

Report on Regional Economic Developments



*First and Second Semesters
2009*



Department of Economic Research
*Monetary Stability Sector
Bangko Sentral ng Pilipinas*

Executive Summary

Economic developments in the various regions of the country mirrored the resiliency of the Philippine economy in the face of the global downturn in 2009. The key sectors of the regional economies generally reflected continued non-inflationary growth.

In the agriculture sector, corn production grew during the second semester of 2009 triggered by improved market prices and high demand. Cattle production also expanded during the same period, which was attributed to the strengthening of the halal industry and government programs that supported a stable cattle supply. Fish production reflected a decelerated growth due to the diminished operations and fishing activities as well as the low demand for canned tuna in the world market. However, rice production posted a decline during the same period due to the strong typhoons that hit the country in the second half of the year. Chicken production also recorded a decline due mainly to the adverse impact of the tropical storms and the non-availability of chicks needed for commercial broiler production. Swine production likewise contracted on account of the high cost of feeds and transportation, and the occurrence of swine-related diseases.

Meanwhile, construction activity in the regions, both public and private, increased generally in the first semester of 2009. The expansion in public construction was brought about by the release of stimulus funds for infrastructure projects. Similarly, the total number of approved residential building construction climbed significantly during the semester relative to the same period in 2008.

In terms of banking services, bank density across all regions was on an uptrend in the first half of the year, with the NCR continuing to have the highest number of banks relative to its population. Deposit generation in all regions expanded year-on-year as of June 2009 with the exception of Central Visayas and Northern Mindanao. The growth in loan portfolio as of June 2009 was also on the rise except in the NCR, the Bicol region and Caraga. Nonetheless, the NCR continued to post the highest loans-to-deposits ratio followed by Northern Mindanao, Cagayan Valley, Caraga, Ilocos region and SOCCSKSARGEN.

For the whole year of 2009, inflation rates across all regions dropped to an average of 3.2 percent compared to 9.3 percent in the previous year. Price deceleration in all commodity groups along with sharp price adjustments in fuel and light products contributed to the decline in regional inflation.

On the labor front, the ARMM posted the highest employment rate in 2009 followed by Cagayan Valley, Zamboanga Peninsula and SOCCSKSARGEN. Employment levels in all regions rose in 2009, notably in CALABARZON, Central Luzon and the NCR. The implementation of the government's Comprehensive Livelihood and Emergency Employment Program (CLEEP) contributed to the improved employment conditions in 2009.

Going forward, the agricultural sector will have to contend with a major challenge brought about by the dry spell that has reached critical levels in some areas. Response measures to mitigate the repercussions of El Niño will be crucial to sustained growth. The continued improvement in harvest and post-harvest facilities will ensure continued expansion in the sector. The impact of El Niño may also constrain the supply of power. Concerted efforts at the national and local levels will have to be pursued to alleviate the negative impact of this weather phenomenon.

At the same time, the regions are looking forward to increased infrastructure development, particularly the construction of roads and expressways connecting major cities, as well as the establishment and improvement of international airports. Opportunities for increased trade, tourism and investments depend on the availability and efficiency of these facilities. In addition, business seminars and other capacity-building programs are expected to encourage entrepreneurial activities that are seen to boost employment and help reduce poverty.

Foreword

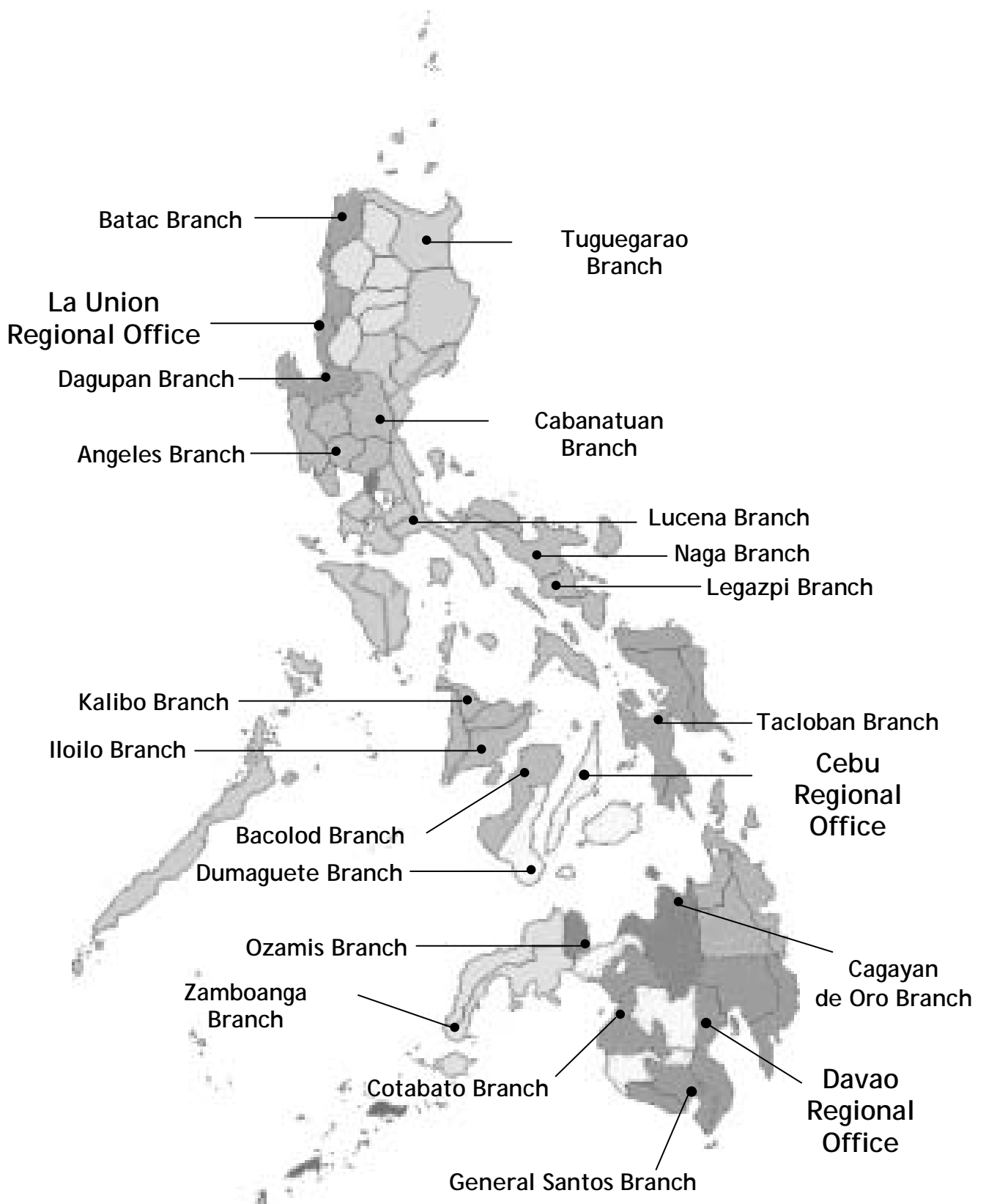
In June 2005, the Monetary Board approved the release of the maiden issue of the BSP's Report on Regional Economic Developments in the Philippines. The report widens the scope of BSP's market surveillance, adding a geographic dimension to the economic indicators that it monitors regularly. The analysis of regional trends and developments are valuable inputs in monetary policy formulation and financial supervision.

The report tracks economic developments in the regions, focusing on demand and supply conditions, monetary and price developments as well as emerging economic 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 further the BSP's forward-looking and proactive approach to monetary policy.

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

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

BSP Regional Offices/Branches



PHILIPPINES: Regional Composition

Region ¹	Provinces
National Capital Region (NCR)	Cities of Caloocan, Las Piñas, Quezon City, Makati, Manila, Muntinlupa, Parañaque, Pasig, Pasay, Malabon, Mandaluyong, Marikina, San Juan, Taguig and Valenzuela, and the Municipalities of Navotas, and Pateros
Cordillera Administrative Region (CAR)	Abra, Benguet, Ifugao, Kalinga Apayao, and Mountain Province
Region I - Ilocos Region	Ilocos Norte/Sur, La Union, and Pangasinan
Region II - Cagayan Valley	Batanes, Cagayan, Isabela, Nueva Vizcaya, and Quirino
Region III - Central Luzon	Aurora, Tarlac, Pampanga, Zambales, Bataan, Nueva Ecija, and Bulacan
Region IV A - CALABARZON (Cavite, Laguna, Batangas, Rizal, and Quezon)	Cavite, Laguna, Batangas, Rizal, and Quezon
Region IV-B MIMAROPA (Mindoro, Marinduque, Romblon, and Palawan)	Occidental/ Oriental Mindoro, Marinduque, Palawan ² , and Romblon
Region V - Bicol Region	Camarines Norte/Sur, Albay, Masbate, Sorsogon, and Catanduanes
Region VI - Western Visayas	Negros Occidental, Iloilo, Antique, Guimaras, Aklan, and Capiz
Region VII - Central Visayas	Bohol, Cebu, Negros Oriental, and Siquijor

¹ BSP Regional Offices are located in Regions I (La Union), VII (Cebu), and XI (Davao). There are BSP branches/offices located in Regions I - XII. These offices/branches have currency units, which handle cash transactions in the regions.

² The implementation of Executive Order No.429 transferring Palawan to Region VI has been deferred. This province will be included in the report of Region VI once the deferment is lifted.

Region	Provinces
Region VIII - Eastern Visayas	Leyte, Southern Leyte, Biliran, Eastern/ Northern Samar, and Samar
Region IX - Zamboanga Peninsula	Zamboanga Sibugay, Zamboanga del Norte/del Sur, Zamboanga City (Zamboanga Peninsula), and Isabela City (Basilan Province)
Region X - Northern Mindanao	Bukidnon, Camiguin, Misamis Oriental, Misamis Occidental, and Lanao del Norte
Region XI - Davao Region	Davao City, Davao del Norte/Sur, Davao Oriental, and Compostela Valley
Region XII - Central Mindanao and SOCCSKSARGEN (South Cotabato, Cotabato, Sultan Kudarat, Sarangani and General Santos City)	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 and Surigao del Norte/Sur
ARMM (Autonomous Region in Muslim Mindanao)	Basilan, Lanao del Sur, Sulu and Tawi-Tawi, and Maguindanao Province

Key Regional Developments

Crop Production

- Grain production had been lackluster in the second half of 2009, as destructive typhoons ravaged several agricultural areas in the country. Palay harvest deteriorated during the review period as the palay-producing regions of CALABARZON, Ilocos and Central Luzon posted double-digit declines. In contrast, corn production recovered in the second semester of 2009, due to high demand and improved market prices. Double-digit growth rates were noted in Cagayan Valley, ARMM and Northern Mindanao regions.

Livestock, Poultry, Fishery

- Cattle production continued to expand during the review period with stable cattle supply coming from ARMM and Northern Mindanao. Meanwhile poultry and swine production contracted due primarily to adverse weather patterns. The ARMM region posted a double-digit decline in poultry while swine production in Eastern Visayas likewise weakened. On the other hand, the fisheries sub-sector sustained its growth, albeit at a much slower pace. Weak fish catch were particularly noted in the Caraga and SOCCSKSARGEN regions.

Construction

- Construction activity was upbeat in the first semester of 2009, recording double-digit growth rates in both housing starts and building permits. Residential demand from Filipino expatriates and retirees spurred the construction boom. A remarkable threefold surge in construction was seen in Central Luzon, as the freeport expansion plans in the region encouraged residential and commercial developments. Other regions which exhibited increased construction activities were CALABARZON and Central Visayas. By contrast, the NCR recorded double-digit declines in construction activities.

Banking

- Credit activity slowed slightly in the first half of 2009, as indicated by a deceleration in the loans-to-deposits ratio. In particular, a double-digit decline was recorded in the NCR. Moreover, financial activity remained to be concentrated in the major urban areas, namely, the NCR, Central Visayas and Central Luzon. In terms of bank service availability, the NCR continued to have the highest number of banks relative to its

population while ARMM had the lowest number of banks available to service its population.

Inflation

- Inflation rates were slightly higher across all regions in the early part of 2009 due to uncertainties following the unfolding of the global financial crisis in 2008. However, monetary and financial policies adopted by the BSP in response to the global slowdown along with the decline in commodity prices pushed inflation rates down towards the end of the year. Average prices of goods were generally higher in Caraga, Eastern Visayas, ARMM and Cagayan Valley. On the other hand, inflation was lowest in Metro Manila.

Employment

- Average employment rates remained generally unchanged across all regions in 2009. Moreover, the rates of employment were higher compared to that of the NCR due mainly to increased investment and brisk economic activity in agriculture, such as corn production and fishery and services.

