

## **APECO President's Report**

Fiscal Year 2024

### **Executive Summary**

*The year 2024 marked a transformative period for Aurora Pacific Economic Zone and Freeport Authority (APECO) under the leadership of its Board of Directors under Atty. Anelyn C. Ciudadano as Chairperson, President and Chief Executive Officer (PCEO) Atty. Gil G. Taway IV as Vice Chairperson, Hon. Cong. Rommel Rico T. Angara as ex Officio Member by virtue of his Office as representative of the Lone District of Aurora, Hon. Gov. Reynante A. Tolentino as ex Officio Member by virtue of his office as Governor of the Province of Aurora, Mayor Manuel A. Torres as ex Officio Member by virtue of his office as the Mayor of the Municipality of Dinalungan, Dir. Rene G. Tayag as Board Member Representing Foreign Investors, Dir. Percival A. Mariano as Board Member who is a Prominent Personality residing outside Aurora, Dir. Ma. Cristina G. Suaverdez as Board Member Representing Workers inside the Ecozone, Dir. Noel S. Tolentino as Board Member who is a Prominent Personality residing in Aurora, and Atty. Maria Luz Rañeses-Raval as Board Member Representing Domestic Investors.*



*Recognizing the systemic challenges that were left unresolved such as abandoned infrastructure projects, operational inefficiencies, and financial dependency, PCEO Taway IV implemented a comprehensive recalibration strategy. This strategy emphasized addressing legacy issues while realigning APECO's goals with its core mandate of fostering sustainable development. Through targeted reforms and inclusive governance,*

*APECO has begun its evolution into a hub for renewable energy, food security, and national defense.*

*Central to this transformation is APECO's focused approach to revitalizing its infrastructure and addressing long-stalled projects. Landmark developments including the: rehabilitation of the Administrative Building; completion of Phase 1 of the Sewage Treatment Plant, Fire Station, Central Water Supply and Reservoir Phase 1; and the restarting of the Underground Power Distribution Lines, showcased APECO's commitment to operational readiness and sustainability. Additionally, eco-tourism projects, such as the "Boat Cafe" and the Grand Lagoon Projects, and renewable energy initiatives have paved the way for diversified economic activities that align with both regional and national development priorities.*

*Investment missions in 2024 underscored APECO's global engagement and ambition. Strategic partnerships formed during these missions, particularly in South Korea, Japan, the United States and the Czech Republic, highlighted APECO's potential as a premier destination for high-value industries. Collaborations in renewable energy, agro-industrial ventures, and defense logistics demonstrated a clear alignment with APECO's focus areas of energy independence, food security, and national defense. These partnerships are expected to yield long-term economic benefits, create jobs, and enhance APECO's international standing.*

#### *Strategic Planning, Reorganization, and Master Planning*

*Reforms in governance further solidified APECO's foundation for sustainable growth. Measures such as the suspension of visa operations, the introduction of real-time financial tracking, and enhanced transparency through comprehensive reporting restored public and stakeholder trust. These changes addressed historical inefficiencies while setting a benchmark for ethical governance and operational excellence. The successful relocation of operational units to Casiguran further demonstrated APECO's commitment to efficiency and stakeholder-centric operations.*

*The reforms began with the Strategic Planning Seminar, which shaped actionable strategies and provided a roadmap for the organization's reorganization initiatives. This set the stage for the subsequent development of the updated Master Plan, which emphasized eco-tourism, renewable energy, and agri-industrial development. Both initiatives ensured alignment with sustainability, inclusivity, and national priorities, reinforcing APECO's vision of fostering equitable and resilient growth.*

*This comprehensive recalibration of APECO in 2024 has laid the groundwork for a sustainable and resilient future. By addressing legacy challenges, embracing transparency, and fostering inclusive growth, APECO is poised to fulfill its vision as a transformative Ecozone that drives national progress and regional prosperity.*

#### **PART 1: Introduction**

1. This report provides key highlights of APECO's progress and accomplishments for Fiscal Year 2024. It should be noted that some of the information presented here has been previously discussed in earlier Board Meetings and related events. The focus of this report is to consolidate and emphasize pivotal achievements,

ongoing initiatives, and strategic priorities, serving as a concise overview rather than an exhaustive account of all activities undertaken during the said Fiscal Year.

#### Strategic Reorientation in the first months of PCEO Taway's Administration

2. Recognizing the gravity of the inherited challenges, the new management under PCEO Taway IV initiated a comprehensive strategic recalibration aimed at addressing systemic inefficiencies and restoring the organization's credibility. This recalibration was anchored on a twin strategy of industry development and tourism market segmentation. For industry development, this covered three national priorities: food security, energy security, and national security through the defense industry. For tourism market segmentation, there is a new focus on creating segments for sports tourism, Meetings, Incentives, Conferences, and Exhibitions (MICE) tourism, and the retirement market.
3. A key component of this reorientation was the immediate suspension of visa operations and a thorough review of APECO's internal processes to ensure compliance with national laws and ethical standards. Governance reforms were implemented to establish transparency and accountability, including participatory budgeting processes and live-streamed procurement activities. These measures restored public trust and demonstrated the administration's commitment to ethical governance.
4. Infrastructure rehabilitation emerged as a cornerstone of the strategic reorientation. Under PCEO Taway IV's leadership, abandoned projects were revived, and critical facilities such as the Administrative Building and executive villas were repaired or rehabilitated. Essential utility projects, including the central water supply and sewage treatment plants, resumed construction. Efforts were made to rebuild trust with local stakeholders, including Indigenous Peoples (IPs) and local government units (LGUs). Through open dialogue and participatory decision-making processes, APECO began to realign its priorities with the aspirations and needs of its surrounding communities.

