ANNUAL REPORT

SERVICES INDUSTRY:





Growth Driver for Economic Competitiveness



Philippine Institute for Development Studies Service through Policy Research

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THE COVER

FOCUS ON SERVICES. While the multilateral trading rules have focused on creating a free flow of goods across countries for over 50 years, it was only in the last decade or so that the spotlight has focused on services. This is undoubtedly in recognition of the increased contribution of services to economic output. In the Philippines, services sector has outpaced industry and agriculture in terms of growth rates and shares to GDP. Services sector grew at an average rate of 4.88%, which is higher than the growth rates of the agriculture and industry sectors. In terms of share to GDP, services sector contributed nearly 46%, about 12% and 26% higher than the shares of industry and agriculture, respectively. It is also now the biggest employer: 47% of Philippine labor force is in the services sector.

THE INSTITUTE



The Philippine Institute for Development Studies (PIDS) is a nonstock, nonprofit government research institution engaged in long-term, policyoriented research. It was established on September 26, 1977 by virtue of Presidential Decree No. 1201.

PIDS is envisioned to be a development policy "think tank" for planners, policy- and decisionmakers in government. In serving this role, PIDS has tapped and encouraged the existing reservoir of research resources in the Philippine academic community to become productive in research lines considered by PIDS to be of high priority, without drawing them away from the academic and research institutions where they are based. It has likewise built its inhouse research staff.

Through the Institute's activities, it is hoped that policy-oriented research on social and economic development can be expanded to assist the government in planning and policymaking.

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THE PRESIDENT'S REPORT

The Philippine economy displayed remarkable resilience in 2005. Despite the adverse effects of El Niño, the sharp rise in international fuel prices, and the fallout from the latest political turmoil, the economy managed to post a GDP growth rate of 5.1 percent. I strongly believe the Philippine Institute for Development Studies possesses the same degree of resilience, if not more. Throughout its 28 years of existence, PIDS has grown and expanded its influence in the area of policy research, overcoming many obstacles and constraints in the process.

A milestone was reached this year as Dr. Mario B. Lamberte retired from the Institute and I assumed the position of President beginning April 1, 2005. I intend to finish the programs that Mario began and carry on his legacy of excellence, hard work, and dedication to rigorous policy research. The theme of this year's Development Policy Research Month in September was "Services Industry: Growth Driver for Economic Competitiveness". It reflects Mario's keen sense of anticipation and foresight as the services sector is the most dynamic growth area in the global economy. This is another trait that I wish to emulate.



In terms of major accomplishments, PIDS has continued its

mandate to produce and disseminate policy studies. In 2005, the Institute, among others, finalized its latest 5-year Research Agenda (2005-2009) and had the honor and privilege to have co-hosted with the National Bureau of Economic Research (NBER) the 16th annual gathering of the prestigious East Asian Seminar on Economics (EASE) series which was being held in the Philippines for the first time.

During the year, too, the Institute, by virtue of a Memorandum of Agreement (MOA) with the National Economic and Development Authority (NEDA), was appointed by the NEDA as the administrator of the NEDA sa Makati Building along Amorsolo Street, Makati City. This is where the PIDS offices are housed.

One area where PIDS will continue to be active is in the study of economic integration and cooperation, particularly in East Asia. There have been a growing number of conferences and studies on East Asian regional integration in the past several years and we are honored to be the lead agency in the Philippines for the East Asia Development Network and the Network of East Asia Think Tanks. This dovetails with our role as Secretariat of the Philippine APEC Study Center Network.

The Philippines faces great challenges and exciting prospects in the next few years. PIDS aims to be at the forefront in crafting appropriate development policies in order for the economy to maximize the benefits from the evolving opportunities. As President of the Institute, I am confident that I will have the same degree of resilience as my countrymen in leading PIDS during these interesting times.



JOSEF T. YAP, Ph.D. President

RESEARCH AND RESEARCH-RELATED ACTIVITIES



The year 2005 marked the beginning of the Philippine Institute for Development Studies' five-year research agenda for the period 2005 to 2009. The Institute ended the year with a total of 52 projects, exploring issues in (a) social sector reform, (b) competitiveness and competition policy, (c) modernizing Philippine agriculture, (d)macroeconomic management in the globalized setting, and (e) policy analysis and planning tools and monitoring systems. Of these, 30 projects were completed, the results of which are targeted for publication in 2006 and 2007. Most of the remaining 22 projects are expected to be completed in the first semester of 2006.

As a continuing component project of PIDS, the Philippine APEC Study Center Network (PASCN) completed a total of 15 research studies and funded 5 thesis and dissertation grants. While forthcoming research activities are currently on the drawing board, 4 ongoing projects are expected to be concluded by next year.

COMPLETED STUDIES

Social Sector Reform

Rental Housing for Low-Income Households in the Philippines

The study examined the rental housing market in the Philippines and provided possible policy options for a viable rental scheme for low income households. Rental housing is now seen as a vital component in accommodating large number of families in developing countries. In the Philippines, specifically Metro Manila, the increase in urban population through both migration and natural increase, has been absorbed to a large extent by the rental market. There is thus a need for the government to reexamine its policy on rental housing.

Development of New National Health Accounts Matrices

The overall objective of the project was to come up with the Health Expenditure Projection Model and Manual for use by the National Statistical Coordination Board (NSCB) and the Department of



Health (DOH). Personnel from NSCB and DOH were trained on the use of the projection model. A manual was prepared to serve as guide to producers and users of health expenditure projections.

Research activities carried out under the project:

- ▶ Health Expenditure Estimation Methodologies,
- Manual Preparation and Training and Development of Guiding Framework

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- Private Sector Health Expenditure Projection, Manual Preparation and Training
- Public Sector Health Expenditure Projection, Manual Preparation and Training
- Data Compilation and Health Expenditure Estimation



Impact of Fiscal Restraint on Budgetary Allocations for Women's Program

The study reviewed the gender-differentiated effect of macroeconomic policies by examining the impact of persistent revenue shortfalls on the part of the national government in 1997-2003 on the budget allocations for programs that support gender equality and women's priority public services in selected departments—Department of Health (DOH), Department of Agriculture (DA), Department of Social Welfare and Development (DSWD), and Department of Education (DepEd). The analysis included grouping the agencies' programs, activities and projects (PAPs) into gender-relevant categories and tracking the impact of the overall contraction of national government expenditures on the expenditure obligations for these expenditure categories.

Competitiveness and Competition Policy

Impact of Liberalization on Services (this study has five components)

► Information & Communication Technology

The study concluded that any policy tool and recommendation dwelling on the promotion of competition through deregulation, liberalization, interconnection and convergence in ICT must ultimately be evaluated in light of their ability to narrow the *digital divide*. The ability of users to access the ICT is also another area policymakers must consider. Policies must promote a high degree of accessibility to the "infrastructure" by promoting competition, interconnection and convergence in the ICT sector.

Research on Education Services

For the Philippines to be competitive in the education services sector, what is needed, among others, is a strong political vision and the will to see the vision through. With clear focus, Hong Kong, China, and Singapore have strengthened the capabilities of their local universities by engaging in cross-border transactions. This clear focus is absent in the country. Also absent is the cooperative relationship between and among lawmakers, the executive branch and the best academic minds in the country.

Business Process Outsourcing

This study looked at the sustainable development of Business Process Outsourcing (BPO) in the Philippines. It was prompted by the spectacular growth in several of BPO sub-sectors, including contact call centers, medical transcription, animation, and software development. Doubts about the sustainability of this hyper-growth situation are however increasingly being felt, as the industry experiences difficulties in meeting the demands of the market. Key issues include the availability of qualified manpower.



Medical and Health Related Services

The optimal policy rule that can be obtained from the findings of this study is that equity objectives in the allocation of health resources in the Philippines can be made consistent with locational efficiency if one works within the market forces that move in favor of the concentration of these resources. The theory of the "new economic geography" has given a basis for the current distribution; input-output linkages indeed play a major role in the clustering of hospitals in certain regions of the country.





• Broad Overview & Institutional Study of Decisionmaking Process in Service Negotiation

The study specifically aimed to present an integrative and comprehensive report on all the specific services sectors included in the main project and to compare the decisionmaking process for service negotiations in the Philippines with that of other trading partners, especially Japan, the US, EU, and a few ASEAN countries.



