

**FISCAL YEAR 2024
PRESIDENT'S VETO
MESSAGE**



MALACAÑAN PALACE
MANILA

20 December 2023

**THE HONORABLE SPEAKER
LADIES AND GENTLEMEN OF
THE HOUSE OF REPRESENTATIVES**

By the power vested in me by the 1987 Constitution, I hereby sign into law Republic Act (RA) No. 11975, the General Appropriations Act for Fiscal Year (FY) 2024, entitled -

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 AND TWENTY-FOUR.

This is the second National Budget to be passed and the first to be fully crafted under my Administration.

For continuity, we will maintain the theme Agenda for Prosperity. Guided by the overarching goal of economic transformation towards inclusivity and sustainability, we now focus on securing a future-proof and sustainable economy.

I. GENERAL COMMENTS

The total programmed appropriations for FY 2024 amounts to Php 5.768 trillion, equivalent to 21.1 percent of gross domestic product (GDP) and higher by 9.5 percent compared to FY 2023. This has been designed to sustain the country's high-growth trajectory and is the key to unlocking the Administration's goals for economic transformation in pursuit of our Agenda for Prosperity.

It honors the 8-Point Socioeconomic Agenda that is aligned with the Medium-Term Fiscal Framework (MTFF) and consists of the following focus areas: (1) food security, (2) improved transportation, (3) affordable and clean energy, (4) health care, (5) social services, (6) education, (7) bureaucratic efficiency, and (8) sound fiscal management. This is evident in the budget prioritization of Education, Health, Social Welfare, and Agriculture, including the Administration's flagship infrastructure development program Build, Better, More.

A handwritten signature in black ink, appearing to be "Ferdinand Marcos Jr.", with a small mark below it.

With the goal of economic transformation towards a sustainable economy, inclusivity is paramount. Towards this end, the National Budget also supports the government's continuing efforts on digital transformation and regional development which will redound to bureaucratic efficiency, sound fiscal management, and sustainability.

In line with the Sustainable Development Goal of Climate Action, the government will continue to adopt Climate Change Expenditure Tagging to monitor the scope and distribution of climate change mitigation and adaptation measures in the country. Considering its fundamental importance, the bulk of climate change expenditures will be allocated to water-sufficiency projects that will benefit all communities in the country.

Aside from the MTF, these priorities are aligned with the Philippine Development Plan (PDP) 2023-2028—the blueprint of the Administration's economic and social transformation agenda.

II. DIRECT VETO

In accordance with my constitutional mandate to ensure that laws are faithfully executed, I am obliged to veto **Department of Justice (DOJ)-Office of the Secretary (OSEC), Special Provision No. 1, "DOJ Revolving Fund," Volume I-A, page 1119**, inasmuch as there is no law which authorizes the DOJ to establish a revolving fund for the purpose indicated therein. It may be emphasized that the service fees sought to be charged and collected are to be imposed upon complaints and affidavits filed with the National Prosecution Service, and petitions for review filed before the DOJ, when, in fact, such pleadings are filed with the said agencies by virtue of their jurisdiction vested by law.

Further, the charges are clearly not from business-type activities within the contemplation of the General Provision on Revolving Funds in this Act which permits the constitution of a revolving fund from receipts derived from business-type activities of agencies to be utilized for the operational expenses of said business-type activities.

In the case of *Philippine Constitution Association, et al. v. Enriquez, et al.*, G.R. No. 113105, August 19, 1994, the Supreme Court (SC) pronounced that "included in the category of 'inappropriate provisions' are unconstitutional provisions and provisions which are intended to amend other laws, because clearly these kind[s] of laws have no place in an appropriations bill. These are matters of general legislation more appropriately dealt with in separate enactments."

