

2011

Report on Regional Economic Developments



Monetary Policy Sub-Sector
Regional Monetary Affairs Sub-Sector
Bangko Sentral ng Pilipinas

Executive Summary

The domestic economy sustained a respectable and broad-based growth in 2011 amid a challenging external environment. Real gross domestic product expanded by 3.9 percent, more modest than the growth rate of 7.6 percent in 2010 but still close to trend growth.

The agriculture sector rebounded in 2011, growing by 2.7 percent from a contraction of 0.2 percent in 2010. This positive outturn could be attributed to the implementation of new local government programs to help farmers increase their productivity and continued strong domestic demand. Palay and corn harvests both expanded during the review period from the recorded contractions in 2010, due in part to continued government support extended to farmers. Double-digit growth rates for palay and corn were seen in Western Visayas and Cagayan Valley. Sustained growths were also recorded in cattle, poultry and swine production as demand for meat products continued to increase. High growth rates for meat production were recorded in Cagayan Valley and ARMM regions. On the other hand, the fishery sub-sector declined during the review period due to high mortality rate of fingerlings. Double-digit declines in fish production were recorded in Zamboanga and SOCCSKSARGEN.

Meanwhile, the industry sector continued to expand, albeit at a much slower rate of 2.3 percent in 2011, significantly lower than the 11.6 percent recorded in 2010. The deceleration could be attributed to the 6.4 percent decline in construction, due mainly to the National Government's underspending on public infrastructure along with delays in the implementation of the private-public partnership (PPP) program. During the review year, approved building permits across regions showed a marginal increase while residential building construction starts decreased. A notable rise in construction activity (as measured by building permit approvals and housing starts) was observed in Zamboanga in 2011.

The services sector also slowed down to 5.1 percent in 2011 from 7.2 percent in the previous year as most of the sub-sectors decelerated. Banking services across the regions continued to improve albeit at a slightly slower rate. Bank density posted a marginal increase with only NCR seen to have a slight increase in the number of bank branches. On the other hand, based on latest data as of June 2011, deposit generation increased in all regions except ARMM, with Caraga posting the highest growth. Meanwhile, lending activity across all regions, except ARMM, recorded double-digit growth rates with Caraga's net loan portfolio increasing by about 50 percent. Nevertheless, NCR remains the region with the highest bank density and credit activity while ARMM, which experienced double-digit declines in net loan portfolio as well as deposit generation, recorded a weakening in financial activity during the review period.

Meanwhile, microfinance lending exhibited a general increase in 2011 despite the recorded decrease in the number of banks catering to microfinance activities. The increase in microfinance lending could be attributed to improved financing schemes available to borrowers and aggressive promotion activities conducted by microfinance institutions. Central Visayas experienced more than 50 percent growth in microfinance loans during the review period while CALABARZON saw the highest increase in the number of borrowers.



Year-on-year headline inflation for 2011 settled at 4.4 percent (2000-based), slightly higher than the 3.8 percent in 2010 but well within the Government's 3.0-5.0 percent target range for the year. Higher inflation in 2011 was attributed to higher inflation outturns for food as most food commodity items posted increased prices due to supply constraints brought about by weather disturbances. During the review year, Northern Mindanao experienced the highest inflation average at 6.4 percent while Bicol posted the lowest inflation average at 3.5 percent.

Based on the average result of the quarterly Labor Force Surveys conducted in 2011, employment rates improved marginally at 93.0 percent compared to the previous year's 92.7 percent. Flourishing tourism, increased investments and government-led programs at the regional level supported employment-generation. Cagayan Valley posted the highest employment rate among the regions.

Going forward, the main challenge to regional growth in 2012 is the possible disruption in oil supply which could put pressure on the prices of major commodities and utilities. Power shortages, especially in Mindanao, threaten to undermine economic development and disrupt livelihood activities. Moreover, the prospects of extreme weather conditions as a result of climate change is a growing issue in the regions, especially those that are heavily dependent on agriculture. The timely implementation of infrastructure projects is also crucial in promoting regional development, in particular, the rollout of the Government's PPP initiatives would facilitate infrastructure development programs in the regions.

On the upside, the rollout of the Government's PPP initiatives are anticipated to invigorate infrastructure development programs in the regions. Tourism-oriented projects such as the establishment of hotels, construction of resorts, and improved public security and transportation services are also expected to further boost the tourism industry across the regions. Furthermore, capacity-building seminars by non-governmental organizations (NGOs) and various government agencies are expected to encourage entrepreneurial activities, improve labor productivity and mitigate threats to the environment. In the agriculture sector, farm productivity and rebuilding programs are anticipated to help the sector recover from the losses and damages brought about by adverse weather conditions.



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 the 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.

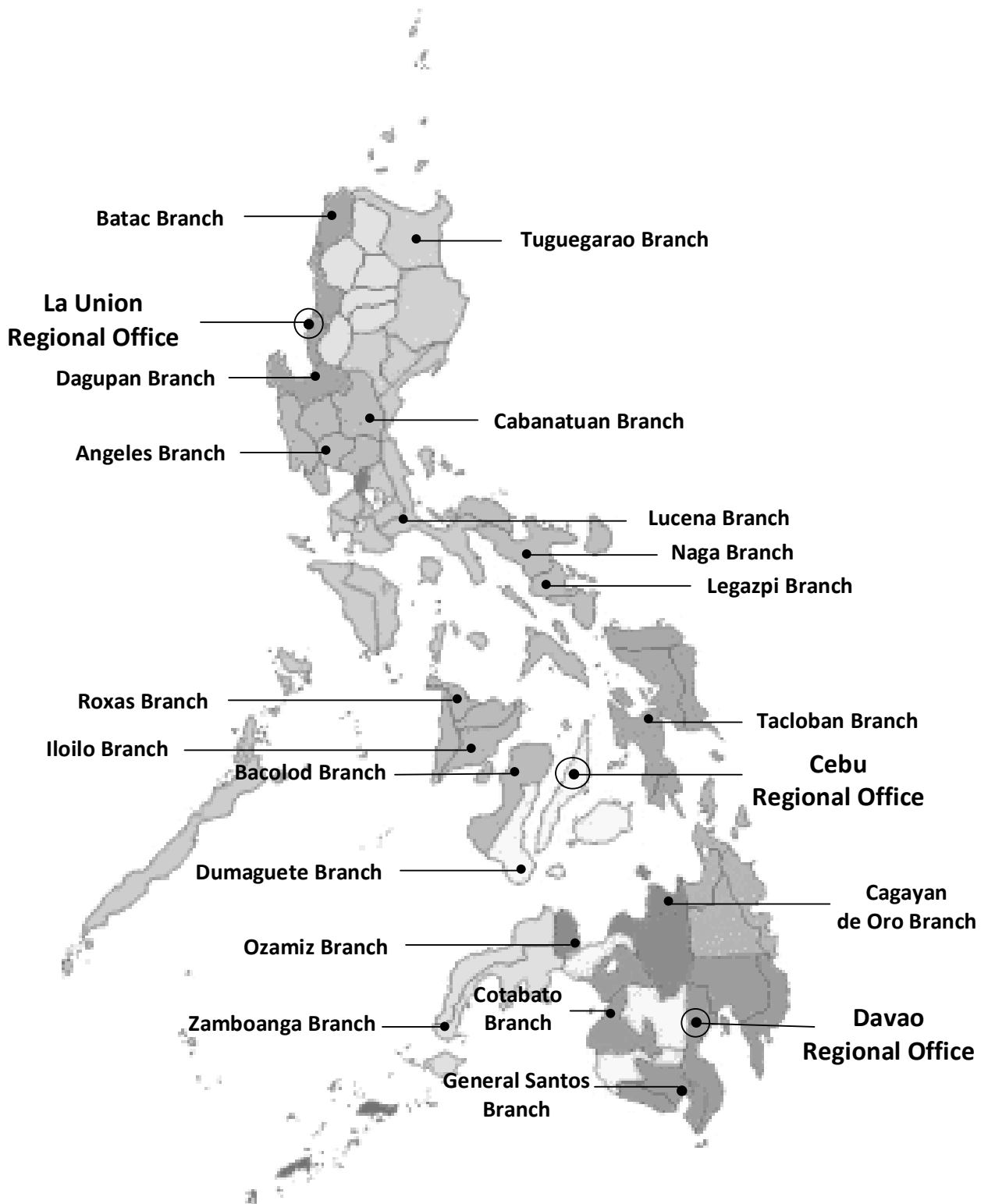
The report tracks economic developments in the regions, focusing on demand and supply conditions, monetary and price developments as well as the emerging economic outlook. It helps confirm the results of the business and consumer expectations surveys conducted by the BSP. Moreover, identifying opportunities 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 the industry sector, the number of building permits and housing starts are used to measure construction activity; while developments in the tourism industry and the banking system are used to analyze the services sector. 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 the 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, Navotas, San Juan, Taguig and Valenzuela, and the Municipality of Pateros
Cordillera Administrative Region (CAR)	Abra, Benguet, Ifugao, Kalinga Apayao, and Mountain Province
Region I – Ilocos Region	Ilocos Norte, Ilocos 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 Mindoro, Oriental Mindoro, Marinduque, Palawan ² , and Romblon
Region V – Bicol Region	Camarines Norte, Camarines 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 Samar, Northern Samar, and Samar
Region IX – Zamboanga Peninsula	Zamboanga Sibugay, Zamboanga del Norte, Zamboanga 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, Davao del 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, Agusan del Sur, Surigao del Norte, and Surigao del Sur
ARMM (Autonomous Region in Muslim Mindanao)	Basilan, Lanao del Sur, Sulu and Tawi-Tawi, and Maguindanao Province



Key Regional Developments

Crop Production

- Palay production grew in 2011 due to the implementation of new programs by local government units (LGUs) to help farmers expand their productivity. Growth in palay production was led by Western Visayas, Cagayan Valley, MIMAROPA and Zamboanga Peninsula. Meanwhile, corn production likewise improved in 2011 as a result of an expansion in area harvested, availability of good quality seeds and favorable weather conditions. CAR, Cagayan Valley, Western Visayas and MIMAROPA registered the largest increases in corn production.

Livestock, Poultry, Fishery

- Cattle production improved in 2011 on account of the higher demand for carabeef, continued cattle dispersal program of LGUs and conduct of healthcare programs for cattle. Chicken production also grew during the year due to the increased demand for chicken, increase in the number of poultry farms and sustained government programs devoted to poultry production enhancement. Swine production likewise increased in 2011 as a result of the intensified animal health disease control activities and better farm gate prices. Meanwhile, fishery production contracted during the year owing to the high mortality rate of fingerlings due to typhoons, shift of fishermen to other agricultural activities and lower fishing trips due to frequent rough seas.

Construction

- Construction activity in 2011 was generally slow with a deceleration in the total number of building permits and the contraction in the total number of residential building construction started. The slowdown in construction was due to the National Government's underspending on public infrastructure along with the failure of a number of infrastructure projects under the private-public partnership (PPP) initiative to take off in 2011. The regions that registered the largest contractions in both approved building permits and housing construction started were Central Luzon, CALABARZON, MIMAROPA and



ARMM.

Banking

- Credit activity remained brisk as of June 2011 as indicated by the acceleration in the loans-to-deposits ratio across regions, except in Ilocos Region and ARMM. Financial activity remained to be concentrated in the major urban areas, namely, the NCR, Calabarzon, Central Luzon, and Central Visayas. In terms of bank service availability as of end-December 2011, the NCR continued to have the highest number of banks while ARMM had the lowest number of banks available.

Microfinance

- Microfinance lending was on a general uptrend in 2011. The growth was due to the increase in the number of microfinance borrowers, improved financing schemes and aggressive promotion activities conducted by microfinance institutions. Double-digit growth in microfinance loans were recorded in Central Visayas, CAR, CALABARZON and Central Luzon.

Inflation

- Philippine headline inflation averaged 4.4 percent in 2011 (2000 base year), higher than the 3.8 percent average the year before. The higher inflation rate was brought about by the increase in food prices due to supply constraints caused by weather disturbances. For 2011, year-on-year inflation rates were higher in most regions except in CAR, CALABARZON, MIMAROPA, Bicol and ARMM.

Employment

- Based on the average data from the four Labor Force Survey (LFS) rounds (i.e., January, April, July and October 2011) conducted by the National Statistics Office (NSO), the national employment rate was slightly higher in 2011 compared to the previous year. The highest employment rates were posted by Cagayan Valley, Zamboanga Peninsula and the ARMM. The increase in the employment rate in the regions was supported by the flourishing tourism industry, increased investments and continued conduct of job fairs.



Opportunities and Challenges

- The government's public-private partnership (PPP) initiatives are anticipated to invigorate infrastructure development programs in the regions. Tourism-oriented projects such as the establishment of hotels, construction of resorts, and improved public security and transportation services are also expected to further boost the tourism industry across the regions. Furthermore, capacity-building seminars by non-governmental organizations (NGOs) and various government agencies are expected to increase entrepreneurial activities, improve labor productivity and encourage adoption of environmental-friendly practices. In the agriculture sector, farm productivity and rebuilding programs are anticipated to help the sector recover from the losses and damages brought about by adverse weather conditions.
- A major challenge that could hamper regional development is the disruption on the supply of oil as the extraction of oil becomes more difficult and due to the geo-political tensions in the Middle East. Power shortages, especially in Mindanao, threaten to undermine economic development and disrupt livelihood activities. Moreover, the prospect of extreme weather conditions as a result of climate change is a growing issue in the regions, especially those that are heavily dependent on agriculture. The timely implementation of infrastructure projects is also crucial in promoting regional development.

