



# AGENCY BUDGET NOTES

For FY 2023

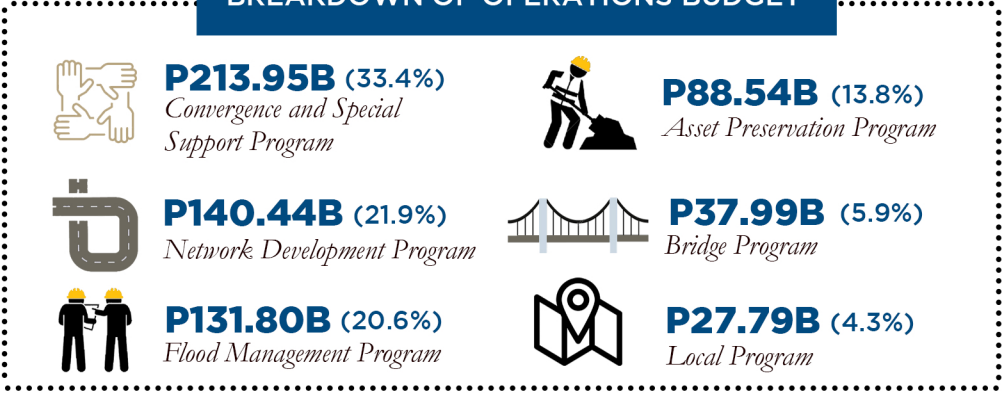


## DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS

### BREAKDOWN OF OPERATIONS BUDGET\*

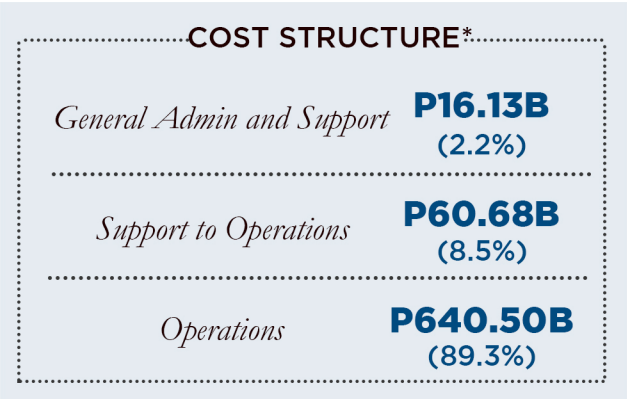


**P717.31B**  
TOTAL NEW APPROPRIATIONS FOR 2023



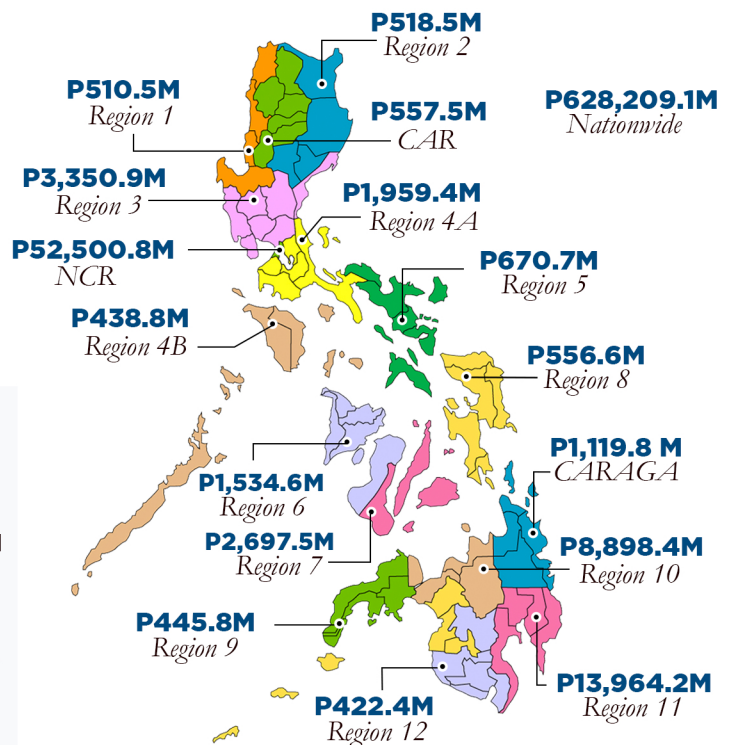
\*Percentages may not add up to 100% due to rounding off.

### COST STRUCTURE\*

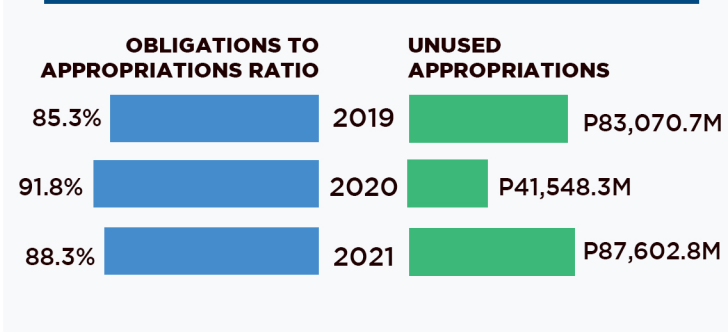


\*Percentages may not add up to 100% due to rounding off.

### REGIONAL ALLOCATION OF THE 2023 EXPENDITURE PROGRAM (P718,355.4M)



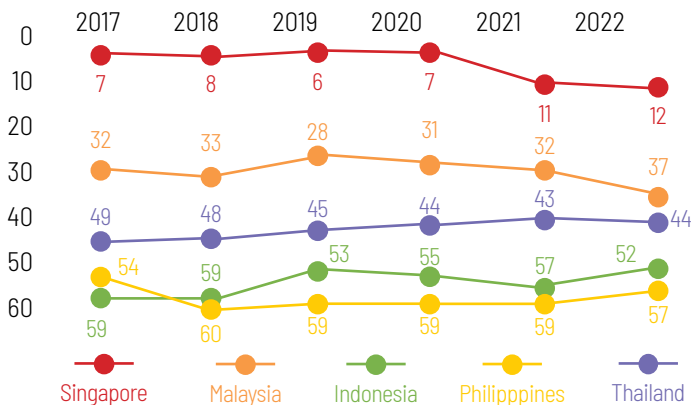
### DPWH BUDGET UTILIZATION



# QUICK FACTS

## 2022 World Competitiveness Ranking

Infrastructure, Selected ASEAN Members



Notes: <sup>1</sup>The lower the number, the better the performance

<sup>2</sup>Ranking out of 63 countries surveyed

Source: Institute for Management Development (IMD)

## Local Roads Infrastructure Development

In kilometers, 2020

Local Roads	Total Length (kms)	Paved (in kms)	Paved (%)
Provincial	30,151	10,703	35.50
Municipal	15,349	5,375	33.02
City	15,331	9,458	61.69
Barangays	116,765	7,943	6.8
<b>Total</b>	<b>177,595</b>	<b>33,479</b>	<b>18.85</b>

Source: Presentation of Dr. Henry Basilio the Legislativ Agenda Setting Consultation for the 19th Congress Domain 4: "Accelerating Infrastructure Development and Digital Transformation"

