

**XVII. DEPARTMENT OF NATIONAL DEFENSE**

**A. Office of the Secretary**  
 Identification Code: 3101-01

For general administration, supervision, coordination and direction of national security activities and home defense and civilian relations in accordance with the functions and project indicated hereunder .....P 89,966,000

<u>Current Operating Expenditures</u>				
	<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Totals</u>
<b>A. Functions</b>				
1. General Administration and Support Services	P 18,990,000	P 30,605,000	P 2,953,000	P 52,548,000
2. Supervision, Coordination and Direction of National Security Activities	1,380,000	25,591,000		26,971,000
3. Supervision, Coordination and Direction of Home Defense and Civilian Relations	1,551,000	4,486,000		6,037,000
<b>Total, Functions</b>	<b>21,921,000</b>	<b>60,682,000</b>	<b>2,953,000</b>	<b>85,556,000</b>
<b>B. Project</b>				
1. Rehabilitation of Dissident Returnees		4,410,000		4,410,000
<b>Total New Appropriations, Office of the Secretary</b>	<b>P 21,921,000</b>	<b>P 65,092,000</b>	<b>P 2,953,000</b>	<b>P 89,966,000</b>

**Special Provisions**

1. **Restriction on the Use of Funds Allotted for Petroleum, Oil and Lubricants.**  
 The amounts herein appropriated for petroleum, oil and lubricants outlay for the Department of National Defense, including all its offices and the AFP major services, shall be used exclusively for the purchase/acquisition of such petroleum, oil and lubricants, and in no case shall any portion thereof be utilized for any other purpose.

When military exigencies so require, the Secretary of National Defense may authorize Department personnel, subject to appropriate internal control measures and safeguards, to inspect deliveries of petroleum, oil and lubricants serviced directly to aircraft, vessels and motor vehicles utilized by the Armed Forces of the Philippines.

2. **Rehabilitation of Returnees.** The amount herein appropriated for the rehabilitation of returnees shall be utilized in coordination with the Joint Executive-Legislative Peace Council created under Administrative Order No. 30.

3. **Use of Savings.** The Secretary of National Defense is authorized, subject to the approval of the President of the Philippines, to use savings in the appropriations

*Open out request by BAO*

herein provided for the Department of National Defense for: (a) subsistence, hospitalization, transportation, rehabilitation and resettlement of destitute military personnel discharged honorably, including captured or surrendered dissidents and their families; (b) necessary expenses incurred during the peace and order campaign; (c) financial assistance to government informers who are killed or injured in the performance of their duties; and (d) payment for damage to properties and compensation for injuries or death of civilians resulting from Armed Forces of the Philippines operations.

4. **Airport Security Fee.** Airport security fees collected by the Bureau of Air Transportation and the Manila International Airport from departing passengers on scheduled, non-scheduled or chartered commercial aircrafts shall be deposited with the National Treasury and shall be treated as trust receipts: PROVIDED, That such amounts as may be necessary may be made available for expenditures as contribution to the National Action Committee on Anti-Hijacking (NACAH), pursuant to LOI No. 414-A dated June 17, 1976, subject to Section 40 of P.D. No. 1177.

5. **Appropriations for Specific Activities and Purposes.** The amounts herein appropriated for the functions of the agency shall be used specifically for the following activities and purposes in the indicated amounts and conditions:

<u>Activities and Purposes</u>	<u>Amounts</u>
1. General Administration and Support Services	
a. General administrative services.....	P 49,595,000
b. Acquisition of equipment.....	2,953,000
Sub-total, Function 1.....	----- 52,548,000 -----
2. Supervision, Coordination and Direction of National Security Activities	
a. Supervision, coordination and direction of peace and order activities.....	21,137,000
b. Conduct of security operations and related activities.....	5,834,000
Sub-total, Function 2.....	----- 26,971,000 -----
3. Supervision, Coordination and Direction of Home Defense and Civilian Relations	
a. Supervision, coordination and direction of home defense activities.....	1,174,000
b. Supervision, coordination and direction of civilian relations.....	3,741,000
c. Supervision, coordination and direction of police activities.....	1,122,000
Sub-total, Function 3.....	----- 6,037,000 -----
<b>Total, Functions.....</b>	<b>P 85,556,000</b> =====

**B. National Defense College of the Philippines**  
 Identification Code: 2102-01

For general administration, advanced and higher education services, and national defense and strategic international policy studies in accordance with the functions indicated hereunder..... P 6,791,000

		<u>Current Operating Expenditures</u>			
		<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Totals</u>
<b>A. Functions</b>					
1.	General Administration and Support Services	P 1,013,000	P 1,630,000	P 480,000	3,123,000
2.	Advanced and Higher Education Services	1,118,000	1,139,000		2,257,000
3.	National Defense and Strategic International Policy Studies	340,000	1,071,000		1,411,000
<b>Total, Functions</b>		<b>2,471,000</b>	<b>3,840,000</b>	<b>480,000</b>	<b>6,791,000</b>
<b>Total New Appropriations, National Defense College of the Philippines</b>		<b>P 2,471,000</b>	<b>P 3,840,000</b>	<b>P 480,000</b>	<b>6,791,000</b>

**Special Provision**

1. **Appropriations for Specific Activities and Purposes.** The amounts herein appropriated for the functions of the agency shall be used specifically for the following activities and purposes in the indicated amounts and conditions:

<u>Activities and Purposes</u>	<u>Amounts</u>
<b>1. General Administration and Support Services</b>	
a. General administrative services.....	P 2,643,000
b. Acquisition of equipment.....	480,000
Sub-total, Function 1.....	3,123,000
<b>2. Advanced and Higher Education Services</b>	
a. Conduct of graduate level and other courses of studies for development.....	2,257,000
Sub-total, Function 2.....	2,257,000

3. National Defense and Strategic International Policy Studies

a. Conduct of national defense and strategic international studies.....	1,411,000
Sub-total, Function 3.....	1,411,000
Total, Functions.....	P 6,791,000

C. Armed Forces of the Philippines

C.1 General Headquarters  
Identification Code: 3101-021

For command and management services, logistical services, health services, operations and training services, intelligence services, and civilian relations activities in accordance with the functions and projects indicated hereunder.....P 2,179,563,000

	<u>Current Operating Expenditures</u>			<u>Totals</u>
	<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	
<b>A. Functions</b>				
1. Command and Management Services	P 250,720,000	P 164,442,000	P 16,940,000	P 432,102,000
2. Logistical Services	95,505,000	231,152,000		326,657,000
3. Health Services	54,123,000	49,952,000		104,075,000
4. Operations and Training Services	609,142,000	157,125,000		766,267,000
5. Military Intelligence Services	95,714,000	85,775,000		181,489,000
6. Civilian Relations Activities	31,687,000	37,607,000		69,294,000
<b>Total, Functions</b>	<b>1,136,891,000</b>	<b>726,053,000</b>	<b>16,940,000</b>	<b>1,879,884,000</b>
<b>B. Projects</b>				
1. Self-Reliant Defense Posture Project	6,296,000	2,722,000	250,000,000	259,018,000
2. Construction of Building and Facilities			40,661,000	40,661,000
<b>Total, Projects</b>	<b>6,296,000</b>	<b>2,722,000</b>	<b>290,661,000</b>	<b>299,679,000</b>
<b>Total New Appropriations, General Headquarters</b>	<b>P1,143,187,000</b>	<b>P 728,775,000</b>	<b>P 307,601,000</b>	<b>P 2,179,563,000</b>

**Special Provision**

1. **Appropriations for Specific Activities and Purposes.** The amounts herein appropriated for the functions of the agency shall be used specifically for the following activities and purposes in the indicated amounts and conditions:

<u>Activities and Purposes</u>	<u>Amounts</u>
<b>1. Command and Management Services</b>	
a. Command, staff direction and coordination of GHQ-wide units of the AFP.....	P 180,913,000
b. Operation and maintenance of headquarters service groups and other AFP-wide units.....	164,074,000
c. Operation and maintenance of the AFP Finance Center, including payment of salaries and allowances of military and civilian personnel of GHQ.....	15,397,000
d. Support to Pension and Gratuity Administration Office.	1,755,000
e. Payment of pensions and gratuities of military personnel.....	53,023,000
f. Acquisition of equipment.....	16,940,000
Sub-total, Function 1.....	----- 432,102,000 -----
<b>2. Logistical Services</b>	
a. Operation and maintenance of the AFP Logistical Center	142,384,000
b. Procurement and other logistical services for GHQ and other AFP-wide support and separate units.....	184,273,000
Sub-total, Function 2.....	----- 326,657,000 -----
<b>3. Health Services</b>	
a. Operation and maintenance of the AFP Medical Center...	82,123,000
b. Operation and maintenance of the 1351st Dental Dispensary.....	3,500,000
c. Operation and maintenance of other hospitals, medical and dental dispensaries and clinics.....	18,452,000
Sub-total, Function 3.....	----- 104,075,000 -----
<b>4. Operations and Training Services</b>	
a. Procurement, instruction, training and development of officer-cadets of the Philippine Military Academy.....	90,645,000

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b.	Operation and maintenance of the Armed Forces of the Philippines Command and General Staff College.....	10,342,000
c.	Operation and maintenance of the Metropolitan Citizen Military Training Command.....	22,881,000
d.	Special operations of headquarters command and maintenance of other GHQ-AFP-wide support and separate units.....	241,355,000
e.	Operation and maintenance of AFP Training Command (AFPTRACOM).....	29,639,000
f.	Operation and maintenance of Regional Unified Commands	333,683,000
g.	Operation and maintenance of WESCOM.....	12,563,000
h.	Operation and maintenance of the National Capital Region Defense Command (NCRDC).....	8,186,000
i.	Special operations and training.....	16,973,000
	Sub-total, Function 4.....	<u>766,267,000</u>
5. Military Intelligence Services		
a.	Operation and maintenance of military intelligence and other related activities.....	147,717,000
b.	Operation and maintenance of the Presidential Security Group.....	33,772,000
	Sub-total, Function 5.....	<u>181,489,000</u>
6. Civilian Relations Activities		
a.	Operation and maintenance of Civil Military Operation Activities.....	69,294,000
	Sub-total, Function 6.....	<u>69,294,000</u>
	Total, Functions.....	<u>P 1,879,884,000</u>

C.2. Philippine Air Force  
Identification Code: 3101-022

For air force command and management services, logistical services, health services, operations and training services, and civilian relations activities in accordance with the functions and project indicated hereunder..... P 1,312,657,000