Audio Visual Services Industry

The study is an industry analysis of the audiovisual services sector, specifically the film and television industry in the Philippines. It discussed the importance of the sector in the economy and employment, its strengths and weaknesses, regulations that affect it, and the competitive forces that influence the key participants. The study also discussed the technological developments such as digital technology that are changing the mode of delivery and consumption of audiovisual services.

Trade and the Environment: Another Look at the Issues

The study pointed out that it is indeed ideal to adopt both an open trade policy and good environmental policy. The conflict arises as a result of the failure of political institutions to address environmental problems, especially those of a global nature which require a concerted effort to solve (WTO 1999). It is not trade *per se* which would lead to the "race to bottom" in the environmental regulations. It is more of the lack of awareness or prioritization of the environment as well as the laxity and incapability in the implementation of existing mechanisms that would have detrimental effects on the environment, no matter what kind of trade policy regime exists.

Trade Policy Monitoring

The project is a continuing activity of the Institute. It involves the continuous updating and database buildup of information pertaining to trade and policy industry analysis. The data are catalogued and organized in such a way as to: (a) facilitate the monitoring of reforms; (b) document changes for easy use in policy analysis; (c) serve as data bank for access by other researchers and policymakers; and (d) organize historical data for easier reference.

Experience of Crisis-Hit Asian Countries: Do Asset Management Companies (AMCs) Increase Moral Hazard?

The study was an attempt to examine the performances of Asian AMCs. Analysis revealed that the AMCs vary significantly in their design and performances. Empirical examination of the Thai experience of AMCs revealed that the moral hazard–inspired bank lending resulted in creating more new non-performing loans (NPLs) in the case of public AMCs. On the other hand, the new centralized AMC, the Thai Asset Management Company (TAMC), decreases the new NPL ratio, suggesting that the TAMC provokes no adverse moral hazard effect on financial institutions.

Institutional Study on Trade Policy Institutions

While acknowledging that effectiveness in negotiations is only a part and offshoot of a working policymaking infrastructure, this study stresses that good preparation is the key to a successful trade negotiation and the foundation/locksmith is adequate research capacity. It thus highlighted the role of nonstate actors and research institutions in the process.

Modernizing Philippine Agriculture



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Comprehensive Assessment of the Philippine Agricultural Extension System: Phase 2

• Legal and Institutional Aspects of Agricultural Delivery Systems in the Philippines

The study argued that the country's agricultural extension system has evolved differently from that of the experiences of western developed countries and Japan. This is mainly because extension in the Philippines served a very different purpose. In the Philippines, agricultural extension served as an instrument to implement government development programs, mostly rural development programs.

Strengthening Social Science and Policy Research for Philippine Agricultural Fisheries



 Contractual Arrangements in Agriculture – Mindanao

The main activities of this project were to collect data through key informants on various agricultural contracts and related information involved in the production, marketing and processing of rice, selected vegetables, mangoes, bananas, pineapple, livestock and poultry and fishery in Mindanao; consolidate data collection by other members of the Agricultural Contracts Team (ACT) for bananas/pineapple/poultry; and analyze the implications of various contracting arrangements in these industries on efficiency, equity and sustainability.

• Development of a Qualitative Analysis (Module 3A and 3B) Training Syllabus for Research Methods for Social Science

The project involved the development of training manuals (Modules 3A and 3B) for research methods in Social Sciences specifically on qualitative analysis of research methods focusing on participant/nonparticipant observation. In addition, the project also



participated in the design of pre-training and posttraining assessment instruments to ensure effectiveness of said manuals.

• Development of a Quantitative Analysis (Module 1) Training Syllabus for Research Methods for Social Science

The project developed a training syllabus for research methods in Social Science specifically on survey sampling methods. In addition, it developed a design for pre-training and post-training assessment instruments to ensure effectiveness of the said syllabus.

Land Market Study

• Land and Credit Contracts in Land Reform Areas (Survey Component)

The study completed the conduct of a survey as well as the encoding of the accomplished questionnaires of 4 villages located in Muñoz, Nueva Ecija which are covered by the Land Reform Program.



Rice and the Filipinos

> The Rice that Filipinos Grow and Eat

This study analyzed the changes that rice has gone through in the past 100 years. Here, the richness of the crop as a genetic material and resource is revealed. Landrace rice, pureline selection rice, crossbred rice, semidwarf rice, hybrid rice, new plant type rice, designer rice - from the traditional to modern to futuristic - rice becomes all of these while traversing time in the Philippines.

▶ Rice and Philippine Politics

Using a political economy perspective, the study established the strong relationship between rice and politics and explained recent developments in the Philippine rice landscape. Results of the analysis showed that the price of rice has been a significant determinant in election results since the 1950s, with the exception of 1998, where despite stable prices, the candidate from the incumbent administration failed to win the presidential elections.

Rice in the Filipino Diet and Culture

This study dealt with a basic question: How central is rice to the Filipino, what are the implications for understanding the way we approach and regard rice and what do they indicate about Filipino culture? To answer this question, it focused on the structural position of most Filipinos vis-à-vis rice. The study argued that, at present, most Filipinos relate to rice as consumers rather than as producers. From that perspective, the study explored certain cultural practices that may shed light on the role of rice in Filipino culture.

► A Century of Rice Innovations

Rice innovations are technologies and practices extensively adopted so as to change production practices and productivity. The study documented the





changes in rice productivity, policy and institutions in the last 100 years and identified the technological change that may have affected rice productivity.

• The Evolution of Rice Production Practices

The study presented a summary of the evolution of major practices in rice production over the last 100 years in the country. These practices essentially evolved out of the changes in the varieties introduced and planted by Filipino farmers, which have to change the manner by which production and postharvest operations have to be done in order to maximize productivity and reduce costs.

The Determination of Contracts in Agricultural Economies

The study aimed to develop a model that will explain the determination of contracts found in diverse agricultural households and examined the implications of these changes with respect to their efficiency, distribution and sustainability.

Macroeconomic Management in a Globalized Setting

Special Purpose Vehicles (SPVs) and Insolvency Reform

The study focused on the legal environment, particularly the insolvency system, that would influence the success of Philippine Special Purpose Vehicles (SPVs), also known as asset management companies (AMCs) in other countries. The paper discussed the features of the SPV Act, the pace of bad asset transfers to SPVs, the current rehabilitation procedures, and the proposed legal bankruptcy reforms that would affect the effectiveness of SPVs.

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Policy Analysis and Planning Tools and Monitoring Systems

Revised Indicator System for PIDS and GIS

The IDS-GIS Staff has continued updating the Economic and Social Database of the Institute according to the updates coming from various data producers. One of the developments made was the addition of poverty statistics using the new geographical classification and the new methodology as released by the National Statistical Coordination Board. The Staff has also included the number of reported rape cases in the Crime Statistics portion. The most important development that was made was the establishment of a client-server database system in replacement of the text files that used to be uploaded in the old database. This time, the group hopes to install a real database. (This is a continuing activity of the Institute.)

ONGOING STUDIES

Social Sector Reform

- ▶ Poverty Profile using 2003 FIES
- The Southeast Asian Human Development Report (SEA HDR) - PIDS serves as the Research Manager
- Impact of Regional Economic Integration on Human Development
- Land Reform Program: Tasks Ahead



Competitiveness and Competition Policy

- Overview Article on Services Trade
- A Bird's Eye View of Technology Contribution to Economic Development
- An Assessment of Technology Development in the Garments Industry:Post MFA Phase-out



➤ Contribution of Services to Output Growth and Productivity in Philippine Manufacturing

Modernizing Philippine Agriculture

- Operationalizing the Social Science & Policy Research, Development and Extension (RDE) Network
- Agriculture Technology, Governance and Productivity
- The Role of Extension in Local Agricultural Development: The Case of Dalaguete, Cebu
- ▶ The Role of Extension in Local Agricultural Development: The Case of Ubay, Bohol
- Extension System in a Poultry and Swine-Based Farming Community: The Case of San Jose, Batangas
- Effectiveness of the Delivery of Agricultural Extension System: The Case of a Municipality in Davao del Sur
- ➤ GIS as a Tool to Prioritize Tropical Fruits Research and Development Projects (GIS-Based Characterization & Research Prioritization Phase II)
- Using GIS as a Tool to Prioritize Tropical Fruits Research and Development Projects (Mindanao)
- The Hybrid Rice Program: Structure, Conduct and Performance
- Managing Rice Knowledge

Macroeconomic Management in a Globalized Setting

- Analysis of the President's Budget for 2006
- Who Benefits from Government Social Spending

Policy Analysis and Planning Tools and Monitoring System

- Bridging the Gap Between Seasonal Climate Forecasts and Decisionmakers in Agriculture
- Developing a Research Program for Statistics for Policy Research

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THE PHILIPPINE APEC STUDY CENTER NETWORK (PASCN)



The Philippine APEC Study Center Network (PASCN) is a regular component project of the PIDS 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.

