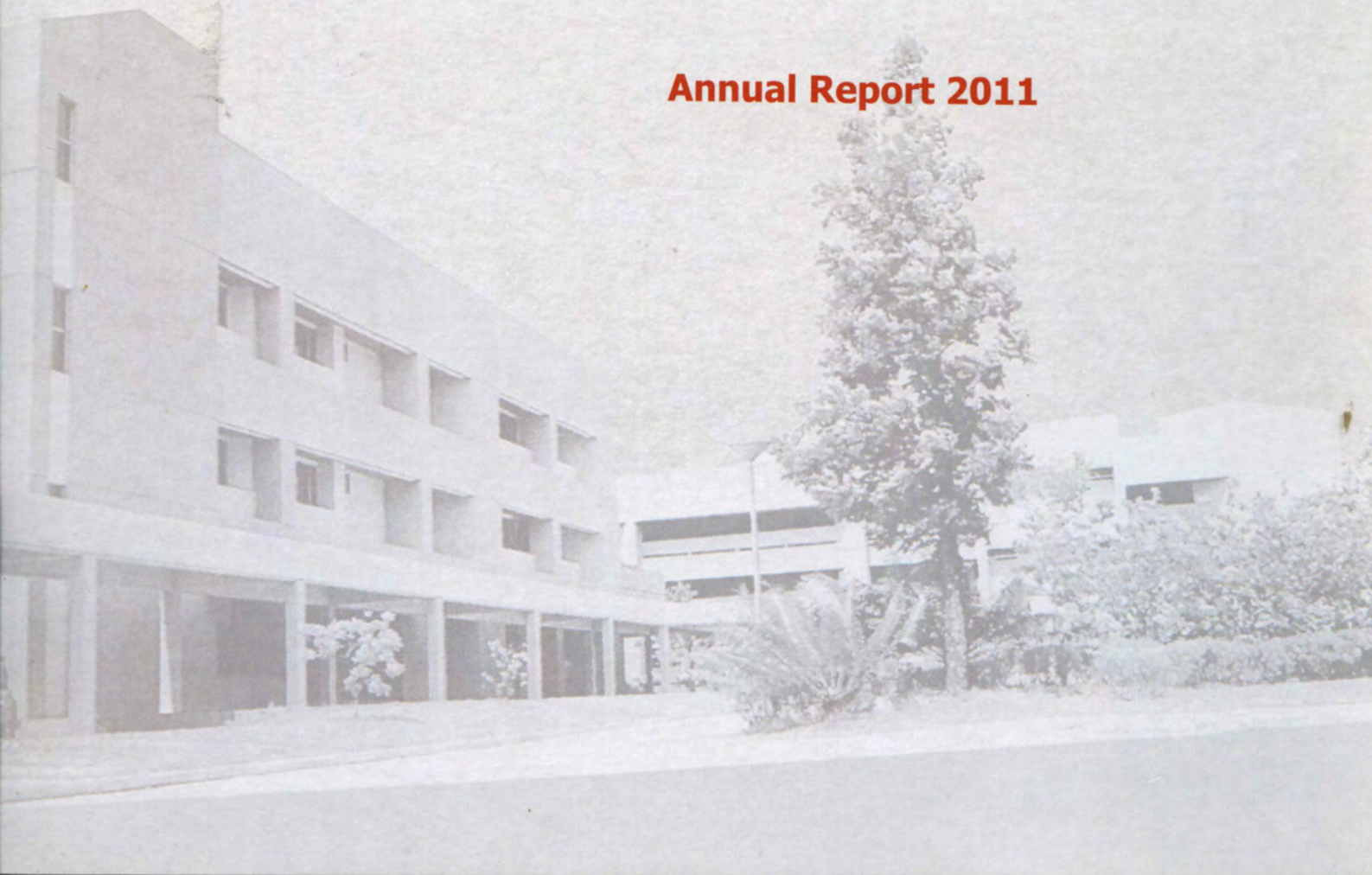


- ▶ Research
- ▶ Education
- ▶ Training and Extension
- ▶ Policy Debates
- ▶ Commentaries and Leadership
- ▶ UPSE Library

PCED | Philippine Center for Economic Development

Annual Report 2011



Message from the Chairman



The PCED was established in 1974 to support the research, teaching, training, and other programs of the University of the Philippines School of Economics (UPSE). Its support is meant to enable the UPSE to “undertake... at a larger scale” the following: (a) economic research and studies oriented towards national policy; (b) training programs relevant to the problems of economic development; and (c) the publication of research results.

Through the years, PCED has provided substantial funds to UPSE, allowing the School to carry out significant research and training programs, support student fellowships and faculty publication grants, and undertake property upgrading and maintenance.

In 2011, PCED supported a total of 18 faculty research grants (with six papers completed during the year), 15 Discussion Papers, 21 seminars and policy forums through the School’s Friday Seminar Series and Policy Forums, and some grants to graduate students. The year also saw the launch of PCED’s two newly-created research institutes, the Institute for the Study of Inequality, Poverty, and Social Protection (ISIP) and the Institute for Public Economics and Regulation (IPER). Through these two institutes, PCED crafted a research agenda that supports President Aquino’s economic program, including budget reforms and social protection.

