

REPUBLIC ACT NO. 8250

AN ACT APPROPRIATING FUNDS FOR THE OPERATION  
OF THE GOVERNMENT OF THE REPUBLIC OF THE  
PHILIPPINES FROM JANUARY ONE TO DECEMBER  
THIRTY-ONE, NINETEEN HUNDRED AND NINETY-  
SEVEN, 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, nineteen hundred and ninety-seven, except where otherwise specifically provided herein:

## SUMMARY OF FY 1997 NEW APPROPRIATIONS

(Amount, In thousand pesos)

I.	CONGRESS OF THE PHILIPPINES .....	<u>2,446,761</u>
A.	Senate .....	703,084
A.1	Senate Electoral Tribunal .....	60,086
B.	Commission on Appointments .....	110,827
C.	House of Representatives .....	1,530,424
C.1	House Electoral Tribunal .....	42,340
II	OFFICE OF THE PRESIDENT.....	<u>1,378,399</u>
A.	The President's Offices .....	1,378,399
III.	OFFICE OF THE VICE-PRESIDENT.....	<u>83,040</u>
IV.	DEPARTMENT OF AGRARIAN REFORM .....	<u>1,158,582</u>
A.	Office of the Secretary .....	1,158,582
V.	DEPARTMENT OF AGRICULTURE .....	<u>2,251,814</u>
A.	Office of the Secretary .....	1,852,084
B.	Agricultural Credit Policy Council .....	18,092

C.	Fertilizer and Pesticide Authority .....	29,021
D.	Fiber Industry Development Authority .....	110,156
E.	Livestock Development Council .....	9,668
F.	National Agricultural and Fishery Council .....	46,627
G.	National Meat Inspection Commission .....	19,041
H.	National Nutrition Council .....	92,300
I.	National Stud Farm .....	9,072
J.	Philippine Carabao Center .....	22,525
K.	Bureau of Post-Harvest for Research and Extension .....	43,228
VI.	DEPARTMENT OF BUDGET AND MANAGEMENT .....	<u>436,192</u>
A.	Office of the Secretary .....	435,070
B.	Procurement Service .....	1,122
VII.	DEPARTMENT OF EDUCATION, CULTURE AND SPORTS .....	<u>56,056,630</u>
A.	Office of the Secretary .....	55,688,651
B.	Commission on the Filipino Language .....	22,411
C.	National Historical Institute .....	82,345

D.	National Library .....	64,201
E.	National Museum .....	114,040
F.	Philippine High School for the Arts .....	34,928
G.	Records Management and Archives Office .....	50,054
VIII.	STATE UNIVERSITIES AND COLLEGES .....	<u>10,250,888</u>
A.	NATIONAL CAPITAL REGION.....	<u>4,150,648</u>
A.1	Eulogio "Amang" Rodriguez Institute of Science and Technology	69,922
A.2	Philippine Merchant Marine Academy	67,425
A.3	Philippine Normal University	140,805
A.4	Philippine State College of Aeronautics	104,047
A.5	Polytechnic University of the Philippines	452,303
A.6	Rizal Technological Colleges	112,399
A.7	Technological University of the Philippines	224,009
A.8	University of the Philippines System	2,979,738
B.	Region I – ILOCOS.....	<u>659,465</u>
B.1	Cotton Research and Development Institute	27,406
B.2	Don Mariano Marcos Memorial State University	222,413
B.3	Mariano Marcos State University	168,552
B.4	Pangasinan State University	134,759
B.5	University of Northern Philippines	106,335
C.	CORDILLERA ADMINISTRATIVE REGION.....	<u>218,745</u>
C.1	Abra State Institute of Science and Technology	23,468

C.2	Benguet State University	99,433
C.3	Ifugao State College of Agriculture and Forestry	31,256
C.4	Kalinga-Apayao State College	27,248
C.5	Mountain Province State Polytechnic College	37,340
D.	Region II – CAGAYAN VALLEY.....	<u>391,805</u>
D.1	Cagayan State University	136,188
D.2	Isabela State University	143,856
D.3	Nueva Vizcaya State Institute of Technology	60,323
D.4	Nueva Vizcaya State Polytechnic College	36,155
D.5	Quirino State College	15,283
E.	Region III – CENTRAL LUZON.....	<u>590,855</u>
E.1	Bataan State College	17,998
E.2	Bulacan State University	69,730
E.3	Central Luzon Polytechnic College	67,064
E.4	Central Luzon State University	158,892
E.5	Don Honorio Ventura College of Arts and Trades	64,702
E.6	Pampanga Agricultural College	52,362
E.7	Ramon Magsaysay Polytechnic College	23,404
E.8	Tarlac College of Agriculture	46,886
E.9	Tarlac State University	65,774
E.10	Western Luzon Agricultural College	24,043
F.	Region IV – SOUTHERN TAGALOG AND PALAWAN.....	<u>574,183</u>
F.1	Aurora State College of Technology	24,440
F.2	Don Severino Agricultural College	74,280

F.3	Laguna State Polytechnic College	25,247
F.4	Marinduque State College	32,469
F.5	Mindoro State College of Agriculture and Technology	22,729
F.6	Occidental Mindoro National College	36,041
F.7	Pablo Borbon Memorial Institute of Technology	64,174
F.8	Palawan State University	65,007
F.9	Rizal State College	33,986
F.10	Rizal Polytechnic College	45,522
F.11	Romblon State College	29,416
F.12	Southern Luzon Polytechnic College	59,663
F.13	State Polytechnic College of Palawan	61,209
G.	Region V – BICOL.....	<u>471,294</u>
G.1	Bicol University	188,586
G.2	Camarines Norte State College	53,510
G.3	Camarines Sur Polytechnic Colleges	19,609
G.4	Camarines Sur State Agricultural College	54,154
G.5	Catanduanes State Colleges	70,212
G.6	Dr. Emilio B. Espinosa, Sr. Memorial State College of Agriculture and Technology	18,128
G.7	Partido State College	24,207
G.8	Sorsogon State College	42,888
H.	Region VI – WESTERN VISAYAS.....	<u>487,594</u>
H.1	Aklan State College of Agriculture	39,753
H.2	Carlos C. Hilado Memorial State College	41,689
H.3	Iloilo State College of Fisheries	36,896
H.4	Northern Iloilo Polytechnic State College	54,849

H.5	Panay State Polytechnic College	71,656
H.6	Polytechnic State College of Antique	31,878
H.7	West Visayas State University	143,091
H.8	Western Visayas College of Science and Technology	67,782
I.	Region VII – CENTRAL VISAYAS.....	<u>252,506</u>
I.1	Cebu State College	41,085
I.2	Cebu State College of Science and Technology	130,445
I.3	Central Visayas Polytechnic College	62,118
I.4	Siquijor State College	18,858
J.	Region VIII – EASTERN VISAYAS.....	<u>490,025</u>
J.1	Eastern Samar State College	39,570
J.2	Leyte Institute of Technology	59,544
J.3	Leyte Normal University	47,704
J.4	Naval Institute of Technology	24,120
J.5	Palompon Institute of Technology	25,751
J.6	Samar State Polytechnic College	40,355
J.7	Southern Leyte State College of Science and Technology	20,237
J.8	Tiburcio Tancinco Memorial Institute of Science and Technology	22,745
J.9	Tomas Oppus Normal College	12,198
J.10	University of Eastern Philippines	73,789
J.11	Visayas State College of Agriculture	124,412
K.	Region IX – WESTERN MINDANAO.....	<u>363,257</u>
K.1	Basilan State College	17,889
K.2	Jose Rizal Memorial State College	36,360
K.3	MSU-Tawi-Tawi College of Technology and Oceanography	130,283

K.4	Sulu State College	21,025
K.5	Tawi-Tawi Regional Agricultural College	15,792
K.6	Western Mindanao State University	101,105
K.7	Zamboanga State College of Marine Sciences and Technology	40,803
L.	Region X – NORTHERN MINDANAO.....	<u>241,650</u>
L.1	Bukidnon State College	44,752
L.2	Camiguin Polytechnic State College	14,808
L.3	Central Mindanao University	118,596
L.4	Mindanao Polytechnic State College	46,841
L.5	Misamis Oriental State College of Agriculture and Technology	16,653
M.	Region XI – SOUTHEASTERN MINDANAO.....	<u>137,659</u>
M.1	Davao del Norte State College	17,785
M.2	Davao Oriental State College of Science and Technology	21,283
M.3	Southern Philippines Agri-Business and Marine and Aquatic School of Technology	17,270
M.4	University of Southeastern Philippines	81,321
N.	Region XII – CENTRAL MINDANAO.....	<u>1,033,861</u>
N.1	Cotabato City State Polytechnic College	29,635
N.2	Cotabato Foundation College of Science and Technology	40,030
N.3	Mindanao State University	607,804
N.4	MSU – Iligan Institute of Technology	203,703
N.5	Sultan Kudarat Polytechnic State College	36,515
N.6	University of Southern Mindanao	116,174
O.	CARAGA .....	<u>37,341</u>
O.1	Agusan del Sur State College of Agriculture and Technology	14,602



	O.2 Northern Mindanao State Institute of Science and Technology	22,739
P.	SUCS-MODERNIZATION ASSISTANCE FUND.....	150,000
IX.	DEPARTMENT OF ENERGY.....	<u>244,662</u>
A.	Office of the Secretary .....	244,662
X.	DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES .....	<u>5,159,543</u>
A.	Office of the Secretary .....	4,761,084
B.	Mines and Geo-Science Bureau .....	200,184
C.	National Mapping and Resource Information Authority .....	198,275
XI.	DEPARTMENT OF FINANCE .....	<u>4,612,712</u>
A.	Office of the Secretary .....	162,352
B.	Bureau of Customs .....	1,003,524
C.	Bureau of Internal Revenue .....	2,497,729
D.	Bureau of Local Government Finance .....	198,688
E.	Bureau of the Treasury .....	229,366
F.	Central Board of Assessment Appeals.....	5,440
G.	Economic Intelligence and Investigation Bureau .....	182,027
H.	Fiscal Incentives Review Board .....	766

