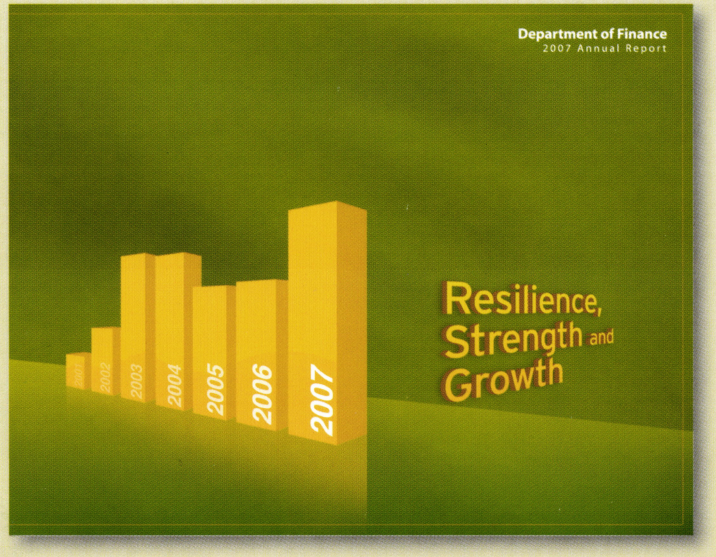
Department of Finance
2007 Annual Report

Resilience, Strength and Growth



Our Cover

The minimalist design, presented in a unique landscape format, highlights the country's economic growth in recent years as depicted by the gold bar chart. The strong fiscal performance for most part of this period provided the impetus for GDP to grow sustainably, reaching 7.3 percent in 2007 – the highest in 31 years. The shades of green signify the current health of the fiscal sector, one that provides the environment for strong economic fundamentals that support long-term economic growth for the country.

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THE DEPARTMENT OF FINANCE

In mammoth organizations – corporations, conglomerates, multi-nationals, governments – the indispensability of a central finance office to manage and mobilize resources is a truism. Without logistics and financial support "when needed, where needed", operations would be paralyzed in no time. That the birth of the Department of Finance (DOF) predated that of the Philippine Republic is a testimony to its importance. Founded on 24 April 1897 by the Philippine Revolutionary Government, the DOF has undergone various structural and functional overhauls but has nonetheless remained a key department. Today, the critical tasks of revenue generation, resource mobilization and fiscal management rest on the shoulder of the DOF. The government must provide the citizenry with infrastructure, education, health and other basic services; and the DOF must be ready with the funds for them. Likewise, the DOF must steer fiscal program toward an investment-friendly environment which is the catalyst for growth.

Mission

Our economy must be one of the most dynamic and active in the world, globally competitive and onward looking. The DOF shall take the lead in providing a solid foundation for the achievement of this objective by building a strong fiscal position through the following:

- Formulation, institutionalization and administration of sound fiscal policies;
- Improvement of tax collection efficiency;
- Mobilization of adequate resources at most advantageous terms to meet budgetary requirements;
- Sound management of public sector debt; and
- Initiation and implementation of structural and policy reforms.

Vision

- A strong economy with stable prices and strong growth;
- A stable fiscal situation which could adequately finance government projects and budgetary programs;
- A borrowing program that is also able to avoid the crowding-out effect on the private sector and minimize costs;
- A public sector debt profile with long maturities and an optimum mix of currencies that minimizes the impact of currency movements; and
- A strong economic growth with equity and productivity.

DOF Mandate

Under Executive Order Nos. 127, 127-A and 292, the Department of Finance is responsible for the following:

- Formulation, institutionalization and administration of fiscal policies in coordination with other concerned subdivisions, agencies and instrumentalities of the government;
- Generation and management of the fiscal resources of the government;
- Supervision of the revenue operations of all local government units;
- Review, approval and management of all public sector debt–domestic and foreign; and
- Rationalization, privatization and public accountability of corporations and assets owned, controlled or acquired by the government.

LETTER TO THE PRESIDENT

Her Excellency
Gloria Macapagal-Arroyo
President
Republic of the Philippines
Malacañang, Manila

Dear Madam President:

We are pleased to submit to Her Excellency the 2007 Annual Report of the DOF.

The year 2007 was another milestone for the fiscal sector as the National Government managed to reduce the fiscal deficit to P12.4 billion or 0.2 percent of GDP – the smallest on record since 1998. This has put us closer to achieving our planned balanced budget position in the medium term. We attribute our good performance largely to improved collection efforts and successful privatization initiatives.

More resources have allowed us to borrow less and yet spend more for infrastructure and social services. The lower deficit helped maintain sound economic fundamentals, strengthened confidence in the economy, and induced robust economic activities. These positive developments accelerated GDP growth to 7.3 percent, the highest in 31 years. Such was the impact of our strong and sound fiscal situation. This impact underscores the need to sustain our fiscal strength.

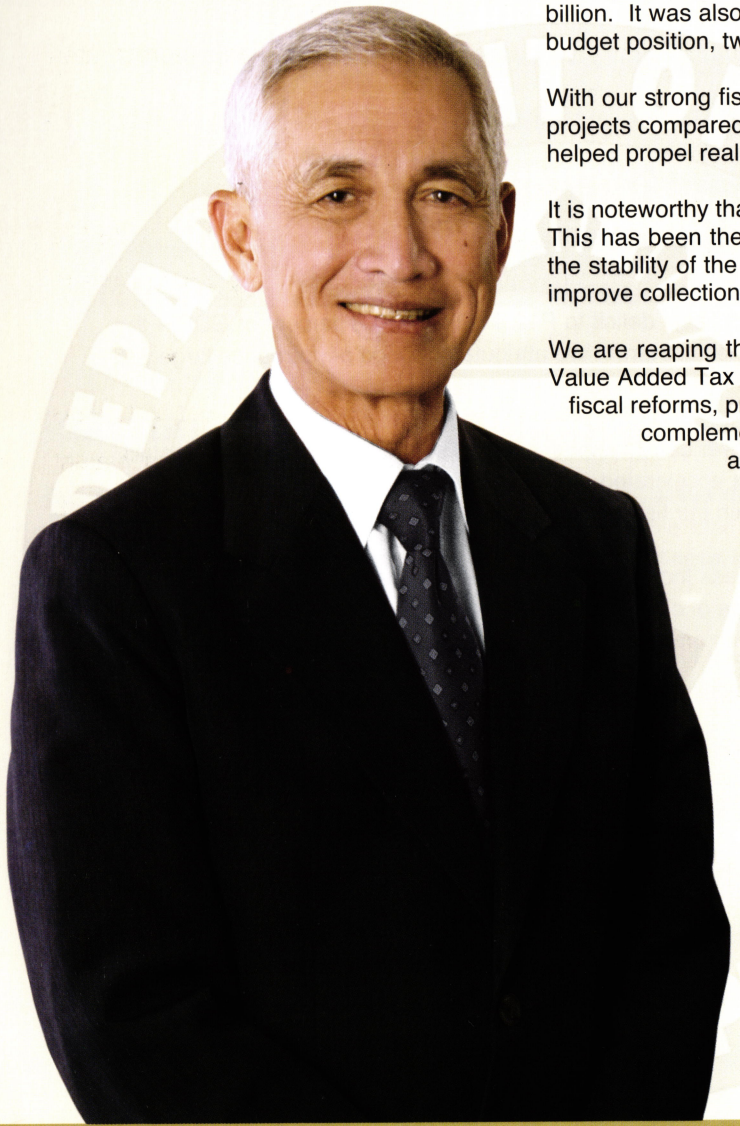
While we have achieved much, we cannot afford to be complacent. Key challenges still loom in the horizon. These include lingering uncertainties in international financial markets, the weakening US economy, and inflationary pressures brought about by unabated increases in the price of oil. We therefore need to enhance revenue collection efficiency, reduce the debt burden, and strengthen government corporate sector viability to ensure higher spending on infrastructure and social services. Rest assured that the DOF will continue to pursue its mandate in accordance with the agenda of Her Excellency.

We thank you Her Excellency for your continued support to the DOF.

Very truly yours,

MARGARITO B. TEVES
Secretary
Department of Finance

MESSAGE



In the year 2007, the fiscal sector was in a much healthier position than expected. The fiscal deficit fell to P12.4 billion, equivalent to 0.2 percent of GDP. This was 80.9 percent lower than the 2006 figure of P64.8 billion and way below the 2007 program of P63.0 billion. It was also the lowest deficit recorded in a decade. This feat brought us closer to the attainment of our planned balanced budget position, two years ahead of the original target of 2010.

With our strong fiscal performance, the government managed to spend 10.0 percent more for various government programs and projects compared to 2006 expenditures. Likewise, our strong fiscal performance allowed higher public investment spending and helped propel real GDP growth to 7.3 percent.

It is noteworthy that the country's privatization program brought in a total of P103.2 billion revenues to shore up our fiscal position. This has been the biggest proceeds in a single year since the start of the program. Nonetheless, we recognize that to enhance the stability of the fiscal position, the need to further broaden the tax revenue base, build more sustainable revenue sources and improve collection efficiency remains permanent.

We are reaping the fruits of economic and fiscal reforms that we have continuously implemented. For instance, the Reformed Value Added Tax (RVAT), which is a major tax reform, has proven to be a major source of revenues for the last two years. More fiscal reforms, primarily the rationalization of fiscal incentives and fiscal responsibility, will be pursued over the medium-term. To complement these reforms, we will continue to strengthen the financial position of both the government corporate sector and the local government units as well as to prudently manage our national debt.

The government will continue to invest in infrastructure, agriculture, social services, and all other areas that are important for the nation. Needless to say, investing in such areas requires substantial financial resources, and the DOF strives to ensure that adequate resources are available to fund these critical spending areas without running unmanageable fiscal deficits.

We in the DOF will continue to work with our colleagues in government to promote growth and development. The economy needs to grow at much higher rates in a sustainable manner in order to create more job opportunities and make a permanent dent on poverty.

While we continue to mobilize resources to spur development, we still believe that the private sector remains the main driver of economic growth and job creation. In this light, we will continue to provide the appropriate policy and regulatory environment as well as macroeconomic stability for businesses and investments to further flourish. Hence, I wish to enjoin our private sector partners to build on the gains that we have achieved and continue to work in tandem with the government to lift the less-privileged in our society from the quagmire of poverty.

Let me extend my deepest appreciation and gratitude to all officials and employees of the DOF for your utmost dedication to our vision, mission and mandate. Let us sustain our partnership and commitment and help build a better future for the generations to come.

MARGARITO B. TEVES
Secretary, Department of Finance

ECONOMIC HIGHLIGHTS

In 2007, the Philippine economy withstood the threat of soaring oil prices, a lackluster US economy, and a host of domestic challenges. In fact, the country's gross national product (GNP) accelerated by 7.8 percent while gross domestic product (GDP) expanded by 7.3 percent, the highest growth in 31 years.

A more aggressive infrastructure program and increased spending brought about by a stronger budget in 2007 boosted economic activities during the year. After having been constrained by the re-enacted budget in 2006, government consumption expenditures and fixed capital investment gained 10.0 percent and 9.5 percent, respectively, in 2007.

Filipinos working overseas continued to bring in their substantial contribution to national growth. Their remittances for 2007 stood at US$14.4 billion. Meanwhile, a strong peso adversely affected the competitiveness of the country's export sector which decelerated to 6.1 percent growth from 14.8 percent in 2006. Export receipts for 2007 stood at US$50.0 billion.

On the production side, growth remained broad-based as the fast expanding services sector posted 8.1 percent growth, followed by the industry sector at 7.4 percent, while agriculture, fishery and forestry gained 4.8 percent.

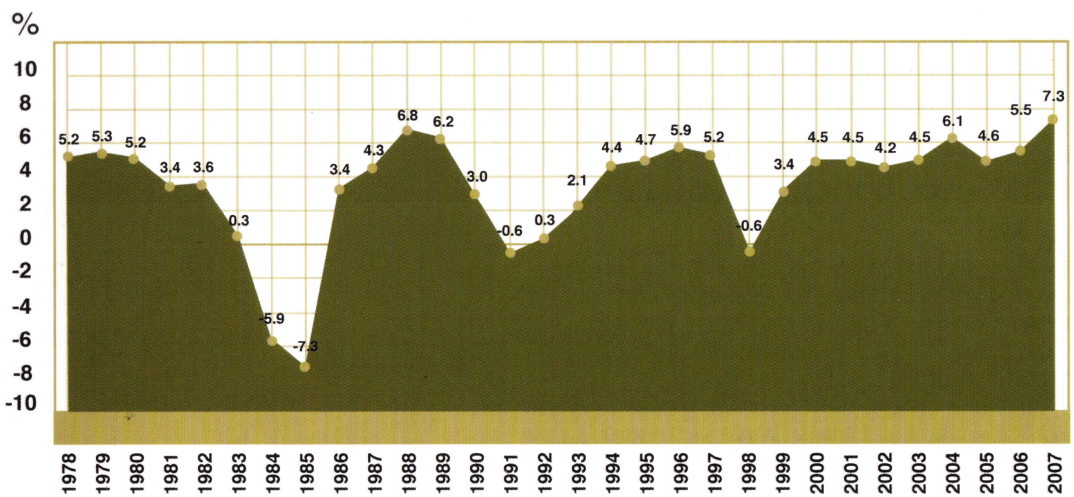
Nothwithstanding soaring oil prices, the government contained inflation at a manageable level of 2.8 percent, down from 6.2 percent in 2006. Low inflation and prudent financing policy of the government also helped keep interest rates at low levels. The benchmark 91-day Treasury Bill rate averaged 3.4 percent for 2007, from 5.3 percent in 2006.

