

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

H. No. 3154

REPUBLIC ACT NO. 9336

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

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

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

SUMMARY OF FY 2005 NEW APPROPRIATIONS
(Amount, In thousand pesos)

I. CONGRESS OF THE PHILIPPINES	<u>4,513,538</u>
A. Senate	1,336,839
A.1 Senate Electoral Tribunal	53,320
B. Commission on Appointments	208,429
C. House of Representatives	2,833,574
C.1 House Electoral Tribunal.....	81,376
II. OFFICE OF THE PRESIDENT.....	<u>3,404,987</u>
A. The President's Offices	3,404,987
III. OFFICE OF THE VICE PRESIDENT	<u>82,264</u>
IV. DEPARTMENT OF AGRARIAN REFORM	<u>4,881,255</u>
A. Office of the Secretary	4,881,255
V. DEPARTMENT OF AGRICULTURE	<u>2,916,015</u>
A. Office of the Secretary.....	2,056,783
B. Agricultural Credit Policy Council	17,265

C. Bureau of Fisheries and Aquatic Resources	418,896
D. Bureau of Post-Harvest Research and Extension	50,327
E. Cotton Development Administration	40,135
F. Fertilizer and Pesticide Authority	35,779
G. Fiber Industry Development Authority	149,609
H. Livestock Development Council	9,067
I. National Agricultural and Fishery Council	51,329
J. National Meat Inspection Commission	18,815
K. National Nutrition Council	42,536
L. Philippine Carabao Center	25,474
VI. DEPARTMENT OF BUDGET AND MANAGEMENT	<u>393,783</u>
A. Office of the Secretary	393,783
VII. DEPARTMENT OF EDUCATION	<u>102,629,586</u>
A. Office of the Secretary	102,583,978
B. National Book Development Board	16,310
C. National Council for Children's Television	1,000
D. Philippine High School for the Arts	28,298
VIII. STATE UNIVERSITIES AND COLLEGES	<u>15,712,283</u>
A. NATIONAL CAPITAL REGION	<u>5,492,480</u>
A.1 Eulogio "Amang" Rodriguez Institute of Science and Technology	89,773

A.2	Marikina Polytechnic College (Marikina Institute of Science and Technology)	45,079
A.3	Philippine Normal University	232,532
A.4	Philippine State College of Aeronautics	45,068
A.5	Polytechnic University of the Philippines	512,887
A.6	Rizal Technological University	126,781
A.7	Technological University of the Philippines	277,566
A.8	University of the Philippines System	4,162,794
B.	Region I – ILOCOS	<u>881,023</u>
B.1	Don Mariano Marcos Memorial State University	293,599
B.2	Ilocos Sur Polytechnic State College	67,174
B.3	Mariano Marcos State University	215,844
B.4	Pangasinan State University	160,402
B.5	University of Northern Philippines	144,004
C.	CORDILLERA ADMINISTRATIVE REGION	<u>410,797</u>
C.1	Abra State Institute of Science and Technology	54,856
C.2	Apayao State College	26,651
C.3	Benguet State University	172,537
C.4	Ifugao State College of Agriculture and Forestry	63,239
C.5	Kalinga-Apayao State College	43,260
C.6	Mountain Province State Polytechnic College	50,254

D. Region II – CAGAYAN VALLEY	<u>622,950</u>
D.1 Batanes State College (Batanes Polytechnic College)	8,423
D.2 Cagayan State University	204,219
D.3 Isabela State University	249,804
D.4 Nueva Vizcaya State University (Nueva Vizcaya State Institute of Technology and Nueva Vizcaya State Polytechnic College)	136,891
D.5 Quirino State College	23,613
E. Region III – CENTRAL LUZON	<u>1,125,006</u>
E.1 Aurora State College of Technology	23,401
E.2 Bataan Polytechnic State College	73,729
E.3 Bataan State College	23,387
E.4 Bulacan Agricultural State College	27,630
E.5 Bulacan State University	121,634
E.6 Central Luzon State University	190,108
E.7 Don Honorio Ventura College of Arts and Trades	63,631
E.8 Nueva Ecija University of Science and Technology	117,461
E.9 Pampanga Agricultural College	65,025
E.10 Philippine Merchant Marine Academy	200,087
E.11 Ramon Magsaysay Technological University	62,523
E.12 Tarlac College of Agriculture	66,265
E.13 Tarlac State University	90,125

F. Region IV – SOUTHERN TAGALOG AND PALAWAN	<u>1,010,016</u>
Region IV – A (CALABARZON)	<u>601,724</u>
F.1 Batangas State University (Pablo Borbon Memorial Institute of Technology)	126,474
F.2 Cavite State University	135,716
F.3 Laguna State Polytechnic College	103,516
F.4 Southern Luzon Polytechnic College	89,531
F.5 University of Rizal System (Rizal Polytechnic College and Rizal State College)	146,487
Region IV – B (MIMAROPA)	<u>408,292</u>
F.6 Marinduque State College	40,659
F.7 Mindoro State College of Agriculture and Technology	49,033
F.8 Occidental Mindoro National College	62,833
F.9 Palawan State University	111,885
F.10 Romblon State College	71,990
F.11 Western Philippines University (State Polytechnic College of Palawan)	71,892
G. Region V – BICOL	<u>784,148</u>
G.1 Bicol University	261,137

G.2	Camarines Norte State College	78,342
G.3	Camarines Sur Polytechnic Colleges	59,118
G.4	Camarines Sur State Agricultural College	113,519
G.5	Catanduanes State Colleges	113,829
G.6	Dr. Emilio B. Espinosa, Sr. Memorial State College of Agriculture and Technology	27,448
G.7	Partido State University (Partido State College)	67,261
G.8	Sorsogon State College	63,494
H.	Region VI – WESTERN VISAYAS	<u>1,055,110</u>
H.1	Aklan State University (Aklan State College of Agriculture)	103,961
H.2	Carlos C. Hilado Memorial State College	73,895
H.3	Capiz State University (Panay State Polytechnic College)	150,250
H.4	Guimaras State College	18,556
H.5	Iloilo State College of Fisheries	93,386
H.6	Negros State College of Agriculture	28,835
H.7	Northern Iloilo Polytechnic State College	119,110
H.8	Northern Negros State College of Science and Technology	17,507
H.9	Polytechnic State College of Antique	65,805
H.10	Western Visayas College of Science and Technology	128,702
H.11	West Visayas State University	255,103
I.	Region VII – CENTRAL VISAYAS	<u>429,081</u>
I.1	Cebu Normal University	58,616

I.2	Cebu State College of Science and Technology	173,205
I.3	Negros Oriental State University (Central Visayas Polytechnic College).....	101,088
I.4	Central Visayas State College of Agriculture, Forestry and Technology	75,760
I.5	Siquijor State College	20,412
J.	Region VIII – EASTERN VISAYAS	<u>945,834</u>
J.1	Eastern Samar State University (Eastern Samar State College)	104,774
J.2	Eastern Visayas State University(Leyte Institute of Technology)	127,596
J.3	Leyte Normal University	65,240
J.4	Leyte State University (Visayas State College of Agriculture)	200,380
J.5	Naval Institute of Technology	50,330
J.6	Palompon Institute of Technology	51,019
J.7	Samar State College of Agriculture and Forestry	13,125
J.8	Samar State University (Samar State Polytechnic College)	64,397
J.9	Southern Leyte State University (Southern Leyte State College of Science and Technology and Tomas Oppus Normal College)	85,734
J.10	Tiburcio Tancinco Memorial Institute of Science and Technology	39,836
J.11	University of Eastern Philippines	143,403
K.	Region IX – ZAMBOANGA PENINSULA and ARMM	<u>647,114</u>

Region IX – (MAIN)	<u>390,247</u>
K.1 J.H. Cerilles State College	16,536
K.2 Jose Rizal Memorial State College	68,418
K.3 Western Mindanao State University	207,920
K.4 Zamboanga City State Polytechnic College	42,494
K.5 Zamboanga State College of Marine Sciences and Technology	54,879
Region IX – (ARMM)	<u>256,867</u>
K.6 Basilan State College	28,081
K.7 MSU-Tawi-Tawi College of Technology and Oceanography	170,464
K.8 Sulu State College	30,312
K.9 Tawi-Tawi Regional Agricultural College	28,010
L. Region X – NORTHERN MINDANAO	<u>620,770</u>
L.1 Bukidnon State College	54,181
L.2 Camiguin Polytechnic State College	19,371
L.3 Central Mindanao University	172,320
L.4 Mindanao Polytechnic State College	69,194
L.5 MSU-Iligan Institute of Technology	269,566
L.6 Misamis Oriental State College of Agriculture and Technology	23,490
L.7 Northwestern Mindanao State College of Science and Technology	12,648

M. Region XI – DAVAO REGION	<u>210,997</u>
M.1 Davao del Norte State College	26,330
M.2 Davao Oriental State College of Science and Technology	32,871
M.3 Southern Philippines Agri-Business and Marine and Aquatic School of Technology	25,088
M.4 University of Southeastern Philippines	126,708
N. Region XII – MAIN SOCCSKSARGEN and ARMM	<u>1,285,177</u>
Region XII – (MAIN)	<u>341,798</u>
N.1 Cotabato City State Polytechnic College	50,031
N.2 Cotabato Foundation College of Science and Technology	54,208
N.3 Sultan Kudarat Polytechnic State College	57,942
N.4 University of Southern Mindanao	179,617
Region XII – (ARMM)	<u>943,379</u>
N.5 Adiong Memorial Polytechnic State College	11,371
N.6 Mindanao State University	932,008
O. REGION XIII – CARAGA ADMINISTRATIVE REGION	<u>191,780</u>
O.1 Agusan del Sur State College of Agriculture and Technology	20,534

	O.2 Northern Mindanao State Institute of Science and Technology	48,306
	O.3 Surigao del Sur Polytechnic State College	67,935
	O.4 Surigao State College of Technology	55,005
IX.	DEPARTMENT OF ENERGY	<u>330,738</u>
	A. Office of the Secretary	330,738
X.	DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES	<u>5,511,256</u>
	A. Office of the Secretary	4,556,535
	B. Environmental Management Bureau	287,045
	C. Mines and Geo-Science Bureau	402,451
	D. National Mapping and Resource Information Authority	265,225
XI.	DEPARTMENT OF FINANCE	<u>5,630,317</u>
	A. Office of the Secretary	204,723
	B. Bureau of Customs	1,214,988
	C. Bureau of Internal Revenue	3,641,778
	D. Bureau of Local Government Finance	106,457
	E. Bureau of the Treasury	334,108
	F. Central Board of Assessment Appeals	6,503
	G. Fiscal Incentives Review Board	120
	H. Insurance Commission	53,166
	I. National Tax Research Center	31,431
	J. Privatization and Management Office	37,043

