



2019 ANNUAL REPORT



**BRIDGING FISCAL
& SOCIAL REFORMS
FOR A BETTER NATION**



Contents

3	Introduction
6	Message from the Secretary
8	2019 Summary of Accomplishments
12	Economic Highlights
13	Revenue Performance
16	Legislative Agenda
21	Government Corporate Sector
24	Debt Management
28	Governance Initiatives
32	Privatization
34	Mobilizing International Support for Priority Projects
37	International Commitments
39	Local Economic Development
45	Financial Inclusion
48	Enhancing the Workforce Development
51	Information and Technology
52	Annexes
57	DOF Financial Statements for 2019
62	DOF Organizational Structure
63	DOF Officials
64	DOF Directory
65	2019 DOF Annual Report Team

List of Figures

Figure 1	GDP Growth and Share of Investment to GDP (%) 2012-2019
Figure 2	National and General Government Debt (% to GDP)
Figure 3	Philippines' Credit Rating 2009-2019
Figure 4	Privatization and Management Office (PMO) Collection
Figure 5	PMO Remittances
Figure 6	CY 2019 Ongoing and Completed Subprojects under Municipal Development Fund Office (MDFO)
Figure 7	Distribution of ongoing subprojects managed by MDFO in 2019
Figure 8	Appointments issued in 2019

List of Tables

Table 1	Poverty Incidence Among Families and Population, 2015 and 2018
Table 2	National Government (NG) Fiscal Performance
Table 3	Bureau of Internal Revenue (BIR) Collection Performance
Table 4	Bureau of Custom (BOC) Collection Performance
Table 5	Consolidated Public Sector Financial Position
Table 6	DOF Priority Bills as of December 2019
Table 7	Collections from government-owned and controlled corporations (GOCCs)
Table 8	Financing Surplus (Deficit) of Monitored GOCCs, government financial institutions (GFIs) and social security institutions (SSIs)
Table 9	2019 Global Bonds
Table 10	Online Bond Offering and PREMYO BONDS
Table 11	Seized smuggled goods by BOC
Table 12	Disposed properties by PMO
Table 13	Loan Agreements under Asian Development Bank (ADB) and World Bank (WB)
Table 14	Program loans from ADB and WB
Table 15	Grants from United Nations and ADB
Table 16	Local government collections
Table 17	Collections by Local Government Unit (LGU) Type
Table 18	Expenditures
Table 19	2019 Bureau of Local Government Finance (BLGF) Policy Issuances
Table 20	Performance Indicators using Program Expenditure Classification (PREXC)





Introduction

The Department of Finance (DOF) is the government's steward of sound fiscal policy. It formulates revenue policies that will ensure funding of critical government programs that promote welfare among our people and accelerate economic growth and stability.

The Department envisions that the effective and efficient pursuit of the critical tasks under its wings – revenue generation, resource mobilization, debt management, and financial market development – shall provide the solid foundation for a Philippine economy that is one of the most active and dynamic in the world.

The fact that the birth of the Department of Finance predated that of the Philippine Republic is 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. At present, 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 programs toward an investment-friendly environment, which is the catalyst for growth.





Introduction

Vision

- A strong economy with stable prices and strong growth;
- A stable fiscal situation with adequate resources for government projects, infrastructure, education, health, and other basic services;
- A borrowing program that is able to avoid the crowding-out effect on the private sector and minimizes 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.

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 these objectives by building a strong fiscal position, through the:

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

Mandate

Under Executive Orders 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 financial resources of government;
- Supervision of the revenue operations of all local government units;
- Review, approval, and management of all public sector debt, domestic or foreign; and
- Rationalization, privatization, and public accountability of corporations and assets owned, controlled or acquired by the government.



Credo

I am a public servant in the Department of Finance.
I seize the initiative to improve a little each day:

- in the way that I am;
- in the way I care;
- in the way I work.

I strive for excellence in everything I do:

- by the pursuit of competence;
- by the constant search of professionalism;
- by the observance of team work.

I take the lead and serve:

- by putting country above self;
- by showing concern for others;
- by thinking of myself last.

I think and act to ensure:

- integrity in the life I live;
- the efficiency of the work I do;
- the effectiveness of the service I render.

I believe that God is my father who cares for
and helps me always.

Powers and Functions

1. Formulate goals, action plans and strategies for the government's resource mobilization effort;
2. Formulate, institutionalize, and administer fiscal and tax policies;
3. Supervise, direct, and control the collection of government revenues;
4. Act as custodian of, and manage all financial resources of the government;
5. Manage public debt;
6. Review and coordinate policies, plans, and programs of GOCCs;
7. Monitor and support the implementation of policies and measures on local revenue administration;
8. Coordinate with other government agencies on matters concerning fiscal, monetary, trade, and other economic policies; and
9. Investigate and arrest illegal activities such as smuggling, dumping, illegal logging, etc. affecting national economic interest.





Message from the Secretary

The Department of Finance (DOF) performs multiple roles that are essential to efficient and effective governance, as well as the inclusive growth of our economy.

In President Duterte's own words, taxes and other forms of revenue are "the lifeblood of government." In addition, to ensure that priority programs and investments are matched with robust and sustainable funding streams, the DOF operates the national treasury, manages the public debt and public assets, oversees government-owned or -controlled corporations, sets policies for government financial institutions, coordinates with our international development partners, leads the push for much needed economic reforms, and helps formulate the national spending plan and the expansion of our financial system.

These responsibilities are ably performed by dedicated men and women who serve the country through this Department. Over the last three years, the DOF has pushed for the modernization of our tax policies, negotiated concessional funding for the infrastructure program, and mustered multisectoral support for building national resilience.

2019 was a banner year for the DOF, as this annual report summarizes. We have dramatically improved revenue collections through a combination of policy and administrative reforms. Revenues reached 16.1 percent of GDP, our best performance in 22 years. With prudent management of our fiscal affairs, the country earned the highest investment-grade credit rating ever at BBB plus. We managed to bring down our debt-to-GDP ratio to a historic low of 39.6 percent. We worked with Congress to pass two successive laws increasing

excise taxes on tobacco, alcohol, and e-cigarettes to fund Universal Health Care.

This past year also marked the passage of the Rice Tariffication Law, opening up our rice trade and making our country's staple food more affordable for more than 100 million Filipinos, while earmarking tariff revenues for strengthening the competitiveness of our rice farmers. An amnesty on estate taxes and delinquencies has provided errant taxpayers the opportunity to more affordably settle their outstanding tax liabilities and unlock the value of their property.

A strong fiscal position is not an abstract accomplishment, for it allows the country to make concrete improvements in the lives of its people. This year, we achieved the lowest recorded rates of unemployment at 4.5 percent, underemployment at 13 percent, and poverty incidence at 16.7 percent as compared with 23.5 percent when the President took over in 2016. These gains and the success of the reform agenda were made possible by President Duterte's decisive leadership and prudent fiscal management.

The DOF will build on these gains to create more opportunities for all law-abiding Filipinos. We will surely encounter many challenges moving forward, and we will meet each of them with unstinting dedication to our people's welfare.

CARLOS G. DOMINGUEZ
Secretary



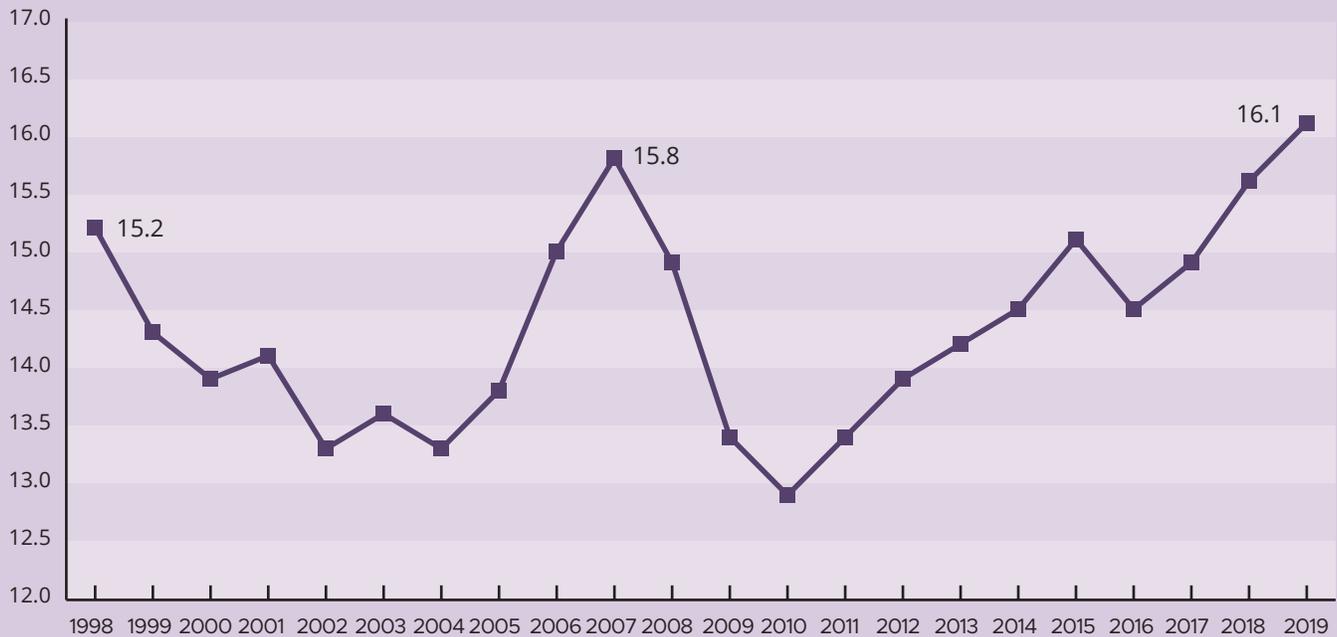


2019 Summary of Accomplishments

Total revenues were at 16.1 percent of GDP in 2019, the highest in more than two decades



Total Revenues as Percentage of GDP



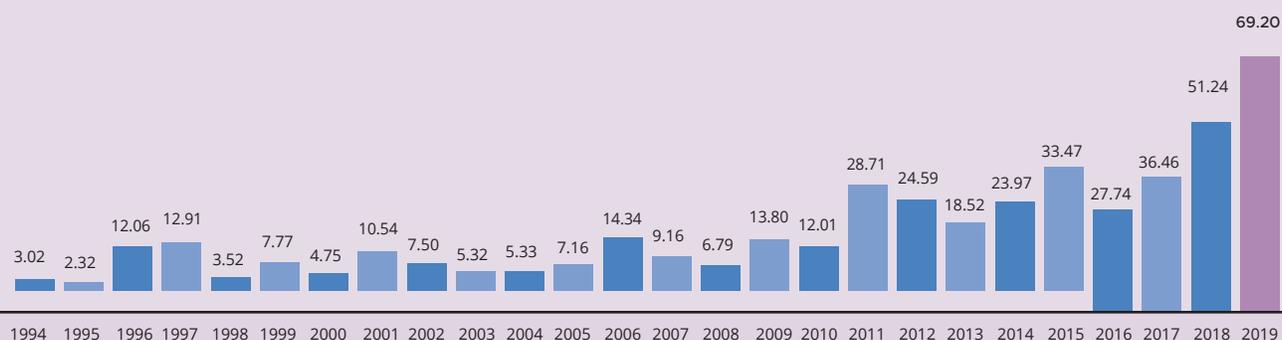
2019 collections from the TRAIN Law exceeded 2018 level by 91 percent

In PHP billion	2018 Actual	2019		2019 vs 2018 (%)	2019 Program vs Actual (% Growth)
		Program	Actual		
BIR	9.9	21.2	30.1	204	42
BOC	58.5	86.9	100.6	72	16
TOTAL	68.4	108.1	130.7	91	21

Reached all-time high GOCC dividend collections



Dividend Collection (in billion pesos)



Implemented bold measures to improve tax collection and administration



Passed game-changing tax reform measures

- Package 1B of the Tax Amnesty Act - 14 February 2019
- Tobacco Excise Tax Reform - 25 July 2019



Intensified campaign versus errant POGOs

- In 2019, BIR has shuttered the operations of three errant Philippine Offshore Gaming Operator (POGO) service providers.
- In 2019, BIR collected P6.42 Billion in taxes from POGOs, 169 percent higher than in 2018.



Sustained campaign against smugglers and tax evaders

- BIR programs: Oplan Kandado, Strike Team, and Run After Tax Evaders (RATE).
- BOC programs: Bureau's Action Team Against Smugglers (BATAS) and seizure of smuggled goods and illegal drugs.



2019 Summary of Accomplishments

Implemented bold measures to improve tax collection and administration



Digital transformation of systems and process

- BIR introduced additional e-channels for filing and payment of taxes. In 2019, total revenues collected through digital channels reached P1.83 trillion (84 percent of the total BIR collections). This is 54 percent more than the collections in 2015.
- BOC ICT projects: Customs Service Center, Document Tracking System, Goods Declaration Verification System, and Customer Care Portal, among others.
- By 2019, there were already more electronic filers at 58 percent of all taxpayers versus 25 percent in 2015.



Launched the first-ever nationwide implementation of the fuel marking program

- The program's implementation commenced on August 2, 2019.
- The program was launched to curb illicit trade of petroleum products ensuring that corresponding duties and taxes from petroleum products are collected.

2019 debt-to-GDP ratio of 39.6 percent is the lowest it has been since the country started recording this metric in 1986



National government debt-to-GDP ratio



Scored our best credit ratings ever

Credit Rating Agencies	Rating Action
	2019
S&P	Upgraded at BBB+
Japan Credit Rating Agency	Affirmed at BBB+
Moody's	Affirmed at Baa2
Fitch	Affirmed at Baa2

Secured highly concessional loan agreements with development partners for the Build, Build, Build Program

2019	
Project	Amount
Malolos-Clark Railway Project (ADB)	USD 1.3 Billion
Philippine National Railways (PNR) South Long Haul Project Project Management Consultancy (China)	USD 219.78 Million
Pasig-Marikina River Channel Improvement Project (Phase IV) (Japan)	USD 361.23 Million
Road Network Development Project in Conflict-Affected Areas in Mindanao (Japan)	USD 202.04 Million
North-South Commuter Railway Extension Project (Phase I) (Japan)	USD 1.59 Billion
Metro Manila Bus Rapid Transit – Line 1 Project (World Bank)	USD 40.70 Million
Metro Manila Bus Rapid Transit – Line 1 Project (CTF)	USD 23.90 Million
Infrastructure Preparation and Innovation Facility – Additional Financing (ADB)	USD 200.00 Million



Economic Highlights

2019 saw another banner year for the Philippine economy. It posted a strong growth of 6 percent, keeping the country among the world's fastest growing economies. Moreover, the economy is increasingly becoming more investment-led, thanks to the infrastructure spending.

This year, investments accounted for 26.2 percent of the economy, a sharp increase from its share of 21.3 percent in 2015.

The DOF is committed to mobilizing resources to finance sustainable and inclusive development. Since 2016, it started building up finances to support President Rodrigo Duterte's aggressive Build, Build, Build infrastructure program to accelerate poverty reduction. At the same time, more resources are being devoted to human capital development. The President's promise of lifting 6 million Filipinos out from poverty by 2022 was achieved ahead of schedule in 2018. Last year, the country recorded the lowest poverty incidence of 16.7 percent compared with 23.5 percent when the Duterte administration took over in 2016.



Figure 1. GDP Growth and Share of Investment to GDP (%), 2015-2019

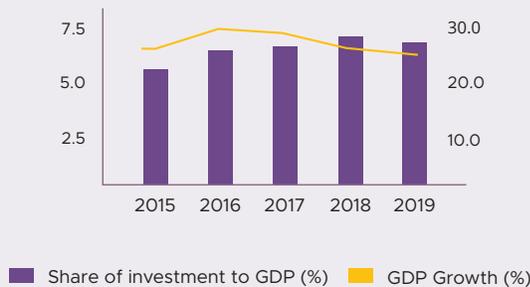


Table 1. Poverty Incidence Among Families and Population, 2015 and 2018

	2015	2018
Poverty Incidence Among Families (%)	18.0	12.1
Poverty Incidence Among Population (%)	23.5	16.7

Source: PSA





Revenue Performance

Total revenues collected by the National Government (NG) in 2019 reached P3.1 trillion, 10.1 percent higher than previous year's level of P2.8 trillion.

Total tax collections amounted to P2.8 trillion, exceeding the previous year's collection by 10.2 percent. This was due to the bold reforms in tax policy and improved tax administration by the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC). The BIR collected P2.2 trillion in 2019 registering 11.5 percent growth from its collection in 2018. Meanwhile, BOC collected P630.3 billion, 6.3 percent higher than its previous year's collection. Other offices contributed a total of P22 billion.

Collections from non-tax revenues totaled P308.8 billion which was 14.9 percent higher than its 2018 level. The Bureau of the Treasury (BTr) increased

its collection by 28.3 percent while fees and charges and other non-tax revenues increased by 5.1 percent and 4.8 percent, respectively.

Despite the delay in passing the budget for 2019, the government was able to catch up and accelerate its expenditures. Government disbursements in 2019 reached P3.8 trillion, 11.4 percent higher than the P3.4 trillion recorded in 2018. Robust spending in 2019 outpaced revenue growth resulting in a NG fiscal deficit of P660.2 billion, 18.3 percent higher than the P558.3 billion level a year ago. Relative to the economy, the budget gap stood at 3.4 percent of gross domestic product (GDP) slightly higher than the actual deficit to GDP ratio 3.2 percent in 2018.



