



AGENCY BUDGET NOTES

For FY 2023



DEPARTMENT OF FOREIGN AFFAIRS



P20,304.0M
TOTAL NEW APPROPRIATIONS FOR 2023

COST STRUCTURE

P2,317.9M (11.4%)

General Admin and Support Services

P119.4M (0.6%)

Support to Operations

P17,866.7M (88.0%)

Operations

ALLOCATION BY AGENCY

OSEC P20,175.2M (99.4%)



FSI P65.7M (0.3%)

PCVF

P37.3M (0.2%)



UNESCO P22.7M (0.1%)



TCCP P3.1M (0.02%)

BREAKDOWN OF OPERATIONS BUDGET



P9,293.1M (52.0%)

Diplomacy Program



P8,483.5M (47.5%)

Consular/ATN Program



P44.9M (0.3%)

Foreign Service Personnel Development and Technical Research Program



P37.3M (0.2%)

Presidential Oversight Program



P6.9M (0.0%)

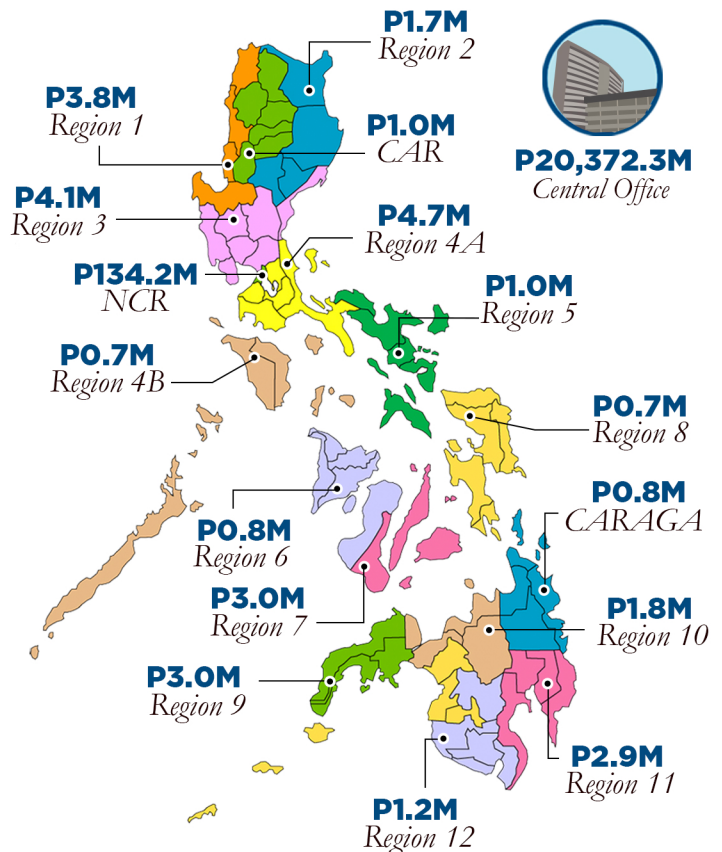
UNESCO Promotion, Implementation and Coordination Program



P1.1M (0.0%)

Economic and Technical Skills Training Program

REGIONAL ALLOCATION OF THE 2023 EXPENDITURE PROGRAM (P20,537.8 M)



QUICK FACTS

KEY SECTOR INFORMATION

Number of Philippine Embassies and Consulates General

(as of July 2022)



Source: Department of Foreign Affairs 2022

Countries which have multiple Consulates General located in its major cities:

United States (7)	China (6)	Canada (3)
Australia (2)	Japan (2)	

Philippines Top Export Markets

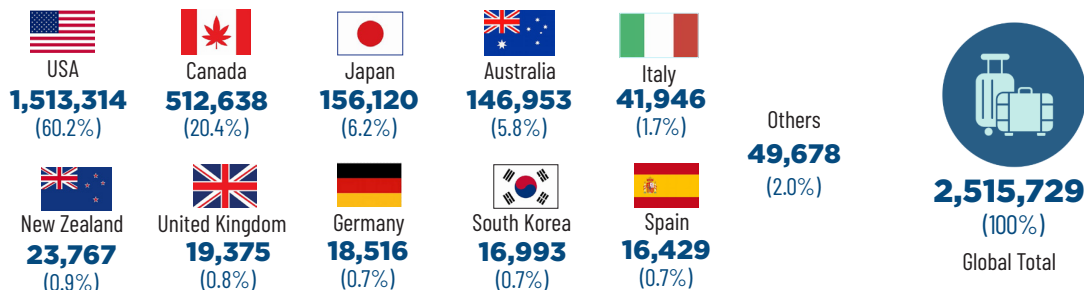
2021-2022

	China (PROC) incl. Hong Kong	USA	Japan	Singapore	Thailand
2021	US\$ 21.48 B	US\$ 11.85 B	US\$ 10.72 B	US\$ 4.20 B	US\$ 3.45 B
2022 (Jan-Apr)	US\$ 7.03 B	US\$ 3.95 B	US\$ 3.60 B	US\$ 1.67 B	US\$ 1.21 B

Source: PSA 2022

Number of Registered Filipino Emigrants

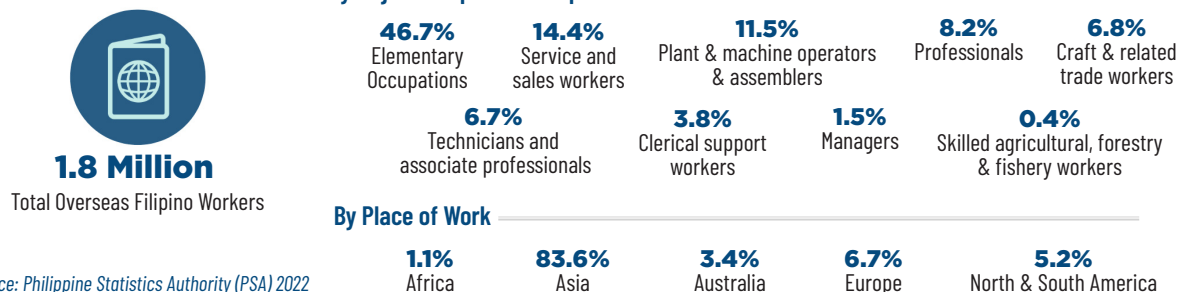
by Major Country of Destination



Source: Commission on Filipinos Overseas 2022

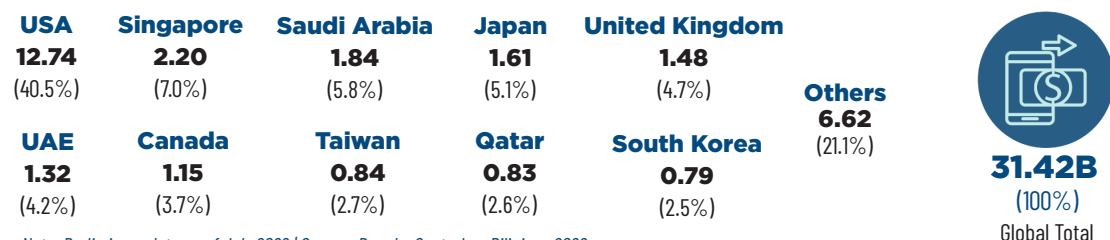
Number of Overseas Filipino workers

(as of 2020)



