

2012

Report on Regional Economic Developments



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

Executive Summary

The Philippine economy grew at an accelerated rate of 6.8 percent in 2012 from 3.9 percent in 2011. This surpassed consensus forecasts of 6.0 percent (Asia Pacific Consensus Forecasts, December 2012) and even the National Government's target of 5.0-6.0 percent.

The robust domestic growth was achieved amid a benign inflation environment. Inflation averaged 3.2 percent, lower than the 4.6 percent average in the previous year, and is well within the National Government's 2012 target range of 3.0-5.0 percent. Inflation rates decelerated in all regions, except in Central Visayas and CAR. Most of the regions saw a deceleration in food inflation to 2.2 percent in 2012 from 5.7 percent in the previous year as supply remained adequate. The average non-food inflation in 2012 decreased to 3.6 percent from the previous year's 4.2 percent due largely to lower inflation for housing, water, electricity, gas and other fuels and transport. The uptick in inflation rates in Central Visayas was attributed to a construction boom and retail trade expansion fueled by a robust outsourcing sector in the region. Meanwhile, the rise in inflation rate in CAR was due to acceleration in the prices of housing, electricity, fuel, clothing & footwear, alcoholic beverages and tobacco, furnishings, household equipment and routine maintenance of house, and recreation and cultural services.

Regional expansion during the review year had been broad-based. The agriculture, hunting, forestry and fishery sector sustained its growth at 2.7 percent in 2012. Palay production led the sector's expansion, sustaining a growth rate of 8.1 percent in 2012 from 5.8 percent in 2011. This is due in large part to the implementation of new and existing programs by the Department of Agriculture (DA) and local government units (LGUs) to help farmers increase their productivity. Double-digit growth rates in palay production were observed in Central Luzon, Cagayan Valley and CARAGA. Corn production grew by 6.2 percent in 2012, albeit at a slower pace than the 9.3 percent growth posted in 2011. The sustained increase in corn production could be attributed to the recovery of harvest areas previously damaged by typhoons and continuous government support. Double-digit growth rates in corn production were recorded in CARAGA, Cagayan Valley, Ilocos and Central Luzon. Meat production was slightly lower, with swine production slowing down to 1.7 percent in 2012 from 2.2 percent in 2011 and cattle production contracting by 0.9 percent after increasing by 1.8 percent in the previous year. Higher production costs was cited as the reason for the deceleration in swine production, while conversion of pasturelands to residential lands explained the contraction in cattle production. Chicken production posted a 4.6 percent growth in 2012 from 4.5 percent in 2011, due mainly to increased domestic consumption. Meanwhile, the fishery sector continued to contract at 2.3 percent during the review period, although slower than the previous year's 3.6 percent. The lower production in the fishery subsector could be attributed to damaged aquafarms and fishponds, as well as lower fishing trips due to high production costs and inclement weather.

Meanwhile, the industry sector exhibited brisk performance, growing by 6.5 percent in 2012 from 2.3 percent in 2011. The vibrant property sector supported the double-digit expansion in construction activity. Construction activity across the regions recorded increases in



the number of residential building construction starts and approved building permits in 2012. The increase in private construction projects was due to higher demand for real estate and housing by OFs, as well as expansions in tourism and business establishments. An uptick in the number of approved building permits were seen in CALABARZON, Central Luzon, Northern Mindanao, Zamboanga Peninsula, Central Mindanao and Bicol. Higher residential building construction starts were also observed in most of these regions.

The service sector sustained its expansion, growing by 7.4 percent in 2012 from 5.1 percent in the previous year. Financial intermediation led the growth in this sector. Credit activity increased as of end-June 2012 compared to the same period a year ago, as indicated by the rise in the loans-to-deposits ratio in most of the regions, except in Ilocos Region, CAR, SOCCSKSARGEN, Northern Mindanao, Eastern Visayas 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, NCR continued to have the highest number of banks while ARMM had the lowest number of banks available as of end-December 2012. Meanwhile, deposit generation in almost all regions expanded as of end-June 2012, along with net loan portfolio. The growth of lending activity was highest in MIMAROPA, Western Visayas, CARAGA, and Zamboanga Peninsula. The NCR continued to post the highest loans-to-deposits ratio at 81.21 percent as of end-June 2012.

Based on the results of the quarterly Labor Force Surveys of the NSO in 2012, employment rates remained at 93.0 percent. The service sector accounted for half of the estimated employed persons. Three regions recorded the highest employment rates in the country, namely Cagayan Valley, ARMM and Zamboanga Peninsula. On the other hand, there were regions that posted unemployment rates that were higher than the national average of 7.0 percent in 2012, namely NCR, Central Luzon and Calabarzon, Ilocos, and Central Visayas. The highest underemployment rate was recorded in Bicol, while the lowest rates of underemployment were posted in Cagayan Valley and ARMM.

Going forward, a major challenge that could hamper regional development, particularly in Mindanao, is the lack of adequate supply of electricity that threatens various economic activities. In addition, the presence of different crop and livestock diseases and infestations in the regions pose risks to the country's food self-sufficiency and the livelihood of agriculture-dependent communities. Moreover, extreme weather conditions as a result of climate change is a significant issue in the regions, especially those that are heavily reliant on agriculture.

Regional development is expected to benefit from the government's various infrastructure improvement and development programs. Tourism will remain a key factor in regional economic activity. Hotel and resort constructions and expansions, as well as improved transportation services are expected to boost further the tourism industry across the regions. Continued capacity-building seminars are expected to encourage entrepreneurial activities, improve labor productivity and encourage the use of environmental-friendly practices. In the agriculture sector, improving farm productivity and rebuilding programs are expected to assist the recovery from the losses and damages inflicted by adverse weather condition.



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.

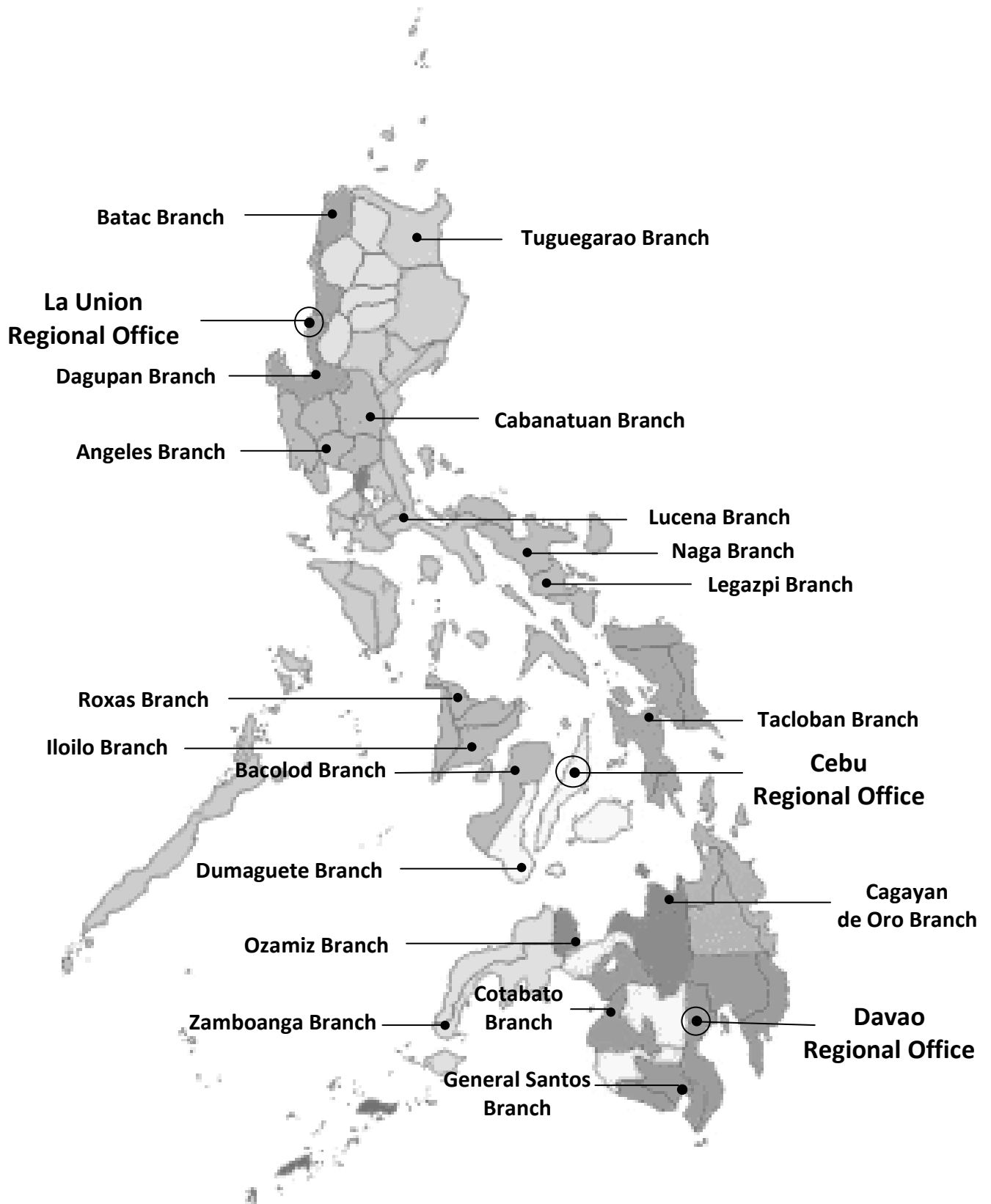
The report tracks economic developments in the regions, focusing on demand and supply conditions, monetary and price developments as well as the emerging economic outlook. It helps confirm the results of the business and consumer expectations surveys conducted by the BSP. Moreover, identifying opportunities 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

Region¹	Provinces
National Capital Region (NCR)	Cities of Caloocan, Las Piñas, Makati, Malabon, Mandaluyong, Manila, Marikina, Muntinlupa, Navotas, Parañaque, Pasay, Pasig, Quezon, 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 improved in 2012 as a result of existing and new programs implemented by the Department of Agriculture (DA) and local government units (LGUs) to promote farmer productivity. Growth in palay production was led by Central Luzon, Cagayan Valley and Caraga. Likewise, corn production grew in 2012 due to the expansion in area harvested, continuous and sustained distribution of hybrid corn seed varieties, and favorable weather conditions. Caraga, Cagayan Valley and the Ilocos Region posted the largest increases in corn production.

Livestock, Poultry, Fishery

- Cattle production contracted in 2012 on account of the lower farm gate prices of beef in the country. Chicken production increased during the year due to more competitive prices, increased consumption and additional poultry farms in the regions. Swine production likewise grew in 2012 albeit at a slower pace compared to 2011. The growth was attributed to intensified swine health disease control activities, higher demand for pork and better farm gate prices. Fishery production, however, declined during the year owing to damage to aquafarms and fishponds caused by typhoons, intrusion of transient fishing vessels and the high cost of fishing operations.

Construction

- Construction activity grew in 2012 as a result of the upsurge in government spending on infrastructure and sustained growth in private construction. The increase in construction activity in the regions was also attributed to favorable weather conditions, increase in the number of business and tourism establishments, stable cost of construction materials, and increased demand for real properties by overseas Filipinos (OFs). The regions that registered the largest increases in both approved building permits and residential building construction started were CALABARZON, Central Luzon, Northern Mindanao and Zamboanga Peninsula.



Banking

- Credit activity remained vibrant as of end-June 2012 as indicated by the rise in the loans-to-deposit ratio in all regions, except in Ilocos Region, Eastern Visayas, CAR, SOCCSKSARGEN and Northern Mindanao. Financial activity among the regions was led by the NCR followed by Cagayan Valley, Davao and CARAGA. In terms of bank service availability as of end-December 2012, the NCR remained having the highest number of banks while ARMM had the lowest number of banks available.

Inflation

- Philippine headline inflation averaged 3.2 percent in 2012, lower than the 4.6 percent average the year before. The benign inflation environment was attributed largely to lower food prices on the back of ample domestic supply. For 2012, the deceleration in inflation rates was most evident in ARMM, Davao and Zamboanga Peninsula.

Employment

- Based on the average data from the four Labor Force Survey (LFS) rounds (i.e., January, April, July and October 2012) conducted by the National Statistics Office (NSO), three regions recorded the highest employment rates in the country, namely: Cagayan Valley, ARMM and Zamboanga Peninsula. Employment in the regions were supported by the scaling up of activities in the agriculture and service sectors, and the increase in the number of workers engaged in family-owned business activities.

Opportunities and Challenges

- The government's various infrastructure improvement and development programs across the country are expected to invigorate economic activities and revitalize business in the regions. Tourism-oriented projects including construction of hotels and resorts, improved public security and transportation services, and the vibrant promotion of tourist sites are also expected to further boost the tourism industry across the regions. Moreover, the capacity-building trainings and seminars initiated by non-governmental organizations (NGOs), civil society organizations (CSOs) and various



government agencies are anticipated to increase entrepreneurial activities, improve labor productivity and encourage the use of environmental-friendly practices. For the agriculture sector, improving farm productivity and rebuilding programs due to natural calamities are expected to assist the recovery from the losses and damages inflicted by adverse weather conditions.

- A major challenge that could hamper regional development (especially for regions in Mindanao) is the lack of adequate supply of electricity that threatens various economic activities. The presence of different crop and livestock diseases and infestations in the regions pose risks to the country's food self-sufficiency and the livelihood of agriculture-dependent communities. Furthermore, the prospect of extreme weather conditions as a result of climate change is a significant issue in the regions, especially those that are heavily reliant on agriculture. The timely implementation of infrastructure projects is likewise crucial in advancing regional development.



