CPBRD

AGENCY BUDGET NOTES

For FY 2023

DEPARTMENT OF INFORMATION AND COMMUNICATIONS TECHNOLOGY

P7.23B
TOTAL NEW APPROPRIATIONS FOR 2023

COST STRUCTURE

P1,022.7M (14.1%)
General Admin and Support

P55.1M (0.8%)
Support to Operations

P6,154.4M (85.1%)
Operations

ALLOCATION BY AGENCY

OSEC	NTC	CICC	NPC
P6,249.0M (86.4%)	P435.3M (6.0%)	P347.8M (4.8%)	P200.2M (2.8%)

BREAKDOWN OF OPERATIONS BUDGET

P4,709.1M (76.5%)
ICT Systems and Infostructure Development, Management and Advisory Program

P517.6M (8.4%)
ICT Capacity Development and Management Program

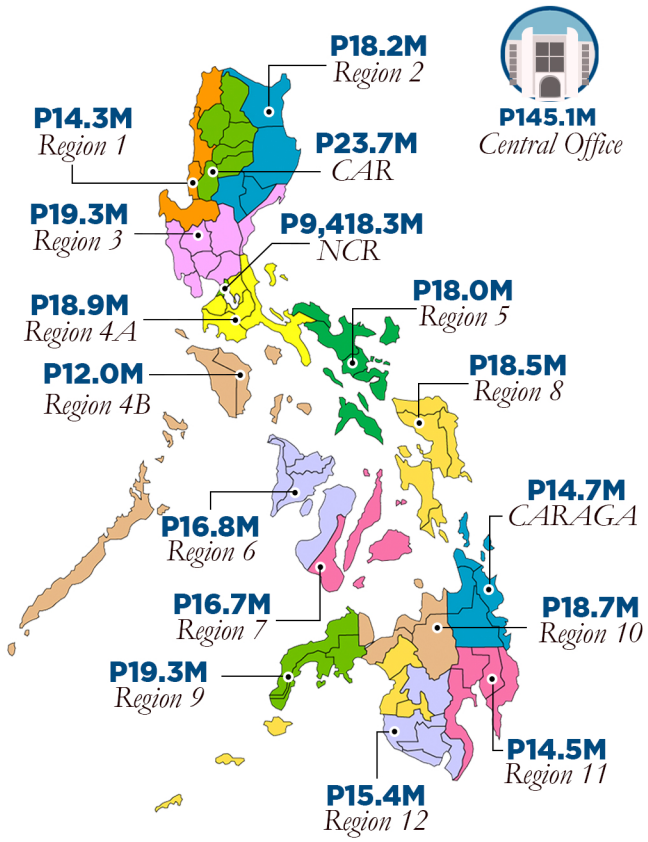
P321.5M (5.2%)
Radio Communications, Broadcast and Telecommunications Management and Enforcement Program

P310.2M (5.0%)
ICT Governance Program

P207.8M (3.4%)
Cybercrime Prevention, Investigation and Coordination Program

P88.2M (1.4%)
Regulatory and Enforcement Program

REGIONAL DISTRIBUTION OF THE 2023 EXPENDITURE PROGRAM (P9,822.3M)



**Note: Totals may not add up due to rounding off.*

CONGRESSIONAL POLICY AND BUDGET RESEARCH DEPARTMENT
House of Representatives
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QUICK FACTS

KEY SECTOR INFORMATION

	2021 Digital Competitiveness Ranking (International Institute for Mgmt. and Dev't.)	2021 Broadband Affordability Drivers Index (Alliance for Affordable Internet)	2022 Inclusive Internet Index (Meta & Economist Impact)
Overall ranking	58 out of 64 (↓1)	41 out of 72 (↓4)	53 out of 100 (=)
Regional ranking (AMS)	5 out of 5 (=)	7 out of 8 (=)	6 out of 8 (=)
Communications technology criterion	61 out of 64 (↑1)	n/a	n/a
Internet bandwidth criterion	61 out of 64 (=)	n/a	n/a
Wireless broadband criterion	29 out of 64 (↑4)	n/a	n/a
Internet users criterion	60 out of 64 (↑2)	n/a	n/a
Infrastructure sub-index	n/a	49 out of 72 (↑1)	n/a
Access sub-index	n/a	32 out of 72 (↓1)	n/a
Availability domain	n/a	n/a	49 out of 100 (↓1)
Affordability domain	n/a	n/a	58 out of 100 (↓4)
Relevance domain	n/a	n/a	32 out of 100 (↑22)
Readiness domain	n/a	n/a	67 out of 100 (↑3)

Note: The lower the number, the better the ranking or performance. "↑" is an improvement, "↓" is a deterioration, or "=" implies no change in ranking compared to previous report.

ASEAN Comparative Statistics

	Broadband Average Speed (May 2022, in Mbps)				ICT Prices 2021 (% of mo. GNI per capita)			% Internet Poor 2022
	Fixed		Mobile		Fixed	Mobile (Data & voice)		
	Download	Upload	Download	Upload		Low consumption	High consumption	
Brunei	31.69	23.91	67.96	28.26	1.07	0.26	0.61	4.4
Cambodia	19.43	20.23	16.06	6.84	12.08	5.15	11.72	Less than 3
Indonesia	21.03	9.82	16.52	9.9	7.57	1.38	2.51	15.8
Laos	27.49	22.98	23.75	11.41	7.47	4.16	9.01	32.8
Malaysia	82.89	48.61	29.36	8.25	2.34	1.06	1.27	Less than 3
Myanmar	-	-	-	-	12.36	1.14	3.26	3.2
Philippines	**60.09**	**56.44**	**19.26**	**5.46**	**11.56**	**3.27**	**3.27**	**51.6**
Singapore	209.21	174.67	64.01	14.45	0.78	0.3	0.3	3.1
Thailand	188.31	154.06	33.68	12.8	3.52	2.02	2.98	5
Vietnam	71.79	67.2	35.29	16.89	3.53	1.84	2.94	9.8

Notes: (1) Myanmar not included in SGI. (2) Internet poverty is measured by how many people can afford minimum package of mobile internet i.e., 10% of total individual spending for 1GB per month at 10Mbps download speed.
Sources: Speedtest Global Index (SGI), ITU ICT Price Baskets, Internet Poverty Index

PH Mobile Network User Experience Report

(April 2022)

	Speed (in Mbps)		Overall experience for: (0-100pts)			4G coverage (0-10pts)	Availability (% of time)
	Download	Upload	Video	Games	Voice app		
DITO	14.8 (↑4.4)	4.8 (↑0.2)	30.8 (↓20.2)	41.1 (↑0.4)	69.9 (↓1)	4.0 (↑1)	98.4 (↑0.9)
Globe	11.9 (↑1.2)	3.0 (↑0.2)	35.5 (↓20)	37.7 (=)	67.5 (↓1.5)	7.5 (↑0.3)	92.0 (↑7.4)
Smart	19.7 (↓1)	4.5 (↓0.4)	39.5 (↑22.1)	54.0 (↑4.8)	73.7 (↓0.9)	7.8 (↑0.3)	95.5 (↑9)

Notes: (1) "↑", "↓", or "=" denotes improvement, decline, or no change in said parameters compared to October 2021 report. (2) 4G Coverage measures the mobile coverage experience in all the locations that matter most to everyday users – i.e., all the places where they live, work and travel. (3) Availability is the proportion of time people have a network connection (3G, 4G or 5G) in most commonly frequented places; however, previous report only refers to 4G availability. (4) DITO is a 4G-only operator, but Smart and Globe operate 5G networks while also supporting 4G and older technologies.
Source: Opensignal

HIGHLIGHTS

- *Expenditure Program*. The total available appropriations of the DICT and its attached agencies for FY 2023 will amount to P9.82 billion, lower by P5 billion or by 33.8%, compared with P14.84 billion in 2022. Of the total available appropriations, new appropriations of P7.23 billion, or those that require congressional approval, will comprise 73.6% of the total budget. Another source of funding for the 2023 budget will be automatic appropriations of P2.59 billion, composed of: P37.4 million for retirement and life insurance premiums, and P2.5 billion special fund to be used to finance the implementation of Free Public Internet Access Program *(Table 1)*.