Overseas Filipinos' Cash Remittances

by Major Country 2021 (In Billion US\$)



HIGHLIGHTS

- ❑ *Expenditure Program.* The proposed expenditure program of the Department of Foreign Affairs (DFA) for 2023 amounts to P20.54 billion, of which P20.30 billion are new appropriations and P233.9 million are automatic appropriations. The total DFA budget for next year is 6.3% (P1.38 billion) less than the current year's (2022) expenditure program of P21.92 billion.

More than half of the budget (53.8% or P11.05 billion) will go to Maintenance and Other Operating Expenses (MOOE). Personnel Services (PS) will get P8.42 billion (41.0%) while Capital Outlay (CO) and Financial Expenses (FinEx) will receive P1.05 billion (5.1%) and P23.3 million (0.1%), respectively.

The bulk of the Department budget (99.3% or P20.4 billion) is allocated to the Office of the Secretary (OSEC).

- ❑ *New Appropriations by Cost Structure.* A big chunk of next year's budget (P17.87 billion or 88.0%) will go to Operations while the remainder will be spent for General Administration and Support or GAS (P2.32 billion or 11.4%), and Support to Operations or STO (P119.4 million or 0.6%).

- ❑ *Allocation by Major Programs.* The DFA has six (6) major programs with a combined allocation of P17.87 billion, equivalent to the department's Operations budget. This amount is less than this year's budget level of P18.86 billion—or by P988.9 million.

The Operations budget is primarily allocated to two OSEC programs, specifically the Diplomacy Program (P9.29 billion), and the Consular/Assistance to Nationals (ATN) Program (P8.48 billion).

- ❑ *Status of COVID-19 Releases.* As of 31 December 2021, a total of P829.9 million has been released to the DFA—of which P217.3 million or 26.2% remained unobligated. A large portion of such allotments were used to augment DFA assistance to Filipino nationals abroad (P820 million) while the balance was allotted for the country's commitments to global COVID-19 response programs (P9.9 million).

- ❑ *Budget Utilization and Unused Appropriations.* The obligations-to-appropriations ratio of the department plunged from a high of 87.1% in 2019 to 76.2% in 2020 and further down to 73.2% in 2021 - which mirrors the OSEC budget utilization rates during the period. In nominal terms, the unused appropriations grew from P2.95 billion in 2019 to P7.32 billion in 2021. Unused budgets could be interpreted as missed opportunities because the intended purpose for which the appropriations was approved by Congress has not been fully served.

- ❑ *Compliance with Audit Recommendations.* Among the DFA agencies, OSEC has the most number of prior years' audit prescriptions that have yet to be implemented as of December 2021 (i.e., 24 out of 81 COA recommendations). Percentage-wise, UNACOM has the highest rate of non-implementation (i.e., 45.5% or five (5) out of 11 recommendations).

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DEPARTMENT OF FOREIGN AFFAIRS*

I. MANDATE AND ORGANIZATIONAL OUTCOMES

- 1.1 *Mandate.* Section 2, Chapter I, Title I, Book IV of the Administrative Code of 1987 (Executive Order No. 292), provides that the Department of Foreign Affairs (DFA) “shall be the lead agency that shall advise and assist the President in planning, organizing, directing, coordinating and evaluating the total national effort in the field of foreign relations.” It currently has four attached agencies, namely, the Foreign Service Institute (FSI), the Technical Cooperation Council of the Philippines (TCCP), the UNESCO National Commission of the Philippines (UNACOM), and the Presidential Commission on Visiting Forces (PCVF).
- 1.2 The DFA shall also be the primary national government unit responsible in the implementation of the three pillars of the country’s foreign policy: (1) preservation and enhancement of national security; (2) promotion and attainment of economic security; and (3) protection of the rights and promotion of the welfare and interest of Filipinos overseas.
- 1.3 Pursuant to Republic Act (RA) No. 11641¹, the Department of Migrant Workers (DMW) became the primary government agency tasked to protect the rights and promote the welfare of OFWs. Consequently, the Office of the Undersecretary for Migrant Workers’ Affairs (OUMWA) of the DFA was subsumed into the DMW². Part of the powers and functions of the DMW is to support and assist the DFA particularly the implementation of its mandate that pertains to the protection and promotion of the rights and welfare of overseas Filipinos³.
- 1.4 The organizational outcomes of the Department of Foreign Affairs and its attached agencies are as follows:
- ❑ Office of the Secretary (OSEC) – (a) strengthen foreign relations by promoting national development and international cooperation; (b) protect and engage overseas Filipinos; and (c) improve consular services.
 - ❑ FSI – enhance the competency of DFA personnel.
 - ❑ TCCP – enhance and advance foreign technical and economic assistance and cooperation with developing and least developed countries.

* This document was prepared by Edrei Y. Udaundo as input to the deliberations of the House Committee on Appropriations on the FY 2023 proposed National Budget. The report benefitted from the inputs of Director Dina D.J. Pasagui and from the overall guidance of Director General Romulo E.M. Miral, Jr. Ph.D. The author acknowledges the contributions of Prince Louie Mambot (technical assistance) and Tommy Lagasca (layout/design of the infographics). The views, perspectives, and interpretations in this ABN do not necessarily reflect the positions of the House of Representatives as an institution or its individual Members. A copy of this publication is available at the CPBRD’s website: cpbrd.congress.gov.ph.

¹ RA No. 11641 was signed into law by President Duterte on 30 December 2021 and took effect on 3 February 2022.

