



Coping with climate variability and change





ABOUT PIDS

The Philippine Institute for Development Studies (PIDS) was created on September 26, 1977 by virtue of Presidential Decree No. 1201. It was established to respond to the critical and growing need for research for planning and policy formulation. It is organized as a nonstock, nonprofit government corporation.

The PIDS research is envisioned to help government planners and policymakers in the executive and legislative branches of government. Its primary clientele consists of the network of agencies which make up the National Economic and Development Authority.

ROLES AND GOALS

Broadly stated, the goals of PIDS are: 1) to develop and implement a comprehensive and integrated research program that will provide the research materials and studies required for the formulation of national development plans and policies; 2) to serve as a common link between the government and existing research institutions; and 3) to establish a repository for economic research information and other related activities.

PROGRAMS AND ACTIVITIES

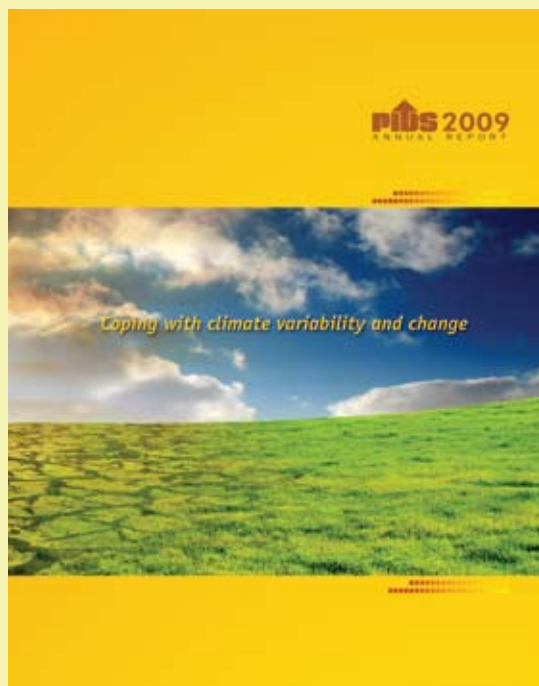
To carry out its mandate, the Institute has maintained three basic programs, namely: Research Program; Outreach Program; and Dissemination and Research Utilization Program.

RESEARCH AGENDA 2005-2009

The research agenda of PIDS, which guides its research operation in the period 2005–2009, is a product of a consultative process led by a team of consultants composed of Dr. Dante Canlas of the UP School of Economics, Dr. Jose Abueva of the Kalayaan College, and Fr. Jose Magadia of the Ateneo de Manila University. The preparation of this document benefited from discussions with current and former senior government officials, PIDS administrators and research fellows, as well as scholars from various universities and research institutions, both public and private.

Approved by the PIDS Board of Trustees in a resolution dated 19 October 2005, the research agenda is consistent with the emerging development policy preferences of the national government in the 21st century. It is reflective of the President's development priorities as laid down in her 10-point agenda and her State of the Nation Address in 2005. It is connected with previous policy initiatives, and is flexible enough to respond to any unanticipated turn of events, economic or noneconomic, that may dampen the desirable results of actual policy choices.

ABOUT THE COVER



In 2009, the Development Policy Research Month (DPRM) carried the theme, "Coping with climate variability and change."

The choice of this theme stems from the fact that the Philippines is a country that is very prone to climate-related risks and disasters. For instance, climate variability caused by the El Niño Southern Oscillation (ENSO) phenomenon and its two phases—El Niño and La Niña – greatly affects agriculture in the Philippines and leaves rainfed agricultural producers, in particular, exposed to high levels of risk in terms of decisions regarding choice of inputs and timing. At the same time, recent changes felt in the overall climatic patterns and conditions bring about greater possibilities for more intense climatic events with disastrous effects on our people's lives, properties and livelihood.

All these therefore underscore the need for strategic risk-mitigation programs and measures based on careful study and active interaction and collaboration among different sectors of society.

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PRESIDENT'S MESSAGE



This year's choice for the theme of the Development Policy Research Month (DPRM) was "Coping with climate variability and change". It came at an inauspicious time as Metro Manila was inundated by Typhoon Ondoy on September 26, 2009 which is the month when DPRM is celebrated. Typhoon Ondoy brought the worst rainfall to Metro Manila among recorded typhoons since the start of rainfall record keeping. Two weeks later, Typhoon Pepeng battered Northern Luzon, bringing the issue of climate change again to the forefront.

Responses to climate change can generally be classified as either mitigation or adaptation strategies. Mitigation efforts are primarily the responsibility of developed countries. They have to deal with the accumulation of emissions that have resulted from their past actions. Moreover, developed countries have greater financial and technological capacity to transform rapidly to low-carbon economies. Policy measures related to mitigation generally address what is described as a "gigantic market failure" brought about by climate change.

Meanwhile, developing countries are expected to focus more on adaptation strategies. These consist of measures like building dams and applying new crop varieties to cope with the consequences of climate change. However, developed countries can shift some of the mitigation programs to developing countries through carbon trading. Developing countries therefore have to be wary about the possible trade-off between climate change mitigation and economic growth and development.

Typhoons Ondoy and Pepeng further weakened the Philippine economy. In 2009, the Philippines was still reeling from the fallout from the 2008 global financial and economic crisis. In this connection, PIDS hosted two major seminars on the impact of the global crisis on the Philippine economy. One was in February with Nobel Laureate Professor Andrew Michael Spence as keynote speaker. The other was co-sponsored with the United Nations Development Programme in October. Studies show that the Philippines was spared the harshest effects of the crisis, not unlike the aftermath of the 1997 Asian financial crisis. Preliminary household data indicate that poverty incidence did not rise as a result of the economic downturn. However, the relatively benign impact is due to a structure that has constrained the development of the Philippine economy in the past four decades.

PIDS also convened a committee to help formulate the Institute's research agenda for 2010-2014. This will help guide the specific studies that PIDS will undertake in the next few years. We anticipate that the issue of climate change will figure more prominently in our research agenda.

In 2009, PIDS came out with a near record number—at 38—of Discussion Papers released, reflecting the productivity



and deep involvement of its research staff in various critical development issues. Fruitful collaboration with international institutions also led to the commencement of research on the very important issue of international migration (with the International Development Research Centre of Canada) and on the completion of two research undertakings with the United Nations Children's Fund (UNICEF), one on local service delivery and another on child poverty and disparities.

These were complemented by the Institute's partnership in 2009 with the Philippine Human Development Network (HDN) in disseminating and advocating the key results and recommendations of the Philippine Human Development Report 2008/2009 which focused on institutions, politics and human development. The PIDS played a key role in the national and sub-national launching and presentation of the Report's findings as well as in the packaging of its key messages to specific audiences.

The Institute also continued to serve as the administrator of the building where it is located, making sure that the work facilities and environment are kept healthy and efficient for its building tenants as well as for other interested users.

Finally, PIDS is committed to play its role in the public policy debate. In this regard, I would like to take this opportunity to express my gratitude to the PIDS staff who have contributed selflessly, directly and indirectly, to this role. Our strength comes from our commitment.

JOSEF T. YAP, Ph.D.
President

RESEARCH AND RESEARCH-RELATED ACTIVITIES

Looking at the past year's accomplishments, the year 2009 was indeed a productive one for the Philippine Institute for Development Studies (PIDS), with numerous major research studies commenced and several already completed. PIDS made use of its networking strength by partnering with other government agencies and with international development organizations in the research projects it conducted.



The year 2009 also marks the expiration of the PIDS Research Agenda 2005-2009 and the formulation of a new one. As such, foremost among the Institute's research activities during the year was the creation of a Research Agenda Committee tasked with assessing in-house expertise, undertaking consultations with PIDS stakeholders, and drafting the Research Agenda for 2010-2014. The process is expected to be completed in the last quarter of 2010.

Aside from research agenda preparation, the past year's highlights included the launch of two major projects. One was the joint undertaking with the International Development Research Centre (IDRC), titled Different Streams, Different Needs and Impacts: Managing International Labor Migration in ASEAN, a two-year project involving six institutions from ASEAN. It aims to build knowledge and understanding on the policy and institutional arrangements in managing international migration flows in the ASEAN region and their development impacts in order to inform public policy

in ASEAN. The project's inception meeting was held in Manila in October attended by the lead researchers from each member-institution from Cambodia, Indonesia, Malaysia, Thailand, Singapore, and the Philippines. Another major project, titled Assessing Development Strategies to Achieve the MDGs in Asia and the Pacific: The Case of the Philippines, was conducted under the auspices of the Department of Economic and Social Affairs of the United Nations (UN-DESA) and the United Nations Development Programme (UNDP), with leadership by the National Economic and Development Authority (NEDA). The study involves an assessment of present strategies on MDG achievements and the challenges being met, and an analysis of the links between policy choices and economic outcomes as they stand in the country. Using the methodology from the previous studies in Latin America, the Caribbean and the Arab states, the PIDS study team adopts an economy-wide, general equilibrium framework along with microeconomic cost-effectiveness analysis to achieve the MDGs and microsimulations to compute poverty and inequality results.

Meanwhile, three studies funded by the Economic Research Institute for ASEAN and East Asia (ERIA) also commenced in 2009. These refer to the projects: Integrating Small and Medium Enterprises (SMEs) into the More Integrated East Asia Region; Micro Data Study: Impact of Trade and Investment Liberalization on Productivity; and Fostering Production and Science & Technology Linkages to Stimulate Innovation in ASEAN. In line with the Institute's agriculture program, the study titled Outlook for Philippine Agriculture: Scenarios and Options for Productivity Growth was also implemented in the past year with funding from the Southeast Asian Regional Center for Graduate Study and Research in Agriculture (SEARCA). This study aims to project an outlook for food security and agricultural growth in the Philippines under alternative scenarios for productivity growth and the various policy and investment levers underpinning this growth. The results of the study shall guide policymakers in formulating their medium to long-term strategy for the sector. The newest research study that started implementation in the last quarter of the past year was the PIDS/Department of Science and Technology (DOST) joint project that aims to find the Determinants of R&D Investments in the Philippines: Implications for Policy, which is a direct response to the mandate of President Arroyo to conduct a study that would explore the possibility of "maximizing the country's potential as an attractive R&D location for R&D centers, units and organizations."

Aside from conducting the major projects mentioned above, 2009 also marks the year the Institute began groundwork for its Capacity Building Program in Support of Policy Research. This program involves the formation of a mechanism for knowledge sharing on policy research and data analysis between PIDS and its network partners. The specific objectives of this program are: (1) to disseminate various PIDS policy researches to network partners; (2) to develop skills of representatives of PIDS network partners in understanding policy and data analysis resulting from PIDS policy researches; (3) to enhance the implementation of policy adjustments by decision makers, users of outputs, data producers and other stakeholders; and, (4) to strengthen the networking capacity of PIDS as it works in partnership with other institutions in the conduct of policy research and related activities. The program is expected to take off in the latter part of 2010.

On the networking side, PIDS remains a very active member of the Philippine Academic Consortium for Latin American Studies or PACLAS. In addition, the Institute was also involved with the Human Development Network (HDN) in the arrangements for the preparation of the 2008/2009 Philippine Human Development Report launched in 2009.

In sum, PIDS completed a total of thirty three (33) research projects in various areas of economic policy choices, sustainable human development, and institutional development and good governance. Toward the end of 2009, there were about forty-four (44) on-going studies that PIDS was conducting, and two (2) of these are continuing or mainstream activities of the Institute (Trade Policy Monitoring and maintenance of the PIDS Economic and Social Database). About a third of these are expected to be completed by the first quarter of 2010.

COMPLETED PROJECTS

1. Poverty Reduction for the Disabled: Livelihood of Disabled People in Developing Countries

Josef Yap, Celia Reyes, Jose Ramon Albert, Aubrey Tabuga

The study was initiated by Japan's Institute of Developing Economies (IDE) in Japan in line with their thrusts to provide some focus on the issue of disability. The Millennium Development Goals (MDGs) recognize the need to understand the link between disability and poverty. In fact this has become one of the key issues in the subject of poverty reduction in Asia and the Pacific.

