

REPORT ON
**REGIONAL
ECONOMIC
DEVELOPMENTS**
IN THE
PHILIPPINES
2016



Department of Economic Research
Regional Monetary Affairs Sub-Sector

BANGKO SENTRAL NG PILIPINAS

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Executive Summary

The country's economic growth improved further to 6.9 percent in 2016 from 6.1 percent in 2015, perching at the high-end of the government's target of 6.0-7.0 percent, boosted by robust domestic demand. All regions posted positive economic growth, led by Eastern Visayas, Central Luzon, Central Visayas, Ilocos Region, and Northern Mindanao. This robust growth performance occurred amid a backdrop of low inflation environment. The national inflation rate averaged 1.8 percent in 2016, higher than the 1.4 percent registered in 2015, due to tighter food supply caused by weather-related shortfalls and increased international oil prices. However, this is below the government's target range of 2.0-4.0 percent for the year. Out of the 18 regions, 9 were within the national government's inflation target.

The agriculture sector contracted by 1.3 percent in 2016 from a slight expansion of 0.1 percent in 2015, due mainly to the effects of El Niño and the onslaught of typhoons. Palay and corn production further fell as prolonged dry weather conditions and typhoons reduced harvest areas and yields, particularly in Central and Western Visayas. Cattle and fish production contracted while chicken, swine, and fish production slowed down due to typhoons and calamities, dry spell, diseases, and increase in input prices.

Meanwhile, the industry and services sectors remained as the primary growth drivers. The industry sector picked up further to 8.4 percent in 2016 from 6.4 percent in 2015 as all sub-sectors posted improved growths. Overall construction activity expanded as the number of approved building permits hiked to 6.3 percent in 2016 from 4.0 percent in 2015. The construction of new residential buildings likewise expanded to 10.1 percent in 2016 from 7.7 percent in 2015. This was evident in Western Visayas, Central Visayas, and Negros Island Region and were attributed to the preparations made for the ASEAN Summit and the rise in residential, retail, hospitality, and township developments as well as the booming BPO industry.

The services industry expanded by 7.4 percent in 2016 from 6.9 percent in 2015. Bank density ratio (or the number of banks relative to the total number of cities/municipalities) increased for all regions, except in Caraga. While aggregate credit activity data showed improvement, the increase in deposits outpaced the rise in loan portfolios resulting to lower loans-to-deposits ratios (LDR) for all regions. The total number of microfinance service providers also fell slightly, with declines recorded in the Bicol Region, Northern Mindanao, SOCCSKSARGEN, Caraga, and ARMM.

There has been continued general improvement in labor indicators. The national employment rate rose to 94.5 percent in 2016 from 93.7 percent in 2015, led by Cagayan Valley, ARMM, Zamboanga Peninsula, and Negros Island Region. The unemployment rate declined in 13 out of 18 regions, bringing down the national average unemployment rate to 5.5 percent in 2016 from 6.3 percent in 2015. However, the underemployment rate remained elevated, declining only slightly to 18.3 percent in 2016 from 18.5 percent in 2015, with increases recorded in 10 out of 18 regions.

Moving forward, key challenges to regional development remain, including the adverse impact of extreme weather related disturbances, particularly for regions which are dependent on agriculture and fishery production. Other issues include the continued need for adequate and reliable infrastructure and connectivity. On the upside, efforts to improve ease of doing business are expected to attract more investments and encourage entrepreneurial activities in local industries. Timely implementation of infrastructure and road projects as well as rehabilitation of existing airports and seaports are likewise anticipated to promote tourism and further boost competitiveness and productivity in the regions.

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 and Branches



Philippines: Regional Composition

Region ^{1,2}	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 ³ , and Romblon
Region V – Bicol Region	Camarines Norte, Camarines Sur, Albay, Masbate, Sorsogon, and Catanduanes
Region VI – Western Visayas	Iloilo, Antique, Guimaras, Aklan, and Capiz
Negros Island Region	Negros Occidental and Negros Oriental
Region VII – Central Visayas	Bohol, Cebu, and Siquijor
Region VIII – Eastern Visayas	Leyte, Southern Leyte, Biliran, Eastern Samar, Northern Samar, and Samar

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 sections in the report include Negros Island Region (NIR) when NIR data is available.

³ 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 ^{1,2}	Provinces
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, Davao Occidental
Region XII – 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, Dinagat Islands
ARMM (Autonomous Region in Muslim Mindanao)	Basilan, Lanao del Sur, Sulu and Tawi-Tawi, and Maguindanao Province

Introduction

The Philippine economy managed to finish strong in 2016, growing by 6.9 percent during the year against a backdrop of a low inflation environment. While average annual inflation rates in most regions accelerated in 2016, the national average inflation rate still fell below the national government's inflation target range of 3.0 percent \pm 1.0 percentage point during the year. The average annual inflation rates recorded in the 17 regions ranged from a low of 0.9 percent (in CALABARZON) to a high of 4.2 percent (Western Visayas).

The agriculture, hunting, forestry, and fishing (AHFF) sector performed weakly during the year due to the adverse impact on crops and fisheries output of Typhoons Karen and Lawin and the prolonged dry spell. Similarly, corn, swine, fishery, livestock and poultry subsectors also posted slower growth during the year.

Meanwhile, the services and industry sectors remain as the primary growth drivers. The industry sector exhibited strong positive growth in 2016 at 8.4 percent, buoyed primarily by the expansion in the construction sub-sector. The services sector grew by 7.4 percent during the year as output in all sub-sectors picked up pace. Deposit generation expanded all regions, except for Central Visayas, with the highest growth rate recorded in Davao region.

There has been a continued general improvement in the country's labor indicators as the sustained economic growth is starting to translate into real sector gains. In 2016, the national employment rate improved to 94.5 percent from 93.7 percent in the previous year.

Key Regional Developments

Agriculture, Livestock, Poultry and Fishery

Palay. Palay production further contracted nationwide by 4.5 percent in 2016 from 4.3 percent in 2015. The strong and prolonged dry spell caused reduction in harvest areas and yields in the different parts of the country.

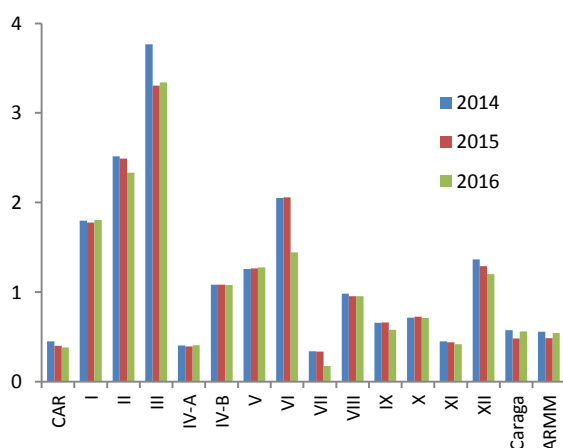
Palay production further contracts due to prolonged dry spell and typhoon damage

negative performance in these regions was due to the following factors:

- Delayed and interrupted irrigation services during the planting and growing stages of palay caused by prolonged dry spell in Cagayan Valley, Western Visayas and Central Visayas regions;
- Massive drop in harvest areas and yields, as well as crop damage brought about by prolonged dry weather condition in Central Visayas, SOCCSKSARGEN and Zamboanga Peninsula;
- Lower yield per hectare due to stem borer infestation in the Province of Siquijor in Central Visayas;

Chart 1. Palay Production

in million metric tons



Source: Philippine Statistics Authority

Ten regions, majority of which came from the Southern part of the country, posted declines in their palay production, with significant contraction coming from Central Visayas (-47.6 percent), Western Visayas (-29.8 percent), Zamboanga Peninsula (-12.2 percent), SOCCSKSARGEN (-7.0 percent) and Cagayan Valley (-6.3 percent). The

Table 1. Palay Production

Growth rate and share to total production, in percent

REGION	Growth rate			Share to total production		
	2014	2015	2016	2014	2015	2016
Philippines	2.9	-4.3	-4.5	100	100	100
1 CAR	-1.6	-11.4	-4.5	2.4	2.2	2.2
2 Ilocos Region (I)	2.6	-1.1	1.6	9.5	9.8	10.5
3 Cagayan Valley (II)	3.8	-1.0	-6.3	13.3	13.7	13.5
4 Central Luzon (III)	10.4	-12.2	1.2	19.9	18.2	19.4
5 CALABARZON (IV-A)	-1.5	-3.1	3.6	2.1	2.2	2.4
6 MIMAROPA (IV-B)	4.6	0.0	-0.1	5.7	6.0	6.3
7 Bicol Region (V)	1.2	0.5	0.9	6.6	7.0	7.4
8 Western Visayas (VI)	-1.8	0.2	-29.8	10.8	11.3	8.4
9 Central Visayas (VII)	-2.6	-0.8	-47.6	1.8	1.9	1.0
10 Eastern Visayas (VIII)	-0.7	-2.7	-0.1	5.2	5.3	5.5
11 Zamboanga Peninsula (IX)	2.8	0.8	-12.2	3.5	3.6	3.4
12 Northern Mindanao (X)	5.8	1.6	-1.9	3.8	4.0	4.1
13 Davao Region (XI)	7.3	-2.3	-5.4	2.4	2.4	2.4
14 SOCCSKSARGEN (XII)	1.3	-5.4	-7.0	7.2	7.1	7.0
15 Caraga	-1.6	-16.2	16.8	3	2.7	3.3
16 ARMM	-9	-12.4	11.5	2.9	2.7	3.2

Source: Philippine Statistics Authority

- Decrease in crop yield as a result of damage caused by typhoon Lawin in the Cagayan Valley; and
- Delay in planting activities in flooded areas in the Provinces of Cagayan and Isabela.

The poor performance in these regions was mitigated by favorable developments in palay production in Caraga (16.8 percent), ARMM (11.5 percent), CALABARZON (3.6 percent), Ilocos (1.6 percent), Central Luzon (1.2 percent) and Bicol (0.9 percent) regions. This could be traced to the following factors:

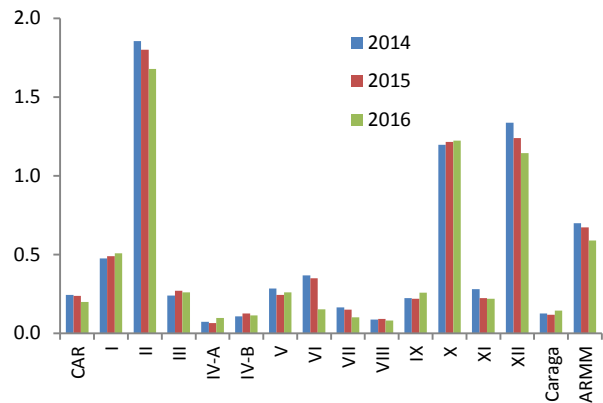
Corn production declines further

- Construction and rehabilitation of irrigation facilities under the Small Scale Irrigation Projects in rice cluster areas as well as increased intervention on the provision of good quality seeds, fertilizer, farm production machineries and post-harvest equipment to farmers by the Department of Agriculture in Ilocos, CALABARZON and Bicol regions;
- Implementation of High Yielding Technology Adoption and Rice Productivity Enhancement Program that encouraged farmers to shift from certified seeds to hybrid seeds and practice of precision fertilization and utilization of soil ameliorants in the Bicol Region and utilization of high yielding variety seeds in Central Luzon;
- Adequate supply of water brought about by the sustained rainfall in Pangasinan (Ilocos Region), Central Luzon and CALABARZON; and
- Rehabilitation of damaged rice farms in the Bicol Region and increase in areas allocated for the planting of palay in CALABARZON.

Corn. Corn production continued to contract nationwide by 6.5 percent in 2016 from 3.2 percent in 2015. The decline was due mainly to the prolonged recurrence of El Niño during the year.

Chart 2. Corn Production

In million metric tons



Source: Philippine Statistics Authority

Large declines in corn production were registered for Western Visayas (-56.2 percent), Central Visayas (-32.8 percent); CAR (-16.2 percent), ARMM (-12.3 percent); Eastern Visayas (-10.5 percent), MIMAROPA (-8.7 percent), SOCCSKSARGEN (-7.7 percent) and Cagayan Valley (-6.8 percent). The poor performance in these regions was attributed to:

- Decline in yield per hectare due to moisture stress brought about by prolonged dry spell in CAR, Cagayan Valley, MIMAROPA, Western Visayas, Central Visayas, Eastern Visayas and SOCCSKSARGEN and ARMM regions, as well as the provinces of Cebu and Siquijor;
- Deferment in the planting schedule due to weather disturbances in Cagayan Valley and Western Visayas;
- Decline in area harvested due to a shift in crops of farmers to cassava and sugarcane in the provinces of Isabela and

Nueva Vizcaya, and Eastern Visayas region; and

- Crop devastation caused by super typhoons “Lawin” and “Karen” in CAR and Cagayan Valley.