XII.	DEPARTMENT OF FOREIGN AFFAIRS	<u>5,018,174</u>
	A. Office of the Secretary	4,937,633
	B. Commission on Filipinos Overseas	39,220
	C. Foreign Service Institute	28,850
	D. Technical Cooperation Council of the Philippines	2,497
	E. UNESCO National Commission of the Philippines	9,974
XIII.	DEPARTMENT OF HEALTH	<u>9,826,727</u>
	A. Office of the Secretary	9,725,318
	B. Commission on Population	101,409
XIV.	DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT	<u>43,681,173</u>
	A. Office of the Secretary	1,415,447
	B. Bureau of Fire Protection	3,651,579
	C. Bureau of Jail Management and Penology	2,246,556
	D. Local Government Academy	33,399
	E. National Police Commission	638,924
	F. Philippine National Police	35,196,730
	G. Philippine Public Safety College	498,538
XV.	DEPARTMENT OF JUSTICE	<u>4,635,929</u>
	A. Office of the Secretary	1,413,608

	B. Bureau of Corrections	822,716
	C. Bureau of Immigration	326,353
	D. Commission on the Settlement of Land Problems	17,813
	E. Land Registration Authority	406,422
	F. National Bureau of Investigation	599,407
	G. Office of the Government Corporate Counsel	46,116
	H. Office of the Solicitor General	155,729
	I. Parole and Probation Administration	323,118
	J. Public Attorney's Office	524,647
XVI.	DEPARTMENT OF LABOR AND EMPLOYMENT	<u>4,328,287</u>
	A. Office of the Secretary	1,252,886
	B. Institute for Labor Studies	16,547
	C. National Conciliation and Mediation Board	81,888
	D. National Labor Relations Commission	299,609
	E. National Maritime Polytechnic	56,783
	F. National Wages and Productivity Commission	82,237
	G. Philippine Overseas Employment Administration	208,304
	H. Technical Education and Skills Development Authority	2,330,033
XVII.	DEPARTMENT OF NATIONAL DEFENSE	<u>46,036,935</u>
	A. Office of the Secretary	288,596
	B. Armed Forces of the Philippines	<u>44,554,231</u>
	B.1 General Headquarters	4,977,472

B.2	Philippine Air Force	6,785,340
B.3	Philippine Army	21,362,343
B.4	Philippine Navy	7,945,223
B.5	Presidential Security Group	412,425
B.6	Philippine Military Academy	568,170
B.7	Armed Forces of the Philippines Medical Center	784,270
B.8	Citizen Armed Forces Geographical Units	1,434,798
B.9	Retirees and Reservist Affairs Program	70,406
B.10	Self-Reliant Defense Posture Program	20,933
B.11	CPLA Integration Program	96,556
B.12	Exercise Balikatan	96,295
C.	Government Arsenal	254,233
D.	National Defense College of the Philippines	38,533
E.	Office of Civil Defense	75,898
F.	Philippine Veterans Affairs Office	<u>825,444</u>
F.1	Philippine Veterans Affairs Office (Proper)	274,405
F.2	Military Shrine Services	16,660
F.3	Veterans Memorial Medical Center	534,379
XVIII.	DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS	<u>42,472,572</u>
A.	Office of the Secretary	42,472,572

XIX.	DEPARTMENT OF SCIENCE AND TECHNOLOGY	<u>2,447,880</u>
	A. Office of the Secretary	524,479
	B. Advanced Science and Technology Institute	23,660
	C. Food and Nutrition Research Institute	57,250
	D. Forest Products Research and Development Institute	61,383
	E. Industrial Technology Development Institute	123,212
	F. Metals Industry Research and Development Center	92,963
	G. National Academy of Science and Technology	21,029
	H. National Research Council of the Philippines	20,509
	I. Philippine Atmospheric, Geophysical and Astronomical Services Administration	303,986
	J. Philippine Council for Advanced Science and Technology Research and Development	52,193
	K. Philippine Council for Agriculture, Forestry and Natural Resources Research and Development	131,021
	L. Philippine Council for Aquatic and Marine Research and Development	29,282
	M. Philippine Council for Health Research and Development	38,292
	N. Philippine Council for Industry and Energy Research and Development	34,492
	O. Philippine Institute of Volcanology and Seismology	72,752
	P. Philippine Nuclear Research Institute	91,843
	Q. Philippine Science High School	227,358
	R. Philippine Textile Research Institute	45,899

	S. Science Education Institute	414,142
	T. Science and Technology Information Institute	31,199
	U. Technology Application and Promotion Institute	50,936
XX.	DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT	<u>2,285,681</u>
	A. Office of the Secretary	2,227,335
	B. Council for the Welfare of Children and Youth	15,692
	C. Inter-Country Adoption Board	16,060
	D. National Council for the Welfare of Disabled Persons	26,594
XXI.	DEPARTMENT OF TOURISM	<u>1,121,727</u>
	A. Office of the Secretary	960,994
	B. Intramuros Administration	28,959
	C. National Parks Development Committee	131,774
XXII.	DEPARTMENT OF TRADE AND INDUSTRY	<u>1,979,356</u>
	A. Office of the Secretary	1,672,685
	B. Board of Investments	183,750
	C. Construction Industry Authority of the Philippines	33,787
	D. Construction Manpower Development Foundation	17,327
	E. Philippine Trade Training Center	26,428
	F. Product Development and Design Center of the Philippines	45,379

XXIII. DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS	<u>7,381,558</u>
A. Office of the Secretary	7,140,732
B. Civil Aeronautics Board	27,850
C. Maritime Industry Authority	190,798
D. Office of Transportation Cooperatives	11,265
E. Office for Transportation Security	1,000
F. Toll Regulatory Board	9,913
XXIV. NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY	<u>1,212,870</u>
A. Office of the Director-General	412,922
B. National Statistical Coordination Board	71,540
C. National Statistics Office	656,318
D. Philippine National Volunteer Service Coordinating Agency	10,792
E. Statistical Research and Training Center	19,936
F. Tariff Commission	41,362
XXV. OFFICE OF THE PRESS SECRETARY	<u>808,391</u>
A. Office of the Press Secretary (Proper)	101,338
B. Bureau of Broadcast Services	222,755
C. Bureau of Communications Services	24,365
D. National Printing Office	115,006
E. News and Information Bureau	69,173
F. Philippine Information Agency	183,952
G. Presidential Broadcast Staff (RTVM)	91,802

XXVI. OTHER EXECUTIVE OFFICES	<u>3,783,169</u>
A. Anti-Money Laundering Council	10,000
B. Commission on Higher Education	206,514
C. Commission on the Filipino Language	26,584
D. Cooperative Development Authority	208,778
E. Dangerous Drugs Board	149,874
F. Energy Regulatory Commission	146,428
G. Film Development Council of the Philippines	4,177
H. Games and Amusements Board	40,708
I. Housing and Land Use Regulatory Board	154,308
J. Housing and Urban Development Coordinating Council	70,342
K. Intellectual Property Office	62,266
L. Movie and Television Review and Classification Board	28,453
M. National Anti-Poverty Commission	48,198
N. National Commission for Culture and the Arts	<u>293,843</u>
N.1 National Commission for Culture and the Arts (Proper)	19,529
N.2 National Historical Institute	60,593
N.3 The National Library	59,829
N.4 National Museum	102,140
N.5 Records Management and Archives Office	51,752

O.	National Commission on Indigenous Peoples	405,438
P.	National Commission on the Role of Filipino Women	27,998
Q.	National Intelligence Coordinating Agency	243,967
R.	National Security Council	49,321
S.	National Telecommunication Commission	141,294
T.	National Water Resources Board	27,673
U.	National Youth Commission	53,205
V.	Office on Muslim Affairs	214,520
W.	Optical Media Board (Videogram Regulatory Board)	23,581
X.	Palawan Council for Sustainable Development Staff	79,587
Y.	Philippine Drug Enforcement Agency	141,487
Z.	Philippine Racing Commission	38,455
AA.	Philippine Sports Commission	104,540
AB.	Presidential Commission on Good Government	66,468
AC.	Presidential Commission for the Urban Poor	45,018
AD.	Presidential Legislative Liaison Office	20,661
AE.	Presidential Management Staff	166,820
AF.	Professional Regulation Commission	254,923
AG.	Securities and Exchange Commission	227,740
XXVII.	JOINT LEGISLATIVE EXECUTIVE COUNCILS	<u>1,616</u>
A.	Legislative-Executive Development Advisory Council	1,616

XXVIII. THE JUDICIARY	<u>7,523,732</u>
A. Supreme Court of the Philippines and the Lower Courts	6,705,025
A.1 Presidential Electoral Tribunal	46,820
B. Sandiganbayan	197,406
C. Court of Appeals	514,940
D. Court of Tax Appeals	59,541
XXIX. CIVIL SERVICE COMMISSION	<u>472,624</u>
A. Civil Service Commission	441,702
A.1 Career Executive Service Board	30,922
XXX. COMMISSION ON AUDIT	<u>3,651,306</u>
XXXI. COMMISSION ON ELECTIONS	<u>1,305,923</u>
XXXII. OFFICE OF THE OMBUDSMAN	<u>647,539</u>
XXXIII. COMMISSION ON HUMAN RIGHTS	<u>197,375</u>
XXXIV. AUTONOMOUS REGION	<u>6,691,223</u>
A. Autonomous Regional Government in Muslim Mindanao	6,691,223

XXXV. BUDGETARY SUPPORT TO GOVERNMENT CORPORATIONS	<u>4,685,670</u>
A. DEPARTMENT OF AGRICULTURE	<u>1,357,700</u>
A.1 National Dairy Authority	52,200
A.2 National Food Authority	900,000
A.3 National Tobacco Administration	80,000
A.4 Philippine Coconut Authority	170,000
A.5 Philippine Crop Insurance Corporation	30,500
A.6 Philippine Rice Research Institute	90,000
A.7 Sugar Regulatory Administration	35,000
B. DEPARTMENT OF ENERGY	<u>260,000</u>
B.1 National Electrification Administration	260,000
C. DEPARTMENT OF HEALTH	<u>813,560</u>
C.1 Lung Center of the Philippines	207,560
C.2 National Kidney and Transplant Institute	185,000
C.3 Philippine Children's Medical Center	226,000
C.4 Philippine Heart Center	155,000
C.5 Philippine Institute for Traditional and Alternative Health Care	40,000
D. DEPARTMENT OF TOURISM	<u>64,800</u>
D.1 Philippine Convention and Visitors Corporation	64,800

E.	DEPARTMENT OF TRADE AND INDUSTRY	<u>106,000</u>
E.1	Cottage Industry Technology Center	13,000
E.2	Center for International Trade Expositions and Missions	93,000
F.	DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS	<u>135,000</u>
F.1	Philippine National Railways	135,000
G.	NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY	<u>24,300</u>
G.1	Philippine Institute for Development Studies	24,300
H.	OFFICE OF THE PRESS SECRETARY	<u>50,000</u>
H.1	People's Television Network, Incorporated	50,000
I.	OTHER EXECUTIVE OFFICES	<u>1,870,000</u>
I.1	Cagayan Economic Zone Authority	90,000
I.2	Cultural Center of the Philippines	120,000
I.3	Development Academy of the Philippines	70,000
I.4	National Home Mortgage Finance Corporation	500,000
I.5	National Housing Authority	1,000,000
I.6	Zamboanga City Special Economic Zone Authority	90,000
J.	BUDGETARY SUPPORT TO GOVERNMENT CORPORATIONS-OTHERS ..	<u>4,310</u>

