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MANAGING THE DEVELOPMENT
IMPACT OF INTERNATIONAL MIGRATION



PHILIPPINE
INSTITUTE FOR
DEVELOPMENT
STUDIES

Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas



ABOUT PIDS

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

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

ROLES AND GOALS

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

PROGRAMS AND ACTIVITIES

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

RESEARCH AGENDA 2005-2009

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

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





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Audited financial statement of the Institute in 2008.



ON THE COVER



In 2008, the Development Policy Research Month (DPRM) carried the theme, "Managing the Development Impact of International Migration." The choice of this theme highlights the significant role that international migration has played in the lives of many of our countrymen. It likewise underscores the need to link the study of international migration to the country's development process and integrate it into the overall development program of the government. Policy measures can be implemented in order to channel more remittances to investment. Safety nets and social programs can be put in place in order to mitigate the adjustment costs that migration imposes on family members left behind.

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MANAGING THE DEVELOPMENT IMPACT OF INTERNATIONAL MIGRATION

PRESIDENT'S MESSAGE



Economics took center stage again in 2008. The worst global economic crisis since the 1929 Great Depression battered both rich and poor nations. A synchronized recession among the major industrialized countries emerged in late 2008 and is expected to peak in 2009. This will result in lower aggregate global demand and world trade is expected to contract significantly. Exports from developing countries began to plummet in the fourth quarter of 2008, dragging many of them into an economic recession.

The Philippines has not been spared the fallout from the global financial and economic crisis. Gross Domestic Product grew by only 2.9 percent in the fourth quarter of 2008, bringing overall growth for this year to only 3.8 percent, a sharp drop from the 7.1 percent growth in 2007. Poverty incidence—which ironically increased between 2003 and 2006, a period of relatively high growth—is expected to rise.

The crisis provides another challenge for the Philippine Institute for Development Studies. In response, it has contributed its share toward a comprehensive analysis of the current crisis. As early as 2007, a PIDS study warned of the dangers posed by a unipolar global financial system. In this regard, PIDS researchers are active in international forums that seek to reform the global economic order, in general, and the international financial architecture, in particular.

PIDS has also been actively recommending proposals to address the adverse impacts of the crisis. The expected rise in poverty incidence, for instance, will heighten the importance of social protection programs. Thus, several PIDS studies have evaluated the effectiveness of some of these programs, many of which are hindered by low coverage and inadequate benefits, poor targeting, and operational constraints due to lack of coordination among program implementers. Some PIDS studies have likewise addressed the major problems that impede the achievement of the Millennium Development Goals.

The choice of the theme for the 2008 Development Policy Research Month (DPRM)—Managing the Development Impact of International Migration—is quite fortuitous. Overseas employment will likely be a major casualty of the global crisis. Already, overseas remittances have slowed down, falling to 4.5 percent growth in the fourth quarter of 2008

compared to 8.8 percent in the same period last year. Interestingly, the issues tackled in this year's DPRM seminars such as the impact of international migration in terms of how it has contributed and can possibly contribute to the performance of the overall Philippine economy; the effects of this phenomenon on the social relations and interactions within and among families/households and communities; and the alternatives in making the most out of remittances, among others, would be the key points to look into as we consider crafting our response to the role of overseas employment in our development process amid this growing global economic crisis.

Meanwhile, with regard to the Institute's other accomplishments for the year, in addition to the 36 internal researches done by the Institute's pool of experts and affiliate researchers, the Institute has also implemented nine externally funded research projects in 2008. Many of these are continuing research projects that are expected to be completed in the succeeding year. These would include, among others, the UNICEF-supported projects on local service delivery and child poverty, and the Japanese International Cooperation Agency (JICA) funded study on the livelihood and economic situation of the disabled in selected cities of the Philippines.

In terms of the PIDS publications program, a total of 59 studies published in various formats has been recorded by the end of 2008. The Institute's public affairs program, on the other hand, reported a total of 187 media exposures of the Institute on top of the 47 events it had arranged and sponsored for the year.

As to the Institute's other information dissemination strategies, 3 PIDS Corners were set up in 2008 in strategically located public and university libraries in Bacolod City, De La Salle University – Dasmariñas and the Cagayan State University. The Socio-Economic Research Portal of the Philippines (SERP-P), in the meantime, continued to provide researchers and other stakeholders with information on completed and ongoing development policy research studies about the Philippines via its online repository of studies and development literature. At the end of 2008, the SERP-P database contained 4,358 publications/studies as contributed by its 40 member-institutions.

The PIDS, through its operations and finance department, continues to manage and maintain the NEDA sa Makati building where the Institute is housed. The upgraded facilities of the Romulo Hall continue to attract the interest of some private training institutions in using the Institute's conference hall as a favorite venue for seminars and workshops.

Finally, I would like to take this opportunity to congratulate the members of the PIDS family for contributing to the success of the Institute. I greatly appreciate the support that has been given to me even during the more difficult periods. I look forward to continuing our adventure, including overcoming the unfavorable effects of yet another economic crisis.

JOSEF T. YAP, Ph.D.
President



The year 2008 was a banner year for PIDS in terms of its research and networking thrusts. The PIDS conducted a number of projects, both in-house and those implemented by its pool of experts and affiliate researchers.

Two major research projects commenced in the year 2008, with funding support from external donors and involving quite a number of senior and junior research staff. The study titled, Poverty Reduction for the Disabled: Livelihood of Disabled People in Developing Countries, was initiated by Japan's Institute of Developing Economies in line with its thrust to provide some focus on the issue of disability. Involving a survey of persons with disability (PWDs) to accumulate knowledge about their socioeconomic conditions, this project is unique in the sense that the enumerators themselves included PWDs side by side with PIDS junior staff. On the other hand, the other project supported by UNICEF, involves two studies, one on Child Poverty and Disparities and another on Local Service Delivery. The former aims to come up with a comprehensive country profile of child poverty, assessing policies and programs aimed at addressing child poverty and recommending viable strategies to further make inroads



into child well-being as targeted under the Millennium Development Goals (MDGs). Meanwhile, the study on Local Service Delivery involved the conduct of a survey of recipients and providers of three basic services, education, health and water (and sanitation). The survey areas were Dumaguete and three barangays in Agusan del Sur. It also aims to look at inroads being made for the achievement of the MDGs.

The PCARRD-funded project, Policy Research on the State and Future Supply of and Demand for Agriculture, Fisheries and Natural Resource Graduates in the Philippines, went full-blast in the last quarter of 2008 with extensive involvement of researchers at the UP Los Baños and UP National College of Public Administration and Governance. This also includes the participation of 25 Higher Education Institutions (HEIs)

for the tracer study of graduates as well as a survey on the demand side where a model will be developed by UP Los Baños proponents. On the other hand, the project, Regional Production and Logistic Networks in East Asia: The Case of the Philippines, which receives financial support from ERIA, commenced during the same period with a survey of manufacturing firms in CALABARZON commissioned to the National Statistics Office. The third new project implemented during the last quarter was the Australian Centre for International Agricultural Research (ACIAR)-funded undertaking called Economic Impacts of New Technologies and Policy Constraints in the Production of Fruits and Vegetables in the Philippines.

In the meantime, the formal agreement between PIDS and the Housing and Urban Development Coordinating Council (HUDCC) was signed in October for the updating of the third National Urban Development and Housing Framework, 2009-2016. The letter of agreement between PIDS and the Food and Agriculture Organization (FAO) was also signed in July 2008 for the project titled, "Monitoring and Evaluation of Agricultural Policy – Capacity Building Project (MEAP-CDP)" which aims to compute a set of Agricultural Policy Indicators (API) based on the OECD methodology and to develop a capacity for the monitoring and evaluation of agriculture policies.

In addition, two externally funded projects are continuing undertakings that are expected to be completed in the next year. Writing of the remaining papers is ongoing for the project, Bridging the Gap between Seasonal Climate Forecasts and Decisionmakers in Agriculture, which is being supported by the ACIAR and is on its third year of implementation. Another continuing externally funded project is the Comprehensive Documentation and Analysis of Issues on the Official Poverty Estimation Methodology of the Philippines under the auspices of the United Nations Development Programme (UNDP) and with the leadership of the National Economic and Development Authority (NEDA) in line with the "Achieving the MDGs and Reducing Human Poverty Programme." Currently, there are five affiliated researchers and one statistical agency collaborating in this project.

On the networking side, PIDS had been very active in the preparations for the first-ever international conference of the Philippine Academic Consortium for Latin American Studies or PACLAS held in December 2008. Meanwhile, the Institute has also started discussing with the Human Development Network on the arrangements for the dissemination of the 6th Philippine Human Development Report.

In sum, the PIDS completed a total of twenty-three (23) research projects in various areas of economic policy choices and sustainable human development in 2008. Toward the end of 2008, there were about fifty (50) on-going studies that PIDS is conducting. About a third of these studies are expected to be completed by the first quarter of 2009.

COMPLETED PROJECTS

Measures for Assessing Education in the Philippines

Jose Ramon Albert

In this paper, various education indicators sourced from administrative reporting systems and surveys are looked into for assessing basic education in the country. Issues on the lack of comparability of figures from reporting systems, on the need to improve dissemination of education statistics, and on the need to properly link data with policy through a systematic monitoring and evaluation system are also discussed.

According to this study, indicators that monitor gender disparity in primary and secondary education suggest that females are at an advantage over males. Moreover, a critical factor that hinders the achievement of education for all is poverty. The nexus between poverty and education has gender issues intertwined, with boys less likely to stay in school than girls, especially among poor families.

Build-Operate-Transfer for Infrastructure Development: Challenges and Options

Gilberto Llanto

Using examples from selected BOT projects in the country, the paper points out key issues constraining the successful implementation of the BOT approach to infrastructure provision. It also indicates several factors that were instrumental in forging an effective public-private partnership in BOT projects. The paper points out the need to address various issues, starting from the legal framework



Photo credit: Michael Cabalfin, PIDS

to the level of responsibilities of the government institutions that are involved in the project cycle, i.e., from project entry level to implementation and completion. Improvements should be introduced at the policy, legal, and institutional frameworks in order to improve the usefulness of this approach to infrastructure development.

Public Finance and Fiscal Policy Perspective Paper

Rosario Manasan

Government Social Sector Spending in MDGs (In Section 4 of Public Finance and Fiscal Policy Perspective Paper Outline)

The study shows that among the MDGs, the country has to do better in certain aspects of the following quantifiable goals, namely: Goal 1 (poverty and hunger), Goal 2 (education), Goal 3 (gender equality), Goal 5 (maternal health), Goal 6 (control of communicable diseases), and Goal 7 (environmental sustainability). In this regard, it is critical that the Philippines exercises greater vigilance and exerts increased effort

in addressing the requirements of achieving the MDGs. The study aims to support this initiative by tracking and analyzing the trend in MDG expenditures of both the central and local governments.

Study on Land Rental Markets

Marife Ballesteros

Using data from 3,120 farm households surveyed in 2000 and 2006, the paper tests for factors that affect the degree and extent of households' participation in the rural land rental market. Econometric results show that the rural land rental market is not functioning efficiently. Moreover, the poor and landless have limited access to the land rental market since participation in the market is not determined by agricultural ability but is strongly influenced by endowment of land and access to formal credit. The poor have been able to participate in the rental market through share tenancy arrangements but dependence on informal credit markets constrains them from operating the desired cultivated area. The twin effects of inefficient land rental market and credit market imperfections can offset labor advantages of family farms and cause farms to operate below optimal level. It would thus be desirable for the government to improve the regulatory framework for the land rental market to operate efficiently.

Study on Remittances and Family Expenditures

Aubrey Tabuga

This paper examines the general relationship between remittances and household expenditures in the Philippines by doing a cross-sectional analysis of the 2003 Family Income and Expenditure Survey (FIES). Unlike past research works, it provides a comprehensive overview of the effect of remittance on spending behavior by looking not only at common categories



like food, education, and housing but also vices like tobacco and alcohol. It addresses some methodological issues in examining remittance effects. The study notes that while there are evidences that households receiving remittances tend to consume more conspicuously on consumer items, they also invest more on education, housing, medical care and durable goods. There is no clear relationship though between remittances and tobacco and alcohol.

Are Maternal and Child Care Programs Reaching the Poorest Regions in the Philippines?
Rouselle Lavado

While the national average for maternal and child health services utilization shows improvement, the Philippines is yet to achieve the MDG targets for maternal and child health. This study shows that while the uptake of maternal and child health programs has been reasonably satisfactory, focus on the poor remains very low. There are also vast differences in patterns of utilization among regions. It is possible that health indicators in the aggregate level might have been showing improvement but when the



outcomes are disaggregated according to wealth quintiles and regions, it is likely that only those in the richest quintile show improvements while the poor are left out. Moreover, based on regional Gini coefficient, five patterns of utilization and concentration of uptake of maternal and child health services are identified. Interventions to improve the health care delivery and financing may be formulated according to these patterns.



