PHILIPPINES COUNTRY REPORT

BY JOSÉ MANUEL CUEVAS, DANIEL DOLS, IVÁN KIM, AND DAVID SOLER

UPDATED: MAY 2020
1. COUNTRY OVERVIEW

LARGE POPULATION
Over 110 million people. 13th largest country in the world by population and second in Southeast Asia.

MANILA (METRO MANILA)
 Ranked as the fourth largest urban area of the world by Demographia World Urban Areas.

POLITICAL SYSTEM
Presidential republic

RODRIGO DUTERTE
President (2016-2022)

HUMAN DEVELOPMENT INDEX
RANKING: 106/189  SCORE: 0.72/1

Since 1990, the Philippine’s score on the HDI has increased every year.

(SOURCES: HUMAN DEVELOPMENT INDEX, 2019, AND DEMOGRAPHIA WORLD URBAN AREAS, 2019)
1. COUNTRY OVERVIEW

ADMINISTRATIVE DIVISIONS

Divided into 81 provinces and 38 chartered cities. These are grouped into 17 regions distributed in three large island groups: Luzon, Visayas and Mindanao.

(SOURCE: THE WORLD FACTBOOK, CENTRAL INTELLIGENCE AGENCY)
1. COUNTRY OVERVIEW

TIMELINE OF KEY EVENTS

1521-1571 - Colonization period.

1896-98 - Civil and armed campaign for independence from Spanish rule begins, failed attempt to achieve independence and new American dominance.

1902-35 - Social and economic reforms.

1941-45 - World War II and Japanese occupation.

1946 - Official independence.

1965 - Ferdinand Marcos becomes president.

1967 - The Association of Southeast Asian Nation (ASEAN) was organized.

1969-present - Internal armed conflicts.

1972-86 - Martial law and dictatorship.

1987 - Current constitution.
2. DEMOGRAPHICS

TOTAL POPULATION:
100,979,303 (2015 census)

POPULATION GROWTH:
13.5% between 2010 and 2018

DENSITY:
358 people per km², 2nd in South East Asia, just behind Singapore

(SOURCES: 2015 STATISTICS CENSUS OF POPULATION, PHILIPPINE STATISTICS AUTHORITY, AND WORLD BANK DEVELOPMENT INDICATORS)

TAKEAWAYS:
49.4% of the population is male. 50.6% of the population is female.
51.3% of the population is under 25 years old.

PHILIPPINES COUNTRY REPORT
NAVARRA CENTER FOR INTERNATIONAL DEVELOPMENT
2. DEMOGRAPHICS

Proportions have remained stable since 1990, after at least three decades of urbanization.

(SOURCE: WORLD BANK DEVELOPMENT INDICATORS)
2. DEMOGRAPHICS

RELIGIOUS AFFILIATION

80.3 million people (almost 80% of the population) reported Roman Catholic as their religion.

Muslims are mostly in the island of Mindanao.

(Source: 2015 Statistics Census of Population, Philippine Statistics Authority)
2. DEMOGRAPHICS

POVERTY

POPULATION (IN...)

Multidimensional poverty (M.P): 5.8%
Severe multidimensional poverty: 1.3%
Below national poverty line: 21.6%
Below $1.90 a day: 7.8%

On November 2018, the Philippine Statistics Authority (PSA) released its own MPI.

According to its initial methodology, 17.3% of the Filipinos were multidimensionally poor in 2017.

PSA’s methodology considers four dimensions:
• Education
• Health and Nutrition
• Housing, Water and Sanitation
• Employment

CONTRIBUTION OF DEPRIVATION REGARDING OVERALL M.P:
Health: 20.3%  Education: 31%  Standard of living: 48.7%

(SOURCE: GLOBAL MULTIDIMENSIONAL POVERTY INDEX 2019, OPHI & UNDP)

PHILIPPINES COUNTRY REPORT
NAVARRA CENTER FOR INTERNATIONAL DEVELOPMENT

(SOURCE: MULTIDIMENSIONAL POVERTY PEER NETWORK)
2. DEMOGRAPHICS

2017:
Women: 75.3
Men: 67

(LIFE EXPECTANCY)

(SOURCE: WORLD BANK DEVELOPMENT INDICATORS)
2. DEMOGRAPHICS

2017: 5.8 per 1000 people

From 1960 to 2017, the gross mortality rate decreased from 9.7 to 5.8.

