

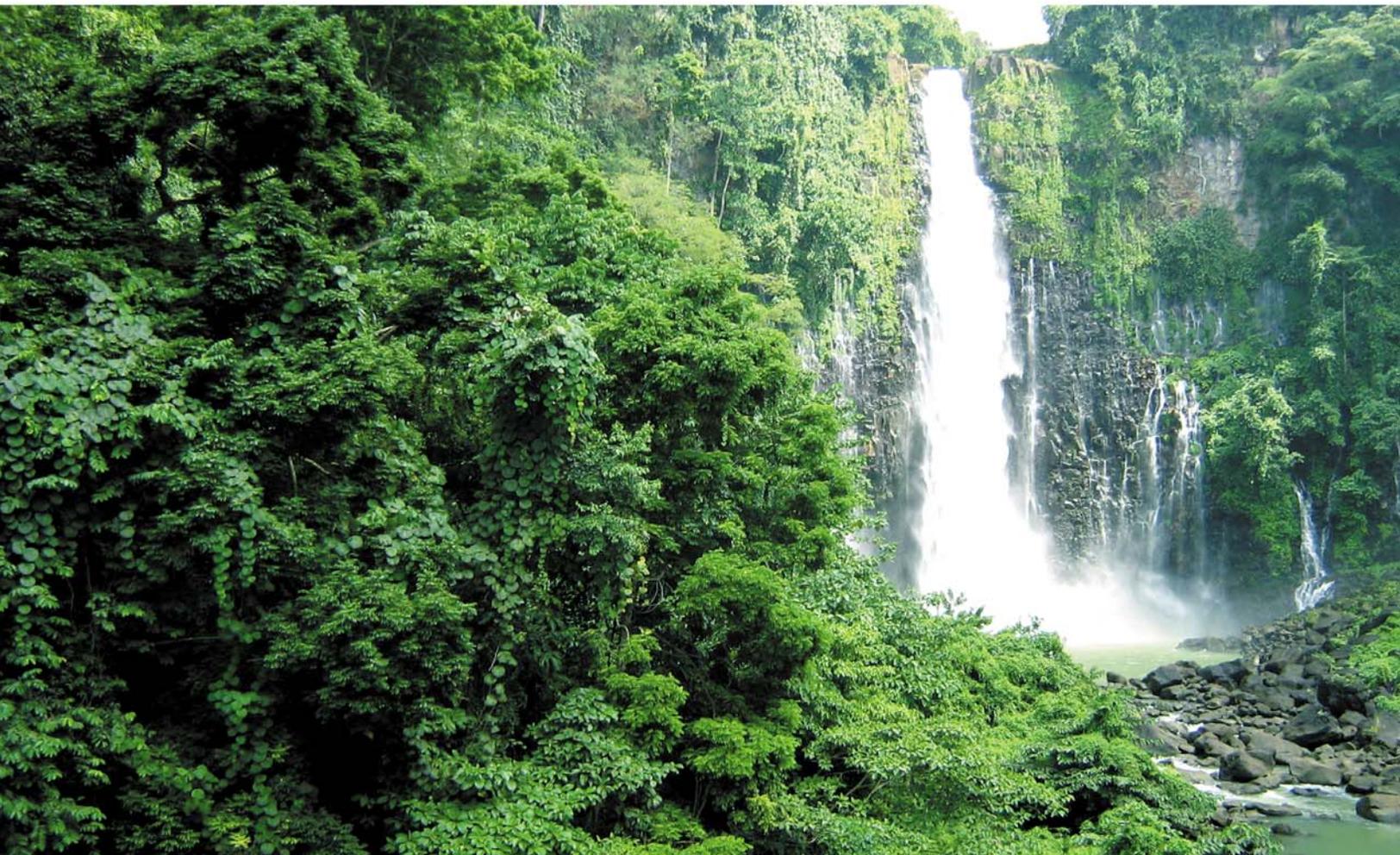


Pananaliksik sa pagpapaunlad
ng pamamahalang lokal

2006 ANNUAL REPORT

Philippine Institute for Development Studies

Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas



About the cover



The Philippine Institute for Development Studies (PIDS) led the research community in giving importance to research and development of local governance in 2006. The year celebrates the 4th Development Policy Research Month in September with the theme “*Pananaliksik sa Pagpapaunlad ng Pamamahalang Lokal.*” The event’s significance emanates from the realization of a bottoms-up approach in national development strategies where local governments are given crucial roles in leading the thrust toward progress and sustainable socio-economic growth, based on the premise that they have closer and more direct connection with participants and stakeholders of development.

For 2006, a forum on sustainable upland development, where local communities and officials led the efforts in the protection of their areas’ natural resources like water resources, highlighted the celebration. Several other local governments, including Quezon City whose administration hall is shown in the cover and which was one of the highest revenue-earning local government units, participated in the observance and held their own activities.

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mission

The Philippine Institute for Development Studies (PIDS) is a nonstock, nonprofit government research institution engaged in long-term, policy-oriented 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.



The President's Report

2006 marked a new paradigm in the Philippine Institute for Development Studies' strategy toward development approach in the country. Departing from the conventional method of a centralized modality for development, the PIDS management has seen the wisdom of a bottoms-up approach in a decentralized strategy toward Philippine development. Although national policymaking is still crucial in setting the tone for synchrony and systematization, localized development provides more appropriate and responsive parameters for the peoples' sense of ownership and belonging in an otherwise impersonal and distant design of a nationally crafted approach. Thus, in the succeeding years, the Institute would try to focus on local government development in unison with the usual macroeconomic studies that it normally produces. The idea is to possibly bridge local government development efforts with those of the national as well as international economic trends.

As the year celebrated the 29th anniversary of the Institute, we opted to introduce localized development by choosing the theme "*Pananaliksik sa pagpapaunlad ng pamamahalang lokal,*" with its sub-theme of "*Crafting Good Policies for Sustainable Upland Development at the Local Level*" during the September celebration of the Development Policy Research Month. This consistently aligns our plan to touch base with local government research and policymaking.

The Institute has likewise started partnering with the business sector through the different local chambers of commerce in order to facilitate new network mechanisms in fostering economic research and development in the micro level. Having had our first collaborative forum with the Cebu Chamber of Commerce and Industry with our discussion seminar on the Services Industry, we envision having more private sector partnerships in the succeeding years in order to provide a more healthy interaction between business and the research community.

In addition to the Institute's usual research dissemination format, we have embarked on our latest knowledge-sharing strategy of setting up PIDS Corners in provincial public libraries or in college-/ university-based libraries outside of Metro Manila in order to make the PIDS research outputs more visible and easily accessible to the public, especially in areas far from the Metropolis. Although most of PIDS materials are readily available in the internet, we still believe that not everybody has both the technical and financial capability of accessing cyber information.

Finally, as a response to the bureaucracy's on-going call for government transparency and accountability, the Institute has in the latter part of the year coordinated with the Commission on Audit to spearhead the implementation of the electronic New Government Accounting System (eNGAS) within the Institute which leads to a more efficient recording and summary of the financial transactions of PIDS.



JOSEF T. YAP, Ph.D.
President

No. of research projects completed in 2006 - 31
inhouse - 23
outsourced - 8

No. of ongoing research projects as of end of 2006 - 27
inhouse - 20
outsourced - 7

PIDS RESEARCH AGENDA 2005-2009

- **Economic Policy Choices**
- **Policies for Sustainable Human Development**
- **Institutional Development**

research activities

PIDS completed a total of 31 research projects in 2006, mainly in the areas of economic policy choices and sustainable human development. Twenty-three of these finished projects were done by in-house researchers while the rest were sourced out to research affiliates of the Institute. There are currently 27 on-going projects that the Institute is facilitating while several project proposals are still being studied for possible implementation in 2007.

Completed Studies

COMPLETED IN-HOUSE PROJECTS

- *Research Management for Southeast Asia Human Development Report (SEAHDR)*

The SEAHDR Project tasked PIDS to coordinate partner research institutions in the entire process of putting together the substantive content of the SEAHDR, including the consolidation of the research outputs of all participating research institutions and timely production of the SEAHDR.

- *Impact of Regional Economic Integration on Human Development*

In addition to research management of the entire SEAHDR, PIDS was also tasked to provide chapter 3 of the Report, focusing on the progress that has been made in fostering economic integration in ASEAN.

- *Overview Article on Services Trade*

The paper is a chapter in the book “Global Challenges in Services Trade” which expounds on the services trade experience of the Philippines. It presented the selected subsectors within the services sector and highlighted the potentials they have created for the country, along with the issues and challenges ahead.

- *Preferential Trading Agreements and Agricultural Liberalization in East and Southeast Asia*

The study analyzed how various preferential trading arrangements deal with agriculture liberalization and examined a few case studies highlighting the provisions on agriculture. It assessed the effects of preferential trade agreements on agriculture trade flows in the ASEAN.

- *FDI Investment Incentive System and FDI Inflows: The Philippine Experience*

The study examined the country’s investment incentive program for foreign investors and its success in attracting substantial Foreign Direct Investment (FDI) inflows.

- *Debt Conversion Schemes Toward Financing the Millennium Development Goals*

The study analyzed the feasibility of debt conversion proposals to finance MDG needs of the country and provide “fiscal space” for the national government.

- *Determinants of Export Performance in the Manufacturing Sector*

The paper determined the factors affecting the export performance of firms in three main manufacturing sectors in the Philippines. It used a novel econometric model that specifically addressed fractional response behavior and estimated the model using a modified quasi-maximum likelihood procedure.

- *Slotting Allowance: An Overlooked Angle in Grocery Retailing*

The study specifically informs the consumers that the practice of charging shelf-space rental fee is a potential source of retailer power that may yield positive and negative consequences. Two divergent views on slotting allowance were presented: 1) the efficiency gain principle, and 2) the anticompetitive prospect.