  The DICT-OSEC will account for the bulk of the agency expenditure with P8.8 billion, equivalent to 89.6% of the total. The rest of the allocation amounting to P1 billion will be shared by NTC at 4.7%, CICC at 3.6%, and NPC at 2.1% *(Table 2)*.

  By general expense class, the bulk of the Department's appropriation or 72.1% of the total will be directed to maintenance and other operating expenses (MOOE) amounting to P7.08 billion. This is followed by capital outlay (CO) at P1.56 billion (15.8%); then, by personal services (PS) at P1.19 billion (12.1%) *(Table 3)*.

- *New Appropriations by Cost Structure.* The proposed total new appropriations of the DICT and its attached agencies amounts to P7.23 billion. About P6.15 billion of this budget or 85.1%, will finance Operations, while the General Administration and Support (GAS) and the Support to Operations (STO) will receive 14.1% and 0.8% of the total, respectively *(Table 6)*.

- *Allocation by Major Programs.* The DICT, along with its three attached agencies, has 6 major programs amounting to P6.15 billion in 2023, 4.4% lower than the 2022 budget. The OSEC's *ICT Systems and Infostructure Development, Management, and Advisory Program* will again have the biggest share with P4.71 billion, equivalent to 76.5% of the total. This includes: (a) P1.67 billion for the National Government Data Center Infrastructure project; (b) P1.5 billion for the National Broadband Plan; and (c) P169.1 million for the National Government Portal.

  Other programs implemented by the OSEC are the *ICT Capacity Development and Management Program* with P517.6 million (8.4%), and the *ICT Governance Program* with P310.2 million (5%). The three attached agencies— NTC, CICC and NPC, will have one program each with a combined budget of P617.5 million *(Table 7)*.

- *Budget Utilization and Unused Appropriations.* The aggregated budget utilization of the DICT, computed as obligations-to-appropriation ratio, dropped to 50.5% in 2021 from 73.6% in 2020 which translates to P7 billion unused appropriations, of which 92.9% of the amount was unobligated. It should be noted that the P7 billion in 2021 is the highest level of unused appropriations of the agency since its creation in 2016. In addition, majority of the DICT's total unused appropriations (89.6%) is solely attributable to the OSEC's unobligated allotments *(Table 8)*.

  Overall, the DICT's disbursement rate remains low at 26.9% in 2021— a minimal improvement from the 23.3% in 2020. The OSEC posted the lowest disbursement rate for

the fifth time at 23.6%. Meanwhile, CICC topped the other agencies with 92.2%, followed by NPC with 73.9% and NTC with 46.1% *(Table 9)*.

In terms of budget utilization by major program, the *ICT Governance Program* recorded an obligation rate of 80.3%, however, it was only able to disburse 31.4% of the program budget. The *ICT Systems and Infostructure Development Management and Advisory Program* which received the largest appropriation posted the lowest obligation rate of 38.1% and a disbursement rate of 19.8%. Lastly, the *ICT Capacity Development and Management Program* was only able to obligate 42.8% and disburse 18.8% of its fund.

- *COA Findings.* The Commission on Audit is unable to render an opinion on the accounts and transactions due to the DICT-OSEC's failure to prepare and submit within the prescribed period, the complete set of Financial Statements.

  The COA also noted the following observations relative to DICT's implementation performance: (a) low yearly implementation rate of, and diminishing number of active sites under the Free Wi-Fi for All - Free Public Internet Access Program; (b) undistributed 866 laptops and 12,482 tablets amounting to P93 million; and (c) defects in the Government Emergency Communications System (GECS) Project Phase 1.

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DEPARTMENT OF INFORMATION AND COMMUNICATIONS TECHNOLOGY*

I. MANDATE AND ORGANIZATIONAL OUTCOMES

1.1. The Department of Information and Communications Technology (DICT), as mandated by Republic Act No. 10844 (DICT Act of 2015), is the primary policy, planning, coordinating, implementing, and administrative entity of the executive branch of government that will plan, develop, and promote the national ICT development agenda. It has six primary functions: (i) policy and planning; (ii) improved public access; (iii) resource-sharing and capacity building; (iv) consumer protection and industrial development; (v) cybersecurity policy and program coordination; and (vi) countryside development.

1.2. RA 10844 also abolished and transferred the following operating units of the former Department of Transportation and Communications (DOTC) to DICT: (a) Information and Communications Technology Office; (b) National Computer Center; (c) National Computer Institute; (d) Telecommunications Office; (e) National Telecommunications Training Institute; and (f) other units with functions and responsibilities dealing with communications.

1.3. Digitalization is among the priorities of the new Administration including acceleration of digital transformation and infusion of technology to improve governance. Other strategic objectives of the Department are as follows: (a) expanded economic opportunities in industry and services; (b) adopted, promoted and accelerated technology; (c) stimulated innovation; and (d) accelerated infrastructure development and sustained operations.

1.4. Appropriated programs, projects and activities of the Department are guided by its organizational outcome i.e., an innovative, safe and happy nation that thrives through and is enabled by the extensive utilization of Information and Communications Technology.

1.5. Below are the DICT's attached agencies with their corresponding organizational outcomes:
   (a) Cybercrime Investigation and Coordination Center (CICC) – cybercrime prevention, investigation and coordination strengthened;
   (b) National Privacy Commission (NPC) – privacy and data security in information and communication systems supported and enhanced; and
   (c) National Telecommunications Commission (NTC) – healthy, competitive public telecommunications and broadcast environment fostered, and safety in maritime and aeronautical navigation ensured resulting to public safety and satisfaction.

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* *This document was prepared by Anna L. Mendoza 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 EPRS Director Elsie C. Gutierrez and SERB Executive Director Manuel P. Aquino, and overall guidance of CPBRD Director- General Romulo E.M. Miral, Jr., PhD. The layout/design of the infographics by Carla P. Soriano is also acknowledged. 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.*

II. SOURCES OF APPROPRIATIONS

2.1. The total available appropriations of the DICT and its attached agencies for FY 2023 will amount to P9.82 billion, lower by P5 billion or by 33.8%, compared with P14.84 billion in 2022 *(Table 1)*. Of the total available appropriations, new appropriations of P7.23 billion, or those that require congressional approval, will comprise 73.6% of the total budget.

2.2. Another source of funding for the 2023 budget will be automatic appropriations of P2.59 billion, composed of: P37.4 million for retirement and life insurance premiums, and P2.5 billion special fund to be used to finance the implementation of Free Public Internet Access Program. Of the P2.5 billion, P2 billion is allocated for Free Internet Wi-fi Connectivity in Public Places, and P50.7 million for Free Internet Wi-fi Connectivity in State Universities and Colleges. Said special fund is sourced from the Spectrum Users Fees collected by the NTC in accordance with RA 10929.

