



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF BUDGET AND MANAGEMENT  
MALACAÑANG, MANILA

**CONSTITUTIONAL and LEGAL BASES FOR THE DISBURSEMENT  
ACCELERATION PROGRAM**

***THE DISBURSEMENT ACCELERATION PROGRAM***

The Disbursement Acceleration Program (DAP) is a stimulus package under the Aquino administration designed to fast-track public spending and push economic growth. This covers high-impact budgetary programs and projects which will be augmented out of the savings generated during the year and additional revenue sources.

Funds used for programs and projects identified through DAP were sourced from savings generated by the government, the realignment of which is subject to the approval of the President; as well as the Unprogrammed Fund that can be tapped when government has windfall revenue collections, e.g., unexpected remittance of dividends from the GOCCs and Government Financial Institutions (GFIs), sale of government assets.

**I. SAVINGS**

**A. PHILIPPINE CONSTITUTION 1987**

**Section 25 (5), Article VI of the 1987 Constitution**

No law shall be passed authorizing any transfer of appropriations; **however, the President, the President of the Senate, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court, and the heads of Constitutional Commissions may, by law, be authorized to augment any item in the general appropriations law for their respective offices from savings in other items of their respective appropriations.**

**B. EXECUTIVE ORDER 292, s. 1987: THE ADMINISTRATIVE CODE**

**Section 49, Chapter 5, Book VI of the 1987 Administrative Code (Executive Order No.292), Authority to Use Savings for Certain Purposes.**—Savings in the appropriations provided in the General Appropriations Act may be used for the settlement of the following obligations incurred during a current fiscal year or previous fiscal years as may be approved by the Secretary in accordance with rules and procedures as may be approved by the President:

- (1) Claims of officials, employees and laborers who died or were injured in line of duty, including burial expenses as authorized under existing law;
- (2) Commutation of terminal leaves of employees due to retirement, resignation or separation from the service through no fault of their own in accordance with the provisions of existing law, including unpaid claims for commutation of maternity leave of absence;
- (3) Payment of retirement gratuities or separation pay of employees separated from the service due to government reorganization;
- (4) Payment of salaries of employees who have been suspended or dismissed as a result of administrative or disciplinary action, or separated from the service through no fault of their own and who have been subsequently exonerated and reinstated by virtue of decisions of competent authority;
- (5) Cash awards to deserving officials and employees in accordance with civil service law;
- (6) Salary adjustments of officials and employees as a result of classification action under, and implementation of, the provisions of the Compensation and Position Classification Act, including positions embraced under the Career Executive Service;
- (7) Peso support to any undertaking that may be entered into by the government with international organizations, including administrative and other incidental expenses;
- (8) Covering any deficiency in peso counterpart fund commitments for foreign-assisted projects, as may be approved by the President;
- (9) Priority activities that will promote the economic well-being of the nation, including food production, agrarian reform, energy development, disaster relief, and rehabilitation.
- (10) Repair, improvement and renovation of government buildings and infrastructure and other capital assets damaged by natural calamities;
- (11) Expenses in connection with official participation in trade fairs, civic parades, celebrations, athletic competitions and cultural activities, and payment of expenses for the celebration of regular or special official holidays;
- (12) Payment of obligations of the government or any of its departments or agencies as a result of final judgment of the Courts; and

(13) Payment of valid prior year's obligations of government agencies with any other government office or agency, including government-owned or controlled corporations.

### **Legal Basis for the Authority to Withdraw Unobligated Balances**

**Section 38, Chapter 5, Book VI of the 1987 Administrative Code (Executive Order No.292) Suspension of Expenditure of Appropriations.**—Except as otherwise provided in the General Appropriations Act and whenever in his judgment the public interest so requires, the President, upon notice to the head of office concerned, is authorized to suspend or otherwise stop further expenditure of funds allotted for any agency, or any other expenditure authorized in the General Appropriations Act, except for personal services appropriations used for permanent officials and employees.