I.	Insurance Commission .....	45,941
J.	National Tax Research Center .....	27,765
K.	Securities and Exchange Commission .....	259,114
XII.	DEPARTMENT OF FOREIGN AFFAIRS. ....	<u>2,353,013</u>
A.	Office of the Secretary .....	2,281,006
B.	Commission on Filipino Overseas .....	26,874
C.	Foreign Service Institute .....	27,107
D.	Technical Cooperation Council of the Philippines .....	2,769
E.	UNESCO National Commission of the Philippines .....	15,257
XIII.	DEPARTMENT OF HEALTH. ....	<u>11,020,083</u>
A.	Office of the Secretary .....	10,937,857
B.	Dangerous Drugs Board .....	82,226
XIV.	DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT .....	<u>22,879,256</u>
A.	Office of the Secretary .....	1,907,054
B.	Local Government Academy .....	72,455
C.	National Police Commission .....	340,829

D.	Philippine National Police .....	16,851,750
E.	Bureau of Fire Protection .....	2,372,277
F.	Bureau of Jail Management and Penology .....	1,029,702
G.	Philippine Public Safety College .....	305,189
XV.	DEPARTMENT OF JUSTICE .....	<u>3,187,120</u>
A.	Office of the Secretary .....	1,042,989
B.	Bureau of Corrections .....	512,379
C.	Public Defenders' Office .....	305,450
D.	Bureau of Immigration .....	141,721
E.	Commission on the Settlement of Land Problems .....	14,580
F.	National Bureau of Investigation .....	526,187
G.	Land Registration Authority .....	297,658
H.	Office of the Government Corporate Counsel .....	26,322
I.	Office of the Solicitor General .....	85,355
J.	Parole and Probation Administration .....	234,479
XVI.	DEPARTMENT OF LABOR AND EMPLOYMENT .....	<u>2,047,381</u>
A.	Office of the Secretary .....	1,061,565

B.	Institute for Labor Studies .....	14,859
C.	National Conciliation and Mediation Board .....	80,361
D.	National Labor Relations Commission .....	209,938
E.	National Maritime Polytechnic .....	48,910
F.	National Wages and Productivity Commission .....	71,446
G.	Philippine Overseas Employment Administration .....	141,747
H.	Technical Education and Skills Development Authority .....	418,555
<b>XVII.</b>	<b>DEPARTMENT OF NATIONAL DEFENSE .....</b>	<b><u>39,919,620</u></b>
A.	Office of the Secretary .....	112,556
B.	Armed Forces of the Philippines .....	<u>31,520,014</u>
B.1	General Headquarters	3,561,475
B.2	Philippine Air Force	4,569,687
B.3	Philippine Army	9,986,794
B.4	Philippine Navy	5,265,532
B.5	Presidential Security Group	260,402
B.6	Armed Forces of the Philippines Medical Center	464,481
B.7	Citizen Armed Forces Geographical Units	510,438
B.8	Philippine Military Academy	406,988
B.9	AFP Pension and Gratuity Fund	6,182,423
B.10	Retirees and Reservists Affairs Program	71,794
B.11	On-Base Housing Program	100,000

B.12	Self-Reliant Defense Posture Program	140,000
C.	Government Arsenal.....	211,124
D.	National Defense College of the Philippines.....	21,837
E.	Office of the Civil Defense.....	61,352
F.	Philippine Veterans Affairs Office.....	<u>7,992,737</u>
F.1	Philippine Veterans Affairs Office (Proper)	7,533,004
F.2	Military Shrine Services	25,107
F.3	Veterans Memorial Medical Center	434,626
<b>XVIII.</b>	<b>DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS.....</b>	<b><u>53,853,321</u></b>
A.	Office of the Secretary.....	53,824,037
B.	National Water Resources Board.....	21,321
C.	Toll Regulatory Board.....	7,963
<b>XIX.</b>	<b>DEPARTMENT OF SCIENCE AND TECHNOLOGY.....</b>	<b><u>2,812,874</u></b>
A.	Office of the Secretary.....	614,012
B.	Advanced Science and Technology Institute.....	48,878
C.	Food and Nutrition Research Institute.....	66,092
D.	Forest Products Research and Development Institute.....	71,894
E.	Industrial Technology Development Institute.....	173,692
F.	Metals Industry Research and Development Center.....	107,835

G.	National Academy of Science and Technology .....	21,017
H.	National Research Council of the Philippines .....	23,120
I.	Philippine Atmospheric, Geophysical and Astronomical Services Administration .....	429,694
J.	Philippine Council for Advanced Science and Technology Research and Development .....	57,327
K.	Philippine Council for Agriculture, Forestry and Natural Resources Research and Development .....	142,646
L.	Philippine Council for Aquatic and Marine Research and Development .....	27,542
M.	Philippine Council for Health Research and Development .....	40,870
N.	Philippine Council for Industry and Energy Research and Development .....	35,460
O.	Philippine Institute of Volcanology and Seismology .....	101,186
P.	Philippine Nuclear Research Institute .....	114,835
Q.	Philippine Science High School .....	194,679
R.	Philippine Textile Research Institute .....	69,815
S.	Science Education Institute .....	377,836
T.	Science and Technology Information Institute .....	35,215
U.	Technology Application and Promotion Institute .....	59,229
<b>XX.</b>	<b>DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT .....</b>	<b><u>1,583,606</u></b>
A.	Office of the Secretary .....	1,548,998
B.	Council for the Welfare of Children and Youth .....	11,913

C.	National Council for the Welfare of Disabled Persons .....	17,608
D.	Inter-Country Adoption Board .....	5,087
<b>XXI.</b>	<b>DEPARTMENT OF TOURISM .....</b>	<b><u>572,195</u></b>
A.	Office of the Secretary .....	401,859
B.	Intramuros Administration .....	36,839
C.	National Parks Development Committee .....	133,497
<b>XXII.</b>	<b>DEPARTMENT OF TRADE AND INDUSTRY .....</b>	<b><u>1,357,815</u></b>
A.	Office of the Secretary .....	1,071,658
B.	Board of Investments .....	141,156
C.	Bonded Export Marketing Board .....	4,520
D.	Construction Industry Authority of the Philippines .....	28,326
E.	Construction Manpower Development Foundation .....	21,076
F.	International Coffee Organization-Certifying Agency .....	5,006
G.	Philippine Trade Training Center .....	27,344
H.	Product Development and Design Center of the Philippines .....	58,729
<b>XXIII.</b>	<b>DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS .....</b>	<b><u>7,116,342</u></b>
A.	Office of the Secretary .....	6,937,134

B.	Civil Aeronautics Board.....	12,552
C.	Maritime Industry Authority .....	79,194
D.	National Telecommunications Commission .....	79,003
E.	Office of Transportation Cooperatives .....	8,459
XXIV.	NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY .....	<u>1,011,567</u>
A.	Office of the Director-General .....	318,426
B.	Commission on Population .....	87,118
C.	National Statistical Coordination Board.....	45,224
D.	National Statistics Office .....	514,163
E.	Statistical Research and Training Center .....	6,648
F.	Philippine National Volunteer Service Coordinating Agency .....	7,718
G.	Tariff Commission .....	32,270
XXV.	OFFICE OF THE PRESS SECRETARY .....	<u>656,334</u>
A.	Office of the Press Secretary (Proper) .....	73,110
B.	Bureau of Broadcast Services .....	156,359
C.	Bureau of Communications Services .....	18,932
D.	National Printing Office .....	123,671
E.	News and Information Bureau .....	58,914



F.	Philippine Information Agency .....	169,189
G.	Presidential Broadcast Staff (RTVM) .....	56,159
<b>XXVI.</b>	<b>OTHER EXECUTIVE OFFICES .....</b>	<b><u>4,088,169</u></b>
A.	Commission on Higher Education .....	1,790,120
B.	Committee on Privatization .....	940
C.	Cooperatives Development Authority .....	365,426
D.	Energy Regulatory Board .....	69,158
E.	Games and Amusements Board .....	35,553
F.	Government Corporate Monitoring and Coordinating Committee .....	5,777
G.	Housing and Land Use Regulatory Board .....	82,852
H.	Housing and Urban Development Coordinating Council .....	119,525
I.	Movie and Television Review and Classification Board .....	16,871
J.	National Book Development Board .....	18,475
K.	National Commission for Culture and the Arts .....	97,244
L.	National Commission on the Role of Filipino Women .....	17,993
M.	National Computer Center .....	52,900
N.	National Intelligence Coordinating Agency .....	153,118
O.	National Security Council .....	75,683

P.	National Youth Commission .....	42,433
Q.	Office on Muslim Affairs .....	166,950
R.	Office for Northern Cultural Communities .....	178,445
S.	Office for Southern Cultural Communities .....	149,618
T.	Palawan Council for Sustainable Development Staff .....	63,567
U.	Philippine Racing Commission .....	14,021
V.	Philippine Sports Commission .....	96,458
W.	Presidential Commission on Good Government .....	86,360
X.	Presidential Commission for the Urban Poor .....	38,378
Y.	Presidential Committee on the Bataan Nuclear Power Plant .....	1,605
Z.	Presidential Legislative Liaison Office .....	14,617
AA.	Presidential Management Staff .....	140,105
AB.	Professional Regulation Commission .....	176,341
AC.	Videogram Regulatory Board .....	17,636
XXVII.	JOINT LEGISLATIVE-EXECUTIVE COUNCILS .....	<u>7,010</u>
A.	Legislative-Executive Development Advisory Council .....	7,010
XXVIII.	THE JUDICIARY .....	<u>4,689,824</u>

A.	Supreme Court of the Philippines and the Lower Courts .....	4,214,114
A.1	Presidential Electoral Tribunal .....	34,307
B.	Sandiganbayan .....	68,210
C.	Court of Appeals .....	344,145
D.	Court of Tax Appeals.....	29,048
<b>XXIX.</b>	<b>CIVIL SERVICE COMMISSION .....</b>	<b><u>342,784</u></b>
A.	Civil Service Commission .....	324,607
A.1	Career Executive Service Board .....	18,177
<b>XXX.</b>	<b>COMMISSION ON AUDIT .....</b>	<b><u>2,352,951</u></b>
<b>XXXI.</b>	<b>COMMISSION ON ELECTIONS .....</b>	<b><u>1,973,955</u></b>
<b>XXXII.</b>	<b>OFFICE OF THE OMBUDSMAN .....</b>	<b><u>334,380</u></b>
<b>XXXIII.</b>	<b>COMMISSION ON HUMAN RIGHTS .....</b>	<b><u>137,570</u></b>
<b>XXXIV.</b>	<b>AUTONOMOUS REGIONS .....</b>	<b><u>2,535,821</u></b>
A.	Cordillera Administrative Region (Proper) .....	27,951

