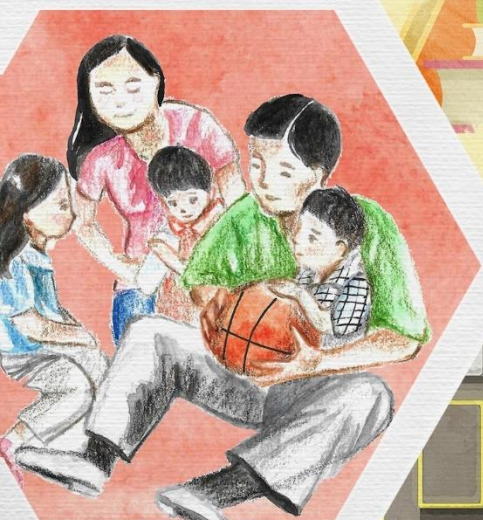
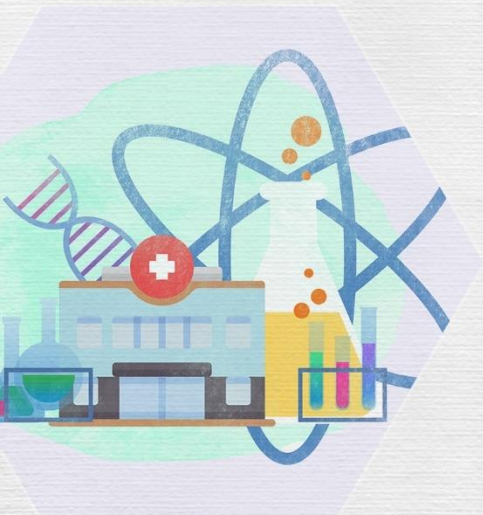




Republic of the Philippines  
Development Budget Coordination Committee  
Malacañang, Manila



# 2021

# ANNUAL FISCAL REPORT

27 September 2022

# FY 2021 ANNUAL FISCAL REPORT

Prepared by:

## **FISCAL PLANNING AND REFORMS BUREAU**

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## List of Acronyms and Abbreviations

4Ps	<i>Pantawid Pamilyang Pilipino Program</i>
ACs	Assessment Centers
ACPC	Agricultural Credit Policy Council
ADB	Asian Development Bank
AFAB	Authority of the Freeport Area of Bataan
ALIVE	Arabic Language and Islamic Values Education
ALS	Alternative Learning System
AMEFI	Agricultural, Machinery, Equipment, Facilities and Infrastructures
AMP	Adjustment Measures Program
ARB	Agrarian Reform Beneficiaries
ARBDSPP	Agrarian Reform Beneficiaries Development and Sustainability Program
APR	Agency Performance Review
ASF	African Swine Fever
BangUN	Bangsamoro <i>Umpungan sa Nutrisyon</i>
BARMM	Bangsamoro Autonomous Region in Muslim Mindanao
<i>Bayanihan I</i>	Bayanihan to Heal as One Act – RA 11469
<i>Bayanihan II</i>	Bayanihan to Recover as One Act – RA 11494
BBB	Build, Build, Build
BEF	Basic Education Facility
BESF	Budget of Expenditures and Sources of Financing
BFAR	Bureau of Fisheries and Aquatic Resources
BFP	Bureau of Fire Protection
BIR	Bureau of Internal Revenue
BJMP	Bureau of Jail Management and Penology
BOC	Bureau of Customs
BPM6	Balance of Payments and International Investment Position Manual, 6th edition

BSF	Bond Sinking Fund
BSP	Bangko Sentral ng Pilipinas
BTr	Bureau of the Treasury
BUR	Budget Utilization Rate
CARP	Comprehensive Agrarian Reform Program
CBS	Cash Budgeting System
CDC	Child Development Centers
CICC	Cybercrime Investigation and Coordination Center
CIT	Corporate Income Tax
CHED	Commission on Higher Education
CO	Capital Outlays
ConVERGE	Convergence on Value Chain Enhancement for Rural Growth and Empowerment
COVID-19	Coronavirus Disease 2019
CREATE	Corporate Recovery and Tax Incentives for Enterprises
DA	Department of Agriculture
DAR	Department of Agrarian Reform
DBCC	Development Budget Coordination Committee
DBM	Department of Budget and Management
DENR	Department of Environment and Natural Resources
DepEd	Department of Education
DICT	Department of Information and Communications Technology
DILG	Department of the Interior and Local Government
DND	Department of National Defense
DOE	Department of Energy
DOH	Department of Health
DOLE	Department of Labor and Employment
DOST	Department of Science and Technology
DOTr	Department of Transportation

DPWH	Department of Public Works and Highways
DRRM-H	Disaster Risk Reduction Management for Health
DSWD	Department of Social Welfare and Development
DST	Documentary Stamp Tax
DTI	Department of Trade and Industry
ECC	Environment Compliance Certificates
EMB	Environmental Management Bureau
EP/CLOA	Emancipation Patents/Certificate of Land Ownership Award
ESC	Education Service Contracting
FAPs	Foreign-Assisted Projects
FIST	Financial Institutions Strategic Transfer
FMR	Farm-to-Market Roads
FY	Fiscal Year
GAA	General Appropriations Act
GAAAO	GAA-as-an-Allotment Order
GAS	Government Assistance and Subsidies
GDP	Gross Domestic Product
GHQ	General Headquarters
GIA	Grants-in-Aid
GIP	Government Internship Program
GOCC	Government-Owned and Controlled Corporation
GUIDE	Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery
HEAL 2	Health System Enhancement to Address and Limit COVID-19
HEIs	Higher Education Institutions
HFEP	Health Facilities Enhancement Program
HRH	Human Resources for Health
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communications Technology

IPED	Indigenous Peoples Education
JICA	Japan International Cooperation Agency
KALAHI-CIDSS-NCDDP	<i>Kapit-Bisig Laban sa Kahirapan</i> – Comprehensive and Integrated Delivery of Social Services – National Community Driven Development Program
LFP	Locally-funded Projects
LGU	Local Government Unit
LIBOR	London Interbank Offered Rate
LMI	Labor Market Information
LRA	Land Registration Authority
LTS	Land Tenure Security
MAIP	Medical Assistance to Indigent Patients
MOOE	Maintenance and Other Operating Expenses
MRT	Metro Rail Transit
MSMEs	Micro, Small and Medium Enterprises
MSRS	Medical Scholarship and Return Service
NAMRIA	National Mapping and Resource Information Authority
NCR	National Capital Region
NEP	National Expenditure Program
NG	National Government
NGA	National Government Agency
NHTS-PR	National Household Targeting System for Poverty Reduction
NHVCDP	National High Value Crop Development Program
NIA	National Irrigation Administration
NLP	National Livestock Program
NNC	National Nutrition Council
NPC	National Privacy Commission
NRP	National Rice Program
NTA	National Tax Allotment
NTC	National Telecommunications Commission

NWRB	National Water Resources Board
OFWs	Overseas Filipino Workers
OSEC	Office of the Secretary
OWWA	Overseas Workers Welfare Administration
PA	Philippine Army
PAF	Philippine Air Force
PAGASA	Philippine Atmospheric, Geophysical and Astronomical Services Administration
PAMANA	<i>PAyapa at MASagandang PamayaNAn</i>
PCAARRD	Philippine Council for Agriculture, Aquatic, and Natural Resources Research and Development
PCMs	Provinces, Cities, and Municipalities
PCSDS	Palawan Council for Sustainable Development Staff
PHIC	Philippine Health Insurance Corporation
PhilMech	Philippine Center for Postharvest Development and Mechanization
PHIVOLCS	Philippine Institute of Volcanology and Seismology
PIT	Personal Income Tax
PN	Philippine Navy
PNP	Philippine National Police
POS	Point of Service
PPP	Public-Private Partnerships
PS	Personnel Services
PSA	Philippine Statistics Authority
PSHSS	Philippine Science High School System
PTRI	Philippine Textile Research Institute
R&D	Research and Development
RA	Republic Act
RAFMPM	Revised Armed Forces of the Philippines Modernization Program
RCEF	Rice Competitiveness Enhancement Fund

SAAODB	Statement of Appropriations, Allotments, Obligations, Disbursements and Balances
SAGF	Special Account in the General Fund
SAP	Social Amelioration Program
SBFP	School-based Feeding Program
SEI	Science Education Institute
SETUP	Small Enterprise Technology Upgrading Program
SFP	Supplementary Feeding Program
SHS	Senior High School
SLP	Sustainable Livelihood Program
SNP	Supervised Neighborhood Play
SPED	Special Education
SSIP	Small Scale Irrigation Projects
StuFAPs	Students Financial Assistance Programs
SUCs	State Universities and Colleges
SY	School Year
T-bill	Treasury bill
TDP	Tulong Dunong Program
TESD	Technical Education and Skills Development
TESDA	Technical Education and Skills Development Authority
TSS	Technical Support Services
TUPAD	<i>Tulong Panghanapbuhay sa Ating</i> Disadvantaged/Displaced Workers Program
TVET	Technical-Vocational Education and Training
TVIs	Technical Vocational Institutions
UAQTE	Universal Access to Quality Tertiary Education
VAT	Value Added Tax
WAIR	Weighted Average Interest Rate
YOY	Year-on-Year

# I. Introduction

**The Philippine economy started to gain traction in 2021 with real gross domestic product (GDP) growth registering at 5.7 percent.** This was after a 9.5 percent contraction in 2020 as the coronavirus disease 2019 (COVID-19) pandemic disrupted the country's growth momentum. At the start of 2021, economic activity was underway to recovery with easing mobility restrictions and gradual reopening of other economies. However, recovery was tempered as the COVID-19 cases surged with the spread of new and more transmissible variants which led to reimposition of quarantine restrictions in the second half of 2021. As a result, on May 18, 2021, the Fiscal Year (FY) 2021 growth assumptions were revised downwards to 6.0 to 7.0 percent from the initial 6.5 to 7.5 percent. While the 2021 growth outturn was slightly below the initial and revised projections, it still brought the country closer to its pre-pandemic levels. Among major emerging economies in the region, the Philippines grew faster than Indonesia, Malaysia, Vietnam, and Thailand, but slower than India, and China.

**Inflation remained at manageable levels despite the gradual reopening of economy which resulted in higher demand and accelerated increase in prices of food and non-food commodities.** Headline inflation averaged at 4.5 percent in 2021, higher than the 2.6 percent average in 2020 and above the government inflation target band of 2.0 to 4.0 percent. Food inflation rose with the lingering effects of the African Swine Fever (ASF) outbreak, and adverse weather conditions. Likewise, non-food inflation accelerated mainly due to higher transport costs as domestic fuel prices inched up brought about by the rise in global crude oil prices. With the manageable inflation outturn, the Bangko Sentral ng Pilipinas (BSP) maintained its accommodative monetary policy measures aimed at providing ample liquidity to the financial system in support of economic recovery from the pandemic.

**The National Government (NG) deficit in 2021 reached almost ₱1.7 trillion, higher by 21.8 percent than the fiscal gap in 2020, but lower than the ₱1.9 trillion program for the year.** The lower-than-programmed deficit outturn was from the lower actual expenditure recorded for the year as interest payments decline due to lower interest rates and foreign exchange fluctuations. Meanwhile, revenue collection rose mainly from substantial increases in collections of major collecting agencies such as the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC) which benefitted from the gradual lifting of quarantine restrictions that allowed more economic activities.

**The NG's total outstanding debt as of end-2021 grew at a slower rate of 19.7 percent year-on-year (YOY) compared to the 26.7 percent growth in the previous year due to better fiscal performance and well-managed financing requirements.** Relative to GDP, the debt ratio rose to 60.5 percent from 54.6 percent a year ago as economic recovery has just begun to take hold. As to borrowing preference, domestic debt had a hefty share of 69.7 percent while the remaining 30.3 percent were sourced externally.

**To sustain the country's strong economic fundamentals, the FY 2021 budget was based on the sound fiscal policy of spending within means, on the right priorities, and with measurable results.** Under a regime of transparent, accountable, and participatory governance, the budget will continue to be inclusive for every Filipino as the government remains with its ultimate goal towards a more peaceful, progressive, and resilient Philippines. The 2021 Annual Fiscal Report provides a comprehensive analysis of the key principles and priorities of the FY 2021 Budget, and the country's macroeconomic and fiscal environment performance over the medium term.

## II. FY 2021 National Government Budget

**The 2021 NG Budget focused on sustaining and strengthening government efforts in responding and recovering from the COVID-19 pandemic.** Anchored on the theme “*Reset, Rebound, and Recover: Investing for Resiliency and Sustainability*”, the 2021 Budget reflects the government’s determination to reset its policies, rethink the system and approach new methods that are aligned with the current normal, rebound and recover from the pandemic, and continue towards the utmost goal of a more peaceful, progressive, and resilient Philippines.

**The Budget continued to pursue landmark reforms that are critical for faster and efficient delivery of goods and services to the public.** The adoption of the Cash Budgeting System (CBS) marks the third year of transition towards promoting better planned and coordinated programs and projects that are implementation-ready. Likewise, public financial management and procurement systems are continuously being simplified, streamlined, and made to adapt to information technology advances to further boost efficiency across the government.

**The NG recognizes the critical role of the Local Government Units (LGUs) to any nationwide response to health crisis and other government interventions.** As experienced during the community quarantines, each LGU was expected to swiftly and efficiently implement additional programs and projects aligned with the measures to mitigate the COVID-19 impact on its community. This Budget provided more ways of partnership between the NG and LGUs in financing necessary programs and facilitating synergy in the execution of national and local measures. The harmonization between the NG and the LGU is expected to continue as the latter is transitioned to take on their responsibilities over the devolved functions under the 1991 Local Government Code and as each community adapts to new habits and systems in place.

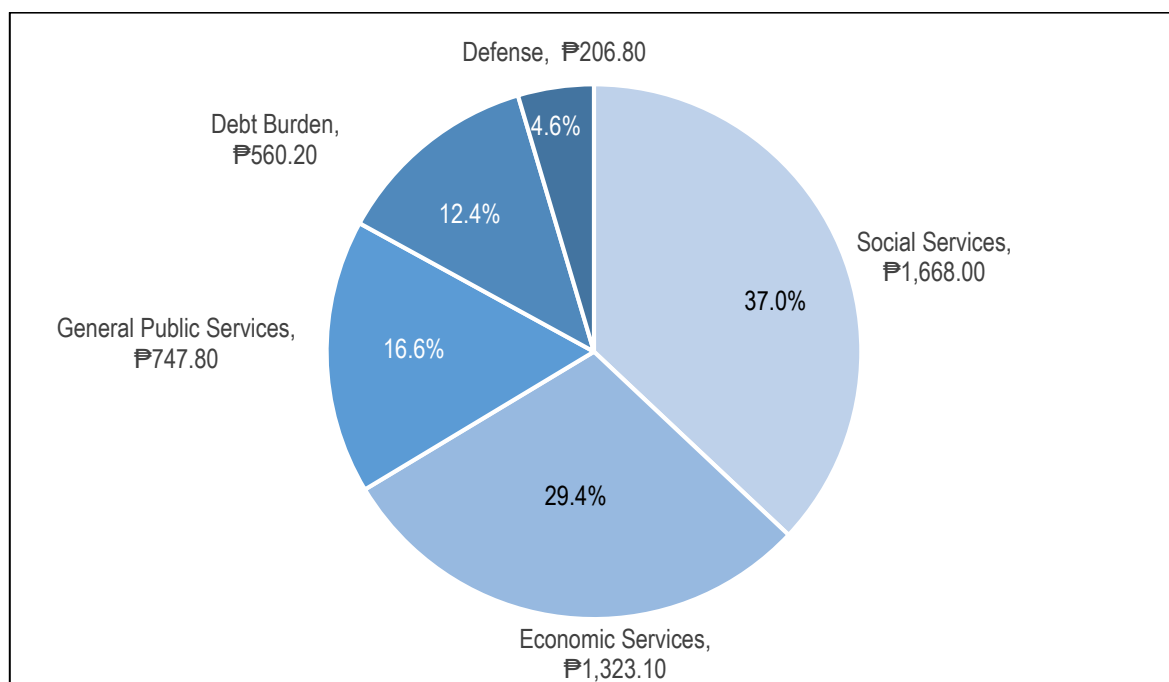
**The government continued to seek opportunities for partnering and soliciting cooperation of the private sector and other stakeholders as key players in the implementation and delivery of essential services.** This covered national and/or local measures aimed to respond to the needs of the public and enable faster economic recovery. The NG aimed to pursue public-private partnership (PPPs) and stronger support for the private sector through the passage of bills such as the Corporate Recovery and Tax Incentives for Enterprises (CREATE), the Financial Institutions Strategic Transfer (FIST), the Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE)<sup>1</sup>, as well as the Amendments of the Public Service, and the Foreign Investments Acts.

**The 2021 NG Budget amounted to ₱4.506 trillion, higher by 9.9 percent than the previous year’s level, and is equivalent to 23.2 percent of GDP.** As the COVID-19 necessitated the government to strengthen its support to health and social protection, the Social Sector received the largest share

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<sup>1</sup> The GUIDE bill was passed on the third reading in the House of Representatives but failed to pass the Senate during the 18<sup>th</sup> Congress. This was refiled as House Bill (HB) No. 1 in the 19<sup>th</sup> Congress which was immediately approved by the House Committee on Banks and Financial Intermediaries. Subsequently, HB No. 1 will be referred to the House Committee on Appropriations and the Committee on Ways and Means.

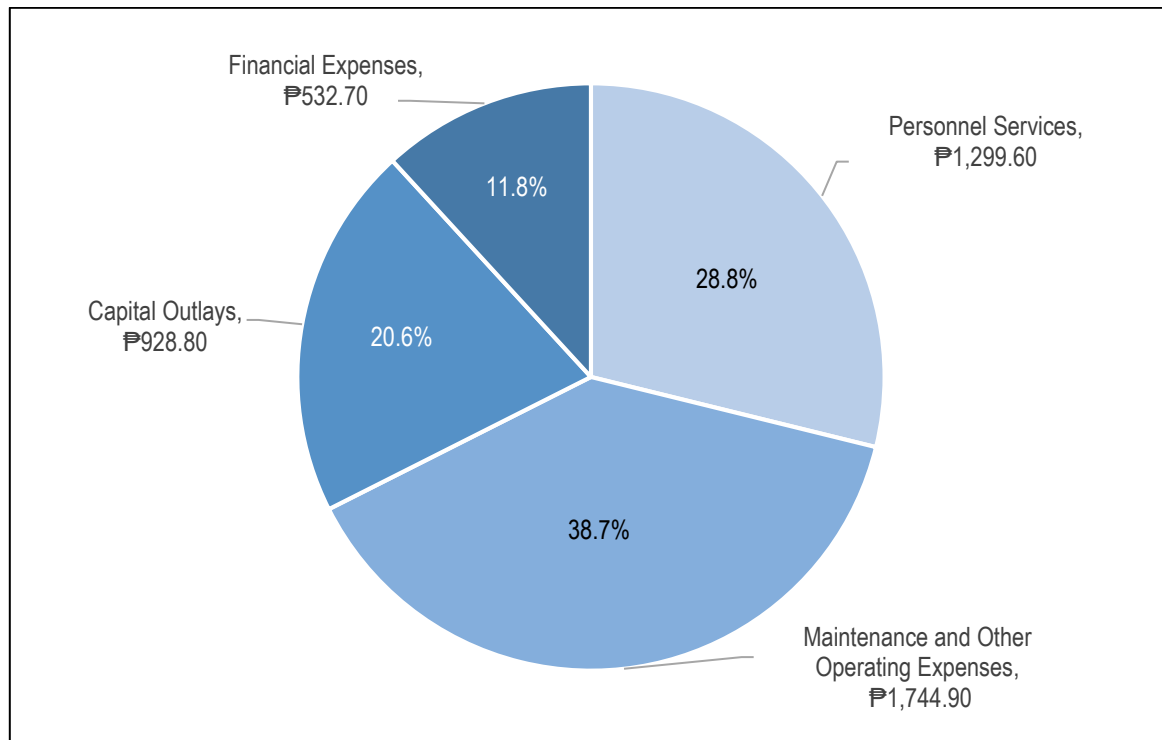
amounting to ₱1.668 trillion, or 37.0 percent share of the total budget; and is higher by 11.6 percent compared the sector’s budget last year. This incorporated, among others, some ₱212.4 billion to upgrade the health care system, and to provide ₱106.8 billion for social amelioration programs in a better targeted and more efficient manner to the affected sectors. Meanwhile, the Economic Sector was allotted with ₱1.323 trillion, or 29.4 percent share of the total budget; and is 10.3 percent higher than its budget in 2020. This included support for economic recovery measures such as but not limited to: ₱1.107 trillion (or 5.4 percent of GDP) for infrastructure program, ₱117.8 billion to modernize the agriculture sector and provide food security, and ₱2.3 billion to upskill and enable the innovation of local firms and small and medium enterprises. General Public Services received ₱747.8 billion, 16.6 percent share in the budget, and only 0.1 percent increase from last year. Debt burden which covers interest payments and net lending, was provided with ₱560.2 billion in 2021 or 21.5 percent higher than in 2020. Lastly, the Defense sector, with an allocation of ₱206.8 billion, increased by 4.8 percent compared to its level in the previous year.



**Figure 1. 2021 General Appropriations Act (GAA), Allocation by Sector, in billion pesos, unless otherwise stated**

**By expenditure class, Maintenance and Other Operating Expenses (MOOE) received the largest share of the 2021 Budget followed by Personnel Services (PS), Capital Outlays (CO), and lastly Financial Expenses.** The MOOE was provided with 38.7 percent of the total budget amounting to ₱1.745 trillion or a 6.8 percent increase from 2020. This covered the day-to-day operations of the national government agencies (NGAs) for basic utilities, maintenance, among others; rice programs of the Department of Agriculture (DA), banner programs of the Department of Health (DOH); adjustment measures program of the Department of Labor and Employment (DOLE); preparations for the 2022 national and local elections; and allocations to LGUs. Personnel Services shared 28.9 percent of the 2021 Budget amounting to ₱1,299.6 billion, or a 9.7 increase from its budget last year. This covered wages, benefits, and other allowances of government employees; hiring of health care workers under the DOH’s Human Resources for Health (HRH) Deployment Program; implementation of the second tranche of the Salary Standardization Law of 2019; and pension requirements of military and uniformed personnel. Meanwhile, CO received ₱928.8 billion in 2021, 20.6 percent of the total budget,

and 12.0 percent higher than in 2020. This was for the purchase of goods and services that add to the assets of the NG including banner programs of various NGAs, such as the Build, Build, Build (BBB) Program, Health Facilities Enhancement Program (HFEP), and the Armed Forces of the Philippines Modernization Program, among others. Financial Expenses was allotted with ₱532.7 billion, higher by 17.8 percent compared to its budget last year. This covered 11.8 percent of the budget and was used for payment of interest expenses, bank charges, and other financial charges.



**Figure 2. 2021 GAA, Allocation by Expense Class, in billion pesos, unless otherwise stated**

**The government budget balanced its policies and priorities to address the continuing pandemic whilst reviving the economy.** Health, Nutrition, and Wellness remained as the main priority of the national budget which include sustaining the COVID-19 pandemic response; assuring nationwide health insurance coverage; supporting human resources for health; enhancing programs for prevention, control, and elimination of other diseases; and improving other aspects of health and nutrition. The Education sector, which is mandated to receive the largest share of the budget, is continued to be prioritized. For Universal Access to Quality Tertiary Education (UAQTE), ₱44.2 billion has been set aside for the Commission on Higher Education (CHED) to support the free higher education of students in State Universities and Colleges (SUCs), provide for the Tertiary Education Subsidy, and finance the Student Loan Program of those enrolled in public and private Higher Education Institution (HEI). Meanwhile, some ₱2.9 billion for the UAQTE under the Technical Education and Skills Development Authority (TESDA) funded the free technical-vocational education and training (TVET) of 21,223 students. Likewise, the government considered the significance of ensuring food security, social protection, preparedness and resiliency, transitioning to a digital government, and rebuilding public trust.

# III. FY 2021 Macroeconomic and Fiscal Performance

## a. Macroeconomic Environment

### Real Sector

After a 9.5 percent contraction in 2020, the economy started to pick up in 2021, with real GDP growth at 5.7 percent and employment increasing by 4.6 million or 11.7 percent. The unceasing spread of COVID-19 has led to the continued imposition of quarantine restrictions in 2021 leading to a revision of FY 2021 growth assumptions to 6.0 to 7.0 percent in the 2022 Budget of Expenditures and Sources of Financing (BESF) from the initial 6.5 to 7.5 percent in the 2021 BESF.

Although the 2021 growth outturn was slightly below the initial and revised projections, it has still brought the country closer to its pre-pandemic levels. This indicates that the economy is on its way to recovery, a result of a better balance between measures to address COVID-19 public health and safety threats and those aimed to restore jobs and income. The easing of community quarantine restrictions imposed in 2021 have taken a more risk-based approach which allowed more businesses to operate.

Among major emerging economies in the region, the Philippines' economic growth is faster than those for Indonesia (3.7 percent), Malaysia (3.1 percent), Vietnam (2.6 percent), and Thailand (1.6 percent), but slower than India (8.9 percent), and China (8.1 percent)<sup>2</sup>.

Table 1. Actual Performance versus Macroeconomic Assumptions, 2021

Particulars	Actual 2020 <sup>a/</sup>	2021		
		Actual <sup>1/</sup>	2021 BESF Initial Projections <sup>2/</sup>	2022 BESF Adjusted/Updated <sup>3/</sup>
<b>Nominal GNI (in PhP millions)</b>				
Low-end	19,312,001	20,104,437	22,388,826	21,249,018
High-end			23,042,585	21,435,400
<b>Real GNI Growth Rate (%)</b>	-11.5	1.7	6.3-7.2	5.9-6.8
<b>Nominal GDP (in PhP Million)</b>				
Low-end	17,951,574	19,410,568	20,376,031	19,756,478
High-end			21,029,791	19,942,860
<b>Real GDP Growth Rate (%)</b>	-9.5	5.7	6.5-7.5	6.0-7.0

<sup>1/</sup> Based on the 2018-based National Accounts of the Philippines. Revised as of 09 August 2022

<sup>2/</sup> Based on Table A.1 Macroeconomic Parameters of the 2021 BESF (2018 based)

<sup>3/</sup> Based on Table A.1 Macroeconomic Parameters of the 2022 BESF (2018 based)

<sup>2</sup> WorldBank Data. Available at: <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>

**On the expenditure side, the recovery was led by robust growth in investments (20.3 percent) and household consumption (4.2 percent).** This was on the back of solid construction growth (11.1 percent) supported by the government’s implementation of the BBB infrastructure program, as well as returning consumer confidence resulting from relaxed quarantine restrictions and accelerated vaccination program. Meanwhile, expansion of government spending (7.1 percent) was sustained. Overall domestic demand<sup>3</sup> grew by 7.5 percent in FY 2021. Meanwhile, growth in total imports (13.0 percent) outpaced the increase in total exports (8.0 percent), resulting in a decline in net exports (-29.8 percent).

