

GOVERNANCE AND FISCAL RESPONSIBILITY FOR INCLUSIVE GROWTH

• 2011 ANNUAL REPORT •





COVER STORY

Progress is reflected in terms of many different indicators such as expansion of the economy as measured by the country's gross domestic product. In the same manner, progress can be realized only if all sectors participate in producing the desired outcome. Economic growth is not an end in itself, but rather it is just among the means by which sustainable development can be achieved.

Fiscal responsibility accelerates the development process by mobilizing resources for government projects and programs, thereby spurring economic activities that create livelihoods, investments and other opportunities

Even so, growth has to be inclusive to ensure that the benefits of an expanding economy trickle down to every member of society. Inclusive growth needs government intervention especially in the areas of social protection, provision of public goods, enhanced regulatory environment and improved investment climate.

The holographic cover depicts various agents and beneficiaries of inclusive growth.

1	Mission:Vision	23	Fiscal Incentives Administration
2	Letter to the President	25	Local Fiscal Development
3	Message of the Secretary	27	Local Government Finance
4	Economic Highlights	28	Municipal Development Fund Office
6	Fiscal Management	30	Management Information System
8	DOF Legislative Agenda	33	Institutional Capacity Building
9	Liability Management	35	DOF's New Look
15	Instilling Corporate Discipline	36	DOF Organizational Structure
17	Fiscal Sustainability & Anti-Corruption Advocacy	37	DOF Officials
18	Asset Management	44	Heads of DOF Bureaus and Attached agencies
19	Global and Regional Integration	46	DOF Directory
21	Inclusive Financial System	IBC	DOF Annual Report Working Committee
22	Capital Market Development		

GOVERNANCE AND FISCAL RESPONSIBILITY FOR INCLUSIVE GROWTH

VISION

- A strong economy with stable prices and strong growth;
- A stable fiscal situation which could adequately finance government projects and budgetary programs;
- A borrowing program that minimizes costs and avoids the crowding-out effect on the private sector ;
- A public sector debt profile with long maturities and an optimum mix of currencies that manages the impact of currency movements; and
- A strong economy 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 this objective by building a strong fiscal position through the following:

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

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.

MANDATE

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

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

LETTER TO THE PRESIDENT

His Excellency
BENIGNO SIMEON C. AQUINO III
PRESIDENT
REPUBLIC OF THE PHILIPPINES
MALACAÑANG, MANILA

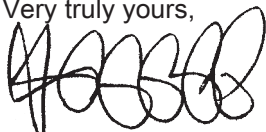
Dear Mr. President:

On behalf of the Department of Finance and its attached bureaus and agencies, I am honored to submit to Your Excellency our Annual Report for 2011.

The report reflects fiscal transparency and accountability thrusts in line with the President's good governance agenda. As challenges continued to weigh on the Philippine economy during the year, we stood firm in doing our share to safeguard the integrity of the country's fiscal sector.

We thank you for the opportunity to serve under your administration as we reaffirm our commitment to fulfill our mandate. We look forward to more promising years ahead as we continue to work with our partners under your strong and solid leadership.

Very truly yours,



CESAR V. PURISIMA
Secretary
Department of Finance



MESSAGE OF THE SECRETARY

In 2011, the Philippine's fiscal sector was not completely insulated from volatile environment, particularly the ripple effects of fiscal woes in Europe.

Nevertheless, the negative impact of global imbalances was tempered by our continuous efforts to enhance the integrity of our finances.

We received credit rating upgrades during the year as a result of our strong resolve toward fiscal consolidation.

The National Government's fiscal deficit of P197.8 billion or 2.0 percent of GDP for the year was P197.8 billion lower than the programmed ceiling of P300 billion.

Collection efficiencies also showed positive results. Total revenues for 2011 grew by 12.6 percent to P1.4 trillion from P1.2 trillion in 2010. The Bureau of Internal Revenue raised P924.1 billion, 12.3 percent higher than the 2010 level of P822.6 billion.

Non-tax revenues also registered a significant 38.1 percent increase to P157.9 billion from last year's P114.3 billion, and higher by 19.8 billion than the target. The Bureau of Treasury posted an income of P75.2 billion, while collections from fees and charges stood at P81.5 billion, both exceeding the 2011 targets.

The country gained significant ground towards a more favorable debt position, notwithstanding sluggish economic recovery in the U.S. and debt crisis in Europe.

Debt sustainability continued to improve behind fiscal consolidation efforts, modest economic growth, and the strengthening of the peso. NG debt-to-GDP ratio fell from 52.4 percent in 2010 to a new low of 50.9 percent in 2011, continuing the downward trajectory. This development resulted from fiscal restraint and prudent debt management which held nominal debt to a 4.9 percent growth, well below the 7.9 percent increase registered in 2010

Improved market confidence as a result of prudent debt management helped the Government reduce its borrowing costs. Even as nominal debt levels

have risen, interest payments for 2011 fell by P15.3 billion compared to 2010 level.

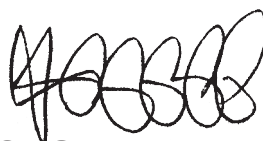
On June 2011, Moody's and Fitch Ratings Services upgraded the country's sovereign credit rating from Ba3 to Ba2 (2 steps below investment grade) and from BB to BB+ (one notch below investment grade), respectively, in recognition of the government's fiscal consolidation efforts and proactive liability management.

Based on the maturity profile, the share of long-term debt rose to 82.6 percent in 2011 from 73.6 percent in 2010, reducing refinancing risk. In addition, the execution of a domestic bond exchange stretched domestic maturity by 3 years to 9.2 years from 6.2 years. The long tenor structure of new external borrowings kept average maturity of external debt at 11.4 years. Overall, the average maturity of NG debt portfolio lengthened to 10.2 years in 2011 from 8.7 years in 2010.

Those were among the gains that we achieved amid various fiscal constraints. Challenges should not deter us from building on the progress that we have achieved. As we continue to fulfill our mandate, we need to send the strong message that transparency and accountability in our fiscal activities are a matter of policy.

The remaining tasks ahead are daunting. The need to expand our fiscal space has never been more urgent. We need to work together to rectify our systems in order to live up to the challenge of meeting the nation's ever increasing needs for infrastructures and social services.

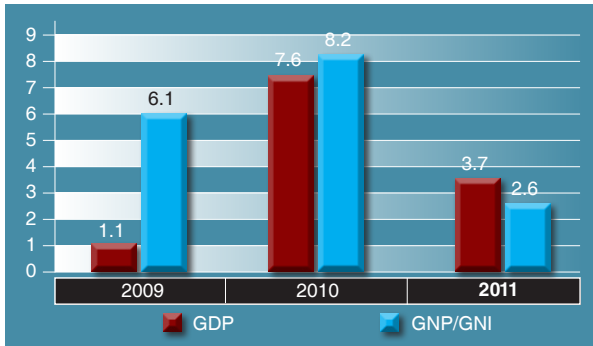
Indeed, it was a moral choice on our part to instill prudence with our financing activities, supporting the government moves to revisit programs and projects and determine those that contribute most for our people.



CESAR V. PURISIMA
Secretary
Department of Finance

Economic Highlights

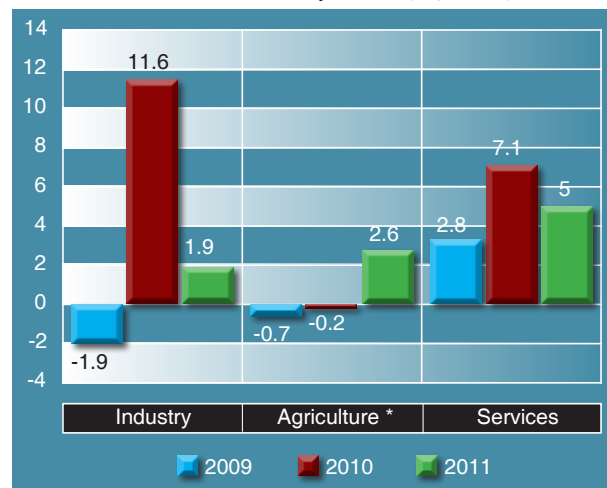
GDP & GNP Growth Rate (in percent)



In 2011, Philippine economy grew by 3.7 percent in the face of macroeconomic headwinds and natural calamities that roiled the global economy. Slow US recovery, sovereign debt turmoil in the euro zone, political unrest in the Middle East and North Africa (MENA), the 9.0-magnitude earthquake, tsunami and nuclear fallout in Japan, and heavy flooding in Thailand, among others, challenged the economies of the Philippines and the Asia Pacific region.

On the supply side, the services sector remained the main driver of growth, expanding by 5.0 percent. Real estate, renting and other business activities (9.3 percent) which include the vibrant business process outsourcing (BPO), other services (6.6 percent), and financial intermediation (5.2 percent), contributed to the expansion of the service sector. Insurance sector grew by 9.1 percent, improving the growth of financial intermediation. The industry sector's growth slowed down to 1.9 percent from 11.6 percent in 2010 reflecting a subdued construction sector. Public construction contracted by 31.8 percent as a result of public expenditure reforms in line with the Aquino government's accountability and transparency thrust. Contracts on infrastructure projects had to be reviewed to address the issues on procurement and bidding procedures, among others. Nevertheless, the government reverted back to a speedier spending pattern during the latter part of the year thru the Disbursement Acceleration Plan (DAP).

GDP Growth Rate by Sector (in percent)



Exports declined by 3.8 percent as electronic exports dove by 20.2 percent due to economic woes in US and Europe and logistics disruption caused by the Japan earthquake and tsunami.

Agriculture, fisheries and forestry sector grew by 2.6 percent from a 0.2 percent contraction in the previous year, on account of increased palay, crops, and livestock production.

On the demand side, consumption continued to be the main driver of growth, expanding by 6.1 percent, with increased spending for food and non-alcoholic beverages, household equipment, education, health, communication, and restaurant and hotels. Investment

grew, albeit at a slower pace at 11.1 percent from 31.6 percent in 2010.

Inflation rate remained single digit averaging 4.8 percent in 2011 despite increases in domestic oil prices due to rising crude oil in the world market as a result of the MENA crisis.

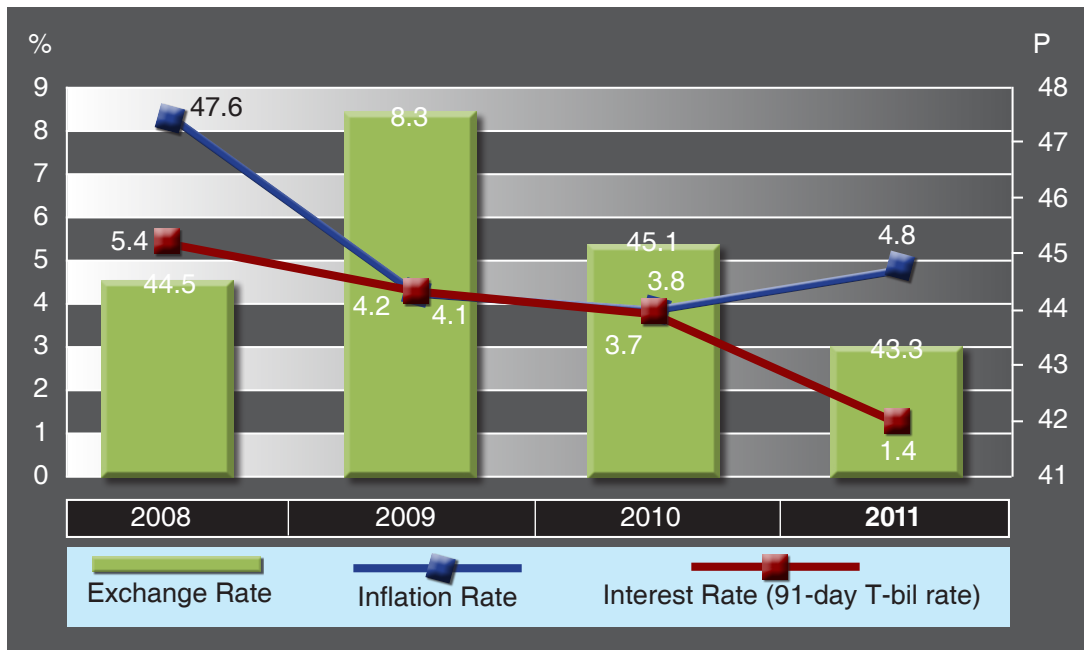
The Philippine peso continued to strengthen, thus, moving up to P43.3 to the US dollar compared to an average of P45.1 in 2010, softening the impact of high oil and food prices. OFW remittances reached US \$20.1 billion, 7.2 percent higher than 2010 level despite the MENA crisis. Sustained net portfolio investment inflows, which started in 2010 due to risk aversion in US and Europe, further boosted the money supply.



Due to high domestic liquidity and benign inflation, interest rates fell to historically low levels, with the benchmark 91-day T-bills averaging 1.4 percent as against 3.5 percent in 2010. As a result, net domestic credits, which represent total borrowing in the financial system, grew by 14.4 percent to P 4.9 trillion from P 4.3 trillion in 2010.

