M	Italian	
	4	DID	M1	Riai	Yamashita	F	Japanese	
WG2: Education	1	IDMG		Edit	Magtibay	F	Filipino	
	2	IDMG		Celso	Maligalig	M	Filipino	

		Dept.	Grade	Name		Sex	Nationality	Remarks
WG3: Administration	1	DID	M1	Asti Wijayanti		F	Indonesian	
	2	DID	M1	Teni Widuriyanti		F	Indonesian	Moderator
	3	DID	M1	Ingrid Margrethe	Fjeldsenden	F	Norwegian	Leader
	4	DID	M2	Dyah Wahyu Erumawati		F	Indonesian	
	5	DICOS	M1	Hitomi	Kimura	F	Japanese	
	6	DICOS	M1	Akira	Kondo	M	Japanese	
	7	IDMG		Edna	Archillas	F	Filipino	
	8	IDMG		Richard	Yao	M	Filipino	

		Dept.	Grade	Name		Sex	Nationality	Remarks
WG4: Social Change	1	DID	M1	Mariko	Ueda	F	Japanese	Leader
	2	DID	M1	Yumiko	Hayashi	F	Japanese	
	3	DID	M1	Yoji	Mizobe	M	Japanese	
	4	DICOS	M1	Megumi	Arima	F	Japanese	
	5	DICOS	M1	Kiyoko	Naito	F	Japanese	
	6	DICOS	M1	Eiji	Shinkai	M	Japanese	
	7	DICOM	M1	Naoto	Maeda	M	Japanese	Moderator
	8	IDM G		Lea	Astrera	F	Filipino	
	9	IDMG		Lorie	Cajegas	F	Filipino	

*DID = Department of International Development,
 DICOS = Department of International Corporation Studies,
 DICOM = Department of International Communication.
 IDMG = Institute of Development Management and Governance College of Public Affairs, UPLB

Programs of OFW 2000-PHI

1. Preparatory Seminar

1-1. Weekly Seminar

Class Schedule

	TOPIC	INSTRUCTOR
Week 1: May 17	Introduction: Comprehensive Data and Information on the Philippines	Prof. Kimiaki Takahashi (GSID)
Week 2: May 24	Agriculture and Natural Resources	Prof. Rufino S. Mananghaya (Guest professor from UPLB)
Week 3: May 31	Politics and Administration	Prof. Hirotune Kimura (GSID)
Week 4: June 7	No class	
Week 5: June 14	Infrastructure and Technology	Prof. Rufino S. Mananghaya
Week 6: June 21	Social Development	Prof. Rufino S. Mananghaya
Week 7: June 28	Economy and Key Indicators	Prof. Hiroshi Osada (GSID)
Week 8: July 5	Development Aid	Prof. Rufino S. Mananghaya
Week 9: July 12	Education	Prof. Yutaka Otsuka (GSID)
Week 10: July 19	Integration	Prof. Rufino S. Mananghaya

1-2. Intensive seminar

DATE	HOURS	CONTENTS
Aug. 28 (Mon) - Sept. 1 (Fri.)	9:00 ~ 17:30	Project Cycle Management (PCM) Seminar Moderated by Ms. Yuriko Minamoto (& FASID Staff)
Sept. 18 (Mon) – 21 (Thu)		Preparatory Group work for fieldwork
Sept. 22 (Fri.)	14:00 ~ 17:00	Presentation (regarding a plan for site investigation) (25 minutes.)

2. Field research

2-1. Schedule

Date: Oct. 9 (Mon) to Oct. 27 (Fri.), 19 days

DATE	ACTIVITIES
9 (Mon)	3:00 Nagoya (Bus) 7:00 Osaka 9:55 Osaka (PR 421)? 12:50 Manila, Manila ? (Bus) Los Baños, Laguna
10 (Tues)	Courtesy call at Laguna Provincial Government / Intensive lectures about Laguna Province by the officers of the provincial government
11 (Wed) ~ 14 (Sar)	Field research
15 (Sun)	Holiday
16 (Mon) ~ 20 (Fri)	Field Research
21 (Sat)	Report writing and additional field research if necessary Preparation for presentation.
22 (Sun)	Holiday
23 (Mon)~25(Wed)	Report writing and additional field research if necessary Preparation for presentation.
26 (Thus)	9:00 ~ 12:30 Presentation 12:30 ~ 14:00 Farewell party 14:30 Leave Los Baños to Manila, Arrive at Manila Air port.
27 (Fri.)	0:55 Manila (PR 422) 5:45 Osaka 7:00 Osaka (Bus) 11:00 GSID, Nagoya

2-2. Research site: Laguna Province, the Philippines

Basic Information about Laguna Province

The province of Laguna was named after Laguna de Bay, the body of water that forms the province's northern boundary (see Map of the next page). It is situated approximately 30kms. south of Manila so that it takes about one and a half to two hours to drive from Manila. It is one of the 11 provinces of Region IV and is bounded on the north by the province of Rizal, on the east by Quezon, on the west by Cavite, and on the south by Batangas. Laguna is composed of 29 municipalities and the city of San Pablo. Its provincial capital is the municipality of Sta. Cruz.

The terrain is mainly rolling along the shores of Laguna de Bay, but mountainous in some places especially along the Sierra Madre mountains and the legendary Mt. Makiling. It is an inland province but has a big fresh water lake (Laguna de Bay) in its midst. Approximately 80 percent of the land is agriculture, 18 percent are government reservations, parks and forest reserves, more than one percent are residential and the rest are commercial and industrial.

Laguna might just as well be dubbed as the "Resort Province of the Philippines" because of the abundance of hot springs, lakes and waterfalls. This is attributable to the fact that Laguna is the only province with ground water that flows at 300 million gallons a day. Indeed, so much water abounds. With Southeast Asia's largest fresh-water lake, the Laguna de Bay, plus innumerable springs, the seven lakes of San Pablo, the famous Pagsanjan Falls and the regular blessings of rain showers, Laguna stays lush throughout the year. With its proximity to Manila, Laguna easily lures the city dwellers who wish to "escape" from the chaos of the concrete and asphalt jungle.

As for major industries, by and large, Laguna's economy is still based on agriculture. Its fertile lands

produce millions of pesos worth of coconuts, rice, sugar, citrus fruits, lanzones, and other agricultural products. However, in the recent years, agricultural development has been complemented by the proliferation of light to medium scale industries. Before 1973, the processing of agricultural products and making light handicrafts were the major manufacturing activities in Laguna. Today, textile spinning, weaving and finishing, chemical, automotive parts, ceramics, wood and paper products industries have been established.

Quoted from <http://www.philippine.org/01prov/laguna.html>, presented by www.Philippine.org, European Philippine Services & MR-Services.

Table: Actual Population in each municipality in 1995

	Total	Growth rate	Land Area (sq.km.)	Density per sq.km.		Total	Growth rate	Land Area (sq.km.)	Density per sq.km.
1st district					4th district				
San Pedro	189,333	3.64	22.6	8,377.6	Pila	31,251	2.45	31.2	1,001.6
Biñan	160,206	3.33	43.5	3,682.9	Sta. Cruz	86,978	2.13	38.6	2,253.3
Sta. Rosa	138,257	4.60	39.1	3,536.0	Pagsanjan	28,999	2.80	26.4	1,098.4
2nd district					Lumban	21,996	2.02	96.8	227.2
Cabuyao	77,302	2.73	84.6	913.7	Kalayaan	16,955	4.93	46.6	363.8
Calamba	218,951	4.46	144.8	1,512.1	Paete	21,809	1.09	32.4	673.1
Los Baños	71,683	1.50	56.5	1,268.7	Pakil	15,663	2.91	13.0	1,204.8
Bay	37,563	2.73	46.9	800.9	Pangil	17,664	2.84	23.4	754.9
3rd district					Siniloan	26,914	2.22	41.1	654.8
Calauan	36,677	2.15	66.4	552.4	Famy	9,661	3.80	19.4	498.0
Victoria	25,424	2.88	33.1	768.1	Mabitaac	13,309	2.87	73.3	181.6
San Pablo City	183,757	2.43	214.0	858.7	Sta. Maria	22,296	1.56	128.4	173.6
Alaminos	31,442	2.61	54.7	574.8	Luisiana	16,269	2.53	63.4	256.6
Liliw	24,434	2.06	39.1	624.9	Cavinti	16,157	1.24	70.4	229.5
Rizal	11,537	3.71	27.9	413.5	Magdalena	15,927	3.22	34.4	463.0
Nagcarlan	43,679	2.80	78.1	559.3	Majayjay	18,989	3.42	69.6	272.8



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Non-Revenue Water Problems in Metro Manila

Asti Wijayanti (WG3)

Background

One of the reasons the Metropolitan Waterworks and Sewerage System (MWSS) was privatized is the prevalence of high levels of non-revenue water (NRW) in the water utility's operation. Among water professionals, NRW is recognized as one of the indicators of the efficiency of a water utility. In the former MWSS, almost sixty percent of the water produced by the utility was lost to both pipe leakages and theft/illegal connections. However, it is not easy to attribute exactly how much of the water loss is due to leaks and how much to theft. Nevertheless, it can be assumed that water theft is more dominant. Otherwise Metro Manila should have been flooded by water coming from pipe leakages. On the other hand, since most of the MWSS pipelines are old, it is brittle and prone to punctures.

By awarding 25-year concessions to two private concessionaires, the Maynilad and Manila Water owned by the Lopez and Ayala groups respectively, it was expected that NRW would be reduced to 25 percent within 10 years. However, two years after privatization, there seems to be no considerable improvement in NRW reduction especially in the Western Zone, the portion managed by Maynilad. Based on information obtained from the company, Maynilad's NRW is at present 67 percent, almost double of Manila Water's at 39 percent.¹ The OFW Administration Group found during the fieldwork that as of October 2000, NRW has even increased to as high as 47 percent in the Eastern Zone, the area managed by Manila Water, and about 69 percent in the Western Zone, the responsibility of Maynilad. The deterioration in NRW in both areas, which is contrary to the expected benefits from privatization, brings us to the following questions: Why is the rate of NRW increasing and getting worse?; Who are stealing water?; and How will the problems in water losses be overcome?

The purpose of this report is three-fold. First, the article will define what is non-revenue water or NRW. Second, it will analyze the water pilferage situation in Metro Manila. Third and last, it will discuss the constraints being faced by the two private concessionaires in addressing the problem of high non-revenue water and the possibilities to overcome the problems.

Non revenue water

Non-revenue water, or NRW in short, is water lost due to physical losses and commercial losses. Physical losses commonly refer to leakages problem while commercial losses to illegal connections. In turn, physical losses include poor maintenance of pipeline that leads to leakage and defective construction. On the other hand, commercial losses are those considered as revenues not received by the water utility due to illegal connections, pilferage, and errors in reading of water meters.

In general, non-revenue water ranges from a low of less than 10 percent to as high as 40 percent. NRW, expressed in percent, indicates a water utility's performance: the lower the NRW, the more efficient is water service provision. As an illustration, in Asia, the water utility providing water services in Singapore has one of the lowest NRW of about 8 percent. In contrast, in the Philippine capital, Metro Manila, NRW is measured as

¹ Most of the data in this paper is taken from: Philippine Center for Investigation, 6-7 March 2000 (<http://www.pcij.org>)

high as 60 percent, which is considered the highest in the continent.

At present it is arguable whether the high NRW in Metro Manila is caused by either water leakages or theft. However, from the field research, I was able to gather the following reasons for the water leakages in Metro Manila: (1) an aging pipe system: the MWSS, first known as Carriedo Waterworks, then National Water and Sewerage Authority (NAWASA), began operations 120 years ago; (2) poor maintenance of pipes network which are susceptible to leakages; (3) illegal connections which can lead to problems in the existing pipe network that not only cause the leakages but also affect the water quality due to the contamination of the water supply. In terms of water theft, a research conducted at squatter colonies in Metro Manila by the Philippine Institute of Development Studies (PIDS) found that water coming from the former MWSS network is stolen through illegal connections and meter tampering.

Current situation and problems of non revenue water in Metro Manila

In Metro Manila, customers are classified according to the size of their water connection. Those with large connections are considered as commercial customers while those with small connections as non-commercial customers. While population is growing at an annual rate of two percent, most of the customers of the water utilities in Metro Manila are living in communities considered as non-commercial areas. Within these areas are squatter colonies, where poor people live in squalid conditions, who in turn are being suspected as water thieves. Customers in non-commercial areas in Metro Manila is estimated at more than 94 percent in the west zone and about 90 percent in the east zone. However, despite the huge number of non-commercial connections, these customers contribute less than 60 percent of the water utilities' incomes.

There is a dominant perception that people living in Metro Manila's squatter colonies are water thieves. Radio and newspaper report usually feature these people stealing water through illegal connections. However, while it may be true that the number of illegal connections in these communities is high, the total volume of water they steal is still low since their connections are classified as small. In contrast, the high volume of stolen water is attributed to a small number of large-scale illegal connections.

From the interviews with the officers and staff of Maynilad and Manila Water, I got a strong impression that there is a higher risks of water theft in non-commercial areas, where squatter communities are located, than in commercial areas where big companies run their business. However, we later found out that the biggest water pilferers are large connections in commercial areas consuming huge volumes of water everyday. Among these are some big corporations, malls, hotels, motels, condominium owners, and real estate developers.

When Manila Water won the concession to take over the East Zone in August 1997, it discovered 11,000 illegal connections in its service area. In the West Zone, while Maynilad was able to disconnect 700 large and small connections up to December 1999, the number of illegal connections was later on found to have been increasing everyday. As such, both Maynilad and Manila Water have been losing billions of pesos each year. Maynilad's NRW of as high as 67 percent translates to losses of two-thirds of potential revenue.² For us to have a better appreciation of the extent of the problem, presented in Table 1 is the amount of unpaid bills due to the illegal water connections by big corporations. The amount of unpaid water bills will increase substantially if the water stolen in non-commercial areas is included.

² Philippine Center for Investigative Journalism, 6-7 March 2000 (<http://www.pcij.org>)

Table 1: Amount of water bills unpaid by big corporations, Metro Manila, Philippines

Name of Company	Amount of unpaid water bills (in thousand pesos)
Coca Bottling Company	P 27,000.00
Unilever Philippines	P 19,000.00
Merville Park	P 18,000.00
San Juan Slaugtherhouse	P 3,000.00
V.V. Soliven (developer of Loyola Grand Villas)	P 600.00
All Companies	P 67,000.00

Source: Philippine Center for Investigative Journalism, 6-7 March 2000, <http://www.pcij.org>

To minimize the incidence of water theft, Maynilad and Manila Water have instituted several approaches. These are as follows: (1) judicial approach: under Republic Act 8401, the existence of illegal connections constitutes prima facie evidence of water pilferage. The cases are being settled amicably; (2) informal approach: Manila Water slogan, “I scratch your back and you scratch mine which”, meaning the company will help people especially those who faced difficulty in paying water bills through the bill dispensation program; and (3) reward and punishment approach: Maynilad use the approach of force water thieves to pay their unpaid bills. However, even with these measures, the two companies still face a lot of constraints.

Problem constraints

While the two private concessionaires are trying to find solutions to many problems being faced in the process of privatization, they cannot at the same time escape from constraints which hamper their efforts to reduce NRW. These are the following: (1) a large number of pilferage cases filed in court have been dismissed for lack of evidence; (2) acts of corruption committed by the companies’ own employees; and (3) cases of bribery. Each of these constraints will be explained in detail.

According to Republic Act 8401, the Maynilad and Manila Water can sue a corporation found stealing water. However, a preponderance of evidence is needed in order for the cases to prosper and appropriate remedies be given by the court, that is the act of stealing water must be proved beyond reasonable doubt. This is easier said than done. As a result, a large number of the cases that have been filed in court ended up being dismissed for lack of evidence. In addition, the two private concessionaires file cases only as a last resort for fear of losing big customers from whom they get almost half of their income.

Second, since most of the Maynilad and Manila Water employees are former personnel of the MWSS, they suffer from a corporate image tainted with corruption. This can be changed overnight. Cases of corrupt acts happen in providing water service connections to customers, and in rehabilitation work such as repairs of leaks and detection of illegal connections.

Finally, there are instances wherein Maynilad and Manila Water personnel who are trying to get the culprits are offered bribes instead. In one of the cases of Manila Water, one culprit tried to bribe P100,000 in exchange for the unpaid bills of P3 million. Both Maynilad and Manila Water have hesitated to use the full force of RA 8401 to bring the pilferers to the court. The companies are faced with a dilemma of whether to get back the whole unpaid bill through the court but at the risk of losing big customers, or to let the pilferers operate their business with impunity.

Discussion

From the foregoing discussion, it is obvious that aside from having to contend with water theft by squatter communities, the two consortia also have to face problems posed by big customers. In such a situation, consistent action and strategy to solve this problem is needed, otherwise the problems will get worse if not become worse given the larger share of the companies' revenues coming from big connections. Notwithstanding this issue, both concessionaires have to continue implementing their strategies in important areas of operation such as repairing leaks, rehabilitating and upgrading the water infrastructure, improving efforts to detect water leakage, strengthening territorial units which directly link to the water distribution, and developing and improving the capacities of the concessionaires' human resources in particular combating corruption among personnel. Furthermore, there is a need to prosecute big customers so as to prove that the concessionaires are serious in policing the water supply distribution system.

Conclusion

More than two years have passed since the provision of urban water supply services in Metro Manila has been privatized. During this period, the two private concessionaires have faced many problems of which the most crucial is the reduction of non-revenue water. Since NRW is an efficiency indicator directly related to a water utility's performance, the two Metro Manila concessionaires have exerted serious effort to minimize the problem. While Manila Water has been more successful in reducing NRW to a low of 47 percent compared to Maynilad's high of more than 67 percent, there is still so much room for improvement. As such it is strongly recommended that both companies should strive to work more professionally, so that the target of reducing NRW to 25 percent within 10 years can be achieved.

The Philippine experience of privatizing the water supply system of Metro Manila, the country's capital, can offer valuable lessons which other developing countries planning toward such direction can learn a lot. However, while privatization of water supply provision has become a trend in many developing countries, we must recognize that privatization may not at all times and circumstances offer the most appropriate solutions to prevailing water supply problems.

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Eradicating Adult Illiteracy in The Philippines

Patrícia Moutinho Brito (WG2)

Introduction

The achievements of the Philippines in terms of education are well-known. While being in the Philippines, young generations strike you as being well educated. However, interacting with older people in the villages and towns, be it in the shops or while riding a *jeepney*, it becomes apparent that, as in many other countries, the older sectors of the population are less educated, and may even be illiterate.

My personal experiences in the Philippines, together with my study and work background, made me wonder about what is being done in the Philippines regarding the problem of adult illiteracy. Providing education to the children of today is very important, but the results can only be seen in the long-run. In order to achieve more immediate development goals, societies need to develop their fully matured human resources, which constitute their working force. The reasons behind it are not only related to higher productivity of labor, although we cannot disregard its importance. Providing literacy skills to the less educated adults has many positive effects in social, political and human development aspects.

In this report, I will start by briefly introducing the problem of illiteracy, with a closer look into the Philippines' case. This will be followed by the description of the programs for literacy promotion implemented by DECS in the Philippines. Information was gathered during an interview with the Director of the Bureau of Non-Formal Education, one of DECS departments. Unfortunately these programs are not being held in the Province of Laguna, so there was no opportunity to see them first hand.

The problem of illiteracy

At the end of the 1960s and in the 1970s, deep changes in the framework of development took place, influencing the views over the role of education. There was a shift in development thought and international organizations started emphasizing the importance of satisfaction of basic human needs. Development came to be considered not only synonymous with economic growth but also with a better quality of life, the alleviation of poverty, better health and education for all, reduced inequalities and unemployment, reduced environmental decay, and so forth.

These changes in developmental thought also brought about general recognition of the crucial role played by basic education in economic development and marked the start of a period of growing world interest for possible solutions to the problem of adult illiteracy. Since then, theoretical frameworks, as well as empirical research, have provided a basis for intervention in the problem of illiteracy and various approaches to eradicate illiteracy were tried in different countries. However, this research field is still far from being mature and programs of literacy in any country constitute a constant experiment from which others can learn. This is why I thought it could be beneficial to publish here information about the Philippines' approach.

Defining Illiteracy

In theoretical terms, the designation of *functional illiteracy* was developed to differentiate it from the

definition of *traditional illiteracy*. UNESCO's definition of *traditional illiteracy* is widely accepted and taken into account in most international statistics: "*Illiterate is a person who cannot with understanding both read and write a short, simple statement on his everyday life*" (in UNESCO, 1990a). *Functional illiteracy* is usually defined as "*a command of reading, writing and calculation which is insufficient for the complexity of a modern society*" (idem).

In the Philippines, the Literacy Coordinating Council has developed a new national definition of functional literacy, "a range of skills and competencies which enables individuals to live and work as human persons, develop their potentials, make critical and informed decisions, function effectively in society within the context of their environment and that of the wider community."

Eradicating Illiteracy

Some support the argument that teaching adults to read and write might not be very effective. They refer to the high drop-out rate among adult learners and point out that the gains achieved in this kind of education do not justify the financial cost involved. Others, however, hold that teaching adults – the active and productive part of the population – produces more immediate direct returns in economic, social and political terms and should therefore be given greater priority than the education of children, which is more costly and only produces long-term effects. Setting these objectives in opposition to each other appears unproductive, and such unilateral approaches should be rejected in favor of an integrated *dual strategy* involving the coordination of the two policies.

In the Philippines, there has been an effort to eradicate illiteracy through a different set of measures. Regarding the first part of this *dual strategy*, the Philippines seem to be doing well. Despite some limitations pointed out in our group's report in terms of quality of education, the Philippines have made great achievements in terms of providing basic schooling for its population. However, regarding the second part of the suggested strategy, the illiteracy rate in the Philippines is still an object of concern. According to DECS, in 1994 the adult literacy rate in the Philippines, taken in its traditional definition, was 93%, while the functional literacy rate was about 83.8%. Clearly, it was a problem which needed to be addressed.

The World Bank provides more recent data on adult and youth illiteracy. Table 1 summarizes the data for some of the ASEAN countries. As we can see, the Philippines have one of the lowest illiteracy rates amongst the selected countries, and also the most equal distribution of literacy in terms of gender. Moreover, if we consider only the age group of 15 to 24 years old, we can see that youth illiteracy in the Philippines is even lower than general adult illiteracy, excluding Singapore. This is usually a sign of a recent important improvement in access to and attendance in school.

Table 1: Adult Illiteracy Rates by Age Group and Gender in Selected Countries.

1997 %	Age 15 and over			Age 15-24		
	Total	Male	Female	Total	Male	Female
Philippines	5.4	5.2	5.7	1.7	1.9	1.5
Malaysia	14.3	9.7	18.8	3.2	3.2	3.1
Indonesia	14.9	9.4	20.4	2.9	2.1	3.8
Thailand	5.3	3.3	7.2	1.3	0.8	1.8
Singapore	8.5	4.1	12.9	0.4	0.6	0.2
Myanmar	16.3	11.5	21.1	9.8	9.0	10.9

Source: World Bank (2000).

Despite this favorable position within ASEAN, the above functional literacy data shows that the proportion of people who are unable to function in their community is actually much higher than these international statistics show. This can be related to the limitations in terms of the quality of education in the Philippines, pointed out in our group's report. Taking this into account, the need for intervention for promoting adult literacy becomes more evident.

Programs for Adult Literacy Promotion in the Philippines

To address the problem of adult illiteracy, the Bureau of Non-Formal Education is coordinating two key programs:

- Functional Education and Literacy Programs (FELP): Intended to help the poor cope with their basic survival problems, it concentrates on providing basic literacy skills, thus addressing the problem of *traditional illiteracy*.
- Non-Formal Education Accreditation and Equivalency (NFE A&E) System: This program is an alternative learning system for out-of-school youth and adults who are unable to make use of the educational opportunities of the formal elementary and secondary school system. It is also designed to serve the needs of the poor and under-served communities, and it addresses the problem of *functional illiteracy*.

The second program particularly caught my attention, as it actually constitutes a new *system of education* and has many interesting characteristics. Moreover, it has recently been granted an important award, the UNESCO Noma Literacy Prize.

The Non-Formal Education Accreditation and Equivalency System (NFEA&E)

This is basically a system of testing individuals' skills and knowledge, by assessing levels of literacy and other non-formal learning achievements comparable to those of the formal school system. Once a learner successfully completes the test, s/he will receive a certificate, elementary or secondary, which accredits his/her learning achievements and certifies his/her knowledge as being equivalent to the one provided by the formal system.

Attached to this system, a program for learning support was established to help learners prepare for the tests: the NFE A&E Learning Support Delivery System (LSDS). This component is basically literacy education program. The next section describes this programs' main characteristics.

Start: January 1999.

Goal: It provides an alternative way for people to continue their learning outside of the formal school system and upgrade their skills and competency in preparation for taking the NFE A&E tests.

Targets: Filipinos aged 15 years and above who are basically literate or have completed the FELP, unemployed elementary and secondary education drop-outs and industry-based workers. Most of them live below the poverty line and come from the less developed communities.

Curriculum: Non-formal curriculum, containing essential skills, knowledge, attitudes and values which are designed to be comparable to the formal school system.

Skills: Five categories of skills are included, which are based on the Filipino definition of functional literacy, mentioned above. These are communicative skills, problem solving and critical thinking, sustainable use

of resources/productivity, development of self and a sense of community, expanding one's world vision.

Materials: Materials provide learning support and consist of primers, facilitator's guides, 152 learning modules, 10 audio tapes and print and non-print supplementary materials for elementary and secondary levels. They offer a good basis as preparation for taking the National NFE Accreditation and Equivalency Test.

Delivery modes: Using the mentioned materials, delivery modes include instructional managers, learning group sessions, peer learning, self-instructional modules, face-to-face learning sessions, one-on-one tutorials, study circles, self-learning groups and audio-based instruction among others.

Providers: NGOs, state colleges and universities, private colleges, LGUs, People's organizations, church-based organizations, and so forth.

Results: By August 2000 this program had served about 61,500 learners, of which about 2,000 passed the Equivalency tests. About 1,200 Instructional Managers had been trained, and there were a total of 74 service providers, of which 38 were NGOs. Some of those who passed were accepted in TESDA Non-Formal Training Programs, a few are enrolled in college, and many used their certificate for applying for a job.

Observations on key features of the program

Having been involved in the planning of an adult education program for literacy promotion in my home country, Portugal, I found it interesting to see that this program in the Philippines seemed to be coping well with what I consider to be the two major difficulties we encountered in our experience:

- on the one hand, it is often difficult to recruit and more so to keep the adult learners motivated during the program, drop-out being an unfortunate common occurrence;
- on the other hand, in terms of program design, it is often difficult to conceive a program that can be flexible enough to include all the learners' interests and backgrounds, and therefore to make it adapted and suitable to the target population.

Naturally, these two problems are inter-related, and the less adapted the program is to its learners, the higher the tendency for drop-outs. Adults are a much more complex learning subject than children, and adult education needs to be built up from their previous experiences and interests, which constitute their basis for learning and determine their motivation.

The NFE A&E LSDS includes some key features that seem to be working well in coping with these two inter-related problems:

1. It uses key people from the community to recruit learners. For example, the NGO that is going to provide the program will contact the *barangay capitan* and ask his/her cooperation in disseminating information and getting people to visit the NGO to find out more about the program.
2. It emphasizes "functionality", not conforming to the subject-approach of the formal school system. It aims to develop the basic skills adult learners need to function successfully in their roles as parents, workers or community members. The materials reflect this functional focus, drawing on life experiences of typical NFE learners in order to equip them with skills and knowledge useful for solving problems of daily life. The emphasis of the curriculum and of the materials is on providing learners opportunities for practical application of new knowledge and skills in order to facilitate immediate improvements in the quality of their lives. This feature has obvious positive effects in terms of motivating learners and reducing drop-out.

3. The NFE A&E LSDS is a “flexible learning system” because it gives learners much more control over what, when, where and how they learn, by using many innovative strategies designed to break down traditional learning barriers of time, accessibility and resources. Learners are not passive recipients of knowledge, but active agents of their own learning. Schedules are decided at the learner’s own convenience and pace. Moreover, with the assistance of Instructional Managers, they are encouraged to define their own learning needs and identify the most appropriate pathway for tackling them.

While first stage instruction is aided by a facilitator, this is followed by a transition to self-learning strategies. By the end of the LSDS, learners are expected to have developed capabilities for self-instruction, the ability to use a variety of learning resources to develop their skills and knowledge. They can increasingly study and learn by themselves at their own pace. This approach aims to maximize learner’s control of the learning process.

Another aspect of flexibility is that learners can enter and exit the program at any given time. Although learners in this program can take the Accreditation & Equivalency test and thus receive their certificate, they are not compelled to do so. They can take as many modules as they like, as they see fit for their needs, and they are not required to take the tests if they do not wish to do so. This is why only about 2,000 of the 61,500 have passed the test. They can decide to exit the program at any point, and counseling is offered for such decisions.

Although it is still early to evaluate the impact of this program in reducing illiteracy in the Philippines, it seems that it is being accepted quite well by the population that it is trying to reach. One of the main reasons for its success might exactly be its flexibility in the several aspects pointed out above, which makes the program adapted and suited to each specific learner’s needs and interests.

Conclusion

Literacy and adult education do not provide a magic answer for any society, but they are part and parcel of all aspects of national development. The Philippines seem to be addressing this problem very actively, and the results expected from this new program are ambitious in reducing adult illiteracy.

However, as was said before, strategies to eradicate illiteracy need both to promote basic education and teach basic skills to illiterate adults. Otherwise, adult education will always be a predominantly remedial strategy, dominated by the need of providing alternatives to the students that the formal system rejects. Therefore, to reduce the need for this kind of program in the future, formal basic education needs to assume its responsibilities in providing high quality basic education for all.

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The Role of Environmental User Fees in Improving Water Quality in the Philippines

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I. Introduction

In general, the domestic water supply provided by a water utility is taken either from surface water such as springs, rivers, creeks and lakes and groundwater by tapping underground aquifer. In the case of Laguna de Bay, the largest body of freshwater in the Philippines, the lake has important functions not only for fishery but also for domestic and industrial uses. Given its importance, Philippine government, by virtue of Republic Act No. 4850, created the Laguna Lake Development Authority (LLDA) in 1966 as a quasi-government agency with regulatory and proprietary functions. In 1983, its powers and functions were further strengthened to include environmental protection and jurisdiction over surface waters of the lake basin. In 1993, the administrative supervision over LLDA was transferred to the Department of Environment and Natural Resources (DENR) through Executive Order No. 149.

It is said that Laguna Lake has been identified as vital source of freshwater fish and possibly drinking water for populous Metro Manila and the nearby provinces. Based on the interview with the general manager of LLDA, Atty. Joaquin G. Mendoza, we learned that the Manila Water Inc. (Ayala group) the private concessionaire for Metro Manila's western zone, buys water from LLDA so as to be able to address the increasing demand of its customers. During the interview, he explained that one of the key issues and challenges that the LLDA faced is scarcity of domestic water supply in Metro Manila and the adjoining provinces, and the vast potentials of the lake as a raw water source.

Recently, industrial and urban activities taking place around the lake has increased tremendously. It cannot be denied that the industrial activity discharges its effluent to the 21 major tributary river systems flowing to Laguna de Bay. Given this situation, it is necessary that major steps be taken to protect the water quality of the lake. Thus, in 1997, the LLDA started the implementation of the Environmental User Fee System (EUFs) within the Laguna de Bay Region. The objective of EUFs is to force polluters to reduce/abate water pollution by using economic instruments. This paper will explain the definition of the Environmental User Fee System (EUFs) and its role in reducing the effluent in Laguna de Bay Basin. Thus, I will give comparison with regard to other types of environmental policy such as command and control policy.

II. Environmental User Fees (EUFs)

A. Definition of Environmental User Fees

Environmental User Fee (EUF) is a fee paid for the amount of pollution that one discharges into Laguna Lake. The system is essentially a market-based instrument which applies the "Polluters Pay Principles" and serves as an economic means to force polluters to reduce/abate water pollution while instituting corrective measures within their establishment. The authority to introduce such system in the region is drawn from Presidential Decree 813 and executive Order 927.

Environmental User Fees (EUFs) are composed of a fixed fee and a variable fee. The fixed fee will cover the administrative cost of implementing the environmental user fee system. The variable fee will depend on the volume and concentration of effluent discharge. To understand more how the fee is computed, here is the EUFs formula :

$$\text{Total Annual User's fee} = \text{Fixed fee} + (\text{variable fee} \times \text{total annual BOD in kg}).$$

The variable fee charged to an establishment is given in table 1.

Table 1: The variable fee.

FEE	VOLUME OF EFFLUENT DISCHARGE
P 15,000	> 150 cubic meter/day
P 10,000	Between 30 and 150 cubic meter/day
P 5,000	< 30 cubic meter/day

Note: P 5.00 per kilogram of total BOD, when the BOD concentration is < 50 mg/l.

P 30.00 per kilogram of total BOD, when the BOD concentration is >50 mg/l.

Source: DENR, Laguna Lake Development Authority.

Biochemical oxygen demand (BOD) is a conventional parameter, which is a measure of the oxygen demanding capacity of a water or wastewater. BOD is an internationally accepted criterion for the definition of wastewater quality. The BOD test is used extensively to measure waste/effluent strength and the treatment efficiency of biological systems. The higher the effluent load, the worse is the water quality. When water discharges from industry were first regulated, most environmental control regulations were limited to BOD, total suspended solid (TSS) and chemical oxygen demand (COD) (Jardine, 1993).

B. The objectives of the EUFs system

The implementation of the EUF system has significantly influenced the voluntary action of many industrial firms towards sharing the burden of environmental trust fund. This fund is used to prevent the environmental degradation and improve the environment. People will more clearly see the direct connection between their daily lives and their impact on the water quality of the lake. Because of the cost of discharging water into the lake, companies will be forced to minimize the level of pollution in their effluent discharge. Under the system enforced by the government, the burden of proof is passed on to the discharger.

C. Coverage of the Environmental User Fees

Environmental User Fees (EUFs) system is applied to all areas covered by the Laguna de Bay watershed, which include all areas that discharge effluent into the lake and its feeder rivers and streams. As mentioned earlier, there are 21 rivers, which are flowing into Laguna de Bay. The lake in turn is bound by the provinces of Rizal, with 13 towns and Laguna, with 29 towns. In summary, the boundaries include 5 provinces, 52 municipalities and 8 cities of which 28 towns are lakeshore and 32 non-lakeshore towns, which in total covers 177 barangays. The system covers all industries with effluent discharge counting domestic effluent discharges from subdivisions (industrial and residential estates) and commercial establishments as well as food chains and restaurants discharging effluent, with firms practicing zero discharge scheme.

D. How the Environmental User Fees system is implemented

First, companies are required to apply for an effluent discharge permit, which authorizes the LLDA to order eventually the construction and operation of effluent treatment units. This treatment is built in order to process their effluent before they discharge to the river. Based on an Industrial effluent Guide by LLDA's Environmental Protection Division, the load and concentration of the effluent discharged by a company will be determined and assessed accordingly to determine its applicable fixed and variable discharge fees. For the amount of fees charged, please refer to Table 1. The effluent discharge permit is renewed annually.

The revenue from the user's fee will be used for water quality management program and projects like investments in infrastructure, technical assistance centers, trainings, and others. Moreover, 20 percent of the revenue collected will be shared with the LGU's (Local Government Units) for their environmental projects, especially the establishment of sewage treatment system.

E. Effects of the Environmental User Fees system in Laguna de Bay

The implementation of the EUF's resulted in a considerable reduction on BOD load from Industrial sources. Using the 1997 and 1998 figures as shown in Table 2, we can see that there has been a reduction of BOD by as much as 13.26 percent.

Table 2: BOD reduction from industrial sources with the EUFs.

Particulars	1997	1998	% Reduction	% Increasing
BOD load (in tons)	5,403.29	4,687	13.29	
Number of firms under the system	275	368		34
Discharge Permits	109	213		94
Complete cessation of discharge (in tons)	188.40	16.82		
Voluntary closure (in tons)	2,826.43	10.43		

Source : An Environmental User Fee to Protect Laguna de Bay, LLDA and Annual Report 1998, Laguna Lake Development Authority.

In 1998, the number of firms under the system increased by 34 percent from 275 firms earlier in 1997 to 368 firms in 1998. This led to a 94 percent increase in the number of Discharge Permits issued from 109 to 213. The significant decrease of BOD load from 5,403.29 tons in 1997 to 4,687.00 tons in 1998 was due to the voluntary closure of non-complying firms as well as upgrading of recycling of treated effluent by complying firms.

III. Comparison of two types of pollution emissions control policy

Nowadays, two issues in environmental economics, which are the control of pollution emissions and the valuation of the costs and benefits of reducing those emissions, have attracted most of the attention and research effort. With regard to the control of pollution emissions, most of the environmental policy debate has centered on the comparison of command-and-control (CAC) and economic instruments such as emission charges, tradable permits and subsidies. Environmental User Fees system is one example of economic instruments that applies the "Polluters Pay Principles".

Two types of Command and Control program are monitoring and enforcement (fines and penalties) and

structured information programs (public disclosure programs) can be found in some developing countries such as the Indonesia and the Philippines. In this article, I define monitoring as the process of verifying the firm's status of environmental performance (e.g. compliance with standards), and enforcement as the undertaking of actions (e.g. fines and penalties) to bring the firm to improve its environmental performance. On the other hand, examples of public disclosure program now abound in both developed (e.g. the Toxics Release Inventory in the United States) and developing countries (e.g. the ECOWATCH program in the Philippines and PROPER in the Indonesia). The public disclosure program is the process of verifying environmental performance of the plants by releasing the information through mass media (Foulon, et al. 1999).

Table 3: Comparison between the Command and Control and Environmental User Fees systems

No	Command and Control	Market-based Instrument
1.	Responsibility is on the government. The regulators have weaknesses in enforcement due to technical capability of the government	Responsibility is on the firms or industries themselves. The firms consider the real incentive offered this instrument. By minimizing their effluent, they paid small amount of fee.
2.	Less willingness to build effluent treatment units. The firm tend to pay fine than set up treatment unit, which result in polluted water that affects production in other industries.	Awareness to build their effluent treatment units. Real economic incentive to set up a treatment unit. To avoid higher user's fee, companies may adopt waste minimization strategies and new cleaner technologies.
3.	Domestic polluters were not considered for pollution	All polluters considered to pay for pollution. The responsibility of environmental management is shared among the government, industry and community

A comparison between the command and control and the Environmental User Fees systems is shown in Table 3. There are some disadvantages of the command and control policy. First, in term of responsibility, the burden will be in government. In fact, lack of capability of government leads to weak enforcement of environment regulation. In addition, they cannot give real incentive to the companies to strictly obey the effluent standard. Second, the willingness to pay for the establishment of effluent treatment is low. Because there are lack of direct impact of real incentive, the firm tends to pay fine or to be prosecuted than set up treatment unit. In this case, they do not think more about their pollutant affecting not only their production in the future but also the production of other industries. This policy cannot promote sustainable development by itself. Third and last, the policy covers only the industrial polluters and simply ignore domestic polluters. Domestic polluters should be covered because they also contribute to the water pollution by their daily waste and garbage as well.

Compared with the command and control system, the Environmental User Fees system offers a stronger case of self-monitoring for the reduction of effluent level. First, the firms have their own responsibility in reducing their effluent. The reason is the firms consider the real incentive offered by this instrument. This is understood since by minimizing their effluent, they pay smaller amount of fee. If they establish a very good effluent treatment unit, they can minimize effluent level, which means they only have to pay a small amount of fee. Second, establishment of Environmental User Fees can promote the awareness of firms to build their effluent treatment units. Since the system offers a real economic incentive, the firms prefer to adopt waste minimization strategies and new cleaner technologies to avoid higher user fees. The government does not have to make great effort in enforcing environmental market based instrument because the company will adopt this policy. If they

will not adopt they have to pay huge amount of fees. Moreover, sustainable development will work effectively because the firms have the awareness to reduce their pollutant. Third, this policy considers all polluters. This means that both industrial and domestic polluters have to pay for the pollution they generate. Thus, the responsibility of environmental management is shared among the government, industry and community. However, the EUF system also has disadvantages. First, since people as domestic polluters in developing countries have a problem in paying the fees, one must be concerned with the willingness to pay. If the regulators would like to ensure that the domestic polluters pay the fees, they have to set up an effective system. We should be aware that people in developing countries have problem in satisfying their basic needs, thus they will prioritize buying basic needs first rather than paying the fees. For small areas, this policy may be easy to be implemented. However, if applied to a larger scale such as the whole country, regulators have a lot of work to do to ensure that the instruments are properly implemented.

IV. Concluding Remarks

It is too early to judge whether the implementation of the Environmental User Fees (EUFs) system will have a successful impact. However, it is noteworthy to know that attitude of industries towards pollution abatement has changed for the better. This article has shown that by using the BOD parameter, the implementation of EUF system resulted into the reduction of pollution in Laguna de Bay. Polluting firms have been significantly reduced by as much as 34 percent. As a result, discharge permits issued also increased drastically by 94 percent. These figures indicate that the firms have developed awareness on the need to set up effluent treatment units in order to minimize their effluent load, thus BOD load was reduced by 13.3 percent from the initial period. This BOD load reduction reflects the improvement of the water quality in Laguna de Bay areas.

The Environmental User Fees (EUFs) system transfers the burden of water pollution regulation from government to the firms. The success of this system lies on the hands of the firms. Moreover, even without strong enforcement by government, this system encourages a firm to set up and improve the quality of its effluent treatment units. In addition, the government can earn revenues from the fees collected which can be used for water quality management program and projects like investments in infrastructure, technical assistance centers, trainings and others. According to Afsah (1995), recent experiments with economic instruments are most likely to be efficient. Moreover, the combination of the control and command system and market-based instruments has shown encouraging results in terms of improving industrial pollution control. This means that regulators cannot simply leave the responsibility of reducing effluent level by transferring the responsibility to the firm's hand. Regulators also have to monitor and enforce the new strict regulation in order to improve environmental management.

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Heart *and* head policies in the Philippines

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Whenever I go travelling, the people I meet, is by far the most important factor to judge whether I am satisfied with the trip or not. If I meet many people with whom I feel I can have a decent conversation, I am satisfied.

On the question of why the Philippines was not developing at a higher speed, the administration group of the OFW-2000 worked on a hypothesis that there were severe inefficiencies in management, both in public and private sector. So what kind of factors were we looking for in order to analyse this hypothesis? Unprofessional leadership: leaders who do not know their business well, and showed that they did not actually care how the company was run. We figured that we might “look through” them if they were not professionals. We also wanted to check the degree of corruption. Though difficult to ask directly, we thought we might ask questions that would reveal whether they are corrupt or not.

Rather than making a strictly scientific analysis, I will in this report describe my personal impression on the people we met, as they were representatives of the private and public management of the Philippines. My hypothesis was that there would be a lot of unprofessional persons in the public and private sector running the Philippines.

The first day we had a meeting with different sections of the provincial authorities. The governor of the province, Jose Lina, paid us a 10 minutes visit during the meeting. He turned out to be a leader that is direct to the point (shows intelligence), took time off from a busy schedule to greet us (shows politeness) and had a good sense of humour. Wherever we went, most people spoke highly about him. The last person to speak was a little woman, holding an important position as the head of the provincial office for trade and industry. She clearly explained the role, policies and the projects of the office, and how her office closely worked with other related offices and institutions when cooperation was beneficial. When her capacity was understood, questions kept coming, and due to her broad overview of several fields of the work of the province, she explained and replied impressively. Other persons who were especially impressive at the meeting were the person responsible for the tax collection as well as the head of the health section. They both showed that they did a thorough investigation before carrying out their tasks with commitment.

