



# AGENCY BUDGET NOTES

For FY 2023



## DEPARTMENT OF TRANSPORTATION



### P166.7B

TOTAL NEW APPROPRIATIONS FOR 2023

#### COST STRUCTURE

**P10.9B** (6.6%) **P16.1B** (9.7%)  
*General Admin and Support* | *Support to Operations*

**P139.7B** (83.8%) *Operations*

#### ALLOCATION BY AGENCY

### OSEC

P143,952.9B



P21,248.1B  
PCG



P851.1B  
MARINA



P345.5B  
OTS



P229.4B  
CAB



P35.7B  
OTC



P32.6B  
TRB

#### BREAKDOWN OF OPERATIONS BUDGET

**P 113,987.3B** (81.6%)  
*Rail Transport Program*

**P6,805.6B** (4.9%)  
*Motor Vehicle Regulatory Program*

**P5,060.5B** (3.6%)  
*Maritime Security and Law Enforcement Program*

**P4,717.5B** (3.4%)  
*Land Public Transportation Program*

**P2,489.0B** (1.8%)  
*Aviation Infrastructure Program*

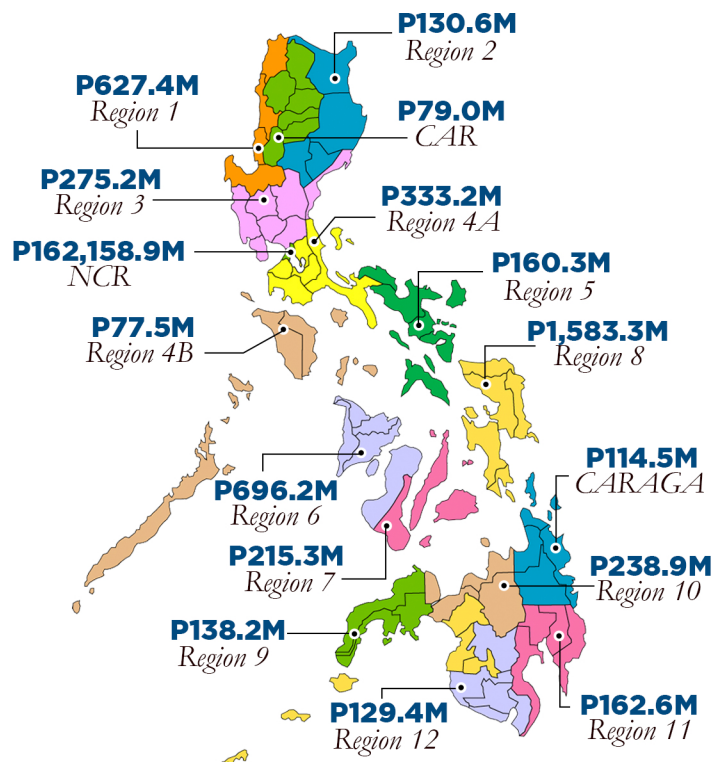
**P1,967.8B** (1.4%)  
*Maritime Search and Rescue Program*

**P1,407.5B** (1.0%)  
*Maritime Environmental Protection Program*

**P1,370.3B** (1.0%)  
*Maritime Safety Program*

**P1,862.8B** (1.3%) *Other Programs*

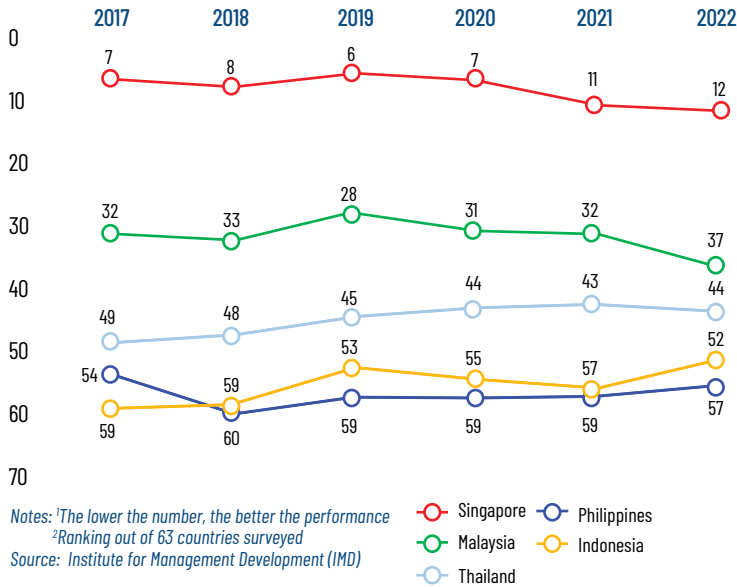
#### REGIONAL ALLOCATION OF THE 2023 EXPENDITURE PROGRAM (P167,120.6M)



# QUICK FACTS

## 2022 World Competitiveness Ranking

(Infrastructure), Selected ASEAN Member States



## Selected Cities in Asia with Worst Traffic Congestion

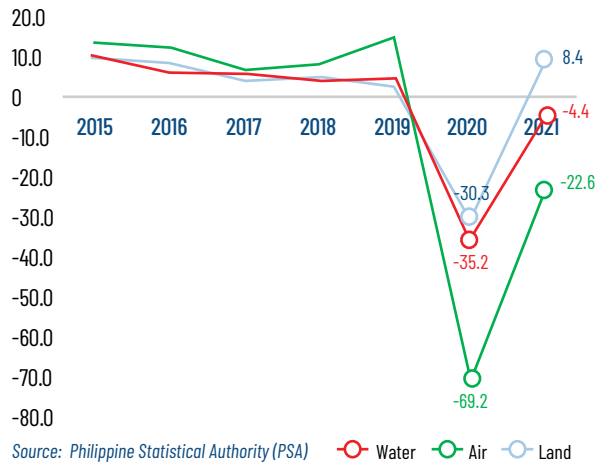
2021 & 2020

City	2020		2021	
	Ranking	Congestion Level (%)	Ranking	Congestion Level (%)
Istanbul (Turkey)	1	62	5	51
Mumbai (India)	5	53	2	53
Bengaluru (India)	10	48	6	51
New Delhi (India)	11	48	8	47
Tokyo (Japan)	17	43	19	41
Manila (Philippines)	18	43	4	53
Pune (India)	21	42	16	42
Osaka (Japan)	34	36	33	35
Taipei (Taiwan)	40	35	23	37
Jakarta (Indonesia)	46	34	31	36

Note: Covering 404 cities, 58 countries  
 Source: Tomtom Traffic Index (www.tomtom.com)

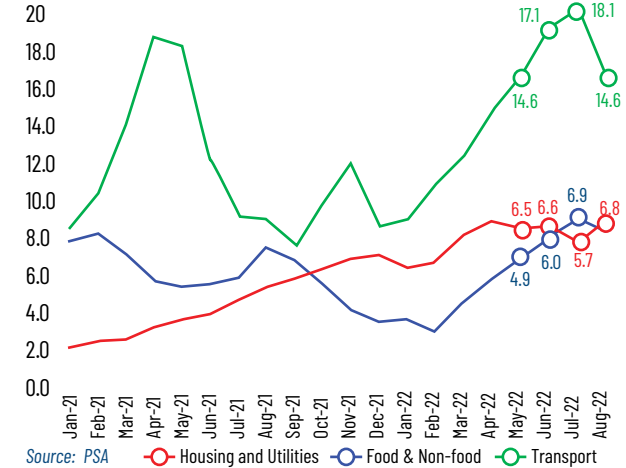
## Gross Value Added of Land-, Water- and Air Transport

(Growth rate in %), At Constant Prices



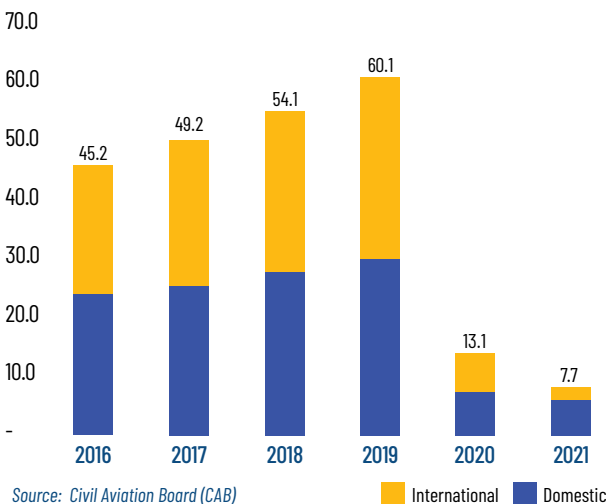
## Inflation Rates of Selected Commodity Group

