

## Foreword

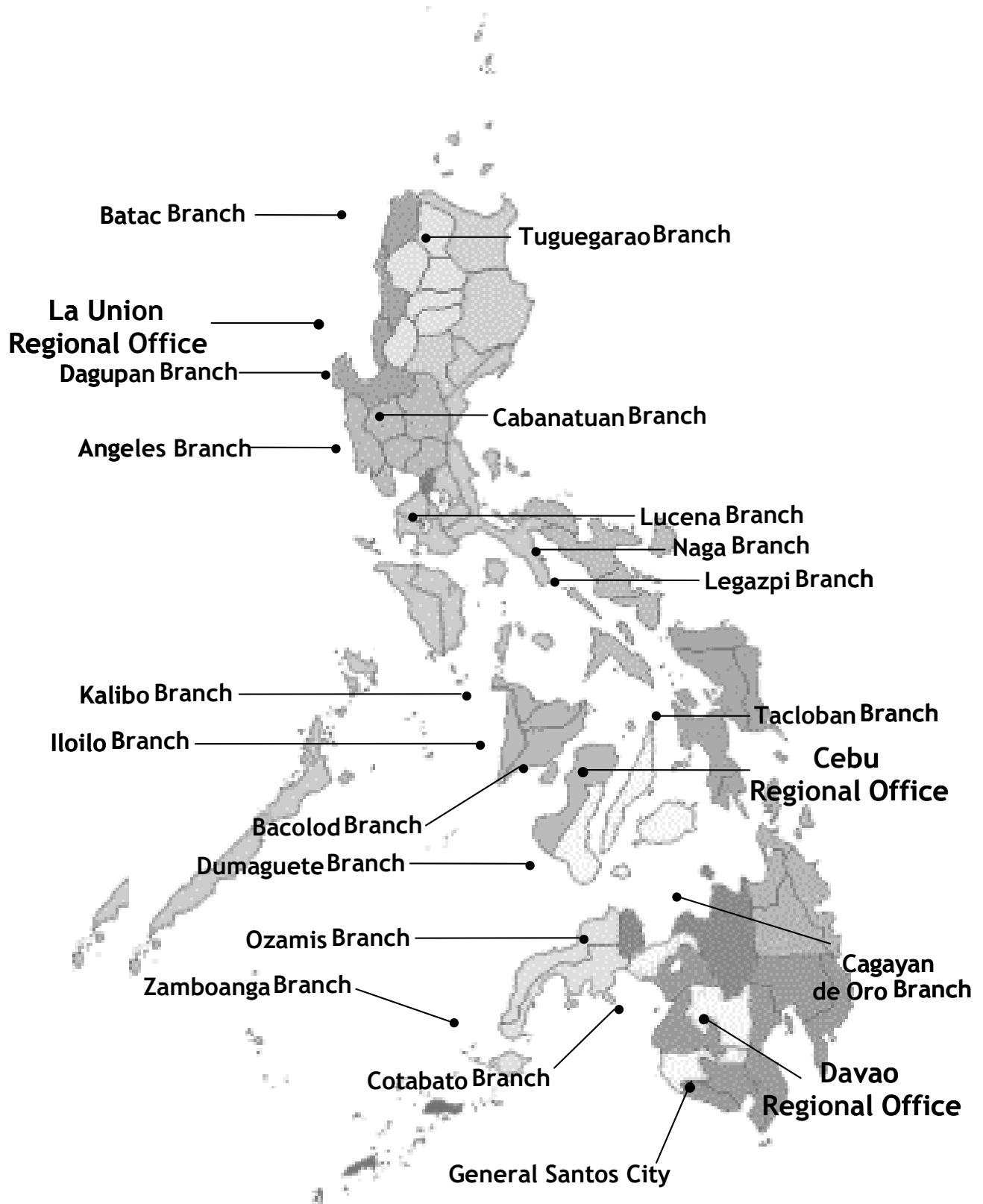
In June 2005 the Monetary Board approved the release of the maiden issue of the BSP's Report on Regional Economic Developments (RRED). RRED widens the scope of BSP's market surveillance, adding a geographic dimension to the economic indicators that it regularly monitors. The analysis of regional trends and developments helps in honing the BSP's analytical tools for monetary policy formulation and financial supervision.

The report tracks economic developments in the regions focusing on demand and supply conditions, monetary conditions and price developments as well as the regional outlook. It helps confirm the results of the business and consumer expectations surveys conducted by the BSP. Moreover, identifying opportunities and challenges faced by the different regions enhances the BSP's forward-looking and proactive approach to monetary policy.

Regional performance is assessed using output, prices, and employment data. Selected key indicators in each of the major sectors of the economy are the focus of the surveillance. Agriculture covers rice, corn, and other major crops, livestock, and poultry production. In industry, the number of building permits is used to measure construction activity; while in the services sector, hotel occupancy rate and banking sector performance are analyzed. Developments in major industries particular to each region are also included.

Qualitative and quantitative information used in the report are collected from primary and secondary sources and reflect the extensive information gathered by the BSP regional offices and branches on a provincial level.

## BSP Regional Offices/Branches <sup>1/</sup>



<sup>1/</sup> Please see Annex A for the provincial composition of each region.

## Key Regional Developments

### Gross Regional Product

- Real gross domestic product (GDP) grew by 5.0 percent in 2005, slower than the 6.2 percent growth attained in 2004. The deceleration in output stemmed from the slower growth registered by NCR, CALABARZON and Western Visayas. The combined output of these regions accounted for 51.6 percent of GDP.

### Crop Production

- In the second semester of 2005, palay and corn production showed an increase in grain growing areas such as Central Luzon and Ilocos but the two crops' production level was lower compared to the previous year's level due to flash floods, landfalls and rehabilitation of irrigation systems.

### Livestock, Poultry, Fishery

- Cattle production recorded a decline on account of higher freight and acquisition costs of live cattle. Swine production, meanwhile, posted an increase following a positive turnaround in the production of major hog-raising regions such as CALABARZON and Central Luzon.

### Construction

- Construction activity showed a general downtrend as indicated by the decline in the number of building permits in 10 out of 17 regions. The decline was attributed mainly to the increased cost of construction materials.

### Tourism

- Tourism activity picked up in 2005 as reflected by the rise in hotel occupancy rate which was traced to the growth in the number of seminars and conventions held in hotels as well as walk-in visitors and independent travelers.

### Banking

- Financial activity remained concentrated in the NCR as indicated by its higher loan-to-deposit ratio, reflecting that more loans are granted for every peso deposited with NCR banks. Bank density data also showed that there were more banks servicing Metro Manila's population on a per capita basis.

### Inflation

- Inflation in the first eleven months of 2006 fell despite the continued rise in oil prices during the period. The drop was attributed to the slower increase in prices across major commodity groups, except for housing and

repairs item in November (year-on-year). A marked easing in inflation was recorded in Western Visayas, Davao, Ilocos, NCR and Zamboanga Peninsula.

### Employment

- Employment rates were highest in Zamboanga Cagayan Valley and MIMAROPA. The rebound in agriculture and gains in services may have provided employment opportunities in the major sectors of these regions.

### Opportunities and Challenges

- The positive outlook for the Philippine economy is supported by the Government's planned improvement in irrigation and increased use of technology in farming, the building of strategic infrastructure, exploration and development of energy sources and promotion of tourist destinations.
- Concerns and issues, however, need to be addressed including the need to monitor the possible outbreak of avian influenza, degradation of forests and other natural resources, and the peace and order problems such as the encounter between rebel groups and Government troops in Quezon province. High oil prices and the implementation of the RVAT are expected to dampen consumer spending.

### Economic Performance

#### Gross Regional Product (2005)

- The country posted a 5.0 percent increase in Gross Domestic Product (GDP) in 2005 despite the sustained rise in international oil prices, weak exports, and political uncertainties. Economic growth was fueled mainly by the services sector on the supply side and consumer expenditures on the demand side. The increase in GDP, however, was slower than the 6.2 percent registered in 2004.

*GDP slows down in 2005 led by NCR, Calabarzon and Western Visayas.*

- The National Capital Region (NCR), CALABARZON and Western Visayas, which accounted for more than half of the country's total domestic output, registered slower growth in 2005. The slack in services, in particular transportation, communication and storage services, weighed down on output growth in the NCR. Meanwhile, the agriculture and services sectors slowed down the growth

Output growth picks up in Zamboanga Peninsula, Ilocos, Central Luzon, MIMAROPA and CARAGA

Region	2004	2005
1 NCR	8.4	7.1
2 CAR	3.7	1.1
3 Ilocos Region (I)	5.4	6.0
4 Cagayan Valley (II)	10.4	-5.4
5 Central Luzon (III)	1.8	2.9
6 Southern Tagalog-CALABARZON (IV-A)	4.0	3.0
7 Southern Tagalog-MIMAROPA (IV-B)	4.1	6.5
8 Bicol Region (V)	5.7	5.0
9 Western Visayas (VI)	7.6	5.9
10 Central Visayas (VII)	6.9	6.0
11 Eastern Visayas (VIII)	5.2	4.0
12 Zamboanga Peninsula (IX)	4.1	7.2
13 Northern Mindanao (X)	7.2	3.8
14 Davao Region (XI)	6.5	5.0
15 SOCCSKSARGEN (XII)	5.8	2.3
16 ARMM	5.2	3.9
17 CARAGA	3.1	3.5

