

GUIDELINES TO EVALUATE TOURISM ENTERPRISE ZONES AND TOURISM ENTERPRISES

The purpose of this manual is to provide rules and mechanisms to administer the evaluation of proponents applying for Tourism Enterprise Zone and Tourism Enterprise designation within the authority of the Tourism Infrastructure and Enterprise Zone Authority.

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Chapter 1: Definition of terms

- A. "Carrying Capacity" refers to the number of individuals who can be supported in a given area within natural resource limits, and without degrading the natural, social, cultural and economic environment for present and future generations. The carrying capacity shall be computed based on an acceptable model/method of establishing the maximum number of people or tourism development in any given space at a given time. Acceptability of the model for carrying capacity computation will be determined according to the proposed TEZ category and tourism development activities.
- B. "Capital Investment" shall refer to the money used to purchase a capital asset or equipment.
- C. "Contiguous Territory" shall refer to a territory so closely united and so nearly adjacent to each other, even if separated by bodies of water, that they meet at a certain point.
- D. "Department" shall refer to the Department of Tourism as reorganized pursuant to the R.A.9593.
- E. "Fixed Assets" shall refer to those assets subject to depreciation under the National Internal Revenue Code (NIRC).
- F. "Guidelines" shall refer to the Guidelines for the Designation and Supervision of Tourism Enterprise Zones and the Administration of Incentives under R.A. 9593.
- G. "LGU" shall refer to Local Government Units.
- H. "NTDP" shall refer to National Tourism Development Plan under R.A. 9593 which identifies the geographic areas with potential tourism value and outlines approaches to develop such areas.
- I. "Original Investment" as used in these rules shall refer to the fair market value of the physical assets, exclusive of land acquisition costs, at the time of filing of application for the availment of incentives for existing enterprises.
- J. "Sustainable Tourism Development" is the management of all resources that meet the needs of tourists and host regions while protecting the opportunities for the future, in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity and life support systems.
- K. "TEZ Operator" shall refer to an entity duly incorporated under Batas Pambansa Bilang 68, otherwise known as the Corporation Code of the Philippines, and other relevant laws, whose capital may be provided by the LGUs and/or private entities, and which shall administer and supervise each TEZ.

- L. "TEZ Administrator" – shall refer to a person appointed by the Board of Directors of a TEZ Operator who shall be responsible for implementing the policies, plans and projects of the TEZ Operator.
- M. "TIEZA" shall refer to the Tourism Infrastructure and Enterprise Zone Authority.
- N. "Tourist" shall refer to people who travel to and stay in places outside their usual environment for more than twenty-four (24) hours and not more than one (1) consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited.
- O. "Tourism Enterprises" shall refer to facilities, services and attractions primarily engaged in whole or in part in tourism and for the purpose of attracting visitors to and within the Philippines such as, but not limited to, facilities, services and attractions involved in tourism, such as but not limited to: travel and tour services; tourist transport services, whether for land, sea and air transportation; tour guides; adventure sports services involving such sports as mountaineering, spelunking; scuba diving and other sports activities of significant tourism potential; convention organizers; accommodation establishments, including but not limited to, hotels, resorts, apartment hotels or apartelles, condotels (that cater to tourists), tourist inns, motels, pension houses, and home stay operators; tourism estate management services, restaurants, shops, and department stores, sports and recreational centers, spas, facilities offering health and wellness services, museums and galleries, theme parks, convention centers, zoos, and such other enterprises as may be identified by the Department or the Board.
- P. "Tourism Enterprise Zone (TEZ)" shall refer to tourism enterprise zones created pursuant to Chapter IV-A, Section 59 of the Act.

Chapter 2: Evaluation of Tourism Enterprise Zones (TEZs)

TEZ Application and Nomination Process

- A. Eligibility criteria for zone nomination. Compliance with minimum requirements for evaluation.

The applicant must comply with the following requirements prior to nomination:

1. Investment requirements (Section 4, Rule II, Book 2 of the Guidelines)
2. Qualification of applicants (Section 5, Rule II, Book 2 of the Guidelines)
3. Documentary requirements for designation of TEZs (Section 6, Rule II, Book 2 of the Guidelines)

a) Requirements upon application:

