Republic of the Philippines

Development Budget Coordination Committee

Malacañang, Manila

FY 2018 Annual Fiscal Report

September 20, 2019

I. Introduction

The Philippine economy grew by 6.2 percent in 2018, marking the seventh consecutive year that the country sustained its growth of more than 6.0 percent. While this is slower than the 6.7 percent growth achieved in 2017, the Philippines remained to be one of the fastest-growing major economies, next to India (7.3%), Vietnam (7.1%), and China (6.6%), and still ahead of Indonesia (5.2%), Thailand (4.1%), and Malaysia (4.7%).

The economy remained resilient, supported by strong macroeconomic fundamentals, robust domestic demand, higher public investment, and appropriate monetary policy settings – all counter domestic and external headwinds. Meeting a more challenging inflation dynamics in 2018, the government proactively implemented non-monetary measures to address inflation pressures, including higher rice importation, tighter price and food supply monitoring, and successfully shepherded the approval of the difficult rice tariffication law. The government also continued to safeguard against the possible adverse effects of rising foreign interest rates by major central banks, geopolitical tensions around the globe, and the volatile international and domestic oil prices.

The country's socioeconomic indicators likewise continued to improve in 2018. Overall employment realized gains in reaching the government's target for decent work. Unemployment rate declined from 5.7 percent in 2017 to 5.3 percent in 2018, reaching the upper end of the Philippine Development Plan (PDP) target range of 4.7 to 5.3 percent for 2018. This was accompanied by an improvement in the quality of work in areas outside NCR, in line with the effort to decongest NCR and to stimulate economic activities in other regions. Likewise, the poverty index started to show a more significant decline from the past three years, driven by strong and pro-poor income growth arising from the increase in wage and salary income, cash receipts, and entrepreneurial activities.

Revenue collection for the year amounted to P2,850.2 billion, a substantial 15.2 percent higher than the previous year's collection and slightly above the 2018 full year program by 1.1 percent. This translated to a revenue effort of 16.4 percent of GDP, 0.8 percentage point more than 2017 and 0.3 percentage point above target.

Similarly, for the first time in 13 years, the government hurdled the perennial problem of underspending, exceeding its disbursement program by 1.1 percent. Infrastructure and other capital outlays surged above the P775.4 billion program for 2018 by 3.6 percent, followed by personnel services and maintenance expenditures which also exceeded the full year target by 2.6 percent and 1.6 percent, respectively.

This report presents an analysis of the country's performance for fiscal year 2018 relative to the fiscal, social and economic objectives of the National Government (NG) as laid out in the PDP 2017-2022 and the 2018 Fiscal Program. The report is presented as follows:

- Objectives of the FY 2018 National Budget
- Macroeconomic Performance
- Fiscal Performance
- Expenditure Performance
- Fiscal Outlook

II. FY 2018 National Government Budget

The 2018 National Government Budget was the first budget prepared from inception to execution by the Duterte Administration. Tagged as "A Budget that Reforms and Transforms", it aimed to pursue the Administration's aspirations for real change: a spending program that would reform and transform society as envisaged by the AmBisyon Natin 2040, the roadmap to ensure the collective aspirations of the people for a strongly-rooted, comfortable, and secure life or "Matatag, maginhawa, at panatag na buhay".

The 2018 Budget thus, focused on policies, programs, and activities that will provide for the much-needed services: an accelerated level of infrastructure projects, as well as a more effective poverty-reducing social services in education, health, and social security. It embodied the following key principles: i) a credible and disciplined fiscal policy; ii) a fiscal space focused on equitable progress and social order; iii) stronger transparency, participation, and accountability; and iv) enhanced partnerships with local governments to ensure sustainable development.

As approved, the P3.767 trillion Budget reflected an expansionary fiscal stance and was 12.4 percent more than the 2017 Budget, and equivalent to a larger 21.6 percent of GDP. The largest chunk was provided for social services with P1.43 trillion or 37.9 percent of the total budget to increase the allocation for education, health, employment, housing, and social protection. The economic services sector received 30.6 percent, or the second largest share of P1.15 trillion for the Build, Build, Build Program and the increased provision for agriculture. The allocation to the general public services sector rose to 17.4 percent of the budget due to the Commission on Elections (COMELEC) budget for the preparation of the 2019 Elections. Meanwhile, defense and debt burden received 4.3 percent and 9.4 percent of the overall budget, respectively.

In terms of allocations by expense class, Infrastructure and Other Capital Outlay received the biggest share of the budget with P1.17 trillion or 31.1 percent of the total. It increased by 8.4 percent from 2017 and is equivalent to 6.7 percent of GDP. This is aimed to address the country's large infrastructure gaps and promote growth and employment. Meanwhile, Personnel Services (PS) got the second largest share with 28.1 percent of the total, followed by Maintenance Expenditure, with 15.8 percent share.

In accordance with the Administration's promise of a real and lasting change, the 2018 Budget ensured that the fiscal and governance reforms were continued and strengthened. The one-year validity of appropriations was sustained alongside the "early procurement, short of award" policy, which encouraged the agencies to better plan and execute their budgets. The GAA-as-Allotment Order policy was continuously adopted to ensure predictability in the budget releasing, streamline the lengthy and often repetitive budget release process, and foster accountability among departments.

The simultaneous implementation of the Tax Reform for Acceleration and Inclusion (TRAIN) Act generated much-needed revenues for implementation of government priorities while building up the purchasing capacity of the people. This reform was complemented with mitigating measures to address potential adverse effects on the poor by providing additional cash transfers, subsidies for public transport, and others. To ensure inclusive development, the government also aimed to expand the reach of the services to more geographical locations to address the needs of both emerging growth centers and lagging communities, specifically those in the disaster- and conflict-affected sites.

The government also continued to strengthen transparency, participation, and accountability by i) enhancing the Performance-Informed Budget by adopting the more refined program-based budget structure; ii) promoting open government by involving the people in identification and monitoring of projects and activities which directly affect their lives; and iii) enhancing partnerships with local government units in the development of plans and projects for the nation's growth and progress.

III. Macroeconomic and Fiscal Performance

III.1 Macroeconomic Environment

Real Sector

GDP growth moderated to 6.2 percent in 2018, from 6.7 percent in 2017 and below the DBCC growth target of 7.0-8.0 percent for the year. Nonetheless, this marked the seventh consecutive year that the country sustained its growth of more than 6.0 percent. Moreover, the Philippines remained to be one of the fastest-growing major economies, next to India (7.3%), Vietnam (7.1%), and China (6.6%), but still ahead of Indonesia (5.2%), Thailand (4.1%), and Malaysia (4.7%).

Table 1. Actual Performance versus Macroeconomic Assumptions, 2018

Particulars	2018 BESF	2019 BESF	2018 Actual
	Initial Projections	Adjusted/Updated	
Nominal GDP (in Php Millions)			
Low-end	17,456,070	17,577,829	17,426,202
High-end	17,775,498	17,735,893	
Real GDP Growth Rate (%)	7.0-8.0	7.0-8.0	6.2
Nominal GNI (in Php Millions)			
Low-end	20,745,728	20,984,947	20,909,891
High-end	21,127,697	21,175,014	
Real GNI growth rate (%)	6.8-7.8	6.6-7.6	5.9

Sources: Department of Budget and Management – Budget of Expenditures and Sources of Financing 2018 and 2019; Philippine Statistics Authority

On the expenditure side, growth was supported by increased investments in fixed capital and government spending, which moderated the effect of the slowdown in household consumption and the decline in net exports. The implementation of the government's Build, Build, Build program continued to gain traction, with public construction sustaining its double-digit growth (19.7% in 2018 from 12.1% in 2017) in 2018. Infrastructure disbursements of the government reached 5.1 percent of

GDP in 2018, above the 5.0 percent target for the year and the 4.4 percent realized in 2017. The upbeat infrastructure spending of the government also propped up private investments. Purchases of durable equipment grew (12.4% from 10.7%), while demand for residential and office spaces drove private construction growth (11.5% from 3.8%).

Meanwhile, higher government consumption (13.0% from 6.2%) was driven by the third tranche of the Salary Standardization Law and faster rate of hiring new employees among various government agencies. In addition, spending on social services by the government also increased particularly for its education, health, and conditional cash transfer programs.

In contrast, household consumption decelerated to 5.6 percent in 2018 (from 5.9% in 2017). This was on the back of higher inflation and less upbeat consumer outlook, as international oil prices surged and global trade tensions escalated. In addition, the agriculture sector sustained damages and losses from typhoons that struck the country throughout the year. This negatively affected the supply of basic food commodities which further drove up domestic prices. Moreover, against a backdrop of moderating global growth, net exports (-33.2% from -8.7%) worsened as decelerating imports (16.0% from 18.1%) still outperformed weakening exports (13.4% from 19.7%). Exports and imports of both goods and services softened in 2018 compared with the preceding year.

Table 2. Recent Economic Performance
(percent growth rate)

Particulars	FY 2017	FY 2018
GROSS NATIONAL INCOME	6.5	5.9
Net Primary Income	5.9	4.3
GROSS DOMESTIC PRODUCT	6.7	6.2
By Industrial Origin		
Agriculture, Fishery and Forestry	4.0	0.9
Industry	7.1	6.7
of which: Manufacturing	8.4	4.9
Services	6.8	6.8
By Expenditure		
Household Final Consumption Expenditure	5.9	5.6
Gov't Final Consumption Expenditure	6.2	13.0
Capital Formation	9.4	13.2
of which: Fixed Capital	9.4	12.9
of which: Construction	5.8	13.6
of which: Public Construction	12.1	19.7
Exports	19.7	13.4
Imports	18.1	16.0

Source: Philippine Statistics Authority, revised as of April 4, 2019

On the production side, the services sector continued to be the primary driver of economic growth, maintaining its growth of 6.8 percent from the previous year. The performance of the agriculture sector remained subdued as growth decelerated to 0.9 percent in 2018 from 4.0 percent in 2017. The slowdown in agriculture could be traced to the decline in the production of palay (-1.0% from 9.4%), corn (-1.7% from 9.8%), fish (-0.2% from -0.9%), as well as other high-value crops including sugarcane (-16.6% from 30.2%) and mango (-3.1% from -9.4%). The productivity of the sector was affected by severe weather conditions, including typhoons.

Likewise, the industry sector also decelerated in 2018 relative to the previous year (6.7% in 2018 from 7.1% in 2017), mainly from the weak performance of manufacturing (4.9% from 8.4%) and mining & quarrying (1.3% from 1.4%) sub-sectors. Manufacturing growth recorded its slowest in seven years due to the contraction in chemical & chemical products (-3.9% from 7.8%) and basic metal industries (-4.8% from 23.3%), as well as, slowdown in fabricated metal products (4.8% from 51.4%), radio, television and communication equipment and apparatus (9.6% from 13.0%), and furniture and fixtures (6.4% from 16.5%). Sluggish external demand, less upbeat consumer and business sentiment, together with elevated input costs, dragged down the performance of the manufacturing sector. Meanwhile, the ongoing moratorium on mining permits and the ban in open pit mining contributed to the slowdown in mining & quarrying growth. Nonetheless, tempering the deceleration in industry was the robust growth of construction (14.9% from 5.1%) and the utilities sector (5.5% from 3.4%).

Despite domestic and external headwinds, the Philippine economy remained resilient sustaining a growth of above 6.0 percent in 2018. Domestic demand remained robust supported by stable macroeconomic fundamentals. Notably, the contribution of investments to growth continued to increase for the second consecutive year, consistent with the current administration's push for higher public investments. On the supply side, the agriculture sector remains vulnerable to natural hazards which greatly affects its output and productivity. The manufacturing sector was also affected by weak external demand and to some extent, policy uncertainties owing to the pending tax reform bill in the Congress and the result of the midterm elections. Nonetheless, this was somewhat offset by the sustained growth of the services sector, which also posted the highest contribution to growth in the reference year.

It is noteworthy that the Seventeenth Congress passed a number of key economic and fiscal reforms to support the President's ten-point socioeconomic agenda last year. These include the TRAIN Law (RA No. 10963), Ease of Doing Business and Efficient Government Service Delivery Act (RA No. 11032), National ID Law (RA

No. 11055), National Payment Systems Act (RA No. 11127), among others which would gradually enhance the economy's competitiveness in the coming years.

Monetary and External Trade Sectors

Headline inflation settled above the high end of the government target of 3.0 percent ± 1.0 percentage point in 2018. Inflation averaged at 5.2 percent in 2018, driven mainly by tightness in domestic food supply, higher global oil prices, excise tax on sweetened beverages and tobacco, with some demand impulse. The 2018 average inflation was likewise above the initial (2.0-4.0%) and adjusted BESF (4.0-4.5%) assumptions for the year. Nonetheless, inflation started to decelerate in the last quarter of 2018 as temporary price pressures dissipated amid normalization of food supply conditions.

The National Government implemented non-monetary measures to address inflation pressures, including higher rice importation, tighter price and food supply monitoring, and shepherding of the rice tariffication bill. The issuance of Administrative Order No. 13, s. 2018 removes non-tariff barriers and streamlining administrative procedures on the importation of agricultural products in order to (1) allow necessary importation of fishery products; (2) reduce input costs by improving logistics, transport, distribution and storage of agricultural products; (3) allow additional rice importation and simply licensing procedures for rice importers; (4) temporarily allow direct importation by sugar-using industry to lower input costs; (5) expedite unloading and release of agricultural imports from the country's ports; and (6) create a Surveillance Team to monitor importation and distribution of agricultural products as well as to prevent price manipulation.

Likewise, the BSP raised its overnight reverse repurchase (RRP) rate from 3.0 percent to 4.75 percent or by a cumulative 175 bps in 2018 to firmly anchor inflation expectations to the target and to arrest any possible risk of second-round effects.

Table 3. 2018 Actual Performance versus Macroeconomic Assumptions

Particulars	2018 BESF	2019 BESF	2018 Actual [a/]
	Initial Projections	Adjusted/Updated	
Inflation (%), CPI (2012=100)	2.0 – 4.0	4.0 – 4.5	5.2
364-day T-bill rate (%) [b/]	2.5 – 4.0	3.0 – 4.5	5.1
Foreign exchange rate (₱/US$1)	48.00 – 51.00	50.00 – 53.00	52.66
180-day LIBOR (%)	1.5 – 2.5	2.0 – 3.0	2.5
Dubai crude oil price (US$/barrel)	45.00 – 60.00	55.00 -70.00	69.42
Goods exports growth (%) [c/]	7.0	9.0	(0.3)
Goods imports growth (%) [c/]	10.0	10.0	9.4

a/ Actual data for 2018 are annual averages.

b/ Based on primary market rates

c/ Based on Balance of Payments and International Investment Position Manual, 6th edition (BPM6) concept

Note:

Macroeconomic assumptions adopted by the Development Budget Coordination Committee (DBCC), as published in the annual Budget of Expenditure and Sources of Financing (BESF)

Sources: DBM, PSA, BTr, BSP

The BSP's monetary policy actions along with the US Federal Reserve's policy rate hikes in 2018 contributed to the increase in domestic interest rates. In the primary market, the 364-day Treasury bill rate averaged 5.1 percent in 2018, higher than the initial and adjusted BESF assumptions of 2.5 – 4.0 percent and 3.0 – 4.5 percent, respectively. The rise in domestic interest rates was in line with the general upward trend in foreign interest rates in 2018 amid policy rate hikes by major central banks. The 180-day LIBOR averaged 2.5 percent in 2018, settling at the upper-end of the 1.5 – 2.5 percent initial BESF assumption and within the 2.0 – 3.0 percent adjusted BESF assumption.

Moreover, the Philippine peso depreciated against the US dollar in 2018, influenced by the confluence of domestic and external factors. The peso-dollar exchange rate averaged at P52.66/US$1 in 2018, within the adjusted assumption of P50.00 – 53.00/US$1 but higher than the initial assumption of P48.00 – 51.00/US$1. On the domestic front, the widening of the trade gap, higher importation of capital goods as well as intermediate and raw materials, and uptick in inflation in 2018 weighed on the peso. On the external front, the continued monetary policy normalization by the US Federal Reserve and geopolitical tensions around the globe contributed to the depreciation of the peso-dollar exchange rate.

On the international oil market, the per-barrel price of Dubai crude averaged US$69.42 in 2018, near the high-end of the adjusted BESF assumption of US$55.00 – 70.00 and above the initial BESF assumption of US$45.00 – 60.00. One of the major reasons for the increase was the decision of the Organization of the Petroleum Exporting Countries (OPEC) and selected non-OPEC producers to extend their production cuts to 2018. At the same time, geopolitical factors, including the reinstatement of United States sanctions on Iran also exerted upward pressure on oil prices in the international market. Lower supply from Venezuela with ongoing political and economic turmoil further contributed to the increase. However, Dubai crude oil prices declined in late 2018, averaging US$57.32 per barrel in December, over concerns of weaker global demand due partly to trade tensions between the US and China.

On the external trade sector, the lower actual exports and imports growth rates for 2018 mainly reflect the significant upward revision made by the Philippine Statistics Authority (PSA) in the 2017 actual merchandise trade data in May 2018[2], which resulted in a higher base of comparison for the 2018 trade-in-goods data. The table below shows that while the actual 2018 nominal levels were not substantially different from the DBCC-approved assumptions published in the 2018 BESF in July 2017 and 2019 BESF in July 2018, the growth rates showed an abrupt downtrend due to upward revision in the base data.

Table 4. BOP-based Goods Exports and Imports
(in billion pesos)

Particulars	2017		2018		
	Preliminary	Revised	2018 BESF a/	2019 BESF b/	Actual
Goods exports	48.2	51.8	48.9	52.6	51.7
growth (%)	*12.8*	*21.2*	*7.0*	*9.0*	*-0.3*
Goods imports	89.4	92.0	93.8	98.3	100.7
growth (%)	*14.2*	*17.6*	*10.0*	*10.0*	*9.4*

a/ Growth rates compared to the 2017 adjusted projections published in the 2018 BESF in July 2017
b/ Growth rates compared to the 2017 preliminary actual published in the 2019 BESF in July 2018

Nonetheless, the full year 2018 trade-in-goods performance exhibited a slowdown in both exports and imports coming from double-digit growth rates in 2017.

Exports of goods declined by 0.3 percent to US$51.7 billion from US$51.8 billion in the previous year owing mainly to lower export shipments of coconut and mineral products, which accounted for about 2.2 percent and 7.8 percent of total exports, respectively. The 26.1 percent decline in export shipments of coconut products followed the fall in coconut oil prices in the world market even as export volume increased. Based on World Bank's Commodities Price Data (Pink Sheet), coconut oil prices dropped by 39.6 percent from US$1,651 per metric ton (/mt) in 2017 to US$997/mt in 2018. Meanwhile, exports of mineral products dropped by 5.9 percent on account of the decreased exports of gold as Philippine gold production likewise declined by 8.7 percent in terms of quantity based on Department of

[2] According to the PSA, these revisions were due to inclusions of late entries (i.e., documents received beyond 25 days after the reference month and out of date records from electronic files received from the Bureau of Customs) and additional exports and imports documents collected from some ports.

Environment and Natural Resources – Mines and Geosciences Bureau (DENR-MGB) statistics.

Lower exports of sugar and products, and other agro-based products (with declines of 65.2 percent and 10.0 percent, respectively) were also recorded in 2018, with supply disruptions and other weather-related disturbances contributing to the slowdown.

These declines in exports more than negated the higher exports of fruits and vegetables (by 14.5%) and manufactured goods (by 0.7%). Banana exports continued its strong growth momentum (at 33.3%) owing to robust demand from Japan, China, and South Korea. The government has also been working closely with the industry in expanding the market share of Philippine bananas in South Korea by reducing tariffs. While manufactured goods exports still recorded a slightly positive growth in 2018, the pace was much less than the double-digit expansion in 2017, reflecting the subdued performance of the global and domestic manufacturing sector. This highlights the need to provide an investment climate conducive to greater investments and more manufacturing activities, particularly in the ecozones. Removing unnecessary regulatory impediments, raising productivity and competitiveness of Philippine enterprises, upgrading exports quality and standards, improving access to trade finance, and enhancing export sectors' innovative capacities, are crucial factors that influence the overall climate.[3]

Meanwhile, imports of goods expanded to US$100.7 billion in 2018 from US$92 billion in 2017. The 9.4 percent increase was attributed to higher imports across all major commodity groups, notably raw materials and intermediate goods, indicating increased domestic production activity. Imports of raw materials and intermediate goods grew by 16.7 percent to reach US$37.6 billion, supported by increased importation of manufactured goods (20.4%) and higher purchases of materials and accessories for the manufacture of electronic products (60%), lending support to the growth of the electronics exports in the near term.

Imports of mineral fuels and lubricants, capital goods, and consumer goods expanded by 21.3 percent, 5.0 percent, and 7.6 percent, respectively. In particular, imports of aircraft, ships, and boats increased by 42.0 percent to reach US$2.6 billion on account of aircraft purchases by an airline company for the completion of its refleeting program for 2018. The 21.3 percent growth in import of mineral fuels and lubricants was due largely to the increase in imports of petroleum crude oil by 48.1 percent as the import volume and price of crude oil rose.[4]

[3] 2018 – 2022 Philippine Export Development Plan (Draft for approval of the President)

[4] Based on World Bank Commodities Price data, the average price of Dubai crude oil in 2018 increased by 30.3 percent to US$69.2/barrel from US$53.1/barrel in 2017.

Employment

Consistent with the country's economic performance, the overall employment situation achieved modest gains with respect to the government's annual targets and in meeting the country's decent work agenda.

In particular, unemployment rate declined to 5.3 percent in FY 2018 from 5.7 percent in FY 2017, meeting the upper end of the PDP target range of 4.7 to 5.3 percent for the year. Similarly, the government is well ahead of its targets in terms of improving the quality of work in areas outside NCR (AONCR). In fact, the underemployment in AONCR registered 17.7 percent in FY 2018. Although this is higher than the 17.1 percent rate in FY 2017, it is still 0.1 percentage point above the PDP target set for the period. This signifies that the improvement in the quality of work is geographically broad-based and in line with government effort to decongest NCR and to stimulate economic activities in other regions.

However, there remains a need for the government to fast track strategic efforts for other missed targets to achieve inclusive employment. For instance, while 826,000 employment were generated in 2018, this fell below the government's annual target of creating 900,000 to 1.1 million employment. In addition, youth unemployment continued to remain elevated at 13.3 percent, slightly higher than the targeted reduction to 10.4 percent. Although it should be noted that the decline in the number of employment generation and the decline in youth labor force participation could be due to the extension of years in education (i.e., K to 12 program and the free tertiary education program); the need to strengthen human capital interventions for the youth still remains to be a priority. Moreover, to improve employment creation, there is a need to address labor market rigidities and to remove foreign investment limits in various sectors.

Table 5. PDP Employment Targets vs. Actual, 2018-2020

Indicator	Baseline Value	Plan Targets			Actual 2018
		2018	2019	2020	
Unemployment Rate (%) decreased	5.4r (2016)	4.7-5.3	4.3-5.3	3.8-5.2	5.3
Youth Unemployment Rate (%) decreased	11.5r (Oct 2016)	10.4	9.8	9.2	13.4
Underemployment Rate in areas outside NCR (%) decreased	19.7 (2016)	17.8-19.8	17.4-19.4	16.9-18.9	17.7
Employment Generated increased ('000)	n.a. (2016)	900-1,100	900-1,100	900-1,100	826

Source: PSA-Labor Force Survey (LFS)

Notes:

(i) Youth unemployment rate targets used the October rounds of the LFS as the reference period;

(ii) Employment generated for 2016 is not available given the incomparability of data from 2015 due to the change in the master sample design.

