

Report on Regional Economic Developments



Second Semester 2008



Department of Economic Research
Monetary Stability Sector
Bangko Sentral ng Pilipinas

Foreword

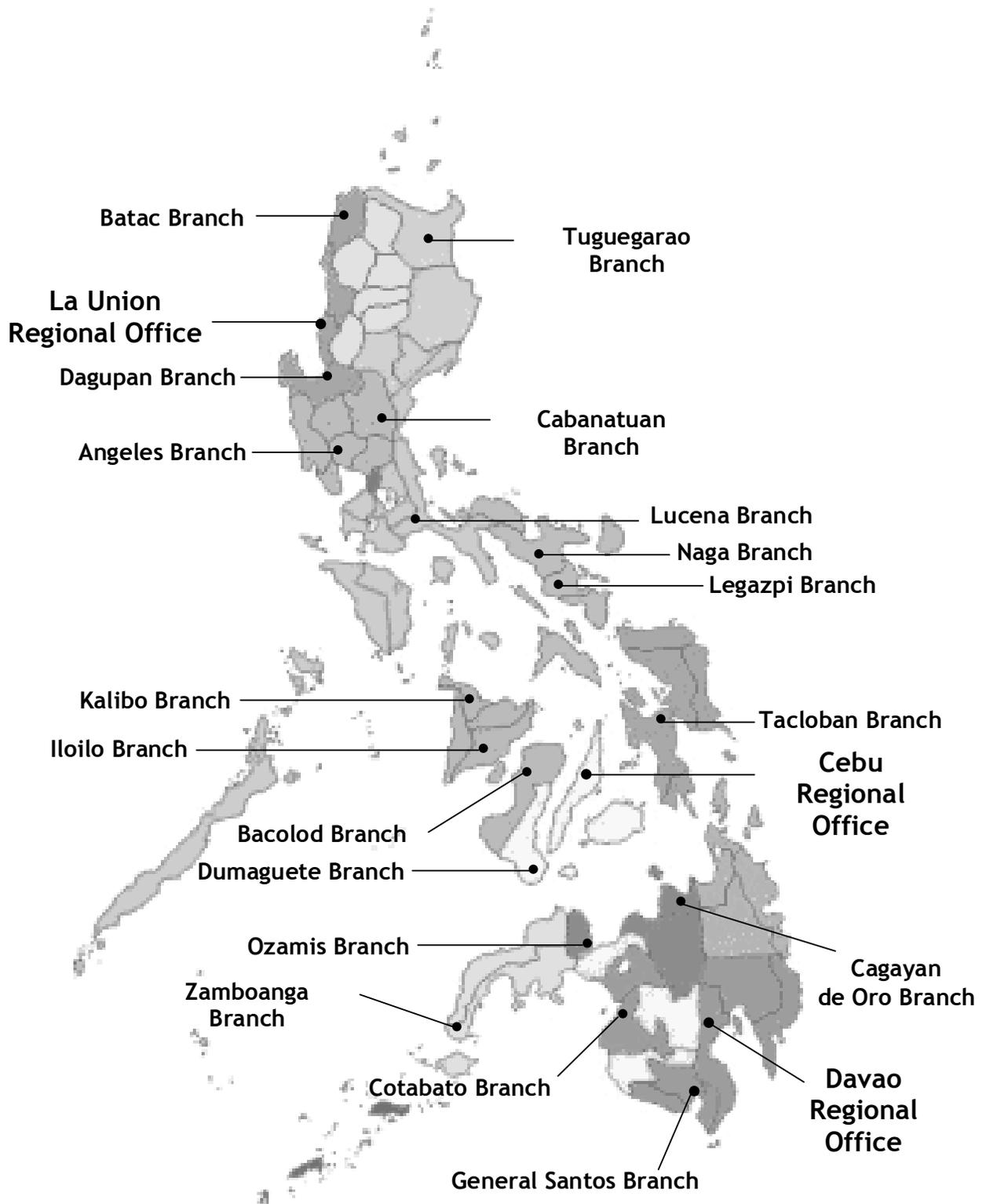
In June 2005, the Monetary Board approved the release of the maiden issue of the BSP's Report on Regional Economic Developments in the Philippines. The report widens the scope of BSP's market surveillance, adding a geographic dimension to the economic indicators that it monitors regularly. Analysis of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

The report tracks economic developments in the regions, focusing on the 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 industry, the number of building permits and housing starts are used to measure construction activity; while in the services sector, hotel occupancy rate and banking sector performance are analyzed. Developments in major industries specific to each region are also included.

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

BSP Regional Offices/Branches



PHILIPPINES: Regional Composition

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

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

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

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

Key Regional Developments

Crop Production

- Grain production in the first semester of 2009 was slightly lower compared to the previous year, due to heavy rains brought on by the La Niña phenomenon. During the period under review, palay production continued to post positive growth, albeit at a lower rate, while corn harvests recorded a decline. Central Luzon remained as the country's primary rice granary, contributing about a fifth of the country's total rice production, while Cagayan Valley supplied about 25 percent of total corn harvest during the review period. Meanwhile, significant improvements in rice and corn yields were recorded in the Bicol region due to the continued rehabilitation of irrigation and post-harvest facilities.

Livestock, Poultry, Fishery

- Hog production registered a turnaround from its decline in the comparable period last year while cattle production maintained its steady growth as demand for meat products in the first semester of 2009 was sustained. On the other hand, poultry products recorded a marginal decrease during the period under review. Fishery production, meanwhile, increased anew due to continued growth in commercial fishing and aquaculture.

Construction

- The number of approved building permits increased as construction activities in the regions such as CALABARZON and Central Visayas remained upbeat. However, a significant decline in residential construction was seen during the review period, with a notable deceleration in housing starts in the NCR and the CAR. Uncertainties in the global financial landscape may have resulted in more cautious spending on non-basic items such as housing constructions.

Tourism

- Tourism activity in the regions registered a slight slowdown in the first semester of 2008 as the Philippine economy felt the effects of the global financial crisis. Average hotel occupancy rate in the country dipped during the same period. The regions that recorded the largest rates of increase in hotel occupancy were the following: Ilocos Region, Bicol Region and Caraga.

- Banking**
- There had been no significant changes in the bank density ratio in the regions as uncertainties in the global financial system held back banks' network expansion in the country. The number of bank branches across the country hardly changed. The NCR remained to be the region with the highest concentration of banks.
- Inflation**
- Inflation rates for the majority of the regions were more subdued in the first six months of 2009 as against the comparable period last year. Market jitters caused by the global financial turmoil and sharp increases in food and fuel prices, which started in the previous year, were calmed by prompt policy responses.
- Employment**
- Employment rates remained steady in the first semester of 2009, brought on by the wait-and-see stance of the business sector following the global financial turmoil which lowered global demand.
- Opportunities and Challenges**
- Ongoing infrastructure projects across the country are expected to help improve the delivery of goods and services and lower transaction costs. Major roadworks in the pipeline, particularly in the NCR, are anticipated to decongest the main thoroughfares. Continued railroad construction and airport modernization in the regions will likewise facilitate inter-island travel and enhance the flow of products across regions. Government support for farmer cooperatives is also expected to boost agricultural investments through improved post-harvest techniques.
 - While global financial conditions have improved, financial stability remains a major risk to sustained global economic recovery in 2010. In turn, this could continue to influence private consumption and investments in the regions. However, the fiscal package of the National Government coupled with a conducive monetary policy environment are expected to help spur economic activity across the regions.

Economic Performance

Gross Domestic Product (2008)

GRDP growth in 2008 was led by Northern Mindanao, NCR, SOCCSKSARGEN and Western Visayas.

Gross Domestic Product, By Region
At constant prices
Growth Rate (%)

Region	2007	2008
PHILIPPINES	7.1	3.8
1 NCR	7.8	4.9
2 CAR	7.1	1.8
3 Ilocos Region (I)	5.7	2.2
4 Cagayan Valley (II)	6.4	2.0
5 Central Luzon (III)	5.9	3.8
6 CALABARZON (IV-A)	5.3	2.0
7 MIMAROPA (IV-B)	9.8	3.1
8 Bicol Region (V)	7.5	4.3
9 Western Visayas (VI)	7.7	4.4
10 Central Visayas (VII)	8.6	3.4
11 Eastern Visayas (VIII)	3.1	3.6
12 Zamboanga Peninsula (IX)	7.2	2.2
13 Northern Mindanao (X)	7.7	5.3
14 Davao Region (XI)	6.6	3.7
15 SOCCSKSARGEN (XII)	6.7	4.6
16 Caraga	7.7	3.2
17 ARMM	5.4	1.9

Source: National Statistical Coordination Board

- Gross Domestic Product (GDP) grew by 3.8 percent in 2008, down from 7.1 percent during the previous year. Several regions were observed to have posted growth rates that were higher than the national GDP growth, namely: Northern Mindanao which grew by 5.3 percent, NCR by 4.9 percent, SOCCSKSARGEN by 4.6 percent and Western Visayas by 4.4 percent. The slowest growing regions were the CAR at 1.8 percent, the Autonomous Region in Muslim Mindanao (ARMM) at 1.9 percent and Cagayan Valley at 2.0 percent.
- Northern Mindanao posted the highest growth among all the regions in the country at 5.3 percent, albeit lower than the 7.7 percent posted in 2007. The strong performance of this region was attributed to the growth of agriculture, fishery and forestry (AFF), and industry as consumption in the region increased during the period. AFF accounted for 31.2 percent of the region's economy. The region's industry was led by manufacturing and construction.
- The growth in the NCR was propelled by the electricity and water sub-sector, which expanded by 11.9 percent in 2008. Manufacturing also grew by 6.9 percent.
- For SOCCSKSARGEN, growth was underpinned by the notable performance of the AFF sector. On the other hand, the industry sector was led by increased activity in construction.
- Western Visayas' growth in 2008 was marked by the expansion of its industry sector by 8.9 percent, led by electricity and water which, in turn, grew by 9.5 percent. The growth in the industry sector was complemented by the expansion of the AFF sector.
- The slower economic growth of the CAR was brought about by the weak performance of its industry sector, which was triggered by the contraction of mining and quarrying by 5.3 percent as gold production declined. Meanwhile, the weaker growth of the ARMM economy can be traced to the slowdown in its AFF sector. Cagayan Valley registered the third lowest growth rate in 2008 as a result of lower production in the region's high-value crops,

livestock and poultry due to unfavorable weather conditions and higher prices of inputs (including animal feeds).

NCR accounts for the largest share of industry and services output

- By economic activity, CALABARZON remained a major source of agriculture and fishery products, as it accounted for 12.2 percent of total AFF output of the country. The region's agricultural products include coconut, coffee, cabbage, hogs and fish. Central Luzon also had a significant share in the country's AFF sector at 11.1 percent followed by Western Visayas with 9.8 percent.
- In the industry sector, the NCR continued to be the country's industrial heartland as it accounted for 34.8 percent of the country's total industrial production. Manufacturing dominated NCR's industry sector. CALABARZON came in second with 14.4 percent share while Central Luzon was third with 9.0 percent.
- In the services sector, the NCR also comprised the bulk (44.1 percent) of the sector's GDP. Driving the services sector in the NCR was transportation, communication and storage followed by private services and finance. CALABARZON followed with a 10.1 percent share and Eastern Visayas with 8.8 percent.