(Source: World Bank Development Indicators)
2. DEMOGRAPHICS

2017
2.6 births per woman

The total fertility rate for the year 1960 was 7.1, decreasing to 2.6 in 2017.

(SOURCE: WORLD BANK DEVELOPMENT INDICATORS)
# 2. Demographics

## Health Snapshot

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median age at first birth per woman</td>
<td>23.5 years</td>
</tr>
<tr>
<td>Births assisted by a skilled provider</td>
<td>54%</td>
</tr>
<tr>
<td>Last-born children born in the last 2 years ever breastfed</td>
<td>93%</td>
</tr>
<tr>
<td>Children age 12-23 months who have received all 8 basic vaccinations</td>
<td>70%</td>
</tr>
<tr>
<td>Neonatal mortality</td>
<td>14%</td>
</tr>
<tr>
<td>Infant mortality</td>
<td>21%</td>
</tr>
<tr>
<td>Under 5 mortality</td>
<td>27%</td>
</tr>
<tr>
<td>Stunted children &lt;2 years old</td>
<td>25.5%</td>
</tr>
<tr>
<td>Stunted children &lt;5 years old</td>
<td>30.3%</td>
</tr>
<tr>
<td>Stunted adolescents, 10-19 years old</td>
<td>26.3%</td>
</tr>
</tbody>
</table>

(Source: 2017 National Demographic and Health Survey, Philippine Statistics Authority; Expanded National Nutrition Survey, Food and Nutrition Research Institute, and World Bank Development Indicators)
Averaged 6.5% between 2012-2019.

IMF projects growth to be 0.6% in 2020 and a recovery in 2021 with 7.6% growth. Before the coronavirus outbreak, the World Bank projected a 6.1% growth for 2020.

**GDP per capita** is US 3,103$. It is in the middle of the table of ASEAN countries’s GDP per capita, which vary a lot from Myanmar (1,279$) up to Singapore (64,579$). In that sense, the closest country in GDP per capita in the region is Indonesia (3,871$).

The World Bank’s goal for The Philippines is for it to become a middle-class society **free of poverty** by 2040.

**Note:** Data in constant prices 2000 US$
The Nominal Effective Exchange Rate Index (NEERI) has fluctuated between 13.29 and 15.68.

Reasons for recent gain:
1. Narrowing trade deficit
2. Over aggressive hike to battle slow inflation
3. Policy rates relatively high in the region, fostering foreign money flow into The Philippines.

The Philippines’ monetary policy strategy is to promote a low and stable rate of inflation.

Its target for 2019-2022 is 3.0% with a tolerance band of +/- 1 pp.

(SOURCES: BANGKO SENTRAL NG PILIPINAS, 2020; CNBC, 2020, AND BANGKO SENTRAL NG PILIPINAS INFLATION REPORT 4Q, 2019)

PHILIPPINES COUNTRY REPORT
NAVARRA CENTER FOR INTERNATIONAL DEVELOPMENT
There are officially 2.3 million Filipinos working abroad. The Philippines is the fourth biggest remittance receiver in the world.

From 2010 to 2019, the amount has more than doubled from 18,762,989 to 30,133,300 thousand US$.

The United States is, by far, the country from which most remittances are sent to The Philippines with a total of 11,318,335 thousands of dollars in 2019. It is followed by Saudi Arabia (2,098,287) and Singapore (1,906,494).

(SOURCES: PHILIPPINE STATISTICS AUTHORITY, 2019, AND WORLD BANK, 2019)

Those nationals living abroad are commonly referred as Overseas Filipino Workers (OFW).

OFW’s have a special status.
- They have a unique entry at the Ninoy Aquino International Airport in Manila
- They are exempt from travel tax and airport terminal fees when traveling out of the Philippines from within the country
- They can walk-in to renew their passports without an online appointment.
- The Department of Labor and Employment has a special Overseas Workers Welfare Administration office.
Although the United States is the main place of origin by amount of cash remittances, both North and South America account only for a 6.6% of OFW. A 54.9% of them are located in the Middle East.