#### **PART 2: Key Accomplishments in 2024**

##### Infrastructure and Facilities

5. One of the most notable accomplishments was the complete recovery and rehabilitation of the Admin Building, which now serves as a modern and functional headquarters for APECO's operations. It also allowed for the decrease of rental costs in the Manila Satellite Office, by having all APECO employees to move back to the Casiguran Main Office and thus utilize a smaller space. Only the Office of the President and Chief Executive Officer (OPCEO), Office of the Deputy Administrator (ODA), and Business Development and Marketing Division (BDMD) maintain a day-to-day presence in the Manila Satellite Office for investments promotion and marketing functions as well as strategic partnership building with key industries located in the capital. This move also generated substantial savings by eliminating PHP 4 million in annual expenses associated

with satellite office operations, and construction expenses will be recouped in the form of savings in a matter of 3 years.



6. Similarly, the completion of the Central Water Supply and Reservoir Phase 1 which is scheduled for inauguration in 2025, the inauguration of the Sewage Treatment Plant, and the restarting of the Underground Power Distribution Lines have enhanced the availability and reliability of essential utilities. The completion of the Sewage Treatment Plant Phase 1 marked a critical step toward improving environmental sustainability within the Ecozone, aligning operations with environmental standards and public health priorities. Another notable achievement was the inauguration of APECO's Fire Station, which not only boosts the zone's safety and emergency readiness but also fulfills a critical requirement for attracting investors and locators in high-risk industries. The Central Water Supply Phase 2 is progressing as planned, ensuring an expanded capacity for future locators and community needs. Meanwhile, infrastructure developments such as the Grand Lagoon Project have been planned and shall be implemented based on savings generated.





7. APECO continues to invest in projects aimed at diversifying its income streams and promoting tourism. Initiatives such as the development of the Boat Cafe and the Grand Lagoon Project, and the rehabilitation of executive villas transformed underutilized facilities into revenue-generating assets. These efforts have enhanced the Ecozone's appeal as a destination for eco-tourism and MICE tourism, attracting both local and international visitors. In particular, the Grand Lagoon Project has already broken ground and will feature a 2-hectare green space surrounding a canal that drains into the Casiguran Cove and will feature the following: a glamping area, premium commercial spaces, and other spaces; to capitalize on the natural beauty.



8. The segmentation and focus on MICE Tourism is also prioritizing the “plug-and-play” model that was conceptualized. This plug-and-play model is composed of 3 Ready-for-Fit Out Corporate Office spaces and one convention center, the designs of which have been finalized and would be subject to procurement activities by February 2025. A large convention center is also being planned for construction in 2025 to promote the zone as an upcoming premium corporate events venue.
9. These infrastructure projects are focused on the idea of de-risking and minimizing the barriers to entry for locators to immediately make the zone profitable. Notably, the five Villas and APECO Residences generated approximately PHP 200,000 in gross sales within just over 6 weeks of their operation, as a clear proof of concept for the sustainable economic drivers that is both socially acceptable by the community and is aligned with the function of the zone in the context of the Administration’s new direction. These are currently being rehabilitated to justify premium pricing options. Two additional villas are being constructed, and the Nipa Hut are also being repaired in collaboration with the DPWH.
10. Finally, APECO is in the process of finalizing the Master Plan for Parcel 1. It will be set for completion and publication by February 2025. This comprehensive planning process included a Planning Area Profile and Situational Analysis, formulation of a Conceptual Master Development Plan, and the actual Comprehensive Master Development Plan.



#### Collaborative Infrastructure Projects with Other Agencies Agencies

11. To ensure efficient use of resources, collaborative efforts with the DPWH and the National Electrification Administration (NEA) are being undertaken. The following infrastructure projects are being completed with the DPWH, specifically the Motorpool, Material Recovery Facility, Exit and Entrance, Agri-Aqua Road network, 14 Bed capacity Health Center which have also resulted in the rehabilitation of critical access infrastructure roads and bridges, improving connectivity and investor confidence.
12. With the NEA, APECO is completing its UPDL Phase 3 and Phase 4 while APECO is completing the Phase 1 and 2 of the Protection.

#### Investment Promotions

13. Economic development in 2024 marked a pivotal year for APECO as it actively expanded its global footprint and diversified its economic activities. Investment missions were conducted in South Korea, Japan, and the United States resulting in APECO's engagement with a total of 42 companies. Additional missions to the Czech Republic, Singapore, Taiwan, and a return trip to the United State further broadened APECO's reach. From these missions there has been significant interest and return visits organized by foreign delegations to the Philippines and to the zone. These include:
  - 13.1. Anglicotech, an American defense firm based in Subic that creates secure storage solutions for logistical needs of the US Marine Corps that wants to establish a secure storage facility in two warehouses for MREs and other non-combat supplies. They have already agreed in principle to the lease rates discussed with them and has engaged in 3 meetings with APECO. The only consideration they want to secure before signing off on

agreements is to actually visit the zone, which were previously scheduled, but had to be postponed due to inclement weather that prevented flights into the zone.