**On the production side, the industry and services grew by 8.5 percent and 5.4 percent, respectively, representing a strong rebound from the contractions experienced by these sectors in 2020.** Meanwhile, the agriculture sector experienced a slight decline of 0.3 percent due to the persistence of ASF and prevalence of super typhoons.

**Table 2. Recent Economic Performance, 2020-2021**  
(percent growth rate)

Particulars	2020	2021
<b>GROSS DOMESTIC PRODUCT</b>	<b>-9.5</b>	<b>5.7</b>
<b>GROSS NATIONAL INCOME</b>	<b>-11.5</b>	<b>1.7</b>
Net Primary Income	-31.1	-51.3
<b><u>By Industrial Origin</u></b>		
Agriculture, Fishery and Forestry	-0.2	-0.3
Industry	-13.1	8.5
<i>of which: Manufacturing</i>	-9.8	8.8
Services	-9.1	5.4
<b><u>By Expenditure</u></b>		
Household Final Consumption Expenditure	-8.0	4.2
Gov’t Final Consumption Expenditure	10.5	7.1
Capital Formation	-34.2	20.3
<i>of which: Fixed Capital Formation</i>	-27.3	9.9
Exports	-16.1	8.0
Imports	-21.6	13.0

Source: Philippine Statistics Authority (PSA)

<sup>3</sup> Composed of household consumption, government expenditure, and capital formation.

## Monetary and External Trade Sectors

**Headline inflation averaged at 4.5<sup>4</sup> percent in 2021, higher than the 2.6 percent average in 2020 and above the high-end of the government inflation target band of 3.0 percent ± 1.0 percentage point.** This rise in average inflation was driven by the accelerated increase in prices of food and non-food commodities. In 2021, food inflation rose due to higher prices of meat and fish as the ASF outbreak had reduced local pork supply, while adverse weather conditions had hindered fishing activities. Likewise, rising energy prices pushed up non-food inflation. Transport inflation was driven by higher domestic fuel prices as global crude oil prices increased. Moreover, inflation of other non-food items such as housing, water, electricity, gas, and other fuels rose as electricity rates went up due to higher generation costs.

**Amid fragile domestic growth outlook and manageable inflation, the BSP maintained its monetary policy measures aimed at providing ample liquidity to the financial system in support of economic recovery from the pandemic.** In 2021, the BSP maintained its key policy rate, the BSP's overnight reverse repurchase rate, at 2.0 percent. Through its extraordinary liquidity-easing measures, the amount of liquidity injected into the financial system by the BSP was estimated at about 11.3 percent of the country's full year nominal GDP for 2021 (using the 2018-based series) as of end-March 2022.

**The continued accommodative monetary policy stance of the BSP as well as low global interest rates helped keep domestic interest rates low.** In the primary market, the 364-day Treasury bill rate settled at 1.7 percent in 2021, which is lower than the average rate of 2.4 percent in 2020 and the 2021 BESF initial assumption of 3.0-4.5 percent. The observed declining trend in domestic rates led to the adjustment of the 2021 assumption on the 364-day Treasury bill (T-bill) rate to 2.0-3.0 percent in the 2022 BESF.

**Table 3. 2021 Actual Performance versus Macroeconomic Assumptions**

Particulars <sup>1/</sup>	For FY 2021		
	2021 BESF Initial Projections	2022 BESF Adjusted/Updated	Actual
Inflation (%), CPI (2012=100)	2.0 – 4.0	2.0 – 4.0	4.5 <sup>2/</sup>
364-day T-bill rate (%) <sup>3/</sup>	3.0 – 4.5	2.0 – 3.0	1.7
Foreign exchange rate (₱/US\$1)	50.00 – 54.00	48.00 – 53.00	49.25
180-day LIBOR (%)	1.0 – 2.0	0.2 – 1.2	0.2
Dubai crude oil price (US\$/barrel)	35.00 – 50.00	50.00 – 70.00	68.77
Goods exports growth (%) <sup>4/</sup>	5.0	10.0	12.5 <sup>r/</sup>
Goods imports growth (%) <sup>4/</sup>	8.0	12.0	30.5 <sup>r/</sup>

<sup>1/</sup> Macroeconomic assumptions adopted by the Development Budget Coordination Committee (DBCC), as published in the annual BESF

<sup>2/</sup> The 2018-based average CPI inflation for 2021 is 3.9 percent.

<sup>3/</sup> Based on primary market rates

<sup>4/</sup> Based on Balance of Payments and International Investment Position Manual, 6th edition (BPM6) concept

<sup>r/</sup> revised

Note: Actual data for 2021 are annual averages.

Sources: Department of Budget and Management (DBM), PSA, Bureau of the Treasury (BTr), BSP

<sup>4</sup> Based on 2012 CPI series. However, using the 2018 CPI series, which was approved by the PSA Board on 4 January 2022 and implemented on 4 February 2022, the average headline inflation rates for 2020 and 2021 are 2.4 percent and 3.9 percent, respectively.

**Foreign interest rates remained low as major central banks maintained their accommodative monetary policy stance to help stimulate economic activities.** For instance, the US Fed kept its target range for the Federal funds rate at 0-0.25 percent and continued its asset purchase program albeit the pace moderated towards the latter part of 2021.<sup>5</sup> Consequently, the 180-day London Interbank Offered Rate (LIBOR) averaged at 0.2 percent in 2021, below the average of 0.7 percent in 2020 and the initial projection of 1.0-2.0 percent in the 2021 BESF. With the emerging downward trend in 180-day LIBOR, the 2021 assumption was adjusted to 0.2-1.2 percent in the 2022 BESF.

**In the foreign exchange market, the peso-dollar rate averaged at ₱49.25/US\$ in 2021, slightly lower than the 2020 average of ₱49.62/US\$.** This was likewise lower than the 2021 BESF initial assumption of ₱50.00-54.00/US\$ for 2021 but within the adjusted assumption of ₱48.00-53.00/US\$ in the 2022 BESF. The country's firm macroeconomic fundamentals, the broadening COVID-19 vaccination program along with favorable external payments position provided support to the peso. However, depreciation pressures emerged from the spread of the COVID-19 Delta variant and the subsequent reimposition of strict mobility protocols in the National Capital Region (NCR) and nearby provinces in Q3 2021.

In the global oil market, the supply-demand mismatch had pushed crude oil prices up in 2021.<sup>6</sup> **As economies gradually reopened with the public learning how to live with coronavirus threat, the optimistic outlook for global oil demand resulted in higher global crude oil prices.** The Dubai crude oil price per barrel (bbl) averaged at US\$68.77 in 2021, higher than the 2020 average of US\$42.15. The 2021 average was likewise higher than the initial assumption range of US\$35.00-50.00/bbl in the 2021 BESF but within the updated assumption of US\$50.00-70.00/bbl in the 2022 BESF.

**For trade-in-goods, the growth outturn for full-year 2021 was stronger than expected, following the pick-up in domestic and global demand as COVID-19 concerns waned, mobility restrictions eased, and production capacity improved.** Goods exports value in 2021 reached US\$54.2 billion, up by 12.5 percent from US\$48.2 billion in 2020. Electronic products continued to drive the growth in 2021, along with exports of mineral and coconut products. On a by country basis, exports growth was mainly driven by demand from the top export markets, particularly the United States and China.

**Similarly, coming from a steep contraction in 2020, shipments of imported goods recovered more sharply than previously anticipated with the bounce back in domestic demand as restrictions were eased in view of declining new COVID-19 cases and widespread vaccinations.** Total imports registered a 30.5 percent growth in 2021 to US\$107.0 billion from US\$82.0 billion in the previous year as imports of all major commodity groups recorded double-digit growth rates. On a by country basis, the continued acceleration of imports growth was mostly on account of larger imports from China, Indonesia, Japan, and South Korea.

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<sup>5</sup> In its November 2021 meeting, the Federal Open Market Committee (FOMC) decided to reduce the monthly pace of asset purchases by US\$10 billion for Treasury securities and US\$5 billion for agency mortgage-backed securities. Federal Reserve Press Release, 3 November 2021. URL: [www.federalreserve.gov/monetarypolicy/files/monetary20211103a1.pdf](https://www.federalreserve.gov/monetarypolicy/files/monetary20211103a1.pdf)

<sup>6</sup> The US Energy Information Administration (EIA) estimated the total world consumption of petroleum and other liquids around US\$97.48 million barrels per day (mbd) and the total world production around US\$95.55 mbd in 2021, suggesting a deficit in the balance of world oil demand and supply. Source: US EIA Short-Term Energy Outlook, February 2022

## b. Fiscal Program and Performance

**The NG deficit in 2021 reached almost ₱1.7 trillion.** This is 21.8 percent higher than the fiscal gap in 2020. The recorded deficit is below the ₱1.9 trillion program for the year due to higher-than-programmed revenue collections and lower expenditures, which is ₱61.5 billion or 1.3 percent below the program for the year. Actual expenditure was lower mainly due to lower-than-programmed interest payments as a result of lower interest rates and foreign exchange fluctuations. Other contributors to the lower-than-programmed deficit were the following:

- Maintenance spending was short due to ongoing implementation of strict health protocols which caused the delay in the processing payments of goods and services;
- Lower subsidy releases, pending submission of special budget request of some Government Owned and Controlled Corporations (GOCCs), was attributed to delay in compliance to documentary requirements, late submission of progress billings from contractors affected by the pandemic, and ongoing utilization of available cash balances; and
- Lower equity attributed to the non-enactment of the GUIDE bill into law.

### b.1. Revenue Performance

**NG revenue collection was slightly above ₱3.0 trillion for 2021.** Total revenues for 2021 was 5.2 percent or ₱149.6 billion higher than the ₱2.9 trillion collection in 2020.

**Tax collections amounted to ₱2.7 trillion, higher by 9.5 percent or ₱238.3 billion compared to the 2020 level.** Collections of both the BIR and the BOC increased substantially due to the gradual lifting of quarantine restrictions that allowed more economic activities.

**BIR collection for 2021 of ₱2.1 trillion, net of tax refunds of ₱8.2 billion, almost hit its target or short only by 0.1 percent.** When compared to the 2020 collection of almost ₱2.0 trillion, it was higher by 6.5 percent or by ₱127.1 billion. Personal income tax (PIT), other taxes such as documentary stamp taxes (DST), transfer taxes, and miscellaneous taxes, value added tax (VAT), excise taxes, and percentage taxes recorded significant increases in 2021 equivalent to a combined ₱208.3 billion compared with the same taxes in 2020.

- PIT posted an increase of 16.6 percent or by ₱73.0 billion as employment losses during the pandemic in 2020 were gradually recovered in 2021 as the economy slowly reopened and loosened mobility restrictions. As of October 2021, the employment rate was at 92.6 percent or 43.8 million employed individuals. This was higher by 4.0 million jobs compared to the October 2020 survey when the employment rate was at 91.3 percent or 39.8 million employed individuals.
- Other taxes such as DST, transfer, and miscellaneous taxes increased by 31.0 percent or ₱45.0 billion. DST increased by 25.9 percent or ₱32.2 billion given higher transaction value from transfer of real and personal properties, lottery operations, and issuances of debt instruments, all due to the resumption of economic activities in 2021. For the increase in the transfer and miscellaneous taxes, it was partly due to the extension of the availment period of estate tax amnesty until 2023.

- VAT collections increased by 9.2 percent or ₱32.0 billion which was higher than the 6.6 percent growth in the nominal GDP net of the VAT exempt sectors<sup>7</sup> for the same period. The increase in VAT collections could be attributed to the gradual lifting of mobility restrictions in 2021, allowing more economic activities as evident from the higher vatable sales particularly, from manufacturing, wholesale and trade, construction, and restaurants.
- Excise tax collections from alcohol, mining, tobacco, and other miscellaneous products increased by 15.5 percent or ₱41.7 billion YOY. Excise tax collections from alcohol and tobacco products increased by 17.1 percent or by ₱39.0 billion mainly due to the 2nd tranche of excise tax rate increases in 2021 under the Sin Tax Laws (Republic Act [RA] Nos. 11467 and 11346). The lifting of the liquor ban in some of the key areas like the NCR also boosted the sin tax collections in 2021.
- Percentage taxes increased by 14.1 percent or by ₱16.6 billion mainly from transactions from banks and financial institutions, stock transactions, and withholding tax on business from government transactions under RA No. 1051.

**These increases were partially offset by the declines in corporate income tax (CIT), taxes on bank deposits and government securities, and excise tax from petroleum products which lowered BIR collections by ₱81.1 billion in 2021 compared to 2020.** CIT collections declined by 7.0 percent or by ₱35.2 billion due to the CIT rate reduction under the CREATE Law. Excise tax collections from petroleum products were lower by 73.3 percent or ₱20.2 billion mainly due to the closure and the registration of the Petron Bataan Refinery as a locator of the Authority of the Freeport Area of Bataan (AFAB) hence, BIR will no longer be collecting excise taxes from petroleum products starting 2022.

**Revenue from the BOC of ₱643.6 billion, net of ₱7.3 billion tax refund, posted a double-digit growth of 19.7 percent or higher by ₱105.9 billion than its 2020 collection.** BOC's strong performance was credited to sustained enforcement activities, improved valuation, higher value of importation, and elevated oil prices. Value of goods imports increased by 31.7 percent in 2021 compared with the 2020 level indicating reopening of global trade coupled with strong domestic demand as the country gradually resumed economic activities. VAT on non-oil commodities increased by ₱34.3 billion or 12.7 percent YOY while import duties increased by ₱11.4 billion or by 18.0 percent YOY. International oil prices continued to increase amid strengthening global oil demand amid restrained supply. Oil prices surged noticeably in the latter part of 2021 due to concerns over tight energy supply as the shortage in natural gas and coal led to a shift towards oil products. Furthermore, easing restrictions amid lower COVID-19 cases also contributed to the price increase. As a result, VAT on oil increased by ₱24.6 billion or by 44.2 percent YOY. Excise tax collections contributed the highest increase of 27.0 percent or additional ₱35.3 billion, mainly from petroleum products. This is attributed to the shift to imported finished products with the registration of the Petron Bataan Refinery as a locator of AFAB. Since locators in ecozones and freeports are considered outside of the customs territory of the Philippines, petroleum products coming from AFAB are considered imports hence, corresponding taxes are collected by the BOC.

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<sup>7</sup> VAT exempt sectors include agriculture, education, health, public administration and defense, and other exempt sectors.

**Non-tax collections, excluding privatization and grants, reached ₱262.2 billion.** This is ₱88.6 billion lower than 2020, primarily driven by lower income of the BTr. BTr income and NG income collected by BTr registered a 42.9 percent decrease in 2021 compared to 2020. BTr income in 2020 was higher due to non-recurrent revenues collected from government corporations and government offices as mandated under *Bayanihan I* to help fund the government's response against the pandemic.

Total privatization and grants proceeds amounted to ₱675.5 million, 5.6 percent lower compared with the 2020 level of ₱715.8 million.

**Table 4. National Government Fiscal Performance, 2020-2021**  
(in billion pesos, unless otherwise stated)

Particulars <sup>1/</sup>	2020 Actual	2021			YOY growth (in percent)
		Actual	Program	Program variance (in percent)	
<b>Total revenues</b>	<b>2,856.0</b>	<b>3,005.5</b>	<b>2,881.5</b>	<b>4.3</b>	<b>5.2</b>
<i>Percent of GDP</i>	15.9%	15.5%	14.5%		
Tax revenues	2,504.4	2,742.7	2,714.8	1.0	9.5
<i>Percent of GDP</i>	14.0%	14.1%	13.7%		
BIR	1,951.0	2,078.1	2,081.2	(0.1)	6.5
BOC	537.7	643.6	616.7	4.3	19.7
Other offices	15.7	21.0	16.9	24.7	33.7
Non-tax revenues	351.5	262.9	166.7	57.6	(25.2)
<i>Percent of GDP</i>	2.0%	1.4%	0.8%		
Fees and charges	23.1	31.7	31.2	1.5	37.1
Bureau of the Treasury	219.7	125.3	74.7	67.8	(42.9)
Other non-tax revenues	108.0	105.2	60.3	44.8	(2.7)
Foreign grants	0.2	0.4	-	-	47.0
Privatization	0.5	0.3	0.5	(35.6)	(32.3)
<b>Expenditures</b>	<b>4,227.4</b>	<b>4,675.6</b>	<b>4,737.1</b>	<b>(1.3)</b>	<b>10.6</b>
<i>Percent of GDP</i>	23.5%	24.1%	23.9%		
<b>Surplus/(Deficit)</b>	<b>(1,371.4)</b>	<b>(1,670.1)</b>	<b>(1,855.6)</b>	<b>(10.0)</b>	<b>21.8</b>
<i>Percent of GDP</i>	-7.6%	-8.6%	-9.3%		
<i>Nominal GDP</i> <sup>2/</sup>	17,951.6	19,410.6	19,849.7		

1/ Totals may not add up due to rounding.

2/ Using 2018-based nominal GDP.

## b.2 Borrowing Performance

### National Government Financing

The NG raised **₱2.6 trillion through borrowings in 2021**. Gross borrowings were 16.0 percent lower than the ₱3.1 trillion revised program due to the lower-than-programmed deficit turnout for the year and the settlement of provisional advances from the BSP. The gross amount was used to finance the ₱1.7 trillion budget deficit as well as debt redemption and cash build-up. The borrowing mix for the year reflects a 78:22 split between domestic and foreign borrowing.

**Table 5. National Government Financing, 2021**  
(in million pesos, unless otherwise stated)

Particulars	2021			Variance (Actual vs. Revised Program)	
	Program <sup>1/</sup>	Revised Program <sup>2/</sup>	Actual	Amount	Percent
<b>NET FINANCING</b>	<b><u>2,262,900</u></b>	<b><u>2,273,091</u></b>	<b><u>2,252,093</u></b>	<b><u>-20,998</u></b>	<b><u>-1%</u></b>
External Borrowing (Net)	<u>182,903</u>	<u>332,526</u>	<u>331,481</u>	<u>-1,045</u>	0%
External Borrowing (Gross)	<u>442,363</u>	<u>581,370</u>	<u>568,668</u>	<u>-12,702</u>	-2%
Project Loans	61,415	58,200	110,239	52,039	89%
Program Loans	94,948	183,670	166,102	-17,568	-10%
Bonds and Other Inflows	286,000	339,500	292,327	-47,173	-14%
Less: Amortization	259,460	248,844	237,187	-11,657	-5%
Domestic Borrowing (Net)	<u>2,079,997</u>	<u>1,940,565</u>	<u>1,920,612</u>	<u>-19,953</u>	<u>-1%</u>
Domestic Borrowings (Gross)	<u>2,582,800</u>	<u>2,491,000</u>	<u>2,010,554</u>	<u>-480,446</u>	<u>-19%</u>
Treasury Bills	50,000	50,000	-153,336	-203,336	-407%
Treasury Bonds	1,532,800	1,901,000	2,163,890	262,890	14%
Advances from BSP(Net)*	1,000,000	540,000	0	-540,000	-100%
Less: Net Amortization	502,803	550,435	89,942	-460,493	-84%
Amortization	<u>1,002,504</u>	<u>1,049,478</u>	537,538	-511,940	-49%
o/w Serviced by the BSF <sup>3/</sup>	499,702	499,044	447,596	-51,448	-10%
<b>GROSS FINANCING</b>	<b><u>3,025,163</u></b>	<b><u>3,072,370</u></b>	<b><u>2,579,222</u></b>	<b><u>-493,148</u></b>	<b><u>-16%</u></b>
Financing Mix (% of Total)					
External	15%	19%	22%		
Domestic	85%	81%	78%		

<sup>1/</sup> Based on BESF 2021 Table D.1

<sup>2/</sup> Based on BESF 2022 Table D.1

<sup>3/</sup> Actual redemption from Sinking Fund

Source: BTr

**Gross domestic borrowings sourced mainly from regular auction, Over-the-Counter (OTC), and TAP facility of government securities reached ₱2.0 trillion, 19.0 percent or ₱480.4 billion lower than the revised full-year program due to higher redemption of treasury bills and settlement of provisional advances from the BSP.** Issuances of Treasury bonds amounting to ₱2.2 billion consisted of ₱1.3 billion in mid- and long-tenor bonds (5-, 7-, 10-, 20-, and 25 year) and the 25<sup>th</sup> (3-Yr) and 26<sup>th</sup> (5.5-Yr) Tranches of the Retail Treasury Bonds in March and December 2021 totaling ₱823.3 billion. Meanwhile, the maiden offering of 5- and 10-year Retail Onshore Dollar Bonds (RDB) in October 2021 raised ₱80.8 billion. Net treasury bills registered a negative balance of ₱153.3 million as floatation amounted to ₱1.0 trillion while redemptions reached ₱1.2 trillion due to the issuance of 364-day securities in 2020 to support the COVID-19 funding requirements.

**Domestic amortization of ₱537.5 billion, which includes the ₱447.6 billion covered by the Bond Sinking Fund (BSF), was lower by 49.0 percent than the revised program** due to the lower redemption of Agrarian Reform bonds during the year, and the net treatment of the ₱540 billion advances from the BSP. Adding the said amount still reflects a 6.0 percent lag behind the program mainly due to bond exchange transactions.

**On the other hand, full-year gross external borrowings of ₱568.7 billion were slightly lower by 2.0 percent compared to the revised program of ₱581.4 billion.** Of the total, 51.0 percent or ₱292.3 billion was raised through the issuances of commercial bonds in international capital markets, comprising of (1) 4, 12, and 20-Yr Euro; (2) 3-Yr Yen; and (3) 10.5- and 25-Yr US dollar bonds worth ₱122.0 billion (EUR€2.1/US\$2.5 billion), P24.2 billion (JP¥55 billion/US\$500 million), and ₱146.2 billion (US\$3.0 billion), respectively.

**Program loans contributed 29.0 percent to the external funding effort.** These were mainly sourced from the International Bank for Reconstruction and Development (IBRD), Asian Development Bank (ADB), Japan International Cooperation Agency (JICA), Agence Francaise de Developpement (AFD) and Export-Import Bank of Korea (KEXIM), specifically:

- (1) US\$600 million (₱29.0 billion) from IBRD's Promoting Competitiveness and Enhancing Resilience to Natural Disasters Subprogram2 Development Project;
- (2) US\$500 million (₱24.1 billion) from ADB's Disaster Resilience Improvement Program;
- (3) US\$400 million (₱20.4 billion) from ADB's Facilitating Youth School-to-Work Transition Program 3;
- (4) US\$400 million (₱19.9 billion) from IBRD's First Financial Sector Development Policy Loan; and
- (5) US\$371 million (₱18.0 billion) from JICA's Post Disaster Standby Loan Phase II.

**Finally, proceeds from project loans reached ₱110.2 billion, 89.0 percent higher than the revised FY 2021 program as the government ramped up the implementation of infrastructure projects, social programs, and procurement of COVID-19 vaccines.** The majority of loan availments came from JICA (32.0 percent or ₱35.6 billion), ADB (29.0 percent or ₱31.6 billion), and IBRD (22.0 percent or ₱24.4 billion). Thirty-eight percent (38.0 percent) or ₱13.8 billion of the total borrowings from JICA was intended for the Department of Transportation's (DOTr) North-South Commuter Railway Project followed by the Metro Manila Subway Project Phase I worth ₱5.6 billion. Meanwhile, the DOH Second Health System Enhancement to Address and Limit COVID-19 (HEAL 2) Project amounting to ₱13.8 billion and DOTr's EDSA Greenways Project B (₱5.8 billion) comprised the bulk of the financing

obtained from the ADB. For the IBRD loans, 47.0 percent or ₱11.1 billion and 29.0 percent or ₱6.8 billion of the total were secured for the DOH's and Department of Social Welfare and Development's (DSWD) additional financing for the procurement of COVID-19 vaccines and the Kapit-Bisig Laban sa Kahirapan – Comprehensive and Integrated Delivery of Social Services (KALAHI-CIDSS)<sup>8</sup> project, respectively. A total of ₱3.4 billion (14.0 percent) was also availed from the IBRD for the DOH's COVID-19 Emergency Response Project.

Total external amortization amounted to ₱237.2 billion, 5.0 percent below the revised program due to lower actual foreign exchange rates than programmed for the period.

### ***National Government Debt***

**The NG's total outstanding debt registered at ₱11,728.6 billion (US\$230.1 billion) as of end-2021, rising by ₱1,933.5 billion or 19.7 percent YOY compared to 26.7 percent growth in the previous year due to better fiscal performance and well-managed financing requirements.** Relative to GDP, the debt ratio rose to 60.5 percent from 54.6 percent a year ago as economic recovery has just begun to take hold.

**Domestic borrowing preference has driven the share of domestic debt to 69.7 percent equivalent to ₱8,170.4 billion while the remaining 30.3 percent or ₱3,558.1 billion were sourced externally.** Based on currency, local currency debt increased to 69.48 percent as of end-December 2021 from 69.42 percent as of end-2020. Foreign currency debt consisted of US\$, JP¥, EUR€, and other currencies accounting for 23.77 percent, 3.55 percent, 2.85 percent, and 0.35 percent of the total debt, respectively.

**For 2021, the portfolio weighted average interest rate (WAIR) improved due to market risk-off sentiment and the accommodative monetary policy environment.** Portfolio WAIR as of end-December 2021 was at 3.86 percent from 4.17 percent a year ago, with domestic and external WAIR improving to 4.35 percent and 2.73 percent from 4.67 percent and 3.09 percent, respectively, over the same period.