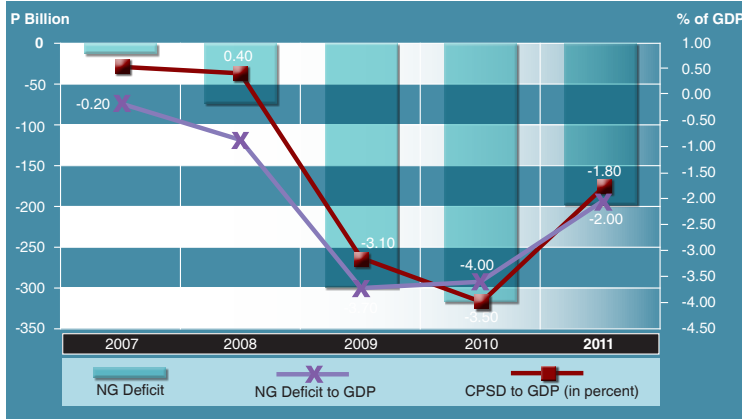
The Philippines stock market outperformed its peers in the Asia Pacific Region and ranked 6th in the world, with its 4.1 percent gain to 4,372 from the 2010 level of 4,201.1.

Inflation Rate, Interest Rate & Exchange Rate (average, in percent)



Fiscal Management

Consolidated Public Sector Deficit (CPSD) and NG Deficit



In 2011, the National Government (NG) contained the deficit at 2.0 percent of GDP or P197.8 billion. This follows the fiscal consolidation trend began in 2010 when the deficit level stood at P314.4 billion.

Consolidated Public Sector Financial Position (CPSFP), which is the combined financial position of all government entities, posted a deficit of P178.4 billion or 1.8 percent of GDP, well below the 2010 level of 4.2 percent of GDP.

Consolidated Public Sector Financial Position 2011
(in Billion Pesos)

Particulars	2010	2011
TOTAL SURPLUS+/DEFICIT-		
Percent of GDP	(355.8) -4.0%	(178.4) -1.8%
TOTAL PSBR		
Percent of GDP	(379.0) -4.2%	(223.9) -2.3%
National Government	(314.5)	(197.8)
CB Restructuring	(7.6)	(3.5)
Monitored GOCCs	(66.9)	(23.6)
Adjustment of net lending and equity to GOCCs	9.9	1.0
Other adjustments	0.1	0.0

This is largely due to the following: (1) lower NG deficit; (2) contained financing deficit of 14 monitored government owned and controlled corporations (GOCCs); (3) surplus posted by social security institutions (SSIs) and government financial institutions (GFIs); and (4) reduced deficit incurred by the Bangko Sentral ng Pilipinas (BSP).

Even without new taxes and the absence of significant asset sales, resource mobilization improved as revenues for 2011 grew by 12.6 percent to P1,359.9 billion from P1,207.9 billion in 2010 on account of tax administration efforts. Revenue to GDP ratio stood at 14.0 percent while tax revenue effort slightly improved to 12.3 percent from 12.1 percent in 2010.

OTHER PUBLIC SECTOR	2010	2011
SSS/GSIS/PHIC	40.1	48.0
BSP	(63.7)	(47.4)
GFIs	9.4	9.9
LGUs	34.1	34.7
Timing adjustment of interest payments to BSP	0.4	0.0
Other adjustments	2.9	0.0

In fourth quarter of 2011, NG fast-tracked its DAP to offset slower fiscal spending during the first three quarters of the year, and to shield the economy from the global economic doldrums.

Government disbursement reached P1, 557.7 billion, 2.3 percent higher year-on-year, but it was till P153.6 billion below the programmed expenditures.

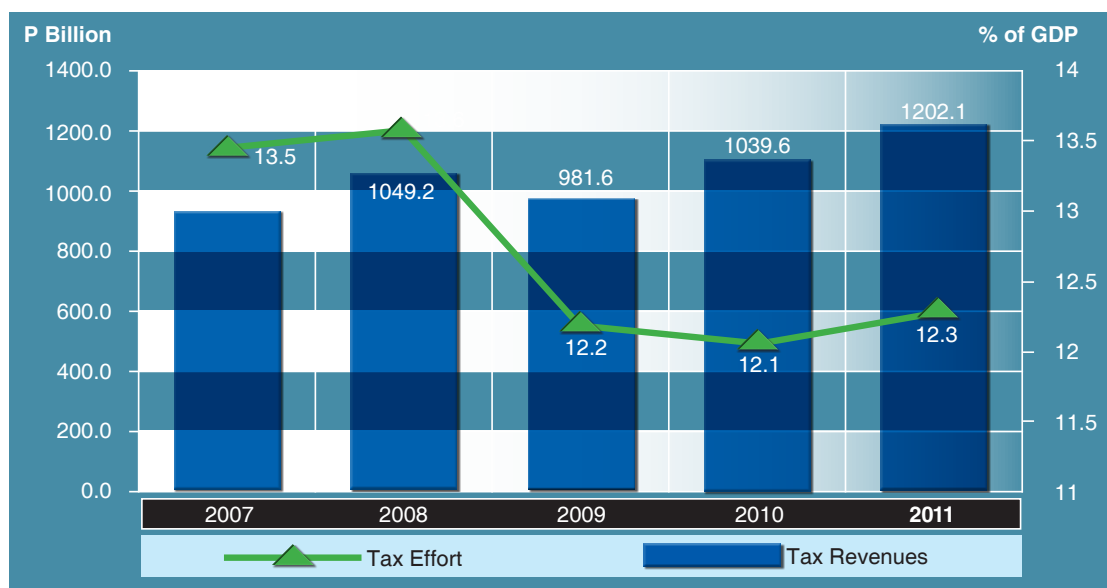
The Bureau of Internal Revenue (BIR), the government's main tax collecting agency, raised P924.1 billion, 12.3 percent higher than the 2010 level of P822.6 billion. Taxes on Net Income and Profit (income tax) accounted for 62 percent, with P571.9 billion collection. Revenues

from value-added tax (VAT) contributed 20 percent of BIR collections, with P183.1 billion, while the remaining tax payments were attributed to excise taxes at 7 percent (P68 billion); percentage tax, at 5 percent (P47 billion); and Other Taxes, at 6 percent (P54.2 billion).

BIR Collections As of December 2011 (in Billion Pesos)

	2011
Net Income and Profit	571.9
<i>% of BIR Actual Collection</i>	62
Value-Added-Tax	183.1
<i>% of BIR Actual Collection</i>	20
Excise Tax	68
<i>% of BIR Actual Collection</i>	7
Percentage Tax	47
<i>% of BIR Actual Collection</i>	5
Other Taxes	54.2
<i>% of BIR Actual Collection</i>	6

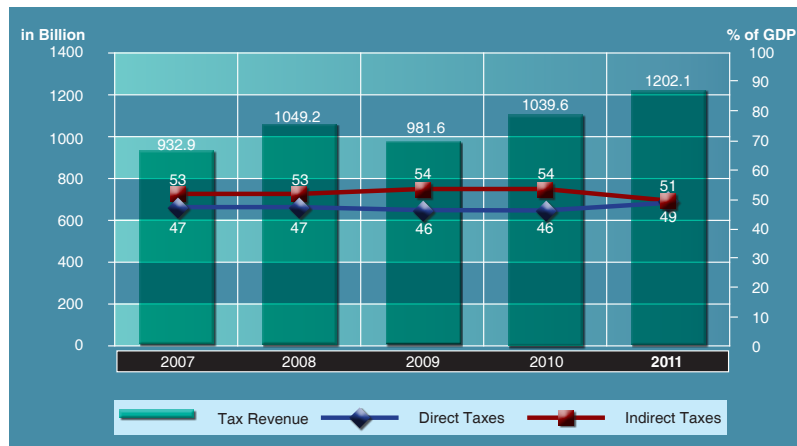
Tax Revenues and Tax Effort



Non-tax revenue collections registered a significant 38.1 percent increase to P157.9 billion from last year's P114.3 billion, and higher by P19.8 billion than the target. Total BTr income registered P75.2 billion which includes actual BTr Income of P33.5 billion and NG income collected

by BTr of P41.8 billion and collections from fees and charges of P81.5 billion boosted by one-time payments from the Malampaya proceeds in 2011 accounted for the hefty increase in non-tax revenues, both exceeding the 2011 targets by 38 percent against 2010 levels.

National Government Tax Revenues (in Billion Pesos)



For the last five years, indirect taxes have become the main source of revenue for NG. In 2011, collection from indirect taxes reached P587.1 billion or 51 percent of the total tax revenues collected while 49 percent of collection was derived from direct taxes. This is derived mostly from collections of the VAT.

- 1 Taxes levied on the sale of, use of or expenditure on goods and services such as excise tax, sales tax, VAT, import duties, export taxes, documentary and stamp taxes, forest charges and others.
- 2 Taxes levied on income, property or wealth such as taxes on net income of individuals and corporations, real property, property transfers, motor vehicles and others.

DOF Legislative Agenda

The following measures are under various stages of the legislative process:

- **Rationalization of Fiscal Incentives**

proposes to rationalize the grant of fiscal incentives for the promotion of investments and growth.

- **Reform of Excise Tax Structure of Alcohol and Tobacco Products**

aims to simplify the structure by reducing the tax brackets and introducing automatic indexation of tax rates, the incremental revenues of which will be used to fund the universal health care program of the government.

- **Customs Modernization Act**

introduces omnibus amendments to the Tariff and Customs Code of the Philippines to make it compliant with the provisions of the International Convention on the Simplification and Harmonization of Customs Procedures.

- **Amendments to the Insurance Code**

aims to reinforce the Insurance Commission in performing its functions as the principal regulator of the insurance industry.

- **Anti-Trust Measure**

envisions to address certain weaknesses of the current system of dealing with anti-trust or competitive acts or practices.

- **Deficit-Neutral (PAYGO) Bill**

seeks to establish deficit-neutral rules toward responsible financial management and a burden sharing framework between the executive and legislative branches of government.

The DOF issued the following BIR Revenue regulations to properly implement the fiscal provisions of certain laws:

- Revenue Regulation No. 17-2011, October 27, 2011 for the full implementation of the tax incentive provisions of Personal Equity and Retirement Account (PERA);

- Revenue Regulation No. 13-2011, July 20, 2011 implementing the tax provision of R.A. 9856 Real Estate Investment Trust (REIT).

Liability Management

With the backdrop of a sluggish US economic recovery and escalation of the debt crisis in Europe, the Philippines gained significant ground towards a more favorable debt position.

Debt sustainability continued to improve behind fiscal consolidation efforts, modest economic growth, and the

strengthening of the peso. NG debt-to-GDP ratio fell from 52.4 percent in 2010 to 50.9 percent in 2011 continuing the downward trajectory. Due to the lower NG deficit in 2011 and prudent debt management nominal debt grew by only 4.9 percent, well below the 7.9 percent increase registered in 2010.

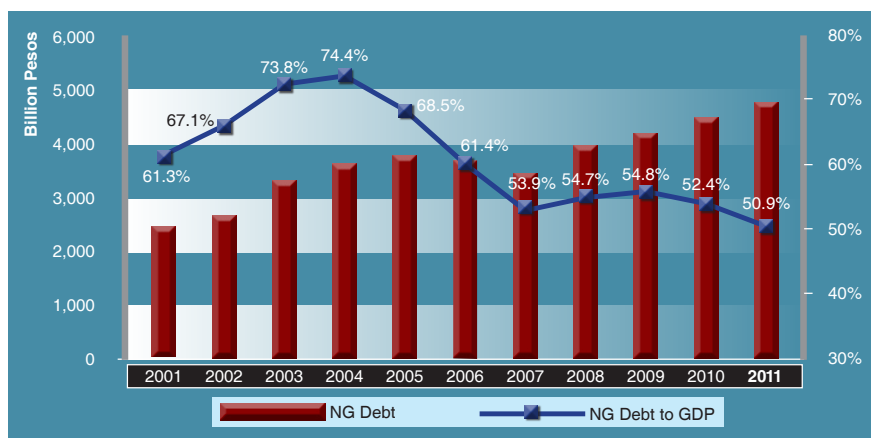
Outstanding Public Sector Debt (in Billion Pesos)
December 2011

	2010	2011
Total Consolidated General Government Debt	3,913.1	4,079.2
% of GDP	43.5	41.9
Domestic	1,912.4	2,001.1
% of GDP	21.2	20.6
Foreign	2,000.7	2,078.1
% of GDP	22.2	21.3
Total Consolidated Non-financial Public Sector Debt	4,933.2	5,426
% of GDP	54.8	55.7
Domestic	2,265.6	2,743.4
% of GDP	25.2	28.2
Foreign	2,664.6	2,682.6
% of GDP	29.6	27.6

General government debt, a broader classification of government debt, went down from 43.5 percent of GDP in 2010 to 41.9 percent in 2011. General government debt grew by only 4.2 percent in 2011. Non-financial public sector debt grew by 10 percent in 2011.

To minimize exposure to foreign exchange shocks, the DOF undertook efforts to rebalance debt towards domestic obligations. With a borrowing mix that heavily favors domestic debt, the share of external debt to total NG debt has been reduced from 42.4 percent in 2010 to 42 percent in 2011. In addition, the issuance of the

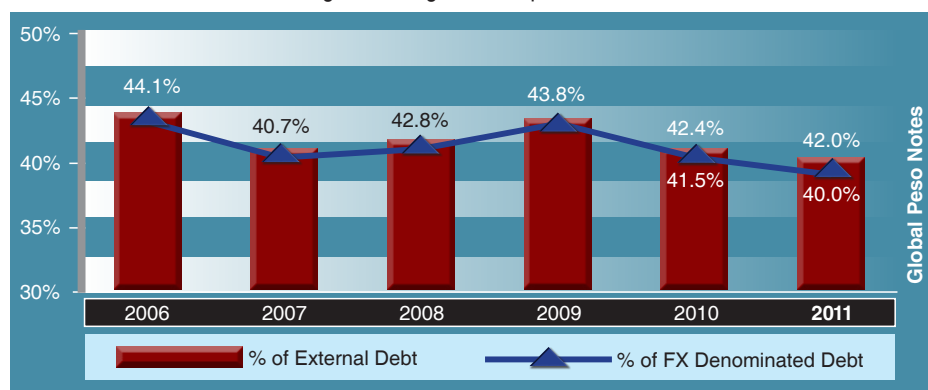
NG Debt and Debt-to-GDP Ratio



new 25-year Global Peso Notes (GPN) doubled the peso component of external debt to 4.8 percent from 2.2 percent, over the same period. Stripping off this peso component, the share of foreign currency denominated debt is reduced to 40 percent from 41.5 percent. The same trend is observed for general government debt, in which foreign component went down from 51.5 percent in 2010 to 50 percent in 2011.

