

# PHILIPPINE CHARITY SWEEPSTAKES OFFICE



## 2014 ANNUAL REPORT

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### About the cover:

The Philippine Charity Sweepstakes Office, the primary government agency tasked to raise funds for health and welfare programs of the Government thru the holding and conduct of sweepstakes horse races, lotteries and similar activities, is celebrating its 80<sup>th</sup> founding anniversary with the theme, "*Innovative gaming and abiding charity*".





Republic of the Philippines  
Office of the President

**PHILIPPINE CHARITY SWEEPSTAKES OFFICE**

Sun Plaza Building, 1507 Princeton Street corner Shaw Boulevard, Mandaluyong City 1552

May 30, 2015

**His Excellency**

**BENIGNO S. AQUINO III**

**President of the Republic of the Philippines**

Malacanang, Manila

**Dear Mr. President,**

In accordance with Section 7 of Republic Act 1169, as amended by Batas Pambansa Blg. 42 and Presidential Decree No. 1157, otherwise known as "*An Act Providing for Charity Sweepstakes, Horse Races and Lotteries*," we have the honor to submit the 2014 PCSO Annual Report (Unaudited Figures) for the President's information and presentation to Congress.

The Report provides an overview of the PCSO's operation for calendar year 2014, fulfilling its mandate to generate funds for health and welfare-related programs and charities of national character consistent with the National Government's strategic policy to support activities that will help alleviate poverty and promote social good.

**Very respectfully yours,**

**ERINEO S. MALIKSI**

Chairman





## *Message from the Board of Directors*

As we celebrate our 80th founding anniversary, the Board of Directors thanks the public for their continued support for PCSO games, products and services and at the same time, lauds the men and women of the agency for their dedicated and loyal services.

Global business models place a premium on corporate social responsibility (CSR) for players, stakeholders such that PCSO continually strives to improve its products and charity services to maximize its social impact aligned with Government's poverty alleviation program.

The PCSO Board of Directors, along with the entire PCSO family, renews its commitment to a future of sustainable growth and continued assistance to the ill, needy and marginalized sectors of our society.

Celebrate with us the many milestones of PCSO as we eagerly look forward to new forms of gaming in the years to come.

*Maraming salamat po sa inyong walang sawang pagtangkilik sa mga produkto at gawain ng PCSO!*



## CHAIRMAN'S INTRODUCTION



*"Beyond gaming, PCSO plays a strategic role in promoting accessible health care for all. Our focus is to maintain the public's trust in our games and ultimately, raise more funds for our charity services nationwide."*

This report highlights the achievements and challenges that the Philippine Charity Sweepstakes Office (PCSO) and its partners faced in 2014.

The environment for our Lotto retailers was not as buoyant as they would like in that our revenues, while strong and showing growth, did not reach the levels we would like to see.

Notwithstanding the Government's income redistribution program and policies to attract investment to benefit the poor, the prolonged effects of super typhoon "Yolanda" (Cyclone Haiyan) increased poverty incidence during the 1<sup>st</sup> half of the year and further compounded by other calamities and inflation during the last quarter. As a result, the agency's indigent clientele increased and our partner institutions engaged in charities and social services.

Despite these constraints, I am pleased to report that the PCSO Board and Management have adopted a strategic plan to protect the viability of PCSO's gaming activities and sustain its capacity to provide funds for universal health care projects.

The plan identifies the opportunities for future growth and key result areas that will provide specific, measurable, adoptable and time-bound performance indicators for the agency.

The year also brought changes within the agency with Margarita P. Juico's expiration of term as Chairperson last May 9, 2014. *Margie's* contributions to the agency will be remembered in the years to come.

Florencio Gabriel "Bem" G. Noel also joined the Board last December 2, 2014 and brings with him his wide experience in public policy development and management which I know will benefit PCSO.

We are also celebrating PCSO's 80<sup>th</sup> founding anniversary! The tapestry of the highs and lows of our gaming activities in the last eight decades calls us to celebrate our successes and reflect on how we can better our services..

For now, I wish to thank my fellow Board members- *Mabel V. Mamba, Betty B. Nantes, Francisco G. Joaquin III, Florencio Gabriel "Bem" G. Noel-* and General Manager Jose Ferdinand M. Rojas II for shepherding PCSO to its present success.

I also wish to acknowledge and thank His Excellency, President Benigno Simeon C.

Aquino III, for his unwavering support in the mission and projects of PCSO.

We look forward to 2015 as another year of making a real difference to the lives of Filipinos. Be assured that the Board, together with men and women of PCSO, will always strive to deliver more entertaining games and at the same time, focus on providing the public with a more customer centric charity services in the days to come.

Sincerely,

**Erineo S. Maliksi**  
Chairman<sup>i</sup>

## GENERAL MANAGER'S REPORT

### 2014 Highlights: PCSO remains strong and resilient



The year 2014 saw the unwavering support of Filipinos to the products and charity services of the Philippine Charity Sweepstakes Office (PCSO).

Along with other State controlled lotteries in the Asia-Pacific region, PCSO showed growth and resilience by posting a 2.2% full year on full year sales growth from its regular games (Lotto, Lotto Express (Keno) and Sweepstakes) in the amount of **P32,324,440,030.00** compared to only P31,628,841,600.00 in 2013

Similarly, aligned with the Aquino Government's thrust to alleviate poverty, PCSO approved the allocation of **P9,839,841,182.09** (i.e., charges to Charity Fund) as the agency's direct contribution to nation building and support to the promotion of the Government's universal health care program:

- ✓ *Share of Local Government Units* (P631,397,061.96);
- ✓ *Documentary Stamp Taxes remitted to the Bureau of Internal Revenue (BIR)* (P3,234,462,190.30);
- ✓ *National Shelter Program* (P40,000,000.00);
- ✓ *Commission on Higher Education* (P295,199,491.90);

- ✓ *Medical Assistance and Service Program<sup>ii</sup>* (P5,173,674,534.64);
- ✓ *Health and Welfare Program* (P237,645,170.30);
- ✓ *Aid to National Calamities* (P114,828,466.37);
- ✓ *PCSO Charity Clinic* (P108,607,251.69)
- ✓ *Miscellaneous Expenses for charity* (P10,592.50);
- ✓ *Burial Assistance* (P906,500.00);
- ✓ *Purchase of ambulance for LGUs, Government Hospitals, NGOs, etc.* (P3,109,922.43)

We marked many milestones in 2014 with: (1) the opening of our 42<sup>nd</sup> Branch Office in the Province of Marinduque last November 24, 2014; (2) the operation of 9,078 retailers and/or outlets nationwide; (3) the introduction of "Peryahan" (PCSO's latest game offering on experimental run); (4) the transfer of our Head Office from the Philippine International Convention Center (Pasay City) to Sun Plaza and Conservatory buildings in Mandaluyong City, Metro Manila; (5) the first time PCSO hosted - World Lottery Association (WLA) and Asia-Pacific Lottery Association (APLA) 2014 Manila Business Seminar- last April 28 - May 1, 2014; and (6) celebration of PCSO's 80<sup>th</sup> founding anniversary with the theme, "*Innovative gaming; Unwavering charity*".

Moreover, we are also gearing up to implement the following: (1) Strategic Performance Management System (SPMS), as a management tool in monitoring and gauging individual performance aligned with the attainment of agency targets; (2) Trainings for Computerized Accounting System (CAS) and Human Resource Information System (HRIS); and (3) Utilization of Kaplan and Norton's

Balanced Score Card and Strategy Map model to improve four (4) key result areas in our procedures: Financial Perspective, Customer Perspective, Internal Process Perspective and Learning and Growth Perspective.

Despite the natural calamities, increase in poverty incidence and inflation that resulted in eroded incomes, the gaming public's trust and continued patronage of our games made the agency resilient despite the challenges we faced in 2014. Allow me, on behalf of the entire PCSO family, to thank our patrons and stakeholders for always supporting the games and charitable projects and program of PCSO.

Very truly yours,

**Jose Ferdinand M. Rojas II<sup>iii</sup>**  
Vice Chairman and General Manager

## 2014 REVISITED

### I. THE NATION

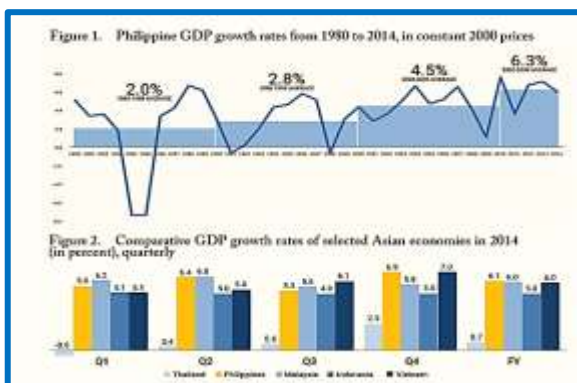
#### A. SOCIO-ECONOMIC REPORT<sup>iv v</sup>

*“The Philippine economy slowed down in 2014 growing by an average of 5.8 percent in the first nine months. By most indications, GDP growth for 2014 will fall short of the Government target of 6.5-7.5 percent after exceeding market expectations in 2012 and 2013. Significant declines in government final consumption and public construction explain the lackluster government spending, which otherwise would have accounted for an additional one-percentage point rise in the GDP.<sup>vi</sup> As of September, government expenditures were 16 percent below target, with shortfalls of between 10 and 30 percent in personnel spending, MOOE, and infrastructure and capital outlay.*

*Various impediments – some externally induced, others born of institutional weaknesses – contributed to the lower government spending in the last year. Among these were delays in the preparation of feasibility studies, procurement, and project planning that held up project implementation. Others involved problems in project execution itself: lack of technical personnel, project slippages or deferred implementation, or lack of documentation resulting in delay or non-release of payments.*

*To be sure, some of these problems had existed much earlier but were magnified by the*

*adjustment lag associated with the recent reforms in public financial management. In particular, the GAA-as-release-document and the one-year validity period of agency budgets were intended to instill greater fiscal discipline among agencies in planning and programming their expenditures. Unaccustomed to the new state of play, some government agencies failed to undertake the necessary pre-procurement activities, or satisfy certain special accountability-enhancing provisions of the 2014 GAA, and consequently lost precious time in executing their programs. With few exceptions, the adjustment lag was in direct proportion to the size of agency budgets with very pronounced effects on total spending, and hence GDP growth.*



*Also contributing to the decline in spending was the destruction caused by typhoon Yolanda, which rendered infeasible some agency programs included in the 2014 Budget. In addition, the Supreme Court (SC) decision declaring certain parts of the Disbursement Acceleration Program (DAP) unconstitutional, particularly in relation to the applicability of the doctrine of operative fact, was an aggravating factor. The SC decision reduced government's flexibility to realign unused*

*appropriations even as the resulting uncertainty might have caused national government agencies to exercise undue restraint in spending.*

*Still, the economy is undoubtedly on a higher growth path. Economic growth in 2010-2013 has been above 6 percent annually, which is by far better than the country has ever achieved in the three decades preceding the current one. The 5.8 percent growth over three quarters of 2014 puts the Philippines in second place behind Malaysia among ASEAN middle-income economies.*

*Despite the slower than targeted expansion in 2014, the good news is that the investor community, both domestic and foreign, has maintained an optimistic outlook regarding economic prospects for the country in the short and medium-term.<sup>vii</sup> Such sentiment attests to the relatively high degree of business confidence inspired not only by the country's sound macroeconomic fundamentals but also, and more importantly, by the initiatives in governance reform which have been widely credited for restoring the people's trust in government and securing political stability.*

*The question, however, is whether these gains can be sustained. Indeed, the last-mile challenge is always difficult as the path is typically littered with road blocks, especially in the run-up to the next presidential elections.*

*This socioeconomic report assesses challenges and prospects for the remaining years of implementation of the Philippine Development Plan 2011-2016. Given progress thus far, the Philippine economy is poised to hit its growth targets as long as structural reforms continue to*



be pursued and properly implemented. Importantly, the targets can be achieved provided that government ensures efficiency, especially in service delivery requiring coordination among several agencies and layers of bureaucracy. Although the economy slowed down in 2014 and will likely be below the DBCC-approved target for the year, it is still expected to be among the fastest in the region and even compared against its historical average. Strong optimism is also placed on the labor market as it had just recorded a 10-year record low of 6 percent and the employment it has generated are mostly fulltime work, which is indicative of the improving quality of employment. In the meantime, the government's sector- and location-based approaches for designing and implementing government programs and projects is expected to increase the momentum for generating quality employment, raising incomes for more Filipinos and significantly reducing poverty.

#### Assessment

Private sector-led growth is generating good quality employment. Economic growth in the first three quarters in 2014 has been predominantly private sector-led, indicating that the economic strength is centered in sectors where there are opportunities for increased economic activity and better employment. In contrast, national government performance was dragged by inefficiencies in budget execution. Moreover, the expected reconstruction assistance in the Yolanda-affected areas was also delayed, although the speed of the response was lauded by several international agencies. Amidst the respectable growth, the labor market has responded very well. The targets for

unemployment, underemployment and employment generation have been met. Unemployment rate averaged 6.8 percent for the full year. In October 2014, unemployment rate was 6 percent, the lowest in 10 years, registering a 1.05 million employment generation. Meanwhile, economic gains and increases in incomes during the past four years translated to a record 3 percentage point reduction of poverty incidence, from 27.9 percent in the first semester of 2012 to 24.9 percent in the first semester of 2013. This is equivalent to around 2.5 million individuals getting out of poverty.<sup>viii</sup>

#### Challenges

Rapid growth needs to be sustained to address underemployment. It would seem that the big challenge is how to sustain rapid GDP growth. The target for 2014 of 6.5 to 7.5 percent growth will not likely be met, mainly because of government underspending and logistics bottlenecks.

Rapid growth that is sustained over several years, say at least a decade, is what the environment needed for the massive generation of quality jobs. While the high economic growth has translated into more jobs, underemployment remains high as more than 7 million Filipinos desire to find more or additional hours of work over and above their existing job. This is especially the case in agriculture where more than 40 percent are underemployed. Addressing such issues can improve the welfare of workers through better incomes. This could also have an impact on poverty in the agricultural sector, where 48 percent<sup>ix</sup> of farmers and 41 percent of fishermen live below the poverty line.

Poverty incidence in 2014 would have been much lower were it not for missed opportunities. Economic growth, though not a sufficient condition, is still necessary for reducing poverty. The 2014 data from the Annual Poverty Indicator Survey show respectable income growth even among the poor, given the aggressive implementation of equity-enhancing programs, but tempered by the adverse impact of typhoon Yolanda. However, it could have been better if economic growth were faster resulting in higher incomes overall, and in addition, if food price inflation were slower resulting in higher purchasing power especially among the poor. In other words, the institutional constraints that dragged government performance and consequently overall growth, and the failure to take advantage of the favorable world market conditions for rice resulted in missed opportunities to hasten poverty reduction.”

#### B. POVERTY INDICATORS<sup>x xi</sup>

“Poverty incidence among Filipinos<sup>xii</sup> in the first semester of 2014 was estimated at 25.8 percent<sup>xiii</sup> based on the 2014 APIS conducted in July 2014. During the same period in 2013<sup>xiv</sup> poverty incidence among Filipinos was recorded at 24.6 percent.<sup>xv</sup>

On the other hand, subsistence incidence among Filipinos, or the proportion of Filipinos whose incomes fall below the food threshold, was estimated at 10.5 percent<sup>xvi</sup> in the first semester of 2014. This is at the same level of subsistence incidence among Filipinos (10.5 percent) in the first half of 2013. Subsistence incidence among Filipinos is often referred to



as the proportion of Filipinos in extreme or subsistence poverty.

#### Food and Poverty Thresholds

Food threshold is the minimum income required to meet basic food needs and satisfy the nutritional requirements set by the Food and Nutrition Research Institute (FNRI) to ensure that one remains economically and socially productive. It is used to measure extreme or subsistence poverty. Poverty threshold is a similar concept, expanded to include basic non-food needs such as clothing, housing, transportation, health, and education expenses.

During the first semester of 2014, a family of five needed at least Php6,125 on the average every month to meet the family's basic food needs and at least Php8,778 on the average every month to meet both basic food and non-food needs. These amounts represent the monthly food threshold and monthly poverty threshold, respectively. They indicate increases of about 9.5 percent in food threshold and 9.4 percent in poverty threshold from the first semester of 2013 to the first semester of 2014.<sup>xvii</sup>

#### Poverty among Filipino families

PSA also releases statistics on poverty among families – a crucial social indicator that guides policy makers in their efforts to alleviate poverty.

The poverty incidence among Filipino families based on the 2014 APIS was estimated at 20.0 percent<sup>xviii</sup> during the first semester of 2014. In the first semester of 2013, the poverty incidence among Filipino families was estimated at 18.8 percent<sup>xix</sup>. The subsistence incidence among Filipino families, or the proportion of Filipino

families in extreme poverty, was estimated at 7.6 percent<sup>xx</sup> during the first semester of 2014. In the same period in 2013, the proportion of families in extreme poverty was recorded at 7.5 percent.

#### Income Gap, Poverty Gap and Severity of Poverty

In addition to the thresholds and incidences, the PSA also releases other poverty-related statistics in the report such as the income gap, poverty gap and severity of poverty. The income gap measures the average income required by the poor in order to get out of poverty, expressed relative to the poverty threshold. The poverty gap refers to the income shortfall (expressed in proportion to the poverty threshold) of families with income below the poverty threshold, divided by the total number of families. The severity of poverty is the total of the squared income shortfall (expressed in proportion to the poverty threshold) of families with income below the poverty threshold, divided by the total number of families. This is a poverty measure that is sensitive to income distribution among the poor.

In the first semester of 2014, on the average, incomes of poor families were short by 27.0 percent of the poverty threshold. This means that on the average, an additional monthly income of Php2,370 is needed by a poor family with five members in order to move out of poverty in the first semester of 2014.”

### The Nation: Fast Facts

9.9%

Global lottery sales growth in 2014 built on the double digit strong performances from the Asia Pacific and Latin American regions.

15.6%

Asia-Pacific lottery sales growth in 2014

6.1%

Philippine's annual average GDP growth in 2014, second only to Malaysia (Comparative GDP growth rates of selected Asian economies: Thailand, Philippines, Malaysia, Indonesia and Vietnam)

3%

Income increase reduced poverty incidence by 3% (**4 years average**) in 2014. This is equivalent to 2.5 million Filipinos getting out of the poverty line threshold.