B.	Autonomous Regional Government in Muslim Mindanao.....	2,507,870
<b>XXXV.</b>	<b>BUDGETARY SUPPORT TO GOVERNMENT CORPORATIONS .....</b>	<b><u>4,799,983</u></b>
A.	DEPARTMENT OF AGRICULTURE.....	<u>438,349</u>
A.1	National Irrigation Administration	60,766
A.2	Philippine Cotton Corporation	8,012
A.3	Philippine Crop Insurance Corporation	369,571
B.	DEPARTMENT OF ENERGY.....	<u>375,000</u>
B.1	National Electrification Administration	375,000
C.	DEPARTMENT OF HEALTH.....	<u>704,045</u>
C.1	Lung Center of the Philippines	95,587
C.2	National Kidney and Transplant Institute	151,528
C.3	Philippine Children's Medical Center	184,930
C.4	Philippine Health Insurance Corporation	150,000
C.5	Philippine Heart Center	122,000
D.	DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS.....	<u>425,000</u>
D.1	Local Water Utilities Administration	425,000
E.	DEPARTMENT OF TOURISM.....	<u>80,134</u>
E.1	Nayong Pilipino Foundation	3,240
E.2	Philippine Convention and Visitors Corporation	76,894
F.	DEPARTMENT OF TRADE AND INDUSTRY.....	<u>105,907</u>
F.1	Center for International Trade Expositions and Missions	83,528
F.2	Cottage Industry Technology Center	22,379

G.	DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS.....	<u>154,245</u>
G.1	Light Rail Transit Authority	34,608
G.2	Philippine National Railways	119,637
H.	NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY.....	<u>47,908</u>
H.1	Philippine Institute for Development Studies	47,908
I.	OTHER EXECUTIVE OFFICES . ....	<u>2,430,745</u>
I.1	Asset Privatization Trust	35,000
I.2	Cagayan Economic Zone Authority	225,000
I.3	Cultural Center of the Philippines	27,095
I.4	Home Insurance and Guaranty Corporation	137,500
I.5	National Home Mortgage Finance Corporation	800,000
I.6	National Housing Authority	834,000
I.7	Southern Philippines Development Authority	133,465
I.8	Technology and Livelihood Resource Center	133,685
I.9	Zamboanga City Special Economic Zone Authority	105,000
J.	BUDGETARY SUPPORT TO GOVERNMENT CORPORATIONS – OTHERS.....	<u>38,650</u>
XXXVI.	GATT-RELATED ADJUSTMENT MEASURES FUND .....	<u>17,727,559</u>
A.	DEPARTMENT OF AGRICULTURE.....	<u>12,121,533</u>
A.1	Office of the Secretary	11,819,401
A.2	National Meat Inspection Commission	143,743
A.3	Philippine Carabao Center	158,389
B.	DEPARTMENT OF EDUCATION, CULTURE AND SPORTS. ....	<u>214,756</u>

B.1	Office of the Secretary	214,756
C.	DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES .....	<u>1,751,032</u>
C.1	Office of the Secretary	1,751,032
D.	DEPARTMENT OF HEALTH .....	<u>350,255</u>
D.1	Office of the Secretary	350,255
E.	DEPARTMENT OF LABOR AND EMPLOYMENT .....	<u>326,291</u>
E.1	Office of the Secretary	140,000
E.2	Technical Education and Skills Development Authority	186,291
F.	DEPARTMENT OF SCIENCE AND TECHNOLOGY.....	<u>225,126</u>
F.1	Office of the Secretary	225,126
G.	DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT .....	<u>10,000</u>
G.1	Office of the Secretary	10,000
H.	DEPARTMENT OF TRADE AND INDUSTRY .....	<u>375,131</u>
H.1	Office of the Secretary	355,230
H.2	Board of Investments	19,901
I.	BUDGETARY SUPPORT TO GOVERNMENT CORPORATION .....	<u>2,353,435</u>
I.1	Department of Agriculture	<u>2,353,435</u>
I.1.a	National Dairy Authority	45,237
I.1.b	National Food Authority	1,519,198
I.1.c	National Tobacco Authority	215,000
I.1.d	Philippine Coconut Authority	203,513
I.1.e	Philippine Fisheries Development Authority	22,528
I.1.f	Philippine Rice Research Institute	174,597

I.1.g	Quedan and Rural Credit Guarantee Corporation	89,000
I.1.h	Sugar Regulatory Administration	84,362
<b>XXXVII.</b>	<b>ALLOCATIONS TO LOCAL GOVERNMENT UNITS .....</b>	<b><u>61,926,557</u></b>
A.	Internal Revenue Allotment .....	57,094,000
B.	Special Shares of LGUs in the Proceeds of National Taxes .....	2,164,000
C.	Local Officials Insurance Premium Fund .....	37,000
D.	Municipal Development Fund .....	1,106,340
E.	Local Government Empowerment Fund .....	526,398
F.	Metropolitan Manila Development Authority .....	848,819
G.	Subsistence Allowance for Barangay Health Workers .....	150,000
<b>XXXVIII.</b>	<b>AREA DEVELOPMENT ASSISTANCE FUND .....</b>	<b><u>45,950</u></b>
A.	Aurora Integrated Area Development Project .....	9,660
B.	Bondoc Development Program .....	30,203
C.	Central Visayas Water and Sanitation Project .....	6,087
<b>XXXIX.</b>	<b>AGRARIAN REFORM FUND .....</b>	<b><u>917,585</u></b>
<b>XL.</b>	<b>CALAMITY FUND .....</b>	<b><u>2,000,000</u></b>

XL I.	CONTINGENT FUND .....	<u>800,000</u>
XLII.	COUNTRYWIDE DEVELOPMENT FUND .....	<u>2,583,450</u>
XLIII.	DECS – SCHOOL BUILDING PROGRAM .....	<u>6,656,150</u>
XLIV.	SUCS–COMPUTERIZATION PROGRAM .....	<u>60,000</u>
XLV.	FOREIGN-ASSISTED PROJECTS SUPPORT FUND .....	<u>582,398</u>
XLVI.	GENERAL FUND ADJUSTMENT .....	<u>225,000</u>
XLVII.	INTERNATIONAL COMMITMENTS FUND .....	<u>885,250</u>
XLVIII.	MISCELLANEOUS PERSONNEL BENEFITS FUND .....	<u>3,344,020</u>
XLIX.	NATIONAL UNIFICATION FUND .....	<u>137,500</u>
L.	ORGANIZATIONAL ADJUSTMENT FUND .....	<u>500,000</u>
LI.	POVERTY ALLEVIATION FUND .....	<u>2,000,000</u>



LII.	DEBT SERVICE – INTEREST PAYMENT .....	<u>57,658,384</u>
LIII.	UNPROGRAMMED FUND .....	<u>20,055,543</u>
<b>TOTAL NEW APPROPRIATIONS.</b>	<b>.....</b>	<b>433,817,543</b>

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ANNEXES

A.	DEBT SERVICE – PRINCIPAL AMORTIZATION	43,469,000
B.	List of Foreign-Assisted Projects in 1997	=====

**DEBT SERVICE – PRINCIPAL AMORTIZATION**

For payment of principal amortization of foreign and domestic indebtedness as indicated hereunder..... P43,469,000,000

Appropriations, by Purpose  
=====

Current Operating Expenditures

Personal Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
_____	_____	_____	_____

A. PURPOSE

1. For the Payment of Principal Amortization of Foreign and Domestic Indebtedness	P	43,469,000,000	P 43,469,000,000
		-----	-----
 TOTAL APPROPRIATIONS	 P	 43,469,000,000	 P 43,469,000,000
		=====	=====

SPECIAL PROVISION

1. *Use of the Fund.* – The appropriations authorized herein shall be used for payment of principal amortization of foreign and domestic indebtedness.

Appropriations by Object of Expenditures

=====

(In Thousand Pesos)

A. PURPOSE

Current Operating Expenditures

Maintenance and Other Operating Expenses

12	Loan Repayments and Sinking Fund Contributions	43,469,000
		-----
	TOTAL APPROPRIATIONS	43,469,000
		=====

A N N E X

GENERAL SUMMARY  
DEBT-SERVICE – Principal Amortization

	<u>Current Operating Expenditures</u>			
	Personal Services	Maintenance and Other Operating <u>Expenses</u>	Capital Outlays	Total
	_____		_____	_____
A. Debt Service – Principal Amortization	P	43,469,000,000		P 43,469,000,000
		-----		-----
Total Appropriations				
Debt Service-Principal Amortization	P	43,469,000,000		P 43,469,000,000
		=====		=====

## ANNEX "B"

## LIST OF FOREIGN-ASSISTED PROJECTS IN 1997

<u>PROJECT TITLE</u>	<u>DONOR/CREDITOR</u>
1. Agrarian Reform Community Development Project	ADB
2. Third Elementary Education Project (co-fi WB)	Japan/OECF 21st YCP
3. Third Elementary Education Project (a.k.a. Education Sector)	WB
4. Bukidnon Integrated Area Development	ADB
5. Improvement of the Hospital Waste Management and Upgrading of the Medical Equipment in DOH Hospitals	Austria
6. Crash Fire Rescue Equipment Procurement Project Phase IV	France
7. Nationwide Feeder Ports Development Program, Phase II (a.k.a. Social Reform Related Feeder Ports Development Program)	Japan/OECF 21st YCP
8. DOTC's Municipal Telephone Project	Spain
9. Supply and Installation of Uninterruptible Power Supply for Metro Manila Traffic Signal System, Phase III	France
10. Philippine-Japan Friendship Highway Rehabilitation Project in Mindanao, Phase I (Tabon-Tabon, Maitum Section, Agusan del Sur)	Japan/OECF 21st YCP
11. Second Mandaue-Mactan Bridge Project (Supplemental Loan)	Japan / OECF 21st YCP