The UPSE facilities remain to be among the best maintained in UP Diliman, due primarily to the valuable support given by PCED.

For the first time, PCED has been given direct funding from the national government through the General Appropriation Act of 2012, ensuring the continued support to UPSE and more importantly, allowing the School to be more responsive to the policy needs of government.

On behalf of PCED, I thank all of you who have supported, in one way or another, PCED in its pursuit of developing high-quality economics education and providing a vibrant arena for informed policy debates in the country.

CAYETANO W. PADERANGA, JR.
Chairman

Message from the Executive Director



As Executive Director of PCED, I am very pleased to present the 2011 PCED Annual Report to highlight the Center’s accomplishments for the year in support of its mission.

Since its creation on March 15, 1974, PCED has stayed true to its mission as a source of financial and moral support for the research, teaching, training and other programs of the University of the Philippines School of Economics (UPSE). It has formulated and put into operations a program to finance the academic and other programs of the school, including endowment of faculty chairs.

PCED was also able to deliver quality services in the provision of substantial support to UPSE in other areas, such as awarding faculty research grants, allocation of funds for publications and student fellowships, and financing the facilities for teaching, training, workshops, seminars and policy forums.

Two new significant institutes were launched in 2011, namely: the Institute for Public Economics and Regulation (IPER); and the Institute for the Study of Inequality, Poverty, and Social Protection (ISIP). These institutes are expected to yield the following benefits: (a) higher level of research and policy advice for policymakers; (b) a more organized approach to setting research agenda attuned to the country’s current and anticipated development problems; and (c) a more systematic delivery of research and policy advice from the academe to government on national issues.

For the year, PCED instituted transparency in its operations through the development and issuance of a more comprehensive balance sheet and income statement to properly reflect the assets, liabilities and equity of the Center along with its income and expenses.

All of PCED’s achievements would not have been possible were it not for the support of its stakeholders and the continuing harmonious relationship between government and the institution’s officials and staff. To all of them... my sincerest thanks.

ARSENIO M. BALISACAN
Executive Director

Executive Summary

The Philippine Center for Economic Development (PCED) was created in 1974 by Presidential Decree 453 to support the University of the Philippines School of Economics (UPSE) in its teaching, research, and training functions. PCED, a government-owned and controlled corporation, was envisioned to provide the needed support to UPSE so that policy relevant research is produced and disseminated, capacity in economic analysis can be developed in government, and a venue for the exchange of ideas can be provided.

The PCED building complex is located on Guerrero St. in UP Diliman, Quezon City and houses the Encarnación Hall, UPSE. The complex includes 11 classrooms, 30 faculty rooms, 5 meeting and seminar rooms, 7 school administration offices, a faculty lounge, a computer laboratory, a three-storey library building, and an auditorium.

In 2011, PCED provided a substantial amount of support to UPSE in the form of faculty research grants, publications funds, student fellowships, and provision of facilities for teaching, training, workshops, seminars, and policy forums. PCED's total expenditure in 2011, amounting to P23.017 million, was about one-third of UPSE's total expenditures in academic year 2011-2012.

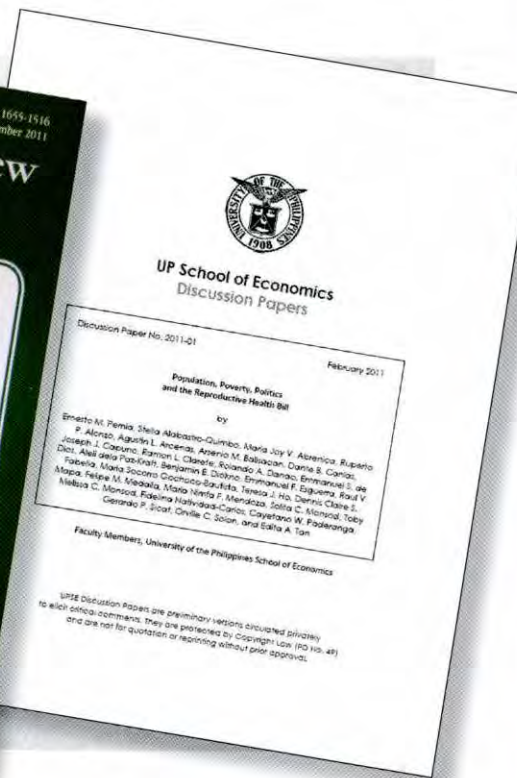
This magnitude of PCED support continues to be crucial in helping the School maintain its leading role in economics education and research.

Brief History and Program Goals

PCED was created on 15 March 1974 by Presidential Decree (PD) No. 453 with the primary responsibility of giving "...financial and moral support to the research, teaching, training, and other programs of the School of Economics, University of the Philippines." In addition, PCED was tasked to "formulate a program for financing the academic and other programs of the School, including the endowment of faculty chairs."