5.8%

Philippine's GDP growth in the 1<sup>st</sup> nine (9) months of 2014. The economy slowed down in the 4<sup>th</sup> Quarter and contributed in the slight decline in the target 6.5-7.5% GDP growth last year due in part to underspending and logistical bottle necks in implementing strategic development projects.

1.2%

Poverty incidence increase in Filipino families (January-June 2014: Philippine Statistics Authority)

10.5%

Subsistence incidence of individual Filipinos whose income fall below the food threshold (January-June 2014: Philippine Statistics Authority).

6.8%

Philippine's average unemployment rate (full year) in 2014.

7  
Million

Number of Filipinos who desire to find more or additional hours of work over and above their existing job.

25.8%

Poverty incidence in individual Filipinos (January-June 2014: Philippine Statistics Authority)

#### Notes:

Socio-economic Planning Secretary Arsenio Balisacan explained that, poverty worsened in the Philippines in the first half of 2014 due to government restrictions on rice imports and the lingering effects of killer typhoon "Yolanda" despite 6.1 percent economic growth last year that was the second fastest in Asia after China.

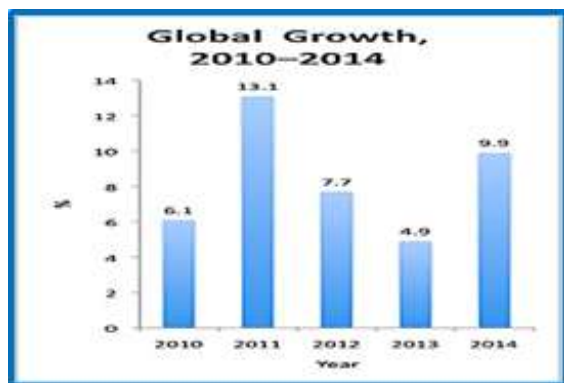
Balisacan said data in 2014 showed the government's income redistribution program and policies to attract investment benefited the poor, but the higher inflation eroded incomes.

## II. GLOBAL LOTTERY SALES<sup>xxi xxii</sup>



"In 2014, full-year on full-year global lottery sales grew 9.9%, strengthening from 2013 full-year on full-year growth of 4.9%.<sup>xxiii</sup> The growth in worldwide lottery sales was once again built on the foundations of strong performances from the Asia Pacific and Latin American regions, with both these locales having recorded unbroken double-digit growth in sales over the past six quarters. The robust performance of the Asia Pacific and Latin American markets was tempered, however, by the performance of the North American region, which saw full-year on full-year sales tread water in 2014. For their part, the European and African markets recorded mild year-on-year gains for 2014. The improvement in sales globally in 2014, together with the recent upturn in the economy in the United States, paints a more promising picture for global growth than has been occasioned in the past two years. Indeed, the pickup in global growth suggests we may be returning to the heights of 2011, the best

year for global lottery sales in recent memory; see attendant graph (below).



The Latin American market performed most strongly in 2014, with participating Latin American lotteries reporting an aggregate full-year on full-year increase in sales of 23.2%. Growth in Latin America was once again driven by Argentina's Lotería Nacional Sociedad del Estado, which reported a full-year on full-year increase in sales of 26.8%. Brazil's Caixa Econômica Federal also performed robustly, recording a twelve-month on twelve-month increase in sales of 18.5%. In contrast, Chile's Polla Chilena and Mexico's Lotería Nacional para la Asistencia Pública both had a quieter 2014, with FY on FY sales holding steady at the former, and down slightly at the latter.

The Asia Pacific region also saw strong growth, with participating Asia Pacific lotteries witnessing an aggregate full-year on full-year increase in sales of 15.6%. Continuing an ongoing theme, the engine of growth in the Asia Pacific region was the participating mainland Chinese lotteries. Building on the growth in sales occasioned by

the 20th FIFA World Cup, held in Brazil from June 12 to July 13, 2014, the China Sports Lottery recorded a full-year on full-year increase in sales of 32.8%, while the China Welfare lottery reported a twelve-month on twelve-month increase in sales of 16.7% for its part. With sales in excess of EUR 30 billion (USD 32.2 billion) over the past twelve months, the China Welfare lottery is now the world's largest lottery by annualized sales volume, eclipsing Italy's Lottomatica, which falls back into second place, just ahead of the China Sports Lottery. Elsewhere in the Asia Pacific region, Australia's Lotterywest held steady with an FY on FY increase in sales of 1.8%, while Japan's Takara-kuji lottery saw its sales dip slightly over the same timeframe.

In Europe, lottery sales picked up in 2014, with participating European lotteries recording an aggregate full-year on full-year increase sales of 5.1%. With Eurostat reporting that GDP rose over FY 2014 by 0.9% across the euro area (EA18 countries) and rising by 1.4% across the EU28 countries in the same timeframe, the economic environment eased slightly for Europe's lotteries. Lotteries in Eastern and Central Europe fared best, with sales at Hungary's Szerencsejáték Zrt. increasing by 24.8% year-on-year and sales at the Czech Republic's SAZKA a.s. growing by 15.2% over the same period. In Greece, sales at OPAP continued to rebound, with twelve-month on twelve-month revenues up 14.8%. This marked the sixth consecutive quarter of growth in sales at OPAP, defying the ongoing economic turmoil in Greece. Poland's Totalizator Sportowy also had a positive 2014, recording an FY on FY increase in sales of 6.7%. Elsewhere in Europe,

Finland's Veikkaus Oy, Italy's Lottomatica, and France's Française des Jeux all reported full-year on full-year increases in sales in the region of 5%. In contrast, sales at the participating Spanish lotteries fell slightly over the same timeframe.

The African region saw modest gains in 2014, with participating African lotteries recording an aggregate increase in full-year on full-year sales of 3.8%. Ghana's National Lottery Authority saw full-year sales increase by 21% across the board in 2014, as against full-year sales for 2013. Morocco's La Marocaine des Jeux also continued to perform strongly, recording a twelve-month on twelve-month increase in sales of 11.9%. The Mauritian National Lottery also fared positively, seeing its sales increase by 6.6% year-on-year. In contrast, full-year sales at South Africa's Gidani and Morocco's Loterie Nationale dipped slightly in 2014, as compared to full-year sales for 2013.

The North American region held steady in 2014, with participating North American lotteries posting an aggregate full-year on full-year increase in sales of 0.4%. This, despite the improving U.S. economy, which saw real GDP rising by 2.4% for 2014 (as against 2013) — the best full-year growth recorded by the U.S. since 2010. The standout performer in the North American region was once again the California Lottery, which boasted a full-year on full-year increase in sales of 6%. Elsewhere in North America, full-year on full-year sales at participating lotteries either held steady, or ventured into negative territory. One possible explanation for the sluggish growth in sales in North



America — the improving U.S. economy notwithstanding — might lie in the performance of the U.S. multi-jurisdictional Powerball game, which saw its full-year on full-year sales decline by 19%; this, despite the game's recent introduction in California. A comparative lack of big Powerball jackpots in 2014 (where only one Powerball jackpot over USD 400 million was recorded), coupled with possible jackpot fatigue, may have contributed to the block game's comparatively lackluster performance over the given timeframe.

The close of 2014 marks the fifth year the WLA has been reporting on quarterly sales growth in the world lottery community. Over this time, global growth in lottery sales has ranged from an annual high of 13.1% (2011) to an annual low of 4.9% (2013), averaging out at a very respectable 8.3% per annum, in what have been largely challenging economic circumstances worldwide. The continued growth of our industry, even in difficult economic climes, is a testament both to the commitment of the professionals whose work powers this industry, and to the public's ongoing desire to play fun, entertaining, and socially responsible games that contribute to good causes. New benchmarks continue to be set: Q4 2014 marked the first time in which global lottery sales, as recorded by the lotteries participating in the WLA Quarterly Lottery Sales Indicator (WLA QLSI), saw sales of over EUR 50 billion (USD 53.7 billion) in a quarter."

## POST SCRIPT:

### PCSO hosts 2014 APLA/WLA Manila Business Seminar.

The Philippine Government, thru the Philippine Charity Sweepstakes Office, is pleased with the positive turn out of the joint Asia Pacific Lottery Association/ World Lottery Association (APLA/WLA) 2014 Business Seminar from April 28 – May 1, 2014.

Close to 170 participants representing 25 countries converged in Manila for this annual event exclusive for member lottery organizations and APLA/WLA/PCSO business partners. Best practices sharing among state-run and controlled lotteries worldwide were made in the three (3) day-workshops and learning sessions around the theme, "Marketing in the New Age: Captivate, Innovate, Engage".

Tan Soo Nan, Chairman of the Asia Pacific Lottery Association and Chief Executive Officer of Singapore Pools (Private) Limited, lauded PCSO for hosting a well-organized event and said, "[PCSO is an] excellent organization; very warm hospitality. Good job, PCSO!".

Delegates also experienced the Filipino people's unique and warm hospitality with numerous recreational and social programs featuring fusion and traditional dishes and famous tourist destinations - Villa Escudero in the Province of Quezon, Tagaytay Highlands, Orchard Country Club and Wack-Wack Golf and Country Club and a private tour of the historical Fort Santiago, Baluarte de San Diego, San Agustin Church, BahayTsinoy and National Museum



**Tan Soo Nan (Chairman, APLA) welcomes attendees in the business seminar.**



**PCSO/WLA/APLA officials pose for a souvenir shot during the business seminar's closing dinner.**

### III. INSIDE PCSO:

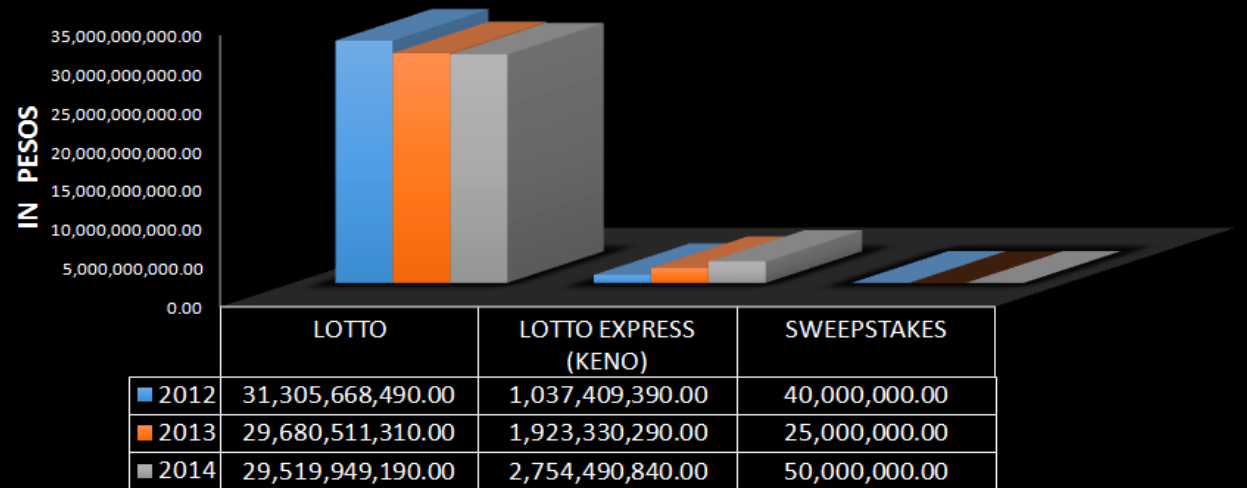
#### A. Gaming operations

##### 1. Sales from regular games

By December 31, 2014, PCSO earned **P32,324,440,030.00** in gross ticket retail receipts (sales) from Lotto, Lotto Express (KENO) and Sweepstakes. This translates to a very modest 2.2% increase in annual sales compared to 2013 figures in the amount of P31,628,841,600.00.

Lotto, including its digit games, remained the agency's best-selling products representing 91.32% of the total revenues followed by Lotto Express (KENO) with 8.52% and sweepstakes (.16%); see graph (right).

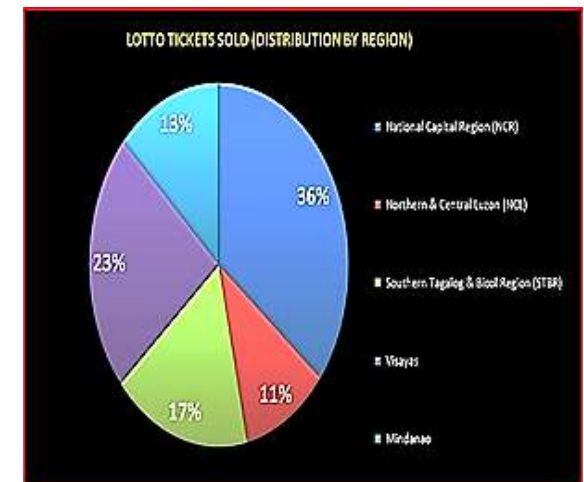
#### SALES PERFORMANCE (REGULAR GAMES) 2012-2014



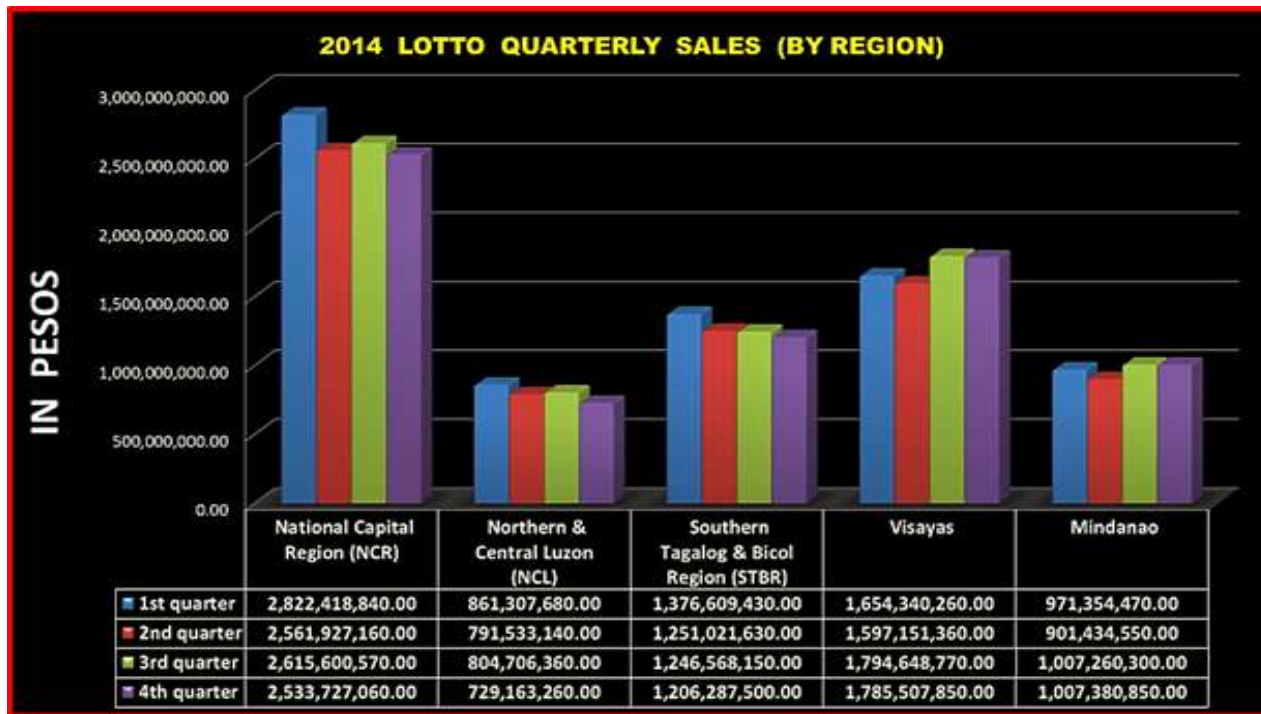
#### ➤ LOTTO

Lotto and its digit games was the agency's top revenue generator with sales amounting to P29,519,949,190.00 in 2014.

Sales performance by region shows that the National Capital Region (NCR) represents 36% of the aggregate lotto tickets sold (P10,533,673,630.00); Visayas at 23% with P6,831,648,240.00 worth of lotto tickets sold; Southern Tagalog and Bicol Region (STBR) at 17% (P5,080,486,710.00); Mindanao at 13% (P3,887,430,170.00); and Northern and Central Luzon (NCL) at 11% (P3,186,710,440.00).







While majority of Lotto patrons came from NCR, the agency observed that sales in this region have slowly declined since April to December 2014, along with STBR and NCL or the whole of Luzon. PCSO attributes the decline in lotto sales in Luzon, externally, to the lingering effects of super typhoon “Yolanda” including the succession of storms that hit the Philippines in the second part of 2014. To compound matters, the rising incidence of subsistence poverty, inflation and employment woes also contributed in the shift of the gaming public’s buying pattern with basic commodities (rice and similar consumables, shelter, education and

utilities) being prioritized over recreation or entertainment (gaming) activities.

Internally, our partners (retailers) were faced with: (1) obsolescence of leased lottery equipment which cannot be immediately replaced in view of the soon to expire equipment lease agreement (ELA) with service providers; (2) adoption of stricter remittance system (one strike policy which requires immediate closure of outlets for failing to remit on time); (3) rationalized ticket pricing and prizes allocation; and (4) the on-going litigations by and among equipment lease providers in Luzon

(Philippine Gaming Management Corporation-PGMC) and Visayas-Mindanao (Pacific On-Line Systems Corporation-POSC) including one of its paper suppliers-TMA Philippines- resulted in unavoidable delays in the installation of new lotto terminals due to Court issued injunctions and problems in the inventory of lotto paper supplies (bet slips and thermal rolls). Concerted efforts have been undertaken to minimize, if not, prevent disruptions in PCSO’s gaming operations with PCSO working closely with the Office of the Government Corporate Counsel (OGCC), to avail itself of all legal remedies.

By end of 2014, the foregoing woes challenged agency’s lottery operations and resulted in the slight decline in nationwide on-line lottery (LOTTO) sales by 0.0054% (P29,519,949,190.00) compared to 2013 figures (P29,680,511,310.00).

On the other hand, Visayas followed by Mindanao are PCSO’s emerging regional markets for penetration and development with sustained increase in sales since the 2<sup>nd</sup> half of 2014. The significant increase in lotto patronage in Visayas and Mindanao may be attributed to: (1) successive lotto jackpot winners from these areas during the last quarter of CY 2014; (2) opening of new PCSO branch offices; and (3) increase in the number of lotto outlets.