Full Year 2011 Economic Performance

Gross Regional Domestic Product (2011)

GRDP growth in 2011 was led by Caraga, Central Visayas, Central Luzon and Western Visayas

Gross Regional Domestic Product, By Region
At constant prices
Growth Rate (%), y-o-y

	Region	2010	2011
	PHILIPPINES	7.6	3.9
1	NCR	7.6	3.5
2	CAR	6.3	2.1
3	Ilocos Region (I)	7.1	3.0
4	Cagayan Valley (II)	(1.1)	5.4
5	Central Luzon (III)	10.7	7.5
6	CALABARZON (IV-A)	11.1	2.6
7	MIMAROPA (IV-B)	1.1	2.5
8	Bicol Region (V)	5.2	2.6
9	Western Visayas (VI)	3.7	5.5
10	Central Visayas (VII)	12.5	7.9
11	Eastern Visayas (VIII)	2.0	1.8
12	Zamboanga Peninsula (IX)	3.6	0.1
13	Northern Mindanao (X)	6.9	2.5
14	Davao Region (XI)	5.0	4.1
15	SOCCSKSARGEN (XII)	2.0	4.0
16	Caraga	7.4	9.6
17	ARMM	2.3	(1.0)

Source: National Statistical Coordination Board

- Gross Regional Domestic Product (GRDP) grew by 3.9 percent in 2011, down from the 7.6 percent growth posted during the previous year as a result of the slowdown of advanced economies. However, several regions have posted growth rates that were significantly higher than the national average GDP growth, these regions include: Caraga (9.6 percent), Central Visayas (7.9 percent); Central Luzon (7.5 percent); and Western Visayas (5.5 percent). By contrast, the regions that posted the slowest growth rates in 2011 were: Zamboanga Peninsula (0.1 percent); Eastern Visayas (1.8 percent); and CAR (2.1 percent). Meanwhile, ARMM contracted by 1.0 percent during the same period
- Economic growth of Caraga, which is the fastest among all the regions in the country at 9.6 percent in 2011 is an acceleration from the 7.4 percent growth it achieved in 2010. The strong performance of Caraga was attributed to the notable growth of its industry sector. In particular, the industry sector in Caraga, which accounted for 31.1 percent of the regional economy, was fueled by mining and quarrying. The region's industry was also boosted by its manufacturing sub-sector.
- The growth in Central Visayas was similarly boosted by the expansion in the industry sector at 11.1 percent, particularly construction, which grew by 21.5 percent in 2011. Mining and quarrying likewise accelerated by 13.8 percent.
- For Central Luzon, growth was underpinned by the notable performance of industry, which grew by 14.4 percent in 2011. The growth of industry in Central Luzon were spurred by mining and quarrying (25.1 percent) as well as manufacturing (16.7 percent).
- Western Visayas' growth in 2011 was highlighted by the expansion of its agriculture,



hunting, forestry and fishing sector, which grew by 13.8 percent. The growth of this sector in Western Visayas in 2011 was led by agriculture and forestry.

- The decline in the economy of ARMM was brought about by the weak performance of its agriculture, hunting, forestry and fishing sector, which was triggered by the contraction of agriculture and forestry by 3.3 percent as a result of the rat infestation that hit palay farms in Maguindanao and floods brought about by typhoons that hit the region in 2011. The lackluster growth of Zamboanga Peninsula can be traced to the decline in agriculture, hunting, forestry and fishing due to continuous heavy rainfall, the conversion of farmlands to residential areas and the decrease in the number of hog growers. Eastern Visayas registered the second slowest growth in 2011 as a result of the deceleration of growth of the industry sector at 0.4 percent and agriculture, hunting, forestry and fishing at 0.7 percent.
- By economic activity, Central Luzon had the biggest agriculture, hunting, forestry and fishing sector among the regions comprising 13.8 percent of the country's total agriculture, hunting, forestry and fishing output. Central Luzon's top agricultural products included chicken, palay, hog, cattle and corn. CALABARZON also had a substantial share in the country's agriculture, hunting, forestry and fishing sector (9.5 percent) followed by Western Visayas (9.3 percent)
- In the industry sector, CALABARZON continued to be the country's hub of industrial activities as it contributed 33.5 percent of the country's total industrial production. Manufacturing formed the backbone of CALABARZON's industrial activities. Meanwhile, the NCR was the biggest contributor to the country's industrial output (19.6 percent) while Central Luzon placed third (12.3 percent).
- In the services sector, the NCR continued to be the largest service-related regional economy,

Luzon remained to be the economic epicenter of the country with Central Luzon, CALABARZON and NCR leading key sectors of the economy



accounting for 51.8 percent of the country's total services output. Driving the services sector in the NCR was trade and repair of motor vehicles, motorcycles, personal and household goods as well as real estate, renting and business activities. CALABARZON followed with a 9.9 percent share to total services output and Central Luzon with 6.7 percent.

Agriculture, Livestock, Poultry and Fishery

Palay production grows at a faster rate

Palay production continued to grow by 8.1 percent in 2012 from 5.8 percent in 2011. This can be attributed to the implementation of existing and new programs by the Department of Agriculture (DA) and local government units (LGUs) to help farmers expand their productivity.

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

Region	2011	2012
PHILIPPINES	5.8	8.1
1 CAR	7.1	5.7
2 Ilocos Region (I)	2.9	8.4
3 Cagayan Valley (II)	22.9	13.1
4 Central Luzon (III)	(11.6)	23.1
5 Southern Tagalog-CALABARZON (IV-A)	2.3	(2.5)
6 Southern Tagalog-MIMAROPA (IV-B)	14.5	5.0
7 Bicol Region (V)	(0.9)	9.6
8 Western Visayas (VI)	25.4	2.1
9 Central Visayas (VII)	19.4	1.3
10 Eastern Visayas (VIII)	2.1	1.1
11 Zamboanga Peninsula (IX)	12.6	(0.5)
12 Northern Mindanao (X)	4.2	4.3
13 Davao Region (XI)	3.4	7.7
14 SOCCSKSARGEN (XII)	5.0	2.2
15 Caraga	2.7	12.5
16 ARMM	(7.5)	(5.9)

Source: National Statistics Coordinating Board

- The double-digit growth rates of palay production in Central Luzon (23.1 percent), Cagayan Valley (13.1 percent) and Caraga (12.5 percent) were due to the following factors:
 - Increase in yield per hectare and area harvested in Cagayan Valley and Central Luzon;
 - Implementation of the DA and National Irrigation Administration's (NIA) 5-in-2 program in Cagayan Valley;³
 - Enforcement of palay technology transfers and provision of technical assistance through seminars and trainings to rice farmers in Cagayan Valley;
 - Sustained use of inbred and certified seeds and high-yielding varieties in Central Luzon; and
 - Sufficient irrigation water and rainfall due to favorable weather conditions in Cagayan Valley, Central Luzon and Caraga.
- Some regions exhibited declines in palay production, namely ARMM (-5.9 percent), CALABARZON (-2.5 percent) and Zamboanga

³ The 5-in-2 program aims to provide sufficient irrigation water to irrigated lands during the five planting seasons.



Peninsula (-0.5 percent). These contractions could be traced to the following factors:

- Decrease in area harvested in the province of Zamboanga Sibugay in Zamboanga Peninsula, CALABARZON and Maguindanao in ARMM brought about by damages caused by Typhoons Gener and Ofel, and southwest monsoon rains; and
- Shift to other higher-yielding crops in Tawi-Tawi, ARMM.

Corn production slows down

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

Region	2011	2012
PHILIPPINES	9.3	6.2
1 CAR	27.1	2.9
2 Ilocos Region (I)	8.2	12.1
3 Cagayan Valley (II)	26.8	17.1
4 Central Luzon (III)	(4.7)	11.7
5 Southern Tagalog-CALABARZON (IV-A)	(4.4)	1.9
6 Southern Tagalog-MIMAROPA (IV-B)	24.3	3.6
7 Bicol Region (V)	23.2	7.2
8 Western Visayas (VI)	25.0	6.7
9 Central Visayas (VII)	(0.6)	(2.9)
10 Eastern Visayas (VIII)	(6.9)	4.0
11 Zamboanga Peninsula (IX)	2.4	5.6
12 Northern Mindanao (X)	5.1	1.4
13 Davao Region (XI)	(5.5)	3.9
14 SOCCSKSARGEN (XII)	10.0	2.6
15 Caraga	(20.0)	18.3
16 ARMM	(6.9)	(4.0)

Source: National Statistics Coordinating Board

- Corn production grew by 6.2 percent in 2012, albeit at a slower pace than the 9.3 percent growth posted in 2011. Double-digit growth rates were recorded in Caraga (18.3 percent), Cagayan Valley (17.1 percent), Ilocos Region (12.1 percent) and Central Luzon (11.7 percent). The increase in corn production in the said regions was attributed to:

- Expansion in area harvested due to recovery from the damage brought by typhoons Quiel and Pedring in Central Luzon and Cagayan Valley in 2011;
- Continuous and sustained government distribution of hybrid corn seed variety in Caraga;
- Favorable weather conditions in Ilocos Region and Cagayan Valley;
- Improved yield per hectare due to the sustained use of genetically-modified variety for yellow corn and open-pollinated variety for white corn in Ilocos Region and Cagayan Valley;
- Increase in yield per hectare due to controlled pest and diseases in Pampanga, Central Luzon;
- Implementation of the DA's Corn Program in the Provinces of Aurora, Pampanga and Bulacan in Central Luzon; and
- Shift to corn production from sugar cane and tobacco in Tarlac, Central Luzon.

- There were two regions that recorded year-on-year contractions in corn production in 2012. These were ARMM (-4.0 percent) and Central



Visayas (-2.9 percent). These contractions were attributed mainly to the following:

- Decrease in area harvested due to a shift from corn to other cash crops (e.g., monggo, camote, eggplant, cucumber and sugarcane) in Central Visayas;
- Commercialization of agricultural lands in Daus and Panglao, Bohol;
- Limited provision of hybrid and certified seeds by the LGUs in Negros Oriental and Cebu; and
- Fewer harvested area due to floods in ARMM.

Livestock, Poultry and Fishery

Livestock and Poultry

Cattle production contracts

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

Region	2011	2012
PHILIPPINES	1.8	(0.9)
1 CAR	(1.4)	(4.9)
2 Ilocos Region (I)	(1.8)	0.6
3 Cagayan Valley (II)	3.4	4.0
4 Central Luzon (III)	1.8	1.0
5 Southern Tagalog-CALABARZON (IV-A)	(0.3)	(1.8)
6 Southern Tagalog-MIMAROPA (IV-B)	2.5	(1.2)
7 Bicol Region (V)	(0.6)	1.7
8 Western Visayas (VI)	7.9	5.3
9 Central Visayas (VII)	4.0	0.2
10 Eastern Visayas (VIII)	6.6	(5.3)
11 Zamboanga Peninsula (IX)	(1.9)	(5.0)
12 Northern Mindanao (X)	2.3	2.6
13 Davao Region (XI)	2.5	(2.4)
14 SOCCSKSARGEN (XII)	4.1	(3.6)
15 Caraga	0.5	5.0
16 ARMM	(0.1)	(21.5)

Source: National Statistics Coordinating Board

- Cattle production contracted by 0.9 percent in 2012, after increasing by 1.8 percent in 2011. The growth rates of cattle production in Western Visayas (5.3 percent), Caraga (5.0 percent), Cagayan Valley (4.0 percent), and Northern Mindanao (2.6 percent) mitigated the contraction of the cattle industry. The growth of cattle production in these regions was due to the following factors:

- Consumers' preference for beef over fishery products in Western Visayas and Cagayan Valley;
- Continued cattle dispersal program of LGUs in Northern Mindanao;
- Conduct of livestock healthcare programs, such as provisions for vitamins, intensified vaccination and deworming against hemorrhagic septicemia of cattle by LGUs in Northern Mindanao (particularly Bukidnon) and Caraga;
- Increase in the disposal of livestock in Cagayan Valley and Western Visayas as a result of competitive prices offered by buyers outside the region; and
- Continued support to farmers by the LGUs to increase cattle population through artificial insemination in Northern Mindanao and Caraga.



- The regions that posted year-on-year declines in cattle production in 2012 include ARMM (-21.5 percent), Eastern Visayas (-5.3 percent), Zamboanga Peninsula (-5.0 percent), CAR (-4.9 percent), SOCCSKSARGEN (-3.6 percent), Davao Region (-2.4 percent), CALABARZON (-1.8 percent) and MIMAROPA (-1.2 percent). These contractions were due mainly to the continued conversion of farmlands to residential lands.

Chicken production grows

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

Region	2011	2012
PHILIPPINES	4.5	4.6
1 CAR	(0.6)	(5.8)
2 Ilocos Region (I)	0.6	8.0
3 Cagayan Valley (II)	19.2	10.2
4 Central Luzon (III)	3.6	6.4
5 Southern Tagalog-CALABARZON (IV-A)	2.0	4.7
6 Southern Tagalog-MIMAROPA (IV-B)	5.0	8.6
7 Bicol Region (V)	5.8	2.1
8 Western Visayas (VI)	7.6	6.1
9 Central Visayas (VII)	7.3	3.8
10 Eastern Visayas (VIII)	(3.7)	(3.2)
11 Zamboanga Peninsula (IX)	10.8	(10.0)
12 Northern Mindanao (X)	7.7	1.7
13 Davao Region (XI)	3.2	2.5
14 SOCCSKSARGEN (XII)	16.7	9.2
15 Caraga	(3.0)	(11.0)
16 ARMM	0.2	(10.0)

Source: National Statistics Coordinating Board

- Chicken production posted a 4.6 percent growth in 2012 from 4.5 percent in 2011. High growth rates in chicken production were recorded in Cagayan Valley (10.2 percent), SOCCSKSARGEN (9.2 percent), MIMAROPA (8.6 percent), Ilocos Region (8.0 percent), Central Luzon (6.4 percent), and Western Visayas (6.1 percent) regions. Contributory factors to the growth in chicken production in these regions include:
 - Availability and greater supply of day-old chicks in Cagayan, Cagayan Valley and Ilocos Region;
 - Competitive price of native chicken that encouraged backyard raising in Ilocos Region;
 - Increased demand for chicken owing to the proliferation of dining establishments serving chicken in Western Visayas, particularly in highly urbanized areas in the region;
 - Increased local consumption with the establishment and expansion of factories and ship building facilities in industrial and economic zones in Clark and Subic;
 - Increased sales of live chicken outside Central Luzon, particularly Metro Manila;
 - Increase in the number of poultry farms and expansion of existing commercial farms in Cagayan Valley; and



- Continued dispersal of Kabir chicks to farmers by the LGUs in Western Visayas and provinces in SOCCSKSARGEN.
- The regions that exhibited contractions in chicken production in 2012 include Caraga (-11.0 percent), Zamboanga Peninsula (-10.0 percent), ARMM (-10.0 percent), CAR (-5.8 percent) and Eastern Visayas (-3.2 percent). The contraction in poultry production in the above-mentioned regions was due to:
 - Damages in poultry farms caused by typhoon Ofel in Zamboanga Sibugay, and torching by leftist groups of some poultry farms in Surigao del Sur, Caraga region;
 - Closure of a commercial poultry farm in Butuan City, Caraga; and
 - Increase in mortality rate of chickens in CAR, Zamboanga Peninsula and Caraga as a result of flashfloods caused by the typhoons in these areas in 2012.