The Philippine peso maintained its strength at an average of P46.15 to the US dollar in 2007, an appreciation of about 10.1 percent from the 2006 average of P51.31.

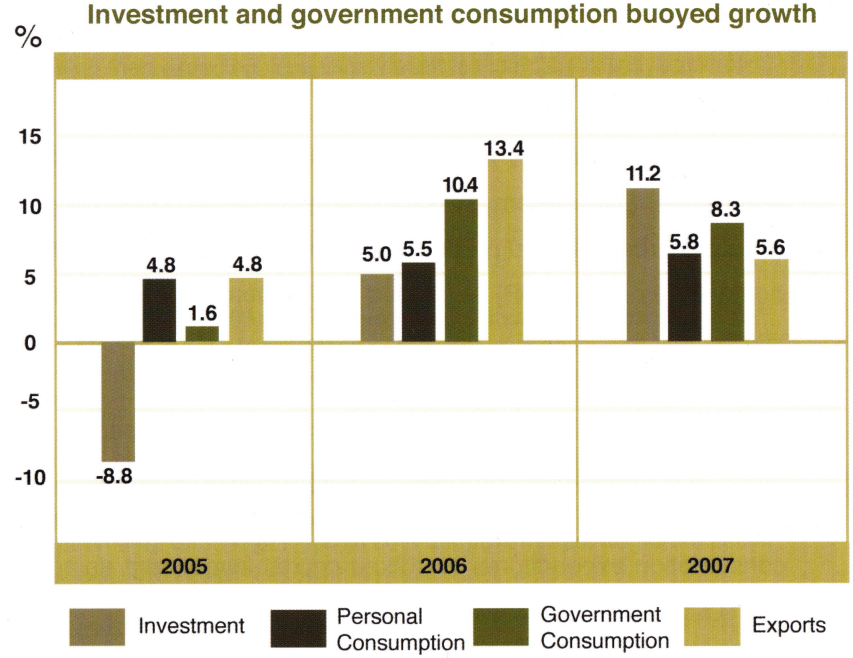
Meanwhile, the country's gross international reserves at yearend 2007 stood at P33.7 billion, 19.3 percent higher than the 2006 level. This was equivalent to 6.1 months of imports of goods and services. The mounting reserves were sustained even as the Bangko Sentral ng Pilipinas (BSP), the country's central bank, occasionally intervened by purchasing dollars in the foreign exchange market to moderate sharp appreciations of the peso during the year.

Activities in the Philippine stock exchange remained robust in 2007 as reflected by the 11.3 percent growth in capitalization which was equivalent to 189.8 percent of the country's GDP. The composite index trended up to 3,621.6, up by 21.4 percent from the 2006 level of 2,982.5. It was also in 2007 that total turnover breached the trillion peso-mark and registered at P1.34 trillion, compared to a mere P572.6 billion turnover in 2006.

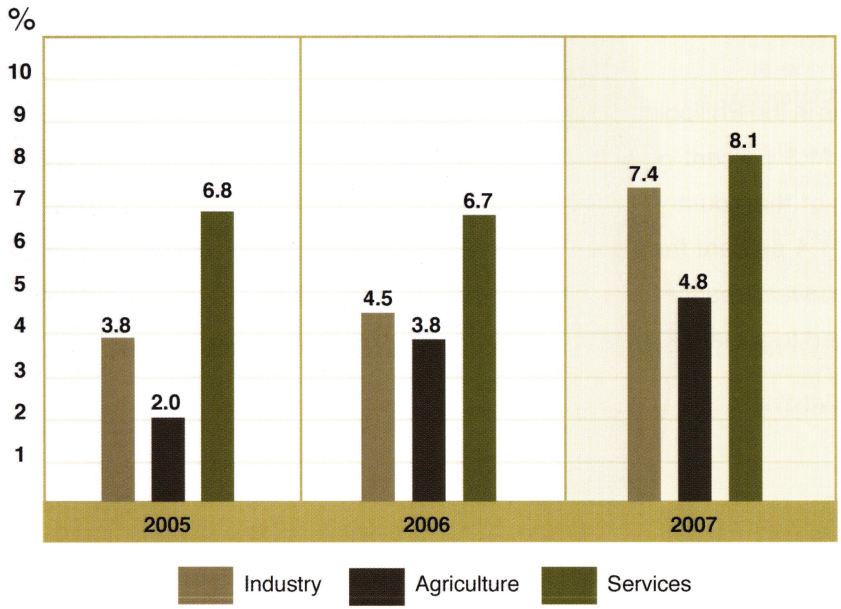
GDP growth highest in 31 years



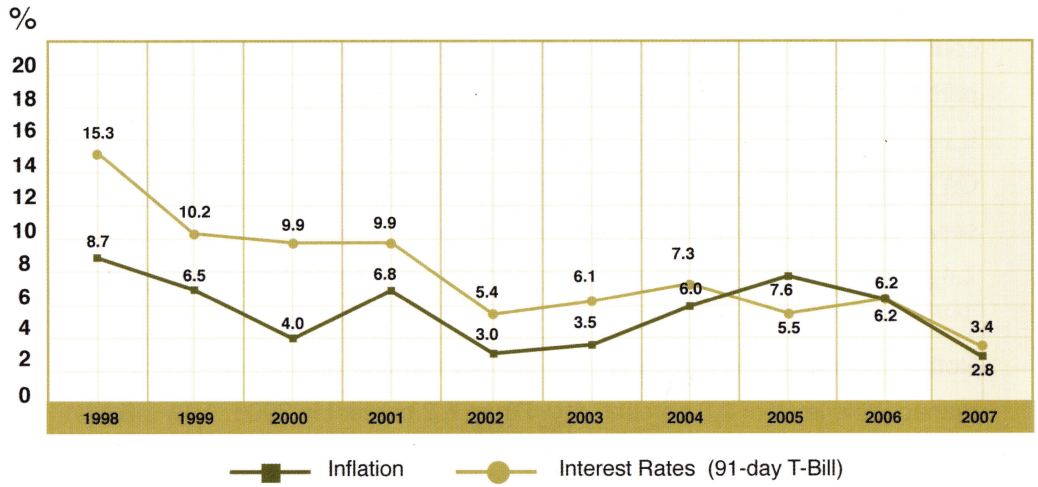
Investment and government consumption buoyed growth



Growth was broad-based, driven by services



Inflation and interest rate on the downtrend

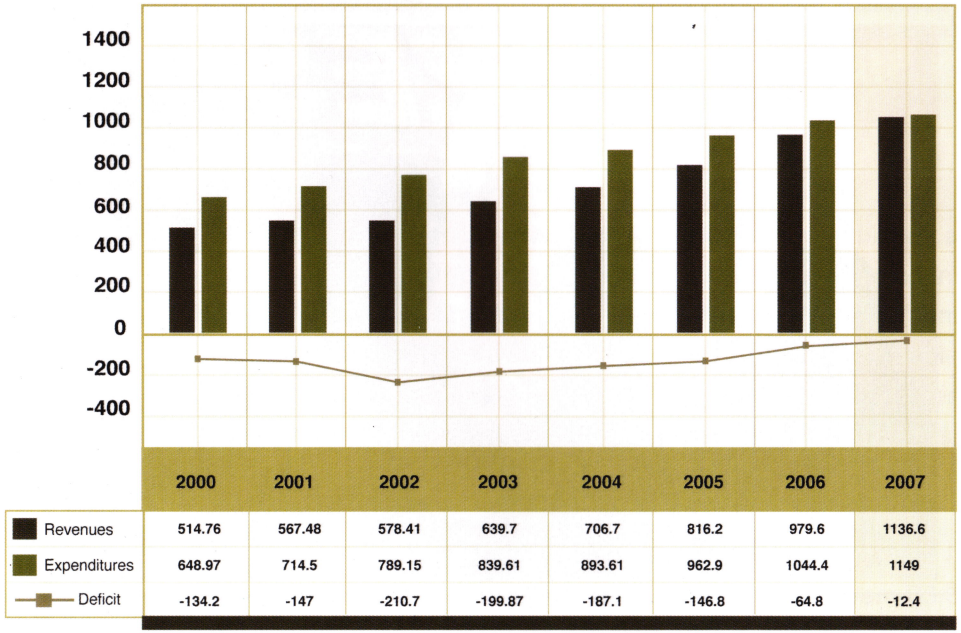


FISCAL PERFORMANCE

2007 National Government deficit smallest on record since 1998

The National Government (NG) posted a P12.4 billion (0.2 percent of GDP) deficit in 2007, 80.9 percent below the previous year's P64.8 billion and way below the P63.0 billion programmed for the year. This low deficit was achieved amidst a 10.0 percent increase in expenditures.

National Government Fiscal Performance
(In P Billion)



	2000	2001	2002	2003	2004	2005	2006	2007
Revenues	514.76	567.48	578.41	639.7	706.7	816.2	979.6	1136.6
Expenditures	648.97	714.5	789.15	839.61	893.61	962.9	1044.4	1149
Deficit	-134.2	-147	-210.7	-199.87	-187.1	-146.8	-64.8	-12.4

National Government Fiscal Position

Particulars	January –December 2007 (In P Billion)			Growth Rate 2007-2006
	Program	Actual	Variance	
Revenues	1,118.8	1,136.6	17.8	16.0
BIR	765.9	713.6	-52.3	9.0
BOC	228.2	209.4	-17.7	6.0
BTr Income	53.5	67.8	14.4	-9.0
Other Offices	71.2	144.69	73.5	166.0
Expenditures	1,181.8	1,149.0	-37.7	10.0
Surplus/Deficit	-63.0	-12.4	53.6	-85.0

Public sector in surplus

The Consolidated Public Sector Financial Position (CPSFP) posted a surplus of P36.6 billion in 2007 as against the programmed deficit of P80.8 billion for the year and the actual surplus of P11.0 billion in 2006. Major contributors to the surplus include the 14 Monitored Non-Financial Government Corporations (MNFGCs) with a surplus of P60.9 billion, the Social Security Institutions (SSIs) with P41.7 billion, the Government Financial Institutions (GFIs) with P7.9 billion, and the Local Government Units (LGUs) with P24.7 billion. These surpluses were more than enough to offset the P12.4 billion deficit of the NG and the P89.2 billion deficit of the BSP.

The substantial surplus posted by the 14 MNFGCs was a complete reversal of the programmed deficit of P16.0 billion for 2007 and the actual financing deficit of P1.1 billion in 2006. This was a result of the close monitoring on their financial operations, a reflection of the government's strong resolve to instill financial discipline in the government corporate sector.

Consolidated Public Sector Financial Position

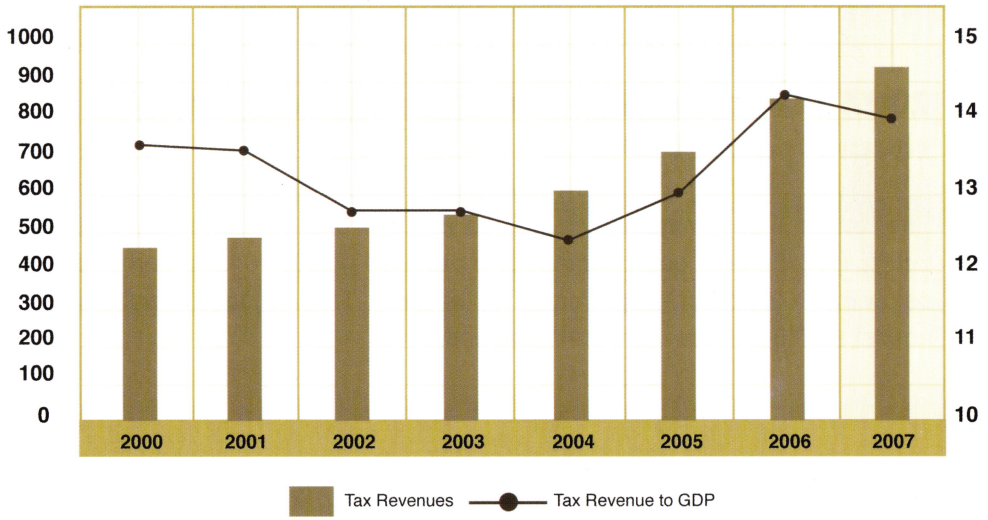
Particulars	2006 Actual In P Billion	January-December 2007 In P Billion	
		Program	Actual
Total Surplus/Deficit	11.0	-80.8	36.6
Percent of GDP	0.2	-1.2	0.5
National Government	-64.8	-63.0	-12.4
Central Bank Restructuring	-13.2	-14.4	-8.2
14 MNFGCs	-1.1	-55.5	60.9
SSIs	59.4	34.1	41.7
BSP	0.6	1.0	-89.2
GFIs	8.0	6.5	7.9
LGUs*	26.7	4.1	24.7
Adjustments	-3.9	0.0	0.6

**Preliminary*

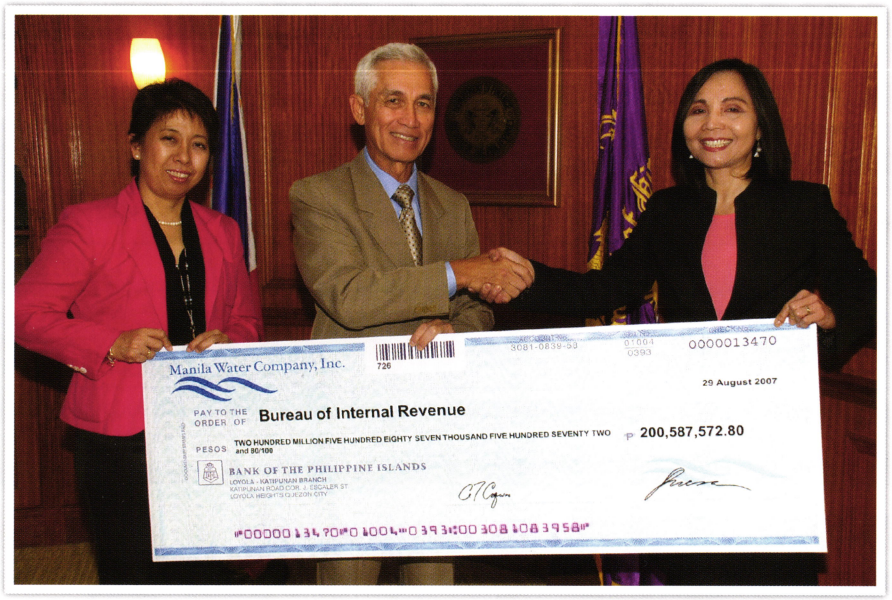
Improved tax collection

Tax revenues reached P932.9 billion, surpassing the 2006 collection by 8.5 percent, but missing the 2007 program of P1,003.1 billion by 7.0 percent. As a ratio to GDP, however, tax revenues dipped slightly to 14.0 percent in 2007 from 14.3 percent in 2006 as the tax revenues failed to keep up with the robust growth of the economy.

