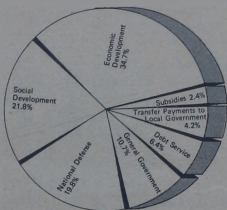


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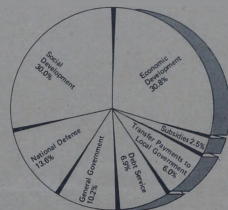
Guidelines on development planning

Sectoral Development

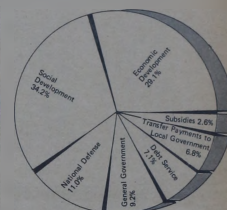
THE objectives and some policy issues in each sector are identified to guide line agencies in their planning activities. Some of these are indicated to shed more light on some questions which may arise in each sector in the process of development. For simplicity and to highlight intersectoral linkages, the relation of certain issues affecting subsectors belonging to the major productive, social services, and support sectors are presented.



FY 1975
Total Expenditures: P13.3 billion



FY 1980
Total Expenditures: P26.4 billion



FY 1985
Total Expenditures: P52.6 billion

Industry

TO move rapidly toward industrial development, industrialization should grow faster than before. This underscores the need to rationalize and set growth directions among the types of industries promising strong potentials, and at the same time to provide the ingredients needed for growth. The type of industries to be promoted shall be those which have the best potential to remain viable under changing economic conditions and those identified with the greatest linkage within the economy and crucial to an industrial take-off.

□ **Regional Emphasis.** *Dispersing Industries.* Southern Tagalog and Central Luzon regions should take formidable steps in providing more for the basic needs of their population as well as industrial demand. Only mainly light industries with linkages to small enterprises shall be emphasized as these areas are expected to become more and more urbanized and large human settlement sites. Spillover benefits will then be ploughed into the rest of Luzon—outstanding Cagayan Valley, the Bicol and the Ilocos Regions holding their own and creating their much needed industrial nuclei.

Special mention is made of the Bicol region which, while showing signs of potent growth, has not appreciably harnessed its resources to the utmost. Deserving similar concern is the Cagayan Valley which, like Bicol, has remained prostrate as an underdeveloped area. These two regions should be uplifted from their present state. The fermentation of industries in these regions may yet find realization if the industrial strategy for Luzon will forge a balancing scheme of industrial prioritization among the regions.

The growth setters in Visayas will be Central and Western Visayas. Eastern Visayas, however, will need special attention so that it can cope with the more developed ones. Government and private intervention in terms of more invest-

ments, incentives, and other packages of strategies will be needed for the entire Visayas area.

In Mindanao, the northern and southwestern regions will become the more industrially-developed regions. The development of the western and southwestern regions on the other hand, will be slow, and as such, they will need intensive development efforts.

Mindanao's vast mineral resources may become a latent base for further exploration. Likewise, massive explorations of the mineral potentials of Luzon and Visayas will be necessary.

□ **Growth Expectations.** All these translates into an annual growth rate of 9.3 percent for Luzon until 2000 with Metropolitan Manila growing at 13.0 percent and the Cagayan Valley at 15.0 percent. Visayas will hit 8.6 percent per annum during the same stretch and Mindanao, 11.3 percent. Eastern Visayas should be made to grow at 11.0, Central Visayas at 9.5 and Western Visayas at 7.0 percent. Mindanao's northern and southwestern regions should reach 13.6 percent and 11.9 percent, respectively.

□ Policy Issues.

1. **Sectoral Plans.** Major industries will require rationalization programs through an orderly allocation of capacities, markets and linkages with small-scale industries. Regional projects covered by the ASEAN industrialization scheme will have to be evaluated to determine complementary national projects requiring coordinative arrangements taking into account the most appropriate financing schemes and related considerations.

2. **Government Investments.** The huge investment requirements and risks involved in certain critical and large-scale industries necessitate the planning of full government involvement on a turn-key basis or through joint-venture arrangements. In this regard, the extent

of participation of transnational corporations in industry and the other sectors could be clearly defined within the framework of existing regional arrangements and investment laws.