In the same vein, I veto **Section 38, General Provisions, "Implementation of National Government's Career Executive Service Development Program (NGCESDP)," Volume I-B, page 762**. On one hand, the said Section does not relate to any particular appropriation in this Budget. On the other hand, it is noted that Presidential Decree (PD) No. 336 dated November 14, 1973 (Amending Part III, Article IV, Sections 2 and 5 [G], of the Integrated Reorganization Plan approved under Presidential Decree No. 1 dated September 24, 1972), which is considered a substantive law, created the Career Executive Service Board (CESB). PD No. 336 further delineated the functions of



the CESB as the governing body of the Career Executive Service (CES) and the Development Academy of the Philippines tasked to prepare a CES program appropriate and necessary for the organization and operation of the CES, and in consultation with the CESB, initiate and continue to implement the aforesaid program. Moreover, Section 8 (2), Chapter 2, Subtitle A, Title I, Book V of Executive Order (EO) No. 292, s. 1987 (Administrative Code of 1987), also considered a substantive law, expressly prescribed that entrance to the third level career service position shall be prescribed by the CESB.

III. **CONDITIONAL IMPLEMENTATION**

The faithful execution of laws is intricately tied with prudent stewardship of public funds. Consequently, it is paramount to ensure that government funds are utilized in accordance with their authorized purposes and in compliance with applicable laws, policies, rules, and regulations.

A. STRICT ADHERENCE TO LAWS, POLICIES, RULES, AND REGULATIONS

1. Receipts and Revenues Collected by Agencies

I place **DOJ-Bureau of Corrections, Special Provision No. 1, "Revolving Fund for Agro-Industrial Products," Volume I-A, page 1125-1126**, under conditional implementation that in the utilization of the revolving fund constituted from the sale of agro-industrial products, priority shall be given to the following: (i) payment of allowance to inmates working in agricultural or industrial projects at a rate of not less than Five Hundred Pesos (P500) for each inmate per month; (ii) payment of additional subsistence and medicine allowances of inmates in the National Penitentiary; and (iii) purchase of additional supplies and materials, farm tools, and equipment for the construction, maintenance, repair, and operations of agricultural or industrial projects and prison facilities.

Moreover, I acknowledge the noble intent of Congress in including the proviso in **DOJ-Bureau of Immigration (BI), Special Provision No. 1, "Immigration Fees and Collections," Volume I-A, page 1131**, that travel expenses incurred by Filipino passengers who were deferred or denied boarding without a court order shall be charged from the balance of the special trust fund account. However, it must be clearly understood that this should not render nugatory the mandate of the BI to administer and enforce immigration laws, as well as RA No. 11862 (Expanded Anti-Trafficking in Persons Act).

Therefore, the guidelines to be issued by the BI, Commission on Audit (COA), and Department of Budget and Management (DBM) to implement this Special Provision shall prescribe the necessary and sufficient standards to ensure the balance between the protection and convenience of Filipino passengers and the duty of the BI to effectively enforce immigration and related laws.


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2. Quick Response Fund

Under RA No. 10121 (Philippine Disaster Risk Reduction and Management Act of 2010), the Quick Response Fund (QRF) is a stand-by fund for relief and recovery programs in order that the situation and living conditions of people in communities or areas stricken by disasters, calamities, epidemics, or complex emergencies may be normalized as quickly as possible. Hence, considering the very nature of the QRF, I place **Department of Social Welfare and Development (DSWD)-OSEC, Special Provision No. 6, "Quick Response Fund," Volume I-B, page 241**, under conditional implementation requiring the DSWD to ensure that in the implementation of the QRF, priority shall be given to the quick rehabilitation and relief of communities affected by the more recent calamities, epidemics, crises, and catastrophes, inasmuch as the other relief, recovery, reconstruction and other works or services may be covered by various appropriations in this Act, such as the relevant items in agency budgets and the National Disaster Risk Reduction and Management Fund. Similarly, **Department of Health (DOH)-OSEC, Special Provision No. 5, "Quick Response Fund," Volume I-A, page 976**, is hereby placed under conditional implementation that the funding requirements for the prepositioning of medicines, hygiene kits, and medical supplies and equipment shall be primarily charged against the DOH's regular budget for the purpose.

3. Engineering and Administrative Overhead Expenses

Overhead expenses are inevitably necessary in the implementation of programs and projects. However, the incurrence of said expenses should be guided, not only by established laws, rules, and regulations, but also by prudence in spending.