Tax Revenues

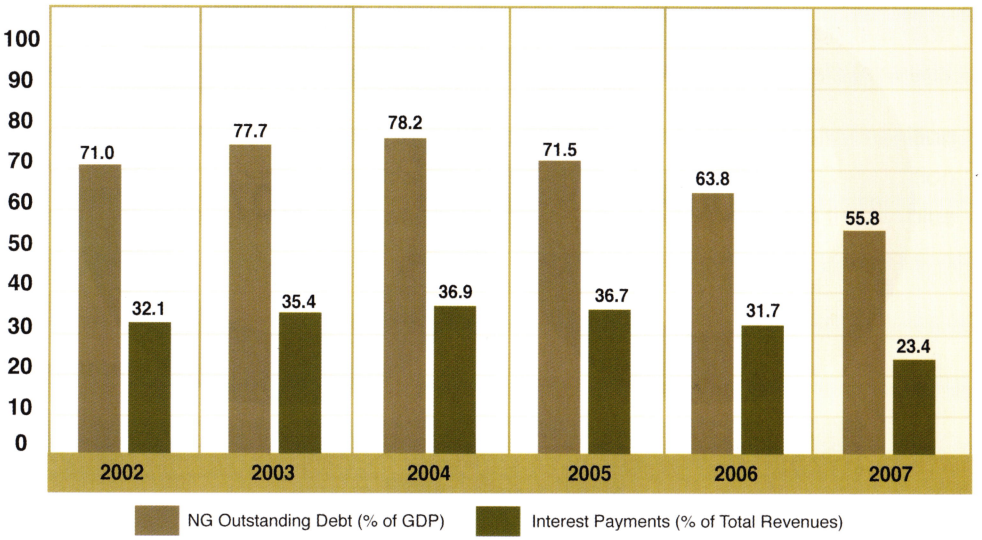


Commissioner Lilian B. Hefti poses with the winners of the Premyo sa Resibo Promo of the Bureau of Internal Revenue. Premyo sa Resibo is one of the BIR's programs intended to mitigate tax evasion.



DOF Secretary Margarito B. Teves and Director Ma. Teresa S. Habitan receive a check worth over P200.6 million from Manila Water's Chief Finance Officer Cherisa P. Nuesa as tax payment for the second quarter of 2007. After the expiry of its income tax holiday privileges in 2006, Manila Water started paying taxes in 2007 and became one of the country's largest taxpayers, contributing an estimated P1.0 billion to government coffers during the year.

National Government Debt Outstanding*



**Net of guaranteed debt/contingent debt*

Lighter debt burden

The financing and debt management strategies of the government played a crucial role in the dynamics of the entire fiscal sector. The government's prudent debt management helped bring about a favorable interest rate environment and increased competition among private businesses in accessing available funds in the capital markets. This is the reason why the government pursues financing structures that reduce borrowing costs, lengthen maturity profiles, and diversify currency mix.

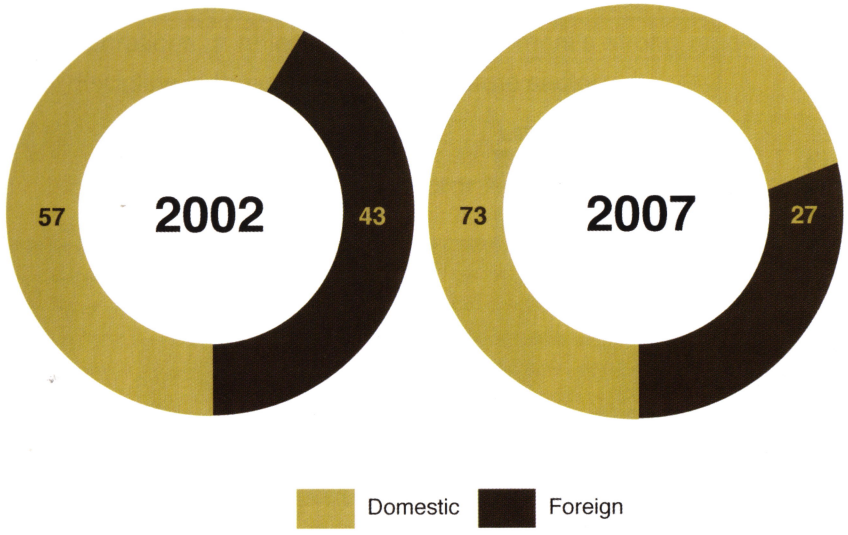
The total outstanding debt of the NG has been on a downtrend since 2005. It stood at P3.7 trillion, or 55.8 percent of GDP, as of December 2007 from P3.8 trillion in 2006.

Reduced dependence on external financing

Reduced financing requirements also resulted in a more favorable external debt position. The external debt to GDP ratio dropped to 34.3 percent as of December 2007 from 43.5 percent in 2006 and 52.9 percent in 2005. The amount of external debt in 2007 was recorded at US$54.9 billion, of which 87.3 percent have medium and long-term maturities averaging 18.9 years. The rest (12.7 percent or US$6.9 billion) are short-term debt.

The financing mix stood at 73:27 in 2007, favoring domestic sources as low interest costs induced the NG to borrow more from the local financial market. Net financing availed of in 2007 amounted to P97.4 billion, 9.7 percent lower compared to the 2006 level of P107.9 billion.

National Government Financing Mix
(In Percent)



A banner year for the Philippine government's privatization program

The year 2007 was a banner year for the government's privatization program. Gross revenues from privatization amounted to P103.2 billion for the year. Of the total proceeds, P90.6 billion was remitted to the National Treasury – the biggest remittance in a single year and 15.6 times more than the P5.8 billion remitted in 2006.

The block sale of the Philippine National Oil Company-Energy Development Corporation (PNOC-EDC) generated gross revenues of P62.2 billion, of which P47.0 billion was remitted to the National Treasury. This is the biggest privatization transaction since the start of the country's privatization program in 1986.

Privatization Proceeds

Particulars	Amount (in P Million)
PNOC - EDC (Block Sale)	47,000.0
PNOC-EDC (Secondary Offer)	15,200.0
Philippine Telecommunications Investment Corporation (PTIC)	25,200.0
Iloilo Airport	1,200.0
Philippine National Bank	998.1
Privatization Management Office (PMO) Managed Assets	981.4

Privatization Management Office Managed Assets

Particulars	Amount (In P Million)
Sales	**874.1**
Cellophil Res. Corporation	4.5
International School	801.4
Marinduque Mining Corporation	0.1
Mc Adore International	9.0
Menzi Development Corporation	1.0
Pamintuan Development Corporation	1.3
Peninsula Development Bank	0.3
Philippine Development Alternatives Foundation	49.6
Sanifoods Processing Corporation	6.9
Lease Rental	**23.6**
Interest Income	**0.4**
Others	**83.4**
Total Remittance to the National Treasury	**981.43**

GOVERNMENT CORPORATE SECTOR

14 Monitored Non-Financial Government Corporations posted a huge surplus

Financial operations of the government corporate sector resulted in a financing surplus for MNFGCs amounting to P60.9 billion, a reversal from a deficit position of P1.1 billion in 2006 and the 2007 full year programmed deficit of P16.0 billion. The MNFGCs under the power sector, namely the National Power Corporation (NPC), National Transmission Corporation (TransCo), Public Sector Assets and Liabilities Management Corporation (PSALM) and PNOC, produced the surplus for the corporate sector, offsetting the losses incurred by other MNFGCs.

Fiscal Performance of the Government Corporate Sector

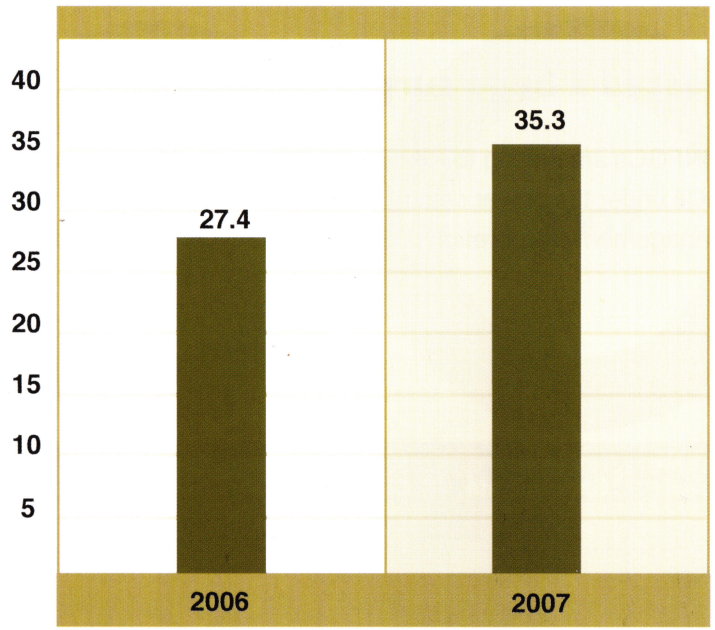
Particulars	2006 Actual	2007 Program	2007 Actual	07 vs 06 Actual	07 vs 06 Growth Rate	07 Actual to CPS Surplus	07 Actual to GDP
	In P Billion				In Percent		
14 MNFGCs	-1.1	-16.0	60.9	62.0	-5536.4	166.0	0.9
GFIs	8.0	7.8	7.9	-0.1	-1.2	21.0	0.1
SSIs	59.4	50.2	41.7	-17.6	-29.8	113.9	0.6
Total CPS Surplus/(Deficit)	11.0	80.8	36.6	25.6	232.7		
GDP	6,032.6		6,651.3				

Collections boosted fiscal consolidation effort

The collections from the government corporate sector rose 29.0 percent, reaching P35.3 billion in 2007 as against P27.4 billion in 2006. These include dividends, guarantee fees, interest on advances, and NG shares on income received from Philippine Amusement and Gaming Corporation (PAGCOR) and Manila International Airport Authority (MIAA).

Collections from the Government Corporate Sector

(In P Billion)



Government financial institutions and social security institutions posted marginal decrease

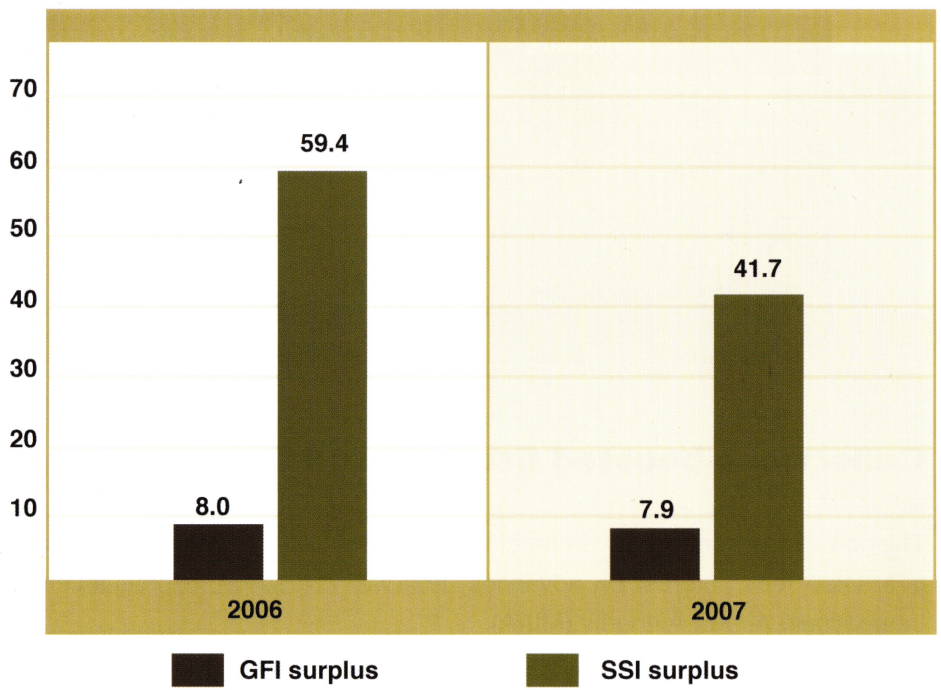
The combined surplus of GFIs, namely, the Development Bank of the Philippines (DBP), Land Bank of the Philippines (LBP) and Philippine Export-Import Credit Agency (PhilEXIM), slightly declined from P8.0 billion in 2006 to P7.9 billion in 2007. This was mainly due to losses from fluctuations of interest rates and movements of the peso against other currencies.