² Pursuant to Section 19. Consolidation and Merger of Agencies and Functions of RA No. 11641. The OUMWA was created under RA No. 8042 or the Migrant Workers and Overseas Filipinos Act of 1995.

³ Section 6(e), (f), (g), and (q) of RA No. 11641 details the powers and functions of the DMW in relation to DFA.

- ❑ UNACOM – strengthen the Philippine linkage in programs and activities of UNESCO on education, science and technology, social and human sciences, culture, and communication and information.
- ❑ PCVF – ensure and sustain policies on all status of forces agreements (SOFAs) that serve the national interest.

II. SOURCES OF APPROPRIATIONS

2.1 The Department of Foreign Affairs (DFA) will have P20.54 billion total available appropriations in 2023, of which P20.30 billion is for new appropriations and P233.9 million is for automatic appropriations (*Table 1*). The current year's (2022) total available appropriations amounting to P27.44 billion appear to be larger primarily due to the inclusion of continuing appropriations amounting to P5.51 billion.

TABLE I
SOURCES OF FUNDS, 2021-2023
DEPARTMENT OF FOREIGN AFFAIRS

Particulars	Amounts (In Million Pesos)			Share to Total Appropriations		
	2021	2022	2023	2020	2021	2022
New Appropriations	22,407.4	21,701.7	20,304.0	81.8	79.1	98.9
Supplemental Appropriations	-	-	-	-	-	-
Automatic Appropriations	220.6	220.9	233.9	0.8	0.8	1.1
Continuing Appropriations	5,075.7	5,512.6	-	18.5	20.1	-
Budgetary Adjustments	(294.7)	-	-	(1.1)	-	-
Total Available Appropriations	27,409.0	27,435.1	20,537.8	100.0	100.0	100.0
LESS: Unused Appropriations	7,322.3	5,512.6	-			
Total Obligations	20,086.7	21,922.6	20,537.8			

Source of basic data: NEP 2023

2.2 Net budgetary adjustments of negative P294.7 million in 2021 is the difference between Transfers from DFA to Overall Savings (P447.6 million), and Transfers to the Department from Special Purpose Funds i.e., Contingent Fund (P27 million), Miscellaneous Personnel Benefits Fund (P90.6 million), and Pension and Gratuity Fund (P35.3 million).

III. EXPENDITURE PROGRAM

By Agency

- 3.1 Table 2 shows the DFA's expenditure program by agency for the period 2021-2023. OSEC will receive the largest allocation of P20.4 billion or 99.3% of the total budget next year. The remaining amount will be divided among the four (4) attached agencies, namely FSI (0.3%), PCVF (0.2%), UNACOM (0.1%), and TCCP (0.02%).
- 3.2 Overall, the DFA budget will decrease by 6.3% or P1.38 billion compared to this year's (2022) budget of P21.92 billion. OSEC and FSI will have higher budget cuts of P1.36 billion and P14.9 million, respectively. Percentage-wise, the TCCP's budget will drop by 30.3% or P1.4 million compared to its current budget of P4.6 million.

**TABLE 2
EXPENDITURE PROGRAM BY AGENCY, 2021-2023**

Particulars	Amounts (In Million Pesos)			Share to Total (%)		
	2021	2022	2023	2021	2022	2023
	Actual	Program	Proposed	Actual	Program	Proposed
OSEC	19,939.5	21,761.2	20,403.6	99.3	99.3	99.3
FSI	94.2	85.0	70.0	0.5	0.4	0.3
TCCP	4.1	4.6	3.2	0.0	0.0	0.0
UNACOM	19.8	24.8	23.7	0.1	0.1	0.1
PCVF	29.2	47.0	37.3	0.1	0.2	0.2
TOTAL DFA	20,086.7	21,922.6	20,537.8	100.0	100.0	100.0

Source of basic data: BESF 2023

By Expense Class

- 3.3 As in previous years, a big portion (53.8%) of the DFA budget in 2023 will go to Maintenance and Other Operating Expenses (MOOE). Personnel Services (PS) will get 41%, Capital Outlay or CO, 5.1% and Financial Expenses or FinEx, 0.1% (Table 3).
- 3.4 Programmed allocations (2022) for PS, MOOE and FinEx will be reduced next year while CO budget will increase by P67.2 million due mainly to additional OSEC budget for Building and Other Structures (P132 million), and Transportation Equipment (P74.1 million). Meanwhile, its Machinery and Equipment Outlay will decline by P101.2 million.

**TABLE 3
EXPENDITURE PROGRAM BY GENERAL EXPENSE CLASS, 2021-2023
(AMOUNTS IN MILLION PESOS)**

Particulars	Amounts (In Million Pesos)			Share to Total (%)		
	2021	2022	2023	2021	2022	2023
	Actual	Program	Proposed	Actual	Program	Proposed
PS	9,030.4	9,158.0	8,418.7	45.0	41.8	41.0
MOOE	10,248.3	11,759.3	11,048.3	51.0	53.6	53.8
CO	766.5	980.3	1,047.5	3.8	4.5	5.1
Fin Ex	41.5	25.0	23.3	0.2	0.1	0.1
TOTAL DFA	20,086.7	21,922.6	20,537.8	100.0	100.0	100.0

Source of basic data: BESF 2023

- 3.5 Personnel Services (PS) will decline by 8.1% or P739.3 million as OSEC's allocation for non-permanent positions drops from P752.9 million in 2022 to only P18.6 million in 2023. It was noted however that P8.7 million is set aside for Anniversary bonus next year. Meanwhile, Hazard Pay (P10.5 million) and Collective Negotiation Agreement (P81.5 million) were incurred in 2021.
- 3.6 Allocation for MOOE will likewise decrease by P711 million. Notably, FSI's allocation for Professional Services is reduced from P3.2 million in 2022 to only P485,000 next year. Conversely, OSEC Professional Services will be doubled from P501 million to P1.05 billion during the same period.

Staffing Summary

- 3.7 As shown in Table 4, DFA has a total of 3,423 authorized permanent positions, of which 12.3% or 420 *plantilla* positions are considered unfilled as of December 2021. Note however that unfilled positions in 2020 is even higher at 560—i.e., 547 in OSEC and 13 in FSI.
- 3.8 It was noted that the entire PS budget of PCVF is allocated for non-permanent positions since the agency does not have any authorized permanent position.