Agriculture, Livestock, Poultry and Fishery

Growth of palay production decelerates

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

Region	S1 2009	S1 2008
PHILIPPINES	3.6	5.8
1 CAR	(0.1)	3.6
2 Ilocos Region (I)	13.1	9.0
3 Cagayan Valley (II)	4.3	(0.2)
4 Central Luzon (III)	9.2	6.2
5 Southern Tagalog-CALABARZON (IV-A)	7.4	11.2
6 Southern Tagalog-MIMAROPA (IV-B)	4.2	(4.0)
7 Bicol Region (V)	17.3	(14.4)
8 Western Visayas (VI)	0.7	19.7
9 Central Visayas (VII)	(10.6)	62.4
10 Eastern Visayas (VIII)	(8.3)	11.2
11 Zamboanga Peninsula (IX)	5.0	7.6
12 Northern Mindanao (X)	0.0	17.0
13 Davao Region (XI)	(2.3)	(5.0)
14 SOCCSKSARGEN (XII)	3.5	16.5
15 Caraga	(7.8)	(6.4)
16 ARMM	(2.3)	7.1

Source: National Statistics Coordinating Board

- Palay production posted a 3.6 percent growth in the first semester of 2009, despite the natural calamities that hit some areas in the country. This was, however, lower than the 5.8 percent increase recorded a year ago.
- High growth rates of palay production were seen in the Bicol Region (17.3 percent); Ilocos Region (13.1 percent); Central Luzon (9.2 percent); CALABARZON (7.4 percent); Zamboanga Peninsula (5.0 percent); Cagayan Valley (4.3 percent); MIMAROPA (4.2 percent); and SOCCSKSARGEN (3.5 percent). Interventions such as Trichoderma production, soil fertility mapping and sampling analysis, Minus One Element Technique (MOET)³ kits distribution, use of Leaf Color Charts, and modified rapid composting, contributed to the

³ A kit developed by PhilRice that determines the kind of nutrients limiting to the soil.

expansion of palay production in the Bicol Region, the sixth largest rice producer among the 16 regions of the country.

- Higher palay production were also attributed to the following factors:
 - ✓ Sufficient water supply due to the early onset of the rainy season in the Ilocos Region and Cagayan Valley;
 - ✓ Sustained use and timely availability of hybrid and high-quality seeds, such as those distributed under the dispersal program of the Department of Agriculture and the GMA Rice Program in the Ilocos Region, Central Luzon, CALABARZON, MIMAROPA, Bicol Region and Zamboanga Peninsula;
 - ✓ Sufficient irrigation water from various irrigation systems of the National Irrigation Administration (e.g., Casecnan Dam, Upper Pampanga Irrigation System in Nueva Ecija and Angat Dam in Bulacan) in the Ilocos Region, Central Luzon, CALABARZON, MIMAROPA, Bicol Region and Zamboanga Peninsula;
 - ✓ Lower price of fertilizer and provision of fertilizer discount coupons under the GMA fertilizer subsidy program, which increased fertilizer usage in the Ilocos Region, Central Luzon and MIMAROPA; and
 - ✓ Expansion in area planted/harvested in Cagayan Valley, Central Luzon, CALABARZON, MIMAROPA, Bicol Region and Zamboanga Peninsula.
- These expansions were, however, offset by the declines in palay production in Central Visayas (-10.6 percent), Eastern Visayas (-8.3 percent), CARAGA (-7.8 percent), Davao and ARMM (-2.3 percent), and CAR (-0.1 percent). These contractions may be attributed to the following:
 - Frequent rains and floods in the provinces of Negros Oriental, Compostela Valley, Davao del Norte, Maguindanao, Agusan, Surigao, and Eastern Visayas;
 - Infestation of pests and diseases such as leafblight, stemborder and rats in some farms in Bohol, Eastern Visayas, Davao Oriental and Davao del Sur; and

Corn production declines

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

Region	S1 2009	S1 2008
PHILIPPINES	(2.3)	19.6
1 CAR	6.0	33.4
2 Ilocos Region (I)	(1.6)	9.0
3 Cagayan Valley (II)	(0.8)	13.4
4 Central Luzon (III)	(0.8)	10.1
5 Southern Tagalog-CALABARZON (IV-A)	2.1	16.1
6 Southern Tagalog-MIMAROPA (IV-B)	3.2	26.4
7 Bicol Region (V)	8.7	16.8
8 Western Visayas (VI)	(28.8)	72.6
9 Central Visayas (VII)	5.0	17.5
10 Eastern Visayas (VIII)	(4.6)	18.2
11 Zamboanga Peninsula (IX)	4.3	(7.3)
12 Northern Mindanao (X)	(8.5)	51.4
13 Davao Region (XI)	(18.3)	4.9
14 SOCCSKSARGEN (XII)	3.0	49.1
15 Caraga	(51.3)	(56.3)
16 ARMM	6.6	(5.3)

Source: National Statistics Coordinating Board

- Reduction of fertilizer usage in Eastern Visayas due to the relatively high cost of fertilizer.
- Corn production posted a contraction of 2.3 percent during the first semester of 2009 from a growth of 19.6 percent a year ago. Almost all the regions posted lower growth rates, if not contractions, compared to a year ago, except in ARMM (from -5.3 percent to 6.6 percent), and Zamboanga Peninsula (from -7.3 to 4.3 percent) where higher growths were recorded.
- The slowdown in corn production was due largely to unfavorable weather conditions. The adverse effect of natural calamities were, however, mitigated by the following factors:
 - ✓ Increase in area harvested in the CAR and the Bicol Region;
 - ✓ Sustained use of hybrid and certified open pollinated variety (OPV) of corn seeds in Central Visayas, Zamboanga Peninsula and SOCCSKSARGEN;
 - ✓ Seed and fertilizer subsidies from local government units (LGUs), the GMA corn program, and other private institutions in Central Visayas; and
 - ✓ Less occurrence of pests and diseases in Central Visayas.
- The regions that reversed to contractions in corn production in the first semester of 2009 from year-ago expansions included Western Visayas (from 72.6 percent to -28.8 percent), Davao Region (from 4.9 percent to -18.3 percent), Northern Mindanao (from 51.4 percent to -8.5 percent), Eastern Visayas (from 18.2 percent to -4.6 percent), Ilocos Region (from 9.0 percent to -1.6 percent), Cagayan Valley (from 13.4 percent to -0.8 percent) and Central Luzon (from 10.1 percent to -0.8 percent). These contractions were due mainly to continuous rains caused by a number of typhoons during the first semester of 2009, the conversion of some corn fields into plantations of rice and other high-value crops and marked withdrawals of private financiers in the provinces of Antique, Iloilo, Guimaras and Negros Occidental because of high production costs and low selling price. These factors contributed to the drop in the overall yield per hectare and in the area harvested.

Livestock, Poultry and Fishery

Livestock and Poultry

Livestock and poultry production recovers

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

Region	S1 2009	S1 2008
PHILIPPINES	2.0	0.7
1 CAR	(8.1)	(8.1)
2 Ilocos Region (I)	0.6	0.1
3 Cagayan Valley (II)	(2.6)	2.4
4 Central Luzon (III)	0.4	1.4
5 Southern Tagalog-CALABARZON (IV-A)	9.9	8.8
6 Southern Tagalog-MIMAROPA (IV-B)	3.1	(1.8)
7 Bicol Region (V)	14.9	(21.5)
8 Western Visayas (VI)	7.9	(3.7)
9 Central Visayas (VII)	2.1	(0.7)
10 Eastern Visayas (VIII)	28.1	(13.5)
11 Zamboanga Peninsula (IX)	(15.1)	(0.3)
12 Northern Mindanao (X)	2.2	4.0
13 Davao Region (XI)	0.7	(3.5)
14 SOCCSKSARGEN (XII)	4.7	15.9
15 Caraga	(8.9)	14.2
16 ARMM	(8.0)	9.6

Source: National Statistics Coordinating Board

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

Region	S1 2009	S1 2008
PHILIPPINES	4.1	7.1
1 CAR	8.5	1.5
2 Ilocos Region (I)	3.2	5.1
3 Cagayan Valley (II)	4.9	(19.1)
4 Central Luzon (III)	6.9	7.1
5 Southern Tagalog-CALABARZON (IV-A)	6.4	12.6
6 Southern Tagalog-MIMAROPA (IV-B)	6.6	5.6
7 Bicol Region (V)	13.5	(3.0)
8 Western Visayas (VI)	(3.5)	6.7
9 Central Visayas (VII)	4.2	8.5
10 Eastern Visayas (VIII)	0.5	34.8
11 Zamboanga Peninsula (IX)	(15.4)	2.1
12 Northern Mindanao (X)	10.4	11.9
13 Davao Region (XI)	7.0	3.1
14 SOCCSKSARGEN (XII)	(12.0)	10.0
15 Caraga	(14.0)	(6.4)
16 ARMM	(10.4)	(16.3)

Source: National Statistics Coordinating Board

- Cattle production expanded at a faster rate of 2.0 percent in the first semester of 2009 from a growth of 0.7 percent in the same period in 2008. The growth of cattle production in Eastern Visayas (28.1 percent), Bicol Region (14.9 percent), CALABARZON (9.9 percent), Western Visayas (7.9 percent), SOCCSKSARGEN (4.7 percent), MIMAROPA (3.1 percent), Northern Mindanao (2.2 percent) and Central Visayas (2.1 percent) contributed to the improved performance of the cattle industry. The growth of cattle production in these regions was attributed to the increased number of slaughtered animals in abattoirs, favorable market conditions, absence of diseases and pestilence, and the animal healthcare assistance provided by the Department of Agriculture (DA) such as deworming, vaccination and provision of food supplements.

- Chicken production grew by 4.1 percent in the first semester of 2009 from 7.1 percent in the same period in 2008. The 4.1 percent expansion was due to the significant growth of chicken production in the Bicol Region (13.5 percent), Northern Mindanao (10.4 percent), CAR (8.5 percent), Davao Region (7.0 percent), Central Luzon (6.9 percent), MIMAROPA (6.6 percent) and CALABARZON (6.4 percent). The consumer preference over beef and pork, attractive market conditions, higher demand for chicken meat caused by the proliferation of fast food establishments, the rise of ambulant vendors of grilled chicken, particularly in Western Visayas, the lower poultry dressing fees of some slaughterhouse operators to accommodate backyard poultry farmers who could not afford the use of legitimate dressing facilities for their chickens in Western Visayas, the provision of technical assistance and loans to poultry raisers in Northern Mindanao and the declaration made by the DA that Davao Region is free from bird flu contributed to the improvement in chicken production.

Swine Production, in metric tons (liveweight)

Growth Rate in Percent, y-o-y

Region		S1 2009	S1 2008
	PHILIPPINES	2.7	(4.3)
1	CAR	(12.0)	(1.2)
2	Ilocos Region (I)	(2.0)	(1.2)
3	Cagayan Valley (II)	(3.4)	(10.5)
4	Central Luzon (III)	0.6	(16.5)
5	Southern Tagalog-CALABARZON (IV-A)	7.6	(7.4)
6	Southern Tagalog-MIMAROPA (IV-B)	2.0	(4.0)
7	Bicol Region (V)	7.8	(16.4)
8	Western Visayas (VI)	6.8	2.7
9	Central Visayas (VII)	4.6	(2.0)
10	Eastern Visayas (VIII)	(1.4)	(2.9)
11	Zamboanga Peninsula (IX)	5.3	2.6
12	Northern Mindanao (X)	4.6	5.8
13	Davao Region (XI)	1.7	0.1
14	SOCCSKSARGEN (XII)	2.7	18.2
15	Caraga	(10.3)	(7.8)
16	ARMM	7.4	27.6

Source: National Statistics Coordinating Board

- Swine production posted a growth of 2.7 percent in the first semester of 2009 from a contraction of 4.3 percent during the same period in 2008. The growth of swine production in the Bicol Region (7.8 percent), CALABARZON (7.6 percent), ARMM (7.4 percent), Western Visayas (6.8 percent), Zamboanga Peninsula (5.3 percent), Central Visayas (4.6 percent) and Northern Mindanao (4.6 percent) contributed to the recovery in the overall production. The improvement was due to the technology, maintenance of CALABARZON and MIMAROPA as foot-and-mouth disease-free regions, establishment of new swine businesses, increased backyard swine raisers, assistance offered by the DA to prevent animal diseases through vaccinations and other animal health services and entry of contract growers in Northern Mindanao.