Table 2. NG Fiscal Performance

NG Fiscal Position (in Billion Pesos)	2018 Actual	2019 Actual	2019 Program	Variance (%)	Growth Rate (%)
Total Revenues	2,850.2	3,137.5	3,149.7	-0.4	10.1
Tax Revenues	2,565.9	2,827.8	2,955.4	-4.3	10.2
<i>Tax Effort (%)</i>	14.7	15.2	15.5		
BIR	1,951.9	2,175.5	2,271.4	-4.2	11.5
BOC	593.1	630.3	661.0	-4.6	6.3
Other Offices	20.9	22.0	23.0	-4.3	5.6
Non-Tax Revenues	268.6	308.8	192.2	60.6	14.9
Fees and Charges	52.7	55.4	53.3	4.0	5.1
Bureau of Treasury	114.2	146.5	73.9	98.3	28.3
Other Non-Tax Revenues	101.6	106.6	65.1	63.7	4.8
Foreign Grants	0.01	0.3	-	0.0	407.8
Privatization	15.7	0.9	2.0	-55.9	-94.4
Expenditure	3,408.4	3,797.7	3,769.7	0.7	11.4
Surplus/(Deficit)	-558.3	-660.2	-620.0	6.5	18.3



Revenue Performance

Tax Revenues

Combined tax collections of the main revenue generating agencies achieved double-digit growth in 2019. As a percentage to the country's GDP, tax revenues reached 15.2 percent, the highest in 22 years.

BIR collected a total of P2.2 trillion in taxes, 11.4 percent higher than the 2018 level. Collection from income taxes which accounted for more than half of the total BIR collections, stood at about P1.2 trillion or an increase of 11.6 percent from last year. Other taxes also posted growth year-on year. Meanwhile, BOC collection grew by 6.3 percent in 2019 to P630.3 billion, largely from value-added taxes (VAT) on oil and non-oil products.



Table 3. BIR Collection Performance

Taxes Revenues (in billion Pesos)	2018	2019	Growth Rate (%)	2019 Distribution (%)
Total Collection*	1,962.6	2,186.4	11.4	
Income Taxes	1,035.7	1,155.5	11.6	52.9
Excise Taxes	290.6	317.3	9.2	14.5
Value-Added Tax	358.2	406.1	13.4	18.6
Percentage Taxes	114.0	133.9	17.4	6.1
Other Taxes	164.2	173.7	5.8	7.9
Total				100

*BIR collections are gross of tax refunds amounting to P10.8 billion for 2018 and P10.9 billion in 2019.

Source: Department of Finance



Table 4. BOC Collection Performance

Taxes Revenues (in billion pesos)	2018	2019	Growth rate (%)	2019 Distribution (%)
Total Collection*	593.1	630.3	6.3	
<i>o.w. Tax Expenditure Fund</i>	7.7	10.0	31.1	
Import Duties	73.0	71.8	-1.6	11.4
Non-Oil	73.0	71.8	-1.6	
Oil	0.003	0.003	-6.5	
VAT	426.1	426.7	0.2	67.7
Non-Oil	339.7	342.3	0.8	
Oil	86.4	84.4	-2.3	
Excise Tax	92.8	129.8	39.8	20.6
Others	1.2	2.0	66.2	0.3
Total				100

*BOC collections are net of tax refunds amounting to P5.3 billion for 2018 and P9.7 billion in 2019.

Source: Department of Finance

Consolidated Public Sector Financial Position (CPSFP)

The country's consolidated public sector financial position amounted to a total deficit of P259.0 billion in 2019, equivalent to 1.3 percent of GDP. The overall deficit widened by 45 percent due to robust infrastructure and human capital development spending.

In an economy hobbled by the delayed implementation of the 2019 budget, the government crafted a catch-up expenditure program to offset the sluggish economic growth in the first half of the year, enabling the economy to recover in the third quarter. Thus, the total Public Sector Borrowing Requirement (PSBR) swung to a deficit of P641.0 billion or 3.3 percent of GDP. The NG contained the bulk of the deficit which reached P660.2 billion or 18.3 percent higher than the 2018 level. Meanwhile, the expansion of the 14 Monitored Non-Financial Government Corporations (MNFGCs) to include the Bases Conversion Development Authority (BCDA), Civil Aviation Authority of the Philippines (CAAP),

and Manila International Airport Authority (MIAA) resulted to an aggregate deficit of P731.4 million.

Nonetheless, the strong performance of the other public sectors counteracted the shortfall of NG and MNFGCs. The Social Security Institutions (SSIs) and Government Financial Institutions (GFIs) achieved a surplus of P53.9 billion and P26.1 billion, respectively. This positive outcome was primarily due to diversification strategies in investments, higher collection of members' contributions, and a significant increase in investment income derived from the holdings of national government securities.

The Bangko Sentral ng Pilipinas (BSP) and Local Government Units (LGUs) also posted combined surpluses of P303.0 billion. The substantial surplus generated by the LGUs emanated from the higher Internal Revenue Allotment (IRA) from the NG and higher revenues from local taxes.



Table 5. Consolidated Public Sector Financial Position

Particulars (in billion pesos)	2018	2019 (Prelim)	Growth rate (%)
TOTAL SURPLUS+ / DEFICIT-	-178.6	-258.1	45.0
<i>Percent of GDP</i>	-1.0	-1.3	
TOTAL PUBLIC SECTOR BORROWING (PSBR)	-554.9	-641.0	15.5
<i>Percent of GDP</i>	-3.0	-3.3	
National Government	-558.3	-660.2	18.3
o.w. Privatization	15.7	0.9	-94.4
CB Restructuring	-7.9	0.0	100.0
Monitored GOCCs	5.5	-0.7	-113.2
Adjustment of net lending and equity to GOCCs	5.7	20.0	250.2
Other adjustments	0.0	0.0	0.0
OTHER PUBLIC SECTOR	376.3	382.9	1.5
<i>Percent of GDP</i>	2.1	2.0	
SSS/GSIS/PHIC	63.2	53.9	-14.8
BSP	37.0	44.0	19.0
GFIs	20.5	26.1	27.4
LGUs	255.5	259.0	1.0
Timing adjustment of interest payments to BSP	0.0	0.0	0.0
Other adjustments	0.0	0.0	0.0



Legislative Agenda

1. Signing of the tobacco excise tax law

On 25 July 2019, President Duterte signed into law Republic Act (RA) No. 11346 that increases excise taxes on tobacco and imposes excise taxes on heated tobacco and vapor products, collectively known as e-cigarettes. This is the first time in Philippine history when tobacco excise taxes were increased twice in one administration through the Tax Reform for Acceleration and Inclusion (TRAIN) law and RA 11346. Revenues from this measure augment the massive funding required for the Universal Health Care (UHC) program, which will give all Filipinos, most especially low-income families, access to quality and affordable health care.

During the same year, the administration proposed further increases to excise taxes on alcohol and such in its continuous effort to promote a healthier lifestyle for Filipinos. The enrolled bill was submitted to the Office of the President for its enactment into law last 26 December 2019. The increase in alcohol excise taxes aims to prevent binge drinking and initiation among young people.

Meanwhile, the further increase in the excise taxes on e-cigarettes reflects the risks of such products. These excise tax adjustments aim to further close the UHC program funding gap.



▲ Briefing and deliberation of tobacco tax, Senate of the Philippines

▼ Joint DOF-DOH press briefing on tobacco tax, 17 May 2019



2. Effective implementation of the Rice Tariffication Law (RTL) brought down inflation to 2.5 percent in December 2019 from a high of 5.21 percent in 2018

The RTL finally liberalized rice trading after around 30 years of failed attempts by previous administrations to reform this sector. The law makes quality rice more affordable and accessible to Filipino consumers, thereby bringing down inflation. Rice retail prices are now cheaper by P8 to P10 per kilo compared to the peak in 2018 prices. Also, RTL will further reduce poverty as it allocates at least P10 billion in annual funds via the Rice Competitiveness Enhancement Fund (RCEF) to boost palay harvests by providing small farmers with cheap and easy credit, farm machinery and other equipment, high-yield seeds, and skills training in farm mechanization and other modern farming techniques.

Five (5) *Sulong Pilipinas* consultative workshops with a combined attendance of around 2,000 participants were held in 2019.



▲ Rice Trader's Forum, Ayuntamiento de Manila, 29 April 2019

In 2019, the Cabinet Economic Development Cluster, chaired by Finance Secretary Carlos G. Dominguez, conducted five (5) *Sulong Pilipinas* consultative workshops in Manila, Leyte, Iligan, and Davao. The consultative workshops, which aim to bring together government and stakeholders to discuss key socioeconomic priorities, had a combined attendance of around 2,000 participants. Top recommendations from past *Sulong Pilipinas* conferences that the government has acted on include the Comprehensive Tax Reform Program, National ID Law, Ease of Doing Business Law, UHC Law, and the Build, Build, Build Program.

These conferences have been crucial in building reform coalitions and public support for the key socioeconomic reform agenda of the administration.

The following were the *Sulong Pilipinas* consultative workshops this year:

1. Pre-State of the Nation Address (SONA); Economic and Infrastructure Forum in July 2019;
2. Visayas leg in August 2019;
3. Mindanao leg in September 2019;
4. Students' Tax Convention and Youth Consultative Workshop 2019; and
5. Agribusiness Summit 2019 in December 2019.



Table 6. DOF Priority Bills as of December 2019



▲ Student's Tax Convention and Youth Consultative Workshop 2019



▲ Agribusiness Summit, December 2019



Legislative Agenda

	Features	House	Senate
1. <i>Package 2 of the Comprehensive Tax Reform Program (CTRP) or the Corporate Income Tax and Incentives Rationalization Act (CITIRA)</i>	<p>a. <i>Competitive corporate income tax rate of up to 20 percent by 2029</i></p> <p>b. <i>All fiscal incentives are performance based, time bound, targeted, transparent, and based on one omnibus investment code.</i></p>	<p><i>Approved on Third Reading</i> <i>(September 13)</i></p>	<p><i>Committee-For</i> <i>Committee Report</i></p>
2. <i>Package 2+ of CTRP Further Raising Excise Taxes on e-cigarettes and Alcohol</i>	<p>c. <i>Imposes additional taxes on vapor products and alcohol.</i></p> <p>d. <i>Ensures 100 percent sustainable financing for the Universal Health Care Law.</i></p>	<p><i>Ratified by Congress</i> <i>(December 18)</i></p>	<p><i>Ratified by Congress</i> <i>(December 18)</i></p>
3. <i>Package 3 of CTRP or the Valuation Reform</i>	<p>e. <i>Establishes a single valuation base for taxation.</i></p> <p>f. <i>Insulates valuation at the local level from undue politicization.</i></p> <p>g. <i>Establishes comprehensive data for valuation function.</i></p>	<p><i>Approved on Third Reading</i> <i>(November 25)</i></p>	<p><i>Referred to</i> <i>Committee</i></p>
4. <i>Package 4 of CTRP or the Passive Income Tax and Financial Tax Reform</i>	<p>h. <i>Reduces by half the 80 tax rates imposed on passive income.</i></p> <p>i. <i>Unifies tax rates for interests, dividends, and capital gains.</i></p> <p>j. <i>Adopts regionally competitive tax system.</i></p>	<p><i>Approved on Third Reading</i> <i>(September 9)</i></p>	<p><i>Committee –</i> <i>For Technical</i> <i>Working Group</i> <i>discussion</i></p>
5. <i>Retail Trade Liberalization</i>	<p>k. <i>Seeks to further relax foreign restrictions by removing investment categories and setting an across-the board minimum paid up capital investment.</i></p> <p>l. <i>Promotes locally manufactured products.</i></p>	<p><i>Plenary Period of</i> <i>Interpellation</i></p>	<p><i>Committee – For</i> <i>Committee Report</i></p>
6. <i>Foreign Investment Act Amendments</i>	<p>m. <i>Allows foreigners to own small and medium-sized enterprises with a minimum paid-up capital of less than \$100,000 if it involves advanced technology, or it employs at least 15 direct employees.</i></p> <p>n. <i>Excludes practice of professions from the coverage of the Foreign Investment Negative List.</i></p>	<p><i>Approved on Third Reading</i> <i>(September 9)</i></p>	<p><i>Plenary – For</i> <i>Interpellation</i></p>
7. <i>Public Service Act Amendments</i>	<p>o. <i>Lifts foreign equity restrictions particularly on telecommunication and transportation service providers.</i></p>	<p><i>Plenary-Period of</i> <i>Interpellation</i></p>	<p><i>Referred to the</i> <i>Committee</i></p>

	Features	House	Senate
8. <i>Creation of the Department of Water Resources and Water Regulatory Commission</i>	p. <i>Seeks to rationalize the water, irrigation, sewage, and sanitation resource management, including water rights, through the creation of the Department of Water Resources and Services.</i>	<i>Pending in the Committee (Appropriation)</i>	<i>Committee – For TWG Discussion</i>
9. <i>Warehouse Receipts Bill</i>	q. <i>Seeks to amend and modernize the Warehouse Receipts Law of 1912.</i>	<i>Pending in the Committee on Trade and Industry</i>	<i>Pending in the Committee on Trade Commerce and Entrepreneurship</i>
SONA Bills			
1. <i>Uniformed Personnel Separation, Retirement, and Pension Reform</i>	a. <i>Sets the compulsory retirement age to 60, instead of the current 56. The retiree must also have had 20 years of satisfactory active service.</i> b. <i>A member of the uniformed service who retires will also receive a monthly retirement pay equivalent to 2.5 percent for each year of active service, but should not exceed 90 percent of the monthly base and longevity pay of the current salary grade.</i>	<i>Referred to Committee</i>	<i>Referred to the Committee</i>
SONA Bills			
2. <i>Creation of the Department of Overseas Filipinos</i>	c. <i>Seeks to establish a Department of Overseas Filipinos as the umbrella agency tasked to promote the welfare of overseas Filipinos, protect their rights to fair and equitable employment practices, and undertake a systematic national development program for managing and monitoring the overseas or foreign employment of Filipino workers.</i> d. <i>Creates an Overseas Filipino Assistance Fund to provide financial support for Filipinos migrants in distress, and for training and livelihood programs for OFWs returning to the Philippines in retirement.</i>	<i>Plenary Period of Interpellation</i>	<i>Referred to Committee</i>
3. <i>Creation of the Department of Disaster Resilience</i>	e. <i>Improves institutional capacity of the government for disaster risk reduction and management effectively.</i> f. <i>Oversees a comprehensive, coordinated strategy for addressing natural and man-made disasters.</i>	<i>Pending in the Committee (Appropriation)</i>	<i>Committee Hearing – 1</i>



Legislative Agenda

Tax Incentives Management and Transparency Act (TIMTA) Law used extensively for policy recommendations

In the 18th congress, DOF resumed the discussion on the rationalization of the tax incentives which had gained momentum in both Houses of Congress. The package aims to make the country's tax incentives system performance-based, targeted, time-bound,

and transparent. The TIMTA data has been used significantly to achieve this.

It is also important to highlight that the TRAIN law paved the way to expand the scope of TIMTA to cover not only corporations under the administration of investment promotions agencies (IPAs), but also to cooperatives whose incentives are governed by another tax incentives scheme. The TRAIN law requires the submission of incentives enjoyed by the cooperatives in the country.



The National Tax Research Center (NTRC) completed major studies in support of the tax reform packages:

1. *Proposed Reforms Under Package 4 of the CTRP;*
2. *Analysis of Tax Revenues on Passive Income and Financial Intermediation: 2008-2017; and*
3. *A Review of the Taxation of Collective Investment Schemes in the Philippines.*

Other completed studies include:

1. *A Review of the Taxation of the Philippine Mining Industry;*
2. *Feasibility of Expanding the Coverage of Non-Essential Goods Subject to the Excise Tax Under Section 150 of the NIRC of 1997, as Amended;*
3. *Profile and Taxation of the Integrated Industry in the Philippines;*
4. *Profile and Taxation of Philippine Offshore Gaming Operations;*
5. *Analysis of the Revenue Performance of Local Taxes on Real Properties CY 2012-2016;*
6. *Elasticity of Demand of Selected Excisable Products: CY 2008-2018;*
7. *Buoyancy and Elasticity of Taxes on Net Income and Profits: CY 1998-2018; and*
8. *Administration of the Road Taxes Among ASEAN and Other Selected Countries.*

Note: These studies are publicly available in the NTRC website: www.ntrc.gov.ph.



▲ President Rodrigo Roa Duterte greets some of the guests during the Government-Owned and Controlled Corporations (GOCC) Day at the Malacañan Palace on 11 July 2019. Photo from pcoo.gov.ph

The DOF upholds its mandate to continuously pursue fiscal and policy initiatives to instill financial discipline among government-owned and controlled corporations (GOCCs) while delivering their respective mandates in efficient and effective manner. As such, the DOF is continuing the pursuit to increase GOCCs' contribution to NG's development activities thru stricter implementation and monitoring of the financial performance of the GOCCs to ensure that they remit the correct amount of dividends to the NG.

Contribution to Fiscal Consolidation Program of NG

A great milestone was achieved in 2019 as another record-high dividend remittance from the GOCCs was achieved since the implementation of RA No. 7656 or the Dividend Law¹ in 1993. This year, dividend remittances from the GOCCs amounted to P69.2 billion² representing a 35 percent increase from the P51.35 billion³ payments in 2018.

As a way to recognize the contributions of GOCCs in revenue generation, the DOF once again hosted the GOCC Day in July 2019 held in Malacañan Palace.