- |                                                                                                 |                        |
|-------------------------------------------------------------------------------------------------|------------------------|
| 12. Lower Agusan Development Project, Stage I, Phase II                                         | Japan/OECF<br>21st YCP |
| 13. Metro Cebu Development Project III,<br>Cebu Coastal Road Talisay Section                    | Japan/OECF<br>21st YCP |
| 14. Water Resources Development Project                                                         | WB                     |
| 15. Detailed Engineering Design for 112.6 MW Kanan B1 and<br>68 MW Tagoloan Hydroelectric Plant | Japan/OECF<br>21st YCP |
| 16. 140 MW Casecnan (Manablon) Associated T/A Project                                           | Japan/OECF<br>21st YCP |
| 17. 1200 MW Batangas Natural Gas Combined Cycle Associated and<br>Complementary T/L Project     | Japan/OECF<br>21st YCP |
| 18. Hector Mendoza Bridge Project                                                               | Switzerland            |
| 19. Municipal Solar Infrastructure Project                                                      | Australia/Mixed Credit |
| 20. Second (Kuwait) Mindanao Roads Improvement Project                                          | Kuwait                 |
| 21. Western Visayas Agro-Industrial Development                                                 | ADB                    |
| 22. Community-Based Resource Management                                                         | WB                     |
| 23. Infrastructure Development Facility                                                         | ADB                    |
| 24. Grains Production Improvement                                                               | ADB                    |
| 25. Secondary Education Quality Improvement                                                     | ADB                    |
| 26. Water Districts Development Project                                                         | WB                     |
| 27. Early-Childhood Development                                                                 | ADB/WB                 |
| 28. Municipal Telephone Project (MTP) Phase III                                                 | France                 |

29. Integrated Security System for Mactan Cebu	United Kingdom
30. Second Airports Development (Regional)	ADB
31. Capital Market Development Program	ADB
32. Pampanga Delta Development Project-Irrigation Component	Japan/OECF 21 YCP
33. Modernization of the Government's News and Information Facility Project	France
34. Rural Microenterprise Finance Development	ADB
35. Fisheries Sector Management	ADB
36. Infrastructure Improvement of Subic Bay Area Municipalities	ADB
37. Leyte-Mindanao Interconnection	ADB
38. Marine Safety Improvement/Marine Navigation Project	Germany
39. Seafaring Colleges Upgrading	United Kingdom
40. Partido District Water Supply Project	United Kingdom
41. Maritime Safety Improvement Project, Phase II-B (MSIP II-B)	United Kingdom
42. Establishment of a Modern Emergency Medical Complex at the PGH	United Kingdom
43. Agrarian Reform Community Development Project	WB
44. Cebu-Toledo Wharf Road	Japan/OECF

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 R.A. No. 7638, the 1997 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 1997

Schedule I

(In Thousand Pesos)

### SUMMARY

	<u>Current Operating Expenditures</u>			
	Personal Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
A. PROGRAM/ACTIVITY/PROJECT				
1. General Administration and Support	P 37,476	P 77,920	P 6,720	P 122,116
2. Support to Operations	103,855	55,935	2,489	162,279
3. Operations	<u>69,435</u>	<u>656,134</u>	<u>1,933,190</u>	<u>2,658,759</u>
3.1 In-house for Lending Operations	69,435	70,858	1,013	141,306
3.2 Locally-Funded Projects		<u>375,000</u>	<u>209,550</u>	<u>584,550</u>
3.2.1 Rural Electrification		375,000	206,550	581,550
3.2.2 Mini-Hydro				
3.2.3 Solar Energy Program			3,000	3,000

3.3	Foreign Borrowings	<u>10,276</u>	<u>1,722,627</u>	<u>1,732,903</u>
	3.3.1 Rural Electrification		1,722,627	1,722,627
	3.3.2 Institutional Strengthening	10,276		10,276
3.4	Customs, Duties and Fees	200,000		200,000
4.	Debt Servicing	<u>1,455,368</u>		<u>1,455,368</u>
	4.1 Loan Repayment	1,321,363		1,321,363
	4.2 Reserve for Sinking Fund	134,005		134,005
		-----	-----	-----
TOTAL		P 210,766	P 2,245,357*/	P 1,942,399
		=====	=====	=====

\*/MOOE, Net of Allowance for Depreciation of P16.355 M

## I. NATIONAL ELECTRIFICATION ADMINISTRATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 1997

Schedule I

(In Thousand Pesos)

NATIONAL GOVERNMENT EQUITY AND/OR SUBSIDY

### Current Operating Expenditures

	Personal Services  _____	Maintenance and Other Operating <u>Expenses</u>	Capital Outlays  _____	Total  _____
A. PROGRAM/ACTIVITY/PROJECT				
1. Operations		P <u>575,000</u>		P <u>575,000</u>
1.1 Locally-Funded Projects		<u>375,000</u>		<u>375,000</u>
1.1.1 Rural Electrification		375,000		375,000
1.2 Customs, Duties and Fees		200,000		200,000

2. Debt Servicing	<u>406,000</u>	<u>406,000</u>
2.1 Loan Repayment	406,000	406,000
	-----	-----
TOTAL	<u><u>₱ 981,000</u></u>	<u><u>₱ 981,000</u></u>

## I. NATIONAL ELECTRIFICATION ADMINISTRATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 1997  
(In Thousand Pesos)  
CORPORATE BORROWINGS

Schedule II

	<u>Current Operating Expenditures</u>			
	Personal Services  _____	Maintenance and Other Operating Expenses  <u>          </u>	Capital Outlays  _____	Total   _____
<b>A. PROGRAM/ACTIVITY/PROJECT</b>				
1. Operations		<u>P 10,276</u>	<u>P 1,709,983</u>	<u>P 1,720,259</u>
1.1 Foreign Borrowings		<u>10,276</u>	<u>1,709,983</u>	<u>1,720,259</u>
1.1.1 Rural Electrification			1,709,983	1,709,983
1.1.2 Institutional Strengthening		10,276		10,276
2. Debt Servicing		<u>532,173</u>		<u>532,173</u>
2.1 Loan Repayment		532,173		532,173
		-----	-----	-----
<b>TOTAL</b>		<u>P 542,449</u> =====	<u>P 1,709,983</u> =====	<u>P 2,252,432</u> =====

## I. NATIONAL ELECTRIFICATION ADMINISTRATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 1997

Schedule III

(In Thousand Pesos)

CORPORATE FUNDS

	<u>Current Operating Expenditures</u>			
	Personal Services	Maintenance and Other Operating <u>Expenses</u>	Capital Outlays	Total
A. PROGRAM/ACTIVITY/PROJECT				
1. General Administration and Support	P 37,476	P 77,920	P 6,720	P 122,116
2. Support to Operations	103,855	55,935	2,489	162,279
3. Operations	<u>69,435</u>	<u>70,858</u>	<u>223,207</u>	<u>363,500</u>
3.1 In-house for Lending Operation	69,435	70,858	1,013	141,306
3.2 Locally-Funded Projects			<u>209,550</u>	<u>209,550</u>

3.2.1 Rural Electrification			206,550	206,550
3.2.2 Solar Energy Program			3,000	3,000
3.3 Foreign Borrowings			<u>12,644</u>	<u>12,644</u>
3.3.1 Rural Electrification			12,644	12,644
4. Debt Servicing		<u>517,195</u>		<u>517,195</u>
4.1 Loan Repayment		383,190		383,190
4.2 Reserve for Sinking Fund		134,005		134,005
TOTAL		-----	-----	-----
	P 210,766	P 721,908 */	P 232,416	P 1,165,090
	=====	=====	=====	=====

\*/MOOE, Net of Allowance for Depreciation of P16.355 M

## SPECIAL PROVISIONS

1. *Audit of Government Funds.* – The status or use of all government funds received, whether in the form of equity, subsidy, grant, loan, contribution or any kind of assistance shall be subject to audit by the Commission on Audit up to and including any end-user entity.

2. *Budget Flexibility and Report.* – The National Electrification Administration, through its Board of Administrators, is authorized to realign/reallocate the projects/programs and their corresponding budgetary requirements as contained in its submission pursuant to the 1997 Budget Call, 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 or 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 travelling, 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 1997

(In Thousand Pesos)

#### SUMMARY

	<u>Current Operating Expenditures</u>			
	Personal Services  _____	Maintenance and Other Operating Expenses  _____	Capital Outlays  _____	Total  _____
<b>A. PROGRAM/ACTIVITY/PROJECT</b>				
1. General Administration and Support	P <u>723,195</u>	P <u>657,981</u>	P <u>7,104,888</u>	P <u>8,486,064</u>
A. Head Office Support Group	723,195	657,981	4,412,617	5,793,793
B. Engineering			2,692,271	2,692,271
2. Support to Operations	<u>25,814</u>	<u>21,594</u>	_____	<u>47,408</u>
A. NPC Training Center/Test-Run Plants	25,814	21,594		47,408
3. Operations	<u>4,539,967</u>	<u>61,465,520</u>	<u>6,622,757</u>	<u>72,628,244</u>

A. Utility Operation/SO/IBMG/SPUG	4,242,485	4,025,683	4,185,845	12,454,013
B. Small Island Grids	297,482	173,637	972,885	1,444,004
C. Spares			1,464,027	1,464,027
D. Production of Goods (Power Generation)		50,000,000		50,000,000
E. Other Expenses		7,266,200		7,266,200
4. Locally-Funded Projects			715,493	715,493
5. Foreign-Assisted Projects			<u>39,582,795</u>	<u>39,582,795</u>
A. Generation			9,364,750	9,364,750
B. Transmission Lines & Substation			26,680,559	26,680,559
C. Others			1,576,666	1,576,666
D. Interest during Construction			1,960,820	1,960,820
6. Debt Servicing		22,723,000		22,723,000
7. Other Expenditures	107,877	7,060,206	305,000	7,473,083
TOTAL	<u>P 5,396,853</u>	<u>P 91,928,301</u>	<u>P 54,330,933</u>	<u>P 151,656,087</u>
	=====	=====	=====	=====

## II. NATIONAL POWER CORPORATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 1997

Schedule I

(In Thousand Pesos)

CORPORATE BORROWINGS

	<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
<b>A. PROGRAM/ACTIVITY/PROJECT</b>				
1. General Administration and Support			P <u>6,917,888</u>	P <u>6,917,888</u>
A. Head Office Support Group			4,412,617	4,412,617
B. Engineering			2,505,271	2,505,271
2. Operations			<u>6,573,765</u>	<u>6,573,765</u>
A. Utility Operations/SO/IBMG/SPUG			4,136,853	4,136,853
B. Small Island Grids			972,885	972,885
C. Spares			1,464,027	1,464,027