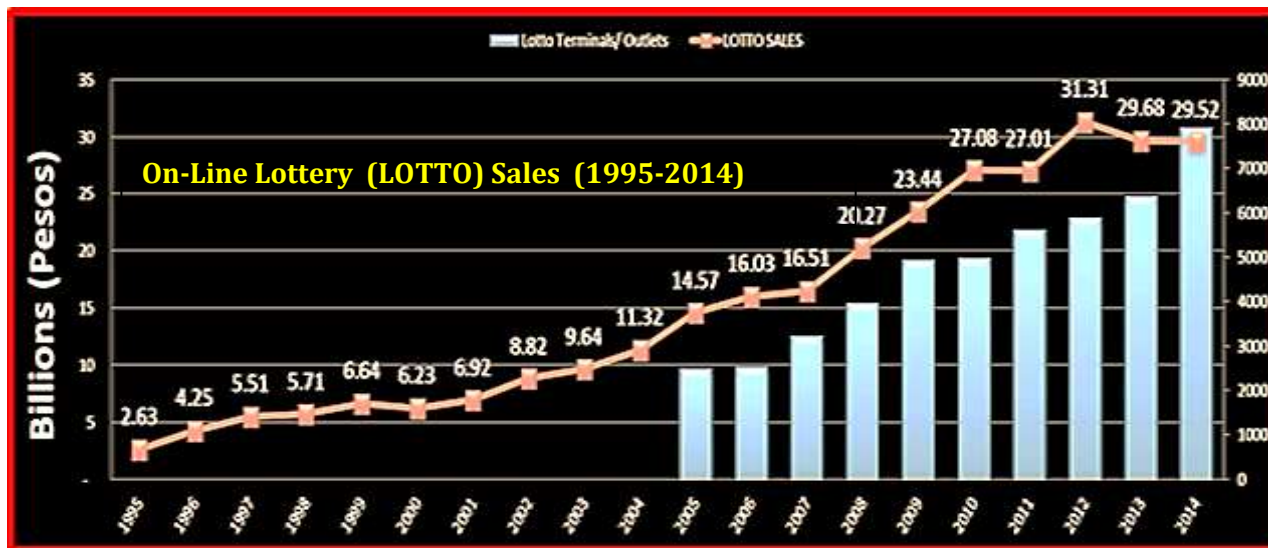


At this juncture, we must not forget the strategic role of PCSO's on-line lottery games (LOTTO) in raising funds for the National Government's universal health care program for the poor or marginalized Filipinos. Since 1995 [when the first on-line lottery game was launched (6/42)] until 2014 (with 10 Lotto games including digit games), PCSO is pleased to report that it has generated for the National Government, P300.1 Billion in gross revenues from its Lotto games.

#### ➤ LOTTO EXPRESS (KENO)

Lotto Express (KENO) sales in 2014 further improved by more than forty three percent (43.21%) in the amount of P2,754,490,840.00 compared to 2013 figures (P1,923,330,290.00).

The positive performance of KENO neutralized the slight decline in Lotto sales in 2014 and helped the agency attain 2.2% increase in its annual revenues from regular games.



#### ➤ SWEEPSTAKES

Except for the months of February and March, the agency conducted sweepstakes and mini-sweepstakes draws earning PCSO P50,000,000.00 in 2014.

The Product Standard and Development Department (PSDD) under the Gaming, Product Development and Marketing Sector in collaboration with the Branch Operations Sector plans to engage more private and governmental organizations as sweepstakes new marketing channel under the "Sweepstakes Partner Tayo" program in 2015.

#### ➤ PRIZES FOR REGULAR GAMES

PCSO also gave away P13,606,014,363.98 in winnings and incentive for sales agents and sellers, broken down as follows:

- ✓ Jackpot Prizes (P2,900,886,503.79);
- ✓ Lower Prizes (P9,813,451,524.41);
- ✓ Winning Tickets for Sweepstakes (P6,530,255.00);
- ✓ 5% Prize Fund Tax (P871,139,360.79);
- ✓ Seller's Prize (P1,506,719.99);
- ✓ Sweepstakes Seller's share or commission (P12,500,000.00)

## 2. Similar games

- Small Town Lottery's (STL) contribution increased by 19.65% from P464,814,499.28 (2013 figures) to P556,188,487.95 by December 31, 2014;
- **Scratch it** (*scratch and match*) contribution also improved by 18.18% in the amount of P116,071,428.59 compared to only P98,214,285.73 in the year 2013;
- **Bingo Milyonaryo** (*on test run until November 2014*) contributed P29,866,959.23; and
- **Peryahan** (*on test run since June 2014*) contributed P1,217,419.19.

The proceeds received by PCSO from these games are used to augment the Charity Fund (i.e., special fund for health and medical assistance in favor of indigent patients and other social services aligned with the National Government's pro-poor health programs) and support the agency's day-to-day gaming operations nationwide.

## 3. Management initiatives for gaming

### ➤ More Branch Offices

From only 25 Provincial District Offices (PDOs) in 2011, PCSO added five (5) new Branch Offices yearly from 2012-2013.

By 2014, PCSO have 42 Branch Offices with the addition of the following: Ilocos Norte (1/29/14); Capiz (1/17/14); Bukidnon (3/24/14); Oriental Mindoro (7/21/14); Aklan (9/18/14); Zamboanga del Norte (10/20/14); Marinduque (11/24/14).

PCSO's business expansion is part of the agency's strategic measure to penetrate and develop new niche markets in the peripheries. More importantly, PCSO's presence in major Cities and Provinces is a way to make its medical, hospital and social services more accessible to indigent Filipinos.



**Left photo:** Opening of PCSO Dipolog Branch Office.

**Upper right photo:** Opening of PCSO Aklan Branch Offices

**Middle right photo:** Blessing ceremonies of the relocated PCSO Benguet Branch Office. (L-R): AGM Lisa M. Gabuyo; GM Jose Ferdinand M. Rojas II; Directors: Francisco G. Joaquin III, Mabel V. Mamba, Betty B. Nantes and AGM Conrado C. Zaballa.

**Lower right photo:** Opening of PCSO Malaybalay, Bukidnon Branch Office.

### ➤ More partners (RETAILERS)

In 2014, PCSO had 9,078 Lotto outlets (partner-retailers) nationwide after some 1,147 new outlets were installed. On the other hand, there were 1,214 newly installed Lotto Express (KENO) outlets in the same period.



Aligned with the Aquino Government's job generation program, we are happy to report that PCSO provided job opportunities for 10,292 partner-retailers for its on-line lottery games and KENO, excluding the 170,000 personnel that are directly and indirectly employed by STL agent corporations nationwide.

Efforts are underway to further improve and expand the agency's marketing and sales channels to sustain PCSO's fund generation activities for pro-poor health and medical services;

### ➤ LGU partnership for rent free Branch Offices

As part of PCSO's profitability measures, the agency resorted to engaging various LGUs to provide rent free offices or provide lots (thru usufruct) to house newly opened Branch Offices. By year end, this scheme saved PCSO P2,600,000.00 in rental fees in addition to making partner LGUs as stakeholders in the promotion of PCSO's goodwill in said localities.

### ➤ Introduction of PCSO's newest game - "Peryahan"

*Peryahan* was launched on experimental run in June 2014. Its business potential is making steam with the expansion of kiosks in major urban city/provinces nationwide such that by December 31, 2014, PCSO has *Peryahan* Games Central Lottery System Remote Access Management Terminal (RAMT) in eight (8) locations - *Butuan City, Agusan del Norte; General Santos City, South Cotabato; Davao City, Davao del Sur; Cubao, Quezon City; Antipolo City, Rizal; Bacolod City, Negros Occidental; Baclayon, Bohol; Laoac, Pangasinan and Butuan City, Agusan Del Norte* - to ensure quality control. *Peryahan* replaced Bingo Milyonaryo which ceased operations last November 2014.

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*Peryahan Draw Center located at Nautical Hiway, Lumangbayan, Calapan City, Oriental Mindoro.*

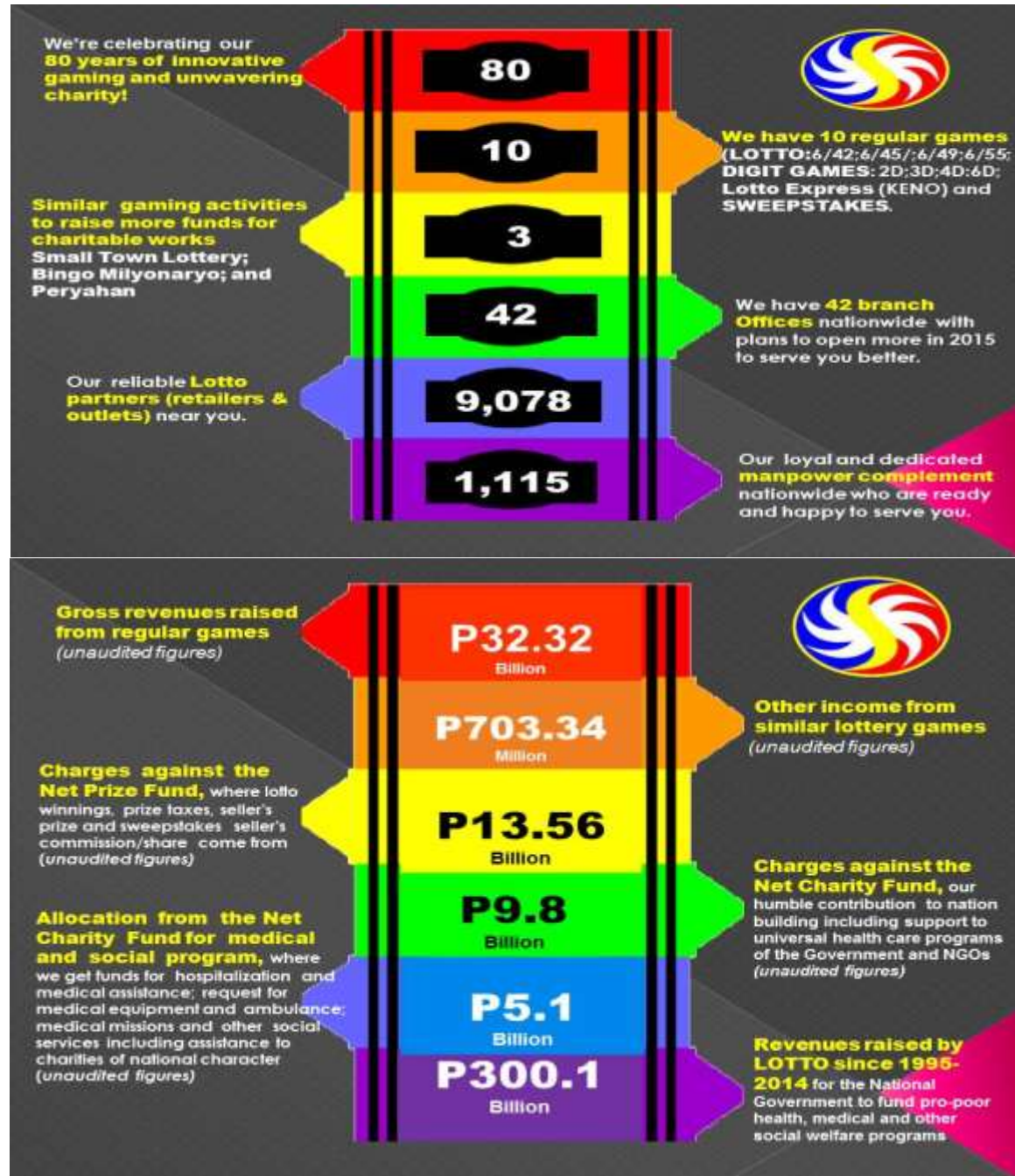


### ➤ Other gaming initiatives

- Implementation of the simplified Agency Agreement for Lotto and Lotto Express;
- Approval of the Revised Implementing Rules and Regulations (RIRR) governing the conduct and operations of the Philippine On-line Lottery Lotto/Lotto Express;
- Consistent with the agency's thrust to give preference to government agency to government agency contracts, all Lotto and Lotto Express surety bond coverage were required to patronize over private insurance companies. As a result, surety bonds became less costly for PCSO agents (retailers) from P7,000.00 (private insurance companies) to P5,600.00 (GSIS insurance coverage).



## OPERATIONAL HIGHLIGHTS



## B. Nation building: Sustained fund provision for medical, charity and social services including charities of national character

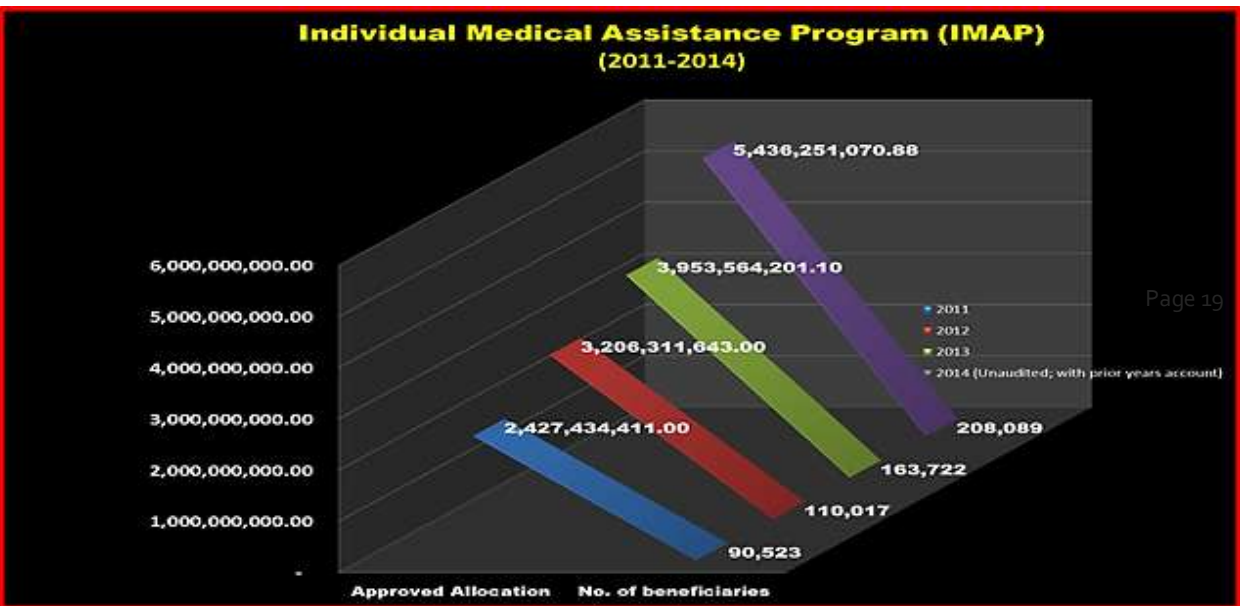
The agency's fund provision and/or augmentation for health and welfare programs and charities of national character is mandated under RA 1169, as amended and aligned with the pro-poor universal healthcare programs of the National Government.

In 2014, the Philippine Charity Sweepstakes Office allocated P9,839,841,182.09 for its Charity Services.

### 1. Individual Medical Assistance Program (IMAP)

Individual Medical Assistance Program (IMAP) aims to provide financial assistance to indigent individual patients through the issuance of guarantee letters (GL) addressed to hospitals, diagnostic laboratories, pharmacies and other health care facilities. The program covers the cost of hospitalization, medicines, medical supplies, diagnostic procedures, chemotherapy drugs, dialysis, hearing aid/implant, implants or prosthesis and other medical needs.

In 2014, Individual Medical Assistance Program (IMAP), took 52.57% of the net retail receipts allocation from the Charity Fund in the amount of P5,173,674,534.64. However, by December 31, 2014, actual approved allocation for IMAP guarantee letters to hospitals (*i.e., financial assistance*



for hospitalization, laboratory, surgery, and the like) reached P5,436,251,070.88.

This figure translates to 37% increase in IMAP fund allocation compared to only P3,953,564,201.10 in the previous year including a significant 27% increase in the number of beneficiaries served from 163,722 (2013) to 208,089 in 2014.

Despite the 30.66% four (4) years [2011-2014] average increase in IMAP approved allocation, PCSO observed a significant increase in the number of IMAP requests since 2013. The spike in the number of IMAP applications may be attributed to: (1) successive natural calamities that hit the country in 2013-2014; and (2) stoppage of financial assistance for health and medical needs mostly funded by Congressional Offices after the Supreme Court's adverse decision on the Development Acceleration

Program & Priority Development Assistance Fund.



PCSO funds successful liver transplant. - Vice-Chairman and General Manager Jose Ferdinand M. Rojas II (left) feeds David de Luna of Lucena City (center) after his successful liver transplant operation at the Medical City Hospital in Mandaluyong City. (Photo: J. Muego)





*Indigents patiently wait in line to seek financial assistance for various medical and hospital needs at the PCSO Extension Office at the Lung Center of the Philippines in Quezon City, Metro Manila. The agency welcomes walk-in requests for medical assistance in all its offices nationwide from 8:00am-5:00pm, Mondays –Fridays.*

## 2. Documentary Stamp Taxes and LGUs share from PCSO's gaming activities

PCSO remitted to the Bureau of Internal Revenue 32.87% of the net retail receipts allocation for Charity Fund for documentary stamp taxes (DST)<sup>xxiv</sup> in the amount of P3,234,462,190.30.

Similarly, around 6.42% of the Charity Fund was allocated as LGUs share<sup>xxv</sup> from the conduct of lotteries in the amount of P 631,397,061.96. This amount is intended to augment scarce Internal Revenue Allotment

(IRA) of Local Government Units for health and medical welfare programs.

## 3. Contributions to Education and Social Housing for the poor

In support of the State's developmental goal to make quality tertiary education accessible to the poorest of the poor, the agency allocated P295,199,491.90 (approximately 3% of the Charity Fund) in favor of the Commission on Higher Education (CHED)<sup>xxvi</sup> with the hope that it will enable more Filipino youth to avail themselves of college education under the "study now, pay later" program, and ultimately, become productive members of the society. Likewise, PCSO earmarked P40,000,000.00 (.406% of the Net Charity Fund) to augment funds for the Comprehensive and Integrated Shelter and Urban Development Financing Program (National Shelter Program)<sup>xxvii</sup> in 2014 respectively.

