



# AGENCY BUDGET NOTES

For FY 2023



## DEPARTMENT OF TOURISM



**P3,519.0M**

TOTAL NEW APPROPRIATIONS FOR 2023

### COST STRUCTURE

**P852.8M** (24.2%)  
General Admin and Support

**P80.9M** (2.3%)  
Support to Operations

**P2,585.3M** (73.5%)  
Operations

### ALLOCATION BY AGENCY

**OSEC** **P3,250.8M** (92.4%)

**NPDC**  
**P198.9M** (5.7%)

**IA**  
**P59.7M** (1.7%)

**PCSSD**  
**P9.5M** (0.3%)

### BREAKDOWN FOR OPERATIONS BUDGET

**P1,891.3M** (73.2%)  
Market and Product Development Program

**P243.1M** (9.4%)  
Tourism Policy Formulation and Planning Program

**P146.4M** (5.7%)  
Tourism Industry Training Program

**P137.7M** (5.3%)  
Parks Management Program

**P113.4M** (4.4%)  
Standards Development and Enforcement Program

**P21.0M** (0.8%)  
Cultural and Events Program

#### Intramuros

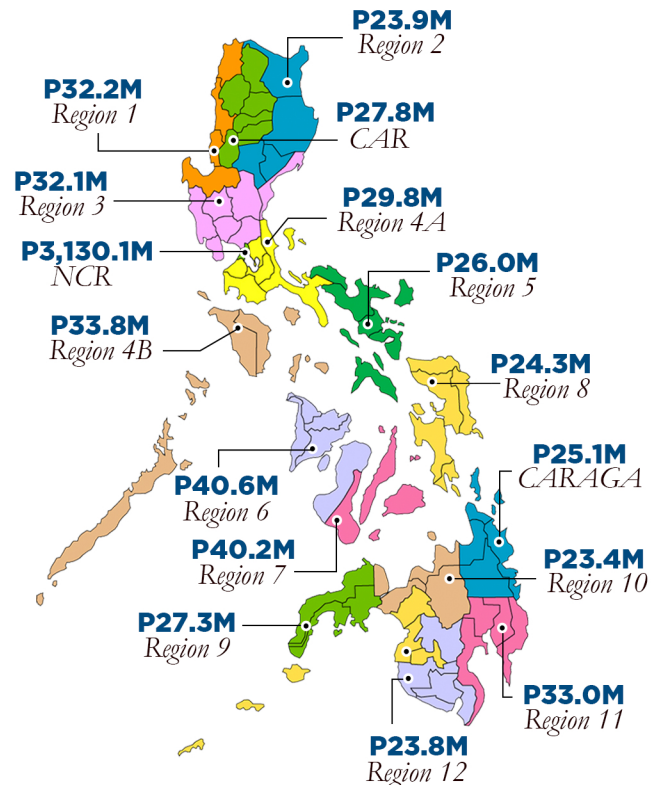
**P15.2M** (0.6%)  
Property Conservation and Development Program

**P9.2M** (0.4%)  
Regulatory Program

**P4.5M** (0.2%)  
Tourism Promotions Program

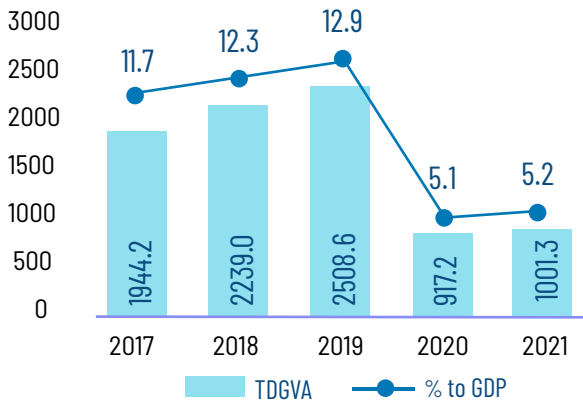
**P3.5M** (0.1%)  
Commercial Property Leasing Program

### REGIONAL ALLOCATION OF THE 2023 EXPENDITURE PROGRAM (P3,573.2M)



# QUICK FACTS

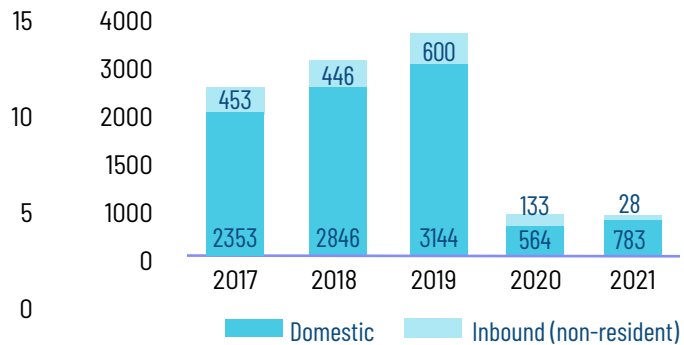
## Tourism Direct Gross Value Added at Current Prices, In Billion Pesos, and Percent Share to GDP



The contribution of tourism to the economy as measured by the share of tourism direct gross value added (TDGVA) has slightly increased from 5.1% in 2020 valued at P917.2 billion to 5.2% amounting to P1.001 trillion in 2021, but still far from its 12.9% share in 2019 equivalent to P2.5 trillion.

Source: PSA

## Tourism Expenditures in the Philippines in Billion PHP



On average, 85% of total tourism expenditures for the period 2017-2019 came from local tourists. Inbound tourism expenditures fell to P133 billion in 2020 and further dipped to just P28 billion in 2021 due to Covid-19 travel restrictions. Inbound tourism expenditure refers to the expenditure of non-resident visitors (i.e. foreign visitors and Filipinos permanently residing abroad) within the Philippines.