		<u>Current Operating Expenditures</u>			
		<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Totals</u>
<b>A. Functions</b>					
1.	Command and Management Services	P 68,237,000	P 125,631,000	P 19,900,000	P 213,768,000
2.	Logistical Services	98,900,000	254,356,000		353,256,000
3.	Health Services	22,150,000	8,209,000		30,359,000
4.	Operations and Training Services	440,720,000	252,485,000		693,205,000
5.	Civilian Relations Activities		4,269,000		4,269,000
<b>Total, Functions</b>		<b>630,007,000</b>	<b>644,950,000</b>	<b>19,900,000</b>	<b>1,294,857,000</b>
<b>B. Project</b>					
1.	Construction of Building and Facilities			17,800,000	17,800,000
<b>Total New Appropriations, Philippine Air Force</b>		<b>P 630,007,000</b>	<b>P 644,950,000</b>	<b>P 37,700,000</b>	<b>P 1,312,657,000</b>

**Special Provision**

1. **Appropriations for Specific Activities and Purposes.** The amounts herein appropriated for the functions of the agency shall be used specifically for the following activities and purposes in the indicated amounts and conditions:

<u>Activities and Purposes</u>	<u>Amounts</u>
<b>1. Command and Management Services</b>	
a. Command, staff direction and coordination of air force-wide units.....	P 133,796,000
b. Payment of pensions and gratuities of military personnel.....	60,072,000
c. Purchase of furniture and equipment.....	19,900,000
Sub-total, Function 1.....	213,768,000
<b>2. Logistical Services</b>	
a. Procurement, transport, storage and distribution of supplies and materials.....	353,256,000
Sub-total, Function 2.....	353,256,000

3. Health Services

a. Operation and maintenance of air force medical and dental health centers.....	30,359,000
Sub-total, Function 3.....	<u>30,359,000</u>

4. Operations and Training Services

a. Direction of air force operations.....	620,152,000
b. Operation and maintenance of the Clark Air Base Command (CABCOM).....	5,428,000
c. Operation and maintenance of the Philippine Air Force Security Command (PAFSECOM).....	900,000
d. Conduct of air force training.....	<u>66,725,000</u>
Sub-total, Function 4.....	<u>693,205,000</u>

5. Civilian Relations Activities

a. Civil assistance, agro-military activities, command and troop information and education, vocational training of trainees and draftees, and other home defense/civilian relations activities.....	<u>4,269,000</u>
Sub-total, Function 5.....	<u>4,269,000</u>

Total, Functions.....	<u>P 1,294,857,000</u>
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**C.3 Philippine Army**  
Identification Code: 3101-023

For army command and management services, logistical services, health services, operations and training services, and civilian relations activities in accordance with the functions and project indicated hereunder..... P 3,290,425,000

Current Operating Expenditures

	<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Totals</u>
A. Functions				
1. Command and Management Services	P 79,482,000	P 386,699,000	P 38,527,000	P 504,708,000
2. Logistical Services	54,742,000	384,377,000		439,119,000



3. Health Services	43,614,000	88,926,000	132,540,000
4. Operations and Training Services	1,909,158,000	227,767,000	2,136,925,000
5. Civilian Relations Activities		24,333,000	24,333,000
<b>Total, Functions</b>	<b>2,086,996,000</b>	<b>1,112,102,000</b>	<b>3,237,625,000</b>

B. Project

1. Construction of Building and Facilities		52,800,000	52,800,000
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Total New Appropriations, Philippine Army P2,086,996,000 P1,112,102,000 P 91,327,000 P 3,290,425,000

Special Provision

1. Appropriations for Specific Activities and Purposes. The amounts herein appropriated for the functions of the agency shall be used specifically for the following activities and purposes in the indicated amounts and conditions:

<u>Activities and Purposes</u>	<u>Amounts</u>
1. Command and Management Services	
a. Command, staff direction and coordination of army-wide units.....	P 114,417,000
b. Payment of pensions and gratuities of military personnel.....	351,764,000
c. Acquisition of equipment.....	38,527,000
Sub-total, Function 1.....	<u>504,708,000</u>
2. Logistical Services	
a. Procurement, transport, storage and distribution of supplies and materials.....	439,119,000
Sub-total, Function 2.....	<u>439,119,000</u>
3. Health Services	
a. Operation and maintenance of army medical and dental health centers.....	132,540,000
Sub-total, Function 3.....	<u>132,540,000</u>
4. Operations and Training Services	
a. Direction of army operations.....	1,816,387,000
b. Conduct of army training.....	320,538,000
Sub-total, Function 4.....	<u>2,136,925,000</u>

5. Civilian Relations Activities

a. Civil assistance, agro-military activities, command and troop information and education, vocational training of trainees and draftees, and other home defense/civilian relations activities.....	24,333,000
Sub-total, Function 5.....	24,333,000
Total, Functions.....	P 3,237,625,000

C.4 Philippine Constabulary  
Identification Code: 4202-01

For constabulary command and management services, logistical services, health services, operations and training services, and civilian relations activities in accordance with the functions and project indicated hereunder..... P 2,129,029,000

Current Operating Expenditures

	<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Totals</u>
<b>A. Functions</b>				
1. Command and Management Services	P 256,928,000	P 213,173,000		P 470,101,000
2. Logistical Services	10,804,000	280,961,000		291,765,000
3. Health Services	30,915,000	13,022,000		43,937,000
4. Operations and Training Services	1,146,430,000	115,550,000	22,800,000	1,284,780,000
5. Civilian Relations Activities	5,852,000	12,594,000		18,446,000
<b>Total, Functions</b>	<b>1,450,929,000</b>	<b>635,300,000</b>	<b>22,800,000</b>	<b>2,109,029,000</b>
<b>B. Project</b>				
1. Construction of Building and Facilities			20,000,000	20,000,000
<b>Total New Appropriations, Philippine Constabulary</b>	<b>P1,450,929,000</b>	<b>P 635,300,000</b>	<b>P 42,800,000</b>	<b>P 2,129,029,000</b>

