

2010

Report on Regional Economic Developments



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

Executive Summary

The Philippine economy performed remarkably well in 2010, as reflected in most of the regions in the country. Real Gross Domestic Product (GDP) expanded by 7.3 percent, the highest growth recorded in 34 years.

The agriculture sector exhibited an improvement in 2010 as it registered a slower rate of decline than in the previous year, due to a slight recovery in crop harvests from the devastating typhoons in the last quarter of 2009. However, the El Niño phenomenon hampered the agriculture sector's complete turnaround in 2010. The decline was particularly pronounced in corn production as many regions recorded double-digit contractions. On the other hand, cattle production sustained its modest expansion as higher demand for beef from domestic and international markets supported new players in the cattle industry. Chicken production also posted a healthy growth as most regions registered respectable increases. This is attributed to higher demand for poultry meat and availability of stocks and dressing plants. Meanwhile, swine production remained relatively steady as growth was generally unchanged. The fishery sector sustained its growth, albeit at a slower rate. The deceleration was due to the drying-up of fish ponds due to the dry spell.

Construction activity (as measured by building permit approvals and housing starts) saw a general decline in 2010, attributed mainly to rising construction and labor costs. Nonetheless, the MIMAROPA region experienced a notable increase in both building permit approvals as well as housing starts during the review period. The increase was due primarily to the completion and rehabilitation of roads in the region.

Banking services across all regions sustained their expansion as of end-December 2010, albeit at slower rates compared to the previous year. The NCR continued to have the highest bank density as well as loans-to-deposits ratios, implying a robust credit activity in the region. Central Visayas posted the largest growth in deposit generation while Bicol led the growth in lending activity in the regions.

Microfinance loans exhibited a general increase in 2010. Double-digit growth rates were recorded in MIMAROPA, NCR and Cagayan Valley. Most of the recipients of microfinance loans were tricycle drivers, farmers and small traders, implying broadening financial inclusion.

Meanwhile, the average inflation rate in 2010 was well within the Government's target range. The benign inflation was reflected in many regions although the year-on-year decline in inflation was especially notable in Cagayan Valley and Western and Eastern Visayas. The decline in inflation in most regions could be attributed to the downtrend in the prices of food, beverage and tobacco as supply recovered from the impact of the previous year's typhoons.

Based on the average result of the four quarterly Labor Force Surveys (LFS) conducted in 2010, employment rates improved slightly compared to the previous year. Cagayan Valley, Zamboanga and ARMM recorded the highest employment rates among the regions. A flourishing tourism industry, improving economic conditions and government-led programs supported regional employment generation.

Tourism for 2009 posted a very slight contraction as against the previous year. Nevertheless, tourist arrivals remained strong in 10 out of 17 regions. Bicol recorded the highest tourism growth, boosted mainly by popular religious celebrations which drew large crowds of pilgrims as well as additional airline routes to various provinces.

The main challenge to regional growth in 2011 is the rising prices of oil, which could inflate the prices of major commodities and utilities. The expected La Niña phenomenon is also a cause for concern in the regions, given that most are economically-dependent on the agricultural sector.

Nevertheless, continued government-led support to the agriculture sector, such as the development of irrigation facilities and the distribution of high-yielding seeds, among others, should help farming regions cope with the negative impact of climate change. Moreover, public-private partnership projects aimed at further developing regional linkages are expected to improve the transport of goods and services, as well as boost tourism activity. In addition, the continued support of the government and non-governmental organizations (NGOs) to small and medium enterprises through enhanced capacity-building programs and greater access to microfinance, is expected to strengthen livelihood activities, generate employment and build more economically-resilient 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.

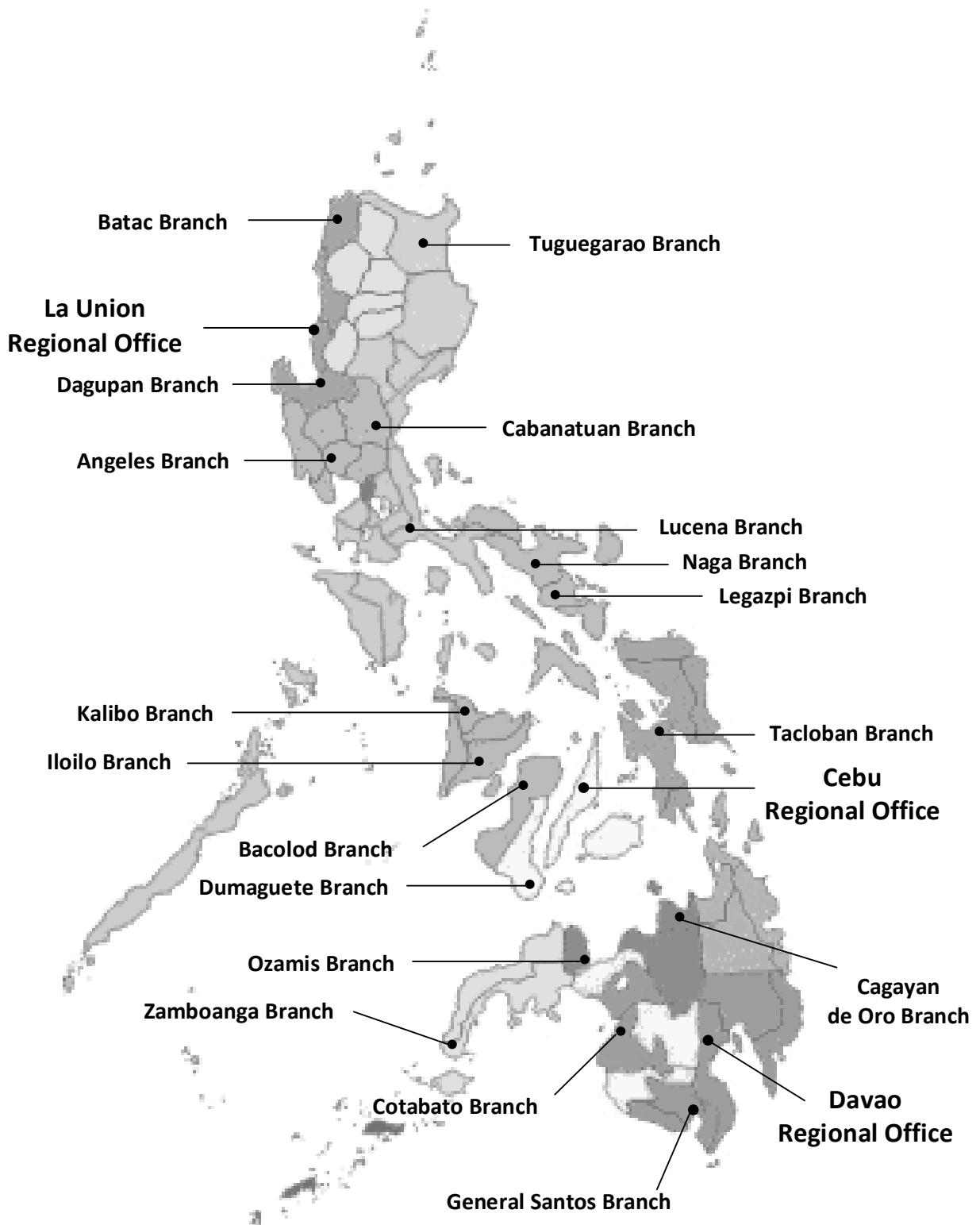
The report tracks economic developments in the regions, focusing on demand and supply conditions, monetary and price developments as well as the emerging economic outlook. It helps confirm the results of the business and consumer expectations surveys conducted by the BSP. Moreover, identifying opportunities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



PHILIPPINES: Regional Composition

| Region¹ | Provinces |
|--|---|
| National Capital Region (NCR) | Cities of Caloocan, Las Piñas, Quezon City, Makati, Manila, Muntinlupa, Parañaque, Pasig, Pasay, Malabon, Mandaluyong, Marikina, Navotas San Juan, Taguig and Valenzuela, and the Municipality of Pateros |
| Cordillera Administrative Region (CAR) | Abra, Benguet, Ifugao, Kalinga Apayao, and Mountain Province |
| Region I – Ilocos Region | Ilocos Norte/Sur, La Union, and Pangasinan |
| Region II – Cagayan Valley | Batanes, Cagayan, Isabela, Nueva Vizcaya, and Quirino |
| Region III – Central Luzon | Aurora, Tarlac, Pampanga, Zambales, Bataan, Nueva Ecija, and Bulacan |
| Region IV A – CALABARZON (Cavite, Laguna, Batangas, Rizal, and Quezon) | Cavite, Laguna, Batangas, Rizal, and Quezon |
| Region IV-B MIMAROPA (Mindoro, Marinduque, Romblon, and Palawan) | Occidental/ Oriental Mindoro, Marinduque, Palawan ² , and Romblon |
| Region V – Bicol Region | Camarines Norte/Sur, Albay, Masbate, Sorsogon, and Catanduanes |
| Region VI – Western Visayas | Negros Occidental, Iloilo, Antique, Guimaras, Aklan, and Capiz |
| Region VII – Central Visayas | Bohol, Cebu, Negros Oriental, and Siquijor |

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

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



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



Key Regional Developments

Crop Production

- Palay production improved in 2010 due to its recovery from the adverse effects of weather disturbances during the previous year. Growth in palay production was led by Ilocos, ARMM, Central Luzon, Bicol, CALABARZON and Eastern Visayas. Meanwhile, corn production contracted in 2010 on account of the prolonged dryspell in corn-producing areas, meager production capital by farmers and high cost of corn inputs. MIMAROPA, Cagayan Valley and CAR posted the largest declines in corn production.

Livestock, Poultry, Fishery

- Cattle production expanded in 2010 owing to the strengthening of the country's Halal industry, implementation of various cattle dispersal programs, and the expansion in the number of commercial farms and backyard raisers. Chicken production accelerated in 2010 due to increased stocking of broiler chicken, favorable market conditions and increased demand for poultry products, particularly during the month of Ramadan. Swine production increased slightly in 2010 relative to 2009 due to intensified animal health disease control activities, increased demand for pork and implementation of swine dispersal programs by various local government units (LGUs). Meanwhile, fishery production slowed down in 2010 because of the decline in the water supply to fish ponds coming from the National Irrigation Administration (NIA) canals, drying-up of portions of Liguasan Marsh in North Cotabato and drop in the water level in Magat Dam in Cagayan Valley.

Construction

- Construction activity in 2010 declined vis-à-vis the previous year with the contraction in the total number of building permits issued and residential construction started. The decline was due primarily to the rising cost of construction materials and labor as well as unfavorable weather conditions. The regions that registered the largest contractions were Central Luzon, Central Visayas, Western



Visayas, Zamboanga Peninsula, Central Mindanao, ARMM and Southern Tagalog.

Banking

- Credit activity increased slightly in 2010 compared to a year ago, as indicated by the acceleration in the loans-to-deposits ratio in 10 out of 17 regions. In particular, increases were recorded in the NCR, Cagayan Valley, Central Luzon, Bicol, Western Visayas, Eastern Visayas, Davao, SOCCSKSARGEN, CAR and ARMM. Financial activity remained to be concentrated in the major urban areas, namely, the NCR, Central Visayas and Central Luzon. In terms of bank service availability, the NCR continued to have the highest number of banks relative to the total number of cities/municipalities in its jurisdiction, while ARMM had the lowest number of banks available.

Microfinance

- Microfinance loans exhibited a general uptrend in 2010. The increase was due to the establishment of additional microfinance banks in some regions, more aggressive promotion by banks and greater confidence of lending banks to marginalized borrowers. Double-digit growth in microfinance loans were recorded in MIMAROPA, NCR, CAR, Cagayan Valley and Caraga.

Tourism

- Tourist arrivals remained strong in majority of the regions owing to the growing popularity of local festival celebrations, increased travel across the regions by returning overseas Filipinos and new airline routes. The increase in tourist arrivals was led by Bicol, Ilocos, Caraga, NCR and Western Visayas.

Inflation

- Inflation declined in most regions in 2010 except in NCR, CAR, Calabarzon, Mimaropa, Central Visayas, SOCCSKSARGEN and ARMM. The decline in inflation was brought about by the downtrend in the prices of food, beverage and tobacco (FBT) during the first two quarters of 2010 as supply recovered from the impact from the previous year's typhoons. The fall in inflation resumed in the fourth quarter due to lower prices of fruits and vegetables as well as meat products.



Employment

- Based on the average data from the four LFS rounds (January, April, July and October) in 2010 conducted by the National Statistic Office (NSO), the national employment rate was higher in 2010 compared to the previous year. The highest employment rates were posted by Cagayan Valley, Zamboanga Peninsula and ARMM. Government efforts under the Comprehensive Livelihood and Emergency Employment Program (CLEEP) and other livelihood programs such as the “Kapit-Bisig Laban sa Kahirapan” (KALAHI) project, “Gulayan para sa Masa” and “Tindahan Natin” supported job creation in the regions. Meanwhile, the unemployment rate was highest in the regions of Bicol, Northern Mindanao and Western Visayas.

Opportunities and Challenges

- The government’s public-private partnership (PPP) initiatives are expected to spur infrastructure development programs in the regions. Tourism-oriented projects such as the construction of resorts, and improved public security and transportation services are also seen to boost further the tourism industry across the regions. Furthermore, capacity-building seminars by non-governmental organizations (NGOs) and various government agencies are expected to encourage entrepreneurial activities and improve productivity. In the agriculture, fishery and forestry (AFF) sector, rebuilding programs are expected to help the sector recover from the losses and damages brought about by adverse weather conditions.
- A major challenge in regional development is the rising prices of oil, which could trigger increases in the prices of major commodities and utilities. Moreover, the prospects of extreme weather conditions as a result of climate change is a concern in the regions, especially for those who are heavily dependent on the agriculture sector. The timely implementation of infrastructure projects is also crucial in sustaining regional development.



