



Republic of the Philippines
Tourism Infrastructure & Enterprise Zone Authority

FOR : **MARK T. LAPID**
Chief Operating Officer

FROM : The Department Manager
Corporate Planning Department

SUBJECT : **Governance and Strategic Planning Workshop**
Salient Issues, Discussions, Agreements

DATE : 19 February 2021

BACKGROUND

- 1) The Governance and Strategic Planning Workshop was conducted last 17-18 February, at the 6/F Multi-Purpose Hall, and attended by the COO, ACOOs, Department/Division Managers, Technical Assistants, and other technical staff from MISD, FSD-Budget & Corplan. The Workshop was facilitated by the Corplan DM while the Secretariat and Administrative were provided HRSD-Learning and Development, GSD and Corplan. Further, Ms. Rhoda V. Mendoza served as the Workshop emcee.
- 2) The Governance and Strategic Planning Workshop had the following objectives:
 - a. Formulation and Approval of the 2022 TIEZA Budget Proposal for DBM Submission &
 - b. Identification of PBB and GCG Compliance Requirements; Person/s / Office Responsible to ensure compliance submissions
- 3) Further, the following were discussed during the Workshop:
 - a. Assessment of the Risks / Opportunities (Covid-19 & Mandanas-Garcia Doctrine)
 - b. Reorganization Plan
 - c. Information Systems Strategic Plan
 - d. Quality Management System 2021 Activities

SALIENT ISSUES, DISCUSSIONS, AGREEMENTS

The Salient Issues, Discussions and/or Agreements are detailed in Annex A.

WAYS FORWARD

The Corporate Planning Department shall schedule follow-up activities of the Governance and Strategic Planning Workshop to review &/or craft the following, as necessary:

- a) Strategy Map
- b) 2021 Performance Scorecard
- c) 2022 Performance Scorecard
- d) Alignment of the Balanced Scorecard (BSC) and the Office Performance Commitment (OPC)



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RECOMMENDATIONS

For the COO's consideration are the following recommendations:

- a) Creation of a TIEZA Team to participate and defend the 2022 Budget proposal in the Technical Budget Hearing/s at the DBM and Congress;
- b) For MANCOM discussion of the Formulation of a 5-year Infrastructure Development Plan;
- c) For Legal Department to issue a Legal Opinion on the impact of the Mandanas Ruling and LGU-devolved functions under DBM-CBM 43 vis-à-vis TIEZA's mandates under RA 9593;
- d) For ADSD-HR to initiate the review and/or revision, as necessary, of the proposed TIEZA Reorganization Plan prior to re-submission to the GCG;
- e) For MISD to consider review of the Information Systems Strategic Plan (ISSP) to align with the updated Philippine Development Plan and the requirements for the "new normal".
- f) For the PBB Task Force to determine the Lead Office/s responsible to each of the PBB Compliance Requirements and cascade the same to all concerned.

Thank you.

FRANCIS RANDY J. HORTELANO

GOVERNANCE AND STRATEGIC PLANNING WORKSHOP

17-18 February 2021

Summary of Salient Issues, Discussions and/or Agreements

1	ISSUE/S	DISCUSSION/S	AGREEMENT/S	REMARKS
	<p>Formulation and Approval of the 2022 TIEZA Budget Proposal for DBM Submission</p> <p>Facilitator: Corplan DM</p>	<p>Considerations in the 2022 Budget Proposal</p> <ul style="list-style-type: none"> ❖ The following were discussed and considered in crafting the 2022 Budget Proposal: <ul style="list-style-type: none"> a) Updated Philippine Development Plan 2017-2022; b) National Tourism Development Plan 2016-2022; c) Mandanas Supreme Court Ruling; d) DBM Corporate Budget Memo 43 (& its timelines) ❖ Strictly follow the timelines set by DBM for the 2022 Budget Cycle ❖ There is a need to set criteria /direction for Prioritization. ❖ Submission of the corresponding Annual Procurement Plan as an attachment to the Budget Proposal ❖ Approval the Budget Proposal by the Board prior to DBM submission ❖ DBM-CBM 43 is the guide in crafting the 2022 budget proposal. 	<ul style="list-style-type: none"> ✓ TIEZA shall refrain from including in its budget proposal funding for infra projects belonging to the 1st to 4th income class LGUs; instead, it may, however, include projects belonging to the 5th and 6th income class LGUs; the Geographically Isolated and Depressed Areas (GIDA); among others per DBM-CBM 43. ✓ Indicate the consolidated priority ranking of projects for funding (from TEZMS, AMS & AESS). ✓ CorSec to schedule the required Board Meeting to approve the 2022 Budget Proposal ✓ Concerned Sectors to submit accomplished Form 709 to FSD-Budget 	

