



AGENCY BUDGET NOTES

For FY 2026



DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS

BREAKDOWN OF OPERATIONS BUDGET



P250.83B (32.3%)
Flood Management Program



P182.54B (23.5%)
Network Development Program



P167.79B (21.6%)
Convergence and Special Support Program



P108.28B (13.9%)
Asset Preservation Program



P52.27B (6.7%)
Bridge Program



P 15.41 B (2.0%)
Local Program

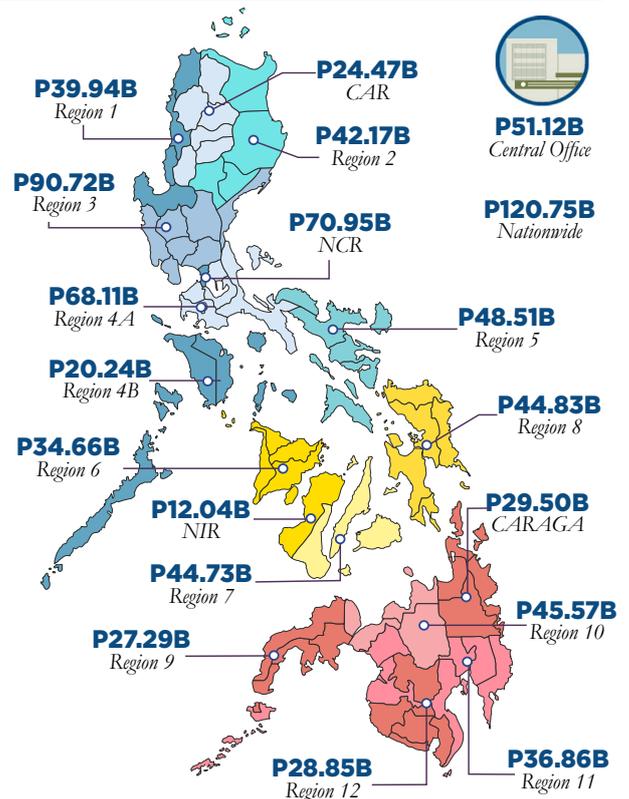


P880.01B
TOTAL NEW APPROPRIATIONS FOR 2026

COST STRUCTURE

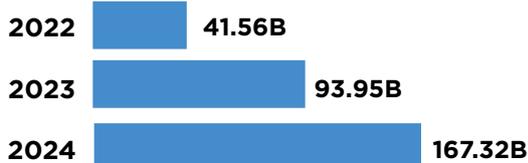
General Admin and Support	P20.47B (2.3%)
Support to Operations	P82.43B (9.4%)
Operations	P777.11B (88.3%)

REGIONAL DISTRIBUTION OF THE 2026 EXPENDITURE PROGRAM (P881.31B) (New and Automatic Appropriations)



BUDGET UTILIZATION

UNUSED APPROPRIATIONS



DISBURSEMENT RATE



QUICK FACTS

World Infrastructure Competitiveness Ranking 2025

Selected ASEAN Members



PH continues to lag compared to other ASEAN-member states in global infrastructure competitiveness

Notes: ¹ The lower the number, the better the performance

² Numbers inside the parenthesis () are rankings from 2024. Ranking out of 67 countries.

Source: Institute for Management and Development (IMD)

National Roads and Local Roads

by Surface Type (in Kilometers)

	Paved	%	Unpaved	%	Total
National Roads	35,211	99.1	315.4	0.9	35,526.4
Permanent	7,461.8	100.0	1.0	0.0	7,462.0
Secondary	15,432.2	99.4	87.1	0.6	15,519.3
Tertiary	12,317.0	98.2	227.2	1.8	12,544.3
Local Roads	80,093.3	47.5	88,498.7	52.5	168,592.0
Provincial	17,912.0	62.0	10,983.5	38.0	28,895.5
Cities	9,185.8	72.0	3,573.7	28.0	12,759.5
Municipalities	9,269.3	63.4	5,360.3	36.6	14,629.6
Barangays	43,726.2	38.9	68,581.2	61.1	112,307.4

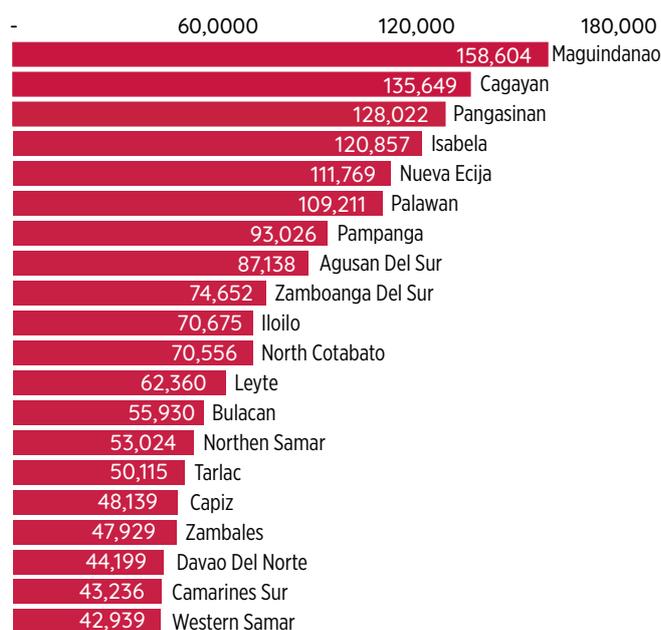
Notes: ¹ Paved roads are made of concrete and asphalt; Unpaved roads are made of gravel and earth.

² National roads include the 13 regions plus BARMM; local roads exclude BARMM (16 Oct 2023)

Source: DPWH (www.dpw.gov.ph), DILG - Office of Project Development

Top 20 Flood Prone Provinces

Land Area with Hazard (in Hectares)



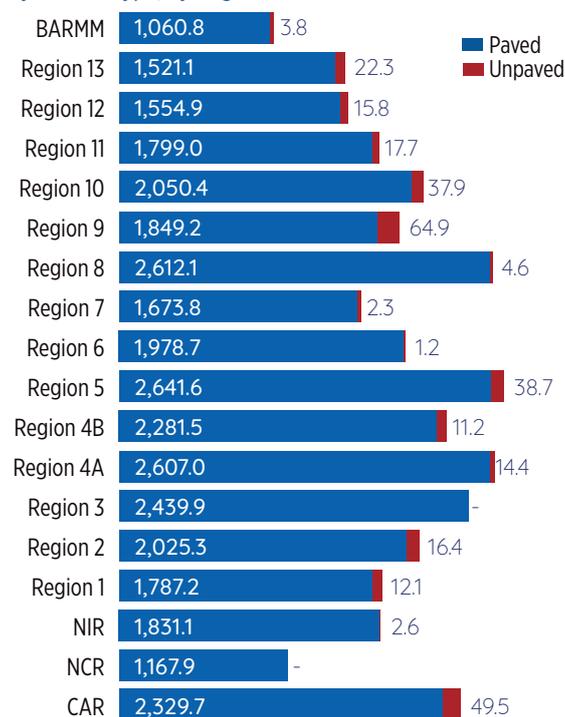
Note: Based on the 1:10,000-scale Geohazard Mapping and Assessment,

Source: Geohazards and Engineering Geology Section (GhEGS), Mines and Geoscience Bureau (MGB)

National Road Length

(in Kilometers)

By Surface Type, by Region as of 16 October 2024



Notes: ¹ Paved roads are made of concrete and asphalt; Unpaved roads are made of gravel and earth

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

By Road Condition, By Region as of 16 October 2024

Region	Good	Fair	Poor	Bad	N/A	Total
BARMM	264	538	145	66	51	2,379
CARAGA	460	593	219	82	189	1,168
Region 12	558	670	210	64	69	1,834
Region 11	589	742	198	65	222	1,799
Region 10	972	764	150	80	123	2,042
Region 9	735	764	188	72	156	2,440
Region 8	809	907	376	238	287	2,621
Region 7	698	511	163	169	136	2,293
NIR	691	713	202	96	132	2,680
Region 6	646	750	260	149	175	1,980
Region 5	617	914	547	411	191	1,676
Region 4B	906	1,017	216	66	86	2,617
Region 4A	1,016	876	302	182	245	1,914
Region 3	1,058	842	179	119	242	2,088
Region 2	510	713	420	197	201	1,817
Region 1	639	675	209	120	156	1,571
NCR	609	260	75	34	190	1,543
CAR	785	1,041	313	163	78	1,065

Notes: ¹ Based on Visual Condition Index (VCI) of DPWH: (i) good condition (>70 to 100); (ii) fair condition (>40 to 70); (iii) poor (>20 to 7); (iv) Bad (1to 20); (v) NA or "No Assessment" are those sections under construction, are committed for construction, or have bridges or segment, below the 50 meter gauging length

Source: DPWH

Average International Roughness Index (IRI)

by Region

	CAR	NCR	R1	R2	R3	R4A	R4B	R5	R6	R7	R8	R9	R10	R11	R12	R13	BARMM	PH
2015	6.88	4.69	4.10	4.88	3.92	4.11	5.30	4.22	5.22	4.23	3.48	4.16	4.90	4.23	4.36	4.94	N/A	4.69
2017	5.84	4.75	3.52	4.54	3.48	3.35	N/A	3.13	5.21	4.22	4.08	4.39	4.42	4.36	4.34	3.73	N/A	4.12
2019	5.83	4.91	3.75	4.56	3.63	3.34	N/A	3.39	5.02	4.58	4.63	5.07	4.31	5.24	5.16	4.37	N/A	4.68
2023	6.77	5.15	3.92	5.05	3.87	4.11	N/A	5.13	4.56	4.22	3.75	4.93	4.10	4.42	4.42	3.96	6.22	4.69

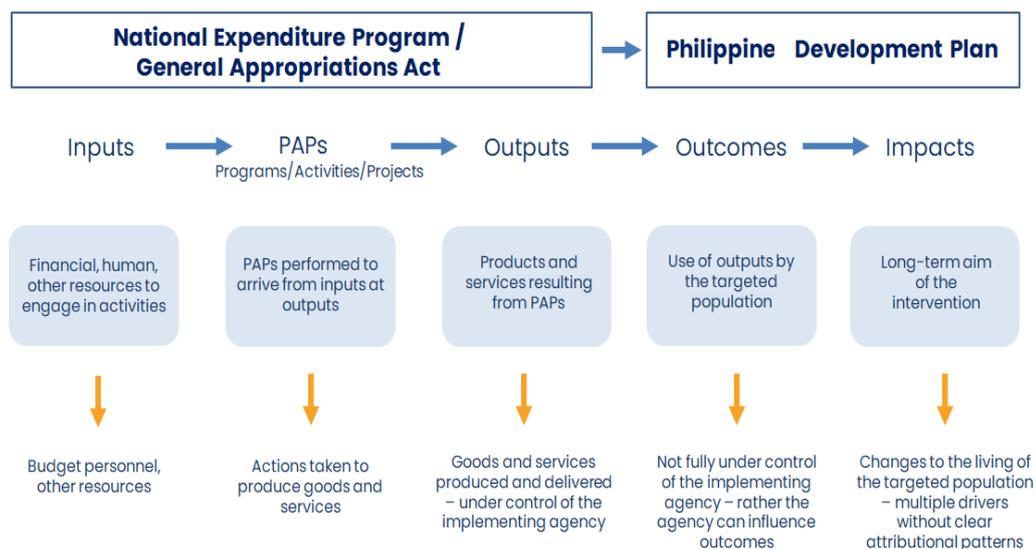
Notes: ¹ Average IRI of 1-3 are in "good condition", >3-5 in "fair condition", >5-7 in "poor condition", and >7 in "bad condition"

² Average IRI for Negros Island Region (NIR) in 2015 is at 4.93. No NIR IRI in the succeeding years.