Opportunities and Challenges

- Infrastructure projects such as roads and expressways connecting major cities, as well as international airports remain the key factors for growth across the regions. The timely completion of all ongoing infrastructure projects is seen as crucial in accelerating regional development. In particular, opportunities for increased trade, tourism and investments depend upon the availability and efficiency of these facilities.
- In addition, business seminars and other capacity-building programs are expected to encourage entrepreneurial activities that are seen to reduce poverty. Furthermore, the undertaking of intensive English language trainings should resolve the low take-up rate of the regional centers of BPO companies.
- Meanwhile, a major challenge to the agriculture sector is the dry spell that has reached critical levels in some areas. In the farm sector, response measures to El Niño will be crucial to sustained growth. Moreover, the continued improvement in the harvest and post-harvest facilities will ensure further expansion in the agriculture, fishery and forestry sectors. The impact of El Niño may also constrain the supply of power. Concerted efforts at the national and local levels should be pursued to alleviate the negative impact of the El Niño.

Agriculture, Livestock, Poultry and Fishery

Palay production declines

Palay Production, in metric tons

Growth Rate in Percent, y-o-y

Region	S2 2009	S2 2008
PHILIPPINES	(8.4)	1.9
1 CAR	(5.3)	0.9
2 Ilocos Region (I)	(27.6)	1.7
3 Cagayan Valley (II)	(6.6)	6.7
4 Central Luzon (III)	(19.5)	(0.3)
5 Southern Tagalog-CALABARZON (IV-A)	(27.9)	7.6
6 Southern Tagalog-MIMAROPA (IV-B)	10.0	0.0
7 Bicol Region (V)	(4.9)	16.4
8 Western Visayas (VI)	5.9	0.4
9 Central Visayas (VII)	(11.8)	0.9
10 Eastern Visayas (VIII)	(6.7)	5.6
11 Zamboanga Peninsula (IX)	1.3	(4.5)
12 Northern Mindanao (X)	10.9	4.2
13 Davao Region (XI)	4.4	1.2
14 SOCCSKSARGEN (XII)	(3.2)	(3.1)
15 Caraga	(1.5)	3.9
16 ARMM	(14.0)	(1.5)

Source: National Statistics Coordinating Board

- Palay production posted an 8.4 percent decline in the second semester of 2009, attributed largely to the weather disturbances that hit the country during the fourth quarter of 2009. The contraction was a turnaround from the 1.9 percent growth recorded a year ago.
- High growth rates of palay production in the second semester of 2009 were seen in the regions of Northern Mindanao (10.9 percent); MIMAROPA (10.0 percent); Western Visayas (5.9 percent); and Davao (4.4 percent). The expansion of palay production in Northern Mindanao was due largely to the 17.8 percent increase in rice production in the provinces of Camiguin, Misamis Occidental, and Misamis Oriental; and increased irrigated areas in the province of Bukidnon during the third quarter of the year.
- High growth rates in palay production in the aforementioned regions were also attributed to the following factors:
 - ✓ Sufficient water supply due to the early onset of rainfall in April and May in the regions of Davao, MIMAROPA, and Western Visayas;
 - ✓ Lesser incidence of pests and diseases in Davao region;
 - ✓ Sustained use and timely availability of hybrid and high-quality seeds, such as those distributed under the GMA Rice Program of the DA in the regions of MIMAROPA and Zamboanga Peninsula;
 - ✓ Sufficient irrigation water from various irrigation systems of the National Irrigation Administration in Northern Mindanao, MIMAROPA, and Western Visayas;
 - ✓ Rehabilitation of irrigation facilities in the provinces of Marinduque, Oriental and Occidental Mindoro and Palawan which helped provide sufficient water in the MIMAROPA;
 - ✓ Increased fertilizer usage in MIMAROPA and Western Visayas due to the lower price of fertilizer and the provision of fertilizer discount coupons under the GMA fertilizer subsidy program; and

- ✓ Expansion in area planted/harvested in Davao Region, MIMAROPA, Western Visayas, and Zamboanga Peninsula.
- The high growth posted in the said regions were, however, offset by the double-digit decline of palay production in CALABARZON (-27.9 percent), Ilocos Region (-27.6 percent), Central Luzon (-19.5 percent), ARMM (-14.0 percent) and Central Visayas (-11.8 percent). These significant contractions were attributed largely to the following factors:
 - Heavy rains and flashfloods brought by tropical storms Ondoy and Pepeng which adversely affected farms in CALABARZON, Ilocos, Central Luzon, ARMM, and Central Visayas (e.g., Bohol and Negros Oriental);
 - Infestation of pests and diseases such as rats, sparrows, tungro virus, and bacterial leafblight in some farms in Cebu, Negros Oriental and Lucena, Quezon;
 - Unstable peace and order situation which discouraged farmers in the ARMM from planting; and
 - Lack of adequate water supply in some irrigated farms in Bohol and Cebu.

Corn production recovers

Corn Production, in metric tons
Growth Rate in Percent, y-o-y

Region	S2 2009	S2 2008
PHILIPPINES	5.0	(8.8)
1 CAR	(0.7)	(4.2)
2 Ilocos Region (I)	(28.2)	0.8
3 Cagayan Valley (II)	19.3	17.7
4 Central Luzon (III)	(20.1)	38.8
5 Southern Tagalog-CALABARZON (IV-A)	(21.9)	(17.9)
6 Southern Tagalog-MIMAROPA (IV-B)	(15.3)	(24.1)
7 Bicol Region (V)	(13.1)	(6.2)
8 Western Visayas (VI)	(13.8)	(22.5)
9 Central Visayas (VII)	6.7	(16.9)
10 Eastern Visayas (VIII)	1.1	1.4
11 Zamboanga Peninsula (IX)	(5.3)	(20.7)
12 Northern Mindanao (X)	10.9	(7.9)
13 Davao Region (XI)	(23.3)	(28.7)
14 SOCCSKSARGEN (XII)	2.3	(18.7)
15 Caraga	(5.0)	(9.0)
16 ARMM	14.1	(3.5)

Source: National Statistics Coordinating Board

- Corn production rebounded during the second semester of 2009, posting a 5.0 percent growth from negative 8.8 percent a year ago. Although majority of the regions posted lower growth rates, if not contractions, compared to the previous semester's levels, increased growth rates were observed in the regions of Cagayan Valley (19.3 percent), ARMM (14.1 percent), Northern Mindanao (10.9 percent), Central Visayas (6.7 percent), and SOCCSKSARGEN (2.3 percent) during the period.
- The growth of corn production in the abovementioned regions was attributed to:
 - Improved market prices and high demand for corn for feeds formulation which encouraged farmers to plant and expand corn production in Northern Mindanao, SOCCSKSARGEN, and ARMM;
 - Use of high-yielding yellow corn varieties distributed under the GMA-Corn Program by the DA and the local government units (LGUs) to corn farmers in Northern Mindanao, SOCCSKSARGEN, and Central Visayas;

- Favorable weather condition during the third quarter of 2009, particularly sufficient rainfall in Cagayan Valley and Central Visayas ;
 - Timely application of production technologies in Cagayan Valley; and
 - Less occurrence of pests and diseases in Central Visayas.
- The regions that recorded significant contractions in corn production during the second semester of 2009 from a year ago included Central Luzon (from 38.8 percent to -20.1 percent), Ilocos region (from 0.8 percent to -28.2 percent), Bicol region (from -6.2 percent to -13.1 percent), and CALABARZON (from -17.9 percent to -21.9 percent). These contractions were attributed mainly to the following factors:
 - Adverse effects caused by tropical storm Ondoy and Pepeng during the second semester;
 - Conversion of some corn fields into plantations for rice and other high-value crops like sugar cane and cassava because of the relative high production cost of planting corn compared to other crops; and
 - Significant reduction in the use of fertilizers by farmers (e.g., in Eastern Visayas).

Livestock, Poultry and Fishery

Livestock and Poultry

Cattle production accelerates

- Cattle production expanded at a faster rate of 3.1 percent in the second semester of 2009 from a growth of 1.2 percent during the same period in 2008. The growths of cattle production in the ARMM (26.7 percent), Northern Mindanao (18.7 percent), Western Visayas (8.8 percent), MIMAROPA (8.5 percent), Central Luzon (5.1 percent), and SOCCSKSARGEN (3.1 percent) contributed to the overall robust performance of the cattle industry. The growth of cattle production in these regions was attributed to the following factors:

Cattle Production, in metric tons (liveweight)

Growth Rate in Percent, y-o-y

Region	S2 2009	S2 2008
PHILIPPINES	3.1	1.2
1 CAR	(1.5)	(6.0)
2 Ilocos Region (I)	(7.7)	(0.4)
3 Cagayan Valley (II)	(8.3)	(3.5)
4 Central Luzon (III)	5.1	(2.8)
5 Southern Tagalog-CALABARZON (IV-A)	2.3	7.3
6 Southern Tagalog-MIMAROPA (IV-B)	8.5	8.6
7 Bicol Region (V)	2.2	16.5
8 Western Visayas (VI)	8.8	(1.7)
9 Central Visayas (VII)	1.8	1.6
10 Eastern Visayas (VIII)	(7.4)	(3.0)
11 Zamboanga Peninsula (IX)	(8.0)	0.2
12 Northern Mindanao (X)	18.7	1.5
13 Davao Region (XI)	(5.2)	2.9
14 SOCCSKSARGEN (XII)	3.1	11.9
15 Caraga	(3.9)	(21.2)
16 ARMM	26.7	(19.2)

Source: National Statistics Coordinating Board

- Strengthening of the halal industry through intensified research and development and improvement of slaughter facilities in ARMM and Central Luzon;
- Continued efforts in ensuring a healthier and a more stable cattle supply in ARMM and Northern Mindanao ;
- Expansion in the production of large cultivators in Northern Mindanao and Western Visayas as a response to high demand for beef and beef products in the country;
- Favorable market prices for beef and beef products; and
- Implementation of animal health care programs, which included vaccination, deworming, and provision of vitamins to cattle, by the Office of the Provincial Veterinarian in certain provinces in SOCCSKSARGEN (e.g., North Cotabato and Sultan Kudarat).

- The regions posting significant declines in cattle production during the second semester of 2009 from a year ago include the Zamboanga Peninsula (from 0.2 percent to -8.0 percent), Davao (from 2.9 percent to -5.2 percent), Ilocos (from -0.4 percent to -7.7 percent), and Cagayan Valley (from -3.5 percent to -8.3 percent). The increase in the prices of feeds and decreased disposition brought about by scarce supply of farm cattle intended for slaughter in the Davao region contributed to the lower cattle production during the review period.

Chicken production declines

- Chicken production posted a 0.7 percent decline in the second semester of 2009 from a 4.6 percent growth in the same period in 2008. The contraction was due to the significant decline noted in ARMM (21.9 percent), CARAGA (7.3 percent), Davao region (5.1 percent), SOCCSKSARGEN (4.5 percent), and Eastern Visayas (2.8 percent). Contributory factors to the contraction of chicken production in these regions include:
 - ✓ Adverse effects caused by tropical storms Ondoy and Pepeng during the second semester;
 - ✓ Non-availability of chicks which resulted to lesser stocking of commercial broiler in the Caraga region;

Chicken Production, in metric tons (liveweight)

Growth Rate in Percent, y-o-y

Region	S2 2009	S2 2008
PHILIPPINES	(0.7)	4.6
1 CAR	13.6	7.6
2 Ilocos Region (I)	0.3	5.5
3 Cagayan Valley (II)	0.5	12.5
4 Central Luzon (III)	(2.2)	5.9
5 Southern Tagalog-CALABARZON (IV-A)	(2.3)	5.9
6 Southern Tagalog-MIMAROPA (IV-B)	11.6	7.6
7 Bicol Region (V)	4.0	(8.5)
8 Western Visayas (VI)	8.9	1.4
9 Central Visayas (VII)	8.3	0.4
10 Eastern Visayas (VIII)	(2.8)	10.0
11 Zamboanga Peninsula (IX)	7.8	1.9
12 Northern Mindanao (X)	2.0	8.7
13 Davao Region (XI)	(5.1)	3.0
14 SOCCSKSARGEN (XII)	(4.5)	(6.8)
15 Caraga	(7.3)	(14.3)
16 ARMM	(21.9)	(12.8)

Source: National Statistics Coordinating Board

- ✓ Worsening of production performance of native chicken due to the unusual wet weather during the first half of the second semester in Caraga region; and
- ✓ Rise in the prices of feeds, veterinary medicines and other operational costs.