COMPLETED PROJECTS

From January – December 2005, fifteen (15) research studies have been completed by four (4) PASCN research teams. Eleven of these projects are from the RP-US FTA Research. One study was completed from the Islamic Impact of Globalization project and two from the Governance and Globalization research projects. The Integrative Report for the Food Security Research Project was also finished this year, completing the studies in the said project which will soon be released as a book volume.

RP-US FTA Research Project

- ▶ Overall Framework and Integrative Report
- The Politico-Strategic Dimension of the US Proposal for an FTA
- Implications of the RP-US Free Trade Agreements on the Philippine Financial Services Industry
- Issues and Prospects on the Movement of Natural Persons in the Philippine-American Economic Relations
- Assessing the Competitiveness of the Philippine Electronics Industry
- Assessing Logistics: Readiness of the Philippine Garments Industry
- Expanding RP-US Linkages in IT Related Industries: BPOs, Medical Transcription, Contact Centers, Software and Animation
- Intellectual Property Rights Protection: Prospects and Issues
- Agricultural Trade Between the Philippines and the US: Status, Issues and Prospects

- Impact of a Philippines-US FTA: The Case of the Philippine Agriculture
- WTO Related Concerns: Government Procurement, Competition Policy and Remedies

Effect of Global Economic Liberalization on Manufacturing Industries in Muslim Areas

Governance and Globalization

- ➤ Globalization, Redemocratization and the Philippine Bureaucracy
- Globalization or Glocalization? Experiences in the Local Philippine Context

Food Security, Agricultural Efficiency and APEC: Integrative Report; and BT Corn in the Philippines: How Much Will Farmers Expect to Gain

ONGOING PROJECTS

RP-US FTA Research Project

- An Analysis of Existing and Potential US FTAs and Defining the Philippine Strategy for Negotiation
- Specific Legal Issue on the Proposed Philippine-US FTA: Politico-Legislative Perspective

Governance and Globalization

- E-governance: Assessment of Philippine Cities
- Globalization, Governance and the Philippine State (Integrative Report)



RESEARCH DISSEMINATION AND UTILIZATION



The Research Information Staff (RIS) is the PIDS department in charge of marketing the research outputs of the Institute to promote their utilization and encourage dialogues between researchers and various sectors, especially the policymakers, on issues pertinent to said research outputs. To carry out this task, the department handles and maintains two programs, namely, the Publications and Circulation program, and the Public Affairs program. The Library Services unit of the Institute is an integral part of the Publications and Circulation program.

Publications and Circulation

Print titles

Five new books were added to the Institute's continuously growing collection of publications, one of which was launched during an annual conference of the co-publisher, the Agricultural Credit Policy Council (see photo below). Box 1 provides a description of the new releases for 2005.

The Institute also released nine issues of the *Policy Notes (PN) Series* during the year. Some of the topics tackled in these issues include the competition policy in the port sector, the Japan-Philippines economic partnership agreement, impact of fiscal restraint on the budgetary allocations for women's programs, assessment of who benefits from public subsidies in health care, strengthening research capacity for policymaking and negotiations, and the boom in free trade agreements.

Eight issues of the Institute's bimonthly, semitechnical newsletter, *Development Research News (DRN)*, also came out—the fourth and fifth issues for 2004 and the complete set of issues for 2005. The issues contained articles on the economic forecast for 2005, asset management companies, contingent liabilities, rental housing, trade and investment under a globalized setting in Muslim Mindanao, and the Philippine services industry with focus on business process outsourcing, information and communication technology, and health tourism services. It also featured the issues and challenges of the proposed RP-US free trade agreement and its implications for the agriculture and garments sector, issues and prospects on labor migration and human capital development, and the agreement's politico-strategic dimension.

A new issue of the *Philippine Journal of Development* was released in 2005. One of the articles featured in this issue is of relevance to the Institute since it answers





why the wealth of insights and recommendations it has contributed for more than two decades have not translated into enhanced developmental outcomes. Another article discusses the issue of establishing, as many countries have done, an independent revenue authority for the Philippines. The issue also contains a



review of the trend in population and poverty, comparing the population and development between the Philippines and Thailand over the last 40 years, and discussing the theoretical links between population and poverty as well as the empirical evidence, and finally its implications for policy. There is also an article in this issue that explains the linkages between monetary policy and growth, using the cases of South Korea, the Philippines, and Thailand with short-term interest rates as main indicator. The final article carries out an interesting and uncommon analysis of economic transition and change in terms of human consciousness, perception, knowledge, learning, interpretation, and response.

Meanwhile, the four issues of the Economic Issue of the Day (EID) for 2005 all focused on basic climatology concepts and information such as the El Niño Southern Oscillation (ENSO) phenomenon, tropical cyclone signals, and the difference between weather and climate. These issues are part of the dissemination program being conducted for the project, "Bridging the gap between seasonal climate forecasts (SCFs) and decisionmakers in agriculture," a four-year collaborative undertaking between the Australian Centre for International Agricultural Research (ACIAR), the project sponsor, and the Philippine Council for Agriculture, Forestry and Natural Resources Research and Development (PCARDD). For the Philippines, implementing institutions are the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA), Philippine Institute for Development Studies (PIDS),

and Leyte State University (LSU). For Australia, the key institutions involved are the South Australian Research and Development Institute (SARDI), New South Wales Department of Primary Industries (NSW/DPI), and University of Sydney. The project aims to identify and close the gap between the potential and practical application of SCFs to agricultural systems and policies in the Philippines and Australia.

Additionally, to keep the people informed of the progress of said ACIAR-sponsored project, the Institute came up with the *SCF Project Updates*, which will serve as the official newsletter of the project. The inaugural issue, released during the year, discussed the project activities undertaken so far, which included a project launch, a forum on basic climatology concepts and information, and a seminar-workshop on seasonal climate forecasts. The Institute likewise produced a folder to complete the project's briefing kit.

Under its *Discussion Paper (DP) Series*, the Institute came out with 32 titles this year. Topics included several titles written under the Institute's research projects on services, competition policy (in collaboration with the World Bank), rice (in collaboration with the PhilRice), and impact of globalization on Muslim Mindanao. The series also contained papers on



population and demography authored by one of the Institute's senior research fellows while he was a visiting researcher at the Asian Development Bank Institute in Tokyo, Japan.

An updated PIDS brochure was also released during the year as well as the annual report for 2004.



Distribution, promotion and circulation

To continue giving the Institute's clients immediate access to its publications, the Institute continued posting electronic copies of issues of the DRN, PN, EID, and DP on its website. Online copies are posted either during the blueprint stage or immediately after the issues are released. The updating of the publications page of the PIDS website has been a continuing task of the Institute.

Sending of complimentary copies of selected PIDS publications was likewise sustained. In 2005, recipients were over 1,500. Aside from those directly connected with PIDS, the recipients include the executive, legislative and the judicial branches of the government, various committees in the House of Representatives and Senate, regular government agencies, city mayors, governors, provincial and municipal planning and development officers, local financial institutions, local libraries, local universities and research institutions, state colleges and universities, NEDA central and regional offices, multilateral and bilateral agencies, selected foreign embassies in the Philippines, selected Philippine embassies abroad, and regional directors of various government agencies. The Institute also continued its exchange agreement with local and foreign institutions (see Library Development).



To widen the reach of its publications, the Institute continued with its consignment arrangement with local booksellers, namely, National Bookstore (three branches), Powerbooks (four branches), National Economic and Development Authority Bookstore, Solidaridad Bookstore, Heritage Arts Center, Rarebooks Enterprises, Greatbooks, and Academic Library Connections.



The Institute likewise continued to participate in book fairs, especially those sponsored by the Book Development Association of the Philippines (BDAP) in both Metro Manila and various provinces.



Revenues from consignment sales continued to constitute the bulk of publication sales revenues for the Institute. Foreign orders, however, saw an increase in 2005.

Socioeconomic Research Portal for the Philippines (SERP-P)

As of 30 December 2005, the SERP-P website has 3,680 publications online, 3,211 of which have abstracts and 1,398 have keywords.

