

REPUBLIC OF THE PHILIPPINES }
CONGRESS OF THE PHILIPPINES }
 Second Regular Session

H. No. 8374

REPUBLIC ACT NO. 8760

AN ACT APPROPRIATING FUNDS FOR THE OPERATION
OF THE GOVERNMENT OF THE REPUBLIC OF THE
PHILIPPINES FROM JANUARY ONE TO DECEMBER
THIRTY-ONE, TWO THOUSAND, AND FOR OTHER
PURPOSES

*Be it enacted by the Senate and House of Representatives of the
Philippines in Congress assembled:*

SECTION 1. *Appropriation of Funds.* – The following
sums, or so much thereof as may be necessary, are hereby
appropriated out of any funds in the National Treasury of the
Philippines not otherwise appropriated, for the operation of the
Government of the Republic of the Philippines from January one
to December thirty-one, two thousand, except where otherwise
specifically provided herein:

SUMMARY OF FY 2000 NEW APPROPRIATIONS

(Amount, In thousand pesos)

I.	CONGRESS OF THE PHILIPPINES	<u>3,702,702</u>
A.	Senate	1,008,295
A.1	Senate Electoral Tribunal	58,687
B.	Commission on Appointments	183,048
C.	House of Representatives	2,380,624
C.1	House Electoral Tribunal	72,048
II.	OFFICE OF THE PRESIDENT	<u>2,591,304</u>
A.	The President's Offices	2,591,304
III.	OFFICE OF THE VICE PRESIDENT	<u>85,788</u>
IV.	DEPARTMENT OF AGRARIAN REFORM	<u>1,447,261</u>
A.	Office of the Secretary	1,447,261
V.	DEPARTMENT OF AGRICULTURE	<u>3,167,130</u>
A.	Office of the Secretary	2,149,581

B.	Agricultural Credit Policy Council	19,694
C.	Bureau of Fisheries and Aquatic Resources.....	459,766
D.	Bureau of Post-Harvest for Research and Extension	82,857
E.	Cotton Development Administration	44,069
F.	Fertilizer and Pesticide Authority	95,899
G.	Fiber Industry Development Authority.....	159,059
H.	Livestock Development Council	11,022
I.	National Agricultural and Fishery Council.....	53,023
J.	National Meat Inspection Commission.....	20,384
K.	National Nutrition Council	45,957
L.	National Stud Farm.....	1,778
M.	Philippine Carabao Center.....	24,041
VI.	DEPARTMENT OF BUDGET AND MANAGEMENT.....	<u>450,057</u>
A.	Office of the Secretary	450,057
VII.	DEPARTMENT OF EDUCATION, CULTURE AND SPORTS	<u>82,743,981</u>
A.	Office of the Secretary	82,692,502
B.	Philippine High School for the Arts	51,479

VIII.	STATE UNIVERSITIES AND COLLEGES	<u>13,809,927</u>
A.	NATIONAL CAPITAL REGION	<u>4,943,142</u>
A.1	Eulogio "Amang" Rodriguez Institute of Science and Technology	80,296
A.2	Philippine Normal University	228,085
A.3	Philippine State College of Aeronautics	53,853
A.4	Polytechnic University of the Philippines	528,345
A.5	Rizal Technological University	137,602
A.6	Technological University of the Philippines	260,756
A.7	University of the Philippines System	3,654,025
B.	Region I – ILOCOS REGION	<u>877,403</u>
B.1	Don Mariano Marcos Memorial State University	288,332
B.2	Ilocos Sur Polytechnic State College	63,618
B.3	Mariano Marcos State University	218,019
B.4	Pangasinan State University	157,025
B.5	University of Northern Philippines	150,409
C.	CORDILLERA ADMINISTRATIVE REGION	<u>366,353</u>
C.1	Abra State Institute of Science and Technology	40,290
C.2	Apayao State College	29,782
C.3	Benguet State University	152,573
C.4	Ifugao State College of Agriculture and Forestry	51,404
C.5	Kalinga-Apayao State College	42,159
C.6	Mountain Province State Polytechnic College	50,145
D.	Region II – CAGAYAN VALLEY	<u>551,559</u>
D.1	Cagayan State University	187,048

D.2	Isabela State University	202,669
D.3	Nueva Vizcaya State Institute of Technology	82,991
D.4	Nueva Vizcaya State Polytechnic College	48,964
D.5	Quirino State College	29,887
E.	Region III – CENTRAL LUZON	<u>931,195</u>
E.1	Bataan Polytechnic State College	62,071
E.2	Bataan State College	20,562
E.3	Bulacan National Agricultural State College	29,169
E.4	Bulacan State University	114,537
E.5	Central Luzon State University	194,378
E.6	Don Honorio Ventura College of Arts and Trades	61,679
E.7	Nueva Ecija University of Science and Technology	108,324
E.8	Pampanga Agricultural College	64,372
E.9	Philippine Merchant Marine Academy	75,298
E.10	Ramon Magsaysay Polytechnic College	26,840
E.11	Tarlac College of Agriculture	62,720
E.12	Tarlac State University	79,723
E.13	Western Luzon Agricultural College	31,522
F.	Region IV – SOUTHERN TAGALOG AND PALAWAN	<u>785,899</u>
F.1	Aurora State College of Technology	24,721
F.2	Cavite State University	105,173
F.3	Laguna State Polytechnic College	68,463
F.4	Marinduque State College	35,764
F.5	Mindoro State College of Agriculture and Technology	22,430
F.6	Occidental Mindoro National College	43,721

F.7	Pablo Borbon Memorial Institute of Technology	81,282
F.8	Palawan State University	101,116
F.9	Rizal State College	70,364
F.10	Rizal Polytechnic College	61,966
F.11	Romblon State College	35,195
F.12	Southern Luzon Polytechnic College	64,851
F.13	State Polytechnic College of Palawan	70,853
G.	Region V – BICOL	<u>639,650</u>
G.1	Bicol University	238,168
G.2	Camarines Norte State College	75,232
G.3	Camarines Sur Polytechnic Colleges	22,346
G.4	Camarines Sur State Agricultural College	72,406
G.5	Catanduanes State College	112,891
G.6	Dr. Emilio B. Espinosa, Sr. Memorial State College of Agriculture and Technology	24,103
G.7	Partido State College	34,728
G.8	Sorsogon State College	59,776
H.	Region VI – WESTERN VISAYAS	<u>739,493</u>
H.1	Aklan State College of Agriculture	111,232
H.2	Carlos C. Hilado Memorial State College	57,965
H.3	Iloilo State College of Fisheries	44,723
H.4	Northern Iloilo Polytechnic State College	62,138
H.5	Northern Negros State College of Science and Technology	18,121
H.6	Panay State Polytechnic College	136,508
H.7	Polytechnic State College of Antique	38,615
H.8	Western Visayas College of Science and Technology	96,379
H.9	West Visayas State University	173,812

I	Region VII – CENTRAL VISAYAS	<u>402,609</u>
I.1	Cebu Normal University	61,538
I.2	Cebu State College of Science and Technology	172,962
I.3	Central Visayas Polytechnic College	77,088
I.4	Central Visayas State College of Agriculture, Forestry and Technology	71,126
I.5	Siquijor State College	19,895
J.	Region VIII – EASTERN VISAYAS	<u>931,488</u>
J.1	Eastern Samar State College	106,483
J.2	Leyte Institute of Technology	106,224
J.3	Leyte Normal University	64,294
J.4	Naval Institute of Technology	37,201
J.5	Palompon Institute of Technology	51,111
J.6	Samar State College of Agriculture and Forestry	13,359
J.7	Samar State Polytechnic College	73,262
J.8	Southern Leyte State College of Science and Technology	66,011
J.9	Tiburcio Tancinco Memorial Institute of Science and Technology	34,233
J.10	Tomas Oppus Normal College	19,164
J.11	University of Eastern Philippines	142,409
J.12	Visayas State College of Agriculture	217,737
K.	Region IX – WESTERN MINDANAO	<u>532,384</u>
K.1	Basilan State College	27,308
K.2	Jose Rizal Memorial State College	50,129
K.3	MSU-Tawi-Tawi College of Technology and Oceanography	167,284
K.4	Sulu State College	31,334
K.5	Tawi-Tawi Regional Agricultural College	27,107

K.6	Western Mindanao State University	171,900
K.7	Zamboanga State College of Marine Sciences and Technology	57,322
L.	Region X – NORTHERN MINDANAO	<u>327,468</u>
L.1	Bukidnon State College	54,230
L.2	Camiguin Polytechnic State College	21,658
L.3	Central Mindanao University	158,508
L.4	Mindanao Polytechnic State College	68,885
L.5	Misamis Oriental State College of Agriculture and Technology	24,187
M.	Region XI – SOUTHEASTERN MINDANAO	<u>199,786</u>
M.1	Davao del Norte State College	23,891
M.2	Davao Oriental State College of Science and Technology	32,127
M.3	Southern Philippines Agri-Business and Marine and Aquatic School of Technology	27,194
M.4	University of Southeastern Philippines	116,574
N.	Region XII – CENTRAL MINDANAO	<u>1,424,343</u>
N.1	Adiong Memorial Polytechnic State College	14,222
N.2	Cotabato City State Polytechnic College	50,506
N.3	Cotabato Foundation College of Science and Technology	53,907
N.4	Mindanao State University	807,263
N.5	MSU – Iligan Institute of Technology	258,680
N.6	Sultan Kudarat Polytechnic State College	53,501
N.7	University of Southern Mindanao	186,264
O.	Region XIII – CARAGA ADMINISTRATIVE REGION	<u>157,155</u>
O.1	Agusan del Sur State College of Agriculture and Technology	21,202
O.2	Northern Mindanao State Institute of Science and Technology	29,308

	O.3	Surigao del Sur Polytechnic State College	60,889
	O.4	Surigao State College of Technology	45,756
IX.		DEPARTMENT OF ENERGY	<u>328,733</u>
	A.	Office of the Secretary	328,733
X.		DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES	<u>5,683,132</u>
	A.	Office of the Secretary	4,857,980
	B.	Environment Management Bureau	261,953
	C.	Mines and Geo-Science Bureau	333,795
	D.	National Mapping and Resource Information Authority	229,404
XI.		DEPARTMENT OF FINANCE	<u>4,181,299</u>
	A.	Office of the Secretary	170,851
	B.	Bureau of Customs	1,064,125
	C.	Bureau of Internal Revenue	2,391,588
	D.	Bureau of Local Government Finance	110,569
	E.	Bureau of the Treasury	297,284
	F.	Central Board of Assessment Appeals	6,850
	G.	Economic Intelligence and Investigation Bureau	44,922

H.	Fiscal Incentives Review Board	877
I.	Insurance Commission	59,231
J.	National Tax Research Center	35,002
XII.	DEPARTMENT OF FOREIGN AFFAIRS	<u>4,016,617</u>
A.	Office of the Secretary	3,928,448
B.	Commission on Filipino Overseas	38,443
C.	Foreign Service Institute	31,646
D.	Technical Cooperation Council of the Philippines	3,538
E.	UNESCO National Commission of the Philippines	14,542
XIII.	DEPARTMENT OF HEALTH	<u>10,826,641</u>
A.	Office of the Secretary	10,738,905
B.	Dangerous Drugs Board	87,736
XIV.	DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT	<u>35,542,749</u>
A.	Office of the Secretary	1,697,532
B.	Bureau of Fire Protection	3,074,982
C.	Bureau of Jail Management and Penology	1,655,847

D.	Local Government Academy	70,007
E.	National Police Commission	596,111
F.	Philippine National Police	28,024,120
G.	Philippine Public Safety College	424,150
XV.	DEPARTMENT OF JUSTICE	<u>4,063,029</u>
A.	Office of the Secretary	1,323,651
B.	Bureau of Corrections	666,897
C.	Bureau of Immigration	203,624
D.	Commission on the Settlement of Land Problems	14,846
E.	Land Registration Authority	427,208
F.	National Bureau of Investigation	526,164
G.	Office of the Government Corporate Counsel	38,892
H.	Office of the Solicitor General	127,024
I.	Parole and Probation Administration	305,280
J.	Public Attorney's Office	429,443
XVI.	DEPARTMENT OF LABOR AND EMPLOYMENT	<u>4,328,183</u>

A.	Office of the Secretary	1,467,036
B.	Institute for Labor Studies	16,852
C.	National Conciliation and Mediation Board	94,994
D.	National Labor Relations Commission.....	281,654
E.	National Maritime Polytechnic	83,956
F.	National Wages and Productivity Commission.....	84,479
G.	Philippine Overseas Employment Administration	195,196
H.	Technical Education and Skills Development Authority	2,104,016
XVII.	DEPARTMENT OF NATIONAL DEFENSE	<u>53,603,930</u>
A.	Office of the Secretary	372,844
B.	Armed Forces of the Philippines	<u>41,005,742</u>
B.1	General Headquarters	4,212,148
B.2	Philippine Air Force	5,519,325
B.3	Philippine Army	13,191,434
B.4	Philippine Navy	6,014,191
B.5	Presidential Security Group	321,178
B.6	Philippine Military Academy	504,710
B.7	Armed Forces of the Philippines Medical Center	742,978
B.8	Citizen Armed Forces Geographical Units	867,572
B.9	AFP Pension and Gratuity Fund	8,354,119
B.10	Retirees and Reservists Affairs Program	85,861

B.11	On-Base Housing Program	38,556
B.12	Self-Reliant Defense Posture Program	25,528
B.13	MNLF Integration Program	1,128,142
C.	Government Arsenal.....	265,877
D.	National Defense College of the Philippines.....	72,161
E.	Office of the Civil Defense.....	137,461
F.	Philippine Veterans Affairs Office.....	<u>11,749,845</u>
F.1	Philippine Veterans Affairs Office (Proper)	11,154,120
F.2	Military Shrine Services	26,589
F.3	Veterans Memorial Medical Center	569,136
XVIII.	DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS.....	<u>52,404,945</u>
A.	Office of the Secretary.....	52,366,016
B.	National Water Resources Board.....	38,929
XIX.	DEPARTMENT OF SCIENCE AND TECHNOLOGY.....	<u>2,787,626</u>
A.	Office of the Secretary.....	662,115
B.	Advanced Science and Technology Institute.....	23,081
C.	Food and Nutrition Research Institute.....	59,495
D.	Forest Products Research and Development Institute.....	64,983

E.	Industrial Technology Development Institute	141,753
F.	Metals Industry Research and Development Center	116,158
G.	National Academy of Science and Technology	24,376
H.	National Research Council of the Philippines	25,165
I.	Philippine Atmospheric, Geophysical and Astronomical Services Administration	334,467
J.	Philippine Council for Advanced Science and Technology Research and Development	63,348
K.	Philippine Council for Agriculture, Forestry and Natural Resources Research and Development	149,128
L.	Philippine Council for Aquatic and Marine Research and Development	33,588
M.	Philippine Council for Health Research and Development	44,374
N.	Philippine Council for Industry and Energy Research and Development	37,805
O.	Philippine Institute of Volcanology and Seismology	94,678
P.	Philippine Nuclear Research Institute	95,021
Q.	Philippine Science High School	205,100
R.	Philippine Textile Research Institute	50,443
S.	Science Education Institute	459,742
T.	Science and Technology Information Institute	38,137
U.	Technology Application and Promotion Institute	64,669
XX.	DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT	<u>1,614,024</u>

A.	Office of the Secretary	1,569,683
B.	Council for the Welfare of Children and Youth	17,042
C.	Inter-Country Adoption Board.....	5,417
D.	National Council for the Welfare of Disabled Persons.....	21,882
XXI.	DEPARTMENT OF TOURISM	<u>797,090</u>
A.	Office of the Secretary	618,805
B.	Intramuros Administration	36,287
C.	National Parks Development Committee	141,998
XXII.	DEPARTMENT OF TRADE AND INDUSTRY	<u>1,682,645</u>
A.	Office of the Secretary	1,288,574
B.	Board of Investments	185,617
C.	Bonded Export Marketing Board	5,577
D.	Construction Industry Authority of the Philippines	32,086
E.	Construction Manpower Development Foundation	16,756
F.	Intellectual Property Office	72,234
G.	International Coffee Organization-Certifying Agency	5,551
H.	Philippine Trade Training Center	27,438

I	Product Development and Design Center of the Philippines	48,812
XXIII.	DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS	<u>10,957,053</u>
A.	Office of the Secretary	10,559,388
B.	Civil Aeronautics Board	20,274
C.	Maritime Industry Authority	202,857
D.	National Telecommunications Commission	163,114
E.	Office of Transportation Cooperatives	11,420
XXIV.	NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY	<u>2,254,228</u>
A.	Office of the Director-General	455,950
B.	Commission on Population	105,782
C.	National Statistical Coordination Board	97,441
D.	National Statistics Office	1,531,357
E.	Philippine National Volunteer Service Coordinating Agency	11,009
F.	Statistical Research and Training Center	9,793
G.	Tariff Commission	42,896
XXV.	OFFICE OF THE PRESS SECRETARY	<u>826,137</u>