Source: National Statistics Coordinating Board

*CALABARZON tops agricultural production*

*NCR accounts for the largest share of industry and services output*

- in CALABARZON while lower agricultural output dampened the economic growth in Western Visayas.
- In contrast to the slowdown registered by most regions, output growth accelerated in the Zamboanga Peninsula, Ilocos, Central Luzon, MIMAROPA and CARAGA. Rapid growth in the Zamboanga Peninsula was traced to the faster growth in agriculture and industry, in particular the double-digit increase in the mining sector. The main driver of growth for the Ilocos Region was its agriculture sector while the expansion in output in Central Luzon was boosted by the stronger agriculture sector and recovery in the manufacturing sector. MIMAROPA's GDP growth was supported by the almost threefold increase in mining and quarrying, particularly its natural gas and quarrying resources. The Caraga region benefited from the growth of its industry sector fueled by manufacturing, following an upsurge in the production of cement and other chemicals in the region. The utilities subsector posted a 17.5 percent increase due to high electricity production and distribution activities.
- The NCR dominated economic activity as indicated by its 31.9 percent share to GDP. CALABARZON came in a far second at 12.5 percent. Western and Central Visayas followed with 7.3 percent and 7.1 percent share each.
- By economic activity, CALABARZON's economy, while pre-dominantly engaged in manufacturing, remains a premiere source of agricultural and fishery products. CALABARZON topped agricultural producers with its 12.3 percent share to national agriculture, forestry and fishery (AFF). Its major agricultural products include coconut, coffee, cabbage, hogs, and fish. The other regions with large shares in total AFF were Central Luzon (10.8 percent) and Western Visayas (10.5 percent).
- In the industry sector, NCR continued to be the center of industrial production as it accounted for more than a third of the industry output. Manufacturing dominated NCR's industry sector. CALABARZON came in second with a 15.8 percent share while Central Luzon followed with 9.5 percent.

- In the services sector, NCR likewise accounted for 43.1 percent of the sector's GDP. Contributing to the expansion of economic activity in the services sector were transport, communication and storage, trade, private services and finance. CALABARZON followed with a 10.2 percent share and Central Visayas with 8.7 percent.

**Agriculture, Livestock, Poultry and Fishery**  
(Second Semester 2005)

*Palay production posts modest increase*

Region	2 <sup>nd</sup> sem 2004	2 <sup>nd</sup> sem 2005
1 CAR	14.23	-0.25
2 Ilocos Region (I)	-1.67	6.62
3 Cagayan Valley (II)	14.96	0.37
4 Central Luzon (III)	0.64	1.85
5 Southern Tagalog-CALABARZON (IV-A)	7.26	-4.59
6 Southern Tagalog-MIMAROPA (IV-B)	-5.68	-2.89
7 Bicol Region (V)	17.26	-3.45
8 Western Visayas (VI)	4.19	-8.39
9 Central Visayas (VII)	11.23	-7.09
10 Eastern Visayas (VIII)	6.44	11.94
11 Zamboanga Peninsula (IX)	1.42	6.35
12 Northern Mindanao (X)	-6.45	5.35
13 Davao Region (XI)	3.18	-1.12
14 SOCCSKSARGEN (XII)	8.94	2.34
15 ARMM	8.29	16.19
16 CARAGA	-4.05	22.43

Source: National Statistics Coordinating Board

- Total palay and corn production registered an increase but slower than the previous year's growth.
- The rise in production in major rice producing areas such as Ilocos, Cagayan Valley, Central Luzon, Eastern Visayas, Zamboanga Peninsula, CARAGA, Northern Mindanao and ARMM was attributed to:

- ✓ Increased use of hybrid and quality inbred seeds (Ilocos, Cagayan Valley);
- ✓ Availability of subsidized hybrid seeds from private companies (Ilocos);
- ✓ Availability of discounted fertilizer prices in provinces in the region (Ilocos);
- ✓ Generally good weather and abundant rainfall in some regions (Ilocos, Central Luzon, Davao, Eastern Visayas);
- ✓ Expansion of hectareage planted to palay in Isabela and Central Luzon;
- ✓ Greater number of canals available for irrigation (Isabela), and sufficient water supply from irrigation systems including shallow tube wells (Central Luzon, CARAGA);
- ✓ Contained effect of the drought by delaying rice planting (Isabela); and
- ✓ Absence of pests and diseases.

- Meanwhile, the decline in palay production in CAR, Western and Central Visayas, CALABARZON, MIMAROPA and Bicol was traced to:

- ✓ Delays in planting caused by the rehabilitation of irrigation systems (Kalinga in Ilocos, Western Visayas);
- ✓ Insufficient rainfall (CALABARZON);
- ✓ Typhoons which caused floods and landfalls (Apayao, Quezon, MIMAROPA);

*Flash floods in major corn producing areas slow down overall output growth*

Region	2 <sup>nd</sup> sem 2004	2 <sup>nd</sup> sem 2005
1 CAR	57.88	39.09
2 Ilocos Region (I)	-1.15	21.07
3 Cagayan Valley (II)	120.62	-17.29
4 Central Luzon (III)	15.95	109.49
5 Southern Tagalog-CALABARZON (IV-A)	39.38	11.45
6 Southern Tagalog-MIMAROPA (IV-B)	11.17	48.19
7 Bicol Region (V)	18.92	50.35
8 Western Visayas (VI)	14.75	23.69
9 Central Visayas (VII)	-8.00	5.27
10 Eastern Visayas (VIII)	12.04	17.44
11 Zamboanga Peninsula (IX)	7.35	16.71
12 Northern Mindanao (X)	11.12	13.59
13 Davao Region (XI)	20.65	20.96
14 SOCCSKSARGEN (XII)	17.94	1.12
15 ARMM	-16.75	8.97
16 CARAGA	33.41	-3.11

Source: National Statistics Coordinating Board

- ✓ Delayed rainfall/planting/harvest of maturing varieties (Western Visayas); and
  - ✓ Reduction in area harvested in Batangas due to land conversion.
- National corn production grew at a much slower pace of 6.6 percent in the second semester of 2005 from 19.8 percent during the same period a year ago. The sharp deceleration was attributed to the lower production in SOCCSARGEN and the decline in output in Cagayan Valley. Both regions which accounted for 35 percent of national corn production, experienced flash floods in the last quarter of the year.
  - Higher corn production, however, was posted in Ilocos, Central Luzon, MIMAROPA, Bicol, Western Visayas, Central Visayas, Eastern Visayas, Zamboanga Peninsula, Northern Mindanao and ARMM due to:
    - ✓ Expansion in area harvested and increase in yield per hectare on account of increased usage of hybrid corn, OPV-Yellow and glutinous and improved technology (Ilocos, Bicol, Western Visayas, Central Visayas, Eastern Visayas);<sup>1</sup>
    - ✓ Absence of strong winds and rains (Ilocos);
    - ✓ Planting of high yielding variety seeds, BT corn including Chinese corn variety in Aurora, Bataan, Pampanga and Tarlac;<sup>2</sup>
    - ✓ Successful implementation of the Corn Cluster Program of the Department of Agriculture and promotion of high germinating seeds (Bicol);
    - ✓ Increased number of corn growers due to increasing demand for consumption and for feeds;
    - ✓ Availability of financing through LGUs;
    - ✓ Implementation of the Department of Agriculture's corn programs; and
    - ✓ Lower incidence of pests and diseases (MIMAROPA).
  - Abaca production in the Bicol region decreased by 18.9 percent during the review period. All provinces sustained a slump in their respective output ranging from 13.8-44.0 percent. Catanduanes, the lead abaca producer in the region, recorded the lowest drop of 13.8

*Abaca production in Bicol drops due to plant infestation problems*

<sup>1</sup> Open Pollinated Variety (OPV) corn

<sup>2</sup> Bacillus thuringiensis (Bt) corn kills corn borer larvae after taking only a few bites of the corn.

percent while Albay posted the highest decrease of 44.0 percent. The slump in production resulted from the presence of plant infestation problems such as bunchy top and abaca mosaic and the decreasing area being planted to abaca. The Fiber Industry Development Authority (FIDA) is implementing programs to control the spread of abaca diseases but the recovery will considerably have to take time.

## Livestock, Poultry and Fishery

*Cattle and chicken production contracts while hog production expands*

Region	2 <sup>nd</sup> sem 2004	2 <sup>nd</sup> sem 2005
1 CAR	-9.49	-5.21
2 Ilocos Region (I)	-5.74	-5.68
3 Cagayan Valley (II)	5.17	5.15
4 Central Luzon (III)	-9.88	-3.78
5 Southern Tagalog-CALABARZON (IV-A)	3.67	2.72
6 Southern Tagalog-MIMAROPA (IV-B)	2.00	7.35
7 Bicol Region (V)	-4.68	6.50
8 Western Visayas (VI)	1.65	-11.08
9 Central Visayas (VII)	0.65	2.70
10 Eastern Visayas (VIII)	6.99	-3.99
11 Zamboanga Peninsula (IX)	0.21	-7.61
12 Northern Mindanao (X)	-1.09	-0.19
13 Davao Region (XI)	-8.82	-1.22
14 SOCCSKSARGEN (XII)	-6.12	0.83
15 ARMM	2.41	-12.61
16 CARAGA	-1.47	-5.83

Source: National Statistics Coordinating Board

Region	2 <sup>nd</sup> sem 2004	2 <sup>nd</sup> sem 2005
1 CAR	-2.71	1.36
2 Ilocos Region (I)	-8.89	-2.85
3 Cagayan Valley (II)	9.07	-6.98
4 Central Luzon (III)	-12.34	4.09
5 Southern Tagalog-CALABARZON (IV-A)	-4.87	16.93
6 Southern Tagalog-MIMAROPA (IV-B)	-1.65	0.89
7 Bicol Region (V)	-4.52	10.90
8 Western Visayas (VI)	6.19	10.79
9 Central Visayas (VII)	-2.47	4.45
10 Eastern Visayas (VIII)	1.57	-2.47
11 Zamboanga Peninsula (IX)	-6.49	-3.24
12 Northern Mindanao (X)	-2.34	8.00
13 Davao Region (XI)	-4.50	-3.03
14 SOCCSKSARGEN (XII)	-1.56	4.40
15 ARMM	3.15	6.80
16 CARAGA	-0.76	-4.80