Source: DPWH

Results Accountability: “Dapat May Kwento ang Kwenta”

- ❑ The agency budget should inform Congress not only about proposed expenditures and past budget utilization, but more importantly, about the goods and services it delivers—and how these contribute to the results outlined in the development plan.
- ❑ The alignment of the **Agency Budget** to the **Philippine Development Plan (PDP) 2023–2028** is established through performance indicators across the results chain—from inputs and programs, activities, and projects (PAPs) to outputs, outcomes, and impacts. The PDP and its Results Matrices define outcome and impact indicators that track improvements in the lives of Filipinos, consistent with the 8-Point Socioeconomic Agenda and *AmBisyon Natin 2040*. The agency budget complements this by specifying output indicators, resource allocations, and the services to be delivered.



QUESTIONS:

- What key result areas in the Philippine Development Plan does the agency contribute to?
- Which PDP performance indicators are relevant to the agency, and what is the progress toward their targets?
- How do the agency’s programs, activities, and projects support PDP outcomes and impacts?
- What are the main outputs (products and services) delivered, and how do they contribute to PDP targets?
- How are budget allocations aligned with programs that advance PDP priorities?
- What is the agency’s budget utilization rate, and how does it relate to output delivery?
- How is efficiency being measured and improved in the use of resources?
- To what extent have outputs translated into meaningful outcomes and impacts?
- What challenges are hindering progress, and what corrective measures are being taken?
- What strategies are in place to sustain or strengthen the agency’s contribution to PDP

HIGHLIGHTS

- ❑ The DPWH's expenditure program will decrease by 19.1% to P881.3 billion in 2026 from P1.089 trillion in 2025. This will be sourced mainly from new appropriations (*P880.0 billion*) and automatic appropriations (*P1.3 billion*). Despite the P207.5 billion decline, the DPWH will continue to have one of the largest budgetary allocations among all government agencies in 2026 next to the Department of Education (DepEd) with a P928.5 billion budget. In 2026, the DPWH budget will also account for 13% of the P6.793 trillion national budget and 56.6% of the P1.56 trillion public infrastructure budget. (**par. 3.1**)
- ❑ The DPWH expenditure program for 2026 is composed of three major expense classes, namely, Personnel Services or PS (*P15.6 billion*), Maintenance and Other Operating Expenses or MOOE (*P26.8 billion*), and Capital Outlay or CO (*P839 billion*). (**par. 3.2**)
- ❑ *New Appropriations by Cost Structure.* In 2026, the proposed new appropriations of the DPWH at P880.0 billion is 19.1% lower compared to the P1.1 trillion in 2025. By cost structure, the DPWH's new appropriations in 2026 is composed of General Administration and Support or GAS (*P20.5 billion*), Support to Operations or STO (*P82.4 billion*), and Operations (*P777.1 billion*). (**par. 4.1 and 4.2**)
- ❑ Note that the approved budgets of the DPWH in the General Appropriations Act (GAA) have always been higher as compared with the amounts proposed in the NEP. For the periods 2021, 2022, 2023, 2024, and 2025, the proposed DPWH budgets in the NEP were P666.5 billion, P685.2 billion, P717.3 billion, P821.1 billion, and P898.9 billion respectively, while the corresponding budgets approved in the GAA were P694.8 billion, P785.7 billion, P893.1 billion, P996.8 billion, and P1.1 trillion, respectively. The variance between the GAA and NEP levels of the DPWH budget ballooned from P28.3 billion in 2021 to P188.8 billion in 2025. (**par. 4.1**)
- ❑ By major programs, the DPWH's operations budget is broken down as follows: Flood Management Program (*P250.8 billion*), Network Development Program (*P182.5 billion*), Convergence and Special Support Program (*P167.8 billion*), Asset Preservation Program (*P108.3 billion*), Bridge Program (*P52.3 billion*), and Local Program (*P15.4 billion*). (**par. 4.5**)

KEY ISSUES AND CHALLENGES

- ❑ *Unfilled Positions.* Around 2,850 positions or 12% of the 23,724 total authorized positions of the DPWH in 2026 are unfilled. Although declining, the huge number of unfilled positions should be carefully evaluated by the DPWH considering that most of the agency's infrastructure projects are tendered to private contractors. A lower number of unfilled positions can free up resources for other important projects within or outside the Department and generate savings for the agency. (**par. 3.4**)
- ❑ *Low absorptive capacity.* From 61.2% in 2022, the DPWH disbursement rate have steadily declined to 60.5% in 2023 and 53.3% in 2024. The low disbursement rate is a chronic

problem facing major infrastructure implementing agencies like the DPWH as various factors such as right-of-way (ROW) acquisition, project design modifications, project alignments, and procurement delays weigh heavily on budget utilization and project completion. **(par. 5.2).**

- ❑ *Low disbursement rate of Major Programs.* All major programs of the DPWH have recorded a disbursement rate below 80% in 2024. The highest disbursement rate recorded during the period is the 74.8% of the *Flood Management Program* followed by the 73.5% of the *Asset Preservation Program*. The *Network Development* and the *Bridge programs* posted disbursement rates of 53.3% and 52.7%, respectively. The case of the DPWH's *Local Program* is alarming with disbursement rate below 50% since 2022. **(par. 5.4)**
- ❑ The financial and accomplishment reports submitted by agencies should not be taken at face value. A high disbursement rate may not necessarily indicate efficiency but rather high levels of corruption in the presence of collusion or without a citizen feedback mechanism. A case in point is the Flood Control Management Program which has the highest disbursement rate at 74.8% among the DPWH major programs but is mired with irregularities and corruption allegations based on the evidence presented by the President. **(par. 5.6)**
- ❑ In view thereof, a credible vetting process should be instituted for these vital infrastructure projects similar to the process done by the Public-Private Partnership (PPP) Center and the former NEDA Investment Coordinating Committee (ICC). It is likewise prudent to reexamine and recast the minimum project cost threshold at P2.5 billion and above that require the review and approval of the former NEDA ICC given the failure of LGUs to strictly monitor or implement infrastructure projects. The said directive to increase the cost threshold was issued through ICC Memorandum released during the Duterte administration on 27 June 2017. Note that most flood control projects funded in the national budget cost below P1 billion. **(par. 5.7)**
- ❑ *Missed targets and failure to report actual accomplishments.* The DPWH missed in 13 out of 24 output indicators in 2022, eight out of 24 output indicators in 2023, and 17 out of 24 output indicators in 2024. Worse, the agency did not report actual accomplishments in all the nine (9) outcome indicators across all major programs. No actual accomplishments were reported in the NEP for outcome indicators such as the “average International Roughness Index (IRI) of 3.7” and “percentage reduction in travel time for primary roads,” although data is being produced at the DPWH showing that the country’s average IRI has even worsened from 4.12 in 2017 to 4.68 in 2019, and to 4.69 in 2023. **(par. 5.8 and 5.16 to 5.17)**
- ❑ *Inclusion of ongoing projects in reporting completed projects for the year.* In reviewing the DPWH's Budget Accountability Report (BAR) in the Transparency Seal to validate its actual accomplishments vs targets, it was found out that instead of reporting only the projects that have been completed within the year, the DPWH included ongoing projects in its actual accomplishments. This explains why the agency has exceeded or met its targets in

all major programs from 2022 to 2024. For instance, the DPWH reported completing the maintenance of 1,446.8 kms. of road under its *Asset Preservation Program* surpassing its target of 1,196.4 kms. Close scrutiny indicates that 562.7 kms. of ongoing projects were included to come up with the said accomplishment. **(par. 5.10 and 5.11)**

- ❑ *Additional Discrepancies in the Accomplishment Report.* There are also computational issues in the DPWH's performance report of the 2023 BAR that need clarification. A case in point is the total "length of newly constructed roads" which should only be 130.2 kms. (even including the ongoing projects) but was surprisingly reported at 989.6 kms. The "length of rehabilitated, reconstructed and upgraded roads," on the other hand, should only be 241.9 kms. (even including the ongoing) but the total accomplishment reported was 589.4 kms which is higher compared to the target of 334.5 kms. **(par. 5.12)**
- ❑ *Low infrastructure competitiveness despite increasing budget.* Notwithstanding the growing infrastructure budget which has already exceeded 5% to 6% of GDP in recent years, infrastructure development in the country remains inadequate and continues to be a major constraint to sustainable economic growth. In the 2025 World Competitiveness Yearbook, the Philippines ranked 60th out of 69 economies, a slight improvement from 61st in 2024 with the Philippines repeatedly ranking below its ASEAN neighbors, namely Indonesia, Malaysia, Thailand and Singapore in infrastructure competitiveness. **(par. 5.20 to 5.21)**

OTHER ISSUES

- ❑ *Allocative inefficiencies.* There are observations that the DPWH budget for public infrastructure is not going to the areas that needed them the most. According to a report from Malacañang dated 11 August 2025, the provinces with the greatest number of flood control projects are not necessarily the provinces which are considered as the most flood-prone (i.e., Nueva Ecija, Metro Manila, Maguindanao, North Cotabato, Oriental Mindoro) based on the National Adaptation Plan of the Philippines 2023-2050. **(par. 4.6.2)**
- ❑ Moreover, the budget for the "Preventive Maintenance of National Roads" subprogram does not necessarily go to regions with the longest roads that are in "fair" and "poor" condition. In 2026, Region 3 will have the biggest budget for "preventive maintenance of national roads" with only 1,177 kms. of "fair" and "poor" roads, while the NCR with the third largest budget at P4.2 billion, has only 334.7 kms. of "fair" and "poor" roads. In contrast, Region 5, CAR and Region 8 have the longest "fair" and "poor" roads at 1,461 kms., 1,353.5 kms., and 1,283 kms., respectively, but have smaller budgets of P2.4 billion, P797 million, and P3 billion, respectively. This is also true in the Network Development Program, "Reconstruction, rehabilitation, and upgrading of damaged paved roads" subprogram, and Bridge Program **(par. 4.7.1, 4.9.1 to 4.9.3, 4.10.1 to 4.10.2)**
- ❑ In view of the inefficiencies in budgetary allocation wherein public infrastructure budgets go to areas that are not needing them the most, it is important that the DPWH and other agencies include in their submitted program budgets correlational indicators with their underlying intent and objectives. For example, an inventory of national roads by road

condition should be included in the proposed budget for road maintenance upon submission. This proposed budget ideally should be able to target areas with national road networks that are in dismal condition. **(par. 4.11)**

- ❑ *On Reclamation and Flooding in Metro Manila.* In a 2024 cumulative impact assessment conducted by the Marine Environment and Resources Foundation (MERF), the Department of Environment and Natural Resources (DENR) confirmed that indeed reclamation can exacerbate flooding in low-lying Metro Manila urban cities and municipalities. By blocking natural drainage pathways, these projects hinder the timely drainage of floodwaters, especially during heavy rains. This bottleneck effect increases both coastal and inland flooding, posing heightened risks to lives and infrastructure, and undermines community resilience (DENR, 2025). **(par. 4.6.5)**

- ❑ **Major Audit Findings.** According to the 2023 COA Annual Audit Report, the significant findings include:
 - a) *Delayed completion and non-implementation of projects.* The DPWH was not able to efficiently implement 3,407 locally funded projects with an aggregate cost of P131.6 billion due to inadequate planning, detailed engineering, supervision, and monitoring, which resulted in delayed completion of and implementation of various projects.;

 - b) *Delayed and inefficient implementation of foreign-assisted projects (FAPs).* The DPWH was not able to efficiently implement 17 FAPs with an aggregate cost of P84.4 billion as evidenced by negative slippages ranging from 0.78% to 36.6%, increased project costs, and prolonged implementation period which resulted in loan restructuring of three (3) projects in 2023 and possible restructuring of other projects in 2024.