Agriculture, Livestock, Poultry and Fishery

Palay production grows

- Palay production grew by 5.8 percent in 2011 from a contraction of 3.0 percent in 2010. This can be attributed to the implementation of new programs by local government units (LGUs) to help farmers expand their productivity.
- The double-digit growth rates of palay production in Western Visayas (25.4 percent), Cagayan Valley (22.9 percent), Central Visayas (19.4 percent), MIMAROPA (14.5 percent), and



Palay Production, in metric tons

Growth Rate in Percent, y-o-y

Region	2010	2011
PHILIPPINES	(3.0)	5.8
1 CAR	(7.2)	7.1
2 Ilocos Region (I)	15.3	2.9
3 Cagayan Valley (II)	(16.0)	22.9
4 Central Luzon (III)	5.5	(11.6)
5 Southern Tagalog-CALABARZON (IV-A)	1.9	2.3
6 Southern Tagalog-MIMAROPA (IV-B)	(7.9)	14.5
7 Bicol Region (V)	3.4	(0.9)
8 Western Visayas (VI)	(18.8)	25.4
9 Central Visayas (VII)	(2.3)	19.4
10 Eastern Visayas (VIII)	1.3	2.1
11 Zamboanga Peninsula (IX)	(2.3)	12.6
12 Northern Mindanao (X)	0.4	4.2
13 Davao Region (XI)	(5.0)	3.4
14 SOCCSKSARGEN (XII)	(3.6)	5.0
15 Caraga	(4.6)	2.7
16 ARMM	7.5	(7.5)

Source: National Statistics Coordinating Board

Zamboanga Peninsula (12.6 percent) were due to the following factors:

- Increase in yield per hectare and area harvested in the Province of Isabela due to its Crop Insurance Program³ and Rice Stabilization Program,⁴ which encouraged farmers to plant more areas;
 - Implementation of the Department of Agriculture's (DA) Rapid Seed Supply Financing Project (RaSSFIP);⁵
 - Implementation of "ratooning" or "salape" in Negros Occidental, Western Visayas;⁶
 - Enforcement of palay technology transfers and provision of technical assistance through seminars and trainings to rice farmers on sustainable organic agriculture, ecological pest management and control, soil fertility and structure and maximized biodiversity on farms in Western and Central Visayas;
 - Sustained use of inbred and certified seeds and high-yielding varieties in Western Visayas, Central Visayas and Zamboanga Peninsula;
 - Sufficient irrigation water and rainfall due to favorable weather conditions in Cagayan Valley, MIMAROPA, Western Visayas, Central Visayas and Zamboanga Peninsula;
 - Increase in fertilizer application and provision of farm inputs to rice farmers in Western Visayas, particularly in Negros Occidental, and Central Visayas; and
 - Reduction in the incidence of pest infestation in palay farms.
- The positive growth rates posted in the aforementioned regions were, however, offset by the decline of palay production in Central

³ Under the Crop Insurance Program, the premiums of the farmers are paid by the Isabela provincial government, thus, reducing the financial risks for the farmers.

⁴ This program extends subsidies to the selling price of rice to bridge the gap between the trader's price and NFA price. The provincial government extends subsidies up to a maximum of 100 bags of rice per farmer.

⁵ The RaSSFIP includes the acquisition, storage and distribution of certified inbred seeds, project management, and monitoring and evaluation by the DA.

⁶ This is a practice wherein rice stubbles, after harvest, are allowed to produce new growth that will bear new panicles and after 45 to 55 days, a farmer could already harvest the palay. Said strategy has enhanced rice production and was considered as an inexpensive way of producing a second harvest of rice from the same plant.



Luzon (-11.6 percent), ARMM (-7.5 percent) and Bicol Region (-0.9 percent). These contractions could be traced to the following factors:

- Decrease in area harvested in the provinces of Albay, Camarines Sur and Masbate in Bicol Region, Central Luzon and ARMM brought about by damages caused by Typhoons Falcon, Juaning, Pedring, Queil, Bebung and Chedeng.
- Disruptions in the planting of palay due to ashfall caused by the eruption of Mt. Bulusan in Bicol Region; and
- Infestation of rats in the provinces of Bulacan, Nueva Ecija and Pampanga in Central Luzon and Maguindanao in ARMM.

Corn production increases

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

Region	2010	2011
PHILIPPINES	(9.3)	9.3
1 CAR	(14.7)	27.1
2 Ilocos Region (I)	2.1	8.2
3 Cagayan Valley (II)	(20.9)	26.8
4 Central Luzon (III)	(8.9)	(4.7)
5 Southern Tagalog-CALABARZON (IV-A)	15.9	(4.4)
6 Southern Tagalog-MIMAROPA (IV-B)	(34.8)	24.3
7 Bicol Region (V)	(11.5)	23.2
8 Western Visayas (VI)	(9.1)	25.0
9 Central Visayas (VII)	(4.3)	(0.6)
10 Eastern Visayas (VIII)	(4.9)	(6.9)
11 Zamboanga Peninsula (IX)	10.2	2.4
12 Northern Mindanao (X)	(1.5)	5.1
13 Davao Region (XI)	(10.1)	(5.5)
14 SOCCSKSARGEN (XII)	(7.2)	10.0
15 Caraga	6.8	(20.0)
16 ARMM	(10.0)	(6.9)

Source: National Statistics Coordinating Board

- Corn production grew by 9.3 percent in 2011, after contracting by 9.3 percent in 2010. Double-digit growth rates were recorded in CAR (27.1 percent), Cagayan Valley (26.8 percent), Western Visayas (25.0 percent), MIMAROPA (24.3 percent), Bicol Region (23.2 percent) and SOCCSKSARGEN (10.0 percent). The increase in corn production in the said regions was attributed to:
 - Expansion in area harvested in CAR, Cagayan Valley, Bicol Region and Western Visayas;
 - Availability of good quality seeds in Cagayan Valley and Western Visayas;
 - Favorable weather conditions and sufficient soil moisture in CAR, Cagayan Valley and Western Visayas;
 - Newly opened farm-to-market roads in Cagayan Valley; and
 - Practice of zero tillage technology through the use of weedicides, which encouraged the corn farmers to plant wider areas in Cagayan Valley.
- However, there were still regions that recorded year-on-year contractions in corn production in 2011. These were CARAGA (-20.0 percent), Eastern Visayas (-6.9 percent), ARMM (-6.9 percent), Davao Region (-5.5 percent),



Central Luzon (-4.7 percent), CALABARZON (-4.4 percent) and Central Visayas (-0.6 percent). These contractions were attributed mainly to the following:

- Decrease in area harvested due to a shift from corn plantation to palay and other cash crops (e.g., monggo and cassava) in Central Luzon and Eastern Visayas;
- Delayed harvest due to excessive rain/typhoons in Nueva Ecija, CALABARZON, Eastern Visayas, Davao del Sur, CARAGA and Maguindanao;
- Operational problems such as lack of planting materials, lack of fertilizers and insufficient marketing efforts in Central Luzon and CALABARZON;
- Rat infestation in Davao City and CARAGA; and
- Preference of many farmers to plant traditional seed varieties in Eastern Visayas.

Livestock, Poultry and Fishery

Livestock and Poultry

Cattle production slows down

Cattle Production, in metric tons (liveweight)
Growth Rate in Percent, y-o-y

Region	2010	2011
PHILIPPINES	2.7	1.8
1 CAR	(9.8)	(1.4)
2 Ilocos Region (I)	1.3	(1.8)
3 Cagayan Valley (II)	6.8	3.4
4 Central Luzon (III)	4.7	1.8
5 Southern Tagalog-CALABARZON (IV-A)	2.1	(0.3)
6 Southern Tagalog-MIMAROPA (IV-B)	(8.8)	2.5
7 Bicol Region (V)	5.6	(0.6)
8 Western Visayas (VI)	(3.8)	7.9
9 Central Visayas (VII)	0.0	4.0
10 Eastern Visayas (VIII)	(15.7)	6.6
11 Zamboanga Peninsula (IX)	(0.6)	(1.9)
12 Northern Mindanao (X)	2.4	2.3
13 Davao Region (XI)	12.1	2.5
14 SOCCSKSARGEN (XII)	8.2	4.1
15 Caraga	11.6	0.5
16 ARMM	24.1	(0.1)

Source: National Statistics Coordinating Board

- Cattle production grew but at a slower rate of 1.8 percent in 2011 from 2.7 percent in 2010. The growth rates of cattle production in Western Visayas (7.9 percent), Eastern Visayas (6.6 percent), SOCCSKARGEN (4.1 percent), Central Visayas (4.0 percent) and Cagayan Valley (3.4 percent) contributed to the overall positive performance of the cattle industry. The growth of cattle production in these regions was due to the following factors:

- Higher demand for carabeef as tourists increased in Western Visayas and Cagayan Valley;
- Continued cattle dispersal program of LGUs in Cagayan Valley, Western and Eastern Visayas;
- Conduct of healthcare programs such as giving out vitamins, vaccination and deworming of cattle by LGUs in SOCCSKSARGEN;



- Shift in consumption preference to beef due to lower supply and increasing prices of fishery products in Western Visayas; and
 - Opening of a new commercial cattle farm in Southern Leyte.
- The regions that posted year-on-year declines in cattle production in 2011 include Zamboanga Peninsula (-1.9 percent), Ilocos (-1.8 percent), CAR (-1.4 percent), Bicol (-0.6 percent), CALABARZON (-0.3 percent) and ARMM (-0.1 percent). These contractions were due mainly to the typhoons and continuous rains that have led to respiratory problems of cattles due to hypothermal reactions, increase in the prices of feeds brought about by the series of fuel price increases that led to higher transportation costs and continued conversion of farmlands to residential lands.

Chicken production grows at a faster rate

Chicken Production, in metric tons (liveweight)
Growth Rate in Percent, y-o-y

Region	2010	2011
PHILIPPINES	4.0	4.5
1 CAR	(1.9)	(0.6)
2 Ilocos Region (I)	1.1	0.6
3 Cagayan Valley (II)	11.9	19.2
4 Central Luzon (III)	3.9	3.6
5 Southern Tagalog-CALABARZON (IV-A)	3.9	2.0
6 Southern Tagalog-MIMAROPA (IV-B)	2.6	5.0
7 Bicol Region (V)	8.8	5.8
8 Western Visayas (VI)	4.2	7.6
9 Central Visayas (VII)	5.0	7.3
10 Eastern Visayas (VIII)	2.9	(3.7)
11 Zamboanga Peninsula (IX)	0.6	10.8
12 Northern Mindanao (X)	7.3	7.7
13 Davao Region (XI)	(1.3)	3.2
14 SOCCSKSARGEN (XII)	4.0	16.7
15 Caraga	1.3	(3.0)
16 ARMM	4.5	0.2

Source: National Statistics Coordinating Board

- Chicken production posted a 4.5 percent growth in 2011 from 4.0 percent in 2010. High growth rates in chicken production were recorded in Cagayan Valley (19.2 percent), SOCCSKSARGEN (16.7 percent), Zamboanga Peninsula (10.8 percent), Northern Mindanao (7.7 percent), Western Visayas (7.6 percent) and Central Visayas (7.3 percent) regions. Contributory factors to the growth in chicken production in these regions include:
 - Increased demand for chicken as seen by proliferation of barbecue stalls and foodchains in Zamboanga Peninsula, Western and Central Visayas;
 - Acquisition of additional breeding equipment in Western Visayas;
 - Increase in the number of poultry farms and expansion of existing commercial farms in Northern Mindanao and SOCCSKSARGEN;
 - Sustained government programs devoted to poultry production enhancement (e.g., disease control and capacity building through trainings) in Western Visayas and Northern Mindanao;



- Continued dispersal of chicken by the Department of Agriculture to backyard poultry farmers in SOCCSKSARGEN; and
 - Higher demand for poultry products in industrial and economic zones like Subic and Clark due to presence of thousands of workers employed in factories and ship building facilities in Central Luzon.
- The regions that exhibited contractions in chicken production in 2011 include Eastern Visayas (-3.7 percent), CARAGA (-3.0 percent) and CAR (-0.6 percent). The contraction in poultry production in the above-mentioned regions was due to:
 - Lower egg laying sufficiency ratio and lower rate of hatchability in CAR; and
 - Increased mortality rate of chickens in Leyte, southern part of Easter Visayas, Agusan del Sur and CARAGA as a result of flashfloods caused by typhoons that hit these areas in 2011.

Swine production improves

Swine Production, in metric tons (liveweight)

Growth Rate in Percent, y-o-y

Region	2010	2011
PHILIPPINES	1.1	2.2
1 CAR	(9.4)	(7.0)
2 Ilocos Region (I)	1.6	2.8
3 Cagayan Valley (II)	(2.2)	0.2
4 Central Luzon (III)	1.7	7.1
5 Southern Tagalog-CALABARZON (IV-A)	(3.4)	5.5
6 Southern Tagalog-MIMAROPA (IV-B)	5.9	2.9
7 Bicol Region (V)	9.9	0.6
8 Western Visayas (VI)	2.7	0.8
9 Central Visayas (VII)	4.0	3.0
10 Eastern Visayas (VIII)	(3.1)	(2.7)
11 Zamboanga Peninsula (IX)	3.8	(4.9)
12 Northern Mindanao (X)	5.5	5.8
13 Davao Region (XI)	(1.8)	3.4
14 SOCCSKSARGEN (XII)	2.3	(1.1)
15 Caraga	(4.1)	(14.1)
16 ARMM	(3.2)	13.3

Source: National Statistics Coordinating Board

- The growth of swine production grew by 2.2 percent in 2011 from 1.1 percent in 2010. The expansion of swine production in ARMM (13.3 percent), Central Luzon (7.1 percent), Northern Mindanao (5.8 percent), CALABARZON (5.5 percent), Davao (3.4 percent) and MIMAROPA (2.9 percent) regions propelled the growth in overall swine production. The expansion of swine production in these regions was attributed to the following factors:
 - Intensified animal health disease control activities, such as deworming and vaccinations, which helped reduce the mortality rates of hogs in Northern Mindanao and Davao regions;
 - Increased demand of pork for home-based processing in Central Luzon and CALABARZON;
 - Better farm gate prices in CALABARZON;
 - Entry of new players and expansion of existing swine farms in Northern Mindanao;



- Swine dispersal under the Comprehensive Livelihood Emergency Employment Program in Northern Mindanao; and
- Increase in hog buyers from other regions who look for cheaper source and get their supply from ARMM hog producers.