- *Autoparts: Case Study and Survey of Ten Firms*

The main objectives of the study were twofold: 1) to provide an overview of the major trends taking place in the Philippine automotive industry; and 2) to assess the competitiveness of the auto parts and components sector with focus on selected metal parts.

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■ *Land Reform and Changes in Land Ownership Concentration: Evidence from Rice-Growing Villages in the Philippines*

This study examined the effects of land reform and land transfer actions of farmer beneficiaries on land ownership concentration. Land transfer actions of farmer beneficiaries may not have necessarily worsened the current land ownership concentration, but in the absence of progressive land tax, these actions can lead to widening land concentration.

■ *The Hybrid Rice Program: Structure, Conduct and Performance*

Given the current fiscal crisis, and the country's scarce resources, the poor state of infrastructure, and the severe under-funding of education and health services, the study's rationale found it imperative to evaluate the design, conduct and performance of the hybrid rice program which was said to be heavily subsidized by government. The study presented the role of government in rice-variety improvement and the Asian experience in hybrid rice technology.

■ *Rules of Origin: Evolving Best Practices for RTAs/ FTAs*

The study focused on some recurring Rules of Origin (ROO) issues and presented some suggestions for a framework for ROO best practices that are characterized by transparency, predictability, neutrality and non-discrimination, and the added dimension of being development-friendly.



Land reform has succeeded in the break up of huge estates in rice-growing villages but has not effectively improved land ownership concentration due to evasion tactics of landlords who have retained a significant portion of lands through land schemes that are considered legitimate under the land reform laws.

■ *Infrastructure and Regional Growth*

The study, part of a book titled "Policies and Institutions for Advancing Regional Development: The Philippines in Comparative East Asian Context," identified some of the main factors behind the dismal performance in infrastructure investment in the Philippines and indicated pathways that may lead to more substantial levels of investment in the future.

■ *Rural Innovations as Responses to Failures in Rural Financial Markets*

Reviews and innovations developed by some financial institutions to meet the challenges of microfinance and rural finance markets are the core concerns of this study.

■ *Micro-Insurance: Issues, Challenges and Policy Reforms*

This paper assessed the state of micro-insurance in the country, identifying the players and their performance, and the challenges facing micro-insurance development. It is also an assessment of the role and significance of micro-insurance and risk protection services in socioeconomic development, poverty reduction and the development of the financial sector of the Philippines.

■ *Financing the Millennium Development Goals*

The study essentially brings up-to-date the estimates made earlier in 2002 in the resource requirements and resource gaps that are pertinent to the attainment of the MDGs on primary education, child mortality,

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Inadequate and low quality infrastructure investments may constrain the regional growth potential according to a PIDS study. National government infrastructure spending is currently set at 2% of GDP compared to 5% benchmark for middle-income countries in East Asia.



maternal health, HIV/ AIDS, malaria and other diseases, and environmental sustainability given the backlogs in inputs and/or intermediate outputs existing to date.

■ *Gems in LGU Fiscal Management: A Compilation of Good Practices*

Recognizing that the lack of financial resources to support the provision of basic services and to fund local development plans is a critical concern at the local level to attain improvements in key human development outcomes, the study dwelt on the different sources of LGU revenues – both traditional and nontraditional.

■ *Children and Household Savings in the Philippines*

The study examined the relationship between household savings and family size. Using a recent nationally representative household survey, the results of the study showed that, on average, the impact of additional children on household savings is negative and regressive.

■ *The More the Poorer: Why Large Family Size Causes Poverty*

The study examines the correlation between poverty and family size with emphasis on three primary areas: 1) the impact of the number of children on the labor force participation and incomes of parents, 2) education of children, and 3) household savings.

■ *Feasibility Study on East Asian Free Trade Act (EAFTA)*

The feasibility study found out that the rationale for EAFTA lies firmly in both economic and political interests of all East Asian countries. EAFTA would increase awareness of a common destiny, lead to institutionalized dialogues and contracts, and increase mutual understanding and cooperation in East Asia.

■ *Development of Research Proposals for LGU Assistance*

The overarching objective of the program is to strengthen and institutionalize evidence-based planning and policymaking in local governance through the use of data and results of research and policy analysis, with PIDS data and research as primary resources.

■ *Maintenance of PIDS Database*

The project is a regular part of PIDS operations that aims to regularly update and maintain the PIDS indicators system to make them more user friendly; develop and incorporate poverty maps in the PIDS database; and align the PIDS database with current PIDS thrusts of going regional – both sub-national and global.

■ *Trade Policy Monitoring*

A continuing activity of the Institute, the project involves the regular updating and database buildup of information pertaining to trade and policy industry analysis.

COMPLETED OUT-SOURCED PROJECTS

■ *Inventory of Economic Research Studies on Selected Countries*

The research undertaking provided a compendium of research work and studies for Asia as a first step toward stocktaking. The project is in preparation for the formulation of a region-wide cooperation in

research which will culminate in the formation of a regional research institution.

■ *Inventory of Economic Research Studies on Selected Countries: Focusing on Intellectual Property Rights (IPR) and Logistics and Infrastructure*

The project made an inventory of studies on IPR and logistics and infrastructure issues covering the period 1997 – 2006. It specifically covered the countries of ASEAN 10 plus 6 (Japan, PRC, Korea, India, Australia and New Zealand). It also included a look into the Research and Information System for developing countries like India.

■ *Contribution of Services to Output and Productivity in Philippine Manufacturing*

The paper looked into the significant input and influence of the growth of the services industry to the manufacturing sector in the Philippines.

■ *Extension System in a Poultry and Swine-Based Farming Community: The Case of San Jose, Batangas*

The case study probed into the agricultural system of municipalities that have experienced agricultural growth over the past ten years and specifically focused on the extension system in the poultry and swine community of San Jose, Batangas.

■ *Effectiveness of the Delivery of Agricultural System: The Case of a Municipality in Davao del Sur*

The case study focused on the analysis of the agricultural extension system of Hagonoy, Davao del Sur. It looked into the formal and informal linkages made by the municipal agricultural services to improve the knowledge and skills of the farmers in various sectors.

■ *The Role of Extension in Local Agricultural Development: The Case of Ubol, Bohol*

This study looked into the structure of the agriculture sector and its performance after the devolution of

agriculture to local governments. It documented the community knowledge system and analyzed the dynamics in the provision of agricultural extension services in the village of Ubol, Bohol.

■ *National Transfer Accounts (NTA): Estimation Methodologies, Development Estimation and Documentation for Asia's Dependency Transition Project*

The project is phase two of the Philippine component of a regional project funded by the Nihon University Population Research Institute (NUPRI). The aim was to develop appropriate estimation methodologies for use in the study.

■ *Data Compilation and Estimation of National Transfer Accounts (NTA): Components for Asia's Dependency Transition*

Part of phase two of the Philippine component of a regional project funded by NUPRI, this project involved the compilation of data and statistical treatment for use in the estimation of NTA in the Philippines. ■



Ongoing Studies



Proper crop and soil management, and use of reliable climate information could help smallhold corn growers earn more from their livelihood.

ONGOING IN-HOUSE PROJECTS

- Analysis of the President's Budget for 2007
- Who Benefits from the Government Social Spending: Education and Health
- Who Benefits from the Government Social Spending: Taxation Incidence
- A Study of Emerging Financing Arrangements in Rural Credit Markets
- A Review of the Philippine Experience with the BOT Scheme
- Reform of the Pension System
- Financial Regulatory Structure
- East Asian Financial Cooperation
- Land and Credit Contracts: A Case Study of Land Pawning Transactions
- Land Reform Program: Tasks Ahead
- Manufacturing-Services Link
- Simulating the Impact of Seasonal Climate Forecasts on Corn in Isabela Province
- Competition Issues: Cross-Country Paper
- JPEPA Integrative Report
- Development of Research Proposals for OFWs
- Agriculture Technology, Governance and Productivity
- Rice Extension and Knowledge Management: The Institutional Dimension

- Managing Agriculture Knowledge for Growth and Equity: The Theory Practices and Possibilities in the Philippines
- Poverty Monitoring and Analysis
- Economic Impacts of R&D in Philippine Aquaculture

ONGOING OUT-SOURCED PROJECTS

- The Role of Extension in Local Agricultural Development: The Case of Dalaguete, Cebu
- 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)
- Comprehensive Survey of the Philippine Agriculture Bureaucracy Phase 1: The National Agriculture Bureaucracy: Staff, Resources and Budget
- Logistics Sector in the Philippines: Its Role and Future Research
- Prospects of Institutional Strategies within APEC for Improving the Microeconomic Policy Foundations of East Asia's Economic Performance: The Case of the Philippines
- Data Compilation and Estimation of National Transfer Accounts (NTA) Components for Asia's Dependency Transition Project (Philippine Component) – Phase 2



PUBLICATIONS RELEASED IN 2006

- 2 books
- 6 Research Papers
- 3 Philippine Journal of Development Issues
- 6 Development Research News issues
- 11 Policy Notes
- 25 Discussion Papers
- 7 Economic Issue of the Day releases
- Special Projects: PIDS Research Agenda 2005-2009 booklet, PIDS brochure, PIDS Catalogue of Publications, and the 2006 issues of the SCF Project Updates newsletter

FORA/CONFERENCES ORGANIZED IN 2006

- 3 network/ project related fora (which includes an International Conference)
- 2 House of Representatives Fora
- 4 Pulong Saliksikan
- 7 Regional Consultation Meetings
- 4 Roundtable Discussions
- 2 PIDS Corner Inaugurations
- 1 Press Conference
- 1 Orientation-Seminar/ Briefing
- 10 General Assembly Meetings



research advocacy

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

■ Books

The Institute released two books in 2006. The first is *Philippine agriculture, food security and APEC* edited by Liborio S. Cabanilla and completed under a PASCN project. The second is *Global challenge in services trade: a look at Philippine competitiveness* edited by Gloria S. Pasadilla and produced by PIDS with support from the German Technical Cooperation office in Manila.