(In %)



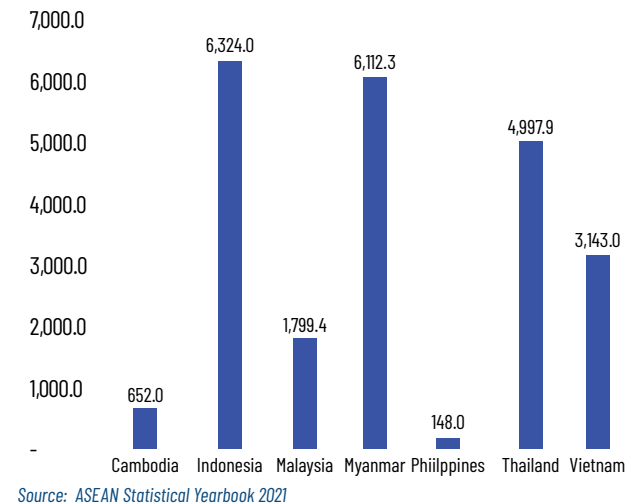
## Air Passenger Traffic

In Millions



## ASEAN Railways Route Length

(In kms.), 2020



## HIGHLIGHTS

- ❑ *Expenditure Program.* In 2023, the DOTr's total expenditure program will more than double to P167.1 billion from P75.8 billion in 2022. This accounts for roughly 3.2% of the P5.268 trillion national budget and 14.9% of the P1.2 trillion public sector infrastructure budget for 2023. The OSEC will get a 163.7% increase in its total expenditure program to P144.2 billion in 2023 from P54.7 billion in 2022. All other attached agencies of the DOTr will have higher budgets in 2023, except MARINA, OTS and TRB.
- ❑ By major expense class, the DOTr's budget in 2023 will be boosted by the 315.7% increase in capital outlay (CO) amounting to P123.1 billion from P29.6 billion in 2022. Personnel services (PS) will grow by 27% to P21.7 billion, while maintenance and other operating expenditures (MOOE) will decline by 23.4% to P22.3 billion in 2023. By region, only the NCR and Region 6 will have higher budgets –up by 151.6% and 190.3%, respectively, while all the other regions will experience budget cuts in 2023.
- ❑ *New Appropriations.* The DOTr will receive new appropriations amounting to P166.7 billion in 2023, 121.5% higher than the P75.2 billion in 2022. This is broken down into General Administration and Support or GAS (*P10.9 billion*), Support to Operations or STO (*P16.1 billion*), and Operations (*P139.7 billion*). The budget for the payment of right-of-way (ROW) acquisition for various infrastructure which constitute almost 99% of the DOTr OSEC's STO budget, will increase by 666.7% to P12.7 billion in 2023 from P1.7 billion in 2022 despite having disbursement rates of only 10.9% and 7.6% in 2020 and 2021, respectively.
- ❑ A shift toward the prioritization of mass transport system to address traffic congestion is reflected in the 393% increase in the allocation for the DOTr's Rail Transportation Program from P23.1 billion in 2022 to P114.0 billion in 2023, which will also account for the largest share of the DOTr's operations budget at 81.6% in 2023. It is also imperative to expand and further develop the current Philippine railway network system which is only 148 kilometers (kms.) in length compared with the railway system in other countries in the ASEAN like Cambodia (*652 kms.*), Malaysia (*1,799.4 kms.*), Vietnam (*3,143 kms.*), Thailand (*4,997.9 kms.*), Myanmar (*6,112.3 kms.*), and Indonesia (*6,324 kms*) (ASEAN, 2021).
- ❑ As for the DOTr's relief intervention programs for the public transport sector in response to the COVID-19 pandemic and the surge in fuel prices, a report from the LTRFB as of July 2022 have shown that the disbursement rates for the Fuel Subsidy Program and the Service Contracting Program were at 78.7% and 83.1%, respectively. The delays in the distribution of the fuel subsidies may have been mitigated had there been an established centralized database and digital payment systems to facilitate faster distribution of the relief funds.

- ❑ After recording a disbursement rate of 52.9% in 2016, the DOTr since then failed to improve its performance with rates at merely 32.5% in 2017, 36.6% in 2018, 34.3% in 2019, 35.3% in 2020, and 41.7% in 2021. The case of the DOTr OSEC where most of the infrastructure projects of the agency are planned, budgeted and carried out is very much concerning because of the perennially low annual average disbursement rate of 26.9% from 2017 to 2021. The low disbursement rate in 2021 is also prevalent on all programs of the DOTr OSEC, namely the Rail Infrastructure Program (25.6%), Aviation Infrastructure Program (9%) and Maritime Infrastructure Program (3.9%), and Motor Vehicle Regulatory Program (0%).
  
- ❑ Highlights of the COA report on the DOTr OSEC in 2021 are as follows:
  - The prolonged implementation of fourteen foreign-assisted projects (FAPs) with a combined cost of P1.6 trillion due to delays in the budget flow from the DBM to DOTr, site condition and availability, financial and technical concerns resulted in the incurrence of commitment fees amounting to P128.4 million for six of the FAPs. Some of the projects were also restructured further delaying their completion. Moreover, thirteen projects of the DOTr amounting to P8.7 billion were either delayed, terminated, or suspended, depriving the public from the benefits of these infrastructure projects.
  - The DOTr's premature billing for the maintenance component of the DOTr Road Transportation IT Infrastructure Project, despite the lapses in core applications, and incomplete data migration, had caused undue payment to the vendor amounting to P194.5 million which is disadvantageous to the government.
  - The government stands to lose P205.8 million for the unrecouped advances for completed and terminated projects. The government also has unrecouped advances to contractors for 30 projects totaling P67.5 million which has been dormant for more than ten years already mainly due to the absence of documents to support the transactions, casting doubts on the validity of the claims to contractors.
  - There were deficiencies noted in the DOTr's acquisition of right-of-way (ROW) as 168 of the 183 parcels of land (or 91.8%) purchased for three of its projects remained not transferred under the name of the Republic of the Philippines and not supported by transfer certificate of titles despite full payment to the affected property owners. Moreover, the ownership of another 132 parcels of land and improvements affected by the implementation of the Metro Manila Subway Project Phase 1 were not transferred under the name of the Republic of the Philippines despite full payment to the private owners.

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# DEPARTMENT OF TRANSPORTATION\*

## I. THE DOTr, VISION, MISSION AND ATTACHED AGENCIES

- 1.1. The overarching objective for the infrastructure sector in the medium-term is to accelerate infrastructure development and ensure that operations of infrastructure systems and facilities will be sustained. The efficiency of the transport sector should be enhanced to sustain economic growth and increase competitiveness by providing adequate, accessible, reliable, and safe access for people and goods not only across the country but also in neighboring regions and throughout the world (NEDA 2017).
- 1.2. *Mandate.* Created by virtue of Executive Order No. 546 series of 1979, the then Department of Transportation and Communications (DOTC) was mandated to be the primary policy, planning, programming, coordinating implementing and administrative entity of the executive branch of the government in the promotion, development and regulation of a dependable and coordinated network of transportation systems, as well as, in the fast, safe, efficient and reliable transportation services. Following the passage of Republic Act No. 10844 on 23 March 2016, the dual functions of the DOTC were separated with the creation of the Department of Transportation (DOTr), which handles matters related to transport, and the Department of Information and Communications Technology (DICT), which handles the functions and responsibilities dealing with communications technology.
- 1.3. *Vision.* By 2030, the DOTr shall be a world-class organization, providing integrated transport; connecting people, islands, families, communities and the nation with the rest of the world; and constantly responding to the demand for environmentally sustainable and globally competitive transport.
- 1.4. *Mission.* To provide the country with an efficient, effective and secure transportation system that is globally competitive, compliant with international standards and responsive to the changing times.
- 1.5. *Attached Agencies.* The attached agencies of the DOTr and their corresponding organizational outcomes are as follows:

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\*This document was prepared by Ricardo P. Mira as input to the deliberations of the House Committee on Appropriations on the FY 2023 proposed National Budget. The report benefitted from discussions with and inputs of EPRS Director Elsie C. Gutierrez and SERB Executive Director Manuel P. Aquino and from the overall guidance of Director Pamela Diaz-Manalo and CPBRD Director-General Romulo E.M. Miral, Jr., PhD. The layout/design of the infographics by Alexiz S. Taaca, Carla P. Soriano and Tommy Lagasca are also acknowledged. The views, opinions, and interpretations in this report do not necessarily reflect the perspectives of the House of Representatives as an institution or its individual members. A copy of this publication and succeeding ABNs will be available online at [cpbrd.congress.gov.ph](http://cpbrd.congress.gov.ph).