TABLE 1
SOURCES OF FUNDS, 2021-2023
DEPARTMENT OF INFORMATION AND COMMUNICATIONS TECHNOLOGY

Particulars	Amounts (In Million Pesos)			Share to Total Appropriations		
	2021	2022	2023	2021	2022	2023
New Appropriations	9,350.1	7,581.9	7,232.2	66.1	51.1	73.6
Supplemental Appropriations	-	-	-	-	-	-
Automatic Appropriations	2,807.7	2,621.9	2,590.1	19.8	17.7	26.4
Continuing Appropriations	1,895.6	4,633.4	-	13.4	31.2	-
Budgetary Adjustments	102.6	-	-	0.7	-	-
Total Available Appropriations	**14,156.0**	**14,837.3**	**9,822.3**	**100.0**	**100.0**	**100.0**
LESS: Unused Appropriations	(7,003.7)	(4,633.4)	-			
Total Obligations	**7,152.3**	**10,203.9**	**9,822.3**			

Source of basic data: NEP 2023

2.3. Meanwhile, assuming no unused appropriations in 2023, total obligations of P9.82 billion for the same year would be lower by P381.5 million or 3.7% less than the P10.2 billion in 2022, on account of expected unused appropriations of P4.6 billion also in 2022. Aside from the new appropriations of P7.6 billion, total available appropriations in FY 2022 is also made up of: automatic appropriations equal to P2.6 billion; and continuing appropriations which comes from unreleased appropriations and unobligated releases for capital outlays (CO) and maintenance and operation expenses (MOOE), sanctioned by the GAA 2021 (RA11518) amounting to P4.63 billion.

2.4. In 2021, the total available appropriations also comprised positive budgetary adjustments amounting to P102.6 million, wherein transfers to DICT and its attached agencies from other agencies/funds (i.e., Miscellaneous Personnel Benefits Fund and Pension Gratuity Fund) exceeded the transfers from DICT and its attached agencies to other agencies/purposes (i.e., Overall Savings by virtue of RA 11465). Budgetary adjustments are only reflected at the end of a given fiscal year.

III. EXPENDITURE PROGRAM

3.1. The proposed aggregate expenditure program of the DICT and its attached agencies for FY 2023 amounts to P9.82 billion. The DICT-OSEC will account for the bulk of the agency expenditure with P8.8 billion, equivalent to 89.6% of the total. The rest of the allocation will be shared by NTC with P460.6 million (4.7%), CICC with P353.1 million (3.6%), and NPC with P208.2 million (2.1%) *(Table 2)*. The proposed expenditure level of OSEC and the three attached agencies will all decrease in 2023 by P381.5 million or 3.7%.

3.2. Prior to FY 2022, the CICC has consistently received the least allocation of no more than P50 million. In the current fiscal year, it has an appropriation of P366.5 million, an increase of about P320 million compared with its 2021 level.

TABLE 2
EXPENDITURE PROGRAM BY AGENCY, 2021-2023

Particulars	Amounts (In Million Pesos)			Share to Total (%)		
	2021	2022	2023	2021	2022	2023
OSEC	5,734.3	9,068.0	8,800.5	80.2	88.9	89.6
CICC	46.6	366.5	353.1	0.7	3.6	3.6
NPC	258.2	228.6	208.2	3.6	2.2	2.1
NTC	1,113.3	540.8	460.6	15.6	5.3	4.7
TOTAL Department	**7,152.3**	**10,203.9**	**9,822.3**	**100.0**	**100.0**	**100.0**

Source of basic data: BESF 2023

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
PS	1,159.3	948.8	1,185.9	16.2	9.3	12.1
MOOE	3,777.3	6,765.5	7,080.6	52.8	66.3	72.1
CO	2,215.7	2,489.6	1,555.8	31.0	24.4	15.8
Fin Ex	-	-	-	-	-	-
TOTAL Department	**7,152.3**	**10,203.9**	**9,822.3**	**100.0**	**100.0**	**100.0**

Source of basic data: BESF 2023

3.3. By general expense class, the bulk of the Department's appropriation or 72.1% of the total will be directed to maintenance and other operating expenses (MOOE) amounting to P7.08 billion. This is followed by capital outlay (CO) at P1.56 billion (15.8%); then, by personal services (PS) at P1.19 billion (12.1%). The DICT and its attached agencies do not have financial expenses (Fin Ex). Both PS and MOOE will increase in 2023 by 25% and 4.7%, respectively. On the other hand, CO will decrease by 37.5% relative to its 2022 level *(Table 3)*.

3.4. The number of unfilled positions in the entire Department is practically unchanged in 2022 (from 2021), and is expected to be maintained in 2023 *(Table 4)*. Essentially, in every 10 authorized positions in DICT, there are three vacancies to be filled-out. This ratio of unfilled

to total authorized positions has improved and been narrowed down to 30.8% in 2022, compared with its 65.4% record in 2018.

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

Agency	Authorized Positions				Unfilled Positions			
	2020	2021	2022	2023	2020	2021	2022	2023
OSEC	1,181	1,280	1,298	1,298	604	484	496	496
CICC	79	79	79	79	79	34	18	18
NPC	130	130	130	130	46	32	40	40
NTC	557	560	543	543	88	83	78	78
TOTAL	**1,947**	**2,049**	**2,050**	**2,050**	**817**	**633**	**632**	**632**

Source: Staffing Summary 2022-2023

3.5. In proportional terms, DICT-OSEC posted the highest percentage of unfilled posts with 38.2%, translated to 496 vacant posts in 2022. Based on record, the lowest vacancy rate the agency achieved in the last five years, including the current year, is 37.8% in 2021. Both the CICC and NPC showed improvement in filling up their permanent positions between 2020 and 2021. Meanwhile, the NTC's performance has almost stayed the same since 2020.

3.6. While the Department showed an improving trend in filling up the permanent positions, *Table 4* indicates that there still remains a hefty number of vacancies that must be occupied by competent new hires who can contribute to the achievement of organizational goals, and/or regularly assessed for eventual re-classification of positions to suit the fast-evolving demands and applications of ICT in the public service.

3.7. In terms of regional allocation, even if the National Capital Region (NCR) were to suffer a reduction in its level of appropriations down to P9.42 billion, it would nonetheless still get not only the biggest portion but also a hike in its share. Across the 17 regions, the NCR's allotment will be equivalent to 95.9% of the FY 2023 Department's budget—even higher than the P145.1 million appropriations (1.5% of the total) for the Central Office *(Table 5)*. The remaining P258.6 million or 2.64% of the total will be shared by the 15 regions, with distribution ranging from 0.12% to 0.24% of the total. Hence, it is but incumbent upon the DICT to allay concerns over such very highly skewed allocation towards the NCR, to the extent that the DICT budget could be considered "NCR-centric."

3.8. Excluding the NCR, the Cordillera Administrative Region (CAR) will receive the highest allocation among the regions in Luzon with P23.7 million. On the other hand, Region 8 will top the Visayas regions with P18.5 million, and Region 9 topping in Mindanao with P19.3 million. Appropriations for the majority of the regions will be reduced in 2023 compared with 2022 levels, with the exception of four regions i.e., Regions 1, 8, 12 and IV-A CALABARZON.

3.9. The Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) usually has no funding or line item allocated to it—as shown in *Table 5*—owing to the Block Grant provision

of the Bangsamoro Organic Law that gives the BARMM Government its desired fiscal autonomy. The Law allows the BARMM to exercise its right to self-governance and is therefore, not within the direct control and supervision of the DICT or any of its attached agencies. The Commission on Audit (COA) is of the opinion that fund transfers intended for the autonomous region should be based on an executed Memorandum of Agreement between the national government agency and BARMM counterpart.