TABLE 4
NUMBER OF AUTHORIZED AND UNFILLED POSITIONS BY AGENCY, 2020-2023

Agency	Number of Authorized Positions				Unfilled Positions			
	2020	2021	2022	2023	2020	2021	2022	2023
OSEC	3,304	3,309	3,309	3,309	547	405	443	443
FSI	96	96	96	96	13	15	11	11
TCCP	4	4	4	4	0	0	0	0
UNACOM	14	14	14	14	0	0	0	0
PCVF	0	0	0	0				
TOTAL DFA	3,418	3,423	3,423	3,423	560	420	454	454

Source: Staffing Summary 2022-2023

Regional Allocation

- 3.9 A sizeable amount (P20.37 billion or 99.2%) of the proposed FY 2023 budget will go to the Central Office, albeit lower by P1.23 billion compared to the regional allocation this year. The National Capital Region or NCR will receive the second highest allocation at P134.2 million, equivalent to only 0.7% of the total budget (*Table 5*).
- 3.10 Note that the budget allocation of 15 regions—i.e. CAR to CARAGA will initially revert to their 2021 levels as the 2023 proposed budget is still net of budgetary adjustments and transfers from Special Purpose Funds. Meanwhile, there is no budget allocation for BARMM.

TABLE 5
REGIONAL DISTRIBUTION OF THE DFA BUDGET, 2021-2023
(AMOUNTS IN MILLION PESOS)

Region	2021 Actual		2022 Program		2023 Proposed	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Central Office	19,908.4	99.1	21,597.4	98.5	20,372.3	99.2
NCR	147.2	0.7	161.4	0.7	134.2	0.7
CAR	1.0	*	2.3	*	1.0	*
Region 1	3.8	*	35.7	0.2	3.8	*
Region 2	1.7	*	4.2	*	1.7	*
Region 3	4.1	*	27.2	0.1	4.1	*
Region 4A	4.7	*	17.3	0.1	4.7	*
Region 4B	0.7	*	2.0	*	0.7	*
Region 5	1.0	*	2.3	*	1.0	*
Region 6	0.8	*	12.6	0.1	0.8	*
Region 7	3.0	*	6.9	*	3.0	*
Region 8	0.7	*	2.4	*	0.7	*
Region 9	3.0	*	15.0	0.1	3.0	*
Region 10	1.8	*	6.3	*	1.8	*
Region 11	2.8	*	5.9	*	2.9	*
Region 12	1.2	*	21.7	0.1	1.2	*
CARAGA	0.8	*	2.1	*	0.8	*
BARMM	-	-	-	-	-	-
TOTAL	20,086.7	100.0	21,922.6	100.0	20,537.8	100.0

Source of basic data: BESF 2023

* less than 0.1%

IV. SPENDING FOR COVID-19 INITIATIVES

- 4.1 The passage of Republic Act (RA) No. 11469 (Bayanihan to Heal as One Act), RA 11494 (Bayanihan to Recover as One Act), as well as the GAA FY 2021 has supported the government efforts to mitigate the public health and socioeconomic impacts of the coronavirus-19 (COVID-19) pandemic in the country. The *Bayanihan to Heal as One Act* or Bayanihan 1 mandated all National Government Agencies (NGAs) to immediately adopt austerity measures by discontinuing less priority programs to fund COVID-19 related measures. The *Bayanihan to Recover as One Act* or Bayanihan 2, on the other hand, had authorized the additional funding for the response and recovery efforts of the national government to provide the needed assistance to economic and healthcare workers, small businesses, and low-income families.
- 4.2 Table 6 shows the total COVID-19 related releases to the DFA amounting to P829.9 million. Under Bayanihan 1, the Philippines, through the DFA, donated P5.1 million to the International Committee of the Red Cross (ICRC) as part of our commitment to support global efforts in response to the COVID-19 pandemic.
- 4.3 Under Bayanihan 2, a total of P820 million was released by DBM to augment the DFA's Assistance-to-Nationals Fund. As of May 2021, only 20.5% (or P124.6 million) of the obligated amount (P607.5 million) has been disbursed by the department. Meanwhile, P4.8

million was allotted as the country's pledge to the COVID-19 ASEAN Response Fund, no amount of which has been obligated and disbursed so far.

TABLE 6
STATUS OF COVID-19 RELEASES TO DFA, AS OF 31 DECEMBER 2021
(AMOUNTS IN MILLION PESOS)

Program/Purpose	Allotment Released	Obligations	Disbursements	Unobligated Allotment
I. Bayanihan 1				
Philippine donation to the ICRC in response to the COVID-19 ^a	5.1	5.1	5.1	-
II. Post Bayanihan 1	-	-	-	-
II. Bayanihan 2				
To cover the augmentation of Assistance-to-Nationals Fund ^b	820.0	607.5	124.6	212.5
IV. FY 2021 GAA				
To cover the Philippine pledge to the COVID-19 ASEAN Response Fund	4.8	-	-	4.8
TOTAL	829.9	612.5	129.7	217.3

a/ As of 14 November 2020, b/ As of 18 May 2021

Source: Status of COVID 19 Releases, as of 31 December 2021 (DBM website)

V. NEW APPROPRIATIONS

Appropriation By Agency and Cost Structure

- 5.1 Table 7 presents the DFA budget by Cost Structure. The General Administration and Support (GAS) component includes activities that deal with the overall administrative management and operational support to the entire agency operations. Support to Operations (STO) consists of activities and projects that provides technical and substantial support to agency operations but does not produce goods nor deliver services directed at a target population or an external client group. It includes expenditures that are indivisible across programs. Finally, Operations involves program expenditures that relate to the main purpose for which an agency has been created. It includes direct production of goods or delivery of services or direct engagement in regulations.
- 5.2 A big chunk of next year's budget will go to Operations (P17.87 billion or 88.0%) while the remainder will be spent for GAS (P2.32 billion or 11.4%) and STO (P119.4 million or 0.6%). Note that only OSEC has an STO component in its budget which covers legal services and coordination, planning and monitoring of foreign policy.
- 5.3 Much like OSEC, almost 70% (P44.9 million) of FSI budget will be spent for Operations whereas UNACOM and TCCP have larger GAS allocations (around 65%-70% of total) relative to their Operations budget. Note that the entire PCVF budget in 2023 will go to Operations (P37.3 million).