In effect, PCED was created to support the following functions of UPSE:

1. to conduct and engage in research work and studies oriented towards national policy and the needs of national development in the field of economics, particularly in the areas of:
 - a. monetary and fiscal policy;
 - b. tariff and trade policy;
 - c. industrial and agricultural policy;
 - d. regional economic development;
 - e. long-, medium-, and short-term economic planning;
 - f. manpower and employment;
 - g. economic studies on education, health, and social development in general; and
 - h. statistical programs and policy;
2. to undertake training programs designed to provide government and the nation as a whole with planners, analysts and economic statisticians, or in general, with technicians skilled and knowledgeable in the problems of economic development;
3. to serve as the medium for bringing together experts and specialists in other disciplines to conduct studies and investigations and engage in the interchange of ideas so as to bring their knowledge and experience to bear on common problems with a view to evolving fresh ideas and approaches that could be effectively applied to economic development;
4. to engage in the publication of the results of research.



Program Accomplishments in 2011

Research

In 2011, a total of 18 faculty and staff research grants were supported by PCED. Of these, nine were newly granted in 2011 and six were completed during the year. A list of PCED ongoing research contracts is provided in Table 1. The total outlay for these research grants amounted to P6.646 million.

Two new institutes were also established in 2011. The Institute for Public Economics and Regulation (PIPER) aims to conduct high-quality research in the areas of public economics and regulation and to use the research output to advance practical public policy advice and recommendations. In addition, PIPER aims to organize training courses, seminars, workshops and policy dialogue on related issues, establish links with universities, research and training centers here and abroad for conducting collaborative research and exchange of scholars and information, and serve as depository of information on public economics and public regulation in the Philippines.

The PIPER's research agenda covers topics relating to fiscal policy formulation and management, tax policy, public expenditure policy, intergovernmental fiscal relations, public debt and fiscal sustainability, governance issues, financing social sector expenditures, environment and resource economics.

The other new institute, the Institute for the Study of Inequality, Poverty, and Social Protection (ISIP) has a twofold objective: (a) to produce publishable research based on a research program commonly agreed among scholars; (b) to produce and disseminate evidence- and theory-based policy papers on current and future issues pertaining to poverty and inequality and social protection.

The benefits to the School and the country from these two institutes are: (a) a higher level of research and policy advice for policymakers; (b) a more organized approach to setting research agenda on public economics and regulation attuned to the country's current and anticipated development problems; and (c) a more systematic delivery of research and policy advice from academics to government regarding national issues.

For 2012, around P4.7 million was allocated for PIPER and around P3.5 million for ISIP.

Completed Research

Constructing Multidimensional Poverty Measures: Issues, Applications, and Implications for the Philippines | *Arsenio M. Balisacan*

Abstract

That poverty is a multidimensional phenomenon is no longer debatable. What remains a contentious issue is whether the various dimensions of individual deprivation should be aggregated — and how these are to be aggregated — into a summary measure of poverty. This study employs the Alkire-Foster aggregation methodology, which preserves the “dashboard” of dimensions of poverty, to systematically assess the magnitude, intensity and sources of multidimensional poverty over the past two decades and across subpopulation groups in the Philippines. It finds that what is generally known about the country’s performance in poverty reduction in recent years, as seen in income measures of poverty, is quite different from what the lens of multidimensional poverty measures reveal. While income-based poverty remained largely unaffected by economic growth during the past decade, multidimensional poverty did actually decline. This finding is robust to sources of nationally-representative household survey data and to assumptions about the poverty cutoff. From a policy perspective, this result reinforces the view that nothing less than economic growth, even in the short term, is required to reduce poverty (broadly interpreted to include individual deprivations beyond income). Moreover, the diversity of both deprivation intensity and magnitude of poverty across geographic areas and sectors of the Philippine society is enormous, suggesting that, beyond growth, much needs to be done to make development more inclusive. ■

Transforming Middle-Income Economies: A Study in Economic Growth and Convergence | *Dante B. Canlas*

Abstract

The paper opens up a study of what middle-income economies, that is having a per capita income of at least US\$1,000, have to do to move up to a higher development status. Using insights from endogenous growth theory, it reviews theoretical models and gathers results based on human-capital and public-capital accumulation, expansion of export-product variety, and financial-market development as bases for increasing returns and long-run economic growth. Thailand and the Philippines are used as empirical settings. ■

Do the Children and Other Kin of Household Heads Face Equal Opportunities for Primary Education in the Philippines? | *Joseph J. Capuno*

Abstract

Despite recent policies, the government is unlikely to achieve the MDG target of universal primary education by 2015. Using the data from the five rounds of the Annual Poverty Indicators Survey, we assess the equality of opportunities for primary education facing the household head’s own children and other relatives living in the same household. We find that children under kinship care are less likely to be in school than the head’s own, controlling for income and other factors. Thus, policies should specifically target these children since household heads are unlikely to treat them like their own, even if they can afford to send them to school. ■

The Market for Illegal Goods in the Presence of Corruption | *Desiree A. Desierto*

Abstract

With corruption, prohibition is better at curtailing consumption than taxation. Prohibition enforcers are incentivized to enforce against illegal producers to extract bribes from them, while the latter willingly pay the bribes to keep supplying the market. In equilibrium, total quantity is lower. In contrast, tax collectors have less incentive to restrict quantity

(by imposing higher taxes), even if they were to illegally appropriate tax revenues. Legal taxpayers have less reason to cooperate with corrupt tax collectors, and are more likely to report them. Because corruption is harder to sustain in a legalized market, taxation is less effective. ■

Philippine Fiscal Incentives for Investment: An Update | Renato E. Reside, Jr.

