



49TH Federation of ASEAN Economic Associations Conference

Progressing Toward a Shared ASEAN Future:

The Role of Innovation, Institutions, and Inclusive Markets

14 November 2026 | Novotel Manila Araneta City, Quezon City, Philippines



President's Message

Roehlano M. Briones, Ph.D.

On behalf of the Philippine Economic Society and the Federation of ASEAN Economic Associations (FAEA), I wholeheartedly welcome delegates, guests, and participants to the 2026 FAEA Conference. The Society is honored to host this annual event, begun back in 1967 in Prapat, Indonesia. Our theme this year is *Progressing Toward a Shared ASEAN Future: The Role of Innovation, Institutions, and Inclusive Markets*. While we are rightly preoccupied with our national economic associations and strengthening of the profession in our own countries, we thank you to taking the time, effort, and resources to remember that we are part of a single economic, political-security, and socio-cultural community. This year, the Philippines chairs the ASEAN under the theme, *Navigating Our Future, Together*. Never has the need to unite under the single ASEAN Community been stronger than in today's age of disruption and crisis, which seem to endlessly repeat and worsen over time. However, thanks to sober research, data, and evidence, we hope to offer, from our own professional contribution, guidance to the ASEAN community towards greater resilience and even prosperity.

Part of the insight of economics is the reality of trade-offs – even as Southeast Asian economies embrace innovation and economic transformation, including green technologies and digitalization, there may be inadvertent risks and tradeoffs with inclusiveness as some marginalized groups in the region are left behind. Institutions offer stability and predictability, but at the same time they may oppose change and reform. Our extensive discussions today will offer a deeper understanding of these trade-offs and finding solutions and ways forward to policymakers and other stakeholders.

This meeting is made possible by our sponsors, partners, speakers, and participants, for which I express my deepest thanks. I look forward to our continuing collaboration in strengthening the community of economists throughout the ASEAN, expanding our networks of scholarship, research, teaching, and outreach. Next year will be a special one for the Federation, as it will be our 50th anniversary, so I very much look forward to it under the able hands of our next host, the Economics Society of Singapore. Again, welcome, and Mabuhay!



As the region navigates shifting global dynamics, technological change, and evolving development challenges, the 2026 ASEAN Chairship underscores the importance of collective resilience and shared progress. In harmony, this FAEA Conference frames a timely and forward-looking inquiry into the foundations of sustainable and equitable growth across the region.

This year's theme highlights three interrelated pillars. First, innovation is increasingly central to ASEAN's economic transformation. Digitalization, green technologies, and new business models are reshaping industries and labor markets. However, uneven access to technology and capabilities risks widening development gaps. Understanding how innovation can be fostered while ensuring broad-based benefits is therefore critical. Second, the role of institutions remains fundamental. Effective governance, regulatory quality, and credible public institutions shape economic incentives, enable investment, and promote socioeconomic development. Across ASEAN, institutional diversity presents both opportunities for learning and challenges for coordination. Strengthening institutions that balance transparency and rules-based conduct with adaptability will be key to navigating uncertainties increasingly shaped by breaches of the rules-based world order. Third, inclusive markets are essential to ensuring that growth translates into shared regional prosperity. Market access, competition, financial inclusion, social protection mechanisms, and technology influence how economic gains are distributed. Inequalities within and across ASEAN countries call for policies that expand opportunities while safeguarding vulnerable groups. Inclusive market design is thus integral to ASEAN's vision of a cohesive community.

Moreover, the intellectual inquiry underpinning this year's theme draws on both classical and contemporary economic thought. The evolution of insights on markets, specialization, and the role of institutions invites careful examination in light of present-day realities, including artificial intelligence, digital economies, climate risks, geopolitical tensions, and global interdependence. The Wealth of Nations, for example, argued in 1776 that prosperity is impossible without a stable legal framework and the protection of property rights. At present, we extend this to include ethical AI, digital governance, transparency, and the resilience of regional institutions. By revisiting foundational ideas alongside modern perspectives, the conference can deepen understanding of how economic systems adapt to address current and future developmental tasks.

The FAEA Conference 2026, therefore, encourages contributions that explore the intersections of innovation, institutional quality, and inclusiveness, with a particular focus on policy relevance and regional cooperation. This year's conference seeks to contribute to ASEAN's shared aspiration: a dynamic, resilient, and inclusive economic community.

The 49th FAEA Conference Program

7:30 am	REGISTRATION
8:30–9:15	OPENING CEREMONIES
9:15–10:15	PLENARY SESSION I Reaching Upper Middle Income and Escaping the Middle Income Trap in East Asia (*World Bank & PCED Plenary Session*)
10:15–10:30	MORNING BREAK
10:30–11:30	PLENARY SESSION II Shaping Socially Just, Inclusive, and Democratic Policies and Institutions (*FNF Plenary Session*)
11:40–1:10	SIMULTANEOUS SESSIONS A Session A1. Financing Health Systems for Universal Health Coverage: Evidence and Policy Challenges in Mixed Health Systems (*DLSU session*) Session A2. Digital Transformation, Competitiveness, and Regional Integration Session A3. Macroeconomic Resilience, Stability, and Inclusive Development in Emerging Asia Session A4. Household Welfare, Social Protection, and Intergenerational Outcomes Session A5. Human Capital, Gender, and Labor Market Outcomes Session A6. Industrial Economics of Sustainable Resource Development: Insights from Copper Mining, Energy, and Agriculture
1:10–2:10	LUNCH BREAK
2:10–3:40	SIMULTANEOUS SESSIONS B Session B1. Economic Resilience in the Philippines: Shock Transmission, Market Adjustment, and Policy Responses (*BSP session*) Session B2. From Transfers to Outcomes: Local Governance, Public Spending Effectiveness, and Regional Development in the Philippines (*World Bank & PCED session*) Session B3. From Waste to Value: Advancing Circular Bioeconomy Pathways for Resilient, Inclusive, and Disruption-Ready Agriculture and Food Systems (*PCAARRD session*) Session B4. Energy Policy, Decarbonization, and Just Transition Session B5. Trade Networks, Value Chains, and Geopolitical Shocks Session B6. Governance, Development Traps, and Long-Term Economic Transformation Session B7. Economics of Banking and Financial Markets
3:40–3:55	AFTERNOON BREAK
3:55–5:25	SIMULTANEOUS SESSIONS C Session C1. Human Capital for a Resilient ASEAN: Career Readiness, Education Leadership, and Digital Citizenship (*SEAMEO-INNOTECH session*) Session C2. Firm Strategy, Competitiveness, and Performance Session C3. Digital Economy, Inclusion, and Household Resilience Session C4. Green Innovation, Sustainable Finance, and Climate Resilience Session C5. Foreign Direct Investment and Economic Development Session C6. Energy Shocks, Inflation, and Macroeconomic Resilience Session C7. Economics of Banking and Financial Markets 2
5:25–6:00	CLOSING CEREMONIES
6:30	FELLOWSHIP DINNER

Plenary Sessions

Venue: Monet 3, 2/F

OPENING CEREMONIES

Welcome Remarks	Dr. Roehlano M. Briones *President, Philippine Economic Society &* *Senior Research Fellow, Philippine Institute for Development Studies*
Introduction of the Keynote Speaker	Dr. Adoracion M. Navarro *Vice President & Conference Committee Chair,* *Philippine Economic Society* *Senior Research Fellow, Philippine Institute for Development Studies*
Keynote Address	Mr. Arnaud Peral *UN Resident Coordinator in the Philippines*
Master of Ceremonies	Dr. Christopher James Cabuay *Carlos L. Tiu School of Economics, De La Salle University–Manila*

PLENARY SESSION I.

Reaching Upper Middle Income and Escaping the Middle Income Trap in East Asia

(*World Bank & Philippine Center for Economic and Development Plenary Session*)

Presentation	**Aiming High and Breaking Out of the Middle: East Asia and Pacific** Dr. Habib Rab *Practice Manager for Fiscal Policy and Growth for the East Asia and Pacific (EAP) Region, World Bank*
	What a Decade of Research on the Middle Income Trap Has Taught Us, and What It Has Not Dr. Annette O. Balaoing-Pelkmans *Professorial Fellow, University of the Philippines School of Economics*
Moderator	Mr. Kevin Cruz *Country Economist, World Bank*

PLENARY SESSION II

Shaping Socially Just, Inclusive, and Democratic Policies and Institutions

(Friedrich Naumann Foundation for Freedom – Philippines Plenary Session)

Panelists	Gov. Trina Firmalo-Fabic *Governor, Province of Romblon, Philippines*
	Rep. Edgar Erice *Representative (Caloocan City 2nd District),* *House of Representatives, Philippines*
Moderator	Atty. Karry Sison *Managing Trustee, Center for Liberalism and Democracy*

CLOSING CEREMONIES

Closing Remarks	Dr. Adoracion M. Navarro *Vice President & Conference Chair, Philippine Economic Society &* *Senior Research Fellow, Philippine Institute for Development Studies*

Simultaneous Sessions A (11:40 am–1:10 pm)

SESSION A1. **Financing Health Systems for Universal Health Coverage: Evidence and Policy Challenges in Mixed Health Systems (DLSU session)** Moderator Alellie B. Sobreviñas *Carlos L. Tiu School of Economics, De La Salle University–Manila* Venue Monet 3, 2/F	Scaling Primary Care Financing in Low- and Middle-Income Countries (LMICs): A Longitudinal Trends Analysis of the Philippines' Primary Care Benefit (2021-2024) *Bernardo Cielo II, Carlos L. Tiu School of Economics, De La Salle University–Manila* Navigating the Gray Health Technology Market: Typologies of Telemedicine Practice and Health Financing Challenges in LMICs *Marites Tiongco, Carlos L. Tiu School of Economics, De La Salle University–Manila/Philippine Economic Society* Insights for Strategic Purchasing for Universal Health Coverage (UHC) in Mixed Health Systems: A Cross-Sectional Analysis of the Out-of-Pocket (OOP) Share of Inpatient Spending in the Philippines *Arlene Inocencio, Carlos L. Tiu School of Economics, De La Salle University–Manila*
SESSION A2. **Digital Transformation, Competitiveness, and Regional Integration** Moderator Bui Quang Tuan *Vietnam Academy of Social Sciences/ Vietnam Economic Association* Venue Gauguin, 3/F	Digital Infrastructure and Creative Export Performance: Evidence from Selected Asian Economies (2007-2022) *Arielle Kirsten Jumawan, Mindanao State University–Iligan Institute of Technology* Digital Convergence and the COVID Disruption: Evidence from ASEAN's Ten Member States *Clarenz Magsakay, Saint Louis University-* Uneven Competition, Financial Constraints, and Adaptive Responses: Firm-Level Evidence from Indonesia *Usman Alhassan, Ritsumeikan University* Institutional Readiness for ASEAN's Digital Economy Framework Agreement (DEFA): Evidence from Brunei Darussalam *Lutfi Abdul Razak, Universiti Brunei Darussalam*
SESSION A3. **Macroeconomic Resilience, Stability, and Inclusive Development in Emerging Asia** Moderator Nattapong Puttanapong *Thammasat University/ Economic Society of Thailand* Venue Renoir, 3/F	Finessing the Trilemma: Monetary Policy for Internal and External Balance in Emerging East Asia *Calla J. Wiemer, Bangko Sentral ng Pilipinas* Who Bears the Cycle? Time-Consistent Fiscal Policy and the Financing Assignment in Emerging Markets *Nickson Cabote, Bangko Sentral ng Pilipinas* Does Belt and Road Initiative Mitigate the Impact of FOREX Volatility of ASEAN? *Hooy Chee Wooi, Universiti Sains Malaysia/Malaysian Economic Association* When Does Digitalization Become Inclusive? Evidence from a Digital Kuznets Curve Perspective in Developed and Developing Economies *Jonathan Ersten Herawan, Perbanas Institute/Indonesian Economic Association*

Simultaneous Sessions A (11:40 am–1:10 pm)

SESSION A4. **Household Welfare, Social Protection, and Intergenerational Outcomes** Moderator Nipon Poapongsakorn *Thailand Development Research Institute/ Economic Society of Thailand* Venue Cezanne, 3/F	Intergenerational Mobility: Parents' Education and Adult Children Outcomes *Eugene Or, Singapore University of Social Sciences/Economic Society of Singapore* Formalizing the Collective Sector: A Socio-Economic and Legal Analysis of Compulsory Social Insurance Participation Within Vietnamese Cooperatives *Vu Cuong, Vietnam Economic Association* Determinants of Infant and Under-Five Mortality in the Philippines: Evidence from the 2022 National Demographic and Health Survey *Vianne Irene M. Ragay, University of San Carlos*
SESSION A5. **Human Capital, Gender, and Labor Market Outcomes** Moderator Lawrence B. Dacuycuy *De La Salle University–Manila/ Philippine Economic Society* Venue Degas, 3/F	Human Capital as a Strategic Driver of Defence Industry Development: Evidence from Malaysia *Nur Surayya Mohd Saudi, National Defence University of Malaysia* The Effects of Early Childhood Education and Care (ECEC) on Labor Market Outcomes: Evidence from the Cebu Longitudinal Health and Nutrition Survey *Kerzlynly J. Abellanosa, University of San Carlos* Gender, Negotiation and Employer Demand *Ratchanon Chotiputslip, Thammasat University* FDI and Gender Wage Differentials by Occupational Skill Levels in Developing Countries, 2012–2022 *Jeremiah Hanns L. Cuevas, University of the Philippines Los Baños*
SESSION A6. **Industrial Economics of Sustainable Resource Development: Insights from Copper Mining, Energy, and Agriculture** Moderator Diana R. Rueda *University of Asia and the Pacific* Venue Pissarro, 3/F	Unlocking the Philippines' Critical Minerals Potential: An Industrial Economic Analysis of the Copper Mining Industry *Kristin Angel Viaña & Joshua Lloyd Uy, University of Asia and the Pacific* Sustainable Energy Transition in the Philippines: An Analysis of the Renewable Energy Generation Industry of the Philippines *Amanda Stacy Gonzaga, University of Asia and the Pacific* Implications of Subsidies to Agricultural Labor Productivity: A Convergence Analysis on Select APEC Countries *Joshua Lloyd Uy, Denise Angelica Lagman & Amanda Stacy Gonzaga, University of Asia and the Pacific* DISCUSSANT *Jovi Dacanay, University of Asia and the Pacific/Philippine Economic Society*