Agriculture, Livestock, Poultry and Fishery

Palay production improves

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

| Region | 2009 | 2010 |
|--------------------------------------|--------|--------|
| PHILIPPINES | (3.3) | (3.0) |
| 1 CAR | (3.0) | (7.2) |
| 2 Ilocos Region (I) | (20.1) | 15.3 |
| 3 Cagayan Valley (II) | (0.2) | (16.0) |
| 4 Central Luzon (III) | (6.9) | 5.5 |
| 5 Southern Tagalog-CALABARZON (IV-A) | (10.5) | 1.9 |
| 6 Southern Tagalog-MIMAROPA (IV-B) | 7.8 | (7.9) |
| 7 Bicol Region (V) | 4.8 | 3.4 |
| 8 Western Visayas (VI) | 4.1 | (18.8) |
| 9 Central Visayas (VII) | (11.2) | (2.3) |
| 10 Eastern Visayas (VIII) | (7.6) | 1.3 |
| 11 Zamboanga Peninsula (IX) | 2.6 | (2.3) |
| 12 Northern Mindanao (X) | 5.8 | 0.4 |
| 13 Davao Region (XI) | 1.2 | (5.0) |
| 14 SOCCSKSARGEN (XII) | (0.5) | (3.6) |
| 15 Caraga | (4.9) | (4.6) |
| 16 ARMM | (8.2) | 7.5 |

Source: National Statistics Coordinating Board

- The decline in palay production decelerated to 3.0 percent in 2010 from 3.3 percent in 2009. This can be attributed to the recovery of the agriculture sector from the adverse effects of weather disturbances that hit the country during the fourth quarter of 2009.
- The growth of palay production in Ilocos (15.3 percent), ARMM (7.5 percent), Central Luzon (5.5 percent), Bicol (3.4 percent), CALABARZON (1.9 percent), and Eastern Visayas (1.3 percent) was attributed to the following factors:
 - Sustained use of inbred and certified seeds and high-yielding varieties in Ilocos, Central Luzon and Eastern Visayas;
 - Increase in yield per hectare and area harvested in almost all provinces in the Bicol region due to improvements in irrigation facilities, adoption of integrated pest management, and use of quality seeds;
 - Provision of technical assistance through extension and trainings of rice farmers on Palay Check System and Palayamanan under irrigated and rainfed ecosystem in Eastern Visayas; and
 - Intensified implementation of the Fertilizer, Irrigation, Education, Loans Dryers and Seeds (FIELDS) Program in Eastern Visayas.
- The positive growth rates posted in the aforementioned regions were, however, offset by the double-digit decline of palay production in Western Visayas (-18.8 percent) and Cagayan Valley (-16.0 percent). These significant contractions could be traced to the following factors:
 - Prolonged dry spell brought about by the early onset of the El Niño phenomenon in Western Visayas and Cagayan Valley; and
 - Infestation of worms and other crop pests in Western Visayas (e.g., Aklan, Capiz and Negros Occidental).



Corn production contracts

Corn Production, in metric tons

Growth Rate in Percent, y-o-y

| Region | 2009 | 2010 |
|--------------------------------------|--------|--------|
| PHILIPPINES | 1.5 | (9.3) |
| 1 CAR | 2.7 | (14.7) |
| 2 Ilocos Region (I) | (3.5) | 2.1 |
| 3 Cagayan Valley (II) | 8.2 | (20.9) |
| 4 Central Luzon (III) | (3.8) | (8.9) |
| 5 Southern Tagalog-CALABARZON (IV-A) | (13.9) | 15.9 |
| 6 Southern Tagalog-MIMAROPA (IV-B) | (5.6) | (34.8) |
| 7 Bicol Region (V) | (2.7) | (11.5) |
| 8 Western Visayas (VI) | (22.1) | (9.1) |
| 9 Central Visayas (VII) | 6.4 | (4.3) |
| 10 Eastern Visayas (VIII) | (1.8) | (4.9) |
| 11 Zamboanga Peninsula (IX) | (2.5) | 10.2 |
| 12 Northern Mindanao (X) | 3.8 | (1.5) |
| 13 Davao Region (XI) | (21.4) | (10.1) |
| 14 SOCCSKSARGEN (XII) | 2.6 | (7.2) |
| 15 Caraga | (11.3) | 6.8 |
| 16 ARMM | 10.9 | (10.0) |

Source: National Statistics Coordinating Board

- Corn production contracted by 9.3 percent in 2010, after expanding by 1.5 percent in 2009. Positive growth rates in certain regions were offset by double-digit contractions in various regions across the country.
- During the review period, growth in corn production was recorded in CALABARZON (15.9 percent), Zamboanga Peninsula (10.2 percent), CARAGA (6.8 percent) and Ilocos (2.1 percent) regions. The increase in corn production in the said regions was attributed to:
 - Availability of good quality seeds and sufficient rainfall in the Zamboanga Peninsula;
 - Favorable weather conditions and the government's dispersal of subsidized hybrid corn seeds to farmers in the CARAGA region which increased its corn yield per hectare; and
 - Late plantings in the Ilocos region in 2009, specifically in the province of Pangasinan, allowed for the bulk of the harvest to be completed in 2010.
- Regions that recorded significant year-on-year contractions in corn production in 2010 were MIMAROPA (-34.8 percent), Cagayan Valley (-20.9 percent), CAR (-14.7 percent), Bicol (-11.5 percent), Davao (-10.1 percent) and ARMM (10.0 percent). These contractions were attributed mainly to the following:
 - Adverse effects of the El Niño weather disturbance, which resulted in delayed rainfall in MIMAROPA, Cagayan Valley and CAR;
 - Meager capital and high cost of inputs made the farmers in the province of Camarines Sur in the Bicol region (largest producer in the region) shift to planting rootcrops.
 - Crop shifting of farmers from planting of corn to other high-yielding crops like mango and coconut in Davao Oriental and banana in Davao del Norte; and



Livestock, Poultry and Fishery

Livestock and Poultry

Cattle production increases

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

| Region | 2009 | 2010 |
|--------------------------------------|--------|--------|
| PHILIPPINES | 2.5 | 2.7 |
| 1 CAR | (4.5) | (9.8) |
| 2 Ilocos Region (I) | (3.7) | 1.3 |
| 3 Cagayan Valley (II) | (5.5) | 6.8 |
| 4 Central Luzon (III) | 3.0 | 4.7 |
| 5 Southern Tagalog-CALABARZON (IV-A) | 6.1 | 2.1 |
| 6 Southern Tagalog-MIMAROPA (IV-B) | 6.2 | (8.8) |
| 7 Bicol Region (V) | 7.8 | 5.6 |
| 8 Western Visayas (VI) | 8.3 | (3.8) |
| 9 Central Visayas (VII) | 1.9 | 0.0 |
| 10 Eastern Visayas (VIII) | 3.9 | (15.7) |
| 11 Zamboanga Peninsula (IX) | (11.3) | (0.6) |
| 12 Northern Mindanao (X) | 9.6 | 2.4 |
| 13 Davao Region (XI) | (2.3) | 12.1 |
| 14 SOCCSKSARGEN (XII) | 3.9 | 8.2 |
| 15 Caraga | (6.6) | 11.6 |
| 16 ARMM | 9.1 | 24.1 |

Source: National Statistics Coordinating Board

- Displaced farmers due to unstable peace and order situation in Maguindanao coupled with the after-effects of the local election in the provinces of ARMM.

- Cattle production expanded at a faster rate of 2.7 percent in 2010 from 2.5 percent in 2009. The high growth rates of cattle production in ARMM (24.1 percent), Davao (12.1 percent), CARAGA (11.6 percent), and SOCCSKSARGEN (8.2 percent) contributed to the overall positive performance of the cattle industry. The growth of cattle production in these regions was due to the following factors:

- Strengthening of the Halal industry due to increased local demand, entry of new players in the cattle industry, and exports of Halal food and cattle meat products to the Middle East and other Islamic states from ARMM;
- Cattle dispersal in the different barangays in the Caraga region under the Countrywide Integrated Development Program and the Mindanao Rural Development Program; and
- Expansion in the number of commercial farms and backyard raisers as a result of increasing demand for cattle, and the implementation of the government's animal health care program in SOCCSKSARGEN and Davao, which includes activities, such as distribution of vitamins, deworming and vaccination of farm animals.

- The regions posting year-on-year declines in cattle production in 2010 include Eastern Visayas (-15.7 percent), CAR (-9.8 percent), and MIMAROPA (-8.8 percent). These contractions were due mainly to the reduced number of farmers venturing into cattle breeding because of high production and maintenance costs in Eastern Visayas as well as drying up of pasture lands brought about by the prolonged effect of drought in CAR and MIMAROPA regions.



Chicken production grows at a faster rate

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

| Region | 2009 | 2010 |
|--------------------------------------|--------|-------|
| PHILIPPINES | 1.5 | 4.0 |
| 1 CAR | 11.5 | (1.9) |
| 2 Ilocos Region (I) | 1.8 | 1.1 |
| 3 Cagayan Valley (II) | 3.0 | 11.9 |
| 4 Central Luzon (III) | 2.1 | 3.9 |
| 5 Southern Tagalog-CALABARZON (IV-A) | 0.6 | 3.9 |
| 6 Southern Tagalog-MIMAROPA (IV-B) | 9.4 | 2.6 |
| 7 Bicol Region (V) | 8.4 | 8.8 |
| 8 Western Visayas (VI) | 2.4 | 4.2 |
| 9 Central Visayas (VII) | 4.7 | 5.0 |
| 10 Eastern Visayas (VIII) | 1.1 | 2.9 |
| 11 Zamboanga Peninsula (IX) | (6.8) | 0.6 |
| 12 Northern Mindanao (X) | 1.1 | 7.3 |
| 13 Davao Region (XI) | 8.5 | (1.3) |
| 14 SOCCSKSARGEN (XII) | (8.5) | 4.0 |
| 15 Caraga | (16.9) | 1.3 |
| 16 ARMM | (16.3) | 4.5 |

Source: National Statistics Coordinating Board

- Chicken production posted a 4.0 percent growth in 2010 from 1.5 percent in 2009. High growth rates in chicken production were recorded in Cagayan Valley (11.9 percent), Bicol (8.8 percent), Northern Mindanao (7.3 percent), Central Visayas (5.0 percent), and ARMM (4.5 percent), regions. Contributory factors to the growth in chicken production in these regions include:

- Higher volume of slaughtered chicken due to the establishment of tunnel vent commercial broiler farms and new dressing plants in Cagayan Valley;
- Availability of stocks in the Cagayan Valley region and increased stocking of broiler chicken in commercial farms in Agusan del Sur coupled with the dispersal of native chickens to interested individual raisers in Dinagat Islands;
- Favorable market conditions and presence of integrators in the Northern Mindanao region; and
- Higher demand for poultry products in observance of Ramadan coupled with abundant supply of dressed chicken in the ARMM region.

- The regions that exhibited contractions in chicken production in 2010 include CAR (-1.9 percent) and Davao (-1.3 percent). The contraction in poultry production in the above-mentioned regions was due to:

- Lower volume of live chicken for slaughter in Compostela Valley broiler farms and renovation of some poultry farms in Davao City; and
- Increased mortality rate of chickens in Ifugao and Mountain Province as a result of the flood caused by typhoon Juan.

Swine production remains relatively steady

- The growth of swine production was relatively unchanged at 1.1 percent in 2010 from 1.2 percent in 2009. The expansion of swine production in Bicol (9.9 percent), MIMAROPA (5.9 percent), Northern Mindanao (5.5 percent),



Swine Production, in metric tons (liveweight)

Growth Rate in Percent, y-o-y

| Region | 2009 | 2010 |
|--------------------------------------|-------|-------|
| PHILIPPINES | 1.2 | 1.1 |
| 1 CAR | (9.1) | (9.4) |
| 2 Ilocos Region (I) | 2.3 | 1.6 |
| 3 Cagayan Valley (II) | (1.8) | (2.2) |
| 4 Central Luzon (III) | (1.3) | 1.7 |
| 5 Southern Tagalog-CALABARZON (IV-A) | (0.3) | (3.4) |
| 6 Southern Tagalog-MIMAROPA (IV-B) | 2.7 | 5.9 |
| 7 Bicol Region (V) | 10.8 | 9.9 |
| 8 Western Visayas (VI) | 5.1 | 2.7 |
| 9 Central Visayas (VII) | 4.6 | 4.0 |
| 10 Eastern Visayas (VIII) | (4.2) | (3.1) |
| 11 Zamboanga Peninsula (IX) | 1.8 | 3.8 |
| 12 Northern Mindanao (X) | 4.5 | 5.5 |
| 13 Davao Region (XI) | 0.2 | (1.8) |
| 14 SOCCSKSARGEN (XII) | 1.5 | 2.3 |
| 15 Caraga | (6.3) | (4.1) |
| 16 ARMM | 15.1 | (3.2) |

Source: National Statistics Coordinating Board

and Central Visayas (4.0 percent) and Zamboanga Peninsula (3.8 percent) regions propelled the growth in overall swine production. The expansion of swine production in these regions was attributed to the following factors:

- Intensified animal health disease control activities, which helped reduce the mortality rates of hogs, particularly from foot-and-mouth disease in the Bicol region;
- Increased demand for pork following the holding of election-related activities and local conferences/meetings in MIMAROPA and Central Visayas (e.g., Cebu);
- Swine dispersal program of various LGUs and the presence of hog integrators and support facilities in Northern Mindanao; and
- Distribution of piglets and sufficient supply of hogs in Zamboanga Sibugay coupled with the entry of large-scale commercial livestock farm in Zamboanga City.

Fishery

Fish production slows down

Fish Production, in metric tons

Growth Rate in Percent, y-o-y

| Region | 2009 | 2010 |
|--------------------------------------|-------|--------|
| PHILIPPINES | 2.3 | 1.6 |
| 1 CAR | 2.4 | (16.4) |
| 2 Ilocos Region (I) | (7.8) | 0.1 |
| 3 Cagayan Valley (II) | 3.5 | (2.1) |
| 4 Central Luzon (III) | (1.0) | (2.7) |
| 5 Southern Tagalog-CALABARZON (IV-A) | 1.8 | (0.6) |
| 6 Southern Tagalog-MIMAROPA (IV-B) | (2.6) | 0.8 |
| 7 Bicol Region (V) | 4.0 | 6.2 |
| 8 Western Visayas (VI) | 8.1 | 1.9 |
| 9 Central Visayas (VII) | 3.7 | 2.9 |
| 10 Eastern Visayas (VIII) | 3.6 | 1.1 |
| 11 Zamboanga Peninsula (IX) | 13.6 | 3.5 |
| 12 Northern Mindanao (X) | 3.8 | 3.3 |
| 13 Davao Region (XI) | (4.8) | 3.5 |
| 14 SOCCSKSARGEN (XII) | (6.8) | (7.6) |
| 15 Caraga | (6.8) | (2.4) |
| 16 ARMM | 4.1 | 1.9 |

Source: National Statistics Coordinating Board

- The fishery subsector posted a 1.6 percent growth in 2010, lower compared to the 2.3 percent growth recorded a year ago. The expansion of fish production in Bicol (6.2 percent), Zamboanga Peninsula (3.5 percent), Davao (3.5 percent), Northern Mindanao (3.3 percent) and Central Visayas (2.9 percent) regions contributed to the favorable performance of the fishery sub-sector. The increased production of the fishery subsector in these regions was due to the following factors:

- Joint efforts of the government and private sectors in the sustainable utilization of fisheries resources in the Bicol region;
- Larger volume of fish catch unloaded in all traditional landing centers, favorable weather condition, presence of better market opportunity, and intensified Bantay Dagat forces which encourage more marginal fishermen to go on fishing in the Zamboanga Peninsula;



- Dispersal of fingerlings, installation of new marine cages and good quality seaweed planting materials in Northern Mindanao and Davao region; and
 - Area expansion for seaweed production in Central Visayas (i.e., Bohol, Cebu and Negros Oriental).
- The positive growth rates posted in the aforementioned regions were, however, offset by contractions in fishery production in CAR (-16.4 percent), SOCCSKSARGEN (-7.6 percent), Central Luzon (-2.7 percent) and Cagayan Valley (-2.1 percent). These significant contractions could be traced to the following factors:
 - Decline in the water supply coming from the National Irrigation Administration canals to the top three fish-producing municipalities in CAR;
 - Drying-up of a wide portion of Liguasan Marsh in North Cotabato and some creeks, which led to the scarcity of fish, lesser fishing area for inland municipal fishing, and less stock of seasonal fish in marine water in the SOCCSKSARGEN region;
 - Closure of fish landing centers in Bataan, less fishing trips in Zambales, decrease in the number of pushnets in Bulacan, and drying up of water level in rivers and swamps in Pampanga and Nueva Ecija, contributing to the high mortality rate of fish in Central Luzon; and
 - Drop in the water level at the Magat Dam, which resulted in the shortage of stocks of tilapia fingerlings in a number of fish farms in Cagayan Valley.