Fishery

Fish production contracts

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

Region	2010	2011
PHILIPPINES	1.6	(3.5)
1 CAR	(16.4)	3.5
2 Ilocos Region (I)	0.1	9.3
3 Cagayan Valley (II)	(1.8)	4.1
4 Central Luzon (III)	(2.7)	(2.2)
5 Southern Tagalog-CALABARZON (IV-A)	(0.5)	(2.6)
6 Southern Tagalog-MIMAROPA (IV-B)	0.8	0.3
7 Bicol Region (V)	6.2	(0.5)
8 Western Visayas (VI)	1.9	2.1
9 Central Visayas (VII)	2.9	(0.2)
10 Eastern Visayas (VIII)	2.1	(0.7)
11 Zamboanga Peninsula (IX)	3.5	(18.2)
12 Northern Mindanao (X)	3.3	(2.6)
13 Davao Region (XI)	3.6	(6.6)
14 SOCCSKSARGEN (XII)	(7.5)	(10.0)
15 Caraga	(2.4)	(5.0)
16 ARMM	1.9	0.6

Source: National Statistics Coordinating Board

- The fishery subsector posted a contraction of 3.5 percent in 2011, from a growth of 1.6 percent recorded a year ago. The decline of fish production in Zamboanga Peninsula (-18.2 percent), SOCCSKSARGEN (-10.0 percent), Davao (-6.6 percent), CARAGA (-5.0 percent), CALABARZON (-2.6 percent), Northern Mindanao (-2.6 percent), Davao and Central Luzon (-2.2 percent) regions contributed to the dismal performance of the fishery sub-sector. The lower production of the fishery subsector in these regions was due to the following factors:
 - High mortality rate of fingerlings due to big waves/floods caused by typhoons Falcon, Pedring and Quiel in Central Luzon;
 - Fishermen shifted to other agricultural activities like harvesting and threshing in Central Luzon;
 - Lower fishing trips due to frequent rough seas and strong underwater current in Bicol, Eastern Visayas, Zamboanga Peninsula, Northern Mindanao, Davao region and CARAGA;
 - Temporary stoppage of operations due to financial constraints, unavailability of fingerlings, repair of fishing vessels/fish cages or renewal of licenses in Central Luzon, Eastern Visayas and Northern Mindanao;
 - High fuel prices and operating costs in Eastern Visayas, Davao region, SOCCSKSARGEN and CARAGA;
 - Farther fishing grounds in Eastern Visayas;
 - Rampant extortion from pirates within fishing grounds and unstable peace and order situation in Zamboanga del Sur and

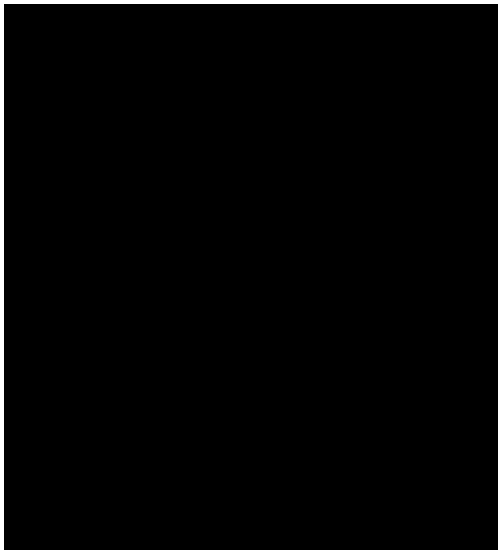
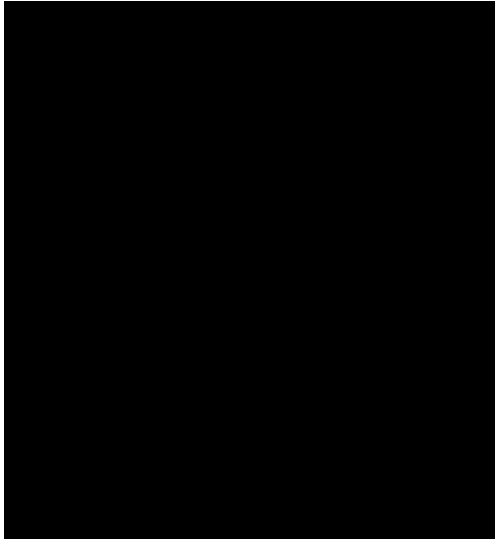


- Zamboanga Sibugay forced operators to minimize fishing trips; and
 - Continuous prohibition of tuna fishing in the high seas in SOCCSKSARGEN.
- There were regions, on the other hand, which exhibited positive growth rates. These include Ilocos (9.3 percent), Cagayan Valley (4.1 percent), CAR (3.5 percent), Western Visayas (2.1 percent), ARMM (0.6 percent) and MIMAROPA (0.3 percent). These positive performances could be traced to the following factors:
 - Interventions by the Bureau of Fisheries and Aquatic Resources (BFAR) in seeding fingerlings at communal bodies of water and improved culture management in CAR, Ilocos region and Cagayan Valley;
 - Full operation of fishpond units that were put on hold due to El Niño in the past years in CAR;
 - Higher water level and survival rate as well as increased stocking rate and sustained intensive feeding management in Ilocos region;
 - Additional areas of fishpond/cages harvested in Ilocos region and Cagayan Valley;
 - Establishment of two additional fishing companies in Iloilo (i.e., NATAHN and BALT BEP);
 - Increased number of fishing trips brought about by favorable weather conditions in Ilocos region and Western Visayas; and
 - Use and availability of quality planting materials encouraged seaweed farmers to expand their area planted in ARMM.



Construction

Construction activity generally slow in 2011



- Construction activity across regions was generally weak primarily on account of the NG's underspending on public infrastructure along with the failure of a number of infrastructure projects under the private-public partnership (PPP) program to take off in 2011. The lackluster construction activity was evident in the marginal increase in approved building permits and the contraction in residential building construction starts.
- In 2011, there were a total of 105,737 building permits approved in the Philippines, slightly higher by 0.48 percent than the previous year's level of 105,230.
- Meanwhile, the total number of residential building construction started for the review period decreased by 4.65 percent to 76,384 from the year-ago level of 79,934. Most of the regions attributed the decline to the rise in prices of construction materials and the occurrence of natural calamities such as typhoons and floodings in 2011.
- Despite the overall weakness in construction, there were regions that exhibited brisk construction activity. In terms of approved building permits, the following regions posted notable increases: Zamboanga Peninsula, Western Visayas, Bicol Region, Caraga, Davao Region, Central Visayas, CAR, Central Mindanao, Ilocos Region and Eastern Visayas. The favorable performance of these regions slightly offset the weak performance of the regions in Luzon, along with Northern Mindanao and ARMM.
- In terms of residential building starts, the following regions were able to buck the overall downtrend, as they posted double-digit growth rates: Zamboanga Peninsula, Western Visayas, Bicol Region, Davao Region, Caraga, CAR and Central Mindanao.



- The remarkable growth in the abovementioned indicators recorded by some regions can be attributed to the following factors:
 - In Central Visayas, several projects were formally launched which include the construction of residential condominiums and subdivision projects. A number of hotels also opened while others underwent major renovations in the early part of 2011.
 - Meanwhile, housing construction and real estate development in Region VI, particularly, in Negros Oriental continued to be the engine of economic growth in the province. The entry of real estate developers in Dumaguete City is expected to boost Negros Oriental's construction industry.
 - For the other regions, the strong construction performance were due to the construction of health facilities, major terminals for public utility vehicles, drainage systems, solid waste management systems, commercial towers and buildings, solar farms, and international airports, among others.

Banking

Number of banks per municipality exhibits a general uptrend

DENSITY RATIOS as of periods indicated		
Name of Region	2010	2011
NCR	169.18	170.12
I- Ilocos	3.22	3.21
II- Cagayan Valley	2.76	2.92
III- Central Luzon	7.03	7.23
IV-A CALABARZON	9.25	9.51
IV-B MIMAROPA	2.52	2.59
V- Bicol Region	2.38	2.46
VI- Western Visayas	3.87	3.99
VII- Central Visayas	4.39	4.42
VIII- Eastern Visayas	1.15	1.20
IX- Zamboanga Peninsula	2.38	2.51
X- Northern Mindanao	3.44	3.53
XI- Davao Region (Southern Mindanao)	6.80	6.90
XII- SOCCSKSARGEN (Central Mindanao)	3.80	3.84
XIII- CAR	1.79	1.90
XIV- ARMM	0.16	0.16
XV- Caraga	2.64	2.73
Total - Philippines	5.41	5.52

* Bank density ratio refers to the number of bank offices/branches per city/municipality
Source: Supervisory Data Center, SES-BSP

- Credit activity increased as of June 2011 compared to the same period a year ago, as indicated by the acceleration in the loans-to-deposits ratio across regions, except Ilocos Region and ARMM. Financial activity remained to be concentrated in the major urban areas, namely, the NCR, Calabarzon, Central Luzon, and Central Visayas. In terms of bank service availability as of end-December 2011, the NCR continued to have the highest number of banks while ARMM had the lowest number of banks available.
- With a density ratio of 170.12 as of end-December 2011, the NCR continued to have the highest number of banks relative to the total number of cities/municipalities under its jurisdiction. Trailing behind the NCR were CALABARZON and Central Luzon with density ratios of 9.51 and 7.23, respectively. It must be



Net Loan Portfolio*			
As of periods indicated			
Amount in million pesos			
Region	end-June 2010	end-December 2010	end-June 2011
NCR	2,135,582	2,284,520	2,524,409
I- Ilocos Region	22,449	25,589	22,522
II- Cagayan Valley	14,832	17,408	17,562
III- Central Luzon	50,959	58,316	63,467
IV-A CALABARZON	49,088	56,659	60,903
IV-B MIMAROPA	5,042	6,279	7,001
V- Bicol Region	14,338	17,519	18,555
VI- Western Visayas	25,370	30,228	30,888
VII- Central Visayas	54,541	60,138	65,574
VIII- Eastern Visayas	9,649	11,958	11,309
IX- Zamboanga Peninsula	9,795	11,050	12,114
X- Northern Mindanao	19,486	21,184	21,927
XI- Davao Region (Southern Mindanao)	23,994	25,681	30,237
XII- SOCCSKSARGEN (Central Mindanao)	13,933	15,198	15,515
XIII- CAR	5,281	6,269	6,967
XIV- ARMM	601	454	447
XV- Caraga	5,208	7,611	7,792
Total - Philippines	2,460,150	2,660,064	2,917,607

*Account balances of extension offices/other banking offices which report and are organizationally and administratively attached to a head office or a branch, shall be consolidated with the head office or the concerned branch.
Data Source: Branch Regional Information System (BRIS) Report, BSP

noted that the density ratios for these three areas as well as 12 other regions have increased compared to the December 2010 level, indicating that more banks are able to provide services to a number of cities/municipalities in their areas. Meanwhile, Ilocos region showed a slight decline in its bank density ratio to 3.21 as of end-December 2011 from 3.22 as of end-December 2010. Of the 17 regions, ARMM has the lowest density ratio, which remained unchanged at 0.16 as of end-December 2011 compared to the same period a year ago.

Deposit Liabilities*			
As of periods indicated			
Amount in million pesos			
Region	end-June 2010	end-December 2010	end-June 2011
	Deposit Liabilities	Deposit Liabilities	Deposit Liabilities
NCR	3,176,011	3,484,588	3,480,327
I- Ilocos Region	94,699	97,641	100,412
II- Cagayan Valley	50,624	55,102	54,895
III- Central Luzon	245,443	250,402	256,764
IV-A CALABARZON	332,375	339,410	352,304
IV-B MIMAROPA	24,593	25,794	27,565
V- Bicol Region	55,798	60,164	60,065
VI- Western Visayas	134,848	145,205	147,865
VII- Central Visayas	235,066	256,872	262,661
VIII- Eastern Visayas	41,788	43,083	42,998
IX- Zamboanga Peninsula	43,505	46,755	46,251
X- Northern Mindanao	67,296	71,338	73,020
XI- Davao Region (Southern Mindanao)	98,730	100,814	104,086
XII- SOCCSKSARGEN (Central Mindanao)	44,182	46,196	48,230
XIII- CAR	45,900	47,844	49,030
XIV- ARMM	4,908	3,752	3,996
XV- Caraga	22,540	26,999	25,840
Total - Philippines	4,718,306	5,101,959	5,136,311

*Account balances of extension offices/other banking offices which report and are organizationally and administratively attached to a head office or a branch, shall be consolidated with the head office or the concerned branch.
Data Source: Branch Regional Information System (BRIS) Report, BSP

- Meanwhile, deposit generation in all regions expanded year-on-year as of end-June 2011. Three of the 17 regions posted double-digit growth in deposit liabilities during the review period. These are Caraga, which registered the highest growth at 14.64 percent, followed by MIMAROPA and Central Visayas, which registered growth rates in deposit generation of 12.08 percent and 11.74 percent, respectively.