- The regions that reversed to contractions in chicken production during the second semester of 2009 from year-ago expansions include Eastern Visayas (from 10.0 percent to -2.8 percent), CALABARZON (from 5.9 percent to -2.3 percent), Central Luzon (from 5.9 percent to -2.2 percent), and Davao region (from 3.0 percent to -5.1 percent). The contractions in these regions were traced to the following factors:

- ✓ Increased prices of feeds and veterinary medicines (Eastern Visayas);
- ✓ Adverse effects of heavy rainfall on poultry farms and insufficient supply of chicks from integrators (CALABARZON)
- ✓ Decreased inventory of layers (Central Luzon); and
- ✓ Low production of native chickens and layers (Davao region).

Swine production contracts
Swine Production, in metric tons (liveweight)

Growth Rate in Percent, y-o-y

Region	S2 2009	S2 2008
PHILIPPINES	(0.2)	1.0
1 CAR	(5.9)	(3.1)
2 Ilocos Region (I)	6.8	(5.2)
3 Cagayan Valley (II)	0.1	(9.4)
4 Central Luzon (III)	(2.7)	2.9
5 Southern Tagalog-CALABARZON (IV-A)	(6.6)	3.3
6 Southern Tagalog-MIMAROPA (IV-B)	3.3	3.3
7 Bicol Region (V)	14.1	(4.3)
8 Western Visayas (VI)	3.6	8.0
9 Central Visayas (VII)	4.6	2.8
10 Eastern Visayas (VIII)	(6.8)	(6.1)
11 Zamboanga Peninsula (IX)	(2.0)	(3.4)
12 Northern Mindanao (X)	4.5	5.3
13 Davao Region (XI)	(1.1)	0.2
14 SOCCSKSARGEN (XII)	0.3	5.6
15 Caraga	(3.2)	(9.3)
16 ARMM	21.0	2.2

Source: National Statistics Coordinating Board

- Swine production posted a decline of 0.2 percent in the second semester of 2009 from a 1.0 percent growth during the same period in 2008. The contractions in swine production in the regions of Eastern Visayas (6.8 percent), CALABARZON (6.6 percent), CAR (5.9 percent), CARAGA (3.2 percent), Central Luzon (2.7 percent), Zamboanga Peninsula (2.0 percent), and Davao (1.1 percent) contributed to the overall contraction in the industry. The following factors contributed to the decline in swine production:

- ✓ High costs of feeds and transportation, along with low-buying price of liveweight per kilo of pork which resulted in the slight reduction of stocks of hog growers in Eastern Visayas, Zamboanga Peninsula, and Davao region;
- ✓ Occurrence of swine diseases in Eastern Visayas, hog cholera in CARAGA region, and Porcine Reproductive Respiratory Syndrome (PRRS) in Central Luzon;

- ✓ Death of hogs submerged in floodwaters in CALABARZON brought about by typhoons Ondoy and Santi; and
- ✓ Shift of consumers preference to chicken due to the swine flu scare during the period.

Fishery

Fish production decelerates

Fish Production, in metric tons
Growth Rate in Percent, y-o-y

Region	S2 2009	S2 2008
PHILIPPINES	0.2	8.2
1 CAR	1.11	7.4
2 Ilocos Region (I)	(14.1)	(2.4)
3 Cagayan Valley (II)	(0.1)	4.5
4 Central Luzon (III)	(3.7)	4.5
5 Southern Tagalog-CALABARZON (IV-A)	0.5	3.4
6 Southern Tagalog-MIMAROPA (IV-B)	(2.7)	19.2
7 Bicol Region (V)	4.2	6.7
8 Western Visayas (VI)	6.9	(0.2)
9 Central Visayas (VII)	1.9	5.5
10 Eastern Visayas (VIII)	2.6	3.6
11 Zamboanga Peninsula (IX)	3.6	8.6
12 Northern Mindanao (X)	0.8	4.9
13 Davao Region (XI)	(1.9)	(1.4)
14 SOCCSKSARGEN (XII)	(11.1)	13.3
15 Caraga	(13.1)	10.7
16 ARMM	6.1	0.5

Source: National Statistics Coordinating Board

- The fishery subsector posted a 0.2 percent growth in the second semester of 2009. However, this was lower than the 8.2 percent growth recorded a year ago. Significant contractions in fish production recorded in Ilocos (14.1 percent), CARAGA (13.1 percent), SOCCSKSARGEN (11.1 percent), Central Luzon (3.7 percent), and MIMAROPA (2.7 percent) regions have contributed to the overall weak performance of the sub-sector.
- The following factors led to the contraction in the fishery subsector:
 - ✓ Diminished operations and fishing activities due to weather disturbances;
 - ✓ Dried-up of ponds brought about by the onset of El Niño in the CARAGA region since the third quarter of 2009;
 - ✓ Floodwaters caused by tropical storm Ondoy and Pepeng which caused an overflow of some fishponds in Central Luzon;
 - ✓ Low demand of canned tuna products in the world market which led to the slowdown of fish production in SOCCSKSARGEN;
 - ✓ Enforcement of “no fishing policy” inside the country’s 200 nautical miles exclusive economic zone (EEZ) and municipal waters (e.g., SOCCSKSARGEN);
 - ✓ Slowdown in live grouper production in marine fish cages in Palawan due to financial constraints; and
 - ✓ Imposition by the Western and Central Pacific Fisheries Conference (WCPFC) of the ban in the use of payao.³

³ A fish aggregating device.

Construction

Construction activity exhibits general up trend.

Total Number of Approved Building Permits By Region
First Semester, 2008-2009
Levels and Growth Rates

Region	2008 Levels	2009 Levels	Growth Rate (%)
Philippines	47,932	64,548	34.67
NCR	8,250	6,453	(21.78)
CAR	505	465	(7.92)
Ilocos Region (I)	3,126	3,518	12.54
Cagayan Valley (II)	1,119	1,122	0.27
Central Luzon (III)	6,636	16,628	150.57
Southern Tagalog Calabarzon (IVA)	10,223	16,636	62.73
Southern Tagalog MIMAROPA (IVB)	688	707	2.76
Bicol Region (V)	938	1,032	10.02
Western Visayas (VI)	2,141	2,087	(2.52)
Central Visayas (VII)	4,286	5,746	34.06
Eastern Visayas (VIII)	1,031	1,108	7.47
Zamboanga Peninsula (IX)	844	887	5.09
Northern Mindanao (X)	2,408	2,186	(9.22)
Davao Region (XI)	3,812	3,717	(2.49)
Central Mindanao (XII)	828	1,075	29.83
CARAGA (XIII)	1,092	1,097	0.46
ARMM	5	84	1,580.00

Source: National Statistics Office

Total Number of Residential Building Construction Started
First Semester, 2008-2009, by region
Levels and Growth Rates

Region	2008 Levels	2009 Levels	Growth Rate (%)
Philippines	34,610	49,792	43.87
NCR	4,720	3,385	(28.28)
CAR	402	361	(10.20)
Ilocos Region (I)	2,433	2,902	19.28
Cagayan Valley (II)	808	925	14.48
Central Luzon (III)	4,943	15,061	204.69
Southern Tagalog Calabarzon (IVA)	8,692	12,927	48.72
Southern Tagalog MIMAROPA (IVB)	407	507	24.57
Bicol Region (V)	662	759	14.65
Western Visayas (VI)	1,471	1,538	4.55
Central Visayas (VII)	3,557	4,803	35.03
Eastern Visayas (VIII)	680	778	14.41
Zamboanga Peninsula (IX)	559	675	20.75
Northern Mindanao (X)	1,506	1,699	12.82
Davao Region (XI)	2,586	2,771	7.15
Central Mindanao (XII)	459	740	61.22
CARAGA (XIII)	722	884	22.44
ARMM	3	77	2,466.67

Source: National Statistics Office

- Construction activity in the 17 regions generally increased in the first semester of 2009, boosted by the robust performance of private and public construction in the first and second quarters of 2009, respectively. The growth of public construction may be attributed to the release of stimulus funds for infrastructure projects in accordance with the Economic Resiliency Plan (ERP) of the government. In addition, the total number of approved building permits and residential building construction posted double-digit growths.
- During the first semester of 2009, the total number of approved building permits in the Philippines rose by 16,616 or nearly 35 percent to record 64,548 applications from the 47,932 permits posted during the same period in 2008.
- Significant year-on-year increases in the number of approved building permits were observed in Central Luzon, Calabarzon, Central Visayas, Central Mindanao, and ARMM in the first semester of 2009.
- Notable declines, were, however, observed in the number of approved building permits in four regions led by the NCR, Northern Mindanao, CAR and Davao Region.
- Similarly, the total number of approved residential building constructions climbed by 15,182 or 44 percent to reach 49,792 from 34,610 during the same period in 2008.
- Central Luzon posted a three-fold expansion in the total number of housing starts for the first semester in 2009. This was followed by favorable performances recorded by Central Visayas, Central Mindanao and Calabarzon. By contrast, the NCR posted a substantial decline as inflation accelerated in selected construction materials such as in carpentry, masonry, painting and other compounds as well as in tinsmithry.

- In October 2009, the Philippine Constructors Association, Inc. (PCAI) indicated that it expects the construction industry to exhibit a 6-7 percent growth in 2009 on the strength of increased public and private projects as well as improved overseas opportunities. The upbeat prospect of the industry would continue until 2010. The PCAI revealed that there will be opportunities for local contractors overseas as the US government transfers a big contingent of its Japan-based military headquarters to Hawaii, which will require US\$14-15 billion in new developments.

Banking

Number of banks relative to population across all regions on an uptrend

Region	December 2008	December 2009
1 NCR	4,216	4,097
2 CAR	13,894	12,204
3 Ilocos Region (I)	12,953	12,975
4 Cagayan Valley (II)	13,430	13,123
5 Central Luzon (III)	11,521	11,171
6 Southern Tagalog-CALABARZON (IV-A)	9,754	8,998
7 Southern Tagalog-MIMAROPA (IV-B)	23,490	16,713
8 Bicol Region (V)	25,101	21,723
9 Western Visayas (VI)	17,482	14,806
10 Central Visayas (VII)	13,014	12,196
11 Eastern Visayas (VIII)	32,618	27,243
12 Zamboanga Peninsula (IX)	25,198	20,974
13 Northern Mindanao (X)	16,054	13,969
14 Davao Region (XI)	15,875	13,582
15 SOCCSKSARGEN (XII)	23,099	21,461
16 ARMM	141,496	144,733
17 Caraga	20,974	13,897

Source: Supervisory Data Center, SES-BSP

- With a bank density ratio of 4,097 persons per bank as of December 2009, the NCR continued to have the highest number of banks relative to its population. Trailing behind the NCR were CALABARZON and Central Luzon with bank density ratios of 8,998 and 11,171 persons per bank, respectively. It must be noted that the density ratios for these three regions have declined compared to the December 2008 level, indicating that the rate of growth in the number of banks had been faster than the rate of population growth in these regions. Of the 17 regions, ARMM has the lowest number of banks available to service its population as its bank density ratio reached 144,733 persons per bank in December 2009.

Region	June 2008	June 2009
1 NCR	2.08	13.95
2 CAR	4.78	13.20
3 Ilocos Region (I)	4.79	11.92
4 Cagayan Valley (II)	11.48	18.90
5 Central Luzon (III)	8.14	13.67
6 Southern Tagalog-CALABARZON (IV-A)	9.32	12.21
7 Southern Tagalog-MIMAROPA (IV-B)	69.74	18.13
8 Bicol Region (V)	7.49	13.04
9 Western Visayas (VI)	-0.87	11.62
10 Central Visayas (VII)	4.20	8.49
11 Eastern Visayas (VIII)	7.53	19.26
12 Zamboanga Peninsula (IX)	3.16	12.09
13 Northern Mindanao (X)	13.19	6.21
14 Davao Region (XI)	8.23	14.43
15 SOCCSKSARGEN (XII)	12.30	12.78
16 ARMM	7.02	11.33
17 Caraga	12.25	12.66

- Meanwhile, deposit generation in all regions expanded year-on-year as of June 2009. All regions posted double-digit growth in deposit liabilities during the period in review, with the exception of Central Visayas and Northern Mindanao. Eastern Visayas registered the highest growth at 19.3 percent, with a 23.9 percent increase in deposit liabilities of universal and commercial banks in the region, which more than offset the decline in deposit generation by thrift and rural banks.

- The growth in loan portfolio as of June 2009 was also on the rise except for the NCR, the Bicol region, and CARAGA. The growth in lending activity was highest in the Ilocos region (61.8 percent), CAR (45.1 percent) SOCCSKSARGEN (25.1 percent) and Davao region (24.9 percent).

Total Loan Portfolio

Growth Rate in Percent, y-o-y.

