



REPUBLIKA NG PILIPINAS
REPUBLIC OF THE PHILIPPINES
KAGAWARAN NG EDUKASYON, KULTURA AT ISPORTS
DEPARTMENT OF EDUCATION, CULTURE AND SPORTS
DECS Complex, Meralco Avenue
Pasig City, Philippines



Sama-Sama
sa DECS

Tanggapan ng Kalihim
Office of the Secretary

March 23, 2001

DECS MEMORANDUM
No. 100, s. 2001

DISSEMINATION OF ADMINISTRATIVE ORDER
NOS. 3, 4, AND 5, S. 2001

To: Bureau Directors
Regional Directors
Schools Division/City Superintendents
Directors of Services/Centers and Heads of Units

1. For the information and guidance of all concerned, enclosed are copies of the following Administrative Orders:

- a) Administrative Order No. 3, s. 2001 – Prohibiting the Acquisition and Use by Government Offices of Luxury Vehicles and Directing all Heads of National Government Offices (NGOs), Government Owned or Controlled Corporations (GOCCs), Government Financial Institutions (GFIs), State Universities and Colleges (SUCs) and Local Government Units (LGUs) to Surrender and/or Dispose of Government-Owned Luxury Vehicles;
- b) Administrative Order No. 4, s. 2001 – Directing the Rationalization of the Acquisition, Deployment, Utilization and Disposition of Motor Vehicles for Government Operations; and
- c) Administrative Order No. 5, s. 2001 – Adoption of Fiscal Discipline Measures in the Public Sector for FY 2001.

2. Immediate dissemination of this Memorandum is desired.


ISAGANI R. CRUZ
Undersecretary

Encls.: As stated
Reference: None
Allotment: 1—(D.O. 50-97)
To be indicated in the Perpetual Index
under the following subjects:

BUREAUS & OFFICES
EMPLOYEES
OFFICIALS

MALACAÑANG
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER NO. 3

PROHIBITING THE ACQUISITION AND USE BY GOVERNMENT OFFICES OF LUXURY VEHICLES AND DIRECTING ALL HEADS OF NATIONAL GOVERNMENT OFFICES, GOVERNMENT OWNED OR CONTROLLED CORPORATIONS (GOCCs), GOVERNMENT FINANCIAL INSTITUTIONS (GFIs), STATE UNIVERSITIES AND COLLEGES (SUCs) AND LOCAL GOVERNMENT UNITS (LGUs) TO SURRENDER AND/OR DISPOSE OF GOVERNMENT-OWNED LUXURY VEHICLES

WHEREAS, the current Administration adheres to the principle that public office is a public trust and is determined to deliver on its commitment of good governance in the exercise of its mandate;

WHEREAS, inherent in good governance is the judicious and responsible stewardship in the utilization of the government's resources;

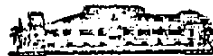
WHEREAS, the use of luxury vehicles by government offices and officials is inconsistent with responsible stewardship of government resources, particularly in the light of the country's economic problems and widespread poverty of the people;

WHEREAS, the government must set the moral tone and economic austerity standard for the country;

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:

1. All government offices, including GOCCs, GFIs, SUCs and LGUs, (hereinafter collectively referred to as "Government Offices") are hereby prohibited from acquiring or using luxury vehicles for its operations.

2. For purposes of this Order, a "luxury vehicle" shall refer to any passenger motor vehicle (a) priced in the local market at ₱1.3 million or more at the time of acquisition, or (b) with the following engine displacement specifications:



- 2.1. Car (sedan or hatchback) with an engine displacement exceeding 2200 cc. if gasoline-fed or 3000 cc. if diesel-fed;
- 2.2. Passenger van or pick-up with an engine displacement exceeding 2200 cc if gasoline-fed or 3000 cc. if diesel-fed;
- 2.3. Passenger wagon with an engine displacement exceeding 1800 cc. if gasoline-fed or 2500 cc. if diesel-fed; and
- 2.4. Sport utility vehicle (SUV) with an engine displacement exceeding 2700 cc. if gasoline-fed or 3000 cc. if diesel-fed.

3. In this connection, all Government Offices are hereby directed to account for all their motor vehicle units and prepare a disposal program for all luxury motor vehicles. This directive covers all vehicles nationwide.

- 3.1. All Government Offices utilizing luxury vehicles from the Bureau of Customs (BOC) shall return the same to the BOC within 15 days from issuance of this Order.
- 3.2. All Government Offices utilizing luxury vehicles borrowed from other offices/agencies other than the BOC shall return the same to their original office/agency within 15 days from issuance of this Order.
- 3.3. If such luxury vehicles are not so returned, the BOC or original office/agency concerned are hereby directed to obtain possession of the vehicle in the appropriate manner.

