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## The Davao Region 2006 ECONOMIC PERFORMANCE

### **INTRODUCTION**

Davao Region's economy generally performed well in 2006 as key sectors achieved modest growths brought about by a stable environment and the implementation of government programs and projects. Agricultural output posted higher yields, which contributed to the growth of the region's exports. Tourism perked up as visitor arrivals rose while investments reached considerable levels. The completion of various infrastructure projects within the year also spurred economic activities. The region's employment likewise improved as a large majority of the labor force was able to find jobs. Moreover, prices of basic commodities remained stable with inflation rate at its lowest for the past 3 years.

### **ECONOMY AND BUSINESS**

#### **AGRICULTURAL PRODUCTION**

#### **FOREIGN TRADE**

#### **INVESTMENTS**

#### **TOURISM**

#### **EMPLOYMENT**

#### **INFLATION**

### **HUMAN DEVELOPMENT**

#### **EDUCATION**

#### **HEALTH**

### **PEACE AND ORDER**

### **MAJOR PROGRAMS AND PROJECTS COMPLETED AND LAUNCHED**

## **ECONOMICS AND BUSINESS**

### **AGRICULTURAL PRODUCTION**

For the year 2006, the production levels of some of the region's major agricultural crops increased. Sugarcane production exhibited a hefty growth of 39.6 percent reaching 501,087 metric tons. Sugarcane farmers were motivated to expand their crop areas due to high farm gate prices. The region also reaped better corn harvests that rose by 17.2 percent as a result of government's continued provision of high yield variety corn seeds to farmers. Similarly, the volume of bananas produced for both local and foreign markets increased by 10.2 percent. Davao Region thus remained the top producer of bananas in the country, producing two-thirds of the country's bananas. The region, however, suffered lower production of coffee, coconut, cacao, and mango. Some areas planted to coffee in the provinces of Compostela Valley, Davao del Norte and Davao City were replaced with bananas due to the latter's high demand in the local and foreign markets. Mango production was adversely affected by frequent rains in Davao del Sur and Compostela Valley, as well as pest infestation. Despite reduction in coffee and coconut production, the region nonetheless produced one-third and one-fifth of the country's total

production of these crops in 2006, respectively.

**COMPARATIVE CROP PRODUCTION STATISTICS (IN METRIC TONS), DAVAO REGION 2005 AND 2006**

	<b>CROP</b>	
	<b>2005</b>	
	<b>2006</b>	
	<b>Growth Rate</b>	
Palay	470,086	
	476,411	1.3
Corn	293,413	
	343,906	17.2
Banana	2,673,618	
	2,945,845	10.2
Mango	33,940	
	33,514	- 1.3
Pineapple	19,114	
	19,411	1.6
Durian	26,640	
	28,293	6.2
Coffee	29,769	
	28,839	-3.1
Coconut	2,493,554	
	2,485,314	- 0.3
Rubber	15,878	
	16,045	1.1

Sugarcane	358,907
	501,087
	39.6
Cacao	3,882
	3,598
	- 7.3
Fisheries	55,095
	57,588
	4.5
Poultry*	34,278,486
	37,112,878
	8.3

\* Data are for 3 quarters only.

Source: Bureau of Agricultural Statistics XI

[▲ TOP](#)

### **FOREIGN TRADE**

During the first semester of 2006, the region's total export receipts reached about \$383 million. This represents a 7.5 percent growth compared to the previous year. The region contributes 6% of the total export receipts of the country. Fresh bananas, coconut crude oil, fresh pineapple, fuel oils, coconut refined oil, dessicated coconut, natural rubber, activated carbon, petroleum naphtha and banana chips are the region's top grossers. By far, bananas continued to be the region's top export, accounting for 53 percent of its total receipts. The region continued its strong trading ties with Japan, China and Korea (for banana), as well as USA (for coconut crude oil and activated carbon).