## 4. Aid during national calamities

The Philippines is visited, on the average, by 20 storms per year. Due to global climate change, the severity of storms and susceptibility of highly urbanized areas to floodings including landslides in rural areas are on the rise. Notwithstanding the Government's appropriation of billions for disaster relief and rehabilitation, until the first half of 2014, the lingering effects of super typhoon "Yolanda" can still be felt. For this period, the National Economic Development Authority ((NEDA) reported an increase in subsistence poverty,

unemployment and/or underemployment in urban and rural areas directly affected by the typhoon.

In the second half of 2014, strong typhoons- *Glenda*, *Ruby*, *Seniang*- also visited the country. Mindful that disaster response will cause a big dent in the National Government's resources, PCSO took initiative to provide water, rice, essential medicines and survival kits for calamity affected areas such that by December 31, 2014, PCSO has approved the allocation of P 114,828,466.37 for aids to national calamities (1.16% of the Net Charity Fund).



*Top photo: PCSO and LGU officials of Eastern Samar witness the turn-over of financial assistance for the poor fisher folks in the Province.*

*Bottom photo: The agency also sent and distributed relief goods in Eastern Samar; and donated a ½ ton water filtration machine for the Provincial Hospital of Eastern Samar and the City of Tacloban respectively..*



## 5. PCSO Charity Clinic

Around P108,607,251.69 (1.10% of the Net Charity Fund) was allocated to maintain PCSO's diagnostic laboratory, dental clinic and buy medicines for walk-in indigent clientele seeking dental and/or medical attention at the PCSO Lung Center Extension Office.

From this fund, the agency also conducted medical and dental missions all over the country for the benefit of 16,701 indigents.

Further, PCSO aids in the procurement of medicines and various medical apparatus for barangays under its primary health care capability program including medical equipment for hospitals with charity wards.

**WE CARE.** PCSO is committed in making basic health care accessible to all. Beyond winnings, each time you buy our products, you help us provide funds to help indigent patients pay for their hospital needs, procure medical equipment and ambulance units; and more importantly, conduct medical/dental missions nationwide.





## 6. Other Health & Welfare Programs

### ➤ Hospital Endowment Fund



By December 31, 2014, PCSO was supporting indigent patients in sixty three (63) government hospitals [10 Department of Health hospitals and 53 local government units (LGUs) run hospitals] with an approved allocation of P66,200,000.00.

This translates to 133% increase in funding compared to 2013 figures in the amount of P28,300,000.00; and additional 45 partner hospitals on top of the 18 partner hospitals in 2013.

### ➤ Institutional Partnership

PCSO also supported charities of national character by allocating P13,049,575.00. These charity organization are engaged in the promotion of accessible health care and assistance to marginalized sectors of the society: *Abiertas House of Friendship, Inc.; Daughters of Mary Providence Sacred Heart Center; Asilo de San Vicente de Paul; Friendship Home Fr. Luis Amigo; Golden Reception and Action Center for the Elderly and Other Special Cases; Manila Youth Reception Center; Philippine Band of Mercy; Kaisahang*

*Buhay Foundation, Inc.; Camillan Sisters – Bahay Kanlungan ni Maria Domenica, Inc.; Kanlungan ni Maria – Home for the Aged, Inc.; Cottolengo Filipino, Inc.; Madre de Amor Hospice Foundation, Inc.; Ladies of Charity – AIC Phils., Inc.; Bacolod Boys Home Foundation, Inc.; Asilo de Molo, Inc.; Foundation of Balay Pasilungan, Inc.; Por Cristo Foundation, Inc.; etc.*

PCSO helps marginalized groups ...

REGION	NO. OF HOSPITALS	APPROVED AMOUNT OF ENDOWMENT FUND (PHP)
• NCR	11	21,900,000.00
• CAR	2	4,000,000.00
• Region 1	6	1,900,000.00
• Region 3	5	5,000,000.00
• Region 4	10	6,100,000.00
• Region 5	4	3,300,000.00
• Region 6	2	1,800,000.00
• Region 7	4	4,500,000.00
• Region 9	2	1,500,000.00
• Region 10	5	3,800,000.00
• Region 11	1	2,500,000.00
• Region 12	2	2,000,000.00
• CARAGA	5	4,800,000.00
• ARMM	4	2,100,000.00
<b>TOTAL</b>	<b>63</b>	<b>66,200,000.00</b>



### ➤ Ambulance donation program



Dubbed as *Charity on Wheels*, the ambulance donation program aims to make PCSO's health care services reach the peripheries of the nation. The present Board took initiative to rationalize the program by introducing: 1) 100% donation scheme for 4th-7th class Local Government Units (LGUs) considering that they have meager internal revenue allotment (IRA) to procure ambulance units in far-flung rural areas; and 2) 60% donation (PCSO funded) and 40% (LGU funded) for 1st-3rd class cities and municipalities. Some worthy socio-civic organizations engaged in nationwide charitable and medical services are qualified to apply under the Ambulance Donation Program.

Further, in October 2014, PCSO initiated the procurement of seven hundred (700) ambulance units for distribution to LGUs, governmental (GOs) and non-governmental organizations (NGOs) nationwide. Pending the consummation of the procurement process for the 700 units of ambulance, the

agency released three (3) ambulance units and allocated P3,109,922.43 from the Net Charity Fund for this purpose.

### ➤ Burial Assistance and Miscellaneous Expenses

PCSO provided burial assistance to the poorest of the poor in the amount of P906,500.00 including P10,592.50 for miscellaneous charity expenses by December 31, 2014.

### C. PCSO 80<sup>th</sup> founding anniversary

For officers and employees, the highlight of the year was PCSO's 80th anniversary celebration with the theme, "Abiding Charity through Innovative Gaming".

The highlights of this year's anniversary celebration were the following: (1) Thanksgiving mass; (2) Simultaneous medical/dental missions nationwide; (3) Family day for employees; and (4) An evening of nostalgia, fun, recognition and appreciation for officers and employees who spent their most productive years in the service of PCSO at Crowne Plaza Hotel (Ortigas) last October 27, 2014.

Our 80th anniversary celebration is a year-long nationwide fun-filled activity. Officers and employees were also pleased when PCSO Board Members and Executive Officers made visit to promote goodwill, camaraderie and at the same time conduct site inspections in Branch Offices to check on employee's needs and determine how to improve PCSO services in said localities more.

## PCSO's 80 years old!





## D. 2014 Performance Agreement Negotiation (Agency Targets) with the Governance Commission for GOCCs



Consistent with the Government's Medium Term Development Plan (MTDP) for 2011-2016, specifically poverty alleviation thru the promotion of universal health care programs, the Governance Commission for GOCCs (GCG) has approved the following agency targets for PCSO for the year 2014:

### 1. Revenue generation

- Increase in number of PCSO Branch Offices (Target: plus 7 from 35 branch offices in 2013): **100% ACCOMPLISHED** with the opening of 42<sup>nd</sup> Branch Office;
- Increase in number of retailers (Target: 8,900 outlets): **100% ACCOMPLISHED** with 9,070 outlets by December 31, 2014;
- Revenue (Target: P34.5 Billion): **93.69% ACCOMPLISHED** with P32.32 Billion raised for the Government;

### 2. Health Services & Charities

- Amount allocated for health services and IMAP (target: P4.5 Billion); **100% ACCOMPLISHED.**
- Timeliness in providing medical and/or financial assistance:
  - Chemotherapy (within 21 days): **100% ACCOMPLISHED**
  - For discharge (within the same day): **100% ACCOMPLISHED**
  - Financial assistance below P100 Thousand (within 4 days): **98.41% ACCOMPLISHED**
  - Financial assistance above P100 Thousand (within 5 days): **89.71% ACCOMPLISHED**
- Number of ambulance units released (Target: 500 units released by December 31, 2014); **0.04% ACCOMPLISHED**

*Note: Due to causes beyond PCSO's control, the procurement and delivery of 700 ambulance units did not materialize by the end of the year due to strict observance with the Government Procurement Reform Law (RA 9184) and incessant appeals from the losing bidder. This item is now pending appeal with the GCG.*

- Number of Capability-Building Packages (CBPs) distributed to Rural health Units (RHUs) and Barangay Health Centers (BHCs) nationwide (Target 250 CBPs distributed): **0% ACCOMPLISHED**

*Note: PCSO offered a similar program in 2014 (Rural Primary Health Care Capability Building Project); and the strict observance with RA9184 (Government Procurement Reform Law (RA 9184) contributed to the delay in the delivery and distribution of these packages within 2014. This item is pending appeal with the GCG.*

- Raising AFP/PNP Hospital equipment to DOH standards (Target: 1 PNP Hospital and 4 AFP Hospitals); **0% ACCOMPLISHED**

*Note: Due to causes beyond PCSO's control, the procurement and delivery of medical equipment for PNP/AFP Hospitals were delayed pending release of hospital equipment specifications from the Department of Health (DOH). This item is pending appeal with the GCG.*

### 3. General Administrative and Support Services (GAS)

- Computerization of processes and procedure [Target: Public bidding and test-run of Computerized Accounting System (CAS) and Human Resource Information System (HRIS)]; **100% ACCOMPLISHED**- CAS and HRIS procured and training started in 2014;
- Manualization of core business processes (Target: Completion of Manual of Operations of all PCSO Offices and Departments); **100% ACCOMPLISHED** - Manual of Operations, approved by the Board and implemented in 2014.

## BUSINESS FRAMEWORK & GOOD GOVERNANCE COMPLIANCE<sup>xxviii</sup>

### POLICY STATEMENT:

The Philippine Charity Sweepstakes Office (PCSO), a government owned and controlled corporation created and existing under Republic Act No. 1169, as amended, plays a significant tool in economic development in that its gaming activities are imbued with public interest. For this reason, the agency shall be governed with the highest degree of professionalism, ethical standards, transparency and accountability.

### ADMINISTRATIVE SUPERVISION AND CONTROL; SOCIAL FUNCTION:

The administrative supervision and control of PCSO is lodged with the Office of the President under Executive Order No. 19, series 2010.

With the passage of Republic Act No. 10149 (GOCC Governance Act of 2011), the Governance Commission for GOCCs (GCG) exercises over-sight functions over PCSO. As such, the GCG shall have authority to formulate, implement and coordinate policies to align PCSO's business performance, projects and program with the Medium Term Development Plan (MTDP) for 2011-2016 of the National Government.

**Fiduciaries of the State.** The Philippine Charity Sweepstakes Office's Board of Directors (left to right): Director Florencio Gabriel "Bem" G. Noel; Vice Chairman and General Manager Jose Ferdinand M. Rojas II; Chairman of the Board of Directors Erineo "Ayong" S. Maliksi; and Directors: Betty B. Nantes, Mabel V. Mamba and Francisco G. Joaquin III.



To this end, the GCG categorized PCSO as a *sui generis* government-owned and controlled corporation engaged in gaming with social impact in *poverty alleviation*, specifically, promotion of universal health care. This means that PCSO holds and conducts gaming to fund, sustain and at most, expand the Government's priority health reform program for Filipinos especially the poor and marginalized sector of the society.

### GOVERNANCE FRAMEWORK:

#### 1. The role of the Board of Directors

**a. Fit and Proper.** - All members of the Board, the General Manager and other officers of the agency shall be qualified by the fit and proper rule which will

be adopted and implemented in consultation and coordination with the relevant government agencies to which PCSO is attached and shall include by reference the qualifications expressly provided for in the PCSO Charter including applicable laws, rules and regulation. In determining whether an individual is fit and proper to hold the position of an Appointive Director, General Manager or Officer of the PCSO, due regard shall be given to one's integrity, experience, education, training and competence.

**b. Board Directly Vested with Corporate Powers.** - Having been vested directly by law with the legal capacity and authority to exercise all corporate powers, conduct all the business, and to hold all the properties of the PCSO, the Governing Board is primarily responsible for the governance of the PCSO. Consequently, it is the Board and not Management that is primarily accountable to the State for the operations and performance of the agency.

**c. Proper selection and independent check on Management.** - Concomitant with the power to elect from among their ranks the General Manager or confirm the respective appointment of

any and all PCSO officers and employees, the PCSO Governing Board shall ensure that they elect and/or confirm the appointment of officers and personnel who are fit and proper for such positions with due regard to their respective competence, experience, integrity and such other qualifications. The Board is therefore obliged to provide an independent check on Management.

**d. Mandate and Responsibility for PCSO's Performance** Although the day-to-day management of the affairs of the PCSO may be with Management, the Board is, however, responsible for providing policy directions, monitoring and overseeing Management actions including compliance with relevant legislation, rules and regulations. These mandated functions and responsibilities include the following:

- Provide the corporate leadership of the PCSO subject to the rule of law, and the objectives set by the National Government through supervising agencies specifically, the GCG;
- Establish the PCSO'S vision and mission, strategic objectives, policies and procedures, as well as defining

the PCSO'S values and standards thru:

- Charter Statements;;
- Strategy Maps; and
- Other control mechanism mandated by best business practices;
- Determine important policies that bear on the character of the PCSO to foster its long-term success, ensure its long-term viability and strength, and secure its sustained competitiveness;
- Determine the organizational structure of the PCSO, define the duties and responsibilities of its officers and employees and adopt a compensation and benefit scheme that is consistent with the PCSO Compensation and Position Classification System (CPCS) developed by GCG and formally approved by the President of the Philippines;
- Ensure that personnel selection and promotion shall be on the basis of merit and fitness and that all personnel action shall be in pursuit of the applicable laws, rules and regulations;
- Provide sound written policies and strategic guidelines on PCSO's operating budget and major capital expenditures and prepare the agency's annual budget

and if necessary, its supplemental budget;

- Comply with all reportorial requirements, as required by the GCG and other authorities including applicable laws, rules and regulation;
- Formally adopt and conduct regular performance evaluation in a manner and in such form as may be prescribed by supervising authorities, performance scorecard including timely and accurate reports to the GCG; and
- Ensure the fair and equitable treatment of all officers, employees and clients.



*Chairman Erineo S. Maliksi gives a short speech during the flag-raising ceremony at the PCSO Head Office in Mandaluyong City, Metro Manila. He called on all officers and employees to work together in improving the front-line services and support efforts to improve revenue generation programs of the agency.*



## 2. The role of Management:

- The Management shall decide and be responsible for the day to day operations of PCSO;
- It shall determine the corporate and gaming activities of PCSO by executing and/or implementing the policies and achieving the strategic directions/targets/goals set by the Board of Directors;
- It shall also be responsible to the Board for implementing the infrastructure for the success of PCSO through the following mechanisms in its organization as set by the Board:
  - (a) Organizational structures that will work in an effective and efficient manner in attaining the goals of PCSO;
  - (b) Utilization of planning, control, and risk management systems that shall assess risk on an integrated cross-functional approach;
  - (c) Information systems that are defined and aligned with an information technology strategy and the business goals of PCSO; and
  - (d) Institute a succession plan for key positions.

- Accountability of Management to the Board.- Management shall be primarily and directly accountable to the Board for the day to day operations of PCSO including its performance, position, undertakings and activities.

*Vice Chairman and General Manager Jose Ferdinand M. Rojas II enjoying a light moment with the PCSO Managers and Assistant General Managers .*



### OPERATIONAL FRAMEWORK:

The over-all operational objectives of PCSO shall be (1) sustained **FUND GENERATION** thru the holding and conduct of sweepstakes horse races, lotteries and similar activities; and (2) effective and efficient **FUND PROVISION** for pro-poor health and medical services including support for charities of national character. To these end, the agency shall observe the following:

## 1. Transparency in all dealings

DBM National Budget Circular 542, issued by the Department of Budget and Management on August 29, 2012, reiterates compliance with Section 93 of the General Appropriations Act of FY 2012, as follows:

*Sec. 93. Transparency Seal. To enhance transparency and enforce accountability, all national government agencies shall maintain a transparency seal on their official websites. The transparency seal shall contain the following information: (i) the agency's mandates and functions, names of its officials with their position and designation, and contact information; (ii) annual reports, as required under National Budget Circular Nos. 507 and 507-A dated January 31, 2007 and June 12, 2007, respectively, for the last three (3) years; (iii) their respective approved budgets and corresponding targets immediately upon approval of this Act; (iv) major programs and projects categorized in accordance with the five key results areas under E.O. No. 43, s. 2011; (v) the program/projects beneficiaries as identified in the applicable special provisions; (vi) status of implementation and program/project evaluation and/or assessment reports; and (vii) annual procurement plan, contracts awarded and the name of contractors/suppliers/consultants.*

*The respective heads of the agencies shall be responsible for ensuring compliance with this section.*

Accordingly, PCSO shall disclose to the public under its transparency seal at [www.pcsso.gov.ph](http://www.pcsso.gov.ph) , the following:

### • Compliance with Section 43, GCG Memorandum Circular 2012-07:

- a. On Institutional Matters. —

- Latest version of the PCSO Charter; and
- Annual Government Corporate Information Sheet (GCIS).
- b. On the Board and Officers. —
  - Complete listing of the members of the Board and executive officers with attached resume, and their membership in Board Committees;
  - Report on salaries and allowances (ROSA)— Complete compensation package of the Board and all executive officers, including travel, representation, transportation and any other form of allowances;
  - Information on Board Committees and their activities; and
  - Attendance record of Board members in Board and Committee meetings.
- c. On financial & Operational Matters. -
  - Latest annual Audited Financial and Performance report within thirty (30) days from receipt of such report;
  - Audited financial Statements in the immediate past three (3) years;
  - Annual Reports or Operational Highlights (accomplishments), if any;
  - Annual Corporate Operating Budget;
  - Local and foreign borrowings, if any;
- Government subsidies and net lending, if any;<sup>1</sup>
- Any material risk factors and measures taken to manage such risks as stated above (Risk Management Plan); and
- Performance Evaluation System.
- d. On Governance Matters. —
  - Charter Statement and Mission - Vision Statements;
  - Performance Scorecards (Balanced Score Card) and Strategy Map;
  - Latest Organizational Chart;
  - Corporate Social Responsibility (CSR) Statement;
  - No gift policy;
  - Adoption of a system to report and properly account how the GOCC has served its mandate and legitimate purposes.

## 2. Compliance and monitoring system

PCSO adopts an Integrated Corporate Reporting System (ICRS) which provide for proper, timely rendition and accounting on how the PCSO has served its mandate under RA 1169, as amended and other legitimate purposes.

The ICRS shall have the following components:

- a. *GOCC Monitoring System (GMS)*, which pertains to the financial information about PCSO, such as but not limited to financial statements and corporate operating budgets; and
- b. *GOCC Leadership Management System (GLMS)*, which pertains to non-financial information regarding the PCSO's profile, such as but not limited to the latest version of the charter, performance score cards, and organizational structures. It also includes information on incumbent Directors.