Relatedly, it is to be noted that under Section 7 of RA No. 8150 (Public Works and Highways Infrastructure Program Act of 1995), the direct engineering and administrative overhead (EAO) expenditures incidental thereto shall be reflected in the program of work for the project concerned and shall not exceed four percent (4%) of the amount actually released for the project: Provided, that the said percentage shall be reduced as the total project cost increases. In this regard, it must be emphasized that the same Section 7 prescribes that appropriations for projects shall be used solely for project implementation, which includes the direct engineering and administrative overhead expenditures incidental to the project implementation.

Hence, I am placing **Department of Education-OSEC, Special Provision No. 5, "Basic Education Facilities," Volume I-A, page 196-197**, and **Department of Public Works and Highways (DPWH)-OSEC, Special Provision No. 18, "Project Related Expenses," Volume I-B, page 3-4**, under conditional implementation that the utilization of the EAO expenses under these Special Provisions shall be in accordance with RA No. 8150 and other relevant rules and



regulations, and that the agency concerned shall guard against overlapping of funding sources.

Lastly, to ensure that effective implementation is not at the expense of fiscal prudence, **DOTr-OSEC, Special Provision No. 9, "Public Utility Vehicle Modernization Program and its Components," Volume I-B, page 353**, particularly the utilization of the overhead and administrative costs of the program, not exceeding five percent (5%) of the total amount appropriated, is placed under conditional implementation to require the DOTr to ensure that the overhead and administrative costs are directly related or incidental to the implementation of the program. The DOTr shall issue the necessary guidelines for this purpose.

4. Maintenance and Other Operating Expenses

The recognition of judicial independence is evident under **The Judiciary-Supreme Court of the Philippines and the Lower Courts, Special Provision No. 7, "Maintenance and Other Operating Expenses of Lower Courts," Volume I-B, page 567**. In this regard, I am confident that the SC shall continuously ensure the equitable allocation and prompt release of the Maintenance and Other Operating Expenses allocations to the lower courts for the efficient administration of justice.

5. Implementation of National Programs and Projects

Consistent with the government's continuing efforts to pursue the decentralization of the delivery of public services, the implementation of infrastructure projects under **DPWH-OSEC, Special Provision No. 6, "Basic Infrastructure Program," Volume I-B, page 2**, including the maintenance and repair thereof, shall be in accordance with RA No. 7160 (Local Government Code of 1991), and other pertinent laws, rules, regulations, and guidelines.

On another note, I welcome the additional purposes included by the Congress under the Tulong Panghanapbuhay sa Ating Disadvantaged or Displaced Workers Program or TUPAD Program, particularly: (i) clean-up operations of rivers, riverbanks, canals, *esteros*, seashores, and planting of trees as part of emergency employment; (ii) self-employment activities to ensure steady income; and (iii) immediate temporary employment to victims of calamities, epidemics, crises, and catastrophes. Nonetheless, to ensure that the additional components of the program will be carried out effectively, the implementation of **Department of Labor and Employment (DOLE)-OSEC, Special Provision No. 1, "Tulong Panghanapbuhay sa Ating Disadvantaged or Displaced Workers Program (TUPAD) and Government Internship Program (GIP)," Volume I-A, page 1159-1160**, shall be subject to the guidelines to be issued by the DOLE.



6. Utilization of Funds for Pension and Retirement Claims

Item (a) (iv) of **Pension and Gratuity Fund, Special Provision No. 1, "Pension and Gratuity Fund," Volume I-B, page 731**, shall cover the arrears for the period during which the military veterans were entitled to the total administrative disability pension only, pursuant to Section 2 of RA No. 7696 (An Act Amending Certain Sections of RA No. 6948 Otherwise Known as "An Act Standardizing and Upgrading the Benefits for Military Veterans and Their Dependents"), amending among others, Section 5 (h) of RA No. 6948. The entitlement is only deemed established upon the validation of the list of claimants by the COA.

Further, the release of the subsidy covering the payment for retirement benefits from FYs 2002 to 2024 under **Budgetary Support to Government Corporations (BSGC)-Presidential Communications Office-Intercontinental Broadcasting Corporation (IBC), Special Provision No. 1, "Subsidy to the Intercontinental Broadcasting Corporation," Volume I-B, page 685**, shall be subject to the submission of necessary requirements by the IBC to the Governance Commission for GOCCs for review and evaluation considering relevant laws, rules, and regulations.

