

Reach.



INSTITUTE FOR
SOLIDARITY
IN ASIA

2010 Annual Report

The National Solidarity Covenant

Philippine society is in transition from its traditional political culture to a genuine democratic culture.

We seek to hasten that transition.

Philippine society labors under the weight of illegal, unethical, immoral practices of both rich and poor in government, business, and civil society. We seek to end these practices.

More than one out of three Filipinos are mired in poverty. We seek to eliminate poverty through honest and competent work.

We are unfazed by the bleak picture many paint of the present. We trust in the creative energies of the human person.

We trust in the common sense of the Filipino. We trust in the inherent power of goodness.

We are ready to lead change, beginning with ourselves. We are ready to help others change, one by one.

And we pledge to keep these commitments, while urging people to change — however long it may take, here, in the Philippines.





The **Institute for Solidarity in Asia (ISA)** is a collaborative network of sectoral leaders, public officials, and ordinary citizens committed to governance in all aspects and levels of society.

By 2015, it shall be recognized as the leading public governance reform institute in East Asia.

ISA works with:

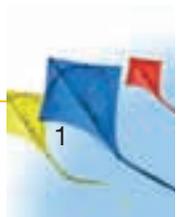
- sectoral leaders in raising the standards of professional and ethical practice as well as of social responsibility in their respective sectors.
- public officials in institutionalizing a public governance system, in partnership with multi-sectoral coalitions, for the long-term development of their communities and institutions.
- national public institutions to develop centers for leadership dedicated to the continuing training of citizens in the exercise of their civic duties and in their participation to serve the common good of society.

Core Values

- Service to the Common Good
- Patriotism
- Subsidiarity

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Our History

2000

The Foundation for Community Building in the Asia Pacific, Inc. puts up the Institute for Solidarity in Asia (ISA) to improve governance standards in the public sector.

2003

Under the auspices of ISA, the Professional Regulation Commission (PRC) issues the Code of Good Governance for the Professions. All professions rate themselves based on the provisions of the code.

2005

ISA convenes a Public Governance Forum where Eight Dream Cities present their development strategies. In the same event, ISA names its first Fellows consisting of local chief executives and sectoral leaders.

Six national sectoral coalitions involving dozens of organizations develop their respective strategy maps in support of the Philippines 2030 Strategy Map.

The Philippine Military Academy (PMA) becomes the first national institution to adopt the PGS as its governance framework.

2007

ISA initiates the fourth batch of LGUs into the Governance Pathway, with Sorsogon becoming the first provincial government to undergo PGS.

The Philippine Military Academy (PMA) becomes the first national government agency to institutionalize an Office of Strategy Management (OSM). It is named the Center for Leadership and Professional Excellence.

ISA's PGS is a featured case study in a Global Public Sector Summit held in Washington, D.C.

ISA formally launches its Certification Program for ISA Associates. The first full-day Learning Institute is attended by over a hundred participants.

2001

ISA Chairman Jesus P. Estanislao is tasked to head the Presidential Governance Advisory Council, and ISA serves as its Secretariat.

2004

With a grant from the Center for International Private Enterprise (CIPE) and The Asia Foundation, ISA introduces the Public Governance System (PGS) to a pilot group of cities. City administrators from nine pilot cities undergo training. ISA and PRC jointly publish the "Good Governance Report for the Professions" which contains the results of the self-rating on governance practices of all the professions.

2006

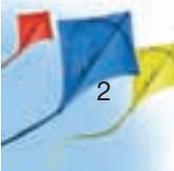
ISA publishes Philippines 2030: Journey to Nationhood which details the strategy for accelerating the country's development.

ISA also unveils the four-stage PGS Governance Pathway. Two batches of cities begin their PGS journey.

Eight cities secure the commitments of private sector leaders who will jointly work with them in meeting their performance commitments. San Fernando Pampanga becomes the first city to legislate its Multi-Sectoral Governance Council (MSGC).

ISA forms the Mahal Ko Ang Pilipinas National Coalition consisting of cities and sectoral organizations that support the vision of Philippines 2030.

ISA names its second batch of Fellows and the first three Associates.



2009

Iloilo City and the City of San Fernando Pampanga (CSFP) complete the Governance Pathway, having achieved breakthrough results since their adoption of the PGS. Iloilo becomes the first Philippine City to be elevated to the Balanced Scorecard Hall of Fame for Executing Strategy™. CSFP is elevated to the ISA-ICD Maharlika Hall of Fame for its institutionalization of the PGS in its entire bureaucracy.

ISA renames the PGS as Performance Governance System to underscore the need for governance to deliver results. It begins installing the PGS in six national government agencies as part of the National Government's efforts to qualify for funding from the Millennium Challenge Corporation.

BSC Creator Dr. David Norton is a keynote speaker at the ISA Public Governance Forum. ISA's work is also a featured case study in the Democracy and Balanced Scorecard fora in Seoul, Washington D.C. and Jakarta.

ISA Chair Jesus P. Estanislao is named "Management Man of the Year," a recognition for his work in public sector transformation.

2010

ISA holds its March Public Governance Forum that features global best practice presentations from international Balanced Scorecard Hall-of-Famers. In the same event, the six national agencies tasked to undergo PGS unveil their Governance Scorecards, and a sixth batch of local government units is initiated into the PGS.

2008

The Palladium Group formalizes ISA's PGS Pathway as an official feeder program to the Balanced Scorecard Hall of Fame for Executing Strategy™.

A fifth batch of local government units begins its PGS journey. This batch includes Bani in Pangasinan, the first PGS municipality. ISA organizes two investment fora for LGUs that have at least completed two stages of the Pathway.

An ISA delegation attends a Balanced Scorecard Master Class in San Diego, California. This coincides with the launching of the BSC Strategic Management System.

ISA renames its Learning Institute the "Natrpharm Associates Mentoring Program", after a Filipino pharmaceutical company whose work is rooted in patriotism.

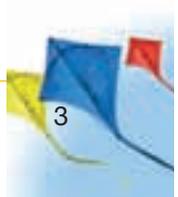
In July, ISA Associate candidates undergo intensive PGS training in the ISA Boot Camp in Naga City.

In September, the Millennium Challenge Corporation grants "Compact" status to the Philippines, and US\$ 434 million for anti-poverty projects.

ISA partners with the Palladium Group in bringing its annual Palladium Asia-Pacific Summit to Manila. It was in this event that the City of San Fernando Pampanga is recognized as the second Philippine institution to enter the Balanced Scorecard Hall of Fame for Executing Strategy™. The National Electrification Administration receives the distinction for becoming the first government agency to complete the Governance Pathway.

ISA formally signs institutional partnerships with the Development Academy of the Philippines, the League of Cities of the Philippines, and the Department of the Interior and Local Government.

Two new Associates are welcomed into the ISA family.



Chairman's Message

*Now more than ever,
we must help our
public sector institutions
regain the trust and
confidence of the Filipino.*



Over the past ten years, we at the Institute for Solidarity in Asia (ISA) have brought together public leaders and ordinary citizens who share our mission of transforming governance. We have made significant progress in putting our institutions on the road to real reform. With several national government agencies now joining our dream cities in laying the foundations for long-term development, we are closer than ever to realizing our vision of becoming the leading public governance reform institute in Southeast Asia by 2015.

The work intensifies as we move towards our vision year, and every move we make must be a response to the governance challenge. We build on our human capital, empowering our people and taking every opportunity to grow and serve. We strengthen our Performance Governance System (PGS) through innovations and best practices, and provide our Partners with venues for learning and sharing experiences. We team up with individuals and organizations that will help bring more local and national government units into the governance pathway.