 - c) *Non-imposition of liquidated damages.* Liquidated damages were not imposed, collected, or deducted from the payments made to the contractors and supplier who incurred delays ranging from one to 912 days from the target schedule of completion of projects and delivery of goods, with a total contract cost of P8.6 billion.

 - d) *Technical defects of infrastructure projects.* A total of 828 infrastructure projects undertaken by the DPWH were not executed in accordance with the provisions in the respective Contract Agreement due to the lack of proper supervision and monitoring, thereby resulting in various technical defects equivalent to at least P343.5 million.

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DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS*

I. MANDATE AND ORGANIZATIONAL OUTCOMES

- 1.1. *Mandate.* The Department of Public Works and Highways (DPWH) is the primary engineering and construction arm of the government. The DPWH is mandated by virtue of Executive Order No. 124 dated January 1987 to undertake (a) the planning of infrastructure such as roads and bridges, flood control, water resources projects and other public works, and (b) the design, construction, and maintenance of national roads and bridges, and major flood control systems.
- 1.2. *Organizational Outcomes (OOs).* The overarching objective for the infrastructure sector as provided in the Philippine Development Plan (PDP 2023 to 2028) is to “Build Better More” geared towards the delivery of sustainable, resilient, integrated, and modern infrastructure systems by promoting physical connectivity, and the establishment of resilient and sustainable communities. Correspondingly, the DPWH seeks to achieve the following key organizational outcomes (OOs) namely (i) Ensure safe and reliable national road system, and (ii) Protect lives and properties against major floods.
- 1.3. The key performance indicators relevant to DPWH’s goal of promoting greater connectivity are the reduction in travel time (in hours) via land in key geographic corridors (e.g., Pan Philippine Highway, Manila to Baguio, Clark to Subic, Cagayan de Oro to Davao, etc.), and the improvement in the Average International Roughness Index (IRI) of the country’s primary national road network to 3.7 (fair condition). The DPWH also seeks to reduce areas prone to flooding especially along major river basins pursuant of its goal to protect lives and properties from climate-related hazards.

II. SOURCES OF APPROPRIATIONS

- 2.1. The DPWH’s total available appropriations will decrease by 29.5% in 2026 to P881.3 billion from P1.249 trillion in 2025. This will be sourced mainly from new appropriations (*P880.0 billion*) and automatic appropriations (*P1.3 billion*).

**This document was prepared by Ricardo P. Mira as input to the deliberations of the House Committee on Appropriations on the FY 2026 proposed National Budget. The report benefitted from discussions with and inputs of EPRS Director Elsie C. Gutierrez and SERB Executive Director Manuel P. Aquino and from the overall guidance of Deputy Executive Director Pamela Diaz-Manalo and CPBRD Director-General Romulo E.M. Miral, Jr., PhD. The layout/design of the infographics by Alexiz S. Taaca, Carla P. Soriano and Tommy Lagasca are also acknowledged. The views, perspectives, and interpretations in this ABN do not necessarily reflect the positions of the House of Representatives as an institution or its individual Members. A copy of this publication is available at the CPBRD’s website: cpbrd.congress.gov.ph.*

TABLE I
SOURCES OF FUNDS, 2024-2026
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS (DPWH)

	Amounts (in million Pesos)			Share to Total Appropriations		
	2024	2025	2026	2024	2025	2026
New Appropriations	996,791.7	1,087,698.7	880,008.9	70.8	87.0	99.9
Supplemental Appropriations	--	--	--	--	--	--
Automatic Appropriations	1,447.8	1,101.6	1,303.7	0.1	0.1	0.1
Continuing Appropriations	87,079.3	160,833.3	--	6.2	12.9	--
Budgetary Adjustments	321,719.3	--	--	22.9	--	--
Total Available Appropriations	1,407,038.1	1,249,633.6	881,312.6	100.0	100.0	100.0
Less: Unused Appropriations	(167,324.9)	(160,833.3)	--	11.9	12.9	--
Total Obligations	1,239,713.2	1,088,800.3	881,312.6	88.1	87.1	100.0

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

Source of basic data: FY 2026 National Expenditure Program (NEP)

III. EXPENDITURE PROGRAM

- 3.1. The DPWH's total obligations will decrease by 19.1% to P881.3 billion in 2026 from P1.089 trillion in 2025 (Table 2). Despite the P207.5 billion decline, the DPWH will continue to have one of the largest budgetary allocations among all government agencies in 2026 next to the Department of Education (DepEd) with P928.5 billion budget. The DPWH budget will also account for 13% of the P6.793 trillion national budget and 56.6% of the P1.56 trillion public infrastructure budget in 2026.

TABLE 2
EXPENDITURE PROGRAM, 2024-2026
(AMOUNTS IN MILLION PESOS)

Year	Amount	Increase / (Decrease)	Growth Rate (%)
2024	1,239,713.2	271,778.4	28.1
2025	1,088,800.3	(150,912.9)	(12.2)
2026	881,312.6	(207,487.7)	(19.1)

Source of basic data: BESF 2026

- 3.2. *By Major Expenditure Class.* The DPWH expenditure program for 2026 is composed of three major expense classes, namely, Personnel Services or PS (P15.6 billion), Maintenance and Other Operating Expenses or MOOE (P26.8 billion), and Capital Outlay or CO (P839 billion) (Table 3). Although lower by P207.5 billion (or 21.5%) in 2026, CO continues to account for the largest share in the DPWH budget at 95.2%. From P6.9 billion in 2025, MOOE will increase sharply by 286.6% billion to P26.8 billion in 2026, while PS will slightly rise by 18.1% to 15.6 billion in 2026 from P13.2 billion in 2025.

TABLE 3
EXPENDITURE PROGRAM BY GENERAL EXPENSE CLASS, 2024-2026
(AMOUNTS IN MILLION PESOS)

Particulars	Amounts (In Million Pesos)			Share to Total (%)		
	2024	2025	2026	2024	2025	2026
PS	14,901.4	13,181.9	15,562.5	1.2	1.2	1.8
MOOE	16,122.0	6,929.4	26,787.7	1.3	0.6	3.0
CO	1,208,689.8	1,068,689.0	838,962.4	97.5	98.2	95.2
Fin Ex	-	-	-	-	-	-
TOTAL	1,239,713.2	1,088,800.3	881,312.6	100.0	100.0	100.0

Note: Totals may not add up due to rounding off.
Source of basic data: BESF 2026

- 3.3. *Staffing Summary.* For 2026, the DPWH staffing summary will be composed of 623 key positions and 23,101 other positions broken down into administrative (4,822 personnel), support to technical (3,524 personnel), and technical (14,755 personnel). Of the 23,724 total permanent positions in 2026, 20,874 positions are projected to be filled up, leaving the remaining 2,850 positions unfilled or about 12% of the total authorized positions. The unfilled positions of the DPWH peaked at 4,869 vacancies in 2020 and has since gone down in subsequent years.

TABLE 4
UNFILLED POSITIONS, 2024-2026

Year	Authorized Positions	Number of Unfilled Positions	Unfilled to Authorized Positions (%)
2024	23,703	3,256	13.7
2025	23,724	2,850	12.0
2026	23,724	2,850	12.0

Source: Staffing Summary 2024-2026

- 3.4. Although declining, the huge number of unfilled positions should be carefully evaluated by the DPWH considering that most of the agency's infrastructure projects are tendered to private contractors. A lower number of unfilled positions can free up resources for other important projects within or outside the Department and generate savings for the agency. The issue on unfilled positions may also be taken in the context of the Government Optimization Act (Republic Act No. 12231) which was signed by President Marcos Jr. in August 2025, to reorganize and streamline Executive agencies (except teachers and military and uniformed personnel) in the next five (5) years. The reform will strengthen, merge or abolish agencies and functions deemed redundant or misaligned, at the same time protect the welfare of civil servants. It will also generate billions of savings on the part of the government and will promote effectiveness, efficiency, and economy in the delivery of public services.
- 3.5. *Job orders (JOs) and Contract of Service (COS).* As of 30 June 2024, the total number of JOs/COS in the DPWH went up to 41,227 workers, 40.8% higher compared to the 29,275

JOs/COs recorded in June 2023. The DPWH has the most number of JOs/COs among all NGAs which account for 23.1% of the total 178,320 JOs/COs in the whole bureaucracy. Note that while the funding requirements for salaries, benefits, and other compensation of permanent, contractual, and casual workers are chargeable against PS, the compensation for JOs and COS is charged against MOOE.

- 3.6. *Regional Allocation.* Except for the DPWH “Nationwide” and Region 9, all the other regions will experience cuts in their respective budgets in 2026. The Negros Island Region (NIR)—created by Republic Act No. 12000 in June 2024, comprising the provinces of Negros Occidental, Negros Oriental, Siquijor, including Bacolod City, will have a budget of P12.0 billion in 2026. The regions with the biggest budget cuts are Region 4B (*P59.6 billion*), Region 4A (*P52 billion*), Region 3 (*P44.2 billion*), Region 5 (*P38.8 billion*), and NCR (*P34.2 billion*).

TABLE 5
REGIONAL DISTRIBUTION OF THE DPWH BUDGET, 2024-2026
(AMOUNTS IN MILLION PESOS)

Region	2024		2025		2026	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Nationwide	8,226.7	0.7	25,570.8	2.3	120,748.2	13.7
Central Office	76,919.3	6.2	--	--	51,116.0	5.8
NCR	140,976.8	11.4	105,128.6	9.7	70,949.1	8.1
CAR	36,391.9	2.9	31,832.6	2.9	24,466.5	2.8
Region 1	92,513.3	7.5	57,761.4	5.3	39,940.4	4.5
Region 2	55,639.4	4.5	55,681.3	5.1	42,172.4	4.8
Region 3	134,232.2	10.8	134,906.0	12.4	90,722.6	10.3
Region 4A	100,652.9	8.1	120,132.2	11.0	68,107.3	7.7
Region 4B	63,791.0	5.1	79,878.6	7.3	20,240.7	2.3
Region 5	93,166.1	7.5	87,347.1	8.0	48,513.5	5.5
Region 6	56,702.6	4.6	47,413.0	4.4	34,663.2	3.9
NIR	--	--	--	--	12,040.6	1.4
Region 7	65,637.8	5.3	72,117.9	6.6	44,733.8	5.1
Region 8	75,629.2	6.1	59,607.2	5.5	44,829.6	5.1
Region 9	34,573.3	2.8	25,956.1	2.4	27,291.1	3.1
Region 10	77,724.9	6.3	61,520.4	5.7	45,569.7	5.2
Region 11	50,150.0	4.0	45,085.1	4.1	36,856.2	4.2
Region 12	29,377.1	2.4	31,697.9	2.9	28,849.7	3.3
CARAGA	47,417.9	3.8	47,164.1	4.3	29,501.9	3.3
BARMM	--	--	--	--	--	--
Total	1,239,713.2	100.0	1,088,800.3	100.0	881,312.6	100.0

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

Source of basic data: BESF 2026

- 3.7. Note that the P120.7 billion budget for DPWH “Nationwide” which accounts for 13.7% of the DPWH budget in 2026, is more than four (4) times higher compared to the P25.6

billion budget in 2025. Items under “Nationwide” as per BESF pertain to allocations still to be distributed by the concerned agency to the regions. Most of the infrastructure budget of the DPWH have allocations lumped under “nationwide,” although the beneficiary regions for these budgets are already identified under a separate document entitled “Details of DPWH Programs and Projects”— an attached document of the National Expenditure Program (NEP). Meanwhile, the budget under the Central Office refers to allocations being managed by the head office of department or agencies for their respective units.