**TABLE 7
NEW APPROPRIATIONS BY AGENCY AND COST STRUCTURE, FY 2023**

Agency	Amounts (In Million Pesos)				Share to Total Agency (%)			
	GAS	STO	Operations	Total Agency	GAS	STO	Operations	Total Agency
OSEC	2,279.1	119.4	17,776.6	20,175.2	11.3	0.6	88.1	100.0
FSI	20.8	-	44.9	65.7	31.7	0.0	68.3	100.0
TCCP	2.0	-	1.1	3.1	64.8	0.0	35.2	100.0
UNACOM	15.9	-	6.9	22.7	69.9	0.0	30.1	100.0
PCVF	-	-	37.3	37.3	0.0	0.0	100.0	100.0
TOTAL DFA	2,317.9	119.4	17,866.7	20,304.0	11.4	0.6	88.0	100.0

Source of basic data: NEP 2023

Appropriation By Program

- 5.4 The 2023 Operations budget of the DFA amounting to P17.87 billion is lower by 5.2% or P988.9 million compared to the 2022 budget of P18.86 billion. The Operations budget mainly goes to OSEC's two programs, namely, the Diplomacy Program (52.0% of total) and the Consular/Assistance to Nationals (ATN) Program (47.5%). (Table 8)
- 5.5 The 2023 budget of the two banner programs will be 5% lower compared to the current year (2022), with the Diplomacy Program having an allocation of P9.29 billion and the Consular/ATN Program, P8.48 billion. The reduction is largely due to lower expenditures on Personnel Services (PS) for both programs.
- 5.6 Much like the abovementioned programs, there will be less budgets for the Foreign Service Personnel Development and Technical Research (FSI), Presidential Oversight Program (PCVF), UNESCO Promotion, Implementation and Coordination (UNACOM), and Economic and Technical Skills Training (TCCP), with declines ranging from 17.5% to 54.8% relative to the current year.

**TABLE 8
SUMMARY OF PROGRAMS FOR 2021-2023
DEPARTMENT OF FOREIGN AFFAIRS**

Program / Implementing Agency	Amount (In Million Pesos)			% Share to Total Program			Growth Rates '22-'23 (%)
	2021	2022	2023	2021	2022	2023	
Diplomacy (OSEC)	9,883.7	9,809.1	9,293.1	53.1	52.0	52.0	(5.3)
Consular/Assistance to Nationals (ATN) (OSEC)	8,621.4	8,930.1	8,483.5	46.3	47.4	47.5	(5.0)
Foreign Service Personnel Development and Technical Research (FSI)	70.6	58.7	44.9	0.4	0.3	0.3	(23.5)
Presidential Oversight (PCVF)	28.1	47.0	37.3	0.2	0.2	0.2	(20.8)
UNESCO Promotion, Implementation and Coordination (UNACOM)	8.3	8.3	6.9	0.0	0.0	0.0	(17.5)
Economic and Technical Skills Training (TCCP)	2.4	2.4	1.1	0.0	0.0	0.0	(54.8)
TOTAL	18,614.5	18,855.6	17,866.7	100.0	100.0	100.0	(5.2)

Source: GAA 2021-2022 and NEP 2023

VI. PERFORMANCE REVIEW

Budget Utilization

- 6.1 Table 9 shows the trend in budget utilization (2019-2021), measured in terms of obligations-to-appropriations ratio (OAR) and the unused appropriations. These ratios and amounts measure the capacity of the DFA agencies to utilize their respective budgets.
- 6.2 Based on DBM reports, the OAR of the department dropped from a high of 87.1% in 2019 to 76.2% in 2020 and further to 73.3% in 2021 - which mirrors the OSEC budget utilization rates during the period. Other agencies posted improvements in 2021, although their respective OARs are still below 2019 levels. For instance, UNACOM improved its OAR from 54.3% in 2020 to 80.9% in 2021 but a much higher utilization rate (82.3%) was achieved in 2019.

TABLE 9
OBLIGATIONS-APPROPRIATIONS RATIO
AND UNUSED APPROPRIATIONS, 2019-2021

Particulars	Obligation-Appropriations Ratio (%)			Unused Appropriations (In Million Pesos)		
	2019	2020	2021	2019	2020	2021
OSEC	87.1	76.2	73.3	2,928.7	5,586.5	7,280.9
FSI	90.3	82.6	84.6	10.3	15.0	17.2
TCCP	89.1	54.0	65.1	1.1	2.2	2.2
UNACOM	82.3	54.3	80.9	5.0	11.2	4.7
PCVF	-	-	62.8	-	-	17.3
TOTAL DFA	87.1	76.2	73.3	2,945.2	5,614.9	7,322.3

Sources of basic data: NEP 2021-2023

- 6.3 In nominal terms, the unused appropriations grew from P2.95 billion in 2019 to P7.32 billion in 2021. Unused budgets could be interpreted as missed opportunities because the intended purpose for which the appropriations was approved by Congress has not been fully served.
- 6.4 Non-utilization of funds in 2021 is largely attributed to: (a) unobligated allotments by OSEC amounting to P4.57 billion, and (b) unreleased appropriations—from DBM to OSEC amounting to P2.71 billion.

TABLE 10
DISBURSEMENT RATE BY AGENCY, 2020-2021
(AMOUNTS IN MILLION PESOS)

Particulars	2020			2021		
	Appropriations	Disbursements	Disbursement Rate (%) ^{a/}	Appropriations	Disbursements	Disbursement Rate (%) ^{a/}
OSEC	23,521.7	12,963.4	55.1	27,220.4	15,857.9	58.3
FSI	86.0	69.4	80.7	111.3	88.6	79.6
TCCP	4.8	2.3	47.3	6.4	3.7	57.6
UNACOM	24.6	12.6	51.3	24.4	17.9	73.2
PCVF	-	-	-	46.4	29.2	62.8
TOTAL DFA	23,637.2	13,047.7	55.2	27,409.0	15,997.2	58.4

a/ Disbursement rate – ratio of disbursements to appropriations
Source: SAAODB 2020-2021, DBM

