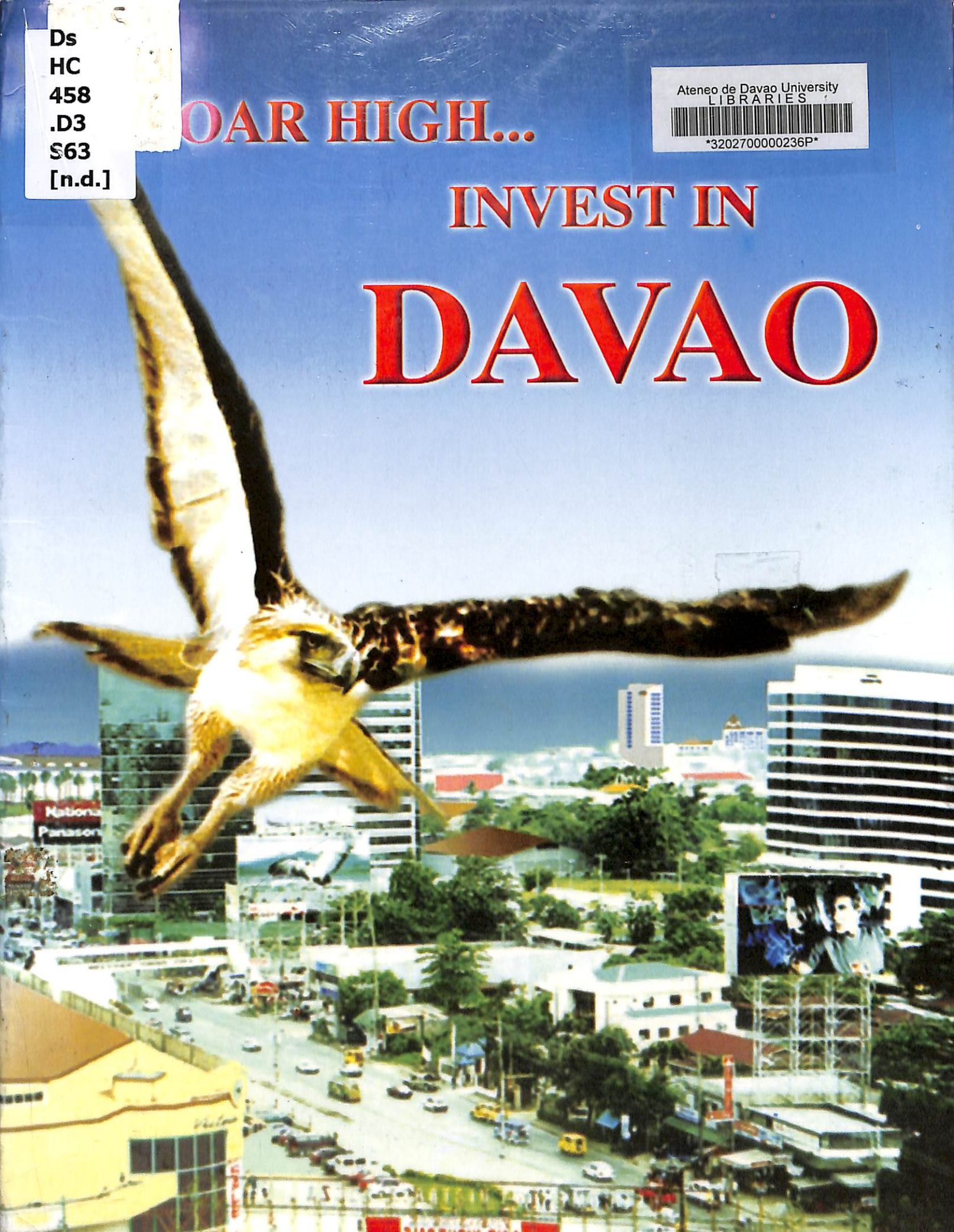


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INVEST IN  
DAVAO



# Davao City... Investment haven where business and leisure blend

## Facts & Figures

**Population: 1,147,116 (2000 Census)**  
**Area: 2,443.61 sq. km.**  
**Pop. Growth Rate: 2.83**  
**Pop. Density: 491 persons/sq.km.**  
**Urban Population: 71 %**  
**Life Expectancy: 65 (m), 70 (f)**  
**Literacy Rate: 98.3**  
**Climate: Tropical**  
**Temperature: 15 to 34°C**  
**Inflation rate: 6.2**  
**Unemployment rate : 11.4**  
**Labor Force: 499,000**  
**Ave. Monthly crime volume per 10,000 persons: 0.82**