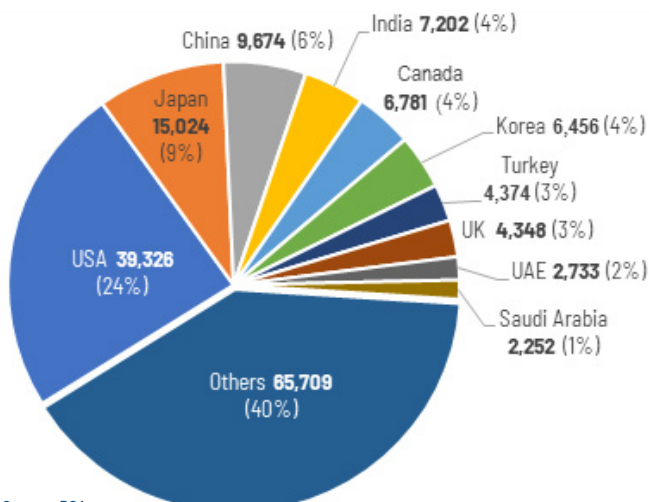
## Employment in Tourism Industries in Thousand Persons

	2017	2018	2019	2020	2021
Accommodation and food and beverage	1,740	1,729	1,933	1,468	1,416
Passenger transport	1,995	2,047	2,184	1,870	1,873
Travel agents, tour operators and tourism guides	35	38	40	38	43
Recreation, entertainment and cultural services	325	370	402	231	335
Retail trade on tourism characteristic goods	348	352	369	356	429
Miscellaneous	826	829	792	718	800
<b>Employment in Tourism Industries</b>	<b>5,269</b>	<b>5,365</b>	<b>5,719</b>	<b>4,681</b>	<b>4,895</b>
<b>Growth Rate (%)</b>	<b>0.8</b>	<b>1.8</b>	<b>6.6</b>	<b>-18.1</b>	<b>4.6</b>
<b>Total Employment in the Philippines</b>	<b>40,335</b>	<b>41,157</b>	<b>41,938</b>	<b>39,379</b>	<b>43,989</b>
<b>Share to Total Employment (%)</b>	<b>13.1</b>	<b>13.0</b>	<b>13.6</b>	<b>11.9</b>	<b>11.1</b>

Source: PSA

Total employment in tourism industries rebounded in 2021 reaching 4.9 million from 4.7 million in 2020 but still lower than pre-pandemic levels. It accounted for 11.1% of the total employment in the country.

## 2021 Top Visitor Arrivals to the Philippines



Source: PSA

The United States topped the source market for international tourists with **39,326** arrivals, making up **24%** of the total foreign arrivals at **163,879** in 2021.

## HIGHLIGHTS

- ❑ *Expenditure Program.* Total available appropriations proposed for the Department of Tourism (DOT) in 2023 reached P3.57 billion, which is almost P46.8 million higher than the 2022 allocation of P3.53 billion (*Table 1*). Out of the total 2023 expenditure program, 98.5% is new appropriations while 1.5% comprises automatic appropriations.

The proposed budget of P3.29 billion for the Office of the Secretary (OSEC) in 2023 will account for 92.2% of the total expenditure program and is P769.2 million or 30.4% higher than the P2.53 billion allotments in 2022 (*Table 2*). Both the proposed 2023 budget for the Intramuros Administration and the National Parks Development Committee will also have a slight increase by 1.0% and 0.4%, respectively, from their 2022 levels. The newly attached agency to the DOT, the Philippine Commission on Sports Scuba Diving (PCSSD) will have a budget share of 0.3% amounting to P9.53 million.

The budget for maintenance and other operating expenses (MOOE) will continue to receive the bulk of the total budget of the DOT and its attached agencies in 2023. Almost 79.3% of the budget will be allotted for MOOE amounting to P2.83 billion, followed by personal services (PS) at 20.6% with P736.8 million (*Table 3*). The share of PS in the total budget in 2023 will decrease to 20.2% from 27.4% in 2022.

- ❑ *New Appropriations by Cost Structure.* Out of the total P3.52 billion in new appropriations, 73.5% (P2.59 billion) of the 2023 budget is allocated for operations (*Table 6*). This is followed by general administration and support at 24.2% (P852.8 million), and support to operations at only 2.3% (P80.9 million).
- ❑ *Allocation by Major Programs.* The DOT's *Market and Product Development Program* will get the highest allocation in 2023 at P1.89 billion or 73.2% of the total program budget but is lower by P135.1 million or 6.7% compared to the previous year (*Table 7*). Similarly, most of the other DOT programs will get lower budgets, registering decreases from as low as 2.9% to as high as 28.3%.
- ❑ *Budget Utilization and Unused Appropriations.* The obligations to appropriations ratio of the DOT and its attached agencies sharply declined from 89.7% in 2020 to 73.1% in 2021 (*Table 8*). The OSEC incurred the lowest obligations-appropriations ratio with an average of 82.5% over a three-year period from 2019-2021. The unused appropriations of the DOT and its attached agencies all significantly increased in 2021 compared to their 2020 levels.
- ❑ *Compliance with Audit Recommendations.* In 2021, the OSEC implemented only 49 or 53.9% out of the 91 recommendations (*Table 13*). The other 42 or 46.2% were not implemented of which 28 are reiterated/restated. The IA managed to implement thirteen (13) or 54.1% of 24 recommendations. The remaining 11 or 45.8% were not implemented, of which nine (9) are reiterated /reinstated. The NPDC implemented 16 or 69.6% of the 23 recommendations. The

other seven (7) or 30.4% were not implemented while four (4) are reiterated/reinstated. Most of the adverse findings on the OSEC involved lapses in the grant of cash advances and disbursements without proper documentation and those that contravened government rules and regulations.

## TABLE OF CONTENTS

	Page
I. Mandates and Organizational Outcomes	1
II. Sources of Appropriations	
Table 1    Sources of Funds, 2021-2023	2
III. Expenditure Program	
Table 2    Expenditure Program by Agency, 2021-2023	3
Table 3    Expenditure Program by General Expense Class, 2021-2023	4
Table 4    Unfilled Positions by Agency, 2021-2023	4
Table 5    Regional Distribution of the DOT Budget, 2021-2023	5
IV. New Appropriations	
Table 6    New Appropriations by Agency and Cost Structure, 2021-2023	5-6
Table 7    Summary of Programs for 2021-2023	6
VI. Performance Review	
Table 8    Obligations-Appropriations Ratio and Unused Appropriations, 2019-2021	7
Table 9    Disbursement Rate by Agency, 2020-2021	7
Table 10   Budget Utilization by Major Program, 2023	8
Table 11   Performance Indicators of Major Programs, 2021-2023	9-10
Table 12   National Tourism Development Plan Selected Targets vs. Actual Performance, 2015-2021	11-12
VI. COA Findings and Recommendations	
Table 13   Status of Implementation of COA Recommendations	12