Loan to Deposit Ratio*			
As of periods indicated			
Ratio in percent			
Region	end-June 2010	end-December 2010	end-June 2011
NCR	67.24	65.56	72.53
I- Ilocos Region	23.71	26.21	22.43
II- Cagayan Valley	29.30	31.59	32.76
III- Central Luzon	20.76	23.28	24.71
IV-A CALABARZON	14.77	16.69	17.26
IV-B MIMAROPA	20.50	24.34	25.40
V- Bicol Region	25.70	29.12	30.89
VI- Western Visayas	18.81	20.83	20.89
VII- Central Visayas	23.20	23.41	24.97
VIII- Eastern Visayas	23.09	27.76	26.30
IX- Zamboanga Peninsula	22.51	23.63	26.19
X- Northern Mindanao	28.96	29.76	30.03
XI- Davao Region (Southern Mindanao)	24.30	29.44	29.05
XII- SOCCSKSARGEN (Central Mindanao)	31.53	32.90	32.17
XIII- CAR	11.51	13.10	14.21
XIV- ARMM	12.25	12.11	11.16
XV- Caraga	23.11	28.19	30.16
Total - Philippines	52.14	52.14	56.80

*Account balances of extension offices/other banking offices which report and are organizationally and administratively attached to a head office or a branch, shall be consolidated with the head office or the concerned branch.
Data Source: Branch Regional Information System (BRIS) Report, BSP

- The year-on-year growth in net loan portfolio was also on the rise as of end-June 2011 except for ARMM. The growth in lending activity were highest in the regions of Caraga (49.61 percent), MIMAROPA (38.84 percent), CAR (31.91 percent) and Bicol region (29.41 percent).

- The NCR continued to post the highest loans-to-deposits ratio at 72.53 percent as of end-June 2011, an improvement from the 67.24 percent posted a year ago. The NCR was followed by Cagayan Valley (32.76 percent), SOCCSKSARGEN (32.17), Bicol Region (30.89 percent), Caraga (30.16 percent) and Northern Mindanao (30.03 percent). The growth in loans-to-deposits ratio in these areas reflected banks' greater efficiency in channeling deposits to lending activities.



Microfinance

Microfinance Loans

Microfinance loans in the regions increases

Name of regions	end-December 2010			end-December 2011		
	No. of Banks	Amount (In Million Pesos)	No. of Borrowers	No. of Banks	Amount (In Million Pesos)	No. of Borrowers
	Total Philippines	203	6,993.77	930,965	188	7,220.86
NCR	20	560.82	20,875	17	565.11	15,619
I- Ilocos Region	10	117.76	5,901	9	126.93	8,574
II- Cagayan Valley	10	702.34	61,260	10	156.89	23,987
III- Central Luzon	20	515.66	52,505	19	672.89	57,647
IV-A CALABARZON	35	1,939.78	350,970	34	2,683.07	466,102
IV-B MIMAROPA	8	103.94	10,205	8	104.15	7,655
V- Bicol Region	16	274.26	38,963	14	194.05	27,941
VI- Western Visayas	12	477.09	72,695	9	364.71	54,202
VII- Central Visayas	12	202.30	24,981	11	310.06	31,497
VIII- Eastern Visayas	6	31.71	4,246	6	30.34	4,070
IX- Zamboanga Peninsula	9	451.20	48,715	9	360.48	48,188
X- Northern Mindanao	11	232.43	33,131	9	209.08	29,776
XI- DAVAO REGION (Southern Mindanao)	7	107.34	22,408	9	115.10	22,432
XII- SOCCSKSARGEN (Central Mindanao)	8	94.62	22,013	6	73.10	13,792
XIII- CAR	3	25.74	2,522	3	39.35	1,896
XIV- ARMM	1	0.69	39	—	—	—
XV- Caraga	15	1,066.10	155,536	15	1,176.57	160,294

Source: BSP
Updated as of 22 February 2012 (preliminary; thrift banks data as of 31 December 2011, rural banks data as of 30 September 2011)
— no data available

- Microfinance lending in the regions exhibited a general uptrend as of end-December 2011. Double-digit growth in microfinance loans were recorded in Central Visayas (53.27 percent), CAR (52.90 percent), CALABARZON (38.32 percent), Central Luzon (30.49) and Caraga (10.36).

- The increase in the number of borrowers supported the robust microfinance banking in Central Visayas, CALABARZON, Central Luzon and Caraga.

- Meanwhile, despite the decrease in the number of borrowers in CAR, the increase in loan amounts granted by microfinance institutions supported the strong microfinance activity in the region.

- The strong microfinance performance in the aforementioned regions could be attributed to the improved financing schemes available to borrowers and aggressive promotion activities conducted by microfinance institutions.

Inflation

Higher food and fuel prices push inflation up in 2011

Inflation Rates, in percent (2000=100)			
Region		2011	2010
PHILIPPINES		4.4	3.8
1	NCR	4.3	4.0
2	CAR	3.8	4.2
3	Ilocos Region (I)	3.8	2.5
4	Cagayan Valley (II)	5.2	3.6
5	Central Luzon (III)	4.5	3.1
6	CALABARZON (IV-A)	4.5	4.5
7	MIMAROPA (IV-B)	3.7	4.0
8	Bicol Region (V)	3.5	4.0
9	Western Visayas (VI)	4.7	2.9
10	Central Visayas (VII)	3.8	3.5
11	Eastern Visayas (VIII)	3.7	2.9
12	Zamboanga Peninsula (IX)	4.5	3.3
13	Northern Mindanao (X)	6.4	3.3
14	Davao Region (XI)	5.1	4.1
15	SOCCSKSARGEN (XII)	4.6	4.4
16	ARMM	5.7	6.0
17	Caraga	6.0	3.8

- Inflation averaged 4.4 percent in 2011, well within the 3.5-5.5 percent target range for the year but higher than the 3.8 percent average in the previous year. Higher inflation in 2011 was attributed to higher inflation outturn for food as most commodity groups posted increased prices due to supply constraints brought about by weather disturbances.

- For 2011, year-on-year inflation rates increased in most regions, except in CAR, CALABARZON, MIMAROPA, Bicol, and ARMM.

- The increase in inflation in most regions was brought about by the faster price increases recorded for food, beverage and tobacco (FBT) due to the supply interruptions in corn, fruits, vegetables and rice amid the typhoons that



struck the country in 2011. Fuel prices likewise escalated during the year on account of the geo-political crisis in the Middle East. Elevated fuel prices likewise triggered an increase in the prices of inputs to agricultural production such as fertilizer, which in turn caused gate prices of prime agricultural commodities to rise, along with FBT and other services.

- The year-on-year increase in inflation was notably evident in Northern Mindanao (6.4 percent), Caraga (6.0 percent), ARMM (5.7 percent), Cagayan Valley (5.2 percent), and Davao (5.1 percent).

Employment

Employment rates are highest in Cagayan Valley, Zamboanga Peninsula and ARMM

Region	2011			2010		
	Employment	Unemployment	Underemployment [*]	Employment	Unemployment	Underemployment [*]
PHILIPPINES	93.0	7.0	19.3	92.7	7.3	18.7
NCR	88.7	11.3	14.6	88.5	11.6	11.9
CAR	95.0	5.0	14.6	94.9	5.1	15.7
Ilocos (I)	91.5	8.5	18.3	91.5	8.5	14.8
Cagayan Valley (II)	97.1	2.9	15.1	96.3	3.7	14.7
Central Luzon (III)	91.5	8.5	11.1	91.3	8.7	9.1
CALABARZON (IV-A)	90.3	9.7	17.9	90.5	9.5	17.4
MIMAROPA (IV-B)	96.1	3.9	21.6	95.6	4.4	23.6
Bicol (V)	93.9	6.1	35.4	94.1	5.9	36.8
Western Visayas (VI)	93.3	6.7	23.1	92.9	7.1	26.7
Central Visayas (VII)	93.3	6.7	18.4	92.4	7.6	16.4
Eastern Visayas (VIII)	94.8	5.2	24.1	94.5	5.5	20.9
Zamboanga Peninsula (IX)	96.8	3.2	21.9	96.3	3.7	21.3
Northern Mindanao (X)	95.5	4.5	27.1	95.0	5.0	28.0
Davao (XI)	94.6	5.4	16.5	93.9	6.1	19.9
SOCSCSARGEN (XII)	96.1	3.9	20.5	95.6	4.4	20.8
Caraga (XIII)	94.0	6.0	26.0	93.5	6.5	22.2
ARMM	96.6	3.4	13.3	96.2	3.9	13.5

*Underemployment rate is the proportion in percent of the total number of underemployed persons to the total number of employed persons. 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.

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

- Based on the average data of the four Labor Force Survey (LFS) rounds (i.e., January, April, July and October 2011) of the NSO in 2011, three regions recorded the highest employment rates in the country, namely: Cagayan Valley (97.1 percent), Zamboanga Peninsula (96.8 percent), and the ARMM (96.6 percent). These rates were higher than the employment levels recorded for these regions a year ago. The lowest employment rate was posted by the NCR at 88.7 percent. Employment rates increased for most regions in 2011, except for Ilocos, CALABARZON and Bicol.
- The high employment rate in Cagayan Valley is reflective of the flourishing tourism industry in the region. The increase in employment rate in the Zamboanga Peninsula in 2011 was attributed to increased investments in the region as well as government efforts, both by the DOLE and LGUs, in conducting job fairs in the different parts of the region. Meanwhile, the favorable employment opportunities in the ARMM was attributed mainly to lower labor costs that encouraged some investors to expand their operations in the region.
- Four regions posted unemployment rates that were higher than the national average of 7.0 percent in 2011, namely, the NCR



(11.3 percent), Calabarzon (9.7 percent), Ilocos (8.5 percent), and Central Luzon (8.5 percent).

- The lowest underemployment rate was recorded in Central Luzon (11.1 percent), while the Bicol Region posted the highest underemployment rate (35.4 percent).

**Good Governance: Fundamental Key to National Economic Development
(LGU in Focus: Province of Bohol)**

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The concept of “good governance” is being used extensively in both public and private sectors where a United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) paper mentioned that good governance must have at least eight major characteristics: participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. Good governance assures that corruption is minimized and the views of the minorities are taken into account. Most of all, it must be responsive to the present and future needs of the society.

In 2011, the province of Bohol was awarded as the “Best Governed Province in the Philippines” and rated with the highest score of 4.937 among the provinces nationwide according to the Department of Interior and Local Government’s (DILG) Local Governance Performance Management System (LGPMS). The DILG’s LGPMS measures a broad range of local governance criteria thru a Local Government Unit (LGU) scorecard. It is a testament to how LGUs lived the principle of leadership by excelling in the areas of administrative, social, economic and environmental governance as well as transparency, participation and financial accountability.

Here are some of the programs and best practices which are uniquely observed by the LGU top awardee Bohol:

The local government of Bohol believes in achieving good governance through a participatory and shared leadership. It encourages its people to be open to innovation and creativity as well as to be flexible in adapting to changes. Its leadership provides for avenues to work with the concepts of “thinking out-of-the box” and “thinking globally, acting locally.” It follows an approach on recognizing and giving everyone the ownership of ideas and vision. The Bohol administration likewise considers its people (especially the private sector) as collaborative stakeholders. It is for this reason that through the years, Bohol was able to successfully sustain various initiatives, programs and projects for the province.



The Green Bohol reforestation and tree planting program was launched to help preserve the environment and anchor the province's commitment to the One Billion Trees program of the government. This project initiative has earned Bohol as a model province for environmental protection and sustainable environmental management.

The province of Bohol continues to implement vital environmental programs on Ecological Solid Waste Management (ESWM), forest/mineral/coastal resource management; and reactivated the Environment Management System (EMS). With these programs, the province was acclaimed as the first province in Southeast Asia to have been granted ISO 14001 Certification for its EMS. As a result of its environmental initiatives, Bohol was also recognized by the EcoGov 2 Program of the United States Agency for International Development (USAID) as a "Learning Destination for Good Environmental Governance."

Another breakthrough initiative is the HEAT (Health and sanitation, Education and technology, Agriculture and food security and Tourism and livelihood) Bohol Development Agenda, which is regarded as an effective mechanism for service delivery directly to their indigent constituents. In addition, Bohol remains free of foot and mouth disease (FMD) and bird flu, zero incidence of human and canine rabies and cited as the Most Active Implementor of the Nutrition Program Initiatives by the Department of Health (DOH). Bohol has also championed agriculture and food sufficiency by strengthening and sustaining rice and corn-based farming system, organic agriculture technology, crops productivity enhancement and agricultural research.

Bayanihan for long-term partnership in education in collaboration with private and public agencies, business sector and the Armed Forces in the Philippines (AFP), is being actively implemented in Bohol. This multi-sectoral partnership, which includes the construction of school buildings as a major component, has won Bohol the Gawad Bayanihan Award from the AFP, as its best partner province in the country. Through this partnership, the Department of Education (DepEd) Division of Bohol was likewise awarded for the Best Implementor of School Building Program nationwide.

Through the Bohol Employment and Placement Office (BEPO) and Skills Training Advocating Reliance on Self-Employment (STARS) Project, the people of the province have gained easy access to stable employment. Because of the regular conduct of local and overseas job fairs, mobile passporting and licensing services, anti-illegal recruitment efforts and job placements for applicants, the beneficiaries of these services to date has reached almost 12,000. For such initiatives, Bohol garnered *Kabalikat Awards* both in the regional and national levels.

The Bohol Business One-Stop Shop (BOSS), established in 2009 to simplify the process of procuring business licenses and registration, has achieved a record increase in investment. To date, investments that went through the Bohol BOSS has reached ₱1.3 billion and has produced a total of 2,200 registered business



enterprises in the province providing jobs to thousands of Boholanos. Of the total jobs generated, 52 percent are women entrepreneurs.