## National Roads by Surface Type, By Region

In kilometers, as of 18 October 2021

	Surface				Grand Total	% to Total	Paved (%)	Unpaved (%)
	Concrete	Asphalt	Gravel	Earth				
<b>Luzon</b>	<b>10,243.03</b>	<b>6,450.51</b>	<b>140.05</b>	<b>5.57</b>	<b>16,839.16</b>	<b>49.2</b>	<b>99.1</b>	<b>0.9</b>
CAR	1,930.95	264.20	70.04	0.04	2,265.23	6.6	96.9	3.1
NCR	430.62	735.62	—	—	1,166.24	3.4	100.0	0.0
Ilocos	755.68	955.33	0.32	—	1,711.33	5.0	100.0	0.0
Cagayan Valley	1,479.42	510.18	27.99	0.92	2,018.51	5.9	98.6	1.4
Central Luzon	1,190.24	1,197.38	0.91	—	2,388.53	7.0	100.0	0.0
Calabarzon	895.15	1,647.30	—	—	2,542.45	7.4	100.0	0.0
Mimaropa	2,097.15	180.65	18.54	1.38	2,297.72	6.7	99.1	0.9
Bicol	1,463.82	959.85v	22.25	3.23	2,449.15	7.2	99.0	1.0
<b>Visayas</b>	<b>5,182.65</b>	<b>2,787.48</b>	<b>12.79</b>	<b>0.49</b>	<b>7,983.41</b>	<b>23.3</b>	<b>99.8</b>	<b>0.2</b>
Western Visayas	2,256.96	806.70	0.76	—	3,064.42	8.9	100.0	0.0
Central Visayas	1,496.24	854.83	7.07	0.49	2,358.63	6.9	99.7	0.3
Eastern Visayas	1,429.45	1,125.95	4.96	—	2,560.36	7.5	99.8	0.2
<b>Mindanao</b>	<b>7,225.51</b>	<b>1,906.54</b>	<b>271.61</b>	<b>24.75</b>	<b>9,428.41</b>	<b>27.5</b>	<b>96.9</b>	<b>3.1</b>
Zamboanga Peninsula	1,191.02	346.48	98.22	15.94	1,651.66	4.8	93.1	6.9
Northern Mindanao	1,403.10	520.43	45.87	8.14	1,977.54	5.8	97.3	2.7
Davao	1,278.98	378.17	47.11	—	1,704.26	5.0	97.2	2.8
Soccsksargen	1,160.81	331.86	36.78	0.61	1,530.06	4.5	97.6	2.4
Caraga	1,206.94	285.99	33.60	—	1,526.53	4.5	97.8	2.2
BARMM	984.66	43.61	10.03	0.06	1,038.36	3.0	99.0	1.0
<b>Philippines</b>	<b>22,651.19</b>	<b>11,144.53</b>	<b>424.45</b>	<b>30.81</b>	<b>34,250.98</b>	<b>100.0</b>	<b>98.7</b>	<b>1.3</b>

Source: DPWH (www.dpwh.gov.ph)

## National Roads by Surface Type and Condition

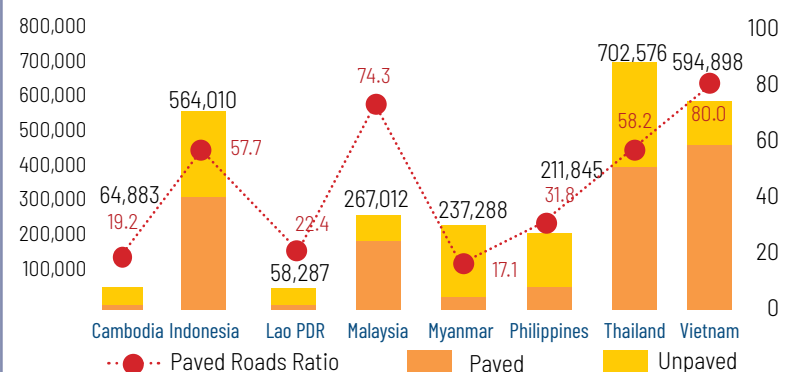
In kilometers, as of 18 October 2021

Surface	Condition <sup>1</sup>				
	Good	Fair	Poor	Bad	N/A
<b>Paved</b>					
Concrete	9,236.25	9,087.35	2,313.90	896.55	2,313.90
Asphalt	4,674.56	3,085.05	1,761.38	997.41	1,761.38
<b>Unpaved</b>					
Gravel	10.35	78.01	131.24	58.76	146.09
Earth	—	1.24	0.15	14.72	14.70
<b>Grand Total</b>	<b>13,921.16</b>	<b>12,251.65</b>	<b>4,206.67</b>	<b>1,967.44</b>	<b>1,904.06</b>

Notes: <sup>1</sup>Based on International Roughness Index (IRI): good condition (an average of 1 to 3); fair condition (>3 to 5); poor (>5 to 7); Bad (7); NA or "No Assessment"; <sup>2</sup>Paved national roads refer to those made of concrete and asphalt; <sup>3</sup>Unpaved roads are those made of gravel and earth <sup>4</sup>Nationwide includes the 13 regions plus BARMM  
Source of Basic Data: DPWH (www.dpwh.gov.ph)

## Total Road Length

(By Surface Type, and Paved Roads Ratio (in %), 2020)



Notes: \*Data on road infrastructure for ASEAN as of 2020, except Indonesia (as of 2019), Philippines (as of 2021), and Vietnam (as of 2019);

Sources: ASEAN Statistical Yearbook 2021, DPWH

## HIGHLIGHTS

- ❑ *Expenditure Program.* The DPWH's expenditure program will decrease by 8.7% to P718.4 billion in 2023 from P786.6 billion in 2022 (*Table 2*). Despite the P68.2 billion decline, the DPWH will still have the largest budgetary allocation among all government agencies in 2023. It will also account for 13.6% of the P5.268 trillion national budget and 60.1% of the P1.2 trillion public infrastructure budget for 2023.
- ❑ By major expense class, the DPWH expenditure program will be boosted by the 377.5% jump in the MOOE budget to P25.5 billion and a 20.5% increase in PS to P12.7 billion. Although CO will be P90.6 billion or 11.8% lower in 2023 to P680.1 billion, it continues to account for the largest share of the DPWH budget at 94.7%. By spatial dimension, all regions will experience a cut in their budgets. The regions with the biggest budget cuts are Region 5 (99.1%), Region 4B (99%), CAR (98.9%), Region 8 (98.8%), and Region 1 (98.75%). On the other hand, the allocation for DPWH "Nationwide" projects will increase dramatically by 16,916.8% to P628.2 billion in 2023 from just P3.7 billion in 2022.
- ❑ Although the funding for the replenishment of the Quick Response Fund (QRF) under the GAA 2020 amounting to P2.6 billion has a disbursement rate of 75.1%, the second replenishment of the QRF under the Bayanihan 2 amounting to P1.8 billion has a disbursement rate of merely 20%. Worse, the QRF funds amounting to P1.4 billion under the GAA 2021 has remained unobligated and undisbursed even at the height of the COVID-19 pandemic in 2021.
- ❑ *New Appropriations.* The new appropriations of the DPWH will be P717.3 billion in 2023, lower by 8.7% from the P785.7 billion in 2022. %. The budget for Convergence and Special Support Program, although lower by 39.3%, will amount to almost P214 billion and will corner the lion's share of the DPWH operations budget at 33.4%.
- ❑ An important component of the Network Development Program is the paving of unpaved secondary and tertiary roads with a budget amounting to P2.5 billion in 2023. Note that while those regions with high proportions of unpaved national roads namely Regions 9, CAR, 12, 13, 4B and 10 will get P634.4 million, P547.1 million, P420.3 million, P463.3 million, P187.9 million, and P113.8 million, respectively, Region 11 or the Davao Region with 2.8% or 47.1 kms. of unpaved roads will not get any amount in 2023. Moreover, other than the Tourism Road Infrastructure Program (TRIP), no other allocation for the improvement of the country's local roads is budgeted in 2023. The state of the country's local roads should be given bigger attention because only 33,479 kms of the 117,595 kms. of local roads (*or 18.9%*) are paved.
- ❑ With only 13,921.2 kms. (40.6%) of the country's 34,250.9 kms. national road network (*including BARMM*) in good condition, it is quite concerning that the budget for the Asset Preservation Program will suffer a decline of P28.9 billion to P88.5 billion in 2023 from P117.5 billion in 2022. Road maintenance is equally important as the construction and