Meanwhile, the 2007 consolidated cash surplus of SSIs, namely, the Government Service Insurance System (GSIS), Social Security System (SSS) and Philippine Health Insurance Corporation (PHIC) dropped 30.0 percent to P41.7 billion from P59.4 billion in 2006. This downtrend is attributed to the following factors:

- More aggressive lending by the SSS;
- Higher operating expenditures and implementation of the consolidated loan program by the GSIS;
- Modest increase in contributions of GSIS members due to the salary cap made effective in July 2007 ; and
- Increased expenditures of the PHIC due to payment of out-patient benefits for overseas workers and of members' benefits that were unpaid in 2006.

Financial Performance of GFIs and SSIs

(In P Billion)



Liability management

To reduce the country's contingent liabilities and at the same time improve the liability structure of Government Owned and Controlled Corporations (GOCCs), the DOF allowed prepayments of the PNOC's loans – an advance payment amounting to US$ 5.0 million and US$ 75.0 million of the PNOC's US$ 175.0 million 5-Year Syndicated Term Loan and 5-Year Standard Chartered Syndicated Loan, respectively. The PNOC prepaid the loans to take advantage of the appreciation of the peso. The transaction resulted in savings on interest and guarantee fees.

Governance reform initiatives and assistance for GOCCs/GFIs

The DOF, with support from international donors, initiated governance reforms and provided capacity building assistance and policy direction to the GOCCs and GFIs through the following activities:

- International Workshop on Governance Scorecards for State-Owned Enterprises which was held in Cebu in April 2007 and Corporate Governance Working Sessions for GOCCs which was held in Samal Island, Davao in November 2007, both organized in collaboration with the Office of the President (OP) and the Institute of Corporate Directors;

- Technical assistance for governance reforms in the National Food Authority (NFA) and the National Electrification Administration (NEA), with support from Australian Agency for International Development (AusAID) through the Philippines-Australia Partnership for Economic Governance Reforms (PEGR); and

- Technical assistance for the Home Guaranty Corporation (HGC), the National Development Company (NDC), the Light Rail Transit Authority (LRTA), and the Philippine National Railways (PNR), with support from the Asian Development Bank (ADB).

The DOF likewise shepherded discussions for the development of a Philippine Water Revolving Fund (PWRF). The PWRF is intended to find leverage for scarce public resources from private sector funds and provide a sustainable financing mechanism for water and wastewater infrastructure consistent with Executive Order (EO) No. 279. In addition, the DOF participated in consultation workshops and provided inputs in the formulation of the Philippine Water Supply Sector Roadmap. The Roadmap is specifically designed to help the country meet challenges in the water sector and achieve medium-term objectives defined in the 2004-2010 Medium Term Phillippine Development Plan (MTPDP).

DEBT MANAGEMENT

Debt to GDP ratio declined

NG outstanding debt (net of guaranteed and contingent debt) decreased from P3.8 trillion in 2006 to P3.7 trillion in 2007, and as a percentage of GDP, went down to 55.8 percent from 63.8 percent in 2006. The government realized savings on interest payments for the year in the amount of P5.5 billion due to lower than assumed interest rates and a stronger peso.

National Government Outstanding Debt

Particulars	2006	2007
	In P Billion	
Total	3,851.5	3,712.5
Domestic	2,154.1	2,201.2
Foreign	1,697.4	1,511.3

Domestic borrowings favored over foreign financing

Total net financing from January to December 2007 amounted to P97.4 billion, 9.7 percent lower than the 2006 level of P107.9 billion due to prepayments on commercial loans.

Financing mix between foreign and domestic sources changed significantly from 57:43 in 2006 to 73:27 in 2007, with government tapping domestic borrowings more than foreign financing.

Gross domestic borrowings reached P327.0 billion, 11.7 percent lower than P370.3 billion registered in 2006.

The average maturity of the country's foreign debt portfolio (medium to long term) lengthened from 17.6 years in 2006 to 18.9 years in 2007. Thirty nine (39.0) percent of total external debt came from multilateral and bilateral sources.

Maximized availment of Official Development Assistance

The NG continued to tap Official Development Assistance (ODA) to fund programs and projects that would contribute directly to the country's development agenda and medium-term development plan.

The DOF, on behalf of the NG, signed various loan agreements amounting to US$1,757.0 million in 2007. The bulk of these were program loans, intended for budgetary support.

Program Loans of the National Government

Title/Agency	Lender	Loan Amount
First Development Policy Loan (DPL)	IBRD/WB	US$ 250.0 million
Development Policy Support Program (DPSP) Cluster 1	ADB	US$ 250.0 million
Power Sector Development Program for DOE	JBIC	US$ 375.07 million or JPY 39.0 billion
National Program Support for Tax Administration Reform Project	IBRD/WB	US$ 11.0 million

Meanwhile, six (6) project loans were implemented by the NG in 2007. These loans were designed for infrastructure and sustainable development.

Project Loans of the National Government

Title/Agency	Lender	Loan Amount
Northrail Project Phase 1, Section 2 (Malolos-Clark)	China EXIM	US$500.0 million
Non-Intrusive Container Inspection System Project, Phase II for BOC	China EXIM	US$112.5 million or RMB 800.0 million
Pasig-Marikina River Channel Improvement Project, Phase II for DPWH	JBIC	US$82.2 million
Integrated Coastal Resource Management Project for DENR	ADB	US$33.8 million
Mindanao Rural Development Project, Phase II for DA	IBRD/WB	US$83.8 million
Restoration/Rehabilitation of Waterways in Selected River Basin Nationwide Phase 1 Project for DPWH	BNP Paribas	US$8.2 million or Euro 5.4 million

Enhanced commercial borrowing credentials

The Philippines continued to enhance its borrowing credentials with consistent success in the bond issuances and commercial funding transactions. A strategic approach coupled with significant gains in the government's fiscal consolidation fostered positive outlook for the Philippines which translated to lower borrowing costs.The DOF approached the market with clear and transparent funding program while delivering commitments on reforms and fiscal discipline. It likewise timed and executed its issuance program strategically. This led to strong investor confidence and allowed the NG to successfully tap the market even during challenging or volatile situations.

Issuance of commercial paper

The NG tapped the market on 17 January 2007 with the issuance of new Republic of the Philippines (ROP) commercial paper in an aggregate principal amount of US$1.0 billion due January 2032 with a 6.375 percent coupon. This is the lowest ever coupon rate for this tenor issued by ROP. This was the government's only issuance for the year, executed against the backdrop of improved economic conditions together with stable interest rates and exchange rates.

Prepayment of the last ROP Brady Bonds

The Philippines finally closed the chapter on its Brady Bonds as it exercised its third call option under the Brady Bond Agreements that gave the country the right to prepay the last outstanding series of bonds before their maturity dates.

On 1 May 2007, the NG prepaid in full the outstanding Series A Principal Collateralized Interest Reduction Bonds with an estimated aggregate principal amount of US$126.0 million. These were the last remaining Brady Bonds guaranteed with principal and interest collaterals originally issued as part of the country's restructuring process in 1992.

The prepayment forms part of the government's debt management strategy to reduce its dependence on foreign borrowings and lower the cost of servicing for its external debt. The exercise resulted in a reduction of the country's external debt by US$126.0 million, significant net savings, and release of collaterals with approximate value of US$82.3 million. The resources used to finance the prepayment were obtained from the NG's liquidity position.

The government previously exercised its option to redeem several series of Brady Bonds in June and December of 2006. The estimated amount redeemed was US$ 410.0 million and US$ 165.3 million, respectively.

Domestic Bond Exchange Transaction

Recognizing the gains in fiscal consolidation achieved through the Domestic Debt Consolidation Program, the government executed the third phase of its Domestic Debt Exchange (DEX3) in February 2007 following the positive market reception of the country's first two phases (DEX1 and DEX2) in February/March and September 2006, respectively.

The Domestic Debt Consolidation Program is intended to foster confidence in the domestic bond market, promote a stable and sophisticated domestic bond and capital markets and in the long run, reduce government funding costs. Improving the liquidity and trading mechanism of the country's domestic bond market would encourage international investors to purchase peso-denominated debt papers issued by the Philippine government or by the private corporate sector. It is necessary to develop the domestic bond market in order to provide Philippine businesses better access to long term financing.

In DEX3, the government accepted P50.6 billion (US$1.1 billion) for the 3-year benchmark bonds and P46.9 billion (US$978.0 million) for the 5-year benchmark bonds. The said exchange allowed the government to create a benchmark bond of a very significant size, increase secondary market liquidity and enhance market efficiency. The size of the benchmark bonds makes them liquid, even by international standards.

Debt Risk and Management Office proposed for better debt management

Through a technical assistance from the ADB, the DOF proposed the establishment of a Debt Risk and Management Office (DRMO) to institutionalize a debt and risk management process that is effective, comprehensive and compliant with international best practices. The technical assistance, which ended in March 2007, had two components. The first component included analytical work on debt and risk management and contingent liability issues while the second component dealt with strengthening risk management functions. The DRMO is included under the DOF Rationalization Plan.

Republic of the Philippines Global Bond Issuances and Domestic Debt Consolidation Program

LOCAL GOVERNMENT FINANCE

Consolidated local government financial performance posted a surplus

To enhance the revenue operations of LGUs, the DOF, through the Bureau of Local Government Finance (BLGF), focused on expanding LGUs' revenue base. Activities geared towards this purpose include strict implementation of the fiscal provisions of the Local Government Code, capacity building programs for LGUs and field audits.

As a consequence of the above initiatives, the financial performance of LGUs has remained strong for three straight years. In 2007, LGUs incurred a consolidated surplus of P29.3 billion. Surpluses in 2006 and 2005 amounted to P32.9 billion and P27.1 billion, respectively.

LGU Income and Expenditures
(In P Billion)

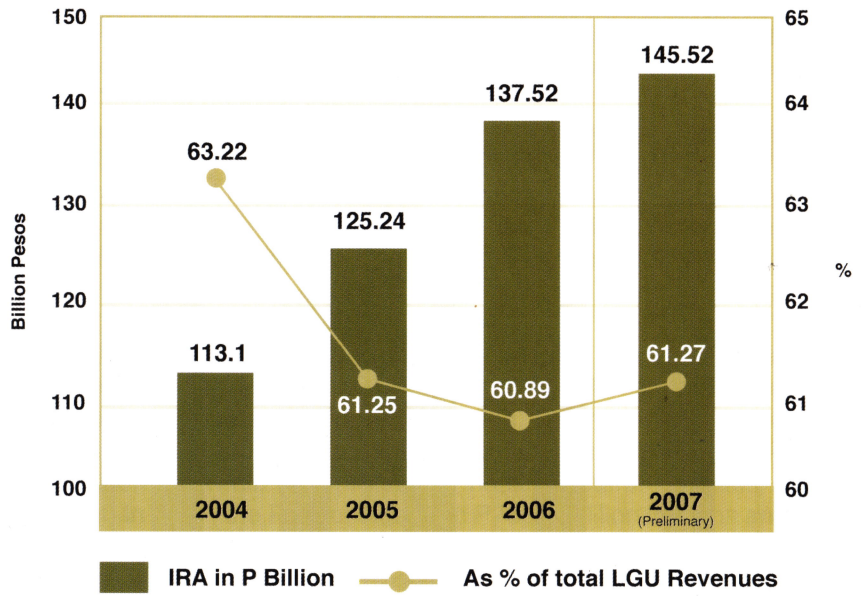
Particulars	2005	2006	2007*
Income	**197.9**	**225.8**	**237.8**
Local Sources	67.2	75.4	80.1
Loans and Borrowings	3.3	6.2	4.9
Allotment and Shares	124.5	115.2	149.1
Other Sources	2.9	3.1	3.7
Expenditures	**170.8**	**192.9**	**208.2**
Surplus	**27.1**	**32.9**	**29.5**

** Preliminary*

Allotment and shares from national internal revenue allotment (IRA) accounted for 62.8 percent of the LGUs' total income, followed by tax revenues with 24.3 percent. The rest of LGUs' income came from other sources such as extraordinary receipts or grants and inter-local transfers. The surplus in 2007 was due to prudent expenditure management and improved revenue generation.

On the expenditure side, LGUs devoted 41.3 percent of the total expenditures for general public services. The second largest expenditure, 20.7 percent of the total, was allotted to social services. The rest of the expenditures were for economic services, debt servicing and other purposes.