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

Region	2021		2022		2023	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Nationwide	-	-	-	-	-	-
Central Office	-	-	200.5	2.0	145.1	1.5
NCR	6,733.3	94.14	9,694.2	95.0	9,418.3	95.9
CAR	26.0	0.36	24.9	0.24	23.7	0.24
Region 1	13.1	0.18	13.0	0.13	14.3	0.15
Region 2	33.5	0.47	20.7	0.20	18.2	0.19
Region 3	57.0	0.80	22.6	0.22	19.3	0.20
Region 4A	19.0	0.27	17.7	0.17	18.9	0.19
Region 4B	19.4	0.27	22.6	0.22	12.0	0.12
Region 5	19.4	0.27	19.3	0.19	18.0	0.18
Region 6	17.8	0.25	24.0	0.24	16.8	0.17
Region 7	21.4	0.30	24.7	0.24	16.7	0.17
Region 8	28.1	0.39	17.5	0.17	18.5	0.19
Region 9	51.0	0.71	23.0	0.23	19.3	0.20
Region 10	28.2	0.39	20.7	0.20	18.7	0.19
Region 11	39.4	0.55	23.2	0.23	14.5	0.15
Region 12	19.0	0.27	15.3	0.15	15.4	0.16
CARAGA	26.6	0.37	19.9	0.20	14.7	0.15
BARMM	-	-	-	-	-	-
TOTAL	**7,152.3**	**100.0**	**10,203.9**	**100.0**	**9,822.3**	**100.0**

Source of basic data: BESF 2023

IV. NEW APPROPRIATIONS

4.1. The proposed total new appropriations of the DICT and its attached agencies amounts to P7.23 billion. About P6.15 billion of this budget, or 85.1%, will finance Operations which consists of programs that are to be implemented by the agency, as mandated *(Table 6)*. The general administration and support (GAS) will receive 14.1% of the total to fund activities related to the overall administrative management and operational support to entire agency operations. Meanwhile, Support to Operations (STO) will have 0.8% of the new appropriations, comprised of activities that provide substantial support to operations but do not deliver goods or services for agency's clients, including those expenditures that are indivisible across programs.

4.2. Per agency, the DICT-OSEC will have the biggest share (64.2%) of P657.1 million out of the entire Department's GAS appropriation of P1.02 billion. The other P365.7 million will be shared by the three attached agencies. While it will receive the least allocation of the Department's account, it is notable that the NPC's GAS will already comprise more than half (55.9%) of its total new appropriations.

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	657.1	55.1	5,536.8	6,249.0	10.5	0.9	88.6	100.0
CICC	140.0	-	207.8	347.8	40.2	0.0	59.8	100.0
NPC	112.0	-	88.2	200.2	55.9	0.0	44.1	100.0
NTC	113.7	-	321.5	435.3	26.1	0.0	73.9	100.0
TOTAL	**1,022.7**	**55.1**	**6,154.4**	**7,232.2**	**14.1**	**0.8**	**85.1**	**100.0**

Source of basic data: NEP 2023

4.3. In terms of the Operations budget, the DICT-OSEC again tops the agencies with P5.54 billion (90%) out of the total of P6.15 billion. The remaining P617.5 million will be distributed among NTC, CICC and NPC with shares of 5.2%, 3.4% and 1.4%, respectively. Meanwhile, only the OSEC has the STO cost component with P55.1 million.

4.4. The DICT, along with its three attached agencies, has 6 major programs in the performance of their respective mandates *(Table 7)*. The total appropriations for these programs in 2023 will amount to P6.15 billion, which is 4.4% lower than the 2022 budget.

TABLE 7
SUMMARY OF PROGRAMS FOR 2021-2023
DEPARTMENT OF INFORMATION AND COMMUNICATIONS TECHNOLOGY

Program (Implementing Agency)	Amount (In Million Pesos)			% Share to Total Program			Growth Rates 22-23 (%)
	2021	2022	2023	2021	2022	2023	
ICT Systems and Infostructure Development, Management, and Advisory Program (OSEC)	5,429.2	4,182.0	4,709.1	64.4	65.0	76.5	12.6
ICT Capacity Development and Management Program (OSEC)	1,356.1	896.7	517.6	16.1	13.9	8.4	(42.3)
Radio Communications, Broadcast and Telecommunications Management and Enforcement Program (NTC)	540.4	321.1	321.5	6.4	5.0	5.2	0.1
ICT Governance Program (OSEC)	985.3	721.0	310.2	11.7	11.2	5.0	(57.0)
Cybercrime Prevention, Investigation and Coordination Program (CICC)	10.6	207.8	207.8	0.1	3.2	3.4	0.0
Regulatory and Enforcement Program (NPC)	106.3	105.8	88.2	1.3	1.6	1.4	(16.6)
Total	**8,427.9**	**6,434.4**	**6,154.4**	**100.0**	**100.0**	**100.0**	**(4.4)**

Note: Allocations for programs and total operations are inclusive of locally-funded projects.
Source: GAA 2021-2022 and NEP 2023

4.5. The OSEC's *ICT Systems and Infostructure Development, Management, and Advisory Program* will again have the biggest share with P4.71 billion, equivalent to 76.5% of the total budget for programs. The bulk of this allotment will be apportioned to big-ticket projects, which form part of the government's investment in ICT infrastructure to accelerate digital transformation, including: (a) National Government Data Center Infrastructure with P1.67 billion; (b) National Broadband Plan with P1.5 billion; and (c) National Government Portal with P169.1 million. The said program also includes two sub-programs: Innovation and Development with P1.13 billion, and Implementation Management and Operations with P235.1 million.

4.6. Other programs implemented by the OSEC are the *ICT Capacity Development and Management Program* with P517.6 million, and the *ICT Governance Program* with P310.2 million. Both programs will sustain huge double-digit percentage declines of 42.3% and 57%, respectively, in their proposed FY 2023 appropriations relative to the 2022 budget.

4.7. The three attached agencies—NTC, CICC and NPC—will have one program each with a combined budget of P617.5 million. Only the NTC's *Radio Communications, Broadcast and Telecommunications Management and Enforcement Program* has a proposed measly increase in appropriation for FY 2023.

4.8. On the other hand, the Free Public Internet Access Program which is supposed to provides free, fast and secure Internet access in public places and SUCs will have a separate appropriation of P2.5 billion, sourced from the Spectrum User Fees (SUF) collected by the NTC, as provided by RA 10929. The SUF is the fee imposed by the government to private companies for the use of the telecommunications frequencies.

4.9. In November 2021, the country's two biggest telecommunications (telcos) service providers commented that SUF is becoming "unreasonable and excessive, and should be reassessed and set to modest levels i.e., enough to cover only the regulator's management cost[1]. One of them maintained that "when spectrum prices are set too high, operators are likely to invest less in their networks"[2]. The proposition is that reduced SUFs would allow telcos to divert their resources into building much needed network infrastructure, that would eventually expand internet access to more people at more affordable prices[3].

4.10. The 18th Congress of the House of Representatives passed and transmitted to the Senate, a bill on "Zero Spectrum User Fee for Telcos Using Wi-fi" in September 2021. The bill aims to adopt a zero SUF policy in accordance with best international practices[4]. On the other hand, the DICT, under the new administration, commented in June 2022, that SUFs are unlikely to be lowered as the fees form part of the government's revenue and given its current fiscal condition, the government needs to maximize its income generation[5].

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[1] *Balinbin, A. L. (2021, Nov. 30). Major PHL telcos: Spectrum fees 'excessive'. Business World.*
[2] *Ibid.*
[3] *Richmond Mercurio, M. (2021, Nov. 27). Globe backs reassessment of spectrum fees. The Philippine Star.*
[4] *Daza, P. R. et.al. (2021, Sept.). House Bill No. 9851: Zero Spectrum User Fee for Telcos Using Wi-fi.*
[5] *Balinbin, A. L. (2022, Jun. 27). Next DICT chief cool to lowering spectrum user fees. Business World.*

V. PERFORMANCE REVIEW

5.1. The overall fund utilization of the DICT dropped to 50.5% in 2021 from 73.6% in 2020. This translates to a huge P7 billion unused appropriations, of which 92.9% of said amount was unobligated *(Table 8)*. Unused appropriations are composed of: (a) unreleased appropriations referring to allotments that remained with the DBM awaiting disbursement authority[6]; and (b) unobligated allotments referring to balances that remains uncommitted and is available to the agency[7]. Lower obligation rates could imply an agency's weak absorptive capacity. It should be noted that, by far, the P7 billion in 2021 is the highest level of unused appropriations of the agency since its creation in 2016. It should be recalled that the Department proposes for P7.2 billion new appropriations for FY 2023 budget. It would thus seem paradoxical in the face of the DICT's inability at the very least even to obligate almost a similar allotment in 2021, especially so amid the requirements for digital transformation in the era of the pandemic.