Spatial-Temporal Dimensions of Efficiency among Electric Cooperatives in the Philippines
Rouselle Lavado

A stochastic frontier model that accounts for spatial externalities and some environmental variables in the efficiency/inefficiency equation is used in characterizing efficiency among electric cooperatives in the Philippines. The model mitigates underestimation of technical efficiency coefficients from

maximum likelihood-based procedures. Within the estimation period (1990-2002), technical efficiency is estimated at 0.86 or an inefficiency of about 14 percent. While the ‘extra large’ cooperatives are nearing frontier production levels with technical efficiency of 0.98, those cooperatives classified as ‘medium’ by the regulatory agency yield an average technical efficiency of 0.47, still too far away from frontier production level. This explains the

persistent electricity supply problems in many rural areas in the Philippines.

Avoiding Anomalies of GDP in Constant Prices by Conversion to Chained Prices: Accentuating Shifts in Philippine Economic Transformation
Jesus Dumagan

Changing the base year (1985) of Philippine GDP in constant prices could change the growth rate and the shares of components even when there is no change in the volume of production, implying that the changes in growth rate and shares are anomalous (i.e., no real basis). This possibility weakens GDP in constant prices as basis for valuing the economy’s production and analyzing its growth performance. This paper demonstrates that conversion to chained prices avoids the above anomalies. Emerging from the conversion are a smaller and shrinking agriculture and industry sectors and a larger services sector that is now over 50 percent of the Philippine economy rather than the level that has been shown by valuation in constant 1985 prices. In both contributions to level and growth of GDP, chained prices accentuate more than constant 1985 prices the declining importance of agriculture and industry and the rising importance of services in Philippine economic transformation.

Implementing US GDP in Chained Prices for Cross-country GDP Growth and Sectoral Comparisons: Application to Selected ASEAN Countries
Jesus Dumagan

GDP in constant prices of ASEAN countries suffers from substitution bias by ignoring relative price changes and makes GDP growth and shares dependent on the base year. These analytical deficiencies led the US since the mid-1990s to convert GDP from constant to chained prices. Cross-country comparisons in constant prices are analytically shaky even with the same base year. Therefore, to establish on more

analytically solid and realistic footings the measurement of GDP and the analysis of GDP growth and sectoral composition in Indonesia, Malaysia, the Philippines, Thailand, and other countries as well, this paper concludes that their GDP in constant prices should be converted to GDP in chained prices.

Assessing Competition in Philippine Markets
Rafaelita Aldaba

This paper reviews the current empirical literature on competition and market structure of Philippine industries. It shows that weak competition is one of the fundamental factors that explain limited growth, productivity, and employment in the economy. Philippine experience has shown that reforms such as trade liberalization, deregulation, and privatization, while necessary, are not sufficient to foster effective competition. The success of these reforms depends on the creation of a competitive domestic market environment, which is in turn determined by the interplay of behavioral, regulatory, and structural constraints along with the broader aspects of competitive infrastructure.

Globalization and the Need for Strategic Government-Industry Cooperation in the Philippine Automotive Industry
Rafaelita Aldaba

The paper shows that the industry’s lack of competitiveness, absence of economies of scale and a weak supply base are the fundamental issues that must be addressed in order to strengthen the industry and integrate it with regional production networks of foreign automakers. The entry of cheap, smuggled second-hand vehicles has put tremendous pressure on the industry. Immediate government action to address smuggling and design a coherent set of policies and a comprehensive strategy to



improve industry competitiveness is urgently needed.

Rules of Origin: Regimes in East Asia and Recommendations for Best Practice
Erlinda Medalla

With globalization and advances in information and communication technology (ICT) leading to growing international production sharing, rules of origin (ROO), amidst the increasing trend in preferential trading arrangements (PTAs), have been beset with difficult recurring issues. First and foremost is the cost of ROO administration. Second, ROO as part of PTAs could generate new barriers to trade, thus taking with one hand what the other hand has given. In turn, this gives rise to another key concern: its potential use as a protectionist tool. To achieve the East Asian vision of a community, any PTA it would endeavor to establish should set a rational, enabling regime of ROO that would facilitate even as it attempts to prevent trade deflection, with enough safeguards for inclusive development both within and across countries in the region. There is a consensus that the movement

should be toward more simple and unrestrictive ROO.

Policy Issues for the ASEAN Economic Community (AEC): the Rules of Origin
Erlinda Medalla

Striking a balance between trade facilitation and preventing trade deflection is the single most difficult challenge with regard to the issue of rules of origin (ROO). ASEAN ROO is already considered as among the simplest in the world yet still, in practice, results fall short of expectations. ASEAN is fully cognizant that in order to achieve its goal of a single market and production base, progress in eliminating tariffs within ASEAN is not enough. It needs to be accompanied by an enabling ROO regime. Indeed, the AEC Blueprint explicitly provides for instituting reforms in ASEAN ROOs toward the direction of less restriction and simplification. In the medium term, ASEAN member countries can push for an East Asia Free Trade Area that will consolidate the various bilateral and subregional FTAs and therefore overcome the noodle bowl syndrome. This would be a direct result of harmonizing the various ROOs. It goes without saying that the ultimate or long-term objective would be an equitable and efficient multilateral trading system anchored on lower MFN rates under the auspices of the WTO.

Benefit Incidence Analysis of Public Spending on Education in the Philippines: A Methodological Note
Janet Cuenca

Benefit incidence analysis (BIA) is a tool used to assess how tax policy or government subsidy affects the distribution of welfare in the population. In other words, it evaluates the distribution of government subsidies among different groups in the population, in particular, among different income groups.



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The methodology involved in benefit incidence approach is straightforward. Nevertheless, defining deciles (or quintiles) is critical as benefit incidence estimates depend heavily on the number of individuals occupying each decile (or quintile) cell. Deciles can be defined over population, i.e., across individuals and across households. The purpose of this methodological note is to briefly illustrate the difference in benefit incidence estimates that are obtained when deciles of population/individuals in lieu of deciles of households are used in the analysis as applied to government spending on education in the Philippines.

CARP Institutional Assessment of Post-2008 Transition Scenario

■ Towards a New Agrarian Justice System *Marvic Leonen*

The study focuses on the implications of a post-2008 CARP transition scenario for the agrarian law and justice system. It addresses the conflicts after the award of certificates of land ownership awards (CLOA) or emancipation patents (EP). There are six types of conflicts within the agrarian sector: 1) dispute between landowners and the farmer beneficiary; 2) conflict between landowner and the state; 3) conflict between the farmer beneficiary and the state; 4) conflict between farmer beneficiaries; 5) disputes between putative landowners that delay or affect the implementation of any part of the agrarian reform program; and 6) disputes involving participants in the agrarian reform program and third parties. Some of the recommendations are: (a) the principal mode to settle disputes between landowners and farmer beneficiaries should be through compulsory arbitration; (b) the DARAB and the BALA should be restructured

to allow compulsory arbitration; (c) with the still applicable provisions of the Agricultural Land Reform Code, the relationship of agrarian reform with the Public Land Act and the Property Registration Decree should be included in the statute that will extend the CARP; and (d) the continued training programs for all adjudicators, arbitrators and agrarian reform lawyers and paralegals should be provided to include alternative dispute processing methodologies.

Developing a Roadmap Towards East Asian Economic Integration: The Perspective of the Philippines *Josef Yap*

The Philippine experience shows that economic openness and global integration per se will not automatically result to economic development. The study notes that it is important that efforts are concurrently placed in strengthening economic structures and good governance. To integrate the economies of East Asia, it is important that development gaps are addressed, financial market and monetary systems are integrated, and political structures comply with principles of good governance.



Photo credit: Michael Cabalfin, PIDS

Small and Medium Enterprises in the Philippines *Rafaelita Aldaba*

This paper reviews existing government SME policies as well as recent developments in the manufacturing sector, within the context of the emerging global production network. The paper draws on the findings of a survey interview of SMEs in the automotive, electronics and garments sectors. The paper highlights the importance of creating a separate government office that would coordinate SME policies and programs to support the integration of SMEs in the global production chain.

Analysis of Industrial Agglomeration, Production Networks, and FDI Promotion: Developing Practical Strategies for Industrial Clustering *Mari-Len Macasaquit*

The economic reform process in the Philippines was accelerated in the 1980s and 1990s. The reforms were found to have yielded positive results in terms of the nature of industrial agglomeration

in the country as this was found to have occurred in the 1990s based on the results of the survey and econometrics analyses. The latter also identified the factors that influenced firms to agglomerate in the country, referring to economic fundamentals and deliberate policy and public action by government. However, industrial upgrading and innovation in the country was found to be weak. Expenditures on R&D are low and linkages between stakeholders are not strong. There are firms that have undergone upgrading in terms of introduction of new goods, upgrading of machineries, and opening of new markets but they tended to rely more on their in-house capabilities probably due to inadequate support from the government's institutional infrastructure and financial system. These came out from the estimation results. The agglomeration strategies that are currently being pursued in the Philippines—establishment of economic zones and industry clustering—have the potential to address some of the issues and problems identified.

Asia's Dependency Transition: Intergenerational Equity, Poverty Alleviation and Public Policy (Phase 2)

■ NTA Estimation Methodologies Development, Estimation and Documentation for Asia's Dependency Transition Project (Philippine Component) -Phase 2 *Rachel Racelis*

■ Data Compilation and Estimation of National Transfer Accounts (NTA) Components For Asia's Dependency Transition Project (Philippine Component) - Phase 2 *John Michael Salas*

These two studies, which comprise the two components of the PIDS-NUPRI project, aim to develop an integrated and comprehensive approach in looking at issues caused by unprecedented changes in the age structures in the demography of many Asian countries, particularly rapid population aging. In particular, the study examines the effects of changing age structures, including population ageing, to intergenerational transfers within a country, to assess the costs of alternate policy options, and the effects of such transfers on savings, economic growth and equity. Such approach is embodied in a National Transfer Accounts which serves as a major output of the project.



Comprehensive Documentation and Analysis of Issues on the Official Poverty Estimation Methodology of the Philippines: The Standards of Nutritional Adequacy Used in the Official Poverty Estimation Methodology of the Philippines *Jose Ramon Albert and Wilma Molano*

The study examines the statistical issues that complicate the measurement of poverty and points out that there are two fundamental problems in coming up with an absolute poverty line: (a) the referencing problem, i.e. what do we mean as minimum basic needs, and, (b) the identification problem, i.e., how to estimate the amount necessary to achieve this minimum basic needs?

While there is more attention in the Philippines to measuring poverty in an absolute sense, and consequently setting absolute poverty lines, consumptions and lifestyles, however, change over time. Thus, it will be important for society to reexamine its concept of a poverty line, and its measurement every so often. Now is certainly a good time to do so, with the numerous studies that have suggested weaknesses in the current approach, and promised alternatives.

Social Weather Stations Poverty Estimates *Mahar Mangahas*

The purpose of the SWS constructs of self-rated poverty and self-declared hunger is to create practical means of monitoring the state of aggregate poverty and hunger regularly and rapidly over time. The paper points out the need for more time-series analysis. Government and private research institutes, including those in universities,

should do integrated analysis of the SWS data to get the possible determinants of poverty and hunger. The researchers should aim to discover what the favorable factors were in periods when poverty and hunger declined, and what the unfavorable ones were in periods when they increased.

Prices Collected by the Bureau of Agricultural Statistics (BAS) *Romeo Recide*

Collection of prices of various agricultural commodities has been one of the main activities of the Bureau of Agricultural Statistics (BAS) and its predecessor, the Bureau of Agricultural Economics (BAEcon). The BAS collects three types of prices. These are farm prices, wholesale prices and retail prices. This paper presents the BAS procedures in the generation and dissemination of prices for agricultural commodities. The paper raises the issue of the need for more real-time price information. To address this concern, there is a need to establish a web-based Information System (IS), which will facilitate transmittal of price data, enabling more real-time information. This facility requires updated IT infrastructures and hardware, which the BAS budget cannot support at present. The paper also points out the issue on the diminishing BAS manpower complement both at the BAS Central Office (CO) and Provincial Operations Centers (POCs), which had been reduced as a result of retirement, transfers and resignations. Moreover, new hirings are constrained by the government's rationalization plan. This has resulted in the expansion of tasks for each staff risking an overload. The need to add more personnel has to be addressed soon.