3. **Development of Small-Scale Industries.** The impact of small and medium-scale industries on the country's development is substantial in terms of their employment generation capability particularly in the rural areas. They also require relatively low amounts of capital and can tie up easily with large industries through sub-contracting and other similar arrangements. Strategies and policies should therefore be addressed to the stimulation of these industries through more positive programs and incentives which heretofore are applied only in some large industries. For instance, the coverage of the present institutional support for the development of small-scale industries may have to be reviewed in the next years in order to implement a more selective approach, either by industry or by area especially in identified priority areas. Any small-scale industry program will have to be related and tied up to other industrial sectoral and rationalization programs.

4. **Industrial Estates.** The industrial estate has been a relatively successful instrument toward the effective organization and development of industries. The main reason for establishing industrial estates is to circumvent the inadequacies imposed by limited supporting structure and incentives by means of effective and comprehensive area development that takes into account among others, appropriate land use and environmental protection principles. Thus, a nationwide industrial estate program

should be formulated with a view of early implementation.

5. **Pacing the Extraction and Exportation of Mineral Ores.** The pace at which the extraction and exportation of mineral ores is proceeding needs review in the light of depletion and the long-term need of the economy for foreign exchange, ecological balance and enhancing domestic value-added.

6. **Credit Coverage.** Existing credit schemes may have to be reviewed in the light of peculiar needs of small-scale industries. Alternative possibilities for financing small industries through various modern arrangements will have to be established to offset limitations of small industries.

7. **Permanent Technology Transfer Unit.** While certain government agencies have been involved in varying degrees in some aspects of technology transfer and adaptation, the creation of a permanent transfer of technology unit which will look closer and more deeply into the technology requirements of industry is worth exploring.

Agricultural, Forestry and Fishery

MAJOR goal is the improvement of our capability to eventually produce the country's needs for food and other agricultural raw materials and to maintain a stable food supply. More specifically, the objectives are to: (1) intensify and improve the efficiency of production; (2) accelerate the development of fisheries and aquatic resources; (3) expand production and utilization of products from carabao and other ruminants; (4) develop appropriate farming systems for rainfed areas; (5)

Our budget priorities

PRESIDENT Marcos approved last August 6 budget priorities and ceilings to guide the preparation of the national government budget for calendar year 1977.

Government revenues for CY 1977 are estimated to be P24.1 billion and current operating expenditures, P13.8 billion. A current surplus of P5.3 billion is accordingly expected. At the same time, capital outlays for infrastructure and other investment activities are estimated to amount to P7.8 billion. This will be financed by the current surplus and new borrowings, which are accordingly estimated at P2.5 billion.

The President explained that revenue and expenditure targets have been determined so as to achieve a growth rate in real gross national product of 7 percent and to limit possible price level increases to a maximum of 7 percent, while continuing to safeguard the balance of payment position.

Priorities. The following new and emerging priorities were also identified by the President as guidelines in the preparation of the CY 1977 budget:

1. The need to strengthen national integrity and to solidify international relationships, particularly with the Asso-

ciation of Southeast Asian Nations and the Third World. This indicates continued development of national self-reliance in the security and foreign relations fields.

2. Giving meaning to national aspirations for self-reliance in the areas of agricultural and industrial capability. Budgetary provision will be made to support major projects intended to strengthen the framework of economic activity.

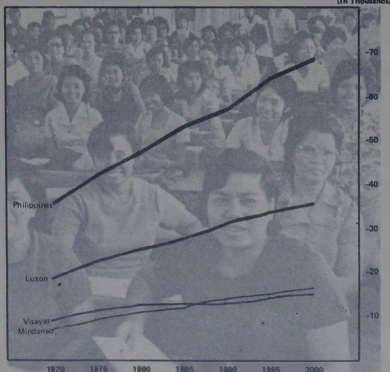
3. Integrated and purposive implementation of reforestation, water impounding, waterworks, hydroelectric, and irrigation programs, as a means of natural resources conservation and regional development.