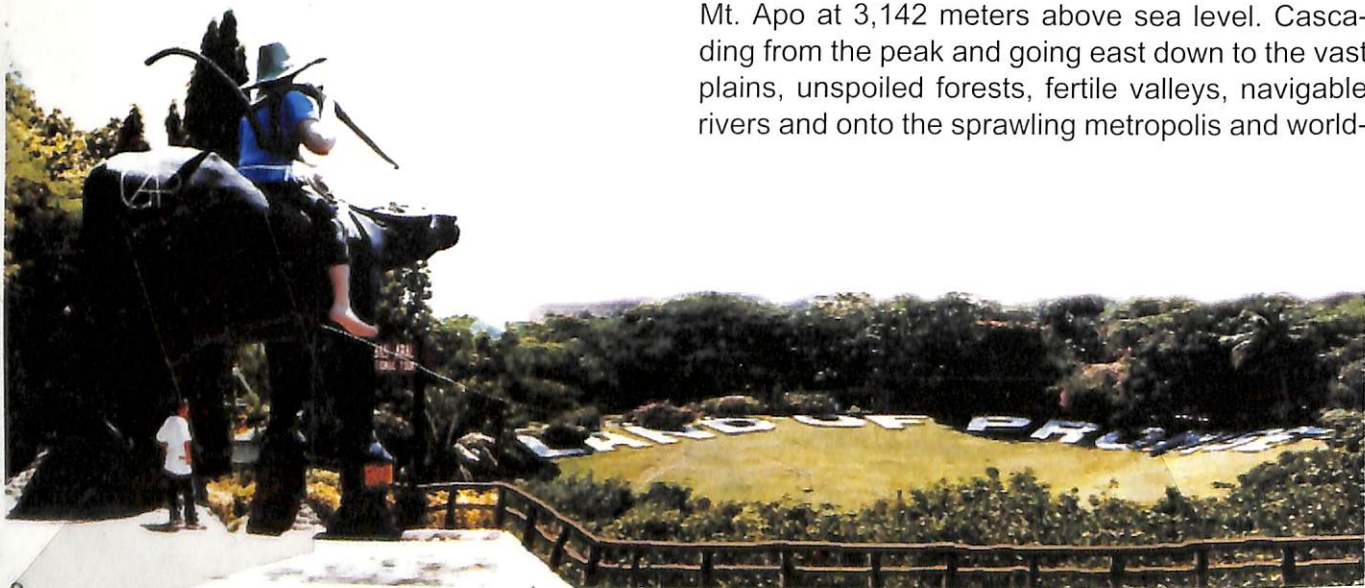
Davao City is a sprawling metropolis of over a million people located in the Southeastern part of Mindanao. It is one of the largest cities in the world with a land area of 2,443.61 square kilometers.

It is a place blessed with natural advantages. The soil is very fertile and rich in non-metallic minerals. The city boasts an abundant source of potable water both from underground and surface. Located in a typhoon-free zone, its tropical weather is characterized by even distribution of climatic element all year round. Temperature ranges from 15 to 34°C.

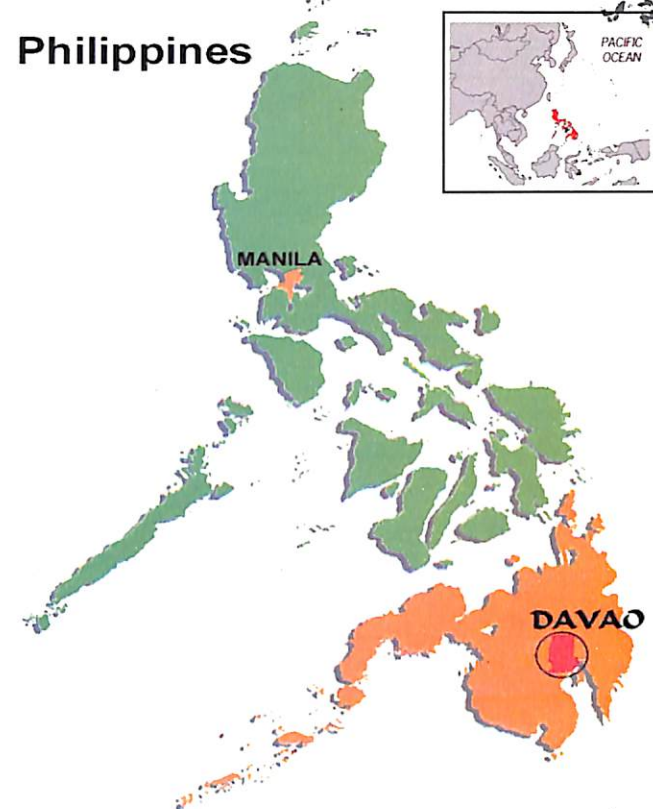
Strategically located in the Asia-Pacific rim, the city serves as a gateway to both the western and eastern hemisphere of the world. It is also an active trading partner and a flourishing industrial hub in the Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA).

Davao City is in the southeastern part of Mindanao and is approximately 946 aerial kilometers southeast of Manila. It is bounded by the major provinces of Davao del Norte, Davao del Sur, North Cotabato and the key cities of Panabo, Island Garden City of Samal, and Digos.

On the west, the city's boundary line cuts through the highest peak in the country, the inactive Mt. Apo at 3,142 meters above sea level. Cascading from the peak and going east down to the vast plains, unspoiled forests, fertile valleys, navigable rivers and onto the sprawling metropolis and world-



## Philippines



The city holds the record of having one of the highest literacy rates in Southeast Asia at 98.3%. Its labor force is cited as among the best in Asia: educated, easily trainable, industrious, and English speaking.

As Mindanao's center of commerce, trade, and services, the city's modern infrastructures and world-class utilities provide viable support to economic activities. Its urban center is home to quality residential and commercial units complete with modern facilities and amenities at very reasonable prices. Access to utilities such as power, water, and pre-paid and post-paid phone lines with IDD access, mobile phones and cable TV are fast and easy.

Considered by many as the de facto capital of Mindanao, the City's strategic position provides accessibility and linkage to the 20 million market of Mindanao and the 51.4 million market of the East ASEAN Growth Area.

class beaches facing the gulf. Davao is a city that straddles two worlds.