Construction

Construction activity slows down in 2010



- There was a general decline in construction activity in the 17 regions in 2010 vis-à-vis the previous year as shown by the decrease in the total number of both the building permits issued and residential construction started.
- In 2010, there were a total of 105,230 building permits approved in the Philippines, 13.8 percent lower than the previous year's level of 122,039.
- Likewise, the total number of residential building construction started for the review period dropped by 16.7 percent to 79,934 from the year-ago level of 95,940.
- The contractions were attributed mainly to the rising costs of construction materials and labor, coupled with the unfavorable weather condition experienced in the southern part of the country, which prompted developers to delay construction. The ARMM, one of the regions that exhibited declines in approved building permits and housing starts, cited the unsuccessful attempts to restore peace and stability and maintain law and order region-wide as the main reason for the slowdown in construction activity. The perennial sources of security problems, such as "rido" or clan violence, terrorist groups, rebel forces, and election-spawned hostilities are still prevalent in the region.
- The weak construction performance in Central Luzon, Central and Western Visayas, Zamboanga Peninsula, Central Mindanao, ARMM, and Southern Tagalog (Calabarzon) offset the gains garnered by Southern Tagalog (MIMAROPA), Northern Mindanao and CARAGA.



- The Southern Tagalog (MIMAROPA) region posted the most notable gain in both building permits and housing starts for the review period. The robust performance of the region was due mainly to the increase in investments and business opportunities resulting from newly opened/improved roads and in-migration from other islands to the region. In particular, construction activity rose significantly following the completion of newly built roads and bridges during the year as well as ongoing implementation of government infrastructure projects, as follows:
 - a. Construction of Abo-Abo-Brooke's Point-Rio Tuba Road section of the El Nido-Bataraza road in the province of Palawan consisting of the construction of 41.249 km new Philippine Cockatoo Conservation Program (PCCP) Road, three (3) new bridges, widening of nine (9) bridges, and installation of drainage and slope protection works;
 - b. Construction works on the El Nido - Taytay - Roxas Road Section (also known as Palawan North Road) of the El Nido-Bataraza Road in the province of Palawan;
 - c. Infrastructure development in Romblon which includes concrete paving of 1 kilometer Romblon-Cogon-Sabluyan Road and the 1 kilometer gravel to concrete paving of Jct. Guinhayaan-Malbog-Sta. Fe Road (leading to Carabao Island); and
 - d. Rehabilitation/reconstruction/upgrading of Marinduque Circumferential Road (Buyabod- Matalaba-Tawiran Section).
- Despite the overall slowdown in construction activity in 2010, the major cities in the country are gearing up for a potentially robust construction activity in 2011. In particular, Megaworld Group plans to embark on a massive home building program consisting of 18,274 residential units in Metro Manila.



Similarly, Robinsons Land Corporation has started the construction of the first tower of designer residences in Makati City that will be completed in 2015, while the second tower is expected to be completed in 2016. The same developer is also planning to construct a six-hectare leisure facility in Cebu City, composed of six residential towers, a hotel, an entertainment center and a host of amenities. In May 2011, Ayala Land, Inc. is set to construct buildings in Davao City for its business process outsourcing business as well as retail outlets for information and communication technology companies. Similarly, Kisan Lu Lands, Inc., the oldest property developer in Davao City, is planning to build 280 new upscale residential houses which will target the overseas Filipino workers and expatriates market.

Banking

Number of banks per municipality exhibits a general uptrend

| Bank Density Ratio* | | | |
|---------------------|------------------------------------|-------------------|-------------------|
| Region | | End December 2009 | End December 2010 |
| 1 | NCR | 163.71 | 169.06 |
| 2 | CAR | 1.77 | 1.79 |
| 3 | Ilocos Region (I) | 3.13 | 3.22 |
| 4 | Cagayan Valley (II) | 2.71 | 2.76 |
| 5 | Central Luzon (III) | 6.86 | 7.01 |
| 6 | Southern Tagalog-CALABARZON (IV-A) | 9.12 | 9.25 |
| 7 | Southern Tagalog-MIMAROPA (IV-B) | 2.41 | 2.53 |
| 8 | Bicol Region (V) | 2.24 | 2.37 |
| 9 | Western Visayas (VI) | 3.77 | 3.92 |
| 10 | Central Visayas (VII) | 4.28 | 4.39 |
| 11 | Eastern Visayas (VIII) | 1.12 | 1.14 |
| 12 | Zamboanga Peninsula (IX) | 2.30 | 2.38 |
| 13 | Northern Mindanao (X) | 3.28 | 3.43 |
| 14 | Davao Region (XI) | 6.45 | 6.82 |
| 15 | SOCCSKSARGEN (XII) | 3.72 | 3.82 |
| 16 | ARMM | 0.20 | 0.16 |
| 17 | Caraga | 2.47 | 2.53 |

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

| Total Deposit Liabilities Growth Rate in Percent, y-o-y | | | |
|---|------------------------------------|-------------------|-------------------|
| Region | | End December 2009 | End December 2010 |
| 1 | NCR | 10.50 | 9.57 |
| 2 | CAR | 17.96 | 4.21 |
| 3 | Ilocos Region (I) | 10.53 | 8.16 |
| 4 | Cagayan Valley (II) | 21.25 | 9.72 |
| 5 | Central Luzon (III) | 15.24 | 7.23 |
| 6 | Southern Tagalog-CALABARZON (IV-A) | 14.54 | 6.60 |
| 7 | Southern Tagalog-MIMAROPA (IV-B) | 18.33 | 5.49 |
| 8 | Bicol Region (V) | 13.41 | 11.51 |
| 9 | Western Visayas (VI) | 17.77 | 9.19 |
| 10 | Central Visayas (VII) | 3.72 | 15.23 |
| 11 | Eastern Visayas (VIII) | 13.52 | 14.83 |
| 12 | Zamboanga Peninsula (IX) | 11.78 | 8.63 |
| 13 | Northern Mindanao (X) | 15.70 | 9.48 |
| 14 | Davao Region (XI) | 18.18 | 6.26 |
| 15 | SOCCSKSARGEN (XII) | 9.96 | 3.93 |
| 16 | ARMM | 16.13 | 4.03 |
| 17 | Caraga | 17.79 | 2.96 |

Source: Supervisory Data Center, SES-BSP

- With a density ratio of 169.1 as of end-December 2010, the NCR continued to have the highest number of banks relative to the total number of cities/municipalities under its jurisdiction. Trailing behind the NCR were CALABARZON and Central Luzon, with density ratios of 9.3 and 7.0, respectively. It must be noted that the density ratios for these three regions as well as the 13 other regions have increased compared to the December 2009 level, indicating that the rate of growth in the number of banks had been faster than the rate of growth in the number of cities/municipalities in their areas. Of the 17 regions, the ARMM has the lowest density ratio. It is also the only region that showed a deceleration in its density ratio to 0.16 as of end-December 2010 from 0.20 as of end-December 2009.
- Meanwhile, deposit generation in all regions expanded year-on-year as of end-December 2010. Three of the 17 regions posted double-digit growths in deposit liabilities during the review period. Central Visayas registered the highest growth at 15.2 percent, with increases



| Net Loan Portfolio | | | |
|-------------------------------|------------------------------------|-------------------|--------|
| Growth Rate in Percent, y-o-y | | | |
| Region | End December 2009 | End December 2010 | |
| 1 | NCR | 0.69 | 9.68 |
| 2 | CAR | 55.01 | 14.68 |
| 3 | Ilocos Region (I) | 46.83 | -7.52 |
| 4 | Cagayan Valley (II) | 10.43 | 14.03 |
| 5 | Central Luzon (III) | 15.80 | 10.07 |
| 6 | Southern Tagalog-CALABARZON (IV-A) | 88.19 | -31.47 |
| 7 | Southern Tagalog-MIMAROPA (IV-B) | 19.93 | -0.59 |
| 8 | Bicol Region (V) | 9.55 | 27.29 |
| 9 | Western Visayas (VI) | 22.17 | 14.20 |
| 10 | Central Visayas (VII) | 19.99 | 13.57 |
| 11 | Eastern Visayas (VIII) | 2.67 | 25.26 |
| 12 | Zamboanga Peninsula (IX) | 17.05 | 2.97 |
| 13 | Northern Mindanao (X) | 12.38 | -3.33 |
| 14 | Davao Region (XI) | 29.95 | 15.66 |
| 15 | SOCCSKSARGEN (XII) | 35.57 | 4.57 |
| 16 | ARMM | 13.07 | 15.55 |
| 17 | Caraga | 14.56 | -20.42 |

Source: Supervisory Data Center, SES-85P

| Loans to Deposits Ratio | | | |
|-------------------------|------------------------------------|-------------------|-------|
| Region | End December 2009 | End December 2010 | |
| 1 | NCR | 65.40 | 65.47 |
| 2 | CAR | 11.39 | 12.54 |
| 3 | Ilocos Region (I) | 28.78 | 24.61 |
| 4 | Cagayan Valley (II) | 29.80 | 30.97 |
| 5 | Central Luzon (III) | 21.38 | 21.94 |
| 6 | Southern Tagalog-CALABARZON (IV-A) | 25.60 | 16.46 |
| 7 | Southern Tagalog-MIMAROPA (IV-B) | 23.90 | 22.53 |
| 8 | Bicol Region (V) | 24.51 | 27.98 |
| 9 | Western Visayas (VI) | 19.11 | 19.99 |
| 10 | Central Visayas (VII) | 23.62 | 23.28 |
| 11 | Eastern Visayas (VIII) | 24.95 | 27.21 |
| 12 | Zamboanga Peninsula (IX) | 24.25 | 22.99 |
| 13 | Northern Mindanao (X) | 32.75 | 28.91 |
| 14 | Davao Region (XI) | 26.29 | 28.61 |
| 15 | SOCCSKSARGEN (XII) | 32.10 | 32.30 |
| 16 | ARMM | 11.98 | 13.30 |
| 17 | Caraga | 31.63 | 24.45 |

in deposit liabilities of universal/commercial banks and thrift banks in the region at 16.1 percent and 12.0 percent, respectively. These increases more than offset the decline in deposit generation by rural banks in 2010. Eastern Visayas and the Bicol region also posted double-digit growth rates in deposit generation of 14.8 percent and 11.5 percent, respectively.

- The growth in loan portfolio as of end-December 2010 was also on the rise except for the Ilocos region, CALABARZON, MIMAROPA, Northern Mindanao and Caraga. The growth in lending activity was notable in the regions of Bicol (27.3 percent), Eastern Visayas (25.3 percent), Davao (15.7 percent) and ARMM (15.6 percent).
- The NCR continued to post the highest loans-to-deposits ratio at 65.5 percent as of end-December 2010, a slight improvement from the 65.4 percent posted a year ago. The NCR was followed by SOCCSKSARGEN (32.3 percent), Cagayan Valley (31.0 percent), Northern Mindanao (28.9 percent) and Davao region (28.6 percent). The growth in loan-to-deposit ratio in these areas reflected banks' greater efficiency in channeling deposits to lending activities.

Microfinance

Microfinance loans in the regions increase

| Microfinance Loans (in thousand pesos) | | | | |
|--|------------------------------------|-----------|-----------------|--------|
| Region | 2009 | 2010 | Growth rate (%) | |
| Philippines | 6,660,289 | 6,903,768 | 3.66 | |
| 1 | NCR | 349,721 | 560,817 | 60.36 |
| 2 | CAR | 17,340 | 25,735 | 48.41 |
| 3 | Ilocos Region (I) | 168,753 | 117,756 | -30.22 |
| 4 | Cagayan Valley (II) | 534,734 | 702,339 | 31.34 |
| 5 | Central Luzon (III) | 521,986 | 515,657 | -1.21 |
| 6 | Southern Tagalog-CALABARZON (IV-A) | 1,923,285 | 1,939,780 | 0.86 |
| 7 | Southern Tagalog-MIMAROPA (IV-B) | 41,081 | 103,939 | 153.01 |
| 8 | Bicol Region (V) | 308,462 | 274,257 | -11.09 |
| 9 | Western Visayas (VI) | 414,710 | 477,091 | 15.04 |
| 10 | Central Visayas (VII) | 334,605 | 202,304 | -39.54 |
| 11 | Eastern Visayas (VIII) | 71,731 | 31,714 | -55.79 |
| 12 | Zamboanga Peninsula (IX) | 515,129 | 451,196 | -12.41 |
| 13 | Northern Mindanao (X) | 345,699 | 232,429 | -32.77 |
| 14 | Davao Region (XI) | 106,287 | 107,343 | 0.99 |
| 15 | SOCCSKSARGEN (XII) | 108,927 | 94,624 | -13.13 |
| 16 | Caraga | 895,691 | 1,066,096 | 19.03 |
| 17 | ARMM | 2,148 | 691 | -67.81 |

Source: Supervisory Data Center, SES-85P

- Microfinance loans exhibited a general uptrend in 2010. Double-digit growth rates in microfinance loans were recorded in MIMAROPA (153.0 percent), NCR (60.4 percent), CAR (48.4 percent), Cagayan Valley (31.3) and Caraga (19.0).
- The establishment of three additional microfinance banks in 2010 supported the increase of microfinance loans in MIMAROPA. As of end-December 2010, MIMAROPA has a total of eight microfinance banks.
- The increase in loan avialment in 2010 boosted microfinance banking in the NCR and CAR. In



CAR, the increase was attributed to higher microfinance loans extended to employed clients for trading (sari-sari stores) and agri-business purposes.

- The confidence of lending banks on marginalized borrowers in Cagayan Valley remained strong as reflected in the 31.3 percent increase in microfinance loans in 2010. This is despite the decrease in the total number of banks offering microfinance loans to ten banks in 2010 from thirteen banks in 2009. Most of the recipients of microfinance loans were tricycle drivers, farmers, livestock and food processing owners, and small traders businesses (i.e., owners of sari-sari stores, carinderia, etc.).
- Meanwhile, the aggressive promotion of and greater access to microfinance loans contributed to the notable increase in microfinance loans in Caraga.