A total of 54 GOCCs remitted dividends in 2019. Philippine Amusement and Gaming Corporation (PAGCOR) had the highest remittance of P16.2 billion. Other GOCC dividend contributors with at least a billion pesos remittance were: Philippine Deposit Insurance Corporation (PDIC) with P10.6 billion; Bangko Sentral ng Pilipinas (BSP) with P4.0 billion; Philippine Ports Authority (PPA) with P3.5 billion; Civil Aviation Authority of the Philippines (CAAP) with P3.5 billion; Manila International Airport Authority (MIAA) with P3.4 billion; Land Bank of the Philippines (LBP) with P1.9 billion; and National Power Corporation (NPC) with P1.4 billion. The steady increase in the dividends collected from the GOCCs exemplifies the combined endeavor of the stakeholders to foster the government corporate sector to be efficient partners of the NG in accelerating infrastructure development in the country.

¹ Under the law, the government corporate sector is required to remit at least half (50%) of their annual net earnings to the NG.

² The Land Bank of the Philippines (LBP), Development Bank of the Philippines (DBP) and Home Guaranty Corporation (HGC) were granted dividend relief amounting to P11.82 billion, P3.76 billion and P1.0 billion respectively in 2019 corresponding to its 2018 net income, to allow it to recapitalize and better serve the increasing development needs of the country.

³ This includes P7.82 billion and P3.24 billion dividends allowed to be retained by LBP and DBP, respectively in 2018, corresponding to 2017 net income for their capitalization, and to better serve the increasing development needs of the country.



Government Corporate Sector



Table 7. Collections from GOCCs

Collections from GOCCs	FY2018 Actual	FY2019 Actual	FY2019 Program	% Variance 2019 Actual vs Program	% Growth Rate
A. Dividends*	40.3	52.6	16.0	329	30
B. Guarantee Fee	2.5	2.9	2.0	143	17
C. Interest on Advances	0.7	2.5	0.1	2112	272
D. FOREX Risk Cover Fee	1.5	1.6	1.5	104	6
E. Airport Terminal Fee	1.0	1.2	0.8	154	21
F. NG Shares on Income	33.5	37.3	33.1	113	11
Total Collections	79.4	98.0	53.5	183	23

* This excludes dividend relief of P11.06 billion and P16.58 billion for 2018 and 2019, respectively.

This year, collections from the government corporate sector comprising dividend, fees due to the NG, and NG Share on revenues generated by PAGCOR and MIAA, reached P98 billion. This amount was almost double the P53.5 billion total target collection for 2019. The total actual collection for this year was 23 percent higher than the 2018 level of P79.4 billion.

Furthermore, the NG share from GOCC income other than dividends comprised 38 percent of the total collection. This grew by 11 percent from the 2018 level of P33.5 billion to P37.3 billion. The improvement was mainly attributed to the increase in PAGCOR's income primarily from casino gaming operation.

Contribution to Consolidated Public Sector Financial Position



Table 8. Financing Surplus (Deficit) of Monitored GOCCs, GFIs and SSIs (In Billion Pesos)

Particulars	FY2018 Actual	FY2019 Actual	Increase (Decrease)	% Growth Rate
MNFGCs	5.5	(0.7)	(6.2)	-113
GFIs (DBP, LBP, TIDCORP)	20.5	26.1	5.6	27
SSIs (GSIS, SSS, PHIC)	63.3	53.9	(9.3)	15

* Includes the 3 Additional GOCCs (BCDA, CAAP and MIAA) for the expanded monitoring coverage of GOCCs, excludes HGC which was merged to PHILEXIM and renamed as Philippine Guarantee Corporation.

a. On Major Non-Financial Government Corporations (MNFGCs)

The MNFGCs in 2019 posted a financing deficit of P700 million, a substantial decrease of 113 percent or P6.2 billion as compared to the 2018 surplus of P5.5 billion. The shift in GOCCs' financial position from surplus in 2018 to deficit in 2019 was largely caused by National Food Authority (NFA), Power Sector Assets and Liabilities Management Corporation (PSALM), and NPC.

The substantial decline in NFA's surplus by P16.2 billion was mainly brought about by higher volume of local procurement in 2019 in order to beef up its inventory and mitigate the further escalation of selling price of rice. The passage of the Rice Tariffication Law in 2019 provides that NFA shall maintain sufficient rice buffer stocks to be sourced solely from local farmers.

Meanwhile, the reduction in PSALM's surplus by P5.6 billion resulted mainly from the drop in Universal Charge (UC) collections by P9.9 billion with the recovery of stranded contract costs of P0.1938/kwh approved by ERC which ended in 2018.

On the other hand, the deterioration in NPC's financial operation by P2.25 billion, from a surplus in 2018 to deficit in 2019 was due to higher power subsidy of P1.24 billion brought by the entry of three private sector power providers, and lower collection.

The substantial drop in the financial performance of NFA, PSALM and NPC was partly offset by the improvements in NHA and LRTA's financial position; and the combined net surplus of the three new GOCCs included in consolidated public sector financial position. Improvements in NHA's and LRTA's financial position were primarily due to receipt of subsidy in 2019 for capital projects in the case of NHA, and for conversion of NG advances into subsidy in the case of LRTA. In 2019, three GOCCs namely BCDA, CAAP and MIAA were included in the coverage of the consolidated public sector financial position.

b. On GFIs and SSIs

SSIs and GFIs managed to maintain their positive contributions to the CPSFP in 2019. Although there is a minimal decrease in SSIs' cash surplus, the combined cash surplus of the GFIs and the SSIs totalling to P80 billion in 2019 has contributed substantially to the improvement in the overall CPSFP.

For 2019, SSIs' aggregate surplus of P53.9 billion decreased by 15 percent or P9.4 billion from 2018 surplus of P63.3 billion. The drop in GSIS surplus was due to i) higher availment of loan package under the GSIS Financial Assistance Loan Program and ii) higher availment of monthly old age pension, survivorship benefits, life insurance claims and retirement claims processed/paid. Meanwhile, the

PHIC surplus dropped by P7 billion from the 2018 level due to change in in the basis of recording of claims for benefit payments.

For 2019, GFIs' surplus amounted to P26.1 billion which is 27 percent or P5.6 billion higher than the 2018 surplus of P20.5 billion. The improvement in GFIs' surplus primarily emanated from PGC followed by LBP and DBP. PGC, LBP and DBP posted increase of P2.34 billion, P1.92 billion, and P1.35 billion, respectively. The issuance of Executive Order (EO) No. 584 in July 2018 led to the consolidation of PHILEXIM and Home Guaranty (HGC) with the PHILEXIM as the surviving entity and the transfer of guarantee-related function programs and balance sheet accounts of Small Business Corporation, and the transfer of administration of the Agricultural Guarantee Fund Pool and the Industrial Guarantee and Loan Fund to the PHILEXIM now called the Philippine Guarantee Corporation (PGC). The growth in LBP's income from loans was mainly due to its continuous effort to expand financing to priority sectors, i.e. farmers, fisher folks and Micro, Small and Medium Enterprises (MSMEs). DBP's loan performance also exhibited an improvement resulting in 46 percent increase in interest income. This was however downplayed by increase in operating costs, ending with 34 percent increase in surplus in 2019.

Participation in Legislative Process

- a. The passage of Murang Kuryente Act or RA No. 11371 in 2019 and its Implementing Rules and Regulations (IRR) in 2020 is intended to reduce electricity rate through the allocation of P208 billion from the proceeds of the government share from the Malampaya funds for the payment of Stranded Contract Cost (SCC) and Stranded Debt (SD) instead of passing them to electricity consumers through the Universal Charge.
- b. The enactment of RA No. 11203 in 2019, which aims to liberalize the trading of rice, removed NFA's role in maintaining the country's rice buffer stock to be sourced from local farmers. The law will also provide additional support to farmers through the creation of Rice Competitiveness Enhancement Fund (RCEF)
- c. The passage of RA No. 11199, otherwise known as the Social Security Act of 2018 will mitigate fiscal risk and improve the SSS's fund life as it provides for the increase in the contribution rate and minimum and maximum monthly salary credits until 2025.
- d. The passage of RA No. 11223, otherwise known as the Universal Health Care Act in 2019, aims for a comprehensive health care system for the public. The funding for this Act will be taken out from portion of proceeds from the incremental tax collections, national government share in PAGCOR's income, and PCSO Charity Fund.



Debt Management

General Government Debt falls to 34.1 percent of GDP as of end-December 2019

As a percentage of GDP, the country's consolidated General Government (GG) debt stood at 34.1 percent by end-December 2019 or down 0.3 percentage points from the year-ago level of 34.4 percent.

The improved GG debt-to-GDP ratio was partly a result of the decline in the NG debt-to-GDP ratio, from 39.9 percent in end-December 2018 to 39.6 percent in the same period.

The combination of prudent cash and debt management and steady economic growth has continuously brought down the NG debt-to-GDP ratio in recent years to a historic low in 2019.

Figure 2 illustrates the improvement in both NG debt and GG debt as a percentage of GDP.

The GG debt was at P6.65 trillion by end-December 2019, an increase of 5.9 percent from the 2018 level of P6.28 trillion.

Meanwhile, the NG Debt net of the Bond Sinking Fund (BSF) was at P7.17 trillion last year, an increase of 5.6 percent from the 2018 level of P6.79 trillion.

Both domestic and external debt increased by 6.6 and 3.7 percent, respectively, as compared to their 2018 levels.

Local government debt increased by 13.8 percent or P13 billion compared to the 2018 level.

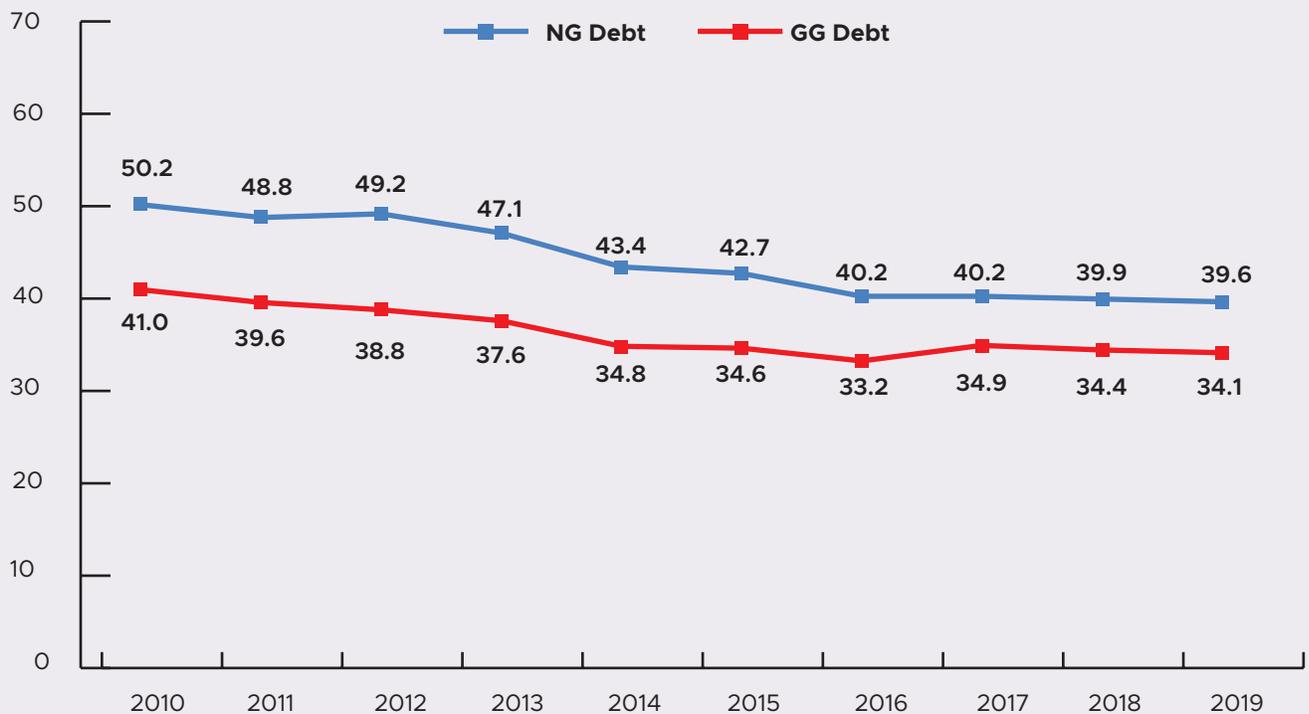
SSIs such as the Government Service Insurance System (GSIS) and Social Security System (SSS), while not contributing to the debt stock, increased their holdings of government securities by 3.1 percent compared to the 2018 level.

Of the total GG debt stock, 61.8 percent or P4.11 trillion were domestic borrowings and 38.2 percent or P2.54 trillion were external borrowings.

GG debt includes outstanding debt of the NG, SSIs and Local Government Units (LGUs) minus the intra-sector debt holding of government securities, including those under the BSF.



Figure 2. National and General Government Debt (% to GDP)



- I. In 2019, the Republic successfully launched global bond offerings garnering tight spreads. These issuances underlined investor confidence in the way the Duterte administration has soundly managed the country’s fiscal program. .



Table 9. 2019 Global Bonds Offerings

USD BONDS (ROPs)	EURO BONDS	PANDA BONDS	SAMURAI BONDS
USD 1.5 billion of 10-year Global Bonds	EUR 750 million of 8-year Euro Bonds	RMB 2.5 billion of 3-year Panda Bond	JYP 92 billion of 4 tranche Samurai bonds
Issued in January 2019	Issued in May 2019	Issued in May 2019	Issued in August 2019
+110 bps spread	+70 bps spread	+32 bps spread	+37 bps spread

- II. Supported development of retail bond market as new instruments and buying platforms were made available to investors to shore up small saver participation and encourage financial literacy among Filipino individuals.



Table 10. Online Bond Offering and PREMYO BONDS

RTB 22- First Online Bond Offering	Maiden Issue of PREMYO BONDS
New 5-yr RTB issued in February 2019 at 6.25%	Exceeded the P3 billion target with P5.96 billion raised
Four times oversubscribed at initial offering; raised P235.8 billion over the offer period	Online ordering available with First Metro Securities Brokerage, LBP, and DBP
First to be offered via online ordering platform for LBP and DBP clients	13 times more online participants compared with RTB 22 (3,943 investors across 12 countries ex Philippines)



Debt Management

S&P upgrades Philippine credit rating to “BBB+ stable,” a notch away from ‘A’ territory rating



The Philippines has above-average economic growth, a healthy external position, and sustainable public finance.”... “reflects our view that the Philippine economy will maintain its momentum over the medium term, in combination with contained fiscal deficits and stable public indebtedness.”

- S & P

In a vote of confidence, international debt watcher S&P Global upgraded the country’s credit rating from “BBB” to “BBB+” with a “stable” outlook.

In a report released on 30 April 2019, S&P recognized the strengths of the Philippine economy that affirms the country’s creditworthiness.

S&P observed, “The Philippines has above-average economic growth, a healthy external position, and sustainable public finance.” The stable outlook on the rating, “reflects our view that the Philippine economy will maintain its momentum over the medium term, in combination with contained fiscal deficits and stable public indebtedness.” The upgrade from S&P follows sustained robust economic growth—which has consistently settled above the 6.0-percent mark for

the last 15 quarters despite global economic challenges. It comes after the continued exercise of fiscal discipline as the government invests more in much needed infrastructure and human capital development.

The upgrade recognizes implementation of vital policy and infrastructure reforms seen to fuel robust, sustainable, and more inclusive economic growth for the Philippines. Major reforms include laws on tax reform, liberalization of the rice sector, and strengthening of the BSP’s charter, as well as initiatives to increase the ease of doing business and relax the foreign investment negative list.

The new rating is just a notch away from “A minus” rating which is within the sterling “A” credit-rating territory.



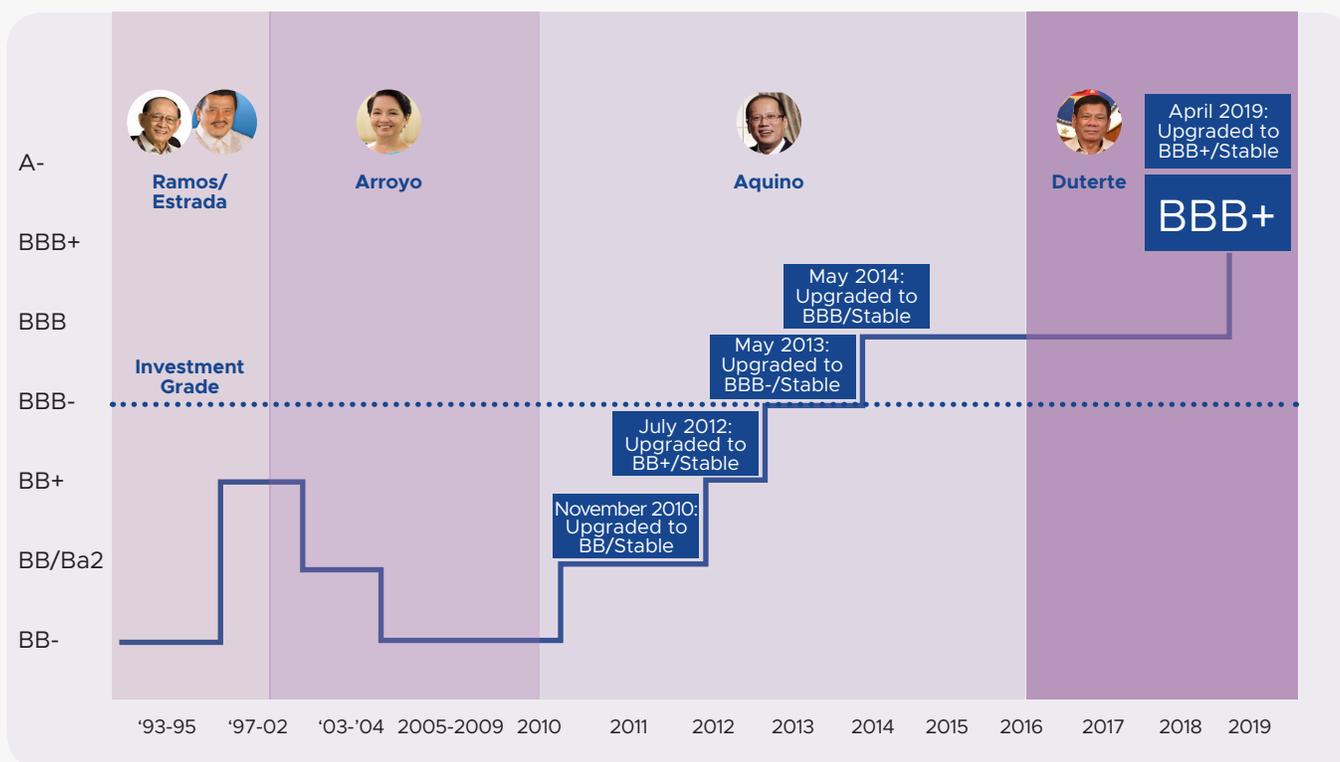
S&P Global’s credit rating upgrade for the Philippines by one notch higher to “BBB+” is an undeniable tribute to President Duterte’s unwavering commitment to bold reforms and sound economic policies as embodied in the 10-point Socioeconomic Agenda of the administration and his strong political will to get these tough initiatives done at the soonest.