# DEPARTMENT OF TOURISM\*

## I. MANDATE AND ORGANIZATIONAL OUTCOMES

- 1.1. Mandate. The Department of Tourism (DOT) was organized by Presidential Decree No. 189 and was reorganized in its functional structures under Executive Order 120. The Department of Tourism is the primary government agency charged with the responsibility to encourage, promote, and develop tourism as a major socio-economic activity to generate foreign currency and employment and to spread the benefits of tourism to both the private and the public sectors.
- 1.2. Under the Tourism Act of 2009 (R.A. 9593), the DOT is mandated to be the primary planning, programming, coordinating, implementing, and regulatory government agency in the development and promotion of the tourism industry, both domestic and international, in coordination with attached agencies and other government instrumentalities. It is also required to instill among Filipinos the fundamental importance of tourism in the generation of employment, investment, and foreign exchange.
- 1.3. The vision of the National Tourism Development Plan 2016-2022 is as follows: “Develop a globally competitive, environmentally sustainable, and socially responsible tourism industry that promotes inclusive growth through employment generation and equitable distribution of income thereby contributing to building a foundation for a high-trust society.” This vision is aligned with the key pillars of *Ambisyon Natin 2040* and the framework of the *Philippine Development Plan 2017-2022*.

To mitigate the impacts of Covid-19, the DOT has established the *Reformulated National Tourism Development Plan (RNTDP) 2021-2022* in July 2021. The reformulated NTDP provides a framework to prioritize actions and activities to achieve resilient, inclusive, and sustainable tourism recovery from Covid 19. It also proposed three directions to address recovery priorities and strengthen the foundations for devolved tourism functions and enable medium to long-term resilient, sustainable and inclusive development: 1. Promote Safe, Fun, and Competitive Tourism; 2. Pursue sustainable, inclusive, and resilient tourism; and 3. Strengthen governance and destination management. The RNTDP is aligned with the *Tourism Act of 2009*, the *Philippine Development Plan 2017-2022*, and the *Sustainable Development Goals of 2030*.

---

\* This document was prepared by Annalin A. Villanueva 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 Elsie C. Gutierrez and Executive Director Manuel P. Aquino, with the overall guidance of CPBRD Director General Romulo E.M. Miral, Jr., Ph.D, and the assistance of the Publications team. 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](http://cpbrd.congress.gov.ph).

- 1.4. In response to the pandemic, the DOT and the Tourism Congress of the Philippines have crafted a *Tourism Response and Recovery Plan (TRRP)*—“a guide for the recovery of tourism in the Philippines.” Among others, the TRRP involves ensuring business survival and providing a “lifeline” to stakeholders through building more resilient, inclusive, and sustainable tourism, physical and infrastructure support to destinations.
- 1.5. The DOT Office of the Secretary (OSEC) and the three attached agencies to the DOT – the Intramuros Administration (IA), the National Parks Development Committee (NPDC), and the newly attached Philippine Commission on Sports Scuba Diving– seek to achieve a sector outcome of ‘Economic opportunities in industry and services expanded’. In terms of organizational outcome(s), the DOT OSEC aims toward ‘Tourism Revenue, Employment, and Arrivals Increased’, the IA toward ‘Cultural heritage conserved’ and ‘Tourism development promoted and visitor experience enriched’, the NPDC toward ‘National parks preserved and developed’ and ‘Visitor experience enriched’, and the PCSSD toward ‘geared to the development of the country as a premier diving area in Asia’.

## II. SOURCES OF APPROPRIATIONS

- 2.1 The total available appropriations of the DOT and its attached agencies for 2023 will amount to P3.57 billion, higher by P46.8 million or by 1.33% compared to the P3.53 billion budget in 2022. New appropriations of P3.52 billion or those that require congressional approval will comprise 98.5% of the total budget. Automatic appropriations amounting to P54.3 million is another source of funding for the DOT’s 2023 budget.

**TABLE I**  
**SOURCES OF FUNDS, 2021-2023**  
**DEPARTMENT OF TOURISM**

Particulars	Amounts (In Million Pesos)			Share to Total Appropriations		
	2021	2022	2023	2021	2022	2023
New Appropriations	3,079.9	2,741.9	3,519.0	93.2	77.8	98.5
Supplemental Appropriations	-	-	-	-	-	-
Automatic Appropriations	46.8	52.4	54.3	1.4	1.5	1.5
Continuing Appropriations	202.4	732.0	-	6.1	20.8	-
Budgetary Adjustments	-23.4	-	-	-0.7	-	-
<b>Total Available Appropriations</b>	<b>3,305.8</b>	<b>3,526.4</b>	<b>3,573.2</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
LESS: Unused Appropriations	-888.9	-732.0	-	-26.9	-20.8	-
<b>Total Obligations</b>	<b>2,416.9</b>	<b>2,794.4</b>	<b>3,573.2</b>	<b>73.1</b>	<b>79.2</b>	<b>100.0</b>

Source of basic data: NEP 2023

- 2.2 The DOT also has access to tourist receipts from income in merchandising operations. Under the Special Provisions of the FY 2023 NEP, P243.8 million from the net profits of the merchandising operations of the Duty Free Philippines shall be used for tourism-

related projects and activities. In addition, a Tourism Development Fund amounting to P4.6 million which will be sourced from accreditation, identification card, sticker, and code fees will be used for the development, promotion, and marketing of tourism in the country.

### III. EXPENDITURE PROGRAM

- 3.1 **By Agency.** Based on the Budget of Expenditures and Sources of Financing (BESF) 2023, the proposed budget of P3.3 billion for the Office of the Secretary (OSEC) in 2023 will account for 92.2% of the total expenditure program and is P769.2 million or 30.4% higher than the P2.53 billion allotment in 2022. The proposed 2023 budget of P204.6 million for the NPDC will slightly increase by 0.39% equivalent to P0.8 million from its 2022 budget level of P203.8 million. The proposed allocation of the IA for 2023 is lower by P0.6 million or by 0.94% compared to the 2022 budget. A proposed P9.5 million budget will be allotted to the Philippine Commission on Sports Scuba Diving (PCSSD), which has been newly attached to the DOT in compliance with Republic Act 9593 (Tourism Policy Act). In terms of share to the total DOT budget, the IA and NPDC allotments will decline in 2023 to 1.8% and 5.7% from 2.3% and 7.3% in 2022, respectively.