### **INVESTMENTS**

In 2006, investor commitments as reflected in the value of BOI-registered projects, reached P2.4 billion. Projects registered were for mass housing (P46.56 M), cargo terminal facility (P1 B), packaging materials (P1.08 B), fruit processing (P260 M), and coco coir peat (P6.9 M). Most of these investments are located in Davao City. The total cost of project commitments for 2006, however, was lower by 61.3 percent compared to that in 2005. This huge decline can be attributed to the very big investment packages registered in 2005, an unusual increase of 209 percent from its 2004 level.

In terms of paid-up capital investments of newly registered domestic stock corporations and partnerships as recorded by the Securities and Exchange Commission XI, a 17.6 percent increase was recorded, with total P200.4 million. This accounts for 378 stock corporations and 115 partnerships, reflecting an increase of 16.3 percent from the 2005 registrants. Most of these are in the services sector (454) which composed about 85 percent (P171 M) of total SEC-registered domestic investments. Agriculture shared about 6 percent (P12 M) while the industry sector accounted for 9 percent (P17 M). Furthermore, Davao City accounts for the bulk of both number of registrants (436) and investments (88% or about P177 M).

During the first three quarters of 2006, actual investments infused into the economy as reflected in the total value of private building construction for the region, was estimated at P2.4 billion. This is lower by 27 percent compared to its 2005 level. Residential construction contracted by 39.2 percent enjoying a boom in the previous years when low-cost housing projects mushroomed in Davao City, particularly in Catalunan Pequeño, Catalunan Grande, Mintal, and Toril.

[▲ TOP](#)

### **TOURISM**

In 2006, the number of hotel occupants in the region reached 763,083. This is a 6.5 percent increase over the 2005 level of 716,716. Davao City alone captured about 75 percent of the total number of visitors. It likewise recorded a growth of 25 percent in January when it hosted the ASEAN Tourism Forum (ATF). Domestic tourism accounted for the bulk of these arrivals, contributing a 91.8 percent share. Foreign visitors made up 6.9 percent and the rest were balikbayans. The top foreign visitors were Japanese, Americans, and Koreans. With the influx of visitors in the region, the Davao International Airport became busy with the increase in number of flights. Compared to the previous year, domestic flights rose by 12 percent and international flights by 41 percent. The origins of international flights were Palau, Manado in Indonesia, and Singapore. Likewise, the number of incoming passengers from domestic flights reached 633,000 or 12 percent more than the previous year. Passengers of international flights were also higher by 28 percent.

### **EMPLOYMENT**

Davao Region had an estimated total labor force of 1.8 million in 2006, with about 1.7 million of them gainfully employed. The number of the employed grew by 2.4 percent, indicating an additional 39,000 more workers hired during the year. This resulted to a higher employment rate of 94.5 percent in 2006 compared to 91.4 percent in 2005. This was also better than the 2006 national average of 92.7 percent. Consequently, the region's unemployment rate was down to only 5.5 percent from 5.9 percent in 2005. Underemployment also registered a significant decline of 24 percent.

## NUMBER OF LABOR FORCE, EMPLOYED, UNEMPLOYED AND UNDEREMPLOYED, DAVAO REGION 2005 AND 2006

	2005	2006	% Change
Labor Force	1,754,000	1,788,000	1.9
Employed	1,651,000	1,690,000	2.4
Unemployed	103,000	98,000	(4.8)
Underemployed	425,958	322,790	(24.2)

Source: National Statistics Office

The services sector continued to absorb the most number of workers, accounting for 45 percent of the total employed. Majority of jobs in the services sector were under the wholesale and retail trade. Employment in the agriculture, fisheries and forestry was placed at 42 percent. Industry, on the other hand, employed over 13 percent of the total workforce. It has been observed during recent years that the employment shares of services and agriculture have been shifting between each other. In 2004, agriculture had more workers than services, while in 2003, it was services which had more workers. In 2006, about 2,500 workers were reported as terminated due to business closures, lay-offs, redundancy, and lack of capital. Meanwhile, the region was able to deploy about 9,700 workers to foreign countries. This number expanded by 15 percent compared to the previous year. The top employment destinations were the Kingdom of Saudi Arabia, the United Arab Emirates, and the United Kingdom.