Studies on Child Poverty and Disparities & Local Service Delivery for the MDGs

Josef Yap, Rosario Manasan, Aniceto Orbeta, Jr., Danilo Israel, Rouselle Lavado, Celia Reyes, Jose Ramon Albert, Marife Ballesteros, Janet Cuenca, Jenny Balboa, Allan Layug

This UNICEF-supported project involves two studies:

2. Study on Child Poverty and Disparities

This study aims to come up with a comprehensive country profile of child poverty, assessing policies and programs aimed at addressing child poverty and recommending viable strategies to further make inroads into child well-being as targeted under the Millennium Development Goals. Using known indicators on education, social protection, poverty, and health, this report summarizes the Filipino children's welfare and living conditions taking account the disparities in gender, income, and geographic location.

3. Local Service Delivery

The study investigates on improving local delivery of MDG-critical services such as education, health, and water, with a view to formulating sectoral decentralization policy frameworks that would serve as inputs to national strategies and plans in improving LSD in the Philippines. The survey areas were Dumaguete City and three barangays in Agusan del Sur. The study develops a Triangulation Framework as a tool of analysis that provides a perspective on how to better understand the dynamics of LSD systems and the requirements for improving them through the interdependence of policy, institutions, and finance. Corollary argument is that institutional actors take a primordial role in improving LSD systems and practices despite policy and financial gaps and development challenges.

Bridging the Gap between Seasonal Climate Forecasts (SCFs) and Decision makers in Agriculture

The study is a four-year project funded by the Australian Centre for International Agricultural Research (ACIAR). It looks into closing the gap between the potential and actual value and use of SCFs to agricultural systems

and policies in the Philippines and Australia. The end result aimed for is increased incomes of rural communities in the Philippines and Australia.

4. Profitable Use of SCF in a Policy Context: The Case of Rice Stockholding in the Philippines

Celia Reyes and Christian Mina

This paper documents the activities of the National Food Authority (NFA), particularly on rice marketing, in realizing its mandates of buying high and selling low. Because the Philippine agriculture is greatly affected by extreme climate events such as El Niño and La Niña, this paper highlights the importance of seasonal climate forecast (SCF) information as input to the formulation of various policy decisions of the NFA.



5. Incorporating Regional Rice Production Models in a Simulation Model of Rice Importation: A Discrete Stochastic Programming Approach

Celia Reyes, Rosalina de Guzman, Christian Mina, Jason Crean, Kevin Parton

This paper evaluates the significance of SCF information, among other things, in rice policy decisions of the government, particularly on importation. It presents an alternative method of forecasting the level of rice production through regional rice production models.

6. Climate Variability, Seasonal Climate Forecast and Corn Farming in Isabela, Philippines: A Farm and Household Level Analysis

Celia Reyes, Sonny Domingo, Katrina Gonzales, Christian Mina

Seasonal climate forecast (SCF) is one of the tools that could help farmers and decision makers better prepare for seasonal variability. However, a cloud of uncertainty looms over the true value of SCF to its target users. To shed light

on the true value of SCF in local agricultural decision-making and operations, a farm and household level survey was conducted. A total of 85 corn farmers from the plains and highlands of Echague and Angadanan, Isabela were interviewed.

7. Policy Options for Rice and Corn Farmers in the Face of Seasonal Climate Variability

Celia Reyes, Sonny Domingo, Katrina Gonzales, Christian Mina

This paper tackles the government's risk management programs for farmers and other agricultural stakeholders in detail and then discusses the challenges besetting these programs. The paper also presents some policy options which could enhance the delivery of these agricultural services in pursuit of improved productivity and welfare in target farming communities in the country.

8. Assessing the Value of SCF on Farm-Level Corn Production Through Simulation Modeling

Celia Reyes, Katrina Gonzales, Canesio Predo, Rosalina de Guzman

The study aims to estimate the value of seasonal climate forecast (SCF) to agricultural decision makers under climate uncertainty. Historical climatic data of Isabela from 1951 to 2006 from PAGASA and crop management practices of farmers were used in the Decision Support System for Agrotechnology Transfer (DSSAT) to test the potential impact of climate change on corn. The approach is developed for a more accurate SCF and to be able to simulate corn yields for wet and dry seasons under different climatic conditions.

9. Crop Insurance: Security for Farmers and Agricultural Stakeholders in the Face of Seasonal Climate Variability

Celia Reyes and Sonny Domingo

This paper provides a comprehensive review of the crop insurance program in the Philippines--its history, operationalization, performance, and a number of challenges. Some of the identified constraints in operating the program are high overhead cost, need for larger investment fund, and question of sustainability. The results of secondary data assessment and key informant interviews revealed that PCIC has captured only a small segment of its target clientele, particularly the subsistence farmers, due to logistical and marketing constraints.

Comprehensive Documentation and Analysis of Issues on the Official Poverty Estimation Methodology of the Philippines

This project aims to document the process of poverty estimation starting from the actual basic data collection to the actual computation of poverty thresholds and estimates. It also aims to identify the methodology issues along the process. The sub-studies are the following:

10. Issues on the Official Poverty Estimation Methodology in the Philippines: Comparability of Estimates Across Space and Over Time

Lisa Bersales

In an effort to effectively monitor the progress or drawbacks in the fight against poverty to formulate more effective poverty reduction programs, the issue on comparability of the official poverty estimates through space and time has been raised. In this paper, Bersales discussed the validity of the current methods, laid out several options and their corresponding merits and/or disadvantages, and made several recommendations for future improvement of the current methodology.

11. Some Statistical Dimensions in the Generation of Philippine Poverty Statistics

Arturo Pacificador, Jr.

This paper presents some statistical issues and possible solutions in the estimation of Philippine Poverty Statistics based on the official methodology adopted. In particular, the paper shows the effect of survey weights used in the estimation of population counts, number of households, and number of poor persons, among others.

12. Official Poverty Estimation Methodology NSCB

This study documents the official poverty estimation methodology of the Philippines including the: a) institutional arrangements and data sources; b) estimation method; c) computation of various poverty indicators; and d) history of the various changes applied in the methodology from 1985 onwards.

13. Documenting the Data Used in Poverty Estimation

a. A Documentation of the Philippines' Family Income and Expenditure Survey

Carmelita Ericta and Emma Fabian

The quality of poverty estimates relies heavily on the data sources. One of the sources of data for poverty estimation in the Philippines is the Family Income and Expenditure Survey (FIES). In this document, one will be able to look into how the FIES is administered and its evolution through time, the definition of the concepts of family and income, the survey coverage, the cost of conducting the FIES, the details of the content of the questionnaire, the length of time it takes to complete the enumeration, and other FIES-related issues.

b. Price Collection for the Consumer Price Index: A Documentation

Carmelita Ericta and Rosie Sta. Ana

Another source of data for poverty estimation in the Philippines is the retail price collected by the National Statistics Office. The retail prices are used, along with or in the absence of price data of certain commodities from the Bureau of Agricultural Statistics, for costing the poverty thresholds. This report contains the procedures of collecting,

monitoring, and verifying the price data. It also discusses how special items are treated.

c. A Documentation of the Annual Poverty Indicators Survey

Carmelita Ericta and Jeremias Luis

In years when the Family Income and Expenditure Survey (FIES) is not conducted and when funds are available, the National Statistics Office administers the Annual Poverty Indicators Survey (APIS). The APIS has been conducted in the years 1998, 1999, 2002, 2004, 2007, and 2008. It presents the socioeconomic profile of Filipino families and other information relating to their living conditions. This document makes it possible for users to understand better the APIS, its scope, how it differs from the FIES, and the objectives of the survey, among others.

14. Estimation of the Food Poverty Line

Jose Ramon Albert and Wilma Molano

The study reviews the issues pointed out on this methodology, including the nutritional benchmarks, and proposes an alternative approach for estimating the food poverty line using a representative food basket (and some spatial price indices to adjust for differences in cost of living). The proposed methodology addresses issues on consistency raised against the current official approach for setting food poverty lines.

15. Small Area Estimation of Poverty Statistics

Zita Villa Juan-Albacea

This paper provides alternative ways of coming up with subnational statistics (i.e., provincial and municipal/city-



level data) that yield lower coefficients of variation (CVs) than those of the official ones. This refers to the small area estimation (SAE) technique, a model-based approach to produce provincial or even municipal-level data. With



a good predicting model, the SAE technique has a lot of potential in providing reliable subnational estimates for poverty reduction efforts.

16. Actual Uses of Poverty Statistics

Dolores De Quiros-Castillo

The paper gives a brief overview of the poverty reduction strategies implemented by successive Philippine governments, from President Aquino (1986) to President Arroyo, and focuses on how the different administrations employed various poverty targeting schemes which are anchored on poverty statistics. The study also looks at the issues on the use of poverty statistics and offers recommendations on how to improve poverty statistics in order to effectively address poverty.

National Urban Development and Housing Framework, 2008-2010

A National Urban Development and Housing Framework (NUDHF) is mandated by the Urban Development and Housing Act of 1992 (Republic Act 7279) and is designed to provide a framework for urban development and housing. The study presents the new framework for the period 2008-2010. It consists of policy statements and strategies that shall guide the Philippine government's efforts toward improving the efficiency of the country's urban system.

The present framework was crafted following a review of policy and program directions set by the Philippine government as contained in several plan documents, as well as in official policy pronouncements made by the President. As inputs for the refinement of the framework, a draft of the document was presented for comments in a forum on the Millennium Development Goals—Family-Based Actions for Children and their Environs in the Slums (MDG-FACES) on December 15, 2008. Subsequently, the same draft report was presented during a Focus Group Discussion on the National Urban Development and Housing Framework conducted on December 16, 2008, and attended by

members of the National Steering Committee for the NUDHF. It was also during the focus group discussion that various issues on urban development and housing were tackled.

The project has two sub-studies:

17. Governance Framework for Urban Development and Housing

Benjamin Cariño

The study formulates an institutional framework for urban development and housing. It identifies the roles and functions of key government institutions such as national housing agencies, LGUs, and other stakeholders.

18. Policy Framework for Urban Development and Housing

Arturo Corpuz

The study formulates a policy framework to rationalize the housing and urban development strategy. The policy framework aims to provide a clear basis of the vision, goals and objectives of urban development and housing in the Philippines.

19. Regional Production and Logistic Networks in East Asia: The Case of the Philippines

Josef Yap, Mari-Len Macasaquit, Melalyn Mantaring, Fatima del Prado, Michael Cabalfin

The case study looks at the industrial cluster of CALABARZON in the Philippines, which has become the country's manufacturing center. The study looks at both production networks and knowledge networks in CALABARZON.

20. Country Study on the Social, Economic, and Labor Market Impact of Labor Migration in the past three decades – Philippines

Aniceto Orbeta, Jr.

a. Philippine International Labor Migration in the Past 30 Years: Trends and Prospects

The paper characterizes how international labor migration became an enduring feature in the country's development. It presents data on the flow of temporary and permanent international migrant workers in the last thirty years. Characteristics such as destination, occupation, education, sex, and age are presented. Using historical movements and motivations, the study then presented the likely prospects of the Philippine international labor migration market considering domestic and the global labor market developments. Long-term and short-term prospects were discussed and economic, demographic, political, and environmental factors were considered as factors affecting the future flow of international migrant workers.

b. Institutions Serving Philippine International Labor Migrants

This paper discusses public and private institutions that were established in the Philippines to provide services to Filipino international migrant workers.

c. The Social and Economic Impact of Philippine International Labor Migration and Remittances

The purpose of the paper was to summarize studies identifying the causes and effects of Philippine international labor migration and remittances and to highlight research gaps.

21. FDI Country Study (EADN Study)

Rafaelita Aldaba

The paper assesses the spillover effects of FDI on the Philippine manufacturing industry. While opening up the economy to FDI has contributed significantly to the country's exports of high-technology products and overall economic growth, the results show that the spillover effects of FDI to domestic firms has remained limited.

22. Local Service Delivery of Potable Water in the Philippines: National Review and Case Analysis

Danilo Israel

This study reviewed the local service delivery of potable water nationally and analyzed the same in the case study areas of Dumaguete City and Agusan del Sur. Data and information for the national review were generated from the relevant literature while those for the case analysis were through a survey done in late 2008 and early 2009.

23. A Review of the Philippine Experience with the BOT Scheme

Karl Jandoc

This paper attempts to characterize BOT contracts under strong and weak states where the issue is the presence of the ability to commit to certain rules of awarding. It also

presents an auction model that characterizes BOT contracts with a strong state and a derivation of equilibrium quality and payment under weak states where the government cannot assure commitment.