Filipinos are known for winning socio-political battles through peaceful revolution, and the fight for governance is no different. We once again seek to empower other developing nations, beginning with our immediate neighbors in Southeast Asia. ISA has begun work with countries like Thailand and Indonesia, setting the stage for the replication of the transformation process and serving as a knowledge base for reform.

As we focus all our efforts on rehabilitating our public governance units, we sometimes overlook the fact that our work already trickles down to the level of individuals. The constant hustle sometimes leaves us breathless and battle-worn, but we find renewed strength in discovering that we have already begun to improve lives by improving the way government works.

The stories we share in this annual report are proof that good governance is the silver bullet. It unifies leaders and citizens, attracts investments, and builds strong and progressive communities. Most importantly, it restores the dignity of public service and opens doors to unparalleled possibilities.

Hope is once again beginning to take root in the Filipino consciousness, and we must seize this opportunity to win over hearts and minds to the reality of transformation. Now more than ever, we must help our public sector institutions regain the trust and confidence of the Filipino.

We at ISA are proud to have spent another year in the service of our beloved country. The advocacy requires large amounts of optimism and effort – in equal quantities – and we thank you for joining us as, with outstretched fingers, we reach for higher standards of public governance.

JESUS P. ESTANISLAO

We at ISA operate under the principle of magical thinking: focusing on possibilities instead of limitations and constantly seeking to extend the reach of our advocacy until governance truly becomes a shared responsibility. This approach enables us to bring an ever-increasing number of partners into the cause of reform. The Performance Governance System (PGS) is, after all, a framework that builds on potential. It encourages institutions to dream big and create strategies that will allow them to achieve and sustain the seemingly impossible.

Today, the number of our dream cities has tripled. We now work with 39 active partners, 24 of which are local government units (LGUs).

In 2010, we signed Memoranda of Understanding with the League of Cities of the Philippines (LCP), and the Department of the Interior and Local Government (DILG) – partnerships that will lead to the adoption of our core program in more LGUs. There is no time like the present to invite more cities to follow in the footsteps of world-class cities such as The City of San Fernando Pampanga (CSFP), which marked a milestone as the second Philippine city to enter the Palladium Hall of Fame for Executing Strategy™.

Our advocacy has also gained ground on the national level. In 2010, ISA welcomed three LGUs and three National Government Agencies (NGAs) to the governance pathway. In addition, six of our previously initiated partners advanced to the latter stages of the PGS, with the National Electrification Administration (NEA) becoming the first NGA to complete all four stages of accreditation.

At ISA, we work closely with leaders who understand that our ultimate concern is to put our countrymen on the road to progress. In 2009, we took on the task of implementing the PGS in six pilot Cabinet departments as part of a national anti-corruption program. This initiative's success led to a US \$434-million grant from the Millennium Challenge Corporation

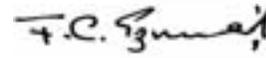
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President's Message

(MCC) of the United States government in September 2010. ISA is happy to have played a part in securing a major anti-poverty compact that will improve the lives of millions of Filipinos.

In this annual report, we feature individuals and communities whose lives have improved dramatically through PGS-guided projects. We thank NEA, CSFP, and the Municipality of Bani in Pangasinan for allowing us to step into the communities they have transformed through good governance.

It is these stories of solidarity and progress that reinforce the power of magical thinking, and we at ISA will continue to care without limit, encouraged by the knowledge that together with our Partners, we are able to satisfy our most important stakeholder – the Filipino.



FRANCISCO C. EIZMENDI, JR.



What We Do

The Institute for Solidarity in Asia (ISA) was created in response to the crying need for public sector reforms in a country whose institutions had been severely weakened by corruption.

Founded in 2000 by former Finance Secretary Jesus P. Estanislao, ISA immediately sought to **make governance a shared responsibility**, inviting both the governors and the governed to partake in the duty of institutional transformation.

We demand world-class performance.

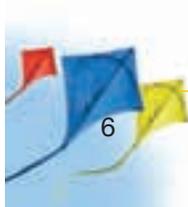
Guided by the concept that every local government unit plays a vital role in achieving national progress, ISA introduced the Performance Governance System (PGS) to a pilot group of eight dream cities. Today, two of those cities (Iloilo City and the City of San Fernando Pampanga) are at par with the world's best-managed institutions.

The PGS is the official Philippine adaptation of the Harvard Business School's Balanced Scorecard (BSc), a global management framework that has produced breakthrough results in over 150 private and public sector institutions worldwide. Created by Drs. David Norton and Robert Kaplan in 1992, the BSc is considered one of the most important and best-known management ideas in the past 75 years.

We challenge institutions to dream big.

Since its inception in 2004, the PGS has evolved into a rigorous accreditation program that enables institutions to channel their energies and abilities towards the fulfillment of a single, time-bound Vision.

We teach each Partner how to create a Strategy Map, which contains their Vision, Mission, and Values. More importantly, it contains the game plan that will allow them to achieve the Vision.





We forge a culture of transparency and accountability.

The Balanced Scorecard method is hinged on the idea of measurable performance. We at ISA see this as an opportunity to transform our local and national institutions into transparent leaderships.

Thus, we guide our Partners in creating Governance Scorecards that contain performance indicators and long and short-term economic targets. Scorecards are equivalent to performance commitments that Partners can use to report on their performance.

We build a network of real leaders.

ISA works with institutions and individuals who believe and act upon the mission to deliver real government performance. Those who sign up to undergo the PGS process become our PGS Partners. Today, we work with over 50 local government units and sector and national institutions.

Each Partner entrusts their PGS to a technical working group (TWG), whose role is to ensure the continuity of the governance initiative in the organization. It is imperative that these individuals become PGS experts, and ISA organizes bi-annual boot camps that provide them with intensive values and management training. Boot Camp participants form natural bonds with other public sector organizations who are journeying the Governance Pathway.

Over the years, we have recognized individuals from Partner organizations who are a cut above the rest. These people are known as ISA Associates, and they likewise undergo an exhaustive certification program that tests

their knowledge of the PGS and assesses their potentials in nation-building. ISA works closely with its Associates in extending the reach of the governance advocacy.

We put solidarity into action.

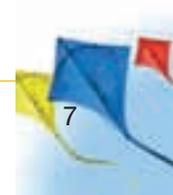
ISA assures public sector institutions that they are not alone in accomplishing the massive task of institutional rehabilitation. We guide our PGS Partners in forming Multi-Sectoral Governance Coalitions (MSGC), made up of various sectoral leaders who commit to accompanying them in their governance journey. Each Partner looks to the MSGC for advice and assistance in meeting its performance targets.

Public-private partnerships link Partners to the bigger picture and enable them to see how their work benefits the common good.

We recognize change.

We convene a semi-annual Public Governance Forum, where PGS Partners deliver performance reports using their Governance Scorecards. After their progress has been validated by a pool of experts, we award them entry into the next stage of the Governance Pathway. Thus far, two local government units and one national government agency have completed the four-stage PGS journey. The Public Governance Forum is also a learning opportunity for current and potential PGS Partners.

We have invited the Palladium Group's Dr. David Norton, a number of global Hall-of-Famers, and local private sector practitioners to deliver lectures and case studies on the Balanced Scorecard.