■ Research Paper Series

For its Research Paper Series, the Institute released six issues. Two of them—both part of the 2004 series—tackled e-commerce: *Toward a national tax policy for e-commerce (RPS 2004-01)* by Peter Lee U and *Employment impact of business-to-consumer e-commerce on Philippine workers (RPS 2004-02)* by Roberto E. de Vera.

Another is the lone paper in the 2005 series—*Experiences of crisis-hit Asian countries: do asset management companies increase moral hazard?* by Akiko Terada-Hagiwara and Gloria Pasadilla.

For its 2006 series, the Institute released three papers, two of which are both by Gilberto M. Llanto and Ryu Fukui—*Rural finance and microfinance development in transition countries in Southeast and East Asia (RPS 2006-01)* and *Innovations in Microfinance in Southeast Asia (RPS 2006-02)*. The last paper in the 2006 series is Cristina C. David's *The Philippine hybrid rice program: a case for redesign and scaling down (RPS 2006-03)*.

■ Policy Notes Series

The Institute released 11 issues of the Policy Notes (PN) Series during the year. Five of these were in support of the Philippine Human Development Network advocacy program. PIDS is not only a member of the Network but also acts as its secretariat. Said five PN issues were culled from case studies featured in the 2005 Philippine Human Development Report (PHDR) that carried the theme, "Peace, human security and human development in the Philippines."

The issues particularly paid attention to the impact of armed conflicts in the country and the possible solutions for their resolution, including the role the civil society can play.

The rest of the PN issues for the year delved on varying issues such as: the effect of family size on poverty; the impact of slotting allowance on the price one pays for a particular product; the adverse and beneficial effects of China's rise on the economies of Southeast Asia; the lessons the Philippines can learn from a project in Cambodia that assessed the economic value of their inland fisheries resources; the overall possible impact on growth and poverty reduction of the recently signed Japan-Philippines Economic Partnership Agreement; and a call to review of the Philippines' radio spectrum management policy to arrive at a better allocation and assignment of spectrum.

■ Development Research News

All six issues of the Development Research News came out during the year. The January-February 2006 issue contained Dr. Josef Yap's outlook for the year. The March-April 2006 issue had two articles: the first analyzed the Philippines' competitiveness in the cross-border education trade while the second discussed the need for an early warning system as a tool to mitigate armed conflicts. The latter article is a condensed version of a piece originally written for the 2005 PHDR.

Meanwhile, the May-June 2006 issue had for its main feature a condensed version of Gloria Pasadilla and Angelina Lantin's paper that dissects the Philippine film industry and compares it with India's Bollywood and other Asian countries' more successful film industries. Relatedly, the issue ran the insights of veteran film director Laurice Guillen on the state of the Philippine film industry and her recommendations on how it can catch up with its neighbors.

For the July-August 2006 issue, the last two PHDR articles that PIDS committed to disseminate were published: the results of a survey done by pollster Pulse Asia on the biases against Muslims and a piece on the costs and spillovers of the AFP vs. NPA armed conflicts, particularly in Metro Manila and Rizal provinces. Said issue also ran news articles on the revival of the PIDS regional seminar program and the launching of the first PIDS Corner at the Bohol Provincial Library in Tagbilaran City.

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BOOKS RELEASED IN 2006

PHILIPPINE AGRICULTURE, FOOD SECURITY AND APEC

This volume advocates for key reforms in the agriculture sector that are consistent with the emerging global environment and argues for a more outward orientation and the eventual diversification of agriculture—the two basic requisites for a country's food security.

GLOBAL CHALLENGE IN SERVICES TRADE: A LOOK AT PHILIPPINE COMPETITIVENESS

A compilation of papers presented during the seminar on services held in September 2005 as part of the 3rd Development Policy Research Month celebration, this volume provides a comprehensive analysis of selected services subsectors, namely: education, health and related services, audiovisual services, business process outsourcing, and information and communication technology. It discusses the potentials these subsectors have created for the country, along with the issues and challenges ahead. Issues in the international negotiation arena that the Philippines could advance are also tackled in the volume.

TITLES UNDER THE RESEARCH PAPER SERIES (RPS) RELEASED IN 2006

TOWARD A NATIONAL TAX POLICY FOR E-COMMERCE

This paper looks at the problem of taxing e-commerce transactions. While trade in tangible or physical goods with e-commerce will not introduce problems, trade in intangible or electronic/digital goods can be problematic because they will be difficult to track. The paper concludes that while these tax losses may happen at the start, the long-term benefits of e-commerce will outweigh such losses.

EMPLOYMENT IMPACT OF BUSINESS-TO-CONSUMER E-COMMERCE ON PHILIPPINE WORKERS

This paper estimates the effect of business-to-consumer (B-to-C) e-commerce on the employment levels in selected industries and finds that it can result in increased employment for the industries of electronic communication equipment, forwarding, packaging and crafting, and tour and travel agencies. The latter is predicted to experience the largest percentage of employment increases.

RURAL FINANCE AND MICROFINANCE DEVELOPMENT IN TRANSITION COUNTRIES IN SOUTHEAST AND EAST ASIA

This paper finds the diverse potentials that formal and semiformal financial institutions in Cambodia, Lao PDR, Myanmar, Vietnam and Mongolia have to reach out to the rural poor and small economic players in the countryside. To overcome the constraints faced by these institutions that stem from their old models, several policy recommendations are put forward such as the reform of agricultural banks, adoption of market-based policy framework, and the progressive establishment of the legal and regulatory framework for microfinance.

EXPERIENCES OF CRISIS-HIT ASIAN COUNTRIES: DO ASSET MANAGEMENT COMPANIES (AMCs) INCREASE MORAL HAZARD?

This paper analyzes the effectiveness of AMCs in solving the bad loans problem in the financial system. Based on the findings, AMCs vary significantly in their design and performance. In the case of publicly funded AMCs, they create more nonperforming loans because, by design, they allow the transfer of bad assets from state-owned banks at inflated prices. Private-bank owned AMCs, however, may help in decreasing nonperforming loans presumably because they are better managed.

INNOVATIONS IN MICROFINANCE IN SOUTHEAST ASIA

The paper describes these innovations and discusses the lessons learned, highlighting the government's important role in regulating and supervising financial institutions and in creating a policy environment conducive to microfinance innovations. It also points out that the government should focus more on institutional innovations and leave to the private sector the development of process and product innovations.

THE PHILIPPINE HYBRID RICE PROGRAM: A CASE FOR REDESIGN AND SCALING DOWN

This paper takes note of the failure of the hybrid rice program in meeting its objectives as evidenced by the unsuitability of the varieties introduced, the poor quality of the seeds produced, and the inefficiencies arising from the distortion of farmer's choice between hybrid and inbred varieties, and among hybrid varieties. It also highlights the substantial direct and indirect financial costs borne by the government as a result of the highly subsidized approach adopted in the program.

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The September-October issue, on the other hand, featured the study of Aniceto Orbeta on the impact on poverty of various households' not having access to the use of contraceptives for family planning. It also focused on the steady gains of the Development Policy Research Month (DPRM) observance in terms of increasing the awareness and appreciation of the public on the key role of policy research in the process of planning and policymaking in the country.

Finally, the November-December 2006 issue had as lead article the preliminary stocktaking of e-commerce in the Philippines. The issue also included some commonly asked questions and their answers with regard to the Japan-Philippines Economic Partnership Agreement (JPEPA). News stories about the international conference organized by the Institute and the Australian National University on institutions and regulations, and the inauguration of the second PIDS Corner at the University of Rizal-Antipolo campus were also featured.

■ Philippine Journal of Development

The Institute released three issues in 2006. The papers contained various topics, which reflected the diverse aspects and multifaceted nature of development.

The first semestral issue for 2004 had papers on competitiveness, a firm-level concept that is often extended to the national level; the impact of trade reforms on welfare and income distribution using a computable general equilibrium model; the regulatory reforms in the electricity and downstream oil industries; the coastal resources management approach and whether or not it resulted in a more sustainable economic development for the coastal areas of the Philippines; and the governance systems in Southeast Asia.

Meanwhile, the second semestral issue for 2004 published papers on the ongoing efforts to adopt English as the official language among APEC member countries; the trade and economic implications for the Philippines of China's accession to the World Trade Organization; the cruel intertemporal tradeoff that poor families are compelled to make in order to survive (that is, young children are made to work, which sets back their schooling trajectory and negatively impacts on their future employability); and the impact of devolution on the country's road infrastructure.

The first semestral issue for 2005 discussed the effects of sociodemographic factors on individual preferences

for either more trade protectionism or greater trade liberalization; the impact of family size on poverty; the market demand for secondhand clothes or ukay-ukay; and the determinants of shifts in living standards for Vietnamese households.

■ Economic Issue of the Day

The Institute produced seven issues in 2006. The topics discussed are: value added tax (VAT) and the expanded VAT law; the basic differences between a parliamentary and a presidential system of government; exchange rate and how to interpret it; the Avian flu and the threat it may pose to both human lives and livelihood; the prospects and potentials of the country's call center industry; understanding the scope and measure of gross national product and gross domestic product; and measurement of productivity, whether at a firm/industry level or at an economy-wide level.