- 6.5 Another indicator of budget utilization is the disbursement rate (or the ratio of disbursements to appropriations). Among the DFA agencies, OSEC and TCCP posted relatively low disbursement rates in 2020 and 2021—i.e., OSEC with 55.1%-58.3%, and TCCP with 47.3%-57.6%. On the other hand, agencies with higher disbursement ratios in 2021 are FSI (79.6%), UNACOM (73.2%) and PCVF (62.8%). It is noted that UNACOM had the best year-on-year improvement, with its ratio increasing from only 51.3% in 2020 to 73.2% in 2021 (*Table 10*).
- 6.6 Table 11 presents both the obligation-to-appropriations ratio (OAR) and disbursement-to-appropriations ratio (DAR) of major DFA programs in 2021. With the biggest budget among DFA programs at P10.66 billion, the Consular/ATN Program under OSEC only managed to obligate 63.9% of its appropriations and made disbursements equivalent to less than half of its appropriations (46.8%). Budget utilization is particularly low in the provision of consular services (i.e., issuance of passports and processing of visas and other consular documents).
- 6.7 In contrast, the Diplomacy Program also under OSEC, which received the second-biggest budget (P9.23 billion), was able to better utilize its budget as it posted higher OAR and DAR at 90.6% and 74.9%, respectively.
- 6.8 The UNESCO Promotion, Implementation and Coordination Program (UNACOM), and the Foreign Service Personnel and Development Technical Program (FSI) posted higher disbursement rates at 57% and 60%, respectively compared to TCCP's Economic and Technical Skills Training Program which only disbursed 36.8% of its appropriations in 2021.

TABLE II
BUDGET UTILIZATION BY MAJOR PROGRAM, 2021
(AMOUNTS IN MILLION PESOS)

Program	Appropriations	Obligations	Disbursements	Obligation Rate (%)	Disbursement Rate (%)
Diplomacy Program (OSEC)	9,231.4	8,365.3	6,917.3	90.6	74.9
<i>Of which:</i> Formulation, coordination and supervision of foreign policy	2,739.7	2,351.1	2,307.4	85.8	84.2
<i>Of which:</i> Conduct of bilateral and multilateral relations in accordance with foreign policy	6,491.7	6,014.2	4,609.8	92.6	71.0
Consular/ATN Program (OSEC)	10,664.6	6,809.5	4,991.1	63.9	46.8
<i>Of which:</i> Provision of consular services including issuance of passports, visas and other consular documents	9,367.4	5,609.1	4,157.1	59.9	44.4
<i>Of which:</i> Protection of the rights and promotion of welfare of overseas Filipinos	1,297.2	1,200.5	834.0	92.5	64.3
Foreign Service Personnel Development and Technical Research Program (FSI)	82.5	66.0	46.9	80.0	56.9
UNESCO Promotion, Implementation and Coordination Program (UNACOM)	8.3	6.6	5.0	79.0	60.4
Economic and Technical Skills Training Program (TCCP)	4.1	2.0	1.5	48.2	36.8

a/ Obligation rate – ratio of obligations to appropriations

b/ Disbursement rate – ratio of disbursements to appropriations

Source: SAAODB 2021 (FAR No. 1 in Transparency Seal)

Performance Indicators of Major Programs

- 6.9 Table 12 presents the 2021 accomplishments vis-à-vis targets as well as the 2022-2023 targets of DFA major programs. “Outcome indicators” refer to any change, effect, or result brought by an agency’s program or strategies upon individuals, social structures, or physical environment. Meanwhile, “output indicators” refer to any good or service that an agency delivers to a target population or client group external to the agency.
- 6.10 *Diplomacy Program (OSEC)*. The target outputs of the Diplomacy Program were easily met by OSEC given the large margin of actual outputs over targets. For instance, the DFA organized, initiated, or attended 50,527 activities that promote national security, which exceeded the target of only 5,321 in 2021. A similar observation was seen in the number of activities promoting economic diplomacy, and public and cultural diplomacy. In this case, the Program can be considered successful particularly in terms of its contribution to the strengthening of relations with migrant-receiving countries. As a result, the target outputs were raised twice, i.e., in the current year 2022 and further in 2023.
- 6.11 *Consular and Assistance to Nationals Program (OSEC)*. All three (3) output indicators of the program were not met by the OSEC. The actual number of passports issued in 2021 is only 58% of the target 4.34 million passports. This may be attributed to the limited number of passport applications the department can accommodate due to the continued physical

restrictions in 2021 and to the inefficiency of handling online applications.⁴ In line with this, a P3.84 billion budget is allotted in 2023 for the purchase of passport booklets and cost of personalization of passports. The passport revolving fund which will be mainly used for improving the passporting and DFA consular services can also augment the purchase of passport booklets⁵.

- 6.12 The number of consular documents issued in 2021 (1.14 million) was also way below the 2.81 million target. The lower-than-expected actual performance in these areas could explain the low budget utilization of the Consular and ATN Program. As indicated in Table 11, only 44.4% or P4.16 billion out of the P9.37 billion budget was disbursed by OSEC in 2021.
- 6.13 Similarly, the actual number of OFWs assisted through the ATN Fund and Legal Assistance Fund is only half the target (145,000). Given this, the OSEC should improve its performance in order to align with the 2021 Socioeconomic Report Strategic Framework wherein providing sufficient assistance to nationals and facilitating effective service delivery to overseas Filipinos are key strategies that can help protect and promote the rights and welfare of overseas Filipinos⁶.

TABLE 12
PERFORMANCE INDICATORS OF MAJOR PROGRAMS, 2021-2023

Program	2021		2022 Target	2023 Target
	Target	Actual		
OSEC- Diplomacy Program				
<i>Outcome Indicators</i>				
% of activities/reports that led to expressions of support, commitment, or interest arising from DFA engagements (National Security)	80%	95%	80%	95%
% of activities/reports that led to expressions of support, commitment, or interest arising from DFA engagements (Economic Diplomacy)	80%	100%	80%	95%
% of activities that led to expressions of support, commitment, or interest arising from DFA engagements (Public & Cultural Diplomacy)	90%	95%	90%	95%
<i>Output Indicators</i>				
No. of activities organized, initiated, or attended by the DFA annually (National Security)	5,321	50,527	10,451	50,527
No. of activities organized, initiated, or attended by the DFA annually (Economic Diplomacy)	2,900	20,602	7,818	20,602
No. of activities primarily aimed at enhancing the image of the Philippines in the global community (Public and Cultural Diplomacy)	115,810	233,942	132,600	233,942
No. of reports submitted by DFA in connection with diplomatic activities	5,219	3,802	12,088	16,127
No. of reports submitted by DFA in connection with diplomatic activities	4,234	11,464	6,836	11,464
OSEC- Consular/ATN Program				
<i>Outcome Indicators</i>				
% of passports issued within the prescribed period	90%	95%	90%	95%

⁴ <https://mb.com.ph/2021/09/26/dfa-suffers-over-2-3-m-backlog-in-passport-processing-under-covid-19-pandemic/>