There are now 24 member-institutions comprising the SERP-P. Together with the number of their studies contained in the SERP-P, these institutions include: Agricultural Credit Policy Council (24), AIM JBF Center for Banking and Finance (2), Angelo King Institute for Economic and Business (13), Asian Development Bank (125), Ateneo Center for Social Policy and Public Affairs (307), DLSU - Social Development Research Center (83), DLSU-University Research Coordination Office (11), Institute of Strategic Planning and Policy Studies (92), National Tax Research Center (64), Philippine APEC Study Center Network (90), Philippine Institute for Development Studies (1,334), PIDS-POPCOM Population Management Program (8), Silliman University (4), Trade and Investment Policy Analysis and Advocacy Support Project (66), University of San Carlos (55), UP-Center for Integrated Development Studies (164), UP-National Center for Transportation Studies (63), UP-National College of Public Administration and Governance (36), UP-School of Economics (581), UP-School of Urban and Regional Planning (170), UST-Social Research Center (30), World Bank (82), Xavier University -Research Institute for Mindanao Culture (70), and other institutions (115).

Public Affairs

Fora

Compared to previous years, there was a slight decrease in the number of fora organized and/or cosponsored by the Institute in 2005, owing to cost-reduction measures of the government. The regional/provincial consultation program was temporarily put on hold and other cheaper means of dissemination like emails, book fairs and the use of the PIDS website were instead encouraged to reach some audiences in the provinces.

Thus, from a total of 44 fora in 2004, it was reduced to 34 fora this year (Figure 1). Among the fora in 2005, five major ones are worth mentioning, all of which are network- or project-related.

For the first time, the 16th in the series of the East Asian Seminar on Economics or EASE was held in the Philippines, with PIDS playing host to the event. EASE is an annual undertaking of the National Bureau of Economic Research (NBER) based in Washington, D.C., which seeks to discuss key issues on economics that have immediate bearing on policy decisions of some of the countries in the East Asian Region. This year's theme was *Fiscal Policy and Management*, a topic considered to be very timely for many countries in the region, especially for the Philippines, which is currently trying its best to overcome its fiscal woes. EASE 16 was held on 23-25 June, with well-known international economists from the East Asian Region and the US in attendance.



Meanwhile, on July 27, the Australian Centre for International Agricultural Research (ACIAR)sponsored project "Bridging the gap between seasonal climate forecasts and decisionmakers in agriculture" was launched to the public. This four-year project seeks to promote better appreciation of the potential



benefits from the emerging science of seasonal climate forecasts (SCFs) by both farmers and policymakers. While there is no way that an El Niño and its effects may be stopped, the availability of relevant information to understand this phenomenon and predict its occurrence would certainly benefit the farm sector as preparation appears to be the only way it could survive the El Niño and other disruptive weather anomalies with lesser damage.

Then, in September, the Institute was again in high gear for the celebration of its 28th founding anniversary and the 3rd Development Policy Research Month (DPRM) for which the Institute serves as overseer and coordinator by virtue of Presidential Proclamation 247 signed in 2002. In line with this year's theme, the Institute held a two-day seminar on the services industry on September 27-28, with support from the Trade Policy and Trade Promotion Project of the German Technical Cooperation. The seminar featured six studies written under its research project on services. Five of them tackled the status and prospects of five services sectors where the Philippines appears to have a competitive advantage—educational services, health and related services, audiovisual services, information and communication technology services, and business process outsourcing services. The other study, meanwhile, presented the argument of setting up a single agency that will handle all international trade negotiations for the country. In addition, papers on the contribution of bilateral technical assistance in international trade in services and development, and measuring the impact of services on the economy were also presented by invited speakers. A book that compiles some of the papers presented at the seminar is scheduled for release in 2006.

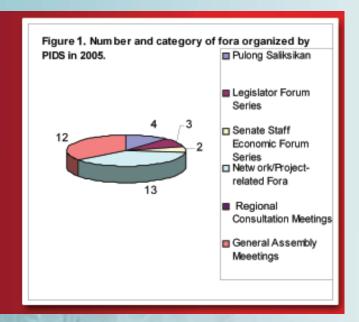
Once again, the Institute extended its support to the Philippine Economic Society (PES) in the conduct of its 43rd annual meeting held this year on November 26. Faithful to its tradition of responding to the needs of the times, the PES chose to tackle a timely and relevant



theme, *Managing the Philippine Economy in Turbulent Times*, for this year's annual meeting.

But what made this year more exciting for the PES is the holding of the 30th annual conference of the Federation of ASEAN Economic Associations (FAEA), the umbrella organization of economic societies and associations from Cambodia, Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam. PES played host and organizer to the annual conference, with support from the Institute and the Bangko Sentral ng Pilipinas, and various private sector agencies. The call for papers on the theme, *China and India: Challenges and Opportunities for the ASEAN*, generated numerous interesting papers. Noted economists also gave their insights on the implications of the yuan revaluation.

Finally, as the year drew to a close in December, the last in the Institute's list of major fora was held—the National Agriculture and Fisheries Extension Summit. This high-level conference analyzed the country's agricultural extension system, focusing on its major problems and issues, and important lessons and recommendations for policy. Paper presentations by noted experts on the structure of the agricultural sector and its performance after the devolution, the dynamics in the provision of agricultural extension services, and an assessment of the performance of these services were given. A workshop was also conducted to discuss the



proposed national extension policy and bill on extension. The conference was attended by key officials of the agriculture department, local government units, members of the legislative body, and the academe.



Media Exposures

The Institute saw a reduction of media exposures this year with the greater focus given by the media on political issues. Thus, from 183 exposures in 2004, there were only 89 exposures monitored in 2005. The print media, notably national dailies such as *BusinessWorld*, *Manila Bulletin*, and *Philippine Star*, though, remain as the Institute's most active partner in research dissemination. About 84 percent of the media exposures in 2005 were made possible through the print media. Approximately 12 percent, meanwhile, came out through radio and 4 percent through television. Annex E lists all the media exposures monitored in 2005.

Library Development

An exchange agreement with three additional local institutions was made in 2005, placing the total exchange agreement at 20 for local institutions and at 28 for foreign institutions. These institutions are included in the Institute's regular mailing list and regularly receive the *Philippine Journal of Development* and the Annual Report. The local ones added are the libraries of the Philippine Deposit Insurance Corporation, Statistical Training and Research Center, and Institute of Engineering-College of Engineering and Agro-Industrial Technology of UP Los Baños. During the year, the Institute also issued 35 interlibrary loan forms to PIDS staff to give them access to various local libraries.

The Institute continued its subscription to various newspapers, magazines, journals, CDs, and books. Several highly useful reference materials were also acquired by the Institute in 2005. These include *Economy and Environment: Selected Readings in the Philippines, Asian Regional Governance: Crisis and Change*, and the series of Handbooks of Economics on agricultural economics (two volumes), health economics (volumes la and lb), labor economics (three volumes), natural resource and energy economics (three volumes), population and family economics (volumes 1a and 1b), and regional and urban economics (three volumes).

In addition, the Institute acquired a number of publications on complimentary basis from its fellow institutions in the NEDA family such as the National Statistics Office (NSO), NSCB and the Tariff Commission.

As of end of 2005, a total of 6,739 books/monographs/ CDs and 2,996 journal articles have been inputted in the Institute's Online Public Access Catalog (OPAC). Inputting and editing of OPAC entries as well as barcoding of library materials are ongoing.

Technical problems with the library server were encountered in the early part of 2005, which primarily affected the Institute's customized WEBLIS. WEBLIS is a free-of-charge web-based library integrated system based on the CDS/ISIS. It consists of four modules, namely, cataloguing system, OPAC, loan module, and statistical module. The system was brought back in the middle of 2005. At present, however, it can only be accessed through the local area network but it will soon be available in the internet.

The Institute served both inhouse researchers and outside researchers in 2005.

Box 1. Books released in 2005

Rethinking institutional reforms in the Philippine housing sector

One of the titles comprising the Institute's Perspective Paper Series presented during its silver founding anniversary, this book answers the question as to why housing reforms failed to achieve the desired improvement in the Philippines.

Financial services integration and consolidated supervision: some issues to consider for the Philippines



Sustainable

Also from the Institute's Perspective Paper Series, this book examines the trends in Philippine banking regulation in the past 25 years. In particular, it notes that the Philippines has followed a policy of despecialization in the banking sector by widening the range of permissible activities and bank products to enhance competition and efficiency, beginning with the introduction of universal banking in 1980.