(iii) figures on unemployment and youth unemployment rates in 2016 were revised

Poverty

Based on data from the first half (H1) of 2018 gathered by the PSA through its Family Income and Expenditure Survey (FIES), poverty incidence declined substantially over the past three years, down by 6.6 percentage points to 21.0 percent of individuals from the revised 27.6 percent in the first half of 2015. Among families, poverty incidence likewise dropped by 6.1 percentage points to 16.1 percent in H1 2018 from the revised 22.2 percent in H1 2015.

Extreme poverty, which is measured by subsistence incidence or the proportion of individuals and families who could not afford to meet their basic food requirements, largely declined during the period: 8.5 percent among individuals and 6.2 percent among families.

Table 6. First Semester Philippine Poverty Statistics: 2015 and 2018

INDICATOR	1st Semester Estimate		Increase/Decrease
	2015[a/]	2018	15-18
Monthly Food Threshold for a Family of Five (PhP)	6,600	7,337	11.2
Subsistence Incidence (%)			
Families	9.9	6.2	(3.7)
Population	13.0	8.5	(4.5)
Monthly Poverty Threshold for a Family of Five (PhP)	9,453	10,481	10.9
Poverty Incidence (%)			
Families	22.2	16.1	(6.1)
Population	27.6	21.0	(6.6)

Source: PSA

Notes:

a/ First Semester 2015 Poverty Statistics were revised according to the updated market basket collected for the estimation of the Consumer Price Index (from 2006 to 2012 base year).

(1) percent change in food and poverty threshold are in terms of growth rate (in %)

(2) percent change in subsistence and poverty incidence are in terms of percentage points difference (in ppts)

The significant reduction in poverty incidence was largely driven by strong and pro-poor income growth. Per capita income growth for the poorest 30 percent of households significantly grew at 29.2 percent in 2015-2018, mainly from the increase in the wage and salary income, followed by cash receipts/support and entrepreneurial activities. This was considerably faster than the average for all income groups and top two deciles (about 21.0%).

These indicate that the pace (average of 6.5% GDP growth in 2012-2018), quality, and consistency of economic growth over the past seven years continue to benefit the poor. In particular, the growing contribution of industry, particularly construction and manufacturing, to output and employment, are creating more income-earning opportunities that are accessible to the poor. Furthermore, the implementation, expansion, and enhancement of government's social programs have also helped augment Filipinos' incomes.

The reduction in poverty is fairly broad-based. Regional disparity eased as all regions, except the NCR, saw a drop in poverty incidence. Eight regions recorded poverty incidence below national average, four of which posted single-digit poverty incidence.

III.2 Fiscal Performance

The National Government fiscal deficit for 2018 amounted to P558.3 billion or 3.2 percent of GDP, which is higher than 2017's 2.2 percent ratio. This is on the back of NG's strong public spending and increased infrastructure investment under the 'Build, Build, Build' program. NG expenditure reflected a 20.7 percent growth from 2017, while revenue collections grew by 15.2 percent.

III.2.1 Revenue Performance

For 2018, total revenues amounted to P2,850.2 billion, a stronger 15.2 percent higher than the 2017 revenue collection of P2,473.1 billion, and slightly above the 2018 full year program by 1.1 percent. As percent of GDP, total revenues reached 16.4 percent or 0.8 percentage point increase over the 2017 revenue effort of 15.6 percent, and 0.3 percentage point above the 16.1 percent target.

Table 7. National Government Fiscal Position, 2017-2018
(in billion pesos)

Particulars	2017	2018		Variance (2018 Actual vs Program)	Growth Rate (Actual 2018 vs 2017)
	Actual	Program	Actual		
Total Revenues	**2,473.1**	**2,819.7**	**2,850.2**	**1.1%**	**15.2%**
Revenue Effort	*15.6%*	*16.1%*	*16.4%*		
Tax Revenues	2,250.7	2,650.8	2,565.8	-3.2%	14.0%
Tax Effort	*14.2%*	*15.1%*	*14.7%*		
Non-Tax Revenues	221.6	166.8	268.7	61.1%	21.2%
Privatization	0.8	2.0	15.7	682.8%	1786.1%
Expenditure	**2,823.8**	**3,346.5**	**3,408.4**	**1.9%**	**20.7%**
Surplus/(Deficit)	**(350.6)**	**(526.8)**	**(558.3)**	**6.0%**	**59.2%**
% of GDP	*-2.2%*	*-3.0%*	*-3.2%*		

Tax revenues reached P2,565.8 billion, 14.0 percent or P315.1 billion more than the P2,250.7 billion tax collections in 2017 but short of the full year target by 3.2 percent or P85.0 billion. Tax effort increased to 14.7 percent in 2018 from 14.2 percent in 2017. Bureau of Internal Revenue (BIR) and Bureau of Customs (BOC) increased their collections by 10.1 percent and 29.4 percent, respectively.

Non-tax revenues totaled P268.7 billion which is 21.2 percent higher than the 2017 level of P221.6 billion, and exceeded the P166.8 billion full year target by P101.9 billion or 61.1 percent. These include collections from fees and charges, income of the Bureau of Treasury (BTr), collections from Government-Owned and Controlled Corporations (GOCCs), and other non-tax revenues such as the Malampaya royalties.

BTr collections increased year-on-year by 14.3 percent and exceeded its given target by 104.8 percent. The good performance of BTr is attributable to higher collection of NG share from the income of the Philippine Amusement and Gaming Corporation (PAGCOR) amounting to P31.8 billion and P40.8 billion from the dividends on NG shares of stocks.

Total collection from the government's privatization program is recorded at P15.7 billion or an increase of 1,786.1 percent year-on-year. The one-off increase in collections from the privatization program came from the P13.8 billion transfer of bond proceeds remitted by United Coconut Planters Bank.

Revenue Collection from TRAIN

Preliminary data showed that TRAIN revenues reached P68.4 billion in 2018, P5.1 billion pesos or 8.1 percent above the full-year target of P63.3 billion. The excess revenues is attributed to BIR collections exceeding their target by P10.6 billion, albeit tempered by subpar BOC collections of P5.5 billion below target.

The biggest gains were seen in the personal income tax, automobile excise tax, tobacco excise tax, and the documentary stamp tax reaching P51.5 billion revenue above target. Losses from lower personal income taxes were originally projected at P146.6 billion, but actual losses were lower at P111.7 billion. This translated to a gain of P35 billion on account of better compliance, the increase in registered taxpayers, and the increase in jobs. Meanwhile, revenue collection exceeded the target for automobile excise tax (P6.2 billion), tobacco excise tax (P5.6 billion), and documentary stamp tax (P4.7 billion).

In contrast, the biggest shortfalls were seen in the excise of sweetened beverages and VAT, which was short of P43.4 billion from target.

a. Sweetened beverage excise taxes were short by P11.9 billion as the industry claimed that high fructose corn syrup (HFCS)[5] has not been used since January 1, 2018. The BIR is conducting an audit to ascertain this claim. At the same time, the Food and Drug Administration (FDA) is also in the process of verifying if firms did submit an application to reformulate from HFCS to regular sugar since this is required before firms can legally market a new formulation.
b. Similarly, VAT collections were P31.5 billion below the target. The main reason cited by the BOC was that there were only eight industries (power transmission, jewelries, and government instrumentalities namely the Philippine Sports Commission, Armed Forces of the Philippines, People's Television Network, the University of the Philippines, the National Museum, and the Central Bank) that reported importation, which were now VATable. The BIR reported that the bulk of the VAT incremental revenue was attributed to the VAT on interest liabilities of the Philippine Deposit Insurance Corporation. However, accounting for the estimated second round consumption effects from the additional take-home pay, additional VAT revenues were collected in 2018, which reduced the TRAIN VAT shortfall to P11.9 billion.

c. The shortfall in VAT collection was also evident in overall BIR VAT revenues, which declined by 20.2 percent and were P88.2 billion lower than

[5] HFCS-sweetened beverages are taxed at P12 per liter, instead of P6 per liter.

the target in 2018. One reason for this was the surge in imports that added to input VAT claims in BIR, and hence contributed to lower VAT revenues. The DOF Revenue Operations Group (ROG) and BIR are looking into the reasons for this overall low performance.

Overall, TRAIN revenues exceeded its targets, providing additional public resources for infrastructure and human capital development programs. The DOF expects the performance to be sustained in the coming years.

Table 8. TRAIN Revenue Performance, 2018
(in billion pesos)

Particulars	Actual			Target			Surplus/deficit			Actual to Target ratio (%)		
	BIR	BOC	Total	BIR	BOC	Total	BIR	BOC	Total	BIR	BOC	Total
Excise Tax												
Oil	26.7	33.9	60.7	33.3	26.9	60.2	(6.5)	7.0	0.5	80.3	126.0	100.7
Auto	2.6	18.0	20.6	3.0	11.4	14.4	(0.4)	6.6	6.2	85.0	157.8	142.7
Sugar-Sweetened Beverage (SSB)	39.8	2.8	42.6	52.0	2.5	54.5	(12.3)	0.4	(11.9)	76.4	114.9	78.2
Tobacco	9.9	NA	9.9	4.3	NA	4.3	5.6	NA	5.6	229.6	NA	229.6
Others	2.4	1.2	3.7	2.9	1.1	4.0	(0.5)	0.2	(0.3)	83.0	117.5	92.2
Value Added Tax (VAT)	5.2	2.5	7.7	17.1	22.2	39.2	(11.9)	(19.6)	(31.5)	30.4	11.5	19.7
Personal Income Tax	(111.7)	NA	(111.7)	(146.6)	NA	(146.6)	35.0	NA	35.0	76.2	NA	76.2
Corporate Income Tax	1.2	NA	1.2	0.5	NA	0.5	0.7	NA	0.7	248.7	NA	248.7
Financial taxes	5.3	NA	5.3	7.4	NA	7.4	(2.2)	NA	(2.2)	70.8	NA	70.8
Documentary Stamp Tax (DST)	33.8	NA	33.8	29.1	NA	29.1	4.7	NA	4.7	116.2	NA	116.2
Estate tax	(2.8)	NA	(2.8)	(2.1)	NA	(2.1)	(0.7)	NA	(0.7)	(132.0)	NA	(132.0)
Donor tax	(2.6)	NA	(2.6)	(1.7)	NA	(1.7)	(1.0)	NA	(1.0)	(159.0)	NA	(159.0)
Total	**9.9**	**58.5**	**68.4**	**(0.7)**	**64.0**	**63.3**	**10.6**	**(5.5)**	**5.1**	**1,398.4**	**91.4**	**108.1**

Note: Excise products excluding mining include additional VAT collections. Totals may not add up due to rounding.

BIR Collection in 2018

BIR collected P1,951.9 billion (net of tax refund), registering an annual growth of 10.1 percent against 2017. BIR paid out tax refunds amounting to P10.8 billion in 2018, P2.3 billion higher than in 2017. The BIR collection is short by 4.5 percent of its revised full year target of P2,043.6 billion. Additional revenues from TRAIN is recorded at P9.9 billion, a reversal of the P707.0 million revenue loss estimate.

The Bureau's improved year-on-year performance was due, in part, to the agency's commitment to strictly enforce the country's tax laws.

Table 9. BIR Collection, Net of Tax Refund, 2017-2018
(in billion pesos)

PARTICULARS	2017	2018		Variance (2018 vs. Program)	Growth (2018 vs. 2017)
	Actual	Program	Actual		
Total BIR Collections	**1772.32**	**2043.56**	**1951.85**	**-4.5%**	**10.1%**
Taxes on Income and Profits	**1025.24**	**1024.93**	**1035.38**	**1.1%**	**1.0%**
o.w. Individual Income Tax	*390.84*	*261.46*	*386.36*	*47.8%*	*-1.1%*
Taxes on Property	**7.47**	**4.61**	**7.15**	**55.1%**	**-4.2%**
Taxes on Domestic Goods and Services	**646.27**	**866.37**	**752.31**	**-10.3%**	**16.4%**
o.w. Value-Added Tax	*360.55*	*435.88*	*347.66*	*-20.2%*	*-3.6%*
Excise Taxes	*209.11*	*332.80*	*290.61*	*-12.7%*	*39.0%*
Percentage Taxes	*76.03*	*97.23*	*113.79*	*17.0%*	*49.7%*
Franchise Taxes	*0.57*	*0.46*	*0.25*	*-45.3%*	*-55.4%*
Documentary Stamp Tax	**85.91**	**132.87**	**139.16**	**4.7%**	**62.0%**
Other Taxes	**7.45**	**14.78**	**17.85**	**20.8%**	**139.6%**

Individual income tax collections exceeded target by P124.9 billion. While personal income tax rates under the TRAIN Law reduced taxes payable by many individuals, this was offset by better compliance, increase in registered taxpayers, and an increase in jobs. When compared to 2017, however, individual income tax collections still registered a decline of 1.1 percent or P4.5 billion.

Value Added Tax collection declined by P12.9 billion or 3.6 percent year-on-year, and is short compared to target by P88.2 billion.

Excise tax collection was above target by P42.2 billion, and rose by 39.0 percent or P81.5 billion from 2017, reflecting the impact of the TRAIN law which raised excise tax rates for petroleum products, cigarettes, automobiles, and mineral products. Excise tax collection from alcohol products exceeded target by P8.4 billion. When compared to 2017, collections from petroleum products grew by 153.2 percent growth, while automobiles grew by 34.9 percent growth, alcohol products at 12.7 percent growth and tobacco products at 8.3 percent growth.

Documentary Stamp Tax collection exceeded target by P6.3 billion, and when compared year-on-year, collections increased by 62.0 percent or P53.2 billion.

BOC Collections in 2018

Total BOC collections of P593.1 billion in 2018 grew by 29.4 percent year-on-year, which is higher than 2017 growth of 15.6 percent. The bureau surpassed its revised target of P584.9 billion by 1.4 percent or P8.2 billion. As percent of GDP, it improved from 2.9 percent in 2017 then to 3.4 percent in 2018. Additional collections from the implementation of TRAIN law recorded at P58.5 billion, which is below target by P5.5 billion.

Import taxes, comprising of VAT and excise taxes, accounted for 84.3 percent of BOC's collections. VAT on goods brought in P323.4 billion for the year, 16.7 percent up than 2017. Strong collection from excise taxes, which grew by 52.5 percent, was on account of higher excisable imports, particularly motor vehicles, and higher rates under TRAIN law.

The strong and higher collection performance of BOC were also attributed to the following:

- Higher collection from crude and petroleum products;
- Higher duties collection due to proper valuation of goods and tariff classification;
- Higher collection of excise tax registered from higher imports and motor vehicle collection;
- Strengthened campaign against illegal trade; and
- Windfall from the peso depreciation

Table 10. BOC Collection, Net of Tax Refund, 2017-2018
(in billion pesos)

Particulars	2017	2018		Variance (2018 vs Program)	Growth (Actual 2018 vs 2017)
	Actual	Program	Actual		
TOTAL	**458.18**	**584.88**	**593.11**	**1.4%**	**29.4%**
o.w. T E F [1/]	1.40	2.50	7.70	206.4%	432.2%
Import Duties	**54.55**	**60.07**	**89.35**	**48.7%**	**63.8%**
Non-Oil	54.55	60.07	89.34	48.7%	63.8%
Oil	0.00	0.00	0.00	0.0%	0.0%
VAT	**340.31**	**397.50**	**409.76**	**3.1%**	**20.4%**
Non-Oil	277.19	317.64	323.36	1.8%	16.7%
Oil	63.12	79.86	86.39	8.2%	36.9%
Crude Oil	26.18	34.58	38.58	11.6%	47.4%
Oil Products	36.94	45.28	47.82	5.6%	29.4%
Excise	**60.85**	**127.07**	**92.83**	**-26.9%**	**52.5%**
Non-Oil	45.16	62.80	48.86	-22.2%	8.2%
Oil	15.70	64.26	43.96	-31.6%	180.1%
Others	**2.46**	**0.24**	**1.18**	**392.5%**	**-52.0%**

[1/] Tax Expendiiture Fund or tax subsidies provided by NG

III.2.2 Borrowing Performance

National Government Financing

The National Government raised total borrowings of P897.6 billion in 2018, 7.6 percent lower compared with the revised program as the government exercised flexibility in its borrowings given ample cash reserves and rising rates. Gross financing achieved a financing mix of 66:34 in favour of domestic sources in line with the strategy of managing foreign exchange risk exposure even as the government sought to further diversify foreign financing. The gross amount was used to finance the budget deficit of P558.3 billion, redeem refinancing requirements of P114.3 billion, and build up cash buffers.

Table 11. National Government Financing, 2018
(in million pesos)

Particulars	2018			Variance (Actual vs Revised Program)	
	Program [1/]	Revised Program [2/]	Actual	Amount	%
NET FINANCING	**821,274**	**854,236**	**783,277**	**(70,959)**	**(8.3)**
External Borrowing (Net)	114,346	217,484	191,752	(25,732)	(11.8)
External Borrowing (Gross)	176,269	331,750	303,077	(28,673)	(8.6)
Project Loans	41,055	21,229	33,957	12,729	60.0
Program Loans	84,214	84,199	80,422	(3,777)	(4.5)
Bonds and Other Inflows	51,000	226,323	188,698 [3/]	(37,625)	(16.6)
Less: Amortization	61,923	114,266	111,325 [4/]	(2,941)	(2.6)
Domestic Borrowing (Net) [5/]	706,928	636,752	591,525	(45,227)	(7.1)
Domestic Borrowings (Gross)	711,958	640,114	594,474	(45,640)	(7.1)
Treasury Bills	71,958	15,651	179,937	164,286	1049.7
Treasury Bonds	640,000	624,463	414,537	(209,926)	(33.6)
Less: Net Amortization	5,030	3,362	2,949	(413)	(12.3)
Amortization	267,130	265,462	265,049	(413)	(0.2)
o/w Serviced by the BSF [6/]	*262,100*	*262,100*	*262,100*	-	-
GROSS FINANCING	**888,227**	**971,864**	**897,551**	**(74,313)**	**(7.6)**
Financing Mix (% of Total)					
External	20%	34%	34%		
Domestic	80%	66%	66%		

1/ Based on BESF 2018 Table D.1
2/ Based on BESF 2019 Table D.1
3/ Includes proceeds used to prepay outstanding in bond exchange transactions
4/ Includes prepayments made through bond exchange transactions
5/ Excludes bonds maturing and issued for CB restructuring
6/ Actual redemption from Sinking Fund

External borrowings of P303.1 billion made through the issuance of sovereign bonds and availment of loans were 8.6 percent below the revised program as the government held off further issuances in light of sufficient cash reserves. External bond issues consisted of P102.7 billion in 10-year Global Bonds in February followed by the maiden issuance of Panda bonds worth P12.0 billion in March and P74 billion Samurai bonds in August. The two latter tranches were part of efforts to further diversify the investor base while taking advantage of demand and foreseen natural hedges that minimize currency mismatch. Meanwhile, program loans from the International Bank for Reconstruction and Development (IBRD) and the Asian Development Bank (ADB) comprised the majority of loan availments, specifically: 1) USD496 million (P26.9 billion) from IBRD's Second Disaster Risk Management Development Policy with a CAT-DDO; 2) USD300 million (P15.1 billion) from ADB's Facilitating Youth School to Work Transition Program, and 3) USD200 million (P10.7 billion) from ADB's Investment through Capital Market.

Likewise, domestic financing from the auction of government securities was 7.1 percent below the revised target of P640.1 billion due to ample liquidity and the management of auction rates given the rising interest rate environment. Gross treasury bills floatation amounted to P523.8 billion with P343.9 billion in maturities, leaving P179.9 billion for financing. Meanwhile, domestic treasury bonds accounted for the remaining P414.5 billion which includes P55.6 billion through the tap facility. Auction rejection on account of increasing interest rates caused a 33.6 percent shortfall in T-Bond issuance against the revised program.

For 2019, the NG will continue to borrow primarily from the domestic market to mitigate exposure to foreign currency volatility through a 76:24 target mix between domestic and foreign financing. This goes alongside liquidity and capital market development initiatives to further deepen the domestic capital base. Nonetheless, external borrowings will remain a significant funding source as global bonds issuance provides investor base diversification.

National Government Debt

NG outstanding debt totalled P7,292.5 billion (USD138.74 billion) as of end-2018, growing 9.6 percent or P640.1 billion more than its level a year ago. In line with the financing strategy of managing foreign exchange risks, domestic debt accounted for 65.5 percent of total NG obligations amounting to P4,776.9 billion while the remaining 34.5 percent or P2,515.6 billion were held as external debt.

Debt as a percentage of GDP continued its downward trend at 41.9 percent from the program as well as year ago level of 42.1 percent. The ratio is due to the moderate increment in debt as a result of prudent cash and debt management and steady economic growth. In addition, despite the increased borrowing requirement, judicious spending for growth and economic capacity will further bring down the ratio over the medium term.

Moreover, NG's debt structure has maintained a prudent exposure to market risks:

1. The currency composition of the debt portfolio manages vulnerability to adverse exchange rate swings. Based on value, 66.9 percent or P4,880.3 billion of the total national government debt at end-2018 is denominated in Philippine currency, followed by USD, JPY, EUR and other currencies at 26.6 percent, 5.4 percent, 0.49 percent and 0.52 percent, respectively. Year-on-year, the share of foreign currency debt increased to 33.1 percent from 31.7 percent the previous year due to the issuance of new instruments to diversify the investor base for ROP securities

2. Higher weighted average interest rate (WAIR) reflects upward adjustment for domestic refinancing costs. The end-2018 WAIR of 5.1 percent increased from 4.9 percent as of end-2017. Over the same period, domestic WAIR increased to 5.4 percent from 5.1 percent with the 2018 domestic bond issuance WAIR registering 96 bps higher at 5.35 percent from 4.39 percent in 2017. Meanwhile, the WAIR for foreign borrowing has gone down to 4.3 percent as of end-2018 from 4.4 percent for end-2017.

3. Floating rate debt slightly increased to 8.9 percent from the 2017 level of 8.3 percent. The small percentage of variable rate debt minimizes sensitivity to volatile interest adjustments.

4. Average residual maturity lengthened to 10.4 years from 9.8 a year ago, maintaining a comfortable profile at the upper bound of the 7-10 year target. Average domestic debt maturity decreased to 7.1 years from 7.8 years largely due to market conditions which favored medium term debt issuance while external debt maturity lengthened to 12.24 from 12.05 over the same period.