**Interest payments for 2021 stood at ₱429.4 billion, up by 12.89 percent or ₱49.0 billion YOY, but still 19.21 percent lower compared to the full year original program of ₱531.5 billion.** As a percentage of expenditures, interest payments accounted for 9.18 percent of the total, up from 9.00 percent in the previous year but lower than the revised projection of 11.22 percent. Interest payments in proportion to revenues also increased from 13.32 percent to 14.29 percent but is still significantly lower than the revised projection of 18.45 percent.

Issuance of medium- and long-term debt has maintained portfolio maturity. For the year, medium- and long-term securities managed to increase their share to 26.6 percent and 66.6 percent, respectively, from 23.0 percent and 67.3 percent a year ago, consequently reducing the share of short-term debt to 6.8 percent. This resulted from the issuance of longer tenor bonds as the market preference for such eventually started to improve, helping mitigate short-term refinancing risks.

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<sup>8</sup> The Kalahi-CIDSS, is one of the poverty alleviation programs of the Philippine Government being implemented by the DSWD.

**Table 6. National Government Debt, 2020-2021***(in million pesos, unless otherwise stated)*

Particulars	Dec 2020	Dec 2021	YOY	
			Difference	Variance
<b>Total NG Debt</b>	<b>9,795,006</b>	<b>11,728,549</b>	<b>1,933,543</b>	<b>19.7%</b>
External	3,100,319	3,558,135	457,816	14.8%
Domestic	6,694,687	8,170,414	1,475,727	22.0%
<b>% of Total</b>				
External	32%	30%		
Domestic	68%	70%		
<b>% of GDP</b>				
External	54.6%	60.5%	5.89%	
Domestic	17.3%	18.4%	1.07%	
Domestic	37.3%	42.1%	4.82%	
<b>Total NG Debt by Instrument</b>	<b>9,795,006</b>	<b>11,728,549</b>	<b>1,933,543</b>	<b>19.7%</b>
Loans	1,312,836	1,574,402	261,566	19.9%
Debt Securities	8,482,170	10,154,147	1,671,977	19.7%
<b>Total NG Debt by Currency</b>	<b>9,795,006</b>	<b>11,728,549</b>	<b>1,933,543</b>	<b>19.7%</b>
Peso Denominated	6,800,356	8,149,273	1,348,917	19.8%
Foreign Currency Denominated	2,994,650	3,579,276	584,626	19.5%
<b>Maturity Distribution <sup>1/</sup></b>				
Short-term	9.8%	6.8%		
Medium-term	23.0%	26.6%		
Long-term	67.3%	66.6%		
<b>Weighted Ave. Interest Rate</b>	<b>4.17</b>	<b>3.86</b>		
External	3.09	2.73		
Domestic	4.67	4.35		
<b>Interest Rate Mix</b>	<b>100.00%</b>	<b>100.00%</b>		
Fixed	89.65%	89.40%		
Floating	9.93%	10.23%		
Interest Free	0.41%	0.37%		
<b>Total Interest Payments</b>	<b>380,412</b>	<b>429,432</b>	<b>49,020</b>	<b>12.9%</b>
External	101,356	96,097	-5,259	-5.2%
Domestic	279,056	333,335	54,279	19.5%
<b>% of GDP</b>				
Total Interest Payments	2.12%	2.22%		
External	0.57%	0.50%		
Domestic	1.56%	1.72%		
<b>% of NG Expenditures</b>				
Total Interest Payments	9.00%	9.18%		
External	2.40%	2.06%		
Domestic	6.60%	7.13%		
<b>% of NG Revenues</b>				
Total Interest Payments	13.32%	14.29%		
External	3.55%	3.20%		
Domestic	9.77%	11.09%		
<b>Memo Items</b>				
GDP	17,938,582	19,387,210		
Peso/US\$	48.021	50.974		
Expenditures	4,227,406	4,675,639		
Revenues	2,855,959	3,005,539		

<sup>1/</sup> Maturity distribution based on original signing date of loans/securities.

Source: BTr

### b.3 Disbursements Performance

NG disbursements reached ₱4.676 trillion for the full year of 2021, significantly higher by ₱448.2 billion or 10.6 percent than the ₱4.227 trillion outturns in 2020. This is largely a result of higher infrastructure and other capital outlays, PS expenses, transfers to LGUs both from the implementation of the current year's budget and FY 2020 Continuing Appropriations and *Bayanihan* II. Equity to Government Financial Institutions (GFIs) for lending assistance programs to Micro, Small and Medium Enterprises (MSMEs) and other sectors affected by the pandemic also contributed to the larger government spending in 2021. However, MOOE and subsidy declined from their 2020 outturns owing mainly to the completion of one-time COVID-19 emergency measures, such as the Social Amelioration Program (SAP) of the DSWD and the Small Business Wage Subsidy Program (SBWSP) of the Social Security System (SSS) at the height of the COVID-19 lockdowns in 2020.<sup>9</sup>

**Table 7. National Government Disbursements, January to December 2021**

(in billion pesos, unless otherwise stated)

PARTICULARS	2020 Actual	2021		Variance		Inc/(Dec)	
		Program <sup>1/</sup>	Actual	Amount	Percent	Amount	Percent
<b>CURRENT OPERATING EXP.</b>	<b>3,326.4</b>	<b>3,679.7</b>	<b>3,493.9</b>	<b>(185.8)</b>	<b>(5.0)</b>	<b>167.5</b>	<b>5.0</b>
Personnel Services	1,178.5	1,301.1	1,288.6	(12.5)	(1.0)	110.1	9.3
Maintenance & Other Operating I	885.4	945.4	883.0	(62.4)	(6.6)	(2.5)	(0.3)
Subsidy	229.0	231.4	184.8	(46.6)	(20.2)	(44.3)	(19.3)
Allotment to LGUs	620.0	655.8	671.4	15.6	2.4	51.4	8.3
Interest Payments	380.4	531.5	429.4	(102.1)	(19.2)	49.0	12.9
Tax Expenditure	33.1	14.5	36.7	22.2	153.2	3.6	11.0
<b>CAPITAL OUTLAYS</b>	<b>878.9</b>	<b>1,028.7</b>	<b>1,163.9</b>	<b>135.1</b>	<b>13.1</b>	<b>285.0</b>	<b>32.4</b>
Infrastructure/Other Capital Outla	681.5	761.2	895.1	133.9	17.6	213.5	31.3
Equity	12.8	56.8	47.5	(9.3)	(16.3)	34.7	271.0
Capital Transfers to LGUs	184.6	210.8	221.3	10.5	5.0	36.7	19.9
<b>NET LENDING</b>	<b>22.1</b>	<b>28.7</b>	<b>17.9</b>	<b>(10.8)</b>	<b>(37.7)</b>	<b>(4.2)</b>	<b>(19.2)</b>
<b>TOTAL DISBURSEMENTS</b>	<b>4,227.4</b>	<b>4,737.1</b>	<b>4,675.6</b>	<b>(61.5)</b>	<b>(1.3)</b>	<b>448.2</b>	<b>10.6</b>
<i>Memo items:</i>							
Revenues	2,856.0	2,881.5	3,005.5	124.0	4.3	149.6	5.2
(Deficit)	(1,371.4)	(1,855.6)	(1,670.1)	185.5	(10.0)	(298.7)	21.8
Infrastructure Program	869.9	1,019.1	1,123.6	104.5	10.2	253.7	29.2
% of GDP	4.8%	5.1%	5.8%				

1/ Program approved by the DBCC on its 179th Meeting on May 18, 2021.

<sup>9</sup> For further reading, see *National Government Disbursement Performance Report as of December 2021*. Available at [https://www.dbm.gov.ph/wp-content/uploads/DBCC/2021/NG-Disbursements\\_December-2021\\_for-posting.pdf](https://www.dbm.gov.ph/wp-content/uploads/DBCC/2021/NG-Disbursements_December-2021_for-posting.pdf).

**Actual NG spending was equivalent to 98.7 percent of the ₱4.737 trillion program for 2021, slightly better than the 97.5 percent disbursement-to-program ratio recorded in 2020.** The improvement was partly attributed to the stronger performance posted for infrastructure and other capital outlays which grew by 31.3 percent YOY, and exceeded the program for the period by 17.6 percent. Nevertheless, underspending was still recorded, largely from interest payments (-₱102.1 billion) due to lower-than-programmed issuances and actual foreign exchange and interest rates; MOOE (-₱62.4 billion) amid the ongoing implementation of various health and education assistance programs; subsidy (-₱46.6 billion) pending requests for release of funds by the concerned government corporations, and PS expenses (-₱12.5 billion) attributed to outstanding checks. These were partially offset by the overperformance in infrastructure and other capital expenditures (₱133.9 billion) as mentioned; transfers to LGUs (₱26.1 billion) owing to the releases of the Special Shares of LGUs from tobacco excise taxes and financial assistance due to the Typhoon Odette; and tax expenditures (₱22.2 billion) due to the DST on government debt issuances. In all, these helped reduce the underspending to just ₱61.5 billion or 1.3 percent of the program.

**Infrastructure and other capital outlays rallied past the ₱681.5 billion actual disbursements in 2020 to reach ₱895.1 billion in 2021.** This was largely credited to the implementation of various road and transport infrastructure projects of the Department of Public Works and Highways (DPWH) and DOTr, respectively, which benefitted from the easing of mobility restrictions and imposition of more localized or granular lockdowns vis-à-vis the previous blanket community quarantine restrictions. Disbursements from capital outlays projects under the Revised Armed Forces of the Philippines Modernization Program (RAFPMP) of the Department of National Defense (DND) and educational-related infrastructure and facilities of the Department of Education (DepEd) also contributed to the higher capital expenditures. When the infrastructure components of the transfers to LGUs and support to GOCCs (i.e., subsidy and equity) are considered, the total infrastructure disbursements for 2021 reached ₱1.124 trillion, up by ₱253.7 billion or 29.2 percent YOY, and ₱104.5 billion or 10.2 percent higher than the program. These were equivalent to 5.8 percent of GDP, compared to the 5.1 percent program for 2021 and 4.8 percent actual in 2020.

**The FY 2021 full-year NG deficit clocked in at ₱1.670 trillion, ₱298.7 billion or 21.8 percent more than the 2020 actual, reflective of the higher financing requirements during the year.** This was, nevertheless, lower by ₱185.5 billion or 10.0 percent when compared to the ₱1.856 trillion deficit program due to the higher-than-expected revenue collections (₱124.0 billion, 4.3 percent) and slower disbursements (₱61.5 billion, 1.3 percent). The full-year deficit was equivalent to 8.6 percent of GDP vis-à-vis the 9.3 percent program, and 7.6 percent actual in 2020.

### c. Expenditure Performance

The FY 2021 National Budget, which was crafted at the height of the COVID-19 pandemic in 2020, consolidated and harmonized efforts of various departments and line agencies towards building resiliency and sustainability amid the pandemic under the three-pronged themes of **Reset, Rebound, and Recover**. Supportive of these were the strategies of addressing the health crisis through health-related programs; reviving infrastructure development under the BBB Program; and adapting to the new normal through various education, social protection, and economic services programs. The ₱4.506 trillion budget was enacted into law on December 28, 2020 after having gone rigorous deliberations in the House of Representatives and the Senate for four months after it was submitted by the Executive Department on August 25, 2020<sup>10</sup>. It was 9.9 percent higher when compared to the ₱4.1 trillion budget for FY 2020 and was equivalent to 23.2 percent of GDP.

**Table 8. Statement of Appropriations, Allotments, Obligations, Disbursements, and Balances (SAAODB), 2021**  
(in billion pesos, unless otherwise stated)

Particulars	Available Appropriations <sup>1/</sup>	Allotment Releases <sup>2/</sup>	Actual Obligations	Unobligated Balances	Obligation Rate <sup>3/</sup>	Disbursements <sup>4/</sup>
<b>National Government Agencies</b>	<b>3,293.4</b>	<b>3,224.6</b>	<b>3,041.8</b>	<b>182.8</b>	<b>94.3%</b>	<b>3,103.3</b> <sup>5/</sup>
<b>Special Purpose Funds (SPFs)</b>	<b>1,132.6</b>	<b>1,112.6</b>	<b>1,111.7</b>	<b>0.9</b>	<b>99.9%</b>	<b>1,125.0</b>
GOCCs	178.5	177.5	177.5	-	100.0%	232.3
ALGUs	856.5	847.3	846.6	0.7	99.9%	892.7
Other SPFs/Cont. Appro.	97.6	87.8	87.6	0.1	99.8%	-
<b>Automatic Appropriations</b>	<b>447.3</b>	<b>447.3</b>	<b>447.3</b>	<b>-</b>	<b>100.0%</b>	<b>447.3</b>
Net Lending	17.9	17.9	17.9	-	100.0%	17.9
Interest Payments	429.4	429.4	429.4	-	100.0%	429.4
<b>Total</b>	<b>4,873.3</b>	<b>4,784.5</b>	<b>4,600.8</b>	<b>183.7</b>	<b>96.2%</b>	<b>4,675.6</b>
<i>By Funding Source</i>	<i>4,873.3</i>	<i>4,784.5</i>	<i>4,600.8</i>	<i>183.7</i>	<i>96.2%</i>	<i>-</i>
Current Year	4,558.0	4,485.3	4,331.3	154.0	96.6%	
Continuing Appropriations	315.3	299.2	269.5	29.7	90.1%	

1/ Pertain to the FY 2021 GAA, FY 2020 Continuing Appropriations, Special Appropriations (RA No. 11494 or *Bayanihan II*) Automatic Appropriations, and Unobligated Allotments. Include adjustments per Special Provisions in the GAA, modification of allotment classes, and releases to implementing agencies from SPFs, Unprogrammed.

2/ Include FY 2020 Continuing Appropriations and RA No. 11494.

3/ Percentage of obligations vs allotment releases.

4/ Based on the Cash Operations Report of the BTr. Include prior years' obligations/accounts payables.

5/ Includes P36.710 billion Tax Expenditure Subsidy

SOURCE: SAAODB of the DBM, and Cash Operations Report of the BTr.

<sup>10</sup> DBM Press Release dated August 25, 2020. Available at <https://www.dbm.gov.ph/index.php/secretary-s-corner/press-releases/list-of-press-releases/1712-dbm-submits-p4-506-trillion-fy-2021-national-expenditure-program-to-congress>.

**The available appropriations for FY 2021 totaled to ₱4.873 trillion, composed of the ₱4.558 trillion Current Year's Appropriations<sup>11</sup> and ₱315.3 billion Continuing Appropriations<sup>12</sup>.** This was ₱302.0 billion or 6.6 percent higher than the ₱4.571 trillion total available appropriations in 2020<sup>13</sup>, mainly as a result of the higher FY 2021 budget and budget carry-overs from the FY 2020 Continuing Appropriations and the RA No. 11494 or the *Bayanihan* II. To recall, the availability for release and disbursement of the FY 2020 budget was extended until December 31, 2021 pursuant to RA No. 11520, while the availability for release, obligation, and disbursement of the *Bayanihan* II was extended until June 30, 2021 by virtue of RA No. 11519.

**Actual allotment releases as of end-December 2021 amounted to ₱4.784 trillion, inclusive of the ₱158.5 billion unobligated allotments from the FY 2020 Continuing Appropriations.** Released allotments represented 98.2 percent of the total available appropriations for FY 2021. Meanwhile, out of the said releases, ₱4.601 trillion was obligated as of yearend 2021, equivalent to 96.2 percent obligation rate. The NGA incurred ₱3.042 trillion obligations, or 66.1 percent of the total obligations recorded for the period. These, likewise, represented 94.3 percent of the released allotments to NGAs, slightly improving from the 93.3 percent obligation rate posted in 2020.

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<sup>11</sup> Includes ₱122.1 billion from the Unprogrammed Appropriations and adjustments from Automatic Appropriations.

<sup>12</sup> Include ₱91.9 billion from RA No. 11494 or the *Bayanihan* II.

<sup>13</sup> See *Statement of Appropriations, Allotments, Obligations, Disbursements, and Balances Report for FY 2020*. Available at [https://www.dbm.gov.ph/wp-content/uploads/e-Fund\\_Releases/SAOB2020/4thQuarter/Final/2020-SAAODB-BY-DEPT-POST-BUDGET.pdf](https://www.dbm.gov.ph/wp-content/uploads/e-Fund_Releases/SAOB2020/4thQuarter/Final/2020-SAAODB-BY-DEPT-POST-BUDGET.pdf). Read discussions on the Expenditure Performance (page 24) of the *FY 2020 Annual Fiscal Report*. Available at <https://www.dbm.gov.ph/images/FY-2020-Annual-Fiscal-Report.pdf>.

### Box 1. Fiscal Response to the Health Crisis

On March 8, 2020, by virtue of Proclamation No. 922 s.2020, President Rodrigo Roa Duterte declared a State of Public Health Emergency due to COVID-19. The proclamation also placed Luzon under an Enhanced Community Quarantine. This effectively limited mobility and economic activity in the country’s largest island group. In terms of real GDP growth, Luzon accounted for around 69 percent significantly larger than the share of Visayas (14 percent) and Mindanao (18 percent) \*.

In response, the Philippine government legislated two measures, i.e., *Bayanihan* I (RA No. 11469 *Bayanihan* to Heal as One Act) and *Bayanihan* II (RA No. 11494 *Bayanihan* to Recovery as One Act), that addressed the urgent need to undertake a program of recovery and rehabilitation of the sectors severely impacted by the pandemic. *Bayanihan* I expired on end-June 2020. Meanwhile, the validity of *Bayanihan* II was extended until end-June 2021 by virtue of RA 11519. Meanwhile, the validity of the 2020 GAA was extended until December 31, 2021 by virtue of RA 11520.

In 2021, the Philippines was operating simultaneously under three budgets, *Bayanihan* II, the continuing appropriations of the 2020 GAA and the 2021 GAA. This fiscal program employed a three-pronged approach is responding to the health crisis, i.e., i) reviving infrastructure development (rebound); ii) responding to the pandemic with focus on health and nutrition (reset); and, iii) adapting to the post-pandemic environment (recover).

As of end-December 2021 the DBM released a total of ₱716.9 billion for various programs. This included ₱387.9 billion under *Bayanihan* I; ₱214.2 billion under *Bayanihan* II; ₱108.3 billion under the FY 2021 GAA; and ₱6.5 billion from the FY 2020 GAA. The highest budget utilization rate (BUR) was recorded out of the allotment released under *Bayanihan* I – about ₱371.6 billion (95.8 percent) has already been obligated and ₱363.2 billion (97.7 percent) has been disbursed. The passage of *Bayanihan* I enabled the government to immediately respond to the COVID-19 pandemic by funding programs that strengthen the capacity of the health sector, protect vulnerable groups, and assist MSMEs and LGUs. Meanwhile, the *Bayanihan* II allowed the government to continuously fund health programs, social protection programs and cash-for-work programs, among others. Additionally, the government was able to fund the COVID-19 vaccine procurement and indemnity fund, special risk allowances of health workers, cash aid, and the Emergency Repatriation Program that was charged under the FY 2020 and FY 2021 GAA.

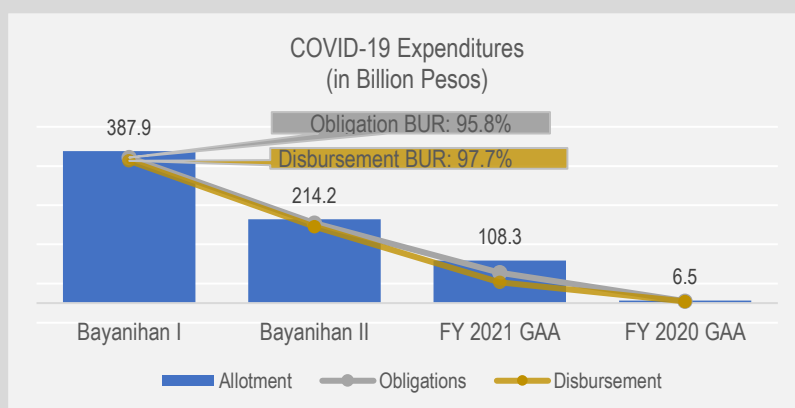


Figure 3. COVID-19 Expenditures, as of end-December 2021, in billion pesos

\*based on actual real GDP growth in 2020

# *Select Big-Spending Departments/ Agencies Expenditure Performance*

This section of the report provides information on the physical accomplishment and financial performance of key implementing agencies that deliver essential economic and social services. In the course of the review and assessment of their 2021 fiscal performance, it was observed that certain performance indicators extraordinarily surpassed their respective target levels. This overperformance in their physical accomplishments were coupled with low budget utilization rates. While it is recognized that this seeming disconnect between physical accomplishments and financial performance may be explained by justifiable circumstances, it may also be worthwhile to revisit/ recalibrate the targets set by agencies to better account for unique circumstances surrounding the implementation of their functions and duties, and better consider the changing landscape of public service delivery.

# Department of Agrarian Reform

## Financial Performance

In 2021, the Department of Agrarian Reform's (DAR) obligation rate sharply dropped but reported a modest increase in its disbursement rate. The bulk (₱8.7 billion) of the DAR's ₱11.7 billion allotment is allocated to its regular programs and projects, of which, the agency obligated ₱8.3 billion (95.6 percent) and disbursed ₱8.0 billion (96.0 percent). The drop in the agency's obligation rate is largely attributed to the performance of its Foreign-Assisted Projects (FAPs).

**Table 9. Financial Performance, DAR, 2020-2021**  
(in billion pesos, unless otherwise stated)

Department	2020 <sup>a/</sup>					2021 <sup>b/</sup>				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DAR	8.4	7.8	7.0	92.9%	89.9%	11.7	9.3	8.8	79.3%	94.6%

<sup>a/</sup> 2020 SAAODB

<sup>b/</sup> 2021 SAAODB

The DAR had difficulty implementing its FAPS, as its collective obligation rate decreased further from 45.4 percent in 2020 to 32.0 percent in 2021. In particular, the Italian Assistance to the Agrarian Reform Community Development Support Program (IARCDSP) reported a low obligation rate of 50.5 percent. The DAR cited the travel restrictions imposed during community quarantines, which hindered the mobility of the program's consultant, thus, affecting the conduct of project proposal evaluations and procurement, as the main cause of its underperformance. Meanwhile, the Support to Parcelization of Lands for Individual Titling (SPLIT) Project reported the lowest utilization rates among the DAR's FAPs at 26.3 percent. The DAR only requested for the release of loan proceeds in March 2021, sourced from the 2021 Unprogrammed Appropriations, which eventually led to implementation delays. Meanwhile, the Convergence on Value Chain Enhancement for Rural Growth and Empowerment (ConVERGE) showed significant improvement in its budget utilization, growing from a 52.5 percent obligation rate in 2020 to 81.8 percent in 2021.

**Table 10. Financial Performance, FAPs of DAR, 2020-2021**  
(in billion pesos, unless otherwise stated)

Major Program	2020					2021				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
Regular Programs	7.8	7.5	6.9	96.5%	91.3%	8.7	8.3	8.0	95.6%	96.0%
FAPs	0.7	0.3	0.2	45.4%	52.4%	3.0	1.0	0.8	32.0%	81.9%

Source: 2021 APR Report of DAR

*Physical Performance*

**The DAR continued to exceed most of its physical targets, but was unable to improve its overall accomplishment for its main mandate – land tenure security (LTS).** The Department only completed one (1) out of five (5) targets under the LTS Program (i.e. number of hectares actually distributed to agrarian reform beneficiaries [ARB]) for 2021. In addition, two (2) indicators registered subpar performance for the same period, namely “number of hectares with Emancipation Patents/Certificate of Land Ownership Award (EP/CLOA) registered” and “number of generated CLOAs registered”. The agency reported a 37.1 percent accomplishment rate for the former and only 16.8 percent for the latter, which was attributed mostly to external delays (e.g., issues in the release and approval processes of partner agencies, and pending legal cases).

**Table 11. Physical Performance, DAR, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>LAND TENURE SECURITY PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of hectares with claim folder (CF) documentation completed	45,070	24,421	54.2%
2. Number of hectares with Emancipation Patents/Certificate of Land Ownership Award (EP/CLOA) registered	45,455	16,877	37.1%
3. Number of hectares actually distributed to agrarian reform beneficiaries (ARBs)	40,574	85,327	210.3%
4. Number of generated Certificate of Land Ownership Awards (CLOAs) registered (LRA-CARP)*	73,455 titles	12,366 titles	16.8%
5. Number of hectares with approved survey (DENR-CARP)	43,711	27,788	63.6%
<b>AGRARIAN JUSTICE DELIVERY PROGRAM</b>			
<i>Output Indicators</i>			
1. Resolution rate of agrarian-related cases (DARAB & ALI Cases)	83%	95.78%	115.4%
2. Percentage of cases handled with agrarian-legal assistance in judicial and quasi-judicial courts	78%	78.05%	100.1%
<b>AGRARIAN REFORM BENEFICIARIES DEVELOPMENT AND SUSTAINABILITY PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of agrarian reform beneficiaries (ARBs) trained	368,313	519,954	141.2%
2. Number of ARBs with access to credit and microfinance services	136,392	172,671	126.6%
3. Number of ARBOs provided with technical, enterprise and farm productivity support, and physical infrastructures	2,867	3,622	126.3%

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
4. Number of farmer beneficiaries and small landowners trained (DTI-CARP)*	12,960	16,901	130.4%
5. Number of Irrigator's Associations (IAs) organized and trained (NIA-CARP)*	45	61/244	N/A
6. Number of sites and areas covered for upland development (DENR-CARP)*	70 /2,000	96 /2,672	137.1% /133.6%
7. Number of irrigation projects completed (NIA-CARP)*	45	40	88.9%
8. Number of Technical and Marketing Assistance provided (DTI-CARP)*	3,445	4,247	123.3%
9. Number of Micro, Small and Medium Enterprises (MSMEs) maintained (DTI-CARP)*	1,527	1,651	108.1%
10. Number of hectares (new and restored areas) provided with irrigation (NIA-CARP)*	1,744	1,651	94.7%

Source: FY 2023 National Expenditure Program (NEP)

\* Please refer to the respective mother departments/agency budget for the requirements of CARP

**In contrast, the DAR met all its targets under the Agrarian Justice Delivery Program (AJDP) and exceeded all targets under its coverage for the AR Beneficiaries Development and Sustainability Program (ARBDSP).** Under the AJDP, the DAR resolved 95.8 percent of agrarian-related cases, of which 78.1 percent was handled with agrarian-legal assistance from the agency. Though the DAR's case resolution rate remained high, it is lower than its resolution rate of 99.0 percent in 2020. Meanwhile, DAR's success under the ARBDSP translated to the capacity building of 519,954 ARBs, provision of credit and microfinance services to 172,671 ARBs, and supplying technical, enterprise, and farm productivity support to 3,622 ARB organizations. It should be noted, however, that while the targets of the ARBDSP were exceeded by more than 20 percent, this was achieved with a 97.9 percent obligation rate for the program. Hence, the DAR may revisit and evaluate whether the targets for the said program are too conservative.