A.	Office of the Press Secretary (Proper)	85,888
B.	Bureau of Broadcast Services	204,425
C.	Bureau of Communications Services	24,756
D.	National Printing Office	196,231
E.	News and Information Bureau	73,017
F.	Philippine Information Agency	179,740
G.	Presidential Broadcast Staff (RTVM)	62,080
XXVI.	OTHER EXECUTIVE OFFICES	<u>5,265,583</u>
A.	Commission on Higher Education	1,799,564
B.	Committee on Privatization	821
C.	Cooperatives Development Authority	231,201
D.	Energy Regulatory Board	94,888
E.	Games and Amusements Board.....	41,815
F.	Housing and Land Use Regulatory Board	157,964
G.	Housing and Urban Development Coordinating Council	57,041
H.	Movie and Television Review and Classification Board	17,544
I.	National Anti-Poverty Commission	40,356

J.	National Book Development Board	25,263
K.	National Commission for Culture and the Arts	<u>452,232</u>
	K.1 National Commission for Culture and the Arts (Proper)	101,860
	K.2 Commission on the Filipino Language	39,467
	K.3 National Historical Institute	91,399
	K.4 The National Library	67,860
	K.5 National Museum	90,150
	K.6 Records Management and Archives Office	61,496
L.	National Commission on Indigenous Peoples	360,304
M.	National Commission on the Role of Filipino Women	27,685
N.	National Computer Center	66,388
O.	National Intelligence Coordinating Agency	209,575
P.	National Security Council.....	19,608
Q.	National Youth Commission	51,469
R.	Office on Muslim Affairs	201,421
S.	Palawan Council for Sustainable Development Staff	60,010
T.	Pasig River Rehabilitation Commission	451,837
U.	Philippine Racing Commission	17,335
V.	Philippine Sports Commission	152,390
W.	Presidential Commission on Good Government	75,585

X.	Presidential Commission for the Urban Poor	45,293
Y.	Presidential Legislative Liaison Office	17,932
Z.	Presidential Management Staff.....	128,843
AA.	Professional Regulation Commission.....	209,027
AB.	Securities and Exchange Commission	218,399
AC.	Toll Regulatory Board	9,812
AD.	Videogram Regulatory Board	23,981
XXVII.	JOINT LEGISLATIVE-EXECUTIVE COUNCILS	<u>7,094</u>
A.	Legislative-Executive Development Advisory Council	7,094
XXVIII.	THE JUDICIARY	<u>6,278,069</u>
A.	Supreme Court of the Philippines and the Lower Courts	5,623,618
A.1	Presidential Electoral Tribunal	9,473
B.	Sandiganbayan	176,005
C.	Court of Appeals	413,074
D.	Court of Tax Appeals.....	55,899
XXIX.	CIVIL SERVICE COMMISSION	<u>454,408</u>

A.	Civil Service Commission	424,030
A.1	Career Executive Service Board	30,378
XXX.	COMMISSION ON AUDIT	<u>3,377,177</u>
XXXI.	COMMISSION ON ELECTIONS	<u>2,254,558</u>
XXXII.	OFFICE OF THE OMBUDSMAN	<u>424,566</u>
XXXIII.	COMMISSION ON HUMAN RIGHTS.	<u>167,547</u>
XXXIV.	AUTONOMOUS REGIONS	<u>4,344,800</u>
A.	Cordillera Administrative Region (Proper)	18,379
B.	Autonomous Regional Government in Muslim Mindanao	4,326,421
XXXV.	BUDGETARY SUPPORT TO GOVERNMENT CORPORATIONS	<u>10,191,607</u>
A.	DEPARTMENT OF AGRICULTURE	<u>997,693</u>
A.1	National Dairy Authority	60,596
A.2	National Tobacco Administration	228,278
A.3	Philippine Coconut Authority	256,113
A.4	Philippine Crop Insurance Corporation	100,000
A.5	Philippine Fisheries Development Authority	16,500

A.6	Philippine Rice Research Institute	129,382
A.7	Quedan and Rural Credit Guarantee Corporation	80,000
A.8	Sugar Regulatory Administration	126,824
B.	DEPARTMENT OF ENERGY	<u>530,000</u>
B.1	National Electrification Administration	530,000
C.	DEPARTMENT OF HEALTH	<u>1,210,993</u>
C.1	Lung Center of the Philippines	151,540
C.2	National Kidney and Transplant Institute	194,036
C.3	Philippine Children's Medical Center	191,914
C.4	Philippine Heart Center	173,503
C.5	Philippine Health Insurance Corporation	500,000
D.	DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS	<u>260,000</u>
D.1	Local Water Utilities Administration	260,000
E.	DEPARTMENT OF TOURISM	<u>91,009</u>
E.1	Nayong Pilipino Foundation	10,000
E.2	Philippine Convention and Visitors Corporation	81,009
F.	DEPARTMENT OF TRADE AND INDUSTRY	<u>91,604</u>
F.1	Cottage Industry Technology Center	15,016
F.2	Center for International Trade Expositions and Missions	76,588
G.	DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS	<u>390,399</u>
G.1	Light Rail Transit Authority	865
G.2	Mactan Cebu Int'l. Airport Authority	253,700
G.3	Philippine National Railways	135,834

H.	NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY	<u>43,597</u>
H.1	Philippine Institute for Development Studies	39,734
H.2	PIDS APEC Study Center Network	3,863
I.	OTHER EXECUTIVE OFFICES	<u>6,540,204</u>
I.1	Asset Privatization Trust	27,600
I.2	Cagayan Economic Zone Authority	153,374
I.3	Cultural Center of the Philippines	263,000
I.4	Home Insurance and Guaranty Corporation	232,500
I.5	National Food Authority	1,241,993
I.6	National Home Mortgage Finance Corporation	1,778,766
I.7	National Housing Authority	2,457,240
I.8	Southern Philippines Development Authority	182,746
I.9	Subic Bay Metropolitan Authority	25,000
I.10	Technology and Livelihood Resource Center	36,000
I.11	Zamboanga City Special Economic Zone Authority	141,985
J.	BUDGETARY SUPPORT TO GOVERNMENT CORPORATIONS – OTHERS	36,108
XXXVI.	AGRICULTURE AND FISHERIES MODERNIZATION PROGRAM	<u>19,385,108</u>
A.	DEPARTMENT OF AGRICULTURE	<u>15,983,661</u>
A.1	Office of the Secretary	14,155,475
A.2	Bureau of Fisheries and Aquatic Resources	1,480,994
A.3	Fertilizer and Pesticide Authority	5,000
A.4	National Agriculture and Fishery Council	70,000
A.5	National Meat Inspection Commission	114,374

A.6	Philippine Carabao Center	157,818
B.	STATE UNIVERSITIES AND COLLEGES	<u>8,750</u>
B.1	State Universities and Colleges	8,750
C.	DEPARTMENT OF SCIENCE AND TECHNOLOGY	<u>2,340</u>
C.1	Philippine Council for Agriculture, Forestry and Natural Resources Research and Development	2,340
D.	BUDGETARY SUPPORT TO GOVERNMENT CORPORATIONS	<u>118,500</u>
D.1	Philippine Coconut Authority	50,000
D.2	Philippine Fisheries Development Authority	47,000
D.3	Philippine Rice Research Institute	21,500
E.	ALLOCATION TO LOCAL GOVERNMENT UNITS.....	<u>1,227,140</u>
E.1	Local Government Empowerment Fund	321,445
E.2	Municipal Development Fund	905,695
F.	AGRARIAN REFORM FUND	2,044,717
XXXVII.	ALLOCATIONS TO LOCAL GOVERNMENT UNITS	<u>118,636,556</u>
A.	Internal Revenue Allotment	111,778,000
B.	Special Shares of LGUs in the Proceeds of National Taxes	3,087,000
C.	Local Government Empowerment Fund	657,859
D.	Local Officials Insurance Premium Fund	37,000
E.	Metropolitan Manila Development Authority	639,535
F.	Municipal Development Fund	2,437,162

XXXVIII. AREA DEVELOPMENT ASSISTANCE FUND	<u>37,251</u>
A. Aurora Integrated Area Development Project	14,532
B. Bondoc Development Program	22,719
XXXIX. AGRARIAN REFORM FUND	<u>7,997,811</u>
XL. CALAMITY FUND	<u>998,500</u>
XLI. CONTINGENT FUND	<u>800,000</u>
XLII. DECS – BASIC EDUCATION FACILITIES PROGRAM	<u>2,000,000</u>
XLIII. FOREIGN-ASSISTED PROJECTS SUPPORT FUND	<u>1,000,000</u>
XLIV. GENERAL FUND ADJUSTMENTS	<u>150,000</u>
XLV. INTERNATIONAL COMMITMENTS FUND	<u>850,000</u>
XLVI. MISCELLANEOUS PERSONNEL BENEFITS FUND	<u>1,463,311</u>

XLVII. NATIONAL UNIFICATION FUND	<u>100,000</u>
XLVIII. ORGANIZATIONAL ADJUSTMENT FUND	<u>376,151</u>
XLIX. PRIORITY DEVELOPMENT ASSISTANCE FUND	<u>3,330,000</u>
L. PROPERTY REPLACEMENT FUND	<u>62,000</u>
LI. RPWEB SUPPORT FUND	<u>50,000</u>
LII. SALARY ADJUSTMENT FUND	<u>13,200,000</u>
LIII. DEBT SERVICE FUND – INTEREST PAYMENT	<u>109,314,000</u>
LIV. UNPROGRAMMED FUND	<u>48,681,831</u>
TOTAL NEW APPROPRIATIONS	<u>665,094,141</u>
	=====
ANNEX	
A. DEBT SERVICE – PRINCIPAL AMORTIZATION	65,976,000
	=====

"ANNEX"

DEBT SERVICE – PRINCIPAL AMORTIZATION

For payment of principal amortization of foreign and domestic indebtedness as indicated hereunder..... P65,976,000,000

	Current Operating Expenditures			
	Personal Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
	_____	_____	_____	_____
<u>A. PURPOSE</u>				
1. For the Payment of Principal Amortization of Foreign and Domestic Indebtedness	P	65,976,000,000		P 65,976,000,000
		-----		-----
TOTAL	P	65,976,000,000		P 65,976,000,000
		=====		=====

"ANNEX"

GENERAL SUMMARY

DEBT SERVICE - PRINCIPAL AMORTIZATION

	Current Operating Expenditures		Capital	Total
	Personal	Maintenance	Outlays	
	Services	and Other		
		Operating		
		Expenses		
	_____	_____	_____	_____
A. Debt Service - Principal Amortization	P	65,976,000,000		P 65,976,000,000
		-----		-----
Total, Debt Service - Principal Amortization	P	65,976,000,000		P 65,976,000,000
		=====		=====

BUDGETS OF DEPARTMENT OF ENERGY ATTACHED
CORPORATIONS

SEC. 2. *Approval of Annual Budgets of Corporations under R.A. No. 7638.* – Pursuant to Section 13, Chapter III of Republic Act No. 7638, the 2000 annual budgets of the National Electrification Administration (NEA), the National Power Corporation (NPC) and the Philippine National Oil Company (PNOC) are hereby approved as follows:

I. NATIONAL ELECTRIFICATION ADMINISTRATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 2000

(In Thousand Pesos)

SUMMARY

	Current Operating Expenditures			Total
	Personal Services	Maintenance and Other Operating Expenses	Capital Outlays	
	_____	_____	_____	_____
A. PROGRAM/ACTIVITY/PROJECT				
1. General Administration and Support	P 37,850	P 68,855	P 100	P 106,805
2. Support to Operations	153,930	27,540	5,867	187,337
3. Operations	60,567	41,316	7,500	109,383
4. Locally-Funded Projects		<u>530,000</u>	<u>148,345</u>	<u>678,345</u>
4.1 Rural Electrification		530,000	148,345	678,345
5. Foreign-Assisted Projects		<u>7,960</u>	<u>773,738</u>	<u>781,698</u>
a. Foreign Borrowings		<u>7,960</u>	<u>773,738</u>	<u>781,698</u>
a.5.1 Rural Electrification			605,738	605,738

a.5.2 New and Renewable Energy		168,000	168,000
a.5.3 Institutional Strengthening	7,960		7,960
6. Debt Servicing	<u>1,469,175</u>	_____	<u>1,469,175</u>
6.1 Loan Repayment	1,469,175		1,469,175
7. Conversion of Interest on NG advances	500,000		500,000
8. Others	29,151	7,750	36,901
	-----	-----	-----
TOTAL	<u>P 252,347</u>	<u>P 2,673,997*/</u>	<u>P 943,300</u>
	=====	=====	=====

*MOOE, Net of Allowance for Depreciation of P17.255 M

I. NATIONAL ELECTRIFICATION ADMINISTRATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 2000
(In Thousand Pesos)
NATIONAL GOVERNMENT EQUITY AND/OR SUBSIDY

Schedule I

	Current Operating Expenditures			
	Personal Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
	_____	_____	_____	_____
A. PROGRAM/ACTIVITY/PROJECT				
1. Locally-Funded Project		<u>530,000</u>		<u>530,000</u>
1.1 Rural Electrification		530,000		530,000
2. Debt Servicing		<u>142,000</u>		<u>142,000</u>
2.1 Loan Repayment		142,000		142,000
3. Conversion of Interest on NG advances		500,000		500,000
		-----		-----
TOTAL		P 1,172,000		P 1,172,000
		=====		=====

I. NATIONAL ELECTRIFICATION ADMINISTRATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 2000
(In Thousand Pesos)
CORPORATE BORROWINGS

Schedule II

	Current Operating Expenditures			
	Personal Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
A. PROGRAM/ACTIVITY/PROJECT				
1. Foreign-Assisted Projects		<u>P 7,960</u>	<u>P 773,738</u>	<u>P 781,698</u>
a. Foreign Borrowings		<u>7,960</u>	<u>773,738</u>	<u>781,698</u>
a.1.1 Rural Electrification			605,738	605,738
a.1.2 New and Renewable Energy			168,000	168,000
a.1.3 Institutional Strengthening		<u>7,960</u>	-----	<u>7,960</u>
2. Debt Servicing		<u>500,000</u>		<u>500,000</u>
a. Loan Repayment		<u>500,000</u>		<u>500,000</u>
		-----	-----	-----
TOTAL		<u>P 507,960</u>	<u>P 773,738</u>	<u>P 1,281,698</u>
		=====	=====	=====

I. NATIONAL ELECTRIFICATION ADMINISTRATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 2000
(In Thousand Pesos)
CORPORATE FUNDS

Schedule III

	Current Operating Expenditures			
	Personal Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
A. PROGRAM/ACTIVITY/PROJECT				
1. General Administration and Support	P 37,850	P 68,855	P 100	P 106,805
2. Support to Operations	153,930	27,540	5,867	187,337
3. Operations	60,567	41,316	7,500	109,383
4. Locally-Funded Projects			<u>148,345</u>	<u>148,345</u>
4.1 Rural Electrification			148,345	148,345
5. Debt Servicing		<u>827,175</u>		<u>827,175</u>

5.1 Loan Repayment		827,175		827,175
6. Others		29,151	7,750	36,901
	-----	-----	-----	-----
TOTAL	P 252,347	P 994,037	P 169,562	P 1,415,946
	=====	=====	=====	=====

SPECIAL PROVISIONS

1. *Budget Flexibility and Report.* – The National Electrification Administration, through its Board of Administrators, is authorized to realign programs and projects and reallocate the corresponding budgetary requirements herein approved, as well as augment the requirements which may arise from factors beyond the Corporation's control. These may include, but shall not be limited to, currency depreciation, inflation, change in interest rate, new loans/financing that may be contracted/sourced, substitute projects and programs, and schedule of project implementation should conditions warrant: *Provided*, That augmentation funds shall not be used for the acquisition of motor vehicles and payment of traveling, representation and discretionary expenses: *Provided, further*, That the Personal Services shall not be augmented by savings from Maintenance and Other Operating Expenses as well as, Capital Outlays, or by new funding sources.

A report on the aforesaid budgetary adjustments shall be submitted to the House Committee on Appropriations and the Senate Committee on Finance, including the Department of Budget and Management, within thirty (30) days after such adjustments are made.