Share of Internal Revenue Allotment to LGU Income

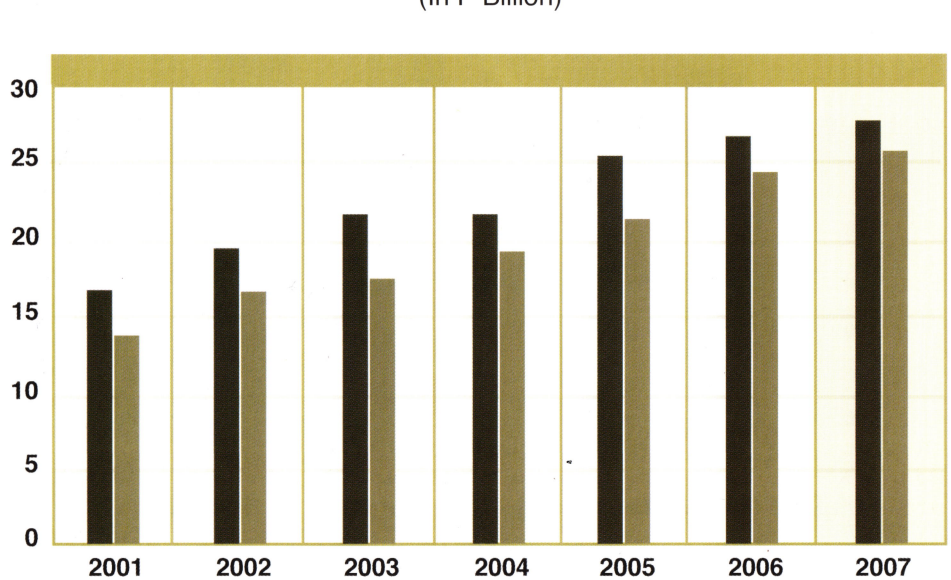


Revenue Generation Program: catalyst for more efficient revenue generation

The Revenue Generation Program, initiated in 1998 to attain medium term objectives, remains the anchor for more efficient tax collection of LGUs. The Program was originally designed to improve real property tax collection which is the most stable source of LGUs' revenue. Eventually, the Program has been expanded to include other revenue areas such as business taxes, fees and charges, and receipts from the operation of economic enterprises.

The Program has enjoyed technical support from various donor-assisted projects such as the Real Property Tax Administration (RPTA) Project, Land Administration and Management Project (LAMP), and the Business Tax Enhancement Project (BTEP). Through these projects, LGUs receive capacity-building and training on real property and business tax administration and property appraisal. As a result, LGUs have increased collections from real property and business taxes in recent years.

Real Property and Business Tax Collections of LGUs
(In P Billion)



LGUs capacitated to tap non-traditional sources of finance

The DOF, through the BLGF, continues to capacitate LGUs with necessary information and skills to enable them to tap non-traditional sources of financing for their programs and projects. The capacity building program educates LGUs about concepts and procedures on how to access cheaper sources of funding, diversify their liabilities and minimize their risks. Through the program, LGUs are now capable to undertake activities like municipal bond flotation and variants of build-operate-transfer operations.

LGU debt monitoring system and creditworthiness rating system developed

In 2007, the LGU Debt Monitoring System and Creditworthiness Rating Sytem Project was completed with technical assistance from the ADB. The Project enhanced the capacity of BLGF to monitor LGU borrowings from GFIs and private financial institutions.

The LGU Debt Monitoring System captures the total debt stock of an LGU at a particular time and provides early warning if certain LGUs are nearing the statutory debt service ceiling, which is 20.0 percent of annual regular revenues. The Creditworthiness Rating System meanwhile allows the BLGF to recommend appropriate levels of indebtedness based on creditworthiness indicators to help ensure that an LGU can repay its debt obligations.

Both systems are used in conjunction with the BLGF's LGU Debt Certification System. The Certification System, which determines the maximum amount an LGU can allocate for debt service, is a requisite for accessing loans via bond flotations and for borrowing from the Municipal Development Fund (MDF), the Assessment Loan Revolving Fund and the GFIs. In 2007, the BLGF issued certifications to a total of 243 LGUs.

Municipal Development Fund Office: Financing Local Development Initiatives

Created through EO 41 in November 1998, the Municipal Development Fund Office (MDFO) of the DOF primarily acts as a source of credit financing to support development initiatives of 4th to 6th class LGUs, or those with very minimal resources. It has since expanded its financing windows to support the evolving needs of LGUs.

Expanded financing program through MDFO's Second Generation Fund

In 2007, the MDFO, through its Policy Governing Board, channeled P5.0 billion out of its total collection of P10.0 billion from the Second Generation Fund in 2007 through eight (8) financing windows, two of which include the Millennium Development Goal (MDG) Fund and the Program Lending (PROLEND).

The MDG Fund aims to support LGU initiatives that directly contribute to the attainment of the country's MDGs, such as the attainment of universal primary education and reduction of child mortality. The Fund received letters of interest from 29 LGUs, signifying that these LGUs will have greater access to resources and have deeper involvement in the attainment of MDG goals.

On the other hand, the PROLEND promotes good governance by fostering accountability, transparency, predictability and efficiency in public administration.

Under this facility, the MDFO approved a total of P344.0 million worth of loans for the following provinces:

- Province of Rizal for Real Property Tax Administration;
- Province of Davao Oriental for E-Governance of Local Revenue Generation and Management; and
- Province of Negros Occidental for E-Governance Reform on Real Property Taxation and Health Service Delivery.

Allocation of Municipal Development Fund – Second Generation Fund

Financing Windows	Allocation (In P Billion)
PROLEND	2.0
MDG Fund	0.5
PWRF Stand-By Facility	0.5
Calamity Fund	0.2
MDF Project	0.5
Mindanao Basic Urban Services Sector Project (MBUSSP)	0.4
LOGOFIND Project	0.8
Laguna de Bay Institutional Strengthening and Community Participation (LISCOP) Project	0.1
TOTAL	**5.0**

MDFO as program and project implementer

The MDFO has implemented two major programs, the Community-Based Resource Management Project (CBRMP) and the Local Government Finance and Development (LOGOFIND) Project.

The CBRMP was designed to achieve environmental rehabilitation and poverty reduction through the implementation of sound upland and coastal environmental projects in Regions 5, 7, 8, and 13. The Project, which started in 1998 and closed in June 2007, provided a total of P1.9 billion in loans and grants to 106 LGUs.

The LOGOFIND Project started in 1998 and will close in June 2008. Its main objective is to provide LGUs with appropriate technical and financial assistance for the construction, rehabilitation, and expansion of various local infrastructures and facilities, such as school buildings, public markets, water supply system, seawall, river protection, health centers, hospitals, and heavy equipment. In 2007, the Project extended P768.1 million in loans and grants to 43 LGUs. Since 1998, the Project has disbursed a total of P2.1 billion in loans and grants, benefiting a total of 102 LGUs.

MDFO Projects

Water Supply
Milaor, Camarines Sur

School Building
Escalante, Negros Occidental

Public Market
Pangil, Laguna

Municipal Health Center
Pangil, Laguna

2007 Milestones

- The National Government budget deficit reduced to P12.4 billion or 0.2 percent of GDP – the smallest on record since 1998.

- The lower deficit helped maintain sound economic fundamentals and accelerated GDP growth to 7.3 percent – the highest in 31 years.

- The Consolidated Public Sector Financial Position posted a surplus of P36.6 billion as against the programmed deficit of P80.8 billion.

- The total outstanding debt of the National Government has been on a downtrend – from 63.8 percent of GDP in 2006 to 55.8 percent in 2007.

- The privatization program posted a banner year as remittances to the National Treasury reached P90.6 billion – the biggest remittance in a single year and 15.6 times more than the P5.8 billion remitted in 2006.

Philippine Global Bond Issuance for 2007 according to:

ifrasia

" A US$9.6bn book was built for the global deal- the country's second highest oversubscription- with 270 accounts participating. Launch to pricing took just seven hours, the swiftest ever from the Philippines, and pricing saw some 10bp through the country's implied curve...."

"All told, this is another milestone in the Philippines' extraordinary turnaround from emerging markets sovereign pariah to poster child in little more than 18 months."

FinanceAsia.com

"This is the lowest coupon ever for a US dollar benchmark from the Philippines...."

"Needless to say, such favourable pricing was achieved thanks to huge investor interest. Open for just seven hours, the final book closed with substantial over-subscription; a total of $9.6 billion in orders from 270 accounts."

REUTERS

"The market was not surprised, noting the timing could not be more perfect .... The timing is good. The yields are at an all-time lows, the spreads are tight. It's a good time for them to borrow long-term at low yields...."

"The offer was already received in Asia early on Tuesday with bids shoring up to $5 billion... the market is taking it pretty well... there's demand for RoP credit... it is a long term issuance and that is what the market is looking for..."

MICROFINANCE INITIATIVES

"Whether in Metro Manila or in the countryside, we will make microfinance a cornerstone in our fight against poverty."
– President Gloria Macapagal-Arroyo
2001 State of the Nation Address

The DOF, through the National Credit Council (NCC), advocates the development of a healthy microfinance sector. This policy focus has obtained support from international development partners, specifically the ADB and the Japan Fund for Poverty Reduction (JFPR). In 2007, the DOF concluded the implementation of the Microfinance Development Program (MDP) funded through ADB Loan No. PHI 4693, which was intended to develop the microfinance sector. Likewise, it implemented the Developing Financial Cooperatives Project, a technical assistance component of the MDP funded by JFPR.

Microfinance Development Program

The MDP has the following objectives:

- Ensure access by poor households and microenterprises to sustainable institutional financial services by creating viable and effective microfinance institutions through capacity-building and effective policies and regulations; and

- Strengthen the capacities of regulatory bodies and improve the financial literacy and consumer protection of the poor.

  In 2007, the DOF completed the remaining policy actions for implementation as required under the MDP. These are:

- Issuance of a disclosure requirement to cover Non-Government Organizations (NGOs) engaged in microfinance by the Securities and Exchange Commission (SEC);

- Clarification on the tax treatment of microfinance institutions by the Bureau of Internal Revenue (BIR); and;

- Promotion of microfinance-oriented banks and e-banking by the BSP.

Government compliance with these remaining policy commitments paved the way for the release last December 26, 2007 of the second tranche of the program loan under the MDP in the amount of US$75 million. The first tranche was released on December 15, 2005 also in the amount of US$75 million.

Under a technical assitance component of the MDP, a National Microfinance Literacy Program was implemented by the National Anti-Poverty Commission (NAPC) to disseminate information on, among others, consumer protection, business development services and microinsurance.

A series of training on the PESO standards (a tool for assessing and monitoring the financial performance of microfinance institutions) was also conducted during the year.

Developing Financial Cooperatives Project

Since 1996, Government policy has moved away from implementing directed credit programs and has focused on infrastructure provision and capacity-building. It has encouraged greater private sector participation in providing microfinance services for the poor. The DOF, through the NCC, identified the credit cooperative sector as a potentially competitive provider of microfinance services because of its widespread presence in the rural areas.In order to make credit cooperatives truly effective financial intermediaries for the poor, they need to improve and strengthen their financial and administrative management.

The Cooperative Development Authority (CDA) also has to be a stronger regulator of credit cooperatives. These are the concerns addressed by the Developing Financial Cooperatives Project - a TA under the MDP and supported by the ADB through the JFPR. The following activities were undertaken under the Project in 2007:

- *Harmonization of the Standard Chart of Accounts (SCA) for Savings and Credit Cooperatives (SCCs) with International Standards.* This harmonization allows SCCs to use common account titles. The use of the SCA will facilitate comparison of SCCs' financial performance and benchmarking of the industry. Technical working group meetings were held in 2007 to finalize the SCA for presentation to and approval of the

- *Formulation of the Manual of Rules and Regulations (MORR) for SCCs.*The MORR is designed to ensure the effective regulation and sustainable operations of the SCCs. It was drafted by a technical working group and subjected to regional consultations and nationwide public hearings before finalization. The MORR was approved by Her Excellency President Gloria Macapagal Arroyo on 16 October 2007. It shall be published prior to implementation after the culmination of the Intensive Training on Regulatory Tools for Financial Cooperatives;

- *Intensive Training on Regulatory Tools for Financial Cooperatives.* This training was intended to equip cooperative development specialists (CDS) and other technical staff of the CDA with knowledge and skills on how to regulate, supervise and examine SCCs. To prepare the CDS in their eventual task as regulators and examiners of SCCs, trainings were conducted in all regional offices of CDA across the country by members of the technical working group who drafted the MORR;

- *Formulation of the Manual of Supervision and Examination of SCCs.* The Manual shall serve as a guidebook for CDA examiners in the examination of SCCs. It is an essential tool in the assessment of the performance of SCCs. The DOF formed a technical working group to draft the Manual, which is targeted for finalization in 2008; and

- *Improved registration and regulation for cooperatives.* With the JFPR technical assistance extended to the DOF-NCC to achieve improvements in the CDA's registration system and in the regulation of SCCs, the Cooperative Information System (CIS) was launched. The CIS is an electronic registration system that uses Cooperative Identification Numbers (CIN) to identify registered cooperatives. This system facilitates the cooperative registration process and the creation of a database of cooperatives which will contain information necessary for their effective regulation and supervision.

  The CIS was pilot-tested in CDA Regions 6, 7, 11 and the National Capital Region (NCR). The CIS is being enhanced and the Cooperative Annual Performance Report (CAPR), another information system for cooperatives that complements the CIS, is being set up to further improve the accuracy and reliability of information on the cooperative sector. All of these initiatives are being implemented in coordination and support of the Cooperative Housing Foundation (CHF) International and the USAID.

Participants to the Luzon Training of Trainers on the Microfinance Performance Standards pose for posterity. The training is one of the activities under the Microfinance Development Program funded by the Asian Development Bank.

Officials of the Department of Finance and the Cooperative Development Authority launch the Cooperative Identification System to facilitate the registration of new cooperatives and the cleanup of the existing registry.