Swine production decelerates

Swine Production, in metric tons (liveweight)

Growth Rate in Percent, y-o-y

Region	2011	2012
PHILIPPINES	2.2	1.7
1 CAR	(7.0)	(5.3)
2 Ilocos Region (I)	2.8	7.6
3 Cagayan Valley (II)	0.2	3.5
4 Central Luzon (III)	7.1	9.3
5 Southern Tagalog-CALABARZON (IV-A)	5.5	1.7
6 Southern Tagalog-MIMAROPA (IV-B)	2.9	3.4
7 Bicol Region (V)	0.6	(4.8)
8 Western Visayas (VI)	0.8	1.1
9 Central Visayas (VII)	3.0	1.9
10 Eastern Visayas (VIII)	(2.7)	(11.8)
11 Zamboanga Peninsula (IX)	(4.9)	(6.1)
12 Northern Mindanao (X)	5.8	6.0
13 Davao Region (XI)	3.4	1.9
14 SOCCSKSARGEN (XII)	(1.1)	0.2
15 Caraga	(14.1)	(2.9)
16 ARMM	13.3	(8.3)

Source: National Statistics Coordinating Board

- The growth of swine production decelerates to 1.7 percent in 2012 from 2.2 percent in 2011. The expansion of swine production in Central Luzon (9.3 percent), Ilocos Region (7.6 percent), Northern Mindanao (6.0 percent), Cagayan Valley (3.5 percent), and MIMAROPA (3.4 percent) regions supported the growth in the 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;
 - High demand for pork and increase in the number of swine stocks available in Ilocos Region, Cagayan Valley and Central Luzon;
 - Better farm gate prices in Ilocos Region; and
 - Swine dispersal under the Comprehensive Livelihood Emergency Employment Program in Northern Mindanao.



Fishery

Fish production improves

Fish Production, in metric tons

Growth Rate in Percent, y-o-y

Region	2011	2012
PHILIPPINES	(3.6)	(2.3)
1 CAR	3.5	3.2
2 Ilocos Region (I)	9.3	(3.1)
3 Cagayan Valley (II)	4.0	(7.4)
4 Central Luzon (III)	(2.2)	0.2
5 Southern Tagalog-CALABARZON (IV-A)	(2.5)	1.3
6 Southern Tagalog-MIMAROPA (IV-B)	0.3	(5.9)
7 Bicol Region (V)	(0.5)	2.2
8 Western Visayas (VI)	2.1	(2.5)
9 Central Visayas (VII)	(0.2)	(1.5)
10 Eastern Visayas (VIII)	(0.7)	(4.5)
11 Zamboanga Peninsula (IX)	(18.2)	(3.4)
12 Northern Mindanao (X)	(2.6)	(1.8)
13 Davao Region (XI)	(6.8)	5.0
14 SOCCSKSARGEN (XII)	(11.8)	13.4
15 Caraga	(5.0)	(2.5)
16 ARMM	0.6	(7.0)

Source: National Statistics Coordinating Board

- The rate of decline of the fishery subsector decelerated to 2.3 percent in 2012 from 3.6 percent a year ago. The decline of fish production in Cagayan Valley (-7.4 percent), ARMM (-7.0 percent), MIMAROPA (-5.9 percent), Eastern Visayas (-4.5 percent), Zamboanga Peninsula (-3.4 percent), Ilocos Region (-3.1 percent), Western Visayas (-2.5 percent), Caraga (-2.5 percent), Northern Mindanao (-1.8 percent), and Central Visayas (-1.5 percent) regions contributed to the weak performance of the fishery sub-sector. The lower production of the fishery subsector in these regions was due to the following factors:

- Damage to aquafarms and fishponds caused by typhoon Ofel in Eastern Visayas and Zamboanga del Sur;
- Lower fishing trips due to frequent rough seas and strong underwater current in Ilocos Region, Western Visayas, Central Visayas, Eastern Visayas, Northern Mindanao, CARAGA and ARMM;
- Intrusion of transient fishing vessels in Antique;
- Temporary stoppage of operations due to financial constraints, unavailability of fingerlings, repair of fishing vessels/fish cages and renewal of licenses in Western Visayas, Central Visayas and Eastern Visayas;
- High fuel prices and operating costs in Western Visayas, Central Visayas and Zamboanga Peninsula;
- Damage caused by “ice-ice” disease⁴ to cultured seaweeds in Negros Oriental and Zamboanga Peninsula;
- Rampant extortion from pirates in fishing grounds and other peace and order

⁴ Ice-ice disease is characterized by general paling or loss of color in the early stages of infection. This disease effects not only seaweed growth but also its appearance and product quality.



- situation in Zamboanga Sibugay and ARMM which forced operators to minimize fishing trips; and
 - Enforcement of fishing ban in the Visayan Sea which significantly affected the unloading of fish in the ports of Cebu and Bohol.
- The positive performances in SOCCSKSARGEN (13.4 percent), Davao Region (5.0 percent), CAR (3.2 percent), Bicol Region (2.2 percent), CALABARZON (1.3 percent) and Central Luzon (0.2 percent) mitigated the contraction of the overall fishery subsector. These positive performances could be traced to the following factors:
 - Interventions from the Bureau of Fisheries and Aquatic Resources (BFAR), such as fingerlings dispersal, and provision of financial assistance and feeding materials to fisherfolks in CAR, Bicol and Davao regions;
 - Low mortality of fish stock due to good water quality and level in Bicol region;
 - Increased number of fishing trips brought about by favorable weather conditions in CAR and Bicol region; and
 - Lifting of tuna fishing ban in high seas pocket 1 of the Pacific Ocean by the Western and Central Pacific Fisheries Commission until 28 February 2013 which contributed significantly to the increase in tuna catch in SOCCSKSARGEN.

Construction

- Construction activity picks up in 2012*
- The strong showing of the construction sector during the year as evidenced by the sector's double-digit growth of 14.4 percent in 2012, was a result of the upsurge in government spending on infrastructure and sustained growth in private construction, according to the National Statistical Coordination Board (NSCB). Overall, construction activity across regions posted modest gains in the number of residential building construction starts and approved building permits in 2012, despite moderate contraction in a number of regions such as CAR, the Ilocos region, Davao and Caraga.



**Total Number of Approved Building Permits By Region
2011-2012, By Region
Levels and Growth Rates**

Region	2011 ¹	2012 ²	Growth Rates (%)
	Levels		
Philippines	112,881	115,453	2.28
NCR	13,378	13,445	0.50
CAR	1,282	1,034	(19.34)
Ilocos Region (I)	7,489	7,090	(5.33)
Cagayan Valley (II)	2,501	2,654	6.12
Central Luzon (III)	11,987	12,773	6.56
Southern Tagalog Calabarzon (IVA)	24,887	26,784	7.62
Southern Tagalog MIMAROPA (IVB)	1,887	2,114	12.03
Bicol Region (V)	2,657	2,932	10.35
Western Visayas (VI)	5,648	5,712	1.13
Central Visayas (VII)	13,097	13,139	0.32
Eastern Visayas (VIII)	2,323	2,313	(0.43)
Zamboanga Peninsula (IX)	3,174	3,831	20.70
Northern Mindanao (X)	6,360	7,070	11.16
Davao Region (XI)	9,985	8,816	(11.71)
Central Mindanao (XII)	2,307	2,601	12.74
CARAGA (XIII)	3,656	2,997	(18.03)
ARMM	263	148	(43.73)

¹revised to reflect updates by NSO

²preliminary

Source: National Statistics Office

**Total Number of Residential Building Construction Started
2011-2012, By Region
Levels and Growth Rates**

Region	2011	2012	Growth Rates (%)
	Philippines	81,537	
NCR	6,866	6,959	1.35
CAR	887	730	(17.70)
Ilocos Region (I)	5,888	5,492	(6.73)
Cagayan Valley (II)	1,847	1,959	6.06
Central Luzon (III)	8,708	9,243	6.14
Southern Tagalog Calabarzon (IVA)	18,287	20,236	10.66
Southern Tagalog MIMAROPA (IVB)	1,310	1,424	8.70
Bicol Region (V)	2,037	2,299	12.86
Western Visayas (VI)	4,271	4,425	3.61
Central Visayas (VII)	10,385	10,367	(0.17)
Eastern Visayas (VIII)	1,424	1,395	(2.04)
Zamboanga Peninsula (IX)	2,353	2,828	20.19
Northern Mindanao (X)	5,146	5,760	11.93
Davao Region (XI)	7,635	6,198	(18.82)
Central Mindanao (XII)	1,373	1,687	22.87
CARAGA (XIII)	2,888	2,149	(25.59)
ARMM	232	132	(43.10)

¹revised to reflect updates by NSO

²preliminary

Source: National Statistics Office

- In 2012, there were a total of 115,453 building permits approved in the Philippines, slightly higher by 2,572 permits or 2.3 percent than the previous year's level of 112,881. The uptick in the number of building permits approved in the Philippines was due mainly to the modest gains posted in regions of CALABARZON, Central Luzon, Northern Mindanao, Zamboanga Peninsula, Central Mindanao and Bicol. Reports showed that the favorable performance of these regions was attributed to good weather condition conducive for construction, growth in private construction projects, increasing number of business and tourism establishments as well as stable cost of construction materials.
- Similarly, the total number of residential building construction started for the review period rose by 1,746 or 2.1 percent to 83,283 from the year-ago level of 81,537. The increase in the number of residential building construction starts was largely due to robust showing of CALABARZON, Northern Mindanao, Central Luzon, Zamboanga Peninsula, Central Mindanao and Bicol. The positive development was attributed to the increased demand for real estate and housing by OFs.
- The weak performance of some regions in Mindanao was attributed to the inadequate power supply leading to prolonged brownouts.
- According to the Philippine Constructors Association, Inc.(PCAI), the growth of the construction industry is projected to accelerate to 8 percent in 2013 on the strength of sustained low inflation and interest rates.
- The surge in public construction investment in 2012, which was supported by the government's increased infrastructure expenditures provided momentum to the industry for 2013.
- The factors that would help propel the growth of the construction sector are continued expansion of the BPO industries, sustained increase in emerging industries (e.g., BPOs), OFW



remittances and the public-private partnership (PPP) program.

Banking

Number of banks per municipality exhibits a general uptrend

BANK DENSITY RATIO ¹
as of dates indicated

Name of Region	2011	2012
NCR	170.12	176.06
I- Ilocos	3.21	3.30
II- Cagayan Valley	2.92	3.08
III- Central Luzon	7.23	7.50
IV-A CALABARZON	9.51	9.90
IV-B MIMAROPA	2.59	2.82
V- Bicol	2.46	2.76
VI- Western Visayas	3.99	4.08
VII- Central Visayas	4.42	4.75
VIII- Eastern Visayas	1.20	1.22
IX- Zamboanga Peninsula	2.51	2.64
X- Northern Mindanao	3.53	3.53
XI- Davao Region	6.90	7.24
XII- SOCCSKSARGEN	3.84	3.90
XIII- CAR	1.90	1.92
XIV- ARMM	0.16	0.17
XV- CARAGA	2.73	2.75
Total - Philippines	5.52	5.74

¹ Bank density ratio refers to the number of bank offices/branches per city/municipality of each region.

Source: Supervisory Data Center, SES-BSP

DEPOSIT LIABILITIES ¹
as of dates indicated
Amount in million pesos

Name of Region	end-June 2011	end-June 2012
NCR	3,480.33	3,581.17
I- Ilocos	100.41	101.38
II- Cagayan Valley	54.90	59.63
III- Central Luzon	256.76	272.36
IV-A CALABARZON	352.30	379.55
IV-B MIMAROPA	27.57	30.49
V- Bicol	60.07	64.04
VI- Western Visayas	147.87	149.84
VII- Central Visayas	262.66	264.50
VIII- Eastern Visayas	43.00	47.36
IX- Zamboanga Peninsula	46.25	50.32
X- Northern Mindanao	73.02	78.94
XI- Davao Region	104.09	106.39
XII- SOCCSKSARGEN	48.23	55.54
XIII- CAR	49.03	52.22
XIV- ARMM	4.00	3.89
XV- CARAGA	25.84	31.11
Total - Philippines	5,136.31	5,328.72

¹ 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.