II. NATIONAL POWER CORPORATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 2000
(In Thousand Pesos)
SUMMARY

	Current Operating Expenditures			Total
	Personal Services	Maintenance and Other Operating Expenses	Capital Outlays	
	_____	_____	_____	_____
A. PROGRAM/ACTIVITY/PROJECT				
1. General Administration and Support	<u>P 2,771,508</u>	<u>P 2,181,790</u>	<u>P 2,500,430</u>	<u>P 7,453,728</u>
a. Head Office Support Group	2,771,508	2,181,790 a/	1,232,368	6,185,666
b. Eng'g. Admin./Survey/Dev. Studies/Planning			1,268,062	1,268,062
2. Support to Operations	<u>193,333</u>	<u>2,902,308</u>		<u>3,095,641</u>
a. Other Expenses	193,333	2,902,308		3,095,641
3. Operations	<u>4,630,493</u>	<u>73,754,570</u>	<u>9,905,273</u>	<u>88,290,336</u>
a. Utility Operations	4,056,559	3,201,011	8,112,152	15,369,722
b. Strategic Power Utilities Group	573,934	415,339	784,038	1,773,311
c. Spares			1,009,083	1,009,083
d. Production of Goods		70,138,220		70,138,220

4. Foreign-Assisted Projects			<u>15,420,115</u>	<u>15,420,115</u>
a. Generation			233,493	233,493
b. Transmission Lines and Substations			11,618,008	11,618,008
c. Others			1,642,352	1,642,352
d. Interest during Construction			1,926,262	1,926,262
5. Debt Servicing		41,681,904		41,681,904
6. Other Expenditures	5,913	6,594,036		6,599,949
TOTAL	b/		<u>P 7,601,247</u>	<u>P 127,114,608</u>
			<u>P 27,825,818</u>	<u>P 162,541,673</u>

a/ Inclusive of P30 million National Government Equity to cover portion of stock dividends in 1994 to the National Government

b/ PS includes P980 million for capitalized Personal Services and P1.344 million for casuals; MOOE, excludes allowance for depreciation/amortization of capacity fee of P26.411 billion, but includes provision for separation pay/retirement gratuity of P625.184 million which shall be subject to Special Provision No. 4 as reflected in the FY 2000 COB of NPC.

II. NATIONAL POWER CORPORATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 2000
(In Thousand Pesos)
NATIONAL GOVERNMENT EQUITY

Schedule I

	Current Operating Expenditures			
	Personal Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
	_____	_____	_____	_____
A. PROGRAM/ACTIVITY/PROJECT				
1. General Administration and Support		<u>P 30,000</u>		<u>P 30,000</u>
A. Head Office Support Group		30,000		30,000
		-----		-----
TOTAL		<u>P 30,000</u>		<u>P 30,000</u>
		=====		=====

II. NATIONAL POWER CORPORATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 2000
(In Thousand Pesos)
CORPORATE BORROWINGS

Schedule II

	Current Operating Expenditures			
	Personal Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
A. PROGRAM/ACTIVITY/PROJECT				
1. General Administration and Support			<u>P 2,229,880</u>	<u>P 2,229,880</u>
a. Head Office Support Group			961,818	961,818
b. Eng'g. Admin./Survey/Dev. Studies/Planning			1,268,062	1,268,062
2. Operations			<u>9,905,273</u>	<u>9,905,273</u>
a. Utility Operations			8,112,152	8,112,152
b. Strategic Power Utilities Group			784,038	784,038
c. Spares			1,009,083	1,009,083
3. Foreign-Assisted Projects			<u>15,420,115</u>	<u>15,420,115</u>

a. Generation		233,493	233,493
b. Transmission Lines & Substations		11,618,008	11,618,008
c. Others		1,642,352	1,642,352
d. Interest during Construction		1,926,262	1,926,262
4. Debt Servicing	11,550,000		11,550,000
5. Other Expenditures	6,195,994		6,195,994
	-----	-----	-----
TOTAL	P 17,745,994	P 27,555,268	P 45,301,262
	=====	=====	=====

II. NATIONAL POWER CORPORATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 2000
(In Thousand Pesos)
CORPORATE FUNDS

Schedule III

	Current Operating Expenditures			Total
	Personal Services	Maintenance and Other Operating Expenses	Capital Outlays	
	_____	_____	_____	_____
A. PROGRAM/ACTIVITY/PROJECT				
1. General Administration and Support	<u>P 2,771,508</u>	<u>P 2,151,790</u>	<u>P 270,550</u>	<u>P 5,193,848</u>
a. Head Office Support Group	2,771,508	2,151,790	270,550	5,193,848
2. Support to Operations	<u>193,333</u>	<u>2,902,308</u>		<u>3,095,641</u>
a. Other Expenses	193,333	2,902,308		3,095,641
3. Operations	<u>4,630,493</u>	<u>73,754,570</u>		<u>78,385,063</u>
a. Utility Operations	4,056,559	3,201,011		7,257,570
b. Strategic Power Utilities Group	573,934	415,339		989,273
c. Production of Goods		70,138,220		70,138,220

4. Debt Servicing		30,131,904		30,131,904
5. Other Expenditures	5,913	398,042		403,955
	-----	-----	-----	-----
TOTAL	P 7,601,247	P109,338,614	P 270,550	P 117,210,411
	=====	=====	=====	=====

SPECIAL PROVISIONS

1. *Budget Flexibility and Report.* – The National Power Corporation through its Board of Directors, is authorized to realign programs and projects and reallocate the corresponding budgetary requirements herein approved, as well as augment the requirements which may arise from factors beyond the Corporation's control. These may include, but shall not be limited to, increase in oil/steam/coal prices, currency depreciation, inflation, change in generation mix and demand, interest rate, new loans/financing that may be contracted or sourced, substitute programs and projects, change in schedule of project implementation, and correction, transfer, or elimination of NPC's expense, of projects or installations that affected inhabitants complain are hazard to the health and safety, and reorganization, subsidiarization or privatization should conditions warrant: *Provided*, That augmentation funds shall not be used for the acquisition of motor vehicles and payment of traveling, representation and discretionary expenses: *Provided, further*, That the Personal Services shall not be augmented by savings from Maintenance and Other Operating Expenses (MOOE) as well as Capital Outlays or by new funding sources.

A report on the aforesaid budgetary adjustments shall be submitted to the House Committee on Appropriations and the Senate Committee on Finance, including the Department of Budget and Management, within thirty (30) days after such adjustments are made.

2. *Restriction on the Use of Funds.* – In the event that certain NPC power plants will be subsidiarized and privatized before the end of FY 2000, any amount earmarked for the rehabilitation and other costs intended for said power plants as reflected in the Corporate Operating Budget shall not be made available for the augmentation of personal services requirements and other benefits.

3. *Restriction on the Grant of New/Additional Compensation.* – No amount herein authorized shall be used to cover payment of new/additional cash compensation such as salaries and allowances, unless approved by Congress: *Provided*,

That the grant of new/additional non-cash and other economic benefits shall be subject to existing laws, rules and regulations.

4. *Computation of Separation Benefits.* – The separation benefits shall be computed in accordance with existing laws, rules and regulations on separation benefits. No amount herein authorized shall be used to cover payment of financial assistance or any form of additional separation benefits of NPC employees beyond the rate previously approved by the President pursuant to R. A. No. 7648: *Provided*, That notwithstanding the provision of law to the contrary, the rates of separation pay previously approved by the President shall be applicable only for employees who shall retire on or before December 31, 2000: *Provided, further*, That employees who shall retire beyond December 31, 2000 shall be covered by the existing laws, rules and regulations on separation benefits applicable to all government employees.

III. PHILIPPINE NATIONAL OIL COMPANY

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 2000
(In Thousand Pesos)
SUMMARY

	Current Operating Expenditures			Total
	Personal Services	Maintenance and Other Operating Expenses	Capital Outlays	
	_____	_____	_____	_____
A. PROGRAM/ACTIVITY/PROJECT				
1. General Administration and Support	P 43,877	P 135,737	P 21,238	P 200,852
2. Operations	9,056	223,508	2,226,762	2,459,326
3. Others		<u>1,985,564</u>		<u>1,985,564</u>
Debt Servicing				
Principal		1,133,225		1,133,225
Interest Expense		852,339		852,339
TOTAL	----- P 52,933 =====	----- P 2,344,809 a/ =====	----- P 2,248,000 =====	----- P 4,645,742 =====

a/ MOOE, net of allowance for depreciation of P 27.715M

III. PHILIPPINE NATIONAL OIL COMPANY

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 2000
(In Thousand Pesos)
CORPORATE BORROWINGS

Schedule I

	Current Operating Expenditures			
	Personal Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
	_____	_____	_____	_____
A. PROGRAM/ACTIVITY/PROJECT				
1. Operations			P 200,000	P 200,000
			-----	-----
TOTAL			P 200,000	P 200,000
			=====	=====

III. PHILIPPINE NATIONAL OIL COMPANY

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 2000
(In Thousand Pesos)
CORPORATE FUNDS

Schedule II

	Current Operating Expenditures			Total
	Personal Services	Maintenance and Other Operating Expenses	Capital Outlays	
	-----	-----	-----	-----
A. PROGRAM/ACTIVITY/PROJECT				
1. General Administration and Support	P 43,877	P 135,737	P 21,238	P 200,852
2. Operations	9,056	223,508	2,026,762	2,259,326
3. Others		<u>1,985,564</u>		<u>1,985,564</u>
Debt Servicing				
Principal		1,133,225		1,133,225
Interest Expense		852,339		852,339
TOTAL	----- P 52,933 =====	----- P 2,344,809 a/ =====	----- P 2,048,000 =====	----- P 4,445,742 =====

a/ MOOE, net of allowance for depreciation of P 27.715M

SPECIAL PROVISIONS

1. *Budget Flexibility and Report.* – The Philippine National Oil Company (PNOC), through its Board of Directors, is authorized to realign programs and projects and reallocate the corresponding budgetary requirements herein approved, as well as augment the requirements which may arise from factors beyond the Company's control. These may include, but shall not be limited to, increase in costs associated with the privatization of subsidiaries, changes in foreign exchange rate, taxes, inflation, change in interest rates, payment of obligations as a result of final judgment of the court, and changes in programs/projects: *Provided*, That augmentation funds shall not be used for the acquisition of motor vehicles and payment of traveling, representation and discretionary expenses: *Provided, further*, That the Personal Services shall not be augmented by savings from Maintenance and Other Operating Expenses (MOOE), as well as, Capital Outlays, or by new funding sources.

A report on the aforesaid budgetary adjustments shall be submitted to the House Committee on Appropriations and the Senate Committee on Finance, including the Department of Budget and Management, within thirty (30) days after such adjustments are made.

2. *Funds for Capital Outlays.* – The provisions of paragraph 1 above notwithstanding, Capital Outlays, provided herein under Operations, Program 2, whether or not funded from internally generated funds, budgetary support or authorized borrowings, shall be utilized for the primary purposes of exploration, exploitation and development of indigenous energy resources: *Provided*, That an amount not exceeding One billion pesos (P1,000,000,000) in the aggregate may be invested in entities not engaged in the said primary purposes: *Provided, further*, That consistent with the privatization program of the government, such equity investment shall not exceed thirty six percent (36%) of the outstanding capital stock of any one such entity concerned: *Provided, finally*, That such Capital Outlays shall not be used as loans or advances to entities not engaged in the primary purposes herein defined. This provision shall apply to the Philippine National Oil Company and all its subsidiaries.

SPECIAL PROVISIONS APPLICABLE TO NEA,
NPC AND PNOG

1. *Payment of Compensation.* – Payment of salaries, wages, and allowances or other forms of compensation shall be in accordance with Republic Act No. 6758 known as, "Compensation and Position Classification Act of 1989," as amended by Joint Resolution No. 1, s. 1994 of Congress and Executive Order No. 164, s. 1994, as well as Corporate Compensation Circular No. 10 and other pertinent implementing rules and regulations, unless the corporation is exempted therefrom by special law.

2. *Remittance of Dividends.* – Dividend equivalent to at least fifty percent (50%) of annual net earnings shall accrue to the National Government and shall be remitted to the National Treasury pursuant to Republic Act No. 7656.

3. *Acquisition of Equipment.* – The acquisition of equipment, funded from internally generated funds, budgetary support or authorized borrowings, shall be subject to Corporate Budget Circular No. 17, s. 1996, National Budget Circular No. 446, s. 1995 as supplemented by the National Budget Circular No. 446-A, s. 1998, and other applicable Presidential Issuances and other existing statutory requirements.

4. *Audit of Government Funds.* – Government funds authorized herein to be invested as equity by the corporation to its subsidiaries, as well as the grant of subsidy, loan contribution or any kind of financial assistance to end-user entities both in private or public sector shall be subject to audit by the Commission on Audit pursuant to P.D. No. 1445, as amended.

GENERAL PROVISIONS

RECEIPTS AND INCOME

SEC. 3. *Fees, Charges and Assessments.* – All fees, charges, assessments, and other receipts or revenues collected by departments, bureaus, offices or agencies in the exercise of their functions, at such rates as are now or may be approved by the Secretary concerned, shall be deposited with the National Treasury and shall accrue to the General Fund pursuant to Section 44 of

Book VI, E.O. No. 292 and Section 3 of B.P. Blg. 325: *Provided*, That certain receipts may be recorded as a Special Account in the General Fund or a Fiduciary or a Trust Fund, or a fund other than the General Fund, when authorized by law and following such rules and regulations as may be issued by the Permanent Committee created under Section 45 of Book VI, E.O. No. 292: *Provided, further*, That all revenues or income accruing to Special Accounts in the General Fund may be made available for expenditure, subject to the Special Provision in this Act for the agencies concerned and to Special Budgets required under Section 35 of Book VI, E.O. No. 292: *Provided, furthermore*, That whenever practicable and taking into account the cost reduction program of the government, when an agency contracts with another government office for fabrication of furniture or equipment, or for computer, printing or other services, the agency rendering such services may assess the requesting agency for the cost of production and services rendered and may utilize the proceeds thereof, subject to Section 35 of Book VI, E.O. No. 292, except as otherwise provided in this Act: and *Provided, finally*, That the schedule of fees, charges and assessments collectible by any government agency including government-owned and/or controlled corporations shall be posted in big bold characters in a conspicuous place in said government agency or corporation, including its branches or extension offices and that the updating and continuous display of said schedule shall be the responsibility of the head of the agency or corporation concerned.

SEC. 4. *Revolving Fund.* – Revolving funds shall be established and maintained only in cases where said funds are expressly created and authorized by law. Revolving funds already in existence shall continue their operations, except those which are now reflected under "Use of Income" in this Act. Receipts derived from business-type activities of departments, bureaus, offices or agencies which are authorized by law to be constituted into a Revolving Fund shall be separately recorded and deposited in an authorized government depository bank and may be made available for operational expenses of the said activity of the agency concerned, subject to the conditions prescribed under the special provision of the agency concerned and the rules and regulations as may be prescribed by the Permanent Committee created under Section 45 of Book VI, E.O. No. 292. The Revolving Fund shall be considered self-perpetuating and self-liquidating and all

obligations or expenditures incurred by virtue of said business-type activities shall be charged against the Revolving Fund: *Provided*, That no amount of the revolving funds authorized in this Act shall be used for the payment of discretionary and representation expenses. The agency concerned shall submit to the Department of Budget and Management, copy furnished the House Committee on Appropriations and the Senate Committee on Finance, a quarterly report of the income from this Fund and a quarterly report of expenditure. In case of failure to submit said requirements, no withdrawal in the subsequent quarter shall be allowed in audit except upon certification of the Department of Budget and Management that said report was submitted.

SEC. 5. *Trust Receipts*. – Receipts from non-tax sources authorized by law for specific purposes which are collected/received by a government office or agency acting as a trustee, agent or administrator, or which have been received as guaranty for the fulfillment of an obligation, and all other collections classified by law or regulations as trust receipts shall be treated as trust liability of the agency concerned and deposited with the National Treasury, subject to the conditions prescribed under the Special Provisions of the agency concerned and to the rules and regulations as determined by the Permanent Committee created under Section 45 of Book VI, E.O. No. 292. All existing balances of trust receipts deposited with authorized government depository banks or any forthcoming trust receipts which are intended to be deposited with authorized government depository banks are hereby required to be remitted to the National Treasury in accordance with E.O. No. 338 series of 1996 and existing guidelines for the transfer by national government agencies of all cash balances to the National Treasury. Payment out of such funds shall be made in accordance with the purpose for which the fund is created and subject to accounting and auditing regulations.