Source: National Statistics Coordinating Board

Region	2 <sup>nd</sup> sem 2004	2 <sup>nd</sup> sem 2005
1 CAR	3.52	-1.97
2 Ilocos Region (I)	5.24	17.08
3 Cagayan Valley (II)	1.64	3.59
4 Central Luzon (III)	7.20	3.05
5 Southern Tagalog-CALABARZON (IV-A)	1.80	-13.78
6 Southern Tagalog-MIMAROPA (IV-B)	0.90	8.07
7 Bicol Region (V)	6.58	-2.24
8 Western Visayas (VI)	6.08	11.46
9 Central Visayas (VII)	7.14	-1.49
10 Eastern Visayas (VIII)	5.63	-11.63
11 Zamboanga Peninsula (IX)	5.10	2.87
12 Northern Mindanao (X)	40.26	12.18
13 Davao Region (XI)	3.05	-5.45
14 SOCCSKSARGEN (XII)	5.95	1.67
15 ARMM	1.42	-16.52
16 CARAGA	8.76	-2.05

Source: National Statistics Coordinating Board

- Meanwhile, cattle and chicken production recorded a decline while hog production posted an increase

- Total cattle production fell by 1.86 percent in the second half of 2005 as a result of the decrease in production in large cattle-producing areas in Western Visayas (11.1 percent), Ilocos Region (5.7 percent) and Northern Mindanao (0.2 percent). Lower cattle production was attributed to the following factors:

- ✓ Higher freight and acquisition costs of live cattle (Ilocos and Western Visayas); and
- ✓ Low purchasing capacity of consumers (Ilocos).

- The US Department of Agriculture report for the Philippines had forecast that cattle production would remain flat as breeder stocks continues to contract.

- Swine production, meanwhile, posted a modest growth of 4.2 percent in the second semester of 2005, recovering from the past year's 4.5 percent decrease. The upturn reflected the positive turnaround from the year-ago decline in production in CALABARZON and Central Luzon, the country's top hog raising regions.

- Chicken production declined by 2.3 percent in the second semester, a reversal from last year's 5.8 percent growth. The decline was led by the 13.8 percent drop in chicken production in CALABARZON which accounted for 25 percent of total production. Other regions which posted large declines were ARMM (16.5 percent) and Eastern Visayas (11.6 percent).



- In contrast, chicken production in Ilocos grew by 17.1 percent. The impressive performance was brought about by the presence of additional contract growers in Magsingal and San Juan, Ilocos Sur (San Miguel Corp.) and more backyard raisers.

**Fishery and Aquaculture**  
(Second Semester 2005)

*Aquaculture production posts double-digit growth*

- The over-all production of the fisheries sector in the Ilocos Region for the second semester 2005 posted a growth of 20.33 percent. This growth was driven by the aquaculture sub-sector.
- Aquaculture production posted another record increase of 25.67 percent. Contributing to the growth of the sector were the following: 1) availability of quality fingerlings in Pangasinan and La Union; 2) birth of new production areas in Ilocos Norte and Ilocos Sur; and 3) increased stocking rate, lesser mortality and bigger sizes harvested due to good water - characterized by lesser typhoons and flooding during the period.

**Construction**  
(Second Semester 2005)

*Construction activity weakens due to increased cost of labor and construction materials*

- Construction activity showed a general downtrend as shown by the decline in the number of building permits in 10 out of 17 regions.<sup>3</sup> The largest declines were posted by Cagayan Valley (35.3 percent), Ilocos (34.1 percent) and CAR (20.6 percent). It was gathered that the declines were due to increased cost of construction materials.
- In Eastern Visayas, increase in the prices of cement, steel bars and coco lumber were noted. CARAGA also reported an increase in the retail price of cement caused by

Region	2 <sup>nd</sup> Sem 2004	2 <sup>nd</sup> Sem 2005
1 NCR	-10.2	21.3
2 CAR	-33.0	-20.6
3 Ilocos Region (I)	20.1	-34.1
4 Cagayan Valley (II)	2.2	-35.3
5 Central Luzon (III)	-11.0	12.6
6 Southern Tagalog-CALABARZON (IV-A)	-1.7	1.5
7 Southern Tagalog-MIMAROPA (IV-B)	34.4	-1.8
8 Bicol Region (V)	-13.2	-1.0
9 Western Visayas (VI)	-11.2	-8.3
10 Central Visayas (VII)	-2.2	18.2
11 Eastern Visayas (VIII)	-2.8	-12.4
12 Zamboanga Peninsula (IX)	-23.7	23.4
13 Northern Mindanao (X)	43.3	-37.1
14 Davao Region (XI)	0.6	14.9
15 SOCCSKSARGEN (XII)	0.7	-13.7
16 CARAGA	7.7	-23.1
17 ARMM	-38.6	14.7

...to check on the availability of other regional data for construction such as the sales of cement, galvanized iron sheets, tiles and bathroom fixtures in its 10 March 2006 meeting noting the RRED issue in March 2006, the Department of Economic Statistics found that data on construction materials are only available on a national level. While the Cement Manufacturer's Association of the Philippines Inc. has monthly sub-national level data on production and sales, these reflect geographic location of cement plants by major island groups (i.e.,Luzon, Visayas, Mindanao). Sales do not necessarily reflect inputs to construction activity in the area.

As to the reliability of building permits as an indicator for construction (i.e. many people do not bother to get one specially those in the barrios), it may be noted that this weakness may be limited to small construction projects which are not significant in terms of their contribution to construction activity. In fact, the Annual Survey on Local Construction has been dropped in recognition of the greater significance of building permits as an indicator of construction activities.

**Tourism**

**Hotel Occupancy  
(2005)**

*Hotel occupancy improves due to the increase in the number of seminars, conventions and independent travelers*

- The increase in hotel occupancy rate in 7 out of the 15 regions led to an overall improvement in the hotel occupancy rate in the country. The Department of Tourism (DOT) attributed the higher occupancy rate to the increase in the number of seminars and conventions held in hotels, as well as the rise in walk-in visitors and independent travelers, especially for deluxe and first-class hotels.
- The top three highest increases in occupancy rate were recorded in Eastern Visayas (15.7 percent), Central Luzon (12.7 percent) and Zamboanga Peninsula (10.0 percent).

Region	2004	2005	Growth Rate
1 NCR	68.15	71.95	5.58
2 CAR	31.75	27.56	-13.21
3 Ilocos Region (I)	45.71	43.20	-5.49
4 Cagayan Valley (II)	63.60	59.14	-7.01
5 Central Luzon (III)	51.34	57.85	12.68
6 Southern Luzon (IV)	56.14	60.93	8.53
7 Bicol Region (V)	30.10	29.91	-0.62
8 Western Visayas (VI)	50.39	--	--
9 Central Visayas (VII)	69.25	72.00	3.97
10 Eastern Visayas (VIII)	32.88	38.05	15.72
11 Zamboanga Peninsula (IX)	38.68	42.56	10.02
12 Northern Mindanao (X)	55.53	53.68	-3.33
13 Davao Region (XI)	61.16	65.21	6.62
14 SOCCSKSARGEN (XII)	58.50	57.39	-1.90
15 CARAGA	41.53	35.26	-15.11

Source: DOT Regional Offices

**Banking**

*NCR remains the center of financial activity as shown by the number of banks servicing the population and the high utilization of loanable funds*

- Banking offices continued to be concentrated in the NCR reflecting its importance as the center of financial activity. At end-March 2006, NCR's bank density ratio was 4,090 persons served per bank office versus the national average of 11,241 persons. To encourage the dispersal of bank offices and branches in underserved areas outside Metro Manila, the BSP relaxed its policy on bank branching policy in December 2005 but retained the ban on the establishment of bank branches in the cities of Makati, Mandaluyong, Manila, Parañaque, Pasay, Pasig and Quezon and the municipality of San Juan.
- Central Mindanao, Cagayan Valley and CARAGA posted deposit growth rates of more than 9.0 percent. Of these regions with high deposits rates, only Cagayan Valley was able to register a relatively high loan growth of 8.6 percent. Bank lending in 11 out 17 regions posted declines in the first quarter of 2006.

Region	March 2005	March 2006
1 NCR	4,205	4,090
2 CAR	13,975	13,954
3 Ilocos Region (I)	11,683	12,451
4 Cagayan Valley (II)	14,236	13,836
5 Central Luzon (III)	10,632	11,554
6 Southern Tagalog-CALABARZON (IV-A)	8,545	9,231
7 Southern Tagalog-MIMAROPA (IV-B)	21,682	32,136
8 Bicol Region (V)	24,057	24,143
9 Western Visayas (VI)	17,275	15,813
10 Central Visayas (VII)	12,090	12,629
11 Eastern Visayas (VIII)	31,615	30,387
12 Zamboanga Peninsula (IX)	30,445	26,646
13 Northern Mindanao (X)	12,359	15,702
14 Davao Region (XI)	23,989	16,212
15 SOCCSKSARGEN (XII)	17,212	21,712
16 ARMM	89,975	122,674
17 CARAGA	21,680	20,433

Source: National Statistics Coordinating Board

**Loan Portfolio to Deposit Ratio**

Region	March 2005	March 2006
1 NCR	91.90	97.43
2 CAR	12.62	11.41
3 Ilocos Region (I)	21.34	18.62
4 Cagayan Valley (II)	38.21	37.96
5 Central Luzon (III)	27.82	25.97
6 Southern Tagalog-CALABARZON (IV-A)	17.54	16.42
7 Southern Tagalog-MIMAROPA (IV-B)	41.39	30.65
8 Bicol Region (V)	38.17	35.08
9 Western Visayas (VI)	21.97	21.57
10 Central Visayas (VII)	29.32	29.12
11 Eastern Visayas (VIII)	23.37	23.43
12 Zamboanga Peninsula (IX)	22.43	22.11
13 Northern Mindanao (X)	47.23	41.41
14 Davao Region (XI)	31.24	28.55
15 SOCCSKSARGEN (XII)	37.10	32.65
16 ARMM	27.59	18.89
17 CARAGA	42.80	37.64

Source: Statistical Data Center, BSP

- The NCR topped the loans-to-deposit ratio at 97.4 percent followed by Northern Mindanao at 41.4 percent and Cagayan Valley at 37.9 percent. Most regions posted a decline in loans-to-deposit ratio except for the NCR. The BSP requires banks to utilize at least 75 percent of deposits (net of required reserves) to be invested in a geographical area for its development. The high loans-to-deposit ratio in the NCR indicates a substantial portion of banks' funds being utilized for investments.