Abstract

Reside's (2006) paper on fiscal incentives attempted to estimate the level of tax expenditures arising from investment-related tax incentives such as income tax holidays, tax and duty-free importations, reduced income tax rates, etc. This paper exploits the development of new modes of extracting data from tax returns, reports from investment promotions agencies and databases of the Bureau of Customs to update the tax expenditure estimates. These lead to downward revisions. The process of granting tax incentives, however, remains ever-flawed and is a constant source of inefficiency in the economy. ■

Trends in Grades, UP School of Economics | Gwendolyn R. Tecson

Abstract

Grades are used to evaluate students as well as to compare their scholastic achievements. They are used by graduate schools as well as business firms to discriminate between students. But when grades are inflated, they cease to be an objective measure. We therefore wish to examine the trend in grades in the UP School of Economics. In particular, we would like to find out if the explosion in Latin honors (cum laudes and magna cum laudes) in recent years is due to the Revitalized General Education Program (RGEP). Through regression analysis, we found that GWA is determined by the RGEP (as well as the EWA). Except for a few subjects, there is no grade inflation in the RGEP courses. ■

Table 1. 2011 PCED Ongoing Research Grants for UPSE Faculty and Staff

Name	Title	Status
D.B. Canlas	Business Fluctuations in the Philippines	On-going 9/8/11
F.N. Carlos	Time Consistency: The Phillips Curve Example (With Graphs)	On-going 2/16/11
R.L. Clarete	Economic Friction in Agricultural Value Chains	On-going 9/26/11
E.S. de Dios	A New-Institutional View of Das Adam-Smith-Problem	On-going 8/10
B.E. Diokno	Post-Crisis Fiscal Policy for the Philippines: Risks, Constraints, and Options	On-going 3/10
R.V. Fabella	Market Failure: Rethinking Based on the Concept of the Relevant State	On-going 2/16/11
S.L.A. Quimbo	Household Power Balance, Health-seeking Behavior, and Health Outcomes	On-going 12/10
UPSE Library Staff		
R.G. Rosali	Philippine Economic Bibliography 2008-2010	On-going 9/5/11
F. de la Rosa	A Bibliography of Theses and Dissertations 2010-2011	On-going 9/5/11
Ma.R. Luz	Philippine Economic Bibliography 2008-2010	On-going 9/5/11
A.C. Tingson	An Annotated Checklist of Periodicals Available at the U.P. School of Economics Library	On-going 9/5/11
C.M. Bondoc	A Digital Guide to the Archival Materials at the UPSE Library	On-going 9/5/11

PCED supports the publication of the *Philippine Review of Economics* (PRE), the principal professional economics journal of the Philippines. The PRE is jointly published by UPSE and the Philippine Economic Society twice a year and is circulated internationally. In 2011, two issues were released: PRE Volume 47 No. 2 and Volume 48 No. 2 (on Rizal as an economist). PRE Volume 48 No. 1 is being completed.

Finally, the UPSE Discussion Paper Series, some of which have proven invaluable in important policy debates, are also funded by PCED. A total of 15 discussion papers were published in 2011 (Table 2).

Table 2. 2011 UPSE Discussion Papers

Number	Author/Title
1101	Pernia, Ernesto M. et.al. "Population, Poverty, Politics and the Reproductive Health Bill" February 2011.
1102	Tecson, Gwendolyn R. "Trends in Grades, UP School of Economics" April 2011.
1103	Desierto, Desiree A. (with John V.C. Nye & Jema M. Pamintuan). "The Demand for Unfair Gambles: Why Illegal Lotteries Persist" May 2011
1104	Monsod, Toby Melissa C. "Is Government Really Solving the Housing Problem?" July 2011.
1105	Poblador, Niceto S. "The Strategy Dilemma: Why Big Business Moves Seldom Pan Out as Planned" August 2011.
1106	Desierto, Desiree A. (with Michael Ralph M. Abrigo). "Contagious Migration: Evidence from the Philippines" September 2011.
1107	de Dios, Emmanuel S. (with Geoffrey M. Ducanes). "Investment, Institutions, and Governance in Asia" September 2011.
1108	Desierto, Desiree A. (with Geoffrey M. Ducanes). "Stimulating Investment and Growth in the Philippines: the Need for First-Order Market Reforms" October 2011
1109	Sicat, Gerardo P. "Cesar Virata at Finance: Tax Collector and Reformer, 1970-1986" October 2011
1110	Balisacan, Arsenio M. (with Nobuhiko Fuwa & Fabrizio Bresciani). "In Search of a Strategy for Making Growth More Pro-Poor in the Philippines" November 2011.
1111	Sicat, Gerardo P. "The Economic Legacy of Marcos" November 2011
1112	Tan, Edita A. (with Kristine Laura Canales, Kevin Thomas G. Cruz, & Jan Carlo B. Punongbayan). "Why are Boys Falling Behind Girls in Schooling?" November 2011.
1113	Nozawa, Katsumi. "Oil Palm Production and Cooperatives in the Philippines" December 2011.
1114	Balisacan, Arsenio M. "What Has Really Happened to Poverty in the Philippines? New Measures, Evidence, and Policy Implications" December 2011.
1115	Kraft, Aleli D. (with Paul Mariano, Samuel Kault, Eliana Jimenez-Soto, & Kim-Huong Nguyen). "Philippine Equity Report: Investment Case for Financing Equitable Progress towards MDGs 4 and 5 in the Asia-Pacific Region" December 2011.

