

XI. DEPARTMENT OF FINANCE**A. OFFICE OF THE SECRETARY****STRATEGIC OBJECTIVES****MANDATE**

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

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

VISION

1. A strong economy with stable prices and strong growth
2. A stable fiscal situation with adequate resources for government projects
3. A borrowing program that is able to avoid the crowding-out effect on the private sector, and minimizes costs
4. A public sector debt profile with long maturities and optimum mix of currencies that minimizes the impact of currency and interest rate movement
5. A strong economic growth with equity and productivity

MISSION

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

1. Formulation, institutionalization and administration of fiscal policies;
2. Improvement of tax collection efficiency;
3. Mobilization of adequate resources on most advantageous terms to meet budgetary requirements;
4. Sound management of public sector debt; and
5. Initiation and implementation of structural and policy reforms.

KEY RESULT AREAS

Anti-Corruption, Transparent, Accountable, Efficient and Participatory Governance

SECTOR OUTCOME

1. Fiscal Strength;
2. Resilient and Inclusive Financial System; and
3. Good Governance.

ORGANIZATIONAL OUTCOME

1. Fiscal Sustainability (National Government, GOCCs and LGUs)
2. Effective Asset and Debt Management
3. Environment Supportive of Financial Services
4. Fiscal Discipline, Sound and Ethical Practices by Regulatory Services

New Appropriations, by Program/Project

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	<u>Current Operating Expenditures</u>			
	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
PROGRAMS				
100000000 General Administration and Support	P 54,117,000	P 111,377,000	P 11,568,000	P 177,062,000
200000000 Support to Operations	8,112,000	26,359,000		34,471,000
300000000 Operations	121,138,000	106,087,000		227,225,000
MFO 1: Financial Sector and Fiscal Policy Services (Domestic and International)	30,005,000	66,028,000		96,033,000
MFO 2: Public Sector Financial Resources Management Services	78,058,000	33,954,000		112,012,000
MFO 3: Municipal Development Fund Administration Services	13,075,000	6,105,000		19,180,000
Total, Programs	183,367,000	243,823,000	11,568,000	438,758,000
TOTAL NEW APPROPRIATIONS	P 183,367,000	P 243,823,000	P 11,568,000	P 438,758,000

New Appropriations, by Central/Regional Allocation

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	<u>Current Operating Expenditures</u>			
	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
REGION				
Regional Allocation	P 183,367,000	P 243,823,000	P 11,568,000	P 438,758,000
National Capital Region (NCR)	183,367,000	243,823,000	11,568,000	438,758,000
TOTAL NEW APPROPRIATIONS	P 183,367,000	P 243,823,000	P 11,568,000	P 438,758,000

Special Provision(s)

1. **Municipal Development Fund.** The Municipal Development Fund (MDF) shall be administered by the Municipal Development Fund Office (MDFO) to be used for the loaning and relending operations to LGUs in accordance with P.D. No. 1914, COA-DOF-DBM Joint Circular No. 6-87 dated August 17, 1987 and E.O. No. 41, s. 1998. In addition to the interest rates for existing loans imposed against the National Government, the MDFO Policy Governing Board shall determine the appropriate additional sub-loan interest rates to be charged to qualified LGUs availing of said loans: PROVIDED, That the MDFO shall deposit with the National Treasury all interest earnings of the MDF as income of the General Fund pursuant to Section 44, Chapter 5, Book VI of E.O. No. 292, s. 1987 and Section 65 of P.D. No. 1445.

The MDFO shall submit, either in printed form or by way of electronic document, to the DBM, copy furnished the House Committee on Appropriations and the Senate Committee on Finance, quarterly reports on the income of, and expenditure from, this Fund. The Executive Director of the MDFO and the Office's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of the MDFO.

In case of failure to comply with the foregoing requirements, any disbursement in the subsequent quarters shall be void, except upon certification by the DBM and the Office's web administrator that said report has been submitted and posted, respectively.

2. Appropriations for Programs and Specific Activities. The amounts appropriated herein for the programs of the agency shall be used specifically for the activities in the amounts indicated under the Details of the FY 2014 Budget attached as Annex A (Volume 1) of this Act.

PERFORMANCE INFORMATION

KEY STRATEGIES

1. Desired Revenue to Gross Domestic Product ratio attained;
2. Prudent liability management;
3. Effective management of government assets and liabilities;
4. Improved fiscal performance of Local Government Units (LGUs) to support local development projects and delivery of basic services;
5. Effective international finance management through strategic mobilization and allocation of funds; and
6. Establish the country at the forefront of international and regional economic finance cooperation.

MAJOR FINAL OUTPUTS (MFOs) / PERFORMANCE INDICATORS (PIs)

Targets

MFO 1: FINANCIAL SECTOR AND FISCAL POLICY SERVICES (DOMESTIC AND INTERNATIONAL)

Number of plans and policy advisories developed and issued or updated and disseminated	4
Percentage of stakeholders who rate DOF plans/policy advisories as good or better	80%
Percentage of plans and policy advisories that have been updated, issued and disseminated within the last 3 years	80%

MFO 2: PUBLIC SECTOR FINANCIAL RESOURCES MANAGEMENT SERVICES

Revenue Integrity Protection and Services

Number of personnel investigated	72
No. of personnel charged with OMB or CSC	37
Percentage of personnel charged by appropriate authority over the no. of personnel investigated	50%
Percentage of investigation completed within the prescribed period	100%

GOCC Monitoring

Amount collected as dividend from GOCCs	P 5.5 Billion
Dividend from GOCCs collected within the prescribed period	100% collection by 4Q
Percentage of dividend collected over target dividend	100%

Negotiation of International Loans

Value of foreign loans and grants negotiated	> or = US\$700M
Number of foreign loans and grants negotiated	> or = 10
Percentage of ODA loans obtained annually compliant to the Weighted Average Grant Element as set under the Law	100%
Percentage of foreign loans and grants negotiated within the agreed schedule	65%

MFO 3: MUNICIPAL DEVELOPMENT FUND ADMINISTRATION SERVICES

Number of applications for grants and loans acted upon	55
Number of grants and loans approved	40
Number of loans and grants under management	77
Value of loans and grants under management	P684.64 Million
Percentage of loans with one or more interest payments in arrears by 30 days or more	10%
Percentage of applications acted upon within 2 weeks	80%
Percentage of borrowers that are default on an interest or principal repayment after one (1) month grace period	28%