The majority of OFW are on elementary occupations, industry or sales and service jobs.

(SOURCES: PHILIPPINE STATISTICS AUTHORITY, 2019)

**TOP DESTINATION OF OFW’S**

Only Saudi Arabia holds one quarter of all OFW.

(SOURCE: BANGKO SENTRAL NG PILIPINAS, 2020)
3. MACROECONOMICS

2019
US$ 82,771 millions

Stable during the last decade.
Every year between 79,000 and 83,000 millions of USD.

(SOURCE: BANGKO SENTRAL NG PILIPINAS, 2020)
Fitch recently confirmed the Philippine's BBB rating but upgraded its prospect from stable to positive, meaning it is closer from an A grade. The ratings company praised its "sound macroeconomic policy", whilst it expected it to continue with its progress in fiscal reform, including its intention of implementing higher taxes on alcohol, tobacco and vapers.

Standard and Poor's, and Moody's also maintained their rating.

Rating institutions appreciate the Philippines' positive fiscal policies.

4. TRADE

EXPORTS

6th largest exporter in Southeast Asia, behind Singapore, Thailand, Vietnam, Malaysia, and Indonesia.

In the past decade, the Philippines was one of the fastest growing exporters in the region.

Trade played a significant role in the GDP annual growth between 2012 and 2017.

PHILIPPINES COUNTRY REPORT
NAVARRA CENTER FOR INTERNATIONAL DEVELOPMENT
4. TRADE

The Philippines ranks 43rd out of 133 countries in the Economic Complexity Index (ECI).

It is the 37th largest exporter in the world.

Its ranking has improved due to an increase in exports, lead by the Electronic Integrated Circuits sector.

**Main Export Partners in 2017 (Billions of USD)**

- Taiwan (2.7%)
- Netherlands (2.9%)
- Thailand (3.1%)
- South Korea (4.3%)
- Germany (4.4%)
- Singapore (6.3%)
- Japan (11.2%)
- Hong Kong (11.3%)
- USA (12.9%)
- China (21%)

(SOURCE: ALTAS OF ECONOMIC COMPLEXITY)

**% Current Gross Exports 2017 (Billions of USD)**

- Electronics: 43.5
- Services: 35.9
- Machinery: 17.8
- Agriculture: 8.7

(SOURCE: ALTAS OF ECONOMIC COMPLEXITY)
4. TRADE

IMPORTS

6th largest importer in Southeast Asia, behind Singapore, Thailand, Vietnam, Indonesia, and Malaysia.

Increased 15% from 2017 to 2018.

Total trade was 76.1% of GDP, after a growth trend since 2013.

IMPORTS VALUE (BILLIONS OF USD)

2018: 146.8 USD bn (44.4% of the GDP)

(SOURCE: WORLD BANK DEVELOPMENT INDICATORS)

PHILIPPINES COUNTRY REPORT
NAVARRA CENTER FOR INTERNATIONAL DEVELOPMENT
32nd largest importer in the world, according to the Observatory of Economic Complexity.

Between 2012 and 2017, imports increased at an annualized rate of 7%.

**MAIN IMPORT PARTNERS (BILLIONS OF USD)**

<table>
<thead>
<tr>
<th>Country</th>
<th>% Current Gross Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>2.4%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>3.1%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>5.4%</td>
</tr>
<tr>
<td>Thailand</td>
<td>5.5%</td>
</tr>
<tr>
<td>Singapore</td>
<td>6%</td>
</tr>
<tr>
<td>USA</td>
<td>6.9%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>7.9%</td>
</tr>
<tr>
<td>South Korea</td>
<td>8.5%</td>
</tr>
<tr>
<td>Japan</td>
<td>9.2%</td>
</tr>
<tr>
<td>China</td>
<td>26.5%</td>
</tr>
</tbody>
</table>

**% CURRENT GROSS IMPORTS**

- **Electronics**: 28.1
- **Services**: 26.6
- **Minerals**: 17.3
- **Machinery**: 16

*PHILIPPINES COUNTRY REPORT*
NAVARRA CENTER FOR INTERNATIONAL DEVELOPMENT
5. GOVERNMENT FINANCE

In 2018, as % of GDP:
- Expenditure: 19.5%
- Expenses: 14.9%
- Revenues: 16.3%
- Gross operating balance: 1.4%

The IMF projects that the debt-to-GDP ratio will decline to 37.5% in 2024, that it will be most vulnerable to a growth shock, and also to real interest rate and primary balance shocks.