Sustainable tourism: challenges for the **Philippines**

Tourism is an industry built upon the most fragile of natural and cultural environments—environments wherein

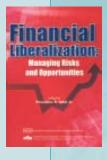
the most inconsequential and innocent of human gestures can easily result in surprisingly destructive and difficult consequences on the site's resources. Thus, the country should learn to conserve, protect, and strengthen its cultural, historical, and natural resources upon which it draws its unique competitive advantage.

Financial liberalization: managing risks and opportunities

This book is a collection of seven studies that focus on the interrelated aspects of the structural and institutional foundations of effective risk management and exploitation of opportunities in an open economy.

Rural finance in the Philippines: issues and policy challenges

A research undertaking of the Agricultural Credit Policy Council (ACPC), in partnership with PIDS, this book provides researchers and policymakers alike with substantial and indepth information on rural finance that could provide the needed direction for the development of a policy research agenda on rural finance.





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MANAGEMENT INFORMATION



The Management Information Services (MIS) unit takes care of all the computing services required by all the departments within the Institute. It manages the PIDS information systems and services all the IT requirement of the Institute and its staff. The MIS, together with the other relevant departments of the Institute, also manages all the IT and computing hardware of the Institute from procurement to distribution.

Hardware and Software Upgrade

In 2005, the MIS upgraded the hardware and software of the Microsoft Exchange server. The Microsoft Exchange server serves as the messaging and collaboration platform for the PIDS Management and Research Fellows. Anti-virus and anti-spam solutions were also installed for the PIDS Electronic Mail System. In March 2005, the Institute acquired and installed the Sophos PureMessage Anti-spam software to solve the email spam problem. The latest Sophos Anti-virus software also replaced McAfee, the anti-virus software for the local workstations. A firewall appliance solution was also acquired and installed to replace the Linuxbased firewall system.

Throughout 2005, the Institute was subscribed to PLDT that provided Digital Subscriber Line (DSL) Internet connection with burstable speed of up to 2Mbps. In December 2005, the Institute shifted to Eastern Telecommunications Philippines, Inc or ETPI that provides 1Mbps leased line connection.

Stricter Rules on IT Policies

Respect for intellectual labor and creativity is vital to academic discourse and research enterprise. This principle applies to works of all authors and publishers in all media. It encompasses respect for the right to acknowledgment, right to privacy, and right to determine the form, manner, and terms of publication and distribution. This is the same reason that the MIS has tightened its rules for its IT policies, especially on the issue of using unlicensed proprietary software in PIDS computing system.

New PIDS Intranet Site

The MIS launched the new Intranet site with trouble ticketing request system. This system allows users to post their IT related requests online such as PC troubleshooting, software installations, books, IT magazines and software CDs and other IT related inquiries. The site also serves as the MIS website with features such as a web e-mail client, personal and group calendar, file manager, FTP and news announcements. In 2006, all the other features from the old intranet site will be revised, updated and added to this site.





Integrated Socio-Economic and Agricultural Database

In 2005, the MIS worked as the Program Manager for the development of the Integrated Socio-Economic and Agricultural Database. The objective of the project is to develop a single client-server database system for the Economic Database System, Agricultural Statistics and the Online Geographical Information System (GIS) initiatives of the Institute.

Other Activities

The MIS staff attended the 2005 three-day Linux World Conference held at the Dusit Hotel Manila last October 2005. Trainings on Windows 2003 and Exchange 2003 were also attended.

Installation of Internet and network connections was done on the new offices of the Operations and Finance Department and the Project Services Department on the 4th floor of the PIDS-occupied building.

The workstations of the Operations and Finance Department are connected to the PIDS LAN through a Wireless Access Point (WAP). The 4th floor of the NEDA



sa Makati Building now has full wireless coverage after the installation of a WAP hardware in the MIS room.

Over and above these improvements and activities, the Institute's MIS continues to undertake its regular functions such as the development of websites for PIDS projects, together with the respective staff/ department coordinating the project; the maintenance and improvement of the PIDS Network and Internet Systems; the maintenance of information technology (IT) equipment, software procurement and installation; updating of the PIDS web page, together with the other staffs/ departments of the Institute; and provision of general IT support services to the PIDS staff.



PIDS PROVIDENT FUND



The **PIDS Provident Fund**, **Inc.** is a nonstock corporation registered with the Securities and Exchange Commission (SEC) under SEC Registration No. A199919546 dated January 25, 2000. Its membership is exclusive to and automatic for regular officials and employees of PIDS who are holding plantilla positions. It was organized to establish and maintain a fund, the sources of which shall be derived from contributions of the members and counterpart contribution of PIDS. All

earnings and/or interest from its financial/investment operations are distributed to the members as benefits in case of retirement, resignation, separation, or other cases as may be allowed and determined by its Board of Trustees, in addition to other forms of benefits due to the employee-member. As of December 31, 2005, the Fund has a total membership of eighty-two (82) PIDS member-employees.

Activities/Accomplishments in 2005

► The annual members' meeting was held on April 18, 2005. Out of the eighty-two (82) active members of the Fund, fifty (50) or about 60% of the total membership were present during the meeting. It was highlighted by the formal turnover of the Fund Presidency in view of the retirement from the service of Dr. Mario B. Lamberte and the appointment of Dr. Josef Yap as the new PIDS President. An election of level representatives to the Fund Board of Trustees was also held during the Annual Meeting of Members.

• A special meeting of members was also held on June 29, 2005 for the purpose of presenting and discussing the proposed amendments in the Amended By-Laws of the Fund. The proposed amendments were approved and ratified by majority of the members during the meeting and were registered with the Securities and Exchange Commission (SEC).

• The Fund Secretariat is maintaining an Intranet Web Site which makes available to all Fund Members all information about the operations and services of the PIDS Provident Fund, its constitution and by-laws, and the highlights of its operations. It facilitates Institute-wide communication and exchange of information in order to make the delivery of services to its members more efficient. The web facility also allows its members to access their individual member's account and check on the running balance of their monthly contribution to the Fund. All activities and other reports in 2005 were posted online at the said website.

• The Fund's audited financial statements for CY 2004 and the duly-accomplished/notarized general information sheet (GIS) were submitted to the Securities and Exchange Commission (SEC). The registration of the books of accounts and other yearly registration requirements were also compiled with the Bureau of Internal Revenue (BIR).





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Financial Performance

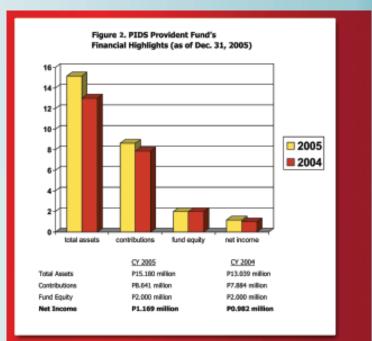
For CY 2005, the Fund realized a net income of P1.169 million from its financial operations, which is about 19.04 percent higher than last year's P0.982 million earnings (Figure 2). This development can be attributed to the following: a) tax exemption of earnings from investment placements amounting to P1.000 million and above; and b) the lock-in strategy adopted by management on its investments.

► The total asset of the Fund stood at P15.180 million, representing a growth percentage of about 16.42 percent over last year's P13.039 million. This includes cash in bank, accrued/other receivables, and investment in treasury bills/treasury bonds.

The total net worth amounted to PI1.670 million, a P1.411 million increase or about 13.75 percent growth over last year's figure of P10.259 million. Of the P11.670 million, P8.641 million or 74.04 percent represents fund contributions, P2.0 million or 17.14 percent represents the seed money from PIDS, and the remaining P1.029 million or 8.82 percent represents the accumulated reserve funds.

Payment of Benefits

During the year, the Fund paid benefits to the following retired/resigned employees: Ms. Marie Ann Cagas, Mr. Luis Nuguid, Ms. Josefina Vinluan, Dr. Mario Lamberte, Ms. Laila Garcia, Mr. Edmund Labuguen, Mr. Santiago Salazar, and Mr. Emmanuel de



Guzman. The computation of the amount they received was based on the provisions of the By-Laws of the PIDS Provident Fund, Inc..

Financial Strategy

As a matter of strategy, the Fund management will continue to exercise prudence in the administration of the Fund's resources to ensure the viability of their placements and ultimately maximize the grant of benefits to the members.





PIDS EMPLOYEES' Association



The PIDS Employees' Association (PIDSEA) is the official employees' organization of the Institute. There are 44 registered members of the Association representing 57 percent of the total number of eligible members from among the PIDS staff complement in 2005. PIDSEA has for its primary goal the promotion and protection of the employees' rights, welfare and professional growth.