**Special Provision**

1. Appropriations for Specific Activities and Purposes. The amounts herein appropriated for the functions of the agency shall be used specifically for the following activities and purposes in the indicated amounts and conditions:

<u>Activities and Purposes</u>	<u>Amounts</u>
1. Command and Management Services	
a. Command, staff direction and coordination of constabulary-wide units.....	P 267,789,000
b. Payment of pensions and gratuities of military personnel.....	202,312,000
Sub-total, Function 1.....	----- 470,101,000 -----
2. Logistical Services	
a. Procurement, transport, storage and distribution of supplies and materials.....	291,765,000
Sub-total, Function 2.....	----- 291,765,000 -----
3. Health Services	
a. Operation and maintenance of constabulary medical and dental health centers.....	43,937,000
Sub-total, Function 3.....	----- 43,937,000 -----
4. Operations and Training Services	
a. Police operational activities.....	1,241,490,000
b. Operation and maintenance of the Narcotics Command (NARCDM).....	6,980,000
c. Conduct of constabulary training.....	13,510,000
d. Acquisition of equipment.....	22,800,000
Sub-total, Function 4.....	----- 1,284,780,000 -----
5. Civilian Relations Activities	
a. Civil assistance, agro-military activities, command and troop information and education, vocational training of trainees and draftees, and other home defense/civilian relations activities.....	18,446,000
Sub-total, Function 5.....	----- 18,446,000 -----
Total, Functions.....	P 2,109,029,000 =====

**C.5 Philippine Navy**  
Identification Code: 3101-024

For naval command and management services, logistical services, health services, operations and training services, and civilian relations activities in accordance with the functions and project indicated hereunder.....P 2,060,741,000  
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<u>Current Operating Expenditures</u>				
	<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Totals</u>
<b>A. Functions</b>				
1. Command and Management Services	P 117,639,000	P 149,590,000	P 6,000,000	P 273,229,000
2. Logistical Services	107,604,000	812,756,000		920,360,000
3. Health Services	9,925,000	18,201,000		28,126,000
4. Operations and Training Services	612,111,000	190,178,000		802,289,000
5. Civilian Relations Activities		9,947,000		9,947,000
<b>Total, Functions</b>	<b>847,279,000</b>	<b>1,180,672,000</b>	<b>6,000,000</b>	<b>2,033,951,000</b>
<b>B. Project</b>				
1. Construction of Building and Facilities			26,790,000	26,790,000
<b>Total New Appropriations, Philippine Navy</b>	<b>P 847,279,000</b>	<b>P 1,180,672,000</b>	<b>P 32,790,000</b>	<b>P 2,060,741,000</b>

**Special Provision**

1. **Appropriations for Specific Activities and Purposes.** The amounts herein appropriated for the functions of the agency shall be used specifically for the following activities and purposes in the indicated amounts and conditions:

<u>Activities and Purposes</u>	<u>Amounts</u>
<b>1. Command and Management Services</b>	
a. Command, staff direction and coordination of navy-wide units.....	P 173,290,000
b. Payment of pensions and gratuities of military personnel.....	93,939,000
c. Acquisition of equipment.....	6,000,000
Sub-total, Function 1.....	273,229,000
<b>2. Logistical Services</b>	
a. Procurement, transport, storage and distribution of supplies and materials.....	644,252,000
b. Maintenance of vessels.....	165,665,000
c. Maintenance of other naval facilities.....	110,443,000
Sub-total, Function 2.....	920,360,000

## 3. Health Services

a. Operation and maintenance of naval medical and dental health centers.....	28,126,000
Sub-total, Function 3.....	28,126,000

## 4. Operations and Training Services

a. Direction of naval operations.....	762,175,000
b. Operation and maintenance of Subic Command (SUBCOM)...	7,973,000
c. Conduct of naval training.....	32,141,000
Sub-total, Function 4.....	802,289,000

## 5. Civilian Relations Activities

a. Civilian relations activities.....	9,947,000
Sub-total, Function 5.....	9,947,000
Total, Functions.....	P 2,033,951,000

## Special Provisions Applicable to the Major Services of the Armed Forces of the Philippines

1. **Limitation on the Use of Training Appropriations for Payment of Death Gratuity and Disability Pension of CMT Cadets.** The appropriations allotted for training outlay in the Armed Forces of the Philippines shall be made available for the payment of death gratuity or disability benefits of CMT cadets on account of death or injury suffered as a direct and proximate result of summer cadre training or participation in military operations of the AFP, except those incurred through misconduct, gross negligence or willful disobedience: PROVIDED, That payment shall be made to the beneficiaries as provided in R.A. No. 610, as amended, subject to special rules and regulations prescribed by the Secretary of National Defense: PROVIDED, FINALLY, That death compensation shall not be less than twelve thousand pesos.

2. **Allowances of Civilians Utilized During Military Operations.** The AFP is authorized to grant chargeable against the appropriations authorized for the purpose, subsistence allowances and other emoluments to civilians who are not employees of the Department of National Defense but utilized during duly authorized military operations and similar activities of the AFP in the maintenance of peace and order, subject to such rules and regulations prescribed by the Secretary of National Defense.