(SOURCES: INTERNATIONAL MONETARY FUND DATA; AND PHILIPPINES' DEPARTMENT OF FINANCE FOR DEBT)
In October 2018, the Bangko Sentral ng Pilipinas relaunched the Currency Rate Risk Protection Program (CRPP) Facility, previously implemented in the 1997 Asian Financial Crisis.

The CRPP is a "non-deliverable forward (NDF) contract between the BSP and a universal/commercial bank (UKB) in response to the request of bank clients who are seeking to hedge their borrowings denominated in foreign currency to protect them from exchange rate volatility".

Under the CRPP, when signing a contract both parties agree that "only the net difference between the contracted forward rate and the prevailing spot rate shall be settled in pesos".

Regulatory reliefs include:

- Exposures "shall not be subject to NDF position limits".
- "Reduced market risk capital charges shall be applied for net open positions for NDFs".
- Banks "will not need additional derivatives authority since transactions under the CRPP are considered generally authorized derivatives activities".

(SOURCE: BANGKO SENTRAL NG PILIPINAS, 2019)
6. FINANCIAL MARKETS

After seven years of steady decrease from a 10% in 2005, in 2012 the lending rate stabilized.

Challenges:
1. Prone to external shocks.
2. Exposure to natural disasters and climate change.

The IMF Financial Sector Assessment Program recommends:
1. Levelling up bank supervision with further limits on banks and by harmonizing the definitions of single borrower limits and large exposure.
2. Improve capital market supervision with more self-regulatory organizations.
3. Strengthen insurance supervision with a broader set of discretionary intervention tools.
4. Foster nonbank financial sectors.

2018 LENDING INTEREST RATE: 6.1%

Since 2012, the lending interest in Philippines has remained stable, between 5.6% and 6.1% until 2018.
The Philippine Stock Exchange (PSE) had less than 270 entities by 2017. It is weaker than its regional neighbors in size, product offerings, and trading activity.

The Philippines does not have sovereign wealth funds.

**Good quality banking system**

1. The Central Bank, **Bangko Sentral ng Pilipinas (BSP)**, is a trusted and reliable public institution.

2. **Capital adequacy ratios** above the 10% required by BSP.

3. Enough **liquidity**, ratio of liquid assets to deposits at 48%.

**Non-performing loan ratio** of 1.7%, 20 lowest in the world.

---

**BANKING AND MONEY SYSTEM**

Dec. 2019

552 banks

46 commercial banks

51 thrift banks

455 rural banks

Total resources: ₱18.7 trillion, 370 USD bn

Commercial banks account for 92% of total banks’ resources.

---

**PHILIPPINES COUNTRY REPORT**

NAVARRA CENTER FOR INTERNATIONAL DEVELOPMENT
The Philippines is below the Southeast Asian average score (64.5/100) in the Global Competitiveness Index. It ranks below its neighbors Thailand and Indonesia and far away from world-leader Singapore. However, it performs better than Vietnam and Cambodia.

Its best scores are related with its workforce. The country’s internal labor mobility and diversity of workforce are amongst the top ten in the world. Furthermore, its entrepreneurial culture (18/141) is also amongst the best in the world.

However, its bad road connectivity (125/141), lack of reliability of police services and high terrorism incidence (137/141), hinder the country’s competitiveness.
The Philippines is just below the Southeast Asian average score (64.7/100).

This is mainly due to its relatively poor performance on the starting a business and enforcing contracts categories, where it ranks 171 and 152 out of 190 countries worldwide, respectively. Meanwhile, the country’s best scores are on getting electricity and resolving insolvency, where it ranks 32nd and 65th out of 190 countries across the world, respectively.

**POSITION:** 95/190  
**SCORE:** 62.8/100

(Source: Doing Business 2020, World Bank)
According to the World Bank, the literacy rate in Philippines is around 98%.

While gross enrolment rates in pre-primary, primary and secondary schools are high, there is a decline in tertiary enrolment.