**While most of the Comprehensive Agrarian Reform Program (CARP) targets implemented by other government agencies were exceeded, some targets indicate underperformance.** Under the LTS Program, the Land Registration Authority (LRA) missed their target for the registration of 73,455 EP/CLOAs, registering only 12,366 titles (16.8 percent). Similarly, the Department of Energy and Natural Resources (DENR) only completed the survey of 27,788 (63.6 percent) hectares of land versus its target of 43,711 hectares. Nonetheless, the agency fared better in its survey of upland sites and areas for the ARBDSP, covering 96 sites and 2,672 areas vis-à-vis its targets of 70 sites and 2,000 areas. The National Irrigation Administration (NIA), however, only met its target for the conduct of capacity building activities, organizing a total of 61 irrigator's associations and conducting 244 training activities. Though it still missed its targets for irrigation projects and services, it managed to almost double its accomplishment rate for the said indicators in 2021. On the other hand, the Department of Trade and Industry (DTI) met all three

(3) targets for its CARP-related interventions, training 16,901 farmers and small landowners; providing 4,247 technical and marketing assistance; and helping maintain 1,651 MSMEs of ARBs.

**Overall, there is a mismatch between the agency's low financial performance and its physical accomplishments.** In particular, DAR must focus on its main mandate as implemented through the LTS Program. The department should revisit its existing mechanisms and institute more effective corrective measures to address the program's recurring issues and incorporate the related circumstances of the COVID-19 pandemic in their program planning. Given the agency's physical overperformance vis-à-vis its budget, there is a need to determine if their targets for the AJDP and the ARBDSP are too conservative. Finally, the Department should assess its existing formulated strategies and programming for its FAPs, carefully considering a project's implementation/payment readiness, in order to improve its financial and physical performance.

# Department of Agriculture

## Financial Performance

The DA reported a high obligation rate out of its ₱70.0 billion allotment, totaling ₱64.8 billion or 92.7 percent for 2021 – a modest improvement over its 91.9 percent in 2020. While the Department’s disbursements underperformed vis-à-vis its obligations, the disbursement rate still jumped to 77.9 percent in 2021 from 64.9 percent in 2020, resulting to marked improvements in the implementation of its major programs and in the utilization of its *Bayanihan* I and II allocations for food security measures and support to agricultural workers. Instead, the Department’s low disbursement rate is largely attributed to the performance of the farm mechanization component of the Rice Competitiveness Enhancement Fund (RCEF)<sup>14</sup>.

**Table 12. Financial Performance, DA, 2020-2021**  
(in billion pesos, unless otherwise stated)

Department	2020 <sup>a/</sup>					2021 <sup>b/</sup>				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DA	84.6	77.8	50.4	91.9%	64.9%	70.0	64.8	50.5	92.7%	77.9%

<sup>a/</sup> 2020 SAAODB

<sup>b/</sup> 2021 SAAODB

The DA’s budget is largely concentrated in two agencies, the DA-Office of the Secretary (OSEC) with ₱51.7 billion and the Philippine Center for Post-Harvest Development and Mechanization (PhilMech) with ₱7.3 billion. While the DA-OSEC posted a high obligation rate of 95.0 percent and a disbursement rate of 83.4 percent, PhilMech lagged behind with an obligation rate of 70.8 percent and a disbursement rate of only 8.2 percent. Of the ₱7.3 billion PhilMech budget for 2021, ₱6.9 billion or 94.3 percent is sourced from the RCEF to be used for the procurement and distribution of rice farm machinery and equipment. The PhilMech attributes their single-digit disbursement performance to the delayed delivery, inspection, and acceptance of farm machines due to the restrictions brought about by the pandemic<sup>15</sup>.

<sup>14</sup> As mandated by RA No. 11203, 50 percent of the ₱10.0 billion RCEF is allocated to the PhilMech for the procurement and distribution of rice farm machinery and equipment.

<sup>15</sup> As communicated and validated through the DBM’s FY 2021 Agency Performance Review (APR) Report of the DA.

**Table 13. Financial Performance, DA, 2020-2021, Major Programs**  
(in billion pesos, unless otherwise stated)

Major Program	2020					2021				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
<u>DA-OSEC</u>										
National Rice Program (NRP)	19.8	19.3	13.2	97.4%	68.7%	15.6	15.3	13.1	98.4%	85.7%
National Corn Program (NCP)	1.5	1.4	1.1	92.1%	82.6%	1.5	1.4	1.2	93.8%	82.9%
National Livestock Program (NLP)	1.8	1.5	0.7	82.8%	48.8%	1.3	1.2	0.8	95.3%	64.2%
National High Value Crop Development Program (NHVCDP)	2.7	2.1	1.1	78.2%	53.8%	2.0	1.8	1.3	93.6%	69.2%
National Organic Program	0.5	0.5	0.4	96.2%	79.5%	0.8	0.7	0.6	94.6%	83.1%
<u>DA-ACPC</u>										
Credit Facilities Program	5.0	5.0	5.0	100.0%	100.0%	2.7	2.7	2.7	100.0%	100.0%
<u>DA-BFAR</u>										
National Fisheries Program	4.6	4.3	3.7	93.2%	84.7%	4.9	4.6	3.7	93.9%	80.4%

**The DA reported improvements in the obligation performance of its major programs, as all reached an obligation rate of at least 93.0 percent.** In particular, the National Rice Program (NRP) and Credit Facilities Program, continued with the highest obligation rates at 98.4 percent and 100.0 percent, respectively. Meanwhile, the National Livestock Program (NLP) and the National High Value Crop Development Program (NHVCDP), which reported the lowest obligation rates of 82.8 percent and 78.2 percent in 2020, respectively, improved to 95.3 percent and 93.6 percent in 2021.

**The overall disbursement performance of the DA's major programs improved, with those implemented by the DA-OSEC posting significant increases.** Of particular note are the performance of the NRP, NLP, and NHVCDP, as their respective disbursement rates rose to 85.7 percent, 64.2 percent, and 69.2 percent in 2021 from 68.7 percent, 48.8 percent, and 51.2 percent in 2020. However, there is still room for improvement as none of the DA-OSEC's major programs reached 90.0 percent disbursement rate – attributed mainly to delays in implementation as a result of mobility restrictions from local community quarantines, along with inclement weather conditions, among other reasons. On the other hand, the disbursement rate for the National Fisheries Program (NFP) of the Bureau of Fisheries and Aquatic Resources (BFAR) slipped to 79.8 percent from the previous 84.7 percent in 2020, as the construction of legislated hatcheries had yet to be completed.

*Physical Performance*

The DA-OSEC's physical accomplishments reflected the improvements in its financial performance as eight (8) of its 13 targets were met, up from only four (4) in 2020. In contrast to the previous year, the agency exceeded its targets in the conduct of capacity building activities, training 9,512 LGU extension workers and 121,275 farmers, fisherfolk and other participants under its Technical and Support Services (TSS) Program. In addition, the DA exceeded its targets for the provision of market development services, benefitting 6,525 group beneficiaries. However, only 62 or 75.6 percent of its targeted 82 provinces and cities were provided with production support services and support to construct market-related infrastructure mainly due to procurement issues and the prolonged travel restrictions of the community quarantines<sup>16</sup>.

**Table 14. Physical Performance, DA-OSEC, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>TECHNICAL AND SUPPORT SERVICES PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of Provinces and Chartered Cities provided with production support services and support to construct market-related infrastructure	82	62	75.6%
2. Number of group beneficiaries provided with market development services	1,943	6,525	335.8%
3. Number of extension workers trained to support the capacity of LGUs			
a. LGU extension workers trained	5,591	9,512	170.1%
b. Farmers, fisherfolks and other participants	55,408	121,275	218.9%
<b>AGRICULTURAL, MACHINERY, EQUIPMENT, FACILITIES AND INFRASTRUCTURES PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of Provinces and Chartered Cities provided with agricultural machinery, equipment, facilities, and small-scale irrigation projects (SSIP)	80	36	45.0%
2. Number of hectares of service area generated from the establishment and installation of SSIP	5,383.97	3,521.81	65.4%
3. Number of kilometers of Farm-to-Market Roads (FMRs) validated for construction/rehabilitation	829.87	946.72	114.1%
4. Percentage of DPWH-constructed FMRs monitored	100%	100%	100.0%
<b>AGRICULTURE AND FISHERY POLICY PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of policies supported and endorsed for approval	70	94	134.3%

<sup>16</sup> As communicated and validated through the DBM's FY 2021 APR Report of the DA.

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>AGRICULTURE AND FISHERY REGULATORY SUPPORT PROGRAM</b>			
<i>Output Indicators</i>			
1. Percentage of applications for quarantine and sanitary and phytosanitary (SPS) clearance processed within one (1) day	100.00%	98.46%	98.5%
2. Number of agri-fishery standards developed	20	28	140.0%
3. Percentage of new agriculture facilities and products that have been inspected at least once a year	100.00%	100.00%	100.0%
<b>LOCALLY-FUNDED AND FOREIGN-ASSISTED PROGRAM</b>			
<i>Output Indicators</i>			
1. Percentage of amount of approved FMR sub-projects to the total amount of FMR allocation	100.00%	99.72%	99.7%

Source: FY 2023 NEP

**Although the DA-OSEC did not meet all of its targets for the Agricultural, Machinery, Equipment, Facilities and Infrastructures (AMEFI) Program, and the Locally-Funded and Foreign-Assisted Program, their actual accomplishment rates improved.** Under the AMEFI program, the agency validated 946.72 kilometers of roads for construction/rehabilitation, and monitored all DPWH-constructed Farm-to-Market Roads (FMRs). For the provision of support to LGUs (i.e., provinces and chartered cities), while the targets remained unmet, marked improvements can be observed particularly in the provision of agricultural machinery, equipment, facilities and small-scale irrigation projects (SSIP) with 36 out of 80 (45.0 percent) LGUs in 2021 from 4 out of 79 (5.1 percent) in 2020. On the other hand, the accomplishment rate for the Locally-Funded and Foreign-Assisted Program improved from 96.0 percent in 2020 to 99.7 percent in 2021.

**As the AMEFI Program is among the largest in the DA's investment portfolio, the Department needs to improve its targeting capacity to improve its output.** The DA should establish/install and institute the applicable monitoring technologies for the development of an inventory and the standardization of their interventions. The standardization of the type, specification, and cost for all items is seen to improve and simplify the procurement process towards the successful implementation of the program.

**The DA-OSEC also needs to revisit its strategies to deliver the needed interventions to all the target LGUs, as the output indicators for the provision of support to LGUs under the TSS and AMEFI Programs remain significantly unmet.**<sup>17</sup> It has been observed that the agency has continuously attributed the non-attainment of these indicators to uncontrollable factors (e.g., failed bidding, quarantine restrictions, weather disturbances, etc.). Hence, the agency must be proactive and take this into consideration in the

<sup>17</sup> Output indicator 1 for the TSS Program and output indicators 1 and 2 for the AMEFI Program.

setting up of agency targets. This also calls for the tighter linkage between strategic and operational planning and budgeting, as well as the promotion of better designed, well-prepared and “shovel-ready” programs and projects. Increasing the number of beneficiaries does not automatically translate to a successful program implementation if it does not reach all target intervention areas.

**Similarly, the Agricultural Credit Policy Council (ACPC) and BFAR achieved the same number of targets in 2021 compared to 2020, meeting all except one of their targets.** This translated to the ACPC holding 57 credit orientations and credit matching seminars and workshops and providing 165 farmers and fisherfolks organizations with institutional capacity building. While it exceeded its loan targets for credit retailers and lenders by 8.0 percent, it has accomplished less than half of its targets for end-borrowers primarily due to the credit retailers’ scaled down operations in compliance with pandemic restrictions and their prioritization of processing loans funded by the *Bayanihan* II. Meanwhile, the BFAR exceeded its targets by providing 48,356 and 868 beneficiaries with aquaculture support/supply and postharvest support/supply, respectively, but fell short of its target of providing 15,136 beneficiaries with environment-friendly fishing gears/paraphernalia by 12.4 percent.

**Table 15. Physical Performance, DA-ACPC & BFAR, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>ACPC</b>			
<b>AGRICULTURAL CREDIT PROGRAM</b>			
<i>Output Indicators</i>			
1. Amount of loans granted to credit retailers/lenders and to end-borrowers			
a. Credit retailers/lenders	2,515	2,715	108.0%
b. End-borrowers	2,515	1,034	41.1%
2. Number of credit program orientations and credit matching seminars and workshops conducted	32	57	178.1%
3. Number of farmers and fisherfolk organizations provided with institutional capacity building assistance	140	165	117.9%
<b>BFAR</b>			
<b>FISHERIES DEVELOPMENT PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of beneficiaries provided with aquaculture support/supply			
a. Number of individuals	24,405	46,767	191.6%
b. Number of fisherfolk groups	926	1,589	171.6%
2. Number of beneficiaries provided with postharvest support/supply			
a. Number of individuals	427	547	128.1%
b. Number of fisherfolk groups	196	321	163.8%

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
3. Number of beneficiaries provided with environment-friendly fishing gears/paraphernalia			
a. Number of individuals	14,644	13,005	88.8%
b. Number of fisherfolk groups	492	249	50.6%

Source: FY 2023 NEP

**In summary, the DA reported notable improvements in both its financial and physical performance for 2021.** The agency’s obligation rate continued its positive momentum, rising slightly from its 2020 level, while its disbursement level is beginning to catch up. This development is mirrored in its physical performance as more targets were met in 2021 than in 2020. As with 2020, the restrictions of the pandemic continued to affect the implementation of DA’s programs, most notably on the farm mechanization program of PhilMech<sup>18</sup>.

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<sup>18</sup> As communicated and validated through the DBM’s FY 2021 APR Report of the DA.

# Department of Education

## Financial Performance

For 2021, the DepEd was allotted a substantial amount of ₱632.7 billion to sustain its programs and projects and ensure the right of every Filipino to quality, equitable, and culture-based formal and non-formal basic education. Of this amount, ₱23.0 billion came from its previous year's appropriation. The total allotment for 2021 was ₱76.7 billion more than the ₱556.0 billion total allotment releases in 2020. Since the DepEd budget is PS intensive, PS accounts for ₱491.5 billion or 77.7 percent of its allotment in 2021, followed by MOOE with ₱116.7 billion, and CO at ₱24.5 billion, equivalent to 18.4 percent and 3.9 percent of DepEd's total allotment, respectively.

**Table 16. Financial Performance, DepEd, 2020-2021**  
(In billion pesos, unless otherwise stated)

Department	2020 <sup>a/</sup>					2021 <sup>b/</sup>				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DepEd	556.0	533.7	492.7	96.0%	92.3%	632.7	613.5	572.3	97.0%	93.3%

<sup>a/</sup> 2020 SAAODB

<sup>b/</sup> 2021 SAAODB

By the end of 2021, the obligation for the PS requirements amounting to ₱487.7 billion or 79.5 percent, largely contributed to the Department's total obligated budget of ₱613.5 billion. Meanwhile, the total obligation is 97.0 percent of its total allotment of ₱632.7 billion, as compared to the 2020's obligated budget of ₱533.7 billion and 96.0 percent obligation rate, or a 1.0 percentage point-increase. Obligations for the other big-ticket items included the following: a) Government Assistance and Subsidies (GAS) – ₱30.0 billion; b) Flexible Learning Options – ₱14.4 billion; c) Provision for Basic Education Facilities (BEF) (DepEd portion) – ₱7.5 billion; d) School-based Feeding Program (SBFP) – ₱7.1 billion; and e) DepEd Computerization Program (DCP) – ₱5.7 billion. A considerable amount of ₱19.2 billion has remained unobligated by the end of the year.

Of the total obligated amount, DepEd has disbursed 93.3 percent or ₱572.3 billion, an improvement of ₱79.6 billion from previous the year's disbursement, also a 1.0 percentage point-increase in disbursement rate. The undisbursed portion of the DepEd's obligated budget is attributed to the following: conduct of activities and completion of contracts towards the end of 2021, which translated to actual delivery and payment of goods and services to spill over in 2022 (i.e., progress billings), and delays in the implementation/procurement, among others.

*Physical Performance*

**The COVID-19 pandemic has greatly affected the delivery of education, resulting in a changing landscape of flexible learning.** The prolonged onslaught of the COVID-19 pandemic posed a significant challenge in the delivery of quality basic education. In line with this, the DepEd continues to implement Flexible Learning Option including the development, reproduction, and delivery of learning resources. For FY 2021, a total of 19,065,363 learners were provided with learning resources out of the target of 18,055,126 (or 105.6 percent accomplishment). The overperformance is due to the higher number of enrollees for School Year (SY) 2020-2021.

**Table 17. Physical Performance, DepEd, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>BASIC EDUCATION INPUTS PROGRAM</b>			
<i>Output Indicators</i>			
1. No. of			
a. New classrooms constructed	1,035	191	18.5%
b. New classrooms ongoing construction	4,139	2,711	65.5%
c. Textbooks and instructional/learning materials procured for printing and delivery	4,279,000	2,468	0.1%
2. No. of equipment / tools procured for distribution:			
a. Science and Math	7,730,038	5,587,669	72.3%
	pieces	pieces	
b. Technical and Vocational Livelihood	215,490	13,802	6.4%
	pieces	pieces	
c. ICT	37,221	57,173	153.6%
	packages	packages	
3. No. of newly-created teaching positions filled up	10,000	5,581	55.8%
<b>INCLUSIVE EDUCATION PROGRAM</b>			
<i>Output Indicators</i>			
1. No. of schools offering the following programs:			
a. ALIVE - public and private	4,418	3,314	75.0%
b. IPED – public	3,070	3,070	100.0%
c. SPED – public	17,527	6,558	37.4%
2. No. of public schools provided with learning resources	47,188	44,984	95.3%

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>SUPPORT TO SCHOOLS AND LEARNERS PROGRAM</b>			
<i>Output Indicators</i>			
1. No. of learners benefitting from the “School Based Feeding Program”	1,775,349	2,781,500	156.7%
2. No. of grantees:			
a. Education Service Contracting (ESC)	1,149,975	929,493	80.8%
b. Senior High School Voucher	1,417,613	1,107,083	78.1%
c. Joint Delivery Voucher Program	89,300	92,030	103.1%
<b>EDUCATION HUMAN RESOURCE DEVELOPMENT PROGRAM</b>			
<i>Output Indicators</i>			
1. No. of public-school teachers and teaching-related staff trained	165,389	1,006,163	608.4%

Source: FY 2023 NEP / APR / BFARs

**The DepEd continues to promote inclusive basic education.** Some 180,423 Muslim learners were enrolled in 3,314 public schools with Arabic Language and Islamic Values Education (ALIVE) Program that integrates curriculum content and competencies which are relevant and of interest to Muslim learners. The number of schools offering ALIVE Program is lower than the target 4,418 schools owing to low enrollment, which is an important factor in determining whether a school should offer said program or not.

Likewise, 129,100 members of the Indigenous Peoples were enrolled under the National Indigenous Peoples Education (IPED) Program<sup>19</sup> in 3,070 public schools, achieving its target for 2021.

Another 137,828 Special Education (SPED) learners were enrolled in 6,558 public schools. The number of schools offering SPED program is also lower than the target of 17,527 public schools resulting from the policy requiring schools to have at least 20 SPED students enrolled to provide the program. Thus, low enrollment translated to low accomplishment for the said commitment.

Moreover, 472,869 out-of-school youths above 15 years old, who did not have access to formal education in schools, were provided basic and functional literacy skills under the Alternative Learning System (ALS) Program. This is lower than the target of 690,208 beneficiaries wherein the decrease was mainly attributed to the majority of ALS students who were employed – during the start of the pandemic many of them were laid off, which forced them to look for employment instead of attending schooling.

<sup>19</sup> 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.

**For the same period, the schools were able to sustain the enrolment in every school year due to the learners' experiences in the public schools** (i.e., first year transitions, learning assistance/academic support, mentoring, and co-curricular activities). The DepEd achieved retention rates of 98.9 percent for elementary and 91.1 percent for secondary. Similarly, completion rates were at 79.4 percent for elementary and 69.3 percent for secondary. It is noteworthy that these accomplishments were lower than the retention rate of 94.5 percent for secondary, and completion rate of 96.6 percent for elementary recorded for SY 2019-2020. On the other hand, the accomplishments were actually higher than the retention rate of 98.8 percent for elementary and completion rate of 76.7 percent for secondary, also recorded for SY 2019-2020.

**Contributing to these achievements were the continuous efforts of the government to increase the accessibility of education, especially with the challenges brought about by the pandemic.** By the end of 2021, the GAS Program benefitted 929,493 grantees in private schools through the Education Service Contracting (ESC). This was 19.1 percent less than the 1,149,975 students targeted for 2021. Another 1,107,083 students from Public and Private Senior High School (SHS) availed of the vouchers compared to the 1,417,613 students targeted in 2021. The lower number of grantees for ESC and SHS Voucher programs was attributed to the closing of operations of some private schools brought about by the prolonged COVID-19 pandemic, among others. On the other hand, the Joint Delivery Technical-Vocational-Livelihood Program surpassed its target of 89,300 grantees with 92,030 actual grantees.

**Moreover, 2,781,500 severely wasted and wasted learners<sup>20</sup> were served nutritious meals through the SBFP, which is intended to address malnutrition and short-term hunger among public school children.** This accounted for 156.7 percent of the 1,775,349 learners targeted to benefit under the said program in 2021. The increase in actual accomplishment was accounted by the feeding program's shorter duration e.g., reduced number of days of feeding and increased number of beneficiaries.

**Basic education inputs were also provided last year.** Under the BEF Program, only 191 new classrooms were constructed out of 1,035 targeted new classrooms to be constructed. Nationwide lockdowns, the uncertainty of alert level system for COVID-19, as well as the modifications and finalization of the list of recipients stalled the construction of classrooms, hence, the significant underachievement of the target. Similarly, 2,711 new classrooms were still ongoing construction out of the target 4,139 recording an accomplishment of 65.5 percent.

For the same period, only 2,468 textbooks and instructional/learning materials (TX & IMs/LMs) out of the target 4,279,000 TX & IMs/LMs were procured. The underperformance is due to tight procurement timelines as a result of DepEd's decision of reprogramming the procurement of Kindergarten activity sheets and Grade 1 English activity sheets to procurement of SPED materials, putting off the projects for the printing and delivery of various textbooks and other instructional materials in support of the activities for the provision of learning resources for the provision of learning resources for school libraries and subsidy for the printing of SLMs for EPP, TLE, and SHS. It is noteworthy that the provision of learning

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<sup>20</sup> Per World Health Organization definition, wasting in children is a symptom of acute undernutrition, usually as a consequence of insufficient food intake or a high incidence of infectious diseases, especially diarrhea. Wasting in turn impairs the functioning of the immune system and can lead to increased severity and duration of and susceptibility to infectious diseases and an increased risk for death.

resources for school libraries was eventually bumped off to printing and delivery of other learning resources due to management decisions and proposed Evaluation, Selection and Acquisition (ESA) Policy, among others.

Likewise, 57,173 Information and Communications Technology (ICT)/multimedia packages, or 153.6 percent of its targeted 37,221 ICT/multimedia packages were already procured for distribution. Meanwhile, the Department was not able to achieve its target of distributing 7,730,038 science and math equipment packages and 215,490 Technical-Vocational equipment, recording an accomplishment rate of 72.3 percent and 6.4 percent, respectively. The underperformance is due to the non-availability of bidder during its procurement in 2021. To date, the DepEd noted that these items were already procured and are ongoing delivery in 2022.

In addition, DepEd filled up 5,581 teaching positions or only 55.8 percent of its 10,000 targeted teaching positions during the year. Lastly, 608.4 percent or 1,006,163 teachers of the 165,389 targeted teachers and teaching-related staff were trained within the year. The conduct of virtual sessions/webinars and hybrid modalities resulted in the accommodation of more participants. The training was both National Educators' Academy of the Philippines (NEAP)- and non-NEAP recognized.

# Commission on Higher Education

## Financial Performance

To sustain the provision of accessible quality tertiary education amidst the COVID-19 pandemic, ₱62.1 billion was allotted to the CHED inclusive of the ₱10.5 billion previous years' appropriation. This was ₱10.7 billion less than its ₱72.8 billion allocation in 2020. For the period, CHED obligated ₱57.0 billion or 91.7 percent of its total allotment releases, showing improvements from its 82.3 percent obligation rate in 2020 (or 9.4 percentage points increase) noting that in terms of nominal figures, the obligated budget slightly decreased by ₱3.0 billion. Bulk of CHED's obligation came from its major programs such as the UAQTE – ₱50.1 billion; Student Financial Assistance Programs (StuFAPs) – ₱1.7 billion; Subsidy for Tuition fees of Medical Students in SUCs – ₱213 million; Financial Assistance for Post Graduate Students – ₱58 million; and Philippine California Advanced Research Institute – ₱21 million; Medical Scholarship and Return Service (MSRS) Program – ₱20 million. The improvement in obligation rate may be attributed to the synchronizing of the budget by fiscal year and not by academic year, and the direct release of funds to CHED regional offices for the implementation of the TES and Tulong Dunong Program (TDP).

**Table 18. Financial Performance, CHED, 2020-2021**

(in billion pesos, unless otherwise stated)

Department	2020 <sup>a/</sup>					2021 <sup>b/</sup>				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
CHED	72.8	60.0	45.9	82.3%	76.6%	62.1	57.0	38.2	91.7%	67.1%

<sup>a/</sup> 2020 SAAODB

<sup>b/</sup> 2021 SAAODB

As of end 2021, only ₱38.2 billion or 67.1 percent of the agency's total obligated budget was disbursed, achieving a lower disbursement rate in relative terms compared to 86.2 percent in 2019 and 76.6 percent in 2020. This was due to the low disbursement of CHED's major programs. The bulk of the unpaid obligations was intended for the payment of scholarship programs, which were under various stages of validation of grantees, verification of the documents submitted by the scholars and HEIs, and submission of billings from HEIs.