■ Discussion Paper Series

Under this series, the Institute came out with 25 titles in 2006. Almost half of these were titles written under the PASCN project on assessing the likely impacts of the proposed US-Philippine free trade agreement. The other titles delved, among others, on microinsurance, land reform and changes in land ownership, the effects of the foreign direct investment (FDI) incentive scheme on FDI inflow, determinants of export performance of Philippine manufacturing firms, state of trade and investment in the Philippines, and cases of good practices in fiscal management at the local government level.

■ Others

In addition, to promote the wider dissemination of its new research agenda (2005-2009), the Institute came out with a brochure of the condensed version of the agenda. An updated PIDS brochure and catalogue of publications were also released during the year.

The 2006 (Nos. 1 and 2) issue of the SCF Project Updates newsletter was also published. This is the official newsletter of the ACIAR-sponsored project on seasonal climate forecasts, of which the Institute is one of the Philippines' implementing agencies along with the Leyte State University and PAGASA.

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PIDS Corners: Helping to make research outputs more accessible



Inauguration of PIDS Corner at the Bohol Provincial Library (Tagbilaran City, Bohol, July 2006)



Inauguration of PIDS Corner at the University of Rizal System, Antipolo City Campus (December 2006)

In consonance with its new research thrust to “Go Regional: East Asia and Local – Philippines,” the Institute launched a new dissemination strategy in 2006 to make the results and findings of its various research outputs more visible and accessible at the local and community levels. This is the setting up of mini-PIDS Corners in selected provincial libraries and college/university-based libraries in various areas outside of Metro Manila. This new information resource is also in response to requests and queries received from various institutions, especially libraries, in the regions to furnish them with copies of the various PIDS studies and publications.

Because it is not possible to set up PIDS Corners in all libraries in the country due to budget limitations, the Institute has to select the sites for the Corner. In making the selection, the Institute follows certain guidelines, namely:

- Strategic location of the institution/library – it is important that a broad base of users can access the materials easily.
- Relevance and use of materials – PIDS looks at the research interests and needs of the institutions/libraries and their readers to make sure that the PIDS materials would be useful to them.
- Availability/nonavailability of similar types of materials in the area – PIDS often selects sites where there is relatively a dearth of

the type of materials/studies that can be offered so that the use of the PIDS materials may be optimized; and

- Maintenance of the studies – PIDS gives due importance to the quality of the library environment and the staff of the institutions to ensure the careful upkeep and maintenance of the PIDS materials.

The mini-PIDS Corner consists of a few shelves that contain the various studies and publications that the Institute has produced through the years. These are made available for free as sources of information, data, and research for researchers, students, faculty, and other local decisionmakers.

In the future, aside from these materials, the Institute also hopes to collaborate with its LGU and college/university partners on the provision of computers in the Corner wherein the Institute’s website and its wealth of web resources (studies, databases, links, GIS-based socioeconomic profiles, etc.) may be easily accessed by researchers and other users.

To date, two PIDS Corners have been set up and inaugurated. The first one was at the Bohol Provincial Library in Tagbilaran and the second, at the library of the University of Rizal System-Antipolo City campus ■

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DISTRIBUTION, PROMOTION AND CIRCULATION

A significant addition to the Institute's dissemination strategy is the setting up of mini-PIDS corners in strategic sites all over the country (see article on page 13 for details). Two PIDS Corners were launched during the year: one at the Bohol Provincial Library and another at the University of Rizal in Antipolo City. The third possible site, targeted to be launched in 2007, is the library of the Silliman University in Dumaguete City. Another prospective site is the library of the Cavite State University in Indang, Cavite.

In addition, the Institute continued its regular dissemination activities. It regularly posted electronic copies of issues of the DRN, PN, EID, and DP on its website to continue giving the Institute's clients immediate access to its publications. 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.

The Institute also renewed the application of the DRN and PN as Second Class Mail matters under the Bulk Presorted service for domestic delivery of the Philippine Postal Corporation. This service provides free pickup of mail matters and corresponding discounts. It is hoped that this service would facilitate the mailing of PIDS publications as well as lessen mailing cost.

Sending of complimentary copies of selected PIDS publications was likewise sustained. In 2006, respondents increased to 1,700 from 1,500 in the previous year with the inclusion of nongovernment organizations and the addition of more academic institutions in the mailing list. The Institute also continued its exchange agreement with local and foreign institutions (see Library Development).

In addition, the Institute continued with its consignment arrangement with local booksellers (National Bookstore, Powerbooks, National Economic and Development Authority Bookstore, Solidaridad Bookstore, Heritage Arts Center, Academic Connections) to widen the reach of its publications.

Total revenues from direct orders and walk-in sales, subscription, and consignment totaled P149,728.20. Of this, P61,912.95 were from consignment sales.

The Institute also participated in the 2006 Gintong Aklat Awards with the submission of four entries (all books produced in 2004 and 2005 as per the guidelines of the awards): Rural finance in the Philippines; Sustainable tourism challenges for the Philippines; Winning the water war: watershed, water policies and water institutions; and Financial liberalization.

Although PIDS did not win any award, it was proud to enter its books in the contest. Established in 1981, the Gintong Aklat Awards are given out every other year to outstanding book publishers based on the quality of the books they produce year after year. The contest is being managed by the Book Development Association of the Philippines (BDAP), of which PIDS is a member.

In addition, PIDS joined the "BookFair@Tiendesitas" on June 30 to July 2 at the Tiendesitas, a new shopping complex along Ortigas Avenue and E. Rodriguez Jr. Avenue in Pasig City. The book fair was organized by the BDAP.

SOCIOECONOMIC RESEARCH PORTAL FOR THE PHILIPPINES (SERP-P)

The SERP-P had 3,860 publications online—3,337 with abstracts and 1,598 with keywords—by end of 2006.

The Central Luzon State University was the only addition to the SERP-P in 2006. Its inclusion put the total membership in the SERP-P network at 25. Member-institutions include: Agricultural Credit Policy Council, AIM JBF Center for Banking and Finance, Angelo King Institute for Economic and Business Studies, Asian Development Bank, Ateneo Center for Social Policy and Public Affairs, Central Luzon State University, DLSU–Social Development Research Center, DLSU–University Research Coordination Office, Institute of Strategic Planning and Policy Studies, National Tax Research Center, Philippine APEC Study Center Network, Philippine Institute for Development Studies, PIDS-POPCOM Population Management Program, Silliman University, Trade and Investment Policy Analysis and Advocacy Support Project, University of San Carlos, UP-Center for Integrated Development Studies, UP-National Center for Transportation Studies, UP-National College of Public Administration and Governance, UP-School of Economics, UP-School of Urban and Regional Planning, UST-Social Research Center, World Bank, Xavier University-Research Institute for Mindanao Culture, and other institutions. ■

Public Affairs

FORA/EVENTS

A total of 34 events were arranged and sponsored by the Institute in 2006. These include 3 network/project related fora, 2 seminars under the House of Representatives forum series, 4 *Pulong Saliksikan*, and 4 roundtable discussions conducted during the year. Other activities held include 7 regional consultation meetings, 2 PIDS Corner inaugurations, 1 press conference, 1 orientation-seminar, and 10 general assembly meetings.

After an absence of two years from the regional (local) scene due to budget constraints, the PIDS' Regional Seminar Program was revived in 2006. The revival is in line with the Institute's new thrust to devote a substantial part of its research and research-related activities to areas that may be relevant to local governance. Thus, a number of fora and other dissemination activities during the year were held outside of Metro Manila.

One such forum is the regional seminar on "Services industry: growth driver for economic competitiveness" on July 26, which tackled the GATS



negotiation on services, the prospects of going global for the Philippine educational services sector, and the challenges for the Philippine BPO and medical tourism industries. This forum was held in collaboration with the Cebu Chamber of Commerce and Industry (CCCI) at the Casino Español de Cebu in Cebu City and had members of the Chamber; representatives from the education, business process outsourcing (BPO), and tourism services industries;



members of academe and media; and government offices, among others, in attendance.

The highlight of the year, of course, is the celebration of the Institute's 29th founding anniversary and the 4th Development Policy Research Month (DPRM) for which the Institute serves as overseer and coordinator by virtue of Presidential Proclamation 247 signed in 2002. This year's choice of theme ("*Pananaliksik sa pagpapaunlad ng pamamahaling lokal*") for the DPRM was a welcome change as the Institute would normally focus on issues at the national level. But after a careful reflection, the Institute felt that issues at the local level, particularly those concerning the local government units (LGUs), should thoroughly be studied and pursued. The steering committee of the 4th DPRM also decided to have the theme in Filipino in order to have an immediate appeal to more people. For 2006, the steering committee was composed of representatives from the Department of the Interior and Local Government (DILG), National Statistics Office (NSO), Civil Service Commission (CSC), Local Government Academy (LGA), Philippine Information Agency (PIA), League of Cities of the Philippines (LCP), League of Municipalities of the Philippines (LMP), League of Provinces of the Philippines (LPP), Philippine Councilors League (PCL), and Galing Pook Foundation.

A number of LGUs and government agencies at the national and local levels conducted activities in support of the DPRM theme. An example is the

⇒ continued on page 16



↪ continued from page 15

discussion-forum on participatory rural appraisal/participatory needs assessment for research problem diagnosis and prioritization conducted by the Provincial Government of Camiguin. Another is the training and installation of a citizen's feedback mechanism by the City Government of Butuan.

To increase public awareness on the importance of policy research as well as this year's DPRM activities, representatives from the Leagues of Municipalities and Provinces, Local Government Academy, and Galing Pook also joined PIDS officials in a series of guestings in select radio and TV news and public affairs shows.

The culminating activity of the 4th DPRM is the forum on local level sustainable upland development. The steering committee decided on this topic as it is one of the biggest challenges facing many LGUs especially those that are located outside of the country's metropolises.