At the first water supplier we visited, Laguna Water District (LWD), would possibly provide us with a benchmark. But being a small, rural, public water supplier we did not have too high expectations. We were met by the head of the LWD, Mr. Pabanao, a man in his 60s. He explained about his background as a university professor at University of the Philippines in Los Baños. After having been in the private sector in the 80s, he was asked to take over LWD in 1987. Without referring to any written material, he showed that he knew his whole water district very well, as well as other water suppliers' performance. He realised the importance of good human resource policies: employees that understood and responded to his requirements about commitment and efforts, were also rewarded as much as he was able to reward within the frames of the public employee regulations. He also impressed us by showing that he was a good-hearted player in the local community, by advocating free water supply to public primary schools as well as paying from his own pocket when poor families needed some few pesos to pay for their water bill.

The team we met in Magdalena municipality, particularly mayor Pablo Agapay and Mr. Francisco del Valle, Municipal Administrator and Municipal Planning and Development Coordinator, also showed great commitment and competence. This team had, on behalf of their municipality, convinced the World Bank in the end of the 90s that they were worth a loan, that in strong competition with other local governmental units (LGU). To illustrate that their efforts were geared towards the good of their citizens, I will refer to what the team leader told us. It is common practice in the Philippines that the chosen corporation rewards the concession giver with a gift worth around 10% of the value of the concession¹. This is not accounted for in any budget, so often it is considered as a personal gift to the involved actors. This gift was also given in Magdalena, but the team leadership decided to "close our pockets"² and instead buy a garbage truck for the municipality. Mayor Agapay showed great generosity by spending his valuable time with us the whole afternoon, as well as offering us delicious lunch, cooked by his mother, in his private residence.

So is my hypothesis supported by my experience of the human capital in the Philippines? The answer is definitely no. The people we met showed all a high degree of professionalism, as well as usage of a human face, in other words a heart and head policy approach.

So far the discussion is quite simple, several critical questions could be raised against the simple conclusion. I will mention one and that is on *representability*: We visited only some few companies. If we examined others a totally different picture might be revealed. Even if there are some shortcomings to my methods, still the positive impression and the absolute rejection of the hypothesis, remain strongly in my consciousness. So next hypothesis might be: Because of the high degree of competent management, what hinders the Philippines from developing even more?

¹ Often in the form of money.

² By team leader in interview

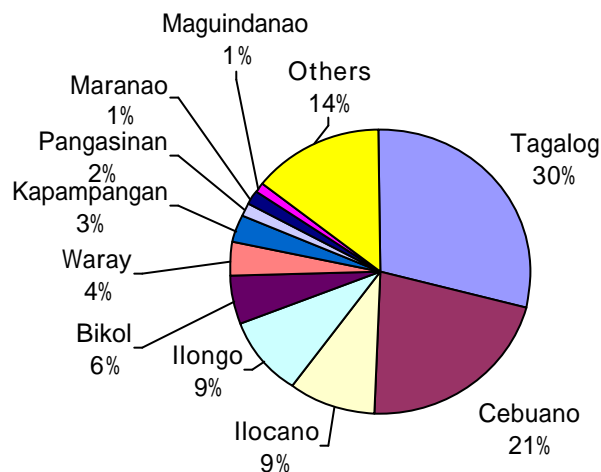
Lingua Franca Educational Project

Mia Kim (WG2)

1. Introduction

The Philippines consists of more than 7,100 islands, and there are more than 170 languages (including dialects) in the country. Although all of the languages belong to the same language group, people cannot understand each other when they speak their own languages (dialects). The national language of the Philippines is “Filipino”, that is based on “Tagalog” which is the language spoken in central and southern Luzon (including Metro Manila). The official languages of the Philippines is Filipino and English, but in the rural area, they still use their own dialects (figure 1).

Figure1 Percent distribution of household population by mother tongue



Source: 1995 Census of population

Since 1974, under the “Bilingual Educational Policy”, the medium of instruction is English (for the subject like mathematics, science and English) and Filipino (for the other subjects). However, the students who live in non-Tagalog regions, have to understand more than 3 languages (Filipino, English and their own language) and that makes it difficult for them to understand contents and concepts of the different subject matter.

To solve this problem, DECS (Department of Education, Culture and Sports) launched a new project, which is called “Lingua Franca Educational Project” in the school year 1999/2000. In this essay, I’d like to discuss this particular project based on the data we obtained during our OFW survey.

2. Lingua Franca Educational Project

In the Philippines, one of the serious educational problems is high dropout rate among students. Moreover, students’ academic performance is quite low compared with other countries¹. One of the reasons for these problems is that teachers teach each subject in a language, which is different from students’ local language, and

¹ The Philippines placing third to the last among 41 competing countries indicates that the average Filipino secondary school students achieved very low mathematics result [PCER 1999].

students cannot catch up with the class. To solve this problem, DECS started a new project, which is called “Lingua Franca Educational Project” in 1999. Under this project, each of 16 regions all over the country has to select two classes of Grade 1, one as an experimental class and the other as a control class. In the experimental classes the local lingua franca is used as the language of instruction. The criteria for selecting the experimental schools are as follow:

- A) Schools should be located in a 5th or 6th class municipality²;
- B) The lingua franca spoken in the area is either Tagalog, Ilocano or Cebuano;
- C) Enrolment in Grade 1 is at least 40;
- D) Peace and order condition is relatively stable and no disruption of classes is imminent due to heavy flooding, etc.;
- E) School is accessible for monitoring;
- F) Principal is progressible and dynamic; and
- G) Both experimental and control schools should have relatively similar conditions including capabilities of teachers. [DECS Memorandum No.144, s.1999]

However, the so-called lingua franca languages are limited to Cebuano, Ilocano and Tagalog. Therefore, a language spoken by the majority of the people in some regions is not coincidental with the selected lingua franca language (table 1). For instance, although almost 60% of the people in Region 11 use Cebuano as a local language, the experimental school of Region 11 was chosen from Ilongo speaking area. Then teachers chose Tagalog for their lingua franca language, because Filipino, which is medium of instruction in higher grade, is based on Tagalog. From this reason, many regions where their local language is not coincident with lingua franca languages choose Tagalog.

Table 1 Lingua Franca language and their actual local languages

	Lingua Franca		Other Languages
CAR	Ilocano	34.83%	Kankanaï (11.81%) Ifugao (10.56%)
Region 1	Ilocano	65.84%	
Region 2	Ilocano	68.05%	
Region 3	Tagalog	54.09%	
NCR	Tagalog	75.02%	
Region 4	Tagalog	83.97%	
Region 5	Tagalog	8.26%	Bikol (75.98%)
Region 6	Tagalog	0.41%	Ilongo (76.65%)
Region 7	Cebuano	78.73%	
Region 8	Cebuano	36.06%	Waray (62.17%)
Region 9	Cebuano	56.86%	
Region 10	Cebuano	80.97%	
Region 11	Tagalog		Cebuano (59.05%)
Region 12	Tagalog	1.98%	Cebuano (35.28%)
CARAGA	Cebuano	43.79%	Surigaonon (25.21%)
ARMM	Tagalog	0.63%	Tausug (27.94%) Maranao (20.98) etc

Source: DECS Memorandum No.144 s, 1999 and Census of Population 1995

3. Problems of the project

During the OFW, we had a chance to interview a DECS officer who is in charge of Lingua Franca Project,

² Municipalities are classified into 6 classes based on average income. 5th and 6th class means lower income municipalities.

and we were provided with some monitoring reports of the project. Moreover, we were allowed to observe an experimental class in Region 4 and interview the teachers who are in charge of this project and the school principal.

A comprehensive monitoring and some achievement tests have been conducted in the experimental and control classes of the project by DECS officers. From their reports, I find the following important problems to analyze the effect of the project.

3-1. Disparity of the quality of students

The quality of students varies from school to school. For example, an experimental school of Region 7 has the most number of over-aged students and repeaters. In that school, students are divided into 3 classes by ability and educational experience and lowest class was chosen for the experimental class. However, the class has better achievement compared with the other classes in that school, since they use the local language (Cebuano) as the medium of instruction (*lingua franca*).

3-2. Disparity of the quality of the teachers

Some of the teachers chosen by the school are newly employed and inexperienced, while some other schools chose experienced teachers. From the DECS officers' point of view, teachers for control classes have the big edge over the experimental class teachers. Moreover, in the experimental class of CAR which performed least among the 16 experimental schools, it was found that the teacher trained for the project did not teach the grade. In addition, the experimental class teacher of Region 10 taught Grade 1 for the first time. Since she is one of the best teachers of the school, she was chosen as the experimental class teacher even if she has no experience in teaching Grade 1.

3-3. Disparity of support from the regional office and school principal

Some schools can get better support from the DECS regional office and the principal, while other schools receive no support from their principal, and district supervisor has never visited the class. Since this is a new project and there are not enough teaching materials, teachers have to prepare all the materials by themselves. Even in the normal classes, teachers have to prepare teaching materials because of the lack of textbooks. However, under this project they have to translate all the textbooks into the *lingua franca* language. The DECS monitors also believe that schools give their best performance when ably supported and monitored by school managers.

3-4. Disparity of the way to do the test

Some schools did the test under a stiff competition, while the other school did in the usual condition. For example, the control school of Region 10 was giving a stiff competition and got better score compared with the experimental school of the same region.

DECS asked the regional offices to choose similar schools to be compared. Although it is difficult to find the same type of school, other variables should be controlled so that the language of instruction becomes the only experimental variable. Otherwise it is impossible to compare the result impartially.

4. Findings and Recommendations

Lingua Franca Educational Project just started last year and it is too early to evaluate the whole project now. However, teachers in experimental class of region 4 commented that students could understand the class easily and get better scores when the class is taught in Tagalog (lingua franca). The PCER (Presidential Commission on Educational Reform) report said, there are studies which show positive result in learning in general when a regional lingua franca or the vernacular is used as the medium of instruction [PCER 2000:65]. Although this is just an experimental project and practicing in some selected schools, hopefully all the schools can adopt this project to real practice soon. In addition, since at present only 3 languages are allowed to be used as the lingua franca, it is desired that teachers can use any languages, which suits their societies.

Moreover, it is important and necessary to have a strong support system from the government and regions for the use of a regional lingua franca or vernacular. Especially, teachers' training and development of teaching materials are needed for successful implementation of the project.

Reference

DECS 1999a "DECS Memorandum No.144, s, 1999"

1999b "DECS Order No.80, s, 1999"

2000a "Conduct of the Silent and Oral Reading Test"

2000b "Initial Report on Comprehensive Monitoring of Lingua Franca Educational Pilot Project"

National Statistic Office 1995 "1995 Census of Population"

PCER 1999 "CHRONICLE"

2000 "Philippine Agenda for Educational Reform"

Appendix 1 Lingua Franca Educational Project Class Program and using Language

Grade 1	1st semester			2nd semester		
	Time (minutes)	Experimental class	Control class	Time (minutes)	Experimental class	Control class
Good Manner and Right Conduct	20	Lingua Franca	Filipino	20	Lingua Franca	Filipino
Reading	80	Lingua Franca	Filipino	40	Lingua Franca	Filipino
Social Science	40	Lingua Franca	Filipino	40	Lingua Franca	Filipino
Physical Education	20	Lingua Franca	Filipino	20	Lingua Franca	Filipino
Oral Filipino	40	Filipino	Filipino	40	Filipino	Filipino
Oral English *				40	English	English
Mathematics	60	Lingua Franca	English	60	Lingua Franca	English
Science and Health	40	Lingua Franca	English	40	Lingua Franca	English

Grade 2	1st semester			2nd semester		
	Time (minutes)	Experimental class	Control class	Time (minutes)	Experimental class	Control class
Good Manner and Right Conduct	20	Lingua Franca	Filipino	20	Lingua Franca	Filipino
Reading	40	Lingua Franca	Filipino	40	Lingua Franca	Filipino
Social Science	40	Lingua Franca	Filipino	40	Lingua Franca	Filipino
Physical Education	20	Lingua Franca	Filipino	20	Lingua Franca	Filipino
Oral Filipino	40	Filipino	Filipino	40	Filipino	Filipino
Oral English	40	English	English			
English Reading **				40	English	English
Mathematics	60	Lingua Franca	English	60	Lingua Franca	English
Science and Health	40	Lingua Franca	English	40	Lingua Franca	English

* English class starts from 2nd semester of Grade 1 as oral subject.

** English Reading class starts from 2nd semester of Grade 2.

Gender, jobs and income levels in Pagsanjan

Kiyoko Naito (WG4)

1. Introduction

There are various notions of social classes depending on age, gender, ethnicity, income, region, and other factors. Each of us belongs to one or more of these classes depending on the circumstance that we are in. In this report, I will focus on the relationship of gender and income classification in Pagsanjan and find out whether there is job mobility among these classes and why. I will limit my analysis to the situation of workers in Pagsanjan with ages ranging from early teens to the 50s. The purpose of my report is four folds. First, I will characterize the workers in the town. Second, I will analyze the relationship of gender and income levels within particular types of jobs in the local economy. Third, I will present an analysis of the role of gender in the Filipino family. Fourth and last, I will explore the reasons behind the emergence of various job classifications. The analysis is based on results of interviews conducted and personal observations from eleven days of field work in Pagsanjan during the first and second week of October 2000.

Before proceeding to the next section, I would like to propose my own definition of the term 'tourism sector'. In the context of Pagsanjan's economy, I define tourism sector as consisting of jobs directly or indirectly related to the tourism industry, in particular those involving opportunity to have direct contact with tourists, or jobs that produce commodities intended for tourists.

2. Characteristics of workers in Pagsanjan

In this section, I will present the characteristics of workers in Pagsanjan. This is to have a better appreciation of the job classifications. Through the discussion, I will show the relationship between tourism development and population movement in Pagsanjan.

As I gathered from the interviews, population growth in Pagsanjan started to grow rapidly around 1970s coinciding with the period when the number of tourist arrivals was also increasing. The influx of foreigners created a demand for new types of services unobserved in the local economy before. Thus, new job opportunities became available. Since the residents cannot satisfy the demand, a significant number of people living in and around Pagsanjan moved in to fill the gap. This trend continued even in the early 80s as exemplified by this example: "There are more jobs for earning money here, so I moved." These were the words of a 39-year-old woman who migrated from Quezon City, Metro Manila to Pagsanjan in 1984. Prior to her decision to come, her sister had already lived in the town and thus moving in was not a difficult experience.

My earlier hypothesis is that at present, most of the people engaged in the tourism sector are migrants. However, my interview results indicate the opposite. I found that most of the workers were born in Pagsanjan.

Case 1: 36 years old male tricycle driver

While he was born in Pagsanjan, his father is from Quezon City, Metro Manila. At present, he lives with his wife and children. His wife is a domestic worker. He has been in his present job for the last three years. Prior to this, he was a carpenter and air conditioning repair technician.

I think that people engaged in the tourism sector are children or grandchildren of people who moved here

in the early 70s. On the other hand, there are also cases where workers in the tourism sector are returnees to their hometown from Metro Manila. They went to Manila for their studies and after graduation, worked there for several years. Attracted by the lure of better jobs or bound by the familial obligation of taking care of their aging or sick parents, they decided to leave the big city return to their own hometown. Most of them are now working in hotels.

3. The role of gender as determinant of levels of income earned by type of job

3-1. Jobs dominated by a sex

In this section, I will present the relationship between gender and level of income in the jobs related to the tourism industry. Based on my observations, men dominate jobs which require great physical strength such as being boatmen and drivers of tricycles and jeepneys. Also included in this category are policemen and priests. On the other hand, women dominate in domestic jobs such as housekeeping and washing which constitute the informal sector. Based on what I observed, more than half of informal jobs are dominated by women.

Case 2: woman, 39 years old, a washer

She started working as a washer since she was six years old. At present, she goes to her friend's house everyday to wash clothes of the family (Picture 1). In addition, she gets the chance to wash her children's clothes. For all her efforts, she earns a little amount of money.

In terms of educational attainment, I found that the most typical pattern for the types of jobs I presented is for the workers to quit school as early as during the primary years. Thus, they do not have so much employable skills beyond their physical strength. Looking at differences by gender, I found that women suffer from more disadvantages than men. In the job categories dominated by men, there are associations which provides safety net. On the other hand, safety nets are not available for women.



Picture 1: Women washing her friend's and their family clothes every morning.

3-2. Jobs open to both sexes

In this section, I will present an analysis of the relationship between gender and income level. The cases are presented according to income level starting from the highest.

- **Municipal officer**

This type of job is shared by both sexes. Those occupying municipal government positions are usually highly educated. They hold bachelor degrees from universities since this is the minimum educational requirement according to Philippine civil service laws. Some of them were born in Pagsanjan while others came from other places outside of the town.

- **Hotel employees**

In the hotel industry, there is no clear distinction as to the role of gender as determinant of the kind of job a person has. I went to one of the most popular hotels in Pagsanjan and I was able to talk with the receptionists, chefs, waiters, maintenance staff and other hotel employees. According to an employee, there are about the same number of men and women working in the hotel. This claim was confirmed by my own observation. It seems to me that there is not much gender division except for the job of receptionist. I found that some of the receptionists are women with college education at the very least.

Case 3: A woman receptionist in her 40s

She came the hotel after leaving her job at the Philippine government's Department of Tourism (DOT). She is well informed on the trends of about tourism in the country as well as about the hotel itself. She graduated from a university of Manila. Now, she lives with her husband. She earns more than he does. Since she is busy everyday, domestic work is shared equally between themselves.



Picture 2: A man cutting the bottom of shoes in a factory

- **Owners and managers of stores**

The other type of job shared by men and women is ownership and management of stores. Most of the restaurants and candy shops in the town are run by women. This trend may indicate that women do more domestic work than men. On the other hand, shoes store and souvenir shops are owned and managed by men.

- **Employees of domestic industries**

Most manufacturing work is done by closely-knit family businesses. In here, both women and men are engaged in production as well as management. For instance, in the shoe industry, cutting the sole of shoes is the responsibility of men (Picture 2). On the other hand, the design and decoration are the women's job.

In all of types of jobs presented, I found that mobility among different income class hardly exists. Class division as measured by difference in income level seems to be relatively fixed. This situation, I believe, is mainly caused by the difference in educational attainment. Also, class division measured by gender seems to be fixed. Here women are in disadvantaged position.

4. The role of gender in the family

In this section, I focus on the division of the role between a husband and a wife. In most of the families in Pagsanjan, I found a clear division of responsibilities between the husband and the wife: the former takes care of the economic side by being the breadwinner, while the latter takes charge of management of the home by doing domestic work. However, compared with the situation in Japan, wives in the Philippines do not complain about their role. I think this may be the incidental situation in developing economies. The division of family responsibility by gender is the most effective way to earn much money. Women who only do domestic work often do not have ability to get paid -jobs.

5. Concluding remarks

From the foregoing discussion, I found that the inequality between income classes is much wider than that of gender. This situation prevents poorer people from getting or changing to better jobs. Also, educational attainment is most important explanatory factor behind this phenomenon. One of the main reasons is 'the lack of information' which implies two matters. One is 'education'. As an example I take the case of a receptionist. For a person to be considered for the job, s/he is required to be able to communicate in the English language. As such, it follows that those who went to college can easily get this job. Another is availability of personal networks for changing jobs. If one does not have this network, s/he will remain in his/her present job forever. And if one is dismissed from his/her present job, s/he cannot get another one.

A woman working as a cashier in a hotel told me: "The difference between a farmer and person with a job in the tourism sector is whether s/he has 'power' or not. If a farmer want to improve his/her life, s/he has to exert effort to change the present job. If s/he cannot change, then s/he does not have power physically and mentally." While I agree to her point to a certain degree, I doubt that the situation of farmers will change even if they exert effort. From what I have observed during the fieldwork, there seems to be a high wall between income classes.

Finally, I would like to bring out the issue of income level as a determinant of happiness in life. I mentioned before that people engaged in the informal sector are economically poorer than paid-workers. However, this does not mean that people in the informal sector are also poor in mentality. It is just that they do not give so much attention to their income class. Of course, they also desire to increase their incomes as well as

enjoy basic amenities in life such as a water supply system. While they may lack material wealth, they view their present situation in life with a positive and optimistic outlook. Before going to the Philippines for the OFW 2000, I thought that people there are suffering from severe deprivation and are feeling so sad about their situation. However, I found the reality far from my initial thoughts. What I found are people who smiles a lot and have various ways of enjoying their lives. I was very impressed by their gestures and outlook in life. My experience in the Philippines has provided me with the opportunity to rethink what is 'poverty' after all.

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Managerial Analysis of the Tourism Industry in Pagsanjan

Yoji Mizobe (WG4)

Introduction

The OFW 2000 Social Change Group of which I belong, conducted a quantitative analysis of the social impact of tourism to the people of Pagsanjan. From the result of the analysis, we found various impact of tourism. However, not all of these findings were covered in our group report. Thus, I will personally try to combine the residual observations by mainly focusing on the question of how the tourism industry in Pagsanjan can be improved and suggest some proposal toward this end.

Basic features of the tourism sector in Pagsanjan

As mentioned in our group report, the tourism sector in Pagsanjan can be characterized by the following features: (1) sole dependence on boat riding as a source of attraction; (2) most of the tourists come as group tours visiting during the day and usually coming via Manila who generally do not stay long enough to penetrate the local community; (3) share of visiting tourist is gradually decreasing heightening an unhealthy competition among boatmen which in turn produce unpleasant results; and (4) there is a seasonal fluctuation on the number of tourist coming during the year resulting into an unstable income among boatmen and other people who derive their income from the tourism industry.

In turn, the tourism industry is in itself labor intensive where a large number of unskilled, informal or short-term unfixed workers can easily get in and out. Also, the industry requires different kinds of related services. As such, if the tourism industry can be well integrated, there exists the possibility of a large untapped employment opportunity which if realized will mean more income for a given locality especially if there is a high value added. Of course, as far as being a business activity, one should be eager to expand sales and optimize profit optimization. However, to be able to realize these objectives, each business unit must strive to gain customers satisfaction.

From the foregoing, I will try to identify the problems faced by the tourism industry in Pagsanjan, analyze the causes and propose alternatives to minimize the problems identified so that the demand of tourist customers can be satisfied.

An analysis of the problems of the tourism industry in Pagsanjan

The tourism industry in Pagsanjan is faced with four main problems. These are: (1) dependence on boat riding as a sole source of attraction; (2) weak coordination among the major players in the tourism industry; (3) lack of information for individual tourists; and (4) undesirable behavior of boatmen and vendors which keeps tourists from returning given their unsatisfactory experience with them. Let me explain each problem in detail.

First, Pagsanjan's attraction as a tourist destination is solely dependent on boat riding. There is no effort to develop ancillary attractions to wean tourist outside of this activity. As such, the promotion of the attractions of tourism in the municipality is highly dependent on the efforts of sales promotion offices in Manila, who target foreign tourists interested to visit tourist spots near the country's capital.

Second, which is corollary to the first problem, there is almost no close working relationship among

promotion desks at Manila, the local hotels' reception desk and the individual boatmen and their association to assess customers' satisfaction with their services. For instance, I observed that the management of the local hotel are just interested to get their share from the income coming from the fees paid by tourists and would not care about the guests' reaction. Also, even if there are problems on the settlement of obligations between the visiting tourists and the boatmen, these are ignored by the hotel's management. This uncaring behavior is a disincentive to improve the quality of services provided. A systematic feedback to measure customers' satisfaction is non-existent.

Third, there is a lack of information available for individual tourist who go the municipality directly outside of the guided tours organized by various promotions desks based in Manila. The lack of information extends to basic information such as "where to get and how much fare would be appropriate to enter into this attraction". As a result, unscrupulous boatmen or their representatives at the town center take advantage of the individual tourists lack of accurate information by quoting incredibly high prices for their services. This practice also promotes cutthroat competition and disorderly act among the boatmen.

Fourth and last, undesirable behavior was observed among boatmen and vendors. For instance, in addition to charging for the regular fare, instead of waiting for the tourists to give tips voluntarily, the boatmen ask their customers expensive amount of tips. Also, vendors of rest shops alongside the river force the guests to buy the foods and drinks they sell. This unbecoming conduct among boatmen and vendors causes discomfort among the guests spoiling their objective of visiting the town in order to relax and enjoy the beautiful scenery while experiencing the thrilling experiences of taking the boat ride.

Proposals to improve the existing situation

To minimize the problems identified, four proposals are outlined. These are: (1) evaluate the existing situation of tourism in the municipality and identify alternative attractions in addition to boat riding; (2) establish a customer satisfaction feedback system; (3) improve the value added of existing services offered to tourists; and (4) the mindset of the various stakeholders in the tourism industry must be change to focus on customers' satisfaction. Each of these proposals will be explained.

First, I propose that the present state of tourism in the municipality must be evaluated towards finding alternative tourists attraction in lieu of the present sole dependence on boat riding. As I understand, the municipal government has already recognized this problem and has started to explore alternatives. An example is the "Bangkero Festival", which involves canoe racing and float contest started two years ago. This is a good case of cultivating new attraction and being effective for promoting synergy on tourism. However, the festival takes place in May, which is considered a high season for tourists. Thus, it might be better to shift this activity during the lean season. Another possibility for attracting visitors would be the setting up of rain-proof "auto camp or barbecue field" facilities alongside the river. Since the municipality is only one to two hours drive from Manila, instead of just attracting foreign tourist, domestic tourists may also be targeted. The expansion to domestic tourists will contribute towards easing the difficulties faced during the lean months and will contribute towards improving local consumption.

Second, there must be a feedback system to evaluate customers' level of satisfaction with the services they obtained during their visit to the municipality. This system can be set-up through the cooperation among boatmen's associations, local hotel receptions and promotion desk at Manila. In the case of unsatisfactory

feedback from visiting tourist, the above noted players can gather and discuss the problem, identify preventive measures to prevent the problem happening in the future and focus on improving activities. As a start, the players can focus on the most urgent matters of setting up rules, establishment of public tour desk for individual tourists, and public relation promotion. Setting up this feedback system may minimize if not totally eradicate the undesirable behavior of boatmen and their agents, which is highly annoying to visitors. These covers demand for tips from boatmen and forced buying from vendors. However, a code of acceptable behavior may not be enforced but adoption should be voluntary among those involved.

Third, there must be an effort to improve the value added of services offered to tourists. For example, services such as rental/selling of soft cushion on the bamboo seats on the boats, locker room services and lump-sum tour to include lunch may be introduced. These additional forms of services will be highly appreciated and if the tourists are satisfied with the quality, then they would be willing to pay more as far as the price is appropriate. Also, a contest on the generation of good ideas for the promotion and improvement of tourism services in the municipality may be held with prizes awarded to the chosen ideas. This might motivate boatmen and other workers in related services. Also, the promotion of local industries such as “Barong” embroidery textiles and the local brand coconut wine may be integrated into the tourism effort not only in major hotels but also in the regularly held municipal trade fair.

Fourth and last, the most essential aspect in the effort to improve the quality of tourism services in Pagsanjan is on changing the mindset of the various stakeholders in the tourism industry to focus on customers’ satisfaction. I think that this is an indispensable component of every effort to improve the tourism industry in the municipality. However, we experience an unfortunate experience in relation to this aspect: in a place not in Pagsanjan, we lost something from the hotel’s safety box. The response of the hotel management is for them to investigate the loss with the help of the police and to reimburse the missing amount. This response was regrettably unsatisfactory. The principle of service cannot be bought with money and the staff and management should recognize more seriously the loss of trust resulting from this unfortunate incident. The experience shows that the appreciation of what consists of service is still at the immature level. To improve the industry, an individual who is engaged or propose to be engaged in tourism services must undergo a comprehensive training scheme.

Children in Payatas

Koichi Motomura (WG2)

1. Introduction

It is very noticeable that, in terms of economic status and human dignity, there is a considerable gap between the rich and the poor in Philippine society. This disparity is more evident in Metro-Manila. While the well-off population enjoy consuming plenty of commercial products at shopping malls which opened for the past several years, the urban poor population, who are residing in desperate sites such as squatter¹ and slum² area, suffers from a daily grind of poverty, hunger, and malnutrition. Moreover, within the urban poor population³, it is the children who are most vulnerable and therefore are the first victims of urban poverty. They often have to work for many hours for self-survival and to help their families, sacrificing their precious time for other activities such as amusing themselves, going to school, getting education and other.

Payatas, which is quite infamous as a gigantic dumping site, is a representative of these depressed areas for children in Quezon City, Metro Manila. In this paper, the situation of the depressed children in Payatas will be described briefly by referring to findings during the author's short visit.

2. Overview of Payatas

2-1 Life in Payatas

Payatas is one of the areas in Quezon City mainly covered by a 220 hectares dumpsite designated by the national government. The dumpsite forms a gigantic heap of decomposing plastic, bottles, and scrap collected and thrown away from Metro-Manila. Given the unthinkable volume of the dump and long-term accumulation and decay, it is inevitable that Payatas has become smelly and the toxic fume that looks like smoke has characterized its terrain. This is why the heap has been called Smokey Valley. There used to be another heap of garbage called Smokey Mountain that is similar to Smokey Valley in Tondo⁴ area near Manila Bay, but the Smokey Mountain was swept away by Government who created itself.

It is stunning to know that in Payatas, approximately 200,000 urban poor families live a life in shanties built on or adjacent to old dump land. According to one survey, most of residents there migrated from several rural areas of whole Philippines, especially around Metro Manila and Eastern Visayas seeking for employment opportunities. A large portion of them earns lower money than minimum wage by mainly scavenging, sorting and selling the recyclable wastes⁵ to junkshops that lined the road to Payatas. These men, women, and even many children are called " scavengers " who are deprived of their rights of living as human being without enough safe water, electricity, sewerage, education, and assistance by government. This appalling environment results to the residents' bad health condition, which further exacerbates into various diseases, high mortality rate and the like. Smokey Valley had been mushrooming for accumulating of Metro-Manila's wastes day by day.

¹ Squatter population is the people and families who occupy a certain area without legal permission and are suffering from poverty.

² Slum population refers to people who dwell in desperate and concentrated resident environment such as house and shanties with legal permission and are suffering from poverty.

³ Urban poor population is generally the term used to refer to residents in squatter and slum areas.

⁴ In 1954, the government reclaimed Tondo, one area near Manila Bay, and designated that area as dumpsite for Manila.

⁵ These include wastes such as cans, plastic, scrap metals, and bottles.

2-2 Payatas Tragedy

In the morning of July 10th, 2000, the Payatas tragedy happened abruptly. After a week of relentless rain brought about by typhoons, the gigantic Smokey Valley collapsed and big trash-slide struck, burying a number of shanties, semi-concrete houses, and hundreds of residents. It was reported that over 200 dwellers were victims of the disastrous avalanche, and that hundreds of bodies are still buried under the mountain heap. Even people who were rescued from the hell under trash-slide could not get proper medical treatment due to lack of money, and thus had no choice but to quietly wait for their fate. Payatas B called phase II, with occupants estimated at around 1000 families⁶ or about 5000-6000 individuals, suffered the worst from the tragedy. A large number of the surviving families evacuated to the nearby primary school which is equally unequipped with the necessary facilities. The call for assistance to the disaster victims was responded to both within and outside of the country and rescue operation and relief goods have been gathered in order to contribute for the recovery of Payatas folks from their suffering. The fact that the resident-victims lost more than their loved ones and their homes is very evident⁷.

The argument that the Payatas Tragedy occurred because of the negligence of the Quezon City local government seems persuasive. This is because Payatas is originally a legal resettlement site that the government offered to squatters living anywhere illegally. In other words, squatters from other places moved to Payatas because they were encouraged by the local government itself.

3. Depressed Children⁸ in Payatas

3-1 Children's life in Payatas

Foreigners visiting Payatas might be surprised to find and be surrounded by many children who are more cheerful, energetic, naughty, and curious than normally expected in such a depressed situation. They enjoy themselves by dancing with music, playing basketball and card, or chatting. Judging from their appearance and smile, they seem to be vigorous and high-spirited. In squatter, slum and rural areas, it is said that parents tend to have more children as guarantee for the future.

In general, it can be said that children in such an impoverished situation are deprived of their rights as children and as human beings. Because of their families' financial constraints, these children often suffer from malnutrition and severe diseases. In addition, their parents cannot afford to pay for their treatment and much more for medicine. To make matters worse, they have to engage in menial activities not only within their home but also in the informal sector (mainly scavenging, at least in hazardous environment) for the purpose of contributing to the family income. As a result, they cannot invest their time in other activities such as going to school and getting education, playing, and doing what they want to.

3-2 Education for children in Payatas

It should be highly emphasized that aside from being a basic human needs, education is one of the most effective tools in order to improve quality of life and get out of poverty. It has been proven that education can

⁶ It is said that 20-30% of them were scavengers.

⁷ Since Payatas Tragedy, the government has prohibited people to get into Smokey Valley for scavenging because of its danger. This means that scavengers lost their main source to earn money.

⁸ It is possible that, in Payatas, there are many street children who does not belong to families and live on the street by themselves rather than live with their families. In this paper, this distinction is not taken into account.

generate huge impact on employment⁹, productivity, health, and empowerment of people. Amongst various kinds of education, one especially for children is one of the most important measures to empower themselves, and furthermore, the whole societies they belong to.

In Payatas, the value of education seems to be broadly appreciated based on high awareness toward education. However, it is considerably difficult for parents to let and keep their children enrolled not only in secondary schools but also in elementary schools. This is apparently due to financial constraints¹⁰. The parents often cannot afford to pay for direct cost such as tuition, uniform, textbook, and transportation as well as indirect (opportunity) cost for schooling. This is happening even though primary education is compulsory and free of charge. In terms of access to schools, the number both of primary and secondary schools is limited compared to the number of eligible children.

Since educational data such as enrollment, dropout, teacher-student ratio at schools in Payatas are not available, it is difficult to create a picture of how education goes on inside schools. However, there are some points to be argued based on the author's observation. First, as already mentioned, because the number of schools is not enough for the number of eligible children, multiple-shift class has been carried out. Teacher-student ratio, therefore, is likely to be relatively high, and time for learning at these schools is less than that at normal schools. Because of these, it is doubtful if teachers can pay enough attention to students in classrooms, and that students can learn enough under effective instruction by teachers. Second, schools might not be well equipped due to lack of budget. The elementary school that the author visited does not have clean toilet, which might affect attendance of girls and awareness to sanitary environment.

5. Concluding remarks

Squatter and slum areas like Payatas are not segregated places but for those who keep on making considerable effort to acquire opportunities to improve their quality of life. Although children in Payatas are in such depressed and severe situation and are suffering from poverty, they have been exerting effort as much as they could to make themselves and their families survive.

On the other hand, it can be said that the government has controlled residents' life through policies and not by providing sufficient assistance for residents to recover from the tragedy. These policies are enforced to them and the government wants them to follow what government officials think as good for the residents. In one sense, this uncaring attitude of the government resulted into a disaster known as the Payatas Tragedy. Because most people residing legally in Payatas do have right to get public service such as education, sanitation system, and health service, the government should face the real problems of Payatas.

Especially in the education sector, educational policies should be reconsidered in terms of quantity and quality. Education is one of the requisites for population especially children in Payatas, to get employment, empower themselves, and to improve their quality of life. The government can contribute facilities, educational materials, teacher training, and scholarship programs in cooperation with NGOs who have been providing such form of assistance.

Payatas is only one of the byproducts of population explosion in urban areas which in turn has been mainly

⁹ In the Philippine, a high school certificate is a minimum requirement for employment by companies. Elementary education is necessary for construction work.

¹⁰ Some NGOs have provided scholarship programs to children who come from poor families and get high achievements at school.

attributed to rural poverty. Therefore, it is important for the government not only to cope with urban poverty but also to attempt to reduce poverty in rural areas. These tasks are fairly difficult to handle for the Philippine government for sure, but unless these issues can be dealt with and prevent the poor from getting mired into deeper poverty, more children in the future would be deprived of human rights and free choices in life.

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The Entrepreneurship of Small and Medium Enterprises in Paete: Towards Competitiveness of Handicraft Industry in the Global Market

Roosiana (WG1)

Introduction

Small and medium enterprises (SMEs) play important roles in the economy of most countries in the world. Besides, in many developing countries, SMEs have become an important factor in the economy to generate more employment and promote economic growth. Given the advantages of supporting SMEs, the Philippine government has develop programs and policies to nurture the growth of this type of enterprises. One of the policies supporting SME development is to enhance the global competitiveness of Philippine products and services with the main objective of opening to the new global market.

During our Overseas Fieldwork in Laguna Province, it was very beneficial experience for us to observe the activities of some SME. These in particular are the SMEs in Paete. Paete has been well known for its handicraft industry not only domestically but in the international market as well. Since handicraft industry has become the backbone of the people's means of livelihood in the town, anything which occur in the market of this industry would have a broad impact to many of the local people. Therefore, it is very important to maintain and expand this industry.

The town of Paete has been known for high quality woodcarving products since hundreds of years ago. However, because of the recent shortage and high cost of raw materials for woodcarving, many firms have changed their business into other handicraft industry, in particular the papeir-mache industry. In fact, the papeir-mache industry in Paete has grown rapidly and has become as famous as the woodcarving industry. This is mainly due to the high sense of artistry of the products. Both industries are specialized in producing items for export. The main products are wooden decorative goods, functional items, and novelty items, which usually are highly demanded during the peak seasons, such as Christmas, New Year, and Easter.

Sustaining and developing the competitiveness of this industry has become very crucial because of the increasing intensity of globalization in the recent years. Because most of the SMEs' products are for export, SMEs in Paete have to face global competition with producers from other countries. Chinese exporters, for example, have become one of the toughest competitors of Paete SMEs. Thus, Paete's industries should exert more efforts to maintain and expand their market if they want to keep and improve their position in the world market.

Given the prevailing situation, this paper will discuss from an entrepreneurial point of view, the business management of SMEs in the handicraft industry in Paete. I suppose the following discussion will give us a broader perspective of the importance of entrepreneurship in developing SMEs in general terms.

Current Business Management of SMEs in Paete

Most people engaged in the handicraft industry in Paete took over the business from their parents. This inheritance has been kept from generation to generation. The Paete's people or Paetenians learned their skills in handicraft making from their own families. In addition, it is a common knowledge in the town that almost all of Paetenians show talent for handicraft skill since childhood. It is the Paete's advantage of possessing a unique

ability to produce handicraft items with high artistic value. The Paetenians are very confident with the special quality of their works. I suppose this characteristic may highly influence their business management such as in marketing, production management, and human resources.

In the field of marketing, most of the SMEs in Paete have confined themselves to the existing market. This is shown by their dependence on regular consumers to buy their products. Many of them are not willing to enlarge their market and only a few of them are eager to get more consumers. Only a few venture businesses, especially those who engage in Internet or IT business, and those who are active in participating in trade fairs or exhibitions, could expand their business rapidly. It seems that in such a traditional industry, the smaller the enterprise, the less aggressive is an enterprise attitude toward business expansion. As such, small household enterprises which act as suppliers of bigger enterprises, are not also fervent in increasing the volume of orders and production. Since the industry has already matured, there is not much chance for smaller enterprises to expand their markets. On the other hand, the bigger companies such as exporters have already played in the international market. However, if they are not aware of the importance of becoming more competitive in the global market and if they fail to be so by expanding their market reach, they will be more vulnerable to global market competition and be threatened by other competitors from outside of Paete. Since these exporters relate and interact with many SME subcontractors in the business, their role of expanding to the world market is equally important for Paete's economy.

To obtain orders from buyers, firms usually offer their design in accordance with every particular season or with the buyers' request. After the buyer has agreed with the designs, an agreement is reached covering the price, make a contract, and finally start to produce the items. Some companies, which have access in e-commerce, can advertise their products and may get new buyers. Trade exhibitions, both domestic and international, can be an effective means for SMEs to promote their products. However, only a few SMEs have the opportunity to engage in these alternative means of market promotion.

With regard to production management, many SMEs in Paete produce products according to orders from their customers such as bigger enterprises, exporters and foreign customers. In addition, some of the SMEs also create new products based on the most recent trends or on customers' needs. The value of a new product depends very much on the sense of the designers in the SMEs, who usually are the owners or managers of the enterprises. This role of owners is so important that the capability of the owners to create new designs has a high influence on carrying on the business and in supporting household suppliers to companies.

Besides producing the items by themselves, larger companies are used to giving the prototype of the new design including raw materials to their suppliers (subcontractors) for them to be able to produce large amount of products to fulfill the orders received. In order to maintain the quality, the items produced are sort out by the larger companies before they are accepted. Generally, as the price usually includes the cost for product delivery, every supplier always try to complete the orders before the deadline and send the finished products immediately.

Another issue in production management is the existence of middlemen in the Paete's handicraft industry. Usually middlemen are representatives of larger exporters or enterprises outside Paete, who collect the semi-finished or finished products from SMEs and household industries. The middlemen also provide raw materials for the items they ordered. The existence of middlemen seems to lower the opportunity for the SMEs to gain more benefit since the middlemen have the power to decide the price. They, however, still play an essential role in SMEs' activities because only a few companies in Paete can act as contractors to coordinate many

suppliers of handicraft products. Moreover, only a few of them have direct access to the export market.

In human resource management, there is no specific recruitment system for workers. Well-built SMEs usually have an average of ten regular workers plus some contractual workers during the peak season. Some firms also provide lodging for their workers, especially for those who are living far from the workshop. In determining the wages for the workers, the owner usually pays them based on the quantity of their work and the level of difficulty of each work. To develop the workers' skills, no particular training is provided to them but the owners themselves will give instructions and further explanation if needed, to their employees or suppliers.

As mentioned before, Paete's products already have a particular market in the world. However, since international trade has become more active and new competitors have entered the international handicraft market, the Paetenian manufacturers need to improve their business management capabilities. While their products are still preferred mainly because of the good quality, they need to demonstrate their entrepreneurship in order to keep their position in the international market.

The Importance of Entrepreneurship Development

According to Forsyth et.al. (1993), an entrepreneur is one who undertakes to start or to conduct an enterprise usually assuming full control and risk. On the other hand, Camposano (1993) described an entrepreneur as a person who recognizes market opportunities and organizes the resources required to maximize that opportunity for long-term personal and other gains. Therefore, an entrepreneur differs from a mere manager for his/her approach in the business. The success or failure of a business venture depends on the right combination of entrepreneurial sense and managerial skills. In many cases, successful entrepreneurs not only play a role as effective managers but also realize their entrepreneurial potential.

To succeed, entrepreneurs need to have an understanding of risks and risk-taking, and the willingness to take those risks, or encouraging their business partners to do so, when the returns can be anticipated. Entrepreneurial firms exhibit ability for innovation through product diversification, a different production process or a different way of marketing the existing products and services. In this paper, I would like to discuss six characteristics of a successful entrepreneur: enthusiasms and endurance, conclusiveness, leadership, product pride, marketing skills, and courage and perceptive (Forsyth et.al, 1993).

First, enthusiasm and endurance become powerful principles because these would encourage confidence to each part of the enterprise's workers and partners—suppliers, lenders, and customers—who often keep loyal and supportive attitude despite several reasons to desert the enterprise. The second characteristic, conclusiveness in decision-making, is also essential because the new venture has to move to keep up the business. Faced with an ever changing market situation, they need to be able to decide and act in a quick and flexible manner. The third characteristic is powerful leadership, which could inspire employees and followers to profess loyalty to the entrepreneur and to devote themselves to their jobs. Fourth, the entrepreneurs should have product pride and have an attitude totally devoted toward their own products such as self-satisfaction and interest. This kind of attitude pushes the entrepreneurs to exert greater effort for improvement and innovation, which, in turn, let them have a greater pride for their products. As to the fifth one, an entrepreneur needs marketing skills to seize a business opportunity quickly since marketing and sales are the crucial functions of enterprises. Sixth and last, the entrepreneur must show his/her courage and perception clearly to the people concerned such as employees, suppliers and customers. As for the employees, they have to understand the entrepreneur's vision to put them

together for the overall goal of the enterprise. It is also important to interact actively with the people outside such as suppliers and customers, since the enterprise must cope with them and they might have some hints for new business.