Simultaneous Sessions B (2:10–3:40 pm)

Session B1. **Economic Resilience in the Philippines: Shock Transmission, Market Adjustment, and Policy Responses (BSP session)** Moderator Jade Eric T. Redoblado *Bangko Sentral ng Pilipinas* Venue Monet 3, 2/F	Transmission of U.S. Dollar Dominance in Southeast Asia: Evidence from the Philippine *Joan Christine S. Allon-Pineda, Bangko Sentral ng Pilipinas* Employment Effects of a Complex Minimum Wage Policy: The Philippine Case *Ma. Christina F. Epetia, Bangko Sentral ng Pilipinas* Fostering Climate-Resilient Households Through Financial Inclusion *Mika S. Muñoz, Bangko Sentral ng Pilipinas* Rice Price Inflation in the Philippines: Drivers, Dynamics, and Policy Implications *Harold Glenn A. Valera, Bangko Sentral ng Pilipinas*
Session B2. **From Transfers to Outcomes: Local Governance, Public Spending Effectiveness, and Regional Development in the Philippines (World Bank & PCED session)** Moderator Sharon Faye Piza *World Bank* Venue Gauguin, 3/F	PRESENTERS Ildrim Valley *World Bank* Irene Jo Arzadon *World Bank*
SESSION B3. **From Waste to Value: Advancing Circular Bioeconomy Pathways for Resilient, Inclusive, and Disruption-Ready Agriculture and Food Systems (PCAARRD session)** Moderator Monica B. Castillo *PCAARRD* Venue Renoir, 3/F	Charting the Sustainability of Dried Copra Production with Environmental Footprint/Impact Analysis *Raquel M. Balanay, Caraga State University* Making Circularity Viable for MSMEs: Evidence from Philippine Agrifood Value Chains *Nova Z. Navo, Institute for Small-Scale Industries, University of the Philippines* Agri-Innovate: Optimizing Efficiency of the Vegetable Value Chain for Nutrient Return and Circular Economy *Janet P. Pablo & Jaojao A. Somyden, Benguet State University*
SESSION B4. **Energy Policy, Decarbonization, and Just Transition** Moderator Adoracion M. Navarro *Philippine Institute for Development Studies/ Philippine Economic Society* Venue Cezanne, 3/F	Policy Recommendations for ASEAN to Meet Its Net-Zero Future: Assessing the Impact of Tariffs, the Middle East Conflict, and Geopolitical Headwinds on Southeast Asia's Energy Transition *Ashima Tyagi, S&P Global, Singapore/Economic Society of Singapore* Geopolitical Risks and Renewable Energy Transition in Selected Economies: The Moderating Role of Regulatory Quality (2002-2021) *Abdani A. Abdul Azis, Mindanao State University–Iligan Institute of Technology* From Decomposition to Pathway: Structural Drivers, Carbon Lock-In, and ASEAN-Benchmarked Policy Roadmap for Philippine Net-Zero *Dianna Yzabelle B. Alba, Samantha Claire A. Caseñas, Mark Anthony P. Rogelio & Raphael Juan Faustino L. Winpeco, Angelo King Institute for Economics and Business Studies, De La Salle University–Manila* Carbon Tax Shocks, Labor Search Frictions, and Just Transition in a Green-Amber-Red Environmental DSGE Model *Lawrence B. Dacuycuy, Carlos L. Tiu School of Economics, De La Salle University–Manila/Philippine Economic Society*

Simultaneous Sessions B (2:10–3:40 pm)

SESSION B5. **Trade Networks, Value Chains, and Geopolitical Shocks** Moderator Harold Teng *Economic Society of Singapore* Venue Degas, 3/F	Gravity, Complexity, and the Limits of Value-Chain Complementarity: Evidence from a Re-Estimated Global Trade Network *Ignatia Martha Hendrati, Universitas Pembangunan Nasional Veteran Jawa Timur* Regulatory Heterogeneity and Its Impact on the Exports of Services *Eva Marie Aragones, De La Salle University–Manila* Export Vulnerability Under Rising External Geopolitical Risk: Evidence from the Philippines *Arjan Paulo Salvanera* Impacts of the European Union Deforestation Regulation (EUDR) on Thailand's Natural Rubber Supply Chain: Compliance Costs, Competitiveness, Environmental Performance, and Value Addition *Urairat Jantarasiri, Thailand Development Research Institute*
Session B6. **Governance, Development Traps, and Long-Term Economic Transformation** Moderator Emmanuel F. Esguerra *University of the Philippines School of Economics/ Philippine Economic Society* Venue Pissarro, 3/F	Castration Versus Syndicate Corruption: Learning from the Past and the Future *Raul V. Fabella, University of the Philippines/National Academy of Science and Technology/Asian Institute of Management* The Anatomy of the Philippine Middle-Income Country Trap: Prices, Firms, and a Self-Reinforcing Development Equilibrium *Anette Edylinda O. Balaoing-Pelkmans, University of the Philippines School of Economics* Planning for the Future; Looking into the Past: A Review of Socioeconomic Plans of the Philippines, 1946-2028 *Luisito C. Abueg, University of the Philippines Los Baños* Compressed Futures and Anticipatory Governance: Reframing Vietnam's 2045 High-Income Transition *Nguyen Quynh Hoa, National Economics University, Vietnam*
Session B7. **Economics of Banking and Financial Markets 1** Moderator Yeah Kim Leng *Malaysian Economic Association* Venue Matisse, 3/F	Measuring Financial Time Series (In)stability: An Empirical Approach Using Nonlinear Dynamics and the Butterfly Effect *Kent Emmanuel C. Soria, Bangko Sentral ng Pilipinas* Advanced Economy Political Instability Spillovers to Emerging Financial Markets *Tristan A. Canare, Bangko Sentral ng Pilipinas* Network-Based Measures of Credit Stress Contagion in ASEAN Banking *Jorjin F. Godoy, Bangko Sentral ng Pilipinas*

Simultaneous Sessions C (3:55–5:25 pm)

SESSION C1. **Human Capital for a Resilient ASEAN: Career Readiness, Education Leadership, and Digital Citizenship (SEAMEO-INNOTECH session)** Moderator Kristofer Kliatchko *SEAMEO–INNOTECH* Venue Monet 3, 2/F	Career Development for Children (CD4C) in Philippine Elementary Schools *Emmy Anne B. Yanga-Domingo, SEAMEO–INNOTECH* Strengthening School Leaders as Innovators in Education *Ethel Joan Atienza, SEAMEO–INNOTECH* Investing in Digital Citizens: Comparative Insights in Digital Citizenship Education from Singapore, Vietnam, and the Philippines *Angelieh Therese J. del Rio, SEAMEO–INNOTECH*
SESSION C2. **Firm Strategy, Competitiveness, and Performance** Moderator Lutfi Abdul Razak *Universiti Brunei Darussalam* Venue Gauguin, 3/F	International Trade and Firm-Level Characteristics: Case of the Philippines *Renz Venielle L. Lamayo, University of the Philippines Baguio* Servicification and Firm Performance: Evidence from Philippine Manufacturing *Ivan Cenon V. Bernardo, Bangko Sentral ng Pilipinas* Examining the Impact of Multi-Level Diversity and Inclusion on the Financial Performance of ASEAN-5 Publicly Listed Firms *Stephanie Agatha C. Gonzalvo, Pristina Antoinette M. Jimenez, Clea Jasmine R. Velina & Lance Raphael M. Yu, De La Salle University–Manila* Good and Bad Characteristics Under Consumer Focusing and Market Coverage *Kazunori Yakushiji, Aomori Chuo Gakuin University*
SESSION C3. **Digital Economy, Inclusion, and Household Resilience** Moderator Marites M. Tiongco *De La Salle University–Manila/ Philippine Economic Society* Venue Renoir, 3/F	Employment Patterns and Job Quality in the Platform Economy: Evidence from the Jobs and Skills Survey in the Philippines *Karl Robert L. Jandoc, University of the Philippines School of Economics* Exploration of Business Models in Digital Banking: Evidence on Trade-offs Among Financial Inclusion, Profitability and Risk *Katherine M. Villalobos-Moron, Bangko Sentral ng Pilipinas* The Causal Impact of Digital Financial Deepening on Household Liquidity Constraints: Evidence from Developing Asia *James Benedict G. Cuesta, Ateneo de Manila University* Unpacking the Balikbayan Box: Does Destination Technology Shape the Value of Non-Monetary Remittances? *Mishael Joy Barrera, Ritsumeikan University*
SESSION C4. **Green Innovation, Sustainable Finance, and Climate Resilience** Moderator Santha Chenayah *Malaysian Economic Association* Venue Cezanne, 3/F	Does Economic Complexity Drive Green Innovation in ASEAN? Evidence from CCEMG, AMG, and Threshold Regression *Putra Perdana, Universitas Pembangunan Nasional Veteran Jawa Timur* Preference for Green Savings Deposits in the Philippines: Evidence from a Discrete Choice Experiment *Mary Joy Imperial, Bangko Sentral ng Pilipinas* Individual Sustainable Investing in Japan: Determinants, Barriers, and Solutions *Miwa Nakai, Ritsumeikan University* Enhancing Disaster Financing in Emerging Asia: A Fiscal Resilience and Disaster Financing Index (FRDFI) for Climate-Resilient Public Finance *Dianna Yzabelle B. Alba, Samantha Claire A. Caseñas, Mark Anthony P. Rogelio & Raphael Juan Faustino L. Winpeco, Angelo King Institute for Economics and Business Studies, De La Salle University–Manila*

Simultaneous Sessions C (3:55–5:25 pm)

SESSION C5. **Foreign Direct Investment and Economic Development** Moderator Manu Bhaskaran *Economic Society of Singapore* Venue Degas, 3/F	An Analysis on Institutional Change of Economic Liberalization Through Foreign Direct Investments Entry in the Philippines *Kerzlynly J. Abellanosa, University of San Carlos* Evaluating the Impact of Removing Foreign Ownership Restrictions on Foreign Direct Investment and Output *Frederick G. Ferrera Jr., De La Salle University–Manila* Greenfield FDI Responses to Polyrisks: Evidence from Asia-Pacific Economies *Jose Adlai M. Tancangco, Bangko Sentral ng Pilipinas* Foreign Direct Investment and Labor Market Recovery in the ASEAN-6: Did FDI Matter More After COVID-19? *Charlyn M. Capulong, Mindanao State University–Iligan Institute of Technology*
SESSION C6. **Energy Shocks, Inflation, and Macroeconomic Resilience** Moderator Roehlano M. Briones *Philippine Institute for Development Studies/ Philippine Economic Society* Venue Pissarro, 3/F	Import Dependence and Inflation Vulnerability in ASEAN Economies: Monthly Evidence from Food, Fuel, and Exchange-Rate Shocks *Harvey M. Niere, Mindanao State University–Marawi* Transmission and Resilience: A CGE Assessment of Economy-Wide, Sectoral and Emission Impacts of Energy Shocks on ASEAN *Sulaiman Mahbob, Malaysian Institute of Economic Research* Slower Growth Environment and Global Oil Market Disruptions: Implications for Philippine Debt Sustainability *Jhoanne L. Estipular, University of the Philippines Los Baños/Congressional Policy and Budget Research Department, House of Representatives of the Philippines*
SESSION C7. **Economics of Banking and Financial Markets 2** Moderator Jovi C. Dacanay *University of Asia and the Pacific/ Philippine Economic Society* Venue Matisse, 3/F	Banking System Resilience in ASEAN: Evidence from Normalized SRISK Measures and Stress Scenarios *Jorjin F. Godoy, Bangko Sentral ng Pilipinas* Spectral Bounds on Portfolio Sensitivity and Stability-Motivated Shrinkage with Application to Emerging Markets *Elfred John C. Abacan, Bangko Sentral ng Pilipinas* Bounded Short Selling and the Global Minimum Variance Portfolio: A Parsimonious Strategy for Emerging Equity Markets *Kristel Gayle L. Abriol, Bangko Sentral ng Pilipinas*



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The Role of Innovation, Institutions, and Inclusive Markets

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PLENARY SESSION I
Reaching Upper Middle Income and Escaping the Middle Income Trap in East Asia
(World Bank & PCED Plenary Session)

How can East Asian economies sustain growth, create better jobs, and move beyond middle income as returns to factor accumulation diminish and productivity growth slows? This session brings together recent World Bank research and a review of the accumulated evidence on the middle-income trap. Dr. Habib Rab, Practice Manager at the World Bank, will examine how firm dynamics, labor market outcomes, and the expansion of the middle class interact across East Asia and Pacific, and consider structural reform priorities amid rapid advances in AI and potentially labor-substituting technologies. Dr. Annette O. Balaoing-Pelkmans, Professorial Fellow at the UP School of Economics, will assess what research has established, what remains contested, and where evidence offers limited guidance for policy. Drawing on the UP CIDS Escaping the Middle Income Trap programme and an integrative literature survey, she will connect these questions to Philippine experience.

PLENARY SESSION II
Shaping Socially Just, Inclusive, and Democratic Policies and Institutions
(FNF Plenary Session)

Philippine economy grows more insecure every year. The global crises, corruption scandals, and energy shocks are some of the biggest culprits.

The government has the biggest responsibility in regaining economic balance. But how can we ensure that government policies and programs actually respond to such insecurity and do not worsen social gaps? What mechanisms must be put in place to address economic weakness amidst the public's growing mistrust of the government and its institutions?