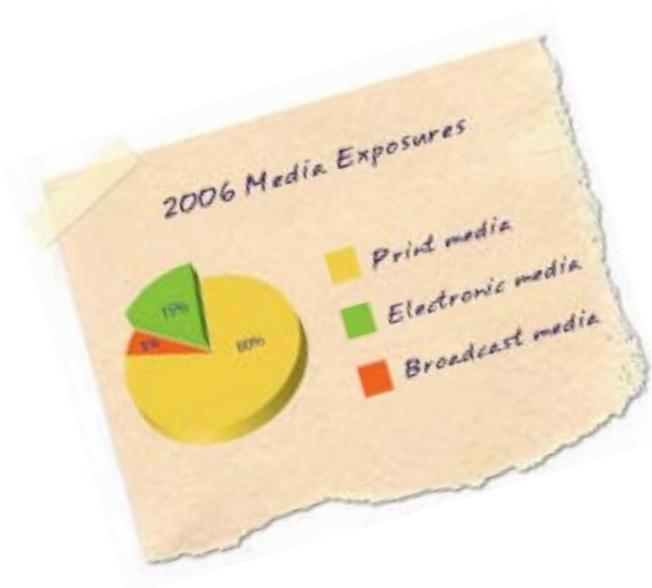
Held on September 26, the highlight of the forum was the presentation of selected best practices on sustainable upland development by Mayor Givel Mamaril of the municipality of Malalag in Davao del Sur, and Congressman Rodolfo Agbayani, former governor of the province of Nueva Vizcaya. For their part, the Institute's researchers and officials gave presentations on some of the projects the Institute has initiated or cooperated with other agencies to help local governments in crafting useful and relevant development policies for their respective localities.

This year's DRPM celebration had more than 60 institutions participating, the biggest so far since the DPRM started in 2002. This high turnout only indicates that the importance of policy research is progressively getting into the public consciousness.

Finally, toward the end of the year, the Institute played host for the first time to an international conference of the East Asian Bureau of Economic Research

(EABER) based at the Australian National University. The EABER is an organization that conducts economic research on issues facing the economies of East Asia. It has 16 member-institutions from Japan, China, South Korea, Vietnam, Cambodia, Laos, Thailand, Malaysia, the Philippines, Indonesia, and Australia.

Held on November 23-24, about 37 high-level foreign economists from 13 countries participated in the international conference on "Advancing East Asian economic integration: microeconomic foundations of economic performance in East Asia." The conference had presentations and discussions on issues relevant to microeconomic policymakers in East Asia such as regional cooperation of institutions for the regulation of markets and the macro developments in the Philippines and Korea.



MEDIA EXPOSURE

The Institute had 134 media exposures in 2006. The print media, notably national dailies such as *BusinessWorld*, *Business Mirror*, *Manila Bulletin*, and *Philippine Star*, remain as the Institute's most active partners in research dissemination. Annex E lists all the media exposures in 2006. ■

Library Development

The total number of exchange agreements stood at 20 for local institutions and at 28 for foreign institutions as of December 2006. These institutions are included in the Institute's regular mailing list and regularly receive the *Philippine Journal of Development* and the Annual Report.

During the year, the Institute issued 22 interlibrary loan forms, which gave the PIDS staff access to the libraries of the Asian Development Bank, National Economic and Development Authority, National Statistical Coordination Board, and UP School of Economics, 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 such as the *Handbooks of economics* on labor economics (volume 2 and volume 3a), population and family economics (volume 1b), regional and urban economics (volume 2), and health economics (volumes 1a and 1b); *Economy and environment: selected readings in the Philippines*; *Asian regional governance: crisis and change*; *Microeconometrics: methods and applications*; *Econometric analysis* (5th edition); *The end of poverty*; *Quantifying the benefits of liberalizing trade in services*; *Trade in services in the Asia-Pacific region*; *Water rights reform: lessons for institutional design*; and *Food policy*

for the poor: expanding the research frontiers.

The Library Online Public Access Catalog (OPAC) was also installed in August 2006, thus allowing materials inputted in the OPAC to be accessed from the PIDS website. As of end of December, a total of 10,490 entries have been inputted into the OPAC consisting of books (6,798 titles), serials (32 titles), journal articles both local and foreign (3,692), and CD-ROMS (83 titles or 131 volumes). The Institute also continued its inventory of library collections as well as the bar coding of library materials.

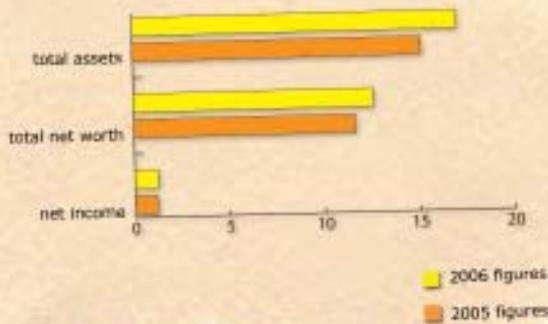
The technical problems encountered with the WEBLIS the year before were finally resolved. Thus, in April, the WEBLIS was reinstalled and since then, the library materials could again be searched online. In view of this, the Institute continued giving orientations of the WEBLIS to inhouse and outside researchers. A direct link to the SERP-P through the WEBLIS was also made.

In addition, the Institute added to its collection a number of publications acquired on complimentary basis from the National Economic and Development Authority, National Statistical Coordination Board, Department of Agrarian Reform, Asian Development Bank, and the World Bank.

The Institute also serviced the library needs of inhouse and outside researchers and visitors—both local and foreign. On two occasions, it also provided assistance to libraries that requested its advice in the setting up of their own WEBLIS and OPAC and the digitization of their own library collection. ■



PIDS Provident Fund's Financial Highlights as of Dec. 31, 2006 (in million pesos)

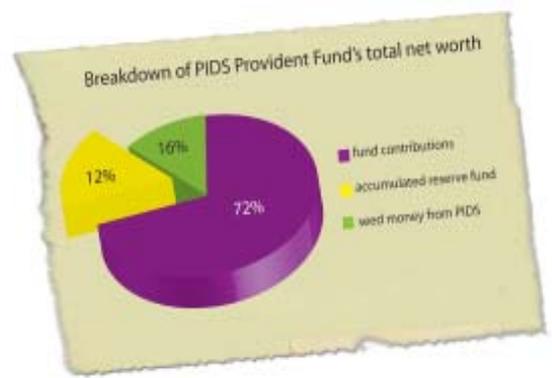


Provident Fund

The PIDS Provident Fund, Inc. is a non-stock 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, 2006, the Fund has a total membership of eighty-two (82) PIDS member-employees.



ACTIVITIES DURING THE YEAR 2006

The 6th annual members' meeting was held on April 17, 2006. Out of the 82 active members of the Fund, (47) or about 57% of the total membership were present during the meeting.

The annual members' meeting was highlighted by the following activities:

- Presentation of the Annual Report for CY 2005 and Audited Financial Statement as of December 31, 2005
- Presentation of certain amendments in the By-Laws and approval of the same by majority of the Fund Members. One of the provisions that was amended in the By-Laws was the provision that allows the employee to get a portion of the PIDS contribution in case he/she leaves PIDS (i.e., 5% if he stayed for 1 year, 10% if he stayed for 2 years, etc.) aside from the full amount of his personal contribution to the Fund.

The other amendment pertains to the operational policies of the Provident Fund, i.e., designated beneficiaries, renewal/termination/withdrawal of membership, distribution of earnings, etc.

- The amendments were approved and ratified by majority of the members during the said Annual Meeting and were registered with the Securities and Exchange Commission (SEC). It was further agreed during the annual members' meeting that an election of level representatives to the Board will be conducted through email.

- The database of the Intranet Website of the PIDS Provident Fund which makes available to all Fund members all information about the operations and services of the PIDS Provident Fund, is currently under modification.

- The Fund's audited financial statements for CY 2005 and the duly-accomplished/notarized general information sheet (GIS) were also submitted to the SEC. The registration of the books of accounts and other yearly registration requirements were also complied with and submitted to the Bureau of Internal Revenue (BIR).

FINANCIAL PERFORMANCE

- For CY 2006, the Fund realized a net income of P1.203 million from its investment operations, which is about 2.88 percent higher than last year's P1.168 million earnings. Despite the decline in interest rates in the financial markets, particularly government securities, the higher yield realized during the year can be attributed to the net favorable effect of the tax-exempt status of the Fund from its investment placements amounting to P1.00 million and above.

- The total asset of the Fund stood at P17.062 million, representing a growth rate of about 12.4 percent over last year's P15.18 million. This includes cash in bank, accrued interest/other receivables, and investment in treasury bill/treasury bonds.

- Finally, total net worth amounted to P12.596 million, a P927 million increase or about 7.95 percent growth over last year's figure of P11.67 million. Of the 12.596 million, P 9.073 million or 72.03 percent represents fund contributions, P2 million or 15.88 percent represents the seed money from PIDS, and the remaining P1.523 million or 12.09 percent represents the accumulated reserve fund.

PAYMENT OF BENEFITS

- During the year, the Fund paid provident fund benefits to the following retired/resigned employees: Alejandro Pasion, Jose Maria B. Ruiz, Caesar B. Cororaton, Gabrielle Laviña, Brenda Solis, Nilda Lagapa, Genna Manaog, Ma. Teresa Caparas, Michael De Paz, Dorothea Lazaro, Junie Persia, and Ernesto Oblego Jr.

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

FINANCIAL STRATEGY

- Fund management will strive to build up the Fund's financial resources within the limits of prudent risk management in cognizance of the prevailing condition in the financial market. ■



Employees' Association



The PIDS Employees' Association (PIDSEA) is the official employees' organization of the Institute. Since its founding in 2001, the association continues to fulfill its goal of promoting and protecting employees' rights, welfare and professional growth. The association has 55 members, which is 80% of all employees eligible for membership.