SEC. 6. *Receipts Arising from BOT and Its Variant Schemes Transactions*. – Receipts, such as toll fees, charges and other receipts or revenues arising from public sector projects implemented through build-operate-transfer (BOT) arrangement and other variants pursuant to R.A. No. 6957, as amended by R.A. No. 7718, collected by an office or agency of the National Government but which shall accrue to the proponent private

companies or individuals in accordance with the contract entered into by said government office or agency and project proponent(s) shall be deposited with any authorized government depository bank and shall be utilized exclusively for the fulfillment of obligations as stipulated and prescribed under the contract: *Provided*, That the government share out of the collections from said projects, if any, shall accrue to the General Fund and shall be remitted to and deposited with the National Treasury.

The implementation of this Section shall be in accordance with the guidelines issued jointly by the Department of Finance, Department of Budget and Management, National Economic and Development Authority and Coordinating Council of the Philippine Assistance Program, in coordination with the Commission on Audit.

SEC. 7. Performance Bonds and Deposits. – Performance bonds and deposits filed or posted by private persons or entities with agencies of the government shall be deposited with the National Treasury as trust liabilities under the name of the agency concerned. Upon faithful performance of the undertaking or termination of the obligation for which the bond or deposit was required, any amount due shall be returned to the filing party by the office or agency concerned, withdrawable in accordance with accounting and auditing rules and regulations: *Provided*, That any interest accruing on deposit accounts and any forfeited amounts shall be recorded as income of the General Fund and shall be remitted to the National Treasury at the end of each quarter. This provision shall apply to bonds posted in cash, such as bidder's bond, guaranty bonds, bail bonds, judicial deposits for the benefit of clients, cash under litigation deposited in court or quasi-judicial bodies and other refundable and judicial bonds, and all bonds and deposits required by law, rules and regulations to be posted to ensure the faithful performance of an activity or undertaking.

SEC. 8. Seminar and Conference Fees. – Departments, bureaus, offices or agencies which conduct training programs in relation to their mandated functions are authorized to collect seminar and conference fees from government and private agency participants, at such standard rates as the Department of Budget and Management and the Civil Service Commission shall deem

appropriate. The proceeds derived from such seminars or conferences may be made available for the conduct of such seminars and conferences, and for defraying the cost of training facilities, subject to pertinent budget, accounting and auditing rules and regulations: *Provided*, That upon the conclusion of the seminar or conference, the office authorized to conduct the same shall submit to the Department of Budget and Management a report of fees collected and of the expenses incurred: *Provided, further*, That any excess therefrom shall be remitted to the National Treasury and shall accrue to the General Fund: *Provided, finally*, That no appropriation authorized in this Act shall be used to support or augment expenses for seminars or conferences.

SEC. 9. *Sale of Products.* – Departments, bureaus, offices or agencies are hereby authorized to sell products of agricultural, industrial or other projects. The proceeds derived therefrom shall be deposited with the National Treasury and shall accrue to the General Fund, pursuant to Section 44 of Book VI, E.O. No. 292, unless otherwise provided by law or by Special Provision in this Act.

SEC. 10. *Sale of Official Publications.* – Departments, bureaus, offices or agencies are hereby authorized to sell their official publications. The proceeds derived therefrom shall be deposited with the National Treasury and shall accrue to the General Fund. Such proceeds may be made available to defray the cost of printing of such official publications subject to Special Budget pursuant to Section 35, Book VI of E.O. No. 292.

SEC. 11. *Sale of Non-Serviceable, Obsolete and Other Unnecessary Equipment.* – Departments, bureaus, offices or agencies are hereby authorized to sell non-serviceable, obsolete, and other unnecessary equipment including cars, vans and the like pursuant to the provisions of Section 79 of P.D. No. 1445 and E.O. No. 309 dated March 8, 1996. The proceeds from the sale of equipment of the agency shall be deemed automatically appropriated for the purchase of new ones, and for the repair or rehabilitation of existing vital equipment: *Provided*, That the purchase of such new cars and vans shall be subject to prior authority pursuant to pertinent laws, rules and regulations.

SEC. 12. *Donations.* – Departments, bureaus, offices or agencies may accept donations, contributions, grants, bequests or gifts, in cash or in kind, from various sources, domestic or foreign, for purposes relevant to their functions: *Provided*, That in cases of donations from foreign governments, acceptance thereof shall be subject to the prior clearance and approval of the President of the Philippines upon recommendation of the Secretary of Foreign Affairs: *Provided, further*, That the Department of Agriculture through the National Agricultural and Fishery Council (NAFC) and in coordination with the Department of Budget and Management (DBM) and National Economic and Development Authority (NEDA), is hereby authorized to determine the utilization of the RP-Japan Increased Food Production Program Grant for agriculture and fishery projects in accordance with the objectives of R.A. No. 8435, otherwise known as "The Agriculture and Fisheries Modernization Act of 1997." Receipts from donations shall be accounted for in the books of the government in accordance with pertinent accounting and auditing rules and regulations. Such donations, whether in cash or in kind, shall be deemed automatically appropriated for purposes specified by the donor. The receipts from cash donations and sale of donated commodities shall be remitted to the National Treasury and recorded as a Special Account in the General Fund and shall be available to the concerned implementing agency through a Special Budget pursuant to Section 35, Book VI of E.O. No. 292. The agency concerned shall submit to the Department of Budget and Management, the Senate Committee on Finance, the House Committee on Appropriations, and to the Commission on Audit a quarterly report of all donations whether in cash or in kind, as well as expenditures or disbursements of the amount released.

In case of violation of this Section, the erring officials and employees shall be subject to disciplinary action under the provisions of Sections 43 and 80 of Book VI, E.O. No. 292 and to appropriate criminal action under existing penal laws.

SEC. 13. *National Internal Revenue Taxes and Import Duties of National Government Agencies including the Light Rail Transit Authority (LRTA), Home Development Mutual Fund (HDMF), National Food Authority (NFA), Cultural Center of the Philippines (CCP), Specialty Hospitals, Department of National Defense (DND) and the Philippine National Police*

(PNP). – National internal revenue taxes and import duties payable by national government agencies to the National Government arising from foreign donations, grants and loans are deemed automatically appropriated. Tax expenditure subsidy to the Light Rail Transit Authority (LRTA-Metro Manila Strategic Mass Rail Transit Development-Line 2 Package 4), Home Development Mutual Fund, National Food Authority, Cultural Center of the Philippines, Specialty Hospitals, DND and PNP importations of military hardwares, software, munitions, arms and equipment, shall be deemed automatically appropriated, subject to approval by the Fiscal Incentives Review Board (FIRB) pursuant to Executive Order No. 93, s. of 1986 as amended. The amounts pertaining to such taxes and duties shall be considered as revenue and expenditure of the government: *Provided*, That in the case of NFA, custom duties and taxes referred to pertain only to CY 1999.

The implementation of this Section shall be in accordance with guidelines to be jointly issued by the Department of Finance and the Department of Budget and Management.

SEC. 14. *Loan Agreements.* – Departments, bureaus, offices or agencies, including government-owned and/or controlled corporations, shall in no case enter into foreign or domestic loan agreements, whether in cash or in kind, except upon concurrence of the Secretary of Budget and Management with respect to peso requirements and implications on expenditure ceilings and prior approval of the President of the Philippines, with the prior concurrence of the Monetary Board, subject to such limitations as may be provided by law: *Provided*, That the Monetary Board shall, within thirty (30) days from the end of every quarter of the calendar year, submit to the Congress of the Philippines a report of its decisions on applications for loans to be contracted or guaranteed by the government or government-owned and/or controlled corporations which have the effect of increasing the foreign debt. Loan agreements shall not be signed by agencies of the national government unless the full amount of the loan is covered by a Forward Obligational Authority (FOA) issued by the Secretary of Budget and Management. For this purpose, the budgetary implications of foreign-assisted projects shall be explicitly considered by the Secretary of Budget and Management and the office or agency concerned at the time of project design

and financing negotiations. The project study shall specify the cash flow requirements of the project among others, for: (a) payment of principal and interest; (b) peso component of capital costs and project preparation; (c) infrastructure and support facilities needed to be directly financed by government; (d) operating and other expenditures which will be ultimately required for general fund support when the project is implemented; and (e) peso requirements needed as counterpart.

EXPENDITURES

SEC. 15. *Restrictions on the Use of Government Funds.*

– No government funds shall be utilized for the following purposes:

a. To purchase motor vehicles, except: (a) medical ambulances, military and police patrol vehicles, motorcycles, other utility vehicles, road construction equipment, motorized bancas and those used for mass transport when necessary in the interest of the public service, upon authority of the department or agency head and the Secretary of the Department of Budget and Management; and (b) those authorized by the President, the Senate President, the Speaker of the House of Representatives, or the Chief Justice of the Supreme Court;

b. To defray foreign travel expenses of any government official or employee, except in the case of training seminar or conference abroad when the officials and other personnel of the foreign mission cannot effectively represent the country therein and travels necessitated by international commitments: *Provided*, That no official or employee, including uniformed personnel of the Department of the Interior and Local Government and Department of National Defense will be sent to foreign training, conference or attend to international commitments when they are due to retire within one year after the said foreign travel;

c. To provide fuel, parts, repair and maintenance to any government vehicle which is not permanently marked "For Official Use Only" with the name or logo of the agency, nor otherwise properly identified as a government vehicle and does not carry its official government plate number, except official vehicles assigned to the President, Vice President, Senate

President, Speaker of the House of Representatives, Chief Justice of the Supreme Court and Chairmen of the Constitutional Commissions and those used by personnel performing intelligence and national security functions: *Provided*, That in case of transport crisis, such as that occasioned by street demonstrations, welgang bayan, floods, typhoons and other emergencies, all government vehicles of any type whether luxury cars or utility vehicles, shall be made available to meet the emergency and utilized to transport for free the commuters on a round-the-clock basis;

d. To pay *honoraria*, allowances or other forms of compensation to any government official or employee, except those specifically authorized by law;

e. To be invested in non-government securities, money market placements and similar investments or deposited in private banking institutions.

The provisions of this Section shall also apply to government-owned and/or controlled corporations.

The implementation of this Section shall be in accordance with the rules and regulations issued by the Department of Budget and Management, in coordination with the Commission on Audit.

SEC. 16. *Mandatory Expenditures*. – The amounts released, particularly for, but not limited to, petroleum, oil and lubricants as well as for water, illumination and power services, telephone and other communication services, rents, retirement gratuity and terminal leave requirements shall be disbursed solely for such items of expenditures as approved by the Secretary of Budget and Management: *Provided*, That any savings generated from these items may be realigned only in the last quarter upon prior approval of the Secretary of Budget and Management.

The use of funds in violation of this Section shall be null and void, and shall subject the erring officials and employees to disciplinary action under the provisions of Sections 43 and 80 of Book VI, E.O. No. 292 and to appropriate criminal action under existing penal laws.

SEC. 17. *Authority to Identify Funds for Mandatory Expenditures.* – Out of the agency appropriations authorized in this Act, the Department of Budget and Management may identify in the fund release documents the amounts due all government service agencies and government service corporations to cover prior year's mandatory expenditures as certified by the Commission on Audit. In the case of government-owned or controlled corporations (GOCCs) without budgetary support from the National Government, funds for the purpose shall be indicated in the approval of their Corporate Operating Budgets.

The implementation of this Section shall be subject to the guidelines to be issued by the Department of Budget and Management in coordination with the Department of Finance and the Commission on Audit.

SEC. 18. *Intelligence and Confidential Funds.* – No amount appropriated in this Act shall be released or disbursed for confidential and intelligence activities unless specifically identified and authorized as such intelligence or confidential fund in this Act. Only amounts identified as confidential and intelligence funds in this Act, as specified in Object Code 19, can be subject to closed accounting.

Intelligence and confidential funds provided for in the budgets of departments, bureaus, offices or agencies of the National Government, including amounts from savings authorized by Special Provisions to be used for intelligence and counter-intelligence activities, shall be released only upon approval of the President of the Philippines: *Provided*, That at least eighty percent (80%) of intelligence and confidential funds shall be used for field operations.

All departments, bureaus and offices shall submit to the President of the Senate, Speaker of the House of Representatives and the Chairman of the Commission on Audit, a quarterly report on the utilization of intelligence and confidential funds copy furnished the Senate Committee on Finance and House Committee on Appropriations.

SEC. 19. *Purchase of Supplies, Materials and Equipment Spare Parts for Stock.* – The stock on hand of supplies, materials and equipment spare parts to be acquired through ordinary purchase out of appropriations herein provided shall at no time exceed normal three-month requirements, subject to pertinent rules and regulations issued by competent authority: *Provided,* That heads of departments, bureaus, offices or agencies or other instrumentalities of the government may approve the build-up of stocks on hand of critical supplies and materials as defined or specified by the Department of Budget and Management in anticipation of cost increases, or requirement of a national emergency, or of an impending shortage in the items concerned, specifying maximum quantities of individual items. Unless otherwise approved by the President, upon the joint recommendation of the Secretary concerned and the Chairman of the Commission on Audit, these stocks shall not exceed one year's need.

SEC. 20. *Emergency Purchases.* – Unless otherwise provided in this Act, departments, bureaus, offices or agencies of the National Government are authorized to make emergency purchases of supplies, materials and spare parts of motor transport equipment that are urgently needed for the repair of ambulances, motor vehicles, vessels and aircrafts or to meet an emergency which may involve the loss of, or danger to, life and/or property, or are to be used in connection with a project or activity which cannot be delayed without causing detriment to the public service, in a monthly amount not exceeding four percent (4%) of the annual agency expenditure program for supplies and materials out of the appropriations allotted for maintenance and other operating expenses of the agency concerned, except as may be authorized by the President of the Philippines upon the joint recommendation of the Department of Budget and Management and the Commission on Audit.

SEC. 21. *Domestic Purchases and Foreign Importations.* – All appropriations for the procurement of equipment, supplies and materials and other products and services authorized in this Act shall be used only for the purchase of equipment, parts, accessories, medicines and drugs, supplies and materials and other products and services locally available: *Provided,* That

importation may be made when none of the desired quality or standard is available in the market or when the price of the local product or service is more than fifteen percent (15%) of that of a similar product offered by an enterprise other than a domestic entity pursuant to Section 4 of the Flag Law (Commonwealth Act No. 138, as amended): *Provided, further,* That purchases under foreign military sales agreements, heavy equipment imports for infrastructure projects and other importations of agencies which are financed by foreign borrowings may be made, subject to the requirements of LOI No. 880 and to pertinent budget, accounting and auditing laws, rules and regulations.

SEC. 22. *Cultural and Athletic Activities.* – Out of the appropriations authorized in this Act for maintenance and other operating expenses for each department, bureau, office or agency, an amount not exceeding One thousand two hundred pesos (P1,200) may be used for the purchase of costume or uniform for each participant and other related expenses in the conduct of cultural and athletic activities.

SEC. 23. *Extraordinary and Miscellaneous Expenses.* – Appropriations herein authorized may be used for extraordinary expenses of the following officials and those of equivalent rank as may be authorized by the Department of Budget and Management not exceeding:

- a. P180,000 for each Department Secretary;
- b. P65,000 for each Department Undersecretary;
- c. P35,000 for each Department Assistant Secretary;
- d. P30,000 for each head of bureau or organization of equal rank to a bureau and for each Department Regional Director;
- e. P18,000 for each Bureau Regional Director; and
- f. P13,000 for each Municipal Trial Court Judge, Municipal Circuit Trial Court Judge and Shari'a Circuit Court Judge.

In addition, miscellaneous expenses not exceeding P50,000 for each of the offices under the above named officials are herein authorized.

For the purpose of this Section, extraordinary and miscellaneous expenses shall include, but shall not be limited to, expenses incurred for:

- a. meetings, seminars and conferences;
- b. official entertainment;
- c. public relations;
- d. educational, athletic and cultural activities;
- e. contributions to civic or charitable institutions;
- f. membership in government associations;
- g. membership in national professional organizations duly accredited by the Professional Regulations Commission;
- h. membership in the Integrated Bar of the Philippines;
- i. subscription to professional technical journals and informative magazines, library books and materials;
- j. office equipment and supplies; and
- k. other similar expenses not supported by the regular budget allocation.

No portion of the amounts authorized herein shall be used for salaries, wages, intelligence and confidential expenses. In case of deficiency, the requirements for the purpose may be charged against savings of the agency.

These expenditures shall be subject to accounting and auditing rules and regulations.

SEC. 24. *Information Outlay.* – The appropriations pertaining to information activities of various departments, bureaus, offices or agencies shall be released upon presentation of an appropriate program of activities prepared by their respective Heads, copies of which shall be furnished the House Committee on Appropriations and the Senate Committee on Finance.