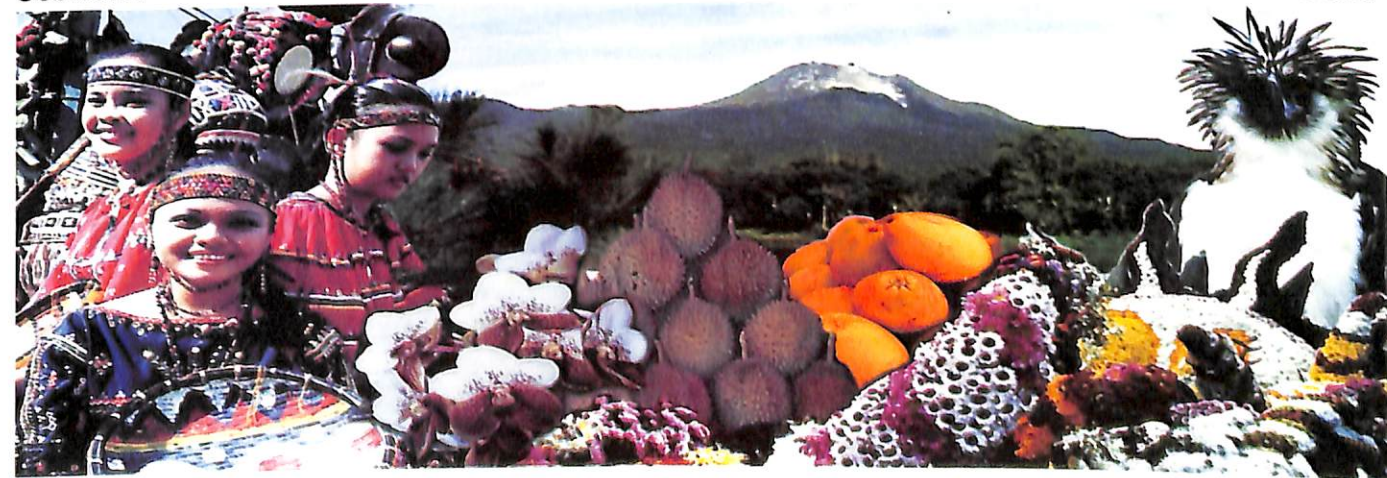
From less than a million people in 1990, the population of Davao City in year 2000 grew to 1,147,116 or an average annual growth rate of 3.04 percent in a ten-year period. As 71 percent of the population resides in the urban area, the city has an urban density of 2,262 persons per square kilometer.

With predominantly migrant population, the city is a melting pot of cultures where diversities are rather appreciated and nurtured in a harmonious and peaceful environment. Major languages and dialects used in the city are Filipino, Chinese, English and Cebuano.

Aside from its inherent physical advantages, Davao City is a major tourism node that offers tourists and visitors chance to enjoy the plethora of urban amenities and natural environment. It is a place of perfect balance where luxuries of cosmopolitan living compliment the breathtaking beauty of great outdoors.

As the country's urban gateway to natural wonders and heritage, Davao City is an investment haven where business and leisure blend.

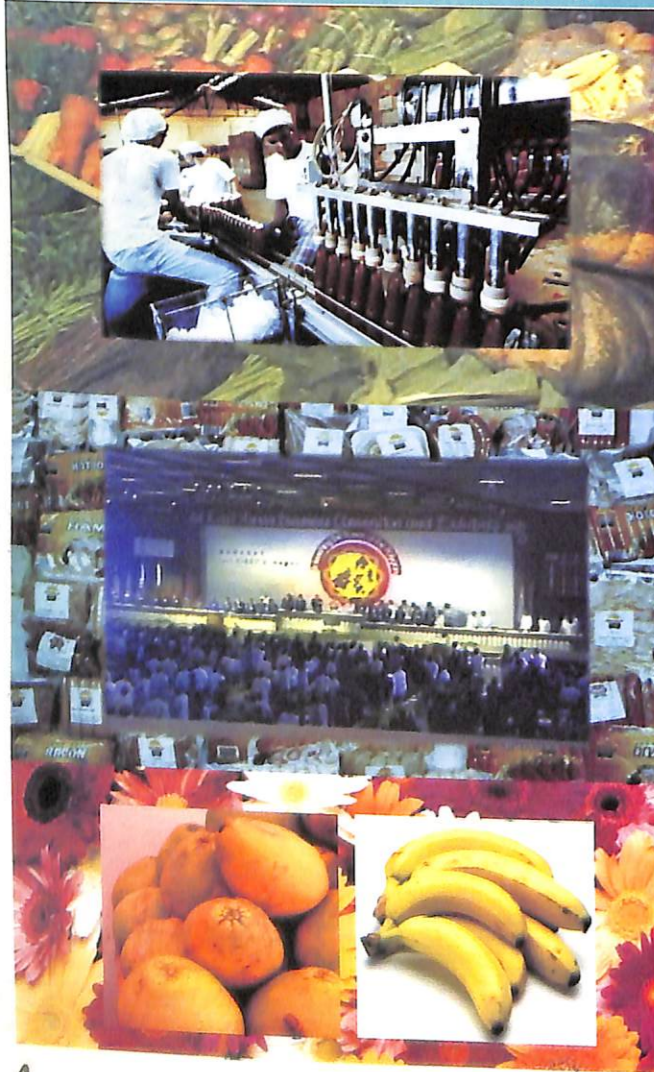
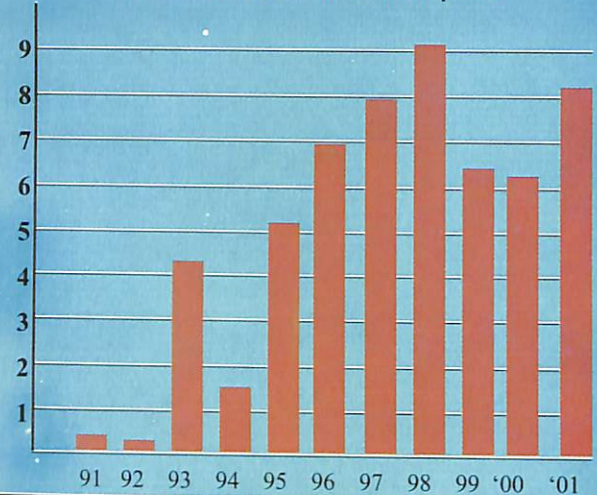
Indeed, Davao City lives up to its mark of distinction as the city for all seasons and reasons.