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

Particulars	Amounts (In Million Pesos)			Share to Total (%)		
	2021	2022	2023	2021	2022	2023
	Approved	Actual	Program	Approved	Actual	Program
OSEC	2,102.5	2,526.8	3,296.0	87.0	90.4	92.2
Intramuros Administration	84.9	63.7	63.1	3.5	2.3	1.8
National Parks Committee Development	229.5	203.8	204.6	9.5	7.3	5.7
Philippine Commission on Sports Scuba Diving	-	-	9.5	-	-	0.3
<b>TOTAL (DOT)</b>	<b>2,416.9</b>	<b>2,794.4</b>	<b>3,573.2</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source of basic data: BESF 2023 and Select Updated BESF Tables based on the 2022 GAA

- 3.2 **By Expense Class.** Out of the proposed P3.57 billion total budget of the DOT and its attached agencies in 2023, the bulk (79.3%) or roughly P2.83 billion is allocated for maintenance and other operating expenses (MOOE) (Table 3). Personal services (PS) is allotted P736.8 million but its share to the total budget in 2023 will decline to 20.6% from 27.4% in 2022. The budget for financial expenses (Fin Ex) will amount to P3.6 million and account for only 0.1% of the total budget. Financial expenses include management supervision/trusteeship fees, interest expenses, guarantee fees, bank charges, commitment fees, and other financial charges incurred in owning or borrowing an asset property. Note that there is no budget allotted for capital outlay (CO) in 2023 under the DOT, since tourism related infrastructure budgets are lodged with the DPWH – Tourism Road Infrastructure Program (TRIP) with a total allocation amounting to P16.80 billion.



**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	740.7	766.8	736.8	30.6	27.4	20.6
MOOE	1,647.5	1,972.2	2,832.9	68.2	70.6	79.3
CO	26.6	51.8	-	1.1	1.9	-
Fin Ex	2.1	3.6	3.6	0.1	0.1	0.1
<b>TOTAL Department</b>	<b>2,416.9</b>	<b>2,794.4</b>	<b>3,573.2</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source of basic data: BESF 2023

3.3 The number of unfilled positions for the period 2021-2023 stands at 189 throughout. The share of the unfilled positions to the total authorized positions for both the OSEC and NPDC remain high at 25.3% and 34.8%, respectively. The OSEC and the NPDC may consider studying whether these positions are still needed to be able to free up resources for other productive uses.

**TABLE 4**  
**UNFILLED POSITIONS BY AGENCY, 2021-2023**

Agency	Number of Unfilled Positions			Unfilled to Authorized Positions (%)		
	2021	2022	2023	2021	2022	2023
OSEC	186	189	189	25.1	25.3	25.3
Intramuros Administration	7	8	8	11.3	12.9	12.9
National Parks Development Committee	79	79	79	34.8	34.8	34.8
<b>TOTAL</b>	<b>272</b>	<b>276</b>	<b>276</b>	<b>26.4</b>	<b>26.6</b>	<b>26.6</b>

Source of basic data: NEP 2023 Staffing Summary

3.4 **Regional Allocation.** The NCR will corner the bulk of the DOT budget in 2023, with a share of 87.6% amounting to P3.13 billion. On the other hand, the shares of the other regions in the total proposed 2023 budget, which is mostly below one percent, are lower compared to their shares in 2022. The issue, therefore, is that the budget is concentrated with the Central Office in spite of the reopening of the economy, which allowed the entry of foreign tourists in early 2022, due to lower severe Covid 19 cases. Since most of the major tourist destinations are in the provinces, the budget allocation for the regions should be increased.

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

Region	2021 Actual		2022 Program		2023 Proposed	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Nationwide		-		-		
Central Office		-	3,040.5	80.1		
NCR	2,557.0	81.7	304.9	8.0	3,130.1	87.6
CAR	34.6	1.1	26.5	0.7	27.8	0.8
Region 1	44.5	1.4	34.8	0.9	32.2	0.9
Region 2	34.2	1.1	23.3	0.6	23.9	0.7
Region 3	37.8	1.2	30.9	0.8	32.1	0.9
Region 4A	35.8	1.1	32.8	0.9	29.8	0.8
Region 4B	42.4	1.4	33.4	0.9	33.8	0.9
Region 5	35.2	1.1	24.7	0.7	26.0	0.7
Region 6	54.0	1.7	42.5	1.1	40.6	1.1
Region 7	49.9	1.6	41.3	1.1	40.2	1.1
Region 8	34.2	1.1	24.2	0.6	24.3	0.7
Region 9	32.0	1.0	26.6	0.7	27.3	0.8
Region 10	34.9	1.1	24.9	0.7	23.4	0.7
Region 11	43.0	1.4	35.3	0.9	33.0	0.9
Region 12	32.5	1.0	24.1	0.6	23.8	0.7
CARAGA	29.3	0.9	23.6	0.6	25.1	0.7
BARMM		-		-		
<b>TOTAL</b>	<b>3,131.3</b>	<b>100.0</b>	<b>3,794.4</b>	<b>100.0</b>	<b>3,573.2</b>	<b>100.0</b>

Source of basic data: BESF 2023

Notes: 1. Figures may not add up due to rounding off.

2. According to DBM, Central Office is also referred to as NCR in the NEP.

#### **IV. NEW APPROPRIATIONS**

- 4.1 **By Agency.** The proposed new appropriations of the DOT and its attached agencies for 2023 will amount to P3.52 billion of which 92.4% or P3.25 billion is accounted for by the OSEC. The allocation for Operations will receive the largest share of total new appropriations for 2023 amounting to P2.59 billion or 73.5% share. Operations consist of programs and corresponding expenditures that relate to the main purpose for which an agency has been created and involves direct production of goods or delivery of services or direct engagement in regulations. General administration and support (GAS) will receive the second highest share at 24.2% followed by support to operations (STO) at only 2.3%.