Region	June 2008	June 2009
1 NCR	19.68	-18.04
2 CAR	-13.24	45.10
3 Ilocos Region (I)	21.04	61.83
4 Cagayan Valley (II)	15.95	5.40
5 Central Luzon (III)	12.87	12.80
6 Southern Tagalog-CALABARZON (IV-A)	10.86	7.91
7 Southern Tagalog-MIMAROPA (IV-B)	78.34	16.48
8 Bicol Region (V)	21.96	-13.00
9 Western Visayas (VI)	1.96	17.78
10 Central Visayas (VII)	2.35	3.05
11 Eastern Visayas (VIII)	13.76	8.06
12 Zamboanga Peninsula (IX)	13.84	18.20
13 Northern Mindanao (X)	15.50	12.76
14 Davao Region (XI)	21.87	24.91
15 SOCCSKSARGEN (XII)	20.47	25.06
16 ARMM	-5.78	10.60
17 Caraga	33.12	-1.05

- The NCR continued to post the highest loans-to-deposits ratio at 67.0 percent as of June 2009. This was, however, lower than the 93.2 percent registered in June 2008. The NCR was followed by Northern Mindanao (34.7 percent), Cagayan Valley (32.3 percent), CARAGA (32.2 percent), Ilocos region (31.9 percent), and SOCCSKSARGEN (30.3 percent). The growth in loans-to-deposits ratio in these areas reflected banks' greater efficiency in channeling deposits to lending activities.

Loans to Deposits Ratio

Region	June 2008	June 2009
1 NCR	93.15	67.00
2 CAR	8.72	11.18
3 Ilocos Region (I)	22.07	31.91
4 Cagayan Valley (II)	36.46	32.32
5 Central Luzon (III)	22.51	22.34
6 Southern Tagalog-CALABARZON (IV-A)	15.95	15.34
7 Southern Tagalog-MIMAROPA (IV-B)	25.35	25.00
8 Bicol Region (V)	35.32	27.18
9 Western Visayas (VI)	18.96	20.01
10 Central Visayas (VII)	23.33	22.16
11 Eastern Visayas (VIII)	24.22	21.95
12 Zamboanga Peninsula (IX)	22.25	23.46
13 Northern Mindanao (X)	32.64	34.65
14 Davao Region (XI)	24.97	27.26
15 SOCCSKSARGEN (XII)	27.34	30.32
16 ARMM	10.64	10.57
17 Caraga	36.66	32.20

Inflation

Fuel and food prices push inflation down in 2009

Inflation Rates, in percent

Region	2009	2008
PHILIPPINES	3.2	9.3
1 NCR	1.6	6.9
2 CAR	3.6	8.9
3 Ilocos Region (I)	3.5	9.0
4 Cagayan Valley (II)	5.3	10.2
5 Central Luzon (III)	3.9	11.1
6 CALABARZON (IV-A)	3.2	8.0
7 MIMAROPA (IV-B)	3.1	10.3
8 Bicol Region (V)	4.5	9.5
9 Western Visayas (VI)	4.8	11.0
10 Central Visayas (VII)	2.7	10.9
11 Eastern Visayas (VIII)	5.5	13.6
12 Zamboanga Peninsula (IX)	3.6	13.6
13 Northern Mindanao (X)	4.5	11.2
14 Davao Region (XI)	4.6	10.3
15 SOCCSKSARGEN (XII)	4.1	11.7
16 ARMM	5.4	12.7
17 Caraga	8.6	14.9

- For the whole year of 2009, inflation rates across all regions decreased to an average of 3.2 percent compared to 9.3 percent in the previous year.
- Price deceleration in all commodity groups along with sharp price adjustments in fuel and light products contributed to the decline in regional inflation.
- The decrease in inflation was evident in Zamboanga Peninsula, Central and Eastern Visayas. Slower annual price hikes in the food, beverage and tobacco (FBT), fuel, light and water (FLW), housing and repair, and services contributed largely to the lower inflation during the period.

Employment

Employment rates highest in ARMM and Cagayan Valley

Employment Indicators By Region*
2009, averages in percent

Region	Employment	Unemployment	Underemployment
PHILIPPINES	92.5	7.5	19.1
NCR	87.2	12.8	12.4
CAR	95.4	4.6	17.6
Ilocos Region (I)	91.8	8.2	16.8
Cagayan Valley (II)	97.2	2.8	15.2
Central Luzon (III)	90.8	9.2	7.8
CALABARZON (IV-A)	89.6	10.4	16.5
MIMAROPA (IV-B)	95.6	4.4	26.0
Bicol Region (V)	94.1	5.9	36.3
Western Visayas (VI)	93.0	7.0	25.7
Central Visayas (VII)	92.5	7.5	14.8
Eastern Visayas (VIII)	94.6	5.4	26.4
Zamboanga Peninsula (IX)	96.4	3.6	23.6
Northern Mindanao (X)	95.2	4.9	27.5
Davao Region (XI)	94.1	5.9	20.4
SOCCSKSARGEN (XII)	95.9	4.1	21.0
Caraga (XIII)	94.2	5.8	26.9
ARMM	97.7	2.3	12.8

*Starting April 2005, the new unemployment definition was adopted per NSCB Resolution No. 15 dated October 20, 2004. The definition of unemployed includes the availability criterion. Previously, only those without jobs and looking for work were considered unemployed. Hence, data for labor force, labor force participation rate, employment rate, unemployed and unemployment rate are not comparable with previous survey rounds.

Sources of Data: Bureau of Labor and Employment Statistics, National Statistics Office

- Using the average data from the four Labor Force Survey (LFS) rounds (January, April, July and October 2009) of the NSO in 2009, the ARMM posted the highest employment rate at 97.7 percent in 2009 from 97.3 percent in 2008. This was followed by Cagayan Valley at 97.2 percent from 96.5 percent in 2008. In contrast, the NCR ranked the lowest at 87.2 percent in 2009 from 87 percent in the previous year.

➤ Employment levels in all regions rose in 2009, notably in the CALABARZON (144,000), Central Luzon (107,000) and NCR (87,000).

- The implementation of the government's Comprehensive Livelihood Employment Program (CLEEP) contributed to the improved employment conditions in 2009.

➤ The CLEEP of the Department of Agrarian Reform (DAR) National Office, which released ₱4.5 million to DAR-ARMM for the Agrarian Reform Beneficiaries (ARBs) in the region, has been beneficial to the region. This amount was released for micro-financing program which supported successfully the unserved Agrarian Reform Communities (ARCs) in the provinces of Basilan, Sulu and Lanao del Sur.

➤ The higher employment in Cagayan Valley is reflective of the improved tourism activity as evidenced by the rise in the average hotel occupancy rate to 53.5 percent in 2009 from 47.7 percent last year.

- In 2009, four (4) regions posted unemployment rates that were higher than the national average of 7.5 percent, namely: NCR (12.8 percent), CALABARZON (10.4 percent), Central Luzon (9.2 percent) and Ilocos (8.2 percent). Central Visayas' unemployment rate was the same as the national average. ARMM recorded the lowest unemployment rate of 2.3 percent followed by Cagayan Valley at 2.8 percent.

- The highest underemployment rate was noted in the Bicol region at 36.3 percent in 2009, exceeding the national average of 19.1 percent.⁴ The lowest underemployment rate was posted in Central Luzon at 7.8 percent during the same period.

Demand and Supply Conditions

Economy continues to grow despite the challenging environment

- For 2009, the economy continued to show resiliency against the effects of the global financial turmoil and intermittent weather disturbances that weighed down on the agriculture sector. The country's GDP grew by 0.9 percent in 2009 on the strength of the services sector. Economic growth was achieved without fueling inflation. Inflation averaged 3.2 percent for the whole year of 2009, well within the Government's target range of 2.5-4.5 percent for the year.
- In the agriculture sector, production of palay in 2009 declined relative to last year's level as tropical storms Ondoy and Pepeng adversely affected palay production in the fourth quarter of 2009. In contrast, corn production rose during the review period as it recovered from the devastation wrought by Typhoon Karen in 2008, particularly in Cagayan Valley. Government-initiated programs in quality seed distribution and the Hunger Mitigation Program contributed to the positive performance of the corn sector.
- Construction of residential buildings rose by almost a quarter during the period July-September 2009. During the first semester of 2009, residential building construction grew by more than half of what was constructed during the first semester of 2008. The total number of approved building permits likewise rose in the first three quarters of 2009.
- Lingering cautiousness defined financial market conditions in 2009 in light of market uncertainties brought about by the global financial turmoil. For the first six months of 2009, banks' total loan portfolio declined while

⁴ Underemployed persons include all employed persons who express the desire to have additional hours of work in their present job or an additional job, or to have a new job with longer working hours.

bank deposits were higher than year-ago levels. Meanwhile, a decline in bank density ratio was observed for the whole of 2009.

- Employment rate was relatively steady at 7.5 percent in 2009 against last year's 7.4 percent. Employment opportunities were supported by programs that promote job generation.
- Average inflation remained within target range in 2009, although it rose slightly during the last quarter as weather-related disturbances led to higher prices of food products and as the price of oil increased in the global market. The higher inflation path in Q4 was also partly statistical as base effects, which contributed to low inflation readings during the earlier part of the year, have started to diminish. For the first three months of 2010, inflation averaged 4.2 percent, which is well within the Government's target range of 3.5-5.5 percent for 2010.

Opportunities and Challenges

Ongoing infrastructure projects along with the expected global economic recovery improve the prospects for a more vibrant domestic economy in 2010.

- Infrastructure projects such as roads and expressways connecting major cities, as well as international airports remain the key factors for growth across the regions. The timely completion of all ongoing infrastructure projects is seen as crucial in accelerating regional development. In particular, opportunities for increased trade, tourism and investments depend upon the availability and efficiency of these facilities.
- In addition, business seminars and other capacity-building programs are expected to encourage entrepreneurial activities that are seen to reduce poverty. Furthermore, the undertaking of intensive English language trainings should resolve the low take-up rate of the regional centers of BPO companies.
- Meanwhile, a major challenge to the agriculture sector is the dry spell that has reached critical levels in some areas. In the farm sector, response measures to El Niño will be crucial to sustained growth. Moreover, the continued improvement in the harvest and post-harvest facilities will ensure further expansion in the agriculture, fishery and forestry sectors. The impact of El Niño may also constrain the supply of power. Concerted efforts at the national and local levels should be pursued to alleviate the negative impact of the El Niño.

-Sources of data and other information:

- Bureau of Agricultural Statistics, Department of Agriculture (BAS-DA)
 - Palay, corn and banana production
 - Cattle, chicken and swine production
 - Fishery production
 - Performance of the Philippine agriculture
- Bureau of Fisheries and Aquatic Resources
- Department of Tourism (DOT)
 - Hotel occupancy rate
- National Economic and Development Authority (NEDA)
 - Regional Economic Situationer
- National Statistics Office (NSO)
 - Approved building permits and housing starts
 - Residential building constructions started
 - Inflation
 - Employment
- Supervisory Data Center, Bangko Sentral ng Pilipinas (SDC-BSP)
 - Loans
 - Deposits
 - Bank density
 - Microfinance
- Various newspapers articles and websites

Annex A

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<i>A. Opportunities</i>		
NCR		<ul style="list-style-type: none"> • Improved business sentiment in both NCR and Areas Outside the National Capital Region (AONCR) in the first quarter of 2010 relative to the outlook prevailing a quarter ago, based on the results of the Business Expectations Survey (BES). NCR respondents continued to be relatively more optimistic in their business outlook than respondents based in AONCR, indicating that economic conditions and prospects remained more favorable in the NCR compared to that in AONCR. Among the sectors, construction exhibited heightened optimism, benefiting from government infrastructure projects and activities in the real estate market, as shown by the rise in confidence index to 48 points in the first quarter of 2010 from 6.1 points in the previous quarter. • Holding of a one-day Negosyo Seminar (NegoSem) by the Department of Trade and Industry-National Capital Region (DTI-NCR), in partnership with the Philippine Center of Entrepreneurship (PCE)-Go Negosyo at the Philippine Trade Training Center on 2 March 2010. The seminar was attended by about 600 4th year college students and members of cooperatives. The NegoSem was organized to provide people the right perspective and the basic knowledge in establishing businesses. The DTI, in