rehabilitation of roads. Inadequate road maintenance shortens the life of the roads and leads to high operating cost and high incidence of accidents (ILO 2006).

- ❑ Despite the improvement in the DPWH's disbursement rate to 53.8% in 2021—the highest disbursement rate recorded since 2017, much still needs to be done to improve on the agency's absorptive capacity especially at the program level. The programs with the biggest budgets, namely the Local Program and the Network Development Program in 2021 recorded the lowest disbursement rates at 52.4% and 53%, respectively. The perennially low disbursement rates of key agencies such as the DPWH should have been resolved with the faithful implementation of DBM Circular No. 2015-8 issued in 2015 mandating the creation of Full-time Delivery Units (FDUs) in every department to urgently resolve issues hampering the budget utilization of agencies. The agencies should strengthen and reinforce their respective FDUs to facilitate the implementation of programs and projects in a timely manner to realize the intended economic and societal goals of the government.
- ❑ Only five (5) of the 36 performance indicators (PIs) identified by DPWH have actual accomplishments exceeding their targets in 2021, although it was an improvement from the two (2) of 36 PIs in 2020. There were also 15 targets with no actual data, while there were 9 PIs with no targets at all in 2021. This is unacceptable since the DPWH, being the recipient of the biggest budget among all agencies in recent years, should have already adopted a performance-informed budgeting system intended to assess the effectiveness and efficiency of the programs, activities, and projects (PAPs) of an agency to have a tangible impact on the lives of Filipinos. Surprisingly, despite the perennially poor performance of the DPWH, its approved budgets in 2020, 2021 and 2022 were larger than what the agency had originally sought for under the NEP. While the agency proposed a budget of P534.3 billion, P666.5 billion, and P685.2 billion, in 2020, 2021, and 2022, respectively, it was appropriated with P580.9 billion (*or 8.8% higher*), P694.8 billion (*or 4.2% higher*), and P785.7 billion (*or 14.7% higher*) during the same years. An increased budget in the future should first be justified with an improved performance to maximize the utilization of scarce government resources.
- ❑ Highlights on the DPWH COA report in 2021 are as follows:
  - About 3,440 infrastructure projects worth P245 billion suffered delays and non-implementation. Twelve of these are foreign-assisted projects with a total cost of P151.4 billion which incurred slippages and delays during project implementation resulting in the projects' restructuring in 2021. Various factors affected the implementation of the projects including typhoons, prolonged acquisition of ROW, permits and clearances from other government agencies, unsatisfactory performance of contractors, and revisions in feasibility studies and engineering plans.
  - Disbursements with an aggregate amount of P11.5 billion were made without proper and complete supporting documents. These disbursements include

payments of advances to contractors, fuel oil and lubricant purchases, COVID-19 hazard pay, as well as salaries and wages of job order, contractual, and budgetary personnel.

- The provisions of the contract/loan agreements were not observed or complied with in the implementation of foreign-assisted infrastructure projects funded by ODA which adversely affected the timely utilization of the loan proceeds and completion of the projects. This resulted in the government incurring commitment fees amounting to P97.3 million in 2021.
- Twenty-three (23) infrastructure projects with an aggregate cost of P493.2 million were declared as 100% complete in the Government Programs, Projects, and Activities report by the DPWH despite the deficiencies noted upon actual inspection and validation. This infringes on the transparency of reporting of government transactions and precluded the imposition of liquidated damages.

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# DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS\*

## I. MANDATE AND ORGANIZATIONAL OUTCOMES

- 1.1. *Sectoral goal.* The overarching objective of the government 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.* The Department of Public Works and Highways (DPWH) is the primary engineering and construction arm of the government. The DPWH is mandated by virtue of Executive Order No. 124 dated January 1987 to undertake (a) the planning of infrastructure such as roads and bridges, flood control, water resources projects and other public works, and (b) the design, construction, and maintenance of national roads and bridges, and major flood control systems.
- 1.3. *Vision.* By 2030, the DPWH is an effective and efficient government agency, improving the life of every Filipino through quality infrastructure.
- 1.4. *Mission.* To provide and manage quality infrastructure facilities and services responsive to the needs of the Filipino people in the pursuit of national development objectives.

## II. SOURCES OF APPROPRIATIONS

- 2.1. Following the 47.7% and 15.2% increase in 2021 and 2022, respectively, the total available appropriations of the DPWH will decline by P145.5 billion or 16.8% to P718.4 billion in 2023 from P863.8 billion in 2022. This will be sourced mainly from new appropriations (*P717.3 billion*) and automatic appropriations (*P1.0 billion*).

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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, perspectives, and interpretations in this ABN do not necessarily reflect the positions of the House of Representatives as an institution or its individual Members. A copy of this publication is available at the CPBRD's website: [cpbrd.congress.gov.ph](http://cpbrd.congress.gov.ph).*

**TABLE I**  
**SOURCES OF FUNDS, 2021-2023**  
**DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS (DPWH)**

	Amounts (in million Pesos)			Share to Total Appropriations		
	2021	2022	2023	2021	2022	2023
New Appropriations	694,822.7	785,725.5	717,310.6	92.7	91.0	99.9
Supplemental Appropriations	--	--	--	--	--	--
Automatic Appropriations	1,171.1	874.6	1,044.8	0.2	0.1	0.1
Continuing Appropriations	33,001.2	77,230.0	--	4.4	8.9	--
Budgetary Adjustments	20,797.6	--	--	2.8	--	--
<b>Total Available Appropriations</b>	<b>749,792.7</b>	<b>863,830.1</b>	<b>718,355.4</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Unused Appropriations	(87,602.8)	(77,230.0)	--	(11.7)	(8.9)	--
<b>Total Obligations</b>	<b>662,189.9</b>	<b>786,600.1</b>	<b>718,355.4</b>	<b>88.3</b>	<b>91.1</b>	<b>100.0</b>

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

### III. EXPENDITURE PROGRAM

- 3.1. The DPWH's expenditure program will decrease by 8.7% to P718.4 billion in 2023 from P786.6 billion in 2022 (Table 2). Despite the P68.2 billion decline, the DPWH will still have the largest budgetary allocation among all government agencies in 2023. It will also account for 13.6% of the P5.268 trillion national budget and 60.1% of the P1.2 trillion public infrastructure budget for 2023. As a major implementer of the government's infrastructure projects, the DPWH will play a pivotal role in the administration's Build Better More Program, which aims to further accelerate infrastructure development towards economic recovery and resilience amid the continuing threat of the COVID-19 pandemic.