**TABLE 6  
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	781.9	74.7	2,394.2	3,250.8	24.1	2.3	73.6	100.0
Intramuros Administration	21.0	6.2	32.5	59.7	35.2	10.4	54.3	100.0
National Parks Development Committee	40.3		158.6	198.9	20.2	-	79.8	100.0
Philippine Commission on Sports Scuba Diving	9.5	-	-	9.5	100.0	-	-	100.0
<b>TOTAL</b>	<b>852.8</b>	<b>80.9</b>	<b>2,585.3</b>	<b>3,519.0</b>	<b>24.2</b>	<b>2.3</b>	<b>73.5</b>	<b>100.0</b>

Source of basic data: NEP 2023

4.2 **By Program.** The proposed 2023 appropriations for the DOT will increase as compared to the previous year. Note that, although the total available appropriations will increase in 2023, the budget expenditure for programs is lower than in 2022. In the proposed 2023 budget more funds will go to other types of expenditures such as GAS for the IA and the PCSSD, and STO for the OSEC. The *Market and Product Development Program* will still get the highest allocation in 2023 of P1.89 billion or 73.2% of the total program budget. The amount will decrease by P135.1 million. The *Tourism Policy Formulation and Planning Program* follows in terms of allotment with P243.1 million or 9.4% of the total expenditure for programs.

4.3 Correspondingly, most of the other DOT programs will get lower budgets, with declines from as low as 2.9% to as high as 28.3%. Among these are the *Standards Development and Enforcement Program* which will have a lower budget by 12.4%—from P129.5 million to P113.4 million. This may be concerning considering that the development and enforcement of standards is particularly crucial as tourism enterprises continue to struggle amidst the Covid 19 pandemic and their continued adoption of new health and sanitary protocols must be ensured.

**TABLE 7  
SUMMARY OF PROGRAMS FOR 2021-2023  
DEPARTMENT OF TOURISM**

Implementing Agency/Program	Amount (In Million Pesos)			% Share to Total Program			Growth Rates '22-'23 (%)
	2021	2022	2023	2021	2022	2023	
Tourism Policy Formulation and Planning Program	267.4	250.3	243.1	13.2	9.1	9.4	-2.9
Tourism Industry Training Program	153.5	154.2	146.4	7.6	5.6	5.7	-5.1
Standards Development and Enforcement Program	146.5	129.5	113.4	7.2	4.7	4.4	-12.4
Market and Product Development Program	1,235.9	2,026.4	1,891.3	61.1	73.7	73.2	-6.7
Intramuros Property Conservation and Development Program	27.7	15.9	15.2	1.4	0.6	0.6	-4.4
Intramuros Commercial Property Leasing Program	4.8	4.9	3.5	0.2	0.2	0.1	-28.3

Implementing Agency/Program	Amount (In Million Pesos)			% Share to Total Program			Growth Rates '22-'23 (%)
	2021	2022	2023	2021	2022	2023	
Intramuros Tourism Promotions Program	4.3	3.7	4.5	0.2	0.1	0.2	21.5
Intramuros Regulatory Program	16.8	8.9	9.2	0.8	0.3	0.4	2.8
Parks Management Program	145.8	136.5	137.7	7.2	5.0	5.3	0.9
Cultural and Events Program	21.4	20.7	21.0	1.1	0.8	0.8	1.2
<b>Total</b>	<b>2,024.1</b>	<b>2,751.1</b>	<b>2,585.3</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	-6

Source: GAA 2021-2022 and NEP 2023

Notes: 1. Allocations for programs and total operations are inclusive of locally funded and foreign-assisted projects.

2. This does not include programs of PCSSD.

## V. PERFORMANCE REVIEW

5.1 **Obligations-Appropriations Ratio.** The obligations to appropriations ratio of the DOT and its attached agencies declined sharply from 89.7% in 2020 to 73.1% in 2021. The Office of the Secretary incurred the lowest obligations-appropriations ratio with an average of 83.5% over a three-year period 2019-2021.

5.2 **Unused Appropriations.** The unused appropriations of the DOT and its attached agencies all significantly increased in 2021 compared to their 2020 levels. The unused appropriations of the DOT OSEC reached P848 million in 2021, P591 million higher than the 2020 amount of P256.4 million.

**TABLE 8**  
**OBLIGATIONS-APPROPRIATIONS RATIO**  
**AND UNUSED APPROPRIATIONS, 2019-2021**

Particulars	Obligation-Appropriations Ratio (%)			Unused Appropriations (In Million Pesos)		
	2019	2020	2021	2019	2020	2021
Office of the Secretary	87.6	88.5	71.3	421.3	256.4	848.0
Intramuros Administration	96.1	98.0	75.8	2.8	1.5	27.2
National Parks Development Committee	91.4	97.8	94.4	22.1	5.4	13.7
<b>TOTAL (DOT)</b>	<b>88.0</b>	<b>89.7</b>	<b>73.1</b>	<b>446.1</b>	<b>263.2</b>	<b>888.9</b>

Sources of basic data: NEP 2020-2022

5.3 **Disbursement Rate.** The disbursement rate of the OSEC increased from 27.8% in 2020 to 46.9% in 2021. The disbursement rates of both the IA and the NPDC likewise escalated—from 28.4% and 73.7% in 2020 to 75.7% and 85.3% in 2021, respectively.

**TABLE 9**  
**DISBURSEMENT RATE BY AGENCY, 2020-2021**  
**(AMOUNTS IN MILLION PESOS)**

Particulars	2020			2021		
	Appropriations	Disbursements	Disbursement Rate (%)	Appropriations	Disbursements	Disbursement Rate (%) b/
OSEC	3,856.6	1,071.7	27.8	2,937.6	1,378.0	46.9
IA	188.0	53.5	28.4	108.8	82.4	75.7
NPDC	274.3	202.1	73.7	236.0	201.3	85.3
<b>TOTAL (DOT)</b>	<b>4,318.9</b>	<b>1,327.3</b>	<b>30.7</b>	<b>3,282.4</b>	<b>1661.7</b>	<b>50.6</b>

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

**5.4 Budget Utilization.** The average obligation rate (obligations/appropriations) of the major programs of the DOT and all its attached agencies is 74.5%, with the *Market and Product Development Program* having the poorest obligation rate of 29.3% and the Intramuros Administration's *Regulatory Program* having the highest obligation rate of 100.0%. Notably, the *Market and Product Development Program* which has the biggest appropriations of P1.15 billion likewise posted the lowest disbursement rate (disbursements/appropriations) of only 18.2%. The *Tourism Policy Formulation and Planning Program* had the second lowest disbursement rate of 26.9%.