Table 12. National Government Debt, 2017-2018
(in million pesos)

Particulars	2017	2018	Variance (2018 vs 2017)	
			Amount	%
Total NG Debt	**6,652,430**	**7,292,500**	**640,070**	**9.6**
External 1/	2,211,170	2,515,641	304,471	13.8
Domestic	4,441,260	4,776,859	335,599	7.6
% of Total				
External	33.24%	34.50%		
Domestic	66.76%	65.50%		
% of GDP	42.08%	41.85%		
External	13.99%	14.44%		
Domestic	28.10%	27.41%		
Currency Breakdown				
Foreign 2/	31.66%	33.07%		
Local	68.34%	66.93%		
Interest Rate Mix	**100.00%**	**100.00%**		
Fixed	91.57%	91.01%		
Floating	8.31%	8.90%		
Interest Free	0.12%	0.10%		
Weighted Ave. Interest Rate	**4.89%**	**5.05%**		
External	4.41%	4.34%		
Domestic	5.13%	5.42%		
Average Maturity (years) 3/	**9.8**	**10.38**		
External	12.05	12.24		
Domestic	7.75	7.13		
Total Interest Payments (IP)	**310,541**	**349,215**	**38,674**	**12.5**
External	100,065	105,983	5,918	5.9
Domestic	210,476	243,232	32,756	15.6
% of GDP				
Total IP	1.96%	2.00%		
External	0.63%	0.61%		
Domestic	1.33%	1.40%		
% of NG Expenditures				
Total IP	11.00%	10.25%		
External	3.54%	3.11%		
Domestic	7.45%	7.14%		
% of NG Revenues				
Total IP	12.56%	12.25%		
External	4.05%	3.72%		
Domestic	8.51%	8.53%		
Memo Items				
GDP	15,807,596	17,426,202		
Peso/USD	49.958	52.563		
Expenditures	2,823,769	3,408,443		
Revenues	2,473,132	2,850,184		

1/ Based on jurisdiction of issuance
2/ Based on currency of issuance
3/ Average Maturity measured in years on residual basis

III.2.3 Disbursement Performance

National Government disbursements posted a 20.7 percent annual growth rate in 2018 – the highest since 1991 – to reach P3,408.4 billion. Spending was buoyed by the higher growth of infrastructure and other capital expenditures, which grew by 41.3 percent year-on-year to reach P803.6 billion in 2018, compared to just the 15.4 percent annual growth rate posted in 2017. The surge is credited largely to payment of prior years' accounts payables and completed infrastructure projects such as road infrastructure assets; acquisition of transport and combat equipment and navigational and communication facilities under the AFP Modernization Program; repair and rehabilitation of school buildings and facilities and Computerization Program; and construction, repair of health facilities and acquisition of medical equipment. Likewise, disbursements expanded due to higher personnel services expenditures (22.1 percent year-on-year) and maintenance spending (12.9 percent year-on-year) owing to the impact of the salary increases for both the civilian, and military and uniformed personnel[6], and improved fill-up rates for creation and filling of positions in the DepEd and other agencies, as well as increased provision for social services sector programs such as the K to 12, 4Ps, free tertiary education, and health services.

Table 13. National Government Disbursements, January-December 2018
(in billion pesos)

PARTICULARS	January to December			Variance		Inc/(Dec)	
	2017 Actual	2018 Program	2018 Actual	Amt	%	Amt	%
CURRENT OPERATING EXPENDITURES	**2,113.9**	**2,415.8**	**2,440.5**	**24.7**	***1.0***	**326.6**	***15.4***
Personnel Services	808.4	961.9	987.2	25.3	*2.6*	178.8	*22.1*
Maintenance and Other Operating Exp.	465.4	517.5	525.6	8.2	*1.6*	60.2	*12.9*
Subsidy	131.1	137.7	136.7	(1.0)	*(0.7)*	5.6	*4.2*
Allotment to LGUs	390.2	425.2	420.2	(5.1)	*(1.2)*	30.0	*7.7*
Interest Payments	310.5	354.0	349.2	(4.8)	*(1.4)*	38.7	*12.5*
Tax Expenditure	8.3	19.5	21.6	2.1	*10.7*	13.3	*159.2*
CAPITAL OUTLAYS	**714.1**	**940.4**	**963.1**	**22.7**	***2.4***	**249.0**	***34.9***
Infrastructure/Other Capital Outlays	568.8	775.4	803.6	28.3	*3.6*	234.9	*41.3*
Equity	5.4	7.6	4.0	(3.6)	*(47.4)*	(1.4)	*(25.6)*
Capital Transfers to LGUs	140.0	157.5	155.5	(2.0)	*(1.3)*	15.5	*11.1*
NET LENDING	**(4.2)**	**13.8**	**4.9**	**(8.9)**	***(64.6)***	**9.1**	***(215.1)***
GRAND TOTAL	**2,823.8**	**3,370.0**	**3,408.4**	**38.5**	***1.1***	**584.7**	***20.7***

For the first time in 13 years, the government reverted the perennial problem of underspending, exceeding the program by 1.1 percent. National Government disbursements surpassed the P3,370.0 billion full year target by P38.5 billion. This is credited mainly to budget reforms such as the one-year

[6] Pursuant to EO No. 201, s2016 and Congress JR No. 1 s, 2018.

validity of appropriations, the active promotion of early procurement activities, and the shift to annual Cash Budgeting System (CBS). These reforms pushed line agencies to implement programs and projects faster, speed up the hiring of government personnel, and clean up prior years' accounts payables, especially for infrastructure projects. As a result, infrastructure and other capital outlays topped the P775.4 billion program for the year by 3.6 percent (P28.3 billion); while personnel services and maintenance expenditures exceeded the full year target by 2.6 percent (P25.3 billion) and 1.6 percent (P8.2 billion), respectively. On the other hand, the government generated some P13.7 billion savings from interest payments (P4.8 billion) and net lending (P8.9 billion) owing to the debt liability management strategies of the government, and from repayments made by government-owned and –controlled corporations for their net lending advances, respectively.

Infrastructure spending reached P886.2 billion, equivalent to 5.1 percent of GDP in 2018. This compares to the P690.8 billion infrastructure disbursements recorded in 2017, equivalent to 4.4 percent of GDP. On an obligation basis, infrastructure expenditures, composed of the totality of infrastructure projects implemented by National Government Agencies (NGAs), GOCCs, and Local Government Units (LGUs) funded by NG subsidies and transfers reached P990.5 billion, equivalent to 5.7 percent of GDP.

IV. National Government Expenditure Performance

IV.1 Allotment Releases and Obligations, Disbursements, and Balances

Table 13. Statement of Appropriations, Allotments, Obligations, Disbursements and Balances, 2018
(in billion pesos, unless otherwise stated)

Particulars	Available Appropriations [1/]	Allotment Releases [2/]	Actual Obligations	Unobligated Balances	Obligation Rate [3/]	Disbursements [4/]
National Government Agencies	**2,642.8**	**2,607.9**	**2,429.2**	**178.7**	***93.1***	**2,338.1** [5/]
Special Purpose Funds (SPFs)	**801.7**	**748.8**	**748.5**	**0.3**	***100.0***	**716.3**
GOCCs	193.7	192.6	192.6	-	*100.0*	140.6
ALGUs	580.8	556.2	555.9	0.3	*99.9*	575.7
Other SPFs	27.2	-	-	-	-	
Automatic Appropriations	**370.8**	**370.8**	**354.1**	**16.7**	***95.5***	**354.1**
Net Lending	16.8	16.8	4.9	11.9	*29.0*	4.9
Interest Payments	354.0	354.0	349.2	4.8	*98.6*	349.2
Total	**3,815.3**	**3,727.5**	**3,531.8**	**195.8**	***94.7***	**3,408.4**
By Funding Source	**3,815.3**	**3,727.5**	**3,531.8**	**195.8**		
Current Year	3,794.4	3,706.7	3,513.6	193.1	-	-
Continuing Appropriations	20.9	20.9	18.2	2.7	-	-

[1/] Pertains to FY 2018 GAA, FY 2017 Continuing Appropriations, Automatic Appropriations, and Unobligated Allotments. Includes adjustments per Special Provisions in the GAA, modification of allotment classes, and releases to implementing agencies from SPFs, Unprogrammed, and Automatic Appropriations.

[2/] Includes the P16.033 billion unobligated allotments released in 2017.

[3/] Percentage of obligations vs allotment releases.

[4/] Based on the Cash Operations Report of the Bureau of the Treasury (BTr).

[5/] Includes P21.6 billion Tax Expenditure Subsidy

SOURCE: Statement of Appropriations, Allotments, Obligations, Disbursements, and Balances of the DBM, and Cash Operations Report of the BTr

The total available appropriations for FY 2018 amounted to P3,815.3 billion. Of the said level, nearly 70.0 percent or P2,642.8 billion is intended for the regular programs, projects, and operating expenditures of NGAs. The other big-chunk, amounting to P801.7 billion (21.0%) pertains to Special Purpose Funds (SPFs), while the remaining P370.8 billion (9.7%) is under the Automatic Appropriations. SPFs are composed of the budgetary support to Government-Owned and/or –Controlled Corporations (P193.7 billion), internal revenue shares of and other development transfers to Local Government Units (P580.8 billion), and other special purpose funds (P27.2 billion) namely, Contingent Fund and National Disaster Risk Reduction and Management Fund. Meanwhile, Automatic Appropriations consisted of interest payments, net lending, and other automatically appropriated expenditures such as the Special Account in the General Fund.

Allotment releases for 2018 totalled P3,727.5 billion[7], or 97.7 percent of the available appropriations for the year, improving from the 94.1 percent ratio in 2017 with the continued adoption of the GAA as the Allotment Order policy. The policy provides for the comprehensive release of allotments for expenditures itemized in the budget and which no longer require further clearances, fulfilment of certain conditions, and submission of documentary requirements. With this, the DBM issued National Budget Circular No. 573 dated January 3, 2018 prescribing the guidelines for the release of FY 2018 funds, and thereby comprehensively releasing some P1,999.3 billion[8] in agency specific budgets on the first working day of 2018 to help line agencies hasten program/project implementation.

As of end-December 2018, actual obligations reached P3,531.8 billion or nearly 95 percent of the total allotment releases for the year. This is slightly lower when compared to the 95.2 percent obligation rate posted for the same period a year ago mainly on account of procurement issues due to late procurement activities and failed biddings, delays in the issuance of guidelines, and late submission of documentary requirements, among others. Specifically, actual obligations by NGAs amounted to P2,429.2 billion, indicating an 93.1 percent obligation rate, albeit marginally lower than the 94.1 percent ratio recorded in the previous year (*see discussion on expenditure performance of big-spending departments on pages 28-83*).

The lower obligation rate resulted in a P195.8 billion unobligated balances as of December 31, 2018. This is comprised largely of some P178.7 billion unobligated funds released to NGAs, bulk of which pertains to funds released for Maintenance and Other Operating Expenses (MOOE) (P63.4 billion) and Capital Outlays (CO) (P105.8 billion). Under the one-year validity of appropriations under the 2018 GAA, all unreleased funds and unobligated balances will revert to the General Fund, after the end of the fiscal year. However, the Congress, through Joint Resolution No. 3 dated December 26, 2018[9], extended the validity of appropriations for MOOE and CO up to December 31, 2019 so the same can still be utilized by line agencies to fund priority programs and projects, especially for activities related to aid, relief, and rehabilitation efforts to communities affected by calamities that hit the country in 2018.

In terms of disbursements, total NG spending for full year 2018 totalled P3,408.4 billion based on the Cash Operations Report of the Bureau of the Treasury (BTr). Of this, some P1,771.3 billion was disbursed by line agencies as payment for their

[7] Includes P13.9 billion Unobligated Allotments which were already released in 2017 but remained valid until December 31, 2018.

[8] See Summary of FY 2018 Fund Releases. Available at https://www.dbm.gov.ph/wp-content/uploads/Issuances/2018/National%20Budget%20Circular/SUMMARY-OF-FY-2018-FUND-RELEASE.pdf

[9] Entitled, "Joint Resolution Extending the Availability of the 2018 Appropriations for Maintenance and Other Operating Expenses and Capital Outlays to December 31, 2019, Amending for the Purpose Section 61 of the General Provisions of Republic Act No. 10964, the General Appropriations Act of Fiscal Year 2018".

current year's obligations based on consolidated FAR 1 reports. This is equivalent to a 72.9 percent current year disbursement-to-obligation ratio from the 65.8 percent rate recorded a year ago. The improvement is attributed to the faster pace of program execution and disbursements. As mentioned, total disbursements, including prior years' accounts payables expanded by 20.7 percent year-on-year and exceeded the program by 1.1 percent (see details of NG disbursements in the fiscal performance section of this report on page 24). Payments of prior years' accounts payables have likewise increased as the shift to CBS starting 2019 encouraged agencies to wind down their inventory of prior years' obligations. Most notably is the Department of Public Works and Highways (DPWH), whose total fiscal year prior years' accounts payable payments amounted to P287.1 billion in 2018 from P159.7 billion in 2017 based on the agency's financial accountability report submissions.

The details of the financial and physical performance of big-spending departments are discussed in the succeeding sections of this report.

IV.2 Financial and Physical Performance of Selected Major Programs and Projects, by Department, as of December 31, 2018

Department of Agrarian Reform (DAR)

(in billion pesos)

Department	2017[1/]					2018[2/]				
	Allotment	Obligation	Disbursements [3/]	BUR		Allotment	Obligation	Disbursements [3/]	BUR	
				Oblig	Disb				Oblig	Disb
DAR	13.6	10.6	8.3	77.7%	78.3%	10.8	9.6	8.1	88.5%	84.0%

[1/] 2017 SAAODB
[2/] 2018 SAAODB
[3/] Pertains to current year payments of obligations entered into during the year

Financial Performance. DAR sustained the upward trend of its obligation performance, rising up to P9.6 billion or 88.5 percent in 2018 from 77.7 percent and 57.4 percent in 2017 and 2016, respectively. This success was also replicated in its disbursement performance, with DAR securing the delivery of 84.0 percent of its obligations in 2018 versus the 78.3 percent in 2017.

The agency obligated 98.4 percent of the P2.6 billion released allotment for the Land Tenure Security (LTS) Program, and subsequently disbursed 96.5 percent (P2.5 billion) of its contractual obligations. Despite this excellent financial performance for the LTS Program, DAR needs to take measures to improve the implementation of another major program: the Agrarian Reform Beneficiaries Development and Sustainability Program (ARBDSP), where only P1.7 billion of its

P1.9 billion[10] budget or 88.1 percent was obligated and P1.3 billion or 78.0 percent of the total obligation was disbursed as a result of the late awarding of contracts due to procurement difficulties.

In addition, the agency's obligation performance of the Foreign Assisted Projects (FAPs) slipped to 71.2 percent in 2018 from 74.2 in 2017. This decline was mostly attributed to procurement issues and delays in the processing of document approvals by the Italian Government for the Agrarian Reform Communities Development Support Program (IARCDSP). The cancellation of the P358.5 million World Bank funded Inclusive Partnership for Agricultural Competitiveness (IPAC) project also contributed significantly to the decline of the obligation performance of FAPs.

The disbursement performance of the agency's FAPs likewise only achieved a collective 51.0 percent. Even the Mindanao Sustainable Agrarian and Agriculture Development Project (MINSAAD), which registered the highest obligation rate among the agency's FAPs with 98.4 percent, was able to pay only 68.3 percent of its contractual obligations. Similar to its regular programs, issues in procurement[11] were the main causes for low disbursements. Another frequently encountered issue was the delays in the submission of reports and documentary requirements for the liquidation of disbursements, including those from LGUs, and other NGAs.

[10] Net of Appropriations for FAPs in the amount of P2.0 billion.

[11] For FAPs, issues such as failure in meeting quality specifications of suppliers and strict procurement guidelines of the development partner (i.e. on subprojects) were reported.

PARTICULARS	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
LAND TENURE SECURITY PROGRAM			
Output Indicators			
1. No. of landholdings with claim folder (CF) documentation	6,726	5,948	88.4%
2. No. of hectares (gross area) covered by registered EPs/CLOAs	53,841	28,573	53.1%
3. No. of generated CLOAs registered (LRA-CARP)*	53,841	38,005	70.6%
4. No. of hectares with approved survey (DENR-CARP)*	103,016	63,279	61.4%
5. No. of subdivided collective CLOAs registered (LRA-CARP)*	62,969	21,862	34.7%
AGRARIAN JUSTICE DELIVERY PROGRAM (AJDP)			
Output Indicators			
1. % resolution rate of agrarian-related cases (DARAB & ALI Cases)	79%	84%	106.3%
2. % of cases handled with agrarian-legal assistance in judicial and quasi-judicial courts	70%	78%	111.4%
AGRARIAN REFORM BENEFICIARIES DEVELOPMENT AND SUSTAINABILITY PROGRAM			
Output Indicators			
1. No. of Agrarian Reform Beneficiaries (ARBs) trained	519,150	672,837	129.6%
2. No. of ARBs with access to credit and microfinance services	162,869	196,310	120.5%
3. No. of ARB organizations (ARBOs) provided with tehcnical, enterprise, farm support and physical infra support	3,674	3,893	106.0%
4. No. of farmer beneficiaries and small landowners trained (DTI-CARP)*	31,452	55,334	175.9%
5. No. of Irrigator's Associations (IAs) organized and trained (NIA-CARP)*	59	61	103.4%
6. No. of sites and areas covered for upland development (DENR-CARP)*	145/ 4,350	141/ 4,736	97.2% 108.9%
7. No. of irrigation projects completed (NIA-CARP)*	59	43	72.9%
8. No. of Technical and Marketing Assistance provided (DTI-CARP)*	6,637	6,593	99.3%
9. No. of Micro, Small and Medium Enterprises (MSMEs) maintained (DTI-CARP)*	3,245	3,346	103.1%
10. No. of hectares (new and restored areas) provided with irrigation (NIA-CARP)*	3,781	2,493	65.9%

Source: FY 2020 National Expenditure Program

* Corresponding budgetary alloactions for CARP were appropriated under the respective department/agency budget.

Physical Performance. Averaging a 94.9 percent accomplishment rate, the DAR maintained its good performance in achieving targets. With the two (2) output indicators under the Agrarian Justice Delivery Program (AJDP) exceeding their targets, the program's performance translated to the resolution of 28,634 DAR Adjudication Board (DARAB) cases and 33,602 Agrarian Law Implementation (ALI) cases. In terms of delivery of support services to Agrarian Reform Beneficiaries (ARBs), DAR was able to train 672,837 ARBs nationwide, with 196,310 of them provided with access to credit and microfinance services, and 3,893 ARB organizations provided with technical, enterprise, farm support and physical infrastructure support.

While financial performance improvements were reported on the LTS Program, DAR was not able to achieve its target for providing documentations to landholdings with claim folders. Out of 6,726 has. targeted in 2018, only 5,948 has.

or 88.4 percent of the landholdings were provided with documentation. Also, DAR fell short in achieving its target of land area (in hectares) covered by registered EPs/CLOAs, attaining only 53.1 percent performance and covering only 28,573 has. out of the targeted 53,841 has.. The missed targets were reportedly caused by the problematic processing and documentation of landholdings and faulty preparatory work[12]. Despite these, it is worth noting that the LTS program still managed to exceed its outcome target by 25.9 percent, successfully awarding Emancipation Patents (EP)/Certificates of Land Ownership Awards (CLOA) to 27,465 ARBs.

Apart from DAR, other agencies were also provided with budgetary allocations for agrarian reform in their respective agency budgets to support the Comprehensive Agrarian Reform Program (CARP)-related interventions. In supporting the proper documentation of land distribution, the Land Registration Authority (LRA) registered a total of 59,867 CLOAs[13] while DENR provided the survey for 63,297 hectares of land. In order to maximize the opportunities provided by the land distribution and enhance agriculture productivity, NIA provided irrigation to 2,493 hectares of land and completed 43 irrigation projects. In addition, capacity building was also undertaken, with NIA training 61 Irrigation Associations (IAs) and DTI training 55,334 farmer beneficiaries and land owners alongside providing technical and marketing assistance 6,593 times. To ensure sustainability, the DTI supported 3,346 Micro, Small and Medium Enterprises while the DENR covered 141 sites and 4,736 areas for upland development.

Department of Agriculture (DA)

(in billion pesos)

Department	2017[1/]					2018[2/]				
	Allotment	Obligation	Disbursements [3/]	BUR		Allotment	Obligation	Disbursements [3/]	BUR	
				Oblig	Disb				Oblig	Disb
DA	51.2	48.4	32.0	94.6%	66.1%	52.1	44.4	32.6	85.1%	73.4%

[1/] 2017 SAAODB
[2/] 2018 SAAODB
[3/] Pertains to current year payments of obligations entered into during the year

Financial Performance. There was a drop in the Department of Agriculture's obligation rate, from 94.5 percent in 2017 to 85.2 percent in 2018[14]. However, the

[12] Specifically, erroneous survey descriptions and research of coordinates which resulted in the non-completion and non-approval of surveys. The process involves input from other NGAs and LGUs. DAR, under a presidential directive, is streamlining the awarding process.
[13] The total of the registration of 38,005 CLOAs and 21,862 subdivided collective CLOAs.
[14] Low obligation BUR is mainly attributable to the P5.0 B allotment released only to the Department on 27 December 2018 chargeable against Unprogrammed Appropriations for credit support and implementation of the National Rice Program (NRP). The release is in support to the anticipated adverse effects to the income of rice farmers due to the lifting of the minimum access value (MAV) once the Rice Liberalization Bill becomes a law, which then posted zero obligation.

disbursement performance of the department showed a significant increase, from 66.1 percent in 2017 to 78.4 percent in 2018. The overall execution rate of DA stayed at 62.2 percent in 2018 vis-à-vis 62.6 percent in 2017.

Notably, the DA had the most implementation issues with its FAPs and Locally-Funded Projects (LFPs). In particular, the Philippine Rural Development Program (PRDP) and its expansion project (EPRDP), was a significant cause in their low utilization performance, obligating only a combined total of P2.6 billion or 81.4 percent of its P3.2 billion budget. The Bureau of Fisheries and Aquatic Resources (BFAR) also reported utilization issues in two (2) of its FAPs: the Integrated Marine Environment Monitoring System (IMEMS) and the Fisheries, Coastal Resources, and Livelihood (FishCORAL) Project. The IMEMS reported no obligations for its P289.0 million allotment due to its shift from foreign to local funding while the FishCORAL Project showed low disbursements, liquidating only 53.6 percent or P167.8 million of its P313.3 million-worth of contracts.

As for its LFPs, DA's Agricultural Competitiveness Enhancement Fund (ACEF) was unable to obligate P180.0 million or 100 percent of its budget for scholarship programs due to the late approval of the Memorandum of Agreement (MOA) with the Commission on Higher Education (CHED) on the transfer of funds. Meanwhile, the Special Area for Agricultural Development (SAAD) project recorded a total[15] obligation of P934.0 million or 94.5 percent of its P991.3 million allotment but only managed to disburse less than half of this amount at P457.7 million.

Relative to its banner programs, as shown below, these banner programs performed well by achieving obligation rates above 90.0 percent. However, four (4) of the seven (7) programs recorded drops in obligation rate below its 2017 performance. The National Promotion and Development of Organic Agriculture Program (NPDOAP) obligation rate improved significantly with its performance rising from 89.7 percent in 2017 to 96.8 percent in 2019. In addition, the administration of the Agro-Industry Modernization Credit and Financing Program (AFMCFP) by the ACPC also maintained its 100 percent obligation and disbursement rates.

On the other hand, while most of the major programs showed improvements in disbursement performance, these are still relatively low compared to their obligation rates, ranging only from 66.0 percent to 76.7 percent for the former versus 90.8 percent to 98.6 percent for the latter.

[15] The SAAD is jointly implemented by DA-OSEC and DA-BFAR. The amounts in this report are the grand total of the budgets under the two agencies.