7. Funding for Foreign-Assisted Projects

As in the recent fiscal years, the Congress identified specific foreign-assisted projects (FAPs) under the **Unprogrammed Appropriations (UA), Special Provision No. 5, "Support to Foreign-Assisted Projects," Volume I-B, page 738**, chargeable against **Purpose No. 3**. However, by the authority vested upon the President under Section 20, Article VII of the 1987 Constitution, such identification of the specific FAPs shall not limit the President in negotiating other foreign loan agreements.

Moreover, the release of funds chargeable against the same **Purpose No. 3** of the UA shall be subject to the submission of a Special Budget pursuant to Section 35, Chapter 5, Book VI of EO No. 292, together with the physical and financial plan, project profile, and a copy of the perfected loan agreement, as approved in accordance with pertinent laws, rules, regulations, and guidelines issued thereon. Further, any change in the project title, scope, or amount of the FAPs shall further be subject to the appropriate approval in accordance with existing guidelines.

B. SHARED FISCAL RESPONSIBILITY

Section 29 (1) of Article VI of the 1987 Constitution directs that no money shall be paid out of the Treasury except in pursuance of an appropriation made by law, and Section 32, Chapter 5, Book VI of EO No. 292 provides that all moneys appropriated for functions, activities, projects, and programs shall be available



solely for the specific purposes for which these are appropriated. Hence, as in previous years, I place **Congress of the Philippines, Special Provision No. 6, "Availability of Appropriations and Cash Allocations," Volume I-A, page 15**, under conditional implementation to emphasize that the use and disbursements of funds shall be for the specified purposes and within the period of availability of appropriations as prescribed under the General Provision on Cash Budgeting System in this Act.

IV. GENERAL OBSERVATION

Aligned with the intention to secure a future-proof and sustainable economy under my Administration's Agenda for Prosperity, I hereby express my position on how some provisions in this Budget will be construed and implemented.

A. ORGANIZATIONAL STRUCTURE

Consistently, we put emphasis on compliance with salary standardization and compensation laws, rules, and regulations, including the policies on the use of appropriations or savings for the creation of new positions, and the provision of retirement benefits and separation pay. The scrap and build policy in the adjustment and modification of organizational structure, and other existing organization, staffing, compensation, and position classification standards of the DBM aims to ensure a stable organizational structure across all government agencies. I believe that the Congress will constantly uphold the policy set forth under Section 8, Article IX-B of the 1987 Constitution, which prohibits the payment of additional compensation.

Therefore, I express my continuing trust in the Congress in its implementation of **Congress of the Philippines, Special Provision No. 2, "Organizational Structure of the Senate, the House of Representatives, the Senate and House of Representatives Electoral Tribunals and the Commission on Appointments," Volume I-A, page 15**.

B. AUTOMATIC APPROPRIATIONS

Under Section 2 (d), Chapter 3, Volume I of the Government Accounting Manual for National Government Agencies issued by the COA, automatic appropriations, such as Special Accounts in the General Fund (SAGF), "are the authorizations programmed annually or for some other period prescribed by law, by virtue of outstanding legislation which [do] not require periodic action by Congress." These automatic appropriations, thus, need not be included in the annual appropriations.

Hence, while Congress increased or removed specified amounts pertaining to the SAGFs under the following agencies, it is understood that the Executive



Branch is not precluded from exercising judicious programming of funds based on actual collections and utilization:

- a. **Department of the Interior and Local Government (DILG)-Bureau of Fire Protection, Special Provision No. 1, "Fire Code Revenues," Volume I-A, page 1056;**
- b. **Other Executive Offices-Dangerous Drugs Board, Special Provision No. 1, "Collections for Drug Rehabilitation Activities," Volume I-B, page 494-495; and**
- c. **DOTr-Office for Transportation Security, Special Provision No. 1, "Aviation Security Fees," Volume I-B, page 381.**

C. COMPLIANCE WITH THE REQUIREMENTS UNDER EXISTING LAWS, RULES AND REGULATIONS

It is apparent that **Department of Agrarian Reform-OSEC, Special Provision No. 4, "Exclusion of Lands Owned and Occupied by State Universities and Colleges (SUCs) from the Comprehensive Agrarian Reform Program," Volume I-A, page 27,** is anchored on Section 10 of RA No. 6657 (Comprehensive Agrarian Reform Law of 1988) which prescribes that "[l]ands actually, directly and exclusively used and found to be necessary for xxx school sites and campuses including experimental farm stations operated by public or private schools for educational purposes, xxx shall be exempt from the coverage of this Act." Hence, the implementation of this Special Provision shall conform to the aforesaid provision of law.