4. The BOC and the government office/agency concerned shall proceed to immediately dispose of such vehicles by public auction or sale in compliance with the applicable law, rules and regulations.

5. All proceeds from such auction or sale shall be turned over to the National Treasury in the case of national government offices/agencies, to their respective operating funds in the case of GOCCs and GFIs, and to their respective local funds in the case of LGUs.

6. The following vehicles are not covered by this Order:



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- 6.1 Those used for security reasons and purposes for the President, Vice-President, Senate President, Speaker of the House of Representatives and Chief Justice of the Supreme Court;
- 6.2 Vehicles donated by foreign governments and bilateral and multilateral institutions, if compliance with this Order is violative of the terms and conditions of such donation;
- 6.3 Vehicles acquired for ongoing projects funded from existing official development assistance programs;
- 6.4 Vehicles used for visiting foreign dignitaries maintained by the Office of the President (Malacañang) and the Department of Foreign Affairs.

7. Compliance with this Order, including final disposition of covered luxury vehicles and turnover of proceeds shall be completed within 60 days from date of issuance hereof.

8. All heads of Government Offices shall promptly submit an appropriate report to the President, through the Executive Secretary, of compliance with this Order.

9. Henceforth, all acquisitions and use of vehicles shall strictly be in accordance with National Budget Circular No. 446-A or any amendment thereto issued by the Department of Budget and Management (DBM), if need be, with this Order.

DONE in the City of Manila, this 27th day of February, in the year of our Lord, two thousand and one.

[Handwritten signature]

By the President:

[Handwritten signature of Renato S. De Villa]
RENATO S. DE VILLA
 Executive Secretary



CERTIFIED COPY:
[Handwritten signature]
AURORA T. AQUINO
 Director IV
 Malacañang Records Office

BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER NO. 4

**DIRECTING THE RATIONALIZATION OF THE ACQUISITION,
DEPLOYMENT, UTILIZATION AND DISPOSITION OF MOTOR
VEHICLES FOR GOVERNMENT OPERATIONS**

WHEREAS, the newly constituted Administration is committed to institute economy and efficiency in government spending and utilization of its resources;

WHEREAS, a rationalized acquisition, deployment, utilization, and disposition of government motor vehicles is one of the economy measures that will support this current thrust of the Administration;

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:

SECTION 1. General Policy. A rational acquisition, deployment, utilization, and disposition of motor vehicles in National Government offices, including government-owned and/or controlled corporations (GOCCs), government financial institutions (GFIs), and state universities and colleges (SUCs), is hereby ordered to be instituted.

Only motor vehicles deemed necessary and appropriate for the performance of government official functions and activities requiring transport services shall be allowed.

SEC. 2. Necessary and Appropriate Motor Vehicles. The Department of Budget and Management is hereby directed to review and recommend revisions as necessary in National Budget Circular (NBC) No. 446 dated 24 November 1995, as amended by NBC No. 446-A dated 30 January 1998, to ensure that the same reflects the drive for greater economy and frugality in government spending. Until such revision, the acquisition, deployment, and utilization of motor vehicles shall strictly be based on the provisions and specifications prescribed in said NBC No. 446, as amended by NBC No. 446-A.

SEC. 3. Comprehensive Inventory of Motor Vehicles. All Heads of Departments and other National Government offices, including GOCCs, GFIs, and SUCs are hereby required to submit a comprehensive



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inventory of their motor vehicles, exclusive of those that are distinctly military or police vehicles used by AFP or PNP units, which were acquired or are being maintained/utilized in the implementation of government programs, projects and activities, as of 31 January 2001.

The comprehensive inventory of motor vehicles shall be submitted to the Department of Budget and Management not later than 15 March 2001.

SEC. 4. Government Motor Vehicle Rationalization Plan. The Executive Secretary and the Secretary of Budget and Management are hereby directed to prepare a government motor vehicle rationalization plan within thirty (30) days after receipt of all motor vehicle inventories.

Said plan shall contain, among others, a detailed profile of the motor vehicle fleet of government agencies, and appropriate recommendations for disposition such as auction/sale and redeployment/transfer to other agencies, with full consideration of revenue proceeds and budgetary impact.

SEC. 5. Accountability. Heads of departments and agencies concerned shall be accountable for the strict compliance with and implementation of this Order.

SEC. 6. Effectivity. This Administrative Order shall take effect immediately.

DONE in the City of Manila, this 27th day of February, in the year of Our Lord, two thousand one.