- 13.2. Newmark, a real estate developer and private equity firm based in New York has two return visits to the Philippines. They are interested in establishing port operations in the zone, with the sole condition that an agreement be entered into with the Philippine Ports Authority for management of the zone. Following this request, a meeting with the PPA as set and the team is now creating a legal framework for said arrangement.



- 13.3. Armscor, a Philippine-based arms manufacturing corporation was met during the return visit of

APECO to the United States organized by the Philippine Embassy. They have limited the choices of their 30-hectare primer factory to two locations, with the lead choice being APECO due to its isolation and port.



- 13.4. Sumitomo Mitsui Banking Corporation, a Japanese investment bank that is interested in investing in renewable energy sources in the zone.



- 13.5. The talk held at the Norfolk-based Hampton Roads Alliance was an industry event where several industries based in the shipbuilding and defense sector were present. This allowed PCEO Taway IV assisted by the economic

team of the Philippine Embassy in Washington D.C. and the Defense Attache to discuss APECO as a vital point and strategic point of interest for US businesses and the defense sector.



14. Domestically, APECO leveraged its geographical and natural resources to boost local economic activities. Central Sierra has manifested its intent to restart operations, and the EESD is currently clearing 1.4 hectares as well being subject to resurveying.
15. Pacific Impact Development Corporation is nearing completion of its pre-registration activities for the 16-hectare solar farm. They have agreed to the lease rates being offered and are amenable to profit sharing arrangements with the rates to be finalized in the investment contract. Moreover, they have sent a Letter of Intent for a Power Supply Agreement with AURELCO and have begun processing their Renewable Energy Service Contract with the Department of Energy following the lifting of the moratorium on 25 November 2024.

#### Housecleaning, Governance, and Policy Reforms

16. In 2024, APECO embarked on a comprehensive overhaul of its governance structures and operational policies, addressing systemic inefficiencies and restoring public trust. Central to these efforts was the suspension, audit of the visa operations, and approval by the Board of the recommendations to cancel all issued resident visas, which had previously been a major revenue source but raised legal and ethical concerns. The audit revealed substantial gaps in the visa issuing process and thus, in cooperation with the Department of Foreign Affairs and the Bureau of Immigration, APECO is in the process of cancelling improperly issued visas. APECO will resume visa operations of the APECO Working Visa, APECO Special Investors Visa, and APECO Dependents Visa (whose principal visa is an AWW or ASIV).

17. The relocation of key operational units back to Casiguran marked a decisive effort to enhance on-ground management and bring decision-making closer to stakeholders.
18. Policy enhancements focused on digitizing operations to improve efficiency and accessibility. The migration of records to a cloud-based document management system modernized which would be expanded to a full Enterprise Resource Planning system reduced the risk of data loss and enhanced operational agility. The launch of a revamped website provided an intuitive platform for stakeholders to access information and services, showcasing APECO's commitment to digital transformation. These digital initiatives were complemented by the introduction of live-streamed Bids and Awards Committee meetings, a groundbreaking move that increased transparency and accountability in procurement processes.
19. APECO implemented a "no-SOP" policy for contractors, ensuring fairness and eliminating opportunities for corruption. This policy, alongside the restructuring of plantilla positions, reinforced a culture of accountability and professionalism within the organization, and has resulted in significant savings for project implementation that would be reallocated into other projects such as

#### Community Relations

20. In 2024, APECO's community relations initiatives showcased a commitment to fostering inclusivity, empowerment, and collaboration with local stakeholders. The administration prioritized open dialogue through regular town hall meetings with LGUs, Indigenous Peoples (IPs), and other community representatives. These forums facilitated a participatory decision-making process where stakeholders could share their concerns, provide valuable insights, and collaborate on addressing local challenges. This approach not only strengthened trust but also ensured that development efforts were responsive to the needs and aspirations of the community.
21. A cornerstone of APECO's inclusivity efforts was the establishment of the IP Lounge and IP Desk in the Administrative Building, led by former IP chieftains. These dedicated spaces provided a platform for IPs to engage with APECO's projects, ensuring their voices were heard and their rights respected. Beyond representation, these facilities facilitated access to livelihood opportunities, cultural preservation programs, and IP integration into the ecozone's long-term plans. This initiative highlighted APECO's dedication to inclusive governance, fostering partnerships that honored and empowered Indigenous Peoples.
22. APECO also made significant strides in advancing gender equality through the finalization of its GAD Strategic Framework and Plan for 2024–2029, a comprehensive roadmap for promoting Gender Equality, Disability, and Social Inclusion (GEDSI). This framework institutionalized GAD principles across APECO's operations, ensuring alignment with national policies and sustainable development goals. The plan outlined actionable strategies to address gender disparities, empower marginalized groups, and mainstream GAD initiatives in all programs and projects.