3 General government debt consists of debt of National Government, Social Security Institutions and non-budgetary units like the Bond Sinking Fund and the CB-BOL social security funds imposed and controlled by those units.

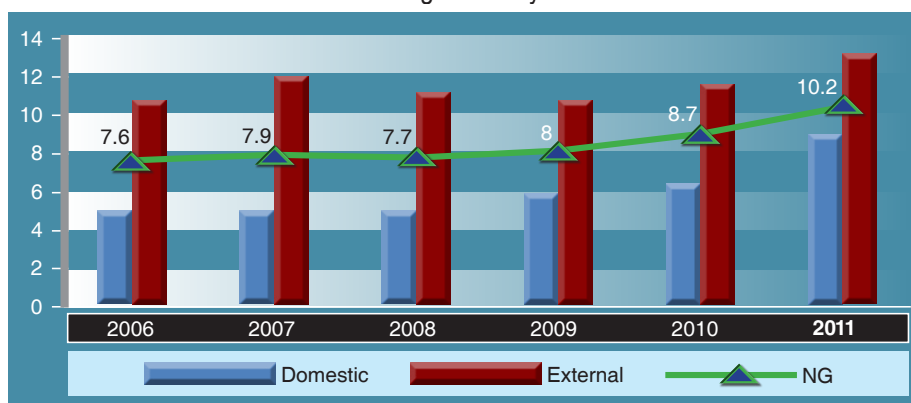
NG Foreign Exchange Risk Exposure, 2006-2011



Based on the maturity profile, the share of long-term debt (based on original maturity) rose to 82.6 percent in 2011, from 73.6 percent in 2010 thus reducing refinancing risk. In addition, the execution of a domestic bond exchange stretched domestic maturity by 3 years to 9.2 years

from 6.2 years. The long tenor structure of new external borrowings kept average maturity of external debt at 11.4 years. As a whole, the average maturity of NG debt portfolio lengthened to 10.2 years in 2011 from 8.7 years in 2010.

Average Maturity



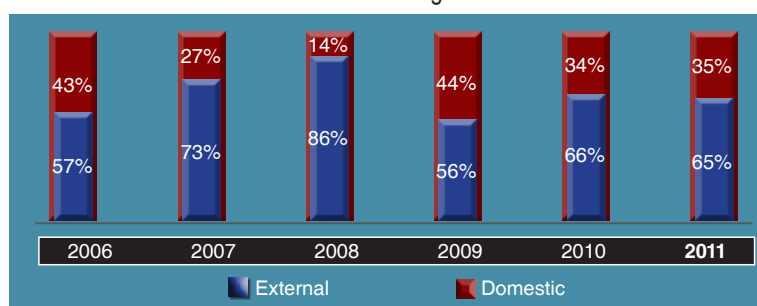
The ratio of fixed rate-to-floating rate debt moved to 86:14 in 2011, from the 84:16 distribution in 2010, limiting interest risk to only 14 percent of external debt.

Sources and Uses of Borrowings

The NG raised P559 billion from borrowing activities in 2011. Of this amount, P443.8 billion was used to refinance maturing debt while the remaining P115.3 billion financed the deficit.

The bulk of borrowings in 2011 was sourced from domestic creditors. The government achieved a foreign against domestic borrowing mix of 35:65, following a borrowing program that took advantage of domestic liquidity. Debt issued offshore totaled P194.3 billion while that from domestic sources reached P364.7 billion.

NG Borrowing Mix

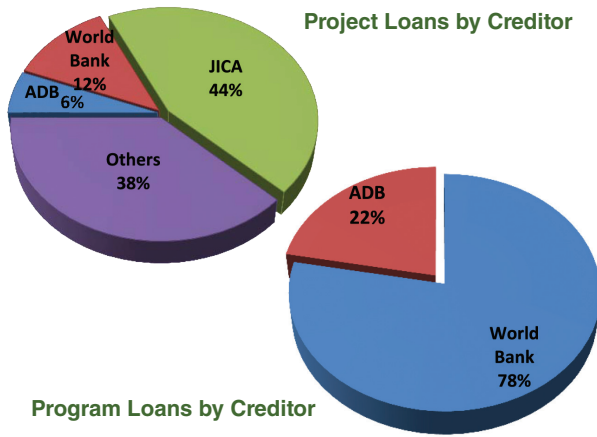


External Funding Operations

The DOF, through its various funding activities, secured P194.3 billion in external borrowings, slightly exceeding its program of P191.9 billion.

Concessional loans from bilateral and multilateral partners, which fund projects and programs critical to the government's growth and development agenda, accounted for 38 percent of total external funding. The utilization of available Overseas Development Assistance (ODA) funds rose to P74.1 billion, an improvement of P13.4 billion over 2010 efforts. Actual disbursement for project loans amounted to P25.5 billion while program loans reached P48.6 billion.

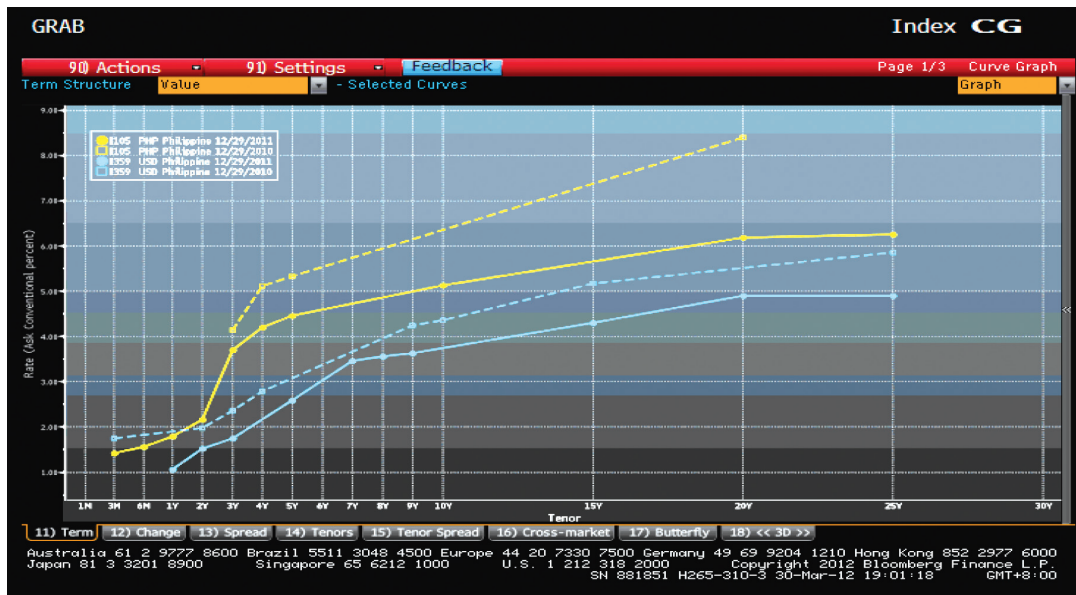
Global bond issuances made up the balance of foreign borrowings. The swift execution of two benchmark bond offerings early in 2011 reaffirmed the strong confidence of the international investor community. The government borrowed P54.8 billion (US\$1.3 billion) through a 25-year Global Peso Notes (GPN) format in January, followed by another US\$1.5 billion through a 15-year ROP issuance in March. The decision to frontload commercial borrowings paid off as market jitters from the ensuing Euro debt crisis would later tighten liquidity and send sovereign spreads soaring. An additional US\$50 million was raised via tap of the 2034 ROP to facilitate the liability management exercise in October.



Reduced Borrowing Cost

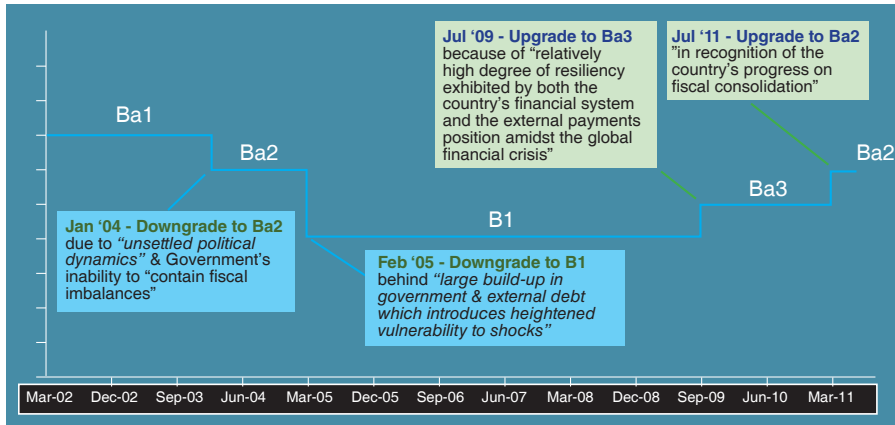
Improved market confidence as a result of material progress in debt management helped NG reduce its borrowing costs. Even as nominal debt levels have risen, interest payments for 2011 fell by P15.3 billion compared to the previous year. Apart from the strengthening peso, increased investor appetite for Philippine debt allowed the NG to refinance its maturing debt at lower interest rates, hence, the reduction in debt servicing costs.

Philippine USD Curve and Philippine PHP Curve, 2010 vs 2011



Improved Credit Ratings

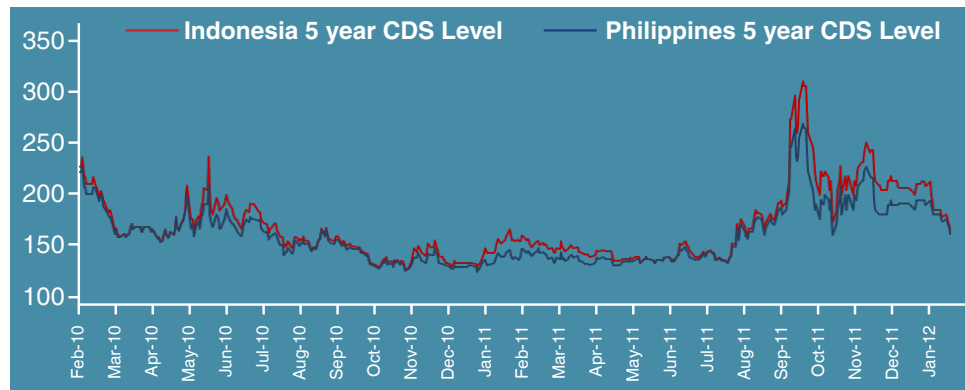
ROP Credit Ratings Profile



On June 2011, Moody's and Fitch Ratings Services upgraded the country's sovereign credit rating from Ba3 to Ba2 (2 steps below investment grade) and from BB to BB+ (one notch below investment grade) respectively, in recognition of the government's fiscal consolidation efforts and proactive liability management, among others.

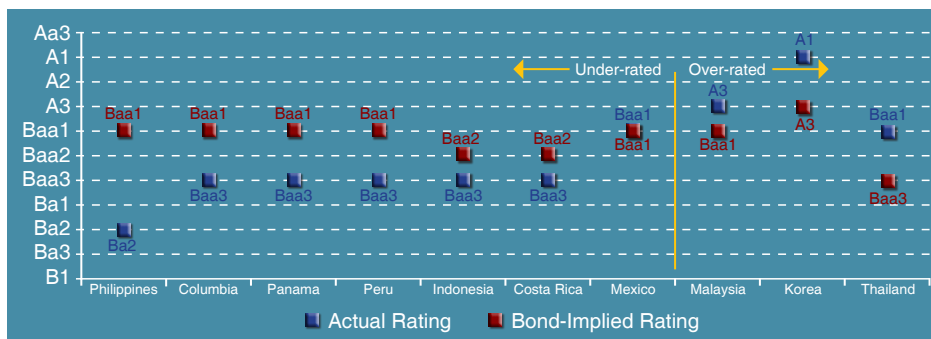
Philippine CDS Level

The Philippines Credit Default Swaps (CDS)⁴ level, an alternative gauge of market confidence, continued to tighten to Baa1 level, outperforming its investment grade peer Indonesia. A tighter CDS spread for a country implies investors deem it less likely to default on its debt obligations.



⁴ A swap designed to transfer the credit exposure of fixed income products between parties. A credit default swap is also referred to as a credit derivative contract, where the purchaser of the swap makes payments up until the maturity date of a contract.

ROP Bond-Implied vs Actual Credit Rating



According to Goldman-Sachs research, the bond-implied rating of the Philippines is 4 notches different from the actual Ba2 rating.