### Microfinance

- As of December 31, 2005, there were 5 rural banks with microfinance operations within the jurisdiction of the BSP Branch in Legaspi. Total microfinance loans amounted to P55.3 million pesos. A total of 6,364 borrowers benefited from this loan window. Compared to the same period last year, there was an increase of 46.65 percent in the total loans granted and 82.09 percent in the number of borrowers.

### Inflation

*Inflation rate falls in majority of the regions*

**Inflation Rates**

Region	2005 (Jan-Nov)	2006 (Jan-Nov)
1 NCR	8.7	7.2
2 CAR	7.0	5.8
3 Ilocos Region (I)	9.4	6.6
4 Cagayan Valley (II)	6.9	6.3
5 Central Luzon (III)	6.8	6.0
6 Southern Tagalog-CALABARZON (IV-A)	7.0	6.2
7 Southern Tagalog-MIMAROPA (IV-B)	7.3	6.1
8 Bicol Region (V)	6.7	5.8
9 Western Visayas (VI)	7.6	4.7
10 Central Visayas (VII)	6.5	6.2
11 Eastern Visayas (VIII)	6.4	6.4
12 Zamboanga Peninsula (IX)	8.0	6.5
13 Northern Mindanao (X)	7.8	6.5
14 Davao Region (XI)	9.0	6.1
15 SOCCSKSARGEN (XII)	6.8	5.4
16 ARMM	9.3	9.1
17 CARAGA	8.7	6.2

- Average inflation rates across most regions eased during the first eleven months of 2006 from the same period last year. The downtrend in inflation was pronounced in Western Visayas, Davao, Ilocos, CARAGA, and Zamboanga Peninsula which recorded a decelerations in inflation in the range of 150-290 basis points. Price pressures abated in major commodity groups except for housing and repairs item in November (year-on-year).
- Regions which posted inflation rates higher than the national average of 6.4 percent were ARMM (9.1 percent), NCR (7.2 percent), and Zamboanga and Northern Mindanao (6.5 percent each).

### Employment

*Zamboanga Peninsula, Cagayan Valley, and MIMAROPA post highest employment rates*

- Employment rates were highest in Zamboanga Peninsula (96.8 percent), Cagayan Valley (96.6 percent), and MIMAROPA (95.6 percent). The high growth recorded in agriculture and

services could have created employment opportunities in the two major sectors of these regions.

Region	Employment	Unemployment
NCR	86.5	13.5
CAR	94.6	5.4
Ilocos Region (I)	90.0	10.0
Cagayan Valley (II)	96.6	3.4
Central Luzon (III)	88.3	11.7
CALABARZON (IV-A)	90.0	10.0
MIMAROPA (IV-B)	95.6	4.4
Bicol Region (V)	84.2	5.8
Western Visayas (VI)	94.4	5.6
Central Visayas (VII)	92.7	7.3
Eastern Visayas (VIII)	94.7	5.3
Zamboanga Peninsula (IX)	96.8	3.2
Northern Mindanao (X)	94.2	5.8
Davao Region (XI)	92.9	7.1
SOCCSKSARGEN (XII)	94.6	5.4
CARAGA	93.6	6.4
ARMM	95.5	4.5

Source: National Statistics Office, Labor Force Survey

- The rate of unemployment was high in the more industrialized regions of NCR (13.5 percent), Central Luzon (11.7 percent), Ilocos (10.0) and CALABARZON (10.0 percent). These unemployment rates however were already an improvement from those recorded last year.
- Factors cited for slower growth of employment were:
  - ✓ Business firms were compelled either to postpone expansion and investment plans or slow down operations due to the rising prices of commodities and sluggish consumer spending (Cagayan Valley).
  - ✓ Farm owners also employed less workers because of low agricultural production (Cagayan Valley).

## Demand and Supply Conditions

*Aggregate supply and demand indicators remain soft*

- Selected indicators, in particular those related to aggregate supply, showed an overall slowdown. Demand likewise remained soft.
- In the agriculture, major crop production showed a slower increase from the previous year's level on account of extreme weather conditions in some regions, rehabilitation of irrigation systems and reduction in area harvested. Meanwhile, meat production, except for pork, registered a decline.
- In industry, construction remained sluggish as shown by the decline in building permits. The decline, however, was lower than the previous year as major regions such as NCR, Central Visayas and Davao posted a positive turnaround in building permits issued.
- Services sector, in particular tourism, showed signs of picking up as indicated by the increase in hotel occupancy rate. The holding of conventions and meetings in hotels and increased walk-in and independent travelers buoyed up occupancy rates.
- Financial market conditions remained weak as reflected by the single-digit increase in bank loans across regions with only Western Visayas posting an almost 10 percent growth. Loan utilization as a

percent of total deposits remained below 50 percent except in the NCR. In contrast, savings mobilization grew at a faster rate, with NCR, Western Visayas, Central Visayas and SOCCSARGEN attaining double-digit increase.

- Demand, meanwhile, increased as overall unemployment went up from 7.7 percent in July 2005 to 8.0 percent in July 2006. Regions with the highest unemployment rate such as Metro Manila, Central Visayas and CALABARZON recorded lower unemployment levels.
- Inflation slowed down in the first eleven months of the year as major commodity groups registered a downtrend.

### Opportunities and Challenges

*Focus on five super regions to help spur growth*

- The economy is expected to benefit from improved irrigation and increased use of technology in farming, the building of strategic infrastructure, exploration and development of energy sources and promotion of tourist destinations.
- To accelerate economic development, the country's five super regions were identified, namely: Northern Luzon Agribusiness Quadrangle, Metro Luzon Urban Beltway, Central Philippines, Mindanao and the Cyber Corridor. Food costs, labor wages, and electricity rates will be made competitive, while infrastructure will be modernized at least cost, production technology upgraded and red tape cut to attract investments in these areas.

*Threats to faster growth include possible bird flu outbreak, environmental degradation, peace and order problems, high oil prices*

- A number of concerns, however, have been identified including the need to monitor possible outbreaks of avian influenza, degradation of forests and other natural resources, and peace and order problems such as encounter between rebels and government troops. High oil prices and the implementation of the RVAT are expected to dampen consumer spending. (Please see Annex B for details.)

**Annex A**

**BSP Regional Offices and Branches**

<b>Region</b>	<b>BSP Regional Offices/Branches</b>	<b>Provinces</b>
Cordillera Administrative Region (CAR)		Abra, Benguet, Ifugao, Kalinga Apayao and Mountain Province
Region I – Ilocos Region	La Union Regional Office, Batac and Dagupan Branches	Ilocos Norte/Sur, La Union Pangasinan
Region II – Cagayan Valley	Tuguegarao Branch	Batanes, Cagayan, Isabela, Nueva Vizcaya and Quirino
Region III – Central Luzon	Cabanatuan and Angeles Branches	Aurora, Tarlac, Pampanga, Zambales, Bataan, Nueva Ecija, Bulacan,
Region IV A - CALABARZON	Lucena Branch	Cavite, Laguna, Batangas, Rizal, Quezon
Region IV-B MIMAROPA		Occidental/ Oriental Mindoro, Marinduque, Palawan, Romblon
Region V – Bicol Region	Naga and Legazpi Branches	Camarines Norte/Sur Albay, Masbate, Sorsogon, Catanduanes
Region VI - Western Visayas	Bacolod, Iloilo and Kalibo Branches	Negros Occidental, Iloilo, Antique, Guimaras, Palawan <sup>1</sup> , Aklan, Capiz

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<sup>1</sup> Implementation of Executive Order transferring Palawan to Region VI is deferred. This province will be included in the report of Region VI once the deferment is lifted.