Table 2. Corn Production

Growth rate and share to total production, in percent

REGION	Growth rate			Share to total production		
	2014	2015	2016	2014	2015	2016
Philippines	5.3	-3.2	-6.5	100	100	100
1 CAR	1.0	-2.8	-16.2	3.1	3.2	2.8
2 Ilocos Region (I)	6.5	3.0	3.5	6.1	6.5	7.2
3 Cagayan Valley (II)	8.3	-3.0	-6.8	23.9	24.0	23.9
4 Central Luzon (III)	5.8	12.6	-4.3	3.1	3.6	3.7
5 CALABARZON (IV-A)	-1.1	-12.8	49.4	1.0	0.9	1.4
6 MIMAROPA (IV-B)	2.9	16.5	-8.7	1.4	1.7	1.6
7 Bicol Region (V)	10.7	-14.6	6.3	3.7	3.2	3.7
8 Western Visayas (VI)	6.6	-4.9	-56.2	4.7	4.7	2.2
9 Central Visayas (VII)	-5.2	-8.6	-32.8	2.1	2.0	1.4
10 Eastern Visayas (VIII)	-1.3	3.4	-10.5	1.1	1.2	1.2
11 Zamboanga Peninsula (IX)	7.5	-1.4	17.6	2.9	2.9	3.7
12 Northern Mindanao (X)	1.0	1.7	0.6	15.4	16.2	17.4
13 Davao Region (XI)	23.5	-20.0	-2.2	3.6	3.0	3.1
14 SOCCSKSARGEN (XII)	2.5	-7.4	-7.7	17.2	16.5	16.3
15 Caraga	16.7	-5.3	21.7	1.6	1.6	2.1
16 ARMM	4.9	-3.8	-12.3	9.0	9.0	8.4

Source: Philippine Statistics Authority

Only six regions posted increases in their corn production, namely CALABARZON (49.4 percent), Caraga (21.7 percent), Zamboanga Peninsula (17.6 percent), Bicol Region (6.3 percent), Ilocos Region (3.5 percent) and Northern Mindanao (0.6 percent). These improvements were attributed mainly to the following:

- Wider area planted with corn in the Ilocos Region due to the availability of free seeds assistance from the Provincial Government of Ilocos Sur (Ryan Corn-LVN-10);
- Expansion in area harvested due to strong production support from the local government in CALABARZON;

Cattle, chicken and swine production decline

- Rehabilitation of acidic corn production areas in the Provinces of Albay, Camarines Sur and Masbate;
- Monitoring of pests and diseases, and distribution of biological control agents in the farms of the Bicol region;
- Sufficient rainfall in Northern Mindanao;
- Increase in productivity and yield brought about by an increase in area harvested in Zamboanga Peninsula and Caraga regions;
- High demand for corn and better market price in Caraga region;
- Promotion of capacity building activities to enhance farmers’ knowledge and skills on technology advancement and product development in the Bicol Region;
- Use of farm mechanization and farm clustering¹ in CALABARZON and Bicol regions;
- Availability and increased utilization of high quality seeds in Ilocos, Bicol, Northern Mindanao and CALABARZON regions; and
- Reduction in post-harvest losses in CALABARZON.

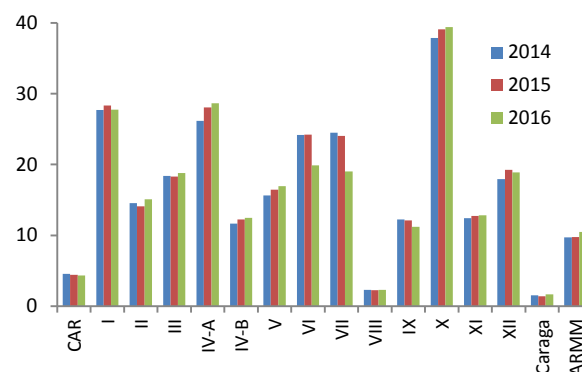
Livestock and Poultry. Even with only six regions registering declines in cattle production, the country’s total production still contracted by 2.7 percent in 2016 from a growth of 2.1 percent in 2015. The decline was on account of poor performance in Central Visayas (-21.0 percent), Western Visayas (-18.0 percent), Zamboanga Peninsula (-7.4 percent); CAR (-2.2 percent), Ilocos (-2.0 percent) and SOCCSKSARGEN (-1.7 percent) due to the following factors:

¹ Cluster farming aims to consolidate smallholder farmers’ produce to deliver in bulk, save on transport and transaction costs, and to increase income.

- Smaller liveweight were traded and losses were incurred due to super typhoon “Lawin” in CAR;
- Less stocks available for disposition as some were reserved for breeding or inventory build-up in Ilocos and Central Visayas regions;
- Less demand for cattle from buyers in Western Visayas;
- Decrease of cattle grazing area brought about by the dry spell in Zamboanga Peninsula; and
- Occurrence of respiratory diseases affecting cattle due to irregular weather patterns in SOCCSKSARGEN.

Chart 3. Cattle Production

in thousand metric tons



Source: Philippine Statistics Authority

Table 3. Cattle Production

Growth rate and share to total production, in percent

REGION	Growth rate			Share to total production		
	2014	2015	2016	2014	2015	2016
Philippines	1.1	2.1	-2.7	100	100	100
1 CAR	-2.0	-3.1	-2.2	1.7	1.7	1.7
2 Ilocos Region (I)	-0.4	2.3	-2.0	10.6	10.6	10.7
3 Cagayan Valley (II)	1.4	-3.0	7.1	5.6	5.3	5.8
4 Central Luzon (III)	-2.8	-0.5	2.6	7.0	6.9	7.2
5 CALABARZON (IV-A)	5.5	7.3	2.2	10.0	10.5	11.0
6 MIMAROPA (IV-B)	4.5	5.3	1.6	4.5	4.6	4.8
7 Bicol Region (V)	5.2	5.2	3.1	6.0	6.2	6.5
8 Western Visayas (VI)	4.5	0.3	-18.0	9.2	9.1	7.7
9 Central Visayas (VII)	-0.2	-1.7	-21.0	9.4	9.0	7.3
10 Eastern Visayas (VIII)	-7.7	-1.8	2.4	0.9	0.8	0.9
11 Zamboanga Peninsula (IX)	-3.5	-1.0	-7.4	4.7	4.5	4.3
12 Northern Mindanao (X)	3.2	3.3	0.8	14.5	14.6	15.2
13 Davao Region (XI)	5.0	2.4	0.7	4.8	4.8	4.9
14 SOCCSKSARGEN (XII)	-3.5	7.1	-1.7	6.9	7.2	7.3
15 Caraga	2.0	-7.8	18.0	0.6	0.5	0.6
16 ARMM	-7.1	0.5	7.5	3.7	3.7	4.0

Source: Philippine Statistics Authority

On the other hand, the regions that posted improvements in their cattle production in 2016 were Caraga (18.0 percent), ARMM (7.5 percent), Cagayan Valley (7.1 percent), Bicol (3.1 percent), Central Luzon (2.6 percent), Eastern Visayas (2.4 percent), CALABARZON (2.2 percent), MIMAROPA (1.6 percent), Northern Mindanao (0.8 percent) and Davao (0.7 percent). The improved performance was due mainly to the high demand from consumers, as well as hotel and restaurant industries in these regions.

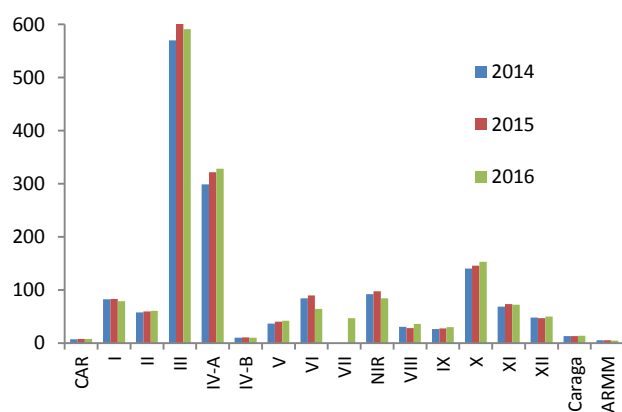
Chicken production grew by 0.8 percent in 2016 from 5.7 percent in 2015. The lower growth of chicken production in 2016 was due to negative performances in eight regions in the country, which include: Western Visayas (-28.7 percent), Central Visayas (-13.6 percent); ARMM (-7.8 percent), Ilocos (-4.9 percent), MIMAROPA (-3.2 percent), Central Luzon (-3.0 percent), Davao (-2.1 percent) and CAR (-1.7 percent). Contributory factors to the reduction in these regions include:

- Occurrence of avian pests in the Provinces of Benguet, Kalinga, Pampanga, Tarlac and Nueva Ecija;

- Losses on native chicken/free range chicken due to typhoons in CAR, Ilocos and MIMAROPA;
- Delays in loadings and less stocks of day old chicks (DOC) in broiler farms due to incidence of New Castle disease in the Province of Ifugao, and Ilocos, MIMAROPA and Central Luzon regions;
- Less stocks available for dressing in Ilocos;
- Non-stocking of some broiler commercial farms in Ilocos;
- Less supply of DOC as a result of closure of dilapidated farm facilities (under renovation) in Davao;
- Increase in the cost of inputs in ARMM;
- Less stocks from backyard raisers for disposition due to building of stocks in Ilocos;
- Lower disposal of chicken as stocks were held for egg production in Central Luzon; and
- Less demand from buyers in Central Luzon and Western Visayas.

Chart 4. Chicken Production

In thousand metric tons



Source: Philippine Statistics Authority

Table 4. Chicken Production

Growth rate and share to total production, in percent

REGION	Growth rate			Share to total production		
	2014	2015	2016	2014	2015	2016
Philippines	1.1	5.7	0.8	100	100	100
1 CAR	-2.4	7.7	-1.7	0.5	0.5	0.5
2 Ilocos Region (I)	-1.0	0.4	-4.9	5.2	5.0	4.7
3 Cagayan Valley (II)	3.9	2.8	2.2	3.7	3.6	3.6
4 Central Luzon (III)	3.7	6.9	-3.0	36.3	36.7	35.3
5 CALABARZON (IV-A)	-1.3	7.7	2.1	19.0	19.4	19.6
6 MIMAROPA (IV-B)	-0.5	2.9	-3.2	0.7	0.6	0.6
7 Bicol Region (V)	5.7	9.9	5.5	2.3	2.4	2.5
8 Western Visayas (VI)	-11.1	6.6	-28.7	5.4	5.4	3.8
9 Negros Island Region	-	-	-	-	-	2.8
10 Central Visayas (VII)	4.4	5.9	-13.6	5.9	5.9	5.0
11 Eastern Visayas (VIII)	-14.2	-6.8	28.0	1.9	1.7	2.2
12 Zamboanga Peninsula (IX)	-0.8	5.0	8.5	1.7	1.7	1.8
13 Northern Mindanao (X)	3.4	3.9	4.6	8.9	8.8	9.1
14 Davao Region (XI)	1.5	7.5	-2.1	4.4	4.4	4.3
15 SOCCSKSARGEN (XII)	6.0	-1.7	5.7	3.1	2.8	3.0
16 Caraga	10.6	0.7	4.6	0.8	0.8	0.8
17 ARMM	-7.2	-1.3	-7.8	0.3	0.3	0.3

Source: Philippine Statistics Authority

Regions that exhibited expansion in chicken production in 2016, which offset the contraction elsewhere were Eastern Visayas (28.0 percent), Zamboanga Peninsula (8.5 percent), SOCCSKSARGEN (5.7 percent), Bicol (5.5 percent), Northern Mindanao (4.6 percent), Caraga (4.6 percent), Cagayan Valley (2.2 percent) and CALABARZON (2.1 percent). The better performances in poultry production in the above-mentioned regions were due to high demand for chicken, improvement/rehabilitation of chicken farms and sustained animal dispersal and vaccination programs of the government.

Swine production grew by 1.0 percent in 2016, lower than the 4.3 percent posted in 2015. This could be attributed to contractions in the swine production of Western Visayas (-24.6 percent), Central Visayas (-15.1 percent); ARMM (-6.1 percent); Bicol (-1.7 percent); Zamboanga Peninsula (-1.6 percent); CAR (-1.4 percent) and

Eastern Visayas (-0.1 percent), for the following reasons:

- Less disposition of pork due to lower price of liveweight in CAR;
- Less hog disposal for slaughter as raisers reserved some stocks for breeding in Bicol;
- Less demand for pork from buyers in Western Visayas;
- Marketing problems in ARMM; and
- Increase in the cost of feeds and production inputs in raising hogs in Eastern Visayas and ARMM.

Table 5. Swine Production

Growth rate and share to total production, in percent

REGION	Growth rate			Share to total production		
	2014	2015	2016	2014	2015	2016
Philippines	1.0	4.3	1.0	100	100	100
1 CAR	-5.8	-7.0	-1.4	1.4	1.3	1.2
2 Ilocos Region (I)	-1.6	1.4	4.6	4.0	3.9	4.0
3 Cagayan Valley (II)	-2.4	2.6	3.6	3.3	3.2	3.3
4 Central Luzon (III)	5.1	11.0	9.4	18.7	19.9	21.6
5 CALABARZON (IV-A)	2.0	6.6	8.5	15.5	15.9	17.1
6 MIMAROPA (IV-B)	1.5	4.6	2.5	3.7	3.7	3.7
7 Bicol Region (V)	6.2	1.9	-1.7	6.0	5.8	5.7
8 Western Visayas (VI)	-2.2	-0.1	-24.6	8.8	8.4	6.3
9 Central Visayas (VII)	0.3	4.3	-15.1	7.7	7.7	6.5
10 Eastern Visayas (VIII)	-10.9	-0.1	-0.1	3.8	3.6	3.6
11 Zamboanga Peninsula (IX)	-2.5	1.4	-1.6	3.9	3.8	3.7
12 Northern Mindanao (X)	2.6	3.7	4.5	8.1	8.0	8.3
13 Davao Region (XI)	1.8	5.2	4.1	6.7	6.8	7.0
14 SOCCSKSARGEN (XII)	1.3	-1.2	0.6	5.9	5.6	5.6
15 Caraga	-1.2	-0.6	7.1	2.0	1.9	2.0
16 ARMM	-3.3	-1.6	-6.1	0.5	0.5	0.5

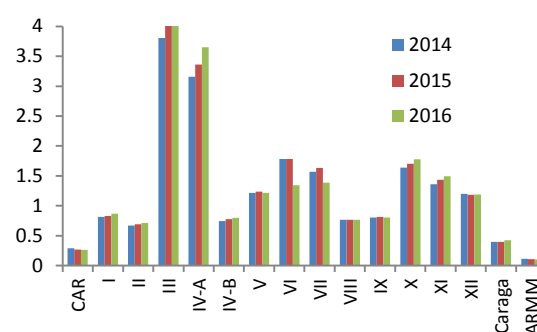
Source: Philippine Statistics Authority

Nonetheless, the contraction was offset by positive performance from various regions during the period. These were Central Luzon (9.4 percent), CALABARZON (8.5 percent), Caraga (7.1 percent), Ilocos (4.6 percent), Northern Mindanao (4.5 percent), Davao (4.1 percent),

Cagayan Valley (3.6 percent), MIMAROPA (2.5 percent) and SOCCSKSARGEN (0.6 percent). These improvements were caused by high demand from the hotel and restaurant industries as a result of election campaigns, and hosting various meetings and national events in these regions in 2016.