## 3. Corporate Social Responsibility

PCSO is engaged in gaming for public good. The agency's holding and conduct of State run lotteries is imbued with public interest in that the revenues raised there from shall be used to provide funds for priority health and welfare reforms and programs of the National Government to alleviate poverty.

To this end, PCSO shall undertake to:

- (1) Institutionalize and continuously improve its responsible gaming practices to protect and promote the interest of the Government and its stakeholders; and
- (2) The Board including PCSO officers and employees shall at all times, demonstrate equal treatment,

<sup>1</sup> Not applicable to PCSO

unbiased professionalism and non-discriminatory actions in the performance of their duties and functions.

#### 4. Strict no acceptance/ solicitation of gift (No gift policy)

"It is the policy of the State to promote a high standard of ethics in public service. Public officials and employees shall at all times be accountable to the people and shall discharge their duties with utmost responsibility, integrity, competence and loyalty, act with patriotism and justice, lead modest lives, and uphold public interest over personal interest." (Section 2, RA 6713)

To this end, PCSO shall adopt and implement a **"no gift policy"** in that the solicitation and acceptance of gifts by reason or in consideration of the discharge of duty or function of any officer, employee including the Board of Directors shall be considered as conflict of interest and hence, prohibited.

#### 5. Whistle Blowing Policy

PCSO adopts the whistle blowing policy and guidelines under GCG Memorandum Circular No. 2014-04 to enable any concerned individual to report and provided information, anonymously if he/she wishes, and even to testify on matters involving actions or omission of the Directors, Officers

and Employees of PCSO, that are illegal, unethical, violate good governance principles, are against public policy and morals, promote unsound and unhealthy business practices or grossly disadvantageous to PCSO and/or the Government. The acts and omissions under the following laws, rules and regulation are reportable conditions and shall be deemed as serious and sensitive in character, with considerable impact on PCSO in particular, or the GOCC Sector in general, as to warrant action under this policy. To wit,

- R.A. No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees);
- R.A. No. 3019 (Anti-Graft and Corrupt Practices Act);
- R.A. No. 7080 (The Plunder Law);
- Book II, Title VII, Crimes Committed by Public Officers, The Revised Penal Code;
- Executive Order No. 292, series of 1987 (Administrative Code of 1987);
- R.A. No. 10149 (GOCC Governance Act of 2011);
- R.A. No. 9184 and its IRR (Government Procurement Reform Law);
- GCG MC No. 2012-05 (Fit and Proper Rule);
- GCG MC No. 2012-06 (*Ownership and Operating Manual Governing the GOCC Sector*);
- GCG MC No. 2012-07 (Code of Corporate Governance for GOCCs);
- Violation of RA 1169, as amended (PCSO Charter);

- Other GCG Circulars and Orders; and
- All applicable laws, rules and regulation.

All whistle blowing reports (WR) shall state specific condition/s, action/s, and/or omission/s being complained about, as well as the corresponding laws, rules and regulation allegedly violated. If possible, documentary and other documents in support of the WR must be submitted to the GCG.

#### 6. Strategic Performance Management System (SPMS)

The success and attainment of PCSO's mission and targets shall be the shared responsibility of the Board, Management and all officers and employees of PCSO. For this reason, PCSO shall adopt and implement a target-based performance evaluation system for all its officers and employees in the first to second level, regardless of rank or status.

Consistent with Civil Service Commission (CSC) Memorandum Circular No. 6, series of 2012, the PCSO Strategic Performance Management System (SPMS) shall be adopted and implemented by January 2015. The SPMS aims to align individual performance towards the attainment of the agency's mission, performance targets and commitments with the GCG and other oversight bodies. The SPMS shall likewise be the basis of officers and employees promotion including entitlement to



Performance Based Bonus (PBB) and other incentives.

## 7. Stakeholders' relation

Consistent with the World Lottery Association (WLA) corporate social responsibility policy and communication standards for lottery organization, including PCSO's mandate under Section 1, RA 1169, as amended (Charter), the Board of Directors and Management shall observe the following hierarchy of stakeholders:

- (1) The Government;
- (2) Gaming Public (Players);
- (3) Charity and Social Services Beneficiaries;
- (4) PCSO Workforce;
- (5) Retailers (Agents/Distributors);
- (6) Suppliers/Service Providers; and
- (7) Oversight/ Regulatory Authorities;

Provided, that in resolving conflict of interest by, between and among each category of stakeholders, the Government's interest and exercise of ownership over the PCSO shall, at all instance, be preferred, promoted and protected.

## 8. Continuous improvement of products and services thru provision for customer and/or stakeholder feedback mechanism

The primary business of PCSO is gaming for public good. It is therefore critical to interact and communicate with customers to get the sense of what they want and if the products and/or services *provided* by PCSO met their expectations and/or needs. The more frequent, valuable, and genuine the agency's interactions and communications are, the more trust PCSO will build with its potential and existing client base.

## 9. Adoption of Strategy Map and Balanced Score Card to chart and monitor agency performance

PCSO adopts Kaplan and Norton's strategic planning and management system. This business model uses the balanced scorecard approach in plotting and making clear the agency's strategic corporate direction or targets on four (4) key result areas: Financial Perspective, Customer Perspective, Internal Process Perspective and Learning and Growth Perspective, as follows:

(1) Financial perspective - expansion of branch offices, increase in the number of existing individual and corporate agents, retailers and distributors, introduction of new games

(2) and new marketing channel/s - or revenue enhancement;

(3) Customer perspective- management, retention and feedback mechanism for stakeholders;

(3) Internal process perspective - Human Resource Information System (HRIS), Computerized Accounting System (CAS) to link the day to day operations between the Head Office, Extension Offices and all Branch Offices; and

(4) Learning and Growth perspective - Target based strategic training plan; and the Strategic Performance Management System (SPMS) as management's initiative to develop the core competencies of its workforce and tool in evaluating and monitoring unit and individual performance.



Policy formulation during regular Board meetings and policy review and monitoring during Board Committee meetings



Contract signing with partner hospitals

**PCSO's  
ambassadors of  
goodwill in  
action...**



Release of financial assistance to partner hospitals



Ground breaking ceremony (PCSO's permanent office)



Token of recognition from civic organizations



Turn-over of ambulance unit to partner LGUs/civic organizations



Release of assistance to socio-civic groups



Opening of new PCSO Branch Offices.

## FINANCIAL STATEMENTS AS OF DECEMBER 31, 2014 (UNAUDITED)

PHILIPPINE CHARITY SWEEPSTAKES OFFICE STATEMENT OF FINANCIAL POSITION As of DECEMBER 31, 2014	
A S S E T S	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents (Sch. 1)	13,396,198,220.02
Short term investments (Sch. 2)	283,214,813.09
Receivables - net	717,163,696.29
Inventories (Sch. 3)	101,824,136.79
Prepayments	24,873,608.60
Other current assets	29,365,198.55
<b>Total Current Assets</b>	<b>14,538,880,546.34</b>
<b>NON-CURRENT ASSETS</b>	
Held to maturity investments	3,325,694,692.49
Property, plant and equipment - net (Sch. 4)	1,067,898,499.54
Other assets (Sch. 5)	435,315,356.09
<b>Total Non-Current Assets</b>	<b>4,827,898,498.09</b>
<b>TOTAL ASSETS</b>	<b>19,367,588,036.62</b>
LIABILITIES AND EQUITY	
<b>CURRENT LIABILITIES</b>	
Accounts payable	5,783,153,675.12
Inter-agency payables	2,815,211,790.58
Intra-Agency payables	3,063,445,226.05
Other current liability	479,870,532.91
<b>Total Current Liabilities</b>	<b>11,879,881,326.66</b>
<b>DEFERRED CREDITS</b>	<b>17,408,681.59</b>
<b>TOTAL LIABILITIES</b>	<b>11,896,199,708.25</b>
<b>EQUITY</b>	
Retained Capital - Appropriation for Building Construction	2,000,000,000.00
Appropriated Capital Stock	763,612,571.45
Accumulated Surplus/(Deficit)-Sch. 6	4,708,424,756.92
<b>Total Equity</b>	<b>7,471,637,330.37</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>19,367,588,036.62</b>

Certified Correct:

*Dorothy C. Robles*  
DOROTHY C. ROBLES  
OIC-Manager  
Accounting and Budget Department

Noted by:

*Mercedes J. Hinayon*  
MERCEDES J. HINAYON  
OIC-AGM for MANAGEMENT SERVICES

PHILIPPINE CHARITY SWEEPSTAKES OFFICE  
STATEMENT OF ACCUMULATED SURPLUS/(DEFICIT)  
AS OF DECEMBER 31, 2014

Schedule 6

Beginning Balance, January 01, 2014	P	2,634,507,175.42
ADJUSTMENTS:		
Prior year's adjustments		(5,447,823.47)
Adjusted Beginning Balance, January 01, 2014	P	2,629,059,351.95
Add: Unutilized Operating Fund		3,279,365,406.97
Balance		5,908,424,758.92
Less: Appropriation for Building Construction		1,200,000,000.00
Ending Balance, December 31, 2014	P	4,708,424,758.92

Certified Correct as per Accounting Records:

*Dorothy C. Robles*  
DOROTHY C. ROBLES  
OIC-DM- Accounting and Budget Department

NOTED BY:


*Mercedes J. Hinayon*  
MERCEDES J. HINAYON  
OIC-AGM for MANAGEMENT SERVICES



PHILIPPINE CHARITY SWEEPSTAKES OFFICE  
OPERATING FUND UTILIZATION STATEMENT  
FOR THE PERIOD ENDED DECEMBER 31, 2014

<b>RETAIL RECEIPTS</b>	
SWEEPSTAKES	50,000,000.00
KENO	2,754,490,840.00
LOTTO	29,519,949,190.00
<b>TOTAL RETAIL RECEIPTS</b>	<b>32,324,440,030.00</b>
<b>TOTAL RETAIL RECEIPTS</b>	<b>32,324,440,030.00</b>
LESS: 2% Printing Cost	646,488,800.60
<b>NET RECEIPTS</b>	<b>31,677,951,229.40</b>
Operating Fund (15% of Net Receipts)	4,751,692,684.41
Add: Other Operating Funds	
2% Printing Cost	646,488,800.60
Printing Cost-STL	95,908,869.73
Printing Cost-Peryahan	96,459.03
Bingo Milyonaryo	4,835,284.49
Share from STL	225,271,391.65
Share from Peryahan	265,816.60
Interest Income	35,861,434.58
Foreign Exchange Differential	1,502,237.84
Sources of Funds other than the 15% Operating Fund (Sch. 1)	58,905,229.21
<b>TOTAL OPERATING FUND</b>	<b>5,820,628,208.14</b>
Less: Operating Expenses	
Personal Services (Sch. 2)	1,050,859,446.00
Maintenance and Other Operating Expense (Sch. 3)	1,201,528,934.98
Printing Expenses (Sch. 4)	288,674,420.19
<b>TOTAL OPERATING EXPENSES</b>	<b>2,541,262,801.17</b>
<b>UNUTILIZED OPERATING FUND, DECEMBER 31, 2014</b>	<b>3,279,365,406.97</b>

Certified Correct as per Accounting Records:

  
DOROTHY C. ROBLES  
OIC-OM- Accounting and Budget Department

NOTED BY:

  
MERCEDES J. HINAYON  
OIC-ADM for MANAGEMENT SERVICES

PHILIPPINE CHARITY SWEEPSTAKES OFFICE  
CHARITY FUND UTILIZATION STATEMENT  
AS OF DECEMBER 31, 2014

<b>RETAIL RECEIPTS</b>	
SWEEPSTAKES	50,000,000.00
KENO	2,754,490,840.00
LOTTO	29,519,949,190.00
<b>TOTAL RETAIL RECEIPTS</b>	<b>32,324,440,030.00</b>
LESS: 2% Printing Cost	646,488,800.60
<b>NET RECEIPTS</b>	<b>31,677,951,229.40</b>
Charity Fund (30% of Net Receipts)	9,503,385,388.84
LESS: Equipment Rentals and Maintenance	1,022,762,559.39
<b>NET CHARITY FUND</b>	<b>8,480,622,809.45</b>
<b>ADD: OTHER SOURCES OF CHARITY FUNDS</b>	
Bingo Milyonaryo	25,231,674.74
Peryahan	951,602.59
Share from STL	330,917,096.39
Provincial Share	11,053,678.58
Scratch It	116,071,428.59
Gain on Foreign Exchange	3,004,475.88
Interest Income (net of tax)	74,010,116.51
<b>TOTAL CHARITY FUND</b>	<b>9,041,862,882.44</b>
<b>LESS: EXPENSES AND CHARGES TO CHARITY FUND</b>	
Share of Local Government Units	631,397,061.96
Documentary Stamps	3,234,462,190.30
National Shelter Program	40,000,000.00
Commission on Higher Education	295,199,491.90
Medical Assistance and Service Program	5,173,674,534.64
Health and Welfare Program	237,645,170.30
Aid to National Calamities	114,626,406.37
PCSO Charity Clinic	108,937,251.69
Miscellaneous Expenses	10,582.50
Burial Assistance	906,500.00
Purchase of Ambulance	3,109,922.43
<b>TOTAL EXPENSES</b>	<b>9,838,841,182.09</b>
<b>SAVINGS/(DEFICIT) CHARITY FUND</b>	<b>(797,978,299.65)</b>
<b>ADD:</b>	
Beginning Balance - January 1, 2014	1,230,037,294.18
Add/(Deduct):	
Forfeitures of Prizes for the months of Aug.-Dec., 2012	57,577,608.16
Forfeitures of Prizes for the months of Jan.-Dec., 2013	441,430,812.00
Prior Year's Adjustment	124,520,997.86
	1,853,566,712.20
<b>UNUTILIZED CHARITY FUND, DECEMBER 31, 2014</b>	<b>1,055,588,496.55</b>

Certified Correct as per Accounting Records:

  
DOROTHY C. ROBLES  
OIC-Manager  
Accounting and Budget Department

Noted by:

  
MERCEDES J. HINAYON  
OIC-ADM for MANAGEMENT SERVICES

PHILIPPINE CHARITY SWEEPSTAKES OFFICE  
PRIZE FUND UTILIZATION STATEMENT  
AS OF DECEMBER 31, 2014

<b>RETAIL RECEIPTS</b>		
SWEEPSTAKES	50,000,000.00	
KENO	2,754,490,840.00	
LOTTO	29,519,949,190.00	
<b>TOTAL RETAIL RECEIPTS</b>	<b>32,324,440,030.00</b>	
LESS: 2% Printing Cost	646,488,800.60	
<b>NET RECEIPTS</b>	<b>31,677,951,229.40</b>	
Prize Fund (55% of Net Receipts)	17,422,873,176.17	
Less: Commission Expense	1,966,172,194.65	
Equipment Rentals and Maintenance	1,875,094,692.42	3,841,236,887.07
<b>NET PRIZE FUND</b>	<b>13,581,636,289.10</b>	
ADD: OTHER SOURCES OF PRIZE FUNDS		
Gain on Foreign Exchange	5,508,205.42	
Interest Income (NET)	36,075,526.74	42,183,732.16
<b>TOTAL PRIZE FUND</b>	<b>13,623,820,021.26</b>	
LESS: EXPENSES AND CHARGES TO PRIZE FUND		
Jackpot	2,900,886,503.79	
Lower Prizes	9,813,451,524.41	
Winning Tickets (Sweepstakes)	6,530,255.00	
5% Prize Fund Tax	871,139,360.79	
Seller's Prize	1,506,719.99	
Seller's share/commission (Sweepstakes)	12,500,000.00	
<b>TOTAL EXPENSES</b>	<b>13,606,014,363.98</b>	
<b>SAVINGS/(DEFICIT) PRIZE FUND</b>	<b>17,005,657.28</b>	
Beginning Balance - January 01, 2014	2,563,842,874.44	
Add/(Deduct):		
Prior year's adjustments	(124,783,266.04)	
Forfeitures of Prizes for the months of Aug.-Dec., 2012	(57,577,896.18)	
Forfeitures of Prizes for the months of Jan.-Dec., 2013	(441,430,812.00)	
	1,930,051,080.22	
<b>UNUTILIZED PRIZE FUND, DECEMBER 31, 2014</b>	<b>1,947,856,737.50</b>	

Certified Correct as per Accounting Records:

  
DOROTHY C. ROBLES  
OIC - Manager  
Accounting and Budget Department

Noted by:

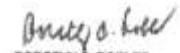
  
MERCEDES J. HINAYON  
OIC-AGM for Management Services

PHILIPPINE CHARITY SWEEPSTAKES OFFICE  
SCHEDULE OF ALLOCATION OF NET SALES  
FOR THE PERIOD ENDED DECEMBER 31, 2014

	SWEEPSTAKES	KENO	LOTTO	TOTAL
Retail Receipts	50,000,000.00	2,754,490,840.00	29,519,949,190.00	32,324,440,030.00
Less : 2% Printing Cost	1,000,000.00	55,089,816.80	590,398,963.80	646,488,800.60 *
Net Receipts	49,000,000.00	2,699,401,023.20	28,929,550,206.20	31,677,951,229.40
<b>ALLOCATIONS:</b>				
Prize Fund (55% of Net Receipts)	26,950,000.00	1,484,670,562.76	15,911,252,613.41	17,422,873,176.17 *
Charity Fund (30% of Net Receipts)	14,700,000.00	809,820,306.96	8,678,865,061.88	9,503,365,368.84 *
Operating Fund (15% of Net Receipts)	7,350,000.00	404,910,153.48	4,339,432,530.91	4,751,692,684.39 *
<b>TOTAL</b>	<b>49,000,000.00</b>	<b>2,699,401,023.20</b>	<b>28,929,550,206.20</b>	<b>31,677,951,229.40</b>

\* Difference is due to rounding off

CERTIFIED CORRECT:

  
DOROTHY C. ROBLES  
OIC-Department Manager  
Accounting and Budget Department

NOTED BY:

  
MERCEDES J. HINAYON  
OIC-AGM for Management Services

## ABOUT US



The Philippine Charity Sweepstakes Office (PCSO) is a wholly owned and controlled government corporation created and existing under Republic Act No. 1169, as amended as the principal government agency for raising and providing funds for health programs, medical assistance and services, and charities of national character thru the conduct and holding of sweepstakes horse races, lotteries and similar activities.