3. **Allotment of Confidential National Security Fund.** The President of the Philippines as Commander-in-Chief of the Armed Forces may allot from the appropriations herein provided, such amounts as may be necessary for confidential national security purposes, and any disbursement therefrom shall be accounted for solely on the President's certification or by the Officer-in-Charge of the National Security Mission designated by the President of the Philippines. A portion from the programmed allotment of said Fund may be used for the purchase of technical equipment and vehicles necessary for carrying out national security missions upon direction and/or prior approval of the President of the Philippines.

4. **Purchase of Security Information.** The Secretary of National Defense, upon certification of the Chief of Staff, AFP, may recommend for the approval of the President of the Philippines the disbursement of funds for payment of rewards to informers or for the purchase of security information on national security projects other than those already approved under authorized operating programs of the AFP.

5. **Reimbursement of Expenses Incurred in Anti-Smuggling and Economic Subversion Operations.** Upon recommendation of the Secretary of National Defense and approval of the President of the Philippines, expenses incurred by the AFP in anti-smuggling, economic subversion or other similar operations may be reimbursed out of the proceeds from the sale of items seized or confiscated by the AFP, subject to Section 40 of P.D. No. 1177, and to pertinent budgetary, accounting and auditing regulations: PROVIDED, That such proceeds may also be used for the logistics support and acquisition of information necessary for the prosecution of subsequent operations, subject to regulations prescribed by the Chief of Staff, with the approval of the Secretary of National Defense.

6. **Research, Feasibility Studies, Development Projects and Test and Evaluation.** The Chief of Staff, AFP, subject to the approval of the Secretary of National Defense, and upon direction of the President of the Philippines, is authorized to conduct research, feasibility studies and development studies for projects planned and approved under the Self-Reliant Defense Posture Program (SRDP), including material requirements of the AFP on weapons and armaments, air and naval armaments, air and naval material requirements, ammunition, communications-electronics and quartermaster items, the cost of which shall be chargeable to the appropriations provided for the Self-Reliant Defense Posture Program, R & D Program and Other Special Funds as provided for by P.D. No. 1081. The Chief of Staff is likewise authorized, subject to the approval of the Secretary of National Defense, to farm out R & D projects to private entrepreneurs and/or government scientific agencies when these are not within the capability of the AFP to undertake: PROVIDED, That the amount that shall be spent for such research, feasibility and development studies shall not exceed 4 percent of the contract price or the direct cost of each project.

7. **Operating Budget of the AFP Major Services.** Pursuant to LOI No. 760, the Chief of Staff shall prepare, in consultation with the major services, a Work and Financial Plan, as may be required by the Department of Budget and Management, for each of the services of the Armed Forces of the Philippines, including the General Headquarters, identifying cost estimates for each function and project by Command and the amounts earmarked for intelligence activities, and for petroleum, oil and lubricants, in each function and project as listed in this Act. The Work and Financial Plan shall be reviewed by the Secretary of National Defense and the Secretary of Budget and Management and submitted to the President for final approval prior to the release of funds at the beginning of each budget year. Fund releases shall be made through the Office of the Secretary of National Defense to the General Headquarters, AFP. The Chief of Staff, AFP, shall sub-allot to the major services including the General Headquarters funds allocated to them in the approved Work and Financial Plan, and may withhold a portion thereof, subject to the approval of the Secretary of National Defense, in order to cover the cost of centrally procured items in the implementation of the operating requirements of integrated commands without, however, reducing the total amount intended for basic pay and allowances, GSIS premiums, pensions and gratuities, petroleum, oil and lubricants, ammunitions and other similarly fixed and critical expenditures. Deviations from the approved Work and Financial Plan and from the implementing budgetary releases may be approved by the Secretary of National Defense acting upon guidelines issued by the President of the Philippines in pursuance of reorganization, emergency changes in priority and changes in systems and procedures, except as provided under LOI No. 746: PROVIDED, That such appropriation transfers shall be effected through Special Budgets, pursuant to Section 40 of P.D. No. 1177: PROVIDED, FURTHER, That no increase in compensation, allowances and fringe benefits shall be implemented without an implementing Budget Circular or the written approval of the President of the Philippines, a copy of which shall be furnished by the Department of Budget and Management.

8. **Use of Savings.** The Chief of Staff, AFP, is authorized, subject to the approval of the Secretary of National Defense, to use any savings in the appropriations provided herein for the AFP, for: (a) purchase of furniture and equipment for the living quarters of the various Provincial Constabulary Commanders, Regional Unified Commanders and equivalent commanders in the other major services not exceeding P1,000,000; (b) payment of the loans and amortization, including valid prior years' obligations; (c) acquisition of sites, facilities, or equipment under lease or currently used by the Armed Forces, and

payment of boundary, relocation and sub-division surveys for titling of AFP real estates; (d) purchase, manufacture and repair of motor vehicles, aircrafts, vessels and spare parts, and all other types of equipment and materials as may be determined by the Secretary of National Defense; (e) purchase or manufacture of ammunition and components, armaments and other similar equipment to build up the reserve stocks of the AFP Reserve Force; (f) construction of living quarters, mobilization centers, military barracks, AFP museum, archives or libraries and other construction projects; (g) modernization and expansion of the AFP General Headquarters; (h) support of intelligence and counter-intelligence activities of the AFP; (i) support of the international commitments of the AFP, including the expenses of Philippine Armed Forces Contingent sent overseas on mission; (j) payment of certificate of disability discharged pensions of retirees, and educational benefits of beneficiaries entitled thereto; (k) payment of gratuities and pensions of military retirees, under Republic Act No. 340 as amended; (l) subsistence of military personnel serving sentence at the National Penitentiary; (m) payment of prior years accounts including light, water, telephone and rental charges; (n) development of idle military lands for livelihood projects and support of AFP commitments to the National Reconciliation and Development Program; (o) procurement of combat clothing and individual equipment for gratuitous issue to enlisted personnel engaged in actual operations; and (p) payments for damage to properties and compensation for injuries or death of civilians resulting from Armed Forces of the Philippines operations: PROVIDED, That (k) hereof shall be given priority: PROVIDED, FURTHER, That a quarterly report on use of savings is submitted to the Department of Budget and Management.