- Office of the Secretary
  - Rail transport services improved;
  - Air and water transport facilities and services improved;
  - Road transport services improved;
- Civil Aviation Board (CAB)
  - Improved services by adopting policies and encouraging growth through progressive liberalization, fair competition, and promotion of users' welfare;
- Maritime Industry Authority (MARINA)
  - Global competitiveness of maritime industry enhanced;
  - Accessibility, safety and efficiency of maritime transport services improved;
- Office of the Transportation Cooperative (OTC)
  - Transportation cooperatives developed;
- Office for Transportation Security (OTS)
  - Transportation systems secured;
- Philippine Coast Guard (PCG)
  - Maritime violations, incidents, and maritime pollution reduced;
- Toll Regulatory Board (TRB)
  - Tollway regulatory services improved;

## II. SOURCES OF APPROPRIATIONS

2.1. The DOTr's total available appropriations for fiscal year (FY) 2023 will increase by 89.8% to P167.1 billion from P88.0 billion in 2022. The total available appropriations will be comprised mainly of new appropriations (*P166.7 billion*) and automatic appropriations (*P425.2 million*) (Table 1).

**TABLE I**  
**SOURCES OF FUNDS, 2021-2023**  
**DEPARTMENT OF TRANSPORTATION (DOTr)**

	Amounts (in Million Pesos)			Share to Total Appropriations		
	2021	2022	2023	2021	2022	2023
New Appropriations	87,445.7	75,247.7	166,695.4	77.9	85.5	99.6
Supplemental Appropriations	--	--	--	--	--	--
Automatic Appropriations	2,939.1	579.8	425.2	2.6	0.7	0.4
Continuing Appropriations	5,197.6	12,222.2	--	4.6	13.9	--
Budgetary Adjustments	16,667.1	--	--	14.8	--	--
<b>Total Available Appropriations</b>	<b>112,249.5</b>	<b>88,049.8</b>	<b>167,120.7</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Less: Unused Appropriations	13,204.2	12,222.2	--	11.8	13.9	--
<b>Total Obligations</b>	<b>99,045.3</b>	<b>75,827.5</b>	<b>167,120.7</b>	<b>88.2</b>	<b>94.9</b>	<b>100.0</b>

Source of basic data: FY 2023 National Expenditure Program (NEP)

## III. EXPENDITURE PROGRAM

3.1. In 2023, the DOTr's expenditure program will more than double to P167.1 billion from P75.8 billion in 2022. This accounts for roughly 3.2% of the P5.268 trillion national

budget and 14% of the P1.2 trillion public sector infrastructure budget for 2023. Except for MARINA, OTS and TRB, all other attached agencies of the DOTr will have bigger budgets for 2023 (Table 2). The OSEC in particular, will get a 163.7% increase in its total appropriations to P144.2 billion in 2023 from P54.7 billion in 2022 “to cover the augmented funding requirements of various foreign-assisted railway projects” (Department of Budget and Management 2022).

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

Particulars	Amounts (In Million Pesos)			Share to Total (%)		
	2021	2022	2023	2021	2022	2023
OSEC	79,648.3	54,695.0	144,224.8	80.4	72.1	86.3
CAB	197.6	222.2	236.1	0.2	0.3	0.1
MARINA	885.9	973.5	916.2	0.9	1.3	0.5
OTC	39.6	35.1	37.7	0.0	0.0	0.0
OTS	1,006.5	555.2	411.2	1.0	0.7	0.2
PCG	17,229.9	19,310.9	21,260.2	17.4	25.5	12.7
TRB	37.4	35.7	34.3	0.0	0.0	0.0
<b>TOTAL</b>	<b>99,045.3</b>	<b>75,827.6</b>	<b>167,120.6</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source of basic data: BESF 2023

- 3.2. Note that the DOTr continues to be one of the agencies with the biggest budgetary allocations for fiscal year 2023 together with the Department of Public Works and Highways (P718.4), Department of Education (P710.7 billion), Department of Interior and Local Government (P253.0 billion), Department of National Defense (P240.7 billion), Department of Social Welfare and Development (P197.0 billion), and the Department of Health (P196.1 billion), among others. The DOTr also has the largest increment in its budget among the agencies with the biggest budgetary allocations for the year.

**TABLE 3**  
**EXPENDITURE PROGRAM BY GENERAL EXPENSE CLASS, 2021-2023**  
**(AMOUNTS IN MILLION PESOS)**

Particulars	Amounts (In Million Pesos)			Share to Total (%)		
	2021	2022	2023	2021	2022	2023
PS	18,531.5	17,123.2	21,738.7	18.7	22.6	13.0
MOOE	26,384.9	29,085.1	22,283.4	26.6	38.4	13.3
CO	54,121.5	29,611.4	123,090.6	54.6	39.1	73.7
Fin Ex	7.4	7.9	7.9	0.0	0.0	0.0
<b>TOTAL</b>	<b>99,045.3</b>	<b>75,827.5</b>	<b>167,120.6</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source of basic data: BESF 2023

- 3.3. *Obligations by Major Expense Class.* With the government’s commitment to further accelerate infrastructure spending as a means to attain economic recovery and resilience in the coming years, the DOTr’s capital outlay (CO) will significantly increase to P123.1 billion next year, almost five times larger than the P29.6 billion in 2022. On the other



hand, personnel services (PS) will grow by 27% to P21.7 billion, while maintenance and other operating expenditures (MOOE) will decline by 23.4% to P22.3 billion in 2023 (Table 3).

**TABLE 4**  
**DOTr UNFILLED POSITIONS BY AGENCY, 2020-2023**

Agency	Authorized Positions				Unfilled Positions			
	2020	2021	2022	2023	2020	2021	2022	2023
OSEC	5,290	5,326	5,418	5,418	1,087	869	924	924
CAB	126	126	126	126	39	26	21	21
MARINA	815	815	815	815	187	168	166	166
OTC	43	43	43	43	3	7	7	7
OTS	226	226	226	226	57	67	50	50
PCG	18,999	22,999	22,999	22,999	465	569	569	569
TRB	29	29	29	29	2	1	1	1
<b>TOTAL</b>	<b>25,528</b>	<b>29,564</b>	<b>29,656</b>	<b>29,656</b>	<b>1,840</b>	<b>1,707</b>	<b>1,738</b>	<b>1,738</b>

Source: FY 2023 Staffing Summary

- 3.4. *Staffing Summary.* Following a 7.2% decline in 2021, the total number of unfilled positions of the DOTr again climbed to 1,738 vacancies in 2022 from 1,707 vacancies in 2021, or a 1.8% increase. Most of the unfilled positions in 2022 came from the OSEC, PCG and MARINA at 924 vacancies, 569 vacancies, and 166 vacancies, respectively. Note that the staff complement of the DOTr was substantially increased in 2021 as the PCG has been authorized by Republic Act No. 11518 to recruit more than 4,000 uniformed personnel. This is in response to the call of the government for more uniformed PCG personnel to closely guard the country's shores and exclusive economic zones (EEZs) owing to the rising foreign incursions in the disputed West Philippine Sea (WPS) in recent years. Hence, it is strongly encouraged that the PCG fast-track the hiring of the much-needed uniformed personnel to ensure the protection and safety of the country's coastal communities and marine reserves.
- 3.5. *Regional Allocation.* As in the previous years, the National Capital Region (NCR) will corner the lion's share with 97% of the DOTr's total budget in 2023. The NCR's budget for 2023 will more than double to P162.2 billion from P64.4 billion in 2022. All other regions will experience a cut in their budgets in 2023 except for Region 6 whose budget will increase by 190.3% to P696.2 million from P239.8 million in 2022. The regions with the largest budget cuts include Mimaropa (-94.6%), Davao Region (-87.1%), Bicol (-82.4%), Northern Mindanao (-81.6%) and Central Luzon (-79.7%). It is incumbent upon the DOTr to veer away from a highly skewed budget allocation towards NCR and ensure that infrastructure development and inclusive growth is spread across the regions.