SIMULTANEOUS SESSIONS A

Session A1.
Financing Health Systems for Universal Health Coverage: Evidence and Policy Challenges in Mixed Health Systems
(DLSU session)

Scaling Primary Care Financing in Low- and Middle-Income Countries (LMICs): A Longitudinal Trends Analysis of the Philippines' Primary Care Benefit (2021-2024)

Bernardo Cielo II, Marites Tiongco, and Albert Lamberte, Carlos L. Tiu School of Economics, De La Salle University–Manila

Developing sustainable financing mechanisms for primary health care (PHC) is a central hurdle for Low- and Middle-Income Countries (LMICs) advancing toward Universal Health Coverage. Drawing on comprehensive Social Health Insurance (SHI) data from the Philippines, the paper utilizes the Philippines' PhilHealth Konsulta Benefit Package as a tracer to analyze the systemic complexities of financing and scaling PHC in resource-constrained settings. The study conducts a trend analysis on a large dataset encompassing 28.3 million registered beneficiaries, over 6.25 million patient encounters, and provider capitation payments ranging from PHP 12.7 million to PHP 6.6 billion over a four-year period.

To process data of this magnitude, the methodology employs advanced statistical techniques, including longitudinal trend tracking to measure growth trajectories, geospatial mapping to calculate provider gap indices across varying geographies, comparative sector analysis to benchmark public versus private facility performance, and distributional analysis to evaluate facility-level absorptive capacity.

The study reveals critical insights into the friction points of LMIC health financing. While longitudinal trends show an explosive 6,975% surge in beneficiary registration and a 1,228% increase in total consultations, distributional analysis exposes severe operational variability and widening gaps between high-performing facility outliers and a vast majority of lagging facilities. Furthermore, comparative sector analysis uncovers a significant allocative paradox common in mixed health systems: by 2024, the median performance score of private facilities (21%) was more than double that of public facilities (10%), yet public facilities received more than twice the median capitation payments (PHP 1.07 million vs. PHP 480,811). The data also track a concerning decline in the proportion of diagnostics performed and covered medicines dispensed per utilizing beneficiary, highlighting supply-side bottlenecks. The study highlights prevailing issues of allocative inefficiency, moral hazard, and geographic inequity in simple capitation financing models and underscores the need for risk-based capitation and optimized blended payment models for PHC financing across LMICs.

Navigating the Gray Health Technology Market: Typologies of Telemedicine Practice and Health Financing Challenges in LMICs

Marites Tiongco and Bernardo Cielo II, Carlos L. Tiu School of Economics, De La Salle University–Manila/ Philippine Economic Society

The rapid integration of telemedicine into mixed health systems presents significant governance and financing challenges. This paper evaluates telemedicine implementation in the Philippines, focusing on the emergence of distinct practice typologies and their implications for public health financing. The study highlights how telemedicine practice can be structurally divided into formal and informal typologies. Formal telemedicine uses dedicated, integrated platforms with electronic medical records and e-prescription capabilities that comply with regulatory standards, but these systems require substantial upfront capital and ongoing maintenance investments. Conversely, informal telemedicine, which represents the vast majority of public sector practice, relies entirely on free-to-use commercial applications such

as social media, messaging, and video conferencing tools. This informal approach operates outside formal regulatory frameworks, lacks system interoperability, and exposes patients to unmitigated data privacy risks. The widespread reliance on informal models is fundamentally driven by precarious financing arrangements. Formal systems depend heavily on short-term external development grants or localized municipal allocations and operate without direct national subsidies. When donor funding ends, resource-constrained local governments often lack the fiscal capacity to cover operational costs and revert to unfunded, informal channels, effectively shifting systemic costs onto clinical quality and data security. Furthermore, while the national insurer reimburses teleconsultations at parity with in-person visits, current institutional payment models fail to incentivize adoption of formal infrastructure or cover specific remote-use cases, such as after-hours or specialist care. Achieving sustainable digital health coverage requires targeted financial mechanisms, including transitional matching grants and tailored insurance reimbursements, to lower the economic barriers to formal telemedicine adoption.

Insights for Strategic Purchasing for Universal Health Coverage (UHC) in Mixed Health Systems: A Cross-Sectional Analysis of the Out-of-Pocket (OOP) Share of Inpatient Spending in the Philippines

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Social Health Insurance (SHI) is a strategy employed to provide a wide-base, basic coverage for the population among low- and middle-income countries (LMICs) with mixed health systems, including the Philippines. While SHI expanded financial protection in the country, out-of-pocket (OOP) remains high. We examine the financing arrangements and patient characteristics associated with OOP spending share for inpatient care. We factor in payors and provider mix and spending by wealth group and explore their implications for achieving universal health coverage (UHC). We conduct a cross-sectional analysis of nationally representative secondary survey data from the 2022 Philippine National Demography and Health Survey (NDHS). We use a fractional probit regression model and average marginal effects (AMEs) for the entire inpatient population and by facility ownership and wealth quintile.

Patients with SHI have lower OOP share (AME -63 percentage points, pp) compared to patients without access to any third-party payors. Patients with both SHI and private insurance had the highest reductions in OOP spending (-83pp). Admission to a private facility is associated with higher OOP share (+18pp). OOP shares increase with wealth, with the poorest (-6pp) and poorer quintiles (-6pp) having lower OOP share relative to the richest quintile. Higher hospitalisation bills are associated with higher OOP share, where a 1% increase is associated with a 4pp increase in OOP share. Lastly, identified poor individuals have a higher OOP share (+7pp) when admitted to a private facility.

SHI is essential to achieving UHC, covering the greatest number of beneficiaries and reducing OOP spending. However, in a mixed health system, private facility care and higher wealth are associated with a larger OOP burden. Extending financial protection, therefore, requires targeted strategic purchasing for private facility admissions for poor patients, refining coverage to target catastrophic spending, and investing in more public facilities.

Session A2.
Digital Transformation, Competitiveness, and Regional Integration

Digital Infrastructure and Creative Export Performance: Evidence from Selected Asian Economies (2007-2022)

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A concept coined in the early 2000s, the creative economy has evolved into one of Asia's most consequential yet unevenly enabled engines of growth, where cultural diversity offers fertile ground for creative production but unequal digital access determines who reaches global markets. This paper examines digital infrastructure's relationship with creative export performance across nine Asian economies, Singapore, South Korea, Japan, Thailand, Malaysia, Indonesia, the Philippines, Vietnam, and China, from 2007 to 2022, using panel regression with World Bank, IMF, and UNCTADstat data, controlling for institutional and macroeconomic factors. Broadband subscriptions are the strongest predictor of exports, with each subscription tied to a 2.49% increase. A second model, with GDP per capita as moderator, consistent with the Flying Geese Paradigm, shows broadband yields greater returns for lower-income economies still building digital foundations. For developing Asia, closing this gap is a lever for claiming a stake in a rapidly expanding export frontier.

Digital Convergence and the COVID Disruption: Evidence from ASEAN's Ten Member States

Clarenz Magsakay, Saint Louis University

Digital development across the ten ASEAN member states is examined here for convergence over the eriod 2010 to 2023, together with the question of whether COVID-19 interrupted it. A Digital Economy Index is built from eight W

orld Development Indicators series through principal component analysis, and the resulting panel is then tested for sigma-convergence and beta-convergence. Dispersion narrowed steadily until 2019 ($\beta = -0.357$, $p < 0.001$), and the weaker performers grew faster than the stronger ones (pooled OLS: $\beta = -0.180$, $p = 0.001$; panel fixed effects: $\beta = -0.292$, $p < 0.001$). Half-lives of 2.0 to 3.5 years follow from those estimates. The gradient was then cancelled by the pandemic where an interaction term of $\delta = +0.188$ ($p = 0.004$) moves a pre-2020 coefficient of −0.196 to roughly −0.008 afterwards.

Four alternative index constructions were estimated as a check, among them one restricted to the five best-covered indicators, and convergence holds under all of them. A random forest ranking agrees only moderately with the component loadings (Spearman ρ = 0.691). Catch-up in ASEAN was therefore real, but it proved vulnerable to a common shock.

Uneven Competition, Financial Constraints, and Adaptive Responses: Firm-Level Evidence from Indonesia

Usman Alhassan, Ritsumeikan University

The informal sector remains an important source of employment in developing countries but also creates uneven competition for formal firms. Yet, whether formal firms adapt to this competition, and whether financial constraints shape that adaptation, remains underexplored. Using the 2023 World Bank Enterprise Survey for Indonesia, I examine website adoption as an adaptive response among formal firms facing informal competition. The results show that informal competition raises website adoption by 13 to 14 percentage points among financially unconstrained firms, but this adaptive response disappears among firms reporting moderate to severe financing constraints. The findings are robust to entropy balancing, IPWRA estimation, and logit and probit specifications and are concentrated among small firms. Additional evidence from target-setting and performance monitoring suggests broader adaptive responses; however, the strongest evidence is observed for website adoption. The results highlight financial constraints as a barrier to digital adaptation among formal firms exposed to informal competition.

Institutional Readiness for ASEAN's Digital Economy Framework Agreement (DEFA): Evidence from Brunei Darussalam

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The ASEAN Digital Economy Framework Agreement (DEFA) represents a major step towards regional digital integration. As ASEAN Member States prepare for implementation, understanding national readiness has become increasingly important. This study assesses Brunei Darussalam's readiness for DEFA using a sequential mixed-method approach that combines desk research, a DEFA Readiness Index Survey (DEFARIS), and stakeholder consultations. The assessment covers four dimensions: digital infrastructure, legal and regulatory institutions, the private-sector ecosystem, and digital skills and talent. Preliminary findings indicate that Brunei has established strong digital public infrastructure and institutional commitment but continues to face challenges in regulatory coherence, enterprise digitalisation, innovation capacity, and advanced digital talent. The study proposes a multidimensional framework for evaluating institutional readiness for regional digital integration and provides policy recommendations to strengthen ASEAN digital economy implementation. The framework may also serve as a diagnostic tool for other ASEAN Member States preparing for DEFA.

Session A3.
Macroeconomic Resilience, Stability, and Inclusive Development in Emerging Asia

Finessing the Trilemma: Monetary Policy for Internal and External Balance in Emerging East Asia

Calla J. Wiemer, Bangko Sentral ng Pilipinas

In seeming contravention of the trilemma, central banks in Emerging East Asia have honed a model of monetary policy that combines exchange rate stabilization with use of a policy rate of interest to manage inflation, all under open capital markets. This paper examines six economies for the period 2001Q1 to 2024Q4. We find strong support for policy rate dedication to inflation fighting and little evidence that external shocks influence either policy or market interest rates despite exchange rate stabilization. Rather than measuring external shocks at their origin in the US policy rate, as is typical, our indicator captures country-level exchange market pressure expressed through exchange rate movement and central bank intervention in the forex market. We find that finessing the trilemma is possible because forex market intervention aimed at achieving external balance operates at relatively high frequency while policy rate management aimed at achieving internal balance works with long lags.

Who Bears the Cycle? Time-Consistent Fiscal Policy and the Financing Assignment in Emerging Markets

Nickson Cabote, Bangko Sentral ng Pilipinas

We build a small open-economy model for an emerging market, using annual Philippine data. A Markov-perfect fiscal authority chooses government purchases each period, facing shocks to productivity, world interest rates, and preferences. Procyclical government spending arises in the model, even without political or default risks. The model matches the volatility, persistence, and procyclicality observed in emerging markets. Next, we measure the welfare costs of changing fiscal rules. In our model, counter-cyclical spending harms welfare more than altering its financing. A counter-cyclical spending rule reduces welfare by 8.3% in consumption terms; a similar labor tax rule lowers welfare by 5.0%. This gap is greatest when productivity is low and global interest rates are high, limiting fiscal choices. Much of the welfare loss from procyclical spending stems from labor-income tax burdens on households.

Does Belt and Road Initiative Mitigate the Impact of FOREX Volatility of ASEAN?

Xu Yueying and Hooy Chee Wooi, Universiti Sains Malaysia/Malaysian Economic Association

This study investigates whether the Belt and Road Initiative (BRI) mitigate the impact of exchange rate volatility on China's exports to ASEAN countries across different technology levels. Exchange rate volatility is estimated form GARCH model using monthly exchange rates while bilateral export data at the SITC 5-digit level from the UN Comtrade database for the years 2006–2022. Export goods are divided into three categories: high-, medium-, and low-technology manufacturers; resource-based manufacturers; and primary products. The results are expected to shed light on whether the BRI project can help mitigate the negative effects of currency rate volatility and increase export stability when the global economy is uncertain.

When Does Digitalization Become Inclusive? Evidence from a Digital Kuznets Curve Perspective in Developed and Developing Economies

Jonathan Ersten Herawan, Perbanas Institute/ Indonesian Economic Association

This study examines the relationship between digitalization and income inequality using a Digital Kuznets Curve (DKC) framework. The analysis employs an unbalanced panel dataset of 92 economies, consisting of 27 developed and 65 developing countries, over the period 2005–2023. Digitalization is modelled using quadratic specifications to capture non-linear effects on income distribution, measured by the income shares of the top 10% and bottom 50%. The results reveal significant non-linear relationships between digitalization and inequality. The top 10% income share follows an inverted-U pattern, indicating that income concentration initially rises before declining as digital maturity increases. In contrast, the bottom 50% income share exhibits a U-shaped relationship, suggesting that distributional inclusiveness emerges only at more advanced stages of digital adoption. Furthermore, turning points occur at higher levels of digital maturity in developed economies, highlighting the importance of institutional readiness in achieving inclusive digital transformation.

Session A4.
Household Welfare, Social Protection, and Intergenerational Outcomes

Intergenerational Mobility: Parents' Education and Adult Children Outcomes

Eugene Or, Singapore University of Social Sciences/ Economic Society of Singapore

Abstract: While it is important to increase aggregate education levels for a country's development, we should also ensure that intergenerational mobility is achievable. In this paper, we study how parents' education influences a child's outcome when they grow up, specifically their wages. Much focus in existing literature has been on how more educated parents groom better educated children, but child's outcomes may be different despite similar education qualifications. We find that fathers' basic education (at least secondary education) improves child's adult wages, but no evidence that subsequent higher qualifications improve the outcomes. Conversely, we observe higher child's wages for every increase in mothers' education. The results highlight that investing resources into women's education can promote intergenerational mobility.