- (1) Duly accomplished TIEZA Application Form;
- (2) Security and Exchange Commission's (SEC) Registration Certificate, copies of the articles of incorporation and by-laws; in case of a joint venture, a copy of the joint venture agreement;
- (3) Company Profile, containing basic data / information on its technical, financial, marketing and management capability / competence to undertake the proposed project;
- (4) Resolution of the applicant's board of directors authorizing the filing of the application and the designation of their authorized representative to TIEZA; list of its directors, principal officers, and major stockholders, including their respective bio-data.
- (5) In the case of an instrumentality of the national government acting in pursuit of its mandate and/or a local government unit an authority from the Head of Agency or Local Chief Executive authorizing the filing of the application and the designation of their authorized representative to TIEZA;
- (6) Vicinity Map reflecting various land uses, important verifiable landmarks within the five (5) kilometers radius of the project site, proximity to transportation and utilities infrastructure, and tourism focal points in the vicinity and their distances from the project site;

- (7) Proof of land ownership and / or Long-Term Lease Agreement(s) for a period of not less than twenty five (25) years on the entire area of the proposed TEZ ;
- (8) Other supporting documents/papers/clearances as may be required by the TIEZA depending upon the nature of the business and the type of business organization of the applicant.
- (9) Project concept for the proposed TEZ; such project concept shall undergo pre-appraisal, for which the main criteria for passing on to the next screening stage would be (a) strategic fit (how the concept fits into the NTDP) and (b) soundness of the project design.

b) Requirements prior to designation:

- (1) Resolution of the concerned LGU approving the development plan;
- (2) Copy of the approved Comprehensive Land Use Plan of the concerned LGU;
- (3) Verified survey returns and technical description of the land area for the proposed TEZ;
- (4) Environmental Compliance Certificate issued by the Department of Environment and Natural Resources (DENR);
- (5) Clearance/Permit from the concerned Protected Area Management Board if the proposed zone is within a Protected Area, or Tourism Plan if outside;
- (6) Endorsement letter from the National Historical Institute (NHI) in the case of Cultural and Heritage Tourism Zone, from the Department of Health (DOH) in the case of Health and Wellness Tourism Zone; or from Philippine Retirement Authority (PRA) in the case of retirement villages/communities; and
- (7) Development Plan of the area which shall include the following:
 - (a) Tourism focal points and resources available within the proposed TEZ and adjoining areas;
 - (b) Features which satisfy the requisites for the designation of a TEZ enumerated under Section 2, Rule II of these Rules;

- (c) Amount to be invested by the applicant in the area;
- (d) Areas for infrastructure development and the kind of development, for investment and the nature of investment, and for preservation and the sustainable activities allowed within preserved areas;
- (e) Public utilities to be operated within the TEZ;
- (f) Medium and long-term studies on market trends, and corresponding development strategies for the TEZ;
- (g) Studies on the economic impact of development within the TEZ and in surrounding communities;
- (h) Studies on the carrying capacity of the TEZ and surrounding communities ;
- (i) Design plans for structures incorporating therein measures that should ensure the sustainable development of the area and the surrounding environment, to include the following; the civil and architectural plans that preferably incorporates Philippine design elements and cultural heritage, structural plans, electrical, mechanical, sanitation and design computations, cost estimates and specifications, financial schedules and construction timetable; and
- (j) Energy efficiency and climate change mitigation measures to be adopted and implemented in the area.

4. Publication requirement (Section 9, Rule II, Book 2 of the Guidelines)

5. Incomplete requirements (Section 8, Rule II, Book 2 of the Guidelines)

Within fifteen (15) days from receipt of the application, TIEZA shall notify the applicant of all pertinent requirements not complied with. The applicant shall have thirty (30) days from receipt of such notice to comply with the said requirements. Only upon compliance will the application be recorded/processed. In this case, the date of compliance shall be deemed the date of filing. Failure to comply within the said period shall be construed as an abandonment of the application, unless upon written request, an extension is granted by TIEZA.

6. Filing of application and payment of application fees (Section 7, Rule II, Book 2 of the Guidelines)

B. Procedure for zone nomination

1. Nominations shall be made by TIEZA after reviewing minimum requirements for application and identifying applications that will be prioritized.
2. Priority nomination shall be given in the following cases.
 - a) Consistency of features of the destination with proposed tourism zone classification

The development plan must explicitly state the kind of TEZ intended to be developed. The purpose should be supported by sufficient documentation of potential attractions and activities, as deemed necessary to establish the identity of the TEZ.

Based on the particular purpose stated in the applicant's development plan, the TEZs to be created shall be classified as follows (Section 3, Rule II, Book 2 of the Guidelines):

- (1) Cultural Heritage Tourism Zone – areas that will allow the tourist to experience the places, artifacts and activities that authentically represent the stories of the people living in the area, past or present.