XXXVI.	AGRICULTURE AND FISHERIES MODERNIZATION PROGRAM	<u>10,261,068</u>
	A. DEPARTMENT OF AGRICULTURE	<u>10,030,878</u>
	A.1 Office of the Secretary	9,032,531
	A.2 Bureau of Fisheries and Aquatic Resources	829,268
	A.3 National Meat Inspection Commission	97,631
	A.4 Philippine Carabao Center	71,448
	B. BUDGETARY SUPPORT TO GOVERNMENT CORPORATIONS	<u>230,190</u>
	B.1 Philippine Coconut Authority	41,330
	B.2 Philippine Rice Research Institute	150,000
	B.3 Philippine Fisheries Development Authority	38,860
XXXVII.	ALLOCATIONS TO LOCAL GOVERNMENT UNITS	<u>155,866,558</u>
	A. Internal Revenue Allotment	151,623,054
	B. Special Shares of LGUs in the Proceeds of National Taxes	1,907,158
	C. Local Government Empowerment Fund	15,000
	D. Barangay Officials Death Benefits Fund	37,000
	E. Metropolitan Manila Development Authority	1,084,506
	F. Pasig River Rehabilitation Commission	449,840
	G. Premium Subsidy for Indigents under the National Health Insurance Program	750,000
XXXVIII.	CALAMITY FUND	<u>700,000</u>

XXXIX.	CONTINGENT FUND	800,000
XL.	DEPARTMENT OF EDUCATION – SCHOOL BUILDING PROGRAM	1,000,000
XLI.	E-GOVERNMENT FUND	1,000,000
XLII.	INTERNATIONAL COMMITMENTS FUND	1,800,584
XLIII.	MISCELLANEOUS PERSONNEL BENEFITS FUND	2,360,000
XLIV.	NATIONAL UNIFICATION FUND	50,000
XLV.	PENSION AND GRATUITY FUND	34,667,211
XLVI.	PRIORITY DEVELOPMENT ASSISTANCE FUND	6,100,000
XLVII.	UNPROGRAMMED FUND	34,854,520
	TOTAL NEW APPROPRIATIONS	597,663,400

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A N N E X E S

A.	DEBT SERVICE – INTEREST PAYMENT	301,692,000
B.	DEBT SERVICE – PRINCIPAL AMORTIZATION	344,149,000

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"ANNEX A"

DEBT SERVICE FUND – INTEREST PAYMENT

For payment of interest of foreign and domestic indebtedness,
as indicated hereunder

P301,692,000,000

Current Operating Expenditures

<u>Personal Services</u>	<u>Maintainance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
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A. PURPOSE

1. For the Payment of interest of Foreign and Domestic Indebtedness	<u>P301,692,000,000</u>		<u>P301,692,000,000</u>
TOTAL	<u>P301,692,000,000</u> =====		<u>P301,692,000,000</u> =====

GENERAL SUMMARY
DEBT SERVICE – INTEREST PAYMENT

Current Operating Expenditures

	<u>Personal Services</u>	Maintainance and Other Operating <u>Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
A. Debt Service – Interest Payment		<u>P301,692,000,000</u>		<u>P301,692,000,000</u>
Total, Debt Service – Interest Payment		<u>P301,692,000,000</u> =====		<u>P301,692,000,000</u> =====

"ANNEX B"

DEBT SERVICE – PRINCIPAL AMORTIZATION

For payment of principal amortization of foreign and domestic indebtedness,
as indicated hereunder P344,149,000,000

Current Operating Expenditures

	<u>Personal Services</u>	<u>Maintainance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
A. <u>PURPOSE</u>				
1. For the Payment of Principal Amortization of Foreign and Domestic Indebtedness		<u>P344,149,000,000</u>		<u>P344,149,000,000</u>
TOTAL		<u>P344,149,000,000</u> =====		<u>P344,149,000,000</u> =====

GENERAL SUMMARY
DEBT SERVICE – PRINCIPAL AMORTIZATION

Current Operating Expenditures

	<u>Personal Services</u>	Maintainance and Other Operating <u>Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
A. Debt Service – Principal Amortization		<u>P344,149,000,000</u>		<u>P344,149,000,000</u>
Total, Debt Service – Principal Amortization		<u>P344,149,000,000</u> =====		<u>P344,149,000,000</u> =====

SEC. 2. Approval of Annual Budgets of Corporations under R.A. No. 7638. – Pursuant to Section 13, Chapter III of Republic Act No. 7638, the FY 2005 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, FY 2005

(In Thousand Pesos)

SUMMARY

			<u>Current Operating Expenditures</u>				
		<u>Personal Services</u>		<u>Maintenance and Other Operating Expenses</u>		<u>Capital Outlays</u>	<u>Total</u>
A. PROGRAM/ACTIVITY/PROJECT							
1. General Administration and Support	P	25,688	P	21,160	P	2,160	P 48,988
2. Support to Operations		38,502		31,740		3,240	73,482
3. Operations		42,779		35,265		3,600	81,644
4. Locally-Funded Project				<u>260,000</u>		<u>600,000</u>	<u>860,000</u>
4.1 Rural Electrification				260,000		600,000	860,000
5. Debt Servicing				<u>1,785,956</u>			<u>1,785,956</u>
5.1 Loan Repayment				1,785,956			1,785,956
6. Conversion of Interest on NG Advances				500,000			500,000
7. Others				<u>16,042</u>			<u>16,042</u>
 TOTAL	 P	 106,949	 P	 2,650,163	 P	 609,000	 P 3,366,112
		=====		=====		=====	=====

a/ MODE, net of allowance for depreciation of P24.785 Million

I. NATIONAL ELECTRIFICATION ADMINISTRATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2005
(In Thousand Pesos)
NATIONAL GOVERNMENT EQUITY AND/OR SUBSIDY

Schedule I

		<u>Current Operating Expenditures</u>			
		<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
A. PROGRAM/ACTIVITY/PROJECT					
1.	Locally-Funded Project	P	<u>260,000</u>		P <u>260,000</u>
	1.1 Rural Electrification		260,000		260,000
2.	Debt Servicing		<u>300,000</u>		<u>300,000</u>
	2.1 Loan Repayment		300,000		300,000
3.	Conversion of Interest on NG Advances		<u>500,000</u>		<u>500,000</u>
	 TOTAL	 P	 1,060,000		 P 1,060,000
		=====	=====	=====	=====

I. NATIONAL ELECTRIFICATION ADMINISTRATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2005
(In Thousand Pesos)
CORPORATE FUNDS

Schedule II

	<u>Current Operating Expenditures</u>				<u>Total</u>
	<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>		
A. PROGRAM/ACTIVITY/PROJECT					
1. General Administration and Support	P 25,688	P 21,160	P 2,160	P 48,988	
2. Support to Operations	38,502	31,740	3,240	73,482	
3. Operations	42,779	35,265	3,600	81,644	
4. Locally-Funded Project			<u>600,000</u>	<u>600,000</u>	
4.1 Rural Electrification			600,000	600,000	
5. Debt Servicing		<u>1,485,956</u>		<u>1,485,956</u>	
5.1 Loan Repayment		1,485,956		1,485,956	
6. Others		<u>16,042</u>		<u>16,042</u>	
TOTAL	P 106,949	P 1,590,163	P 609,000	P 2,306,112	
	=====	=====	=====	=====	

Special Provision

1. *Budget Flexibility and Report.* – The National Electrification Administration (NEA), through its Board of Administrators, is authorized to realign programs and projects, reallocate the corresponding budgetary requirements approved herein, as well as augment the requirements which may arise from factors beyond the NEA's control. These may include, but shall not be limited to, currency depreciation, inflation, change in interest rate, 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 appropriations for Personal Services shall not be augmented by savings from Maintenance and Other Operating Expenses and Capital Outlays, or by new funding sources.

A comprehensive financial and narrative report on the aforesaid budgetary adjustments shall be submitted to the House Committee on Appropriations and the Senate Committee on Finance, including the DBM, within thirty (30) days after such adjustments are made.

II. NATIONAL POWER CORPORATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2005

(In Thousand Pesos)

SUMMARY

A. PROGRAM/ACTIVITY/PROJECT		Personal <u>Services</u>	<u>Current Operating Expenditures</u>		
			Maintenance and Other Operating <u>Expenses</u>	Capital <u>Outlays</u>	<u>Total</u>
1. General Administration and Support	P	<u>523,983</u>	P <u>589,059</u>	P <u>259,034</u>	P <u>1,372,076</u>
a. Head Office Support Group		523,983	589,059	96,443	1,209,485
b. Eng'g. Admin./Survey/Dev. Studies/Planning				162,591	162,591
2. Support to Operations		<u>30,355</u>	<u>313,471</u>		<u>343,826</u>
a. Other Expenses		30,355	313,471		343,826
3. Operations		<u>1,733,902</u>	<u>148,705,409</u>	<u>6,478,540</u>	<u>156,917,851</u>
a. Utility/Systems Operation		1,316,236	2,773,906	2,924,371	7,014,513
b. Strategic Power Utilities Group		417,666	939,681	2,664,159	4,021,506
c. Spares				890,010	890,010
d. Production of Goods			144,991,822		144,991,822
4. Locally-Funded Projects				791,574	791,574
5. Foreign-Assisted Projects				<u>2,380,742</u>	<u>2,380,742</u>
a. Generation				2,101,000	2,101,000
b. Interest during Construction				279,742	279,742
6. Debt Servicing			62,614,332		62,614,332
7. Other Expenditures			<u>12,943,581</u>		<u>12,943,581</u>
TOTAL	P	<u>2,288,240</u>	P <u>225,165,852</u>	P <u>9,909,890</u>	P <u>237,363,982</u>

a/ Excludes non-cash item i.e., depreciation of P34,711 Million

II. NATIONAL POWER CORPORATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2005

Schedule I

(In Thousand Pesos)

CORPORATE BORROWINGS

		<u>Current Operating Expenditures</u>		
	<u>Personal</u>	<u>Maintenance</u>	<u>Capital</u>	<u>Total</u>
	<u>Services</u>	<u>and Other</u>	<u>Outlays</u>	
		<u>Operating</u>		
		<u>Expenses</u>		
A. PROGRAM/ACTIVITY/PROJECT				
1. General Administration and Support	P		P <u>259,034</u>	P <u>259,034</u>
a. Head Office Support Group			96,443	96,443
b. Eng'g. Admin./Survey/Dev. Studies/Planning			162,591	162,591
2. Operations		<u>40,241,193</u>	<u>6,478,540</u>	<u>46,719,733</u>
a. Utility/Systems Operation			2,924,371	2,924,371
b. Strategic Power Utilities Group			2,664,159	2,664,159
c. Spares			890,010	890,010
d. Production of Goods		40,241,193		40,241,193
3. Locally-Funded Projects			791,574	791,574
4. Foreign-Assisted Projects			<u>2,380,742</u>	<u>2,380,742</u>
a. Generation			2,101,000	2,101,000
b. Interest during Construction			279,742	279,742
5. Debt Servicing		62,614,332		62,614,332
6. Other Expenditures		<u>5,591,902</u>		<u>5,591,902</u>
TOTAL	P	108,447,427	P 9,909,890	P118,357,317
		=====	=====	=====

II. NATIONAL POWER CORPORATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2005
(In Thousand Pesos)
CORPORATE FUNDS

Schedule II

		<u>Current Operating Expenditures</u>			
		<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
1.	General Administration and Support	P 523,983	P 589,059		P 1,113,042
a.	Head Office Support Group	523,983	589,059		1,113,042
2.	Support to Operations	<u>30,355</u>	<u>313,471</u>		<u>343,826</u>
a.	Other Expenses	30,355	313,471		343,826
3.	Operations	<u>1,733,902</u>	<u>108,464,216</u>		<u>110,198,118</u>
a.	Utility/Systems Operations	1,316,236	2,773,906		4,090,142
b.	Strategic Power Utilities Group	417,666	939,681		1,357,347
c.	Production of Goods		104,750,629		104,750,629
4.	Other Expenditures		<u>7,351,679</u>		<u>7,351,679</u>
	TOTAL	P 2,288,240	P 116,718,425		P119,006,665
		=====	=====		=====

Special Provisions

1. Budget Flexibility. – The National Power Corporation (NPC), through its Board of Directors, is authorized to realign programs and projects, reallocate the corresponding budgetary requirements approved herein, as well as augment the requirements which may arise from factors beyond the NPC's control. These may include, but shall not be limited to the following:

- (a) Increase in oil/steam/coal/natural gas prices;
- (b) Currency depreciation;
- (c) Inflation;
- (d) Change in generation mix and demand, interest rates;
- (e) Substitute programs and projects;
- (f) Change in generation/transmission system plan, purchased power program;
- (g) Project implementation and schedule and correction;
- (h) Transfer, or elimination at NPC's expense of projects or installations that are hazardous to the health or safety of inhabitants; and
- (i) Reorganization, subsidiarization or privatization 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 appropriations for Personal Services shall not be augmented by savings from Maintenance and Other Operating Expenses (MOOE) and Capital Outlays, or by new funding sources.