Chart 5. Swine Production

In hundred thousand metric tons



Source: Philippine Statistics Authority

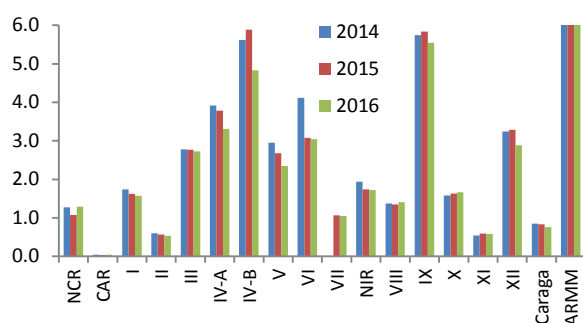
Fish production contracts further

Fishery. The rate of decline of the fishery subsector in the country was faster at 6.3 percent in 2016 compared to 0.8 percent a year ago. All regions, except three, posted a decline in fish production. The negative performance in these regions was due to the following factors:

- Less fishing operations and minimal catch due to rough seas brought about by typhoons “Lawin” and “Marce” in Ilocos, Cagayan Valley, Central Luzon, CALABARZON, MIMAROPA, Bicol and Western Visayas regions;
- Presence of transient fishermen and foreign commercial fishing vessel in Ilocos and CALABARZON regions;
- Strict enforcement of fishery law and regulations in CALABARZON, Central Visayas and Zamboanga Peninsula regions;

- Decrease in seaweed production due to lack of planting materials in Bicol and Central Visayas regions;
- Presence of Ice-ice disease and Epiphyte infestation in the Provinces of Camarines and Caraga region;
- Less area harvested for seaweed farms as a result of some cages undergoing repairs in Central Visayas;
- Less harvest in artificial reefs in Ilocos region;
- Diminished number of catch due to the drying of fishing waters and hot water temperature brought about by the El Niño phenomenon in Cagayan Valley, Davao, SOCCSKSARGEN and ARMM regions;
- Conversion of fish ponds to rice fields in SOCCSKSARGEN;
- Shift from inland fishing livelihood to carpentry due to high demand for laborers to repair damaged properties caused by typhoon “Lawin” in Cagayan Valley;
- High mortality and slow growth of milkfish, tilapia, tiger prawn and seaweeds due to the dry spell in Central Luzon and Central Visayas regions; and
- Less appearance of in-season species caused by weather disturbances in Western Visayas.

Chart 6. Fish production
in hundred thousand metric tons



Source: Philippine Statistics Authority

Eastern Visayas (3.9 percent) and Northern Mindanao (2.4 percent) mitigated the further contraction of the overall fishery subsector. The positive performance could be traced to the following factors:

- Increase in area harvested in ponds and cages due to better quality fingerlings in Ifugao;
- Rehabilitation of fish farms by the national government, international and local non-government organizations in Eastern Visayas;
- Installation of payaos² in the eastern seaboard of Samar Island; and
- Abundant harvest from brackish water brought about by less occurrence of diseases in Northern Mindanao.

Table 6. Fish production

Growth rate and share to total production, in percent

REGION	Growth rate			Share to total production		
	2014	2015	2016	2014	2015	2016
Philippines	-0.3	-0.8	-6.3	100	100	100
1 NCR	3.1	-16.1	20.1	2.7	2.3	3.0
2 CAR	1.8	-2.8	8.7	0.1	0.1	0.1
3 Ilocos Region (I)	11.9	-7.1	-2.9	3.7	3.5	3.6
4 Cagayan Valley (II)	-2.8	-6.3	-5.1	1.3	1.2	1.2
5 Central Luzon (III)	3.1	-0.4	-1.6	5.9	6.0	6.3
6 CALABARZON (IV-A)	-4.1	-3.3	-12.5	8.3	8.1	7.6
7 MIMAROPA (IV-B)	2.1	4.7	-17.9	12.0	12.7	11.1
8 Bicol Region (V)	-1.8	-9.1	-12.6	6.3	5.8	5.4
9 Western Visayas (VI)	-1.8	-2.2	-1.1	8.8	6.6	7.0
10 Negros Island Region	-	-4.1	-1.6	-	2.3	2.4
11 Central Visayas (VII)	-14.4	-3.5	-1.3	4.1	3.7	3.9
12 Eastern Visayas (VIII)	-20.4	-1.8	3.9	2.9	2.9	3.2
13 Zamboanga Peninsula (IX)	0.0	1.6	-4.9	12.2	12.5	12.7
14 Northern Mindanao (X)	1.2	2.9	2.4	3.4	3.5	3.8
15 Davao Region (XI)	-22.4	9.4	-2.5	1.2	1.3	1.3
16 SOCCSKSARGEN (XII)	12.9	1.4	-12.2	6.9	7.1	6.6
17 Caraga	-3.3	-2.1	-8.5	1.8	1.8	1.8
18 ARMM	2.4	1.2	-5.0	18.3	18.7	18.9

Source: Philippine Statistics Authority

² An artificial fish sanctuary or a fish-aggregating device to increase yields.

Construction

Construction. Overall construction activity picked up in 2016. The number of approved building permits expanded for the third consecutive year, accelerating to 6.3 percent in 2016 from 4.0 percent in 2015. Similarly, the construction of new residential buildings expanded for the fifth consecutive year, accelerating to 10.1 percent in 2016 from 7.7 percent in 2015.³

Construction activity continues positive streak in 2016

Upside factors to construction activity include ramped up construction projects as addressing the infrastructure gap has become a priority of the government; increased connectivity due to the implementation of road, railway, and airport projects; rise in retail developments on the back of strong consumption; and booming private construction in emerging business process outsourcing (BPO) hubs. On the other hand, downside factors include weather related disturbances such as typhoons Karen, Lawin, and Nina and the El Niño phenomenon that persisted until mid-2016; peace and order concerns; delays in government projects; issues concerning land use; and power fluctuations.

Table 7. Total Number of Approved Building Permits

Levels and growth rates, 2011-2016

REGION	Levels						Growth rate					
	2011	2012	2013	2014	2015 ^r	2016 ^p	2011	2012	2013	2014	2015 ^r	2016 ^p
Philippines	112,881	121,051	120,775	126,875	132,006	140,380	7.3	7.2	-0.2	5.1	4.0	6.3
1 NCR	13,378	13,854	13,948	13,381	12,863	12,318	-4.0	3.6	0.7	-4.1	-3.9	-4.2
2 CAR	1,282	1,181	1,161	1,460	1,123	1,197	36.4	-7.9	-1.7	25.8	-23.1	6.6
3 Ilocos Region (I)	7,489	7,219	7,060	7,511	7,990	8,747	13.3	-3.6	-2.2	6.4	6.4	9.5
4 Cagayan Valley (II)	2,501	2,655	2,256	3,347	3,182	3,246	6.5	6.2	-15.0	48.4	-4.9	2.0
5 Central Luzon (III)	11,987	13,509	12,025	16,047	13,991	14,013	-12.8	12.7	-11.0	33.4	-12.8	0.2
6 CALABARZON (IV-A)	24,887	27,729	31,340	29,092	32,951	32,946	-12.8	11.4	13.0	-7.2	13.3	0.0
7 MIMAROPA (IV-B)	1,887	2,218	2,086	2,508	2,874	2,428	-8.6	17.5	-6.0	20.2	14.6	-15.5
8 Bicol Region (V)	2,657	2,997	3,177	2,830	3,487	3,402	36.6	12.8	6.0	-10.9	23.2	-2.4
9 Western Visayas (VI)	5,648	6,482	5,124	5,483	7,059	6,208	52.5	14.8	-21.0	7.0	28.7	-12.1
10 Negros Island Region	-	-	-	-	-	8,049	-	-	-	-	-	-
11 Central Visayas (VII)	13,097	14,353	13,168	12,440	12,824	14,801	36.0	9.6	-8.3	-5.5	3.1	15.4
12 Eastern Visayas (VIII)	2,323	2,332	1,980	2,407	4,937	4,842	7.7	0.4	-15.1	21.6	105.1	-1.9
13 Zamboanga Peninsula (IX)	3,174	3,837	3,484	3,761	4,505	3,770	101.3	20.9	-9.2	8.0	19.8	-16.3
14 Northern Mindanao (X)	6,360	7,578	7,698	8,119	8,599	8,274	12.1	19.2	1.6	5.5	5.9	-3.8
15 Davao Region (XI)	9,985	9,124	8,916	11,500	8,120	9,595	28.0	-8.6	-2.3	29.0	-29.4	18.2
16 SOCCSKSARGEN (XII)	2,307	2,674	3,100	2,822	2,846	2,821	21.6	15.9	15.9	-9.0	0.9	-0.9
17 Caraga	3,656	3,097	3,984	3,922	4,548	3,686	43.7	-15.3	28.6	-1.6	16.0	-19.0
18 ARMM	263	212	268	245	107	37	119.2	-19.4	26.4	-8.6	-56.3	-65.4

r/ Revised to reflect updates per PSA

p/ Preliminary

Source: Philippine Statistics Authority

³ The robust growth in new residential construction is accompanied by an acceleration in residential real estate prices, as the residential real estate price index (RREPI) grew by 11.3 percent in Q2 2016 and 9.4 percent in Q1 2016, from 5.2 percent in Q4 2015 and 4.7 in Q3 2015. While new residential construction in NCR contracted by 3.6 percent in 2016 (as opposed to the 10.1 percent growth posted by the Philippines), real estate prices in the NCR also registered sluggish growth at 2.7 percent (year-on-year) in Q2 2016 while areas outside NCR posted double-digit appreciation of 18.4 percent for the same quarter.

Table 8. Total Number of New Residential Building Construction

Levels and growth rates, 2011-2016

REGION	Levels						Growth rate					
	2011	2012	2013	2014	2015 ^r	2016 ^p	2011	2012	2013	2014	2015 ^r	2016 ^p
Philippines	81,537	87,347	87,767	90,201	97,174	107,002	-5.4	7.1	0.5	2.8	7.7	10.1
1 NCR	6,866	7,133	7,071	6,772	6,435	6,201	-14.1	3.9	-0.9	-4.2	-5.0	-3.6
2 CAR	887	840	842	1,041	826	935	14.9	-5.3	0.2	23.6	-20.7	13.2
3 Ilocos Region (I)	5,888	5,587	5,346	5,695	5,801	6,443	10.2	-5.1	-4.3	6.5	1.9	11.1
4 Cagayan Valley (II)	1,847	1,959	1,580	2,500	2,189	2,265	-1.5	6.1	-19.3	58.2	-12.4	3.5
5 Central Luzon (III)	8,708	9,816	8,298	11,852	10,617	10,279	-23.8	12.7	-15.5	42.8	-10.4	-3.2
6 CALABARZON (IV-A)	18,287	20,838	25,059	21,480	25,842	26,376	-23.0	13.9	20.3	-14.3	20.3	2.1
7 MIMAROPA (IV-B)	1,310	1,499	1,445	1,738	1,872	1,855	-25.2	14.4	-3.6	20.3	7.7	-0.9
8 Bicol Region (V)	2,037	2,336	2,550	2,084	2,691	2,627	32.5	14.7	9.2	-18.3	29.1	-2.4
9 Western Visayas (VI)	4,271	5,073	3,834	3,851	5,192	4,764	36.9	18.8	-24.4	0.4	34.8	-8.2
10 Negros Island Region	-	-	-	-	-	6,960	-	-	-	-	-	-
11 Central Visayas (VII)	10,385	11,286	9,754	8,599	9,627	12,571	-1.5	8.7	-13.6	-11.8	12.0	30.6
12 Eastern Visayas (VIII)	1,424	1,408	1,214	1,569	3,857	3,651	-5.2	-1.1	-13.8	29.2	145.8	-5.3
13 Zamboanga Peninsula (IX)	2,353	2,830	2,571	2,868	3,669	3,209	60.7	20.3	-9.2	11.6	27.9	-12.5
14 Northern Mindanao (X)	5,146	6,188	6,445	6,718	7,313	7,084	-6.0	20.2	4.2	4.2	8.9	-3.1
15 Davao Region (XI)	7,635	6,400	6,711	9,168	5,964	7,446	26.6	-16.2	4.9	36.6	-34.9	24.8
16 SOCCSKSARGEN (XII)	1,373	1,740	1,922	1,502	1,544	1,480	5.7	26.7	10.5	-21.9	2.8	-4.1
17 Caraga	2,888	2,230	2,896	2,569	3,644	2,845	37.5	-22.8	29.9	-11.3	41.8	-21.9
18 ARMM	232	184	229	195	91	11	18.4	-20.7	24.5	-14.8	-53.3	-87.9

r/ Revised to reflect updates per PSA

p/ Preliminary

Source: Philippine Statistics Authority

The top drivers of growth for both construction indicators were the regions of Western Visayas, Central Visayas, and Negros Island Region (NIR). The combined regions posted 46.1 percent growth in approved building permits (contributing 7.0 percentage points to total) and 63.9 percent growth in new residential building construction (contributing 9.8 percentage points to total). The increase in construction activity for these regions may be attributed to the preparations made for the ASEAN Summit meetings in Boracay in February 2017, Iloilo and Bacolod in March 2017, and Cebu and Bohol in April 2017, as well as the rise in residential, retail, hospitality, and township developments in the region as its booming BPO industry has attracted the attention of top real estate companies. The surge in residential construction activity may also be connected to the awarding of Dumaguete City in Negros Oriental as the fifth best place to retire in the world by Forbes Magazine's 2014 Retire Overseas Index.