ON-GOING PROJECTS

International Migration Research Program

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

Bridging the Gap between Seasonal Climate Forecasts and Decisionmakers in Agriculture

- Assessing the Value of SCF on farm-level Corn Production Through Simulation Modeling
Celia M. Reyes, Kathrina G. Gonzales, Canesio D. Predo and Rosalina G. de Guzman

- Climate Variability, Seasonal Climate Forecast and Corn farming in Isabela, Philippines: A Farm and Household Level Analysis
Celia M. Reyes, Sonny N. Domingo, Christian D. Mina, and Kathrina G. Gonzales

- Policy Options for Rice and Corn Farmers in the Face of Seasonal Climate Variability
Celia M. Reyes, Sonny N. Domingo, Christian D. Mina, and Kathrina G. Gonzales

- Seasonal Climate Variability and Indigenous Knowledge and Practices of Corn Farmers in Isabela, Philippines
Celia M. Reyes and Sonny Domingo

- Profitable Use of SCF in a Policy Context: The Case of Rice Stockholding in the Philippines
Celia M. Reyes and Christian D. Mina

- Use of Seasonal Climate Forecast in Philippine Rice Policy
Jason Crean, Kevin Parton, and Edna Juanillo

PIDS Economic and Social Database

Celia Reyes

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

Celia Reyes and Aubrey Tabuga

- Analysis on the Issue of Comparability of Official Poverty Estimates of the Philippines Across Time and Space
Lisa Bersales

- A Review and Analysis of Statistical Dimensions on the Official Statistics Methodology for the Computation of Poverty
Arturo Pacificador

- Official Poverty Estimation Methodology
National Statistical Coordination Board

- Documenting the Data Used in Poverty Estimation
Carmelita Ericta

- Poverty Targeting Approaches
Celia Reyes

- Community-based Monitoring Systems for Poverty
Celia Reyes

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

Celia Reyes and Jose Ramon Albert

Computation of Agricultural Policy Indicators and the Development of a Capacity for the Monitoring and Evaluation of Agricultural Policies

Roehlano Briones

- Assessing Impacts of Agricultural Policies by Using Agricultural Policy Indicators
Cristina David

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

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

- Study on the Philippine Rural Credit System
Piedad Geron

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

- Studies on Child Poverty
- Local Service Delivery
Josef Yap, Rosario Manasan, Aniceto Orbeta, Jr., Danilo Israel, Rouselle Lavado, Celia Reyes, Jose Ramon Albert, Marife Ballesteros, Janet Cuenca

National Urban Development and Housing Framework, 2009-2016

Marife Ballesteros

- Study on the Philippine Rural Governance Framework for Urban Development and Housing
Benjamin Cariño

- Study on the Philippine Rural Policy Framework for Urban Development and Housing
Arturo Corpuz

Policy Research on the State and Future Supply of and Demand for AFNR Graduates in the Philippines

Roehlano Briones

- Projecting Supply and Demand Situation of AFNR Human Resources
Jose Camacho

- Data Collection Sub-component for Forecasting Demand of AFNR Human Resources
Roselle Collado

- Issues Impacting the Human Resources of the AFNR Sector: A Comprehensive Review of Literature
Ledivina Cariño

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

- Agriculture, Forestry, and Natural Resources (AFNR) Graduates in the Philippines: A Database Design
Prof. Rizal Cruz

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

Mari-Len Macasaquit, Melalyn Mantaring, Fatima del Prado, Michael Caballin

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

Roehlano Briones

Review of Aquaculture Institutions in Laguna de Bay

Danilo Israel

Analysis of the Philippine Mining Sector

- Review of Philippine Mining Development
Danilo Israel

- Industry Study of the Philippine Mining Sector
Danilo Israel

Economic Analysis of Social Security in the Philippines

Rouselle Lavado

Privatization of Water Services in Metro Manila

Rouselle Lavado

Benchmarking of DOH Retained Hospital

Rouselle Lavado

A Review of the Philippine Experience with the BOT Scheme

Karl Jandoc

A Review of Government's Procurement Policy

Gilberto Llanto

Policy Directions in Providing Government Subsidies for Urban Rail Systems

Ruzette Mariano

Benefit Incidence of Public Spending on Health in the Philippines

Rosario Manasan and Janet Cuenca

Public Finance and Fiscal Policy Perspective Paper

- Assessment of Efficiency and Equity Concern
Rosario Manasan

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

Trade Policy Monitoring

Erlinda Medalla

Concept Paper on Forming a Rational FTA Framework for the Philippines

Erlinda Medalla

Small and Medium Enterprises

Erlinda Medalla

Logistics

Gloria Pasadilla

Non-tariff Measures

Gloria Pasadilla

Poverty Monitoring and Analysis

Celia Reyes and Aubrey Tabuga

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

Janet Cuenca

Education, Labor Market and Development: Updating of the Perspective Paper

Aniceto Orbeta, Jr. and Michael Caballin



PROJECTS IN THE PIPELINE

The end of 2008 finds the Institute developing a number of major projects that may be fully implemented in 2009. One is the UN-DESA/UNDP project entitled “Assessing Development Strategies to Achieve the MDGs in Asia and the Pacific: The Case of the Philippines” which involves an assessment of present strategies on MDG achievements and the challenges being met. An analysis of the links between policy choices and economic outcomes as they stand in the country will be conducted. Using the methodology from the previous studies in Latin America, the Caribbean and the Arab states, the study team is expected to adopt an economy-wide, general equilibrium framework along with microeconomic cost-effectiveness analysis to achieve the MDGs and microsimulations to compute poverty and inequality results.

The Institute was also being tapped to serve as the Southeast Asian hub for the ADB-led Poverty Network called “Regional Knowledge and Partnership Networks on Poverty Reduction and Inclusive Growth.” The project is expected to enhance sharing of national and regional capacities in policy making to address poverty and in developing inclusive growth strategies through enhanced generation and exchange of knowledge in these areas. Support will be provided to help regional institutions develop and synthesize for sharing specific poverty and inclusive growth related knowledge products and to promote knowledge networking mechanisms.

Another pipeline project is the “Local MDGs Online: Empowering Local Governments in Tracking the MDGs.” The primary objective of this undertaking is the establishment of an online database for tracking the progress of achieving the MDGs at the local level. This database will consist of various MDG indicators at the municipal and barangay levels that can be obtained from various available data sources. This is in response to the need for more accessible data at the local level both for planning and monitoring purposes.

Directed at tapping the Institutional Development Facility of the World Bank, a project on the “Development of an Expenditure Watch Facility for M&E of Public Expenditure in Agriculture, Infrastructure and Public Education” is in the development stages. This is aimed at strengthening the DBM’s and NEDA’s capacity to measure the quantity, quality and targeting of the goods and services provided by the state in key sectors and to measure the resulting impacts. The project also aims to create awareness among the public and facilitate understanding of the causes of good and poor performance of public expenditure.

Another possible major effort in the near future is related to the development of a China Studies Program within PIDS, which is being explored upon the instance of the China and North Asia Division of the Department of Foreign Affairs. This is aimed at providing a framework that would guide policymakers in dealing with China-related issues.

Lastly, the proposal for the “APEC Seminar Workshop on the Good Practices in Social Safety Nets in APEC Member Economies” was presented in the APEC 30th Human Resources Development Working Group Meeting last 15-18 April 2008 in Bohol. Falling under the Labour and Social Protection Network, this proposal was highly endorsed among all the proposals submitted for support of the member economies.

PHILIPPINE APEC STUDY CENTER NETWORK

PASCN

The Philippine APEC Study Center Network (PASCN) is a regular component project of the PIDS. It was established by virtue of Administrative Order No. 303 issued by President Fidel V. Ramos on 23 November 1996 as the Philippines' response to the APEC Leaders Education Initiative (ALEI). The PASCN's establishment is particularly relevant to one of ALEI's components which calls for the promotion of APEC-related studies and greater exchange of scholars and students among institutions of higher learning in the region.

Research Program

A. COMPLETED PROJECTS

The Impact of the Free Trade Area of the Asia Pacific (FTAAP) on Production, Consumption and Trade of the Philippines by U-Primo Rodriguez, UPLB (Appeared as PIDS Discussion Paper No. 2008-20)

Deepening Regional Cooperation for Disaster Recovery and Reconstruction: A Proposal for Proactive Approach to Risk Financing by Ms. Cathy G. Vidar and Dr. Erlinda M. Medalla (Paper presented during the Annual Study Center Consortium Conference and Business Meeting held in Piura, Peru, June 19-21, 2008).

Economic Dimension of the Evolving East Asian Regional Institutional Architecture: Perspectives from the Philippines by Ms. Jenny Balboa (Also presented during 2008 Annual Study Center Consortium Conference).

Suggested Rules of Origin Regime for EAFTA by Erlinda M. Medalla and M. Supperramaniam (Appeared as PIDS Discussion Paper Series No. 2008-22)

On Free Trade Agreements (FTAs): The Philippine Perspective by Erlinda M. Medalla and Melalyn C. Mantaring (The paper was presented during the Asian "Noodle Bowl" Conference and Technical Workshop on "Impacts of FTAs on Business Activity in East Asia" at the ADBI, Tokyo, Japan, July 17, 2008).

B. ON-GOING PROJECTS

Sectoral Liberalization: An Alternative to the Free Trade Area of the Asia-Pacific and Implications on the Philippines by Dr. George Manzano, UAP

Formulating an Integrated Approach to RTA/FTA Engagements by Dr. Erlinda Medalla

Thesis & Dissertation Assistance Program (TDAP)

There were applications submitted to the Secretariat but the TDAP Committee disapproved the proposals after evaluation and deliberation.

Information Dissemination and Publications Program

A. MEETINGS/CONFERENCES/WORKSHOPS

Technical Workshop on "The Impact of the Free Trade Area of the Asia Pacific (FTAAP) on Production, Consumption and Trade of the

Philippines" by U-Primo Rodriguez, UPLB (8 February 2008, Rm. 208 NEDA Makati Bldg.)

12th PASCN Symposium and General Assembly – presenters were members of the research team on Japan-Philippines Economic Partnership Agreement. (28 February 2008, University of San Carlos, Cebu City)

Pulong Saliksikan on "The Efficiency of Philippine Commercial Banks" by Santos Jose Dacanay III, UP Diliman (11 June 2008, Rm. 208 NEDA Makati Bldg)

Technical Workshop on "EVSL Redux--An Alternative to FTAAP? Implications on the Philippines" by Dr. George Manzano and Myrene Bedaña, UAP (12 November 2008, Rm. 208 NEDA Makati Bldg.)

PIDS/PASCN-ADB Roundtable Discussion on "Asian Noodle Bowl--Is it Serious? Firm-Level Evidence from the Philippines and other East Asian Countries" by Dr. Ganeshan Wignaraja and Atty. Dorothea Lazaro, Asian Development Bank (December 4, 2008, C.P. Romulo Hall, NEDA Makati Bldg.)

PASCN Discussion Forum on "Inside APEC: Addressing the Challenges for Regional Cooperation" by Dr. Takashi Hattori, Project Director of APEC Secretariat. (December 8, 2008, Rm. 208, NEDA Makati Bldg.)

B. CIRCULATION OF RESEARCH OUTPUTS

From the list of completed projects, two (2) were released as PIDS Discussion Papers while three (3) are for minor revisions and submission for publication.

Networking and organizational meeting

APEC Study Centers Consortium Conference and Business Meeting held in Piura & Tumbes, Peru (19-21 June, 2008)

PIDS/PASCN co-organized the 4th Experts Meeting on EAFTA Study Phase II in Dusit Thani Hotel, Makati City (17-18 November 2008)

CEPEA Study Group Adhoc Meeting in Tokyo, Japan (28 November 2008)

Technical Assistance

PASCN is an active member of the Technical Board on APEC Matters (TBAM) and provided technical advice on issues pertaining to APEC.

Member, Regional Integration (REI) Task Force assigned to review & comment on the APEC Regional Economic Integration Agreed Actions-Key Priorities and a Dozen Deliverables for 2008.

Provided technical assistance in the Senate deliberations on Competition Policy and Anti-trust bills as well as continuing technical assistance in Senate hearings regarding JPEPA issues and concerns.



For 2008, the Institute continued to expand its exposure to various stakeholders through joint partnerships with certain institutions on dissemination-related undertakings. At the same time, it embarked on streamlining its dissemination and circulation systems through enhanced programs and systems such as the development of a combined mailing list and inventory program, expansion of the Online Public Access Catalogue (OPAC), and redesign of the Socio-Economic Research Portal for the Philippines (SERP-P) website.

PUBLICATIONS AND CIRCULATION

Print titles

The Institute released the *Human Capital and Development in the Philippines*, a festschrift volume dedicated to Professor Alejandro N. Herrin in recognition of his numerous contributions to research and policy in population, social sciences, and development in the Philippines and other countries, and of his mentoring of a generation of scholars and policy practitioners in these areas. Most of the papers contained in the festschrift were presented during the "Workshop in Honor of Professor Alejandro N. Herrin" held on 14 August 2006 at the NEDA sa Makati Building in Makati City.

For its Research Paper Series, the Institute released three papers: *Rice and Philippine Politics* by Ponciano S. Intal, Jr. and Marissa C. Garcia; *Rice Production Practices* by Eulito U. Bautista and Evelyn F. Javier; and *Rice in the Filipino Diet and Culture* by Filomeno V. Aguilar, Jr. which are part of an upcoming volume on rice that resulted from an earlier-held seminar series jointly sponsored by the Philippine Rice Research Institute (Philrice) and the PIDS in celebration of the International Year of Rice.