2. Augmentation Beyond Approved Corporate Operating Budget. – The NPC is hereby authorized to augment and disburse funds beyond the total amount approved in this Act for fuel, purchased power and debt service: *Provided*, That such are the effect of peso devaluation and increase in production costs beyond NPC's control: *Provided, further*, That the amount to be disbursed shall come from corporate funds/borrowings.

3. Authority to Transfer Budget. – Upon transfer to the Power Sector Assets and Liabilities Management (PSALM) Corporation of NPC's generation assets, liabilities, real estates and all other disposable assets as mandated by R.A. No. 9136, or the Electric Power Industry Reform Act of 2001, NPC shall transfer to PSALM that portion of its budget corresponding to the transferred assets and liabilities pursuant to PSALM-NPC Deed of Transfer.

In case of assignment or transfer to PSALM of any of NPC's Independent Power Producers (IPP) Contracts and/or IPP-related contracts and assets, NPC shall transfer to PSALM that portion of its budget corresponding to the assigned or transferred contracts and assets.

4. Reportorial Requirement. – A comprehensive financial and narrative report on the budgetary adjustments authorized under the preceding sections 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.

5. Restriction on the Grant of New/Additional Compensation. – No amount authorized herein shall be used to cover payment of new/additional cash compensation such as salaries and allowances, unless approved by Congress: *Provided*, That the grant of new/additional non-cash and other economic benefits shall be subject to existing laws, rules and regulations.

III. PHILIPPINE NATIONAL OIL COMPANY

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2005
(In Thousand Pesos)
SUMMARY

		<u>Current Operating Expenditures</u>			
		<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
A. PROGRAM/ACTIVITY/PROJECT					
1.	General Administration and Support	P 44,832	P 88,319	P 10,822	P 143,973
2.	Operations	9,621	240,865	3,914,000	4,164,486
3.	Others		<u>3,072,072</u>		<u>3,072,072</u>
	Debt Servicing				
	Principal		1,804,568		1,804,568
	Interest Expense		<u>1,267,504</u>		<u>1,267,504</u>
	TOTAL	P 546,453	P 3,401,256	P 3,924,822	P 7,380,531
		=====	=====	=====	=====

III. PHILLIPINE NATIONAL OIL COMPANY

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2005
(In Thousand Pesos)
CORPORATE BORROWINGS

Schedule I

	<u>Current Operating Expenditures</u>			<u>Total</u>
	<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	
A. PROGRAM/ACTIVITY/PROJECT				
1. Operations			P <u>2,823,000</u>	P <u>2,823,000</u>
TOTAL			P <u>2,823,000</u> =====	P <u>2,823,000</u> =====

III. PHILLIPINE NATIONAL OIL COMPANY

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2005
(In Thousand Pesos)
CORPORATE FUNDS

Schedule II

		<u>Current Operating Expenditures</u>			
		<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
1.	General Administration and Support	P 44,832	P 88,319	P 10,822	P 143,973
2.	Operations	9,621	240,865	1,091,000	1,341,486
3.	Others		<u>3,072,072</u>		<u>3,072,072</u>
	Debt Servicing				
	Principal		1,804,568		1,804,568
	Interest Expense		<u>1,267,504</u>		<u>1,267,504</u>
	TOTAL	P 54,453	P 3,401,256	P 1,101,822	P 4,557,531
		=====	=====	=====	=====

a/ Inclusive of Subsidiaries' shares

b/ MOOE, net of allowance for depreciation of P24.679 Million

Special Provisions

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

A comprehensive financial and narrative 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. – Notwithstanding the provisions of Special Provision 1, 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 indigenous energy resources: *Provided*, That an amount not exceeding One Billion Pesos (P1,000,000,000) in the aggregate may be invested in entities not engaged in the said primary purposes: *Provided, further*, That consistent with the privatization program of the government, such equity investment shall not exceed thirty-six percent (36%) of the outstanding capital stock of any one of 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 enumerated herein. This provision shall apply to the PNOC and all its subsidiaries.

3. Augmentation Beyond Approved Corporate Operating Budget. – The Corporation is hereby authorized to augment and disburse funds beyond the total approved in CY 2005 for the payment of damages and other money claims pursuant to a final and executory decision that may be rendered in the case entitled “Keppel Philippine Holdings, Inc. vs. PNOC,” G.R. No. 7364.

Special Provisions Applicable to NEA, NPC and PNOC, FY 2005

1. Payment of Compensation. – Payment of salaries, wages and allowances or other forms of compensation shall be in accordance with R.A. No. 6758, or The Compensation and Position Classification Act of 1989, Joint Resolution No. 1, s. 1994 of Congress, Corporate Compensation Circular No. 10, Memorandum Order (M.O.) No. 20 dated June 25, 2001, and other pertinent implementing rules and regulations.

2. Remittance of Cash Dividends. – Cash dividends equivalent to at least fifty percent (50%) of annual net earnings shall be remitted to the National Treasury pursuant to R.A. No. 7656 as income of the General Fund.

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

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

GENERAL PROVISIONS

RECEIPTS AND INCOME

SEC. 3. *Fees, Charges and Assessments.* – All fees, charges, assessments, and other receipts or revenues collected by departments, bureaus, offices or agencies in the exercise of their functions, at such rates as are now or may be approved by the Secretary concerned, shall be deposited with the National Treasury and shall accrue to the General Fund pursuant to Section 44, Chapter 5, Book VI of E.O. No. 292 and Section 65 of P.D. No. 1445, except for the following:

(a) Receipts authorized by law to be recorded as a Special Account in the General Fund, a Fiduciary or Trust Fund, or a fund other than the General Fund in accordance with rules and regulations as may be issued by the Permanent Committee created under Section 45, Chapter 5, Book VI of E.O. No. 292 (the "Permanent Committee"), *Provided, That:* revenues or income accruing to Special Accounts in the General Fund may be made available for expenditure, subject to any special provision of the agencies concerned, and the submission of a Special Budget as required under Section 35, Chapter 5, Book VI of E.O. No. 292; and

(b) Other instances provided in this Act.

All agencies shall ensure that fees, charges and assessments collected cover the costs of services delivered to the public, and shall be allowed to raise their fees and charges pursuant to Section 2 of B.P. Blg. 325 and E.O. No. 97, s. 2000. The schedule of fees, charges and assessments collectible by any government agency including GOCCs shall be posted in big bold characters in a conspicuous place in said government agency or corporation, including its branches or extension offices. The updating and continuous display of said schedule shall be the responsibility of the head of the agency or corporation concerned.

Whenever practicable, and taking into account the cost reduction program of the government, an agency who renders service to another government office for fabrication of furniture

or equipment, or for computer, printing or other services, may assess the requesting agency for the cost of production and service rendered and may utilize the proceeds thereof, subject to Section 35, Chapter 5, Book VI of E.O. No. 292.

SEC. 4. *Monitoring of Special Funds.* – Pursuant to Section 45, Chapter 5, Book VI of E.O. No. 292, the Permanent Committee shall monitor and evaluate the activities and balances of all funds of the national government other than the General Fund. It is likewise hereby authorized to perform the following:

(a) Revert to the General Fund collections which remained dormant for an unreasonable length of time, or whose terms have expired; and

(b) Reimburse the General Fund for such amounts advanced to defray the operational requirements of an agency from special funds created for the same purpose.

Implementation of this section shall be made in accordance with the guidelines to be issued by the Permanent Committee.

SEC. 5. *Retention and Use of Excess Income.* – Departments, bureaus, offices or agencies collecting fees and charges as shown in the FY 2005 Budget of Expenditures and Sources of Financing (BESF) may be authorized by the Permanent Committee to retain and use income realized in excess of collection targets presented in the BESF in order to augment their respective current appropriations: *Provided*, That such income shall not be used to augment appropriations for Personal Services including payment of discretionary and representation expenses.

Implementation of this section shall be subject to guidelines to be issued by the Permanent Committee.

SEC. 6. *Revolving Fund.* – Revolving funds shall be established and maintained only in cases where said funds are expressly created and authorized by law or this section.

Revolving funds already in existence shall continue their operations.

Income derived from rentals for the use of buildings and facilities, or from fees imposed for board and lodging, by departments, bureaus, offices or agencies may be constituted into a revolving fund to be made available for the maintenance and other operating expenses or capital outlay requirements of said buildings and facilities, subject to any guidelines issued by the department, bureau, office or agency concerned, and to pertinent budgeting, accounting and auditing rules and regulations.

Other receipts derived from business-type activities of departments, bureaus, offices or agencies, including sale of products, which are authorized by law or by the Permanent Committee, may be constituted into a revolving fund to 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, if any, and the rules and regulations as may be prescribed by the Permanent Committee.

The revolving fund shall be separately recorded and deposited in an authorized government depository bank, and considered self-perpetuating and self-liquidating. All obligations or expenditures incurred by virtue of said business-type activities or the use of said building or facilities shall be charged against the revolving fund: *Provided*, That no amount of the revolving funds authorized in this Act shall be used for the payment of discretionary and representation expenses. The agency concerned shall submit to the DBM, copy furnished the House Committee on Appropriations and the Senate Committee on Finance, separate quarterly reports of income and of expenditure from this fund. In case of failure to comply with said requirement, no withdrawal in the subsequent quarter shall be allowed in audit except upon certification of the DBM that said report was submitted.