Based on our observations during the field research, to some extent some of SMEs in Paete possess the characteristics of a successful entrepreneur mentioned earlier. This means that Paetenians have the capability to compete with other countries' enterprises. Nevertheless, in contrast with their strengths in being hardworking and their ability to survive, they are hampered by their weaknesses such as extreme personality, family-centeredness, passivity and lack of initiative. In other words, they seem to be content to remain in their present position over the next one or two generations. Therefore, they should learn from the experiences of successful entrepreneurs who were able to combine their entrepreneurial skills with the virtue of hard work tempered by discipline.

Entrepreneurship development of SMEs in Paete is needed to respond to the more stiff competition in the export market. Aside from government efforts in SMEs development through some programs and projects, all of the people, especially SMEs' managers and owners, should begin to be aware of the importance of entrepreneurship and managerial skills development. To involve many SMEs in the process of entrepreneurship promotion, the professional enterprises should assist the smaller and less active enterprises to improve their weaknesses and to build a firm handicraft industry in Paete. These smaller enterprise in turn can be more active and competitive in the global market. The establishment of the Paete Associated Enterprises for Trading, Export and Manufacturing, Inc. (PAETEM), which is the incorporation of five large enterprises, is an example of such an effort of Paetenians to gather their business in a cooperative and professional way in order to strengthen the existence of Paete's handicraft industry in the international market.

Certainly entrepreneurship is not the only means to sustain and develop SMEs in Paete. This is not only in dealing with the hard competition in global handicraft industry, but it also relates very close to the human resources that undoubtedly are the most influential factor in sustaining the business including SMEs. As a result, entrepreneurship becomes the most essential thing in order to start or maintain any kind of business.

Conclusions

Increasing competition in the global trade market of handicraft products has raised the awareness of Paetenians on the international competitiveness of their handicraft industry. In response, developing entrepreneurship has become crucial as it plays an important role in building human resource capability. Given the basic characteristics of Paete's small and medium entrepreneurs and the current situation of their business management, I think the Paetenians will be able to catch up or even surpass their competitors. This will continue in the near future as long as they always strive on improving their entrepreneurial skills.

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Labor Demand Seen in Some Philippine Mass Media

An Analysis of Want Ads

Masamichi Toyooka (WG2)

1 Introduction

One of media's functions is to provide want ads to the people who are seeking a job. The higher the literacy rate is, the bigger influence printed media have. In the Philippines, a country where the literacy rate was about 95 percent in 1995¹, print media must be an effective means for unemployed people of around 10 percent of total population² to get a job. Through media, job-finding information comes very speedy, cheaply and massively.

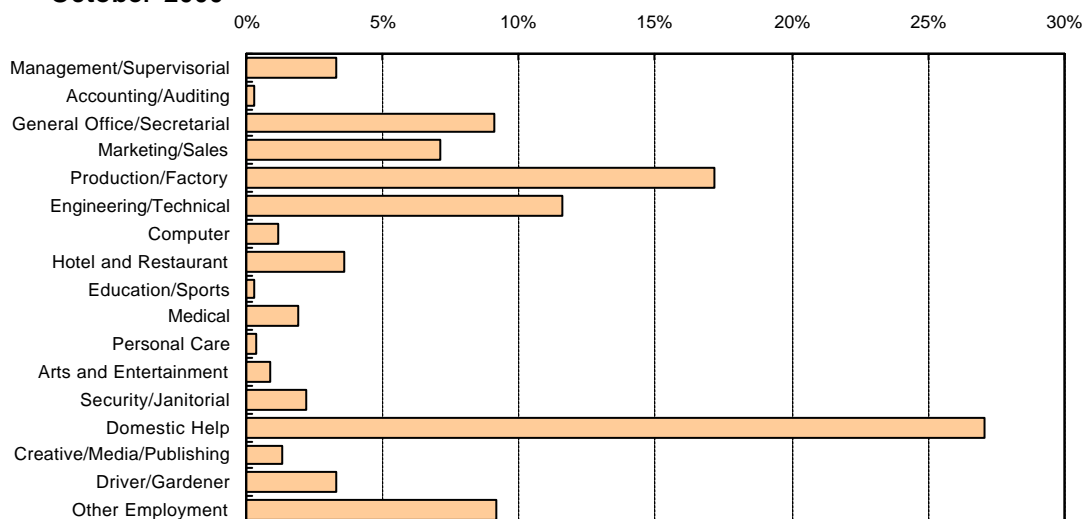
But what kinds of job are mainly offered through the want ads in print media? If each medium has a character, are there any differences in the want ads among media? In order to see (1) the whole situation of labor demand in newspapers' want ads, (2) the difference of labor demand in want ads among newspapers, and (3) the labor demand in a magazine specialized in job-offerings, I chose four daily newspapers and one weekly magazine. These are PHILIPPINE DAILY INQUIRER, PEOPLE'S JOURNAL, Filipino Star NGAYON, BULGAR and THE JOB Finder. During the field research, I referred to four volumes of each newspaper issued weekdays and three volumes of the magazine issued on October 13, 20 and 27. The details of each medium will be described later.

2 Types of Labor Demand Seen in Want Ads

2.1 Total labor demand in newspapers

In order to find out the whole situation of labor demand in Philippine newspapers, I counted job offers in want ads of those four newspapers. I would like to explain that the number I counted is not that of want ads

Figure 1 Distribution of job-offers classified by type appearing in four Philippine newspapers, October 2000



¹ Central Intelligence Agency, United States of America "The World Factbook 2000" (URL: <http://www.odci.gov/cia/publications/factbook/index.html>)

² National Statistics Office, Republic of Philippines "Labor Force Survey" (URL: <http://www.census.gov.ph/data/sectordata/data1fs.html>)

Table 1: Detailed characteristics of four Philippine newspapers

Name	Price ³ (peso)	Characteristics
PHILIPPINE DAILY INQUIRER	15	English newspaper with much volume from about 40 pages to more than 100 pages. The paper consists of several sections of main section, business, life style and regional one. There are political, social, international, sports articles and even opinions (readers' columns) in the main section. It is fairly said that the readers are educated people.
PEOPLE'S JOURNAL	6	English newspaper with about 20 pages. There are articles of domestic news, opinions, entertainment, sports, etc. The paper has many want ads. Even if you find some articles written in Filipino, it is unusual.
Pilipino Star NGAYON	6	Filipino newspaper with 16 to 20 pages. It seems there are less articles of general news than PEOPLE'S JOURNAL but more articles about entertainment than that. This paper has an internet homepage. ⁴ The paper's company publishes English newspaper, too, called THE PHILIPPINE STAR.
BULGAR	5	Filipino newspaper with 12 pages weekday. There are a lot of readers' columns, entertainment articles, essays, etc. But the percentage of general news is the least among the four newspapers. It is fairly said that this newspaper is not a news medium but rather, a kind of life information medium.

either that of wanted personnel, but it is the number of demands for each job type. By referring to the classification used by the magazine THE JOB Finder, I divided all of the 691 demands in the newspapers into 17 sets. The reason why I referred to that magazine is it has a detailed and clear classification.

Figure 1 shows the result of the tabulation. Assuming this result reflects the whole situation of labor demand in Philippine newspapers, the figure shows the probability distribution of jobs that a person who looks at want ads in newspapers at random will find. "Domestic help" is the most demanded type of job. This is followed by jobs in the manufacturing sector classified as "Production/Factory" and "Engineering/Technical".

2.2 Labor demand in each newspaper

The aforementioned result is the labor demand found in the four newspapers. I assume that to a certain extent, the result reflects the whole labor demand appearing in Philippine newspapers. In this section, I will examine the specific features of want ads in each of the newspapers. Before going into the results, I will describe each newspaper in detail. This is shown in Table 1.

It is important to remember that the nature of a newspaper determines readership, which in turn affects the types of jobs advertised. This relationship may be shown by the number and percentage of the demand for 16 types of job which appeared in each of the newspapers examined. The results are presented in Table 2.

Of the four newspapers examined, the PHILIPPINE DAILY INQUIRER had the smallest number of jobs advertised with only 33 in total. Of these, 72.7 percent were for "General Office/Secretarial". In contrast to the other three newspapers where demand for "Domestic Help" comprised more than 20 percent of the total number of jobs advertised, it is highly noticeable that this newspaper only has 3 percent for this type of job.

For people who are serious in finding a job, it is highly advisable for them to look at the want ads of PEOPLE'S JOURNAL. For the period under review, there were 434 jobs being offered in this newspaper. Aside from "Domestic Help", the major demands were in "Production/Factory" and "Engineering/Technical" and then

³ Newsstand price per issue in Metro Manila

⁴ URL: <http://www.philstar.com/philstar/>

Table 2 Breakdown of job demands by type appearing in four Philippine newspapers, October 2000

	PHILIPPINE DAILY INQUIRER		PEOPLE'S JOURNAL		Pilipino Star NGAYON		BULGAR	
	Number	%	Number	%	Number	%	Number	%
Management/Supervisory	0	0.0	2	0.5	18	11.5	3	4.4
Accounting/Auditing	1	3.0	1	0.2	0	0.0	0	0.0
General Office/Secretarial	24	72.7	11	2.5	26	16.7	2	2.9
Marketing/Sales	0	0.0	30	6.9	16	10.3	3	4.4
Production/Factory ⁵	1	3.0	110	25.3	7	4.5	1	1.5
Engineering/Technical	0	0.0	75	17.3	3	1.9	2	2.9
Computer ⁶	0	0.0	3	0.7	5	3.2	0	0.0
Hotel and Restaurant ⁷	2	6.1	17	3.9	2	1.3	4	5.9
Education/Sports ⁸	0	0.0	0	0.0	2	1.3	0	0.0
Medical ⁹	2	6.1	6	1.4	3	1.9	2	2.9
Personal Care ¹⁰	0	0.0	2	0.5	1	0.6	0	0.0
Arts and Entertainment	0	0.0	2	0.5	0	0.0	4	5.9
Security/Janitorial	0	0.0	13	3.0	1	0.6	1	1.5
Domestic Help ¹¹	1	3.0	101	23.3	46	29.5	39	57.4
Creative/Media/Publishing	0	0.0	5	1.2	4	2.6	0	0.0
Driver/Gardener	0	0.0	20	4.6	1	0.6	2	2.9
Other Employment	2	6.1	36	8.2	21	13.5	5	7.4
Total	33	100.0	434	100.0	156	100.0	68	100.0

followed by “Management/Supervisory”. From the results, it seems that want ads in this newspaper are mainly for the middle class and is intended mainly for manufacturing.

In NGAYON, aside from “Domestic Help” which again topped the demand at about 30 percent, the other top three demands were “General Office/Secretarial” at about 17 percent, “Management/Supervisory” at 11.5 percent and “Marketing/Sales” at 10 percent. With these results, we can say that newspaper’s want ads are towards managerial work. And similar to the trend observed in PEOPLE’S JOURNAL, it seems the ads in this newspaper are also for the middle class.

In the case of BULGAR, the table shows strong bias towards “Domestic Help”. It is fair to say that target of this paper’s want ads are low income classes, because the wage of “Domestic Help” is lower than that of other job types in which wages were specified.

2.3 Comparison of English newspapers and Filipino newspapers

In this section, I will present the newspapers’ characteristics based on the language used in the media. Dividing the four newspapers into two groups by language, the difference between English newspapers and Filipino newspapers is shown in Figure 2.

Figure 2 shows that if a person reads a newspaper written in Filipino newspaper, he will find that 40 percent of the job offers is for “Domestic Help”. This type of job commands the highest demand of all types of

⁵ The main component is sewer.

⁶ Demands a person who has high knowledge and skills about computer. For example, the ad which demands a secretary with computer experience is classified in “General Office/Secretarial”.

⁷ Waiter, waitress, bellboy and cook but not hotel and restaurant manager or family cook. They are classified in “Manager/Supervisory” and “Domestic Help”, respectively.

⁸ Most of them are private tutors.

⁹ Most of them are nurses and midwives.

¹⁰ Hairdresser, beautician, manicurist, etc.

¹¹ Maids, babysitters, family cook, etc.

Figure 2. Distribution of job-offers by type according to the language used by newspapers

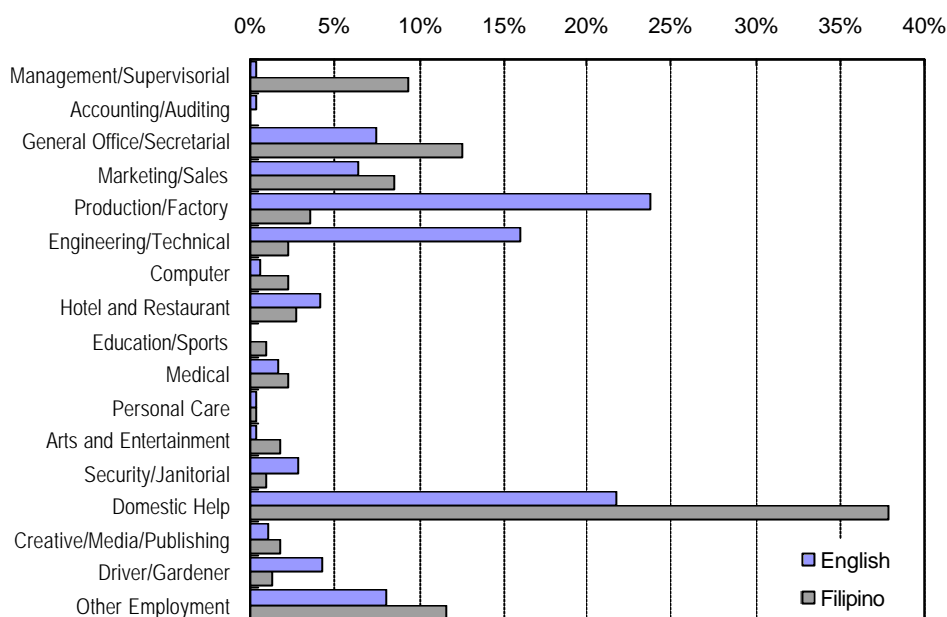
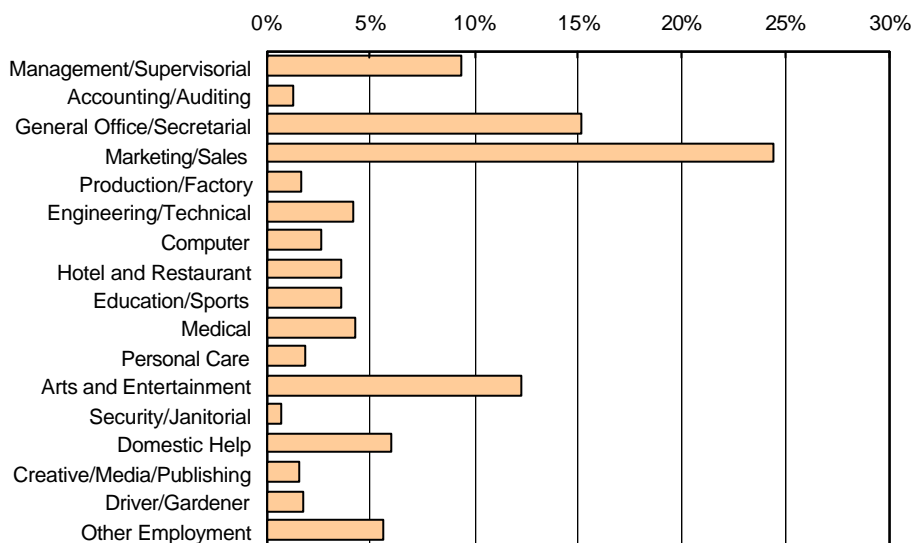


Figure 3. Distribution of demand by type of job ,THE JOB Finder, October 13-27, 2000



jobs advertised in the national language. On the other hand, if one reads an English newspaper, he will find that the highest demand will be on “Production/Factory” followed by “Domestic Help” at 25 percent and 20 percent respectively.

2.4 Labor demand in a specialized magazine

THE JOB Finder is an English weekly magazine, specialized in job-offerings, which has hundreds of want ads in about 30 pages. People who are looking for a job can also advertise themselves in this magazine. There are versions for Metro Manila and for outside of Metro Manila, priced at 15 pesos and 10 pesos, respectively. However, by closely examining the contents, I found little difference in the want ads between the two versions.

Compared to the prevailing trend of job demand in the other four newspapers, we can see that there is

smaller demand for domestic help and manufacturing work in this magazine (Figure 3¹²). The top demand is for “Marketing / Sales”. It is also interesting to note the classification “Arts and Entertainment” which is classified for overseas assignment. For this type of job, I found that 61 or 24 percent of the total 258 openings are bound for Japan.¹³

3. Conclusion

From the four newspapers and the specialized magazine, it was found that highest demand was for domestic help. While there is no single distinguishing feature of the trends of jobs as advertised for each of the newspapers, we can say that the medium used, and as a consequence the type of readers, determine what type of jobs are demanded. I found there is a dynamics for labor demand in print media, which is held not only by the people who are seeking a job but also by the advertisers. That is why the nature of the want ads in the medium reflects well the features of each medium.

As to the issue of OFWs, it is very interesting to find that a quarter of the “Arts and Entertainment” ads are destined for Japan. This is the minimum figure since it is assumed that there were more ads which did not specify the location of the job. In the Philippines, sending of people to work abroad is not so special and the country has the capacity to respond to the demands of foreign countries, especially those in Southeast Asia, the Middle East and Japan. This may indicate the advantage of English education, the adaptability by the country’s colonial history, and domestic industries’ small capacity for absorbing the labor force, for the time being.

The number of want ads in mass media is not small, thus it can be said that people in the Philippines can easily get information on finding a job. But as far as my research results have revealed, it is fair to say that mass media in the Philippines have not yet responded to local labor demands. If the media would be able to provide different want ads in different regions effectively, it could have much more influence on the nationwide labor market. When this is realized, it will follow that people have the sure means of finding a job in terms of speed, price, quantity and locality.

While I referred to the job classification used by THE JOB Finder, there might be other ways by which more interesting findings might be discovered. In this research, I was able to find the relationship between types of job and wages, as well as between types of want ads and the regions where the ads were placed. I am sure there are more worthwhile findings waiting to be unearthed. Furthermore, a comparison of broadcast media such as television and radio vis-à-vis print media as an effective means of job advertisement would be another interesting field of research¹⁴.

¹² There were 2,099 demands for various types of job in the three volumes.

¹³ Not all of the entertainers go to Japan. Other Overseas Filipino Workers (OFWs) bound for different countries were found in the four newspapers. There were 41 OFW demands in total and the main destinations are Saudi Arabia, Singapore, Brunei, Taiwan and Hong Kong. The main job openings were “Domestic Help” and “Engineering/Technical”.

¹⁴ About influence of mass media, see; National Statistics Office –Department of Education, Culture and Sports, Republic of Philippines “1994 Functional Literacy, Education and Mass Media (FLEM)” (URL: <http://www.census.gov.ph/data/sectordata/dataedlit.html>)

The Issue of Pedophiles in Pagsanjan

Mariko Ueda (WG4)

Background, Objectives and Methodology

The municipality of Pagsanjan has gained a notorious reputation as a haven for pedophiles. We learned this before visiting the Philippines for the Overseas Field Work (OFW) 2000. Our group did a study on the impact of tourism on social change in Pagsanjan.

While gathering data for our analysis, we realized that the problem with pedophiles is one of the crucial issues being faced by the local society. Also, since my main field of research is prostitution in Thailand, the pedophile issue is closely related to it. Thus I developed a keen interest to learn more about child prostitution in Pagsanjan. However, my desire to learn has been hampered by availability of information. First, public discussion of the problem of pedophilia occurring in one's hometown, in particular with a group of foreign researcher like me, hurts a person's sense of morality. This is especially true in a country where people pride themselves with their Catholic faith. Thus, it was sometimes difficult to make individuals speak about it. As a result, the information I was able to gather was limited.

My report will focus mainly on what I obtained from the interviews with local people and from key informants from the non-governmental organizations we visited during the field research. Before going to the interview results, I will first explain the definition of a pedophile. Then I will present the experiences of two non-governmental organizations (NGOs) fighting against pedophilia and sexual abuse of children. From the stories, I was able to obtain quite a lot of information on the issue of pedophiles in Pagsanjan

What is a pedophile?

A pedophile has been defined as 'a grown person who seeks gratification with a pre-pubescent or pre-adolescent child and prefer the child as sexual object'. Generally, people who are gratified by children are categorized into two types. The first refers to people who are tenacious to have sex with children and are usually called "pedophiles". On the other hand, the second refers to people who do not favor of children very much, but choose children as sexual partners by chance and are categorized simply a 'sex tourists' (O'Grady, 1994). Pedophiles are mostly men. Some of them prefer to have children who are 10 to 12 years old, while others favor 13 to 15 years old children. Most pedophiles choose only boys as partners and are called "pederasts". In some cases, pedophiles mostly choose girls. However, it is rare to find a pedophile who takes both boys and girls as partners.

In Pagsanjan, I was able to find a local term for a pedophile victim. The term used is "pom-pom" which refers to male child prostitute. The local people understand the term 'pom-pom' easier than pedophile or prostitution.

People's Perception and Origins of the Pedophile Issue

During the conduct of the research, I found that most people whom I interviewed in Pagsanjan recognized the pedophile issue. I got the impression that it is a common knowledge among the people that the town is notorious for pedophiles. From what I gathered from the literature and interviews, the problem of pedophiles in

Pagsanjan traces its origin in the 60s. At the start, it was small and almost negligible. However, the local and international media got wind of the problem and blown it beyond manageable proportions in both national and international levels. Since then, the town of Pagsanjan has gained a notorious reputation as a haven for the gay community.

As mentioned in our group report, the issue of pedophiles is related to the emergence of tourism as an industry. While I am aware that the Philippines has become a famous destinations for sex tourism and a large number of foreigners visit the country for this purpose, I could not find any obvious reasons why Pagsanjan became famous for pedophile and not for prostitution or the sex industry in general. However, I heard some interesting stories on pedophile from several people.

Council for the Protection of Children in Pagsanjan (CPCP)

The Council for the Protection of Children in Pagsanjan, better known by its acronym CPCP, is one of the NGOs which used to work for the prevention of child prostitution in the municipality. During our field research, we had an opportunity to talk to a key informant who was a former member of the NGO but is now working as a home-economics teacher in a primary school. According to him, CPCP was established in 1957 by a gathering of more than a hundred of group members. The age-range of the children they target for assistance was 7 to 13 years old. I gathered that according to the Constitution of the Philippines, it is illegal for someone to have sexual relationship with a child under the age of 12.

The key informant clarified that the pedophile victims were usually pimped and taken from other areas like Metro Manila before being brought to Pagsanjan. Thus, according to him, the child victims are not from the town. He said the issue was treated with a sensational tone by the media. This he attributed to the vested interests of big businesses involved in the promotion of choice destinations among foreign tourists. He also explained that the story dished out by media was not always true and therefore should not be believed at all times.

The CPCP ceased its activities in 1980 since based on the collective judgment of the NGO's members, the problems of pedophile and child prostitution in the town has been stopped. Thus, there is no more reason for the NGO to continue with its activities. The claim that problem of pedophiles in Pagsanjan has ceased to exist since the 80s did not come only from the key informant but was further corroborated by the many people whom we have interviewed in the town. They said that issue of pedophile is a thing of the past since it has been totally eliminated. However, some people in adjoining municipalities claim that the problem of pedophile still exist albeit in small scales. I do not have sufficient evidence to judge which of the competing claims of the town's residents and their neighbors from other towns is true. However, from the information that I gathered, I can say that at least at present, the people of Pagsanjan do not consider the issue of pedophile as a problem any more.

Pagsanjan Women's Club

The Pagsanjan Women's Club is one of the many women's associations established in the town during the 70s. The establishment of these women's groups was mainly a byproduct of American influence where women were very active at that time. The purpose of the association is to assist local people and the community. Among others, its activities includes provision of free medical services to the needy, free feeding of children from poor families and the rehabilitation of old buildings with cultural significance. In addition, the NGO also supports income-generating projects. For purposes of the research, we were able to talk with two members of the

association. According to the members, the association is faced with lack of funding. Given its financial constraints, the association has reduced its activities to a smaller scale as compared before

From the interviews with the key informants from the association, I found that contrary to the earlier claims, the pedophile issue is still a problem in the municipality. The two key informants said persistence of the problem is rooted in poverty. Poverty drives children to enter prostitution. Given the causality of poverty and child prostitution, it is my opinion that this women's club plays a very important role in preventing child prostitution. This it can do so by helping the poor to generate additional income. Of course, while I recognize that helping raise poor people's income does not directly contribute to the organization's objective of stopping and or preventing child prostitution, I believe that its contribution must be reckoned in terms of its long-term effect.

One of the key informants from the association told us a lot of stories on the problem of pedophiles in the town. She was really indignant at what had happened in Pagsanjan. She said that it was an English woman who destroyed the image of the town by publishing a very sensational newspaper article on the pedophile issue. Because of this article, Pagsanjan became famous with its bad reputation as a haven for foreign pedophiles. I tried to look for the article myself but I was unable to do so, thus I cannot form my own judgment as to how it was written and whether it did damage the reputation of Pagsanjan as described by the informant. However, I do understand how indignant the informant was since she said: "She (referring to the article's author) did not care about our feelings." From what I heard from her, I learned how powerful media is for it can make or unmake the image of a town and a country through the influence it has over readers and listeners.

Concluding Remarks

Since my research was mostly based on results of interviews, I could not obtain enough information to arrive at a general conclusion. From what I have gathered, I can say that almost all the people in Pagsanjan recognize the issue of pedophiles as having lent a bad reputation to their hometown. However, while they consider the issue as a thing of the past, people from neighboring towns claim that this remains as a problem in Pagsanjan. I do not have sufficient evidence to support either of these claims and thus cannot conclude with utmost degree of confidence whether the problem has stopped. What I can say is, whether the problem still exist or not, at least it has been minimized through the collective effort and contribution of the local people.

As to the claim that Pagsanjan is a pedophiles' paradise, I can say from the results of our fieldwork that this bad image was a media creation. While I do recognize that pedophilia may have exists in Pagsanjan during the past, it was not at an alarming scale. It was the power of media which aggravated the issue.

Finally, I will compare my findings in the Philippines with that of Thailand. From my experience of having stayed in Thailand for a longtime, I know it is a taboo to ask questions on the issue of child prostitution since this is considered as a sensitive matter. I found the Thais, especially those in rural areas or those occupying government positions, usually hesitant and even reluctant to answer questions pertaining to this negative issue. In contrast, my experience in the Philippines has shown the exact opposite: Filipinos have a little hesitation to speak about pedophiles, prostitution, and other negative issues. Given the different findings between the Philippines and Thailand, I can say that in terms of public discussion of negative societal issues, there is a sort of cultural difference between the two countries. However, I will qualify my statement: the fact that the people of Pagsanjan consider the issue of pedophiles as a problem of the past may have emboldened them to speak openly on the issue.

The big difference on how the Thai and Filipino societies have approached a negative societal problem as a topic for discussion is one of the most interesting findings that I learned from this field research.

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SMEs in Rural Area in Laguna

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1. Introduction

During OFW, Group visited several SMEs (small and medium enterprises) in Laguna province and held interviews with them. In the Philippines, SMEs make up over 99 percent of all enterprises in the country. And 95 percent of all manufacturing enterprises are SMEs, of which 70 percent of total companies registered with the Board of Investments (BOI). SMEs account for over 50 percent of the country's job pool and contribute with more than 28 percent of the value added in production (Perilla and Abarquez, 1998). SMEs are viewed as vital in dispersing new industries to the countryside and stimulating gainful employment (BSMBD, 2000). It means that SMEs' contribution to the income generation of local people is important, thus its impact on the local economy is significant.

Most of the SMEs we visited in Lumban, Paete and Pangil are traditional industries such as barong, woodcraft and papier-mache industries, and their production is dependent on the traditional skills and technologies. Their products are provided not only to the domestic market, but also to international market, mainly to EU, the U.S and Japan. However, the competition in the international market has become stiffer recently, and demand for their products is decreasing. The SMEs are now facing some difficulties to promote or maintain their profit.

Throughout the research, we found that the SMEs made efforts to get over the difficulties, although, they still have problems in many fields such as finance, marketing, production, personnel management and supporting system, and the problems intricately intertwine. The purpose of this paper is to examine the problems faced by the SMEs and to consider what is needed for getting over them. In the following sections, I divide the problems into two categories, internal and external problems, and then, discuss some of the problems. As a conclusion, I will consider what is the most favorable solution at the present condition.

2. Problems of SMEs in rural area

2-1 Internal Problems

In this section, I examine some problems, which exist inside the companies from the point of view of the costs and quality of the products. Owing to the stiff competition in the international market, especially with Chinese companies, and also owing to decreasing demand for the SMEs' products, it could not be denied that keeping or reducing its costs and improving the quality are essential for the SMEs to maintain or promote their profit.

Regarding the costs, recently, the problems related to the raw materials are serious, especially in the woodcraft industry. Wood is the main and indispensable material of the industry. However, the material has been in short supply locally and also due to "the total log ban"¹, the producers of woodcraft have difficulties in procuring wood. They have to seek new places for supplies, change material or diversify their products such as

¹ Total log ban is the law against deforestation and for restoring woods implemented by the government in 1990s.

ice carving. Now although some of the SMEs substitute imported wood and MDF (medium density fiber) for a portion of the materials, the costs of these materials are expensive, as well as, it requires domestic transportation fee. As a result, the total costs for the raw materials become much higher than those procured in the Philippines.

Another problem is the existence of middlemen and exporters. Most of the SMEs we visited provide their products to the market through middlemen and/or exporters. The roles of middlemen and exporters are to collect the products together, to bring them to the market and to take the order to the SMEs from the customers, and sometimes they introduce new customers to the SMEs. Some of the SMEs determine the design and the quantity of products with the middlemen or exporters. The role of them might be important, however, on the other hand, they hold a dominant bargaining position and take a high broker fee. In the end, the profit of the SMEs becomes unreasonably small in many cases.

In spite of increased costs, it is not so easy to raise the prices of the products, leading some of the producers to shift their business to other businesses, for example, papier-mache.

In the research, we met a lot of people who emphasized the importance of quality improvement to promote their profit. They said that SMEs needed to improve the quality of their products, diversify them and develop new products to make new demand or needs and also to overcome reducing demand and stiffer competition in the international market.

All of the SMEs we visited are labor-intensive industries and most of the products are handmade. It means that the quality is depending highly on the workers. In traditional industries, generally, the skills and technologies are taken over from parents or senior workers, and most of the SMEs do not have a training system, moreover they do not even take the necessity of it into account. Also, they do not have a concrete quality check system. In most cases, the owners check only the quality of the final products. Absence of training and quality check system would lead to poor improvements of skills embodied in each worker and less acquirement of skills and technologies. Meanwhile, the SMEs we visited in Calamba, a more urbanized area, have comprehensive training and quality check system. One of the SMEs hires trainers and trains workers before the workers engage in the jobs. In addition, they examine the skills of workers periodically to keep the high and regular quality of the products. In terms of the quality checking, the senior or specialized workers check the quality in each process. If people would like to achieve the improvement of quality as one of the objectives, it is necessary for the SMEs in the traditional industries to make a concrete system of training and quality checking like the SMEs in Calamba.

In addition, throughout the research, we found most of the SMEs are lacking of R&D department, not only for technology but also design of products. To diversify and develop the products, and also to improve the quality, having or strengthening the R&D might be necessary.

In Paete, one association was established to get over these problems. PAETEM (Paete associated enterprises for trading, export and manufacturing, Inc.) aims (1) to eliminate the middlemen, (2) to export directly their products, (3) to have their own shops in Paete and (4) to provide training system for woodcarving and paper-mache. PAETEM also has a plan to establish R&D center for diversifying and developing the products in woodcraft and papier-mache industries and training center for the workers engaged in the industries to provide an opportunity to improve their skills. The activities of PAETEM can directly involve the SMEs in the area and are expected to promote the SMEs in the area, and to contribute to prosperity of the industries.

2-2 External Problems

In this section, I deal with the problems of the supporting system. Throughout the research, we found that a supporting system is necessary for the SMEs in Laguna to get over internal problems and to promote their profit. However, at the same time, we also found that the supporting system has some problems.

In terms of support from the government, central and local government recognize the importance of promoting SMEs, and have plans or programs for promoting them. For example, DTI (Department of Trade and Industry) hold trade fairs in CITEM (Center for International Trade Expositions and Missions) to assist SMEs to expand their market, and DTI also holds seminars for SMEs to develop the culture of entrepreneurship. The government established training centers or vocational courses for people to acquire knowledge of technology, management, finance and so on. However, SMEs said that they do not receive any support from the government

Despite of the existence of a supporting system, why do SMEs feel that they do not have support from the government? One of the reasons would be that the target of the plans is so limited that all of SMEs do not have such support. Concerning the limitation of the target, three reasons can be considered. The first reason is restriction of the governments' budget allocation. If the governments give less priority over the traditional industries, fewer shares of the budgets would be allocated to the industries. Then, the SMEs in the industries have problems with getting the benefit from the support. In addition, the SMEs we visited perform relatively well in their businesses, therefore it is considered they are out of the targets of the plans. Secondly, according to one of the government officers, SMEs that have registrations of business name, accreditations, and licenses are just the tip of an iceberg. It means that it is so hard to grasp the actual situation of SMEs that the targets of the plans are likely to be one-sided. The third reason is lack of effectiveness of the supporting system. According to the same officer, because of decentralization, the decisions between the central and local government are difficult to be synchronized. Also, corruption in the government makes the support unsustainable. These reasons cause the supporting system to be less effective.

What kind of supports do SMEs need? First, financial support is necessary. It is important for SMEs to get financial support not only from the governments, but also from other financial institutions like banks. In the Philippines, the banks generally do not have special windows for SMEs and it has often been said that it is hard for SMEs to obtain adequate loans, because of high interest rates and high requirements. At one bank we visited, in terms of the number, the main borrowers of the loans are SMEs. However, most of the loans go to the SMEs in an industrialized area near Metro Manila. In rural areas such as Paete, Pangil and Lumban, the bank has difficulties with getting collateral securities, so that the bank does not give that many loans to the area.

Secondly, technical support is also needed to improve the quality of the products, and to diversify them. As I mentioned above, the governments have established vocational schools and training courses, and hold seminars to acquire or to improve the skills and technologies. One of the workers we interviewed said he would like to receive the training if possible, but indeed, it is not so easy because of school fee and time constraint. It can be said that they need to have access to the support.

In addition to these kinds of support, information support is also important. Information, for example, on the state-of-the arts in the different sectors, the internal and external influencing factors, availability of the required resources, forecasts of economic, political social technological and cultural trends; experiences in other countries with similar environmental conditions and utilizing the same or similar technologies etc. help determine the priorities for development vis-à-vis national development goals (Salazar, Jr. and Ticsay). These

kinds of financial, technical and information support have the problem of accessibility and equal distribution. Even if the governments and other institutions have special treatment for SMEs, without good conditions and equality in its accessibility and in distributing, the support system would not work well. That is, there is lack of a comprehensiveness of the supporting system for SMEs.

3. Conclusion

Taking into account the internal and external problems, we found there are still problems they have to solve to promote their profit. As a conclusion to this report, I would like to discuss the promotion of associations like PAETEM as one way of promoting SMEs. At the present situation, it is true that each SME does not have enough foundation for operating the business to overcome the problem by itself. However, once they come together, for example, they could have collateral securities for loans, they could share the costs of transportation of their products to the market, that is, they do not need to use middlemen or exporters, and they could share information and skills. These are expected to stimulate the activities of the SMEs more aggressively. In addition, constructing and strengthening the relationship among such kind of associations over the area could help promote the SMEs' activities. For example, in Paete and Pangil, there are similar industrial structures, so that if they have some relationship, they can learn about their experiences and exchange information with each other. It could also contribute to solve problems to some extent, and also to discover new ways of promoting the SMEs in the area. Furthermore, the activities of the association involve the SMEs in the area, and aim for helping and supporting them. Therefore it is considered that if the government supports the association, the benefit of the support will easily go to the SMEs.

Finally, whether the SMEs can be promoted, it depends highly on their effort. It means that they need some incentives to bring out their effort and also to raise the motivation when they try to change something for the better. In terms of the supporting system, the whole system also has to promote SMEs' effort and motivation at the same time.

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Women's Vocational Training in the Philippines

- Empowerment through Non-formal Training -

Riai Yamashita (WG2)

1. Introduction

In the era of globalization of the world economy and Asian economic crisis, there is an urgent need to empower women to contribute equally to various economic activities. This could be done by giving them access to technical vocational education and training (TVET). In the Philippines, women's access to TVET has been limited because of the assumptions about what women can and should do. However, it is high time that women gain access to training in order to improve their socio-economic status.

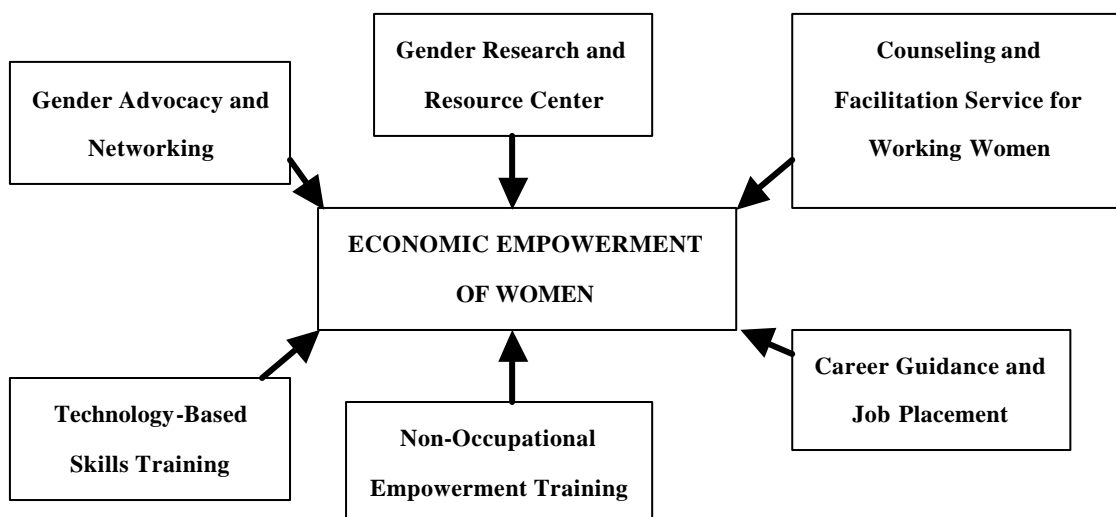
This paper focuses on three different levels of non-formal TVET, namely national, provincial and NGO levels. It examines to what extent each TVET promotes women's empowerment, especially that of the poor.

2. TESDA (Technical Education and Skill Development Authority) Women's Center

- National Level -

The TESDA Women's Center was officially inaugurated on April 28, 1998. The government of Japan provided a grant of Japanese Yen 2.6 billion for the creation of the center. This center aims to contribute to the improvement of the socio-economic status of women through training, research and advocacy (see Figure1). It seeks to develop highly skilled, globally competitive female workers and entrepreneurs and provide a conducive environment that expands their economic choices.

Figure 1: Objectives of Women's Center



The center offers technology-based vocational training for women in traditional and non-traditional fields in nine trade areas namely: automotive, agro-processing, craft-gifts and house wares, ceramics, electronics, garments, hotel and restaurant management, jewelry, and metals (welding). The training courses include Pre-Employment Training (4-6 months), Skills Upgrading Training (1-2 months), Comprehensive Trainers

Training (20 months) and Training Methodology (80 hours). The center also provides empowerment training in: Gender Sensitivity, Entrepreneurship Development, Leadership Development, Work Ethics and Values Development, Cooperative Development, Community Organizing, and Advocacy and Social Marketing.

The target clientele of the training programs are women in the urban and rural areas, female employees and professionals. Results of the questionnaire survey we administered to the trainees show that they are at least high school graduates and some of them are college graduates. Also, around 20 percent of them already have some work experiences before. In this sense, it can be said that the target population of this center are not the poorest women living below subsistence levels, who cannot afford to access to secondary education and who do not have any employment opportunities. This exclusion of the poor may be partly because the center is located very far from the center of Metro Manila, so the trainees have to pay a lot to commute every day.

3. “Productivity Skills Capability Building for Disadvantaged Women” by DSWD (Department of Social Welfare and Development) -Provincial Level-

The project called “Productivity Skills Capability Building for Disadvantaged Women” is reflective of the Philippine government’s thrust on rural development as well as employment generation. It seeks to provide skills training to disadvantaged women which will enable them to gain employment and thus to increase family income. The five areas of specialization are sewing craft, toy craft, food processing / preservation, ceramics / pottery and rattan craft, utilizing hi-tech equipment donated by JICA. The priority targets of this project are the disadvantaged women from depressed barangays. Their age ranges from 18-59 years old and at least elementary school graduates. They belong to the subsistence level with an income of not less than P2,700 per month for a family of six.

There are three main objectives of this project as follows:

- (1) To improve the status of disadvantaged women through provision of skills to enable them to become productive, thus contributing to increased family income through self-employment, open employment or sheltered workshop. It also provide them opportunity to improve their understanding and practice on maternal and child care, self-enhancement, community participation, livelihood as well as social communication and skills development;
- (2) To encourage women to remain in the rural areas thereby preventing out-migration either to urban centers or abroad; and
- (3) To organize women’s groups to set up community production centers owned and operated by them utilizing their newly acquired skills.

Based on the results of the interview we did during our visit to the training center in Santa Cruz, we found that on the basis of availability of funds, additional funding support may be extended to the trainees. For example, the center provides subsistence and actual transportation to and from residence to training site. This could enable poor women who cannot afford to pay transportation fees to enter the courses. As we mentioned in our group report, 40 percent of the graduates of sewing craft get open employment in garment factory and the other 40 percent become self-employed. In the case of food processing, most graduates become self-employed. Here, we realized it is almost impossible for the graduates to buy sewing machines or food processing machines, thus if they do not get employment in factory, they cannot utilize their acquired skills. Therefore, some improvements are needed especially in relation to graduates’ follow-up. Moreover, the case where applicants would not be

accepted if they cannot present a written consent from the spouse remains. This implies that the most disadvantaged women who are strongly subordinated to their husband and do not have any decision-making power cannot have access to this project.

4. Small Workshop in Payatas -NGO Level-

The Japanese NGO called ICAN provides women's vocational training in Payatas, Quezon City. Payatas is the famous place where "the smoky valley" (garbage mountain) is located. Unfortunately, the mountain suddenly collapsed in the morning of July 10, because it became too high, and 234 people died. It is said that at present, more than 100 people have not been recovered and remain buried under the rubble.

ICAN offered emergency support to the people who suffered from this calamity. At the same time, it started a small workshop for poor women who urgently need income for their family's survival. One of the participants is a graduate of TESDA's training course and she teaches how to make a teddy bear to other participants. ICAN supports the supply of materials and the sale of finished products to Japan. This workshop seems to be very successful and provides benefits to the poor women.

5. Conclusion

It is no doubt that TVET has a great possibility of improving the economic situation of women in the Philippines. However, we also have to recognize that the provision of TVET does not automatically lead to women's empowerment, especially that of the poor. First, if we do not look at who really the target population of the training is, it is often the case that the poorest people are excluded. There is also a tendency that as the training center becomes bigger and centralized, the number of the poor participants becomes smaller. Second, the acquired skills would not be utilized if there is no support for job acquisition after the completion of the training, such as career guidance, job placement assistance, and basic business management for self-employment. Third and last, it is important to pay much attention not only to the inequality among households, but also to the issue of power distribution within the household. This is because gender relation within the family always affects women's empowerment.

