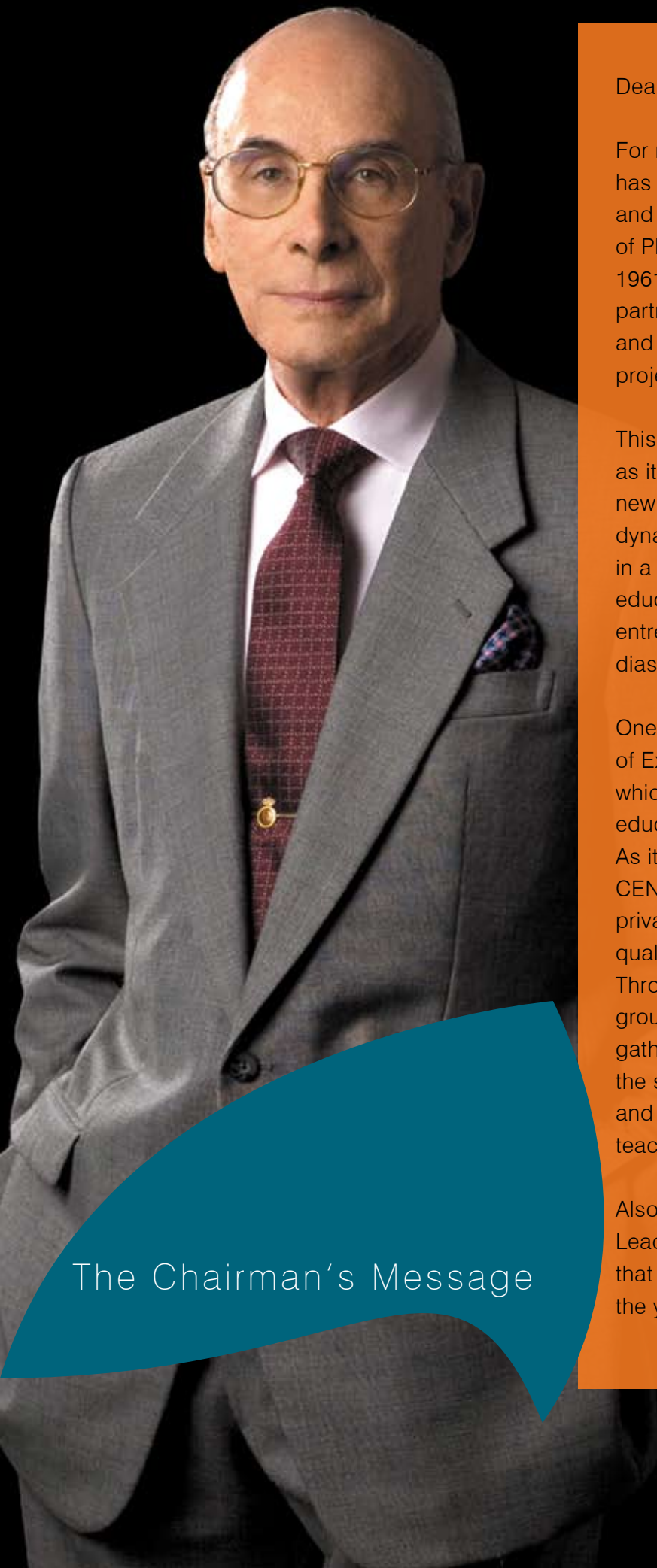


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The Chairman's Message

Dear stakeholders,

For nearly fifty years, Ayala Foundation, Inc. has been serving as a bridge between donors and the underprivileged members and groups of Philippine society. Since its establishment in 1961, AFI has been collaborating with various partners and benefactors, both in the country and overseas, to ensure the sustainability of its projects and to extend their impact and reach.

This has been another rewarding year for AFI as it strengthened its alliances and established new ties. AFI's projects in 2007 reflect the dynamic interaction of coordinated teamwork in a number of development areas, including education, culture and the arts, technology entrepreneurship, the environment, and diaspora philanthropy.

One example of such a project is the Center of Excellence in Public Elementary Education, which provides free quality elementary education to smart children from poor families. As it neared its tenth founding anniversary, CENTEX established partnerships with two private high schools to ensure continuing quality education for some of its graduates. Through stronger collaboration with various groups and industries, CENTEX has also gathered funds that will be used to build on the success of its two laboratory schools and extend the scope of its services through teacher-training programs.