IV. NEW APPROPRIATIONS

- 4.1. In 2026, the proposed new appropriations of the DPWH at P880.0 billion is 19.1% lower compared to the P1.1 trillion in 2025. Note however that the approved budgets of the DPWH in the General Appropriations Act (GAA) have always been higher as compared with the amounts proposed in the NEP. For the periods 2021, 2022, 2023, 2024, and 2025, the proposed DPWH budgets in the NEP were P666.5 billion, P685.2 billion, P717.3 billion, P821.1 billion, and P898.9 billion respectively, while the corresponding budgets approved in the GAA were P694.8 billion, P785.7 billion, P893.1 billion, P996.8 billion, and P1.1 trillion, respectively. The variance between the GAA and NEP levels of the DPWH budget ballooned from P28.3 billion in 2021 to P188.8 billion in 2025.

TABLE 6
NEW APPROPRIATIONS BY COST STRUCTURE, FY 2024-2026

Agency	Amounts (In Million Pesos)			Share to Total (%)		
	2024	2025	2026	2024	2025	2026
General Administration and Support	12,764.1	13,314.8	20,468.5	1.3	1.2	2.3
Support to Operations	11,731.0	10,345.1	82,426.5	1.2	1.0	9.4
Operations	972,296.6	1,064,038.9	777,113.9	97.5	97.8	88.3
Total	996,791.7	1,087,698.7	880,008.9	100.0	100.0	100.0

Note: Includes the veto items worth P26.1 billion under operations in 2025. Totals may not add up due to rounding off.
Sources of basic data: GAA 2024-2025 and NEP 2026

- 4.2. *By cost structure.* The DPWH’s new appropriations in 2026 is composed of the General Administration and Support or GAS (P20.5 billion), Support to Operations or STO (P82.4 billion), and Operations (P777.1 billion). In 2026, the budgets for GAS and STO will increase sharply by 53.7% and 696.8%, respectively, while Operations will decline by 27%.
- 4.3. Four (4) budget items under the STO will get hefty increases namely (i) payment of right-of-way (P36.2 billion in 2026 from P2.0 billion in 2025), (ii) pre-feasibility study/feasibility study and preliminary detailed engineering (P19.5 billion in 2026 from P1.8 billion in 2025); (iii) routine maintenance of national roads (P14.5 billion in 2026 from P1.7 billion in 2025), and (iv) maintenance, repair, rehabilitation of flood control, and drainage systems, (P2.9 billion in 2026 from P700 million in 2025).
- 4.4. The STO allocation for maintenance, repair, and rehabilitation of flood control, drainage systems and structures excludes separate line items for maintenance and repair for specific

flood control projects such as East and West Manggahan (P100 million), Agno (P100 million), Iloilo (P100 million), Lower Agusan (P75 million), Laoag River Basin (P150 million), and DPWH Floating Equipment (P1.3 billion).

TABLE 7
SUMMARY OF PROGRAMS FOR 2024-2026
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS (DPWH)

Program / Implementing Agency	Amount (In Million Pesos)			% Share to Total Program			Growth Rates '25-'26 (%)
	2024	2025	2026	2024	2025	2026	
Asset Preservation Program	139,033.2	154,063.7	108,277.1	14.3	14.5	13.9	(29.7)
Network Development Program	132,328.4	112,671.3	182,541.4	13.6	10.6	23.5	62.0
Bridge Program	24,755.3	42,564.3	52,265.6	2.5	4.0	6.7	22.8
Flood Management Program	244,577.9	249,811.7	250,825.6	25.2	23.5	32.3	0.4
Local Program	20,610.7	18,743.5	15,413.8	2.1	1.8	2.0	(17.8)
Convergence & Special Support Program	410,991.	486,184.3	167,790.4	42.3	45.7	21.6	(65.1)
Total	972,296.6	1,064,038.9	777,113.9	100.0	100.0	100.0	(27.0)

Notes: Totals may not add up due to rounding off.

Source: GAA 2024-2025 and NEP 2026

- 4.5. *By Major Programs.* Three major programs namely the *Network Development, Bridge and Flood Management programs* will get budget increments of 62%, 22.8%, 0.4%, respectively in 2026. The rest, namely, *Convergence and Special Support, Asset Preservation, and Local programs* will decline by 65.1%%, 29.7% and 17.8%, respectively.
- 4.6. The **Flood Management Program (FMP)** will corner the biggest allocation at P250.8 billion, which is 32.3% of the DPWH operations budget in 2026 (*Table 7*). The proposed budget in 2026 is even bigger compared with the budgets of the Department of Social Welfare and Development (*P223.4 billion*), Department of Transportation (*P197.3 billion*), Department of Agriculture (*P153.9 billion*), and State, Universities, and Colleges (*P135 billion*). The FMP has two (2) subprograms namely (i) the Construction/Maintenance of Flood Mitigation Structures and Drainage Systems (*P159.1 billion*), and (ii) the Construction/Rehabilitation of Flood Mitigation Facilities within Major River Basins and Principal Rivers (*P76 billion*). Additionally, DPWH has 10 Flood Control Foreign-assisted Projects (FAPs) with a combined budget of P15.8 billion.
- 4.6.1. Of the P159.1 billion budget for Construction and Maintenance of Flood Mitigation Drainage Systems for 2026, Region 3 and NCR will account for P39.5 billion (24.8%) and P25.6 billion (16.1%), respectively. These compare with the P2.5 billion and P2.7 billion budgets for Mimaropa and Region 12. Meanwhile Regions 3 and 2 will get the biggest allocations for the Construction/Rehabilitation of Flood Mitigation Facilities within Major River Basins and Principal Rivers subprogram at P10.9 billion and P10.2 billion, respectively. Note that combined, Region 3 will corner more than P50 billion in flood control related projects in 2026.

4.6.2. Despite the billions of funds allocated for flood control projects, several parts of the country especially in Metro Manila, Bulacan, Pampanga, Laguna, among others, are easily inundated following a heavy downpour. President Marcos Jr. expressed his disappointment on what seems to be an unending flooding problem in the country partly due to the ineffectiveness of DPWH's flood management program during his State of the Nation Address (SONA) on 28 July 2025. As a result, the President ordered a preliminary review of all flood control projects implemented from the beginning of his term and came up with the following key initial findings:¹

- A total of 9,855 flood control projects were implemented (ongoing and completed) by the DPWH from July 2022 to May 2025 with an estimated total cost of P545.5 billion. Of these, 6,021 projects with a combined cost of P350 billion do not specify the exact type of flood control structures built, repaired, or rehabilitated.
- Several projects in different locations have the same contract cost, which could mean the same designs, materials used, lengths and specifications despite differences in location or terrain.
- The regions with the most number of flood control projects are Region 3 (*1,617 projects, P98.01 billion*), NCR (*1,058 projects, P52.57 billion*), and Region 5 (*866 projects, P49.61 billion*).
- The provinces with the most number of flood control projects, namely Bulacan (668 projects), Cebu (414 projects), Isabela (341 projects), Pangasinan (313 projects) Pampanga (292 projects), Albay (273 projects) Leyte (262 projects), Tarlac (258 projects), Camarines Sur (252 projects) and Ilocos Norte (224 projects) are not necessarily the provinces which are considered as the most flood-prone (i.e., Pampanga, Nueva Ecija, Pangasinan, Tarlac, Bulacan, Metro Manila, Maguindanao, North Cotabato, Oriental Mindoro, and Ilocos Norte) based on the National Adaptation Plan of the Philippines 2023-2050.
- Despite having 157 out of 170 pumping stations in the entire country, Metro Manila continues to face worsening flooding problem due to improper garbage disposal that clogged major drainage systems and waterways. The deluge of garbage and wastes has rendered many of these pumping stations ineffective and exacerbated the flooding in Metro Manila, including the adjacent provinces.
- Of the 2,409 contracting entities for flood control projects, 15 contractors cornered P100 billion worth of projects or 20% of the P545 billion budget from 2022 to 2025. Of the 15 contractors, five (5) of them have contracts in almost all flood control projects nationwide.

4.6.3. Subsequently, the President launched the “Sumbong sa Pangulo” (www.sumbongsapangulo.ph) website urging the citizens to fulfill their civic duty

¹ President Ferdinand Marcos, Jr. delivers a statement on flood control projects at Malacañang Palace, August 11, 2025 (<https://www.youtube.com/watch?v=2AJRWScMuDI>)

to directly report any non-operational or anomalous flood control projects in their localities. This triggered several reports and investigations from various groups such as the Senate Blue Ribbon Committee, LGUs and individuals. Various problems were uncovered on the DPWH's FMP indicating the gravity of the problem of the FMP, including: (i) the presence of non-existent or "ghost" flood control projects, (ii) some subpar flood control projects that collapsed; and (iii) those needing urgent rehabilitation despite having been newly completed (Cabaza, 2025).

- 4.6.4. The wider and more exhaustive public discussion on the issue of DPWH flood control projects broadly participated by various stakeholders and civic-oriented groups is, indeed, a welcome development. These initiatives must be pursued actively towards promoting transparency and exacting public accountability and with a strong resolve to get into the bottom of this flood control infrastructure mess which has not only wasted billions of taxpayers' money but has also unduly deprived the public of the benefits of safe and flood-free communities.
 - 4.6.5. In a 2024 cumulative impact assessment conducted by the Marine Environment and Resources Foundation (MERF), the Department of Environment and Natural Resources (DENR) confirmed that indeed reclamation can exacerbate flooding in low-lying Metro Manila urban cities and municipalities. By blocking natural drainage pathways, these projects hinder the timely drainage of floodwaters, especially during heavy rains. This bottleneck effect increases both coastal and inland flooding, posing heightened risks to lives and infrastructure, and undermines community resilience (DENR, 2025).
- 4.7. The *Network Development Program* (NDP) will get the second biggest allocation among DPWH's major programs at P182.5 billion in 2026, up by 62% from P112.7 billion in 2025. This will also account for 23.5% of the total Operations budget in 2026. The biggest subprogram of the NDP is the "construction of bypass and diversion roads" with P53.2 billion budget in 2026, 5.7% higher compared to the P50.2 billion in 2025. This is followed by the "Road Widening" subprogram for primary, secondary and tertiary roads which will increase by 15% to P36.4 billion in 2026 from P31.7 billion in 2025.
- 4.7.1. The budget for the "paving of national roads" subprogram at P876.7 million in 2026 is 18.6% lower compared to the P1.1 billion in 2025. Of the country's total national road network of 35,526 kms. as of 16 October 2024, 35,211 kms. (98.8%) are already paved while 315.4 kms. are still unpaved (*Refer also to QF*). Note that Region 9 with the longest unpaved roads at 64.9 kms. is getting merely P34.9 million or 4% of the entire budget for "paving of national roads" subprogram. This is compared with CAR, Region 10 and Region 2 with relatively lower lengths of unpaved roads at 49.5 kms., 37.9 kms., and 16.4 kms, respectively, but getting

higher budgetary allocations of P390.2 million, P158.9 million, and P140.3 million, respectively.

- 4.8. The budget for the *Convergence and Special Support Program (CSSP)*, albeit lower by 65.1%, will get the third largest allocation among DPWH’s major programs at P167.8 billion in 2026. This program consists of the DPWH’s infrastructure projects in support to programs, activities, and projects (PAPs) of other government agencies, such as access roads and bridges leading to tourist destinations, airports, seaports, trade centers, industries, indigenous people’s (IP) communities, as well as various infrastructure such as evacuation centers, quarantine facilities, water supply projects, flood mitigation structures, and public buildings, among others.