11-22-03 PMS. F. RANOS - D

# General Health of the Economy

**PRIVATE INVESTMENTS**  
in DAVAO CITY in billion pesos



The general health of Davao City's economy found a strong hold on inward investments and exports sectors levered back in the growth track after a dramatic rebound from the impact of global economic downturn. Among neighboring Asian city economies, Davao City has maintained most competitive position in attracting fresh investments and in penetrating foreign markets owing to its resilient exports base, peaceful business climate, better quality of life and rich pool of skilled workforce.

With over a million people as primary market base, the city is conducive to business as evidenced by the presence of top 200 companies in the area. From a mere million-peso level investments poured in two decades up to 1992, investments peaked with an ample 63 percent growth in the succeeding years until the financial crisis erupted in mid-1997.

The rush influx of investments begun to ebb in 1998 as an aftermath of currency turmoil. The inflow of investments however managed to recover and soared with remarkable 64 percent growth in three-year's time up to 2001, cornering P8.23 Billion total investments.

Also in 2001, the total exports shipped out from the Port of Davao reached \$781M, almost seven-fold the total exports posted in 1998 when the sector performance went through a 75 percent drastic dive due to currency turmoil.

The stable banana and flourishing pineapple industries are among the country's leading export commodities. A net exporter since 1987, Davao made the Philippines among the world's top 3 banana exporters. Primarily an agricultural area, almost all kinds of fruits thrive in Davao City including the exotic Durian. Other major agriculture-based exports are citrus, mangoosten and other tropical fruits.

Also, one of its growing industries is the cut-flower production. With 985,274 dozens annual volume of production, the city is able to supply 60% of the total demand in the Philippines.

The exports posted in 2001 pulled the highest level of annual growth within the ten-year period. The performance further revitalized the role of exports sector as a strong base for sustainable development of Davao City's economy that particularly showed strengths in maintaining a healthy balance of trade. Davao City's positive trade balance was even able to shake off the Asian malaise in the late 1990s. Still, while favorable ratio is maintained, the rate of net export surplus suffered a sudden 70 percent drop in 1998.

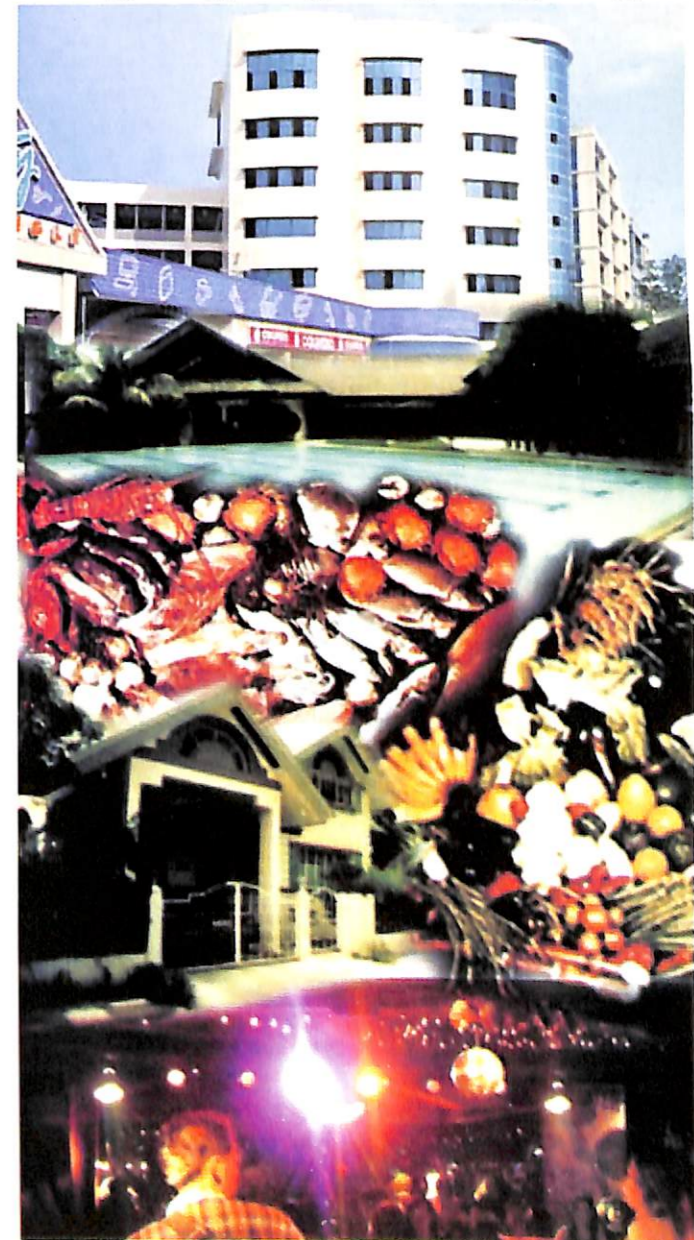
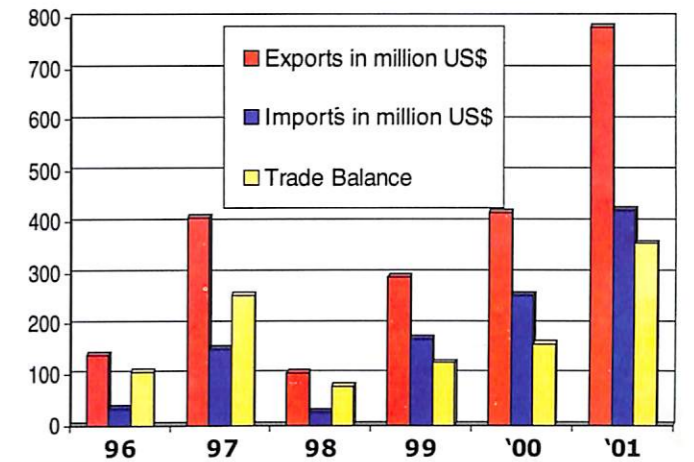
The performance however easily buoyed back to gradual rebound in the succeeding years. In 2001, Davao City posted \$360 Million trade balance, surpassing even the pre-currency crisis record almost three times over.