Financial Assistance to Students

In the academic year 2011-2012, PCED supported only two teaching fellows (graduate students of UPSE) less than the eight in second semester 2010. This was due to the availability of scholarship funds from the UPEcon Foundation, Inc. (a non-stock non-profit entity put up by the faculty of the UPSE also to provide support to the school's activities). These funds were made available only for a limited period, so it was decided that the PCED fellowship funds will be used again when the UPEcon-HPDP project support expires in late 2012.

Support for seminars and policy forums

PCED is the venue for UPSE's Friday Seminar Series, which brings together experts from various disciplines, faculty, students, and policymakers to engage in the exchange of ideas and experiences. In 2011, a total of 21 seminars were organized (Table 3).

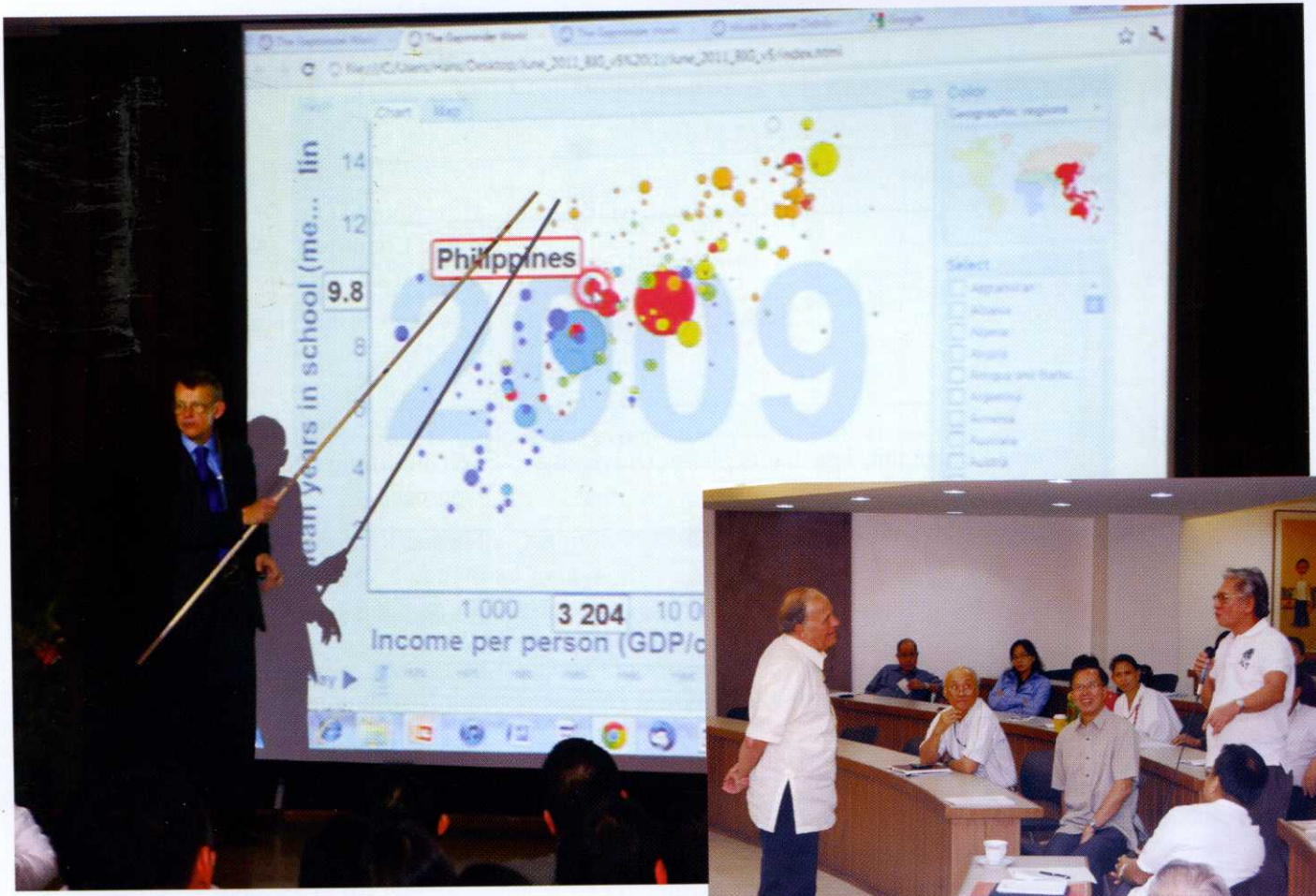


Table 3. 2011 UPSE-PCED Friday Seminars

Date	Speaker	Topic
28 January	David West Allen III, Yale University	Agriculture, Trade and Information
11 February	Joseph J. Capuno, UP School of Economics, Amado Mendoza, Jr., UP Political Science & Han- nah Misha Morillo, UP Psychology	Do Filipinos Share Common Political and Family Values?
15 February (Tues)	Snaebjorn Gunnsteinsson, Yale University	Crop Insurance and Informal Credit in the Philippines
2 March (Wed)	Faith Christian Q. Cacnio, Banko Central ng Pilipinas	A Small Open Economy New Keynesian Philips Curve for the Philippines
9 March (Wed)	Jeffrey G. Williamson, Laird Bell Professor of Economics, Emeritus, Harvard University	Ancient and Modern Inequality
11 March	Desiree A. Desierto, UP School of Economics	Demand for Unfair Gambles: Jueteng and Illegal Lotteries
17 March (Thurs)	Geoffrey M. Ducanes, UP School of Economics	The Welfare Impact of Overseas Migra- tion: Evidence from Panel Data
18 March	Joseph J. Capuno, Stella Luz A. Quimbo, Aleli P. Kraft & Carlos Antonio R. Tan, Jr., UP School of Economics	The Poor, the Politician and the Political Indigents: The Case of Philhealth Spon- sored Program
22 March	Karl Kendrick Chua, World Bank	Tax Administration Reforms in the BIR: Why are They Difficult to Achieve?
18 April	Lino Briguglio, University of Malta	History and Institutions of the EU: Some Lessons for Asian Regional Integration
27 April	Neil Boyle, Infrastructure Consultant, ADB	How Should One Design PPPs in Devel- oping Countries? –An Application of Wil- liamson’s Transaction Cost Economics
28 April	Adoracion Navarro, UP School of Economics	The Market Power and Consumer Wel- fare Impacts of Nodal Pricing and Zonal Pricing in Electricity Spot Markets with Vertical Demand Curves