SEC. 7. *Trust Receipts.* – Receipts from non-tax sources, including insurance proceeds, and donations for a term not exceeding one (1) year, authorized by law or contract for specific purposes (i) which are collected/received by a government office or agency acting as a trustee, agent or administrator, (ii) which

have been received as guaranty for the fulfillment of an obligation, or (iii) all other collections classified by law or regulations as trust receipts, shall be booked as a trust liability account of the agency concerned and deposited with the National Treasury in accordance with E.O. No. 338, s. 1996 and pertinent guidelines, subject to the conditions prescribed under the special provisions of the agency concerned, if any, and to the rules and regulations as determined by the Permanent Committee. Disbursements shall be made in accordance with the purpose for which the fund is created and shall be subject to accounting and auditing regulations.

SEC. 8. Performance Bonds and Deposits. – Performance bonds and deposits filed or posted by private persons or entities with agencies of the government shall be deposited with the National Treasury as trust receipts 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 by the agency concerned to the filing party, withdrawable in accordance with pertinent accounting and auditing rules and regulations.

This provision shall apply to bonds posted in cash, such as bidders bonds, guaranty bonds, bail bonds, judicial deposits for the benefit of clients, cash under litigation deposited in courts or quasi-judicial bodies, 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. 9. Receipts Arising from Build-Operate-Transfer Transactions and Its Variant Schemes. – Notwithstanding the provision of Section 7 hereof, receipts, such as toll fees, charges and other revenues arising from public sector projects implemented through build-operate-transfer 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 company or individual in accordance with the contract entered into by said government office or agency and the project proponent, shall be deposited with any authorized government

depository bank and shall be utilized exclusively for the fulfillment of obligations as stipulated and prescribed under the contract: *Provided*, That the government share out of the collections from said projects, if any, including interest earned thereon, shall accrue to the General Fund and shall be remitted to and deposited with the National Treasury. Implementation of this section shall be made in accordance with the appropriate guidelines.

SEC. 10. *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 DBM and the CSC shall deem appropriate. The proceeds derived from such seminars or conferences may be made available for the conduct of seminars and conferences and for defraying the cost of training facilities, subject to pertinent budgeting, accounting and auditing rules and regulations: *Provided*, That upon the conclusion of the seminar or conference, the office authorized to conduct the same shall submit to the DBM a report of the fees collected and of the expenses incurred: *Provided, further*, That any excess therefrom shall be deposited with the National Treasury and shall accrue to the General Fund pursuant to Section 44, Chapter 5, Book VI of E.O. No. 292.

SEC. 11. *Sale of Official Publications.* – Departments, bureaus, offices or agencies are hereby authorized to sell their official publications. The proceeds derived from such sale may be made available to defray the cost of printing such official publications, subject to pertinent budgeting, accounting and auditing rules and regulations: *Provided*, That the office concerned shall submit to the DBM a report of the proceeds from the subject sale and of the expenses incurred: *Provided, further*, That any excess therefrom shall be remitted to the National Treasury and shall accrue to the General Fund pursuant to Section 44, Chapter 5, Book VI of E.O. No. 292.

SEC. 12. *Sale of Non-Serviceable, Obsolete or Unnecessary Equipment.* – Departments, bureaus, offices or agencies are hereby authorized to sell non-serviceable, obsolete, or

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, s. 1996. The proceeds from the sale of such equipment shall be deemed automatically appropriated for the purchase of new ones, and for the repair or rehabilitation of existing vital equipment, subject to the submission of a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292: *Provided*, That the purchase of such new cars and vans shall be subject to prior authority pursuant to pertinent laws, rules and regulations: *Provided, further*, That the agency concerned shall submit to the DBM, the House Committee on Appropriations and the Senate Committee on Finance a report on the types of equipment sold and the utilization of the sales proceeds.

SEC. 13. *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 case of donations from foreign governments, acceptance thereof shall be subject to the prior clearance and approval of the President of the Philippines upon recommendation of the Secretary of Foreign Affairs: *Provided, further*, That the DA through the National Agricultural and Fishery Council and in coordination with the DBM and the NEDA, is hereby authorized to determine the utilization of the RP-Japan Increased Food Production Program Grant for agriculture and fishery projects in accordance with the objectives of R.A. No. 8435, or the Agriculture and Fisheries Modernization Act of 1997.

Receipts from donations shall be accounted for in the books of the recipient government agency in accordance with pertinent accounting and auditing rules and regulations. Such donations, whether in cash or in kind, shall be deemed automatically appropriated for the purpose specified by the donor. The receipts from cash donations and proceeds from sale of donated commodities shall be remitted to the National Treasury, recorded as a Special Account in the General Fund and shall be available to the implementing agency concerned through a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292: *Provided*, That donations for a specific purpose

with a term not exceeding one (1) year shall be treated as trust receipts in accordance with Section 7 hereof.

The donee-agency concerned shall submit to the DBM, the Senate Committee on Finance, the House Committee on Appropriations, and the COA, a quarterly report of all donations whether in cash or in kind, and a quarterly report of expenditures or disbursements of the amount released.

In case of violation of this section, the erring officials and employees shall be subject to disciplinary action under the provisions of Sections 43, Chapter 5 and Section 80, Chapter 7, Book VI of E.O. No. 292 and to appropriate criminal action under existing penal laws.

SEC. 14. National Internal Revenue Taxes and Import Duties. – The following are deemed automatically appropriated:

(a) National internal revenue taxes and import duties payable by national government agencies to the national government arising from foreign donations, grants and loans;

(b) Grant of tax expenditure subsidies to the following national government agencies: (i) the BTr for documentary stamp taxes on domestic securities issued; (ii) the DND and PNP on importations of military hardwares, software, munitions, arms and equipment; and (iii) the DOTC for the Metro Rail Transit Line 3 System incurred starting FY 1997 in accordance with the provisions of the Build-Lease-Transfer Agreement executed thereon; and

(c) Tax expenditure subsidies granted by the Fiscal Incentives Review Board to GOCCs, the Armed Forces of the Philippines Commissary and Exchange Service, and the Philippine National Police Service Store System, in accordance with E.O. No. 93, s. 1996, as amended, including those for tax obligations assumed by GOCCs pursuant to a valid agreement.

The amounts pertaining to such taxes, and duties covered by this section shall be considered as revenue and expenditure

of the government. Implementation of this section shall be in accordance with guidelines jointly issued by the DOF and DBM.

SEC. 15. *Loan Agreements.* – Departments, bureaus, offices or agencies, including GOCCs, shall in no case enter into foreign or domestic loan agreements, whether in cash or in kind, unless all of the following conditions are complied with:

(a) Prior approval of the President of the Philippines;

(b) Issuance by the Secretary of Budget and Management of a Forward Obligational Authority for the full amount of the loan. For this purpose, the Secretary of Budget and Management and the office or agency concerned shall explicitly consider the budgetary implications of foreign-assisted projects at the time of project design and financing negotiations. The project study shall specify the cash flow requirements of the project for: (i) payment of principal and interest; (ii) peso component of capital costs and project preparation; (iii) infrastructure and support facilities needed to be directly financed by government; (iv) operating and other expenditures which will be ultimately required for general fund support when the project is implemented; and (v) peso requirements needed as counterpart;

(c) Concurrence of the Monetary Board; and

(d) Other conditions provided by law.

The Monetary Board shall, within thirty (30) days from the end of every quarter of the calendar year, submit to the Congress a report of its decisions on applications for loans to be contracted or guaranteed by the government or GOCCs which have the effect of increasing the foreign debt.

EXPENDITURES

SEC. 16. *Restrictions on the Use of Government Funds.* – No government funds shall be utilized for the following purposes:

(a) To procure materials for infrastructure projects, goods and consulting services as well as commonly used items as defined by the Government Procurement Policy Board not in adherence to the provisions of R.A. No. 9184 and its implementing rules and regulations.

(b) To purchase motor vehicles, except: (i) 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 Budget and Management; and (ii) those authorized by the President, the Senate President, the Speaker of the House of Representatives, or the Chief Justice of the Supreme Court;

(c) 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 DILG and DND, 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;

(d) To provide fuel, parts, repair and maintenance to any government vehicle not 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, Heads 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, government vehicles of any type shall be made available to meet the emergency and may be utilized to transport for free the commuters on a round-the-clock basis;

(e) To pay honoraria, allowances or other forms of compensation to any government official or employee, except those specifically authorized by law; and

(f) 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 GOCCs. Implementation shall be in accordance with the rules and regulations issued by the DBM, in coordination with the COA.

SEC. 17. *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, rent, retirement gratuity and terminal leave requirements shall be disbursed solely for such items of expenditures: *Provided,* That any savings generated from these items may be realigned only in the last quarter.

Use of funds in violation of this section shall be void, and shall subject the erring officials and employees to disciplinary action under the provisions of Section 43, Chapter 5 and Section 80, Chapter 7, Book VI of E.O. No. 292, and to appropriate criminal action under existing penal laws.

SEC. 18. *Authority to Identify Funds for Mandatory Expenditures.* – Out of the agency appropriations authorized in this Act, the DBM may identify in the fund release documents the amounts due all government service agencies and corporations to cover prior years' mandatory expenditures as certified by the COA. In the case of GOCCs without budgetary support from the national government, funds for the purpose shall be indicated in the approval of their Corporate Operating Budgets.

Implementation of this section shall be subject to guidelines issued by the DBM in coordination with the DOF and COA.

SEC. 19. *Intelligence and Confidential Funds.* – No amount in this Act shall be released or disbursed for confidential and intelligence activities unless approved by the President of the Philippines, or 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, offices or agencies shall submit to the Senate President, Speaker of the House of Representatives, and the Chairman of the COA, a quarterly report on the accomplishments in the use of intelligence and confidential funds, copy furnished the Senate Committee on Finance and House Committee on Appropriations.

SEC. 20. *Purchase of Supplies, Materials and Equipment Spare Parts for Stock.* – The inventory of supplies, materials and equipment spare parts to be procured out of available funds shall at no time exceed the normal three-month requirement, subject to pertinent rules and regulations issued by competent authority: *Provided*, That heads of departments, bureaus, offices or agencies and other instrumentalities of the government may increase their inventory of critical supplies and materials, as defined or specified by the DBM, in anticipation of cost increases, or necessitated by a national emergency or of an impending shortage in the items concerned, specifying maximum quantities of individual items. Unless otherwise approved by the President of the Philippines, upon the joint recommendation of the Secretary concerned and the Chairman of the COA, these stocks shall not exceed one year's requirement.

SEC. 21. *Emergency Purchases.* – Unless otherwise provided in this Act, departments, bureaus, offices or agencies are authorized to make emergency purchases of supplies, materials

and spare parts of motor transport equipment when there is an unforeseen contingency requiring immediate purchase: *Provided*, That the amount shall not exceed Fifty Thousand Pesos (P50,000) per purchase.

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. For this purpose, in the utilization of the amounts appropriated for infrastructure projects of the various departments and agencies, priority shall be given to the purchase of locally-produced and manufactured materials to be undertaken either by administration or by contract, including foreign-assisted projects whose covering loan agreement expressly allows or which does not prohibit the same: *Provided*, That importation may be made when:

(a) 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 C.A. No. 138, as certified by the DTI;

(b) The quality of the locally-produced and manufactured material is sub-standard compared with its imported counterpart as determined by the DOST; and

(c) No locally-produced and manufactured material is available as certified by the DTI:

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 budgeting, accounting and auditing laws, rules and regulations.

SEC. 23. 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 DBM 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.