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

Region	2021		2022		2023	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Nationwide	--	--	--	--	--	--
Central Office	--	--	--	--	--	--
NCR	90,939.0	91.8	64,445.2	85.0	162,158.9	97.0
CAR	74.3	0.1	133.9	0.2	79.0	0.0
Region 1	162.0	0.2	906.9	1.2	627.4	0.4
Region 2	393.1	0.4	208.2	0.3	130.6	0.1
Region 3	280.3	0.3	1,355.7	1.8	275.2	0.2
Region 4A	795.2	0.8	488.1	0.6	333.2	0.2
Region 4B	496.2	0.5	1,442.1	1.9	77.5	0.0
Region 5	150.4	0.2	911.0	1.2	160.3	0.1
Region 6	381.1	0.4	239.8	0.3	696.2	0.4
Region 7	1,463.9	1.5	413.6	0.5	215.3	0.1
Region 8	1,451.4	1.5	1,885.2	2.4	1,583.3	0.9
Region 9	365.5	0.4	231.1	0.3	138.2	0.1
Region 10	1,452.1	1.5	1,297.7	1.7	238.9	0.1
Region 11	223.4	0.2	1,260.8	1.7	162.6	0.1
Region 12	308.8	0.3	221.6	0.3	129.4	0.1
CARAGA	108.8	0.1	396.7	0.5	114.5	0.1
BARMM	--	--	20.0	0.0	--	--
<b>TOTAL</b>	<b>99,045.3</b>	<b>100.0</b>	<b>75,827.5</b>	<b>100.0</b>	<b>167,120.6</b>	<b>100.0</b>

Note: Sum will not add up due to rounding off

Source of basic data: BESF 2023

#### **IV. SPENDING FOR COVID-19 INITIATIVES**

- 4.1. The COVID-19 pandemic and the stringent containment measures weighed heavily on the country's public transport system affecting the lives of many stakeholders in the public transport sector including the commuters. The problem was exacerbated by the persistent increase in local fuel prices caused by the tight supply in the global oil market as a result of the Russia-Ukraine war. It can be recalled that the local gasoline and diesel monthly average pump prices peaked in June 2022 at P83.85 per liter and P84.04 per liter, respectively. This section looks into the COVID-19-related expenditure of the DOTr as well as the agency's relief program for the public transport sector to cushion the impact of the rising fuel prices.
  
- 4.2. For the COVID-19 response and recovery interventions aimed at providing relief to the transport industry, a report by the DBM as of 31 December 2021 showed that the DOTr was able to obligate the full amount of P9.5 billion and disbursed P9.4 billion (*or a disbursement rate of 98.9%*). Meanwhile, of the P808.6 million subsidy for the MRT 3 only P253.2 million was disbursed or a disbursement rate of 31.3% (*Table 1*). An updated

report by the Land Transportation and Franchising Regulatory Board (LTFRB) showed that around P980.9 million of the P1 billion fuel subsidy program had already been disbursed as of December 31, 2021 (or disbursement rate of 98.1%). A total of 136,230 public utility jeepneys (PUJs) were credited with P7,200 each in 2021. In 2022, the Duterte administration approved a total of P2.5 billion from the national budget to fund for the extension of the fuel cash subsidy program. Of the said amount, around P1.8 billion was disbursed as of July 2022 (or a disbursement rate of 70.9%) to 256,856 public utility vehicles (e.g., PUBs, PUJs, taxis, etc.), 22,355 delivery services, and 2,685 tricycle drivers (Table 6.2).

**TABLE 6.1**  
**STATUS OF COVID-19 RELEASES TO DOTR,**  
**(AMOUNTS IN MILLION PESOS)**

Program/Purpose	Allotment	Obligations	Disbursements	Unobligated Allotment
<b>Bayanihan II</b>				
<i>To cover the funding requirements for the implementation of various PAPs relative to the COVID-19 response and recovery interventions for the transportation industry</i>	9,500.0	9,500.0	9,398.6	--
<i>To cover the deficiency in funding requirements for the subsidy for Mass Transport (MRT)<sup>1</sup></i>	809.0	808.6	253.2	0.4
<b>2020 and 2021 GAA</b>				
<i>To cover the funding requirements for the implementation of the Fuel Cash Subsidy Program</i>	1,000.0	--	--	1,000.0

Note: <sup>1</sup>Obligations and disbursements as of 31 December 2021

Source: DBM Status of COVID 19 Releases, As of 31 December 2021 (DBM website: [www.dbm.gov.ph](http://www.dbm.gov.ph))

4.3. Another COVID-19 related intervention of the DOTr is the Service Contracting Program or the “Libreng Sakay” Program which was implemented by the LTFRB. The program aims (i) to ensure efficient and safe operations of public transportation under the new normal for the benefit of the commuters; (ii) to provide stability and financial viability to PUV operators and drivers by providing guaranteed income regardless of ridership; and (iii) to sustain support for the mobility requirements especially of healthcare workers (HCW) and authorized persons outside residence (APOR) by providing free rides. The program came in three phases namely (i) Phase 1 was funded under the “Bayanihan to Recover as One Act” which ran from December 2020 to June 2021; (ii) Phase 2 funded under the GAA 2021 which ran from September 2021 to December 2021, and (iii) Phase 3 funded under the GAA 2022 which commenced in April 2022 and will operate until all the fund allotted are exhausted. Of the P15.6 billion budgeted for the said program, around P12.9 billion has been disbursed as of July 2022 benefiting not only the public transport operators and drivers but also the commuters (Table 6.2).

**TABLE 6.2**  
**STATUS OF COVID-19 RELATED EXPENDITURES**  
**AS OF JULY 2022**

Program/Purpose	Approved Budget (P Million)	No. of Beneficiaries	Subsidy Amount (P)	Amount Disbursed (P Million)
<b>Fuel Cash Subsidy Program</b>	<b>3,500.0</b>	<b>418,126</b>		<b>2,753.316</b>
2021	1,000.0	136,230	7,200.0	980.856
2022	2,500.0	281,896		1,772.846
LTFRB mode	1,750.0	256,856 <sup>1</sup>	6,500.0	1,669.564
DTI mode	125.0	22,355 <sup>2</sup>	4,500.0	100.597
DILG mode	625.0	2,685 <sup>3</sup>	1,000.0	2.685
<b>Service Contracting Program</b>	<b>15,570.0</b>			<b>12,940.968</b>
Phase I	5,580.0	1,056 operators 2,923 drivers 31,653,982 ridership	--	4,759.409
Phase 2	3,000.0	379 operators 5,748 drivers 43,847,999 ridership	--	2,984.480
Phase 3	6,990.0	16,275 PUVs 18,421 drivers 160,865,445 ridership	--	5,197.080

Note: <sup>1</sup>PUVs, <sup>2</sup>Ride-hailing and delivery services, <sup>3</sup>Tricycles  
Source: Office of the Chairperson, LTFRB

- 4.4. These relief measures to alleviate the impact of oil price hikes on commuters and the public transportation sector are regarded as more pragmatic than the proposal to suspend the excise tax on fuel which will cost the government roughly P150 billion in foregone revenues in the next six months (Fernandez, 2022). Notwithstanding the importance of these intervention measures, they were also fraught with inefficiencies and delays. Apart from the need to further increase the cash aid for PUV drivers and operators, the lack of a centralized database system for beneficiaries which according to reports, has largely impeded the rollout of the government fuel subsidy program (Agustin, 2022). The situation was made worse by the election ban in March to May 2022, which further hindered the distribution of the cash aid to the intended beneficiaries. Given such bottlenecks, a well targeted subsidy scheme, a centralized database system, and the institutionalization of a digital payment system for all cash aid programs of the government including the fuel subsidy program are necessary to ensure the timely and effective implementation of such programs.