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>partnership with Go Negosyo, has scheduled a NegoSem in every region to spread the entrepreneurial spirit and use entrepreneurship as a tool in alleviating poverty, particularly in the countryside.</p>
<p>CAR</p>	<ul style="list-style-type: none"> • Completion of the Small Farm Reservoir (SFR) projects in Ifugao by the Provincial Agriculture Environment and Natural Resources Office (PAENRO) to mitigate the impact of the dry spell. SFR is a project under the Small Scale Irrigation Projects (SSIP) for the prevention of soil erosion and to provide a supplemental source of irrigation in rain-fed areas. • Allocation of flatbed dryers by the DA Agricultural Competitiveness Enhancement Fund (ACEF) for Abra, which is seen to boost high-grade palay production in the province. A total of 13 flatbed dryers were allocated to the province since it is one of the ACEF's priority areas for post-harvest facilities. • Inauguration of the Ambangal Mini-Hydro Power Plant in Ifugao. This was constructed in collaboration with the Department of Energy (DOE) and the provincial government. 	<ul style="list-style-type: none"> • Release of ₱2.4 million for the 320 recipients of the Department of Labor and Employment (DOLE) - CAR, In line with government's thrust to reduce and eliminate poverty in the country through capacity-building services for disadvantaged workers who opt to engage in entrepreneurial undertakings to augment their income. DOLE-CAR spent about ₱2 million for its Starter Kit program which benefited about 281 home-based workers. DOLE-CAR also distributed 39 Nego-Karts costing ₱400,000.00 to ambulant vendors. The Starter Kit and Nego-Kart programs provide assistance to the informal sector or home-based workers up to a maximum of ₱50,000 per beneficiary, depending on their project proposals. • Improvement of the Mt. Data-Bontoc Section of the Halsema Highway Road. The concreting/widening of Mt. Data-Bontoc Section of Halsema Highway with a total length of 50.5 kilometers started in March 2006 with a project cost of ₱1.1 billion. With the completion of this Phase II project, the travel time from Baguio to Bontoc is reduced from seven to four hours. • Negotiations between the Benguet provincial government and the Land Bank of the Philippines (LBP) for a special loan assistance program to help farmers affected by

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>natural calamities and disasters. Initial agreement in the partnership program is for the provincial government to allocate a certain amount (still to be determined) while the LBP will provide three times the amount allocated by the local government, as its counterpart.</p>
<p>Ilocos Region</p>	<ul style="list-style-type: none"> • Presence of the Ilocos Agriculture and Resources Research and Development Consortium (ILARRDEC), a consortium of 17 research and development agencies in the Ilocos Region. This is in addition to the six national research and training centers that are currently operating in the region, namely: Philippine Rice Research Institute, National Tobacco Administration, Cotton Development Authority, Philippine Carabao Center, Ilocos Integrated Agricultural Research Center-Research Outreach Station 2 and the Agricultural Training Institute. 	<ul style="list-style-type: none"> • Construction of the 88-kilometer Tarlac-Pangasinan-La Union Expressway (TPLEX). The ₱16.9 billion toll road is intended to enhance economic growth in the North Luzon Agribusiness Quadrangle (NLAQ). Its construction will generate jobs for locals and once completed, it will speed up transport of goods from production areas in the North to markets in other parts of Luzon. • Inauguration of the Seafood Processing Plant in Dagupan on 16 April 2010 which is expected to increase the volume of the province's bangus exports. The facility will employ 200 workers for a 24-hour operation. Prospective workers are now undergoing training at the National Integrated Fisheries Technology Development Center. • Implementation of the Sual Port Development Project, which is touted to pave the way for the industrialization and development of Pangasinan. The project, which will be implemented in three phases, will service cargo and passenger vessels. It is jointly funded by the Department of Transportation and Communication (DOTC), Philippine Ports Authority (PPA), provincial government of Pangasinan, and Sual municipal government. Target year

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>of completion for the project is 2012.</p> <ul style="list-style-type: none"> • Reopening of the Vigan International Airport after it was closed to air traffic in 2009 to allow for upgrading work. Upon completion of the project, the airport will be able to accommodate both commercial and international flights. • Inauguration of Sarrat Bridge on 27 January 2010. This bridge which is part of the Urgent Bridges Construction Project for Rural Development will shorten the travel time to the southern section of Ilocos Norte passing through Laoag City.

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p>Cagayan Valley</p>	<ul style="list-style-type: none"> • Launching of the Regional Apiculture Project (narra honey production) in Cagayan supported by the Canadian Executive Service, which could be a possible source of investment, employment and income for the people. 	<ul style="list-style-type: none"> • Rehabilitation and development of Port Irene is envisioned to improve the economic activities of Cagayan Province. It will likewise spur the industry growth and development of Region 2, it being the backbone of the Freeport. • Full operation of the CEZA International Airport will improve accessibility by air to the Cagayan Socio-economic Zone and Free Port, thus serving as an alternate gateway of foreign investors and tourists.

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p>Central Luzon</p>	<ul style="list-style-type: none"> • Preparation of land and planting for the dry cropping season were in progress in most parts of Aurora. • Additional poultry houses in Bataan, which will increase the number of broiler stocks. • Increase in backyard livestock and poultry production as a result of the dispersal of hogs, cattle, goat and broiler to Aurora LGUs by the Bureau of Animal Industry through the Provincial Veterinary Office. • Distribution of 100,000 bangus fingerlings and 65,000 tilapia fingerlings to 80 farmer-beneficiaries in Bulacan as part of the rehabilitation program of DA-Meycauayan. 	<ul style="list-style-type: none"> • Opening of the Subic-Clark-Tarlac Expressway's Floridablanca Interchange. The interchange is expected to further boost business growth and employment opportunities in the Central Luzon logistics hub. In addition, access to and from Floridablanca and its neighboring municipalities will now be faster and easier. • Construction of the Baler-Casiguran National Highway, which is expected to be completed in 2010. The national highway will heighten the accessibility of the areas passed by the road. • On-going of concreting of municipal roads and farm-to-market roads in Poblacion, Hagonoy and Gabihan, San Ildefonso, Bulacan, and Poblacion South, Ramos, Tarlac. The project was coordinated by the DPWH and LGUs.
<p>CALABARZON</p>	<ul style="list-style-type: none"> • Observed planting and seedbed preparation in most palay areas of the region. Some areas were already in vegetative and reproductive stages. • Preparation of riceland in Pillilia, Tanay and Baras, Rizal after being submerged by typhoon Ondoy. • Distribution of about 200 bags of white corn seeds to farmers in the province of Quezon. 	<ul style="list-style-type: none"> • Identification by DOLE of employment prospects for 2010 which will impact on the region: <ul style="list-style-type: none"> ○ National elections ○ Jobs with short duration, i.e., manufacturing, transport, mass media ○ Business process outsourcing ○ Employment in the export sector, which is expected to recover gradually ○ Mining, tourism and renewable energy ○ Government infrastructure spending

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> • Continuous distribution of vegetable seeds (Rizal) • Launching of cold storage facility in the Province of Quezon • Release of a flatbed dryer and shredding machine to the municipality of Macalelon, Quezon • On-going construction of irrigation facility that will cover 30 hectares of rice land • Continuous increase in the price of hog that will encourage farmers to increase production • On-going rehabilitation of fishpens/cages in Laguna and Rizal • Seminar/Training on <ul style="list-style-type: none"> ○ Swine production and management in Batangas ○ Damage assessment and reporting system conducted by the Provincial Agriculturist Office and Bureau of Agricultural Statistics (BAS) for corn coordinators in Quezon ○ Geographic information system-mapping 	<ul style="list-style-type: none"> ○ Overseas employment • Strong presence of various businesses in the region will propel employment in the following sectors: <ul style="list-style-type: none"> ○ Manufacturing ○ Agri-business (particularly on fresh food, processed food and other food services) ○ Automotive ○ Tourism ○ Construction ○ BPOs ○ Port-oriented services • Offering of Technical Skills and Development Authority (TESDA)-funded trainings. • Implementation of the micro-hydropower support system project in agro-tourism areas in CALABARZON • Implementation of the Filtered Crude Coconut Oil (FCCNO) project that would provide electricity to 40 households in Jomalig, Quezon. • Completion of the ports and port improvement projects in Lucena City, Polilio and Mulanay, Quezon in July 2009

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>of coconut areas in Quezon</p> <ul style="list-style-type: none"> • Implementation of the Productivity Enhancement Program or KR-2¹ focused on raising the income of farmers. 	<ul style="list-style-type: none"> • On-going improvements in the ports of San Andres, Lobo and Nasugbu, Batangas • Improvement of traffic along South Luzon Expressway (SLEX) with the completion of SLEX TR-1 Project (rehabilitation and expansion of the existing Alabang viaduct) and SLEX TR-2 Project (rehabilitation, upgrading and expansion of the South Luzon Tollway from Alabang to Calamba City) on 28 February 2010 and scheduled completion of SLEX TR-3 Project (construction of a new four lane toll road from Calamba, Laguna to Sto. Tomas, Batangas) on 26 September 2010. • Improvement of traffic between Balayan and Lemery, Batangas section with the completion of the rehabilitation of the Polico-Balayan-Batangas road.
<p>MIMAROPA</p>	<ul style="list-style-type: none"> • Information dissemination regarding El Niño phenomenon through a series of meetings with farmers • Availability of El Niño mitigation measures • Establishment of techno-demo farms for banana in Baco, Victoria and Bansud, 	<ul style="list-style-type: none"> • Continuing inter-agency programs to address the effect of the global financial crisis • Improved movement of goods and people with the following road improvement projects: <ul style="list-style-type: none"> ◦ Concreting of the Nautical Highway in the municipalities of Naujan, Victoria and Socorro,

¹ In 2006, the Government of Japan approved the implementation of the NEDA Productivity Enhancement Project under the NEDA share of the RP-Japan Grant Assistance for Underprivileged Farmers (formerly the KR2 Program).

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>Oriental Mindoro</p> <ul style="list-style-type: none"> • Implementation of Organic Farming in Oriental Mindoro • Construction of Small Water Impounding Project (SWIP) in Malilico, Odiongan, in Looc, Romblon and in Pag-alad, San Andres, Romblon • Anticipated increase in the demand for livestock and poultry products due to the regional athletic meet in Palawan in 2010 • Operation of a commercial hog farm in Odiongan, Romblon • Artificial Insemination Program for livestock in Oriental Mindoro • Presence of Bantay Dagat Networking which was launched in July 2009 • Establishment of a seaweed nursery in Brgy. Port Banton, San Vicente, Palawan • Establishment of two units of freshwater fish cages in Bethel, Victoria, Oriental Mindoro • Distribution of 114 units of polyester banca, 724 units marine engines, 221 units submersible light and 194 units petromax to selected fisherfolks in Romblon • Establishment of mariculture farm in Looc, 	<p>Oriental Mindoro</p> <ul style="list-style-type: none"> ○ Concreting of a 500-m road in Masaguisi, Sta. Cruz, Marinduque and a 500-m farm-to-market road in Fortuna, Socorro, Oriental Mindoro ○ Rehabilitation of national roads in the western part of Occidental Mindoro ○ Concreting of the farm-to-market road in Malitbog, Ipil and Ogbot, Bongabong, Oriental Mindoro ○ Construction of 0.5 -km farm-to-market road in Sta. Rosa, Baco, Oriental Mindoro • On-going implementation of 30 “universal bridges” in the region under the Tulay ng Pangulo Para sa Kaunlaran • On-going study on the “optimal transport network” of MIMAROPA • Inclusion of the upgrading of Calapan City Airport in Oriental Mindoro in the 2010 budget of the DOTC • Proposal for the operationalization of Pinamalayan Airport in Oriental Mindoro. • Development of the MIMAROPA Regional Government Center (RGC) in Brgy. Sto. Niño, Calapan City, Oriental Mindoro

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>Romblon</p> <ul style="list-style-type: none"> • Construction of 200 artificial coral reefs in Calapan City, Oriental Mindoro • Installation of flat-bed dryers in Española, Sofronio and Roxas, Palawan • Construction of 600-sq.m. solar dryer in Plaridel, Aborlan, Palawan and two mechanical flatbed dryers in Sta. Fe and San Andres, Romblon • Training on the following: <ul style="list-style-type: none"> ○ Organic Production in Naujan, Oriental Mindoro ○ Rubber Production Technology in San Vicente, Palawan ○ Seed Growers Training in El Nido, San Vicente and Quezon, Palawan ○ Tipid Abono Program/Modified Composting Program in Occidental Mindoro ○ Banana Tissue Culture Production in Sta. Cruz, Marinduque ○ Banana production in Looc, Romblon ○ Market-oriented Production Programming in Southern Palawan ○ Peanut and Fish Processing in Rizal, Palawan ○ Corn production in Marinduque • Access to the congressional fund for rice 	