⁵ *DFA Special Provisions, FY 2023 NEP p. 201*

⁶ *Chapter 21 of NEDA Socioeconomic Report 2021. Available online at <https://neda.gov.ph/socioeconomic-report-2021/>*

Program	2021		2022 Target	2023 Target
	Target	Actual		
Higher satisfaction rating by those who avail themselves of other documents	Majority of those who accomplished client feedback forms gave satisfactory rating	Majority of those who accomplished client feedback forms gave satisfactory rating	Majority of those who accomplished client feedback forms gave satisfactory rating	Majority of those who accomplished client feedback forms gave satisfactory rating
% of cases involving overseas Filipinos resolved as a proportion of total requests and cases handled	90%	100%	90%	95%
<i>Output Indicators</i>				
No. of passports issued	4,339,537	2,530,085	4,556,325	4,784,141
No. of other consular documents issued	2,811,834	1,139,443	2,661,393	1,139,443
No. of OFWs assisted using Assistance to Nationals (ATN) Fund and Legal Assistance Fund (LAF) as well as other interventions	145,000	77,115	145,000	174,182
FSI - Foreign Service Personnel Development and Technical Research Program				
<i>Outcome Indicators</i>				
% of training programs conducted within the prescribed period	95%	100%	95%	95%
% of training programs rated useful by the personnel trained	95%	96%	95%	95%
% of policy inputs adopted by the DFA	95%	90%	90%	90%
<i>Output Indicators</i>				
No. of training programs conducted/ implemented	74	78	78	74
No. of personnel trained	1,634	3,591	3,087	3,455
No. of research/policy papers completed and accepted by the requesting entity	72	117	72	72
TCCP - Economic and Technical Skills Training Program				
<i>Outcome Indicators</i>				
% of participants who rated the training course as good or better	90%	90%	90%	90%
<i>Output Indicators</i>				
No. of training programs provided for other countries	7	17	7	7
% of foreign technical and cooperation program implemented on time and rated useful	90%	90%	90%	90%
UNACOM - UNESCO Promotion, Implementation, and Coordination Program				
<i>Outcome Indicators</i>				
% of projects/activities and conferences coordinated, implemented, and organized rated good or better	100%	100%	100%	100%
<i>Output Indicators</i>				
No. of projects/activities and conferences coordinated, implemented, and organized	40	56	40	45
PCVF - Presidential Oversight Program				
<i>Outcome Indicators</i>				
% of agencies complying with presidential directives	100%	100%	100%	100%
<i>Output Indicators</i>				
% of action documents and instruments submitted to the Executive Secretary for approval.	100%	100%	100%	100%
% of policy papers/instruments and issuances submitted to the President within the prescribed time frame	100%	100%	100%	100%

Source: NEP 2023

- 6.14 *Foreign Service Personnel Development and Technical Research Program.* The FSI attained its output targets in 2021, most notably the number of personnel trained. With a target of 1,634, the agency was able to train more than double this number (or 3,591 trained personnel). For 2022-2023, the target output was raised to 3,087 and 3,455, respectively.
- 6.15 *Economic and Technical Skills Training Program.* The TCCP conducted 17 training programs for other countries, which surpassed its target of seven (7) training programs in 2021. More importantly, the target outcomes of participants rating the training course as good or better (90%) and foreign technical and cooperation program implemented on time and rated useful (90%) were achieved. Given this, TCCP may consider recalibrating its annual targets.
- 6.16 *UNESCO Promotion, Implementation, and Coordination Program.* A total of 56 projects/activities and conferences were coordinated, implemented, and organized by UNACOM in 2021, which is above its target number of 40. The agency also achieved its targeted outcome as 100% of these projects/activities were rated as good or better.
- 6.17 *Presidential Oversight Program.* The PCVF met all its outcome and output objectives as measured by the 100% compliance of agencies to presidential directives, submission of all action documents to the Executive Secretary for approval, and timely submission of policy papers/issuances to the President.

VII. COA FINDINGS AND RECOMMENDATIONS

- 7.1 The Commission on Audit (COA) is mandated under the Philippine Constitution to ensure the integrity of the government's fiscal and financial transactions. The Annual Audit Report (AAR) contains the audit findings and results for each audited agency. These reports, along with other COA special reports are published online and are available at the COA website.
- 7.2 All government agencies are required by law to submit a status report on the actions taken on the audit findings and recommendations to COA within 60 days from receipt of the AAR. Copies of the same status reports shall also be submitted to the DBM, the Speaker of the House of Representatives, the President of the Senate, the House Committee on Appropriations, and the Senate Committee on Finance. The head of agency and the agency's web administrator or equivalent shall likewise be responsible for posting the reports on the agency's website ⁷.
- 7.3 As shown in Table 13, OSEC has the most number of prior years' recommendations (24) that have yet to be implemented, which is 29.6% of the 81 total recommendations. While having a lower number of audit prescriptions, UNACOM has yet to implement five (5) of 11 recommendations (45.5%) as of December 2021.
- 7.4 Meanwhile, FSI has the highest percentage of implementation (93.8%), with only one (1) recommendation left not implemented.

⁷ FY 2022 GAA, General Provisions, Section 97, page 803

TABLE 13
STATUS OF IMPLEMENTATION OF COA RECOMMENDATIONS
(AS OF DECEMBER 2021)

Particulars	Total	Implemented		Not Implemented	
		Number	(%)	Number	(%)
OSEC	81	57	70.4	24	29.6
FSI	16	15	93.8	1	6.3
TCCP	6	4	66.7	2	33.3
UNACOM	11	6	54.5	5	45.5

Source: Annual Audit Reports 2021 (Part 3)

Note: No audit was conducted for the PCVF as it is a newly reorganized agency.

7.5 The following are some of the prior year’s audit team recommendations which were not implemented by the DFA agencies:

Office of the Secretary (OSEC)

- ❑ The “Due from NGAs” balance is unreliable due to unidentified/unclassified SL balances amounting to P161.9 million. The verification and location of related records/documents of said unidentified balances have yet to be implemented.
- ❑ The accounts payable balance is unreliable due to (a) non-reversion of accounts payable that remained outstanding for two or more years amounting to P218.2 million, of which only P11.2 million were reverted; (b) presence of unidentified accounts amounting to P64.2 million which have yet to be identified as valid obligations due to lack of supporting documents; and (c) dormant accounts amounting to P16.6 million have yet to be analyzed.
- ❑ Amounts withheld from employees that are due to GSIS, Pag-IBIG, and PhilHealth were not remitted in full as they fall due, resulting in accumulated amounts of P28.5 million, P1.5 million, and P2.8 million, respectively. Overdue contributions including those of prior years have yet to be remitted as amounts are still subject for verification.
- ❑ Absence of prescriptive guidelines caused delays in the release of end-of-service benefits (ESB) from one to seven years totaling P66.5 million. Funds amounting to P209.2 million also remained idle in custodianship from one to eleven years as of December 2018.