For the year 2005, PIDSEA continued to exert efforts to fulfill its mandate to improve the terms and conditions of the employment of its members, promote their welfare and protect their interest.

Foremost in the achievements of the association for the year is the signing of the first Collective Negotiation Agreement (CNA) with the PIDS management headed by the new PIDS President, Dr. Josef T. Yap. Through the CNA, PIDS formally recognized the PIDSEA as the only





accredited organization of employees of the Institute and agreed to extend certain privileges to the Association such as allowing the conduct of meetings on official time, representation to all committees, access to official records, attendance in trainings/seminars



regarding workers' welfare programs, shuttle services to all employees, and attendance in budget deliberations and reorganization/streamlining discussions, among others.

The PIDS management also agreed to give logistical support to PIDSEA such as office space, office supplies and bulletin board; it also allows the use of function rooms for PIDSEA meetings and other activities. Both PIDS and PIDSEA also agreed to maintain a working environment that satisfies the well-being of all employees; promote harmonious relationship between employees and management; recognize good employee performance; and maximize the potential of all employees to increase their productivity.



PIDSEA also maintained its link with other government agencies and attended trainings and seminars on matters that affected government employees such as housing and livelihood programs, GSIS procedures, and laws such as Executive Order 366 which aimed to rationalize the functions and agencies of the executive branch. The association also sent representatives to the Philippine Government Employees Association (PGEA) general assembly held in Malacañang attended by no less than President Gloria Macapagal-Arroyo and Vice President Noli De Castro as well as heads of government financial institutions.

PIDSEA also sustained its fundraising activities in a fun and enjoyable way that boosted camaraderie between management and the staff. In September, at the end of the month-long DPRM and PIDS anniversary celebration, PIDSEA conducted the first PIDS Employees' Day which had color teams competing in various fun games. The highlight of the day was the yearly Bingo Socials. Cash and consolation prizes donated by individuals, private institutions, and kind-hearted souls were at stake.

PIDSEA also spearheaded the revitalization of the Institute's sports program by organizing and holding a table tennis sports



clinic and tournament. The sports activity was such a success that the Association hopes to hold next time a badminton tournament. In December, PIDSEA organized a Kids Christmas Party for all children of PIDS employees. With the help of donors, the sale of tickets and the donation of prizes and food from members and their relatives, the kids had fun in various games where they won candies, school materials and toys.

PIDSEA hopes to duplicate and even surpass these achievements with the start of a new year.



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ANNEX A: BOARD OF TRUSTEES



Dr. Ledivina V. Cariño Member Professor, National College of Public Administration and Governance, University of the Philippines



Hon. Romulo L. Neri Chairperson Secretary, Socioeconomic Planning Director-General, National Economic and Development Authority



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



Mario C. Feranil Acting Vice-President Director, Project Services and Development M.A. Economics (candidate) University of the Philippines, Diliman





Jennifer P.T. Liguton Director, Research Information M.A. Mass Communication University of the Philippines, Diliman



Andrea S. Agcaoili Director, Operations and Finance M.A. Business Administration Philippine Christian University

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



Roque A. Sorioso Legal Consultant Bachelor of Laws University of the Philippines, Diliman



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ANNEX C: RESEARCH FELLOWS



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



Danilo C. Israel

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



Caesar B. Cororaton Ph.D. Economics Clark University (applied general equilibrium modeling, total factor productivity estimation, trade and poverty)



Cristina C. David Ph.D. Agricultural Economics Stanford University (agriculturaleconomics)



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



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 (tradeand industrial policy)



Ma. Melanie R.S. Milo Ph.D. Economics Australian National University (money and banking, international macroeconomics)



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)



Eliseo R. Ponce (Visiting Research Fellow) Ph.D. Agricultural Extension and Rural Sociology Ohio State University (agriculturaleconomics)





ANNEX D: AFFILIATED INSTITUTIONS AND INDIVIDUALS

Institutions

Australian Centre for International Agricultural Research (ACIAR) Bureau of Agricultural Research (BAR) Department of Health (DOH) Institute of Strategic & Development Studies (ISDS) Leyte State University (LSU) National Statistical Coordination Board (NSCB) New South Wales Department of Primary Industries Philippine Atmospheric, Geophysical & Astronomical Services Administration (PAGASA) Philippine Rice Research Institute (PhilRice) South Australian Research and Development Institute (SARDI) United Nations Development Programme (UNDP) United Nations Development Fund for Women (UNIFEM) University of Sydney-Orange World Health Organization (WHO) Yuchengco Center

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Individuals

Alejandro Herrin Alma dela Cruz Angelina Lantin

ANNEX E: MEDIA EXPOSURE

- 1) What's a few percentage points among friends? TODAY, Jan. 9, 2005
- Export Leadership: Does success in one breed failure in another? (1st of 2 parts) Manila Bulletin, p. B2, Jan. 11, 2005
- Export Leadership: Does success in one breed failure in another? (2nd of 2 parts) Manila Bulletin, p. B5, Jan. 12, 2005
- 4) Top Story (Interview of Dr. Gilberto Llanto) ANC Channel 21, Jan. 13, 2005
- 5) News Central, Studio 23 (Interview of Dr. Gilberto Llanto) Jan. 13, 2005, 10 p.m.
- 6) The Insider (Interview of Dr. Gilberto Llanto) Jan. 13, 2005
- Govt urged to be more professional in microfinancing TODAY, Jan. 25, 2005

Arturo Pacificador Aurora Tabada Canesio Predo Carlos Tan, Jr. Ceferino Rodolfo Christine Liao Corazon Lamug Daylinda Cabanilla Efren Saz Emily Cabegin Eulito Bautista Evelyn Javier Filomeno Aguilar John De Leon **Jonas Bautista** Jovi Dacanay Larry Digal Leonardo Lanzona, Jr. Ma. Andrea Santiago Ma. Cherry Lyn Rodolfo Marissa Garcia Ponciano Intal, Jr. Rachel Racelis Rosa Fe Hondrade Rowena Baconguis Saturnina Halos Tolentino Moya Winston Padojinog

- DESPITE OPPOSITION, House to work overtime on VAT rate hike bill INQ7.net, Jan. 26, 2005
- 9) Partylist solons stir opposition to VAT rate hike eBalita News, posted Jan. 27, 2005
- 10) All about total factor productivity Business World, page 21, Jan. 29, 2005
- 11) Tax administration crucial to minimizing VAT impact Business World, page 2, Jan. 31, 2005
- 12) Will we ever learn? Manila Times p. B1, Feb. 5, 2005
- 13) Will we ever learn? Business World, p. 23, Feb. 7, 2005
- 14) Will we ever learn? Philippine Star, p. 18, Feb. 7, 2005
- 15) Popular Economics: Infrastructure and economic growth Business World, page 21, Feb. 7, 2005



- 16) Great on Paper, Hard to Execute TODAY, p. B1, Feb. 7, 2005
- 17) Bank mergers not bad for competition TODAY, p. B2, Feb. 14, 2005
- 'Boom-bust' cycle still hounds the Philippines Business World, p. 2, Feb. 16, 2005
- 19) Slower growth expected as tax and fuel hikes bite BusinessWorld, p. 2, Feb. 16, 2005
- 20) PIDS: '05 economy to grow by 5.6% Manila Times, p. B2, Feb. 16, 2005
- 21) Govt urged to invest in infra, human capital Manila Times, Feb. 17, 2005
- 22) Crisis may derail RP MDGs TODAY, p. 10, Feb. 17, 2005
- 23) Debts threaten attainment of millennium goals BusinessWorld, Feb 19, 2005
- 24) Peso appreciation: winners, losers BusinessWorld, Feb 19, 2005
- 25) Manila vows to maximize Australian Aid Manila Bulletin, Feb. 21, 2005
- 26) Govt urged to junk moves to revive subsidized credit BusinessWorld, p. 13, Feb. 22, 2005
- 27) Popular Economics: Free Trade Agreements BusinessWorld, p. 22, Feb. 28, 2005
- 28) Microfinance in the Philippines: Status, Issues and Challenges TODAY p. B2, Feb. 28, 2005
- 29) RP, Japan FTA to be signed in late 2005 The Manila Times, Business, March 3, 2005
- Once again on poverty statistics or the poverty of statistics Yellow Pad- BusinessWorld, March 7, 2005
- ASEAN sees the brighter side of Japan-China leadership rivalry The Japan Times, p. 3, March 10, 2005
- 32) PPA charter amendments BusinessWorld, The Economy, April 24, 2005
- 33) PIDS has new president Phil. Star, C2, April 11, 2005
- 34) PIDS study on commercial court judges BusinessWorld, April 12, 2005
- 35) New PIDS president takes oath of office Manila Times, Billboard, April 25, 2005