NG Direct and Guaranteed Loans in 2011

Creditor	Loan Title/No.	Amount	Purpose	Status
ADB	Financial Market Regulation and Intermediation Program, Subprogram 2 (FMRIP-2)	US\$200 Million	The FMRIP-2 program loan builds up on the reform momentum set out under the FMRIP-Subprogram 1 which aimed to support macroeconomic and debt market stability, enhanced financial sector governance, greater market efficiency and liquidity and reduced financial and systemic risks.	Fully disbursed in September 2011
ADB	Governance in Justice Sector Program, Subprogram 2	US\$300 million	The program aims to increase the resources available to the justice sector for efficient delivery of the justice services, strengthen the rule of law in the territory of the borrower, improve access to justice by the poor and vulnerable groups and improve investor confidence and public trust in the justice system through strengthening fiscal autonomy, accountability and improving access to resources, enhancing justice sector integrity and supporting efficiency in the justice sector.	Negotiated in October 2011.
ADB	Road Sector Improvement and Institutional Development Project	US\$92 Million	The project will involve improvement/reconstruction of 11 national roads with a total length of about 340.245 kms. Under the Asset Preservation (AP) component, detailed engineering designs of 14 road sections to be implemented under Tranche II and Institutional Capacity Development in support of DPWH's mandate and development objectives.	Negotiated in October 2011
WB	First Development Policy Loan to Foster More Inclusive Growth (DPL)	US\$250 million	The DPL is consistent and supportive of the 2011-2016 Philippine Medium-Term Development Plan, and is focused on delivering the following outcomes: (a) stable macroeconomic development, (b) improved competitiveness and infrastructure development, (c) improved governance, and (d) human capital development.	Signed on June 2011 and fully disbursed on August 2011
WB	Disaster Risk Management Development Policy Loan with a Catastrophe Deferred Drawdown Option (CAT-DDO)	US\$500 million	It will provide immediate budgetary support to the government when the President declares a State of Calamity.	A contingent credit line which was signed on September 2011 and declared effective on December 2011
WB	Additional Financing for Laguna de Bay Institutional Strengthening and Community (LISCOP)	US\$10 million	LISCOP is a project which aims to: (a) improve the environmental quality of the Laguna de Bay Watershed, and (b) strengthen governance that will support the lake's sustained management.	Signed on May 2011 and declared effective on July 2011
Artigiancassa, S.p.A., Italy	Italian Assistance to the Agrarian Reform Community Development Support Program	EUR26.19 million	The project will contribute to the improvement of the living condition of rural families in 35 Agrarian Reform Communities (ARCs) in seven (7) provinces of Region X, Region XII and ARMM through agriculture and enterprise development, local capacity building and strengthening, and community infrastructure development support.	On-going
Japan International Cooperation Agency (JICA)	Road Upgrading and Preservation Project (RUPP)	JPY40.847 billion	The project will enhance the efforts of the Philippine Government to improve, preserve and manage its National roads in an economically, socially, financially and environmentally sound, effective and sustainable manner.	On-going
Export Import Bank of Korea – Economic Development Cooperation Fund, Republic of South Korea	Laguindingan Air Navigation System and Support Facilities Project (DOTC)	KRW equivalent of US\$13.93 million	The project will augment the aviation service and safety of the soon-to-be completed Laguindingan Airport. The project aims to meet the increasing demand of air transportation in the region and to encourage the regional economic growth of Northern Mindanao.	On-going

Long-dated Global Peso Bond

Following up on the success of the inaugural Global Peso Note (GPN) issuance in September 2010, the DOF kicked off 2011 by once again tapping the GPN format with a landmark 25-year offering, the first-ever long-dated local currency bond from Asia. On January 2011, the Republic issued a P54.77 billion (US\$1.25 billion equivalent) 25-year Global Peso bond issue. This transaction achieved a fixed-rate yield of 6.25 percent, or 23 basis points tighter than the net-of-tax onshore yield. A robust order book of US\$3.6 billion equivalent from 160 high-quality accounts enabled the transaction to be upsized to US\$1.25 billion, making it the largest long-dated Asian bond issuance in any currency over the past 3 years.

New 15-Year USD Benchmark Bond+

On March 2011, the DOF issued a highly successful US\$1.5 billion 15-year global bond offering. The 15-year maturity enabled the country to create a new liquid

benchmark at the intermediate part of its USD curve, and had a very broad appeal to both domestic and international investors. A robust order book of more than US\$6.5 billion, from 280 high-quality accounts globally, enabled the transaction to be upsized from US\$1 billion to US\$1.5 billion. Moreover, the pricing strategy on the transaction was highly effective as the deal was priced at the tight end of the revised guidance, with virtually no "new issue" premium.

Liability Management Exercise

The DOF executed a Tender Offer last October 2011 to partially re-denominate foreign currency debt to peso debt. The government tendered US\$1.3 billion of its high coupon foreign currency debt reducing government annual debt service cost by about US\$65 million. In addition, the exercise effectively extended maturity of the bond portfolio from 12.94 years before the tender offer to 13.16 years after the tender offer.

Press Highlights



MOODY'S
INVESTORS SERVICE

Rating Action:

Moody's upgrades the Philippines' sovereign ratings to Ba2; outlook stable *Global Credit Research - 15 Jun 2011*

Singapore, June 15, 2011 -- Moody's Investors Service has today upgraded the Government of the Philippines' Ba3 foreign and local currency long-term bond ratings to Ba2 from Ba3. The outlook is stable.

The "Not Prime" short-term ratings are unaffected by this action.

The key drivers for the decision are:

- (1) The progress made in fiscal consolidation by the new Aquino administration; and*
- (2) The sustained nature of macroeconomic stability, coupled with continued strength in the external payments position, against a background of a significant pick-up in the momentum for economic growth.*

The Philippines' long-term foreign currency (FC) bond ceiling was also raised to Baa3 from Ba1, while the long-term FC deposit ceiling was upgraded to Ba2 from Ba3. The short-term FC bond ceiling was raised to P-3, while the short-term FC deposit ceiling remains at "Not Prime." The outlook for these ceilings is stable.

These ceilings act as a cap on ratings that can be assigned to the foreign currency obligations of other entities domiciled in the country. In addition, the local currency bond and deposit ceilings were unified at A2.

In a related rating action, the issuer rating for the country's central bank, the Bangko Sentral ng Pilipinas (BSP), was upgraded from Ba3 to Ba2 with stable outlook.

Fitch Ratings

Fitch Upgrades Philippines to 'BB+'; Outlook Stable

Fitch Ratings-Hong Kong – 23 June 2011: Fitch Ratings has upgraded the Philippines' Long-Term Foreign Currency Issuer Default Rating (IDR) to 'BB+' from 'BB'. The Long-Term Local Currency IDR and the Country Ceiling have been upgraded to 'BBB-' from 'BB+'. The Outlook is Stable. The Short-Term Foreign Currency IDR has been affirmed at 'B'.

"The upgrade reflects progress on fiscal consolidation against a track record of macro stability, broadly favorable economic prospects and strengthening external finances," said Andrew Colquhoun, Head of Fitch's Asia-Pacific Sovereigns team.

Fitch projects the Philippines' budget deficit at 3% of GDP in 2011, down from 3.7% in 2010, testifying to broadly disciplined fiscal management by the Aquino administration since it took office at end-June 2010. Revenue growth of 18% in the first four months of 2011, against Q1 nominal GDP growth of 9.3%, may point to some early success in the authorities' efforts to improve tax compliance, a long-standing credit weakness. Revenues were 14.2% of GDP in 2010 (excluding privatization revenues for comparability with other

Fitch-rated sovereigns), well below the 'BB' median of 27%. Cash spending fell 12% in the first four months of the year against the same period of 2010, but Fitch expects spending will recover later in the year given the budgetary forecast of 12% spending growth.

National (central) government (NG) debt was 55.4% of GDP at end-2010, above the 'BB'

range median for general government debt of 38.5%. While Fitch continues to use the headline NG debt figure for analysis owing to its timeliness, the agency notes that the latest available consolidated general government debt figure (end-Q210) was just 42.8% of GDP, considerably below the corresponding figure for NG debt of 53.6%. Debt worth 7.9% of GDP was held in the Philippines' Bond Sinking Fund, with a further 3.7% of NG debt held by social security institutions that are part of general government. Moreover, the Philippines' debt ratios are expected to decline, with central government debt/GDP projected at 50% of GDP by end-2013, after an up-tick to 57% at end-2009 (under the previous administration) when growth slowed amid the global financial crisis and the deficit widened to 3.9%. However, the gross NG debt/revenue ratio was at 391% for end-2010 ('BB' range median: 166%), which is likely to remain a weakness over the forecast period (to end-2013).

Instilling Corporate Discipline

The DOF through the Corporate Affairs Group continued promoting governance and fiscal policies on GOCCS by instilling financial discipline in the government corporate sector.

a. The 14 Major Non-Financial Government Corporations (MNFGCs)

In 2011, the consolidated net financing deficit of the 14 MNFGCs fell to P23.7 billion, P43.3 billion less than the 2010 deficit level. This is primarily due to lower importation by National Food Authority (NFA) in 2011 in view of substantial stock overhang from previous years. Other GOCCs which incurred lower deficit include

the National Housing Authority (NHA), Local Water Utilities Administration (LWUA), National Electrification Administration (NEA), and National Irrigation Administration (NIA). These improvements were more than enough to offset the increase in the deficit of Power Sector Assets and Liabilities Management Corporation (PSALM) due to the tapering down of privatization proceeds.

b. Government Financial Institutions (GFIs) and Social Security Institutions (SSIs)

The GFIs reported an aggregate cash surplus of P9.9 billion for 2011 that was generated mainly from managed

loan and investment portfolios.

The SSIs posted P48 billion surplus in 2011. This is 19.6 percent higher than the P40.1 billion surplus in 2010 and 22.5 percent more than the program level of P39.2 billion.

Contribution to Consolidated Public Sector Financial Position *(In Billion Pesos)*

Particulars	2010 Actual (Audited)	2011 Program	2011 Actual	2011 Actual vs 2010 Actual	2011 Actual vs Program
14 MNFGCs	(66.9)	(42.0)	(23.7)	43.2	18.3
GFI's (DBP, TIDCORP, LBP)	9.5	11.2	9.9	0.4	(1.3)
SSIs (GSIS, PHIC, SSS)	40.1	39.2	47.9	7.8	8.7

Corporate Governance Initiatives

Prior to the enactment of R.A. 10149 otherwise known as the Governance Act of 2011, the DOF supported the Office of the President on the review of Board compensation as a member of Task Force on Corporate Compensation. In June 2011, with the enactment of the aforesaid law, the DOF, as an ex-officio member of the newly created Governance Commission for GOCCs (GCG), helped formulate GOCC reforms consistent with the administration's thrust of pushing for higher standards of governance in the government corporate sector.

The DOF participated in the following international initiatives on corporate governance:

- 6th meeting of the OECD Network on Corporate Governance of State-Owned Enterprises in Asia held in Korea on May 17-18, 2011;
- Forum on Asia Insolvency Reform held in Malaysia on November 30-December 1, 2011;
- Asia Network on Corporate Governance for State-Owned Enterprises held in Korea in May 2011;
- Asia Insolvency Reform in Malaysia in November 2011.

Intensive Fiscal Consolidation Efforts

NG receipts from dividends and fees from the government corporate sector increased by 74 percent from P27 billion in 2010 to P47 billion in 2011. The collection with these exceeded the P41.4 billion target by P5.5 billion as a result of continuous arrears management and close monitoring of the financial performance of the GOCCs and GFIs (in view of more intensive efforts in raising additional non-tax revenues for NG).

Dividend collections reached P28.7 billion, 21 percent higher than the 2011 target of P23.8 billion and 139 percent higher than the dividend remittance in 2010. The biggest remittances came from BSP, Land Bank of the Philippines (LBP), Development Bank of the Philippines (DBP), PNOC-Exploration Corporation, MIAA, and PPA.

Collections from GOCC's

COLLECTIONS (in P Billion)	2011 FY Program (P Billion)	January-December (P Billion)			% Inc (Dec)
		2010	2011	Inc (Dec)	
A. Dividends	23.8	12.0	28.7	16.7	139%
(a) GOCCs		6.8	14.5	7.6	111%
(b) BSP		5.2	14.2	9.1	175%
B. Guarantee Fee	3.1	2.4	2.5	0.1	6%
C. Interest on Advances	0.7	0.04	1.0	1.0	2707%
D. FOREX Risk Cover Fee	1.9	1.1	1.6	0.5	42%
E. Airport Terminal Fee	0.3	0.5	0.5	0.0	0%
F. NG Shares on Income Received (PAGCOR and MIAA)	11.7	11.0	12.6	1.6	15%
TOTAL COLLECTIONS	41.4	27.0	46.9	20.0	



Turning over of dividend checks to His Excellency President Benigno S. Aquino in a ceremony held in Malacañan Palace in January 2011.



SOCIAL DIMENSIONS AND OTHER INITIATIVES

On Agriculture:

The DOF supported the Philippines Food Staples Self-Sufficiency Program and NFA Roadmaps which are intrinsically linked. Part of the program is the conversion of NG advances to NFA into subsidy that prompted DOF endorsement to the Department of Budget and Management (DBM) of the conversion of around P4 billion NG advances into subsidy. (On the other hand, NFA Roadmap includes least financing cost for the corporation the barest minimum NG contingent exposure on NFA).

On Transport:

DOF supported the improvement of LRTA services to be financed through "users' pay policy". It likewise pursued the long overdue tariff increase of LRTA to reduce NG support to LRTA in order to transfer fiscal resources to other social projects outside Metro Manila.

On Water and Sanitation Sector:

The DOF supported the clean up, restoration, and preservation of the water quality of the Manila Bay. It also facilitated the negotiation of an IBRD loan for the Metro Manila Waste Water Management Project (MWMP) that will be implemented by Metro Manila water concessionaires.