UNESCO National Commission of the Philippines (UNACOM)

- ❑ A balance of P0.13 million advanced to PS-DBM remained unutilized for more than four years. There is also a discrepancy of P0.12 million between UNACOM and PS-DBM books. Management has yet to coordinate with PS-DBM to reconcile account balance and has not taken steps to monitor advances to the same.
- ❑ UNACOM’s GAD-related spending amounted to P1.8 million in 2020. However, its 2020 GAD Plan and Budget (GPB) and GAD accomplishment report (AR) were not submitted to the Philippine Commission on Women (PCW). Management has yet to submit the GPB and GAD AR that are signed by the head of agency and authenticated by PCW.

7.6 Below are some of the observations based on the 2021 audit reports for the DFA and its attached agencies:

Office of the Secretary (OSEC)

- ❑ Various accounting deficiencies were noted in the recording and reporting of financial transactions aggregating to P5.7 billion: (a) Variance between subsidiary ledger (SL) and confirmed bank balance of cash in bank amounting to P123.6 million; (b) discrepancy between ledger balance and book balance in bank reconciliation statements of foreign currency accounts amounting to P1 billion; (c) unreconciled discrepancy with PS-DBM amounting to P166.2 million; (d) presence of “unclassified, “others”, and “for reconciliation” PPE accounts in the amount of P809 million; (e) dormant, unliquidated and unsettled receivable accounts amounting to P393 million, among others.
- ❑ The “Due from NGAs/GOCCs” balance is unreliable due to discrepancy between records of DFA and counterparties (P338.9 million) and presence of unidentified SL accounts (P163.6 million). Likewise, accounts payable balance is unreliable due to the following reasons: existence of unidentified SL accounts (P64.3 million), abnormal/negative balances of SLs (P35.1 million), and non-reversion of long outstanding payables aged two years and above (P284.8 million).
- ❑ There are amounts charged against the Assistance to Nationals (ATN) funds but are not-related to ATN programs and activities, i.e., compensation of contract-of-service personnel (P8.7 million) and lease of motor vehicles used in transporting officers and staff (P3.3 million).
- ❑ Cash advances of special liquidating officers amounting to P28.1 million remained unliquidated as of December 31, 2021.

Foreign Service Institute (FSI)

- ❑ The seminar conducted on cultural diplomacy amounting to P0.69 million was not included in the Annual Procurement Plan (APP). Also, the corresponding expenses incurred amounting to P0.68 million were considered irregular as purchases did not go through competitive bidding or other alternative modes of procurement.
- ❑ Taxes on payment for services procured from non-resident foreign corporations amounting to P0.72 million were not withheld depriving the government of revenues.

UNESCO National Commission of the Philippines (UNACOM)

- ❑ Various accounting deficiencies were noted in the recording and reporting of financial transactions aggregating to P16.1 million, which include dormant/unliquidated account balances amounting to P14.5 million, unreconciled balances of accounts with other NGAs amounting to P1.47 million, among others.
- ❑ Procurement of items charged to training expenses, honoraria, and other professional services amounting to P0.18 million were not included in the Annual Procurement Plan.

Presidential Commission on Visiting Forces (PCVF)

- ❑ Non-submission of year-end financial statements (FS), quarterly FS and monthly Trial Balances (TBs) and supporting documents within the set deadline.

- ❑ Deficiencies were noted in the utilization of cash advances granted for operational expenses amounting to P7.3 million which exposes the government to the risk of loss or misappropriation.

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ANNEX

EXPENDITURE PROGRAM BY GENERAL EXPENSE CLASS, 2021-2023 (AMOUNTS IN MILLION PESOS)

Particulars	2021					2022					2023				
	PS	MOOE	CO	FinEx	TOTAL	PS	MOOE	CO	FinEx	TOTAL	PS	MOOE	CO	FinEx	TOTAL
OSEC	8,951.9	10,182.5	763.6	41.5	19,939.5	9,069.8	11,687.4	979.0	24.9	21,761.2	8,326.7	11,006.1	1,047.5	23.3	20,403.6
FSI	57.6	33.9	2.7	-	94.2	54.8	29.9	0.3	0.0	85.0	58.0	12.0	-	0.0	70.0
TCCP	1.8	2.1	0.2	0.0	4.1	1.9	2.5	0.2	0.0	4.6	2.0	1.3	-	0.0	3.2
UNACOM	9.3	10.5	-	-	19.8	12.6	12.2	-	-	24.8	12.5	11.2	-	-	23.7
PCVF	9.8	19.4	-	-	29.2	18.9	27.3	0.8	-	47.0	19.5	17.7	-	-	37.3
Total DFA	9,030.4	10,248.3	766.5	41.5	20,086.7	9,158.0	11,759.3	980.3	25.0	21,922.6	8,418.7	11,048.3	1,047.5	23.3	20,537.8

Source: BESF 2023

EXPENDITURE PROGRAM BY GENERAL EXPENSE CLASS, 2021-2023 (AS PERCENT TO TOTAL AGENCY)

Particulars	2021					2022					2023				
	PS	MOOE	CO	FinEx	TOTAL	PS	MOOE	CO	FinEx	TOTAL	PS	MOOE	CO	FinEx	TOTAL
OSEC	44.6	50.7	3.8	0.2	99.3	41.4	53.3	4.5	0.1	99.3	40.5	53.6	5.1	0.1	99.3
FSI	0.3	0.2	0.0	0.0	0.5	0.3	0.1	0.0	0.0	0.4	0.3	0.1	0.0	0.0	0.3
TCCP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UNACOM	0.0	0.1	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.1
PCVF	0.0	0.1	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.2	0.1	0.1	0.0	0.0	0.2
Total DFA	45.0	51.0	3.8	0.2	100.0	41.8	53.6	4.5	0.1	100.0	41.0	53.8	5.1	0.1	100.0

Source: BESF 2023