GLOBAL COOPERATION

ASEAN Finance Ministers Meeting

The Working Committee on Financial Services Liberalization (WC-FSL) has been at the forefront of coordinating the liberalization of financial services in the Association of South East Asian Nations (ASEAN) under the ASEAN Framework Agreement on Services (AFAS) since it was transferred to the Finance Ministers process in 2000. The Philippines chaired the Fourth Round of Negotiations of the WC-FSL under AFAS. Among our accomplishments are the following:

- The WC-FSL has approved the guidelines for negotiations under the positive list approach as mandated by the Finance Ministers;
- The WC-FSL was likewise able to expand its Terms of Reference to include the mandate of facilitating the coordination of financial services liberalization among ASEAN member countries with its Dialogue Partners;
- The WC-FSL is undertaking activities to conclude the negotiations for the Fourth Round, of which the Fourth Specific Packages of Commitments have been offered. This was formalized for implementation through the signing of the Protocol by the Finance Ministers on their meeting in Da Nang, Vietnam on 4 April 2007.
- The Philippines steered the WC-FSL to support the development of the ASEAN Economic Community (AEC) 2015 and its Strategic Schedule by encouraging member countries to identify common subsectors in their financial services to be liberalized that will be aligned to the goals of the AEC 2015. The WC-FSL have agreed to maintain the current timetable of negotiation rounds under the RIA-fin, and instead accelerate the improvements in commitments on financial services to further widen and deepen financial services liberalization and achieve AEC by 2015, instead of the original plan of 2020.
- The Philippines coordinated this year's Fourth ASEAN Finance Ministers Investors Seminar in New York City last 23 October 2007. The event successfully achieved its objectives of presenting the ASEAN reform and growth story to investors, drawing international focus to ASEAN and reinforcing perception about ASEAN's sustainable growth prospects.

Secretary Margarito B. Teves speaks during the ASEAN Finance Ministers Investment Seminar on 23 October 2007 in New York City, USA.

Secretary Margarito B. Teves attends to media queries during the Joint Press Conference of the Government of the Philippines and the World Bank on 22 November 2007.

Philippine Development Forum

The DOF chaired the 2007 Philippine Development Forum (PDF) in Cebu City, where the NG laid out credible action plans in translating financial improvements into higher investments and poverty reduction measures through a four-pronged approach, namely:

- Deepening fiscal reforms and improving the efficiency and governance of public spending;
- Increasing our market competitiveness;
- Nurturing growth at regional and local levels; and
- Increasing our investment in social policies to achieve our MDGs.

2007 Philippines Development Forum

08 March 2007

Speech And Presentation By
Finance Secretary Margarito B. Teves

Ladies and gentlemen, good morning, and welcome to the 2007 Philippine Development Forum. My presentation today will outline our 2007 fiscal program, as well as what we intend to do this year to sustain our momentum and successfully meet our fiscal objectives.

In various discussions, sustainability of the progress we made last year, particularly with regard to improvements in revenue collection, has emerged as our stakeholders' main concern.

"SUSTAIN" has become our mantra, if you will. And with this mantra in mind, allow me to spell out the measures we are implementing to ensure that we stay on track with our medium-term fiscal program.

First, we intend to further **Strengthen** revenue collection thanks, in part, to the technical assistance our donors provided to the BIR and the BOC. We hope to generate 14.3% more revenue than last year, with collections by the BIR and BOC increasing this year by 17.5% and 15.2%, respectively.

We are also fully implementing this year the Lateral Attrition Law. The respective Revenue Performance Boards of the BIR and BOC have met and are now finalizing the guidelines on the distribution of rewards and application of sanctions.

Recently, we signed a Memorandum of Understanding with the DTI, PEZA and the BIR to more clearly define the rules regarding the availment of the income tax holidays and the 5% gross income tax. This measure will further tighten the implementation of our incentive laws by plugging some of the loopholes that result in system abuse and leakage.

The DOF will also audit the performance of the two collection agencies to identify and address weaknesses that hamper collection efficiency.

Since these tax administration measures may not have an immediate impact on collections, new measures may be needed to further improve our tax effort. To this end, we will continue working with Congress on revenue-enhancing measures, such as rationalizing fiscal incentives and restructuring income taxes.

Next, we want to **Undertake** the more proactive management of our debt portfolio, taking advantage of opportunities to stretch our maturity profile, reduce our interest costs and rely more heavily on the domestic market for our financing requirements.

We will source 67% of NG financing from the domestic market and the balance from offshore markets. In addition, we expect our debt-to-GDP ratio to decline this year to 58% from 65% last year.

The second "S" stands for our plans to **Step** up the privatization of our power and non-power assets. After the successful sale of PTIC shares, we are now working on the disposition of government's big-ticket items, specifically our shares in Meralco and San Miguel. We also continue to work with PSALM to accelerate the privatization of our Gencos and TransCo.

Fourth, we will **Tighten** our watch on GOCCs by developing institution-specific performance contracts, starting with the National Food Authority. We are now discussing with the AUSAID the results of their study on the NFA and their recommendations.

The ADB is also currently working on similar performance contracts for the LRTA, HGC, NDC and the PNR.

In 2007, the consolidated public sector deficit should further narrow to P80.8 billion or 1.2% of GDP, due largely to the reduced NG deficit, the higher investment returns of our pension agencies and the improved fiscal position of our LGUs. This projection takes into account the GOCCs' plans to further enhance NG's infrastructure spending by further raising their capital outlays.

Next, we'll **Aggressively** pursue the prosecution and conviction of tax evaders, smugglers and erring DOF officials under the RATE, RATS and RIPS. We welcome the support from the Millennium Challenge Account and hope to graduate to compact status soon so that we can benefit from higher levels of assistance for our governance and anti-corruption programs.

Our Premyo sa Resibo campaign should help us further strengthen enforcement by providing additional information on non-compliant taxpayers, including those issuing fake receipts.

From June to August 2006, the PSR campaign resulted in the gathering of some 7.8 million receipts covering about 140,000 establishments. Of these establishments, only 52.6% had valid TINs (Tax Identification Numbers). About 51.2% had no record of income tax payment with the BIR, while the rest made only minimal income tax payments.

The BIR Central Office has disseminated this information to the various regions so that the regional districts can conduct the necessary investigations and audits.

The "I" in SUSTAIN is for **Invigorating** the domestic capital market. This will help us generate long-term, local financing for infrastructure development, while reducing our vulnerability to the vagaries of the external market, a concern often cited by rating agencies.

To this end, we'll continue working closely with the Capital Market Development Council on key legislative measures like the Pre-Need Code, the Corporate Recovery Act and amendments to the Insurance Code and BSP Charter.

Finally, and perhaps most importantly, we **Need** your continued support. The challenges that lie ahead are formidable but far from insurmountable, especially if we continue working together to overcome them.

Our presence here today lends further truth to the words of English poet John Donne who once said, "No man is an island, entire of itself; every man is a piece of the continent."

The Philippine Development Forum provides us with a special opportunity to share our knowledge and insights with each other in support of our shared goal. We look forward to working hand in hand with you to achieve higher growth and improved quality of living, not only in our own 7,200 islands (or 7,100, depending on the time of day), but also all throughout our global community.

We appreciate your dedication, commitment and support.

Thank you and good day.

"In various discussions, sustainability of the progress we made last year, particularly with regard to improvements in revenue collection, has emerged as our stakeholders' main concern."

One-Stop Shop Tax Credit and Duty Drawback Center

Pursuant to its mandate under Administrative Order (AO) No. 266, the One Stop Shop Tax Credit and Duty Drawback Center (Center) processed and issued a total of 1,295 tax credit certificates (TCCs) worth P3.8 billion in 2007 under the following incentive laws:

Tax Credit Certificates Issued

Legal Basis	2007 Issuances	
	No. of TCCs	Amount In P Million
BOI Window • Article 39 (j) of EO 226 (as amended) • Philippine Fisheries Code and other related laws	452	1,068.7
BOC Window • Section 106 of the Tariff and Customs Code of the Philippines	234	1,562.6
BIR Window • Section 112 of the National Internal Revenue Code	609	1,206.4
TOTAL	**1,295**	**3,837.7**

The total amount of TCC issuances for 2007 dipped slightly by 0.8 percent compared to the 2006 total issuance of P3.9 billion. Issuances under the BOC window decreased by 34.0 percent due to the rigorous review procedures by the BOC, which is the final approving authority for TCCs.

On the other hand, releases under the Board of Investments (BOI) window increased by 15.0 percent. Likewise, releases under the BIR window rose by 107.0 percent. This huge rise could be attributed to the Center's and BIR's effort to reduce the accumulated backlog of Value Added Tax (VAT) credit claims over the past years.

Client service strengthened

Certificate of Shipment. In June 2007, the Center implemented the mandatory submission of a Certificate of Shipment (COS) as supporting document for claims based on direct and indirect exports. This new requirement was decided in consultation with the exporters and the BOC. The private sector welcomed this move as the COS facilitates and shortens the processing period for tax credit claims.

Enrollment Program. In the last quarter of 2007, the Center launched an Enrolment Program for companies to update its client database. This project covered the registration of companies, individuals and other entities transacting with the Center and the collection of information on companies' contact details, authorized officials, corporate and other relevant documents.

The project was intended to identify active and inactive companies; create a web directory to promote linkages among the claimants, suppliers, stakeholders and the general public; and allow effective online communication exchange. It has enrolled 186 companies out of a target of 667. The enrollment of 133 companies meanwhile remains pending subject to the submission of additional documents that establish the authority of corporate officers and company representatives to transact with the Center. This project will continue until all companies are enrolled in the system.

Mabuhay Lane

The Mabuhay Lane, of the DOF, processes tax exemption claims of importers of books, periodicals and similar items; importers of personal effects and household goods; importers of capital equipment as provided for under EO 226; importers identified under Section 105 of the Tariff and Customs Code; contractors for the Department of Energy (DOE); and claims of the ADB and other non-profit, non-stock educational institutions.

In 2007, the Mabuhay Lane waived P1.8 billion in taxes and duties as compared to P1.90 billion in 2006. The importation of capital equipment of BOI-registered companies received the largest share of tax and duty exemptions, accounting for P617.5 million, followed by the importation of energy sector with P597.7 million. This is in contrast to 2006, in which the importation of the energy sector had the largest share with P756.5 million, followed by the importation of capital equipment with P430.4 million.

Duties and Taxes Waived
In P Million

General Description	Value of Importation		Taxes and Duties Waived	
	2006	2007	2006	2007
Importation of the energy sector	4,981.5	3,884.9	756.5	597.7
Importation of books and magazines	2,969.6	2,508.1	447.6	377.3
Importation of capital equipment of BOI-registered companies	5,361.1	7,819.2	430.4	617.5
Importation by non-stock, non-profit educational institutions	637.7	752.0	97.6	115.5
Importation under Section 105 of the Tariff and Customs Code	563.1	599.0	85.9	92.0
Importation of the ADB	533.1	459.4	81.0	70.6
Total	**15,046.1**	**16,022.6**	**1,899.0**	**1,870.5**

HUMAN RESOURCE DEVELOPMENT

Staff Training and Development

The DOF intends to develop a staff of highly trained and dedicated professional complementing in-house trainings. DOF personnel participated in various trainings, seminars and postgraduate courses provided by various educational institutions, government agencies and multilateral organizations within and outside the country.

Personnel Development Statistics

2007 Capability Building	No. of Staff Benefited
In-house trainings and seminars	511
Local trainings, seminars, workshops, conventions	258
International trainings, seminars and postgraduate study	36

Staff Recognition

The DOF's Program on Awards and Incentives for Service Excellence (PRAISE) conferred loyalty and service awards, cash awards and productivity incentives to deserving employees.

PRAISE Awards	No. of Staff Benefited
Length of Service Incentive	85
Loyalty Award	14
Service Award	3
Recognition for Perfect Attendance in Flag Ceremony	6

The year in photos

Secretary Gary B. Teves awards a Certificate of Complete Attendance in Flag Raising Ceremonies to Ms. Yolanda Isturis of the Central Financial Management Office. Looking on are Undersecretary Roberto B. Tan (left) and Director Lourdes Z. Santiago.

2007 is the DOF's 110th Anniversary. A week-long celebration included lectures, sports events, outreach, and family activities. The theme for the 2007 celebrations is "Good governance in Public Service: Key to Fiscal Sustainability". In this photo, Secretary Gary B. Teves leads the DOF community in the ribbon cutting ceremonies on April 23, 2007 at the DOF Podium to officially open the week-long celebration. Accompanying the Secretary (right) are Undersecretaries Roberto B. Tan and Gil S. Beltran.

DOF Director Lourdes Z. Santiago hands out food items and other relief goods to indigent parishioners of the Assumption Parish Church in Leveriza, Manila. The activity is part of the DOF's commitment to reach out to depressed communities.

OFFICE OF THE PRESIDENT OF THE PHILIPPINES
PRESIDENTIAL ANTI-GRAFT COMMISSION

This

Certificate of Recognition

is hereby awarded to the

Department of Finance

For ranking NINTH (9th) among 80 agencies in terms of compliance to the requirements of the Integrity Development Action Plan (IDAP) for the year 2007

given this 13th day of December 2007 at the Social Hall, Mabini Hall, Malacanang, Manila

DR. CONSTANCIA P. DE GUZMAN, MNSA
Chairman

ATTY. JAIME D. JACOB
Commissioner

TERESITA D. BALTAZAR
Commissioner

The DOF's full compliance to the Integrity Development Action Plan (IDAP) was acknowledged by the Presidential Anti-Graft Commission. Ranked 9th among 80 government agencies in terms of IDAP compliance, the DOF, represented by Undersecretary Gil S. Beltran, was awarded a certificate of recognition on December 13, 2007 in Malacañang.

Secretary Gary B. Teves tosses the ball during the kick off of the basketball game during the DOF Sportsfest sponsored by the DOF Employees Association.

Graduates of the DOF-sponsored IT Training on Adobe Acrobat show off their certificates of completion during the commencement exercise held in July 2007 at the PDMSG Training Room.