3. Locally-Funded Projects	715,493	715,493
4. Foreign-Assisted Projects	<u>35,080,890</u>	<u>35,080,890</u>
A. Generation	7,159,258	7,159,258
B. Transmission Lines & Substation	24,384,146	24,384,146
C. Others	1,576,666	1,576,666
D. Interest during Construction	1,960,820	1,960,820
TOTAL	----- P 49,288,036 =====	----- P 49,288,036 =====

## II. NATIONAL POWER CORPORATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 1997  
(In Thousand Pesos)  
CORPORATE FUNDS

Schedule II

	<u>Current Operating Expenditures</u>			
	Personal Services  _____	Maintenance and Other Operating Expenses  _____	Capital Outlays  _____	Total  _____
<b>A. PROGRAM/ACTIVITY/PROJECT</b>				
1. General Administration and Support	P <u>723,195</u>	P <u>657,981</u>	P <u>187,000</u>	P <u>1,568,176</u>
A. Head Office Support Group	723,195	657,981		1,381,176
B. Engineering			187,000	187,000
2. Support to Operations	<u>25,814</u>	<u>21,594</u>		<u>47,408</u>
A. NPC Training Center/Test-Run Plants	25,814	21,594		47,408
3. Operations	<u>4,539,967</u>	<u>61,465,520</u>	<u>48,992</u>	<u>66,054,479</u>
A. Utility Operations/SO/IBMG/SPUG	4,242,485	4,025,683	48,992	8,317,160

B. Small Island Grids	297,482	173,637		471,119
C. Production of Goods (Power Generation)		50,000,000		50,000,000
D. Other Expenses		7,266,200		7,266,200
4. Foreign-Assisted Projects			<u>4,501,905</u>	<u>4,501,905</u>
A. Generation			2,205,492	2,205,492
B. Transmission Lines & Substation			2,296,413	2,296,413
5. Debt Servicing		22,723,000		22,723,000
6. Other Expenditures	107,877	7,060,206	305,000	7,473,083
	-----	-----	-----	-----
TOTAL	<u>P 5,396,853</u>	<u>P 91,928,301</u>	<u>P 5,042,897</u>	<u>P 102,368,051</u>
	=====	=====	=====	=====

## SPECIAL PROVISIONS

1. *Budget Flexibility and Report.* – The National Power Corporation through its Board of Directors, is authorized to realign/reallocate the projects/programs and their corresponding budgetary requirements as contained in its submission pursuant to the 1997 budget call, 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 projects and programs, change in schedule of project implementation, and correction, transfer, or elimination of projects or installations that inhabitants affected thereby complain are a hazard to their health or safety, and reorganization, privatization or subsidiarization, should conditions warrant: *Provided*, That augmentation funds shall not be used for the acquisition of motor vehicles and payment of travelling, 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.

2. *Restrictions on the Use of Funds.* – In the event that certain NPC power plants have been completely subsidiarized and privatized before the end of 1997, any balance of the amounts earmarked for rehabilitation and other costs intended for said power plants as reflected in the Corporate Operating Budget, shall not be made available for such plants. *Provided*, That the grant of additional cash, non-cash and other economic benefits to employees as provided for under Memorandum Order No. 198, s. 1994, shall only be made upon payment of the dividends due to the National Government pursuant to Republic Act No. 7656 and other obligations which are due and demandable to the National Government during the year.

### III. PHILIPPINE NATIONAL OIL COMPANY

#### SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 1997

(In Thousand Pesos)

#### SUMMARY

	<u>Current Operating Expenditures</u>			
	Personal Services  _____	Maintenance and Other Operating <u>Expenses</u>  _____	Capital Outlays  _____	Total  _____
<b>A. PROGRAM/ACTIVITY/PROJECT</b>				
1. General Administration and Support	P 44,786	P 659,657	P 12,632	P 717,075
2. Operations	9,666	182,285	11,959,726	12,151,677
3. Others				
Debt Servicing				
Principal		354,285		354,285
Interest Expense		1,825,746		1,825,746
<b>TOTAL</b>	<b>P 54,452</b>	<b>P 3,021,973*/</b>	<b>P 11,972,358</b>	<b>P 15,048,783</b>
	=====	=====	=====	=====

\*/MOOE, Net of Allowance for Depreciation of P26.483 M



### III. PHILIPPINE NATIONAL OIL COMPANY

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 1997  
(In Thousand Pesos)  
CORPORATE BORROWINGS

Schedule I

	<u>Current Operating Expenditures</u>			
	Personal Services	Maintenance and Other Operating <u>Expenses</u>	Capital Outlays	Total
A. PROGRAM/ACTIVITY/PROJECT				
1. Operations			P 7,267,500	P 7,267,500
			-----	-----
TOTAL			P 7,267,500 =====	P 7,267,500 =====

### III. PHILIPPINE NATIONAL OIL COMPANY

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

Schedule II

	<u>Current Operating Expenditures</u>			Total
	Personal Services	Maintenance and Other Operating Expenses	Capital Outlays	
	_____	_____	_____	_____
<b>A. PROGRAM/ACTIVITY/PROJECT</b>				
1. General Administration and Support	P 44,786	P 659,657	P 12,632	P 717,075
2. Operations	9,666	182,285	4,692,226	4,884,177
3. Others				
Debt Servicing				
Principal		354,285		354,285
Interest Expense		1,825,746		1,825,746
<b>TOTAL</b>	<b>P 54,452</b>	<b>P 3,021,973*/</b>	<b>P 4,704,858</b>	<b>P 7,781,283</b>
	=====	=====	=====	=====

\*/MOOE, Net of Allowance for Depreciation of P26.483 M

## SPECIAL PROVISIONS

1. *Budget Flexibility and Report.* – The Philippine National Oil Company (PNOC), through its Board of Directors, is authorized to realign/reallocate the projects/programs and their corresponding budgetary requirements as contained in its submission pursuant to the 1997 budget call, 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, bond flotation and increase in lending and equity infusion to subsidiaries, changes in foreign exchange rate, taxes, inflation, 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 travelling, 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 as, 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 funded from internally generated funds, budgetary support or authorized borrowings, shall be utilized for the primary purposes of exploration, exploitation and development of local energy resources: *Provided*, That an amount not exceeding One billion pesos (P1,000,000,000) in 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 investments 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 ALL OF THE  
ABOVE-NAMED CORPORATIONS

1. *Payment of Compensation.* – Payment of salaries, wages, and allowances or other forms of compensation shall be in accordance with Republic Act No. 6758 (Salary Standardization Law), 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. *Compliance with the Attrition Law.* – Republic Act No. 7430 or the Attrition Law shall be strictly observed.

3. *Remittance of Dividends.* – Dividends 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.

4. *Acquisition of Equipment.* – The acquisition of equipment, whether 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 and other existing statutory requirements and/or Presidential issuances.

5. *Jurisdiction of the Commission on Audit.* – The constitutional jurisdiction of the Commission on Audit over government funds and resources shall remain unimpaired.

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 income of a Special Fund, 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 as "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 interest and other income earned shall be deposited with the National Treasury and shall accrue to the General Fund pursuant to Section 65 of P.D. No. 1445 in relation to Section 29(1) of Article VI of the Constitution. 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 deposited also with 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 Scheme 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 constituted as a trust fund and deposited with the National Treasury and shall only be utilized for the fulfillment of the obligations as stipulated under the contract: *Provided*, That the government share out of the collections from said projects 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 to be issued jointly by the Department of Finance, Department of Budget and Management, National Economic and Development Authority and the 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 in 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 and 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, subject to pertinent budget, accounting and auditing rules and regulations: *Provided*, That any excess therefrom shall be remitted to the National Treasury and shall accrue to the General Fund: *Provided, further*, 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 the income realized and of the expenses incurred: *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 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. 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 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 and to the Commission on Audit a quarterly report of all donations whether in cash or in kind as well as the expenditures or disbursements of the amounts 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 and Local Government Agencies as well as Government-Owned And /Or -Controlled Corporations, Including Armed Forces of the Philippines Commissary Exchange Service (AFPCES) and Philippine National Police Storage Store System (PNPSSS).* – National internal revenue taxes and import duties payable by national government agencies to the National Government as well as customs duties and taxes for the importation of equipment by local government units, except those duties and taxes imposed on equipment imported and donated by private entities, are deemed automatically appropriated. Tax expenditure subsidy to various government-owned and/or

controlled corporations, including AFPCES, thru the Department of National Defense, and PNPSSS thru the Department of the Interior and Local Government, shall likewise be deemed automatically appropriated, subject to approval by the Fiscal Incentives Review Board (FIRB) pursuant to Executive Order No. 93, as amended. The amounts pertaining to such taxes and duties shall be considered as revenue and expenditure of the government.

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

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 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. Loans shall not be contracted by agencies of the national government unless the full amount of the loan is covered by an Obligational Authority 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 in accordance with the Work and Financial Plan 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 the Department 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.

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 Secretary of the Department of Budget and Management, the Chairman of the House Committee on Appropriations and the Chairman of the Senate Committee on Finance, a quarterly report on the utilization of intelligence and confidential funds.

*SEC. 19. Prohibited Expenses in Revolving Funds and Use of Income.* – No amount of the revolving funds or agency income authorized in this Act for use by the agency shall be used for the payment of discretionary and representation expenses.

*SEC. 20. 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. 21. *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. 22. *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. 23. *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. 24. *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. P150,000 for each Secretary;
- b. P50,000 for each Undersecretary;
- c. P20,000 for each Assistant Secretary, head of bureau or organization of equal rank to a bureau and for each Department Regional Director;
- d. P10,000 for each Bureau Regional Director; and
- e. P6,000 for each Municipal Trial Court Judge, Municipal Circuit Trial Court Judge and Shari'a Circuit Court Judge.

In addition, miscellaneous expenses not exceeding P48,000 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 Regulation 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, allowances, 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. 25. *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. 26. *Science and Technology Research.* – Departments, agencies, bureaus, or offices with appropriations for research and development in the natural, agricultural, technological and engineering sciences shall coordinate with the private sector and organizations that are engaged in scientific research and development projects with the primary objective of coordinating research agenda to achieve over-all coordination and optimize the use of research funds: *Provided*, That research efforts shall be geared towards achievement of a wider commercialization of new discoveries and acceleration of technology transfer: *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. 27. *Training Programs.* – Departments, bureaus, offices or agencies shall review and formulate their training programs to make the same responsive to the organizational needs and manpower requirements of agencies and the need to train personnel in 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. 28. *Gender-Responsive Projects.* – All departments, bureaus, offices and agencies shall set aside a minimum amount of five percent (5%) out of their 1997 appropriations to be used for projects designed to address gender issues in accordance with R.A. No. 7192.