**Regional Economic Developments in the Philippines**

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<b>Region</b>	<b>BSP Regional Offices/Branches</b>	<b>Provinces</b>
Region VII – Central Visayas	Cebu Regional Office and Dumaguete Branch	Bohol, Cebu, Negros Oriental, Siquijor
Region VIII – Eastern Visayas	Tacloban Branch	Leyte, Southern Leyte, Biliran, Eastern/ Northern Samar, Samar
Region IX – Zamboanga Peninsula	Zamboanga Branch	Zamboanga Sibugay, Zamboanga del Norte/del Sur, Zamboanga City (Zamboanga Peninsula), Isabela City (Basilan Province)
Region X – Northern Mindanao	Cagayan de Oro and Ozamiz Branches	Bukidnon, Camiguin, Misamis Oriental, Misamis Occidental, Lanao del Norte
Region XI – Davao Region	Davao Regional Office	Davao City, Davao del Norte/Sur, Davao Oriental, Compostela Valley
Region XII – Central Mindanao and SOCKKSARGEN	General Santos and Cotabato Branches	North Cotabato, South Cotabato, Sultan Kudarat Province, Sarangani, and the cities of Cotabato, General Santos, Kidapawan, Koronadal and Tacurong
Region XIII (CARAGA)		Agusan del Norte/Sur, Surigao del Norte/Sur
ARMM		Basilan, Lanao del Sur, Sulu and Tawi-Tawi, Maguindanao Province

Annex B

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<i>Opportunities</i>		
NCR		<ul style="list-style-type: none"> <li>• Based on the results of the Business Expectations Survey (BES), NCR corporates were bullish about the fourth quarter business outlook, in particular those engaged in hotel and restaurants as shown by the 36.4 points increase in their Confidence Index (CI) from the third quarter index. Survey results showed that NCR businessmen were more optimistic than their counterparts outside Metro Manila in the areas of financial intermediation, renting and business activities and community and social services.</li> <li>• On investments, the SM Investments Corp (SMIC) has allotted ₱2.4 billion to construct the country's first privately-run exhibition and convention center and a 10-storey courtyard-oriented e-commerce building at the 60-hectare SM Central Business Park in Manila. Construction of the two buildings has already started in the first semester of 2006 and will be completed by the middle of 2007.</li> <li>• In the retail, real estate and services sectors in the NCR as the Ayala Land, Inc (ALI) and Landmark Corp have teamed up to put up a department store in the proposed North Triangle mall in Quezon City while ALI is also planning the construction of Glorietta 5 and several call center facilities.</li> </ul>



Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p><b>CAR</b></p>	<ul style="list-style-type: none"> <li>• Palay production is expected to increase in the first half of 2006 due to the following:               <ul style="list-style-type: none"> <li>✓ Shift in production from tobacco to palay in Abra;</li> <li>✓ Conversion of some rainfed farms to irrigated farms with the operation of the new Hapid irrigation in Lamut, Ifugao;</li> <li>✓ Harvest was moved from the fourth quarter to first semester of 2006 in Kalinga.</li> </ul> </li> <li>• Continuous supply of water for the rice fields is assured with the rehabilitation of the Mabaleng Communal Irrigation System, which services 120 hectares of rice fields in Sagada, Mt. Province.</li> <li>• Corn production is expected to expand with the increasing number of contract growers and the extension to financial support to the farmers. Some tobacco farmers in the region are also shifting to yellow corn.</li> <li>• The establishment of Puguis Traders' Center in December 2005 will help reduce spoilage of harvested crops caused by late disposal. The trading center will store agricultural products from the different towns in Benguet.</li> </ul>	<ul style="list-style-type: none"> <li>• The Mega Centrum, a new commercial building in Bangued, will serve the expanding and growing commercial needs of the province of Abra.</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> <li>The National Corn Program allocated a total of P8.5 million in the 2006 budget of the Cordillera for the Hybrid Seed Subsidy program to be continuously implemented.</li> </ul>	
<p><b>Ilocos</b></p>	<ul style="list-style-type: none"> <li>For 2006, the provincial government of La Union is embarking on a hybrid seed subsidy program for which more than P1 million has been set aside for the purchase of 1,000 bags of hybrid seeds for distribution to selected farmers. This is expected to increase rice production by 20 percent.</li> <li>Increased palay production in the first semester of 2006 is expected with the availability of spring water in Pugo and the expansion of irrigation services in San Juan and Bacnotan, La Union. Wide use of inbred seeds and the promotion of Tipid Abono Project could also lead to the rise in production.</li> <li>Production growth in corn is also anticipated as increasing usage of high quality OPV and glutinous corn seeds are observed. Lesser infestation of corn borer is also expected as trichogramma cards are distributed and the corn cluster program is implemented in Ilocos Norte and Ilocos Sur. The availability of sufficient water due to intermittent rains is also foreseen.</li> </ul>	<ul style="list-style-type: none"> <li>Businesses will be put up in the 68-hectare commercial and tourism complex in the Poro Point special economic and freeport zone in San Fernando City. The complex, in the heart of the former Wallace Air Station, held its ceremonial opening in May 2005.</li> <li>The casino operated by a United States-based firm was inaugurated at the Poro Point special economic and freeport zone in San Fernando City. High rollers are expected from Hong Kong and neighboring countries.</li> <li>The province of La Union will put up in 2006 an investment promotion and tourism office in San Fernando City. This will be done in line with the province's goal of promoting the coastal towns of San Juan and Bacnotan as prime surfing paradise in the North.</li> <li>Provincial economic enterprises, like parks, are being rehabilitated and improved in the province of Ilocos Norte to further boost their tourism industry.</li> <li>More tourists and businessmen are expected in the province with commercial flights using the San Fernando Airport starting last September 2005. Asian Spirits resumed its flights in May 2006.</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<ul style="list-style-type: none"> <li>• In Pangasinan, the rehabilitation of two airports and the establishment of a seaport (Sual seaport) are the main projects being pursued by the provincial government to spur development in the province.</li> <li>• Through the continuing Self-Employment Assistance Program of the LGUs in the province of Ilocos Norte, as well as in other areas in the region, people are continuously encouraged to involve themselves in livelihood trainings and projects wherein these individuals start their business enterprises (small-medium) with the assistance of the concerned local government units through microfinancing.</li> </ul>
<p><b>Cagayan Valley</b></p>	<ul style="list-style-type: none"> <li>• Agriculture is still expected to lead in generating income and employment as the agricultural programs of the present administration are being pushed aggressively. This is in line with the region's goal of poverty alleviation wherein various development programs will be actively pursued to spur greater productivity in the agriculture sector and eventually improve rural income.</li> <li>• The establishment and operation of the Municipal Bangus Satellite Hatchery located at Claveria, Cagayan is seen to further fuel the growing interest of the populace on aquaculture fishery business in the region.</li> </ul>	<ul style="list-style-type: none"> <li>• Investments will likely to increase as major efforts to enhance competitiveness of the industries and region's potential as an investment area are being pursued through the Department of Trade and Industry's programs which, among others, will provide assistance to MSMEs specifically along market and product development, credit facilitation, and entrepreneurial skills training.</li> <li>• Efforts to accelerate and strengthen infrastructure support such as the enhancement of the region's transportation network, water resource development, rural electrification and telecommunication services will likewise provide a favorable investment climate in the region.</li> <li>• Priority projects identified by the Taiwanese officials and investors during the "Investment Briefing" organized by the</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> <li>• President Arroyo also approved the 25-year reforestation program in the region's watersheds as a complementing activity for the desilting, rechanneling and dike construction in Cagayan Valley's major rivers and tributaries. Tuguegarao City Mayor Randolph Ting said the Magat Dam in Ramon, Isabela and its tributaries to avoid flooding in the City and other towns of Cagayan that could cause agricultural losses in billions of pesos.</li> <li>• President Arroyo also approved the 25-year reforestation program in the region's watersheds as a complementing activity for the desilting, rechanneling and dike construction in Cagayan Valley's major rivers and tributaries. Tuguegarao City Mayor Randolph Ting said the Magat Dam in Ramon, Isabela and its tributaries to avoid flooding in the City and other towns of Cagayan that could cause agricultural losses in billions of pesos.</li> </ul>	<p>Cagayan Economic Zone Authority (CEZA) such as the upgrading of San Vicente Fishport, development and upgrading of San Vicente Airstrip, and the establishment of Food Processing Zone in the northeastern part of the Cagayan is expected to be a vital catalyst in the growth and development of the region.</p> <ul style="list-style-type: none"> <li>• The implementation of inter-regional road projects, rehabilitation of priority existing roads and bridges and the construction of strategic roads directly linking production areas to market centers will enhance production and productivity and boost trade and tourism. For this, the expected completion of the Baguio-Aritao Road project is expected to facilitate transport activities between the provinces of Isabela, Quirino and Nueva Vizcaya in the east and the provinces of Benguet, La Union and Ilocos Sur in the west. This will also improve the road linkages between and among the provinces in the region as well as in its neighboring regions and the country as a whole.</li> </ul>
<p><b>Central Luzon</b></p>	<ul style="list-style-type: none"> <li>• The projects that have been envisioned for the region include the following: <ul style="list-style-type: none"> <li>✓ Bulacan North Food Terminal Complex – a project of the Provincial Government of Bulacan that will contribute to the region's vision of agricultural modernization,</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Industry development in the region will be boosted by the following: <ul style="list-style-type: none"> <li>✓ Small and Medium Enterprises (SME) Development;</li> <li>✓ Establishment of a Regional Packaging and Design Center; and</li> <li>✓ Mining Industry Revitalization</li> </ul> </li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>countryside development and food security.</p> <ul style="list-style-type: none"> <li>✓ Tilapia Development Program – this is a collaborative undertaking among the private sector, local government and the Dept. of Agriculture which seeks to expand the production of one-piece-a-kilo tilapia for fillet.</li> <li>✓ Strengthen Zambales’ Mango Growers Associations to maintain standards and obtain access to international market.</li> <li>✓ Establishment of a Cold Storage Chain in the Region to consolidate small farmer production and increase their capabilities to respond to market changes.</li> </ul>	<ul style="list-style-type: none"> <li>• The Subic-Clark Inter-Regional Tourism Hub will continue to be developed. Intra-provincial, inter-provincial and inter-regional tourism circuits will be identified with the Clark-Subic area serving as the hub. Clark Development Corporation in Pampanga has just the Nayong Pilipino Corporation for the development of the three-hectare theme park inside Clark Expo which is intended to attract millions of local and foreign tourists, including students in Central Luzon and nearby provinces.</li> <li>• The opening of SM-Clark on 12 May 2006 has created new jobs and is expected to boost tourism in Central Luzon. Foreign tourists who land at Clark Airport no longer have to go all the way to Metro Manila to go shopping.</li> <li>• To support the call center industry, Central Luzon’s educational institutions will be encouraged to create and award scholarship programs on short courses in English and Call Centers Operations to deserving and interested students who seek employment in the call center industry.</li> <li>• Information and Communications Technology (ICT) institutions will also be encouraged to seek accreditation from credible and prestigious ICT institutions abroad to ensure global competitiveness.</li> <li>• Remittances from overseas Filipino workers that are now funding the housing boom in the metro Pampanga area would also boost the region’s economic growth.</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p><b>CALABARZON</b></p>	<ul style="list-style-type: none"> <li>• The availability of subsidized seeds and loan assistance are likely to encourage farmers to increase planting. In addition, ongoing infrastructure projects including the full operation of the Roll-on-Roll-Off (RORO), particularly the regular Batangas-Dumaguete-Cagayan de Oro route provides opportunity for transporting agricultural products to the south.</li> </ul>	<ul style="list-style-type: none"> <li>• The availability of subsidized seeds and loan assistance are likely to encourage farmers to increase planting. In addition, ongoing infrastructure projects including the full operation of the Roll-on-Roll-Off (RORO), particularly the regular Batangas-Dumaguete-Cagayan de Oro route provides opportunity for transporting agricultural products to the south.</li> <li>• Energy projects to help improve economic opportunities in the region:               <ul style="list-style-type: none"> <li>✓ The Department of Energy has targeted the commissioning of two wind power projects in 2008 located in Caliraya, Laguna (25 MW) and Mauban, Quezon (50 MW).</li> <li>✓ First Generation Holdings Corp., the largest Filipino-controlled power producer in the Philippines, will be teaming-up with the British Conglomerate BG Group to build a \$400 million gas-fired plant in San Gabriel, Batangas.</li> </ul> </li> <li>• Major infrastructure programs are in the pipeline in the CALABARZON region. Among the key road projects for implementation include the following:               <ul style="list-style-type: none"> <li>✓ In pursuit of the government's thrust to decongest the Metro Manila area, reduce travel time, open up new economic opportunities and boost trade and tourism, priority projects are being undertaken in the CALABARZON area. These include:</li> </ul> </li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<ul style="list-style-type: none"> <li>✓ Southern Luzon Expressway Extension Project, which includes the following segments:               <ul style="list-style-type: none"> <li>➤ Toll Road 1 (TR1), involving the full rehabilitation/upgrading of the existing one-km six-lane Alabang Viaduct in Muntinlupa City, is targeted to commence in August 2006;</li> <li>➤ Toll Road 2 (TR2) which involves the full rehabilitation, upgrading and widening from four to six lanes (28.6 kms) of the Alabang-Calamba section from 2007 to 2008;</li> <li>➤ Toll Road 3 (TR3) which involves the construction of a two-lane 7.8 km new toll road extension connecting South Luzon tollway in Calamba to Southern Tagalog Arterial Road (STAR) in Sto. Tomas, Batangas, which is expected to be finished in February 2006;</li> <li>➤ STAR Extension from Lipa City to Batangas City which started on April 2005.</li> <li>➤ Manila-Cavite Expressway Extension linking the existing R-1 Expressway to Noveleta, Cavite and C-5 Road. Construction to start in March 2006.</li> </ul> </li> <li>• Other high impact road projects being undertaken, as reported by the DPWH are:               <ul style="list-style-type: none"> <li>✓ Ternate-Nasugbu Road Project, connecting the Cavite coastal areas and Batangas to the Metro Manila Area;</li> <li>✓ Marikina-Infanta Road Project, linking the provinces of</li> </ul> </li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>Laguna, Rizal and Quezon;</p> <ul style="list-style-type: none"> <li>✓ Daang Hari and Molino Boulevard Roads Project, connecting the South Luzon Expressway and the Old Zapote-Alabang Road, Las Piñas to Molino Boulevard and Bacoor, Cavite.</li> <li>✓ Other projects, which are part of the Macro-Plan of DPWH towards the realization of CALABARZON Road Network 2010 includes the Ternate-Nasugbu Road (Batangas-Cavite), Lucena City-Batangas City Coastal Road, Calamba-Los Baños By-Pass Road, Calamba-Sto. Tomas Road, Alaminos-San Pablo By-Pass Road, Proposed SLEX Extension Sto.Tomas-Lucena and Lucena Talao-Talao Nautical Highway.</li> <li>• The growth of the construction industry is expected with the following residential projects to be developed in CALABARZON: <ul style="list-style-type: none"> <li>✓ Brittany Corporation to spend ₱5 Billion to develop a 20-hectare residential project in Sta. Rosa, Laguna.</li> <li>✓ Landco Pacific is currently developing a 92-hectare seaside property in Calatagan, Batangas into a residential resort.</li> <li>✓ Laguna Properties Holdings, Inc. to develop low-cost housing project involving 368 units</li> <li>✓ Filinvest Land to develop Timberland Heights, a 677-hectare mountain resort in at Riego de Dios Village in Tanza, Cavite to be completed in 4 years.</li> <li>✓ San Mateo, Rizal featuring farm lot developments, residential areas, mixed used developments and an</li> </ul> </li> </ul>



Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>eco-tourism park.</p> <ul style="list-style-type: none"> <li>✓ Cathay Land, Inc. has allocated P5.3 Billion to develop the 250-hectare South Forbes Golf City in Metro Sta. Rosa, Laguna into a high-end residential and leisure estate.</li> </ul> <p><i>Economic zone</i></p> <ul style="list-style-type: none"> <li>• Out of the total P133.67 billion investments approved by the Board of Investments (BOI) and the Philippine Economic Zone Authority (PEZA) for the period January to July 2005, 39 percent or P52.50 billion pesos were generated by the Southern Tagalog Region. More than half of the investments or P26.25 billion is for JG Summit's naphtha cracker plant to be set up in Batangas and Toyota Motor Philippines vehicle manufacturing and assembly project in Laguna. These investment projects are expected to generate employment within the area.</li> <li>• The SM Investment Corporation announced the opening of two new SM Malls this year, SM City Sta. Rosa in Laguna and SM City Lipa in Batangas. Both establishments are expected to generate employment and boost retail trade in the area.</li> <li>• Tourism is expected to benefit from the major highway and road projects being undertaken by the government. Likewise, CALABARZON is expected to generate more tourists with the completion of the following projects: <ul style="list-style-type: none"> <li>✓ In pursuit of the Taipan's Singko-Singko Goal (invest in \$5B to bring in 5M tourists and generate \$5 billion in revenues and 5 million jobs in 5 years), Henry Sy is building Hamilo Cove, a 5,200-hectare seaside</li> </ul> </li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>property in Nasugbu, Batangas, as his flagship business in tourism and leisure. The P2- to P3-billion project's first phase includes leisure amenities such as a clubhouse, swimming pools, and golf course. This project will generate additional employment and contribute to improving tourism in the CALABARZON.</p> <p>✓ Development of Ternate-Nasugbu Regional Tourism Road. Once completed, this road is expected to provide easy access to world-class resorts in the area, particularly Punta Fuego, Caylabne, Puerto Azul, Cawayan Cove and Tali Beach Resort.</p>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
MIMAROPA		<ul style="list-style-type: none"> <li>• The 2005 year-ender report of President Arroyo listed the following prospective energy source sites offered for exploration and development to private investors during the Philippine Energy Contracting Round held on August 31, 2005:               <ul style="list-style-type: none"> <li>✓ Petroleum- East Palawan (2 sites) and Southwest Palawan (1 site)</li> <li>✓ Geothermal – Sta. Lucia-Iwahig, Puerto Princesa, Palawan</li> <li>✓ Coal – Tagkawayan and Polillo Island, both in Quezon province</li> <li>✓ Wind Contracting- Palawan</li> <li>✓ Mini-hydro project-Romblon (commenced construction in 2005)</li> </ul> </li>   <li>• The Department of Energy’s Regional Energy Plan for 2005-2010 lists potential energy projects:               <ul style="list-style-type: none"> <li>✓ 40-MW geothermal power plant at Montelago, Oriental Mindoro.</li> <li>✓ Four potential wind power projects - Marinduque (5 MW), Oriental Mindoro (20 MW), Occidental Mindoro (10 MW) and Romblon (5 MW).</li> </ul> </li>   <li>• Priority projects within the MIMAROPA area will greatly boost trade and tourism once completed. These include:               <ul style="list-style-type: none"> <li>✓ Expansion of the Strong Republic Nautical Highway, which crosses the provinces of Oriental Mindoro from Calapan to Roxas, Oriental Mindoro. This serves as a</li> </ul> </li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>gateway to the Visayas and Mindanao. The project was implemented to endure the fast and economical movement of goods and people, to enhance tourism, trade and commerce throughout the country and to support the agro fishery and food security program.</p> <ul style="list-style-type: none"> <li>✓ Upgrade of Busuanga Airport in Palawan. The Department of Transportation and Communications has scheduled the upgrade of Busuanga Airport in Northern Palawan to help spur tourist activity in the area. Rehabilitation will cost at least ₱2.7 billion to be funded either by the South Korean Government or by the Asian Development bank.</li> <li>• The province of Oriental Mindoro is expected to benefit from the thousands of tourists who pass through the Nautical Highway to Boracay and other provinces in the Visayas and Mindanao area. Out of the 700,000 tourists who visited Boracay in 2005. An estimated 400,000 persons passed by Mindoro during the period. The Office of the Governor is pursuing the following undertakings: (1) "Lakbay Mindoro 2006"- a tourism-centered promotion of the province's pristine and beautiful beaches; and (2) investment summit, as a vehicle for informing investors of the possible business in the area.</li> <li>• Tourism in Palawan is likewise expected to improve further with the rehabilitation of the Busuanga Airport. Likewise, aggressive tourism campaign by the Department of Tourism in the international market always includes the Palawan Island as a priority destination in the country.</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<ul style="list-style-type: none"> <li>Investments in Oriental Mindoro improved as a result of the Strong Nautical Highway connecting the island to Batangas and the Visayas-Mindanao (Vis-Min) area. Investments in 2006 may reach ₱12 billion. Investments include Philippine Hybrid Energy, Power 1 Corporation, Interactive Financial Services Corporation, Dataworld Processing Corporation of Italy, RGV Group of Companies, Konstrukt Development Corporation and the Korean Chaebol Kitco.</li> </ul>
<p><b>Bicol</b></p>		<ul style="list-style-type: none"> <li>More private banks continue to expand their services to the Bicol Region with the opening of new branches of Banco de Oro and of the Rural Bank of Makati in Naga City. Meanwhile, two private banks are venturing into new financing windows such as “jewelry loan” and salary loan for salaried employees.</li> <li>In Camarines Sur, the prospect of opening call centers in the province is expected to provide.</li> </ul>
<p><b>Western Visayas</b></p>	<ul style="list-style-type: none"> <li>The development outlook for the region remains positive due to a number of projects and programs, both of the government and private sectors, which could serve as growth boosters for the region. In agriculture, palay production is expected to increase by 6 metric tons per hectare with the procurement of certified seeds and organic fertilizers to be subsidized by the DA.</li> </ul>	<ul style="list-style-type: none"> <li>Non-residential building construction is expected to increase due to the business boom in the region.</li> <li>The demand of OFWs for houses will help spur the construction. (Iloilo)</li> <li>The Department of Tourism (DOT) is positioning the region as the festival capital of the Philippines.</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> <li>• Corn production is likewise projected to increase with the introduction of a microbial fertilizer for corn.</li> <li>• Proper implementation of the programs of the Local Government Units (LGUs) will increase yellow corn production (Antique).</li> <li>• Demand for corn from local feedmills is expected to be sustained. (Iloilo) Higher demand for white corn may encourage farmers to increase production (Guimaras).</li> <li>• The demand for chicken is expected to increase because it is a cheaper alternative compared to other meat products. (Iloilo, Antique, Guimaras)</li> <li>• There is an increasing trend in the inventory of cattle to ensure the continuous supply for beef in the region.</li> <li>• Strict implementation of laws by the Provincial Task Force on Illegal Fishing will protect fishing activities in the region.</li> <li>• The Provincial Government of Antique envisions to collect more revenues through the intensive enforcement of laws and regulations and the implementation of programs and projects in the management, conservation and protection of natural</li> </ul>	<ul style="list-style-type: none"> <li>• The upsurge in economic and business activities in the region, income from deposit and lending operations will improve the banking activities. (Antique)</li> <li>• The set up of a number of call centers; increase in registration of new business establishments and favorable investments, will create economic opportunities.(Antique)</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	resources and environment towards sustainable development (Antique).	
<b>Central Visayas</b>	<ul style="list-style-type: none"> <li>• Proper implementation of the programs of the Local Government Units (LGUs) on yellow corn production will increase corn output.</li> <li>• The Bureau of Fisheries and Aquatic Resources extends assistance to the fish and seaweeds farmers to boost the fishing industry. To address the depletion in the supply of bangus fingerlings, BFAR designed the Bangus Fingerlings Enhancement Project.</li> </ul>	<ul style="list-style-type: none"> <li>• Industry and tourism are seen as the main movers of the region's economy and will therefore get priority in the allocation of projects/funds.</li> <li>• Shipbuilding is a major contributor to the industry sector which employs about 6,000 workers (shipbuilding industry in Talamban involved about US\$25.1 million).</li> <li>• The tourism industry is still the number one factor that fueled economic growth in the region that cascaded its effect to other sectors namely: increase in production in agricultural and marine/fishery products; generation of employment and services; increase in infrastructure, transport and communications; and growth in small and medium enterprises.</li> <li>• Sustained good prospects in tourism/business has encouraged airline companies to establish flight routes to Palawan, Legaspi (three times weekly) and Tacloban.</li> </ul>
<b>Eastern Visayas</b>	<ul style="list-style-type: none"> <li>• Expected implementation of various projects focused on raising productivity and competitiveness of agricultural enterprises and industries provide a favorable outlook on the continued economic growth of the region. These projects include: <ul style="list-style-type: none"> <li>✓ Establishment of a virgin coco oil</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Other developments which could propel higher growth for the region include the probable location of a Cebu or Manila-based mall/establishment in Palo, Leyte, and the construction of the Tacloban City Astrodome.</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>processing center at San Rafael, Maasin City;</p> <ul style="list-style-type: none"> <li>✓ Setting up of a windmill to run a water pump at Cansirong, Maasin City;</li> <li>✓ Processing of sinamay into abaca fabric using the Rotary Press Machine;</li> <li>✓ Establishment of a 5-hectare techno showcase in Maasin City which is part of the 100-hectare area committed for the development of new agribusiness land for yellow corn; and</li> <li>✓ More participation of LGUs in the development of new agribusiness lands.</li> <li>✓ The completion of the construction of Hilaan Bridge in Southern Leyte under the President's Bridge Program will connect 6 barangays to the national highway, thereby facilitating the transport of agricultural goods from farm to market.</li> </ul>	
<p><b>Zamboanga</b></p>		<ul style="list-style-type: none"> <li>• Zamboanga city was one of the 16 Mindanao cities that have significantly made improvement in delivery of services. According to the Transparent and Accountable Governance (TAG) project funded by the Asia Foundation and the United States Agency for International Development (USAID), these 16 Mindanao cities have recorded a notable improvement in their market and terminal operations, business tax administration, health, and procurement systems. This achievement will help attract investors and tourists.</li> </ul>