SEC. 24. *Cultural and Athletic Activities.* – Out of the appropriations authorized in this Act for MOOE of each department, bureau, office or agency, an annual amount not exceeding One Thousand Two Hundred Pesos (P1,200) per employee-participant may be used for the purchase of costume or uniform, and other related expenses in the conduct of cultural and athletic activities.

SEC. 25. *Extraordinary and Miscellaneous Expenses.* – Appropriations authorized herein may be used for extraordinary expenses of the following officials and those of equivalent rank as may be authorized by the DBM, not exceeding:

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

In addition, miscellaneous expenses not exceeding Fifty Thousand Pesos (P50,000) for each of the offices under the above named officials are authorized.

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

- (a) Meetings, seminars and conferences;
- (b) Official entertainment;
- (c) Public relations;
- (d) Educational, athletic and cultural activities;
- (e) Contributions to civic or charitable institutions;
- (f) Membership in government associations;
- (g) Membership in national professional organizations duly accredited by the Professional Regulations Commission;
- (h) Membership in the Integrated Bar of the Philippines;
- (i) Subscription to professional technical journals and informative magazines, library books and materials;
- (j) Office equipment and supplies; and
- (k) Other similar expenses not supported by the regular budget allocation.

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

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

SEC. 26. *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. 27. *Printing and Publication Expenditures.* – Departments, bureaus, offices or agencies are hereby authorized to engage the services of private printers in their printing and publication activities, subject to public bidding in accordance with R.A. No. 9184, and to pertinent accounting and auditing rules and regulations: *Provided*, That in the printing of accountable forms, prior waiver from the National Printing Office shall be secured.

SEC. 28. *Science and Technology Research.* – The appropriations of departments, bureaus, offices, or agencies for research and development (R & D) in the natural, agricultural, technological and engineering sciences shall be released upon recommendation of the DOST and/or the DA in pursuant to R.A. No. 8435, or the Agriculture and Fisheries Modernization Act of 1997, with the primary objective of coordinating research agenda and optimizing the use of research funds and encouraging private sector participation in R & D activities: *Provided*, That research efforts shall be geared towards achieving a wider commercialization of new discoveries, accelerating technology transfer, and integrating agricultural and fisheries plans and programs: *Provided, further*, That the said government agencies shall submit an annual report to the House Committee on Appropriations and the Senate Committee on Finance. The report shall include the list of recipient private entities, status of research being undertaken, the amount released and utilized for each project, and the commercialization activities and technology transfer made.

SEC. 29. *Human Resources Development and Training Programs.* – Departments, bureaus, offices or agencies shall review and formulate their human resource development and training programs to make the same responsive to the organizational needs and manpower requirements of agencies and the need to train personnel in appropriate skills and

attitudes. Such training programs shall be consistent with the rules and regulations issued by the Training Coordination Committee created under LOI No. 754, which shall review and evaluate training activities.

SEC. 30. Programs/Projects Related to Gender and Development. – All departments including their attached agencies, offices, bureaus, SUCs, GOCCs, LGUs and other instrumentalities shall formulate a Gender and Development (GAD) Plan designed to empower women and address gender issues in accordance with R.A. No. 7192, the Philippine Plan for Gender-Responsive Development, 1995-2025, Framework Plan for Women, and the Ten-Point Legacy Agenda of the Macapagal-Arroyo Administration. The development of the GAD Plan shall proceed from the conduct of gender analysis of policies and programs, review and collection of sex-disaggregated data, and consultation with gender advocates and agency women clientele. Programs on economic empowerment and promotion of women in the globalized economy as well as micro-finance and micro-enterprise development for women, poverty alleviation, and effective reduction of violence against women shall be given priority allocation. The cost of implementing the GAD plan shall be at least five percent (5%) of the agency's total FY 2005 budget appropriations.

All concerned government entities shall submit their GAD Plan to the National Commission on the Role of Filipino Women (NCRFW) for review and endorsement. They shall likewise submit annual reports to Congress, the DBM, and the NCRFW, indicating accomplishments/results and amounts utilized to implement programs, projects and activities that address women/gender issues along the promotion of women's economic empowerment, protection and fulfillment of women's human rights, and promotion of gender-responsive governance through gender mainstreaming. The evaluation of agencies' utilization of the GAD budget shall be performance-based.

In addition to Joint Circular No. 2004-01 issued by the NEDA, DBM and NCRFW, new or additional sets of guidelines as may be deemed necessary shall be formulated for the implementation of this section.

SEC. 31. *Projects Related to Youth.* – The NEDA and DBM, in coordination with the National Youth Commission shall formulate a set of guidelines for the implementation of projects related to youth.

All departments, bureaus, offices, agencies, GOCCs and LGUs shall, in the implementation of their plans, programs and projects, provide skills training and employment for the out-of-school youth as well as create summer jobs for students, which shall in no case exceed two (2) months duration.

SEC. 32. *Programs/Projects Related to Senior Citizens and the Differently-Abled.* – In support of the Philippine Plan of Action for Older Persons, 2005-2009, all departments, bureaus, offices, agencies, commissions, and SUCs shall set aside at least one percent (1%) of their total FY 2005 budget appropriations as cost of implementation thereof, in coordination with the DSWD.

SEC. 33. *Projects/Facilities for the Differently-Abled.* – 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 differently-abled persons pursuant to B.P. Blg. 344 and R.A. No. 7277.

SEC. 34. *Kapit Bisig Laban sa Kahirapan (KALAH) Program.* – Departments, bureaus, offices, agencies, commissions and SUCs, including LGUs and GOCCs, may use the appropriations authorized herein to fund expenditures directly supportive of the KALAH) Program as may be determined and approved by the NAPC, and subject to such guidelines as may be issued for the purpose by the NAPC Secretariat.

SEC. 35. *Human and Ecological Security Concerns.* – All departments, bureaus, offices and agencies shall set aside an amount out of their FY 2005 appropriations to be used for projects designed to address human and ecological security concerns. Implementation of this section shall be in accordance with the guidelines jointly issued by the DENR, the DILG and the Commission on Population.

SEC. 36. *Disaster Prevention, Mitigation and Preparedness Projects.* – All departments, bureaus, offices and agencies are authorized to use their appropriations to implement projects designed to address disaster prevention, mitigation and preparedness activities pursuant to P.D. No. 1566. Implementation of this section shall be in accordance with the guidelines issued by the National Disaster Coordinating Council in coordination with the DBM.

SEC. 37. *Modification of Expenditure Components.* – Unless specifically authorized in this Act, 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 as authorized under Section 25(5), Article VI of the 1987 Philippine Constitution.

SEC. 38. *Fiscal Discipline Measures in Government Operations.* – All national government agencies shall implement fiscal discipline measures and review their respective expenditure programs approved pursuant to Section 34, Chapter 5, Book VI of E.O. No. 292, in order to avoid the implementation of ineffective programs and low priority projects and activities. Likewise, GOCCs and the LGUs are encouraged to implement the same.

The rules and regulations to implement this section shall be issued by the DBM, subject to the approval of the President.

The Judicial and Legislative branches of government may institute their own respective fiscal discipline measures.

PERSONNEL AMELIORATION

SEC. 39. *Funding of Personnel Benefits.* – The personnel benefits costs of government officials and employees shall be charged against the funds from which their compensations are paid. All authorized supplemental or additional compensation, fringe benefits and other personal services costs of officials and employees whose salaries are drawn from Special Accounts or Special Funds, such as salary increases, step increment for length of service, incentive and service fees, commutation of

vacation and sick leaves, retirement and life insurance premiums, compensation insurance premiums, health insurance 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. 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. 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. 40. Remittance of Fixed Expenditures. – Notwithstanding the provisions of LOI No. 1102, the government shares in the compulsory contributions mandated by R.A. No. 8291, R.A. No. 6111, P.D. No. 626, as amended, and R.A. No. 7875, shall be remitted directly by departments, bureaus, offices and agencies, including LGUs, to the GSIS, the HDMF, or the PHIC, as the case may be, unless a different arrangement is agreed upon in writing among the DBM, the remitting agency, and the recipient agency or GOCC.

SEC. 41. Authorized Deductions. – Deductions from salaries, emoluments or other benefits accruing to any government employee chargeable against the appropriations for personal services may be allowed for the payment of individual employee's contributions or obligations due the following:

- (a) The BIR, GSIS, HDMF and Philhealth;

(b) Mutual benefits associations duly operating under existing laws managed by, and for the benefit of, government employees not covered by compulsory membership in the GSIS; and

(c) Associations/cooperatives organized and managed by government employees for their benefit and welfare:

Provided, That such deductions shall not reduce the employee's monthly net take home pay to an amount lower than Three Thousand Pesos (P3,000), after all authorized deductions: *Provided, further*, That in the event total authorized deductions reduce net take home pay to less than Three Thousand Pesos (P3,000), authorized deductions under item (a) shall enjoy first preference, those under item (b) shall enjoy second preference, and so forth.

SEC. 42. *Service Fees.* – Departments, bureaus, offices and agencies which collect service fees for the payment of any obligation through authorized deductions under Section 41 hereof, shall deposit said service fees with the National Treasury, to be recorded in its books of accounts as trust receipts. Said service fees shall be used exclusively for a Provident Fund that may be established by the agency in favor of all its employees in accordance with existing rules and regulations: *Provided*, That in case of the DepEd, an amount equivalent to twenty percent (20%) of the service fees collected may be used to augment MOOE needed for the operational and maintenance of the regional payroll services units in view of the decentralization of payroll services to the regional offices. The Provident Fund shall be used for loaning operations and other purposes beneficial to all members as may be approved by its governing board except for the payment of additional personnel allowances.

SEC. 43. *Year-End Bonus and Cash Gift.* – The appropriations provided for the year-end bonus and cash gift equivalent to one (1) month basic salary and additional cash gift of Five Thousand Pesos (P5,000) provided under R.A. No. 6686, as amended by R.A. No. 8441, shall be granted to all national government officials and employees whether under regular, temporary, casual or contractual status, on full-time or part-

time basis, who have rendered at least a total of four (4) months of government service including leaves of absence with pay from January 1 to October 31 of each year, and who are still in the service as of October 31 of the same year: *Provided*, That one half (1/2) of said year-end bonus and cash gift may be paid not earlier than May 1 if at least a total of four (4) months of service have been rendered regardless of whether they will still be in the service as of October 31 of the same year. A proportionate share of the remaining balance of the cash gift shall be granted prior to retirement/separation before October 31, subject to the implementing rules and regulations issued by the DBM.

SEC. 44. *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, subject to the provisions of E.O. Nos. 248 and 248-A, s. 1995, as amended by E.O. No. 298, s. 2004.

SEC. 45. *Representation and Transportation Allowances.* – The following officials and those of equivalent rank as may be determined by the DBM, while in the actual performance of their respective functions, are hereby granted monthly commutable representation and transportation allowances payable from the programmed appropriations provided for their respective offices not exceeding the rates indicated below, which shall apply to each type of allowance:

- (a) At P7,500 for Department Secretaries;
- (b) At P6,000 for Department Undersecretaries
- (c) At P5,500 for Department Assistant Secretaries;
- (d) At P5,000 for Bureau Directors and Department Regional Directors;

(e) At P4,500 for Assistant Bureau Directors, Department Assistant Regional Directors, Bureau Regional Directors, and Department Service Chiefs;

(f) At P4,000 for Assistant Bureau Regional Directors; and

(g) At P3,000 for Chief of Divisions, identified as such in the Personal Services Itemization and Plantilla of Personnel.