10 May	Romeo Balanquit, Jawaharlal Nehru University, India	Self-Fulfilling Crisis: A Game Theoretic Approach
July 8	Ramon L. Clarete, UP School of Economics	Food Price Volatility and Market Infor- mation
July 22	Norio Usui, Philippine Country Office, ADB	Conditional Cash Transfers (CCT)
August 5	Kian Guan Lim, OUB Chair Professor of Quanti- tative Finance, Singapore Management University	Investment Risks and Tests of Changes in Tail Distributions
September 9	Michael Lim Mah Hui, Professor, Duke Univer- sity, Temple University, University of Malaya	Inequality and Financial Crisis: From Marx to Morgan Stanley
September 16	Hans Rosling- Professor of International Health, Karolinska Institute, Co-Founder and Chairman, Gapminder Foundation	Population and Economic Growth

Table 3... continued

October 7	Arsenio M. Balisacan, UP School of Economics	Multidimensional Poverty: To Aggregate or Not To Aggregate?
October 21	Majah Leah V. Ravago, University of Hawaii	A REDD+ Strategy for Global Cooperation and Greener Forests
December 9	Katsumi Nozawa, UP School of Economics	Oil Palm Production and Cooperatives in the Philippines

In addition, the PCED supported the conduct of the following forums held at the PCED complex:

- Training on Monitoring and Impact Evaluation

Evaluating the Impact of Social Development and Protection Programs: Changing Lives by Improving Outcomes

January 11-14, 2011 | Encarnación Hall, UP School of Economics

The objective of the course is for participants (primarily DSWD staff) to acquire an overview of techniques of impact evaluation and its importance for policymaking and program design, an understanding of how to construct a results chain and effectively monitor program implementation, and practical skills in the application of these techniques to their own projects. The participants would be equipped with theoretical and practical knowledge necessary to manage monitoring and impact evaluation activities.

- Ayala Corporation- UPSE Economic Forum on **Free Tuition, Socialized Tuition or Full-Cost Tuition in SUCs?**

By Dr. Edita A. Tan, UP Economic Professor Emeritus

February 22, 2011 | UPSE Auditorium

The purpose of the lecture series is to disseminate to the larger public the results of recent research at UPSE and foster dialogue among policy makers, the private sector, and academe on current issues confronting the nation.



- **Fiscal Decentralization Forum and Study Tour**

June 6-12, 2011 | Encarnación Hall, UP School of Economics

The objective of the program is to share the experiences of the Philippines with government officials from Cambodia.