9. **Intelligence and Confidential Funds.** No amount herein appropriated, including those funded from savings, shall be utilized for intelligence and confidential purposes without the approval of the President of the Philippines upon recommendation of the Secretary of National Defense.

10. **Use of Appropriations Allotted for Longevity Pay.** Longevity pay shall be charged against the specific appropriations allotted for the purpose: PROVIDED, That in determining entitlement to longevity pay, the period of trainee service, CMT Cadre Training, probationary training, and cadet service in Service Academies and in the PAF Flying School not exceeding four years, shall be considered as active military service.

11. **AFP Procurement.** The AFP is authorized, subject to rules and regulations prescribed by the Secretary of National Defense and the Secretary of Budget and Management to procure supplies, materials, services and equipment needed for its operations.

12. **Release and Administration of Appropriations for the Presidential Security Group.** The amount appropriated herein for the Presidential Security Group shall be released to the Department of National Defense which shall sub-allot the amount to the Office of the President for its administration, utilization or implementation.

13. **Requirements for Increased Subsistence Allowance.** Of the amount herein appropriated for Personal Services of the Armed Forces of the Philippines, so much thereof as may be necessary shall be set aside for the payment of the increase in subsistence allowance of military personnel as authorized in Executive Order No. 256 and Executive Order No. 257.

**D. Government Arsenal**  
Identification Code: 3101-03

For general administration, manufacture of arms and ammunitions, and for the maintenance and security of arsenals in accordance with the functions and project indicated hereunder..... P 109,042,000

Current Operating Expenditures

		<u>Personal Services</u>		<u>Maintenance and Other Operating Expenses</u>		<u>Capital Outlays</u>	<u>Totals</u>
<b>A. Functions</b>							
1. General Administration and Support Services	P	13,921,000	P	11,394,000	P	41,000	25,356,000
2. Manufacture of Arms and Ammunitions and Maintenance and Security of Arsenals		13,397,000		61,803,000		8,346,000	83,546,000
<b>Total, Functions</b>		27,318,000		73,197,000		8,387,000	108,902,000
<b>B. Project</b>							
1. Construction of Building and Facilities						140,000	140,000
<b>Total New Appropriations, Government Arsenal</b>	P	27,318,000	P	73,197,000	P	8,527,000	109,042,000

**Special Provisions.**

1. **Procurement of Safety Equipment.** The Director of the Government Arsenal, subject to the approval of the Secretary of National Defense, is authorized to procure safety equipment and clothing materials as may be needed in the Arsenal's operations and issue the same to Arsenal personnel without cost, chargeable to the regular appropriations of the Government Arsenal.

2. **Authority to Barter Scrap.** The Director of the Government Arsenal, upon notice to the Commission on Audit and prior approval of the Secretary of National Defense, is authorized to barter scrap with essential facilities in the operation of the Government Arsenal: PROVIDED, That the money value of the scrap items bartered shall be recorded as income of the Government Arsenal and the equipment so acquired shall be recorded as government property.

3. **Appropriations for Specific Activities and Purposes.** The amounts herein appropriated for the functions of the agency shall be used specifically for the following activities and purposes in the indicated amounts and conditions:

<u>Activities and Purposes</u>	<u>Amounts</u>
1. General Administration and Support Services	
a. General administrative services, including the provision of an intelligence fund.....	P 25,315,000
b. Acquisition of equipment.....	41,000
Sub-total, Function 1.....	25,356,000
2. Manufacture of Arms and Ammunitions and Maintenance and Security of Arsenals	
a. Manufacture and storage of arms and ammunitions and the assurance of quality thereof.....	75,200,000



b. Acquisition of equipment.....	8,346,000
Sub-total, Function 2.....	83,546,000
Total, Functions.....	P 108,902,000

**E. Integrated National Police**  
 Identification Code: 4202-02

For general administration, law enforcement and public safety services, and fire prevention, investigation and control in accordance with the functions and project indicated hereunder..... P 2,482,187,000

Current Operating Expenditures

	<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Totals</u>
<b>A. Functions</b>				
1. General Administration and Support Services	P 157,943,000	P 42,077,000	P 50,000,000	P 250,020,000
2. Law Enforcement and Public Safety Services	1,588,963,000	288,688,000		1,877,651,000
3. Fire Prevention, Investigation and Control	278,746,000	62,641,000		341,387,000
Total, Functions	2,025,652,000	393,406,000	50,000,000	2,469,058,000

<b>B. Project</b>				
1. Construction of Building and Facilities			13,129,000	13,129,000

Total New Appropriations,  
 Integrated National Police P2,025,652,000 P 393,406,000 P 63,129,000 P 2,482,187,000

**Special Provisions**

1. **Use of Appropriations for Payment of Damages Arising from Lawful Police Operations.** The Director-General of the Integrated National Police (INP) is authorized, subject to the approval of the Secretary of National Defense, to disburse funds from the appropriations of the INP as provided in this Act for the payment of duly established damages to property and for injury or death benefits of civilians resulting from duly authorized police operations in the maintenance of peace and order.