To his credit, President Duterte has transcended all the political chatter and stayed focused on pursuing policy initiatives, such as tax reform, trade liberalization and infrastructure modernization, that are necessary to sustain the growth momentum, attract investments and ensure financial inclusion for all Filipinos on his watch. We also want to thank the legislature for their support of the President’s socioeconomic program.”

In 2019, S&P raised our sovereign risk rating to BB plus - the highest in our country's history



Figure 3. Philippines' Credit Rating 2009-2019





Governance Initiatives

A. Revenue Integrity Protection Service (RIPS)

In 2019, a total of 156 employees and officials from the DOF and its attached agencies were subjected to lifestyle checks and investigations. Multiple criminal and administrative charges were filed before the

Office of the Ombudsman and the Civil Service Commission against 11 of the said personalities, two (2) of whom were investigated for unexplained wealth. RIPS received 2 successful resolutions in lifestyle check cases.

B. DOF 8888 Citizen Complaint Center

The 8888 Citizens Complaint Center serves as a mechanism where citizens may report their complaints and grievances on acts of red tape, as defined under RA 8425 and other relevant laws, and/or corruption of national agencies, GOCCs, GFIs and other instrumentalities of the government as per Section 2 of EO No. 6. It is directly supervised by the Office of the Cabinet Secretary (OCS).

In 2019, a total of 87 complaints were received from the OCS and referred by the DOF Citizen Complaint

Center to concerned DOF offices and attached agencies. The complaints comprised of claims of accounts under closed banks, slow processing of tax refund applications, slow processing of payment to suppliers, and complaints against DOF/its attached agencies personnel, among others. All of the 87 complaints were responded/resolved within the 72-hour turnaround time from receipt of the complaint by the DOF Citizen Complaint Center.

C. Run After Tax Evaders (RATE) Program

The RATE program aims to generate maximum deterrent effect on the taxpaying public by impressing the fact that tax evasion is a crime and violators will be caught and punished. The program aims to enhance voluntary compliance among taxpayers; promote the confidence of

the public in the tax system; and to help increase revenue collection, particularly focusing on delinquent accounts.

For the period January to December 2019, 309 RATE cases were filed with the DOJ with estimated tax liabilities of P19.08 billion.

D. BOC's Border Protection

The BOC seized various smuggled goods totaling to P20.39 billion with the following breakdown:

1. 67 shipments of illegal drugs worth P3.4 billion were seized by the Ports of NAIA, Clark and MICP;
2. Filed 27 complaints with the DOJ against different individuals for violations of the CMTA;
3. Filed cases before the Professional Regulatory Commission (PRC) against 11 errant customs brokers;
4. Revoked the BOC accreditation of one hundred 196 importers and 55 customs brokers;
5. On Fuel Marking Program, the BOC Enforcement Group (EG) has successfully marked 1.1 billion liters of fuel in oil depots located all over the country.



Table 11. Seized smuggled goods by BOC

Commodity	Amount (in billion pesos)
Shabu	3.40
Agricultural Products	0.40
General Merchandise	0.06
Vehicles & Accessories	0.11
Used Clothing	0.07
Steel Products	0.08
Counterfeit Goods	9.44
Cigarettes & Tobacco Products	2.68
Other Products	4.11
Electronics	0.02
Firearms Smuggling	0.00
Currency	0.04
TOTAL	20.39

Total may not add up due to rounding off

▼ National Intelligence Board- Committee on Economic Development,
DOF, 29 January 2019





Governance Initiatives

E. Financial Analytics and Intelligence (FAI)

In 2019, the FAI, was able to accomplish and deliver the following; recommendations and endorsements on claims for tax refund and other referrals.

In line with its mandate to review matters that may be deemed fiscally adverse to the government including those elevated by agencies, bureaus and offices attached to the DOF for the approval and conformity of the Secretary of Finance, FAI was able to accomplish the following for the year:

- a. Reviewed and evaluated 56 applications for tax refund as referred by the BOC in 2019, which is 51 percent more or 19 applications compared to 2018.
- b. Out of the abovementioned total applications processed, 30 applications were given final disposition, 20 percent higher compared to final dispositions released in 2018.

F. Anti-Red Tape Act (ARTA)

With the enactment of RA No. 11032 or the “Ease of Doing Business and Effective Government Services Delivery Act of 2018,” the DOF and its attached agencies reviewed and streamlined their processes and services to include business as well as non-business transactions.

In 2019, with constant coordination and guidance from the ARTA in implementing the law, relevant activities were conducted and performed:

1. Submission of listing of Department Orders, Circulars and other legal publications relative to regulation to the Philippine Business Regulations Information System (PBRIS) of ARTA;
2. Participation to the “Basic Training on the Regulatory Impact Assessment (RIA)” sponsored by ARTA in partnership with the Development Academy of the Philippines; and
3. Conduct of the “Briefing on the IRR of RA 11032 and ARTA MC 2019-002” with ARTA Resource Persons for the 11 offices of the Department as well as its attached agencies.

The Department together with its attached agencies submitted their 2019 or updated Citizen’s Charter in compliance with the ARTA Memorandum Circular 2019-002 and 2019-2A, Series of 2019 entitled, “Guidelines on the Implementation of the Citizen’s Charter in Compliance with RA 11032 and Its Implementing Rules and Regulations (IRR)” and subsequently uploaded to their respective websites (except PhilExim) the 1st Edition using the standard format of ARTA.

The said document aims to inform the transacting public or clients of the type of services that they would transact, the fees for such services, the prescribed processing time, and the exempted government services from the prescribed processing time per RA 11032. Timeframes and procedures are required to be posted in conspicuous places in respective government agencies. This is to cut red tape, reduce the processing time, and to promote ease of doing business.

G. Transparency in Natural Resource Governance (PH-EITI)

1. PH-EITI National Conference 2019 and launching of the 5th PH-EITI report (FY 2017)

The PH-EITI held its National Conference (NatCon) 2019, an annual gathering of key stakeholders in the extractives, with the theme, “Forging New Frontiers: the 5th PH-EITI Report (FY 2017)”.

The 5th Report bears many “firsts”: the pilot use of an online reporting tool for the collection of data on revenues derived from extractive industries; the expanded coverage of non-metallic mining; pilot reporting on small scale mining; and pilot beneficial ownership report. It has recorded higher revenues from the extraction of the country’s oil, gas, and mineral resources with the total reconciled amount rising to P39.1 billion in 2017 from P27.6 billion in FY 2016.



2. PH-EITI Workshop on Beneficial Ownership Disclosure

More than 40 companies from the oil, gas, and mining sectors participated in a workshop on beneficial ownership (BO).

The workshop sought to orient companies on the new requirement for corporations to declare their beneficial owners⁶ as part of the General Information Sheet (GIS) that all domestic corporations are mandated to file annually with the Securities and Exchange Commission (SEC).

In a parallel initiative, the PH-EITI requires the reporting of beneficial owners of mining and oil and gas companies, in line with an international campaign to counter or prevent the use of anonymous shell companies to hide or launder money and conceal potential conflicts of interest within the extractive sector.

⁶ The SEC issuance defines beneficial owners as “the natural persons who ultimately own or control or exercise ultimate effective control over a corporation”.

3. Inclusion of EITI Institutionalization and Mainstreaming as DOF Commitment to the 5th Philippine Open Government Partnership (PH-OGP) National Action Plan (2019-2021)

The DOF has been a commitment-holder in the PH-OGP from the second (2013-2015) to the fourth (2017-2019) NAP. DOF’s commitment is one of 10 new commitments that the Philippines has enrolled in OGP, an international movement that combines efforts of governments and civil society organizations around the world to promote accountable, responsive, and inclusive governance in member countries. The Philippines is a founding-member of the OGP.

The DOF participated in Five (5) of the 16 co-creation workshops held from July to September 2019 in different regions. During the workshops, the PH-EITI oriented the participants on the EITI process and DOF’s proposed commitment. Civil society representatives assessed whether the commitment, as written, was responsive to the requirements OGP had set for government commitments.

On 14 November 2019, the PH-OGP approved the inclusion of DOF’s commitment and nine (9) out of fourteen (14) proposals had been approved for inclusion in the 5th NAP.

Participation of the Philippines in the 8th EITI Global Conference in OECD Center, Paris, France



Among the highlights of the conference was the launch of the 2019 EITI Standard and the new EITI logo. EITI Chair’s Awards were conferred to implementing countries that had shown outstanding progress in implementing EITI.

PH-EITI also figured at the conference’s National Innovation Exchange, an exposition of EITI implementing countries that provides opportunity for knowledge sharing about EITI implementation.

Filipinos were among those who won from EITI Global Conference competitions such as Infographic, Photo and Impact Story Competitions.



Privatization

Figure 4. Privatization and Management Office (PMO) Collection

P101 Million



Actual: 101 M

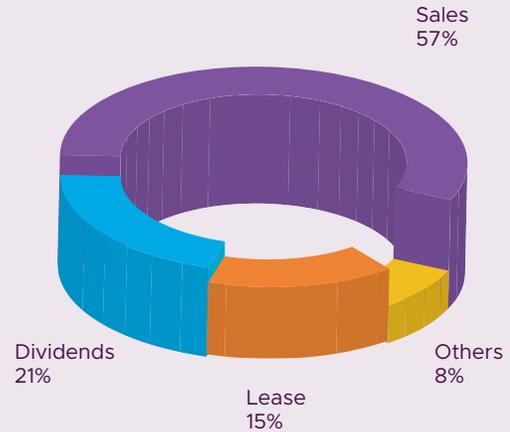
32.55%

Target: 728 M

Collection

Figure 5. PMO Remittances

P872 Million



Actual: 872 M

28.42%

Target: 655 M

Remittance

Exceeding its target by 32.55 percent, the Privatization Management Office (PMO) collected a total of P101 million in 2019, which came from the following: 1) Sales– P60 million; 2) Leases– P16 million; 3) Dividends– P18 million; and 4) Others- P71 million.

Included in PMO’s lease collection is the rent income from the management of Mile Long Complex Property (i.e. Sunvar Plaza, McDonalds, The Gallery, Creekside, Mile Long, Louie Cinema/TIU Theater/Arcadia, and Parking Areas/Vacant Lots) in Makati City where 188 units/business spaces were leased out of 308,

that generated lease revenues amounting to P132 million as of 31 December 2019.

PMO remitted a total of P872 million in 2019, which is 28.42 percent higher than its target for the year. Collections from dispositions are regularly remitted to the BTR on a monthly basis or as collected.

Majority of the remittances came from the collection of (1) assets sold amounting to P49 million; (2) other income including dividend, interests and others amounting to P25 million; and (3) leases of properties equivalent to P13 million.

Revenue from Dispositions

PMO earned a total revenue of P542 million generated from the disposition of properties of the following assets:



Table 12. Disposed properties by PMO

Assets	Location	Amount (in million pesos)
1. Al-Amanah Islamic Investment Bank of the Phils.	Lots located in General Santos City, Maguindanao, Rizal, Las Piñas, and Marikina	10.0
2. Central Bank-Board of Liquidators	Lot and improvements located in Pasay City	505.0
3. Interland Chemicals, Inc.	Lot located in Atimonan, Quezon Province	2.0
4. Peninsula Development Bank	Lot located in Camarines Sur	1.0
5. VMC Electric Cooperative, Inc.	Various unserviceable machinery, equipment and dilapidated building	22.0

Total may not add up due to rounding off



Mobilizing International Support for Priority Projects

DOF secured a total of USD3.8 billion worth of loans from multilateral partners in 2019 as part of the year's financing program.

Six (6) loan agreements were signed with the ADB amounting to USD2.5 billion in total, among which is the first tranche of the Malolos-Clark Railway Project,

ADB's single largest infrastructure investment in the Philippines and in Asia. Five (5) loan agreements were signed with the World Bank (WB), amounting to USD1.2 billion in total, for programs and projects in the sectors of transportation, fiscal management, social development, and disaster resiliency.



Table 13. Loan Agreements under ADB and WB

No.	Loan Title	Implementing Agencies	Loan Amount (in million USD)
ADB			
1	Secondary Education Support Project (SESP) – Results-based loan	DepEd	300.00
2	Malolos-Clark Railway Project - Tranche 1	DOTr	1,300.00
3	Local Governance Reform Sector Development Program - Subprogram 1 (LGRSDP1)	DOF-BLGF, DILG, DBM, NEDA, PPP Center	300.00
4	Facilitating Youth School-to-Work Transition Program, Subprogram 2 (FYSWTP2)	DOLE, DOT, TESDA	400.00
5	Infrastructure Preparation and Innovation Facility - Additional Financing	DPWH, DOTr	200.00
6	Capacity Building to Foster Competition Project	PCC	23.30
		Sub-total	2,523.30
World Bank			
7	Metro Manila Bus Rapid Transit - Line 1 Project	DOTr	40.70
8	Metro Manila Bus Rapid Transit - Line 1 Project – CTF	DOTr	23.90
9	Improving Fiscal Management Development Policy Loan	DOF, DBM, BTr	450.00
10	Social Welfare Development and Reform Project 2 - Additional Financing	DOF, DSWD	300.00
11	Promoting Competitiveness and Enhancing Resilience to Natural Disasters Sub-Program 1 Development Policy Loan	DOF, ARTA, BSP, DA, DBM, BTr, PSA, IC	400.00
		Sub-total	1,214.60
IFAD			
12	Rural Agro-Enterprise Partnership for Inclusive Development and Growth Project	DTI	62.90
		Sub-total	62.90
	TOTAL		3,800.80



Table 14. Program loans from ADB and WB

Program Loan	Amount Disbursed (in million USD)
ADB	
Senior High School Support Program	7.00
Social Protection Support Project - Additional Financing	100.00
Encouraging Investment through Capital Market Reform Program 2	100.00
Expanding Private Participation in Infrastructure Program 2	300.00
Inclusive Finance Development Program, Subprogram 1	300.00
Emergency Assistance for Reconstruction and Recovery of Marawi	93.00
Subtotal	900.00
World Bank	
Learning, Equity, and Accountability Program Support	14.80
Social Welfare Development Reform Program 2	128.88
Improving Fiscal Management Development Policy Loan	450.00
Subtotal	593.68
TOTAL	1,493.68

A total of USD1.5 billion was disbursed from ADB and WB to support the financing requirements of the NG. Two (2) grants were signed with the United Nations amounting to USD5 million. Meanwhile, the ADB provided a total of 12 technical assistance grants to the Philippines amounting to a total of USD42 million.

On 30 September 2019, a High-Level Dialogue was held on enhancing the collaboration between the ADB and the WB. This joint dialogue was organized to define more clearly the respective roles and areas of cooperation, and aligning procedures and monitoring mechanisms of both banks. At a country level, the ADB and WB agreed to enhance their collaboration by (i) identifying sectors in which they each should focus on and areas which they can cooperate, considering their comparative advantages and expertise; (ii) conducting joint programming exercises annually in March, to ensure non-duplication and synergies

on proposed projects/programs for financing; (iii) undertaking joint portfolio reviews to address common issues in program/project implementation; and (iv) harmonization of procurement processes, among others.

The DOF, together with the WB, jointly organized a series of High-Level consultations on WB's Country Partnership Framework (CPF) for the Philippines for the Period FY2020–2023. The CPF is the cornerstone of the World Bank Group's (WBG) country engagement model in the Philippines. It sets out the strategic framework for engagement by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA) for FY2020-2023. The CPF will aim to ensure that WBG partnership is well-tailored to Philippine national development priorities and the long-term vision articulated in *Ambisyon Natin 2040*.