**TABLE 2**  
**EXPENDITURE PROGRAM, 2020-2023**  
**(AMOUNTS IN MILLION PESOS)**

Year	Amount	Increase / (Decrease)	Growth Rate (%)
2020	466,060.2	--	--
2021	662,189.9	196,129.6	42.1
2022	786,600.1	124,410.3	18.8
2023	718,355.4	(68,244.7)	(8.7)

Source of basic data: BESF 2023

- 3.2. *By Major Expenditure Class.* The DPWH expenditure program for 2023 is composed of three major expense classes namely Personal Expenses or PS (P12.7 billion), Maintenance and Other Operating Expenses or MOOE (P25.5 billion), and Capital Outlay or CO (P680.1 billion) (Table 3). Albeit lower by P90.6 billion or 11.8% in 2023, CO continues to account for the largest share in the DPWH budget at 94.7%. Meanwhile, MOOE will jump by P20.2 billion or 377.5%, while PS will increase by P2.2 billion or 20.5% in 2023.



The MOOE budget is boosted by the huge increases in maintenance, repair, and rehabilitation of national roads (*P13.1 billion or 861.5%*), -flood control and drainage systems (*P2.6 billion or 551.1%*), and -road safety facilities (*P778.5 million or 225.7%*), - public buildings (*P828.4 million or 180.1%*), and -national bridges (*P999.7 million or 159.7%*).

**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	12,454.449	10,568.681	12,731.145	1.9	1.3	1.8
MOOE	9,332.936	5,350.104	25,548.842	1.4	0.7	3.6
CO	640,402.499	770,681.351	680,075.426	96.7	98.0	94.7
Fin Ex	-	-	-	-	-	-
<b>TOTAL</b>	<b>662,189.9</b>	<b>786,600.1</b>	<b>718,355.4</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source of basic data: BESF 2023

- 3.3. *Staffing Summary.* For 2023, the DPWH staffing summary is composed of key positions (*504 personnel*) and other positions (*22,546 personnel*) broken down into administrative (*5,133 personnel*), support to technical (*3,715 personnel*), and technical (*13,698 personnel*). Of the 23,050 total permanent positions in 2023, 19,870 positions are projected to be filled up leaving the remaining 3,180 positions unfilled or about 13.8% of the total permanent positions. After it peaked at 4,869 vacancies in 2020, the unfilled positions of the DPWH slowly went down to 3,231 positions in 2021 and 3,180 positions in 2022. Not just with the DPWH but also for the entire government, the issue on unfilled positions should be carefully evaluated in the context of the proposed rightsizing program of the Marcos administration aimed at promoting effectiveness, efficiency, and economy in the delivery of public services to the people. In the case of the DPWH, it is crucial that the management evaluates whether the huge number and percentage of unfilled positions are either deemed redundant or are still needed as most infrastructure projects of the department are tendered to private contractors.

**TABLE 4  
UNFILLED POSITIONS, 2020-2023**

Year	Authorized Positions	Number of Unfilled Positions	Unfilled to Authorized Positions (%)
2020	22,586	4,869	21.6
2021	22,903	3,231	14.1
2022	23,050	3,180	13.8
2023	23,050	3,180	13.8

Source: Staffing Summary 2020-2023

- 3.4. *Regional Allocation.* All regions will experience a cut in their budgets, while the allocation for DPWH “Nationwide” projects will increase dramatically to P628.2 billion in 2023 from P3.7 billion in 2022. Meanwhile, the regions with the biggest budget cuts are Region 5 (99.1%), Region 4B (99%), CAR (98.9%), Region 8 (98.8%), and Region 1 (98.75%) (Table 5).

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

Region	2021		2022		2023	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Nationwide	--	--	3,691.7	0.5	628,209.1	87.5
Central Office	407,140.6	61.5	--	--	--	--
NCR	24,573.5	3.7	70,882.1	9.0	52,500.8	7.3
CAR	14,390.8	2.2	51,959.7	6.6	557.5	0.1
Region 1	12,753.7	1.9	40,359.8	5.1	510.5	0.1
Region 2	12,962.0	2.0	31,863.1	4.1	518.5	0.1
Region 3	22,634.0	3.4	71,499.7	9.1	3,350.9	0.5
Region 4A	29,063.8	4.4	77,521.4	9.9	1,959.4	0.3
Region 4B	9,974.0	1.5	42,633.5	5.4	438.8	0.1
Region 5	21,532.3	3.3	72,771.7	9.3	670.8	0.1
Region 6	15,429.0	2.3	39,465.5	5.0	1,534.6	0.2
Region 7	15,763.1	2.4	36,836.3	4.7	2,697.5	0.4
Region 8	18,134.5	2.7	44,558.4	5.7	556.6	0.1
Region 9	9,466.6	1.4	23,172.7	2.9	445.8	0.1
Region 10	16,201.3	2.4	51,153.1	6.5	8,898.4	1.2
Region 11	16,340.1	2.5	63,775.9	8.1	13,964.2	1.9
Region 12	8,717.6	1.35	20,339.8	2.6	422.4	0.1
CARAGA	7,123.0	1.1	37,487.6	4.8	1,119.8	0.2
BARMM	--	--	6,628.3	0.8	--	--
<b>Total</b>	<b>662,189.9</b>	<b>100.0</b>	<b>786,600.1</b>	<b>100.0</b>	<b>718,355.4</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. As of 31 December 2021, the DBM has released a total of P6.8 billion COVID-19 funds to the DPWH under the *Bayanihan 2* and the GAA 2020 and 2021 mainly to fund the construction of quarantine facilities and the agency’s Tourism Road Infrastructure Program (TRIP). Of these, P5.2 billion was obligated (or 76% obligation rate) while only P2.9 billion was disbursed (or 42.2% disbursement rate)<sup>1</sup> (Table 6.1).

<sup>1</sup> Disbursement rate is the ratio of total disbursements to total appropriations.

- 4.2. Although the funding for the replenishment of the Quick Response Fund (QRF) under the GAA 2020 amounting to P2.6 billion has a disbursement rate of 75.1%, the second replenishment of the QRF under the Bayanihan 2 amounting to P1.8 billion has a disbursement rate of merely 20%. Worse, the QRF funds amounting to P1.4 billion under the GAA 2021 has remained unobligated and undisbursed even at the height of the COVID-19 pandemic in 2021 (*Table 6.1*).