## Physical Performance

For 2021, CHED exceeded most of its physical targets except for the indicator "number of faculty members provided with faculty development grants". CHED only supported 1,165 faculty members with faculty development grants, or 18.4 percent of the target 6,343, due to the low number of scholars interested as potential beneficiaries to pursue a graduate degree during the COVID-19 pandemic, and mobility and internet/connectivity restrictions of potential scholars to access the application and submission of documentary requirements within the given timeframe, among others.

**Table 19. Physical Performance, CHED, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>HIGHER EDUCATION DEVELOPMENT PROGRAM</b>			
<i>Output Indicators</i>			
1. No. of scholarships and student grants awarded	44,115	44,316	100.5%
2. No. of faculty members provided with faculty development grants	6,343	1,165	18.4%
3. No. of research, development and innovation project proposals funded	130	238	183.1%

Source: FY 2023 NEP

**CHED awarded 44,316 scholarships and student grants in 2021 exceeding its target of 44,115 scholarships and student grants.** The beneficiaries were covered by the StuFAPs comprised of 36,505 beneficiaries (82.4 percent) of the regular StuFAPs (Scholarship Program and Grants-in-Aid Program), 5,938 beneficiaries (13.4 percent) of Tulong Agri Program (TAP), 1,169 beneficiaries (2.6 percent) of Cash Grant to Medical Students in SUCs, 455 beneficiaries (1.0 percent) of Scholarship Grant for Dependent and Children of Sugarcane Industry Workers and Small Farmers, and 249 beneficiaries (0.6 percent) of MSRS Program.

**Moreover, 2,322,330 students have benefitted from the programs provided by RA No. 10931 or the UAQTE Act of 2017 for the first semester of Academic Year 2021-2022.** Of the total, 1,972,895 beneficiaries were covered by the Free Higher Education (FHE) Program in SUCs and CHED-recognized Local Universities and Colleges, whereas 245,123 students were grantees of the TES<sup>21</sup>. Meanwhile, 349,435 TES grantees were enrolled in Private HEIs and in CHED-Supervised Institutions. Thus, in 2021, a total of 594,558 beneficiaries were covered by the TES (including the 229,767 TDP grantees).

**Meanwhile, 92.0 percent or 2,091 of the 2,274 graduating scholarship holders completed their courses in priority programs.** This represents a 114.9 percent accomplishment of its 80.0 percent target in 2021.

**Similarly, the 130 target of HEI projects funded in 2021 was significantly surpassed with an accomplishment rate of 183.1 percent or 238 project proposals.** The increase was due to innovation grants for the SUCs Smart Campus Projects that were not funded by the *Bayanihan* II but financed by the Higher Education Development Fund (HEDF).

<sup>21</sup> Among the 2,322,330 students benefitted under the programs covered by the UAQTE, 245,123 FHE Program beneficiaries have also benefitted from the TES composed of TDP, Expanded Students' Grants-in-Aid Program for Poverty Alleviation (ESGP-PA), Listahanan 2.0, and 4Ps not in the Listahanan 2.0 but identified using DSWD-Social Welfare Indicators (SWDI).

## Department of Energy

### Financial Performance

The 2021 allotment of the Department of Energy (DOE) totaled ₱2.3 billion, of which, ₱1.6 billion was charged against the General Fund while ₱0.7 billion was sourced from the Special Account in the General Fund (SAGF). The DOE's obligation rate reached 82.6 percent, a significant increase from its 2020's 72.3 percent, equivalent to an unobligated allotment of ₱406.5 million.

**Table 20. Financial Performance, DOE, 2020-2021**

(in billion pesos, unless otherwise stated)

Department	2020 <sup>a/</sup>					2021 <sup>b/</sup>				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DOE	1.8	1.3	0.9	72.3%	66.6%	2.3	1.9	1.2	82.6%	60.0%

<sup>a/</sup> 2020 SAAODB

<sup>b/</sup> 2021 SAAODB

However, despite the higher obligation rate of the Department, the disbursement rate decreased to 60.0 percent, 6.6 percentage points lower than the prior year's 66.6 percent. This translates to undelivered outputs or unpaid obligations of ₱770.5 million. It should be noted that items chargeable against the SAGF accounts for 62.3 percent of the Department's unpaid obligations with only ₱47.8 million disbursement out of its ₱528.2 million obligation, equivalent to a disbursement rate of only 9.1 percent.

**Table 21. Financial Performance, DOE, by Fund Source, 2021**

(in billion pesos, unless otherwise stated)

Department	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
General Fund	1.6	1.4	1.1	86.0%	79.2%
SAGF	0.7	0.5	0	74.7%	9.1%

Source: DOE

The low disbursement rate of the SAGF can be directly attributed to the Total Electrification Project with the highest allocation of ₱500 million or 70.7 percent of the total SAGF allotment of ₱707.0 million. Of this amount, the DOE has obligated a total of ₱417.8 million but disbursed only ₱2.6 million.

Physical Performance

The DOE continues to provide adequate, reliable, and affordable energy to industries and enable them to give employment and low cost of goods and services. This is evident in the Department’s 2021 physical performance covering all of its 22 output indicators. This is an improvement from its 2020 performance wherein three (3) output indicators under the Downstream Energy Development Program<sup>22</sup> and Alternative Fuels and Technologies Program<sup>23</sup> were not achieved.

**Table 22. Physical Performance, DOE, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>NATIONAL AND REGIONAL ENERGY PLANNING PROGRAM</b>			
<i>Output Indicators</i>			
1. No. of energy plans prepared and updated	2	3	150.0%
2. No. of statistical research and studies prepared/updated	40	112	280.0%
3. Percentage of project evaluation and monitoring conducted on time	80%	80%	100.0%
4. Number of applications for Certification of Energy Project of National Significance processed/evaluated	20	29	145.0%
<b>CONVENTIONAL ENERGY DEVELOPMENT PROGRAM</b>			
<i>Output Indicators</i>			
1. No. of contracts and/or circulars drafted, prepared and reviewed	5	10	200.0%
2. No. of information, education, communication, and other promotional activities conducted on conventional energy development	14	19	135.7%
3. No. of monitoring activities/inspections conducted on conventional energy projects	117	326	278.6%
<b>RENEWABLE ENERGY DEVELOPMENT PROGRAM</b>			
<i>Output Indicators</i>			
1. Percentage of issuances and permits on renewable energy development issued on time	83%	97%	116.9%
2. No. of information, education, communication, and other promotional activities conducted on renewable energy	40	191	477.5%
3. No. of inspection conducted on renewable energy development projects	123	1,855	1,508.1%

<sup>22</sup> For 2020, the accomplishment on the (i) No. of information, education, communication, and other promotional activities conducted on the downstream oil and gas sector, and (ii) No. of downstream oil and gas field work and operational monitoring activities conducted were only at 33 and 34 percent of the target, respectively.

<sup>23</sup> For 2020, the accomplishment on the (i) No. of information, education, communication, and other promotional activities conducted on alternative fuels and technology was only at 64 percent of the target.

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>DOWNSTREAM ENERGY DEVELOPMENT PROGRAM</b>			
<i>Output Indicators</i>			
1. No. of issued permits/accreditations/acknowledgements/endorsements and reports submitted	2803	5,510	196.6%
2. No. of information, education, communication, and other promotional activities conducted on the downstream oil and gas sector	4	13	325.0%
3. No. of downstream oil and gas field work and operational monitoring activities conducted	136	314	230.9%
4. No. of plans and policies updated/formulated, monitored and recommended for adoption and implementation	6	19	316.7%
<b>ELECTRIC POWER INDUSTRY DEVELOPMENT PROGRAM</b>			
<i>Output Indicators</i>			
1. No. of plans/policies prepared, updated and disseminated	11 policies and 3 plans	39 policies and 4 plans	310.6%
2. No. of information, education, promotional events, and public consultations, etc. undertaken on electric power industry	28	61	217.9%
3. No. of application for Certificate of Endorsement on investment in the energy sector processed	272	408	150.0%
<b>ENERGY EFFICIENCY AND CONSERVATION PROGRAM</b>			
<i>Output Indicators</i>			
1. No. of information, education, communication, and other promotional activities conducted on energy efficiency and conservation program	25	118	472.0%
2. No. of energy audit in government agencies conducted on time	62	123	198.4%
<b>ALTERNATIVE FUELS AND TECHNOLOGIES PROGRAM</b>			
<i>Output Indicators</i>			
1. No. of technical assistance/evaluation completed on time	8	71	887.5%
2. No. of information, education, communication, and other promotional activities conducted on alternative fuels and technologies	8	12	150.0%
3. Number of policies formulated/permits issued related to alternative fuels and technologies issued on time	4	17	425.0%

Source: FY 2023 NEP

**It should be noted, however, that the Department’s actual accomplishment rates on its physical targets range from 100.0 to 1,508.1 percent despite the observed lower financial performance<sup>24</sup> of its agency specific budget under the General Fund.** This mismatch has been continuously observed even in previous years – as the physical targets may have been understated. Hence, there is a need to revisit its planning strategies to formulate realistic and measurable targets based on historical data and within the control of the agency. The DOE should also pursue the tighter linkage between strategic and operational planning and budgeting, as well as the promotion of better designed, well-prepared and “shovel-ready” programs and projects. This will ensure the optimum utilization of funds towards a more effective delivery of its mandated functions.

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<sup>24</sup> 86.0 percent obligation rate and 79.2 percent disbursement rate.

# Department of Environment and Natural Resources

## Financial Performance

For 2021, the DENR reported a 96.7 percent obligation rate, higher than the 92.3 percent recorded in 2020, as all six agencies reached obligation rates above 96.0 percent. This improvement was mainly due to the performance of the DENR-OSEC, which comprises 73.7 percent of the total allotment releases of the Department, from the obligation rate of 91.1 percent in 2020 to 96.4 percent in 2021. All other agencies posted increases in their respective utilization rates<sup>25</sup>, except for the National Mapping and Resource Information Authority (NAMRIA) which saw a slight decline from 98.8 percent to 97.2 percent. Despite the relatively high obligation rate of the DENR, this could have been greater if not for the unobligated amounts of the Mines and Geosciences Bureau (MGB) and Palawan Council for Sustainable Development Staff (PCSDS) as a result of various restrictions brought about by the pandemic.

**Table 23. Financial Performance, DENR, 2020-2021**

(in billion pesos, unless otherwise stated)

Department	2020 <sup>a/</sup>					2021 <sup>b/</sup>				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DENR	23.1	21.3	18.1	92.3%	85.1%	28.3	27.3	24.4	96.7%	89.3%

<sup>a/</sup> 2020 SAAODB

<sup>b/</sup> 2021 SAAODB

Meanwhile, the Department's spending performance increased from 85.1 percent in 2020 to 89.3 percent in 2021. This improvement was again brought about mainly by the DENR-OSEC, from 85.1 percent in 2020 to 89.7 percent in 2021, as well as the Environmental Management Bureau (EMB), which posted a significant increase from 79.1 percent to 90.8 percent. Moreover, only two (2) agencies have disbursement rates lower than 90.0 percent in 2021<sup>26</sup> compared to four (4) agencies in 2020.

## Physical Performance

The Department was able to significantly accomplish its physical targets for 2021, with commendable performance for EMB and NAMRIA as they met all of their physical targets. The DENR-OSEC's Natural Resources Conservation and Development Program, which received the highest budgetary allocation of ₱11.06 billion in 2021, exceeded five (5) out of its eight (8) targets. Two (2) of the three (3) unmet targets, namely, (i) decrease in the denuded and degraded forestlands/protected areas (PAs), and (ii) maintenance and protection of planted areas, almost reached the targets at 99.9 and 98.9 percent, respectively. On the other hand, the remaining unmet target pertaining to the issuance of free residential patents only reached 59.0 percent of the targeted 45,000 patents.

<sup>25</sup> The obligation rates of the other agencies in 2021 are as follows: EMB – from 95.3 percent to 97.7 percent; MGB – from 96.1 percent to 98.2 percent; National Water Resources Board (NWRB) – from 89.9 percent to 99.8 percent; and PCSDS – from 94.4 percent to 99.5 percent

<sup>26</sup> The disbursement rates of the other agencies in 2021 are as follows: MGB – 94.9 percent; NAMRIA – 75.2 percent; NWRB – 93.3 percent; and PCSDS – 98.4 percent.

**Table 24. Physical Performance, DENR-OSEC, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>NATURAL RESOURCES ENFORCEMENT AND REGULATORY PROGRAM</b>			
<i>Output Indicators</i>			
1. No. of hectares of open-access/untenured lands of the public domain placed under appropriate management arrangement/tenure	15% of open access/ untenured lands of the public domain placed under appropriate management arrangement/ tenure	467,353.32 ha.	89.0% <sup>27</sup>
2. Percentage of wildlife permits, certifications and/or clearance applications acted upon within 7 working days from date of receipt	80% of wildlife permit applications acted upon	89%	111.3%
<b>NATURAL RESOURCES CONSERVATION AND DEVELOPMENT PROGRAM</b>			
<i>Output Indicators</i>			
1. No. of terrestrial protected areas/wetlands/caves established/conserved			
Inland Wetlands	11	37	336.4%
Caves	13	87	669.2%
2. No. of critical habitats established and managed	2 established and 6 managed	8 established and 18 managed	400.0% 300.0%
3. No. of legislated NIPAS MPAS with Water Quality Assessment Monitoring conducted	15	36	240.0%
4. No. of established Marine Protected Areas Network (within NIPAS MPA or with at least one NIPAS MPA component strengthened)	3	12	400.0%
5. No. of residential free patents issued	45,000	26,550	59.0%
6. Area of denuded and degraded forestlands/PAs decreased (in ha. cumulative)	94,438 ha.	94,374.86 ha.	99.9%
7. No. of hectares planted area maintained and protected	158,533 ha.	156,836.92 ha.	98.9%
8. Percentage of annual survival rate of seedlings planted	85%	89.82%	105.7%
<b>ENVIRONMENT AND NATURAL RESOURCES RESILIENCY PROGRAM</b>			
<i>Output Indicators</i>			
1. No. of priority critical watershed supporting National Irrigation System characterized and vulnerability assessed	25	34	136.0%

Source: FY 2023 NEP

<sup>27</sup> The 89.0% accomplishment rate is based on the target of 525,000 ha. as contained in the DBM's 2021 APR Report of DENR.

It should be highlighted, however, that the DENR met all targets in ensuring conformity with environmental standards on environmental impact, pollution and mining. In particular, the EMB and the MGB both exceeded their targets in the timely processing of applications and permits. Monitoring was also conducted for existing projects and operations, with the EMB inspecting the compliance of 17,667 projects to their Environment Compliance Certificates (ECC) and 63,655 sites/facilities on their impact on environmental quality, while the MGB monitored compliance for 1,122 mining permits/contracts.

**Table 25. Physical Performance, DENR-EMB and MGB, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>EMB</b>			
<b>ENVIRONMENTAL ASSESSMENT AND PROTECTION PROGRAM</b>			
<i>Output Indicators</i>			
1. No. of projects monitored based on ECC conditions with reports submitted	14,910	17,667	118.5%
2. Information, Education and Communication materials developed and disseminated	40,000	48,096	120.2%
3. No. of environmental research studies conducted for policy purposes	1	1	100.0%
<b>ENVIRONMENTAL REGULATIONS AND POLLUTION CONTROL PROGRAM</b>			
<i>Output Indicators</i>			
1. Percentage of permits, clearances, and certificates issued within the prescribed timeframe	80%	95%	118.8%
2. No. of sites/facilities or areas that have been inspected with report submitted	52,595	63,655	121.0%
3. Percentage of cases/complaints acted upon within the prescribed timeframe	96%	100%	104.2%
<b>MGB</b>			
<b>MINERAL RESOURCES ENFORCEMENT AND REGULATORY PROGRAM</b>			
<i>Output Indicators</i>			
1. Mining applications (including other mining rights related applications) approved/denied/endorsed within the prescribed period	3,646	4,806	131.8%
2. Number of mining permits/contracts monitored	1,030	1,122	108.9%
<b>GEOLOGICAL RISK REDUCTION AND RESILIENCY PROGRAM</b>			
<i>Output Indicators</i>			
1. No. of cities and municipalities where vulnerabilities and risk assessments were conducted	80	81	101.3%
2. No. of LGUs (cities/municipalities) provided with information, education, and communication campaigns on geohazards	90	92	102.2%
3. No. of LGUs assessed for groundwater resources and vulnerability	50	53	106.0%

Source: FY 2023 NEP

**At the local level, the MGB also exceeded its targets in the conduct of assessments on vulnerabilities and risks (81 cities/municipalities), and in the provision of information materials on geohazards (92 cities/municipalities).** In addition, 53 cities/municipalities were assessed for groundwater resources and vulnerability.

**There is a need to revisit and reassess the physical targets of the DENR to ensure that these are not understated – as overperformance was continuously observed in most of its targets despite the less than 90.0 percent disbursement rate in the previous years.** The Department should pursue the tighter linkage between the strategic and operational planning and budgeting, as well as the promotion of better designed, well-prepared and “shovel-ready” programs and projects.

# Department of Health

## Financial Performance

The DOH was provided a total allotment of ₱251.7 billion in 2021 to support the Department's mandated function of ensuring access to basic public health services for all Filipinos. This also covers the preparation for the transition to the endemic phase of COVID-19. Obligation for the same year was ₱236.3 billion or 93.9 percent, which was higher than its obligation rate of 87.9 percent in 2020. However, the disbursement rate was lower at 76.3 percent as compared to 80.4 percent in the previous year.

**Table 26. Financial Performance, DOH, 2020-2021**  
(In billion pesos, unless otherwise stated)

Department	2020 <sup>a/</sup>					2021 <sup>b/</sup>				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DOH	201.0	176.5	142.0	87.9%	80.4%	251.7	236.3	180.4	93.9%	76.3%

<sup>a/</sup> 2020 SAAODB

<sup>b/</sup> 2021 SAAODB

**By expense class, current operating expenditures account for ₱218.5 billion or 92.5 percent of the total obligation incurred by the DOH.** This consisted of MOOE at ₱147.7 billion and PS at ₱70.8 billion. The remaining 7.5 percent of the total obligation represents CO at ₱17.8 billion.

**By implementing agency, the DOH-OSEC accounts for 99.8 percent of the total obligation at ₱235.8 billion.** The remaining 0.2 percent was incurred by the National Nutrition Council (NNC) at ₱448.6 million. In terms of disbursement, the DOH-OSEC's disbursement rate reached 76.4 percent and NNC at 67.7 percent.

**The remaining ₱11.8 billion or 4.8 percent represents the unobligated allotment of DOH-OSEC for the year.** The unobligated allotment was attributed to the following: a) unutilized fund transfers from DOH-CO for Special Risk Allowance, b) late release of sub-allotments from Central Office to the regions, c) delayed procurement of medical equipment, supplies, and materials, and d) canceled contracts and projects. On the other hand, the low disbursement rate of DOH-OSEC was accounted by the following: a) deferred signing of various Memoranda of Agreement (MOA) for the implementation of the Medical Assistance for Indigent Patients (MAIP) with local hospitals, b) delayed deliveries of commodities and payments to suppliers due to incomplete submission of documents, and c) suspension in the conduct of procurement activities and delays in the implementation of infrastructure projects from the imposition of the community quarantine.

**Under the DOH-OSEC, around ₱111.9 billion or approximately 47.4 percent of the total obligation was spent on the implementation of the major programs.** These include the following: a) Prevention and Control of Communicable Diseases – ₱8.1 billion, b) HFEP – ₱8.3 billion, c) Operation of DOH Hospitals in Metro Manila – ₱12.5 billion, d) Assistance to Indigent Patients – ₱14.7 billion, e) Family Health, Immunization, Nutrition and Responsible Parenting – ₱16.7 billion, f) HRH Deployment – ₱16.9 billion, and g) Operation of DOH Regional Hospitals and Other Health Facilities – ₱34.7 billion.

**In terms of COVID-19 expenditures, the DOH-OSEC obligated 92.6 percent which is equivalent to ₱164.7 billion out of the ₱177.8 billion allocation under RA No. 11494 or the *Bayanihan II*.** This included provisions for the emergency hiring of personnel for HRH, grant of Special Risk Allowance for health care workers, the provision of continuous COVID-19 laboratory testing services of the DOH, and the procurement of COVID-19 vaccines, among others. An amount of ₱68.3 billion from the Philippines COVID-19 Emergency Response Project 2 (PCERP 2) of the World Bank and the HEAL 2 under the ADB and Asian Infrastructure Investment Bank was also used to scale up the COVID-19 response. Of the said amount, ₱65.6 billion, or an equivalent of 96.0 percent was obligated. From the obligated amount, ₱47.1 billion was disbursed, translating to a 71.9 percent disbursement rate.

**Out of the ₱448.6 million total obligation of the NNC, 90.3 percent or ₱405.1 million was utilized for the implementation of the National Nutrition Management Program.** This includes: a) promotion of good nutrition; b) assistance to national, local nutrition, and related programs; and c) Early Childhood Care and Development/Nutrition Intervention Package for the First 1,000 Days, among others.

**In addition to the ₱201.0 billion allotment to the DOH in 2021, some ₱71.2 billion was released to the Philippine Health Insurance Corporation (PHIC) for the implementation of the National Health Insurance Program.** The total obligation of PHIC was spent for the health insurance premiums of the following: a) 12.8 million indigent families under the DSWD's National Household Targeting System for Poverty Reduction (NHTS-PR) – ₱30.6 billion; (b) 8.0 million senior citizens – ₱40.1 billion; (c) 100,000 unemployed persons with disability – ₱240.0 million; (d) 99,800 financially incapable Universal Health Care for Point of Service (POS) patients – ₱239.5 million; and (e) 21,064 families identified under the PAlapapa at MASaganang Pamayana (PAMANA) Program – ₱50.6 million.

### *Physical Performance*

**Under the Health Systems Strengthening Program, the DOH provided 3,663 out of 3,686 health partners with technical assistance on local health systems development, translating to a 99.4 percent accomplishment rate.** The DOH also continuously provided 100.0 percent of the HRH requirements to 1,634 priority areas for the year. This program aims to augment, redistribute, and retain health workers in the country and thereby enhance the access of the public, especially those in marginalized areas, to basic health services.

**Table 27. Physical Performance, DOH, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>HEALTH SYSTEMS STRENGTHENING PROGRAM</b>			
<i>Output Indicators</i>			
1. Percent of partners provided with technical assistance on local health systems development	100%	99.4%	99.4%
2. Percent (& Number) of priority areas supplemented with Human Resource for Health from DOH Deployment Program	100%	100.0%	100.0%
<b>PUBLIC HEALTH PROGRAM</b>			
<i>Output Indicators</i>			
1. Percent (& Number) of local government units (LGUs) and other health partners provided with technical assistance on public health programs	100%	100.0%	100.0%
2. Percent of received health commodities from the Central Office distributed to health facilities based on the allocation list	80%	89.0%	111.3%
<b>EPIDEMIOLOGY AND SURVEILLANCE PROGRAM</b>			
<i>Output Indicators</i>			
1. Percent (& Number) of outbreak/ epidemiologic investigations conducted	75%	100.0%	133.3%
<b>HEALTH EMERGENCY MANAGEMENT PROGRAM</b>			
<i>Output Indicators</i>			
1. Percent (& Number) of LGUs provided with technical assistance on the development or updating of Disaster Risk Reduction Management-Health (DRRM-H)	100%	117.0%	117.0%
<b>HEALTH FACILITIES OPERATION PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of policies, manuals, and plans developed on health facility development	10	39	390.0%
2. Number of blood units collected by Blood Service Facilities	83,546	85,091	101.8%
3. Number of in-patient and out-patient drug abuse cases managed	24,257	114,285	471.1%
<b>SOCIAL HEALTH PROTECTION PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of patients provided with medical assistance	1,800,000	1,717,830	95.4%

Source: FY 2023 NEP

**The DOH exceeded its targets under the Public Health Program.** This translated to the provision of technical assistance on public health programs to 1,550 LGUs and other health partners. On the distribution of health commodities, the DOH exceeded its target and provided 89.0 percent of health commodities from the Central Office to health facilities based on its allocation list.

**The targets for the Epidemiology and Surveillance Program and Health Emergency Management Program were also met for the year.** The DOH conducted 6,634 outbreak/epidemiologic investigations, representing a 100.0 percent accomplishment rate which includes planned and requested outbreak/epidemiologic investigations for the year. In support of the Health Emergency Management Program, the DOH provided technical assistance to 1,176 out of 1,007 LGUs on the development or updating of the Disaster Risk Reduction and Management for Health (DRRM-H). This represents an accomplishment rate of almost 117.0 percent wherein the increase was attributed to the virtual activities conducted that expanded the technical assistance provided beyond the target.

**For the Health Facilities Operation Program, the DOH issued 39 policies, manuals, and plans on health facility development.** This indicates a 390.0 percent accomplishment rate compared to its targeted 10 issuances for the year. The increase in the total number of policies issued required adjustment as a result of directives from the Executive Committee relating to the COVID-19 pandemic as well as the increase in the number of implementing rules and regulations (IRRs) given the number of approved hospital laws this year.

**The Blood Service Facilities of the Department collected 85,091 blood units for the year, exceeding its target of 83,546 or by 1.8 percent.** This was brought about by the increase in blood donors participating in blood donation drives and the effective advocacy and public education among the blood donors. In addition, a total of 114,285 inpatient and outpatient drug cases were managed, exceeding its target of 24,257. The overperformance was due to the increased demand for outpatient services for persons who use drugs (PWUDs), the conduct of community-based outpatient treatment services, and the provision of virtual treatment sessions.

**A total of 1,717,830 patients were provided with medical assistance under the MAIP under the Social Health Protection Program.** This indicated an accomplishment rate of 95.4 percent and fell short of its 1,800,000 target. The variance from the target was attributed to the increasing bill per patient that resulted in catering to fewer patients but utilizing more funds.

**The PHIC continues to provide health insurance coverage to disadvantaged sectors.** For 2021, the PHIC achieved the following health insurance coverages: a) 96.4 percent or approximately 12.8 million out of the 13.2 million indigent families targeted under NHTS-PR; b) 109.9 percent or 8.0 million out of the target 7.3 million senior citizens; c) 100.0 percent of the target 100,000 unemployed persons with disability; d) 8.5 percent or 99,800 out of the target 1.1 million financially incapable for POS patients; and e) 82.6 percent or 21,064 out of the target 25,512 families identified under the PAMANA Program.