The *Philippine Journal of Development* issue released contained, among others, a paper which tackles the importance of targeting in the implementation of two major hunger mitigation programs of the government. It also includes a paper that investigates the Philippine government's price stabilization policy for rice. A third paper discusses the need for an appropriate regulatory framework for microinsurance while another paper determines the factors affecting the export performance of firms in the Philippines. The succeeding paper traces the evolution of economics education in Philippine high school through a review of textbooks while the final paper is a book review of a previously-released PIDS publication.

Meanwhile, the *Development Research News*, as in the previous years, featured a number of interesting issues beginning with PIDS President Dr. Josef T. Yap's economic outlook for the year which also analyzed key economic issues that would have a bearing on the year's

economic performance. Succeeding issues highlighted international migration and its effects on the rights and welfare of children left at home; the set of Comprehensive Agrarian Reform Program (CARP) studies conducted by the Institute's researchers as part of a World Bank project funded through the Food and Agriculture Organization (FAO); a review of the Philippine Statistical System (PSS); and firm-level effects of free trade agreements (FTAs) on local firms.



The Institute released 12 issues of the *Policy Notes Series* during the year. Some of the topics tackled in these issues include the importance of and problems besetting the fishpen and fishcage culture in Laguna de Bay; challenges in the automotive industry amidst globalization; improving basic education by having evidence-based policies and actions; regional cooperation in East Asia; the rice crisis; regulating the microinsurance industry; tax reforms; streamlining the Philippine Statistical System; conditional cash transfer; the financial crisis; issues regarding the measurement and analysis of poverty statistics; and the potential contribution of the fruits and vegetable subsectors in agricultural diversification.

The four issues of the *Economic Issue of the Day* focused on some basic poverty notes, an explanation of the global financial crisis, and the concept of the Filipino international diaspora.

On the other hand, 33 titles were released under the Discussion Paper (DP) Series. Topics included several titles written under the Institute’s research projects on international migration, finance, health and population, utilities, infrastructure development, international trade, regional economic integration, local governance, consumption and income patterns, education, agrarian reform, microfinance, competition policy, and the manufacturing and automotive industry (see list below).

Meanwhile, four issues of the *SCF Project Updates* were released during the year. This outlet is part of the ACIAR-sponsored project on seasonal climate forecasts (SCF). The issues tackled: bringing SCFs into the realm of agricultural decisionmaking in Isabela; evolution of the 2007-2008 La Niña episode and the climate scenario; proposed frameworks in using SCF for decisionmaking; and determining corn farmers’ decisions based on SCFs.

Distribution, Promotion and Circulation

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

Sending of complimentary copies of selected PIDS publications was likewise sustained. In 2007, there were 1700 recipients with the addition of municipal and provincial planning officers across the country. The Institute also continued its exchange agreement with local and foreign institutions (see Library Development). For wider dissemination of research outputs, the Institute maintained its licensing agreements with the following: Internet Securities, Inc; EBSCO Publishing, Inc.; ISI Emerging Markets; ProQuest Information and Learning Company; and the ZBW German National Library of Economics.

In terms of sales of publications, the bulk of the income for 2008 came from local sales.

To have an effective means of monitoring and facilitating the movement of inventory of all PIDS publications, the Institute initiated a project to develop a Combined Mailing List and Inventory System through the help of RFID Software Solutions. The system is a web-based application written in PHP, HTML, and Javascript that runs in Apache Web Server using MySQL database.

PIDS Corner

There are now 10 PIDS Corners established in strategic sites across the country with the addition of three PIDS Corners in 2008 in the following locations: De La Salle University Library, Dasmariñas, Cavite; Cagayan State University Caritan Campus Library, Tuguegarao City; and the Bacolod City Library, Bacolod City.



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

By the end of 2008, the SERP-P contained 4,358 publications made available online by its 40 member institutions which include: Action for Economic Reform; Agricultural Credit Policy Council; AIM JBF Center for Banking and Finance; Angelo King Institute for Economic and Business – DLSU; Asian Development Bank; Ateneo School of Governance; Bangko Sentral ng Pilipinas; Bureau of Customs (BOC); Central Luzon State University; Department of Interior and Local Government (DILG); DLSU-Social Development Research Center; DLSU-University Research Coordination Office; German Technical Cooperation (Philippine Office); Institute of Strategic Planning and Policy Studies; Mindanao Economic Development Council; National Economic and Development Authority (Central Office); National Economic and Development Authority (Regions 1, 3, 8, 11, 12, CARAGA); National Statistical Coordination Board; National Tax Research Center; Philippine APEC Study Center Network; Philippine Institute for Development Studies; PIDS-Population Commission Population Management Program; National Water Resources Board (NWRB); Philippine Rice Research Institute (PhilRice); 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; and Xavier University-Research Institute for Mindanao Culture.



PUBLIC AFFAIRS PROGRAM

Events Management

A total of forty-seven (47) events were arranged and sponsored by the Institute from January to December 2008. These are classified in the following categories: 8 network/ project related fora which include two International Conferences, 5 Roundtable Discussions, 6 Regional Consultation Meetings, 3 PIDS Corner Inaugurations, 6 Pulong Saliksikan, 2 Institutional Symposium, 2 Senate Staff Forum Series, 2 House of Representatives Forum Series, 2 Press Conference/ Public Briefing and 11 General Assembly Meetings.

After the successful conduct of the Seminar Series on Public Policies and the Rights of Children co-sponsored with the United Nations Children’s Fund (UNICEF) in 2007, the two institutions agreed to extend the series into 2008. The first session conducted in 2008 was on the theme “The Effects of Parents’ Migration on the Rights of Children Left Behind,” which was held at the PIDS Romulo Hall while another one —“Indigenous Children: Promoting & Protecting Their Rights”—under the Series was held in October 2008 in Davao City.

Several seminars were likewise held in relation to agrarian reform, regional economic integration, and regulation of microinsurance, among other topics. Meanwhile, the issues behind international migration took center stage in this year’s observance of the 6th Development Policy Research Month (DPRM) which carried the theme “Managing the Development Impacts of International Migration” and coincided with the 31st founding anniversary of the Institute.

For 2008, 54 institutions from the government, academic, private and nongovernment sectors took part in the DPRM. The steering committee, meanwhile, was composed of representatives from the Overseas Workers’ Welfare Administration (OWWA), Philippine Overseas Employment Administration (POEA), Commission on Population (POPCOM), National Economic and Development Authority (NEDA), SCALABRINI Migration Center, Inc., Commission on Filipinos Overseas (CFO), and Philippine Information Agency (PIA). In addition, a number of academic institutions and government agencies across the country conducted activities in support of the DPRM.

Titles under the DP Series

DP 2008-01: Can Imports Discipline Collusive Firms? The Case of the Philippine Cement Industry	DP 2008-18: Policy Issues for the ASEAN Economic Community: the Rules of Origin
DP 2008-02: Emerging Issues in Promoting Competition Policy under Regional Frameworks	DP 2008-19: Rules of Origin: Regimes in East Asia and Recommendations for Best Practice
DP 2008-03: A Note on Defining the Dependent Population Based on Age	DP 2008-20: Impacts of the Free Trade Area of the Pacific (FTAAP) on Production, Consumption, and Trade of the Philippines
DP 2008-04: Managing Capital Flows: The Case of the Philippines	DP 2008-21: Globalization and the Need for Strategic Government-Industry Cooperation in the Philippine Automotive Industry
DP 2008-05: Impact of Microfinance on Rural Households in the Philippines	DP 2008-22: Suggested Rules of Origin Regime for EAFTA
DP 2008-06: CARP Institutional Assessment in a Post-2008 Transition Scenario: Toward a New Rural Development Architecture	DP 2008-23: Assessing Competition in Philippine Markets
DP 2008-07: CARP Institutional Assessment in a Post-2008 Transition Scenario: Implications for Land Administration and Management (LAM)	DP 2008-24: Avoiding Anomalies of GDP in Constant Prices by Conversion to Chained Prices: Accentuating Shifts in Philippine Economic Transformation
DP 2008-08: Benefit Incidence of Public Spending on Education in the Philippines	DP 2008-25: A Review of Build-Operate-Transfer for Infrastructure Development: Some Lessons for Policy Reform
DP 2008-09: Benefit Incidence Analysis of Public Spending on Education in the Philippines: A Methodological Note	DP 2008-26: Land Rental Market Activity in Agrarian Reform Areas: Evidence from the Philippines
DP 2008-10: CARP Institutional Assessment in a Post-2008 Transition Scenario: Reforms for the Agrarian Justice System	DP 2008-27: Developing Principles for the Regulation of Microinsurance: Philippine Case Study
DP 2008-11: Have Lifecycle Consumption and Income Patterns in the Philippines Changed between 1994 and 2002?	DP 2008-28: Implementing US GDP in Chained Prices for Cross-country GDP Growth and Sectoral Comparisons: Application to Selected ASEAN Countries
DP 2008-12: Consumption, Income, and Intergenerational Reallocation of Resources: Application of NTA in the Philippines, 1999	DP 2008-29: Spatial-Temporal Dimensions of Efficiency among Electric Cooperatives in the Philippines
DP 2008-13: Industrial Agglomeration and Industrial Policies: The Philippine Experience	DP 2008-30: Are Maternal and Child Care Programs Reaching the Poorest Regions in the Philippines?
DP 2008-14: Industrial Agglomeration in the Philippines	DP 2008-31: Financial services integration in East Asia: Lessons from the European Union
DP 2008-15: SMEs in the Philippine Manufacturing Industry and Globalization: Meeting the Development Challenges	DP 2008-32: Economic Impact of International Migration and Remittances on Philippine Households: What We Thought We Knew, What We Need to Know
DP 2008-16: Measures for Assessing Basic Education in the Philippines	DP 2008-33: Sustainable Development Framework for Local Governance
DP 2008-17: Policy Study on the National and Local Government Expenditures for Millennium Development Goals, 2000-2005	



The highlight of the DRPM was the conference with the same theme and held on 23 September 2008 at the NEDA sa Makati Building. The papers presented during the conference elicited discussions on the link between international migration and the development issues at the macro and microeconomic levels.

Media Exposure Monitor

The Institute's outputs were covered by various media outlets in 2008, recording 187 media exposures as monitored by the Institute (see Annex-E). The print media, specifically major national dailies such as the BusinessWorld, BusinessMirror, Philippine Star, Philippine Daily Inquirer, Malaya, Manila Bulletin, and their electronic counterparts, remain as the Institute's most active partners in research dissemination. Major broadcast stations, including GMA Network and ABS-CBN Broadcasting Corp. likewise carried news and feature stories on development issues studied by PIDS such as agrarian reform, rice crisis, JPEPA, international migration, poverty reduction, children, education, governance, e-commerce, and finance, among other topics.

LIBRARY DEVELOPMENT PROGRAM

The Institute served the library needs of its inhouse (295) and outside researchers and visitors (238), both local and foreign. For 2008, the total number of exchange agreements stood at 20 for local institutions and 28 for foreign institutions.

During the year, the Institute issued 23 interlibrary loan forms which gave the staff access to the libraries of the Asian Development Bank, Bangko Sentral ng Pilipinas, National Statistical Coordination Board, National Statistics Office, UP School of Economics, and UP Main Library, among others. The Institute also continued its subscription to various newspapers, magazines, journals, CDs, and books. It also acquired a number of highly useful reference materials (see box).

As of December 2008, the Library Online Pubic Access Catalog (OPAC) contains 11,371 titles of books and journal articles. The Institute likewise continued the barcoding of library materials and updating of the WEBLIS. It also provided continued assistance in the development of the Philippine Deposit Insurance Corporation (PDIC) Resource Learning Center and E-Library.

Selected 2008 Acquisitions:

- Top 7000 Corporations and Next 5000 Corporations (2007 & 2008-06-24)
- Handbook of International Trade in Services (2007)
- Handbook of International Economics (3 volumes)
- Handbook of Population and Family Economics (1 volume)
- Handbook of Income Distribution (1 volume)
- Handbook of Environmental Economics (3 volumes)
- Sampling Design and Analysis by Sharon Lohr (1999)
- The Power of Productivity by William W. Lewis (2004)
- Readings in Development Economics: Empirical Microeconomics 2001 (vols. 1&2)
- Microeconometrics for Policy and Treatment Effects by Myoung-Jae Lee (2005)
- International Migration & Economic Development: Lessons from Low-income countries by Lucas, et al (2005)
- Chicago Manual of Style 15th edition (2007)

PIDS Provident Fund

The PIDS Provident Fund was established on April 29, 1999. It was registered with the Securities and Exchange Commission (SEC) on January 25, 2000.