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

Program/Purpose	Allotment Released	Obligations <sup>a</sup>	Disbursements <sup>b</sup>	Unobligated Allotment
I. Bayanihan 2				
<i>To cover the additional funding requirements for the FY 2020 Quick Response Fund (QRF)</i>	1,841.0	1,775.4	369.1	65.6
<i>To cover the funding for the implementation, rehabilitation, or reconstruction of tourism roads leading to tourism destinations under the Tourism Road Infrastructure Program (TRIP)</i>	1,000.0	976.2	576.7	23.8
II. Regular Funds				
<i>To cover the funding requirement for the replenishment of the 2021 Quick Response Fund</i>	1,409.7	--	--	--
<i>To cover the additional funding requirements of the 2020 QRF</i>	2,574.3	2,437.6	1,933.1	136.6
<b>Total</b>	<b>6,825.0</b>	<b>5,189.2</b>	<b>2,878.9</b>	<b>1,635.7</b>

*Note: <sup>a</sup> and <sup>b</sup> as of 31 December 2021; Disbursement rate is the ratio of total disbursements to total allotment.*  
*Source: DBM ([www.dbm.gov.ph](http://www.dbm.gov.ph))*

- 4.3. Meanwhile, based on the DBM report, P576.7 million of the P1 billion fund for the implementation, rehabilitation, and reconstruction of tourism roads under the TRIP have been disbursed (*or a disbursement rate of 57.7%*) in 2021. This was part of the special fund allocated by the DPWH for its COVID-19 initiatives under the Bayanihan 2 (*Table 6.1*).
- 4.4. One may wonder why the regular funding of the TRIP amounting to P16.8 billion under the 2021 GAA was not included in the COVID-19 expenditures of the DPWH. Of the said amount in 2021, P10.9 billion was disbursed (*or disbursement rate of 65.1%*). In the said report by the DPWH Finance Service, note that the total obligations and disbursements have exceeded the total adjusted appropriations in several regions resulting in more than 100% obligation and disbursement rates. It is important to clarify these issues facing the budget utilization of the TRIP as the billions of funds allocated thereto are crucial in the recovery of the tourism industry (*Table 6.2*).

**TABLE 6.2**  
**STATUS OF TRIP BUDGET UTILIZATION UNDER 2021 GAA**  
**(AMOUNTS IN MILLION PESOS)**

	Adjusted Appropriations	Total Obligations	Total Disbursements	Obligation rate (%)	Disbursement rate (%)
Central Office	8,585.0	1,543.2	1,478.1	0.0	0.0
NCR	--	508.6	508.6	--	--
CAR	554.9	685.3	521.0	123.5	93.9
Region 1	372.9	776.7	602.9	208.3	161.7
Region 2	569.9	660.6	482.1	115.9	84.6
Region 3	500.9	1,034.8	690.8	206.6	137.9
Region 4A	425.9	944.7	752.7	221.8	176.7
Region 4B	439.9	684.5	549.8	155.6	125.0
Region 5	552.5	957.7	724.9	173.3	131.2
Region 6	706.2	1,097.4	846.7	155.4	119.9
Region 7	1,177.4	2,584.5	1,883.7	219.5	160.0
Region 8	500.3	919.3	631.0	183.8	126.1
Region 9	396.1	571.0	407.0	144.1	102.7
Region 10	475.7	522.3	424.4	109.8	89.2
Region 11	827.1	1,284.0	938.4	155.2	113.4
Region 12	290.9	585.7	456.4	201.4	156.9
Region 13	387.9	2,156.0	1,014.3	555.8	261.5
<b>Total</b>	<b>16,763.3</b>	<b>15,466.6</b>	<b>10,928.0</b>	<b>92.3</b>	<b>65.2</b>

Source: Budget Division, Finance Service, DPWH.

Note: Obligation rate is the ratio of the total obligations to total adjusted appropriations; while Disbursement rate is the ratio of total disbursements to total adjusted appropriations.

- 4.5. The TRIP has been a subprogram of the DPWH even before the onset of the COVID-19 pandemic in the country in 2020. It is a convergence project of the DPWH and the Department of Tourism (DOT) launched in January 2012 in accordance with the National Tourism Development Plan. According to a report, around 2,436 kilometers (*or 57.1%*) out of the targeted 4,268 kms. of roads leading to tourism destinations from 2016 to 2021 have been completed, rehabilitated, and reconstructed (Arnaldo, 2022).

## V. NEW APPROPRIATIONS

- 5.1. From P785.7 billion in 2022, the DPWH new appropriations will be reduced by 8.7% to P717.3 billion in 2023 (*Table 7*). By cost structure, the DPWH's new appropriations is broken down into General Administration and Support or GAS (*P16.1 billion*), Support to Operations or STO (*P60.7 billion*), and Operations (*P640.5 billion*). While the GAS and STO will increase by 55.1% and 630.3%, respectively, the budget for operations will be 16.5% lower in 2023.
- 5.2. Note that the hefty increases of the budgets for the payment of right-of-way (ROW) and pre-feasibility studies/full scale feasibility studies will boost the STO budget for 2023. The payments for ROW will increase dramatically to P16 billion in 2023 from P1.2 billion in 2022, while the budget for pre-feasibility studies/full-scale feasibility studies for various DPWH infrastructure projects will jump to P17.8 billion in 2023 from P1.2 billion in 2022. Note also that there is another budget for ROW acquisition amounting to P14.4 billion for Public-Private Strategic Support Fund under locally funded projects.

**TABLE 7  
NEW APPROPRIATIONS BY COST STRUCTURE, FY 2021-2023**

Agency	Amounts (In Million Pesos)			Share to Total (%)		
	2021	2022	2023	2021	2022	2023
General Administration and Support	12,821.7	10,404.8	16,133.1	1.8	1.3	2.2
Support to Operations	21,578.7	8,308.4	60,675.7	3.1	1.1	8.5
Operations	660,422.4	767,012.3	640,501.8	95.0	97.6	89.3
<b>Total</b>	<b>694,822.7</b>	<b>785,725.5</b>	<b>717,310.6</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note: Sum may not add up due to rounding off.

Sources of basic data: GAA 2020-2021 and NEP 2022

5.3. *By Major Programs.* Although the budget for the Convergence and Special Support Program will be 39.4% lower at P214.0 billion in 2023 from P352.8 billion in 2022, the said program continues to corner the largest share in the DPWH budget for operations at 33.4% (Table 8). This program consists of the DPWH's infrastructure projects in support to programs, activities, and projects (PAPs) of other government agencies, such as access roads and bridges leading to tourist destinations, airports, seaports, trade centers, industries, indigenous peoples (IPs) communities, as well as various infrastructure such as evacuation centers, quarantine facilities, water supply projects, flood mitigation structures, and public buildings, among others.

**TABLE 8  
SUMMARY OF PROGRAMS FOR 2021-2023  
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS (DPWH)**

Program / Implementing Agency	Amount (In Million Pesos)			% Share to Total Program			Growth Rates '22-'23 (%)
	2021	2022	2023	2021	2022	2023	
Asset Preservation Program	66,017.2	117,481.8	88,537.6	10.0	15.3	13.8	(24.6)
Network Development Program	124,464.3	126,950.4	140,438.0	18.8	16.6	21.9	10.6
Bridge Program	25,355.1	25,382.9	37,989.9	3.8	3.3	5.9	49.7
Flood Management Program	101,813.7	128,966.7	131,795.1	15.4	16.8	20.6	2.2
Local Program	280,623.8	15,433.2	27,787.5	42.5	2.0	4.3	80.1
Convergence & Special Support Program	62,148.3	352,797.2	213,953.6	9.4	46.0	33.4	(39.4)
<b>Total</b>	<b>660,422.4</b>	<b>767,012.3</b>	<b>640,501.8</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>(16.5)</b>

Source: GAA 2021-2022 and NEP 2023

5.4. In the past, the agency's Local Program had the largest share of the DPWH's operations budget. However, the allocation for the Local Program which has been identified by the DBM for devolution (pursuant to Executive Order No. 138) drastically declined by 94.5% to P15.4 billion in the 2022 GAA from P280.6 billion in 2021 with the implementation of the Supreme Court ruling on the *Mandanas case* beginning 2022. The decrease in the budget for DPWH's local program should translate to higher internal revenue allotment to LGUs especially for infrastructure projects. The Mandanas ruling will further empower LGUs with more devolved functions including the spending on local infrastructure. Note that some big-ticket infrastructure projects under the Local

Program in the past such as school-buildings, flood control and drainage structures were not covered anymore under the same program but rather are slated for devolution beginning 2022. Hence, the bigger challenge is to capacitate LGUs in regard to infrastructure development—planning/execution, contracting, and maintenance, including the proper implementation and utilization of infrastructure budgets by the LGUs. Aside from the DPWH, other key institutions such as the Public-Private Partnership (PPP) Center can help strengthen LGUs in tapping the private sector to undertake infrastructure development at the local level.