Major Programs	2017					2018				
	Allotment	Obligation	Disbursements	BUR		Allotment	Obligation	Disbursements	BUR	
				Oblig	Disb				Oblig	Disb
DA-OSEC										
National Rice Program (NRP)	10.1	9.9	7.2	98.4%	72.2%	11.7	11.6	8.9	98.6%	76.7%
National Corn Program (NCP)	3.0	2.9	2.1	98.0%	72.9%	3.0	2.9	2.2	97.6%	74.6%
National Livestock Program (NLP)	1.7	1.6	1.0	96.1%	61.6%	1.6	1.5	1.1	93.8%	72.1%
National High Value Crop Development Program (NHVCDP)	4.2	4.1	2.5	97.7%	61.7%	3.0	2.9	2.1	94.4%	74.4%
National Promotion and Development of Organic Agriculture Program (NPDOAP)	0.9	0.8	0.5	89.7%	64.3%	0.8	0.8	0.5	96.8%	66.0%
DA-ACPC										
Agro-Industry Modernization Credit and Financing Program (AFMCFP) Administration	0.8	0.8	0.8	100.0%	100.0%	1.1	1.1	1.1	100.0%	100.0%
DA- BFAR										
National Fisheries Program	5.2	5.1	3.9	99.4%	75.1%	4.7	4.3	2.9	90.8%	68.3%

Physical Performance. The DA – Office of the Secretary (OSEC)'s physical performance was mixed, having managed to meet only seven (7) of its twelve (12) output targets.

For its Technical and Support Services Program, the agency was only able to provide six (6) out of the 81 provinces/chartered cities[16] with production support services and support to construct market-related infrastructure[17] due to: (1) reported difficulties encountered with LGUs in complying with documentary requirements, (2) reprogrammed targets beyond the capacity of local seed growers, and (3) lack of LGU status reports of implementation. Nevertheless, the program was able to provide 2,737 group beneficiaries with market development services, and 21,108 extension workers and 131,374 famers, fisherfolks and other participants with training support services.

A similar case was seen for the Agriculture and Fisheries Regulatory Program, where the DA was unable to meet its timeliness standard in the processing of applications for quarantine and sanitary and phytosanitary (SPS) clearances, due to the delay in the implementation of the online application system and incomplete application submissions. However, the rest of the program targets were met with 43 agri-fishery standards developed and completed inspections of all new agriculture facilities and products.

[16] The GAA target of 86 cities included five (5) cities under ARMM. These were excluded in the indicator as they have yet to submit their reports on the program due to liquidation issues. It should be noted that the fund transfer to the five (5) cities are facilitated by the DA-Central Office.

[17] Accomplishment per province if at least 90 percent of the target production support services and/or market-related infrastructure was already provided.

Conversely, in its Agricultural, Machinery, Equipment, Facilities and Infrastructures Program, the DA was only able to meet one out of its four output targets. The reasons reported include commonly encountered issues such as difficulties in securing Right-of-Way (ROW) and delays in the procurement process, along with external issues, like unfavorable weather conditions being the most cited, and internal issues such as lack of manpower and equipment.

PARTICULARS	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
TECHNICAL AND SUPPORT SERVICES PROGRAM			
Output Indicators			
1. Number of Provinces and Chartered Cities provided with production	86	6	7.0%
2. Number of group beneficiaries provided with market development	1,695	2,737	161.5%
3. Number of extension workers trained to support the capacity of LGUs			
a. LGU extension workers trained	18,010	21,108	117.2%
b. Farmers, fisherfolks and other participants	111,968	131,374	117.3%
AGRICULTURAL, MACHINERY, EQUIPMENT, FACILITIES AND INFRASTRUCTURES PROGRAM			
Output Indicator			
1. Number of Provinces and Chartered Cities provided with agricultural	88	18	20.5%
2. Number of hectares of service area generated from the establishment and installation of small scale irrigation projects (SSIP)	14,682	9,621	65.5%
3. Number of kilometers of Farm-to-Market Roads (FMRs) validated for construction/rehabilitation	600	1,115.25	185.9%
4. Percentage of DPWH-constructed FMRs monitored	100%	90%	90.0%
AGRICULTURE AND FISHERY REGULATORY SUPPORT PROGRAM			
Output Indicators			
1. Percentage of applications for quarantine and sanitary and phytosanitary SPS) clearance within one (1) day	100%	47%	47.0%
2. Number of agri-fishery standards developed	43	43	100.0%
3. Percentage of new agriculture facilities and products that have been inspected at least once a year	100%	100%	100.0%
LOCALLY-FUNDED AND FOREIGN-ASSISTED PROGRAM			
Output Indicator			
1. Percentage of amount of approved FMR sub-projects to the total amount of FMR allocation	100%	100%	100.0%

Source: FY 2020 National Expenditure Program

In contrast to DA-OSEC, ACPC managed to meet and exceed most of their targets. It only fell short in the number of loans granted to end borrowers but managed to meet its target of lending to 45,842 credit retailers/lenders and exceeded its targets for capacity building programs and assistance to farmers and fisherfolks to facilitate access to formal credit facilities under the Agro-Industry Modernization Credit and Financing Program (AMCFP).

BFAR, similar to DA-OSEC, encountered issues in its capital outlay support through its Fisheries Development Program, meeting only one of its three targets. The targets on provision of postharvest support supply were not met as BFAR made adjustments to suit the preference of the fisherfolk, which were more expensive than the planned units. Likewise, the distribution of the target environment-friendly fishing gears/paraphernalia was not met as some have yet to be completed while some have yet to be picked up by LGUs. However, apart from these programs, the BFAR surpassed all output indicators for both its Fisheries Regulatory and Law Enforcement Program and Fisheries Extension Program.

Department of Education (DepEd)

(in billion pesos)

Department	2017[1/]					2018[2/]				
	Allotment	Obligation	Disbursements [3/]	BUR		Allotment	Obligation	Disbursements [3/]	BUR	
				Oblig	Disb				Oblig	Disb
DepEd	472.1	458.4	384.4	97.1%	83.9%	495.8	471.8	438.9	95.2%	93.0%

[1/] 2017 SAAODB

[2/] 2018 SAAODB

[3/] Pertains to current year payments of obligations entered into during the year

Financial Performance. For 2018, the DepEd was allotted with a substantial P495.8 billion to sustain its programs and projects aimed at protecting and promoting the right of every Filipino to quality, equitable, and culture-based formal and non-formal basic education. This was P23.7 billion or 5.0 percent more than the total allotment in 2017. With the DepEd budget being PS intensive, PS accounted for P384.3 billion or 77.5 percent of last year's allotment, followed by MOOE with P77.5 billion or 15.6 percent, and CO with P34.1 billion or 6.9 percent.

By the end of last year, the obligation for the PS requirements amounting to P379.9 billion mainly contributed 95.2 percent to the Department's total year spending of P471.8 billion. Obligations for the other big ticket items included the Government Assistance and Subsidies (GAS) – P26.3 billion; Provision for Basic Education Facilities (DepEd portion) – P15.0 billion; Provision of learning resources – P7.0 billion; and School-based Feeding Program – P5.0 billion. Despite being higher than the obligated amount of P458.4 billion in 2017, the 2018 obligation rate was lower in relative terms than the 97.1 percent obligation rate in 2017. A considerable amount of P24.0 billion has remained unobligated by the end of the year.

Of the total obligated amount, DepEd disbursed 93.0 percent or P438.9 billion, compared to the 83.9 percent or P384.4 billion disbursed in 2017. This was due to the following: failure of bidding for procurement of basic education facilities, computer sets, and manuscripts of textbooks and instructional materials; revisions in the technical specifications of computers for the computerization program; lack of qualified applicants for the vacant teaching positions; and delayed submission of claims for GAS from private school partners.

Particulars	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
Basic Education Inputs Program			
Output Indicators			
1. Number of:			
a. new classrooms constructed	47,000	11	0.02%
b. textbooks and instructional/learning materials procured for printing and delivery	39 M	16 M	40.7%
2. Number of equipment distributed:			
a. Science and Math package	3,183	ongoing procurement	
b. ICT package	22,883		
c. TechVoc Equipment	4,600		
3. Number of newly-created teaching positions filled up	81,100	63,168	77.9%
Inclusive Education Program			
Output Indicators			
1. Number of schools offering the following programs:			
a. ALIVE	1,600	4,887	305.4%
b. IPED	3,003	3,003	100.0%
c. SPED	12,449	8,523	68.5%
d. Multigrade Education Program	8,379	1,317	15.7%
2. Number of Community Learning Centers offering ALS	34,770	25,804	74.2%
Support to Schools and Learners Program			
Output Indicators			
1. Number of learners benefiting from the "School Based Feeding Program"	1,823,443	2,163,222	118.6%
3. Number of grantees:			
a. Education Service Contracting (ESC)	1,077,230	1,042,665	96.8%
b. Senior High School (SHS) Voucher Program	1,655,972	1,269,802	76.7%
c. Joint Delivery Tech-Voc and Livelihood (TVL)	155,996	83,634	53.6%

Particulars	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
Education Human Resource Development Program			
Output Indicator			
1. Number of teachers and teaching-related staff trained	90,415	297,494	329.0%

Source: FY 2020 National Expenditure Program

Physical Performance. For school year (SY) 2018-2019, a total of 27,841,522 learners were enrolled in public schools (22,558,138), private schools (4,298,566), State and Local Universities and Colleges (148,313), Philippine schools overseas (13,492), and Community Learning Centers (823,013). Of this total, 2,409,782 (8.7%) were kindergarten students; 13,265,259 (47.6%) - elementary students (grades 1-6); 8,320,627 (29.9%) - junior high school (JHS) students (grades 7-10); 3,022,841 (10.9%) - senior high school (SHS) students (grades 11-12); and 823,013 (3.0%) – Alternative Learning System (ALS) students.

In terms of promoting inclusive basic education, 285,548 school-age children in remote communities where enrollment does not warrant the organization of monograde classes were enrolled in 1,317 public schools with multigrade education program for SY 2018-2019. This was only 15.7 percent of its 2018 target of 8,379 public schools. Another 259,573 learners with special needs[18] were enrolled in 8,523 public and private schools offering special education, which represented only 68.5 percent of its 12,449 targeted public and private schools for 2018. Meanwhile, 163,510 Muslim learners were enrolled in 4,887 public schools with Arabic Language and Islamic Values Education (ALIVE) program that integrates content and competencies which are relevant and of interest to Muslim learners in the curriculum. This exceeded its 2018 target of 1,600 schools by 205.4 percent. In addition, 90,100 members of the Indigenous Peoples (IP) were enrolled under the National Indigenous Peoples Education (IPED) Program in 3,003 targeted number of public schools. The IPED program aims to provide basic education that is responsive to the IP's context, respects their identities, and promotes the value of their indigenous knowledge, skills, and other aspects of their cultural heritage. Moreover, the 25,804 community learning centers catered to 823,013 out-of-school youths (OSYs) above 15 years old who did not have access to formal education in schools through programs on education, employment, and entrepreneurship in

[18] Gifted/talented, mentally retarded, visually impaired, hearing impaired, orthopedically handicapped, learning disabled, speech defectives, children with behavior problems, autistic children, and children with health problems

2018. This showed a 74.2 percent accomplishment against its 2018 target of 34,770 schools.

On the other hand, the DepEd surpassed its retention rate (99.0 percent - elementary; 94.0 percent – JHS) and completion rate (86.3 percent - elementary; 76.8 percent – JHS) targets in 2018. The retention rate increased from 97.0 percent in 2017 to 99.2 percent in 2018 for elementary, and from 93.0 percent in 2017 to 95.8 percent in 2018 for JHS. Meanwhile, the Department reached its 2018 completion rate targets with 97.2 percent of elementary students and 88.4 percent of JHS students completing the SY 2018-2019. These showed marked improvements over the 2017 completion rates of 84.0 percent for elementary and 74.0 percent for JHS.

Contributing to these achievements were the efforts of the government to increase the accessibility of education. By the end of 2018, the GAS benefitted 1,042,665 grantees in private schools through the Education Service Contracting (ESC), almost achieving the 1,077,230 students targeted for 2018 and surpassing the 932,090 students granted with vouchers in 2017. Another 1,269,802 SHS students from Public and Private SHSs availed of the vouchers compared to the 1,655,972 SHS students targeted for in 2018 and the 615,929 SHS students granted with vouchers in 2017. Also, only 53.6 percent of the targeted 155,996 grantees or 83,634 students benefitted from the first year of implementation of the Joint Delivery Technical-Vocational-Livelihood (TVL) Program. The underachievement of these programs was mainly due to the overestimation of targeted grantees since attrition (e.g., dropping out of students, transfer of students to non-ESC school) was not taken into consideration in the projection of the number of beneficiaries, as well as the lack of historical data for relatively new programs such as the SHS Voucher Program. In addition, high top-ups (amount in excess of the amount of grant/voucher) in some schools resulted to low availment of the said programs.

Moreover, 2,163,222 severely wasted and wasted learners were served nutritious meals through the School-based Feeding Program, which is intended to address malnutrition and short-term hunger among public school children. This accounted for 118.6 percent of the 1,823,443 learners targeted to benefit under the said Program in 2018. This showed a 20.1 percent increase from the 1,800,884 learners fed in 2017.

Basic education inputs were also provided last year. Under the Basic Education Facilities Program, only 11 standard classrooms and eight (8) Technical-Vocational (TechVoc) laboratories were constructed; 9,351 standard classrooms were repaired; and 388 Gabaldon classrooms were restored. Moreover, the delivery of school seats is still ongoing. These were way below the targeted 47,000 standard classrooms and 2,251 TechVoc laboratories to be constructed; 19,991 standard classrooms to be repaired; 1,904 Gabaldon classrooms to be restored; and 30,406 sets of school seats to be delivered. Meanwhile, 2,474 standard classrooms and 2,663 TechVoc laboratories are ongoing construction; 10,239 standard classrooms are undergoing repair; and 1,431 Gabaldon classrooms are undergoing restoration. These low accomplishments were a result of the late approval of the new specification and design of school furniture, and failure of biddings due to issues on location, peace and order, and pricing.

Meanwhile, the failure in the procurement of 24 out of the targeted 61 manuscripts due to failure in the evaluation of content, and non-participation of bidders, resulted to the procurement of only 40.7 percent of the targeted 39 million textbooks and instructional/learning materials (TX & IMs/LMs) equivalent to 16 million TX & IMs/LMs. Another 15 million TX & IMs/LMs are still under procurement. The said materials are ongoing conformance review by DepEd focal persons and finalization of the publishers. Compared to 2018, 85 million TX & IMs/LMs were procured by the Department in 2017.

Similarly, the procurement of science and math packages, Information and Communications Technology (ICT) packages and TechVoc equipment are still ongoing. For 2018, the DepEd budgeted for the distribution of a total of 3,183 science and math packages, 22,883 ICT packages, and 4,600 TechVoc equipment. The Department was able to distribute 2,310 science and math packages, 34,647 ICT packages, and 3,129 TechVoc equipment in 2017.

Additionally, DepEd filled up 63,168 teaching positions of the 81,100 newly created teaching positions during the year. This compares to its 2018 target of 81,100 teaching positions filled up and its 2017 performance of 41,360 teaching positions filled up. For 2018, the Department's hiring process for the remaining teaching positions is still ongoing. The lack of qualified applicants for the positions remains a concern for DepEd.

Lastly, 329.0 percent or 297,494 teachers of the 90,415 targeted teachers and teaching-related staff were trained within the year. This was 173,072 higher than the 124,422 teachers trained in 2017.

Commission on Higher Education (CHED)

(in billion pesos)

Department	2017[1/]					2018[2/]				
	Allotment	Obligation	Disbursements [3/]	BUR		Allotment	Obligation	Disbursements [3/]	BUR	
				Oblig	Disb				Oblig	Disb
CHED	22.3	20.7	6.8	92.5%	33.1%	50.5	28.5	19.3	56.5%	67.6%

[1/] 2017 SAAODB

[2/] 2018 SAAODB

[3/] Pertains to current year payments of obligations entered into during the year

Financial Performance. To sustain the efforts in promoting accessible quality tertiary education, P50.5 billion was allotted to the CHED in 2018. This was more than double its allotment of P22.3 billion in 2017 mainly due to the significant provision for the Universal Access to Quality Tertiary Education (UAQTE) of P40.0 billion. For the period, CHED obligated only P28.5 billion or 56.5 percent of its total allotted budget, achieving a lower obligation rate in relative terms compared to 2017 (92.5%). However, this was still P7.8 billion higher than the amount obligated in 2017. The bulk of CHED's obligation came from its major programs such as the UAQTE – P19.7 billion; Students Financial Assistance Programs (StuFAPs) – P4.4 billion; K to 12 Transition Program – P2.4 billion; and the Philippine-California Advanced Research Institute (PCARI) – P405 million. By the end of the year, a substantial amount of P22.0 billion was left unobligated.

As of end 2018, P19.3 billion or 67.6 percent of the agency's total obligated amount was disbursed. Despite the low disbursement rate, this is still 181.9 percent higher than its P6.8 billion disbursement in 2017. The major contributor to the low disbursement rate was the low disbursement performance of 50.0 percent of the UAQTE, which was allocated P40.0 billion or 79.2 percent of its total budget. This was due to the late issuance of the guidelines on the implementation of the Free Higher Education (FHE) Program on August 8, 2018. Consequently, CHED only started downloading funds to State Universities and Colleges (SUCs) and Local Universities and Colleges (LUCs) on September 2018. Other factors that led to the low disbursement rate included the temporary moratorium on all CHED K to 12 Institutional Grant calls for 2018 to prioritize the disbursement of scholarship privileges to the existing scholars under the K to 12 transition program; mismatch of fiscal year against the academic year of Higher Education Institutions (HEIs); late/non-submission/non-compliant submission of necessary documents by grantees (students and faculty) and HEIs; limited manpower to process voluminous documents/requests; continuous replacement of grantees due to non-enrolment/deferment of grantees; difficulty in getting technical reviewers/experts in the disciplines concerned for the PCARI Projects; and the issuance of a new requirement for PCARI Project proponents to get the commitment of three (3) SUCs to participate as collaborators per project.

Particulars	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
Higher Education Development Program			
Output Indicators			
1. Number of scholarships and student grants awarded	433,466	402,369	92.8%
2. Number of faculty members provided with faculty development grants	5,953	7,514	126.2%
3. Number of research, development and innovation project proposals funded	95	179	188.4%

Source: FY 2020 National Expenditure Program

Physical Performance. Last year, the CHED was able to exceed most of its physical targets, except for the number of scholarships and student grants awarded. The agency awarded 402,369 scholarships and student grants in 2018. This was 31,097 short of its 433,466 target and 54,072 less than its 456,441 accomplishment in 2017. It should be noted that the target of 433,466 slots included the new and existing grantees of the Study Now Pay Later Plan, Student Grant Program of the Payapa at Masaganang Pamayanan (PAMANA) Project, and the Iskolar ng Bayan, funds of which are now subsumed under the UAQTE. Of the total accomplishment, 374,538 student beneficiaries were covered by the StuFAPs comprised of 345,268 (92.2%) deserving student beneficiaries of the Tulong Dunong Program; 28,717 (7.7%) beneficiaries of the regular StuFAPs (Scholarship Program and Grants-in-Aid Program); and 553 (0.1%) dependents and children of sugarcane industry workers and small farmers.

Another 1,184,857 students in SUCs and LUCs were covered by the Free Higher Education Program as provided by Republic Act No. 10931 or the Universal Access to Quality Tertiary Education Act of 2017. In addition, 284,160 students availed of the Tertiary Education Subsidy (TES) of the UAQTE. Of these beneficiaries, 13,809 students came from Conditional Cash Transfer beneficiary households who were previously under the Expanded Students' Grants-in-Aid Program for Poverty Alleviation (ESGP-PA) implemented by the SUCs. Another 114 PWD students and 36,504 graduating students taking board courses also benefitted from the TES.

Meanwhile, 67.4 percent or 100,694 of the 149,485 graduating scholarship holders completed their degrees. In terms of percentage, this was lower than both the 2018 target completion rate of 80.0 percent and 2017 accomplishment rate of 85.7 percent (4,430 out of 5,171 graduating students).

For the same period, the CHED awarded a total of 7,514 faculty members of HEIs with faculty development grants, exceeding its target of 5,953 faculty members but 20.4 percent lower than its actual accomplishment of 9,443 faculty members in 2017. Of the total 7,514 grants awarded, 99.8 percent was provided under the K to 12 Transition Program. Likewise, 25 high-end Research and Development (R&D) outputs were promoted and supported through the PCARI Project. These included the Philippine ElectroChemical Arsenic Remediation (ECAR): Implementation of a Novel Technology to Affordably and Effectively Remove Arsenic from Contaminated Philippine Groundwater; Indoor Vertical Farming System (IVFS) for Whole Year Round Production of High Value Crops in the Lowland Tropics: A Precision Agriculture for Food Security; and Deploying Unmanned Research Vessels to Advance Marine and Environmental Health Monitoring and Data Collection in the Philippines Project.

Similar to 2017, the target number of HEI projects funded through the Higher Education Development Fund (HEDF) in 2018 of 95 was surpassed with an accomplishment rate of 188.4 percent. The 179 project proposals funded are considered as investments in the HEIs by supporting the development of their capacity and capability to systematically and sustainably work with communities on development issues such as entrepreneurship/livelihood development; disaster risk reduction; role of women; and community leadership and governance, among other development concerns. The said projects were funded under the following: (i) Discovery-Applied Research and Extension for Trans/Inter-disciplinary Opportunities (DARE TO) Research Grant – 66 projects; (ii) National Agriculture and Fisheries Education System (NAFES) – 37 projects; (iii) National Higher Education Research Agenda (NHERA) – 33 projects; and (iv) other development projects awarded to HEIs – 43 projects.

Department of Energy (DOE)

(in billion pesos)

Department	2017[1/]					2018[2/]				
	Allotment	Obligation	Disbursements [3/]	BUR		Allotment	Obligation	Disbursements [3/]	BUR	
				Oblig	Disb				Oblig	Disb
DOE	3.0	2.2	1.0	74.6%	45.0%	2.4	1.8	1.0	76.0%	56.0%

[1/] 2017 SAAODB
[2/] 2018 SAAODB
[3/] Pertains to current year payments of obligations entered into during the year

Financial Performance. For 2018, the total allotment releases of the DOE stood at P2.4 billion, of which, P1.4 billion was charged against the General Fund while P1.0 billion was charged against the Special Account in the General Fund (SAGF). The Department reported an obligation rate of 76.0 percent, equivalent to P1.8 billion of its total allotment. This was a modest improvement from its previous year obligation rate of 74.6 percent.

Fund Source	Allotment	Obligation	Disbursements	BUR	
				Obligation	Disbursements
General Fund	1.4	1.2	1.0	87.0%	80.9%
SAGF	1.0	0.6	0.1	60.9%	7.5%

This relatively stagnant obligation rate was due to the underperformance of the Department's LFPs which were charged against the SAGF. With an obligation rate of 60.9 percent, the DOE has obligated only P608.262 million of its allotment. This can be mainly attributed to two projects, one of which was the Household Electrification Program in Off-Grid Areas (HEP) with a very low rate of 5.19 percent. This poor performance was due to several factors, namely, (a) the delays in contractor's undertaking, (b) the deferral of the HEP project due to change in policy direction of agency head, and (c) the cancellation of HEP 2016 Lot 2 in compliance with COA Notice of Disallowance[19]. The other project was the Alternative Fuels for Transportation and Other Purposes project with an even lower obligation rate of 4.7 percent. These low rates translated to the total unobligated allotment of P269.236 million.