The area may include, but will not be limited to:

- (a) Cultural landscapes;
- (b) Historic sites, areas and precincts;
- (c) Ruins, archaeological and maritime sites;
- (d) Sites associated with industrial, scientific and agricultural heritage;
- (e) Collections that house or collectively promote objects of heritage significance;
- (f) Historic places and areas, including villages, small towns, cities and parts of larger urban areas with significant cultural and heritage assets;
- (g) Museums, Art Galleries, Cultural Centers, Arts & Crafts Shops, and Antique Shops, and Cultural Sites.

- (2) Health and Wellness Tourism Zone – areas that will allow visitors to avail of quality but affordable mainstream, traditional, or alternative healthcare services for treatment of illnesses and health problems in order to maintain one's health and well-being.

The area may include, but will not be limited to enterprises that are, or offer:

- (a) Medical and Allied Services;
- (b) Spas;
- (c) Health Farms;
- (d) Counselling and Rehabilitation Services; and
- (e) Traditional Filipino Touch Therapy

- (3) Eco-Tourism Zone - areas that will allow visitors to experience a form of sustainable tourism within a given natural and/or cultural area where community participation, conservation and management of biodiversity, respect for culture and indigenous knowledge systems and practices, environmental education and ethics as well as economic benefits are fostered and pursued for the enrichment of host communities and satisfaction of visitors.

The area may include, but will not be limited to:

- (a) Sites of scenic natural or rural beauty;
- (b) Areas for observing wildlife;
- (c) Areas for low impact activities such as camping, trekking, climbing, spelunking, diving, surfing, and other similar activities; and
- (d) Sites for observing and interacting with traditional or indigenous practices in relation to the environment

- (4) General Leisure Tourism Zone – areas that may offer recreational facilities that will have high visitor density.

The area may include, but will not be limited to:

- (a) Golf Parks/Resorts;
- (b) Theme Parks and Amusement Centers;
- (c) Convention and Meeting Centers;

(d) Sports Complexes/Resorts;

(e) Event Centers/Resorts;

(f) Department Stores/Restaurants/Shops; and

(g) Zoos.

(5) Mixed Use Tourism Zone – areas that will allow a combination of some or all of the features of the aforementioned zones within one area.

b) Retirement communities and facilities duly accredited by the Philippine Retirement Authority may be located in General Leisure Tourism Zones, Health and Wellness Tourism Zones and Mixed-use Tourism Zones (Section 3, Rule II, Book 2 of the Guidelines).

c) Location in the least developed areas in the countryside identified in the annual Investment Priorities Plan (IPP).

The dispersal of economic activities in the least developed areas in the countryside is encouraged. An area in any of the least developed areas identified in the annual Investment Priorities Plan (IPP) shall be given priority to be declared as a Tourism Enterprise Zone (Section 2, Rule II, Book 2 of the Guidelines).

d) Conformity of proposed TEZ with the National Tourism Development Plan Tourism Cluster Destinations

e) Priority nomination shall be given to the TEZ to be created under the development plan that conforms with the 21 Inclusive Tourism Cluster Destinations identified in the NTDP for 2011-2016.

Priority nomination and evaluation shall be given to development plans that are consistent with the 39 Tourism Development Areas (TDAs) of 10 priority Tourism Cluster Destinations. The 10 priority Tourism cluster destinations are:

(1) Laoag- Vigan Tourism Cluster

(2) Central Luzon Tourism Cluster

(3) Metro Manila and CALABARZON Tourism Cluster

(4) Bicol Tourism Cluster

(5) Palawan Tourism Cluster

- (6) Western Visayas Tourism Cluster
- (7) Central Visayas Tourism Cluster
- (8) Zamboanga Peninsula Tourism Cluster
- (9) Northern Mindanao Tourism Cluster
- (10) Davao Gulf and Coast Tourism Cluster

Evaluation Procedure for Nominated TEZs

- A. Evaluation by the UP Technical Panel of Experts shall commence after TIEZA endorses zone applications and the evaluation team validates whether the development plan submitted can be reviewed thoroughly.
- B. Composition of team of evaluators.
 - 1. The UP Asian Institute of Tourism shall constitute a team to validate the nomination qualifications and to evaluate the compliance and viability of the development plan nominated for evaluation.
 - 2. The team shall be composed of three (3) members from the UP Technical Panel of Experts and two (2) members from TIEZA.
 - a) The members from the UP Technical will be assigned as lead experts for each evaluating team.
 - b) In case the expertise of other members of the UP Technical Panel will be required by the lead experts, the lead members are authorized to assign a portion of the work to members from the UP Technical Panel who they deem can render the expertise required to evaluate the development plan.
 - 3. The team shall determine the validity of the development plan prior to evaluation.
 - a) The team shall determine whether the development plan has complied with the minimum requirements, adopted relevant and valid development frameworks in the research initiatives, and submitted the necessary information and components to facilitate evaluation.
 - b) In case the team deems the development standards will require additional supporting studies and documents to facilitate evaluation of