In order to shore up Bohol's already substantial resources allocated for infrastructure, the local government utilized "counterparting" as a strategy to access more resources for the development of roads, hospitals, health and sanitation facilities, and agricultural equipment from external partners agencies. The counterparting amounted to a total of ₱737 million, part of this amount came from the *Gawad Pamana ng Lahi* and *Seal of Good Housekeeping Awards* as well as from the Local Governance Support Fund (LGSF).

Amidst all its initiatives, transparency is remarkably noted in Bohol as the local government ensures that the public is regularly informed thru updates of its programs and projects through the *Kita Ug Ang Gobernador* Radio Program broadcasted province-wide via eight radio stations, cable tele-radyo and the internet.

For financial accountability, Bohol has upgraded and efficiently implemented financial systems such as the e-Budget System of the Provincial Budget Management Office (PBMO), the and Financial Transaction Tracking System of the Provincial Accountant's Office (PAccO), and e-TRACS System of both the Provincial Treasurers Office (PTO) and Provincial Assessors Office (PAO). These programs have led to an increase in the Province's real property tax collection for CY 2010-2011. It should be noted that these initiatives are among the priorities identified in Bohol's Strategic Financial Management Plan.

Demand and Supply Conditions

- In 2011, the country's economic growth was moderated by the challenging external environment and lower-than-programmed fiscal spending. Real GDP grew modestly by 3.7 percent, below the government's official growth target of 4.5 to 5.5 percent and a deceleration from the 7.6 percent GDP growth posted in 2010. Economic expansion was led by the services sector on the production side and by household consumption on the demand side.
- In the agriculture sector, palay and corn production recovered and posted an annual growth of 5.8 and 9.3 percent, respectively, buoyed by relatively favorable weather conditions after a dry spell in 2010.



- Given the relatively modest economic growth, construction of residential buildings contracted by 4.4 percent in 2011, dampened by declining construction activities in MIMROPA, Central Luzon, CALABARZON and NCR. These regions comprise 44 percent of the total residential construction activities in 2011.
- Financial market conditions in 2011 remained vibrant, underscoring the soundness of the country's financial system. Banks' total loan portfolio and deposit liabilities continued to increase, leading to stable loans-to-deposits ratio. Likewise, banks' microfinance-related activities continued to expand, as revealed by banks' rising loans outstanding for such activities and increasing number of microfinance clients and borrowers.
- The unemployment rate declined slightly to 7.2 percent in January 2012 from 7.4 percent a year ago. Cagayan Valley posted the lowest unemployment rate at 2.4 percent, while the NCR garnered the highest unemployment rate at 12.2 percent. The underemployment likewise dipped to 18.8 percent from 19.4 percent during the said period.
- For the first quarter of 2012, inflation remained subdued as it averaged 3.1 percent, which was at the lower end of the Government's inflation target range of 3-5 percent for 2012. Food inflation held steady as some food commodities showed slower price increase during the period. Notably, slower increases in the prices of vegetables and sugar due to favorable supply conditions, helped pull down inflation.



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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 (BFAR)
- 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
A. Opportunities		
NCR		<ul style="list-style-type: none"> • Signing of a concession agreement between the Department of Public Works and Highways (DPWH) and the Ayala Corporation for the construction, operation, and maintenance of the Daang Hari- South Luzon Expressway Link Road on 3 April 2012. The said project is the first infrastructure building project auctioned by the Aquino administration under the Public-Private Partnership (PPP) framework. The project is a key component of the DPWH Metro Manila Urban Expressway Network Master Plan, which intends to provide a high-standard highway within a 200-kilometer radius of Metro Manila.¹ • Launching of the Metro Manila Green Print 2030 program by the MMDA on 6 March 2012. The said program is a comprehensive urban development program aimed at transforming the metropolis into a highly-competitive and progressive region. The Green Print program, which consists of 2 phases, will serve as the roadmap of the

¹ <http://www.gov.ph/2012/04/03/daang-hari-slex-link-road-concession-agreement-signing/>



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>government and private stakeholders to further develop Metro Manila's economic potentials and make it at par with the most urbanized metropolitan areas in the world.</p> <ul style="list-style-type: none"> • Implementation the Motorcycle Blue Lane along the Epifanio Delos Santos Avenue (EDSA) starting on 14 February 2012. This program is aimed at promoting road safety and reducing motorcycle-related accidents in the Metropolitan Manila area.² • Launching of the Metro Traffic Watch Program in 2012, aimed at training and deputizing Community Traffic Aides (CTAs) to help improve traffic management in a given period of time. Under the said project, MMDA will be enlisting the help of barangays, homeowners' associations, traffic experts and academicians, NGOs, and civic organizations in ensuring the smooth flow of traffic in secondary roads and inner streets of Metro Manila.
<p>CAR</p>	<ul style="list-style-type: none"> • Increase production of organic coffee and Kalinga's traditional "unoy" rice in response to growing demand. A five-year organic agriculture roadmap was formulated by the Kalinga provincial government that would 	<ul style="list-style-type: none"> • Improvement in the region's electricity supply due to the construction of an eight-megawatt (MW) mini-hydro power plant in Ifugao by the Sta. Clara Power Corporation. • Anticipation of cheaper power rates and clean energy in

²<http://www.mmda.gov.ph/news.html>



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>promote the shift from traditional or chemical farming to pure organic or non-chemical farming methods.</p> <ul style="list-style-type: none"> Allocation of ₱5.4 million in loans by the National Tobacco Administration (NTA) to Abra’s tobacco farmers for the 2012 cropping season. The loan allocation is part of the assistance extended to farmers under the Tobacco Contract Growing System of the NTA to boost the province’s tobacco production. 	<p>Abra as AP Renewables Inc. (APRI), the renewable energy development arm of Aboitiz Power Corp. (APC), sealed a five-year power supply contract with Abra Electric Cooperative, Inc. (ABRECO).</p> <ul style="list-style-type: none"> Construction of a 15-MW wind farm in the Mountain Province by PhilCarbon. A total of 25 wind turbines will be erected in the province, with each turbine designed to generate 600 kilowatts (KW) or a total of 15 MWs of power production. Mountain Province consumes 5-6 MWs of electricity and the excess power can be sold to consumers in other provinces. The project will play a pivotal role in the development of the host communities. The host LGU will also be entitled to royalty share equivalent to ₱0.01/KW-hour generated. Promotion of sports and adventure tourism in CAR by the Department of Tourism (DOT). Sports and adventure tourism is well-suited to the Cordillera landscape with its rugged terrain, high altitude and cool climate. Resumption of the Sky Pasada commercial flights in Loakan Airport in Baguio City in September 2011 after it was temporarily closed in November 2008 due to its non-utilization for commercial flights. The resumption of flights to Baguio City is expected to encourage more tourists in the region.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<ul style="list-style-type: none"> • Initiative by the National Telecommunication Commission to accelerate network interconnection between Globe Telecom and the Philippine Long Distance Telephone, Co. (PLDT) in Regions I, III, and CAR. The interconnection would translate to more affordable and efficient telecommunication services from the two major operators. • Establishment by Baguio City government of rainwater harvesting facilities to address the city's problem on dwindling water supply. In Benguet, the Jaime V. Ongpin Foundation, Inc. (JVOFI) has gone full swing in implementing the European Union-funded project "Saving the Benguet watersheds for water", which aims to demonstrate how devolution of forest management from the DENR to LGUs could take place within the framework of existing legislations.
<p>Ilocos Region</p>	<ul style="list-style-type: none"> • Recognition and awarding of ₱4 million to Ilocos Norte as the 2011 Agri-Pinoy Rice Achievers' Awardee by the Department of Agriculture (DA). Given this recognition, Ilocos Norte is expected to intensify its rice production program. • Opening of a ₱165-million meat processing plant in Ilocos Sur, which is expected to boost 	<ul style="list-style-type: none"> • Construction of a 20-MW solar power plant in Ilocos Norte by Mirae Energy Corporation. It will be the second green energy project in the Province after the 2,475-MW power project in Bangui. The operation of the power plant will provide ample supply of and more reasonably priced electricity in the Province. • Construction of the Pangasinan Aqua City by Korean investors. This industrial and tourism complex to be



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>livestock production in the Province.</p> <ul style="list-style-type: none"> • Extension of financial assistance by NTA to tobacco farmers in the region for them to invest in hog and poultry production in order to augment their income from tobacco farming. • Opening of the Rice Processing Complex in Pangasinan, which is expected to improve efficiency in the rice post-production system, enhance milled rice quality, improve the use of the distribution system and maximize the use of rice by-products. The project is projected to benefit more than 200,000 farmers in Pangasinan. 	<p>developed by the Home Ship Vehicle Amphi Port Company of South Korea is envisioned to include berthing facilities for amphibious planes, beach-front residences, a golf course, an export processing area, fish farm and a monorail transport system.</p> <ul style="list-style-type: none"> • Completion of the ₱50-million Hundred Island Medical Complex in Pangasinan in 2013. The medical facility, which will be operated by the Alaminos city government, is expected to cater to the growing medical tourism industry in the Province.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p>Cagayan Valley</p>	<ul style="list-style-type: none"> • Introduction of five-crop rotation pattern³ within two years, which is expected to strengthen the region’s agriculture sector against climate change. This pattern, which was introduced by the National Irrigation Authority (NIA) could prevent losses from floods and ensure the continued availability of water. • Improvement and rehabilitation of farm-to-market roads in the region that will pave the way to an expeditious transport of goods and services within the region. • Establishment of a bio-ethanol⁴ mega project in Isabela, which is expected to boost sugarcane production in the province. 	<ul style="list-style-type: none"> • Continuous improvement of the Cagayan Special Economic Zone and Free Port that will attract more investors and tourists into the region. • Operation of the Board of Investment (BOI)-approved projects in the region such as property development by Camella Homes, gold extraction of FCF Minerals Corp., dore bar and copper extraction of Oceangold9 Philippines and the bio-mass power plant construction of Lucky PPH International, Inc. • Endorsement of two critical projects, i.e., Flood Risk Management Protection (FRIMP) in Cagayan and the Comprehensive Regional Irrigation System (CRIS) for Region II. The FRIMP primarily aims to strengthen the capacity of concerned agencies to handle flood risk management and mitigate flood damages in vulnerable areas. Meanwhile, the CRIS aims to prioritize, organize, and integrate the construction, rehabilitation, maintenance, operation and management of the irrigation system in the region. • Launch of the Regional Investment Guide booklet and development of a Regional Image Brand, both will feature investment opportunities that will enhance the region’s business climate.

³ Crop rotation is a practice of growing different crops on the same land in a regular recurring sequence. It is a planned order of specific crops planted on the same field.

⁴ Bio-ethanol is a form of renewable energy that can be produced from agricultural feedstocks.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p>Central Luzon</p>	<ul style="list-style-type: none"> • Approval of the Regional Tripartite Wages and Productivity Board (RTWPB) of a ₱14 cost of living allowance (COLA) per day for all minimum wage earners in Central Luzon. This brought the daily compensation for non-agricultural and agricultural workers in Central Luzon to ₱330 per day and ₱300 per day, respectively. • Construction of irrigation canals, creeks and check gates at various barangays in Bulacan to boost farm production in the Province. • Construction of the ₱16.1-billion Balog-Balog Multipurpose (BBM) dam project in Tarlac, which is expected to render irrigation services to an additional 21,935 hectares of farmlands in the Province. This brought the total irrigation service area of BBM project to 34,410 hectares. • Promotion of organic farming in Tarlac during the 8th National Organic Agriculture Conference. The conference featured an organic trade fair showcasing natural organic inputs and end-products. 	<ul style="list-style-type: none"> • Intensification of consumer education programs to raise the level of awareness and understanding of consumers on the products available in the market. It is viewed that raising consumer protection and awareness in the region will benefit the business sector. • Endorsement by the Regional Development Council (RDC) of Central Luzon of the proposed Bigaa-Plaridel National Road upgrade in Bulacan. The road development project is expected to mitigate traffic problems and increase tourist arrivals in Malolos City which is home to a number of historical landmarks. • Allocation of ₱1.1 billion by Technical Education and Skills Development Authority (TESDA) for its scholarship program in Bulacan, which will initially give jobs to 45,500 trainees upon graduation in 2012. • Establishment of Oishi Company (a popular snack food) of its presence in Tarlac that contributed to an increase in employment in the Province. • Expansion of Sutherland (a BPO company) of its operation in Tarlac that resulted in additional investments and employment in the Province. • Start of operations of D’Luxe Bags (manufacturer of the