The PIDS Provident Fund was organized to establish and maintain a fund, the sources of which are derived from contributions of the members and counterpart contributions of PIDS. All earnings from its investment operations are distributed to the members as benefits. The PIDS provided P2.000 million seed money to the Fund as authorized by the PIDS Board Resolution No. 97-05, s. 1997 dated July 24, 1997.

The PIDS Provident Fund, Inc. was conceived to complement the GSIS and Pag-Ibig Fund benefits of PIDS employees. Its primary objective is to provide additional retirement benefits to retired/resigned/separated PIDS employees. Although its By-Laws provide a loan benefit to members which could have commenced 5 years from the date of its incorporation, the same was deferred indefinitely as agreed upon by majority of the members during the annual meeting held on April 18, 2005 to consistently pursue its long-term thrust of providing retirement benefits to PIDS employees.

In 2001, the Fund's application for tax exemption was approved by the Bureau of Internal Revenue (BIR). In the same year, the Fund was formally included in the roster of tax-exempt institutions (TEIs) by the Bureau of the Treasury and was allowed to participate in the over-the-counter sale of government securities.

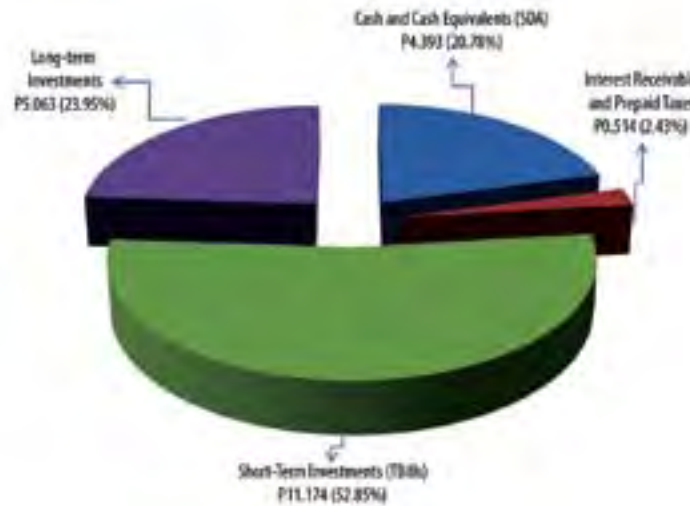
As of December 31, 2008, the Fund has a total membership of seventy-five (75) permanent PIDS member-employees. The 8th Annual Members' Meeting of the PIDS Provident Fund was held on April 16, 2008. A total of forty-four (44) members were present during the annual meeting. The meeting was highlighted by the following activities: 1) presentation of the annual report and audited financial statements by the Fund President; and 2) election of level representatives to the Board of Trustees.

During the year, a website developer was contracted by the Fund management to restructure the PIDS Provident Fund intranet website and on-line information system to address the needs and operational requirements of the Fund. The new system is expected to allow each member to check on real time the accumulated balance of their contributions to the Fund including its earnings. The system is also expected to have the following functional capabilities: 1) processing of journal vouchers; 2) maintenance of general ledger balances, general journal, and subsidiary records; and 3) generation of various reports (general journal, general ledger, subsidiary ledger, trial balance; and financial statements). The system is expected to become operational by year 2009.

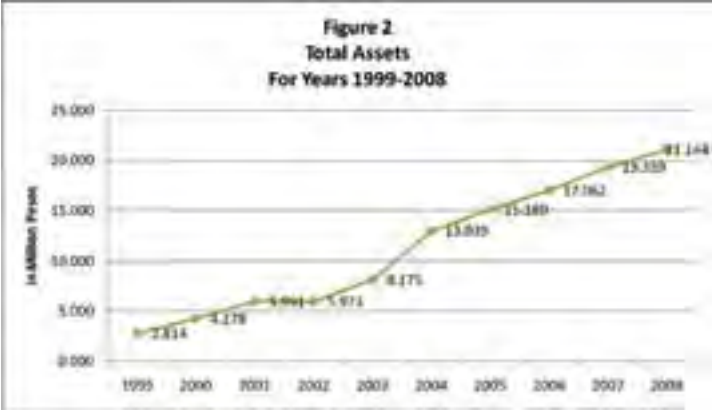
In terms of financial performance, the Fund's assets increased by 9.22 percent from P19.359 million in 2007 to P21.144 million in 2008. The Fund's assets consist of cash and cash equivalent (P4.393 million

or 20.78%), interest receivable and prepaid taxes (P0.514 million or 2.43%), short-term investments (P11.174 million or 52.85%), and long-term investments (P5.063 million or 23.95%). Figure 1 shows the Fund's asset distribution by class.

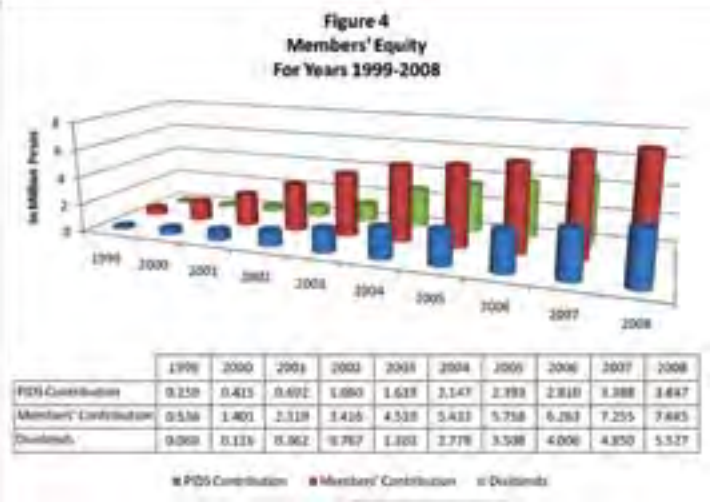
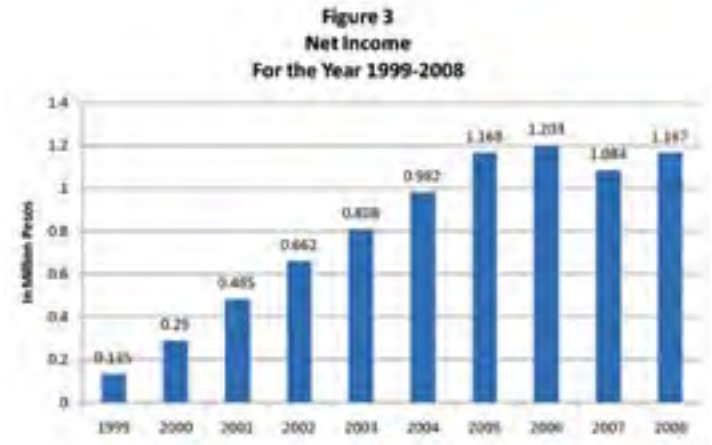
Figure 1. Asset Distribution by Class as of December 2008



The annual growth of the Fund’s assets during the last 9 years (1999-2008) is shown in Figure 2.



In terms of revenue generation for CY 2008, the Fund earned revenues of P1.266 million and spent P0.099 million in operating expenses, giving the Fund a net income of P1.167 million in 2008. This is 7.66




percent higher than the P1.084 million earnings in 2007. The increase in net income during the year can be attributed to the increase in investible funds. Figure 3 shows the trend in the net earnings of the Fund during the last 9 years (1999-2008).

The members’ equity consists of members’ contributions, that of PIDS, and the dividends. Figure 4 shows the members’ equity during the last nine years (1999 -2008).

In 2008, the members’ equity increased by 10 percent, from P15.493 million in 2007 to P17.059 million.

During the year, the Fund paid provident fund benefits in the total amount of P1.339 million to nine (9) retired/resigned employees.





The PIDS Employees’ Association (PIDSEA) is the official employees’ organization of the Institute. Since its founding in 2001, the association has continued to fulfill its goal of promoting and protecting employees’ rights, welfare and professional growth. The association has 62 members.

In 2008, PIDSEA continued its programs and activities that strengthened the camaraderie and goodwill among its members. On its seventh year, it pledged to carry on the efforts it has started in the past and initiated new projects that promoted the professional growth of its members.



Like before, the PIDSEA-sponsored sports festival is still one of the most anticipated events in the yearly PIDS week celebration, held every September, at the end of the month-long Development Policy Research Month. Competing team members unleashed their physical prowess and creative cheers, for that one and only aim—victory.



This same immense “desire” to win extended to the prized Bingo Social where cash and goods were coveted; and where jokes, laughter and food were shared in the merrymaking game.

One of the highlights in 2008 is the first-ever *Ukay-Ukay* project of the association. The bazaar showcased the “pre-loved” clothes, shoes, books, accessories and other precious items owned by PIDSEA members. More than that, it showed another facet of its members—their entrepreneurial skills. As part of the fund-raising program of the association, proceeds from the project went to the various activities that benefited the PIDSEA members.



The Kids Christmas Party also proved to be another most awaited and enjoyed activity of PIDSEA. The members and non-members, along with their children, nieces, nephews, and even just the kids at heart revelled in the dancing, singing, and lively games. Indeed, Jollibee’s (yes, the happy bee!), presence completed the already festive mood!



For the year 2009, PIDSEA aims to further improve the condition of its members, as well as improve the teamwork and professional relationship within the Institute itself.

ANNEX A

BOARD OF TRUSTEES



Hon. Ralph G. Recto
Chairperson

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



Dr. Ma. Cynthia Rose Bautista
Member

Professor
College of Social Science and Philosophy
University of the Philippines



Mr. Romeo L. Bernardo
Member

President
Lazaro Bernardo Tiu and Associates, Inc.



Dr. William G. Padolina
Member

Deputy Director-General
International Rice Research Institute



Dr. Josef T. Yap
Member

President, PIDS

ANNEX B

MANAGEMENT COMMITTEE



Josef T. Yap
President

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



Mario C. Feranil
Acting Vice-President
Director, Project Services and Development

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



Andrea S. Agcaoili
Director, Operations and Finance

M.A. Business Administration
Philippine Christian University



Jennifer P.T. Liguton
Director, Research Information

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



Roque A. Sorioso
Legal Consultant

Bachelor of Laws
University of the Philippines, Diliman

ANNEX C

RESEARCH FELLOWS



Jose Ramon G. Albert

Ph.D. Statistics
State University of New York at Stony Brook
(Statistical Analysis especially on Poverty
Measurement and Diagnostics, Agricultural
Statistics, Survey Design, Data Mining,
Statistical Analysis of Missing Data)



Rafaelita M. Aldaba

Ph.D. Economics
UP School of Economics
(Trade and Industrial Policy, Competition
Policy)



Marife M. Ballesteros

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



Roehlano M. Briones

Ph.D. Economics
University of the Philippines
(Agriculture, CGE Modelling, Rural
Development)



Danilo C. Israel

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



Rouselle F. Lavado

Ph.D. Public Policy
Hitotsubashi University
(Public Policy, Health)



Gilberto M. Llanto

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



Rosario G. Manasan

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



Erlinda M. Medalla

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



Aniceto C. Orbeta, Jr.

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



Gloria O. Pasadilla

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



Celia M. Reyes

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

ANNEX D

SUMMARY OF ACTIVITIES FOR THE 2008 DEVELOPMENT POLICY RESEARCH MONTH

<div>Date: September-October Title of Event: Conduct of Surveys (Employers’ Survey, Impact Valuation Study) Venue: TESDA Regional and Provincial Offices Sponsor: TESDA</div>	<div>Date: 18 September Title of Event: Management of Human Resources Venue: Media Resource Center Bukidnon State University, Malaybalay City Sponsor: Bukidnon State University</div>
<div>Date: 5 September Title of Event: Leadership Training Seminar 2008 Speaker: Georgina Hernandez (Ateneo De Manila University, Interdisciplinary Studies, 2007) Venue: Kalayaan College, Riverbanks Center, 84-A Bonifacio Avenue Barangka, Marikina City Sponsor: Kalayaan College</div>	<div>Date: 19 September Title of Event: Seminar on Salary Standardization Law, Teachers’ Plight and Migration Speaker: Rep. Luz Ilagan, Sectoral Representative, Gabriela Women’s Party-list Writing Policy Briefs on Social Researches on Filipino Migration Venue: MSU-IIT, Iligan City Sponsor: Department of Research, OVRCE</div>
<div>Date: 15 September Title of Event: Third AC-UPSE Economic Forum (Topic: Is Labor Export Good Development Policy?) Speaker: Dr. Ernesto M. Pernia (UPSE) Venue: Executive Lounge, 25/F Tower 1 Ayala Triangle, Makati City Sponsor: UP School of Economics</div>	<div>Date: 22 September Title of Event: Launching of the Executive Order on the creation of the “Pampanga Inter-Agency Council for Migrants’ Concerns” Venue: SP Session Hall, Provincial Capitol of Pampanga Sponsors: PIACMC and Office of Board Member Ricardo Yabut</div>
<div>Date: 16 September Title of Event: Press Conference on the DPRM 2008 celebration. Theme: Managing the Development Impact of International Migration” Venue: C.P. Romulo Hall, NEDA sa Makati Building, 106 Amorsolo Street Legaspi Village, Makati City Sponsor: PIDS</div>	<div>Date: 23 September Title of Event: Conference on “Managing the Development Impact of International Migration” Venue: C.P. Romulo Hall, NEDA sa Makati Building, 106 Amorsolo Street Legaspi Village, Makati City Sponsor: PIDS</div>