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Working Group 1

**Situation Analysis of Small and Medium
Enterprises in Laguna**

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1. Introduction

In both developed and developing countries, small and medium enterprises (hereafter SMEs) play a very significant role in economic growth. SMEs provide job opportunities, create wealth, and promote modernization and contribute to technological changes. The Philippines is not an exception to this worldwide trend. About 98 percent of all business establishments in the country are classified as SMEs. Moreover, SMEs account for over 50 percent of employment and contribute to more than 28 percent of the value added in production. As such, it is expected that SMEs play a very important role in regional economic development in particular in the rural areas of the country. The role of SMEs in the Philippines is not limited to the simple creation of wealth or capital. These enterprises are also vital in correcting regional disparity by introducing new industries in the countryside and stimulating the local labor market. SMEs are more likely to be labor-intensive and thus provide jobs to wherever these are located. In this sense, they bring more balanced growth of the regional economy and equity in income distribution. For these reasons, Working Group 1 decided to focus on SMEs as our research topic for the Overseas Fieldwork 2000 in Laguna province, Philippines.

The report is organized into six sections. In the first section, we will present our research objectives and the methodology used during the research. The second section will explain the definition of SMEs in order for us to identify the size of enterprises. In section three, we will provide an overview of the situation and context surrounding SMEs in the Philippines. In section four, we will discuss about SMEs we visited during the fieldwork in some municipalities of Laguna. In section five, from the data gathered through the fieldwork, we will analyze the problems being faced by SMEs in the Philippines in the form of a problem tree. Last, in section six, we will conclude our report by proposing possible solutions to the problems we have analyzed.

1-1. Research objectives

The main objectives of our group research are: (1) to analyze the current situation of SMEs in Laguna province; and (2) to identify the problems faced by SMEs and propose some possible solutions.

1-2. Research methodology

In preparation for the fieldwork, we first identified the characteristics of SMEs in Laguna by gathering data through the Internet. Based on the information gathered and through literature review, we decided that our research hypothesis is as follows: "SMEs have big economic impact on the regional economy". For us to be able to test our hypothesis, we formulated several questions on various features of SMEs in Laguna province. These include: income generation; employees; investment; export and import; domestic and international market; supporting organizations and policies including infrastructure; and impact of SMEs on other sectors.

For the gathering of primary data, we visited several SMEs in Laguna province. We then interviewed the managers and/or owners as well as workers of these enterprises. The findings from the interviews were validated with our own observations. The SMEs we visited during the fieldwork are shown in Table 1.

In addition, we also visited the following places and had interviews: (1) Laguna provincial government office; (2) municipal offices of Paete, Pangil and Calamba; (3) Center for International Trade Exposition and Mission (CITEM); (4) the Laguna branch of Land Bank of the Philippines; (5) Bureau of Small and Medium Size Enterprises Development (BSMSED); (6) Manila Office of the Japan Bank for International Cooperation (JBIC);

Table1: the List of SMEs and other institutions we visited in Laguna

Date	Place of Visit	Production items	Municipality
October 11	Marcia's Barong	Barong embroider	Lumban
	Eduviges Aquino Alunan Embroideries	Barong embroider	
	A small factory	Barong embroider (subcontractor)	
October 12	Paete Municipal Government		Paete
	Lilok Paete Art Gallery and several small factories	Wood carvings and papier-mache	
	Elvis shop	Wood carvings and papier-mache shop	
October 13	Pangil Municipal Government		Pangil
	Balasi Export	Papier-mache	
	KATABIL	Mineral water producing joint venture	
	Several small factories	Papier-mache (subcontractor)	
	A small jeepney factory	Jeepney	
October 14	CITEM & the trade fair		Manila
October 16	Dulay's garden	Plants and Gardening goods(wire works)	Calamba
	Land Bank of the Philippines		
	Calamba Municipal Government		
October 17	C.E.R. Handicraft enterprises	Accessories	Calamba
	T.A.V.A. Enterprises	Ornaments (wire works)	
	A bamboo processor	Bamboo house	
October 18	Bureau of Small and Medium Size Enterprises Development (BSMSED)		Manila
October 19	JICA and JBIC		Manila
October 21	PAETEM	Wood carvings and paiper-mache	Paete

(7) Japan International Cooperation Agency (JICA) Philippine Representative Office; and (8) Paete Associated Enterprises for Trading, Export and Manufacturing, Inc. (PAETEM).

To analyze the current situation of SMEs in Laguna, we developed a problem tree and an objective tree by using Project Cycle Management methods (FASID 1999). The problem tree was developed using the results of interviews, secondary data from several literatures collected during OFW, and from our own observations.

2. The Definition of SMEs

In the Philippines small and medium enterprises are defined as any business activity or enterprise, engaged in industry, agri-business and/or services, whether single proprietorship, partnership, cooperatives or corporation, whose total assets (inclusive of those arising from loans but exclusive of the land on which the particular business entity's office) must have value falling under the classification shown in Table 2 (DTI 1997). Although there are three categories, Micro, Cottage and Small, in this report we call all enterprises with total assets of P15,000,000¹

Table 2: Classification of SMEs in the Philippines

Category	Asset Size	No. of Employees
Micro	Below P*150,001	1 ~ 4
Cottage	P150,001 ~ P1,500,000	5 ~ 9
Small	P1,500,001 ~ 15,000,000	10 ~ 99
Medium	P15,000,001 ~ P60,000,000	100 ~ 199
Large	Greater than P60,000,000	200 and above

*Note: "P" stands for Philippine peso.

Source: DTI, 1997 as cited in Perilla and Abarquez 1998

¹ "P" stands for Philippine peso.

and below as small enterprises. In fact, according to a professor of UPLB, there are cases wherein the asset of the smallest enterprise is only P 500.

3. SMEs in the Philippines

Following the period of economic and political turmoil in the 1990s, the Philippine national government undertook a broad program of socio-economic reforms. These included an array of structural adjustment including deregulation, privatization, and price, trade and investment liberalization with the overall objective of facilitating the country's economic recovery.

The recovery was led by expansion of exports and foreign investments. In 1995, merchandise exports rose 29 percent, real Gross National Product (GNP) grew 9 percent and unemployment fell 9.5 percent. The contribution of SMEs to this recovery cannot be overlooked since SMEs might be one of the economic vehicles for growth, employment generation and social improvement.

As we observe in some of SMEs visited during OFW, the characteristics of SMEs in the Philippines are not different from other countries. In small businesses, they employ one or more functional supervisors who take care of production, sales or finance. The owner-manager is not actively engaged in production but performs tasks related to the direction and leadership of the output without help from specialized staff. It is not rare that the supervisor is also the business owner. A small firm also owns multi-functional technical tools and equipment operated by workers with basic technical skills. In most cases, there is a single product line produced in small quantity.

As to the problems encountered, we observed that almost all SMEs we visited have faced similar problems. They have to face difficulties pertaining to market, technology, human resource development and financing problems. The majority of SMEs is characterized by short supply in entrepreneurial and managerial skills. These two factors are more often the main causes of business failure. However, the major problem is the lack of access to adequate and low-cost sources of financing. In general, SMEs also lack access to information on areas which could assist them in their operations such as market opportunities, technologies, business linkages, training opportunities. These problems will be described in more detail in the following pages.

From the data we obtained from the DTI, the Internet and secondary literature, we were able to compile a profile of SMEs in the Philippines.

3-1. The presence of SMEs

As of 1995, there were 494,974 business establishments, both in the manufacturing and service sectors, operating in the Philippines. Of these 2,487 were large firms and 2,712 were in the medium size category. The rest consists of micro, cottage and small enterprises, which make up 99 percent of all Philippine business establishments (Figure 1).

As for job creation, in 1994, employment of SMEs in the manufacturing and service sector accounts for 66 percent and that of large firms is 34 percent (Figure 2). Considering the fact that most of small enterprises actually do not register business name to Department of Trade and Industry (DTI), we can say that SMEs contribute more to job generation.

Although we were only able to visit few types of SMEs during the fieldwork, we can say that SMEs in the Philippines engage in various industries. We estimate that more than 78 percent of SMEs are concentrated in

traditional product industries such as food processing, garments, gift, toys, handicrafts, metalworking, footwear, leather goods, and wood and bamboo products.

3-2. The Philippine Government's Policies for SMEs

The Philippine government regards SMEs as one of the vehicles of economic growth. Thus, in both manufacturing and service sectors, SMEs are supported by several laws and development plans. In 1991, Republic Act No. 6977 or the so called Magna Carta for Small and Medium Enterprises was enacted. The Magna Carta consists of the general policies for the development of SMEs and provided for the creation of the Small and Medium Enterprise Development Council (SMEDC) and the Small Business Guarantee and Finance Corporation (SMGFC). SMEDC is supposed to act as government advisory body on SME policy and coordinate national efforts to promote SME viability and growth. On the other hand, SMGFC is mandated to provide small firms access to low-cost credit sources. The SMGFC is under the supervision of SMEDC.

In addition, the Magna Carta required all banks and other financing institutions to allocate a portion of their loanable funds for exclusive use of SMEs. The portion required to be set aside are presented in Table 3. In consultation with the council, the Central Bank was tasked to formulate rules for the effective implementation of this provision. In 1997, when the Magna Carta's financing support finished, Republic Act No. 8289, which is an amended version of RA 6977, came into force and obliged sanctioning banks to allocate 10 percent of their loanable funds to finance SMEs until the year 2007 (Table 3).

Moreover, Proclamation No. 595 declared the year 1996 as Small and Medium Business Enterprises Development (SMED) year. In 1998, the "Philippine SME Development Strategy" was made known and this development plan prioritized the following five strategic in SME development, with corresponding programs and activities: (1) narrowing the focus by identifying priority sectors; (2) promoting mutually beneficial linkages among small and large firms; (3) strengthening technology and R&D initiatives; (4) bolstering human resource development; and (5) improving access to finance.

To implement these plans, the Philippine government established organizations related to

Figure1: Number of Philippine establishments (1995)

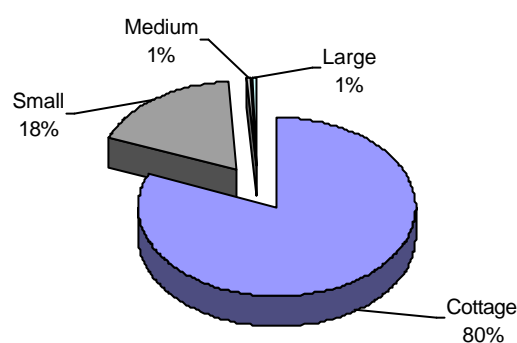
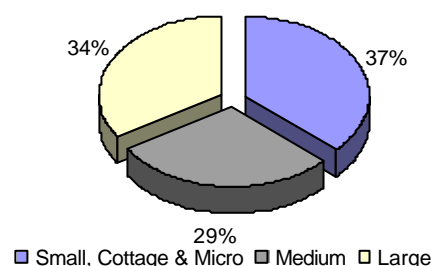


Figure 2: Employment by scale classification



Source: BSMED

Table 3 Percentage of special allocation of loanable fund to SMEs

Republic Act	Year	% of allocation for SMEs
No. 6977 (Magna Carta)	1991	5%
	1992-1995	10%
	1996	5%
	1997	0%
No. 8289	up to 2007	10%

SMEs development as described in the following pages.

3-3. Support Agencies/Organizations

The Philippines government has set up a number of agencies to implement those policies described above. In addition, the government has linked up with industry associations and other private business groups to improve delivery of critical assistance and services to SMEs. Through our research, we found that there are many organizations aimed at supporting SMEs. However, the existence and effectiveness of these organizations in assisting SMEs are being questioned. Weak coordination among these organizations is also considered as a constraint in SMEs operation. This aspect will be analyzed in detail in the later part of this paper.

Some of the organizations and supporting agencies we visited during the fieldwork, are as follows:

The Department of Trade and Industry (DTI) is the main umbrella organization of most government agencies assisting the SMEs. The department exercises administrative and operational jurisdiction over SME supporting agencies and councils which include the Bureau of Small and Medium Business Development (BSMBD), SME Development Council (SMEDC) and Bureau of Export Trade and Promotion.

BSMBD is mandated to promote the development of small businesses in the country with the help and support of local and international partners. The bureau is also mandated to initiate and implement SME programs to address the needs in areas concerning entrepreneurship and enterprise development and institutional development. On the other hand, SMEDC is authorized to ensure that the SME Development Plans are smoothly carried out. There are provincial SMEDC that have activities in policy services and formulation, advocacy, SME projects and services monitoring, and developing new SMEs strategies and approaches

Unfortunately, provincial SMEDC seems to be independent unit separated from national SMEDC. The linkage between SMEDC in national and provincial level is weak. Thus the programs in national level may be not distributed clearly and properly.

During OFW, our group was allowed to visit Center for International Trade Exposition and Mission (CITEM). The center is tasked with the responsibility of contributing to DTI's export growth targets by promoting the country's image as a reliable source of products in the international market. This objective is accomplished through well-selected and professionally managed trade fairs, trade missions, and other export promotion programs and activities held in the Philippines and abroad. During our visit, the CITEM was conducting a big exposition in promoting Philippines' miscellaneous products such as novelty items, fancy goods, wire works, papier-mache, furniture and others.

According to the presentation, CITEM has the following functions: (1) plan and implement trade and missions; (2) implement industry development programs for emerging export products and services; (3) coordinate merchandise and technical assistance programs; and (4) implement other programs and activities that impact on exports.

From an interview with one of CITEM's staff, we learned that although the center apparently has many activities in developing SMEs, its activities have yet to reach "the lower layer" of SMEs. One of the reasons given was because CITEM focuses on promoting SMEs to find new export markets for their products through CITEM exhibitions. As for the training service held by CITEM, the staff said it is difficult to encourage small enterprises to participate in the program since it requires high expenses.

With regard to financial support, we visited The Land Bank of Philippines in Laguna. We learned from the

Land Bank's staff that although financial problem is one of the main constraints for SMEs in operating businesses, banks do not provide special loan windows for SMEs. Since SMEs are considered as regular businesses, the SME's owners are expected to follow the same procedures just like a regular bank client. We think that this bank policy contradicts the Philippine government policy of providing financial support to the SMEs through the banks. This might be due to the weak coordination between the government and the financial institutions.

Besides the aforementioned organizations, there is also an increasing involvement of local government units in SME assistance and development. This we found when we visited some municipalities. There are organizations such as PAETEM and Laguna Chambers of Commerce and Industry that has been established by local people who have become aware of the need to sustain SMEs.

During our fieldwork in the Philippines, our group also had a chance to visit the international organizations such as JICA and JBIC. We thought these organizations could also provide support for the further development of SMEs in the Philippines. However, contrary to our expectations, we found that in the recent years, JICA and JBIC do not have any programs directly related to support SMEs in Laguna province. According to the officers whom we interviewed, Laguna is not a priority and is ineligible for assistance because it is considered to be economically well off if compared with other Philippine provinces.

4. SMEs in Laguna

Laguna's proximity to Metro Manila makes the province a strategic location for domestic and export

Table 4: Cottage and small-scale industries in Laguna Province

Type of Industry	Product	City/Municipality
Food processing	Puto and ampaw Buko pie Nata de coco Fruit candies Arrow root and biscuits Salted eggs and ballot Cottage cheese Halayan ube	Biñan Los Baños Alaminos Rizal; Liliw; Nagcarlan Liliw Santa Cruz; Calamba; Los Baños Santa Cruz; Pagsanjan Siniloan
Cut-flowers and Ornaments	Orchids, anthurium, gladiolus, ferns, palms, pepperomia, calathea, crotons, etc.	Los Baños; Calamba; San Pedro
Woodcraft	Toys, furnitures, Christmas and wall decors, religious statues, kitchen accessories, wooden shoes, novelty items.	Paete; Pakil; Pangil; Famy; Santa Cruz; San Pablo; Liliw.
Handicraft	Baskets, bags, hats, mats, kitchen accessories, novelty items	Cabuyao; Santa Cruz; Caavinti; Luisiana; Mabitac; Rizal; Los Baños; Pangil; Pakil; Majayjay.
Papier-mache	Christmas decors, novelty items, toys, house decors, figurines.	Paete; Kalayaan; Pakil; Pangil; Siniloan; Famy.
Stuffed Toys	Toys, wall decors, Christmas decors.	Paete; Pakil; Famy; Pangil; Santa Cruz; Mabitac
Metalworking (Jeepney assembling)	Jeep bodies	Biñan; San Pablo.
Metalworking (Agri-machinery-farm implements)	Palay threshers, power tillers, foot pump, welders, seeders, dryers.	Los Baños; Biñan
Metalworking (Cutlery)	Nippers, scissors, balot, Agri-tools	Santa Rosa; Lumban; Calamba
Garment/Embroidery	Children and women clothes, barong tagalog, polo barong	Lumban; San Pedro; Calamba; Alaminos; San Pablo City.
Metal craft	Architectural products, Furniture	Los Baños; Calamba
Footwear	Slippers, bakya or wooden Shoes	Biñan; Santa Rosa; Liliw

Source : Laguna Provincial Office(c).

business. The province has been identified as the fastest growing industrial area in the Philippines. As a primary growth center, Laguna, together with Cavite, Batangas, Rizal and Quezon provinces, is included in the CALABARZON development plan. With the establishment of three industrial estates such as Laguna International Industrial Park, Laguna Technopark, and Light Industry and Science Park of the Philippines, the province has experienced the influx of large-scale firms engaged in industries like textile production, electronics, food processing, and industrial machine and car assembly. However, we found that the part of Laguna province included in the CALABARZON plan is limited to the northwestern portion near Metro Manila. Municipalities in the southeastern part of the province considered as rural areas are not included in the plan.

There are 27,045 major industry establishments in Laguna. Of these, 26,626 or 98.45 percent of the establishment are classified as micro and cottage industries. Table 4 shows that most of establishments of micro and cottage industries in Laguna are engaged in relatively low-tech industries. We were able to confirm this when we requested one of the DTI staff to coordinate an interview with SMEs with working relationship with large firms. The DTI staff declined our request since according to him, there are no SMEs of this nature. In Laguna province, we were not able to find any relationship between large firms including foreign companies and SMEs. As Table 4 shows, there is a dual economic structure in Laguna. On the one side, there is the enclave condition of large companies. On the other side, we find the SMEs in traditional industries. This means that SMEs in Laguna do not make advantage of being near to the industrial estates.

In the following section, we will look at the present condition and the characteristics of SMEs in rural and urban municipalities we visited during our fieldwork. These include the municipalities of Paete, Pangil, Lumban and Calamba. Paete, Pangil and Lumban are quite far from Metro Manila and are not big municipalities given that the population is around 20,000 (Table 5). On the other hand, Calamba is very close to Metro Manila and is developing rapidly these days.

4-1. SMEs in Paete

4-1-1. Overview

Paete is about 113 kilometers southeast of Manila. The town has a population of 23,024 in 2000 and is estimated to grow at an annual rate of 1.09 percent (Table 5). According to Paete's history, the name of the town was derived from a tool used in the art of carving or shaping figurines known as "*paet*" in the local dialect or chisel in English. Due to the Paetenians' talent and skill in making sculptures, the industry has become well known not only in the Philippines but also throughout the world.

4-1-2. The current condition

Paete is recognized as the handicraft center of the Philippines. This recognition refers in particular to the woodcarving industry (Figure 3). Aside from woodcarving, papier-mache and resin-based handicrafts are also produced by the towns artisans. For hundreds of years, the Paete's handicraft products have been known in the world because of excellent quality and high level of artistry. With these into account, it is understandable why most of the Paetenians are engaged in handicraft industry as their main source of income. According to the most

Table 5: Estimated Population of 4 Municipalities

Municipality	Population	Growth Rate
Paete	23,024	1.09%
Pangil	20,319	2.84%
Lumban	24,309	2.02%
Calamba	272,331	4.46%

Source: NS.O. as sited from Laguna Provincial Office (b)

recent local governmental statistics, about 80 percent of the working-age population is engaged in handicraft industries (Paete Municipality, 2000).

Most of the products of the companies we visited are destined for the international market, in particular the United States, some European countries, and Japan. Only a few of the products are for the domestic market. Both raw materials and finished goods are handled manually. Until now, high-tech handling equipment is not needed.

The SMEs we visited show a similar pattern of employment and wage systems. Average number of workers in a factory is ten. Women work mostly on the finishing touches of the products. When orders exceed the capacity of the regular workers, it is a common practice for a firm to employ temporary workers. Besides, relatively large companies have many subcontractors, which are mostly household industries and supply semi-finished or finished products. There is no formal requirement for Paetenians to land a job because all of them are considered to have talents and skills to work in the handicraft industry. The wages paid for the workers depends mainly on the quality or level of difficulties and the amount of items they produced. For instance, in Lilok woodcarving gallery, a worker involved in quite big and difficult items can earn P 2000 in five days.

SMEs owners and managers in Paete are faced with two major operational problems concerning product cost and price and shortage of raw materials. The first problem concerns difficulty in getting a competitive price of the products for export. While production costs in the woodcarving industry have increased gradually, the price of the finished product cannot be increased because of the competition. The majority of the owners and managers whom we interviewed said that the demand for some items has decreased since 1998. In addition, Paetenian companies are gaining minimal profits because of the existence of middlemen. Since many of the companies do not have any contact with the export markets, the middlemen set the price and gain the margin for their exporting services. Given these problems, the mayor of Paete suggested to the owners of the five large enterprises for them to pool their efforts together and form the Paete Associated Enterprises for Trading, Export and Manufacturing, Inc. (PAETEM). Formally established on May 1st, 2000, the objectives of the association are as follows: (1) to achieve the prosperity of the town by promoting Philippine handicraft industry; (2) to create a new community where people will realize their wish to live a life of quality; and (3) to help build a nation by uplifting the lives of every worker to innovate and ascend into greater heights. In the performance of its tasks, the PAETEM has coordinative relationship with the municipal government. For example, the Paete municipal government lent PAETEM a loan of P 1.2 million at low interest rates.

PAETEM is expected to develop and widen the international market for Paete's products. As part of this effort, the association has put up the

Figure 3: Woodcarving factory in Paete



PAETEM gallery shop in the town center. The shop invites customers not only to see the products but also to feel the atmosphere of the Paetenians' arts. In the long term, the center can also help in promoting the tourism sector by attracting more people to come to Paete. However, except for the common activities held in yearly weeklong festivals, the local government has not planned any particular project to improve the tourism sector.

The second problem is the shortage of main raw material for woodcarving industry. Although we were not able to obtain exact information on the volume of wood consumed, we observed that the demand for wood as raw material is quite high whereas. On the other hand, the supply is limited. This situation has been further aggravated by the total log ban imposed by the Philippine government aimed at stopping deforestation and grave consequences to the environment, in particular land degradation. With the total log ban strictly implemented, the Paete woodcarvers have been prohibited from using excellent wood species such as narra as raw materials for their craft.

Both the municipal government and the Paete artisans have exerted various efforts to cope with the scarcity of raw material. Given the vital importance of the handicraft industry to the town's economy, the Paete local government with the cooperation of the private sector has started a wood plantation in a private land. This was aimed not only for supporting the raw material required in production but also to manifesting a commitment to environment-friendly business. In addition, in order for the artisans to continue producing wood carving goods, some enterprises have started to use alternative materials such as medium density fiber (MDF) material or imported wood. However, since these materials are more expensive than local ones, production costs jumped up. . Because of the shortage of raw materials for wood carving, some enterprises including household industries have shifted business from wood carving to papier-mache.

Considering that most of Paete's people depend on handicraft industry as their main source of income, the local government developed programs and projects to sustain the competitiveness of handicraft industry. According to the Ten-Year Comprehensive Development Plan of Paete 2000-2010 (Paete Municipality, 2000), these programs and projects are:

- The establishment of a Paete website that serves as an effective link of the municipality to both local and foreign buyers. The web site should contain information such as municipal profile, summary of development plan and programs, and business or investment opportunities that the town can offer to the world. To facilitate business transactions among producers and buyers, the website should contain profiles and products of firms and individuals as well as their e-mail addresses. This project can be undertaken by the private sector or in tandem with the local government. Some large companies, such as PAETEM, already have access to the website.
- The establishment of a training center to sustain and improve the skills of artisans. This training center will be integrated within the 20 hectares industrial zone as part of the land use plan. Several years ago, some of the artisans volunteered to teach and impart their sense of community service. Implementing these practices of the development plan would facilitate these skills transfer.
- The establishment of trading and marketing firm that would facilitate access of artisans and producers to local and export markets. The firm may be able to present the Paete handicraft industry in trade fairs and exhibitions, explore potential markets, and gather information about the latest trends in design and style in various niche markets. This firm, through the help of the local government, may establish working relationship with

Philippine embassies abroad , will be able to disseminate market information for various products of Paete.

4-2. SMEs in Pangil

4-2-1. Overview

The municipality of Pangil was founded on 1579. It is located in the southeastern part of Laguna province and is only 5km north of Paete. The town is classified as a fifth class municipality with a population estimated at 20,319 in 2000 and is expected to grow at an annual rate of 2.84 percent (Table 5). While Pangil is known as an agricultural municipality, it also has handicraft industries such as papier-mache and woodcraft.

4-2-2. The current situation

While SMEs in the handicraft industry do not comprise the largest part of Pangil's economy, their contribution cannot be underestimated. In addition to farming, most of the town's households are also engaged in handicraft industry as suppliers of semi-finished products for larger enterprises and middlemen. During our fieldwork in Pangil, we saw many households producing large volume of semi-finished and/or finished papier-mache products. Since the household based enterprises are assured of the supply of necessary raw materials by the large firms without the need to pay in advance, the owners-managers can earn additional income without taking the necessary risk.

Papier-mache products are mainly for export (Figure 4 and 5). For instance, when we visited one of the companies of papier-mache, we saw a big carton box which was about to be exported directly to Japan. Large firms employ use permanent workers and produce items on their own. When customers' demand exceeds the capacity of in-house workers, the services of subcontractors are engaged. Thus, people employed in agriculture and fishery have the opportunity to become suppliers of subcontractors by working at home during nighttime.

Similar with Paete, almost all SMEs in Pangil have a payment system based on the quality and quantity of the items produced. Wage level is determined by the extent of difficulties in finishing a product: the more difficult the job is, the higher the wage earned. As a worker increases his/her productivity, so does the money s/he earns. On the average, permanent workers work from 8 to 10 hours per day. During the peak season of orders, the companies recruit more people to work temporarily in their workshop.

SMEs in Pangil also face problems similar to those faced by SMEs in Paete. The stiff competition in the world market, in particular to those posed by

Figure 4: Papier-mache shop in Pangil



Figure 5: Papier-mache factory in Pangil



China, has raised the attention of Pangil artisans on the need to maintain high quality and create new trends in each season.

Middlemen involved in export are also found in Pangil's handicraft industry. The people whom we interviewed complained that they charge a high commission for their intermediary services. Semi-finished or finished product are taken by the middlemen directly from many households or firms and then sell these to companies outside Pangil.

For their efforts, the middlemen get a very high margin. While the presence of middlemen reduces the gain by primary producers, they still play a significant role in the industry since there are many products from households which cannot be absorbed by the Pangil-based export firms.

The municipal government of Pangil has realized the importance of the handicraft industry to the town's economy. Even with financial constraints as a fifth class municipality, the local government has formulated programs aimed at improving the quality of life of the people. Although there is no particular program for developing SMEs of handicraft industry, the local government is giving attention on support or services needed to increase income generated from SMEs.

4-3. SMEs in Lumban

4-3-1. Overview

The municipality of Lumban was a principal mission station of Franciscans in the 16th and 17th centuries. It was founded as a civil entity in 1590. The town is located about 104 kilometers away from Manila and is next to Pagsanjan, one of the most popular tourist spots in Laguna Province. Population is estimated at 24,309 in 2000 and is expected to grow at an annual rate of 2.02 percent (Table 5). Lumban's business activities consist of many small cottage industries where most of the workers are women work. On the other hand, the men are engaged in other industries or some of them may go to other places to get job.

4-3-2. The current situation

Lumban is well known for its embroidery industry, especially that of "barong", the Philippine formal wear². The embroidery of barong is done by dexterous handwork. Clothes for the barong are made from plant fibers like banana and pineapple, and also from silk, ramie linen, and synthetic fiber. The cloth of plant fibers comes mainly from Cebu, and that of silk comes from Hong Kong. Before, the embroiderers use only the clothes of natural fibers for barong, but these clothes are not very strong and need a lot of care. In addition, there is a demand for

² At present, Philippine civil service rules require all government officers and employees to wear barong in their offices every Monday.

more elegant looking barongs. Thus they have diversified the raw materials. Depending on what a customer wants, the embroidery designs can be both traditional and modern. Since cheap western style clothes have dominated the Filipino people's life, demand for barong has been reduced. Thus, barong producers in Lumban have now diversified to other embroidery products such as tissue box cover, cushion cover, and coaster. As for the market, only a few enterprises export their product to such countries as Europe. Most of the barong produced is sold in the local market, especially in Manila. This is because the barong is a traditional Filipino wear and only a few people use it outside of the Philippines. Moreover, it is very difficult to produce a large amount of good quality barong as production depends highly on handwork. However, the producers are trying to export more products. The association of barong makers are promoting and supporting the export activities of the individual firms.

Figure 6: Embroidery factory at Lumban



In terms of production process, the following are the necessary steps: first an under drawing on the clothes is made; then they do embroidery by hand; and finally tailor the barong with sewing machines. There are several relatively large firms which function as organizers of a series of the production procedures and engage in sales, design, product development and sometimes export. They are also responsible for the quality of the products and check the quality of work when they receive the embroidered clothes. We visited two organizing firms during the fieldwork and both firms do not embroider in house and use subcontractors to minimize the cost of production. The subcontractors are located in Lumban and as well as in other municipalities.

A lot of women are engaged in embroidery work in Lumban. By taking a walk around the town, we were able to see many small factories where less than ten workers sit together and embroider under the eaves (Figure 6 and 7). Because of the characteristics of embroidery, female workers are dominant at factories. Most enterprises do not provide any training program, the workers learn the skills of embroidery by observing and then actually doing the job. We also saw women with their children at the working places, thus doing embroidery and taking care of their children at the same time. The children have a lot of opportunity to observe their mothers' work starting in early childhood. According to the workers we interviewed, the children can learn the embroidery work without any difficulty and some children start embroidery work at the age of ten.

We visited one subcontractor in the town and asked about working conditions. We found that the Ages of workers range from 10 to 60 years old. Average working hour is 10 hours per day and office hours is not fixed since some of workers are students who come to work after school. Wage is determined based on the skill of the worker and the quality of product. Average wage is P 15 to 20 per hour and the average income is P 1,000 to

Figure 7: Embroidery factory at Lumban



2,000 per week. A special design needs more skillful work, thus the wage is higher than that of ordinary design.

Given the strong competition posed by other kinds of clothes and the unpredictable demand, the overall situation of the Lumban embroidery industry may be summed up as depressed. For the producers to survive, they should be able to offer high quality and well-designed products and sell these at an affordable price. Since there is no government support for the industry at present, the producers have to survive on their own. To cope with these problems, one of the firm owners said he had asked a Manila-based professional designer to design new barong of more modern taste. He thinks that views this way as a means of keeping his business well. We are of the same opinion that such efforts are needed to sustain this traditional industry.

4-4. SMEs in Calamba

4-4-1 Overview

Calamba is located in the western part of Laguna province and is very near to Metro Manila. If there is no traffic jam, going to the town from Makati, Metro Manila takes only about one and half hour by car. Estimated population in 2000 is 272,331 with an annual growth rate of 4.46 percent (Table 5). Both the total population and the growth rates are far bigger than those of Paete, Pangil and Lumban. The town has free trade zones where many foreign and national factories are located. These factories provide many jobs to the local people of Laguna province. During weekends, a lot of people from Manila come to Calamba to enjoy the town's numerous resort hotels with swimming pools of hot springs as main attractions.

4-4-2 The current situation

In Calamba, SMEs are engaged in various kinds of industries and unlike other three municipalities of Paete, Pangil and Lumban, it is very difficult to point out one dominant industry. During the fieldwork, we were able to visit a gardening wire goods factory, an accessory factory, a wire ornament firm, and a bamboo house maker. Those four factories are varied not only in their product line but also in size and management strategy so that it is difficult to generalize them as a whole. Thus, we will describe the present situation of two larger firms which are actively engaged in export and compare with SMEs in the other three municipalities.

Figure 8: Accessories factory at Calamba;



The largest company we visited is the accessory factory which participated in CITEM exposition held in Manila (Figure 8). During the fair, the manager said they were able to solicit orders from new costumers from Hawaii, Saipan, and Guam. When we visited, we found the factory's workers were producing earrings of ceramic hibiscus flower. All of the products are for export. A designer creates new designs every fifth month based on the costumers' needs.

Figure 9: Accessories factory at Calamba; checking the quality of products



There are about 90 workers in the factory whose average age is 25 years. Most of the workers, about 75 percent of the total, are women. Employees works 8 hours per day and 6 days per week. When the factory receives a lot of orders, the workers have to do overtime work. Daily wage per day is P 115 to 250 depending on skills and the number of finished products produced. There is a training system for workers. Before starting to work, new employees have to undergo a preparatory seminar and learn all of the skills needed. Then every third month, the employees are evaluated about their performance, knowledge, and skills.

The factory does not engage the services of subcontractors. The whole series of operation is done in house. This is because by using subcontractors, it is

difficult to satisfy the specifications required from the costumers. As for quality control, specialists are employed to check quality at every stage (Figure 9).

The other firm we visited produces wire ornaments for export to Canada, Italia, and Japan. Only excess products, about 1 to 3 percent of total production, are sold in the domestic market. The factory products consists of Christmas decoration, candle holder, and photo frame. About 75 percent of products is related to Christmas season. The firm was established in 1990 and started to export in 1996 through exporters. Up to the present, the firm engages the services of exporters for overseas transactions. To become a direct exporter, the firm participated in CITEM exposition and was able to attract three potential customers. It takes about 3 months to

negotiate with overseas buyers through exporters before the company can begin to produce the required products.

The firm does not produce the products it sells. What it does is to make prototypes which are passed on to five subcontractors for mass production. The subcontractors are required to maintain high quality and it is the manager's task to emphasize the importance of quality to them repeatedly.

Within the term, there are only 10 fulltime employees who develop the prototypes. The employees work from 8 a.m. to 8 p.m. for 6 days a week and sometimes do overtime work when needed. The wage is paid by piece, for example, soldering one piece is P 13 and finishing one is P 29. When new employees come, the senior workers teach them the necessary skills for one week.

The two firms are quite different from SMEs we visited in other municipalities. One of the most noticeable difference is that the presence of a somehow systematic training system and quality check system. This means that the two firms have realized the importance of improving employees' skills and of keeping good quality of the products sold in the international market. As a result, the firms were able to export their products and to expand the firm by themselves. One of the advantages is the short distance to Metro Manila which enabled the firms to get more information about new trends and improved management skills.

To support micro industries, the Calamba municipal government started the "Livelihood Development Fund" in 1994 with a total budget of P 200 million. A firm availing of loans from the fund is charged an annual interest rate of 10 percent. During our visit, we were informed that the municipal government has lent about P 7 million from the fund. The target clientele are micro industries, mainly food processing and sari-sari store, and aimed at uplifting the situation of poor people. In addition, the municipal government has set up the "Calamba Manpower Training Center (CAMTRAC)" and "Youth center" which offers vocational training program, entrepreneur development course and other related activities.

5. Problem Analysis

Given our findings in each town and with the information we got from the offices we visited and from our own observations, we conducted a problem analysis to present the current situation of SMEs in Laguna. For the process, we followed the following steps. First, we identified several points considered as problem. Then, we examined the causality and relationship among them. Afterwards, we categorized the problems into some aspects. The result of the analysis is shown in flow chart 1.

From the analysis, we identified the core problem as "SMEs in Laguna are performing below their potential". In turn the core problem is caused by four direct factors classified into the aspects of finance, marketing, product development and support system. The resulting effects are shown just on the right-hand side of each cause correspondingly. The following discussion examines each aspect.

5-1. Financial Problem

One serious financial problem is the availability of affordable loans. As mentioned in section 3, banks generally do not have a special window of favorable treatment for SMEs. One reason is that collection of loans from SMEs, especially from small-scale enterprises, is difficult. Also, the banks require collateral and the requirement is very difficult to fulfill for potential borrowers from rural areas like Paete, Pangil and Lumban. Furthermore, the unstable performance of SMEs and the resulting low repayment rates make borrowing money more difficult. This in turn makes banks hesitant to lend. Moreover, the government does not have sufficient

policies to provide financial support for SMEs,.

On the other hand, SMEs' financial management capability is not so high which in turn affect the stability of the firms' income and the capacity to repay. Insufficient knowledge of financing is a big problems for the SMEs. However, given their financial difficulties, what is a more serious is the lack of awareness on the value of getting such knowledge or skills of financial management. As a result, the financial base of SMEs in Laguna is highly vulnerable to sudden changes in the operating environment.

5-2. Problems on Marketing

In marketing, the SMEs also face serious problems. One particular problem is high production costs vis-à-vis foreign competitors especially from China. Given the presence of minimum wage law, labor cost in the Philippines is higher than that in China. In relation to this, most of the SMEs rely on imported raw materials, and given the volatility of exchange rates in the country, the price of imported items inevitably rises. With globalization, it is expected that imported materials should be cheaper than what the SMEs can buy domestically. However, according to one of the producers, given that imported materials have to pass through Metro Manila before reaching Laguna, the domestic transportation costs increases the price of the raw materials sourced from outside the country. As such, the SMEs in Laguna need to be highly competitive in relation to the fundamental cost of sourcing raw materials.

Another problem is the existence of middlemen. Most of the SMEs export their products through the intermediation of middlemen who exercise substantial control on pricing. Given the high intermediation costs posed by middlemen, any increase in price does translate into a real gain for the producers

Also, weak marketing strategy is an internal problem among SMEs in Laguna. This in turn is caused by unfavorable external condition surrounding SMEs, wherein they do not have adequate access to full information from which to base strategy. For a firm to have an appropriate marketing strategy, it has to have information about the market, especially foreign market. However, owners and managers of SMEs in Laguna do not have enough tools to obtain adequate information and thus they have to contend with limited information to make their decisions. The government in turn does not offer sufficient help. While the concerned national government offices have in their possession information about the market, trading, prices and sources of alternative raw materials and others, these are not properly disseminated. Inadequate support from government leaves the SMEs alone in their quest for better opportunities. The failure of the government to provide adequate, appropriate and timely support to SMEs is one of the roots of the problem of SMEs on marketing

In addition, inadequate marketing knowledge is not the only problem. Failure to understand the value of marketing seems to be more fundamental. The SMEs marketing attitude is not aggressive enough and it seems the owners and managers are satisfied with the present condition even if this means that their market is not expanding.

5-3. Problems on Product Development

To expand the market and to gain more profit, it is essential for a firm to develop new products. However, we found that SMEs in Laguna are weak in product development. Possible reasons are the reliance on traditional skills and technologies and small business size which does not allow flexibility for innovation. In addition, except for relatively few active enterprises, many of the SMEs in Laguna seem not to have much interest on

research and development (R&D). Thus the general level of R&D is not so high not only because SMEs cannot afford to have a budget but also because they are not aware its value.

Another reason is low linkages among SMEs. Many SMEs do not have enough information on target markets, which in turn prevents them from developing new products demanded by consumers. This unavailability of timely information on market demand is partly caused by the low linkages among SMEs. Information sharing and cooperation among various companies are expected to activate R&D activities since such kind of cooperation reduces the financial burden and managerial resources of R&D for each participating firm.

5-4. Problems on the Support System

As mentioned earlier in section 3, several organizations and agencies support SMEs in the Philippines. Also, the government has systems for promoting SME activities. However, we found during our field research that many owners and managers of SMEs feel that they do not have any support from the government and the public institutions. One of the reasons might be that while the Philippine government recognizes the importance of developing SMEs, it has no comprehensive policy to translate vision into appropriate programs and projects. As such, while there be projects identified at the national level, the benefits trickle only to limited geographical coverage and favored industries. The limited programs and projects of government fail to reach SMEs in rural areas. This is caused by both the national government budget constraint and political instability. In addition, decentralization of governmental functions and responsibilities has resulted into miscommunication and weak synchronization between the central and the local governments which in turn lead to inappropriate and insufficient supporting system. Also, according to JICA and JBIC officers, the income level of Region 4 which includes Laguna province, is higher than other regions in the Philippines. As such, the region is not a preferred destination for official development assistance. This means, Laguna cannot expect much foreign assistance to promote SMEs.

5-5. Effects of the core problem

Having identified and analyze the core problem of SMEs in Laguna, the next step is determine its overall effects. The effects are as follows. First, the inadequate financial foundation results into the enterprises failure to optimize operation, which means productivity remains low or cannot be increased. Second, difficulties in market diversification and expansion are caused by weak market positioning. Third, low level of product development leads to less diversification of products, thus it is hard for SMEs in Laguna to win in the highly competitive market. These problems are related to each other, meaning each one affects and complements the others.

These in turn reduce the income of SMEs and at the same time narrow opportunities for business expansion. These problems in turn affect SME workers' wages and skill formation. Government is also affected: if the income of SMEs remains low, then it becomes difficult to collect sufficient tax from them. If tax revenue is not enough, there is not enough budget to support SMEs. As a result, SMEs will have fewer opportunities to promote their activities. The cause and effect relationship constitute a "vicious cycle".

6. Possible Solutions

The final part of our research is a discussion of possible solutions to overcome the core problem identified in the problem analysis. Herewith is the process we followed. First, we conducted an objective analysis wherein

we replaced each problem in the problem analysis as objectives to be achieved. Through this process, we analyzed what should be done to change the core problem for the better and as a result, what effects would be gained. The result of the objective analysis is shown in Flow chart 2. The core objective of this analysis is that SMEs in Laguna are performing according to their maximum potential. Second, we then try to propose possible solutions in order to minimize if not totally eliminate the problems identified and analyzed in the aspects of finance, marketing, product development and support system.

6-1. Financial Foundation

Based on the problem analysis, we found that most of SMEs in Laguna are facing financial problems. The financial foundation is weak because of three reasons. First, SMEs in Laguna have a difficulty to obtain loan. Second, SMEs have difficulty in accessing other financial resources. Third and last, SMEs lack financial management capabilities. These three reasons have a direct and serious effect on the financial foundation of SMEs.

To improve this situation, we propose the following. First, the national government has to allocate a special budget for constructing a firm financial basis as well as special window or system by banking sector for SMEs. In order to improve SMEs access to financial resources, measures may include lowering of interest rates and loosening the requirement for loan collateral. Second, on the side of SMEs, there must be a training program aimed at building strong financial management skills. The training can be delivered by various organizations to include the local governments, non-governmental organizations (NGOs) and the private sector. However, for the training program to be effective, excellent quality must be maintained at all times. Thus, training of the trainers is important. In addition, cooperative relationship among the various organizations or sectors is indispensable. Third, the training program must be able to attract a substantial number of participants. Thus, it is worthwhile to think about massive information system or giving incentives to SMEs for participating in the training program.

6-2. Market Position

Most of the SMEs in Laguna are weak in both local and international markets. This weakness is mainly due to the SMEs lack of appreciation of the value of marketing as part of an overall strategy to enhance competitiveness and improve weak market position. From the earlier discussion, it seems that from the problems identified, this is the most significant. Even if the support system is good, the condition of SMEs will not improve if the owners and managers do not wake up to the reality that an active marketing strategy is badly needed by the industry. This lack of appreciation is partly the result of insufficient support from both the national and the local government³.