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	and corn productivity in MIMAROPA	
Bicol	<ul style="list-style-type: none"> • Unveiling of the Legazpi Oil Company’s tolling facility in Legazpi City. The plant will process copra into crude oil, edible oil and other finished products that will be sold in domestic and international markets. Legazpi Oil Company started operations in Bicol over four decades ago but was suspended for three years in the aftermath of Typhoon Reming that damaged its facilities. 	<ul style="list-style-type: none"> • AP Renewables, an Aboitiz-owned power company that took control recently of both the Tiwi (Albay) and Makban geothermal facilities, will drill 10 to 15 new wells to sustain the operation of the 289-megawatt (MW) Tiwi and 458.5 MW Makban geothermal power plants. The proposed wells would have the potential to add as much as 120 MW to the installed capacity of the two geothermal power plants. Scheduled for the next three years, at least three of these new wells will be drilled in Tiwi while the rest will be in the Makban complex in Laguna and Batangas. • Construction of the Southern Luzon International Airport has gone full blast following the acquisition of some 180 hectares of land where the facility will be built. Under the Government’s super region program, the airport, located in Daraga, Albay, will have a ₱3.4-billion budget and will be completed in 2012. • Increased opportunities for the region’s MSME through the following programs: <ul style="list-style-type: none"> ○ Six LGU-members of the Metro Naga Development Council (MNDC) will receive financial and technical assistance from the Canadian International Development Agency-funded GREAT Women Project for the establishment of common service facilities in their respective municipalities. The partnership agreement

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>was signed by representatives of the Philippine Commission on Women (PCW), DTI, DOLE, DOST and DENR. The service facilities aim to enhance the production capabilities of women-led micro enterprises, specifically the producers/processors of bamboo craft, agas, pili, ceramics, crab paste and kakanin in Bula, Milaor, Naga City, Magarao, Gainza and Pili.</p> <ul style="list-style-type: none"> ○ Entrepreneurs from across the Bicol region showcased their products at the 13th “Orgullo kan Bicol” regional trade fair held on 22-25 October 2009 at the SM Mega Mall in Mandaluyong City. The DTI Regional Office 5 spearheaded the fair in partnership with the Department of Tourism (DOT). Featured products for this year’s Orgullo kan Bicol included wearables, home furnishings, gifts and holiday decors, and food with special setting on ‘bayong’ and creative handicrafts. It also featured the best tourist destinations in the region. ○ The provincial government of Albay will implement the Expanded plus Transport Organizations’ Development Assistance (E+TODA), a micro-financing program for transport service providers, as safety net for public transport cooperatives or groups against continuing oil price hikes. A memorandum of agreement among the province of Albay, Philippine Postal Savings Bank (PPSB), and the DOTC was signed on October 23 to implement the program. The financing facility will provide easy access to eligible beneficiaries through self-managed micro enterprises that will augment their family income. E+TODA is a credit assistance that is interest-free, requires no collateral, and payable within 14 months

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>with two months grace period. Any eligible transport organization shall be allowed to avail of an amount equivalent to ₱5,000 multiplied by the number of members applying for the credit assistance. The Philippine Postal Savings Bank (PPSB) shall facilitate the opening of savings account by E+TODA Program of the province of Albay, including the establishment of a ₱50-million loan line.</p> <ul style="list-style-type: none"> The province of Albay received funding of ₱7.2 million from the World Bank (WB) for the establishment of an Early Warning System (EWS) in flood and landslide prone areas in Albay. The Center for Initiative and Research on Climate Change Adaptation (CIRCA) reported that the Geographical Information and Remote Sensing (GIS/RS) system will be installed in 15 villages across the province recently identified as flood and landslide prone areas during extreme weather events. This project is a component of the provincial disaster risk reduction (DRR) program.
<p>Western Visayas</p>	<ul style="list-style-type: none"> Conferment of an award for the “<i>Isla Kapispisan Mangrove Reforestation Aquasilviculture and Eco-Tourism Project</i>” of the Aklan State University in the RDC VI as the 3rd Best Public Sector Projects Awards under the State Universities and Colleges category. The “<i>Isla Kapispisan</i>” used to be an abandoned denuded fishpond of about 32 hectares, which was later converted into an 	<ul style="list-style-type: none"> Review of the budget proposal by the Regional Development Committee (RDC) VI for the 15 National Government Agencies and its attached bureaus and 11 State Universities and Colleges. A total budget of ₱46.4 billion for programs and projects of government agencies and ₱2.1 billion for state universities and colleges were approved and will be indorsed by the RDC Executive Committee to the respective Department Secretaries, the Department of Budget and Management and to

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>integrated mangrove reforestation, aquasilviculture and eco-tourism project</p> <ul style="list-style-type: none"> • Approval by the NEDA Central Office KR2 Oversight Committee of a total of five projects under the KR2-Productivity Enhancement Project (PEP) with a total project cost amounting to ₱7.0 million. The KR2-PEP is a grant assistance for underprivileged farmers designed to promote productivity-enhancing activities in support of the President’s agenda on the creation of jobs, development of small and medium enterprises and agribusiness and provision of more opportunities for entrepreneurs. • Launching of the Diversified Farm Income and Market Development Project by the DA, which has three sub-projects in Western Visayas, on 23 November 2009. The sub-projects are as follows: <ul style="list-style-type: none"> ○ Barangay Bagsakan Center - The sub-project calls for the establishment of a facility for a barangay-based food depot and distribution system which will offer affordable, safe and quality food products such as meat, poultry, fish, vegetables, rice and fruits, among others. It shall directly link the producers to the consumers and will allow the community 	<p>Congress.</p> <ul style="list-style-type: none"> • Upgrade and conversion of a rural health unit into a 10-bed infirmary facility in Sebaste, Antique, which is also envisioned to be a first level referral hospital. Additional health care providers were hired while ambulance, laboratory equipment and facilities were purchased. A hospital pharmacy, three <i>Botica ng Barangays</i> and three inter-barangay health zones were likewise established. • Establishment of an Eco-Center in San Carlos City, which is one of the components of the Comprehensive Solid Waste Management Program of the city. The eco-center is a ₱7.5 million project in a five-hectare lot of Barangay Guadalupe. It includes construction of facilities like site development, perimeter fence, material recovery facility (MRF), composting and waste water treatment, sanitary landfill and an administration office. • Formulation of guidelines in mainstreaming Disaster Risk Reduction in lower-level development and physical framework plans under the project funded by Disaster Preparedness of the European Commission’s Humanitarian Aid Department (DIPECHO) through the United Nations Development Program. DIPECHO aims to assist vulnerable people living in disaster-prone regions, particularly by reducing the impact of natural disaster on their lives and livelihoods. • The ₱4.3 billion Iloilo Flood Control Project started operations in December 2009.

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>to participate in the retail food distribution system.</p> <ul style="list-style-type: none"> ○ Barangay Irrigation System - This project covers the installation of three units of pump irrigation facilities and the construction of 100-meter-concrete canals from the source (Mambusao River) to the farm, in each site of the pump irrigation facilities. ○ Banana Chipper - This project refers to the acquisition of a mechanized banana chipper, which is expected to help the women of Barangay Najus-an, Mambusao, Capiz in producing good quality banana chips and improving the marketability of these products. ● Implementation of a color-coded garbage collection scheme in Iloilo City effective 15 October 2009. The garbage collection scheme supports the “no segregation, no collection” policy. ● Planned operation of 17.5-megawatt Biomass Power Plant in Barangay Cabalabaguan, Mina, Iloilo within two years. The plant, which is supported by the British government, will address the power shortage in Panay Island. The biomass 	<ul style="list-style-type: none"> ● Implementation of the Secondary Education Development and Improvement Project (SEDIP) by the Department of Education (DepEd) in the province of Antique has been completed. The project started in 1999 with a 10-year implementation period. The project involves the construction and rehabilitation of school facilities and the procurement of furniture and equipment for classrooms, laboratories, and other school facilities. ● Launching of the “<i>Pantawid Pamilyang Pilipino Program</i>” (4Ps), which is a poverty reduction strategy of the DSWD in Region VI. The program provides grants to extremely poor households to improve their health, nutrition, and education status, particularly for children aged 0-14 years old. It has dual objectives of social assistance and social development. Eligible households receive ₱6,000/year or ₱500/month per household under the Health and Nutrition component and ₱3,000/year or ₱300/month per child for 10 months a year, up to a maximum of 3 children per household or ₱1,400/month for a family with 3 children in school for 5 years under the education component. ● Construction of the ₱48.1-million New Terminal Building for Kalibo International Airport, a SONA project that was 92.4 percent complete as of April 2009. ● Recommissioning of the Northern Negros Geothermal Power Plant in Bago City. ● Delivery of 1.6 million liters of bioethanol to Petron in San Carlos Bio-Energy Project, a 30-million liters/yr-Fuel

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>power plant will be using multiple agricultural and food processing wastes in the region.</p> <ul style="list-style-type: none"> • Establishment of 14 renewable energy and livelihood projects under the Renewable Energy and Livelihood Development for the Urban Poor in Negros Occidental (RENEW) program funded by the Japan Fund for Poverty Reduction and managed by the Asian Development Bank. • The completion of a micro-hydro electric power project provided conventional service in isolated areas as well as socio-economic benefits to beneficiary families in Talisay City, Negros Occidental. • Launching and creation of the Negros Coopreneurs Surety Fund through the signing of a memorandum of agreement between the BSP and the provincial government of Negros Occidental, which will stimulate business and economic activities, improve lending activities of micro, small and medium enterprises and increase local government revenues in the province. • Release of a ₱240,000 fund by DOLE - Western Visayas for the purchase of vending 	<p>Ethanol Distillery and 8MW- Co-gen Plant.</p> <ul style="list-style-type: none"> • Completion of the ₱1.9-billion Northern Panay Backbone Transmission Project. • Completion of the ₱200-million Fort San Pedro Port Improvement Project. • Completion of the ₱1.9-billion Bago River Irrigation System Rehabilitation Project. • Promotion of sustainable and renewable energy initiatives by developing the potentials of plants such as coconut, sunflower, malunggay, jethropa, and algae as sources of biodiesel. • Launch of the Knowledge for Development Center (KDC) Nook by NEDA-Western Visayas. The KDC is a depository library of print materials and World Bank online resources. It was established in partnership with the World Bank and leading private and state universities. The KDC promotes knowledge sharing, specifically conducting dialogues and consultations and knowledge-sharing sessions with the academe, media, government, NGOs and other stakeholders in the area. • Opening of the Metro Iloilo Radial Road Project in Western Visayas. The project involves the construction of the 11.9-kilometer two-lane asphalt paved road, the Iloilo Floodway Bridge, the Calaboa Bridge and the Janipaan Bridges I and II as well as the installation of Reinforced

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>carts to enhance the livelihood of identified ambulant vendors.</p> <ul style="list-style-type: none"> • Continuation of efforts to fund programs in hybrid and in-breed seeds propagation, distribution and financial assistance to farmers by the local government. • Programs to increase production of abaca fiber in Aklan by increasing the area planted and establishing a pulp mill. • Establishment of a biomass plant at Banga, Aklan, which will provide additional income to farmers and suppliers through the utilization of the farm waste by the power plant. • Promotion of investments in prawn feed manufacture, seaweed farming as well as distribution and processing of other marine products in the province. 	<p>Concrete Pipe Culverts (RCPCs) and Reinforced Concrete Box Culverts (RCBCs) for storm drains.</p> <ul style="list-style-type: none"> • Completion of 307 out of the 500 houses at the San Isidro Resettlement Project in Jaro, Iloilo City. The project is intended for the victims of Typhoon Frank in June 2008. • Conduct of orientation seminar on Philippine Reference Systems (PRS) by DENR-Western Visayas. The PRS was adopted as the standard reference for all surveying and mapping activities in the country pursuant to Executive Order no. 45 series of 1993. The system envisioned to support sustainable management and development of environment and natural resources and to establish more accurate special positioning of infrastructure activities. • Development of the Kalibo International Airport and Caticlan Airport, the improvement of the Jetty Port in Malay and the continuation of the Malay-Buruanga road concreting as an important tourism support facility to provide easier access to Boracay and other eco-tourism sites of the province.
<p>Central Visayas</p>	<ul style="list-style-type: none"> • Allocation of ₱10 million for Cebu organic farming which will boost economic activity in Region VII. The DA grant will be used to encourage organic farming by increasing awareness on the benefits of organic farming as well as advantages of consuming chemical-free fruits and vegetables. In 	<ul style="list-style-type: none"> • Providing cheap socialized medical and diagnostic services by the Bohol Medical Care Institute to indigent families in Bohol. • Optimism in Cebu's potential in medical tourism by the Cebu Health and Wellness Council (CHCW). There is an increasing number of medical travelers in the province