24. The Impact of the Global Financial Crisis on Rural and Microfinance Institutions in Asia

Gilberto Llanto

Using data from a quick survey of various rural financial institutions (RFIs) and microfinance institutions (MFIs) in East Asia, the paper tries to find out how those institutions and their clientele have been affected by the global financial crisis, how they have coped with the ongoing crisis, and what they plan to do in the future to ensure the stability of the rural financial system and the continuing access of clients to financial services.

25. Fiscal Decentralization and Local Finance Reforms in the Philippines

Gilberto Llanto

The paper examines the progress being made in local finance reforms and indicates pathways to advance those reforms. A summary of the effects of decentralization is given as a contextual background for the discussion of local finance reforms.

26. Review of Current Reform Efforts in Local Finance

Gilberto Llanto

This paper discusses recent local finance reforms in the Philippines, examines the progress being made in local finance reforms and indicates pathways to advance those reforms. The paper points out the inadequacy of tax revenues of local government units to cover their expenditure assignments. In particular, it presents the current situation with the intergovernmental fiscal transfer, called the "internal revenue allotment", which is a substantial source of revenue for local government units.



27. The Impact of Infrastructure on Agricultural Productivity

Gilberto Llanto

Recent literature indicates the significant role played by rural infrastructure in improving agricultural productivity in developing economies. While the availability and quality of rural infrastructure are never substitutes to efficient macroeconomic and agriculture-specific policies and the effective implementation of such policies, inadequate infrastructure can act as a critical constraint to growth and productivity. This paper provides an empirical basis on the impact of rural infrastructure on agricultural productivity.

28. Social Insurance in the Philippines: Responding to the Global Financial Crisis and Beyond

Rosario Manasan

This paper aims to review and assess protection afforded by the Social Security System and the Government Service Insurance System, two out of the three agencies tasked with administering social insurance in the country. Like social security systems in other countries, the GSIS and SSS provide income support to government/private sector employees and their families in times of contingencies like death, old age, sickness, and disability arising from work, and are financed out of the contribution of members and their employers.

29. Reforming Social Protection Policy: Responding to the Global Financial Crisis and Beyond

Rosario Manasan

This study reviews and evaluates the major contributory and noncontributory social protection programs that are currently in place as part of the government's portfolio of social protection interventions, including social insurance (SSS, GSIS, PhilHealth), social welfare programs (e.g., Pantawid Pamilyang Pilipino Program or 4Ps, Food-for-School Program, NFA rice price subsidy, SEA-K) and social safety nets (e.g., Pantawid Kuryente), and active labor market programs (e.g., PGMA scholarships, job search assistance, and job creation). The evaluation focuses on four aspects: program coverage, size of the benefits/transfers, cost-effectiveness/efficiency, and financial sustainability.

30. ASEAN Rules of Origin: Lessons and Recommendations for Best Practice

Erlinda Medalla and Jenny Balboa

This study is done to cull the lessons from ASEAN's experience in determining and implementing the rules of origin. It draws the important lessons and makes recommendations for best practice that would contribute to the cooperation and integration efforts in the region.

31. On Free Trade Agreements (FTAs): The Philippine Perspective

Erlinda Medalla and Melalyn Mantaring

The paper briefly discusses current developments in Philippine FTA engagement; suggests a framework for FTA



policy, with some discussion on the noodle bowl syndrome; and assesses the prospects for an East Asian FTA.

32. Triangulation Framework for LSD for the MDGs

Allan Layug

How should local service delivery of public goods and services be improved for desirable development outcomes? This paper attempts at answering this question by providing a framework for improving local service delivery. It argues that improving local service delivery is a function of the triangulation of policy, institutions, and finance within value-based and principle-oriented governance framework.

33. Comparing GDP in Constant and Chained Prices: Some New Results

Jesus Dumagan

This paper's framework for GDP in chained prices yields GDP in constant prices as a special case of constant relative prices, i.e., these GDP measures differ when relative prices change. The framework has a novel additive procedure, counter to the prevailing view that GDP in chained prices is non-additive. This procedure allows relative prices to change but when they are constant, components in chained and in constant prices are equal, implying consistency with the additivity of GDP in constant prices.

ONGOING PROJECTS

1. Gender Issues on Education

Jose Ramon Albert

2. Trends in Vulnerability and Inequality

Jose Ramon Albert

3. Review of the Philippine Mining Sector

Danilo Israel

4. Study on Sulu-Sulawesi Issues

Danilo Israel

5. Economic Analysis of Social Security in the Philippines
Rouselle Lavado

6. Privatization of Water Services in Metro Manila
Rouselle Lavado

7. Benchmarking of LGU Health Expenditures
Rouselle Lavado

8. Policy Directions in Providing Government Subsidies for Urban Rail Systems
Ruzette Mariano

9. Benefit Incidence of Public Spending on Health in the Philippines
Janet Cuenca and Rosario Manasan

Public Finance and Fiscal Policy Perspective Paper (3 chapters/studies):

10. Assessment of Efficiency and Equity Concern
Rosario Manasan

11. Assessment of Collection Efficiency in the Post PGMA Tax Reform Period
Rosario Manasan

12. Establishing Empirical Relationship Between LGU Spending and Human Development Outcomes (Part of Section 6 of Public Finance and Fiscal Policy Perspective Paper Outline)
Janet Cuenca

13. Logistics
Gloria Pasadilla

14. Non-Tariff Measures
Gloria Pasadilla

15. Some Initial Attempts at DSGE Modeling for the Philippines
Ruperto Majuca

16. Poverty Assessment of the Philippines
Celia Reyes and Aubrey Tabuga

17. PIDS Economic and Social Database
Celia Reyes

Comprehensive Documentation and Analysis of Issues on the Official Poverty Estimation Methodology of the Philippines (2 sub-studies):

18. Poverty Targeting Approaches
Celia Reyes

19. Community-based Monitoring System for Monitoring Poverty at the Local Level
Celia Reyes

20. Research Framework for SME Development
Erlinda Medalla

21. Cooperation Between Latin America and Caribbean and Asia Pacific: Perspective from East Asia
Erlinda Medalla

22. Trade Policy Monitoring
Erlinda Medalla

23. Research Program on Migration
Aniceto Orbeta, Jr. and Victorina Zosa

24. Philippine Redistributive Land Reform: Cost to Government and Resource Transfer to Farmers
Marife Ballesteros

Computation of Agricultural Policy Indicators and the Development of a Capacity for the Monitoring and Evaluation of Agricultural Policies (MEAP-CDP) (4 sub-studies)

Roehlano Briones

25. Assessing Impacts of Agricultural Policies by Using Agricultural Policy Indicators
Cristina David

26. Study on the Institutionalization of Monitoring Agricultural Policy Indicators
Ponciano Intal, Jr.

27. A Special Paper on Irrigation Policies and Programs in the Philippines
Arlene Inocencio

28. Study on the Philippine Rural Credit System
Piedad Geron



Policy Research on the State and Future Supply of and Demand for AFNR Graduates in the Philippines (4 sub-studies):

Roehlano Briones

29. Projecting Supply and Demand Situation of AFNR Human Resources

Jose Camacho

30. Data Collection Sub-component for Forecasting Demand of AFNR Human Resources

Roselle Collado

31. A Human Resource Inventory and Environmental Scanning of the State and Future Supply of and Demand for Agriculture, Forestry, and Natural Resources (AFNR) Graduates in the Philippines

J. Prospero de Vera

32. Agriculture, Forestry, and Natural Resources (AFNR) Graduates in the Philippines: A Database Design

Rizal Cruz

33. Economic Impacts of New Technologies and Policy Constraints in the Production of Fruits and Vegetables in the Philippines

Roehlano Briones

34. Updating the Philippine National Transfer Accounts

Aniceto Orbeta, Jr.

Outlook for Philippine Agriculture: Scenarios and Options for Productivity Growth (2 sub-studies):

Roehlano Briones

35. Outlook for Philippine Agriculture: Scenarios and Options for Productivity Growth: Producer Core

Jesus Dumagan

36. Outlook for Philippine Agriculture: Scenarios and Options for Productivity Growth: Consumer Core

Asia Pacific Policy Center

Projects in the Pipeline

The end of 2009 finds the Institute developing a number of research projects that may be fully implemented in 2010. One of these is the study on Assessment of DOH Financial Management on Health Sector Reform Expenditures. The project is intended to be done in collaboration with the Health Policy Development and Planning Bureau (HPDPB) staff of the Department of Health with an objective toward assessing the responsiveness of DOH expenditures for health reforms. PIDS has submitted to the DOH-COBAC the requisite documents for this project. It is anticipated that the MOA between the DOH and PIDS will be signed by January 2010. Meanwhile, a concept paper aimed at forging stronger cooperation with the Department of Interior and Local Government (DILG) was completed and sent to proponents for comments and support. This proposal is titled Partnership for Regional and Local Development in the Philippines. The rest of the projects in the pipeline are still in the conceptualization and development stage.

37. Assessing Development Strategies to Achieve the MDGs in Asia and the Pacific: The Case of the Philippines
Roehlano Briones

38. Different Streams, Different Needs and Impacts: Managing International Labor Migration in ASEAN
Aniceto Orbeta, Jr.

39. Integrating Small and Medium Enterprises (SMEs) into the More Integrated East Asia Region
Rafaelita Aldaba

40. Micro Data Study: Impact of Trade and Investment Liberalization on Productivity
Rafaelita Aldaba

41. Fostering Production and Science & Technology Linkages to Stimulate Innovation in ASEAN
Mari-Len Macasaquit, Fatima del Prado, Renee Ajayi, Christine Salazar

42. Determinants of R&D Investments in the Philippines: Implications for Policy
Josef Yap and Katrina Gonzales

43. Toward a Japan-Philippine Economic Partnership Agreement
Catherine Vidar

44. Formulation of the PIDS Research Agenda 2010-2014
Felipe Medalla, Arsenio Balisacan, Allan Bernardo





The Philippine APEC Study Center Network (PASCN) is a regular component project of the PIDS. It was established by virtue of Administrative Order No. 303 issued by President Fidel V. Ramos on 23 November 1996 as the Philippines' response to the APEC Leaders Education Initiative (ALEI). The PASCN's establishment is particularly

relevant to one of ALEI's components which calls for the promotion of APEC-related studies and greater exchange of scholars and students among institutions of higher learning in the region.

Research Program

• Completed Projects

Revisiting Sectoral Liberalization: an Alternative to the FTAAP? Implications on the Philippines

George Manzano and Myrene Bedaña, UAP

(appeared as PIDS Discussion Paper No. 2009-13 and presented during the Annual APEC Study Centers Consortium Conference held in Singapore, July 13-14, 2009)

Impact of APEC on the Philippines and Future Prospects

Erlinda M. Medalla, Josef T. Yap and Jenny D. Balboa, PIDS

(short paper that provides a perspective on how APEC should be shaped from the point of view of a developing economy member, particularly the Philippines; also presented during the 2009 Annual Study Center Consortium Conference)

ASEAN Rules of Origin: Lessons and Recommendations for Best Practice

Erlinda M. Medalla and Jenny D. Balboa, PIDS

(Appeared as PIDS Discussion Paper No. 2009-36)

Prospects for Regional Cooperation between Latin America and Caribbean and Asia Pacific: Perspective from East Asia

Erlinda M. Medalla and Jenny D. Balboa, PIDS

(Presented during the 5th Annual Latin America/Caribbean and Asia/Pacific Economics and Business Association (LAEBA) Conference in Singapore, 15 July 2009)

• Ongoing Project

Research Framework for SME Development

Erlinda M. Medalla and Jenny D. Balboa, PIDS

(completed draft and presented during a SME Project Brainstorming Meeting with government, private sector and academe experts)

• Project Proposal

The Role of Technology in the Development of Small and Medium Size Enterprises in the Philippines

Maria Teresa S. Dueñas (the proposed research aims to provide a framework for analyzing the role of technology in SME development in the Philippines)

Thesis and Dissertation Assistance Program

Trade Liberalization, the Trade Balance, and Growth in Asia: 1974-2007

Ms. Marissa Paderon, ADMU (dissertation on-going, to be completed in July 2010)