Formalizing the Collective Sector: A Socio-Economic and Legal Analysis of Compulsory Social Insurance Participation Within Vietnamese Cooperatives

Vu Cuong, Vietnam Economic Association
Bui Thanh Huyen and Nguyen Thi Hai Duong, National Economics University

Cooperatives in Vietnam occupy a unique socio-economic niche, blending collective commercial activities with grassroots welfare mandates. Despite updated legal frameworks, workers within this sector remain trapped in a social protection vacuum. In 2024, localized compulsory social insurance (CSI) coverage within cooperatives stagnated at 30.6%, with 82.9% of entities operating completely outside the system. Utilizing a mixed-methods design integrating quantitative survey data (n=284) and qualitative field insights across seven provinces, this study investigates structural barriers to compliance. Findings reveal stark divergences, from a 94.8% compliance rate in financial credit funds to a critically low 8.3% in agricultural cooperatives. Non-compliance is driven by corporate-centric legal mismatches, widespread "token compliance," low financial margins, and worker skepticism. The paper outlines an integrated action framework featuring harvest-synced payment cycles, localized matching subsidies, and enhanced grassroots union oversight.

Determinants of Infant and Under-Five Mortality in the Philippines: Evidence from the 2022 National Demographic and Health Survey

Kerzlynly J. Abellanosa, Sheendee Lee M. Alag, Hanz Henrick Y. Saenz, Ken Isaac Boltiador, and Vianne Irene M. Ragay, University of San Carlos

Under-five (U5) child mortality remains a major concern in the Philippines, with biological, familial, and socioeconomic factors influencing child survival. As the country remains off track in achieving its SDG 2030 target of reducing U5 deaths, this study identifies determinants to child mortality using descriptive statistics and logistic regression. This study found higher parental educational attainment significantly lowers the likelihood of child deaths, while a higher number of children and later birth order increase the likelihood. Male children are more likely to expire before the age of five. Longer durations of gestation also contribute to lower chances of child mortality. Children from poorer households are more likely to experience child mortality. A nonlinear relationship is also found for mother's age and birth order, suggesting an optimal child-bearing age and birth order for children. The findings support advancing and strengthening of maternal and child health programs.

Session A5.
Human Capital, Gender, and Labor Market Outcomes

Human Capital as a Strategic Driver of Defence Industry Development: Evidence from Malaysia

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Sulaiman Mahbob, Malaysia Institute of Economics Research
Rahim Ridzuan, Universiti Teknologi
Rogis Baker, National Defence University of Malaysia

A strong defence industry is no longer important only for national security. It also plays a strategic role in supporting economic transformation, technological progress, and industrial resilience. In Malaysia, defence spending has often been seen as a major driver of defence industrial development. However, expenditure by itself may not produce strong industrial outcomes unless it is supported by capable human capital, technical knowledge, and innovation capacity. This paper examines how human capital contributes to the development of Malaysia's defence industry from 1994 to 2024. Guided by endogenous growth theory, the study argues that skilled workers, tertiary education, technical expertise, and innovation readiness are essential in turning defence investment and research activities into long-term industrial capability. The study applies the Autoregressive Distributed Lag (ARDL) approach to examine the relationship between defence industry development, human capital, research and development expenditure, defence expenditure, capital formation, GDP, and inflation. The results show the presence of a stable long-run relationship among the variables. Human capital is found to have a positive and meaningful effect on defence industry development, particularly through its role in strengthening technological absorption, innovation, and productivity. In contrast, defence expenditure alone does not appear to significantly promote defence industrial growth. This suggests that military spending must be supported by skilled talent, research capability, and a strong innovation ecosystem in order to generate wider economic benefits. This paper contributes to the defence economics literature by emphasising the importance of human capital rather than focusing only on defence expenditure. The findings suggest that Malaysia should give greater attention to talent development, technical education, defence-related skills training, university–industry collaboration, and dual-use innovation. Strengthening human capital is therefore crucial for enhancing national self-reliance, reducing dependence on imported defence technology, and positioning the defence industry as an important contributor to Malaysia's long-term economic resilience.

The Effects of Early Childhood Education and Care (ECEC) on Labor Market Outcomes: Evidence from the Cebu Longitudinal Health and Nutrition Survey

Kerzlynly J. Abellanosa, Vianne Irene M. Ragay, Francisco M. Largo, Gerard L. Go, Krizia L. Garcia, University of San Carlos

Early Childhood Education and Care (ECEC) has been recognized as a contributor to human capital formation, yet evidence on its labor market effects remains limited, especially in the Philippines. Using the Cebu Longitudinal Health and Nutrition Survey (CLHNS), this study uses Ordinary Least Squares to estimate its effects on wages and hours, while controlling for socioeconomic and demographic factors, at early and prime working age. During early working age, ECEC positively affects wages, with the Mincer wage equation estimating a 12.5 wage premium on those who attended ECEC. Higher educational attainment, post-school training and private school attendance improved wages, while females earned lower wages but received higher returns from ECEC. College and private school attendance, sex and training significantly influenced hours worked. At prime working age, ECEC had no significant effect on wages. Educational attainment, training, sex, mother's education and occupation, childhood IQ, and household size emerged as stronger predictors of work outcomes, suggesting ECEC operates indirectly through human capital accumulation. There is a need for initiatives to strengthen current ECCD systems, particularly in terms of access and quality. Policy efforts need to support the transition from ECEC to higher levels of education. This involves a multi-sectoral and multi-dimensional approach that supports the continuity of human capital investments, from ECEC to labor market outcomes.

Gender, Negotiation and Employer Demand

Ratchanon Chotiputslip, Thammasat University

We study how candidates' negotiation behavior shapes employer decisions using a two-sided field experiment in which 493 professional recruiters evaluated more than 7,000 job applications and counteroffers. Negotiation updates employer beliefs about both outside options and productivity. Employers revise outside-option beliefs similarly for male and female candidates, and wage gains from intensive negotiation are similar across genders. However, employers revise productivity upward for men and not for women. As a result, more intensive negotiation increases recommendations for higher-level roles substantially more for men than for women, and female candidates face larger increases in rejection rates than comparable male candidates. Combining these effects, we estimate optimal counteroffers of 11--12 percent above the initial offer for women and 20--30 percent for men. Pay transparency attenuates gender differences in the returns to negotiation in higher-level role recommendations by constraining recruiter discretion.

FDI and Gender Wage Differentials by Occupational Skill Levels in Developing Countries, 2012–2022

Jeremiah Hanns L. Cuevas and Jhoana V. Alcalde, University of the Philippines Los Baños

Foreign Direct Investment (FDI) and gender wage inequality remain concerns in developing economies. However, limited evidence exists on whether the relationship between FDI and gender wage differentials varies across occupational skill

levels. This study examines the relationship between net FDI inflows and gender wage differentials among low, medium, and high-skilled occupations in 21 developing countries from 2012 to 2022. Using a fixed effects panel model with clustered standard errors and a Wild Cluster Bootstrap procedure, the study finds heterogeneous associations across skill groups. Baseline results indicate negative associations for low and medium-skilled occupations and a positive association for high-skilled occupations, with heterogeneity remaining marginally significant at the 10% level under the Bootstrap procedure. Robustness checks using FDI as a percentage of GDP and excluding Brazil produce weaker evidence, although the low-skilled effect remains consistent. These findings highlight the importance of occupational heterogeneity when assessing the labor market implications of FDI.

Session A6.
Industrial Economics of Sustainable Resource Development: Insights from Copper Mining, Energy, and Agriculture

Unlocking the Philippines' Critical Minerals Potential: An Industrial Economic Analysis of the Copper Mining Industry

Kristin Angel Viaña & Joshua Lloyd Uy, University of Asia and the Pacific

The global transition toward renewable energy has increased demand for copper, a critical mineral used in power systems, electronics, infrastructure, and electric vehicles. This study analyzes the Philippine copper mining industry using an industrial economics lens, focusing on market structure, conduct, performance, and policy constraints. Although the Philippines is highly mineral-endowed, the domestic copper industry remains small, highly concentrated, and largely export-oriented, with copper concentrates shipped abroad for processing. The industry is composed of only a few major firms and operates as a price taker in global markets, exposing producers to London Metal Exchange price volatility. Findings show that regulatory uncertainty, high capital requirements, limited domestic processing, and weak forward linkages constrain the sector's contribution to economic growth. The study argues that stable regulation, responsible mining, exploration investment, and eventual downstream processing are necessary to capture more value from the country's copper resources while supporting the green transition.

Sustainable Energy Transition in the Philippines: An Analysis of the Renewable Energy Generation Industry of the Philippines

Amanda Stacy Gonzaga, Bernadette Luzon, Kristel Joyce Mascardo, Peter L. U, University of Asia and the Pacific

As an oil-importing economy, the Philippines remains vulnerable to global crude oil price volatility, particularly through inflation, exchange rate pressure, transport costs, and household purchasing power. The study analyzes the Philippine renewable energy generation industry and its role in addressing high electricity costs, energy security, and the country's clean energy targets. Although the Department of Energy (DOE) aims for renewables to reach 35% of the generation mix by 2030 and 50% by 2040, renewables currently account for only about 22%, mainly from hydropower and geothermal, with smaller contributions from solar, wind, and biomass. The industry continues to face major challenges, including renewable intermittency, weak grid integration, high upfront capital costs, market concentration, and regulatory delays. To accelerate the transition, the study emphasizes the need for better infrastructure, clearer and more coherent policies, streamlined permitting, and stronger investment support, while recognizing that renewables still need to be complemented by reliable energy sources due to intermittency.

Implications of Subsidies to Agricultural Labor Productivity: A Convergence Analysis on Select APEC Countries

Joshua Lloyd Uy, Denise Angelica Lagman, Amanda Stacy Gonzaga, & Diana Rueda, University of Asia and the Pacific

Agricultural support remains a major policy instrument for improving productivity, food security, and rural welfare, yet its effectiveness depends on the type of support provided. This study examines the relationship between agricultural subsidies and agricultural labor productivity across eight APEC economies, more specifically Australia, China, Indonesia, Japan, New Zealand, the Philippines, South Korea, and Vietnam from 2005 to 2023. Using the Solow Growth Model and conditional convergence theory, the study applies panel regression analysis to estimate how different support mechanisms affect productivity growth. Results show evidence of conditional convergence, with lower-productivity economies growing faster than developed counterparts. Total agricultural support is positively associated with labor productivity growth. However, decomposed results show that coupled support and market price protection drive the positive effect, while input subsidies and decoupled support have negative effects. For the Philippines, the findings suggest shifting from input-heavy and price-distorting support toward targeted productivity incentives, general services, irrigation, research and development, and agricultural digitalization.

SIMULTANEOUS SESSIONS B

Session B1.
Economic Resilience in the Philippines: Shock Transmission, Market Adjustment, and Policy Responses (BSP session)

Transmission of U.S. Dollar Dominance in Southeast Asia: Evidence from the Philippines

Joan Christine S. Allon-Pineda, Ivan Cenon V. Bernardo, and Jose Adlai M. Tancangco, Bangko Sentral ng Pilipinas

The prevailing dominance of the USD implies how US-related policies and events are expected to induce volatility to a country's economic and financial conditions. With countries in Asia are particularly vulnerable to global and US-sourced uncertainties transmitted through the Currency, this research examines the issues of USD dominance in the Philippines. This study focuses on the USD's dominant role in trade invoicing, FX intermediation, offshore funding, and international reserve accumulation. A network analysis of foreign exchange market also finds that exchange rate volatility is predominantly transmitted from the USD, with regional hubs serving as additional channels that amplify shocks within regional blocs. This study concludes with a discussion of local and alternative currency initiative aimed at mitigating the risks of dollar dominance which include FX liberalization measures, growth in local currency denominated debt markets, deepening of local capital markets, Project Nexus, and the Chang Mai Initiative Multilateralization.

Employment Effects of a Complex Minimum Wage Policy: The Philippine Case

Ma. Christina F. Epetia, Mika S. Muñoz, and Cymon Kayle Lubangco, Bangko Sentral ng Pilipinas

This study examines the employment effects of mandated minimum wage increases in the Philippines. The country has a highly decentralized, complex minimum wage system where regional wage boards set multiple rates that are updated frequently. Informality, legal exemptions, and potential non-compliance also render policy coverage incomplete. We utilize the regional, industry, and temporal variation in the minimum wage and the pooled quarterly Labor Force Survey microdata to estimate minimum wage policy exposure between 2015Q1 and 2024Q4. We find that higher exposure to changes in the minimum wage is associated with only a modest decrease in employment. We conjecture that the negative employment effects of minimum wage are curbed by the partial reallocation from the covered to the uncovered sector. We also observe heterogenous effects by degree of regime complexity and non-adherence to the policy.

Fostering Climate-Resilient Households Through Financial Inclusion

Mika S. Muñoz, Bangko Sentral ng Pilipinas

The Philippines is highly vulnerable to recurrent climate-related shocks that generate substantial economic losses. This underscored the importance of financial inclusion as a tool for strengthening household resilience. Despite recent progress, approximately 40 percent of Filipino adults remained unbanked as of 2021 (BSP Financial Inclusion Survey). This gap is particularly concerning in climate-vulnerable communities, where access to financial instruments is most critical. Formal financial services such as savings, credit, and insurance can help households prepare for, cope with, and recover from climate-induced shocks. Using household-level data from five (5) survey rounds of the Philippine Statistics Authority's Family Income and Expenditure Survey (FIES) between 2012 and 2023, we estimate the effect of financial inclusion on household resilience through pooled regression models and propensity score matching. Preliminary results indicate that households with access to formal financial services demonstrate stronger adaptive capacity and improved recovery outcomes. The findings highlight the importance of integrating climate risk awareness into financial education programs to further strengthen household resilience to climate-related shocks.