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>Negros Oriental, the distribution of organic fertilizers and Bio-Nitrogen for every <i>palay</i> seeds procured from the Provincial Technology Coordinating Office (PATCO) will help boost production.</p> <ul style="list-style-type: none"> • Establishment of the Tilapia Fry Dispersal project by the Bais City government and the Bureau of Fisheries and Aquatic Resources (BFAR), which provides concrete posts and other materials for oyster farm to interested growers. BFAR cites better industry prospects for 2010 since more areas are expected to be harvested, particularly for milkfish, tiger prawn and carp for aqua-culture. • Culture of white shrimp and tiger shrimp using the intensive method of farming in Negros Oriental will help augment production/yield of aqua-culture products. • Proposed establishment of a 100-hectare aquaculture project in North Bais Bay will help guarantee better production and self-sufficiency in fish production in 2010. • Proposed establishment of Tilapia Hatchery and grow-out pond at Lanasan, La Libertad, Negros Oriental and the maintenance of Bangus Hatchery Project in Bais City will 	<p>(foreigners and balikbayans) who are attracted to the “value-for-money” packages developed by the CHWC, which include a combination of medical check-ups and leisure tours.</p> <ul style="list-style-type: none"> • Passage of Republic Act No. 9593 or The Tourism Act of 2009, which encouraged Central Visayas to look forward to the influx of investments in the tourism sector and an increase in tourism revenues. It will also facilitate the realization of Central Visayas’ goal to become a premier tourist destination. • Promotional travel packages from leading airlines have spurred domestic tourism resulting in the positive outlook of the industry. Tourist arrivals from India to Cebu increased due to the aggressive promotion by the DOT. • Campaign for countryside tourism also boosted local tourism. Province-led program like the Suroy Suroy sa Sugbo, Pasigarbo sa Sugbo and other programs that promote local culture and heritage contributed to the island’s increased tourism activities. • Declaration of a new luxury hotel, the Imperial Palace Waterpark Resort and Spa as a tourism economic zone. This will facilitate the expansion of operations of the said hotel to include leasing of condotels and hotel rooms and will also provide at least 1,000 jobs for Cebuanos. • Scheduled opening of a number of new hotels and restaurants in 2010. This is expected to increase

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>ensure the increase of fish production.</p> <ul style="list-style-type: none"> • Installation of ten more greenhouses in Bajumpandan, Dumaguete City; Magatas and Enrique Villanueva in Sibulan; Jantianon, Amlan, Sto. Niño, Tanjay City, Sab-ahan Proper, Bais City; Hlmocodongon, Mabinay; and Banawe, Pamplona in Negros Oriental will help support the vision of the Province to be an organic product center. • Launch of the Palay Check Field School in 14 barangays in Siquijor will aid the farmers in producing quality palay. • Support by the Siquijor State College of the Mushroom Production as part of the Income Generating Project (IGP) for their research extension program. This production was first conceptualized by the Provincial Farmer Information Technology Services. 	<p>competition in the industry and promote the development of new products and services.</p> <ul style="list-style-type: none"> • Expected rebound of the region’s export industry. The recent global economic crisis provided exporters in the region an opportunity to evaluate and assess their businesses so they could better prepare for the recovery. • Continued expansion of the IT and BPO industries in 2010. The region expects to attract BPO investors that offer high value-added services. • Plan of a Canadian company to establish offshore stock trading operations in Cebu is underway. • Optimism of the real estate industry of Central Visayas for its continued growth in 2010 as several projects have already been programmed for implementation in 2010. Industry players expect increased demand for housing and condominium units from OFs, young professionals and foreigner-retirees. • Planned mergers and consolidation of rural banks in the region. The region also expects the banking industry to expand further in 2010. An investment bank is expected to start operation during the year while at least two other banks operating in the region will open new branches in Central Visayas. • Rehiring of about 6,000 workers in Cebu’s manufacturing and export firms who earlier lost their jobs as a result of

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>the global economic slowdown.</p> <ul style="list-style-type: none"> • Passage of a resolution by the Visayas Regional Development Committee for a one-year suspension of interest payments on government housing loans of workers displaced by the economic crisis and condonation of interest and surcharges of housing loans. • Grant of scholarships under the GMA Training for Work Scholarship by the TESDA in Central Visayas, particularly in Cebu and Negros Oriental. According to the Provincial Director of TESDA, more than 50 percent of the graduates have either secured a job or are self-employed. • Completion of the following infrastructure projects as of December 2009, under the 3rd Batch of Kalayaan Barangay Projects program in the province of Negros Oriental: four school buildings in Sta. Catalina and Zamboanguita municipalities; four water system projects in the municipalities of Zamboanguita, Pamplona and Sta. Catalina; two health centers, and one farm to market road in Zamboanguita.
<p>Eastern Visayas</p>	<ul style="list-style-type: none"> • Construction of the proposed ₱300-million Tacloban City Fish Port Complex, which will be patterned after the fishing port of General Santos City. The planned fish port complex will spur economic growth and provide more livelihood opportunities in the city in the long term. 	<ul style="list-style-type: none"> • Completion of Guiuan Airport Development Project will boost further the One-Town-One-Product (OTOP) and eco-tourism products in Samar provinces. • Implementation of multi-million infrastructure projects in 2010 in the 4th district of Leyte such as road rehabilitation/improvement will enhance tourism and

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> Setting up of rolling stores in Samar by the NFA in a bid to beef up the supply of cheaper rice as part of the government's El Nino mitigating measures. 	<ul style="list-style-type: none"> boost agricultural production in the area. Improvement of roads in Samar and completion of the Agas-Agas Bridge in Southern Leyte will improve the flow of goods and services and promote eco-tourism. Implementation of the planned 100 percent rural electrification program covering 197 remote villages and representing 4.5 percent of barangays in the region without access to electricity will uplift the lives of the poor by creating employment opportunities and increasing productivity of residents in remote villages.
<p>Zamboanga Peninsula</p>	<ul style="list-style-type: none"> Restoration of 21 priority watersheds located in the provinces of Zamboanga Sibugay, Zamboanga del Sur and Zamboanga del Norte as well as Zamboanga and Isabela cities identified by the DENR and concerned LGUs to help in the environmental balance of the region. 	<ul style="list-style-type: none"> On-going eco-tourism development of a 50-hectare Ayala de Zamboanga Industrial Park in Zamboanga City. The proposed Zamboanga del Sur Coastal Road project, which involves the improvement/rehabilitation/construction of 222.8 kilometers of road and the construction of 34 permanent bridge structures with a total estimated cost of ₱3.0 billion. These projects are expected to boost agricultural production in the province since they will facilitate the speedy transport of the products from the coastal barangays of Baganian Peninsula to Pagadian City, which is the business center of Zamboanga del Sur. Presence of strong and active NGOs, which undertake joint initiatives with the public and private sectors for cultural integration, empowerment of the marginalized

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>group, provision of basic social services, and economic development.</p> <ul style="list-style-type: none"> • Proposed expansion of the existing Iligan City-Dapitan City route connecting Mindanao to Visayas and the rest of the country, which will cover the Zamboanga (Siasi, Bongao and Jolo)-Maluso RORO link as a missionary route. This will complement the proposed improvement of the Dipolog-Oroquieta Road to complete the route under the Western Nautical Highway. • Proposed improvement of the Bongao (Jolo) Airport and the ongoing improvement of the Lamitan (Basilan) Airport which will benefit the Sulu Archipelago and Zamboanga Peninsula and serve as gateway to the BIMP-EAGA. • Construction of a new airport to replace the existing Zamboanga International Airport. The new airport, which will be located outside the city's Central Business District, is expected to accommodate bigger aircrafts and shall be at par with international facilities.
Northern Mindanao		<ul style="list-style-type: none"> • On-going development of a 1,072-hectare PHIVIDEC Industrial Estate Economic Zone in Misamis Oriental developed by the PHIVIDEC Industrial Authority that will serve as an eco-tourism facility.

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p>Davao Region</p>	<ul style="list-style-type: none"> • Adoption of Compostela Valley as a pilot area for the development of <i>pangasius</i>² industry, which is an emerging export business in Vietnam. • Completion and turnover of farm-to-market road in Matanao, Davao del Sur. • Clustering of various industries of banana, mango, tourism, wood, mining, coconut, seaweed and ICT is expected to boost the regional economy. Industry clustering is expected to attract suppliers of inputs and equipment, create demand for skilled labor, encourage bulk-buying of same materials by industry group, and spur the construction of roads and bridges as well as the installation of telecommunications facilities. 	<ul style="list-style-type: none"> • Completion of the 57-kilometer Kapalong-Talaingod-Valencia Bukidnon Road, which is a national secondary road linking the provinces of Davao del Norte in Davao Region and Bukidnon in Northern Mindanao. It will also serve as an alternate route to the Davao-Calinan-Bukidnon Road and Agusan-Davao Road. • Completion of the 87-kilometer Surigao del Sur - Davao Oriental Coastal Road, which aims to boost the socio-economic activity in the two provinces. • On-going development of the 63.93-hectare Hijo Special Economic Zone in Tagum City, Davao and the 215.92-hectare Samal Casino Resort in Samal City, Davao Del Norte that will all serve as additional eco-tourism facilities in the region and help boost employment. • Awarding by the PPA-Port District Office of Southern Mindanao of ₱66.9 million worth of projects for the construction of the RORO Ports in Pantukan, Compostela Valley and Tagpopongan, Island Garden City of Samal, respectively. • Approval of the ₱235-million loan agreement between Davao del Norte and LBP that will be allotted to 339 various infrastructure projects in the 223 barangays of Davao del Norte. These projects include construction, rehabilitation and/or improvement of various

² Pangasius is a family of catfish known as “hito” in the Tagalog dialect.

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		infrastructure projects, namely roads, bridges, water systems, solar dryers and sea walls, among others.
SOCCKSARGEN	<ul style="list-style-type: none"> • Construction of three demonstration farms on freshwater ponds in South Cotabato by BFAR XII in collaboration with DTI South Cotabato to increase municipal inland fishing in the area. • Provision of about 200 bags of certified palay seeds by the United International Peace and Development (UNIPAD) as an aid for those farmers affected by flash floods. 	<ul style="list-style-type: none"> • Inauguration of the 2.7-km portion of the Banisilan-Guiling-Alamada-Libungan road network in November 2009 which link the Region to the provinces of Bukidnon, Lanao del Sur and Cagayan de Oro. • Inauguration of the rural airport in M'lang North Cotabato in November 2009. The said airport involves the construction of a 1.5 km runway and is expected to become fully operational by mid-2010.
Caraga		<ul style="list-style-type: none"> • Half of the eight ecozones in Mindanao are in Region 13 or Caraga, specifically the 62.07-hectare Nasipit Agusan del Norte Industrial Estate in Nasipit, Agusan del Norte developed by the Provincial Government of Agusan Del Norte; the 106.47-hectare Philnico Industrial Estate in Surigao del Norte by Philnico Mining & Industrial Corp.; the 258.05-hectare Shannalyne Technological and Environmental Park in Esperanza, Agusan del Sur, by Shannalyne Inc.; and the 237.91-hectare Tubay Agri-Processing Center by JC Agricultural Development Inc.
ARMM	<ul style="list-style-type: none"> • Agrarian reform communities (ARCs) in the five provinces of the ARMM will be among the beneficiaries of the second phase of the ₱8.6-billion Agrarian Reform Communities 	<ul style="list-style-type: none"> • Adoption of an intervention program in ARMM called Education Quality and Access for Learning and Livelihood Skills (EQuALLS 2). This program is expected to help improve the quality and access to basic education in areas

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>Project (ARCP 2). The ARCP 2 aims to reduce poverty and achieve long lasting improvements in incomes and well-being of ARCs and other sections of the rural poor.</p>	<p>most affected by poverty and conflict in the Philippines (specifically the ARMM), and to provide alternative learning opportunities, including livelihood training, to out-of-school youths in the region.</p> <ul style="list-style-type: none"> • Continuing cooperation between PhilRice and the Japan International Cooperation Agency (JICA) to address problems on low agricultural productivity.
B. Challenges		
NCR		<ul style="list-style-type: none"> • Filing of a ₱75 across-the-board wage increase by the Trade Union Congress of the Philippines (TUCP) in the Regional Board of NCR. Likewise, petitions were also filed in the Regional Tripartite Wage and Productivity Board (RTWPB) of Eastern and Western Visayas and Zamboanga. Meanwhile, the DOLE is reviewing petitions for wage increases to determine whether the grant of such wage adjustment will not undermine the viability of businesses and whether the purchasing power of the present wages had been eroded.
CAR	<ul style="list-style-type: none"> • Declaration of five municipalities in Ifugao under the state of calamity due to the dry spell translated to an adverse impact on the province's agri-based economy. In Lagawe alone, about ₱56.9 million worth of aquatic 	<ul style="list-style-type: none"> • Non-compliance of many business establishments in Baguio City of the fire code. The Bureau of Fire Protection reported that almost 80 percent of the inspected establishments as of February 2010 have findings.