<div>Date: 26 September Title of Event: Managing the Development Impact of International Migration Venue: ISSPS, CPAf, UPLB College, Laguna Sponsor: ISPPS, College of Public Affairs , ISPPS, CPAf, UPLB, College Laguna</div>
<div>Date: 28 September Title of Event: Call for Policy Research Ideas, Works-in-Progress and Proposal Venue: Center for Human Development, Polytechnic University of the Philippines Sta. Mesa, Manila Sponsor: Polytechnic University of the Philippines</div>
<div>Date: 30 September Title of Event: Spreading Your Resources Further: A Research Dialogue with OFW & Families Speakers: Jeremiah Opiniano, Socorro Calara, Albert Loteyro Venue: 2F Tarc, UST, Espana, Manila Sponsor: UST – Social Research Center</div>
<div>Date: 30 September Title of Event: Talakalayaan Venue: Kalayaan College, Riverbanks Center Barangka, Marikina City Sponsor: Kalayaan College</div>
<div>Date: 30 September Title of Event: Regional Seminar-Forum on International Migration Venue: NIT Gymnasium, NIT Main Campus Naval, Biliran City Sponsor: Naval Institute of Technology</div>

<div>Local farm products bear brunt of nontariff barriers BusinessMirror, 13 Feb. 2008</div>
<div>PIDS urges govt to push for poverty prevention BusinessMirror, 13 Feb. 2008</div>
<div>PIDS urges govt to encourage entrepreneurship among OFWs BusinessMirror, 13 Feb. 2008</div>
<div>Remittances spent wisely by families of migrant workers Manila Times, 13 Feb. 2008</div>
<div>No cop-outs again BusinessMirror, 14 Feb. 2008</div>
<div>Budgets for MDG underused BusinessMirror, 18 Feb. 2008</div>
<div>OFW kids `worse off` in life BusinessMirror, 22 Feb. 2008</div>
<div>Teenagers bear social cost of OFW parents GMA News Online, 21 Feb. 2008</div>
<div>Teenagers bear social cost of OFW parents BusinessWorld, 22 Feb. 2008</div>
<div>Imports up 6.8% in `07 but investments seen lethargic GMA News Online, 26 Feb. 2008</div>
<div>Imports up 6.8% in `07 but investments seen lethargic BusinessWorld, 26 Feb. 2008</div>
<div>Enhancing E-commerce Malaya, 28 Feb. 2008</div>
<div>Enhancing the “electronic” in e-commerce PCIJ (www.pcij.org), 28 Feb. 2008</div>
<div>‘JPEPA good for Cebu’ Sun Star Cebu, 29 Feb. 2008</div>
<div>‘JPEPA good for Cebu’ Yehey! News, 29 Feb. 2008</div>
<div>Remittances spending and its economic impact BusinessWorld Research, 29 Feb. 2008</div>
<div>Economic study foresees inflow of Japanese capital, technology Manila Bulletin, 2 March 2008</div>
<div>Amante: Turning Japanese Sun Star Cebu, 3 March 2008</div>
<div>The Philippine services sector and deindustrialization BusinessWorld, Popular Economics 7 March 2008</div>

<div>PIDS: GDP lower at 5.9% in 2008 BusinessMirror, 7 March 2008</div>
<div>PIDS: GDP lower at 5.9% in 2008 ABS-CBN News Online, 7 March 2008</div>
<div>Gov’t think tank expects `08 to miss target GMA News Online, 7 March 2008</div>
<div>JPEPA will lead to massive flow of capital into RP—PIDS Philippine Star, 8 March 2008</div>
<div>BSP set to revise inflation forecast due to costlier oil Manila Times, 8 March 2008</div>
<div>JPEPA seen to boost transfer of Japanese capital, technology Manila Bulletin, 9 March 2008</div>
<div>JPEPA seen to boost transfer of Japanese capital, technology Yehey! News, 9 March 2008</div>
<div>Targets face changes on oil prices BusinessMirror, 10 March 2008</div>
<div>Targets face changes on oil prices ABS-CBN News Onlinek, 10 March 2008</div>
<div>‘Dutch Disease’ seen dragging down RP growth ABS-CBN News Online, 13 March 2008</div>
<div>Good news and bad news BusinessWorld, 13 March 2008</div>
<div>Peso is overvalued by 9% to 10% BusinessMirror, 13 March 2008</div>
<div>Think tank PIDS projects 5.9% GDP growth in 2008 Manila Bulletin, 13 March 2008</div>
<div>‘Dutch Disease’ seen to drag RP growth Philippine Daily Inquirer, 13 March 2008</div>
<div>RP smitten by Dutch Disease-PIDS Manila Times, 13 March 2008</div>
<div>Divergent views on RP growth BusinessWorld, 13 March 2008</div>
<div>‘Structural defects’ expected to weigh on long-term growth GMA News Online, 13 March 2008</div>
<div>‘Structural defects’ expected to weigh on long-term growth BusinessWorld, 14-15 March 2008</div>
<div>Economy may suffer from Dutch disease Manila Standard Today, 13 March 2008</div>
<div>Economy may suffer from Dutch disease Yehey! News, 13 March 2008</div>

<div>Paseo De Coro: Catching Dutch Disease Cebu Daily News, 14 March 2008</div>
<div>JPEPA to expand Japan’s environmental aid to RP Gov.Ph News (www.gov.ph) 16 March 2008</div>
<div>Making good use of BSP’s cooperation Manila Times, 17 March 2008</div>
<div>External watchdog can help check ODA graft—expert ABS-CBN News Online, 18 March 2008</div>
<div>External watchdog can help check ODA graft—expert BusinessMirror, 18 March 2008</div>
<div>Southeast Asia: Politics of poverty in the Philippines Asia Times Online, 21 March 2008</div>
<div>Walking the walk on rice Malaya, 28 March 2008</div>
<div>BOT changes eyed to hasten completion Manila Bulletin, 1 April 2008</div>
<div>P43B agri plan, short-term solution to food crisis ABS-CBN News Online, 5 April 2008</div>
<div>P43B agri plan, short-term solution to food crisis Newsbreak Magazine, 7 April 2008</div>
<div>Small, mid-sized firms remain hesitant to enable strategies for online sales, payment GMA News Online, 10 April 2008</div>
<div>Arroyo asks Senate to ratify free trade deal with Japan soon ABS-CBN News Online, 14 April 2008</div>
<div>GMA urges Senate to ratify Jpepa to ensure P365-B FDIs from Japan BusinessMirror, 15 April 2008</div>
<div>Eight reasons to reject JPEPA Bilaterals.org April 16, 2008</div>
<div>(Mis)targeting the poor Philippine Daily Inquirer, 20 April 2008</div>
<div>Rice and politics Philippine Daily Inquirer, 21 April 2008</div>
<div>Marcos `Masagana 99’ made RP rice exporter, self-sufficient Philippine Daily Inquirer, 26 April 2008</div>
<div>IBON: JPEPA to subject RP nurses to intolerable working conditions BusinessMirror, 28 April 2008</div>

ANNEX E
MEDIA EXPOSURES

<div>Development work focuses on children The Manila Times, 1 Jan. 2008</div>	<div>Mar Roxas and the JPEPA Malaya, 29 Jan. 2008</div>
<div>Local auto assemblers yet to recover from Asian crisis, says state think tank The Manila Times, 2 Jan. 2008</div>	<div>Poverty reduction through conditional cash transfers BusinessWorld, Popular Economics 1 February 2008</div>
<div>Increased budget for education to benefit the poor—PIDS study PIA Daily News Reader, 21 Jan. 2008</div>	<div>Editorial: JPEPA Now Manila Bulletin, 1 Feb. 2008</div>
<div>Feature: Gov’t awaits JPEPA ratification PIA Daily News Reader, 21 Jan. 2008</div>	<div>‘Hospitable’ Filipinos like their economy closed The Manila Times, 4 Feb. 2008</div>

<div>Pinay’s efforts for PhD at Holland school pay off ABS-CBN News Online, 8 Feb. 2008</div>
<div>State procurement scheme a magnet for controversies—expert Phil. Daily Inquirer, 8 Feb 2008</div>
<div>Put money in productive endeavors, OFW urged GMA News Online, 12 Feb. 2008</div>
<div>‘BPO-based growth unsustainable’ BusinessMirror, 12 Feb. 2008</div>