- 5.5. The allocation for Network Development Program will increase by 10.6% to P140.4 billion in 2023 from P127.0 billion in 2022. One of the components of this program (apart from road widening, new road constructions, etc.) is the paving of unpaved secondary and tertiary national roads with budget amounting to P2.5 billion in 2023. Note that while Regions 9, CAR, 12, 13, 4B, and 10 (regions with high proportions of unpaved secondary and tertiary roads to total national road network)<sup>2</sup> will get P634.4 million, P547.1 million, P420.3 million, P463.3 million, P187.9 million, and P113.8 million, respectively, Region 11 or the Davao Region with 2.8% or 47.1 kms. of unpaved roads will not get any amount in 2023. Moreover, other than the Tourism Road Infrastructure Program (TRIP) with budget amounting to P16.8 billion in 2023, no other allocation for the improvement of the country’s local roads is budgeted in 2023. The state of the country’s local roads should be given bigger attention because only 33,479 kms of the 117,595 kms. of local roads (*or 18.9%*) are paved (*Refer also to Quick Facts*).
- 5.6. Given the perceived “lack of a culture of maintenance...and even rehabilitation” which could render projects and facilities eventually unusable or, worse, lethal, when such bad infrastructure leads to accidents (Santiago 2019), it has become all the more imperative to address such drawback in Philippine infrastructure development by, among others, providing for the appropriate budgetary support for infrastructure maintenance and rehabilitation, especially given the topography of the archipelago that is highly vulnerable to natural disasters and calamities.
- 5.7. Road maintenance is equally important as the construction and rehabilitation of roads. Inadequate road maintenance shortens the life of the roads and leads to high operating cost and high incidence of accidents (ILO 2006). Without adequate financing for road maintenance, capital assets almost certainly will not last for the serviceable lifespan and will require extensive and expensive rehabilitation even at an earlier stage of the project life cycle. Apart from the growing number of transport vehicles, natural disasters such as typhoons and earthquakes prevalent in the Philippines also exacerbate the deterioration of national roads in the country. With only 13,920.5 kms. (*40.6%*) of the country’s 34,250.4 kms. national road network (*including BARMM*) in good condition, it is quite concerning that apart from the Convergence and Special Support Program, the budget for the Asset Preservation Program would be the only other item that will suffer a decline by 24.6% to P88.5 billion in 2023 from P117.5 billion in 2022 (*Table 8*). It is also

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<sup>2</sup> The regions with the highest proportion of unpaved secondary and tertiary roads include Region 9 (6.9%), CAR (3.1%), Region 10 (2.7%), Region 11 (2.8%), Region 12 (2.4%), and Region 13 (2.2%).

imperative to expedite the evaluation of the 1,904.1 kms. of national roads without assessment to determine the appropriate intervention for these road networks (*Refer also to Quick Facts*).

- 5.8. Vehicle overloading remains a big problem facing the country's roads and bridges. This year alone, two bridges in Bohol namely the Borja Bridge in Barangay Alegria and the Clarin Bridge in Loay town have collapsed due to vehicle overloading resulting in deaths and injuries. Overloading results in the faster deterioration of the road network, contributing to higher vehicle operating cost and requiring premature and frequent maintenance than originally planned. In a study by the World Bank (2005), the cost of overloading over a 15-year period was estimated at P104 million per km. of roads in Batangas and P43 million per km. of roads in Cebu. Efforts to address vehicle overloading should be intensified including a stronger enforcement of load regulations for trucks and trailers in coordination with the Land Transportation Office (LTO), expansion of DPWH's weighbridge and mobile truck weighing stations, and the posting of load ratings of bridges. Upgrading and restructuring of roads and bridges affected by overloading may also be undertaken but may require higher investment cost.
- 5.9. One evident feature of the DPWH OSEC 2023 NEP is the absence of the regional distribution of the operations budget. The allocation for DPWH programs and projects is placed under the NCR Central Office. A separate document submitted to the DBM, however, details the programs and projects of the DPWH by region, by district engineering office, by project type and specifications. This detailed presentation on the budgetary allocation of the DPWH expenditure program for 2023 should be pursued as it is aligned with the principles of transparency and accountability espoused under line-item budgeting. This will greatly help in facilitating proper monitoring and evaluation of public works projects along with the geotagging system of the DPWH.

## **VI. PERFORMANCE REVIEW**

- 6.1 This section looks into the agency's absorptive capacity or the extent of fund utilization as measured by the obligation rate, disbursement rate and unused appropriations. The obligation rate is the ratio of total obligations to total available appropriations. The total obligations tell us how much of the agency's budget was contracted out to contractors, suppliers, and service providers. The agency's total unused appropriations is the sum of unreleased appropriations—or the intended budget for the agencies, which were not released by the DBM, and unobligated allotment—or the budget released to agencies, but were not contracted out by the agency.

**TABLE 9**  
**OBLIGATIONS-APPROPRIATIONS RATIO**  
**AND UNUSED APPROPRIATIONS, 2019-2021**

Year	Obligation-Appropriations Ratio (%)	Unused Appropriations (In Million Pesos)
2019	85.3	83,070.7
2020	91.8	41,548.3
2021	88.3	87,602.8

*Sources of basic data: NEP 2021-2023*

- 6.1. The DPWH's obligation rate went down to 88.3% in 2021 from 91.8% in 2020. Meanwhile, the DPWH's unused appropriations more than doubled to P87.6 billion in 2021 following a steep reduction in 2020 (*Table 9*). This is largely due to the 961.2% jump in the agency's unreleased appropriations, and the 27.3% increase of unobligated allotment in 2020.