The concerned departments, bureaus, offices and agencies shall submit semestral reports to Congress, the Department of Budget and Management and the National Commission on the

Role of Filipino Women indicating the amounts utilized to implement such gender-responsive projects and activities.

The implementation of this Section shall be in accordance with the guidelines jointly issued by the National Economic and Development Authority and the Department of Budget and Management.

SEC. 29. *Human Resource Development.* – All departments, bureaus, offices and agencies shall set aside an amount out of their 1997 appropriations to be used for Human Resource Development.

SEC. 30. *Human and Ecological Security Concerns.* – All departments, bureaus, offices and agencies shall set aside an amount out of their 1997 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 and the Department of the Interior and Local Government 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. *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. 33. *Compensation Adjustment and Productivity Incentive Benefits.* – The amount authorized for Compensation Adjustment and Productivity Incentive Benefits shall be used for the adjustment in basic salary and associated benefits of national government personnel pursuant to Joint Resolution No. 1, s. 1994 of Congress, as well as Productivity Incentive Benefits as may be approved by the President: *Provided*, That such compensation adjustment shall be fully implemented within FY 1997: *Provided, further*, That transition allowance, if any, shall be deducted from or reduced by the salary adjustment: *Provided, furthermore*, That compensation adjustment for government-owned or controlled corporations and local government units shall be charged to their corporate and local funds, respectively: *Provided, finally*, That the increase in the *honorarium* of barangay officials and personnel shall not exceed the rate equivalent to the first step of the following salary grades in the city or municipality to which the barangay belongs:

SG –14 For the Punong Barangay

SG –10 For the Sanggunian Barangay Members,  
Barangay Secretary and Barangay Treasurer

SG –1 For the Barangay Tanod and Members of the  
Lupong Tagapamayapa

Government personnel who will compulsorily retire prior to November 1, 1997 shall be entitled to retirement benefits at the full rate of the implementation pursuant to Section 3 of R.A. No. 8244.

SEC. 34. *Amelioration Benefits.* – Payment of amelioration benefits to cover the year-end bonus and cash gift provided under Republic Act No. 6686 shall be released to the department, bureau, office or agency concerned: *Provided*, That one-half (1/2) of the amount of the said year-end bonus and cash gift may be paid not later than June of each year, subject to the issuance of the implementing rules and regulations 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. 35. *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 and adjustments, merit increases, 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. 36. *Personnel Benefits Fund.* – The provisions of Letter of Instructions No. 1102 notwithstanding, the government shares in the compulsory contributions mandated by Presidential Decree No. 1146, Republic Act No. 6111 and Presidential Decree No. 626, as amended, shall be remitted directly by said bureaus,

offices and agencies to the Government Service Insurance System and the Home Development Mutual Fund.

SEC. 37. *Authorized Deductions, Incentive and Service Fees.* – 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 take home pay to an amount lower than One thousand pesos (P1,000), 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.

Service fees collected shall be deposited with the National Treasury or any public financial institution and 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 or service fees to employees who are actually and directly involved in the collection: *Provided, however*, 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 pursuant to the provisions of the second paragraph hereof, shall form part of a provident fund to be established by the agency in favor of all its employees, which shall be available to employees for emergency needs, school and educational loans, hospitalization loans, minor but immediate need of repair of houses and other similar circumstances. This fund shall be

administered pursuant to a set of uniform rules and regulations which the Office of the President shall promulgate.

SEC. 38. *Travelling Expenses.* – Officials and employees of the government may be allowed full payment of claims for reimbursement of travelling 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 travelling expenses.

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

SEC. 39. *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 P4,375 for Secretaries;
- b. At P3,000 for Department Undersecretaries;
- c. At P2,500 for Assistant Secretaries, Bureau Directors and Department Regional Directors;
- d. At P2,125 for Assistant Bureau Directors, Department Assistant Regional Directors, Bureau Regional Directors, Department Service Chiefs;
- e. At P1,750 for Assistant Bureau Regional Directors; and
- f. At P1,625 for Chief of Divisions, identified as such in the Personal Services Itemization.

The transportation allowance herein authorized shall not be granted to officials who are assigned a government vehicle or 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. 40. *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, Assistant Secretaries 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. 41. *Honoraria.* – Departments, bureaus, offices or agencies, are authorized to use their respective appropriations for payment of *honoraria* for services rendered by researchers, experts and specialists who are acknowledged authorities in their field of specialization, 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, including its Committees, at such rates as the Department of Budget and Management may authorize, unless otherwise specifically provided by law: *Provided*, That such persons who are hired as consultants and who are paid professional consultancy fees for services rendered shall not be entitled to such *honoraria*.

SEC. 42. *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.



Such contractual personnel may be paid compensation, inclusive of fees, *honoraria*, *per diems* and allowances not exceeding 120% of the minimum salary of an equivalent position in the Position Classification and Compensation System, but not to exceed the salary of his immediate superior, chargeable against the Personal Services funds of the Agency in accordance with the National Government Chart of Accounts.

SEC. 43. *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 Two thousand pesos (P2,000) each *per annum* which may be given in kind, subject to the discretion of the department head concerned. 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.

SEC. 44. *Hazard Duty Pay.* – Hazard duty pay may be allowed to officials and employees who are actually assigned in hardship posts or difficult work areas, strife-torn or embattled areas, distressed or isolated stations, prison camps/reservations or penal colonies, institutions, mental health hospitals, radiation-exposed work areas, disease-infested work areas or in work areas where rescue operations/evacuations have to be carried out due to natural calamities which expose them to great danger, contagion, hazardous pollutants, radiation, volcanic activity/eruption, occupational risk or perils to life, chargeable to savings in the appropriations of the department/agency concerned, which shall not be less than P400 nor more than P600 each per month, except in cases where the rates are specifically provided for under special laws, charters or enabling acts already being implemented, in which case such rates shall govern, or where more incentives are needed to attract applicants, in which case the sum may be augmented at the rates to be recommended by the Department Heads concerned and approved by the Department of Budget and Management as may be necessary: *Provided*, That hazard pay by reason of strife-torn or embattled areas shall be subject to the certification issued by the Secretary of National Defense and the rates thereof shall be determined by the Secretary of Budget and Management on the basis of the area classification certified by

the Secretary of National Defense. The Secretary of Budget and Management and the Secretary of National Defense shall review from time to time authorizations for the payment of hazard pay in strife-torn and embattled areas earlier issued and shall terminate such authorizations in areas where conditions no longer justify the continuation of hazard duty pay. The implementation of this Section shall be in accordance with the rules and regulations issued by the Department of Budget and Management.

SEC. 45. *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 staffs of departments, bureaus, offices or agencies of the National Government to appear in Court as special counsel in collaboration with the Solicitor General or Fiscals concerned are hereby authorized an allowance of P500 for each appearance, chargeable to savings in the appropriations of their respective offices, but not exceeding P2,000 per month.

SEC. 46. *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 and heads of operating offices including District Engineers and Assistant District Engineers who are assigned or transferred from one Regional Office to another and do not own rooms or houses 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 former. 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 therefor. Unless fixed

by law, the rate of quarters allowance or rental, as the case may be, shall be determined by the Department of Budget and Management.

SEC. 47. *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, except members of local legislative bodies, 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 personnel entitled to this benefit:

	For Provinces/ Cities	For 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. 48. *Additional Compensation of P500 Per Month.* – The additional compensation in the amount of Five hundred pesos (P500) per month granted under Administrative Order No. 53 dated May 17, 1993 shall continue to be granted to (1) public school teachers occupying positions allocated to Salary Grade 25 and below; (2) uniformed personnel of the Department of the Interior and Local Government up to the rank of Superintendent and of the Armed Forces of the Philippines up to the rank of Lieutenant Colonel; and (3) the rest of government personnel occupying positions allocated to Salary Grade 25 and below, whether regular personnel or full-time casual, those on temporary

status or contractual personnel whose employments are in the nature of a regular employee pursuant to said Order, shall continue to be given, chargeable against the appropriations provided for the purpose under this Act.

SEC. 49. *Use of Appropriations for Retirement Gratuity and Terminal Leave.* – Release of appropriations authorized in this Act to cover retirement gratuity benefit claims shall be made on the basis of the Work and Financial Plan of offices and agencies. 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. 50. *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. 51. *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 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. 52. *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. 53. *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 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. 54. *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 satisfactory completion or unavoidable 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. 55. *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 other sections of the General Provisions of this Act.

SEC. 56. *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 jointly prescribed by the Department of Health and the Department of Budget and Management.

SEC. 57. *Prohibition in the Use of Contingent Fund, Reserves, Savings or Amounts in this Act.* – No Contingent Fund, reserves, savings or any amount from the appropriations authorized in this Act shall be realigned and utilized for any referendum, plebiscite or electoral activity for the purpose of amending the Constitution.

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. *Programming and Realignment of Projects.* – The programming and realignment of public works projects shall

be in accordance with Section 6 of R.A. No. 8150, the Public Works and Highways Infrastructure Program Act of 1995.

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. *Use of Fund 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 shall be used for regular programs and specific activities identified after consultation with the respective Representatives of the congressional districts therein. The lump-sum appropriations provided herein shall be released only after such consultation.

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. The Department of Budget and Management shall issue the guidelines to implement this provision within three (3) months after the approval of this Act.

Such balances shall be considered as over and above the current year budget of the departments, bureaus, offices or agencies.

SEC. 63. *Meaning of Hard Infrastructures.* – Hard infrastructures refer to those investments that increase the productive capacity of the country. These include, but shall not be limited to, roads, bridges, airports, seaports, railways and irrigation systems. The term shall also refer to facilities that enhance the human capital, such as schools, clinics, hospitals, libraries and science and technology centers.

## RELEASE AND USE OF FUNDS

SEC. 64. *Automatic and Direct Release of Funds.* – Unless otherwise provided under special laws and under this Act, the amount herein appropriated shall be released automatically and directly to concerned departments, bureaus, offices, agencies, including government-owned and/or controlled corporations, and local government units.