Information Dissemination and Publications Program

Meetings/Conferences/Workshops

- 13th PASCN General Assembly, Symposium on Free Trade Area in APEC and the Stake of the Philippines and Roundtable Discussion on Global Economic Crisis and Regional Integration: Turning Challenges Into Opportunities (18 March 2009, co-sponsored by the Foreign Service Institute, CPR Hall, NEDA Makati Bldg., Makati City)

Circulation of Research Outputs

- From the list of completed projects, two (2) were published as PIDS Discussion Papers while two (2) are for editing and submission for publication
- Upcoming Book(s):
 1. JPEPA Book: compilation and integration of the 18 studies under the JPEPA Research Project
 2. Publication of the research outputs under the Globalization, Governance and the Philippine State Research Project

Networking and Organization Meeting

- SME Project Meetings (2): one with ADB (February 2, 2009) and another one with DTI-SMED (February 18, 2009)
- Steering Committee Meeting (June 26, 2009, Rm. 208 NEDA Makati Bldg.)
- Participation in 2009 APEC Study Centers Consortium Conference organized by Singapore APEC Study Centre and in LAEBA 5'th Annual Conference sponsored by ADBI held in Singapore (July 12-16, 2009)

Technical Assistance Program

- PASCN is an active member of the Technical Board on APEC Matters (TBAM) and provided technical advice on issues pertaining to APEC: Attendance in TBAM Meetings: a) January 28, 2009 (CPR Conference Rm., DFA Manila); b) October 8, 2009 (Bulwagang Blas Ople, DFA Manila)
- Provides technical assistance to network members and other government agencies on APEC matters and Trade related topics: Resource person on the topic "Overview of RP Trade" during the FSI Training Course (October 19, 2009, FSI Training Room, DFA Manila)

RESEARCH DISSEMINATION ACTIVITIES

The Research Information Staff (RIS) is tasked to carry out another crucial mandate of the PIDS, that is, to disseminate the Institute's research outputs through various media channels and fora. For 2009, the RIS continued to expand the exposure of the PIDS to various stakeholders through joint partnerships with certain institutions. In particular, the PIDS, through the RIS, was an active partner of the Human Development Network in disseminating the 2008/2009 Philippine Human Development Report.



Publications and Circulation

Print titles

The Institute collaborated with the Housing and Urban Development Coordinating Council (HUDCC) in coming up with the book, National Urban Development and Housing Framework (NUDHF) 2009–2016. The NUDHF provides an overview of the current urban system in the Philippines; drivers of the urban system; vision, strategic implications, and elements of the framework; and strategic recommendations. It is intended for planners and policymakers in the national and local government, business and industry, and nongovernment organizations. The book was published with support from the UN-HABITAT.

Two issues of the Philippine Journal of Development came off the press in 2009. The first one features articles on unit

labor costs as a measure of competitiveness, an econometric analysis of export-led growth hypothesis, a simple poverty scorecard for the Philippines that can help development programs to target services to clients, track changes in poverty over time, and report on poverty rates; and benefit incidence of public spending on education in the Philippines.

Meanwhile, articles in the second issue released tackles the impact of trade liberalization on the Philippine cement industry; the measuring of household vulnerability to income poverty; status, economic importance, and the relative severity of problems affecting the fishpen and fishcage culture in Laguna de Bay; and the relationship between inflation rate and unemployment in the Philippines.

The Development Research News, as in the previous years, features a number of interesting issues, beginning with PIDS President Dr. Josef T. Yap's economic outlook for the year which focuses more on the extent of the slowdown on the Philippine economy and enumerates policy measures that the Philippine government has undertaken so far. Succeeding issues highlight indigenous children's right to cultural citizenship; incentive structure in the Philippine bureaucracy; governance in the education sector; and climate variability and change.

The Institute released 12 issues of the Policy Notes Series during the year. Some of the topics tackled in these issues include local service delivery; impacts of the global financial and economic crisis; housing policy for the poor; sex parity in education; child poverty; control and disbursement of the national budget; conditions of persons with disability; barangay economic development; and reforms in Philippine basic education.

The two issues of the Economic Issue of the Day, in the meantime, focused on transformational branchless banking and the concept of purchasing power parity.

Titles under the Policy Notes series for 2009:

- PN 2009-01 Water Service Delivery on the Ground: Targets versus Realities (the Cases of Dumaguete City and Agusan del Sur)
- PN 2009-02 Performance and Problems of Water Districts: Selected Experiences
- PN 2009-03 The 2008 Global Financial and Economic Crisis: Impact on the Philippines and Policy Responses at the National and Regional Levels
- PN 2009-04 Housing Policy for the Poor: Revisiting UDHA and CISFA
- PN 2009-05 In Pursuit of Sex Parity: Are Girls Becoming more Educated than Boys?
- PN 2009-06 Child Poverty in the Philippines: More Children Suffer as Poverty Rises
- PN 2009-07 What Ails Local Service Delivery of Public Goods and Services?
- PN 2009-08 Who Really Holds the "Power of the Purse?"
- PN 2009-09 Looking at Conditions of Persons with Disability in Metro Manila
- PN 2009-10 Assessing LGUs' Health Service Delivery Performance: the Cases of Agusan del Sur and Dumaguete City
- PN 2009-11 Focus on Barangay Economic Development
- PN 2009-12 Making Reforms Truly Transform: the Case of Philippine Basic Education



On the other hand, a near-record number of 38 titles were released under the Discussion Paper Series. Topics included several titles written under the Institute's research projects on local service delivery; international labor migration; child poverty and disparities; the global financial crisis; social protection; trade liberalization; seasonal climate forecasts; and agricultural diversification.

The Institute also published the SCF Folio, a compilation of information and research materials on seasonal climate forecast, and Understanding Seasonal Climate Forecast (SCF) and its Applications: A Handbook for Agricultural Extension Workers, as part of the completed project on SCFs.

Distribution, Promotion, and Circulation

The Institute continued its regular dissemination activities as it regularly posted electronic copies of issues of the DRN, PN, EID, and DP on its website to give clients immediate access to PIDS publications and to ensure that they are made available to a broader audience. The staff likewise continued the updating of the publications page of the PIDS website.

Sending of complimentary copies of selected PIDS publications was likewise sustained. In 2009, there were 1700 recipients, with the addition of municipal and provincial planning officers across the country. The Institute also continued its exchange agreement with local and foreign institutions (see Library Development). For wider dissemination of research outputs, the Institute likewise maintained its licensing agreements with the following: Internet Securities, Inc; EBSCO Publishing, Inc.; ISI Emerging Markets; ProQuest Information and Learning Company; and the ZBW German National Library of Economics.

In terms of sales of publications, the bulk of the income for 2009 came from local sales.

The continuously growing volume of publications and recipients of such requires an effective means of monitoring and facilitating the movement of this inventory. Hence, the Institute came up with the combined Inventory and Mailing List System. The system consists of two modules; the mailing list module contains the list of all recipients of

PIDS publications, whether through sale or complimentary basis, categorized into groups. As of December 2009, the database contains 1,500 entries, each receiving publications on subscription, sale, or complimentary basis. The inventory module, on the other hand, is used to record deliveries of stocks, stock withdrawals, issuance of acknowledgement receipts, and generation of reports.

PIDS Corner

The Institute also continuously sustains the growing number of PIDS Corners that are being set up in strategically located public and university libraries across the country. Hard copies of PIDS materials are thereupon made available to local researchers and stakeholders in these areas who have limited or no access to the internet. There are now 16 PIDS Corners established in strategic sites across the country, with the addition of PIDS Corners in the following locations: Eastern Visayas State University Main Library in Tacloban, Leyte; UP Baguio University Library in Baguio City; Dasmariñas Municipal Library in Dasmariñas, Cavite; and the Bicol University Main Library in Legaspi City, Albay.

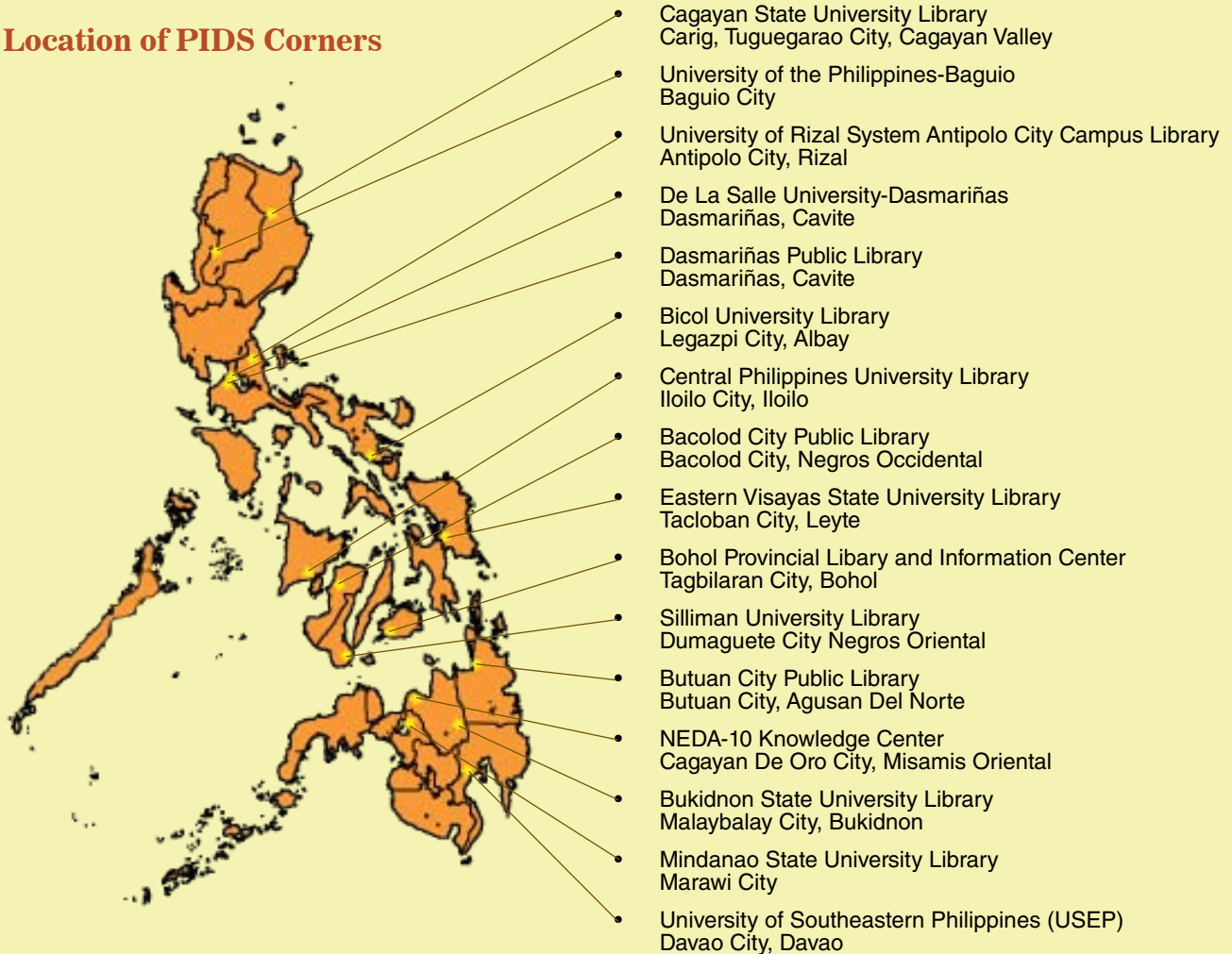
Socio-Economic Research Portal for the Philippines (SERP-P)

By the end of 2009, the Socio-Economic Research Portal of the Philippines (SERP-P), which is the repository of completed research outputs of various institutions,



contains 4,463 publications made available online by its 43 member institutions. Plans are also underway to invite the universities and research institutions where PIDS Corners have been set up to submit their studies, in particular socioeconomic research, for inclusion in the SERP-P database. The latest additions to the SERP-P network are the Mindanao Economic Development Council (MEDCO), Central Philippines University and PinoyME Foundation.

Location of PIDS Corners



Public Affairs Program

Events Management

A total of forty-four (44) fora were arranged and sponsored by the Institute from January to December 2009. These are classified in the following categories: 10 network/ project related fora which include two international conferences, 8 Regional Consultation Meetings, 3 Roundtable Discussions, 4 PIDS Corner establishment, 6 Press Conferences/ Public Briefings, 2 Institutional Symposia, 1 House of Representatives Forum Series, 4 Pulong Saliksikans and 6 PIDS General Assembly Meetings.