J. M. ...

By the President:

Renato S. de Villa
RENATO S. DE VILLA
Executive Secretary



CERTIFIED COPY:
Aurora T. Aquino
AURORA T. AQUINO
Director IV
Malacanan Records Office

MALACAÑANG
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER NO. 5

ADOPTION OF FISCAL DISCIPLINE MEASURES IN THE PUBLIC
SECTOR FOR FY 2001

WHEREAS, the government aims to restore fiscal discipline to sustain economic recovery and improve investor confidence in the country;

WHEREAS, guarantee calls from BOT projects and larger interest payment and account payable obligations have emerged, adding further pressure on the government's available resources;

WHEREAS, the magnitude of the fiscal deficit problem necessitates intensive efforts on both the revenue generation and expenditure reduction fronts, and calls for the concerted action of all public sector entities, including government corporations and local governments;

WHEREAS, all public sector entities will have to implement fiscal discipline measures and review their spending programs to improve operating efficiencies and enhance their capacity to raise income and remit funds promptly to the national treasury as mandated by laws and other issuances;

WHEREAS, there is a need to review ongoing programs and projects in order to minimize the implementation of ineffective and inappropriate programs/projects to improve the focusing of scarce resources on the priority concerns of poverty reduction, global competitiveness and effective governance;

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), Government-Owned and Controlled Corporations (GOCCs), Government Financial Institutions (GFIs) and Local Government Units (LGUs) are



directed to fully comply with laws and issuances requiring the prompt remittance of fees and other income, guarantee fees and other obligations to the Bureau of the Treasury, as well as the remittance of tax obligations to the Bureau of Internal Revenue and the Bureau of Customs. They shall also fully comply with the requirements of the following:

- (1) Republic Act No. 7656 approved on November 9, 1993 which directs GOCCs and GFIs to remit dividends to the Treasury amounting to at least fifty percent (50%) of their annual earnings. The Department of Finance shall, however, exercise its authority to mandate larger dividend remittances in the form of cash dividends based on its review of the financial conditions of said agencies;
- (2) Executive Order No. 338 issued on May 17, 1996; and
- (3) Executive Order No. 197 issued on January 13, 2000.

SEC. 2. The Department of Finance (DOF) and the Department of Budget and Management (DBM), in coordination with NGAs, GOCCs, and GFIs concerned, shall review the legal basis/authority of existing Special Accounts in the General Fund, Trust Liability Accounts and Authorizations to Use Income to determine whether or not the purpose for which such funds/authorizations were created has been realized and accordingly recommend to the Office of the President those which may be abolished/discontinued.

SEC. 3. All NGAs, GOCCs, and GFIs shall generate savings equivalent to at least ten percent (10%) of non-personal services expenditures based on the 2000 reenacted budget or corporate operating budget. Agencies under the social services sector, and those providing tourism and agrarian reform services shall, however, implement expenditure reduction measures equivalent to five percent (5%) of non-personal services budget.

SEC. 4. In generating the above savings target, all the above agencies shall endeavor to source the savings from the reduction of items which do not directly support the attainment of desired sector outcomes. They may therefore consider reducing the following:

- (1) donations, contributions, grants and gifts;
- (2) expenditures for consultancy services regardless of fund source, except those directed towards the government's institutional reform efforts;



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- (3) expenditures for trainings/seminars/workshops. Those to be conducted by public entities shall be done in a simple and cost effective manner;
- (4) volume of consumption of fuel, water, electricity and other utilities;
- (5) expenditures for travelling, unless clearly beneficial to Philippine interests as may be determined by the President of the Philippines in the case of foreign travel of government personnel;
- (6) expenditures for advertisements, publications and related items;
- (7) expenditures for office supplies; and
- (8) expenditures for rents and leases. All NGAs, GOCCs, and GFIs owning buildings with extra office spaces shall share them with those presently renting office space from private owners.

SEC. 5. All NGAs, GOCCs, and GFIs shall suspend the following:

- (1) construction of new buildings for government offices;
- (2) purchase of furniture and fixtures, and motor vehicles not directly supportive of frontline services of the agency; and
- (3) conduct of celebrations, and cultural and sports activities not related to the core functions of the agency.

SEC. 6. Consistent with the streamlining of the bureaucracy and to assist in raising the targeted savings under Section 5, all NGAs, GOCCs, and GFIs are prohibited from implementing the following activities unless covered by available funds and specifically authorized by the Office of the President, as recommended by the DBM:

- (1) operationalization of new agencies/offices;
- (2) expansion of organizational units and/or creation of positions; and



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- (3) creation of task forces, inter-agency committees and interim bodies.