- IMF Seminar on **The Asian Economic Outlook, 2011-12: A Philippine Perspective**

July 18, 2011 | J. Duavit and Class of 1984 Lecture Room, UPSE

The seminar is part of the IMF regular surveillance activities and consultations with key officials in government, politics, academe and civil society.

- Public Lecture on **Population and Economic Growth**

by Dr. Hans Rosling

16 September 2011 | UPSE Auditorium

Dr. Rosling is the co-founder and chairman of the Gapminder Foundation, which developed the Trendalyzer software that converts international statistics into moving, interactive graphics. The public lecture, demonstrated the popular Gapminder graphics to visualize world developments.

- Symposium on **Towards a New Paradigm on Exchange Rate Management**

November 24, 2011 | J. Duavit and Class of 1984 Lecture Room, UPSE

A symposium on the merits and demerits of a competitive exchange rate managed by the national government.

- Consultation Meeting of Stakeholders of **Escaping Middle Income Trap Research Programme**

December 2, 2011 | UPSEAA Room, UPSE

The purpose of the meeting is to introduce a broader perspective of PPPs for development, covering issues such as the various rationale and types for PPPs, common problems encountered, and some of the first lessons culled from numerous initiatives around the world.

Library acquisitions

The UPSE library houses one of the largest collections of economics books and journals in the country. In 2011, PCED supported library acquisitions including journal and newspaper subscriptions amounting to about P0.4 million.



Maintenance and upgrade of PCED property

An important component of PCED's support to UPSE comes in the form of property maintenance as the School is housed in the PCED building complex located on Guerrero St. in UP Diliman. The complex includes 11 classrooms, 30 faculty rooms, 5 meeting and seminar rooms, 7 school administration offices, a faculty lounge, a computer laboratory, a three-storey library building, and an auditorium.

Table 4 summarizes the maintenance activities undertaken by PCED in 2011.



Table 4. Expenditure on Maintenance and Upgrade of PCED Property (in pesos)

Type of Maintenance/Upgrade	Amount
Maintenance of Hallway, Cleaning of Peebles and Additional for Madrigal Room	120,848
Vinyl Floor for Room 235 and 348, Built-in Cabinet, Window Glass and Defective Gate Valve	80,862
Upgrade of Faculty Room/Research Rooms (Roller Shades)	157,838
Upgrade of Lecturers Room (Partition)	120,000
Upgrade and Maintenance Grounds (Sewer of North Side Toilet)	124,353
Repainting of Room 333 and roller shades	24,300
Total Expenditure on Maintenance and Upgrade of Property	628,201

Resources

Personnel

As of 2011, there were 16 items in the PCED plantilla. Of these, only three were holding permanent positions while 10 were holding part-time positions. There are presently two vacant positions while another position was vacated in July 2011 (compulsory retirement).

There were no other significant movements/promotions in PCED during 2011.

Table 5 shows the PCED plantilla.



Table 5. PCED Plantilla (as of December 2011)

POSITION TITLE	SALARY GRADE	STEP	NAME OF INCUMBENT	STATUS
Executive Director	29		Arsenio M. Balisacan	PT
Adm. Asst. III	9		Rowena V. Alvarez	PT
Research Division				
Division Chief III	24		VACANT	
Adm. Asst. II	8	8	Juliet R. Gordulan	P
Adm. Asst. II	8	1	Gil S. Mallari	T
Special Projects Division				
Division Chief III	24		Stella A. Quimbo	PT
Finance & Adm. Division				
Division Chief III	24		Ma. Nimfa F. Mendoza	PT
Accountant III	19		Milagros O. Savella	PT
Adm. Asst. III	9		Ruth V. Abaloyan	PT
Adm. Asst. II	8		Gloria D. Lambino	PT
Adm. Asst. II	8		VACANT	
Adm. Officer III	14		Evelyn H. De Ramos	PT
Adm. Aide IV	4	7	Roberto T. Barcelo	P
Adm. Aide IV	4		Jimson S. Visca	PT
Adm. Aide III	3		Lilia E. Ravina	PT
Adm. Aide III	3	8	Alberto M. Calaguas	P

PT = Part Time; P = Permanent; T = Temporary

Fiscal Resources and General Allocation

The regular sources of funds for the PCED work plan are investment earnings and rental income. Investment earnings are generated from a P17 million Endowment Fund created by PD 453. Annually, the Board of Trustees reviews the financial performance of PCED and approves the proposed budget for the following year.

For fiscal year 2011, the Board approved a budget amounting to P 33,941,000 broken down as follows; Personal Services P2,500,000; MOOE P11,091,000; and Capital Outlay and Equipment P20,350,000.

Total audited expenditures in 2011 is broken down as follows: P1.66 million for personnel services (PS), P 7.5 million for maintenance and other operating expenditures (MOOE), and P13.4 million for capital outlay (CO). The bulk of the increase in expenditure on CO pertains to the P11.998 million outsourced to the PITC (Philippine International Trading Corporation) for the bidding and contracting for the repairs and renovation of the roofs of the PCED buildings (School and Library) and the UPSE Auditorium.