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
OSEC	41.2	75.0	45.8	5,048.8	1,880.9	6,778.0
CICC	-	70.4	96.8	42.7	4.0	1.6
NPC	70.1	65.5	85.9	79.7	85.4	42.5
NTC	89.7	69.8	86.0	59.9	620.7	181.6
TOTAL	**44.8**	**73.6**	**50.5**	**5,231.1**	**2,591.0**	**7,003.7**

Sources of basic data: NEP 2021-2023

5.2. All three attached agencies posted above 85% obligation-appropriation ratios in 2021, led by CICC with 96.8%, followed by NTC with 86%, and NPC with 85.9%. Such ratios were improvements compared with their 2020 performance i.e., 70.4%, 69.8% and 65.5%, respectively. It is also noted that CICC's 70.4% in 2020 is the year the agency first recorded its fund utilization since its inception in 2016. Conversely, the DICT-OSEC's obligation-appropriation ratio declined by 29.15 percentage-points from 75% in 2020 to a surprisingly muted 45.8% in 2021. Moreover, *Table 8* also reveals that majority or 89.6% of the DICT's total unused appropriations of P7 billion is solely attributable to the OSEC's unobligated allotments. For reference, while release of appropriations is subject to DBM, the agency has the primary responsibility for obligating the funds.

5.3. Disbursement is the settlement or payment of an obligation or incurred dues. The disbursement rate refers to the ratio of disbursements to total available appropriations. Lower disbursement rate means that an agency has not implemented its projects in a timely manner

[6] *COA. (undated). Unreleased appropriations and withdrawn unobligated allotments under the DAP were not savings, and the use of such appropriations contravened Section 25(5), Article VI of the 1987 Constitution. COA Ruling.*
[7] *DBM (undated). Glossary of Terms of BESF.*

during the year. Overall, the DICT's disbursement rate is far from ideal with 26.9% in 2021—a minimal improvement from the 23.3% in 2020 *(Table 9)*.

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

Particulars	2020			2021		
	Appropriations	Disbursements	Disbursement Rate (%)	Appropriations	Disbursements	Disbursement Rate (%) [a/]
OSEC	7,516.5	1,677.4	22.3	12,512.3	2,950.4	23.6
CICC	13.5	9.4	69.1	48.1	44.4	92.2
NPC	247.7	146.3	59.1	300.7	222.1	73.9
NTC	2,054.6	461.1	22.4	1,294.9	597.2	46.1
Total Dept	**9,832.4**	**2,294.2**	**23.3**	**14,156.0**	**3,814.1**	**26.9**

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

5.4. Only the CICC was able to settle 92.2% of its obligations in 2021. Since its first disbursement record in 2020, it has topped the other four agencies. NPC ranked second with 73.9% in 2021, an improvement from its 59.1% in 2020. The NTC used to have an average disbursement rate of 94.6% from 2017 to 2019, but its performance declined to 22.4% in 2020 and climbed to 46.1% in 2021. Finally, the OSEC has the lowest disbursement rate among DICT agencies for the fifth time at 23.6% in 2021, a very slight improvement from 22.3% in 2020. The best record of disbursement achieved by the OSEC was 52.6% in 2018.

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

Program	Appropriations	Obligations	Disbursements	Obligation Rate (%) [a/]	Disbursement Rate (%) [b/]
ICT Governance Program	1,103.0	885.1	346.8	80.3	31.4
Of which: Nat'l ICT Household Survey	*41.4*	-	-	-	-
ICT Systems and Infostructure Dev't, Mgmt, and Advisory Program	5,998.3	2,288.0	1,186.5	38.1	19.8
Of which: Free Internet Wi-Fi Connectivity in Public Places	*2,975.5*	*1,049.6*	*395.3*	*35.3*	*13.3*
ICT Capacity Dev't and Mgmt Program	1,713.1	732.6	322.0	42.8	18.8
Total	**8,814.3**	**3,905.8**	**1,855.3**	**44.3**	**21.0**

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. The three listed items in *Table 10* are the major programs of the DICT-OSEC in 2021. Overall utilization rates reveal low performance as indicated by only 44.3% obligation rate and 21% disbursement rate. The *ICT Systems and Infostructure Development Management and Advisory Program* which has the largest appropriation of about P6 billion among the programs, also posted the lowest obligation rate of 38.1%. A big-ticket project, *Free Internet Wi-fi Connectivity in Public*

Places, comprising almost half of the program's budget, only contracted out 35.3% of its appropriations and has only disbursed 13.3%. Based on the List of Free Wifi Live Sites in the DICT's website, there are a total of 4,518 sites as of June 29,2022 *(Annex B).*

5.6. The *ICT Governance Program* recorded the highest obligation rate of 80.3%, however, it was only able to disburse 31.4% of its P1.1 billion appropriation. It should be noted that the entire allotment of P41.4 million for the *National ICT Household Survey (NICTHS),* a project under the program, remained untouched. The NICTHS rendered a comprehensive digital landscape of communities across the country including household and individual access and perception to ICT. The survey was conducted in 2019, and its results were released in 2020.

5.7. Lastly, the *ICT Capacity Development and Management Program* which obtained the second largest appropriation of P1.7 billion, only has 42.8% obligation rate and the lowest disbursement rate of 18.8%.

5.8. *Table 11* presents the Performance Indicators of Major Programs of the DICT. The *ICT Governance Program* primarily centers on the development of plans, policies and standards to advance ICT and cybersecurity. One of its outcome indicators is improved ranking in the Global e-Government Development Index (eGDI) which "assesses national websites and how e-government policies and strategies are applied for delivery of essential services"[8]. Latest eGDI survey placed the Philippines in 2020 at 77th place out of 193 covered countries. This is still a long way to go from the Top 60 target of the DICT. The Philippines would have to surpass ASEAN peers, Brunei Darussalam (60th place) and Thailand (57th place) in the next survey year 2022. Based on previous reports, the highest rank the country achieved was 71st place in 2016.

5.9. Another outcome indicator of the said program is improved ranking in the Global Cybersecurity Index (GCI) where the Philippines ranked 61st out of the 193 countries measured in 2020. This puts the country at the last place among the ASEAN-6 where rankings are as follows: Singapore at 4th place, Malaysia at 5th place, Indonesia at 24th place, Vietnam at 25th, and Thailand at 44th place.

5.10. As the country pushes for accelerated digital transformation, cybersecurity remains a high priority for all users, both for individuals and organizations. In a study conducted by Cisco Secure (2021), while small and medium entrepreneurs in the Philippines believed that going online has greatly helped in surviving the pandemic, majority of them believed that one serious cyber-attack could spell the end of their business[9]. Last year, the Office of the Solicitor General suffered a data breach where around 345,000 sensitive court documents were publicly made available online[10]. Other prevalent forms of cyber-attack reportedly experienced, starting late 2021 up to present, by a wide array of people are the onslaught of spam texts and SMS phishing which were messages of job or monetary offers sent to deceive recipients in

[8] *United Nations. (undated). E-Government Development Index (EGDI).*
[9] *Cisco Secure. (2021, Sept.). Cybersecurity for SMBs: Asia Pacific Businesses Prepare for Digital Defense.*
[10] *Elliott, V. (2021, May 01). 345,000 sensitive legal documents from the PH government have been exposed online. Rappler.*

the guise of a legitimate organization[11]. By the end of August 2022, a number of users claimed that these spam messages now bear their full names[12]. The National Cybersecurity Plan 2022, first released by the Department in May 2017, must be effectively cascaded at all levels, and regularly updated in keeping with the growing demands of safeguarding online platforms and activities. The DICT should also consider strengthening its partnerships with the service providers and other stakeholders to ensure heightened protection of individual consumers and organizations against technologically-aided malicious acts.