## **C. GENERAL APPROPRIATIONS ACT**

### **a. General Provisions on the Use of Savings, R.A. 10147 (GAA FY 2011)**

**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 enjoying fiscal autonomy, and the Ombudsman 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 measures resulting in improved systems and efficiencies and thus enabled agencies 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 in 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 benefits, old-age pension of veterans and other personnel benefits authorized by law, and those expenditure items authorized in agency

special provisions, in Section 16 and in other sections of the General Provisions of this Act.

**b. General Provisions on the Use of Savings, RA 10155 (FY2012 GAA)**

**Sec. 53. 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 enjoying fiscal autonomy, and the Ombudsman are hereby authorized to augment any item in this Act from savings in other items of their respective appropriations.

**Sec. 54. Meaning of Savings and Augmentation.** Savings refer to portions or balances of any programmed appropriation in this Act free 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 measures resulting in improved systems and efficiencies and thus enabled agencies 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 in this Act.

**Sec. 55. Priority in the Use of Savings.** In the use of savings, priority shall be given to the augmentation of the amounts set aside for compensation, year-end bonus and cash gift, retirement gratuity, terminal leave benefits, old-age pension of veterans and other personnel benefits authorized by law, and those expenditure items authorized in agency special provisions and in other sections of the General Provisions of this Act.

**c. General Provisions on the Use of Savings, RA 10352 (FY2013 GAA)**

**Sec. 52. 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 enjoying fiscal autonomy and the Ombudsman are hereby authorized to use savings in their respective appropriations to augment actual deficiencies incurred for the current year in any item of their respective appropriations.

**Sec. 53. 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 measures resulting in improved systems and efficiencies and thus enabled agencies 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 in this Act.

**Sec. 56. 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 benefits, old-age pension of veterans and other personnel benefits authorized by law, and those expenditure items authorized in agency special provisions and in other sections of the General Provisions of this Act.

## II. THE UNPROGRAMMED FUND

### **Unprogrammed Fund, R.A. 10147 (FY 2011 GAA),**

Special Provision(s)

1. **Release of Fund.** The amounts authorized herein shall be released only when the revenue collections exceed the original revenue targets submitted by the President of the Philippines to Congress pursuant to Section 22, Article VII of the Constitution, including savings generated from programmed appropriations for the year: PROVIDED, That collections arising from sources not considered in the aforesaid original revenue targets may be used to cover releases from appropriations in this Fund: PROVIDED, FURTHER, That in case of newly approved loans for foreign-assisted projects, the existence of a perfected loan agreement for the purpose shall be sufficient basis for the issuance of a SARO covering the loan proceeds: PROVIDED, FURTHERMORE, That if there are savings generated from the programmed appropriations for the first two quarters of the year, the DBM may, subject to the approval of the President, release the pertinent appropriations under the Unprogrammed Fund corresponding to only fifty percent (50%) of the said savings net of revenue shortfall: PROVIDED, FINALLY, That the release of the balance of the total savings from programmed appropriations for the year shall be subject to fiscal programming and approval of the President.

**Unprogrammed Fund, R.A. 10155 (FY 2012 GAA)**

Special Provision

1. **Release of the Fund.** The amounts authorized herein shall be released only when the revenue collections exceed the original revenue targets submitted by the President of the Philippines to Congress pursuant to Section 22, Article VII of the Constitution: PROVIDED, That collections arising from sources not considered in the aforesaid original revenue targets may be used to cover releases from appropriations in this Fund: PROVIDED, FURTHER, That in case of newly approved loans for foreign-assisted projects, the existence of a perfected loan agreement for the purpose shall be sufficient basis for the issuance of a SARO covering the loan proceeds.

**Unprogrammed Fund, R.A. 10325 (FY 2013 GAA)**

Special Provision(s)

1. **Release of the Fund.** The amounts authorized herein shall be released only when the revenue collections exceed the original revenue targets submitted by the President of the Philippines to Congress pursuant to Section 22, Article VII of the Constitution, including collections arising from sources not considered in the aforesaid original revenue targets, as certified by the BTr: PROVIDED, That in case of newly approved loans for foreign-assisted projects, the existence of a perfected loan agreement for the purpose shall be sufficient basis for the issuance of a SARO covering the loan proceeds.

*For inquiries, further questions and requests for information, please contact:*

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