Tourism

Tourist arrivals in the regions exhibit a general uptrend

| Region | 2008 | 2009 | Growth rate (%) |
|--------------------------------------|------------|------------|-----------------|
| PHILIPPINES | 17,312,191 | 17,180,835 | -0.76 |
| 1 NCR | 1,350,789 | 1,442,183 | 6.77 |
| 2 CAR | 1,191,976 | 1,173,188 | -1.74 |
| 3 Ilocos Region (I) | 351,265 | 393,325 | 11.81 |
| 4 Cagayan Valley (II) | 670,378 | 675,343 | 0.73 |
| 5 Central Luzon (III) | 532,847 | 547,139 | 2.49 |
| 6 Southern Tagalog-CALABARZON (IV-A) | 3,439,008 | 2,547,835 | -25.91 |
| 7 Southern Tagalog-MIMAROPA (IV-B) | 581,087 | 411,572 | -29.17 |
| 8 Bicol Region (V) | 1,306,972 | 2,287,365 | 75.01 |
| 9 Western Visayas (VI) | 2,005,826 | 2,084,691 | 3.93 |
| 10 Central Visayas (VII) | 2,117,928 | 2,198,849 | 3.82 |
| 11 Eastern Visayas (VIII) | 238,010 | 145,515 | -38.86 |
| 12 Zamboanga Peninsula (IX) | 534,295 | 238,124 | -55.42 |
| 13 Northern Mindanao (X) | 1,041,362 | 1,026,409 | -1.44 |
| 14 Davao Region (XI) | 875,334 | 900,966 | 2.93 |
| 15 SOCCSKSARGEN (XII) | 652,041 | 669,163 | 1.09 |
| 16 Caraga | 419,553 | 449,218 | 7.07 |
| 17 ARMM | - | - | - |

Source: DOT Regional Offices

- Tourist arrivals remained strong in 10 out of 17 regions in 2009. The top five regions that recorded the highest number of tourist arrivals during the review period were Bicol (75.0 percent), Ilocos (11.8 percent), Caraga (7.1 percent), NCR (6.8 percent) and Western Visayas (3.9 percent).
- Tourism activity in the Bicol region was boosted mainly by the increasing popularity of the celebration of Our Lady of Peñafrancia in Camarines Sur, which consistently draws in large crowds of pilgrims. Famous attractions (e.g., Mayon Volcano in Albay, CamSur Watersports Complex in Pili, Butanding (whaleshark) watching in Donsol) also contributed to the increase in tourist arrivals in the Bicol region.
- While the number of foreign tourists in Ilocos dropped by 2.5 percent in 2009, tourism activity remained vibrant from the continued influx of



returning overseas Filipinos and local tourists in the region. Tourists flock mainly to the provinces of Ilocos Norte, Ilocos Sur and Pangasinan.

- The increase in tourist arrivals in the Caraga region can be attributed mainly to the opening of more flight routes and new flight schedules in the cities of Butuan, Surigao and Tandag.
- Meanwhile, tourism activity remained strong in the NCR despite the decline in the number of foreign tourists in 2009. This is due to the continued arrival of returning overseas Filipinos and local tourists in the region.

Inflation

Lower food prices push inflation down in 2010

| Region | 2010 | 2009 |
|-----------------------------|------|------|
| PHILIPPINES | 3.8 | 3.2 |
| 1 NCR | 4.0 | 1.6 |
| 2 CAR | 4.2 | 3.6 |
| 3 Ilocos Region (I) | 2.5 | 3.5 |
| 4 Cagayan Valley (II) | 3.6 | 5.3 |
| 5 Central Luzon (III) | 3.1 | 3.9 |
| 6 CALABARZON (IV-A) | 4.5 | 3.2 |
| 7 MIMAROPA (IV-B) | 4.0 | 3.1 |
| 8 Bicol Region (V) | 4.0 | 4.5 |
| 9 Western Visayas (VI) | 2.9 | 4.8 |
| 10 Central Visayas (VII) | 3.5 | 2.7 |
| 11 Eastern Visayas (VIII) | 2.9 | 5.5 |
| 12 Zamboanga Peninsula (IX) | 3.3 | 3.6 |
| 13 Northern Mindanao (X) | 3.3 | 4.4 |
| 14 Davao Region (XI) | 4.1 | 4.6 |
| 15 SOCCSKSARGEN (XII) | 4.4 | 4.0 |
| 16 ARMM | 6.1 | 5.4 |
| 17 Caraga | 3.8 | 4.6 |

- Inflation averaged 3.8 percent in 2010, well within the 3.5-5.5 percent target range for the year but higher than the 3.2 percent average in the previous year. Lower food inflation in 2010 relative to the level in 2009, due to favorable supply conditions in the domestic market, was more than offset by higher non-food inflation due, in turn, to the surge in the prices of electricity and petroleum products.
- For the whole year of 2010, inflation rates declined in most regions, except in NCR, CAR, Calabarzon, Mimaropa, Central Visayas, SOCCSKSARGEN and ARMM from the comparable period in 2009.
- The decline in inflation in most regions was brought about by the downtrend in the prices of food, beverage and tobacco (FBT) during the first two quarters of 2010 as supply recovered from the impact of the previous year's typhoons. The fall in inflation resumed in the fourth quarter with lower prices of fruits and vegetables and reduced meat inflation, after increasing in the third quarter due to the rise in prices of sugar and major cereal grains. The year-on-year decline in inflation was notably evident in Cagayan Valley and Western as well as Eastern Visayas.



Employment

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

| Region | 2009 | | | 2010 | | |
|--------------------------|------------|--------------|------------------|------------|--------------|------------------|
| | Employment | Unemployment | Underemployment* | Employment | Unemployment | Underemployment* |
| PHILIPPINES | 92.5 | 7.5 | 19.1 | 92.7 | 7.3 | 18.7 |
| NCR | 87.2 | 12.8 | 12.5 | 88.5 | 11.6 | 11.9 |
| CAR | 95.4 | 4.6 | 17.6 | 94.9 | 5.1 | 15.7 |
| Ilocos (I) | 91.8 | 8.2 | 16.8 | 91.5 | 8.5 | 14.8 |
| Cagayan Valley (II) | 97.2 | 2.8 | 15.2 | 96.3 | 3.7 | 14.7 |
| Central Luzon (III) | 90.8 | 9.2 | 7.8 | 91.3 | 8.7 | 9.1 |
| CALABARZON (IV-A) | 89.6 | 10.4 | 16.5 | 90.5 | 9.5 | 17.4 |
| MMAROPA (IV-B) | 95.6 | 4.4 | 26.0 | 95.6 | 4.4 | 23.6 |
| Bicol (V) | 94.2 | 5.8 | 36.2 | 94.1 | 5.9 | 36.8 |
| Western Visayas (VI) | 93.0 | 7.0 | 25.7 | 92.9 | 7.1 | 26.7 |
| Central Visayas (VII) | 92.5 | 7.5 | 14.8 | 92.4 | 7.6 | 16.4 |
| Eastern Visayas (VIII) | 94.6 | 5.4 | 26.4 | 94.5 | 5.5 | 20.9 |
| Zamboanga Peninsula (IX) | 96.4 | 3.6 | 23.6 | 96.3 | 3.7 | 21.3 |
| Northern Mindanao (X) | 95.1 | 4.9 | 27.5 | 95.0 | 5.0 | 28.0 |
| Da vao (XI) | 94.1 | 5.9 | 20.4 | 93.9 | 6.1 | 19.9 |
| SOCCKSARGEN (XII) | 95.9 | 4.1 | 21.0 | 95.6 | 4.4 | 20.8 |
| Caraga (XIII) | 94.2 | 5.8 | 26.9 | 93.5 | 6.5 | 22.2 |
| ARMM | 97.7 | 2.3 | 12.8 | 96.2 | 3.9 | 13.5 |

*Underemployment rate is the proportion in percent of the total number of underemployed persons to the total number of employed persons. Underemployed persons include all employed persons who express the desire to have additional hours of work in their present job or an additional job, or to have a new job with longer working hours.

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

- Based on the average data of the four LFS rounds (i.e., January, April, July and October 2010) of the NSO in 2010, three regions recorded the highest employment rates in the country, namely: Cagayan Valley (96.3 percent), Zamboanga Peninsula (96.3 percent) and the ARMM (96.2 percent). These rates were, however, lower than the previous year's levels. The lowest employment rate was posted by the NCR at 88.5 percent. Employment rates declined for most regions in 2010, except for Central Luzon and CALABARZON.

- The high employment rate in Cagayan Valley is reflective of the flourishing tourism industry in the region in 2010. The increase in employment rate in the Zamboanga Peninsula could be due in part to the improving economic condition of the region, which has led to increased investments and more upbeat business activities. Meanwhile, the favorable employment opportunities in the ARMM is attributed to the government's continuing efforts to address the employment needs of the internally-displaced persons of the region through its implementation of the Comprehensive Livelihood and Emergency Employment Program (CLEEP), and other livelihood programs such as the Kapit-Bisig Laban sa Kahirapan (KALAH) project, Gulayan Para sa Masa and Tindahan Natin.

- Employment levels in 2010 grew, notably in the NCR (207,000), CALABARZON (189,000), Central Luzon (141,000) and Central Visayas (135,000). Meanwhile, job losses were recorded in the regions of Cagayan Valley (-6,000) and Eastern Visayas (-2,000).

- Five regions posted unemployment rates that were higher than the national average of 7.3 percent, namely: the NCR, CALABARZON, Central Luzon, Ilocos and Central Visayas.



- The lowest underemployment rate was recorded in Central Luzon, while the Bicol Region posted the highest underemployment rate.

Region in Focus: Bicol

By Florinda A. Joson and Sharon B. Moyano

A region at the southern tip of Luzon, Bicol has been gaining attention because of the resurgence of visitors in its key tourist attractions, such as the whalesharks (locally known as Butanding) in Sorsogon, Caramoan beaches and the majestic Mayon Volcano. But there are more facts and places to discover in this promising economic region in the South.

Bicol, the fifth administrative region of the country, is chiefly agricultural. It covers a land area of 1.8 million hectares, making up about 6 percent of the country's total land area of 30 million hectares. The region's croplands consist of areas devoted mainly to the growing of rice, corn, coconut, abaca, and sugarcane.

Bicol is composed of four mainland provinces (Albay, Camarines Sur, Camarines Norte, and Sorsogon) and two island provinces (Catanduanes and Masbate). It has a total of seven cities and 107 municipalities, subdivided into 3,471 barangays. As of 2007, the region's population reached about 5 million or 5.7 percent of the country's total population, growing at an average of 1.2 percent between 2000 and 2007.

The region is blessed with natural resources: volcanoes, mountains, lakes, caves, beaches, hot and cold springs, and forest reserves. Each province boasts of many natural wonders, the more famous ones are: Mt. Mayon in Albay Province; Caramoan white sand beaches in Camarines Sur; and Bagasbas surfing beach in Camarines Norte.

Mineral resources also abound in Bicol, particularly gold, copper, zinc, silver, iron, and perlite. At present, the region hosts three large-scale mining projects, namely, the Masbate Gold Project (Aroroy, Masbate), the Quarry & Cement Plant Project (Camalig, Albay) and the RapuRapu Polymetallic Project (Rapurapu, Albay). Mineral products produced in these mining operations include gold ore, copper, zinc concentrates and cement.

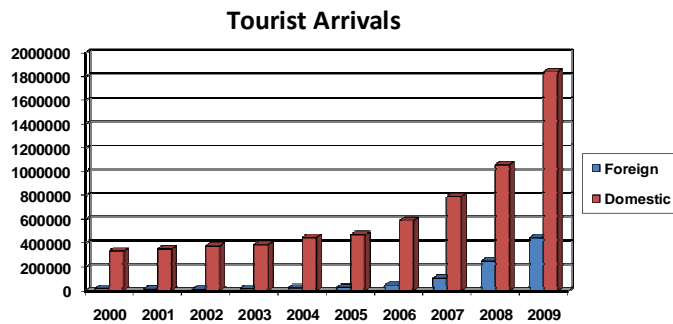
Bicol supplies most of the power requirements in the Luzon grid as two major geothermal fields are situated in the region, namely, Bacun-Manito (Bacman) and Tiwi geothermal plants.³

Tourism is the main driver of Bicol's economy. Tourist arrivals, both domestic and foreign, have been growing steadily from a total of 637,127 tourist visits in 2006 to 3.1 million in 2010, representing an average annual growth of 45 percent. The region has been gaining widespread popularity as the venue for international sports competitions (e.g., 2010 Amazing Race Asia Season 5, 2010 Water Summit Marathon, 2010 International Kiteboarding Competition, 2010 International Dragon Boat Competition, 2008 World Wakeboarding Competition, 2007 International Surfing Competition and the

³ These power plants are currently undergoing rehabilitation so as to increase their generating capacities.



annual Ironman 70.3 Triathlon Philippines). The region expects to host more of these



same events as the Department of Tourism of Region V (DOT-V) aggressively promotes Bicol in its international and national tourism exhibits. The private sector has responded to the growing need for tourist-friendly facilities through the construction of new hotels, resorts, and restaurants.

Moreover, additional infrastructures are being constructed to support the region's growing economy. These include the construction of the South Bicol International Airport, the rehabilitation of the Philippine National Railways (PNR) that will resume train travel from Manila to Bicol, flood mitigation components of the Bicol River Basin and Watershed Management Project, development of Roll-on, Roll-off (RORO) ports along the Strong Republic nautical highway that will facilitate travel from Luzon to the Visayas and Mindanao, and a new road network that would directly link four towns of Albay province (Camalig, Guinobatan, Jovellar and Daraga) to the town of Donsol in Sorsogon province.

As a disaster-prone area, the region is committed in its efforts toward disaster-risk reduction and climate change adaptation measures to ensure zero or minimum damage to lives and properties during disasters. Disaster-risk reduction management offices are being setup at the provincial level. The updating and preparation of multi-hazard maps at the barangay level are also ongoing. The region has also set up a Climate Change Academy (which will hold classes at Bicol University), the first of its kind in the country, that is aimed at providing a focused competency development program for disaster risk reduction and management.

The region continues to face the challenge of eradicating poverty and reducing the level of unemployment. Bicol registered an average unemployment rate of around 6 percent in 2009-2010, falling at the top half of regions with the highest unemployment rates. Nonetheless, with the long list of current positive developments, the region has a strong chance of overcoming these challenges. If economic growth is sustained, the region is poised to become one of the most progressive regions of the country in the coming years.

Sources:

NEDA V website, MGB V website, consultations with the staffs of NSO V, DTI V and NSCB V.