SEC. 65. *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 in accordance with the work and Financial Plan.

SEC. 66. *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. 67. *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. 68. *Prohibition on the Release of Funds for Unfilled Positions.* – No amount herein appropriated for salaries of authorized itemized positions which are unfilled except those in the Judiciary, schools and educational institutions, and hospitals shall be released by the Department of Budget and Management. Amounts generated from unfilled positions shall be used to augment the Compensation Adjustment Fund for increase of



salaries and wages of all national government personnel, including uniformed personnel of the Armed Forces of the Philippines, Philippine National Police, Bureau of Fire Protection, Bureau of Jail Management and Penology and the Philippine Public Safety College, and the Miscellaneous Personnel Benefits Fund.

SEC. 69. *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 be released directly 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. 70. *Utmost Priority to Twenty (20) Priority Provinces.* – All departments, bureaus, offices and agencies shall give utmost priority in the utilization of their funds for basic services to the twenty (20) priority provinces as identified by the Presidential Council for Countryside Development.

SEC. 71. *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 General Allotment Release Order (GARO)/Special Allotment Release Order (SARO) as the case may be, as issued by the Department of Budget and Management.

SEC. 72. *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 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. 73. *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. 74. *Disbursement of Funds.* – All appropriated funds shall be disbursed only through the National Treasury and/or originally-chartered government-owned or controlled banks.

SEC. 75. *Treatment of Releases to Local Government Units from Special Purpose Funds.* – Except those funds earmarked by Special Laws to LGUs, all releases made direct to local government units from the Calamity Fund, Countrywide Development 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.

#### ADMINISTRATIVE PROCEDURES

SEC. 76. *Organizational Changes.* – Unless otherwise created by law or directed by the President of the Philippines, no organizational unit or changes in key position in any department or agency shall be authorized in their respective organizational structures and be 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. *Scaling Down and Phase-Out of Activities of Agencies within the Executive Branch.* – The heads of departments, bureaus, offices and agencies are hereby directed to identify their respective activities which are no longer essential in the delivery of public services and which may be scaled down, phased-out or abolished, subject to Civil Service rules and regulations. Said activities shall be reported to the Office of the President through the Department of Budget and Management and to the Chairman, Committee on Appropriations of the House of Representatives and the Chairman, Committee on Finance of the Senate. Actual scaling down, phase-out or abolition of the

activities shall be effected pursuant to Circulars or Orders issued for the purpose by the Office of the President.

Savings generated by departments, bureaus, offices and agencies on the abolition, phase-out or scaling down of unnecessary activities may be used by the departments, bureaus, offices and agencies concerned for the augmentation of their respective programs, projects and activities.

SEC. 79. *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 recruitment of uniformed personnel for PNP, BJMP and BFP, one third (1/3) of its recruits shall be from the qualified applicants of the twenty priority provinces and 5th and 6th class municipalities.

SEC. 80. *Service Contracts.* – Departments, bureaus, offices or agencies of the National Government are hereby authorized to enter into contracts including professional consultancy services 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, through public bidding or negotiated contracts, whenever it is impractical or more expensive for the government to directly undertake such functions and operations, subject to pertinent accounting and auditing rules and regulations.

For purposes of this Section, consultants shall be understood to mean those who are hired to provide professional consultancy services requiring highly specialized or technical expertise in a field of special knowledge or training. Such consultant shall not be considered an employee of the government and shall not be entitled to benefits granted to government employees: *Provided*, That such consultant shall be paid a professional fee at a rate to be determined by the Department of Budget and Management taking into consideration the level of expertise in the field of specialization: *Provided, further*, That said professional service fee shall be charged against the Maintenance and Other Operating Expenses (MOOE) or capital outlays of the department, office or

agency concerned as the case may be: *Provided, finally*, That the regular staff of the agency cannot adequately provide the necessary technical skill and expertise needed.

SEC. 81. *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. 82. *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 discharge of their respective functions.

SEC. 83. *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 and except further for projects of the Department of Public Works and Highways, for which Sections 8, 9, 10, 11 and 12 of Republic Act No. 8150, otherwise known as the "Public Works and Highways Infrastructure Program Act of 1995" shall be adopted.

SEC. 84. *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 designating a particular local government unit to undertake the project or activity.

SEC. 85. *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. 86. *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 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 appropriate Committee Chairman 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. 87. *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. 8174, the FY 1996 General Appropriations Act as reenacted in 1997, 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. 88. *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. 89. *Effectivity.* – The provisions of this Act shall take effect on January one, nineteen hundred and ninety-seven unless otherwise provided herein.

Approved, February 12, 1997.

PRESIDENTIAL VETO MESSAGE

MALACAÑANG

Manila

February 12, 1997

THE HONORABLE SPEAKER  
LADIES AND GENTLEMEN OF  
THE HOUSE OF REPRESENTATIVES

I have this day signed into Republic Act No. 8250, the General Appropriations Bill for Fiscal Year 1997, entitled "AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, NINETEEN HUNDRED AND NINETY SEVEN, AND FOR OTHER PURPOSES."

The enactment of this law, in tandem with R.A. No. 8244 and R.A. No. 8245, both signed last 30 December 1996, completes the necessary legislative authority for the full implementation of the national government budget for fiscal year 1997.

I. GENERAL COMMENTS

I note, with deep appreciation, the relentless efforts of both Houses of Congress to complete the arduous but noble task bestowed upon them by our Constitution, of enacting the General Appropriations Bill to support the country's priority programs and projects for this year. Overcoming all difficulties, and rising beyond the call of duty, the House Committee on Appropriations and the Senate Finance Committee have again forged the annual appropriations measure in sacred fulfillment of the legislative power of the purse. Except for a few items which I will subsequently enumerate, I commit to faithfully implement and execute the appropriations herein approved and thereby comply with the mandate imposed upon the President by the Constitution.

II. ITEMS FOR DIRECT VETO

Pursuant to the mandate 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 of existing laws and policies:

#### A. DEBT SERVICE - INTEREST PAYMENT

I directly veto the entire appropriations under Chapter LII, Debt Service-Interest Payment, including its Special Provisions, found on pages 1210 to 1211 of the FY 1997 GAB, pursuant to the decision of the Supreme Court in the cases of (1) Philippine Constitution Association, et. al., vs. Salvador M. Enriquez, Jr., et. al. (G.R. No. 13105) and (2) Raul S. Roco, et. al., vs. Executive Secretary, et. al. (G.R. No. 113174).

In the aforementioned landmark decisions, the Supreme Court has unequivocally ruled that the servicing of public debt, whether foreign or domestic, are automatically appropriated in accordance with the Foreign Borrowings Act and Section 31 of PD 1177 as reiterated under Section 26, Chapter 4, Book VI of Executive Order No. 292, the Administrative Code of 1987.

Hence, appropriations for debt service-interest payment in the General Appropriations Act is no longer necessary.

#### B. INTERNAL REVENUE ALLOTMENT - ASSISTANCE TO CITIES

I hereby veto Item (b), Assistance to Cities, with an appropriation of five hundred million pesos (P500 million) under the Internal Revenue Allotment of local governments (Chapter XXXVII.A, page 1159, FY 1997 GAB).

A thorough analysis of the implications of this particular item of a appropriation reveals that: (1) this is a new item made in addition to the appropriations for Internal Revenue Allotment proposed by the Executive for FY 1997; (2) the addition of this item effectively increased the appropriations recommended by the President as specified in the budget, contrary to the Constitutional injunction under Section 25 (2), Article VI of the Constitution; and (3) the cities are not grossly disadvantaged under the existing allocation formula prescribed by the Local Government Code to merit such special treatment.

I understand the intention of Congress in including this new appropriation for the benefit of cities. I am, however, disturbed by the possible Constitutional infirmity arising from this new item. Furthermore, while the cities are not major recipients of the financial burden of devolution, they were the major beneficiaries of the new internal revenue allocation under the Local Government Code.

I am, therefore, constrained to veto this appropriation item, as well as any reference thereto in the FY 1997 General Appropriations Act. I fully realize that this signifies the loss of said appropriation item. However, I consider of paramount importance my constitutional duty to abide by the law and preserve the integrity of the budget.

#### C. SPECIAL PROVISIONS PROHIBITING THE IMPOSITION OF RESERVES

I likewise directly veto in full the special provisions enumerated below entitled "Prohibition on the Imposition of Reserves" reflected under specific appropriation items of the FY 1997 GAB:

1. DEPARTMENT OF AGRARIAN REFORM, Office of the Secretary, Special Provision No. 5, page 26, FY 1997 GAB;

2. DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS, Office of the Secretary, Special Provision No. 9, page 736, FY 1997 GAB;

3. DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT, Office of the Secretary, Special Provision No. 2, page 822, FY 1997 GAB;

4. GATT-RELATED ADJUSTMENT MEASURES FUND - DEPARTMENT OF AGRICULTURE, Special Provision No. 5, page 1123, FY 1997 GAB; and

5. DECS - SCHOOL BUILDING PROGRAM, Special Provision No. 4, page 1183, FY 1997 GAB.

I consider the aforementioned Special Provisions inappropriate as they effectively restrict the prerogative of the President to impose reserves as may be necessary in the exercise of sound financial programming and fiscal management. In implementing the annual budget, I have found it prudent to impose reserves on several occasions, not only to ensure the proper matching of resources and expenditures but also to provide for contingencies that may arise during the year. Unduly limiting the President's hand in this very critical function will defeat the very purpose for which this Presidential prerogative was granted.

#### D. SPECIAL PROVISIONS AUTHORIZING THE USE OF SAVINGS

I also directly veto in full the following special provisions authorizing the use of savings for various purposes:

1. DEPARTMENT OF EDUCATION, CULTURE AND SPORTS, Office of the Secretary, Special Provision No. 15, entitled "Use of Savings for Hazard Pay" page 80, FY 1997 GAB;

2. DEPARTMENT OF FOREIGN AFFAIRS, Office of the Secretary, Special Provision No. 8 entitled "Authority to Use Savings," page 530, FY 1997 GAB;

3. DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT, Office of the Secretary, Special Provision No. 1 entitled "Use of Appropriations Savings," page 577, FY 1997 GAB; and

4. DEPARTMENT OF JUSTICE, Office of the Secretary, Special Provision No. 2 entitled "Use of Savings from Personal Services," page 608, FY 1997 GAB.