### The Beginning of Lotteries in the Philippines

Lotteries have been in existence in the Philippines as early as 1833. Under the auspices of private enterprises called *Empresa de Reales Loteria Espanolas de Filipinas*, the Spanish Government conducted loterias to generate revenues. In fact, our own national hero Dr. Jose Rizal won P 6,200.00 in the draw of 1892, while on exile in Dapitan. With the outbreak of the Philippine Revolution, the *loteria* was forced to stop operations. It was not until the early

1930s that the idea of holding lottery games was revived.

In 1932, the first *Sweepstakes* draw was conducted by the government to raise funds to support sports projects for the Filipino youth through the *Philippine Amateur Athletic Federation* (PAAF) - the beneficiary of the first draw. The PAAF Sweepstakes was successful so Philippine government decided to conduct more draws for the benefit of the Philippine Anti-Tuberculosis Society, now the *Philippine Tuberculosis Society* (PTS). The draws were held under the auspices of an organization called the *National Charity Sweepstakes*.

### The New Sweepstakes Agency

Rather than limit the sweepstakes to the benefit of the youth or to fighting tuberculosis, the country institutionalized *Sweepstakes* as a new venture of raising funds for the promotion of public health and general welfare. By March 1935, then President Manuel L. Quezon approved **Act 4130** (October 30, 1934) creating the *Philippine Charity Sweepstakes* (PCS) to replace the National Charity Sweepstakes. Among its beneficiaries were the *Philippine Amateur Athletic Federation* (PAAF), *Philippine Tuberculosis Society* (PTS), *National Federation of Women's Clubs*, *Association de Damas de Filipinas*, *Gota de Leche*, *Associate of Manila and the Provinces*, *Philippine Council of Boy Scouts of America*, *Asilo Para Invalidos de los Veteranos de la Revolucion*, *Child Welfare Center* and other institutions and organizations engaged in charitable and health programs.

### Philippine Charity Sweepstakes Office



On June 18, 1954, Republic Act No. 1169 was passed into law to transform the PSC to the Philippine Charity Sweepstakes Office (PCSO) with a mandate to provide charity sweepstakes and lotteries once a month where there are no Sweepstakes draws and races.

Republic Act No. 1169 was later amended by Presidential Decree No. 1157 (June 3, 1977) and Batas Pambansa Blg. 42 (September 24, 1979). Over the years, special laws and executive issuances were passed directing PCSO to provide funds for other priority programs of the Government:

RA 7660 – Documentary Stamp Tax (BIR); 10% of lotto and Keno gross sales and P 1.20 per booklet of sweepstakes tickets

RA 6847 – Six (6) Sweepstakes Draws as contribution to the Philippine Sports Commission Program

RA 7722 – 1% of lotto gross sales to the Commission on Higher Education



RA 7835 – 10% of Charity Fund to the Comprehensive and Integrated Shelter and Urban Development Financing Program (National Shelter Program)

RA 8042 – Sec.20 and 77 of the Omnibus Rules provides for the appropriation of P10 Million for the Shared Government Information System on Migration (SGISM) under the Department of Foreign Affairs

RA 8042 – Article IX Section 37 (Migrant Workers Act of 1995) – P 150 million shall be funded from the proceeds of lotto draws taken from the Charity Fund for the Congressional Migrant Workers Scholarship Fund

RA 8175 – 10% of net income for the Crop Insurance Program

RA 8313 – P 100 Million from lotto agents for the upgrading of the Quirino Memorial Medical Center

RA 8371– P 50 Million contribution to the National Commission on Indigenous Peoples for the Ancestral Domain Fund

RA 8492 – P 250 Million from the annual net earnings from lotto for the Museum Endowment Fund

RA 9165 – 10% share on forfeited prizes as special account in the general fund of Dangerous Drugs Board

E.O. 201 – P 1 Billion Stand-by fund for the financial requirement for Severe Acute Respiratory Syndrome (SARS) awareness and health promotion campaign

E.O. 218 – P 1 Billion Stand-by fund for the operations and programs of the Philippine Drug Enforcement Agency

E.O. 280 – P 250 Million Stand-by fund for the financial requirements of the Avian Influenza or Bird Flu Viruses

E.O. 357 – 5% Lotto share of local government units from the Charity Fund

Now on its 80th year of holding and conducting sweepstakes, lotteries and similar activities, PCSO has since remained to be an indispensable charity arm of the National Government, frequently summoned to provide funds for health and welfare activities and projects nationwide.

### Revenue Sources

The PCSO has 3 major products in the market: (1) Lotto (On-line Lottery Games (6 pick) and On-line Digit Games); (2) Sweepstakes [Traditional Sweepstakes and Hybrid Sweepstakes (Scratch It and KasCash Tickets)]; and (3) Keno.

Lotto (on-line lottery) games are broadcasted nationwide over National

Channel witnessed by representatives from the Commission on Audit (COA) at every stage of the draw and judges from the private sector for transparency.

Sweepstakes has steadily evolved in design and features to conform with the gaming public's preference for interactive games. From traditional perforated sweepstakes tickets, PCSO now offers hybrid Sweepstakes Scratch It Tickets (i.e., combining *sweepstakes* and *Instant Win*) where players can have the chance to win P20 to P500,000.00 with a purchase of just one share worth P 20.00.

Keno is an online game of chance that is similar to online roulette game in the casinos but with slight variations.

### Draw Schedule

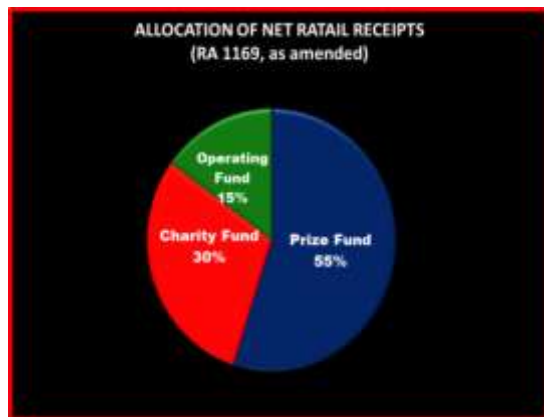
GAME	DRAW FREQUENCY	NATURE
<b>EZ2 Lotto</b>	Daily: 11am, 4pm, 9pm	On-line Lottery Game
<b>Suertres Lotto</b>	Daily: 11am, 4pm, 9pm	On-line Lottery Game
<b>4 Digit</b>	9pm (Mon, Wed, Fri)	On-line Lottery Game
<b>6 Digit</b>	9pm (Tue, Thu, Sat)	On-line Lottery Game
<b>Lotto 6/42</b>	9pm (Tue, Thu, Sat)	On-line Lottery Game
<b>Megalotto 6/45</b>	9pm (Mon, Wed, Fri)	On-line Lottery Game
<b>Superlotto 6/49</b>	9pm (Tue, Thu, Sun)	On-line Lottery Game
<b>Grandlotto 6/55</b>	9pm (Mon, Wed, Sat)	On-line Lottery Game

## Revenue Allocation

From the gross receipts generated from the sale of sweepstakes tickets, whether for sweepstakes races, lotteries, or other similar activities, the printing cost of such tickets is deducted to arrive at the net receipts.



Pursuant to Section 6, Republic Act No. 1169, as amended (PCSO Charter), the net retail receipts shall be divided into 55% (Prize Fund), 30% (Charity Fund) and 15% (Operating Fund):



The **Prize Fund** is used for the payment of prizes, including those for owners and jockeys of running horses and sellers of

winning tickets. This is a trust liability account. Unclaimed prizes or balances in Prize Fund reverts and forms part of the Charity Fund after one (1) year.

The **Charity Fund** is also a trust and liability account and is used exclusively to finance and support health programs, medical assistance and services and/or charities of national character. Presently, any disbursements from the Charity Fund must not only be authorized by the PCSO Board of Directors but must also be approved by the Office of the President<sup>2</sup>, regardless of the amount thereof.

The **Operating Fund** forms 15% of the revenue allocation, which is used to support the day-to-day operating/maintenance and capital expenditures of the PCSO. If there is a balance on the Operating Fund at the end of the fiscal year, it reverts and forms part of the Charity Fund.

*80 years of Sweepstakes.* From perforated water marked security paper to hybrid scratch and match, sweepstakes tickets have evolved in the last 80 years to cater to the needs of the gaming



<sup>2</sup> Subject to delegated signing authority from the Office of the President in favor of the Chairman, General Manager and the Board of Directors, as a collegial body.

**ENABLING LAW/CHARTER**

H.B. NO. 1305  
Third Congress

**REPUBLIC ACT NO. 1169<sup>3</sup>**

(As amended by Batas Pambansa Blg. 42 and  
Presidential Decree No. 1157)

**“AN ACT PROVIDING FOR CHARITY SWEEPSTAKES, HORSE RACES, AND LOTTERIES”**

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. The Philippine Charity Sweepstakes Office. — The Philippine Charity Sweepstakes Office, hereinafter designated the Office, shall be the principal government agency for raising and providing for funds for health programs, medical assistance and services, and charities of national character, and as such shall have the general powers conferred in section thirteen of Act Numbered One thousand four hundred fifty-nine, as amended, and shall have the authority:

A. To hold and conduct charity sweepstakes races, lotteries, and other similar activities, in such frequency and manner, as shall be determined, and subject to such rules and

regulations as shall be promulgated by the Board of Directors.

B. Subject to the approval of the Minister of Human Settlements, to engage in health and welfare-related investments, programs, projects and activities which may be profit-oriented, by itself or in collaboration, association or joint venture with any person, association, company or entity, whether domestic or foreign, except for the activities mentioned in the preceding paragraph (A), for the purpose of providing for permanent and continuing sources of funds for health programs, including the expansion of existing ones, medical assistance and services, and/or charitable grants: Provided, That such investments will not compete with the private sector in areas where investments are adequate, as may be determined by the National Economic and Development Authority.

C. To undertake any other activity that will enhance its funds generation operations and funds management capabilities, subject to the same limitations provided for in the preceding paragraph.

It shall have a Board of Directors, hereinafter designated the Board, composed of five members who shall be appointed, and whose compensation and term of office shall be fixed, by the President (Prime Minister). [Amended by Batas Pambansa Blg. 42 dated 24 September 1979]

SECTION 2. The general manager shall be appointed by the Board of Directors and he can be removed or suspended only for cause

as provided by law. He shall have the direction and control of the Office in all matters which are not specifically reserved for action by the Board. Subject to the approval of the Board of Directors, he shall also appoint the personnel of the Office, except the Auditor and the personnel of the Office of the Auditor who shall be appointed by the Auditor General.

SECTION 3. Operating expenses. — The operating expenses of the Office shall be paid from its receipts.

SECTION 4. Holding of sweepstakes. — The Office shall hold charity horse race sweepstakes under such regulations as shall be promulgated by the Board in accordance with Republic Act No. 309: Provided, however, That when the holding of a sweepstakes race to determine prizes is impossible due to war, public calamity, or other unforeseen or fortuitous event, or when there is no sufficient number of horses to determine the major prizes, the Board of Directors may determine the procedure to be followed in the distribution of prizes in the most just, equitable, and expeditious manner. The horse races and the sale of tickets in the said sweepstakes shall be exempted from all taxes, except that each ticket shall bear a twelve-centavo internal revenue stamp and that from that from the total prize fund as provided herein from the proceeds of the sale of tickets there shall be deducted an amount equivalent to five per centum of such total prize fund, which shall be paid to the Bureau of Internal Revenue not later than ten days after each sweepstakes in lieu of the income tax heretofore collected from

<sup>3</sup>Further amended by subsequent special laws and Executive issuances directing the agency to provide funds for programs/activities of the National Government.



sweepstakes prize winners: Provided, however, That any prizes that may be paid out from the resulting prize fund, after said five per centum has been deducted, shall be exempted from income tax. The tickets shall be printed by the Government and shall be considered government securities for the purposes of penalizing forgery or alteration. [As amended by Presidential Decree No. 1157 dated 3 June 1977].

SECTION 5. The Board of Directors of the Philippine Charity Sweepstakes is hereby authorized to fix heights of race horses to run in each sweepstakes race as provided for in this Act.

Only horses born in the Philippines that have run for a prize previously in any race may participate in any sweepstakes race under this Act. The Board of Directors of the Philippine Charity Sweepstakes shall fix the dates of registration, measurement, and declaration of horses to participate in any sweepstakes race. No horse owner shall be permitted to register more than one entry that may participate in any sweepstakes race.

SECTION 6. Allocation of Net Receipts. – From the gross receipts from the sale of sweepstakes tickets, whether for sweepstakes races, lotteries, or similar activities, shall be deducted the printing cost of such tickets, which in no case shall exceed two percent of such gross receipts to arrive at the net receipts. The net receipts shall be allocated as follows:

A. Fifty-five percent (55%) shall be set aside as a prize fund for the payment of prizes, including those for the owners, jockeys of running horses, and sellers of winning tickets. Prizes not claimed by the public within one year from date of draw shall be considered forfeited, and shall form part of the charity fund for disposition as stated below.

B. Thirty percent (30%) shall be set aside as contributions to the charity fund from which the Board of Directors, in consultation with the Ministry of Human Settlement on identified priority programs, needs, and requirements in specific communities and with approval of the Office of the President (Prime Minister), shall make payments or grants for health programs, including the expansion of existing ones, medical assistance and services and/or charities of national character, such as the Philippine National Red Cross, under such policies and subject to such rules and regulations as the Board may from time establish and promulgate. The Board may apply part of the contributions to the charity fund to approved investments of the Office pursuant to Section 1 (B) hereof, but in no case shall such application to investments exceed ten percent (10%) of the net receipts from the sale of sweepstakes tickets in any given year.

Any property acquired by an institution or organization with funds given to it under this Act shall not be sold or otherwise disposed of without the approval of the Office of the President (Prime Minister), and that in the event of its dissolution all such property shall be transferred to and shall

automatically become the property of the Philippine Government.”

C. Fifteen (15%) percent shall be set aside as contributions to the operating expenses and capital expenditures of the Office.

D. All balances of any funds in the Philippine Charity Sweepstakes Office shall revert to and form part of the charity fund provided for in paragraph (B), and shall be subject to disposition as above stated.

The disbursements of the allocation herein authorized shall be subject to the usual auditing rules and regulations. [As amended by Batas Pambansa Blg. 42 dated 24 September 1979].

SECTION 7. Annual Report of the Board. – The Board shall submit, during the month of July of each year, a report to the President of the Philippines and to both House of Congress on the activities of the Office.

SECTION 8. Acts penalized. – The following shall be punished by imprisonment of not less than one month and not more than three years:

(a) Any person who, without being a duly authorized agent of the Office, sells tickets of the Office, or, being such agent, sells tickets, fractions or coupons thereof not issued by the Office, representing or tending to represent an interest in tickets issued by the Office.

(b) Any person who sells tickets issued by the Office at a price greater than the price stated on the ticket.

(c) Any officer or employee of a hospital or other charitable or hygienic institution or organization who uses funds obtained from the Office under this Act for purposes other than those herein authorized.

SECTION 9. Powers and Functions of the Board of Directors. — The Board of Directors of the Office shall have the following powers and functions:

A. To adopt or amend such rules and regulations to implement the provisions of this Act.

B. Consistent with the purposes of this Act, to determine and approve the most effective organizational framework for the Office and its staffing pattern; to fix the salaries and determine the reasonable allowances,

bonuses, and other incentives of its officers and employees as may be recommended by the General Manager; and to prescribe the manner of hiring and compensating on a contractual basis such sales and other personnel as may be required for its operations, subject to pertinent civil service and compensation laws.

C. To contract loans, credits, and indebtedness, whether domestic or foreign, on such terms and conditions as it may deem appropriate for the accomplishment of its purposes, subject to applicable laws, rules, and regulations.

D. To promulgate rules and regulations for the operation of the Office and to do such act or acts as may be necessary for the attainment of its purposes and objectives.

SECTION 10. The Board of Directors of the Sweepstakes, with the approval of the President of the Philippines, shall

promulgate rules and regulations for the holding of lotteries; shall fix the number and price of the tickets for the same and number of tickets usually given gratis to the ticket vendors; fix the number and amount of prizes; fix the date when the sale of tickets shall close; and designate the dates and place or places where such lotteries shall be held.

SECTION 11. Laws affected. — Act No. 430, as amended by Commonwealth Act Nos. 301 and 546 and by Republic Acts Nos. 72 and 574, and all other Acts or parts thereof, except Commonwealth Act No. 595 and Republic Act No. 620, inconsistent with the provisions of this Act, are hereby repealed.

SECTION 12. Date of Effectivity. — This Act shall take effect upon its approval.

Approved, June 18, 1954.

## VISION

The PCSO, as the principal government agency for raising and providing funds for health programs, medical assistance and services shall by 2020 have a timely and responsive presence in every province.

## MISSION

To generate funds for health programs and charities of national character through charity sweepstakes races, lotteries and other similar activities.