Four programs of the DOT and its attached agencies registered disbursement rates of more than 90%—Commercial Property Leasing Program (99.9%), Property Conservation and Development Program (98.3%), Tourism Promotions Program (96.5%), and Regulatory Program (92.6%).

**TABLE 10**  
**BUDGET UTILIZATION BY MAJOR PROGRAM, 2020-2021**  
**(AMOUNTS IN MILLION PESOS)**

Program/ Implementing Agencies	Adjusted Appropriations		Obligations		Disbursements		Obligation Rate (%) a/		Disbursement Rate (%) b/	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Market and Product Development Program (OSEC)	385.4	1151.8	337.1	337.1	209.1	209.1	87.5	29.3	54.2	18.2
Policy Formulation and Planning Program (OSEC)	295.0	481.8	234.5	234.5	129.8	129.8	79.5	48.7	44.0	26.9
Industry Training Program (OSEC)	103.9	149.4	83.8	83.8	53.5	53.5	80.6	56.1	51.5	35.8
Standards Development and Enforcement Program (OSEC)	100.6	129.1	73.3	73.3	67.3	67.3	72.9	56.8	66.9	52.1
Of which: Project and Investment Evaluation	7.0	8.7	4.0	4.0	4.0	4.0	57.4	46.0	56.9	46.0
Property Conservation and Development Program (IA)	78.2	28.8	14.2	28.3	13.8	28.3	18.1	98.3	17.6	98.3

Tourism Promotions Program (IA)	46.6	4.1	3.9	4.1	3.7	3.9	8.4	99.9	7.9	96.5
Regulatory Program (IA)	8.3	16.7	6.9	16.7	5.8	15.5	84.0	100.0	70.8	92.6
Commercial Property Leasing Program (IA)	4.5	4.7	4.6	4.7	4.6	4.7	102.9	99.9	101.8	99.9
Parks Management Program (NPDC)	165.5	144.4	159.5	134.4	132.0	116.5	96.4	93.0	79.7	80.6
Cultural and Events Program (NPDC)	15.2	22.0	14.3	20.2	11.9	18.1	93.8	92.1	78.3	82.3

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)

5.5 **Performance Indicators.** All the performance indicators in 2021, except for two, were both achieved and surpassed by the DOT OSEC. The following performance indicators far exceeded the targets in 2021: *number of tourism strategies, policies, and action plans developed* (123 compared to 79), *percentage of entities assisted who rated the technical assistance as satisfactory* (97% compared to 94%), *number of training days delivered* (1,478 compared to 965), *percentage of attendees/trainees that completed the training* (97% compared to 90%), *number of LGUs trained* (5,787 compared to 4,740), *percentage of accredited tourism enterprises that maintained the tourism standards and regulations* (99.82% compared to 97%), *number of tourism standards reviewed* (9 compared to 2), *number of inspections of tourism enterprises conducted* (7,754 compared to 4740), *percentage increase in the number of travel partners selling the Philippines in the identified opportunity markets* (49% compared to 7%), *percentage increase in the number of Philippine properties considering to venture into the new markets and/or willing to offer the new activities* (103% compared to 4%), *number of travel trade development/support activities conducted* (877 compared to 389), *number of consumer activations conducted/support activities conducted* (2,142 compared to 523), *number of products developed and product partners engaged* (4,650 compared to 547). The Commission on Audit reported that the “overperformance” of the DOT is attributed to strategies, policies, and action plans implemented by the agency to specifically address the new normal scenario of the tourism industry.

**TABLE II**  
**PERFORMANCE INDICATORS OF MAJOR PROGRAMS, 2021-2023**

Program	2021		2022 Target	2023 Target
	Target	Actual		
<b>Program 1: Tourism Policy Formulation and Planning Program</b>				
Outcome Indicators				
1. Number of tourism strategies, policies, and action plans developed	79	123	136	136
Output Indicators				
1. Number of technical assistance provided to tourism stakeholders				
- Local Government Units (LGUs)	1,478	900	785	785
- Non-LGUs	1,394	845	1,014	1,014
2. Percentage of entities assisted who rated the technical assistance as satisfactory	94%	97%	94%	94%
<b>Program 2: Tourism Industry Training Program</b>				
Outcome Indicators				

Program	2021		2022 Target	2023 Target
	Target	Actual		
1. Percentage of target industry personnel trained that rated the services as satisfactory	92%	97%	98%	98%
Output Indicators				
1. Number of training days delivered	965	1,478	-	n/a
2. Percentage of attendees/trainees that completed the training	93%	97%	93%	93%
3. Number of LGUs trained	4,740	5,787	4,543	4,543
<b>Program 3: Standards Development and Enforcement Program</b>				
Outcome Indicators				
1. Percentage of accredited tourism enterprises that maintained the tourism standards and regulations	97%	99.82%	97%	97%
Output Indicators				
1. Number of tourism standards reviewed	2	9	3	3
2. Number of inspections of tourism enterprises conducted	4,740	7,754	n/a	n/a
3. Percentage of accreditation applications acted upon within 20 working days	96%	97%	96%	96%
<b>Program 4: Market and Product Development Program</b>				
Outcome Indicators				
1. Percentage increase in the number of travel partners selling the Philippines in the identified Opportunity Markets.	7%	5.32%	n/a	n/a
2. Percentage increase in the number of Philippine properties considering to venture into the new markets and/or willing to offer the new activities.	4%	49%	n/a	n/a
Output Indicators				
1. Number of travel trade development/support activities conducted.	389	877	453	453
2. Number of consumer activations conducted/support activities conducted.	523	2,142	1,081	1,081
3. Numbers of products developed and product partners engaged.	547	4,650	n/a	n/a

Source: NEP 2022 (Vol II-229)

5.6 As of 23 December 2021, the DOT has already surpassed its target of providing necessary training to 30,680 tourism professionals, higher than its 16,000 target threshold. It surpassed its target number as all training, which include lectures and demonstrations was done virtually.