The fresh rounds of inward investments and the sustained level of favorable foreign trade accounts proved to be the most fundamental factors driving up the quality of living standards in the city, particularly, in providing opportunities for gainful employment.

In 2001, almost 90% of the City's almost half a million labor force is employed. The female labor force participation rate is one of the highest in the country due largely to the presence of substantial opportunity for women to be active members of the local labor force.

The productive linkages between established businesses and Davao City community reinforced the competitive quality of life in a city that has consistently maintained single digit inflation for the past three years from a double-digit rate during the height of currency crisis.

Along with flourishing investments and exports, the low inflation rate serves as concrete illustration of the remarkable gains thru sustained competitiveness nurtured by high level of responsiveness of the local government which put priority focus in facilitating business-friendly initiatives and in ensuring a peaceful and prosperous environment.



# Development direction

Guided by the principles of sustainable development, Davao City is pursuing cross-sectoral development direction kept on track through the years by committed efforts of city officials to maintain a peaceful environment.

As we recognized the key roles of the civil society, the business sector and the government in our pursuit towards a sound and viable economy, the city government cannot afford to be complacent at any time in ensuring that the people of Davao continue to live in peace and prosperity.

There is no greater satisfaction than knowing that Davao City residents can productively work and enjoy the fruits of their labor and contentedly relax at home confident that there is peace, security and prosperity in their locality.

The aggressive campaign against criminality is in a large part ushered in the dramatic growth of the economy anchored on potentials and opportunities inherent in its unique and strategic physical characteristics.

At present, one major advantage of Davao City is not only its vast land area but also its recently approved Comprehensive Development Plan that facilitates a directed growth and development.

Envisioned as the premier socio-economic and tourism center in Mindanao, East ASEAN growth area and the Asia Pacific region, Davao City is the only major metropolitan center in Mindanao eyed as an alternative international node to balance and diffuse the over-concentration of economic activity in Metro Manila.

To enhance its function and role as a leading metropolitan center in the country, the comprehensive development plan embodied multi-nuclei spatial development strategy defining the hierarchy of urban settlements that sought for the establishment of a network of growth centers meant to rationalize development initiatives in the city's vast land area.



The strategy provides a springboard for a productive management and an optimum utilization of the city's physical and human resources by designating district urban centers as the city's sub-economic centers to complementarily perform essential functions.

The development plan serves not only as a blueprint for responsive land-use management but also as a framework for long-term programs and projects laid out to address sectoral issues and concerns.

In anticipation to challenges associated with a bigger urbanized area and fast-growing population, land devoted for residential use was expanded more than four times its size. A viable road network is also identified establishing a logical hierarchy of streets and highways that will improve movement of traffic as well as accommodate the expected increase in number of vehicles.

Consistent with the vision, goals and objectives outlined in the plan, the city government placed in its priority agenda programs on crime prevention, shelter, health, education, eco-tourism environment, ancestral domain management, fisheries and agriculture, waterways and solid waste management.

As we continue to track the development path that we have chosen, the remarkable momentum gained during the past years shall be sustained and promoted by ensuring that Davao City remains conducive for continuing growth and development.

As such, the city government is committed, as always, to nurture the progress and dynamism of business activities and industries by putting in place effective and efficient peace and order program.

Only in this manner we can ensure that the perennial threat to peace and security, the most prevailing barrier to economic prosperity, will not get in the way in our envisioned sustainable growth and development.

# Leading drivers of competitiveness

## Quality of Human Resources

Davao City's predominantly migrant population has abundant pool of skilled labor force. The presence of 41 well-established schools engaged in higher learning, including technical and vocational courses, assures the steady supply of highly competent human resources.

Davao City's enrolment rate is consistently high in all levels of education. It has the highest ratio of tertiary schools to population compared to all regions in the Philippines. More than half of the population belonging to the 20-24 years old is into tertiary education. This performance is among the highest compared to neighboring Asian cities.

As a leading educational center in the country, Davao City annually produces pool of computer programmers, business management professionals, accountants, engineers, medical practitioners, technicians, graduates of vocational courses and other skilled labor force.

## Utilities

Davao City enjoys stable power supply sourced from the Mindanao grid operated by the National Power Corporation which has an installed combined capacity of 1,580 MW. The highest peak demand recorded is only 953 MW.

The Davao Light and Power Company operates diesel and mini-hydro plants for back-up and generating capacity. The company provides power service 24 hours a day.