Fishery

Fish production continues to grow

Region		S1 2009	S1 2008
	PHILIPPINES	4.9	2.7
1	CAR	3.6	5.5
2	Ilocos Region (I)	(0.7)	7.3
3	Cagayan Valley (II)	6.2	3.0
4	Central Luzon (III)	0.6	6.9
5	Southern Tagalog-CALABARZON (IV-A)	3.1	7.9
6	Southern Tagalog-MIMAROPA (IV-B)	(2.5)	(0.7)
7	Bicol Region (V)	3.8	4.1
8	Western Visayas (VI)	9.1	(3.3)
9	Central Visayas (VII)	5.2	(4.8)
10	Eastern Visayas (VIII)	4.5	4.5
11	Zamboanga Peninsula (IX)	24.1	2.0
12	Northern Mindanao (X)	5.5	4.6
13	Davao Region (XI)	(7.6)	3.1
14	SOCCSKSARGEN (XII)	(3.1)	14.3
15	Caraga	2.3	3.1
16	ARMM	(0.8)	3.4

Source: National Statistics Coordinating Board

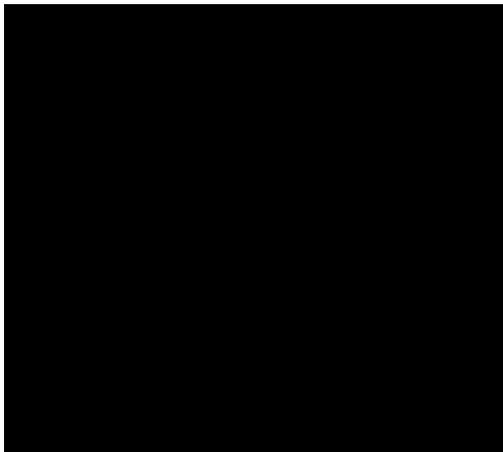
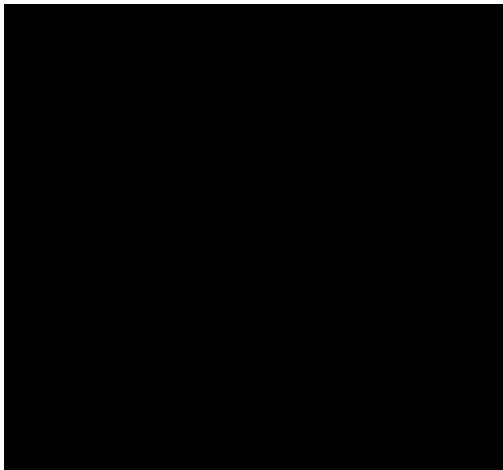
- The fishery subsector grew by 4.9 percent in the first semester of 2009 from 2.7 percent a year ago. Significant increases were recorded in Zamboanga Peninsula (24.1 percent), Western Visayas (9.1 percent), Cagayan Valley (6.2 percent), Northern Mindanao (5.5 percent) and Central Visayas (5.2 percent).
- The reasons cited for the growth of the fishery subsector were:
 - ✓ Increase in area harvested coupled with the decline in mortality because of good quality fry in the CAR, and Northern Mindanao;
 - ✓ Application of sustainable fishing practices, acquisition of new aquaculture technologies and the culture of other high-value species such as abalone, sea urchins, sea cucumbers and white shrimps in Western Visayas;
 - ✓ Establishment of more fish shelters or payaos⁴ under the auspices of the Bureau of Fisheries and Aquatic Resources (BFAR) in Western Visayas; and
 - ✓ Continued implementation of aquamarine programs such as the establishment and maintenance of mariculture zones,

⁴ This is a fish-aggregating device consisting of a floating raft or drums anchored by a weighted line with suspended materials, such as palm fronds which attract pelagic and schooling species of fish.

mangrove rehabilitation, bantay-dagat, sea cages, provision of fish habitat and implementation of strict fishery laws led by BFAR in Western Visayas and Eastern Visayas.

Construction

Construction activity continues to be robust in the second semester of 2008 driven by the private sector



Construction activity in the 17 regions remained upbeat in the second semester of 2008 as total number of approved building permits and residential building construction expanded anew.

- During the second semester in 2008, the total number of approved building permits in the Philippines rose by 7,849 or nearly 18.6 percent, after declining by 3.5 percent in the same period in 2007.
- Significant increases in the number of approved building permits were observed in CALABARZON, Central Luzon, the NCR, SOCCSKSARGEN and Ilocos.
- Notable declines in the number of approved building permits were prominent in three regions led by Central Visayas, Davao Region and Northern Mindanao.
- Similarly, the total number of approved residential building constructions posted a turnaround, growing by 7,270 or 24.6 percent to 36,856 during the period under review, after contracting by 1.3 percent in 2007.
- Furthermore, significant increases in the total number of housing starts were observed in five regions, led by CALABARZON, Central Luzon, Western Visayas, Ilocos and Caraga. These were, however, partly offset by significant declines in housing starts in Central Visayas and the NCR.
- Based on latest data, the annual rise in the wholesale prices of construction materials in the NCR dropped to 2.2 percent in October 2009 from 3.5 percent in September 2009. Annual price declines were noted in plywood (3.2 percent from 4.2 percent); fuels and lubricants (18.6 percent from 22.4 percent); reinforcing steel (8.9 percent from 11.8

percent); and structural steel (6.8 percent from 8.7 percent).

- The Philippine Constructors Association, Inc. (PCAI) expects that the construction industry in 2009 will end with a slower growth of 6-8 percent, driven largely by private sector initiatives, particularly private residential and commercial developments. The slight deceleration in growth takes into account the expected slow implementation of government-led projects due to right-of-way problems. PCAI cited the delayed completion of two projects: the Light Rail Transit1 South Extension and the Tarlac-La Union Toll Expressway.

Tourism

Hotel Occupancy

Hotel occupancy dips in light of the global financial crisis

Region	S1 2007	S1 2008	Growth rate
PHILIPPINES	65.75	63.73	(3.07)
1 NCR	73.89	73.04	(1.15)
2 CAR	39.18	29.63	(24.37)
3 Ilocos Region (I)	16.37	29.80	82.04
4 Cagayan Valley (II)	71.73	73.60	2.61
5 Central Luzon (III)	59.86	52.71	(11.94)
6 Southern Luzon (IV)	55.30	52.65	(4.79)
7 Bicol Region (V)	32.22	38.84	20.55
8 Western Visayas (VI)	52.39	48.03	(8.32)
9 Central Visayas (VII)	65.17	67.62	3.76
10 Eastern Visayas (VIII)	40.14	--	--
11 Zamboanga Peninsula (IX)	56.19	--	--
12 Northern Mindanao (X)	89.16	--	--
13 Davao Region (XI)	60.81	61.68	1.43
14 SOCCSKSARGEN (XII)	49.51	50.20	1.39
15 Caraga	42.81	50.40	17.73

Source: DOT Regional Offices

- Tourism activity registered a slowdown in the first semester of 2008 as the economy felt the effects of the global financial crisis. Average hotel occupancy rate for the country dipped by 3.1 percent in the first half of 2008 as the country's tourism industry felt the pinch of the global economic turmoil. Nonetheless, notable increases in hotel occupancy rates were recorded for some regions including the Ilocos region (82.0 percent), Bicol region (20.6 percent), and Caraga (17.7 percent).
- The Ilocos region has been reaping gains from the upgrading and rehabilitation of the San Fernando airport. This development has resulted in faster and more convenient travel to key destinations in the region, particularly La Union, Pangasinan, Ilocos Sur and Ilocos Norte.
- The province of Camarines Sur in the Bicol region is emerging as one of the fastest growing tourist destinations in the country following the development of new tourist spots in the province. One such attraction is the Camarines Sur Water Sports Complex, which boasts of a world-class wakeboarding facility. The complex has been host to a number of local and international wakeboarding competitions. Another new attraction is Gota Beach located in the Caramoan Peninsula in Camarines Sur. Its beach and those of its

nearby islands, Lahuy and Bitanglaya, have white, powdery sand surrounding crystal-clear waters.

- Tourism in CARAGA had also picked up in the first six months of 2008 as tourists continued to visit its famous surfing and fishing capital of Siargao Island in Surigao del Norte and the more than 40,000 hectares Agusan Marsh in Agusan del Sur.

Banking

NCR has more banks to service its population

Region	June 2008	June 2009
1 NCR	4,213	4,216
2 CAR	14,114	14,040
3 Ilocos Region (I)	13,274	12,914
4 Cagayan Valley (II)	13,315	14,011
5 Central Luzon (III)	11,754	11,541
6 Southern Tagalog-CALABARZON (IV-A)	9,681	9,786
7 Southern Tagalog-MIMAROPA (IV-B)	19,824	23,044
8 Bicol Region (V)	24,307	25,818
9 Western Visayas (VI)	18,710	17,485
10 Central Visayas (VII)	12,810	13,171
11 Eastern Visayas (VIII)	31,567	32,451
12 Zamboanga Peninsula (IX)	25,328	24,179
13 Northern Mindanao (X)	16,074	16,096
14 Davao Region (XI)	16,556	15,827
15 SOCCSKSARGEN (XII)	22,711	22,689
16 ARMM	139,927	143,115
17 Caraga	21,140	20,997

Source: Supervisory Data Center, SES-RSP

Region	Dec 2007	Dec 2008
1 NCR	3.79	14.78
2 CAR	5.96	12.22
3 Ilocos Region (I)	2.57	11.22
4 Cagayan Valley (II)	10.38	21.79
5 Central Luzon (III)	5.88	17.75
6 Southern Tagalog-CALABARZON (IV-A)	6.67	14.00
7 Southern Tagalog-MIMAROPA (IV-B)	61.00	17.67
8 Bicol Region (V)	10.01	9.22
9 Western Visayas (VI)	(2.01)	13.18
10 Central Visayas (VII)	7.33	5.96
11 Eastern Visayas (VIII)	7.84	17.88
12 Zamboanga Peninsula (IX)	5.92	11.47
13 Northern Mindanao (X)	6.45	11.37
14 Davao Region (XI)	7.09	11.41
15 SOCCSKSARGEN (XII)	6.74	16.08
16 ARMM	3.17	14.56
17 Caraga	13.95	10.60

Region	Dec 2007	Dec 2008
1 NCR	88.34	72.05
2 CAR	9.00	8.49
3 Ilocos Region (I)	22.32	21.66
4 Cagayan Valley (II)	38.72	31.99
5 Central Luzon (III)	22.70	20.68
6 Southern Tagalog-CALABARZON (IV-A)	16.90	16.14
7 Southern Tagalog-MIMAROPA (IV-B)	27.27	24.44
8 Bicol Region (V)	34.48	25.84
9 Western Visayas (VI)	19.51	18.28
10 Central Visayas (VII)	22.40	20.22
11 Eastern Visayas (VIII)	24.37	26.70
12 Zamboanga Peninsula (IX)	23.74	22.93
13 Northern Mindanao (X)	34.08	33.82
14 Davao Region (XI)	23.06	24.03
15 SOCCSKSARGEN (XII)	28.25	25.60
16 ARMM	12.83	12.30
17 Caraga	36.43	32.52

- With a bank density ratio of 4,216 persons per bank as of June 2009, the NCR continued to have the highest number of banks available to service its population. The NCR is followed by CALABARZON and Central Luzon regions with bank density ratios of 9,786 and 11,541 persons per bank, respectively. It must be noted, however, that the density ratios for NCR and CALABARZON have been on an increasing trend since 2006, indicating that the rate of growth in the number of banks is slower than the rate of population growth in these regions.
- Meanwhile, deposit generation in all regions expanded year-on-year as of December 2008. In fact, with the exception of the Bicol region and Central Visayas, all regions posted double-digit growth in deposit liabilities during the review period. Of these regions, Cagayan Valley registered the highest growth of 21.8 percent. One of the major contributors to this favorable trend was the continued strong inflows of overseas Filipino remittances. The growth in deposits could also indicate risk-aversion as a precaution against less favorable economic conditions in light of the global financial crisis.
- The growth in loan portfolio as of December 2008 was also on the rise except in the NCR, Bicol region, Central Visayas and Caraga. Lending activity was highest in Eastern Visayas (29.2 percent), Davao region (16.1 percent) and Northern Mindanao (10.5 percent).
- The NCR, which accounted for about 90 percent of the total loans of the banking system, topped as the region with the highest loans-to-deposits ratio at 72.1 percent as of December 2008. This was, however, lower than the 88.3 percent posted in December

Region	Dec 2007	Dec 2008
1 NCR	2.72	(6.39)
2 CAR	(4.06)	5.82
3 Ilocos Region (I)	12.31	7.93
4 Cagayan Valley (II)	8.55	0.63
5 Central Luzon (III)	3.21	7.28
6 Southern Tagalog-CALABARZON (IV-A)	12.68	8.84
7 Southern Tagalog-MIMAROPA (IV-B)	76.00	5.47
8 Bicol Region (V)	9.45	(18.15)
9 Western Visayas (VI)	(5.43)	6.04
10 Central Visayas (VII)	(4.57)	(4.36)
11 Eastern Visayas (VIII)	23.47	29.15
12 Zamboanga Peninsula (IX)	18.44	7.68
13 Northern Mindanao (X)	(13.07)	10.52
14 Davao Region (XI)	(9.36)	16.10
15 SOCCSKSARGEN (XII)	(2.51)	5.19
16 ARMM	30.83	9.84
17 Caraga	35.75	(1.25)

2007. The NCR was followed by Northern Mindanao (33.8 percent), Caraga (32.5 percent) and Cagayan Valley (32.0 percent). The growth in loans-to-deposits ratio in these areas reflected greater efficiency of banks in channeling deposits to lending activities.

