

**[ ADMINISTRATIVE ORDER NO. 103, August 31, 2004 ]**

**DIRECTING THE CONTINUED ADOPTION OF AUSTERITY MEASURES IN THE GOVERNMENT**

WHEREAS, the continued adoption and implementation of austerity measures are necessary in order to meet the country's fiscal targets, maintain its macroeconomic stability and improve investor confidence;

WHEREAS, the national government, its agencies and instrumentalities must undertake cost-cutting measures to reduce expenses and channel its scarce resources towards the implementation of the 10-Point Legacy Agenda;

WHEREAS, government-owned and controlled corporations, government financial institutions, and other government instrumentalities should likewise contribute to reducing the consolidated public sector deficit, and to decreasing the public sector debt;

WHEREAS, prudent fiscal management remains critical in the execution of a sound budget policy to ensure a balanced budget by 2009;

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order and direct:

SECTION 1. All national government agencies (NGAs), including state universities and colleges (SUCs), government-owned and-controlled corporations (GOCCs), government financial institutions (GFIs), and other government corporate entities (OGCEs), and their subsidiaries, and other instrumentalities under the Executive Department, whether or not they receive funding support through the General Appropriations Act, are hereby ordered to adopt the following austerity measures:

(a) Suspension of the following:

- (1) All foreign travels, except for (i) ministerial meetings, and (ii) scholarship/trainings that are grant-funded or undertaken at no cost to the government.

Henceforth, all foreign travels of Presidential appointees, even if allowed under this provision, must first be cleared by the Office of the President. Further, all agencies shall submit a monthly report to the Office of the President, stating the names of officials or employees who traveled abroad, the reasons for such travel, and the cost incurred by the government.

- (2) All local travels, unless urgency necessary and allowed by

Secretary of the Head of the SUC, GOCC, GFI, or OGCE;

- (3) Purchase of any type of motor vehicles, except ambulances and those required by the military and police;
  - (4) Paid media advertisements, except those required in the issuance of agency guidelines, rules and regulations, the conduct of public bidding, and the dissemination of important public announcements;
  - (5) Conduct of training, seminars, and workshops, except if funded by grants, or if the cost may be recovered through exaction of fees;
  - (6) Expansion of organizational units and/or creation of positions, except those following "scrap and build" policy or matched by the deactivation of existing units/positions of the same cost;
  - (7) Conduct of celebrations and cultural or sports activities not related to the core function of the agency, except athletic competitions conducted by public schools or SUC's; and
  - (8) donations, contributions, grants and gifts, except if said activities are undertaken pursuant to the mandate of the donor-agency;
- (b) Reduction of at least ten percent (10%) in the cost of the following:
- (1) Services of consultants, technical assistants, contractual, and casual employees; and
  - (2) Consumption of fuel, water, office supplies, electricity and other utilities. For this purpose, agencies are hereby authorized to install and use energy-efficient lights and fixtures, and optimize the utilization of internet facilities especially for long-distance communications;
- (c) Suspension of all tax expenditure subsidies to GOCC's, OGCE's and local government units, except those approved by the Fiscal Incentives Review Board;
- (d) Adoption of a scheme that will allow employees rendering overtime to be compensated through time/days off work in lieu of overtime pay, in accordance with guidelines jointly issued by the Department of Budget and Management (DBM) and the Civil Service Commission (CSC).
- (e) In the procurement of goods and services, strictly comply with the Government Procurement Reform Act (RA 9184) and its Implementing Rules and Regulations, particularly in the use of the Government Electronic Procurement System for public bidding, advertisement of opportunities and reporting