While the Philippines is considered as among countries with the most expensive power rate in Asia, Davao City managed to offer lower rate than Manila and almost the same average rates as that of Malaysia and Hong Kong. The city holds the record of having the lowest monthly industrial electrical cost in the country.

In terms of access to potable water, Davao City is abundant with fresh drinking water recognized as among the best potable waters in the world. Mount Apo serves as the recharge point and the areas at the foot of the mountain contain large reservoirs, the biggest of which is found in the Talomo-Lipadas Watersheds.

## Transportation

The City has adequate transport infrastructures in facilitating more accessibility to major markets and key urban centers in the Philippines and neighboring countries.

The presence of reasonable number of direct air and sea routes provides convenience to investors in transporting products to target domestic and offshore markets.

On air transport, the Davao International Airport serves the most number of routes in Mindanao with direct flights to major destinations in the country and the neighboring countries within the East ASEAN Growth Area.

By 2003, the modernized airport with expanded all-weather runway and new terminal building will start operating. Its facilities are designed for the opening of more international and domestic flights.

On sea links, the Port of Davao is one of the major ports in the country well-equipped to cater general cargoes and containers. It has adequate amenities to serve the increasing number of ship-calls, cargo traffic both for domestic and foreign and inbound and outbound passenger traffic.

For road transport, Davao City's strategic location provides links between key urban centers and provinces. Its arterial roads connect to major inter-provincial routes in Mindanao. The city's extensive internal roads, which include city roads, barangay roads and some portion of national roads, provide direct linkage between economic activities in the urban centers and the sources of production materials in the rural areas.

## Communication

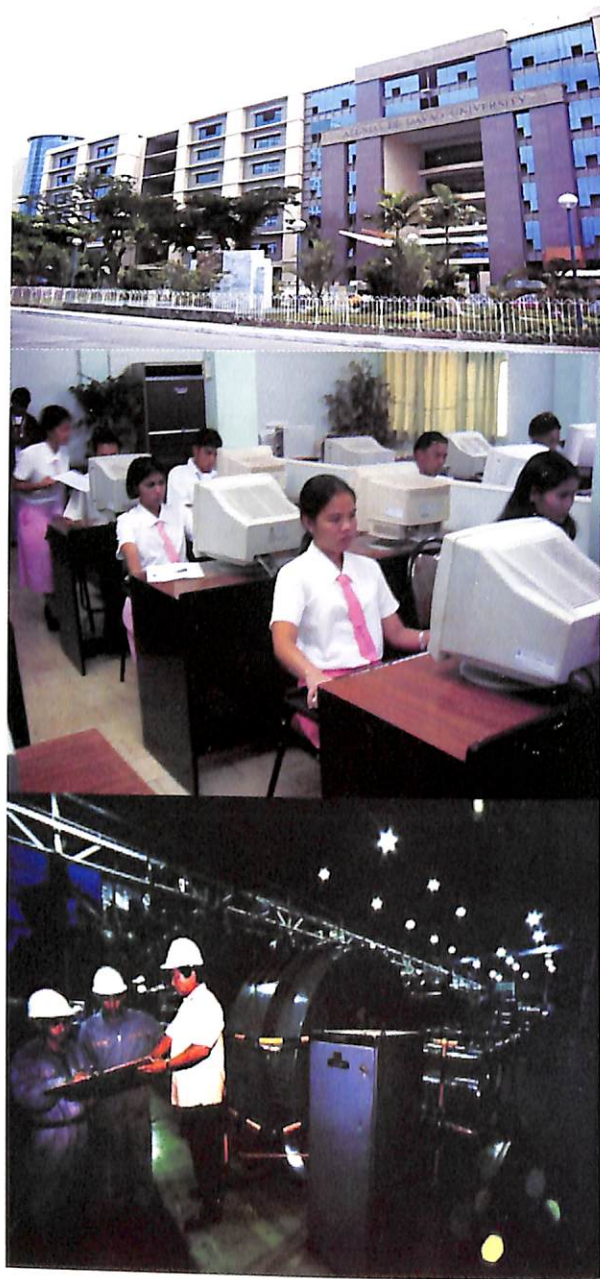
Davao City has state-of-the-art communication facilities at par with international standards. The number of existing telecommunication lines in the city is comparable to the rest of leading cities in neighboring countries. International call rates in Davao City are also lower than Southeast Asia's average.

Communication access to the rest of the world is made easier with fiber-optic trunking system with direct international links, cellular networks (GSM), broadband connections and other facilities.

The evolvement of the Internet together with other advantages of the Information Technology is well within reach of every citizen even among schoolchildren with the mushrooming of more than 100 Internet Cafes in the City.

In terms of media outlets, there are 10 TV stations, 20 print publications, 40 radio stations (AM/FM), 4 telephone companies, 36 public calling stations, and 2 cable TV operators in Davao City.

There are also a number of international and local couriers, forwarders, and truck haulers available in the city.



# Harvests of the City



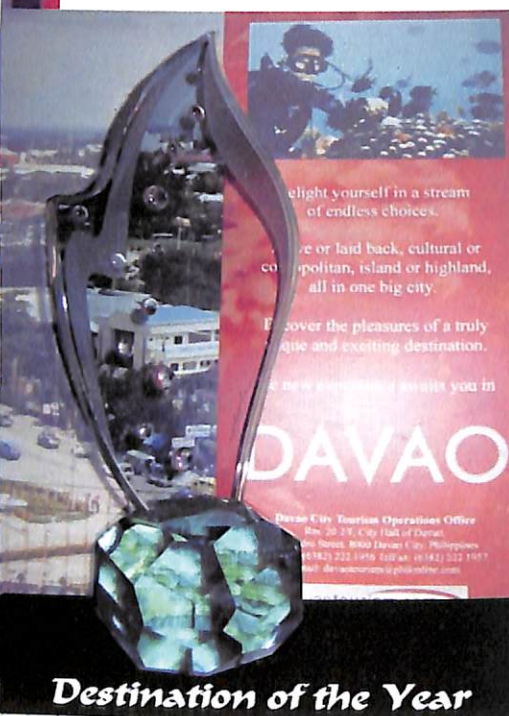
If only by the heaps of accolades reaped through the years, Davao City simply leads the way.