In 2006 PIDSEA reaped the fruits of its hard work in the past years, continued the efforts it has started, and commenced new projects as well.

With the first Collective Negotiating Agreement (CNA) between PIDSEA and PIDS management signed in 2005, PIDSEA saw the agreements gradually materializing in 2006– PIDSEA representatives in PIDS committees and deliberations, logistical support, shuttle services to employees to name a few.

PIDSEA again sponsored the PIDS Employees' Day, which was as successful as the first one in 2005. Other than its primary aim of establishing camaraderie and teamwork, the activity also aimed to raise funds for the association and provide an exciting and enjoyable affair for all PIDS employees. The day was filled with fun games, great prizes and good food much to the delight of the employees who were grouped into color teams to compete in physical and mind games. PIDSEA owed the success of the event to the cooperation of the employees and the generous

contribution of the PIDS management, former PIDS employees and PIDSEA friends.

The year likewise saw new projects launched by the Association, one of which is the PIDS Fitness Center. PIDSEA, in partnership with the PIDS Sports Committee, inaugurated the project with the health and physical fitness of employees in mind. The mini-gym, which is open to all employees, houses a treadmill, stationary bike, waist trimmer, abs roller and dumbbells donated by generous PIDSEA members. A ping pong game set was provided by the PIDS management.

The PIDSEA Newsletter was also unveiled in 2006. This quarterly publication is aimed at circulating news, announcements, features, and activities undertaken by PIDSEA, as well as significant events in the Institute. Other than serving as a communication tool, the newsletter also serves as a venue for enhancing the creative talent of the Association's members. The first issue was released in September to all PIDS employees and friends.

PIDSEA hopes to sustain its accomplishments and embark on more projects for the benefit and welfare of PIDS employees in the coming year. ■



ANNEX-A Board of Trustees



Hon. Romulo L. Neri
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Secretary, Socioeconomic Planning
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

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

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



ANNEX-C
Research Fellows

Marife M. Ballesteros

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

Cristina C. David

Ph.D. Agricultural Economics, Stanford University
(agricultural economics)

Danilo C. Israel

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

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
(trade and 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
(agricultural economics)



ANNEX-D

Affiliated Institutions and Individuals

Institutions

Australian Center for International Agricultural Research (ACIAR)
Australian National University (ANU)
Bureau of Agricultural Research (BAR)
Institute of Developing Economies -Japan External Trade Organization (IDE-JETRO)
Leyte State University (LSU)
Nihon University Population Research Institute (NUPRI)
Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA)
Philippine Rice Research Institute (Philrice)
Southeast Asian Fisheries Dev't Center (SEAFDEC)
United Nations Development Programme (UNDP)

Individuals:

Rowena Baconguis
Eduardo Gonzales
Rosa Fe Hondrade
April Lacson
Felino Lansigan
Christine Liao
Joseph Lim
Toti Moya
Leah Panganiban
Canesio Predo
Efren Saz
Eugene Soguillon
Aurora Tabada
Winston Tabada
Elizabeth Tan
Lorna Valdez

ANNEX-E

Media Exposures

- 1) Foreign dignitaries to attend nat'l convention of cities
Panay News, Jan. 10, 2006
- 2) A Hidden Financial Menace Looms
What's On Expat (Magazine), Jan. 26, 2006
- 3) Senate to investigate hybrid rice program
Phil. Daily Inquirer, Jan. 30, 2006
- 4) Senate now probing into hybrid rice program
The Manila Times, Jan. 31, 2006
- 5) Gov't continues rice program despite failures
Phil. Daily Inquirer, Feb. 12, 2006
- 6) SMEs assured of gov't funding in first half of 2006
The Manila Times, Business, Feb. 17, 2006
- 7) Lawmakers ask gov't to stop hybrid rice program for 2006
The Manila Times, Feb. 21, 2006
- 8) Think tank expects faster growth this year
BusinessWorld, Feb. 21, 2006
- 9) Weak competition dampens entrepreneurship in the country
Manila Bulletin, Feb. 26, 2006
- 10) Gov't think tank sees 5.4% GDP growth for 2006
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- 11) NEDA chief hopeful of budget act passage in April
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- 12) PIDS sees higher growth this year
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- 13) Challenges in regulating digital
BusinessWorld, April 1, 2006
- 14) Studies cite gains of CARP implementation
Manila Bulletin, April 4, 2006
- 15) RP must create central trade agency—senator
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- 16) Roxas urges Congress to create Office of Trade Representatives
The Manila Times, April 5, 2006
- 17) College grads find landing jobs difficult
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- 18) Country faces uphill battle in tax crackdown
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- 19) Tax-dodgers in the frame
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- 20) Journal Compilation
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- 21) No benefit from Trade Deals—PIDS
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- 23) The cost of armed conflicts
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- 25) World Bank, PIDS to hold forum on infrastructure
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- 26) WB, PIDS to hold forum on infrastructure
Manila Bulletin, May 14, 2006
- 27) Mega business center to rise on EDSA
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- 28) WB, PIDS hold forum on infrastructure on Tuesday
Positive News Media, May 16, 2006
- 29) Public finances seen to improve in near term
The Manila Times, May 17, 2006
- 30) Gov't expects private sector to fund 40% of infra
Malaya, May 17, 2006
- 31) PI.5T infra budget seen not enough to support growth
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- 32) Private sector urged to invest in infra
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- 33) Crime, graft stunt national BPO growth
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- 34) Crime, graft stunt national BPO growth
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- 35) UA&P study cites threats to BPO growth
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- 36) BPO industry could face sustainability issues, study says
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- 38) Study cites threat to BPO growth
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- 39) Can the Philippines sustain lead in BPO?
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- 40) APEC senior officials enter third working day
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- 41) Economist raises doubts on sustainability of BPO sector
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- 42) BPO industry could face sustainability issues, says study
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- 43) Forming a Government: Parliamentary vs. presidential system
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- 44) Free trade agreements
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- 48) Policy environment more crucial to investments, says think tank
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- 50) The business cycle in the Philippines
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- 51) GMA wants Reds crushed in two years
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- 53) Call centers will fatten govt coffers this year
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- 54) Anti-corruption and resource generation: Key areas for economic growth
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- 55) Our new academicians
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- 56) Gov't hybrid rice program seen losing participants
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- 57) Baby boom worsening poverty
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- 58) Anti-poverty, population plans should go together, says study
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- 59) What's wrong with GMA rice?
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- 63) Children and household savings
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- 64) RP urged to promote self as education hub
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- 65) Audiovisual sector and development
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- 66) Corn farming communities found among most impoverished
PIA Information service, August 8, 2006
- 67) Researchers train on simulating impact of seasons on agriculture
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- 68) What RP needs to catch up in medical tourism game
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- 69) Critical mass required
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- 70) Operating in a quota-less world: the Philippine garments industry's case
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- 71) Networking knowledge resources
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- 72) Microfinance not enough for rural financial development, says ADB book
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- 73) War and peace (pinoy version)
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BusinessWorld, Aug. 24, 2006
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- 78) NSO helps LGUs raise taxes
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- 79) DPRM and related activities
NBN 4 – The Morning Show, 7:00 a.m.
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- 96) DPRM and related activities
DZRB – Radyo Patrol, Sept. 19, 2006
- 97) Development Policy Research Month: Furthering local governance improvement
Manila Bulletin-Editorial
Sept. 20, 2006

- 98) JPEPA offers a temporary edge
BusinessMirror, Sept. 20, 2006
- 99) DPRM and related activities
DWIZ – (Woman Talk,) Sept. 21, 2006
- 100) DPRM and related activities
DZBB (Tanong ng Bayan), Sept. 22, 2006
- 101) Empowering Local Government Through Policy Research
Panorama, Sept. 24, 2006
- 102) PIDS celebrates Development Policy Research Month with discussion forum September 26
PIA Nationwide News Releases, Sept. 25, 2006
- 103) Expert warns of fiscal blows from EO 558
BusinessMirror, Sept. 27, 2006
- 104) Aid for local gov'ts
BusinessWorld-Briefs, Sept. 27, 2006
- 105) Policy Research
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- 106) Govt urged to provide more infrastructures in far-flung areas
The Mindanao Daily Mirror, Oct. 2, 2006
- 107) Slotting allowance and the retail sector
BusinessWorld-Popular Economics
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- 108) Property trust investments bill pushed
Phil. Daily Inquirer, Oct. 8, 2006
- 109) State of foreign direct investments in the Philippines
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- 110) Half-hearted approach delaying RP-US trade deal
BusinessWorld, Oct. 13-14, 2006
- 111) Why ignore people's views on budget?
BusinessMirror- Editorial, Oct. 13-14, 2006
- 112) Upland Development model presented to experts
Sun Star Davao, Oct. 14, 2006
- 113) Viewpoint: Embedded Violence
Phil. Daily Inquirer – Opinion, Oct. 16, 2006
- 114) NEDA hopeful RP to meet MDG goals
Manila Bulletin, Oct. 16, 2006
- 115) UN says we are a Millennium Goal failure so far
Manila Times-Top Stories, Oct. 17, 2006
- 116) BPOs in medical field to benefit more Pinoys
Sun Star Cebu, Oct. 20, 2006
- 117) Japan explains as JPEPA row rages
BusinessMirror, Oct. 31, 2006
- 118) Assessment of RP's economy highlights group's yearly confab
Sun Star Manila, Nov. 7, 2006
- 119) Renowned expert on econometrics theory and welfare economics to deliver lecture during 4th CBMS Network Conference
PIA Daily News Reader, Nov. 14, 2006
- 120) Junk JPEPA: throwing out the baby?
No Free Lunch Column, Phil Daily Inquirer
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- 121) Opportunity costs without Jpepa huge, warns think tank
The Manila Times, Nov. 18, 2006
- 122) Economists assess trade deal: JPEPA could spur growth, cut poverty
Phil. Daily Inquirer, Nov. 19, 2006
- 123) RP has more to gain in trade agreement with Japan
Manila Bulletin, Nov. 19, 2006
- 124) Philippine Economic Society's 44th Annual Meeting
BusinessWorld, Nov. 21, 2006
- 125) Liberalizing waste trade
SunStar Iloilo, Nov. 23, 2006
- 126) Local government finance
BusinessWorld, Nov. 24, 2006
- 127) Furor over JPEPA: Will Davao banana workers benefit from it?
Davao Today, Nov. 25, 2006
- 128) JPEPA rift won't stop RP from 'begging' for more Japan aid
The Daily Tribune, Nov. 27, 2006
- 129) Exports and the Manufacturing Sector
BusinessWorld, Popular Economics
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- 130) Assessment by PIDS: No toxic waste dumping under JPEPA
Manila Bulletin, Dec. 3, 2006
- 131) Yap's rice program
Manila Standard Today, Dec. 6, 2006
- 132) Opposition grows in Philippines to proposed trade pact with Japan
International Herald Tribune, Dec. 7, 2006
- 133) Call center industry: Benefits and challenges
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- 134) RP optimistic about trade pact with US
Manila Standard Today
Dec. 11, 2006