- 36) Govt urged to abolish tenancy laws Manila Standard Today, April 25, 2005
- 37) Higher taxes and culture of corruption Manila Times, May 2, 2005
- 38) NEDA director-general inducts PIDS president BusinessWorld, May 3, 2005
- 39) DTI to fasttrack study on free trade agreement between RP and US Philippine Star, May 9, 2005
- 40) Business Analysis, ANC June 2, 2005, 8:00 p.m.
- 41) End to hybrid rice subsidy urged Manila Times, June 6, 2005
- 42) Agri dept bucks cut in hybrid rice subsidy Manila Times, June 7, 2005
- 43) Microfinance serves as cornerstone in the fight against poverty BusinessWorld - Special Report, June 22, 2005
- 44) Trade accord delayed on Japan's unacceptable offer Manila Times, June 27, 2005
- 45) PIDS has new president Philippine Star, June 29, 2005
- 46) Leadership lack hits farm exports BusinessWorld, July 5, 2005
- 47) RP-Japan agreement good for food sector Manila Times, July 5, 2005
- 48) Agri expert recommends knowledge management skills, Philippine Daily Inquirer (Infotech), July 17, 2005
- ABC 6 pm news, ABC 5 (Interview-Dr. Josef T. Yap) July 20, 2005
- 50) Seasonal climate forecast use for agriculture eyed The Sunday Times, July 31, 2005
- 51) Philippine gets raw deal in trade talks with Japan Manila Times, Aug. 22, 2005
- 52) September is Development Policy Research Month Sun Star Zamboanga, Aug. 26, 2005
- 53) RP to work on early FTA with US Philippine Business Report (Vol. 16, No. 8) Page 1, August 2005
- 54) September is Dev't Policy Research Month Manila Bulletin, September 5, 2005
- 55) Kanyon (DWBL) Interview of Dr. Andrea Santiago September 8, 2005, 9:00 a.m.

- 56) Sumbong, Tugon at Aksyon (DWSS) Interview of Dr. Andrea Santiago September 8, 2005, 10 a.m.
- 57) Lingkod Bayan/ Malayang Talakayan (DZME Interview of Mr. Mario Feranil and Dr. Andrea Santiago September 8, 2005, 3:00 p-.m.
- 58) Tanong ng Bayan (DZBB) Interview- Dr. Josef T. Yap and Prof. Ma. Cherry Lyn Rodolfo, September 11, 2005
- 59) Sunshine Phils. Movement on Air (DZAR) Interview of Dr. Gilbert Llanto and Prof. Maria Cherry Lyn Rodolfo, September 15, 2005
- 60) ANC Top Story (ANC Channel 21) Interview of Dr. Josef T. Yap and Prof. Cherry Lyn Rodolfo September 18, 2005, 5:00 p.m.
- 61) Todo-Todo Walang Preno (DZMM) Interview of Dr. Gloria Pasadilla and Prof. Ceferino Rodolfo September 19, 2005
- 62) Tanong ng Bayan (DZRB) Interview of Ms. Jennifer Liguton September 22. 2005
- 63) DWBL Punto por punto Interview of Dr. Gilberto Llanto and Dr. Gloria Pasadilla September 22, 2005
- 64) Tanong ng Bayan DZBB Interview of Prof. Ceferino Rodolfo and Prof. Maria Cherry Lyn Rodolfo September 24, 2005
- 65) Services Industry: Growth Driver for Economic Competitiveness Philippine Panorama, September 25, 2005
- 66) Trade negotiating body BusinessWorld, September 28, 2005
- 67) The essential politics of bishops BusinessWorld, September 28, 2005
- 68) Proposed RP-US FTA may center on telecom and financial sector Bilaterals.org, posted September 29, 2005
- 69) RP not ready for trade deals, says PIDS study The Daily Tribune, September 29, 2005
- 70) Education to define outsourcing edge BusinessWorld, September 29. 2005

- 71) RP needs to play catch-up in medical tourism game BusinessWorld, September 30, 3005
- 72) Young call center workers find difficulty in acquiring visas, BusinessWorld, September 30, 2005
- 73) Basics on Philippine climatology Agriculture Magazine, October 2005
- 74) Understanding the ENSO phenomenon and its implications, Agriculture Magazine, October 2005
- 75) Espinoza: Conflicting views of economic managers Sun Star Cebu, Oct 4, 2005
- 76) Yellow Pad: On Debt Forgiveness BusinessWorld, Oct. 18, 2005
- 77) Foreign students now evade RP Business Mirror, Oct. 18, 2005
- 78) Book launch (Photo Release) Business Mirror, Oct. 18, 2005
- 79) Study says RP missing out on education services opportunities Manila Times, Oct. 19, 2005
- 80) Book launch (Photo Release) Manila Standard Today, Oct. 20, 2005
- 81) Rich, self-employed evade 106B in taxes Manila Times, Oct. 23, 2005
- 82) Book launching (Photo Release) Philippine Star, Nov. 1, 2005
- 83) Hybrid rice, inappropriate: SEARICE Mindanao Times, November 18, 2005
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- 85) Resist political pressures, De Castro tells economic planners Manila Bulletin, Nov. 20, 2005
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- 87) The Hope and Hype of Microcredit Inter Press Service News Agency, Dec. 1, 2005
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- 89) Japan can help ASEAN integration. The Japan Times, Dec. 13, 2005



ANNEX F: AUDIT CERTIFICATE

CORPORATE GOVERNMENT SECTOR Office of the Director Cluster VI – Social, Cultural and Scientific

AUDIT CERTIFICATE

The Board of Trustees Philippine Institute for Development Studies NEDA sa Makati Building Amorsolo Street, Makati City

We have audited the accompanying balance sheet of the Philippine Institute for Development Studies (PIDS) as of December 31, 2005 and the related statements of income and expenses and cash flows for the year then ended. These financial statements are the responsibility of the Auditee. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with laws, COA standards, and applicable generally accepted state auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance that financial statements are free of material misstatement/s. The audit included examining, on a test basis, evidences supporting the amounts and disclosures in the financial statements. It also included assessing the accounting principles used and the significant estimates made by the Auditee as well as evaluating the overall financial statements presentation. We believe that our audit provides reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Philippine Institute for Development Studies as of December 31, 2005, and the results of its operations and its cash flows for the year then ended in accordance with applicable laws, rules and regulations and in conformity with generally accepted state accounting principles.

COMMISSION ON AUDIT

February 10, 2006



ANNEX G: BALANCE SHEET

BALANCE SHEET As of December 31, 2005 (With Comparative Figures for 2004)

ASSETS		2005		2004		Increase (Decrease)
Current Assets						
Cash & Cash Equivalents	P	16,613,528	P	31,315,299	P	(14,701,771)
Marketable Securities		57,282,396		86,433,398		(29,151,002)
Interest Receivables		8,241,967		8,472,793		(230,826)
Accounts Receivable		1,176,525		1,261,561		(85,036)
Inventories		731,177		867,693		(136,516)
Prepayments & Other Current Assets		1,237,105		1,627,559		(390,454)
Total Current Assets		85,282,698		129,978,303		(44,695,605)
Non-Current Assets						
Long-Term Investments		280,646,525		231,774,681		48,871,844
Property, Plant and Equipment		15,848,724		13,445,378		2,403,346
Total Non-Current Assets		296,495,249		245,220,059		51,275,190
TOTAL ASSETS	Р	381,777,947	P	375,198,362	P	6,579,585
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts Payable - Miscellaneous	P	4,331,979	P	4,050,418	P	281,561
Guaranty Deposits Payable		183,566		368,821		(185,255)
Due to BIR		381,044		353,608		27,436
Due to GSIS, PAG-IBIG, PHILHEALTH		3,108		4,870		(1,762)
Performance/Bidders Bond Payable		507,254		96,560		410,694
Due to GOCC's,NGA's & Others		8,454,623		11,049,410		(2,594,787)
		13,861,574		15,923,687		(2,062,113)
Other Liabilities						1010000000000000
Deferred Credits		3,128		3,128		0
Total Liabilities		13,864,702		15,926,815		(2,062,113)
Equity						
Government Equity		243,168,333		237,720,893		5,447,440
Retained Operating Surplus		124,744,912		121,550,654		3,194,258
Total Equity		367,913,245		359,271,547		8,641,698
TOTAL LIABILITIES AND EQUITY	P	381,777,947	Ρ	375,198,362	P	6,579,585