Other top gainers for both approved building permits and residential building construction were the Davao and Ilocos Regions (which expanded by an average of around 20 percent and 10 percent in their respective construction indicators). In Davao, total construction increased by 74 percent in 2016,⁴ underpinned by an influx in property development, particularly low-cost housing, as well as arrangements for its hosting of the ASEAN Summit. In Ilocos, building projects may have been boosted by the construction and completion of various sections of the Tarlac-Pangasinan-La Union Expressway Project (TPLEX).

The most significant decline in construction activity was recorded for ARMM as the number of approved building permits contracted by 65.4 percent, while new residential building

⁴ Source: SteelAsia upbeat on Mindanao's construction boom. (2017, February 8). *BusinessWorld*.

construction declined by 87.9 percent in 2016 – the second consecutive year that both construction indicators shrunk to less than half of their year ago levels. Stifling construction activity were continued concerns on the region’s peace and order situation, extreme weather disturbances such as drought and flooding which have weighed down on the predominantly agriculture-based economy, and the displacement of farmers resulting from these two factors.

Other regions which reported double-digit contraction for both construction activity indicators (i.e., CARAGA and Zamboanga Peninsula) incidentally came from solid, double digit growth for the same indicators in the previous year. These results may suggest that 2016 was a period of normalization after high growth rates achieved in the previous year, which for Zamboanga was on account of the housing projects initiated in 2015 under the Zamboanga City Roadmap to Rehabilitation and Reconstruction (Z3R) program for families displaced during the “Zamboanga Siege” in 2013, as well as the implementation of the infrastructure component of the Senior High School (SHS) Program in the region. On the other hand, other factors that could have contributed to the reversal of CARAGA’s strong growth in the previous year are the deceleration of its regional growth to 4.2 percent in 2016 from 9.4 percent in 2015 as well as the suspension of the operations of several mining firms in the region during the latter part of 2016.

Banking and Microfinance

Banking. While aggregate credit activity data showed improvement, the increase in deposits outpaced the rise in loan portfolios resulting to lower loans-to-deposits ratios (LDR) for all regions. Significant declines were registered in Caraga, Eastern Visayas, Bicol, Cagayan, MIMAROPA, Zamboanga Peninsula and Western Visayas.

The NCR registered the highest LDR at 81.3 percent in 2016. The NCR was followed by Central Visayas (41.8 percent) and SOCCSKSARGEN (36.6 percent). The high LDRs in these regions reflected banks’ greater efficiency in channeling deposits to lending activities in these areas.

Increase in bank deposits outpace loan portfolio

Table 9. Loans-to-Deposits Ratio

REGION		2014	2015	2016
Philippines		60.28	66.38	62.99
1	NCR	73.30	83.35	81.29
2	CAR	16.63	15.88	8.90
3	Ilocos Region (I)	23.35	24.65	14.74
4	Cagayan Valley (II)	40.17	44.53	33.69
5	Central Luzon (III)	30.69	29.75	22.80
6	CALABARZON (IV-A)	20.08	19.88	13.35
7	MIMAROPA (IV-B)	32.43	35.14	24.59
8	Bicol Region (V)	34.25	35.00	23.77
9	Western Visayas (VI)	28.91	28.92	18.85
10	Negros Island Region	-	27.97	20.89
11	Central Visayas (VII)	38.33	42.80	41.80
12	Eastern Visayas (VIII)	28.86	26.60	15.29
13	Zamboanga Peninsula (IX)	27.82	27.97	17.64
14	Northern Mindanao (X)	31.63	31.26	22.94
15	Davao Region (XI)	39.38	37.31	34.18
16	SOCCSKSARGEN (XII)	39.88	40.75	36.56
17	Caraga	29.91	32.04	19.86
18	ARMM	20.95	16.60	14.92

Source: Supervisory Data Center, BSP

The general decline in regional LDRs was due mainly to the faster rate of increase in deposit generation compared to credit provision. Deposit generation expanded in all regions except for Central Visayas. Caraga (23.5 percent) and Davao Region (14.8 percent) posted the highest growth

in deposits. On the other hand, net loan portfolio registered year-on-year decline across all regions, except for the NCR, Davao and SOCCSKSARGEN, where the growth in lending activity grew by 5.6 percent, 5.2 percent, and 1.6 percent, respectively.

Table 10. Bank Density Ratio

REGION	2014	2015	2016
Philippines	6.3	6.6	6.8
1 NCR	192.6	198.8	206.1
2 CAR	2.0	2.1	2.1
3 Ilocos Region (I)	3.6	3.9	4.2
4 Cagayan Valley (II)	3.5	3.7	3.8
5 Central Luzon (III)	7.9	8.4	8.8
6 CALABARZON (IV-A)	11.0	11.4	11.7
7 MIMAROPA (IV-B)	3.2	3.4	3.7
8 Bicol Region (V)	3.3	3.5	3.8
9 Western Visayas (VI)	4.5	4.2	4.5
10 Negros Island Region	-	5	5
11 Central Visayas (VII)	5.2	5.8	5.9
12 Eastern Visayas (VIII)	1.3	1.4	1.5
13 Zamboanga Peninsula (IX)	2.8	3.0	3.1
14 Northern Mindanao (X)	4.0	4.0	4.1
15 Davao Region (XI)	8.1	8.3	8.7
16 SOCCSKSARGEN (XII)	4.3	4.4	4.6
17 Caraga	3.0	3.0	2.8
18 ARMM	0.2	0.2	0.2

Source: Supervisory Data Center, BSP

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 206 percent in 2016. Following NCR were CALABARZON and Davao regions with density ratios of 12.0 percent and 9.0 percent, respectively. The density ratios of all regions have increased compared to the 2015 levels, except Caraga. This indicates that more banks are able to provide services to a greater number of cities/municipalities in their areas. ARMM registered a density ratio of 0.2 percent.

[Number of banks per municipality exhibits an uptrend](#)

Microfinance. The number of microfinance service providers in the country slightly decreased by 1.2 percent year-on-year due to bank closures, particularly rural and cooperative banks. However, total microfinance loans increased by 21.2 percent to reach P13.7 billion as of end-2016.

Table 11. Microfinance-Engaged and -Oriented Banks

REGION	No. of Banks		
	2014	2015	2016
Philippines	176	170	168
1 NCR	20	17	17
2 CAR	1	1	1
3 Ilocos Region (I)	6	5	5
4 Cagayan Valley (II)	11	11	11
5 Central Luzon (III)	15	18	19
6 CALABARZON (IV-A)	34	33	33
7 MIMAROPA (IV-B)	5	5	5
8 Bicol Region (V)	16	16	15
9 Western Visayas (VI)	8	6	7
10 Negros Island Region	-	4	4
11 Central Visayas (VII)	14	12	12
12 Eastern Visayas (VIII)	4	4	4
13 Zamboanga Peninsula (IX)	8	8	9
14 Northern Mindanao (X)	12	10	9
15 Davao Region (XI)	6	6	6
16 SOCCSKSARGEN (XII)	5	5	3
17 Caraga	11	9	8
18 ARMM	-	-	-

Source: Supervisory Data Center, BSP

[Number of banks with microfinance services decline](#)

Inflation

Inflation. Average annual inflation rates in most regions accelerated in 2016, but still fell below the national government's inflation target range of 3.0 percent \pm 1.0 percentage point during the year. The average annual inflation rates recorded in the 17 regions ranged from a low of 0.9 percent (in

CALABARZON) to a high of 3.2 percent (Central Visayas and Davao Region). Lower prices of transport, housing, and utilities contributed to the benign inflation in CALABARZON. Meanwhile, increase in transport prices contributed to higher inflation in Central Visayas and upticks in various commodity groups led to higher inflation in Davao Region.

Table 11. Inflation Rates (2006=100)
in percent

REGION	2014	2015	2016
Philippines	4.1	1.4	1.8
1 NCR	3.2	1.0	1.2
2 CAR	3.7	1.5	1.9
3 Ilocos Region (I)	4.5	1.4	1.8
4 Cagayan Valley (II)	4.1	2.0	3.0
5 Central Luzon (III)	3.6	1.3	2.2
6 CALABARZON (IV-A)	4.0	0.9	0.9
7 MIMAROPA (IV-B)	4.5	1.4	2.1
8 Bicol Region (V)	5.3	1.0	1.1
9 Western Visayas (VI)	4.7	2.1	1.9
10 Negros Island Region	-	2.4	2.2
11 Central Visayas (VII)	5.0	1.6	3.2
12 Eastern Visayas (VIII)	7.0	1.8	1.3
13 Zamboanga Peninsula (IX)	5.6	2.5	2.9
14 Northern Mindanao (X)	4.5	1.3	1.4
15 Davao Region (XI)	3.6	2.6	3.2
16 SOCCSKSARGEN (XII)	5.2	1.4	2.9
17 Caraga	5.3	2.5	1.9
18 ARMM	4.1	2.6	2.9

Source: Philippine Statistics Authority

These contributed to an average inflation rate of 1.8 percent at the national level, which was higher than the 1.4 percent recorded in 2015. The higher inflation in 2016 was due to tighter food supply caused by weather-related shortfalls and rising domestic pump prices triggered by increasing international oil prices.

Out of the 18 regions, 9 regions were within the national government's inflation target during the year: Cagayan Valley (3.0 percent); Central Luzon (2.2 percent); MIMAROPA (2.1 percent); Negros Island Region (2.2 percent); Central Visayas (3.2 percent); Zamboanga Peninsula, SOCCSKSARGEN and ARMM (2.9 percent); as well as Davao Region (3.2 percent).

Employment

Employment. The national employment rate rose to 94.5 percent in 2016 from 93.7 percent in 2015. Among the 18 regions, those with the highest level of employment were Cagayan Valley (96.9 percent), ARMM⁵ (96.2 percent), Zamboanga Peninsula (96.1 percent), and Negros Island Region (96.0 percent).

Employment rate rises while unemployment in most regions decline

In terms of the most improved or those with accelerated growth in employment were Ilocos (93.7 percent), National Capital Region (NCR) (93.4 percent), Davao (95.5 percent), and Central Luzon (93.4 percent).

During the review period, employment opportunities in Ilocos Region increased with the expansion of the industry and services sectors at 1.9 percent and 1.6 percent, respectively, compared to the previous year. Similarly, more jobs in NCR were created in the services sector.

⁵ Based on the 22 August 2012 letter of PSA (formerly National Statistics Office), the high employment rate in the ARMM, despite its low growth performance over the years, can be attributed to the high proportion of employed persons who are engaged in the agriculture sector. In terms of growth, ARMM continues to lag behind. The labor force participation rate (LFPR) of the ARMM was the lowest among the 18 regions and continue to decline from 56.9 percent in 2012 to 53.1 percent in 2016.

The unemployment rate declined in 13 out of 18 regions in 2016. Both the Ilocos Region and NCR showed notable improvement, with unemployment rates decelerating to 6.3 percent and 6.6 percent, respectively, from 8.4 percent and 8.5 percent a year ago. This brought the national average unemployment rate down to 5.5 percent in 2016 from 6.3 percent in 2015.

Meanwhile, underemployment accelerated in 10 regions. Faster growth rates in underemployment were registered in Zamboanga Peninsula, Northern Mindanao, Central Luzon, ARMM, and the Cordillera Administrative Region. This indicates that more employed persons desire to have additional hours of work, or have a new job with longer working hours.