Rice Price Inflation in the Philippines: Drivers, Dynamics, and Policy Implications

Harold Glenn A. Valera, Ashok Mishra, Valerien O. Pede, Takashi Yamano, Bangko Sentral ng Pilipinas

Rice is the single most important contributor to food inflation in the Philippines, with significant implications for food security, poverty, and macroeconomic stability. This paper examines the determinants of rice price inflation using monthly national data from January 1995 to March 2026. Employing a quantile regression framework, it investigates how global rice prices, domestic rice production, and public and commercial stockholding influence rice inflation across different inflation regimes. The results show that rice inflation exhibits strong persistent and positively associated with world rice prices, although international price transmission remains relatively weak. Higher domestic rice production significantly reduces inflationary pressures, while larger public and commercial rice stocks help stabilize rice inflation, particularly during periods of elevated inflation. These findings highlight the complementary roles of productivity growth, strategic stockholding, and trade policy in stabilizing rice prices and strengthening food security and inflation management in the Philippines and other rice importing economies.

Session B2.
From Transfers to Outcomes: Local Governance, Public Spending Effectiveness, and Regional Development in the Philippines (World Bank & PCED session)

Despite major gains in poverty reduction and declining inequality, economic security remains out of reach for many Filipinos. Drawing on the World Bank's 2026 Poverty and Equity Assessment and the forthcoming Philippines Public Finance Review, this session examines how local government performance shapes poverty reduction and regional development outcomes. It argues that larger fiscal transfers alone are insufficient when service delivery is constrained by fragmented governance, weak data systems, limited implementation capacity, and poorly targeted resource allocation. The session discusses policy reforms that can strengthen local service delivery, improve the effectiveness of public spending, and support the growth of a more resilient and inclusive middle class.

Session B3.
From Waste to Value: Advancing Circular Bioeconomy Pathways for Resilient, Inclusive, and Disruption-Ready Agriculture and Food Systems (PCAARRD session)

Charting the Sustainability of Dried Copra Production with Environmental Footprint/Impact Analysis

Raquel M. Balanay, Anthony B. Halog, Nicholas Zeam Ace M. Aguilos, Dominick S. Badana, Sheva Mae R. Octobre
Caraga State University

The Philippines is faced with climate change impacts as a global leader in the production and export of coconut products with Indonesia and India. For ecological farm transitions, dried copra production using the reject coconuts was assessed for its environmental performance. Descriptive statistics and life cycle assessment methods were used in analyzing survey data across Caraga Region involving 160 smallholder coconut farmers and 16 trader-copra producers in the short supply chain. The results have estimated sizable wastes (230.6262 MT of solid bio and non-biodegradable waste; 63249.88 l of cocowater waste), emissions, and environmental impacts of the output and input processes based on the practices of the said chain actors. The emissions include carbon (1,643,769.6 kg CO2-eq in total) and other harmful chemicals (e.g. cadmium, radon and tritium) while the environmental impacts contribute to damages to humans (0.00369 DALY per kg of copra), the ecosystem (0.0000114 species/yr per kg of copra), and resource stocks (0.0745 USD2013 per kg of copra). The chemical emissions are found to be within the industrial thresholds set by the European Pollutant Release and Transfer Register (E-PRTR) and Industrial Emissions Directive (IED). The environmental impacts of copra production can still worsen current climate scenarios, making shifts/transitions to ecological farm practices, technologies and innovations imperative, particularly for the output and input processes involving dehusked coconut production and transport. Agricultural stakeholders are recommended to be aided financially and technically for the necessary shifts/transitions towards sustainable practices.

Making Circularity Viable for MSMEs: Evidence from Philippine Agrifood Value Chains

Nova Z. Navo, Ma. Cassandra Ysobel R. Teodosio, Melanie V. Cabotaje, and Mika Ella O. Perez,
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Circular economy (CE) policies are often framed around environmental objectives, yet adoption decisions by micro, small, and medium enterprises (MSMEs) are shaped by more immediate considerations of costs, productivity, market access, technology, financing, and business viability. This paper examines the conditions influencing CE adoption among MSMEs in selected Philippine agrifood value chains and identifies policy interventions that can make circular practices economically and operationally feasible.

The study draws on qualitative evidence generated from fieldwork in the rice, hog, and sardine value chains in Central Luzon, CALABARZON, and the Zamboanga Peninsula and adjacent field sites. Data sources include field observations, key informant interviews, focus group discussions, case studies, process documentation, stakeholder consultations, learning sessions, and policy and institutional review. The analysis focuses on existing circular practices, constraints to adoption and upgrading, and the institutional and market conditions required to sustain circular activities.

Findings show that circular practices already occur within the selected value chains, although many are informal, weakly measured, and concentrated in relatively low-value applications. In rice processing, by-products such as bran, broken rice, sorter rejects, and rice hull already enter secondary markets, while rice straw remains largely unmanaged because collection, aggregation, transport, processing, and reliable offtake are not organized as an economically viable system. In the hog value chain, manure, wastewater, and other residual streams are being converted into fertilizer, biogas, and other productive uses, but adoption is constrained by maintenance costs, limited scale, financing requirements, infrastructure, and technical capacity. Large sardine canning firms generally operate more advanced, integrated systems with wastewater treatment, mechanized processing, and cold-chain facilities, while some smaller bottling enterprises practice circularity by valorizing fish viscera and other processing by-products as aquaculture feed inputs. Across cases, the evidence indicates that isolated interventions—such as equipment provision or financing alone—are insufficient when complementary markets, logistics, skills, standards, and institutional support are absent.

Based on these findings, the paper proposes an enabling policy framework organized around five mutually reinforcing areas: economic incentives and financing; market creation and demand generation; technology and innovation support; circular supply-chain development; and quality infrastructure and traceability. The paper argues that CE transition among MSMEs requires a differentiated, value-chain-based approach that aligns enterprise capabilities with the wider ecosystem needed to make circular practices technically feasible, economically viable, and commercially sustainable.

Agri-Innovate: Optimizing Efficiency of the Vegetable Value Chain for Nutrient Return and Circular Economy

Janet P. Pablo; Cheryll C. Launio; Jemma Rose M. Kilakil and Jaojao A. Somyden Love Joy Gumpod, Freddie Onio, Melvin Luteb and Pamela T. Bosilio, Benguet State University

The Cordillera Administrative Region (CAR) is situated in the northern part of the Philippines. The region - particularly from the three provinces of Benguet, Ifugao and Mountain Province, is a critical hub for vegetable production serving as the main source of semi-temperate grown vegetables in the country contributing an estimated volume of 373,436 metric tons of vegetables. However, the region's vegetable value

chains face persistent challenges such as fragmented supply chains, inefficient market linkages, post-harvest losses, and the lack of organized systems to manage excess supply.

The lack of a coordinated supply chain system exacerbates price volatility and market inefficiencies, further marginalizing farmers who are already vulnerable to climate-related risks and fluctuating market demands. Large volumes of vegetable residues are discarded, leading to environmental challenges and missed opportunities for resource recovery. The absence of a structured nutrient return program exacerbates soil degradation, diminishing long term agricultural productivity. Moreover, vegetable farmers in CAR often rely on traditional practices and have limited access to pre- and post-harvest technologies, resulting in significant losses and reduced income. The research aims to develop and pilot innovative supply and value chain solutions by strengthening supply chain coordination and implementing value chain solutions to manage excess supply, develop value-added products and create sustainable, circular practices. Further, the project aims to empower farmers to participate to an efficient and sustainable supply chains by integrating innovative solutions for waste management and nutrient cycling that may contribute to environmental conservation, food security and economic resilience in the region and in promoting sustainable agriculture, reducing rural poverty and achieving climate-smart farming practices.

Session B4.
Energy Policy, Decarbonization, and Just Transition

Policy Recommendations for ASEAN to Meet Its Net-Zero Future: Assessing the Impact of Tariffs, the Middle East Conflict, and Geopolitical Headwinds on Southeast Asia's Energy Transition

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This paper examines ASEAN's prospects for achieving its net-zero emissions targets amid increasing geopolitical and economic uncertainties. While the ASEAN Plan of Action for Energy Cooperation (APAEC) 2026–2030 outlines ambitious goals, including reductions in energy intensity and expanded renewable energy deployment, external pressures such as rising tariffs on clean technologies, Middle East conflict-driven energy price volatility, and global supply chain fragmentation pose significant challenges. Using a mixed-methods approach combining policy analysis and quantitative benchmarking, the study evaluates how these disruptions affect investment flows, technology diffusion, and national transition pathways across ASEAN member states. Findings indicate that geopolitical shocks tend to prioritise energy security and affordability over decarbonisation in the short term, with uneven impacts across countries. Nevertheless, net-zero goals remain achievable. Strengthened regional cooperation, open trade in clean technologies, and coherent domestic policies are critical to building a resilient and adaptive energy transition framework for Southeast Asia.

Geopolitical Risks and Renewable Energy Transition in Selected Economies: The Moderating Role of Regulatory Quality (2002-2021)

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Geopolitical instability increasingly disrupts global energy markets, yet its effect on renewable energy transition (RET) remains contested in the literature. This study examines whether regulatory quality explains this disagreement by moderating the relationship between geopolitical risk (GPR) and RET across 39 selected economies from 2002 to 2021. Using panel and threshold regression, geopolitical risk shows no significant direct effect on renewable energy transition, nor a meaningful threshold on its own. Regulatory quality, however, significantly moderates this relationship: below the estimated level of regulatory quality, geopolitical risk accelerates the transition, while beyond it, higher regulatory quality leads to the opposite outcome. This reversal shows that regulatory quality does more than strengthen or weaken the effect of geopolitical risk; it determines its direction entirely. Geopolitical risk is therefore not a uniform driver of renewable energy transition, and its true influence cannot be understood without accounting for a country's regulatory strength.

From Decomposition to Pathway: Structural Drivers, Carbon Lock-In, and ASEAN-Benchmarked Policy Roadmap for Philippine Net-Zero

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Aggregate declines in greenhouse gas (GHG) emissions may conceal persistent carbon-intensive structures. This study examines whether the Philippine emissions trajectory reflects structural decarbonization or continued carbon dependence, identifies the factors sustaining this pattern, and evaluates feasible policy pathways toward net zero. Using sectoral GHG data from 1970–2024, the analysis integrates Kaya-LMDI and sectoral ASIF decomposition, Tapio decoupling, a technological-economic-institutional Carbon Lock-In Index (CLI), and ASEAN policy benchmarking. Philippine GHG emissions increased by 294% since 1970, with the power industry replacing agriculture as the largest emitting sector and reaching 37.85% of national emissions by 2024. National decomposition shows that improvements in energy intensity reduced emissions by 20.1 Mt over 1990–2024, but were offset by a positive fuel-intensity effect (+21.0 Mt). Electricity exhibited expansive negative decoupling (DI=2.37), reinforced by a positive emission-factor effect associated with coal-capacity expansion. The CLI further shows that technological lock-in remained elevated despite declining institutional lock-in, indicating that the principal constraint has increasingly shifted toward fossil-based assets and infrastructure. The findings support a phased Philippine carbon-pricing pathway beginning with the power sector

and supported by credible MRV, verified-emissions-based allocation, offset limits, and transparent revenue use.

Carbon Tax Shocks, Labor Search Frictions, and Just Transition in a Green-Amber-Red Environmental DSGE Model

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This paper develops a labor-search extension of the 3-sector taxonomy, environmental DSGE framework of Dacuycuy & Britt-Fermo (2026). The baseline taxonomy is preserved: Green production is low-emission, Red production is persistently pollution-intensive, and Amber production is transitional. The paper's distinct contribution is to make the transition labor market explicit. Amber and Green firms face search and matching frictions, post vacancies, form matches with unemployed workers, bargain over wages, and adjust employment gradually. Red firms are assumed to have no search friction; Red labor clears through a static competitive marginal-product condition. The model is implemented as a carbon-tax-only experiment in which fiscal recycling to capital and technology is muted to isolate the labor-market channel. Carbon-tax revenues are recorded and rebated, while the just-transition policy operates through state-contingent reductions in effective vacancy-posting costs and state-contingent improvements in matching efficiency. The numerical experiments compare four cases: carbon tax without just-transition support; carbon tax with combined vacancy and matching support; carbon tax with vacancy-cost support only; and carbon tax with matching or retraining support only. The framework is designed to distinguish the environmental effect of carbon pricing from the labor-market mechanisms needed to prevent a transition shock from becoming a reallocation bottleneck.

Session B5.
Trade Networks, Value Chains, and Geopolitical Shocks

Gravity, Complexity, and the Limits of Value-Chain Complementarity: Evidence from a Re-Estimated Global Trade Network

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This paper re-examines how trade network centrality and economic complexity jointly shape bilateral trade flows and total factor productivity, through full re-estimation on primary panel data rather than the illustrative figures used in an earlier draft. We combine the Economic Complexity Index from the Harvard Growth Lab, bilateral trade and gravity controls from CEPII Gravity, GVC backward and forward participation from the World Input-Output Database via Leontief decomposition, betweenness centrality from the bilateral trade network, and TFP from the Penn World Table. An augmented gravity model, estimated by Poisson Pseudo-Maximum Likelihood on 73,764 observations, performs strongly and recovers the canonical predictions of gravity theory. The central hypothesis — that complexity and GVC participation interact to determine TFP growth — does not survive re-estimation against real data: across five specifications, neither complexity, GVC participation, nor their interaction is distinguishable from zero in a panel of 31 countries. A parallel test of whether network centrality moderates the relationship follows the same pattern. Instead, the most robust predictor of TFP growth is trade openness. We interpret this as evidence that productivity gains from integration operate through trade-exposure scale rather than export sophistication or value-chain depth. A substantial limitation is that the GVC sample excludes every ASEAN economy except Indonesia.

Regulatory Heterogeneity and Its Impact on the Exports of Services

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As services become a more prominent contributor to growth, employment, and development, countries have pursued unilateral and multilateral services trade liberalization. However, most barriers to services trade are embedded in "behind-the-border" regulations. Extensive research exists in measuring the impact of liberalization and policies on services trade; however, most studies use coarse measures for liberalization, or focus only on unilateral measures of restrictiveness. Few studies investigate how regulatory differences affect services trade, and how heterogenous regulatory frameworks become a source of trade costs. We make two contributions to this literature: first, we develop a novel regulatory heterogeneity index that accounts for the extent and asymmetry of trading partners' regulations. Our second contribution determines how regulatory heterogeneity influences the trade in services. Using an augmented gravity model, we estimate the effects of regulatory heterogeneity on the exports of services across a sample of 22 service sectors in 51 countries from 2014–2025.