Mobilizing International Support for Priority Projects



Table 15. Grants from United Nations and ADB

Project Name	Type	Donor	Amount (in million USD)
Biodiversity Finance Initiative - Phase II	Grant	UNDP	2.43
Support to Agriculture-based Livelihoods and Agribusiness Enterprises for Sustainable Peace and Development in Maguindanao and Cotabato	Grant	UN FAO	2.58
		TOTAL	5.01
Energy System Analysis, Technology Road Maps and Feasibility Studies for Pilot Testing (Subproject 1)	TA	ADB	3.85
Private Sector Investment in PHinma Education Holdings Inc.	TA	ADB	20.00
Agricultural Value Chain Development in Selected Asian Countries	TA	ADB	1.70
Establishing a Support Facility for Article 6 of the Paris Agreement	TA	ADB	4.00
Strengthening Human Resources and Leadership for Education	TA	ADB	0.75
Enhancing Public-Private Partnership Project Development Technical Assistance/Regional Capacity Development Technical Assistance for Sustainable Financing of Small- Scale Agriculture in South Asia and Southeast Asia	TA	ADB	0.65
Strengthening Integrated Flood Risk Management	TA	ADB	3.00
Strengthening the Capacity for Environmental and Climate Change Laws in Asia and the Pacific	TA	ADB	0.50
Knowledge and Support Technical Assistance for Green and Innovative Finance Initiative for Scaling Up Southeast Asian Infrastructure	TA	ADB	2.50
Strengthening Safeguards Management in Southeast Asia	TA	ADB	1.50
Supporting Improved Health Outcomes in Asia and the Pacific	TA	ADB	1.50
Enhancing ADB's support for Social Protection to Achieve the Sustainable Development Goals	TA	ADB	2.00
		TOTAL	41.95



Substantial liberalization of ASEAN's financial services markets as a commitment for greater intra-regional trade

On 05 April 2019, the ASEAN Finance Minister signed the 8th Protocol for Financial Services Liberalization under the ASEAN Framework Agreement on Services (AFAS) in Chiang Rai, Thailand. By delivering its offers for the 8th Package, the Philippines complied with its commitment to progressively liberalize, under the ASEAN Economic Community (AEC).

For the 8th Package for financial services liberalization, the Philippines has offered to open its capital markets and insurance sector. For capital markets, the country has committed to increase the allowable foreign equity participation on investment houses to 100 percent foreign equity participation, as provided for under RA 10881. For banking, the Philippines committed to increase the allowable foreign equity participation on rural banking also to 100 percent foreign equity participation, as allowed under RA 10641.

ASEAN Member States (AMS) stand to benefit from the signing of the 8th Protocol in terms of facilitating cross-border trade, consumption abroad and commercial presence in the areas of insurance and insurance-related services, securities, banking, and other financial services. The Instrument of Ratification was deposited with the ASEAN Secretariat on 17 December 2019 by the Philippines' Permanent Mission in Jakarta, Indonesia.

First APEC Disaster Risk Financing and Insurance (DRFI) Study Course

On 06 March 2019, the First APEC Disaster Risk Financing and Insurance (DRFI) Study Course was held in Santiago, Chile. The workshop focused on the “financial management-aspect of disaster risks”, pursued through the joint collaboration of the Philippines and Japan, as co-chairs of the APEC DRFI Working Group, and the ADB.

The objective of the study course was to familiarize the participants on financial strategies for disaster risk resilience, not only from the perspective of the Philippines, but also from other APEC economies.

The discussions revolved around five (5) areas that broadly touched on the role of the state, private sector, and regional cooperation: i) An introduction to Disaster Risk Financing; ii) National Disaster Risk Financing Strategies: Designing and Implementing Holistic Solutions; iii) Sub-national Disaster Risk Financing Solutions; iv) Promoting Greater Private Sector Engagement; and, v) Regional Disaster Risk Financing Solutions.

Key takeaway from the exchanges are as follows:

1. Create disaster risk strategies that considers different risk financing tools to address Government's priorities;
2. Gaps in physical, social, and financial aspects could be addressed by selecting the appropriate financial management tool such as the sovereign Catastrophe (CAT) risk pools [e.g., Caribbean Catastrophe Risk

▼ *First APEC Disaster Risk Financing and Insurance (DRFI) Study Course held in Santiago, Chile, 06 March 2019*





International Commitments

- Insurance Facility (CCRIF), African Risk Capacity (ARC), Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI), Southeast Asia Disaster Insurance Facility (SEADRIF)], and use of technology (e.g., big data, fintech, artificial intelligence).;
3. Importance of the empowering subnational actors against disaster risks through risk pooling;
 4. Importance of the role played by the private sector in mitigating/addressing the risks caused by disasters; and
 5. Importance of regional risk pools as they increase the size of transactions, and diversify the options offered to investors, which will also redound to higher savings on the part of the government.

Asia Pacific Economic Cooperation Finance Ministers Meeting (APEC FMM) in Santiago, Chile from 14 to 15 October 2019

The Philippines presented the output of the Disaster Risk Financing and Insurance (DRFI) Working Group for the whole year of 2019 to the APEC Finance Ministers Meeting last 15 October 2019, which included the accomplishments of the DRFI Working Group, including the Philippines' led "Study Course on Financial Management of Disaster Risk", Chile's Seminar entitled "Enhancing Financial Risk Management Against Disasters", and the World Bank Study on "Boosting Resilience to Disaster Shocks".



▲ The DOF also reported on future plans of the Working Group such as the OECD/ADB Study on Implications of Technology and Innovation for Disaster Risk and Management, and ABAC efforts to "Catalyze Catastrophe Bond Market in APEC".

Maintaining the Philippines' commitment for regional financial integration through the Regional Comprehensive Economic Partnership (RCEP)

After ending 2018 with a 56 percent conclusion rate for the Regional Comprehensive Economic Partnership (RCEP) Financial Services Annex, the RCEP Sub-Working Group on Financial Services (SWG-Fin) convened three (3) negotiating rounds in 2019 in order to reach full conclusion. The concluded Financial Services, Annex features 14 Articles, with six (6) new obligations among RCEP participating countries.



The Philippines also remains committed to liberalize market access in the Financial Services Sector. In order to equip the agencies involved in regional financial integration, the DOF hosted a Workshop on Free Trade Negotiations and Transitioning to a Negative List on 24-26 April and 16-17 May 2019. The workshop was held at the BTr in Intramuros, Manila, and was attended by the BSP, Insurance Commission (IC), and SEC.



Local Economic Development

In 2019, the DOF, through the Bureau of Local Government Finance (BLGF) and Municipal Development Fund Office (MDFO), supervised the efficient mobilization of

government resources to support local government units in the implementation of development projects while maintaining good governance and transparency.

Local Government Finance

Local governments' fiscal performance and tax collection efficiency saw an improvement in FY 2019 with total year-end locally sourced revenues reaching P245.47 billion, exceeding the target of P238.02 billion by 3.03 percent.

Tax revenues accounted for 75 percent of the total collections, with business tax and real property

collections totaling P113.14 billion (46 percent) and P69.79 billion (28.43 percent), respectively. The remaining 25 percent of total collections is comprised of fees and charges amounting to P37.87 billion (15 percent) and receipts from economic enterprises, amounting to P24.67 billion (10 percent).



Table 16. Local government collections (In billion pesos)

Revenue Source	Target		Collection		2019 Distribution (%)	Collection Efficiency (%)	
	2018	2019	2018	2019		2018	2019
Real Property Tax	87.7	83.77	101.3	69.79	28.43	101.3	83
Business Tax	85.8	96.26	98.9	113.14	46.09	98.9	118
Fees and Charges	30.3	33.68	34.6	37.87	15.43	34.6	112
Receipts from Economic Enterprises	23.5	24.31	23.6	24.67	10.05	23.6	101
Total	227.3	238.02	258.5	245.47	100	258.5	103

By LGU type, the bulk or 70 percent of total collections amounting to P171.95 billion came from cities, followed by municipalities with P45.22 billion (18 percent) and provinces with P28.30 billion (12 percent) collections.



Local Economic Development



Table 17. Collections by LGU Type (In billion pesos)

Revenue Source	Province	City	Municipality	Total
Real Property Tax	10.24	48.68	10.87	69.79
Business Tax	2.80	94.66	15.68	113.14
Fees and Charges	9.39	19.10	9.38	37.87
Receipts from Economic Enterprises	5.87	9.51	9.29	24.67
Total	28.30	171.95	45.22	245.47
% Distribution				
Real Property Tax	15	70	15	100
Business Tax	2	84	14	100
Fees and Charges	25	50	25	100
Receipts from Economic Enterprises	23.8	38.5	37.7	100
Total	12	70	18	100

External revenue sources which include the internal revenue allotment (IRA) share of all provinces, cities and municipalities, remained to be the main source of operating income of LGUs, which amounted to P478.86 billion or 61 percent.

On the current operating expenditures large percentage of LGUs expenses went to General Public Services (55 percent), followed by Social Services (28 percent), Economic Services (16 percent) and Debt Services (1 percent).



Table 18. Expenditures (In billion pesos)

Particulars	2018	2019	Distribution (%)	% Growth YoY
General Public Services	233.10	260.60	55	12
Social Services	119.30	132.28	28	11
Economic Services	73.68	77.25	16	5
Debt Service (Interest)	4.26	4.80	1	13
Total Current Operating Expenditures	430.34	474.93	100	10

BLGF Policy Issuances

The BLGF has issued the following policies/opinions/rulings on real property appraisal and assessment:



Table 19. 2019 BLGF Policy Issuances

Issuances	Title
1. Joint Memorandum Circular No. 2019-01 dated 17 May 2019	Guidelines for the Review, Adjustment, Setting and/or Adoption of Reasonable Regulatory Fees and Charges of LGUs
2. Department Personnel Order No. 477.2018 dated 04 June 2019	Criteria on the evaluation and processing of appointments of Local Treasurers and Assistant Treasurers
3. Department Order No. 042.2019 dated 12 June 2019	DOF policy prohibiting Local Treasurers to serve as Members of the Bids and Awards Committee (BAC) and Technical Working Groups of LGUs
4. BLGF Local Finance Circular No. 001.2019 dated 12 June 2019	DOF policy to address reports and complaints on the improper imposition and collection of taxes, fees and charges on professionals by LGUs
5. BLGF Memorandum Circular No. 020.2019 dated 02 September 2019	Local Fees and Charges (LFC) Toolkit on the Review, Setting, and/or Adoption of Reasonable Local Fees and Charges
6. Department Circular No. 001-2019 dated 05 September 2019	Guidelines on the Grant of Relief on Charges and Interests on Tax of Real Property Ownership in Support of the Tax Amnesty
7. BLGF Memorandum Circular No. 023.2019 dated 19 September 2019	Guidelines on submission of the Statement of Indebtedness, Payments and Balances (SIPB) Reports thru the LGU Integrated Financial Tools (LIFT) System

Program Expenditure Classification (PREXC)

The Bureau has rendered a total of 78 opinions/rulings (Q1 –Q3) pertaining to real property appraisal, assessment, treasury operations, situs of tax, exemption

of BOI-registered enterprises, and related concerns of the private sector and various stakeholders. In terms of Local Treasury Evaluation, the Bureau covered 101 percent or 125 LGUs for 2019.



Table 20. Performance Indicators using PREXC

Outcome Indicators	2019 PREXC Target	FY2019
Ratio of LGU expenditures over total income	< or = 1	0.78
Percentage of actual collection of LGU from local taxes and other locally-generated revenue sources vs targets	> or = 80%	103%
Number of LGUs not exceeding 20% of their regular income for debt servicing	> or = 99%	99.12%



Local Economic Development

Major Initiatives

Local Government Sector Reform Project.

The P1.56 billion ADB loan, through the DOF Local Government Sector Reform Development Project, is expected to strengthen the policy and administrative environment for enhancing local source revenues from real property tax by instituting reforms in real property valuation and assessment.

Legislative Priority. The BLGF continued its increased engagement to advocate for the passage of Package 3 of the Comprehensive Tax Reform Program (CTRP), gathering support from 43 government institutions, private organizations, and other non-government groups.

Partnership with National Government Agencies, Local and International Organizations. The Bureau continued to partner with other national government agencies, as well as local and international organizations on various endeavors;

1. Monitored and implemented ADB Technical Assistance
 - a. Domestic Resource Mobilization Trust Fund (DRM TF) which ended in 30 September 2019, presentation of outputs was conducted at

the Hotel Jen with CO and RO Officials in attendance last 30 October;

- b. TA 9041 (Support to Local Government Accountability Systems), was due for extension of Consultants services by November 2019, and;
 - c. TA 9250 (Strengthening Tax and Fiscal Policy Capacity for Inclusive Growth) which will carry on until 31 December 2021;
2. Attended the International Valuation Standards Council (IVSC) Annual General Meeting (AGM) last 7-9 October 2019
 3. Conducted and hosted and International Exposure Program on Public Accountability and Transparency for Local Chief Executives and delegates from the Government of Sri Lanka in 30 January; 12 and 25 February; and 12 March 2019, respectively.
 4. Hosted the study visit and lecture on Decentralization and Support to LGUs to the Royal Government of Cambodia - Ministry of Economy and Finance (MEF) and Sub-National Administrations Fund (SNIF)-Secretariat on 21 October 2019.

Municipal Development Fund

The MDFO is mandated to provide and respond to financial needs of LGUs for project development.

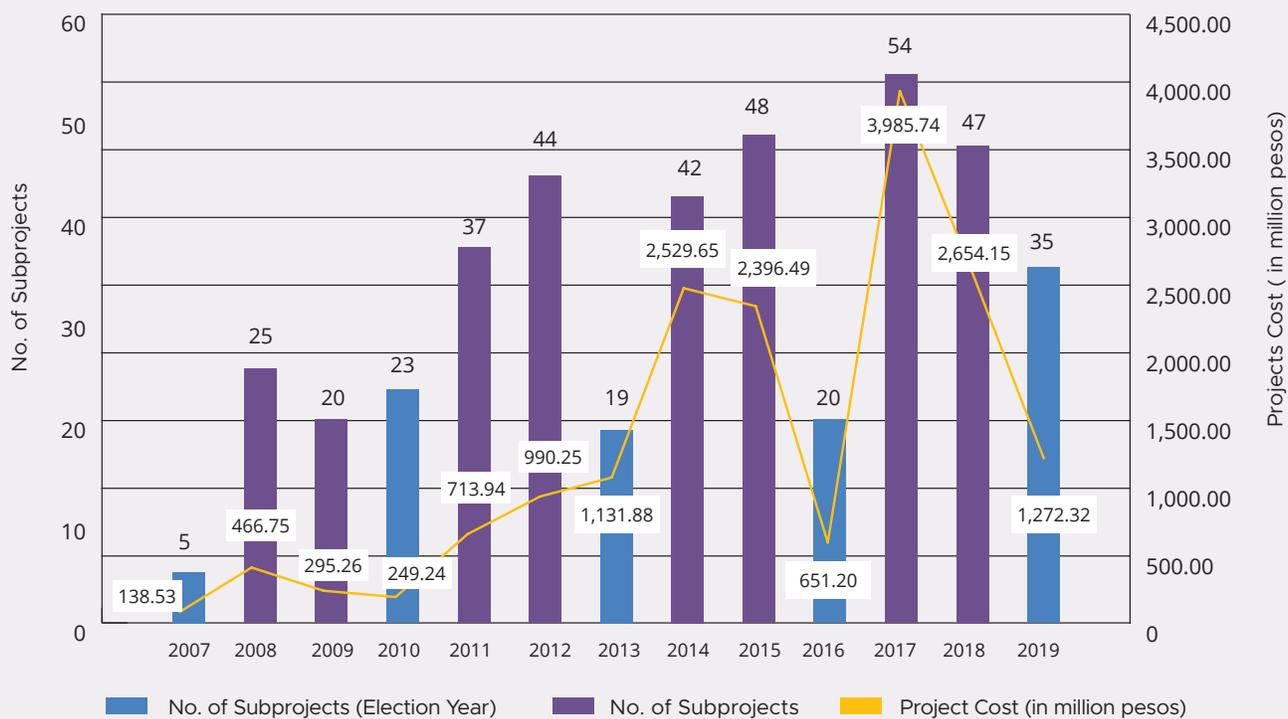
CY 2019 Approved Subprojects under the MDF

In 2019, MDFO – Policy Governing Board (MDFO-PGB) approved the financing of development projects amounting to P1.27 billion, which marks the highest approvals both in terms of number of project and project cost from 2007 to 2019.

A total of one hundred fifty subprojects (101 LGUs) were managed by MDFO in 2019, of which 22 were completed (21 LGUs) with a total contract cost of P940.48 million, and 128 are ongoing subprojects (80 LGUs) with a total approved cost of P8.8 billion. In terms of LGU disbursements for subprojects being managed, the releases for the year marks the highest amount disbursed since 2008 with an amount of P1.9 billion.