compliance and viability, the team shall furnish TIEZA a list of additional requirements (i.e. supporting documents, related studies) for compliance by the applicant within a prescribed period. TIEZA shall inform the applicant thereafter about the additional requirements to be submitted. TIEZA, upon consultation with the applicant, shall set the prescribed period when additional requirements will be submitted.

- c) If the team deems the development plan contains all the needed information, then the team shall proceed with the evaluation of the plan based on the prescribed review parameters in these guidelines.

4. The team shall evaluate the development plan based on the following review parameters:

a) Compliance of development plan with development standards

- (1) The team shall utilize the framework for evaluating compliance of development plan with development standards prescribed by Physical Development Guidelines based on the zone identified, and the prescribed guidelines for each type of TEZ.
- (2) The team shall issue a compliance statement on development standards after the team evaluates the compliance of the development plan with prescribed development standards.
- (3) In case the prescribed development standards in this guideline is not suitable for evaluating development plan of a nominated TEZ, the evaluators shall formulate a set of development standards based on those related and currently prescribed development standards, with attributes of the development standard being modified as the team deem fit based on their professional judgement.

The team shall furnish a modified development standards for TIEZA and the UP Technical Panel of Members for their information, prior to evaluation.

b) Viability of the TEZ

- (1) Viability shall be determined in terms of the capacity of administrative and operational mechanisms of the applicant to undertake tourism development strategies

The team shall utilize framework for evaluating capacity of administrative and operational mechanisms to undertake tourism development strategies prescribed for the zone identified and the prescribed guidelines for each type of TEZ.

- (2) Viability shall also be determined in terms of the capacity of administrative and operational mechanisms of the applicant to generate socio-economic development (Section 2, Rule II, Book 2 of the Guidelines).

The team shall utilize framework for evaluating capacity of administrative and operational mechanisms to undertake tourism development strategies prescribed for the zone identified and the prescribed guidelines for each type of TEZ.

C. Scoring and Recommendation

1. Based on the findings from the evaluation, the team shall assign numerical points to the nominated zone in conformity with the following criteria:

- a) Ecological and Physical Design Consideration (25%).

Ecological and physical design consideration comprised of the strategies to avoid dissonance and ensure full-protection of the environment and the ecosystem, specifically reflected in the following areas:

- (1) Quality of design plans in ensuring the sustainable development of the area and the surrounding environment (10%);
- (2) Site management and maintenance mechanisms (5%);
- (3) Disaster risk reduction and climate change adaptation scheme (5%); and
- (4) Capacity to mitigate environmental impacts (5%)

- b) Economic Consideration (20%).

Economic consideration comprised of the strategies so that the TEZ will serve as an economic catalyst that can directly or indirectly benefit the local community concerned and to ensure the project's contribution to local and national economic development (e.g. initiating or increasing employment and livelihood opportunities, income generation). This should be reflected in the following areas:

- (1) Short term (three years), medium term (five years), and long term (ten years) forecasted change in the economic development indicators (5%)
- (2) Capacity of proposed development to optimize tourist expenditure for a standard stay for identified tourist sectors and

capacity of local tourism network to facilitate indirect and induced economic impacts (5%)

(3) Impact of proposed development on the current production system of affected communities (i.e. shift from agricultural activities to tourism activities), particularly on the number and quality of linkages with production processes of neighboring communities (5%)

(4) Capacity of administrative mechanisms to mitigate negative impacts due to expected tourism economic activities (5%)

c) Competitiveness and Long Term Financial Sustainability (20%).

The TEZ project proponent must clearly indicate and lay out the means and ways by which the project can generate income to maintain its operational and financial needs, taking into consideration the changing times as well as social, economic and political factors that could possibly affect its sustainability. This should be reflected in the following areas:

(1) Capacity to enhance current and/or future visitor experience and satisfaction in the area (5%);

(2) Financial sustainability of zone operator (5%);

(3) Operational feasibility of activities proposed by zone operator (5%); and

(4) Extent of utilization of the public-private partnership as a strategy (5%);

d) Cultural consideration (20%).