ISSUE/S	DISCUSSION/S	AGREEMENT/S	REMARKS
	<ul style="list-style-type: none"> ❖ Form 709 shall be used for the Tier 2 budget proposal. There is a need to clarify with DBM other details on how to fill-out said Form. ❖ The budget proposal should be “shovel ready” or “implementation ready” to have greater chances of DBM approval. 	<ul style="list-style-type: none"> ✓ FSD-Budget to inquire from DBM necessary info to appropriately fill-out other items in Form 709 and inform the concerned Sectors (TEZMS, AMS & AESS) 	
	<p><u>Mandanas Ruling</u></p> <ul style="list-style-type: none"> ❖ In relation to the request for DBM funding, there is a need for TIEZA to adhere to the applicable provisions of DBM CBM 43. ❖ It is important for TIEZA to come up with a standard reply to project proponents relative to their submitted project proposals. ❖ Even if TIEZA will not request funding support from DBM, will it still consider the Mandanas Ruling in implementing its mandates under RA 9593? Will it still continue to support the 1st to 4th class LGUs? Or shall it still give funding support to the LGU devolved functions? 	<ul style="list-style-type: none"> ✓ Legal Department to issue a Legal Opinion on the impact of the Mandanas Ruling and DBM CBM 43 vis-à-vis TIEZA's mandates under RA 9593. 	
	<p><u>5 year Infrastructure Development Plan</u></p> <ul style="list-style-type: none"> ❖ ACOO-AFS expressed the need to come up with a long term Infra development plan to guide the Authority in planning & budgeting activities. ❖ ACOO-AESS cited that AESS should focus on implementing the Infra Development Plan but not crafting one, instead Corplan was suggested. 	<ul style="list-style-type: none"> ✓ 	For further discussion.

	ISSUE/S	DISCUSSION/S	AGREEMENT/S	REMARKS
		<p>NEDA TRIP UPDATING</p> <ul style="list-style-type: none"> ❖ NEDA endorsement of Infra Projects is required during the Technical Budget Hearing (TBH) for the 2022 budget proposal. ❖ All infra proposals must be encoded in the Three-Year Rolling Infrastructure Program (TRIP). ❖ NEDA informed that updating of the TRIP is already finished. The only window for TIEZA now is the updating of the Public Investment Program (PIP). The PIP /TRIP is a requirement stipulated in DBM-CBM 43. ❖ There is an upcoming updating of the PIP by NEDA, hence, it is crucial that TIEZA shall be invited for its updating by NEDA. ❖ NEDA shall coordinate with the Office of the COO (Head of Agency), hence it is important that OCOO shall keep tab on emails/updates relative to this. ❖ There is a need to identify focal person/s for the PIP/TRIP updating. 	<p>✓ FSD-Budget / Corplan to update Management on the PIP updating schedule.</p>	<p>The TRIP cited here is different from the Tourism Road Infrastructure Project Prioritization Criteria (TRIPPC) under the DOT-DPWH Convergence Program</p>
2	<p>Identification of PBB and GCG Compliance Requirements; Person/s / Office Responsible to ensure compliance submissions</p> <p>Speaker: PBB Task Force Chair Mendoza</p>	<ul style="list-style-type: none"> ❖ With the various requirements for the PBB Grant, there is a need for all stakeholders in the Authority to give their utmost cooperation and prompt submission of required compliance documents. ❖ There is a need to identify the lead office/s or personnel for each compliance requirement. ❖ For accountability purposes, inclusion of the PBB requirements in the OPCR/IPCR, as applicable. 	<p>✓ Task Force PBB shall conduct an activity to identify the Lead Office or Personnel primarily responsible for each PBB Compliance requirement.</p>	