5.7 Two output indicators under the Tourism Policy Formulation and Planning Program fell short of the targets: the *number of technical assistance provided to tourism stakeholders* for LGUs wherein only 900 LGUs were assisted or 60.9% of the targeted 1,478 LGUs, while the *number of technical assistance provided to tourism stakeholders* for non-LGUs was 845 non-LGUs or only 60.6% compared to the target of 1,394 non-LGUs. Notably, the 2021 targets for these two performance indicators are more than half lower compared to those in 2020. With the COVID-19 crisis where face-to-face interaction was limited, provision of technical assistance had been disrupted for the DOT from achieving its targets for 2021. Not all technical assistance could be efficiently and effectively delivered online. As reported by the Commission on Audit, underperformance in these two performance indicators was attributed to the COVID-19 pandemic which put a stop to most activities due to restrictions in LGUs.

- 5.8 With the total reopening of the economy especially for foreign tourists, perhaps the Department should step up in implementing its Tourism Policy Formulation and Planning Program. Specifically, its assistance to stakeholders such as LGUs should address unfortunate incidents like the one that happened in Virgin Island in Panglao, Bohol which surfaced on social media (i.e. overpricing of food consumed by local tourists). The Department should pursue inter-agency (i.e. DTI, DILG, DA) coordination and collaboration to implement standards to ensure high-quality tourism services which include regulations on accommodations, services, and pricing standards.
- 5.9 Meanwhile the performance indicator under the Standards Development and Enforcement Program “overperformed” its target from 4,740 to a total of 7,754 *number of inspections of tourism enterprises conducted*. It surpassed its target number as the inspection was done virtually for the issuance of the Certificates of Authority to Operate. This performance indicator, however, is crucial as inspections are vital to ensure that enterprises properly conform to health and safety standards amidst the pandemic. The Tourism Response and Recovery Plan (TRRP) of the DOT reportedly include as a safety measure the regular inspection of tourism establishments that will involve relevant agencies about health and safety standards such as the Department of Health (DOH). Other safety measures in the TRRP include: 1) regular sanitation and disinfection of accommodation (hotels, resorts, etc.), tourist transport services, and tourism-related establishments such as meeting and exhibit venues, restaurants, spas, and the like; 2) provision of sanitation/disinfecting devices, including PPE, for tourism workers; and 3) implementation of physical distancing measures for tourist transportation and limiting the customer capacity of accommodation and tourism.
- 5.10 Under the new administration, the DOT has adopted the following priorities: improvement of tourism infrastructure and accessibility; enhancement of overall tourist experience through connectivity, convenience, equality of promotion, and development of tourist destinations across the country; and uplifting the quality of products and services to reflect a distinct Filipino brand. (DOT Home/News and Updates July 14, 2022)
- 5.11 Expenditures of Filipinos during their domestic trips accounted for the bulk of total tourism expenditure in the country recording 85%, on average, of the total for the period 2017-2019. Inbound tourism expenditures significantly dropped to P133 billion in 2020 and further dipped to just P28 billion in 2021, due to Covid-19 travel restrictions. Tourist arrivals dropped significantly by 82.1% from 1.48 million in 2020 to 0.16 million in 2021. Total employment in tourism industries rebounded by 4.6% in 2021 reaching 4.9 million from 4.7 million in 2020 but still lower than pre-pandemic levels.



**TABLE 12  
NATIONAL TOURISM DEVELOPMENT PLAN,  
SELECTED TARGETS VS. ACTUAL PERFORMANCE**

Indicators	Baseline	Targets					
	2015	2016	2017	2018	2019	2020	2021
<b>Revenue (PBn)</b>							
Target	2,078.0	2,156.0	2,361.0	2,603.0	2,888.0	4,454.0*	3,517.0
Actual	1,885.3	2,191.0	2,805.3	3,291.7	3,744.0	696.8	810.1
<b>Inbound (in thousands)</b>							
Target	307.0	353.0	407.0	473.0	564.0	661.0*	776.0
Actual	309.2	314.6	452.6	445.6	600.1	132.6	27.6
<b>Domestic (in thousands)</b>							
Target	1,771.0	1,803.0	1,954.0	2,130.0	2,324.0	3,793.0*	2,741.0
Actual	1,576.1	1,876.4	2,352.6	2,846.1	3,144.0	564.2	782.5
<b>Employment (Million)</b>							
Target	5.0	5.2	5.3	5.6	5.8	6.0	6.3
Actual	5.0	5.2	5.3	5.4	5.7	4.7	4.9
<b>Share to Total Employment (%)</b>							
Target	12.7	13.0	13.2	13.4	13.6	13.8	14.1
Actual	12.8	12.8	13.1	13.0	13.6	11.9	11.1
<b>Visitors (Million)</b>							
Inbound							
Target	5.4	5.9	6.5	7.4	8.2	9.2	10.4
Actual	5.4	6.0	6.6	7.2	8.3	1.5	0.2

Source: Targets from DOT and the Philippine Statistics Authority for the actual data

\* Target(s) updated

## VI. COA FINDINGS AND RECOMMENDATIONS

6.1 In 2021, the OSEC implemented only 49 or 53.85% out of the 91 recommendations. The other 42 or 46.15% were not implemented of which 28 are reiterated/restated. The IA managed to implement thirteen (13) or 54.1% of 24 recommendations. The remaining 11 or 45.83% were not implemented, of which nine (9) are reiterated /reinstated. The NPDC implemented 16 or 69.57% of the 23 recommendations. The other seven (7) or 30.43% were not implemented while four (4) are reiterated/reinstated.