## V. NEW APPROPRIATIONS

- 5.1. In 2023, the new appropriations of the DOTr will more than double to P166.7 billion from P75.2 billion in 2022. By cost structure, the DOTr's new appropriations in 2023 will be broken down into General Administration and Support or GAS (P10.9 billion), Support to Operations or STO (P16.1 billion), and Operations (P139.7 billion) which makes up 83.8% of the total agency budget (Table 7). GAS, STO and Operations will increase by 38.4%, 158.9% and 128.5%, respectively, in 2023 from 2022 levels.

**TABLE 7**  
**NEW APPROPRIATIONS BY AGENCY AND COST STRUCTURE, FY 2023**

Agency	Amounts (In Million Pesos)				Share to Total Agency (%)			
	GAS	STO	Operations	Total	GAS	STO	Operations	Total
OSEC	2,280.9	12,813.5	128,858.5	143,952.9	1.6	8.9	89.5	100.0
CAB	44.2	--	185.3	229.4	19.3	0.0	80.7	100.0
MARINA	149.0	15.8	686.4	851.1	17.5	1.9	80.6	100.0
OTC	19.4	--	16.2	35.7	54.5	0.0	45.5	100.0
OTS	244.8	--	100.7	345.5	70.9	0.0	29.1	100.0
PCG	8,182.2	3,259.7	9,806.2	21,248.1	38.5	15.3	46.2	100.0
TRB	17.5	--	15.1	32.6	53.7	0.0	46.3	100.0
<b>TOTAL</b>	<b>10,938.0</b>	<b>16,089.0</b>	<b>139,668.4</b>	<b>166,695.4</b>	<b>6.6</b>	<b>9.7</b>	<b>83.8</b>	<b>100.0</b>

Source of basic data: NEP 2023

- 5.2. Except for the MARINA and TRB, all attached agencies of the DOTr will get bigger new appropriations in 2023. The hefty increase in the new appropriations of the OSEC at 164.4% largely explains the bigger new appropriations of the DOTr in 2023. Notably, the OSEC's STO and Operations budgets will grow by 317% and 162.4%, respectively.
- 5.3. Note that the budget of the OSEC for the payment of right-of-way (ROW) for various infrastructure projects under the STO will increase dramatically by 666.7% to P12.7 billion in 2023 from P1.7 billion in 2022. Given the huge requirement for ROW acquisition and the corollary augmentation in the budget thereof, it is imperative to likewise ensure improvements in the disbursement rates of this expenditure item which were merely 10.9% in 2020, and worse at 7.6% in 2021, as shown in the DOTr's Financial Accountability Report.<sup>1</sup> Issues on ROW as well as the other key bottlenecks in the overall implementation of infrastructure projects should be addressed by the DOTr to ensure optimum utilization of funds and timely completion of infrastructure projects.
- 5.4. *By Major Programs.* Not only will the Rail Transportation Program account for the largest share of the DOTr's operations budget at 81.6% in 2023, but it will also grow the fastest at 393.0% from P23.1 billion in 2022 to about P114.0 billion in 2023. The railway projects that will be funded by the DOTr in 2023 include the North-South Commuter Railway System (P75.1 billion), Metro Manila Subway Project (P26.3 billion), Subsidy for Mass Transport (P7.1 billion), LRT Line 1 Cavite Extension (P2.5 billion), PNR South Long-Haul Project (P1.1 billion), and the MRT 3 Rehabilitation Project (P548.6 million).
- 5.5. For economies like the Philippines experiencing rapid urbanization, the way to go in addressing the worsening traffic congestion and declining productivity is through an expansive and well-developed rail transport network system that will not only effectively serve the transport needs in the metropolis but also catalyze economic development

<sup>1</sup> Continuing FAR-1 (2020): adjusted appropriations = P3.206 billion, obligations = P2.609 billion, and disbursements = P1.334 billion; Current FAR-1 (2020): adjusted appropriations = P9.0 billion, obligations = P7.455 billion, disbursements = 0, disbursement rate = 10.9%; Continuing FAR-1 (2021): adjusted appropriations = P1.626 billion, obligations = P1.626 billion, disbursements = P541.580 million; Current FAR-1 (2021): adjusted appropriations = P5.529 billion, obligations = P3,195 billion, disbursements = 0, disbursement rate = 7.6%.

from city centers to the adjoining communities. It is imperative to expand and develop the Philippines' railway network system which is barely 148 kilometers (kms.)<sup>2</sup> in length to catch up with the railway system development in other countries in the ASEAN like Cambodia (652 kms.), Malaysia (1,799.4 kms.), Vietnam (3,143 kms.), Thailand (4,997.9 kms.), Myanmar (6,112.3 kms.), and Indonesia (6,324 kms) (Refer also to Quick Facts) (ASEAN, 2021). Note also that most of the proposed railway projects are located in Metro Manila and its nearby provinces in Luzon, and practically none in other highly urbanized cities of Cebu, Davao<sup>3</sup> and Cagayan de Oro.

**TABLE 8**  
**SUMMARY OF PROGRAMS FOR 2021-2023**  
**DEPARTMENT OF TRANSPORTATION**

Program / Implementing Agency	Amount (In Million Pesos)			% Share to Total Program			Growth Rates '22-'23 (%)
	2021	2022	2023	2021	2022	2023	
Rail Transportation Program (OSEC)	49,274.1	23,119.7	113,987.3	68.0	37.8	81.6	393.0
Motor Vehicle Regulatory Program (OSEC)	2,258.9	3,538.3	6,805.6	3.1	5.8	4.9	92.3
Maritime Security and Law Enforcement (PCG)	3,531.5	3,758.9	5,060.5	4.9	6.1	3.6	34.6
Land Public Transportation Program (OSEC)	6,738.2	15,970.0	4,717.5	9.3	26.1	3.4	(70.5)
Aviation Infrastructure Program (OSEC)	4,946.0	3,875.0	2,489.0	6.8	6.3	1.8	(35.8)
Maritime Search and Rescue Program (PCG)	1,701.2	4,540.3	1,967.8	2.3	7.4	1.4	(56.7)
Maritime Environmental Protection Program (PCG)	1,253.9	1,318.2	1,407.5	1.7	2.2	1.0	6.8
Maritime Safety Program (PCG)	1,321.2	1,376.8	1,370.3	1.8	2.3	1.0	(0.5)
Maritime Infrastructure Program (OSEC)	562.4	2,606.4	859.1	0.8	4.3	0.6	(67.0)
Maritime Industry Regulatory & Supervisory Program (MARINA)	590.4	723.3	673.0	0.8	1.2	0.5	(7.0)
Air Passenger Bill of Rights Program (CAB)	86.6	140.1	147.0	0.1	0.2	0.1	5.0
Transportation Security Program (OTS)	85.3	86.6	100.7	0.1	0.1	0.1	16.4
Air Transport Development & Regulatory Program (CAB)	28.9	33.9	38.2	0.0	0.1	0.0	12.6
Transportation Cooperative Development Program (OTC)	17.8	16.5	16.2	0.0	0.0	0.0	(1.5)
Toll Regulatory Program (TRB)	16.3	16.0	15.1	0.0	0.0	0.0	(5.5)
Maritime Industry Promotion & Development Program (MARINA)	17.2	11.4	13.4	0.0	0.0	0.0	17.6
<b>TOTAL</b>	<b>72,429.9</b>	<b>61,131.3</b>	<b>139,668.4</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>128.5</b>

Source: GAA 2020-2021 and NEP 2022

5.6. Indeed, developing an extensive, reliable, and modern rail network system requires huge capital investments and advanced engineering technologies. Various forms of financing may be tapped for these big-ticket projects either through foreign loans or public-private partnerships (PPPs) following a thorough needs-based assessment and determination of the project's socioeconomic viability and environmental sustainability. In tapping official development assistance (ODA) funds, the government must ensure that foreign loans are secured at competitive rates and longer maturity periods considering the government's current limited fiscal space. Recently, the Philippines cancelled its loan application with China intended to finance three major railway projects, namely the Subic-Clark Railway Project, the PNR Railways South Long-Haul Project, and the Tagum-Davao segment of

<sup>2</sup> In contrast, data from the DOTr show that the Philippines has only 77 kms. of rail network system namely LRT Line 1 (18 kms), LRT Line 2 (14 kms), MRT3 (17 kms), and PNR main line (28 kms).