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		<ul style="list-style-type: none"> <li>The TAG project, implemented by the League of Cities of the Philippines (LCP), aims to promote transparency and accountability through reforms in beneficiary-cities. Zamboanga was cited for its 295.03 percent increase in revenues, Dipolog, the capital city of Zamboanga del Norte, reported a 27 percent increase in revenue collection, indicating availability of resources for its government projects.</li> </ul>
<p><b>Northern Mindanao</b></p>	<ul style="list-style-type: none"> <li>Use of certified and hybrid seed is expected to increase palay and corn production.</li> <li>The banana tissue culture project phase II known as “Sagingan” with funding from the Spanish government in Lanao del Norte will help rural development along with the AUSAID funded Philippine Australian Local Sustainability (PALS) project along Aquamarine Development, and various livelihood enterprises will boost growth in the northwestern part of the region.</li> </ul>	<ul style="list-style-type: none"> <li>The complimentary functional roles of the five provinces in the region will continue to effect a more rationalized spatial development, with Bukidnon as the “Food Basket”, Camiguin as the tourist Haven, Lanao del Norte as “Agri-Industrial and Eco-Tourism Center”; with Iligan City as center for heavy and medium industries; Misamis Occidental as the “Eden of Fishery and Aquamarine with Eco-Tourism Development”, and Misamis Oriental as the “Industrial and Trade Center”.</li> <li>Economic growth during the year will continue along information technology, and expansion of existing hotels, hospitals and other business establishments.</li> <li>In tourism, the holding of festivals and events showcasing Northern Mindanao’s rich culture through the Regional Development Council’s localization of WOW Philippines is geared towards getting a larger share of the tourism market.</li> <li>The full operation of the Mindanao International Containerized Terminal (MICT) Port, the re-opening of the National Steel Corporation (now known as Global</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>Steelworks) and the full operation of the coal-fired power plan will pave the way for the entry of more investments to develop both the upstream and downstream industries.</p>
<p><b>Davao</b></p>	<ul style="list-style-type: none"> <li>• The growth of the agriculture industry will benefit from the following developments:               <ul style="list-style-type: none"> <li>✓ Strong external demand for banana and seaweeds; and</li> <li>✓ New Vapor Heat Treatment plants to boost mango industry.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The following developments are expected to boost growth in the region:               <ul style="list-style-type: none"> <li>✓ Foreign investments in exploration is expected to sustain the mining industry; and</li> <li>✓ Sustained government and private sector partnership and bilateral programs with other countries will strengthen tourism.</li> </ul> </li> </ul>
<p><b>SOCCSARGEN</b></p>	<ul style="list-style-type: none"> <li>• In the fishery sector, production levels are targeted to increase. The bilateral agreement between the Philippines and Indonesian waters, which expired in December 2005, was extended for another five years until 2010. Fishing activities will benefit from some technologies that the region/country can adopt from Indonesia.</li> </ul>	<ul style="list-style-type: none"> <li>• An increase in domestic and foreign visitors is expected given the favorable peace and order situation and the aggressive promotion of the region's festivities and celebrations. The agreements and recommendations during the first Regional Tourism Summit in December 6-7, 2005 will spur tourism development in Region XII. Among the agreements were the following: 1) Conduct of workshop for the preparation of Regional Tourism Marketing Plan; and 2) referral of the issues and challenges identified to appropriate agencies. Concerns identified include transport development to facilitate access to tourist sites; need for accommodation facilities/tourism frontline services; and environment concerns.</li> <li>• A ₱20 million dry dock facility for marine industries in General Santos City will be operational in 2006 and is expected to employ around 1,000 people.</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<ul style="list-style-type: none"> <li>The full operation of the South Seas Mall and the Citi Hardware in Cotabato City is expected to boost economic activities in General Santos City.</li> </ul>
<b>CARAGA</b>	<ul style="list-style-type: none"> <li>With proper technological support and irrigation system, the region's rich agricultural resources can be a significant supplier of key agricultural products such as rice, corn, abaca, oil palm, pineapple and bananas as well as temperate fruits and vegetables. The region's evenly distributed tropical climate makes it ideal for year-round crop production.</li> </ul>	<ul style="list-style-type: none"> <li>Gold and other metallic resources are found deep in the mountains of Surigao and nearby Agusan provinces. Mining activities in the region can bounce back as a major income-generating industry for the locals and potentially, an important exporter of gold and other precious minerals.</li> </ul>
<b>ARMM</b>	<ul style="list-style-type: none"> <li>The outlook for agriculture and basic industries is promising:               <ul style="list-style-type: none"> <li>✓ Foreign investors are expected to pour in a total of P1.4 billion in investments in 2006, mostly in agribusiness.</li> <li>✓ Another project is the expansion of seaweed farms and the establishment of seaweed processing plants in Sulu and Tawi-Tawi provinces.</li> <li>✓ Preferred investments for the year are in agriculture, food and forestry-based industries, basic industries, and consumer manufactures.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Improvements in infrastructure are also expected to bring in more business opportunities and boost the tourism industry in the region:               <ul style="list-style-type: none"> <li>✓ In December 2005, the President directed the Department of Transportation and Communications (DOTC) to fast track the rehabilitation and repair of Cotabato Airport in Brgy. Awang, Datu Odin Sinsuat, Maguindanao for safe flight operations in Central Mindanao.</li> <li>✓ Under the government's bridge program, which aims to connect many isolated barangays to main road networks and communities all over Mindanao, 16 completed bridges were located in the region.</li> </ul> </li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<ul style="list-style-type: none"> <li>The surge of information and communication technology (ICT) related services such as outsourcing will provide employment opportunities for the local folks. One concrete achievement in bridging digital gaps in Mindanao is the establishment of the first community e-center in the municipality of Upi, Maguindanao, a remote town in the ARMM whose Muslim-dominated community can now connect to the worldwide web using the internet-abled computer facility set up for them by the Growth With Equity in Mindanao, a USAID-funded program implemented in partnership with the Mindanao Economic Development Council (MEDCO), local government of Upi and the National Computer Center.</li> </ul>
<b>Challenges</b>		
<b>CAR</b>	<ul style="list-style-type: none"> <li>The vegetable industry in the Cordillera continues to suffer unfair competition from smuggled semi-temperate vegetables from other countries. The situation is aggravated by the abolition of the Anti-Smuggling Task Force.</li> <li>Baguio City was excluded from the list of priority business and tourism development areas by the Philippine Chamber of Commerce. Baguio City was delisted because of the inadequacy of water supply and governance problem.</li> </ul>	<ul style="list-style-type: none"> <li>The proposed conversion of Benguet Corporation's open pit mines in Antamok, Itogon into a reservoir where water would be drawn to supply Baguio City would displace around 300 small-scale miners in the area.</li> <li>The construction of a four-storey building is being proposed to house vendors of the Mines View Park. The proposed structure was in response to the Department of Tourism's warning that the park would be excluded from Baguio City's list of tourist destinations should the unsightly vendors' stalls remain in the park.</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
Ilocos		<ul style="list-style-type: none"> <li>The rise in the price of oil and other intermediate inputs will affect the region's growth potential. Transport and handling costs are expected to increase following increases in oil and commodity prices raising inflation in provinces farther from production centers.</li> </ul>
Cagayan Valley		<ul style="list-style-type: none"> <li>The Regional Development Plan of Cagayan Valley has identified the development of mining areas as a policy to address the development challenges and opportunities for increased job creation. The overall framework for mining activities shall be the rational utilization of the region's mineral resources and the mitigation of adverse effects brought about by mining operations such as degradation to the environment particularly the watershed areas and the contamination of rivers and waterways by mine ways.</li> <li>During the Special RDC Meeting held on February 13, 2006, one of the agenda raised is the occurrence of Avian Flu outbreak through possible entry points like seaports and airports. Hence, migratory birds will be closely monitored to prevent the virus that could cause deaths in poultry that may affect the poultry industry and food security of the region.</li> </ul>
Central Luzon		<ul style="list-style-type: none"> <li>The new and higher zonal values imposed in Pampanga are expected to adversely affect government development projects in Central Luzon like bridges, roads and others that require expropriation of lands for right of way. The sharp increase in land values will make infrastructure</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>projects more costly and could delay their implementation. It will also discourage private investors from undertaking projects because of the high valuation of some properties in the province. Multi-sectoral groups in Pampanga will appeal for a revision of the zonal values.</p>
<p><b>CALABARZON</b></p>	<ul style="list-style-type: none"> <li>• In July 2005, a strain of Avian Flu was detected in a few ducks in Calumpit, Bulacan. Following said detection Japan immediately placed a temporary ban on the import of poultry products from the Philippines.<sup>1</sup> Entry of the avian flu in the country will greatly affect the performance of the chicken industry in the CALABARZON area.</li> <li>• Continuous logging in the Sierra Madre Mountains, particularly in the REINA area (Real, Infanta and General Nakar) in the Quezon province may result to a repeat of floods and landslides, which damaged houses and agricultural crops and claimed the lives of thousands of people in November 2004. Despite the log ban still being imposed in the area, there have been reports and even video footages taken of illegal logging in the area.</li> </ul>	<ul style="list-style-type: none"> <li>• The continuing presence of the New People's Army (NPA) in the Region poses a threat to possible investors in the area. In November 2005, an encounter between the New People's army (NPA) and government troops in Tiaong, Quezon left four dead and eighteen more wounded. The rebels were also responsible for the burning of two cell sites of Globe Telecom in Sampaloc and Lucban (both in Quezon) for alleged failure to pay revolutionary taxes.</li> <li>• The Southern Luzon Command also reported arsons that destroyed heavy equipment of road construction projects. The Department of Public Works and Highways also reported that New People's Army's imposition of revolutionary taxes on road contractors has further delayed the completion of a P616 million road project in Quezon, which would pass the towns of Lucban, Tayabas, Mauban and Sampaloc. So far, two contractors, the China Harbour Engineering Company and Makati Development Corporation have backed out from the project.</li> </ul>