23. Key GAD programs in 2024 included skills training sessions conducted in partnership with TESDA. These programs focused on providing livelihood opportunities in areas such as food processing, handicrafts, and aquaculture, with a particular emphasis on empowering women and other underserved groups. By equipping participants with marketable skills, these initiatives enhanced their economic participation and contributed to their social and financial well-being.
24. APECO's collaboration with the Aurora State College of Technology (ASCOT) further complemented these efforts by offering capacity-building programs tailored to local needs. A MOA was drafted beginning October 2024 and is being finalized as of December 2024. This will be signed by February 2025. The MOA in question would cover joint-management agreements of the zone. These programs provided technical skills training in sectors such as agriculture, renewable energy, and fisheries, aligning workforce development with APECO's priority industries.
25. The Certificate of Ancestral Domain Title (CADT) was issued by the National Commission on Indigenous Peoples (NCIP) one month after APECO submitted its position paper. During discussions, the NCIP acknowledged that APECO's intervention and endorsement through the submission of the position paper was the deciding factor that finally moved the process forward which led to the issuance of the CADT. It is important to highlight that the issuance of this CADT had been delayed since 2007, despite its significance for the IPs in the area.

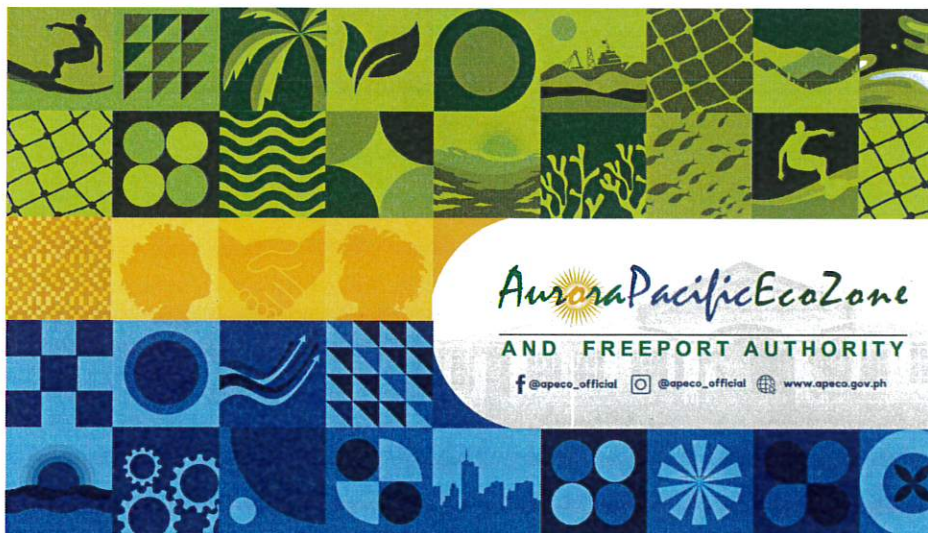
### **PART 3: Division Achievements**

#### **Administrative and General Services Division**

26. In collaboration with other government agencies and academic institutions, such as the ASCOT and TESDA, the Administrative Division enhanced the knowledge and skills of APECO's staff through targeted capacity-building programs. Specifically, ASCOT provided refresher courses for basic office skills and bodies of knowledge in the Civil Service, while TESDA developed the housekeeping and groundskeeping skillsets that are crucial for retail hotel operations. 2025 shall mark the opening of the "low-hanging fruit" projects.
27. Additionally, the Administrative Division prioritized employee welfare by introducing programs that foster a more conducive working environment. These initiatives included team engagement activities and morale-boosting programs designed to strengthen productivity and collaboration such as the conduct of Quarterly Town Hall meetings where employees can air out concerns and grievances. The division also facilitated town hall meetings, which provided a transparent platform for stakeholders to voice concerns, seek clarifications, and participate in decision-making processes. These forums strengthened trust and ensured that APECO's activities aligned with the aspirations of its host
28. communities.

Business Development and Marketing Division

29. The Business Development and Marketing Division spearheaded APECO's efforts to attract investments and create a unified branding for the zone. This include the creation of a new branding of the zone: "APECO Natin"; "APECO LIFE", and "APECO Love" focusing on the community relations, industry development, and tourism promotion respectively.
30. To enhance APECO's visibility and community relations, the division organized low-cost marketing events that celebrated local talent and culture. One standout initiative was the APECO Singing Idol event, which engaged the local community while showcasing the region's cultural vibrancy. By creating platforms for cultural exchange, the division fostered a sense of pride and inclusion among stakeholders, strengthening their connection to APECO's development goals.



31. The division also prioritized modernizing its marketing strategies by leveraging digital platforms, including the development of its gov.ph website and Facebook page, to effectively promote APECO's unique offerings. Through targeted

campaigns and collaborative efforts with partner agencies, it positioned APECO as a prime destination for renewable energy projects, agri-industrial ventures, and eco-tourism. These platforms also served as channels to inform the public about various initiatives spearheaded or supported by APECO, highlighting the agency's transformative shift from its 2023 positioning.



32. In addition to these large-scale initiatives, the division continued to host MANA MO 2024, an eco-themed youth art competition designed to promote environmental awareness and celebrate local creativity that is part of the Office for Maritime Concerns of the Office of the President by virtue of Executive Order No. 23. This program engaged young people in meaningful ways, reinforcing APECO's dedication to sustainability and cultural enrichment.