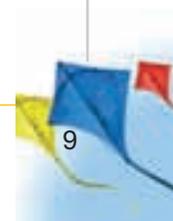
ISA Scorecard

Legend

- Met ● Partially Met / Not Applicable ● Not Met

	Results 2009	Results 2010	Results Against Previous Year
SOCIAL IMPACT			
Fully functional national and regional CLEAN			
• No. of PGS Partners outside the Philippines	1	1	●
• Number of countries with functioning CLEAN anchors	1	1	●
Transformed Philippine Public Sector			
• Average public trust rating of active NGA PGS Partners	-28	No Survey Conducted	●
• Average IRA Dependency of LGU PGS Partners	73.16%	72%	●
ADVOCACY			
Preferred partner by local and international organizations in spreading governance			
• Annual growth rate in grants and donations		5%	●
Strongly associated with public sector governance and transformations			
• Brand value	N/A	N/A	●
• Awareness index	N/A	N/A	●
INTERNAL PROCESS			
Maximize impact of core program in the entire value-chain			
• Number of BSC Hall-of-Famers	1	2	●
• Number of inactive accounts	15	13	●
• Number of movements of strategic partners per year	18	12	●

	Results 2009	Results 2010	Results Against Previous Year
Institutionalize a business model for complementary programs			
<ul style="list-style-type: none"> • Number of PGS Partners of service providers that pass the revalida • Growth rate in complementary programs 	N/A	N/A	●
	N/A	-32%	●
RESOURCE			
Develop a vibrant community of Fellows and Associates			
<ul style="list-style-type: none"> • % of active Fellows • % of strategic partners with certified Associates 	N/A	N/A	●
	12%	22%	●
Build competencies of officers and staff to support critical processes			
<ul style="list-style-type: none"> • No. of Programs Staff who are PGS Trainers • No. of Programs Staff who pass the BSC certification 	0	1	●
	0	0	●
Generate and optimize resources to support strategy			
<ul style="list-style-type: none"> • Growth in income • Number of months where standard OPEX ratio is observed 	N/A	-20%	●
	1	4	●



Feature Story: City of San Fernando Pampanga

The sun shines in Northville

Adelaida Versoza, 54, used to dread the sight of dark clouds over the horizon. And understandably so. Her family lived along the railroad tracks in Barangay Sindalan in the City of San Fernando Pampanga, where informal settlers were flooded out of their homes and forced to camp on embankments whenever the heavy rains came pouring.

“Tuwing malakas ang ulan, may tubig mula sa taas, may tubig mula sa baba. Lahat kami ng mga anak ko, sinusubukang magkasya sa iisang papag dahil ‘yun na lang ang bahagi ng bahay na tuyo (During heavy rains, water would seep in from our roof and from our floor. All of us, including my children, would try to fit into a wooden bed as this was the only area left in our home that was dry.)” recalls the social worker, who is known as “Madam Choy” to neighbors.

One day, the sun shone and their life in the floodwaters finally ended.

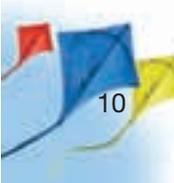
In 2009, nearly 6,000 families from 14 barangays, including Madam Choy’s, were relocated to Northville 14, located some 30 minutes away from the city proper. Aside from living in concrete houses, the site boasts of two schools, its own police outpost, a multi-purpose hall, and a health center. A chapel is nearing completion, while jeepneys regularly ply the Northville-San Fernando route.

Aside from infrastructure, the City government also provides livelihood opportunities to residents to ease the transition from displacement and make them self-sustaining. Residents are involved in running the community’s affairs, with women and youth organizations actively launching various programs.

One of the more popular residents of Northville 14, Madam Choy divides her time among volunteer activities – from sweeping the streets to making potholders and doormats for the women’s center’s Rags to Riches livelihood project. She was instrumental in the community’s acquisition of more than 30 water pumps and three nebulizers for the health center, among other amenities. For her efforts, the City recognized her as the 2010 Natatanging San Fernardino awardee for motherhood and community service.

Asked how living in Northville changed their life, the single mother of six proudly points to her fifth child as a testament. A valedictorian in high school and cum laude in college, her daughter now teaches high school physics. This would not have been possible before, she says.

“Natupad na ang pangarap ko para sa pamilya ko. Ngayon, ang pangarap ko ay makilala ang Northville bilang isang tahimik, progresibo at modelong komunidad dito sa San Fernando (My dream for my family has finally been fulfilled. Now my dream is for Northville to become known as a peaceful, progressive and model community in San Fernando),” Madam Choy says.





fast facts about **NORTHVILLE**

What is Northville 14?

It's a relocation site in Barangay Atlung Bola, City of San Fernando Pampanga. It occupies a total land area of 38 hectares.

Who lives here?

There are around 6,000 families who used to be informal settlers along the old Philippine National Railways tracks and those who were displaced by the Sagip-Ilog river rehabilitation and flood mitigation project of the local government of San Fernando Pampanga.

What lessons in governance does Northville offer?

Northville offers rich lessons in transforming a community through good governance. It is now considered the most complete relocation site in the country – with its own marketplace, multi-purpose hall, and integrated school for elementary and high school.



Feature Story: National Electrification Administration

Bringing light to the distant

Willie Liwanag remembers how he used to walk for three hours to buy kerosene in the town proper. He did not mind the distance or the darkness. What dimmed his hope was how 50 Aeta families could live on a monthly budget of one peso each, and still need money for kerosene to light their home.

The heavy responsibility rested on his shoulders as leader of the Aeta community in Barangay Mawacat in Floridablanca, Pampanga. “Those were difficult times. I could barely save enough to buy basic utilities,” says the former barangay captain.

Although no longer clad in tribal garb, the Aetas of Mawacat stick to ethnic tradition like barter, using cattle for dowry, and engaging in seasonal agriculture and tribal politics. Electricity thus plays a crucial role in bridging the gap between the present and the future.

In May 2009, the National Electrification Administration (NEA), the state agency tasked to provide electricity to the countryside, created the Task Force Kapatid (TFK), comprised of volunteers from eight electric cooperatives in Region III, and some 80 engineers, foremen and linemen. Their mission: to energize Barangay Mawacat in 100 days.

To reach the remote mountain community on the outskirts of Pampanga, the volunteers crossed raging

rivers, rough terrain, and steep slopes. Reaching the destination was just half of the journey.

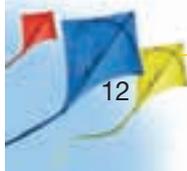
Once they arrived, the volunteers immediately drilled holes into the ground, carried poles, wired houses, and even taught the Aetas how to read electric meters. Work lasted until 10 p.m. when volunteers retired to the tiny barangay hall to sleep. In the mornings, they took baths at the local elementary school and cooked their own meals.

After only 11 days, the Task Force successfully installed seven kilometers of electrical line. In July 2009, the Aeta families of Mawacat finally ended 20 years of living in darkness as the first light bulbs were switched on.

“There was a lot of jumping up and down, and some crying,” says Willie, chuckling at the memory. “We are very grateful.”

Today, Mawacat is bright with promise. The six teachers at Barangay Mawacat Elementary School who come up from the town proper for a week no longer prepared lesson plans by candlelight or restrict themselves to traditional modes of teaching. They can now use the internet to teach advanced lessons to 167 Aeta children. Electricity has enabled them to connect to the world beyond the mountains.

More than electricity, it is the power of volunteerism that makes it possible for the indigenous people of Mawacat to dream of a bright future.





fast facts about **TASK FORCE KAPATID (TFK)**

What is TFK?

Task Force Kapatid is a volunteer program where various electric cooperatives carry out the work of energizing far-flung communities and restoring electricity to typhoon-ravaged provinces.

How many have benefited from TFK?

Since its inception in 2002, TFK has already energized over 550,000 households or 2.7 million Filipinos.

What governance lessons does TFK offer?

NEA is the first National Government Agency to complete ISA's Governance Pathway. Its adherence to the highest standards of governance has enabled it to form strong bonds with its nationwide network of electric cooperatives.



Feature Story: Municipality of Bani, Pangasinan

Love fountain springs from tragedy

Diomedes Nafora takes a walk on the coast of Olanen beach in Bani, Pangasinan where his house once stood, remembering the fateful afternoon on May 9, 2009 when Typhoon Emong came and changed the course of his life and 60,000 others who also lost their homes.