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> • Improvement of the fishing industry in Tarlac with the distribution by the provincial government of more than 3 million fingerlings to farmer-beneficiaries. • Construction of Nueva Ecija’s Onion Cold Storage & Research Center, which has 20,000 bag capacity that will result to the availability of onions at low prices during off-season. • Establishment in Nueva Ecija of facilities for grain drying of high value crops and storage for charcoal production that will limit waste materials from agricultural production. • Introduction of an organic tilapia techno demo farm in Nueva Ecija that will boost tilapia production. • Construction of the Casecnan Multi-Purpose Irrigation and Power Project-Irrigation Component, Phase II (CMIPP-IC) that will provide irrigation to 20,321 hectares of new farm areas in the towns of Muñoz, Guimba, Talugtog, Cuyapo in Nueva Ecija, and Anao, Ramos and Victoria in Tarlac. It also intends to stabilize the irrigation supply of the 40,000 	<ul style="list-style-type: none"> world-renowned Coach Bags) in Tarlac. • Rehabilitation of the Capas - San Manuel segment of the Manila North Road (also known as McArthur Highway) in Tarlac. The rehabilitation will reduce the transportation time of goods and services to both northern and central Luzon. • Development of the Auto Dam in Nueva Ecija into an eco-tourism spot. • Unveiling by the Subic Bay Metropolitan Authority (SBMA) of a tourism master plan to turn Subic Bay Freeport into a “BPO City.” The tourism master plan proposes for the establishment in the Subic Bay Freeport of water-front villas, theme park, hotel, golf course, convention center, science and technology park, duty free stores, and a yacht club. • Inclusion of Subic Bay in the scheduled port visits of United Kingdom-based cruise ship, MV Spirit of Adventure in February 2012. • Increased employment within the Clark Special Economic Zone due to the expansion of several multi-national firms and the opening of multi-billion dollar investments inside the economic zone in 2011.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>hectares of existing areas of the Upper Pampanga River Integrated Irrigation System.</p>	<ul style="list-style-type: none"> • Vibrant investment activity at the Freeport Area of Bataan, which reported a ₱1.5-billion worth of new investments in 2011. The Authority of the Freeport Area of Bataan (AFAB) reported that in 2011, 16 companies have set-up business or formalized their intention to invest in Bataan. • Enhancement of tourism promotion efforts by both SBMA and CDC in line with the thrust of the National Government to boost eco-tourism in the country. The SBMA intends to attract more visitors by staging more events and encouraging tourism stakeholders to invest more in Subic Bay. At least five major tourism-related projects are currently in the pipeline in Clark to reinforce its reputation as both an investment and tourism destination.
<p>CALABARZON</p>	<ul style="list-style-type: none"> • Availability of certified seeds and technical support from the government. • Presence of feed millers and cooperatives in the province of Batangas. • Influx of investors of poultry integrators in the province of Batangas. 	<ul style="list-style-type: none"> • Proximity of the region (particularly the provinces of Cavite, Laguna and Rizal) to the NCR, the country's economic and business center. The region can pursue its role as a manufacturing production hub and logistics center complementing the NCR. • Development of infrastructure in the province of Laguna, which is expected to contribute to the increase of tourist arrivals into the Province.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> • Availability of large potential areas that are suitable for livestock and poultry production. 	<ul style="list-style-type: none"> • In Batangas: <ul style="list-style-type: none"> ○ Enhancement of tourism promotional materials, e.g. billboards, tourist exhibits and creation of tourism audio-visual presentations (AVPs) by the provincial government. ○ Development of new tourist destinations. ○ Availability of funding assistance from the DOT on tourism promotion programs. • Continued microfinance advocacies and recruitment of members/clients by microfinance-oriented banks.
<p>MIMAROPA</p>	<ul style="list-style-type: none"> • Promotion of Oriental Mindoro as Luzon Urban Beltway’s food base, premier tourism destination and emerging center for investment. • Presence of large irrigable areas for palay production. • Conservation and rehabilitation of marine ecosystems like mangrove, seagrass and coral reef through the establishment of marine protected areas and fish sanctuaries. 	<ul style="list-style-type: none"> • Promotion of infrastructure programs in Oriental Mindoro, including the development of road networks, inter-island links and telecommunications service. • Growth of Oriental Mindoro’s construction and real estate sector, bolstered by an increased demand by residents for housing units and clamor for improved infrastructure. • Additional flights to Puerto Princesa Airport in Palawan by Cebu Pacific and Air Asia. • Establishment of strategic alliances and joint undertakings among hotel establishments to meet the demand for



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> • Continued efforts to protect of the region’s lakes and rivers to increase fish production. • Presence of the National Meat Inspection Service (NMIS) – an accredited meat cutting and processing plant. • Operation of the Bureau of Fisheries and Aquatic Resources’ (BFAR) Bongabong, Oriental Mindoro Multi-species Hatchery, which will provide additional fish seed inputs for the Province. • Promotion of fish cage operation technology and other aquaculture technologies. • Utilization of Small Water Impoundment Projects (SWIP) for fish seed dispersal. 	<p>standardized hotel and lodging services in Palawan.</p> <ul style="list-style-type: none"> • Opening of additional bank branches/offices in Oriental Mindoro.
<p>Bicol</p>	<ul style="list-style-type: none"> • Opening of the Philippine Rice Research Institute’s (PhilRice) 7th branch station in Ligao City, Albay. It will house state-of-the-art equipment, which includes an administration building, research and training buildings, seed processing plant, warehouse, training dormitory, staff apartments, and two 	<ul style="list-style-type: none"> • Utilization of the ₱5.5 billion fund allocated by the DPWH to the region to finance infrastructure projects designed to sustain Bicol’s economic growth. • Implementation of 126 infrastructure projects in the region, with a total amount of ₱2.4 billion.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>guesthouse buildings. This is also one of the most modern stations of PHILRICE, with the establishment of a research farm with a piped irrigation system.</p> <ul style="list-style-type: none"> • Request by the DPWH for a ₱643-million fund to control lahar flow from Mt. Mayon. The Bicol Regional Development Council (RDC) favored funding the proposal for the construction of flood control structures along critical flood paths down the slopes of Mt. Mayon to ease the destruction caused by lahar during rainy season. • Continued construction and rehabilitation of farm-to-market roads in various parts of the region. • Construction of a ₱10-million fishport project in Dapdap, Legazpi City, which will be complemented by the construction of cold storage plant and a causeway to benefit local fishermen and buyers. • Availability of agricultural trainings and seminars to help develop famers' capability to effectively manage their rice farms and 	<ul style="list-style-type: none"> • Revival of Manila-Albay line of the Philippine National Railways (PNR) to Ligao City, which will further boost Bicol's booming tourism sector. • Extension of assistance by DTI toward development and promotion of micro, small and medium enterprises (MSME). This assistance is aimed at improving of access to financing, increasing productivity and strengthening of MSME organization and policy advocacy. • Implementation by DOT – Region V of several activities promoting the region as a prime tourist destination. It participated in the 18th Travel Tour Expo 2011 where participating tour operators were able to collaborate and establish linkages with the national and international travel trade sectors for possible joint venture agreements. Travel handlers made commitments to bring in more tour groups while individuals and group travelers signified their interest to visit the region's major destinations. • Installation of mini grid diesel power plants in Masbate that will provide steady supply of electricity in the province. The construction and installation of 69 kilovolt (KV) transmission lines and commissioning of the 10 megavolt ampere (MVA) substation in Masbate will likewise improve power system reliability in Masbate.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>improve yield.</p>	<ul style="list-style-type: none"> • Opening of the Climate Change Academy at the Bicol University in Legazpi City, Albay. The academy will provide skills and competency training to local planners, decision and policy makers and other sectoral agencies on mainstreaming disaster risk reduction (DRR) and climate change adaptation (CCA). A three-day National Media Conference on Climate Change Adaptation was also conducted in the province of Albay. This was participated in by media practitioners from all over the country who agreed to share and disseminate climate change information and hold training sessions on CCA and DRR for media. • Development of other tourism activities in the region that will cater to emerging tourism markets such as medical and wellness tourism, farm tourism, sports tourism, retirement villages and culinary tourism. • Approval of RDC-V of priority sectoral projects that would translate the regional development plan to more focused, integrated and convergent economic development programs. These initiatives are as follows: <ul style="list-style-type: none"> ○ Promoting rice self-sufficiency ○ Promoting rural enterprises ○ Promoting tourism in all provinces ○ Improving retention rate in elementary and secondary



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>levels</p> <ul style="list-style-type: none"> ○ Improving the secondary vocational education system ○ Reducing the power rate ○ Integration of the transportation system ○ Promoting the Comprehensive Land Use Plan (CLUP) preparation among cities and municipalities <ul style="list-style-type: none"> ● Reactivation of the railway network of Manila-Naga covering 400 kilometers. The rail network will boost the development of Region V's infrastructure and improve its accessibility to other regions. ● Opening of roll-on, roll-off (RORO) facility in Pio Duran, Albay, which will spur economic development in the municipality and its neighboring towns.
<p>Western Visayas</p>	<ul style="list-style-type: none"> ● Establishment of the Northern Negros Natural Park Development Program (NNNPDP) that focuses on the protection and conservation of remaining forests and biodiversity sites located in 10 cities and municipalities in Negros. These sites will be promoted as potential tourist destinations. ● Launch of a provincial watershed development project that would ensure a steady supply of water for Negros farmers 	<ul style="list-style-type: none"> ● Construction of new hotels in Iloilo City, which will address the lack of accommodation for tourists and venue for big conventions. ● Formulation of a strategic marketing plan by the Iloilo Convention Visitors Bureau to make Iloilo as one of the top five tourist destinations of the country in the next five years. Recognizing the joint efforts of the public and private sectors, the Canadian International Development Agency (CIDA) provided seed money to Iloilo City for tourism projects.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>through the protection of more communal irrigation system.</p> <ul style="list-style-type: none"> • Opening of a 32-hectare Integrated Correctional Agri-Techonology Center in Bago City that maintains greenhouses for cultivating high-value crops and is being developed as an agri-tourism attraction. • Construction of additional agricultural tramlines in remote barangays in the cities of La Carlota, Kabankalan, Murcia, Silay and Talisay. The tramlines serve as an effective mode of transportation for farmers to deliver their produce to the market. • Invention of a Dual Feed Dryer for fish and food crops to enhance productivity of fishermen and farmers by shortening the drying process of rice grains and fish. • Construction of a feed and meat laboratory in Bacolod City, which will ensure the supply of quality feeds and unadulterated meat in the province. • Launch of a new crop insecticide in Bago City 	<ul style="list-style-type: none"> • Establishment of a Japanese language school at the Negros Occidental Language and Information Technology Center, where caregivers and aspiring overseas Filipinos (OFs) can learn Japanese and its cultural norms before proceeding to work in Japan. • Conduct of a call center training program sponsored by the Metro Bacolod Chamber of Commerce and Industry (MBCCI), which aims to produce a pool of qualified and competent workforce through advocacy of massive training (in language and communication) for out-of-school youth, college drop outs, technical-vocational graduates and unemployed members of the community. • Issuance of the Negros First Family Health Cards to indigent family-beneficiaries which entitles them to free consultations and subsidized patient care in provincial and district hospitals. • Implementation of a literacy program for public school teachers which include the provision of financial assistance to teachers wanting to take up higher post-graduate courses to enhance their teaching capabilities. • Upgrade of provincial and district hospitals in Negros Occidental through the provision of medicines, laboratory



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>which will help control and prevent the infestation of green leaf hoppers among palay farms in the city.</p> <ul style="list-style-type: none"> • Completion of the Provincial Dairy Farmers and Paravet Academy in La Carlota City, Negros Occidental that will provide a site for skills training on livestock production and farming in the province. • Distribution of 1,097 bags of certified palay seeds under the Agri Pinoy Rice Program of the Aklan Provincial Agriculturist. • Selection of the towns of Libacao and Madalag in Aklan as recipients of the Kapit-Bisig Laban sa Kahirapan – Comprehensive and Integrated Delivery of Social Services (KALAHI-CIDSS) Program. This program will be implemented in three years starting in 2012. The program is set to provide ₱450,000 a year to each barangay of a recipient town for the implementation of its priority projects. • Selection of the town of Altavas in Aklan as the recipient of the community-based Forest Management Project. Under the program, 	<p>and dental supplies and equipment, and renovation/expansion of hospital buildings.</p> <ul style="list-style-type: none"> • Construction of the Bacolod City Eye Center, a government-managed health facility, which responds to the eye care needs of indigents, particularly the elderly. • Transfer of major terminals for southbound buses and jeepneys to a larger terminal located outside Bacolod City and the operation of the first flyover in the city, which has helped decongest city traffic. • Implementation of a city-wide Master Drainage Plan for the survey and reconstruction of Bacolod City’s drainage system to address flood-prone areas in the city. • Proposal to privatize garbage collection in Bacolod City, which will ensure an effective and efficient solid waste management. • Expansion of Convergys Call Center in Bacolod City through the construction of a 14-storey high-rise commercial tower called SanParq 2. • Construction of a 40-MW solar farm in EB Magalona, Negros Occidental by a Korean-based company to help improve power supply in the Province.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>upland farmers and fisherfolk will plant and nurture trees in their respective barangays and at the same time, they will be provided with training and/or financial support for their livelihood activities.</p> <ul style="list-style-type: none"> • Implementation of a salt application program for coconut trees in Aklan by the Philippine Coconut Authority (PCA). • Rehabilitation of Teodoro Arcenas Trade Center in Roxas City, which now includes a vegetable section. • Conduct by DTI – Region VI of seafood processing seminars for fishermen and fishpond operators in Roxas City, Capiz. • Turn-over by the Capiz Provincial Government of a rescue boat to the Philippine Coast Guard to be used by the Provincial Disaster Risk Reduction and Management Council. 	<ul style="list-style-type: none"> • Production of an earth-based environment-friendly construction material known as Interlocking Compressed Earth Block in San Carlos City, which could be used as a major component in building construction. • Opening of a multi-million commercial port in Cadiz City, which is expected to increase employment in the city. • Construction of the 3.6-hectare high-rise condominium and commercial complex in Bacolod City, presumed to be the first condominium building in the Province that offers luxurious living amenities at affordable prices. • Classification of Aklan as a first class province that focuses on the conservation and sustained protection of natural resources, job creation, promotion of the agri-tourism sector and electric generation. • Expansion and improvement of the Kalibo International Airport to accommodate at least five commercial airplanes and provide better services to foreign and local tourists visiting Aklan, especially Boracay Island. • Development of the Pook Tourism Development Project, which will provide an alternative tourist route to Boracay Island. The Pook Project will showcase the Bakhawan