**TABLE 10**  
**DPWH DISBURSEMENT RATE (2019-2021)**  
**(AMOUNTS IN P MILLION)**

Particulars	2019	2020	2021
Appropriations	563,617.9	507,608.6	749,792.7
Disbursements	271,087.0	145,251.3	403,732.3
<b>Disbursement Rate (%)</b>	<b>48.1</b>	<b>28.6</b>	<b>53.8</b>

*Note: a/ Disbursement rate – ratio of disbursements to appropriations*  
*Source: SAAODB 2019-2021, DBM*

- 6.2. Meanwhile, the DPWH's disbursement rate—or the ratio of actual payments to the total appropriations, improved from 28.6% in 2020 to 53.8% in 2021 (*Table 10*). While this is the highest disbursement rate of the agency since 2017 surpassing the 48.1% recorded in 2019, there is much room to improve on the DPWH's absorptive capacity especially with the gradual reopening of the economy which paved the way for the resumption of many business activities including construction and rehabilitation works.
- 6.3. The poor absorptive capacity of the DPWH is also reflected in the low disbursement rates in terms of the major programs of the agency based on the Financial Accountability Report (FAR-I). The FAR-I summarizes the agency's appropriations, obligations, and disbursements in 2020 (continuing appropriations) and 2021 (current year appropriations). The programs with the biggest budgets namely the Local Program and the Network Development Program recorded the lowest disbursement rates at 52.4% and 53%, respectively. Only the Bridge and Flood Management programs recorded disbursement rates higher than 60%. Support programs to the Department of Education (school buildings), Sugar Regulatory Board (farm-to-mill roads), and the Department of Agriculture (farm-to-market roads) also recorded low disbursement rates at 38.4%, 45.3%, and 63.3%, respectively (*Table 11*).



**TABLE II**  
**DPWH OPERATIONS,**  
**BUDGET UTILIZATION BY MAJOR PROGRAM, 2021**  
**(AMOUNTS IN MILLION PESOS)**

Program	Appropriations	Obligations	Disbursements	Obligation Rate (%) <sup>a/</sup>	Disbursement Rate (%) <sup>b/</sup>
Asset Preservation Program	65,419.6	59,661.6	38,840.4	91.2	59.4
Network Development Program	122,177.2	112,660.8	64,273.0	92.2	53.0
Bridge Program	23,066.3	21,603.3	13,940.4	93.7	60.4
Local Program	285,347.8	251,101.3	149,428.2	88.0	52.4
Convergence and Special Support Program	62,775.1	56,266.7	35,165.4	89.6	56.0
Farm -to-Market Roads	11,877.2	11,439.9	7,515.4	96.3	63.3
Farm-to-Mill Roads	713.9	705.9	323.2	98.9	45.3
DepEd School buildings	200.1	87.3	76.9	43.6	38.4
Flood Management Program	98,352.8	85,929.3	59,587.8	87.4	60.6

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

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

*Source: 2021 FAR 1 DPWH (DPWH submission)*

6.3 The DPWH’s dismally low disbursement rate casts doubt on the agency’s readiness and capacity to execute projects, which could result in the delayed or non-implementation of projects to the detriment of the public. As the engineering and construction arm of the government, the agency’s underspending could also imperil the government’s efforts to pump-prime the economy through massive infrastructure spending and consequently, economic recovery. The perennially low disbursement rates of key agencies such as the DPWH should have been resolved with the faithful implementation of DBM Circular No. 2015-8 issued in 2015 mandating the creation of Full-time Delivery Units (FDUs) in every department to urgently resolve issues hampering the budget utilization of agencies. The agencies should strengthen and reinforce their respective FDUs to facilitate the implementation of programs and projects in a timely manner to realize the intended economic and societal goals of the government.

6.4 The FDU has been tasked with the following functions, among others (i) review before the start of the fiscal year all performance measurements of each program, subprogram and project by responsibility center at the Central Office or regional offices. These are efficiency and effectiveness measures (monthly, quarterly and semestral) consistent with the annual work program targets, schedules and budgets; (ii) identify potential risks or constraints which would affect the efficient implementation of programs, sub-programs and projects and thereafter prepare contingency plans to address the same; (iii) undertake periodic data analysis of agency programs and projects with historical trends of low disbursement rates and those with anticipated delays; and (iv) act as a “problem solver” and facilitate the smooth implementation of programs and projects by coming up with an

agency delivery and execution strategy to address actual implementation bottlenecks or delays of these programs and projects.

- 6.5 *Performance Indicators.* Only five (5) of the 36 performance indicators (PIs) identified by DPWH have actual accomplishments exceeding the targets in 2021, although it was an improvement from the two (2) of 36 PIs in 2020. There were also 15 targets with no actual data so far, while there were 9 PIs with no targets at all in 2021 (*Table 12*). This is incomprehensible under a performance-informed budgeting regime that the DBM has been promoting for years –more so that the DPWH has been allocated the biggest budget among agencies in recent years. Surprisingly, despite the perennially poor performance of the DPWH, its approved budgets in 2020, 2021 and 2022 were larger than what the agency had originally sought for under the NEP. While the agency proposed a budget of P534.3 billion, P666.5 billion, and P685.2 billion in 2020, 2021, and 2022 respectively, it was appropriated with P580.9 billion (*or 8.8% higher*), P694.8 billion (*or 4.2% higher*), and P785.7 billion (*or 14.7% higher*) during the same years. An increased budget in the future should first be justified with an improved performance to maximize the utilization of the government’s scarce resources.
- 6.6 The PIs which outperformed their targets in 2021 include “length of maintained roads”, “length of rehabilitated and reconstructed roads”, “length of newly constructed roads”, and “length of widened roads”, among others. Those which fell short from the targets include “length and area of constructed bridges”, “number of constructed flood mitigating structures and drainage systems”, and “number of projects (school buildings, multipurpose buildings, health facilities, water supply systems, local roads, etc.) constructed”.
- 6.7 It is concerning that there were no targets and no actual data for infrastructure projects under the Convergence and Support Program of the DPWH in 2021. Key infrastructure projects under this program include school buildings, water supply, farm-to-market roads, farm-to-mill roads, roads leading to industries, roads leading to airports, seaports and railway stations, tourism roads, etc. It is important that the DPWH addresses the incompleteness of the presentation of its performance indicators to determine the actual performance of the agency vis-à-vis the targets, and to evaluate whether it has been utilizing its budgets effectively. The public deserves to know whether the monies budgeted to the agency for years are spent wisely on programs, activities, and projects (PAPs) that have tangible impact on the lives of Filipinos. More than being an appraisal tool, there must be some accountability mechanism attached in setting these performance indicators and targets to instill prudence, proper discipline and credibility among national government agencies concerned. In fact, in other jurisdictions, the allocation of funds in the national budget is strictly based on these performance measures as agreed upon by the budget authority and the heads of agencies.