Export Vulnerability Under Rising External Geopolitical Risk: Evidence from the Philippines

Rutcher M. Lacaza and Arjan Paulo Salvanera, Congressional Policy and Budget Research Department, House of Representatives

Geopolitical tensions and geoeconomic fragmentation have intensified in recent years, raising concerns about the resilience of international trade, particularly for small open economies that are highly integrated into global production networks. This study examines how external geopolitical risk originating in partner economies affects Philippine exports from 2000 to 2024. Using a gravity model estimated through Poisson Pseudo-Maximum Likelihood (PPML), the

analysis combines bilateral export data with country-specific geopolitical risk indices and standard gravity controls. Preliminary findings indicate that higher geopolitical risk in destination markets is associated with lower Philippine exports, with the adverse effects becoming more pronounced after 2018 amid escalating trade tensions and global fragmentation. The results further reveal significant regional heterogeneity: Philippine exports to Asian partners are substantially more sensitive to geopolitical risk than exports to non-Asian destinations, reflecting the country's deep integration into regional supply chains and production networks. These findings contribute to the growing literature on the economic consequences of geopolitical risk by shifting attention from risk-originating economies to risk-receiving economies. From a policy perspective, the results highlight the importance of export diversification, supply chain resilience, and risk-aware trade strategies in mitigating the adverse effects of rising geopolitical uncertainty on trade performance.

Impacts of the European Union Deforestation Regulation (EUDR) on Thailand's Natural Rubber Supply Chain: Compliance Costs, Competitiveness, Environmental Performance, and Value Addition

Urairat Jantarasiri, Thailand Development Research Institute

The European Union Deforestation Regulation (EUDR) represents a major shift in global sustainability governance by requiring that agricultural commodities placed on or exported to the European Union market be proven free from deforestation and forest degradation. As one of the world's leading producers and exporters of natural rubber, Thailand faces both significant challenges and new opportunities under this regulatory framework. While compliance with EUDR is expected to strengthen environmental sustainability and enhance market credibility, it also imposes substantial compliance costs and operational adjustments across the rubber supply chain.

This study aims to examine the implications of EUDR for Thailand's natural rubber sector from economic, environmental, and value chain perspectives. Specifically, the study investigates: (1) the impacts of EUDR on Thailand's natural rubber exports and international competitiveness; (2) the adaptation costs incurred throughout the Thai rubber supply chain and the distribution of these costs among key stakeholders, including smallholders, collectors, processors, exporters, and manufacturers; (3) the actual environmental benefits generated through compliance with EUDR, particularly in reducing deforestation and preventing encroachment into forest areas; and (4) the potential value-added created for Thai natural rubber and rubber products following successful compliance with EUDR.

The research adopts a mixed-methods approach, combining quantitative analysis of trade and production data with qualitative evidence from stakeholder interviews conducted across the rubber value chain. The study further assesses the economic trade-offs between compliance costs and potential market gains, while evaluating whether environmental outcomes justify the regulatory burden imposed on producers and exporters.

The findings are expected to provide evidence-based policy recommendations for strengthening Thailand's competitiveness in sustainable rubber markets, improving the efficiency of EUDR implementation, and designing policy measures that distribute compliance costs more equitably while maximizing environmental and economic benefits. More broadly, the study contributes to the ongoing discussion on balancing environmental regulations with trade competitiveness and sustainable agricultural development in developing countries.

Existing studies have primarily focused on compliance requirements and traceability systems under EUDR. However, limited evidence exists regarding the distribution of compliance costs along the rubber supply chain, the actual environmental benefits achieved, and the extent to which EUDR creates additional value for exporting countries. This study addresses these gaps through an integrated assessment of economic, environmental, and value-chain impacts in the Thai rubber sector.

Session B6.
Governance, Development Traps, and Long-Term Economic Transformation

Castration Versus Syndicate Corruption: Learning from the Past and the Future

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Why do we consistently fail to construct the needed public works, like the flood control dams? Why do we consistently fail to address the main problem of corruption at the heart of these failures? We are dealing with syndicate corruption. It is no ordinary corruption; it is like cancer, a living organism consisting of many agents that have opted out of their original purpose of serving a bigger organ of the body (say, a liver) but survives by parasitizing on the body without being recognized as an enemy by the body's immune system. For corruption to be "syndicated" it means that it has covered all the bases as far as interference by the body's immune system is concerned. Where can we best run interference on the syndicate corruption activity? The most important node in the syndicate corruption activity is the judicial node, which, as former Gen. J. Almonte described it for the Philippines, employs "the best judges that money can buy." We construct the flood control provision game as a collective action problem (CAP) mediated but a crooked third party. The latter facilitates the absconding of the allocated budgets which is used to support the syndicate activities (i.e., payoff judges; witnesses, fall guys, etc.). So those who can pay are served zero accountability for crimes. The dams are delivered as ghosts. This is an age-old problem – how to employ public servants faithful to their mandated duties to the nation rather than to blood affinities. This is ordinarily Public servants are torn between duty to the self (the selfish option) and duty

to the nation as a whole (the ethical option). In the past, an indirect way to moderate duty to self (own family or clan) in favor of duty to the polity is by castration (imperial eunuchs). A. Smith of the Theory of Moral Sentiment proposed that our "better selves" in the form of "the impartial spectator" is better attained by superior education a la Stoics or by eunuchs (castrated actors). Positions of power (sometimes it is only to protect the integrity of the sovereign's family) and discretion were assigned to eunuchs. Would eunuchs as judges would move the needle of accountability closer to ideal (f = 1) for all? If the dam (say the Three Gorges Dam) gets built and society advances. The same bias in favor of the community (dominance of pre-frontal cortex) can result if judges are replaced by the types of Mr Spock as in the Star Trek fame. Mr. Spock was bearer of a pathology as far as humans are concerned. He was driven completely by logic and had no use for emotion. In neuroscience, he was lacking an amygdala; he was the opposite of the famous neuro patient, Phineas Cage, who lost his pre-frontal cortex in a railway accident. But we can also learn from the future – virtual castration can also result from human judges being replaced with AGIs in the bench. Normal human beings are subject to cognitive bias (anchoring, confirmation, availability, etc), fatigue or hypoglycemic failure. Another possibility is "bench twinning": human judges can be twinned with an AGI to hear corruption cases – if they disagree on the verdict (guilt) or on the sentence, the case is passed on to a higher committee for final judgment. Whether from the past or the future, there are wisdoms we can learn.

The Anatomy of the Philippine Middle-Income Country Trap: Prices, Firms, and a Self-Reinforcing Development Equilibrium

Anette Edylinda O. Balaoing-Pelkmans, University of the Philippines School of Economics

The Philippines reached upper-middle-income status in 2026 without the productive transformation the threshold is taken to signify. This paper reconstructs the trajectory as a self-reinforcing equilibrium in which relative prices, firm behaviour, and factor allocation are jointly determined. Philippine manufacturers have had no pricing power for over a decade: the manufacturing deflator rose 9.9 percent between 2012 and 2025 while consumer prices rose about 50 percent, a gap present in every manufacturing division. The same nominal wage is stagnant in consumer prices yet rising in output prices, so firms shed formal labour, subcontract, and substitute capital. Total factor productivity falls even as output per worker rises. The country is the only ASEAN comparator to lose competitive export products since 1995. Diversification, not investment or skills, is the binding constraint.

Planning for the Future; Looking into the Past: A Review of Socioeconomic Plans of the Philippines, 1946-2028

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The evolving institution of economic policy and development has been a focal of programs and planning over the last eight decades. Beginning from the postwar period, the country sees it as necessary to establish a guiding document to pursue the national interests of the macroeconomy beginning from the reconstruction efforts of the period. The tradition of economic planning has also integrated elements of macroeconomic dynamics over the changing time horizon, under the auspices of the national agency of economic planning. The review of socioeconomic plans over the last eight decades has shown the elements of development and the interplay of both economic and non-economic determinants that shape the trajectory of economic growth. We also look at recent innovations in economic planning and policy via the AmBisyon Natin 2040 (Vision 2040), the reorganization of the socioeconomic planning agency from the National Economic and Development Authority (NEDA) to the Department of the Economy, Planning, and Development (DEPDev), and the recognition of a longer horizon in planning through elements of future thinking. The creation of regional economic plans and other national agency and sectoral plans also provides insights on relative complementarity and harmonization of efforts of the national government across various socioeconomic sectors.

Compressed Futures and Anticipatory Governance: Reframing Vietnam's 2045 High-Income Transition

Nguyen Quynh Hoa and Ngo Quoc Dung, National Economics University, Vietnam

Vietnam aims to reach high-income status by 2045, a target the World Bank argues requires an institutional big push. The challenge is temporal as much as economic: unlike early developers that industrialized, decarbonized, digitalized, and aged in sequence, Vietnam must govern these transitions within a single compressed period. This conceptual paper introduces compressed futures to explain how emerging economies confront multiple strategic transitions at once, and asks how the state can synchronize competing futures institutionally. Integrating Causal Layered Analysis, the Futures Wheel, and anticipatory governance, we argue that compression produces temporal governance overload, in which sequential policy logics collide and generate trade-offs that conventional planning cannot resolve. The paper advances temporal governance theory by shifting the central question from which futures are possible to how competing futures are synchronized, and offers policymakers a diagnostic framework for sequencing reform under compression.

Session B7.
Economics of Banking and Financial Markets

Measuring Financial Time Series (In)stability: An Empirical Approach Using Nonlinear Dynamics and the Butterfly Effect

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This study assesses whether nonlinear-dynamics diagnostics can complement conventional financial surveillance by detecting instability in Philippine equity and foreign-exchange markets. Daily closing prices are transformed into moving average convergence-divergence series, denoised using Daubechies wavelets, and reconstructed in phase space using delays selected by average mutual information and dimensions selected by false nearest neighbors. Laplacian eigenmaps visualize cleaned attractors, while largest Lyapunov exponents measure local trajectory divergence. Historical back-tests covering the Global Financial Crisis, Asian Financial Crisis, and COVID-19 transition show that stress periods produce more folded or branched attractors and stronger positive divergence. For 14 May 2024 to 14 May 2026, PSE All Shares gives the strongest equity-breadth signal, the PSEi shows elevated broad-market instability, and USD-PHP provides the clearest macro-financial transmission signal. The results support using nonlinear diagnostics as supplementary monitoring indicators alongside volatility models, liquidity, credit, and macro-financial information.

Advanced Economy Political Instability Spillovers to Emerging Financial Markets

Tristan A. Canare, Bangko Sentral ng Pilipinas

This study analyzed the effects of political instability in the United States on stock market returns in selected emerging economies in Asia and Latin America. Using Local Projections, results suggest that political instability in the U.S. does affect emerging market stock returns, but there are nuances to this finding. First, elections and impeachments/ insurrections have the strongest adverse effects on emerging stock market returns than other forms of political instability. Second, the negative effects show up at the lower tail of the stock returns distribution, i.e., U.S. political instability negatively affects emerging stock markets when the latter is performing poorly. Third, in some instances, U.S. political instability has a positive relationship with emerging stock market returns at the upper tail of the latter's distribution. A possible explanation for this is that investors shift to good performing emerging stock markets when political instability in the U.S. is high. Fourth, the effects appear slightly more pronounced among the Latin American than the Asian economies in the sample.

Network-Based Measures of Credit Stress Contagion in ASEAN Banking

Jorjin F. Godoy, Bangko Sentral ng Pilipinas

This paper examines cross-border credit shock transmission among the six largest ASEAN economies—Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam—using directional financial loss networks derived from ASEAN+3 Macroeconomic Research Office's (AMRO) Systemic Network of Worldwide Expected-losses of Institutions (SuNWEI) – Macro-Financial Database for ASEAN+3 Surveillance (MIDAS). Institution-level expected losses from probability-of-default shocks are aggregated into country-to-country loss matrices, and topology-based metrics—Degree Centrality Index (DCI) and Overall Interconnectedness Index (OII) —are applied to characterize the structure and dynamics of regional banking interconnectedness. First round interconnectedness is high, ranging from 83 to 100 percent under financial sector shocks and 70 to 90 percent under banking-sector shocks, indicating substantial potential for credit stress contagion across ASEAN-6. Indonesia and Vietnam emerge as key shock senders and receivers, while Singapore exhibits a more selective hub role consistent with its position as regional financial center. The OII spikes during the onset of the COVID-19 pandemic in 2020, declines with the subsequent recovery in 2021, and gradually rises thereafter, reflecting renewed but cautious financial integration amid global uncertainties. These findings underscore the usefulness of loss based network indicators for systemic risk monitoring and highlight the need for macroprudential and regional surveillance frameworks that explicitly consider cross border credit loss contagion.

SIMULTANEOUS SESSIONS C

Session C1.
Human Capital for a Resilient ASEAN: Career Readiness, Education Leadership, and Digital Citizenship (SEAMEO-INNOTECH session)

Career Development for Children (CD4C) in Philippine Elementary Schools

Emmy Anne B. Yanga-Domingo, SEAMEO–INNOTECH

This study examines the current situation of providing Career Development for Children (CD4C) in Philippine elementary schools, primarily to inform the design of developmentally appropriate resources for Key Stage 1 learners, i.e., Kindergarten to Grade 3. Specifically, it aims to examine guidance implementers' perceptions of CD4C, map available human and instructional resources, and analyze how perceived learner career awareness varies across school contexts. Utilizing a mixed-methods approach, including a survey of 4,007 guidance implementers and a focus group discussion with identified guidance implementers across

island groups and school types in the Philippines, the study shows a strong consensus on the necessity of early, intentional, context-specific, and parent-supported career development. Despite this endorsement, less than half of elementary schools provide career guidance at Key Stage 1, and where available, delivery through the Homeroom Guidance Program is constrained by limited content, teacher capacity, resources, and time. Other implementation gaps exist, including an 83% reliance on homeroom teachers serving as guidance designates due to a shortage of licensed counselors and high student-to implementer ratios. Also, perceptions on gender circumscription remain divided, highlighting the need for gender-responsive interventions at Key Stage 1. The study likewise found that experiential resources, such as manipulatives and multimedia, are more effective in fostering career awareness than traditional materials. Furthermore, 59% of existing career topics may be further refined to better match learners' developmental stages across grade levels. To address these constraints, the study recommends, among others, integrated developmental career guidance in basic education and a CD4C resource for starting in Key Stage 1, featuring experiential, play-based, and inclusive tools to bridge childhood aspirations and future workforce readiness.