## CORE VALUES

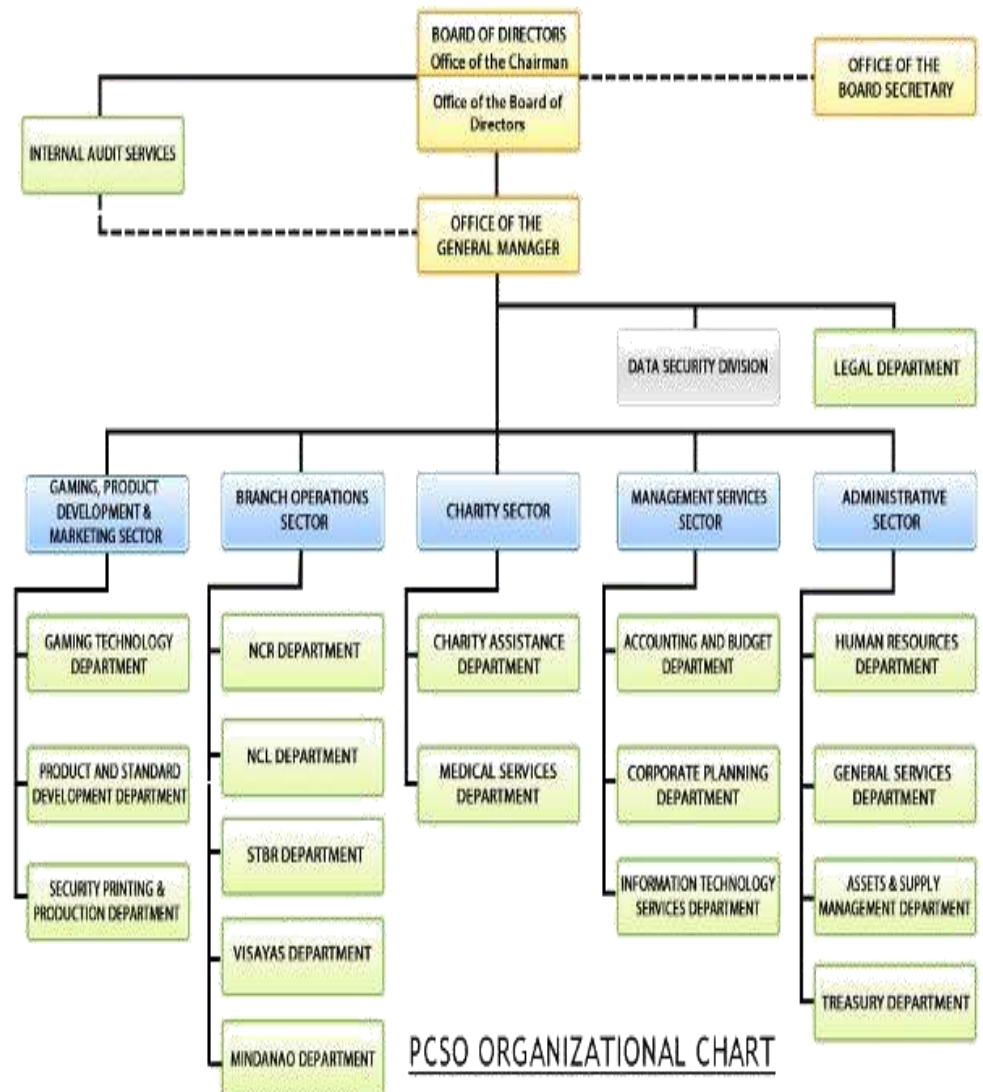
**Professionalism**

**Integrity**

**Teamwork**

**Creativity**

**Service Orientation**





## CORPORATE LEADERSHIP

### The PCSO Board of Directors



**Erineo "Ayong" S. Maliksi**  
Chairman of the Board of Directors



**Jose Ferdinand M. Rojas II**  
Vice Chairman and General Manager



**Betty B. Nantes**  
Director



**Mabel V. Mamba**  
Director



**Francisco G. Joaquin III**  
Director



**Florencio Gabriel "Bem" G. Noel**  
Director

## MANAGEMENT TEAM

### OFFICE OF THE GENERAL MANAGER



**Atty. Jose Ferdinand M. Rojas II**  
Vice Chairman and General Manager



**Atty. Anna Liza P. Inciong**  
OIC-Manager, Legal Department



**Ma. Teresita V. Carbonel**  
OIC-Manager, Internal Audit Service

### ADMINISTRATIVE SECTOR



**Atty. Lauro A. Patiag**  
Assistant General Manager  
Administrative Sector



**Atty. Marissa O. Medrano**  
OIC-Manager  
Human Resources Department



**Atty. Reena Yumina M. Yason**  
OIC-Manager  
Assets & Supply Management Department



**Alegria . Asuit**  
OIC-Manager  
Treasury Department



**Atty. John Derek N. Porciuncula**  
Manager  
General Services Department

### BRANCH OPERATIONS SECTOR



**Remedita Jovita M. Gabuyo**  
Assistant General Manager  
Branch Operations Sector



**Josefina A. Barsonas**  
OIC – Manager  
National Capital Region Department



**Romeo S. Rigodon**  
OIC – Manager  
Northern and Central Luzon Department



**Irma S. Gueno**  
OIC – Manager  
Southern Tagalog and  
Bicol Region Department



**Federico A. Demole**  
OIC – Manager  
Visayas Department



**Mario S. Pelisio**  
OIC – Manager  
Mindanao Department

### CHARITY SECTOR



**Dr. Larry R. Cedro**  
Assistant General Manager  
Charity Sector



**Rubin Z. Magno**  
OIC – Manager  
Charity Assistance Department



**Dr. Jose Bernardo H. Gochoco Jr.**  
OIC – Manager  
Medical Services Department



**GAMING, PRODUCT DEVELOPMENT AND MARKETING SECTOR**



**Conrado C. Zabella**  
Assistant General Manager  
Gaming, Product Development and Marketing Sector



**Arnel N. Casas**  
OIC – Manager  
Gaming Technology Department



**Atty. Roman C. Torres**  
Manager  
Security Printing and Production Department



**Roger C. Ramirez**  
Manager  
Product and Standard  
Development Department

**MANAGEMENT SERVICE SECTOR**



**Mercedes J. Hinayon**  
OIC - Assistant General Manager  
Management Services Sector



**Dorothy C. Robles**  
OIC – Manager  
Accounting and Budget Department



**Atty. Venus T. Buado**  
Manager  
Corporate Planning Department



**Ramon Ike V. Señeres**  
Manager  
Information Technology Services Department

## CONTACT US

PHILIPPINE CHARITY SWEEPSTAKES OFFICE  
HEAD OFFICE TELEPHONE DIRECTORY

HEAD OFFICE ADDRESS:	Sun Plaza Building, 1507 Princeton Street corner Shaw Boulevard, Mandaluyong City 1552 Conservatory Shaw Plaza Building, 605 Shaw Boulevard, Mandaluyong City 1552				
Name	Position/Designation	Office	Contact Details		
			Office Address	Landline	Email Address
OFFICE OF THE BOAD OF DIRECTORS					
Hon. Erineo "Ayong" S. Maliksi	Chairman	Office of the Chairman	4/F, Sun Plaza Building	650-0071	<a href="mailto:emaliksi@pcso.gov.ph">emaliksi@pcso.gov.ph</a> <a href="mailto:maliksierineo@gmail.com">maliksierineo@gmail.com</a>
Hon. Jose Ferdinand M. Rojas II	Vice-Chairman	Office of the Vice-Chairman/General Manager	9/F, Sun Plaza Building	650-0083	<a href="mailto:ogmpcso@yahoo.com">ogmpcso@yahoo.com</a>
Hon. Francisco G. Joaquin III	Member, Board of Directors	Office of the Board of Directors	4/F, Sun Plaza Building	584-3349	<a href="mailto:fjoaquin@pcso.gov.ph">fjoaquin@pcso.gov.ph</a>
Hon. Mabel V. Mamba	Member, Board of Directors	Office of the Board of Directors	4/F, Sun Plaza Building	650-0105	<a href="mailto:mvmamba@pcso.gov.ph">mvmamba@pcso.gov.ph</a>
Hon. Betty B. Nantes	Member, Board of Directors	Office of the Board of Directors	4/F, Sun Plaza Building	650-0103	<a href="mailto:bnantes@pcso.gov.ph">bnantes@pcso.gov.ph</a>
Hon. Florencio Gabriel "Bem" G. Noel	Member, Board of Directors	Office of the Board of Directors	4/F, Sun Plaza Building	570-7088	<a href="mailto:bemnoel@pcso.gov.ph">bemnoel@pcso.gov.ph</a>
Atty. Arnel D. Naidas	Board Secretary	Office of the Board Secretary	4/F, Sun Plaza Building	650-0092	<a href="mailto:anaidas@pcso.gov.ph">anaidas@pcso.gov.ph</a> <a href="mailto:arnel.naidas@gmail.com">arnel.naidas@gmail.com</a>
Atty. Mary Charlene V. Hernandez	Chief of Staff	Office of the Chairman	4/F, Sun Plaza Building	650-0094	<a href="mailto:mchernandez@pcso.gov.ph">mchernandez@pcso.gov.ph</a> <a href="mailto:cvh@azura.com.ph">cvh@azura.com.ph</a>
EXECUTIVE OFFICES					
Hon. Jose Ferdinand M. Rojas II	General Manager	Office of the General Manager	9/F, Sun Plaza Building	650-0083	<a href="mailto:ogmpcso@yahoo.com">ogmpcso@yahoo.com</a>
Ms. Jennifer Rebecca L. Ortuoste	Chief of Staff	Office of the General Manager	9/F, Sun Plaza Building	650-0099	<a href="mailto:jennyo@live.com">jennyo@live.com</a>
Ms. Ma. Teresita V. Carbonel	OIC-Department Manager	Internal Audit Services	9/F, Sun Plaza Building	706-3942	<a href="mailto:tcarbonel@pcso.gov.ph">tcarbonel@pcso.gov.ph</a>
Atty. Anna Liza P. Inciong	OIC-Department Manager	Legal Department	9/F, Sun Plaza Building	706-4371	<a href="mailto:ainciong@pcso.gov.ph">ainciong@pcso.gov.ph</a>
ADMINISTRATIVE SECTOR					
Atty. Lauro A. Patiag	Assistant General Manager for Administration	Administrative Sector	11/F, Sun Plaza Building	706-2638	<a href="mailto:lpatiag@pcso.gov.ph">lpatiag@pcso.gov.ph</a>
Atty. Reena Yumina M. Yason	OIC-Department Manager	Assets & Supply Management Department	11/F, Sun Plaza Building	706-3067	<a href="mailto:ryason@pcso.gov.ph">ryason@pcso.gov.ph</a>
Atty. Marissa O. Medrano	OIC-Department Manager	Human Resources Department	11/F, Sun Plaza Building	706-4450	<a href="mailto:momedrano@pcso.gov.ph">momedrano@pcso.gov.ph</a>

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Ms. Alegria A. Asuit	OIC-Department Manager	Treasury Department	2/F, Conservatory Building	632-7919	<a href="mailto:aasuit@pcso.gov.ph">aasuit@pcso.gov.ph</a>
Atty. John Derek N. Porciuncula	Department Manager	General Services Department	11/F, Sun Plaza Building	706-5711	<a href="mailto:jdporciuncula@pcso.gov.ph">jdporciuncula@pcso.gov.ph</a>
<b>BRANCH OPERATIONS</b>					
Ms. Remeliza Jovita M. Gabuyo	Assistant General Manager for Branch Operations	Branch Operations Sector	3/F, Sun Plaza Building	706-7571	<a href="mailto:rgabuyo@pcso.gov.ph">rgabuyo@pcso.gov.ph</a>
Ms. Josefina Sarsonas	OIC-Department Manager	National Capital Region Department	3/F, Sun Plaza Building	706-6692	<a href="mailto:ncr_odmpcso@yahoo.com">ncr_odmpcso@yahoo.com</a> <a href="mailto:jsaronas@pcso.gov.ph">jsaronas@pcso.gov.ph</a>
Mr. Romeo S. Rigodon	OIC-Department Manager	Northern and Central Luzon Department	3/F, Sun Plaza Building	706-2134	<a href="mailto:emaildocs_banches@yahoo.com">emaildocs_banches@yahoo.com</a> <a href="mailto:rrigodon@pcso.gov.ph">rrigodon@pcso.gov.ph</a>
Ms. Irma S. Guemo	OIC-Department Manager	Southern Tagalog & Bicol Region Department	3/F, Sun Plaza Building	706-7753	<a href="mailto:iguemo@pcso.gov.ph">iguemo@pcso.gov.ph</a>
<b>CHARITY SECTOR</b>					
Mr. Larry R. Cedro, DDM	Assistant General Manager for Charity	Charity Sector	9/F, Sun Plaza Building	706-4628	<a href="mailto:lcedro@pcso.gov.ph">lcedro@pcso.gov.ph</a>
<b>GAMING, PRODUCT DEVT. &amp; MARKETING SECTOR</b>					
Mr. Conrado C. Zaballa	Assistant General Manager for Gaming, Product Development, & Marketing	Gaming, Product Devt. & Marketing Sector	G/F, Conservatory Building	846-8766	<a href="mailto:czaballa@pcso.gov.ph">czaballa@pcso.gov.ph</a>
Mr. Arnel N. Casas	OIC-Department Manager	Gaming Technology Department	3/F, Conservatory Building	997-0246	<a href="mailto:acasas@pcso.gov.ph">acasas@pcso.gov.ph</a>
Mr. Roger C. Ramirez	Department Manager	Product and Standard Development Department	3/F, Conservatory Building	997-0244	<a href="mailto:rramirez@pcso.gov.ph">rramirez@pcso.gov.ph</a>
<b>MANAGEMENT SERVICES SECTOR</b>					
Ms. Mercedes J. Hinayon	OIC-Assistant General Manager for Management Services	Management Services Sector	3/F, Conservatory Building	846-8790 (telefax)	<a href="mailto:mhinayon@pcso.gov.ph">mhinayon@pcso.gov.ph</a>
Ms. Dorothy C. Robles	OIC-Department Manager	Accounting and Budget Department	2/F, Conservatory Building	997-0282 632-15-45	<a href="mailto:drobles@pcso.gov.ph">drobles@pcso.gov.ph</a>
Mr. Ike V. Seneres	Department Manager	Information Technology Services Department	3/F, Conservatory Building	846-8862	<a href="mailto:ikeseneres@pcso.gov.ph">ikeseneres@pcso.gov.ph</a>
Atty. Venus T. Buado	Department Manager	Corporate Planning Department	3/F, Conservatory Building	997-0245 (telefax)	<a href="mailto:ybuado@pcso.gov.ph">ybuado@pcso.gov.ph</a>
<b>Office of the Resident Auditor (COMMISSION ON AUDIT)</b>					
			2/F, Conservatory Building	997-0279	<a href="mailto:coa_pcso@outlook.com">coa_pcso@outlook.com</a>
<b>Office of the Resident Ombudsman (OMBUDSMAN)</b>					
			3/F, Conservatory Building	997-0248	<a href="mailto:belasuncion@yahoo.com">belasuncion@yahoo.com</a>



## METRO MANILA EXTENSION OFFICES TELEPHONE DIRECTORY

EXTENSION OFFICE ADDRESS:	Radiotherapy Bldg, Lung Center of the Philippines Complex, Quezon Avenue, Quezon City				
Name	Position/Designation	Office	Contact Details		
			Office Address	Landline	Email Address
CHARITY SECTOR					-
Mr. Rubin Z. Magno	OIC-Department Manager	Charity Assistance Department	3/F Radiotherapy Bldg.	426-3735 921-7608	<a href="mailto:rmagno@pcso.gov.ph">rmagno@pcso.gov.ph</a>
Mr. Jose Bernardo H. Gochoco, Jr., MD	OIC-Department Manager	Medical Services Department	3/F Radiotherapy Bldg.	441-2612 441-2076 441-2065 441-2081	<a href="mailto:jgochoco@pcso.gov.ph">jgochoco@pcso.gov.ph</a>

EXTENSION OFFICE ADDRESS:	San Marcelino, Ermita, Manila				
Name	Position/Designation	Office	Contact Details		
			Office Address	Landline	Email Address
GAMING, PRODUCT DEVT.& MARKETING SECTOR					
Atty. Roman C.Torres	Department Manager	Security Printing & Production Department	San Marcelino, Manila	522-4613	<a href="mailto:rtorres@pcso.gov.ph">rtorres@pcso.gov.ph</a>

**Branch Operations Sector Directory**  
**NORTHERN AND CENTRAL LUZON DEPARTMENT**

	Branches	Name	Position	Mobile No.	Tel. No.	Email Address	Address
	Office of the Department Manager	Mr. Romeo Rigodon	OIC-Department Manager	0999-9930439 0917-3891180	(02) 706-2134	<a href="mailto:rrigodon@pcso.gov.ph">rrigodon@pcso.gov.ph</a>	3rd Floor, Sun Plaza Bldg., 1507 Princeton cor Shaw Blvd., Mandaluyong City
<b>A. Northern Luzon</b>							
1	Isabela	Mr. Reynaldo Martin	Branch Manager	0947-9670216	(078) 6523148	<a href="mailto:pcsoisabelapdo@yahoo.com">pcsoisabelapdo@yahoo.com</a>	Old RHU Building Africano St. Cauayan Isabela
2	Pangasinan	Ms. Yamashita Japinan	Branch Manager	0917-5740067	(075) 6562969	<a href="mailto:ncl_pangasinan@yahoo.com">ncl_pangasinan@yahoo.com</a>	GF, North Wing Legislative Bldg, Brgy Anonas, Urdaneta City
3	Cagayan	Mr. Heherson Pambid	OIC-Branch Manager	0917-5437271	0917-8831419	<a href="mailto:ncl_cagayan@yahoo.com">ncl_cagayan@yahoo.com</a>	In front of Municipal Hall, Brgy. Naruangan, Tuao East, Cagayan

4	Benguet	Ms. Ernieli Dancel	Branch Manager	0928-5027753	(074) 4224462	<a href="mailto:ncl_benguet@yahoo.com.au">ncl_benguet@yahoo.com.au</a>	Post Office Loop, Upper Session Road, Baguio City
5	La Union B	Ms. Lalaine Martos	Financial & Management Officer I	0908-8720884 0927-6040884		<a href="mailto:ncl_pcsolaunion@yahoo.com">ncl_pcsolaunion@yahoo.com</a>	Ground Floor, Legislative Bldg., San Juan, La Union
6	Mountain Province C	Ms. Ernieli Dancel				c/o Benguet Branch <a href="mailto:ncl_benguet@yahoo.com.au">ncl_benguet@yahoo.com.au</a>	Bontoc Municipal Hall, Bontoc, Mountain Province
7	Ilocos Norte B	Mr. Byron Joseph B. Bumanglag	OIC-Financial & Management Officer I	0936-2743688 0917-9770246	(077) 6707928	<a href="mailto:marthia_arc2yahooo.com">marthia_arc2yahooo.com</a>	Municipal Trial Court Building, G/F, Brgy 3, San Ildefonso, San Nicolas, Ilocos Norte
8	Ilocos Sur C	Ms. Mary Jane Claridad	OIC-Administrative Officer III	0917-5068403		-	City Hall, Candonga City, Ilocos Sur
<b>B. Central Luzon</b>							
9	Bataan	Ms. Erlinda Yano	OIC-Branch Manager	0917-4174255	(047) 7914612, 2371153	<a href="mailto:bataanpdoncl@yahoo.com">bataanpdoncl@yahoo.com</a>	Old DPWH Compound, Balanga City Bataan
10	Bulacan	Ms. Editha Romero	OIC-Branch Manager	0928-5976888 0908-8927898 0916-3330077	(044) 7961395, 6624177, 3050387	<a href="mailto:ncl_bulacanpcso@yahoo.com">ncl_bulacanpcso@yahoo.com</a>	Provincial Capitol Compound, Malolos City, Bulacan
11	Nueva Ecija	Mr. Reynaldo Carbonel	Branch Manager	0920-9474967	(044) 4866066, 9762906, 9583048	<a href="mailto:ncl_nuevaecijapcso@yahoo.com">ncl_nuevaecijapcso@yahoo.com</a>	Old Capitol Compound, Cabanatuan City, Nueva Ecija
12	Pampanga	Ms. Ma. Lourdes Soliman	Branch Manager	0920-9110073	(045) 6253918	<a href="mailto:ncl_pampangapcso@yahoo.com">ncl_pampangapcso@yahoo.com</a>	2nd Floor Marina Arcade Building, Brgy. Dau, Mabalacat City
13	Tarlac	Mr. Lolito Guemo	Branch Manager	0916-4932598	(045) 9827199, 9827198	<a href="mailto:ncl.tarlac@yahoo.com">ncl.tarlac@yahoo.com</a>	G/F 3M Square Bldg, Mc Arthur Highway, Brgy. Ligtasan, Tarlac City
14	Zambales	Mr. Pierre Ferrer	OIC-Branch Manager	0999-6977722	(047) 2220797	<a href="mailto:ncl_zambales@yahoo.com">ncl_zambales@yahoo.com</a>	2nd Floor, Pag-asa Market and Mall, Brgy. Pag-asa, Olongapo City, Zambales