In terms of its disbursement performance, the Department realized a disbursement rate of 56.0 percent, up by 11.0 percent from 2017's 45.0 percent. This translated to P1.0 billion of its P1.8 billion actual obligations. The increase from last year's rate could have been larger if not due to the very low disbursement rates of projects chargeable against the Department's SAGF, which reached merely 7.5 percent compared to the General Fund's disbursement rate of 80.9 percent. This can be attributed to six (6) LFPs with disbursement rates not getting above 10.0 percent. The lowest disbursement performance of which were those under the Household Electrification Development Program, namely, Access to Sustainable Energy Programmed Under EU-GOP Counterpart and Nationwide Intensification Household Electrification. Despite the projects having high obligation rates of 99.9 percent and 97.2 percent, respectively, the disbursement rate of the former was only 1.1 percent while the latter was 0.4 percent. The other projects were the Detailed Wind Resource Assessment Project (1.5%), Capacity Building on Retail Market Monitoring of Petroleum Products (1.9%), National Energy Efficiency and Conservation Program (1.3%), and Alternative Fuels for Transportation and Other Purposes (7.1%).

[19] As reported in the FY 2018 Annual Audit Report of the DOE, "First tranche of payment for the 'Contract for the Supply, Delivery, Installation, Testing and Commissioning of Solar Photovoltaic Systems for the Household Electrification Project (HEP) 2016 Lot 2'."

PARTICULARS	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
NATIONAL AND REGIONAL ENERGY PLANNING PROGRAM			
Output Indicators			
1. No. of energy plans prepared and updated	2	3	150%
2. No. of statistical research and studies prepared/updated	6	93	1550%
3. Percentage of project evaluation and monitoring conducted on time	80%	100%	125%
CONVENTIONAL ENERGY DEVELOPMENT PROGRAM			
Output Indicators			
1. No. of contract and/or circulars drafted, prepared and reviewed	3	8	267%
2. No. of information, education, communication, and other promotional activities conducted on conventional energy development	11	38	345%
3. No. of monitoring activities/inspections conducted on conventional energy projects	220	413	188%
RENEWABLE ENERGY DEVELOPMENT PROGRAM			
Output Indicators			
1. Percentage of issuances and permits on renewable energy development issued on time	85%	90%	106%
2. No. of information, education, communication, and other promotional activities conducted on renewable energy	20	134	670%
3. No. of inspection conducted on renewable energy development projects	282	1,123	398%
DOWNSTREAM ENERGY DEVELOPMENT PROGRAM			
Output Indicators			
1. Percentage of issuances/permits/ standards drafted and issued	100%	100%	100%
2. No. of information, education, communication, and other promotional activities conducted on the downstream oil and gas sector	20	27	135%
3. No. of downstream oil and gas field work and operational monitoring activities conducted	3,904	3,848	99%
ELECTRIC POWER INDUSTRY DEVELOPMENT PROGRAM			
Output Indicators			
Power Sector			
1. No. of information, education, and communication activities, promotional events, and public consultations conducted	40	101	253%
2. No. of plans/policies prepared, recommended, and/or adopted	40	65 (62 policies and 3 plans)	163%
3. No. of stakeholders assisted through technical support/consultations/assistance	18	1,020	5667%
4. No. of application for COE for investment in the energy sector processed	60	163	272%

PARTICULARS	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
ER 1-94 Program			
1. No. of MOAs for the establishment of Trust Account under ER 1-94	20	17	85%
2. No. of approved electrification and support projects	100	22	22%
3. No. of inspected completed projects	20	120	600%
HOUSEHOLD ELECTRIFICATION DEVELOPMENT PROGRAM			
Output Indicators			
1. Number of Approved Household Electrification Projects and issued a letter of approval to the concerned distribution utility	20	16	80%
2. No. of information, education, and communication and other promotional activities conducted on household electrification development	8	3	38%
3. No. of household electrification project inspections conducted	20	18	90%
ENERGY EFFICIENCY AND CONSERVATION PROGRAM			
Output Indicators			
1. No. of information, education, communication, and other promotional activities conducted on energy efficiency and conservation	20	34	170%
2. Percentage of energy audit in government agencies conducted on time	10%	110%	1,100%
ALTERNATIVE FUELS AND TECHNOLOGIES PROGRAM			
Output Indicators			
1. No. of technical assistance/evaluation completed on time	4	24	600%
2. No. of information, education, communication, and other promotional activities conducted on alternative fuels and technology	10	32	320%
3. Number of policies formulated/permits issued related to alternative fuels and technologies issued on time	2	8	400%

Physical Performance. The DOE was able to achieve majority of the physical targets for its eight-point priority programs, even exceeding some. Four (4) activities accomplished their targets, namely, (1) policy and plan formulation, (2) provision of technical assistance and evaluation, (3) conduct of information drives, and (4) monitoring, inspections, and audits. These were in pursuit of national development through the two-fold agenda of attaining energy independence and implementing power market reforms, as affirmed in the Philippine Energy Plan.

The Renewable Energy Development Program supported stakeholders in the electric power industry to better contribute to the growth of the renewable energy industry in the country. Together with the Energy Efficiency and Conservation Program, it aimed for the improvement of the country's energy security and mitigation of the adverse environmental effect of energy utilization. In addition, alternative fuel vehicles were introduced and emerging and advance energy technologies were promoted under the Alternative Fuels and Technologies Program.

Despite the success with the majority of the programs, the Household Electrification Development Program failed to attain its output indicators due to its replacement by the Total Electrification Program starting FY 2019. The new program targets the universal access to electricity within the Philippines. Moreover, the underperformance of the ER 1-94 Program was due to DOE Department Circular No. 2018-08-0021, which transferred its administration to distribution utilities/electric cooperatives and to host local government units.

For the LFPs funded in FY 2018, only eleven out of fourteen projects have reported accomplishments. The Nuclear Activities by the Nuclear Energy Program Implementing Organization, the Philippine Energy Contracting Round, the Basic Offshore Safety Induction and Emergency Training, and the Implementation of Performance Audit and Assessment of Power Generation and Distribution Utilities did not report any physical accomplishment for the year. Of the eleven projects, only four succeeded to attain/surpass the targets set for the year.

As observed, there is a mismatch between the financial and physical performances of the DOE. With this indications, the DOE should consider revisiting its planning strategies in order to formulate realistic targets based on historical data which are attainable within one fiscal year to eliminate understatement of targets.

Department of Environment and Natural Resources (DENR)

(in billion pesos)

Department	2017[1/]					2018[2/]				
	Allotment	Obligation	Disbursements [3/]	BUR		Allotment	Obligation	Disbursements [3/]	BUR	
				Oblig	Disb				Oblig	Disb
DENR	31.3	30.2	22.2	96.5%	73.6%	27.0	25.7	20.2	95.2%	78.7%

[1/] 2017 SAAODB
[2/] 2018 SAAODB
[3/] Pertains to current year payments of obligations entered into during the year

Financial Performance. DENR obligated a total of P25.7 billion, 95.2 percent of its P27.0 billion allotment, with all but one of its agencies reaching obligation rates above 90.0 percent. Despite an already good obligation performance for 2018, its utilization rate is slightly lower from its 96.5 percent rate in 2017 at 95.2 percent. This drop can be mostly traced to the Natural Resources Conservation and Development Program and the Environmental Management Bureau's (EMB) rehabilitation program for Marawi. Meanwhile, the DENR's disbursement rate grew to 78.7 percent in 2018 from 73.6 percent in 2017, with most of its attached agencies reporting improved disbursements from the previous year. Though marginally lower than its 100 percent performance in 2017, the Palawan Council for Sustainable Development Staff (PCSDS) still achieved the highest disbursement rate of 99.6 percent. On the other hand, while both the DENR proper and the National Water Resources Board (NWRB) were among the agencies with improved spending[20], their disbursement rates are relatively low in comparison to their obligation rates of 96.9 and 94.0 percent.

PARTICULARS	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
NATURAL RESOURCES ENFORCEMENT AND REGULATORY PROGRAM			
Output Indicators			
1. No. of hectares of open-access/untenured lands of the public placed under appropriate management arrangement/tenure		3.13M	N/A
2. Percentage of wildlife permits, certifications and/or clearance applications acted upon within 7 working days from date of receipt	100%	100%	100%
NATURAL RESOURCES CONSERVATION AND DEVELOPMENT PROGRAM			
Output Indicators			
1. No. of terrestrial protected areas/wetlands/caves			
Inland wetlands	31 1/	14	107.7%
Caves	58	119	205.2%
2. No. of critical habitats established and managed	2	5	250.0%
No. of hectares of coral reefs, mangrove forests, and sea 3. grass beds mapped	28,427	49,714	174.9%
4. No. of marine protected areas network established	17	22	129.4%
5. No. of residential and land patents issued within the prescribed timeframe (2011-Present)	45,000	40,795	90.7%
6. No. of hectares of open and denuded forestland rehabilitated	124,220	156,750	126.2%
7. No. of hectares-planted area maintained and protected	623,315	579,469	93.0%
ENVIRONMENT AND NATURAL RESOURCES RESILIENCY PROGRAM			
Output Indicators			
1. No. of DENR offices provided with training on mainstreaming climate change	17 ROs and 2 Bureaus	16 ROs and 2 Bureaus 2/	100.0%
No. of information, education, and communication activities 2. conducted	17 regions	16 regions 2/	100.0%

Source: FY 2020 National Expenditure Program
1/ Per DENR-BMB, the target of 31 stated in the GAA was erroneous encoding. Their original submission was for 13 inland wetlands
2/ The 17 Regional Offices target includes the Negros Island Region, whose creation was revoked through Executive Order No. 38, s. 2017

Physical Performance. The DENR was able to accomplish most of its physical targets for 2018. Under its Natural Resources Enforcement and Regulatory Program, 3.13 million hectares of public domain land were placed under management or tenure while all wildlife permits, certifications, and/or clearance applications were acted

[20] DENR-OSEC and NWRB achieved disbursement rates of 76.9 percent and 89.0 percent in 2018, respectively, from in 71.9 percent and 87.1 percent 2017.

upon in a timely manner. These efforts helped realize one of the program's targets ahead of time as, of the targeted 50 percent by 2022, 99 percent of the 8.2 million hectares of forests were already secured in 2018. The agency also met its output targets for their Environment and Natural Resources Resiliency Program, with regional training, information, education and communication activities conducted in 16 regions. Finally, most output targets under DENR's Conservation and Development Program were exceeded: 133 protected areas[21] established/conserved; five (5) critical habitats established and managed; 49, 714.98 hectares of coral reefs, mangrove forests, and sea grass beds mapped; 22 marine protected areas (MPAs) networks established; and 156,750 hectares of open and denuded forestlands rehabilitated. Only the indicators for the timely issuance of residential and land patents and maintenance and protection of hectares of planted areas missing their targets for the year owing mostly to external factors[22].

Department of Health (DOH)

(in billion pesos)

Department	2017[1/]					2018[2/]				
	Allotment	Obligation	Disbursements [3/]	BUR		Allotment	Obligation	Disbursements [3/]	BUR	
				Oblig	Disb				Oblig	Disb
DOH	112.3	106.7	67.6	95.1%	63.3%	110.7	104.5	67.9	94.4%	65.0%

[1/] 2017 SAAODB
[2/] 2018 SAAODB
[3/] Pertains to current year payments of obligations entered into during the year

Financial Performance. In 2018, the DOH was provided with allotment releases totalling P110.7 billion to support its mission to guarantee equitable, sustainable and quality health for all Filipinos. Obligation for the same year was P104.5 billion or 94.4 percent, which was slightly lower than its obligation rate of 95.1 percent in 2017. For 2018, the DOH achieved a disbursement rate of 65.0 percent, slightly higher than its 2017 disbursement rate of 63.3 percent.

By expense class, current operating expenditures account for P75.3 billion or 72.1 percent of the total obligations incurred, with maintenance and other operating expenses at P38.7 billion and personnel services at P36.6 billion. On the other hand, capital outlays amounted to P29.2 billion or 27.9 percent of the total obligations.

[21] 14 inland wetlands, and 119 caves

[22] For both activities, peace and order issues were both encountered. The timely issuance of residential patents was further hindered by difficulties in securing LGU certifications, time required for lot transfer procedures, and the incomplete or non-submission of documentary requirements. Meanwhile, the withdrawal of a contractor and damages from Typhoon Vinta and flooding from road and dam construction were reported as causes in the non-achievement of targets for the maintenance and protection of hectares of planted areas.

By implementing agency, the Office of the Secretary (DOH-OSEC) incurred 98.8 percent of the total obligations of the Department at P103.3 billion, and the rest by the National Nutrition Council (NNC) at P718 million or 0.7 percent, and the Commission on Population and Development (CPD) at P508 million or 0.5 percent. The CPD registered the highest obligation rate at 98.2 percent, followed by the NNC at 97.7 percent and the DOH-OSEC at 94.3 percent. In terms of spending, the CPD posted the highest disbursement rate at 95.9 percent, followed by NNC at 73.6 percent and the DOH-OSEC at P64.7 percent.

The remaining P6.2 billion or 5.7 percent unobligated allotment of the DOH-OSEC in 2018 was attributed to the following reasons: a) bid failure due to no bidders, non-compliance of documents and cancellation of bids in the last quarter of the year; b) savings realized between Approved Budget for the Contract and awarded cost; c) cancellation of procurement of some commodities because of adequate stock in the warehouse; and d) late submission of validated data of Centers for Health Development (CHDs) on Health Facilities Enhancement Program (HFEP) implementation. Meanwhile, the reasons cited for the undisbursed obligations in 2018 of P36.4 billion or 35.3 percent include the following: a) late delivery of goods; b) limited warehouse space thus, goods cannot be delivered on time; c) absence of FDA Certification of Product Registration (CPR) as additional requirement by the DOH Accounting Office; d) delay on payment due to FDA analysis issue; e) progress billing on HFEP projects; f) late submission of billing by external clients; g) failure of liquidation of CHDs; and h) manner of payment of procurement entities wherein payments to Procurement Service (PS) – Department of Budget and Management (DBM), Philippine International Trading Corporation (PITC) and PITC Pharma shall only be made upon completion of bidding process by said procuring entities.

Under the DOH-OSEC, P55.8 billion or more than half of the total obligations of the Department was spent for the implementation of the following major programs in 2018: a) HFEP, P28.3 billion; b) Human Resource for Health (HRH) Deployment, P9.4 billion; c) National Immunization, P7.3 billion; d) Assistance to Indigent Patients, P4.8 billion; e) Family Health, Nutrition and Responsible Parenting, P2.2 billion; f) Prevention and Control of Other Infectious Diseases, P1.4 billion; g) Operation of Dangerous Drug Abuse Treatment and Rehabilitation Centers, P800 million; h) Rabies Control, P510 million; i) TB Control, P479 million; j) Elimination of Diseases such as Malaria, Schistosomiasis, Leprosy and Filariasis, P325 million; and k) Prevention and Control of Non-Communicable Diseases, P312 million. In terms of spending, HRH Deployment registered the highest disbursement rate at 90.9 percent, followed by the Operation of Dangerous Drug Abuse Treatment and Rehabilitation Centers at 85.0 percent and Assistance to Indigent Patients at 75.0 percent. The HFEP, on the other hand, only achieved a disbursement rate of 34.9 percent, resulting to unpaid obligations of P18.4 billion.

Other than the P110.7 billion allotment to the DOH in 2018, some P57.0 billion was also released to and obligated by the Philippine Health Insurance Corporation (PHIC) to administer the National Health Insurance Program (NHIP). The PHIC's total obligation was spent to cover the health insurance premiums of the following: a) 15.48 million indigent families listed under the National Household Targeting System (NHTS) – P37.2 billion; b) 5.98 million senior citizens – P18.7 billion; c) 443,933 financially incapable Universal Health Care (UHC) for Point of Service (POS) patients – P1.1 billion; d) 23,062 families identified by the Office of the Presidential Adviser on the Peace Process (OPAPP) under the Payapa at Masaganang Pamayanan (PAMANA) Program – P55 million; and e) 20,661 families identified by the OPAPP under the Bangsamoro Program – P50 million, respectively.

PARTICULARS	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
HEALTH SYSTEMS STRENGTHENING PROGRAM			
Output Indicators			
1. Percent of LGUs provided with technical assistance on local health systems development	80%	97.45%	121.8%
2. Percent of priority areas supplemented with HRH from DOH Deployment Program	100%	100%	100.0%
PUBLIC HEALTH PROGRAM			
Output Indicators			
1. Percent of LGUs and other health partners provided with technical assistance on public health programs	80%	100%	125.0%
2. Average percentage of LGUs provided with at least 80% of commodities	80%	92%	115.0%
EPIDEMIOLOGY AND SURVEILLANCE PROGRAM			
Output Indicator			
1. Percent of outbreak/epidemiologic investigations conducted	75%	100%	133.3%
HEALTH EMERGENCY MANAGEMENT PROGRAM			
Output Indicator			
1. Percent of LGUs provided with technical assistance on the development or updating of DRRM-H Plans	60%	91.14%	151.9%
HEALTH FACILITIES OPERATION PROGRAM			
Output Indicators			
1. Percent of samples tested at NRLs	100%	99.91%	99.9%
2. Number of blood units collected by Blood Service Facilities	45,000	203,422	452.0%
3. Number of in-patient and out-patient drug abuse cases managed	34,958	57,229	163.7%
SOCIAL HEALTH PROTECTION PROGRAM			
Output Indicator			
1. Number of patients provided with medical assistance	600,000	1,243,403	207.2%

Source: FY 2020 National Expenditure Program

Physical Performance. Under its Health Systems Strengthening Program, the DOH exceeded its target and provided 97.45 percent of its targeted LGUs with technical assistance on local health systems development. Moreover, the Department was able to supplement 100.0 percent of its targeted priority areas with HRH from its Deployment Program. In support of its Public Health Program, the DOH exceeded its targets and provided 100.0 percent of its targeted LGUs and other health partners with technical assistance on public health programs, and improved access to health commodities by providing 92.0 percent of its targeted LGUs with at least 80.0 percent of commodities. Under its Epidemiology and Surveillance Program, the DOH was able to conduct 100.0 percent or all of its targeted outbreak/epidemiologic investigations and thus, surpassed its target by 33.3 percent. As to its Health Emergency Management Program, the Department was able to provide 91.14 percent of its targeted LGUs with technical assistance on the development or updating of Disaster Risk Reduction Management – Health (DRRM-H) Plans, achieving 51.9 percent more than its target. In addition, the DOH accomplished over 450.0 percent of its target number of blood units collected by the Blood Service Facilities under its Health Facilities Operation Program. The increase in accomplishment of the Blood Service Facilities was augmented by the funds of the hospitals designated as Lead Blood Service Facilities. The program also reflected a 99.9 percent accomplishment in the testing of blood samples at National Reference Laboratories (NRLs), and an increase in the number of managed in-patient and out-patient drug abuse cases from the targeted 34,958 cases to managing 57,229 cases. For its support for financial accessibility to quality health services, the DOH provided 1,243,403 patients with medical assistance under its Social Health Protection Program, surpassing more than half of its target of 600,000 patients.

For 2018, the PHIC achieved the following health insurance coverage rates: a) 100.3 percent or 15.48 million indigent families out of the target 15.44 million indigent families listed under the NHTS; b) 110.1 percent or 5.98 million senior citizens out of the target 5.44 million senior citizens not covered under any existing PhilHealth membership category; c) 35.5 percent or 443,933 POS patients out the target 1.2 million POS patients; d) 90.4 percent or 23,062 families out of the target 25,512 families identified under the PAMANA Program; and e) 91.0 percent or 20,661 families out of the target 22,708 families identified under the Bangsamoro Program.

Department of Information and Communications Technology (DICT)

(in billion pesos)

Department	2017[1/]					2018[2/]				
	Allotment	Obligation	Disbursements [3/]	BUR		Allotment	Obligation	Disbursements [3/]	BUR	
				Oblig	Disb				Oblig	Disb
DICT	6.5	6.2	2.4	94.4%	38.9%	5.4	4.5	3.1	83.5%	67.7%

[1/] 2017 SAAODB
[2/] 2018 SAAODB
[3/] Pertains to current year payments of obligations entered into during the year

Financial Performance. The DICT was unable to continue its high obligation performance a year after its establishment in 2017 as its obligation rate fell from 94.4 percent to 83.5 percent. This was mostly due to the performance of its ICT Systems and Infostructure Development, Management and Advisory Program, where more than 50 percent of the department budget was lodged, which only managed a 75.1 percent obligation rate. This low utilization rate was attributed by DICT mostly to factors outside of its control, i.e., the tedious and lengthy permit application process of LGUs and other NGAs, inability to implement projects in areas with by peace and order issues, but also included reasons which were actionable by the agency, i.e., delays in the procurement process, and the overlap of competing ICT initiatives from both the private and public sector and enabling laws for data sharing and the National Government Portal.

The department's performance in its obligations was replicated in its disbursements as the DICT only managed to disburse 67.7 percent of its obligations. However, as opposed to its obligation rate's decline, it should be noted that its disbursement performance improved from its 38.9 percent utilization rate in 2017. As with its obligations, the ICT Systems and Infostructure Development and Management and Advisory Program formed a significant part of the unpaid commitments. This is followed by the ICT Governance Program, which performed poorly in its disbursements despite its high obligation rate. The low disbursements of the agency were also due to a mixture of external and internal factors: mainly due to delays in the procurement process and the late submission of the required documents and billings by creditors.

The agency also attributed its low disbursement to the suspension of payments for various ICT infrastructure and Free Wi-Fi projects due to a Commission of Audit (COA) observation on the agency's non-conformity with bidding timelines. In the FY 2018 Annual Audit Report[23] the agency explained that the delay in the posting of the Notice of Award (NOA) and Notice to Proceed (NTP) were due to difficulties in accessing the PhilGEPS website. In addition, it also explained that the DICT committed to carry on with the necessary procedures for the project to continue

[23] Transmitted to the DICT on June 27, 2019.

without further delay. However, the COA rejoinder stated that while the extensive review of the contract documents is deemed proper, the same must be done within the timelines set by RA No. 9184 and its IRR and that problems on the slow routing of documents and availability of signatories should have been timely solved by the DICT, and strategies should have been explored.

Physical Performance.