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

STATE AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

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, 2006, and the related statements of income and expenses, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted state auditing standards in the Philippines. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of the **Philippine Institute for Development Studies** as of December 31, 2006, and the results of its operations and its cash flows for the year then ended, in conformity with applicable generally accepted state accounting principles in the Philippines.

COMMISSION ON AUDIT

A handwritten signature in black ink, appearing to read "R. Lacson-Lerio".

ROSEMARIE LACSON-LERIO

Director IV

Cluster VI - Social, Cultural and Scientific
Corporate Government Sector

February 22, 2007



PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES
Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas

NEDA sa Makati Building, 106 Amorsolo Street, Legaspi Village, 1229 Makati City, Philippines
Fax: (632) 816-1091 Tel: 893-8350, 893-9578 <http://www.pids.gov.ph>

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of the Philippine Institute for Development Studies is responsible for all information and representations contained in the accompanying Balance Sheet as of December 31, 2006 and the related Statement of Income and Expenses and Cash Flow for the year then ended. The financial statements have been prepared in conformity with the generally accepted state accounting principles and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.


ANDREA AGCAOILI
Director for Operations and Finance


JOSEF T. YAP
President

PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES

BALANCE SHEET

As of December 31, 2006

(With Comparative Figures for 2005)

		2006	2005	Increase
			As restated	(Decrease)
ASSETS				
Current Assets				
Cash & cash equivalents	(Notes 2.7 & 3) P	21,377,114 P	16,613,528 P	4,763,586
Receivables - net	(Note 4)	9,558,733	8,455,002	1,103,731
Financial assets	(Note 5)	176,804,993	57,282,396	119,522,597
Inventories	(Note 2.2)	587,899	731,177	(143,278)
Prepayments & other current assets	(Note 6)	1,124,678	1,237,105	(112,427)
Total Current Assets		<u>209,453,417</u>	<u>84,319,208</u>	<u>125,134,209</u>
Non-Current Assets				
Financial assets	(Notes 2.3 & 7)	160,139,927	280,646,525	(120,506,598)
Property, plant and equipment - net	(Notes 2.4 & 8)	16,537,084	15,848,297	688,787
Other assets - net of accumulated depreciation of P 716,085	(Notes 2.4)	427	427	0
Total Non-Current Assets		<u>176,677,438</u>	<u>296,495,249</u>	<u>(119,817,811)</u>
TOTAL ASSETS		<u>386,130,855</u>	<u>380,814,457</u>	<u>5,316,398</u>
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable	(Note 2.5)	1,054,612	4,331,979	(3,277,367)
Inter-agency payables	(Note 9)	4,652,245	6,662,264	(2,010,019)
Performance/Bidders bond		313,282	690,820	(377,538)
Other payables	(Note 10)	2,558,480	2,176,511	381,969
Total Current Liabilities		<u>8,578,619</u>	<u>13,861,574</u>	<u>(5,282,955)</u>
Other Liabilities				
Deferred credits		13,856	3,128	10,728
Total Liabilities		<u>8,592,475</u>	<u>13,864,702</u>	<u>(5,272,227)</u>
Equity				
	(Note 11)			
Government equity		250,311,833	243,168,333	7,143,500
Retained operating surplus		127,226,547	123,781,422	3,445,125
Total Equity		<u>377,538,380</u>	<u>366,949,755</u>	<u>10,588,625</u>
TOTAL LIABILITIES AND EQUITY		<u>P 386,130,855</u>	<u>P 380,814,457</u>	<u>P 5,316,398</u>

ANNEX-I

Statement of Income and Expenses

PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES

STATEMENT OF INCOME AND EXPENSES

For the Year Ended December 31, 2006

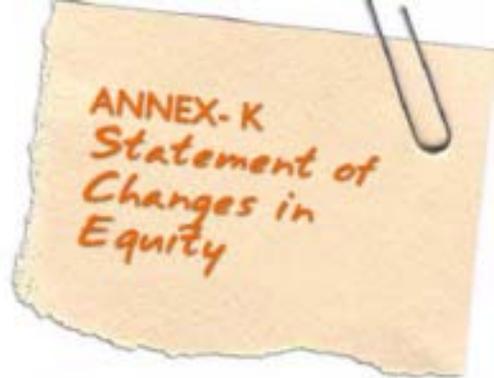
(With Comparative Figures for 2005)

		2006	2005	Increase
		<u> </u>	<u>As restated</u>	<u>(Decrease)</u>
INCOME				
Interest on investments	P	29,156,582	P 29,598,620	P (442,038)
Subsidy from National Government	(Note 12)	15,000,000	15,000,000	0
Sale of Publications-Net of Cost of Publication	(Note 13)	86,935	125,291	(38,356)
Miscellaneous Income	(Note 14)	3,969,585	2,772,367	1,197,218
		<u>48,213,102</u>	<u>47,496,278</u>	<u>716,824</u>
EXPENSES				
Personal services				
Salaries and wages		15,146,354	15,610,611	(464,257)
Other compensation		7,871,502	7,943,693	(72,191)
Personnel benefits contribution		2,073,870	2,112,038	(38,168)
Other personnel benefits		2,877,310	2,126,318	750,992
		<u>27,969,036</u>	<u>27,792,660</u>	<u>176,376</u>
Maintenance and Other Operating Expenses				
Professional services	(Note 15)	3,888,904	5,591,965	(1,703,061)
Utility expenses		3,373,645	2,569,893	803,752
Depreciation expense		3,192,716	2,037,846	1,154,870
Communications expenses	(Note 16)	1,501,705	1,504,076	(2,371)
Repairs and maintenance		1,017,315	1,522,248	(504,933)
Printing and binding	(Note 17)	988,432	720,153	268,279
Supplies and materials expense		877,904	876,398	1,506
Taxes, insurance premiums and other fees		478,391	428,174	50,217
Training and scholarship expenses		468,698	960,989	(492,291)
Travelling expenses	(Note 18)	343,479	64,259	279,220
Representation expense		257,648	157,703	99,945
Subscription		118,592	93,788	24,804
Extraordinary & miscellaneous expenses		58,239	78,748	(20,509)
Advertising		31,920	58,960	(27,040)
Grants & donations		1,547	11,310	(9,763)
Bank Charges		1,133	2,977	(1,844)
Others	(Note 19)	198,673	131,619	67,054
		<u>16,798,941</u>	<u>16,811,106</u>	<u>(12,165)</u>
		<u>44,767,977</u>	<u>44,603,766</u>	<u>164,211</u>
NET INCOME	P	<u>3,445,125</u>	<u>P 2,892,512</u>	<u>P 552,613</u>

ANNEX-J
Cash Flow Statement

CASH FLOW STATEMENT
For the Year Ended December 31, 2006
(With Comparative Figures for 2005)

	2006	2005
		As restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Collection of interest - PIDS proper	P 27,941,116	P 30,392,240
Receipt of subsidy for operations	15,000,000	15,000,000
Receipts of project fund	11,424,336	9,249,142
Collection of receivables	4,281,308	2,195,177
Collection of income/revenues	979,932	849,027
Receipt of refunds of cash advances and overpayments of expenses	569,673	636,437
Receipts of guaranty deposits	129,854	410,694
Collection of interest - PIDS projects	62,569	140,071
Payment for operating expenses	(26,122,418)	(29,131,316)
Remittance of withholding taxes/authorized deductions (including government share on contributions)	(18,034,979)	(13,968,840)
Payment for project expenses	(7,700,231)	(9,642,194)
Payment for payables incurred in operations	(4,359,046)	(3,642,324)
Advances to employees/projects	(2,541,728)	(1,572,848)
Granting of cash advances/petty cash fund	(718,662)	(608,140)
Purchases of inventories	(504,434)	(638,403)
Refund of performance/bidders/bail bonds payable	(185,633)	(34,171)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>221,657</u>	<u>(365,448)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturing treasury bills & other securities	135,933,645	98,407,757
Proceeds from maturing treasury bonds	19,900,000	11,742,166
Subsidy for endowment fund	7,300,000	7,300,000
Proceeds from maturing PASCN investments	3,067,894	3,950,692
Proceeds from sale of property & equipment	40,000	12,000
Reinvestment in securities/roll-over of matured investments	(157,822,914)	(134,575,888)
Purchase of property, plant & equipment	(3,876,696)	(1,173,050)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>4,541,929</u>	<u>(14,336,323)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,763,586	(14,701,771)
CASH AND CASH EQUIVALENTS, BEGINNING	16,613,528	31,315,299
CASH AND CASH EQUIVALENTS, ENDING	<u>P 21,377,114</u>	<u>P 16,613,528</u>



PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES
STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2006

	Endowment Fund	Investment Capital- Held in Trust	Retained Earnings As restated	Total
Balances, January 1, 2006	P 239,740,725	P 3,427,608	P 123,781,422	P 366,949,755
Subsidy received for the year	7,300,000			7,300,000
Acquisition of equipment for projects		154,330		154,330
Disposal		(310,830)		(310,830)
Profit for the period			3,445,125	3,445,125
Balances, December 31, 2006	<u>P 247,040,725</u>	<u>P 3,271,108</u>	<u>P 127,226,547</u>	<u>P 377,538,380</u>

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:

- 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.
- Establish a continuing channel of communication between policy makers and planners, on one hand, and researchers, on the other hand;
- 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 state accounting principles in the Philippines.