TABLE 11
PERFORMANCE INDICATORS OF MAJOR PROGRAMS, 2021-2023

Program	2021		2022 Target	2023 NEP Target
	Target	Actual		
ICT GOVERNANCE PROGRAM				
1. Improved ranking in the Global e-Government Development Index (EGDI)	To be in the Top 60 among all countries to be surveyed by 2022	As of 2020, PH ranked 77th out of 193 countries surveyed	To be in the Top 60 among all countries to be surveyed by 2022	To be in the Top 60 among all countries to be surveyed by 2022
2. Improved ranking in the Global Cybersecurity Index (GCI)	To be in the Top 50 percentile among all countries to be surveyed by 2022	As of 2020, PH ranked 61st out of 182 countries surveyed	To be in the Top 50 percentile among all countries to be surveyed by 2022	To be in the Top 50 percentile among all countries to be surveyed by 2022
ICT SYSTEMS AND INFOSTRUCTURE DEVELOPMENT, MANAGEMENT, AND ADVISORY PROGRAM				
Innovation and Development Sub-Program				
1. Increased number of places with broadband access to government services and connectivity	10% increase per year	increased by 27.83%	10% increase per year	10% increase per year
Implementation Management and Operations Sub-Program				
2. Increased provision of technical assistance to government agencies	10% increase per year	increased by 17.78%	10% increase per year	10% increase per year
ICT CAPACITY DEVELOPMENT AND MANAGEMENT PROGRAM				
1. Increase in number of jobs generated in the Next Wave Cities	Additional 200,000 by 2022	Additional 72,000 jobs generated as of 2020	Additional 200,000 by 2022	Additional 100,000 jobs generated
2. Increase in number of jobs generated in ICT Sector and IT- BPM industry	1.57 million jobs generated by 2022	1.32 million jobs generated from the PH IT-BPM industry in 2020	1.57 Million jobs generated by 2022	1.41 Million jobs generated
3. Increase in income generated from ICT Sector and IT-BPM industry	32.2 billion USD income by 2022	26.7 billion USD income generated from the PH IT-BPM industry in 2020	32.2 Billion USD income by 2022	29 Billion USD revenue generated
4. Increase in number of cities included in the Tholons Top 100 Super Cities	Yearly increase of at least 1 city	–	Yearly increase of at least 1 city	N/A

Source: NEP 2023s

[11] *Dela Cruz, R. C. (2022, Jun. 27). Globe blocks 138M spam, scam texts in first half of 2022. Philippine News Agency.*
[12] *Madarang, C. R. (2022, Aug. 21). SMS scam level up? Spam text messages now bear full names of mobile users. Interaksyon by Philstar.*

5.11. The *ICT Systems and Infostructure Development, Management, and Advisory Program* takes the largest portion of appropriation among all Department programs. The program includes banner projects: (a) *National Government Data Center* which provides for colocation and cloud services for both national and local government agencies for easier interconnectivity; (b) *National Broadband Plan* which "lay the backbone of connectivity network across the country through the deployment of fiber optic cables and wireless technologies" for faster and more affordable Internet; and the (c) *National Government Plan* which consolidates all government information and transaction in a single website for more efficient public service delivery.

5.12. While both outcome indicators of the said programs were able to meet their targets, much still needs to be done in ensuring wider and more affordable internet access to Filipinos. Based on Speedtest Global Index, conducted in May 2022, internet average speed (fixed and mobile connection) in the Philippines still lags behind four of its ASEAN peers i.e., Singapore, Thailand, Malaysia and Vietnam *(see Quick Facts page)*. Broadband connection packages in the country are also about two to three times more expensive than the aforementioned ASEAN neighbors. The Internet Poverty Index (2022) also places the Philippines at 7th place (out of 169 surveyed countries) where 51.6% of its population is considered as "internet poor"[13]. Given the overall context of digital transformation, establishing a fast, reliable and cheap internet access for every Filipino is important. Equally important is narrowing down and ultimately stamping, the digital divide to ensure everyone benefits from digitalization.

5.13. The partnership between the DICT and Starlink is a new and welcome development in the government's strategy of improving better quality internet access, especially in geographically isolated and disadvantaged areas. Starlink company uses a low-earth orbit satellite system "designed to deliver broadband internet connectivity with speeds of 100 to 200 megabits per second" to areas where telcos find commercially-unviable due to costly infrastructure-requirements[14]. Broadband services of Starlink is expected to be deployed by the first quarter of 2023.

5.14. Another project supportive of the *Systems and Infostructure* program is the *Free Wi-Fi for All – Free Public Internet Access Program* which aims to provide free, fast and secure connection available in public places e.g., hospitals, transport terminals, and public parks, and in state universities and colleges. It has an annual budget of at least P1.4 billion since 2015, and even an allocation of P2.7 billion in 2021. However, the Commission on Audit reported sub-optimal implementation of the project because of low accomplishment rate of installing, and diminishing number of active sites. The highest number of functioning sites recorded was 11,618 in December 2021; but, as of June 29, 2022, the DICT List of Free Wifi Live Sites only lists 4,518. Additional information on this audit finding is discussed in Part VI. (COA Findings and Recommendations) of this document.

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[13] *World Data Lab. (2022). The Internet Poverty Index 2022.*

[14] *Balinbin, A. L. (2022, Jul. 28). DICT eyes deployment of Starlink services to communities by Q1 2023. Business World.*

5.15. In relation to this COA observation, the new head of the DICT, in an interview, has enumerated initial actions to be undertaken: (a) ensuring a "turnkey" policy when contracting out the projects; (b) strengthening oversight within the Department; and (c) training the assigned project managers[15]. The Department should also consider incorporating specific recommendations made by the Commission to ensure that the project meets its objective and that public resources are efficiently utilized.

5.16. Finally, the *ICT Capacity Development and Management Program* receives the second biggest budget among the DICT programs. This program is directed at promoting literacy and inclusivity through countryside development. One of its initiatives is the Digital Cities 2025— the successor of the New Wave Cities program launched in 2009, which involves nurturing identified 25 cities "to become thriving business districts and viable investment hubs for IT-BPM services[16]" (See *Annex C* for the list of the 25 cities). The ultimate goal is to encourage IT companies to expand their operations under NCR and set-up new ones in these cities. As part of its outcome indicators, the Department aims to reach additional 200,000 jobs generated in these cities. From 2021 towards the end of this year, it should have created 128,000 more jobs.

5.17. Another outcome indicator of the program is to increase, at least by one per year, the number of cities included in the Tholons Top 100 Super Cities. This index "evaluates ranks and provides location strategies to multinational corporations, countries, governments, multi-lateral agencies, analysts and investors[17]" by looking at the following dimensions: overall talent pool; organizational support for outsourcing industry; cost and infrastructure; risk and quality of life; and digital and innovation. However, only two Philippines cities made it in the Top 100 and worse, both of them took a nose dive in the last two ranking periods. These are: Manila which used to rank second in 2020, now fell to 8th place in 2021; and Cebu City which was 12th placer dropped to 52nd place. In a separate but more recent Digital Cities Index (2022) survey conducted by the Economist Impact in 2022, Manila placed last among the 30 global capitals. Four ASEAN capitals i.e., Bangkok, Jakarta, Kuala Lumpur and Singapore, bested Manila as a digital city with more advanced application of various digital technologies for better service delivery to their respective residents and businesses[18].