To solve this problem, it is suggested that to hold seminars covering topics such as the target market, marketing skills, exporting procedures, as well as developing marketing. By participating in seminars, owners and managers of SMEs will be encouraged to become more aggressive in market expansion. Another means is to encourage SMEs to work together in order to get a bigger market share.

³ Based on the problem tree, lack of information, which plays a very important role in the market, is also the main reason for the weak market position of SMEs. It is possible that, to some extent, this is caused by the negative attitude of government or government staff. It seems this is highly probable. However, it is difficult to discuss this matter since we do not have concrete and reliable evidence. Thus, it becomes impossible to evaluate the extent by which government staff provide information support to SMEs as well as how far they have achieved in developing an SME information support system. As such, this report will not provide a detailed discussion of this issue.

6-3. Product Development

SMEs in Laguna are confronted with a low level of product development. This is mainly attributed to the weak linkages among the SMEs themselves. Ineffective coordination among SMEs hinders product development. On the other hand, insufficient R&D also contributes to low level of product development. In turn insufficient R&D efforts is due to a weak support system for technology promotion, insufficient budget for R&D, and failure of both the government and SMEs to recognize the value of R&D .

To achieve a high level of product development, SMEs need to have strong linkages among them. Thus, it may be useful to dispatch coordinators or consultants from other organizations who will be responsible for promoting strong linkages among SMEs. Also, high level of R&D and its attendant technical advancement among SMEs could be accelerated through the following means: (1) establishing a kind of the Department of R&D as a government organization, which covers all provinces; (2) identifying government anchors and other relevant institutions that will assist SMEs; (3) influencing these anchors to boost their efforts in examining and promoting technologies that would greatly benefit SMEs (this involves close and active coordination with national government agencies such as the Department of Science and Technology, the Department of Agriculture, the Department of Environment and Natural Resources, LGUs and academe.); (4) fast-tracking the full operationalization of the Center for Technology Exchange and Training for SMEs. The Center is supposed to serve as a resource center with capabilities in information networking, increase of training opportunities for the absorption and upgrading of technical know-how, and the organization of SME-targeted activities to syndicated technology transfer projects.

6-4. Support System

The insufficient support system is caused by three main reasons. First, because of inadequate policies, the national government does not have a comprehensive program to assist SMEs. Second, the national and local governments' programs to develop SMEs are not synchronized. It seems that the linkage and communication between the national and the local government is weak. Third and last, the support programs of international agencies to SMEs in Laguna is not strong enough because the province is not given high priority in terms of budget allocation.

As for recommended solutions, we suggest that the national government should have a comprehensive support program to assist SMEs. While the national government has several support plans for SMEs, these are not comprehensive enough. Concrete and operational action plans are not present. The government must integrate the individual plans and implement a comprehensive one. Also, both the national and the local government must exert all efforts to develop strong linkages with each other aimed at synchronizing their separate efforts of developing SMEs. Finally, the Philippine government should request for assistance from international agencies since such is needed before these agencies will move.

7. Conclusion

Given that a majority of Filipinos are in one way or another involved with SMEs, the development of SMEs will undoubtedly bring not only economic growth but also the improvement of various social issues. However, at present, SMEs in the Philippines are not performing based on their full potential. Our research findings show that there are four main problems faced by SMEs. These are weak financial foundation, weak

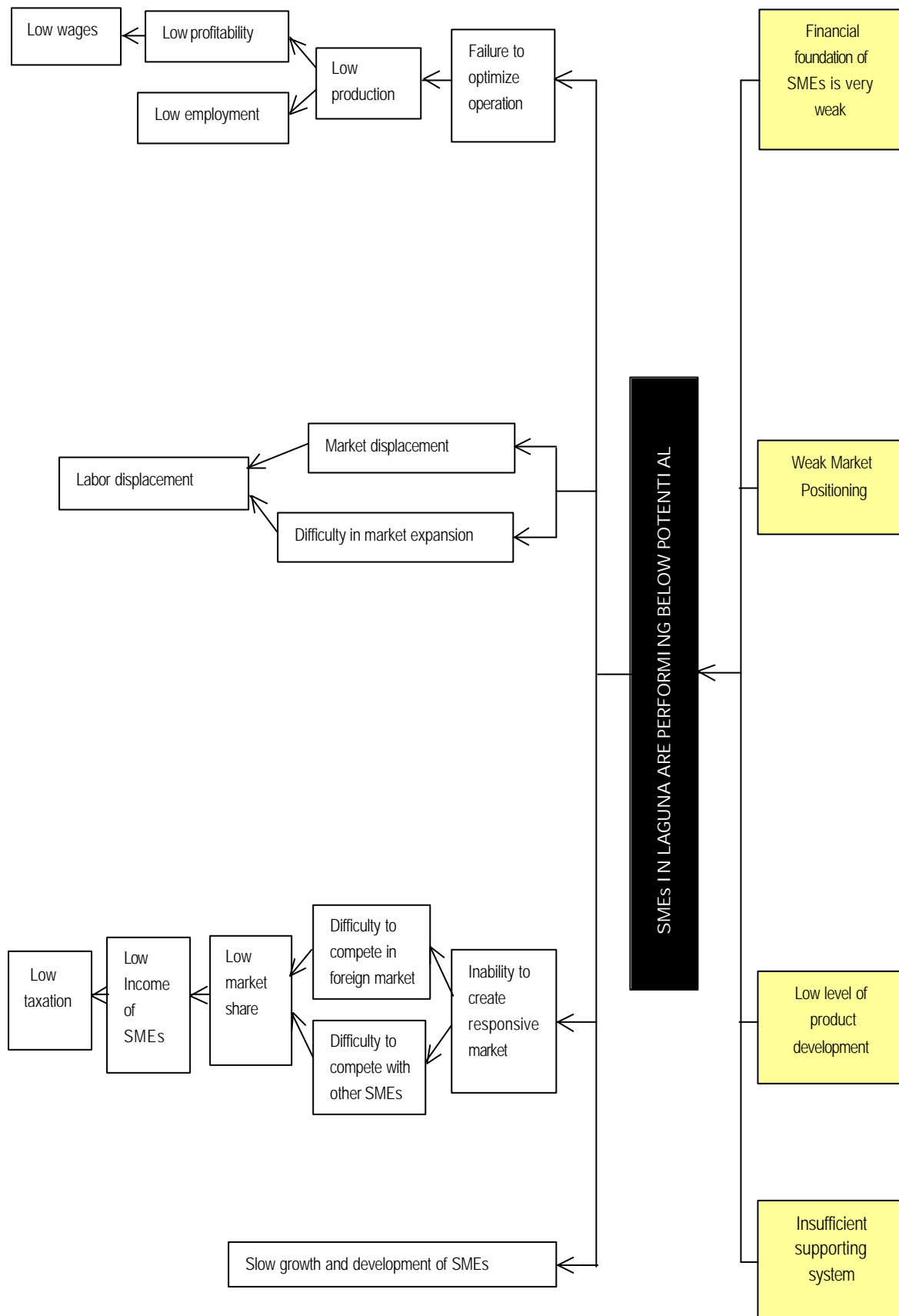
market positioning, low level of product development, and insufficient support system. These problems are not separate but are interrelated. As a result, it is difficult for SMEs to expand business. To minimize these problems, we recommend that the government should do the following: (1) open seminars to improve managerial and technical skills; (2) provide preferential treatment for the financial needs of SMEs; (3) strengthen relationships and promote networking among SMEs; and (4) improve the information service delivery in terms of quantity, quality, and accessibility.

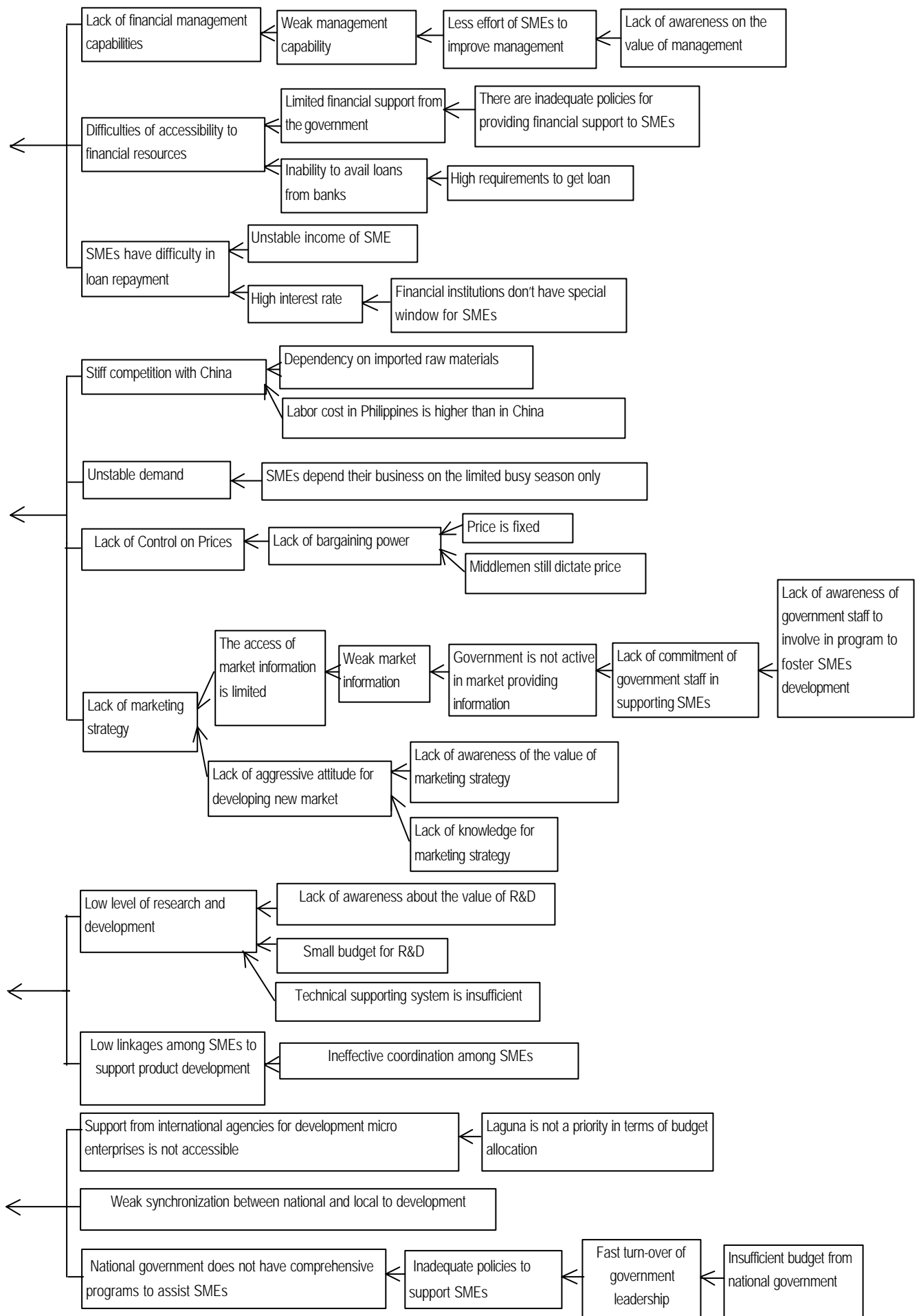
The national and the local government should lend an ear and extend a helping hand to SMEs. On the other hand, individual SMEs also have to strive by themselves. It is important that every economic agent concerned with SMEs should have a common awareness of the importance of SMEs development. Awareness in turn will serve as an encouragement to do something decisive in order to solve the various problems as discussed in this report. Doing so may represent one of the most effective means by which long-term prosperity can be achieved for the Philippine economy and for the benefit of the Filipino people.

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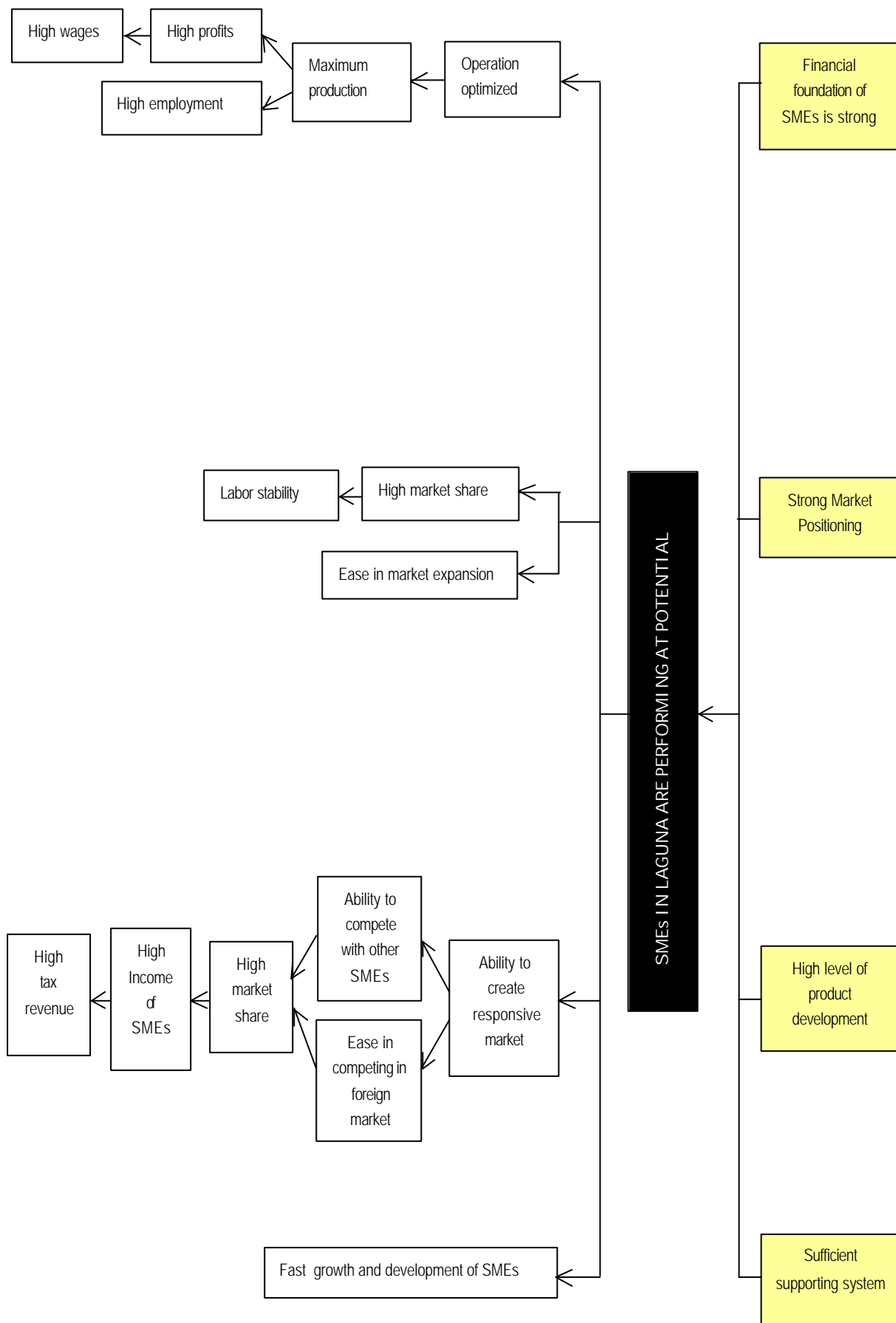
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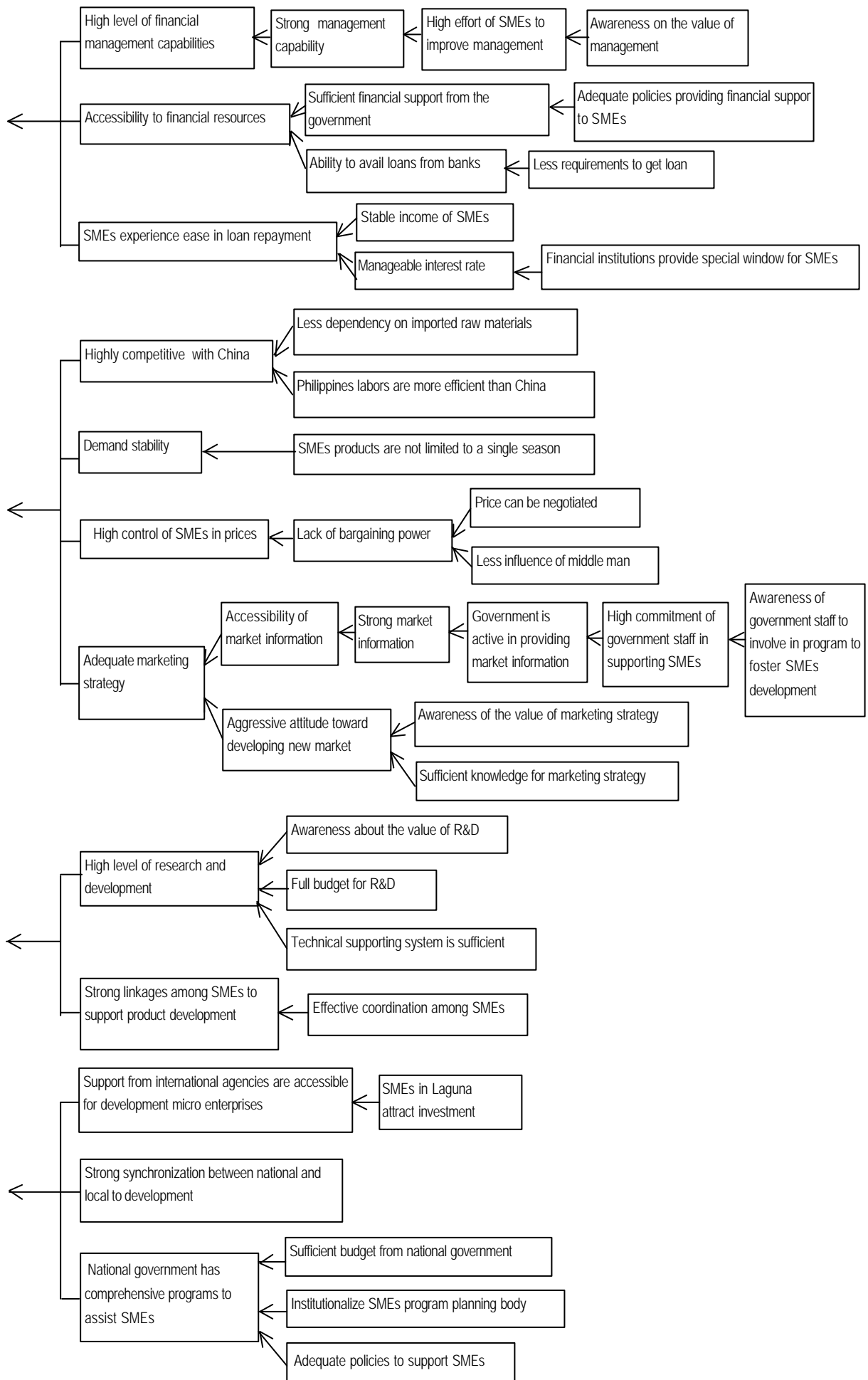
Appendix: Flow Chart 1- Problem Analysis





Appendix: Flow Chart 2: Objective Analysis





Working Group 2

A. The Current Situation of Formal Education in the Philippines

B. Technical/Vocational Education and Training in Laguna

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A. The Current Situation of Formal Education in the Philippines

0. Introduction

Compared with other countries, the literacy rate in the Philippines is quite high. Moreover enrolment rate is 99. 9% in primary level and 77. 8% in secondary level, which is higher than Singapore and the highest in ASEAN countries (Figure 0-1). However while statistics on educational attainment may be high, the economic situation in the Philippines is still not so good. The Philippines has succeeded in expanding its education in quantitative terms, but now they have to think about “Quality of education”.

Figure 0-1 Literacy rate and enrolment ration in ASEAN countries

	Adult literacy rate (% age 15 and above)	Youth literacy rate (% age 15-24)	Age grope enrolment rations (adjusted)	
			Primary age group (% of relevant age group)	Secondary age grope (% of relevant age grope)
	1998	1998	1997	1997
Singapore	91. 8	99. 7	99. 4	75. 6
Brunei	90. 7	99. 3	87. 6	81. 9
Malaysia	86. 4	97. 1	99. 9	64. 0
Thai	95. 0	98. 8	88. 0	47. 6
Philippine	94. 8	98. 4	99. 9	77. 8
Vietnam	92. 9	96. 7	99. 9	55. 1
Indonesia	85. 7	97. 3	99. 2	56. 1
Myanmar	84. 1	90. 5	99. 3	54. 2
Cambodia	37. 4	56. 9	99. 9	38. 8
Laos	46. 1	67. 5	73. 0	63. 4
Total		85. 1	87. 6	65. 4

Source: UNDP “Human Development Report 2000”

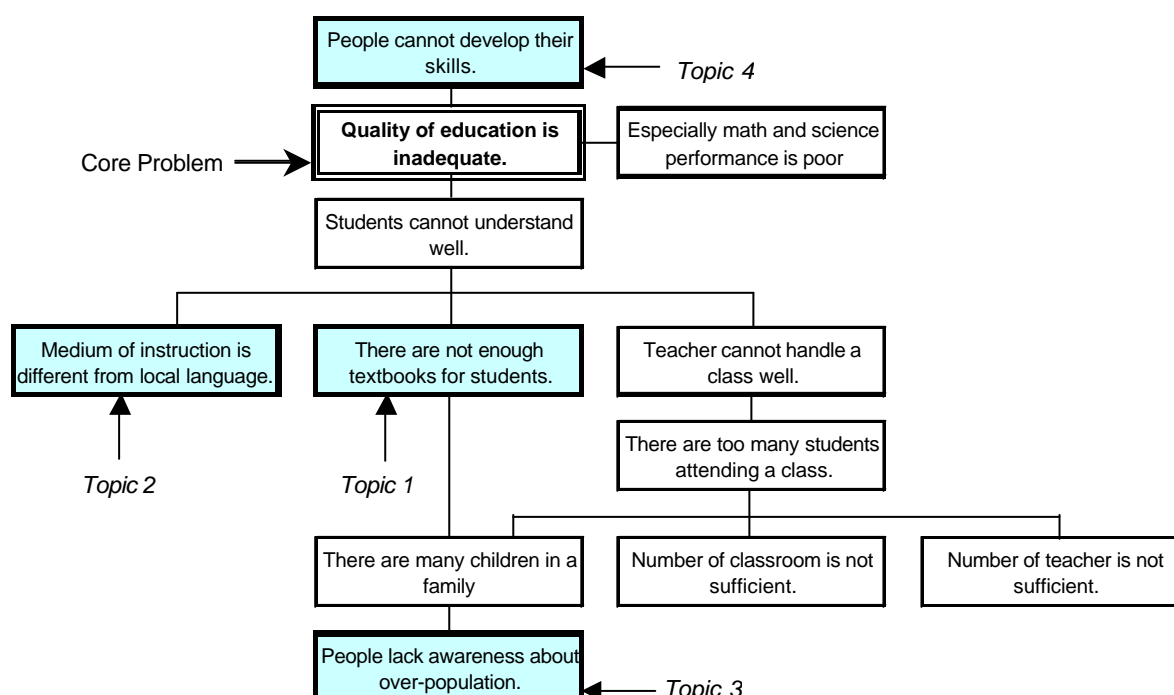


Figure 0-2 Problem tree of the Philippine educational system

We made a problem tree to diagnose the quality of education in the Philippines (Figure 0-2). Although this tree does not show all the problems of the Philippine educational system, we found some important topics to think about this problem (topic 1 ~ 4). In this group report, we would like to discuss about these topics, based on our own research in the Philippines. Our report is taking an omnibus style, which is written individually, yet our framework is based on “Quality of Education in the Philippines”.

First, there are not enough teaching materials in the Philippines. For example, normally a few students have to share a textbook and some of them cannot bring it home. On the basis of this condition, chapter 1 will be discussing about “The Lack of Textbooks” by Tsuchiya.

Second, in the Philippines, the medium of instruction is English (for subjects like math, science and English) and Filipino (for the other subjects). However there are more than 100 local languages (including dialect) used in the Philippines and the language used in classroom is sometimes different from their local language. In relation to this, chapter 2 is concentrating on “Bilingual Education” by Kondo.

Third, there are too many students per class in the Philippines. Although the reasons are varied, people’s lack of awareness about over population is also one of the reasons. So in chapter 3, we discuss “Influence of Health Education” by Ogura.

Finally, after finishing their secondary education, many people go directly to work in the society. However, since most high school graduates do not have much skill for work, chapter 4 is concentrated on “Secondary Education as a Pre-stage of Working” and we will see how high school students perceive about their post-high school education by Toyooka.

0-1. General information

Before going to discuss the individual topic, we would like to see the educational system of the Philippines and overview of Laguna, where is our main research field.

0-1-1. Educational system in the Philippines

In the Philippines, educational system consists of 6 years elementary education, 4 years secondary education and 4 years higher education (figure0-3). From 1994, educational administration is shouldered by 3 government agencies, i. e. DECS (Department of Education, Culture and Sports), CHED (Commission on Higher

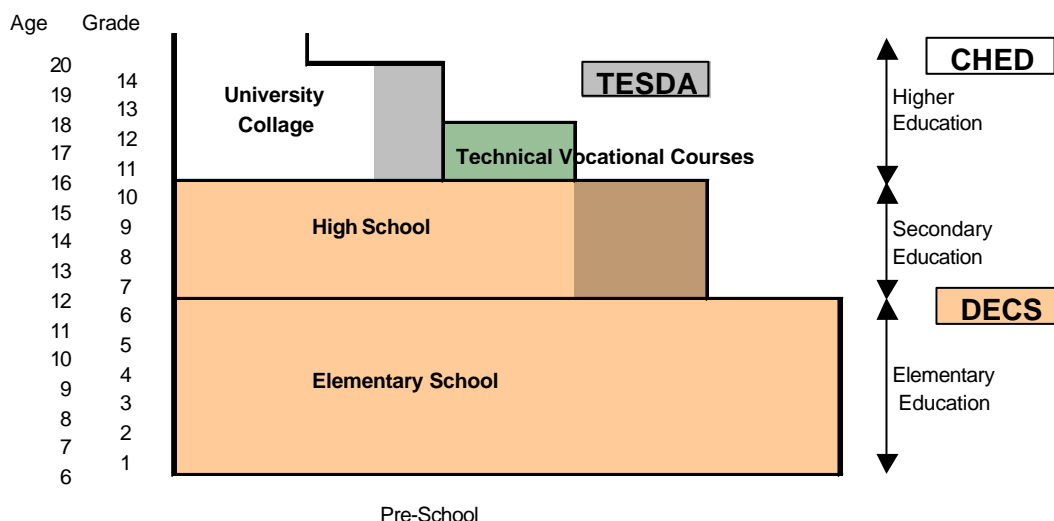


Figure 0-3 Educational System in the Philippines

Education) and TESDA (Technical Education and Skills Development Authority). DECS is in charge of basic education in elementary and high school, and CHED is in charge of colleges and universities. On the other hand, TESDA is in charge of technical and vocational sectors both in formal and non-formal systems.

0-1-2. Overview of Laguna

Through out the OFW period, our main research field was Laguna province, and we visited some elementary and high school as well as administrative offices. Laguna is in Region 4 (Southern Tagalog Region) and its local language is Tagalog. Laguna has the second largest population among provinces in Region 4, which is estimated to be 1,903,684 in 2000. There are 562 elementary schools and 175 secondary schools in Laguna, as well as 601 primary schools, 34 colleges and one university (U. P. L. B. = University of the Philippines, Los Baños). Literacy rate is 93. 18% in 1995, which is almost same as the national average, i. e. 94. 1% in 1995.

1. The lack of textbooks

1-1. Introduction

At present, the lack of textbooks is a serious problem in the Philippines. When we visited elementary schools, we observed that two or three, sometimes more than four students were sharing one old textbook. In Japan, all students have their own textbooks, and of course they can bring them home. In addition, when they are promoted to the upper grade, their old textbooks are not used by other students since they will be getting new ones. The situations in these two countries are quite different. Therefore, we would like to discuss imbalanced and insufficient distribution of textbooks in the Philippines.

1-2. Outline of the research

In this paper, what we try to show is how serious the lack of textbooks in the Philippines' schools is. Three points seem to be helpful in attempting to outline this problem. The first point is the relationship between the size or location of schools and the students / textbook ratio.¹ The second point is about the subject, that is to say, which subject has fewer textbooks than other subjects are in each school. The last point is grade levels. It refers to which grade has the greater student / textbook ratio.

In order to conduct this research, we visited five elementary schools in Laguna Province. Two schools are located in San Pablo and Los Baños, which are urban areas. School A has 5377 students and 123 teachers. School B has 1389 students and 36 teachers. The other three schools are located in Sta. Maria, which is a rural area. School C has 489 students and 15 teachers. School D has 388 students and 9 teachers. School E has 264 students and 9 teachers.

1-3. Comparison of the number of students and the student / textbook ratio

First, we focused on the relationship between the size of schools and the student / textbook ratio. This ratio is studied in four main subjects (English, Filipino, Mathematics and Science / Health). In school A, which is the biggest school among 5 schools, 1. 44 students on the average share one textbook. Meanwhile, in school E,

¹ The ratio of the number of students to the number of textbooks in one class. This is the number of students divided by the number of textbooks in each grade and in each subject.

Figure 1-1: Number of students and Students / textbook ratio

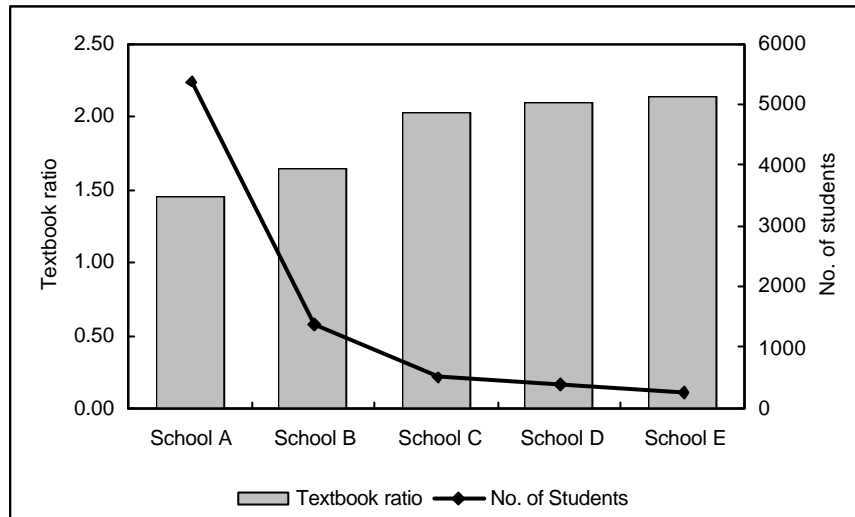
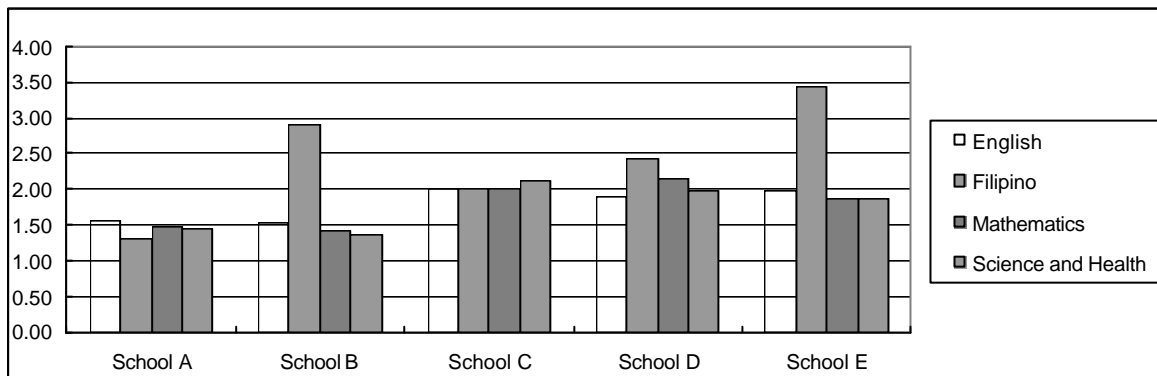


Figure 1-2: Students / textbook ratio in each subject



which is the smallest school, one textbook is shared by 2.14 students. So, the more students the school has, the lower the student / textbook ratio become (Figure1-1). In addition, schools in urban areas are in a better situation than in rural areas.

According to DECS, textbooks are supposed to be distributed in accordance with the number of enrolled students. However the actual situation is different as this figure shows. If textbooks are distributed by the enrollment of students, the ratio should be same in every school. This is one of the gaps between the scheme of DECS and the actual condition.

1-4. The Student / textbook ratio in each subject

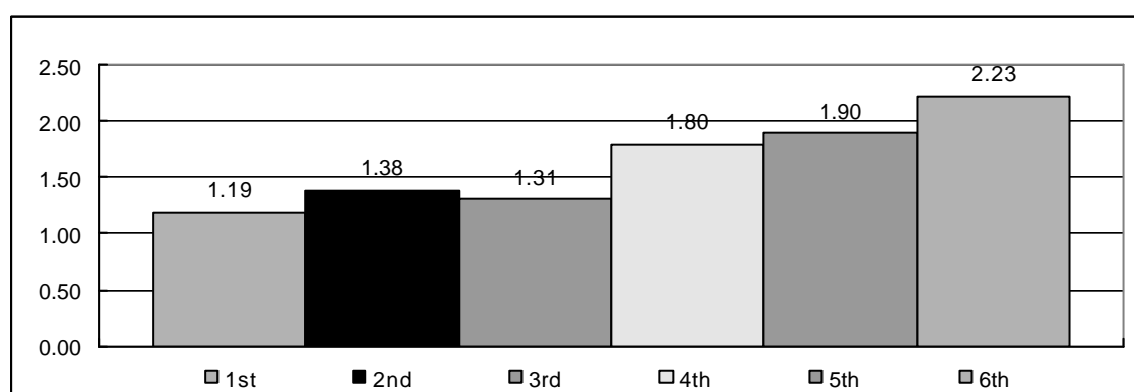
Secondly, we looked into each subject. There is another gap between DECS's scheme and the actual condition in schools. DECS places a higher priority on language education than other subjects. If so, it is natural to think that there are more textbooks for language subjects such as Filipino, which is the national language and English, than for other subjects. But comparing with other main subjects such as Mathematics and Science / Health, language subjects have fewer textbooks than the others (Figure 1-2). Interestingly, the student / textbook ratio for Filipino is the highest in three schools (B, D and E school). In E school, one Filipino textbook is shared by more than three students. It is the same case for English. English has the highest rate in A school and second highest in three schools (B, C, E school). If DECS wants to encourage language teaching, it is important to improve this situation.

However, in these four subjects, one can see better condition in these four subjects than others. For example, in *Hekasi* which is Social studies in 4-6 grades, students do not have any textbooks in school E. School B is also facing serious problem of scarcity of textbooks in this subject. They do not have any textbooks in 4th and 5th grades. In 6th grade, one textbook is shared by 20 students. Other subjects do not have enough as same as *Hekasi*. But except for the main four subjects, there is no correlation between the number of students and the student / textbooks ratio. This is because it is better and easier for the teachers to prepare materials themselves than to teach with textbooks that are shared by many students. But in the four main subjects, it is too difficult to teach them without textbooks. That's why textbooks for these subjects are more equally distributed than other subjects.

1-5. The students / textbook ratio in grades

The last point that we would like to discuss about is grades. Tendency of the student / textbook ratio by grade is very clear. Comparing former grades (1st - 3rd) and latter grades (4th - 6th), the ratio of the latter grade is higher than the former one (Figure 1-3). It can be estimated from this fact that the former grades are given greater priority than the latter grades. The reason is considered to be that the older the students become, the easier for the teachers to handle.

Figure 1-3. Students / textbook ratio in each grade



1-6. Findings

From the aforementioned observations, the lack of textbooks in the Philippines can be summarized by the following trends:

1. The more students the school has, the lower the student/ textbook ratio becomes;
2. Schools in rural areas have a higher ratio than urban areas;
3. The lack of Filipino textbooks is the most serious among the four major subjects; and
4. Students in latter grades have to share textbooks, more than former grade students.

Also, it should be added that there are some gaps between DECS's scheme and the present situation. We may, therefore, reasonably conclude that, two tasks must be fulfilled by DECS urgently. First, they should allocate more budgets on textbooks. Second, they should perceive the conditions of each area to distribute textbooks properly. It is impossible to try to solve all of the educational problems because of budget constraints. But even if they do not have sufficient budgets and capacity, higher priority should be given to these tasks when policies are decided. This is so because distribution of textbooks is one of the most fundamental and important

issue on school education. To say more, without textbooks, it is too difficult for the students to obtain a high quality of education.

2. Bilingual Education

2-1. Introduction

The Philippines is a multi-lingual country where more than 130 languages are spoken. It is very difficult to figure out whether all these languages are independent languages or just dialects. So far, 70 of them have been recognized as different languages, and eight languages of them, which have the number of native speakers reaching 800 thousand or more such as Tagalog, Sebuano, Iloko, Bikol, Hiligaynon, Waray, Pampango, and Pangasinan, are called major languages. In such an environment, English is regarded as the most important second language, the most versatile one in communicating with people who have different language background.

In schools, English is not only taught and learnt as subject, but also used as a language of instruction due to the bilingual education policy adopted at all levels of schooling. Another instruction language is Filipino, the national language. Mathematics, science, and English lessons are instructed in English, and the rest in Filipino. Though manuals and guidelines on the teaching of English in primary schools are provided, no prescribed approach has been applied permanently. While people in the Philippines have channeled their energies into English education, the Department of Education, Culture, and Sports adopted the Lingua Franca Policy last year. Under this policy, only one language is used as medium of instruction. So far, major Lingua Franca are Tagalog, Sebuano, and Iloko. There is one pilot school in every region now.

Thus, the Philippines is quite an interestingly diverse country to survey about languages. The author of this section is particularly interested in such language condition in the Philippines and wrote this paper about bilingual education in primary schools particularly focusing on mathematics lessons.

2-2. Mathematics Classes

During the overseas fieldwork, we observed elementary school classes of grade one and grade two at three different schools. School X is located in urban-rural area that there is one of the famous universities in that area. Majority of pupils' parents have higher education and work at academic institutions. School Y and Z are located in rural area and have one or two sections of every grade. Besides, school Z is a pilot school of the Lingua Franca Policy in Region . Therefore, all subjects are taught in Tagalog for grade 1 pupils at school Z. According to a DECS officer, Lingua Franca school is chosen among lower income level areas.

School X (in urban-rural area)

Grade: 1st /Number of pupils: 53

- Instruction is only in English. Tagalog, their native language, is not used in class.
- Pupils usually make responses to teacher's instructions in their voices. For example, "thank you, teacher" is often said by pupils when teacher admonishes them to be well behaved.
- Teacher adopts Audio-lingual Method.
- Almost all the pupils understand what their teacher says in English. It seems that there are no significant language problems in this class.

- Pupils who have performed perfectly are usually “rewarded” with their classmates’ clapping hands. They may clap their hands once, twice, or three times following their teacher’s dictate.

School Y (in rural area)

Grade: 2nd /Number of pupils: 35

- Pupils who are divided into three groups depending on their language ability sit together with their members in three different groups.
- Instruction is often in Tagalog rather than in English.
- English instruction is always followed by its translation spoken in Tagalog.
- Most pupils could give no response to teacher’s question until their teacher repeated the same question in Tagalog.
- According to teacher, one third of pupils cannot read and write Tagalog.
- It is explained that pupils who live in poverty have lower literacy.

School Z – Lingua Franca school (in rural area)

Grade: 2nd / Number of pupils: 42

- Each pupil has his/her own small blackboard. Answers are written on this small blackboard .
- Together with the blackboard, each pupil has his/her own paper clock. Being asked the time written in Arabic numerals, pupils show their clocks after setting the hands to the appropriate position.
- Pupils give quick responses to teacher’s prescription.
- It seems that none of the pupils have any language problems.

2-3. Findings

Estimating by pupils’ performance, it seems that bilingual education has succeeded at school X while school Y has some problems. Since we have only limited information on these schools, we cannot discuss the problems at school Y in detail at the moment. However, there is considerable evidence to show that there is ample scope for improvement in the present bilingual education. On the other hand, it seems that Lingua Franca Project has succeeded. However, the project only started last year. Thus, it is too early to conclude whether the project is successful or not.

3. Influence of Health Education

3-1. Introduction

To minimize overpopulation, family planning is indispensable. As shown in Table 3-1, total fertility rate (TFR) in the Philippines is very high compared with other Southeast Asian countries.

Table 3-1: Comparison of TFR, population growth rate and women’s literacy rate

	Philippines	Thailand	Indonesia	Vietnam	Malaysia
Total Fertility Rate	3. 62	1. 74	2. 58	2. 60	3. 18
Population Growth Rate	2. 1%	0. 9%	1. 4%	1. 6%	2. 0%
Women’s Literacy Rate	94. 3%	91. 6%	78. 0%	91. 2%	78. 1%

Source: International Planned Parenthood Federation, Country Profile, <http://www.ippf.org/regions/countries>.
The Central Intelligence Agency, The World Factbook, <http://www.odci.gov/cia/publications/factbook>.
United Nations Population Fund, The State of World Population 2000.

In general, if women's literacy rate is high, TFR will decline. However this prevailing opinion does not fit in the Philippines. This research is aimed at finding the causes of this phenomenon as well as determine the influence of health education. Information was collected from questionnaires and interviews. This paper is a result of our field research on health education in formal schools.

3-2. The present condition of health education

DOH (Department of Health) is in charge of planning and implementation of health programs, such as responsible parenthood (used as the same meaning as "family planning" in the Philippines) plan. DOH central office prescribes the outline of the national health programs, and provincial governments decide which to promote.

Also, DOH central office supports and gives advice to DECS for composing the curriculum of health education. Since responsible parenthood plan is one of the main issues of DOH national policy, it is introduced in school curriculum.

Health education concerning responsible parenthood starts from 5th grade of elementary school. They teach male-female differences in organs and basic mechanism of pregnancy in science class. Next step is in 3rd grade of high school. Contents are concept of responsible parenthood and usage/effects of contraceptives, which is taught in PHEM (physical health education and music) class. In addition, municipality health educators, who are appointed by DOH provincial offices visit schools and give supplementary lectures. This is a casual lecture for high school students. They provide practical information according to the provincial health programs.

Lack of teachers and classrooms leads to conduct a joint class where students are taught together without reference to their sex. Though some high school teachers prefer to teach separately, most of them say that it is better to teach together, because students can feel closer to each other. And from another point of view, since more than 90% of schoolteachers are female, it might be quite difficult for them to handle a health education class only for male students.

Compared with health education in Japan, the contents of the Philippines' curriculum are more detailed and practical. In Japan, the quality of sex education is poor: it provides only basic information and classes are limited to female students. But recently, it is changing to an equal education for both sexes.

3-3. Results of the questionnaire

A questionnaire was used to study the influence of health education for creating awareness of overpopulation. This was distributed to 4th grade students in two high schools. They have already finished their lessons about responsible parenthood in the previous year. This research was conducted in schools. Besides the specific questions, it asked their sex, age and religion. Their name was not required to write down. It took about 10 to 15 minutes for the students to fill out the questionnaire.