PARTICULARS	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
OSEC			
ICT SYSTEMS AND INFOSTRUCTURE DEVELOPMENT, MANAGEMENT AND ADVISORY PROGRAM			
INNOVATION AND DEVELOPMENT SUB-PROGRAM			
Output Indicators			
1. No. of developed ICT-enabled tools, applications and systems for public use	2 cable landing stations; 3 authoritative registries additional government data center	89% completion of cable landing stations; 1 authoritative registries additional government data center	
2. No. of interconnected government agencies	Additional 34 government agencies	-	0.0%
3. No. of localities with connectivity	Additional 5,308 sites in 1,500 cities	1,125	21.2%
IMPLEMENTATION MANAGEMENT AND OPERATIONS SUB-PROGRAM			
Output Indicator			
1. No. of technical services provided	National Government Data Center 1 and 3, Fiber Optic Cable (FOC) backbone to 8 locations, 1,368 websites in the Government Web Hosting Service (GWHS), 7 IT facilties	Data Center 1, 2 and 3; 564 websites in GWHS; 8 IT facilties	
2. No. of government agencies who availed the technical services	120 government agencies (mandated and non-mandated)	1,298	1081.7%
3. No. of operationalized and enhanced infrastructures	Rehabilitation of 38 DICT buildings, 38 DICT towers and 28 Access Roads	--	0.0%
ICT CAPACITY DEVELOPMENT AND MANAGEMENT PROGRAM			
Output Indicators			
1. No. of capability development activities conducted	440	504	114.5%
2. No. of ICT users trained	6,110	31,320	512.6%
3. No. of ICT-enabled centers established in the communities	1,000	665	66.5%

Source: FY 2020 National Expenditure Program

In contrast to its physical performance in the previous year, the DICT-OSEC was unable to meet most of its targets for 2018 for both its regular programs and locally-funded projects, with two (2) output targets having no reported results. However, the targets that the agency were able to meet were often exceeded such as the training of 31,320 ICT users vis-à-vis the targeted 6,110 under the ICT Capacity Development and Management Program. For its locally-funded projects, only the National Government Data Center (NGDC) Infrastructure and the National Government Portal met its targets for the year while its free Wi-Fi projects, Free Internet Wi-Fi Connectivity in Public Places and Free Internet Wi-Fi Connectivity in SUCs, only achieved an accomplishment rate of 21.2 percent and 3.7 percent, respectively. In general, the agency identifies procurement as its bottleneck, with the limited number of suppliers compliant with technical specifications cited as a common deterrent. Such is the case with its Free Wi-Fi Program which encountered difficulties in securing services for underserved areas.

PARTICULARS	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
NPC			
REGULATORY AND ENFORCEMENT PROGRAM			
Output Indicators			
1. No. of Public Information/Education Projects	10	15	150.0%
2. Percentage of requests for technical assistance responded to within the prescribed time frame	60%	99%	165.0%
3. Percentage of complaints and investigations resolved	60%	61%	101.7%
4. No. of international membership or cooperation entered	3	11	366.7%
NTC			
RADIO COMMUNICATIONS, BROADCAST AND TELECOMMUNICATIONS MANAGEMENT AND ENFORCEMENT PROGRAM			
Output Indicator			
1. Percentage of authorization cases acted upon within the prescribed time	100%	100%	100.0%
2. Percentage of complaints received against frequency channel assignments made acted upon within the prescribed time	100%	100%	100.0%
3. Percentage of licenses, permits, registrations and certificates issued within the prescribed time	100%	99.75%	99.8%
4. Percentage of consumer complaints acted upon within the prescribed time	100%	99.99%	100.0%

Source: FY 2020 National Expenditure Program

On a positive note, the NPC managed to exceed all its targets, resulting in 15 Public Information/Education projects; provision of timely technical assistance to almost all requests; resolution of majority of the complaints and investigation requests received; and entering into 11 international membership/cooperation. Meanwhile, NTC fully met its targets for acting on authorization cases and complaints against frequency channel assignments on time, and meeting its targets for the issuance of licenses, permits, registrations and certificates; as well as acting upon all consumer complaints within the prescribed time.

Department of the Interior and Local Government (DILG)

(in billion pesos)

Department	2017[1/]					2018[2/]				
	Allotment	Obligation	Disbursements [3/]	BUR		Allotment	Obligation	Disbursements [3/]	BUR	
				Oblig	Disb				Oblig	Disb
DILG	202.4	200.9	183.6	99.3%	91.4%	248.7	244.3	234.4	98.2%	96.0%

[1/] 2017 SAAODB
[2/] 2018 SAAODB
[3/] Pertains to current year payments of obligations entered into during the year

Financial Performance. In support of its mandate to promote peace and order, ensure public safety, and strengthen the capability of local government units, the DILG was allotted P248.7 billion in 2018. Of the said amount, P244.3 billion or 98.2 percent was obligated for the same period – a slight decrease over its 99.3 percent obligation rate in 2017. Meanwhile, disbursements amounted to P234.4 billion or 96.0 percent of total obligations, higher than the disbursement rate of 91.4 percent in 2017.

By expense class, obligations incurred for PS reached P 209.6 billion or 85.8 percent of the total obligations of the Department. This is mainly due to the large number of personnel tasked to maintain peace and order and public safety nationwide. Of the said amount, the Philippine National Police (PNP) accounted for P175.0 billion or 83.5 percent of the DILG's total PS obligations. Maintenance and other operating expenses and capital outlays, on the other hand, comprised 9.9 percent and 4.3 percent, respectively, of the Department's total obligations.

By implementing agency, the PNP made up P 193.9 billion or 79.4 percent of the total obligations, followed by the Bureau of Fire Protection (BFP) of P22.9 billion (9.4%), the Bureau of Jail Management and Penology (BJMP) of P17.0 billion (7.0%), and the DILG-OSEC of P6.9 billion (2.8%). Of the four agencies, the PNP posted the highest obligation rate at 98.7 percent, followed by the BFP at 98.3 percent, the BJMP at 94.9 percent, and the DILG-OSEC at 94.0 percent.

Physical Performance.

PARTICULARS	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
CRIME PREVENTION AND SUPPRESSION PROGRAM			
Output Indicators			
1. Number of foot and mobile patrol operations conducted	15,976,617	16,185,198	101.3%
2. Percentage change in National Index Crime Rate (NICR)	5% reduction	6.16% reduction	123.2%
3. Percentage of crime incidents responded within 15 minutes (in urban areas)	100%	99.11%	99.1%
CRIME INVESTIGATION PROGRAM			
Output Indicators			
1. Number of crime investigation undertaken	527,909	464,661	88.0%
2. Percentage of most wanted persons/high value targets arrested	5% increase (16%)	19.37%	121.1%
3. Percentage of arrested persons within 30 days upon the receipt of the warrant of arrest	5% monthly arrest (25%)	34.70%	138.8%

Source: FY 2020 National Expenditure Program

The PNP achieved and even surpassed its performance targets under its Crime Prevention and Suppression Program in 2018. The PNP conducted a total of 16,185,198 foot and mobile patrol operations, accomplishing 101.3 percent of its targeted number of 15,976,617 foot and mobile patrol operations for the period. Also, the PNP was able to achieve 6.16 percent reduction in the National Index Crime Rate (NICR), exceeding its target of 5.0 percent reduction in the NICR in 2017. In terms of the percentage of crime incidents responded within 15 minutes (in urban areas), the PNP accomplished 99.11 percent of the target with the 0.89 percent variance attributed to prank calls. Under its Crime Investigation Program, the PNP conducted 464,661 crime investigations, representing the total number of crimes reported in the PNP blotter in all police stations in the country in 2018. Furthermore, the PNP was able to arrest 19.37 percent of the most wanted persons/high value targets, exceeding its target by 21.1 percent. As to the percentage of arrested persons within 30 days upon the receipt of the warrant of arrest, the PNP exceeded its target by 38.8 percent.

PARTICULARS	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
INMATES' SAFEKEEPING AND DEVELOPMENT PROGRAM			
Output Indicators			
1. Improved safekeeping efficiency	99.98%	99.99%	100.01%
2. Percentage of inmates released within 24 hours of their release date	100%	183.99% (65,779 inmates released)	184.0%
3. Percentage of inmates provided with welfare and development services	80%	88.81% (129,222 of 145,510 inmates)	111.0%

Source: FY 2020 National Expenditure Program

For its part, the BJMP exceeded its performance targets for the delivery of its Inmates' Safekeeping and Development Program in 2018. As in the previous year, the Bureau more than accomplished its target of 99.98 percent improved safekeeping efficiency through its intensified and enhanced security management of jail facilities, and provision of development services to inmates, such as the conduct of Oplan Linis-Piitan together with the Philippine Drug Enforcement Agency (PDEA) and the PNP, and the employment of the Therapeutic Community and Modality Program (TCMP), among others. Moreover, the Bureau was able to release 65,779 inmates or 84.0 percent more than its target of 35,750 inmates within 24 hours of their release date. Also, a total of 129,222 inmates nationwide or 11.0 percent more than its target of 145,510 inmates were provided with welfare and development services.

PARTICULARS	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
FIRE PREVENTION MANAGEMENT PROGRAM			
Output Indicators			
1. Percentage of registered business establishments inspected against the total number of registered business establishments nationwide	100%	109.10%	109.1%
2. Percentage of Fire Safety Inspection Certificate (FSIC)-rated buildings and structures that has not been the cause of fire incident (origin of fire) against the total number of FSIC-rated buildings and establishments nationwide	88%	99.82%	113.4%
FIRE AND EMERGENCY MANAGEMENT PROGRAM			
Output Indicators			
1. Percentage of resolved cases with cause and origin determined within the prescribed time	70%	92.50%	132.1%
2. Percentage of suspected arson cases filed in court against total number of intentional fire incidents investigated	22%	19.14%	87.0%
3. Percentage of households in disaster/calamity-affected barangays rendered with assistance	10%	41.99%	419.9%

Source: FY 2020 National Expenditure Program

Under its Fire Prevention Management Program, the BFP was able to inspect 109.1 percent of the total number of registered business establishments nationwide, exceeding its target of 100.0 percent in 2018. Also, of the total number of Fire Safety Inspection Certificate (FSIC)-rated buildings and establishments nationwide by the Bureau, 99.82 percent (or 113.4 percent of the target) had not been the cause of fire incident (origin of fire). Under its Fire and Emergency Management Program, the BFP was able to resolve 92.5 percent of cases with cause and origin determined within the prescribed time, exceeding its target of 70.0 percent. However, the Bureau was only able to file 19.14 percent of the suspected arson cases in court as against the total number of intentional fire incidents investigated, falling short of its target of 22.0 percent. Moreover, the Bureau was able to render assistance to 42.0 percent of the total households in disaster/calamity-affected barangays, surpassing its target of 10.0 percent.

PARTICULARS	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
LOCAL GOVERNMENT EMPOWERMENT PROGRAM			
Output Indicator			
1. Number of LGUs provided with pertinent capacity-building/TA services on various governance areas	1,653 PCMs	1,592 PCMs	96.3%
LOCAL GOVERNMENT PERFORMANCE OVERSIGHT AND RECOGNITION AND INCENTIVES PROGRAM			
Output Indicators			
1. Number of LGUs provided with recognition/ incentives in accordance to set timelines	All SGLG/ PCF passers	263 LGUs out of 307 assessed PCMs	100.0%
2. Number of LGUs assessed on good local governance	1,653 PCMs (including 61 PCMs in ARMM)	1,682 PCMs (including 90 PCMs in ARMM)	101.8%

Source: FY 2020 National Expenditure Program

Meanwhile, the DILG-OSEC accomplished and even exceeded its performance targets under its Local Government Empowerment Program and Local Government Performance Oversight and Recognition and Incentives Program in 2018. The DILG-OSEC provided pertinent capacity-building/technical assistance services to 1,592 provinces, cities and municipalities (PCMs) or 96.3 percent of the total target of 1,653 PCMs. The DILG-OSEC did not provide capacity interventions for the 61 PCMs in the ARMM, which were covered by the PAMANA Program starting 2018. Moreover, the DILG-OSEC provided 100.0 percent or all of its target 263 municipalities that passed the Seal of Good Local Governance (SGLG) or qualified for the Performance Challenge Fund (PCF) with recognition/incentives in accordance to set timelines. The DILG-OSEC was also able to assess 1,682 PCMs (including 90 PCMs in ARMM) on good local governance, exceeding its target of 1,653 PCMs (including 61 PCMs in ARMM).

Department of Labor and Employment (DOLE)

(in billion pesos)

Department	2017[1/]					2018[2/]				
	Allotment	Obligation	Disbursements [3/]	BUR		Allotment	Obligation	Disbursements [3/]	BUR	
				Oblig	Disb				Oblig	Disb
DOLE	15.0	12.9	10.3	85.9%	79.7%	12.6	12.1	11.2	95.9%	92.6%

[1/] 2017 SAAODB
[2/] 2018 SAAODB
[3/] Pertains to current year payments of obligations entered into during the year

Financial Performance. The DOLE was provided allotment releases of P12.6 billion in 2018 to support its mandate to formulate and implement policies and programs on labor and employment. Of this amount, P12.1 billion or 95.9 percent was obligated by the end of the year compared to the P12.9 billion or 85.9 percent obligation in 2017. Meanwhile, disbursements in 2018 amounted to P11.2 billion or 92.6 percent of its total obligations, higher than the 2017 disbursements of 10.3 billion or 79.7 percent.

The bulk of DOLE's allotment went to the Office of the Secretary, which received P8.1 billion or 64.1 percent of the Department's total allotment. The DOLE-OSEC incurred obligations of P7.7 billion and disbursed P7.2 billion, translating to an obligation rate of 95.7 percent and a disbursement rate of 92.7 percent. These are significantly higher than the 83.4 percent and 77.6 percent comparable rates in 2017. The challenges encountered by the DOLE-OSEC and some of its attached agencies in achieving a 100.0 percent budget utilization rate included the following: a) financial management challenges; b) delayed implementation of some major programs and projects of DOLE-OSEC due to the revision of policy guidelines by the Department; and c) procurement issues due to late procurement activities and failed biddings.

Under the DOLE-OSEC, P3.9 billion or 50.1 percent of its total obligations were spent for the implementation of the following major programs: a) Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers (TUPAD) Program and the Government Internship Program (GIP), P2.1 billion; b) DOLE Integrated Livelihood Program (DILP), P996 million; c) Special Program for Employment of Students (SPES), P704 million; and d) Jobstart Philippines Program, P19 million.

PARTICULARS	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
EMPLOYMENT FACILITATION PROGRAM			
Output Indicators			
1. Number of youth-beneficiaries assisted	186,850	187,464	100.3%
2. Number of qualified jobseekers referred for placement	1,671,225	2,330,936	139.5%
3. Number of individuals reached through Labor Market Information (LMI)	2,394,304	4,184,649	174.8%
EMPLOYMENT PRESERVATION AND REGULATION PROGRAM			
Output Indicator			
1. Number of establishments assessed (LLCS)	54,530	59,380	108.9%
2. Number of beneficiaries/workers served	428,297	662,095	154.6%
3. Disposition rate of cases handled, including requests for assistance	100.0%	89.0%	89.0%
WORKERS PROTECTION AND WELFARE PROGRAM			
Output Indicator			
1. Number of beneficiaries provided with livelihood	49,887	85,471	171.3%
2. Number of beneficiaries served	1,013,944	1,706,337	168.3%
3. Percentage of individuals provided services within the prescribed process cycle time (PCT)	100.0%	100.0%	100.0%

Source: FY 2020 National Expenditure Program

Physical Performance. The DOLE-OSEC was able to accomplish most of its physical targets in 2018.

Under its Special Program for Employment of Students (SPES) and the JobStart Program, a total of 187,464 youth were provided with bridging employment assistance, achieving 0.3 percent more than the Department's target of 186,850 youth.

Through the network of Public Employment Service Offices (PESOs), along with the active participation of Private Recruitment and Placement Agencies (PRPAs) as well as the nationwide conduct of Job Fairs, around 2.3 million qualified applicants were referred for placement to various employment opportunities, exceeding its target by 39.5 percent.

Various reports/publications on Labor Market Information (LMI) have reached close to 4.2 million students, jobseekers, employers, and program partners, translating to an accomplishment rate of 174.8 percent. This was achieved through the dissemination of the said materials on a wider scope via multi-media facilities as well as online services to reach the grassroots level.

Meanwhile, a total of 59,380 establishments or 108.9 percent of the Department's target were inspected under the Labor Inspection Program to ensure compliance with the General Labor Standards (GLS) and Occupational Safety Health (OSH).

Moreover, 655,853 workers/employers/students were served through the enhanced labor and employment education services while 6,242 union members/officers and/or dependents were assisted through the Workers' Organization Development Program. These total to 662,095 workers/beneficiaries served through the said programs, exceeding its target by 54.6 percent.

Under the Speedy and Efficient Delivery of Labor Justice (SpeED), the Department only recorded a Disposition Rate of 89.0 percent, falling short of its 100.0 percent target disposition rate. The SpeED is a measure to address case backlogs and make the docket current in the different DOLE offices and agencies involved in labor adjudication and dispute resolution activities.

A total of 85,471 beneficiaries were provided with livelihood assistance while engaging in livelihood undertakings/enterprises or enhancing their existing sources of income or livelihood through the provision of various skills trainings, tools and jigs, and/or financial assistance, 71.3 percent higher than its target of 49,887 beneficiaries.

Furthermore, around 1.7 million beneficiaries were provided with various welfare and protection services through its various programs, i.e., On-Site Services for OFWs (858,667 OFWs), TUPAD Program (370,230 beneficiaries), Family Welfare Program (FWP) (350,246 workers), Child Labor Prevention and Elimination Program (104,233 children), GIP (17,999 youth), Financial Awareness Seminar and Small Business Management Training (FAS/SBMT) (4,630 OFWs), and the K to 12 DOLE Adjustment Measures Program (AMP) (332 students). This translates to an accomplishment rate of 168.3 percent.

In addition, the DOLE-OSEC was able to attain its target of providing services to 100.0 percent of individuals within the prescribed Process Cycle Time (PCT).

Technical Education and Skills Development Authority (TESDA)

(in billion pesos)

Department	2017[1/]					2018[2/]				
	Allotment	Obligation	Disbursements [3/]	BUR		Allotment	Obligation	Disbursements [3/]	BUR	
				Oblig	Disb				Oblig	Disb
TESDA	8.1	7.8	6.1	97.1%	77.9%	7.8	6.9	6.5	89.0%	94.1%

[1/] 2017 SAAODB
[2/] 2018 SAAODB
[3/] Pertains to current year payments of obligations entered into during the year

Financial Performance. To be able to fulfill its mandate of molding a workforce that can meet the challenges of trade liberalization and global competition, the TESDA was provided allotment releases of P7.8 billion in 2018. Of the said amount, P6.9 billion or 89.0 percent was obligated by the Authority for the same period. Disbursements amounted to P6.5 billion, reflecting a disbursement rate of 94.1 percent. These 2018 utilization rates compare with the 97.1 percent obligation rate and the 77.9 percent disbursement rates registered by TESDA in 2017.

Among the TESDA's major programs in 2018, the Training for Work Scholarship Program (TWSP) incurred the largest obligation at P2.7 billion, followed by the Special Training for Employment Program (STEP) at P463 million, and the Private Education Student Financial Assistance (PESFA) at P199 million.

PARTICULARS	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
TECHNICAL EDUCATION AND SKILLS DEVELOPMENT REGULATORY PROGRAM			
Output Indicators			
1. Percentage of registered accredited TVET programs audited	100.0%	99.0%	99.4%
2. Number of qualified jobseekers referred for placement	90.0%	83.0%	92.2%
3. Number of consultations, orientations and workshops for development of competency standards/training regulations	200	201	100.5%
TECHNICAL EDUCATION AND SKILLS DEVELOPMENT PROGRAM			
Output Indicator			
1. Number of graduates from technical education and skills development scholarship programs	232,633	404,914 *(Preliminary)*	174.1%
2. Number of training institutions/establishments/ assessment centers provided with technical assistance	5,771 (4,221 TVIs & 1,560 ACs)	8,229 (6,495 TVIs & 1,734 ACs)	142.6%
3. Number of TESDA Technology Institutions (TTIs) graduates	231,859	261,094	112.6%

Source: FY 2020 National Expenditure Program

Physical Performance. The TESDA was able to exceed most of its physical targets in 2018 mainly due to its strong partnership with the LGUs and other stakeholders.

Under its Technical Education and Skills Development Regulatory Program, the Authority was able to audit 99.4 percent of the total registered accredited TVET programs, falling short of its target by a mere 0.6 percent. Also, it was able to issue certification to 83.0 percent of the total skilled workers within seven days of their application, thus accomplishing 92.2 percent of its target. Meanwhile, it conducted 201 consultations, orientations, and workshops for the development of competency standards/training regulations, surpassing its set target by 0.5 percent.

Through the Technical Education Skills Development Program, the agency was able to produce 404,914 graduates from the Technical Education and Skills Development scholarship programs and 261,094 graduates from the TESDA Technology Institutions (TTIs) in 2018, translating to accomplishment rates of 174.1 percent and 112.6 percent, respectively. The agency was also able to provide training assistance to 8,229 training institutions/establishments/ assessment centers, achieving 42.6 percent more than its target of 5,771 training institutions/establishments/assessment centers.

The Authority was not able to meet some of its performance indicators (PIs) in 2018 due to the following considerations: a) promotions and advocacies to encourage graduates to undergo assessment remain as a challenge; b) limited number of staff to monitor the compliance of Regional and Provincial Offices in the mandatory assessment of students registered under With Training Regulation (WTR) programs; c) low level awareness and training of users which hinder the full implementation of the new Training and Assessment Monitoring System through the TESDA Training and Monitoring System (T2MIS); d) time conflicts and work queuing of Provincial Office Staff Auditors; and e) limited monitoring capacity of the Provincial Offices due to limited manpower contributing to non-submission/untimely submission of the reports to TESDA Central Office.

Department of National Defense (DND)

(in billion pesos)

Department	2017[1/]					2018[2/]				
	Allotment	Obligation	Disbursements [3/]	BUR		Allotment	Obligation	Disbursements [3/]	BUR	
				Oblig	Disb				Oblig	Disb
DND	218.4	212.6	142.5	97.4%	67.0%	255.2	239.5	207.4	93.8%	86.6%

[1/] 2017 SAAODB
[2/] 2018 SAAODB
[3/] Pertains to current year payments of obligations entered into during the year

Financial Performance. To carry out its key role of ensuring the country's security, sovereignty, and territorial integrity, the DND was provided an allotment of P248.4 billion in 2018. An additional P6.8 billion carry-over fund from the previous year for the General Headquarters (GHQ) also formed part of its available allotment. Of the total allotment of P255.2 billion, P239.5 billion or 93.8 percent was obligated by the Department for the same period, lower than its 97.4 percent obligation rate in 2017. On the other hand, the DND's disbursements amounted to P207.4 billion or 86.6 percent of total obligations, substantially higher than the 67.0 percent disbursement rate in 2017.

By expense class, PS amounted to P174.3 billion and comprised 72.8 percent of total obligations, while combined maintenance and other operating expenses and capital outlays added up to P65.2 billion or 27.2 percent.

Of the total available allotment to DND, about P96.4 billion or 37.8 percent was released to the GHQ, out of which P83.4 billion or 86.5 percent was obligated. Other than the GHQ, fairly large releases were also made to the three major services of the Armed Forces of the Philippines (AFP) as follows: a) Philippine Army (PA) – P89.3 billion; b) Philippine Navy (PN) – P27.2 billion; and c) Philippine Air Force (PAF) – P25.8 billion. Likewise, a sizeable P11.1 billion was released to the Philippine Veterans Affairs Office (PVAO). Compared to the GHQ, higher obligation rates were recorded by the PAF at 99.94 percent; the PVAO at 99.91 percent; the PN at 99.7 percent; and the PA, 97.3 percent. In terms of spending, the PVAO posted the highest disbursement rate with 99.3 percent, followed by the PA, 91.2 percent; GHQ, 85.8 percent; PN, 81.1 percent; and PAF, 76.4 percent.

Physical Performance.