THE CENTRAL MANAGEMENT INFORMATION OFFICE: THE BACKBONE OF INFORMATION TECHNOLOGY

The Central Management Information Office (CMIO-IT) was created to provide all information technology (IT) and IT-related needs of the DOF. The induction of IT in the DOF hopes to improve decision-making process in all spheres of activities and improve the flow of information giving more quality to the DOF's policy development and decision-making process.

Application Development

The CMIO-IT continuously enhanced and maintained various application systems that provided support to administrative tasks of the DOF. Below are the systems developed in-house by CMIO-IT:

Time Monitoring System – a system that maintains, facilitates, and generates employees' daily time cards from finger scan machines and integrates absences, lates, undertimes, OBs, leaves etc.

Personnel Information System – a system that provides electronic database of general information/profile of all DOF employees.

Leaves Management System - a facility that allows monitoring of leave credits of all employees.

Payroll and Remittance Management System – a facility that generates payroll and provides remittances reports to various agencies (e.g. GSIS, BIR, Philhealth, Pag-IBIG).

DOF Intranet – an internet facility that allows DOF personnel to access 201 files, leave credits, and time record.

Hardware/Software Procurement

The CMIO-IT procured 98 desktops and 31 laptops distributed among various groups within the DOF. It likewise procured 419 Microsoft Office licenses to legalize the use of office productivity tool in the DOF. These were part of the P250 million Japanese grant to beef up the DOF's IT and to be able to provide support in achieving the overall goals and objectives of the DOF.

DOF Websites

The CMIO-IT is in-charge of the hosting of various websites of the DOF. Below is a list of websites with corresponding URLs hosted by DOF:

- DOF Website
  - http://www.dof.gov.ph
- VAT Reform
  - http://www.vatreform.gov.ph
- Revenue Integrity Protection Service
  - http://www.rips.gov.ph
- Privatization Council
  - http://www.privatization.dof.gov.ph
- National Credit Council Website
  - http://ncc.dof.gov.ph
- Government Electronic Payment and Collection System Evaluation Team
  - http://www.gepcset.gov.ph
- Gender and Development/Women's Inc.
  - http://www.dof.gov.ph/gad

Network Infrastructure

In 2007, the CMIO-IT, through a Japanese grant, conducted the bidding for the construction of the DOF's Data Center and upgrading of local area network. The bid includes the provision of a temporary power supply to the Data Center. The project provides a more efficient and effective network solution with wireless solution implementation as one major result.

The DOF Provident Fund: Promoting Employees' Welfare

The DOF values the welfare of its employees, highly recognizing that people are its number one asset. Initiatives towards giving more benefits and rewards to employees have always been the thrust of the DOF. Finally, through joint efforts between the management and the rank-and-file employees, the Department of Finance Provident Fund, Inc. was established on August 28, 2006 with initial capital of P118,831.43. Its main objective is to provide benefits to and secure the financial future of the DOF employees. The Board of Trustees, chaired by Secretary Teves, administers the Fund and formulates policies governing its operations.

In 2007, the Board focused on building-up the Fund through member contributions and DOF management capital share. Such policy, which was enunciated during the First Annual Meeting of the Fund members on February 6, 2007, was intended to enable the Fund carry out the objectives for which it was established – provide benefits to members, which include but not limited to the following:

- While still in the service of the DOF – (a) proportionate share in the yearly earnings of the Fund, (b) availment of various credit facilities, and (c) possible group term life insurance;
- Upon retirement – (a) whole amount of member's contributions, (b) the DOF's counterpart, net of any loans outstanding and (c) other possible benefits – to be determined; and
- Credit facilities – salary loan, all-purpose loan, emergency loan, and educational loan.

As of end-2007, the Fund has P3.0 million in capital.

DOF in-house Lectures: Broadening Employees' Knowledge

As employees of one of the primary economic agencies of government, the DOF staff must be knowledgeable on fiscal concerns at the same time be well-informed of various other issues that may directly or indirectly affect the DOF's area of responsibility.

To broaden the perspectives of DOF staff, expand their knowledge base and enhance their analytical skills, the DOF conducts in-house lectures at least once every quarter. These lectures cover a wide variety of topics and issues. Lecturers are sourced from within the DOF, from other public institutions as well as from the private sector. Participants to the lectures include selected DOF staff and personnel from the bureaus and agencies attached to the DOF.

The following lectures were conducted in 2007:

- Effective Writing in English: Communicating Your Message, delivered by National Economic and Development Authority (NEDA) Director Dennis Arroyo on January 10, 2007;
- Effective Debt Management Strategy, delivered by DOF Director Edita Z. Tan on April 26, 2007; and
- Millenium Development Goals: Are We on Track?, delivered by NEDA Assistant Director Cleofe S. Pastrana in October 4, 2007 as one of the activities of the National Statistics Month.

For the first time in South Korea

By Miriam Tasarra,
Supervising Administrative Officer, Research Division, RIO

On October 18 to November 2, 2007, the Philippine government sent its second batch of trainees to Seoul, South Korea to participate in the training course entitled "Fiscal and Financial Policy Enhancement Program". This training was sponsored by the Korea International Cooperation Agency (KOICA) and the Ministry of Planning and Budget (MPB) of the Government of South Korea. I was privileged to attend this training, together with nine (9) other officials from the DOF and four (4) officials from the Department of Budget and Management (DBM).

During the two-week training, I was made aware of the various challenges which faced Korea after the Second World War and the country's consequent split into North and South Korea. I learned of the lessons that motivated South Korea to overcome these challenges and create an equitable society within a developed economy. I also gained knowledge and understanding of South Korea's experience and policy thrusts in the areas of economic development and public finance management.

South Korea, once one of the poorest countries in Asia with a per capita GNP of only $89.0 after the Second World War, has undertaken an export-oriented economic development strategy. With exports as the engine of growth, the country underwent radical economic transformation.

South Korea's economic growth was initially led by labor-intensive light industries, especially textiles. Eventually, these light industries were replaced by heavy and chemical industries, now accounting for over half of the country's total manufacturing output. South Korea also produces a wide range of industrial machinery and equipment. The country's shipbuilding and auto manufacturing industries have reached their peak, while its electronics industry has become the leading growth driver and an increasingly important source of foreign exchange. Over the past three decades, South Korea has enjoyed an annual average economic growth rate of 8.6 percent and has emerged as the world's 12th largest trading economy.

Affected by the financial crisis in 1997, South Korea has been rapidly integrating itself into the world economy. Its government advanced a new paradigm to upgrade business practices to international standards. Financial reforms of state-owned enterprises and enhanced institutional efficiency followed along with public accountability and improved transparency.

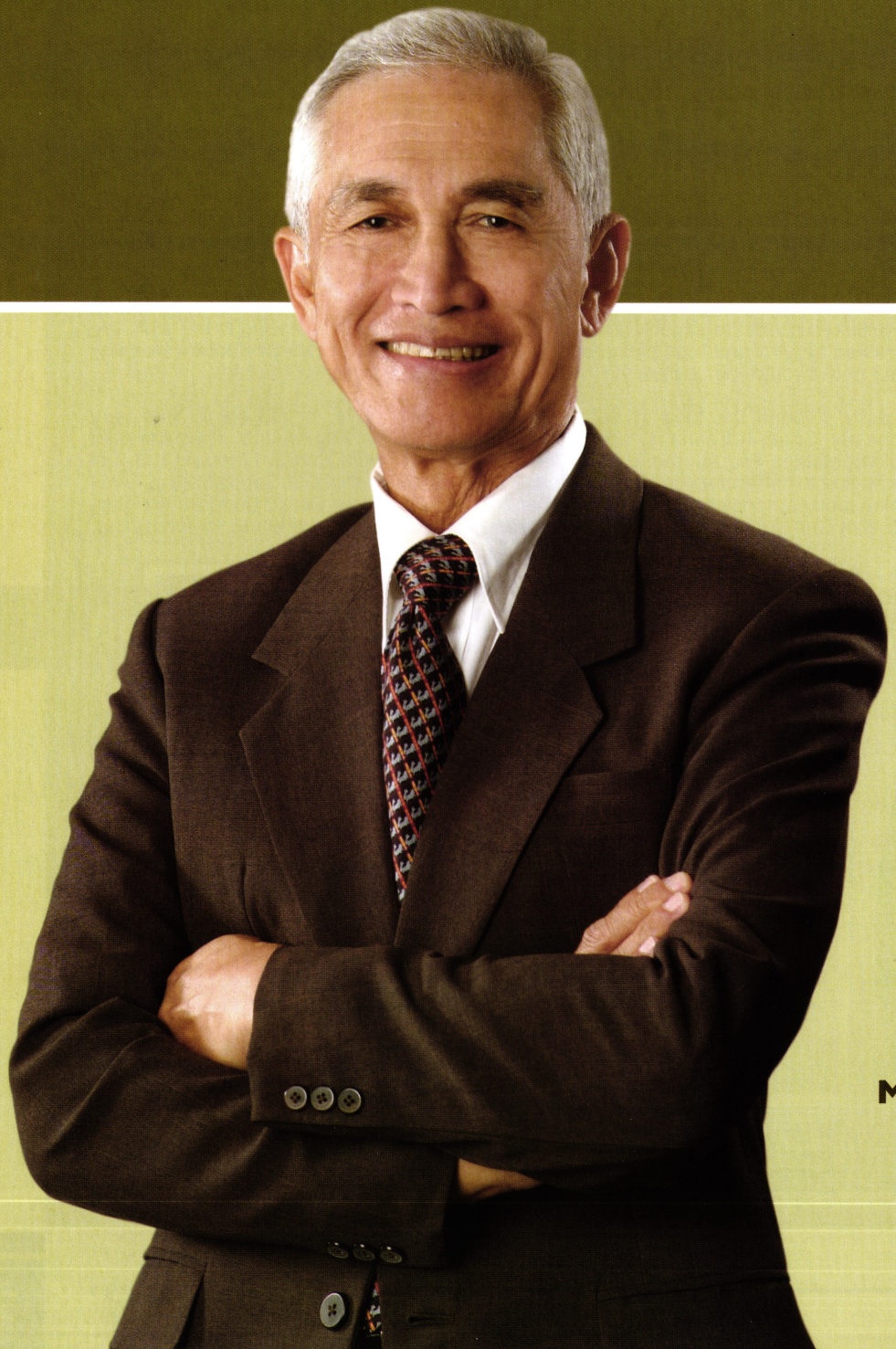
As part of the training, we visited South Korea's different historical and cultural sites. Our visit to the Korean Folk Village in Seoul was fascinating. I got a close look into Korean culture and tradition, which are not easy to spot in modern Seoul. We also visited places like Incheon, Gyeongju, Pohang, Ulsan and Panmunjeon. Pohang is home to the POSCO steel mills, while Ulsan is the industrial base for Hyundai, one of South Korea's leading conglomerates. Gyeongju was truly amazing. It was so calm and enchanting. It was remarkable how the locals there maintain the cultural heritage of Gyeongju, especially its famous tombs. It is apparent that South Koreans are environment-friendly. They conscientiously preserve their parks, mountains and rivers.

One of the most interesting places we visited was the De-Militarized Zone (DMZ) in Panmunjeon. The zone was established at the border between North and South Korea at the end of the Korean War in 1953. The bus ride took us about two hours from Seoul Palace Hotel, where we were billeted. When we arrived in Panmunjeon, we passed through various checkpoints. Seeing all the United States soldiers and South Korean soldiers with their guns and grim expressions was enough to make me nervous. Every visitor to the place must carry a valid passport and I was lucky I brought mine. It took a while to finally reach Camp Bonifas. A lieutenant showed a slideshow about what to expect and briefed us about the Joint Security Area (JSA). He talked about the various historical sites, the tunnels, and the road to the JSA. We walked around and took pictures. We were allowed to view North Korea's territory, but only through binoculars that were fixed within South Korea's border.

Lastly, I found the food in South Korea very delectable, at the same time very healthy. South Koreans do not fry food as much as we Filipinos do. They eat a lot of vegetables and eat these fresh. Before I went to South Korea, I thought Kim Chi was just a hot and spicy Korean delicacy. When I was there in South Korea, I was pleasantly surprised to find out that there are actually more than a hundred varieties of Kim Chi. Truly, my South Korean training was an experience worth remembering.

Ms. Miriam Tasarra (standing, 2nd from left) with her co-participants from the Philippines in front of the historical Gyeongbok Palace in Northern Seoul, South Korea. Gyeongbok was the main and largest palace of the Joseon Dynasty and one of the Five Grand Palaces built by the Joseon Dynasty.