Demand and Supply Conditions

- In 2010, the country's real GDP expanded to a 34-year high of 7.3 percent, surpassing the government's target of 5-6 percent. Economic growth was underpinned by strong domestic demand as private consumption and capital formation posted notable gains. The turnaround in exports, from a 13.4 percent contraction in 2009 to a 25.6 percent in 2010, also lent support to the economy. On the supply side, the strong performance of the industry and services sectors more than offset the contraction in the agriculture sector.
- In the agriculture sector, the production of palay and corn declined due to adverse weather conditions brought about by the El Niño phenomenon. Super typhoon Juan also weighed down on crop production in October 2010, particularly in the northeastern part of Luzon.
- The construction of residential buildings declined by 10.1 percent in the first half of 2010. Construction activities in Central Luzon, which accounted for 16 percent of the country's total construction activities, fell by a half. However, the countrywide decline was partly offset by continuing rehabilitation works in the areas hit by typhoons Ondoy and Santi in 2009.
- Financial market conditions in 2010 remained favorable, underscoring the country's healthy financial system. Banks' total loan portfolio and deposit liabilities continued to increase, leading to stable loans-to-deposits ratio.
- Employment rate rose slightly to 92.7 percent in 2010 from the previous year's 92.5 percent. The employment rate in the regions of Cagayan Valley, Zamboanga Peninsula and ARMM reached more than 96 percent. In contrast, the NCR posted the lowest employment rate of 88.5 percent.
- For the first quarter of 2011, inflation averaged 4.1 percent, which remained well within the



government's target range of 3-5 percent for 2011. Emerging inflationary pressures including the rise in international prices of food and fuel commodities and their possible second-round effects have prompted a calibration of monetary policy to rein in the buildup of price pressures.

Opportunities and Challenges

- The government's PPP initiatives will spur infrastructure development programs in the regions. Tourism-oriented projects such as the construction of resorts, and improved public security and transportation services are also seen to boost further the tourism industry across the regions. Furthermore, capacity-building seminars by NGOs and various government agencies are expected to encourage entrepreneurial activities and improve productivity. In the AFF sector, rebuilding programs are expected to help the sector recover from the losses and damages brought about by adverse weather conditions.
- A major challenge in regional development is the rising prices of oil, which could trigger increases in the prices of major commodities and utilities. Moreover, the prospects of extreme weather conditions as a result of climate change is a concern in the regions, especially for those who are heavily dependent on the agriculture sector. The timely implementation of infrastructure projects is also crucial in regional development.



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Sources of data and other information:

- Bureau of Agricultural Statistics, Department of Agriculture (BAS-DA)
 - Palay, corn and banana production
 - Cattle, chicken and swine production
 - Fishery production
 - Performance of the Philippine agriculture
- Bureau of Fisheries and Aquatic Resources (BFAR)
- National Economic and Development Authority (NEDA)
 - Regional Economic Situationer
- National Statistics Office (NSO)
 - Approved building permits and housing starts
 - Residential building constructions started



- Inflation
- Employment
- Supervisory Data Center, Bangko Sentral ng Pilipinas (SDC-BSP)
 - Loans
 - Deposits
 - Bank density
 - Microfinance
- Various newspapers articles and websites



Annex A

ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|-------------------------|-----------------------------------|---|
| A. Opportunities | | |
| NCR | | <ul style="list-style-type: none"> • Signing of a Memorandum of Understanding (MOU) on 18 March 2011 by the Metropolitan Manila Development Authority (MMDA) and the Metro Manila Mayors' Spouses Foundation, Inc. (MMMSFI) to strengthen cooperation on the metro-wide implementation of the MMDA's flagship urban facelift program, "Metro Ko, Love Ko." The program was initially launched as an anti-littering advocacy campaign, but has since been expanded to include the seven mandated functions of the MMDA, namely: development planning; traffic and transport management; solid waste disposal and management; flood control and sewerage; urban renewal, zoning and land use planning; health and sanitation; and public safety. • Opening in May 2011 of the two lanes of the extension to the Road 1 Manila-Cavite Toll Expressway Project, (commonly known as Coastal Road) from Zapote, Las Piñas to Kawit, Cavite. The new road is expected to ease traffic in the Coastal Road, which is used daily by about 80,000 vehicles. |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|-------------------|--|---|
| <p>CAR</p> | <ul style="list-style-type: none"> • Conduct of a study by the provincial government of Benguet that aims to improve the quality and quantity of strawberries being grown in the capital town of La Trinidad. In particular, the Provincial Agriculture Office of Benguet is currently conducting an experiment on the production of an all-season strawberry variety to accommodate the demand for strawberry throughout the year. • Provision by the Department of Labor and Employment (DOLE) of a new mechanized coffee roaster-grinder, which is aimed at boosting Kalinga’s civet coffee production. The Gawidan Coffee Farmers Association (GCFA), producers of Civet Brewed Coffee and Kalinga Mountain Brewed Coffee, can now expand their production volume to meet the increasing demand for their product. | <ul style="list-style-type: none"> • Invitation by the city government of Baguio to website developers to submit proposals for the creation of an all-integrated travel website for the city. The objective of this project is to make it easier for people to access information on and travel to Baguio City through the use of the internet. • Opening of Baguio’s newest tourist attraction, the Tree Top Adventure in Camp John Hay. The Tree Top Adventure in Baguio is a third of its kind in the country and features activities such as trekking, canopy ride, zipline ride and tree bungee drop. • Provision by the Department of Science and Technology-CAR (DOST-CAR) of funds amounting to ₱14 million to assist 38 Micro Small and Medium Enterprises (MSMEs) in the region under its Small Enterprise Technology Upgrading Program (SETUP) Program. The amount of funds assistance provided to each MSME ranges from as low as ₱50,000 to as high as ₱1.5 million, depending on the project proposal of each requesting MSME. The SETUP initiative hopes to improve MSMEs’ productivity and competitiveness through the infusion of new or advanced technologies, manpower training, design of functional packages and labels, and the establishment of product standards, including testing and database information |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|-----------------------------|--|---|
| | | <p>system.</p> <ul style="list-style-type: none"> • Initiative by the Environmental Management Bureau (EMB) and the Mining and Geosciences Bureau (MGB) to educate LGUs against the use of mercury among small-scale miners after they discovered traces of water pollution in three rivers in Kalinga. Test results on metal contents in the Chico, Pasil, and Saltan rivers in the province show that the presence of mercury is beyond the allowable level. Small-mining operations and the dumping of pharmaceutical wastes are the possible sources of the water pollution. |
| <p>Ilocos Region</p> | <ul style="list-style-type: none"> • Intensification efforts by the Office of the Provincial Agriculturist (OPAG) in La Union of the production of hybrid rice, off-season vegetables and exotic fruits to transform the province into a commercial producer of these commodities. In addition, a ₱6-million La Union Agriculture Development and Processing Center will also be established in the province. • Conduct of a series of clearing and dredging operations along the rivers in Binmaley, Bugallon, Lingayen and San Carlos City in Pangasinan. The dredging project aims to | <ul style="list-style-type: none"> • Constuction by Alaminos City of a zipline facility at the Hundred Islands National Park (HINP). The facility, an added attraction to the city's 1,844-hectare marine park, will traverse the Governor's, Children's, Braganza, Martha and Ramos islands. The zipline's construction, which will be undertaken through the PPP initiative, will boost the park's popularity with local and foreign tourists. • Development in La Union of the San Juan Surfing Area and the establishment of a Tourism One-Stop-Shop and Trade Center in Rosario town. These projects will be undertaken by the Provincial Tourism Council of La Union, which is also tasked to formulate a Provincial Tourism Master Plan. |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|--------|--|---|
| | <p>improve the waterways in the province in order to prevent fish kills that have affected adversely the province's fish production.</p> | <ul style="list-style-type: none"> • Provision of a start-up assistance fund worth ₱820,000 to women's groups and small-scale industries in Pangasinan. The provincial livelihood assistance program under the supervision of the Provincial Population Office, gives assistance in the form of loans as start-up capital for small-scale businesses. Moreover, the program allows farmers to avail of loans at relatively lower interest rates. |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|------------------------------|---|--|
| <p>Cagayan Valley</p> | <ul style="list-style-type: none"> • Creation of drop-off points and bay areas for fruits and vegetables produce in Nueva Vizcaya. The project, which is an initiative of the province’s agricultural terminal and Save More Corp., is expected to boost agricultural crop production. | <ul style="list-style-type: none"> • Construction, rehabilitation and development of properties and infrastructure damaged by recent typhoons. • Commencement of operations of investment projects under the Board of Investments (BOI), such as the Gold Extracting/Producing Project, Biomass Energy Plant of Lucky PPH International and the Mini-Hydro Project of Smith-Bell Corp., among others. These projects are expected to spur the industry and services sectors as well as create more employment opportunities in the region. |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|-----------------------------|--|--|
| <p>Central Luzon</p> | <ul style="list-style-type: none"> • Restoration and rehabilitation of Bulo Dam and Bulacan Bulk Water for irrigation, which is expected to lead to improved farm productivity in the region. • Establishment of techno-demo farms in Bulacan, which are aimed at boosting agricultural production. • Establishment of three units of greenhouses in Tarlac, which will allow vegetable farms to improve the production of high-value crops. • Implementation of the Organically-Grown Food Production Program that will result in increased food production in the upland areas of Tarlac. • Investment of a ₱1.0 billion hog facility in Concepcion, Tarlac by Charoen Pokphand Foods, a wholly-owned subsidiary of Thailand's Charoen Pokphand Foods Public Company Limited (CPF). • Use of improved and modern technology in Nueva Ecija for rice farming that is expected | <ul style="list-style-type: none"> • Operation of the region's big ticket investment projects, as follows: <ul style="list-style-type: none"> ○ Integrated Meat and Poultry Processing, Inc. in Bataan; ○ Indophil Acrylic Manufacturing Corporation, Indophil Textile Mills, Inc. in Bulacan; ○ Marymar Livestock Enterprise Corp. & Eagle Cement in Bulacan; ○ Agri-Bioscience Inc., Llanera Grains Complex & JMV Rice Mill in Nueva Ecija; ○ Summerfield Homes, RC Ramos Construction Corporation, Satellite Cable Network, Inc., Waltermart, Holy Angel University, and Road to Heaven Corporation in Pampanga; ○ SM Mall in Tarlac City; and ○ Yeni Mining Corp., Kinghood Corp. & Exact Star Subic Bay Corporation in Zambales. • Participation of DTI-Region III in the Outbound Investment Mission to New Jersey and Chicago, USA, which was organized by the Central Luzon Growth Corridor Foundation, Inc. (CLGCFI). The mission aimed to promote Central Luzon as an investment destination. Specifically, it facilitated business-matching activities for possible joint ventures on specific projects as well as promote Central Luzon's investment priority areas including health and wellness/retirement, food, tourism, and manufacturing |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|--------|---|---|
| | <p>to increase rice production in the province.</p> <ul style="list-style-type: none"> • Provision by the Philippine Carabao Center (PCC) of technological support to upgrade dairy products from native carabaos and increase production of Murrah Buffalos, making Nueva Ecija to be known as the National Impact Zone for Dairy Buffalo production. | <p>through the conduct of business meetings and company visits.</p> <ul style="list-style-type: none"> • Extension of assistance to the 2,457 existing and 657 new MSMEs. The assistance extended to MSMEs ranged from business consultancy and information services, to product development, trainings/seminars, accreditation, financing, market matching and participation at local trade fairs. • Conduct of “Go Negosyo” seminars in the region, which were participated in by private and government sector representatives, students and educators from the academe, and NGOs from Central Luzon. “Go Negosyo” conducts forums and expos in key cities around the country, it allows for interaction via forums and mentoring between participants and “Go Negosyo” entrepreneurs. • Identification of two LGUs, Lubao, Pampanga and Baler, Aurora that will implement the Local and Regional Economic Development (LRED) Program. LRED implements a participatory, action-oriented and holistic approach, wherein public and private stakeholders jointly improve the conditions for economic growth and employment generation. • Implementation of several initiatives by the provincial government of Bulacan to improve the business |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|--------|-----------------------------------|---|
| | | <p>environment in the province, such as the following:</p> <ul style="list-style-type: none"> ○ Conduct of training for women in meat processing, such as tocino, longanisa and hamburger processing; ○ Conduct of capability-building seminar among cooperatives to enhance their business operations; and ○ Mentoring of potential stallholders for the North Food Exchange Center. <ul style="list-style-type: none"> ● Improvement of farm-to-market roads in Bulacan. ● Continued access to the Subic-Clark-Tarlac Expressway (SCTEx), which has boosted Tarlac’s economy through its viability and accessibility to Metro Manila and nearby provinces. ● Assistance extended by the DOST to firms in Nueva Ecija through the Manufacturing Productivity Extension Program (MPEX), which is expected to enhance their production process and capacity. ● Conduct by the DTI-Nueva Ecija of 50 trade-related productivity and technology training seminars involving 2,168 participants. |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|--------------------------|---|--|
| <p>CALABARZON</p> | <ul style="list-style-type: none"> • Continued animal dispersal program in Lucena City. • Launch of the DTI’s Cream Dory Fish Production Program. • Distribution by Laguna’s Office of the Provincial Agriculturist of Robusta coffee seedlings to coffee growers in the province. • Allocation of ₱50 million by the Land Bank of the Philippines (LBP) – Laguna Branch to fund the food supply chain program of farmers and fishermen. • Distribution of new farm machineries and equipment to the farmers of Lucena City through the district’s Countryside Development Fund. • Conduct by the DOST Region IV-A of a high impact project (HIP) on tropical wines and distilled spirits (e.g., lambanog). • Opening of the night market in Cuenca, Batangas. | <ul style="list-style-type: none"> • Establishment of a local packaging service center by the DOST-CALABARZON’s Tanauan Packaging Service Center and the Packaging Research and Development Center of the Philippines (DOST-PRDCP). To date, these centers have developed packaging and labeling systems for various products for about 100 firms. • Crafting by the Laguna Lake Development Authority (LLDA) of a new master plan for the development and protection of Laguna de Bay in order to protect and prolong the life of the country’s largest freshwater lake, which is an important source of water for fishery, aquaculture and irrigation in the region. • Establishment of the Disaster Monitoring and Feedback System by the DOST Region IV-A and the Regional Risk Reduction and Management Council. The system consists of an automated information dissemination of weather bulletins, feedback mechanism that captures and stores data on actual weather condition in the locality, as well as early warning and public inquiry systems. • Provision by Petron of financial assistance, dubbed as “Tulong Puhunan” to small and medium scale entrepreneurs in the municipality of Rosario, Cavite. • Signing of an agreement between the provinces of Laguna and Ganza, China to be “Sister Provinces.” Included in the |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|------------------------|--|--|
| | | <p>agreement are provisions on economic cooperation, experts exchange program and sectoral exchange program, among others.</p> <ul style="list-style-type: none"> • Provision by the DOST Region IV-A of training to street food vendors on the safe and hygienic ways of food handling, preparation and distribution. • Opportunities brought about by the 2010 Texas Trade, Tourism and Humanitarian Mission to CALABARZON: <ul style="list-style-type: none"> ○ Orders of coco-sugar from a supplier from Quezon; ○ Establishment of distributors in the US for local handicrafts; ○ Possible utilization of local call centers and Business Process Outsourcing (BPO) firms for paralegal and transcription services of law firms in the US; ○ In the field of medical tourism, local doctors and dentists provide complex medical procedures at lower costs compared to their counterparts abroad; and ○ Recruitment of engineers and nurses for US employment. |
| <p>MIMAROPA</p> | <ul style="list-style-type: none"> • Establishment of a poultry contract growing operation by San Miguel Corporation (SMC) in Oriental Mindoro. Poultry contract growers will provide poultry houses, feed warehouse, water electricity and labor, while SMC will provide day-old chicks, broiler feeds, vaccines | <ul style="list-style-type: none"> • Upgrading of the Mindoro Occidental – Mindoro Oriental East Coast Road. • Construction of a new public market in Looc, Romblon. • Creation of the MIMAROPA Communication Network based on the concept of the Radio Network System of |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|---------------------|---|---|
| | <p>and medicines.</p> <ul style="list-style-type: none"> • Distribution of shallow tube wells and low lift pumps to farmers’ organizations in Oriental Mindoro. • Rehabilitation of irrigation canals in Palawan. • Distribution by the Department of Agriculture (DA) of fingerlings and other materials for bangus and lapu-lapu marine cage culture in the region. • Continued distribution by the Bureau of Fisheries and Aquatic Resources (BFAR) of seaweeds planting materials and provision of technical assistance to fishermen. • Information campaign by Oriental Mindoro’s Provincial Agriculture Office-Fishery and Coastal Management Division and the City College of Calapan on marine conservation in the Calapan City, Oriental Mindoro. | <p>Marinduque.</p> <ul style="list-style-type: none"> • Establishment of Chambers of Commerce in all the provinces of the region. • Use of the Community Based Monitoring System (CBMS), a locally-generated data on demographics and income, for planning and fund sourcing. |
| <p>Bicol</p> | <ul style="list-style-type: none"> • Availability of facilities to support the region’s high value products, including: | <ul style="list-style-type: none"> • Completion of 532 infrastructure projects in the region, such as the construction of roads, bridges, water supply and school buildings. |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|--------|--|--|
| | <ul style="list-style-type: none"> ○ Coco-coir Processing & Marketing Facility; ○ Pineapple Decortication¹ and Marketing Facility; ○ Abaca Fiber Extraction and Marketing Facility; and ○ Cassava Production, Processing and Marketing Facility. <ul style="list-style-type: none"> ● Demand by Hongkong and Singapore for organic rice produced in the region. ● Allocation by the DA of a ₱150-million budget for pili development. | <ul style="list-style-type: none"> ● Allocation by the Regional Development Council (RDC)-V of funds amounting to ₱1.4 billion to fast-track the completion of two major infrastructure projects: the Bicol International Airport and the dredging of the Bicol River Basin. ● Infusion of fresh capital investments through the RDC V for infrastructure development. The Bicol Regional Development Plan for 2011-2016 has drawn up a list of infrastructure development strategies, which will be crucial for disaster risk reduction and regional economic growth. ● Release of ₱66.8 million by the Department of Social Welfare and Development (DSWD) Region V for the Bicol Recovery Project, which is a two-year project to support typhoon victims. ● Selection of Bicol as one of the areas for the Millennium Development Goals (MDG) Fund Initiative, a program that aims to enhance the provision of and access to water services of poor communities. ● Establishment of a Climate Change Academy (CCA) in Albay, a first of its kind in the country that is aimed at providing focused competency development program for adaptation, disaster risk reduction and management. |