Philippines invests about 2.6% of its GDP in education.
The World Bank measures in the HCI "the human capital that a child born today can expect to attain by her 18th birthday, given the risks of poor health and poor education in the country where she lives."

The WB index also highlights that, by the age of 18, children can expect to have completed **12.8 years of education in Philippines**. But when years of schooling are adjusted for quality of learning, these are **equivalent to just 8.4 years**. So there is a **learning gap of 4.4 years**.
8. EDUCATION

WHY EDUCATION MATTERS

Secondary education is the key threshold. Households headed by people who have not graduated from secondary school have a higher risk of poverty than the average.

In Philippines, approximately 60% of households headed by uneducated people and 40% of those headed by people who have not completed primary education are poor.

On the other hand, households headed by people with full tertiary education have a minimal risk of falling into poverty.

(SOURCE: WORLD BANK: MAKING GROWTH WORK FOR THE POOR, 2018)
The Project to support the Learning, Equity and Accountability Programme (LEAPS) provides reading and mathematics support to children in their early grades, focusing primarily on disadvantaged children. The World Bank claims that the Project has benefited approximately 4.4 million students, teachers, school principals and education officials.

The Pantawid Pamilyang Pilipino Program seeks to break the cycle of intergenerational poverty through investment in human capital. The Program helps poor households invest in the education and health of their minor children. According to the World Bank, the Pantawid Pamilyang Program has influenced the increase in gross enrolment rates and has helped reduce the gender gap in enrolment between boys and girls aged 6 to 14 by 30%.

(Source: World Bank Results in the Philippines, 2019)
9. CORRUPTION

PHILIPPINES COUNTRY REPORT
NAVARRA CENTER FOR INTERNATIONAL DEVELOPMENT

Corruption Perception Index
Score: 34/100

Philippines has dropped 14 places from last year’s position (99th) and two points from last year’s score (36).

Philippines is below Asia’s Pacific's CPI average (45) and below the average of its neighbouring countries in Southeast Asia (42).

(Source: CPI 2019, Transparency International)
9. CORRUPTION

CORRUPTION AS A BURDEN

Corruption is a transversal reality that hinders development through its effect on competitiveness and productivity.

The 2019 Global Competitive Index highlights the following issues in Philippine institutions:

b. Transparency.
c. Corporate governance.
d. Checks and balance.

INSTITUTIONS PILLAR
SCORE 0-100 (BEST)

RANKING: 87/141  
SCORE: 50/100

(SOURCE: GLOBAL COMPETITIVENESS REPORT 2019, WORLD ECONOMIC FORUM)
9. CORRUPTION

INSTITUTIONS PILLAR
SCORE 0-100 (BEST)

CORPORATE GOVERNANCE
- Shareholder governance
- Conflict of interest regulation
- Strength of auditing and accounting standards

SECURITY
- Organized crime
- Reliability of police services
- Homicide rate per 100,000 pop
- Terrorism incidence

CHECKS AND BALANCE
- Budget transparency
- Judicial independence
- Efficiency of legal framework in challenging regulations
- Freedom of the press

(SOURCE: GLOBAL COMPETITIVENESS REPORT 2019, WORLD ECONOMIC FORUM)
9. CORRUPTION

BRIBERY

21% were asked to pay a bribe.

14% lost an opportunity to a competitor who they believed paid a bribe.

AND GLOBALLY...

29% were asked to pay a bribe.

30% lost an opportunity to a competitor who they believed paid a bribe.

PHILIPPINES COUNTRY REPORT
NAVARRA CENTER FOR INTERNATIONAL DEVELOPMENT

TOP FIVE TYPES OF FRAUD, CORRUPTION AND ECONOMIC CRIME

PHILIPPINES

SOUTHEAST ASIA

The Philippines is commonly named Southeast Asia’s oldest democracy. It ranks 54/167 worldwide, third in the regional ranking behind Malaysia and Timor-Leste. It is considered a flawed democracy, but excels in its electoral process and pluralism as one of the best in the world with a 9.17/10 score.

**WAR AGAINST FREE PRESS**

"Just because you're a journalist, you are not exempted from assassination, if you’re a son of a bitch. Freedom of expression cannot help you if you have done something wrong”, President Duterte after being sworn in in 2016.