“We knew it was coming,” Manong Diome says. “But it was impossible to escape it.”

Before it landed in Bani, the typhoon had already been wreaking havoc in Northern and Central Luzon, killing 60 people and leaving over 60,000 homeless. Sitio Olanen was among the hardest-hit places in Pangasinan. In one fell swoop, the typhoon wiped out the entire area in less than seven hours, leaving over 100 families homeless.

Fortunately, the people of Bani are a resilient breed. Instead of being crushed by the tragedy, they saw it as an opportunity to act on the municipality’s vision of becoming “the Model Green City in Southeast Asia by 2030.”

The municipality immediately mobilized its network of partners from local and international organizations which heeded its distress call. The neighboring local government unit of Alaminos, Pangasinan donated two brand-new dump trucks to help remove the logs that obstructed the roads. The Philippine Red Cross brought medicines and first-aid kits. Rotary Club

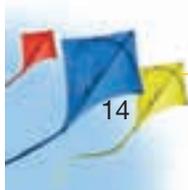
International sent 50 large tents, each fully equipped with beddings and other household necessities. The typhoon victims used these in the “Tent City” they set up on borrowed coastal land.

The municipal government grappled for a long-term solution to the resettlement challenge. The crisis gave birth to a model green city called “Burubor Ni Ayat,” local dialect for “fountain of love,” referring to a pool known in Bani as a place of courtship. The Department of Social Welfare and Development (DSWD) donated P9.1 million for the Core Shelter Assistant Project while the United Nations World Food Programme sent 4,200 sacks of rice to compensate workers.

By April 2010, the number of skilled workers and typhoon victims working together to construct the houses had swelled to around 600.

“It was a marvelous sight: men and women passing pieces of wood and buckets of cement to one another, and basically forming a human chain throughout the area,” Manong Diome says.

The swiftness of Bani’s recovery from the typhoon made Burubor ni Ayat a model city. Nowadays, it is not only known as a fountain of love, but a spring of hope that became the foundation for the shelter project. It also captures the spirit of *bayanihan* that went into building a stronger, safer, and cleaner community for the victims of Typhoon Emong.





fast facts about **Bani Burubor ni Ayat Project**

What is the project?

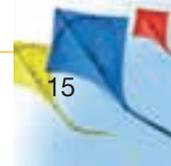
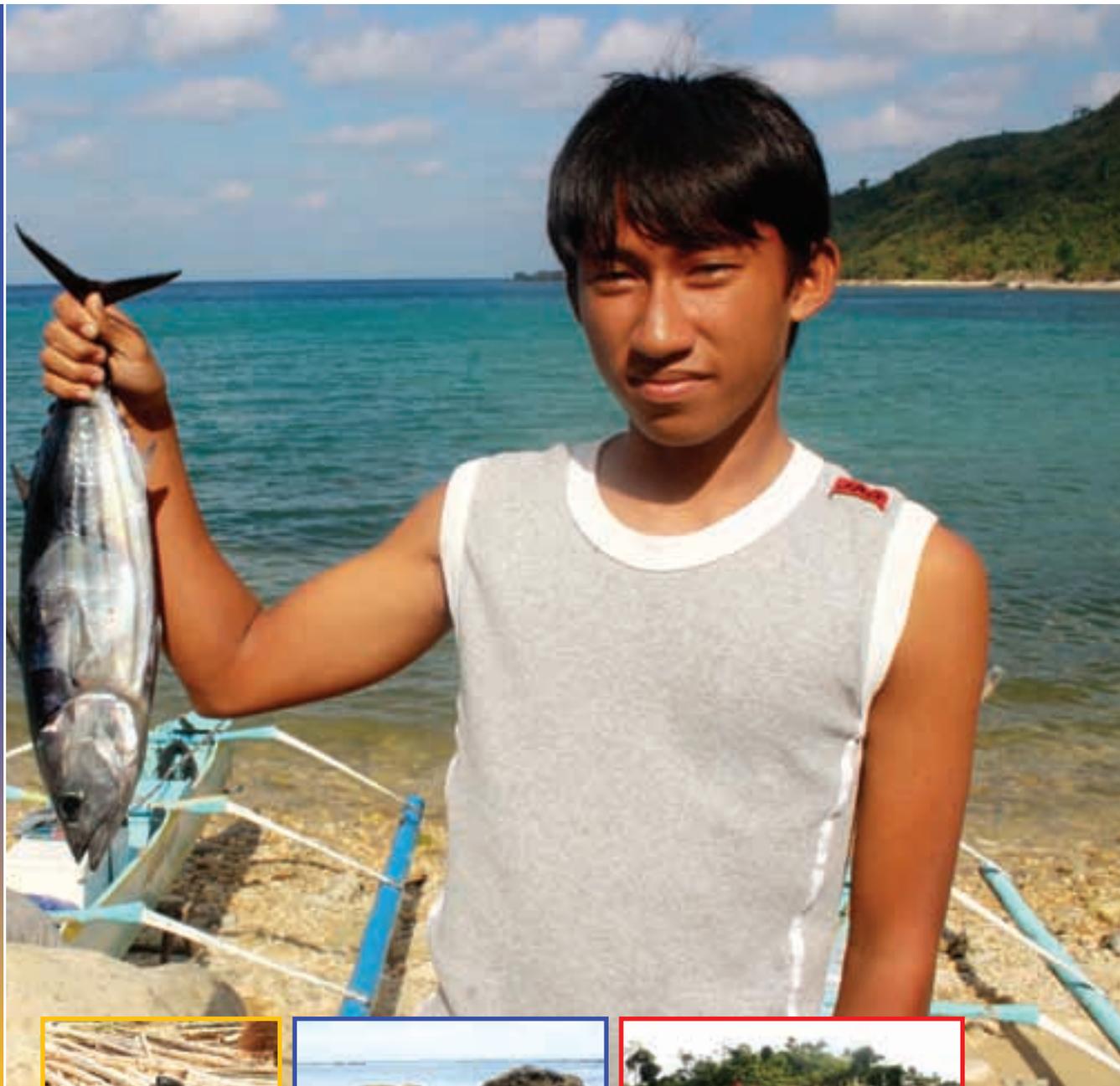
The Municipality of Bani's Burubor Ni Ayat is a model green city that houses the victims of Typhoon Emong. It was built with the help of international foreign aid organizations, as well as the Department of Social Welfare and Development.

How many benefited from Burubor ni Ayat?

The green city is home to 130 coastal families who were rendered homeless during the May 2009 typhoon.

What governance lessons does Bani offer?

Bani is the first municipality to be initiated into the Performance Governance System. Through Burubor ni Ayat, Bani has become a showcase of unity and empowerment in the face of great adversity.



Millennium Challenge Corporation (MCC) 6

Taking up the challenge

The National Government proved itself worthy of a US\$434-million anti-corruption grant from the Millennium Challenge Corporation (MCC), an independent US foreign aid agency whose aim is to eradicate corruption through economic development.

In 2009, the Philippines was in the bottom three of the MCC's list of possible beneficiaries. The country had qualified for smaller grants in the past, but failed to secure the larger five-year compacts due to poor control of corruption ratings.

The government responded by organizing a task force that would implement nine priority projects for government policy improvement. One of these policy improvement projects was the installation of the Balanced Scorecard System in the six pilot government agencies assigned to deliver the basic societal services of health, education, transportation, infrastructure, peace and order, and revenue generation.

Dubbed the "MCC 6," these agencies underwent the Initiation Stage of the Performance Governance System (PGS). The MCC 6 unveiled their new development strategies by posting these on their websites and committing to make quarterly reports to the Filipino people.