2. **Appropriations for Specific Activities and Purposes.** The amounts herein appropriated for the functions of the agency shall be used specifically for the following activities and purposes in the indicated amounts and conditions:

<u>Activities and Purposes</u>	<u>Amounts</u>
<b>1. General Administration and Support Services</b>	
a. Training of uniformed personnel.....	P 55,720,000
b. Central and regional administration and staff services.....	136,240,000
c. Legal assistance services to uniformed personnel pursuant to P.D. No. 971.....	1,930,000
d. Operation and maintenance of the Management Information System for the Peace and Order Council.....	6,130,000
e. Acquisition of equipment.....	50,000,000
Sub-total, Function 1.....	<u>250,020,000</u>
<b>2. Law Enforcement and Public Safety Services</b>	
a. Police and traffic activities.....	1,620,291,000
b. Police investigative activities, the amount for which shall be released in accordance with the procedures established under LOI No. 746.....	170,810,000
c. Jail management and rehabilitation of prisoners.....	86,550,000
Sub-total, Function 2.....	<u>1,877,651,000</u>
<b>3. Fire Prevention, Investigation and Control</b>	
a. Fire prevention, control, investigation and firefighting operations.....	341,387,000
Sub-total, Function 3.....	<u>341,387,000</u>
<b>Total, Functions.....</b>	<b>P 2,469,058,000</b> <u>=====</u>

**F. Office of Civil Defense**  
Identification Code : 4202-03

For general administration and planning, direction and coordination services for civil defense in accordance with the functions indicated hereunder.....P 12,173,000

		<u>Current Operating Expenditures</u>			
		<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Totals</u>
<b>A. Functions</b>					
1.	General Administration and Support Services	P 7,264,000	P 1,551,000	P 710,000	P 9,525,000
2.	Planning, Direction and Coordination Services for Civil Defense		2,648,000		2,648,000
<b>Total, Functions</b>		<b>7,264,000</b>	<b>4,199,000</b>	<b>710,000</b>	<b>12,173,000</b>
<b>Total New Appropriations, Office of Civil Defense</b>		<b>P 7,264,000</b>	<b>P 4,199,000</b>	<b>P 710,000</b>	<b>P 12,173,000</b>

**Special Provision**

1. **Appropriations for Specific Activities and Purposes.** The amounts herein appropriated for the functions of the agency shall be used specifically for the following activities and purposes in the indicated amounts and conditions:

<u>Activities and Purposes</u>	<u>Amounts</u>
<b>1. General Administration and Support Services</b>	
a. General administrative services.....	P 8,815,000
b. Acquisition of equipment.....	710,000
Sub-total, Function 1.....	9,525,000
<b>2. Planning, Direction and Coordination Services for Civil Defense</b>	
a. Supervision, direction and coordination of the national civil defense program.....	820,000
b. Organization and training of disaster coordinating councils and volunteer workers.....	1,531,000
c. Participation in the natural disaster research and training center.....	297,000
Sub-total, Function 2.....	2,648,000
<b>Total, Functions.....</b>	<b>P 12,173,000</b>

**G. Philippine Veterans Affairs Office**

**G.1 Philippine Veterans Affairs Office (Proper)**

Identification Code : 2405-01

For general administration and administration of veterans' benefits in accordance with the functions indicated hereunder.....P 98,042,000

		<u>Current Operating Expenditures</u>			
		<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Totals</u>
<b>A. Functions</b>					
1. General Administration and Support Services	P	8,742,000	5,637,000	1,419,000	15,798,000
2. Administration of Veterans' Benefits		5,890,000	76,354,000		82,244,000
<b>Total, Functions</b>		<b>14,632,000</b>	<b>81,991,000</b>	<b>1,419,000</b>	<b>98,042,000</b>
<b>Total New Appropriations, Philippine Veterans Affairs Office (Proper)</b>		<b>P 14,632,000</b>	<b>P 81,991,000</b>	<b>P 1,419,000</b>	<b>P 98,042,000</b>

**Special Provision**

1. **Appropriations for Specific Activities and Purposes.** The amounts herein appropriated for the functions of the agency shall be used specifically for the following activities and purposes in the indicated amounts and conditions:

<u>Activities and Purposes</u>	<u>Amounts</u>
<b>1. General Administration and Support Services</b>	
a. General administrative services.....	P 14,379,000
b. Acquisition of equipment.....	1,419,000
Sub-total, Function 1.....	<u>15,798,000</u>
<b>2. Administration of Veterans' Benefits</b>	
a. Processing of veterans' claims.....	8,410,000
b. Settlement of veterans' claims.....	56,577,000
c. Payment of gratuity and pensions to heirs of military personnel under R.A. No. 5859, effective January 1, 1978.....	14,822,000
d. Payment of pensions to veterans of the revolution pursuant to R.A. No. 5748, effective January 1, 1979.....	<u>2,435,000</u>

Sub-total, Function 2.....		82,244,000
Total, Functions.....	P	98,042,000

**G.2 Military Shrines Services**  
 Identification Code: 2107-02

For general administration and development of national military shrines in accordance with the functions and project indicated hereunder.....P 5,773,000