[▲ TOP](#)

### **INFLATION**

Davao Region's inflation rate for the year 2006 dropped to 5.9 percent from its 2005 annual average rate of 8.8 percent. The improvement was due to the slower rate of increase in the cost of food, as well as fuel, light and water. Significantly, cost of fuel and light declined by as much as 4 percentage points. The very slow increase in prices can be attributed to the downward trend in fuel prices and stronger peso toward the end of 2006, when it rallied to P48.50: US\$1, and relatively stable food prices in the region compared to other regions. Among commodity groups, the cost of fuel, light and water radically went down by 37 percent in December compared to the level the previous month.

### **HUMAN DEVELOPMENT**

## **EDUCATION**

Enrollment in the elementary and secondary levels in public and private schools declined by 2.1 percent. The Department of Education XI cited that the decrease in enrollment was mainly due to economic reasons in the rural areas, and the unstable peace and order condition in some isolated areas in the region. The significant decrease in enrollment in public elementary and secondary schools, especially in Davao City, is largely due to the absorption of enrollees by the private schools where enrollment significantly increased in the last couple of school years. Participation rate, on the other hand, deteriorated in the elementary level while it improved in the secondary level.

### **EDUCATION PERFORMANCE INDICATORS, ELEMENTARY AND SECONDARY LEVELS, DAVAO REGION SY 2004-2005 AND SY 2005-2006**

**Indicator**

**SY 2004-2005**

**SY 2005-2006**

**ELEMENTARY LEVEL**

**Public & Private Education Indicators**

Enrolment

Participation Rate

638,528

81.97

625,127

78.42

**Public Education Indicators**

Enrolment

Participation Rate

Cohort Survival Rate

Retention Rate

Simple Drop Out Rate

603,371

77.46

64.23

91.75

0.45

587,561

73.71

58.80

89.10

0.53

**Indicator**

**SY 2004-2005**

**SY 2005-2006**

**SECONDARY LEVEL**

**Public & Private Education Indicators**

Enrolment

Participation Rate

286,359

43.60

280,405

48.80

**Public Education Indicators**

Enrolment

Participation Rate

Cohort Survival Rate

*Participation Rate or Net Enrollment Ratio is the ratio of the number of pupils or students of the official school age who are enrolled in elementary or secondary to the total population of the corresponding school age. The age range for elementary is 6-11 years old and for secondary, 12-15 years old. Participation Rates for public & private in elementary and secondary schools are estimates made by NRO XI based on data provided by DepEd XI.*

## **HEALTH**

For the period 2004-2005, the region had little progress in improving infant health as infant mortality rate remained at 12 deaths per 1,000 live births. Among the provinces, Davao del Sur had the lowest IMR at 6.5 while the highest was recorded in Davao del Norte at 16.7. Low prenatal and post natal care coverage in the region have made infants highly susceptible to a host of diseases. The number of babies who are exclusively breastfed has continued to decline from 49.6 percent in 2004 to 47.4 percent in 2005. In terms of maternal mortality rate, the region had 94 maternal deaths for every 100,000 livebirths in 2005. This is generally better in 2004 when there were 99 maternal deaths for every 100,000 livebirths. Among provinces, Davao del Sur reported the lowest MMR (61.1), while Davao Oriental has the highest rate at 110. Low access to prenatal care largely caused the high incidence of maternal deaths. On the average, only 26 percent of pregnant women in the region get complete prenatal care and 74 percent of these women see a physician once or twice in the entire period of pregnancy. Overall, about 14,261 deaths were reported in the region in 2005, 47 percent of which were in Davao City. Heart disease is on top of the list of the leading causes of death. It is followed by cerebrovascular diseases, accidents/violence, pneumonia, cancer, hypertension, diseases of the digestive system, respiratory tuberculosis, diseases of arteries and capillaries, and diseases of genitourinary system. Prevalence of malnutrition in 6-71 month (6 months to 6 yrs.) old children have decreased in 2005. Davao City (9.13) had lesser prevalence of malnutrition among its children while among provinces, Davao del Norte (14.0) had the lowest rate which earned the province the Consistent Regional Outstanding Winner in Nutrition (CROWN) Award. The province attributes this good performance to the effective provision of the integrated delivery of packages of food, health and nutrition services to the malnourished and their families, complemented by the enhancement of the capability and capacity of service providers.