Due to the success of this initiative, the Philippines was deemed worthy of the five-year anti-corruption compact and six more Cabinet departments were tasked to undergo PGS. The second batch was composed of the Department of Budget and Management, Department of National Defense, Bureau of Customs, Department of Social Welfare and Development, Civil Service Commission, and the National Economic and Development Authority.



MILESTONE. President Benigno Simeon C. Aquino III (center), United States Secretary of State Hillary Rodham Clinton (right), Finance Secretary Cesar Purisima (left), and Daniel Yohannes, CEO of the Millennium Challenge Corporation, at the Compact Signing Ceremony in New York City on September 23, 2010.

The five-year Philippine Compact with MCC will fund three major projects:

- 1) The DPWH Secondary National Road Development Project (SNRDP), which covers the total reconstruction of Samar Road;
- 2) the DOF-BIR Revenue Administration Reform Project (RARP), which will aid the BIR in increasing tax revenues and detecting corruption in its agencies by computerizing and streamlining its processes; and
- 3) the DSWD Kapit-Bisig Laban Sa Kahirapan – Comprehensive and Integrated Delivery of Social Services (KALAHI-CIDSS), which is aimed at helping 193 municipalities that have a higher poverty incidence than the national average.

These projects are expected to have a broad impact on the Philippine economy and society.



Performance Governance System

ISA-ICD MAHARLIKA HALL OF FAME

is a recognition of the full institutionalization of the PGS in the organization. This is shown by the presence of personal governance scorecards and the PGS Partner's effort to influence the governance of similar organizations.

PHASE 4

PGS Institutionalized status is granted after an audit review of a partner's performance for at least two years of implementing its PGS strategy. The scorecard must show breakthrough financial results and high social impact.

PHASE 3

PGS Proficient status is granted after an audit review of the partner's strategic performance as measured by its scorecard. Mechanisms for reporting actual performance against targets must be in place. An Office of Strategy Management in-charge of strategy execution must be fully functional at this stage.

PHASE 2

PGS Compliance is centered on alignment of resources and people to the strategy. This status is granted after an audit review of the PGS Partner once it has formally organized internal and external stakeholders to be part of the governance process.

PHASE 1

PGS Initiated status is granted to a partner who has established a technical working group and a multi-sector council that will undergo orientation and training on the PGS. This phase entails development of a strategy and translating it into a set of measurable targets for learning and growth, operational efficiency, financial viability and social impact on the constituency.



Mayor Eric Saratan receives the award in behalf of the City of Talisay for successfully accomplishing the PGS Initiation Stage.



Department of Interior and Local Government Secretary and ISA Trustee Jesse Robredo shares his views on local governance reforms.

Former Executive Secretary Leandro Mendoza gives a response on behalf of the National Government.

2010 Milestones of Partners

PGS Fever Pitch

In March 2010, three local government units were successfully initiated into the Performance Governance System (PGS). Despite the preparations for the impending local and national elections, the Municipality of Santa Fe (Nueva Vizcaya), and the Cities of Talisay (Negros Occidental) and Dipolog (Zamboanga del Norte) pursued the process to resolve critical issues in governance. ISA is proud to work with Partners whose dedication to governance transcends politics.

Going Public

ISA organized its March 2010 Forum entitled “Global Best Practices for Local Breakthroughs and Transformations.” One of the highlights of the event was the public launch of the PGS in six National Government Agencies: the Bureau of Internal Revenue, Department of Health, Department of Education, Department of Transportation and Communications, Department of Public Works and Highways, and the Philippine National Police. The heads of the six agencies turned their respective Governance Scorecards over to then Executive Secretary Leandro Mendoza, Center for International and Private Enterprise (CIPE) Executive Director John Callebaut, and then Management Association of the Philippines (MAP) President Eusebio Tan, and then Makati Business Club Executive Director (now Tourism Secretary) Alberto Lim.

All Aboard

It was a banner year for the Philippine Navy, which was conferred the PGS-Compliant status in March 2010 and PGS-Proficient status in September 2010, having shown great aptitude in the development of its Sail Plan. The Navy’s technical working group

evolved into a highly competent Office of Strategy Management called the Center for Naval Leadership and Excellence (CNLE). Its Board of Advisers likewise played a crucial supporting role in the Navy’s delivery of emerging breakthrough results.

Hungry for More

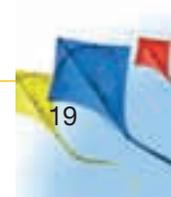
The May 2010 elections resulted in big wins for PGS Partner Mayors. Proving that the most attractive leadership is that which strives visibly to institute reform and deliver breakthrough results, 83% of the PGS Partner Mayors were either re-appointed or successful in endorsing their successors.

Partners in Progress

In September 2010, ISA formalized two partnerships geared towards nationalizing the governance agenda. It signed Memoranda of Agreement with the League of Cities of the Philippines (LCP) and the Department of the Interior and Local Government (DILG), effectively getting them onboard in rolling out the PGS in local government units. LCP enrolled itself and its National Executive Board mayors in the PGS while DILG is exploring the harmonization of the PGS with current local government performance frameworks.

Lighting the Way

The Public Governance Forum in September 2010 also saw the National Electrification Administration (NEA) becoming the Philippines’ first PGS-Institutionalized government agency. After an assessment conducted by two third-party auditors and a performance validation by a panel of Balanced Scorecard experts, NEA completed the Governance Pathway. NEA now strives to achieve Hall of Fame status as it continues to carry out its mission of bringing light to the rural areas.



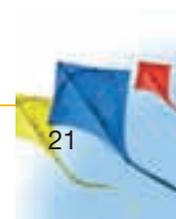
Partners in the Pathway

(As of September 2010)

Local Government Units	Initiation	Compliant	Proficient	Institutionalized	Hall of Fame
1 Iloilo City	10 Aug 05	30 Aug 06	26 Mar 08	24 Sep 09	5 Oct 09
2 San Fernando Pampanga	28 Feb 06	30 Aug 06	30 Aug 07	24 Sep 09	22 Sep 10
3 Marikina, Metro Manila	10 Aug 05	30 Aug 06	30 Aug 07		
4 Tagbilaran City, Bohol	10 Aug 05	30 Aug 06	30 Aug 07		
5 Calbayog, Western Samar	10 Aug 05	30 Aug 06	24 Sep 09		
6 San Fernando, La Union	10 Aug 05	30 Aug 06			
7 Naga, Camarines Sur	10 Aug 05	30 Aug 06			
8 Sorsogon Province	28 Feb 06	30 Aug 06			
9 Iriga, Camarines Sur	30 Aug 06	26 Mar 08			
10 Tagaytay, Cavite	28 Feb 06	26 Mar 08			
11 Bani Municipality, Pangasinan	11 Mar 09	24 Sep 09			
12 Bayawan City, Negros Oriental	29 Aug 08	24 Sep 09			
13 Balanga City, Bataan	29 Aug 08	24 Sep 09			
14 Island Garden City of Samal	10 Aug 05				
15 Dagupan, Pangasinan	30 Aug 06				
16 Ligao, Albay	30 Aug 06				
17 Masbate City, Masbate	26 Mar 08				
18 Sagay, Negros Occidental	29 Aug 08				
19 Santiago, Isabela	29 Aug 08				
20 Legazpi City, Albay	10 March 09				
21 Tobacco City, Albay	10 March 09				
22 Dipolog City, Zamboanga del Norte	25 March 10				
23 Municipality of Santa Fe, Nueva Vizcaya	25 March 10				
24 Talisay City, Negros Occidental	25 March 10				