Strengthening School Leaders as Innovators in Education

Ethel Joan Atienza, SEAMEO–INNOTECH

Innovators SEAL (Innovators in Education: Southeast Asian School Leadership Development Program) is SEAMEO INNOTECH's regional leadership development portfolio designed to equip school heads, education leaders, and policymakers with competencies to lead educational innovation and transformation. Anchored in the INNOTECH Competency Framework for Southeast Asian School Heads, developed in collaboration with Southeast Asian Ministries of Education, the program emphasizes strategic and instructional leadership, managerial excellence, innovation, and stakeholder engagement. Through practice-based, collaborative, and flexible learning modalities, Innovators SEAL addresses emerging leadership priorities, including crisis management, STEM education, coaching, and data informed decision-making. Its competency-based and modular design supports regional peer learning, professional networks, and potential pathways for micro-credentialing and qualification recognition. Ultimately, Innovators SEAL aims to develop adaptive, collaborative, and future-ready education leaders capable of strengthening institutional resilience, advancing educational innovation, and improving learning outcomes across Southeast Asia.

Investing in Digital Citizens: Comparative Insights in Digital Citizenship Education from Singapore, Vietnam, and the Philippines

Angelieh Therese J. del Rio, Sherlyne A. Almonte-Acosta, Katherine P. Torralba, SEAMEO–INNOTECH

As ASEAN economies navigate rapid technological disruption, sustainable and equitable growth increasingly depends on early investments in human capital development and foundational digital competencies. This study examines digital citizenship and its accompanying competencies not merely as an educational outcome but as a critical investment in cognitive-digital capital—an essential requirement for future labor productivity and workforce readiness in an increasingly digitalized economy. Drawing on comparative case insights from secondary educational systems in Singapore, Vietnam, and the Philippines, this paper examines how institutional design, curriculum intent, and teacher capacity influence digital skill formation. The findings underscore that bridging the regional digital divide requires more than hardware deployment; it demands cohesive national policies, robust teacher professional development, and enhanced regional peer learning. Ultimately, bridging educational outcomes and future labor market realities is the key to ensuring that ASEAN's digital transformation yields into meaningful economic participation in sustainable regional prosperity.

Session C2.
Firm Strategy, Competitiveness, and Performance

International Trade and Firm-Level Characteristics: Case of the Philippines

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This study examines firm-level patterns of international trade participation and performance using the 2023 World Bank Philippines Enterprise Survey of the Philippines. Data shows that direct export participation is rare (2.8% of firms) and highly concentrated, with the top 10 exporters accounting for 77% of export sales. Exporting firms differ systematically from non-exporters: they are older, more likely to be shareholding companies, more foreign-owned, and substantially more likely also to import directly, sourcing 65% of inputs from abroad. Regression analysis confirms a robust trade premium in profit and employment, and a higher propensity for innovation and R&D, partly explained by firm size. These findings extend the firm heterogeneity literature in international trade to the Philippine context and document a measurable performance premium among trade-active firms. However, the data cannot determine whether this premium arises from self-selection or learning-by-trading.

Servicification and Firm Performance: Evidence from Philippine Manufacturing

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The service sector is the bright spot in the Philippine economy, compensating for the weakened manufacturing

sector. Managing global value chains across countries requires such services. Over time, the service sector has grown in terms of its exports and economic contribution. Services contribute about 50%-60% to value added in all manufacturing sectors globally. This increase in importance is attributed to technological advances that lowered the cost of service provision. In the Philippines, the use of services in manufacturing has increased, but its value-added share in manufacturing exports remains low. The evidence points to a still-nascent servitization and servicification phenomenon. Using various estimation strategies, estimates show that the impact of servicification on the performance of Philippine manufacturing firms is not yet well-established. This is consistent with the macro-level findings of having a few firms in servicification, yet most Philippine firms are either pure services or pure manufacturing firms.

Examining the Impact of Multi-Level Diversity and Inclusion on the Financial Performance of ASEAN-5 Publicly Listed Firms

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Diversity and inclusion (D&I) have become increasingly important in corporate governance, but evidence from ASEAN remains limited. Our study examines the relationship between diversity, inclusion, and combined D&I measures at different organizational levels and the financial performance of 580 publicly listed firms in the ASEAN-5 from 2020-2025. Using D&I metrics from the LSEG Global Diversity and Inclusion Index and System GMM estimation, we find that diversity alone is not significantly associated with financial performance at the top, middle, and overall organizational models, while inclusion is negatively associated with Tobin's Q. When considered together, D&I is positively associated with ROE but negatively associated with Tobin's Q. We also find no evidence of a critical mass effect, suggesting that current levels of diverse representation remain insufficient to influence firm performance across ASEAN-5.

Good and Bad Characteristics Under Consumer Focusing and Market Coverage

Kazunori Yakushiji, Aomori Chuo Gakuin University

This paper studies how profit-maximizing firms design desirable and undesirable product characteristics when consumers focus on salient dimensions and may choose nonpurchase. In the scalar-quality benchmark, consumers evaluate only the aggregate quality generated by good and bad characteristics, so these labels are profit-neutral under full, boundary, and partial market coverage. Range-based focusing breaks this neutrality because a characteristic affects perceived quality directly and also changes the attention weight attached to its dimension. The high-quality firm has a robust endpoint incentive: in all analyzed coverage cases, it strengthens the good characteristic and suppresses the bad one. The low-quality firm faces a coverage-dependent problem. Under full coverage, price salience determines whether differentiation is profitable. Under boundary and partial coverage, participation constraints matter: the low-quality product must remain attractive enough to keep marginal consumers from choosing nonpurchase.

Session C3.
Digital Economy, Inclusion, and Household Resilience

Employment Patterns and Job Quality in the Platform Economy: Evidence from the Jobs and Skills Survey in the Philippines

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Piotr Lewandowski, Institute of Labor Economics

This paper examines employment patterns and job quality in the Philippine platform economy using the Jobs and Skills Survey, a nationally representative rider to the Labor Force Survey. Platform workers are younger, more educated, more urban, and more likely to be female than traditional workers. Using cluster analysis, the paper identifies two platform-worker segments: skilled home-based digital platform workers and intensive location-based platform workers. Job quality is measured through a multidimensional deprivation framework covering employment benefits, workplace amenities, and workplace perks or quality of working time. Regression results show that skilled home-based digital platform workers are significantly less likely than traditional workers to experience multidimensional deprivation in benefits, amenities, and workplace perks. Intensive location-based platform workers are not statistically distinguishable from traditional workers. The findings highlight heterogeneity within platform work and the need for differentiated social protection policies.

Exploration of Business Models in Digital Banking: Evidence on Trade-offs Among Financial Inclusion, Profitability and Risk

Katherine M. Villalobos-Moron, Bangko Sentral ng Pilipinas

Business models of the digital banks in the Philippines show systematic trade offs between financial inclusion, profitability, and risk. Anchored on Osterwalder and Pigneur's Business Model Canvas, we map key components into a Value–Cost–Risk analytical lens and employed descriptive and comparative analysis to six Bangko Sentral ng Pilipinas (BSP) licensed digital banks using metrics such as deposit growth rate, ROA, ROE, NIM, funding costs, NPL ratio, CAR, and liquidity ratio. Distinct business models occupy different value–cost–risk positions: transaction and credit

led models expand inclusion fastest but remain persistently unprofitable and more reliant on capital buffers, remittance focused models provide more stable profits but slower inclusion gains, and ecosystem based models occupy a middle ground in balancing scale and monetization. Overall, the findings uncover a trade off between financial inclusion and profitability, highlighting the relevance of a business model perspective in assessing digital bank performance and guiding regulatory and policy design.

The Causal Impact of Digital Financial Deepening on Household Liquidity Constraints: Evidence from Developing Asia

James Benedict G. Cuesta, Ateneo de Manila University

This paper estimates the causal effect of digital financial deepening on household liquidity constraints in Developing Asia. While vulnerable populations traditionally depend on localized informal credit networks, active digital integration allows them to bypass these spatial limitations. Utilizing 2025 Global Findex microdata from eleven developing Asian economies, comprising 12,029 observations, we construct a continuous, multidimensional Digital Capability Index. Baseline survey-weighted logistic regressions reveal a powerful monotonic gradient. Specifically, transitioning from zero to full recorded digital capability corresponds to a decline in the predicted probability of experiencing severe funding difficulty from 58.1 percent to 38.7 percent. Because observational studies are inherently prone to demographic selection bias, we deploy rigorous propensity-score adjustment estimators. Inverse Probability Weighting confirms a robust 10.74 percentage-point reduction in liquidity vulnerability among highly digitally engaged respondents. A secondary nearest-neighbor matching model similarly estimates a highly significant 10.29 percentage-point reduction. Under the maintained observational identification assumptions, these causal estimates empirically demonstrate the contribution of digital financial deepening to household economic resilience across Developing Asia.

Unpacking the Balikbayan Box: Does Destination Technology Shape the Value of Non-Monetary Remittances?

Mishael Joy Barrera and Jean-Claude Maswana, Ritsumeikan University

While recent studies have established that migrants transmit non-monetary resources to origin households through physical goods alongside financial flows, the role of destination technology environments in shaping the economic and technological content of these transfers remains unexamined. This paper asks whether the technology environment of a migrant's destination shapes the value of the goods sent home. Using nationally representative microdata from the 2023 Survey on Overseas Filipinos, it estimates remittance behavior across three margins, participation, goods inclusion, and goods value, combining survey-weighted estimation with propensity-score overlap weighting. Destination technology shows no association with whether migrants remit or include goods. Migrants in technologically advanced destinations, however, remit goods worth roughly 50 to 59 percent more than comparable migrants elsewhere. The findings suggest that migrant networks function as decentralized channels of household-level technology diffusion, transmitting productive assets through established transnational logistics systems in ways that cash remittances cannot replicate, a dimension of migration's development contribution that conventional frameworks and current customs policy have yet to recognize.

Session C4.
Green Innovation, Sustainable Finance, and Climate Resilience

Does Economic Complexity Drive Green Innovation in ASEAN? Evidence from CCEMG, AMG, and Threshold Regression

Putra Perdana, Riko Setya Wijaya, Kiky Asmara, Wirya Wardaya,Universitas Pembangunan Nasional Veteran Jawa Timur

This paper investigates whether economic complexity drives green innovation across nine ASEAN economies over 2000-2023, with Brunei Darussalam excluded from the main panel on methodological grounds and retained only for descriptive comparison. A composite Green Innovation Index is constructed via principal component analysis from green patent counts, the carbon intensity of GDP, and the green-technology share of merchandise exports. Diagnostic testing confirms strong cross-sectional dependence and significant slope heterogeneity, motivating Common Correlated Effects Mean Group and Augmented Mean Group estimation. Both estimators yield a statistically insignificant average effect of complexity on green innovation, masking substantial heterogeneity in the underlying country-specific slopes. A Hansen panel threshold regression resolves this puzzle: it identifies a significant threshold separating a low-complexity regime, where the relationship is positive but modest, from a high-complexity regime, where it is more than five times stronger. The result is robust to an alternative patent-quality filter and to the exclusion of Myanmar. Bootstrap-corrected causality tests find no robust evidence of causality in either direction, supporting a structural rather than dynamic-causal interpretation. The findings imply that complexity-oriented industrial policy is unlikely to yield a meaningful green-innovation dividend until an economy crosses a minimum complexity threshold, with direct implications for differentiated ASEAN green-growth policy.

Does the Framing of Eco-Labels Matter? Evidence from a Discrete Choice Experiment in the Philippines

Mary Joy Imperial, Bangko Sentral ng Pilipinas
Emmanuel Viktor Guiam, Philippine Competition Commission
Benjamin Radoc, Bangko Sentral ng Pilipinas

An eco-label signals that a product meets environmental and sustainability standards and helps consumers identify eco-friendly goods. However, misperceptions of sustainability can undermine these signals. We conducted an online discrete choice experiment among 1,500 household heads in the Philippines to examine the impact of framing sustainable product features for two distinct products: room air conditioner and bank deposit products. Air conditioner energy efficiency was framed in terms of star rating, numerical score, cost per hour and cost saving, while bank deposits highlighted support for sustainable development framed either as the UN Sustainable Development Goals or in generic terms. Our mixed logit regression results for air conditioning show that the framing of efficiency matters – the use of star rating increases the likelihood of choosing energy efficient air conditioning. On bank deposits, after controlling for interest rate we find that access to green investments and SDG campaign significantly affect deposit product choice. Our results offer important policy implications.

Individual Sustainable Investing in Japan: Determinants, Barriers, and Solutions

Miwa Nakai, Ritsumeikan University
Andreas Ziegler, University of Kassel
Daniel Engler, University of Kassel
Gunnar Gutsche, Paderborn University

Although sustainable investment has received increasing policy attention in Japan, evidence on sustainable investing among individual investors remains limited. This paper investigates the determinants of and barriers to sustainable investing among 1,808 financial decision-makers in Japan using an online survey conducted in March 2024. We also examine policy measures that could promote sustainable investing. We find that only 5% of respondents engage in sustainable investing. Sustainable investors are more likely to be younger, more risk-seeking, hold social and environmental political orientations, perceive stronger social expectations regarding sustainable investing, and discuss investments with others. Major barriers include difficulties accessing and understanding sustainability-related investment information, as well as distrust of investment providers. Our findings suggest that establishing an official definition of sustainable investment, introducing a government-endorsed sustainability label, and requiring standardised sustainability information in the Key Information Document (KID) could help overcome these barriers and foster more informed sustainable investment decisions.