TABLE 7.1
CONVERGENCE & SPECIAL SUPPORT PROGRAM, 2025 AND 2026
SELECTED INFRASTRUCTURE UNDER SIPAG AND BIP (IN P MILLION)

Program/Purpose	2025		2026	
	SIPAG	BIP	SIPAG	BIP
Access roads leading to major/strategic public buildings	136,825.5	48,425.8	46,491.7	16,520.4
Access roads leading to IP communities	786.0	1,583.0	2,246.4	483.0
Roads traversing multiple LGUs	17,487.5	1,164.0	5,953.5	1,774.0
Flood mitigation structures	55,587.6	50,467.7	9,447.5	8,024.8
Coastal Roads/Causeways	17,750.7	930.0	1,726.7	545.0
Multi-purpose buildings		96,122.3	--	29,688.9
Strategic public buildings/facilities structural & resilience program	6,059.8	1,407.0	3,245.6	744.5
Evacuation centers, quarantine facilities, public health facilities	2,592.6	3,439.5	614.0	1,312.5
Public Water Supply System (Level II or III)		3,556.2		1,269.5
Local Ports and Boat Landing	--	--	--	20.0
Total	237,089.7	207,095.5	69,725.4	60,382.6

Notes: Totals may not add up due to rounding off.

Source: GAA 2025 and NEP 2026

- 4.8.1. Recall also that the CSSP is among those programs vetoed by the President together with the *Flood Management* and *Local programs* for lack of consistency with the administration’s priorities (Office of the President, 2024). A total of P26.1 billion of the DPWH’s budget in 2025 has been vetoed in the 2025 GAA.

- 4.8.2. *SIPAG and BIP.* The huge proportion of the CSSP budget in 2026 is accounted for by the *Sustainable Infrastructure Program Alleviating Gaps (SIPAG)* and the *Basic Infrastructure Program (BIP)* with budget allocations of P69.7 billion (41.6%) and P60.4 billion (36%), respectively. In 2026, the budgets for SIPAG and BIP have been markedly reduced by 70.6% and 70.8%, respectively, from 2025 levels. According to the DPWH Planning, the difference between the two (2) lies in the

project proponent, wherein SIPAG projects are those proposed by the DPWH, while the BIP projects are initiated by Congress.

- 4.8.3. *Possible duplication of projects across different programs.* Closer scrutiny of SIPAG and BIP projects should be undertaken to avoid project overlaps and redundancies. Notably, SIPAG and BIP have similarities in the classification of infrastructure projects such as “access roads and bridges from national roads leading to major/strategic public buildings” and “access roads leading to IP communities,” “roads traversing multiple LGUs,” “coastal roads and causeways,” “evacuation centers, quarantine facilities, and public health facilities,” and “flood mitigation facilities” (Table 7.1). Despite having a bigger allocation for the *Flood Management Program*, SIPAG and BIP continue to have huge allocations for flood mitigation structures at P9.4 billion and P8.0 billion, respectively, in 2026.
- 4.8.4. *The need to maintain funding for local roads of fiscally constrained LGUs.* Despite not being part of the DPWH mandate, the CSSP has been funding local road development projects for years. The responsibility over local roads has already been devolved to local government units by virtue of the Local Government Code of 1991 (Republic Act No. 7160). The DPWH’s intervention to finance and improve local roads may be warranted as several LGUs are fiscally constrained to fund local infrastructure. In fact, not all LGUs comply with the requirement to allot 20% of their National Tax Allotment (NTA) for local development expenditures under the Local Government Code (LGC) of 1991 (World Bank, 2009). DPWH’s CSSP subprograms, namely, the *Tourism Road Infrastructure Program* (TRIP), *Roads Leveraging Linkages for Industry and Trade Infrastructure Program* (ROLL-IT), “*Tatag ng Imprastraktura para sa Kapayapaan at Seguridad Program* (TIKAS), “*Kalsada Tungo sa Paliparan, Riles at Daungan*”, and access roads to indigenous people’s (IP) communities are among those sub-programs devoted for local roads.
- 4.8.5. *The need for local roads inventory database.* Only 1% of the country’s national road network are unpaved, compared to the 52.5% of the local road network (or 88,499 kms. of the 168,592 kms.). For greater efficiency in funding local roads, the DPWH’s intervention in local roads development must be guided by an updated local road database system to ensure that funds go to LGUs that need them the most. Currently, the *Roads and Bridges Information System* (RBIS) is maintained by the Department of Interior and Local Government (DILG) Office of Project Development Services Local Roads Sector. Unfortunately, the RBIS has many gaps and does not show the complete picture of the country’s local road system as several LGUs have failed to submit their reports on the status of their local roads (especially the municipal and barangay roads). The local roads database will not only guide the strategic allocation of funds to local roads but will also help track the progress and effectiveness of local road financing over the years.
- 4.8.6. Also under CSSP is the budget for the *Improvement of Facilities for Persons with Disabilities (PWDs), Elderlies, Sr. Citizens inclusive Gender Responsive Facilities*. From

P480 million in 2025, the budget for the said item will increase to P510 million in 2026. Said budget in 2026 will be equally shared by the facilities for *PWDs, Sr. citizens, and Gender-Responsive Facilities* with a budget of P170 million each.

- 4.9. The **Asset Preservation Program** encompasses the preservation of the existing paved national roads, including the construction, upgrading, and rehabilitation of drainage along national roads. Inadequate road maintenance shortens the life of the roads and leads to high operating cost and high incidence of accidents. From P154.1 billion in 2025, the budget for program will be reduced by 29.7% to P108.3 billion in 2026. It is concerning that allotments for the Asset Preservation Program will be pared down when maintenance is sorely critical in ensuring that assets will last for the serviceable lifespan. Apart from the growing number of transport vehicles, natural disasters such as typhoons and earthquakes prevalent in the Philippines also exacerbate the deterioration of national roads in the country.
- 4.9.1. *Strategically allocate the budget for road maintenance.* About P47. billion or 44.2% of the entire Asset Preservation Program budget is allotted for “preventive maintenance of national roads” in 2026. It is typically carried out on roads that are in fair to poor condition, with the primary objective of preventing and delaying further the deterioration to a state where extensive rehabilitation is necessary.
- 4.9.2. In 2026, however, the regions with the largest allocations for preventive maintenance, namely Region 4A (*P7.3 billion*), Region 3 (*P6 billion*), NCR (*P4.2 billion*), Region 12 (*P3.9 billion*), and Region 4B (*P3.5 billion*) are not necessarily the regions with the longest “fair” and “poor” road conditions. Region 3 with the highest budget for “preventive maintenance of national roads” only has only 1,177 kms. of “fair” and “poor” roads, while the NCR—the third with the highest budget has only 334.7 kms. of “fair” and “poor” roads. In contrast, Region 5, CAR and Region 8 with the longest “fair” and “poor” roads at 1,461 kms., 1,353.5 kms., and 1,283 kms., respectively, have lower budgets of P2.4 billion, P797 million, and P3 billion, respectively.
- 4.9.3. The same is true with the “*Reconstruction, rehabilitation, and upgrading of damaged paved roads*” subprogram which aims to restore the national roads to an optimal condition. This subprogram targets national roads that are in “bad” condition and are no longer cost-effective to maintain. Of the P20.0 billion budget in 2026, P5 billion (24.9%) and P1.9 billion (9.7%) will go to NCR and Region 7, respectively with barely 34 kms. and 168.6 kms. of “bad roads,” respectively. This compares with Region 8 and Region 2 with 238.3 kms. (second highest) and 197.3 kms. of “bad” roads, respectively, but with smaller budgetary allocation of P1.6 billion and P978.8 million, respectively

- 4.9.4. *Scale up road maintenance.* Only 12,561 kms. (35.4%) of the 35,526 kms. of national roads in the Philippines are considered good roads as of 16 October 2024, thus, it is imperative to scale up national road maintenance in the country. Roads that are in “Good” condition require little (routine maintenance only) or no maintenance at all, while roads that are in “fair” and “poor” condition require partial or full depth repairs or preventive maintenance. A combined 6,747 kms. of national roads are rated as “poor” and “bad”, or 19% of the entire national road network based on the Visual Condition Index (VCI).² There may also be a need to speed up the evaluation of the 2,929 kms. of national roads without assessment which accounted for 8.3% of the entire national road network to determine the appropriate and timely road maintenance intervention (*Refer also to Quick Facts*).
- 4.9.5. It is also important to assess the effectiveness of related expenditure items for road maintenance namely the Special Road Fund (SRF) under the CSSP, and the Routine Maintenance under STO outside of the Asset Preservation Program. The SRF—which comes from the proceeds of motor vehicles user’s charge earmarked for road maintenance, has a proposed budget of P18.3 billion in 2026, while Routine maintenance—which involves regular upkeep activities (i.e., drainage maintenance, pothole repair, signage and road markings, vegetation control) to preserve their condition and ensure safe and efficient transport, will get P14.5 billion in 2026.
- 4.9.6. *Advocating for Performance-based Contracting (PBC).* An innovation in national road maintenance that is gaining popularity in other jurisdictions (e.g., Canada, Argentina, Brazil, Uruguay, Chile, Peru, Uruguay, Australia, New Zealand, Denmark, Estonia, Finland, United States, Malaysia) is Performance-based Contracting (PBC). Unlike the conventional contract for road maintenance that is based on the amount of work executed, the PBC defines performance levels for each road asset or service provided under the contract with fixed payments if performance levels are met, or payment reductions for non-compliance. This system encouraged contractors to minimize the volume of work, take preventive steps to maintain roads in good condition, and transfer much of the risk to the contractors, instead of the government (ibid.). The main reason especially for developing countries to shift to PBC is to improve efficiency. Provided that there is adequate competition among road maintenance contractors, cost savings between 30% to 50% can be realized when compared with the same scope of work undertaken by conventional unit price contracts (ADB, 2018). (*Refer also to Annex 1*).

² The VCI conducted annually involves manual assessment of road conditions, where data gathered are used as inputs for planning purposes. Note that there are also national roads with no assessment or “NA” referring to all those sections under construction, which are committed for construction, or have bridges or segment below the 50-meter gauging length (DPWH).

- 4.10. The **Bridge Program** which aims to preserve and enhance the existing national bridges, will increase by 22% to P52.3 billion in 2026 from P42.6 billion in 2025. The “Widening of Permanent Bridges” subprogram will corner the bulk of the Bridge Program with P15.1 billion allocation in 2026 from P13 billion in 2025. This is followed by the “Replacement of Permanent Weak Bridges” and “Retrofitting and Strengthening of Existing Permanent Bridges” subprograms with P8.2 billion and P7.6 billion allocations in 2026.
- 4.10.1. Similar to other subprograms where the budget does not necessarily go to the regions that needed them the most, the allocation for the “Replacement of Permanent Weak Bridges” subprogram also faces the same issue. While the said subprogram is intended for national bridges in “bad condition”, bulk of the funds in 2026 will go to Region 3 (*P1.2 billion*), Region 5 (*P1 billion*), and Region 10 (*P896.6 million*), with fewer bridges in “bad condition” at 2, 5 and 2, respectively. On the other hand, Region 9, Region 4B and Region 2 with 15, 12, and 9 bridges classified to be in “bad condition”, respectively, will be allocated with smaller budgets amounting to P490 million, P720.5 million, and P394.8 million, respectively.
- 4.10.2. The country has a total of 11 temporary bridges measuring 377 linear meters (lms.) as of 16 October 2024. Region 8 has the most number of temporary bridges at 3 (*98.3 lms.*), followed by CAR (2; *62.2 lms.*), Region 12 (2; *53.1 lms.*), Region 11 (1; *91.7 lms.*), Region 5 (1; *36.8 lms.*), Region 6 (1; *20.5 lms.*), and Region 3 (1; *14.5 lms.*). But in 2026, only Region 8 will get an allocation for the “Replacement of Temporary Bridges to Permanent” at P65 million.
- 4.11. In view of the inefficiencies in budgetary allocation wherein public infrastructure budgets go to areas that not needing them the most, it is important that the DPWH and other agencies include in their submitted program budgets correlational indicators with their underlying intent and objectives. For example, an inventory of national roads by road condition should be included in the proposed budget for road maintenance upon submission. This proposed budget ideally should be able to target areas with national road networks that are in dismal condition.