Inflation

Higher oil and food prices push inflation up in 2008

Inflation Rates, in percent

Region	(1 st semester) 2008	(1 st semester) 2007	2008	(2 nd semester) 2008	(2 nd semester) 2007
PHILIPPINES	50	7.6	9.3	10.9	2.9
1 NCR	24	6.4	6.9	7.5	2.8
2 CAR	49	6.9	8.9	10.9	2.1
3 Ilocos Region (I)	55	7.0	9.0	10.9	2.6
4 Cagayan Valley (II)	71	7.9	10.2	12.5	2.3
5 Central Luzon (III)	53	9.6	11.1	12.6	3.1
6 CALABARZON (IV-A)	45	6.3	8.0	9.7	2.6
7 MIMAROPA (IV-B)	47	8.9	10.3	11.7	3.7
8 Bicol Region (V)	63	7.5	9.5	11.4	3.4
9 Western Visayas (VI)	81	8.1	11.0	13.7	3.2
10 Central Visayas (VII)	55	8.2	10.9	13.4	2.3
11 Eastern Visayas (VIII)	99	9.1	13.6	18.1	2.8
12 Zamboanga Peninsula (IX)	64	10.7	13.6	16.4	3.4
13 Northern Mindanao (X)	72	9.0	11.2	13.4	3.9
14 Davao Region (XI)	65	8.3	10.3	12.3	3.0
15 SOCCSKSARGEN (XII)	55	10.5	11.7	12.8	3.6
16 ARMM	81	10.0	12.7	15.3	5.3
17 Caraga	86	11.0	14.9	18.6	2.4

- Inflation rates in all the regions accelerated markedly in the second semester of 2008. The average inflation rate for the country during the period in review was at 10.9 percent, significantly higher than the year-ago level of 2.9 percent. The acceleration in inflation was due largely to increased prices of food and fuel. The uptrend was more pronounced in Caraga and Eastern Visayas as a result of higher prices for food, beverages and tobacco (FBT) and fuel, light and water (FLW).
- For the first semester of 2009, inflation rates across all regions, except in Eastern Visayas, declined markedly compared to the comparable period in the previous year, driven by lower global oil and food prices. The average inflation rate for the country was at 5.0 percent. The downtrend in inflation was evident in SOCCSKSARGEN, Zamboanga Peninsula, Central Luzon and MIMAROPA.

Employment

Employment rates highest in ARMM, Cagayan Valley and Zamboanga Peninsula

- Based on the average data for the first two rounds (January and April) of the Labor Force Survey (LFS) of the National Statistics Office (NSO) in 2009, the highest employment rate was recorded in the ARMM at 98.1 percent in the first semester of 2009 from 97.3 percent in the same period last year. This was followed by Cagayan Valley and Zamboanga Peninsula, at 97.2 percent and 96.3 percent, respectively, from year-ago rates of 96.4 percent and 96.2 percent, respectively. On the other hand, the NCR registered the lowest employment rate at 86.3 percent in the first half of 2009 from 86.9 percent in the same period last year.

Employment Indicators By Region [*]			
First Semester 2009, averages in percent			
Region	Employment	Unemployment	Underemployment
PHILIPPINES	92.4	7.6	18.6
NCR	86.3	13.8	12.4
CAR	95.8	4.3	18.1
Ilocos Region (I)	91.6	8.4	18.3
Cagayan Valley (II)	97.2	2.9	15.4
Central Luzon (III)	90.9	9.1	5.2
CALABARZON (IV-A)	88.6	10.4	15.0
MIMAROPA (IV-B)	95.5	4.5	25.9
Bicol Region (V)	93.7	6.3	37.4
Western Visayas (VI)	93.1	7.0	24.9
Central Visayas (VII)	92.5	7.6	13.3
Eastern Visayas (VIII)	94.7	5.3	26.9
Zamboanga Peninsula (IX)	96.3	3.7	24.3
Northern Mindanao (X)	95.3	4.8	25.9
Davao Region (XI)	94.0	6.0	21.3
SOCOSKARGEN (XII)	96.1	4.0	18.9
Caraga (XIII)	94.3	5.7	27.9
ARMM	98.1	2.0	12.5

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

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

- The improvement in employment in the ARMM and Cagayan Valley can be attributed in part to the effective implementation of the government's Comprehensive Livelihood Emergency Employment Program (CLEEP), a component of the government's Economic Resiliency Plan. The significant rise in total building constructions in ARMM during the first quarter of 2009 also contributed to the rise in employment.
- The modest increase in employment in the Zamboanga Peninsula is reflective of the expansion in the fishery subsector and residential building construction.
 - ✓ Fishery production in the Zamboanga Peninsula registered a growth of 24.1 percent in the first semester of 2009, the highest in the country.
 - ✓ Likewise, permits issued for residential construction jumped by 22.2 percent in the first quarter of 2009 due to increased investment in residential construction and other real estate ventures, particularly by OFWs.
- In the first semester of 2009, four regions recorded unemployment rates that were higher than the national average of 7.6 percent, namely: NCR (13.8 percent); CALABARZON (10.4 percent); Central Luzon (9.1 percent); and Ilocos (8.4 percent).
- The Bicol region recorded the highest underemployment rate at 37.4 percent in the first semester of 2009, exceeding the national average of 18.6 percent.⁵ The lowest underemployment rate was in Central Luzon at 5.2 percent during the same period.

⁵ 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.

Demand and Supply Conditions

- Initial data on aggregate supply and demand indicators in agriculture and banking generally pointed to the economy's continued resiliency amidst the global economic crunch.
- In the agriculture sector, production of palay in the first semester of the year rose due to the expansion of irrigated and rain-fed harvest areas, improvements in the irrigation system, availability of certified seeds under the dispersal program of the DA and implementation of other government initiatives such as provision of fertilizer discount coupons under the GMA fertilizer subsidy program. Corn production, however, declined, weighed down by heavy rains and a decrease in the area harvested as reported in some regions. Production of livestock and poultry advanced on sustained demand for these products. Likewise, fishery production was lifted by abundant species in the fishing grounds that resulted in increased fish landing.
- During the first quarter of 2009, construction of residential buildings rose in all regions, except in the NCR, CAR, Cagayan Valley and CALABARZON. The total number of approved building permits likewise inched up in most of the regions.
- Financial market conditions implied a generally cautious sentiment in light of the global economic turmoil as evidenced by the decline in banks' total loan portfolio during the second half of 2008. However, bank deposits grew amidst better public access to banking across regions with the uptrend in bank density ratio. Moreover, the growth in deposits may indicate risk-aversion in light of the global financial crisis.
- Employment rate rose slightly as of April 2009 from its year-ago level, boosted by efforts to promote job generation such as the CLEEP.
- Average inflation decelerated in all regions in the first six months of 2009 from the previous year's level due mainly to lower food inflation following favorable supply conditions in agriculture as well as lower global food prices.

Opportunities and Challenges

- Ongoing infrastructure projects across the country are expected to help improve the delivery of goods and services and lower transaction costs. Major roadworks in the pipeline, particularly in the NCR, are anticipated to decongest main thoroughfares. Continued railroad construction and airport modernization in the regions will likewise help facilitate inter-island travel and enhance the flow of products across regions. Government support for farmer cooperatives is also expected to boost agricultural investments through improved post-harvest techniques.
- The generally subdued outlook for the domestic financial system brought on by the turmoil in the global financial environment could continue to dampen private consumption and investments in the regions. However, the fiscal package of the National Government coupled with a conducive monetary policy environment is expected to provide support to economic activity across the regions.

-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 (January-June 2007)
- Bureau of Fisheries and Aquatic Resources
- Department of Tourism (DOT)
 - Hotel occupancy rate
- National Economic and Development Authority (NEDA)
 - Regional Economic Situationer
- National Statistics Office (NSO)
 - Approved building permits and housing starts
 - Residential building constructions started
 - Inflation
 - Employment
- Supervisory Data Center, Bangko Sentral ng Pilipinas (SDC-BSP)
 - Loans
 - Deposits
 - Bank density
 - Microfinance
- Various newspapers articles and websites

Annex A

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<i>A. Opportunities</i>		
NCR		<ul style="list-style-type: none"> • Implementation of P38 billion worth of road projects by the Metro Pacific Tollways Corporation (MPTC), which are expected to facilitate convenient and cost-efficient travel across regions. Groundbreaking rites for Segment 8.1 project, which will link Mindanao Avenue to the North Luzon Expressway (NLEx), was held in April 2009. The said project will be completed by April 2010. Other projects in the pipeline consist of Segments 9 and 10, which will connect the NLEx to MacArthur Highway in Valenzuela and Manila's Port Area, as well as an NLEx-South Luzon Expressway (SLEx) link from C3 in Caloocan to Buendia Avenue in Makati. The toll road projects will provide motorists substantial savings in travel time, fuel and vehicle operating costs. These projects are also expected to create an estimated 107,000 jobs during the five-year construction period. • Opening of a Philippine Product Depot on 11 August 2009 at the HK Sun Plaza along Macapagal Avenue in Pasay City. The depot showcases outstanding products from the country's 17 regions, provides a training facility to would-be entrepreneurs, and serves as a one-stop shop for small Filipino entrepreneurs to display and market

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p>CAR</p>	<ul style="list-style-type: none"> • Conduct of trainings/workshops on tissue-cultured banana production in various provinces of the region. Said trainings were aimed at teaching farmers the proper practices in banana production, including control of pests and diseases. The training was funded by the DA-CAR under the Ginintuang Masaganang Ani-High Value Commercial Crops (GMA-HVCC) program. • Establishment of the Bagsakan Center in San Quintin, Abra in July 2009. This is the first of its kind to be established in the Cordilleras under the initiative of the DA in collaboration with the LGU and the Office of the Provincial Agriculturist. Traders coming from various municipalities in the province and even the neighboring provinces of Ilocos Sur and Benguet ply their produce at the said center. Most of the commodities sold were fresh fruits and vegetables, fish, pork, and beef from the farmers and fisherfolk of the locality. • The Provincial Agriculture, Environment and Natural Resources Office (PAENRO) in Ifugao implemented the construction of 15 units of small farm reservoirs (SFR). Said project was funded by the DA-CAR. With a unit cost of 	<p>their products for international and local buyers.</p> <ul style="list-style-type: none"> • Campaign of 20,000 small-scale miners called the Benguet Federation of Small-Scale Miners to accredit their group as a non-governmental organization (NGO), in order to legalize their livelihood. The group aims for the promotion of integrated basic program for economic development and self-reliance. • Encouragement of more entrepreneurs in the region to improve their productivity and competitiveness through the Department of Science and Technology's (DOST) Small and Medium Enterprise Technology Upgrading Program (SET UP) which provides soft loans to individuals and groups. The DOST Mountain Province Provincial Office has granted ₱2.5 million to 10 SET UP-supported firms. This financial assistance is targeted at acquiring modern equipment to improve product quality. The equipment acquired will be under the supervision of the DOST until such time that the loan is paid when it will be turned over to the owner of the business.