	ISSUE/S	DISCUSSION/S	AGREEMENT/S	REMARKS
		<ul style="list-style-type: none"> ❖ Corporate Governance Scorecard For everyone's awareness and information, there is a need to cascade the Corporate Governance Scorecard (CGS) and an Action Plan for its achievements, similar to the PBB Compliance requirements. ❖ 50% of the CGS rating is attributed to the Responsibilities of the Board. 	✓	Presentation of the CGS is for scheduling in future activities.
3	<p>Assessment of the Risks / Opportunities (Covid-19 & Mandanas-Garcia Doctrine)</p> <p>Facilitator: Corplan DM</p>	<p>Mandanas Ruling</p> <ul style="list-style-type: none"> ❖ In relation the request for DBM funding, there is a need for TIEZA to adhere to the applicable provisions of DBM CBM 43. ❖ It is important for TIEZA to come up with a standard reply to project proponents relative to their submitted project proposals. ❖ How will the Mandanas Ruling impact on TIEZA's mandates under RA 9593? Will it still continue to support the 1st to 4th class LGUs? Or shall it still give funding support for the devolved functions? ❖ Possible inclusion of Travel Tax collection in the definition of the National Revenue Taxes 	✓	Refer to attached Consolidated Workshop output.
4	<p>Reorganization Plan</p> <p>Speaker: ADSD DM Rosanna Olgado</p>	<ul style="list-style-type: none"> ❖ The organizational structure submitted to the GCG was presented. ❖ TIEZA is still completing additional requirements requested by the GCG. ❖ It is still possible to review the proposed structure to make it more responsive to the current and future requirements of the Authority. 	✓	Corplan to also request review of its proposed structure to rationalize staffing pattern between the two divisions

	ISSUE/S	DISCUSSION/S	AGREEMENT/S	REMARKS
		<ul style="list-style-type: none"> ❖ DOT Usec. Enrile has instructed to prioritize the request for additional plantilla position for the BAC and AES. ❖ Consider provision of an “Investment Unit/Office” that will take charge of investment related activities of Authority instead of just a Committee. ❖ Consider reviewing the structure of the BAC and the Procurement and Supply Management Department. ❖ Also consider applicable DBM Memo Circulars relative to the setting-up of Procurement Units/Offices. 		under the department.
5	Information Systems Strategic Plan (ISSP) Speaker: MISD DM Dela Cruz	<ul style="list-style-type: none"> ❖ TIEZA has an existing ISSP up to 2022. ❖ Considering the budgetary concerns of the Authority, MISD has coordinated with DICT on how to request funding for ICT requirements of the Authority. ❖ During the Technical Budget Hearing at DBM, the endorsement of the Medium-term Information and Communications Technology Harmonization Initiative (MITHI) is required. 	<ul style="list-style-type: none"> ✓ FSD-Budget to assist MISD in filling-out Form 709. ✓ Consider review of the ISSP to align with the updated PDP and the requirements (i.e. contactless transactions, among others) for the “New Normal” 	Consider provision of portable devices (i.e. Laptops) for employees, instead of desktop, for personnel under WFH arrangement
6	Quality Management System Speaker: Mr. Bryan Caluya	<ul style="list-style-type: none"> ❖ The 2021 schedule of the various activities for the ISO 9001:2015 initiative was presented ❖ The Development Academy of the Philippines (DAP) is calling for applicants for the Grant relative to the implementation of ISO 9001:2015. 	<ul style="list-style-type: none"> ✓ Corplan to explore applying for the Development Academy of the Philippines (DAP) Grant for the “expansion” of processes to be certified in 2021. 	Initially discussed with the Quality Management Representative (QMR Lozada).

WORKSHOP OUTPUT

GOVERNANCE AND STRATEGIC PLANNING WORKSHOP

17-18 February 2021

6/F Multi-Purpose Hall, TIEZA

Form 1

What are the risks and opportunities, if any, brought about the COVID-19 Pandemic and Mandanas Supreme Court Ruling relative to TIEZA's operations, viability, relevance, among others.

	Risks	Opportunities
COVID-19 Pandemic	<ul style="list-style-type: none">• Shortage of budget• Closure of operating entities• Unemployment of employees• Sustainability of TIEZA assets leased/operated by PPP or LGU due to financial losses brought about by the COVID19 Pandemic• Restricted opportunities for revenue-generation of TIEZA assets• Reduced collection of Travel Tax• Difficulty in implementing infrastructure projects• Low income of operating entities• Use of operating assets as quarantine facilities• Early retirement of personnel in top/middle management due to health/safety reasons• Increased health risks of skeletal and frontline personnel• Lack of investor interest in Flagship TEZs due to financial impacts of COVID-19• Delay in establishment of new TEZ and expansion of existing TEZs due to financial impacts of COVID-19 Pandemic• Slow recovery of private TEZs due to the worsening impacts of COVID-19• Low confidence of tourists to travel to TEZs due to fear of being exposed while in transit and during stay in TEZs• Decrease in number of jobs generated in TEZs due to	<ul style="list-style-type: none">• Health & safety protocols for employees and guests in place• Accelerated implementation of Digitalization Initiatives (tax processes, trainings) and Alternative Work Arrangements• Work on other sources of revenue from travel tax such TEZ, land banking / asset development• Prioritization of health programs for all personnel• Automation of Processing (online TEZ/RTE Compliance Monitoring / Online Permitting)• Lesser environmental impact of operations• Review/improve/update processes• Better IT infrastructure (digitization of governance)• Ample time to review issue/concerns re: project implementation• More time to complete backlog DEDs• Focus on other tasks such as monitoring of BSC, revision of guidelines and workflow