83 Journalists killed between 1992-2020

3 Media Stations targeted for their reporting

134/180 Press Freedom Ranking

(SOURCES: REPORTERS WITHOUT BORDERS, AND COMMITTEE TO PROTECT JOURNALISTS)
Despite being considered a democracy, The Philippines has worked for long as an oligarchical state with a few elites that have controlled state resources.

As The Economist indicates, crony capitalism suggests rent-seeking or using power and connections to increase one’s personal wealth without actually creating wealth for the country.

This is a common trend in South East Asia. Malaysia, Singapore and Indonesia join The Philippines as countries with a higher share of billionaires who have made their wealth from crony sectors than those who’ve created their fortune without help or connections.

**Billionaire Wealth as a % of the GDP, Ranked by Crony-Sector Wealth in South East Asia**

**Crony Capitalism Index**  
Ranking: 3rd Worldwide

Despite being considered a democracy, The Philippines has worked for long as an oligarchical state with a few elites that have controlled state resources.

As The Economist indicates, crony capitalism suggests rent-seeking or using power and connections to increase one’s personal wealth without actually creating wealth for the country.

This is a common trend in South East Asia. Malaysia, Singapore and Indonesia join The Philippines as countries with a higher share of billionaires who have made their wealth from crony sectors than those who’ve created their fortune without help or connections.

**2014**  
**Billionaire Wealth as % GDP**  
2016

<table>
<thead>
<tr>
<th></th>
<th>2014 (Crony)</th>
<th>2016 (Non-Crony)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>11.9</td>
<td>11.3</td>
</tr>
<tr>
<td>Philippines</td>
<td>11.3</td>
<td>11.3</td>
</tr>
<tr>
<td>Singapore</td>
<td>10.7</td>
<td>10.7</td>
</tr>
<tr>
<td>Indonesia</td>
<td>3.8</td>
<td>2.6</td>
</tr>
<tr>
<td>Thailand</td>
<td>2.6</td>
<td>2.3</td>
</tr>
</tbody>
</table>

(Source: Crony Capitalism Index)
The war on drugs began in 2016, with the arrival of Rodrigo Duterte to the presidency after an electoral campaign that was mainly based on the fight against corruption, drug trafficking and crime, as well as the consolidation of peace, poverty reduction and economic and social development.

It is key to understand that the fight against drugs would not only focus on the drug dealers, but also on the consumers.

According to a government survey, there were 1.8 million drug users in the Philippines in 2016, although President Duterte raised the figure to 4 million people.
## 11. WAR ON DRUGS

### IN NUMBERS

| OVER 6000 | Are the people the Philippine authorities believe have died during the war on drugs. Philippine officials have consistently argued that these deaths occurred as a result of officials acting in legitimate self-defence. |
| OVER 27000 | Are the people that institutions like Amnesty International, Human Rights Watch or the Office of the United Nations High Commissioner for Human Rights (OHCHR) believe have died during the war on drugs. |
| 3 | Policemen have been convicted of murder since the war on drugs began. |
| 1.18 MILLION | Persons who voluntarily surrendered until March 2017 because they were on police lists of traffickers or consumers, according to the Philippine National Police (PNP). |
| 54 | Number of rehabilitation centres in the Philippines in 2018. In total, 5447 individuals were admitted. |
| 79% | This is the approval rate that Duterte had in 2019, according to the Social Weather Survey. |


**PHILIPPINES COUNTRY REPORT**

**NAVARRA CENTER FOR INTERNATIONAL DEVELOPMENT**
11. WAR ON DRUGS

FREEDOM IN THE WORLD INDEX

(A SCORE OF 0 REPRESENTS THE SMALLEST DEGREE OF FREEDOM AND 4 THE GREATEST DEGREE OF FREEDOM)

<table>
<thead>
<tr>
<th>Question</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is there an independent judiciary?</td>
<td>1/4</td>
</tr>
<tr>
<td>Does due process prevail in civil and criminal matters?</td>
<td>0/4</td>
</tr>
<tr>
<td>Is there protection from the illegitimate use of physical force and freedom from war and insurgencies?</td>
<td>1/4</td>
</tr>
<tr>
<td>Do laws, policies, and practices guarantee equal treatment of various segments of the population?</td>
<td>1/4</td>
</tr>
</tbody>
</table>

(SOURCE: FREEDOM IN THE WORLD, 2020)
12. VIOLENCE AND LIMITED WARS

GENERAL FRAMEWORK

GLOBAL PEACE INDEX 2019
(SOURCE: INSTITUTE FOR ECONOMICS AND PEACE)
The Philippines is ranked 134 out of 163 countries.