The proposed project must be such that respects the local culture and boosts the people's sense of cultural and national pride. This should be reflected in the following areas:

(1) Initiatives to recognize and respect local culture and indigenous peoples rights (10%); and

(2) Identification of future consequences of the tourism development plan related to individuals, organizations and social macro-systems and suggested mechanisms to mitigate negative socio-cultural impacts (10%)

e) Community & Stakeholder Acceptability (15%).

The success of TEZs relies highly on the support and acceptance of developments by the stakeholders. This should be reflected in the following areas:

- (1) Initiatives to identifying the attitudes, perceptions and level of acceptability of planned projects and initiatives to involve all various tourism stakeholders, specially the residents of affected communities in the development of the TEZ and facilitate continuous involvement (5%);
 - (2) ;
 - (3) Measures to monitor stakeholder welfare and address conflicts among stakeholders (5%);
 - (4) Measures to ensure visitor safety and security (5%)
2. A grading system with a passing score of 75% will be utilized to indicate acceptable conformity with the criteria and substantial compliance with development standards. Provided that the failure in at least one area of consideration warrants the total revision of the Development Plan until the passing score is achieved.
- a) During the evaluation process, the team of evaluators shall provide recommendations and corrections to the development plan to improve it further.
 - b) Once the review of the development plan and an ocular inspection is completed, the team will prepare an Evaluation Report for approval recommendation to the TIEZA Board within ten (10) working days from the date TIEZA issues the notice to proceed with application and proponent submits development plan.
3. Post audit mechanism.
- a) In view of post-audits to be conducted by TIEZA in the future, audit mechanisms that facilitate auditing procedures that ensure continuous accountability and quality planning, implementation, and management of the TEZs, will be identified during the evaluation process and evaluated for its capacity to generate the required information.

Post-audit mechanisms include performance reports from management information systems of the TEZ, ocular inspection by TIEZA, report of internal and external audit committees, annual reports to be published by the TEZ, and other information reports to be prepared by the TEZ which indicate its performance in addressing ecological and physical design considerations, economic considerations, competitiveness and

financial sustainability, cultural considerations, and community and stakeholder acceptability.

- b) Yearly audits for the next six (6) years will be undertaken by TIEZA to continually assess the TEZ operator and TEZ administrator's performance to conform with the criteria and comply with development standards which were established prior to zone's designation as a TEZ. A minimum score of 75% shall indicate acceptable conformity with the criteria and substantial compliance with development standards.
- c) Upon successful audit, the TEZ shall be awarded a Certificate of Full Compliance and shall be permitted continuous operations. This shall be particularly crucial for the six-year maximum time frame allowed for the full development of TEZs.

Chapter 3: Evaluation of Tourism Enterprises within TEZs

Tourism Enterprise Application and Nomination Process

- A. Eligibility criteria for tourism enterprise nomination. Compliance with minimum requirements.

The applicant must comply with the following requirements prior to nomination:

1. Qualification of applicants (Section 2, Rule IV, Book 2 of the Guidelines)
2. Documentary requirements for designation as Tourism Enterprise.

All applications shall be submitted in the forms prescribed by the TIEZA duly accomplished and submitted in three (3) copies (Section 3, Rule IV, Book 2 of the Guidelines)

Requirements upon application (Section 4, Rule IV, Book 2 of the Guidelines):

- a) Duly accomplished TIEZA Application Form;
- b) SEC Registration Certificate/Business Permit;
- c) Company Profile, containing basic data / information on their technical, financial, marketing and management capability / competence to undertake the proposed project or business within the tourism enterprise zone;
- d) Copies of articles of incorporation and by-laws;
- e) Resolution of the applicant's board of directors authorizing the filing of the application;
- f) List of its directors, principal officers, and major stockholders, including their respective bio-data;
- g) List of machinery and equipment to be used by the applicant with a statement of their capacity, ownership and/or mode of procurement;
- h) Proposed site development plan and location map accompanied by a perspective drawing; construction timetable / financial schedule; detailed architectural and engineering plan; cost estimates and specifications;

- i) Clearance/Permit from the concerned Protected Area Management Board if the proposed business area is within a Protected Area, or Tourism Plan if outside; and
- j) Other supporting documents / papers / clearances as may be required by the TIEZA depending upon the nature of the business and the type of business organization of the applicant.

3. Endorsement from the TEZ Operator

- a) All Tourism Enterprises must be endorsed by the TEZ Operator, PROVIDED that the all requirements of the development plan for the TEZ has been complied with and the TEZ status has been designated to the TEZ operator.
- b) Endorsements shall include a description of the role and potential contribution of the applicant to the achievement of the goals of the approved development plan of the TEZ.
- c) Endorsement shall indicate the physical area to be occupied by the tourism enterprise.