#### Community Relations Division

33. The Community Relations (ComRel) Division significantly advanced its mission in 2024, strengthening ties between APECO and its host communities through inclusive and participatory initiatives. This included the successful launch of the 1st IPs Festival Week, an event that celebrated indigenous culture and fostered economic empowerment through a food festival, medical mission, and legal aid activities. The IPs Food Festival, previously known as the Agta Food Festival, showcased the rich culinary traditions and sustainable practices of the Agta, Dumagat, Igorot, and other IP communities in Casiguran. Through traditional cooking contests, craft exhibitions, and cultural presentations, the event not only attracted tourists but also provided income-generating opportunities for IP families. Partnerships with agencies such as TESDA, DTI, and BFAR ensured that participants received training in food processing, preservation, and product development, enabling them to turn raw materials into marketable goods. This initiative underscored APECO's commitment to sustainable tourism and economic inclusivity, positioning Casiguran as a unique destination for cultural and eco-tourism.

#### Corporate Planning Division

34. The Corporate Planning Division (Corplan) played a transformative role in advancing APECO's strategic objectives in 2024 by spearheading the development of comprehensive plans, fostering inter-agency collaboration, and implementing data-driven oversight. Chief among these was the drafting of an updated Master Plan that outlined innovative strategies for eco-tourism, renewable energy, and agri-industrial development. This updated framework emphasized sustainability,

inclusivity, and resilience, ensuring that APECO's projects align with both regional opportunities and national priorities. By embedding these principles into every initiative, the division reaffirmed APECO's vision of fostering equitable economic growth.

35. To guide APECO's direction over the next three to five years, Corplan facilitated a Strategic Planning Seminar held in Potipot, Zambales, from January 29 to February 1, 2024. The seminar was instrumental in shaping actionable strategies through SWOT analysis, stakeholder mapping, and environmental scanning. Utilizing the innovative "future pull" technique, stakeholders envisioned a thriving and fully realized APECO, clarifying long-term goals while identifying immediate steps required to achieve them. The seminar provided a structured framework for integrating stakeholder input, ensuring the organization's adaptability and responsiveness to emerging challenges and opportunities. This initiative laid a solid foundation for strategic coherence across all divisions and positioned APECO to capitalize on its strengths. The output of this planning activity was initial reports needed to initialize Reorganization initiatives.
36. Further solidifying its impact, Corplan led the submission of 35 project proposals to the National Economic and Development Authority (NEDA). These proposals encompassed critical infrastructure initiatives such as airport runway expansions, renewable energy installations, and eco-tourism projects like the APECO Esplanade (Grand Lagoon) and Little Kyoto Bamboo Sanctuary. The Esplanade project integrated scenic walkways, recreational spaces, and a dredging plan to enhance the natural beauty and functionality of the lagoon area, promoting environmental sustainability while boosting tourism. Meanwhile, the Bamboo Sanctuary drew inspiration from Kyoto, Japan, creating a tranquil, educational space that underscored bamboo's ecological and economic significance. These projects highlight Corplan's strategic foresight and its commitment to APECO's role as an eco-tourism and sustainability leader.
37. In the latter part of 2024, Corplan's initiatives extended to fostering community engagement and promoting organizational unity through events such as the APECO Mercato and the Christmas Village 2024. These events created vibrant spaces for stakeholders to connect, celebrate, and engage in APECO's vision. The Mercato showcased local cuisine, music, and cultural vibrancy, fostering a sense of community while driving local economic activity. Similarly, the Christmas Village provided an inclusive platform for employees, stakeholders, and community members to gather, highlighting APECO's dedication to cultivating positive relationships and goodwill.



#### Engineering and Environmental Services Division

38. In 2024, APECO's infrastructure development initiatives showcased a robust commitment to addressing historical challenges while aligning with its long-term vision of becoming a premier ecozone for sustainable growth. The completion of critical projects underscored its determination to modernize facilities, ensure operational readiness, and create an environment conducive to investment and community engagement.
39. One of the flagship accomplishments was the completion of Phase 1 of the Central Water Supply Project, a transformative initiative that resolved long-standing issues of water access within the ecozone. This project guaranteed reliable and clean water for locators, residents, and operational facilities, laying the foundation for expanded utility services under Phase 2, which remained ongoing by the year's end. Similarly, the Sewage Treatment Plant Phase 1 addressed pressing wastewater management concerns, ensuring compliance with environmental regulations and significantly improving ecozone sanitation standards. These developments demonstrated APECO's proactive approach to utility infrastructure, enhancing its attractiveness to prospective locators.
40. The establishment of a fully operational Fire Station, equipped with modern firefighting tools and facilities, marked another milestone in 2024. This project filled a critical gap in public safety infrastructure, providing an essential service that boosted both stakeholder confidence and emergency response capabilities within the ecozone. Complementing this was the installation of an underground power distribution system, which not only enhanced utility reliability but also minimized visual and environmental impacts, aligning with APECO's sustainability goals.

41. The Administrative Building underwent extensive upgrades, including new air-conditioning systems and modern furniture installations, creating a productive environment for employees and visitors. Similarly, the repair and improvement of executive villas and staff housing ensured that APECO's facilities were well-equipped to meet the needs of its workforce and locators. These improvements underscored the administration's dedication to ensuring a high-quality working and living environment within the ecozone.