Table 12. Employment Indicators

averages in percent

REGION	2014			2015			2016 ^p		
	Employment	Unemployment	Underemployment	Employment	Unemployment	Underemployment	Employment	Unemployment	Underemployment
Philippines	93.4	6.6	18.4	93.7	6.3	18.5	94.5	5.5	18.3
1 NCR	89.8	10.2	10.8	91.5	8.5	10.0	93.4	6.6	8.8
2 CAR	94.8	5.2	13.2	95.2	4.9	20.8	95.5	4.5	23.0
3 Ilocos Region (I)	91.8	8.2	15.4	91.6	8.4	16.9	93.7	6.3	17.5
4 Cagayan Valley (II)	96.3	3.6	11.6	96.8	3.2	11.1	96.9	3.1	12.7
5 Central Luzon (III)	91.9	8.1	14.3	92.2	7.8	13.5	93.4	6.6	16.1
6 CALABARZON (IV-A)	92.0	8.0	18.6	92.0	8.0	18.2	92.8	7.2	15.5
7 MIMAROPA (IV-B)	95.6	4.4	19.6	96.7	3.3	20.8	95.9	4.1	21.8
8 Bicol Region (V)	94.2	5.8	32.0	94.4	5.6	31.6	95.3	4.7	30.3
9 Western Visayas (VI)	94.2	5.8	21.4	94.6	5.4	21.3	95.1	4.9	19.1
10 Negros Island Region*	-	-	-	-	-	-	96.0	4.0	14.0
11 Central Visayas (VII)	94.2	5.8	17.7	94.1	5.9	18.4	95.0	5.0	14.8
12 Eastern Visayas (VIII)	94.2	5.8	31.2	94.6	5.4	31.8	95.5	4.5	29.7
13 Zamboanga Peninsula (IX)	96.5	3.5	20.1	96.5	3.5	18.5	96.1	3.9	22.4
14 Northern Mindanao (X)	94.5	5.4	24.7	94.4	5.6	24.9	94.7	5.3	27.9
15 Davao Region (XI)	94.4	5.6	19.1	94.2	5.8	19.0	95.5	4.5	16.7
16 SOCCSKSARGEN (XII)	96.5	3.5	20.7	96.5	3.5	23.2	95.8	4.2	23.8
17 Caraga	94.8	5.2	25.0	94.3	5.7	26.2	94.9	5.1	27.8
18 ARMM	96.6	3.4	11.7	96.5	3.5	11.1	96.2	3.8	13.4

*2016 data for Negros Island Region refers to second semester data only

**Excludes data from Leyte

/p-preliminary

Source: Philippine Statistics Authority

Note: Starting with April 2016 round, the Labor Force Survey (LFS) adopted the population projection based on the 2010 Census of Population and Housing (2010 CPH) while previous survey rounds were derived using 2000 CPH population projections.

CORDILLERA ADMINISTRATIVE REGION

Opportunities

- Turn over of the 21-kilometer Luba-Villaviciosa Farm-to-Market Road (FMR) to the local government unit of Luba in Abra, under the Cordillera Highland Agriculture Resource Management Project Phase 2 (CHARMP2) will enable farmers to bring more products to the market.
- Scaling up of the Cordillera Highland Agricultural Resource Management Project for the next two years which will include a ₱600 million fund under the Philippine Rural Development Project (PRDP). The project is expected to benefit about 2,665 households spread over 18 barangays in the six provinces of CAR.
- Implementation of the 15-kilometer road improvement project, funded by the World Bank, will connect the barangays of Catabogan and Wagud in the town of Pinukpuk and provide upland farmers mobility to transport their products to the nearest market.
- Establishment of the Department of Agriculture (DA)'s Farmers Trading Center in strategic areas around and near Metro Manila will serve as a facility where farmers can bring their produce and buyers will be coordinated by the DA.
- Provision of DA assistance to the waning heirloom rice industry in the amount of ₱300 million in 2017, will include the rehabilitation and reconstruction of damaged rice terraces and massive training of farmers.
- Construction of seven bridges that will connect the 11 municipalities in the landlocked province of Apayao under the DPWH Budget (₱500 million).
- Launch of the Coffee Processing and Cupping Laboratory at the BSU Institute of Highland Farming System and Agro Forestry in La Trinidad, Benguet, is set to benefit over 3,000 Arabica coffee growers in Cordillera, helping to increase productivity and improve quality of products.
- Creation of Baguio City, La Trinidad, Itogon, Sublan, Tuba and Tublay Development Authority (BLISTTDA), which primarily intends to centralize and oversee the development efforts of the city and its nearby municipalities.
- Implementation of the ₱450 million BLISTT Outer Circumferential Road starting in 2017, which will comprise 144 kilometers of road network to be developed as an outer ring road to serve as a bypass route to decongest traffic in the main urban core of BLISTT.
- Opening of the Benguet Agri-Tourism and Cultural Village, the newest trade and tourism attraction in the province will complement the tourism industry of Baguio City while rediscovering the rich history, culture, arts, trades and industries of the province.
- Opening of a regional lending center by the Land Bank of the Philippines in Tabuk, Kalinga, to cater to the provinces of Apayao, Kalinga and Mountain Province.
- Development of the Camp John Hay Special Economic Zone will play a key role as a main hub for Cordillera products such as coffee, and will further boost development opportunities in this part of the country.

CAR

CORDILLERA ADMINISTRATIVE REGION

Challenges

- Drop in temperature in areas vulnerable to frost have affected grasslands, water system, farmlands which are being readied for cultivation, and some vegetable plantation areas. Farmers and local officials of Benguet need the assistance of the DA to provide more water hoses and sprinkler systems to lessen the effects of frost in the plantation areas.
- Presence of rebel troops in the region. The encounters between the military and rebels hamper the peace and development in the region.
- Recent issues regarding the closure of mines by the Department of Environment and Natural Resources (DENR) could adversely affect the Cordillera Region, particularly Benguet, which is home to at least three large scale mining companies that have been providing source of income for thousands of families.

Region I

ILOCOS

Opportunities

- Upgrading of the ₱26 million Salomague Port in Cabugao, Ilocos Sur as center of fish port and trading post, is seen to promote trade and commerce in the area.
- Provision of subsidized rice seeds, coffee seedlings with technical assistance to the farmers in Ilocos Norte and Ilocos Sur, as part of the provincial governments' continuing program to help farmers in the locality.
- Distribution of goat breeders to the different goat raisers in Ilocos Sur through the Provincial Veterinary Office (PVET), as part of the provincial government's livelihood program for goat raisers association, which is expected establish a stable business and income for the Ilocanos.
- Construction of 17 fish landing facilities in 2016 and 22 more in 2017 in Pangasinan is expected to boost the export industry of aquaculture and mariculture products.
- Irrigation of about 12,000 hectares of farmlands under the Agno River Irrigation System is expected to benefit 10,000 farmers by increasing production from 2.8 metric tons per hectare to 5.0 metric tons per hectare, and farmers' income per hectare per cropping to reach ₱47,520 from the present average of ₱29,000.
- Proposal of the Kampac Group to build a world-class refinery and petrochemical complex with a first class commercial port in Pangasinan.
- Completed infrastructure projects by the DPWH are seen to address various problems in the region, e.g., flooding, traffic, classroom inadequacy, and road accessibility. A total of 779 infrastructure projects were completed, including:
 - 83 constructed and improved national, secondary, and tertiary roads;
 - 19 bridges retrofitted, rehabilitated, constructed and widened;
 - 5 tourism road projects;
 - 175 flood-control projects;
 - 11 rainwater collector system; and
 - 486 other locally-funded infrastructure projects.
- Implementation of renewable energy development projects such as wind and solar farms are expected to supply power to over a million households, BPOs, tourism and retail industries in the Ilocos region.
 - Combined solar and wind farm project (150 megawatts wind power and 7.9 megawatts solar power) in Burgos, Ilocos Norte;
 - 20 megawatts solar power plant in Currimao, Ilocos Norte;
 - 1 megawatt solar farm in Dingras, Ilocos Norte; and
 - Two solar plants in San Manuel, Pangasinan.
- Ongoing construction of the Vigan Transport Hub is expected to boost Vigan City's efforts to curb traffic congestion in the area.
- Resumption of Guangzhou-Laoag chartered flights (biweekly direct flights from China to Laoag City) on 1 November 2016 is expected to increase tourist arrivals in Ilocos Region.

Opportunities

- Inclusion by Star Cruises, one of the biggest international cruise ship companies, of Currimaos, Ilocos Norte as one of its home ports. Its Superstar Virgo cruise ship will sail from Hongkong – Manila – Laoag – Kaohsiung in the summer of 2017. This is expected to bring thousands of tourists and visitors to Ilocos provinces. Local restaurants, souvenir shops and shopping centers will benefit from this development.
- Inclusion of Ilocos Norte as one of the identified venues for the country's hosting of the ASEAN events, which will take place at the Fort Ilocandia Resort Hotel. This is expected to increase the arrivals of tourists not only in Ilocos Norte but in nearby provinces as well.
- Completion of the Ilocos Sur State of the Art Sports Complex (formerly known as Elpidio Quirino Stadium) in May 2016, located in Bantay, Ilocos Sur.
- Promotion of the Province of Ilocos Sur and Vigan City through the conduct of one of the events of the Miss Universe 2016 pageant in January 2017 at the *Calle Crisologo* and *Plaza Burgos*, Vigan City. Vigan City is listed as a UNESCO World Heritage Site and one of the New Seven Wonder Cities of the World.
- Opening of the "House of Inabel by Magdalena Gamay" in Pinili, Ilocos Norte on 31 December 2016 to preserve and strengthen the Ilocano weaving tradition (*panagabel*). The "House of Inabel" was launched to engage visitors, especially young individuals, to learn the tradition of Ilocano weaving and to ensure sustainability of the *Inabel* industry.
- Reopening of Vigan City for commercial flights will boost the tourism industry not only in Ilocos Sur but also in nearby provinces.

Region I

ILOCOS

Challenges

- Fungi infestation of some 200 hectares of onion plantation in Bayambang, Pangasinan. Many parts of southern barangays were already affected with the infestation resulting in “*lislis*” or bulb rot and purple blotch. Bayambang, with its 1,500 hectares of onion plantation, is the major producer of onion in the province.
- Need for La Union to improve several existing community-based and potential agri-tourism sites as it eyes to become the Agri-Tourism Center in Northern Luzon by 2025. It also needs to intensify the marketing of investment potentials or opportunities for agri-tourism to attract investors.
- Risk to the tourism industry in the region due to:
 - Suspension of Cebu Pacific Airlines’ flights from Manila to Laoag and vice versa, which started on 14 January 2017.
 - Closure of the operations of Casino Filipino at the Fort Ilocandia Resort and Hotel, Laoag City, and Vivien Hotel, San Nicolas, Ilocos Norte in December 2016.
- Vulnerability of the region to disasters such as typhoons, with recorded agricultural damages from Typhoons Karen and Lawin of more than ₱900 million.

Region II

CAGAYAN VALLEY

Opportunities

- Completion of the Small Water Impounding Projects (SWIPs) and Small Diversion Dams (SDDs), under the Rice Program-Small Scale Irrigation Projects (SSIP) will provide supplemental irrigation to 790 hectares of rain-fed rice areas, benefitting around 665 farmers.
- Completion of farm-to-market roads (FMR) under the I-Build component of the DA-led Philippine Rural Development Project will provide road access to remote agricultural lands region-wide.
- Development of the Nueva Vizcaya Agricultural Terminal (NVAT) facilities to serve more warehouses, storages and other facilities will address the growing demand for agricultural products.
- The Bojie-Rodito Opportunities-Farmer Assistance Program (BRO-FAP) of the Provincial Government of Isabela aims to uplift the economic status of farmers through provision of crop insurance, livelihood development loans, animal dispersal activities, accident insurance, retirement and social security benefits, physical protection during climate change-related disasters, among others, generated employment for about 39,654 Isabelinos.
- Issuance of 2,237 land titles under the DENR's Patent Processing and Issuance (PPI) Program will provide security of land ownership to poor and marginalized farmers.
- Anticipated opening of SM and Robinsons Malls in Tuguegarao City will boost investment and employment opportunities in the region.
- Upgrading of the Tuguegarao and Cauayan airports will bring wider economic benefits to the region.
- Approval of the energy projects: 50-MW solar project in Cordon, 125-MW in Sta. Maria, along with the proposed 100-MW in Ilagan City in the province of Isabela, would generate a sustainable electricity supply in the region and increase power supply in the local grid.
- Completion of infrastructure projects in 2016, which included the construction/maintenance/upgrading of national roads and bridges, as well as the construction of flood control/mitigation structures, is expected to boost economic growth in the region.
- Continuing implementation of the following ongoing infrastructure projects that are vital to the growth and development of the region:
 - Construction of Cabagan-Sta. Maria Bridge along Cabagan-Sta. Maria Road, traversing the Cagayan River;
 - Rehabilitation of the Santiago-Tuguegarao Road, to augment the completed national road widening projects along Daang Maharlika in Ilagan, Tumauni, Santiago, San Isidro, Cordon and Echague; and
 - Construction and Maintenance of Flood Mitigation Structures and Drainage Systems in the province of Cagayan and Isabela.

Region II

CAGAYAN VALLEY

Challenges

- Need to undertake measures to fast-track implementation, address implementation bottlenecks, and ensure on-time project delivery of the numerous infrastructure projects in the region.
- Threat of unpredictable climate disturbances could particularly affect the agriculture sector. This highlights the need for more climate-resilient crop varieties and adaptive technologies.

Region III

CENTRAL LUZON

Opportunities

- Conduct of Rice Crop Manager (RCM) briefings/deployment by the Agricultural Training Institute in Central Luzon in collaboration with the Office of the Provincial Agriculturist, to provide farmers with crop and nutrient management advice.
- Awarding of 17 units of composting facilities for biodegradable wastes to farmers' group in Orani, Bataan by the DA – Bureau of Soils and Water Management, in collaboration with VillarSipag Foundation, to promote the use of organic inputs and bio-fertilizers in rice and high value crop production.
- Development of the application of gene markers in breeding and selection of breeder pigs by the Philippine Carabao Center in partnership with the Accredited Swine Breeders Association of the Philippines, and Bureau of Animal Industry, to increase productivity and efficiency in terms of number of pigs weaned and live weight produced per sow per year.
- Launch of the Balog-Balog Multipurpose Project Phase II, a ₱13.37 billion project, which is expected to provide irrigation services to 21,935 hectares of new areas, stabilize irrigation to an existing 12,475 hectares and benefit an estimated 23,000 farmers in the area.
- Launch of Climate Smart Farm Business School in San Jose del Monte, Bulacan, which aims to provide technical expertise to farmers and agricultural technicians to enhance food security while mitigating the effects of climate change and preserving natural resources and ecosystems.
- Establishment of the US\$40-million Clark Solar Power Plant, located in a 25-hectare property inside the Clark Freeport, is expected to produce 22.325-MW power in an effort to provide alternative power supply to the growing power needs of the locators. Once operational, the solar project can serve at least 100,000 households in Pampanga and Clark.
- Groundbreaking of the ₱172 million East Perimeter Road project in Clark Freeport that would provide an alternate road going to and from of the cities of Angeles and Mabalacat.
- Implementation of a ₱100 million road and facility development project leading to tourist destinations in Dingalan, Aurora.
- Inauguration of the Mega Drug Abuse and Rehabilitation Center in Fort Magsaysay, Palayan City, Nueva Ecija, which is expected to accommodate about 10,000 patients, aiding them to control their addiction to dangerous substances and become functioning and productive members of society.
- Completion of the upgrading works for the 16-kilometer Dinadiawan-Casiguran Section of Baler-Casiguran Road, which leads to Casapsapan Beach in Casiguran, Aurora, is expected to further boost tourism in the area.
- Provision of 100 fishing boats to Masinloc fishermen by the DA.