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>Ecopark, Jawili Beach, and other tourist sites along the way to Boracay Island.</p> <ul style="list-style-type: none"> • Completion of the expansion of the jetty port terminal in Caticlan and Cagban in Aklan to provide better transport services to the estimated 1.5 million domestic and foreign tourist arrivals in the region in 2013. • Start of the ₱453-million 15-kilometer road cementing project of DPWH-Aklan. The project includes the 3-kilometer Altavas-Jamindan Road, Dumaguít Port Road, Boracay Circumferential Road, Buruanga-Libertad Road, the replacement of Tangalan Bridge, and the asphalt overlay of Kalibo-Caticlan West Road, Banga Road and Banga-Balete Road. • Establishment of the Nabas Wind Power Project of PetroEnergy Resources Corporation, which can generate 52 MW of electricity in Aklan. • Approval of two infrastructure projects in Capiz by RDC VI, namely, the ₱705-million Roxas City Circumferential Road and the Panay River Basin Flood Control Project. • Conversion into fishponds of Capiz' 80-kilometer coastline. This coastline is one of the richest fishing grounds and a major contributor in the aquamarine industry of the



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>Philippines.</p> <ul style="list-style-type: none"> Continued delivery by the region’s local government units (LGU) and DA-Regional Field Unit (RFU) V of assistance for the rehabilitation of the heavily flooded areas in the region.
<p>Central Visayas</p>	<ul style="list-style-type: none"> Procurement and dispersal of farm animals (i.e., chicken, goats and cows) by the Negros Oriental provincial government to farmers as part of the Province’s livelihood program. Planting of hybrid coconut seed nuts through the Planting and Replanting Program of the PCA in Negros Oriental. Allocation of ₱40 million by the provincial government of Negros Oriental to rehabilitate the farm-to-market roads in the following areas: 1) Fatima-Kalikanan-Amio route along the Pamplona-Sta. Catalina Road; 2) Sto. Niño-Narra route of the Tanjay City-Bayawan City Road; 3) hinterland portion of the Ayungon-Tayasan-Jimalalud-La Libertad road; and 4) Luz-Linantuyan road in Guihulngan City. Allocation of the Negros Oriental provincial 	<ul style="list-style-type: none"> Opening of the Construction Industry Authority of the Philippines (CIAP) Cebu service desk at DTI – Region VII, which will enable contractors to process their licenses, registrations and document renewals in Cebu instead of in Manila. Provision of livelihood projects by DTI – Region VII through the Subcontracting Partners for Innovation (SPIN) Program. For the SPIN Program, DTI – Region VII coordinates with big export companies to train countryside residents to become basket weavers. After the training, the weavers are subcontracted by export companies to help them cope with the demands of contracted deliveries. The program also helps export companies save on overhead expenses. Investment on a ₱500-million golf course and five-star resort in Medellin, Cebu. Provision of free training for potential call center workers in Cebu. The program is an offshoot of a ₱5-million grant to the Cebu Education Development Foundation for



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>government of ₱2 million for the construction of additional Barangay Agricultural Development Centers and Bagsakan Centers.</p> <ul style="list-style-type: none"> • Development of a 200-hectare plant nursery project by the Department of Environment and Natural Resources (DENR) in Negros Oriental. The project includes the establishment of 400,000 tree nursery plantation consisting of 300,000 assorted forest trees like mahogany, mangium and falcate. The remaining 100,000 trees will be fruit bearing ones like durian, pomelo, rambutan and mangosteen. • Conduct of vaccination and deworming programs in the different municipalities of Negros Oriental through its Barangay Livestock Aides (BLAIDEs). • Distribution of 2,100 plantlets of bananas in Siquijor by the Office of the Provincial Agriculturist. • Dispersal of 13,045 tilapia fries in Siquijor by the Office of the Provincial Agriculturist. 	<p>Information Technology (CEDF-IT). CEDF-IT member companies would refer to Technical Education and Skills Development Authority (TESDA) for training based on a program tailored to the prospective employer’s needs. With the training program, the industry’s hiring rate was raised from 30 percent to 70 percent.</p> <ul style="list-style-type: none"> • Construction of a 53-storey residential condominium tower in Cebu City, which will be the city’s tallest building. The Horizon 101 will have 868 fully-furnished condominium units with a 100 percent backup generator, 25-meter lap swimming pool, Jacuzzi, 150-meter jogging paths, fitness gym, children’s play area, mini theatres and a Japanese garden. • Construction of Summit Shores, a 200-room seafront hotel in Mactan, Cebu. It shall cater to both leisure and convention tourism. • Opening of a new 100-room Days Hotel in Mandaue City, Cebu and another 100-room hotel branch in Toledo City, Cebu. The Toledo City branch is being built by the local government under a long-term lease agreement and will be managed by the Days Hotel. • Entry of Austal, an Australian shipbuilding company in Balamban, Cebu. It is expected generate 2,000 jobs in the



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> • Implementation of the “Plow Now, Pay Later Program” of the City Agriculture Office to the members of farmers association and rural based organizations in Dumaguete City. 	<p>province once it is operational.</p> <ul style="list-style-type: none"> • Launch of TESDA Specialista Technopreneurship Program (TSTP) in Negros Oriental, which aims to organize graduates into small entrepreneurial groups. In partnership with the LGUs, the graduates will be guided by TESDA until they can set-up business on their own. • Planned hiring of 1,500 workers by Alorica, a US-based customer management outsourcing solutions company for its newly opened delivery center in Cebu City. • Construction of a ₱1.7 billion BPO complex in a 1.2 hectare province-owned lot in Cebu City under a build-transfer operate agreement between Filinvest Corp. and the Cebu provincial government. • Launch of Tindahang Pinoy which is a joint project of DTI with Cebu Gift, Toys and Housewares (GTH) Foundation Inc. Tindahang Pinoy is an online shopping site geared to tap markets outside Cebu. • Launch of the First Philippine Business Registry in Cebu, which will make business registration processing easier as this will be an interlink between government agencies such as the Social Security System (SSS), Philhealth, Pag-ibig and the Bureau of Internal Revenue (BIR).



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<ul style="list-style-type: none"> • Inauguration by Ayala Land, Inc. of the ₱1-billion eBlock Tower 3, which is a 12-storey building for BPOs in Cebu City. • Investment by Coca-cola Bottlers Philippines, Inc. of its third bottling line in Mandaue City, Cebu. • Expansion of operations of Lighthouse Software Cebu Inc. (LHSCI), a Europe-based global intellectual property expert and information service provider, to meet the growing need for trademark database in the region. • Planned hiring of at least 2,000 additional workers by Langrich-On Inc., a Japanese-English language learning center based in Cebu, to address the online demand for Japanese students who want to learn to speak English. • Opening and operation of the ₱265-million public mall project, <i>Mercado de Bais</i>, in Bais City, Negros Oriental. • Improvement and rehabilitation of roads amounting to ₱4.5 million in Dumaguete City. • Allotment of ₱11 million by the Negros Oriental provincial government to develop tourism spots in the province, which include the following: 1) Boardwalk Development in Tanjay City; 2) Cantalina Falls in Amlan; 3) Palaypalay Falls



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>in Pamplona; 4) Bulwang Cave in Mabinay; 5) Balinsasayaw Twin Lakes in Sibulan; 6) Balanan Lake in Siaton; 7) Purchase of aquatic rescue vehicle for Mantalif Reef; and 8) concreting of road in Casaroro Falls, Valencia.</p> <ul style="list-style-type: none"> • Strengthening the implementation of mining rules and monitoring against illegal mining and quarrying operations in the province of Negros Oriental by the Enforcement Bureau of Environment and Natural Resources Division. • Allocation of ₱10 million by the Negros Oriental provincial government for the rehabilitation and development of Highway 2000 in Jimalalud. Highway 2000 is a road network connecting the hinterland barangays of the municipalities of Mabinay, Bindoy, Ayungon, Tayasan, Jimalalud and La Libertad. The road network is aimed at easing the transport of farm produce to markets. • Creation of the First Agro Industrial Economic Zone in Valencia, Negros Oriental. The issuance of Presidential Proclamation No. 156 (dated 26 April 2011) created and designated a parcel of land in Valencia as an agro-industrial economic zone.
Eastern Visayas	<ul style="list-style-type: none"> • Implementation of the ₱375-million Tacloban City Port Rehabilitation Project by the Philippine Ports Authority (PPA), which is 	<ul style="list-style-type: none"> • Implementation of the US\$214-million Millennium Challenge Corporation's Secondary National Road Development Project in Samar Island, which will provide



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>expected to serve the shipping industry in the next 50 years.</p> <ul style="list-style-type: none"> • Construction of five community-based hatcheries in coastal areas of Leyte and Northern Samar. The hatcheries will focus on high value marine products with low input requirements. • Allocation of a ₱380-million fund by DA for irrigation projects in Samar, which is expected to benefit 2,000 families in 7,140 hectares of land. This includes the completion of irrigation projects in Catarman-Bobon and Mondragon, restoration of Macagtas irrigation system in Catarman and the construction of irrigation canals of the Catubig Dam. • Implementation of the Ormoc-Kananga Upland Range Development Program in Leyte, which is expected to increase vegetable production in the province as well as provide additional income to farmers. • Implementation of an upland commercialization program in Samar covering 	<p>better access to commercial centers and lower vehicle operating costs. The project includes road widening, drainage installation, and other road safety improvements.</p> <ul style="list-style-type: none"> • Prioritization of DTI for coco coir and coco peat production due to growing demand for natural fibers from China, Hongkong, Taiwan and Europe. • Opening of Robinsons and Gaisano malls in Calbayog City that would increase local revenues and generate jobs in the city. • Operation of two airline routes in Samar such as the Catarman-Cebu and Catarman-Tacloban routes for Northern Samar, and Guiuan-Cebu for Eastern Samar.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>at least 500 hectares of farmland in the Province.</p>	
<p>Zamboanga Peninsula</p>	<ul style="list-style-type: none"> • Receipt of several coastal patrol equipment by City Agriculture and Municipal Council of Dipolog City from the Food and Agriculture Organization (FAO) and the Regional Fisheries Livelihood Program. These equipments will be used to counter illegal fishing activities in the area. • Participation of stakeholders from Zamboanga Peninsula to a consultation on the Regional Value Chain Map for rubber crumb in Ipil, Zamboanga Sibugay. The consultation was aimed to gather feedback and information from industry players to improve production and sales of rubber products. • Inauguration of a ₱40-million storage facility located at San Pedro, Dapitan City. The facility can be utilized to preserve excess fish for the lean season to maintain regular supply of fish throughout the year. • Increase of farm production in Dipolog City 	<ul style="list-style-type: none"> • Construction of the 80-MW power plant facility of San Ramon Power, Inc. in Zamboanga City. It will be operational by 2016 and will be sold to the Zamboanga City Electric Cooperative. • Installation of a control center for Close Circuit TV (CCTV) which will monitor strategic places in Zamboanga City. The project will cost ₱20 million and provide a credible security presence in the city. • Setting up by the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA) in Zamboanga City of a Doppler radar in order to provide comprehensive and detailed weather information in the region. The radar is capable of monitoring weather systems within a 480 km radius and detects cloud formation and wind movements. • Construction by the PPA of separate passengers' terminal in Zamboanga City for foreign travellers. Once completed, the terminal will also house government offices such as the Bureau of Quarantine, Bureau of Immigration, Department of Foreign Affairs (DFA) and the Customs International



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>due to the implementation of various DA programs such as the High Value Crops Development Program.</p>	<p>Quarantine Security.</p>
<p>Northern Mindanao</p>	<ul style="list-style-type: none"> • Sustained efforts on disease control and prevention, and animal dispersal program of various LGUs in the region that will benefit household-based swine farmers and increase swine production. • Distribution of palay seeds by various LGUs, construction of irrigation and postharvest facilities and pest control technology. • Distribution of fingerlings, creation of fish sanctuaries and expansion of mariculture farms in the region. 	<ul style="list-style-type: none"> • Continuation of promotional activities for the region’s tourism industry, especially the proliferation of affordable airline fares to the region. • Opening of new attractions in the region such as the Hoyohoy Island Resort in Tangub City. • Opening of more banks and financial institutions due to expansion of the local economy.
<p>Davao Region</p>	<ul style="list-style-type: none"> • Implementation of prospective PPP projects, particularly the ₱1.4-billion Davao Food Exchange Complex. 	<ul style="list-style-type: none"> • Implementation of BOI projects on the energy sector valued at ₱8.2 billion. • Expansion of the region’s ICT sector for software outsourcing. • Take off of prospective PPP projects in the region, such as:



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<ul style="list-style-type: none"> ○ Davao Sasa Port; ○ Sta. Ana Wharf development project; ○ Tagum-Davao-General Santos road; ○ Tagum Water District joint venture for bulk water supply; and ○ Davao Region Geographic Network (DRIGN).
SOCCSKSARGEN	<ul style="list-style-type: none"> • Improvement in the production of palay and corn due to favorable weather conditions. • Staging of various seminars on palay and corn production to finalize roadmaps for the region’s agricultural sector and improve farm production. 	<ul style="list-style-type: none"> • Increased arrivals of both domestic and foreign tourists due to the region’s natural attractions.
Caraga		<ul style="list-style-type: none"> • Approval of NEDA Board projects in the region worth ₱133.0 billion, which includes the following: <ul style="list-style-type: none"> ○ Introduction of the Energy Efficient Electric Tricycle (E-Trike) Project; ○ Agus VI Hydroelectric Power Plant (Units 1 and 2) upgrading project; ○ Land Transportation Office Infrastructure and Information System (LTO-IIS);