¹ Decortication is a procedure involving the surgical removal of the surface layer, membrane, or fibrous cover of an organ of an animal or plant.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|-------------------------------|---|---|
| | | <ul style="list-style-type: none"> • Purchase by the Energy Development Corp. (EDC) of the 150-megawatt Bacman geothermal power plant from the Power Sector Assets and Liabilities Management Corp. (PSALM). The main focus of the EDC is to rehabilitate the plants and restore capacity and reliability factors to 100 percent to add clean, reliable and much-needed power to the Luzon grid. |
| <p>Western Visayas</p> | <ul style="list-style-type: none"> • Proposal by the DA for the expansion of the coffee industry in Western Visayas. In particular, the DA proposed the expansion of some 70 hectares of coffee farmland in the region and urged farmer associations to consider the coffee industry as a long-term alternative livelihood aside from corn and rice production. • Conduct by the Aklan provincial government of a “Farmers Field Day” to demonstrate the hybrid rice compact technology, which produced 85 graduates, to help improve rice production in the province. The provincial government likewise distributed 668 bags of hybrid rice seeds and 125 bags of hybrid corn seeds to local farmers. | <ul style="list-style-type: none"> • Completion of major infrastructure development projects, such as the following: 1) the ₱30-million circumferential road in Boracay Island; 2) the ₱76-million Aklan East Road; 3) the ₱45-million secondary road in Sibalom and San Remegio in Antique; 4) the ₱400-million Bacolod North Road; and 5) the ₱400-million Bacolod South Road. • Designation of the Department of Energy (DOE) of Western Visayas as a laboratory for bio-energy and renewable fuels. Four hydropower projects were already completed in the region, namely: the 40-Kw Canauilan-Barasalon micro-hydro power plant, the 32-Kw Balea micro-hydro power plant, the 32-Kw Vergara-Magtuod micro-hydro power plant, and the 21-Kw Baclao micro-hydro power plant. The former is located in Iloilo, while the latter three are located in Negros Occidental. • Restoration of the pre-departure and family assistance |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|--------|---|---|
| | <ul style="list-style-type: none"> • Assumption of control by the local government of Capiz and the BFAR of some traditional fish landing centers in certain municipalities to improve the production of oysters, mussels and other aquatic species. • Distribution by the local government of Capiz of palay seeds to farmers under the DA Rice Program. • Implementation of the Organic Agriculture Act of 2010 (Republic Act No. 1068) in Iloilo. The act mandates the establishment of a comprehensive National Organic Agricultural Program (NOAP) that will promote, commercialize, and cultivate organic farming methods through farmers' and consumers' education. • Construction of the ₱352 million rice processing complex in Pototan, Iloilo funded by the Korean International Cooperation Agency (KOICA). The complex will house rice processing equipment, top-of-the-line rice mill, dryer and trucking services equipment. • Intensification by the Provincial Veterinary | <ul style="list-style-type: none"> loans to Overseas Filipino Workers (OFWs). The pre-departure loan was intended to cover the expenses of OFWs while they are still awaiting the processing of their documents. The family assistance loan is also extended to beneficiaries of OFWs who are still waiting for the first remittance from abroad. • Commencement of the multi-billion dollar project of the Akean Resorts Corporation, in partnership with Alphaland Corporation. The project has started Phase 1 of the construction in the 500-hectare property in Malay and Nabas of a world class resort. • Continuation of major infrastructure projects in Aklan, including the upgrading of the Caticlan Jetty Port in Malay, concreting of Cagban-Bantod Road in Manoc-manoc, Boracay, the concreting of Malay-Buruanga road, dredging of Aklan River, the construction of Guadalupe Bridge in Banga and Madalag and the construction of a perimeter fence at the Provincial Capitol Compound. • Commencement of the operation of the 12-MW Biomass plant, the first of its kind in the country, in Banga, Aklan. By supplying agricultural waste products as fuel to the biomass plant, farmers are seen to have additional income other than their usual crop production. |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|--------|---|--|
| | <p>Office of Negros Occidental of its cattle-breeding program with the arrival of one hundred Brahman Heifers cattle breed. The project is part of the Negros First Priority Development Agenda, which aims to fortify the livestock industry and help address the decline of cattle population in Negros.</p> <ul style="list-style-type: none"> • Production of sugarcane juice as Negros' second major product from sugarcane next to bioethanol. • Proposal for the establishment of a modified mariculture² park in a coastal residential area in Bacolod City with the goal to produce high-value marine products. • Encouragement by the DA Region VI of investments in the cassava production industry. The demand for the crop has increased due to its use as an ingredient in animal and fish feeds, textile glue and pharmaceutical products. The DA also developed new cassava varieties with high yield potential and faster growth rate, | <ul style="list-style-type: none"> • Implementation by the DPWH of 13 infrastructure projects under the Bridge Program Office (BPO) in Antique Province, particularly in the municipalities of Valderama, Tobias Fornier, Anini-y, Hamtic and Sibalom. The said projects were funded under Contract Package IV of the Urgent Bridges Construction Project for Rural Development. • Provision of identification cards for persons with disabilities (PWDs) that feature discounts on their purchases from various business establishments in Antique. The PWD identification cards are processed at the Municipal Social Welfare Development Office. • Completion of the highway construction in Sigma and Dumarao, Capiz. The rehabilitation of the highway will improve the delivery of agricultural products to the neighboring towns and Roxas City. • Completion of the repair of bridges in Western Visayas that were damaged by Typhoon Frank in 2008. The damaged bridges in Iloilo included Tigum and Amerang in Cabatuan; Daja and Tubang in Maasin; Baltazar Aquino in Leon; Camanggahan in Guimbal; and Misi and Pajo in Lambunao. • Grant of a ₱500 million loan to the provincial government |

² Mariculture is a specialized branch of aquaculture involving the cultivation of marine organisms for food and other products in the open ocean, an enclosed section of the ocean, or in tanks, ponds or raceways which are filled with seawater.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|--------|--|--|
| | <p>provided post-harvest equipment, and conducted trainings on cassava propagation.</p> <ul style="list-style-type: none"> • Proposal by Ginebra San Miguel Inc. (GSMI) in Bago City, Negros Occidental to use 4,000 metric tons of dried cassava chips monthly as raw material for alcohol production. GSMI also invited the cassava growers in the city to sell their produce through a production purchase agreement where the company will provide free cassava planting materials to the farmers. • Proposal by the DTI-Negros Occidental for the implementation of an engineered bamboo or e-bamboo project in Talisay City. The project aims to showcase the various potential uses of bamboo, which range from furniture to tiles or planks and also as substitute for other wood products. • Construction by the Green Power Negros Philippines, Inc. of a 35-megawatt multi-fuel biomass power plant at the Northern Negros Agro-Industrial Economic Zone in Sagay City. The proposed biomass plant is expected to provide much-needed electricity in the | <p>of Iloilo to upgrade the facilities and finance health programs of district hospitals in the province. These hospitals include the Iloilo Provincial Hospital, the Sara District Hospital, the Guimbal District Hospital and the Ramon Tabiana District Hospital.</p> <ul style="list-style-type: none"> • Proposal for the ₱12 million repair and rehabilitation of the Iloilo Sports Complex in preparation for the Western Visayas Regional Athletic Association Meet 2011. • Implementation of the road maintenance and rehabilitation projects in Guimaras, funded by the Australian Aid for International Development (AusAID). • Implementation of infrastructure programs under the United States Agency for International Development (USAID) in Iloilo City, particularly as a fuel source. The clean energy project will use waste cooking oil as a fuel source. The project will use vegetable cooking oil as biofuel for heavy machineries such as boilers, turbines and engines. • Implementation of a tourism master plan by the Metro Iloilo-Guimaras Economic Development Council. The tourism master plan intends to improve economic programs and projects in the region. • Donation of 10 “E-Jeeps” (battery operated jeepneys) to |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|--------|---|---|
| | <p>province using renewable sources of energy.</p> <ul style="list-style-type: none"> • Institution by the DA of guidelines in selling meat in the region. Consumers in the region are advised to check the meat before buying to avoid buying a “double dead” meat. | <p>the Iloilo City government. These vehicles will be used exclusively by senior citizens and public school students in the city.</p> <ul style="list-style-type: none"> • Construction of a ₱25-million city college in Iloilo City starting in the second semester of 2010. The four-storey city college is located in Molo, Iloilo City. It will offer four-year courses to poor yet deserving students. • Conduct of an economic summit that will gather leaders from both private and government sectors in Negros Occidental to discuss business strategies aimed at revitalizing the agricultural sector, addressing the erratic power supply in the province and strengthening ties between the government and the private sector. • Proposal by the Negros Occidental provincial government to improve the sugar industry through the issuance of certain regulations, such as the premature harvesting of sugarcanes, among others. • Passage by the Sangguniang Panlalawigan in Negros Occidental of the Provincial Sustainable Tourism Code of 2010, which highlights the need to create a marketing arm for the provincial tourism industry, particularly a private sector-led Provincial Tourism Council. |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
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| | | <ul style="list-style-type: none"> • Provision by the Negros Occidental provincial government of free health care through the enrollment of 70,000 indigent Negrenses in the sponsorship program of PhilHealth. • Launch of the initial phase of the expansion project of the Ayala North Point TechnoHub, a BPO company, in Talisay City, Negros Occidental. The company will generate more than 15,000 jobs for the local community once completed by the first semester of 2011. • Renovation of the Banago Port Passenger Terminal in Bacolod City by the DOTC and the Philippine Ports Authority (PPA). • Conduct of a feasibility study by KOICA on the construction of bridges connecting the provinces of Iloilo, Negros, Cebu and Bohol. This is in line with the Multi-Industry Cluster Program of the Korean government in the Philippines, which aims to help cluster provinces into multi-industry complexes. • Commencement of shipping operations by Gothong Southern, a national shipping firm in Bacolod City. This additional shipping line is set to increase transport, cargo and consolidation activity in the city as well as complement the existing local shipping service providers. |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
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| | | <ul style="list-style-type: none"> • Selection by the Philippine Institute of Civil Engineers of “The Ruins,” a top tourist destination in Negros Occidental, as the 2010 Outstanding National Civil Engineering landmark. The award serves as a testament to the strength of Filipino engineers as the famous mansion embodies a historical representation and authentic use of Filipino materials and craftsmanship. • Proposed establishment of a hydro power plant in Bago River by private investors, who have already presented their detailed engineering plans to the provincial government. |
| Central Visayas | <ul style="list-style-type: none"> • Provision by the DOLE of ₱600,000.00 for agri-business assistance to farmers and farm workers in Naga, Cebu under the department’s Integrated Livelihood Project. The fund is meant to assist in corn trading and the upgrading of goat-raising in the municipality. • Establishment of the Government Agricultural Development Center (GADCENT) and the construction of several greenhouses for vegetable planting in Dumaguete City, Negros Oriental. | <ul style="list-style-type: none"> • Completion of PLDT’s Domestic Fiber Optic Network (DFON) Loop 4, enhancing the capability of IT and BPO products and services in Cebu. • Creation of 10,000 new jobs in Cebu with the entry of major BPO players eyeing for an expansion of their businesses in the province. • Construction of Skyrise 4 building located in Asiatown IT Park for BPO-IT companies in Cebu. The building will have an energy-efficient and environment-adaptable insulation system in its exterior, with low reflective glass windows. The project is set to be completed in the first semester of |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|--------|---|---|
| | <ul style="list-style-type: none"> • Distribution of 180 bags of palay seeds and 55 bags of corn white seeds to 345 farmers in the municipality of Sta. Catalina, Negros Oriental. • Completion of 6 greenhouses and installation of drip irrigation amounting to ₱220,000.00 and ₱24,980.00 per unit, respectively, in the municipalities of Asturias, Danao, Minglanilla, San Francisco and San Fernando in Cebu. • Completion of 8 poultry buildings with 20,000 per head housing capacity each in Marcela Farms in Alicia, Bohol. • Construction of a ventilated broiler farm with an estimated housing capacity of 15,000 heads in Quinogitan, Bohol. • Conduct of a region-wide Hemorrhagic Septicemia Vaccination for cattle, carabaos and goats in response to the deteriorating | <p>2011 and will employ about 300-400 construction workers.</p> <ul style="list-style-type: none"> • Improvement of roads in Bais City, and the municipalities of Mabinay, La Libertad-Guihulngan and Dumaguete-Bacong in Negros Oriental. • Inauguration of Accenture’s (a technology services and outsourcing company) second facility in Cebu as part of its strategic growth program in Cebu. • Foundation of the Cebu Creative Council, which aims to recognize the creative industry in Cebu City.⁴ • Selection of Metro Cebu by the Intellectual Property of the Philippines (IP Phils) and the World Intellectual Property Organization (WIPO) as one of the pilot areas for the establishment of patent libraries. It will help businesses know about the latest and existing patented technologies they could apply license for. • Purchase by Cebu’s Center for Sight of a ₱30-million Allegretto Wave Eye-Q machine, dubbed the world’s fastest eye laser machine. The new facility will help place |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
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| | <p>health condition of livestock.</p> <ul style="list-style-type: none"> • Construction of a new “bagsakan”³ site in Valencia, Negros Oriental . • Formulation of a solid organic fertilizer (Vermicast based) in Dumaguete City intended for the use of the city’s greenhouses in barangays Bajumpandan, Junob, Camajac and Candawinon • Distribution of corn seeds under the DA’s Seeds Exchange Program in the municipalities of San Remegio, Daanbantayan and Bogo in Cebu City. • Distribution of complete sets of seaweed planting materials to 48 seaweed growers in barangays Bacong, Badiang and Linawan in Anda, Bohol. • Distribution of complete sets of oyster planting materials by the BFAR to 25 fishermen/beneficiaries in Mabini, Bohol. | <p>Cebu in the global map for medical tourism since the center is one of only two centers with Allegretto machines in the country.</p> |

⁴ Creative industries are defined as those industries that have their origin in human creativity, skill and talent and have a potential for wealth and job creation through the generation and exploitation of intellectual property. The sector includes businesses involved in multimedia, audio-visual design, industrial design, space design, fashion design, handicrafts, performing arts and culinary arts.