Source: Branch Regional Information System (BRIS) Report, BSP

- Credit activity increased as of end-June 2012 compared to the same period a year ago, as indicated by the rise in the loans-to-deposits ratio in most of the regions, except in Ilocos Region, CAR, SOCCSKSARGEN, Northern Mindanao, Eastern Visayas 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 2012, the NCR continued to have the highest number of banks while ARMM had the lowest number of banks available.
- The NCR continued to have the highest number of banks relative to the total number of cities/municipalities under its jurisdiction with a density ratio of 176.06 as of end-December 2012. Following NCR were CALABARZON and Central Luzon with density ratios of 9.90 and 7.50, respectively. It must be noted that the density ratios of all regions, except Northern Mindanao which remain unchanged, have increased compared to the December 2011 level. This indicates that more banks are able to provide services to a greater number of cities/municipalities in their areas. Of the 17 regions, ARMM has the lowest density ratio, with slight improvement at 0.17 as of end-December 2012 compared to the same period a year ago.
- Meanwhile, deposit generation in all regions expanded year-on-year as of end-June 2012 except for ARMM, which contracted by 2.63 percent compared to the same period a year ago. Four of the 17 regions posted double-digit growth in deposit liabilities during the review period. These are Caraga, which registered the highest growth at 20.39 percent, followed by SOCCSKSARGEN, MIMAROPA and Eastern Visayas, which registered growth rates



NET LOAN PORTFOLIO ^u

as of dates indicated

Amount in million pesos

Name of Region	end-June 2011	end-June 2012
NCR	2,524.41	2,908.34
I- Ilocos	22.52	20.69
II- Cagayan Valley	17.98	20.09
III- Central Luzon	63.47	71.77
IV-A CALABARZON	60.90	67.11
IV-B MIMAROPA	7.00	8.78
V- Bicol	18.56	19.82
VI- Western Visayas	30.89	38.60
VII- Central Visayas	65.57	69.03
VIII- Eastern Visayas	11.31	12.27
IX- Zamboanga Peninsula	12.11	14.55
X- Northern Mindanao	21.93	23.34
XI- Davao Region	30.24	33.78
XII- SOCCSKSARGEN	15.52	17.27
XIII- CAR	6.97	7.07
XIV- ARMM	0.45	0.44
XV- CARAGA	7.79	9.70
Total - Philippines	2,917.61	3,342.64

^u 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.

Source: Branch Regional Information System (BRIS) Report, BSP

LOANS to DEPOSITS RATIO ^u

as of dates indicated

In percent

Name of Region	end-June 2011	end-June 2012
NCR	72.53	81.21
I- Ilocos	22.43	20.40
II- Cagayan Valley	32.76	33.69
III- Central Luzon	24.72	26.35
IV-A CALABARZON	17.29	17.68
IV-B MIMAROPA	25.40	28.81
V- Bicol	30.89	30.95
VI- Western Visayas	20.89	25.76
VII- Central Visayas	24.97	26.10
VIII- Eastern Visayas	26.30	25.91
IX- Zamboanga Peninsula	26.19	28.92
X- Northern Mindanao	30.03	29.56
XI- Davao Region	29.05	31.75
XII- SOCCSKSARGEN	32.17	31.09
XIII- CAR	14.21	13.53
XIV- ARMM	11.19	11.18
XV- CARAGA	30.15	31.18
Total - Philippines	56.80	62.73

^u 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.

Source: Branch Regional Information System (BRIS) Report, BSP

in deposit generation of 15.16 percent, 10.59 percent and 10.15 percent, respectively.

- The year-on-year growth in net loan portfolio also increased as of end-June 2012 except, for ARMM and Ilocos region. The growth in lending activity were highest in the regions of MIMAROPA (25.43 percent), Western Visayas (24.96 percent), CARAGA (24.52 percent), and Zamboanga Peninsula (20.15 percent).
- The NCR continued to post the highest loans-to-deposits ratio at 81.21 percent as of end-June 2012, an improvement from the 72.53 percent posted a year ago. The NCR was followed by Cagayan Valley (33.69 percent), Davao region (31.75 percent), CARAGA (31.18 percent) SOCCSKSARGEN (31.09), and Bicol region (30.95 percent). High loans-to-deposits ratio in these areas reflected banks' efficiency in channeling deposits to lending activities.

Inflation

Generally lower food and fuel prices push inflation down in most regions

- Inflation averaged 3.2 percent in 2012, well within the 3.0-5.0 percent target range for the year, reflecting a slow down from the 4.6 percent average in the previous year. The relatively benign inflation environment in 2012 was attributed largely to lower food prices on the back of ample domestic supply. Lower non-food inflation, owing to reduced electricity rates



Inflation Rates, in percent (2006=100)

	Region	2011	2012
	PHILIPPINES	4.6	3.2
1	NCR	4.0	2.9
2	CAR	3.2	3.7
3	Ilocos Region (I)	3.9	1.6
4	Cagayan Valley (II)	4.4	2.5
5	Central Luzon (III)	5.1	3.4
6	CALABARZON (IV-A)	5.0	2.7
7	MIMAROPA (IV-B)	5.3	3.1
8	Bicol Region (V)	4.6	2.8
9	Western Visayas (VI)	4.6	4.1
10	Central Visayas (VII)	4.4	5.1
11	Eastern Visayas (VIII)	4.5	3.0
12	Zamboanga Peninsula (IX)	6.0	2.7
13	Northern Mindanao (X)	5.3	4.2
14	Davao Region (XI)	6.0	2.5
15	SOCCSKSARGEN (XII)	5.1	2.7
16	ARMM	7.1	3.1
17	Caraga	6.0	4.4

- and slower price increases for gasoline and diesel, was also recorded during the year.
- During the year, year-on-year inflation rates decelerated in most regions, except in Central Visayas and CAR regions. In the Central Visayas region, the increase in inflation rate was attributed largely to a construction boom and retail trade expansion fueled by a robust outsourcing sector in the region. For CAR, the increase in the inflation rate in 2012 was attributed to the acceleration in the prices of housing, electricity, gas & other fuels, clothing & footwear, alcoholic beverages & tobacco, furnishings, household equipment & routine maintenance of house, and recreation and cultural services.
- Inflation slowed down in 2012 due to lower food prices as well as non-food inflation rates recorded during the year. The inflation rate for food decelerated to 2.2 percent in 2012 from 5.7 percent in 2011. Except during the third quarter of the year when supply constraints was triggered by adverse weather conditions, domestic supply of key food items, particularly vegetables, oils, fish, and fruits remained adequate during the most part of the year. Meanwhile, the average non-food inflation in 2012 decreased to 3.6 percent from 4.2 percent in the previous year due largely to lower inflation for housing, water, electricity, gas and other fuels and transport.
- The year-on-year decrease in inflation rates were evident in ARMM (from 7.1 percent in 2011 to 3.1 percent in 2012), Davao (from 6.0 percent to 2.5 percent), and Zamboanga Peninsula (from 6.0 percent to 2.7 percent).

Employment

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

- Based on the average data of the four LFS rounds (i.e., January, April, July and October) of the NSO in 2012, three regions recorded the highest employment rates in the country, namely: Cagayan Valley (97.3 percent), ARMM (96.5 percent) and Zamboanga Peninsula



Employment Indicators By Region
2012, averages in percent

Region	2011			2012		
	Employment	Unemployment	Underemployment	Employment	Unemployment	Underemployment
PHILIPPINES	93.0	7.0	19.3	93.0	7.0	20.0
NCR	88.7	11.3	14.6	89.1	10.9	14.4
CAR	95.1	5.1	14.7	94.6	5.6	15.5
Ilocos (I)	91.5	8.5	18.3	91.7	8.2	19.4
Cagayan Valley (II)	97.1	2.9	15.1	97.3	2.7	12.6
Central Luzon (III)	91.5	8.5	11.1	91.0	9.0	13.0
CALABARZON (IV-A)	90.3	9.7	17.9	91.0	9.0	17.9
MIMAROPA (IV-B)	96.1	3.9	21.6	95.9	4.1	22.6
Bicol (V)	93.9	6.1	35.4	93.9	6.0	34.4
Western Visayas (VI)	93.3	6.7	23.1	93.4	6.6	21.9
Central Visayas (VII)	93.3	6.7	18.4	92.9	7.1	20.7
Eastern Visayas (VIII)	94.8	5.2	24.1	94.9	5.1	25.0
Zamboanga Peninsula (IX)	96.7	3.3	21.9	96.2	3.7	27.7
Northern Mindanao (X)	95.5	4.5	27.1	95.4	4.6	28.3
Davao (XI)	94.6	5.4	16.5	94.0	6.0	17.9
SOCCSKSARGEN (XII)	96.2	3.9	20.5	95.8	4.2	23.3
Caraga (XIII)	94.0	6.0	26.0	94.4	5.6	24.1
ARMM	96.5	3.4	13.3	96.5	3.4	12.6

*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

(96.2 percent). The employment rate in Cagayan Valley at 97.3 percent was relatively unchanged from the 97.1 percent a year ago. Likewise, the employment rate posted in ARMM is the same as in 2011, while for Zamboanga Peninsula, employment rate was lower than the 96.7 percent posted last year. The lowest employment rate was registered in the NCR at 89.1 percent, which is an improvement from the 88.7 percent in 2011.

- The high employment rate in Cagayan Valley was supported by the scaling up of activities in the agriculture, construction, tourism sectors as well as in the mining industry in the region. For ARMM, the increase in the number of workers engaged in family-owned entrepreneurial activities as well as the continuous efforts of the Department of Labor and Employment (DOLE) in pursuing actively employment generation programs through the provision of livelihood projects and skills development programs have contributed to the growth of employment. Meanwhile, the rise in employment rate in the Zamboanga Peninsula in 2012 was supported by the vibrant manufacturing sector—including sardine-making business entities in the various coastal districts in the region – expanding tourism activities, increasing productivity as well as continuing efforts of the government and private sector in keeping industrial peace in the area.
- Five regions posted unemployment rates that were higher than the national average of 7.0 percent in 2012, namely, the NCR (10.9 percent), Central Luzon (9.0 percent) and Calabarzon (9.0 percent), Ilocos (8.2 percent), and Central Visayas (7.1 percent).
- The highest underemployment rate was recorded in the Bicol region (34.4 percent), while the lowest rates of underemployment were posted in Cagayan Valley and ARMM (both at 12.6 percent).



Demand and Supply Conditions

- The Philippine economy performed strongly in 2012 despite a weak global economic environment. Real GDP grew by 6.6 percent, which was above the national government's official growth target for the review year of 5.0-6.0 percent and an acceleration from the 2011 growth of 3.9 percent. Economic expansion was led by the services sector on the production side and by household consumption on the demand side.
- The sustained recovery of the agriculture sector also contributed to the overall growth of the economy. Palay and corn production registered annual growth rates of 8.1 percent and 6.2 percent in 2012, respectively. The relatively favorable weather condition that prevailed during the year helped boost farm output throughout the country.
- The continued strength of domestic demand and the generally bullish business sentiment in the country were also evident in both the construction of residential buildings as well as the issuance of building permits, which grew by 0.6 percent and 1.6 percent, respectively, in the first half of 2012.
- Financial market conditions remained vibrant in 2012, underscoring the soundness of the country's financial system. Banks' total loan portfolio and deposit liabilities exhibited expansions, resulting in a stable loans-to-deposits ratio. Meanwhile, bank density ratio or the proportion of bank offices to the total number of municipalities/cities per region was steady at 6 percent.
- The country's unemployment rate remained unchanged at 7.0 percent in 2012. Cagayan Valley continued to post the lowest unemployment rate at 2.7 percent, while the NCR recorded the highest unemployment rate at 10.9 percent. The underemployment rate,

however, increased to 20.0 percent in 2012 from 19.3 percent in 2011.

- Inflation in 2012 settled at the low end of the national government's 3.0-5.0 percent target range for the year as it averaged 3.2 percent. The low inflation outturn was due to lower food prices on account of ample domestic supply, as well as lower non-food inflation, owing to reduced electricity rates and slower fuel price increases.

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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		
CAR	<ul style="list-style-type: none"> • Allocation of ₱1 million by the Provincial Agriculture Environment and Natural Resources in Ifugao for the community-based participatory action research on tilapia fishcage at the Magat Dam reservoir. The project will be implemented for 2 years in partnership with SN Aboitiz, National Power Corporation (NPC), National Irrigation Administration (NIA), the Bureau of Fisheries and Aquatic Resources (BFAR), and the Municipal government of Alfonso Lista, Ifugao. The project is expected to expand fish production and increase fisher folks' profit margin by 20 percent. • Establishment of a techno demo project by the Province of Kalinga to promote organic agriculture and poultry integration. The project aims to promote and enhance the production of organically grown farm products, including poultry and livestock. 	<ul style="list-style-type: none"> • Community Assistance by the Provincial Government of Benguet to the Municipality of Buguias to promote the municipality as a tourist destination. Assistance to the community includes series of lectures to enhance the capacity of the municipality to host visitors (i.e., peace and order measures, visitor reception, and creation of barangay tourism council). • Allotment by the Department of Environment and Natural Resources (DENR) of funds amounting to ₱5 million for the rehabilitation of 12 heritage sites in the Province of Ifugao. The rehabilitation will include the restoration of damaged and collapsed walls of the rice terraces. • Construction of an open air museum at the rice terraces cluster in Kiangang, Ifugao. The museum will establish a sustainable community-based eco-cultural tourism industry in the area. This is expected to contribute in the restoration and enhancement of the heritage of the rice terraces and directly improve the socio-economic conditions of indigenous communities that built and maintained the



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>terraces.</p> <ul style="list-style-type: none"> • Improvement of roads leading to tourist destinations in Baguio in line with the local government’s goal of increasing tourist arrival in the area. Baguio City was given ₱40 million by the National Government (NG) for road improvement projects at the Greenwater Village and Burnham Park. • Allotment by the Department of Public Works and Highways (DPWH) of funds amounting to ₱6.6 billion for CAR’s 2013 infrastructure budget for repaving national roads in the Cordilleras.
<p>Ilocos Region</p>	<ul style="list-style-type: none"> • Establishment of a ₱2-million palay-drying facility in Villasis, Pangasinan that will help farmers boost production and minimize losses during rainy seasons. The facility will also augment the operations of the Rice Processing Complex (RPC) in Sta. Barbara, Pangasinan to further boost the province’s agricultural yield. • Accreditation of a seafood processing plant in Dagupan City as a Hazard Analysis and Critical Control Point (HACPP). With a HACCP accreditation, products processed in the 	<ul style="list-style-type: none"> • Implementation of Ilocos Norte’s policy of innovation and advocacy for green energy through the groundbreaking ceremony of the 20-megawatt (MW) Photovoltaic Power Plant in Currimao, Ilocos Norte last 25 November 2012. The groundbreaking ceremony is a result of an earlier memorandum of understanding signed between the Mirae Asia Energy Corporation (MAEC) and the Provincial Government of Ilocos Norte. This solar farm is expected to generate 30 million kilowatts of electricity per hour. • Promotion of Ilocos Norte and Ilocos Sur as major tourist destinations of DOT-Region I. The Museo de Bacarra