Also nearing its tenth year, the Ayala Young Leaders Congress (AYLC) is another project that harnesses the power of teamwork and the youth to achieve its goals. The AYLC is an



annual summit that brings together the most promising student leaders from all over the country. The ninth congress in 2007 gathered 74 student leaders for three-and-a-half days of servant leadership workshops, forums, and discussions. Furthermore, the alumni group of the AYLC, called the Ayala Young Leaders Alliance (AYLA), used their combined efforts to respond to disasters that struck the country in 2007 by raising ₱1.7 million for calamity relief operations.

The Ayala Technology Business Incubator project (AyalaTBI) also focused on establishing a network of strategic partners in different parts of the country to achieve its novel goal of creating an environment that can fully support technology entrepreneurship in the Philippines. These partners provided the space necessary to house more technology business incubators, which now include UP-AyalaTBI South, North, and Cebu, and the recently opened AIM-AyalaTBI at the Asian Institute of Management in Makati.

Other social development projects of AFI that similarly flourished in 2007 as a result of stronger partnerships are Text2Teach, a program that facilitates access of teachers and students to new teaching modules using text messaging and satellite communications systems, and the Education and Livelihood Skills Alliance (ELSA), which is made up of six international and local organizations working together to improve the quality of education in the country and provide livelihood opportunities for the youth of Mindanao.

AFI's initiatives in culture and the arts also continued to expand in 2007. The Filipinas Heritage Library further widened its traditional library services by offering its Himig Collection of Philippine musical records to the public. This collection of phonograph records, from the 1920s to the present, is a rich resource on our musical heritage; it also helps instill a sense of pride among Filipinos in our artistic traditions.

Ayala Museum strengthened ties with international groups to bring Philippine art in Europe back to home soil. It collaborated with the Royal Netherlands Embassy in a special exhibition entitled Embroidered Multiples: 18th-19th Century Philippine Costumes from the National Museum of Ethnology, Leiden, the Netherlands. The museum also expanded its services by bringing the world of art outside the capital through its outreach program, Museum in a Box, a one-month exhibition of reproductions from Pioneers of Philippine Art: Luna, Amoroso, Zobel, to the Davao Museum.

These and numerous other projects and partnerships could not have borne fruit in 2007 without the invaluable contribution of many people, who have in various ways sacrificed their own interests for those of a common good. I thank our trustees, partners, directors, and managers for their trust, guidance, and support in all our programs. I especially wish to thank our donors and staff for their commitment, innovativeness, and determination to achieve our goals.

Jaime Zobel de Ayala
Ayala Foundation, Inc.



The President's Message

With the Filipino youth in mind as the most promising agent of positive social change, and information technology as one of the best tools to effect this transformation, the Gearing up Internet Literacy and Access for Students (GILAS) consortium connected 642 more public high schools to the Internet in 2007, bringing the total to 1,654 schools since the project started. Thus far, GILAS has achieved 100 percent connectivity in two provinces, 17 cities, and two municipalities. This moves the project closer to its ultimate goal of equipping all public high schools in the Philippines with the wealth of information found in the Internet.

GILAS sees literacy in information technology as important to the intellectual and skills development of the youth. To guide students in using the Internet responsibly and ensure that the project is sustainable, thousands of public school teachers were trained on Internet literacy, troubleshooting, and PC maintenance.

Recognizing the need for progressive and sustainable approaches to teaching, Text2Teach was relaunched in November 2007, marking the beginning of the second phase of the program. Text2Teach is a multipartner initiative intended to provide under-resourced public elementary schools with over 900 multimedia educational materials. With generous financial support worth ₱27 million from Nokia, and the constant assistance given by other members in the alliance, such as the SEAMEO-INNOTECH and Globe, at least 500 more schools will benefit from this innovation in the next three years.

Our partnerships with various organizations and individuals have definitely played an immense role in bringing Ayala Foundation's plans to fruition. The Center of Excellence in Public Elementary Education (CENTEX) forged partnerships with Sta. Isabel College and St. Bridget College in 2007 for the high school placement of some CENTEX graduates. Every year, CENTEX finds bright students from economically disadvantaged families and provides them elementary education of the highest standards. By teaming up with Sta. Isabel and St. Bridget, CENTEX secures access for some of its students to continuing quality education at the high school level.