³ A market where products are bought wholesale and prices can be haggled.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|-----------------------------------|--|--|
| <p>Eastern Visayas</p> | <ul style="list-style-type: none"> • Improvements in infrastructure and dissemination of modern farming technologies in the region, which is expected to boost agricultural production and volume of trading. • Continuous effort of the RDC VIII in pushing for the implementation of irrigation projects in Samar province, which is aimed at preventing the recurrence of rice shortage in the region as experienced in 2008. | <ul style="list-style-type: none"> • Proclamation of Leyte Province for the second time as the Most Business-Friendly Province of the Philippines by the Philippine Chamber of Commerce and Industry (PCCI). As a result of the award, Toshiba Information Equipment Philippines Inc., a subsidiary of Toshiba Digital Media Co., visited the province for possible expansion. |
| <p>Zamboanga Peninsula</p> | <ul style="list-style-type: none"> • Promotion of the Tree Farming Program by the Salug Valley Development Council-Project Management Office (SVDC-PMO) to provide a livelihood opportunity to upland farmers and help mitigate the adverse effect of global warming and climate change. • Construction of farm-to-market roads throughout the region by the DPWH-IX, which is expected to spur economic activity in the region. | <ul style="list-style-type: none"> • Proposal by the DSWD to target Zamboanga City for the World Bank’s anti-poverty program, Kapit-Bisig Laban sa Kahirapan – Comprehensive and Integrated Delivery of Social Services (KALAHI-CIDSS) Project. KALAHI-CIDSS aims to provide infrastructure projects like water systems, schools, health stations and other such services to designated areas. • Cooperation between the private sector and the government to solve health inequities in poor areas of Western Mindanao. The Zuellig Family Foundation (ZFF) |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
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| | <ul style="list-style-type: none"> • Proclamation under the National Integrated Protected Areas System (NIPAS) of 11 sites as watershed areas in Zamboanga del Norte, Zamboanga Sibugay and Zamboanga City, which will protect forest areas as well as improve air quality in these areas. • Establishment of mangrove reforestation and marine sanctuaries to help rejuvenate fishery resources in the region. Alternative livelihoods in seaweed farming and aquaculture are also gaining momentum among coastal communities in the Zamboanga Peninsula. | <p>has recently teamed up with government agencies and other stakeholders in an effort to achieve better health outcomes, especially among the rural poor. ZFF enlisted partners and stakeholders, which are comprised of the DSWD, the DOH, PhilHealth, the provincial health and social welfare offices within the region, and the Ateneo de Zamboanga School of Allied Medicine.</p> <ul style="list-style-type: none"> • Completion by the DPWH of 2,221 infrastructure projects in the region. Among the infrastructure projects completed were school buildings, hospital and health facilities, water supply systems, flood control and drainage structures. Also included among the infrastructure projects were the President’s Bridges Program Sanga-Sanga bridge and Lapid-Lapid bridge projects in Tawi-Tawi. The construction of these bridges will link the capital of this southernmost province of Mindanao to mainland Tawi-Tawi. |
| Northern Mindanao | <ul style="list-style-type: none"> • Conduct of a program initiated by the provincial government of Lanao del Norte for rice farmers called the “Season-Long Palay Check Farmers’ Field School,” a training program that aims to teach pro-environment farming techniques and, at the same time, increase yields through the use of hybrid rice seeds. | <ul style="list-style-type: none"> • Operation of investment projects that will generate significant employment opportunities in the region, including: <ul style="list-style-type: none"> ○ Construction of a multi-million peso Coca-Cola plant in Villanueva, Misamis Oriental; ○ Construction of the first Ayala Mall in Mindanao, set to be inaugurated in 2013; ○ Full operation of the ₱450-million TKC steel plant in Iligan |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|----------------------------|---|---|
| | <ul style="list-style-type: none"> • Establishment of the Mindanao North Coast Integrated Area Development Projects (MNCIADP), which will boost rice and corn production in the region. More than ₱80 million has been earmarked for farm production, financing and marketing support under this project. • The distribution of fingerlings, the creation of fish sanctuaries, and the expansion of mariculture are expected to improve significantly fish production in Northern Mindanao. | <p>City which opened in July 2010.</p> <ul style="list-style-type: none"> • Development of a new residential area in Cagayan de Oro City by ACM Homes that will cater mainly to middle-income families. • Grant of an international quality certification by the Hazard Analysis and Critical Control Point (HACCP) to food companies in the region, which will encourage more companies to improve the quality of their products and allow them to meet international standards. • Availability of affordable airline fares and the opening of new routes will boost tourism in the region. On 1 April 2011, the Philippine Air Lines (PAL) opened a new route from Cagayan de Oro to Zamboanga City. |
| <p>Davao Region</p> | <ul style="list-style-type: none"> • Distribution by the DA of shredder machines and Open Source Pumps to different farmers' groups throughout the region, where the said equipment will be used for vermiculture⁵ composting and improving irrigation service. • Completion of greenhouses in Matanao, Davao del Sur through the High Value | <ul style="list-style-type: none"> • Completion of two Overseas Development Assistance (ODA)-funded projects worth ₱3.2 billion, namely, the Maramag-Bunawan 230 kW transmission line project (with counterpart funding from the Calyon Facility of France) and the Panabo II Potable Water Supply (PWS) Package 2 (with counterpart funding from the Asian Development Bank). The Maramag-Bunawan project will serve as the transmission corridor from Northern to Southern |

⁵ Vermiculture is the management of worms within a compost environment. This procedure reduces wastes in compost as well as produce natural fertilizers.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|----------------------------|---|--|
| | <p>Commercial Crops fund of the DA-XI.</p> | <p>Mindanao, and is expected to strengthen the existing transmission system, ensuring stability, reliability and efficiency of power supply in the Mindanao Grid.</p> <ul style="list-style-type: none"> • Completion of national roads, school buildings, flood control facilities and water system projects amounting to ₱3.5 billion. These projects include: <ul style="list-style-type: none"> ○ Rehabilitation and improvement of the Surigao-Davao Coastal Road at Boston, Davao Oriental amounting to ₱200 million; ○ Improvement of the Nabunturan-Mainit Park Road in Compostela Valley valued at ₱79.8 million; ○ Rehabilitation and improvement of Daang Maharlika in Davao del Norte valued at ₱854.7 million; ○ Construction of the Davao del Sur-Sarangani Coastal Road valued at ₱100 million; and ○ Improvement of the Davao-Bukidnon Road in Davao City valued at ₱338.6 million. |
| <p>SOCCSKSARGEN</p> | <ul style="list-style-type: none"> • Establishment of a body with functions similar to the now-defunct Regional Minerals Development Council, which will enable regional mining industry players and stakeholders to institute strategies and programs to strengthen the region’s mining industry. | <ul style="list-style-type: none"> • Identification by RDC 12 of 6 industries (i.e., coffee, muscovado, tourism, processed fish, processed fruits, and information and communications technology) as priority focus industry clusters to boost regional development. The identification was based on industry growth potential/market demand, regional coverage, and social |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|---------------|---|--|
| | | <p>benefits.</p> <ul style="list-style-type: none"> • Expansion of 700 hectares of plantation for rubber and African oil in Sultan Kudarat, which aims to improve the region’s rubber and oil industries. |
| Caraga | <ul style="list-style-type: none"> • Completion of the concreting of municipal roads in the different parts of the region will help in the transport of agricultural produce to local markets. | <ul style="list-style-type: none"> • Expected higher income generation of the region due to the expected investments of various mining companies. As an example, Sumitomo Metal Mining Co. plans to invest in a nickel mining project in Surigao del Norte. |
| ARMM | <ul style="list-style-type: none"> • Proposed signing of a Memorandum of Agreement (MOA) between the National Irrigation Administration (NIA) and the autonomous regional government to formalize the establishment of an Irrigation Management Office for ARMM. • Implementation of Republic Act No. 9054,⁶ specifically, Section 27 on the Promotion and Protection of Cottage Industry, Section 31 on the Establishment and Regulation of | <ul style="list-style-type: none"> • Completion of the ARMM Social Fund Project’s (ASFP) 211 foreign-funded community-based projects on agriculture, education, health, social, water and sanitation and transportation requirements in Maguindanao, Lanao del Sur, Basilan, Sulu, Tawi-Tawi and Marawi City. • Approval by the World Bank of an additional US\$30 million fund for projects in its three-year extended assistance in the ARMM. • Designation of ARMM as a telecommunications hub in Mindanao with the US\$33-million investment on |

⁶ An Act to Strengthen and Expand the Organic Act for the Autonomous Region in Muslim Mindanao, Amending for the Purpose Republic Act No. 6734, Entitled “An Act Providing for the Autonomous Region in Muslim Mindanao” , as Amended.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|--------|--|--|
| | <p>Traditional Barter and Counter-Trade, and Section 34 on the regional government’s mandate to regulate and exercise authority over foreign investments.</p> <ul style="list-style-type: none"> • Continuous implementation of the 15 projects under the Comprehensive Livelihood and Emergency Employment Program (CLEEP), a micro-enterprise program designed to generate more jobs for the agrarian reform communities. • Start of commercial operations of Lamsan Incorporated’s ₱173.0-million investment project registered with the ARMM Regional Board of Investment. The plant in Sultan Kudarat, Maguindanao was modernized, expanded and provided with bio-mass power. As the biggest corn buyer in ARMM, Lamsan Incorporated supports the expansion of corn production in the region, which generates an estimated ₱400 million of income per quarter for small farmers and growers. • Completion by the provincial government of Sulu of the following infrastructure projects: | <p>telecommunications equipment of the Marawi City-based EA Trilink Corporation.</p> <ul style="list-style-type: none"> • Strengthening of the implementation of flagship programs designed to improve local governance, such as the Comprehensive and Unified Response to Eliminate Red Tape Project (Project CURE), the annual conduct of the Local Governance Performance Management System, the inclusion in the Performance Challenge Fund of the Good Housekeeping Project, and implementation of Local Rationalized Planning Systems. • Conduct of regional orientation program by the The Asia Foundation and DILG-ARMM on Transparent and Accountable Governance (TAG), where 30 selected LGUs in the entire region prepared their respective technical proposals for transparent and accountable governance. • Proposed recommendations and agreements during the ARMM Peace Summit in Cotabato City last 21 September 2011: <ul style="list-style-type: none"> ○ Amendment of Article 12, Section 5 of RA No. 9054 to include the control and supervision over the exploration, utilization, development and protection of strategic minerals; ○ Devolution of the DOE, Bureau of Mines and Minerals; ○ Creation of Ligawasan Marsh Development Authority; |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|-----------------------|---|---|
| | <ul style="list-style-type: none"> ○ The Matatal to Maimbung Poblacion farm-to-market road; and ○ Establishment of the Annuling Communal Irrigation System funded by the Support to Emergency Livelihood Assistance Program (SELAP) and the JICA-ARMM Social Fund Projects. | <ul style="list-style-type: none"> ○ Full control over and management of Lake Lanao watershed by the autonomous regional government; and ○ Issuance by a national directive for the joint management of Sulu Oil Exploration, Tawi-tawi Gas Exploration, watershed development and other similar future projects. |
| B. Challenges | | |
| Ilocos Region | <ul style="list-style-type: none"> ● Concern over the oil spill from a North Korean shipping vessel, which ran aground along the shoreline last 1 January 2010, and still posing serious threats to the marine environment. | |
| Cagayan Valley | <ul style="list-style-type: none"> ● Adverse impact of weather disturbances on the region's economy, which is heavily reliant on agriculture. Serious intervention programs are necessary in order to mitigate the negative impacts of weather disturbances. | |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|-----------------------------|---|--|
| <p>Central Luzon</p> | <ul style="list-style-type: none"> • Danger posed by climate change and disaster risks to the region. These challenges will affect the region’s key pillars of socio-economic development that include natural resources, agriculture, infrastructure, water resources and human health. • Inadequate sustainable source of potable water as industries, agriculture and households compete for the same groundwater supply. • High cost of production and low farm-gate prices of agricultural products due to lack of market access. The challenge is to reduce the cost of production, strengthen farmers’ organizations and improve market access to get favorable return from investments. • Absence of solar dyers and farm-to-access roads in strategic areas of Bulacan. • High cost of corn, which is the main ingredient of animal feeds, making livestock production unattractive in Bulacan. | <ul style="list-style-type: none"> • Lack of a unified regional crime prevention program. Crime statistics of the region indicates the vast differences as to how local chief executives in Central Luzon address peace and order concerns. • Insufficiency of raw materials for MSME production in Bulacan, which limits the supply of their products to the market. • High cost of doing business in Bulacan, triggering complaints from small entrepreneurs who cannot afford to pay local government fees. • Lack of interest among entrepreneurs in Tarlac to access the microfinance facilities of banks in the province. These entrepreneurs prefer to wait for government assistance. • Presence of big malls in Tarlac, which has affected adversely the sales revenue of local malls and small grocery stores. • High cost of power supply and other production inputs in the province of Nueva Ecija. |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|-------------------|--|---|
| CALABARZON | <ul style="list-style-type: none"> • Presence of pest infestations, e.g., “tungro” in palay.⁷ • Increase in the farm gate prices of livestock and poultry due to limited supply. • Shortage of pork due to high swine mortality rate, especially in the second semester of 2010. • Increase in the price of commercial feeds for livestock and poultry. • Negative effects of cold weather on aquaculture and poultry business in the early part of 2011. • Limited supply of marine species during the early part of 2011 due to rough seas and strong winds. • Negative effects of the temporary closure of the Livestock Auction Market in Batangas | <ul style="list-style-type: none"> • Adverse impact of the earthquake and tsunami in Japan on the manufacturing companies in the region that have strong backward and forward linkages with Japanese companies. • Negative effects of the high prices of oil on manufacturing industries and the transport sector. • Local competitors of banks (i.e., loan sharks) that offer microfinance services. • Loss of jobs of OFs from Libya and Japan. |