These fora provided venues in discussing issues related to the global financial crisis, trade liberalization, and international labor migration. The 2008/2009 Philippine Human Development Report was disseminated through a national launch in Metro Manila and four strategic locations in Mindanao, Bicol, Visayas, and the Cordilleras.

Meanwhile, seasonal climate forecasts (SCFs) and their uses as a tool to adapt to climate variability were the highlight in this year's observance of the 7th Development Policy Research Month (DPRM) which carried the theme Variability and Change: Some Policy Responses which coincided with the 32nd founding anniversary of the Institute.

For 2009, 50 institutions from the government, academic, private and nongovernment sectors took part in the DPRM. The steering committee, meanwhile, was composed of representatives from the Department of Agriculture; Bureau of Soils and Water Management; Department of Environment and Natural Resources; Department of Interior and Local Government; Department of National Defense; National Economic and Development Authority;



National Food Authority (NFA); National Water Resources Board (NWRB); Philippine Atmospheric Geophysical and Astronomical Services Administration (PAGASA); Philippine Council for Agriculture, Forestry and Natural Resources Research and Development (PCARRD); Philippine Information Agency (PIA); Philippine Rice Research Institute (PhilRice); and the Visayas State University (VSU). In addition, a number of academic institutions and government agencies across the country conducted activities in support of the DPRM.

As mentioned, the highlight of the DRPM is the conference with the same theme and held on 22 September 2009 at the NEDA sa Makati Building. The papers presented during the conference elicited discussions on seasonal climate forecasts and their use for better management of climate variability.

Media Exposure Monitor

The Institute was seen in 94 media outlets in 2009. The print media, specifically major national dailies such as the BusinessWorld, Business Mirror, Philippine Star, Philippine Daily Inquirer, Malaya, Manila Bulletin, and their electronic counterparts, remain as the Institute's most active partners in research dissemination. Major broadcast stations including GMA Network and ABS-CBN Broadcasting Corp. likewise carried news and feature stories on development issues such as the global financial crisis, tax reforms, international trade, unemployment, agriculture, poverty, migration, education, human development, governance, national budget, and climate change.

Library Development Program

The Institute served the library needs of its inhouse and outside researchers and visitors, both local and foreign. For 2009, the total number of exchange agreements stood at 15 for local institutions and 22 for foreign institutions.



During the year, the Institute issued a good number of interlibrary loan forms which gave the staff access to the libraries of Asian Development Bank, Bangko Sentral ng Pilipinas, National Statistical Coordination Board, National Statistics Office, UP School of Economics, and UP Main Library, among others. The Institute also continued its subscription to various newspapers, magazines, journals, CDs, and books. It also acquired a number of highly useful reference materials.

As of December 2009, the Library Online Public Access Catalog (OPAC) contains 11,612 titles of books and journal articles. There are 7,853 books, 75 serial titles, and 3,759 journal articles. The Institute likewise continued the barcoding of library materials and updating of the WEBLIS.

In 2009, the Inter-office Library Materials and Selection Committee formulated the Five-Year Library Acquisition Plan which focuses on the standard core collection required for specialized libraries.

Titles under the DP Series for 2009:

- DP 2009-01 Investment and Capital Flows: Implications of the ASEAN Economic Community
- DP 2009-02 International Remittances and Family Expenditure Patterns: The Philippine Case
- DP 2009-03 Impact Assessment of National and Regional Policies Using the Philippine Regional General Equilibrium Model (PRGEM)
- DP 2009-04 Asia's Underachiever: Deep Constraints in Philippine Economic Growth
- DP 2009-05 Assessing the Value of Seasonal Climate Forecasts on Farm-level Corn Production through Simulation Modeling
- DP 2009-06 Climate Variability, Seasonal Climate Forecast, and Corn Farming in Isabela, Philippines: a Farm and Household Level Analysis
- DP 2009-07 Analysis of the Impact of Changes in the Prices of Rice and Fuel on Poverty in the Philippines
- DP 2009-08 Comparing GDP in Constant and in Chained Prices: Some New Results
- DP 2009-09 Profitable Use of SCF in a Policy Context: the Case of Rice Stockholding in the Philippines
- DP 2009-10 Fiscal Decentralization and Local Finance Reforms in the Philippines
- DP 2009-11 Policy Options for Rice and Corn Farmers in the Face of Seasonal Climate Variability
- DP 2009-12 Crop Insurance: Security for Farmers and Agricultural Stakeholders in the Face of Seasonal Climate Variability
- DP 2009-13 Revisiting Sectoral Liberalization: an Alternative to the FTAAP? Implications on the Philippines
- DP 2009-14 Estimation of the Food Poverty Line
- DP 2009-15 Some Statistical Dimensions in the Generation of Philippine Poverty Statistics
- DP 2009-16 Small Area Estimation of Poverty Statistics
- DP 2009-17 Issues on the Official Poverty Estimation Methodology in the Philippines: Comparability of Estimates across Space and over Time
- DP 2009-18 A Documentation of the Philippines' Family Income and Expenditure Survey
- DP 2009-19 Price Collection for the Consumer Price Index: a Documentation
- DP 2009-20 A Documentation of the Annual Poverty Indicators Survey
- DP 2009-21 Toward a Strategic Urban Development and Housing Policy for the Philippines
- DP 2009-22 Reforming Social Protection Policy: Responding to the Global Financial Crisis and Beyond
- DP 2009-23 Social Insurance in the Philippines: Responding to the Global Financial Crisis and Beyond
- DP 2009-24 (revised) The Impact of the Global Financial Crisis on Rural and Microfinance in Asia
- DP 2009-25 Preliminary Results of the Survey on Persons with Disabilities Conducted in Selected Metro Manila Cities
- DP 2009-26 Motives and Giving Norms behind Remittances: the Case of Filipino Overseas Workers and their Recipient Households
- DP 2009-27 Global Study on Child Poverty and Disparities: the Case of the Philippines
- DP 2009-28 Incorporating Regional Rice Production Models in Rice Importation Simulation Model: a Stochastic Programming Approach
- DP 2009-29 Profiling Poverty with Multivariate Adaptive Regression Splines
- DP 2009-30 Impact of the Global Financial and Economic Crisis on the Philippines
- DP 2009-31 Institutions Serving Philippine International Labor Migrants
- DP 2009-32 The Social and Economic Impact of Philippine International Labor Migration and Remittances
- DP 2009-33 Philippine International Labor Migration in the Past 30 Years: Trends and Prospects
- DP 2009-34 Improving Local Service Delivery for the MDGs in Asia: the Case of the Philippines
- DP 2009-35 On Free Trade Agreements (FTAs): the Philippine Perspective
- DP 2009-36 ASEAN Rules of Origin: Lessons and Recommendations for Best Practice
- DP 2009-37 Triangulation Framework for Local Service Delivery
- DP 2009-38 Local Service Delivery of Potable Water in the Philippines: National Review and Case Analysis



PIDS EMPLOYEES' ASSOCIATION

The PIDS' Employees' Association (PIDSEA) is the official employee's organization of the Institute. Since its founding in 2001, the association has continued to fulfill its goal of promoting and protecting employees' rights, welfare and professional growth. The association has 68 members.



In 2009, PIDSEA welcomed a new chairperson to lead the association to greater heights, facilitated a fundraising drive for members who were affected by Typhoon Ondoy, and continued its programs and activities that promoted teamwork and camaraderie.

Some PIDSEA members were unfortunate to suffer Typhoon Ondoy's wrath. The association through its Ondoy Donation Drive gave cash donations to all employees who were affected by the typhoon. Cash, groceries and in-kind donations were more than enough that PIDSEA decided to donate them to the GMA Center in order to extend and reach out to other victims of Typhoon Ondoy. A number of

PIDSEA members volunteered to pack relief goods also at the GMA Center.

For five consecutive years, PIDSEA has sponsored the PIDS Employees' Day and has continued to be one of the most awaited and well-attended activities of the association. The half-day sports festival, where fun games challenged both the physical strength and mind abilities of the members, gave excitement and joy to everyone. Through the years, members have also anticipated the great prizes won in the Bingo Social, and the good food everyone shared while enjoying the game.

Last year, PIDSEA had its first summer outing at Esquivel Resort in San Pedro, Laguna. Members brought along their families (young and old) and friends, and for one whole

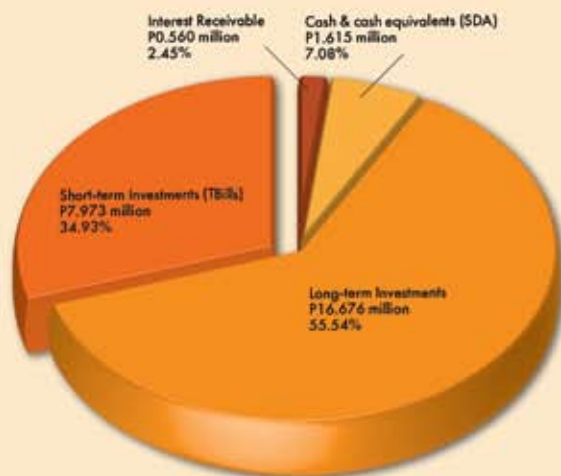


day disregarded all their research works and deadlines, and just frolicked under the sun and reveled in each others' company.

The year likewise will not be complete without the Kids' Christmas Party. This is the day when members along with their kids and all the others present in the celebration relieve the true meaning of Christmas through the eyes of the children; giving, sharing, and loving each and every one.

PIDSEA is grateful to the contribution of the PIDS management, former PIDS employees and friends as well as the cooperation of the employees for the yearly success of the Employees' Day and the outpouring of support for the Ondoy Donation Drive. In 2010, PIDSEA hopes to inspire its members to strive for excellence and embark on more projects for the benefits and welfare of its members.





The PIDS Provident Fund was established on April 29, 1999. It was registered with the Securities and Exchange Commission (SEC) on January 25, 2000. The PIDS Provident Fund was organized to establish and maintain a fund, the sources of which are derived from contributions of the members and counterpart contributions of PIDS. All earnings from its investment operations are distributed to the members as benefits. The PIDS provided P2.000 million seed money to the Fund as authorized by the PIDS Board Resolution No. 97-05, s. 1997 dated July 24, 1997.

order to address the needs and operational requirements of the Fund. The new system allows each member to check on real time the accumulated balance of their contributions to the Fund including its earnings. The system also has the following accounting functional capabilities: 1) processing of journal vouchers; 2) maintenance of general ledger balances, general journal, and subsidiary records; and 3) generation of various reports (general journal, general ledger, subsidiary ledger, trial balance and financial statements) which is expected to be fully operational by CY 2010.

In terms of financial performance, the Fund's assets increased by 7.95 percent from P21.14 million in 2008 to P22.82 million in 2009. The Fund's assets consists of cash and cash equivalent (P1.615 million or 7.08 percent), accrued interest receivable (P0.56 million or 2.45 percent), short-term investments (P7.97 million or 34.93 percent), and long-term investments (P12.68 million or 55.54 percent).

In terms of revenue generation for CY 2009, the Fund earned revenues of P1.34 million and spent P0.13 million in operating expenses, resulting to a net income of P1.206 million in 2009 which is 3.32 percent higher than the P1.167 million earnings in 2008. The increase in net income during the year can be attributed to the increase in investible funds.

The members' equity consists of members' contributions, that of PIDS, and the dividends. In 2009, the members' equity increased by 14.21 percent, from P17.06 million in 2008 to P19.485 million.

During the year, the PIDS Provident Fund intranet website and online information system was made operational in

ANNEX-A

Board of Trustees

**HON. AUGUSTO B. SANTOS**

Chairperson

Secretary, Socioeconomic Planning
and Director-General, National Economic
and Development Authority

**DR. MA. CYNTHIA ROSE BAUTISTA**

Member

Professor
College of Social Science and Philosophy
University of the Philippines

**DR. WILLIAM G. PADOLINA**

Member

Deputy Director-General
International Rice Research Institute

**MR. ROMEO L. BERNARDO**

Member

President
Lazaro Bernardo Tiu and Associates, Inc.