Opportunities

- Opening of Midori Hotel & Casino in Clark as part of a ₱17 billion Taiwanese-Filipino investment project, bringing more than 1,000 employment opportunities to residents within and outside Metro Clark Area.
- Preparation of a new Master Development Plan (MDP) by the Clark Development Corporation (CDC) for the Clark Freeport to make it more marketable, effective, viable, and in line with current developments, including the Clark International Airport, Clark Green City development, and the proposed North Luzon Railways project, Manila-Clark airport Express Railway, and the 60-kilometer railway that will connect Clark and Subic.
- Signing of a Memorandum of Understanding (MOU) between Bases Conversion and Development Authority (BCDA) and Japanese companies to develop key features of the Clark Green City project. This includes a framework of cooperation to conduct feasibility studies on the establishment of an energy management and storage system, a district cooling system, a total energy network system and a private utility company in Clark Green City.
- Development of the Clark Green City, which is envisioned as the Philippines' first green metropolis, is projected to generate over 800,000 jobs. At full development, Clark Green City is expected to accommodate 1.12 million residents.
- Use by Philippine Airlines (PAL) of Clark International Airport as hub of operations for the Clark-Caticlan service and the Clark-Incheon (South Korea) route.
- Agreement between the Authority of the Freeport Area of Bataan and the Łódź Regional Development Agency of Poland for the promotion and development of trade and commerce in the Freeport Area of Bataan.
- Construction of a ₱1.5 billion government center and business hub in Palayan City, Nueva Ecija, considered as the biggest single public private partnership project in Nueva Ecija. The hub will house two world-class business process outsourcing (BPO) buildings, five-story government center and a 75-room hotel.
- Launch of a ₱710 million solar power facility in Cabanatuan City, Nueva Ecija to mitigate the impact of climate change and address the increasing power demand in the locality. The 10-megawatt energy plant with 39,456 solar panels is expected to supply an additional 8.69 kilowatt-hour of power daily to city subscribers.
- Plans to establish a one-stop travel document processing center for Overseas Filipino Workers (OFWs) inside the Clark Special Economic Zone to ensure the availability of pre-employment services for OFWs, to fast-track the process of securing travel documents, making it more convenient and less costly on the part of the OFWs and their families.

Region III

CENTRAL LUZON

Challenges

- Outbreak of diseases and pests that affect agricultural products. For instance, the outbreak of the Newcastle disease virus (NDV), a highly contagious and severe disease affecting birds and fowl which can wipe out a poultry farm in 24 hours.
- Infestation of army worms that ate up the young leaves of red creole onions, damaging ₱125.53 million worth of crops in Bongabon, Nueva Ecija.
- Low water supply due to prolonged drought brought about by the El Niño weather phenomenon that started in 2015, leading to a cut in the target output.
- Susceptibility to severe weather changes, floods and tsunamis, which may cause damages to agriculture and infrastructure.
- Destruction in the mountains, watershed, forests, farmlands, water systems in Sta. Cruz, Zambales due to mining activities, affecting the livelihood of residents.
- Lack of infrastructure, particularly roads that provide easy access to tourist sites, as well as underdeveloped historical, cultural, ecology coastal zones and nature sites.

Region IV-A

CALABARZON

Opportunities

- Preparation of a Tourism Master Plan to guide local government units (LGUs) in the development of their tourism promotion plan.
- On-going construction of the South Luzon Expressway (SLEX) Toll Road Phase IV (TR-4), which is envisioned to decrease the travel time and improve the movement of goods from Sto. Tomas, Batangas to Lucena City, Quezon.
- Improved export market opportunities for the industry and service sectors with the ASEAN Economic Community (AEC) integration.
- Initiatives to minimize the social impacts of migration and to encourage investments of overseas Filipinos (OFs) in agri-tourism and micro, small and medium enterprises (MSMEs).
- Efforts to strengthen the region's academe-industry linkages to address the issue on job mismatch.
- Availability of 18 accredited slaughter houses in CALABARZON and of a Triple "A" slaughter house in the province of Rizal.
- Strong export potential due to the declaration of the region as FMD-free zone.
- Sufficiency of supply of raw materials for feed rations particularly in the Province of Batangas.
- Implementation of animal dispersal and genetic infusion programs from the government.
- Presence of research and development institutions in the region.

Region IV-A

CALABARZON

Challenges

- High production cost due to increased dependency on imports of feed ingredients and veterinary supplies and high price of other imported raw materials for feed rations.
- Possible outbreaks of new animal diseases due to climate change, disasters and infestations.
- Intensive conversion of pasture lands for industrial purposes.
- Reluctance of investors to go into new businesses due to difficulty in complying with governmental requirements.
- Weak interconnectivity of rural and urban areas in the region and with other regions.
- High poverty incidence in the agricultural areas, thus the need for collective and convergent efforts to increase agricultural productivity and provide other alternative livelihood opportunities to farmers.
- Need to strengthen the manufacturing sector and MSMEs.

Region IV-B

MIMAROPA

Opportunities

- Increasing demand for coffee and cacao both in the domestic and international markets.
- Availability of potential areas for livestock raising.
- Potential to host manufacturing companies given that few manufacturing firms are currently located in the region and majority of them are small enterprises.
- Establishment of the MIMAROPA Regional Government Center by virtue of RA No. 10879 wherein all agencies are directed to have an office in Calapan by May 2018.
- Convergence of research and development initiatives of state colleges and universities, government agencies and other institutions in introducing new technologies to support businesses in the region.
- Access to new markets through the Strong Republic Nautical Highway (SRNH).
- Conduct of festivals as tourism promotion strategy.
- Completion of the Puerto Galera – Abra de Ilog Road to complete the Mindoro Island Circumferential Road.
- Completion of the Puerto Princesa Airport to attract new flights from Taipei, Guanzhou, Macau, Shanghai, Hongkong and Incheon, South Korea to Puerto Princesa City.
- Visits of international cruise ships in the region particularly in Puerto Princesa City, Coron, El Nido, Sibuyan Island, Tubbataha Reef and Apo Reef Natural Parks.

Region IV-B

MIMAROPA

Challenges

- Geographical characteristics of the region (Island provinces) pose problems and difficulties in the transport of agricultural inputs as well as in the marketing of agricultural products.
- Effects of climate change and natural disasters to agricultural production, and to the region as a whole.
- Need to focus government interventions on product development.
- Weak business and investment conditions and lack of economies of scale.
- Need to improve the transportation facilities and services that are critical to the development of agriculture and tourism.

Region V

BICOL

Opportunities

- Availability of rice processing center equipped with multi-pass rice mill and capacity of 1 ton per hour.
- Continuous implementation of Small Scale Irrigation projects (SSIPs) that opens new and restores damaged rice areas. The SSIPs also help irrigate farms planted with high value crops particularly vegetables.
- Establishment of the Abaca Fiber Processing and Trading Enterprise under the PRDP is expected to increase the income of farmers engaged in abaca fiber production in Catanduanes.
- Establishment of 16 Shared Service Facilities by the DTI to address the low production capacity of existing industries in the rural areas. It also provides MSMEs with better technology through provision of equipment that will enhance product marketability and efficiency, which in turn will generate more jobs and better income.
- Establishment of 26 Negosyo Centers in Bicol to serve the needs of MSMEs and potential entrepreneurs.
- Development of four PEZA-registered IT parks/centers in Naga City that are all highly conducive for outsourcing businesses. The facilities offer about 40,000 call center seats that could provide jobs to some 120,000 agents in three shifts.
- Upgrading of the Legazpi International Airport to a night-capable facility, to allow travellers of the Legazpi-Manila route to take night flights. This will further boost tourism in Legazpi, Albay and other nearby areas.
- Approval of a total of 201 infrastructure projects valued at ₱43.028 billion for funding under the Convergence Program on Enhancing Tourism Access 2018-2022.
- Hosting of the ASEAN Telecommunication Senior Officials Meeting in August 2017, is a good opportunity for business and investments as well as job generation in the region.

Region V

BICOL

Challenges

- Difficulties in bidding process (i.e. failed bidding) that cause delay in provision of agricultural machineries/equipment.
- Impact of Typhoon Nina on the agricultural areas of Catanduanes, Albay and Camarines Sur, with production losses estimated at ₱5.2 billion.
- Slowdown in abaca production since the plantations in Catanduanes were heavily damaged by the Typhoon Nina.
- High cost of utilities (power and water) as well as the slow and costly internet connections are major concerns for the trade and industry sectors.
- Lack of alternative livelihood for the displaced miners affected by the cease and desist orders on illegal activities issued by the DENR-MGB.

Region VI

WESTERN VISAYAS

Opportunities

- Upgrading of the Godofredo P. Ramos Airport in Caticlan to international standards through a public-private partnership scheme.
- Implementation of renewable energy projects in Aklan such as the wind farm in Nabas and hydro power projects in Madalag, Aklan.
- Upgrading and construction of roads and bridges leading to various tourist sites, such as the Aklan Circumferential Road; and concreting of the existing 11.296- kilometer gravel road from Brgy. San Antonio to Brgy. Flores in Culasi town, Antique leading to Mt. Madia-as, which is known for waterfalls and mountain trekking.
- Widening of various sections along Iloilo-Antique Road, which has a length of 4.787 kilometers that stretches from the town of Oton going southbound to the town of Guimbal, passing the town of Tigbauan, Iloilo.
- Implementation of infrastructure projects under the Agrarian Reform Infrastructure Support Projects (ARISP) of the Department of Agrarian Reform (DAR) and funded by the Japan International Cooperation Agency, which includes the 4.2 kilometer Agdugayan-San Joaquin-Sta. Ana Road in Ibajay, the Sta. Ana-San Joaquin (SASJ) communal irrigation, post-harvest facility equipped with a 180 square meter solar dryer in Sta. Ana, Pandan, Antique.
- Conduct of training on cattle fattening by the Office of the provincial Veterinarian and Municipal Agriculturist of Sebaste, Antique.
- Distinction of Boracay Island as one of the top tourist destinations in the country.
- Hosting of the 60th Palarong Pambansa 2017 in Antique, with the anticipated arrival of 15,000 to 20,000 athletes, officials and other participants coming from different parts of the country.
- Hosting of the 1st Capiz International Triathlon which would help boost tourism in the province.
- Opening of the first phase of Festive Walk Parade, considered as Western Visayas' longest retail and dining strip, showcasing local and legendary Ilonggo restaurants as well as international brands, located in the 72 hectare Iloilo Business Park township in Mandurriao, Iloilo City.
- Opening of Waterworld Iloilo, the first waterpark in Iloilo City, located at Eon Centennial Resort Hotel and Waterpark in Alta Tierra Village, Jaro, Iloilo City.
- Commencement of Cebu Pacific flights from Roxas City Airport to Cebu in October 2016.
- Conduct of various skills training on candle making, rug mat making, food processing, beauty care, therapeutic massage, and flower arrangement for 270 beneficiaries under the Yaman Pinoy Project, a partnership between DTI-Iloilo and the Iloilo City Government, which aims to promote an entrepreneurial mindset among the vulnerable sectors of the city and provide sustainable income generating project to the recipients.

Opportunities

- Construction of Barotac Viejo Small Reservoir Irrigation Project (SRIP) worth ₱993 million which could irrigate 2,050 hectares of farmlands in the municipalities of Barotac Viejo and Banate, Iloilo.
- Construction of a 5.67-MW solar power plant in Brgy. Narat-an, Miag-ao, Iloilo.
- Rehabilitation and improvement of the Concepcion Fish Port in Concepcion, Iloilo, funded by the Korea International Cooperation Agency.
- Additional four patrol boats for the Provincial Bantay Dagat Task Force, as part of the Province of Iloilo's relentless campaign against illegal fishing activities.
- Construction of Iloilo River Esplanade 4 and 6 to connect Iloilo Bridge-B.S. Aquino Jr. Avenue to Jalandoni Bridge and Jalandoni Bridge to Forbes Bridge, respectively.
- Road concreting projects in the province of Iloilo under the DILG's its Konkreto at Ayos na Lansangan at Daan Tungo sa Pangkalahatang Kaunlaran (KALSADA) program, a local roads rehabilitation program being implemented in 73 provinces.
- Concreting of the 10.2 kilometer farm-to-market road from the Poblacion up to Brgy. Tacuyong Norte in Leon, Iloilo, under the DA's Philippine Rural Development Project.
- Rehabilitation and revitalization of the Panay River to increase cultivation of seashells as well as to make it available for the public as well as tourists for swimming and other recreational activities.
- Operation of the Roxas City Integrated Transport Terminal (RCITT) as an economic enterprise of the city government.
- Construction of a potable water system in three upland barangays in Passi City, Iloilo – Alimono, Jaquimitan and Magdungao, to benefit around 1,000 households.
- Community-based Forest Management – Comprehensive Agrarian Reform Program project from the DENR – Provincial Environment and Natural Resources (PENRO) – Guimaras to finance fuelwood and coffee production.
- Operation of the Western Visayas Food Innovation Center, which serves as a center for innovation and venue for all food processing researches in Western Visayas.
- Conduct of Western Visayas Tourism Business to Business (B2B) Mission in Singapore, Malaysia and Thailand by the DOT.