SEC. 25. *Science and Technology Research.* – The appropriations of departments, agencies, bureaus or offices for research and development in the natural, agricultural, technological and engineering sciences shall be released upon recommendation of the Department of Science and Technology and/or the Department of Agriculture in pursuance of the Agriculture and Fisheries Modernization Act of 1997, with the primary objective of coordinating research agenda and optimizing the use of research funds and encouraging private sector participation in R & D activities: *Provided*, That research efforts shall be geared towards achieving a wider commercialization of new discoveries, accelerating of technology transfer and integrating agricultural and fisheries plans and programs: *Provided, further*, That the said government agencies shall submit an annual report to the House Committee on Appropriations and the Senate Committee on Finance. The report shall include the list of recipient private entities, status of research being undertaken, and the amount released and utilized for each project and the commercialization activities and technology transfer made.

SEC. 26. *Human Resources Development and Training Programs.* – Departments, bureaus, offices or agencies shall review and formulate their human resources development and training programs to make the same responsive to the organizational needs and manpower requirements of agencies and the need to train personnel in appropriate skills and attitudes. Such training programs shall be consistent with the rules and regulations issued by the Training Coordination Committee created under LOI No. 754, which shall review and evaluate training activities.

SEC. 27. Programs/Projects Related to Gender and Development (GAD). – In consultation with the National Commission on the Role of Filipino Women (NCRFW), all departments including their attached agencies, offices, bureaus, agencies, State universities and colleges, government-owned and controlled corporations and other instrumentalities, shall formulate a GAD Plan, designed to empower women and address gender issues, in accordance with R.A. No. 7192 and the Philippine Plan for Gender-Responsive Development (PPGD), 1995-2025. The cost of implementation of the GAD Plan shall be at least five percent (5%) of the agency's total FY 2000 budget appropriations.

All concerned government entities shall submit their GAD Plan to the NCRFW for review. They shall likewise submit annual reports to Congress, the Department of Budget and Management (DBM) and the NCRFW, indicating the accomplishment and amounts utilized to implement programs/projects/activities addressing gender issues and women empowerment. The evaluation of agencies' utilization of the GAD budget shall be performance-based.

In addition to Joint Circular 99-4 issued by the National Economic and Development Authority (NEDA), the DBM and NCRFW, additional sets of guidelines, as deemed necessary, shall be formulated, for the implementation of GAD-related programs/projects/activities.

SEC. 28. Projects Related to Youth. – The National Economic and Development Authority (NEDA) and the Department of Budget and Management (DBM), in coordination with the National Youth Commission (NYC) shall formulate a set of guidelines for the implementation of projects related to youth.

All departments, bureaus, offices, agencies, government-owned and/or controlled corporations and local government units shall, in implementation of their plans, programs and projects, provide skills training and employment for the out-of-school youth (OSY) as well as create summer jobs for students, in no case to exceed two (2) months duration.

SEC. 29. *Programs/Projects Related to Senior Citizens and the Disabled.* – The Philippine Plan of Action for Older Persons, 1999-2004, shall be fully implemented. For this purpose, all executive departments, bureaus, offices, agencies, commissions, State universities and colleges of the government, in coordination with the Department of Social Welfare and Development, shall set aside at least one percent (1%) of their total FY 2000 budget appropriations as cost of implementation thereof.

SEC. 30. *Human and Ecological Security Concerns.* – All Departments, bureaus, offices and agencies shall set aside an amount out of their FY 2000 appropriations to be used for projects designed to address human and ecological security concerns. This Section shall be implemented in accordance with the guidelines to be issued jointly by the Department of Environment and Natural Resources, Department of the Interior and Local Government and the Commission on Population (POPCOM) in coordination with the Department of Budget and Management.

SEC. 31. *Disability-Related Projects/Facilities for the Handicapped.* – All government facilities, including infra, non-infra and civil works projects of the government as well as office buildings, streets and highways, shall provide architectural facilities or structural features and designs as shall reasonably enhance the mobility, safety and welfare of disabled persons pursuant to B.P. Blg. 344 and R.A. No. 7277.

SEC. 32. *Disaster Prevention, Mitigation and Preparedness (DPMP) Projects.* – Except for the Office of Civil Defense (OCD), Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA) and Philippine Institute of Volcanology and Seismology (PHILVOCS) whose basic concerns are DPMP, all concerned departments, bureaus, offices and agencies are authorized to use their appropriation to implement projects designed to address their disaster prevention, mitigation and preparedness concerns pursuant to P.D. No. 1566. This Section shall be implemented in accordance with the guidelines to be issued by the National Disaster Coordinating Council in coordination with the Department of Budget and Management.

SEC. 33. *Contracting Multi-Year Projects.* – In the implementation of multi-year projects, no agency shall enter into a multi-year contract without a multi-year Obligational Authority issued by the Department of Budget and Management for the purpose. Notwithstanding the issuance of the multi-year Obligational Authority, the obligation to be incurred in any given calendar year, shall in no case exceed the amount programmed for implementation during said calendar year.

PERSONNEL AMELIORATION

SEC. 34. *Funding of Personnel Benefits.* – The personnel benefits costs of government officials and employees shall be charged against the respective funds from which their compensations are paid. All authorized supplemental or additional compensation, fringe benefits and other personal services costs of officials and employees whose salaries are drawn from special accounts or special funds, such as salary increases, step increment for length of service, incentive and service fees, vacation and sick leaves, retirement and life insurance premiums, compensation insurance premiums, health insurance (Medicare) premiums, HDMF contributions, hospitalization and medical benefits, scholarship and educational benefits, training and seminar expenses, all kinds of allowances, whether commutable or reimbursable, in cash or in kind, and other personnel benefits and privileges authorized by law, including the payment of retirement gratuities, separation pay and terminal leave benefits, shall similarly be charged against the corresponding fund from which their basic salaries are drawn and in no case shall such personnel benefits costs be charged against the General Fund of the National Government. Officials and employees on detail with other offices, including the representatives and support personnel of auditing units assigned to serve other offices or agencies, shall be paid their salaries, emoluments, allowances and the foregoing supplemental compensation, fringe benefits and other personal services costs from the appropriations of their parent agencies, and in no case shall such be charged against the appropriations of the agencies where they are assigned or detailed, except when authorized by law.

SEC. 35. *Personnel Benefits Fund.* – The provisions of Letter of Instructions No. 1102 notwithstanding, the government

shares in the compulsory contributions mandated by Republic Act No. 8291, Republic Act No. 6111 and Presidential Decree No. 626, as amended, shall be remitted directly by said bureaus, offices and agencies, including local government units, to the Government Service Insurance System and the Home Development Mutual Fund.

SEC. 36. *Authorized Deductions.* – Deductions from salaries, emoluments or other benefits accruing to any government employee may be allowed for the payment of obligations due or owing to government lending institutions such as government banks, the Government Service Insurance System, duly licensed insurance companies, savings and loans associations, and those organized for, and managed by, government employees. Deductions under Section 21 of R.A. No. 4670, otherwise known as the Magna Carta for Public School Teachers may be allowed, including such deductions representing amortizations arising from educational loan for tuition fees, reasonable amount for textbooks and other school obligations granted by insurance companies duly licensed by the Insurance Commission: *Provided*, That such deductions shall not reduce the employee's monthly take home pay to an amount lower than Two thousand pesos (P2,000), after deducting all other statutory deductions: *Provided, further*, That the agencies and offices with existing deductions arrangements with private lenders shall continue such deductions until the credits/loans outstanding or the premiums of the policies in force at the date of passage of this Act shall have been fully paid.

SEC. 37. *Incentive from Service Fees.* – Departments, bureaus, offices and agencies that collect service fees from public and private institutions for services rendered such as those contemplated in Section 36 above and similar activities shall deposit said service fees with the National Treasury. The income shall accrue to the General Fund, pursuant to Section 44 of Book VI, E.O. No. 292. Such fees may be made available for payment of incentive to employees who are actually and directly involved in the collection: *Provided*, That such payment to any employee may not, in the aggregate exceed fifty percent (50%) of his annual salary.

Any surplus of service fees deposited with the National Treasury may be used to fund a Provident Fund that may be established by the agency in favor of all its employees in accordance with existing rules and regulations.

SEC. 38. *Year-end Bonus and Cash Gift.* – Payment of benefits to cover the year-end bonus and cash gift provided under Republic Act No. 6686 as amended by Republic Act No. 8441 shall be released to the department, bureau, office or agency concerned: *Provided*, That one-half (1/2) of the amount of said year-end bonus and cash gift may be paid not earlier than May 1 but not later than May 31 of each year, subject to the implementing rules and regulations issued by the Department of Budget and Management.

Savings generated in one department, bureau, office or agency shall be used to augment deficient funds in other departments, bureaus, offices or agencies.

SEC. 39. *Additional Benefit for Streamlining, Improving Productivity and Exercising Thrift in Government Operations.* – The heads of departments, bureaus, offices and agencies which have adopted measures resulting in the streamlining of operations or organizations, and/or have introduced productivity improvements in the implementation of programs, projects and activities pursuant to the national productivity policy of the government, and/or have exercised thrift and economy in the utilization of its funds are hereby authorized to utilize savings generated from said measures or improvements for the payment of additional benefit or reward to their respective officials and employees: *Provided*, That the generation of savings does not result in jeopardizing the activities of the agency and does not arise out of failure to achieve its targets: *Provided, finally*, That thirty three percent (33%) of the savings shall be used for the establishment of a savings productivity fund. The income from such fund shall be used as follows:

30% for the housing program and health benefits of its employees;

30% for the improvement of the facilities of the government agency concerned; and

40% for the additional benefits of the agency's retiring employees.

The implementing rules and regulations of this particular provision shall be formulated by the Department of Budget and Management in coordination with the Civil Service Commission.

SEC. 40. *Traveling Expenses.* – Officials and employees of the government may be allowed full payment of claims for reimbursement of traveling and related expenses incurred in the course of official travel, certified by the head of the agency concerned as absolutely necessary in the performance of an assignment and supported by receipts, chargeable to the allotment for traveling expenses, subject to the provisions of Executive Order Nos. 248 and 248-A s. 1995.

SEC. 41. *Representation and Transportation Allowances.* – The following officials and those of equivalent rank as may be determined by the Department of Budget and Management while in the actual performance of their respective functions are hereby granted monthly commutable representation and transportation allowances payable from the programmed appropriations provided for their respective offices not exceeding the rates indicated below, which shall apply to each type of allowance:

- a. At P7,350 for Department Secretaries;
- b. At P5,700 for Department Undersecretaries;
- c. At P4,875 for Department Assistant Secretaries;
- d. At P4,150 for Bureau Directors and Department Regional Directors;
- e. At P3,575 for Assistant Bureau Directors, Department Assistant Regional Directors, Bureau Regional Directors, and Department Service Chiefs;

- f. At P2,950 for Assistant Bureau Regional Directors; and
- g. At P2,675 for Chief of Divisions, identified as such in the Personal Services Itemization.

The transportation allowance herein authorized shall not be granted to officials who use government motor transportation. Unless otherwise provided by law, no amount appropriated in this Act shall be used to pay for representation and/or transportation allowances, whether commutable or reimbursable, which exceed the rates authorized under this Section. Previous administrative authorizations not consistent with the rates and conditions herein specified shall no longer be valid and payment shall not be allowed.

Allowances of those officials who are receiving salaries from special accounts or special funds shall be charged against the corresponding fund from which their salaries are charged. Officials on detail with other offices, including officials of the Commission on Audit assigned to serve other offices or agencies, shall be paid the allowance herein authorized from the appropriations of their parent agencies.

SEC. 42. *Official Vehicles and Transport.* – Government motor transportation may be used by the following officials with costs chargeable to the appropriations authorized for their respective offices:

- a. The President of the Philippines;
- b. The Vice President;
- c. The President of the Senate;
- d. The Speaker of the House of Representatives;
- e. The Chief Justice and Associate Justices of the Supreme Court;

f. The Secretaries, Undersecretaries and officials of equivalent rank;

g. The Presiding Justice of the Court of Appeals;

h. Ambassadors, Ministers Plenipotentiary and Consuls in charge of Consulates, in their respective stations abroad;

i. The Chief of Staff, the Vice Chief of Staff and the Commanding Generals of the major services of the Armed Forces of the Philippines;

j. The Heads of Constitutional Commissions; and

k. Those who may be specifically authorized by the President of the Philippines, the President of the Senate with respect to the Senate, the Speaker, with respect to the House of Representatives, and the Chief Justice, in the case of the Judiciary.

SEC. 43. *Honoraria.* – Departments, bureaus, offices or agencies, are authorized to use their respective appropriations for payment of *honoraria* for services rendered by agency personnel performing activities or discharging duties in addition to or over and above their regular function as well as military personnel who are rendering security service to the Congress of the Philippines, and the Regional Legislative Assembly of the Autonomous Region in Muslim Mindanao, including their Committees, at such rates as the Department of Budget and Management may authorize, unless otherwise specifically provided by law: *Provided*, That researchers, experts and specialists who are acknowledged authorities in their field of specialization hired as consultants and who are paid professional consultancy fees for services rendered shall not be entitled to such *honoraria*.

SEC. 44. *Employment of Contractual Personnel.* – Heads of departments, bureaus, offices or agencies, when authorized in their respective appropriations provided in this Act, may hire contractual personnel as part of the organization to perform regular Agency functions and specific vital activities or services

which cannot be provided by the regular or permanent staff of the hiring agency.

The contractual personnel employed pursuant to this Section shall be considered as an employee of the hiring agency, limited to such period when their services are reasonably required.

SEC. 45. *Uniform and Clothing Allowance.* – The appropriations herein provided for each department, bureau, office or agency may be used for uniform and clothing allowance of employees at not more than Four thousand pesos (P4,000) each *per annum* which may be given in kind. In case of deficiency, or in the absence of appropriation for the purpose, the requirements may be charged against savings in the appropriations of each department, bureau, office or agency.

The implementation of this Section shall be in accordance with the guidelines issued by the Department of Budget and Management.

SEC. 46. *Special Counsel Allowance.* – Lawyer-personnel, including those designated to assume the duties of a legal officer and those deputized by the Office of the Solicitor General in the legal staff of departments, bureaus, offices or agencies of the National Government to appear in Court as special counsel in collaboration with the Solicitor General or Prosecutors concerned are hereby authorized an allowance of P500 for each appearance, chargeable to savings in the appropriations of their respective offices, but not exceeding P3,000 per month.

SEC. 47. *Quarters Allowance.* – Except as may be authorized by law, government officials and employees who, by virtue of their positions, are provided free quarters, furnished quarters, or are charged only nominal rate for the use of government-owned buildings such as dormitories or living quarters in State colleges and universities, schools, offices and elsewhere, shall forfeit their entitlement to any quarters allowance. Directors or their equivalent who are transferred from one Regional Office to another and do not own rooms, houses or units therein shall be provided free quarters within their office premises. Where there is not enough space to be used as quarters, the agency

concerned may rent buildings or rooms which shall serve as quarters for officials and employees concerned.

For those who desire more extensive quarters other than those provided by their agencies or by rental in the authorized amount appropriated for the purpose, such preferred quarters may be secured provided that the difference between the rental cost shall be paid by the officials and employees concerned. Those officials and employees who enjoy free quarters in government-owned buildings but are not entitled to quarters privileges, shall be charged the corresponding cost of rentals therefore subject to the guidelines issued by the Department of Budget and Management for the purpose.

SEC. 48. *Entitlement to Personnel Economic Relief Allowance (PERA).* – The Personnel Economic Relief Allowance (PERA) in the amount of Five hundred pesos (P500) per month shall be granted to all appointive national and local government employees occupying itemized plantilla positions, to casual and contractual employees and to uniformed personnel of the Armed Forces of the Philippines, Department of the Interior and Local Government and the National Mapping and Resource Information Authority: *Provided*, That employees of government-owned and/or controlled corporations shall be paid from their respective corporate fund: *Provided, further*, That appointive local government employees, shall be paid from their respective internal revenue allotment and local funds: *Provided, however*, That Local Government Units which can afford to pay higher than the rates authorized in the schedule below for their particular income class, but not exceeding P500 per month, shall be allowed to do so at a rate uniformly applied to all their respective personnel entitled to this benefit:

	Provinces/Cities	Municipalities
Special Cities and 1st Class	100%	90%
2nd Class and 3rd Class	90%	80%
4th Class, 5th Class and 6th Class	80%	70%

SEC. 49. *Additional Compensation of P500 Per Month.* – The additional compensation in the amount of Five hundred pesos (P500) per month under Administrative Order No. 53 dated May 17, 1993 shall be granted to all government personnel whether regular personnel or full-time casual, those on temporary status or contractual personnel whose employments are in the nature of a regular employee, chargeable against the appropriations provided for the purpose under this Act: *Provided*, That personnel of government-owned and/or controlled corporations/local government units shall be paid from their respective funds.