Two sites in Laguna Province were chosen for this research. One is San Pablo, the only city, and the other is St. Maria, the farthest municipality from Metro Manila. According to the statistics, St. Maria has the lowest

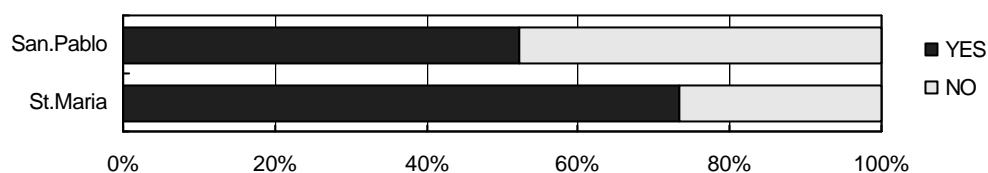
Table 3-2: Sample data

Site name	Total number	Male	Female	Age
San Pablo	109	48	61	14 ~ 19
Santa Maria	49	20	29	15 ~ 19

literacy rate among Laguna Province.

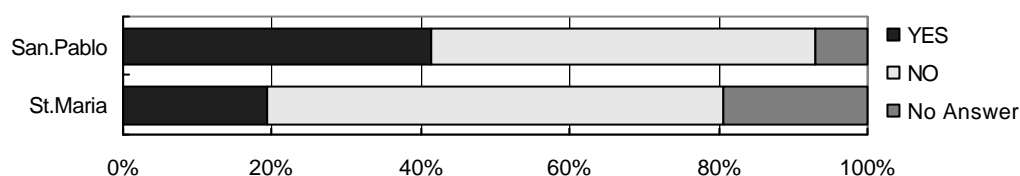
Question 1. Did you know about responsible parenthood (family planning) before you learned in school?

Figure 3-1: Result of Question 1



Question 2. Was the information different from the one you had? (Question given only to the students who answered YES in Q1)

Figure 3-2: Result of Question 2



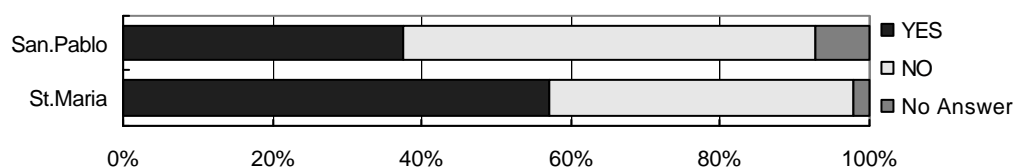
Most of the students who had information about responsible parenthood beforehand answered that their parents had talked to them. And around 80% of the female students heard about it when they were in elementary schools.

The difference between the information they heard from their parents and school education contents was about the usage of contraceptives. Some parents had told their children about so-called “natural family planning”(NFP)², which does not use contraceptives. However, this method has higher risk of failure and also it is not an effective measure against AIDS or other STDs. It cannot be said that NFP is very effective method for fertility control. (Effectiveness for preventing pregnancy: oral pills 97%, male condoms 90%, NFP 75%)

Question 3 asks whether they think it is important to teach responsible parenthood in school curriculum. Approximately 90% of the students answered YES. Most of the reasons were to have proper information and to be aware of overpopulation.

Question 4. Have you ever been to a lecture or a workshop (outside school) concerning about this matter?

Figure 3-3: Result of Question 4



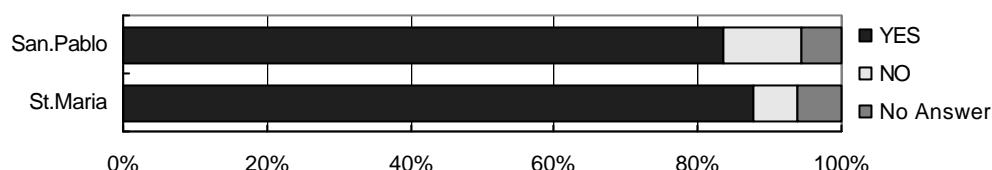
Main reason for not attending these workshops was lack of opportunities. Expectation and the result turned out to be opposite. Generally, cities have more opportunities, than rural areas. However from this result, in this

² Method to prevent pregnancy. Roughly classified into two types. 1) Avoid intercourse during fertile period. 2) Withdrawal.

city, there is less demand for these activities or are meeting some difficulties in conducting them.

Question 5. Do you think the government should enhance responsible parenthood plan?

Figure 3-4: Result of Question 5



As mentioned earlier, DOH provincial offices are commissioned to implement responsible parenthood plan. However, in Laguna Province, the local government does not put emphasis on the plan. Pressure from the church and government executives' beliefs influences the government policy.

It should be noted that, approximately 83% of the population in the Philippines are Christians (Roman Catholic), which prohibits the use of contraceptives. This might not be the only reason, but prevalence rate of family planning is low. (Table 3-3) And in San Pablo 80%, and in Santa Maria 70% of the students who answered the questionnaire were Catholics.

Going back to the result of the previous question, it may be presumed that, the area where ratio of believers of religion, which does not adopt contraceptives, is lower, it becomes easier for the people to have information and opportunities.

For these reasons, even if promotion of responsible parenthood plan is one of the main agenda of DOH, there is a big gap of achievement between provinces. The biggest problem is that DOH central office does not direct local offices, which have been devolved to local government units since 1991, to help them implement the plan. This means that even if Laguna Province is lagging behind in achieving responsible parenthood plan, there is no immediate remedy in sight. As we can see from the interview results, the government policy does not suit students' concerns.

Students' reason for answering YES in this question was to have a countermeasure for overpopulation crisis. They realize that overpopulation is a big problem, which will be an obstruction for development of their country.

Table 3-3: Comparison of contraceptive prevalence rate

	Philippines	Thailand	Indonesia	Vietnam	Malaysia
Modern Methods ³	28%	72%	55%	56%	31%
All Methods ⁴	47%	74%	57%	75%	48%

Source: International Planned Parenthood Federation, Reproductive Rights 2000

3-4. Findings

Although responsible parenthood plan is introduced, so far, it is not very effective to reduce TFR. DOH central office have set up a target of this plan, which aim to reduce TFR down to 2. 1 by 2005. Sorry to say, but

³ Condoms, oral pills, sterilization and others

⁴ All methods including NFP

judging from the present situation, we cannot do other than doubt the achievement.

Through this research, we have found a point, which might corroborate the comment of DOH official. She mentioned that one of the supposable obstacles to implement this plan is people's belief. As aforementioned, it is natural to think that rural areas are more conservative and lack information about responsible parenthood. However, from these results, we can say that it is not only the geographical area or literacy rate, which influence people's accessibility to information.

Though, religious belief is very sensitive issue to discuss in program implementation, government and church should think carefully to make a decision, which meets the needs of young generation, who are concerned about this matter. Since teaching about responsible parenthood properly in school, students' awareness of overpopulation and other problems caused by high fertility rate, is growing even they are religious.

As far as we observed, we can conclude that health education is effective to awake awareness of this matter, and when this generation enter their productive age, we can expect that it would help them to practice responsible parenthood plan.

4. Secondary Education as A Pre-stage of Working

4-1. Introduction

The Philippines has high enrolment rates in primary and secondary education. According to interviews with school staff from six elementary schools and three high schools conducted during October 2000, it was estimated that around 90 % of elementary school students graduate and then continue their education at high schools. Teachers from the same high schools also estimated that around 50 % of graduates are enrolled at tertiary institutions. Despite a lack of follow-up surveys on elementary and high school graduates, statistics and interview results indicate that almost all children have access to a primary education, and a majority of children have access to a secondary education. The percentage of high school graduates going on to tertiary education, however, is approximately halved.

Then, what are high school graduates' hopes for the post-high school? Some of them may pass the National College Entrance Examination (NCEE) and then go to study at a college or university. Some may go to a private institution, which provides technical/vocational training. And others enter the labor market and then start working. But here for the third group, even if secondary education curriculum in the Philippines provides high school students with basic job skills, knowledge and information for obtaining initial gainful employment⁵, how prepared are they for entering the labor market and working? Among 175 high schools in Laguna, there are only several schools which have special technical/vocational curriculum. This means that only small percentage of students can get technical/vocational education in secondary education. So the graduates from a general high school, who do not go on to a college, university or technical/vocational institution, are the weakest in the labor market. Referring to results of a questionnaire we provided to high school students, we shall see if they are ready to start working.

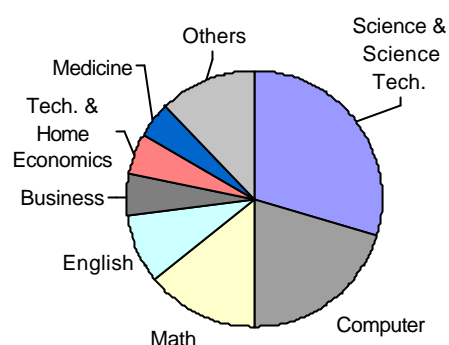
⁵ DECS "Education in the Philippines"

4-2. Students' post-high school preferences

In order to make clear how prepared students are for entering the labor market, 68 grade IV students from an urban high school, and 48 students of the same grade from a rural high school, were asked to complete a questionnaire regarding options available to them at the post-secondary education stage. When analyzing the responses, no apparent disparity was found between the urban high school students and the rural school students.

Responses to the questionnaires indicated, however, that 90 % of the students hoped to enter university or college, with 62 % of them having clear aims to study a specialized field and 25 % just hoping to obtain a degree. When one considers these figures, it becomes very evident that a majority of secondary school students do hope to continue their education at a tertiary level. The following diagram displays what courses students are interested in, and suggests that science and technology courses followed by computer and math are the most sought-after courses for which the high school students would like to specialize.

Figure 4-1: High school students' preferred fields of specialization at a tertiary level



4-3. Counseling for high school students

Although the Philippines can be considered a country which has a large enrolment in tertiary education, it must be noted that a high percentage of high school graduates who hope to continue their education are not necessarily able to enter tertiary institutions. More than half of the above 90 % students do not go on to a university or college, and their hopes of specialization are not realized so easily. One of reasons why there is this gap between students' preferences and the real situation is that high schools are not taking an active part in giving students the advice about their next courses after high school. This is confirmed by the fact that the schools we visited did not have follow-up survey for their graduates and teachers did not know the exact percentages of graduates in each post-high school course, as aforementioned.

The questionnaire results aforementioned show the amount of counseling that high school students receive. ⁶ It indicates that 76 % of students talked about their future options, regarding education, with other family members, and 18 % with friends. An excessively low number of students talked about post-high school options with their teachers, with a figure as low as only 4 %. It seems that if high schools provided counseling for their students then a higher percentage of students who had hoped to enter a tertiary institution would be able to, or that students would be made more aware of other options available, i. e. vocational courses, apprenticeships, etc.

The questionnaire results also demonstrated that 90 % of graduating secondary school students are anxious about what they will do after completing their secondary education with 30 % of these students indicating a strong anxiety.

⁶ Any counseling the students ever had from grade I up to the 5th month of grade IV

4-4. Findings

Research suggests that students may not be made aware of options available to them at the post-secondary stage and hence are not prepared to enter the workforce. Figure 4-4, “Unemployed Persons by highest grade completed in Region IV – Percentage Values”, in the education group B report, highlights this further with 45 % of the unemployed in region IV only having completed a secondary education. This high proportion also suggests that people who do not continue their education after high schools are more susceptible to future unemployment.

It could be argued that if a higher number of students received teacher’s counseling or professional advice about post-high school options at the high school level, they would not only be made more aware of options available to them, but that post-high school anxiety and possibly future unemployment, could be significantly reduced.

5. Conclusion

Through our research, we could observe the existing condition of the Philippines’ formal education. Since we made a great point of interviewing teachers and students in the fields, we have picked out many problems, which DECS and other government officials pay less attention or did not recognize. To improve the quality of education, at least it might be better for DECS to look further a field and reflect on their current policies.

Also, alleviation of disparity between rural and urban areas might be one of their main tasks. The gap between areas was bigger than we had imagined. Massiveness of the education facilities such as teaching materials and other statistics⁷ indicate the imbalance in areas. And it is not only the economic condition but also parents’ motivation for their children’s education influences their performance.

As aforementioned, in Laguna Province, Tagalog is spoken as their native language. Since Tagalog is the base language of Filipino, students have no difficulty in understanding Filipino as a medium of instruction. It can be supposed that in non-Tagalog speaking area, there would be more or other problems, which DECS might have to work on.

Moreover, the relation with the society is another issue. For providing adequate education to help the students to enrich their life, such as skill training, reconsideration of the school curriculum has a room to discuss. In addition, school system to support students for their future consideration is needed.

Since the style, which we took for our group research was a rather daring plan, we cannot completely deny that the focus of this report is somewhat discursive. But observing the Philippines’ education system from various points of views, we have found diverse problems, which can be considered as a merit of our style.

As we just stayed in the Philippines for a short time, it is difficult to suggest a perfect remedy for an overall improvement of education quality. However, we hope that our research results would be some help to anyone who is concerned with this topic.

Acknowledgment

We deeply appreciate all the students, teachers, government officials and organizations that accommodated us, for the immeasurable cooperation and hospitality. We are also grateful to all the faculty members and staff of UPLB and GSID, for supporting us. And most of all, our deepest gratitude is given to Edit, our counterpart from

⁷ Teacher/student ratio, size of one class etc.

UPLB. She organized our schedules and accompanied us during our stay. Without her wholehearted support, advice and patience, we could not possibly accomplish our research.

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B. Technical/Vocational Education and Training in Laguna

1. Introduction

For some decades now, it is considered that the Philippines have been having a problem of educated unemployment. In the 70s, many of the university graduates were not being utilized in the labor force, particularly those who undertook courses in the most popular areas, like teacher training, commerce and the liberal arts.

The government tried to solve this problem by using different measures. One of these was the reduction of the supply of graduates, both by limiting the opening of new schools in these areas, and by introducing the National College Entrance Examination. Another measure had to do with curricular reforms: the development of a technique-oriented curricula for those who did not pass that exam, the upgrading of vocational high schools to technical colleges, among others. These changes made vocationally specific training even more skill-specific, the emphasis now being on applied, practical training to meet supposed labor market demand.

Another approach was to develop non-formal education. This was marked by the creation of the National Manpower and Youth Council (NMYC), which coordinated many programs, offering shorter and more flexible skills training courses. The clientele addressed was the majority of the educated labor force, from high school-leavers and out-of-school youth to college graduates.

Today the situation in the Philippines still shows signs of unemployment amongst educated labor. Graduates from universities and high schools have much difficulty in acquiring their job. In certain cases, they are employed but their skills are not sufficiently utilized, due to over-qualification for the job or to a mismatch of their skills with the skills required by the job.

Recently, many changes happened in terms of government policy towards approaching this problem. The creation of the Technical Education and Skills Development Authority (TESDA) in 1994 is a proof of the attention that has been dedicated to this issue. TESDA is now the institution responsible for coordinating Technical/Vocational Education and Training (TVET). For this reason, Education Group B became interested in exploring the way in which such new measures were being implemented, analyzing present achievements and identifying eventual shortcomings.

Another reason why we decided to focus our research in this topic is that TVET has been taking a very significant role in the recent setting of Laguna. This seems to be due to the fast pace of industrialization of this area. TVET is supposed to respond to these changes by generating and delivering an appropriate amount and quality of human resources for this increasing demand. In other words, TVET (supply side) would respond to the needs of labor market (demand side) by providing technical skills to people who represent the potential future employees of the growing sector of industrial companies.

In order to grasp the present situation of TVET in Laguna, we interviewed principals, teachers/trainers of Technical/Vocational Institutions (TVIs) and Training Centers (TCs), and directors of institutions such as TESDA, the Department of Education Culture and Sports (DECS), the Department of Social Welfare and Development (DSWD), and NGOs. In addition, interviews and questionnaires exploring the perceptions of students/trainees about TVET were conducted in the TVIs and TCs that we visited.

Meanwhile, we also looked at the demand side of human resources. The labor market in Laguna consists of demand from various private companies, especially from the industrial sector. Matters to clarify were how the employment situation has been in Laguna, whether there is a demand for more graduates from TVET and the like. The situation or trend of the labor market was analyzed through interviews and data acquired from some institutions, such as the Department of Labor and Employment (DOLE), Toyota Motor Corporation, local shops and other sources.

In the following chapter 2, we begin by describing how TVET has been administrated, what kind of procedures are taken to implement TVET, and how several institutions coordinate to supply trained human resources into the labor market of the Philippines. Chapter 3 begins by describing the main characteristics of the TVIs and TCs that we visited. Then, on the basis of the results of the questionnaire research that we conducted with students/trainees of TVIs and TCs, we attempt to analyze their opinions and perceptions regarding TVET. In chapter 4, the present situation of the labor market in Laguna is mentioned by referring to basic statistics of the employment context. In the conclusion part, our reflections about TVET provided by this field research will be presented.

2. The Structure of Technical/Vocational Education and Training in the Philippines

TVET includes a diversity of courses and programs and is put into practice through the coordination of a multitude of organizations, with distinct roles and contributions. This section presents a brief explanation of the existing types of TVET in the Philippines and of the various institutions involved in its setting.

2-1. Different types of Technical Vocational Education and Training

The main distinction to be made is between formal and non-formal TVET. **Formal** TVET is established within the formal educational system, and exists both at the secondary and tertiary level. This kind of education is mainly offered in Technical Vocational High Schools and in Polytechnic Colleges. At the secondary level, the coordination of TVET is done by DECS, while at the tertiary level it is done by TESDA and CHED. It basically combines the formal component of classroom learning with an extra component of skills training. This second part would provide the students with the practical knowledge needed to engage in working life. The targeted students are the poor youth who cannot afford to be enrolled in a university course.

Non-formal TVET refers to organized learning activities established outside the formal system and intended for a particular target population. This clientele is especially the out-of-school youth and adult illiterates, but some of the programs are specifically directed to the unemployed, disadvantaged women, and people with disabilities, amongst other groups. Courses are skills-oriented and their duration can range from just a few days to two years. This kind of education is offered at public and private Technical Vocational Institutions (TVIs) and Training Centers (TCs). The Bureau of Non-Formal Education, part of DECS, is responsible for programs such as Basic and Functional Literacy, which can go up to the secondary level of education. Above this level, non-formal education programs are coordinated by TESDA.

2-2. Intuitions involved in the coordination of TVET

Until 1994, the Department of Education, Culture and Sports (DECS) was solely responsible for all levels

and types of education in the Philippines. Since then, there are three main organizations responsible for education, as was mentioned in the introductory part of this group's report.

TESDA and its different roles

TESDA is one of the two newly created institutions. It is responsible for non-degree post-secondary technical/vocational education. It was created to “mobilize the full participation of the industry, labor, technical and vocational institutions, local government and the civil society for skilled manpower development programs”. It integrated the former National Manpower & Youth Council (NMYC), the Bureau of Technical-Vocational Education of DECS and the Office of Apprenticeship of the Department of Labor and Employment (DOLE).

Amongst its many goals, TESDA aims to develop quality middle-level manpower, which would be a contributing factor for the country to achieve international competitiveness.

TESDA has many different responsibilities:

Definition of Programs

At a central level, TESDA defines the types of programs that can be offered nationwide at any given TVI or TC. There are many types of programs, and some of them are established in coordination with other institutions, like DECS (for secondary formal TVET), CHED (for tertiary formal TVET) and DSWD (for some non-formal TVET), amongst others. A description of all these programs would become quite extensive, thus we choose to only explain in more detail the programs we were able to observe directly, such as the “Dual Training System” and the “Productivity Skills and Capability Building for Disadvantaged Women” projects (see chapter 2).

Trainers Training and Certification

TESDA's National Institute for Technical Vocational and Education Training (NITVET) offers training for TVET trainers. TESDA also has a system of testing and certifying people who, despite not having taken their courses, possess enough knowledge to become TVET trainers.

Skills Standardization

The Skills Standards and Certification Office of TESDA is in charge of establishing a national system of skills standardization, testing and certification. This system would allow people who did not undergo formal education but acquired equivalent knowledge and skills through their life or work experience, to take tests and be accredited with certificates of “competency equivalence”. Such a certificate of equivalency to secondary education, for example, would make that person eligible for TVET courses, providing opportunities for these people to engage in further education.

Accreditation of TVET providers

TESDA is also responsible for implementing a system of accreditation through which all TVIs and TCs need a TESDA certification in order to provide TVET programs.

Curricula Development

In coordination with DOLE and with the private sector, TESDA has developed a study of “job analysis”: an extensive description of all tasks involved in a certain technical job and the skills needed to engage in such professions. This study has been done for about ten occupational areas (making for a total of about one hundred

occupations), and TESDA is in the process of extending this to other professions. The job analysis is the basis for the crucial definition of the **Training Regulations** for TVET courses. The Training Regulations Manuals are the guides that should be followed by all TVIs and TCs throughout the country. TESDA will only give certification to the courses if the curricula follow these regulations.

These are amongst the most important functions of TESDA. However, TESDA is also providing direct training in the 64 “TESDA supervised schools”, which were recently assigned to them. It also coordinates the TESDA Women’s Center, a project carried out with the support of JICA, amongst other projects.

TESDA has regional and provincial level offices, such as the Provincial office of Laguna, which also have their specific responsibilities.

2-3. Other Institutions

As was pointed out before, other institutions are involved in the coordination of TVET. Their collaboration creates a complexity of relations that we attempt to summarize in Figure 2-1.

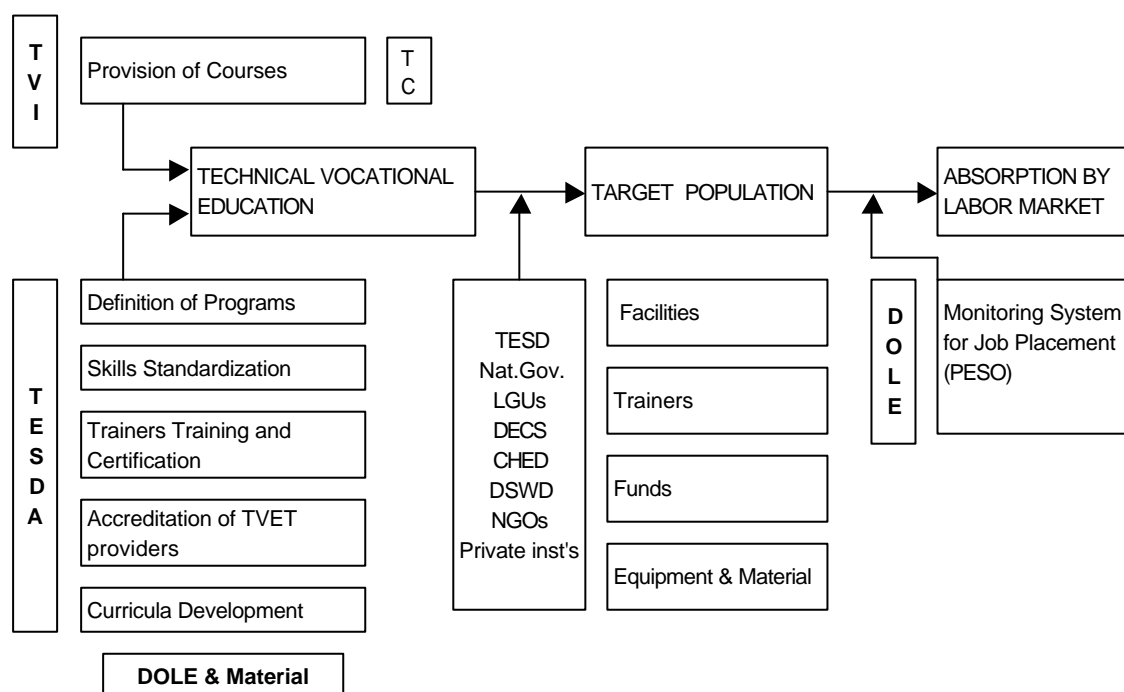


Figure 2-1: Representation of the institutions involved in TVET and of their several roles.

Looking at TVET through a simple perspective of input and output, the inputs to TVET come, on the one hand, from the TVIs and TCs, which are the institutions providing the courses and programs. These can be public institutions, but the majority is privately run, thus having decision power over which courses they offer. On the other hand, there are supporting institutions which define the programs that these centers can offer, provide trainers’ training and certification, establish skills standardization systems, provide accreditation to these TVIs and TCs and establish the training regulations which guide the programs’ curricula development. As mentioned above, these functions are basically provided by TESDA, although the last one is also supported by DOLE.

In order to provide this TVET to the target population, facilities, funds, trainers, equipment and materials are the basic requirements. These can be provided by a variety of institutions, depending on the type of TVET and on the type of program. Figure 2-1 lists some of these institutions that assist the implementation of TVET.

Finally, in order to provide this target population with job information from the labor market, consequently, in order for the trainees to be absorbed by the labor market, DOLE becomes a supporting institution: it offers a monitoring system for job placement, carried out by the Public Employment Service Offices (PESOs).

3. Technical Vocational Education and Training (TVET) Programs in the Province of Laguna

In the province of Laguna, there are 61 technical vocational institutions (TVIs) and 11 training centers (TCs). Almost all TVIs are private and independent from TESDA in terms of decision making. Recently, because of the globalization trend of the world economy, most TVIs and TCs give encouragement to computer (IT) courses, such as computer technology, computer programming, computer science, and telecommunication technology.

3-1. The Characteristics of the TVIs and TCs Visited

We visited two formal and three non-formal TVIs and TCs. Here, we will briefly look at the main characteristics of each of them. Further details about them are provided in the appendix.

3-1-1. Formal TVET

The Laboratory High School of Laguna State Polytechnic College (LSPC) in San Pablo is a TVI which offers formal courses in areas such as welding, electricity, drafting, food technology and garments. Students are required to have graduated from elementary schools. For the first two years, they receive traditional classroom learning, but the last two years include practical skills training as well. Mostly, students continue studying after graduation.

The Secondary Education Department of Laguna State Polytechnic College (LSPC) in Santa Cruz is also a TVI, providing formal courses to graduates from elementary schools. The courses are in various areas of technology, such as industrial, refrigeration and air conditioning, automotive, civil, electrical, electronics, drafting, and home technology. Each course includes OJT (on the job training) of about 1,200 hours at private companies. Most of graduates tend to continue studying at college or university.

3-1-2. Non-formal TVET

The Don Bosco College Manpower Training Center is a TC that offers non-formal courses. The trainees are high school graduates and they are 17-22 year-old males. The courses provided are industrial mechanics, industrial electro-mechanics and wood technology. An interesting point is that this TC offers Dual Training System that is recent program promoted by TESDA. It consists of a 15 months course, which is divided into a taught course for 10 months and OJT for 5 months. Notably, around 90% of trainees find employment after graduation.

The Santa Cruz Provincial Compound of DSWD is a TC, which implements the project called “Productivity Skills Capability Building for Disadvantaged Women”. This project is financially supported by the LGU (local government unit) and JICA. There are two courses: sewing craft and food processing and preservation. The objective of this project is to improve the status of disadvantaged women through provision of skills. This would enable them to become productive, thus, contributing to increased family income through self-employment, open employment or sheltered workshop. The trainees are 18-59 year-old women from

depressed barangays and they are at least elementary school graduates. After the completion of the courses, most of the trainees of food processing become self-employed. In the case of sewing craft, 40 percent of graduates engage in open-employment and 40 percent become self-employed.

The Laguna Training Center in San Pablo is a TC that offers non-formal courses. There are two courses: auto-cad computer basics and industrial sewing machine operations. The trainees of computer basics are 18-35 years old and they have studied at least two years in college. They learn practical skills and theoretical schemes. In case of sewing machine, the trainees are over 18 years old high school graduates. The course includes skill training and “modular sessions”, such as self-enhancement and basic business management. Most of the graduates become self-employed.

3.2. Results of Questionnaire Survey for Trainees of TVIs and TCs

When we visited the TVIs and TCs in the province of Laguna mentioned above, we conducted a questionnaire survey for trainees. It mainly aimed to identify trainees’ motivations, their opinions about the course and their future plans after completing the course. Here, we will look at the results of these three aspects. The following data are the average figures of 90 trainees.

Figure 3-1 shows the trainees’ main reasons for taking the courses. The strongest motivation is to obtain knowledge and skills necessary for a job, followed by to get a job. The third one is to get a high salary. It seems that all these reasons are directly related to entering the labour market.

Figure 3-1: Why did you decide to take this course?

(0=no influence; 5=strong influence)

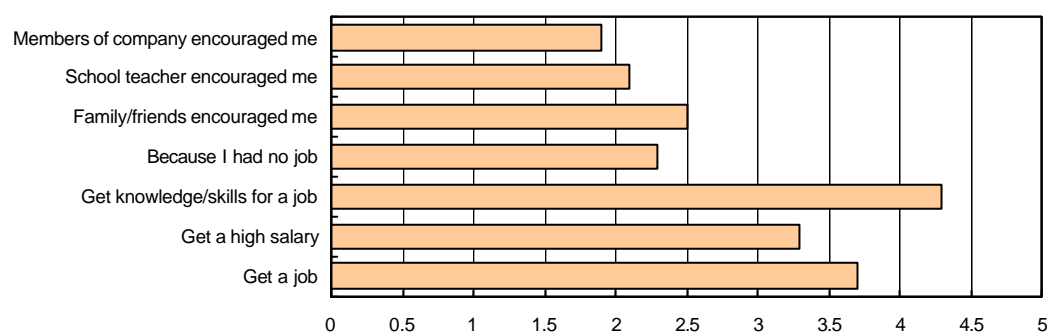


Figure 3-2: To which extent are you satisfied with :

(0=not satisfied; 5=very satisfied)

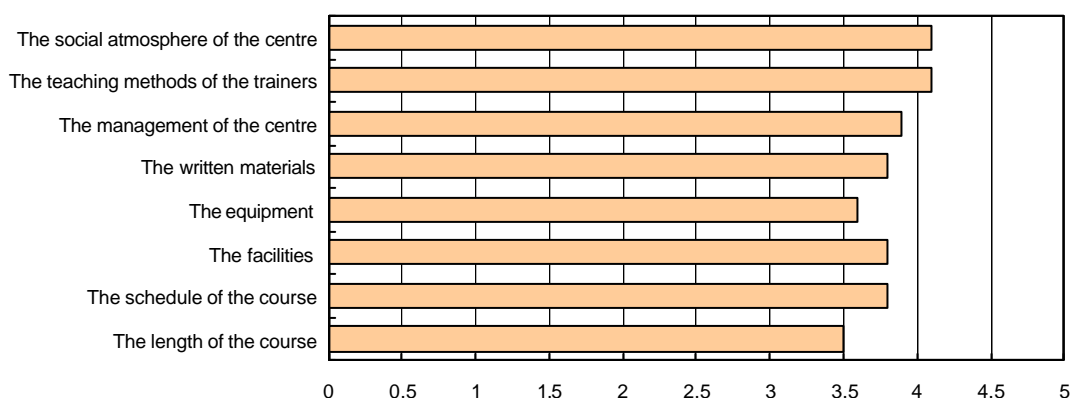


Figure 3-3: What are your plans after completing this course?

(one choice only)

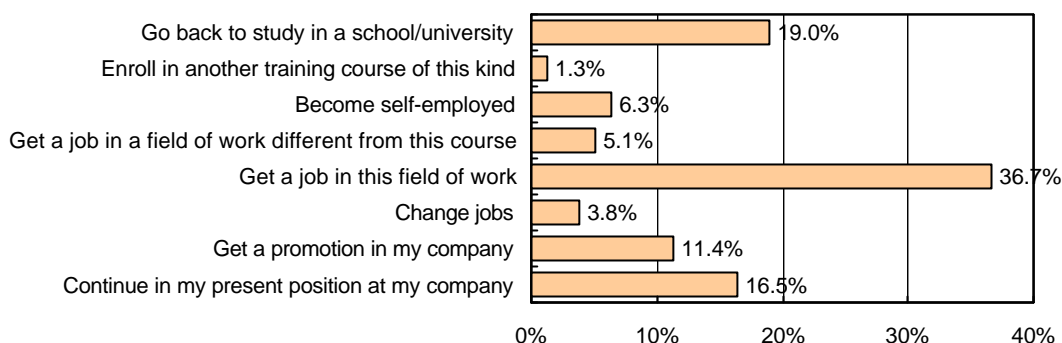


Figure 3-2 shows the trainees' opinion about the courses and training centers. From the result, we can see that the trainees' opinion is generally very good. Another question that we do not present here shows that they tend to feel that the courses are interesting.

The last figure shows the trainees' future plans for after completing the courses. From this, we can see that the majority of trainees intend to get a job in the same field of work as the course. One fifth of them are going back to study in a school or university, and some of them are going to continue in their present position at the company. The reason why relatively large proportion of trainees intend to go back to study is that half of the trainees who answered the questionnaire are still at secondary level.

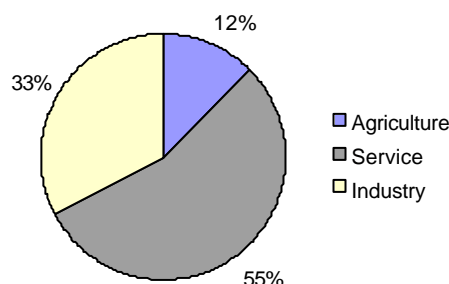
In summary, the trainees' opinions and attitudes towards TVET are fairly positive. Also, our impression from the results of the questionnaire survey and interview is that the quality of TVET is quite high. However, some further improvements are needed. On the one hand, the funds for TVET are still not enough. Also, TVET is considered to be the education for the poor who cannot afford to go to college as a minor form of education. In order to promote it, this image of TVET should be changed.

4. The Labor Market Situation in the Province of Laguna

4-1. Main Economic Activities in Laguna

The province of Laguna has vast prime agricultural areas and is richly endowed with natural resources. However, there are discrepancies within the region. Its proximity to Metro Manila has contributed positively to a faster pace of industrial development. The predominant activities in two of the four districts of Laguna (1 and 2) are indeed industrial based, with a marked presence of multi-national corporations (27 establishments in district 1 alone). Manufacturing, electronics, food processing, machine and car assembly are the largest activities in terms of employees and yearly turn over. By contrast, districts 3 and 4 are mostly agriculture oriented,

Figure 4-1: Employment by sector in Laguna Province as of July 2000.



Source: DOLE, Calamba

producing a rich supply of rice, fruits, vegetables, fish and forestry products. With this economic environment, agri-based industries along with cottage and small-scale industries have long been established.

The role of the tertiary sector has also been gaining importance. The following figure displays employment shares as of July 2000 in the province of Laguna as a whole, showing that this sector is the most important employer. According to Region IV surveys provided by the regional office of DOLE, industry and service sectors gained share continuously against a steady decrease in agriculture related activities.

4-2. Department of Labor and Employment (DOLE): Roles and Programs

DOLE looks upon its mission as “(to) promote social justice and protect human rights and respect for human dignity through the assurance of workers’ protection and welfare, promotion of full employment and manpower development, the maintenance of industrial peace and enhancement of workers participation in policy making”.

The quoted ambitious mission is being implemented through a series of programs closely coordinated and monitored together with other governmental agencies, such as DSWD, TESDA (which itself is part of DOLE), LGUs, and sporadically with the private sector.

Through its regular survey on unemployment at provincial and local levels, DOLE plays a fundamental role in providing information on labor market trends. Labor demand and supply discordance and inappropriate human resource development policies can thus be highlighted. Correspondingly, inputs can be implemented for a proper steering by the competent authorities. In this respect, the contribution of DOLE assumes a decisive role in the design and setting of appropriate curricula for TVET, one that can meet the ever and swiftly changing industries’ requirements. Indeed, TESDA relies strongly on labor statistics and other information provided by DOLE to identify new emerging trends from the demand side and create the adequate responses on the supply side. That is, TESDA takes that information into account to create new programs and design the according curricula.

The Public Employment Service Offices (PESOs), mentioned in chapter 2, are an example of institutionalized offices aiming at employment facilitation through career and employment guidance. They offer a job placement monitoring system that tries to match job seekers with job offer, by gathering information from both supply and demand sides.

DOLE recognizes the importance of education in future labor trends. While interviewing various officials, the acknowledgment of the change of times seemed a common understanding: rapid technology changes and intense competition force employees to change their attitude towards learning and job tenure. The philosophy behind every new program and activity emphasizes how important it is that education be continuously developed not for its own sake, but for real and effective application purposes to pursue the overall goal of national development.

4-3. Employment situation

According to various statements gathered during interviews with public officials at local, provincial and national levels, the province of Laguna seems to be particularly blessed in terms of labor issues, unemployment rates being relatively low.

Beyond a worrisome slump in 1991, the trend appears stable and surely one of the most successful in the

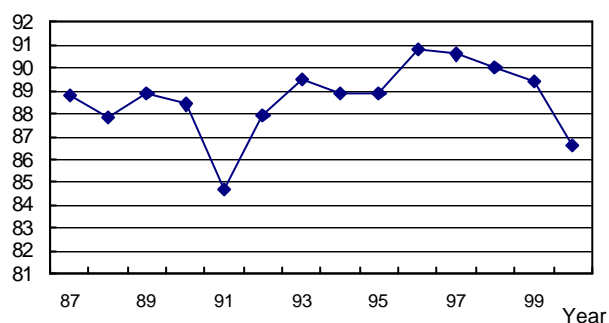


Figure 4-2: Employment Rates in the Province of Laguna in the time frame 1987-2000

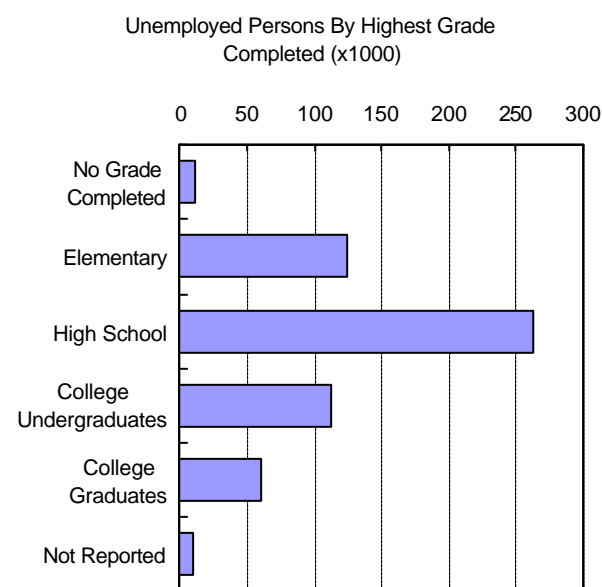
whole country. Even the strong crisis of 1997 that hit the high-growth economies of South East Asia did not have the devastating effects as was the case in other regions. The recent slump during this year (July 2000), with employment down to 86.6%, is explained by public officials as uncertainties dominating Filipino politics and allegedly corrupt actions of the president.

When looking at the data displaying the distribution of unemployed people by educational level (see Figure 4-3 and 4-4), stunningly the group

with the highest unemployment rate is that of high school graduates. A more detailed analysis shows that, in fact, graduates from polytechnic high schools (e. g. San Pablo and Santa Cruz) transit smoothly from school to first job. In other words, the worrisome 45% unemployment rate of high school graduates probably reflects the reality of those who graduated from high schools of the formal educational system. We realized a common consensus among officials about the reason for this situation: it is due to poor curricula and curricula that do not meet labor market demands. Some officials went even further and explained that most of the graduates from formal system high schools were not able to pass companies' entrance examinations due to lack of satisfactory comprehension capabilities, in particular, insufficiently developed attitude towards problem solving in daily life.

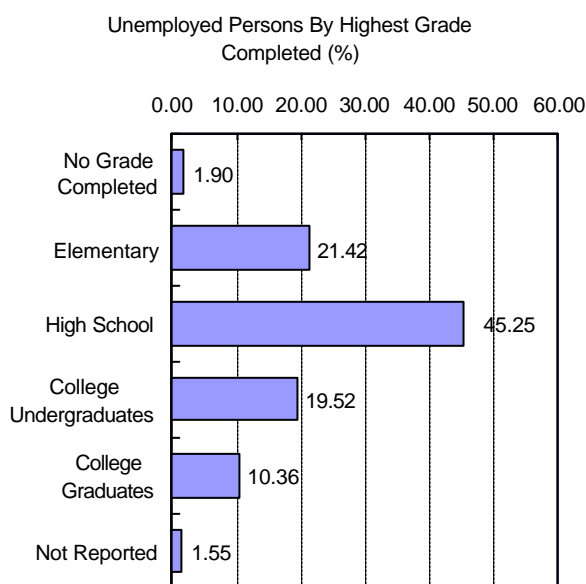
5. Conclusion

Through our fieldwork, we were able to conclude that there is still a certain level of unemployment among educated people (mainly high school graduates). Because this problem is attributed to curricula inadequacy in the



Source: National Statistics Office

Figure 4-3: Unemployed Persons by highest grade completed in Region IV – Absolute Values



Source: National Statistics Office

Figure 4-4: Unemployed Persons by highest grade completed in Region IV – Percentage Values

formal educational system, it seems clear that either this curricula needs to be improved or the option for these graduates is to enroll in TVET courses after high school graduation. Either way, TVET seems to have an important role in solving this problem.

TESDA has performed well in fulfilling its assigned tasks, in coordination with other organizations. However, it seems that this institution is being faced with so many different tasks that its resources are not enough to respond to all the needs. But the mere fact that the central government keeps assigning this institution new roles is a sign of its good performance.

Through the questionnaire survey of trainees/students of TVIs and TCs and interviews with managers, it was found that most of the trainees were satisfied with the quality of courses provided by TVIs and TCs. However, the image of TVET is still anchored to the meaning of a “minor” level of education. In terms of post-secondary courses, they are considered to be the alternative available for the less wealthy, who cannot afford university. Other types of courses are less available and information about them is not easy to find. As an attempt to promote the image of TVET, TESDA has created the “Skills Olympics”, a competition among graduates of TESDA certified courses which has been widely advertised. Nevertheless, through street interviews with locals, we realized that there are still many people who have no knowledge about the existence of TESDA and of this kind of education. On the other hand, companies like Toyota Motor Corporation give great value to TVET, which is reflected in their recruitment: about 80% of their employees in the Santa Rosa plant are graduates from TVET courses.

We also realized that there is a certain mismatch between human resources produced by TVET and the absorption by labor market. Whereas TVET has been offering IT-related courses and generating corresponding human resources, labor market (in Laguna, specifically in the industrial sector) has been demanding people trained in other fields, such as electronics. In trying to explain why this is happening, we arrived to the conclusion that, on the one hand, the population does not know which kind of jobs are in more demand, that is, they do not have information about what skills are being requested by the labor market. This lacking service could perhaps be provided by DOLE. On the other hand, the TVIs and TCs are not willing to offer different courses, even if they do receive this kind of information from TESDA. The problem seems to be that training in other fields, like electronics, requires equipment that can be quite costly, as well as the trainers. Being profit oriented, these centers are not willing to risk it, especially because the less-informed general population is more interested in the very fashionable IT-related courses.

TVET is certainly in demand and seems to be gaining a very important place in the educational scenario. Improvements in TVET would require intervention in promoting TVET image among the general population, providing TESDA with more control over the TVIs and TCs decisions, and in disseminating more information about the available courses and their advantages in terms of access to employment opportunities.