Region VI

WESTERN VISAYAS

Challenges

- Presence of insurgencies in some parts of the region, creates concern on the safety of civilians.
- Degradation of water quality, siltation of marine environment, damage of coral areas, presence of toxic contaminants in the water, displacement of local residents and unsafe working conditions of workers, among others, from mining activities.
- Resources intended to provide support for food security and to maintain the ecological balance are depleted due to exploitation, settlements intrusion, unsound management practice, and premature conversion of land for urban use.
- Delay in the construction of ₱11.2 billion Jalaur River Multipurpose Project (JRMP) Stage II in Calinog, Iloilo, which is aimed at using water from the Jalaur River for power generation and irrigation. It involves the construction of three dams, a 6.6 megawatt hydro power plant and an 81 kilometer long canal.
- Vulnerability of ten (10) areas in Guimaras to sinkholes, which weaken the island's foundation. A strong earthquake could cause soil liquefaction.
- Indiscriminate diggings for potable water due to the dry spell could aggravate the formation of sinkholes in Guimaras.
- Presence of tectonic faults situated at Tablas, Pandanan, Negros Trench, West Panay, and Central Negros Fault System, increase the vulnerability of the province of Capiz to ground shaking.
- Damage in crops due to severe drought caused by the El Niño phenomenon, which affected 1,000 hectares of rain-fed lands in four Iloilo towns.

Region VII

CENTRAL VISAYAS

Opportunities

- Entry into a 25-year deal between the DENR and people's organizations for agro-forestry program under the enhanced National Greening Program (NGP).
- Approval of the Coral Reef Protection Ordinance covering all city and municipal coastal and marine waters, including islands, islets and shoals within the province of Cebu, which aim to protect its coral reef ecosystem as well as ensure sustainable development of the tourism industry.
- Grant of assistance to Small Enterprise Technology Upgrading Program (SETUP) beneficiaries.
- Intensified surveillance efforts against insect infestation commonly known as 'cocolisap' in the province of Siquijor by the Philippine Coconut Authority (PCA).
- Development of a 2,000-hectare coffee farm in Tuburan, Cebu aims not merely to provide livelihood to over a thousand coffee farmers, but also to promote Tuburan's eco-tourism niche.
- Opening of the IEC Convention Center Cebu (IC3), the biggest convention hall in Visayas and Mindanao, which can accommodate more than 15,000 people.
- Development of a Supply System Master Plan 2010-2035 by the Bohol Development Council, which is designed as a public-private partnership project intended to provide an efficient urban water supply and sanitation system for the western part of Bohol.
- Conduct of the following employment facilitation and capacity building activities by the DOLE:
 - Special Program for the Employment of Students (SPES);
 - Government Internship Program (GIP);
 - Public Employment Service (PES);
 - PhilJobNet and Skills Registry System (SRS) in coordination with Public Employment Service Office (PESO);
 - Career Guidance Advocacy Program (CGAP);
 - DOLE Integrated Livelihood and Emergency Employment Program (DILEEP); and
 - Productivity Toolbox for MSMEs in Key Employment Generators (KEGs).
- Approval by the RDC of 10 priority projects including the proposed bridges connecting Cebu-Bohol-Leyte-Negros islands in the Visayas and the flood control projects for Metro Cebu area.
- Improvement of canyoneering site and construction of a tourist information center in the town of Alegria in southern Cebu.
- Rollout of Phase 2 of the Travel Retail Immersion Program (TRIP), aimed at helping communities around the country to improve their livelihood.
- Completion of the Passenger Terminal Building (PTB) in the main port of Siquijor.

Opportunities

- Launch of “Go Negosyo” Center in Larena, Siquijor to promote ease of doing business and facilitating access to services for MSMEs.
- Conduct of Technical Session on Product Packaging and Labeling by the DOST to the food processors of peanut brittles, biscuit, banana chips, breads, vegetable noodles, squash sticks, kolo chips and other food *pasalubong* items, as a means to upgrade quality and prolong the shelf life of the products.
- Creation of an Information and Communications Technology (ICT) Council by the provincial government of Siquijor.
- Construction of Fish Port and Cold Storage at Barangay Taculing, Larena, funded by the National Anti-Poverty Commission (NAPC), will boost the fisherfolks’ income.
- Pier extension project and road projects within the town of Larena are expected to attract more shipping companies to invest and bring convenience to the increasing number of tourists in the island.

Region VII

CENTRAL VISAYAS

Challenges

- Calamities such as typhoons and earthquakes, as well as extreme weather disturbances such as El Niño, may have an impact on agriculture, tourism and infrastructure. For instance, the prolonged dry spell due to El Niño phenomenon in the first half of 2016 had negatively affected production of crops and the fishery subsectors.
- Traffic congestion due to rapid urbanization.
- Absence of established people's organizations in some localities is seen as a hindrance to the enhanced National Greening Program (NGP) scheme.

Region VIII

EASTERN VISAYAS

Opportunities

- Enactment of Republic Act No. 10861, which aims to establish provincial fisheries and aquatic resources training, development, and product centers across Eastern Visayas.
- Implementation of DA's Special Area for Agricultural Development (SAAD) Project, which aims to increase food production and reduce poverty in the top ten poorest provinces in the country, Samar Island provinces included.
- Rehabilitation for Typhoon Yolanda amounting to ₱793 million, of which ₱613 million will be downloaded to the LGUs to boost agricultural production in Eastern Visayas.
- Availability of guaranteed funds for the loans of small business corporations in the Typhoon Yolanda-affected areas in Regions VI, VII and VIII, is expected to expand employment opportunities in these regions.
- Establishment of Gaisano Shopping Mall in Baybay City and SM in Ormoc City, and expansion of Robinsons Mall in Tacloban City, to facilitate entry of new businesses and creation of jobs.
- Launch of new energy development projects in the region such as Sulu Electrical Power and Lights (Phils) Inc. in Palo, Leyte, E&P Green Energy, Inc. in Biliran, Biliran and Green Core Geothermal Inc. in Kananga, Leyte, is expected to boost the region's industry sector and provide employment opportunities.
- Proposed Leyte Ecological Industrial Zone, which will host copper and copper wire rod producers, is seen to expand the industry sector in the coming years, which will greatly boost the economic activities in the region.

Region VIII

EASTERN VISAYAS

Challenges

- Need to build up socio-economic resiliency against the impact of natural and man-made disasters.
- Need to pour in more investments in breeding stock and orchard development in the region to stop the continuing deceleration of productivity in the agriculture and fishery sectors.
- Need to optimize the use of land and water resources by developing key production areas for economies of scale, including idle lands for possible forage/feedstuff development, and increase investments in irrigation development, especially in the Samar Island provinces.
- Low absorptive capacity of regional line agencies for domestic and external funds to implement programs and projects has constrained sustainable economic growth of the region.
- Inadequate and poor infrastructure support facilities and utilities in Eastern Visayas may affect investors' interest in the region.
- Low adoption and application of technology in the region to advance the productive sectors such as agri-fisheries, forestry, food processing, and MSMEs sectors.
- Need to increase competition in power generation, reduce electricity rates and provide access to electricity in missionary areas in the region.
- Need to modernize the policy and regulatory frameworks in the Information Communication Technology (ICT) sector to address major barriers and perennial issues that continue to affect the development of ICT in Eastern Visayas.
- Need to address the issue on jobs and skills mismatch through human resource development and creating a competitive and industry-responsive labor supply.

Negros Island Region

Opportunities

- Turn over of some agricultural projects of the Department of Agriculture – 7 (DA-7) to the local government of Bacong, Negros Oriental, including farm-to-market road, vegetable gardening, livelihood projects, and equipment.
- Turn over of 11 items of coffee production equipment to 160 members-farmers of Baslay Farmers Association (BFA) worth ₱1.2 million under the Shared Service Facility program of the DTI.
- Launch of the country's first fluidized bed gasification (FBG) system facility in the sugarcane manufacturing industry in Negros Oriental by the Raw Brown Sugar Milling Company, Inc. (RBSMI). The facility supports the production of world-class quality muscovado being funded by the DOST.
- Turn-over of six hand tractors worth ₱1.2 million to organized vegetable growers and producers' associations in Negros Oriental.
- Inauguration of an ₱80-million mechanized nursery facility covering 9.4 hectares of land in Barangay Banban, Ayungon. This facility targets to supply the NGP requirements in Negros Oriental with an estimated production output of six million seedlings at one time.
- Inauguration of Valencia/Balili Communal Irrigation Project in Negros Oriental.
- Full operation of the four-storey Negros Oriental Hospital Central Block Building with a ₱36 million oxygen generating plant.
- Opening of the Shared Service Facility at the Foundation University (FU) to help local entrepreneurs process more food products with prolonged shelf life.
- Opening of Negosyo Center inside Bayawan City Hall to provide business advisory, business registration assistance and business information and advocacy services to MSMEs.
- Signing of a 25-year agreement for the lease of building owned by the local government of Bais, Negros Oriental by Metro Retail Stores Group, Inc. (MRSGI) with the establishment of a hypermarket.
- Allocation of about ₱37 million budget for Peace and Order and Public Safety (POPS) Plan, which aims to attain safe, secure, peaceful and progressive province.
- Hosting of an innovation workshop of Negros Oriental Chamber of Commerce and Industry, Inc. (NOCCI) with United States Agency for International Development (USAID) Science, Technology, Research and Innovation for Development (STRIDE). The workshop aimed to clearly define innovative solutions and technical needs that are of interest to industries and local governments in Dumaguete and neighboring towns.

Opportunities

- Rehabilitation and modernization of Livestock “*Oksyon*” market in Canlaon City, a joint project between the Department of Agriculture and Canlaon City under the Japan Food Security Project for Underprivileged Farmers.
- Inauguration of the first solar power plant in Negros Oriental in Barangay Tamisu, Bais City. The 22.4 hectare-solar power plant could produce 18MW of direct current (DC), or over 25 million kWh, in a year, enough to supply over 10,000 households that consume at least 200 kWh per month.
- Passing of a resolution by the Negros Oriental Tourism Council (NOTC) for the conservation and preservation of historical structures in the province in line with RA No. 10066 or National Heritage Act of 2009. Under the resolution, old structures existing 50 years and above such as bridges, churches, bell towers, houses, furniture and fixtures, habitat for animals, music instruments, artifacts and workmanship in Negros Oriental with impact on historical, cultural and environmental values will be conserved and preserved.

Negros Island Region

Challenges

- Harmful effects of the long drought, particularly the insufficient irrigation causing potential damage on agricultural production.
- Declaration of a state of calamity in Negros Occidental by the Provincial Disaster Risk Reduction Management Council, following ₱400 million in crop losses in the province brought on by El Niño phenomenon.
- Increase in sugar smuggling in the country as noted by the Sugar Anti-Smuggling Organization of the Sugar Alliance of the Philippines.
- Concerns on Mount Kanlaon spewing a huge column of ash as high as 1,500 meters above the crater and remaining in a state of unrest.
- Oil leakage along the shoreline in Brgy. Banago, Bacolod City, which greatly affected 200 fisherfolk in the area.
- Calamities such as typhoon and earthquake in the province may have negative impact on agriculture, tourism and infrastructure.
- Outbreak of waterborne diseases in Brgy. Handumanan, as confirmed by the Bacolod City Health Office, after 145 pupils from a local elementary school were admitted to several Bacolod hospitals due to suspected food poisoning.
- Insurgent attacks and other security concerns.

Region IX

ZAMBOANGA PENINSULA

Opportunities

- Additional US\$450 million funding support under the infrastructure development component of the Philippine Rural Development Project, which would include a total of 10 farm-to-market road projects worth ₱1.82 billion.
- Proposed projects for inclusion in FY 2018 Annual Investment Program and Budget of DPWH, to wit:
 - Gravel to concrete Naga-Tampilisan Road (₱450 million);
 - Gravel to concrete Sindangan-Bayog Road (ZDN side)(₱525 million);
 - Gravel to concrete Eastern Bobongan-Sominot-Midsalip-Dumingag Road (₱350 million);
 - Widening of the Kabasalan-Naga-Ipil-R.T. Lim Surabaya section to 4 lanes (₱600 million);
 - Widening of the Ipil-Titay Road to 4 lanes (₱300 million);
 - Widening of the Liloy-Tampilisan-boundary Sibugay Road to 4 lanes (₱450 million);
 - Widening of the Pagadian-Buug Road, Dumalinao-Diplo section to 4 lanes (₱300 million).
- Proposed establishment of a triple “A” poultry dressing plant to be located at the 100-hectare ZamboEcozone Halal Hub will enable the region to compete with neighboring countries in terms of quality and standards of poultry products.
- Formulation of a Halal Industry Roadmap for halal food products and services, which will serve as a guide on how the Regional Development Council IX, in collaboration with other stakeholders, will position Zamboanga Peninsula as the Halal Hub of the Philippines.
- Proposed creation of a Sub-Committee on Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) and ASEAN Concerns under the supervision of the Regional Development Council IX. The said Sub-Committee is expected to handle concerns relative to BIMP-EAGA and the ASEAN Economic Integration, and monitor the activities being undertaken by various agencies, local government units, and state universities and colleges to prepare the region for the possible impacts of the ASEAN Economic Integration on local industries, businesses, and workforce.
- Entry of SM Corporation in Zamboanga City by 2017 will generate more economic activities in Zamboanga City as well as employment opportunities for the people.
- Access to free wifi internet in public places in the cities of Zamboanga and Pagadian.