PARTICULARS	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
LAND FORCES DEFENSE PROGRAM			
Output Indicators			
1. Number of tactical and ready reserve units maintained			
a. Tactical Battalions	191	205	107.3%
b. Ready Reserve Battalions	82	82	100.0%
2. Percentage of operational readiness of tactical and ready reserve units			
a. Tactical Battalions	82%	82%	100.0%
b. Ready Reserve Battalions	65%	63%	96.9%
3. Average percentage of effective strength of tactical battalions that can be mobilized within one hour as directed by higher authorities	90%	90%	100.0%

Source: FY 2020 National Expenditure Program

In 2018, the PA achieved four out of five of its output indicators for the delivery of its Land Forces Defense Program. In terms of the number of tactical units, the PA maintained 205 tactical battalions or an increase of seven tactical battalions from the previous year's 198 tactical battalions, reflecting a 107.3 percent accomplishment rate over its target of 191 tactical battalions. The activation and operationalization of battalions are based on strategy, requirement on the ground, and the pronouncement/directive of the President. Of the seven tactical battalions which have been added to the total number of tactical battalions being maintained by the PA in 2018, six were activated in line with the directive of the President and one which became part of the Task Group "Tabang" that assists local agencies in the relief and humanitarian operations to help the displaced families in Marawi City.

In terms of the operational readiness and effectiveness of tactical units, the PA achieved its targets of 82.0 percent operational readiness of tactical battalions and average rating of 90.0 percent of effective strength of tactical battalions that can be mobilized within one hour as dictated by higher authorities. However, the PA's effective strength of 90.0 percent in 2018 was lower by 4.0 percentage points compared to its 94.0 percent accomplishment in 2017. This may be attributed to the occurrence of the Marawi Siege which suspended the programmed trainings and vacation. As to the number and operational readiness level of reserve units, the PA maintained 82 ready reserve battalions or 100.0 percent of its target, but posted only 63.0 percent operational readiness as against its target of 65.0 percent. The below-target-rate of operational readiness was mainly due to the erratic attendance of the reservists to trainings.

PARTICULARS	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
AIR FORCES DEFENSE PROGRAM			
Output Indicators			
1. Number of supportable aircraft maintained	154	154	100.0%
2. Percentage of accomplishment of one-hour response to flight-directed mission	90%	98%	108.9%
3. Percentage of flying hours flown	100%	98%	98.0%

Source: FY 2020 National Expenditure Program

The PAF, on the other hand, was able to deliver two out of three of its output indicators under its Air Forces Defense Program in 2018. In terms of the number of supportable aircraft maintained, the PAF accomplished 100.0 percent of its target of 154 supportable aircrafts maintained. Also, as to the percentage of accomplishment of one hour response to flight-directed mission, the PAF attained 98.0 percent or 108.9 percent of its target of 90.0 percent. The PAF, however, fell short of its target as to the percentage of flying hours flown with an accomplishment rate of 98.0 percent. This was on account of the low number of Military Pilot Training (MPT) students, and the low Operational Tempo (OPSTEMPO) Flying Time Accomplishment (FTA) of the Humanitarian Assistance and Disaster Response (HADR) operations since no major calamities or disaster occurred in the country.

PARTICULARS	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
NAVAL FORCES DEFENSE SYSTEM			
Output Indicators			
1. Number of PN units deployed and sustained for utilization/employment	184	203	110.3%
2. Number of PN units prepared for deployment	38	25	65.8%
3. Number of Force-Level Support Services Units sustained	55	55	100.0%

Source: FY 2020 National Expenditure Program

The PN, for its part, achieved two out of three of its output indicators for the delivery of its Naval Forces Defense System in 2018. It was able to deploy and sustain for utilization/employment 203 PN units, surpassing its target of 184 PN units by 10.3 percent. Also, it was able to accomplish its target of sustaining 55 Force-Level Support Services Units. The PN, however, did not reach its target of 38 PN units to be prepared for deployment, with actual accomplishment of only 25 PN units or 65.8 percent. The 34.2 percent variance pertains to the 13 PN units deployed to conflict areas in Western Mindanao and ordered by the GHQ to remain in stand-by position. Consequently, the necessary preparation for deployment of the units as scheduled were postponed.

Department of Public Works and Highways (DPWH)

(in billion pesos)

Department	2017[1/]					2018[2/]				
	Allotment	Obligation	Disbursements [3/]	BUR		Allotment	Obligation	Disbursements [3/]	BUR	
				Oblig	Disb				Oblig	Disb
DPWH	674.9	621.9	225.9	92.1%	36.3%	752.2	696.3	298.5	92.6%	42.9%

[1/] 2017 SAAODB

[2/] 2018 SAAODB

[3/] Pertains to current year payments of obligations entered into during the year

Financial Performance. The DPWH received a total allotment of P752.2 billion. Out of the total allotment releases, 92.6 percent obligation was recorded equivalent to P696.3 billion. This year's obligation performance recorded a marginal increase of 0.5 percentage point over the 2017 obligation rate of 92.1 percent. In terms of disbursement vis-à-vis obligation performance, the DPWH only disbursed an amount of P298.5 billion in 2018 (or 42.9 percent of its obligated budget) noting a 6.6 percentage point improvement from 2017's disbursement-obligation ratio performance of 36.3 percent.

The low disbursement performance of the Department was attributed to the following reasons:

- Unsettled Right-of-Way (ROW) issues;
- Limited cash allocation issued to DPWH particularly during the last quarter of the year;
- Non-receipt or delayed receipt of billing/documentary requirements from the contractors due to voluminous documentary requirements for processing of payment, which prompted contractors to lump their submission instead of submitting regular progress billings;
- Unprocessed vouchers due to lack of required documents for the settlement/payment of progress billings or percentage completion of the project, i.e., occupancy/building permits and BIR Form 0217 (Application for Contractor's Final Payment Release Certificate);
- Delays in project implementation due to unfavorable weather conditions, peace and order situations, and scarcity of construction materials;
- Delays in the issuance of permits from relevant agencies (e.g., DENR permit for cutting of trees); and
- Revision of the design of some projects to conform to the actual conditions in the field.

Meanwhile, contrary to its disbursement-obligation performance, the Department fared well in its disbursement performance vis-à-vis Monthly Disbursement Program for the year by recording a utilization rate of 99.8 percent. This was attributed to the establishment of an oversight and centralized control over the cash requirements and programming of the implementing units. Further, the

Department adopted streamlined policies to improve project implementation through effective and efficient monitoring and scheduling.

(in billion pesos)

Particulars	2018				
	Allotment	Obligation	Disbursements	BUR	
				Oblig	Disb
Farm-to-Market Roads	10.0	9.4	4.3	94.0%	45.7%
Department of Agriculture					
Basic Educational Facilities	87.7	83.9	14.4	95.6%	17.1%
Department of Education					
PAMANA Projects	5.1	4.6	0.9	89.3%	19.5%
OPAPP					
Total	**102.8**	**97.8**	**19.5**	**95.1%**	**20.0%**

It is noteworthy that in addition to budgetary provision for projects under its regular mandate, the DPWH, being the infrastructure arm of the National Government, also implements other capital projects chargeable against transferred appropriations from other Departments pursuant to applicable Special Provision/s of their respective budget such as: a) Farm-to-Market Roads (FMRs) of the DA, b) Basic Educational Facilities (BEF) of the DepEd; and c) PAMANA Projects of the OPAPP. Total allotment releases from these transfers amounted to P102.8 billion, of which P97.8 billion was obligated (equivalent to 95.1 percent). However, only P19.5 billion or around 20.0 percent of the obligated budget was disbursed.

PARTICULARS	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
ASSET PRESERVATION PROGRAM			
Output Indicators			
1. Length (km) of maintained roads	631.178	692.368	109.7%
2. Length (km) of rehabilitated / reconstructed / upgraded	400.723	218.742	54.6%
NETWORK DEVELOPMENT PROGRAM			
Output Indicators			
1. Length (km) of newly constructed roads	1,535.354	355.563	23.2%
2. Length (km) of widened roads	1,298.191	506.036	39.0%
BRIDGE PROGRAM			
Output Indicators			
1. Total length (lm) and area (m2) of (new and replacement) constructed bridges	5,099.648 49,847.54	8,635.40 82,554.5	169.3% 165.6%
2. Number of maintained and rehabilitated bridges	500	668	133.6%
FLOOD MANAGEMENT PROGRAM			
Output Indicators			
1. Number of constructed flood mitigation structures and drainage systems	1,936	2,466	127.4%
2. Number of constructed / rehabilitated flood mitigation facilities with major river basins and principal rivers	451	579	128.4%

Source: FY 2020 National Expenditure Program

Physical Performance. The Department met most of its committed physical targets presented in the 2018 GAA – except for indicators under the Network Development Program, and one indicator under Asset Preservation Program (length of rehabilitated, reconstructed, and upgraded national roads). The DPWH was only able to construct 355.6 kilometers and widened 506.0 kilometers of national roads out of the committed targets of 1,535.4 kilometers, and 1,298.2 kilometers, respectively. These correspond to accomplishment rates of 23.2 percent, and 39.0 percent for these commitments, respectively. Meanwhile, the Department was only able to rehabilitate, reconstruct, and upgrade 218.7 kilometers of national roads out of the committed 400.7 kilometer-target earning 54.6 percent accomplishment.

For the rest of the committed physical targets, the Department exceeded its accomplishments.

Under the Bridge Program, a total length of 8,635.4 lineal meters out of the target 5,099.6 lineal meters, and an area of 82,554.5 square meters out of the committed 49,847.5 square meters of bridges were constructed. These correspond to accomplishment rates of 169.3 percent and 165.6 percent, respectively.

Under Flood Management Program, the Department constructed 2,466 flood mitigation structures and drainage systems. Likewise, it constructed and rehabilitated 579 flood mitigation facilities with major river basins and principal rivers.

In addition to these programs, a total number of 11,147 projects (school buildings, multipurpose buildings, health facilities, water supply systems, FMRs, etc.) were constructed under the Local Program.

Lastly, under Convergence and Special Support Program, a total number 3,242 projects (school buildings, multipurpose buildings, health facilities, water supply systems, FMRs, etc.) were implemented, and 665.0 kilometers of local roads were constructed.

Despite achieving most of its targets, the Department faced various implementation issues such as:

- Some projects are not ready for implementation, i.e., lack of preparatory work activities (e.g., detailed engineering design, feasibility studies, ROW acquisition, and government clearance/permits);
- Late issuance of sub-allotment for centrally managed projects from the DPWH-Central Office to Regional Offices;
- Scarcity of construction supplies and materials in the local market;
- Road ROW issues;

- Delay/difficulty in acquiring permits from other government agencies (i.e., DENR, LGUs);
- Peace and order situation and inclement weather conditions; and
- Other procurement issues, which include delayed biddings and delivery of procured items and lapses in procurement related-processes during project implementation.

Department of Science and Technology (DOST)

(in billion pesos)

Department	2017[1/]					2018[2/]				
	Allotment	Obligation	Disbursements [3/]	BUR		Allotment	Obligation	Disbursements [3/]	BUR	
				Oblig	Disb				Oblig	Disb
DOST	21.8	20.6	14.2	94.5%	68.9%	21.3	20.5	15.7	95.9%	76.8%

[1/] 2017 SAAODB
[2/] 2018 SAAODB
[3/] Pertains to current year payments of obligations entered into during the year

Financial Performance. The DOST System continued to improve its financial performance, with obligation and disbursement rates rising from 95.9 percent and 68.9 percent, respectively, in 2017 to 96.2 percent and 76.8 percent in 2018.

Of its nineteen (19) agencies, eighteen (18) achieved an obligation rate above 90 percent with ten[24] (10) virtually achieving full obligation. Most notably, SEI, in charge of DOST's graduate and post-graduate scholarships, practically managed a 100 percent rate for both its obligations and disbursements. On the other hand, PAGASA was the sole agency to drop below a 90 percent obligation rate, reporting only a 78.4 percent rate. This was attributed to procurement planning issues[25], often encountered by the agency for its specialized scientific equipment for its Modernization program. This is being addressed by the government's shift to cash budgeting wherein only the goods and services deliverable within one (1) fiscal year must be programmed.

Though improved, DOST's disbursements have yet to catch up with its obligations performance, with only ten[26] (10) of its agencies liquidating 90 percent and above of its contracts. As with its obligation performance, PAGASA lagged behind in its disbursements. The agency disbursed only 42.0 percent of its commitments. In addition to previously identified procurement planning issues, low agency

[24] OSEC (99.6%), MIRDC (99.2%), NRCP (99.8%), PCAARRD (99.7%), PCHRD (99.7%), PCIEERD (99.4%), PNRI (99.7%), PTRI (99.7%), SEI (100.0%), TAPI (99.7%).

[25] Though equipment may have been purchased, the procurement process for the PAGASA Modernization Program also includes the installation of acquired equipment, some which require a lengthy installation period (e.g. 1 to 1 ½ years).

[26] FNRI (94.7%), FPRDI (90.0%), NAST (90.2%), NRCP (96.3%), PCHRD (99.2%), PCIEERD (90.1%), PNRI (91.6%), PTRI (90.0%), SEI (99.9%), TAPI (97.7%).

disbursement performance may also be attributed to problems encountered in procuring specialized scientific equipment[27] and to the late submission of invoices from suppliers. On the other hand, OSEC and PSHS reported low disbursement rates of 76.5 and 58.9 percent, respectively, despite their high obligation rates of 99.6 percent and 95.8 percent. This was attributed mainly to external factors: the failure of implementing agencies to submit financial reports in the former's Grants-In-Aids (GIA) program and the failed biddings encountered in the latter's school infrastructure projects.

PARTICULARS	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
OSEC			
STRATEGIC SCIENCE AND TECHNOLOGY (S&T) PROGRAM			
Output Indicators			
1. Number of projects funded	152	164	107.9%
2. Number of grantees supported	80	218	272.5%
3. Percentage of programs/projects that are evaluated and approved within the standard period of 95 days	77%	89%	115.6%
4. Percentage of new and on-going projects monitored	100%	100%	100.0%
S&T PROGRAM FOR REGIONAL AND COUNTRYSIDE DEVELOPMENT			
Output Indicator			
1. No. of technology interventions, trainings and consultancy services provided	55,601	76,983	138.5%
2. No. of MSMEs, LGUs, HEIs, communities and other customers assisted	23,860	52,790	221.2%
3. Percentage of requests for technical assistance that are acted upon within ISO standard time	91%	97%	106.6%

Source: FY 2020 National Expenditure Program

Physical Performance. Overall, the DOST System met, if not exceeded, most of their physical performance targets for 2018.

As Science and Technology (S&T) plays a crucial role in spurring development, the DOST backed a total of 164 research & development (R&D) projects and 218 grantees, exceeding its set targets on both accounts. These R&D projects cover a wide range of sectors, from health to disaster relief to agriculture and more. The DOST reported that 90 percent of the priorities in the Harmonized National R&D Agenda (HNRDA) have been addressed in 2018. It should also be noted that 25 percent of the funded projects have been completed, of which 90 percent have been

[27] The procurement of specialized scientific equipment for the PAGASA Modernization program at times results in a failed bidding due to failure in meeting the required technical specifications and/or the limited number of suppliers and service providers.

published in peer-reviewed journals, presented in national and/or international conferences, or have been filed/approved for intellectual property (IP) rights.

As part of its core programs, the DOST pushed for the reduction of regional inequality by promptly providing 76, 983 various STI services[28] to 52,790 beneficiaries in the regions and provinces, including LGUs, HEIs and Micro, Small and Medium Enterprises (MSMEs).

PARTICULARS	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
PSHS			
SCIENCE, TECHNOLOGY, ENGINEERING AND MATHEMATICS (STEM) SECONDARY EDUCATION ON SCHOLARSHIP BASIS PROGRAM			
Output Indicators			
1. Cohort survival rate: Percentage of scholars who advance to the succeeding grade until they complete the 6-year scholarship period	90%	92%	102.2%
2. Percentage of winnings, awards and recognition from total number of national and international competitions participated 1/	90%	174%	193.3%
3. Rank of the campuses based on the overall UPCAT scores of the PSHS student-takers	Top 20	Top 10	
SEI			
SCIENCE AND TECHNOLOGY SCHOLARSHIP PROGRAM			
Output Indicator			
1. No. of scholars supported			
Undergraduate level	23,393	23,531	100.6%
Masters Program	3,495	3,632	103.9%
Doctoral Program	1,526	1,270	83.2%
2. Percentage of scholars graduating within the scheduled full-time program			
Undergraduate level	85%	98%	115.3%
Masters Program	70%	71%	101.4%
Doctoral Program	40%	61%	152.5%
3. Percentage of scholarship payments with a variance of actual payment of more than one (1) day	90%	97%	107.8%

Source: FY 2020 National Expenditure Program

1/ The rating assumes one medal per competition. As more than one medal may be won per competition, the actual accomplishment may exceed 100%.

To contribute to the growth of human resources in Science, Technology, and Education (STEM), the DOST supported a total of 36,791 students pursuing STEM

[28] Technology interventions, capacity buildings and consultancy services through programs such as the Small Enterprise Technology Upgrading (SET-UP) program and the Appropriate Support to Start-Ups through Science, Technology, and Innovation (ASSIST).

courses in its scholarship programs, of which 8,358[29] were supported by the PSHS throughout its sixteen regional campuses. The PSHS students performed exceptionally, both in the national and international scene, gathering awards and recognitions on more than 90 percent of the competitions its students participated in.

For higher education, SEI provided for scholarships to a total of 28,433 students. Of which 23,531 were in undergraduate level, 3,632 in the master's program, and 1,270 in the doctoral program. This year's scholarship program manifested a strong performance in terms of percent of scholars graduating within the scheduled full-time program, exceeding its targets from the undergraduate to doctoral program. SEI also ensured that scholarship payments were timely, with 97 percent of payments processed within the scheduled 10 days upon receipt of complete documents.

PARTICULARS	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
PAGASA			
WEATHER AND CLIMATE FORECASTING AND WARNING PROGRAM			
Output Indicators			
1. Percentage accuracy of typhoon track forecast: error reduced to 100km for 24-hr forecast	92%	100%	108.7%
2. Percentage of timely weather and typhoon warning issued within fifteen (15) minutes of scheduled time	92%	100%	108.7%
3. No. of seasonal climate forecasts, climate impact assessment, tropical cyclone warning advisory (TCWA) for agriculture and farm weather forecasts	210	1,148	546.7%
FLOOD FORECASTING AND WARNING PROGRAM			
Output Indicators			
1. No. of timely and accurate flood warnings issued	2,320	1,912	82.4%
2. Percentage of timely flood warning issued within 15 mins of scheduled time	92%	100%	108.7%
3. No. of hazard maps developed/generated/updated	4	2	50.0%
PHIVOLCS			
VOLCANO, EARTHQUAKE AND TSUNAMI MONITORING AND WARNING PROGRAM			
Output Indicator			
1. No. of warnings and bulletins issued	event-driven	1,614	
2. Percentage of bulletins and warnings issued within the set standard time	80%	97.02%	121.3%

Source: FY 2020 National Expenditure Program

[29] Based on the reported number in the 2018 DOST Performance Report.

In addition to the development of human resources in STEM, the DOST also provides science-based information for disaster resilience. For this, PAGASA issued 1,148 weather and climate forecasts to inform farmers and fisherfolk on the weather conditions that may affect their livelihood. In addition, the agency also issued 1,912 timely and accurate flood warnings and produced a total of two (2) hazard maps, which both helped ensure that there were zero flood casualties for 2018. As for volcano, earthquake, and tsunami events, PHIVOLCS issued 1,614 warnings and bulletins, 97 percent of which were issued within the set standard time.

Department of Social Welfare and Development (DSWD)

(in billion pesos)

Department	2017[1/]					2018[2/]				
	Allotment	Obligation	Disbursements [3/]	BUR		Allotment	Obligation	Disbursements [3/]	BUR	
				Oblig	Disb				Oblig	Disb
DSWD	161.6	153.6	129.7	95.1%	84.4%	144.6	138.9	118.4	96.1%	85.2%

[1/] 2017 SAAODB
[2/] 2018 SAAODB
[3/] Pertains to current year payments of obligations entered into during the year

Financial Performance. As the lead agency responsible for the formulation, implementation, and coordination of social welfare and development policies and programs for and with the poor, vulnerable, and disadvantaged Filipinos, the DSWD was allotted a current year budget of P144.6 billion in 2018. Compared with the P161.6 billion total allotment released in 2017 which includes prior year's continuing appropriation of P26.3 billion, the 2018 current year allotment was actually P9.3 billion or 6.9 percent more than the 2017 current allotment of P135.3 billion.

Meanwhile, the 2018 obligation rate of 96.1 percent or P138.9 billion was mainly accounted for by the following major programs: (i) Pantawid Pamilyang Pilipino Program (4Ps) – P88.6 billion; (ii) Social Pension for Indigent Senior Citizens (SocPen) – P18.3 billion; (iii) Kapit-Bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services-National Community-Driven Development Program (KALAHI CIDSS-NCDDP) – P5.0 billion; (iv) Sustainable Livelihood Program (SLP) – P4.9 billion; (v) Supplementary Feeding Program (SFP) – P3.2 billion; and (vi) Unconditional Cash Transfer (UCT) – P0.8 billion (administrative cost). Despite the total obligated amount being lower than the P153.6 billion obligated in 2017 (of which P24.2 billion was from the prior year's continuing appropriations), this still shows a slight improvement in terms of obligation rate as compared to its 2017 obligation rate of 95.1 percent.

As of end 2018, some P5.7 billion has remained unobligated, which was mainly attributed to the pending procurement for the construction and major renovations of DSWD centers and residential care facilities due to protests filed by service providers, and the delay in payout activities for the UCT caused by the mismatch of the payout infrastructure of the SocPen with the required mode of payment of the UCT.

Moreover, P118.4 billion or 85.2 percent of the obligated amount was disbursed in 2018, a minimal increase from the 84.4 percent disbursement rate recorded in 2017. The reasons for the low disbursement performance include: (i) late release of additional NCA to cover the Pay Period 5 (October and November 2018) in January 2019; (ii) ongoing procurement process of the construction and renovations of DSWD centers and residential care facilities; (iii) focus on the implementation of 2017 funded projects under the SLP for the first semester of 2018, thus, delaying the implementation of 2018 funded projects to June 2018; and (iv) release of community grants for the KALAHI CIDDS-NCDDP to the community beneficiaries in the first semester of 2019.