<sup>3</sup> The application for loan to finance the Tagum-Digos segment of the Mindanao Railway Project was terminated recently.

the Mindanao Railway Project (Rosales, 2022). According to former Finance Secretary Carlos Dominguez, China Eximbank is set to charge an interest rate of 3% annually from these loans—significantly higher than those offered by Japan at 0.1% annually. Note that Japan is not only the country’s main source of ODA, but also has a good track record in building and developing reliable and modern railway networks. Relatedly, former Socioeconomic Secretary Ernesto Pernia suggested to drop the ODA from China and instead tap other countries and the private sector to finance big-ticket infrastructure projects like rail transport development in the country (Desiderio, 2022).

- 5.7. The Marcos administration recommended exploring the PPP mode to finance these railway projects. In tapping private sector funds, however, it is important to heed the lessons from past PPP projects. For example, the World Bank (2009) observed the following lapses in the implementation of the MRT 3 project: the guarantee of the private proponent’s debt and a fixed payment stream to private developers with an economic internal rate of return (EIRR) of 16% that is way higher than what was provided in the BOT law at 12%. The result is that yearly revenues from the MRT 3 operations and other commercial activities were not enough to cover the equity rental payment (ERP) guaranteed by the government as stipulated in the PPP contract. The mispricing of the risks (i.e. demand risk, financial risk, political risk, etc.) also yielded a steady increase in the budgetary costs on the part of the government (World Bank, 2009).
- 5.8. In accessing the PPP mode of financing for infrastructure projects, finding the right balance to risk allocation will be critical to the success of PPP projects. Ideally, risks should be allocated to the party best equipped to manage it. If all the risks are shifted to the private partner, the project will be deemed too risky and there will be no interest from the private partner, nor any banks prepared to finance it. On the other hand, if all the risks remain with the government, there will be limited incentive for the private partner to innovate and perform efficiently in delivering the infrastructure services (UN Economic and Social Commission for Asia and the Pacific, 2011).
- 5.9. A huge decline in the budgets for the Maritime Infrastructure Program (MIP) and Maritime Search and Rescue Program (MSRP) is expected at 67% and 56.7%, respectively, in 2023. This is likely in the case of the MIP as local seaports and fish ports are slated for devolution following the implementation of the Mandanas Ruling in 2022.<sup>4</sup> The huge budget cut for MSRP is incomprehensible considering the prevalence of maritime accidents in the country. It is not only an archipelagic state where sea travel is one of the cheapest modes of transportation, but also frequented by several typhoons each year. Rising sea collisions between Philippine and foreign boats have also been reported especially in the West Philippine Sea.

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<sup>4</sup> Executive Order No. 138 Series of 2021.

## VI. PERFORMANCE REVIEW

- 6.1. This section looks into the DOTr's budget utilization by using two measures, namely its obligations-appropriations ratio and its disbursements-appropriations ratio. The obligations-appropriations ratio tells the proportion of the agency's budgetary allocation that was contracted out to suppliers and private service providers. From a high of 95.8% in 2020, the DOTr's obligation-appropriations ratio declined to 88.2% in 2021. The DOTr also incurred a larger unused appropriations of P13.3 billion in 2021 from P5.1 billion in 2020 (*Table 9*). The OSEC accounted for much of the DOTr's unused appropriations at P12.7 billion in 2021 (from P4.7 billion in 2020) comprised of P6.5 billion unreleased appropriations and P6.1 billion unobligated allotment.

**TABLE 9**  
**DOTR OBLIGATION-APPROPRIATIONS RATIO**  
**AND UNUSED APPROPRIATIONS, 2019-2021**

Particulars	Obligation-Appropriations Ratio (%)			Unused Appropriations (In Million Pesos)		
	2019	2020	2021	2019	2020	2021
OSEC	80.0	95.4	86.3	19,165.0	4,726.6	12,665.7
CAB	87.5	89.7	71.1	20.3	15.4	80.2
MARINA	98.4	91.4	93.4	17.1	68.2	59.2
OTC	51.7	90.7	95.1	38.3	4.3	2.1
OTS	73.8	93.7	98.2	455.6	83.0	18.9
PCG	86.5	98.9	97.6	1,952.8	175.7	425.6
TRB	98.0	88.1	96.6	0.8	4.4	1.3
<b>Total</b>	<b>80.9</b>	<b>95.8</b>	<b>88.2</b>	<b>21,649.1</b>	<b>5,073.2</b>	<b>13,251.6</b>

Sources of basic data: NEP 2021-2023

- 6.2. Meanwhile, the attached agencies with improved obligations-appropriations ratio and lower unused appropriations in 2021 were MARINA, OTC, OTS, and TRB. Conversely, together with the OSEC, the CAB and PCG have lower obligations-appropriations ratio and higher unused appropriations in 2021. The unused appropriations of CAB increased to P80.2 million in 2021 from P15.4 million in 2020, while that of the PCG jumped to P425.6 million in 2021 from P175.7 million in 2020 (*Table 9*).
- 6.3. A better indicator of the agency's absorptive capacity is the disbursement rate—or the ratio of total disbursements to total appropriations. The disbursement rate tells how much of the agency's budget were settled and paid out, and therefore could also hint on the progress of implementation of infrastructure projects. The disbursement rate of the DOTr and its attached agencies in 2021 was 41.7% -the highest in the last five years after the 52.9% logged in 2016.<sup>5</sup> It is especially concerning that the OSEC where most of the

<sup>5</sup> From 52.9% in 2016, DOTr's disbursement rate fell to 32.5% in 2017, 36.6% in 2018, 34.3% in 2019 and 35.3% in 2020.



infrastructure projects are planned, budgeted and carried out, has perennially recorded the lowest average annual disbursement rate of 26.9% from 2017 to 2021. The OSEC-DOTr's poor budget utilization casts doubts on the agency's readiness and capacity to execute projects. In the face of the continuing threat from the COVID-19 pandemic and other downside risks both locally and externally, the DOTr's underspending could also seriously imperil the government's economic recovery efforts through massive public infrastructure spending necessary to generate jobs and enhance the economy's overall competitiveness.

**TABLE 10**  
**DOTr DISBURSEMENT RATE, BY AGENCY (2020-2021)**  
**(AMOUNTS IN P MILLION)**

Particulars	2020			2021		
	Appropriations	Disbursements	Disbursement Rate (%)	Appropriations	Disbursements	Disbursement Rate (%)
OSEC	103,334.5	27,967.6	27.1	91,850.1	28,725.2	31.3
CAB	129.0	129.0	86.3	277.8	197.6	71.1
MARINA	676.3	676.3	85.4	896.3	811.4	90.5
OTC	39.4	39.4	85.7	41.6	39.1	94.0
OTS	896.2	896.2	68.3	1,025.4	955.0	93.1
PCG	13,129.0	13,129.0	83.5	17,665.5	15,794.8	89.5
TRB	36.8	31.8	86.4	38.8	36.2	93.4
<b>Total</b>	<b>121,398.6</b>	<b>42,869.2</b>	<b>35.3</b>	<b>111,785.6</b>	<b>46,559.4</b>	<b>41.7</b>

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

- 6.4. The Financial Accountability Report (FAR-I) summarizes the budget utilization of the DOTr by major programs in 2020 (continuing FAR-I) and 2021 (current FAR-I). Unfortunately, the disbursement rates recorded by all the programs of the DOTr-OSEC were consistently low reflecting the poor utilization of these funds as well as the slow progress in the completion of these vital infrastructure services (Table 11). Except for the Land Public Transportation Program which improved to 56.4% in 2021 from 2% in 2020, all programs recorded lower disbursement rates namely Rail Infrastructure Program (25.6% from 29.9%), Aviation Infrastructure Program (9% from 12%), and Maritime Infrastructure Program (3.9% from 6.4%). The case of the Motor Vehicle Regulatory Program is even worse with zero disbursement rates for both 2020 and 2021. The LTO Rapid Drug Check Program, a key component of this program aimed at promoting road transport safety, remains to have zero disbursements for 2020 and 2021. Since the process of drug testing involves direct contact with the applicant, the zero-disbursement rate may be attributable to aversion to perform the task due to the danger posed by contracting COVID-19 at the time when vaccination rates were still low.