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<http://www.census.gov.ph/>

<http://www.pids.gov.ph/>

Appendix: Characteristics of the Schools and Training Centers visited (1)

	Target population	Conditions for acceptance	Type of Education provided	Goals	Courses
FORMAL					
LSPC San Pablo Laboratory High School	Graduates from elementary school	Elementary School Diploma, entrance examination	T-V High School Course (2 years in classroom, 2 years classroom + skills training)	Developing new methods of teaching; providing pupils with more specific skills to prepare them for working life	Welding Electricity Drafting Food Technology Garments
LPSC Santa Cruz Secondary Education Department	Graduates from elementary school	Elementary School Diploma, entrance examination	T-V High School Course (including OJT of about 1200 hours)	Providing pupils with more specific skills to prepare them for working life	Industrial Technology Refr. & Air Conditioning Automotive Technology Civil Technology Electrical ,etc
NON-FORMAL					
Don Bosco Manpower Training Center	17-22 year old males high school graduates	High School Graduates Low income level Test & Interview Screening by private companies (sponsors)	Dual Training System 15 months (10 months taught courses, 5 months OJT)	Offer the poor yet deserving youth the chance of learning a trade and getting a job; Form good Christians	Industrial Mechanics Industrial Electro-Mechanics Wood Technology
DSWD Provincial Compound Santa Cruz	18-59 years old disadvantaged women from depressed barangay	Elementary School Graduates (at least) Low income level Consent from spouse Highly motivated	Productivity Skills and Capability Building Programs 10 to 18 days, including skills training and modular sessions (self-enhancement, basic business, etc.)	Enhance capability of income generation by self, open or sheltered workshop employment; Prevent out migration	Sewing Craft Food Processing and Preservation
Laguna Training Center San Pablo	18-35 years old, at least 2 years in College	First come, first served	15 hours, 70% practical skills and 30% theoretical classes	Enhance their chances of absorption by the labor market	Auto-Cad Computer Basics
	Over 18 years old, preferably High School Graduates	Low income level Willingness to learn	120 hours, including skills training and modular sessions (self-enhancement, basic business, etc.)		Industrial Sewing Machine Operations

Appendix: Characteristics of the Schools and Training Centers visited (2)

	Tuition Fees	Supporting Institutions	Absorption by labor market	Improvements needed (managers' opinion)
FORMAL				
LSPC San Pablo Laboratory High School	Free	National Government DECS	Most of graduates continue studying	Developing new methods of teaching; providing pupils with more specific skills to prepare them for working life
LPSC Santa Cruz Secondary Education Department	Very low tuition fees	National Government DECS Private companies (OJT)	Most of graduates continue studying	Providing pupils with more specific skills to prepare them for working life
NON-FORMAL				
Don Bosco Manpower Training Center	85% of students only pay entrance fee (sponsored scheme)	Don Bosco College TESDA Private companies NGOs	Around 90% of graduates are employed (a monitoring system is provided)	Offer the poor yet deserving youth the chance of learning a trade and getting a job; Form good Christians
DSWD Provincial Compound Santa Cruz	Free (trainees bring some low cost materials)	LGU DSWD JICA TESDA DOLE (PESO)	For Sewing Craft: 40% self-employment 40% open employment For Food Processing: Mostly self-employment	Enhance capability of income generation by self, open or sheltered workshop employment; Prevent out migration
Laguna Training Center San Pablo	Free (trainees bring some low cost materials)	LGU TESDA DOLE (PESO) NGOs	Industrial Sewing Machines Operations: mostly self-employment	Enhance their chances of absorption by the labor market

Other Collected Literatures

The name of the institution

The name of the literature

WG2-A

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Collection and Remedies of Taxes

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Philippine Higher Education-A Brief Guide- CHED

Department of Education, Culture and Sports,

DECS

Organization Chart

Office of Planning Service

Financial Management Service

Administrative Service

Human Resource Development Service

Technical Service

Bureau of Elementary Education

DECS Regional Offices

Bureau of Secondary Education

Bureau of Nonformal Education

Bureau of Physical Education and School Sports

School Health and Nutrition Center

National Education Testing and Research Center

Education Development Project Implementing Task
Force

National Educators Academy of the Philippines

THE DECS BACKGROUND

The Philippine Educational System in Capsule

Overview of the Nonformal Education Accreditation
and Equivalency (NFE A&E) System

Nonformal education accreditation and equivalency
system: ~ The Philippine experience

Pathway to learning in NFE A&E system: ~ A
learner's point of view

List of Provinces/Municipalities/Cities of the NFE
A&E system Project Sites

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Department of Education Culture and Sports Division
Office (Original Chart)

DECS (Division of Laguna, District of Santa Maria)

Consolidation of Performance Indicators for
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SY. 1999-2000

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National Objectives for Health

Health Human Resource Development the Philippines
Structure of Department of Health

Health Manpower Development and Training Service
Programs

Government Agencies Involved in Health-Related
Programs

Non-Government Health Organizations

Manual on Environmental Health Impact Assessment

Department of Health (Provincial office)

Health Profile 1999

Teaching materials

GABAY PARA SA KALUSUGAN

Gabay sa Pagpapasuso ng Ina

Menstruation

Avoiding Pregnancy

Cahbriba Alternative School Foundation(Inc.)

Cahbriba Achievers

UP Open University

UPOU in the new millennium

Laguna Provincial office

Laguna's Main Statistics

San Pablo City National High School (Main)

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Syllabus and curriculum outline in Basic Computer
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San Pablo City National School of Arts and Trade

Broacher of San Pablo City National School of Arts
and Trade
Fact sheet

Working Group 3

**An Inquiry of the Water Supply Situation
in The Philippines**

Advisor

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1. Introduction

Water is a basic human need. It is a human right to have access to clean water. This is stated in the United Nation's Human Rights Declaration from 1947. But even today around the world these basic rights are violated. Water is a necessity, but clean water is not always adequately supplied.

Countries differ with regard to water quantity and quality. Some countries are well endowed while others have severe problems with locating water sources. The Philippines is one of the countries that are fortunate when it comes to having abundant quality water. In spite of this, easily accessible water is far from the daily life situation for a lot of Filipinos. With a population growing at 2% every year, access to water will be even harder in the years to come. On this background we decided to look into the issue of water supply in the Philippines for our research topic in the Overseas Fieldwork 2000 organized as part of the Master program at GSID. Below is a more detailed description of our research object and analysis.

1-1. Background

When President Ferdinand Marcos was ousted from office by People's Power in 1986, he left for the new President Corazon Aquino a country in need of deep overhaul. One problem was the high foreign debt that burdened the country's economy. The need to service the debt and to make the economy strong called for short-term measures as well as a more long-term sustainable policy measures. In addition, the strongly centralized government owned and operated a vast number of public enterprises throughout the days when President Marcos was leading the country. These were not only companies that provided public goods and services but also companies of more private character¹. Several of these public companies were not able to generate enough funds for their operations and thus are a drain to the public coffers by being heavily dependent on public subsidies for their existence. As such, these public corporations were aptly called as non-performing assets (NPAs).

Realizing the need to balance the national budget, the Aquino administration established the Committee on Privatization (COP), which among other functions, was tasked to come up with a list of public enterprises that could be privatized. This decision was partly motivated by the need to get rid of the NPAs as well as the possibility of cashing in money to service debts and to finance necessary development tasks. Also, these companies were notoriously inefficient and improvements were highly necessary.

Privatizing urban water supply services was not among the priorities of the COP. However, when President Ramos took over in 1992 he became aware that the water supply situation in Metro Manila has highly deteriorated and thus started to work on the process of having the Metropolitan Waterworks and Sewerage System (MWSS) privatized². In 1995, Republic Act No. 8041, otherwise known as the National Water Crisis Act, was passed by the Philippine Congress, which among other important provisions, allow for a stronger private sector participation in the financing and operation of water supply services, in particular the Metro Manila area.

Seeing a substantial proportion of enterprises in the Philippines being privatized, led many to think that

¹ Examples of companies of more private character are hotels, bus companies and an airline company. Several of these companies received subsidies from the government.

² Mark Dumol. The Manila Water Concession: A Key Government Official's Diary of the World's Largest Privatization (Washington, D.C.: The World Bank, 2000) p. 10

privatization would work as a panacea for the problems that were facing the Philippines in the post-Marcos-era. But would it be? The increasing number of privatized water supply services, not only in the Philippines but in the whole world as well, made us to question whether water supply services can be provided more efficiently by the private sector than the public sector.

In order to provide an appropriate answer to this issue, it is important to recognize that private sector participation in water supply can take place in various forms and can therefore be analyzed through several models. Table 1 shows the various ways by which privatization can take place. In the upper left of the table, the public is responsible for ownership, financing and partly operation. Heading down to the lower right the public responsibility will become less significant while the private sector will participate more strongly in provision of water services.

Table 1: Modes of private sector participation (PSP) in drinking water supply services by type of ownership, source of financing and mode of operation

PSP MODEL	Ownership of Facilities	Financing	Operation
Service Contract	Public	Public	Public and Some Private
Management Contract	Public	Public	Private
Lease Contract	Public	Public	Private
Concession Contract	Private for Contract Duration	Private	Private
BOOT	Private, the Public	Private	Private
Reverse BOOT	Public, the Private	Public	Private
Joint Ownership	Private and Public	Private and Public	Private and Public
Outright sale	Private	Private	Private

Source; Water Sector Reform in the Philippines (1994) n.p.

Notes: BOOT stands for build, operate, own, transfer which means that a private company build an infrastructure facility, then after completion operates and own the facility for some time until it can recover its initial investments and then transfer its ownership to the public sector which can decide whether it will operate the facility on its own or return it to private operation for a fee. On other hand, the ownership sequence of reverse BOOT is public first then it is transferred to private.

1-2. Problem Description

At this outset, we will only provide a schematic outline of the problems since a detailed problem description will be presented in the analysis. The identified problems are classified according to the *users* and *producers* of water. The problems that *users* face are: (1) inadequate access to water; (2) water is often not of good quality, leading to inability to drink it; and (3) unsatisfactory service from company when repairs are required. On the other hand, the problems linked to *water suppliers* are: (1) leakage of pipelines due to old pipelines or thefts and pilferage of water leading to high Non Revenue Water (NRW) rates³; (2) Unmotivated employees in a work environment that does not encourage commitment and efforts; and (3) Lack of capital for maintenance and investment.

For us to be able to shed light on the issue of privatization of water supply services, we need to compare the efficiency performance of companies that have been privatized. Moreover, there is a need to compare the water supply situation before and after privatization. While the research area of the Overseas Field Work 2000 is confined to the province of Laguna, we found that the number of cases that can be the subject of our investigation in the province was limited. This situation led us to investigate the case of Metro Manila, where the

water supplier, MWSS, had been privatized in 1997. Furthermore, for us to be able to compare the water supply situation before and after privatization, the two water supply concessionaires of the Metro Manila area, the Manila Water Inc. and Maynilad Co., were included as case studies of our research.

Since the condition in Metro Manila, in particular the size of the service area and the water supply sources, is significantly different from other parts of the country, we found it proper to include small rural water supply services, the typical type of water services found outside the country's capital, as additional cases for our research. This is where the province of Laguna fits into the research design. Two case studies of municipal water systems were studied: one managed through a water district and the other a system owned and operated by a municipal government but which is in the process of being turned over for operation and management by a private company. The first is the Laguna Water District which we found to be a good case for our research because it is small and because it supplies water to rural areas. The second case is Magdalena, which serves as a typical case for rural Philippine municipality with inadequate water supply and is one of the first rural municipalities to receive a World Bank loan for a water supply project where one crucial condition is private sector operation.

1-3. Hypothesis

The main hypothesis of our research is: *“Water will be supplied more efficiently by the private sector rather than the public sector.”*

2. Methodology and Case Description

2-1. Methodology

For us to be able to prove our hypothesis, several methods have been used. The specific methodologies are as follows: (1) key informant interview of various national and local government officials and officials in various private institutions, including management and labor representatives; (2) random interviews with users in Manila and Laguna Water District in Los Baños; (3) focus group discussion with 10 barangay officials and representatives of various sectors in Magdalena; (4) field survey of water supply facilities in Manila and Magdalena; (5) analysis of secondary data obtained from related references on water supply situation in the Philippines as well as other parts of the world.

2-2. Description of cases

2-2-1. Metropolitan Waterworks and Sewerage System (MWSS)

Until it was privatized in July 1997, MWSS was the government-owned water supply, treatment and distribution utility serving over 11 million people in 37 cities and municipalities in the Metro Manila area and some parts of the provinces of Cavite and Rizal. Using the proportion of unpaid water, hours of availability, and the ratio of people connections as indicators of efficiency, the performance record of MWSS of Metropolitan Waterworks and Sewerage System was lagging behind other water systems in capital cities in South East Asia.

³ NRW is the difference in value between the water that is extracted from the water source and the value of water that is paid for.

Only two-thirds of the population (7.5 million people) had access to water for an average 16 hours per day, and over 56 percent of the water produced by the MWSS constituted non-revenue water, estimated to be lost through leakages and theft. MWSS also charged one of the highest rates for water in the world at 8.78 pesos per cubic meter⁴.

In 1997 the privatization of the MWSS, dubbed as the largest water privatization project in the world, was completed. MWSS awarded 25-years period concessions to two consortia to assume full operational and investment responsibility for the city's water and sewerage system. The two consortia, the Manila Water Company, Inc. (MWC), became responsible for management and development of the water system in the eastern part of the city, and Maynilad Water Services, Inc. (MWS), was given the same responsibilities in the western part. Under this concession agreement, the water concessionaires are supposed to bring NRW down to 25% in 10 years. Also, the concessionaires will pay the foreign debt obligation and other outstanding loans of the MWSS. MWS will shoulder 90% of the total debt servicing, while MWC will shoulder 10%.

One of the most crucial issues resolved during the privatization process was the fate of the 5,400 employees whom the labor union fear of being dismissed. However, this did not materialize as 2,375 former employees or about 44 percent of the total were transferred to Maynilad as it covers a bigger concession area. On the other hand, Manila Water accepted 1,673 employees or about 31 percent of the total. The remaining either opted for early retirement or absorbed as employees of the residual MWSS.

As regulator, one of the most important roles of the residual MWSS is to ensure that the concession agreement is followed, in particular keeping the water tariff reasonable and affordable. Water tariff is regulated by the MWSS⁵ through the mechanisms of: (a) Extraordinary Price Adjustment (EPA); (b) Currency Exchange Rate Adjustment (CERA); and c) five years adjustment.

2-2-2. Manila Water Company, Inc.

Manila Water is a consortium composed of the Ayala Corporation (60%), United Utilities (20%), Bechtel Corporation (10%) and Mitsubishi Corporation (10%). Manila Water delivers 1,600 million liters of potable water everyday to over 4.7 million residents as well as thousands of industries and business in the Eastern zone of Metro Manila.

Based on the company's records, the Non Revenue Water showed a progressive decline from 60% before privatization to 47% as of October 2000. Reduction of non-revenue water has been primarily attributed to the four-pronged company's strategy consisting of: (1) Customer Service Program through the introduction of Express Phone available 24-hours a day, Express Teller (easy to pay water bill), Express Online (get information and pay water bill via internet); (2) Aggressive non-revenue water reduction, stressing an informal approach to encourage people awareness in paying water bill and to stop people to do an illegal connection; (3) Aggressive expansion of coverage; and (4) Employees' training program.

While the MWC won the bidding of the east concession primarily because of its lowest bid of P2.32 per cubic meter, this has however increased in nominal terms by about 27 percent to the level of P2.94 per cubic meter as of end of August 2000.

⁴ P8.78 per cubic meter is also written P8.78/m3.

⁵ MWSS through the regulatory office RO.

2-2-3. Maynilad Water Services, Inc. (MWSI)

Maynilad Water Services, Inc. is a consortium of two private companies: the Lopez led Benpres Holding Corporation (Philippines, 60%) and Suez Lyonnaise des Eaux (French, 40%). The consortium's concession area covers the western zone of Metro Manila and Cavite Province with a total of more than 4.4 million people as customers. The winning bid in 1997 was priced was P4.96 per cubic meter of water consumed. However, because of the El Niño phenomenon and the Asian crisis, the water tariff has since then increased to P5.71 in 1999 and again to P7.84 in 2000⁶ or a total of 288 percent in nominal terms.

While the Maynilad was able to negotiate increases in the water tariff it charges to its customers, it was not able to bring down its Non Revenue Water rate, which, as of October 2000 stands at a high of 67 percent. The increase in NRW since privatization has been primarily traced to leakage of old pipelines and huge number of thefts. To minimize these problems, Maynilad has developed a reward and punishment approach consisting of: (1) Technical: immediate improvement of services, shift from waterworks to water services, development of an Information Technology to support the business; (2) Customer service: new organization and customer approach; (3) Financial: raise funds and optimize investment; and (4) Human Resources: paradigm shift from public to private sector.

2-2-4. Laguna Water District (LWD)

Laguna Water District provides water supply services to 14,000 households, or approximately 84,000 persons in the three adjoining municipalities of Los Baños, Bay and Calauan. There is a constant extension of pipelines and digging of wells in order to provide a growing population with water. By the end of the year 2000, there will be 9 wells, with attached treatment plants, from where water is pumped to provide the residents. The LWD is considered as a quasipublic company since it has to follow government regulations, especially human resource management (HRM) practices and employee compensation⁷, and at the same time generate its own revenues. The water tariff is 90 pesos for the first 10 cubic meters (m³), the minimum monthly bill per connection of water people are required to purchase. Of this amount, one-third goes to production costs (30 pesos) and the remaining two-thirds (60 pesos) covers the administration costs. Sectoral representatives, not politicians, compose the five-member Board of Directors. Laguna Water District is under the overall supervision of the Local Waterworks Utilities Administration (LWUA). Until 1993, LWD received loans from the LWUA which were used for improvements in water infrastructure⁸.

As to efficiency performance, the company has a NRW -rate of 26%, and is working on reducing this figure down to 20%. The number of employees is 100 per 1,000 connections, which is lower than the standard 140 per 1000 connections.

2-2-5. Magdalena

In the municipality of Magdalena, communities at the town center and the barangays near to the center get their water from the local government owned water system. Those not covered by the system get water from deepwells and shallow wells. The municipal water system is of gravity-type which sources its supply from the Ople's spring at Barangay Sungi in Liliw, 8 km from the town. It provides water to the town center and 6

⁶ This information was collected at Maynilad when we visited them.

⁷ In 1991, the Philippine Supreme Court ruled that local water districts are government owned and controlled corporations.

⁸ In 1993 LWUA run out of capital for loan disbursements to its members.

barangays⁹ of Magdalena as well as 4 barangays in Liliw.

As of September 1997, the total service connection of the existing water supply was 1,097 connections wherein 1,060 were domestic connection, 8 for commercial purposes, 18 institutional connections and 11 public faucets. However, the demand has already outstripped the supply of water causing inconvenience to the consumers. The water source is insufficient for domestic household purposes such as washing and drinking. Water is available only for 30 up to 45 minutes a day. With the unsatisfactory service, each household connection is charged P8 per month. When people miss the schedule, they have to buy water from vendors at an additional cost of P5 per water container. The inability of the water supply to cope with the increasing demand can be traced to the deterioration of existing facilities which were built as early as 1926 and have been operated and maintained by the municipal government since then.

With population growth estimated to increase to 26,470 in the year 2010, it is predicted that the water supply from the spring sources in the neighboring town of Liliw will not be sufficient to meet the water demand of Magdalena. For this reason, the municipal government applied for and received a World Bank loan in 1997 for the construction of a new municipal water system. The project includes digging three deep wells, construction of an elevated reservoir and rehabilitation as well as improvement of the existing pipeline and reservoir. Implementation of the new project was based on the population and the water demand projections for the service area from 1997 to the year of 2010. For the water supply system to be able to meet the demand in the year 2010, each deep well must have a yield of 10 liters per second. In terms of efficiency, the new system is expected to have the following efficiency indicators: (1) water will be available 24 hours a day; (2) non revenue water (NRW) or unaccounted for water (UFW) will be at 20 percent; (3) employee per connection ratio will be at 1:130; and (4) collection efficiency will be at 97 percent. For the period 1999 to 2000 served population would be 40% of target. These will then increase to 70 percent for the period 2001 to 2003 before reaching 100 percent coverage by the year 2004.

While ownership of the new waterworks system will belong to the municipal government of Magdalena, the operation and management of the system will be the responsibility of a private operator named Benpres, a subsidiary of the Lopez Group. Private operation and maintenance of the system is through a 15-year lease agreement between the municipal government and the operator which is expected to commence in 2001.

2-3. Institutional structure

The provision of water supply in Metropolitan Manila is under the overall supervision of the Metropolitan Waterworks and Sewerage System (MWSS). Outside of the country's capital, responsibility is determined by the existence or non-existence of an operational water district. In cities and municipalities where there is a water district, responsibility for drinking water provision rests with the water district with overall supervision at the national level by the Local Waterworks and Utilities Administration. In localities where there is no water district, responsibility for the provision of drinking water supply has been devolved to the concerned local government unit. Overall coordination and management of the country's water resources is the responsibility of the National Water Resource Board (NWRB). The working relationship among the water supply providers included in our case studies vis-à-vis the country's institutional structure in the drinking water supply sector is outlined in Figure

⁹ A municipality consists of several smaller units called barangay.

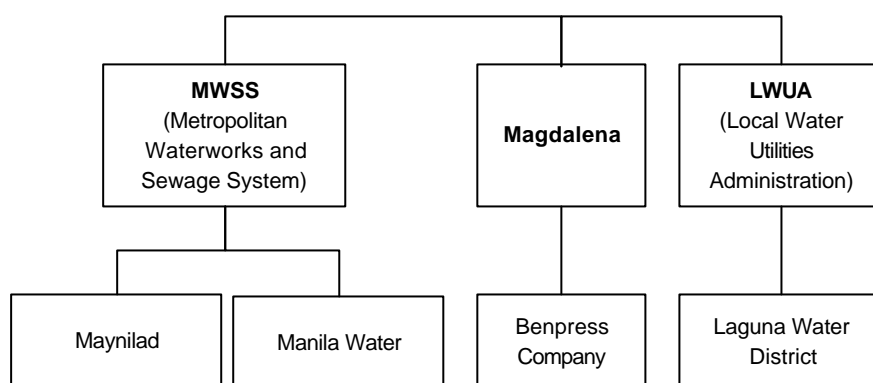


Figure 1: Water supply institutions in the Philippines

1.

3. Analysis

3-1. Performance criteria

For us to be able to prove our hypothesis, we will discuss the cases against **four performance criteria**¹⁰. Through our interviews the chosen performance criteria came to stand out as indicators to tell us to what extent a water supplier is efficient. If a water supplier is able to perform efficiently according to these criteria, then it can be said that it is an efficient water supplier. A summary of the performance indicators of the four case studies we conducted is presented in Table 2. The results show that the four companies perform differently depending on which performance criterion is used.

Table 2: Efficiency performance of providers of water supply services in the Philippines, results from the case studies

PERFORMANCE INDICATORS	MWSS	Maynilad	Manila Water	Laguna Water District
Water availability (hrs/day)	17	24 (57%)	24 (90%)	24
Non-revenue water	56%	66%	47%	26%
Tariff (pesos/m ³)	8.78	7.84	2.94	5.5/9
Employees/connection	9/1000	4/1000	5/1000	7/1000

Source: Figures for Maynilad, Manila Water and Laguna Water District were obtained through interviews with officers of the respective companies and represent updates for the period August to September 2000. Those for MWSS were taken from the Manila Bulletin (18.Feb 1999) and were for the year 1997.

3-1-1. Tariff

In general, low tariff indicates an efficient water supplier. From Table 2, we can see that Manila Water charges the lowest tariff at P 2.94 pesos per cubic meter of water consumed. This is followed by Laguna Water District, which offers water to its customers at a tariff of P 5.5 pesos per cubic meter. However, the figure for Laguna Water District seems to be incorrect since its consumers are required to pay 90 pesos for the first 10 cubic meters of water consumed. Of this amount, P 5.50 pesos represents distribution costs such as water sources.

¹⁰ There are standard performance criteria for the water supply sector. See e.g. World Bank-assisted Local Government Units Water Supply and Sanitation Project

In addition, consumers of the Laguna Water District's water services have to pay additional P 3.5 per cubic meter for operational costs. When distribution and operational costs are added, this leaves users to pay a minimum charge of P 90 per month. For the two cases in Metro Manila, costs of water source is not included. Thus, for us to be able to compare the water suppliers appropriately, we have left this part out. On the other hand, Maynilad charges a water tariff of P 7.84 per cubic meter, slightly lower than the tariff MWSS charged its customers before the privatization in 1997.

When ranked according to performance criteria of water tariff charged, Manila Water is the most efficient water supplier followed by the Laguna Water District. However, it should be noted that the companies compete on quite different terms in the sense that the water suppliers in Manila have a much bigger market to cover and therefore can enjoy benefits from economies of scale. Manila Water serves 3.112 million people while Maynilad supplies 4.400 million. On the other hand, the old MWSS supplied water to 7.5 million people. In contrast Laguna Water District serves only a total of 14,000 households or approximately 84,000 people.

Also, the difference in the water tariff charged by the Manila Water and Maynilad can be partly explained by each company's debt burden. When the Metro Manila area was split into two zones, MWSS's debt was also divided according to where the investment proceeds from the loans went. Ninety percent was spent in the Western Zone, and only ten percent went to the Eastern Zone. Thus, Maynilad which won the West Zone has to shoulder 90 percent of MWSS' debt. This higher share of the debt burden was reflected in their 4.54 Pesos/m³ winning bid in 1997 as against to Manila Water's 2.32 P/m³ bid offer for the eastern side¹¹ which assumed only ten percent of the former MWSS debts.

3-1-2. Non-revenue water (NRW)

The lower the figure for Non-Revenue Water, the more efficient a water supplier is. From Table 2, we can see that the Laguna Water District, with 26 percent NRW, is ranked first on this criterion. Manila Water ranks second with 47 percent.

Part of the inefficiency the two concessionaires inherited from MWSS was an incredibly high NRW-figure. Reducing this profit-reducing/ devastating figure was made one of the main targets of Manila Water. The company engaged in a highly aggressive campaign and was successful in reducing NRW from 67 percent in August 1997 to a low of 47 percent by the end of October 2000. In contrast, we can see that the efforts of Maynilad have been far from successful. The company is still fighting with NRW figures of around 65 percent. The company's NRW even increased by 1.8 percent for the period July to September this year¹². Another puzzling feature with this discrepancy between Manila Water and Maynilad is that the area under Maynilad's control, the Western side, had a high number of new pipelines which logically would contribute to reduction in NRW caused by leakage. However this is not the case. In contrast, Manila Water with few new pipelines in the takeover period, has managed to reduce the NRW figure drastically. This calls for an explanation how Manila Water has been able to reduce NRW.

One possible reason is the approach used by the company in addressing this problem. There seems to be

¹¹ However it was expected that the eastern side would come up with a higher tariff than the western side due to huge investment needs. It was even doubted whether the tariff was correct when the bids were opened. But the winning bidder, Ayala, defended their relatively low bid. The conglomerate owns substantial real estate properties in the eastern part of Manila so in the overall calculations, this factor allowed the offering of such a low bid so as to win the concession.

¹² Maynilad lahad, Sept. 2000

two different approaches: **cooperative** and **threatening**. The Manila Water and Laguna Water District's approaches represent the first while Maynilad the second. The cooperative approach recognizes that people want to pay as little as possible for their water so they might even buy water from illegally tapped sources. But both the Manila Water and Laguna Water District understand people's desire for easily accessible water. As Joel, Manila Water's information officer, explained during the interview: "We use the - *"we scratch your back, and you scratch mine"*-strategy. " This means that Manila Water provides water to even poor areas wherein pipelines have to be shared by several households which in turn reduces the fixed installation cost. But in return, the people have to pay religiously, or scratch the back of Manila Water.

On the other hand, Maynilad has taken a threatening strategy: people who do not follow the laws and regulations will be persecuted. In the distributed material from the company they triumphantly mention the cases where they have had people caught of having illegal connections prosecuted in court. This approach is further illustrated by the internal communication from the Chief Executive Officer (CEO) Rafael M. Alunan to the employees which conveys a threatening tone. *"There are those that are not listening, do not struggle, do not exert their effort and do not care about what is happening to Maynilad. We are discovering them little by little. We also have people in the company that apprehend you and hold you up and those who take bribes from customers. There are also those who sleep on their jobs and lie on their accomplishments. There are those who are involved in syndicates and those that do it themselves. There are also those that are watching, they just tolerate this. ... So in this case even if they are not doing anything themselves, they become accessories of crime. There is no place for them in Maynilad. I will weed them out in the exercise of my duties and responsibilities to the companies' stockholders and stakeholders"* ¹³.

3-1-3. Employees per connection

The harder each employee works, the more connections the company is able to cover and thus the more efficient the company becomes. From Table 2, we can see that Maynilad managed to reduce the employees to a ratio of 4 per 1000 connections and thus is the most efficient water supplier based on this criterion. Ranked second is Manila Water with a ratio of 5 employees per 1000 connections. Figures from Table 2 show that Laguna Water District and MWSS, have employee-connections ratios of 7 and 9 employees per 1000 connections, respectively. In terms of this criterion, the water suppliers in Manila will benefit from advantages of large scale operations. Therefore, the relative difference in efficiency might not be as high as the absolute difference might indicate.

3-1-4. Water availability

From Table 2, we can see that only Laguna Water District provide round the clock services to all its customers, and is ranked first in terms of this criterion¹⁴. Ranked second is Manila Water which provides 24 hrs/day services to only 90 percent of its customers. Ranked 3rd and 4th are Maynilad and MWSS, respectively.

Clarification needs to be made in this ranking as well. The two Manila water suppliers are in the midst of investing for the improvement of the old water infrastructure as well as installing new ones and therefore are not

¹³ Maynilad Iahad, Sept 2000. Part of the text is translated by own resources from Tagalog.

¹⁴ There are some few areas that suffer from not receiving water throughout the whole day. But this is a very limited number as well as it is a maximum of a couple of hours per day. Therefore we consider almost 100% of the users of Laguna Water District to receive water 24 hrs/day.

fully prepared to make water available throughout the whole day and night. However, by the year 2001, the two concessionaires are expected to be able to provide round the clock water services to 87 percent of Metro Manila's population. By 2006, this is expected to increase further to as high as 98 percent.¹⁵

In the case of Laguna Water District the company has gradually taken up loans to finance improvements in the infrastructure. The company's prudent leadership did this in their long-term strategy.

3-1-5. Summary of efficiency performance

From the foregoing discussion, we have seen that the companies perform differently depending on the performance criterion used. We found that Laguna Water District is ranked first on two of our four performance criteria, i.e. NRW and water availability. Ranked 2nd is Manila Water which ranks first on water tariff charged to customers. The company has also performed well in reducing non-revenue water and in improving accessibility to its water services. On the other hand, Maynilad ranks first in terms of employee as measured by the number of employees per thousand of connection criterion. However, in the overall, the company only ranks 3^d because of its unsuccessful effort in NRW reduction, increased tariff and still low water availability. The lowest rating goes to MWSS which ranks very low in all the performance criteria, and is thus can be said be a very inefficient water services provider.

3-2. Explanatory Factors behind the differences in performance

The varying results obtained by each company in each of the criterion used to measure performance lead us to our next question: what do the well-performing companies do in order to become efficient? If we can provide satisfactory answers to this question, we will be able to draw valuable lessons. For us to be able to determine the factors which explain the differences in efficiency performance, we examine the following dimensions of the companies: (1) human resource management; (2) capital infusion; and (3) community relation.

3-2-1. Human Resources Management

3-2-1-1. Performance Evaluation and reward system

In the three cases of Manila Water, Maynilad and Laguna Water District, we found that the companies' performance is regularly evaluated by both the water users and the organizations' leaders. When leakage and other problems are discovered in the pipelines, users have a hotline they can call 24 hours a day. This is also true for the Metro Manila area prior to privatization. However, when customers call MWSS to report their water supply problems, they often experienced lack of commitment from the company to provide solution to the complaints. Thus, the customers' grievances were not often taken into consideration. In contrasts, at present, the two private concessionaires take customers' complaints seriously. This is also true for the Laguna Water District. Once complaints are received, the companies send staff to look into and fix the problem immediately. In particular, the Manila Water strongly encourages customers to report whether they are satisfied with the response provided by the company. The result of this feedback system is then used to reward employees' performance. Employees are rewarded in different ways. One reward is the "Employee of the Year" which is awarded to the employee that most often gets good feedback.

In Laguna Water District the leadership is also very conscious about rewarding employees with excellent

¹⁵ See concession agreement.

work performance. Also, the management values employees' opinions. Through the two discussions held every year, each employee can voice opinion on his/her contribution at the office and in the field. To the degree that remunerative reward and promotion can be given this is done. In addition free health insurance, as well as cheap college loans for the children of employees are provided¹⁶.

In the course of our research, we found that there are restriction son the means by which public companies can provide performance incentives to employees. The amount of employees' compensation and benefits is regulated by civil service regulations. While this might be the case, we found that the Laguna Water District, being a government corporation, has more room for flexibility. On the other hand, the private companies have all the flexibility that is needed to motivate their employees in terms of monetary compensation.

3-2-1-2. "Upskilling" and Organizational Development

Manila Water Company is a subsidiary of the Ayala Group, a diversified conglomerate with business interests in telecommunications, real estate, banking and other sectors. The group is reputed to be a well-managed organization in the Philippines which constantly strive to develop a common corporate strategy for all its business interests. When a new company is included, the group transfer the corporate strategy to the new company. Thus, Manila Water was able to benefit from this transfer of corporate strategy in 1997. Employees transferring from MWSS to the company were trained in order to be equipped with the right corporate skills through the so-called "Training Program". Retraining of the employees was one of the negotiation claims from the labor union during the time of privatization.

3-2-1-3. Degree of politics in appointment of leaders

In the former MWSS, top leaders were politically appointed by the President. They were appointed more on their background as friends and cronies of the President rather than their qualifications as competent leaders of a public water supply company. In Tagalog the term for this recruitment system is "palakasan" which means nepotism or patronage. With privatization, the politically appointed leaders were replaced with competent leaders from the private sector who turn the organization into an efficient business unit.

In the case of the Laguna Water District, the Board of Directors consists of five persons. The director emphasized that politically related members were not desirable. In contrast, professionals would not be prone to contribute with a biased view and rather provide the organization with decisions that would be beneficial.

3-2-2. Infusion of Capital

3-2-2-1. Adequate infrastructure and maintenance

Without adequate capital investment in required infrastructure, there is a natural limit to how efficient a water supplier can be. This was the case of the former MWSS. The efficiency performance of the organization was hampered by its failure to regularly improve its infrastructure. While MWSS was able to take up loans, these were either insufficient or mismanaged.

3-2-2-2. Greater fund allocation for human resource development

In the absence of investment funds for the company's human resource development, employees' development potential cannot be maximized. In the case of the Metro Manila concessionaires, there is a bigger

¹⁶ Loans are given at 6-7% interest rate while in the market equivalent loans would be paid back with 25% interest rate.

chance for the employees to develop and improve their capacities given the input of capital. Manila Water chose to retain a large number of former MWSS employees. Misconception on their motivation as former government employees has been remedied by the company's human resource development program. In this program, even lower ranked employees were given the chance to improve themselves and advance in the company's hierarchy. Employees were also given training with the additional resources provided by the private company.

3-2-3. Community relations

When the former MWSS was still the water supply provider for the Metro Manila area, customers were not satisfied with the quality of the service being provided. Dissatisfaction can be partly traced to the weak information channels in and out of the company. Information on water service interruption was not properly disseminated. The hotline system for reports of leakage and other problems was not functioning properly. The two private concessionaires aptly recognized the communication problem and instituted the necessary remedies. Thus at present, both concessionaires in the Metro Manila area have drastically improved information channels in and out of the company. This was confirmed through our interviews with people in Manila¹⁷. In the case of the Laguna Water District we found through our interviews that all of our respondents were very satisfied with the information relations of the water supplier.

3-2-4. Lessons learned and implications to the case of Magdalena

From the foregoing discussion, we have seen what the well-performing companies do in order to become efficient. What then are the implications of these findings to the currently ongoing privatization of the municipal water system in Magdalena? We can draw three lessons. First, to ensure that the operation of the Magdalena water supply project will be efficient, we suggest that the utility's management should institute a human resource development program which provides an appropriate incentive system for its employees. Employees who contribute to the growth of the company should be adequately rewarded. In this manner, the employees will have an incentive to commit themselves to their job. Second, to maintain an appropriate level of non-revenue water, proper maintenance of the water infrastructure should be a priority of the utility's management. Third and last, the water utility should adequately communicate with its customers whether it be in terms of addressing complaints or on issues of water tariff as well as other matters deemed important for the well functioning of the water system.

4. Conclusion

We started with the hypothesis that water supply can be more efficiently provided by the private sector than the public sector. Based on the results of the case studies, we found that the answer to our hypothesis is "no". However, the probative value of the conclusion is constrained by our limitations in terms of the duration of the research, availability of supporting data and the coverage of each of the case studies.

Using our efficiency performance indicators, we arrived at two "best performers" which is equally shared between a private and a public water supply provider. Laguna Water District, a government corporation, and the Manila Water, one of the private concessionaires of the Metro Manila area, are the best performers. Thus, we cannot categorically say that a private water provider is better over a public provider or the other way around. As

¹⁷ For a detailed result of the customers' level of satisfaction on the quality of water services received, refer to appendix.

to the factors which determine performance efficiency, we found that water supply providers, whether private or public in nature, with well-functioning human resource policies deliver efficient water supply services to customers. To achieve companies' objectives different approaches were used. In the case of Manila Water, a more cooperative approach was used as compared to Maynilad. This shows to us that a cooperative approach is more effective in achieving objectives.

We also found that the availability of adequate capital is an important factor for the maintenance of a quality water infrastructure. This deserves further elaboration: In the case of water districts, up to 1993, the LWUA was able to provide highly subsidized loans to its member water districts. However, after that period its capital was depleted and thus was unable to sustain its lending efforts. The unavailability of publicly subsidized loans made the need for private capital considerably more urgent and important than before. This is one reason why the number of privatized water suppliers in the Philippines has increased for the past 7 years¹⁸. However, will all public companies become efficient if only they had capital for water infrastructure investment and had a well-functioning employees evaluation and reward system? It is obvious that the answer to this question is not simple.

We arrived at the conclusion that private provision of water supply services is not necessarily more efficient than provision by the public sector. However, we need to qualify our answer. We have to ask under what conditions the conclusion holds. The case studies we have covered may not be illustrative of the general situation in the Philippines and therefore are not representative of all water supplier companies. There are water districts bigger than the Laguna Water District, but far smaller than Metro Manila. Other areas are experiencing difficulty in accessing sufficient water. Thus, different conditions might lead to a different conclusion to our hypothesis.

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¹⁸ For information on how many more urban water supply projects in the Philippines are planned for financing and operation by the private sector, refer to Roberto Acosta (2000). An introduction to the theory of and organizational arrangements for private sector participation in urban water supply and the case of the Philippines. Page .

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APPENDIX 1: Summary of Interview Results in Metro Manila and Laguna

For us to determine the level of customers' satisfaction with the water services being provided by the various suppliers, we conducted interviews for both the Metro Manila and Laguna water systems. For the Metro Manila area, we interviewed at random 56 residents of Metro Manila whom we chance upon at the Rizal Park and at the Festival Mall in Alabang. For the Laguna Water District, we interviewed at random 11 residents in Los Baños.

Manila

Total no of people interviewed	56
Manila Water (East Zone)	25
Maynilad Water (West Zone)	18
others (including Laguna)	13

Water tariff (pesos per month)						
Before privatization	~ 99	100 ~ 199	200 ~ 299	300 ~ 499	500 ~	no answer
Manila Water	4	11	3	1	1	5
Maynilad	5	4	3	1	0	5
After privatization						
Manila Water	1	7	8	3	3	3
Maynilad	3	4	2	1	3	5

Did water situation improved after privatization?			
Manila water	YES	NO	no answer
Price	10	13	2
Quality	15	8	2
Quantity	13	10	2
Service	11	12	2
Maynilad			
Price	4	10	4
Quality	9	5	4
Quantity	6	8	4
Service	6	8	4

Overall satisfaction	YES	NO	no answer
Manila Water	13	8	4
Maynilad	8	6	5

Laguna

Number of people interviewed.	11
Los Baños	5
Others	6

Water tariff (pesos, per month)	~ 199	200 ~ 399	400 ~ 599	600~
Number of respondents	2	6	2	1

Did water situation improved after privatization?				
	Price	Quality	Quantity	Service
YES	6	11	10	9
NO	5	0	1	2

	Yes	No
Overall satisfaction	11	0

Explanatory Notes:

Results of the Interviews on the Water Supply Situation in Metro Manila Area

In the case of Manila, almost all respondents said that the price of water has been higher than before privatization. Both in the Eastern and western zone, 6 people said the price is more than 500 pesos per month now (One person said the water bill is 1200 pesos.). More than half of the persons complained about the price. On the other hand, more than half of the people said that the quantity has been improved after the privatization.

More than 10 people said that they could get the water all 24 hours. Regarding the aspect of quality, however, few people said that they were able to drink the water. In this report, we have found that Manila Water is managing the water supply business better than Maynilad Water. In this interview, however, both tables show similar tendency of overall satisfaction. However, in our research we came across a puzzling phenomenon. In West zone, many people did not answer Maynilad but Metropolitan Waterworks and Sewerage System on the question of what company supplies them with water. It seems that many of the users who live in the western zone do not know that Maynilad managed the water supply. It might indicate that Maynilad has not communicated their commercial message as well as Manila Water.

Results of the Interviews on the Water Situation in Laguna

Almost all people were satisfied about their water situation, everyone replied “YES” on the question of overall satisfaction. With regard to the quality aspect almost all people said that they could drink the water from Laguna Water District. This is the most different point compared with Manila, where almost all people replied that they do not drink the water from the pipes and consume purified water instead. Other questions had similar answers to the question about the quality. This may be regarded as indicating that LWD have managed better than Manila. (It is described in this group report). On the other hand, a person who lived in Los Baños, said that he was getting water from a deep well. It was very difficult to connect a pipeline to his residence because it is far from town center. In Manila’s interview in Festival Mall, we asked 2 people from Laguna. They also said that they get water from deep well due to the similar reason. It showed that LWD has to consider extending pipelines to people who live far from the wells of LWD.

APPENDIX 2. PICTURES

Picture 1: The Administration group in front of the pump house of the new water supply in Magdalena



Picture 2: Spaghetti connections of electricity (upon the wall) and water (on the ground) in Manila



Picture 3: Manila Water representative explains usage of water meters.



Working Group 4

Tourism and Social Change

Advisor

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1. Introduction

We are living in the age of **Mass Tourism**¹ (Yamashita, 2000). The World Tourism Organization has estimated that at least 500 Million people travel each year (WTO 1995). Some tourist travel beyond their national boundaries in search of exotic travel destination they cannot find in domestic venues. In Japan, about 15 million tourists choose to travel abroad each year to seek adventure in foreign settings (Yamashita 2000). Although the nature of trips might be quite different for group tourists, backpackers, business travelers, and family vacationers, the common denominator is all of them seek something new, exotic, and different from what they see in their daily lives.

Come to think of it, we the OFW participants from GSID are tourists with such expectations. We came all the way to Philippines not just to engage in a field research but also to enjoy ourselves. We are fully aware that some of us visited places like Vistamar in Batangas, El Nido in Palawan, and **Pagsanjan Falls** to experience what the Philippines has to offer to tourists. When we were enjoying tourist amenities while being served by Filipino waiters, hotel boys, guides, and many other tourism related workers, how many of us did pause for a moment and thought about the lives of these ordinary people we met? We, the group of graduate students from the Graduate School of International Development (GSID), Nagoya University and with the assistance of faculty and students of the Institute of Development Management and Governance (IDMG) of the University of the Philippines at Los Baños², decided to look into the lives of these people by conducting a field research on the issues of social change. For us to carry out a field research smoothly, we went through a series of discussions and pre-studies among the group members before and during the OFW Session. Through these intensive dialogues, we were able to acquire a sound **“people’s” perspective** as our mind frame.