4. Publication requirement (Section 7, Rule IV, Book 2 of the Guidelines)

5. Incomplete papers (Section 6, Rule IV, Book 2 of the Guidelines)

Within fifteen (15) days from receipt of the application, TIEZA shall notify the applicant of all pertinent requirements not complied with. The applicant shall have thirty (30) days from receipt of such notice to comply with the said requirements. Only upon compliance will the application be recorded/processed. In this case, the date of compliance shall be deemed the date of filing.

Applicant's non-compliance within the said period shall be construed as an abandonment of the application, unless upon written request, TIEZA extends the said period.

6. Filing of application and payment of application fees (Section 5, Rule IV, Book 2 of the Guidelines)

B. Procedure for enterprise nomination

- 1. Nominations shall be made by TIEZA after reviewing minimum requirements for application and identifying applicants that will be prioritized.
- 2. Applicants shall be evaluated for nomination by TIEZA upon compliance with qualification requirements and submission of forms, documentary requirements, and endorsement from TEZ operator.

Evaluation Procedure for Nominated Tourism Enterprises

- A. Evaluation by the UP Technical Panel of Experts shall commence after TIEZA nominates tourism enterprise applications and the evaluation team validates whether the tourism enterprise application submitted can be reviewed thoroughly.
- B. Composition of team of evaluators
1. The UP Asian Institute of Tourism shall constitute a team to validate the nomination qualifications and to evaluate the compliance and viability of the tourism enterprise application nominated for evaluation.
 2. The team shall be composed of three (3) members from the UP Technical Panel of Experts and two (2) members from TIEZA.
 - a) The members from the UP Technical will be assigned as lead experts for each evaluating team.
 - b) In case the expertise of other members of the UP Technical Panel will be required by the lead experts, the lead members are authorized to assign a portion of the work to members from the UP Technical Panel who they deem can render the expertise required to evaluate the tourism enterprise application.
 3. The team shall evaluate the Tourism Enterprise applicant based on the following review parameters:
 - a) Conformity of the proposed business operation of the Tourism Enterprise applicant with the definition of a Tourism Enterprises (Section 2, Rule I, Book 1 of the Guidelines).

Tourism Enterprises shall refer to facilities, services and attractions primarily engaged in whole or in part in tourism and for the purpose of attracting visitors to and within the Philippines. Tourism enterprises are businesses such as, but not limited to, facilities, services and attractions involved in tourism, such as but not limited to:

 - (1) Travel and tour services;
 - (2) Tourist transport services, whether for land, sea and air transportation;
 - (3) Tour guides;

- (4) Adventure sports services involving such sports as mountaineering, spelunking;
 - (5) Scuba diving and other sports activities of significant tourism potential;
 - (6) Convention organizers;
 - (7) Accommodation establishments, including but not limited to, hotels, resorts, apartment hotels or apartelles, condotels (that cater to tourists), tourist inns, motels, pension houses, and home stay operators; and
 - (8) Tourism estate management services, restaurants, shops, and department stores, sports and recreational centers, spas, facilities offering health and wellness services, museums and galleries, theme parks, convention centers, zoos, and such other enterprises as may be identified by the Department or the Board.
- b) Conformity of the proposed business operation of the applicant with the approved development plan of the endorsing TEZ and its contribution to the development objectives of the said TEZ.

- (1) To evaluate conformity of the TEZ, the team shall utilize the framework for evaluating the TEZ development plan of the endorsing TEZ operator.
- (2) In case the prescribed development standards in this guideline is not suitable or not adequate for evaluating the tourism enterprise, the evaluators shall formulate a set of development standards based on those related and currently prescribed development standards, with attributes of the development standard being modified as the team deem fit based on their professional judgement.

- c) Contribution to development objectives of the endorsing TEZ operator

Tourism enterprises shall be evaluated based on its role and contribution to the endorsing TEZ operator. The applicant must contribute to at least one of the following areas of endorsing TEZ operations:

- (1) Realization of destination's tourism potential;
- (2) Sustainability and local economic development;
- (3) Site management and maintenance;

- (4) Disaster risk reduction and climate change adaptation;
- (5) Financial sustainability of endorsing TEZ operator; and
- (6) Operational feasibility of activities of endorsing TEZ operator.

C. Scoring and Recommendation

1. Based on the findings from the evaluation, the team shall assign numerical points to the nominated zone in conformity with the following criteria:

- a) Cultural consideration (15%).