**TABLE II**  
**DOTr OSEC OPERATIONS**  
**BUDGET UTILIZATION BY MAJOR PROGRAM (AS OF 31 DECEMBER 2021)**  
**(AMOUNTS IN MILLION PESOS)**

Program/Implementing Agency	Appropriations	Obligations	Disbursements	Obligation Rate (%) <sup>a/</sup>	Disbursement Rate (%) <sup>b/</sup>
<b>Rail Infrastructure Program</b>	<b>57,088.8</b>	<b>51,861.0</b>	<b>14,591.0</b>	<b>90.8</b>	<b>25.6</b>
Current	55,777.3	50,550.2	13,689.8	90.6	24.5
Continuing	1,311.5	1,310.8	901.2	99.9	68.7
<b>Aviation Infrastructure Program</b>	<b>5,105.1</b>	<b>5,054.0</b>	<b>460.2</b>	<b>99.0</b>	<b>9.0</b>
Current	5,099.4	5,053.2	460.1	99.1	9.0
Continuing	5.7	0.8	0.0	14.4	0.8
<b>Maritime Infrastructure Program</b>	<b>2,950.3</b>	<b>2,530.6</b>	<b>114.7</b>	<b>85.8</b>	<b>3.9</b>
Current	2,719.4	2,303.3	0.5	84.7	0.0
Continuing	230.9	227.3	114.2	98.4	49.4
<b>Motor Vehicle Regulatory Program</b>	<b>112.8</b>	<b>--</b>	<b>--</b>	<b>0.0</b>	<b>0.0</b>
Current	666.0	--	--	0.0	0.0
Continuing	46.8	--	--	0.0	0.0
<b>Land Public Transportation Program</b>	<b>7,568.2</b>	<b>4,759.4</b>	<b>4,270.1</b>	<b>62.9</b>	<b>56.4</b>
Current	7,453.2	4,759.4	4,270.1	63.9	57.3
Continuing	115.0	--	--	0.0	0.0

*a/ Obligation rate – ratio of obligations to appropriations*

*b/ Disbursement rate – ratio of disbursements to appropriations*

*Source: Continuing FAR-1 and Current FAR-1 (as of 31 December, 2021), DOTr Transparency Seal*

6.5. Given the huge amount of budgetary allocation for the DOTr-OSEC's Rail Infrastructure Program, the factors affecting the low disbursement rates of the following key projects as shown in 2021 FAR-1 must be properly and urgently addressed: PNR South Long Haul Project (0%), LRT Line 1 Cavite Extension (0%), LRT Line 2 East Extension (0%), Subic-Clark Railway Project (0%), Navotas Rail Feeder Project (0%), Mindanao Railway Project (2.3%), MRT3 Rehabilitation Project (2.5%), Philippine Railway Institute (4.35%), North-South Commuter Railway (13.3%), Metro Manila Subway Project (30.5%), and Subsidy for Mass Transport (31.3%). As discussed in Section 5 of this report (*paragraph 5.4*), some of the abovementioned projects with very low disbursement rates have even bigger allocations in the National Expenditure Program for fiscal year 2023 namely the Philippine National Railway Institute (*P43.7 million*), LRT Line 1 Cavite Extension (*P2.7 billion*), Metro Manila Subway Project (*P26.3 billion*), North-South Commuter Railway System (*P75.1 billion*). It is expected that the construction and implementation of these major railway projects will be fast-tracked since there are less severe Covid-19 cases now than in 2020 and 2021.

- 6.6. One of the most controversial programs, activities and projects (PAPs) under the Land Public Transportation Program is the PUV Modernization Program which aims to facilitate the shift in the country's PUV supply to more fuel-efficient and climate-friendly public transportation system. From 29.9% in 2020, the disbursement rate of the said program improved to 45.6% in 2021. Its budgetary allocation was also substantially raised to P1.8 billion in 2022 from P591.8 million in 2021, although no appropriation has been proposed in 2023. Despite the good intentions of the said program, it has been faced with rising opposition. According to the Right to Know, Right Now! (R2KRN) Coalition, the terms of the said program are not particularly favorable to jeepney drivers and small time PUJ operators because they are required to purchase modern jeepneys which are estimated to require an initial investment of P1.6 million to P2 million per unit, with barely P160,000 as equity subsidy from the government. The requirement to consolidate into cooperatives (the first step of the traditional jeepney phase-out) which was set originally in June 2020 has also been causing much delay in the implementation of the program (Rappler, 2022).
- 6.7. *Performance by Organizational Outcomes.* Nineteen (19) out of thirty (30) performance indicators identified by the DOTr showed that their targets have been met in 2021, leaving eleven (11) targets unmet (Table 12). The performance indicators with unmet targets include among others the “percent increase in number of weekday passengers”, “percent increase in passenger traffic”, “percent increase in cargo traffic”, and “percent increase in public transport vehicles modernized” largely due the adverse impact of the COVID-19 pandemic and the rising fuel prices which continue to weigh heavily on the country's public transport system.
- 6.8. The zero disbursement rates for the Motor Vehicle Regulatory Program in 2020 and 2021 as mentioned in paragraph 6.4 of this report may partly explain the lower actual performances vis-à-vis targets for the following indicators: “percent reduction in the average transaction time for the issuance of driver's license”, “percent of driver's license and permits issued within the reglementary period”, and “number of apprehensions for which the temporary operator's permits issued”.
- 6.9. One would wonder why “road transport safety” is absent in the DOTr's list of performance indicators when the agency's mission seeks to provide not only “an efficient and effective but also secure transportation system that is globally competitive, compliant with international standards, and responsive to the changing times.” The Philippine Development Plan for 2017 to 2022 Results Matrices Midterm Update even included “road transport safety” targeting a 10% reduction in road transport accidents per 100,000 population per year. It is unfortunate that following the P500 million budgetary allocation in 2020, no subsequent budgets have been allocated for Road Safety Advocacy Project in 2021, 2022 and 2023 national expenditure programs. Relatedly, the said project also logged zero disbursement rate based on the DOTr FAR-1 in 2020. According to the Philippine Statistical Authority (PSA), the registered deaths caused by land transport accidents in 2020 was at 8,000 cases, albeit lower than the average 11,579 deaths annually from 2015 to 2019. The World Health Organization (WHO) in 2018 has also warned

that deaths due to road accidents may worsen as it is now the 8<sup>th</sup> leading cause of death for all age groups and the leading cause of death for children and young adults aged 5 to 29 years old globally (WHO, 2018).

- 6.10. On a larger note, it is imperative to reconsider the proposal to create the Philippine Transport Safety Board (PTSB), an autonomous, dedicated, and independent body tasked to investigate transport accidents through forensics, and improve overall transport safety in land, sea, and air. Transport safety governance in the Philippines remains weak and convoluted as transport accident investigation is carried out by several agencies namely the Philippine National Police (PNP), Land Transportation Office (LTO), and Metropolitan Manila Development Authority (MMDA) for road accidents; the Civil Aviation Authority of the Philippines (CAAP) and the Maritime Industry Authority (MARINA) for air and water accidents, respectively.

**TABLE 12**  
**DOTR PERFORMANCE INDICATORS BY ORGANIZATIONAL OUTCOME, 2021-2023**

Program	2021		2022 Target	2023 Target
	Target	Actual		
<b>OO1: Rail transport services improved</b>				
<b>Rail Transportation Program</b>				
<b>Metro Rail Transit Sub-Program</b>				
% reduction in transfer time from platform to loading	10%	52.6%	20%	30%
% decrease in load factor	13%	79.7%	13%	15%
compliance with approved timetable (90% efficiency)	90%	87.8%	90%	90%
compliance with the peak-hour train availability requirements (18 trains min.)	90%	95.6%	90%	90%
Increase in average travel speed (kph)	30	30.4	56	35
<b>Railway Construction, Rehabilitation &amp; Improvement Sub-Program</b>				
% increase in the number of weekday passengers	5%	-88.4%	2%	5%
increase in average weekday peak-hour headway (minutes)	5	-0.4	5	-0.5
% completion of new railway system projects	15%	28%	32%	38.9%
% completion of expansion of existing railway system projects	15%	4.4%	3%	5.4%
<b>OO2: Air and water transport facilities and services improved</b>				
<b>Aviation Infrastructure Program</b>				
% increase in airport facilities capacity	5%	27%	69%	112%
Average decrease in passenger travel time and flight delay	15%	18%	5%	5%
% increase in passenger traffic	5%	-76.4%	5%	6%
% increase in cargo traffic (tons)	2%	-39.7%	2%	6%
<b>Maritime Infrastructure Program</b>				
% increase in passenger traffic	5%	6.8%	5%	7%
% increase in vessel traffic	5%	16.4%	2%	6%
% decrease in passenger waiting time	50%	44.1%	50%	50%
% increase in tourist arrivals	5%	5.7%	5%	6%
no. of social port projects successfully bid out & obligated	0	1	1	N/A
no. of tourism port projects successfully bid out and obligated	0	N/A	0	N/A