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>facility could gain greater access to the United States market. The accreditation will also help develop the province’s aquaculture industry as the plant processes milkfish and shrimp products.</p> <ul style="list-style-type: none"> • Accreditation by the Technical Education Skills Development Authority (TESDA) of the Asian Fisheries Academy (AFA), a training center for fishery technicians supervised by the Bureau of Fisheries and Aquatic Resources - National Integrated Fisheries Technology and Development Center (BFAR-NIFTDC) in Dagupan City. • Signing of BFAR-NIFTDC of a Memorandum of Agreement (MOA) with a private fish farm operator, Filipinas True World Venture (FTWV). FTWV committed to provide employment to 10 graduates of the AFA, while other graduates may be sent to Taiwan for further training. • Receipt by Ilocos Norte of ₱4 million worth of agricultural projects from the Department of Agriculture (DA), which is expected to increase the production of rice and other agricultural commodities in the province. 	<p>featured a glimpse of Ilocano history and religious heritage. Meanwhile, Nueva Era Eco-Cultural Park will feature the town’s natural geography and will showcase the town’s culture heritage.</p>



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 the Five-In-Two Program (five crops in two years pattern) by the National Irrigation Authority (NIA) will help strengthen the agricultural sector of the region. • Improvement of irrigation systems that will increase agricultural production in the region. • Grant of financial assistance to the Province of Nueva Vizcaya by the Japanese Government for the production of organic vegetables that will increase the income of farmers in the municipalities of Dupax del Sur, Kayapa, Santa Fe, Kasibu and Solano. • Start of commercial operations of the Vegetable Trading Center at the Integrated Transport Terminal Compound in Santiago City, Isabela. The trading center will reduce post harvest losses because of improved marketing of agricultural products in the province. • Implementation of the Integrated Disaster Risk Reduction Project and Climate Change Adaption Project of NEDA-AusAid-MDGF-UNDP in partnership with various provincial 	<ul style="list-style-type: none"> • Implementation of the Ilagan-Divilacan Road Project that is expected to boost tourism, trade and commerce in the municipalities of Dinapigue, Divilacan, Palanan, and Maconacon. • Start of flight operations of Sunjet Airlines servicing the Manila-Basco (Batanes) route. • Launching of the Regional Investment Guide Booklet and development of a regional image brand that will feature investment opportunities in Region II. • Opening of Puregold Supermarkets in the provinces of Cagayan and Isabela that will provide opportunities for employment and income generation in the region. • Localization of the Business Process Licensing System (BPLS), which will encourage more investors in the region through the streamlining of business requirements. Tuguegaro City, Cagayan has streamlined its business processing and licensing through the Regional Streamlining Project, which aims to limit the requirements for the grant/application of business permits.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>governments that will improve the resiliency of the region against disasters arising from climate change.</p>	
<p>Central Luzon</p>	<ul style="list-style-type: none"> • Increase in Central Luzon’s poultry and livestock production to make the region as the country’s top producer of hogs and poultry. • Construction by NIA of 20 shallow tube wells to provide irrigation to Bulacan palay farms affected adversely by the damaged Bulo Irrigation Dam. • Construction of the Balog-Balog Multipurpose (BBM) dam in San Jose, Tarlac to irrigate an additional 21,935 hectares of farmland in the province. Once the dam is fully operational, an incremental rice yield of 116,700 metric tons (MT) per year is anticipated. • Launch of the Organikong Gulayan Project to promote organic farming in Tarlac province. The province has been producing chemical-free lowland vegetables that are being marketed in different food terminals in Tarlac and nearby provinces. The Provincial 	<ul style="list-style-type: none"> • Improved access, upgraded facilities and introduction of more flights at the Clark International Airport (CIA) helped push the numbers of tourists visiting Northern Luzon. • Continuous operations of large malls in Central Luzon, which are expected to generate employment, market the region’s home-grown products and create business opportunities for local entrepreneurs. • Implementation of a ₱6.5-billion worth of road projects by DPWH-Region III, which includes the Arterial Road By-pass portion in Plaridel and Bustos, Bulacan. • Upgrade of roads and bridges, such as the flyover in the City of San Fernando along Gapan-Olongapo Road and road project connecting Central Luzon to Aurora via Pantabangan. • Development by the Aurora Pacific Economic Zone and Freeport Authority (APECO) as a tourist destination and investment location for aquamarine, agro-industrial enterprises, business process outsourcing and financial services. A grant was given by the government of the



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>Government of Tarlac and the SM Foundation have forged an agreement to open areas in SM Hypermarkets at the Clark Freeport Zone to showcase naturally grown vegetables.</p> <ul style="list-style-type: none"> • Release of ₱1 million by DA-Tarlac to finance the Yaman ng Agrikultura sa Probinsya (YAP) project, which aims to foster organic farming of palay and corn in the province. • Construction of the ₱245-million Tarlac City Mega Market to facilitate marketing of Tarlac’s agricultural products. • Development of a biomass energy facility in San Jose City, Nueva Ecija that uses rice husk to generate electricity will provide a renewable source of energy for the area while contributing to income of farmers that sell rice husk stocks. • Construction of the Emilio Vergara Jr. Highway in Nueva Ecija to assist farmers in the different barangays of Vallecruz, Sta. Arcadia and Hermogenes Concepcion in transporting their goods to public markets. 	<p>Republic of Korea for water system, hydroelectric power and waste management development in the area.</p> <ul style="list-style-type: none"> • Construction of a bypass road in Baler, Aurora and the improvement of the Baler-Casiguran Road leading to the Aurora Special Economic Zone. • Development of Ciudad de Victoria in Bulacan, a sprawling resort complex, to attract tourists in the province. The complex will include the biggest dome in the world, a tertiary hospital, university, sports complex and other facilities. • Launching of the Central Bulacan Tourism Loop Project by the Bulacan’s Sectoral Committee on Infrastructure Development (SCID) and Special Committee on Tourism (SCOT), which involves the improvement of 25 road segments in the province. The project intends to improve tourism road networks and promote the general welfare of the province. • Proposed development of Angat Dam in Bulacan into a 3-hectare eco-tourism park and water sports facility. • Completion of the construction of the Central Luzon Expressway (CLEx) to promote efficiency in the transport of goods and encourage tourism as well as promote economic



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>development in the region. The expressway will pass through parts of Tarlac City, Tarlac up to San Jose, Nueva Ecija.</p>
<p>CALABARZON</p>	<ul style="list-style-type: none"> • Availability of high yielding varieties of seeds and continuous training programs given to palay farmers in the region. • Promotion of aquaculture in the region, as follows: <ul style="list-style-type: none"> ○ Fish in ponds, cages and pens; ○ Environment friendly technologies; ○ Semi-intensive aquaculture; ○ Polyculture technologies; ○ Ornamental fish culture; ○ Mariculture zones; ○ Seaweed development program; and ○ Establishment of a multi-species finfish hatchery. • Availability of technology on breeding and hatchery operations. • Continued implementation of integrated management of contiguous fishery resources, 	<ul style="list-style-type: none"> • Development of an industrial core that host ecozones and industrial estates, making the region as a major investment destination, provider of employment and export producer. • Availability of unique tourism sites and recreational facilities that attract both local and foreign tourists • Presence of eight Philippine Export Zone Authority (PEZA) information technology parks and centers. • Availability of major public infrastructure in the region, such as the South Luzon Expressway, Manila-Batangas Road, Southern Tagalog Access Road, Manila South Road (Maharlika Highway), Manila East Road, Marcos Highway, Daang Hari Road, Aguinaldo Highway, and Manila-Cavite Toll Expressway (Cavitex).



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>as follows:</p> <ul style="list-style-type: none"> ○ Strengthening of law enforcement; ○ Rationalization of the use of municipal waters; and ○ Formulation of municipal fishery ordinances. 	
<p>MIMAROPA</p>	<ul style="list-style-type: none"> ● Establishment of a satellite breeding farm in the region. ● Creation of swine nucleus farm in Oriental Mindoro, which will serve as a source of superior swine genetic materials for dispersal in the province. ● Sustained poultry production due to high demand for poultry meat. ● Increase broiler stocks in commercial farms ● Sustained demand for beef due to increasing consumption. ● Implementation of fisheries-related plans and programs, as follows: 	<ul style="list-style-type: none"> ● Adoption of the MIMAROPA Inter-Modal Transportation Development Plan. The Plan was a result of consultations and engagements with various stakeholders in the region where various transportation modes will be unified into a seamless network in the transport goods and services in MIMAROPA.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> ○ Maintenance of lands for agribusiness despite pressures to transform these lands into residential and commercial areas; ○ Access to tilapia and bangus hatcheries by the region’s fish producers; ○ Production and dispersal of quality brood stock and fingerling for fish pens and hatcheries; ○ Maintenance of mariculture parks to ensure sufficient fish stocks and production; ○ Promotion of aquasilviculture; ○ Development of seaweed program; ○ Improvement of tuna fisheries productivity ○ Distribution of environment–friendly fishing gears; ○ Intensification of market development services (market matching, regular price monitoring of fish and fishery products and establishment of fish and fishery product centers); ○ Organization of cooperatives and people’s organizations (POs); ○ Enhancement of extension support, education and training services; ○ Access to credit of marginalized fisherfolk, and small and medium scale enterprises 	



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>engaged in fisheries in pursuit of modernized and self-sufficient fisheries sector; and</p> <ul style="list-style-type: none"> o Strengthened LGU partnership. 	
<p>Bicol</p>	<ul style="list-style-type: none"> • Launching of two foreign-assisted projects that will boost the region’s agricultural development, namely, World Bank-funded “Philippine Rural Development Program and the European Union-funded “Enhancing Capacities for Disaster Risk Reduction in Agriculture”. • Potential use of vast areas of unutilized and underutilized land in the region, which can be developed into pasture areas for cattle and other livestock. • Proximity to Metro Manila renders the region’s products more competitive due to reduced transportation and handling costs • Implementation of the Agri-Pinoy Rice Program, which focuses on long-term investments on the agriculture sector, proactively engages farmers’ organization/ 	<ul style="list-style-type: none"> • Approval of Albay West Coast Project by the Investment Coordination Committee (ICC). This project will provide vital link between Pantao Port and Piodoran Port in Albay. • Completion of the Philippine Atmospheric Geophysical Services Administration (PAGASA) Virac Doppler Radar System, which is an advanced weather equipment meant to provide the province continuous and timely weather forecasts, warnings and advisories. • Consultations for a regional railway system in preparation for the Regional Railway Summit in 2013 initiated by Regional Development Council (RDC) V. The results of the provincial consultations will serve as inputs to the preparation of proposals to revitalize, modernize, and extend the railway system from Northern Luzon to Matnog, Sorsogon. • Endorsement by RDC V of the upgrading of the Bicol Regional Training and Teaching Hospital (BRTTH) into a 600-bed capacity university hospital at Bicol University.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>irrigators' associations, encourages production and consumption of other food staple as well as provides interventions for farmers to increase productivity. This program aims to achieve increased rice production in support of the government's rice self-sufficiency program and enhanced efficiency in food production.</p> <ul style="list-style-type: none"> • Allotment of DPWH-Albay of ₱5.5 billion for public infrastructure (e.g., Legazpi City Urban Drainage System, Bicol River Basin and Watershed Management Project and Flood Mitigation Program) to spur economic growth in the region. • Launching of the Value Chain Peanut Program in Sorsogon, a national program aimed at boosting the country's peanut production. • Allotment of ₱274 million by the Provincial Government of Albay for the Climate Change Adaptation (CCA) programs and agriculture sector projects. • Allocation of ₱8.4 million by NIA for the repair and restoration of communal irrigation systems. 	<p>Components of the upgrading include: establishment of a university hospital in cooperation with Bicol University for its medical and allied paramedical courses, upgrading of the Bicol Cancer Center and electronic linking of the LGU health facilities to the BRTTH with all the diagnostic results digitalized for referral and archiving.</p> <ul style="list-style-type: none"> • Creation by RDC V of a technical committee on promoting rural enterprises to fast track the development of rural enterprises in the region. The committee adopted the development of coco coir industry as its anchor project in 2012. The committee will identify other raw materials for rural enterprises and mature technologies/processes, link markets for rural-based products, provide livelihood trainings for rural families and prepare project studies for key rural enterprises. • Integration of the Albay-Masbate-Sorsogon Tourism Alliance, to frame a comprehensive tourism promotion strategy in the three provinces. The three governors of these provinces forged the Alliance in a meeting in Masbate in May 2012. A technical working group conducted a familiarization tour in October 2012 to identify viable tourism itinerary along these three provinces.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p>Western Visayas</p>	<ul style="list-style-type: none"> • Installation of additional power transmission lines to sustain the region’s economic development and meet the growing demand for electricity in Western Visayas. • Start of operation of two 82-megawatt coal-fired power plant in La Paz, Iloilo City. • Completion of the Negros-Panay Interconnection Updating Project (Panay side) and the San Juan-Dingle Transmission Line. • Endorsement by the Infrastructure Development Committee of the Iloilo Circumferential Road Project, the Integrated Panay Railway System, the upgrading of the Negros-Panay submarine cable interconnection, the Kalibo-Roxas City circumferential roads, expansion of Iloilo passenger and cargo terminal building, and the Department of Transportation and Communications (DOTC) assistance for San Carlos City Community Airport. • Growing investor confidence in the region as 	<ul style="list-style-type: none"> • Continuing high employment rate in the region due to increased demand for labor from the construction, mining and quarrying industries as well as rise in housing and real estate development projects. • Expectations that the business process outsourcing (BPO) and real estate ventures in the region will continue to drive growth in Western Visayas. • Emergence of new tourism growth centers and the start-up operations of new hotels in the different provinces of the region will boost the region’s economy. • Opening of 24 call centers and BPOs, particularly in the highly urbanized cities of Iloilo and Bacolod will generate additional employment opportunities in the region. • Continuing improvement of the region’s peace and order situation as a result of the efforts of the Philippine National Police Regional Office VI in reducing/preventing incidence of crimes in collaboration with the communities. • Identification of indigent families for PhilHealth coverage through the National Household Targeting System of the Department of Social Welfare and Development (DSWD).