Figure 6 - CY 2019 Ongoing and Completed Subprojects under Municipal Development Fund Office (MDFO)



Distribution of Ongoing Subprojects Managed by MDFO in 2019

Ongoing projects being managed by MDFO amounted to P8,781.96 million and consist of the following:

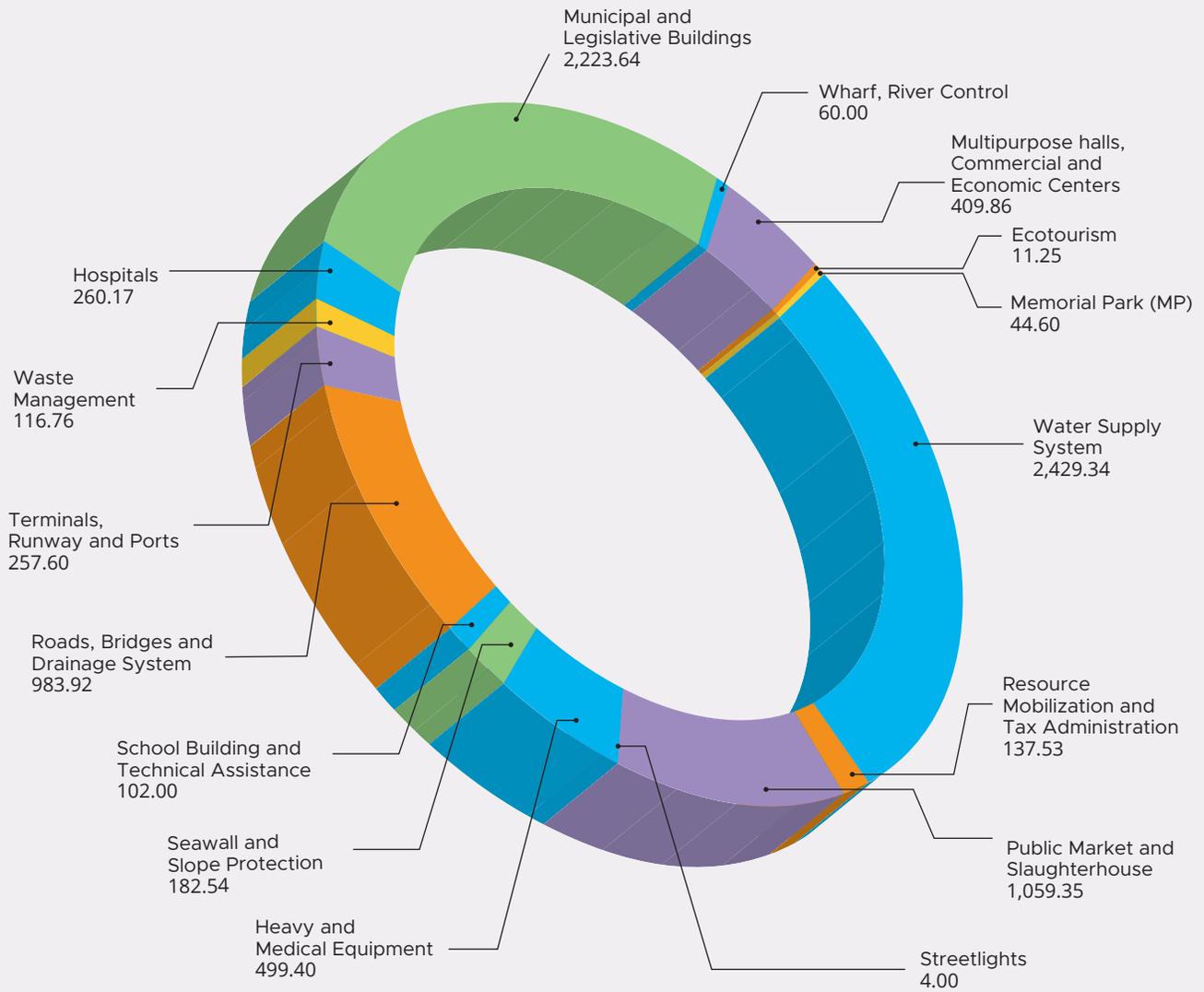
- a. 21 water supply systems
- b. 24 public markets and slaughterhouses
- c. 8 multipurpose buildings, commercial and economic centers
- d. 32 municipal and legislative halls
- e. 2 school buildings and technical assistance
- f. 7 terminals, runways, and ports
- g. 8 roads, bridges, and drainage system
- h. 3 hospitals
- i. 3 seawall and slope protection
- j. 2 waste management
- k. 13 heavy and medical equipment
- l. 5 other projects involving a memorial park, streetlights, resource mobilization, tax administration, wharf, river control, and ecotourism.



Local Economic Development



Figure 7 - Distribution of ongoing subprojects managed by MDFO in 2019



Implementation of the Integrated Natural Resources and Environmental Management Project (INREMP) for LGUs

MDFO administers the INREM Project being implemented by the DENR. Its main objective is to improve livelihood in the upper River Basin through the

effective provision of ecosystem services. At present 33 LGUs and 36 subprojects are ongoing with a total of P472.64 million. As of 31 December 2019, a total of P102.09 million has been released of which P85.01 million was released for 2019 alone.



2019 marks the 26th year of the DOF's advocacy for poverty alleviation. In 2019, the Department continued to support as well as develop credit delivery programs and policies that cater to MSMEs, low-income, and vulnerable sectors - small farmers and other rural workers, fishers, and urban poor, among others - to reduce poverty and promote inclusive growth.

Support to microfinance and microinsurance

DOF, through its chairmanship of the National Credit Council (NCC), was instrumental in forging collaboration between the DOF and various partners in executing successful programs on microfinance and microinsurance. Strategies, frameworks and standards were formulated for those areas that propelled their development and popularity among marginalized sector of the society. Enhancements to NCC standards for microfinance to adjust to the current situation in the industry has allowed these to become the microfinance standard presently imposed by the Microfinance NGOs (non-government organizations) Regulatory Council (MNRC) to its accredited microfinance NGOs. Total microfinance loans by the NGOs has reached P51.5 million in 2019 from P46.2 million registered in 2018. Microinsurance has become the leading insurance product in the Philippines. As of 3rd quarter of 2019, microinsurance coverage has already reached 40 million, higher than the 38.9 million coverage in 2018. DOF and the IC target to raise the coverage to reach 48.7 million by 2022.

The Personal Property Security Act (RA 11057)

Enacted in August 2018, the Personal Property Security Act (PPSA) established a unified and modern legal framework for securing obligations with personal property to promote economic activity by increasing access to least cost credit, particularly for micro, small, and medium enterprises.

RA 11057 expands the use of more types of personal property as collateral to access finance. This will encourage the borrowers to avail loans from formal lending institutions.

As one of the lead agencies identified in the law, the DOF conducted public awareness for RA 11057 in 2019 in regional forums conducted by the National Anti-Poverty Commission and by the Philippine Council for Agriculture and Fisheries- Agriculture Fisheries Mechanization Committee and Bureau of Agricultural and Fisheries Engineering. It was presented as well in several events of the private sector such as the 3rd Quarter General Assembly Meeting of the Philippine Export Confederation, Inc., and the series of forums conducted by the Catholic Relief Services to its chapters. The IRR was promulgated on October 2019.

Support to Warehouse Receipts Bill/Amendment to Warehouse Receipts Law of 1912



▲ Amendment to Warehouse Receipts Law advocacy in Congress, 23 July 2019

The proposal to amend the Warehouse Receipts Law of 1912 is an offshoot of the Personal Property Security Act. Warehouse receipt is identified as one of movable collaterals that can be used to avail credit. The prevailing Law was formulated and passed 107 years ago; thus, the need to update and amend the more than century old law is urgent. The DOF collaborates with SEC, the proposed executing and implementing agency of the program, to support and advocate for the passage of the proposed bill.



Financial Inclusion

Financial Inclusion Development Network (FIDN) Conference

The DOF hosted the “Conference on Creating Markets and Developing Movable Asset Finance System for Financial Inclusion and Regional Integration,” an FIDN event held on 06 December 2019 at the Marble Hall of the BTr, Intramuros, Manila.

The FIDN is a multi-sectoral platform for promoting initiatives to make financial services in the region more accessible, especially for MSMEs, expanding the reach of credit and other financial services for a more inclusive regional economy.

The 2019 FIDN was participated in by multi stakeholders from banks, cooperatives, MSMEs, farmer representatives, donor partners and other government agencies to discuss, among others, the salient features and provisions of RA 11057 and its implementing rules and regulations (IRR) which was promulgated in October 2019.

It also covered presentations and discussions on the experiences from different jurisdictions on the registry for movable assets which include the critical and complementary reforms that will create markets utilizing movable assets as collateral for micro, small and medium enterprises and the agricultural sector to access finance. The event likewise served as an avenue for stakeholders to share their knowledge on various models of financing against movable assets and the challenges and ways to create markets for movable finance.

▼ *Participants in the FIDN 2019 who are experts from the public and private sectors, including international organizations and industry associations*



▲ *Completing the Secured Transactions Reforms in the Philippines Session with LRA, IFC, and DOF Officials*



▲ *FIDN 2019 participated by Multistakeholders - banks, cooperatives, farmers representatives, among others*



Highlights of the 2019 FIDN:

1. Access to finance by MSMEs remains a major challenge. Trade and supply chain finance has to be pursued, and one way to do this is by leveraging technology through digitalization. Building a movables-based lending industry leads to credit market development, financial deepening, and credit infrastructure reforms.
2. It is important to digitize the flow of trade information to reduce the heavily paper-based processes, facilitate digital trade in financial services, and reduce compliance and transaction costs.
3. Complying with international best practices and global standards (i.e. legal reforms, registry upgrade and modernization, ecosystem development, capacity building, and enforcement) and streamlining transactions is a vital step towards a more developed financial infrastructure.
4. RA 11057 modernizes the legal framework of secured transactions in the Philippines creating a new regime for lending. It ensures legal and regulatory reforms, creation of modern collateral registry and capacity building for users.
5. It protects both the borrowers and the creditors as it provides for a more efficient auction method. It allows borrowers to sell the mortgaged movable property and ensures fair assessment of the value of the property. For creditors, the more efficient auction process allows them to dispose of the movable collateral before incurring too much depreciation.



▲ Opening of the FIDN 2019



▲ Some of the Secretariat members of the FIDN 2019

▼ Family photo of the FIDN 2019 participants





Enhancing the Workforce Environment

In 2019, the Personnel Services Division was renamed Human Resource Management and Development Division (HRMDD) to appropriately reflect the role and function of the Division within the purview of human resource management.

It implemented the Competency-Based Human Resource Management System (CBHRS) in the Department in 2019. The core, organizational, leadership and technical competencies were used as part of the qualification requirements in the recruitment, selection and placement of applicants to be hired to ensure that the candidates for appointment are competent to perform

the tasks of the position. Further, the pilot testing of the Competency Assessment using the CBHR portal was done to determine the competency gaps of each employee against the requirements of their position to determine the learning and development intervention needed by individual employee.

The DOF Professional Development Program for 2019 included the conduct of the following in-house seminars/workshops/trainings, Friday Learning Sessions, Disaster Risk Management Trainings and Health and Wellness activities.

2019 In-house Seminars / Workshops / Trainings



1. Supervisory Skills Enhancement Batch 1 & 2



9. RA No. 9184 and its 2016 Revised Implementing Rules and Regulations



2. Orientation for New Employees



10. Data Privacy and Protection of Personal Information Batch 1 & 2



3. Linking Competencies in People Management and Development Batch 1 & 2



11. IMF Seminar on Regional Economic Outlook



4. Data Analytics



12. Structural Reform and Capital Flows Enhancing Citizen's Charter (Process Mapping)



5. Financial Literacy



13. Refresher Course on Succession Planning Batch 1 & 2



6. RA 6713 - Eight (8) Norms of Conduct for Public Officials & Employees



14. Identifying Critical Positions Batch 1 & 2



7. Occupational First Aid and Basic Life Support - CPR / AED



15. Critical Position Profiling and Validation Batch 1 & 2



8. Basic Records and Archives Management

Friday Learning Sessions



- Competency –Based Human Resource System
- G Suite (Gmail) for End-Users
- Background of 2019 National and Local Elections
- ISO 2015 9001:2015 Quality Management System (QMS) Awareness
- Microsoft Excel 2016 Batch 1 & 2
- Information Security Awareness Batch 1 & 2
- Basic Computer Operation Batch 1 & 2
- Review and Evaluation of Government Service Program under RA No. 8291 as Basis for Policy Legislation

Disaster Risk Management Training



- Fire and Emergency Procedures Batch 1 to 8
- Earthquake and Tsunami Awareness, Typhoon, Flood and Storm Surge and Emergency Procedures Batch 1 to 3

Health & Wellness Activities



- Bone Screening Test
- Blood Sugar Test
- Annual Medical Examination
- Body Massage and Spa
- Eye Check-up and Screening
- Flu Vaccination

Scholarships

Scholarship was granted to an employee of DOF at the Development Academy of the Philippines to undergo Public Management Development Program. There are also on-going scholarships to employees of DOF and Bureau of the Treasury at the University of the Philippines School of Economics to pursue Master in Development Economics. Likewise, seven (7) scholars are completing

their master's degrees in Japan sponsored by Japan International Cooperation Agency (JICA), one (1) scholar in Netherlands sponsored by the Orange Knowledge Programme, and one (1) scholar in Korea sponsored by Korea Development Institute.

Secondment was also continued as experiential learning for two DOF employees; one (1) in World Bank and one (1) in IMF-BSP.



Enhancing the Workforce Environment

The DOF Gender And Development (GAD) Program

In 2019, the DOF under its GAD Program organized the following activities:

- Launching of the National Women’s Month Celebration on 04 March 2019;
- Making Change Work for Women: The National Women’s Day Conference hosted by the Philippine Commission on Women for its kick-off activity on Women’s Month Celebration on 08 March 2019;
- Women Inspiring Women Forum and Women’s Economic Empowerment on 19 March 2019;
- Lecture on Work-Life Balance, Breast Cancer Awareness and Film Showing of Barber’s Tale hosted by the BOC on 29 March 2019.

To continuously promote the initiatives of GAD in DOF, various trainings were conducted such as GAD Orientation Batch 1 and 2 and Gender Sensitivity Training Batch 1 and 2.

The following sector workshops on Gender and Development components were conducted together with the DOF attached bureaus and agencies to continuously strengthen the GAD Focal Points’ capacity in leading the advocacy to have a gender equality society:

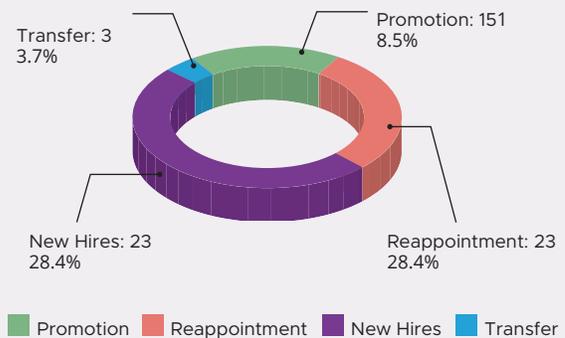
- GAD Planning and Budgeting Workshop 2020 hosted by the Securities and Exchange Commission;
- Validation and Recalibration of the 2020 GAD Plan and Budget, Gender Analysis Workshop Using Harmonized GAD Guidelines hosted by the Bureau of the Treasury;
- Gender Statistics hosted by the National Tax Research Center; and
- GAD Year-End Assessment and Pre-Planning 2020



▲ Gender Analysis Workshop Using Harmonized Gender and Development Guidelines hosted by the Bureau of the Treasury held on 8-10 October 2019 at Hotel Kimberly, Tagaytay



Figure 8. Appointments issued in 2019



The chart illustrates the DOF appointment’s percentage breakdown for CY 2019.

Out of 81 appointments:

- 23 employees (28.4%) were newly hired;
- 151 employees (8.5%) were promoted;
- 23 employees (28.4%) were reappointed; and
- 3 (3.7%) were transferred from other government agencies.

▼ Women Inspiring Women Forum held on 19 March 2019 at the DOF





DOF's Tax Exemption System Lite Go Live

In 2019, the Central Management Information Office (CMIO) ensured that information system projects follow governance parameters, attain quality standards and deliver work-flow based roles and responsibilities - service key objective and initiatives that constitute the core information system landscape of DOF.

The Tax Exemption System Lite - Phase 1 was deployed in the 2nd half of 2018. The complete running system went live on December 16, 2019 with advanced features such as online registration for the Department's clients and user enable ability to upload documentary requirements.

These enhancements were designed to improve performance, accessibility, and control to facilitate the processing of all tax exemption applications at the DOF.



▲ Presentation of TES Lite Tracker and TES Lite Process to the consignees, DOF, 20 November 2019

Information System's Support for Philippine Tax Academy

Since the establishment of Philippine Tax Academy, the CMIO supported the institution by launching its website (doftaxacademy.gov.ph) on 31 July 2019. The website provides updates, news, and schedules of training workshops of the Academy and hosts the Academy's eLearning platform "iLearn", which the CMIO's in-house programmers also developed.

The iLearn was aimed at providing revenue and customs authorities with learning platform dedicated for their continuous education and trainings to improve tax collection, competence, and efficiency. The system was also designed to hold webinars, teleconferencing, and other online classroom styles of learning for employees of the BIR, BOC, BLGF, and local treasurers in the country and is currently holding the online onboarding program of the BOC.

DOF Web Portal Projects

In 2019, the CMIO developed the following web portals for DOF events:

- The ASEAN Forum on Taxation Site that served as a platform to address tax-related impediments and policies on regional economic integration and to support regional dialogue on taxation issues for regional network.
- The Sulong Pilipinas that served as a site for annual consultation conference between the Duterte Administration and the private sector and also a site for the top recommendations from past Sulong events, such as the National ID, Ease of Doing Business law, and the Comprehensive Tax Reform Program.
- Lastly, the Personal Property Security Act IRR Site for public consultation on the drafting of the implementing rules and regulations of RA 11057.