VI. COA FINDINGS AND RECOMMENDATIONS

6.1. The Commission is unable to render an opinion on the accounts and transactions of DICT-OSEC for CY 2021. The latter failed to prepare and submit, within the prescribed period, the required complete set of the audit year's Financial Statements. As a result, COA was not able to come up with a comprehensive report on the Department's financial audit. Instead

[15] ANC. (2022, Jul 21). DICT Chief reacts as COA flags Duterte admin's free Wi-Fi program implementation. Video Interview.
[16] DICT. (undated). Digital Cities 2025: Unlocking Opportunities in the Countryside.
[17] Tholons. (2021). Tholons Global Innovation Index: Innovation at Scale.
[18] ht Economist Impact. (undated). Digital Cities Index 2022.

of an Annual Audit Report, the DICT-OSEC was issued with a Management Letter on June 29, 2022.

6.2. COA attributed the non-submission of the financial reports to: (a) the perennial reason of lack of manpower; and (b) use of manual system of accounting and "maintaining books of account in an Excel file, instead of a fully computerized recording system, considering that the DICT is the pioneer agency in information and technology".

TABLE 12
STATUS OF IMPLEMENTATION OF COA RECOMMENDATIONS
(AS OF 31 DECEMBER 2021)

Particulars	Total	Implemented		Not Implemented	
		Number	(%)	Number	(%)
OSEC	202	81	40.1	121	59.9
CICC	6	6	100.0	-	-
NPC	24	19	79.2	5	20.8
NTC	75	36	48.0	39	52.0

Source: Annual Audit Reports 2021 (Part 3)

6.3. Out of the 202 recommendations made in prior years, only 81 (40.1%) were fully implemented while 121 (59.9%) are yet to be implemented *(Table 12)*.

6.4. Part of the unimplemented recommendation reiterated by COA is to cause the proper recording and liquidation of the P3.9 million financial assistance intended for Information and Communications Technology Office (ICTO) employees affected by typhoon Yolanda. Said amount has yet to be recorded in the books of accounts which casts doubt on the proper accounting of government funds, and sufficiency of the Department's financial controls. The Commission is yet to receive documents showing Management's action on this recommendation first raised in CY 2018 AAR.

6.5. The Auditor also noted the following observations, among others, relative to the DICT's performance in implementing its programs and projects:

- **Low yearly implementation rate of the Free Wi-Fi for All - Free Public Internet Access Program**. The Program aims to operate 104,493 sites by CY 2025. However, accomplishment reports revealed low annual implementation rate: 18% in 2016, 14% in 2017, 21% in 2018, 21% in 2019, 38% in 2020, and 75% in 2021. These translate to only 11,618 sites out of the accumulated physical target of 34,442 for the past six years. Of the 11,618 sites, only 9,248 sites were "identified to exist and monitored" as of March 4, 2022. By April 23, 2022, the number of monitored sites further fell to 6,658. Based on COA's report, only 2,890 sites of which remained active and the other 3,768 sites are either not operational or under maintenance. Aggregated budget allocation for the program from 2015 to 2021 already amounted to P12.1 billion.

The Department attributed the low performance in CY 2016 to 2018 to: (a) procurement delays; (b) difficulty in securing authorization and permits; and (c) network architecture of the project. No explanation was given for CY 2020 to 2021. Meanwhile, DICT ascribed the diminishing number of operational sites to deactivation in lieu of terminated service contracts with private providers.

In response to the audit team's observation, the DICT management is to adopt the Connect-Harness-Innovate-Protect (CHIP) framework as its implementation and sustainability guide to accelerate operationalization of free wi-fi sites. The assigned PMO was also tasked to propose an end-to-end solution (from backbone to the sites) for the program's continued implementation.

Other observations noted by the Commission relative to the program are: (a) transfer of procurement and implementation of 6,000 sites to UNDP amounting to P1.4 billion may not be effective considering UNDP-contracted supplier's inability for a timely delivery; (b) delayed implementation of 4,383 sites and non-activation of 2,760 sites due to poor planning; and (c) non-operative, deactivated sites and slow internet connectivity due to inadequacy of the network monitoring system and absence of impact assessment.

- **Undistributed 866 laptops and 12,482 tablets under the Cybersafe Learning for Education (CLE) Project.** Part of the project's objective is to bridge the gap between socio-economic classes in furthering learning interventions through provision of laptops and tablets. Inventory documents revealed that there are 866 (8%) out of the total 10,250 laptops and 12,482 (30%) out of the total 41,500 tablets which are yet to be distributed as of May 16, 2022. Total cost to acquire these undeployed ICT devices amounted to P92.97 million.

  While some of the devices have already been allocated to beneficiaries, they remained unreleased because of deficiencies in engagement requirements. Since there were no actual beneficiaries prior to procurement, COA said that "the procured units maybe more than the recipient resulting to oversupply and overstocking" as was the case of the undistributed items.

  In response to the raised observation of the Commission, the Department submitted the list of receiving agencies/organizations and direct beneficiaries on June 24, 2022. The audit team then requested the Management to provide corresponding documents evidencing distribution of ICT devices.

- **Defects in the Government Emergency Communications System (GECS) Project Phase 1.** Project implementation and procurement of equipment was undertaken with the World Food Programme (WFP). The DICT transferred total contributions amounting to P365.1 million. The audit team noted non-conformance of the transferred project components: mobile operations vehicle for emergency (MOVE) Hub and Dispatch vis-à-vis technical specifications indicated

in the terms of reference. Additional findings include: non-utilization of some equipment due to lack of permit to operate and inadequate training of end-users; and delayed delivery of MOVE hub and Dispatch. In spite of these unresolved issues in Phase 1, a subsequent contribution amounting to P156.5 million was transferred by the DICT to the WFP.

6.6. The Commission also raised the audit observations on the Department's adherence to financial and compliance standards: (a) deficiencies in handling cash collections and deposits amounting to P36.2 million; (b) deficiencies in property management; (c) incomplete detailed valuation documentation for computer software amounting to P810.4 million; and (d) unliquidated fund transfers (aged 1 to 15 years) to PS-DBM and PITC totaling P3.25 trillion (accumulated balance from defunct agencies and transfers made by DICT).

6.7. The DICT-OSEC should promptly take action on its agreed commitments with the COA, as listed in the Management Letter. Central to this is the timely preparation and submission of the complete set of Financial Statements to the Commission, as this serves as requisite in generating useful information for decision-makers and upholding accountability in using public resources.

6.8. Lastly, COA reports on the three attached agencies are as follows: (a) CICC was given a Disclaimer opinion, meaning the Auditor does not have sufficient basis to form an opinion due to inadequate submitted documents; (b) NPC received an Unqualified opinion, when the Auditor concludes all required financial statements are prepared and are in accordance with applicable financial reporting framework[19]; and (c) NTC was given a Qualified opinion, meaning that financial records were submitted and fairly presented, and the Auditors found some issue in accounting standards, inadequate disclosure, uncertainties in estimates, or omissions in statements of cash flows[20]. The number of implemented and unimplemented recommendations of these three agencies are presented in *Table 12*.