DOF OFFICIALS



"The challenges that lie ahead are formidable but far from insurmountable, especially if we continue working together to overcome them"

Margarito B. Teves
Secretary

The Undersecretaries

Jeremias N. Paul, Jr.
Corporate Affairs Group

Gil S. Beltran
Domestic Finance Group and Policy
Development and Management Services Group

Crisanta S. Legaspi
Privatization Group

Gaudencio A. Mendoza
Revenue Operations Group

Roberto B. Tan
International Finance Group

The Assistant Secretaries

Ma.Eleanor F. dela Cruz
Special Concerns

Roberto D. Geotina
Revenue Operations Group

The Directors

Ernesto Q. Hiansen
One-Stop Shop Tax Credit & Duty Drawback Center

Lourdes Z. Santiago
Central Administration Office

Thelma A. Mariano
Revenue Office

Ma. Lourdes B. Recente
Research and Information Office

Ma. Edita Z. Tan
International Finance Operations Office

Helena B. Habulan
Municipal Development Fund Office

Ma. Teresa S. Habitan
Fiscal Policy & Planning Office

Ma. Lourdes V. Dedal
Central Financial Management Office

Soledad Emilia J. Cruz
Corporate Operations Office

Napoleon P. Guerrero
OIC, Legal Affairs Office

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Legal Affairs Office

Gilda Victoria G. Mendoza
International Finance
Policy Office

Estela C. Laureano
International Finance
Operations Office

Charissa P. Hipolito
Corporate Operations Office

Eleazar C. Cesista
Revenue Operations Group

Carmelo T. Casibang
One-Stop-Shop Tax Credit
and Duty Drawback Center

Claricel M. Yuvienco
OIC, Central Management
Information Office

Heads of Attached Bureaus

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Bureau of Customs

Ma. Presentacion R. Montesa
Executive Director
Bureau of Local Government Finance

Omar T. Cruz
Treasurer of the Philippines
Bureau of the Treasury

Lilian B. Hefti
Commissioner
Bureau of Internal Revenue

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Central Board of Assessment Appeals

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Commissioner
Insurance Commission

Lina D. Isorena
Executive Director
National Tax Research Center

Fe B. Barin
Chairman
Securities & Exchange Commission

Lecira V. Juarez
Chairman
Cooperative
Development Authority

Guillermo N. Hernandez
Chief Privatization Officer
Privatization Management Office

Heads of Attached Corporations

Francisco S. Magsajo Jr.
President
Philippine Export-Import Credit Agency

Jose C. Nograles
President and CEO
Philippine Deposit Insurance Corporation

DOF Directory

OFFICE/GROUP	ADDRESS	TELEPHONE NUMBER/S
OFFICE OF THE SECRETARY	6th Floor, DOF Building, BSP Complex, Roxas Boulevard, Manila 1004	523-6051; 526-7336; 523-9251; 523-9219 (Fax) 526-8474; 521-9495
Chief of Staff		525-0260
Deputy Chief of Staff		525-4194
PERSONNEL DEVELOPMENT & MANAGEMENT SERVICES GROUP	7th Floor, EDPC Building, BSP Complex, Roxas Boulevard, Manila 1004	
Office of the Undersecretary	4th Floor, DOF Building, BSP Complex, Roxas Boulevard, Manila 1004	523-5671
Central Administration Office	7th Floor, EDPC Building, BSP Complex, Roxas Blvd., Manila	526-1265
Office of the Director		525-0244
Personnel Services Division		526-8470; 526-5573
Central Records Management Division		526-5573
General Services Division		526-8475; 525-4227
Property & Procurement Section		526-4786
Cash Section		526-5573
Library Section		526-8410
Central Financial Management Office	7th Floor, EDPC Building, BSP Complex, Roxas Boulevard, Manila 1004	
Office of the Director		526-8166
Budget Division		526-8464
Accounting Division		523-5624
Management Services Division		526-6932
Central Management Information Office	4th Floor, DOF Building, BSP Complex, Roxas Boulevard, Manila 1004	525-4451; 526-8467; 525-4697
CORPORATE AFFAIRS GROUP	5th Floor, DOF Building, BSP Complex, Roxas Boulevard, Manila 1004	
Office of the Undersecretary		400-6882; 524-5221
Corporate Operations Office		
Office of the Director		525-7427; 525-1313(Telefax)
Corporate Policy Research Division		525-7309; 523-7172
Corporate Programs Division		525-7309; 523-7172
Infrastructure Division		525-7309; 523-7172
GFIs		525-7309; 523-7172

OFFICE/GROUP	ADDRESS	TELEPHONE NUMBER/S
PRIVATIZATION GROUP	5th Floor, DOF Building BSP Complex, Roxas Boulevard, Manila 1004	
Office of the Undersecretary		523-5727; 525-1321 (Fax) 523-5143
Privatization Office		524-1663
Office of the Director		524-1663
Appraisal and Evaluation Division		524-1663
Issues and Procedures Division		524-1663
COP Secretariat		524-1663
DOMESTIC FINANCE GROUP	4th Floor, DOF Building, BSP Complex, Roxas Boulevard, Manila 1004	
Office of the Undersecretary		523-5671
Fiscal Policy and Planning Office	4th Floor, DOF Building, BSP Complex, Roxas Boulevard, Manila 1004	
Office of the Director		523-5678; (Telefax) 523-3825
Fiscal Policy Division		(Telefax) 524-0607
Fiscal Planning Division		523-5678; (Telefax) 523-3825
Statistics Division		523-5678
Special Studies Division		(Telefax) 523-3825
National Credit Council		523-5678; (Telefax) 523-3825
Developing Financial Cooperatives Projects		525-0487; 525-0497; 525-4332 (Telefax)
Research and Information Office	4th Floor, DOF Building, BSP Complex, Roxas Boulevard, Manila 1004	
Office of the Director		523-6968;
Research and Liaison Division		524-0618
Information Division		524-0619
INTERNATIONAL FINANCE GROUP	5th Floor, DOF Building, BSP Complex, Roxas Boulevard, Manila 1004	
Office of the Undersecretary		523-9221; (TL) 523-9911 to 14 loc 101
International Finance Operations Office		
Office of the Director		526-9990; (TL) 523-9911 to 14 local 125
Debt Restructuring Div. & ADB		521-8791; (TL) 523-9911 to 14 loc 106
Multilateral Assistance Division		521-8792; (TL) 523-9911 to 14 loc 104
Bilateral Assistance Division		523-9223
International Finance Policy Office		(TL) 523-9911 to 14 loc 110
Office of the Director		400-7446; (TL) 523-9911 to 14 loc 115
International Economy Division		400-7446; (TL) 523-9911 to 14 loc 127
External Adjustment Division		400-7446; (TL) 523-9911 to 14 loc 111

OFFICE/GROUP	ADDRESS	TELEPHONE NUMBER/S
Revenue Operations Group	Podium, DOF Building, BSP Complex, Roxas Boulevard, Manila 1004	
Office of the Director		526-8457;526-8458
Customs and Tariff Division		526-8458
Internal Revenue Division		526-8476
Research Monitoring Division		526-7311
Mabuhay Lane		526-8458
Legal Affairs Office	4th Floor, DOF Building, BSP Complex, Roxas Boulevard, Manila 1004	
Office of the Director		526-7490;526-8449
International Legal Services Division		526-8449
Domestic Legal Services Division		526-8449
Hearing and Litigation Division		526-8449
One-Stop-Shop Tax Credit and Duty Drawback Center	3rd Floor, DOF Building, BSP Complex, Roxas Boulevard, Manila 1004	
Office of the Executive Director		526-8178
OSS Operations		523-9217
OSS-TCCIAD/TDM		526-8450
OSS-Receiving		526-1308
OSS-Policy		526-0842
OSS-MIS		526-1781
OSS-Admin		526-0076
OSS-BOC		256-0751
OSS-BIR		526-8849
OSS-Post Audit		526-4822
Municipal Development Fund Office	Podium, DOF Building, BSP Complex, Roxas Boulevard, Manila 1004	
Office of the Executive Director		523-9935
Office of the Deputy Director		523-9935
Finance and Administrative Director		525-9188
Accounting Division		523-9937
CBRM Project		521-7195
LOGOFIND Project		525-9186; 525-9187

Directory of Attached Bureaus, Agencies & Corporations

AGENCY NAME/OFFICE	ADDRESS	TELEPHONE NUMBER/S
Bureau of Customs (BOC)	BOC Building, Port Area, Manila	526-63-55; 527-45-11
Bureau of Internal Revenue (BIR)	BIR Building, Agham Road, Diliman, Quezon City	921-04-30; 922-32-93
Bureau of Local Government Finance (BLGF)	8th Floor, EDPC Building, BSP Complex, Roxas Boulevard, Manila	527-27-80; 522-87-73
Bureau of the Treasury (BTr)	Palacio del Gobernador, Intramuros, Manila	527-31-84; 527-31-78; (TL) 522-81-22
Central Board of Assessment Appeals (CBAA)	7th Floor EDPC Building, BSP Complex, Roxas Boulevard, Manila	525-14-11; 525-14-10; 526-74-85
Cooperative Development Authority (CDA)	5th Floor Ben-Lor Building, 1184 Quezon City	371-20-77; 373-69-06
Fiscal Incentives Review Board (FIRB)	23rd Street corner A.C Delgado Street, Port Area, Manila	527-20-71; 527-20-62
Insurance Commission (IC)	IC Building, 1071 U.N Avenue, Manila	525-20-15; 523-84-61 to 70
National Tax Research Center (NTRC)	23rd Street corner A.C Delgado Street, Port Area, Manila	527-20-50; 527-20-64
Philippine Deposit Insurance Corporation (PDIC)	PDIC Building, Pasong Tamo Extension, Makati City	818-69-06; 817-14-45
Philippine Export-Import Credit Agency (PhilExim)	17th Floor, Citibank Plaza, 8741 Paseo de Roxas, Makati City	893-46-32; 893-48-09 (TL) 848-19-00
Privatization and Management Office (PMO)	104 Gamboa Street, Legaspi Village, Makati City	893-23-83; 893-12-09
Securities and Exchange Commission (SEC)	SEC Building, EDSA Greenhills, Mandaluyong City	727-45-43; 724-47-57

Acronyms

ADB	Asian Development Bank
AEC	ASEAN Economic Community
AFAS	ASEAN Framework Agreement on Services
ASEAN	Association of South East Asian Nations
AusAID	Australian Agency for International Development
BIR	Bureau of Internal Revenue
BLGF	Bureau of Local Government Finance
BOC	Bureau of Customs
BOI	Board of Investments
BSP	Bangko Sentral ng Pilipinas
BTEP	Business Tax Enhancement Project
CAPR	Cooperative Annual Performance Report
CB	Central Bank
CBRMP	Community-Based Resource Management Project
CDA	Cooperative Development Authority
CDS	Cooperative Development Specialist
OSS Center	One Stop Shop Tax Credit and Duty Drawback Center
CIN	Cooperative Identification Number
CIS	Cooperative Information System
COS	Certificate of Shipment
CPSFP	Consolidated Public Sector Financial Position
CPS	Consolidated Public Sector
DBP	Development Bank of the Philippines
DEX	Domestic Debt Exchange
DOE	Department of Energy
DOF	Department of Finance
DOH	Department of Health
DPL	Development Policy Loan
DPSP	Development Policy Support Program
DRMO	Debt Risk and Management Office
DSWD	Department of Social Welfare and Development
EO	Executive Order
GAD	Gender and Development
GDP	Gross Domestic Product
GFI	Government Financial Institution
GNP	Gross National Product
GOCC	Government Owned and Controlled Corporation
GSIS	Government Service Insurance System
HGC	Home Guaranty Corporation
IBRD	International Bank for Reconstruction and Development
IDAP	Integrity Development Action Plan
IRA	Internal Revenue Allotment
JBIC	Japan Bank for International Cooperation
JFPR	Japan Fund for Poverty Reduction
LAMP	Land Administration and Management Project
LBP	Land Bank of the Philippines
LGU	Local Government Unit
LISCOP	Laguna de Bay Institutional Strengthening and Community Participation
LOGOFIND	Local Government Finance and Development Project
LRTA	Light Rail Transit Authority
MBUSSP	Mindanao Basic Urban Services Sector Project
MDFO	Municipal Development Fund Office
MDG	Millennium Development Goals
MDP	Microfinance Development Program
MIAA	Manila International Airport Authority
MNFGC	Monitored Non-Financial Government Corporation
MORR	Manual of Rules and Regulations
MTPDP	Medium-Term Philippine Development Plan
NAPC	National Anti-Poverty Commission
NCC	National Credit Council
NDC	National Development Company
NEA	National Electrification Administration
NFA	National Food Authority
NG	National Government
NGO	Non-Government Organization
NPC	National Power Corporation
ODA	Official Development Assistance
OP	Office of the President
OPES	Organizational Performance Evaluation System
PAGCOR	Philippine Amusement and Gaming Corporation
PDF	Philippine Development Forum
PDMSG	Personnel Development and Management Services Group
PEGR	Philippines-Australia Partnership for Economic Governance Reforms
PhilEXIM	Philippine Export-Import Credit Agency
PMO	Privatization Management Office
PNB	Philippine National Bank
PNOC-EDC	Philippine National Oil Company-Energy Development Corporation
PNR	Philippine National Railways
PRAISE	Program on Awards and Incentives for Service Excellence
PROLEND	Program Lending
PSALM	Public Sector Assets and Liabilities Management Corporation
PTIC	Philippine Telecommunications Investment Corporation
PVB	Philippine Veterans Bank
PWRF	Philippine Water Revolving Fund
Quedancor	Quedan & Rural Credit Guarantee Corporation
ROP	Republic of the Philippines
RPTA	Real Property Tax Administration
RVAT	Reformed Value Added Tax
SCA	Standard Chart of Accounts
SCC	Savings and Credit Cooperative
SEC	Securities and Exchange Commission
SSI	Social Security Institution
SSS	Social Security System
TCC	Tax Credit Certificate
TRANSCO	National Transmission Corporation
USA	United States of America
US$	United States Dollar
WC-FSL	Working Committee on Financial Services Liberalization
WOMEN, Inc.	Women's Movement for an Empowered Nation, Inc.
WB	World Bank

2007 DOF Annual Report Working Committee

Top Row from left: Irene, Roch, Febe, Ric
Bottom Row from left: Nennette, Itoy, Teh, Gil, Nap

Concept Design, Photography, and Printing: **Mode Matrix Manila, Inc.**

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