Annexes

Annex A



List of MDFO - Policy Governing Board Approved Subprojects

LGU	No. of SPs	Proposed Subprojects	Approved Cost	Date Approved
Equipment Acquisition Fund (EAF)				
Balete, Aklan	1	Acquisition of Heavy Equipment	23,200,000.00	11-Oct-19
Province of Zamboanga del Norte	2	Acquisition of Medical Equipment and other Property, Plant, and Equipment (PPE)	72,000,000.00	11-Oct-19
SUB-TOTAL			95,200,000.00	
Disaster Management Assistance Fund (DMAF)				
Province of Bohol		Rehabilitation and Improvement of Facilities and Equipment of Provincial Hospitals in the Province of Bohol	195,169,000.00	11-Oct-19
	3	Construction/Rehabilitation and Improvement of Facilities and Acquisition of Medical Equipment in Cong. Simeon G. Toribio Memorial Hospital in the Municipality of Carmen, Bohol	62,323,000.00	
	4	Construction of Facilities and Acquisition of Medical Equipment in Cong. Natalio Castillo Memorial Hospital in the Municipality of Loon, Bohol	80,448,000.00	
	5	Construction/Rehabilitation and Improvement of Facilities and Acquisition of Medical Equipment in Catigbian District Hospital in the Municipality of Catigbian, Bohol	52,398,000.00	
Kananga, Leyte	6	Construction of Municipal Hall and Procurement of Lot	238,500,000.00	11-Oct-19
SUB-TOTAL			433,669,000.00	

LGU	No. of SPs	Proposed Subprojects	Approved Cost	Date Approved
Municipal Development Fund Project (MDFP)				
Province of Camarines Norte	7	Construction of Warf, Multi-Purpose Building, and Access Road	60,000,000.00	11-Oct-19
Balete, Batangas	8	Construction of Public Market, Site Development, and Purchase of Lot	105,900,000.00	11-Oct-19
Siasi, Sulu	9	Construction of Two-Storey Public Market with Access Roads	45,000,000.00	11-Oct-19
Salay, Misamis Oriental	10	Construction of Terminal Building II	18,000,000.00	11-Oct-19
Alegria, Cebu	11	Additional Funding for the Construction and Rehabilitation of the Public Market	1,790,985.24	11-Oct-19
Dr. Jose P. Rizal, Palawan		Construction of Water Supply System Level III	230,000,000.00	11-Oct-19
	12	Construction of Buer River Water System Phase 2	69,184,000.00	
	13	Construction of Magtayub River Water System Phase 2	53,585,000.00	
	14	Construction of Taburi Deepwell Water System	22,116,000.00	
	15	Construction of Campung Ulay Deepwell Water System	24,159,000.00	
	16	Construction of Panalingaan Deepwell Water System	19,843,000.00	
	17	Construction of Latud Deepwell Water System	17,663,000.00	
	18	Construction of Canipaan Deepwell Water System	16,086,000.00	
	19	Construction of Punta Baja Water System Phase 2	7,364,000.00	



Annexes

LGU	No. of SPs	Proposed Subprojects	Approved Cost	Date Approved
Coron, Palawan		Construction of Water Supply System Levels II and III	222,761,000.00	11-Oct-19
	20	Construction of Banuang Daan Deepwell Water System	12,890,000.00	
	21	Construction of Bintuan Deepwell Water System	15,094,000.00	
	22	Construction of Borac Deepwell Water System	18,664,000.00	
	23	Construction of Buenavista Deepwell Water System	19,709,000.00	
	24	Construction of Bulalacao Deepwell Water System	23,756,000.00	
	25	Construction of Cabugao Deepwell Water System	19,237,000.00	
	26	Construction of Decabobo Deepwell Water System	13,312,000.00	
	27	Construction of Decalachao Deepwell Water System	14,682,000.00	
	28	Construction of Lajala Deepwell Water System	18,059,000.00	
	29	Construction of Marcilla Deepwell Water System	16,020,000.00	
	30	Construction of San Jose Deepwell Water System	14,138,000.00	
	31	Construction of Turda Deepwell Water System	17,859,000.00	
32	Construction of Tara R.O. Desalination System	19,341,000.00		
Arteche, Eastern Samar	33	Construction of Public Transport Terminal	20,000,000.00	11-Oct-19
		SUB-TOTAL	703,451,985.24	
Municipio Fund (MF)				
Sta. Cruz, Ilocos Sur	34	Rehabilitation and Expansion of Municipal Building	25,000,000.00	11-Oct-19
Libacao, Aklan	35	Construction of Municipal Hall Building	15,000,000.00	11-Oct-19
		SUB-TOTAL	40,000,000.00	
		TOTAL	1,272,320,985.24	

MDFO Completed Projects in 2019



Subproject:	Construction of Municipal Hall
LGU:	Municipality of Claveria, Misamis Oriental
Financing Facility:	Municipal Development Fund Project
Project Cost:	P28,800,000



Subproject:	Construction of Water Supply System 2 and 3
LGU:	Sofronio Española, Palawan
Financing Facility:	Municipal Development Fund Project
Project Cost:	P23,251,476.24



Subproject:	Purchase of Seedlings for Rubber Based Farming System
LGU:	Municipality of Aleosan, North Cotabato
Financing Facility:	Municipal Development Fund Project
Project Cost:	P6,515,600.00



Subproject:	Acquisition of Heavy Equipment Road Roller
LGU:	Municipality of Alegria
Financing Facility:	Disaster Management Assistance Fund
Project Cost:	P1,999,500.00



Subproject:	Expansion of Poblacion Public Market - Construction of Market Stalls at Bliss Side
LGU:	Bago City, Negros Occidental
Financing Facility:	Municipal Development Fund Project
Project Cost:	P5,497,000.00



Subproject:	City Hall Annex Building
LGU:	Mati City, Davao Oriental
Financing Facility:	Municipal Development Fund Project
Project Cost:	P64,994,997.92



Subproject:	Construction of Municipal Hall
LGU:	Municipality of Bacolod, Lanao Del Norte
Financing Facility:	Municipio Fund
Project Cost:	P28,565,922.47



Annexes

Annex B

I. Customs Administrative Orders (CAOs) Implementing the Customs Modernization and Tariff Act (RA 10863)

The drafting and review of Customs Administrative Orders (CAOs) implementing the CMTA is spearheaded by the DOF and the BOC. The FAI serves as the DOF Secretariat in charge of monitoring the review and issuance of CAOs on various topics of the CMTA. In 2019, there were 16 CAOs approved and signed by the Secretary of Finance, as follows:

- a) CAO No. 01-2019 on Post Clearance Audit and Prior Disclosure Program, signed on 09 January 2019;
- b) CAO No. 02-2019 on Marking of Imported Goods and Containers signed on 29 January 2019;
- c) CAO No. 03-2019 on Customs Jurisdiction and Exercise of Police Authority, signed on 08 April 2019;
- d) CAO No. 04-2019 on Duty Drawback, Refund and Abatement signed 8 April 2019;
- e) CAO No. 05-2019 on Rules and Regulations Governing the Registration of Customs Brokers Transacting with the Bureau of Customs and for Other Purposes, signed 07 May 2019;
- f) CAO No. 06-2019 on Registration of Third Parties Dealing with the Bureau, signed 28 May 2019;
- g) CAO No. 07-2019 on Pre-Lodgement Control Order and Alert Order, signed on 28 May 2019;
- h) CAO No. 08-2019 on the Policies on Admission, Movement, and Re-Exportation of Containers at the Seaports, signed on 28 May 2019;
- i) CAO No. 09-2019 on Establishment, Maintenance and Operations of Custom Facilities and Warehouses, signed on 24 July 2019;
- j) CAO No. 10-2019 on Outsourcing of Non-Sovereign Customs Functions to Private Entities, signed on 08 August 2019;
- k) CAO No. 11-2019 on Rules and Regulations on the Admission, Movement and Withdrawal of Goods in Free Zones, signed on 08 August 2019;
- l) CAO No. 12-2019 on Transshipment of Goods, signed on 27 August 2019;

- m) CAO No. 13-2019 on Customs Bonded Warehouses, signed on 27 August 2019;
- n) CAO No. 15-2019 on Rules and Regulations for Customs Transit in the Customs Territory, signed on 04 June 2019;
- o) CAO No. 16-2019 on Government's Right of Compulsory Acquisition, signed on 10 Oct 2019;
- p) CAO No. 17-2019 on Abandonment: Kinds, Effects and Treatment, signed on 18 November 2019;
- q) CAO No. 5-2020 on Express Shipment, signed on 11 December 2019.

II. Fiscal Reports and Industry and Commodity Studies

One of the core functions of the FAI's data analytics unit is to prepare fiscal reports, and industry and commodity studies. For 2019, the FAI prepared the following reports and studies:

- a) Report on Cellphone Importations: 2018
- b) Report on Truck Importations from the People's Republic of China: CYs 2017 to June 2019
- c) Report on Philippines Importations from Republic of Korea: CYs 2016-2018
- d) Briefer on Fuel Importations: CYs 2003-2017
- e) Report on the Paper Prepared by the Federation of Free Farmers entitled Analysis of Rice Import Data (January to July 2019)
- f) Summary Report on the Market Price of Rice Pre- and Post-Implementation of Rice Tariffication Law
- g) Profile of Sugar Industry
- h) Briefer on BOC Top Commodity Imports 2018
- i) Report on the 2018 BOC Collection Performance
- j) Analysis of BIR Collection Performance: CY 2017-2018
- k) Report on the LGU Revenue Performance FY 2015-2017
- l) Comments on Section 86 of RA No. 10963 on VAT Repeal
- m) Comments on BOC's Proposal to Create the Customs Border Protection Service



DOF Financial Statements as of 31 December 2019

DEPARTMENT OF FINANCE
STATEMENT OF FINANCIAL POSITION
ALL FUNDS
AS AT DECEMBER 31, 2019
(In Philippine Peso)

	Note	2019	2018 Restated
ASSETS			
Current Assets			
Cash and Cash Equivalent	5	6,278,227.77	21,175,828.17
Receivables	6	48,787,490.21	36,349,179.79
Inventories	7	14,149,631.17	8,771,773.15
Other Assets	11	7,277,374.62	26,194,166.96
Total Current Assets		76,492,723.77	92,490,948.07
Non-Current Assets			
Receivables	6	34,705,344.02	77,579,939.08
Investments	8	282,744.40	282,744.40
Property Plant and Equipment	9	1,686,178,187.91	1,646,993,756.35
Intangible Assets	22	22,016,602.09	9,902,149.88
Other Assets	11	23,353,628.29	7,400,474.66
Total Non-Current Assets		1,766,536,506.71	1,742,159,064.37
Total Assets		1,843,029,230.48	1,834,650,012.44
LIABILITIES			
Current Liabilities			
Financial Liabilities	12	36,833,826.27	148,665,385.94
Inter-agency Payables	13	9,885,044.98	35,814,205.26
Trust Liabilities	14	7,622,573.16	49,159,095.46
Deferred Credits	15	2,317.49	-
Other Payables	16	807,281.42	379,100.57
Total Current Liabilities		55,151,043.32	234,017,787.23
Non-Current Liabilities			
Inter-agency Payables	13	2,879,300.73	2,539,960.54
Trust Liabilities	14	45,360,210.24	1,677,133.58
Deferred Credits	15	12,817.90	12,817.90
Other Payables	16	642,962.66	717,562.47
Total Non-Current Liabilities		48,895,291.53	4,947,474.49
Total Liabilities		104,046,334.85	238,965,261.72
Total Assets less Total Liabilities		1,738,982,895.63	1,595,684,750.72
NET ASSETS/EQUITY			
Accumulated Surplus/(Deficit)	26	1,738,982,895.63	1,595,684,750.72
Total Net Assets/Equity		1,738,982,895.63	1,595,684,750.72

This statement should be read in conjunction with the accompanying notes.



DOF Financial Statements as of 31 December 2019

**DEPARTMENT OF FINANCE
STATEMENT OF FINANCIAL PERFORMANCE
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Philippine Peso)**

	Note	2019	2018 (As Restated)
Revenue			
Service and Business Income	17	5,295,702.85	23,152,717.60
Shares, Grants and Donations	18	-	7,067,510.05
Total Revenue		5,295,702.85	30,220,227.65
Less: Current Operating Expenses			
Personnel Services	19	452,820,550.01	382,920,497.80
Maintenance and Other Operating Expenses	20	332,915,942.89	500,193,280.15
Financial Expenses	21	1,667.42	26,043.19
Non-Cash Expenses	22	99,966,226.62	41,830,889.72
Total Current Operating Expenses		885,704,386.94	924,970,710.86
Surplus/(Deficit) from Current Operations		(880,408,684.09)	(894,750,483.21)
Net Financial Assistance/Subsidy	23	1,070,790,192.08	1,401,603,569.00
Gains	24	510,839.77	3,087,478.90
Losses	25	(1,570,733.36)	(2,787,897.23)
Financial Assistance/Subsidy		1,069,730,298.49	1,401,903,150.67
Surplus(Deficit) for the period		189,321,614.40	507,152,667.46

This statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF FINANCE
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Philippine Peso)

	Note	2019	2018 (As Restated)
Beginning Balance , January 1		1,753,263,620.09	1,311,839,673.12
Changes in Accounting Policy			
Prior Period Adjustments	26	(126,600,425.24)	(104,741,995.33)
Liquidation on Prior Year's Advances/Fund Transfer	26	(14,336,923.97)	(53,366,699.75)
Sale of Unserviceable Property/Plant and Equipment	26	(8,791,982.99)	(379,530.77)
Settlement of ND/Due from Officers and Employees	26	167,051.99	-
Remittance to BTr of Unutilized ICF and MCC accounts	26	-	(32,630,657.64)
Adjustment in Funding Source	26	(8,016,589.16)	(7,318,131.69)
Restated Balance		1,595,684,750.72	1,113,402,657.94
Changes in Net Assets/Equity			
Current Operations Surplus		189,321,614.40	507,152,667.46
Cash-Treasury/Agency Deposit, Regular		(46,023,469.49)	(25,830,574.68)
Others		-	960,000.00
Total Recognized Revenue and Expenses for the Period		143,298,144.91	482,282,092.78
Ending Balance, December 31		1,738,982,895.63	1,595,684,750.72

This statement should be read in conjunction with the accompanying notes.



DOF Financial Statements as of 31 December 2019

**DEPARTMENT OF FINANCE
STATEMENT OF CASH FLOW
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Philippine Peso)**

	2019	2018
Cash Flows from Operating Activities		
Cash Inflows		
Receipt of Notice of Cash Allocation	1,116,726,848.00	1,498,613,258.27
Constructive Receipt of Cash for Remittance thru TRA	100,813,405.62	92,251,241.14
Petty Cash	360,000.00	765,000.00
Fund Transfer to DOF Special Projects Account for Special Purpose	114,204.86	-
Fund Transfer to EITI LCCA from EITI FSA	14,231,923.50	37,171,760.11
Fund Transfer to EITI FSA from EITI LCCA for remittance to WB	227,851.08	-
Collection of Income/Revenues	8,151,369.90	24,128,111.08
Collections of Receivables/Other Receipts	38,178,265.80	2,080,808.41
Collections as Trust	493,298.84	458,861.57
Receipt of Fund from Department of Energy	-	400,000.00
Interest on Local Currency and Foreign Savings Accounts	9,913.24	53,107.29
Gain on Foreign Exchange	252,196.77	2,339,558.35
Total Cash Inflows	1,279,559,277.61	1,658,261,706.22
Cash Outflows		
Reversal of Unutilized NCA on MDS accounts	145,862,469.84	189,078,434.97
Remittance of Collections from Mabuhay/OSS/BAC/Others	46,013,770.97	25,810,655.48
Remittance to National Treasury of Unutilized ICF/BAC/DOF Special Projects accounts	9,698.52	32,685,074.25
Remittance thru TRA	100,813,405.62	92,251,241.14
Payment of Expenses	626,663,586.84	604,923,588.48
Purchase of Inventories held for consumption	17,680,106.87	30,836,647.54
Grant of Cash Advances	18,969,876.20	17,035,838.20
Prepayments	11,990,252.62	44,119,551.01
Guaranty Deposit/Deposit on Letters of Credit	-	4,771,097.11
Refund of Deposit	5,476,018.80	9,237,660.02
Refund of Unutilized Due to NGAs (DOT) for Apec	-	-
Payment of Accounts Payable and Due to Officers and Employees	41,630,351.03	58,946,653.25
Remittance of Personnel Benefits Contributions and Mandatory Deductions	111,801,887.33	95,425,552.71
Release of Inter-Agency Fund Transfer	62,824,533.23	43,414,985.43
Release of Fund Transfer to LCCA-EITI	14,231,923.50	37,171,760.11
Release/Closing of Petty Cash	360,000.00	765,000.00
Honoraria for BAC Committee	-	668,716.16
Payment of Trust Liabilities	449,791.45	524,930.45
Loss on Forex	447,680.58	1,481,213.33
Total Cash Outflows	1,205,225,353.40	1,289,148,599.64
Net Cash Provided by (Used in) Operating Activities	74,333,924.21	369,113,106.58
Cash Flows from Investing Activities		
Cash Outflows		
Purchase of PPE including Payment of Construction in Progress	(89,231,524.61)	(421,168,429.27)
Total Cash Outflows	(89,231,524.61)	(421,168,429.27)
Net Cash Provided by (Used in) Investing Activities	(89,231,524.61)	(421,168,429.27)
Cash Flows from Financing Activities		
Total Cash Provided by Operating, Investing, Financing Activities	(14,897,600.40)	(52,055,322.69)
Add: Cash and Cash Equivalents, January 1	21,175,828.17	73,231,150.86
Cash and Cash Equivalent, December 31	6,278,227.77	21,175,828.17



DOF Financial Statements as of 31 December 2019

DEPARTMENT OF FINANCE - OSEC
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
ALL FUNDS-20
FOR THE YEAR ENDED DECEMBER 31, 2019

DEPARTMENT OF FINANCE - OSEC
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
REGULAR FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

DEPARTMENT OF FINANCE - OSEC
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