SEC. 50. *Use of Appropriations for Retirement Gratuity and Terminal Leave.* – Appropriations authorized in this Act to cover retirement gratuity benefit claims shall be released directly to the offices and agencies concerned. In no case shall payment be made except on the basis of creditable services as computed by the Government Service Insurance System in accordance with the provisions of existing retirement laws. Unless otherwise authorized by law, no amount appropriated in this Act shall be used for payment of retirement gratuity under the provisions of Section 12(c) of C.A. No. 186, as amended by R.A. No. 1616 and terminal leave benefits of retiring officials and employees which include in the computation thereof additional compensation as defined under retirement laws such as bonuses, *per diems*, allowances and overtime pay, or salary, pay or compensation given in addition to the base pay of the position or rank as fixed by law or regulation.

Savings generated in one department, bureau, office or agency shall be used to augment deficient funds in other departments, bureaus, offices or agencies.

The implementation of this Section shall be in accordance with the rules and regulations issued jointly by the Civil Service Commission and the Department of Budget and Management.

SEC. 51. *Unauthorized Pre-Retirement Promotions and Salary Increases.* – No portion of the appropriations provided in this Act shall be used for automatic promotions or for salary increases and adjustments granted to retiring officials and

employees, which are not authorized by law and duly formalized in a National Compensation Circular.

The implementation of this Section shall be in accordance with the rules and regulations issued jointly by the Civil Service Commission and the Department of Budget and Management.

SEC. 52. Personal Liability of Officials for Payment of Unauthorized Personal Services Cost. – No official or employee of the National Government, including those of government-owned and/or controlled corporations, shall be paid any unauthorized personal services benefits charged against the appropriations in this Act, other appropriations laws or income of the government.

The payment of any unauthorized personal services benefit in violation of this Section is null and void. The erring officials and employees as determined by the Commission on Audit and other competent authority shall be subject to disciplinary action under the provisions of Section 43, Chapter 5 and Section 80, Chapter 7 of Book VI, E.O. No. 292 and to appropriate criminal action under existing penal laws.

CHANGES IN EXPENDITURE ITEMS

SEC. 53. Modification of Expenditure Components. – Except as may be authorized by law, no change or modification shall be made in the expenditure items authorized in this Act and other appropriations laws unless in cases of augmentations from savings in appropriations as authorized under Section 25(5) of Article VI of the Constitution.

SEC. 54. Use of Savings. – The President of the Philippines, the President of the Senate, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court, the Heads of Constitutional Commissions under Article IX of the Constitution, the Ombudsman, and the Chairman of the Commission on Human Rights are hereby authorized to augment any item in this Act for their respective offices from savings in other items of their respective appropriations.

SEC. 55. *Meaning of Savings and Augmentation.* – Savings refer to portions or balances of any programmed appropriation in this Act free of any obligation or encumbrance still available after the completion or final discontinuance or abandonment of the work, activity or purpose for which the appropriation is authorized, or arising from unpaid compensation and related costs pertaining to vacant positions and leaves of absence without pay.

Augmentation implies the existence in this Act of an item, project, activity or purpose with an appropriation which upon implementation or subsequent evaluation of needed resources is determined to be deficient. In no case, therefore, shall a non-existent item, project, activity, purpose or object of expenditure be funded by augmentation from savings or by the use of appropriations authorized otherwise in this Act.

SEC. 56. *Priority in the Use of Savings.* – In the use of savings, priority shall be given to the augmentation of the amounts set aside for compensation, bonus, retirement gratuity, terminal leave, old-age pension of veterans and other personnel benefits authorized by law and those expenditure items authorized in agency Special Provisions and in Section 16 and in other sections of the General Provisions of this Act.

SEC. 57. *Use of Savings for the Implementation of the Magna Carta of Public Health Workers.* – In case of deficiency in the funds needed to implement the Magna Carta of Public Health Workers pursuant to R.A. No. 7305, the requirements shall be charged against savings in the appropriations authorized for each department, bureau, office or agency concerned, subject to the guidelines to be jointly prescribed by the Department of Health and the Department of Budget and Management.

SEC. 58. *Augmentation of MOOE Items.* – Agencies may augment an item of expenditure within Maintenance and Other Operating Expenses (MOOE) from savings in other items of MOOE in an amount not exceeding one-third (1/3) of the appropriated amount to be augmented without prior approval of the Department of Budget and Management.

SEC. 59. *Realignment/Relocation of Capital Outlays.* – The amount appropriated in this Act for the acquisition, construction, replacement, rehabilitation and completion of various capital outlays may be realigned/relocated in cases of imbalanced allocation of projects within the district, duplication of projects, overlapping of funding source and similar cases: *Provided*, That such realignment/relocation of capital outlays shall be done only upon prior consultation with the representative of the legislative district concerned.

SEC. 60. *Realignment of Foreign-Assisted Projects.* – The amount appropriated in this Act for the implementation of foreign-assisted projects, including loan proceeds and local counterpart, shall not be realigned except to other foreign-assisted projects.

SEC. 61. *Electronic Interconnection Through the Internet.* – In the implementation of said Administrative Order 332, otherwise known as "RPWEB," all departments, bureaus, offices or agencies, government-owned and -controlled corporations, instrumentalities, and schools may utilize any existing capital outlays or MOOE appropriations, or savings to acquire any computer hardware and other equipment such as, but not limited to, servers, routers, PC workstations, printers, scanners, network wiring and cables, subscription services, from Internet Service Providers, telephone and leased lines, training, computer software, modems, peripherals, accessories, supplies and other maintenance expenditure items consistent with the purpose of A.O. No. 332: *Provided*, That except as otherwise provided in this Act, a portion of the budget of each department, bureau, office or agency, government-owned and controlled corporation, instrumentality and school shall be set aside to implement A.O. No. 332 to at least two-thirds (2/3) of the total Key Positions down to the Division Level of said entities: *Provided, further*, That the following shall be observed by the entities concerned:

a. Priority of electronic interconnection to the Internet shall be the regional and other offices outside of the central office capable of internet access in their locality or NDD telephony;

b. The PCs existing or to be acquired/upgraded shall be connected by modems or LAN to the nearest Internet Service

Providers, and if unable, inconvenient or unreliable, to be connected to the nearest urban center where Internet is available or to Metro Manila by NDD to be able to at least send and receive e-mail and files transfer on a batch but regular basis;

c. The head occupying the Key Position and at least two personnel occupying other positions per office shall be trained for computer and Internet literacy;

d. All existing and new e-mail addresses of the offices connected to the Internet shall be official in nomenclature and therefore, should be identified as the names of the offices and not the names of the officials occupying said offices;

e. All offices shall endeavor to maximize administration efficiencies and institute cost saving measures such as, but not limited to, reduction of travel, out-of-town conferences and meeting expenses, mail and voice-fax telephony charges, and paper expenses, resulting from the implementation of A.O. No. 332.

f. All government departments, bureaus, offices or agencies, government-owned and/or controlled corporations, instrumentalities and schools shall begin creating their own websites with comprehensive, demandable and usable data of all their offices, and begin converting all non-confidential papers, resolutions, decisions, circulars, memoranda, other documents, records and forms into digital form through scanning, optical recognition or other methods for official and general public access through the Internet, with the websites to be hyperlinked to the portal system defined under this provision and updated at least once a day:

Provided, further, That the National Computer Center shall supervise the implementation of A.O. No. 332 and the provisions of this Act in connection with RPWEB, and with the coordination of the departments, bureaus, offices or agencies, government-owned and/or controlled corporations, instrumentalities and schools, set standards, norms and commonalities of content and procedures, and give technical assistance on infrastructure, equipment and other requirements to the offices implementing A.O. No. 332, and accordingly provide for an internet/intranet

network and user operating/default portal system for the PC workstations of all connected offices: *Provided, furthermore,* That individual requests for authority from the Department of Budget and Management to acquire such equipment, services, or items shall not be required as provided in A.O. No. 332: and *Provided, finally,* That all departments, bureaus, offices or agencies, government-owned and/or -controlled corporations, instrumentalities and schools shall submit to the Presidential Management Staff, Department of Budget and Management, the Senate Committee on Finance and the House of Representatives Committee on Appropriations, the Commission on Audit, the Civil Service Commission, Ombudsman, National Information Technology Council through the National Computer Center the official e-mail addresses of the names of all their offices connected to the Internet and the names of the heads currently occupying the Key Positions of said offices, with regular updates, and semestral reports on the amounts utilized, administrative efficiencies and office savings brought about by A.O. No. 332.

SEC. 62. *Availability of Appropriations.* – Appropriations for maintenance and other operating expenses and capital outlays authorized in this Act shall be available for release and obligation for the purpose specified and under the same special and general provisions applicable thereto for a period extending to one fiscal year after the end of the year in which such items were appropriated. Such appropriations shall be considered as over and above the current year budget of the departments, bureaus, offices or agencies: *Provided,* That a report of these releases and obligations shall be submitted to the Senate Committee on Finance and to the House Committee on Appropriations.

The Notice of Cash Allocation issued for valid obligations shall be effective and available for a period of one year from the date of issuance thereof.

The Department of Budget and Management shall issue the guidelines in accordance with this section.

RELEASE AND USE OF FUNDS

SEC. 63. *Appropriations of Agencies Vested with Fiscal Autonomy.* – Any provision of law to the contrary notwithstanding, the appropriations authorized in this Act for the Judiciary, Congress of the Philippines, the Commission on Human Rights, the Office of the Ombudsman, the Civil Service Commission, the Commission on Audit and the Commission on Elections shall be automatically and regularly released.

SEC. 64. *Release of Appropriations for Mt. Pinatubo Projects and Programs.* – The amounts appropriated in the budgets of the departments, bureaus, offices and agencies in this Act for the implementation of various programs and/or projects for the rehabilitation or development of areas affected by the Mt. Pinatubo eruptions shall be released to the implementing agencies concerned upon the endorsement of the Mt. Pinatubo Commission.

SEC. 65. *Release of Funds for Payment of Death Gratuity and Disability Benefits.* – The amounts appropriated for payment of death gratuity and disability benefits of uniformed personnel of the Armed Forces of the Philippines and the Department of the Interior and Local Government on account of death or injury suffered in line of duty shall be paid to the legitimate beneficiaries at the earliest possible time but in no case later than thirty (30) days after submission of required documentation.

SEC. 66. *Filling of Vacant Positions.* – Departments, agencies, government-owned and/or controlled corporations, State universities and colleges, and other government entities concerned may be allowed to fill the following vacant positions: (a) those in the Congress of the Philippines, the Judiciary and agencies with fiscal autonomy; (b) teaching and allied teaching positions in schools and other educational institutions; (c) medical and allied medical positions in hospitals; (d) positions for uniformed personnel in the Philippine National Police, Bureau of Fire Protection, Bureau of Jail Management and Penology, and the Philippine Coast Guard; (e) positions in newly created streamlined or reorganized agencies as authorized by law or directed by the President of the Philippines in 1997 or later; and (f) positions to

be filled by the transfer or promotion of currently employed government personnel.

The filling of positions other than those identified in the above enumerated categories (a) to (f) may also be allowed: *Provided*, That only ten percent (10%) of the vacant itemized positions in the agency as of December 31 of the preceding calendar year may be filled within a year: *Provided, further*, That the filling of positions over and above the ten percent (10%) ceiling in the preceding *proviso*, may also be allowed only upon abolition of vacant itemized positions with commensurate or higher total annual personal services requirement of the positions to be filled: *Provided, finally*, That in the filling of vacant itemized positions in any department or agency, priority shall be given to technical positions.

Except with respect to the requirements of the Judiciary, Congress of the Philippines and other departments/agencies with fiscal autonomy which shall be automatically and regularly released, the Department of Budget and Management shall release the corresponding funds for unfilled positions only upon compliance with the preceding guidelines, and upon submission by the agency of a request for the purpose. The Department of Budget and Management shall monitor compliance to the preceding provisions, in the case of regular agencies and State Universities and Colleges, and the Civil Service Commission, in the case of Government-Owned and/or Controlled Corporations.

SEC. 67. Direct Release of Funds to Regional Offices. – Funds allotted for regional offices but included in the budgets of their central offices or which are specifically allocated for the different regions shall automatically be released directly and regularly to said regional offices. Imposition of any retention or deduction as reserves shall not be allowed except as may be authorized by the Department of Budget and Management. For this purpose, the Department of Budget and Management shall identify by region the expenditure programs of agencies in the national government budget and shall release funds intended for them in accordance with the approved regional distribution of expenditures specifying the region of destination. Copies of fund releases to the said Regional Offices shall be furnished the House

Committee on Appropriations and the Senate Committee on Finance.

SEC. 68. *Use of Funds and Releases to the Autonomous Region in Muslim Mindanao.* – The lump-sum appropriations provided in the various departments of the national government intended for the Autonomous Region in Muslim Mindanao upon the initiative of the respective representative of the congressional district concerned, shall be used for regular programs and specific activities identified by them. No portion of the lump-sum appropriations referred to above shall be released without the prior concurrence of the said representatives.

SEC. 69. *Utmost Priority to Priority Provinces.* – All departments, bureaus, offices and agencies shall give utmost priority in the utilization of their funds for basic services to 5th and 6th class municipalities in all provinces and all cities with high urban poor communities as set forth in the Integrated National Action Agenda for Social Reform.

SEC. 70. *Prohibition Against Deduction/Retention of Allotment.* – Fund releases from appropriations provided in this Act for any function/project shall be transmitted intact or in full to the office or agency concerned and no retention or deduction as reserves or overhead shall be made, except as authorized by law, or upon direction of the President of the Philippines. The Commission on Audit shall ensure compliance with this provision to the extent that sub-allotments by departments and/or central agencies to their subordinate offices are in conformity with allocations in the Release Order (RO) issued by the Department of Budget and Management.

SEC. 71. *Notice of Release of Funds.* – Release of funds for construction, repair and maintenance, rehabilitation, replacement, completion, betterment or improvement of roads and bridges, port works, flood control, waterworks/supply and government buildings and structures as well as for Internal Revenue Allotment and other financial support to local government units shall be made with at least ten (10) days prior written notice of the release to the Representative of the district concerned.

Failure to comply with this Section shall be considered negligence in the performance of duty subject to appropriate administrative sanction.

SEC. 72. *Certification of Availability of Funds.* – Before entering into contracts involving the expenditure of public funds, all departments, bureaus, offices or agencies shall secure a certification of availability of funds for the purpose from the agency Chief Accountant, subject to applicable rules and regulations as may be issued by the Department of Budget and Management and to Sections 40 and 58 of Book VI, E.O. No. 292: *Provided*, That the certification of availability of funds sufficient to cover the cost of the contracted activities shall be contained in and made part of the contract duly signed by the Chief Accountant of the contracting agency, as provided for by LOI No. 968.

Departments, bureaus, offices or agencies, before entering into contracts for delivery of goods or services against future payment, shall likewise first secure a certification of the availability of the full contracted amount for such goods or services out of the agency's appropriations. No contracts shall be entered into nor work undertaken without such certification of fund availability.

SEC. 73. *Disbursement of Funds.* – All appropriated funds shall be disbursed only through the National Treasury and/or originally-chartered government-owned and/or controlled banks.

SEC. 74. *Treatment of Releases to Local Government Units from Special Purpose Funds.* – Except those funds earmarked by Special Laws to LGUs, all releases made directly to local government units from the Calamity Fund and other special purpose funds shall be used exclusively for the projects/purposes for which these are intended and the same shall be treated as a Special Account under the General Fund of the Local Government Units concerned: *Provided*, That any unutilized balances thereof except those released as subsidy shall be reverted to the General Fund of the National Government upon completion and/or abandonment of the projects or purposes.

The rules and regulations to implement this Section shall be issued by the Department of Budget and Management.

SEC. 75. *Capitalization of Deferment of Interest Payments and/or Restructuring of Public Debt.* – In view of the regional economic crisis which has caused unprecedented deterioration of the Peso/Dollar exchange rate and a widespread slowdown in economic activity, it is necessary for the government to step in whenever circumstances demand for the purpose of stimulating the economy especially towards job generation and productivity infrastructure enhancement providing for basic needs, and maintaining of the appropriate level of public services for the common good, while enforcing an austerity regime on all non-essential endeavors. The government accordingly is encouraged to seek capitalization of interest payments, deferment thereof and/or further restructuring of the public debt to free resources for more pressing needs as aforesaid.

ADMINISTRATIVE PROCEDURES

SEC. 76. *Organizational Changes.* – Unless otherwise provided by law or directed by the President of the Philippines, no organizational unit or changes in key positions in any department or agency shall be authorized in their respective organizational structures and funded from appropriations provided by this Act.