4. Acceleration of the energy program, implemented through geothermal, nuclear and other power projects, and increased support of oil exploration.

5. The balance of trade situation has motivated an assessment of the Philippine export program. The government involvement in fostering exports will be considered in the development of budget ceilings.

6. Accelerated financial support to the agrarian reform program is called for to cover the cash flow scheduling of farmer amortization and bond re-

POPULATION PROJECTIONS (in Thousands)



expand and improve irrigation and drainage facilities; (6) improve the efficiency of postharvest and marketing operations; and (7) satisfy raw material requirements for the local housing and construction industry.

Social Equity and Agrarian Reform. The thrust for the development of the countryside and the concern for a more equitable distribution of income and wealth underscore the continuing relevance of this major goal to the agricultural sector. The objectives are to: (1) accelerate the completion of land transfer; (2) ensure the stability of land tenure for farmers; (3) accelerate land valuation and compensation; (4) strengthen and expand the settlement program; (5) increase real income of small producers; (6) strengthen rural development-oriented and people-based institutions; and (7) generate more employment opportunities for the rural population.

Expansion of Export and Import Substitutes. Traditional agricultural raw material exports have been a major source of the country's foreign exchange. In the ensuing years, the objectives are to: (1) expand output of export products, particularly by intensifying and effecting efficiency in production rather

than by expanding the area; (2) promote the development and exportation of processed products; (3) promote the development of selected import substitutes; and (4) develop the international marketing capability.

Policy Issues.

1. **Shift in Food Production.** Major emphasis is laid on rice production and land-based sources of food which are easily affected by weather conditions. A shift in emphasis on the production of substitute crops that are more nutritive and adaptive to adverse conditions needs serious consideration.

2. **Review of Consumption Pattern.** The population pressure and limited land resources call for a review of the basic consumption pattern of the populace as a long-term solution to our rice problem. A shift to a rice-corn mixture as a basic staple food as well as greater intake of vegetables and other foods should be stressed.

3. **Developing Irrigation Facilities.** Palay farms are generally characterized by low productivity due to the lack of irrigation facilities. In this regard, accelerating the development of irrigation and drainage facilities is in order by

vestment incentives Act and the Export Incentives Act should be updated and their coverage expanded to include primary agricultural production.

8. **Reviewing the Food Inventory Policy.** The present food inventory policy should be reviewed to maximize benefits derived from an adequate level of food stocks and meet the other needs of the economy. This must consider, among others, the desirable level of domestic requirements, foreign exchange foregone, and cost of inventory.

9. **Research on Crop Varieties.** Accelerated research in the planting of the most suitable crop varieties, harvesting and processing techniques, equipment required, and the appropriate farm organization will have to be undertaken.

Infrastructure and Utilities

PLANNING for the development of infrastructure facilities and utilities must strongly emphasize the policy of enhancing regional balance in terms of considering the implication of urban growth centers and industrial estates via the area integrated development packages. The increase in population and anticipated growth of labor supply implies a thorough consideration on the

□ The development of the carrier fleet or dynamic components of transportation must be compatible with the infrastructural elements in terms of design, operations, and degree of serviceability.

□ Based on comprehensive physical planning studies, transport plans should be set to attain the socially and economically optimum distribution of traffic among modes to be within the reach of the general public especially the lower income brackets, and to cover the marginal operating and social costs.

Policy Issues.

1. **Construction.** The choice between capital-intensive and labor-intensive methods of construction still persists, calling for constant balancing between the benefits a particular method brings to the sector and to the economy as a whole. The availability of capital equipment, location of projects and other social considerations also determine the choice of construction techniques.

2. **Government Control of Transport Facilities.** It seems that the private sector alone cannot meet the increasing demand for transport services. It is of utmost importance, therefore, to consider the proposal for increased if not total government control of certain transport utilities to provide continuous, responsive, and adequate services.

3. **Integrated Transport Plan.** An integrated transport plan indicating the extent of the need and the role of land, sea and air transport in the country's development will have to be prepared wherein the responsibilities of agencies related with transport development are delineated.