Violence costs as much as 7% of GDP.

Despite it improved 4 positions in regarding the previous year, in Asia-Pacific it’s only ahead of North Korea.

Asia-Pacific has six of the nine countries with the highest natural hazard risk scores, where the Philippines is at the top.

PHILIPPINES COUNTRY REPORT
NAVARRA CENTER FOR INTERNATIONAL DEVELOPMENT

CONFLICT BAROMETER 2019
(SOURCE: HEIDELBERG INSTITUTE FOR INTERNATIONAL CONFLICT RESEARCH)

Intensity scores between 3 and 4 out of 5.

This implies the country or part of it is in a violent crisis.
In July 2018, President Rodrigo Duterte signed the Bangsamoro Organic Law, previously approved by the Congress. This organic law, in force since 2019, established the Bangsamoro Autonomous Region, replacing the 1989 created Autonomous Region of Muslim Mindanao.

This new administrative entity was supposed to redistribute political and economic competences to a historically religion and ethnicity differentiated population, but also to finish the uprising of several separatist or autonomist armed groups that have appeared since 1969.

However, violence has not finished: there are still limited wars between the state and those groups or even between them, and terrorist attacks.

Deaths since 1969 are calculated in more than 120,000.

(SOURCES: BANGSAMORO ORGANIC LAW, AND PHILIPPINE INFORMATION AGENCY)
Initially, through Arab and Malays merchants, there are Muslims since the 15th century in the later known Philippines. However, Islam did not expand because of the prevalence of Catholicism that started with the Spanish colonization since the 16th century.

Since then, most of the Filipino Muslims have been in the central and western territories of Mindanao island, and the smaller ones in the south of the Sulu Sea.

Under the monarchy of Spain, struggles began within conversion attempts, and differentiation was progressively marked until 1898. In that year, Spain lost its control over the Philippines in favor of the United States, but Moros (as this population is known) did not want to be part of that transfer.

The United States tried to promote integration, among others, through intermigration policies, which gradually made Moros a minority and led to separatist uprisings.

With the recognized independence in 1946, Moro nationalists fueled their identity and ideology against the Spanish dominance, then against the one of the United States, and finally, against what they considered the Filipino dominance on their impoverished territory.

In the 1960s, the separatist movement got adapted with intellectuals that promoted organized uprising. Preceded by other groups, the Moro National Liberation Front (1969) started facing the Armed Forces of the Philippines under the Martial law (1972-1986).

(Source: Chinyong, Joseph. 2016. ‘2. SOUTHERN PHILIPPINES. REFRAMING MORO NATIONALISM FROM (BANGSA) MORO TO BANGSAMORO. IN RELIGION AND NATIONALISM IN SOUTHEAST ASIA. CAMBRIDGE: CAMBRIDGE UNIVERSITY PRESS)
Moro Islamic Liberation Front (MILF), Islamist-separatist:
- Founded in the 80s by Moro National Liberation Front (MNFL) former members that were against the peace agreements.
- Peace agreement between 2012 and 2014. There are still armed members that want an independent Bangsamoro Republic.

Abu Sayyaf, Yihadist-separatist:
- Founded in 1989 by radicalized MNLF members. Its leader declared loyalty to Daesh in 2014.

Bangsamoro Islamic Freedom Fighters (BIFF)/Movement (BIFM), small recent player:
- Founded in 2008 as a separated faction from the MILF.

Maute, Islamist/Yihadist-separatist:
- Founded in 2012 by former MILF members.

National Peoples Army (NPA), marxist-leninist-maoist:
- Founded in 1969 as the military wing of the Communist Party.
- After several interrupted ceasefires, incomplete amnesties and failed peace agreements, Duterte focuses on counterinsurgency.