Fiscal Sustainability & Anti-Corruption Advocacy

The Department stepped up efforts to sustain its anti-corruption initiatives, to plug revenue leaks and increase tax revenues through the following programs in 2011:

- **Revenue Integrity Protection Service (RIPS)** - the anti-corruption arm of the DOF that investigates allegations of corruption in the Department and its attached agencies. In 2011, the RIPS filed charges against 21 personnel before the Office of the Ombudsman, and ordered the dismissals of 2 Customs employees and the suspension of 13 personnel. Of which 13 personnel suspended, 7 were from the BOC, 5 from the BIR and 1 BLGF personnel.

In the last quarter of the year, RIPS underwent training on Administrative Justice, specifically focused on the submission of Statements of Assets, Liabilities and Net worth (SALN), a program of the Civil Service Commission. As a result, RIPS filed cases against 7 respondents for non-filing of their SALNs on December 2011, the first time it filed a case for non-filing of SALNs. RIPS also conducted a joint audit of the internal security offices of the BIR and BOC to ensure that administrative cases, particularly those involving graft or lifestyle related cases, are being handled properly.

- **Pera ng Bayan** - an initiative of the office of the Secretary of Finance in 2010 which provides a feedback mechanism from the citizens to the DOF and its attached agencies utilizing social network tools. The platform allows the citizens to report exemplary performance of civil servants under the Department and its attached agencies as well as send information relevant to graft, improper action, negligence, lavish lifestyle and other illegal practices of the same. In addition, they can also report cases of tax evasion and smuggling.

On 6 December 2011, the project received a special commendation from the Germany-based organization, the Friedrich Naumann Foundation for Freedom (FNF), which initiated the Liberal Project, for using internet to encourage citizens' participation in governance. The competition identified projects that promote good governance, human rights and free trade, in celebration of the organization's 25 years in the country.

- **At the BIR:**

- a) **Oplan Kandado** - an initiative involving the strengthening of the Bureau's imposition of prescribed administrative sanctions for non-compliance with essential requirements such as VAT registration, the issuance of sales invoices/receipts, filing of VAT returns, declaration of taxable transactions and paying the correct amount of taxes by persons engaged in transactions subject to VAT pursuant to Section 115 of the Tax Code by closing the business establishments of the tax evaders.

So far, a total of P99.5 million was collected from this program.

- b) **Run After Tax Evaders (RATE) Program** - investigates and prosecutes individuals and/or entities engaged in tax evasion and other criminal violations of the National Internal Revenue Code (NIRC) of 1997. As of December 2011, 60 cases against violators have been filed with estimated tax liabilities amounting to P22.6 billion.
- c) **Computer Assisted Audit Tools and Techniques (CAATTs)** - Computerized audit dramatically reduced audit time that results to a most efficient way of completing the investigation of tax cases wherein validation of voluminous data records are easily done.

- **At the BOC:**

The Bureau has 42 Audit Command Language (ACL) licenses being used by Revenue Officers (ROs) for audit purposes. These are housed in the CAATTs laboratory Room.

The Enforcement Group and the Intelligence Group work together to raise the probability of smugglers being caught, while the Run After The Smugglers (RATS) group makes sure that smugglers once caught, are punished. In 2011, 51 cases against smugglers were filed, double the number of cases ordered by the President.

Asset Management

Privatization proceeds of P622 million were remitted by the Privatization and Management Office (PMO) to the BTr for the year 2011.

	Sales	Others	Total
Collections	599	43	642
Remittances to Btr	589	33	622

* For the year ending 31 December 2011 (In Million Pesos)

Collections from sales came from the proceeds of the following assets sold: Shares of Stock of Subic Shipyard and Engineering, Inc.; Land, Building, Other Improvement and Various Machinery and Equipment of Philippine Cotton Corporation; Parcels of Land of Asialand Development Corporation, Davao Timber Corporation and Peninsula Development Bank.

Other income from leases was from the following assets: Cultural Center of the Philippines (CCP), Delta Motor Corporation, Elorde Sports and Tourism Development Corporation, NHA and National Power Corporation - Philippine Development Alternatives Foundation. The PMO also collected dividend income from Semirara Mining Corporation.

GLOBAL AND REGIONAL INTEGRATION



ASEAN and ASEAN + 3 Finance Ministers Initiatives

The DOF represents the Philippines in the ASEAN Finance Ministers' process.

The ASEAN Finance Ministers signed the stakeholder's Agreement that formally established the ASEAN Infrastructure Fund (AIF) during their Informal Meeting in Washington, D.C. on 24 September 2011. The AIF's objective is to address the inadequate infrastructure

development in ASEAN countries by mobilizing the huge resources in the region to sustain its economic growth. This will also address the implementation of the ASEAN Master Plan for Connectivity that will support the integration process for the ASEAN Economic Community by 2015. The Philippines contributed US\$ 15 million in the equity of the fund and the amount corresponds to 3.1 percent voting power.

	Equity (US\$ millions)	Voting Power (%)
ASEAN		
Brunei	10	2.1
Cambodia	0.1	0.02
Indonesia	120	24.7
Lao, PDR	0.1	0.02
Malaysia	150	30.9
Philippines	15	3.1
Thailand	15	3.1
Singapore	15	3.1
Vietnam	10	2.1
Subtotal	335	69.1
ADB	150	30.9
Total	485	100

Cooperation in Taxation

The Philippines took the Chairmanship of the ASEAN Forum on Taxation under the ASEAN Finance Ministers process. It was launched to be the platform to support regional dialogue on taxation issues for regional integration. This is significant effort between the ASEAN Finance Ministers and other related agencies to address tax related impediments.

Introduction of a Crisis Prevention Function (CPF) within the Chiang Mai Initiative Multilateralization (CMIM)

The unraveling of events in the Eurozone made the ASEAN + 3 Finance Ministers realize that the crisis was not only taking place on a global scale but also spreading quickly. The importance of crisis prevention measures

to deter contagion prompted the AFMM+ 3 to agree in principle on the possibility of introducing a regional crisis prevention function within the CMIM.

Future ASEAN + 3 Regional Cooperation: Disaster Risk Insurance

The Philippines, together with Japan, co-Chairs the ASEAN + 3 Finance Ministers Initiative on Disaster Risk Insurance. The co-chairs organized a workshop on Disaster Risk Insurance and recommended the following areas for future regional financial cooperation with the support of the ADB and WB:

- a. Disaster risk identification, development of risk database and modeling systems, including risk assessment of country-specific potential impacts on economic and fiscal situation;
- b. Capacity building and advisory services to member countries on disaster risk management including risk financing and insurance; and
- c. Collaboration with international reinsurance and capital markets.

OECD Phase 1 Peer Review Report

On 18 to 22 April 2011, the Philippines successfully defended the Philippine Phase 1 Peer Review Report during the OECD Global Forum Peer Review Group (PRG) meeting held in Paris, France. The success gave assurance to the Philippines that it will continually maintain its “Whitelist” status in the OECD List of Tax Havens until the start of the Phase 2 Peer Review Report in early 2013.

Undersecretary Carlo A. Carag, with 4 other government officials, presented the Philippine Report on tax transparency during the OECD Global Forum PRG Meeting held at the OECD Headquarters in Paris, France.



Protocol Amending the Philippine – France Double Taxation Agreement

Finance Secretary Cesar V. Purisima, representing the Philippines signed last 25 November 2011 the Protocol that would amend Article 26 (Exchange of Information) of the Convention between the Government of the Republic of the Philippines and the Government of the French Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income. The Protocol, more than being a compilation of legal and financial terminology, is in essence an expression of both countries’ continuing commitment to cooperation and collaboration not only in tax administration, but also in public governance.



Finance Secretary Cesar V. Purisima, Ambassador of the French Republic Thierry Borja de Mozota, BIR Commissioner Kim S. Jacinto-Henares, DFA Assistant Secretary Elizabeth P. Buensuceso and French Economic Counselor Gilles Vernet signed the Protocol amending the PH-France DTA at the Mezzanine Floor of Landbank, Robinsons Bldg., Ayala Avenue, Makati last 25 November 2011

Inclusive Financial System

APEC Operational Dialogue

In support to the Asia-Pacific Economic' (APEC) initiative in promoting inclusive finance among APEC economies, the DOF served as Project Overseer in the APEC Operational Dialogue on Financial Inclusion Policies with the theme "**Accelerating Financial Inclusion in Asia and the Pacific**" that was held on 15 September 2011 at Waikiki Resort Hotel, Hawaii. The said Dialogue provided international financial inclusion experts, senior regulators and policy-makers from APEC economies and representatives from microfinance networks across Asia to put across certain best practices for promoting financial inclusion within the MSME sector.

Among the highlights of the dialogue were the presentations of: Crafting Frameworks For Effective Financial Inclusion: The Philippine Experience; Infrastructure to Enhance Financial Inclusion: Peruvian Credit Information Registry (CIR) and Financial Inclusion; Registry for Movable Assets: Easing SME Access to Credit; Risk Protection: Financial Inclusion and Microinsurance; Financial Transparency and Client Protection: The Case of the Philippines; Financial Inclusion in Asia-Pacific: The Role of ADFIAP and Its Member-Development Finance Institutions.

The DOF workshop conducted to gauge participants' understanding of financial inclusion and solicit their views on how to advocate and advance financial inclusion in their respective economies. The outcome of the workshop translated to an Action Plan that will serve as the participants' "**Back Home Plan**" to promote the financial inclusion advocacy and initiatives in their respective APEC economies. The degree of commitment to the implementation of this plan will serve as an indicator on how APEC's new inclusive growth initiative is moving forward and at what pace.

In 2011, the Philippines continued to top the regional rankings for Microfinance in East and South East Asia. The Economist Intelligence Unit ranked the Philippines' Microfinance as second in Regulatory Framework and Practices category, suggesting strong regulatory regimes and good prospects for microfinance institutions (MFIs) to enter the sector and perform effectively.

Microinsurance Initiatives

As the lead implementing agency on microfinance, the DOF continued its efforts in building on the accomplishments achieved in the past in order to achieve and sustain an inclusive financial system. Among various financial products and services, providing an affordable risk protection for the poor is a current advocacy of the DOF.

In pursuit of the government's program for financial inclusion and providing the poor and the low-income sector easy access to basic financial services particularly risk protection, the DOF coordinated with the Insurance Commission to issue the following circulars to further enhance microinsurance business:

- a) **Circular Letter No.5-2011: Performance Standards for Microinsurance** - provides for the establishment of a set of performance standards against which entities offering microinsurance products and services shall be evaluated and monitored based on areas of solvency and stability, efficiency, governance, understanding of the products by the client, risk based capital, outreach and other areas critical to the continuing viability, growth and development of the microinsurance industry.
- b) **Circular Letter No 6-2011: Guidelines for the Approval of Training Programs and Licensing of Microinsurance Agents** - sets the guidelines for the approval of training programs and licensing of individuals and entities who are interested in becoming microinsurance agents. Under this circular, microinsurance institutions like banks and non-governmental organizations may also be allowed to become microinsurance agents subject to certain conditions. About 40 different microfinance institutions have already been granted authority to become microinsurance agents.

In addition, the DOF formulated and rolled out a roadmap on financial literacy on microinsurance in the 4th quarter of 2011 to push for financial education and consumer value/protection among the various key stakeholders.



Sunstar - Tacloban
S. Q. Meniano
Tuesday, 4 October 2011

“Microinsurance involves low premium payments as well as simpler application and claim processes. Through this scheme, they are protected from calamities and they won’t slide back to poverty. When natural disasters come, the poor people lose everything. To be able to save them from extreme poverty, they have to be covered with microinsurance”

-Undersecretary Gil S. Beltran

Secured Transaction

In the same year, the DOF, with support from the International Finance Corporation (IFC), commenced the initiative towards reforming the legal and institutional framework for secured transactions, an agreement by which the secured party obtains a security interest in the personality of the debtor. This endeavor is in line with one of the specific reform strategies embodied in the Medium Term Philippine Development Plan 2011-2016 “to establish a strong legal framework for financial sector development” and to provide a legal framework for the acceptance of movable assets (e.g. cars, buildings, land, machines, equipment, etc.) as collateral.

Regulating Cooperatives

In support to the provision of an atmosphere that is conducive to the growth and development of cooperatives, the DOF through the Cooperative Development Authority (CDA) continued to enforce compliance to RA 9520 (Philippine Cooperative Code of 2008). In 2011, regulatory environment that promotes high-quality disclosure, financial reporting and governance among cooperatives was imposed and on-site inspections to determine cooperative compliance were conducted. 11,620 registered cooperatives or 97 percent of the 11,977 inspected cooperatives for the year were found compliant, same percentage registered in 2010 with 11,419 compliant cooperatives out of 11,750 registered cooperatives. The most prevalent reasons for being considered non-compliant are the violations to the provisions of their Articles of Cooperation and By-Laws relative to their internal operations and non-submission of reportorial requirements.

Capital Market Development

1) The DOF through the Securities and Exchange Commission (SEC) established the fundamental process towards the realization of the Capital Market Development Plan (Blueprint) 2011-2016 in 2011 by creating a Steering Committee and 4 Technical Working Groups for the formulation of the plan’s Terms of Reference. The said blueprint aims to stimulate the growth, efficiency, and competitiveness of the Philippine capital market as well as promoting financial transparency and strengthening the regulatory framework.

2) To put trust to the banking sector and better serve the depositing public, the DOF through the Philippine Deposit Insurance Corporation (PDIC) enhanced its processes and systems, not only to reduce waiting time of depositors for the settlement of claims, but also to ensure a more effective allocation of PDIC’s limited manpower. In 2011, the maximum amount of deposit eligible for automatic payment was increased from P5,000 to P10,000. Thus, small depositors with deposit balances of P10,000 and below who have updated and complete addresses in bank records and with no outstanding loans can receive their deposit insurance payment without filing a claim.