Meanwhile, it is hereby emphasized that the implementation of **DILG-OSEC, Special Provision No. 9, "Local Climate Budget Tagging," Volume I-A, page 1048,** shall be subject to the requirement under DBM-Climate Change Commission-DILG Joint Memorandum Circular No. 2015-01 dated July 23, 2015 (Revised Guidelines for Tagging/Tracking Climate Change Expenditures in the Local Budget [Amending JMC 2014-01, dated August 7, 2014]) of submission by the local government units of the list of tagged climate change programs, projects, and activities to the DILG and DBM during the annual submission of budget proposals.

Moreover, it is understood that **BSGC-Department of Agriculture-Philippine Coconut Authority, Special Provision No. 2, "Coconut Farmers and Industry Trust Fund," Volume I-B, page 645,** shall be subject to Section 8 of RA No. 11524 (Coconut Farmers and Industry Trust Fund Act), specifically the last paragraph thereof, which states that "[t]hat the amount in the Trust Fund account for disposition by the designated government implementing agencies under the Development Plan, which shall be released directly to them, shall not be lower than Five Billion Pesos (P5,000,000,000.00) for any given year."



D. PRUDENT USE OF GOVERNMENT FUNDS

Item (c) of the National Disaster Risk Reduction and Management Fund (Calamity Fund), Special Provision No. 1, "National Disaster Risk Reduction and Management Program," Volume I-B, page 728, requires the DBM and the Department of Finance (DOF) to issue the necessary guidelines, in coordination with the Government Service Insurance System. However, it is understood that the said guidelines shall ensure that the implementation of the appropriation for the parametric insurance coverage of government facilities against natural calamities is harmonized with the implementation of **DOF-Bureau of the Treasury, Special Provision No. 2, "Use of Trust Receipts from Catastrophe Bond Payout," Volume I-A, page 939,** in order promote the prudent use of government funds, and avoid duplication of funding and overlapping of purposes.

V. INCREASES AND REDUCTIONS IN APPROPRIATIONS AND NEW BUDGETARY ITEMS

In the exercise of the budget execution function vested upon the Executive Branch, it is understood that increases in appropriations and new budgetary items introduced by Congress in this Budget shall be subject to the National Government's cash programming, observance of prudent fiscal management, and applicable budget execution rules and procedures.

Further, considering that increases and reductions in appropriations, and new budgetary items introduced by Congress in this Act will have corresponding effects on the outputs and outcomes of the agencies concerned, said agencies shall ensure that their performance targets are revised accordingly and reflected in the relevant budget execution documents submitted to the DBM for monitoring and evaluation.

VI. CLOSING STATEMENTS

The Philippines is now considered one of the fastest emerging markets in the Asia Pacific, thanks to our strong rebound from the COVID-19 pandemic, as seen in our 7.6 percent GDP growth rate for 2022, the fastest pace of growth since 1976.


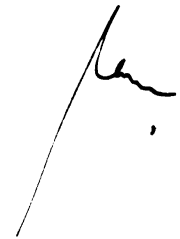
While 2023 was a year of economic challenges due to global headwinds, with global inflation rates hitting record highs, we have proven that with our determination to meet the objectives set out in our Medium-Term Fiscal Framework through a whole-of-government approach, we could be able to stay on track with our Agenda for Prosperity.

The timely passage of the 2024 General Appropriations Bill (GAB) by both Houses of Congress is a testament to our unified effort towards the Philippines we aspire for, *Ang Bagong Pilipinas*.



Working together towards sustained economic recovery and long-term fiscal stability, there is no doubt in my mind that we will continue to meet our economic targets and soon become an upper-middle income economy, on our way towards achieving our Agenda for Prosperity.

Very truly yours,



Copy furnished:

SEN. JUAN MIGUEL F. ZUBIRI

Senate President

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