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>₱20,000 each, the SFRs were constructed in the municipalities of Tinoc, Alfonso Lista, Hingyon, Banaue, Kiangan, Asipulo, Lamut and Lagawe.</p>	
<p>Ilocos Region</p>	<ul style="list-style-type: none"> • Purchase of corn by the NFA in the Ilocos region as the agency keeps its commitment to buy as much of the local produce with an attractive market price. The NFA is targeting to buy 4.6 million bags of yellow corn grains equivalent to ₱2.8 billion and 1.3 million bags of white corn grains worth ₱892 million until December 2009. • Allocation of ₱30 million for at least 1,000 farmer-members of the Dream Cooperative in Dingras, Ilocos Norte as part of President Gloria Macapagal-Arroyo's Ginintuang Masaganang Ani (GMA) program. The amount, which will be used for the agriculture enterprise modernization program of the cooperative, will be loaned (with an 8 percent interest per annum) to farmers to improve their economic conditions and allow them to venture into agricultural economic enterprise such as food processing. In line with this, the municipality of Dingras will also support the farmers with agricultural inputs, including hybrid seeds and fertilizers. 	<ul style="list-style-type: none"> • Ilocos Norte is set to launch the world's first large scale coconut plantation intended solely for the production of coconut bio-fuel as an alternative energy source. The ₱3.5 billion biodiesel project will cover more than 1,000 hectares of grasslands in the villages of Balaoi, Caunayan and Caparispisan, Pagudpud, Ilocos Norte. The project will be jointly undertaken by the Philippine BioEnergy Northern Luzon Inc. (BENLINC) and the Japan-based partner Pacific Bio-Fields Corp. This initiative promises long-term economic benefits in terms of investments and livelihood opportunities, aside from being a major source of alternative fuel, thereby lessening the country's dependence on imported fossil fuels. • Construction of 40 wind turbines in Pagudpud, Ilocos Norte by the Northern Luzon UPC Asia Corporation. The wind-power development project is expected to generate 80 megawatts of electricity in the area. For this project, 102 hectares of land had already been leased by UPC from the Department of Environment and Natural Resources (DENR) for 25 years. The development in the 102-hectare land will commence before the end of 2009 while the construction of the first UPC turbine will start in 2010.

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> • Adoption by farmers in Rosario, La Union of the Aerobic Rice Technology. Aerobic rice is a 90-day drought-resistant variety, which is ideal for planting in periods when there is below normal water supply. This will enable farmers to plant palay in two cropping periods in the same area. The first cropping (direct seeding) will be done at the onset of the rainy season (month of May or June) to be harvested in September. The second cropping will be done right after harvesting when soil moisture is still high. The Don Mariano Marcos Memorial State University (DMMMSU) - Institute of Agriculture has put up a demo farm last year that yielded good results, encouraging further farmers to plant aerobic rice. • Establishment of a modern rice processing complex (RPC) in Pangasinan under a US\$13 million grant from the Korean government. More than 200,000 Pangasinan farmers will stand to benefit from the establishment of the modern RPC at the provincial nursery in Sta. Barbara town. The modern rice processing complex will be equipped with state-of-the-art post-harvest facilities and will serve as a one-stop service center for milling, drying and storing, as well as providing contemporary production technologies to produce high-quality rice. 	<ul style="list-style-type: none"> • On-going infrastructure projects in the province of Ilocos Sur as of August 2009 include the following: construction of the Banaoang Bridge; construction of public markets in Vigan, Sta. Lucia and Tagudin; new municipal hall in San Juan; and renovation of Alilem Municipal Hall, Candon Public Market as well as national roads traversing certain municipalities of the province. • The Magic and CSI Group of Companies are expanding outside Dagupan City, signaling commercial development opportunities for other towns in Pangasinan. In Tayug, Magic has started the construction of its commercial building while CSI has secured a building permit. These projects are expected to hasten Tayug's development into a trading center in Eastern Pangasinan. • Resumption of international flights at the Laoag International Airport on 21 April 2009, which helped improve the number of tourists visiting Region I, especially in Ilocos Norte. Simultaneously, Mandarin Airlines recommenced its Kaoshung-Laoag flights, bringing in more Taiwanese tourists to the region. Charterers are also negotiating for servicing flights from Macau to Laoag. • Construction of nine more computer buildings in different elementary schools in Alaminos City, Pangasinan by the end of 2009. This is part of the city's Wireless Internet-based Governance System (WINGS) project which aims to provide internet access to students and faculty members. The construction of the buildings, which has an estimated cost of ₱992,000 each, is expected to spur the construction

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	The province will be the owner of the facility and will manage and operate initially the RPC until a farmers' organization is ready to assume the operation of the said complex.	industry in Alaminos City and generate employment opportunities.

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p>Cagayan Valley</p>	<ul style="list-style-type: none"> • Selection of Reina Mercedes, Isabela as the site of a corn drying, storage and piece milling investment of Philippine Maize Federation, Inc. (PhilMaize) which will provide affordable poultry and livestock products for livestock and poultry raisers in the area. This is also expected to boost the income of corn farmers and encourage higher farm production. • Formation of a joint venture investment worth ₱600 million between PhilMaize and Korean Overseas Grains Industry (KOGI) Development. The project is intended to fund leases, post-harvest facilities and community projects in the town of Mallig, Isabela. • Rehabilitation of the Bitnao Belance mountain road that aims to boost vegetable trading in the region. This road project will link the town of Dupax del Norte to the different towns of the province of Nueva Vizcaya. With the road improvement, the vegetable farmers will have a wider market base for their products, thus encouraging more agricultural production. 	<ul style="list-style-type: none"> • Widening and expansion of the San Vicente Airstrip will ease up transportation and spur tourism. This will also facilitate trade and commerce. • Development of a telecommunications and leisure resort in Cagayan as well as the construction of additional villas in the Anguib White Sand Beach. This project is part of the Cagayan Export Zone Authority's (CEZA) Comprehensive Land Use Plan. The construction of the leisure-resort and gaming support services facilities is set to start within the year. The facilities include villas, restaurants, hotel resorts, convention center and a golf course. • Studies are currently being undertaken to make the CEZA one of the locations for international and local cruise ship operations.

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p>Central Luzon</p>	<ul style="list-style-type: none"> • Rehabilitation of the Pantoc Dam and Communal Irrigation System to improve the potable water supply and distribution system to the residents of Nueva Ecija. • Construction of a mini-hydro electric power plant in Aliaga, Nueva Ecija, which will provide cheap and affordable electric power to households and business establishments. • Promotion of the use of basil as part of the One Town, One Product (OTOP) program of the municipal government of Floridablanca, Pampanga. Basil is a relatively new but versatile kind of kitchen herb that is currently making waves in local restaurants. This aromatic herb is often used as a main ingredient for pesto sauce and goes well with pasta, soups, and salads. • Programmed construction of six farm-to-market roads amounting to ₱21 million in the region. • Improvement of livestock production in Tarlac through the following programs: <ul style="list-style-type: none"> ○ Multi Livestock Development Loan Program (MLDLP), wherein the Cooperative Rural Bank of Tarlac will finance the dispersal of a total of 68 	<ul style="list-style-type: none"> • Participation of the various provinces of Central Luzon in trade fairs and business matching. Locally-held trade fairs participated in include the Manila FAME and International Food Expo (IFEX). International trade fairs participated in are Mustarmesse Basel (MuBa) 2009, the largest and most prestigious trade fair in Basel, Switzerland and the China Sourcing Fair in Hong Kong. • Generation of ₱623.3 million new investments and 1,392 new jobs in the first semester of 2009 through the following projects: <ul style="list-style-type: none"> ○ Establishment of Flavor Food Products International, Inc. and AJINOMOTO Philippines, both in Guiguinto, Bulacan; ○ Establishment of Winsome Development Corporation in Sta. Maria, Bulacan; ○ Expansion by the ICT group in Cabanatuan, Nueva Ecija; ○ Expansion by Bongabon Onion Growers and RIRC Raffles International in Talavera, Nueva Ecija; ○ Expansion by One Equipment Trading and Services in Pampanga; and ○ Establishment of Sutherland Global Services in Tarlac. • Establishment by the provincial offices of DTI in the region of their own National Economic Research and Business Action Center (NERBAC) satellite offices that cater to business registration and other related functions. For the first semester of 2009, a total of 21,671 business certificates were issued, generating

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>heads of cattle, eight heads of carabao and 306 heads of swine.</p> <ul style="list-style-type: none"> ○ Grant of ₱1 million under the Economic Development Fund (EDF) Program of the Provincial Government of Tarlac to finance a total of 55 heads of goat to upgrade the present stock in the province. ○ Grant of ₱1 million from the Provincial Government of Tarlac to finance a total of 20 heads of doe and 2 heads of bucks for milking purposes. ○ Maintenance of a breeding center for livestock production at Brgy. Malacampa, Camiling, Tarlac. One boar from DA-RFU III was provided for the Artificial Insemination (AI) of swine. ○ Infusion of genetically-superior large animals (carabao-cattle) through AI to upgrade stocks. As support to the AI Program, the Provincial Government of Tarlac has allocated ₱1.5 million for procurement of various AI equipments. 	<p>investments totaling ₱4.5 billion and creating 53,338 jobs.</p> <ul style="list-style-type: none"> • Inauguration of the country’s first petrochemical feedstock facility at PBR Complex in Limay, Bataan. The facility includes the Petro Fluidized Catalytic Cracking (Petro FCC) unit and Propyle Recovery Unit (PRU), which form part of Petron Corporation’s refinery master plan to diversify further and boost its position in the local petrochemical industry. • Establishment of a biofuel processing facility by the Philippine National Oil Company Alternative Fuels Corporation (PNOC-AFC) in Limay and Mariveles, Bataan. • Addition of the San Miguel Corporation Feed Mill to the Mariveles Grains Terminal. The latter serves as the main hub for the handling, storing and unloading of grains. The terminal can cater to local and foreign grain producers with a handling discharge rate of 10,000 metric tons per day. • Establishment of Bagsakan Centers in Lalapac, Victoria, Comillas, Lapaz and Manlapig, Capas with ₱50,000 starting capital and equipments like freezer, refrigerator, weighing scale and tarpaulins. One Bagsakan Center in Tarlac City was also established with an initial capital of ₱700,000. • Improvement of product and service delivery to and from Metro Manila, Central Luzon and North Luzon through the

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>following infrastructure projects:</p> <ul style="list-style-type: none"> ○ The Northrail Project, benefiting Manila, Bulacan, Pampanga and Angeles City, which will provide a fast and reliable mass transit system to Central Luzon and North Luzon as well as serve as a major trunk line to and from Metro Manila. Section 1 of Phase 1 (Caloocan City to Malolos City) is ongoing with 11.03 percent physical accomplishment. The target completion is on 25 February 2010. ○ Pan-Philippine Highway Upgrading, a rehabilitation project of existing roads and construction of new by-passes for the critical sections covering Sta. Rita (Plaridel) to San Jose City of the Pan-Philippine Highway. ● Establishment of the North Food Exchange in Bulacan to intensify further the manufacturing and trading sector of the province. The food terminal is a 130-hectare complex, which provides for a number of commercial services such as public transportation and agricultural facilities. The food exchange also has a water and waste treatment facility. ● Conduct of a Product Development Seminar and Product Development Clinic on 15 January 2009 in the City of San Fernando, Pampanga, under the OTOP Program. Eighteen SMEs participated in the seminar while 11 SMEs availed of the product clinic service. ● Construction of various flood control projects amounting

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>to ₱10 million to protect the region's farmlands and reduce casualties during typhoons.</p> <ul style="list-style-type: none"> • Promotion of the Mango Festival which was held on 22-25 April 2009 in Iba, Zambales. This vibrant and colorful festivity was participated in by mango growers from Sta. Cruz, Candelaria, Palauig, Masinloc, and Iba in Zambales. The OTOP food processors had the chance to sell and promote their products during the festival. Sales from the event amounted to ₱473,410. This was also an opportunity to promote the tourist attractions of the province, including the beaches in Iba, Zambales.
<p>CALABARZON</p>	<ul style="list-style-type: none"> • Launching of Lucena Barangay Food Terminal Bagsakan Center in Brgy. Mayao, Lucena City in June 2009. • Distribution of about 2,000 packets of Bio-N¹ to CALAMBA corn farmers in June 2009. • Conduct of trainings, seminars and meetings on the following topics: <ul style="list-style-type: none"> ○ Coffee plantation care and maintenance ○ Training on Meat Processing ○ Poultry Production 	<ul style="list-style-type: none"> • Operationalization of the NERBAC office, a one-stop action center that facilitates the processing and documentation of all paper requirements necessary for the establishment of a business enterprise in the region, including credit services. • Collaboration of all government agencies in Quezon in formulating programs to help displaced OFWs who are affected by the global financial crisis. • Aggressive campaign for Halal certification in Quezon.