SEC. 77. *Implementation of Reorganization.* – Pursuant to Section 42, Chapter 5, Book VI of the Administrative Code of 1987, the appropriations including the functions, projects, purposes and activities authorized in this Act may be realigned as may be necessary to implement the reorganization of departments, bureaus, offices or agencies of the government as mandated by law. Any unexpended balances or savings in appropriations may be made available for the payment of retirement gratuities and separation benefits as authorized under existing laws to personnel affected by the reorganization.

SEC. 78. *Streamlining and Productivity Improvement in Agency Organizations and Operation.* – The heads of departments, bureaus, offices and agencies and other entities in the Executive

Branch are hereby directed to conduct a comprehensive review of their respective mandates, missions, objectives, functions, programs, projects, activities and systems and procedures; identify activities which are no longer essential in the delivery of public services and which may be scaled down, phased-out or abolished, and adopt measures that will result in the streamlined organization and operation and improved overall performance and productivity of their respective agencies.

Departments, bureaus, offices and agencies are authorized to utilize savings generated from the streamlining of organizations and operations and productivity improvement for specific purposes, subject to rules and regulations issued by the Department of Budget and Management, in consultation with the Member-Agencies of the Presidential Committee on Streamlining the Bureaucracy.

Actual streamlining and productivity improvement in agency organization and operation shall be effected pursuant to Circulars or Orders issued for the purpose by the Office of the President.

SEC. 79. Program Monitoring and Evaluation. – All departments, offices and agencies of the National Government, including government-owned and/or controlled corporations shall conduct/implement a monitoring and evaluation program to determine whether agency programs/projects are being implemented as planned or have achieved intended development impact/results, improved resource allocation and overall performance.

For this purpose, the Department of Budget and Management shall be primarily responsible for the formulation of an integrated program and project monitoring and evaluation system, in coordination with other agencies concerned.

SEC. 80. Recruitment of Uniformed Personnel for the Philippine National Police (PNP), Bureau of Jail Management and Penology (BJMP) and Bureau of Fire Protection (BFP). – In the hiring of uniformed personnel for PNP, BJMP and BFP, one third (1/3) of their respective recruits shall come from the

qualified applicants of the twenty-one (21) priority provinces and 5th and 6th class municipalities.

SEC. 81. *Service Contracts.* – Departments, bureaus, offices or agencies of the National Government, as well as government-owned and/or controlled corporations, are hereby authorized to enter into service contracts with other government agencies, private firms or individuals and non-governmental organizations for services related or incidental to their respective functions and operations, whether on part-time or full-time basis.

Service Contracts may be entered into by the agency for professional consultancy services, which may include contracts with individual consultants. For this purpose, an individual professional consultant is an expert in a field of special knowledge or training who is contracted to render particular outputs or services primarily advisory in nature requiring highly specialized or technical expertise which cannot be provided by the regular staff of the agency. Such hiring creates no employer-employee relationship between the individual professional consultant and the agency. The Department of Budget and Management, in coordination with other agencies concerned, shall issue the necessary guidelines governing professional consultancy services.

Service Contracts may also be entered into by the agency for janitorial, security and other related services, whenever practicable and cost-effective for the government.

Service Contracts shall be entered into by the agency through public bidding or negotiated contracts, subject to pertinent accounting and auditing rules and regulations.

SEC. 82. *Implementation of Infrastructure Projects.* – In the hiring of workers needed for the implementation of infrastructure projects as authorized in this Act, priority shall be given to unemployed, unskilled and indigent inhabitants of the local government unit where the project is located.

SEC. 83. *Funding of National Government Agencies in the Autonomous Regions.* – National government offices and

agencies in the Autonomous Region of Muslim Mindanao which are not excluded under paragraph (9), Section 2, Article V of R.A. No. 6734, together with their personnel, equipment, properties and budgets shall be placed under the control and supervision of the Regional Government, pursuant to a schedule prescribed by the Oversight Committee in accordance with its mandate under the provisions of R.A. No. 6734.

Prior to said transfer, the said agencies of the National Government shall continue their operations and the discharge of their respective functions in consultation with the representatives of the legislative districts therein.

SEC. 84. Consultation with Respective Congressional District Representatives. – In formulating and implementing any local program or project, heads of departments, bureaus, agencies or offices or the duly authorized representative of the agency concerned shall consult with the respective representative of the congressional district affected by such program or project.

SEC. 85. Appropriation Reserve. – Any reserve imposed on the budget of agencies and government-owned and/or controlled corporations shall, when financial conditions improved during the year justifying the release and use of the reserve, be allocated and released back for use by, and upon request of the department, office or agency on whose appropriation the reserve was originally imposed.

SEC. 86. Construction Standards and Guidelines. – Construction projects funded from capital outlays authorized in this Act under the various departments, bureaus, offices or agencies of the National Government, including the construction of buildings for State universities, colleges, schools, hospitals, sanitarium, health centers and health stations, roads and bridges, shall be implemented only in accordance with the appropriate standards and specifications for the planning, survey, design and construction of the project as prescribed by the Department of Public Works and Highways or the Department of Transportation and Communications as the case may be. In addition, land use and zoning guidelines as prescribed by existing laws, rules and regulations shall be strictly observed.

In the implementation of the construction projects, Sections 2, 3, 4, 5, 6, 7, 9, 10 and 12 of Executive Order No. 182, entitled "Rationalizing Public Works Measures, Appropriating Funds for Public Works, and for Other Purposes," and other legislations on public works shall be strictly complied with, except as otherwise provided in this Act.

SEC. 87. *Implementing Agency for Nationally Funded Projects.* – Pursuant to Sec. 17 (c) of R.A. No. 7160, the Local Government Code of 1991, projects, facilities, programs and services funded under the General Appropriations Act shall be implemented by the appropriate national government department or agency irrespective of the nature and location of such projects, facilities, programs and services: *Provided*, That a memorandum of agreement may be entered into with the implementing national government agency and the beneficiary LGU, designating the latter or any other local government unit with demonstrated capability to undertake the project or activity by themselves with the concurrence of the concerned Members of Congress.

SEC. 88. *Report on Compliance with COA Recommendations.* – All departments, agencies, bureaus, offices and instrumentalities of the government, including government-owned or controlled corporations and local government units, shall submit to the Commission on Audit (COA) within sixty (60) days from their receipt of the COA annual audit report, a status report on the actions they have taken on the audit findings and recommendations made by the COA pertaining to each of said departments, agencies, instrumentalities, corporations and local government units.

SEC. 89. *Submission of Quarterly Reports.* – Within thirty (30) days after the end of each quarter, each department, bureau, office or agency shall submit a quarterly report to the House Committee on Appropriations and the Senate Committee on Finance, copy furnished the Majority and Minority Floor Leaders of the House of Representatives, the Department of Budget and Management, the Commission on Audit, and the appropriate Committee Chairman of the House of Representatives on their cumulative allotments, obligations incurred/liquidated, total

disbursements, unliquidated obligations, unobligated and unexpended balances, and the results of expended appropriations.

The quarterly report shall include detailed statements on the disbursements and utilization of appropriations for the purchase of motor vehicles and equipment, capital investment outlays, as well as appropriations earmarked and released for rentals, travels, petroleum, oil and lubricants, water, illumination and power services, and telephone and other communication services.

Likewise, the Department of Budget and Management shall submit to the House Committee on Appropriations, the Senate Committee on Finance, and the Majority and Minority Floor leaders of the House of Representatives a quarterly report on releases made from the lump-sum Special Purpose Funds, Supplemental Appropriations, Continuing Appropriations and Automatic Appropriations, and, as applicable, the unreleased balances of such appropriations.

SEC. 90. *Fund Releases Made Prior to the Approval of this Act.* – Fund releases to departments, bureaus, offices and agencies on the basis of R.A. No. 8745, the FY 1999 General Appropriations Act as reenacted in FY 2000, pursuant to Sec. 25 (7), Article VI of the Constitution, shall be considered as "advance releases" chargeable against their corresponding appropriations under this Act. Releases in excess of the agency authorized appropriations prior to the passage of this Act are deemed valid and are hereby ratified.

SEC. 91. *Separability Clause.* – If for any reason, any section or provision of this Act is declared unconstitutional or invalid, other sections or provisions hereof which are not affected thereby shall continue to be in full force and effect.

SEC. 92. *Effectivity.* – The provisions of this Act shall take effect on January one, two thousand, unless otherwise provided herein.

Approved, February 16, 2000.

PRESIDENTIAL VETO MESSAGE

MALACAÑANG

Manila

February 16, 2000

THE HONORABLE SPEAKER
LADIES AND GENTLEMEN OF
THE HOUSE OF REPRESENTATIVES

Today, I have signed into law House Bill No. 8374, the General Appropriations Bill for Fiscal Year 2000 as Republic Act No. 8760 entitled "AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, TWO THOUSAND, AND FOR OTHER PURPOSES," otherwise known as the General Appropriations Act for FY 2000.

I. GENERAL COMMENTS

In the passage of the first budget of the new millennium, the Eleventh Congress has fulfilled its sworn duty to enact the General Appropriations Act, the single most important measure that Congress is mandated to legislate annually to provide the new resources which government will need to push its development agenda for the year 2000.

As in the past year, I note, with appreciation the diligence and care that the House Committee on Appropriations and the Senate Committee on Finance, together with the leadership of the Eleventh Congress, have exercised in crafting the law that will guide and support the operation of government and the implementation of programs and projects for FY 2000.

II. ITEMS FOR DIRECT VETO

However, pursuant to the powers vested in me by the Constitution, I am duty bound to directly veto the following items of appropriations, including special and general provisions, which I consider to be in contravention of the Constitution as well as existing laws and policies:

A. DEBT SERVICE FUND – INTEREST PAYMENT

As in the past, I hereby veto the entire item of appropriations under Chapter LIII. Debt Service Fund - Interest Payment, including all of its Special Provisions, found on pages 1164-1165 of the FY 2000 GAB, consistent with the Foreign Borrowings Act (R.A. No. 4860, as amended), Section 31 of PD No. 1177, and Section 26, Chapter 4, Book VI of Executive Order No. 292, the Administrative Code of 1987. These laws prescribe that the servicing of public debt, whether foreign or domestic, is automatically appropriated, to ensure that the required amounts are available when they become due without the necessity of periodic enactments of separate laws. I again emphasize that the constitutionality of such automatic provisions on debt servicing has been upheld by the Supreme Court in the cases of (1) Philippine Constitution Association, et. al., vs. Salvador Enriquez, et. al., (G.R. No. 113105) and (2) Raul S. Roco, et. al., vs. The Executive Secretary, et. al. (G.R. No. 113174). Hence, the inclusion of this item as well as of the special provisions thereof, in the General Appropriations Bill, is inappropriate and unnecessary.

B. PRIOR CONSULTATION, CONCURRENCE, RECOMMENDATION OR COORDINATION, AT TIMES IN WRITING, WITH THE MEMBERS OF CONGRESS

I hereby veto the following special and general provisions hereinbelow enumerated which will require prior consultation, concurrence, recommendation, or coordination, and at times in writing, from the Members of Congress on matters and activities that concern program/project implementation and therefore, are basically executive decisions. These prior legislative requirements during the execution of the budget are not consistent with the basic doctrine on separation of powers, where the responsibility of the Legislative is the enactment of laws while that of the Executive is the enforcement and implementation of laws. This limitation is also clarified in the distribution of powers of gov-

ernment under Section 1 (8), Chapter 1, Book II of Executive Order No. 292, the Administrative Code of 1987. Hence, these prior requirements will not only manifest encroachment into the authority and functions of the Executive Branch of Government but will also impair the authority of the President under Sections 1 and 17, Article VII of the Constitution in the effective and efficient implementation of vital programs and projects.

1. DECS-OSEC, Special Provision No. 11, entitled "Appropriation for Newly Established High Schools," page 80, FY 2000 GAB
2. DOE-OSEC, Special Provision No. 1, entitled "Use of Funds for Projects of Communities Hosting Energy Resources and/or Energy Generating Facilities," page 308, FY 2000 GAB
3. DOH-OSEC, Special Provision No. 1, entitled "Use of Funds and Budget Flexibility," page 402, FY 2000 GAB
4. DOH-OSEC, Special Provision No. 6, entitled "Subsidy to Indigent Patients in Four (4) Specialty Hospitals and in Various Government Hospitals," page 403, FY 2000 GAB
5. DILG-OSEC, Special Provision No. 1, entitled "Financial Support for Priority Development Programs and Projects," page 422, FY 2000 GAB
6. DPWH-OSEC, Special Provision No. 1, entitled "Restriction on the Delegation of Project Implementation," page 676, FY 2000 GAB
7. DPWH-OSEC, Special Provision No. 2, entitled "Release and Use of Roads and Bridges Maintenance Funds," page 676, FY 2000 GAB
8. DPWH-OSEC, Special Provision No. 6, entitled "Deline-

ation in the Implementation of Locally-Funded Projects," page 677, FY 2000 GAB

9. DPWH-OSEC, Special Provision No. 12, entitled "Use and Release of Funds for Various Infrastructure Including Local Projects," page 677, FY 2000 GAB
10. OEO-CDA, Special Provision No. 1, entitled "Assistance to Cooperatives," page 893, FY 2000 GAB
11. OEO-NCIP, Special Provision No. 2, entitled "Use and Release of Funds," page 931, FY 2000 GAB
12. AR-ARGMM, Special Provision No. 3, entitled "Maintenance of National Roads and Other Basic Infrastructures," pages 1036-1037, FY 2000 GAB
13. BSGC-NHA, Special Provision No. 1, entitled "Release of Funds," page 1074, FY 2000 GAB
14. AFMP, DA-OSEC, Special Provision No. 1, entitled "Use of Funds and Budget Flexibility," page 1087, FY 2000 GAB
15. AFMP, DA-OSEC, Special Provision No. 3, entitled "Irrigation Projects," page 1087, FY 2000 GAB
16. AFMP, DA-OSEC, Special Provision No. 4, entitled "Implementation of Farm-to-Market Roads Projects," page 1087, FY 2000 GAB
17. AFMP, DA-OSEC, Special Provision No. 7, entitled "Use of Lump Sum Appropriations," page 1087, FY 2000 GAB
18. DECS-BEFP, Special Provision No. 2, entitled "Release and Implementation of the DECS - Basic Education Facilities Program," page 1136, FY 2000 GAB

19. DECS-BEFP, Special Provision No. 8, entitled "Creation of Summer Jobs in the Basic Education Facilities Program," page 1137, FY 2000 GAB
20. Priority Development Assistance Fund, Special Provision No. 1, entitled "Use and Release of the Fund," page 1156, FY 2000 GAB
21. General Provisions, Section 68, entitled "Use of Funds and Releases to the Autonomous Region in Muslim Mindanao," page 1402, FY 2000 GAB
22. General Provisions, Section 84, entitled "Consultation with Respective Congressional District Representatives," page 1404, FY 2000 GAB
23. General Provisions, Section 87, entitled "Implementing Agency for Nationally Funded Projects," page 1404, FY 2000 GAB

On similar ground, as above-mentioned, I also veto the second paragraph of Special Provision No. 1, "Use and Administration of the Fund," Chapter LII, Salary Adjustment Fund, page 1162, FY 2000 GAB which will require that the rules and regulations to implement the grant of ten percent (10%) across the board salary increase to all government employees shall be issued in coordination with the House Committee on Appropriations and the Senate Committee on Finance.

C. ALLOCATION OF ELEMENTARY EDUCATION PROGRAM AS SHOWN IN ANNEX A

I also veto Special Provision No. 26, in view of the possibility of disturbing the flexibility during budget implementation.

D. PROHIBITING THE IMPOSITION OF RESERVES

I also hereby veto the hereinbelow enumerated Spe-

cial and General Provisions which will prohibit the imposition of reserves, the same being contrary to a long standing provision under Section 37, Chapter 5, Book VI of E.O. No. 292, the Administrative Code of 1987. Such provisions, if allowed, will dilute the presidential prerogative in the exercise of sound financial programming and fiscal management essential in the proper management of the economy. When the need for such contingency becomes imminent, I wish to assure our countrymen that I shall be guided by the existing provisions of E.O. No. 292.

1. DECS-OSEC, Special Provision No. 25, entitled "Prohibition on the Imposition of Reserve," page 82, FY 2000 GAB
2. DOH-OSEC, Special Provision No. 11, entitled "Prohibition on the Imposition of Reserve," page 403, FY 2000 GAB
3. DPWH-OSEC, Special Provision No. 13, entitled "Prohibition on the Imposition of Reserve," page 677, FY 2000 GAB
4. DSWD-OSEC, Special Provision No. 2, entitled "Prohibition on the Imposition of Reserve," page 755, FY 2000 GAB
5. AFMP, DA-OSEC, Special Provision No. 8, entitled "Prohibition on the Imposition of Reserve," page 1087, FY 2000 GAB
6. General Provisions, Section 85, entitled "Appropriation Reserve," page 1404, FY 2000 GAB

E. USE OF SAVINGS

I hereby veto the Special Provisions hereinbelow enumerated which will authorize Department Heads to use savings for various purposes as these will contra-

vene the constitutional provision under Section 25(5), Article VI of the Constitution which vests the authority to use savings to augment other items of appropriations within the Executive Branch solely on the President, in so far as the Executive Branch is concerned. This constitutional authority cannot be amended by the General Appropriations Act even if it carries the colatilla, "when authorized by the President." To ensure fiscal prudence and strategic program focus, I shall continue to exercise the flexibility under that constitutional authority in the use of public funds and resources.