Fiscal Incentives Administration

One-Stop-Shop (OSS) Tax Credit and Duty Drawback Center

Pursuant to its mandate under Administrative Order No. 266, the OSS approved in 2011 a total of 1,336 tax credit certificates (TCCs) amounting to P3.90 billion to 160 exporters and investors. These represent a 15 percent decrease from a total of P4.6 billion worth of TCC issuances in 2010.

Group	Number of TCCs Issued		TCC Amount (in Billion Pesos)	
	2010	2011	2010	2011
Investment Incentives Group (IIG/BOI Claims)	543	501	1.7	1.7
Duty Drawback Group (DDG/BOC Claims)	225	57	1.2	0.4
Tax & Revenue Group (TRG/BIR Claims)	568	506	1.7	1.8
TOTAL	1,336	1,040	4.6	3.9

Other Major Initiatives

- **Plant Inspections** – Plant inspections were conducted as part of its efforts to strengthen its claimant pre-qualification requirements and to reinforce its mandate to protect the integrity of the tax credit system.

In 2011, the total number of firms inspected increased by 65 percent from 23 in 2010 to 38 in 2011. The inspections were conducted on the plant facilities of claimants under the IIG and DDG. Most of these inspections were conducted “ON-THE-SPOT” to verify the existence of the plant and production facilities of TCC claimants. Aside from the said inspections, simultaneous onsite audit and inspection were conducted by detailed BIR examiners on claimants under the TRG.

- **Expediting the Processing of VAT Refund/Credit Claims of Japanese Companies** – Since the last quarter of 2009, DOF has been coordinating and facilitating meetings between BIR officials and Japanese companies with pending VAT refund/TCC claims.

The meetings were conducted in support of the objectives of the Japan-Philippines Economic Partnership Agreement (JPEPA) Sub-Committee on Improvement of the Business Environment. The meetings helped to clarify requirements for processing VAT refund/credit claims, resolve certain

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For 2011, 13 Japanese firms were attended to by DOF with 68 refund/TCC applications amounting to P945 million. Except for the Philippine Auto-Components (PAC) which filed its VAT Credit applications with the OSS, all firms filed directly with BIR.

- **Monetization Program** – In 2011 the DOF launched the TCC Monetization Program. To implement the program, a Technical Working Group (TWG) – composed of representatives from the DOF, OSS, BOC, BIR, DBM, LBP and DBP – was formed to draft the Executive Order and related implementing guidelines that will govern the Program. The monetization program covers an estimated P7 billion of outstanding VAT TCCs.
- **Claim Tracking System** – Re-launched in 2011 the system allows claimants to know and monitor the status of their claims. The facility is presently available for claimants at the OSS’s IIG and is planned to be expanded to include all other TCC claimants.

THE MABUHAY LANE

The Mabuhay Lane is the DOF frontline office which processes requests for tax and duty tax exemptions of the following sectors:

- BOI-registered enterprises
- Non-stock, non-profit educational institution
- Importers of books, magazines and similar items
- Importers qualified under Section 105 (r) of the Tariff and Customs Code of the Philippines
- Asian Development Bank (ADB)
- World Bank (WB)
- Importers of personal effects and household goods
- Contractors for the Department of Energy

Estimated Taxes and Duties Waived on Importations (in Billion Pesos)

	2010	2011
1. Importation of Capital Equipment (Spare parts and Machineries) by BOI-Registered Enterprises, Legal Basis:		
E.O. 226	0.6	0.5
E.O. 313/528	0.4	-
E.O. 313/528 (Marina)	0.1	-
E.O. 528	-	0.2
E.O. 528/RA 9295		0.002
2. Importation by Non-Stock, Non Profit Educational Institution Legal Basis: Art. XIV, Sec 4(3) of the New Constitution	0.1	0.1
3. Magazine/Publication Books Legal Basis: UNESCO - Florence, Sec 105 (s) and RA 8047	0.4	0.4
4. Importation with NEDA Recommendation for Tax & Duty Entry Legal Basis : Section 105 of the TCCP	0.1	0.1
5. Importation under sec. 44 of the Headquarters Agreement between the Government of the Philippines and ADB	0.1	0.1
6. Importation of Personal Effects & Household Goods Legal Basis: EO No. 206; RA 7157, etc.	0.0003	0.01
7. Importation of Machinery/Equipment/Spare Parts by energy contractor under PD 1442	0.03	-
8. Importation of Machinery/Equipment/Spare Parts by energy contractor under PD 972	1.2	1.4
9. Importation of Machinery/Equipment/Spare Parts by energy contractor under PD 87	12.1	0.4
10. Importation of Machinery/Equipment/Spare Parts by mini hydro power under RA 9513 (The Oil Exploration and Development Act of 1972)	0.1	0.1
11. Importation of Machinery/Equipment/Spare Parts by O.S.W. under EO462	0.0006	-
GRAND TOTAL	15.1	3.2

For the year 2011, total amount of taxes and duties waived significantly decreased to P3.17 billion from P15.13 billion in 2010.

Local Fiscal Development

SECOND GENERATION FUNDING

In 2011, LGUs' access to the different lending modules of Municipal Development Fund Office (MDFO) subprojects increased due to reduced interest rate regime introduced in 2010.

The MDFO-Policy Governing Board approved two new financing windows under the Second Generation Fund Financing Windows. The Public Private Partnership (PPP) Fund and the Refinancing Facility address the

reduction in internal revenue allotment in the 2012 budget.

The PPP Fund provided P1 billion to help LGUs in increasing infrastructure investments, expand access to urban services, and achieve more efficient and effective service delivery by attracting private investments in developmental projects.*

Type of Sub-Project (SP)	Highly Urbanized Cities (HUCs)	Cities		Provinces		Municipalities	
		1st-3rd	4th-6th	1st-3rd	4th-6th	1st-3rd	4th-6th
A. Public Economic Enterprise/Revenue Generating Sub-projects	5.8%	5.5%	5.5%	5.5%	5.3%	5.5%	5.5%
B. Social and Environmental Sub-projects	5.5%	5.3%	5.3%	5.3%	5%	5.3%	5.3%
C. Solid Waste Management Facilities	5.5%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%

The facilities' main objective is to provide LGUs with financing options that have lower interest rate than that of other financing institutions. With the inclusion of these two financing windows in 2011, the MDFO provided LGUs with different alternatives depending on the LGU's type of subproject need and its income class.

To date, MDFO has 9 Second Generation Fund (SGF) financing windows, with the following allocation and utilization rate as of December 31, 2011:

The MDFO- SGF financed subprojects have already reached 83 LGUs with 96 subprojects, primarily in the areas of Public Economic Enterprise/Revenue Generating Subprojects, Social Subprojects, Environmental Subprojects, Solid Waste Management, Sewerage and Sanitation facilities and Consultancy.

FINANCING WINDOWS	Fund Allocation (in Billion Pesos) (a)	Fund Released (in Billion Pesos) (b)	Utilization Rate (%) (b)/(a)
1. Program Lending (PROLEND)	2.	0.2	12%
2. Millennium Development Goals Fund (MDGF)	0.5	0.3	66%
3. Mindanao Basic Urban Services Sector Project (MBUSSP)	0.4	0.3	78%
4. Municipal Development Fund Project (MDFP)	0.5	0.05	10%
5. Philippine Water Revolving Fund-Standby Credit Facility (PCWRF-SCF)	0.5		
6. Disaster Management Assistance Fund (DMAF)	0.7	0.2	29%
7. Project Technical Assistance and Contingency Fund (PCTACF)	0.1	0.002	4%
8. Public-Private Partnership (PPP) Fund	1.0		
9. Refinancing Facility	0.2		
TOTAL	6.2	1.1	

SECTOR	SUBPROJECTS (number)	SUBPROJECT COST (in Million Pesos)	RELEASES (in Million Pesos)
Consultancy	3	4	1
Environment	10	171	60
Infra-Revenue Generation	40	1, 019	681
Social	40	734	379
Solid Waste Management	2	12	3
TOTAL	95	1,942	1,125

* The 2009 internal revenue tax base for the 2012 internal revenue allotment decline in nominal term from the level in 2008.

Fund Conduit to Foreign-Assisted Projects

As part of the MDFO's mandate to provide credit assistance and/or grants to LGUs for development projects, the MDFO serves as fund conduit to foreign-assisted projects (FAPs) and/or Official Development

Assistance (ODA) Projects. The MDFO is managing the funds of 11 projects being implemented by different National Government Agencies (NGAs) and funding institutions.

HEALTH SECTOR REFORM AGENDA SUPPORT PROGRAM (HSRASAP)

The MDFO in partnership with the Department of Health (DOH) is implementing the KfW-Health Sector Reform Agenda Support Program (HSRASAP). The €10 million financed program intends to improve the health status of the population, especially the poor. It

supports development undertakings geared towards the establishment of municipal health centers and procurement of medical equipment for Rural Health Units (RHUs) for 11 LGUs in 2011.

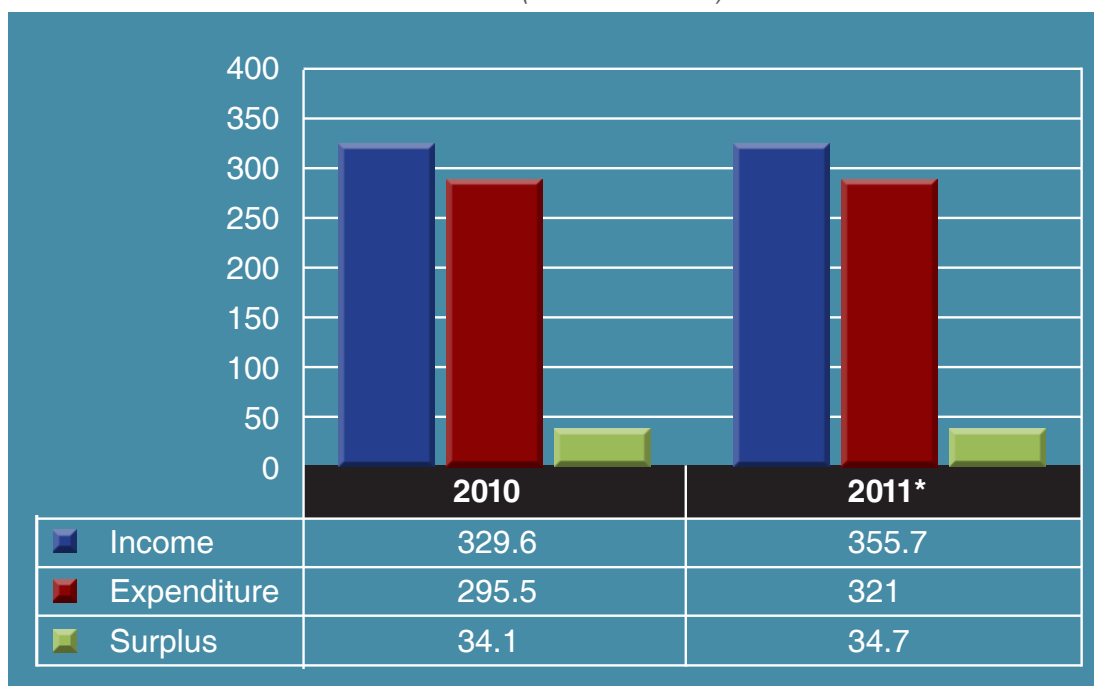
NAME OF LGU	SUBPROJECT TYPE	CERTIFICATE OF AVAILABILITY OF FUNDS (CAF) ISSUED (Subloan and Grant in Million Pesos)	RELEASES (in Million Pesos)
1. Province of Biliran	Expansion of Provincial Hospital	33.9	33.9
2. Casiguran, Sorsogon	Expansion of Municipal Health Center	3.4	3.4
3. San Mariano, Isabela	Construction of RHU and procurement of equipment	16.8	13.6
4. Tarragona, Davao Oriental	Procurement of dental chair, autoclave	1.7	1.7
5. Gamu, Isabela	Construction of RHU with Birthing Facility	4.9	4.4
6. Solano, Nueva Viscaya	Construction of RHU with Lying-In and Laboratory	8.4	5.9
7. Province of Lanao del Norte	Construction of Provincial Hospital	99.2	
8. Luna, Isabela	Construction of Birthing Barangay Health Station Facility and Procurement of Medical Equipment	11.7	
9. Province of Catanduanes	Expansion and Rehabilitation of Eight (8) units	38.8	
10. Margosatubig, Zamboanga del Sur	Construction of 2-storey Municipal Health Center with Birthing Facility	6.4	
11. Province of Zamboanga del Sur	Completion of Medical Center, Procurement of Goods/Equipment and Site Development	186.2	

Local Government Finance

In 2011, the Bureau of Local Government Finance (BLGF) began using a web based electronic system to sustain an accurate and timely LGU financial database that could be readily accessed by various stakeholders. This innovation enhanced the monitoring system of LGU financial performance.

The surplus position of the LGUs as indicated in the consolidated Statement of Receipts and Expenditures (SRE) reached P34.7 billion for the year 2011, a 0.6 percent increase from 2010.