National Government Agencies		Initiation	Compliant	Proficient	Institutionalized	Hall of Fame
1	National Electrification Administration	30 Aug 07	29 Aug 08	24 Sep 09	23 Sep 10	
2	Philippine Military Academy	28 Feb 06	29 Aug 06	30 Aug 07		
3	Philippine Navy	13 Mar 07	25 Mar 10	23 Sep 10		
4	Philex Mining Corporation	26 Mar 08	29 Aug 08			
5	Bureau of Internal Revenue	24 Sep 09	25 Mar 10			
6	Department of Health	24 Sep 09	23 Sep 10			
7	Department of Education	24 Sep 09				
8	Department of Public Works and Highways	24 Sep 09				
9	Department of Transportation and Communications	24 Sep 09				
10	Philippine National Police	24 Sep 09				
11	Development Academy of the Philippines	23 Sep 10				
12	Department of Social Welfare and Development	23 Sep 10				
13	Philippine Army	23 Sep 10				

Sectoral Institutions		Initiation	Compliant	Proficient	Institutionalized	Hall of Fame
1	Accounting Profession	29 Aug 06	26 March 08	24 Sep 09		
2	Nursing Profession	29 Aug 06	30 Aug 07	25 March 10		
3	Architecture Profession	29 Aug 06				



ISA Institutional Partners



The Center for International Private Enterprise (CIPE) strengthens democracy around the globe through private enterprise and market-oriented reform. CIPE is one of the four core institutes of the National Endowment for Democracy.

Since 1983, CIPE has worked with business leaders, policymakers, and journalists to build the civic institutions vital to a democratic society. Its programs are supported by the National Endowment for Democracy, the U.S. Agency for International Development, the Middle East Partnership Initiative, and the U.S. Embassy in Iraq Office for Private Sector Development.



The Palladium Group is the global leader in helping organizations execute their strategies by making better decisions. Our expertise in strategy, performance management, and business intelligence helps our clients achieve an execution premium. Palladium's Balanced Scorecard Hall of Fame for Executing Strategy® recognizes organizations that have achieved an outstanding execution premium.



The National Competitiveness Council (NCC) was formed last October 2006 as a Public-Private Task Force on Philippine Competitiveness by virtue of Presidential Executive Order No. 571 to address the improvement of the country's competitiveness from the bottom third of competitiveness rankings to the top third by 2010.



For 36 years now, the Development Academy of the Philippines (DAP) has focused on approaches to national development. Its mandate is to assist in the country's development efforts as change catalyst and capacity builder.



**Koninkrijk
der Nederlanden**

The Embassy of the Kingdom of the Netherlands in Manila fosters bilateral

ties in the economic, political, and cultural fields. While it was decided to end the Dutch development cooperation program in 2004, the Embassy has since remained active on a small scale, supporting initiatives by local NGOs with focus on good governance and human rights.



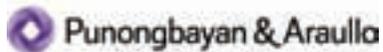
The League of Cities of the Philippines (LCP) is committed to bringing the local urban governance agenda to the forefront of the country's development strategies. As the mandated organization of the Philippine cities, the LCP believes effective change in the national consciousness starts with the primary visions of the local government units.



The mandate of the Department of the Local and Interior Government (DILG) is to promote peace and order, ensure public safety, and strengthen the capabilities of local government units through active people participation and a professionalized corps of civil servants. It's vision is to become a primary catalyst for excellence in local governance that nurtures self-reliant, progressive, orderly, safe and globally competitive communities sustained by a God-centered and empowered citizenry.



The Comfac Global Group, ISA's technology partner, is one of the Philippines' leading systems integrator and total fit-out contractor for workspace facilities. Its vision is to provide total customer satisfaction from a single source, thru global solutions that are truly world class in terms of products and technologies vis-a-vis functionality and reliability.



Punongbayan & Araullo

Punongbayan & Araullo is a Philippine accounting and professional services firm within Grant Thornton International, one of the world's leading organizations of independently owned and managed accounting and consulting firms.



**Philippine Chamber of
Commerce and Industry**

The Philippine Chamber of Commerce and Industry (PCCI) is a non-stock, non-profit, non-government organization comprised of small, medium, and large enterprise, local chambers and industry associations representing various sectors of business, all working together to foster a healthier Philippine economy and improve the viability of business in the country.



The Institute of Internal Auditors – Philippines is the primary association of internal auditors in the Philippines. Dedicated to develop and promote the practice of internal auditing, it serves as the principal educator of internal auditors and provides professional guidance on emerging issues and trends that impacts the profession.

UNIONBANK

UnionBank is a partnership among the Aboitiz Group, Insular Life and Social Security System. It is one of the country's leading universal banks. UnionBank stands out for its strategy, execution and performance. It has followed a highly focused differentiation strategy that emphasizes innovation and service, and puts technology at the heart of its business. Information and network access are a core UnionBank offer. Today multiple channels are available for transaction and information access: 111 branches nation wide, 94 ATMs (as of June 2004), a call center and Internet bank, www.unionbankph.com.



Bank of Commerce is one of the Philippines' progressive commercial banks. It has been in operations since 1991. The Bank offers a wide range of banking and other financial products and services, including traditional deposit products, corporate banking, consumer banking, treasury, asset management, trust services, trade, and credit card services.



The Development Bank of the Philippines is classified as a development bank and may perform all other functions of a thrift bank. Its primary objective is to provide banking services principally to cater to the medium and long-term needs of agricultural and industrial enterprises with emphasis on small and medium-scale industries.



Ortigas & Company Limited Partnership is a real estate development company which counts in its portfolio some of the country's residential, business and commercial developments: Greenhills Shopping Center, Ortigas Center, Tiendesitas, Frontera Verde, Valle Verde and Greenmeadows.



Writers Edge, Inc. is a marketing communications firm that provides editorial content, creative design, publishing, public relations, media training, and web-based services.

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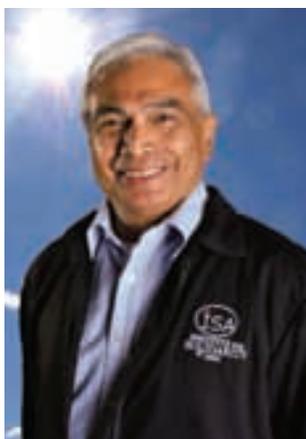
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Mary Jane C. Ortega
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San Fernando City
La Union



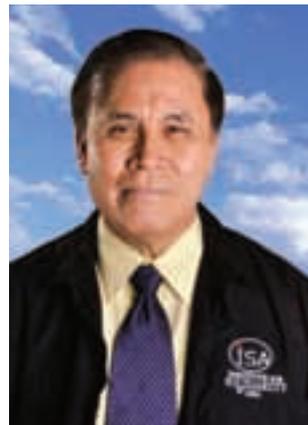
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Rex C. Drilon II
Former Chief Operating
Officer, Ortigas and Company
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of the Philippines, and
Mayor, City of San
Fernando Pampanga



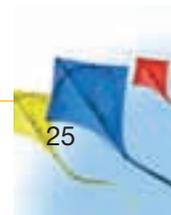
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First Legislative District
Western Samar



Evelyn R. Singson
Immediate Past President
Management Association
of the Philippines



Jerry P. Treñas
Congressman
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Rex C. Drilon II, *Trustee, Institute for Solidarity in Asia*

Paul A. Dumol, *Trustee, Institute for Solidarity in Asia, and Associate Professor, University of Asia and the Pacific*

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Engr. Ferdinand Z. Caylao, *City Administrator, City of San Fernando Pampanga*

Francisco A. Caymo, *Division Manager, Strategic Planning Division, National Electrification Administration (NEA)*

Maria Gracia A. Chua, *former Development Project Management Officer IV, Iloilo City*

Lt. Edwin German A. Cordova, *Deputy Chief, Center for Naval Leadership and Excellence, Philippine Navy*