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

SEC. 46. *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 Presiding Justice of the Court of Appeals;

(g) The Secretaries, Undersecretaries, Assistant Secretaries and officials of equivalent rank;

(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, Bureau Regional Directors, Bureau Directors, and Department Regional Directors; and

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

SEC. 47. *Honoraria.* – Departments, bureaus, offices or agencies, are authorized to use their respective appropriations for payment of honoraria only to the following:

(a) Teaching personnel of the DepEd, CHED, TESDA, SUCs and other educational institutions, engaged in actual classroom teaching, whose teaching load is outside of the regular office hours or in excess of the regular load;

(b) Those who act as lecturers, resource persons, coordinators and facilitators in seminars, training programs and other similar activities in training institutions, including those conducted by entities for their officials and employees;

(c) Chairs and members of commissions, boards, councils, and other similar entities, including the personnel thereof, who are not paid salaries nor per diems but compensated in the form of honoraria as provided by law, rules and regulations; and

(d) Those who are involved in science and technological activities who render services beyond their regular workload.

The grant of honoraria shall be subject to the guidelines prescribed by the DBM under Budget Circular No. 2003-5 and 2004-5, and other rules and regulations that may be issued by the DBM.

SEC. 48. *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 the year when their services are reasonably required.

SEC. 49. *Uniform and Clothing Allowance.* – The appropriations provided for each department, bureau, office or agency may be used for uniform and clothing allowance of employees at not more than Four Thousand Pesos (P4,000) each per annum which may be given in cash or in kind. In case of deficiency, or in the absence of appropriation for the purpose, the requirements may be charged against savings in the appropriations of each department, bureau, office or agency.

SEC. 50. *Special Counsel Allowance.* – Lawyer-personnel, including those designated to assume the duties of a legal officer and those deputized by the Office of the Solicitor General in the legal staff of departments, bureaus, offices or agencies of the national government to appear in court as special counsel in collaboration with the Solicitor General or prosecutors concerned, are hereby authorized an allowance of Five Hundred Pesos (P500) for each appearance, chargeable to savings in the appropriations of their respective offices, but not exceeding Three Thousand Pesos (P3,000) per month.

SEC. 51. *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 rates for the use of government-

owned buildings such as dormitories or living quarters in state universities and colleges, schools, offices and elsewhere, shall forfeit their entitlement to any quarters allowance. Directors or their equivalent who are transferred from one station to another by virtue of agency policies on reshuffling or rotation of personnel and do not own rooms, houses or units therein shall be provided free quarters within their office premises. Where there is not enough space to be used as quarters, the agency concerned may rent buildings or rooms which shall serve as quarters for the officials and employees concerned: *Provided*, That quarters allowance shall only be paid where the office has no quarters available.

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

SEC. 52. Entitlement to Personnel Economic Relief Allowance. – 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, casual and contractual employees, and uniformed personnel of the AFP and the DILG, as well as the NAMRIA and the Philippine Coast Guard: *Provided*, That employees of GOCCs shall be paid from their respective corporate funds: *Provided, further*, That appointive local government employees shall be paid from their respective IRA and local funds: *Provided, finally*, That LGUs which can afford to pay higher than the rates authorized in the schedule below for their particular income class, but not exceeding Five Hundred Pesos (P500) per month, shall be allowed to do so at a rate uniformly applied to all their respective personnel entitled to this benefit:

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

SEC. 53. *Additional Compensation of P500 Per Month.* – The additional compensation in the amount of Five Hundred Pesos (P500) per month authorized under A.O. No. 53 dated May 17, 1993 shall be granted to all government personnel, whether elective or appointive, who are under regular, temporary or casual status, including contractual personnel whose employment are in the nature of a regular employee, chargeable against the appropriations provided for the purpose under this Act: *Provided*, That personnel of GOCCS or LGUs shall be paid from their respective corporate or local funds.

SEC. 54. *Hazard Duty Pay.* – Upon recommendation of the Department Head and approval of the Secretary of Budget and Management, savings from the appropriations of a department, bureau or office may be used for payment of hazard pay to officials and employees who are actually assigned to, and performing their duties in, strife-torn or embattled areas as may be determined and certified by the Secretary of National Defense. Hazard pay shall only be granted for the duration or existence of such period.

SEC. 55. *Use of Appropriations for Retirement Gratuity and Terminal Leave.* – Appropriations authorized in this Act to cover retirement gratuity benefit claims shall be released directly to the offices and agencies concerned. In no case shall payment be made except on the basis of creditable service as computed by the GSIS 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.

Implementation of this section shall be in accordance with the rules and regulations jointly issued by the CSC and the DBM.

SEC. 56. 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 an appropriate issuance by the DBM.

Implementation of this section shall be in accordance with the rules and regulations jointly issued by the CSC and the DBM.

SEC. 57. Implementation of R.A. No. 7305 and R.A. No. 8439. – The implementation of R.A. No. 7305 or the Magna Carta of Health Workers, and R.A. No. 8439 or the Magna Carta for Scientists, Engineers, Researchers, and Other Science and Technology Personnel, shall be within the appropriation provided in this Act for the purpose. The grant of new and increased benefits over those appropriated herein shall be deferred until funds are appropriated for the purpose: *Provided,* That savings may be used to augment current year's deficiencies in the payment of benefits under said laws, subject to Section 61 hereof.

SEC. 58. Personal Liability of Officials or Employees for Payment of Unauthorized Personal Services Cost. – No official or employee of the national government, the LGUs and GOCCs, shall be paid any personal services benefits charged against the appropriations in this Act, other appropriations laws or income of the government, unless specifically authorized by law. Grant

of personnel benefits authorized by law but not supported by specific appropriations shall also be deemed unauthorized.

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

RELEASE AND USE OF FUNDS

SEC. 59. *Use of Savings.* – The President of the Philippines, the Senate President, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court, the Heads of Constitutional Commissions under Article IX of the 1987 Philippine Constitution, the Ombudsman, and the Chairman of the Commission on Human Rights are hereby authorized to augment any item in this Act from savings in other items of their respective appropriations.

SEC. 60. *Meaning of Savings and Augmentation.* – Savings refer to portions or balances of any programmed appropriation in this Act free from any obligation or encumbrance which are: (i) still available after the completion or final discontinuance or abandonment of the work, activity or purpose for which the appropriation is authorized; (ii) from appropriations balances arising from unpaid compensation and related costs pertaining to vacant positions and leaves of absence without pay; and (iii) from appropriations balances realized from the implementation of collective negotiation agreements, which resulted in improved systems and efficiencies and thus enabled an agency to meet and deliver the required or planned targets, programs and services approved in this Act at a lesser cost.

Augmentation implies the existence in this Act of a program, activity, or project with an appropriation, which upon implementation, or subsequent evaluation of needed resources, is determined to be deficient. In no case shall a non-existent program, activity, or project, be funded by augmentation from

savings or by the use of appropriations otherwise authorized under this Act.

SEC. 61. *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, year-end bonus and cash gift, retirement gratuity, terminal leave benefit, old-age pension of veterans and other personnel benefits authorized by law, and those expenditure items authorized in agency special provisions, in Section 17 and in other sections of the General Provisions of this Act.

SEC. 62. *Augmentation of Maintenance and Other Operating Expenses Items.* – Agencies may augment an item of expenditure within MOOE, except intelligence and confidential fund, from savings in other items of MOOE without prior approval of the DBM.

SEC. 63. *Realignment/Relocation of Capital Outlays.* – The amount appropriated in this Act for acquisition, construction, replacement, rehabilitation and completion of various capital outlays may be realigned/relocated in cases of imbalanced allocation of projects within the district, duplication of projects, overlapping of funding source and similar cases: *Provided*, That such realignment/relocation of capital outlays shall be done only upon prior consultation with the representative of the legislative district concerned.

SEC. 64. *Implementation 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: *Provided*, That an agency may with valid reason realign from one sub-project to another within the same foreign-assisted project as long as total amount for said project is not exceeded.

In the conduct of public bidding, the Approved Budget for the Contract for foreign-assisted projects, as defined under R.A. No. 9184, shall be the limit or ceiling of the bid prices and the amount of the contract to be awarded as determined upon prior

consultation with the international financing institution concerned.

SEC. 65. *Availability of Appropriations.* – Appropriations for MOOE and Capital Outlays authorized in this Act shall be available for release and obligation for the purpose specified, and under the same special provisions applicable thereto, for a period extending to one fiscal year after the end of the year in which such items were appropriated: *Provided*, That a report of these releases and obligations shall be submitted to the Senate Committee on Finance and to the House Committee on Appropriations.

SEC. 66. *Prohibition Against Impoundment of Appropriations.* – No appropriations authorized in this Act shall be impounded through deduction or retention, unless in accordance with the rules and regulations to be issued by the DBM: *Provided*, That all the funds appropriated for the purposes, programs, projects, and activities authorized under this Act, except those covered by Special Provision No. 1 of the Unprogrammed Fund, shall be released pursuant to Sec. 33 (3), Chapter 5, Book VI of E.O. No. 292.

SEC. 67. *Unmanageable National Government Budget Deficit.* – Deduction or retention of appropriations authorized in this Act shall be effected only in cases where there is an unmanageable national government budget deficit.

Unmanageable national government budget deficit as used in this section shall be construed to mean that (i) the actual national government budget deficit has exceeded the quarterly budget deficit targets consistent with the full-year target deficit as indicated in the FY 2005 BESF submitted by the President and approved by Congress pursuant to Section 22, Article VII of the Constitution, or (ii) there are clear economic indications of an impending occurrence of such condition, as determined by the Development Budget Coordinating Committee and approved by the President.

SEC. 68. *Prohibition Against Deduction/Retention of Allotment.* – Fund releases from appropriations provided in this

Act shall be transmitted intact or in full to the office or agency concerned. 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 COA shall ensure compliance with this provision to the extent that sub-allotments by agencies to their subordinate offices are in conformity with the release documents issued by the DBM.

SEC. 69. *Release and Use of Appropriation Reserves.* – In cases where there is unmanageable deficit as defined under Section 67 of the General Provisions of this Act and upon consultation with the head of the department or agency concerned, reserves against appropriations may be established to provide for contingencies which may arise later in the fiscal year.

The establishment of appropriation reserves should not necessarily mean that such portion of the appropriation will not be made available for expenditure.

When changes in conditions during the year justify the use of reserved appropriations which have been imposed pursuant to the provisions of this Act, the amount involved shall be released and allocated back for the use by, and upon the request of the department, office or agency on whose appropriations the reserve was originally imposed.

SEC. 70. *Appropriations of Agencies Vested with Fiscal Autonomy.* – Notwithstanding any provision of law to the contrary, the appropriations authorized in this Act for the Judiciary, Congress of the Philippines, the Commission on Human Rights, the Office of the Ombudsman, the Civil Service Commission, the Commission on Audit and the Commission on Elections shall be automatically and regularly released.