We proceeded to fulfill our research agenda by focusing on the tourism sector in the town of Pagsanjan. Two critical issues were identified as objectives of our research. These are as follows:

- (1) At the macro-level, we posed the question “To what extent do external variables shape the degree of socio-cultural impact on the targeted municipality?” For us to be able to answer this question, we interviewed government officials involved with the tourism sector at the national, regional, provincial and municipal levels, members of chambers of commerce, tourists, non-governmental organization (NGOs), people’s organizations (POs), and other related organizations. To validate findings from the interviews, we analyzed various documents furnished to us by the different organizations such as brochures, fact books, policy papers, and statistics. We also relied on our own personal observations.
- (2) At the micro-level, we asked the question “To what extent are internal variables responding to the external pressures of social change?” Similar with the first question, we interviewed several individuals involved in the tourism sector. These include boatmen, resort workers, restaurant owners and workers, tricycle and jeepney drivers, sari-sari store owners, workers in embroidery factories, barbershops, and beauty parlors and average residents. By having in-depth dialogues with them, we tried to identify the patterns of local people’s responses to and the influences of the presence of tourists.

¹ Mass tourism can be defined as Tourism Activities that happens in a large scale. For more detailed definition, please refer to Yamashita (2000).

² We have to thank Dr. Mimosa Ocampo (Mimi), Loreli Cajegas, Lea Astrera and Prof. Takahashi for their physical and emotional supports during the field Research. Without them, the research would not have become possible.

In sum, our group would like to articulate the process of social change, a concept most development professionals working in the economic sectors find difficult to understand. The importance of putting local people's perspective first in development was underscored throughout the field research.

The outline of the report is as follows. Following this introductory chapter, we will provide an overview of the tourism sector in the Philippines both at the national and provincial levels. At the provincial level, we focus on the province of Laguna by identifying general socio-economic characteristics of tourism activities. The third chapter will present a detailed demographic profile of the town of Pagsanjan. This will give us a clear idea about the locale and surrounding municipalities. The fourth chapter will describe the economic, socio-cultural, environmental and political impacts of tourism on the people of Pagsanjan. Since the central focus of our research is to determine the impact of tourism on the local population, it is important that we come up with a sound analysis. Through case studies, we tried to identify factors contributing to the process of social change in the municipality. The paper concludes by presenting our findings on the role tourism play in shaping various facets of community life in Pagsanjan.

2. National profile of tourism in Philippine and profile of Laguna province

National level

It has been 12 years since Philippine government started implementing the "Welcome to Philippine" tourism policy. In 1999, more than 1.9 million foreign visitors have arrived in the Philippines. During that year, the tourism sector accounted for 8.7% of GDP and 9% of all employees are engaged in the tourism sector. As of June 2000, the largest number of visitors is from the USA, followed next from Japan and then from South Korea. For the period June 1999 to June 2000, the numbers of tourists to the Philippines has been on the rise with South Korean visitors increasing by almost 100 percent (Figure 1-1 and 1-2)

Figure 1-1: Foreign arrivals share in the Philippines, 2000 June

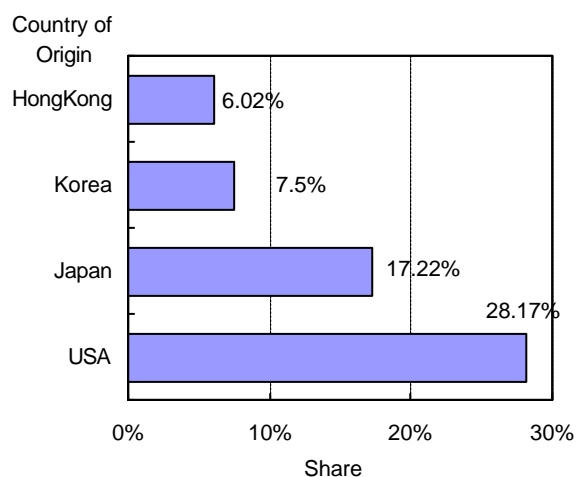
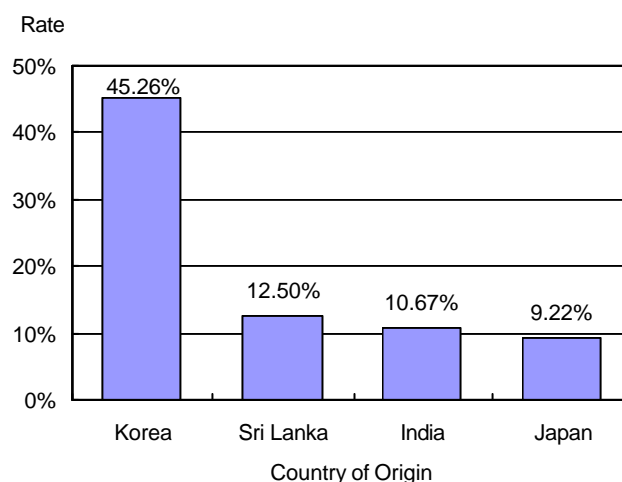


Figure 1-2: Growth rate of foreign arrivals, 1999.6-2000.6



DOT and PTA

The Department of Tourism (**DOT**), is one of the 27 cabinet agencies in the Philippine national government. The department has 15 regional units which corresponds to the administrative subdivision of the country. The DOT has been in existence since 1973 and it has been mainly responsible for handling all tourism investment and management matters in the Philippine since then. In 1991, with the enactment of Republic Act 7160 or the Local Government Code, the regulatory powers of DOT were transferred to provincial governments in line with the overall government policy of decentralization. With decentralization, the major functions of the DOT has been reduced to; (1) formulating national tourism policy and translating these into a national Tourism Master Plan with Singapore's tourism development approach and Maldives island resort concept as models; (2) tourism promotion outside of the country; and (3) organizing vocational training on tourism with the Technical Education and Skills Development Authority (TESDA).

On the other hand, the Philippine Tourism Authority (**PTA**) was established at the same time as DOT in 1973. The PTA is a specialized agency under the DOT. In Region 4, where Laguna is located, the agency responsible for the operation and management of 17 hotels and resorts by using the Tourism Master Plan as the overall guiding framework.

Region level

Region4-Southern Tagalog	•Total population	9,696,068 (1995)
	•Number of tourist	898,000 (1999)

• Average income per family (1997)	•Infant mortality rate (1995)	•Simple literacy rate (%) (1994)	•Life expectancy (1995)
1.Metro Manila p270,993	1.Metro Manila 32	1.NCR 98.8	1.Central Luzon 72.02
2.Central Luzon p133,130	2.Central Luzon 40	2.Southern Tagalog 96.4	2.Southern Tagalog 71.48
3.Southern Tagalog p132,363	3.Southern Tagalog 45	3.Central Luzon 96.3	3.Central visayas 71.18

Region 4 is comprised of 11 provinces collectively known as Southern Tagalog. Next to Metro Manila, the region constitutes a geographical subdivision which known as the second largest economy in the entire Philippines. The industrial and service sectors account for the highest contribution to the regions gross domestic product at 44% and 30% respectively. The region is also socially well developed. As to tourism, in 1999, the number of tourist arrivals in Region 4 was estimated at 898,000 (by yearbook). Of these, 54% are from the adjacent National Capital Region or Metro Manila while the other 46% are foreign tourists. For the domestic front, the target for tourism advertisement is mainly Metro Manila, while at the foreign front is the East Asian leisure market of Japan, Korea and China. The main tourism policy in Region 4 is the promotion of environmental friendly eco-tourism which is aimed at preserving endangered animals and plant species in the region while at the same time attracting domestic and foreign tourists.

Provincial level

Laguna	• Total population	1,845,385(1999)
	•Number of tourist	83,000(1999)

Among the eleven provinces comprising Region 4, Laguna is considered as the 2nd largest province based on the size of the population and the 3^d largest in terms of social and economical aspects. The province is

composed of 29 municipalities and one city. As of 1999, provincial population was estimated at 1.683 million. The number of foreign tourist's arrival is about 83,000 in 1999. There are many tourist attractions and tourism oriented and related establishments in Laguna.

A. Tourist attractions

- | | | |
|------------------------|-------------------------|-------------------------------|
| 1-.Natural Attractions | 2-.Man-made attractions | 3-. Historical sites/ shrines |
| a. Water Falls | a. Lake Caliraya | 4-. Religious/ Old churches |
| b. Cold/Hot springs | b. Water Park | 5-. Cultural/ Festival |
| c. Legendary Mountains | c. Theme park | 6-. Education/ Museum |

B. Tourism Oriented and related Establishment

1-. Oriented Establishments (numbers)	2-. Related Establishments (numbers)	3-. Cottage Industries
Hotels (26) Resorts (274)	Restaurants (102) Museum (6) Cultural Center	a. Wood crafting b. Embroidered Products c. Footwear / Bags d. Papier Mache e. Stuffed Toys f. Baskets g. processed Food

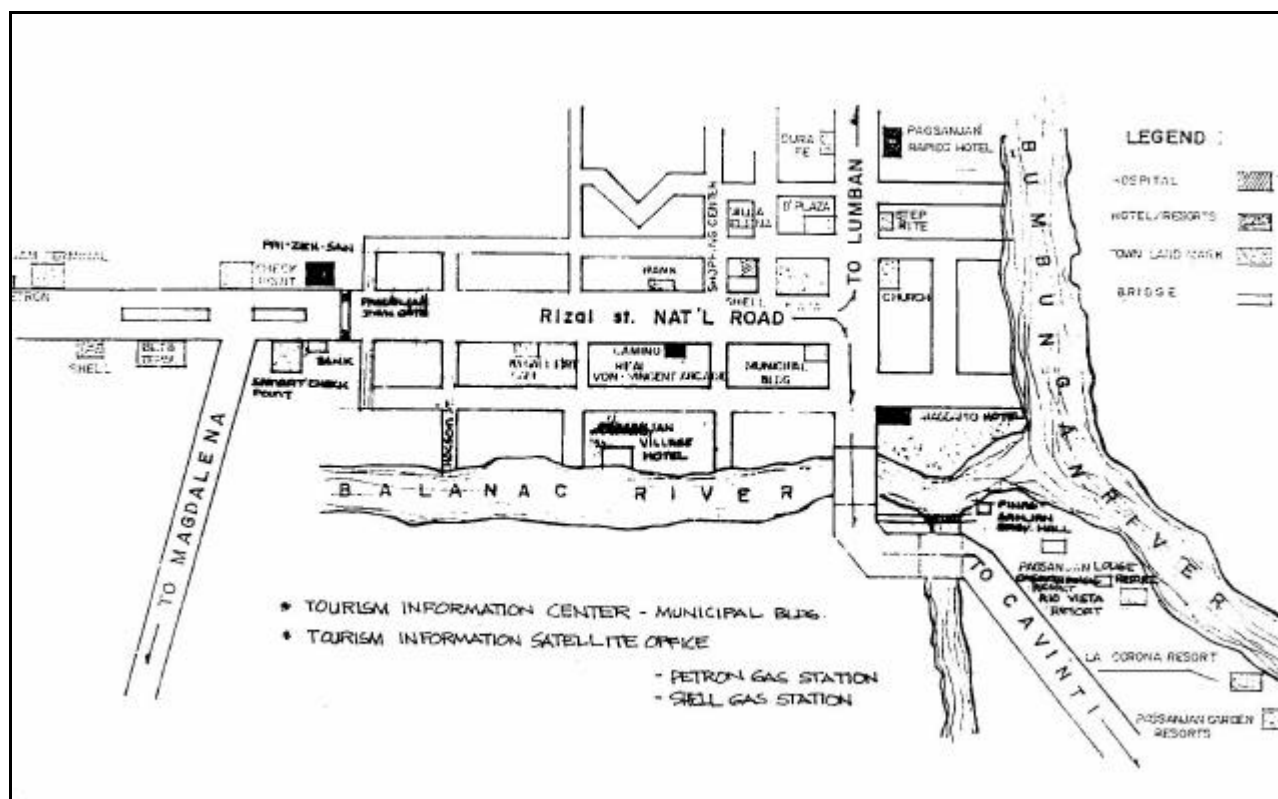
In comparison with other provinces in the Philippines, Laguna can be characterized as developed both in the areas of social and economic development. According to the provincial government's plan, the agricultural, industrial and tourism sectors should progress hand and hand. With these as the background, we will now discuss tourism in well-developed area in Laguna province.

3. Tourism Sector of Pagsanjan

3-1. Profile of the Municipality of Pagsanjan

The municipality of Pagsanjan is located about ninety-two (92) kilometers southeast of Metro Manila. The town is bounded on the north by the municipality of Lumban, in the south by municipality of Cavinti, in the east by the canyon province of Laguna, and in the west by municipalities of Sta. Cruz and Magdalena. Pagsanjan is for its majestic falls Two rivers, the Balanac and Bumbungan Lewin creek, traverse the town. The town is administratively subdivided into has sixteen (16) *barangays*³, six (6) of which are classified as urban (Barangay 1, Barangay II, Maulawin, Pinagsanjan, Sampaloc and San Isidro) while the remaining ten (10) are rural (Anibong, Buboy, Biñan, Cabanbanan, Calusiche, Dingin, Lambac, Layugan, Magdapio and Sabang). In 1999, the municipality had an estimated population of 32,626 growing at an average of 3 % per year. The towns populace constitute about 2% of the total population of Laguna province. Out of the town's population, 61% or 19,784 is in the labor force. On the other hand, the number of households in Pagsanjan is around 7,250 of which most of them speak Tagalog and Bicolano. In 1999, the municipality registered a population density of 12 persons per hectare – 35 persons per hectare in the urban barangays and 6 persons per hectare in rural barangays. The economy of Pagsanjan is principally agriculture-based. Of the total municipal land area, 2,190 hectares or 83% is devoted to agriculture. Major crops grown are coconut (56%), palay (24%), fruit trees (3%) and vegetables (1%). Aside from

³ The basic political unit in the Philippines is called barangay. In some places where barangays are relatively large, it is further subdivided into sitio and purok.



growing crops, Pagsanjeños are also engaged in livestock production. At present, there are three (3) contract growers in swine, one in broiler and the rest are backyard growers of cattle, carabao, swine, goat and poultry. Commerce and industry in Pagsanjan is largely concentrated in the *Poblacion* or the town proper. Commercial activities include retailing, wholesaling and merchandising. Of the total number of establishments, around 542 are engaged in retail merchandising (68%) while 80 are into trading (10%) and 66 are service-oriented businesses (8%). Industrial activities in the municipality are limited to manufacturing of chopsticks, popsicle, shoes, hollow blocks and concrete poles. Light industrial activity is likewise limited to vehicle maintenance (welding and repair).

3-2. History of tourism

Though we were unable to find out the exact date when tourists started visiting Pagsanjan Falls, some old boatmen indicated it started around late '50s. Tourism business expanded rapidly in mid '70s. we gathered that the peak was 1981-85. However, after this period the number of tourists begun to decrease. This decline was reported to be primarily due to the high cost of tips that boatmen asked for. In April 1, 1991, because of the deterioration of peace and order situation in the town, the DOT withdrew its promotion of Pagsanjan as a tourist destination. This continued before the functions of DOT were transferred to the local government in 1993. During 1993, the municipal government through the Pagsanjan Tourism Office (PTO) started to manage tourism by itself. This shift in responsibility was made possible by the enactment of the 'The Local Government Code of 1991' which devolved tourism operations to local governments. Correspondingly, the number of tourists increased again. However, in 1998, a drastic decrease in the number of tourists was noted resulting from the worldwide economic crisis plus the fact that Philippine Airlines, the country's carrier shutdown its operation. At the same time, because of the diminishing income of the local people incidents of harassment and forced tipping by the boatmen have been coming out to the surface. With the declining earnings from tourism, some barangay

officials in Pagsanjan started programs promoting the shift to other activities such as farming.

3-3. Profile of tourism

Pagsanjan is just but one of the tourism centers in the province of Laguna. Aside from the town, there are other touristic attractions which include but are not limited to Mt. Makiling, hot spring resorts around Los Baños as well as a man-made lake in Caliraya. As such, tourists engagement and activities at each location are different and being a competitor with one another, it seems hard to find the relevance or integrity among the spots across the whole province.

The main tourist attraction of Pagsanjan is the boat riding tour called 'Shooting the rapids'. The tour involves going upstream the river more than 7 kilometers to the Pagsanjan main water fall and then ride downstream in five meter length shallow canoes paddled by two trained boatmen called 'Bangkero'. Both sides of the river are surrounded by sheer cliff. On the way to the main fall, one may feel the relaxing atmosphere brought by nature with beautiful sunrays passing through the trees. On the way back, one may enjoy the thrill of shooting ravine with splash.

3-3-1. Functions of Local Government's Administration

One of the main roles of the Pagsanjan Tourism Office (PTO) is to control and regulate the activities of boatmen. The office requires boatmen to get business licenses and work permits. In addition, the PTO is also engaged in organizing support groups for the "shooting the rapids" tour. The support group's main tasks are as follows: removing garbage; preventing rock fall alongside the course; monitoring the water level; and enhancing rescue knowledge. Nowadays, the PTO is eager to change the negative image of tourism in Pagsanjan. Two years ago, the office launched The 'Bangkero Festival' which is another means of attracting tourists to visit the town during the high season in May. The festival aims to invite more visitors. The PTO also has a plan to conduct a training seminar for boatmen to be held on 2001. The office is also exploring for new tourism spots which cater to eco-tourism.

3-3-2. Boatmen Engagement

The "shooting the rapids" tour directly contributes to the household income of boatmen's family. While records at the municipal office show that only 1,796 persons hold the necessary permit to work as boatman, we were told that more than 3,000 men are engaged in the trade. This number is about one-third of the total 9,563 men in Pagsanjan within the age range 15-60 registered in the municipality's projected population in 1999. As such, the job of boatmen has a huge impact of the level of employment in the town. While this might be the case, we should also consider the possibility that not all of the boatmen are necessarily residents of Pagsanjan.

There are seven boatmen associations with the corresponding number of members as follows: (1) Pagsanjan Rapids-514; (2) Pagsanjan Falls Lodge-396; (3) Magdapio Lodge-250; (4) La Corona Hotel-190; (5) Pagsanjan Village-116; (6) Pia Zen San-26; and (7) Garden Resort-20. At present, only three are considered as the main associations. In total, over 1,500 boatmen belonging to the seven associations and by virtue of their membership, they can get easy access for work opportunities and social security benefits.

By using the case of the association at the Pagsanjan Rapids Hotel, we tried to estimate a boatman monthly income by using monthly ticket sales data. The results is listed below:

The analysis shows that a member of a boatmen association gets a job according to the order once in every three days. In February, a boatman was able to earn P4, 000 as maximum. However, during lean times, a boatman

Table3-1: Sample projection of boatmen's net income Pagsanjan Rapid Hotel in 1999

Month	Ticket ales	Engage	Income (moth)		
Jan	3,537	6.9	2,615	Gross earning	580.0
Feb	5,541	10.8	4,096	To Hotel accommodation	-45.0
Mar	3,047	5.9	2,253	Share Pagsanjan	-15.0
Apr	2,996	5.8	2,215	Share Cavinti	-7.5
May	3,146	6.1	2,326	Share Lumban	-7.5
Jun	2,609	5.1	1,929	Share province	-3.0
Jul	3,350	6.5	2,477	Trust fund	-2.0
Aug	4,211	8.2	3,113	Boat rent	-50.0
Sep	2,238	4.4	1,655	Motor boat	-20.0
Oct	2,894	5.6	2,140	Dispatcher	-10.0
Nov	3,976	7.7	2,939	To Association	-40.0
Dec	2,638	5.1	1,950	Net income	380.0
Total	40,183		29,707		

is only able to work once a week and the total earning only amounts to P1, 650 per month.

3-2-3. Revenues of Related Parties

From the P 40 charged from each tourist, the boatmen association was able to accumulate an aggregate fund totaling P1.6million. This fund is redistributed to each member as a form of social safety net or as compensation if a boatman decides to leave the job. On the other hand, the hotels and inns in the municipality earn a total of at least P3.9million per annum from the accommodation fees paid by tourists as well as sales from restaurants and souvenir shops.

The presence of tourists also contributes to the revenues of municipalities traversed by the “shooting the rapids” tour. While the main waterfall is located within the boundaries of the neighboring town of Cavinti, tourists have to start from Pagsanjan through a spot just south of Lumban. As such, the local governments in these three municipalities came up with a ‘Memorandum of Agreement’ which defined how the income from tourism should be shared among them. According to this document, from the P 30 charged each tourist, the Pagsanjan municipal government is entitled to one-half or P15, while the remaining half will be shared equally by the Cavinti and Lumban municipal governments at P7.50 each. In one year each of the participating local government can get a total share ranging from P 0.6 million at the minimum and P1.2million at the maximum. In the town of Cavinti, the municipalities share from the boat ride fee constitutes its second biggest source of revenue, which is low at about 5 percent of the total, next to the P 18 million it gets as share from the Internal Revenue Allotment (IRA).

Aside from boatmen, there are numerous other jobs directly or indirectly related to tourism. These include vendors in food and souvenir shops, employees of hotels and restaurant and drivers of tricycles and jeepneys among others.

3-4. Profile of tourists

The Pagsanjan experienced the highest number of tourist arrivals in 1996 at 219,934. However, this was short lived with a sharp decline to 97,708 arrivals in 1998 and further to 86, 999 in 1999. The unprecedented drop may have been mainly caused by the Asian economic crises. Tourist arrival is also affected by the climatic condition in the Philippines wherein the year is divided into wet and dry seasons. The dry season begins in March

and end in June while the wet season last from July to October. The best period to visit Pagsanjan is from March to May, which also corresponds to the long summer vacation in Philippine schools. During the end of February when the Chinese New Year is celebrated, many tourists from Taiwan come to visit Pagsanjan. Based on the most recent ticket sales record, the number of tourists in February considered as the peak season was at a high of 12,002 persons accounting for 13.8% of the total arrivals for the year. On the other hand, the lean season was during September when tourist arrival was recorded at only 4,820 persons or 5.5% of the total. Thus, the revenue earned per month is not regular and fluctuates according to the season.

According to an employee from one of the hotels, Japanese started visiting the town as early as the 1970s. In the 80s, Koreans and Chinese started to come. Based on a survey conducted by two major boatmen associations, about 80% of the most recent tourist arrivals are from Korea. During the fieldwork, we saw at least two large bus tours with more than 40 Korean tourists in each bus with accompanying Korean agents. We were also able to get 12 replies from this group of Korean tourists on our questionnaire about the impressions on the boat riding experience. The Chinese tourist's rush to visit foreign countries during the month of February does contribute to the peak of tourist arrivals in Pagsanjan and this has much implication in terms of perking up the local economy.

Based on the results of our questionnaire survey, we found that 83% of the tourists visited the waterfalls as a group. Although six tourists joined as individuals, four of them applied at the hotels' tour desk at Manila and came together in a small bus. The result of our exit point questionnaire as follows:

In summary, the main features of tourists visiting Pagsanjan are they come in a group in a one day tour which originates from Metro Manila.

Table 3-2: Profile of Tourists

1. Are you group tourist or individual tourist?		
Group	30	83%
Individual	6	17%
Sum	36	100%

3-5. Tourists' level of satisfaction

We did a survey on various aspects of the tour which the tourists appreciate on their visit to Pagsanjan. The results show that scenery is most appreciated at 80 %, followed by 'service' and 'safety'. In addition nearly 90% of the respondents said they will recommend the trip to Pagsanjan Falls to other people. On the other hand, ten of the respondents said they were annoyed by the shop vendors' PUSHY attitude and the boatmen's demand for tips. These two aspects spoiled the tourists otherwise relaxing experience of viewing the beautiful scenery while going down the rapids.

Finally, nearly 90% of reply showed that they would recommend Pagsanjan Falls to whom they know.

Table 3-3: Tourists' satisfaction

2. If you satisfied with Pagsanjan falls tour, Please check among below listed. (multiple choice)			3. Do you recommend Pagsanjan Falls to whom you know?		
Service	18	**	Yes	32	89%
Scenery	30	***	No	3	8%
Safety	17	**	Unknown	1	
Price	9	*	Total	36	
Duration	8	*			
Others	1	Entertainment			
Unsatisfied	1				

4. Impact of Tourism in Pagsanjan

4-1. Definition of Impact and Target Group

Since the main focus of our research is the impact of tourism, we have to define what we mean by “impact”. By “impact” we refer to the way the local people or local community respond to the presence of tourists. The following questions have to be answered: (1) Has there been any change in their community brought about by tourism and what are these changes? ; (2) Did the local people change their life style ever since tourism has emerged prominently in the local socioeconomic setting?; and (3) Do they accept or oppose the presence of tourists? These possible negative and positive influences which may have been caused by tourism are considered as “impact” .

Qualitative research methods were employed in order for us to identify and determine the impact of tourism. These included conducting in-depth interviews with local people, especially with those whose work are related to Pagsanjan Falls. Participatory observation which included three days of home stay was also done.

As mentioned earlier, the main feature of tourism in Pagsanjan is the visit to “Pagsanjan Falls”. Whenever tourists enter Pagsanjan, they cannot avoid boatmen who usually flag their vehicles and persuade and/or force them to visit the falls by engaging their services. With this prevailing situation, the boatmen are the first contact of tourists and thus have the most direct relation to the tourism sector. Thus, the boatmen became the main target of our research.

While we refer to boatmen in general terms, we have to consider that there are various ways to work as a boatman. Some work full-time, others work as a side business while several others work part time on weekends. We categorized anyone working as a boatman either full-time or part-time as “Boatmen” and those who do not work as boatmen as “Others”.

4-2. Boatmen and their families

4-2-1. Economic Impact

The income earned from being a boatman is not stable. The competition is high since farmers and fisher folks also work part time as boatmen in order to supplement their income. Before the tourism boom in Pagsanjan,



the income gap between the rich land owning class and the poor tenant farmers was wide. According to the Municipal Planning and Development Coordinator (MPDC), the increase in the number of boatmen has contributed significantly to the narrowing of the income disparity between the rich and the poor. This economic phenomenon resulted into the emergence of the middle class in Pagsanjan. However, now that tourism has declined and that there is a glut in the number of boatmen given that boating has become the main job in the town, instability of the main source of income may result to the reemergence of a yawning disparity between the rich and the poor.

Boatmen have several coping mechanisms in order to survive this economic difficulty. As mentioned earlier, most of the boatmen belong to associations that provide the job to members and distribute the tips collected from tourists through the accumulated fund. The share of each boatman from the fund is availed in situations where family expenses pile up such as during enrolment period when the children's school fees have to be paid or during Christmas. This system of fund distribution helps the boatmen a lot. However, during the lean season, each boatman can work only once per week thus he has to seek other ways to earn money. To cope with the difficulty, two ways are employed. First, in order to have at least two turns per week, some boatmen have double membership⁴ in the associations. Second, some off-duty boatmen flag down vehicles ferrying tourists and persuade and/or force them to engage their services with the hope that if the tourists will do so, the boatmen can have a chance to work even if their turn has yet to come. There are also boatmen engaged in this unpleasant practice who do not belong to any of the associations. By working independently, the boatman can get all the tips. Third, some boatmen continue working as farmers while others seek alternative job such as tricycle driver. However, except for illegal activities such as drug trafficking or pimping, it is very difficult to find alternative jobs, thus most of the boatmen remain being a boatman. In sum, the economic condition of boatmen and their families is heavily influenced by the boom or bust of tourism in Pagsanjan. They have no choice but to adapt their way of life to the prevailing situation.



4-2-2. Socio-cultural Impact

1) Education and children

We understand that in Pagsanjan, the decision to obtain higher education is directly with the trend of tourism. When tourism was booming and to become a boatman was considered a “good job”, people had less incentive to continue their studies. This is not only because they cannot not afford, but also because to become a boatman does not require formal education. However, we found a case wherein higher educational attainment

⁴ They have to pay from 10.000 to 20.000 pesos to obtain membership and receive their saddle cloth that has their own number.



enabled a boatman to switch his job to become a teacher (Case 1). At present, the youth of Pagsanjan town are sons and daughters or even grandchildren of the first generation of boatmen. Unlike their parents, today's youth tend to pursue higher education. We found that some college students are working as boatmen and the income they earned is spent for their families' livelihood, their own education and for their entertainment. They and their parents expect that after their graduation from college, they would be able to find another job. Some of them go to Manila to pursue higher education and stay and work there afterwards. It is not only the sons of boatmen, but also the daughters who want to pursue higher education.

2) Housing

Income from boating allows boatmen's families to buy their own land and construct a new house. Boatmen's families live along the river and in the center of municipality. We observed that boatmen were able to change the materials for houses from easy to obtain and cheap materials such as bamboo, cogon and wood to modern materials such as concrete walling and galvanized-iron roof. While the durability of houses has improved significantly, the traditional style of housing has started to disappear. We interpret this to mean that their perception of housing has changed.

3) "Easy money" and "vice"

When tourism was booming, the people of Pagsanjan refer to income from boating as "easy money" for they were able to earn without much effort. During those prosperous times, some tourists especially Japanese were very generous in giving tips⁵. Since it was "easy money" some boatmen started to waste their income on vices such as drugs⁶, gambling and drinking. Today, even if the number of tourist arrivals has declined significantly which means that earning money has become a daily struggle, some of the boatmen still managed to cling on to their vices.

4) Communication

With the arrival of tourists, boatmen were able to improve their communication and language skills. Their command of the English language has been significantly improved by the almost daily conversation they have with foreign tourists. Through their interaction with tourists from Korea and Japan, they were also able to learn

⁵ At that time, boatman associations did not have systems that gather tips from members. Boatmen could get tips as their income directly.

⁶ According to a staff of Women's club, the consumers of drug are boatmen and not tourists. They buy drug in Lumban where is known as a center of drug. Pagsanjan municipality is very strict about drug and has checkpoints on the boundary. Some organizations also fight

simple greetings in the Korean and Japanese languages. We found that most of boatmen are used to communicating with tourists thus they have become friendly and have an open mind on foreign culture. On the other hand, we have the impression that people who are not working as boatmen are shy.

5) Environmental awareness

Since the cleanliness of the river is an important condition for tourism to thrive in Pagsanjan, boatmen have become more conscious of their environment. They participate in the campaign to clean the river. Residents consider that the pollution of river and the problem of garbage are caused by themselves, not by tourists because the thrilling and unstable boat trip does not enable tourists to throw away anything out of the canoe during the trip. Local people think that the boating activities itself does not make much negative impact on the environment. However, the amount of garbage has increased with tourists' arrival at hotels.

6) Culture

During our field research, we did not hear from the people we interviewed the cultural impact of tourism, thus we were not able to identify anything on this aspect. However, what we can say is that the Bangkero River Festival is an opportunity to reintroduce the lost traditions of the town. According to the brochure of the festival, the water parade will highlight the town's history, people's legend and arts. The festival has just started two years ago thus a longer time is needed to determine whether it will have a significant impact on the town's cultural practices.

7) Pedophilia

From whoever's standpoint, people in Pagsanjan seem to recognize the existence of pedophilia⁷. However this is considered as a thing of the past. Moreover, it was clarified that victims of pedophilia are not from the town but brought from other regions. According to the MPDC, in the past, the town may have benefited economically from the pedophiles. According to Mr. B⁸, some boatmen helped pederasts⁹ to find child victims. In return for their services, these boatmen got benefits such as money, free-stay in Manila hotels, and even free-trip to Hong-Kong. Mr. B described this relationship between pederasts and boatmen as friendship and he said " I do not want to call it 'pedophile', but it helped our town a lot ". The period when a big number of pederasts came overlapped with the height of tourism in Pagsanjan. After Christian organizations and journalists initiated a big campaign which criticized pedophilia, 22 pederasts were arrested in 1988 (Matsui, 1993). During our fieldwork, we were not able to find any evidence that pedophiles still exists. While it would be unreasonable to say that pedophilia directly contributed to the decline of tourism, we cannot simply ignore it as irrelevant to the growth of tourism in Pagsanjan.

8) Women

As far as wives of boatmen are concerned, we were not able to find sufficient information indicating any signs of impact. In Barangay Magdapio where most of men are boatmen, many of the wives are plain housewives and laundry women and a small numbers of them are vendors. Up to 20 women from the barangay went abroad to work as domestic helpers. We were also able to verify that daughters of boatmen pursue education as much as their sons do. We assume that daughters of boatmen have more choice than their mothers in terms of job.

⁷ against drug activity.

⁸ Victims of pedophilia alled Ponpon. There were about 3000 ponpons at the peak in Pagsanjan(Matsui, 1993).

⁹ Refer to case 2.

⁹ It means client of pedophile. In this case, most of them were gay-tourists from western countries and Japan.

9) River as a part of people's living space

As some guidebooks describe, we observed that a raft trip offers a glimpse of rural life. Women and young girls were doing their laundry. Men and boys were fishing and playing with water on the bank. Local people cross a stream by canoe to the bank of Barangay Magdapio, which only has a suspension bridge. The river is not only a space for tourism but also an indispensable part of the people's life. While we do not know how they feel when tourists pass by and invade their life space we assume that their lifestyle which is closely intertwined with the river has not been much affected by tourism.

Case A:

Mr. A is a teacher at Benitez Elementary School, Pagsanjan's oldest school. He is 60 years old and was a boatman in the 1950s. Mr. A's father and grandfather were both boatmen and they were the ones who encouraged him to learn the skills of shooting the rapids. When he was in high school in the late 1950s, tourists were mostly European and the boat-ride fee was a just P 7.50 per head. During his high school days, he helped his father and grandfather in their boating activities. During that time, there were just few boatmen so they were able to earn more income by accommodating European tourists.

Using the swimming skills he acquired from accompanying his father in the falls, he was able to join his high school's swimming team. He competed in several inter-school sports festival and even gained a number of awards and cash prizes which helped him support his education. Driven by his dream to finish a university degree, Mr. A worked hard as a boatman. He stopped going to school when he was a freshman in order to look for other work besides shooting the rapids. He saved whatever income he earned as a boatman. In the latter years, he decided to pursue his university education. He took education as a major and finally earned the degree in the late 1960s.

At present, Mr. A's children had finished college and were involved both in government and private services. According to him, being a boatman had helped him in fulfilling his dream of obtaining a university degree despite coming from a poor family.

Case B:

Mr. B has been the barangay captain (village chief) of Barangay Magdapio since 1997. This barangay has 300 households of which 270 of the household heads worked as boatmen. The others not working as boatmen are farmers. He is 64 years old and has been a boatman since 1981. Prior to becoming a boatman, he worked as a policeman. He was able to finish high school and during those times, only two or three boys from his barangay could pursue high school education. His wife is teacher. They have two sons and two daughters with ages ranging 10 to 22 years old who are all students. Mr. B does not expect his sons to become boatmen.

Case C:

Mr. C is 44 years old and became a boatman eight years ago. Prior to this job, he worked as waiter and room boy at the Pagsanjan Rapids Hotel located across the river from his house. After spending two years in college, he decided to leave school. He has a paddy field so he also does farming. He is a member of barangay council and actively participates in the activities of the Barangay Magdapio Cooperation against Poverty such as butchery and selling of pigs. He draws a small salary from the council and benefits from the cooperation.

Mr. C's wife is 43 years old. She graduated from high school and then got married in 1976. Now she is housewife. His father was a woodsman and his wife's father was fisherman. When Pagsanjan Rapids Hotel opened her parents started selling woodcraft.

Mr. C has six children who live together with him and his wife. The eldest child is 23 years old and graduated from college. She worked as a design engineer for four months in the Japanese company *Denso*, but she quit the job because of long commuting distance. At present she is looking for a job. On the other hand, their only son is 21 years old and is also boatman. He started boating 5 years ago and was a working student but he left college. Since he joined two boatmen associations, he has more jobs than his father does. However, he is preparing to go back to school to study auto engineering again. He would like to find any other job after graduating from college. The other four daughters are also studying and are at various levels in their education.

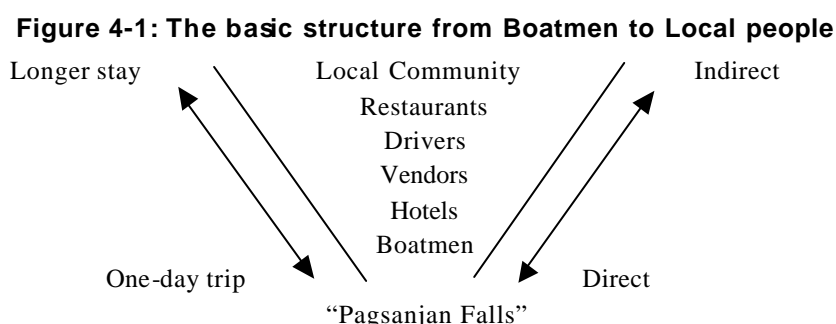
The family depends on the income earned by the father and the son from working as boatmen. The same as other boatmen, Mr. C recognizes that the boatman is in hard time now and he prefers to find an alternative job if he were younger. His opinion reflects his son's choice for his future.

Case D:

Mr. D's brother lives next door and he and his two sons are also boatmen. The sons are studying in college while working as boatmen at the same time. After graduation, they would also like to look for other jobs. The eldest daughter of Mr. C's brother is working in Metro Manila and lives there with her husband. Mr. D's brother's family takes care of their baby. Mrs. D's family help each other in daily life.

4-3. Others

The Pagsanjan Falls serves as the major attraction of tourism in Pagsanjan. The boatmen have direct access to the Pagsanjan Falls. In this section, we describe the basic structure of tourism in Pagsanjan Falls in terms of accessibility. Figure 4-1 shows the basic structure from boatmen to local people. The longer a tourist stay in Pagsanjan, the more likely s/he will have direct contact with local people. We already mentioned the boatmen who are shown standing in the figures' center. Now, we would like to discuss other persons involved in the tourism industry starting from vendors to local people.



4-3-1. Hotel

Since most tourists who go to Pagsanjan falls have to enter a hotel, the people working there would receive concrete impact from tourists. But since most of tourists are on a one-day trip, they do not buy anything from the hotels' souvenir shops does employees cannot learn another language. However, recently they do not have much contact with tourists who come with translators. In relation to income, people working in hotels can send their children to study college in Manila. This is considered a positive impact of tourism.

4-3-2. Vendors

In Pagsanjan, we can see vendors on the street, in front of the hotels, and alongside the river. Although

their activity is beneficial to them, sometimes their aggressive behavior is an irritant to tourists. To be able to sell their products, some vendors conspire with boatmen to force tourists to buy. While this is a negative impact, there is also a positive side to this since they were able to learn other foreign languages such as Korean, Japanese and Chinese.

4-3-3. Drivers

Jeepneys and tricycles are very useful mode of transportation for individual tourists. Tricycle drivers can have direct personal contacts with individual tourist.

Many tricycle drivers worked as pimps during night time by enticing tourists to engage the services of prostitutes.



4-3-4. Restaurants

Except those inside hotels, restaurants in Pagsanjan are located very far from the falls. For individual tourists, they cannot use the services of these restaurants. According to an interview with one restaurant owner, tourists are not their main customers. After the number of foreign tourist arrivals decreased significantly, restaurants now cater more to residents and domestic tourists as customers.

4-3-5. People of the local community including those not engaged in tourism sector in Pagsanjan

Because the local community is far from Pagsanjan falls, the people are not directly influenced by tourism. While some communities are located right next to the hotels, their contact with tourists has been minimal. When we walked through Pagsanjan's streets, we found that some people from the local community (including children) can speak other languages such as Korean. We can say this is an indication that many Korean tourists come here. As indirect influences of tourism, the local people's image of foreign culture and language skills have improved.

As to other impacts, we can consider two. First is environmental impact which means the community's response to the increase in pollution caused by the increasing number of the tourists. Second is the political relationship between boatmen's association and the local government. However, we do not have strong evidence to support this claim.

Case E: Owner of the "Relaxation Restaurant", 28 years old

He is the last-born of eight brothers. He owns the restaurant-bar called "Relaxation". He believes that if more tourists will come and visit Pagsanjan, his restaurant can have good business. But for now, most of the tourists from Manila are usually on a one-day trip who return to their origin in the afternoon. Thus, most of his customers are people living in Pagsanjan. The restaurant has a stage where bands can play music. On Fridays and Saturdays, he invites bands whose members are his friends to perform in the restaurant. Customers who visit the restaurant can enjoy drinking and chatting while listening to music.

Mr. E is an overseas contract worker. He frequently goes to Oman for business. He is an architect and can speak Arabic, English and Tagalog. According to him, there is a big Filipino community in Oman thus this country is an attractive place for him to work. One of his friends owns a Thai restaurant. He said that he was an

aide of former President Marcos. Mr. E is not appreciative of the efforts of the municipal government of Pagsanjan in promoting tourism.

Case F: Driver and Boatman , 50 years old

He has two jobs: he is a boatman during the day and a tricycle driver at night. Driving a tricycle is a sideline job. His family members work in a factory in Manila. During the day he bawls out “Falls! Falls!” to catch the attention of tourists who visit Pagsanjan. At night, he shifts to shouting “On-na! On-na! (Girl in Japanese)” in order for Japanese male tourists to be enticed to visit a pub called “Node”.

Case G: Tourism Operation Officer, Municipality of Pagsanjan, 26 years old

She was born in Pagsanjan but studied and finished college in Manila. She studied computer management. After graduation, she was hired by the Pagsanjan municipal government and she has been working there for the last four years. Her main responsibility is the town’s tourism sector. Her activities include the following: enforced the rule that boatmen should be registered with the municipal office; minimized the activities of boatmen who flag tourists vehicles and force them to avail of their services; organized a safety workshop for boatmen; maintaining cleanliness in Pagsanjan river; and planning and holding the Bangkero festival. She lives in the town center of Pagsanjan with her husband and two children.

In addition, she has organized a dance team made up of juveniles (10~20years old) who live in Pagsanjan. The team practices dance from Southern Philippines for about one hour everyday. Sometimes, she has dinner with the team members .

5. Conclusion: Types of Tourism- community based tourism

In this paper we attempted to identify the process of social change occurring in Pagsanjan by looking at the lives of people employed in the town’s tourism sector. Our research have found that what is happening in Pagsanjan seem to demonstrate what we call a “community based tourism”. This type of tourism effectively provides more rooms for the average Pagsanjanios to participate in the sector. In Pagsanjan, tourists have direct contact with boatmen who bring them to the falls, meet vendors who sell souvenir goods and drinks, and are served by restaurant waiters with the local cuisine. While the people are trying to be service oriented, the way it is done is not in a professional manner as normally received in any traditional tourists enclave. Rather, the quality of service delivered directly comes from a genuine response embedded in the people’s socio-cultural background and shows the extent to which the appreciation of tourism lie within their community settings.

On the contrary, in most resorts in Philippines, foreign tourists enjoy man-made amenities like pools, restaurants, bars, discos, and engage in other activities without having to leave the site. In these places, the service is provided by well-trained workers who serve a tourist needs in a professional manner. Thus, a tourist does not necessarily need to establish genuine contact with local community. Therefore, in this sense, the impact of tourism is limited in that the residents who are employed by the tourism sector are the sole recipients of direct impact from tourists.

From our research experience, we have come to believe that this community-based tourism seems to play a vital role in shaping the process of social change in Pagsanjan. As we have noted earlier, social change in Pagsanjan has socio-cultural, economic, environmental, and political dimensions. Social change can evolve from a number of different sources: changes in the ecosystem (which can cause the loss of natural resources or widespread disease); technological change (epitomized by the Industrial Revolution, which created a new social

group, the urban proletariat); population growth and other demographic variables; and ideological, economic, and political movements. In case of Pagsanjan, we can say that the social structure has changed from one based on agriculture to another which is tourism oriented. People's lives have increasingly become reliant on the presence of tourists. Their values have changed as demonstrated by attitudes toward life style. Some people get educated as a result of increased income. Some went to work in Manila and expose themselves to new lives as a result of receiving higher education. These diversified responses among the community members to the process of social change seems to call for greater need in our part to understand local society carefully. Traditional development approaches that tend to view a local society as static lacks these dynamic aspects of social change that we the social change group embraces. We hope that more officers in development-oriented organizations working in the field should become aware in the near future of the concepts of social change and its significance in their own project implementation. In doing so, the project will reflect fruitful and a realistic picture of local community, which is what the alternative model of development is trying to achieve.

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