<sup>1</sup> Bureau of Animal Industry

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p><b>MIMAROPA</b></p>	<ul style="list-style-type: none"> <li>• Reflecting the government’s grave concern about the avian flu threatening to reach the Philippines, the Department of Agriculture unveiled a P52.9-million program that includes closer monitoring of migrating wild fowl and protecting poultry farms from the disease. Twenty migratory-bird destinations will be placed under close watched because they are near poultry farms. 20 bird-flu risk areas were identified including Quezon and Narra in Palawan and Naujan Lake in Oriental Mindoro.</li> <li>• In the last quarter of 2005, Oriental Mindoro experienced flashfloods which displaced residents and damaged agricultural crops. Environmentalists blame logging as the culprit since log ban is not imposed in the province. Efren Garcillano of the Halcon Mountaineers reported that two logging companies have been active in their logging operations, Mindoro Lumber and Logging Company (with 20 years logging permit) and Sumagui Timber Company. Forest denudation, if not averted, may lead to flooding and even landslides in the future. Likewise, endangered species in the area, which are added tourist attractions for the province, may become extinct as a result.</li> </ul>	
<p><b>Bicol</b></p>		<ul style="list-style-type: none"> <li>• Apprehensions have been expressed by consumers on the effects of the 12 percent reformed value added tax. Other</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		effects of the 12 percent reformed value added tax. Other challenges to economic development in the region are high prices of petroleum products and high power rates.
<b>Western Visayas</b>	<ul style="list-style-type: none"> <li>• Major challenges and concerns in the region include the following:               <ul style="list-style-type: none"> <li>✓ Inadequate irrigation as less than half of potential irrigable areas in the region have been developed or irrigated due to non-completion of projects in 2004;</li> <li>✓ Possible threat of avian flu which could put the poultry business in danger and result to shortage in the supply of alternative meat products;</li> <li>✓ Overfishing and environmental degradation; and</li> <li>✓ The oil spill caused by an oil tanker that sank off Guimaras Island in August contaminated 220 kilometers of coastline, destroyed 454 hectares of mangroves and 58 hectares of seaweed farms and destroyed the livelihoods of some 23,000 fishermen in the island. It was estimated that the oil spill's economic damage to small fishermen from Guimaras and nearby costal towns of Negros Occidental cost around ₱ 3 million to ₱5 million per day.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• High oil prices might impact on the cost of construction materials leading to lower construction activities in the region.</li> </ul>



Region	Agriculture, Fishery and Forestry	Industry/Services/General
<b>Central Visayas</b>		<ul style="list-style-type: none"> <li>• High oil prices could dampen optimism of businessmen/entrepreneurs due to the resulting increase in the cost of prime commodities and services.</li> </ul>
<b>Eastern Visayas</b>		<ul style="list-style-type: none"> <li>• Major challenges and concerns in the region include the following:               <ul style="list-style-type: none"> <li>✓ High transport costs of export products arising from high oil prices;</li> <li>✓ Imposition of additional taxes on basic and other commodities resulting to high cost of production;</li> <li>✓ Closure of Catarman runway located at the middle of the capital town in Northern Samar; and</li> <li>✓ Incidence of red tape and high fees on real estate ventures.</li> </ul> </li> </ul>
<b>SOCCSARGEN</b>		<ul style="list-style-type: none"> <li>• The major challenges/concerns in the region include:               <ul style="list-style-type: none"> <li>✓ High incidence of poverty;</li> <li>✓ High unemployment rate;</li> <li>✓ Inadequate infrastructure—need for more efficient transport and communications network; and</li> <li>✓ Maintenance of favorable peace and order condition.</li> </ul> </li> </ul>
<b>ARMM</b>		<ul style="list-style-type: none"> <li>• The maintenance of peace and order remains a major challenge in the region. Local government authorities should give due importance to conflict resolution as insurgency is a major hindrance to development. Another concern is poverty reduction. The high incidence of</li> </ul>

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		poverty forces the marginalized Muslims to resort to armed struggle.