RP urged to have low tariffs, address supply constraints Trading Markets, 28 April 2008	More subsidies mark energy, contingency plan GMA News Online, 4 June 2008	RP needs more than thrice its national budget to meet UN goals GMA News Online, 25 June 2008	JPEPA: A case of `giving away everything but getting nothing` PCIJ (www.pcij.org), 30 Aug. 2008	POEA: Financial fall won't affect OFW hiring Philippine Star, 17 Sept. 2008	Seminar discusses principles of seasonal climate forecasts The Freeman, 30 Sept. 2008
60 poorest towns in Ilocos to receive hunger mitigation program of President Arroyo PIA Daily News Reader, 30 April 2008	Statistical discrepancies and inconsistencies in the country's national income accounts BusinessWorld, Popular Economics 6 June 2008	RP needs P39.7T from 2007 to 2015 to finance MDGs BusinessMirror, 26 June 2008	South Should Prepare to Counter Effects of Global Finance Crisis BanglaPraxis (Research, Policy Analysis, Solidarity), 1 Sept. 2008	Labor deployment seen to remain strong despite slowing world economies BusinessWorld, 17 Sept. 2008	Analysis: Why has the Philippines lagged? East Asian Bureau of Economic Research (EABER) Newsletter, October 2008
JPEPA: The way forward BusinessWorld, 2 May 2008	PIDS to hold CARP scenario gab The Visayan Daily Star, 9 June 2008	Depositor is key to keeping customers Phil. Daily Inquirer, 9 July 2008	CARP support services yielded minimal gains—economists BusinessWorld, 2 Sept. 2008	Economists see further peso slide Phil. Daily Inquirer, 17 Sept. 2008	Arguments for reproductive health The Manila Times, Life & Times 8 October 2008
JPEPA: The way forward Philippine Daily Inquirer, 4 May 2008	Food prices stabilizing by Aug., oil by Oct., expert says BusinessMirror, 9 June 2008	Collusion, cartel and their impact on trade liberalization BusinessWorld: Popular Economics July 11, 2008	CARP support services yielded minimal gains—economists GMA News Online, 2 Sept. 2008	Experts expect labor migration to go up amid credit woes Manila Times, 17 Sept. 2008	Reduced foreign aid expected next year BusinessWoldr, 10 Oct. 2008
DBCC reviewing forecasts on growth, inflation as prices rise BusinessMirror, 5 May 2008	Food prices stabilizing by Aug., oil by Oct., expert says ABS-CBN News Online 9 June 2008	Finance Department looking for ways to collect more taxes BusinessWorld, 11 July 2008	GDP formula prone to error BusinessMirror, 4 Sept. 2008	Experts expect labor migration to go up amid credit woes Yehey! News, 17 Sept. 2008	Get Real: On JPEPA: Let's Stick to the facts Phil. Daily Inquirer, 11 Oct. 2008
PIDS chief says peso is overvalued Manila Bulletin, 9 May 2008	Congress not seen to pass `CARP with reforms bill` Newsbreak magazine, 10 June 2008	Finance Department looking for ways to collect more taxes GMA News Online, 11July 2008	Focus on manufacturing proposed amid downturn BusinessWorld, 5 Sept. 2008	PGMA (11:00-12nn) NBN 4, 18 Sept. 2008	Profitting from JPEPA by Sen. Edgardo J. Angara BusinessMirror, 20 October 2008
Studying the Pinoy's fascination with Korean telenovelas PCIJ (www.pcij.org), 13 May 2008	Congress not seen to pass `CARP with reforms bill` ABS-CBN News Online, 12 June 2008	Expert's say on Laguna De Bay Clean-up: dismantle illegal fishpens but protect fish culture industry ABS-CBN News Online, 13 July 2008	Focus on manufacturing proposed amid downturn GMA News Online, 5 Sept. 2008	No let-up in labor migration seen despite financial crisis Cebu Daily News, 18 Sept. 2008	Industry wary of electricity rate increase The Manila Times, 28 October 2008
JPEPA: `Unconstitutional' on 15 counts yet... PCIJ (www.pcij.org), 14 May 2008	Pinoys see utilities, food as top priorities The Manila Times, 18 June 2008	Expert's say on Laguna De Bay Clean-up: dismantle illegal fishpens but protect fish culture industry Newsbreak Magazine, 13 July 2008	An anti-countryside inflation Phil. Daily Inquirer, 7 Sept. 2008	Balita Impormasyon, Atbp. (2:00-3:00pm) DZEM, 18 Sept. 2008	Philippines: Irrelevantly coupled BusinessMirror, Perspective 29 Oct. 2008
Think tank says local assemblers to require support ahead of tariff easing Manila Times, 16 May 16, 2008	Debate on CARP should not be limited to extension The Visayan Daily Star, 18 June 2008	Low investment in education consigns millions to illiteracy PCIJ (www.pcij.org), 17 July 2008	Brain gain needed to mitigate impact of RP brain drain: experts ABS-CBN News Online, 16 Sept. 2008	Radyo Patrol DZRB, 18 Sept. 2008	Education and economic development BusinessWorld, Popular Economics 14 November 2008
Banks draw rules covering payments GMA News.TV, 19 May 2008	PIDS Corner finds space at Bacolod City public library PIA Daily News Reader, 18 June 2008	Disclose MDG fund source, government told BusinessMirror, 17 July 2008	Experts see RP labor migration rise despite credit woes ABS-CBN News Online, 16 Sept. 2008	Proposed shift to other export markets easier said than done BusinessWorld, 19 Sept. 2008	Unemployment to hit 8% to 9% in 2009 BusinessMirror, 16 November 2008
Banks draw rules covering payments BusinessWorld, 19 May 2008	Inauguration of PIDS Corner Negros Daily Bulletin, 18 June 2008	Long-term projects, not doles, needed BusinessMirror, 18 July 2008	Rise in OFWs, remittances seen even with financial crisis Phil. Daily Inquirer, 16 Sept. 2008	Proposed shift to other export markets easier said than done GMA News Online, 19 Sept. 2008	Recto: Growth targets to hold on export drop BusinessMirror, 18 November 2008
`Temporary adjustment measures' urged in auto industry BusinessMirror, 20 May 2008	PIDS Corner at Bacolod City Public Library The Daily Guardian, 18 June 2008	Gov't asked to make public budget for MDG targets Philippine Star, 21 July 2008	RP labor migration becoming male again'--POEA Phil. Daily Inquirer, 16 Sept. 2008	A languid entry BusinessWorld, 22 Sept. 2008	Leaving OFW children behind: Economic benefits vs social costs GMA News Online, 19 Nov. 2008
Enrile's antitrust bill gets government backing BusinessMirror, 22 May 2008	PIDS Corner finds space at Bacolod City public library Panay News, 18 June 2008	Cabral backs bill on family planning Philippine Star, 23 July 2008	Philippine labor migration to rise despite credit woes Phil. Daily Inquirer, 16 Sept. 2008	Tanong ng Bayan DZBB, 21 Sept. 2008	Financial crisis highlights need for insurance sector reforms ABS-CBN News Online, 21 Nov. 2008
Health tourism in the Philippines BusinessWorld: Popular Economics 23 May 2008	PARCOM sets meeting to respond to studies The Visayan Daily Star, 19 June 2008	Mene, mene, tekel, parsin (Tinimbang ka ngunit kulang) ABS-CBN News Online, 28 July 2008	Experts see Philippine labour migration rise despite credit woes MSN news, 16 Sept. 2008	Filipinos working abroad spawn spoiled children GMA News Online, 23 Sept. 2008	A gathering storm BusinessMirror, 25 Nov. 2008
GET REAL: Senate afflicted with ADHD Phil. Daily Inquirer, 24 May 2008	PIDS corner launched The Visayan Daily Star, 19 June 2008	Another 2M poor Filipinos expected Manila Standard Today, 9 Aug. 2008	One Morning (6:00-9:00 a.m.) RPN 9, IBC 13, NBN4, 17 Sept. 2008	OFWs use mobile phones to look after their kids GMA News Online, 23 Sept. 2008	APEC focus shifts back to trade BusinessWorld, 25 Nov. 2008
Commentary: Playing hard-to-get Cebu Daily News, 28 May 2008	Agriculture-fisheries law does "too much for too little"—study BusinessWorld, 20 June 2008	Another 2M poor Filipinos expected Yehey! News, 9 Aug. 2008	She-Ka (9:00 am-10:00) NBN4, 17 Sept. 2008	FDI outlook not promising BusinessWorld, 25 Sept. 2008	Small exporters don't take advantage of trade deals BusinessMirror, 5 Dec. 2008
Government scrimped on quality education, says PBED BusinessMirror, 29 May 2008	Agriculture-fisheries law does "too much for too little"—study GMA News Online, 20 June 20, 2008	Access to insurance for millions urged PIA Daily News Reader, 12 Aug. 2008	Todo-Todo, Walang Preno DZMM, 17 Sept. 2008	FDI outlook not promising GMA News Online, 25 Sept. 2008	Proliferation of free trade deals not yet a problem BusinessWorld, 5 Dec. 2008
Angara urges shrimp growers to strengthen R&D to survive Visayan Daily Star, 29 May 2008	Tax break for cinema Manila Standard Today, 21 June 2008	Access to insurance for millions urged BusinessMirror, 14 Aug. 2008	Global credit crunch won't stem flow of Pinoys seeking work abroad Philippine Daily Inquirer, 17 Sept. 2008	OFWs urged to prepare for fallout from US financial crisis ABS-CBN News Online, 24 Sept. 2008	Flawed policies placed RP at bottom in trade BusinessMirror, 8 Dec. 2008
In the face of rice crisis, Arroyo opts for quick fix through P43-B program GMA News Online, 2 June 2008	What's in a rank? BusinessWorld, 23 June 2008	Gov't think tank cites need for separate price index for the poor BusinessWorld, 26 Aug. 2008	OFWs to buoy economy vs. meltdown BusinessMirror, 17 Sept. 2008	Return-migration gains seen to outweigh migration benefits Business Mirror, 24 Sept. 2008	W(h)ither East Asian financial cooperation? BusinessMirror (Perspective), 9 Dec. 2008
More subsidies mark energy, contingency plan BusinessWorld, 4 June 2008	Lack of funds, low-quality teachers keep poor uneducated BusinessMirror, 24 June 2008			Bureau to help farmers plan with new forecast Sun Star Cebu, 30 Sept. 2008	

ANNEX F
AUDIT CERTIFICATE



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

INDEPENDENT AUDITOR’S REPORT

THE BOARD OF TRUSTEES

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

We have audited the accompanying financial statements of the Philippine Institute for Development Studies (PIDS), which comprise the balance sheet as of December 31, 2008 and the statements of income and expenses, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Philippine Institute for Development Studies as of December 31, 2008, and its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Philippines.

COMMISSION ON AUDIT

JOSE R. ROCHA, JR.

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

February 25, 2009

ANNEX G
BALANCE SHEET

PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES
BALANCE SHEET
December 31, 2008
(In Philippine Peso)

	Notes	2008	2007 As restated
ASSETS			
Current Assets			
Cash and cash equivalents	2/3	237,564,438	11,814,321
Receivables - net	4	8,667,870	10,164,484
Financial assets	5	102,468,569	295,430,468
Inventories	2	539,209	413,318
Prepayments and other current assets	6	1,069,118	902,387
Total Current Assets		350,309,204	318,724,978
Non-Current Assets			
Financial assets	2/7	33,687,230	61,264,719
Property, plant and equipment - net	2/8	16,258,847	19,211,297
Other assets - net of accumulated depreciation of ₱ 591,924.		12	12
Total Non-Current Assets		49,946,089	80,476,028
TOTAL ASSETS		400,255,293	399,201,006
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable	2	640,051	6,178,486
Inter-agency payables	9	1,827,620	4,459,882
Performance/Bidders bond		226,865	279,801
Other payables	10	5,068,225	2,474,466
Total Current Liabilities		7,762,761	13,392,635
Other Liabilities			
Deferred credits		22,965	22,965
TOTAL LIABILITIES		7,785,726	13,415,600
Equity			
Government equity	11	263,094,367	257,653,696
Retained earnings		129,375,200	128,131,710
TOTAL EQUITY		392,469,567	385,785,406
TOTAL LIABILITIES AND EQUITY		400,255,293	399,201,006

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

ANNEX H

STATEMENT OF INCOME AND EXPENSES

PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES
STATEMENT OF INCOME AND EXPENSES
For the Year Ended December 31, 2008
(In Philippine Peso)

	Notes	2008	2007 As restated
INCOME			
Interest on investments	12	25,339,484	29,148,829
Subsidy from National Government	13	16,500,000	15,000,000
Sale of publications-net of cost of publications	14	74,373	109,457
Miscellaneous income	15	7,496,106	4,839,570
Total Income		49,409,963	49,097,856
EXPENSES			
Personal services			
Salaries and wages		17,127,657	14,864,160
Other compensation		8,186,910	8,046,630
Personnel benefits contribution		2,447,690	2,136,387
Other personnel benefits		2,171,982	2,148,758
Total Personal Services		29,934,239	27,195,935
Maintenance and Other Operating Expenses			
Taxes, insurance premiums and other fees	16	5,415,837	6,148,443
Depreciation expense		3,479,418	2,906,649
Professional services	17	2,753,328	3,421,259
Communications expenses	18	1,511,087	1,598,860
Utility expenses		1,419,431	2,476,927
Supplies and materials expense		802,602	673,935
Repairs and maintenance		769,021	555,842
Printing and binding	19	738,086	925,621
Training and scholarship expenses		492,908	1,038,525
Travelling expenses	20	263,230	763,865
Bank charges		199,587	5,902
Extraordinary and miscellaneous expenses		105,529	97,527
Subscription		100,564	100,015
Representation expense		99,366	90,767
Membership dues and contributions to organizations		20,328	12,000
Grants and donations		7,072	4
Advertising		5,000	27,552
Other maintenance and operating expenses	21	49,840	153,065
Total Maintenance and Other Operating Expenses		18,232,234	20,996,758
Total Expenses		48,166,473	48,192,693
NET INCOME		1,243,490	905,163

(See Notes to Financial Statements on pages 32-37) 16 form part of these financial statements.

ANNEX I

CASH FLOW STATEMENT

PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES
CASH FLOW STATEMENT
For the Year Ended December 31, 2008
(In Philippine Peso)

	Notes	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Collection of interest - PIDS proper		26,281,278	27,947,521
Receipt of subsidy for operations	13	16,500,000	15,000,000
Receipts of project fund		18,132,791	13,837,562
Collection of receivables		7,297,154	8,875,815
Collection of income/revenues		3,290,495	5,962,456
Receipt of refunds of cash advances/overpayments and adjustment of cash accounts		2,464,820	352,953
Receipts of guaranty deposits		41,050	134,310
Collection of interest - PIDS projects		70,835	110,695
Payment for operating expenses		(27,117,820)	(25,698,891)
Remittance of withholding taxes/authorized deductions (including government share on contributions)		(14,797,970)	(14,825,520)
Payment for project expenses		(15,462,162)	(10,033,376)
Payment for payables incurred in operations		(6,139,542)	(1,402,623)
Advances to employees/projects		(4,976,578)	(5,036,424)
Granting of cash advances/petty cash fund		(1,231,758)	(970,990)
Purchases of inventories	2	(487,311)	(667,310)
Refund of performance/bidders/bail bonds payable		(101,909)	(388,027)
NET CASH PROVIDED BY OPERATING ACTIVITIES		3,763,373	13,198,151
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturing treasury bills and other securities		237,670,215	252,174,864
Proceeds from maturing treasury bonds		160,651,285	26,260,000
Subsidy for endowment fund	11	7,300,000	7,300,000
Proceeds from maturing PASCN investments		2,063,751	8,926,216
Proceeds from sale of property and equipment		6,260	-
Reinvestment in securities/roll-over of matured investments		(183,690,010)	(317,128,980)
Purchase of property, plant and equipment	2	(2,014,757)	(293,044)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		221,986,744	(22,760,944)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		225,750,117	(9,562,793)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		11,814,321	21,377,114
CASH AND CASH EQUIVALENTS, END OF YEAR	3	237,564,438	11,814,321

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

ANNEX J

STATEMENT OF CHANGES IN EQUITY

PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES

STATEMENT OF CHANGES IN EQUITY

For the Year Ended December 31, 2008

(In Philippine Peso)

	Notes	Endowment Fund	Investment Capital- Held in Trust	Retained Earnings	Total
Balances, January 1, 2008		254,340,725	3,312,971	128,131,710	385,785,406
Subsidy received for the year	11	7,300,000			7,300,000
Acquisition of equipment for projects	2		12,429		12,429
Disposal			(1,871,758)		(1,871,758)
Profit for the period				1,243,490	1,243,490
Balances, December 31, 2008		261,640,725	1,453,642	129,375,200	392,469,567

2.3 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 are reclassified to other assets.

2.4 Liabilities are recognized at the time these are incurred.

2.5 Income and expenses are recorded using the accrual method of accounting.

2.6 Transactions in foreign currencies are recorded in Philippine Peso based on the BSP rate of exchange at the date of transactions. At the end of the year, these are revalued using the rate of exchange at balance sheet date.