# Department of Information and Communications Technology

## Financial Performance

With the recognition that leveraging ICT is crucial in the country's digital transformation and adaptation to the post-pandemic situation, the Department of Information and Communications Technology's (DICT) total allotment increased by 39.8 percent to reach ₱13.7 billion in 2021 from the ₱9.8 billion in 2020. However, the Department only obligated ₱7.2 billion, or 52.4 percent obligation rate, a plunge from its 2020 performance of 73.9 percent. On the other hand, the Department improved its spending performance with 53.3 percent disbursement rate from the 31.8 percent recorded in 2020.

**Table 28. Financial Performance, DICT, 2020-2021**

(in billion pesos, unless otherwise stated)

Department	2020 <sup>a/</sup>					2021 <sup>b/</sup>				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DICT	9.8	7.2	2.3	73.9%	31.8%	13.7	7.2	3.9	52.4%	53.3%

<sup>a/</sup> 2020 SAAODB

<sup>b/</sup> 2021 SAAODB

The DICT-Cybercrime Investigation and Coordination Center (CICC) sustained its performance with the highest obligation and disbursement rates of 96.8 percent and 95.3 percent, respectively. Following CICC is the National Privacy Commission (NPC), leaping from 65.5 percent obligation rate in 2020 to 85.9 percent in 2021. However, the disbursement rates of both the CICC (95.3 percent) and NPC (86.0 percent) dropped<sup>28</sup> as compared to 2020. Meanwhile, the lowest disbursement rates were registered by the DICT-OSEC at 51.5 percent and the National Telecommunications Commission (NTC) at 53.6 percent. Notwithstanding the low disbursement rates, the two (2) agencies showed significant improvements from their 2020 performance of 29.8 percent and 33.0 percent, respectively.

<sup>28</sup> In 2020, the disbursement rates of CICC and NPC were higher than in 2021 at 95.9 percent and 97.7 percent, respectively.

**Table 29. Financial Performance, DICT-OSEC and Attached Agencies, 2021**  
(in million pesos, unless otherwise stated)

Particulars	Amount			BUR	
	Allotment	Obligation	Disbursements	Obligations	Disbursements
OSEC	12,012.3	5,734.3	2,950.4	47.7%	51.5%
NTC	1,294.9	1,113.3	597.2	86.0%	53.6%
NPC	300.7	258.2	222.1	85.9%	86.0%
CICC	48.1	46.6	44.4	96.8%	95.3%

Source: 2021 Agency Performance Review Report of DICT

The overall financial performance of the DICT can be attributed mainly to the DICT-OSEC which received the lion's share of ₱12.0 billion or around 88.0 percent of the total allotment. The agency's BUR reflects the slow implementation of its Locally-Funded Projects (LFPs), which amount to ₱7.0 billion or more than half (58.5 percent) of its allotment, with total obligation and disbursement rates of only 39.1 percent and 46.9 percent, respectively. In particular, the DICT-OSEC registered less than 50.0 percent obligation rate for its three (3) biggest LFPs namely, the (i) Free Internet Wi-Fi Connectivity in Public Places; (ii) National Broadband Plan; and (iii) National Government Data Center<sup>29</sup>.

**Table 30. Implementation of Locally-Funded Projects under DICT-OSEC, 2021**  
(in million pesos, unless otherwise stated)

Particulars	Amount			BUR	
	Allotment	Obligation	Disbursements	Obligation	Disbursements
<b>General Fund</b>	<b>4,297.5</b>	<b>1,695.2</b>	<b>945.9</b>	<b>39.5%</b>	<b>55.8%</b>
National ICT Household Survey	41.4	-	-	-	-
National Government Data Center Infrastructure	1,789.8	894.4	513.0	50.0%	57.5%
National Broadband Plan	1,908.4	361.5	256.8	18.9%	71.0%
National Government Portal	557.9	439.3	176.1	78.8%	40.1%
<b>Special Account in the General Fund</b>	<b>2,725.5</b>	<b>1,049.6</b>	<b>340.8</b>	<b>38.5%</b>	<b>32.5%</b>
Free Internet Wi-Fi Connectivity in Public Places	2,417.6	1,048.8	340.8	43.4%	32.5%
Free Internet Wi-Fi Connectivity in State Universities and Colleges	307.9	0.8	-	0.3%	-
<b>Total</b>	<b>7,023.0</b>	<b>2,744.9</b>	<b>1,286.7</b>	<b>39.1%</b>	<b>46.9%</b>

<sup>29</sup> The National Government Data Center's obligation rate for 2021 is 49.97 percent.

*Physical Performance*

The regular programs covered by DICT-OSEC met eight (8) of the 12 output indicators for 2021. Of particular note is the accomplishment on the number of interconnected government agencies under the ICT Systems and Infrastructure Development, Management and Advisory Program which reached an additional 143 NGAs/LGUs for an accomplishment rate of 476.7 percent against its target of 30 NGAs/LGUs. However, it was observed that the said target was a huge decrease from the 341 NGAs/LGUs targeted in the previous year. Nevertheless, the agency still increased the additional interconnected government agencies by 28.8 percent from the 111 NGAs/LGUs in 2020. Significant accomplishments were also achieved in the other indicators as the number of systems/modules developed doubled its set target, while the number of localities with connectivity recorded more than 100 percent performance.

**Table 31. Physical Performance, DICT-OSEC, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>ICT GOVERNANCE PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of national ICT plans developed and/or implemented	17	-	-
2. Number of policies and standards developed and/or implemented	7 policies and 30 standards; 120 agencies' ISSPs endorsed	16 policies and 72 standards; 56 agencies' ISSPs endorsed	228.6% (policies) 240.0% (standards); 46.7% (agencies' ISSPs endorsed)
3. Number of recommendations and position papers in ICT-related legislative bills and executive issuances	12	25	208.3%
<b>ICT SYSTEMS AND INFOSTRUCTURE DEVELOPMENT, MANAGEMENT AND ADVISORY PROGRAM</b>			
<i>INNOVATION AND DEVELOPMENT SUB-PROGRAM</i>			
<i>Output Indicators</i>			
1. Number of developed ICT-enabled tools, applications and systems for public use	Development of 2 systems and 1 mobile application	4 systems/modules, 1 portal, 1 database, 1 application	200.0% (systems/modules); 100.0% (application)
2. Number of interconnected government agencies	Additional 30 NGAs/LGUs	143 NGAs/LGUs	476.7%
3. Number of localities with connectivity	79 Provinces and 898 Municipalities and Cities (10,069 live sites maintained and operated)	81 Provinces and 1,346 localities (11,618 live sites maintained and operated)	102.5% (Provinces), 149.9% (localities), 115.4% (live sites maintained and operated)

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>IMPLEMENTATION MANAGEMENT AND OPERATIONS SUB-PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of technical services provided	14 ICT facilities/services providing technical services	16 ICT facilities/services providing technical services	114.3%
2. Number of government agencies who availed the technical services	2,753 NGAs/LGUs	7,411 NGAs/LGUs	269.2%
3. Number of operationalized and enhanced infrastructures	Operations of 2 Cable Landing Stations (CLS) and 4 Repeater Stations; Operations and Maintenance of 4 government communications management system	Operations and Maintenance of 6 government communications management system	0.0% (CLS); 0.0% (Repeater Stations); 150.0% (operations and maintenance of government communications management system)
<b>ICT CAPACITY DEVELOPMENT AND MANAGEMENT PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of capability development activities	2,392	1,375	57.5%
2. Number of ICT users trained	66,251	169,748	256.2%
3. Number of ICT-enabled centers established in the communities	11 upgraded Tech4ED Centers to Digital Transformation Centers (DTCs)	309 Tech4ED Centers/DTC Level 1	2,809.1%

Source: FY 2023 NEP

The DICT-OSEC reported varying accomplishments under its other programs, namely, the ICT Governance Program and the ICT Capacity Development and Management Program. For the ICT Governance Program, the agency was unable to develop and/or implement any national ICT plan, but achieved more than double the target for the number of policies and standards developed and/or implemented as well as the number of recommendations and position papers in ICT-related legislative bills and executive issuances. Meanwhile, the ICT Capacity Development and Management Program upgraded 309 Tech4ED Centers to Digital Transformation Centers (DTC), accomplishing 2,809.1 percent achievement rate. Moreover, a total of 169,748 ICT users were trained under the program which is 256.2 percent of the 66,251 target. However, the program was only able to conduct 1,375 capability development activities or only 57.5 percent of the 2,392 target.

**While the Department’s physical performance improved, with the majority of its targets achieved and even exceeded to as high as 2,809.1 percent, there seems to be a disconnect with its financial performance as the obligation and disbursement rates are only a little above 50.0 percent.** This mismatch has been continuously observed in previous years – which maybe a result of the physical targets being understated. Hence, there is a need to eliminate this understatement wherein the DICT should revisit and reassess their planning strategies in order to formulate realistic and measurable targets based on historical data and within its control.

**Out of the six (6) LFPs of the DICT-OSEC, only the Free Internet Wi-Fi Connectivity in SUCs achieved its target for the year.** In fact, three (3) LFPs were not able to report their accomplishments and provide explanations on the non-achievement of targets, namely: National ICT Household Survey, National Government Data Center Infrastructure, and National Broadband Plan.<sup>30</sup> This physical performance coincides with the agency’s financial performance on LFPs, hence, it has been recommended that the DICT should undertake catch-up plans to recoup the underperformance as well as to revisit/review their existing strategies and institute more effective measures to address the recurring issues and/or bottlenecks encountered during project implementation.

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<sup>30</sup> Per the DBM’s APR Report of the DICT-OSEC for the period January to December 2021.

# Department of Interior and Local Government

## Financial Performance

In FY 2021, the Department of the Interior and Local Government (DILG) was provided with ₱321.2 billion to support the promotion of peace and order, ensure public safety, and strengthen the capability of LGUs through active people participation and a professionalized corps of civil servants. Of the said amount, ₱313.0 billion or 97.5 percent was obligated for the same period, which is moderately lower than its 98.4 percent obligation rate in the previous year. The slight decrease in the DILG's obligation rate may be attributed to the delays in the procurement process/delivery of equipment and cancellation/suspension of programs, activities, and projects (such as the conduct of trainings and seminars, and monitoring activities of DILG-OSEC in LGUs due to travel restrictions brought by the COVID-19 pandemic. Nevertheless, the Department's disbursement rate slightly inched up to 96.7 percent from 96.5 percent in the prior year.

**Table 32. Financial Performance, DILG, 2020-2021**

(In billion pesos, unless otherwise stated)

Department	2020 <sup>a/</sup>					2021 <sup>b/</sup>				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DILG	298.8	293.9	283.6	98.4%	96.5%	321.2	313.0	302.7	97.5%	96.7%

<sup>a/</sup> 2020 SAAODB

<sup>b/</sup> 2021 SAAODB

By expense class, obligations incurred for PS reached ₱276.1 billion or 88.2 percent of the total obligations of the DILG. The Philippine National Police (PNP) accounted for nearly ₱228.1 billion or 82.6 percent of the Department's total PS obligations. On the other hand, MOOE, and CO amounted to 32.4 billion or 10.3 percent and ₱4.6 billion or 1.5 percent, respectively, of the DILG's total obligations.

Among the agencies under the DILG, the PNP accounted for the largest allotment at ₱251.9 billion (78.4 percent), the highest obligation rate at 99.0 percent (₱249.3 billion), and the highest disbursement rate at 97.0 percent (₱241.9 billion). Other agencies with notable financial performances include the following:

- Bureau of Fire Protection (BFP) – ₱32.6 billion allotment (10.2 percent), 92.2 percent obligation rate (₱30.1 billion), and 94.6 percent disbursement rate (₱28.5 billion);
- Bureau of Jail Management and Penology (BJMP) – ₱22.1 billion allotment (6.9 percent), 92.8 percent obligation rate (₱20.6 billion), and 96.7 percent disbursement rate (₱19.9 billion); and
- DILG-OSEC – ₱10.8 billion allotment (3.4 percent), 90.5 percent obligation rate (₱9.8 billion), and 95.7 percent disbursement rate (₱9.4 billion).

*Physical Performance*

**Under its Crime Prevention and Suppression Program, the PNP conducted 33,072,824 foot and mobile patrol operations in 2021.** The ardent patrol operations may be responsible for the significant reduction of 2.55 percentage in the national index crime rate. However, the PNP was only able to respond to 488,495 calls for police assistance within 15 minutes. This is 99.1 percent of 492,769 total calls. Nonetheless, the variance of 4,274 or 0.9 percent of total calls were also responded to, albeit beyond the 15 minutes response time due to the inaccessibility of some barangays that are quite far from municipal police stations, especially in coastal areas.

**Table 33. Physical Performance, DILG-PNP, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>CRIME PREVENTION AND SUPPRESSION PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of foot and mobile patrol operations conducted	5% increase (35,540,706)	33,072,824	93.1%
2. Percentage change in National Index Crime Rate (NICR)	5% reduction	2.55% reduction	51.0%
3. Percentage of crime incidents responded within 15 minutes (in urban areas)	100%	99.1%	99.1%
<b>CRIME INVESTIGATION PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of crime investigations undertaken	522,301	365,526	70.0%
2. Percentage of most wanted persons/high value targets arrested	5% increase (46.26%)	82.6%	178.6%
3. Percentage of arrested persons within 30 days upon the receipt of the Warrant of Arrest	5% monthly arrest (73.29%)	55.9%	76.3%

Source: FY 2023 NEP

**For its Crime Investigation Program, the PNP arrested 17,778 or 82.6 percent out of its 21,514 most wanted persons/high value targets.** Out of 76,922 persons issued with warrants of arrest, 42,999 or 55.9 percent were arrested within 30 days. The PNP, however, fell short of its target of 522,301 crime investigations undertaken, since only 365,526 crime investigations were conducted in 2021. Nevertheless, it is noted that this number reflects all crimes reported in the PNP blotter in all police stations for the year. Thus, it may be that the actual crime volume for 2021 has been significantly lower than the PNP annual forecast/target.

**For its part, the BJMP achieved all of its performance targets under its Inmates’ Safekeeping and Development Program.** The Bureau recorded 100.0 percent accomplishment ratings both in improved safekeeping efficiency and the percentage of inmates released within 24 hours of their release date. Moreover, the BJMP exceeded its target of inmates provided with welfare and development services, having served 117,217 inmates with health care, spiritual and psychological services, educational and livelihood services, physical fitness, and recreational activities, and guidance counseling, which translated to 114.6 percent accomplishment rate.

**Table 34. Physical Performance, DILG-BJMP, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>INMATES’ SAFEKEEPING AND DEVELOPMENT PROGRAM</b>			
<i>Output Indicators</i>			
1. Improved safekeeping efficiency	99.98%	99.99% (127,800 PDL)	100.0%
2. Percentage of inmates released within 24 hours of their release date	100%	100% (50,489 PDL released)	100.0%
3. Percentage of inmates provided with welfare and development services	80%	91.7% (117,217 of 127,800 PDL)	114.6%

Source: FY 2023 NEP

**Similarly, the BFP surpassed all of its performance targets for its Fire Prevention Management Program and Fire and Emergency Management Program.** The Bureau inspected 2,195,620 or 103.84 percent of registered business establishments nationwide, exceeding its target by 3.84 percent. Likewise, 1,977,136 or 99.96 percent of buildings/ establishments with issued Fire Safety Inspection Certificate (FSIC) did not experience any fire occurrence, slightly surpassing its target by 0.1 percent. Moreover, 2,174,296 or 99.0 percent of buildings/ establishments were inspected within the prescribed timeline of three and a half (3.5) days from the receipt of the Inspection Order from the Fire Safety Inspector, outpacing its target by 10.0 percent.

**Table 35. Physical Performance, DILG-BFP, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>FIRE PREVENTION MANAGEMENT PROGRAM</b>			
<i>Output Indicators</i>			
1. Percentage of registered business establishments inspected against the total number of registered business establishments nationwide	100.0%	103.84%	103.84%
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	99.85	99.96%	100.1%
3. Percentage of buildings and establishments inspected within the prescribed time frame i.e. 3 ½ days from the receipt of Inspection Order (IO) of the Fire Safety Inspector (FSI) against the total number of buildings/establishments inspected nationwide	90.0%	99%	110.0%
<b>FIRE AND EMERGENCY MANAGEMENT PROGRAM</b>			
<i>Output Indicators</i>			
1. Percentage of resolved cases with cause and origin determined within the prescribed time	85.0%	106.4%	125.1%
2. Percentage of suspected arson cases filed in court against total number of intentional fire incidents investigated	25.0%	73.0%	291.8%
3. Percentage of households in disaster/calamity-affected barangays rendered with assistance	15.0%	74.6%	497.4%

Source: FY 2023 NEP

**In addition, the BFP resolved 106.4 percent of cases within the prescribed timeline, including the determination of cause and origin of the fire, which is 21.4 percent better than its 85.0 percent target.** Furthermore, 73.0 percent of suspected arson cases were filed in court and 74.6 percent of households in disaster/calamity-affected barangays were provided with assistance. These numbers are over and above their respective performance targets of 25.0 percent and 15.0 percent for the year. The significant positive variance may be attributed to the arson cases from 2020 that were filed in 2021 and the Intensified Emergency Medical Services provided by the BFP as primary service responder in Emergency 911 and COVID-19 National Task Force.

**The DILG-OSEC fell short in accomplishing its output indicators, having provided pertinent capacity-building and technical assistance services to 1,591 provinces, cities, and municipalities (PCMs).** The deficiency of one (1) LGU is attributed to the deletion of one LGU in Region XII – Cotabato City, which is now administratively part of the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM).

**Table 36. Physical Performance, DILG-OSEC, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>LOCAL GOVERNMENT EMPOWERMENT PROGRAM</b>			
<i>Output Indicator</i>			
1. Number of LGUs provided with pertinent capacity-building/TA services on various governance areas	1,592 PCMs (excluding BARMM)	1,591 PCMs (excluding BARMM)	99.9%
<b>LOCAL GOVERNMENT PERFORMANCE OVERSIGHT AND RECOGNITION AND INCENTIVES PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of LGUs provided with recognition/incentives in accordance to set timelines	All SGLG /PCF qualifiers	N/A	N/A
2. Number of LGUs assessed on good local governance	1,653 PCMs	N/A	N/A

Source: FY 2023 NEP

**There was no accomplishment for the number of LGUs assessed on good local governance.** These targets were anchored on the Seal of Good Local Governance (SGLG), which has been suspended in FY 2021 by virtue of the approval of Resolution No. 2 of the Council of Good Local Governance (CGLC) due to the COVID-19 restrictions.

# Department of Labor and Employment

## Financial Performance

For 2021, the DOLE received a total allotment of ₱53.9 billion to formulate and implement policies and programs on labor and employment, as well as to assist, serve, and support displaced local workers and Overseas Filipino Workers (OFWs) especially those affected by the COVID-19 pandemic. Total obligation for the same year stood at ₱51.6 billion or 95.8 percent obligation rate compared to the ₱38.2 billion or 88.3 percent obligation in 2020. Both obligation rate and obligated funds in nominal terms increased – an improvement of 7.5 percentage points and ₱13.4 billion (or 35.2 percent increase), respectively. Meanwhile, disbursement amounted to ₱50.0 billion or 96.9 percent of its obligated budget, higher than the ₱35.0 billion or 91.7 percent disbursement in 2020. The shortfall in the achievement of obligation and disbursement BURs of some DOLE’s attached agencies was primarily attributed to the low budget utilization of their respective operating expenses due to the imposition of high alert level quarantines resulting to tighter travel restrictions that led to the suspension of projects and activities, failure in biddings, and delayed completion of deliverables.

**Table 37. Financial Performance, DOLE, 2020-2021**

(In billion pesos, unless otherwise stated)

Department	2020 <sup>a/</sup>					2021 <sup>b/</sup>				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DOLE	43.2	38.2	35.0	88.3%	91.7%	53.9	51.6	50.0	95.8%	96.9%

<sup>a/</sup> 2020 SAAODB

<sup>b/</sup> 2021 SAAODB

The DOLE-OSEC, and Overseas Workers Welfare Administration (OWWA) received the bulk of the allotment at ₱29.9 billion and ₱18.9 billion, respectively, constituting 90.6 percent of the Department’s total allotment. Out of these releases, the DOLE-OSEC incurred a total obligation of ₱28.4 billion and disbursed ₱27.2 billion, translating to an obligation rate of 94.9 percent, and disbursement rate of 95.8 percent. On the other hand, OWWA obligated a budget of ₱18.7 billion, and disbursed ₱18.6 billion, equivalent to obligation and disbursement rates of 99.2 percent and 99.3 percent, respectively.

Among the major programs of the DOLE, the Livelihood and Emergency Employment Program obligated a budget of ₱19.9 billion (38.5 percent of total obligations), and OWWA Emergency Repatriation Program obligated ₱17.4 billion (33.6 percent of total obligations). The Livelihood and Emergency Employment Program is composed of the following: (1) Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers (TUPAD) Program – ₱16.4 billion; (2) Government Internship Program (GIP) – ₱2.2 billion; (2) DOLE Integrated Livelihood Program – ₱1.1 billion; and (3) Adjustment Measures Program (AMP) – ₱170 million. It is also noteworthy that the Emergency Repatriation Program (ERP) of the OWWA obligated a budget of ₱17.4 billion.

*Physical Performance*

The DOLE-OSEC accomplished most of its physical targets in 2021 despite some projects and activities being hampered by factors beyond the control of the Department, such as the entry of the more transmissible Delta variant of COVID-19. Affected programs include the implementation of the Special Program for Employment of Students (SPES) and JobStart Philippines Program under the DOLE’s Employment Facilitation Program. Despite these setbacks, the Department has assisted 140,508 youth beneficiaries. In addition, the DOLE referred 2.2 million qualified jobseekers for placement, and about 4.0 million students, jobseekers, employers, and program partners through the Labor Market Information (LMI) posting an accomplishment rate of 148.6 percent and 176.2 percent, respectively.

**Table 38. Physical Performance, DOLE, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>EMPLOYMENT FACILITATION PROGRAM</b>			
<i>Output Indicators</i>			
1. No. of youth-beneficiaries assisted	75,142	140,508	187.0%
2. No. of qualified jobseekers referred for placement	1,500,000	2,228,472	148.6%
3. No. of individuals reached through Labor Market Information (LMI)	2,285,401	4,027,508	176.2%
<b>EMPLOYMENT PRESERVATION AND REGULATION PROGRAM</b>			
<i>Output Indicators</i>			
1. No. of establishments assessed (LLCS)	32,000	91,505	286.0%
2. No. of beneficiaries/workers served	245,858	1,092,728	444.5%
3. Disposition rate of cases handled, including requests for assistance	100%	91%	91.0%
<b>WORKERS PROTECTION AND WELFARE PROGRAM</b>			
<i>Output Indicators</i>			
1. No. of beneficiaries provided with livelihood assistance	23,007	79,644	346.2%
2. No. of beneficiaries served	3,201,672	6,172,948	192.8%
3. Percentage of individuals provided services within the prescribed process cycle time (PCT)	100%	100%	100.0%

Source: FY 2023 NEP

**Meanwhile, under the Employment Preservation and Regulation Program, the targets for number of establishments assessed, and number of beneficiaries/workers served recorded an overperformance.** Pursuant to the General Labor Standards and Occupational Safety and Health Standards, 91,505 establishments were inspected under the Labor Inspection Program, with an accomplishment rate of 286.0 percent. Meanwhile, the DOLE also served 1,092,728 beneficiaries through labor and employment education services (LEES) and workers organizations development program (WODP), translating to 444.5 percent accomplishment. On the other hand, the accomplishment rate for the disposition rate of cases handled (including requests for assistance) is 91.0 percent of the committed target. Despite not meeting the target, the accomplishment for the year is an improvement from the previous year's performance of 85.0 percent.

**Commitments under the Workers Protection and Welfare Program also recorded overperformance attributable to the nature and varying requirements, and actual demand of assistance provided under the program.** The Department has provided livelihood assistance to 79,644 beneficiaries while engaging in livelihood undertakings/enterprises, or enhancing their existing sources of income or livelihood – achieving an accomplishment rate of 346.2 percent. More beneficiaries were accommodated as the maximum per capita of ₱30,000.00 under the DOLE Integrated Livelihood and Emergency Programs (DILEEP) was not maximized due to the nature and varying requirements of the assistance provided under the program<sup>31</sup>. On the other hand, the DOLE served about 6.2 million beneficiaries through various programs<sup>32</sup>, with an accomplishment rate of 192.8 percent. Some projects under the TUPAD Program were only implemented for ten (10) days, and were realigned to AMP serving more displaced formal workers. In addition, more youth beneficiaries were accommodated when the GIP's required minimum months of internship was changed from three (3) months to one (1) month<sup>33</sup>. Finally, the DOLE attained its target of assisting 100.0 percent of individuals within the prescribed Process Cycle Time (PCT).

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<sup>31</sup> Pursuant to DOLE's Department Order No. 173-17 or the "Revised Guidelines in the Implementation of DOLE Integrated Livelihood and Emergency Employment Programs (DILEEP)"

<sup>32</sup> TUPAD Program, GIP, AMP, Child Labor Prevention and Elimination Program (CLPEP), On-Site Services for OFWs, and Family Welfare Program

<sup>33</sup> Pursuant to DOLE-GIP Advisory No. 1-2021 dated October 5, 2022

# Department of National Defense

## Financial Performance

The DND was supported with ₱320.8 billion in ensuring the country's security, sovereignty, and territorial integrity. This is ₱52.4 billion higher compared to the ₱268.4 billion allotment in 2020. The increase was mainly accounted by the higher PS requirements, including pension differentials for 2018, and additional funding for the RAFPMP. The DND recorded an obligation rate of 98.0 percent amounting to ₱314.4 billion – a minor increase over its 96.8 percent obligation rate in the previous year. Meanwhile, disbursements amounted to ₱265.4 billion or 84.4 percent of total obligations, higher than the disbursement rate of 88.3 percent in FY 2020. The relatively low disbursement rate was mostly caused by the delays in the delivery of goods, supplies, and equipment, leading to the late submission of documentary requirements to process the payment. By expense class, PS obligations amounted to ₱211.3 billion comprising 67.2 percent of total obligations, while combined obligations for MOOE and CO reached ₱103.2 billion or 32.8 percent of total obligations.