¹ Bio-N is an organic fertilizer suited for corn, rice and vegetables, which replaces 30-50 percent of the total amount of nitrogen requirement of the crop, enhances shoot growth and development, increases yield of the crop, maintains the natural soil properties and soil fertility and makes plants healthy and green, even making them resistant to drought and pests.

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> ○ Coconut Industry Development ○ Organic Tilapia Farming ○ Food Processing Training ○ Animals and Birds Management ○ Livelihood programs, i.e., tocino, longganisa, atsara-making ○ Bonsai-making and Planting Arts ○ Rice Farming Programs ○ Tilapia Fingerlings Dispersal ○ Soap Making <ul style="list-style-type: none"> ● Construction of two flatbed solar dryers in Macalelon, Quezon. ● Grant of financial assistance to rice farmers from the Land Bank of the Philippines (LBP), through the Provincial Government of Laguna, under the Rice Production Loan Program. ● Resumption of backyard hog farming in Cavite due to the decline in the price of feeds. ● Promotion of CALABARZON as a foot and mouth disease-free and avian flu-free region. ● Continuous dispersal of tilapia fingerlings in the different municipalities of Laguna by the BFAR-LGU. 	<ul style="list-style-type: none"> ● Launching of Subcontracting Partners for Innovation (SPIN), a livelihood program on basket weaving (Quezon). ● Establishment of the Quezon Provincial Trade and Investment Center. ● Implementation of the CLEEP, which is geared towards the provision of work that requires little or no skill or education. CLEEP engages workers only on a part-time (less than 40 hours a week) or a short time (e.g. 45 days or less) basis, and allows workers to take on more than one job.

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> • Active protection of fish habitat by the Bantay Dagat and Fish Warden in Quezon. 	
<p>MIMAROPA</p>	<ul style="list-style-type: none"> • Rehabilitation of irrigation facilities in Occidental Mindoro, Oriental Mindoro and Palawan. • Construction of Small Water Impounding Project in Odiongan, Romblon. • Repair and improvement of farm-to-market roads in the municipalities of Calapan City, Baco, Bongabong, Bulalacao, Naujan, Roxas, Mansalay, Pola and Victoria in Occidental Mindoro. • Concreting of the 0.5-kilometer farm-to-market road in Socorro, Oriental Mindoro. • Conduct of seminars/training/ workshops for farmers on the following topics: <ul style="list-style-type: none"> ○ Farmers Field School on palay farming and technologies; ○ Organic Production; ○ Rubber Production; ○ Tipid Abono/Modified Composting Program; and ○ Banana Tissue Culture 	<ul style="list-style-type: none"> • Concreting of nautical highway in the municipalities of Naujan, Victoria and Socorro, Oriental Mindoro. • Concreting of a 500-meter barangay road in Masagusisi, Sta. Cruz and asphalt overlay of 1-km road in Mogpog, Marinduque.

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> • Repair and expansion of irrigation canals in barangays Madalag and Gui-ob in Alcantara, Romblon. • Development of the palm oil industry in Palawan. • Higher demand for livestock and poultry due to the growing lechon manok business amidst the limited supply of marine products in the province of Romblon. • Higher demand for organic food will help expand the market for the organic livestock and chicken produce of Marinduque. • Launching of Bantay Dagat Networking on 15 July 2009. • Establishment of seaweeds nursery in Culasian, Dumaran. • Establishment of mariculture² parks and zoning in the region. 	

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.

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p>Bicol</p>	<ul style="list-style-type: none"> • Grant of loanable funds to 219,225 beneficiaries consisting of small farmers, fisher folks, cooperatives as well as SMEs. The LBP likewise extended total loans to its priority clients in the Bicol region amounting to ₱2.4 billion for the recovery and rehabilitation of the region’s agriculture sector. • Implementation by the Philippine Coconut Authority (PCA) of projects to preserve and propagate good varieties of coconut that thrive only in the Bicol region. The project, which will run for three years and will cost about ₱15 million, will work on the character and conservation of the coconut genetic resources in the region that are threatened by extinction due to climate change and other natural calamities. • Expansion of the commercial production of embryo-cultured seedlings of the <i>makapuno</i> trees. This is for the local coconut industry to be able to take advantage of the huge demand for this highly-priced product. The PCA included in its Annual Investment Program for 2010 the allocation of ₱4 million for the growing of at least 5,000 more <i>makapuno</i> trees region-wide. The program was approved by the Regional Development Council (RDC) and endorsed to the NG for 	<ul style="list-style-type: none"> • Set up of a joint Department of Tourism (DOT) promotional package between Bicol and the Central Visayas region. Camarines Sur will remain a top destination with its booming investment in eco-tourism and watersports. Bicol has also managed to place six tourist destinations in the top 16 destinations in the country. • On-going construction of vital infrastructures that will stimulate the region’s economy, including: <ul style="list-style-type: none"> ○ Construction of the Southern Luzon International Airport in Aloba, Albay. ○ Rehabilitation and upgrading of the Pantao Port. ○ Revival of the Philippine National Railways (PNR) following the scheduled repair of the tracks that started in May 2009. This will pave the way for the resumption of commuter train travel from Manila to Naga City by end of 2009. ○ Construction of a new road network that would directly link four towns of Albay (Camalig, Guinobatan, Jovellar and Daraga) to the town of Donsol in Sorsogon province. The project, which was endorsed for funding by the Regional Development Council-Region 5 will cost ₱814.5 million, the financing for which would be sourced from the Secondary National Road Development Program (SNRDP) of the Millennium Challenge Account, Philippine Compact Program (MCAPCP). The project will have a

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>inclusion in the budget.</p>	<p>positive impact on local tourism since the new road network will provide a shorter and safer access to Donsol, known worldwide for whale shark watching and interaction.</p> <ul style="list-style-type: none"> ○ Allotment of ₱251 million for various infrastructure projects by the Department of Public Works and Highways (DPWH) for the province of Camarines Norte under the economic stimulus package. The infrastructure projects include, among others, two foreign-funded bridges worth ₱30 million. Ten locally-funded national roads and bridges have also been lined up, as well as ₱40 million worth of other infrastructure projects. ● Implementation of microfinance and livelihood projects in disaster-prone areas of the region through the UNDP's funding assistance. Likewise, three Bicol provinces, namely, Albay, Camarines Sur and Catanduanes received ₱3.8 million worth of loans for SMEs from the Rural Micro-Enterprise Promotion Program (RuMEPP) of the Small Business Corporation (SB Corp.). SB Corp. also reported that it has been able to lend a total of ₱176.8 million to rural micro-enterprises in 10 of the country's poorest provinces. ● Endorsement by the city council of Sorsogon of the operation of the Rangas-Tanawon Geothermal Project, an expansion of the Bacon-Manito Geothermal Production Project of the Energy Development Corporation (EDC). The opening of Rangas - Tanawon Geothermal Project is

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>expected to ensure sufficient power supply for the region that is clean, renewable and sustainable.</p> <ul style="list-style-type: none"> • Approval by the NEDA-Investment Coordinating Committee of PAG-ASA's project of improving the forecasting and early warning system for meteorological-hydrological hazards in the region. The project, approved in December 2008, will involve the acquisition of state-of-the-art S-band doppler radar system which will replace the existing weather surveillance radars in Virac, Catanduanes; Aparri, Cagayan; and Guiuan, Eastern Samar.
<p>Western Visayas</p>	<ul style="list-style-type: none"> • Completion by 303 farmers of a 16-week farmers' field school training on "palay check" technology conducted jointly by DA - Region 6, the Agricultural Training Institute and the Provincial Office of Agricultural Services. • Distribution of Certificates of Land Ownership Awards (CLOAs) to 385 farmers. The land titles distributed cover a total land area of 362 hectares. • Employment of 135 Forest Extension and 131 Bantay Gubat officers from various municipalities in San Jose, Antique. This thrust of the DENR is in line with the CLEEP initiative of DOLE. 	<ul style="list-style-type: none"> • Availment by 697 Antiqueños of the Pangulong Gloria Scholarship. The scholarship provides free training and competency assessment as well as training support fund to boost job creation and job preservation. • Employment by DOLE of 42 nurses in San Jose, Antique under the Nurses Assigned in Rural Services (NARS) program. The NARS project is one of the pump-priming strategies implemented under the Economic Resiliency Plan to mitigate the impact of the global financial crisis. Project NARS aims to improve the delivery of health care services to the country and create a pool of registered nurses with enhanced clinical and preventive health management. • Receipt by the Metro Iloilo-Guimaras Economic Development Council of seven desktop computers and

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> • Completion of a new dairy facility in Kabankalan City. The facility, complete with milking machines and other dairy equipment, will be operated under the supervision of the Provincial Veterinary Office and will also benefit cow-breeders in the area through free consultation and training on proper techniques in livestock production. • Approval by the municipality of E.B. Magalona to set up a crab sanctuary to help avoid the depletion of blue crabs - a famous export commodity in the municipality - due to over-harvesting. The sanctuary will allow undisturbed spawning and ensure the propagation of blue crabs. • Increased production of silk under the Organization for Industrial, Spiritual and Cultural Advancement (OISCA) located in Bago City. OISCA's monthly production ranged at about 200 - 400 kilos of silk with a selling price of ₱2,200 per kilogram. • Introduction of a seaweed production project by the Escalante City government to support the livelihood of 200 seaweed farmers and meet the demand for Kappaphycus seaweed, commonly known as 	<p>printers under the Capacity Enhancement Program of the Japan International Cooperation Agency (JICA) project on Multi-Stakeholder Transport Planning and Traffic Management Improvement in Metro Iloilo-Guimaras. One computer each was given to seven municipalities including Iloilo City, Guimaras, Leganes, Pavia, Sta. Barbara, San Miguel and Oton.</p> <ul style="list-style-type: none"> • Improvement of the Provincial Disaster Coordinating Council (PDCC) in Antique of its programs and policies to be fully prepared for any natural disaster that may hit the province. These programs and policies include the following: (1) creation of an effective response system; (2) mapping out of contingency plans against floods and landslides; (3) conduct of trainings that will enhance disaster mitigation; (4) formation and reactivation of local and barangay disaster coordinating councils; (5) purchase and improvement of equipments; (6) conduct of trainings and workshops to enhance the response capabilities of Local and Barangay Disaster Coordinating Councils; (7) conduct of discussion among municipalities on relief administration and management; (8) activation of the early warning and early evacuation systems; and, (9) hiring of residents as flood monitor agents that will oversee the turbidity of rivers. • Release of ₱7.8 million to 117 housing beneficiaries under the Core Shelter Project in Jaro, Iloilo City. The release was in line with activities commemorating the "Typhoon Frank" devastation in Panay Island in 2008. The fund was part of the ₱35 million that was approved for release by the President through the DSWD. It is expected to build

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>“guso” or “tambalang”, a seafood delicacy regularly shipped to local markets around the country.</p>	<p>500 houses to accommodate families that were displaced by the typhoon. Each recipient, however, is required to render 400 hours of “sweat equity” wherein recipients will help build houses.</p> <ul style="list-style-type: none"> • Commencement of operations in Bacolod City of Transcom Asia, a call center company based in Europe. This latest addition to the BPO industry in the city is expected to create approximately 3,000 jobs. • Opening of a new Techno Park developed by the Alternative Indigenous Development Foundation Inc. (AIDFI) in Bacolod City to showcase locally-manufactured technologies for irrigation, biogas development, agricultural production and essential oil processing. • Construction of a 500-meter runway extension at the Bacolod-Silay Airport. This continued modernization of the airport will contribute to the trade and tourism industry in the province due to faster flight accommodations and more efficient transport of goods and services. • The provincial government of Negros Occidental has enlisted the assistance of foreign engineers to conduct feasibility studies and explore funding sources for a hydroelectric project. Negros Occidental is perceived as a potential source for hydroelectric power since the province has seven large rivers which could supply mini hydro-plants. Hydro electric power could help supply energy and, at the same time, produce potable water and ensure sustainable irrigation in the province.