<u>Current Operating Expenditures</u>				
	<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Totals</u>
<b>A. Functions</b>				
1. General Administration and Support Services	P 1,203,000	P 1,584,000	P 240,000	P 3,027,000
2. Development of National Military Shrines	809,000	437,000		1,246,000
<b>Total, Functions</b>	<b>2,012,000</b>	<b>2,021,000</b>	<b>240,000</b>	<b>P 4,273,000</b>
<b>B. Project</b>				
1. Construction of Building and Facilities			1,500,000	1,500,000
<b>Total New Appropriations, Military Shrines Services</b>	<b>P 2,012,000</b>	<b>P 2,021,000</b>	<b>P 1,740,000</b>	<b>P 5,773,000</b>

**Special Provision**

1. **Appropriations for Specific Activities and Purposes.** The amounts herein appropriated for the functions of the agency shall be used specifically for the following activities and purposes in the indicated amounts and conditions:

<u>Activities and Purposes</u>	<u>Amounts</u>
1. General Administration and Support Services	
a. Administration of National Military Shrines, including the Corregidor Shrine, Dambana ng Kagitingan and the Kiangnan Shrine.....	P 2,787,000

b. Acquisition of equipment.....	240,000
Sub-total, Function 1.....	3,027,000
2. Development of National Military Shrines	
a. Development of National Military Shrines, including the Corregidor Shrine, Dambana ng Kagitingan and the Kiangnan Shrine.....	1,196,000
b. Allowances of re-employed retired military personnel..	50,000
Sub-total, Function 2.....	1,246,000
Total, Functions.....	P 4,273,000

**G.3 Veterans Memorial Medical Center**  
Identification Code: 2301-02

For general administration, hospitalization, medical care and treatment in accordance with the functions indicated hereunder..... P 87,199,000

		Current Operating Expenditures			
		Personal Services	Maintenance and Other Operating Expenses	Capital Outlays	Totals
<b>A. Functions</b>					
1.	General Administration and Support Services	P 24,291,000	P 8,063,000	P	P 32,354,000
2.	Hospitalization and Medical Care and Treatment	23,615,000	30,930,000	300,000	54,845,000
<b>Total, Functions</b>		47,906,000	38,993,000	300,000	87,199,000
<b>Total New Appropriations, Veterans Memorial Medical Center</b>		P 47,906,000	P 38,993,000	P 300,000	P 87,199,000

**Special Provisions**

1. **Use of Savings.** The Administrator of the Philippine Veterans Affairs Office is authorized, subject to the approval of the Secretary of National Defense and to Section 40 of P.D. No. 1177, to use savings in the appropriations for the Philippine Veterans Affairs Office: (a) to cover deficits in veterans' pension and educational benefits; (b) for payment of additional expenses for supplies, materials, equipment and machine rental in the preparation of pension checks of veterans and beneficiaries; (c) for medical care and treatment at the Veterans Memorial Medical Center or its annex wards in

the provinces, including reasonable transportation expenses in going to and from the Medical Center or its annex; (d) for assistance, benefits or services to veterans authorized under the law; and (e) for the microfilming and/or computerization of veterans records.

2. **Appropriations for Specific Activities and Purposes.** The amounts herein appropriated for the functions of the agency shall be used specifically for the following activities and purposes in the indicated amounts and conditions:

<u>Activities and Purposes</u>	<u>Amounts</u>
<b>1. General Administration and Support Services</b>	
a. General administrative services.....	P 32,354,000
Sub-total, Function 1.....	----- 32,354,000 -----
<b>2. Hospitalization and Medical Care and Treatment</b>	
a. In-patient care.....	44,521,000
b. Operation and maintenance of VMMC annexes.....	1,500,000
c. Out-patient services.....	8,524,000
d. Acquisition of equipment.....	300,000
Sub-total, Function 2.....	----- 54,845,000 -----
<b>Total, Functions.....</b>	<b>P 87,199,000</b> =====

**GENERAL SUMMARY  
DEPARTMENT OF NATIONAL DEFENSE**

		<u>Current Operating Expenditures</u>			
		<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Totals</u>
A.	Office of the Secretary	P 21,921,000 P	65,092,000 P	2,953,000 P	89,966,000
B.	National Defense College of the Philippines	2,471,000	3,840,000	480,000	6,791,000
C.	Armed Forces of the Philippines	6,158,398,000	4,301,799,000	512,218,000	10,972,415,000
C.1	General Headquarters	1,143,187,000	728,775,000	307,601,000	2,179,563,000
C.2	Philippine Air Force	630,007,000	644,950,000	37,700,000	1,312,657,000
C.3	Philippine Army	2,086,996,000	1,112,102,000	91,327,000	3,290,425,000
C.4	Philippine Constabulary	1,450,929,000	635,300,000	42,800,000	2,129,029,000
C.5	Philippine Navy	847,279,000	1,180,672,000	32,790,000	2,060,741,000
D.	Government Arsenal	27,318,000	73,197,000	8,527,000	109,042,000
E.	Integrated National Police	2,025,652,000	393,406,000	63,129,000	2,482,187,000
F.	Office of Civil Defense	7,264,000	4,199,000	710,000	12,173,000
G.	Philippine Veterans Affairs Office	64,550,000	123,005,000	3,459,000	191,014,000
G.1	Philippine Veterans Affairs Office (Proper)	14,632,000	81,991,000	1,419,000	98,042,000
G.2	Military Shrines Services	2,012,000	2,021,000	1,740,000	5,773,000
G.3	Veterans Memorial Medical Center	47,906,000	38,993,000	300,000	87,199,000
<b>Total New Appropriations, Department of National Defense</b>		<b>P8,307,574,000</b>	<b>P4,964,538,000</b>	<b>P 591,476,000</b>	<b>P13,863,588,000</b>
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