⁷ Rice tungro bacilliform virus (RTBV) is a plant pathogenic virus of the family Caulimoviridae. Tungro means 'degenerated growth' and was first observed in Philippines. Tungro-affected rice plants are stunted and have reduced number of tillers. The young emerging leaves develop interveinal chlorosis leading to discoloration of the leaves, starting from tip downwards. Often, the whole leaf is discolored, and plants infected at an early stage generally die prematurely. Infected plants take more time for maturity because of delayed flowering.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|-----------------|---|--|
| | City. | |
| MIMAROPA | <ul style="list-style-type: none"> • Negative effects of flooding of some agricultural areas in the region during the early part of 2011. • Threat of poultry and livestock diseases as a result of the rainy and cold weather. • Occurrence of strong winds and rough seas that forced local fishermen to reduce fishing trips. | <ul style="list-style-type: none"> • Negative impact of the earthquake and tsunami in Japan to the manufacturing companies in the region that have strong backward and forward linkages with Japanese companies. • Negative effects of the high prices of oil to manufacturing industries and the transport sector. • Local competitors of banks that offer microfinance services (i.e., loan sharks). • Loss of jobs by overseas Filipinos (OF) from Libya and Japan. |
| Bicol | <ul style="list-style-type: none"> • Occurrence of climate and geological related hazards, such as typhoons, floods, and volcanic eruptions. • Incidences of agricultural pests and diseases. • Increasing prices of fuel and agricultural inputs. • Influx of imported agricultural products. • Concerns over the growing population in coastal areas, illegal fishing practices, and | <ul style="list-style-type: none"> • Need for the region to double its efforts to address underemployment, as the region has the highest underemployment rate in the country. Upgrading of workers skills is necessary to improve the potential of the jobseekers. • Increase in toll fees in SLEX and NLEX will redound to higher transportation cost and eventually high cost of goods to and from Bicol. • Increase in the prices of fuel. |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|-------------------------------|---|---|
| | <p>habitat destruction.</p> <ul style="list-style-type: none"> • Conversion of agricultural lands to residential and commercial areas. • Presence of the red tide phenomenon in Sorsogon Bay. | |
| <p>Western Visayas</p> | <ul style="list-style-type: none"> • Reminder from the Philippine Overseas Employment Administration (POEA) in Region VI to medical students, graduates and practitioners against illegal recruiters who offer students non-existent programs and internship jobs in hospitals abroad. • Need to implement climate change mitigation programs in Aklan to protect the region’s agriculture as well as programs to increase the region’s rice production. • Pending recovery of abaca production in Aklan due to mosaic disease and bunchy top⁸ infestation. | <ul style="list-style-type: none"> • Concern expressed by the NEDA on the lack of urban planning in the region. Urban planning will address the region’s rapid population growth rate and map out its economic development program. • Based on the Millennium Development Goals (MDG), Western Visayas is lagging behind in the following areas: (1) eradicating extreme poverty and hunger; (2) achieving universal primary education;⁹ and (3) reducing child mortality and improving maternal health. • Approval by the Regional Tripartite Wages and Productivity Board (RTWPB) of a ₱15 increase in the daily minimum wage for Western Visayas. The wage rate increase is expected to result in retrenchment of workers, rationalization of work hours or closure, cancellation of |

⁸ Banana bunchy top virus (BBTV) is one of the most serious diseases of banana, caused by a virus, which is spread by an infected planting material or by the banana aphid (*Pentalonia nigronervosa*) that feeds on deceased plants and move on to healthy ones.

⁹ Primary (or elementary) education consists of the first 5–7 years of formal, structured education.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
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| | <ul style="list-style-type: none"> • Expected negative effects of El Niño in Capiz' agriculture and fishery sectors. Certified seeds were distributed to selected towns and water pumps provided to address irrigation problems. • Expected loss of about ₱144 million per year in Capiz due to damages caused by floods. Environmental degradation such as forest denudation, erosion of watersheds and the heavy siltation of Panay River were the main factors causing the flashfloods in the province during the rainy season. • Inability of bamboo suppliers in Maasin, Iloilo (the bamboo capital of the province) to meet the growing demand for bamboo products due to inadequate supply. Maasin is forced to get bamboo supply from other provinces like Capiz to augment the needs of consumers in the market. The supply shortage resulted in increased prices of bamboo products in the province. • Infestation of pests, such as armyworms, | <ul style="list-style-type: none"> expansion projects and conduct of employee trainings. • Silence of some OFs about incidences of abuses abroad. These abuses are not reported by the OFs to the proper authorities for fear of losing their jobs or being sent back to the country without finishing their employment contracts. • Increase in the number of school drop-outs in the region. • Presence of lymphatic filariasis,¹⁰ a disease endemic in four Panay provinces, namely: Aklan, which has the highest microfilaria rate at 6.2 percent; Iloilo (5.2 percent); Capiz (2.4 percent); and Antique (0.5 percent). The DOH conducted mass drug administration in the provinces that were affected. • The recall order by the DPWH of 11 projects in Western Visayas that will be funded through the ₱10.6 billion congressional initiatives. Part of these projects are in Antique, including a ₱145 million dredging of eight rivers in the province. • Low revenue generation of LGUs in Western Visayas in which only 3 percent of these LGUs are generating sufficient revenues. |

¹⁰ Lymphatic filariasis is a severely debilitating and stigmatizing disease caused by microscopic, thread-like worms being transmitted by female mosquitoes. These worms are lodged in the lymphatic system.



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
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| | <p>bugs and rats, in the agricultural lands of Negros, which has affected the production of sugar and palay.</p> <ul style="list-style-type: none"> • Concern about an abandoned pipeline of Chevron in the waters of Bacolod City, which has reportedly leaked bunker fuel that led to fish kills found in the shores of a coastal barangay in the city. • Issuance of a warning by the Bacolod City government to consumers on the proliferation of “hot meat” or pork products sold without proper branding and inspection certificates from the city’s slaughterhouses. “Hot meat” selling is illegal since the said product may contain harmful zoonotic diseases usually passed from animals to humans and, thus, considered unsafe for human consumption. | <ul style="list-style-type: none"> • Need for the widening of the circumferential road in Iloilo City and Iloilo Province. A better and wider road network is essential for business, especially in transporting goods and cargoes in the province. • Concern by local residents over possible adverse health effects from the fumes being emitted by the coal-fired power plant in Lapaz, Iloilo City. • Declaration of Iloilo and Guimaras as under a state of calamity due to dengue epidemic. Dengue cases in the province of Iloilo rose sharply by 400 percent in 2010, with some cases resulting in death. LGUs, NGOs and private organizations have embarked on cleaning-up operations as well as donating blood, foggers and related equipment. • Vulnerability of Iloilo City to the effects of climate change since the city is 6 inches below sea level. The city’s Risk Reduction Management Council have formulated mitigating measures against possible adverse weather phenomena. Among them were the creation of a flood hazard map, the Iloilo flood control project, and the strict implementation of city ordinances protecting the environment. • Identification of Metro Bacolod as one of the water critical |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
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| | | <p>areas in the country by 2025 in a study conducted by the National Water Resources Board and JICA.</p> <ul style="list-style-type: none"> • Need to improve the maintenance of the Bacolod-Silay Airport as passengers have complained about the poor upkeep of its facilities and surroundings, as well as the laxity in its security measures. The airport, considered as a city’s “window to tourism and economic activity,” should undergo major renovation so as not to create negative impressions from tourists and business travelers. • Temporary cessation of operations by the San Carlos Bioenergy Inc. of its ethanol plant in Negros Occidental to prevent further losses that were triggered by the entry of cheaper imported ethanol since these were not subjected to tariff. Local ethanol producers expressed their concern that the non-imposition of tariffs on imported ethanol will result in the decline of local ethanol production in the province. • Growing concern on the spread of dengue disease in Negros, which has affected local tourism. • Anticipated flooding in Bacolod City during the rainy season. City officials cited several causes for the rising floodwaters, including clogged drainages and presence of illegal structures above open waterways. |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
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| | | <ul style="list-style-type: none"> • Concern over reports of an outbreak of meningococemia in Sipalay City, which has affected adversely the local tourism industry as many tourists cancelled their bookings in the numerous beach resorts located in the area. The Sipalay City government has cautioned residents against the spread of false reports and encouraged them to be vigilant in case the feared disease would surface eventually. • Concern on the increase in crime incidence, especially robberies and taxi hold-ups, which has affected negatively local business activity and scared off potential investors in Bacolod City. |
| <p>Central Visayas</p> | <ul style="list-style-type: none"> • Lack of government support for the seaweed industry, which has caused the decline in income of a number of families dependent on seaweed farming. Farmers have asked the government to set up a financing program to help them rehabilitate their seaweed farms which have been damaged by bad weather. • Limited supply of seashells, which is being used as raw material in the manufacture and export of decorations and accessories. One of the reasons for the supply shortage was | <ul style="list-style-type: none"> • Clamor to fast-track the country's open skies policy, especially at the Mactan-Cebu International Airport, to increase the influx of foreign tourists in the region. • Need for a prompt processing of exporters' VAT refund. According to exporters in the region, the processing for a VAT refund takes about 5 years. • Clamor among business leaders in Cebu for a productivity-based wage increase. Local businessmen argue that any pay raise without productivity-based rewards encourages more employees to be unproductive. An across-the-board |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
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| | <p>that traders export directly to China.</p> <ul style="list-style-type: none"> • Need for assistance for organic farmers in Cebu City to meet the growing market of Koreans in Cebu. The assistance will be geared toward promoting linkages, acquiring farm equipment, ensuring capital support and enhancing market access. • Continued infestation of the rice tungro virus in some rice fields of the region. • Concern over the downgrade of the country's airports from Category 1 to Category 2. | <p>wage increase would only increase the prices of the products, making it difficult for businesses to cope with expenses because salary comprises about 60 percent of their total operating expenses.</p> <ul style="list-style-type: none"> • Increasing fuel prices in Cebu, which is attributed to a lack of competition among petroleum companies. In particular, the presence of smaller, independent oil companies alongside bigger players in Cebu will encourage price competition. Moreover, the lack of refineries in Cebu drove oil companies to import diesel and gasoline from Singapore. |
| <p>Eastern Visayas</p> | <ul style="list-style-type: none"> • Flooding in the different parts of the region as a result of climate change, which will affect agricultural production, tourism and infrastructure in Eastern Visayas. | <ul style="list-style-type: none"> • Concern over the sustainability of water supply and high rates of electricity. The resolution of these problems is crucial to the expansion of local businesses and encouragement of investors business in the region, especially those engaged in manufacturing, tourism and agribusiness. • Need to improve the tourism sector in the region through: <ul style="list-style-type: none"> ○ Investing in comfortable and tourist class hotels in towns where tourists can conveniently stay |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
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| | | <p>overnight;</p> <ul style="list-style-type: none"> ○ Providing basic services to tourists (e.g., quality tour guides); ○ Facilitating access to tourist destinations; and ○ Upgrading the quality of transportation services. <p>• Need for strategies to keep micro and small industries abreast with the latest technology and make them more productive and competitive.</p> |
| <p>Zamboanga Peninsula</p> | <ul style="list-style-type: none"> • Need for the expansion of agricultural output through the acquisition of modern production technologies as well as increased public investment in industrial infrastructure, technical assistance and research. These measures will address productive potential of small agricultural and industrial producers. • Need to develop the region’s extensive coastline for agri-fishery production by strengthening fishery support services, constructing of fish cages/pens, and setting up of seaweed nurseries, among others. • Need for region’s fishing communities to be engaged in alternative livelihood, trainings and technical assistance to augment their | <ul style="list-style-type: none"> • Need for the Zamboanga Freeport Authority and the Provincial Government of Zamboanga del Norte to secure an environmental clearance certificate for the Zamboanga Economic Zone and the Provincial Agri-Industrial Center (PAIC) in Roxas, Zamboanga del Norte. • Need to intensify the region’s anti-crime and anti-terrorism initiatives by: institutionalizing peace-building and conflict transformation capacities of institutions; promoting a culture of peace; improving the responsiveness of LGUs over peace and development concerns; transforming conflict-affected areas into Peace Development Communities; firming up partnerships among agencies, LGUs and social structures; and sustaining an environment of collaboration for peace and development. |



ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|--------------------------|---|---|
| | income sources. | |
| Northern Mindanao | <ul style="list-style-type: none"> • Scarce water supply for irrigation, which, if not addressed, will affect adversely the production of certain crops, especially those that are not drought-resistant. • Continued conversion of agricultural land into residential and industrial areas purposes, which will have negative repercussions on the rice and corn production in the region. | <ul style="list-style-type: none"> • Continued high incidence of poverty in the region. • Concern on the peace and order situation of some provinces in the region that may discourage investments. • Concern on the looming power crisis that can stymie the growth of industries in Northern Mindanao. |
| Davao Region | | <ul style="list-style-type: none"> • Inability of high-level investments to produce employment. • Increase in the local price of oil. • Slow growth of tourist arrivals in the region despite its reputation for being one of the country's main tourist destination and a retirees' haven. |
| SOCCSKSARGEN | <ul style="list-style-type: none"> • Infestation of rats in the rice fields of South Cotabato and North Cotabato. | <ul style="list-style-type: none"> • Increase in oil prices, which will eventually affect industries, businesses as well as the region's transportation industry. |
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ECONOMIC OPPORTUNITIES AND CHALLENGES BY REGION

| Region | Agriculture, Fishery and Forestry | Industry/Services/General |
|---------------|---|---|
| Caraga | <ul style="list-style-type: none"> • Declining performance of the AFF sector due to the implementation of Executive Order No. 23 or the partial log ban. | <ul style="list-style-type: none"> • Striking a balance between the economic benefits derived from mining operations and its environmental effects. • High poverty incidence brought about by rising income inequality as 47.8 percent of the region’s population live below the poverty line. |
| ARMM | <ul style="list-style-type: none"> • Low agricultural and industrial productivity, due to lack of irrigation development, high cost of farm inputs, lack of production capital, lack of farm-to-market roads, frequent flooding and poor farm management practices | <ul style="list-style-type: none"> • Poor delivery and access to basic services and facilities, which include the following: <ul style="list-style-type: none"> ○ Low literacy rate of 70 percent against the national average of 94.3 percent; ○ Poor quality of education due to DepEd-ARMM’s low appropriation as compared to other regions; ○ Poor quality of health services; ○ Lack of adequate housing; and ○ Lack of water and sanitation systems. |