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<ul style="list-style-type: none"> • Signing of a pact by the PNOC and two farmer cooperatives in Kabankalan City and the Municipality of Ilog for the establishment of a 1,000-hectare jatropha plantation. Jatropha is considered the most viable and sustainable biofuel feedstock.
<p>Central Visayas</p>	<ul style="list-style-type: none"> • Launching of the Information Caravans with “Techno Kliniks” in Siquijor and Bohol provinces where farmers and fisherfolks can avail of clinical advice on different farm and fishery production problems and issues. • Dispersion by the BFAR Regional Office 7 of a total of 50,000 fingerlings of tilapia in the different barangays of Balamban, Cebu. • Propagation by the Negros Oriental provincial government of a new species of fish called “Pangasius” which is on top of the tilapia and fresh prawn production. The 10,000 Pangasius fingerlings were distributed in the different Barangay Agricultural Development Centers (BADECEs) and Government Agricultural Development Centers (GADCENTs) in Negros Oriental. • Conduct of agricultural trainings including the following: 	<ul style="list-style-type: none"> • Expansion of Wipro Philippines and Convergys of their operations in the first quarter of 2009, which led to the additional hiring of 1,250 employees. • Opening by the Power Sector Assets and Liabilities Management (PSALM) Corporation of the sale of Tongonan Geo-Power Plant in Kanaga Leyte. This is expected to maximize the power generation capacity of the plant, which, in turn, will meet the power requirements of the proposed Panglao airport in Bohol. The project will also boost investment prospects in the Panglao Tourism Zone. • Signing of a MOA among the Bohol Provincial Government, Philippine National Oil Company-Alternative Fuels Corporation (PNOC-AFC), and Petrogreen Holdings for the Project Jatropha in Bohol. The initial 3,000 hectares of Jatropha Curcas Plantation Project, which will serve as a source of green-fuel, is estimated to generate employment of about 24,000 farm hands in the towns of Bohol. • Resumption of operation of the Tsuneishi Shipbuilding Dock in Balamban, Cebu. The company is expected to hire

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> ○ Training on Abaca Production in Guihulngan, Negros Oriental; ○ Training on Coffee Planting in La Libertad, Negros Oriental; ○ Training on Organic and Natural Farm Inputs Preparation and Fish Processing and Fishing Development Training in Sibulan, Negros Oriental; and ○ Vermiculture and Natural Farming Seminar in San Francisco, Camotes, Cebu. 	<p>an additional 3,000 skilled workers to meet its operational requirements.</p> <ul style="list-style-type: none"> • Expansion of the San Remigio Beach Club in Cebu (estimated to cost about ₱8.5 million) to meet the growing demand for venues for meetings, conventions and exhibitions in the city. Despite the economic crisis, the resort pushed through with its expansion plans, bearing in mind the huge demand for group activities, including summer camps for Korean students. • Intention of the Manila International Airport Authority (MIAA) to invest ₱3 billion to build the Panglao International Airport in Bohol province.
<p>Eastern Visayas</p>	<ul style="list-style-type: none"> • Launching by the DA-Region VIII of a yellow corn plantation project in the 1,000 hectares of land in Parasan Island in Daram, Samar. Presently, Eastern Visayas produces 75 percent of the yellow corn requirement of the region while the remaining 25 percent is imported from Mindanao. 	<ul style="list-style-type: none"> • Rehabilitation of the Daniel Z. Romualdez Airport in Tacloban, Leyte, which is estimated to cost ₱2 billion. • Inauguration of the ₱1.0 billion Agas-Agas Bridge in Kahupian, Southern Leyte. The project is expected to boost the province's tourism industry and encourage investments. • Issuance of a presidential proclamation on 28 April 2009, creating and designating two parcels of land as special economic zone in Kananga, Leyte. • Streamlining of the business licensing system of Tacloban City and some LGUs in Eastern Visayas. This initiative will enhance further the entrepreneurship climate in the

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>region, thereby, increasing investment and employment generation.</p> <ul style="list-style-type: none"> • Improvement of road conditions in Samar that serves as a major link of the region to Luzon.
Zamboanga Peninsula	<ul style="list-style-type: none"> • Grant of US\$6.4 million by the World Bank to three provinces of Zamboanga Peninsula through the Mindanao Rural Development Program (MRDP) to develop further the agriculture sector in the region, with particularly focus on agri-forestry expansions. • Implementation of the Livelihood Enhancement and Peace (LEAP) program which allows rebel-returnees to benefit from peaceful means of livelihood. 	<ul style="list-style-type: none"> • Construction of canal waterways in the towns of Aurora and Tambulig that would connect Zamboanga Peninsula to the rest of mainland Mindanao. This project is expected to boost the economies of Western Mindanao, Northern Mindanao, Central Mindanao and Visayas. • Construction of the Zamboanga-Pagadian-Cotabato road through funding from the Kuwaiti government. The highway will serve as a convenient access to the cities of Cotabato, General Santos, and Davao.
Northern Mindanao	<ul style="list-style-type: none"> • Establishment of a Halal model poultry farm in Cagayan de Oro City worth ₱840 million. The facility, complete with research laboratories, abattoirs and other modern equipment, is expected to benefit around 32,000 farmers and entrepreneurs in Mindanao. 	<ul style="list-style-type: none"> • Construction of farm-to-market roads such as Kabula - Baungon road, Dinatag-Kanawon-Baungon road, and widening of Ginoog to Claveria road that would increase the accessibility and mobility of the region's agricultural products. • Creation of the Regional Micro, Small and Medium Enterprises (MSME) Development Council that would promote entrepreneurship and encourage the establishment of more MSMEs in the region.

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p>Davao Region</p>	<ul style="list-style-type: none"> • Construction of a ₱10 million irrigation project in Compostela Valley that would boost the palay production output of the province. • Establishment of a ₱785 million rice-processing complex in Matanao, Davao del Sur, which will be funded through a grant from the Korea International Cooperation Agency with counterpart funding from the DA. This modern rice complex is expected to benefit 7,000 rice farmers in Matanao through a patronage fee of ₱1 per kilogram of paddy rice, and generate 50 skilled and unskilled jobs. • Establishment of a ₱5.1 million tramline system in Maragusan, Compostela Valley. The tramline technology is expected to help speed up the transportation of vegetable products, especially in hard to reach areas. 	<ul style="list-style-type: none"> • Opening of a new call center in Davao City in December 2009 with an initial 300 seats, to be expanded further to 5,000 seats in 2010. • Commencement of three large investment projects in Davao City and Davao del Norte in the latter part of 2009. These investments are in the medical tourism consisting of three projects: two retirement villages in Davao del Norte, and an inland resort in Davao City. • Establishment of Halal Economic Zone in Davao City which is expected to generate 24,000 new jobs.
<p>SOCCSKSARGEN</p>	<ul style="list-style-type: none"> • Setting up of a poultry layer farm in South Cotabato with a target capacity of 100,000 flocks to increase egg production in the region. • Conduct of a seminar on natural farming technology in North Cotabato that focused 	<ul style="list-style-type: none"> • Implementation of the ERP through hiring temporary but qualified displaced workers and their dependents to improve the region's employment situation. • Construction of an airport in M'lang, North Cotabato that is scheduled for initial operation by mid-2010. The airport is expected to boost North Cotabato's agriculture sector,

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>on hog raising and organic farming in order to support the sustainable and holistic program on food security and biodiversity.</p> <ul style="list-style-type: none"> • Signing of a MOA between South Cotabato famers and Del Monte Philippines to boost the production of Papaya solo and promote Hawaiian pineapple farming. • Expansion of Cavendish banana in South Cotabato to increase banana production in the region. 	<p>particularly in transporting perishable and non-perishable products to the markets in the Visayas and Luzon, as well as spur the business climate of the province and adjacent areas.</p>
<p>Caraga</p>		<ul style="list-style-type: none"> • Launching of additional flights in the region courtesy of the daily jet service of Air Philippines from Manila to Surigao City. These additional flights are expected to boost the region’s tourism sector. • Promotion of new tour package, the aerial tour, operated by Aviator, Inc. in partnership with One Corporate Grand Tour in Butuan City. The tour includes a 45-minute aerial view of Butuan City, Agusan Marsh, Sojoton cave, Bucas Grande, Lake Mainit and Surigao City, respectively. • Commencement of operations of private/commercial establishments in Butuan City, a mid-end hotel in San Francisco, Agusan del Sur, a ₱21.8 million public market in Barobo, Surigao del Sur, and Nasipit District Hospital in Nasipit, Agusan del Norte. These new establishments will help boost economic activity in the city, provide

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>employment opportunities for the region's labor force, boost tourism, and provide better access to health services.</p> <ul style="list-style-type: none"> • Implementation of the initial operation of a 120,000-hectare multi-billion forest plantation project in Agusan del Sur by Shannalyne Inc., which is expected to generate employment in the province. • Inclusion of nine sites in the region under the Philippine Energy Contracting Round (PECR) 2009 for coal exploration and development. These areas/sites include: Kitcharo and Gigaquit, Surigao del Norte; Cagwait, Marihatag, San Agustin and Lianga in Surigao del Sur; and Bunawan, Sibagat and Trento in Agusan del Sur.
<p>ARMM</p>	<ul style="list-style-type: none"> • Establishment of the East ASEAN Growth Area (EAGA) Fisheries Consortium by the Philippines and Brunei Darussalam to put up a fish production and processing plant at the Muara Port in Brunei Darussalam in May 2010. The Consortium will act as a forum that will facilitate discussions on issues pertaining to fisheries development, access to technology, project funding, and capacity building for fisherfolks. The consortium will also adhere to a framework where four countries will cooperate in the areas of small pelagic fishes to be led by Brunei, tuna production to be led by Indonesia, high-value 	<ul style="list-style-type: none"> • Improvement of the Sulu and Tawi-tawi airport by the DOTC, Civil Aviation Authority (CAA), provincial governments, and Growth with Equity in Mindanao (GEM) to help ARMM establish better air links with the rest of the country, boost the economy of the two provinces, ensure safer airport operations and open up more opportunities for trade, tourism and investment in the region. • Approval of the ARMM social fund under the Strategic Regional Infrastructure sub-projects of the Japan International Coordinating Agency. • Exploration of hydrocarbons in the South Sulu sea starting in the 3rd Quarter 2009 under the DOE's Service Contract-

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>aquaculture to be led by Malaysia and seaweeds cultivation to be led by the Philippines.</p> <ul style="list-style-type: none"> • Creation of a technical working group that will work on a comprehensive development plan to develop sustainable fisheries in the region and the formulation of the Comprehensive Regional Fisheries Development Plan (CRFDP) in ARMM that would serve as a framework for the protection, utilization, development and management of the region's fisheries and aquatic resources. • Creation of additional jobs for agrarian reform communities (ARC) by the DAR through the Agrarian Reform Communities Project; Agrarian Infrastructure Support Project; and Comprehensive Emergency Employment Program. These programs aim to reduce poverty in the poorest ARCs, increase incomes of beneficiaries and improve their quality of life. • Start of the full operation of the Tawi-Tawi High Value Multi-Species Hatchery where young abalones were purchased by local growers' association comprised of former rebels. The young abalones will then be 	<p>56 which includes as its contractors ExxonMobil Exploration and Production Philippine B.V. (BHP Billiton).</p> <ul style="list-style-type: none"> • Release of ₱5.6 million power subsidy by the Sulu Electric Cooperative, Inc. under the government's <i>Pantawid Kuryente Program</i> to lifeline consumers in Sulu.