2011 SRE (in Billion Pesos)

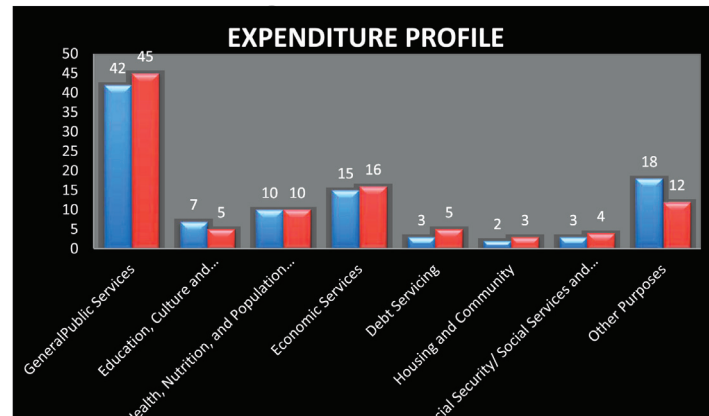
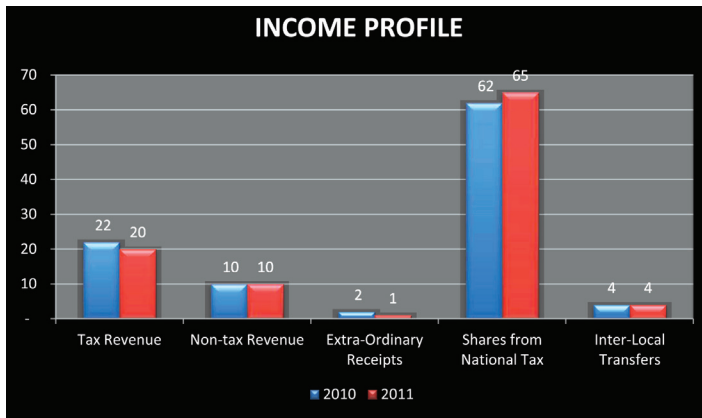


*Preliminary as of December 2011

In 2011, the LGUs' shares from the National Tax represent 65 percent of the total LGUs' income, higher than the 2010 shares of 62 percent. The remaining 35 percent of the total income was raised internally. Of the income generated internally, 20 percent came from tax revenue, 1 percent was derived from extraordinary receipts, 10 percent on non-tax revenue while 4 percent from inter-local transfers.

On expenditure side, LGUs' spending for general services increased to 45 percent in 2011 from 42 percent in 2010. On the other hand, operational expenses for economic services shared a considerable amount of the expenditure at 16 percent, while 5 percent went for debt servicing, and 12 percent of the expenditure of the LGU coffers mainly as development and calamity fund and aids to barangays, all comparable to 2010 LGUs' spending.

Income and Expenditure Profile of LGUs for the Year 2011

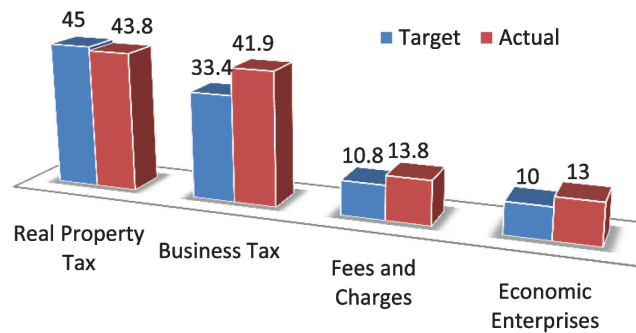


Revenue Generation Program

BLGF's Revenue Generation Program remains a priority program to provide technical assistance to LGUs in implementing tax collection enforcement programs and strategies aimed at improving their performances in generating locally sourced income.

In 2011 LGUs collected P112.5 billion total revenue that exceeded the P99.2 billion target for the year. Collections from real property tax and business tax amounting to P43.8 billion and P41.9 billion, respectively, continued to be the primary booster of LGUs revenue. Non-tax revenue receipts from economic enterprises and fees and charges exceeded targets by 30 percent and 28 percent respectively.

Total Collections
(in Billion Pesos)



LGU Debt Monitoring and Credit Worthiness Rating System

The existing LGU Debt Monitoring System and the Creditworthiness Rating System are used in conjunction with the LGU Debt Service Certification System which determines the maximum amount an LGU can allocate for debt service. A total of 464 LGUs were issued certifications

for their borrowing and debt service capacities as a requirement for sub-loan projects under the Municipal Development Fund-Foreign Assisted Projects (MDF-FAPS), GFIs, Assessment Loan Revolving Fund (ALRF) and for bond flotation.

LGU's Loans and Borrowings as of December 2011 (in Billion Pesos)*

GFIs	AVAILMENT			
	Approved Amount	Availment amount	Undrawn Balance	Outstanding Loans
Land Bank of the Philippines	72	68.8	3.1	45.8
Philippine Veterans Bank	6.7	4.9	1.9	4.4
Municipal Development Office	4.5	0.00	4.5	3
Philippine National Bank	9.8	6.4	3.4	5.6
Development Bank of the Philippines	18.4	16	2.5	11
TOTAL	111.3	96	15.3	69.9

GFIs	BONDS		
	Bond Amount	Cumulative Principal Payment	Bonds Outstanding
Philippine Veterans Bank	.2	.02	.2
Local Govt. Unit Guarantee Corporation	.4	.05	.4
TOTAL	.6	.8	.5

*Total may not add up due to rounding

IMPLEMENTATION OF SPECIAL PROJECTS

A. LAND ADMINISTRATION AND MANAGEMENT PROJECT II (LAMP 2)

The administration of the LAMP2 Component 4 Project financed by AUSAid and the World Bank resulted in reforms in the valuation sector which are foreseen to professionalize the industry and considerably expand the tax bases of LGUs.

Implementation of the Republic Act No. 9646 (Real Estate Service Act) as well as the DOF-DILG Joint Memorandum Circular (JMC) Nos. 2010-01 Schedules of Market Values (SMV) Updating and Conduct of

General Revision) and 2010-02 (Idle Land Taxation) were carried out in 2011. Relative to these, valuation education program was developed to provide the academic support to the professionalization of the property valuation service, and capacity building on Philippine Valuation Standards (PVS), Basic Course on Mass Appraisal (BCMA), and other valuation-related areas were provided.

Review and updating of the Valuation Database and Information System (VDIS) and the electronic Field Appraisal and Assessment Sheet (eFAAS) softwares, and the corresponding administrator and user manuals were likewise conducted.

ADB TA 7451- SUPPORT TO LOCAL GOVERNMENT FINANCING

- The implementation of the project provided support to the BLGF in formulation of reforms on LGU finance, budgeting and governance.
- Major activities in 2011 include the development of 3 guidelines on: a) the use of creditworthiness indicators as prioritization criteria for development investment programming; b) building a local business taxpayer database to be issued to LGU treasurers; and d) the use of presumptive gross sales figures to calculate business tax liability of business establishments to be issued to LGU treasurers.
- Moreover, the design and conduct of regional office-based trainers' training involving BLGF regional staff on the use of Financing and Debt Management Manuals and BLGF's creditworthiness and debt capacity certification process were likewise accomplished.

Management Information System

DOF INFORMATION COMMUNICATION TECHNOLOGY PROJECTS

In 2011, the DOF launched major upgrading and overhaul of its information technology system for communication, data warehousing, procurement, and financial management (ICT).

AUDIO-VISUAL AND VIDEO CONFERENCING SYSTEM

The project enhanced the DOF's Information Communications and Telecommunications System which facilitates real time, interactive and collaborative communication with government institutions and other specific groups in any locations. This includes participating in symposiums, meetings and conferences that are held within the local community, or hosting events for overseas participants as well. The system can handle multiple video conference links between the DOF and its attached agencies.

Parts of the ICT improvements are the State-of-Art Digital Conferencing System for the Office of the Secretary and the International Finance Group. These conference rooms have the latest technology in audio visual solution such as centralized control system, discussion system, digital audio recording, high-end audio/video presentation system, and video conferencing system.

PROPERTY MANAGEMENT SYSTEM (PMS)

This system fully implemented in 2011, generates bar-coded property tags for all DOF property for asset tracking and general inventory. It likewise calculates item costs and depreciation schedules, monitor responsibility centers per group which can be pushed to the e-NGAS and e-BUDGET systems. Also incorporated are disposal of unserviceable assets, repair of motor vehicles, and the capacity to account for donated assets.

One important feature of this system is the use of wireless bar code scanners which enable the Property and

Procurement Section to conduct their annual inventory conveniently and hassle-free. Property tags with barcode can be generated instantaneously.

ELECTRONIC BULLETIN

Electronic Bulletin Board displays real-time Economic Statistics of the National Government. The solution provides accurate, highly customizable and stylish display of fiscal and financial information to the general public. Parts of the features include Statistical Bulletin, DOF Annual Reports, Events and Meetings, Business Presentations and Videos, Webcast and RSS feeds, and News TV programs. The Electronic Bulletin Board is located at the 4th floor lobby of the DOF.

VIRTUALIZATION

The DOF-Central Management Information Office – IT establishes practical solutions on efficient and effective data communication through active implementation and management of application servers in performing

The DOF-Central Management Information Office – IT establishes practical solutions on efficient and effective data communication through active implementation and management of application servers in performing optimization by virtualization. The project intends to standardize and deploy virtualization to different server environments located in the DOF Data Center. DOF expects to achieve the following through virtualization:

- Server Consolidation
- Business Continuity and High Availability
- Quick recovery in case of server failure
- Dynamic Data Center
- Testing and Development Laboratory

GOVERNMENT MONITORING SYSTEM (GMS)

The GMS aims to provide comprehensive information on GOCCs to ensure each GOCC's faithful performance of their mandate using the standards of good governance, transparency, accountability and responsibility.

The GMS is an integrated corporate reporting system that provides a platform for the submission by GOCCs of various reportorial requirements such as financial

statements, list of officers and directors, compensation, operating budgets, performance commitments, etc. It will be useful for monitoring purposes particularly in tracking compliance and measuring performance.

ASSET INFORMATION MANAGEMENT PROGRAM (AIMP)



DOF IT Summit held on November 2011

The DOF IT Summit was well attended by different IT personnel of the DOF and attached agencies on November 11, 2011. The theme was “*ICT in the DOF*” which means “*Integration, Collaboration and Transparency in the Department of Finance*”. It focused on technology awareness, government support projects, and institutionalization of IT standards. Key

speakers were invited to highlight current government IT initiatives such as the National Payroll System (GIFMIS), Government Cloud Computing and Data Warehouse Management. AIMP is an Information Technology based program designed to strengthen revenue collection and taxation policies through the analysis of asset-related transactions.

AIMP WORKSHOP AND KICK-OFF

The AIMP workshop and kick-off expounded the importance of the role of the Third Party Institutions (TPIs) in coordination with lead agencies DOF and BIR on establishing collaborative business intelligence and data management on the AIMP project. The presentation workshop highlights key results and mitigating factors

on issues relating to data gathering with the third-party institutions' (TPI) resources. Its workshop gave emphasis on mutual cooperation and goal setting, development of common data structure and network linkages, and open-government initiatives and total cooperation with the project.

GOVERNMENT INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEM (GIFMIS)

2 ВЛАДИМИРСКИЕ ВЕДОМОСТИ

Казначей всех стран, объединяйтесь!

Филиппинский минфин приехал перенимать опыт во Владимир

МЕЖДУНАРОДНЫЕ КОНТАКТЫ

В пятницу в Управлении Федерального казначейства по Владимирской области побывала с рабочим визитом делегация министерства финансов Республики Филиппины. Представители этой страны на примере нашей области изучили работу системы единого казначейского счета на региональном уровне.

Единые казначейские счета (ЕКС) аккумулируют денежные средства федерального, областного и муниципальных бюджетов и позволяют эффективно управлять государственными финансами.



Филиппинскую делегацию приветствовал первый заместитель губернатора, директор департамента финансов, бюджетной и налоговой политики Вячеслав Кузин (в центре на снимке справа).

Study tour of the Philippine Government on the Treasury Management System of the Russian Federation on October 25- 31, 2011 in Moscow, Russia featured in a Russian newspaper

The DOF, together with the Department of Budget and Management (DBM) and Commission on Audit (COA) participated in the study tour on learning from Russia's successful Treasury Single Account (TSA) held on October 25- October 31, 2011 in Moscow, Russia. High-level officials from the said offices compose the NG's Public Financial Management (PFM) Committee, which is responsible for the development and implementation of an integrated financial management information system by 2015.

The study tour sponsored by the WB intended to support the NG in its current efforts to improve its treasury and budget management systems through the first-hand learning of the participants on how TSA system works in Russia and the process that the Russian Treasury went through to implement the system.

Institutional Capacity Building

The DOF crafted in 2011 a comprehensive Professional Development Program to further enhance its human resource and organizational development.