Particulars	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
Promotive Social Welfare Program			
Output Indicators			
1. Number of Pantawid households provided with conditional cash grants:	4,400,000	4,178,828	95.0%
a. Regular CCT	4,164,711	3,949,855	94.8%
b. Modified CCT	235,289	228,973	97.3%
2. Number of poor households assisted through the Sustainable Livelihood Program	345,957	146,732	42.4%
3. Number of households that benefited from completed KC-NCDDP sub-projects	420,345	193,180	46.0%
Supplementary Feeding Sub-Program			
Output Indicators			
1. Number of children in CDCs and SNPs provided with supplementary feeding	1,746,199	1,571,090	90.0%
2. Number of children served through Bangsamoro Umpungan sa Nutrisyon (BangUN) Program	7,000	12,558	179.4%
Social Welfare for Senior Citizens Sub-Program			
Output Indicators			
1. Number of senior citizens who received social pension within the quarter	3,000,000	3,027,531	100.9%

Particulars	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
2. Number of centenarians provided with cash gift	1,895	1,392	73.5%
Protective Program for Individuals and Families and Especially Difficult Circumstances Sub-Program			
Output Indicators			
1. Number of children served through Alternative Family Care Program	1,484	1,738	117.1%
2. Number of beneficiaries served through Protective Services Program	728,450	825,829	113.4%
3. Number of clients served through the Comprehensive Program for Street Children, Street Families and Badjaus:			
a. Street Children	4,275	6,263	146.5%
b. Street Families	2,248	4,582	203.8%
Social Welfare for Distressed Overseas Filipinos and Trafficked Persons Sub-Program			
Output Indicators			
1. Number of trafficked persons provided with social welfare services	2,000	2,318	115.9%
2. Number of distressed and undocumented overseas Filipinos provided with social welfare services	29,253	24,859	85.0%
Disaster Response and Management Program			
Output Indicators			
1. Number of LGUs with prepositioned goods	100% (351) of LGUs with preposition agreement	323	92.0%
2. Number of internally-displaced households provided with disaster response services	As the need arises	895,386	100.0%
3. Number of households with damaged houses provided with early recovery services	As the need arises	779,776	100.0%

Source: FY 2020 National Expenditure Program

Physical Performance. In 2018, the DSWD granted educational and health allowances to a total of 4,178,828 households, composed of 3,949,855 households under the regular Conditional Cash Transfer (CCT) and 228,973 households under the modified CCT[30], which complied with the requirements of the 4Ps. This was short of the 4,400,000 target beneficiaries in 2018 and lower than the 4,394,813 households who benefitted from the program in 2017. The exclusion of children who are no longer eligible for the Program (i.e., those who were monitored reaching 19 years old or graduating from high school) without any other children in the family to replace them since 2017, and the non-compliance with program conditionalities of some households contributed to the decrease in the number of 4Ps beneficiaries. In addition, no transitioning household beneficiaries – household beneficiaries who are transitioning from poor to non-poor status but are still vulnerable to socioeconomic changes – were reported last year.

Additionally, the UCT being implemented by the DSWD is a social mitigating measure intended to assist poor Filipinos who are affected by the moderate and temporary inflation brought by the implementation of Republic Act No. 10963 or the Tax Reform for Acceleration and Inclusion (TRAIN) Law. Under the program, the poorest 10,000,000[31] households/individuals will each be given P200 per month in 2018, and P300 per month in 2019 to 2020. During the first year of its implementation in 2018, 89.1 percent of the program's target or a total of 8,911,421 beneficiaries received cash grants each amounting to P200 per month.

Moreover, the reduction of P2.0 billion in the budget of the SLP as reflected in the FY 2018 GAA compared with the program's proposed budget as shown in the FY 2018 National Expenditure Program (NEP) was not accompanied by a corresponding decline in the target. As a result, the SLP achieved only 42.4 percent of its 345,957 targeted households by serving a total of 146,732 poor households through its Micro-enterprise Development (MD) and Employment Facilitation (EF) tracks. However, the 2018 SLP accomplishment was still 198.5 percent higher than the 49,159 poor households served in 2017.

On the other hand, 193,180 households from 180 municipalities benefitted from the completed KC-NCDDP sub-projects which included pre- and post-harvest facilities, school buildings, day care centers, health stations, roads, livelihood equipment and training, small scale irrigation, and water system. This accomplishment represents 46.0 percent of its 420,345 targeted households, and only 8.6 percent of the 2,248,428 households who benefitted from the completed sub-projects in 2017.

[30] Modified CCT covers families in need of special protection such as street families, itinerant indigenous families including those displaced by natural and human-induced disasters, and persons with disability (PWDs), child laborers, children in conflict with the law, and families with members having terminal disease and victims of human trafficking.

[31] Comprised of 4.4 million Pantawid Pamilya Households; 3.0 million Social Pensioners; and 2.6 million Listahanan Households in the first to seventh income deciles

The Department, through the SFP, provided additional hot meals to 1,571,090 day care children enrolled in Local Government Unit (LGU)-managed Community Development Centers (CDC), and Supervised Neighborhood Play (SNP) – 10.0 percent shy of achieving its 1,746,199 target. This, however, was an 8.4 percent improvement over its 2017 accomplishment of having provided hot meals to 1,528,839 day care children. The remaining beneficiaries will continue to be served hot meals until the end of SY 2018-2019 in April. Also, another 12,558 malnourished children studying in madrasahs or Muslim schools in the Autonomous Region in Muslim Mindanao (ARMM), representing 179.4 percent of its 7,000 target beneficiaries were served hot meals through the Bangsamoro Umpungan sa Nutrisyon (BangUN) Program.

For the same period, the Department exceeded both its target of 3,000,000 indigent senior citizens by 0.9 percent and its previous year's accomplishment of 2,683,037 indigent senior citizens by 12.8 percent through the provision of a monthly social pension of P500 to each of the 3,027,531 indigent senior citizens aged 60 and above. Furthermore, 1,392 centenarians[32] out of the 1,895 target centenarians were provided with cash gift. The underaccomplishment for this program was attributed to the non-compliance of the beneficiaries to the documentary requirements for the grants, and the passing away of some of the targeted beneficiaries before their 100th year birthday. Still, the number of centenarians reached in 2018 indicated a 56.1 percent increase over that of 2017.

Meanwhile, all targets under the Protective Program for Individuals and Families and Especially Difficult Circumstances Sub-program were surpassed in 2018. By the end of the year, 1,738 children were served through the Alternative Family Care Program; 825,829 beneficiaries through the Protective Services Program; and 4,582 street families and 6,263 street children through the Comprehensive Program for Street Children, Street Families and Badjaus.

Similarly, 2,318 trafficked persons, and 24,859 distressed[33] and undocumented overseas Filipinos were provided with social welfare services last year. The services provided included the provision of basic necessities[34], transportation, medical, financial, psycho-social processing[35], and return and reintegration services. Compared to 2017, the number of trafficked persons assisted showed an increase of 23.3 percent, while the number of distressed and undocumented overseas Filipinos assisted decreased by 4.7 percent. Likewise, compared to

[32] A person who has reached the age of 100 years.

[33] Such as victims of sexual and physical abuse, maltreatment, mistreatment, among others.

[34] Temporary shelter, food packs, clothing and toiletries.

[35] Counseling, play therapy for children, emotional healing/value inculcation sessions, critical incident stress debriefing, and pre-marriage/marriage counseling.

targets, 115.9 percent and 95.3 percent accomplishments were recorded in 2018, respectively.

Lastly, under its Disaster Response and Management Program, the DSWD achieved most of its targets in 2018. Disaster response services were provided to 895,386 households or 100.0 percent of the internally-displaced households, while early recovery services were given to 779,776 households or 100.0 percent of households with damaged houses. Both accomplishments were higher than the number of households served in 2017, which were 712,886 internally-displaced households and 337,595 households with damaged houses. On the other hand, the Department has prepositioned relief goods (e.g., family food packs and clothing) in 323 LGUs, equivalent to 92.0 percent of the LGUs with prepositioning agreement, to ensure faster delivery of relief supplies to families that will be affected by calamities. The underaccomplishment was due to the halt in the implementation of all activities relative to the LGU relief goods prepositioning, which started in October 2018. This was in view of the order of the Philippine President to direct the relief goods to the beneficiaries instead of coursing them through the LGUs to avoid mixing politics with humanitarian assistance. In 2017, 100.0 percent of LGUs with prepositioning agreement was provided prepositioned relief goods.

Department of Transportation (DOTr)

(in billion pesos)

Department	2017[1/]					2018[2/]				
	Allotment	Obligation	Disbursements [3/]	BUR		Allotment	Obligation	Disbursements [3/]	BUR	
				Oblig	Disb				Oblig	Disb
DOTr	82.3	69.2	27.1	84.1%	39.2%	83.3	74.9	30.5	90.0%	40.7%

[1/] 2017 SAAODB
[2/] 2018 SAAODB
[3/] Pertains to current year payments of obligations entered into during the year

Financial Performance. As of December 31, 2018, the DOTr received total allotment releases of P83.3 billion, which was marginally higher than the 2017 allotment releases of P82.3 billion. Out of the total allotments, P74.9 billion was obligated, equivalent to 90.0 percent obligation rate, which was higher by 5.9 percentage points than the 2017's 84.1 percent obligation rate. Moreover, in terms of disbursement performance, the Department slightly improved its spending to P30.5 billion (equivalent to 40.7 percent of DOTr's total obligated budget) in 2018, from the P27.1 billion recorded disbursements in 2017.

In pursuit of sustaining the Build, Build, Build Program of the National Government, the priority infrastructure projects of the DOTr – categorized under four sectors, namely: a) Railway Sector, b) Aviation Sector, c) Maritime Sector, and

d) Land Public Transportation Sector – received the lion's share of the Department's allotments amounting to P54.1 billion (or 65.0 percent of the DOTr's total allotments). Out of the total allotments for these projects, about P46.7 billion was obligated. However, it is noteworthy that only P8.3 billion (or 17.7 percent of the total obligated funds) was disbursed for these projects. The table below shows the allocations for priority infrastructure projects of DOTr by sector:

Sector	Allotment	Obligation	Disbursement	BUR	
	(in billion pesos)			Obligation	Disbursement
Railway Sector	30.25	26.52	4.41	87.7%	16.6%
Aviation Sector	10.01	9.27	0.86	92.7%	9.2%
Maritime Sector	5.46	4.44	0.29	81.2%	6.5%
Land Public Transportation Sector	8.42	6.48	2.71	76.9%	41.8%
Total	**54.14**	**46.71**	**8.27**	**86.3%**	**17.7%**

According to the Department, the reasons for its poor disbursement performance were mainly attributed to various procurement issues (e.g., delay/non-submission of billings of contractors/consultants of ongoing projects, and delay in the /unsuccessful procurement of various locally-funded projects – particularly for aviation sector, LTO/LTFRB building, and port projects). Likewise, there was a delay in the transfer of funds to different organizations because of the pending finalization of various Memoranda of Agreement (MOA) between concerned offices. Various contractors also reported that there were delays in the processing of disbursement vouchers by concerned Project Management Offices-in-charge. Further, the policy direction of limiting advance payments or mobilization costs, which obliged contractors to fast track the completion of project deliverables pursuant to their respective contracts, has adversely affected the overall disbursement performance of the Department.

Aviation Sector. The Aviation Sector was considered to be the fastest moving sector, posting the highest obligation rate among the sectors at 92.7 percent (or P9.3 billion out of the P10.0 billion allotment). However, in contrast to its obligation performance, the sector recorded a low disbursement ratio of 9.2 percent (or P858 million of the obligated budget for the sector). Bulk of the Aviation Sector's budget utilization were fund transfers to various offices such as Civil Aviation Authority of the Philippines (CAAP), DND, DPWH, and several LGUs. The total budget for the sector was utilized to construct, rehabilitate, and improve 53 airports, and its air traffic management systems, of which two (2) are foreign-assisted projects.

Major aviation infrastructure projects of the Department include: a) New Communications and Navigation Surveillance/Air Traffic Management (CNS/ATM) System Development Project, which was completed and inaugurated on January 16, 2018; and b) New Bohol (Panglao) International Airport, which is partially completed with civil works ongoing, but commercial operations started on November 28, 2018.

Land Public Transportation Sector. The Land Public Transportation Sector recorded the lowest obligation rate at 76.9 percent (or P6.5 billion out of almost P8.4 billion), but posted the highest disbursement rate at 41.8 percent (or P2.7 billion of the obligated budget for the sector). The budget for the sector was implemented for the implementation of various road-related projects with the objective of improving efficiency, effectiveness, and safety of the public transport system in an environmentally sustainable manner. Notable projects of the sector include Public Utility Vehicle Modernization Program (PUVMP), *Pantawid Pasada* Program, Metro Manila Bus Rapid Transit (BRT) Line 1 Project, and Cebu BRT Project.

Railway Sector. Due to the nature of its projects, the Railway Sector received the biggest allocation of budget – with more than half of the budget for priority projects of DOTr – among the sectors. In 2018, the sector obligated an amount of P26.5 billion out of its P30.3 billion allotment, which is equivalent to 87.7 percent obligation rate. However, only an amount of P4.4 billion equivalent to 16.6 percent of its obligated budget was disbursed. The budget for the sector supported the ongoing improvements in the five operational railway lines in the country, namely: a) Light Rail Transit (LRT) Line 1; b) LRT Line 2; c) Metro Rail Transit (MRT) Line 3; d) Metro South Commuter Line; and e) Metro North Commuter Line.

At present, there is an ongoing construction of new railway systems aimed to strengthen the transportation linkages within and outside Metro Manila. These projects include a) Metro Manila Subway Project (MMSP) Phase 1; b) North-South Commuter Railway (NSCR) Project Phase 1; c) NSCR Extension Project; d) Philippine National Railway (PNR) South Long Haul; e) Subic-Clark Railway, and f) Mindanao Railway Project Phase 1 (Tagum-Digos-Davao Segment). Further, the ongoing construction of the Unified Grand Central Station, commonly known as the "Common Station" shall connect different modes of transportation such as the LRT Line 1, MRT Lines 3 and 7, MMSP Phase 1, EDSA Greenways Project, and Metro Manila BRT Line 1.

Maritime Sector. The Maritime Sector recorded a high obligation rate of 81.2 percent, but recorded the lowest disbursement rate of 6.5 percent. The budget for the sector was utilized for the construction, rehabilitation, and improvement of 136 ports and harbors. Notable maritime projects of the DOTr include the Maritime Safety Capability Improvement Project (MSCIP) Phase I [acquisition of 10 units of 44-meter Multi-Role Response Vessels (MRRVs)], and MSCIP Phase II (acquisition of two units of 94-meter MRRVs).

Physical Performance. The Department, particularly the Office of the Secretary, achieved most of its committed physical targets in its Performance-Informed Budget as reflected in the FY 2018 GAA of the DOTr, as shown in the table below:

PARTICULARS	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
RAIL TRANSPORT PROGRAM			
METRO RAIL TRANSIT (MRT) SUB-PROGRAM			
Output Indicators			
1. Compliance with approved timetable (90% efficiency)	90%	86%	96%
2. Compliance with the peak-hour train availability requirements	90%	75%	83%
3. Increase in average travel speed (kph)	40	30	75%
RAILWAY CONSTRUCTION, REHABILITATION, AND IMPROVEMENT SUB-PROGRAM			
Output Indicators			
1. % completion of new railway system projects	15%	39%	260%
2. % completion of expansion of existing railway system projects	15%	14%	93%
AVIATION INFRASTRUCTURE PROGRAM			
Output Indicators			
1. % increase in passenger traffic	16%	18%	113%
2. % increase in cargo traffic (tons)	5%	8%	160%
MARITIME INFRASTRUCTURE PROGRAM			
Output Indicators			
1. No. of social port projects successfully bid out and obligated	125	123	98%
2. No. of tourism port projects successfully bid out and obligated	8	8	100%
MOTOR VEHICLE REGULATORY PROGRAM			
Output Indicators			
1. % of motor vehicle registration applications processed within the reglementary period as determined by the Department and reckoned upon the submission of complete documentary requirements	100%	114.14%	114%
2. % of driver's license and permits issued within the reglementary period as determined by the Department and reckoned upon the submission of complete documentary requirements	100%	110.48%	110%
3. No. of apprehension for which a Temporary Operator's Permit is issued and complaints acted upon	568,531	656,580	115%

Source: FY 2020 National Expenditure Program

PARTICULARS	2018		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
LAND PUBLIC TRANSPORTATION PROGRAM			
Output Indicators			
1. % of Certificate of Public Convenience / franchises applicants resolved / decided upon within the reglementary period	97%	95%	98%
2. % of holders audited / monitored / penalized for non-compliance with the terms and conditions of the franchise	10%	15%	150%
3. No. of policies formulated, developed, implemented, updated, and disseminated	26	27	104%

Source: FY 2020 National Expenditure Program

Based on the Department's physical performance, despite achieving most of its committed outcome/output targets, the DOTr underperformed in some of the outcome/output indicators under their corresponding programs/sub-programs:

A. **MRT Sub-Program.** The DOTr underperformed in the following indicators under the MRT Sub-Program:
   a. Percent reduction in transfer time from platform to loading
   b. Compliance with approved timetable (90% efficiency)
   c. Compliance with the peak-hour train availability requirements
   d. Increase in average travel speed (kph)

   The underperformance was attributed to the a) reduction in the number of running trains (from 18 to 15 trains during peak hours), and b) reduction in the travel speed [from 40 kilometer per hour (kph) to 30 kph]. As a result of these reductions, the headway (or running distance) between two trains becomes longer, which resulted to passenger build up. At times, some passengers at the platform are accommodated by the next train; thus, waiting time becomes longer. The DOTr explained that they implemented the decrease in train availability to provide adequate time for the proper maintenance of the light rail vehicles (LRVs). Further, the 30 kph maximum travel speed was imposed to ensure the safety of passengers considering the poor condition of MRT-3 rail tracks.

B. **Motor Vehicle Regulatory Program.** The negative accomplishment rate for the issuance of driver's license (DL) under the Land Transportation Office (LTO) was due to the longer processing time for the renewal of DL caused by interface failure between the new DL card supplier and the current information technology (IT) provider. This problem led to the manual encoding of the applicant's data to the new DL system, which resulted to additional minutes on the processing time.

C. **Land Public Transportation Program.** The low accomplishment rate for the indicator *"Percentage increase in public transport vehicles modernized (improved model year and use of environmentally-friendly fuel)"* under the Land Transportation Franchising and Regulatory Board (LTFRB) was attributed to the following challenges faced by the Department in implementing the PUVMP: a) difficulty in securing approval from Government Financial Institutions (GFIs) such as Development Bank of the Philippines (DBP) and Landbank of the Philippines (LBP); b) slow production of modernized units by the suppliers/manufacturers; and c) strong opposition from transport groups in implementing the program. Further, all units shall be compliant with the prescribed standards before dropping/substitution and application for new Certificate of Public Convenience (CPC).

V. Fiscal Outlook

The FY 2019 National Budget was finally signed by the President on April 15, 2019, minimizing the adverse impact of delays on the spending targets and the economy. After four (4) months of operating under a reenacted budget, the FY 2019 GAA or RA 11260 has been enacted into law. This paves the way for the awarding of contracts[36] for new programs and projects of line agencies which cannot be funded under a reenacted budget. Earlier, the NEDA estimated that the impact of reenacted budget during the first quarter of the year will put a dent on GDP growth by between 0.7 to 0.9 percentage point.[37] This projection was already accounted for in the revised GDP growth target of 6.0 to 7.0 percent for the year. Nonetheless, the government has undertaken measures and steps to reduce impact of delays with the issuance of the following: i) Government Procurement Policy Board Circular 09-2018 dated December 20, 2018 to provide guidance on the award of contracts under a reenacted budget; ii) Circular Letters No. 2019-1 and 2019-7 dated January 3, 2019 and March 26, 2019, respectively, to prescribe guidelines on the release of funds under the FY 2018 reenacted budget; and iii) Executive Order No. 76 dated March 15, 2019, and National Budget Circular No. 575 dated March 25, 2019 to implement the fourth tranche of the Compensation Adjustment for civilian personnel of the National Government. Meanwhile, spending is still expected to recover in the succeeding quarters, especially after the elections ban,

[36] Subject to the rules and regulations of the COMELEC on the election ban.
[37] As presented during the 175th DBCC Meeting on March 13, 2019.

owing to payables from prior years' obligations, continuing appropriations, and ongoing activities and projects.

Cash Budgeting System reforms will be implemented beginning 2019, a policy upheld by the President in the FY 2019 Budget Veto Message. Despite the delays in budget approval and opposition by Congress to the CBS, the FY 2019 Budget will still be a cash-based budget, espousing faster public service delivery, improved government efficiency, and greater government accountability. Implementing agencies, thus, need to obligate all funds by December 31, 2019 or will lose their appropriations. Nevertheless, the FY 2019 will remain to be a transition period, recognizing that line agencies may face difficulties in implementing their respective PAPs due to the delays in the budget approval and the election ban. As such, the government extended the disbursements for infrastructure outlays to a period of two years while those for maintenance and other capital outlays to June 30, 2020 or 18 months.

Moving forward, the government will continue to shepherd the passage of the Budget Modernization Bill (BMB) in the incoming 18th Congress. In the earlier 17th Session of Congress, the Bill or its precedent BRB was awaiting plenary deliberations in the Senate after having been approved in third and final reading in the House of Representatives on March 20, 2018. The Bill, which seeks to improve the country's PFM systems, will also institutionalize the CBS as well as ongoing initiatives such as medium-term expenditure and procurement planning, and cash management in line agencies.

The 2019 total revenues are projected to increase by 10.5 percent as higher revenues are expected due to the implementation of the TRAIN Package 1A and 1B, along with the continued implementation of existing reforms and higher tax administration efficiency of both BIR and BOC.

The 2019 collection targets at P3149.7 billion are lower than the P3,208.2 billion submitted to Congress mainly due to the impact of 2018 lower-than-target collection performance and the 2019 implementation of Package 1A with lower revenue impact. However, additional tax revenue proceeds can be expected in 2020 up to 2022 with the implementation of Package 2 Plus (Sin Tax Reforms).

Table 15. Medium-Term Revenue Program, 2018-2022
(in billion pesos)

Particulars	Actual		Program			
	2017	2018	2019	2020	2021	2022
Total Revenues	**2,473.13**	**2,850.18**	**3,149.67**	**3,572.53**	**3,984.74**	**4,438.09**
% of GDP	*15.6%*	*16.4%*	*16.4%*	*16.9%*	*17.1%*	*17.2%*
Tax Revenues	**2,250.68**	**2,565.81**	**2,955.43**	**3,378.09**	**3,789.03**	**4,240.06**
% of GDP	*14.2%*	*14.7%*	*15.4%*	*16.0%*	*16.2%*	*16.5%*
BIR	1,772.32	1,951.85	2,271.37	2,611.48	2,935.76	3,287.97
BOC	458.18	593.11	661.04	737.32	813.44	900.35
Other Offices	20.17	20.85	23.01	29.29	39.83	51.74
Non-Tax Revenues	**221.62**	**268.72**	**192.25**	**192.44**	**193.71**	**196.03**
Privatization	**0.83**	**15.66**	**2.00**	**2.00**	**2.00**	**2.00**

Infrastructure development and social sector programs remain to be a top priority as the government prepares for the FY 2020 National Budget. The DBM issued the National Budget Call for FY 2020 under National Budget Memorandum (NBM) No. 131 dated February 26, 2019, and the Budget Priorities Framework for FY 2020 under NBM No. 132 dated April 12, 2019 to signal the start of the preparation for the FY 2020 Budget. The government is proposing a cash-based budget of P4.1 trillion for FY 2020, higher by 12 percent when compared to the P3.662 trillion budget this year. The proposed budget will fund key development priorities such as investments in road and transport infrastructure, agriculture and tourism development, as well as social infrastructure program. Likewise, it will support new critical programs namely, Universal Healthcare Act, Rice Liberalization Act, Bangsamoro Organic Law, Institutionalization of 4Ps, and a new department for Human Settlements and Urban Development. The FY 2020 Budget aims to bring the country to a higher growth trajectory of 6.5-7.5 percent economic growth in 2020 from this year's target of 6.0 to 7.0 percent, and lay a stronger foundation for the achievement of 7.0 to 8.0 percent growth over the medium-term.