SEC. 71. *Direct Release of Funds to Regional Offices.* – Funds allotted for regional offices, but included in the budgets of their central offices, or which are specifically allocated for the different regions, shall automatically be released directly to said regional offices. For this purpose, the DBM 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. 72. *Notice of Release of Funds.* – Release of funds for construction, repair, maintenance, rehabilitation, replacement, completion, betterment or improvement of roads and bridges, port works, flood control, waterworks/supply and government buildings and structures, shall be made after ten (10) days written notice to the representative of the district concerned.

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 Section 40, Chapter 5 and Section 58, Chapter 7, Book VI of 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 availability of funds out of the agency's appropriations to cover the full contract price or the contracted amount for such goods or services. No contract 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 authorized servicing banks under the Modified Disbursement Scheme.

SEC. 75. *Limitations on Cash Advance/Reportorial Requirements.* – Notwithstanding any provision of law to the contrary, it is hereby declared a policy of the government not to grant cash advances until such time that the earlier cash

advances availed of by the officials or employees concerned shall have been already liquidated pursuant to pertinent accounting and auditing rules and regulations, as certified by the head of the agency concerned and the COA auditor.

For this purpose, the head of the agency and the COA auditor shall be jointly responsible for the preparation and submission to the House Committee on Appropriations and Senate Committee on Finance of the Annual Report of Cash Advances indicating the names of the recipients, the items of expenditures for which said cash advances were disbursed, and the dates of liquidation as reflected in the Agency Books of Accounts.

SEC. 76. Preference for Priority Provinces and Cities. – All departments, bureaus, offices and agencies shall give utmost priority in the utilization of their funds for basic services to all provinces and cities with the poorest families as set forth in the National Anti-Poverty Program.

ADMINISTRATIVE PROCEDURES

SEC. 77. Organizational and Staffing Pattern Changes. – Unless otherwise provided by law or directed by the President of the Philippines, no organizational units or changes in key positions in any department or agency shall be authorized in their respective organizational structures and staffing patterns and funded from appropriations provided under this Act.

SEC. 78. Appointments to be Limited to the Number of Authorized Positions. – Notwithstanding the number of authorized positions as herein provided in the staffing summary of each department, bureau, office or agency, the appointment of officers and employees shall be limited to the number of authorized positions in the plantilla of personnel approved pursuant to the organizational structure provided for in the law creating such department, bureau, office or agency.

SEC. 79. Institutional Strengthening and Productivity Improvement in Agency Organization and Operations and Implementation of Reorganization Mandated by Law. – The government shall adopt institutional strengthening measures

to improve service delivery and enhance productivity, as directed by the President of the Philippines. The heads of departments, bureaus, offices, agencies, and other entities of the Executive Branch shall accordingly conduct a comprehensive review of their respective mandates, missions, objectives, functions, programs, projects, activities and systems and procedures; identify areas where improvements are necessary; and implement corresponding structural, functional and operational adjustments that will result in streamlined organization and operations and improved performance and productivity: *Provided*, That actual streamlining and productivity improvements in agency organization and operations, as authorized by the President of the Philippines for the purpose, including the utilization of savings generated from such activities, shall be in accordance with the rules and regulations to be issued by the DBM, upon consultation with the Presidential Committee on Effective Governance: *Provided, further*, That in the implementation of reorganizations as mandated by law or specific changes in agency structure, functions and operations as a result of institutional strengthening or productivity improvement/enhancement, the appropriation, including the functions, projects, programs and activities of agencies concerned may be realigned as may be necessary: *Provided, finally*, That any unexpended balances or savings in appropriations may be made available for the payment of retirement gratuities and separation benefits to affected personnel, as authorized under existing laws or other executive issuances.

SEC. 80. *Results-based Budgeting*. – Within the context of the Public Management Expenditure Framework, all departments, bureaus, offices and agencies, including GOCCs, shall identify their Major Final Outputs (MFOs), or specific outputs and outcomes to be produced by their programs and services which are aligned with strategic goals of the government, and harmonize them with those identified by the DBM and NEDA. National government agencies who have identified and harmonized their MFOs, and who have restructured their programs to be more consistent with their MFOs, are hereby authorized to restructure their budgets, and realign their programs, projects and activities as may be necessary, subject to the approval of the DBM.

All performance indicators and corresponding targets shall then be set by national government agencies and GOCCs in accordance with the Organization Performance Indicator Framework, and finalized in coordination with the DBM, NEDA and COA.

Given these agreed upon performance indicators, national government agencies and GOCCs shall conduct and implement a monitoring and evaluation system, including data collection and reporting system, to monitor performance and improve the results of government programs. For this purpose, the agencies concerned, in coordination with the DBM, shall be responsible for the development and installation of an integrated program and project monitoring and evaluation system, which shall report program results regularly and publicly.

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

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

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

Service contracts shall be entered into by the agency through public bidding or other alternative methods of procurement in accordance with R.A. No. 9184 and its implementing rules and regulations, subject to pertinent accounting and auditing rules and regulations.

SEC. 82. *Implementation of Infrastructure Projects.* – In the hiring of workers needed for the implementation of infrastructure projects as authorized under this Act, priority shall be given to the socially and financially disadvantaged residents of the LGUs where the project is located.

SEC. 83. *Lease-Rental of Computers and Other Information Technology Equipment.* – As an integral part of the fiscal discipline measures mandated by Section 38 hereof, it is hereby declared the policy of the government to "scale-down" expenditures on the acquisition and maintenance of computers and other information technology (IT) equipment as well as in the implementation of the computerization programs of government offices and agencies.

For this purpose, all departments, bureaus, offices and agencies with authorized appropriations in this Act for computerization programs, purchase of computers, or for the acquisition of any other IT equipment, may instead be used for the lease-rental of said computers and IT equipment consistent with a cost-benefit analysis: *Provided*, That the appropriations authorized in this Act for purchase of computers intended for distribution to public schools and any other approved beneficiaries of IT equipment shall be exempt from the coverage of this section.

Implementation of this section shall be made in accordance with Joint Memorandum Circular No. 2002-1 dated July 22, 2002 issued by the National Computer Center and DBM.

SEC. 84. *Electronic Interconnection Through the Internet and E-Commerce Application.* – Departments, bureaus, offices, agencies and instrumentalities of the government including GOCCs, may use existing appropriations to install an electronic "on-line" network to facilitate the open, speedy and efficient

electronic "on-line" transmission conveyance and use of electronic data messages or electronic documents consistent with R.A. No. 8792, or the E-Commerce Act. The appropriations to be made available for the e-commerce application may be used in the acquisition of computer equipment, preferably on a lease basis, whenever applicable and more cost efficient, and for additional upgrading of hardware components, peripherals and software, subject to the provisions of E.O. No. 262, s. 2000: *Provided*, That such acquisition shall be consistent with the approved Information Systems Strategic Plan of the agency.

SEC. 85. *Implementation of Executive Order No. 36, Series of 2001 and Executive Order No. 103, Series of 2002.* – The appropriations provided in this Act for the regional/field offices in Regions IX, X, XI and XII, may be realigned as may be necessary to regions IX, X, XI, XII and ARMM to implement E.O. No. 36, s. 2001.

Likewise, the appropriations provided in this Act for the regional/field offices in Region IV may be realigned as may be necessary to Regions III, IV-A and IV-B to implement E.O. No. 103, s. 2002.

SEC. 86. *Funding of National Government Agencies in ARMM.* – National government offices and agencies in the ARMM which are not excluded under paragraph 9, Section 2, Article V of R.A. No. 6734, as amended by Section 3, Article IV of R.A. No. 9054, 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, as amended by R.A. No. 9054.

Prior to said transfer, the said agencies of the national government shall continue their operations and the discharge of their respective functions.

SEC. 87. *Transfer of Funds to ARMM.* – The appropriations provided in this Act for Basilan and Marawi City included in the

budget of the various departments, bureaus, offices or agencies shall be transferred to the ARMM Regional Government.

SEC. 88. *Allocation for ARMM in Nationwide Projects.* – In the implementation of nationwide projects, programs, and activities, whether funded under this Act or other laws, the implementing agency shall ensure that the requirements of ARMM are provided.

SEC. 89. *Strict Adherence to Procurement Procedures, Laws, Rules and Regulations.* – In the procurement of infrastructure projects, goods and consulting services, all departments, bureaus, offices and agencies, including SUCs, GOCCs and other instrumentalities, shall strictly adhere to the provisions of R.A. No. 9184 and its implementing rules and regulations (IRR): *Provided*, That the Government Electronic Procurement System (G-EPS) shall be used as the primary source of information on government procurement of commonly used supplies, goods and equipment, and as a repository of all government procurement information, pursuant to R.A. No. 9184 and its IRR.

Consistent with the policy of transparency, and to achieve efficiency in the procurement process, procuring entities shall utilize the G-EPS, through its Electronic Catalogue facility, for the procurement of common-use goods: *Provided, further*, That all Invitations to Apply for Eligibility and to Bid, Notices of Award, and all other procurement-related notices shall be posted in the G-EPS Electronic Bulletin Board in accordance with the IRR of R.A. No. 9184, regardless of the method of procurement used.

For this purpose, all central, regional, and district offices of national government agencies, GOCCs, GFIs, SUCs, and LGUs, specifically the provincial and city governments, are mandated to use the G-EPS and all its available facilities in their procurement activities. Similarly, all regional offices of national government agencies and municipal governments shall undertake measures to ensure their on-line access and connectivity to the G-EPS and its full use by the end of 2005.

SEC. 90. *Construction Standards and Guidelines.* – Construction projects funded from Capital Outlays authorized in this Act under the various departments, bureaus, offices and agencies of the national government, including the construction of buildings for SUCs, 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 DPWH or the DOTC, 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 2-7, 9-10 and 12 of E.O. No. 182, s. 1987 entitled "Rationalizing Public Works Measures, Appropriating Funds for Public Works, and for Other Purposes", and other legislations on public works shall be strictly complied with, except as otherwise provided in this Act.

SEC. 91. *Implementing Agency for Nationally Funded Projects.* – Pursuant to Sec. 17 (c) of R.A. No. 7160, or the Local Government Code of 1991, projects, facilities, programs and services funded under this 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 between the implementing national government agency and the beneficiary local government, designating the latter or any other local government to undertake the project or activity.

SEC. 92. *Report on Compliance with COA Audit Findings and Recommendations.* – All departments, bureaus, offices, agencies and instrumentalities of the government, including GOCCs and LGUs, shall within sixty (60) days from their receipt of the COA annual audit report, submit a status report on the actions they have taken on the audit findings and recommendations to the COA, copy furnished the DBM, the House Committee on Appropriations and the Senate Committee on Finance.

SEC. 93. *Submission of Quarterly Financial and Narrative Accomplishment Reports.* – Within thirty (30) days after the end of each quarter, each department, bureau, office or agency shall submit a quarterly financial and narrative accomplishment report to the House Committee on Appropriations and the Senate Committee on Finance, copy furnished the DBM, the COA, and the appropriate Committee Chairman of the House of Representatives. The financial report shall show the cumulative allotments, obligations incurred/liquidated, total disbursements, unliquidated obligations, unobligated and unexpended balances, and the results of expended appropriations.

The quarterly report shall also 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, telephone and other communication services.

Likewise, the DBM shall submit to the House Committee on Appropriations and the Senate Committee on Finance 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. 94. *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.

Approved, March 15, 2005.