Particulars	ALL FUNDS				Regular Agency Fund			
	Budgeted Amount		Actual Amounts on Comparable Basis	Difference Final Budget and Actual	Budgeted Amount		Actual Amounts on Comparable Basis	Difference Final Budget and Actual
	Final	Original			Original	Final		
RECEIPTS:								
Service and Business Income								
Filing Fees	4,705,000.00	4,705,000.00	3,473,000.00	1,232,000.00	4,705,000.00	4,705,000.00	3,473,000.00	1,232,000.00
Other Processing Fees	1,623,000.00	1,623,000.00	723,366.21	899,633.79	1,623,000.00	1,623,000.00	723,366.21	899,633.79
Certification Fees	122,000.00	122,000.00	95,000.00	27,000.00	122,000.00	122,000.00	95,000.00	27,000.00
Other Service Income	1,623,000.00	1,016,000.00	-	1,016,000.00	1,623,000.00	1,016,000.00	-	1,016,000.00
Sale of Unserviceable Property	-	-	59,300.00	(59,300.00)	-	-	59,300.00	(59,300.00)
Gain on Sale of Unserviceable Property	-	-	143,500.00	(143,500.00)	-	-	143,500.00	(143,500.00)
Other Non-Operating Receipts								
Refund of Petty Cash and Advances	-	-	-	-	-	-	-	-
Petty Cash	-	-	366,315.75	(366,315.75)			366,315.75	(366,315.75)
Advances	-	-	39,529,643.90	(39,529,643.90)			7,944,040.52	(7,944,040.52)
Overpayment of Expenses	-	-	1,696,061.84	(1,696,061.84)	-	-	1,610,390.62	(1,610,390.62)
Miscellaneous Income	-	-	34,655.08	(34,655.08)	-	-	34,655.08	(34,655.08)
Trust Liabilities	-	-	493,298.84	(493,298.84)	-	-	493,298.84	(493,298.84)
	8,073,000.00	7,466,000.00	4,494,166.21	2,971,833.79	8,073,000.00	7,466,000.00	14,942,867.02	2,971,833.79
PAYMENTS:								
Personal Services	414,849,000.00	461,781,349.00	449,990,381.11	11,790,967.89	414,849,000.00	461,781,349.00	449,990,381.11	11,790,967.89
Maintenance and Other Operating Expenses	418,626,000.00	699,412,121.00	266,063,607.47	433,348,513.53	418,626,000.00	405,908,500.00	247,479,792.79	158,428,707.21
Capital Outlay	42,603,000.00	45,808,308.00	31,798,946.00	14,009,362.00	42,603,000.00	42,603,000.00	31,798,946.00	10,804,054.00
Other Disbursements								
Remittance to National Treasury	-	-	42,417,158.83	(42,417,158.83)	-	-	14,619,656.99	(14,619,656.99)
	876,078,000.00	1,207,001,778.00	790,270,093.41	416,731,684.59	876,078,000.00	910,292,849.00	743,888,776.89	166,404,072.11
NET RECEIPTS / PAYMENTS	(868,005,000.00)	(1,199,535,778.00)	(785,775,927.20)	(413,759,850.80)	(868,005,000.00)	(902,826,849.00)	(728,945,909.87)	(163,432,238.32)

Certified Correct:

Certified Correct:

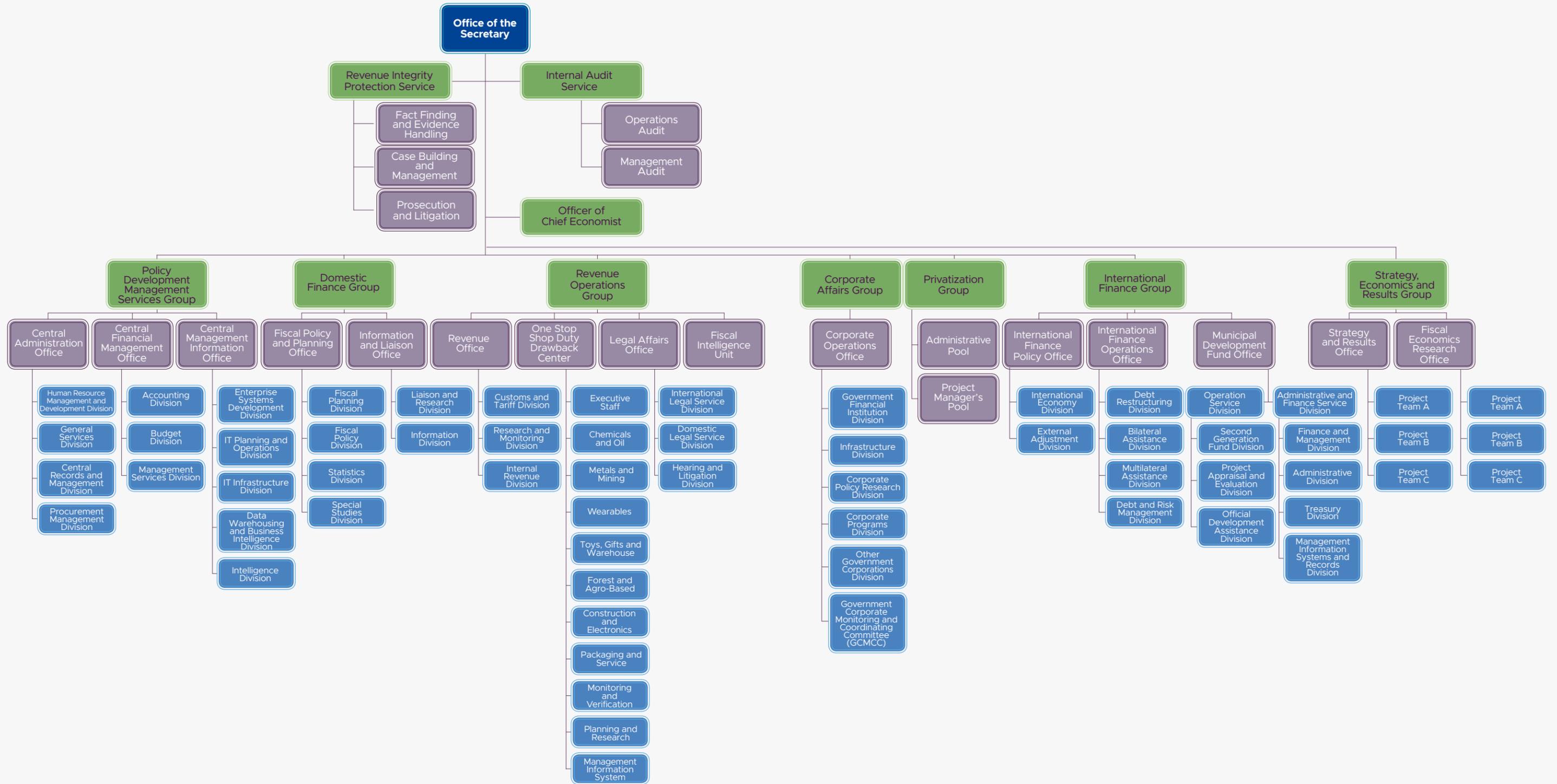
JOSEF RICARDO G. ESPIRITU
OIC, Budget Division

LOLITA R. VERDADERO
Chief Accountant

Particulars	Special Account - Foreign - Assisted/Grants				Trust Fund			
	Budgeted Amount		Actual Amounts on Comparable Basis	Difference Final Budget and Actual	Budgeted Amount		Actual Amounts on Comparable Basis	Difference Final Budget and Actual
	Original	Final			Original	Final		
RECEIPTS:								
Service and Business Income								
Filing Fees	-	-		-				-
Other Processing Fees	-	-		-				-
Certification Fees	-	-		-				-
Other Service Income	-	-		-				-
Sale of Unserviceable Property	-	-		-				-
Gain on Sale of Unserviceable Property	-	-		-				-
Other Non-Operating Receipts								
Refund of Petty Cash and Advances	-	-		-				-
Petty Cash								-
Advances			31,585,278.38		-	-	325.00	(325.00)
Overpayment of Expenses								-
Miscellaneous Income								
Trust Liabilities								
	-	-	-	-	-	-	-	-
PAYMENTS:								
Personal Services								-
Maintenance and Other Operating Expenses		293,503,621.00	18,583,814.68	274,919,806.32				-
Capital Outlay		3,205,308.00		3,205,308.00				-
Other Disbursements								
Remittance to National Treasury	-	-	27,797,176.84	(27,797,176.84)	-	-	325.00	(325.00)
	-	296,708,929.00	46,380,991.52	250,327,937.48	-	-	325.00	(325.00)
NET RECEIPTS / PAYMENTS	-	(296,708,929.00)	(46,380,991.52)	(250,327,937.48)	-	-	(325.00)	325.00



DOF Organizational Structure





DOF Officials

Office of the Secretary (OSEC)

Secretary Carlos G. Dominguez

Chief-of-Staff

Anita Linda R. Aquino

Revenue Integrity Protection Service (RIPS)

Undersecretary Bayani H. Agabin

Director Ray Gilberto J. Espinosa

Director Stanley C. Zambarrano

Internal Audit Service (IAS)

Director Ma. Luisa M. Notario

Office of the Chief Economist (OCE)

Undersecretary Gil S. Beltran

Policy Development and Management Services Group (PDMSG)

Undersecretary Gil S. Beltran

Central Administration Office

Director Alvin P. Diaz

Director Lilia R. Tan

Central Financial Management Office

Director Ma. Lourdes V. Dedal

Central Management Information Office

Director Angelica I. Sarmiento

Director Michaelangelo G. Aguinaldo

Domestic Finance Group (DFG)

Undersecretary Gil S. Beltran

Assistant Secretary Ma. Teresa S. Habitan

Fiscal Policy and Planning Office

Director Elsa P. Agustin

Director Rowena S. Sta. Clara

Research and Information Office

Director Juvy C. Danofrata

Revenue Operations Group (ROG)

Undersecretary Antonette C. Tionko

Assistant Secretary Dakila Elteen M. Napao

Legal Affairs Office

Director Jesus Nathaniel Martin B. Gonzales

Revenue Office

Director Sheila N. Castaloni

Director Eleazar C. Cesista

One-Stop Shop (OSS) Center

Executive Director Eme I. Macabales

Deputy Executive Director Jayson M. Lopez

(Both assumed office on 24 September 2019)

Executive Director Ernesto Q. Hiansen

Deputy Executive Director Carmelo T. Casibang, Jr.

(Both served the OSS until 23 September 2019)

Legal Services Group

Undersecretary Bayani H. Agabin

Assistant Secretary Danielle Marie S. Rieza-Culangen

Corporate Affairs Group (CAG)

Undersecretary Antonette C. Tionko

Assistant Secretary Soledad Emilia J. Cruz

Corporate Operations Office

Director Joanna P. Castillo

Privatization Group

Undersecretary Grace Karen G. Singson (Special Concerns)

Assistant Secretary Paola Sherina A. Alvarez

International Finance Group (IFG)

Undersecretary Mark Dennis Y.C. Joven

Assistant Secretary Maria Edita Z. Tan

Assistant Secretary Paola Sherina A. Alvarez (Special Projects)

International Finance Operations Office

Director Rommel S. Herrera

Director Neil Adrian S. Cabiles

International Finance Policy Office

Director Charissa P. Hipolito

Municipal Development Fund Office

Undersecretary Antonette C. Tionko

Executive Director Helena S. Habulan

Deputy Executive Director Clyde E. Padilla

Strategy, Economic, and Results Group (SERG)

Undersecretary Karl Kendrick T. Chua

Assistant Secretary Antonio Joselito G. Lambino II

(Spokesperson and Head of Communications, OSEC)

Director Arnelyn May A. Abdon

Director Mark David T. Ablang

Director Jamalliah D. Disomimba

Director Euvimil Nina R. Asuncion

Anti-Red Tape Act (ARTA) Group

Undersecretary Gil S. Beltran

Philippine Extractive Industries Transparency Initiative (PH-EITI)

Undersecretary Bayani H. Agabin

Assistant Secretary Ma. Teresa S. Habitan



DOF Directory

BRIDGING FISCAL
& SOCIAL REFORMS
FOR A BETTER NATION

OFFICE	TELEPHONE NO.
--------	---------------

OFFICE OF THE SECRETARY	
	8523-9215;8523-6051; 8526-7336;8523-9251; 8523-9219; 8526-8474 (telefax) OSEC EA loc. 1101
Chief of Staff	8523-9220
Revenue Integrity Protection Service (RIPS)	8404-1775

POLICY DEVELOPMENT AND MANAGEMENT SERVICES GROUP	
---	--

Office of the Undersecretary	8523-5671; loc 1217
------------------------------	---------------------

CENTRAL ADMINISTRATION OFFICE	
--------------------------------------	--

Office of the Director	8523-1265
Human Resource Management and Development Division	8525-0244; loc 2112
General Services Division	8526-8475; 8524-4227; IMPACT Hotline 467-228
Central Records and Management Division	8526-8470; loc 2175
Medical and Dental Division	8525-6967; loc 2131
Property and Procurement Section	8526-4786; loc 7214
Library Section	8526-8410; loc 2165

CENTRAL FINANCIAL MANAGEMENT OFFICE	
--	--

Office of the Director	8526-8166
Budget Division	8526-8464; 8526-6941 (telefax)
Accounting Division	8523-5624; loc 2212
Management Services Division	8526-6932

CENTRAL MANAGEMENT INFORMATION OFFICE	
--	--

	8526-8467; 85254697
--	---------------------

REVENUE OPERATIONS GROUP	
---------------------------------	--

Office of the Undersecretary	8523-4995
Office of Assistant Secretary	8526-0531
Office of the Director	8526-7490
Customs and Tariff Division	8526-7311
International Revenue Division	8526-8476
Research Monitoring Division	8526-7311
Mabuhay Lane	8526-8458

CORPORATE AFFAIRS GROUP	
--------------------------------	--

Office of the Undersecretary	8524-5221
Office of the Assistant Secretary	8523-9938
Corporate Operations Office	
Office of the Director	8527-3826
Corporate Policy Research Division	8525-7309

STRATEGY, ECONOMICS, AND RESULTS GROUP	
---	--

Office of the Undersecretary	8526-6968; 8523-9217
------------------------------	----------------------

OFFICE	TELEPHONE NO.
--------	---------------

DOMESTIC FINANCE GROUP	
Office of the Undersecretary	8523-5671; loc 1217
Office of the Assistant Secretary	8523-5678
Fiscal Policy and Planning Office	8524-0607; 8523-3825 (telefax)
Office of the Director	8524-0607
Fiscal Policy Division	8524-0607
Fiscal Planning Division	8524-4332
Statistics Division	8525-4332
Special Studies Division	8523-3825 (telefax)
One-Stop-Shop (OSS)	
Tax Credit and Duty Drawback-Center	
Office of the Director	8526-0076
OSS-Operations	8526-0842
OSS-Policy	8526-1787
OSS-MIS	8526-8450
OSS-BOC	8526-0751
OSS-Admin	8526-0076
Legal Affairs Office	8526-8449
Fiscal Analytics Intelligence	8526-8849

PRIVATIZATION GROUP	
----------------------------	--

Privatization Office	8524-1633
Office of the Director	8524-1633
Appraisal and Evaluation Division	8524-1633
Issues and Procedures Division	8524-1633

INTERNATIONAL FINANCE GROUP	
------------------------------------	--

Office of the Undersecretary	8526-9990
International Finance Operations Office	
Office of the Director	8526-9990
Debt Structuring Division	8526-9990
Multilateral Assistance Division	8523-9912
Bilateral Assistance Division	8523-9911
International Finance Policy Office	
External Adjustment Division	8400-7446; 8514-8981
Municipal Development Fund Office	8523-9936; 8523-9937
Office of the Director	8523-9935
Office of the Deputy Director	8525-9185
Finance Division	8521-7192 local 204
Accounting Division	8523-7192 local 210

RESEARCH AND INFORMATION OFFICE	
--	--

Office of the Director	8524-0618
Liaison and Research Division	8524-0618 (telefax)
Information Division	8524-0619

PH-EITI	
----------------	--

	8525-0487
	8525-0497



2019 DOF Annual Report Team

2019 DOF AR Committee

Ma. Teresa S. Habitan
Rowena Sta. Clara
Johanna P. Hortinela
Aurora Luz D. Villaviray
Irene R. Sta. Ines
Annabelle D. Magno
Irene S.C. Salazar
Jose Mari J. Lopez
Meryll Joy A. Gregorio

2019 DOF AR Contributors

Office of the Secretary

Cherry Mae Gonzales

Fiscal Policy and Planning Office

Rommel Rojas
Ma. Lourdes Quintos
Vernadette Ilagan
Andrea Felice Quinial
Gwendelyn Manongdo
Vergel John D. Himpisao
Eric Tigpos
Alexandra Leonardo

Research and Information Office

Tommy Redula

Central Financial Management Office

Lourdes Soquiart
Eduarson Pandez

Fiscal Analytics Intelligence

Jake E. Domanico
Elizabeth B. Udaundo

International Finance Group

Aaron Ang
Gabriel Mico Tiu

Municipal Development Finance Office

Edwin Barcenas

Human Resource Management and Development Division

Rosemary Abelgas

Revenue Integrity Protection Service

Atty. Nasreen Balajadia, Attorney III
Atty Roselle Jimeno – Consultant

Central Management and Information Office

Marianne Angelica M. Nuque
Aileen Marie Mutiangpili

Strategy, Economics, and Results Group

Ira Camarao

PH-EITI

Eastword De Guzman Manlises
Maryann Dizon-Rodolfo

Privatization Office

Geneflor Santiago
Elena Cruz

Privatization and Management Office

Ellen H. Rondael
Melissa Mei Lin Monteroso

Legal Affairs Office

Jan Ernst Maldo

Corporate Affairs Group

Marie Elaine Ahyong

Anti-Red Tape Act

Jing Aldeguer

Central Board of Assessment Appeals

Commissioner Ramon A.I. Banta

Philippine Deposit Insurance Commission

María Aurora Mendoza
National Tax Research Center
Rhea L. Caro

Bureau of Internal Revenue (BIR)

Felipa D. Birginias

Insurance Commission (IC)

Erikson H. Balmes

Bureau of Customs (BOC)

Karren Noronio

Bureau of Local Government Finance (BLGF)

Ricardo L. Bobis Jr.





Republic of the Philippines
Department of Finance
DOF Building, BSP Complex, Roxas Blvd., 1004 Metro Manila, Philippines
(+632) 8525 0244 helpdesk@dof.gov.ph