**Table 39. Financial Performance, DND, 2020-2021**

(In billion pesos, unless otherwise stated)

Department	2020 <sup>a/</sup>					2021 <sup>b/</sup>				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DND	268.4	259.8	229.4	96.8%	88.3%	320.8	314.4	265.4	98.0%	84.4%

<sup>1/</sup> 2020 SAAODB

<sup>2/</sup> 2021 SAAODB

The Armed Forces of the Philippines (AFP) not only accounted for ₱295.2 billion or 93.9 percent of DND's total allotments, it is also responsible for the ₱289.5 billion or 92.1 percent of total obligations. The AFP's allotment can be further broken down into its four main branches, namely: The General Headquarters – Proper (GHQ) with an allotment of ₱123.5 billion, followed by the Philippine Army (PA) with ₱105.2 billion, the Philippine Navy (PN) with ₱34.4 billion, and the Philippine Air Force (PAF) with ₱32.1 billion. All four branches registered high obligation rates led by the GHQ at 99.0 percent, the PAF at 98.4 percent, and the PA and PN at 97.8 and 95.2 percent, respectively.

## Physical Performance

In FY 2021, the PA maintained 220 tactical battalions, out of its target of 240, for an accomplishment rating of 91.7 percent. However, the variance of 20 tactical battalions are already in the various stages of the organizational development process and will be satisfied once approved by the Secretary of National Defense. Meanwhile, 84 Ready-Reserve Battalions (RRBs), out of its target of 86, were maintained in the same period, for an accomplishment rating of 97.7 percent. The variance of two RRBs is attributed to the unavailability of qualified reservists for the said battalions. In terms of operational readiness, both tactical battalions and RRBs exceeded expectations, demonstrating 85.0 percent and 80.0 percent readiness,

respectively. Finally, the PA can mobilize 90.0 percent of the effective strength of tactical battalions within one hour as dictated by higher authorities.

**Table 40. Physical Performance, DND-PA, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>LAND FORCES DEFENSE PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of tactical and ready reserve units			
a. Tactical Battalions	240	220	91.7%
b. Ready Reserve Battalions	86	84	97.7%
2. Percentage of operational readiness of tactical and ready reserve units			
a. Tactical Battalions	83%	85%	102.4%
b. Ready Reserve Battalions	68%	80%	117.6%
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 2023 NEP

**The PAF maintained 162 supportable aircraft, which is 6.4 percent lower than its 173 target.** Similarly, the PAF only accomplished 72.0 percent of flying hours flown, which is 28.0 percent short of its target. The shortfalls in achieving these targets are attributed to the grounded status of various decommissioned and crashed aircrafts in FY 2021 and the challenges brought by the COVID-19 pandemic. Nonetheless, with respect to the accomplishment of one-hour response to flight-directed mission, the PAF achieved 94.0 percent or 104.4 percent of its 90.0 percent target.

**Table 41. Physical Performance, DND-PAF, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>AIR FORCES DEFENSE PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of supportable aircraft maintained	173	162	93.6%
2. Percentage of accomplishment of one-hour response to flight-directed mission	90%	94%	104.4%
3. Percentage of flying hours flown	100%	72%	72.0%

Source: FY 2023 NEP

Meanwhile, the PN accomplished all of its output indicators except for the shortfall in number of PN units prepared for deployment. The shortfall is mainly due to the delayed repair program of vessels due to the shortened operating hours of the contracting party. The PN has already been advised to prepare a catch-up plan to make up for the variance. As to the other two indicators, the PN exceeded its targets with 140 Force-Level Support Services Units sustained and 129 PN units deployed and sustained for utilization/employment, registering accomplishment ratings of 102.2 percent and 118.3 percent, respectively.

**Table 42. Physical Performance, DND-PN, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>NAVAL FORCES DEFENSE PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of PN units deployed and sustained for utilization/employment	109	129	118.3%
2. Number of PN units prepared for deployment	34	30	88.2%
3. Number of Force-Level Support Services Units sustained	137	140	102.2%

Source: FY 2023 NEP

# Department of Public Works and Highways

## Financial Performance

The total allotment of the DPWH ballooned by **₱206.5 billion (or 41.0 percent)** reaching **₱710.4 billion** against the 2020 level of **₱503.9 billion**. It obligated **₱662.2 billion** and disbursed **₱403.7 billion**, equivalent to 93.2 percent obligation rate and 61.0 percent disbursement rate. The latter was almost double the previous disbursement rate of 31.2 percent, resulting to a YOY increase in disbursements by **₱258.5 billion** or 178.0 percent vis-à-vis the 2020 levels. This relatively better disbursement rate is still muted by the COVID-19 lockdowns which greatly affected project implementation—the strict health protocols, limited movement of manpower, equipment, and materials resources resulted in the suspension of works, among others.

**Table 43. Financial Performance, DPWH, 2020-2021**

(in billion pesos, unless otherwise stated)

Department	2020 <sup>a/</sup>					2021 <sup>b/</sup>				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DPWH	503.9	466.1	145.3	92.5%	31.2%	710.4	662.2	403.7	93.2%	61.0%

<sup>a/</sup> 2020 SAAODB

<sup>b/</sup> 2021 SAAODB

## Physical Performance

The improvement in the DPWH's spending resulted in a corresponding increase in its physical performance. The Department exceeded its physical targets for five (5) out of its 11 output indicators, compared to only two (2) in 2020. This may be accounted by the continuous improvement and institutionalization of the quality of work with the establishment of a Quality Management System benchmarked with international standards, and the roll out of the use of the Project and Contract Management Procedures and Application as a tool for monitoring and management of its infrastructure projects.

**Table 44. Physical Performance, DPWH, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>ASSET PRESERVATION PROGRAM</b>			
<i>Output Indicator</i>			
1. Length (km) of maintained roads	691.685	1,222.532	176.7%
2. Length (km) of rehabilitated / reconstructed / upgraded roads	257.348	387.055	150.4%

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>NETWORK DEVELOPMENT PROGRAM</b>			
<i>Output Indicators</i>			
1. Length (km) of newly constructed roads	926.650	2,023.925	218.4%
2. Length (km) of widened roads	636.529	1,146.978	180.2%
<b>BRIDGE PROGRAM</b>			
<i>Output Indicators</i>			
1. Total length (lm) and area (m2) of (new and replacement) constructed bridges	30,739.039; 290,321	18,443.39; 176,318.8	60.0%; 60.7%
2. Number of maintained and rehabilitated bridges	342	327	95.6%
<b>FLOOD MANAGEMENT PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of constructed flood mitigation structures and drainage systems	1,541	968	62.8%
2. Number of constructed / rehabilitated flood mitigation facilities with major river basins and principal rivers	531	334	62.9%
<b>LOCAL PROGRAM</b>			
<i>Output Indicator</i>			
1. Number of projects (school buildings, multipurpose buildings, health facilities, water supply systems, FMRs, etc.)	15,617	12,088	77.4%
<b>CONVERGENCE AND SPECIAL SUPPORT PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of projects (school buildings, multipurpose buildings, health facilities, water supply systems, FMRs, etc.)	2,015	245	12.2%
2. Length (km) of constructed local roads	722.640	1,137.392	157.4%

Source: FY 2023 NEP

**Under the Asset Preservation Program, the Department maintained roads with a total length of 1,222.532 km out of the targeted 691.685 km or an accomplishment rate of 176.7 percent.** This entailed the rehabilitation/reconstruction/upgrading of 387.055 km of roads (i.e., 150.4 percent) of the targeted 257.348 km.

**In terms of the Network Development Program, it surpassed its targeted 926.650 km by constructing new roads with a total actual length of 2,023.925 km.** It also widened roads with total actual length of 1,146.978 km out of the targeted 636.529 km. These translate to accomplishment rates of 218.4 percent and 180.2 percent, respectively.

**However, the DPWH fell short in achieving its targets for the Bridge Program and Flood Management Program, which registered accomplishment rates of only around 60.0 percent for three (3) out of the four (4) output indicators.** With the Bridge Program, it only accomplished 60.0 percent of the targeted 30,739.039 lineal meters (i.e., only 18,433.39 lineal meters) and 60.7 percent of the committed 290,321 square meters (i.e., only 176,318.8 square meters). It performed better in the maintenance and rehabilitation of bridges, finishing 327 of the 342 bridges resulting in an accomplishment rate of 95.6 percent. Under the Flood Management Program, the Department has constructed 968 flood mitigation structures and drainage systems (i.e., 62.8 percent), and constructed/rehabilitated 334 flood mitigation facilities with major river basins and principal rivers (i.e., 62.9 percent) out of the committed targets of 1,541 and 531 projects, respectively.

**On the other hand, the output indicator of the Local Program registered an accomplishment rate of 77.4 percent.** The Department implemented 12,088 projects (i.e., school buildings, multipurpose buildings, health facilities, water supply systems, FMRs, etc.) out of the targeted 15,617 projects.

**Lastly, varied accomplishments were recorded under the Convergence and Special Support Program.** Despite constructing 1,137.392 km of local roads against the targeted 722.640 km (i.e., 157.4 percent accomplishment rate), the DPWH was only able to implement 245 out of the 2,015 projects (i.e., school buildings, multipurpose buildings, health facilities, water supply systems, FMRs, etc.). This represents the lowest accomplishment rate at 12.2 percent.

**The observed underperformance in the said output indicators was attributed to various implementation challenges in delivering some projects on time.** These include (1) changes in the work arrangement and imposition of various quarantine protocols which restricted mobility of workers amidst COVID-19 pandemic; (2) delayed release of funds for “For Later Release” projects resulting in the agency’s failure to commence as planned and scheduled<sup>34</sup>; (3) issuance of variation orders reflecting the revisions of plan/design and contract duration; (4) unsettled/unresolved Road Right-of-Way issues; (5) pending requests for modification of the implementing units of several project; and (6) inaccessibility of project sites during unfavorable weather conditions.

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<sup>34</sup> In compliance with the FY 2021 President’s Veto Message, to wit:  
“ V. New Budgetary Items

As has been repeatedly highlighted in previous years, the new items introduced by Congress in this Act have corresponding effects in the respective outputs and outcomes of the agencies concerned. Therefore, these new budgetary items shall be subject to the National Government’s cash programming, the observance of prudent and responsible fiscal management, applicable rules and procedures during budget execution, and approval by the President based on the programmed priorities of the government...”

# Department of Science and Technology

## Financial Performance

Amid the COVID-19 restraints, the Department of Science and the Technology (DOST) registered a remarkable absorptive capacity for 2021 as reflected in the high BUR of 94.9 percent obligation rate and 89.5 percent disbursement rate. Thirteen (13)<sup>35</sup> out of the 19 agencies reported obligation rates above 94.0 percent, four (4)<sup>36</sup> of which garnered between 99.0 to 100.0 percent. Total disbursement rate had seen a significant improvement from 83.0 percent in 2020 to 89.5 percent in 2021 with six (6)<sup>37</sup> agencies posting a rate of above 90.0 percent, seven (7)<sup>38</sup> agencies between 82.0 to 88.0 percent, and six (6)<sup>39</sup> agencies within 65.0 to 79.0 percent.

**Table 45. Financial Performance, DOST, 2020-2021**  
(in billion pesos, unless otherwise stated)

Department	2020 <sup>a/</sup>					2021 <sup>b/</sup>				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DOST	20.1	18.9	15.7	94.4%	83.0%	26.4	25.1	22.4	94.9%	89.5%

<sup>a/</sup> 2020 SAAODB

<sup>b/</sup> 2021 SAAODB

Among the DOST agencies, the Philippine Council for Agriculture, Aquatic, and Natural Resources Research and Development (PCAARRD) and the Philippine Textile Research Institute (PTRI) reported the lowest<sup>40</sup> disbursement rates. PCAARRD attributed its low disbursement rate to the additional liquidation requirements for all projects funded by Grants-in-Aid (GIA) in compliance to the Audit Observation and Recommendation of the Commission on Audit, and delays in the submission of requirements. On the other hand, PTRI ascribed it to the delivery and documentation-related issues and work suspension in infrastructure projects due to the imposition of community quarantines, and with the PTRI's Medical Textile and Testing Center (MedTex) funded from the FY 2020 Contingent Fund, wherein there was a delay in the procurement of technical and scientific equipment due to small number of interested bidders.

<sup>35</sup> TAPI, PCIEERD, SEI, PCHRD, MIRDC, OSEC, PNRI, PTRI, STII, NRCP, PCAARRD, ITDI, and ASTI.

<sup>36</sup> TAPI – 100.0 percent; PCIEERD – 99.6 percent; SEI – 99.4 percent; PCHRD – 99.1 percent.

<sup>37</sup> SEI – 99.5 percent; PCHRD – 96.4 percent; NAST – 96.3 percent; OSEC – 95.12 percent; MIRDC – 93.2 percent; STII – 91.0 percent.

<sup>38</sup> NRCP – 88.0 percent; PCIEERD – 87.9 percent; PNRI – 85.5 percent; PHIVOLCS – 83.1 percent; TAPI – 82.6 percent; PSHSS – 82.1 percent; FNRI – 82.0 percent.

<sup>39</sup> ITDI – 79.3 percent; FPRDI – 78.4 percent; ASTI – 76.3 percent; PAGASA – 66.9 percent; PCAARRD – 66.6 percent; PTRI – 65.6 percent.

<sup>40</sup> PCAARRD and PTRI posted 66.6 percent and 65.6 percent disbursement rates, respectively.

**Three (3) major programs, the GIA program, scholarship program, and the Small Enterprise Technology Upgrading Program (SETUP), comprise almost 72.0 percent or ₱18.8 billion of the overall DOST allotment.** The GIA Program<sup>41</sup> received ₱8.2 billion allotment and obligated ₱8.0 billion, garnering the highest obligation rate<sup>42</sup> at 98.5 percent. However, its disbursement rate closed at a lower but still relatively high rate of 90.4 percent. Likewise, the SETUP, another major program under the S&T Program for Regional and Countryside Development of the DOST-OSEC, performed well with 98.4 percent obligation rate and 96.6 percent disbursement rate given its nearly ₱1.0 billion allotment.

**Under the scholarship program, the Science Education Institute (SEI) and Philippine Science High School System (PSHSS) scholarship programs were provided with ₱6.9 billion and ₱2.8 billion allotment, respectively.** SEI exhibited commendable financial performance with both obligation and disbursement rates at 99.6 percent. The high BURs were attributed to the use of online applications and distribution of scholarship funds amid the pandemic. Conversely, PSHSS obtained lower BURs as compared to SEI with 88.1 percent obligation rate and 81.2 percent disbursement rate. Cancellation of programmed activities, non-conduct of face-to-face classes and procurement issues such as failures in bidding resulted to said low utilization rates.

#### *Physical Performance*

**The Department's financial performance clearly translated to its physical performance with the achievement of 93.1 percent or 175 out of its 188 performance indicators<sup>43</sup>.** Majority (10 out of 19) of its agencies achieved 100.0 percent accomplishment rate<sup>44</sup>, while the remaining five (5)<sup>45</sup> agencies earned 90.0 percent and above; two (2)<sup>46</sup> agencies between 75.0 to 80.0 percent; and two (2)<sup>47</sup> agencies posted 66.7 percent.

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<sup>41</sup> Comprised of DOST-OSEC, NRCP, and Planning Councils (PCAARRD, PCHR, and PCIEERD) as funding agencies.

<sup>42</sup> GIA - 98.5 percent; Scholarship Program - 96.2 percent; SET-UP - 98.4 percent.

<sup>43</sup> Includes 68 outcome and 120 output indicators.

<sup>44</sup> The agencies with 100.0 percent accomplishment rate pertains to: SEI, PCHR, NAST, PCIEERD, PHIVOLCS, PSHSS, ITDI, FPRDI, ASTI, and PTRI.

<sup>45</sup> PNRI - 93.8 percent; FNRI - 92.9 percent; MIRDC - 92.3 percent; PAGASA - 92.3percent; NRCP - 90.0 percent.

<sup>46</sup> PCAARRD - 80.0 percent; STII - 75.0 percent.

<sup>47</sup> OSEC - 66.7 percent; TAPI - 66.7 percent.

**Table 46. Physical Performance, DOST-OSEC, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>STRATEGIC SCIENCE AND TECHNOLOGY (S&amp;T) PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of projects funded	364	493	135.4%
2. Number of grantees supported	352	238	67.6%
3. Percentage of programs/projects that are evaluated and approved within the standard period of 90 days	85%	73%	85.9%
<b>S&amp;T PROGRAM FOR REGIONAL AND COUNTRYSIDE DEVELOPMENT</b>			
<i>Output Indicators</i>			
1. Number of technology interventions, trainings and consultancy services provided	22,387	43,202	193.0%
2. Number of MSMEs, LGUs, HEIs, communities and other customers assisted	19,711	48,619	246.7%
3. Percentage of requested for technical assistance that are acted upon within ISO standard time	95%	99%	104.0%
		76,700/77,816	

Source: FY 2023 NEP

**Collectively, the DOST excelled in the areas of (i) technology transfer agreements, (ii) knowledge or technologies diffused, and (iii) assistance to MSMEs, LGUs, and HEIs.** A total of 323 technologies generated from Research and Development (R&D) were successfully transferred or commercialized through technology transfer agreements, translating to a 496.9 percent accomplishment rate of the target of 65 technologies. Meanwhile, 383 knowledge or technologies were diffused by the Department, exceeding its target of 139 technologies for an accomplishment rate of 275.5 percent. Lastly, the conduct of virtual trainings expanded the reach of S&T services nationwide, resulting in a large number of 43,202 rendered services which benefitted 48,619 MSMEs, LGUs and HEIs. This is equivalent to an accomplishment rate of 246.7 percent vis-à-vis the target of 19,711 services. Overaccomplishment in the said areas was due to the following: (1) pandemic-induced surge in the requests for the provision of S&T interventions; (2) intensified effort on technology transfer; and (3) improved pre-implementation activities such as training/technology needs assessment (TNA) and the technical trainings/seminars and consultancies.

**The DOST-OSEC’s Strategic S&T Program funded a total of 493 projects and supported 238 grantees to underpin the Department’s R&D initiatives.** The accomplishment rate of 67.6 percent on the number of grantees supported was mainly due to the demand-driven nature of the performance/output indicator itself which may lead to either over-or-under targeting. Similarly, the agency was not able to meet its target on the timely evaluation and approval of programs/projects as it was only able to evaluate 85.9 percent of its target within the standard period of 90 days. Reasons for said failure include the disapproval of projects/programs based on technical merit and exclusion of several programs/projects for the approval of the Department’s Executive Committee as they were received, evaluated, and selected for funding.

The PSHSS supported 9,729 scholars, outdoing its 2020 performance of 9,319 scholars, brought about by the improved utilization of available scholarship slots particularly in the regional campuses of MIMAROPA and Zamboanga Peninsula, as well as the elevated scholarship quota in seven (7) PSHSS campuses. PSHSS scholars won 200 awards from the 141 competitions from both the international and local scene. Further, the PSHSS exceeded its goal of 90 percent cohort survival rate by 4 percentage points.

**Table 47. Physical Performance, DOST-PSHSS, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>SCIENCE, TECHNOLOGY, ENGINEERING AND MATHEMATICS (STEM) SECONDARY EDUCATION ON SCHOLARSHIP BASIS PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of scholars supported	9,612 <sup>48</sup>	9,729	101.2%
2. Cohort survival rate: Percentage of scholars who advance to the succeeding grade level until they complete the 6-year scholarship period	90%	94% (1,300/1,384)	104.4%
3. Percentage of winnings, awards and recognition from the total number of national and international competitions participated	80%	100% (200/141)	125.0%
4. Rank of the campuses based on the overall UPCAT scores of the PSHS student-takers	Top 20	N/A (No UPCAT Conducted)	

Source: FY 2023 NEP

On the other hand, the SEI fell short of its target number master's and doctoral scholars as the distant learning modality discouraged them to pursue graduate studies. Nonetheless, the SEI still managed to go beyond its overall target number of scholars, as the number of undergraduate students exceeded the target. This is accompanied with high percentage rates of scholars finishing their program within the schedule.

**Table 48. Physical Performance, DOST-SEI, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>SCIENCE AND TECHNOLOGY SCHOLARSHIP PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of scholars supported	43,334	43,427	100.2%
Undergraduate level	36,452	37,445	102.7%
Masters Program	4,503	4,096	91.0%
Doctoral Program	2,379	1,886	79.3%

<sup>48</sup> The target published in the FY 2021 GAA is 9,950 scholars supported for 2021. However, the onslaught of the COVID-19 Pandemic caused PSHSS to revise its annual target to 9,950 to 9,612, taking into account the decision of parents and students not to enroll.

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
2. Percentage of scholars graduating within the scheduled full-time program			
Undergraduate level	85%	87% (569/654)	102.4%
Masters Program	70%	83% (233/282)	118.6%
Doctoral Program	40%	71% (46/65)	177.5%
3. Percentage of scholarship payments with a variance of actual payment of more than one (1) day	90%	98% (40,600/41,427)	108.9%

Source: FY 2023 NEP

Through the Philippine Atmospheric, Geophysical and Astronomical Services and Administration (PAGASA) and the Philippine Institute of Volcanology and Seismology (PHIVOLCS), the DOST continued to provide timely climate and geohazard information during the pandemic to strengthen disaster resilience. PAGASA issued 1,002 climate forecasts, impact assessments and tropical cyclone advisories, and 20 hazard maps, while lower flood warnings were issued (at 1,757) due to lesser rains and precipitation experienced in 2021. It has also exceeded its target for timely information with 1,704 (97.0 percent) out of the 1,757 flood warnings issued within 15 minutes of scheduled time. Meanwhile, the PHIVOLCS has issued 1,603 bulletins and warnings, combined with a remarkable accomplishment in providing timely information with 1,571 or 98.0 percent of the 1,603 bulletins and warnings issued within the set standard time.

**Table 49. Physical Performance, DOST-PAGASA and PHIVOLCS, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b><u>PAGASA</u></b>			
<b>WEATHER AND CLIMATE FORECASTING AND WARNING PROGRAM</b>			
<i>Output Indicators</i>			
1. Percentage of timely weather and typhoon warning issued within fifteen (15) minutes of scheduled time	94%	100%	106.4%
2. Number of seasonal climate forecasts, climate impact assessment, tropical cyclone warning advisory issued	906	1,002	110.6%
3. Annual Mean 24-hour Forecast Track Error (in kilometers)	Typhoon – less than or equal to 100 km Tropical Storm – less than or equal to 120 km	Typhoon – 45.6 km Tropical Storm– 110.5 km	

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>FLOOD FORECASTING AND WARNING PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of timely and accurate flood warnings issued	3,000	1,757	58.6%
2. Percentage of timely flood warning issued within 15 minutes of scheduled time	94%	97%	103.2%
3. No. of hazard maps developed/generated/updated	4	20	500.0%
<b><u>PHIVOLCS</u></b>			
<b>VOLCANO, EARTHQUAKE AND TSUNAMI MONITORING AND WARNING PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of warnings and bulletins issued	Event-driven	1,603	
2. Percentage of bulletins and warnings issued within the set standard time	80%	98% (1,571/1,603)	122.5%

Source: FY 2023 NEP

**The Department’s financial and physical performance, while commendable, can still be improved.** The planning/targeting strategies of the DOST can be revisited to take into account the actual accomplishments for the past years to set more realistic targets. The tighter linkage between strategic and operational planning and budgeting, as well as the promotion of better designed, well-prepared and “shovel-ready” programs and projects must continuously be pursued.

# Department of Social Welfare and Development

## Financial Performance

To guarantee the continuous implementation of social protection and promotion services for the poor, vulnerable, and disadvantaged sectors, the DSWD was supported with a total allotment of **₱214.0 billion in FY 2021 – ₱164.1 billion or 43.4 percent lower than its ₱378.1 billion allotment in FY 2020**. The decrease in the allotment may be explained by the relative easing of social welfare services vis-à-vis during the height of the pandemic in the previous year. Particularly, the massive SAP was implemented in FY 2020 as a response to the needs of indigent families in the midst of the pandemic and its ensuing lockdowns but was gradually reduced in the succeeding year with the opening of the economy.

**Table 50. Financial Performance, DSWD, 2020-2021**

(In billion pesos, unless otherwise stated)

Department	2020 <sup>a/</sup>					2021 <sup>b/</sup>				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DSWD	378.1	347.3	315.2	91.8%	90.8%	214.0	195.4	176.2	91.3%	90.2%

<sup>1/</sup> 2020 SAAODB

<sup>2/</sup> 2021 SAAODB

**Out of its total allotment, ₱195.4 billion or 91.3 percent has been obligated.** This is mainly attributed to the following programs: (i) Pantawid Pamilyang Pilipino Program (4Ps) – ₱105.8 billion; (ii) Protective Services for Individuals and Families in Difficult Circumstances (PSIFDC) – ₱35.4 billion (including the Social Amelioration Program); (iii) Social Pension for Indigent Senior Citizens (SocPen) – ₱23.4 billion; (iv) Sustainable Livelihood Program (SLP) – ₱5.2 billion; (v) Quick Response Fund – ₱3.9 billion; (vi) Supplementary Feeding Program (SFP) – ₱3.9 billion; (vii) Disaster Response and Rehabilitation Program – ₱3.0 billion; (viii) Bangsamoro Umpungan sa Nutrisyon (BangUN) Program – ₱192.5 million; and (ix) Implementation of the Centenarians Act of 2016 – ₱136.9 million.

**As of December 31, 2021, an amount of ₱18.6 billion remained unobligated by the Department, owing mainly to some households' non-compliance with the conditionalities of the 4Ps, generation of savings due to the virtual conduct of some trainings, meetings, and conferences (in lieu of face-to-face gatherings), and recalibration and implementation of the programs beyond the fiscal year.** Likewise, the 9.8 percent variance in DSWD's disbursement rate may be explained by the delays in the scheduled implementation of programs and pay-outs due to the ongoing COVID-19 pandemic and other disasters such as Typhoon Odette.

*Physical Performance*

For FY 2021, the 4Ps served 4,372,124 households with educational, rice, and health allowances, recording a 99.4 percent accomplishment rate. The difference of 0.6 percent pertains to households who failed to comply with the program’s conditionalities, such as the following: (i) pregnant women’s availment of pre- and post-natal care from a skilled/trained professional; (ii) guardians’ attendance to family development sessions; (iii) children’s receipt of regular preventive health check-ups, vaccines, and deworming pills; and (iv) children’s school attendance of at least 85.0 percent.