V. PERFORMANCE REVIEW

- 5.1. *Obligation rate and Unused Appropriations.* From 95.4% in 2022, the obligation rate—or the ratio of total obligations to total available appropriations—of the DPWH slid to 91.2% in 2023, and further down to 88.1% in 2024. The obligation rate is indicative of how much of the agency’s budget was contracted out to contractors, suppliers, and service providers. Consequently, the agency’s unused appropriations ballooned to P94 billion in 2023 more than twice larger than the P41.6 billion in 2022. It even peaked at P167.3 billion in 2024 driven by the spike in unreleased appropriations to P5.2 billion in 2024 from P2.6 billion in 2023, and unobligated allotment to P162.1 billion in 2024 from P91.3 billion in 2023. The DPWH’s growing unreleased appropriations and unobligated allotments should be

thoroughly studied as these could hamper the timely implementation of DPWH infrastructure projects.

TABLE 8
OBLIGATIONS-APPROPRIATIONS RATIO
AND UNUSED APPROPRIATIONS, 2022-2024

Year	Obligation-Appropriations Ratio (%)	Unused Appropriations (In Million Pesos)
2022	95.4	41,561.1
2023	91.2	93,954.1
2024	88.1	167,324.9

Sources of basic data: NEP 2022-2024

- 5.2. *Low disbursement rates.* The disbursement rate—or the ratio of total disbursements to the total appropriations—is a better indicator of the agency’s absorptive capacity because it captures the ability of the agency to implement the funded projects and activities in a timely manner and settle the payments to third-party providers thereafter. From 61.2% in 2022, the DPWH disbursement rate has steadily declined to 60.5% in 2023 and 53.3% in 2024. The low disbursement rate is a chronic problem facing major infrastructure implementing agencies like the DPWH as various factors such as right-of-way (ROW) acquisition, project design modifications, project alignments, and procurement delays weigh heavily on budget utilization and project completion.

TABLE 9
DISBURSEMENT RATE, 2022-2024
(AMOUNTS IN MILLION PESOS)

Particulars	2022	2023	2024
Appropriations	898,085.9	1,061,888.8	1,407,038.1
Disbursements	549,284.5	642,583.6	750,294.2
Disbursement Rate (%)	61.2	60.5	53.3

a/ Disbursement rate – ratio of disbursements to appropriations
Source: SAAODB 2022-2024, DBM

- 5.3. *Disbursement rate by Major Programs.* The FAR-1 as submitted by the agency summarizes the agency’s appropriations, obligations, and disbursements in 2024 by major programs. It is concerning that the DPWH, as the engineering and construction arm of the government, has perennially underspent on its major infrastructure programs as shown in the low disbursement rates.
- 5.4. As shown in Table 10, all major programs of the DPWH have recorded a disbursement rate below 80% in 2024. The highest disbursement rate recorded during the period is the 74.8% of the *Flood Management Program* followed by the 73.5% of the *Asset Preservation Program*. The case of the DPWH’s *Local Program* is alarming with disbursement rate below 50% since 2022.

TABLE 10
DPWH OPERATIONS,
BUDGET UTILIZATION BY MAJOR PROGRAM, 2024
(AMOUNTS IN MILLION PESOS)

Program	Appropriations	Obligations	Disbursements	Obligation Rate (%) ^{a/}	Disbursement Rate (%) ^{b/}
Asset Preservation Program	139,033.2	136,041.4	102,195.2	97.8	73.5
Network Development Program	132,328.4	125,256.2	70,554.2	94.7	53.3
Bridge Program	24,755.3	23,661.7	13,045.2	95.6	52.7
Flood Management Program	244,577.9	240,309.8	182,991.6	98.3	74.8
Local Program	20,610.7	18,013.9	7,238.4	87.4	35.3
Convergence and Special Support Program	410,991.2	397,511.0	252,961.9	96.7	61.6

Notes: ^{a/} Obligation rate – ratio of obligations to appropriations

^{b/} Disbursement rate – ratio of disbursements to appropriations

Source: 2024 DPWH FAR 1 submission

- 5.5. Given the persistently low absorptive capacity of key NGAs such as the DPWH, it is imperative that the Department of Budget and Management (DBM) reactivate and strengthen the Full-time Delivery Units (FDUs) in every department to help facilitate the timely implementation of programs and projects. In 2015, the DBM issued Department Circular No. 2015-8 mandating the creation of an FDU in every department to urgently resolve issues hampering the budget utilization of agencies. The FDUs have the following functions, namely:
- Review before the start of the fiscal year all performance measurements of each program, subprogram and project by responsibility center at the Central Office or regional offices. These are efficiency and effectiveness measures (monthly, quarterly, and semestral) consistent with the annual work program targets, schedules, and budgets.
 - Identify potential risks or constraints which would affect the efficient implementation of programs, subprograms, and projects, and thereafter prepare contingency plans to address the same.
 - Undertake periodic data analysis of agency programs and projects with historical trends of low disbursement rates and those with anticipated delays; and
 - Act as a “problem solver” and facilitate the smooth implementation of programs and projects by coming up with a 12-agency delivery and execution strategy to address actual implementation bottlenecks or delays of these programs and projects.

- 5.6. The financial and accomplishment reports submitted by agencies should not be taken at face value. A high disbursement rate may not necessarily indicate efficiency but rather high levels of corruption in the presence of collusion or without a citizen feedback mechanism. A case in point is the Flood Control Management Program which has the highest disbursement rate at 74.8% among the DPWH major programs but is not mired with irregularities and corruption allegations based on the evidence presented by the President.
- 5.7. In view thereof, a credible vetting process should be instituted for these vital infrastructure projects similar to the process done by the Public-Private Partnership (PPP) Center and the former NEDA Investment Coordinating Committee (ICC). It is likewise prudent to reexamine and recast the minimum project cost threshold at P2.5 billion and above that requires the review and approval of the former NEDA ICC given the failure of LGUs to strictly monitor or implement infrastructure projects. The said directive to increase the cost threshold was issued through ICC Memorandum released during the Duterte administration on 27 June 2017. Note that most flood control projects funded in the national budget cost below P1 billion.
- 5.8. *Hits and Misses.* Table 11 shows the DPWH performance indicators by organizational outcomes and by major programs. It presents the DPWH's physical accomplishments and how the agency performed vis-à-vis its targets from 2022 to 2024, and the agency's targets in 2025 and 2026. It is concerning that DPWH missed in 13 out of 24 output indicators in 2022, eight out of 24 output indicators in 2023, and 17 out of 24 output indicators in 2024. This means that the DPWH met its targets only in eleven out of the 24 output indicators, on average, from 2022 to 2023. Worse, the agency did not report actual accomplishments in all the nine (9) outcome indicators across all major programs.
- 5.9. In 2024, the DPWH exceeded its targets in the following six (6) out of 22 output indicators: (i) length of maintained roads (*1,446.8 kms. vs 1,196.4 kms target*), (ii) number of constructed flood-mitigation structures and drainage systems (*1,978 vs 1,500 target*), (iii) number of constructed/rehabilitated flood mitigation facilities within major river basins, and principal rivers (*1,101 vs 965 target*), (iv) number of local projects—e.g., national buildings, evacuation centers, etc. (*297 vs 269 target*), (v) other infrastructure in support of national security (*134 vs. 121 target*), and (vi) number of projects—e.g., multipurpose buildings, water supply system, access roads, bridges, coastal roads, etc. (*2,609 vs 921 target*).
- 5.10. A review of the Budget Accountability Report (BAR) in 2024 seeks to validate the DPWH performance versus its targets. Note that instead of reporting only the projects that have been completed, the DPWH included ongoing projects in its actual accomplishments in 2024, which explains why the agency has exceeded or met its targets in 2024. For instance, the length of maintained roads under the *Asset Preservation Program* could have been 884 kms if only the completed projects are accounted for, but this increased to 1,446.8 kms. surpassing its target of 1,196.4 kms. because it included the 562.7 kms. of ongoing projects.
- 5.11. On the other hand, the “number of constructed flood mitigation structures and drainage systems” should only have been 600 projects—lower compared to its target of 1,500

projects. It increased substantially to 1,978 projects because the 1,378 ongoing projects were taken into account. Also, the total “number of constructed/rehabilitated flood mitigation facilities within major river basins, and principal rivers” was only 357 projects, lower than the target of 965 projects. However, the total number of projects increased to 1,101 when 744 ongoing projects have been included in the DPWH’s report.

- 5.12. *Discrepancies and Miscalculations.* Apparently, there are also computational issues in the performance report of the 2023 BAR which may need to be clarified by the DPWH. A case in point is the total “length of newly constructed roads” which should only be 130.2 kms. (even including the ongoing projects) but was surprisingly reported at 989.6 kms. exceeding the 50.8 kms. target in 2023. The “length of rehabilitated, reconstructed and upgraded roads,” on the other hand, should only be 241.9 kms. (even including the ongoing) but the total accomplishment reported was 589.4 kms which is higher compared to the target of 334.5 kms. (*Table 11*). Note that the BAR mirrors the agency’s performance reported in the NEP. These should be properly verified considering that these are official documents submitted to the Department of Budget and Management (DBM) duly signed by concerned DPWH officials.
- 5.13. *Quantity vs Quality.* Although the quantity of public works projects delivered (e.g., roads, bridges, flood control, others) has been measured by these output indicators, not much have been said about the quality and timeliness of completion of DPWH projects except for one indicator, namely the “percentage of projects completed within timeline and according to specifications.” This indicator, however has consistently been either below the 100% target during the period 2022 to 2024 or has no information in almost all programs. As the major implementing arm of infrastructure projects in the government, it is incumbent upon the DPWH to prioritize the monitoring and reporting of key performance metrics particularly on the quality of infrastructure projects delivered. High quality infrastructure—one that is carefully planned and implemented within the project design, specifications, and contract time are crucial in ensuring public safety, improving the quality of life of Filipinos, and supporting sustainable economic growth.
- 5.14. One cannot overemphasize the importance of measuring quality especially in light of the controversies surrounding various public works projects. On 27 February 2025, the Cabagan-Santa Maria Bridge in Isabela province collapsed barely a month after it was completed, after three (3) dump trucks traversed the bridge carrying boulders with approximate gross vehicle weight of around 102 tons each it., It was opened on 01 February 2025 after a decade of construction which began in November 2014 with a total cost of P1.2 billion, (Patinio, 2025). This tragedy has sparked widespread concerns and debate on the perennially subpar quality of infrastructure in the country that has endangered lives and resulted in significant economic losses.
- 5.15. *Need to account for non-engineering solutions to flooding.* Note also that the DPWH output indicators are limited only to engineering solutions to flooding without much regard to non-structural interventions which include among others the clearing of waterways and drainage channels, dredging, relocation of squatters along riverbanks, and educational

campaigns for proper garbage disposal, etc. Despite the substantial investments on flood-control projects, some flood-prone areas especially in Metro Manila are easily inundated during heavy rainfall as large volumes of garbage and silt accumulate and clog several waterways and drainages. The problem is exacerbated by inadequate or outdated drainage infrastructure.