4. **Long-Term Energy Plan.** Considering the mixed trend in the economics of energy production through different methods, e. g., geothermal, hydroelectric, nuclear, and thermal, alternative strategies on energy development beyond 1985 will have to be evolved.

Water Resources

THE country is endowed with abundant water resources that can sufficiently provide the basic requirements for domestic, industrial, agricultural and recreational usages. The objective, therefore, for water resources development is to fully harness these resources through an efficient water resources program coupled by sound water management policies. The four main areas where development efforts should be intensified are in: (a) the provision of irrigation facilities to boost agricultural productivity and attain food self-sufficiency; (b) provision of an adequate water supply and sewerage system especially to urban areas; (c) measures to promote public health and sanitation; (d) construction of adequate flood control systems for protection of urban areas and agricultural basins; and (e) provision of power systems to generate cheap and dependable hydropower.

Policy Issues. A comprehensive strategy for water resources development to optimize efficiency in water resources management should be adopted. Studies should be vigorously pursued to serve as bases for the formulation of policy guidelines, plans, research programs, taking into consideration the implication of science and technology applications, and regulatory measures aimed at defining the functions, linkages, interrelationships, priorities and optimum utilization of water resources.

□ The integrated river basin concept of development should be emphasized through the setting up of priorities among river basin projects to complement agricultural development.

(To be concluded)



for 1977

demption requirements.

7. **Programs for population control, health, nutrition, and social welfare** will be given added emphasis, particularly in tertiary hospital care.

8. **Maintenance of employment in the construction industry** through programs in housing, construction of national government buildings and other infrastructure, as a means of continuing the thrust began during the past year through hotel and condominium construction, now about to be completed.

Budget Hearings. In the meantime, Budget Commissioner Jaime C. Laya announced that CY 1977 budget hearings are scheduled on August 16-31.

In addition to a review of the budget requirements of agency programs and projects within the ceilings and priorities approved by the President, Commissioner Laya stated that specific attention will also be given to the evaluation of the regional profile of agency budget estimates, the budgetary implications of multi-agency expenditures in the context of regional development projects, and budgetary counterpart requirements of major development projects, such as the nuclear power and the copper smelter projects. □

giving priority to government outlays for communal irrigation and drainage systems.

4. **Reviewing the Fertilizer Subsidy Program.** Subsidizing fertilizer use has been costly to the government aside from spawning problems like black marketing. Its eventual phase-out may be seriously considered once a higher level of fertilizer production at more reasonable costs is achieved.

5. **Reorganizing Extension Workers.** Extension services supportive of agricultural programs are weak and sometimes ineffective. To solve these, the following options may be considered: the retraining and integration of all agricultural extension workers; the utilization of farmer-leaders to complement government extension work; and the phase-out of extension work by the government in favor of farmers' organizations or industry groups.

6. **Upgrading Postharvest and Marketing Operations.** Significant crop losses due to inefficient postharvest and marketing operations have been observed in the past years. A need to improve efficiency in this regard should be given full support.

7. **Revising Incentives for Agricultural Production.** Incentives available to investors in selected agricultural activities appear to have failed to elicit the desired response for firms to engage in basic agricultural activities. The Im-

possibility of optimum use of labor-intensive methods of construction. Providing for adequate transport services is an important determinant of the pace and locational pattern of development and augurs well for a successful and dynamic tourism program.

The objective of the transport sector is to support the country's socio-economic development programs. Specifically, the present objective is to provide a well-integrated, efficient, adequate and public service-oriented intermodal transport service encompassing the static and dynamic aspects that will effectively facilitate the movement of people, goods, and services among production, consumption and population centers.

Programs and Regional Emphases. Implicit in the above objective are broad policy measures and guidelines which have to be observed in formulating long-term agency plans and programs.

□ Public investment for transport development should be concentrated in priority areas with intensive productive activities as well as planned and established settlement patterns to optimize the use of scarce financial resources.

□ To maximize economic returns and levels of public service, a program on coordination and integration across and within all modes is necessary to arrive at the proper choice of modes and modal combinations.