3. CASH AND CASH EQUIVALENTS

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

This account consists of the following:

	2008	2007
Cash - collecting officer	₱ -	₱ 443,298
Cash in bank	9,910,959	7,805,929
Foreign currency time deposit	1,040,569	888,437
Treasury bills	57,412,910	2,676,657
Special deposit account	<u>169,200,000</u>	<u>-</u>
	₱ <u>237,564,438</u>	₱ <u>11,814,321</u>

The special deposit account (SDA) is an investment facility of the Bangko Sentral ng Pilipinas through the trust departments of government banks which offers interest rates higher than the yields on government securities of the same tenor. With the guidance from the PIDS Board of Trustees, the Institute started opting for placements in SDA starting April 2008.

4. RECEIVABLES - NET

This account is broken down as follows:

	2008	2007 As restated
Advances to officers and employees	₱ 69,883	₱ 75,174
Due from NGAs	7,201	-
Due from GOCCs	6,083	551,891
Interest receivables	7,002,389	9,246,629
Other receivables - miscellaneous	<u>1,582,314</u>	<u>290,790</u>
	₱ <u>8,667,870</u>	₱ <u>10,164,484</u>

The interest receivables account in calendar year 2007 was restated due to the adjustment as a result of change in the recording of the twenty percent (20%) final tax on investments which was taken up previously as reduction from interest income while presently taken up as tax expense. The change was made to conform with Philippine Accounting Standard (PAS) No. 1 - Presentation of Financial Statements, which provides that “income and expenses may not be offset unless required or permitted by a Standard or an Interpretation.” The restatement is shown below:

Interest receivables, January 1, 2007	₱ 8,140,116
Accruals during the year	27,595,264
Collections during the year	<u>(27,947,520)</u>
Interest receivables, December 31, 2007, before restatement	7,787,860
Adjustment:	
20% final tax on treasury bonds	<u>1,458,769</u>
Interest receivables, December 31, 2007, as restated	₱ <u>9,246,629</u>

5. CURRENT FINANCIAL ASSETS

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

ANNEX K

NOTES TO FINANCIAL STATEMENTS

PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

- 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 accounting principles in the Philippines.

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

- 2.1 Errors of prior periods that are material in amount are corrected in accordance with paragraphs 41-50 of Philippine Accounting Standards (PAS) No. 8, Accounting Policies, Changes in Accounting Estimates and Errors.
- 2.2 Inventories are valued at cost using moving average method. This includes cost of unused supplies and materials, books, journals and working papers for various research projects for sale.
- 2.3 Investments in bonds are measured at amortized cost using the straight-line method. Interest income pertaining thereto and that of the investments in treasury bills are recognized on accrual basis.

Below is the breakdown of the account:

		2008		2007
Treasury bills - investible funds	₱	15,021,191	₱	112,032,617
Treasury bills - funds for operations		6,960,352		16,185,656
Treasury bills - PASCN		-		1,270,679
Treasury bonds - investible funds		62,939,432		160,042,090
Treasury bonds - funds for operations		<u>17,547,594</u>		<u>5,899,426</u>
	₱	<u>102,468,569</u>	₱	<u>295,430,468</u>

6. PREPAYMENTS AND OTHER CURRENT ASSETS

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

7. NON-CURRENT FINANCIAL ASSETS

This account consists of the following:

		2008		2007
Investment in stocks	₱	35,000	₱	35,000
Investment in bonds - investible funds		33,652,230		53,888,206
Investment in bonds - funds for operations		<u>-</u>		<u>7,341,513</u>
	₱	<u>33,687,230</u>	₱	<u>61,264,719</u>

Investment in bonds - investible funds comprise mainly of government treasury bonds with coupon rates between 6.88% to 12.00%. These will mature during the period from calendar year 2009 to 2013.

8. PROPERTY, PLANT AND EQUIPMENT - NET

This account is broken down as follows:

	Communication/ IT Equipment	Office Equipment/ Furniture and Fixtures, Others	Leasehold Improvement	Motor Vehicles and Accessories	PPE-Held in Trust	Total
Cost						
January 1, 2008	₱ 20,328,735	₱ 4,954,772	₱ 4,818,607	₱ 3,327,500	₱ 3,312,971	₱ 36,742,585
Additions	407,274	108,124	168,699	1,756,178	12,429	2,452,704
Disposals	(1,734,456)	-	-	-	(1,871,758)	(3,606,214)
December 31, 2008	<u>19,001,553</u>	<u>5,062,896</u>	<u>4,987,306</u>	<u>5,083,678</u>	<u>1,453,642</u>	<u>35,589,075</u>
Accumulated						
Depreciation						
January 1, 2008	10,357,500	3,260,358	935,998	2,977,432	-	17,531,288
Depreciation	2,500,595	336,028	445,707	197,088	-	3,479,418
Disposals	(1,680,478)	-	-	-	-	(1,680,478)
December 31, 2008	<u>11,177,617</u>	<u>3,596,386</u>	<u>1,381,705</u>	<u>3,174,520</u>	<u>-</u>	<u>19,330,228</u>
Net book Value						
December 31, 2008	₱ <u>7,823,936</u>	₱ <u>1,466,510</u>	₱ <u>3,605,601</u>	₱ <u>1,909,158</u>	₱ <u>1,453,642</u>	₱ <u>16,258,847</u>
December 31, 2007	₱ <u>9,971,235</u>	₱ <u>1,694,414</u>	₱ <u>3,882,609</u>	₱ <u>350,068</u>	₱ <u>3,312,971</u>	₱ <u>19,211,297</u>

9. INTER-AGENCY PAYABLES

This account is broken down as follows:

	2008		2007 As restated
Due to BIR	₱ 979,364	₱	1,701,652
Due to GSIS/Pag-ibig/Philhealth	-		481,970
Due to NGAs			
PCARRD “ Policy Research on the State and Future Supply and Demand for AFNR Graduates in the Philippines”	572,632		-
Due to GOCCs			
Philippine Apec Study Center Network - PROPER			
Philippine Rice Research Institute	275,624		1,602,799
PIDS/BSP Project “PSS Review”	<u>-</u>		<u>148,645</u>
	<u>-</u>		<u>524,816</u>
	₱ <u>1,827,620</u>	₱	<u>4,459,882</u>

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

The account Due to BIR in calendar year 2007 was also restated due to change in recording of the 20% final tax on investments as explained in Note 4. The restatement is as follows:

Due to BIR, January 1, 2007	₱	233,162
Payables incurred during the year		3,494,789
Remittances during the year		<u>(3,485,068)</u>
Due to BIR, December 31, 2007, before restatement		242,883
Adjustment:		
20% final tax on Treasury Bonds		<u>1,458,769</u>
Due to BIR, December 31, 2007, as restated	₱	<u>1,701,652</u>

10. OTHER PAYABLES

This account is broken down as follows:

	2008		2007
Special Fund - NEDA Building Maintenance	₱ 896,595	₱	1,298,428
Australian Centre for International Agricultural Research			
	155,814		239,607
Human Development Network Foundation	-		116,854
Philam Care (HMO resigned employees)	243,307		88,991
Bids and Awards Committee	854		46,588
National Home Mortgage and Finance Corp.	-		2,588
UNDP/NEDA “Comprehensive Documentation...	658,503		-
FAO “Agripolicy Indicators”	15,219		-
UNICEF “Local Delivery of Basic Social Services”	274,647		-
IDE “ Disability Project”	50,790		-
HUDCC “Updating of the NUDHF”	265,560		-
PACLAS 1 st International Conference	70,465		-
PIDS/ERIA “Development of Regional Production and Logistic Networks”	258,831		-
HDN “Policy Notes & Other Means of Disseminating...”	233,750		-
HDN “ Road Shows for the 6 th PHDR...”	1,050,000		-
HDN“Distribution, Metro Manila launch and Provincial Launch...”	679,430		-
ACIAR “Economic Impacts...Vegetable in the Philippines...”	195,484		-
PIDS Provident Fund, Inc	-		112
PIDS/BRC-ERIA project “Analyses of Industrial Agglomeration.....”	-		15,325
PIDS/BRC ERIA project “Roadmap.....”	-		140,560
PIDS/BRC ERIA project “SME”	-		127,637
FAO “Support to the CARP Institutional”	-		378,800
Ernesto Obledo and Danilo delos Reyes	<u>18,976</u>		<u>18,976</u>
	₱ <u>5,068,225</u>	₱	<u>2,474,466</u>

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

On the other hand, the PIDS vs. Ernesto Oblego and Danilo delos Reyes account represents amount remitted by the PIDS Provident Fund Inc. to PIDS as authorized by E. Oblego for the repair of Honda Civic vehicle with Plate No. SEG 107. This was due to the accident in the afternoon of April 16, 2006 where Mr. Oblego and his companion, Danilo delos Reyes, who, while driving the said vehicle, rammed into NAN's KTV Bar at Quezon City which caused severe damage to the vehicle and physical injuries to some persons in the bar. Estimated cost of the repair at that time amounted to ₱ 140,000. Mr. Oblego was charged administratively for the offense of grave misconduct and dismissed from the service on August 28, 2006. Further, a case of Reckless Imprudence Resulting in Damage to Property, etc. under I.S. No.07-7935 was submitted for resolution by Prosecutor Florante R. Romelete, Assistant City Prosecutor, Office of the City Prosecutor, Quezon City, on November 9, 2007. Thus, on October 24, 2008, a resolution was issued recommending that respondent Danilo delos Reyes y Arga be charged with the crime of Reckless Imprudence Resulting in Damage to Property and that respondent Ernesto V. Oblego, Jr. be charged with the crime of Simple Negligence Resulting in Damage to Property.

11. EQUITY

The details of the account are presented below:

	<u>2008</u>	<u>2007</u>
Government equity		
Endowment fund	₱ 261,640,725	₱ 254,340,725
Investment capital-held in trust	<u>1,453,642</u>	<u>3,312,971</u>
	<u>263,094,367</u>	<u>257,653,696</u>
Retained earnings		
Balance beginning	128,131,710	127,226,547
Income for the period	<u>1,243,490</u>	<u>905,163</u>
	<u>129,375,200</u>	<u>128,131,710</u>
	₱ <u>392,469,567</u>	₱ <u>385,785,406</u>

The endowment fund represents the total funds released by the Bureau of the 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. It also includes the amount of

₱ 588,025 from the Policy, Training and Technical Assistance Facility (PTTAF) which was contributed to the equity of the Institute during the period from year 1994 to 1997 per their Memorandum of Agreement made in 1994.

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

12. INTEREST ON INVESTMENTS

The interest on investments in calendar year 2007 of ₱ 29,148,829 as currently presented is greater by ₱ 5,707,331 than last year's amount of ₱ 23,441,498 as a result of restatement due to change in recording of the 20% tax as explained also in Note 4. The restatement is stated below:

Accrual of interest income during the year	₱ 26,342,531
Amortization of Bond Premium during the year	<u>(2,901,033)</u>
Amount before adjustment	23,441,498
Adjustment:	
20% final tax on investments	<u>5,707,331</u>
Interest on investments, December 31, 2007, as restated	₱ <u>29,148,829</u>

13. 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.

14. SALE OF PUBLICATIONS

This represents the proceeds from sale of various articles published by the Institute both sold in-house and through consignment amounting to ₱ 104,317 net of cost of sales of ₱ 29,944.

15. MISCELLANEOUS INCOME

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

16. TAXES, INSURANCE PREMIUMS AND OTHER FEES

To conform with PAS No. 1 as explained in Note 4, the total amount of Taxes, Insurance Premiums and Other Fees in calendar year 2007 of ₱ 6,148,443 as presented in this report is increased by ₱ 5,707,331 from last year's figure of ₱ 441,112 as a result of its restatement as shown below:

Insurance expense	₱ 374,096
Fidelity bond premium	<u>67,016</u>
Total amount, December 31, 2007, before restatement	441,112
Adjustment:	
Twenty percent (20%) final tax on investments	<u>5,707,331</u>
Total amount, December 31, 2007, as restated	₱ <u>6,148,443</u>

17. PROFESSIONAL SERVICES

This account consists of the following:

	<u>2008</u>	<u>2007</u>
Auditing services	₱ 1,119,199	₱ 1,007,851
Security services	281,609	763,714
Janitorial services	302,987	726,167
Consultancy services	751,333	613,027
Legal services	264,000	254,400
Other professional services	<u>34,200</u>	<u>56,100</u>
	₱ <u>2,753,328</u>	₱ <u>3,421,259</u>

18. 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 providers and cost of postage/deliveries.

19. 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.

20. 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.

21. OTHER MAINTENANCE AND OPERATING EXPENSES

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

ANNEX L

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Armand V. Fabella (1930– 2008)
Former Member, PIDS Board of Trustees



Galicano A. Godes (1961-2008)
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