**DR. JOSEF T. YAP**

Member

President, PIDS

ANNEX-B

Management Committee

**JOSEF T. YAP**

President

Ph.D. Economics, UP School of Economics
Postdoctoral, University of Pennsylvania
(econometric modeling, macroeconomic policy)

**MARIO C. FERANIL**

Acting Vice-President
Director, Project Services and Development

M.A. Economics (candidate)
University of the Philippines, Diliman

**ANDREA S. AGCAOILI**

Director, Operations and Finance

M.A. Business Administration
Philippine Christian University

**JENNIFER P.T. LIGUTON**

Director, Research Information

M.A. Mass Communication
University of the Philippines, Diliman

**ROQUE A. SORIOSO**

Legal Consultant

Bachelor of Laws
University of the Philippines, Diliman

ANNEX-C

Research Fellows

**JOSE RAMON G. ALBERT**

Ph.D. Statistics
State University of New York
at Stony Brook
(statistical analysis especially on poverty
measurement and diagnostics, agricultural
statistics, survey design, data mining,
statistical analysis of missing data)

**RAFAELITA M. ALDABA**

Ph.D. Economics
UP School of Economics
(trade and industrial policy, competition
policy)

**MARIFE M. BALLESTEROS**

Ph.D. Social Sciences
University of Nijmegen
(economic anthropology, housing and
urban development issues)

**ROEHLANO M. BRIONES**

Ph.D. Economics
University of the Philippines
(agriculture, CGE modelling, rural
development)

**DANILO C. ISRAEL**

Ph.D. Applied Economics
Clemson University
Postdoctoral, University of British
Columbia
(resource and environmental economics,
fisheries economics)

**ROUSELLE F. LAVADO**

Ph.D. Public Policy
Hitotsubashi University
(public policy, health)

**GILBERTO M. LLANTO**

Ph.D. Economics
UP School of Economics
(money and banking, public finance,
international trade)

**RUPERTO P. MAJUCA**

Ph.D. Economics, University of Illinois at
Urbana-Champaign
(macroeconomics/monetary economics,
applied time series econometrics,
international macroeconomics)

**ROSARIO G. MANASAN**

Ph.D. Economics
UP School of Economics
Postdoctoral, Massachusetts Institute
of Technology
(public finance, decentralization, education)

**ERLINDA M. MEDALLA**

Ph.D. Economics
UP School of Economics
Postdoctoral, Yale University
(trade and industrial policy)

**ANICETO C. ORBETA, JR.**

Ph.D. Economics
UP School of Economics
Postdoctoral, Harvard University
(demographic economics, social sector,
applied economic modeling, information
and communication technologies)

**GLORIA O. PASADILLA**

Ph.D. Economics
New York University
(trade, industrial policy, monetary policy)

**CELIA M. REYES**

Ph.D. Economics
University of Pennsylvania
(econometric modeling, poverty analysis)

**JESUS C. DUMAGAN**

(Senior Visiting Research Fellow)
Ph.D. Resource Economics
Cornell University
(applied economics, agricultural and natural
resource economics, environmental and
ecological economics)

ANNEX-D

Summary of Activities for the 2009 Development Policy Research Month (DPRM)

Date: July 1- Sept. 2009

Title of Event: Waste Segregation for Garbage Volume Reduction and Environmental Protection

Speakers: Mr. Wilfrido De Ocampo, Head, Paranaque Solid Waste and Environmental Sanitation Office (SWAESO) and Mr. Isabelo Mojica, SWAESO Asst. Chief Paranaque public schools

Venue: Paranaque City Hall
Paranaque City, Metro Manila

Sponsor: City Government of Paranaque

Date: Sept. 2009

Title of event: Protecting Our Marine Resources

Speakers: Personnel of the Paranaque City Agriculture Office/Special Services Office as assisted by Barangay Fisheries and Aquatic Resources Management Councils (BFARMC) and CFARMC

Venue: Paranaque City Hall
Paranaque City, Metro Manila

Sponsor: City Government of Paranaque

Date Sept. 2009

Title of Event: Caring for Our River, Our Sea and Nature--Save Paranaque River: Barangay Linis Ilog Volunteer (B-LIV) Project

Speakers: Rotary International Dist. 3830 and other Paranaque Rotary Clubs

Venue: Informal settlements built along riverbanks, shorelines and creek sides

Sponsor: City Government of Paranaque

Date: August-October

Title of Event: "Go Organic" - information drive to all farming barangays about organically grown food products: establishment of demo on the production of organic fertilizer using Compost Fungus Activator (CFA)

Speakers: DA,CENTRO

Sponsor: City Agriculturist Office
Laoag City

Date: August-September

Title of Event: Information Dissemination of Solid Waste management Program to Stakeholders on the Barangay level

Sponsor: LGU of Paranas, Samar

Date: 24 August

Title of Event: 20th Regional Symposium on R&D Highlights by the Central Luzon Agriculture and Resources Research and Development Consortium (CLARRDEC)

Speaker: Dr. Danilo Cardenas, Executive Director for R&D, PCARRD

Venue: BPSU Abucay Campus
Abucay, Bataan

Sponsor: CLARRDEC

Date: 25-26 August

Title of Event: Seminar on Ecological Solid Waste Management for barangay coordinators and barangay officials

Resource persons: DENR-EMB personnel

Venue: Maramag, Bukidnon

Sponsor: Local Government Unit of Maramag, Bukidnon-Environmental Management and Protection Office

Date: 2-4 Sept.

Title of Event: Food and Nutrition Policy Advocacy Training Workshop

Speakers: Dr. Fely Marilyn Lorenzo, Prof. Jennifer Dela Rosa, Prof. Esmeralda Silva (Institute of Health Policy and Development Studies, National Institutes of Health, University of the Philippines, Manila)

Venue: FNRI Meeting Rooms, DOST Compound, Bicutan, Taguig City

Sponsor: FNRI-DOST

Date: 5 Sept.

Title of Event: Forum on Solid Waste Management

Speaker: Ms. Nina Del Rosario (LGA Technology)

Venue: City Auditorium, Laoag City
Sponsor: City Government of Laoag Community Affairs Office

Date: 7 Sept.

Title of Event: Orientation on the MDG-F 1656 Joint Programme on Strengthening the Philippine Institutional Capacity to Adapt to Climate Change

Venue: NEDA Caraga Conference Room, Butuan City

Sponsor: NEDA CARAGA

Date: 9 Sept.

Title of Event: Press Conference on the Launch of the 7th Development Policy Research Month (Theme: Coping with Climate Variability and Change)

Venue: C.P. Romulo Hall, NEDA sa Makati Building, 106 Amorsolo Street, Legaspi Village, Makati City

Sponsors: PIDS/DPRM Steering Committee

Date: 10 Sept.

Title of Event: Symposium on the DPRM and The Climate Scenario

Venue: De La Salle University
Dasmariñas, Cavite

Sponsors: DLSU-Dasmariñas, PIDS

Date: 16 September

Title of Event: General Assembly (Theme: DPRM and Coping with Climate Variability and Change)

Venue: NNC Conference Room National Nutrition Council, Nutrition Building, Chino Roces Ave. Extension
Taguig City

Sponsor: National Nutrition Council

Date: 14 Sept.

Title of Event: Climate Change Scenario in the Philippines

Speakers: Dr. Flaviana Hilario, Rosalina De Guzman, Thelma Cinco and Ana Liza Solis (PAGASA)

Venue: PAGASA "Amihan" Conference Rm.
Sponsor: PAGASA-DOST

Date: 22 Sept.

Title of Event: Symposium on Climate Variability and Change: Some Policy Responses

Venue: C.P. Romulo Hall, NEDA sa Makati Building, 106 Amorsolo Street
Legaspi Village, Makati City

Sponsors: PIDS/DPRM Steering Committee

Date: 22 Sept.

Title of Event: Symposium on Enhancing the Climate Change Adaptation Capacity of Local Government Units and Scientists in the Philippines

Speakers: Dr. Linda M. Peñalba, Associate Professor, Institute of Agrarian and Rurban Studies

Venue: CPAf, UPLB, College Laguna
Sponsor: College of Public Affairs, UPLB

Date: 29 Sept.

Title of Event: Reality Check on Climate Change

Venue: TARC Auditorium, UST Campus, University of Sto. Tomas, Manila

Sponsor: University of Sto. Tomas

Date: 30 September

Title of Event: Discussion-Forum on "Coping with Climate Variability and Change"

Speakers: Dr. Josef Yap (PIDS), Dr. Canesio Predo (IRNR, CF, UP Los Baños/Visayas State University)

Venue: Bicol University, Legazpi City, Albay
Sponsors: Bicol University (Office of the President) and PIDS

ANNEX-E

Media Exposures

Government bailouts vital to surviving crisis BusinessMirror, Jan. 1, 2009	Philippine braces for slower growth Manila Times, March 27, 2009	ARMM has lowest Human Development Index from 1997 to 2006 MindaNews (mindanews.com), May 29, 2009
Cha-cha anyone? Phil. Daily Inquirer, Jan. 5, 2009	Modern Filipino Diaspora- Popular Economics BusinessWorld, March 27, 2009	'We aren't better than we were 10 years ago' Phil. Daily Inquirer, June 1, 2009
Rich not paying enough taxes, research firm says Manila Standard Today, Jan. 15, 2009	Poverty and Hunger in RP: PIDS says impossible to measure accurately Business Mirror, March 28, 2009	Lobbyists bat for central RP trade office BusinessMirror, June 5, 2009
ADB may hike lending: RP interested BusinessWorld, Feb. 5, 2009	UP Colleges offer summer classes for kids and adults BusinessWorld, March 31, 2009	A reaction to the 08/09 Philippine Human Development Report BusinessMirror, June 5, 2009
New tax measures face rough sailing in Congress Philippine Star, Feb. 08, 2009	Inflation delivers two million Pinoys to poverty Manila Times, April 7, 2009	Enhancing National Capacity in International Trade Negotiations ABS-CBN News, June 9, 2009
GDP assumptions reviewed Manila Standard Today, Feb. 18, 2009	Inflation eases to 6.4% BusinessWorld, April 8, 2009	Public indignation finds focus Manila Times, June 12, 2009
Shield poor from Crisis—Expert BusinessMirror, Feb. 18, 2009	Economic downturn wipes out gains in Philippine poverty reduction People's Daily Online (China), April 21, 2009	What hampers the Philippines' growth BusinessWorld, June 19, 2009
Gov't think tank sees '09 growth at 4.3% Philippine Daily Inquirer, Feb. 18, 2009	Overseas' workers uncertain future Asia Sentinel (Hong Kong SAR), April 22, 2009	Fighting Corruption The Mindanao Daily Mirror, June 19, 2009
Economy to grow despite global downturn, but reforms, anti-poverty efforts still needed BusinessWorld, Feb. 19, 2009	Gov't economist says Middle East guide to crisis' impact on OFWs GMAnews.tv, April 23, 2009	DavNorset to regain human dev't setback Sun Star Davao, June 19, 2009
Editorial: United by misery BusinessMirror, Feb. 18, 2009	Economist says crisis will affect OFWs in Middle East BusinessMirror, April 26, 2009	Philippine Human Development Report launched in Mindanao PIA Daily News Reader, June 20, 2009
Editorial: Financing fiscal stimulus BusinessMirror, Feb. 17, 2009	Crisis progressively affecting trade, meeting told UNCTAD (Geneva) www.unctad.org May 11, 2009	Transparent As a Moonless Night: The Budget Process and Spending: What hampers the Philippines' growth? Mindanao Examiner, June 22, 2009
RP can weather financial shocks but fated to relive old policy errors (SPECIAL REPORT: IMPACT OF FINANCIAL CRISIS ON LABOR) Manila Times, Feb. 22, 2009	FOCUS: Action needed from gov't, schools, businesses to solve job woes BusinessWorld, May 15, 2009	RP can learn from industrial policy of Korea – economist Philippine Star, June 28, 2009
Exporters told to tap Brazil, Chile markets Manila Bulletin, Feb. 25, 2009	Economist says crisis will affect OFWs in Middle East ABS-CBN News, May 17, 2009	RP can learn from industrial policy of Korea – economist ABS-CBN News, June 28, 2009
The upside of underdevelopment The Manila Times, March 2, 2009	Economists say graft weakens bureaucracy Malaya Business Insights, May 21, 2009	Providing economic collaboration between RP and Korea Manila Times, June 30, 2009
Philippines Tackles High Unemployment Rate amid Economic Crisis CRIENGLISH.com-Beijing, China, March 2, 2009	Education crisis looms Manila Times, May 21, 2009	Recto intervenes in San Miguel-MWSS's proposed dam deal ABS-CBN News, July 7, 2009
Get Real : Is MDG 1 within our reach? Column by Solita Collas-Monsod Philippine Daily Inquirer, March 16, 2009	State firms' subsidies up BusinessWorld, May 22, 2009	Budget unbalanced, injustice in tax policy Phil. Daily Inquirer, July 24, 2009
Fishpens and cages not main polluters Manila Bulletin, March 19, 2009	Worst for RP is 1.5-2% growth - bank executive Philippine Star, May 25, 2009	Worsening tax performance Phil. Daily Inquirer, July 20, 2009
ADB calls for regional coordination to ease effects of crisis ABS-CBN-News, March 20, 2009	International agency lauds Cavite for posting high human dev't index Manila Bulletin, May 25, 2009	Fight extreme poverty Manila Times, Aug. 18, 2009
How do you solve poverty with poor data? BusinessMirror, March 24, 2009	Dev't report says Benguet like Ukraine Phil. Daily Inquirer, May 25, 2009	Better dissemination of weather reports, small-scale irrigation systems pushed to cope with climate change Business Mirror, Aug. 19, 2009
Imports post record 34.5% dip BusinessMirror, March 26, 2009		