#### Finance Division

42. The Finance Division drove significant reforms in financial governance, addressing historical inefficiencies and enhancing transparency in 2024. A major milestone was the introduction of real-time budget tracking, which improved the division's ability to monitor financial performance and allocate resources effectively. This system allowed for more precise management of funds, particularly in areas such as Maintenance and Other Operating Expenses (MOOE) and Capital Outlay (CO), which saw increased utilization due to investment missions and infrastructure projects.
43. In addition to operational improvements, the division made strides in resolving legacy issues, including discrepancies in financial records related to land acquisitions. Through internal audits, the division identified double sales and delayed title transfers, marking a strong starting point in ensuring that APECO's assets were properly accounted for and legally secured. These efforts reflected the division's commitment to restoring financial integrity and mitigating risks associated with past management practices.

#### Office of the President and Chief Executive Officer and Office of the Deputy Administrator

44. Under the leadership of PCEO Taway, the Office of the President and CEO set the tone for APECO's transformation in 2024. The office championed critical reforms across all divisions, prioritizing transparency, inclusivity, and sustainability in the agency's operations. These reforms addressed legacy challenges while laying a foundation for APECO's long-term growth and relevance.
45. The Office of the Deputy Administrator provided critical support to cross-functional initiatives and special projects, ensuring that APECO's operations aligned with its strategic goals. In 2024, the office played a key role in inter-agency collaborations, forging agreements with national agencies such as the Philippine Economic Zone Authority (PEZA) and the Anti-Money Laundering Council (AMLC). These partnerships enhanced compliance, operational efficiency, and alignment with national economic policies, enabling APECO to strengthen its regulatory framework.
46. The office also spearheaded initiatives to address irregularities in visa operations, coordinating with the relevant offices to implement corrective measures. This proactive approach not only safeguarded APECO's credibility but also reinforced its commitment to ethical governance. These efforts complemented the administration's broader goals of improving transparency and accountability across all divisions.

47. Moreover, the OPCEOs commitment to maintaining an active presence in the zone has not only warmed relations and built trust within the local community, and it also ensured that impasses were resolved. The collaborative and participatory approach to management has replaced the guarded and fearful environment of the past with a work culture that is open to ideas and collaboration.

## **PART 4: Financial Performance**

### Overview

#### *Revenue Sources*

48. APECO's revenue sources in 2024 continued to face significant challenges, primarily due to the absence of locators and the suspension of its visa operations, which previously served as a major income stream. Historically, these visa-related revenues, including fees from POGO-related activities, contributed an average of PHP 33 million annually to APECO's coffers. However, their suspension, combined with the ecozone's reliance on external subsidies, placed considerable strain on the organization's financial self-sufficiency.
49. The lack of locators, a direct result of years of neglected investment promotion, further constrained revenue streams. Despite these limitations, APECO maintained its operations through subsidies provided under the General Appropriations Act (GAA). While these subsidies supported critical expenditures, they underscored the need for the ecozone to diversify its revenue base and attract sustainable, high-value investments to reduce dependency on government funding. Moving forward, revenue-generation efforts will hinge on securing locators in sectors aligned with APECO's strategic priorities, such as renewable energy, agro-industrial development, and eco-tourism.

#### *Budget Utilization Rate*

50. As of December 2024, APECO achieved a budget utilization rate (BUR) of 51%. This figure reflects enhanced fiscal discipline under the new administration, which prioritized addressing historical inefficiencies and focusing on strategic expenditures.
51. The Maintenance and Other Operating Expenses (MOOE) category demonstrated the highest utilization rate at 93%, driven by significant investments in foreign investment missions, consultancy services, and operational upgrades. These expenditures were critical to re-establishing APECO's global presence and operational readiness. However, the Personnel Services (PS) category lagged at 54%, constrained by delays in filling vacant plantilla positions. Meanwhile, Capital Outlay (CO) utilization was only at 12%, reflecting the early-year delays caused by extensive reviews of abandoned infrastructure projects. Nevertheless, CO spending increased significantly in the latter quarters, as long-stalled projects were fast-tracked and obligations were allocated for 2025 infrastructure priorities.

#### *Expenditure Analysis*

52. The expenditure patterns for 2024 highlight APECO's strategic focus on addressing legacy issues and advancing its core priorities. High spending under MOOE reflects significant allocations to re-engage international investors, employ critical consultancy services, and rehabilitate key infrastructure. These investments were essential for rebranding APECO and restoring stakeholder confidence.
53. Conversely, underutilization in the PS category stemmed from staffing shortages and recruitment delays, which limited expenditures on salaries and benefits. This gap underscores the importance of accelerating recruitment and capacity-building efforts to fully utilize allocated funds for human resources. CO expenditures were initially hindered by the need to reassess abandoned and delayed infrastructure projects, but the administration's efforts to address these issues resulted in increased disbursements by the third quarter. This reflects a deliberate effort to clear backlogs and prepare for new infrastructure initiatives in 2025. Continuous posting and reforms in the HRMPSB have been set up to address these concerns.