Brig. Gen. Fermin R. de Leon, *Dean, Corps of Officers, Philippine Military Academy*

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Christian P. Zaens, *Executive Director, Institute for Solidarity in Asia*

ISA Corporate Secretary

Atty. Jim Rommel S. Flores

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Mary Rose Juliet G. Anatalio, Program Asst. for Sector and National Institutions
Gabrielle Marie C. Antonio, Program Asst. for Research and Communications
Jose Ma. Luis P. Montesclaros, Program Asst. for Local Government Units



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Julie Mea P. Parreño, Administrative Assistant
Jennifer V. Santos, Administrative Officer
Ma. Esperanza C. Solivar, Liaison Officer

ISA Executive Leadership

Dr. Jesus P. Estanislao, Chairman *(center)*
Francisco C. Eizmendi, Jr., President *(right)*
Christian P. Zaens, Executive Director *(left)*



Statement of Management's Responsibility for Financial Statements

The Management of the INSTITUTE FOR SOLIDARITY IN ASIA, INC. is responsible for all information and representations contained in the financial statements for the years ended December 31, 2010 and 2009. The financial statements have been prepared in conformity with Philippine Financial Reporting Standards and reflect amounts that are based on best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, Management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded,

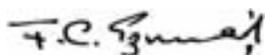
assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the Company.

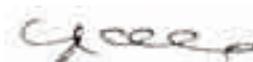
Mr. Jose P. Llopis, the independent auditor appointed by the stockholders, has examined the financial statements of the Company in accordance with Philippine Standards on Auditing and has expressed his opinion on the fairness of presentation upon completion of such examination, in his report to the Board of Directors and Stockholders.



DR. JESUS P. ESTANISLAO
Chairman of the Board



FRANCISCO C. EIZMENDI, JR.
President



CHRISTIAN P. ZAENS
Chief Executive Officer

Independent Auditor's Report

The Board of Trustees and Members
INSTITUTE FOR SOLIDARITY IN ASIA, INC.
(Formerly Foundation for Community-Building in the Asia-Pacific, Inc.)
(A Non-stock, Non-profit Association)

I have audited the accompanying financial statements of **INSTITUTE FOR SOLIDARITY IN ASIA, INC.** composed of Statements of Assets, Liabilities and Fund Balances as at December 31, 2010 and 2009, Statement of Income, Statement of Changes in Fund Equity, Cash Flow Statement, 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 the fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities. 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.

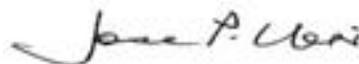
Auditors' Responsibility

My responsibility is to express an opinion on these financial statements based on our audit. I conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 risks 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial positions of **INSTITUTE OF SOLIDARITY IN ASIA, INC.** as at December 31, 2010 and 2009, and its financial performance and Cash Flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities.



Jose P. LLOPIS # 9501

TIN : 113-395-692

PTR # 10114320J, 1/6/2011

PRC ID expiry date : Sept. 18, 2012

BOA # 09686, Until Dec. 31, 2013

S.E.C. N.A., BIR #45309

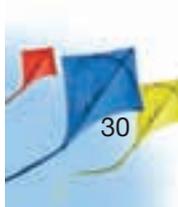
March 9, 2011

Statement of Assets, Liabilities and Fund Balances

(In Philippine Pesos)

	NOTES	DECEMBER 31	
		2010	2009
ASSETS			
Current Assets			
Cash	2	2,633,931	2,621,300
Other Receivables	3	103,410	271,044
Total Current Assets		2,737,341	2,892,344
Non-Current Assets			
Property and Equipment	4	1,532,577	2,901,135
Other Noncurrent Asset	5	693,364	693,364
Total Noncurrent Assets		2,225,941	3,594,499
TOTAL ASSETS		4,963,282	6,486,843
LIABILITIES AND FUND BALANCES			
Current Liabilities			
Other Payables	6	111,960	153,585
Non Current Liabilities			
Other Non-Current Liabilities	7	8,905,070	7,965,114
Total Fund Balances		(4,053,748)	(1,631,856)
TOTAL LIABILITIES AND FUND BALANCES		4,963,282	6,486,843

See accompanying Notes to Financial Statements



Statements of Revenue and Expenses

(In Philippine Pesos)

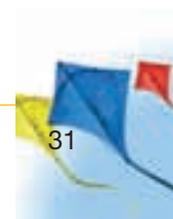
	NOTES	DECEMBER 31	
		2010	2009
Revenues	8	18,117,215	21,017,055
Other Income	9	378,985	310,425
Gross Income		18,496,200	21,327,480
Administrative Expense	10	18,917,133	17,292,770
Distribution Cost	11	1,811,373	1,989,064
EXCESS OF EXPENSES OVER REVENUES		(2,232,306)	2,045,646

See accompanying Notes to Financial Statements

Statements of Changes in Fund Balances

(In Philippine Pesos)

	Fund Balances	Income/ Expenses	TOTAL
Balance at January 1, 2009	(658,382)	-	(658,382)
Income	-	21,327,480	21,327,480
Adjustments	-	(3,019,114)	(3,019,114)
Expenses	-	(19,281,840)	(19,281,840)
Balance at December 31, 2009	(658,382)	(973,474)	(1,631,856)
Balance at January 1, 2010	(1,631,856)	-	(1,631,856)
Income	-	18,496,200	18,496,200
Adjustments	-	(189,586)	(189,586)
Expenses	-	(20,728,506)	(20,728,506)
Balance at December 31, 2010	(1,631,856)	(2,421,892)	(4,053,748)



Statement of Cash Flows

(In Philippine Pesos)

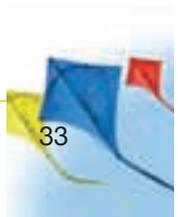
	For the Years Ended December 31		
	NOTES	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of Income over Expenses			(2,232,306)
2,045,646			
Adjustment for depreciation and amortization	4	1,529,737	1,311,129
Interest Income	9	(4,253)	(4,892)
Excess of receipts over expenses before working capital changes		(706,822)	3,351,883
Decrease (Increase) in:			
Receivables	3	167,634	448,526
Prepayments		-	303,360
Other Non-Current Assets	5	-	125,268
Increase (Decrease) in:			
Other Payables	6	(41,625)	(811,469)
Other Non-Current liabilities	7	939,956	2,335,028
Cash Generated from Operating Activities		359,143	5,752,596
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to Property and Equipment	4	(161,179)	(642,728)
Adjustment in Fund Balance		(189,586)	(3,019,120)
Interests income received	9	4,253	4,892
Net Cash Used in Investing Activities		(346,512)	(3,656,956)
CASH FLOWS FROM FINANCING ACTIVITY			
Payment of Short-term borrowing		-	(50,000)
NET INCREASE (DECREASE) IN CASH		12,631	2,045,640
Cash, Beginning		2,621,300	575,660
CASH, END		2,633,931	2,621,300

See accompanying Notes to Financial Statements

Statement of Changes in Fund Balances

(In Philippine Pesos)

Fund	Income/ Balances	Expenses	TOTAL
Balance at January 1, 2009	(658,382)	-	(658,382)
Income	-	21,327,480	21,327,480
Adjustments	-	(3,019,114)	(3,019,114)
Expenses	-	(19,281,840)	(19,281,840)
Balance at December 31, 2009	(658,382)	(973,474)	(1,631,856)
Balance at January 1, 2010	(1,631,856)	-	(1,631,856)
Income	-	18,496,200	18,496,200
Adjustments	-	(189,586)	(189,586)
Expenses	-	(20,728,506)	(20,728,506)
Balance at December 31, 2010	(1,631,856)	(2,421,892)	(4,053,748)



Notes to the Financial Statements

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

1. CORPORATE INFORMATION

The Institute for Solidarity in Asia, Inc. ("ISA or Foundation") was registered with the Philippine Securities and Exchange Commission (SEC) on September 20, 1999 as a non-stock, non-profit association organized primarily to inculcate and nurture the spirit of community and cooperation among people in the Asia-Pacific Region and to contribute to the social, economic and financial reform and development agenda of the region. It is exempt from income tax under Section 30 (c) of the National Internal Revenue Code.