Of coats & costs: St. Luke's trims fat as crisis slices patients' health pay ability
Business Mirror, Aug. 20, 2009

People's Government Mobile Action (PGMA) television show (Topic: Coping with climate variability and Change)
NBN Channel 4, Sept. 2, 2009

Balitalakay (Topic: Climate Variability and Change)
NBN Channel 4, Sept. 10, 2009

P2.9B more needed by PAGASA
BusinessMirror, Sept. 10, 2009

Government policy expert bats for more housing subsidy to poor
BusinessMirror, Sept. 10, 2009

More crop insurance pushed vs climate change
BusinessMirror, Sept. 15, 2009

Gov't programs 6% increase in GOCC subsidies
BusinessWorld, Sept. 21, 2009

Typhoons imperil MDGs
BusinessMirror, Oct. 8, 2009

Reduced foreign aid expected next year
BusinessWorld, Oct. 10, 2009

Filipino rice farmers facing tough times
Phil. Daily Inquirer, Oct. 10, 2009

Local natural fibers eyed to revive textile industry
Manila Bulletin, Oct. 8, 2009

Human dev't still declining
Manila Bulletin, Oct. 11, 2009

RP MDG Resource gap may have reached 1.8% of GDP, says PIDS
BusinessMirror, Oct. 30, 2009

RP faces serious fiscal problems
Manila Standard Today, Oct. 30, 2009

Post crisis, RP braces for low tax effort
ABS-CBN News, Oct. 30, 2009

Poor tax collection to derail poverty reduction efforts—PIDS
Manila Times, Oct. 30, 2009

Improved economy ahead of RP-bank
Manila Times, Oct. 30, 2009

PIDS pushing for traditional growth strategies
Philippine Daily Inquirer, Oct. 30, 2009

Domestic investment declining since 2001, says think tank PIDS
BusinessMirror, Nov. 1, 2009

RP should consider climate change to avoid excessive rice imports
GMANews.tv, Nov. 2, 2009

Slower GDP growth in 2010 to worsen poverty dev't challenges
BusinessMirror, Nov. 3, 2009

More households opted to borrow to cope with global financial crisis
Manila Times, Nov. 3, 2009

Govt bleeding from low tax does not bolster PSE
Manila Times, Nov. 4, 2009

2009 tax effort trails pre-fiscal crisis trend:
World Bank
ABS-CBN News, Nov. 4, 2009

Support from big tobacco
BusinessMirror, Nov. 5, 2009

RP to grow 1.4% this year: World Bank
ABS-CBN News, Nov. 4, 2009

Survey shows paying taxes became more burdensome
Manila Times, Nov. 23, 2009

RP may not achieve poverty goal by 2015 – economists
BusinessMirror, Nov. 16, 2009

RP may not achieve poverty goal by 2015 – economists
ABS-CBN News, Nov. 16, 2009

Low-end '09 growth likely
BusinessMirror, Nov. 26, 2009

Inflation likely hit a six-month high in Nov.
BusinessWorld, Nov. 30, 2009

Poverty monitoring system makes waves at local level, reports PIDS
PIA Daily News Reader, Dec. 1, 2009

System for targeting poor hailed
Business Mirror, Dec. 6, 2009

CBMS Philippines meets on eGovernance strategies
PIA Daily News Reader, Dec. 16, 2009

Less money for statistics may lead to failed programs—NSCB
ABS-CBN News, Dec. 17, 2009

Resilient RP economy avoids recession in '09
Manila Bulletin, Dec. 27

ANNEX-F

Audit Certificate



Republic of the Philippines
COMMISSION ON AUDIT

Commonwealth Avenue, Quezon City, Philippines

INDEPENDENT AUDITOR'S REPORT**THE BOARD OF TRUSTEES**

Philippine Institute for Development Studies
 NEDA sa Makati Building
 Amorsolo Street, Makati City

We have audited the accompanying financial statements of the Philippine Institute for Development Studies (PIDS), which comprise the balance sheet as of December 31, 2009 and the statement of income and expenses, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the Philippines. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Philippine Institute for Development Studies as of December 31, 2009, and its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Philippines.

COMMISSION ON AUDIT

JOSE R. ROCHA, JR.

Director IV

Cluster C – Agricultural, Trading, Promotional Social and Culture
 Corporate Government Sector

ANNEX-G

Balance Sheet

PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES BALANCE SHEET As of December 31, 2009 (With corresponding figures for 2008) (In Philippine Peso)				
		Notes	2009	2008
ASSETS				
Current Assets				
	Cash and cash equivalents	2.7 & 3	79,451,253	237,564,438
	Receivables	4	8,344,491	8,667,870
	Financial assets	5	85,747,665	102,468,569
	Inventories	2.2	429,000	539,209
	Prepayments and other current assets	6	1,574,700	1,069,118
	Total Current Assets		175,547,109	350,309,204
Non-Current Assets				
	Financial assets	2.3 & 7	258,987,664	33,687,230
	Property, plant and equipment - net	2.4 & 8	14,455,106	16,258,847
	Other assets - net of accumulated depreciation of P 28,924.		11	12
	Total Non-Current Assets		273,442,781	49,946,089
TOTAL ASSETS			448,989,890	400,255,293
LIABILITIES AND EQUITY				
Current Liabilities				
	Accounts payable	2.5	1,548,677	640,051
	Inter-agency payables	9	2,034,978	1,827,620
	Performance/Bidders bond		476,670	226,865
	Other payables	10	6,955,212	5,068,225
	Total Current Liabilities		11,015,537	7,762,761
Other Liabilities				
	Deferred credits		28,303	22,965
TOTAL LIABILITIES			11,043,840	7,785,726
Equity				
	Government equity	11	313,159,267	263,094,367
	Retained earnings		124,786,783	129,375,200
TOTAL EQUITY			437,946,050	392,469,567
TOTAL LIABILITIES AND EQUITY			448,989,890	400,255,293

(See Notes to Financial Statements on pages 32-37)

ANNEX-H

Statement of Income and Expenses

PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES STATEMENT OF INCOME AND EXPENSES For the Year Ended December 31, 2009 (With corresponding figures for 2008) (In Philippine Peso)				
		Notes	2009	2008
INCOME				
	Interest on investments		21,400,155	25,339,484
	Subsidy from National Government	12	15,500,000	16,500,000
	Sale of publications-net of cost of publications	13	58,055	74,373
	Miscellaneous income	14	10,299,896	7,496,106
Total Income			47,258,106	49,409,963
EXPENSES				
	Personal services			
	Salaries and wages		21,071,240	17,127,657
	Other compensation		8,878,003	8,186,910
	Personnel benefits contribution		2,977,375	2,447,690
	Other personnel benefits		2,014,869	2,171,982
	Total Personal Services		34,941,487	29,934,239
	Maintenance and Other Operating Expenses			
	Taxes, insurance premiums and other fees	15	4,725,511	5,415,837
	Depreciation expense		3,562,676	3,479,418
	Professional services	16	2,867,906	2,753,328
	Utility expenses		1,387,941	1,419,431
	Communications expenses	17	882,122	1,511,087
	Supplies and materials expense		634,609	802,602
	Training and scholarship expenses		605,928	492,908
	Bank charges		550,487	199,587
	Printing and binding	18	539,221	738,086
	Repairs and maintenance		527,908	769,021
	Travelling expenses	19	206,782	263,230
	Representation expense		131,695	99,366
	Extraordinary and miscellaneous expenses		100,166	105,529
	Subscription		90,430	100,564
	Grants and donations		21,217	7,072
	Membership dues and contributions to organizations		9,000	20,328
	Advertising		-	5,000
	Other maintenance and operating expenses	20	61,437	49,840
	Total Maintenance and Other Operating Expenses		16,905,036	18,232,234
Total Expenses			51,846,523	48,166,473
NET INCOME (LOSS)			(4,588,417)	1,243,490

ANNEX-I

Cash Flow Statement

PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES CASH FLOW STATEMENT For the Year Ended December 31, 2009 (With corresponding figures for 2008) (In Philippine Peso)				
	Notes	2009	2008	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts of project fund		32,952,092	18,132,791	
Collection of interest - PIDS proper		17,045,687	26,281,278	
Receipt of subsidy for operations	12	13,500,000	16,500,000	
Collection of receivables		10,608,042	7,297,154	
Collection of income/revenues		3,394,598	3,290,495	
Receipt of refunds of cash advances and overpayments				
of expenses		2,003,485	2,464,820	
Collection of interest - PIDS projects		69,894	70,835	
Receipts of guaranty deposits		32,950	41,050	
Payment for operating expenses		(28,740,914)	(27,117,820)	
Payment for project expenses		(21,611,825)	(15,462,162)	
Remittance of withholding taxes/authorized deductions				
(including government share on contributions)		(16,565,547)	(14,797,970)	
Advances to employees/projects		(6,630,585)	(4,976,578)	
Granting of cash advances/petty cash fund		(682,827)	(1,231,758)	
Payment for payables incurred in operations		(522,670)	(6,139,542)	
Purchases of inventories	2	(490,802)	(487,311)	
Refund of performance/bidders/bail bonds payable		(118,854)	(101,909)	
NET CASH PROVIDED BY OPERATING ACTIVITIES		4,242,724	3,763,373	
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturing treasury bonds		80,288,530	160,651,285	
Proceeds from maturing treasury bills and other securities		78,152,475	237,670,215	
Subsidy for endowment fund	11	50,000,000	7,300,000	
Proceeds from sale of property and equipment		128,050	6,260	
Proceeds from maturing PASCN investments		-	2,063,751	
Reinvestment in securities/roll-over of matured investments		(369,108,773)	(183,690,010)	
Purchase of property, plant and equipment	2	(1,816,191)	(2,014,757)	
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(162,355,909)	221,986,744	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
		(158,113,185)	225,750,117	
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		237,564,438	11,814,321	
CASH AND CASH EQUIVALENTS, END OF YEAR	3	79,451,253	237,564,438	

ANNEX-J

Statement of Changes in Equity

PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES STATEMENT OF CHANGES IN EQUITY For the Year Ended December 31, 2009 (In Philippine Peso)					
	Notes	Endowment Fund	Investment Capital-Held in Trust	Retained Earnings	Total
Balances, January 1, 2009		261,640,725	1,453,642	129,375,200	392,469,567
Subsidy received for the year	11	50,000,000			50,000,000
Acquisition of equipment for					
externally funded projects	2.4		64,900		64,900
Net Loss during the year				(4,588,417)	(4,588,417)
Balances, December 31, 2009		311,640,725	1,518,542	124,786,783	437,946,050

ANNEX-K

Notes to Financial Statements

 PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES
NOTES TO FINANCIAL STATEMENTS
1. GENERAL INFORMATION

The Philippine Institute for Development Studies (PIDS) is a non-stock, non-profit government research institution created under PD 1201 in September 1977. The Institute's nature of operation/principal program/activities include, among others, the following:

- 1.1 Provide analyses of socio-economic problems and issues to support the formulation of plans and policies for sustained social and economic development in the Philippines;
- 1.2 Establish a continuing channel of communication between policy makers and planners, on one hand, and researchers, on the other hand;
- 1.3 Establish a repository for economic research information and other related activities.