## SOUTHERN TAGALOG AND BICOL REGION DEPARTMENT

	Branches	Name	Position	Mobile No.	Branch Tel No.	Email Address	Address
	Office of the Department Manager	Ms. Irma Guemo	OIC-Department Manager	0917-8298236 0908-8914202	(02) 7067753	<a href="mailto:iguemo@pcso.gov.ph">iguemo@pcso.gov.ph</a>	3rd Floor, Sun Plaza Bldg., 1507 Princeton cor Shaw Blvd., Mandaluyong City
<b>A. Southern Tagalog</b>							
1	Batangas	Ms. Leticia Renomeron	Branch Manager	0920-9031084	(043)7026728	<a href="mailto:pcsobatangas@yahoo.com">pcsobatangas@yahoo.com</a>	Int B., Morada St., Brgy. I, Lipa City, Batangas
2	Cavite	Ms. Paloma Malinao	Branch Manager	0921-6983296 0915-8077811	(046) 4847501 loc. 122	<a href="mailto:pcso_cavite@yahoo.com.sg">pcso_cavite@yahoo.com.sg</a>	Municipal Hall, Kawit, Cavite
3	Laguna	Ms. Flora Obina	OIC-Branch Manager	0928-5055278	(02) 420-8263 (049) 5454070, 8341454	<a href="mailto:laguna_pdo@yahoo.com">laguna_pdo@yahoo.com</a>	Tabamo Building, Gen. Lim St. Brgy. Real, Calamba City, Laguna
4	Palawan	Mr. Orlando Batislaong, Jr.	OIC-Branch Manager	0917-6300981	(048) 4345523, 7233197	<a href="mailto:pcsopalawan@yahoo.com">pcsopalawan@yahoo.com</a>	City Coliseum, Brgy. San Pedro, National Highway, Puerto Princesa City
5	Quezon	Ms. Lady Elaine Gatdula	Branch Manager	0998-9602135	(042) 3735869	<a href="mailto:pcsoquezonstaff@yahoo.com">pcsoquezonstaff@yahoo.com</a>	Trade and Investment Center, Brgy. Isabang, Tayabas City
6	Rizal	Ms. Ma. Cecilia Cruz	OIC-Branch Manager	0922-2127766	(02) 6819167, 6829166	<a href="mailto:pdo_rizal@yahoo.com">pdo_rizal@yahoo.com</a> or <a href="mailto:rizalpdo@yahoo.com">rizalpdo@yahoo.com</a>	#25 Sumulong Highway, Milagros R.Crisostomo Bldg., Mayamot, Antipolo City
7	Oriental Mindoro	Mr. Augusto Tordillos	OIC-Assitant Branch Manager	0921-2128825 0926-6778922	(043) 2882467	<a href="mailto:pcso.orientalmindoro@yahoo.com.ph">pcso.orientalmindoro@yahoo.com.ph</a>	Centro ng Kabataan Compound, Brgy. Sta. Isabel, Calapan, Oriental Mindoro
8	Marinduque B	Ms. Lady Elaine Gatdula			(042) 3320533	<a href="mailto:marinduque1124@gmail.com">marinduque1124@gmail.com</a>	Administrative Bldg., Capitol Compound, Brgy. Santol, Boac, Marinduque
<b>B. Bicol Region</b>							
9	Albay	Ms. Laila Galang	Branch Manager	0920-9826260	(052) 8204644	<a href="mailto:stbr_albay@yahoo.com">stbr_albay@yahoo.com</a>	Tita Go Bldg., F. Imperial St., Legaspi City
10	Sorsogon B	Ms. Doris Olondriz	Financial & Management Officer I	0910-2184153	(056) 2113682	<a href="mailto:pcsosorsogon@yahoo.com.ph">pcsosorsogon@yahoo.com.ph</a>	JOMIL Bldg., Quezon St., corner D. Vera St., Sorsogon
11	CamSur	Ms. Nelly Loyola	OIC-Branch Manager	0920-9171637	(054) 4728937	<a href="mailto:stbr_camsur@yahoo.com">stbr_camsur@yahoo.com</a>	ROCO Bldg., Peñafrancia Ave., Naga City
12	Cam Norte B	Ms. Estrella Abasolo	Financial & Management Officer I	0921-3245408	(054) 4400549	<a href="mailto:pcsodaet@yahoo.com">pcsodaet@yahoo.com</a>	Vinzons Ave., Daet , Camarines Norte



## VISAYAS DEPARTMENT

	Branches	Name	Position	Mobile No.	Branch Tel No.	Email Address	Address
	<b>Office of the Department Manager</b>	<b>Mr. Federico Damole</b>	<b>OIC Department Manager</b>	<b>0917-6300984 09176300980</b>	<b>(032) 2344352, 2344354, 2344359</b>	<a href="mailto:pcsovismin@yahoo.com.ph">pcsovismin@yahoo.com.ph</a> <a href="mailto:pcsovismin@yahoo.com">pcsovismin@yahoo.com</a>	<b>2<sup>nd</sup> Floor PCSO Bldg., Osmeña St., North Reclamation Area, Cebu City</b>
1	Cebu	Mr. Glen Jesus Rada	Branch Manager	0917-6300739	(032) 2317272-to-75, 2342896	<a href="mailto:girada@pcso.gov.ph">girada@pcso.gov.ph</a> <a href="mailto:pcsocebubbranch@yahoo.com">pcsocebubbranch@yahoo.com</a>	Ground Floor PCSO Bldg. Osmeña St., North Reclamation Area, Cebu City
2	Iloilo	Mr. Cedric Recamara	OIC-Branch Manager	0917-5791637 0949-9602409	(033) 3363935, 3373636, 5087828	<a href="mailto:pcso_iloilo@yahoo.com">pcso_iloilo@yahoo.com</a>	Iloilo Sports Complex, Iloilo City
3	Leyte	Mr. Genciano Creer	OIC Branch Manager	0919-8365566	(053) 3255120, 3213023	<a href="mailto:pcsotac@yahoo.com">pcsotac@yahoo.com</a> <a href="mailto:pcsoleyte@gmail.com">pcsoleyte@gmail.com</a>	Maharlika Highway, Brgy. Apitong, Tacloban City
4	Samar	Ms. Janette Lloyd	Branch Manager	0917-6300985	(055) 2091574	<a href="mailto:pcsosamar@yahoo.com">pcsosamar@yahoo.com</a>	Calbayog Convention Center, Calbayog City, Samar
5	Northern Samar	Mr. Lester Trongcoso	Administrative Officer I		(055) 5009644	<a href="mailto:pcson.samar@gmail.com">pcson.samar@gmail.com</a>	Provincial Capitol, Brgy. Dalakit, Catarman, Northern Samar
6	Bohol	Mr. Roberto Pio Cinco	Branch Manager	0917-6300230	(038) 5017011	<a href="mailto:pcso_bohol@yahoo.com">pcso_bohol@yahoo.com</a>	Governor's Mansion Compound, Tagbilaran City, Bohol
7	Negros Occidental	Ms. Abigail Reformina	OIC Branch Manager	0916-5622975 0917-3042729	(034) 4351883 4350847	<a href="mailto:pcsobacolod@yahoo.com.ph">pcsobacolod@yahoo.com.ph</a> or <a href="mailto:pcsonegocc@yahoo.com">pcsonegocc@yahoo.com</a>	Paglaum Sports Complex, Hernaez St., Bacolod City
8	Negros Oriental	Ms. Belena Alvarez	Branch Manager	0920-9031207 0917-7944510 0917-3042729	(035) 4210861	<a href="mailto:pcsonegor@gmail.com">pcsonegor@gmail.com</a>	Gov. Perdecas Sports Complex, Capitol Area, Dumaguete City, Negros Oriental
9	Capiz	Mr. Jose Manuel Villagrancia	Financial & Management Officer I	0917-5313494	(036) 6201149	<a href="mailto:pcso.roxas@yahoo.com">pcso.roxas@yahoo.com</a>	Provincial Capitol of Capiz, Roxas City
10	Aklan	Mr. John Martin Philemon Alipao	Acting Financial & Management Officer I	0917-3021511		<a href="mailto:pcsoaklan@gmail.com">pcsoaklan@gmail.com</a>	Provincial Capitol Grounds, Kalibo, Aklan

## MINDANAO DEPARTMENT

	Branches	Name	Position	Mobile No.	Tel. No.	Email Address	Address
	<b>Office of the Department Manager</b>	<b>Mr. Mario Pelisco</b>	<b>OIC-Department Manager</b>	<b>0917-6300997</b>	<b>(082) 2820305</b>	<a href="mailto:mar.pelisco@yahoo.com">mar.pelisco@yahoo.com</a> or <a href="mailto:pcsomindm@yahoo.com">pcsomindm@yahoo.com</a>	<b>Maharlika Center, J. P. Cabaguio St., Davao City</b>
1	Davao	Atty. Raven Joy Patalinghug	OIC-Branch Manager	0917-3228407	(082) 2254762, 2822445, 2264720, 2218579	<a href="mailto:pcsodavao@yahoo.com">pcsodavao@yahoo.com</a>	Maharlika Center, J. P. Cabaguio St., Davao City
2	Misamis Oriental	Mr. Raul Regondola	Branch Manager	0926-6617798	(088) 8571557	<a href="mailto:pcsocdo@yahoo.com">pcsocdo@yahoo.com</a>	Amateur Boxers Association of the Philippines Bldg., corner Corales and Mabuhay Sts., Cagayan de Oro City
3	South Cotabato	Atty. Elvie Uy	Branch Manager	0917-6300988	(083) 5521179, 3012117	<a href="mailto:pcso_gsc@yahoo.com">pcso_gsc@yahoo.com</a>	Pendatun Avenue corner Balagtas St., 9500 General Santos City
4	Zamboanga del Sur	Ms. Gloria Ybañez	Branch Manager	0917-6300989	(062) 9913314, 9931613, 9901864	<a href="mailto:pcsozbga@yahoo.com">pcsozbga@yahoo.com</a>	Villalobos St., Zamboanga City
5	Bukidnon	Ms. Divina Salvacion	OIC-Assistant Branch Manager	0917-6300983	(088) 8135290	<a href="mailto:pcsobukidnon@yahoo.com">pcsobukidnon@yahoo.com</a>	Capital Grounds, Malaybalay City, Bukidnon
6	Agusan del Norte	Mr. Misael Hamak	Branch Manager	0917-6300990	(085) 3411717, 3411718, 3428110	<a href="mailto:pcsobutuan@yahoo.com">pcsobutuan@yahoo.com</a>	City Hall of Butuan, Doongan, Butuan City
7	Surigao del Norte B	Mr. Michele Ryan Mendoza	Financial & Management Officer I	0917-8789094	(086) 8261848	<a href="mailto:pcsosurigao@yahoo.com">pcsosurigao@yahoo.com</a>	Surigao del Norte Sports Complex, Surigao City
8	Zamboanga del Norte	Ms. Analisa Narciso	Financial & Management Officer I	0927-4568686		-	PDRMO Building, Brgy. Biasong, Dipolog City

<sup>i</sup> **Hon. Erineo “Ayong” S. Maliksi** assumed his post as new Chairman of the Philippine Charity Sweepstakes Office last April 22, 2015. Chairman Maliksi has a long and reputable experience in public service and administration having served as Governor of the Province of Cavite for three terms (2001 to 2010). He also served as representative of the province for two separate terms from 1998 to 2001 and from 2010 to 2013.

<sup>ii</sup> Includes accrued accounts which were approved for allocation in CY 2013 and other pro-poor social services/programs of the agency.

<sup>iii</sup> **Hon. Jose Ferdinand M. Rojas II** served as PCSO’s Acting Chairman from May 9, 2014 until April 22, 2015 (i.e., after the expiration of term of former Chairperson Margarita P. Juico last May 9, 2014 until the appointment of Hon. Erineo S. Maliksi last April 15, 2015).

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<sup>v</sup> **National Economic Development Authority (NEDA)**, Socioeconomic Report 2014: Assessment and implications for 2015-2016 (A roadmap to inclusive growth): NEDA Pasig, Philippines; p. 1-3.

<sup>vi</sup> Id.; NEDA staff estimates.

<sup>vii</sup> Id.; Only last December 2014, Moody’s upgraded the Philippines to one notch above minimum investment grade. It will be recalled that a similar upgrade came from Standard and Poor’s in May last year. Various institutional investors have also expressed confidence in the PDP growth targets being met.

<sup>viii</sup> Id.; Poverty in its multidimensional forms cannot be assessed yet due to unavailability of data.

<sup>ix</sup> 2012 Poverty Data on Basic Sectors (Philippine Statistics Authority)

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the Philippine Statistics Authority (PSA). For more details, please visit: [www.nscb.gov.ph](http://www.nscb.gov.ph)

<sup>xi</sup> **Romeo S. Recide** (OIC/Deputy National Statistician), Poverty Incidence Among Filipinos, Philippine Statistics Authority; Makati City, Philippines; March 6, 2015.

<sup>xii</sup> Id.; Poverty incidence among Filipinos is the proportion of people below the poverty line to the total population.

<sup>xiii</sup> Id.; 90% level of confidence, the true estimate of the poverty incidence among Filipinos lies between 24.1 and 27.4.

<sup>xiv</sup> Id.; The 2013 first semester poverty estimates were revised from those released on 29 April 2014 for consistency with the 2014 first semester poverty estimates generated from the 2014 Annual Poverty Indicator Survey which does not include sample households from Batanes and Leyte.

<sup>xv</sup> Id.; At 90% level of confidence, the true estimate of the poverty incidence among Filipinos lies between 23.0 and 26.2.

<sup>xvi</sup> Id.; At 90% level of confidence, the true estimate of the subsistence incidence among Filipinos lies between 9.4 and 11.6.

<sup>xvii</sup> Id.; Consumer Price Index (CPI) for Food increased by 6.49% between first semesters of 2013 and 2014.

<sup>xviii</sup> Id.; At 90% level of confidence, the true estimate of the poverty incidence among families lies between 18.6 and 21.3

<sup>xix</sup> Id.; At 90% level of confidence, the true estimate of the subsistence incidence among families lies between 17.5 and 20.2

<sup>xx</sup> Id.; At 90% level of confidence, the true estimate of the subsistence incidence among families lies between 6.7 and 8.4.

<sup>xxi</sup> **Disclaimer:** The use of this article is for research and educational purposes only. Copyrights over this article belongs to the World Lottery Association (WLA). The Philippine Charity Sweepstakes Office (PCSO) is a full member of WLA and Asia-Pacific Lotteries Association (APLA). For more details, please visit: [www.world-lotteries.org](http://www.world-lotteries.org) [www.asiapacific-lotteries.com](http://www.asiapacific-lotteries.com)

<sup>xxiii</sup> **Jean Jørgensen (WLA Executive Director)**, World Lottery Association Report :Global sales (2014); Basel, Switzerland, April 2, 2015.

<sup>xxiii</sup> Id.; Participating lotteries: **AFRICA** (Ghana: National Lottery Authority; Mauritius: Mauritius National Lottery; Morocco: La Marocaine des Jeux et des Sports; Morocco: Loterie Nationale; South Africa: Gidani (Proprietary) Limited); **LATIN AMERICA** (Argentina: Loteria Nacional Sociedad del Estado; Brazil: Caixa Econômica Federal; Chile: Polla Chilena de Beneficencia; Mexico: Loteria Nacional para la Asistencia Pública; **NORTH AMERICA** (Canada: Loto-Québec; Canada: Ontario Lottery; USA: California Lottery; USA: Connecticut Lottery Corporation; USA: Kentucky Lottery Corporation; USA: Minnesota State Lottery; USA: New York State Lottery; USA: Tennessee Education Lottery Corporation); **ASIA-PACIFIC** (Australia: Lotterywest; China: China Sports Lottery; China: Chinese Welfare Lottery; Hong Kong: HKJC; Japan: Mizuho Bank Ltd.); **EUROPE** (Czech Republic: SAZKA sázková kancelář, a.s.; Finland: Veikkaus Oy; France: Française des Jeux; Greece: OPAP; Hungary: Szerencsejáték Zrt.; Italy: Lottomatica S.p.A; Norway: Norsk Tipping AS; Poland: Totalizator Sportowy Sp. z o.o.; Spain: Loterías y Apuestas del Estado; Spain: Organización Nacional de Ciegos Españoles; Sweden: AB Svenska Spel; Switzerland: La Loterie Romande; United Kingdom: Camelot UK Lotteries Limited).

<sup>xxiv</sup> In compliance with Republic Act No. 7660 (December 23, 1993)

<sup>xxv</sup> E.O. No. 357, series of 1996 (8/15/1996) directs PCSO to allocate five percent (5%) of Lotto proceeds for LGUs.

<sup>xxvi</sup> As required under Republic Act No. 7722 (May 18, 1994).

<sup>xxvii</sup> As provided for under Republic Act No. 7835 (December 16, 1994).

<sup>xxviii</sup> **Philippine Charity Sweepstakes Office (Planning and Policy Formulation Division, Corporate Planning Department)**, *Manual of Corporate Governance (December 2014 Revised Edition)*; Mandaluyong City, Metro Manila Philippines (December 23, 2014); all rights reserved.