Among highly urbanized cities in the country, Davao City ranked as the Most Competitive Metro City in the Philippines based on competitiveness survey study conducted by the Asian Institute of Management and the Department of Trade and Industry.

The City garnered high ratings in areas of quality of life, cost of doing business, quality of human resources, linkages and accessibility, infrastructure and dynamism of the local economy.

From the period 1996 to 2000, Davao City

made into the Top 20 Most Livable Cities in Asia and the highest ranked Philippine city in a survey conducted by the Asiaweek Magazine.



## Destination of the Year

13	11	CHIANGMAI 1,448
14	24	MACAU 437,000
15	9	SHANGHAI 13,131,200
16	17	BEIJING 12,570,000
17	13	BANGKOK 5,662,499
17	18	DAVAO CITY 1,200,000
17	21	HANOI 2,672,100
17	31	HO CHI MINH 5,063,874
17	15	KUCHING 350,000
22	19	CEBU CITY 650,000

Projects, Kalakbay's Destination of the Year, Top Honors in National Literacy Awards, Best City Library and Most Child-Friendly City in the Country.

Indeed, a bountiful harvest awaits everyone in Davao City.

Plaques of recognition tailing our way include distinctions and citations for being the Cleanest and Greenest City in the country, Champion in Local Government Performance for US-AID-assisted

ATENEO DE DAVAO UNIVERSITY  
LIBRARY

Photography: BEN YOUNG/YOYONG PALIMA  
BOLIX SUZARA  
MORIE AGUILAR  
DCIPC PHOTOBANK

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DEMOGRAPHY					
Land Area	2,443.61 sq.kms.				
	1970	1980	1990	1995	2000
Population	392,473	610,375	849,947	1,006,840	1,147,000
Population Density (person per sq. km.)	161	251	348	413	470
Average Annual Growth Rate	5.57	4.72	3.37	3.22	2.83
	1997	1998	1999	2000	2001
<b>INVESTMENTS (in Million Pesos)</b>	7,900	9,070	6,387	6,189	8,210
<b>PRIVATE BUILDING CONSTRUCTION</b>					
No. of Building Permits	2,640	446	666	292	1,251
Value (in '000)	392,520	295,453	287,214	350,422	733,354
<b>INFLATION RATE</b>	4.8	10.0	4.5	3.5	6.2
<b>BANKING AND FINANCE</b>					
Banks	141	151	146	146	142
Other Financial Institutions	563	930	930	1,092	1,083
<b>FOREIGN TRADE (in US\$ million)</b>					
Exports FOB	408	102	293	418	781
Imports FOB	151	25	170	257	422
Trade Balance	257	77	123	161	359
<b>LABOR &amp; EMPLOYMENT</b>					
Labor Force (in '000)	434	473	466	497	499
Participation Rate	66.0	70.0	66.6	68.0	66.8
No. of Employed (in '000)	399	146	417	443	442
Employment Rate	92	88	89.6	89.1	88.6
No. of Unemployed (in '000)	35	57	49	54	57
Unemployment Rate	8	12	10.4	10.9	11.4
<b>LITERACY RATE</b>	97.38	98.05	98.24	96.6	98.30
<b>TOURIST ARRIVALS (in '000)</b>					
Region XI	492	440	586	561	643
Davao City	278	270	359	333	418
<b>AVE. MONTHLY CRIME VOLUME (per 100,000 persons)</b>	07.91	08.76	08.33	08.46	08.21
<b>NUMBER OF MOTOR VEHICLES</b>	72,587	70,041	74,592	72,863	79,665
<b>UTILITIES</b>					
Power Consumption (in million kilowatt-hours)	767	846	857	835	895
Water Consumption (in million cubic meter)	37	40	41	43	42
* Land-based phone subscribers	nda	nda	nda	69,222	67,362

\* Excludes mobile and pre-paid land-based phone subscribers

nda - no data available

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# Tips in getting to and around Davao City

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The Davao International Airport (DIA) has daily flights to and from major cities in the Philippines and weekly flights to Singapore and Manado, Indonesia.

The airport is a 15-minute ride from the city center. Metered taxicabs are available and flagdown rate is P25 for units with aircon (P20 for units without aircon). Minimum fare for a public utility vehicle is P4.00.

Time zone is GMT +8hours.

Dress codes are normally very casual. Light clothing is most comfortable. Lightweight clothing of natural fiber is recommended. Informal clothing is acceptable almost everywhere except when visiting a church or mosque. For formal occasions, the traditional barong tagalog is recommended.

Most establishments such as bars, offices, restaurants impose dress codes strictly and consider it improper to wear shorts, slippers, and sleeveless shirts.

There is an existing No-Smoking Ordinance in the City. Smoking is prohibited inside public utility vehicles, taxis, government offices, hospitals, and theaters. In hotels, bars, and restaurants,

smoking is allowed only in designated areas where the only activity being done is smoking. Curfew for unaccompanied minors starts at 10 pm to 5 am. There is a strong enforcement of laws on traffic, anti-littering, jaywalking, anti-vandalism among others. Drug Trafficking is a criminal offense punishable by death.