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

Program	2021		2022	2023 Target
	Target	Actual	Target	
<b>OO1: Ensure safe and reliable National Road System</b>				
<b>Asset Preservation Program</b>				
Average International Roughness Index (IRI) of 3.7 (Fair Condition) for primary roads (N1) by 2022	4%	N/A	N/A	N/A
Percentage of national roads assessed	1%	N/A	N/A	N/A
Improvement of road roughness index	100%	N/A	N/A	N/A
Length (km) of maintained roads	691.7	1,222.5	1,073.8	1,073.83
Length (km) of rehabilitated/reconstructed/upgraded roads	257.3	387.1	228.6	228.6
% of projects completed in accordance with plans, specifications, and contract time	100%	N/A	100%	100%
<b>Network Development Program</b>				
% reduction of travel time Primary Roads (N1)	6.25%	N/A	N/A	N/A
% increase in national road network	4.15%	N/A	N/A	N/A
Length (km) of newly constructed roads	926.7	2,023.9	1,138	1,138
Length (km) of widened roads	636.5	1,147.0	651.2	651.2
% of projects completed within the project timeline & according to specifications	100%	N/A	100%	100%
<b>Bridge Program</b>				
% reduction of travel time Primary Roads (N1)	15%	N/A	N/A	NA
Total length (lm) & area (m2) of (new & replacement) constructed bridges	30,739; 290,321	18,443; 176,318.8	33,285; 307,540.6	33,285; 307,540.6
Number of maintained and rehabilitated bridges	342	327	281	281
% of projects completed within the project timeline & according to specifications	100%	N/A	100%	100%
<b>OO2: Protect lives and properties against major floods</b>				
<b>Flood Management Program</b>				
% decrease in areas prone to flooding in selected river basins with flood control master plan	2%	N/A	N/A	N/A
No. of constructed flood mitigation structures and drainage systems	1,541	968	894	894
No. of constructed/rehabilitated flood mitigation facilities w/ major river basins and principal rivers	531	334	435	435
% of projects completed within the project timeline & according to project specifications	100%	N/A	100%	100%
<b>Local Program</b>				
% of projects completed & accepted within prescribed timeline (breakdown per agency)	100%	N/A	N/A	N/A
No. of projects (school building, multi-purpose bldgs., health facilities, water supply system, FMR, etc.)	15,617	12,088	N/A	N/A
% of projects completed within the project timeline and accdg. to specifications	100%	N/A	N/A	N/A
No. of projects (national buildings, evacuation centers, etc.)	N/A	N/A	216	216
<b>Convergence and Special Support Program</b>				
% of projects completed & accepted within prescribed timeline (breakdown per agency)	100%	N/A	N/A	N/A
No. of projects (school building, multipurpose bldgs., health facilities, water supply system, local roads, etc.)	2,015	245	N/A	N/A
Length (km) of constructed local roads	722.6	1,137.4	N/A	N/A
% of projects completed within the project timeline and according to specifications	100%	N/A	N/A	N/A
Length of constructed/improved access roads (km) leading to airports	NA	NA	32.5	32.5
Length of constructed/improved access roads (km) leading to seaports	NA	NA	44.4	44.4
Length of constructed/improved access roads (km) leading to tourist destinations	NA	NA	369.3	369.3

Source: NEP FY 2022

**TABLE 12. CONTINUED**  
**DPWH PERFORMANCE INDICATORS BY ORGANIZATIONAL OUTCOME, 2021-2023**

Program	2021		2022 Target	2023 Target
	Target	Actual		
<b>Convergence &amp; Special Support Program</b>				
Length of constructed/improved access roads (km) leading to industries	N/A	N/A	190	190.00
Length of constructed/improved access roads (km) leading to railway stations	N/A	N/A	3.2	3.2
Various infrastructure in support of national security, roads (km) and other infrastructure	N/A	N/A	6.72; 169	6.72; 169
Improvement capacity of provincial bridges along provincial roads	N/A	N/A	14.0	14.0
<b>Sustainable Infrastructure Projects Alleviating Gaps (SIPAG)</b>				
No. of projects (multipurpose bldgs., water supply system, access to roads/bridges, coastal roads, etc.)	N/A	N/A	2,148	2,148

Source: NEP FY 2022

## VII. COA FINDINGS AND RECOMMENDATIONS

- 8.1. Based on the 2021 Annual Audit Report (AAR) on the DPWH, 49 out of 97 COA recommendations in 2021 were fully implemented, leaving the rest unimplemented (*Table 13*). It has also accumulated unsettled suspensions, disallowances, and charges amounting to P 21.8 billion, P5.2 billion, and P48.3 million, respectively.

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

Particulars	Number of Recommendations	Share of Total (%)
Fully Implemented	49	50.5
Partially Implemented	0	0.0
Not Implemented	48	49.5
<b>Total</b>	<b>97</b>	<b>100.0</b>

Source: Annual Audit Report FY2021 (Executive Summary)

- 8.2. Highlights of the COA findings and observations on the DPWH based on the AAR 2021 are summarized below:

- ***Delayed completion and non-implementation of projects—P245.0 billion.***  
The DPWH was not able to establish the technical viability of the projects during the feasibility and preliminary engineering study which resulted in delayed completion and non-implementation of 3,440 infrastructure projects worth at least P245.0 billion contrary to paragraphs 1 and 2 of Annex A of the revised IRR of Republic Act No. 9184, and the agreed terms and conditions of the contract. The projects include school buildings and farm-to-market roads across the country, including 437 projects amounting to P10.9 billion which have not

started at all. Moreover, 12 foreign-assisted projects with a total cost of P151.4 billion incurred slippages and delays during project implementation which resulted in the projects' restructuring in 2021. Various factors affected the implementation of the projects including typhoons, prolonged acquisition of ROW, permits and clearances from other government agencies, unsatisfactory performance of contractors, and revisions in the feasibility studies and engineering plans.

- ***Unsupported expenditures—P11.5 billion.*** Disbursements with an aggregate amount of P11.5 billion were made without proper and complete supporting documentary requirements. Thus, the validity and propriety of the transactions were not fully ascertained and evaluated contrary to Section 4 (6) of Presidential Decree No. 1445 and COA Circular No. 2012-001 dated June 24, 2012. The disbursements include payments of advances to contractors, fuel oil and lubricant purchases, COVID-19 hazard pay, as well as salaries and wages of job order, contractual, and budgetary personnel.
- ***Unliquidated fund transfers for more than one (1) to more than five (5) years—P5.8 billion.*** Fund transfers to various implementing agencies for the implementation of programs and projects remained unliquidated in the books for more than one to more than five years contrary to pertinent provisions of COA Circular Nos. 94-013 and 2007-001 dated December 13, 1994 and October 25, 2007, respectively, resulting in the accumulation of long standing receivables.
- ***Technical defects in infrastructure projects—P508.5 million.*** Due to lack of proper monitoring and supervision, at least 369 infrastructure projects with a total contract cost of P11.9 billion undertaken by various DPWH offices were not executed in accordance with the provisions stipulated in their respective Contract Agreement resulting in various technical defects equivalent to a total cost of deficiencies of at least P508.6 million.
- ***Inaccurate accomplishments reported in the Government Programs, Projects, and Activities or GPPA—P493.2 million.*** Twenty-three (23) infrastructure projects with aggregate cost of P493.2 million were declared as 100% complete in the report on Publicized GPPA despite the deficiencies noted upon actual inspection and validation thereof, thereby infringing transparency on reporting of government transactions, and precluding the imposition of liquidated damages contrary to the DPWH Quality Policy, COA Circular No. 2013-004 and RA No. 9184, and its revised IRR.
- ***Incurrence of commitment fees—P97.3 million.*** The provisions of the contract/loan agreements and DPWH Department Order No. 193 dated September 15, 2016 were not observed or complied with in the implementation of foreign-assisted infrastructure projects funded by ODA which adversely

affected the timely utilization of the loan proceeds and completion of the projects, thereby resulting in the incurrence of commitment fees amounting to P97.3 million in 2021.

- ***Unremitted interest income and unutilized bank balances—P186.5 million.*** Interest income earned from bank deposits, unutilized collections from sale of bidding documents, and balance of fund transfer totaling P186.5 million were not remitted to the Bureau of Treasury (BTr) as required by existing rules and regulations, thereby depriving the government of much needed funds and exposing the funds from possible misuse.

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