- 5.16. *No actual accomplishments on key outcome indicators.* Notably, no actual accomplishments were reported in the NEP for outcome indicators such as the “average International Roughness Index (IRI) of 3.7” and “percentage reduction in travel time for primary roads.” But data obtained from the DPWH showed that the country’s average IRI has even worsened from 4.12 in 2017 to 4.68 in 2019, and to 4.69 in 2023 (*Refer also to Quick Facts*).
- 5.17. This is also true with the DPWH’s target of reducing travel time via land in identified key corridors in the country. No updated accomplishment was presented in the latest PDP Results Matrix 2023 to 2028. However, based on the StatDev indicators of the Philippine Statistical Authority (PSA), the targeted reduction in travel times for all key corridors were not achieved in 2022. For instance, the travel time in the Pan Philippine Highway (Laoag to Zamboanga) stood at 62.4 hours as of 2022 which is higher compared to the targeted travel time and baseline time of 45.8 hours, and 61.1 hours, respectively (*Annex 2*).
- 5.18. *No organizational outcomes for the CSSP and the Local Program.* The Convergence and Special Support Program (CSSP) and the Local Program of the DPWH has no organizational outcomes partly due to the diverse type of infrastructure projects covered by these programs. The CSSP for instance, consists of DPWH’s infrastructure projects in support to programs, activities and projects (PAPs) of other government agencies, such as access roads and bridges leading to tourist destinations, airports, seaports, trade centers, industries, indigenous people’s (IP) communities, as well as various infrastructure such as evacuation centers, quarantine facilities, water supply projects, flood mitigation structures, and public buildings, among others. On average, it ranks second to DepEd’s Support to School and Learners Program in terms of the size of the budget among NGAs.

TABLE II
DPWH PERFORMANCE INDICATORS BY ORGANIZATIONAL OUTCOME, 2023-2026

Program	Baseline	2022		2023		2024		2025 Targets	2026 Targets
		Target	Actual	Target	Actual	Targets	Actual		
Sectoral Outcome: Infrastructure development accelerated and operations sustained									
<ul style="list-style-type: none"> Public infrastructure actual spending increase (% share to GDP) 									
OO1: Ensure safe and reliable National Road System									
Asset Preservation Program									
Outcome Indicators									
Average International Roughness Index (IRI) of 3.7 (Fair Condition) for primary roads (N1) by 2022	5.07	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4.83
Percentage of national roads assessed within 3 or 4 star rating	1%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Improvement of road roughness index	100%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Output Indicators									
Length (km) of maintained roads	503.381	1,073.833	797.590	891.110	1,951.992	1,196.398	1,446.772	1,313.822	868.181
Length (km) of rehabilitated/reconstructed/upgraded roads	N/A	228.576	187.597	334.537	589.410	798.711	335.876	443.816	474.083
% of projects completed in accordance with plans, specifications, and contract time	73.75%	100%	N/A	100%	89%	100%	92%	100%	100%
Network Development Program									
Outcome Indicators									
% reduction of travel time Primary Roads (N1)	2.77%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4%
% increase in national road network	1.11%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Output Indicators									
Length (km) of newly constructed roads	362.211	1,137.95	155.865	50.804	989.638	721.66	233.166	1,062.140	13.839
Length (km) of widened roads	N/A	651.18	230.252	494.65	627.618	647.288	191.783	701.467	769.081
% of projects completed within the project timeline & according to specifications	29.5%	100%	N/A	100%	88%	100%	90%	100%	100%
Bridge Program									
Outcome Indicators									
% reduction of travel time Primary Roads (N1)	2.77%	N/A	NA	N/A	NA	N/A	NA	N/A	NA

TABLE II
DPWH PERFORMANCE INDICATORS BY ORGANIZATIONAL OUTCOME, 2023-2026 (CONTINUED)

Program	Baseline	2022		2023		2024		2025 Targets	2026 Targets
		Target	Actual	Target	Actual	Target	Actual		
Output Indicators									
Total length (lm) & area (m2) of (new & replacement) constructed bridges	4,594.732 N/A	33,285; 307,540.573	2,486.57; 23,771.8	19,570.052	22,787.12	15,208.83; 156,156.76	3,822.71; 36,468.65	29,361.349; 304,805.337	28,322.864; 270,622.935
Number of maintained and rehabilitated bridges	NA	281	401	304	314	525	457	614	610
% of projects completed within the project timeline & according to specifications	23.5%	100%	N/A	100%	84%	100%	94%	100%	100%
OO2: Protect lives and properties against major floods									
Flood Management Program									
Outcome Indicators									
% decrease in areas prone to flooding in selected river basins with flood control master plan	1%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Output Indicators									
No. of constructed flood mitigation structures and drainage systems	819	894	1,345	1,293	1,684	1,500	1,978	1,903	810
No. of constructed/rehabilitated flood mitigation facilities w/ major river basins and principal rivers	177	435	673	708	824	965	1,101	835	835
% of projects completed within the project timeline & according to project specifications	56.5%	100%	N/A	100%	95%	100%	97%	100%	100%
Local Program									
Outcome Indicators									
% of projects completed & accepted within prescribed timeline (breakdown per agency)	100%	NA	NA	NA	NA	100%	NA	100%	100%
Output Indicators									
% of projects completed within the project timeline and accdg. to specifications	100%	--	--	--	--	100%	91%	100%	100%
No. of projects (national buildings, evacuation centers, etc.)	N/A	--	216	275	--	269	297	226	273
Convergence and Special Support Program									
Outcome Indicators									
% of projects completed & accepted within prescribed timeline (breakdown per agency)	100%	NA	NA	NA	NA	100%	85%	100%	100%
Output Indicators									
% of projects completed within the project timeline and according to specifications	24.5%	--	85%	NA	85%	NA	NA	100%	100%

TABLE II
DPWH PERFORMANCE INDICATORS BY ORGANIZATIONAL OUTCOME, 2023-2026 (CONTINUED)

	Baseline	2022		2023		2024		2025 Targets	2026 Targets
		Target	Actual	Target	Actual	Target	Actual		
Length of constructed/improved access roads (km) leading to airports constructed/improved	N/A	16.313	22.001	16.313	22.001	18.577	7.198	37.264	36.463
Length of constructed/improved access roads (km) leading to seaports constructed/improved	N/A	27.563	18.206	27.563	18.206	30.311	7.183	68.718	27.358
Length of constructed/improved access roads (km) leading to tourist destinations	N/A	308.063	335.866	308.063	335.866	245.623	193.202	110.326	116.556
Length of access roads leading to industries	N/A	155.813	223.820	155.813	223.820	189.448	77.321	110.486	165.300
Various infrastructure in support of national security, roads (km) and other infrastructure	N/A; N/A	6,048; 175	6,304; 104	6,048; 175	6,304; 104	7,924; 78	0.383; 121	6,944; 134	0; 69
Length of constructed/improved access roads (km) leading to railway stations	N/A	1.594	0.528	1.594	0.528	0.897	0.413	0.897	19.618
Sustainable Infrastructure Projects Alleviating Gaps (SIPAG)									
Output Indicators									
No. of projects (multipurpose bldgs., water supply system, access to roads/bridges, coastal roads, etc.)	N/A	779	2,917	779	2,917	921	2,609	2,477	1,282

Source: NEP FY 2024-2026

- 5.19. The absence of organizational outcomes, including actual accomplishments for outcome and output indicators, and the general incompleteness of the performance report, somehow deviates from the principle of performance-based budgeting (PBB) wherein resource allocation is linked to measurable outcomes and improved organizational performance. By linking funding to performance, PBB creates a sense of accountability for agencies to deliver on their commitments. Ideally, agencies who can meet their targets and intended outcomes are supposed to be rewarded with higher budgetary allocations because of good performance, while those who fail will get budget cuts. Hence, the primary objective of PBB is to improve public expenditure effectiveness and efficiency by linking resource allocation to performance results.
- 5.20. *Misalignment of Output Indicators with the Sectoral Outcome.* While the output indicators are aligned with the program and sectoral outcomes (i.e., improvements in the average International Roughness Index, travel time decreased via land in the Pan Philippine Highway), there seemed to be a disconnect in the sectoral outcome. The indicator “public infrastructure spending increased (as a percentage of GDP)”, appears more of an input than an outcome. Multilateral organizations such as the Asian Development Bank (ADB) have recommended a level of public infrastructure spending as a percentage of GDP for developing countries, such as the Philippines, to sustain their economic growth momentum. Apparently, this indicator does not say anything about welfare improvements or benefits enjoyed by the public by having quality infrastructure such as lower transport costs, lesser traffic congestion, or reduced road transport accidents, etc.
- 5.21. In fact, the Philippines has already surpassed the prescribed 5% public infrastructure-to-GDP threshold in 2017 (6%), 2018 (5.4%), 2021 (5.2%), 2022 (6%), 2023 (5.5%), and 2024 (6.8%) (*Refer also to Annex 3*). Notwithstanding the growing infrastructure budget in recent years, infrastructure development in the country remains inadequate and continues to be a major constraint to sustainable economic growth. In the 2025 World Competitiveness Yearbook,³ the Philippines’ ranked 60th out of 69 economies, a slight improvement from 61st in 2024 (*Refer also to Quick Facts*). For several years, the Philippines has repeatedly ranked below its ASEAN neighbors, namely Indonesia, Malaysia, Thailand and Singapore in infrastructure competitiveness (*Annex 4*).

VI. COA FINDINGS AND RECOMMENDATIONS

- 6.1. ***Key Findings from the 2023 Annual Audit Report.*** The COA rendered a qualified opinion on the fairness of presentation of the financial statements of DPWH as of 31 December 2023. A qualified opinion means that some transactions and/or accounts were found to be improper and questionable. The misstatements in the F/S may be material but

³ *The World Competitiveness Ranking is prepared by the IMD to rank economies based on perceptions of executives with statistical data, based on criteria grouped into four factors, namely economic performance, government efficiency, business efficiency, and infrastructure.*

not pervasive as to fully negate other aspects of the operations which were found to be in order.

6.2. Highlights of the major audit observations and findings with huge pecuniary losses are as follows:

- *Delayed completion and non-implementation of projects.* The DPWH was not able to efficiently implement 3,407 locally funded projects with an aggregate cost of P131.6 billion due to inadequate planning, detailed engineering, supervision, and monitoring, which resulted in delayed completion of and implementation of various projects contrary to pertinent provisions of the Revised IRR of RA No. 9184 and agreed terms and conditions of the contract.
- *Delayed and inefficient implementation of foreign-assisted projects (FAPs).* The DPWH was not able to efficiently implement 17 FAPs with an aggregate cost of P84.4 billion as evidenced by negative slippages ranging from 0.78% to 36.6%, increased project costs, and prolonged implementation period which resulted in loan restructuring of three (3) projects in 2023 and possible restructuring of other projects in 2024. As a result, the intended beneficiaries were deprived of the immediate use and/or benefits that can be derived from the timely completion of the said infrastructure projects. Moreover, the delayed implementation of the Metro Manila Bridges Projects affected the timely utilization/availment of the loan proceeds which resulted to the government incurring commitment fees amounting to P26.5 million in 2022 and 2023.
- *Non-imposition of liquidated damages.* Liquidated damages were not imposed, collected, or deducted from the payments made to the contractors and supplier who incurred delays ranging from one to 912 days corresponding to days elapsed between the target schedule and actual dates of completion of projects and delivery of goods, with a total contract cost of P8.6 billion. Moreover, liquidated damages collected totaling P7.5 million from 270 projects of seven (7) DPWH Offices were found to be lower by P153.4 million than the COA validated amount of P160.9 million. These deficiencies deprived the government of proper indemnification for the damages it has sustained due to defaulting contractors and suppliers.
- *Technical defects of infrastructure projects.* A total of 828 infrastructure projects undertaken by the DPWH was not executed in accordance with the provisions in the respective Contract Agreement due to the lack of proper supervision and monitoring, thereby resulting in various technical defects equivalent to at least P343.5 million. Several deficiencies were noted in the implementation of various infrastructure projects which resulted in the projects being unusable or idle thus depriving the public of the benefits that can be derived therefrom.