On January 3, 2007, SEC approved the amendment of Articles of Incorporation, thereby changing its name from Foundation for Community Building in the Asia-Pacific, Inc. to Institute for Solidarity in Asia, Inc.

The Foundation's principal office is located at the 9th Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City.

The Institute for Solidarity in Asia, Inc. is a corporation not organized for profit but operated exclusively for the promotion of social welfare as contemplated under Section 30 (G) of the Tax Code of 1997. Accordingly, it is exempt from the payment of income tax on income received by it as such organization, and therefore, need not file an income tax return concerning such income.

However, it is subject to the corresponding internal revenue taxes imposed under the National Internal Revenue Code on its income derived from any of its properties, real or personal, or any activity conducted for profit regardless of the disposition thereof, which income should be returned for taxation. Likewise, interest income from currency bank deposits and yield or any monetary benefits from deposit substitute instruments and from trust funds and similar arrangements, and royalties derived from sources within the Philippines are subject to the 20% final withholding tax: provided, however, that interest income derived by it from a depository bank under the expanded foreign currency deposit system shall be subject to 7-1/2% final withholding tax pursuant to Section 27 (D)(1), in relation to Section 57 (A), both of the Tax Code of 1997. Moreover, it is required to file on or before the 15th day of the fourth month following the end of the accounting period a Profit and Loss Statement and Balance Sheet with the Annual Information Return under oath, stating its gross income and expenses incurred during the preceding period and a certificate showing that there has not been any change in its By-laws, Articles of

Incorporation, manner of operation and activities as well as sources and disposition of income.

The Certificate of Exemption of the non-stock corporation was approved and issued on November 16, 2009 by the Bureau of Internal Revenue.

The financial statements of the corporation as at December 31, 2010 and 2009 were approved and authorized for issue by the Board of Trustees on February 14, 2011. The Board of Trustees is empowered to make revisions even after the date of issue.

2. Cash

	2010	2009
Cash in Banks	P 2,623,931	P 2,611,300
Cash on Hand	10,000	10,000
	P 2,633,931	P 2,621,300

Interest earned on cash in banks in 2010 and 2009 amounted to P 4,253.00 and P 4,892.00, respectively.

3. Other Receivables

	2010	2009
Advances to Officers and Employees	P 79,688	P 271,044
Advances to LGU - San Fernando	23,722	-
	P 103,410	P 271,044

Advances to Officers and Employees represent personal cash advances made by officers and employees. Cash advances remained unliquidated and outstanding as of December 31, 2010.

4. Property and Equipment - Net

		Balance (12-31-09)	Additions/ Depreciations	Balance (12-31-10)
Cost:				
Office Equipment	P	746,103	P 31,179	P 777,282
Furnitures & Fixture		962,937	25,000	987,937
Leasehold Improvements		3,207,620	105,000	3,312,620
	P	4,916,660	P 161,179	P 5,077,839
Accum. Depreciation:				
Office Equipment	P	373,524	P 158,838	P 532,362
Furnitures & Fixture		447,570	309,976	757,546
Leasehold Improvements		1,194,431	1,060,923	2,255,354
	P	2,015,525	P 1,529,737	P 3,545,262
	P	2,901,135		P 1,532,577

Management believes that there are no indications of impairment on the carrying amount of its property and equipment as of December 31, 2010 and 2009.

5. Other Non-Current Assets

		2010	2009
Rental Deposit	P	403,500	P 403,500
Advance Rent		283,132	283,132
Construction Bond		6,732	6,732
	P	693,364	P 693,364



6. Other Payables

	2010		2009	
Special Fund	P	-	P	43,667
Other Liabilities		111,960		109,918
	P	111,960	P	153,585

Other liabilities consist mainly of withholding tax payable, SSS Payable, PHIC payable and HDMF Payable for the month of December, 2010. These payables were all paid on January, 2011.

Management believes that the carrying amounts of the other payables approximate fair value.

7. Other Non-Current Liabilities

This account includes the Advances from Members and Advances from Institute of Corporate Directors, Inc.

Advances from Members

This account mainly represents amount due to members for cash advances made to the corporation to support the design, organization, delivery and administration of the programs of the corporation prior to receipt of financial commitment from the funding agencies.

The Advances from Members in 2010 and 2009 amounted to P 8,793,294.00 and P 7,831,839.00, respectively.

Advances from Institute of Corporate Directors, Inc.(ICD)

This pertains to the expenses paid by ICD in behalf of the corporation. The Advances from Institute of Corporate Directors, Inc in 2010 and 2009 amounted to P 111,776.00 and P 133,275.00, respectively.

8. Revenues

This account includes grants and donations from various trustees, organizations and individuals as support to the Foundation's project.

	2010		2009	
Grants	P	6,651,171	P	6,363,902
Programs - Conference		11,466,044		14,653,153
	P	18,117,215	P	21,017,055

9. Other Income

	2010		2009	
Income from				
Sale of Books	P	240,349	P	297,083
Others		134,383		8,450
Interest Income		4,253		4,892
	P	378,985	P	310,425

10. Administrative Expenses

This account includes the following:

	2010	2009
Courier Expenses	P 93,335	P 83,806
Advertising	23,722	17,231
Seminars, Conferences and Exhibits	4,570,118	5,609,699
Travel & Transportation	2,127,896	1,039,111
Representation & Entertainment	209,805	504,278
Printing & Publication	967,781	702,118
Communications, Light & Water	498,356	691,628
Rent	1,666,232	1,369,496
Association Dues	363,255	136,953
Office Supplies	147,784	108,613
Insurance	4,283	-
Taxes & Licenses	7,750	7,675
Repairs & Maintenance	107,591	35,436
Professional Fees	6,257,265	5,143,802
Contract Labor	279,336	185,339
Bank Charges	15,180	8,961
Training and Development	6,064	25,565
Christmas Expenses	40,741	13,342
Depreciation	468,814	395,482
Amortization	1,060,922	915,647
Membership Dues	903	122,673
Miscellaneous	-	175,921
	P 18,917,133	P 17,292,776

11. Distribution Cost

This account includes the following:

	2010	2009
Salaries and Wages	P 1,359,015	P 1,366,635
Employer's SSS Contributions	73,507	68,332
Employer's Philhealth Contributions	17,263	17,360
Employer's Pag-Ibig Contributions	7,300	7,340
Employees' Benefits	241,037	420,066
13th Month Pay	113,251	109,331
	P 1,811,373	P 1,989,064

12. Operating Lease Agreements

The corporation has entered into an operating lease contract for its office facilities for a period of five (5) years commencing on August 1, 2008 to July 31, 2013. The lease is subject to 4% escalation annually.

Rent deposit amounting to P 403,500.00 and advance rent of P 283,132.00 are included in the statement of assets, liabilities and fund balances under other non-current assets as disclosed on Note 8. Rent deposit is refundable at end of the lease contract while the advance rent will be applied at the last three months of the lease term. There is a balance in the construction bond in the amount of P 6,732.00 as of December 31, 2010.

13. Subsequent Events

On February 21, 2011, the Board of Trustees approved the write-off of receivables and payables from different individuals amounting to P 18,674.00 and P 38,662.88, respectively.

14. Approval of Financial Statements

The financial statements were approved by the Management and authorized for issue on February 14, 2011.





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