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[19] *COA. (undated). Understanding the Audit Opinion.*
[20] *Cuyco. J. (2022, Jun. 29). What does it mean when gov't agencies earn COA's unqualified opinion?. Interaksyon by Philstar.*

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ANNEX A:

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	706.6	3,491.7	1,535.9	-	**5,734.3**	542.1	6,189.3	2,336.6	-	**9,068.0**	719.8	6,524.8	1,555.8	-	**8,800.5**
CICC	32.6	14.0	-	-	**46.6**	13.0	289.9	63.5	-	**366.5**	63.2	289.9	-		**353.1**
NPC	105.3	139.3	13.6	-	**258.2**	97.1	127.0	4.5		**228.6**	96.9	111.3	-	-	**208.2**
NTC	314.8	132.3	666.2	-	**1,113.3**	296.5	159.2	85.0	-	**540.8**	306.1	154.5	-	-	**460.6**
Total	**1,159.3**	**3,777.3**	**2,215.7**	**-**	**7,152.3**	**948.8**	**6,765.5**	**2,489.6**	**-**	**10,203.9**	**1,185.9**	**7,080.6**	**1,555.8**	**-**	**9,822.3**

Source: FY 2023 BESF

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	60.9	92.4	69.3	-	80.2	57.1	91.5	93.9	-	88.9	60.7	92.2	100.0	-	89.6
CICC	2.8	0.4	0.0	-	0.7	1.4	4.3	2.6	-	3.6	5.3	4.1	0.0	-	3.6
NPC	9.1	3.7	0.6	-	3.6	10.2	1.9	0.2	-	2.2	8.2	1.6	0.0	-	2.1
NTC	27.2	3.5	30.1	-	15.6	31.3	2.4	3.4	-	5.3	25.8	2.2	0.0	-	4.7
Total	100.0	100.0	100.0	-	100.0	100.0	100.0	100.0	-	100.0	100.0	100.0	100.0	-	100.0

Source: FY 2023 BESF

ANNEX B:

DICT'S NUMBER OF FREE WI-FI SITES, BY REGION AND PROVINCE

Region	Province	8/15/2018	7/31/2019	6/21/2020	7/1/2021	6/29/2022
CAR	Abra	-	-	2	18	24
	Apayao	2	2	2	2	-
	Benguet	3	11	22	91	25
	Ifugao	4	4	9	7	58
	Kalinga	-	-	2	22	8
	Mountain Province	2	2	2	2	3
CAR Total		***11***	***19***	***39***	***142***	***118***
I	Ilocos Norte	5	13	43	59	63
	Ilocos Sur	59	84	86	109	51
	La Union	9	24	25	73	17
	Pangasinan	40	44	54	174	137
I Total		***113***	***165***	***208***	***415***	***268***
II	Batanes	-	-	-	20	-
	Cagayan	21	24	80	145	73
	Isabela	-	-	49	35	36
	Nueva Vizcaya	4	4	4	4	12
	Quirino	-	-	2	25	-
II Total		***25***	***28***	***135***	***229***	***121***
III	Aurora	-	10	11	55	47
	Bataan	1	9	13	87	23
	Bulacan	5	22	118	193	67
	Nueva Ecija	67	132	85	308	24
	Pampanga	7	11	48	213	45
	Tarlac	11	16	34	79	32
	Zambales	-	8	9	91	3
III Total		***91***	***208***	***318***	***1,026***	***241***
IV-A	Batangas	65	92	127	313	112
	Cavite	23	30	36	144	74
	Laguna	39	46	59	206	55
	Quezon	5	9	48	324	16
	Rizal	10	15	38	149	8
IV-A Total		***142***	***192***	***308***	***1,136***	***265***
MIMAROPA	Marinduque	-	49	56	117	60
	Occidental Mindoro	2	10	11	90	8
	Oriental Mindoro	1	9	10	109	9
	Palawan	5	5	8	106	42
	Romblon	10	10	11	78	36
MIMAROPA Total		***18***	***83***	***96***	***500***	***155***
V	Albay	5	20	74	205	26
	Camarines Norte	8	8	14	109	20
	Camarines Sur	21	21	53	91	85
	Catanduanes	5	5	43	98	94

Region	Province	8/15/2018	7/31/2019	6/21/2020	7/1/2021	6/29/2022
	Masbate	15	24	26	66	34
	Sorsogon	3	101	115	268	228
V Total		***57***	***179***	***325***	***837***	***487***
VI	Aklan	54	125	142	212	80
	Antique	20	22	67	125	34
	Capiz	12	17	42	95	41
	Guimaras	2	7	10	48	13
	Iloilo	66	94	180	348	181
	Negros Occidental	10	42	95	255	57
VI Total		***164***	***307***	***536***	***1,083***	***406***
VII	Bohol	36	80	85	96	66
	Cebu	90	144	174	239	155
	Negros Oriental	36	87	88	163	72
	Siquijor	3	3	10	51	21
VII Total		***165***	***314***	***357***	***549***	***314***
VIII	Biliran	10	10	15	27	2
	Eastern Samar	11	17	26	59	6
	Leyte	51	85	118	166	61
	Northern Samar	1	7	11	20	-
	Samar (Western Samar)	3	11	20	32	6
	Southern Leyte	14	26	30	30	48
VIII Total		***90***	***156***	***220***	***334***	***123***
IX	Zamboanga del Norte	8	17	35	97	9
	Zamboanga del Sur	38	53	93	391	320
	Zamboanga Sibugay	16	22	37	104	42
IX Total		***62***	***92***	***165***	***592***	***371***
X	Bukidnon	7	21	42	173	45
	Camiguin	-	10	27	27	10
	Lanao del Norte	2	11	22	110	67
	Misamis Occidental	3	8	23	64	32
	Misamis Oriental	25	36	62	211	56
X Total		***37***	***86***	***176***	***585***	***210***
XI	Davao de Oro	-	-	15	63	26
	Davao del Norte	9	23	46	103	67
	Davao del Sur	8	15	37	170	127
	Davao Occidental	-	2	2	30	-
	Davao Oriental	-	9	38	82	29
XI Total		***17***	***49***	***138***	***448***	***249***
XII	Cotabato (North Cotabato)	-	3	12	58	7
	Sarangani	-	3	6	6	-
	South Cotabato	4	8	21	57	9
	Sultan Kudarat	-	2	7	7	2
XII Total		***4***	***16***	***46***	***128***	***18***
XIII	Agusan del Norte	75	80	111	146	14

Region	Province	8/15/2018	7/31/2019	6/21/2020	7/1/2021	6/29/2022
	Agusan del Sur	1	4	24	50	26
	Dinagat Islands	-	-	8	57	82
	Surigao del Norte	10	14	45	90	33
	Surigao del Sur	-	4	5	57	60
XIII Total		***86***	***102***	***193***	***400***	***215***
BARMM	Basilan	0	1	17	52	40
	Lanao del Sur	0	7	8	257	17
	Maguindanao	6	6	11	11	3
	Sulu	0	-	-	22	22
	Tawi-Tawi	2	2	2	45	44
BARMM Total		***8***	***16***	***38***	***387***	***126***
NCR	Metro Manila	468	696	896	1,520	831
NCR Total		***468***	***696***	***896***	***1,520***	***831***

Disclaimer: Some of the sites are under maintenance.
Source: DICT website - List of Free Wifi Live Sites (https://freepublicwifi.gov.ph/livehotspots/)
Accessed on: July 12, 2022

ANNEX C:

DIGITAL CITIES 2025 LOCATIONS

Region	City/ Cluster
I	Dagupan
I	Laoag
I	San Fernando (La Union)
I	Urdaneta
III	Balanga
III	Cabanatuan
III	Malolos
III	Olongapo
III	San Fernando (Pampanga)
III	San Jose Del Monte
III	Tarlac
III	Tuguegarao
IV-A	Batangas
IV-A	Laguna Cluster
IV-A	Metro Cavite
IV-A	Metro Rizal
MIMAROPA	Puerto Princesa
V	Iriga
V	Legazpi
VI	Roxas
VIII	Tacloban
VIII	Tagbilaran
IX	Zamboanga
XII	General Santos
XII	Iligan

Note: The Digital Cities 2025 is a DICT project undertaken with IT and Business Process Association of the Philippines (IBPAP) and Leechiu Property Consultants (LPC)
Source: Digital Cities 2025 Location Primer (https://dict.gov.ph/wp-content/uploads/2021/11/Digital-Cities-2025-Primer.pdf)