- *Unrecouped advances to contractors.* Advance payments amounting to P783.5 million were not recouped from the contractors whose projects were already completed, terminated, or rescinded or awaiting contract termination as of year-end, contrary to item 4.3 Annex E of the Revised IRR of RA No. 9184 which may result in potential loss of government funds if not recovered from the contractors concerned.
- *Unsettled suspensions, disallowances, and charges.* Some DPWH Offices were not able to enforce settlements from the persons identified or held responsible for the issued audit suspensions, disallowances, and charges aggregating P19.2 billion, P2.2 billion, and P2.7 million, respectively, as of 31 December 2023. This is contrary to COA Rules and Regulations on Settlement of Accounts prescribed under COA Circular No. 2009-006.

6.3. The following major audit findings and observations point to weak internal control and administrative lapses:

- *Unsupported expenditures.* Disbursements aggregating P20.3 billion were made without proper and complete supporting documentary requirements contrary to Section 4 (6) of Presidential Decree No. 1445 and COA Circular No. 2012-001, thus the validity and propriety of the transactions were not fully ascertained and evaluated.
- *Projects declared 100% complete despite deficiencies and defects.* Various infrastructure projects with aggregate cost of P5.7 billion were declared 100% complete on the Report on Publicized Government Programs, Projects and Activities, and project monitoring reports of DPWH implementing offices despite the deficiencies or defects noted upon the actual inspection and validation thereof. This violated the transparency on reporting of government transactions, and precluded the imposition of liquidated damages contrary to the DPWH Quality Policy dated May 12, 2016, COA Circular No. 2013-004 and Republic Act No. 9184 and its Revised IRR.
- *Undisposed unserviceable properties.* Unserviceable or obsolete properties and equipment of different DPWH Offices with a total carrying amount of at least P46.4 million were not disposed of, contrary to Section 79 of PD No. 1445, thereby causing additional costs for storage and maintenance and exposing these properties to further deterioration susceptible to fire and health hazard.
- *Non-compliance with Gender and Development (GAD) requirements under the GAA and other pertinent laws.* In 2023, while the DPWH reported a total consolidated GAD budget of P288.9 billion, or 28% of its P1.0 trillion appropriations, verification of the GAA by COA showed that the approved GAD amounts only to P1 million, solely for the implementation of GAD training and various activities. This is significantly

lower compared to the required GAD spending by agencies pegged at 5% of the entire budget.

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Annex 1. Brief History of Performance-based Road Maintenance Contracts

The development of PBCs started in the late 1980s and early 1990s. In 1988, British Columbia in Canada started to contract out road maintenance to the private sector by introducing some performance levels for routine maintenance. Two years later, Argentina contracted out almost half of its national roads using performance levels for maintenance works and service including periodic maintenance and spot rehabilitations, with penalty system for failures to meet response times for rectifying deficiencies. In the 1990s, many countries in Latin America such as Brazil, Chile, Peru, and Uruguay started their first PBC pilot projects. At the same time, PBCs developed in Australia and New Zealand as well as in Denmark, Estonia, Finland, and United States. Many other countries followed suit after the year 2000. In some countries such as Argentina and Canada, PBCs have almost entirely replaced the traditional way of contracting out road maintenance and have had a chance to evaluate the value-added benefits of using PBCs. The rapid adoption of PBCs worldwide indicates that such contracts deliver better value for money than conventional contracts and can guarantee good road conditions at the same time. It is expected that this trend will continue and PBCs will eventually replace the traditional way of contracting out road maintenance.

Generally, cost reductions were largest when contractors faced strong competition and have strong experience with PBCs. Since PBCs are fixed price contracts, contractors have a strong incentive to maintain the contracted service levels at the lowest cost possible. The longer the contract duration, the higher the incentive. Besides competition, modern management and work procedures, increased labor productivity, total life cycle costing, just-in-time maintenance, and better use of modern technologies have driven down cost.

PBCs in developed countries were mainly initiated by the road organizations themselves. On the other hand, PBCs in developing countries have usually been initiated by international financial institutions (IFI) such as the World Bank and other regional development banks, as well as bilateral development programs. For developing countries, the main driving force to introduce PBCs is to secure sufficient long-term financing for road maintenance and guarantee better road conditions. The experiences of Argentina, Malaysia, and Uruguay provide good examples in Asia. In 2000, Malaysia introduced area-wide PBCs with a 15-year term on all its national roads and was successful in securing sufficient road maintenance funds during the entire contract period. Argentina and Uruguay were similarly successful in their respective efforts. Even during the 2002 economic crisis, both countries were able to honor their commitments toward all their respective PBCs. Besides the potential to reduce road maintenance costs and secure long-term financing, PBCs help in the following manner:

Road Agencies	<ul style="list-style-type: none"> • Savings on rehabilitation costs, since roads in good condition avoid rehabilitation; • Safeguards against cost overruns from frequent claims and contract amendments to increase quantities of work;
Road Users	<ul style="list-style-type: none"> • Savings on road user costs; • Better and safer roads with consistent conditions;
Contracts and consultants	<ul style="list-style-type: none"> • Improved the potential for increased margins; • Developing excellent opportunities for business growth;

The abovementioned benefits provide compelling justification to implement long-term PBCs. This is especially true for developing countries with a history of insufficient road maintenance funding and relatively poor road conditions. PBCs, however, are not without drawbacks. They are more complex to implement, which can be challenging for public entities and private sector firms. Capacity is also an issue, meaning that extensive training is necessary to bring practitioners and contractors up to speed. PBCs also require more flexibility from governments and IFIs and impose long-term budgetary obligations on governments.

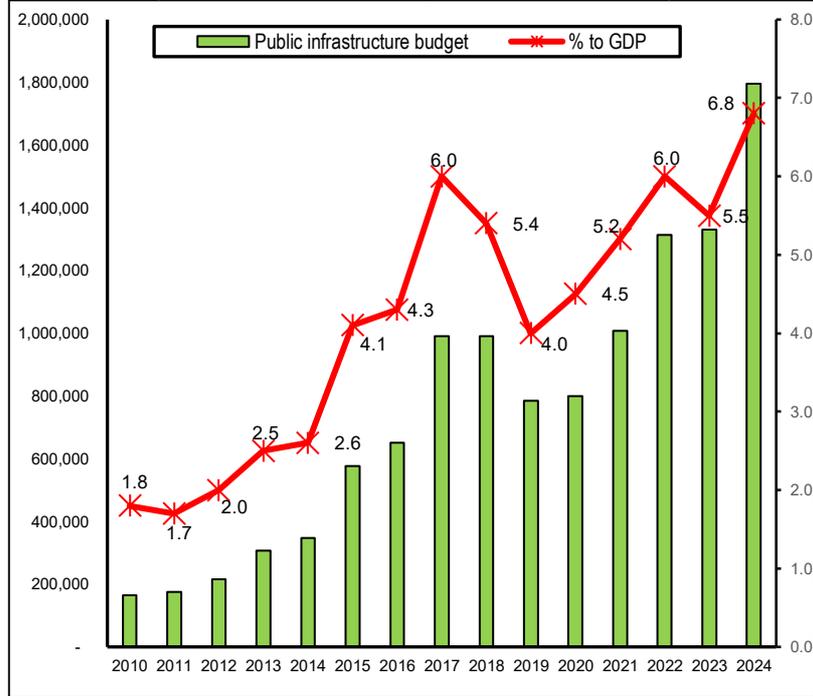
Sources: Asian Development Bank (2018), "Guide to Performance-based Road Maintenance Contracts"; Ogita et al., (2023), "Performance-based contracts: Promoting Quality Road Maintenance and Economic Efficiency", World Bank Blogs.

ANNEX 2
TRAVEL TIME DECREASED VIA LAND PER KEY CORRIDOR (IN HOURS)
RESPONSIBLE AGENCY: DPWH

Program	Baseline	Target	2017	2018	2019	2020	2021	2022
National route 1 (N1)/Pan Philippine Highway (Laoag to Zamboanga)	61.12	45.84	63.73	61.45	63.88	62.12	59.90	62.41
Manila-Baguio	7.04	5.28	7.80	7.33	7.41	6.81	6.15	6.92
Manila-Pagudpud	13.36	10.02	13.24	12.95	13.27	12.28	11.92	12.70
Manila-Cagayan	12.11	9.08	12.31	12.40	13.93	13.09	12.26	12.99
Manila-Clark	2.8	2.1	2.5	2.8	2.9	2.8	2.2	3.3
Clark-Subic	2.09	1.57	2.27	3.00	2.42	2.42	2.27	2.65
Manila-Batangas	3.46	2.6	3.9	3.4	3.9	3.4	3.1	4.2
Iloilo-Capiz	2.62	1.96	2.54	2.70	2.73	2.51	2.40	2.31
Surigao-Davao City	7.10	5.33	7.41	6.62	6.79	7.07	7.20	7.25
Butuan-Iligan City	5.8	4.35	6.19	6.13	5.98	5.62	5.64	5.61
Cagayan de Oro-Davao City	5.7	4.27	6.25	5.73	5.66	5.38	5.81	5.78
Bacolod-Dumaguete-Bayawan	8.46	6.35	8.92	9.31	8.38	8.54	8.11	7.84
Danao-Cebu-Santander	4.61	3.46	4.73	5.71	4.82	4.60	4.27	5.47

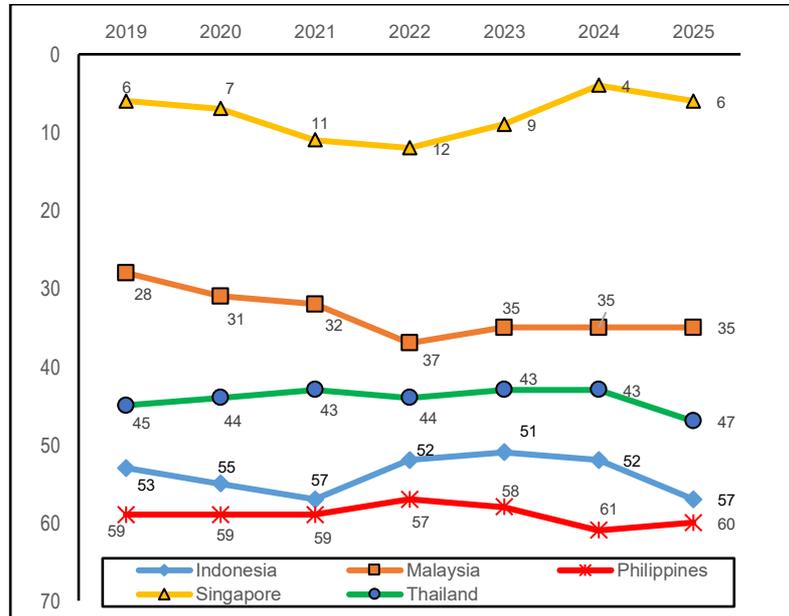
Source: Statistical Indicators on Philippine Development (Philippine Statistical Authority)

Annex 3. Public Infrastructure Budget (Amount in P Million, and As % to GDP)



Source: BESF FY 2026 Table A.4, PSA

Annex 4. World Competitiveness Ranking (Infrastructure), 2019-2025 Selected ASEAN Members



Notes:¹The lower the number, the better the performance

²2024 ranking out of 67 economies

Source: Institute for Management Development (IMD)