SEC. 7. All NGAs, GOCCs, and GFIs are prohibited from undertaking the following to raise savings over and above that mandated under Section 5:

- (1) hiring of new personnel, except for:
 - (a) key positions (division chiefs and above);
 - (b) one of a kind position in the agency;
 - (c) positions in schools under the Department of Education, Culture and Sports, Commission on Higher Education, Technical Education and Skills Development Authority, Department of Science and Technology and State Universities and Colleges (SUCs);
 - (d) medical and allied medical positions in hospitals;
 - (e) information technology positions;
 - (f) uniformed personnel in the Department of National Defense, Department of the Interior and Local Government, the Philippine Coast Guard and the National Mapping and Resource Information Authority; and
 - (g) positions in agencies whose staffing patterns have been streamlined and approved by the Department of Budget and Management (DBM) beginning January 1, 2000, provided that only twenty percent (20%) of vacant administrative positions as of the effectivity date of this Order may be filled by new hires.
- (2) Filling of vacant positions in regional offices of NGAs whose functions have been devolved to Local Governments; and
- (3) Grant of new/additional/increased allowances/benefits except for step increments based on length of service in accordance with Joint Senate-House of Representatives Resolution No. 1, s. 1994.



SEC. 8. Similarly, as an additional savings measure, low priority programs/activities/projects (PAPs) shall be discontinued or scaled down. For this purpose, the National Economic and Development Authority (NEDA) and the DBM shall conduct Sector Effectiveness and Efficiency Reviews (SEER) in coordination with agencies and departments concerned, in order to assess ongoing and proposed new major programs and projects, more specifically:

- (1) Classify PAPs into three categories: high, medium, low priority in accordance with their appropriateness in meeting sector outcomes;
- (2) Determine which of the low and medium priority PAPs are to be deferred, scaled down or abolished; and
- (3) Identify and adopt measures to address the implementation of on-going high priority projects that are encountering significant problems.

SEC. 9. All NGAs, GOCCs, and GFIs shall each submit to the Office of the President through the DBM, not later than fifteen (15) days after the issuance of this Order, the fiscal discipline measures it shall undertake during the year and an estimate of the revenues and savings to be generated. For GOCCs and GFIs, the information shall be made in the context of the submission of their corporate operating budget. Thereafter, a semestral report on the revenues and savings actually generated shall be submitted.

SEC. 10. Heads of NGAs and the Boards of Director of GOCCs and GFIs shall be responsible for the strict implementation of this Order. Any violation thereof shall be dealt with accordingly.

SEC. 11. The Legislative and Judicial Branches of Government as well as agencies vested with fiscal autonomy and LGUs are enjoined to adopt the provisions of this Order. LGUs are reminded to adhere to prescribed limits on personal services expenditures in the Local Government Code and shall endeavor to maximize the utilization of twenty percent (20%) of their Internal Revenue Allotments for development projects.

SEC. 12. The DBM shall issue the necessary rules and regulations for the effective implementation of this Order. NEDA, in coordination with DBM, shall issue the specific guidelines on the conduct of SEER.

SEC. 13. This Administrative Order shall take effect immediately upon its approval.



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DONE in the City of Manila, this *28th* day of February, in the year of Our Lord, Two Thousand and One.

J. Maruy

By the President:

Renato S. De Villa

RENATO S. DE VILLA
Executive Secretary



PGMA Outgoing # 00424

CERTIFIED COPY:

Aurora T. Aquino
AURORA T. AQUINO
Director IV
Malacañang Records Office

10/10/01

Office of the President
of the Philippines
Malacañang



Manila, March 6, 2000

HON. RAUL S. ROCO
Secretary of Education, Culture and Sports
Pasig City

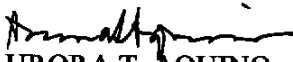
Sir:

I have the honor to transmit, for your information and guidance, certified copies of the following:

1. Administrative Order No. 3 dated February 27, 2001 entitled "**PROHIBITING THE ACQUISITION AND USE BY GOVERNMENT OFFICES OF LUXURY VEHICLES AND DIRECTING ALL HEADS OF NATIONAL GOVERNMENT OFFICES, GOVERNMENT OWNED OR CONTROLLED CORPORATIONS (GOCCs), GOVERNMENT FINANCIAL INSTITUTIONS (GFIs), STATE UNIVERSITIES AND COLLEGES (SUCs) AND LOCAL GOVERNMENT UNITS (LGUs) TO SURRENDER AND /OR DISPOSE OF GOVERNMENT-OWNED LUXURY VEHICLES**".
2. Administrative Order No. 4 dated February 27, 2001 entitled "**DIRECTING THE RATIONALIZATION OF THE ACQUISITION, DEPLOYMENT, UTILIZATION AND DISPOSITION OF MOTOR VEHICLES FOR GOVERNMENT OPERATIONS**".
3. Administrative Order No. 5 dated February 28, 2001 entitled "**ADOPTION OF FISCAL DISCIPLINE MEASURES IN THE PUBLIC SECTOR FOR FY 2001**".

May we request that copies of the above Administrative Orders be also disseminated to the bureaus, offices and agencies under/attached to that Department.

Very truly yours,
For the Executive Secretary:


AURORA T. AQUINO
Director IV