1. DECS-OSEC, Special Provision No. 23, entitled "Authority to Use Savings," page 82, FY 2000 GAB
2. DILG-BFP, Special Provision No. 4, entitled "Use of Savings," page 427, FY 2000 GAB
3. DOJ-PAO, Special Provision No. 1, entitled "Use of Savings," page 482, FY 2000 GAB
4. DOST-Special Provisions Applicable to all Agencies under the DOST, Special Provision No. 1, entitled "Authority to Use Savings," page 752, FY 2000 GAB

F. USE OF INCOME OF THE WEST VISAYAS STATE UNIVERSITY HOSPITAL

I hereby veto Special Provision No. 1, entitled "Use of Income of the West Visayas State University Hospital," page 253, FY 2000 GAB, which will authorize the exclusive use of 1/3 of the earned income of West Visayas State University Hospital for the free hospitalization and provision of medicines for the indigent patients of Iloilo City. While the intent of this provision may be noble, we cannot divest the University President and the Governing Board of their authority under R.A. No. 8292 to determine the appropriate use of income as they see fit for the best interest of the University.

G. RENTAL OF MOTOR VEHICLES

I also veto Special Provision No. 3 on "Rentals of Motor Vehicles," Department of Foreign Affairs, Office of the Secretary, page 384, FY 2000 GAB as this will grant an unlimited authority to Philippine Diplomatic Posts of the DFA to rent motor vehicles. The existing provision of Section 76, Chapter 7, Book VI of E.O. No. 292, the Administrative Code of 1987, already authorizes such expenditure under well-defined conditions, that is, for a continuous period of not more than fifteen (15) days, except when authorized by the Secretary of Budget and Management.

H. USE OF INTEREST INCOME ON BANK DEPOSITS

I also veto Special Provision No. 7, entitled "Use of Interest Income on Bank Deposits," DFA-OSEC, page 385, FY 2000 GAB, which will authorize the Secretary of DFA to use interest income from bank deposits of the Philippine Embassy in Washington D.C. and the Philippine Consulates in the United States to augment their maintenance and other operating expenses. We must discourage use of interest earnings, there being no substantive law granting such authority. This is not consistent with Section 44, Book VI of Executive Order No. 292 which provides that, unless otherwise specifically provided by law, all income accruing to departments, bureaus, offices and agencies shall be deposited in the National Treasury or in the duly authorized depository of the Government and shall accrue to the unappropriated surplus of the General Fund of the Government.

I. USE AND RELEASE OF FUNDS FOR THE WEST VISAYAS MEDICAL CENTER

I hereby veto Special Provision No. 9, entitled "Use and Release of Funds for the West Visayas Medical Center," DOH-OSEC, page 403, FY 2000 GAB as this will provide an unwanted advantage to residents of Iloilo

City to the detriment of other constituents of Region VI, the Center being a regional based hospital.

J. STUDENT LOAN FUND

I hereby veto Special Provision No. 3, entitled "Student Loan Fund," DOLE-TESDA, page 512, FY 2000 GAB which will authorize the use of a portion of the GASTPE funds as Student Loan Fund. This is an inappropriate provision for TESDA as it does not relate to any item under the appropriation for TESDA. In fact, under Section 11 of R.A. No. 6728, the "Government Assistance to Students and Teachers in Private Education Act," the aforementioned Student Loan Fund constituted under this law is to be administered by the Department of Education, Culture and Sports.

K. MICRO ENTERPRISE DEVELOPMENT PROGRAM

I also veto Special Provision No. 1, entitled "Funding for the Micro Enterprise Development Program," DTI-OSEC, page 779, FY 2000 GAB as an inappropriate provision as it does not relate to any existing item of appropriation in the DTI-OSEC for FY 2000 GAB. As may be recalled, the funds for Micro Enterprise Development Program as appropriated before were already released several years back. Any outstanding balances of said program that remains with the agency or still to be collected from borrowers should revert to the General Fund of the Government pursuant to Section 28, Chapter 4, Book VI of E.O. No. 292, the Administrative Code of 1987.

L. REVOLVING FUNDS

I likewise veto Special Provision No. 1 on "Revolving Fund," page 847, FY 2000 GAB which will authorize the National Statistics Office to adopt an amortization plan and constitute payment thereof as a revolving fund when the program has long expired based on Memo-

randum Order No. 98 dated July 10, 1987 under a 10-year program. Besides, the establishment of a Revolving Fund should be expressly authorized by substantive law pursuant to Section 66 of PD No. 1445, the Government Auditing Code of the Philippines, Section 45, Chapter 5, Book VI of EO No. 292, the Administrative Code of 1987, and Section 4 of the General Provisions of the FY 2000 GAA.

Accordingly, I also veto the other provisions, hereinbelow enumerated, on similar grounds as they will authorize the establishment/constitution of Revolving Funds in the absence of a substantive law.

1. OEO-National Historical Institute, Special Provision No.1, entitled "Authority to Impose Fees, Charges, or Other Dues to Constitute into a Revolving Fund," page 919, FY 2000 GAB
2. OEO-National Historical Institute, Special Provision No. 2, entitled "Use of the Roxas Memorial Fund Deposited in Escrow with the Bureau of Treasury," page 919, FY 2000 GAB
3. OEO-National Computer Center, Special Provision No. 1, entitled "Revolving Fund," page 936, FY 2000 GAB

M. RESTRUCTURING OF THE DEPARTMENT OF AGRICULTURE

I also veto Special Provision No. 6, "Restructuring of the Department of Agriculture," AFMP, DA-OSEC, page 1087, FY 2000 GAB, which will grant authority to the Secretary of Agriculture to restructure and re-orient the offices, bureaus and attached agencies and corporations of the Department of Agriculture such grant of authority being not related to any specific item in the General Appropriations Bill. Thus, this can be the subject of a separate general legislation. On the other hand, I have recently signed Executive Order No. 162 which

authorizes the reorienting of the functions and operations of the Department of Agriculture in implementation of R.A. No. 8435, the "Agriculture and Fisheries Modernization Act of 1997."

N. COMPUTATION OF SEPARATION BENEFITS FOR NATIONAL POWER CORPORATION

I also veto Special Provision No. 4, "Computation of Separation Benefits," National Power Corporation, page 1387, FY 2000 GAB, as it will authorize the special rates of separation benefits previously approved by the President in implementation of R.A. No. 7648 which has a four (4) years implementation period reckoned from 1994 to 1997. This provision, if allowed, will in effect authorize the use of funds for additional separation benefits and/or authorize payment of financial assistance no longer in accordance with existing laws, rules and regulations.

O. ADDITIONAL BENEFITS FOR STREAMLINING, IMPROVING PRODUCTIVITY AND EXERCISING THRIFT IN GOVERNMENT OPERATIONS

I hereby veto Section 39 of the General Provisions, entitled "Additional Benefits for Streamlining, Improving Productivity and Exercising Thrift in Government Operations," page 1397, FY 2000 GAB, which will be in duplication with, and can be appropriately covered by, the existing General Provision No. 78 on "Streamlining and Productivity Improvement in Agency Organizations and Operation" so as to provide one guideline and direction for all departments, bureaus, offices and agencies.

P. FILLING OF VACANT POSITIONS

I also veto General Provisions No. 66, entitled "Filling of Vacant Positions," page 1402 of FY 2000 GAB to restrict further the filling of vacant positions to the most

essential as now prescribed under Administrative Order No. 100 dated December 1, 1999. It is necessary to generate the additional funds for the implementation of the 10% across-the-board salary increase to all national government workers which will take effect in January 1, 2000.

Q. CAPITALIZATION OR DEFERMENT OF INTEREST PAYMENTS AND/OR RESTRUCTURING OF PUBLIC DEBT

I also veto Section 75 of the General Provisions, entitled "Capitalization or Deferment of Interest Payments and/or Restructuring of Public Debt," page 1403, FY 2000 GAB, for reasons that it does not relate to any particular item of appropriations in this Act.

R. USE OF INCOME OF CERTAIN AGENCIES INCLUDED UNDER THE UNPROGRAMMED FUND

I likewise veto the inclusion of the following agencies in the coverage of Special Provision No. 13 under Chapter LIV, Unprogrammed Fund, pages 1176 to 1177, FY 2000 GAB, which will authorize said departments, bureaus, offices and agencies to use income for various purposes even in the absence of express authority under their respective charters. The fees and charges collected by these departments, bureaus, offices and agencies which have no statutory basis to use the same have been incorporated in the revenue sources estimated to support the National Expenditure Program of the government for the year. To authorize these agencies the use of their income on top of their authorized budget will substantially erode the overall revenue target included as the major source of financing this year's budget.

DEPARTMENT/AGENCY	SOURCE OF INCOME	PURPOSE	AMOUNT
FOREIGN AFFAIRS			
Office of the Secretary	Income from Consular Services	Program of Assistance to distressed Filipinos abroad including their repatriation to the Philippines and other related consular services.	P 75,000,000
		Provision for legal assistance arising from the implementation of RA No. 8042, otherwise known as "Migrant Workers and Overseas Filipinos Act of 1995"	P 25,000,000
	Income from Passports	To cover the cost of printing passport booklets	P 76,000,000

LABOR AND EMPLOYMENT

Phil. Overseas Employment Administration	Processing fees, charges, fines and penalties	For operating and maintenance expenses including the purchase of equipment needed for the intensification of the campaign against illegal recruitment, entrapment and for worker's protection and welfare	P 15,000,000
	Collections derived from the issuance of artist record book and the conduct of pre-departure showcase preview	To cover the cost of printing, production materials and equipment and other miscellaneous expenses related thereto	P 6,000,000

SCIENCE AND TECHNOLOGY

Office of the Secretary, Attached Agencies, Regional Offices including Autonomous Region in	Sale of developed technologies, fabricated equipment, publications, licensing fees and charges	To defray expenses for fabrication, repair, maintenance and upgrading of equipment, testing, calibration of facilities,	P 20,000,000
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Muslim Mindanao	collected, museum fees and fees earned from technical services rendered	printing of publication, purchase of specialized equipment, technical books and supplies and materials	
TOURISM			
Bu. of Tourism Standards and Accreditation	Fees, surcharges and fines	To augment expenses for inspection activities of the Bureau	P 1,600,000
OFFICE OF THE PRESS SECRETARY			
Bu. of Broadcast Services	Income realized from the sale of airtime	To augment maintenance and other operating expenses and capital outlays of the Radyo ng Bayan	50% of the income earned by the Radyo ng Bayan
OTHER EXECUTIVE OFFICES			
Philippine Sports Commission	Income from rental of sports facilities	To augment maintenance and other operating expenses	P 12,200,000

Professional Regulations Commission	Income from examination, registration, annual registration fees and other services	Compunterization project and for maintenance and other operating expenses, overtime pay, equipment outlay including the purchase of motor vehicles, lot acquisition and construction of Regional office in Lucena City	P 40,000,000
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CONSTITUTIONAL OFFICES

Commission of Audit	Sources authorized by the Government Auditing Code of the Philippines	To augment maintenace and other operating expenses to enhance audit services and audit-related activities	P 20,000,000
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III. ITEMS FOR CONDITIONAL IMPLEMENTATION

I have likewise observed that there are provisions that need to be covered by appropriate guidelines to ensure that their implementation is consistent with existing guidelines and policies. This is especially important as these provisions will further strain the capacities of the pertinent agencies, disturb their work programs and add further pressure to the government's program of expenditures.

Accordingly, the implementation of the following Special and General Provisions will be subject to separate administrative guidelines and/or clearance from my Office pursuant to Sections 1 and 17, Article VII of the Constitution.

SPECIAL PROVISIONS

1. DECS-OSEC, Special Provision No. 24, entitled "Preservation of the Physical Quality of Textbooks," page 82, FY 2000 GAB
2. DOH-OSEC, Special Provision No. 3, entitled "Authority to Undertake Bulk Purchases," page 402, FY 2000 GAB
3. DOH-OSEC, Special Provision No. 10, entitled "Use and Release of Funds for the Implementation of the Magna Carta of Public Health Workers," page 403, FY 2000 GAB
4. DOLE-TESDA, Special Provision No. 2, entitled "Revolving Fund for Manufacturing, Production Programs and Other Services," page 512, FY 2000 GAB
5. BSGC-NHA, Special Provision No. 2, entitled "Use of the Fund," page 1074, FY 2000 GAB
6. BSGC-NHA, Special Provision No. 4, entitled "Allocation for Specific Projects," page 1074, FY 2000 GAB

7. Chapter XLVIII. Organizational Adjustment Fund, Special Provision No. 1, entitled "Use and Release of the Fund," page 1154, FY 2000 GAB

GENERAL PROVISIONS

8. Section 62, General Provisions, entitled "Availability of Appropriations," page 1401, FY 2000 GAB

IV. GENERAL OBSERVATIONS

I have noted with interest Special Provision No. 2, entitled "Organizational Structure of the Senate, the House of Representatives, the Senate and House of Representatives Electoral Tribunals and the Commission on Appointments," under Special Provisions Applicable to the Congress of the Philippines, page 12, FY 2000 GAB.

I have complete confidence in the leadership of Congress and the institutions covered by the special provision mentioned above in implementing said provision, particularly on the aspect of compensation. I trust that they will faithfully observe the letter and spirit of the constitutional principle of salary standardization which Congress itself enshrined as a State policy under R.A. No. 6758, the Compensation and Position Classification Act of 1989, and in Joint Resolution No. 1, s. 1992 of Congress, as well as in R.A. No. 6686, as amended by R.A. No. 8441.

V. INCREASES/REDUCTIONS IN APPROPRIATIONS AND NEW BUDGETARY ITEMS

The budgetary reallocations introduced by Congress which resulted in the increase of the appropriations of certain departments, bureaus, offices and agencies including special purpose funds; the provisions made for additional allocation for programs or projects; and the new items introduced in the budgets of some agencies or special purpose funds shall be implemented subject to Executive approval pursuant to Section 25(5), Article VI of the Constitution and in accordance with Section 35, Chapter 5, Book VI of E.O. No. 292.

In particular, I note that some P10 billion provisions out of loan proceeds for on-going foreign-assisted projects have been realigned to the Unprogrammed Fund and replaced by locally funded expenditures. Allowing budgetary changes of this nature will be harmful and self-defeating for our country because of its fourfold adverse effects. First, delay in implementation of projects which are growth-enhancing and strategic in nature. In their place, locally-funded projects whose feasibility and viability are yet to be established will be implemented. Second, Loss of existing highly concessional sources of financing through loan availments already negotiated with foreign donors. In their place, domestic borrowings will have to be sought to fund local project replacements which will compete with the local borrowing requirements of the private sector and thus raise interest rates. Thirdly, commitment charges will have to be paid due to the delay in the utilization of project loans. And lastly, the loss of donor's confidence in the capacity of the government to facilitate the implementation of foreign-assisted projects which may translate to the dwindling of ODA (Official Development Assistance) for the country in the coming years. We cannot afford these loses especially at this time that we are still recovering from the Asian crisis and actually attracting foreign funds and investments.

VI. CLOSING STATEMENT

In closing, I would like to put on record my gratitude to the leadership of both Houses of Congress, most especially to the House Committee on Appropriations and the Senate Finance Committee for the extreme effort in the enactment of this General Appropriations Act for FY 2000. The crafting of this general appropriations measure has been difficult in view of the tight fiscal situation facing us. But it is true that in adversity, we find unity in spirit and cooperation of hearts and minds to come up with what is best for the nation. In the past one and a half years of my Administration, the coordination between the Executive and the Legislative branches of government in budgeting and fiscal management has continuously improved.

Therefore, I am confident that with the high spirit and our strong commitment to public service, this budget for "Angat Pinoy

2004" will finally lead us in building and in installing a Government that puts in the highest priority the concerns and welfare of the greatest number of our people as well as of the poorest of our citizenry.

Very truly yours,

(Sgd.) JOSEPH EJERCITO ESTRADA

THE HOUSE OF REPRESENTATIVES
Congress of the Philippines
Manila

Copy Furnished:

Hon. Gilberto M. Duavit
Chairman, Committee on Appropriations
House of Representatives