#### *Audit and Financial Oversight*

54. Financial oversight and accountability became a cornerstone of APECO's strategic reforms in 2024, addressing longstanding issues and enhancing transparency in its operations. Internal audits conducted during the year uncovered discrepancies in historical land acquisitions, including multiple instances of double sales and delays in transferring property titles to APECO. These findings revealed systemic lapses in documentation and oversight from previous management, necessitating immediate corrective measures. The Finance Division, in coordination with the Legal Office, prioritized the resolution of these discrepancies by initiating the review and rectification of affected transactions. This initiative aimed to prevent further legal complications and financial liabilities while ensuring proper asset registration under APECO's name.
55. Transparency measures introduced in 2024 marked a significant shift in APECO's governance practices. The Finance Division moved from presenting fragmented financial data to the Board of Directors (BOD) to delivering comprehensive and detailed financial statements. This approach not only facilitated informed decision-making but also fostered renewed confidence among board members in APECO's financial integrity. Furthermore, the Finance Division implemented new reporting protocols, including the regular publication of budget utilization updates and procurement activities, ensuring that stakeholders were well-informed of the organization's financial status.
56. These reforms have already yielded tangible results. For instance, renewed transparency in financial reporting and land acquisition processes has strengthened stakeholder trust, particularly among members of the BOD. Additionally, the Finance Division's clear delineation of divisional budgets has improved accountability across departments, ensuring that funds are utilized efficiently and strategically.

Comparative Financial Performance

Comparison of FY 2023 and 2024

57. APECO's financial performance in FY 2024 reveals a clear divergence from the trends observed in FY 2023, reflecting both challenges and progress as the organization recalibrated its operational priorities. The most notable change was the shift in revenue generation. In 2023, APECO benefited from consistent income streams derived from visa operations and locators, albeit with questions surrounding their long-term sustainability. However, 2024 marked a transition as these revenue sources were suspended. This decision resulted in a substantial decline in internally generated income, with the organization relying heavily on subsidies from the GAA to sustain its operations. Despite the subsidies, APECO's deficit widened significantly when excluding these external funds, highlighting the critical need to diversify its revenue sources and secure stable income streams in the coming years (see Table 1).

TABLE 1.  
APECO's Comparative Income Statement FY 2023 and FY 2024

Particulars	FY 2023	FY 2024
<u>Revenue</u>		
Service and Business Income	40,290,761	3,855,099
<b>TOTAL REVENUE</b>	<b>40,290,761</b>	<b>3,855,099</b>
<u>Current Operating Expenses</u>		
Personnel Services	25,244,079	28,098,473
Maintenance and Other Operating Expenses	53,574,605	76,237,248
Non-Cash Expenses	22,068,037	21,939,717
<b>TOTAL CURRENT OPERATING EXPENSES</b>	<b>100,886,722</b>	<b>126,275,438</b>
<b>DEFICIT FROM CURRENT OPERATIONS</b>	<b>(60,595,960)</b>	<b>(122,420,339)</b>
Net Financial Assistance/Subsidy	46,283,000	235,850,000
<b>NET INCOME/(DEFICIT) FOR THE PERIOD</b>	<b>(14,312,960)</b>	<b>113,429,661</b>

58. Table 1 reflects expenditure patterns that have also evolved considerably between the two fiscal years. MOOE in FY 2024 showed a marked increase compared to the previous year, driven by investments in foreign investment missions, consultancy services, and operational improvements. These expenditures were necessary to reestablish APECO's presence on the global stage and address operational inefficiencies. Meanwhile, spending under CO gained momentum in the latter part of 2024 as long-delayed infrastructure projects were fast-tracked and completed, resulting in significant progress in addressing legacy issues. The increase in Property, Plant, and Equipment (PPE) recorded in the Balance Sheet for FY 2024 underscores this focus on infrastructure rehabilitation and project completion.

59. The Balance Sheet (Table 2) analysis further illustrates the financial shifts between FY 2023 and FY 2024. The increase in inter-agency payables during the third quarter of 2024, driven by withholding tax liabilities on infrastructure payments, indicates a significant rise in payments for revitalized projects. Trust liabilities, which include retention payables, also grew in alignment with the acceleration of infrastructure activities. However, financial liabilities were temporarily lower in 2024 due to the absence of accruals for non-regular expenses, as these are typically recorded at year-end.

TABLE 2.  
APECO's Comparative Balance Sheet for FY 2023 and FY 2024

Particulars	FY 2023	FY 2024
<u>Current Assets</u>		
Cash and Cash Equivalents	201,141,283	225,273,576
Receivables, Net	451,601,030	456,661,081
Inventories	-	-
Semi-Expendable Equipment	6,078,595	11,464,164
Other Current Assets	75,057,433	86,919,600
<b>TOTAL CURRENT ASSETS</b>	<b>733,878,342</b>	<b>780,318,421</b>
<u>Non-Current Assets</u>		
Property, Plant, and Equipment - Net	850,319,768	940,376,975
<b>TOTAL NON-CURRENT ASSETS</b>	<b>850,319,768</b>	<b>940,376,975</b>
<b>TOTAL ASSETS</b>	<b>1,584,198,110</b>	<b>1,720,695,396</b>
<u>Current Liabilities</u>		
Financial Liabilities	8,546,628	19,220,577
Inter-Agency Payables	1,983,150	5,032,232
Trust Liabilities	20,182,418	29,863,272
Deferred Credits/Unearned Income	972,222	822,222
Other Payables	2,992	2,922
<b>TOTAL LIABILITIES</b>	<b>31,687,410</b>	<b>54,941,295</b>
<b>NET ASSETS (TOTAL ASSETS LESS TOTAL LIABILITIES)</b>	<b>1,552,510,700</b>	<b>1,665,754,101</b>
<b>Government Equity</b>	<b>1,552,510,700</b>	<b>1,665,754,101</b>