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>evidenced by the rising level of investments in real estates, construction, trading, and health services. The expenditure program of the National Government (NG) for the region is back on track with various infrastructure projects being implemented all over the region.</p> <ul style="list-style-type: none"> • Completion of the ₱56.8-million bus terminal complex located in Passi City, Iloilo, considered as the first modern bus terminal in the region. • Approval of the ICC Coordinating Committee of the Jalaur River Multipurpose Project, Phase II. The project, which will be presented to the NEDA Board for final approval, is intended to sustain rice self-sufficiency in Western Visayas. • Endorsement by the Economic Development Committee of major projects, such as the Aklan Jetty and Marina project, and the National Greening Program. These projects involve the renovation and rehabilitation of Caticlan Jetty Port and Terminal and the reclamation of 2.6-hectare foreshore area in 	<ul style="list-style-type: none"> • Continuation of different anti-poverty programs in Western Visayas, which have benefited directly the poor. Among the anti-poverty programs implemented in the region were the Pantawid Pamilyang Pilipino Program, the KALAHI-CIDSS Cash for work, supplemental feeding and social pension. • Improvement of the nutrition of preschoolers in Western Visayas in line with the region’s 2015 Millennium Development Goals (MDG) target of zero percent malnutrition through the aggressive implementation of nutrition programs (e.g., hunger mitigation programs) and priority given by the LGUs to address malnutrition among children. • Conduct of various consultative meetings and workshops, such as investment programming for the Area Development Plan of the Visayan Sea; monitoring of the progress made in Region VI in achieving the MDGs; conference on climate change compliant infrastructure; securing support and commitment of non-governmental organizations (NGOs) and civil society organizations (CSOs) to provide extension services, and conduct forum on statistics and research as well as productivity enhancement. • Start of the different activities of the Regional Gender and



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>Malay, Aklan, the main jump-off point to the island of Boracay.</p> <ul style="list-style-type: none"> • Start of operations of two major domestic airports in Iloilo and Silay (both in Negros Occidental) and construction of an international airport in Kalibo, Aklan. • Conduct by the Regional Project Monitoring Committee of consultative sessions to resolve problems facing the Iloilo Airport and the Iloilo Flood Control project, such as the lack of qualified personnel and increasing security concerns at the airport. • Provision of socialized housing units in Western Visayas through the Community Mortgage Program, which provides for land acquisition by the occupying community association based on the concept of community ownership. • Increase in the region’s livestock and poultry production due to higher demand for meat. Region VI is a major producer of swine, chicken, and cattle. 	<p>Development Committee towards the promotion and integration of gender concepts and concerns in the region.</p> <ul style="list-style-type: none"> • Conduct of social developments projects in Ajuy, Iloilo. The municipality is one of the LGU-beneficiaries of KALAHI-CIDSS, 4Ps, Core Shelter Assistance Project (CSAP), SEA-K Program and Supplemental Feeding Program (SFP). • Opening of Iloilo Airport to international flights from Hong Kong and Singapore. This development will further boost the tourism industry and provide additional employment and business opportunities in Iloilo, especially for small and medium industries. • Recognition of Boracay as “World’s Best Island,” which will attract more local and foreign tourists to the island. • Classification of Aklan as a first class province that focuses on conservation and protection of natural resources and providing job opportunities to constituents as well as reliable and cheap source of electricity. In turn, this could help attract investment in the province. • Widening of the national highway in Aklan is expected to facilitate faster flow of traffic as the number of tourist arrivals continue to increase. This is also seen to complement the Roll-On, Roll-Off (RORO) System in the



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> • Continued global demand for coal, raw cane, coconut water and cane molasses could improve export outlook of the region. • Completion of the Local Waterworks Utilities Administration’s (LWUA) five water supply systems in selected municipalities throughout the region. • Continued implementation by the Aklan Provincial Government of its Agricultural Modernization Program, which aims to increase rice harvest in the province. • Distribution by the Aklan Provincial Government of 2,138 packs of hybrid palay seeds through its Hybridization Program. The expected area for planting is 700 hectares. A demo on the basmati rice variety was implemented in the Municipalities of Kalibo, Banga, Makato, Malinao and Balete. • Distribution by the NIA of laminated sacks to members of the Irrigators Association in Aklan Province to be used in the drying facility of the Association. 	<p>transport of agricultural products to different provinces.</p> <ul style="list-style-type: none"> • Implementation of the Pook Tourism Development Project, which shall provide an alternate tourism route to Boracay. The Provincial Government of Aklan secured the approval of the Philippine Reclamamtion Authority to reclaim 10 hectares of shorelines in Pook, Kalibo. • Implementation of Phase 1 of the Pook Ecological Tourism Development Project, which consists of construction of a jetty port, 20-meter wide boardwalk, and 30-meter wide boulevard from the vicinity of the Kalibo International Airport to Kalibo town proper; establishment of a 10-hectare mangrove reforestation and waterways; and construction of a trade hall for product showcase. Phase 1 of the project costs ₱39.4 million with funding from the DA, the provincial government and the Department of the Interior and Local Governments (DILG). • Implementation of the Tree Planting Campaign by the Provincial Government of Aklan in coordination with the Department of Environment and Natural Resources (DENR). The DA also provided fruit trees and other tree species to cover 1,500 hectares of land in the province. In Makato, Aklan, 5,000 seedlings of rubber trees were to be planted in a 500-hectare area of land.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> • Conduct of the third level training for the Registry System for Basic Sectors in Agriculture (RSBSA) in New Washington, Aklan. The training was participated by representatives from LGUs, NSO and other partner agencies, including BAS. • Graduation of 23 agricultural technologists and 200 farmers from the season long training of trainors on Palay Check System conducted at the Agricultural Training Institute (ATI) in Banga, Aklan. • Conduct by the Office of the Provincial Agriculturist (OPA)-Fishery Division of the Aklan Provincial Government of training on Modified Extensive Tilapia Culture. • Holding of Food Festival in Roxas City, Capiz to boost meat and poultry production in the City. • Provision by DA-Regional Field Unit (RFU) VI in Capiz of free fertilizers to farmers who will engage in palay ratooning. • Conduct by the Bureau of Agricultural 	<ul style="list-style-type: none"> • Start of implementation by the Metro Roxas Water District (MRWD) of a new billing and collection system (BCS) to further improve its service to concessionaries. • Conferment by the DILG-Regional Office VI of the Seal of Good Housekeeping to the Province of Capiz. The award recognizes the LGUs exemplary performance in governance, transparency and accountability. Aside from the award, the Province received a cash prize of ₱7 million, which will be used on road projects in Mayon, Dumalag and Tapaz. • Implementation of a more aggressive campaign against rising criminal activities in the province to protect local businesses and maintain a stable business climate. • Launch of the www.go-phils.com portal of Negros Occidental that features all cities, towns and businesses of the province, where investors and tourists could browse business opportunities and tourist destinations. • Selection by the DTI of local industries in Negros Occidental that will represent the province in the National Industry Cluster Capacity Enhancement Project to be implemented in 2013-2015 to promote Negros' products to other regions in the country.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>Statistics (BAS) of training workshops on assessing the extent of crop damage and harmonizing reporting for all municipal agriculturists and technicians in the region for improved database management system.</p> <ul style="list-style-type: none"> • Distribution by the Provincial Government of Capiz of 120 piglets to selected beneficiaries in Dumarao, Capiz. • Conduct of a one-day seminar/lecture on the use of farm inputs and chemicals in Capiz. A speaker from Korea introduced a new rodenticide product that could help farmers combat rodent infestations. • Implementation of the School on Air (SOA) Program by the Office of the Provincial Agriculturists of Capiz every Sunday from 12:00 A.M. to 1:50 P.M. focusing on organic vegetable production and farm casting. • Implementation of a program by the Provincial Government of Capiz to submerge concrete jackstones to serve as fish sanctuaries in the waters around Olotayan Island and Cogon/Punta Cogon water areas. 	<ul style="list-style-type: none"> • Launch of a tourism program entitled “A Tourist is a Friend” in Bacolod City to encourage tourism and enhance awareness of the public about its contribution to the City’s economy. • Signing of memorandum of agreement among several LGUs in Negros Occidental and PhilHealth to register indigent beneficiaries for a two-year health insurance coverage. • Establishment of a 5-hectare Waste Management Eco-Center in Sipalay City, Negros Occidental, which included a sanitary landfill, materials recovery facilities, composting and waste-water treatment in compliance with the Ecological Waste Management Act of 2000. • Announcement by TESDA to establish a pilot training center for animation, software and games development in Bacolod City, Negros Occidental. • Planned Japanese investments to export prawn, tuna and other marine products to Japan. • Recognition of Nature’s Village Resort (a premiere hotel and resort in Negros Occidental) as one of the top ten eco-hotels for 2012 by Agoda Company Pte. Ltd., due to the hotel’s effort in the promotion of sustainable resort practices and green tourism.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> • Establishment of commercial sweet sorghum plantations in Sagay City, Negros Occidental to service the requirements of the San Carlos Bioenergy Inc. for the production of bioethanol. • Conduct of a cassava-growing seminar by the Negros Occidental Provincial Agricultural Office for backyard farmers to promote the production of cassava as one of the ingredients for animal feeds production. • Grant of ₱500,000 aid by the Department of Science and Technology (DOST) - Negros Occidental Office to indigenous weavers from Kabankalan City, for the establishment of a common service facility equipped with handicraft dryer, dyeing equipment and handicraft hand tools for weaving. This facility would help weavers improve the quality of their products and increase production capacity. • Implementation of the “Backyard Broiler Contract Growing Project” in Sagay City, Manapla, EB Magalona and Pulupandan (all in 	<ul style="list-style-type: none"> • Construction of a bridge in Cadiz City to cut the travel time of trucks delivering sugarcane to Victoria’s Milling Company. This would enable stakeholders to reduce production costs. • Creation of jobs with the expansion of two shopping malls in the Negros Occidental (i.e., the SM City Bacolod and Ayala North Point Mall in Talisay). • Launch of a barangay-based livelihood project to help the unemployed and low-income earners in Bacolod City. Under this project, beneficiaries were given training on food processing and a start-up capital of ₱5,000 each. • Encouragement given to sugar mills to adopt new technology and maximize the commercial use of sugarcane through the production of by-products (e.g., syrup from sugarcane and bioethanol from molasses).



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>Negros Occidental). This project involves the turnover of around 200 heads of broiler chicks to family beneficiaries to assist them in poultry growing and dressed chicken production.</p> <ul style="list-style-type: none"> • Establishment of a Tissue Culture Laboratory at the University of the Philippines-Los Baños (UPLB)-College of Agriculture Research and Training Station in La Carlota City, Negros Occidental in a joint venture between the province and the UP system. The project aimed to collect and establish varieties of high-value crops that are free from diseases, resilient to climate change, and readily available to farmers. The tissue culture would also be used to develop and grow specific varieties of crops that would help manage agriculture production of the province by providing quality crops for the local farmers. • Conduct of a coffee-growing seminar sponsored by the Organization for Industrial, Spiritual and Cultural Advancement (OISCA) to agriculturists and farmers at Bago City, Negros Occidental to promote efficient coffee farming, increase harvest and educate 	



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>farmers in marketing their products.</p> <ul style="list-style-type: none"> • Presence of a silk producer in Bago City, Negros Occidental promoted mulberry farming to meet the raw materials requirement for silk yarn and thread production. Crop farmers were encouraged to cultivate mulberry trees, which are the basic food nutrient for silk worms. There is also high demand for handloom weavers for silk products. • Prospect that Negros Occidental will soon export meat and by-products. The province has the resources and highly trained staff, as well as an abundant supply of farm wastes that could be used for cattle fattening. Cattle breeding in the province is being developed for the export market. • Conduct of a series of sugarcane farm management seminars by the Sugar Regulatory Administration for improving efficiency in sugarcane production. • Establishment by the town of EB Magalona of a 6-month Farmers' Field School Program 	



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>through its Municipal Agriculturist Office. This program aims to train farmers engage in sustainable rice production using the latest technologies in palay planting.</p>	
<p>Central Visayas</p>	<ul style="list-style-type: none"> • Conduct of a swine-raising seminar initiated by the Provincial Veterinary Office of Siquijor in coordination with the municipality of San Juan, Siquijor to enhance the skills and knowledge of swine raisers by introducing new technologies on swine-raising. • Construction of lateral canals for equal flow and distribution of irrigation water in Maria, Siquijor. • Receipt by the Lumapao Agro-Forestry Farmers' Association (LAFFA) of one unit irrigation gauge pump and three heads of breeding stock carabaos loaned through the City Government of Canlaon-DA for cattle propagation in Canlaon City, Negros Oriental. • Provision by DA of one unit each of mini corn mill, mini corn cob sheller and mini cassava chopper to selected farmers' associations in 	<ul style="list-style-type: none"> • Launching by Ayala Land Premier (ALP) and Cebu Holdings, Inc. (CHI) of their second condominium project consisting of a ₱2-billion investment. The project includes construction of a 38-storey building with 255 condo units. • Start of construction of a third Robinsons mall in Cebu at a 4.6-hectare lot with a total investment of over ₱5 billion. The project will include construction of a hotel, BPO building and four residential premium condominium towers. • Start of pre-bidding activities for the implementation of the New Bohol Airport project in Panglao Island, Bohol with a total budget of ₱7.2 million. The project will be funded by Official Development Assistance (ODA) loan under the Special Terms for Economic Partnership (STEP) from Japan International Cooperation Agency (JICA) • Allocation by Johndorf Ventures Corp. of ₱1.5 billion for the construction of 1,500 houses in Visayas and Mindanao (800 units are allocated for Cebu). This will involve