Enhancing Disaster Financing in Emerging Asia: A Fiscal Resilience and Disaster Financing Index (FRDFI) for Climate-Resilient Public Finance

Dianna Yzabelle B. Alba, Samantha Claire A. Caseñas, Mark Anthony P. Rogelio & Raphael Juan Faustino L. Winpeco, Angelo King Institute for Economics and Business Studies, De La Salle University–Manila

Climate-related disasters increasingly threaten public finances across Asia, yet governments differ substantially in their capacity to absorb losses, mobilize financing, and protect vulnerable populations. This study develops the Fiscal Resilience and Disaster Financing Index (FRDFI), a multidimensional, country-year measure of pre-disaster readiness spanning six dimensions: fiscal capacity, pre-arranged disaster finance, risk transfer and insurance mechanisms, adaptive social protection, institutional capacity, and climate-responsive finance. Using panel data for 13 Asian economies over 2000–2024, composite FRDFI scores are constructed under equal weighting, with PCA and entropy weighting as robustness checks; rankings prove insensitive to the weighting scheme (Spearman correlations above 0.97). A further check splits the fourteen indicators into six continuous capacity measures and eight binary policy-adoption indicators; the two correlate only moderately ($r = 0.64$) and diverge sharply by country, with material consequences for interpreting rankings. Two-way fixed-effects regressions test whether FRDFI moderates disaster intensity's effect on growth, the fiscal deficit, public debt, and poverty. Fiscal resilience significantly dampens the poverty impact of disaster shocks ($\beta = -0.063$, $p = 0.061$), reproduced using only the continuous sub-index, indicating genuine financial depth, not policy adoption, drives it. A negative, marginally significant link to debt-to-GDP ($\beta = -9.64$, $p = 0.068$) is also found, though decomposition attributes this to institutional readiness rather than fiscal capacity, warranting caution. No significant effects emerge for growth or the fiscal deficit. These findings support pre-disaster readiness as a genuine moderator of disaster outcomes, underscoring the importance of validating composite indices against indicator type, not only weighting.

Session C5.
Foreign Direct Investment and Economic Development

Investments Entry in the Philippines

Kerzlynly J. Abellanosa, and Vianne Irene M. Ragay, University of San Carlos

Foreign Direct Investments (FDI) is a driver of economic growth. However, the Philippines continues to attract lower FDI inflows than many ASEAN economies despite ongoing liberalization efforts. This paper examined whether constitutional amendments easing restrictions on foreign ownership can effectively promote economic liberalization through increased FDI entry. Using a qualitative institutional analysis, the study assessed academic literature, government reports, legal documents, and policy papers through the lens of (1) Institutional Economics and (2) Transaction Cost Economics. The analysis found that the constitutional prohibitions represent only one determinant of investment decisions. Government quality, property rights, taxation, regulatory efficiency, political stability, and transaction cost all play a role in shaping investor confidence. Moreover, constitutional reform entails substantial political, financial,

and administrative costs that may outweigh its expected gains without complementary institutional reforms. The study concludes that sustainable FDI requires improvements in governance, regulatory quality, and institutional effectiveness rather than constitutional liberalization alone.

Evaluating the Impact of Removing Foreign Ownership Restrictions on Foreign Direct Investment and Output

Frederick G. Ferrera Jr. Karen G. La Rosa, and Vincenzo V. Velante, De La Salle University–Manila

This study examines whether easing foreign ownership restrictions increases foreign direct investment (FDI) inflows and manufacturing-sector output. Motivated by renewed Philippine policy debates on charter change and reforms to the Public Service Act, the paper uses cross-country data on foreign ownership liberalization, net FDI inflows, and manufacturing value added from the World Bank. Ordinary Least Squares regressions with fixed effects are used to estimate the effects of partial and full liberalization, with controls for education and infrastructure. Results show that full liberalization is associated with higher FDI inflows, while partial liberalization is associated with lower FDI inflows. However, neither partial nor full liberalization has a statistically significant relationship with manufacturing value added. The findings suggest that foreign ownership liberalization alone is insufficient to raise manufacturing output and should be complemented by broader reforms in infrastructure, institutions, and absorptive capacity.

Greenfield FDI Responses to Polyrisks: Evidence from Asia-Pacific Economies

Hazel Parcon-Santos, Jose Adlai Tancangco, Ivan Cenon Bernardo, Alyssa Cyrielle Villanueva, Arlan Zandro Brucal, Bangko Sentral ng Pilipinas

This study examines how overlapping global shocks – geopolitical tensions, trade policy disruptions, and climate-related risks – affect greenfield FDI in Asia-Pacific economies. Grounding the analysis in the push–pull framework and the theory of irreversible investment under uncertainty, the study argues that multinational firms increasingly face these risks simultaneously, generating compounding effects on location decisions involving large sunk costs. Using bilateral greenfield FDI data for 15 Asia-Pacific host economies from 2003–2023 from all possible source countries, a gravity model is estimated using Poisson Pseudo-Maximum Likelihood, supplemented by local projections. When modeled separately, all three risk dimensions significantly reduce greenfield FDI. When jointly modeled, climate vulnerability and trade policy shocks are the most robust determinants, while geopolitical risk gains significance in the post-2016 period of escalating US–China tensions. Climate vulnerability consistently exhibits the largest economic effect, highlighting the primacy of structural conditions in shaping investment allocation under polycrisis.

Foreign Direct Investment and Labor Market Recovery in the ASEAN-6: Did FDI Matter More After COVID-19?

Charlyn M. Capulong, Mindanao State University–Iligan Institute of Technology
Rutcher M. Lacaza, House of Representatives, Philippines

COVID-19 pandemic caused significant labor market disruptions across ASEAN economies, highlighting the need to identify factors that support employment recovery. This study examines the relationship between Foreign Direct Investment (FDI) and unemployment in the ASEAN-6 economies comprising Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam over the period 2010 to 2025. In particular, the study investigates whether the employment effects of FDI became stronger during the pandemic and recovery period.

Using annual data from the International Labour Organization, International Monetary Fund, and World Bank, the study employs a two-way fixed effects panel regression model with country and year fixed effects. To mitigate potential simultaneity concerns, lagged FDI inflows are incorporated into the empirical specification. An interaction term between lagged FDI and the COVID period is included to examine whether the relationship between FDI and unemployment changed following the pandemic. The results indicate that higher levels of lagged FDI are associated with lower unemployment rates across the ASEAN-6 economies, with the unemployment-reducing effects becoming stronger during the post-pandemic recovery period. The findings highlight the importance of attracting productive foreign investment to support labor market resilience and sustainable economic recovery in the ASEAN region.

Session C6.
Energy Shocks, Inflation, and Macroeconomic Resilience

Import Dependence and Inflation Vulnerability in ASEAN Economies: Monthly Evidence from Food, Fuel, and Exchange-Rate Shocks

Harvey M. Niere, Mindanao State University–Marawi

This paper examines whether import dependence amplifies inflation vulnerability across ASEAN economies. Using monthly data from 2010 to 2025, the study combines consumer price inflation, global energy and food price indexes, exchange-rate depreciation, and monthly fuel and food import shares derived from UN Comtrade. Dynamic panel models with country and month-year fixed effects show that ASEAN inflation is highly persistent and that exchange-rate depreciation is consistently inflationary. However, monthly fuel and food import-dependence interactions are not robustly significant once common time shocks and country-specific effects are controlled for. Models without month-year fixed effects suggest that global energy and food shocks matter, while crisis-period specifications indicate that import dependence may become more visible during global disruptions. The findings suggest that ASEAN

inflation vulnerability is shaped less by import dependence alone than by inflation persistence, currency movements, and the domestic transmission of external shocks.

Transmission and Resilience: A CGE Assessment of Economy-Wide, Sectoral and Emission Impacts of Energy Shocks on ASEAN

Masoud Yahoo, National University of Malaysia
Sulaiman Mahbob, Malaysian Institute of Economic Research

Assessing the economy-wide and sectoral vulnerabilities of the Association of Southeast Asian Nations (ASEAN) is of paramount importance as the region grapples with the severe disruptions and macroeconomic instabilities caused by ongoing global energy crises and volatile price fluctuations. To address this issue, this study utilizes a computable general equilibrium (CGE) framework to analyze how these external energy shocks propagate heterogeneously through interconnected channels of trade, production, and household consumption across diverse member states. The simulation results indicate that while energy-intensive sectors—such as transportation, manufacturing, and electricity generation—absorb the most severe economic contractions, macroeconomic aggregates like real GDP, exchange rates, and inflation are unevenly disrupted due to sharp contrasts in domestic fossil-fuel dependence and oil trade positions. Ultimately, this paper points out the importance of regional CGE modeling in identifying structural vulnerabilities, quantifying cross-border spillovers, and designing coordinated policy frameworks to fortify ASEAN economies against future energy volatility.

Slower Growth Environment and Global Oil Market Disruptions: Implications for Philippine Debt Sustainability

Jhoanne L. Estipular, University of the Philippines Los Baños/Congressional Policy and Budget Research Department, House of Representatives of the Philippines

This paper provides an in depth assessment on the debt sustainability of the Philippines' National Government public debt using the International Monetary Fund's Debt Sustainability Analysis (DSA) framework, incorporating updated macroeconomic assumptions and fiscal program and reflecting slower economic growth and oil-driven inflationary pressures. The analysis examines debt dynamics under the current economic conditions, debt maturity and currency debt composition, interest-rate growth differentials, and macro-fiscal stress tests to evaluate vulnerabilities to adverse shocks. Results indicate that while NG debt remains sustainable under the baseline scenario, the debt trajectory has shifted to a higher and a more persistent path relative to the original medium-term fiscal framework. Macro-fiscal stress test outcomes show that debt-related risks are driven primarily by growth shocks and elevated gross financing needs, suggesting vulnerabilities are more likely to materialize through liquidity pressures and erosion of fiscal space rather than immediate solvency concerns. The findings of this paper also underscore the importance of growth-friendly reforms, credible fiscal consolidation, and strengthened medium-term fiscal and debt management frameworks to safeguard debt sustainability.

Session C7.
Economics of Banking and Financial Markets 2

Banking System Resilience in ASEAN: Evidence from Normalized SRISK Measures and Stress Scenarios

Jorjin F. Godoy, Bangko Sentral ng Pilipinas

This paper applies normalized systemic risk metrics to assess the resilience of banking systems in six ASEAN economies under stress scenarios. Building on SRISK, which quantifies potential capital shortfalls during market distress, this study adopted the three ratios developed by Brownlees and Ruan (2018): SRISK-to-Asset Ratio (SAR), SRISK-to-GDP Ratio (SGR) and SRISK-to-Market Capitalization Ratio (SMR). SAR values across ASEAN remain below 4 percent, indicating limited exposures relative to banking assets while SGR values stay below 6 percent of GDP, signaling broadly manageable macro-financial burdens. Both ratios have declined since COVID-19 pandemic, driven primarily by faster growth of assets and GDP relative to SRISK. However, SMR analysis reveals significant cross-country variation in capital market pressures, with some banking systems facing shortfalls that could necessitate substantial equity issuance. The study underscores heterogeneity in systemic vulnerability across ASEAN and highlights implications for country-specific macroprudential calibration systemic surveillance.

Spectral Bounds on Portfolio Sensitivity and Stability-Motivated Shrinkage with Application to Emerging Markets

Elfred John C. Abacan, Bangko Sentral ng Pilipinas

Portfolio optimization is highly sensitive to return perturbations, making portfolio weight stability a central practical concern. This paper investigates whether the Ledoit–Wolf covariance shrinkage estimator (εLW) provides sufficient portfolio weight stability in addition to improving covariance estimation accuracy. Using a convex-analytic framework, we derive sharp spectral bounds on the sensitivity of Markowitz-optimal portfolio weights to return perturbations and develop a stability-motivated covariance shrinkage estimator (ε*) that guarantees a prescribed deviation tolerance. The results show that the classical Best–Grauer (1991) sensitivity bound is conservative, while the framework yields the minimum shrinkage intensity required to ensure portfolio weight stability. Applied to emerging market equity portfolios, the Ledoit–Wolf shrinkage intensity frequently falls below this stability threshold, particularly for larger portfolios, indicating that additional shrinkage may be required. The adjusted intensity ε=max{εLW,ε*} provides an explicit stability certificate with no additional estimation cost.

Bounded Short Selling and the Global Minimum Variance Portfolio: A Parsimonious Strategy for Emerging Equity Markets

Louie John D. Vallejo, Maria Margarita Debuque-Gonzales, Kristel Gayle L. Abriol, Bangko Sentral ng Pilipinas

While there have been elaborate efforts to minimize estimation errors in mean-variance optimization, there has been no guarantee that more complex formulations actually improve out-of-sample performance. We propose a deliberately parsimonious portfolio selector in equity markets across ASEAN and BRICS, which combines the global minimum variance (GMV) portfolio, Ledoit-Wolf shrinkage of the covariance matrix, and a box constraint that limits a stock's short position via an investor-specified tolerance instead of prohibiting short sales. We then refine this short selling bound by scaling it with each stock's upside deviation relative to the cross-sectional mean, so that stocks that are prone to large positive volatilities are shorted less aggressively. Using monthly returns for 30-50 index constituents per market with at least 10 years of historical returns, we backtest on a monthly expanding window with a 60-month minimum estimation period against the 1/N benchmark and some constrained and shrinkage-based portfolio selectors. We then evaluate their performance using the out-of-sample Sharpe ratio, turnover, and average short interest, among others. No single strategy dominates, but the naïve diversification and the upside-deviation-scaled portfolio each deliver the highest Sharpe ratio in three markets. We also find that loosening the scaled bound raises risk-adjusted returns in most markets, and in some cases even surpasses the strong performance of unconstrained GMV, while achieving a comparatively low turnover and short interest. The evidence supports De Miguel et al.'s (2006) verdict that optimal portfolio choice still has miles to go out of sample. Nonetheless, it shows that combining known ingredients in their simplest form, with a tolerable rather than prohibited short book, closes some of that distance.

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