- 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 are carried at cost less accumulated depreciation. The straight-line method of depreciation is used based on the estimated useful life ranging from 5-10 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 were reclassified to other assets.
- 2.5 Liabilities are recognized at the time they are incurred. However, the amount of P 98,627.00 pertaining to approved and served purchase orders which are part of budget utilization for the year were not recorded as liabilities because goods/services ordered are not yet received.
- 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

This account consists of the following:

	<u>2006</u>		<u>2005</u>
Cash - collecting officer	P 8,217	P	62,864
Cash in bank	6,920,728		10,761,193
Foreign currency time deposit	7,504,762		5,789,471
Treasury bills	<u>6,943,407</u>		<u>-</u>
	P 21,377,114	P	16,613,528

4. RECEIVABLES - NET

This account is broken down as follows:

	<u>2006</u>		<u>2005</u> <u>As restated</u>
Advances to officers/employees	P 106,014	P	179,649
Due from NGAs	2,449,773		2,472,195
Due from GOCCs	22,568		22,568
Interest receivables	8,140,116		8,241,967
Other receivables - miscellaneous	<u>1,801,314</u>		<u>499,675</u>
	12,519,785		11,416,054
Less: Allowance for doubtful accounts	<u>2,961,052</u>		<u>2,961,052</u>
	P 9,558,733	P	8,455,002

COA Accounting Circular Letter No. 2006-001 dated November 9, 2006, requires the recording of cash advances for travel and for special purpose/time-bounded undertaking as Advances to Officers and Employees (code 148).

5. CURRENT FINANCIAL ASSETS

This account represents short term placements in Treasury Bills held to maturity with the Bureau of Treasury and with government securities eligible dealers, particularly Land Bank of the Philippines, Development Bank of the Philippines & Philippine Veterans Bank. Also included in this account is the current portion of the investment in treasury bonds. Below is the break down of the account:

	<u>2006</u>		<u>2005</u>
Treasury bills - investible funds	P 119,757,024	P	38,890,816
Treasury bills - funds for operations	13,372,267		16,912,863
Treasury bills - PASCN	-		1,478,717
Treasury bonds - investible funds	42,029,080		-
Treasury bonds -funds for operations	<u>1,646,622</u>		<u>-</u>
	P 176,804,993	P	57,282,396

6. PREPAYMENTS AND OTHER CURRENT ASSETS

This account includes the 20% withholding taxes from Treasury Bills placements, prepayments for insurance premiums with the GSIS, for various subscriptions for the library and for printing cost of PIDS publications.

7. NON CURRENT FINANCIAL ASSETS

This account consists of the following:

	<u>2006</u>	<u>2005</u>
Investment in stocks	P 35,000	P 35,000
Investment in bonds - investible funds	146,834,972	267,312,555
Investment in bonds-funds for operations	<u>13,269,955</u>	<u>13,298,970</u>
	P <u>160,139,927</u>	P <u>280,646,525</u>

8. PROPERTY, PLANT AND EQUIPMENT - NET

This account is broken down as follows:

	Communication/ Equipment	Office Equipment/ Furniture and Fixtures, Others	Leasehold Improvement	Motor Vehicles and Accessories	PPE-Held in Trust	Total
Cost						
January 1, 2006	P 19,277,863	P 4,209,109	P 2,874,506	P 3,411,085	P 3,427,208	P 33,199,771
Additions	456,579	968,708	2,822,808	-	154,330	4,402,425
Disposals	<u>(4,366,466)</u>	<u>(433,458)</u>	<u>(1,135,691)</u>	<u>-</u>	<u>(310,830)</u>	<u>(6,246,445)</u>
December 31, 2006	<u>15,367,976</u>	<u>4,744,359</u>	<u>4,561,623</u>	<u>3,411,085</u>	<u>3,270,708</u>	<u>31,355,751</u>
Accumulated						
Depreciation						
January 1, 2006	10,243,826	2,982,878	1,238,696	2,886,074	-	17,351,474
Depreciation	2,502,757	305,182	288,307	107,441	-	3,203,687
Disposals	<u>(4,375,196)</u>	<u>(346,641)</u>	<u>(1,014,657)</u>	<u>-</u>	<u>-</u>	<u>(5,736,494)</u>
December 31, 2006	<u>8,371,387</u>	<u>2,941,419</u>	<u>512,346</u>	<u>2,993,515</u>	<u>-</u>	<u>14,818,667</u>
Net book Value						
December 31, 2006	<u>P 6,996,589</u>	<u>P 1,802,940</u>	<u>P 4,049,277</u>	<u>P 417,570</u>	<u>P 3,270,708</u>	<u>P 16,537,084</u>
December 31, 2005	<u>P 9,034,037</u>	<u>P 1,226,231</u>	<u>P 1,635,810</u>	<u>P 525,011</u>	<u>P 3,427,208</u>	<u>P 15,848,297</u>

9. INTER-AGENCY PAYABLES

This account is broken down as follows:

	<u>2006</u>	<u>2005</u>
Due to BIR	P 233,162	P 381,044
Due to GSIS/Pag-ibig/Philhealth	36,746	3,108
Due to NGAs		
Bureau of Agricultural Research- Strengthening Social Science and Policy Research for Philippine Agriculture and Fisheries (BAR - SSSPR PAF)	1,292,476	1,564,792
BAR – A Comprehensive Assessment	298,149	553,171
BAR – Rice & Mango	73,525	219,710
BAR - "Comprehensive Survey...."	222,639	6,471
Population Commission-State of the Philippines Population Report	-	1,697,750
Garments and Textiles Board (GTEB)	-	670,933
Due to GOCCs		
Philippine Apec Study Center Network - PROPER	2,346,903	1,416,998
Philippine Rice Research Institute	<u>148,645</u>	<u>148,287</u>
	P <u>4,652,245</u>	P <u>6,662,264</u>

10. OTHER PAYABLES

This account is broken down as follows:

	<u>2006</u>	<u>2005</u>
Nihon University	P 1,210,651	P 1,061,340
Special Fund - NEDA Building Maintenance	978,792	-
Special Fund - Use of Romulo Hall	20,726	19,937
Australia National University Institutional Strategies Project		
Australian Centre for International Agricultural Research	114,023	-
Human Development Network Foundation	15,627	530,523
Philam Care (HMO resigned employees)	103,074	-
Bids and Awards Committee	73,060	25,060
National Home Mortgage & Finance Corp.	29,502	17,092
PIDS Credit Cooperative	2,588	-
PIDS Provident Fund, Inc	8,949	(100)
United Nations Development Programme (UNDP) Integration	1,488	(256)
UNDP – Research Manager	-	179,274
German Technical Cooperation	-	172,796
World Health Organization	-	142,400
	<u>-</u>	<u>28,445</u>
	P <u>2,558,480</u>	P <u>2,176,511</u>

11. EQUITY

The details of the account are presented below:

	<u>2006</u>		<u>2005</u> <u>As restated</u>
Government equity			
Endowment fund	P 247,040,725	P	239,740,725
Investment surplus-held in trust	<u>3,271,108</u>		<u>3,427,608</u>
	<u>250,311,833</u>		<u>243,168,333</u>
Retained operating surplus			
Balance beginning	123,781,422		120,888,910
Income for the period	<u>3,445,125</u>		<u>2,892,512</u>
	<u>127,226,547</u>		<u>123,781,422</u>
	<u>P 377,538,380</u>	P	<u>366,949,755</u>

The endowment fund represents the total funds released by the Bureau of Treasury thru 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.

The investment surplus-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 both sold in-house and through consignment.

14. MISCELLANEOUS/OTHER INCOME

The main source of this income is the externally-funded research projects which were completed and closed during the year.

15. PROFESSIONAL SERVICES

This account consists of the following:

Janitorial and Security services accounts which were classified as Utility expenses in calendar year 2005, were reclassified to Professional services account to conform with the current year classification in accordance with the NGAS chart of accounts.

	<u>2006</u>		<u>2005</u> <u>As restated</u>
Auditing services	P 1,051,062	P	927,552
Security services	957,114		1,183,902
Janitorial services	878,448		795,511
Consultancy services	563,500		2,387,000
Legal services	288,000		288,000
Other professional services	<u>150,780</u>		<u>10,000</u>
	<u>P 3,888,904</u>	P	<u>5,591,965</u>

16. COMMUNICATION EXPENSES

The amount represents the cost of monthly rental for the 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.

17. 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.

18. 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.

19. OTHER MAINTENANCE & OPERATING EXPENSES

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

Health maintenance cost of P 324,700 in calendar year 2005 was classified under this account. However, it was reclassified to Personal Services-Other personnel benefits to conform with the current year expense classification.

ANNEX - M
*Directory of
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