	Risks	Opportunities
	<p>impacts of COVID-19 to financial stability of TEZ operators.</p> <ul style="list-style-type: none"> • Lower Travel Tax collection • Limited workforce due to health/safety protocol • Delay in inspection of proposed projects and completion time of on-going projects • Lack of funds to implement approved projects 	
Mandanas Supreme Court Ruling	<ul style="list-style-type: none"> • LGU may exercise the right of first refusal on the O&M of the entities • Possible inclusion of Travel Tax collection in the definition of National Revenue Taxes • Infrastructure development of LGU's not aligned with National Tourism Development Plan and not responsive to tourist requirements • Less opportunity for TIEZA to develop emerging tourist destinations included under 1st – 4th class municipalities • Reduced budget for Infra projects • Political intervention • LGUs may still request funding from TIEZA • Possibility that "travel tax" be included in the term "national tax" 	<ul style="list-style-type: none"> • Partnership with LGU relative to privatization, O&M, events, festivals • Certain infrastructure projects may be devolved to LGU's • Development of areas under 5th and 6th class municipalities as tourist destinations • TIEZA will have more funds to develop/ implement big ticket infrastructure projects rather than many small projects with lesser impact • More funding of infra within the TEZ • Prioritization of TEZ Infra Projects (DED and DAED preparation) • Bigger budget allocation for lower class LGUs • Limited coverage of proponents • More eco-tourism projects in depressed provinces • More developments on lower class LGUs and will aid in poverty alleviation

	Risks	Opportunities
<i>As such, considering the current condition of TIEZA, what do you think should the Authority consider</i>		
STOP DOING	<ul style="list-style-type: none"> Assisting in events (sponsorships) especially to 1st - 4th class LGUs Funding of projects in 1st – 4th class municipalities Small projects with less significance/impact in terms of economic contribution Less opportunity for TIEZA to develop emerging tourist destinations included under 1st – 4th class municipalities Using manual processes in the preparation of reports Allocation of Funds to Projects with "NO" returns Evaluation of projects not within the mandate of TIEZA Operating assets that are being subsidized; consider privatization 	
START DOING	<ul style="list-style-type: none"> Find new source of revenue Private-Public Partnership thru JV of idle assets Alignment of TIEZA projects with LGU plans & programs Explore LGU assets for tourism development and operation Long-term planning for infrastructure development (not less than 5 years) Prioritization of big projects with more economic impact Less opportunity for TIEZA to develop emerging tourist destinations included under 1st – 4th class municipalities Upgrading of IT equipment (hardware & software) of all departments Rehabilitation of all assets (NPA) to become financially viable Hiring of more experts and capable personnel Reorganization of the Authority to be more responsive to the needs of internal and external stakeholders Online TEZ Processes Look for projects that are income-generating Improve TIEZA Assets Pursue in creating a law reserving travel tax to TIEZA only Prioritization of infra projects Preparations for this kind of situation (Pandemic) Seek provisions to ensure that travel tax will not be embraced by the Mandanas Ruling Incorporate health and wellness in TIEZA's planning of facilities Provide training for personnel 	
CONTINUE DOING	<ul style="list-style-type: none"> Strengthen collaboration with LGU on tourism development, hotel & resort, and golf course operations Capacity building of staff Strengthening of other sources of revenue – new assets, while old assets may be privatized through joint venture agreements Strengthening / enhancing online processes 	

	Risks	Opportunities
	<ul style="list-style-type: none"> • Efficient collection of travel taxes • Being performance driven • Being agile in making use of technology and ingenuity to overcome foreseen and unforeseen challenges • Making informed decisions based on reliable data • TEZ recovery initiatives (Lowered TIEZA Fee to 1 Peso) • Virtual Inspection • Pro-active and do the extra-mile • Implement on-going projects and rehabilitation of assets • Completion of DEDs of suspended projects • Implement safety and health protocols • Extend assistance to poor municipalities with strong tourism potentials • Efforts to increase travel tax collection (improve online collection) 	