**TABLE 12: CONTINUED**  
**DOTR PERFORMANCE INDICATORS BY ORGANIZATIONAL OUTCOME, 2021-2023**

Program	2020		2021 Target	2022 Target
	Target	Actual		
<b>OO3: Road transport services improved</b>				
<b>Motor Vehicle Regulatory Program</b>				
% reduction in ave. transaction time of: Driver's license issuance Motor vehicle registration	46.7% 50%	-59.7% 93.2%	46.7% 50%	46.7% 50%
% decrease in the no. of apprehensions per major offense	1.7%	30.3%	1.7%	N/A
% of motor vehicle registration applications processed within the reglementary period as determined by the department and reckoned upon the submission of the complete documentary requirements	100%	103.5%	100%	100%
% of driver's license & permits issued within the reglementary period as determined by the department and reckoned upon the submission of complete documentary requirements	100%	95%	100%	100%
No. of apprehension for which a temporary operator's permit (TOP) is issued	679,130	146,761	679,130	536,740
<b>OO3: Road transport services improved</b>				
<b>Land Public Transportation Program</b>				
% increase in public transport vehicles modernized (improved model year and use of environment-friendly fuel)	50%	10.4%	50%	50%
% increase in ridership of public transport	35%	75%	35%	30%
% of CPC/franchise applications resolved/decided upon within the reglementary period	90%	101%	90%	90%
% of holders audited/monitored/penalized for non-compliance with the terms and conditions of the franchise	5%	21%	5%	5%
No. of policies formulated, developed, implemented, updated and disseminated	30	227	215	30

Source: NEP 2023

## **VII. COA FINDINGS AND RECOMMENDATIONS**

- 7.1. In the 2021 Commission on Audit (COA) report on the DOTr, 185 of the 351 COA recommendations were fully implemented (*or 52.7%*) while 163 were not implemented (*or 47.3%*). The DOTr-OSEC, with the most number of COA recommendations at 174, has 89 fully implemented- and 85 unimplemented recommendations. This is followed by MARINA with a total of 61 recommendations—35 were fully implemented and 26 were unimplemented.

**TABLE 13**  
**STATUS OF IMPLEMENTATION OF COA RECOMMENDATIONS**  
**(AS OF 31 DECEMBER 2021)**

Particulars	Total	Fully Implemented		Partially implemented		Not Implemented	
		Number	(%)	Number	(%)	Number	(%)
OSEC	174	89	51.1	--	--	85	48.9
CAB	24	12	50.0	--	--	12	50.0
MARINA	61	35	57.4	--	--	26	42.6
OTC	11	7	63.6	--	--	4	36.4
OTS	26	13	50.0	--	--	13	50.0
PCG	48	25	52.1	--	--	23	47.9
TRB	7	4	57.1	--	--	3	42.9
<b>Total</b>	<b>351</b>	<b>185</b>	<b>52.7</b>	<b>--</b>	<b>--</b>	<b>163</b>	<b>47.3</b>

Source: 2021 Annual Audit Reports. Available at [www.coa.gov.ph](http://www.coa.gov.ph).

7.2. Highlights of the COA report for the DOTr OSEC in 2021 are summarized below:

- ***Prolonged implementation period of foreign-assisted projects due to various concerns and issues—P1.6 trillion.*** Fourteen (14) foreign-assisted projects (FAPs) of the DOTr with a total estimated cost of P1.6 trillion suffered slippages, and consequently prolonged implementation. State auditors found common problems in the implementation of these infrastructure projects namely, budget and funds flow from the DBM to DOTr OSEC, limitations due to COVID-19, and project site condition and availability, including financial and technical concerns. As a result of the delayed implementation, the government had incurred P128.4 million in commitment fees for six of the FAPs namely the Cebu Bus Rapid Transit Project, EDSA Greenways Project, LRT Line 1 and Line 2 extension projects, Metro Manila Bus Rapid Transport Project, Malolos-Clark Railway Project, and the PNR South Long-Haul Project.
- ***Delayed and/or terminated/suspended projects—P8.7 billion.*** Thirteen projects of the DOTr costing about P8.7 billion were either delayed, terminated, or suspended due to various issues encountered in project implementation. The infrastructure projects facing delays include the following, among others:

  - *48 Light Rail Vehicles (LRVs) of the MRT3 Capacity Expansion Project.* Since its procurement in 2014, the full operational deployment of the 48 Light Rail Vehicles (LRVs) from CRRC Dalian Co., LTD remains uncertain due to the delayed implementation of the agency's Way Forward Plan for the 9 LRVs with provisional acceptance, and the non-completion of testing and commissioning of the remaining 39 LRVs.

- *Unified Grand Central Station Area A.* The construction of the Unified Grand Central Station (also known as Common Station) Area A remains unfinished even after three (3) contract time extensions (CTE) sought by the contractor. The third CTE awaiting DOTr's approval targeted the completion of Common Station Area A on 31 July 2022.
- *LTO Replacement of License Plates.* The LTO project to replace license plates was delayed by five years due to the halt in the production of replacement plates. About 2,561,621 pairs of license plates remained undelivered even if the P1.2 billion in fees for the replacement of license plates were already collected from the vehicle owners back in 2015. According to the COA, the LTO's indecision whether to change the plate series or to continue the existing design of replacement plates largely explain the stoppage in production.
- *Public Utility Vehicle Modernization Program (PUVMP).* A review of the implementation of the PUV Modernization Program of the LTFRB showed that as of 2021, three major projects have not been completed/accomplished after six (6) years of implementation namely the (i) Public Transport Information and Management Center or PTIMC (*P319.3 million*), (ii) the Route Rationalization for the Metro Manila Urban Transportation Integration Study or MMUTIS (*P45 million*), and (iii) the Route Rationalization Study for the Inter-Provincial Public Transportation Services or IRIP (*P28.3 million*). A total of P386.9 million were unutilized by the LTFRB in the implementation of projects related to the PUVMP which resulted in either the reversion of the funds to the Bureau of Treasury (BTr) or idle funds in the LTFRB bank accounts. These unutilized funds could have been used for the implementation of other equally important priority projects during the peak of the COVID-19 pandemic when the government had very scarce resources.
- ***Lapses in the implementation of the DOTr Road Transportation IT Infrastructure Project.*** Acceptance of customized core applications with missing processes, and despite incomplete data migration, and the consequent premature billing for maintenance had caused undue payment to the vendor amounting to P194.5 million which is disadvantageous to the government.
- ***Unrecouped advances from completed and terminated projects—P205.8 million.*** The government stands to lose the amount of P205.8 million representing outstanding advances to contractors due to the Department's inability to fully and timely recover the advance payments of P15.7 million and P190 million from completed and terminated projects, respectively, contrary to the provisions of the Government Procurement Reform Act (Republic Act No. 9184) and its implementing rules and regulations. Likewise the unrecouped advances for 30 projects totaling P67.5 million remained dormant for more than

ten years already primarily due to the absence of documents to support the transactions, casting doubts on the validity of the claims against contractors.

- ***Deficiencies noted in the Acquisition of Right-of-Way (ROW).*** Based on the accounting records with regard to the acquisition of ROW for three (3) projects of the DOTr, the agency had incurred around P9.6 billion for payment of 183 parcels of land affected by the project's implementation. Further verification showed that the ownership of the 168 or 91.8% of the 183 affected parcels of land remained not transferred under the name of the Republic of the Philippines and not supported by transfer certificate titles (TCTs) despite full payment thereof to the affected property owners. The DOTr also incurred around P3 billion as 100% full payment to identified Project Affected Persons (PAP) of at least 132 parcels of land and improvements totaling P376 million affected by the implementation of the Metro Manila Subway Project Phase 1, which were not transferred under the name of the Republic of the Philippines despite full payment thereof.



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