Table 6 shows the authorized and audited expenditures in 2011.

Table 6. 2011 Authorized and Audited Expenditures of PCED

Expenditure Item	Authorized Expenditures	Audited Expenditures
Personnel Services	2,500,000	1,663,575
Maintenance and Other Operating Expenditures*	11,091,000	7,540,942
Capital Outlay and Equipment**	20,350,000	13,400,667
TOTAL	33,941,000	22,605,184

*includes a P9,750,000 Research Support from the National Government

**includes a P20,000,000 Infrastructure Support from the National Government, P11,998 of which has been outsourced to the PITC

Table 7.
PCED Statement of Changes in Equity
December 31, 2011 (with corresponding figures for 2010, in pesos)

	2011	2010
Donated Capital	14,890,129	14,890,129
Miscellaneous Capital	23,677,893	23,677,893
Retained Earnings		
Beginning Balance	92,948,287	63,655,469
Add: Net (Loss)/Income for the Period	(3,031,051)	29,533,020
Less: Dividends Paid to National Government	-	240,202
Ending Balance	89,917,236	92,948,287
EQUITY	128,485,258	131,516,309

By the end of 2011, PCED's total assets were valued at P 129,114,454. Tables 8 and 9 show PCED's 2011 Balance Sheet and Income Statement, respectively.

Conclusion

In 2011, PCED continued to provide substantial support to UPSE, in the form of faculty research grants, publications funds, student-fellowships, provision of facilities for teaching, training, workshops, seminars, and policy forums. PCED's total expenditure in 2011, amounting to P22.605 million, was about one-third of UPSE's total expenditures in academic year 2011-12.

This magnitude of PCED support continues to be crucial in helping the School maintain its leading role in economics education and research.

Table 8.
PCED Balance Sheet
December 31, 2011 (with corresponding figures for 2010, in pesos)

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	25,615,309	16,685,659
Financial Assets	-	33,961,488
Receivables - Net	14,361,321	3,157,694
Prepaid Expenses	112,439	354,684
Inventories	352,645	366,183
Total Current Assets	40,441,714	54,525,708
NON-CURRENT FINANCIAL ASSETS	81,807,836	70,349,715
PROPERTY, PLANT AND EQUIPMENT - NET	6,864,904	6,876,131
OTHER ASSETS	-	5,000
TOTAL ASSETS	129,114,454	131,756,554
LIABILITIES		
Accounts Payable	532,333	182,635
Trust Liabilities	96,863	57,610
TOTAL LIABILITIES	629,196	240,245
EQUITY		
Donated Capital	14,890,129	14,890,129
Capital - Miscellaneous	23,677,893	23,677,893
Retained Earnings	89,917,236	92,948,287
TOTAL EQUITY	128,485,258	131,516,309
TOTAL LIABILITIES AND EQUITY	129,114,454	131,756,554

Table 9.
PCED Statement of Income
For the year ended December 31, 2011 (with corresponding figures for 2010, in pesos)

	2011	2010
INCOME		
Income from Investments	4,433,702	5,121,774
Rent Income	3,211,450	3,342,247
Interest Income	353,769	157,713
Dividend Income	-	2,100
Miscellaneous Income	-	14,400
TOTAL INCOME	7,998,921	8,638,234
EXPENSES		
Personnel Services		
Salaries and Wages	596,747	601,787
Other Personnel Benefits	738,168	567,816
Personnel Economic Relief Allowance	90,258	96,000
Life & Retirement/ Philhealth/ HDMF/ ECC Contributions	83,225	84,590
Year-end Bonus and Cash Gift	67,222	68,960
Productivity Incentive Allowance	43,000	10,000
Other Bonus and Allowances	20,000	84,000
Clothing/Uniform Allowance	15,043	16,000
Terminal Leave Benefits	9,912	-
	1,663,575	1,529,153
Maintenance and Other Operating Expenses		
Donations	4,817,630	4,112,938
Depreciation Expense	1,825,455	1,769,065
Other Professional Services	1,240,262	150,000
Repairs and Maintenance	846,475	576,767
Office and Other Supplies Expense	367,437	570,146
Representation Expense	85,840	42,743
Training Expenses	35,646	-
Insurance Expense	27,492	21,615
Travelling Expenses - Local	16,812	10,622
Subscription Expense	9,002	13,350
Gasoline, Oil and Lubricant Expenses	8,615	16,422
Taxes, Duties and Licenses	5,950	6,616
Auditing Services	3,291	5,387
Miscellaneous Expenses	76,490	30,390
	9,366,397	7,326,061
TOTAL EXPENSES	11,029,972	8,855,214
NET (LOSS)/INCOME BEFORE SUBSIDY	(3,031,051)	(216,980)
SUBSIDY FROM THE NATIONAL GOVERNMENT	-	29,750,000
NET INCOME AFTER SUBSIDY	(3,031,051)	29,533,020

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