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>Siquijor.</p> <ul style="list-style-type: none"> • Distribution in Siquijor of 66 bags of hybrid yellow and 88 bags of open pollinated variety (OPV) white corn seeds to farmers. • Conduct of Upland Rice Briefing on Community Seed Banking (CSB) in Mabinay, Negros Oriental in which farmers were given 21 bags of different rice variety seeds. Five kilograms of seeds were given for every one hectare cultivated by a farmer-recipient. The farmer-participants were trained in rouging or selection of quality seeds used for planting as well as techniques of storing seeds up to five months. • Distribution in Bais City, Negros Oriental of 23 sacks of various rice seeds to farmers in the City. • Distribution by the Provincial Agriculture Office of Negros Oriental of 200 sacks of palay seeds to farmer-beneficiaries in Tayasan, Negros Oriental • Distribution in Canlaon City, Negros Oriental 	<p>development of nine hectares of land into affordable subdivisions.</p> <ul style="list-style-type: none"> • Launch by Landtraders World Properties Corporation of San Marino Residences, a 420-unit condominium located across SM City Cebu. • Infusion by Ayala Land Inc. (ALI) and its subsidiary Cebu Holdings Inc. (CHI) of an investment worth ₱5 billion for its various projects in Cebu, including capital expenditure for a ₱1.6-billion Ayala Center Cebu (ACC)-Corporate Center and other residential and retail projects • Planned improvements in the quality of city tours in Cebu. The Cebu Chamber of Commerce and Industry (CCCI) plans to develop a Tourism Digital Video Disk for tour guides. The DVD will contain programmed audiovisual presentation about the Philippines with focus on Cebu and its attractions/landmarks in several languages. • Reopening of La Farge Cement Company’s cement plant in Danao City, Cebu that would raise production capacity to service the cement requirement in the Visayas market by 650,000 tons. This is in response to the increasing demand for cement and other building materials in the region. • Launch of Bohol’s new tagline “Bohol: Heart of the Islands,



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>of more than 10 bags of hybrid palay seeds to palay farmers.</p> <ul style="list-style-type: none"> • Distribution in Ayungon, Negros Oriental of more than 6,200 cacao seedlings by the DENR Provincial Nursery to help rehabilitate the cacao industry in the province. • Distribution of 5,000 pieces of tilapia fingerlings in Tayasan, Negros Oriental by the provincial government to local fish growers. • Implementation of the Input-Assisted and Award Projects of BFAR in Siquijor. The projects involve the establishment of mangrove plantation, and dispersal of fish pot, bottom set gill net, drift gill net, fish attracting device and seven units of pump boat. The total cost of the projects was pegged at ₱1.7 million. • Planting of 11,000 mangrove propagules in Ayungon, Negros Oriental. The project was funded by BFAR to increase mangrove area devoted for fish sanctuary and spawning. 	<p>Truly Philippines Bohol,” that promises new adventures and discoveries when visiting the province. The new program would highlight other destinations, including the caves of Anda, Balicasag Island and the 130-km Danajon Bank, which is the only double barrier reef in the Philippines and one of the three such sites in the Indo-Pacific area. The new campaign would also highlight the province’s rich history and tradition.</p> <ul style="list-style-type: none"> • Introduction of a new agri-tourism destination package in Bohol that will include the Abatan River Tour. The 13.5 km cruise transcends five municipalities, namely Antequera, Balilihan, Catigbian, Cortes and Maribojoc all located in Bohol. It offers activities that will highlight the history and legends of the river. It also tackles culture, tradition and livelihood of communities, especially agriculture. • Continuing reforms, especially in the area of doing business to further promote the area as a preferred location for business. Business permit collection in Mandaue, Cebu has improved by 25 percent after it streamlined the 17 steps of business permit processing to five. • Preparation of DOT-7 for a number of international cruise ships to visit Cebu and Bohol. About 500 Japanese English as Second Language (ESL) students are expected to come



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>to Cebu in the coming months.</p> <ul style="list-style-type: none"> • Launch by Lapu-Lapu City, Cebu of three new tourism projects aimed at increasing the city’s tourist receipts and arrivals, namely: <ol style="list-style-type: none"> 1. The Old Open Tour – a cultural walking tour of the Birhen sa Regla church where tourists can witness the old-age tradition of “panagkot” or lighting of the candle; 2. Olango My Getaway - a 25-km bike and culinary tour that will go around the island with stopovers in every barangay to showcase various delicacies; and 3. “Let’s Talk Dirty” – a garbage tour in Soong, Mactan that will feature the city’s Materials Recovery Facility (MRF). The facility’s composting practices led to the establishment of an organic vegetable farm in the area. The tour will highlight to visitors the importance of recycling, composting and protecting the environment. • Infusion of ₱10 billion additional investments for the Mactan Newtown project. This project includes the construction of residential condominiums, office towers, a world-class lifestyle mall and Richmonde Hotel. The first BPO building, One World Center was opened in April 2012, where two new outsourcing companies are expected to generate at least 1,000 jobs.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<ul style="list-style-type: none"> • Bidding for the expansion of Mactan-Cebu International Airport under the government’s public-private partnership. The project is estimated to cost ₱8 billion. • Partnership of DOT-7 with several government agencies for the implementation of projects, namely: <ol style="list-style-type: none"> 1. DPWH: Tourism Roads Infrastructure Project; 2. DTI: Tourism value chain training in tourism areas; 3. Phil. National Police: TOPCOP (Tourism Oriented Police for Community Order and Protection) Program wherein members of the PNP are being trained in handling tourists; 4. BFAR-DENR: Preservation of protected areas in Central Visayas Region; 5. TESDA: Training of tourism front liners; 6. Philippine/Cebu Ports Authority: Establishment of DOT satellite office in identified ports; and 7. Commission on Higher Education (CHED) and Department of Education (DepED) – Formulation of guidelines for educational institutions to deal only with DOT-accredited tourist transport operators, tour guides and tour operators for their educational tours. • Improvement of farm-to-market roads and highways in various municipalities and component cities of Negros Oriental.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<ul style="list-style-type: none"> • Construction of a gestating center in Vallehermoso, Negros Oriental, which can accommodate 30 heads of sow. The center has a biogas digester wastes recycling. The project costs ₱721,000 and is funded by the Municipal Government of Vallerhermoso.
<p>Eastern Visayas</p>	<ul style="list-style-type: none"> • Completion of the Help for Catubig Agriculture Advancement Project (HCCAP) in Northern Samar and the operation of Basey Irrigation Project in Samar to increase palay production in the region. • Increasing international demand for coconut oil will boost the income of more than 360,000 coconut farmers in the region. Eastern Visayas is considered as the country's second largest coconut-producing region with an annual production of about 2 billion nuts (Phil. Coconut Authority-RO VIII). • Implementation of Samar Island Small Ruminant Rural Enterprise Development (SA-SR-RED) Project in three Samar provinces (Northern Samar, Eastern Samar and Samar), by DA-RO VIII would bring significant economic benefits to small farm holders in 	<ul style="list-style-type: none"> • Implementation of the ₱5.1 billion infrastructure development program by DPWH-RO VIII to improve the performance of agribusiness and ecotourism in Eastern Visayas. The infrastructure budget will focus on rehabilitation and maintenance of national arterial roads and bridges, improvement of roads leading to tourist destinations, flood control and basic education facilities. • Infusion of foreign investment amounting \$150 million for the Biliran Geothermal Project, with a potential capacity of 50 megawatts. • Upgrading and renovation of Tacloban Airport to accommodate 14 daily flights, which will bring in additional tourists and facilitate trade in the region. • Construction of SM Hypermart and Robinson's Mall in Tacloban City, Gaisano Mall in Calbayog City and Catarman.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>three provinces. The project specifically aims to alleviate poverty in the rural areas by transforming goat and sheep raising from a subsistence type of farm activity into a viable goat and sheep-based rural enterprise.</p>	
<p>Zamboanga Peninsula</p>	<ul style="list-style-type: none"> • Conduct by the Zamboanga Chamber of Commerce and Industry Foundation Inc. (ZCCIFI) of a one-day business confab and trade exhibit in Zamboanga City. The one-day affair was held in partnership with DA, DTI and the City Government of Zamboanga. With a theme “Private Public Partnership for Agri-Business Prosperity in the Region,” the activity aims to provide venue for all stakeholders in agriculture and processed fish industry in the region to enhance their capacity for a sustainable agricultural development through the food security program of the government to alleviate poverty. • Distribution of livelihood projects under the "Baboyan Ni Nanay Program" of the Provincial Agriculturist of Zamboanga del Norte. Among the beneficiaries of this program are farmers from the Municipality of Sindangan. 	<ul style="list-style-type: none"> • Start of construction of the Koronadal Commercial Corporation (KCC) Mall on a 3.5-hectare property along Governor Camins Avenue in Zamboanga City. • Construction of an irrigation system in Dipolog City, Zamboanga del Norte. • Improvement of the road in Sindangan, Zamboanga del Norte and installation of a water system in an elementary school in the same town. • Acceptance by the Department of Science and Technology-IX (DOST-IX) of proposals from proprietors of micro, small and medium enterprises in the region who would like to avail of technical and financial assistance under the Small and Medium Enterprises Technology Upgrading Program (SETUP). This Program is part of a nationwide strategy to encourage and assist micro, small and medium enterprises (MSMEs) in implementing technological innovations and improving operations to boost productivity and



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> • Strengthening by BFAR of the implementation of Republic Act No. 8550 (the Philippine Fisheries Code of 1998) through the issuance of a joint administrative order with DA and DILG which established a closed fishing season in Sibuguey Bay, Zamboanga Sibugay to conserve sardines. The joint administrative order prohibits catching, selling or purchases of all sardines species, which is the most common species caught in Zamboanga Sibugay from December to February. • Construction/renovation of the Zamboanga City Public Market. • Continued implementation of the Livestock and Poultry Section of the Zamboanga Peninsula Integrated Agricultural Center (ZAMPIARC) of its extension and information services on vaccination, immunization and castration program. About 20 heads of swine were served for the vaccination and immunization program. 	<p>competitiveness.</p>



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p>Northern Mindanao</p>	<ul style="list-style-type: none"> • Increase in the number of dairy farmers engage in cattle production in the region. • Stable demand for beef and dairy products in the country which would encourage expansion of cattle production in the region. • Sustained government support to swine growers in the region, such as animal dispersal, artificial insemination, intensified vaccination and deworming; • Reduction in the threat of diseases affecting swine in Northern Mindanao through the setting-up of quarantine areas at the borders of major swine-producing provinces, such as Misamis Oriental and Bukidnon. • Increased multi-stake holder cooperation will raise cattle production in the region, particularly the cooperation between the Mando United Women's Workers Association (MUWWA) and DOLE in which the former was identified as recipient of the Swine Fattening Program. • Increasing preference for organically grown 	<ul style="list-style-type: none"> • Development of low-cost housing projects to meet the rising demand for private residences in Misamis Occidental. • Sustained promotional activities to attract additional tourists in the region. • Start of operations of the Laguindingan International Airport to generate employment and increase tourist arrivals. • Start of operations by Asiawide Refreshments Corporation (RC Cola) Philippines of its plant in Tagoloan, Misamis Oriental will contribute to higher employment level in the surrounding areas.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>products will benefit backyard growers of native and free-ranged chicken in Northern Mindanao.</p> <ul style="list-style-type: none"> • Absence of diseases affecting poultry in the region. • Continued development of post-harvest facilities, and farm-to-market roads, and construction of irrigation facilities will increase crops production in the region. • Increased demand for yellow corn as a feed component could fuel expansion in corn production in Northern Mindanao. • Demand for specialized corn varieties such as sweet corn and popcorn provides alternative crops to corn growers in the region. • Increased number of high-end dining places in the region, particularly in Cagayan de Oro is likely to fuel demand for certain fishery products. • Sustained support provided by various government agencies (especially BFAR) and LGUs in fingerling re-stockings of rivers and 	



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	lakes will increase in-land fish catch.	
Davao Region	<ul style="list-style-type: none"> • Earmarking of ₱30 million by the NG for the management of Fusarium Wilt Disease in the region.¹ • Construction of Rice Processing Center in Matanao, Davao del Sur will lower production cost of rice in the province. 	<ul style="list-style-type: none"> • Renewed boom in property development in Davao City due to the adoption of an amended investment code that exempts new business projects from real property tax for up to five years. • Expected robust performance of the ICT sector as it expands to knowledge-outsourcing. • Investment commitments to pursue projects in the energy and manufacturing sub-sectors. • Improved tourism performance of the region brought about by the operations of additional convention center and hotels as well as hosting by Davao City of national and international events. • Linking of Davao City and Bitung, Indonesia through a RoRo service to promote trade between the two cities.
SOCCSKSARGEN	<ul style="list-style-type: none"> • Increased production of high value crops, such as banana, pineapple, coconut-by- 	<ul style="list-style-type: none"> • Identification of new tourist destinations in the region such as Asik-asik falls, Lake Sebu and Seven Falls Zipline as well

¹ Fusarium wilt fungus infects plants through the rootlets, invading the xylem and eventually extending throughout the plant. Individual branches and associated leaves on plants infected with fusarium wilt fungus become yellow and wilt.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>products, crude oil palm, and other crops, will improve the potential for export production.</p> <ul style="list-style-type: none"> • Establishment of soil laboratory in SOCCSKSARGEN that could test the soil's acidity and basicity will allow farmers to determine the appropriate fertilizer requirement of high value commercial crops in different types of soil. • Establishment of a mobile veterinary clinic in the region that will guarantee low cost health services for the farmers' livestock. 	<p>as the conduct of local festivities will attract tourist in the region.</p>
<p>Caraga</p>	<ul style="list-style-type: none"> • Construction and rehabilitation of farm-to-market roads in several barangays in the region. • Repairs of concrete bridges that connect different agricultural barangays in San Miguel, Surigao del Sur. • Turn-over of multi-Purpose drying pavement to farmers in the municipalities of San Francisco, Sta. Josefa and Sibagat in Agusan del Sur. 	