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

Particulars	Total	Fully Implemented		Not Implemented		Reiterated	
		Number	(%)	Number	(%)	Number	(%)
OSEC	91	49	53.8	14	15.4	28	30.8
Intramuros Administration	24	13	54.2	2	8.3	9	37.5
NPDC	23	16	69.6	3	13.0	4	17.4

Source: Annual Audit Reports 2021 (Part 3)

Among the notable findings in 2021 were the following:

- 1) Of the total allotments/authorized budget of P2,790,465,205.75 received by the DOT in CY 2021, P2,102,478,483.86 or 75.35% was obligated, leaving an unobligated balance of P687,986,721.89. Of the obligated amount, only P1,377,989,443.82 or 65.54% was actually utilized and disbursed leaving an undisbursed balance of P724,489,040.05 or 34.46%. Moreover, of the total received cash allocation of P2,757,579,885.00, P2,624,564,259.01 or 95.18% was utilized as at December 31, 2021, resulting in the reversion to the Bureau of Treasury (BTr) of an unutilized balance of P133,015,625.99 or 4.82% thereof.
- 2) The Due from NGAs, LGUs, Ros, and NGOs/Pos accounts balances accumulated to P365,484,920.21 as of December 31, 2021, of which P328,565,999.32 or 89.90% remained unliquidated for over one year to over five years due to laxity of Management in enforcing liquidation of fund transfers by the Implementing Agencies.
- 3) Various lapses in the grant and liquidation of cash advances were noted, such as: a) past due unsettled cash advances for operating expenses of PDOT Offices amounting to P164,484,597.99; b) irregularities noted in the Liquidation Report on the advances for operating expenses of PDOT Offices; c) long outstanding and dormant cash advances to Officers and Employees and Special Disbursing Officers of DOT OSEC and DOT RO I totaling P9,811,547.17; d) unsupported liquidation of cash advances in DOT RO XIII totaling P898,366.17 and e) transfer of cash advances for field/activity current operating expenses of DOT RO XIII from one accountable officer to another and exceeding the limit of two months requirement for the cash advance, thereby, casting doubt on the validity and regularity of the transactions.
- 4) Disbursements in the amount of P3,837,360.04 contravened some of the existing government rules and regulations or deviated from the proper standard process/procedures on disbursements as defined in COA Circular No.2012-003 dated October 29, 2012, thus, affecting the validity and propriety of the expenditures. Details are as follows:

Office	Subject Matter	Issues/Observations	Amount
OSEC	Contract signed by the DOT Office of the Secretary (OSEC) and the five-star luxury hotel Grand Hyatt Manila in Taguig City.	Payment for the entire contract cost for 75 persons despite non-consumption of agreed deliverables due to minimal participants of only 13 persons is considered excessive. Conducting meetings/ forums in luxury hotels results in spending the unnecessary higher cost of misrepresentation expense which is	₱236,500.00

		considered contrary to the government thrust of judicious and prudent use of government funds	
OSEC	Lapses in the worth of financial assistance provided to Pacific Asia Travel Association	Non-issuance of official receipts, inconsistencies on dates of supporting documents, and excessive disbursement of amounts.	₱1.534 million
OSEC	Exceeded in spending for hotel accommodation and meals	DOT employees attended various conferences at Joy-Nostalg Hotel & Suites Manila, Movenpick Resort and Spa Boracay, and Hilton Clark Sun Valley Resort.	₱544,450.00
Region 1	Spent ₱1,100 for each of the 60 participants	Ridge and Reef Travel Corridor Launching in Ilocos Norte, which included a plated lunch at the Fort Ilocandia Resort Hotel And a canceled lunch reservation at Pannzian Beach and Mountain Resort.	₱697,854.00
OSEC, Region 4-A, and 13 offices	Irregular allowance	Mobile phone and post-paid plan subscription	₱164,000.00

- 5) Various disbursements amounting to P49,270,725.61 were not supported with the necessary documents to establish their validity contrary to Section 4 (6) of PD No. 1445 and COA Circular No. 2012-001 dated June 14, 2012. Moreover, deficiencies were noted on the submitted supporting documentation contrary to pertinent rules and regulations on disbursements.
- 6) The DOT Management was unable to settle suspensions and disallowances that are final and executory as of December 31, 2021, amounting to P4,910,333.43 and P493,342,133.94, respectively, contrary to COA Circular No. 2009-066 dated September 15, 2009, which prescribes the use of the 2009 Rules and Regulations on Settlement of Accounts.

## References

Ang, Marvin Joseph. "COA flags DOT for 'extravagant' spending." Yahoo Philippines, July 13, 2022. Retrieved at <https://ph.news.yahoo.com/coa-flags-dot-for-extravagant-spending-071446233.html>

Commission on Audit (COA) Annual Audit Report 2021

Congressional Policy and Budget Research Department. CPBRD Agency Budget Notes FY 2022

Department of Budget and Management. Budget of Expenditures and Sources of Financing (BESF) 2023.

\_\_\_\_\_. General Appropriations Act (GAA) 2021-2022

\_\_\_\_\_. National Expenditure Program (NEP) 2021-2023

\_\_\_\_\_. Staffing Summary 2023

Department of Tourism. "DOT to facilitate interagency effort to strengthen Filipino Brand of Service". DOT Home/News and Updates. August 8, 2022. Retrieved at [https://beta.tourism.gov.ph/news\\_and\\_updates/dot-to-facilitate-interagency-effort-to-strengthen-filipino-brand-of-service/](https://beta.tourism.gov.ph/news_and_updates/dot-to-facilitate-interagency-effort-to-strengthen-filipino-brand-of-service/)

\_\_\_\_\_. "Marcos push for Tourism Infra strengthens industry, raises PHL global position – DOT Chief". DOT Home/News and Updates, July 14, 2022. Retrieved at [https://beta.tourism.gov.ph/news\\_and\\_updates/marcos-push-for-tourism-infra-strengthens-industry-raises-phl-global-position-dot-chief/](https://beta.tourism.gov.ph/news_and_updates/marcos-push-for-tourism-infra-strengthens-industry-raises-phl-global-position-dot-chief/)

\_\_\_\_\_. "DOT reports an increase in domestic tourism in 2021." DOT Home/ News and Updates, June 29, 2022. Retrieved at [https://beta.tourism.gov.ph/news\\_and\\_updates/dot-reports-increase-in-domestic-tourism-in-2021/](https://beta.tourism.gov.ph/news_and_updates/dot-reports-increase-in-domestic-tourism-in-2021/)

Department of Tourism website. Tourism Demand Statistics. Retrieved at [http://tourism.gov.ph/tourism\\_dem\\_sup\\_pub.aspx](http://tourism.gov.ph/tourism_dem_sup_pub.aspx)

Philippine Statistics Authority, Philippine Tourism Satellite Account 2020-2021

Yumol, David Tristan. "COA hits DOT For 'Extravagant' P3.8 spending in hotels, restaurants". CNN Philippines, July 13, 2022. Retrieved at <https://www.cnnphilippines.com/news/2022/7/13/COA-report-DOT.html>