Major international credit cards are accepted in most establishments. Tipping may not be necessary when a 10% service fee is charged to the bill but nonetheless appreciated.

Most government offices operate Mondays through Fridays from 8 a.m. to 12 and 1 to 5 pm except for frontline service agencies that need to operate 24 hours a day.

Most banks open from 9 a.m. to 3 p.m. and some major banks have branches that operate 7 days a week.

The City has a 220-volt electrical system. Payphones requiring either two 1-peso coins or a phonecard are strategically located all over the metropolis.

If in doubt or facing emergency situations, dial 911 (for landline phones and Globe users) or 063 911 (for Smartphone users).



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## Business-friendly Initiative

### Incentives for Preferred Investments

Davao City is the first local government to enact an investment incentive. Passed in 1994, the code aims to encourage inward investments and generate employment opportunities. It identifies areas for investments as well as the requirements and qualifications of enterprises for fiscal and non-fiscal incentives.

The local fiscal incentives are exemptions from payment of Mayor's permit fees, building fees and charges for three years and exemptions from payment of Basic Real Property Tax for two years.

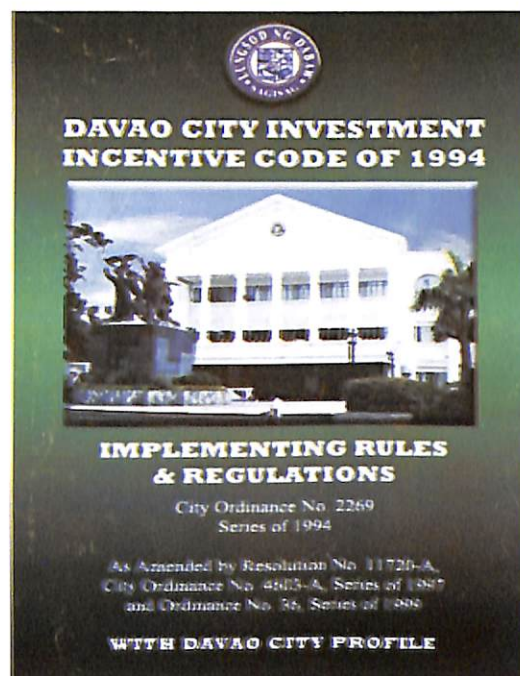
These incentives are over and above what investors may avail of under the Philippine Omnibus Investment Code.

In order for a new enterprise to qualify, the project must have a capitalization of at least one million pesos that will employ at least ten people

from Davao City and the chosen business activity falls under the City's preferred investment areas.

Existing enterprises can also avail of the local incentives if they plan to expand or diversify operation. The expansion or diversification project must fall under the City's preferred investment areas with a cost of at least one million pesos and employing at least ten people from Davao City.

The Davao City Investment Incentive Board is tasked to implement the code and establish a favorable and stable policy on business climate which will encourage and support private sector investments. It approves applications for the grant of fiscal incentives.



The Davao City Investment Promotion Center acts as the board's secretariat. It is tasked among others to accept, process and evaluate applications to avail of local incentives and submit recommendations for actions by the Board.

### The preferred areas for investments

**TOURISM and RECREATIONAL FACILITIES** such as Business Hotels, Restaurants, Beach and Mountain Resorts, Theme Parks;

**AGRI-BUSINESS and FOOD PROCESSING** such as Fruit Processing (vacuum, dehydrated, spray dried), Canned Specialty Vegetables, Extruded Snack Food, Cut Flower Production;

**LIGHT MANUFACTURING and Assembly** such as Garments, Footwear, Toys, Bulky Kitchen & House Wares, Packaging Materials;

**PROPERTY DEVELOPMENT** such as Industrial Estate, Convention Center, Residential Area Development, Commercial/Office Building; and

**TRANSSHIPMENT FACILITIES** such as Port Infrastructure, Common Bonded Warehouse, among others.

**TELECOMMUNICATIONS;**

**ESTABLISHMENT OF FOREIGN BANK BRANCHES;**

**MEDICAL, EDUCATIONAL, TRAINING, AND SPORTS FACILITIES;** and

**ENVIRONMENTAL ENHANCEMENT AND PROTECTION PROJECTS.**

## Services for business

As the country's leading trade and major growth center, Davao City is home to major establishments that offer services to industries and other services. The city's complex of support services offers quality assistance and increased convenience to industries and other primary businesses.

There are 1,200 financial institutions in Davao City including 110 branches of domestic and foreign banks, 29 financing companies and 382 lending firms. All leading banks in the country have more than one branch in the city. Electronic banking through use of Automated Teller Machines (ATM) is also available in almost every strategic corner of the urban center. Some banks operate seven days a week to ensure clients are readily served.

Davao City also boasts a number of major consultancy and accounting firms that have established branches in key areas of the city. Headquarters and regional offices of national government and private agencies extending assistance and services to businesses both for Davao City and the rest of Mindanao are found in the city providing efficiency in the acquisition of approvals, permits and licenses to operate business.

The Local Government has also established the first investment promotion unit in the country, the Davao City Investment Promotion Center.

The Center's core of existence is to help investors start business as easy as possible. It offers free professional services to investors such as databanking, assistance in securing local permits and licenses, business matching, and finding suitable sites, raw materials and manpower among others.

To ensure the active involvement of business community in policy formulation processes, the City Government has enacted an ordinance providing for 6 regular membership slots to business sector in the Investment Board. The business representatives are chosen by virtue of their respective elections as chairperson of six recognized business groups in the City.





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