**Table 51. Physical Performance, DSWD, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>PROMOTIVE SOCIAL WELFARE PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of Pantawid households provided with conditional cash grants:	4,400,000	4,372,124	99.4%
2. Number of poor households assisted through the Sustainable Livelihood Program	122,489	200,862	164.0%
3. Number of households that benefited from completed KC-NCDDP sub-projects	857,250	337,382	39.4%
<b>PROTECTIVE SOCIAL WELFARE PROGRAM</b>			
<b>SUPPLEMENTARY FEEDING PROGRAM SUB-PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of children in CDCs and SNPs provided with supplementary feeding	1,936,868	1,685,170	87.0%
2. Number of children/ lactating mothers served through Bangsamoro Umpungan sa Nutrisyon (BangUN) Program	15,000 children; 7,000 pregnant and lactating women	17,060 children; 4,940 lactating women	113.7%  70.6%
<b>SOCIAL WELFARE FOR SENIOR CITIZENS SUB-PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of senior citizens who received social pension within the quarter	3,789,874	3,317,585	87.5%
2. Number of centenarians provided with cash gift	1,319	1,305	98.9%

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>PROTECTIVE PROGRAM FOR INDIVIDUALS AND FAMILIES IN ESPECIALLY DIFFICULT CIRCUMSTANCES SUB-PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of children served through Alternative Family Care Program	1,693	2,070	122.3%
2. Number of beneficiaries served through Protective Services Program	1,778,073	3,317,585	186.6%
3. Number of clients served through the Comprehensive Program for Street Children, Street Families and Badjaus:			
a. Street Children	3,800	4,323	113.8%
b. Street Families	1,700	3,925	230.9%
<b>SOCIAL WELFARE FOR DISTRESSED OVERSEAS FILIPINOS AND TRAFFICKED PERSONS SUB-PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of trafficked persons provided with social welfare services	2,000	1,914	95.7%
2. Number of distressed and undocumented overseas Filipinos provided with social welfare services	29,253	30,802	105.3%
<b>DISASTER RESPONSE AND MANAGEMENT PROGRAM</b>			
<i>Output Indicators</i>			
1. Number of LGUs with prepositioned goods	100% (16 Field Offices)	100%	100.0%
2. Number of internally-displaced households provided with disaster response services	As the need arises	664,343	100.0%
3. Number of households with damaged houses provided with early recovery services	As the need arises	71,091	100.0%

Source: FY 2023 NEP

**On the other hand, the SLP benefitted 200,862 households, exceeding its full year target of 122,489 households by 64.0 percent.** The SLP is a community-based capacity building program that seeks to improve participants' socio-economic status through technical-vocational skills training, pre-employment assistance, cash for building livelihood assistance, and seed capital fund, among others. Similarly, 337,382 households benefitted from completed Kapit-Bisig Laban sa Kahirapan – Comprehensive and Integrated Delivery of Social Services – National Community-Driven Development Program (KALAHÍ-CIDSS-NCDDP) sub-projects in targeted communities and municipalities.

**Consistent with other government programs that promote the health and nutrition of children and their mothers, the Department implemented the SFP, wherein 1,685,170 children enrolled in LGU-managed child development centers (CDC) and supervised neighborhood play (SNP) were provided with hot meals.** The non-attainment of its annual target of 1,936,868 was mainly due to the restrictions brought by the pandemic. Furthermore, the actual feeding activities coincide with the SY 2021-2022, thus the remaining beneficiaries of the program were expected to be served until mid-FY 2022. On top of the SFP, the BangUN Program was also implemented, which served 17,060 children and 4,940 lactating mothers in the BARMM.

**For the same period, 3,317,585 indigent senior citizens were provided with ₱500.00 monthly social pension, which was 472,289 or 12.5 percent less than its 3,789,874 target.** This was caused by the postponed pay-outs in 2021 due to COVID-19 restrictions, considering the especially vulnerable health conditions of indigent senior citizens. Correspondingly, 1,305 or 98.9 percent out of 1,319 targeted centenarians were provided with one hundred thousand (₱100,000.00) cash gift upon reaching 100 years of age.

**The DSWD surpassed its annual targets for the Protective Program for Individuals and Families in Especially Difficult Circumstances Sub-Program.** It served 2,070 children (122.3 percent accomplishment rate) with adoption and foster care services, among others, through its Alternative Family Care Program. Moreover, 3,317,585 beneficiaries were served through the Protective Services Program (including Assistance to Individuals in Crisis Situation [AICS]) in the form of medical, burial, educational, food, and non-food assistance. It exceeded its target by 86.6 percent or 1,539,512 beneficiaries, given the increased demand for the program that resulted from the extraordinary circumstances brought by the pandemic. In addition, 4,323 street children and 3,925 street families were served through the Comprehensive Program for Street Children, Street Families, and Badjaus.

**As for its Social Welfare for Distressed Overseas Filipinos and Trafficked Persons Sub-Program, the Department provided social welfare services to 30,802 distressed and undocumented overseas Filipinos and 1,914 trafficked persons.** The beneficiaries were provided with social integration and capability-building activities, counselling and psychosocial interventions, and basic necessities, such as food, clothing, toiletries, and medicines.

**The DSWD met all of its targets under the Disaster Response and Management Program.** Disaster response services were provided to 664,343 internally displaced households, in the form of ready-to-eat food packs, hygiene kits, sleeping kits, and clothing kits, while 71,091 households were provided with early recovery services for the repair and reconstruction of damaged houses. In addition, all of its 16 Field Offices provided their respective LGUs with prepositioned relief goods to ensure faster delivery of relief supplies to families and individuals that will be affected by calamities.

# Department of Transportation

## Financial Performance

**Despite the decline in the obligation rate of the DOTr in 2021, the Department posted higher BURs when compared to its pre-pandemic performance.** The obligation rate of the DOTr fell to 93.9 percent in 2021 from 96.8 percent in 2020, but is notably higher than its 85.2 percent obligation rate in 2019. Similarly, the department's disbursement rate rebounded to 47.0 percent in 2021, higher than its disbursement rates for the past years. Nevertheless, the DOTr's weak disbursement performance is largely attributable to the Department's FAPs.

**Table 52. Financial Performance, DOTr, 2020-2021**  
(in billion pesos, unless otherwise stated)

Department	2020 <sup>a/</sup>					2021 <sup>b/</sup>				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DOTr	120.2	116.3	42.9	96.8%	36.9%	105.5	99.0	46.6	93.9%	47.0%

<sup>a/</sup> 2020 SAAODB

<sup>b/</sup> 2021 SAAODB

**Table 53. Financial Performance, DOTr FAPs, 2021**  
(in billion pesos, unless otherwise stated)

Particulars	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
Rail Transport Program	39.2	37.1	7.0	94.6%	19.0%
Maritime Infrastructure Program	0.2	0.2	0.003	88.7%	1.8%
Land Public Transportation Program	0.5	0.3	0	64.3%	0.0%

## Physical Performance

**The DOTr continued to provide rail and land public transport services to support the gradual re-opening of the economy.** Under the Metro Rail Transit (MRT) sub-program, the Department ensured sufficient availability of trains to accommodate the higher volume of passengers during peak hours while maintaining an average travel speed of 30.35 kilometers per hour (kph). In addition, the Department reported considerable progress in the construction of its new railway projects, reporting a hundredfold improvement in the program's accomplishment rate, from only 1.8 percent in 2020 to 186.7 percent in 2021. Meanwhile, the DOTr continued to process motor vehicle registrations and driver's license and permits, but saw decreased apprehensions of motor vehicles with complaints vis-à-vis their targets. Rather than the poor implementation of the program, however, the gap between the targeted number of apprehensions and the actual apprehensions is due to the department's promotion of road safety and driver's education, the implementation of stricter rules in the issuance of driver's licenses and the increase in the number of deployed Land Transportation Office (LTO) deputized enforcers.

**Table 54. Physical Performance, DOTr, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>RAIL TRANSPORT PROGRAM</b>			
METRO RAIL TRANSIT (MRT) SUB-PROGRAM			
<i>Output Indicators</i>			
1. Compliance with approved timetable (90% efficiency)	90%	87.86%	97.6%
2. Compliance with the peak-hour train availability requirements	90%	95.64%	106.3%
3. Increase in average travel speed (kph)	30	30.35	101.2%
<b>RAILWAY CONSTRUCTION, REHABILITATION, AND IMPROVEMENT SUB-PROGRAM</b>			
<i>Output Indicators</i>			
1. % completion of new railway system projects	15%	28%	186.7%
2. % completion of expansion of existing railway system projects	15%	4.4%	29.3%
<b>AVIATION INFRASTRUCTURE PROGRAM</b>			
<i>Output Indicators</i>			
1. % increase in passenger traffic	5%	-76%	-1528.4%
2. % increase in cargo traffic (tons)	2%	-40%	-1983.5%
<b>MOTOR VEHICLE REGULATORY PROGRAM</b>			
<i>Output Indicators</i>			
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%	103.50%	103.5%
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%	95.0%	95.0%
3. No. of apprehension for which a Temporary Operator's Permit is issued and complaints acted upon	679,130	146,761	21.6%
<b>LAND PUBLIC TRANSPORTATION PROGRAM</b>			
<i>Output Indicators</i>			
1. % of Certificate of Public Convenience / franchises applicants resolved / decided upon within the reglementary period	90%	101%	112.2%
2. % of holders audited / monitored / penalized for non-compliance with the terms and conditions of the franchise	5%	21%	420.0%
3. No. of policies formulated, developed, implemented, updated, and disseminated	30	227	756.7%

Source: FY 2023 NEP

**Growth in the aviation sector, meanwhile, remained sparse as various airport shutdowns and the imposition of travel restrictions throughout the globe continued to hinder the movement of passengers and goods.** While still a far cry from meeting the targeted 2 percent increase in cargo traffic, there was an increase in shipments made by air in 2021, as the indicator's accomplishment rate increased by 782 percentage points YOY. However, air passenger travel remained dismal, with passenger traffic dropping even further by 247 percentage points for the same period.

# Technical Education and Skills Development Authority

## Financial Performance

To manage and supervise the technical education and skills development (TESD) in the country<sup>49</sup>, the TESDA received an allotment of ₱17.5 billion in 2021, higher by 36.2 percent or ₱4.6 billion YOY. Of the total allotment releases, it obligated ₱16.1 billion, of which ₱13.5 billion was disbursed, translating to obligation and disbursement rates of 92.3 percent and 83.9 percent, respectively. These are equivalent to an increase in obligation by ₱5.4 billion (i.e., 50.5 percent) and in disbursement by ₱4.9 billion (i.e., 57.0 percent).

**Table 55. Financial Performance, TESDA, 2020-2021**  
(in billion pesos, unless otherwise stated)

Department	2020 <sup>a/</sup>					2021 <sup>b/</sup>				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
TESDA	12.8	10.7	8.6	83.5%	80.4%	17.5	16.1	13.5	92.3%	83.9%

<sup>a/</sup> 2020 SAAODB

<sup>b/</sup> 2021 SAAODB

## Physical Performance

Despite the pandemic, the accomplishment rates of TESDA marked an improvement from the previous year. Three (3) exceeded its target, and none registered a rate below 95.0 percent. In comparison, only two (2) targets were achieved<sup>50</sup> and three (3) posted accomplishment rates of lower than 90.0 percent<sup>51</sup> in 2020.

<sup>49</sup> Formulate manpower and skills plans, set appropriate skills standards and tests, coordinate and monitor manpower policies and programs, and provide policy directions and guidelines for resource allocation for the TVET institutions in both the private and public sectors

<sup>50</sup> In 2020, the two targets that were achieved pertains to: (i) no. of National, Regional/Provincial TESD plans formulated/updated with 100.0 percent; and (ii) no. of consultations, orientations and workshops for development of competency standards/training regulations with 145.5 percent.

<sup>51</sup> The three targets with lower than 90.0 percent accomplishment rate in 2020 are the following: (i) percentage of skilled workers issued with certification within 7 days of their application – 85.4 percent; (ii) no. of graduates from technical education and skills development scholarship programs – 46.7 percent; and (iii) no. of TESDA Technology Institutions graduates – 79.9 percent.

**Table 56. Physical Performance, TESDA, 2021**

Particulars	2021		
	Target (GAA)	Actual Accomplishment	Accomplishment Rate
<b>TECHNICAL EDUCATION AND SKILLS DEVELOPMENT POLICY PROGRAM</b>			
<i>Output Indicator</i>			
1. No. of National, Regional/Provincial TESD plans formulated/updated	1 Semi-Annual Progress Report, 1 Annual Progress Report	1 Semi-Annual Progress Report, 1 Annual Progress Report	100%
<b>TECHNICAL EDUCATION AND SKILLS DEVELOPMENT REGULATORY PROGRAM</b>			
<i>Output Indicators</i>			
1. Percentage of registered accredited TVET programs audited	100%	99.0%	99.0%
2. Percentage of skilled workers issued with certification within 7 days of their application	90%	89.9%	99.9%
3. No. of consultations, orientations and workshops for development of competency standards/training regulations	200	207	103.5%
<b>TECHNICAL EDUCATION AND SKILLS DEVELOPMENT PROGRAM</b>			
<i>Output Indicators</i>			
4. No. of graduates from technical education and skills development scholarship programs	217,898	252,497	115.9%
5. No. of training institutions/establishments/assessment centers provided with technical assistance	5,842 (4,211 TVIs & 1,631 ACs)	5,569 TVIs and ACs	95.3%
6. No. of TESDA Technology Institutions graduates	189,886	369,395	194.5%

Source: FY 2023 NEP

**With regard to the TESD Regulatory Program, it achieved 99.0 percent and 99.9 percent accomplishment rates for the conduct of the compliance audits of registered accredited TVET programs and the timely issuance of certification for skilled workers, respectively.** The former represents a slight increase of 1.9 percentage points while the latter a marked improvement of 14.5 percentage points against its 2020 performance. In addition, it was able to conduct 207 out of the targeted 200 (i.e., accomplishment rate of 103.5 percent) consultations, orientations and workshops for development of competency standards/training regulations.

**TESDA's scholarship programs, on the other hand, recovered from its poor performance in 2020, producing a total of 621,892 graduates (252,497 from scholarship programs and 369,395 from TESDA Technology Institutions) in 2021.** These translate to the highest reported accomplishment rates of 115.9 percent and 194.5 percent, respectively.

**The lowest accomplishment rate among the output indicators pertains to the provision of technical assistance to Technical Vocational Institutions (TVIs) and Assessment Centers (ACs) at 95.3 percent.** This is mainly a result of the limitations in the operations of the TESDA's regional and provincial offices brought about by the community quarantine restrictions imposed by the Inter-Agency Task Force for the Management of Emerging Infectious Diseases and their respective local government units. Despite this, the TESDA still posted an improvement of 4.3 percentage points from the 2020 accomplishment rate of 91.0 percent.

**However, taking in consideration the actual accomplishment rates of TESDA on its physical targets vis-à-vis its BURs, there seems to be a mismatch between its physical and financial performances.** This is in view of its accomplishment rates of at least 95.0 percent for all of its output indicators as well as the overperformance on three (3) targets, while reporting significantly lower BURs particularly with the disbursement rate of only 83.9 percent. Hence, the Authority may have to revisit/review some of its physical targets for further adjustments to a more realistic level to ensure the optimum utilization of funds towards a more effective delivery of its mandated functions.

## IV. Growth and Fiscal Outlook for the Medium Term

### a. Growth Outlook

**On 8 July 2022, the DBCC further revised its growth target for 2022 to 6.5 to 7.5 percent** because of lingering external risk as well as the continuing BSP rate hikes in line with the US policy tightening. While the 2022 growth target is slightly lower than the previous target, the growth targets for 2023-2025 are revised upwards to 6.5 to 8.0 percent supported by structural reforms that will be implemented by the current administration.

**To sustain our growth momentum, the Marcos administration will pursue its 8-point socioeconomic agenda** that focuses on both near-term issues and medium-term constraints to economic transformation:

1. Protect the purchasing power of families
2. Reduce the vulnerability and mitigate scarring from the COVID-19 pandemic
3. Ensure sound macroeconomic fundamentals and government processes
4. Create more jobs
5. Create quality jobs
6. Create green jobs
7. Ensure a level playing field
8. Uphold public order and safety, peace and security

**We expect domestic demand to drive economic growth as more sectors fully re-open including the resumption of face-to-face schooling.** The government's targeted measures, such as the targeted cash transfers for low-income households, the Pantawid Pasada Program and the Fuel Subsidy Program, can help preserve the purchasing power of Filipinos amid the recent uptick in prices. Construction activities will get a boost from the government's infrastructure program supported by PPP modalities; while various sectors will benefit from the full implementation of investment-inducing reforms, such as Amendments to the Public Services Act, Foreign Investment Act, Retail Trade Liberalization Act, and the CREATE.

**Risks to the growth outlook remain both in the external and domestic front.** External risks are due largely to the uncertainties brought by the COVID-19 pandemic, the ongoing Russia-Ukraine conflict, China's slowdown, and monetary normalization in the United States. Meanwhile, domestic risks to growth include:

- a. Inclement weather (typhoons, La Niña);
- b. Prevalence of the African Swine Fever and emergence of Avian Influenza;
- c. Tight fiscal space due to elevated deficit and debt;
- d. Inflationary pressures due to external factors;
- e. Disruptions in value chains, and the logistics sector due to China slowdown; and
- f. The limited absorptive capacity of implementing agencies and LGUs.

## b. Revenue Outlook

**Economic recovery is expected to gain traction in 2022, fueled by improving domestic demand, recovery of industry and services sectors, and declining COVID-19 cases.** Revenues are estimated to rise to ₱3.3 trillion in 2022 with real GDP growth forecast for 2022 slightly adjusted to 6.5 percent to 7.5 percent to account the recent external and domestic developments.

**With a positive growth performance for the first six months of 2022, the DBCC is optimistic that this growth momentum will continue for the rest of the year.** This positive growth outlook is mainly driven by the increase in household consumption and private investments, along with a robust manufacturing, industry, high vaccination rate, improved healthcare capacity, and the upward trend on tourism and employment that allowed us to safely and progressively re-open particularly, the productive sectors of the economy. For 2023 and 2024, it is expected that the growth will be sustained and expanded to 6.5 to 8.0 percent.

**Revenue projections from 2023 onwards have also been revised upwards as economic recovery is expected to accelerate following the rapid expansion of COVID-19 vaccinations, further relaxation of containment measures and travel restrictions, and continued policy support.** For 2023, revenues are forecasted to hit ₱3.6 trillion or 15.3 percent of GDP, picking up to ₱4.1 trillion or 15.6 percent of GDP in 2024, ₱4.6 trillion or 16.0 percent of GDP in 2025, ₱5.2 trillion or 16.5 percent of GDP in 2026, ₱5.8 trillion or 17.0 percent of GDP in 2027, and ₱6.6 trillion or 17.6 percent of GDP in 2028.

**The fiscal deficit is expected to remain elevated but narrow gradually over the medium-term.** The fiscal deficit is projected to reach 7.6 percent of GDP in 2022 before moderating in subsequent years, supported by fiscal strengthening reforms and the gradual unwinding of pandemic-related measures.

### c. Borrowing Outlook

**The NG borrowing program for 2022 intends to maintain its heavy preference for domestic financing in line with the strategy of managing foreign exchange exposure in the debt portfolio and supporting local debt market development.** The government targets a 75:25 mix between domestic and foreign sources of financing equivalent to ₱1.7 trillion in domestic financing and ₱560.6 billion in gross external borrowings.

### d. Expenditure Outlook

**For FY 2022, the total disbursement program amounts to ₱4.955 trillion and equivalent to 22.8 percent of GDP. This was approved by the DBCC on its 181<sup>st</sup> meeting on May 24, 2022 under the Duterte Administration, and was subsequently maintained by the Economic Managers of the Marcos Administration during the 182<sup>nd</sup> DBCC Meeting held on July 8, 2022.** The growth of the total disbursement program for 2022 is lower at 6.0 percent from 2021's 10.6 percent as the government implements its fiscal consolidation strategy amid the completion of COVID-19 emergency measures and hence, gradual withdrawal of fiscal support. Nonetheless, infrastructure and other capital expenditures will remain as key spending driver, alongside the higher National Tax Allotment (NTA) of LGUs with the first year of implementation of the *Mandanas* Ruling. Infrastructure and other capital outlays are programmed at ₱979.3 billion (from ₱895.1 billion actual in 2021), while total infrastructure disbursements (combined with the infrastructure components of transfers to LGUs and support to government corporations) are expected to reach ₱1.199 trillion (from ₱.124 trillion in 2021). Meanwhile, the NTA of LGUs for 2022 increased to ₱959.0 billion or by ₱263.5 billion when compared to the ₱695.5 billion Internal Revenue Allotment (IRA) allocation in 2021. The programmed disbursements for 2022 will help support the revised growth target of 6.5 to 7.5 percent<sup>52</sup> for the year.

**Meanwhile, the ₱5.024 trillion National Budget for FY 2022 was enacted into law under RA No. 11639 on December 30, 2021. It seeks mainly to sustain the recovery efforts started in previous years during the implementation of the *Bayanihan* I and II laws and the FY 2021 budget, and buttress stronger economic growth post-pandemic.** Specifically, the FY 2022 budget allocated ₱1.932 trillion for the Social Services Sector to strengthen the country's resilience amid the protracted impact of the pandemic through the provision of health-related programs, social safety nets, and targeted subsidies to the poor and marginalized. Some ₱1.494 trillion was allotted for the Economic Services Sector to support the continued recovery of industries, particularly the MSMEs from the pandemic, sustain infrastructure and agricultural development, and environmental protection. On the other hand, the total infrastructure outlays for 2022 amount to ₱1.178 trillion<sup>53</sup>, composed of the NG-implemented infrastructure programs, activities, and projects (e.g., road and transport infrastructures, defense, school buildings and health

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<sup>52</sup> Projections adopted by the DBCC during its 182<sup>nd</sup> Meeting held on July 8, 2022. Revised downwards from the 7.0 to 8.0 target during the 181<sup>st</sup> DBCC Meeting held on May 24, 2022.

<sup>53</sup> Composed of infrastructure allocations covering various departments regardless of sectoral classification. This is not meant to be added to the allocations for the social, economic, and other sectors since infrastructure outlays cut across sectors, and hence may result in double-counting.

facilities), GOCC-led infrastructure programs (e.g., irrigation and housing), and LGU infrastructure transfers (e.g., twenty percent (20%) development fund<sup>54</sup>).

**To facilitate the timely implementation of various programs, activities, projects under the FY 2022 budget, the DBM has comprehensively released ₱2.395 trillion on the first working day of the year through the GAA-as-an-Allotment Order (GAAAO) policy and issued under National Budget Circular No. 587 or the Guidelines on the Release of Funds for FY 2022 dated January 3, 2022<sup>55</sup>.** This was equivalent to 82.8 percent of the ₱2.893 trillion agency-specific budgets of line departments. To recall, the GAAAO policy considers the GAA as the allotment authorizing the line agencies to incur obligations for those expenditures itemized and specified in the GAA, except for those which are<sup>56</sup>: i) subject to conditions or requirements pursuant to other existing laws, general or special provisions, and other rules and regulations; ii) lump-sum appropriations in the agency budget and special purpose funds that have no details necessary for release; and iii) requiring a Special Budget under the general and special provisions of the appropriations law.

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<sup>54</sup> Mandated under Section 287 of the RA No. 7160, or the Local Government Code of 1991, where LGUs are required to appropriate at least 20 percent of their NTA shares for development projects.

<sup>55</sup> DBM (2022). Available at <https://www.dbm.gov.ph/wp-content/uploads/Issuances/2022/National-Budget-Circular/NATIONAL-BUDGET-CIRCULAR-NO-587.pdf>

<sup>56</sup> Consistent with Section 3 of the General Provisions of the RA No. 11639, or the General Appropriations Act for FY 2022 and the President's Veto Message on the FY 2022 Budget.

## e. Disbursement Outlook

Over the medium-term, NG disbursements will remain as a key contributor to economic growth, supporting the government's real GDP growth target of 6.5 to 8.0 percent. While the growth of government spending will moderate during the earlier years of the new Administration before picking up towards the latter half amid fiscal consolidation, it will average above 20.5 percent of GDP for the next six years. Meanwhile, infrastructure disbursements are projected to average between 5.0 to 6.0 percent of GDP until the end of the plan period and will total to ₱9.837 trillion, indicating the government's strong commitment to invest heavily on public infrastructures and maximize its impact on livelihood and employment generation and on the economy as a whole.

**Table 57. National Government Medium-Term Fiscal Program, 2022-2028**

(in billion pesos, unless otherwise stated)

Particulars	2022	2023	2024	2025	2026	2027	2028
<b>Revenues</b>	<b>3,304.1</b>	<b>3,632.9</b>	<b>4,062.6</b>	<b>4,576.8</b>	<b>5,155.3</b>	<b>5,821.4</b>	<b>6,589.0</b>
% of GDP	15.2%	15.3%	15.6%	16.0%	16.5%	17.0%	17.6%
Growth Rate	9.9%	10.0%	11.8%	12.7%	12.6%	12.9%	13.2%
<b>Disbursements</b>	<b>4,954.6</b>	<b>5,085.8</b>	<b>5,402.0</b>	<b>5,759.7</b>	<b>6,249.6</b>	<b>6,916.0</b>	<b>7,711.7</b>
% of GDP	22.9%	21.4%	20.7%	20.2%	20.0%	20.2%	20.6%
Growth Rate	6.0%	2.6%	6.2%	6.6%	8.5%	10.7%	11.5%
<b>(Deficit)</b>	<b>(1,650.5)</b>	<b>(1,452.9)</b>	<b>(1,339.4)</b>	<b>(1,182.8)</b>	<b>(1,094.3)</b>	<b>(1,094.6)</b>	<b>(1,122.7)</b>
% of GDP	-7.6%	-6.1%	-5.1%	-4.1%	-3.5%	-3.2%	-3.0%
Growth Rate	-1.2%	-12.0%	-7.8%	-11.7%	-7.5%	0.0%	2.6%
Infrastructure Disbursements	1,199.5	1,180.2	1,297.2	1,423.0	1,664.1	1,945.5	2,327.0
% of GDP	5.5%	5.0%	5.0%	5.0%	5.3%	5.7%	6.2%

**REPUBLIC OF THE PHILIPPINES**  
**Department of Budget and Management**  
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