The proposed tourism enterprise must be such that respects the local culture and boosts the people's sense of cultural and national pride.

- b) Community & Stakeholder Acceptability (15%).

The proposed tourism enterprise should reflect the involvement/participation of the community and various stakeholders, the attitudes/perceptions and level of acceptability of planned projects, consistent with the community assessment undertaken by the TEZ and community strategies indicated in the approved development plan for the zone.

- c) Ecological Consideration (15%).

The proposed tourism enterprise should comply adopt strategies to avoid dissonance and ensure full-protection of the environment and the ecosystem.

- d) Economic Consideration (40%).

The proposed tourism enterprise must open the gates for employment livelihood opportunities and must serve as an economic catalyst, in terms of amount of foreign exchange and/or direct, indirect or induced effects to local communities.

- e) Competitiveness/Long Term Financial Sustainability (15%).

The proposed tourism enterprise must clearly indicate and lay out the means and ways by which the project can contribute to the generation of income by the endorsing TEZ to maintain its operational and financial needs, taking into consideration the changing times as well as social, economic and political factors that could possibly affect its sustainability.

2. A grading system with a passing score of 75% will be utilized to indicate acceptable conformity with the criteria and substantial compliance with development standards. PROVIDED that the failure in at least one area of consideration warrants the total revision of the tourism enterprise application until the passing score is achieved.
 - a) During the evaluation process, the team of evaluators shall provide recommendations and corrections to the application to improve it further.
 - b) Once the review of the application and an ocular inspection is completed, the team will prepare an Evaluation Report for approval recommendation to the TIEZA Board within ten (10) working days from the date TIEZA issues the notice to proceed with application and proponent submits all application requirements.
3. Post audit mechanism.
 - a) In view of post-audits to be conducted by TIEZA in the future, audit mechanisms that facilitate auditing procedures that ensure continuous accountability and quality planning, implementation, and management of the TEZs, will be identified during the evaluation process and evaluated for its capacity to generate the required information.

Post-audit mechanisms include performance reports from management information systems of the TEZ, ocular inspection by TIEZA, report of internal and external audit committees, annual reports to be published by the TEZ, and other information reports to be prepared by the TEZ which indicate its performance in addressing ecological and physical design considerations, economic considerations, competitiveness and financial sustainability, cultural considerations, and community and stakeholder acceptability.
 - b) Yearly audits for the next six (6) years will be undertaken by TIEZA to continually assess the enterprise's performance to conform with the criteria and comply with development standards which were established prior to zone's designation as a TEZ. A minimum score of 75% shall indicate acceptable conformity with the criteria and substantial compliance with development standards.
 - c) Upon successful audit, the TEZ shall be awarded a Certificate of Full Compliance and shall be permitted continuous operations.

Chapter 4: Evaluation of Tourism Enterprises outside TEZs

Tourism Enterprise Application and Nomination Process

A. Eligibility criteria for tourism enterprise

The applicant must comply with the following requirements prior to entitlement to incentives:

1. Qualification of applicants

The applicant must qualify under Section 2, Rule IV, Book 2 of the Guidelines. PROVIDED that only an existing accommodation establishment not located within a TEZ shall be entitled to claim incentives as tourism enterprises outside TEZs (Section 1, Rule XIII, Book 3 of the Guidelines).

Accommodation establishments include but are not limited to, hotels, resorts, apartment hotels or apartelles, condotels (that cater to tourists), tourist inns, motels, pension houses, and home stay operators (Section 2, Rule I, Book 1 of the Guidelines).

2. Documentary requirements for registration.

All applications shall be submitted in the forms prescribed by the TIEZA duly accomplished and submitted in three (3) copies (Section 3, Rule IV, Book 2 of the Guidelines)

Requirements upon application (Section 4, Rule IV, Book 2 of the Guidelines):

- a) Duly accomplished TIEZA Application Form;
- b) SEC Registration Certificate/Business Permit;
- c) Company Profile, containing basic data / information on their technical, financial, marketing and management capability / competence to undertake the proposed project or business within the tourism enterprise zone;
- d) Copies of articles of incorporation and by-laws;
- e) Resolution of the applicant's board of directors authorizing the filing of the application;

- f) List of its directors, principal officers, and major stockholders, including their respective bio-data;
 - g) List of machinery and equipment to be used by the applicant with a statement of their capacity, ownership and/or mode of procurement;
 - h) Proposed site development plan and location map accompanied by a perspective drawing; construction timetable / financial schedule; detailed architectural and engineering plan; cost estimates and specifications;
 - i) Clearance/Permit from the concerned Protected Area Management Board if the proposed business area is within a Protected Area, or Tourism Plan if outside; and
 - j) Other supporting documents / papers / clearances as may be required by the TIEZA depending upon the nature of the business and the type of business organization of the applicant.
3. Statement of intent to qualify for incentives, with information that indicates plans to expand or upgrade operations (Section 2, Rule XIII, Book 3 of the Guidelines).