Region IX

ZAMBOANGA PENINSULA

Challenges

- Concerns on the following effects of El Nino - insufficient basic food supply, insufficient medicines, lack of vegetable seeds and root crops, low production of coconut/palm tree, non-availability of alternative livelihood particularly in the municipalities of Labason, Sibutad, Siayan, Roxas, Sindangan, Rizal of Zamboanga del Norte.
- Depletion of seaweed resources due to constant gathering/harvesting without proper conservation. Hence, there is a need for government intervention for the preservation of seaweed resources and to address the scarcity of quality seedlings; high cost of inputs/planting materials and transport; rampant practice of harvesting immature plants; and lack of seaweed processing plants and other post-harvest facilities. The industry also needs guidelines to prevent contamination from toxic wastes, identify the moisture content of dried seaweeds, and methods to combat and prevent seaweed diseases.
- Need to convert 89,000 hectares of idle grasslands into the production of high value commercial crops for agri-processing and exports.
- Slow implementation of the infrastructure component of the Senior High School (SHS) Program in Region IX. Only 80 out of the 987 classroom requirements have been completed as of end-2016.
- Displacement of teaching and non-teaching staff of Higher Education Institutions (HEIs) due to the implementation of K-12 program.

Region X

NORTHERN MINDANAO

Opportunities

- Production support services; post-harvest facilities; construction and rehabilitation of farm-to-market roads; construction, repair and rehabilitation of irrigation facilities in some areas; and other strategic government interventions are expected to boost *palay* production in the region.
- Establishment of the Sikat Saka program, a direct credit window from the Land Bank of the Philippines with support from the Department of Agriculture will benefit small *palay* farmers in the region.
- Suitable climate for high-milk producing cattle breeds, low disease incidence, and rich soil to support feed requirements give Bukidnon the potential to become the dairy capital of the country.
- Provision of DA support for cattle growers in the production of forage seeds and planting materials, maintenance of breeder animals, artificial insemination program for large and small ruminants, and small ruminant semen processing laboratory.
- Absence of diseases affecting poultry.
- Expansion of commercial centers and establishments (e.g. malls, superstores, hotels, restaurants and recreation centers) in the region is expected to increase employment opportunities.
- Enhanced capacity of the Mindanao Container Terminal and allied projects will strategically link key growth areas in the region and will generate economic investment and employment.
- Increased demand for yellow corn as a feed component is likely to fuel expansion in corn production.
- Demand for specialized corn varieties, such as sweet corn and popcorn, provides alternative to corn growers in the region.
- Government programs and support provided to swine growers and broiler raisers such as animal dispersal, artificial insemination, massive vaccination and deworming would potentially alleviate production in the region.
- Increased multi-stakeholder cooperation encourage farmers to engage in backyard swine farming.
- Increased demand for certain fish species fueled by the increasing number of high-end restaurants in the region and encouraged by the high prices.
- Government support for fingerling restocking of rivers and lakes will likely increase in-land fish production.
- Intensified campaign and coordination with the local government units against illegal fishing activities and destructive fishing methods along with monitoring, control and surveillance activities.
- Decongestion plan for Cagayan de Oro City will likely disperse construction projects in the nearby municipalities and provinces.

Region X

NORTHERN MINDANAO

Challenges

- Unfavorable and extreme weather conditions pose a threat to the agriculture sector.
- Low adoption of modern and productive technologies; infestation of pests and diseases in some areas; and high cost of farm inputs are some of the challenges confronting the region.
- Inadequate infrastructure support facilities such as problem in water availability and sufficiency, and poor condition of farm-to-market roads in some areas contribute to low agricultural productivity.
- Rapid urbanization and climate change concerns necessitate an effective land use planning and urban management to create sustainable housing communities.
- Threats in the peace and order situation in Mindanao.

Region XI

DAVAO

Opportunities

- Lifting of the phyto-sanitary restrictions on Philippine bananas by China is expected to benefit Davao Region's banana growers.
- Continued performance of the manufacturing subsector, particularly the processing of cement, food and beverages and steel billets.
- Additional manufacturing industries that are expected to further boost the region's growth are: a) Large-scale processing of animal feeds with a capacity of 204,201 metric tons per year (MTPY) for animal feeds and 2,969 MTPY for aqua feeds, with anticipated investment of ₱2.24 billion in Sta. Cruz, Davao del Sur in 2018; and b) manufacturing of packaging products with a capacity of 24,000 MTPY, with anticipated investment of ₱500 million in Calinan, Davao City in December 2016.
- Strategic position of the Davao Region as the financial, trade and services center of Southern Mindanao will sustain the proliferation of shopping malls; bank and non-bank institutions; recreation, health and wellness centers; and educational service establishments including ICT/BPO.
- Hosting of the 2017 ASEAN Summit will benefit the tourism-related service subsector.
- Massive property development, particularly for mass housing, will sustain the real estate subsector.
- Full operationalization of energy projects (Therma South Coal-Fired with 300 MW capacity, SMC coal-fired with 300 MW, and Digos solar power with 20 MW capacity) established from 2013 to 2016.
- Completion of the following government infrastructure projects:
 - For 2017: Davao Sasa Port modernization; upgrading of the Davao International Airport; Tamugan bulk water facility; and the Tagum bulk water facility.
 - For 2018: Davao coastline development; feasibility study for the Samal Bridge; and the Davao City Bypass Road.
 - For 2019: Hydro power in New Bataan, Compostela Valley Province with a capacity of 2.4 MW.
 - For 2020: Davao transit system, and the Mindanao railway transit system (Davao Region component).
- Rehabilitation and reforestation by the DENR are seen to improve the forestry subsector in the region.

Region XI

DAVAO

Challenges

- Inability to sustain high productivity levels particularly in the agricultural sector due to limited value-adding activities.
- High vulnerability to man-made disasters and climate change.
- Slow growth in employment generation due to slow agri-industrial development; jobs-skills mismatch; and weak industry-academe linkage and research and development facilities.

Region XII

SOCCKSARGEN

Opportunities

- A 50-percent reduction of seasonal irrigation fees for all harvest seasons will lessen the agricultural production costs of the farmers thus increasing their income.
- Expected improvement in *palay* production due to favorable weather conditions, no immediate threats of infestation and the improvement of irrigation facilities.
- Operationalization of Supreme Power Corporation's 11.9 bunker-fired power plant in Koronadal City to address the daily rotational brown-outs affecting parts of South Cotabato and Sultan Kudarat provinces.
- Completion of 24 tourism and site plans will increase tourist arrivals in the region.
- Rehabilitation and improvement of General Santos City (GSC) Airport terminal building with covered walkway.
- Partnership between Cotabato traders and Malaysian investors is expected to increase investments in the region.

Region XII

SOCCKSARGEN

Challenges

- Low rehabilitation rate of degraded forests.
- Degradation of watershed ecosystem, erosion of the uplands, and sedimentation of water bodies could cause flooding in settlements and production areas.
- Vulnerability to security threats and inadequate capability for ensuring public safety.
- Slow rehabilitation and development of conflict-affected areas.

Region XIII

CARAGA

Opportunities

- Construction of five (5) farm-to-market roads under the Philippine Rural Development Project (PRDP) will help in the development of agri-enterprises in the region such as abaca and rubber production/marketing in Agusan del Norte and Agusan del Sur, respectively.
- Intensified Building Up of Infrastructure and Logistics for Development (I-BUILD) Component of the PRDP aims to put in place strategic and climate-resilient rural infrastructure facilities along the value chain.
- Establishment of communal irrigation systems (CIS) including three (3) dams to serve 180 hectares of rice lands in Brgy. Baleguian, Jabonga, Agusan del Norte, under the Agrarian Reform Infrastructure Support Project (ARISP-III).
- Ongoing groundworks for Gaisano Capital-Butuan along North Montilla Boulevard as well as the expansion of Gaisano Butuan at J. Rosales Avenue.
- Expansion of Robinsons Place Butuan including the construction of a transport terminal.
- Construction of Allied Care Experts Medical Center in Butuan, which will house a first class medical facility.
- Development of a model for dry warehousing and food storage through a United States Department of Agriculture (USDA)-funded project under the Philippine Cold Chain Project (PCCP) will support the trade of agricultural products in Caraga region.

Region XIII

CARAGA

Challenges

- Unreliable supply of water especially during calamities hampers economic activities and adversely affects the health and sanitation in the region.

ARMM

AUTONOMOUS REGION IN MUSLIM MINDANAO

Opportunities

- Approval and registration of agricultural investments amounting to ₱2.11 billion which generated 1,034 jobs in the agricultural sector.
- Conduct of research activities to increase rice and corn production through the Autonomous Region in Muslim Mindanao Integrated Agricultural Research Center (ARMMIARC) by implementation of programs such as the Philippine Rice Information System (PRISM), Rice Crop Manager (RCM), among others.
- Estimated potential investments of ₱6 billion in power generation, shipping, water quality and supply, and telecommunications.
- Reopening of Polloc Port in Polloc, Maguindanao to international trading.
- Formulation and approval of the 2017-2019 Investment Priorities Plan (IPP) for ARMM based on the updated Philippine Development Plan (PDP) and ARMM Regional Development Plan, will promote investment in preferred economic activities and sectors that will have direct and positive impact to attain prosperity in the region.
- Tourism promotion and marketing, including festivals, highlight cultural, historical, eco-tourism potential for domestic and foreign tourists.
- Implementation of 438 infrastructure projects with an appropriation of ₱10.1 billion, which include major and local roads; bridges; water supply system; seaports; drainage structures; flood control; and other infrastructure projects in support of tourism, agriculture, peace and security, and public health/sanitation especially in conflict and calamity-affected areas.
- Signing of a Memorandum of Understanding (MoU) between ARMM and San Miguel Corp. (SMC) to help develop the region through investments in industries ranging from energy to ports and bulk water facilities. SMC's Global Power is planning to build a power plant in ARMM to help provide long-term solutions to Mindanao's power crisis.
- In 2016, ARMM passed the national government's Good Governance Conditions (GGC), reflecting "a revitalized and reformed autonomous region." This was the first of such recognition since the region was created 25 years ago. The GGC is a tool of the national government in assessing the performance of various local government units, government agencies and the quality of their service delivery to the people.

ARMM

AUTONOMOUS REGION IN MUSLIM MINDANAO

Challenges

- Sustainability in generating agricultural-related investments due to issues on land documentation.
- Concerns on peace and order like the presence of pirates in Tawi-tawi, Abu Sayaff in Sulu and Basilan, Maute Group in Lanao del Sur and Bangsamoro Islamic Freedom Fighters in Maguindanao have dragged down the image of ARMM and reinforced negative perceptions among investors.
- Need for additional access and transport infrastructure to allow far-flung areas to be efficiently connected to the regional trade centers.

Conclusion

Going forward, extreme weather-related disturbances and worsening effects of climate change will remain key challenges to regional development, particularly in areas which are heavily dependent on agriculture and fishery production. Insufficient water supply, as well as outbreak of diseases and infestation of pests, could threaten the stability of supply and affect prices of food commodities particularly rice, corn, vegetables, meat and poultry products in the regions. In order to address these concerns thereby ensuring food security and mitigating the adverse impact on livelihood and income of farmers and fisherfolk, several measures and interventions, have been pursued by the government and stakeholders. These measures include sufficient agricultural support services and facilities; adequate irrigation and farm-to-market road projects; and development of climate-resilient crop varieties and adaptive technologies.

Moreover, most regions emphasized the continued need for adequate, reliable and affordable power supply; improved interconnectivity of rural and far-flung areas to the regions' economic centers; and lasting peace and order situation, to improve agricultural and industrial productivity, and enhance investment opportunities in the provinces. Also, the rapid urbanization in regional growth centers has increasingly caused traffic congestion, highlighting the need for efficient land use planning and urban management.

Some regions also brought to light the potential challenges posed by external developments such as repatriation of outsourcing jobs to the United States and the impact of increased economic integration in the ASEAN on local industries, businesses and workforce.

On the upside, efforts to improve ease of doing business including setting up of one-stop shops and “negosyo” centers to provide registration assistance and

business advisory and information services are expected to attract more investments and encourage entrepreneurial activities in local industries such as startups and MSMEs. Enhancing mobility of goods and services through timely implementation of infrastructure and road projects as well as rehabilitation and improvement of airports and sea ports are likewise anticipated to further boost competitiveness and productivity in the regions. The Philippine Rural Development Project (PRDP), a six-year national government program for inclusive growth, is a value chain-oriented and climate-resilient agriculture and fisheries sector program, which is expected to bring about enterprise development and marketing opportunities in the region. With the provision of road access to remote agricultural land region-wide, transportation cost of farmers will be minimized and quality of farm produce will be maintained.

Promotion of tourism by upgrading facilities and improving accessibility of tourism destinations through infrastructure and opening of flight routes are seen to provide income and employment opportunities in rural areas. Likewise, strong consumption-based and services sector-oriented economy in the regional hubs encourage investments in retail trade and commercial establishments, presenting viable job opportunities and other positive externalities. All of these, in turn, will lead to sustainable and far-reaching development in the regions.