ANNEX H: STATEMENT OF INCOME AND EXPENSES

Increase

STATEMENT OF INCOME AND EXPENSES

For the Year Ended December 31, 2005 (With Comparative Figures for 2004)

		2005		2004		(Decrease)
INCOME		2005		2004		(Decrease)
Subsidy Income From National Government	P.	15,000,000	P	15,000,000	P	0
Interest Income from Investment and Time Deposits		29,598,620		27,342,805		2,255,815
Sale of Publications-Net of Cost of Publication		125,291		149,956		(24,665)
Miscellaneous/Other Income		2,984,767		2,266,997		717,770
Total Income		47,708,678		44,759,758		2,948,920
OPERATING EXPENSES						
Personal Services						
Salaries and Wages		15,671,221		16,847,089		(1,175,868)
Other Compensation		7,949,939		6,586,346		1,363,593
Personnel Benefits Contribution		2,120,528		2,226,617		(106,089)
Other Personnel Benefits		1,822,218		1,700,399		121,819
		27,563,906		27,360,451		203,455
Maintenance and Other Operating Expenses						
Utility Expenses		4,549,306		2,574,401		1,974,905
Professional Services		2,832,552		2,137,548		695,004
Depreciation Expense		2,037,846		2,440,657		(402,811)
Repairs and Maintenance		1,522,248		744,719		777,529
Communication Expenses		1,279,011		953,533		325,478
Training and Scholarship Expenses		960,989		335,209		625,780
Printing and Binding		665,704		217,853		447,851
Supplies and Materials Expense		554,851		549,837		5,014
Taxes, Insurance Premiums and other Fees		428,174		420,160		8,014
Gasoline, Oil and Lubricants		321,547		332,429		(10,882)
Postage and Deliveries		212,478		285,590		(73,112)
Representation Expense		157,703		94,827		62,876
Subscription		93,788		93,202		586
Extraordinary & Miscellaneous Expense		78,748		79,758		(1,010)
Travelling Expenses		64,259		327,157		(262,898)
Advertising		58,960		42,540		16,420
Grants and Donations		11,310		17,440		(6,130)
Bad Debts Expense		0		1,465,618		(1,465,618)
Rent		0		400		(400)
Other Expenses		456,319		1,257,875		(801,556)
Bank Charges		2,977		3,273		(296)
		16,288,770		14,374,026		1,914,744
TOTAL OPERATING EXPENSES		43,852,676		41,734,477		2,118,199.00
Profit for the Year	P	3,856,002	P	3,025,281	P	830,721



ANNEX I: STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS For the Year Ended December 31, 2005 (With Comparative Figures for 2004)

Cash Flow from	m Operating Activities		2005		2004
Cash Inflows:					
	Receipt of Subsidy for Operations	P	15,000,000	P	15,000,000
	Collection of Income/Revenues		849,028		1.521.987
	Collection of Receivables		2,195,177		2,346,667
	Collection of Interest - PIDS Proper		30,392,240		29,013,103
	Collection of Interest - PIDS Projects		140,071		228.24
	Receipt of refunds of cash advances		Viele I.		Care of the I
	and overpayments of expenses		636,437		727,820
	Receipts of guaranty deposits		410,694		82,39
	Receipts of Project Fund		9,249,142		17,425,643
	Total Cash Inflows		58,872,790		66,345,86
Cash Outflows:					
	Cash payment for operating expenses		42,772,579		36,389,099
	Cash payment for project expenses		9,642,194		12,710,26
	Cash payment for payables incurred in		3,642,324		1.319,538
	operations		olo intent		
	Cash purchases of inventories		638,403		715,16
	Granting of cash advances/petty cash		608,140		495,52
	fund		000,110		100,00
	Advances to employees/projects		1,572,848		3,483,39
	Remittance of withholding taxes		261,178		189,47
	Refund of Performance/Bidders/Bail		34,171		160,16
	Bonds Payable		01,111		100,100
	Total Cash Outflows		59,171,838		55,462,61
Total Cash Us	ed by Operating Activities		(299,049)		10,883,249
	m Investing Activities				
Cash Inflow:					
	Receipt of proceeds from sale of		12,000		-
	property & equipment				
	Subsidy for Endowment Fund		7,300,000		7,300,00
	Proceeds from maturing PASCN		3,950,692		6,587,70
	Proceeds from maturing Tbills & Other Securities		98,407,757		159,262,73
			11 742 166		75,800,00
	Proceeds from maturing Toonds Total Cash Inflows		11,742,166		248,950,43
Cash Outflow:	rotar oash mnows		121,412,015		240,300,43
Dash Outlow:	Purchase of Property Plant 8		1 220 440		4 492 00
	Purchase of Property, Plant &		1,239,449		4,483,063
	Equipment		4 447 050		4 047 00
	Roll-over of PASCN investment		4,447,852		4,917,28
	Reinvestment in Tbills & Other		66,219,069		136,690,92
	Securities		00 000 000		440 005 00
	Reinvestment in Tbonds		63,908,968		110,325,03
	Total Cash Outflows		135,815,337		256,416,31
	ed by Investing Activities		(14,402,722)		(7,465,878
Total Cash Us	ed by intesting routilies				
Cash Used by	Operating and Investing Activities		(14,701,771)		3,417,37
Cash Used by			(14,701,771) 31,315,299		3,417,37 27,897,920



ANNEX J: DIRECTORY OF KEY OFFICIALS

Name	Designation	Telephone	Fax	Email
Management Committee				
Josef T. Yap	President	893-9591	810-6261	jyap@pids.gov.ph
Mario C. Feranil	Acting Vice-President and Director, Project Services and Development	893-7819	893-9582	mferanil@pids.gov.ph
Jennifer P.T. Liguton	Director, Research Information	893-5705	893-9589	jliguton@pids.gov.ph
Andrea S. Agcaoili	Director, Operations and Finance	892-5812	816-1091	aagcaoili@pids.gov.ph
Roque A. Sorioso	Legal Consultant	893-9592	810-6261	rsorioso@pids.gov.ph
Research Fellows				
Marife M. Ballesteros	Research Fellow	893-9585	812-6141	bmarife@pids.gov.ph
Cristina C. David	Research Fellow	893-9579	812-1478	cdavid@pids.gov.ph
Danilo C. Israel	Research Fellow	893-9571	893-9571	disrael@pids.gov.ph
Gilberto M. Llanto	Research Fellow	893-9585	812-6141	gllanto@pids.gov.ph
Rosario G. Manasan	Research Fellow	812-6141	812-6141	rmanasan@pids.gov.ph
Erlinda M. Medalla	Research Fellow	892-5817	893-9588	emedalla@pids.gov.ph
Ma. Melanie R.S. Milo	Research Fellow	893-9583	892-5746	mmilo@pids.gov.ph
Aniceto C. Orbeta, Jr.	Research Fellow	893-9571	893-9571	aorbeta@pids.gov.ph
Gloria O. Pasadilla	Research Fellow	893-9583	892-5746	gpasadilla@pids.gov.ph
Celia M. Reyes	Research Fellow	892-7385	893-9586	creyes@pids.gov.ph
Eliseo R. Ponce	Visiting Research Fellow	893-9579	812-7478	eponce@pids.gov.ph
Support Offices				
Sheila V. Siar	Division Chief, Publications	894-2584	894-2584	sshiela@pids.gov.ph
Edwin S. Martin	Division Chief, Public Affairs	892-4059	893-9589	medwin@pids.gov.ph
Valentina T. Tabayoyong	Librarian IV	893-9590	893-9589	ttina@pids.gov.ph
Herminio F. Isisp	OIC, Administrative Division	893-9573	816-1091	ihermie@pids.gov.ph
Madelyn F.Fadrigon	Division Chief, Finance	893-9581	816-1091	fmadz@pids.gov.ph
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Marissa C. Esquivel	Project Dev't. Officer IV	893-9582	893-9582	emarie@pids.gov.ph
Aniceto C. Orbeta, Jr.	OIC, Management Information Staff	812-6142	816-1091	aorbeta@pids.gov.ph

Philippine Institute for Development Studies

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