

# Working Group on Economic and Fiscal Reforms

2006 Philippines Development Forum  
Taal Vista Hotel  
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# Issues and Recommendations

## *Development Partners*

- Commended strong government fiscal reform program
  - R-VAT passage
  - Frontloading of fiscal deficit reduction

## *Government*

- Fiscal consolidation strategy to improve quality of spending, even as deficit reduction is pursued

# Issues and Recommendations

## *Development Partners*

- Reforms need to continue
- BIR and BOC administrative reforms are critical
- Achieve tax effort improvement of 1.4% of GDP

## *Government*

- R-VAT collections and utilization of proceeds will be closely monitored;

# Issues and Recommendations

## *Development Partners*

- Immediate passage of the 2006 budget
- Need for well-defined budget to support the revenue program

## *Government*

- Delay in budget passage will not impair ability to absorb ODA due to flexibility in budget rules;

# Issues and Recommendations

## *Development Partners*

- Support objective to balance budget by 2008
  - Reap benefits of virtuous circle, given still high debt/GDP ratio ,
  - Emphasis on importance of quality spending
  - Prioritize government investments over government consumption

## *Government*

- Tax administration will be main focus to build on momentum of fiscal reforms

# Issues and Recommendations

## *Development Partners*

- Articulate government programs better and monitor progress
  - More transparency on infrastructure projects
  - Periodic reports on use of revenues

## *Government*

- Enhance communication strategy on government infrastructure programs

# Issues and Recommendations

## *Development Partners*

- Persevere in efforts to restructure and privatize the power sector
  - Set up new market infrastructure (WESM) to bring down power costs
  - Empower the Energy Regulatory Commission
- Remove caps on input VAT use

## *Government*

- Committed to continue reforms in the power sector

Thank You