Dear stakeholders,

Fostering unity and a culture of excellence in the implementation of every initiative is indispensable in our campaign to uplift many Filipinos from the state of poverty. In 2007, Ayala Foundation emerged stronger and wiser as it assumed the duty of managing the Ayala Social Initiatives (ASI), the product of a decision by the Ayala group of companies to align all its corporate social responsibility (CSR) projects along the 3Es—education, entrepreneurship, and environment. By taking on this responsibility, Ayala Foundation now plays the dual role of establishing common ground among the Ayala companies where CSR is concerned, while pursuing and strengthening its own projects.



In 2007, Ayala Foundation ended the first run of the Education and Livelihood Skills Alliance (ELSA) program. Putting a premium on empowering youth leaders in Mindanao, ELSA was able to train a total of 237 in-school and out-of-school youths on servant leadership, self-awareness, personality development, and project management. Small grants for project implementation were also given to select participants of ELSA who submitted the best proposals for community development projects.

The Filipinas Heritage Library continued to be a strong advocate of cultural literacy, attempting to inspire in Filipinos a sense of national pride by offering a treasure trove of resources on our ancestry and traditions. Exemplifying this is Trade Roots, an innovative program that seeks to broaden the scope of knowledge of public school teachers on the delivery of Philippine history as a classroom subject. With the support of the Department of Education and guided by the expertise of professors from the University of the Philippines, History Department, social studies teachers from Makati gained fresh insight on how they could use information on Philippine trade to enhance their teaching of Philippine history. The program also includes teaching modules on Philippine trade and history, which will be shared with other teachers through training programs and the Trade Roots website.

Ayala Museum brought its Pioneers of Philippine Art exhibit to Davao in 2007 through its outreach program, Museum in a Box. The exhibition demonstrating the groundbreaking talents of three Philippine artists—Juan Luna, Fernando Amorsolo, and Fernando Zobel—was brought to Davao in hopes of reaching a wider audience and evoking greater understanding and appreciation of Philippine art.

Aiming to turn innovative ideas into successful enterprises, the Ayala Technology Business Incubator (AyalaTBI) opened its second facility in December 2007 at the Asian Institute of Management Conference Center in Makati. The newly opened facility, called AIM-AyalaTBI, is set to provide an environment where 17 select technology enterprises can tap into the business and management expertise available at the AIM.

The success of the Solid Waste Management (SWM) program in 2007 serves as an affirmation of Ayala Foundation's efforts to promote awareness of environmental issues and proper waste disposal in the city. In 2007, about 2,000 tons of recyclable materials with an estimated worth of ₱9.8 million were collected from the Makati central business district and Ayala Center Makati through the implementation of the Pay-As-You-Throw (PAYT) system. Realizing the advantages of recycling for the environment, more people supported the monthly waste markets in different locations of Metro Manila, including Makati, Alabang, Taguig, and Quezon City. Ayala Foundation also ventured into a partnership with the Asian Institute of Management (AIM) for the creation of a solid waste management course, with the goal of opening a Center for Environmental Excellence.

In 2007, Ayala Foundation was able to increase its partnership base via Ayala Foundation USA (AF USA), generating roughly \$1.3 million for 43 partner organizations in the Philippines. Volunteer groups based in San Francisco/Northern California, Los Angeles/Southern California, New York-New Jersey, Washington DC, Las Vegas, Chicago, Portland, Hawaii, and Seattle have also been helping AF USA in its campaign to raise funds.

Ayala Foundation moves forward with its mission to alleviate poverty in the Philippines by creating more opportunities for growth for our countrymen. We at the foundation continue to dedicate our work to achieving progress in the areas of education, entrepreneurship, and the environment.

Ayala Foundation expresses its gratitude to you, our donors, partners, and stakeholders. It is through your unfaltering support that plans and ideas are transformed into programs. I also wish to give credit and thanks to the foundation's trustees, managers, and staff who worked as our solid team in order to achieve our vision and mission. As we begin another year of new endeavors, let us continue to work hand-in-hand to improve more lives and bring more Filipinos closer to their aspirations.

Victoria P. Garchitorea
Ayala Foundation, Inc.