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>grown to market size in their fish farm in Panglima Sugala, Tawi-Tawi where technical assistance in high-value aquaculture was provided by the USAID's Growth with Equity in Mindanao Program.</p>	
B. Challenges		
CAR	<ul style="list-style-type: none"> • Devastation of the agriculture sector in the region caused by the recent typhoons. A partial report by the DA showed that the Cordillera incurred damage to agriculture amounting to ₱1.2 billion (damages in the fisheries sector not yet included). High-value commercial crops incurred the biggest loss amounting to ₱817.3 million. • Damage inflicted by typhoon "Isang" to palay plantations in Apayao. • Ongoing military operations by government troops against rebels in Abra. 	<ul style="list-style-type: none"> • Damage to infrastructure and agriculture in Abra due to typhoon "Pepeng" was estimated at ₱201.3 million as of 8 October 2009. The estimated devastation includes damages to agriculture lands, crops, fisheries and livestock as well as housing in 23 municipalities. Based on a Provincial Disaster Coordinating Council (PDCC) report, a total of 16,535 families or 84,805 individuals in 195 out of 303 barangays were affected directly by the supertyphoon. Losses in infrastructure, particularly national and provincial roads were estimated at ₱9.8 million. Damages include road cuts due to landslides and erosion of road shoulders as well as concrete pipes. • Appeal by the micro-entrepreneurs in Kalinga for softer requirements from the Small Business Guarantee and Finance Corporation (SBGFC), the attached agency of the DTI, that grants loans to small business applicants. Micro-entrepreneurs complain of too strict requirements by the SBGFC that prevents them from availing loan assistance.

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
<p>Ilocos Region</p>	<ul style="list-style-type: none"> • Severe damage to major agriculture items in Region I, including rice, banana, corn, assorted vegetables, fruit trees and mango brought about by typhoon “Pepeng”. • Continued flooding in the eastern towns of Alcala and Bautista as Package 2 of the Agno River Flood Control System project remains unfinished. Meanwhile, the continued flooding will adversely affect agricultural production in Alcala and Bautista as well as the neighboring towns of San Nicolas and Sison. 	<ul style="list-style-type: none"> • Failure of the San Fernando City Airport in La Union province to attract enough airlines even though it was recently upgraded to accommodate larger aircrafts. Airport managers are currently in talks with airlines to design a facility that will accommodate Boeing 737 and the Airbus 320. The airport is currently being used for chartered flights of private and government corporations. Approximately ₱565 million was spent for the airport, which is currently under the supervision of the Poro Point Management Corp. (PPMC), a unit of the Bases Conversion and Development Authority (BCDA).
<p>Cagayan Valley</p>	<ul style="list-style-type: none"> • Slow pasture development due to financial constraints has affected livestock production in the region. 	<ul style="list-style-type: none"> • Need to strengthen the management capabilities of SMEs to increase and improve the productivity of their operations.
<p>Central Luzon</p>	<ul style="list-style-type: none"> • Spiraling cost of chemical fertilizers, which reduces farmers’ capacity to acquire the proper amount of fertilizers needed for maximum rice production. Although the DA distributed fertilizer discount coupons, which allowed farmers to purchase fertilizers at a discounted price of ₱250/bag, the program needs to be sustained to support the region’s farmers. 	<ul style="list-style-type: none"> • Congestion of roads will be encountered with the ongoing construction of the North Rail Transit and other road infrastructure projects in Bulacan. • Low rates of collection of real property tax by the majority of towns in Bulacan. Collection efforts must be enhanced further to finance more infrastructure projects and enhance the delivery of services in the province. • Congestion of roads in Tarlac and Santa Rosa, Nueva Ecija due to the increasing number of vehicles passing through

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		Subic-Clark-Tarlac Expressway. Road widening and improvement should be prioritized to address the problem.
CALABARZON	<ul style="list-style-type: none"> • Submergence in flood waters of farms in CALABARZON due to typhoons Jolina, Kiko, Ondoy and Pepeng will negatively affect crop production for the second semester of 2009. Other farms that were totally devastated by typhoons may not be able to recover operations immediately. • Low broiler production in the municipalities of Ibaan and San Jose, Batangas due to ‘heat stroke.’ • Shift of some backyard hog and poultry raisers to crop production due to faster return on investment. • Decline in native chicken production in Quezon as vegetable farmers consider them as pests. • High cost of animal feeds. • Enforcement of the ban on snail-gathering along Laguna Lake caused the decrease in the yield of inland fish production in Laguna. 	<ul style="list-style-type: none"> • Depletion/destruction of watershed and other water resources. • Lack of funding access for MSMEs. • Negative effect of the global financial crisis.

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> • Negative impact on commercial and municipal fish production of strong winds and rough seas brought about by the recent typhoons. • Damaged fishcages, fishponds and fishpens in the region will adversely affect aquaculture production in the region. 	
<p>MIMAROPA</p>	<ul style="list-style-type: none"> • Signs of tungro³ epidemic in some palay areas in Oriental Mindoro may result in decreased rice yield. • Flood damage to farms due to heavy rains brought about by the recent typhoons. • High cost of farm inputs. • Low farm-gate prices. • Insufficient post-harvest facilities. • Dwindling pasture areas in Marinduque. 	<ul style="list-style-type: none"> • Impassable roads in Occidental Mindoro due to landslides brought about by continuous rains.

³ 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.

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> • Limited fishing operations due to rough seas brought about by typhoons has led to limited supply of marine products in Romblon, Marinduque, Occidental Mindoro and Palawan. • Negative effects to municipal fishing in Romblon by commercial fishing boats using much longer but undersized holes of nets. 	
<p>Bicol</p>	<ul style="list-style-type: none"> • Lack of disaster preparedness. The following events require the region's attention in speeding up the rehabilitation efforts of the affected areas and implementing proactive measures for disaster prevention: <ul style="list-style-type: none"> ○ Sorsogon Bay, one of the richest fishing grounds in Bicol, continues to harbor a high concentration of red tide organisms for more than two years now. An innovation by BFAR is to make use of the red tide-infected mussels to create rat poison as well as to develop products from the shells as an alternative livelihood. ○ Excess ammonia from farm wastes and decaying matter triggered a fishkill that devastated at least 4,205 fish cages in Lake Bato. The BFAR said the ammonia came from runoffs from farms that made their 	<ul style="list-style-type: none"> • Weakening of the export industry in the region. According to DTI-Albay, while export companies still receive orders from buyers, mostly from the United States, Japan and Europe, the orders have been reduced. Most affected were companies producing handicrafts, especially gifts and houseware. From 50 registered exporters in Albay in 2002, there are now only 28 registered exporters remaining in 2009.

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<p>way into the lake after Tropical storm “Dante” struck the province in May. BFAR officials said at least ₱11 million worth of tilapia were lost in the fishkill.</p> <ul style="list-style-type: none"> ○ Typhoons caused damages worth ₱798 million to farms in the Bicol region, with rice bearing the brunt with damages amounting to ₱723 million. Based on a DA Region 5 report, more than ₱80 million worth of potential rice yield by farmers in the provinces of Camarines Sur, Catanduanes and Sorsogon were also lost due to the continuous rains and floods in 2009. ○ In Albay province, thousands of rats infested some 700 hectares of rice lands and feasted on newly-planted rice crops, thus threatening the rice production target of the province. The Albay Provincial Government earmarked some ₱0.5 million for the purchase of the much-needed rodenticides and other preventive farm inputs against other pests. 	
<p>Western Visayas</p>	<ul style="list-style-type: none"> ● Illegal fishing and logging in the cities of Sagay and Cadiz, and in the municipality of Don Salvador Benedicto in Negros Occidental. 	<ul style="list-style-type: none"> ● Increase in power rates in Iloilo City by the Panay Electric Company (PECO), the sole electricity distributor in the city. The power rate increase was sought to recover the charges PECO failed to collect in 2005 when the Energy Regulatory Commission (ERC) imposed a fixed generation

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
		<p>charge to NAPOCOR.</p> <ul style="list-style-type: none"> • The construction of the multi-million peso Bugo Bridge in Antique remains unfinished a year after it was damaged by typhoon. • Infestation of the Iloilo River. A study conducted by UP Visayas revealed that the Iloilo River has been experiencing low dissolved oxygen, which can lead to fishkill and loss of other aquatic organisms. The study also showed that there is a high prevalence of intestinal parasitic infections among children living in urban slums along the river. • Delay of the release of the Paglaum Rehabilitation Fund, pegged at ₱8 Billion intended for the rehabilitation of the region from typhoon Frank that hit the country in June 2008. The House of Representatives passed its version of the fund (House Bill 4824) in December 2008 while the Senate approved its own version (Senate Bill 5064) in April 2009. The passage of the bill is urgently needed to restore completely the region's infrastructure and industries. • Implementation of a 10-percent increase in Bacolod City's local taxes that will affect the operational costs of local manufacturers, wholesalers, banks and other business enterprises.

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
Central Visayas	<ul style="list-style-type: none"> • Failure to repair damaged dikes and gates in Alcantara, Cebu resulting to the temporary cessation of operations of two brackish water bangus fishponds. • Increase in the prices of live hogs in Siquijor due to competition from backyard raisers and the increasing prices of commercial feeds. 	<ul style="list-style-type: none"> • Proliferation of pension houses and other budget accommodation facilities in Central Visayas that threatens legitimate tourism industry players.
Eastern Visayas	<ul style="list-style-type: none"> • Damage to agriculture due to weather disturbances, particularly typhoons. 	
Zamboanga Peninsula	<ul style="list-style-type: none"> • Need to continue implementing the GMA-Corn Program, particularly the seed subsidy component. 	<ul style="list-style-type: none"> • Lack of adequate education facilities as the region faces a rapidly growing population. • Slow provision of shelter interventions as local government and private sector participation in housing provision is still limited. Trends in LGU spending indicate very low LGU expenditure for shelter concerns. Private sector participation in housing is minimal due to excessive requirements and the tedious process of securing permits and licenses for housing and land development.
Northern Mindanao	<ul style="list-style-type: none"> • Decreased production of livestock and crops due to pestilence. 	

OPPORTUNITIES AND CHALLENGES BY REGION

Region	Agriculture, Fishery and Forestry	Industry/Services/General
	<ul style="list-style-type: none"> • Increased price of farm inputs, especially fertilizers. 	
Davao Region	<ul style="list-style-type: none"> • Possible ban of using aerial spray in banana plantations is expected to affect banana production, the current number one export product of the region. 	
SOCCKSARGEN	<ul style="list-style-type: none"> • The ban imposed by the Western and Central Pacific Fisheries Conference (WCPFC) on the use of payao (inland fishing) and the enforcement of the no-fishing policy inside the country's 200 nautical miles EEZ and municipal waters resulted to tuna production decline. 	
Caraga		<ul style="list-style-type: none"> • Failure of three municipalities (Tandag, Surigao del Sur; Bayugan, Agusan del Sur; and Cabadbaran, Agusan del Norte) in their bid for cityhood, which their local chief executives fear would derail major infrastructure projects like the construction of irrigation systems, farm-to-market roads and social service facilities due to lack of funds.
ARMM		<ul style="list-style-type: none"> • Volatile peace and order situation in the region.