Under existing policy, the use of savings is subject to specific guidelines prescribed to ensure equity, uniformity and accountability in the use of funds. These guidelines are applied on a standard basis to all agencies within the Executive Branch of the government. The grant of special authority to specific agencies will undermine this system that has been painstakingly implemented over the years.

Furthermore, Section 25 (5), Article VI of the Constitution specifically vests on the President, the authority to use savings to augment other items of appropriations within the Executive Branch. This constitutional authority cannot be validly amended or transferred through the General Appropriations Act. Consequently, the aforementioned special authorization being granted to Secretary of the Interior and Local Government and to the Secretary of Justice are decidedly not sanctioned under the Constitution.

#### E. SPECIAL PROVISION RELEASING INCOME DIRECTLY TO THE UNIVERSITY HOSPITAL

Special Provision No. 2, entitled "Use of Income," page 346, FY 1997 GAB, pertaining to the appropriations of the West Visayas State University authorizes the direct release to the University Hospital of its income to augment its operating budget.

While the objective of this special provision is laudable, I intend to maintain the existing policy vesting on the respective Presidents of the State Universities and Colleges the authority to use income as they see fit for the best interests of the university or college, including all its subdivisions.

Furthermore, this special provision may be misconstrued as placing the West Visayas State University outside the coverage of the existing omnibus authorization for all SUCs to use their income through the Unprogrammed Fund mechanism provided in this Act.

Accordingly, I directly veto this special provision.

#### F. SPECIAL/GENERAL PROVISIONS RESTRICTING THE USE OF FUNDS

1. Special Provision No. 4, entitled "Restriction in the Use of Funds," page 1065, FY 1997 GAB, specifically prohibits the use of the amounts appropriated for the Commission on Elections to fund any electoral or plebiscite activity for the purpose of amending the Constitution.

Under the Constitution, the COMELEC enjoys fiscal autonomy which cannot be thwarted by a mere special provision. Besides, this restrictive provision will impinge on Section 25 (5), Article VI of the Constitution and Section 1 (6), Chapter 1, Book VI of E.O. No. 292 regarding the power of augmentation by the heads of Constitutional Commissions, in this case, the COMELEC.

Furthermore, this restriction assumes the nature of an amendatory provision to the COMELEC charter and to its constitutional prerogatives and, therefore, decidedly inappropriate.

Hence, I directly veto this special provision.

2. General Provision No. 57, entitled "Prohibition in the Use of Contingent Fund, Reserves, Savings or Amounts in this Act," page 1436, FY 1997 GAB, prohibits the use and realignment of the Contingent Fund, reserves, savings or any amount from the appropriations authorized in the FY 1997 GAA for any referendum, plebiscite or electoral activity, for the purpose of amending the Constitution.

I hereby veto in toto this provision for basically the same reasons as Item F.1 above, namely, that it impinges on the constitutional power of augmentation through the use of savings of the different branches of government and the Constitutional Commissions.

#### G. GENERAL PROVISION ON THE GRANT OF HAZARD DUTY PAY

Section 44 of the General Provisions entitled "Hazard Duty Pay," page 1434, FY 1997 GAB, authorizes the grant of hazard duty pay in certain posts or work areas as prescribed by law.

The Above general provision has been a permanent feature of previous General Appropriations Acts and was included in the President's budget proposal for FY 1997. However, certain events have occurred since the submission of the proposed FY 1997 budget

to Congress which now necessitates the withdrawal of this omnibus authorization to pave the way for the rationalization of the grant of hazard duty pay.

For this reason, I hereby veto this general provision.

#### H. GENERAL PROVISION DIRECTING THE AUTOMATIC RELEASE OF FUNDS

Section 64 of the General Provisions entitled "Automatic and Direct Release of Funds," page 1437, FY 1997 GAB, states that unless otherwise provided under special laws and in the 1997 GAA, the amount appropriated shall be released automatically and directly to concerned departments, bureaus, offices, agencies, including government-owned and/or controlled corporations, and local government units.

While I appreciate the objective of this provision, it may be misconstrued as a mandate for the automatic release of funds and of agency allotments at the beginning of the year when revenue collections are not yet available. This is, therefore, a difficult if not impossible provision to comply with. Besides, Sections 34 and 36, Chapter 5, Book VI of E.O. No. 292, recognizes the need to program the release of funds during budget implementation based on the availability of cash resources of the government to ascertain good fiscal management.

Accordingly, I directly veto this general provision.

#### III. ITEMS FOR CONDITIONAL IMPLEMENTATION

Apart from the directly vetoed items of appropriation, including Special and General Provisions, I have observed the inclusion of new special authorizations which, while spared from direct veto, need to be properly covered by appropriate guidelines to ensure their implementation consistent with existing policies.

Therefore, the implementation of the following special provisions will be subject to the necessary administrative guidelines to be formulated by the Executive Branch pursuant to Sections 1 and 17, Article VII of the Constitution; Section 35, Chapter 5,

Book VI of E.O. No. 292; and, Sections 65 and 66 of the Government Auditing Code of the Philippines:

A. SPECIAL PROVISIONS ON THE DISPOSITION OF UNUSED APPROPRIATIONS

1. DEPARTMENT OF AGRARIAN REFORM, Office of the Secretary, Special Provision No. 7, entitled "Unused Appropriations," page 26, FY 1997 GAB;
2. DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT
  - a. PHILIPPINE NATIONAL POLICE, Special Provision No. 4 entitled "Unused Appropriations," page 594, FY 1997 GAB;
  - b. BUREAU OF FIRE PROTECTION, Special Provision No. 3 entitled "Unused Appropriations," page 598, FY 1997 GAB;
3. DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT, Office of the Secretary, Special Provision No. 4 entitled "Unused Appropriations," page 823, FY 1997 GAB;
4. GATT-RELATED ADJUSTMENT MEASURES FUND - DEPARTMENT OF AGRICULTURE, Office of the Secretary, Special Provision No. 7 entitled "Unused Appropriations," page 1123, FY 1997 GAB; and
5. COUNTRYWIDE DEVELOPMENT FUND, Special Provision No. 6 entitled "Unused Appropriations," page 1181, FY 1997 GAB; and
6. DECS-SCHOOL BUILDING PROGRAM, Special Provision No. 7 entitled "Unused Appropriations," page 1183, FY 1997 GAB.

B. SPECIAL PROVISION ON THE USE OF FUND EXCLUSIVELY FOR ILOILO CITY

Special Provision No. 1, entitled "Use of Fund," WEST VISAYAS STATE UNIVERSITY, page 346, FY 1997 GAB, earmarking twelve million pesos (P12 million) for 100 beds for the exclusive use of indigents from Iloilo City.

C. SPECIAL PROVISION DIRECTING SIMULTANEOUS RELEASE OF SARO AND NCA

Special Provision No. 3, entitled "Release of Funds," COUNTRYWIDE DEVELOPMENT FUND, page 1181, FY 1997 GAB, directing the simultaneous release of the SARO and NCA within ten (10) days after the publication of the list of projects; and

D. DECS - SCHOOL BUILDING PROGRAM, NATIONWIDE

ITEM (C), NATIONWIDE, of the DECS-Schoolbuilding Program, page 1183, FY 1997 GAB, allocating the amount of P1,656,150,000 which shall be subject to established apportionment formula.

IV. GENERAL OBSERVATIONS

I have noted with interest the following provisions:

- A. CONGRESS OF THE PHILIPPINES, Special Provision No. 2, Applicable to the Congress of the Philippines, entitled "Organizational Structure of the Senate, the House of Representatives, the Senate and House of Representatives Electoral Tribunals and the Commission on Appointments," page 12, FY 1997 GAB.

This provision has been included in the general observations portion of previous GAAs since 1989, in which I have consistently declared my trust in the wisdom of Congress to implement said special provision in accordance with the salary rates, allowances and other benefits prescribed or authorized by laws enacted pursuant



to the compensation standardization policy of the Constitution.

I hereby reiterate the same observations. As I have previously stated, I am confident that the power vested in the concerned officials of the Congress of the Philippines to fix and determine the salaries, allowances and other benefits of their respective employees shall be in accordance with R.A. No. 6686 and R.A. No. 6758, the Compensation and Position Classification Act of 1989, as amended, which Congress itself approved.

- B. DEPARTMENT OF FOREIGN AFFAIRS, Office of the Secretary, Special Provision No. 7, entitled "Authority to Retain Consular Income," page 530, FY 1997 GAB.

I subscribe to the intent of the above Special Provision. I will, however, issue the necessary guidelines on the implementation thereof to ensure that the consular income referred to is within the authorized appropriation of the department.

- C. DEPARTMENT OF JUSTICE, Office of the Solicitor General, Special Provision No. 1, entitled "Creation of New Legal Researcher Positions," page 629, FY 1997 GAB.

I find the special provision meritorious under the circumstances. However, the implementation will be subject to the usual organizational review process, and the compensation will be in accordance with existing laws and regulations.

#### V. CHANGES/INCREASES/REDUCTIONS AND NEW BUDGETARY ITEMS

I have noted that there were changes, increases, reductions and new budgetary items affected by Congress in this Act. In this regards, I declare that such changes, increases and realignments will be subject to programming and to applicable rules and procedures during budget implementation. I may, when necessary, impose appropriations reserves pursuant to the authority granted under Section 37, Chapter 5, Book VI of E.O.

No. 292. I may, likewise, avail of the Constitutional authority granted to the President to use savings to augment items of appropriations when national interest so requires.

#### VI. CLOSING STATEMENT

In closing, I would like to put on record my gratitude to the leadership of Congress, most especially to the House Committee on Appropriations and the Senate Committee on Finance for the enactment of the General Appropriations Act for Fy 1997. I am aware of the extensive debate that went on, in and out of the halls of Congress, in the crafting of this most important measure. I am satisfied that, with the proper guidelines, this budget will be an instrument for carrying on our goals towards an economically prosperous, socially responsible and politically stable Philippines in FY 1997 and beyond.

This Bill becomes Republic Act No. 8250.

Very truly yours,

(Sgd.) FIDEL V. RAMOS

THE HOUSE OF REPRESENTATIVES  
Congress of the Philippines  
Manila

*Copy Furnished:*

The Honorable Senate President  
Senate of the Philippines  
Manila