TABLE 3.  
APECO's Comparative Cash Flow Statement for FY 2023 and FY 2024

Particulars	FY 2023	FY 2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<u>Cash Inflows</u>		
Revenue Collection	50,754,127	1,090,071
Subsidy from National Government	46,283,000	235,850,000
Other Collections	1,951,812	2,025,686
<b>TOTAL INFLOWS FROM OPERATING ACTIVITIES</b>	<b>98,988,938</b>	<b>238,965,758</b>
<u>Cash Outflows</u>		
Personnel Costs and MOOE	(78,114,422)	(115,008,303)
<b>TOTAL OUTFLOWS FROM OPERATING ACTIVITIES</b>	<b>(78,114,422)</b>	<b>(115,008,303)</b>
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	<b>20,874,516</b>	<b>123,957,455</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Land	-	-
Construction and Acquisition of Property and Equipment	(2,596,331)	(97,915,266)
Payment for Semi-Expendable Assets	(1,573,102)	(1,909,898)
<b>NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES</b>	<b>(4,169,433)</b>	<b>(99,825,163)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Equity Contribution from National Government	-	-
<b>NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>	<b>16,705,083</b>	<b>24,132,292</b>
<b>CASH, BEGINNING</b>	<b>184,436,201</b>	<b>201,141,284</b>
<b>CASH, ENDING</b>	<b>201,141,284</b>	<b>225,273,576</b>

60. Cash flows (Table 3) for FY 2024 highlighted the organization's financial realignment. Operating cash flows mirrored the trends in the Income Statement, reflecting higher MOOE expenditures and a commitment to investment missions and operational enhancements. Outflows for infrastructure projects further validated the administration's focus on addressing stalled developments. Notably,

there was no equity contribution from the national government in 2024 due to the availability of funds from subsidies and carry overs from prior years' activities. However, APECO plans to pursue equity contributions in 2025 to support capital-intensive projects aligned with its long-term strategic goals.

## Way Forward

### *Allocation for ongoing and new initiatives*

61. In 2025, APECO's budget allocations will strategically focus on accelerating the completion of critical ongoing projects while funding new initiatives aligned with its vision for sustainable development. Central to these efforts is the continuation of infrastructure projects such as Phase 2 of the Central Water Supply System, which aims to enhance water reliability for both locators and residents. Similarly, the Grand Lagoon Project is poised to integrate leisure and ecological preservation, reinforcing APECO's commitment to environmental sustainability while creating an attractive hub for tourism and community engagement.
62. Renewable energy infrastructure will receive significant funding, with ongoing feasibility studies transitioning into implementation phases for solar and wind energy projects. These initiatives are not only critical to meeting energy demands within the ecozone but also align with national sustainability goals, establishing APECO as a key player in renewable energy production.
63. APECO also plans to channel investments into tourism and tourism segmentation development projects. Flagship ventures such as "APECO Grand Lagoon" and the eco-tourism Boat Café will be expanded to attract more visitors and generate consistent revenue. The integration of these projects with agro-industrial initiatives, including high-value crop cultivation and value-added processing facilities, will create synergies that promote economic diversification and resilience.
64. To address workforce readiness, the budget will also prioritize education and capacity-building programs. Partnerships with institutions like TESDA and ASCOT will provide technical training and skills development for local communities, aligning workforce capabilities with APECO's industry priorities.

### *Measures to improve budget efficiency and plans to restructure revenue sources*

65. Enhancing budget efficiency is central to APECO's financial strategy in 2025. The Finance Division will introduce real-time tracking systems for expenditures, ensuring precise allocation and monitoring of funds. A standardized framework for financial management will be rolled out, streamlining budget processes across departments and enhancing accountability. By implementing these systems, APECO aims to optimize its use of Maintenance and Other Operating Expenses (MOOE), Personnel Services (PS), and Capital Outlay (CO) allocations, addressing historical inefficiencies.
66. Public-private partnerships (PPPs) will play a critical role in financing large-scale projects such as infrastructure modernization and tourism expansion. By collaborating with private sector entities, APECO aims to distribute financial risks while benefiting from external expertise and innovation. The introduction of

specialized incentives, such as tax holidays and reduced lease rates for pioneering investors, will further enhance the ecozone's attractiveness.

67. By focusing on precise budget allocations, innovative funding strategies, and the diversification of revenue streams, APECO is positioning itself for financial stability and operational excellence. These measures ensure that APECO remains resilient in the face of fiscal challenges while continuing to contribute meaningfully to regional and national development.

Respectfully submitting for the Board's reference and perusal.

Very truly yours,



**ATTY. GIL G. TAWAY**  
*President and CEO*