Personnel Complement		
Description	Classification	No.
New Hire	2nd Level, 3rd Level	16
Promotion	Higher Level Position	22
Presidential Appointee	3rd Level Position	3

STAFF RECOGNITION	
Awards	No. of Recipients
Length of Service Incentive or Longevity award	96
Loyalty Award	55
Service Award	5
Recognition and Compensatory Day-off	19
Recognition for Perfect Attendance	7

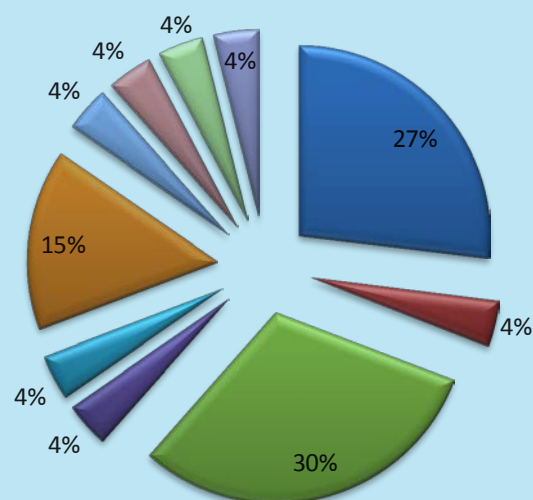


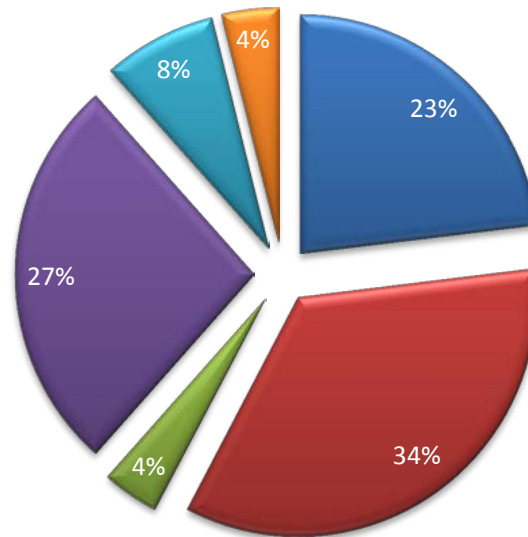
Assistant Secretary Ma. Teresa S. Habitan, DOF-Domestic Finance Group, receives a certificate of recognition as a resource speaker during the Fiscal Policy and Planning Office Lecture on Fiscal Consolidation on 30 March 2011.

The DOF Friday Learning Session (FLS) was launched in September 2011 to acquaint DOF personnel on current and relevant economic issues, as well as in the humanities fields of music and the arts. It complemented the Quarterly Lecture that the DOF regularly conducts.

Major Training Opportunity

- IMF-STI, Singapore
- JICA, Japan
- NFP, Netherlands
- UPS Investment Banking, Hongkong
- KDIS, Korea
- IMF, Wahington DC, USA
- PRI, Japan
- Chinese Government
- Korean Government
- WHO, Turkey





Foreign Training and Seminar by Field/Area

- Macroeconomic and Fiscal Policy/Fiscal Issues/Economic Policies
- Debt and Risk Management/Financial Risk Control
- Government Finance Statistics
- Financial Management/ Financial Development/Financial Programming and Policies/ Public Financial Reforms/ Finance and Economic Administration/ Financial Markets and Products
- Low Carbon Industries and Climate change
- Tobacco Taxes

Gender and Development Initiatives

The 2011 GAD PPAs (Programs, Projects and Activities) were aligned with the Millennium Development Goals (MDGs) and the MCA as required by the Philippine Commission on Women (PCW). For the year, 2 lectures were conducted: GAD Planning and Budgeting by PCW and MDG Funds Financing Windows of the MDFO.

The GAD Focal Point System in the DOF continued to operate on a cost-sharing basis with its bureaus and attached agencies' co-sponsoring

2 GAD activities: Seminar on Women Economic Empowerment (WEE) Indicators (PDIC); and "Sa Isip at sa Gawa", a self-empowerment seminar (IC).

The DOF granted Special Leave Benefits for Women affected by surgery caused by gynecological disorder to 4 female employees and Solo Parent Leave to 5 female employees and 1 male employee, in compliance with the provisions of applicable laws.

DOF'S NEW LOOK



DOF ORGANIZATIONAL STRUCTURE



OFFICIALS



CESAR V. PURISIMA
Secretary

UNDERSECRETARIES



GIL S. BELTRAN
Domestic Finance Group &
Policy Development
& Management Services Group



JEREMIAS N. PAUL, JR.
Corporate Affairs Group



ROSALIA S. DELEON
International Finance Group



JOHN PHILIP J. SEVILLA
Privatization Group



CARLO A. CARAG
Revenue Operations Group

ASSISTANT SECRETARIES



MA. ELEANOR F. DELA CRUZ



SOLEDAD EMILIA J. CRUZ



MA. TERESA S. HABITAN



MA. LOURDES B. RECENTE



PETER L. CALIMAG

THE DIRECTORS



MA. LOURDES V. DEDAL
Central Financial Management Office



LOURDES Z. SANTIAGO
Central Admin Office



THELMA A. MARIANO
Revenue Office



MA. EDITA Z. TAN
International Operations Group



STELA B. MONTEJO
Fiscal Policy and Planning Office



ROMEO D. TOMAS
Revenue & Integrity Protection Service



RACHELLE M. DIAZ
Privatization Office



ANGELICA I. SARMIENTO
Central Management Information Office



VILLAMOR VENTURA PLAN
One Stop-Shop Tax Credit and Duty Drawback Center



HELENA B. HABULAN
Municipal Development Fund Office

THE DIRECTORS



FIDEL D. CONRADA
Legal Affairs Office



JOSELITO S. ALMARIO
Fiscal Policy and Planning Office



ELEAZAR C. CESISTA
Revenue Operations Group



CHARISSA P. HIPOLITO
Corporate Affairs Group



MA. ESTELA C. LAUREANO
International Finance Operations Office



VISITACION A. UGALINO
Personnel Development & Management Services Group



MA. BIANCA OFELIA SISON
Revenue Integrity and Protection Service



CLARICEL M. YUVIENCO
Revenue Integrity and Protection Service



CARMELO T. CASIBANG, JR.
One Stop-Shop Tax Credit and
Duty Drawback Center



NORBERTO G. MALVAR
Municipal Development Fund Office



ROMMEL S. HERRERA
International Finance Policy Office

DOF BUREAUS AND ATTACHED AGENCIES



COMMR. KIM S. JACINTO-HENARES
Bureau of Internal Revenue



COMMR. ROZZANO RUFINO B. BIAZON
Bureau of Customs



TREAS. OF THE PHILS. ROBERTO B. TAN
Bureau of the Treasury



EXEC. DIR. SALVADOR M. DEL CASTILLO
Bureau of Local Government Finance



COMMR. EMMANUEL F. DOOC
Insurance Commission



EXE. DIR. TRINIDAD A. RODRIGUEZ
National Tax Research Center



CHAIRPERSON OFELIA ARELLANO MARQUEZ
Central Board of Assessment Appeal



PRES. FRANCISCO S. MAGSAJO, JR.
Philippine Export - Import Credit Agency



PRES. VALENTIN A. ARANETA
Philippine Deposit Insurance Corporation



CHAIRPERSON TERESITA J. HERBOSA
Securities and Exchange Commission



CHAIRMAN EMMANUEL M. SANTIAGUEL
Cooperative Development Authority



CHIEF PRIVATIZATION OFFICER KAREN SINGSON
Privatization and Management Office

• DIRECTORY •

OFFICE OF THE SECRETARY	6th Floor, DOF Building, BSP Complex, Roxas Boulevard, Manila 1004	523-6051; 526-7336; 523-9251; 523-9219 (Fax) 526-8474; 5219495
Chief of Staff		521-9495; 525-4194
Revenue Integrity Protection Service (RIPS)		
Hotline	4th Floor, DOF Building BSP Complex, Roxas Boulevard, Manila 1004	404-1775
DOMESTIC FINANCE GROUP	4th Floor, DOF Building BSP Complex, Roxas Boulevard, Manila 1004	
Office of the Undersecretary		523-5671
Office of the Assistant Secretary		523-5678
Fiscal Policy and Planning Office		(Fax)523-3825
Office of the Director		524-0607;
Fiscal Policy Division		524-0607
Fiscal Planning Division	4th Floor, DOF Building BSP Complex, Roxas Boulevard, Manila 1004	525-4332;
Statistics Division		525-4332
Special Studies Division		(Telefax) 523-3825
National Credit Council		(Telefax) 523-3825
Consultants Office-Developing Microinsurance Project		525-0487; 525-0497
Research and Information Office		
Office of the Director	4th Floor, DOF Building BSP Complex, Roxas Boulevard, Manila 1004	526-6968
Research and Liaison Division		524-0618
Information Division		524-0619
REVENUE OPERATIONS GROUP		
Office of the Assistant Secretary		526-0531
Office of the Director		526-7490
Customs and Tariff Division	Podium, DOF Building, BSP Complex, Roxas Boulevard, Manila 1004	526-7311
International Revenue Division		526-8476
Research Monitoring Division		526-7311
Mabuhay Lane		526-8458
Legal Affairs Office	4th Floor, DOF Building BSP Complex, Roxas Boulevard, Manila 1004	
Office of the Director		526-8449
International Legal Services Division		526-8449
Domestic Legal Services Division		526-8449
Hearing and Litigation		526-8449
One-Stop-Shop Tax Credit and Duty Drawback-Center	3rd Floor, DOF Building BSP Complex, Roxas Boulevard, Manila 1004	
Office of the Director		526-0076
OSS Operations		523-9217

OSS-TCCIAD/TDM		526-8450
OSS-Receiving		526-1308
OSS-Policy		526-0842
OSS-MIS		526-1781
OSS-Admin		526-0076
OSS-BOC		256-0751
OSS-BIR		526-8849
OSS-Post Audit		526-1308
INTERNATIONAL FINANCE GROUP	5th Floor, DOF Building BSP Complex, Roxas Boulevard, Manila 1004	
Office of the Undersecretary		523-9221
International Finance Operations Office		
Office of the Director		526-9990
Debt Restructuring Div. & ADB		526-9990
Multilateral Assistance Division		523-9912
Bilateral Assistance Division		523-9911
International Finance Policy Office		4007446
Office of the Director		400-7446
International Economy Division		400-7446
External Adjustment Division		400-7446; 514-8981
Municipal Development Fund Office	Podium, DOF Building, BSP Complex, Roxas Boulevard, Manila 1004	(Trunkline) 523-9936; 523-9937
Office of the Director		(Direct Line)523-9935
Office of the Deputy Director		(DL)525-9185
Finance Division		(DL)521-7192; local 204
Accounting Division		523-7192; local 210
CORPORATE AFFAIRS GROUP	5th Floor, DOF Building, BSP Complex, Roxas Boulevard, Manila 1004	
Office of the Undersecretary		525-1321
Office of the Assistant Secretary		523-9938
Corporate Operations Office		
Office of the Director		527-3826
Corporate Policy Research Division		525-7309
Corporate Programs Division		525-7309
Infrastructure Division		525-7309
GFI's		525-7309
PRIVATIZATION GROUP		
Office of the Undersecretary		523-5727; 525-1321 (Fax) 523-5143
Privatization Office	5th Floor, DOF Building BSP Complex, Roxas Boulevard, Manila 1004	524-1633
Office of the Director		524-1633
Appraisal and Evaluation Division		524-1633
Issues and Procedures Division		524-1633

CORPORATE AFFAIRS GROUP	5th Floor, DOF Building, BSP Complex, Roxas Boulevard, Manila 1004	
Office of the Undersecretary		525-1321
Office of the Assistant Secretary		523-9938
Corporate Operations Office		
Office of the Director		527-3826
Corporate Policy Research Division		525-7309
Corporate Programs Division		525-7309
Infrastructure Division		525-7309
GFI		525-7309
PRIVATIZATION GROUP		
Office of the Undersecretary		523-5727; 525-1321 (Fax) 523-5143
Privatization Office	5th Floor, DOF Building BSP Complex, Roxas Boulevard, Manila 1004	524-1633
Office of the Director		524-1633
Appraisal and Evaluation Division		524-1633
Issues and Procedures Division		524-1633
PERSONNEL DEVELOPMENT & MANAGEMENT SERVICES GROUP	7th Floor, EDPC Building, BSP Complex, Roxas Boulevard, Manila 1004	
Office of the Undersecretary	4th Floor, DOF Building, BSP Complex, Roxas Boulevard, Manila 1004	523-5727

• DOF ATTACHED AGENCIES •

Bureau of Customs (BOC)	526-63-55; 527-45-11	www.customs.gov.ph
Bureau of Internal Revenue (BIR)	921-04-30; 922-32-93	www.bir.gov.ph
Bureau of Local Government Finance (BLGF)	527-27-80; 522-87-73	www.blgf.gov.ph
Bureau of the Treasury (BTr)	527-31-84; 527-31-78; (TL) 522-81-22	www.treasury.gov.ph
Central Board of Assessment Appeals (CBAA)	525-14-11; 525-14-10; 526-74-85	
Cooperative Development Authority (CDA)	371-20-77; 527-20-62	www.cda.gov.ph
Fiscal Incentive Review Board (FIRB)	527-20-71; 527-20-62	
Insurance Commission (IC)	525-20-15; 523-8461 to 70	www.insurance.gov.ph
National Tax Research Center (NTRC)	527-20-71; 527-20-62	www.ntrc.gov.ph
Philippine Deposit Insurance Corporation (PDIC)	818-69-06; 817-14-45	www.pdic.gov.ph
Philippine Export-Import Credit Agency (PhilExim)	893-46-32; 893-48-09	www.philexim.gov.ph
(TL) 848-19-00		
Privatization and Management Office (PMO)	893-23-83; 893-12-09	www.pmo.gov.ph
Securities and Exchange Commission (SEC)	727-45-43; 724-47-57	www.sec.gov.ph
Securities and Exchange Commission (SEC)	727-45-43; 724-47-57	www.sec.gov.ph

THE WORKING COMMITTEE



- 1 GIL S. BELTRAN
- 2 MA. TERESA S. HABITAN
- 3 JOSELITO S. ALMARIO
- 4 AURORA LUZ D. VILLAVIRAY
- 5 RICARDO P. TOQUERO
- 6 IRENE R. STA. INES
- 7 ANNABELLE D. MAGNO
- 8 JOEL L. CAMPIPI, JR.



**DOF Bldg., BSP Complex, Roxas Blvd.,
1004 Metro Manila, Philippines
www.dof.gov.ph**