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<ul style="list-style-type: none"> ○ Jalaur River Multipurpose Irrigation Project Phase II; and ○ Umayam River Irrigation Project (URIP).
<p>ARMM</p>	<ul style="list-style-type: none"> • Occurrence of excellent agro-climatic condition in the region conducive for the production of a number of agricultural crops, such as white corn and high-grade coffee. • Availability of large tracks of fertile land for farming. • Low labor cost in the region, which is 20 percent less than that of Davao, 26 percent less than Central Luzon, and 43 percent less than Metro Manila. 	<ul style="list-style-type: none"> • Investment amounting to ₱1.5 billion in a telecommunications project by EA Trilink Corp., a regional telecommunications company based in Marawi City. • Modernization and expansion by Matling Industrial and Commercial Corp. of its cassava starch factory and biomass power plant worth ₱23.9 million.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
B. Challenges		
NCR		<ul style="list-style-type: none"> • Need to improve liveability and greater ecological sustainability. • Declining competitiveness vis-à-vis other metropolitan cities in Asia. • Rising poverty and proliferation of informal settlements. • Rising risks of flooding. • Weak coordination among LGUs and government agencies in terms of developing a common vision for the region's future. • Heavy traffic congestion in the main thoroughfares.
CAR	<ul style="list-style-type: none"> • Deterioration of the centuries old Ifugao Rice Terraces due to the effects of climate change, lack of care, deforestation, urbanization, poverty and neglect of indigenous culture. Of the 15,000 hectares cultivated in the 1950s, only an estimated 5,000 hectares are currently maintained by some 100,000 	<ul style="list-style-type: none"> • Unsettled issues between the Bases Conversion Development Authority (BCDA) and the developers of Camp John Hay impede the further development of Camp John Hay to become a world-class amusement center. • Privatization of Kennon Road by DPWH in order for the government to save on maintenance cost. This will,



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>indigenous farmers. The challenge of restoring the rice terraces rests upon the social and economic condition of the people residing in these communities. A sustainable solution requires political will, financial commitment, and community engagement.</p>	<p>however, result in higher toll fees than the current rate of ₱15 for all vehicles. This toll fee increase means higher transport cost, which will translate to higher prices of commodities going to and coming from the region.</p>
<p>Ilocos Region</p>	<ul style="list-style-type: none"> • The NTA identified the need to shift from traditional farming techniques to modern farming technology to improve competitiveness and stabilize the region’s tobacco industry. 	
<p>Cagayan Valley</p>	<ul style="list-style-type: none"> • Occurrence of extreme weather conditions due to climate change, which poses a great problem for this agriculture-dependent region. 	
<p>Central Luzon</p>	<ul style="list-style-type: none"> • Expected decrease in palay production in Bulacan due to the shift to cash crops and conversion of agricultural lots into residential and commercial lands. • Unavailability of site for some municipalities 	<ul style="list-style-type: none"> • Spread of uncertified products being sold by small business establishments in Bulacan. These products, although cheaper, are dangerous to consumers and at the same time affecting the sales of the companies complying with the safety standards.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>in Tarlac for the establishment of techno-demo farms, which could hamper the rice production program of the Province.</p> <ul style="list-style-type: none"> • Failure to get public acceptance of natural organic farming techniques in Tarlac since most farmers still prefer the traditional method of farming. • Damage sustained by Nueva Ecija from typhoons, which affected the Province’s standing palay crops during the flowering and milking stage. • Entry of several subdivision developers in Cabanatuan City, Nueva Ecija that reduces total area used for planting. • Threat of La Niña in 2012. • Based on the report of the Regional Disaster Risk Reduction and Management Council (RDRRMC), the damage to infrastructure and agriculture in the region brought by the back-to-back typhoons Pedring and Quiel has reached ₱9.5 billion. However, the National Government through the DA, has allotted 	<ul style="list-style-type: none"> • Entry of giant retailers to the detriment of local and small businesses in Tarlac. • Rising cost of doing business in Nueva Ecija because of the rising power rates and increasing production costs. • Danger posed by the entry of big malls to small groceries and other small businesses in Cabanatuan City, Nueva Ecija. • Losses incurred by the Subic Bay Freeport Zone, which is at estimated at ₱7 billion since its creation in 1992 due to low lease rates given to investors, lack of additional land for new and expanding companies, an under-utilized airport and ageing infrastructures and equipment. • Dwindling commercial space in the Subic Bay Freeport Zone in which investors can set-up factories and commercial establishments. Subic Freeport has only 300 hectares of leasable land out of the total 2,959 hectares leasable area. • Slowdown in employment growth in Subic at 0.5 percent in 2011. This could be due to the slowdown in committed investments in Subic, which grew by only 2.0 percent in 2011.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>₱331 million to help Central Luzon farmers, fishermen and their respective communities recover from crop and fishery losses due to these typhoons.</p>	
CALABARZON	<ul style="list-style-type: none"> • Rising cost of fertilizer and insufficient supply of irrigation water. • Rising cost of production of livestock and poultry. • Rising cost in the operation of fishing vessels and reduced fish catch. 	<ul style="list-style-type: none"> • Need for Laguna’s tourism sector to be more competitive, particularly in terms of pricing for hotels and accommodation, resorts, and other tourist spots.
MIMAROPA	<ul style="list-style-type: none"> • Environmental challenges posed by climate change, natural hazards like erosion and flooding, mining, deforestation and illegal fishing. • Increase in the prices of agricultural production inputs. • Increase in the investment cost for irrigation. • Presence of sub-ports in Oriental Mindoro 	<ul style="list-style-type: none"> • Need for a sustainable power source in Oriental Mindoro and legislations to promote an investment-friendly environment in the region. • Lack of tourism infrastructures such as roads, airports and seaports as well as communication, power and water and sewerage utilities and facilities. • Inadequate accommodation facilities for tourists. • Need for the formulation of a comprehensive tourism



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>that could serve as unauthorized entry point for illegal livestock and poultry.</p> <ul style="list-style-type: none"> • Threat from the possible entry of the bird flu virus due to the arrival of migratory birds in Naujan Lake, Oriental Mindoro. • Occurrence of common diseases for swine like pneumonia and scouring in Oriental Mindoro, which threatens swine production in the province. • Presence of illegal fishing activities in the region. 	<p>development plan in the region.</p> <ul style="list-style-type: none"> • Need for the standardization and accreditation of tourist-accommodation facilities in the region.
Bicol	<ul style="list-style-type: none"> • Lack of infrastructure and post harvest facilities that can mitigate the effects of severe weather disturbance. • Absence of entrepreneurial attitude and skills of farmers and fisherfolks in the region. • Preference of graduates of agriculture-related courses to be employed in BPOs due to higher wages and benefits. • Occurrence of illegal commercial fishing 	<ul style="list-style-type: none"> • Increasing cost of power in the region (despite being a major geothermal energy supplier in the country), which is perceived to be the region's major stumbling block to a faster, more sustained and more inclusive economic growth. • Constraints confronted by the mining sector in the region due to issues related to environmental protection and child labor. • Closure of six mineral processing plants in Camarines Norte due to expired permits after a joint investigation and



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>activities in Ragal Gulf and Burias Pass, which threatens the livelihood of local subsistence fishermen and the sustainability of the ecosystem.</p>	<p>monitoring conducted by the DENR’s Mines and Geosciences Bureau (MGB) and Environmental Management Bureau (EMB). The closure resulted in a dip in the Province’s gold and silver production.</p>
<p>Western Visayas</p>	<ul style="list-style-type: none"> • Need for capital assistance for farmers for the purchase of agricultural inputs, mitigation during fluctuations of agricultural produce and education of their children. • Setback encountered by around 800 jathropa farmers in Cadiz City after the Philippine National Oil Company-Alternative Fuels Corporation (PNOC-AFC) ceased to provide funds for the Jathropa Biodiesel Project. • Unabated timber poaching and illegal charcoal-making activities in Negros Occidental despite the presence of forestry laws and law-enforcement units in the province. • Prospects of an inadequate rice supply in Negros Occidental due to massive crop damage in areas affected by typhoons. 	<ul style="list-style-type: none"> • Rampant informal gas retailing in the region, which has prompted LGUs to take action against the so-called “bote-bote” dealers, which pose a threat to the health and safety of the public. • Reduction of Bacolod City’s Internal Revenue Allotment (IRA) has resulted to the city’s financial and budgetary constraints, which prompted the city government to fast track the implementation of the Revised Revenue Code to improve revenue collections. However, the revision was met with great opposition from local entrepreneurs who view the move as additional cost to their operations. • Spread of reports of widespread short selling of fuel by gasoline outlets, which prompted the local authorities to conduct an investigation on the calibrated fuel tanks of gasoline stations throughout the region. • Availability of counterfeit medicines in drugstores of Bacolod City, which prompted the city government to issue public warnings against counterfeit medicines.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> • Need for the implementation of programs that will mitigate the effects of climate change in the region. In particular, Aklan needs to implement programs for the following: rice production (hybrid, inbred, commercial), high value commercial crops production (corn, mango, other fruit and vegetables), integrated pest management, natural farming system, abaca production, modified rapid composting and fisheries. • Pending recovery of abaca production in Aklan from mosaic and bunchy top infestations.⁵ 	<ul style="list-style-type: none"> • Warning from the Philippine Overseas Employment Administration (POEA) Bacolod City regarding consultancy firms, internet job advertisements and travel agents offering overseas employment that may lead to illegal recruitment, in light of several complaints filed at their office by applicants and workers who have been victims of illegal recruiters.
<p>Central Visayas</p>	<ul style="list-style-type: none"> • Infestation of “tungro” spots in some irrigated palay farms in Ayungon and Canlaon City in Negros Oriental.⁶ • Infestation of parasitic snails in most brackish 	<ul style="list-style-type: none"> • Need for the Creative Industries in Cebu to apply for patents to protect copyrights and designs from piracy. To address this concern, DTI-7 is coordinating with the Intellectual Property Office of the Philippines (IPOPHL) to help private enterprises register their original concepts and

⁵ Banana bunchy top virus (BBTV) is one of the most serious diseases of banana, caused by a virus, which is spread by an infected planting material or by the banana aphid (*Pentalonia nigronervosa*) that feeds on deceased plants and move on to healthy ones.

⁶ Rice tungro bacilliform virus (RTBV) is a plant pathogenic virus of the family Caulimoviridae. Tungro means 'degenerated growth' and was first observed in Philippines. Tungro-affected rice plants are stunted and have reduced number of tillers. The young emerging leaves develop interveinal chlorosis leading to discoloration of the leaves, starting from tip downwards. Often, the whole leaf is discolored, and plants infected at an early stage generally die prematurely. Infected plants take more time for maturity because of delayed flowering.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>water fishponds in Tanjay and Bais City, Negros Oriental.</p> <ul style="list-style-type: none"> • Damage to crops, freshwater and brackish water fishponds and livestock brought about by typhoons, which caused flashfloods in some areas of Negros Oriental. • Occurrence of excessive soil moisture brought about by frequent rains, which affected adversely sugarcane production in Negros Oriental. • Temporary cessation of operations of three sugar mill companies in Negros Oriental due to low sugar cane delivery to the mill sites caused by lack of labor force to harvest sugar cane and unfavorable weather conditions. • Infestation by coconut leaf beetle of 11,500 coconut trees in Bayawan City, Negros Oriental. 	<p>products.</p> <ul style="list-style-type: none"> • Suspension of Cebu-Doha flights by Qatar Airways effective 27 March 2012 due to high fuel prices and high operations cost. The suspension causes concerns for some sectors and tourism stakeholders in Cebu on its adverse effect on the economy of Central Visayas. Additional tax burden for the airline companies, which includes the 3 percent common carrier tax and the 2.5 percent international carrier tax are additional factors that triggered the Qatar Airways' decision.
<p>Eastern Visayas</p>	<ul style="list-style-type: none"> • Adverse effects of climate change on the region's agricultural production, public infrastructure and tourism industry. 	<ul style="list-style-type: none"> • Need to continuously improve the region's tourism infrastructure and attractions to increase tourist arrivals.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p>Zamboanga Peninsula</p>	<ul style="list-style-type: none"> • Threat of earthquake and tsunami on Zamboanga City since the city is surrounded by two tectonic trenches: the Sulu and Cotabato Trenches. • Need to further promote the processing of agricultural raw products, such as coconut, processed fish, mango, rubber, seaweeds, abaca, banana, and calamansi as well as emphasis on higher value-crops and development of agri-based industries. • Need to increase agriculture and fishing output through diffused modern production technologies, more public investments, technical assistance and agricultural research. 	<ul style="list-style-type: none"> • Need for the region to address power shortage. The region’s hydroelectric power plants are unable to supply adequately the energy needs of the region. Additional base load plants are needed to augment power supply and address power shortage problems in the Zamboanga Peninsula. • Concern regarding the rapid population growth in the region, which creates pressure on low-income households. To address this problem the region needs a comprehensive population management program providing the population with training seminars on population control. • Need to promote MSMEs to diversify economic activities in rural areas and improve processing of raw materials in order to increase productivity and income.
<p>Northern Mindanao</p>	<ul style="list-style-type: none"> • Concern over extreme weather conditions that may affect adversely the region’s production of crops and fish. 	<ul style="list-style-type: none"> • Prospects of a looming power crisis in Northern Mindanao that can stymie the growth of industries in the region.
<p>Davao Region</p>	<ul style="list-style-type: none"> • Sluggish growth of the agriculture sector due to the occurrence of Panama disease that infected 67 percent of the total banana- 	<ul style="list-style-type: none"> • Insufficient and unstable power supply in the region.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>planted area in Compostela Valley.⁷ This disease would adversely affect the overall banana export performance of the region.</p>	
<p>SOCCSKSARGEN</p>	<ul style="list-style-type: none"> • Concern that the implementation of fishing regulations by Indonesia will decrease further the region’s commercial fishing production. 	
<p>Caraga</p>	<ul style="list-style-type: none"> • Damage to irrigation facilities worth ₱66.4 million due to heavy rains and floods. 	
<p>ARMM</p>		<ul style="list-style-type: none"> • Inadequate transport and logistics facilities that prevent a more vibrant economic environment in the ARMM.

⁷ Panama disease, a Fusarium wilt, is a banana plant disease caused by the fungus *Fusarium oxysporum*. The fungus attacks the roots of the banana plant. The disease is resistant to fungicide and cannot be controlled chemically.