An applicant that elects to avail itself incentives shall do so in writing. The applicant must provide information pertaining to expansion or upgrade of operations, in terms of:

- a) Expansion or upgrade of facilities;
 - b) Cost of expansion or upgrade of physical assets;
 - c) Value of original investment;
 - d) Impact of expansion or upgrade on the life of its assets or capacity or efficiency of the enterprise; and
 - e) Change in category classifications, under the Department of Tourism's accreditation system, when appropriate.
4. Filing of application and payment of application fees (Section 5, Rule IV, Book 2 of the Guidelines)

B. Procedure for enterprise nomination

1. Nominations shall be made by TIEZA after reviewing minimum requirements for application and identifying applicants that will be prioritized.

2. Applicants shall be evaluated for nomination by TIEZA upon compliance with qualification requirements and submission of forms, documentary requirements, and statement of intent to qualify for incentives.
3. Priority nomination shall be given to the tourism enterprises located in the following:
 - a) Areas identified in the IIPs; and/or
 - b) 21 Inclusive Tourism Cluster Destinations identified in the NTDP for 2011-2016.

Evaluation Procedure for Nominated Tourism Enterprises

- A. Evaluation by the UP Technical Panel of Experts shall commence after TIEZA nominates tourism enterprise applications and the evaluation team validates whether the tourism enterprise application submitted can be reviewed thoroughly.
- B. Composition of team of evaluators
 1. The UP Asian Institute of Tourism shall constitute a team to validate the nomination qualifications and to evaluate the compliance and viability of the tourism enterprise application nominated for evaluation.
 2. The team shall be composed of three (3) members from the UP Technical Panel of Experts and two (2) members from TIEZA.
 - a) The members from the UP Technical will be assigned as lead experts for each evaluating team.
 - b) In case the expertise of other members of the UP Technical Panel will be required by the lead experts, the lead members are authorized to assign a portion of the work to members from the UP Technical Panel who they deem can render the expertise required to evaluate the tourism enterprise application.
 3. The team shall evaluate the tourism enterprise applicant based on the following parameters:
 - a) Conformity of the proposed business operation of the Tourism Enterprise applicant with the definition of a Tourism Enterprises (see Chapter 3).
 - b) Conformity with conditions to qualify for incentives (Section 2, Rule XIII, Book 3 of the Guidelines).
 - c) Contribution to development objectives of the TEZ.

Tourism enterprises shall be evaluated based on its role and contribution to the endorsing TEZ operator. The applicant must contribute to at least one of the following areas of endorsing TEZ operations:

- (1) Realization of destination's tourism potential;
- (2) Sustainability and local economic development;
- (3) Site management and maintenance;
- (4) Disaster risk reduction and climate change adaptation;
- (5) Financial sustainability of endorsing TEZ operator; and
- (6) Operational feasibility of activities of endorsing TEZ operator.

C. Evaluation and Recommendation

1. Based on the findings from the evaluation, the team shall prepare an Evaluation Report that indicates conformity with the parameters. PROVIDED that the failure in at least one area of consideration warrants the total revision of the tourism enterprise application.

Once the review of the application and an ocular inspection is completed, the team will prepare an Evaluation Report for approval recommendation to the TIEZA Board within ten (10) working days from the date TIEZA issues the notice to proceed with application and proponent submits all application requirements.

2. Post audit mechanism.

- a) In view of post-audits to be conducted by TIEZA in the future, audit mechanisms that facilitate auditing procedures that ensure continuous accountability and quality planning, implementation, and management of the TEZs, will be identified during the evaluation process and evaluated for its capacity to generate the required information.

Post-audit mechanisms include performance reports from management information systems of the TEZ, ocular inspection by TIEZA, report of internal and external audit committees, annual reports to be published by the TEZ, and other information reports to be prepared by the TEZ which indicate its performance in addressing ecological and physical design considerations, economic considerations, competitiveness and financial sustainability, cultural considerations, and community and stakeholder acceptability.

- b) Yearly audits for the next six (6) years will be undertaken by TIEZA to continually assess the tourism enterprise's conformity with conditions and contribution to development which were established prior to the enterprise's qualification for incentives.