## **PEACE AND ORDER**

In terms of peace and order, there was a marked decline in the number of reported crimes in the region in 2006.

During the year, crime volume was 3,568 or 8 percent less than the previous year. This consequently brought down the monthly average crime rate to 7.1 per 100,000 population from 8.2 in 2005. Significant factors for the improved peace and order were the local leaders' continued effort to stamp down criminality, people's vigilance and police visibility.

Accordingly, the crime solution efficiency rate for the year was 84 percent, which was lower than the 89 percent in the previous year. The decline in crime solution efficiency for index crimes was mainly due to the increase of the unsolved crimes against persons. In terms of crime solution efficiency for index crimes, this reduced from 77.8 percent in 2005 to 71 percent in 2006. For non-index crimes, the region maintained the 99 percent crime solution efficiency for both 2005 and 2006.

## **MAJOR PROGRAMS AND PROJECTS COMPLETED AND LAUNCHED**

About 239 infrastructure projects in the region worth P1.3 billion were substantially completed in 2006. Of these, about 10 percent were foreign-assisted with total project cost reaching P817 million. The biggest was the Rehabilitation of the Malalag-Malita-Jose Abad Santos Road in Davao del Sur, with a cost of over P533 million and was completed in October last year. For projects funded by the national and local governments, at least 7 projects costing more than P10 million have been completed.

**COMPLETED MAJOR PROGRAMS AND PROJECTS, DAVAO REGION, 2006**

**Project Title**

**Location**

**Project Cost  
(in Php M)**

**ODA-Funded**

Rehabilitation of Malalag-Malita-Jose Abad Santos road	Davao del Sur	533.7
Construction/improvement of Liboton-Tupaz Road	Compostela Valley	90.0
Asphalt overlay of Montevista-Compostela-Maragusan boundary road	Compostela Valley	42.0
Construction of farm-to-market road sections Semong-Florida, Mabantao-Florida, Mabuhay-New Loon	Davao del Norte	31.4
Expansion/improvement of Panabo Water District	Davao del Norte	28.0
Upper Tuganay Communal Irrigation System	Davao del Norte	19.8
Construction of Hulid Bridge and approaches	Davao Oriental	16.5
Rehabilitation of 8 elementary school buildings	Davao Oriental	6.2
Tibanban Communal Irrigation System	Davao Oriental	0.4

**LOCALLY-FUNDED**

Development of Orange Grove Subdivision	Davao City	75.0
Concreting of Mandang Road	Davao Oriental	10.0
Rehabilitation of National Road Cateel-Baganga section	Davao Oriental	10.0

Another nine had also been started during the year but are still ongoing, as follows:

**On-going Major Programs and Projects, Davao Region, 2006**

**Project Title**  
**Location**  
**Project Cost**  
**(in Php M)**

**ODA-Funded**

Rehabilitation of 2 Elementary School Buildings	Davao Oriental	2.8
Construction of Mati Public Market	Davao Oriental	80.0
Construction of Panabo Integrated Bus & Jeepney Terminal	Davao del Norte	38.3
Construction of Mambusao Bridge & Approaches	Compostela Valley	7.2
Construction of Bango Bridge & Approaches	Compostela Valley	12.0

**National/Local Government-Funded**

Improvement of Panabo Coastal Road, Arieta-Puyod Section	Davao del Norte	29.5
Development of Wellsprings Highlands I & II Housing Project	Davao City	12.4
Reconstruction/Replacement of Padada Bridge along Digos City-Makar Road	Davao del Sur	35.0

**▲ TOP**