The Institute's principal place of business is at NEDA sa Makati Building, 106 Amorsolo Street, Legaspi Village, Makati City.

2. SIGNIFICANT ACCOUNTING POLICIES

The Institute's financial statements have been prepared in accordance with the generally accepted accounting principles in the Philippines.

The financial statements for the year 2008 were approved and officially authorized for issue by the Board of Trustees on February 25, 2009.

- 2.1 Errors of prior periods that are material in amount are corrected in accordance with paragraphs 41-50 of Philippine Accounting Standards (PAS) No. 8, Accounting Policies, Changes in Accounting Estimates and Errors.
- 2.2 Inventories are valued at cost using moving average method. This includes cost of unused supplies and materials, books, journals and working papers for various research projects for sale.
- 2.3 Investments in bonds are measured at amortized cost using the straight-line method. Interest income pertaining thereto and that of the investments in treasury bills are recognized on accrual basis.
- 2.4 Property, plant and equipment (PPE) are carried at cost less accumulated depreciation. The straight - line method of depreciation is used based on the estimated useful life ranging from five to 10 years. A residual value computed at 10 percent (10%) of the cost of the asset is set and depreciation starts on the second month after purchase. Property, plant and equipment acquired by externally-funded projects are recorded as Held in trust. PPE not used in operations are

reclassified to other assets.

- 2.5 Liabilities are recognized at the time these are incurred.
- 2.6 Income and expenses are recorded using the accrual method of accounting.
- 2.7 Transactions in foreign currencies are recorded in Philippine Peso based on the BSP rate of exchange at the date of transactions. At the end of the year, these are revalued using the rate of exchange at balance sheet date.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in bank and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

This account consists of the following:

	2009	2008
Cash in bank	12,798,698	9,910,959
Foreign currency time deposit	4,692,059	1,040,569
Treasury bills	42,793,803	57,412,910
Special deposit account	19,166,693	169,200,000
	79,451,253	237,564,438

The special deposit account (SDA) is an investment facility of the Bangko Sentral ng Pilipinas through the trust departments of government banks which offers interest rates higher than the yields on government securities of the same tenor.

4. RECEIVABLES

This account is broken down as follows:

	2009	2008
Advances to officers and employees	102,483	69,883
Due from National Government Agencies (NGAs)	4,168	7,201
Due from Government-Owned and Controlled Corporations (GOCCs)	130,476	6,083
Interest receivables	8,041,810	7,002,389
Other receivables - miscellaneous	65,554	1,582,314
	8,344,491	8,667,870

5. CURRENT FINANCIAL ASSETS

This account represents short-term placements in Treasury bills held to maturity with the Bureau of the Treasury and with government securities eligible dealers, particularly Land Bank of the Philippines and Development Bank of the Philippines. Also included in this account is the current portion of the investment in treasury bonds.

Below is the breakdown of the account:

	2009	2008
Treasury bills - funds for operations	5,762,231	6,960,352
Treasury bills - investible funds	63,372,935	15,021,191
Treasury bonds - funds for operations	-	17,547,594
Treasury bonds - investible funds	16,612,499	62,939,432
	85,747,665	102,468,569

6. PREPAYMENTS AND OTHER CURRENT ASSETS

This account includes the 20 percent withholding taxes from Treasury bill placements, prepayments for insurance premiums with the GSIS, various subscriptions for the library and printing cost of PIDS publications, and input tax on purchases of goods and services.

7. NON-CURRENT FINANCIAL ASSETS

This account consists of the following:

	2009	2008
Investment in stocks	35,000	35,000
Investment in bonds - investible funds	258,952,664	33,652,230
	258,987,664	33,687,230

Investment in bonds - investible funds comprise mainly of government treasury bonds with coupon rates between 5.50 percent to 8.75 percent. These will mature during the period from calendar year 2012 to 2016.

8. PROPERTY, PLANT AND EQUIPMENT - NET

This account is broken down as follows:

	Communi- cation/ IT equipment	Office equipment/ Furniture and fixtures, Others	Leasehold improve- ment	Motor vehicles and accessories	PPE-Held in trust	Total
Cost						
Balance, Jan. 1, 2009	19,001,553	5,062,896	4,987,306	5,083,678	1,453,642	35,589,075
Additions	1,651,248	130,021	-	-	64,900	1,846,169
Disposals	-948,526	-74,000	-	-	-	-1,022,526
Balance, Dec. 31, 2009	19,704,275	5,118,917	4,987,306	5,083,678	1,518,542	36,412,718
Accumulated Depreciation						
Balance, Jan. 1, 2009	11,177,617	3,596,386	1,381,705	3,174,520	-	19,330,228
Depreciation	2,529,901	305,433	434,048	293,294	-	3,562,676
Disposals	-861,302	-73,990	-	-	-	-935,292
Balance, Dec. 31, 2009	12,846,216	3,827,829	1,815,753	3,467,814	-	21,957,612
Net Book Value, December 31, 2009	6,858,059	1,291,088	3,171,553	1,615,864	1,518,542	14,455,106
Net Book Value, December 31, 2008	7,823,936	1,466,510	3,605,601	1,909,158	1,453,642	16,258,847

9. INTER-AGENCY PAYABLES

This account is broken down as follows:

	2009	2008
Due to Bureau of Internal Revenue (BIR)	778,432	979,364
Due to NGAs Philippine Council for Agriculture, Forestry and Natural Resources Research and Development (PCARRD) " Policy Research on the State and Future Supply and Demand for AFNR Graduates in the Philippines"	785,481	572,632
Due to GOCCs Philippine Apec Study Center Network (PASCN)	471,065	275,624
	2,034,978	1,827,620

The account Due to BIR consists of the income tax on accrued interest income subject to final tax and taxes withheld from employees compensation, contractors and suppliers. The same are regularly remitted by the Institute to the Bureau of Internal Revenue on due dates.

10. OTHER PAYABLES

This account is broken down as follows:

	2009	2008
Special fund - National Economic and Development Authority (NEDA) Building maintenance	1,042,046	896,595
Australian Centre for International Agricultural Research (ACIAR)	-	155,814
PRUDENTIALIFE HEALTHCARE INC. (HMO resigned employees)	306,288	243,307
Bids and Awards Committee	442	854
United Nations Development Programme (UNDP)/NEDA	-	658,503
Food and Agriculture Organization (FAO) "Agripolicy Indicators"	33,021	15,219
United Nations International Children's Emergency Fund (UNICEF) "Local Delivery of"	-	274,647
Institute of Developing Economies (IDE) "Disability Project"	-	50,790
Housing and Urban Development Coordinating Council (HUDCC) "Updating of the National Urban Development and Housing Framework (NUDHF)"	-	265,560
Philippine Academic Consortium for Latin American Studies (PACLAS) 1st International Conference	76,565	70,465
PIDS/Economic Research Institute for ASEAN and East Asia (ERIA) "Development of Regional"	-	258,831
Human Development Network (HDN) "Policy Notes and Other Means of Disseminating....."	189,612	233,750
HDN "Road Shows for the 6th"	-	1,050,000
HDN "Distribution, Metro Manila Launch and Provincial Launch....."	-	679,430
ACIAR "Economic Impacts....Vegetable in the Philippines..."	55,112	195,484
PIDS/ERIA "Survey for the Integrating SMEs into the More Integrated..."	190,246	-
PIDS/ERIA "Understanding Productivity Impact of Trade and Investment Liberalization..."	173,750	-
PIDS/International Development Research Center (IDRC) "Managing International"	3,530,208	-
PIDS/Japan External Trade Organization (JETRO) "Survey on Production and Science & Technology..."	380,535	-
PIDS/Southeast Asian Regional Center for Graduate Study and Research in Agriculture (SEARCA) Project	66,471	-
PIDS/UNDP/NEDA-Social Development Staff (SDS) "Assessing Development Strategies to"	892,129	-
PIDS Cooperative	-189	-
Ernesto Oblego	18,976	18,976
	6,955,212	5,068,225

The Special fund - NEDA Building maintenance account represents funds for the upkeep and maintenance of NEDA sa Makati Building. In September 2007, PIDS started lease operations of some available office spaces at NEDA sa Makati Building. Rental and other charges collected from the lessee are recorded under this account. Likewise, expenses for the maintenance and management of the building is charged to the said account.

The Ernesto Oblego account represents amount remitted by the PIDS Provident Fund Inc. to PIDS as authorized by E. Oblego for the repair of Honda Civic vehicle with Plate No. SEG 107. This was due to the accident in the afternoon of April 16, 2006 where Mr. Oblego and his companion, Danilo delos Reyes, who, while driving the said vehicle, rammed into an establishment in Quezon City causing severe damage to the vehicle and physical injuries to some persons in the establishment. Mr. Oblego was subsequently charged administratively for the offense of grave misconduct and dismissed from the service on August 28, 2006.

11. EQUITY

The details of the account are presented below:

	2009	2008
Government equity		
Endowment fund	311,640,725	261,640,725
Investment capital-held in trust	1,518,542	1,453,642
	313,159,267	263,094,367
Retained earnings		
Balance beginning	129,375,200	128,131,710
Income (Loss) for the period	-4,588,417	1,243,490
	124,786,783	129,375,200
	437,946,050	392,469,567

The Endowment fund represents the total funds released by the Bureau of the Treasury through the Department of Budget and Management for the PIDS Endowment Fund which was established under Presidential Decree No. 1201, the Charter creating the Institute, purposely to be invested, the earnings of which shall be used in the Research Operations of the Institute. It also includes the amount of P588,025 from the Policy, Training and Technical Assistance Facility (PTTAF) which was contributed to the equity of the Institute during the period from year 1994 to 1997 per their Memorandum of Agreement made in 1994.

The Investment capital-held in trust represents the total cost of fixed assets purchased and used in the implementation of externally-funded projects.

12. SUBSIDY FROM NATIONAL GOVERNMENT

This represents the subsidy received from the National Government for operating expenses in support of the research operations of the Institute.

13. SALE OF PUBLICATIONS

This represents the proceeds from sale of various articles published by the Institute amounting to P69,942 net of cost of sales of P11,887.

14. MISCELLANEOUS INCOME

The main sources of this income are the externally-funded research projects, most of which were completed and closed during the year. As part of the Institute's cost recovery program, the projects were charged for management fee and for time spent by Research Fellows, Supervising Research Specialists and Research Assistants in implementing the project. In addition, overhead project expenses of five to 20 percent of the total project cost were charged by the Institute as agreed upon with the funding entity.

15. TAXES, INSURANCE PREMIUMS AND OTHER FEES

Below is the breakdown of the account:

	2009	2008
Taxes, duties and licenses	4,258,804	4,945,226
Insurance expense	390,705	402,615
Fidelity bond premium	76,002	67,996
	4,725,511	5,415,837

Taxes, duties and licenses represents the 20 percent final tax on interest earned from investments, and other bank accounts maintained by the Institute.

16. PROFESSIONAL SERVICES

This account consists of the following:

	2009	2008
Auditing services	1,205,020	1,119,199
Consultancy services	705,817	751,333
Janitorial services	327,824	302,987
Security services	292,545	281,609
Legal services	288,000	264,000
Other professional services	48,700	34,200
	2,867,906	2,753,328

17. COMMUNICATION EXPENSES

The amount represents the cost of monthly rental for the Philippine Long Distance Telephone (PLDT) telephone lines including charges for official long distance calls, expenses for mobile phones, cost of monthly service fee for the Institute's internet service provider and cost of postage/deliveries.

18. PRINTING AND BINDING

This account includes the cost of complimentary copies of publications issued to policy makers and planners, and cost of reproduction of various materials for research and operations.

19. TRAVELLING EXPENSES

The amount represents mainly the cost of travel incurred in the Regional Fora/Consultation Meetings conducted by the Research Information Staff in connection with the dissemination program of the Institute and minimal cost for travel abroad of Research Fellows to attend conference and other ministerial meetings.

20. OTHER MAINTENANCE AND OPERATING EXPENSES

This account includes the cost of repairs of property not classified as part of the Institute's fixed asset, as well as other costs not falling under any of the expense classifications.

ANNEX-L

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Lediviña V. Cariño (1942– 2009)
Former Member, PIDS Board of Trustees

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