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>and agricultural resources have been damaged since the start of the drought in November 2009. Majority of the ₱1.4 million in damages in the region's livestock sector were in Ifugao, with the municipalities of Alfonso Lista and Aginaldo as the most affected. The province, which supplies 50 percent of the region's fish production, reported a loss of about ₱1.4 million due to the dry spell.</p> <ul style="list-style-type: none"> • Threat of heavy damage in rice harvest due to rat pestilence. 	<ul style="list-style-type: none"> • There are more than 20 areas in 3 provinces of the Cordilleras that are potential sources of renewable energy. In particular, there are hydro power projects located in Benguet, Mountain Province, and Ifugao that could have a combined estimated generation capacity of 800 gigawatt hours. Challenges in developing these hydropower projects include securing community acceptance, land acquisition and right of way concerns. • Absence of rain in the region has prompted the Binga and Magat dams to reach critical water levels, which will adversely affect power generation.
<p>Ilocos Region</p>	<ul style="list-style-type: none"> • Scarcity of water due to the El Niño phenomenon is already evident in the Provinces of Ilocos Norte and Ilocos Sur. Existing wells servicing the agriculture sector in the two municipalities and the cities of Ilocos Norte have recorded a 60 percent decline in the volume of water extracted from wells. • Dumping of frozen imported meat, bearing the seal of the National Meat and Inspection Service (NMIS) in Dagupan City, Pangasinan. Although the importation of this product was authorized by the National Government to fill supply gap due to the loss of hogs during typhoons Ondoy and Pepeng, it poses a 	

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>threat to the local meat industry if such persisted even with the recovery of the hog industry.</p>	
<p>Cagayan Valley</p>	<ul style="list-style-type: none"> • Negative effects of typhoons Ondoy and Pepeng could persist in the agriculture sector due to heavy damages in facilities such as farm-to-market roads and irrigation systems, among others. 	
<p>Central Luzon</p>	<ul style="list-style-type: none"> • Central Luzon’s farms and fish ponds are being affected adversely by the El Niño phenomenon but prompt contingency measures put in place by the authorities could mitigate the impact of this weather disturbance, including: <ul style="list-style-type: none"> ○ Provision of irrigation pumps by the DA to the farmers; ○ Hiring of farmers whose crops were damaged by the dry spell to restore and repair irrigation systems and farm-to-market roads (FMRs); ○ Moratorium on the payment of irrigation fees; and ○ Training of farmers on the use of science and technology to mitigate the impact of the El Niño weather condition and promote agribusiness. 	

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> • In Aurora, rough seas and high costs of gas and oil limited marine fishing activities. Thus, the volume of catch, both in commercial and municipal marines, declined. Likewise, aquaculture production showed significant contraction as high cost of inputs and other operating costs discouraged inventory build-up. • Rat pestilence in Peñaranda, Nueva Ecija could adversely offset rice harvest. Thus, a massive rat control and eradication operation was conducted by the DA-LGU. 	
<p>CALABARZON</p>	<ul style="list-style-type: none"> • Devastation and adverse effects on food production of typhoons Ondoy and Santi. • Negative effects of the El Niño to agriculture in the region. • Negative effect of the sinking of MV Baleno (plying the route Calapan City-Batangas) on the demand for marine products/fish catch in the waters of Batangas and Mindoro island. • Decrease in the prices of vegetables. • Increase in the prices of fish due to insufficient supply. 	<ul style="list-style-type: none"> • Employment-related challenges: <ul style="list-style-type: none"> ○ Slow global economic recovery ○ Oil price hike ○ US dollar weakening against the peso’s negative impact to exporters ○ Climate change, which greatly affects the informal sector ○ Job skills mismatch ○ Change in political leaderships

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p>MIMAROPA</p>	<ul style="list-style-type: none"> • Effects of flash floods in Naujan and Baco, Oriental Mindoro in January 2010 on agriculture • Effects of El Niño to the region’s agriculture • Occurrence of pests (rodents) in farms • Expired fishpond leasehold agreements in Occidental Mindoro 	<ul style="list-style-type: none"> • Effects of flashfloods to industries in Naujan and Baco, Oriental Mindoro • Presence of 174 weak and temporary bridges in the region. This include the unserviceable bridges along the Strong Republic Nautical Highway (SRNH)
<p>Bicol</p>	<ul style="list-style-type: none"> • Indefinite suspension of the construction of the proposed Libmanan-Cabusao Dam in Sipocot, Camarines Sur would be a major setback in the region’s agriculture. The dam is a critical component of the ₱1.9-B irrigation project which the NIA is implementing under the Bicol River Basin Watershed Management Project (BRWMP). The project is estimated to increase irrigated lands in Libmanan and Cabusao towns from 1,000 ha. to 4,000 ha. The suspension of the project was carried out through a directive from the NIA dated last 15 December 2009. The Albay provincial government directed the temporary suspension of the LCD until a full assessment 	<ul style="list-style-type: none"> • Regular train runs scheduled by the Philippine National Railways (PNR) will still be delayed as more test runs on two reconditioned engines, will be done from Naga City to Tagkawayan, Quezon Province and to Ligao City, vice-versa. • Delays in the implementation of some programs/interventions earlier put in place for the workers who were retrenched in 2009.

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>is conducted and various issues are addressed by a project review team created for the purpose. The team was tasked to review the project based on the approved standards and environment clearance certificate (ECC) including the reported project deviations. It will also look into the alleged complaints of various organizations concerning possible threats, such as flooding and displacement of families to be affected once the dam project is completed.</p>	
<p>Western Visayas</p>	<ul style="list-style-type: none"> • Need to establish the environmental viability of the existing dumping site of Philippine Ports Authority (PPA) in Iloilo for its dredged materials/soils along the Iloilo Strait (between Iloilo and Guimaras) in light of its observed intrusion on municipal waters/fishing grounds. According to SEAFDEC and BFAR, the present dumping site of PPA is within the municipal waters of Jordan, Guimaras, only 20 meters away from its RORO port. • Construction of National Grid Corporation of the Philippines (NGCP) facility in Nabas, Aklan, which will be situated in an identified rice-farming area. The establishment of a facility on that site would affect food security of Aklan. The Sangguniang 	<ul style="list-style-type: none"> • Delay in the completion of the Northern Panay Backbone Transmission Project (NPBTP), which is one of the on-going projects turned-over by the National Transmission Corporation (TRANSCO) to the NGCP, for implementation. The project had an over-all physical accomplishment of 71.6 percent as of August 2009 vis-à-vis the target of 97.2 percent. • Looming water crisis as a result of the El Niño phenomenon. The RDC VI organized a Water Summit in Bacolod City on 1-2 December 2009. There were about 100 participants coming from regional line agencies, local government units, private sector, non government organizations, the academe and selected water districts. • Lack of information campaign in promoting MSMEs. • Proposal to declare the Province of Antique under a state

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>Panalawigan appealed to the NGCP to refrain from negotiating/transacting modes of acquisitions of rice lands.</p> <ul style="list-style-type: none"> • Unfavorable weather conditions that affect the fishing industry. 	<p>of imminent danger due to the presence of landslides and flashfloods threatening various communities. According to the Provincial Development Council of Antique, 566 out of 590 barangays are under the threat of massive soil erosion and flashflood due to the presence of large cracks in the mountains.</p> <ul style="list-style-type: none"> • Increase in the cases of dengue in Western Visayas, which climbed to 2,723 resulting in 39 deaths. Iloilo City has the highest number of cases at 691 and with 20 deaths. • Reported cases of beach erosion in Boracay Island. In order to save the white sand of the island, the Boracay Chamber of Commerce and Industry called for the conservation of the famous powdery white sand beaches.
<p>Central Visayas</p>	<ul style="list-style-type: none"> • Delays in the vaccination of livestock due to the lack of vaccines in Negros Oriental. The early prevention of the disease will prevent the onset of dreaded diseases such as hemorrhagic septicemia that might plague animals and reduce the demand for meat and other livestock products in Negros Oriental. • Absence of a hatchery in Negros Oriental. Contractors/wholesalers of chicks on contract growing agreement obtain their supply either from Cebu or Bacolod. Demand for chicken broiler is growing but there is no 	<ul style="list-style-type: none"> • Delays in the full privatization of NAPOCOR, particularly the sale of geothermal company in Negros Oriental could affect significantly the performance of the power industry. This placed pressure on electric cooperatives to source energy supplies from various Independent Power Providers (IPPs). There is apprehension among electric cooperatives in the Visayas Grid that IPPs will have limited capacity to fill the power supply dearth in the Visayas beyond 2011. • Sufficiency of power supply is a major concern of most industries in the region. This may hamper the potential of the region to attract investments, especially in sectors that require reliable power supply such the BPO industry

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>adequate supply in the province.</p> <ul style="list-style-type: none"> • Rampant and unchecked intrusion by big commercial fishing vessels in some municipal seawater areas in Siquijor and Negros Oriental provinces. • Lack of alternative livelihood projects or activities for fisher folks or the sea-dependent communities during lull season. • Observed leniency in the implementation of Fishery laws. • Lack of budgetary allocation and technical support from the government for the fishery sector. • Phenomenon of global warming and the negative effects that come with climate change. • Lack of alternative livelihood for fisher folks, and slow technology transfer from the agricultural technician to the farmers. • Rising prices of agricultural inputs. Non-availability of quality seeds. 	<p>and other manufacturing industries</p> <ul style="list-style-type: none"> • Challenge to the BPO industry to employ sufficient number of qualified manpower. The BPO industry lamented on the low take-up rate of call center companies because of some applicants' poor command of the English language. • Lack of natural and theme parks in Cebu to attract the growing number of Russian tourists interested in ecotourism. • Drinking water sources in several LGUs in Negros Oriental is found to have E-Coli contamination. • With the possible changes in local government administration after the May elections, there is an apprehension that some projects may be put on hold or not be prioritized.
<p>Eastern Visayas</p>	<ul style="list-style-type: none"> • Need to tap idle lands in the region in a bid to achieve local economic gains in the future. For 2005-2010, RDC VIII targets 	<ul style="list-style-type: none"> • Lack of tourist marketing promotion in the region.

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>194,249 hectares of underutilized lands to be tapped for productive endeavors in the region.</p> <ul style="list-style-type: none"> • Reduction of palay output due to climate change. 	
Zamboanga Peninsula	<ul style="list-style-type: none"> • Excessive exploitation and dependence in the region's natural resources that could lead to resource degradation and depletion. 	<ul style="list-style-type: none"> • Steady rise of energy demand in the region as a result of increasing economic activities in Mindanao could lead to a peak demand 2014. Thus, the absence interventions to address the foreseen increase in energy demand, could result in a power shortage starting in the first quarter in 2010.
Northern Mindanao	<ul style="list-style-type: none"> • Challenge posed by the El Niño phenomenon in Northern Mindanao, which is categorized as "moderate to strong" is likely to last until the end of the first semester of 2010, and is also expected to affect the regional economy in terms of low yield on agricultural products and heavy losses of business establishments due to increased operating expenses, particularly when using power generators. 	
Davao Region	<ul style="list-style-type: none"> • Occurrence of El Niño phenomenon that would adversely affect the agricultural sector and worsen the power crisis which is already slowly felt in the region. 	<ul style="list-style-type: none"> • Occurrence of power outages will discourage investors and reduce productivity of industries and services, which could lead to lower employment levels in the region.

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> • Possible approval of aerial spraying ban in the banana plantations in the region that would affect the region's export performance, which, in turn, could impact negatively on the employment level and the local economy as a whole. 	
<p>SOCCSKSARGEN</p>	<ul style="list-style-type: none"> • Weak tuna canning activity in General Santos City due to the slowdown in export demand. • Decline in tuna production due to the ban imposed by the Western and Central Pacific Fisheries Conference (WCPFC). WCPFC banned the use of payao and enforced the no fishing policy inside the country's 200 nautical miles exclusive economic zone (EEZ) and municipal waters. 	<ul style="list-style-type: none"> • Challenge posed in the peace and security situation in the region. • Looming power crisis in Mindanao will eventually affect industries and businesses.
<p>Caraga</p>	<ul style="list-style-type: none"> • The El Niño phenomenon that will affect agriculture and other industries. 	
<p>ARMM</p>		<ul style="list-style-type: none"> • Unstable peace and order situation in the region. • High poverty incidence in the region. • Highest inflation rate among the regions in the country.