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> • Construction and rehabilitation of irrigation canals in Surigao del Sur, Agusan del Sur and Agusan del Norte. • Installation of Pump Irrigation System-Open Source in the municipalities of Talacogon and Prosperidad in Agusan del Sur. • Provision of farm equipment to farmer association in Surigao City. 	
<p>ARMM</p>		<ul style="list-style-type: none"> • Initiation of reforms on the structure, systems and processes of the ARMM bureaucracy with the theme <i>“Matuwid na Pamamahala Tungo sa ARMM na Masagana’t Mapayapa”</i>. • Implementation by DILG-ARMM of its regular programs and projects, such as monitoring of the Local Governance Performance Management System (LPGMS); Seal of Good Housekeeping (SGH); LGUs Compliance of Full Disclosure Policy (FDP); Local Government Support Fund (LGSF); Performance Challenge Fund (PCF); barangay affairs; tie-up activities including Gender and Development (GAD); Local Government Operations Officer (LGOO) Induction Training; Local Governance Regional Resource Center (LGRC); and



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>governance cluster activities.</p> <ul style="list-style-type: none"> • Issuance by HLURB–ARMM of locational clearance for house renovation at Bongao, Tawi-Tawi and Certificate of Registration and License to Sell to Huyong-huyong Subdivision project in Datu Odin Sinsuat, Maguindanao. • Approval by the NG of the ₱745.5 million funding to support continuing development and peace-sustaining activities in the Autonomous Region in Muslim Mindanao (ARMM). The funds will specifically finance the Payapa at Masaganang Pamayanan (PAMANA) program in the region.² Specific projects to be funded include support development in settlement sites in the region, disposition of arms, and construction of strategic roads and public infrastructure.

²PAMANA is the National Government's program and framework for peace and development. It is implemented in areas affected by conflict and communities covered by existing peace agreements. A complementary track to peace negotiations, the program's main strategy is to bring back government to PAMANA areas, ensuring that the communities benefit from improved delivery of basic social services and served by responsive, transparent and accountable government units. For 2011-2016, PAMANA will be implemented in 48 provinces where each area will receive development programs according to the specific needs of the people residing in that region.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
B. Challenges		
NCR		<ul style="list-style-type: none"> • Declining competitiveness vis-à-vis other metropolitan cities in Asia. • Rising poverty and proliferation of informal settlers and need to promote greater ecological sustainability. • Traffic congestion in the main thoroughfares.
CAR	<ul style="list-style-type: none"> • Need to pursue a program that will help address quickly the degradation of the region's forest cover and water resources. Forest fires, timber poaching and the conversion of forest lands to agriculture areas has been reducing an average of 1,735 hectares yearly of forest cover, according to DENR-CAR. One of the observable effects of the watershed destruction is the decreasing supply of water from the region's four major river systems, namely Chico, Agno, Bued and Abra. 	<ul style="list-style-type: none"> • Costly maintenance of the Burnham Park, one of Baguio City's most visited tourist spots, is a challenge for the city government. The Baguio City Government allots ₱35 million annually in the beautification and maintenance of the park.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
Ilocos Region	<ul style="list-style-type: none"> • Proliferation of illegal fish pens and cages in the river system of Dagupan City and Binmaley in Pangasinan. BFAR warned the local governments of Dagupan and Binmaley of a possible fish kill due to increasing numbers of illegal structures in the river systems. • Discontinuation of direct chartered flights from Kaohsiung, Taiwan to Laoag due to inadequate number of passengers. This is expected to affect significantly tourist arrivals in the locality. 	
Cagayan Valley	<ul style="list-style-type: none"> • Extreme weather conditions due to climate change, which poses problem for this agriculture-dependent region. 	
Central Luzon	<ul style="list-style-type: none"> • Adverse effect by Typhoon Gener in Bulacan, which ravaged farmlands costing over ₱29 million worth of agricultural crops, including roads and bridges in 2012. • Conversion of farmlands to commercial and 	<ul style="list-style-type: none"> • Flooding in Bulacan, which causes destruction of crops, halts development projects and damages infrastructure. • Lack of an organized and active central Tarlac tourism council to facilitate activities between the private and public sector in support of tourism development in the



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	residential use threatens agricultural production.	province.
CALABARZON	<ul style="list-style-type: none"> • Continuous urbanization in the region that results in dwindling land area devoted to agricultural production. • Displacement of fisher folks due to development projects in coastal areas of the region. • High cost of feeds. • Losses in production due to natural calamities. • Inadequate financial/credit support for small and large scale seaweed production. • Deforestation of mangrove areas. 	<ul style="list-style-type: none"> • Inadequate infrastructure, particularly land-based transportation system, farm-to-market road, and seaport. • Unregulated urbanization resulting to proliferation of informal settlements, congestion, pollution, environment degradation, compromised amenities and decline in the quality of basic services. • Vulnerability of the economy to adverse external factors. • Over-extraction of ground water along some coastal areas in the region that have resulted to saltwater intrusion and compromised quality of potable water. • Inadequate public services due to heavy dependence of most LGUs on the Internal Revenue Allotment (IRA).
MIMAROPA	<ul style="list-style-type: none"> • Need for the following: <ul style="list-style-type: none"> ○ Establishment of dressing plant and cold storage of meat in the provinces of the 	<ul style="list-style-type: none"> • Lack interconnectivity of the island provinces and municipalities of MIMAROPA to the regional center of Calapan City, Oriental Mindoro and the rest of the country.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>MIMAROPA; and</p> <ul style="list-style-type: none"> ○ Maintenance of high-quality slaughter houses. ● Unstable prices of livestock products. ● Necessity for fishery data harmonization among BAS, LGUs, BFAR and other concerned agencies. 	<ul style="list-style-type: none"> ● Inadequate infrastructure facilities and lack of reliable, safe and efficient transport services which limit the mobility of goods and services. ● Lack of efficient support structure for the production and marketing of the region's products.
<p>Bicol</p>	<ul style="list-style-type: none"> ● High cost of farm production inputs ● Limited access to credit, especially for backyard entrepreneurs. ● Lack of post harvest facilities, such as meat-cutting plants and high-quality abattoirs. 	<ul style="list-style-type: none"> ● Presence of 300,000 child laborers in the region, which is a major concern for DSWD-Region V and various LGUs in the Bicol Region. ● High power rates in Bicol. A technical committee created by RDC 5 lined up the following activities: research and data gathering on power rate reduction, conduct of focus group discussions on exploring other sources of power and preparation of a strategic action plan.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p>Western Visayas</p>	<ul style="list-style-type: none"> • Underutilization of Sibunag Port (now Sebaste Wharf) in Guimaras. The wharf is expected to accommodate RORO vessels that will transport passengers and cargoes from Guimaras to Pulpandan Port in Negros Occidental, and vice versa. • Underutilization of Himamaylan Port, located in Himamaylan City in Negros Occidental. The City Government of Himamaylan envisions this infrastructure facility as a commercial port that will serve as export hub for sugar and molasses produced by sugar centrals of Binalbagan and Kabankalan City. The port is presently being used as solar drying facility of harvested agricultural products and as fish port/landing area for motorized fishing <i>bancas</i>. • Need for the region to strengthen its infrastructure support and create a business environment supportive of the industry. • Decrease in commercial fishing activities due to lesser number of fishing trips in Western Visayas because of high operational cost. 	<ul style="list-style-type: none"> • Decreasing number of scholars under the ladderized education program of TESDA. This could be attributed to the already high share of the region to the total number of regional scholarship awarded by TESDA in the previous years. • Drop in the net enrolment rate in elementary and high school levels. • Decline in the number of ship calls, passengers and cargoes for foreign exports and domestic outbound. The decline in boat passengers may be attributed to the attractive promotional fares of airline companies and affordable rates of bus companies plying the Manila to Western Visayas route along the Strong Republic Nautical Highway. • High incidence of malnutrition, especially among school children in Aklan, Antique and Negros Occidental. • Delays in the construction of hydroelectric power plants in Negros Occidental due to non-release of service contracts on the rivers of Negros Occidental. There is a need to hasten the release of these service contracts to address the insufficient power supply in the region, which hinders economic growth.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> • Adverse effect on the Province of Aklan of climate change resulting in constant flooding during rainy season. • Rat infestation in Capiz that affected 30,000 hectares of rice fields. The provincial Government of Capiz through the Office of the Provincial Agriculturist (OPA) is preparing for the implementation of the DA’s biological rat control (Bio-Rcon) program. The program is intended to address rodent diseases, especially Leptospirosis that threatens the health of local residents. • Occurrence of fish kills in Cabacawan Creek, Brgy. Estafania, Negros Occidental due to waste water being discharged in the creek. • Damage inflicted by Typhoon Pablo to various rice and sugarcane fields in Negros Occidental that affected adversely the supply of sugar, especially in the southern part of the province. • Displacement of workers due to mechanized agricultural farming. 	<ul style="list-style-type: none"> • Cancellation of direct flights from South Korea to Negros Occidental due to weakening tourist market in Korea. Most Korean tourists in the province are government officials. The instruction of the South Korean government to hold off foreign travel of government officials had led to cancellation of visits in this segment of the Korean tourist market. • Increase in power rates in Negros Occidental that affected production costs of local businesses in the province. • Delays in the completion of the Negros Occidental’s First CyberCenter due to budgetary constraints. The operation of this CyberCenter is expected to generate some 6,000 jobs. • Employment of minors as sugarcane workers in local haciendas in Negros Occidental, which is a violation of the Labor Code. • Ranking of Negros Occidental as the most number of poor households in Western Visayas as cited by the National Household Targeting System for Poverty Reduction. • Hazard posed to Cadiz City’s citizens and fishing industry by the proposed coal and diesel power plant at the Cadiz Port Zone in Negros Occidental since coal-fired power plants



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>used large quantities of water for producing steam and for cooling. When coal-fired power plants remove water from a body of water, fish and other aquatic life could be affected, as well as livelihood of people who depend on these aquatic resources. Call for a widespread discussion and consultation to stakeholders in the concerned areas is being mounted.</p>
<p>Central Visayas</p>		<ul style="list-style-type: none"> • Failure of retailers to integrate technology in their marketing and selling activities. The booming e-commerce is fueled by the change in consumer behavior (opting to buy things in a more convenient manner). • Need to address crucial issues in infrastructure and adopt sustainable roadmaps for industries in the region, such as the following: <ol style="list-style-type: none"> 1. Industry players and the government should come up with a sectoral roadmap similar to the IT-BPO industry. 2. Local government should prepare the needed infrastructure to support Central Visayas’ real estate boom. Traffic congestion should be addressed as it could discourage investments in the region. • Decline of tourist arrivals from China.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<ul style="list-style-type: none"> • Need to improve the quality of education in Cebu to maintain its ranking as the best business processing outsource provider in the country. Cebu needs a deeper pool of labor as well as a sound marketing plan to better promote the province as an IT-BPO hub. • Petition by tourism advocates in Cebu to support the move by retailers to ask Congress to exempt foreign tourists from value-added tax (VAT) to encourage purchases by tourists. Regulations are needed to be in place in terms of improving the quality of goods being sold to tourists, identifying the minimum amount of purchases eligible to be exempted from VAT, clearer rules for tax refund mechanism and establishing refund counters in strategic location. • Lack of DOT visibility in all four provinces in the region. For instance, there is only one DOT staff assigned in the province of Bohol. • Call by the Cebu spa industry for a rating system to set the industry standards. The system would provide standards that used benchmarks similar to those adopted in Indonesia, Thailand and other countries known for their quality spa services.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
Eastern Visayas	<ul style="list-style-type: none"> • Lackluster performance of Eastern Visayas' farming sector due to lack of post harvest facilities and the need for additional irrigated farm lands. 	<ul style="list-style-type: none"> • Inability of some MSMEs to access financing due to collateral and stringent requirements of banks. As of June 2012, Region 8 only posted 25.9 percent loan-to-deposit ratio.
Zamboanga Peninsula	<ul style="list-style-type: none"> • Necessity to come up with an effective approach to a sustainable coastal and marine development with demonstrated benefits in enhancing economic growth, protecting the ecosystem, promoting social equity, and improving the quality of life of the people. • Continuing damages inflicted by typhoons on the region's agricultural production. 	<ul style="list-style-type: none"> • Need to have an adequate water supply in Zamboanga City. A number of barangays lack potable water supply. • Increasing occurrence of dengue outbreak in Zamboanga City.
Northern Mindanao	<ul style="list-style-type: none"> • Extreme weather, particularly prolonged dry season is a threat to cattle production in the region. • Presence of imported beef in the region is likely to affect the local price of meat thereby making it less attractive for local farmers to expand or venture into cattle production. 	<ul style="list-style-type: none"> • Inadequate power supply resulting in prolonged brown-outs discourages companies from expanding operations in the region. • Transfer of the airport from Lumbia in Cagayan de Oro to Laguindingan may adversely affect tourism in the region. This is because the new airport lacks the needed technology to allow night flights. Likewise, travel to CDO will be more expensive due to the distance from CDO to



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> • Increase in production-related cost could discourage swine production in the region. • Smuggling of rice into the country is perceived to be a threat to Northern Mindanao’s rice farmers. • Increasing frequency and intensity of extreme weather conditions emerged as a major challenge to corn farmers. • Increased number of high-end dining establishments in the region, particularly in Cagayan de Oro is creating pressure on existing stocks of fish species namely: grouper (all species), pangasius, malasugue, and tuna. 	<p>the new airport.</p>
<p>Davao Region</p>	<ul style="list-style-type: none"> • Occurrence of the Panama Disease in the region’s agricultural areas, particularly in banana plantation.³ • Adverse effect of Typhoon Pablo to the 	<ul style="list-style-type: none"> • Selling of gold to informal channels by small-scale miners due to the imposition of tax. • Insufficient and unstable power supply in Mindanao.

³ Panama disease is a plant disease that attacks the roots of banana plants. It is a type of Fusarium wilt, caused by the fungus *Fusarium oxysporum*. The disease is resistant to fungicide and cannot be controlled chemically.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	region's banana industry, high-value crops, and livestock and fishery.	<ul style="list-style-type: none"> • Continued volatility of export market due to slower recovery of global economies. • Slow performance of the industry sector. • Inadequate and inefficient infrastructure and logistics support.
SOCCKSARGEN		<ul style="list-style-type: none"> • Looming power crises in the region, which will affect businesses and industries. Report indicated that power shortages will last until 2015 • Increases in fuel and oil prices will eventually affect industries, businesses as well as the transport industry.
Caraga		<ul style="list-style-type: none"> • Recurring brownouts due to insufficient and unstable power supply in Mindanao.
ARMM		<ul style="list-style-type: none"> • Insufficient and unstable power supply in ARMM. • Inadequate transport and logistics facilities that restrict economic activity.