(Source: Conflict Barometer 2019, Heidelberg Institute for International Conflict Research)
In 2018, the regions of the Philippines were mainly oriented towards the service sector, with more than half of the total activity directed towards that sector.

On the other hand, there is a concentration of wealth in the northern part of the country, known as Luzon, which includes Metro Manila (Nacional Capital Region-NCR) among its regions.
In the service sector, the Metro Manila area (NCR) concentrates more than 50% of the national contribution of this sector. Calabarzon is the next largest contributing region for this sector, with about 9%. Both are in Luzon, the northern zone of the country.
13. ECONOMIC GEOGRAPHY

INDUSTRY SECTOR

Also in the industry sector, the activity is mainly concentrated in the northern zone, Luzon, especially in regions like Calabarzón or Metro Manila (NCR) that concentrate a production higher than 18% each.
Agricultural production is somewhat more distributed throughout the country. Regions in the central part of the country, such as Western Visayas, or in the southern part, such as Northern Mindanao, are important agricultural producers. In spite of this, the area that concentrates most production is again in the north of the country, in the regions of Central Luzon and Calabarzon.
13. ECONOMIC GEOGRAPHY

POVERTY INCIDENCE

The incidence of poverty affects the Visayas, the central zone of the country, however the most critical impact lies in Mindanao, the southern zone, which has the highest rate.

On the other hand, it barely affects Luzon, the northern part of the country and the area that concentrates most production in the three main sectors.
A research by the Asian Development Bank (ADB) ranked Metro Manila as the most congested city out of all 278 cities studied with more than 5 million people in developing Asia.

This means that it is the fourth largest urban area in the world, only smaller than Tokyo, Jakarta and New Delhi.

The study attributed the congestion values to the lack of efficient and affordable public transportation in the country.

(SOURCES: DEMOGRAPHIA WORLD URBAN AREAS, 2019, AND ADB OUTLOOK UPDATE FOSTERING GROWTH AND INCLUSION IN ASIA’S CITIES, 2019)
The Navarra Center for International Development has signed a Memorandum of Understanding with The Philippines Army to develop a strategic partnership on research in the country. The agreement aims to strengthen collaboration between both institutions which will work together to undergo research on promoting personnel effectiveness and formation, as well as social assistance programs.

The NCID Director Luis Ravina and Junior Researcher Iván Kim visited in September 2018 The Philippines Army at its headquarters in Manila, where initial talks were settled to undergo research on formation for their personnel.

After that, Col. Joel Paloma leaded a delegation of the Army Governance and Strategy Management Office (AGSMO), who visited in June 2019 the University of Navarra in Madrid, where talks advanced on the program.
The Navarra Center for International Development has a longstanding relation with Jess Estanislao, The Philippines’ foremost authority on good governance. He is the Founder of the Institute for Solidarity Asia (ISA), an institution which works to improve governance and has guided the NCID in its travels in The Philippines. He is also Founding President of the University of Asia and the Pacific (UA&P).

PHILIPPINES COUNTRY REPORT
NAVARRA CENTER FOR INTERNATIONAL DEVELOPMENT

bernardo villegas is part of the NCID’s Steering Committee. He is a leading economist who has been adviser to five recent Presidents of The Philippines.

Dr. Abigail de Leon was an NCID visiting researcher in the academic year 2016-2017. She has worked as a UA&P professor and now is the Manager of the Training and Development Unit at the Institute for Solidarity in Asia.

The NCID has relations with several stakeholders and researchers in The Philippines.
The Navarra Center for International Development has during its years developed a strong relations with researchers who work on the Philippines. Here are two of them that have visited the NCID and participated in our events.

**JULIEN LABONNE**

The Associate Professor of Economics and Public Policy at the University of Oxford presented his paper *Making policies matter: Voter responses to campaign promises* at the 8th NCID Research Workshop in 2019, which is now published in our Working Paper series.

Labonne's research focuses on vote buying, political dynasties and family networks in the Philippines.

**DEAN YANG**

The Professor in the Department of Economics and the Ford School of Public Policy at the University of Michigan presented his paper *Abundance from Abroad: Migrant Earnings and Economic Development in the Philippines* at a Weekly Seminar in 2018.

Yang is a philippine researcher with interests in migration.