

IMPLEMENTING AUSTERITY MEASURES IN GOVERNMENT FOR 1997

EXECUTIVE ORDER NO. 454, October 31, 1997

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WHEREAS, in the light of the current currency crisis, the government has reassessed its financial condition to ensure that its targeted fiscal position remains on track;

WHEREAS, the recent peso depreciation and associated rise in interest rates will increase government expenditures in terms of higher foreign-denominated costs and larger expenditures for debt servicing, among others;

WHEREAS, there is a need to maintain a prudent and firm fiscal posture to send positive signals about the government's genuine commitment to economic stability and sustainable growth and facilitate the reduction of the country's current account deficit and domestic interest rates;

WHEREAS, the Consultative Conference on Socio-Economic Development on 26 September 1997 has reaffirmed the need for government to identify cost-reduction measures to meet the fiscal targets for the year and augment resources for priority economic and social projects.

NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Republic of the Philippines, by virtue of the power vested in me by the Constitution, do hereby order and direct:

SECTION 1. All government departments and agencies, including state universities and colleges, government-owned and controlled corporations and local government units shall implement austerity measures to reduce expenditures and enhance cost effectiveness and efficiency in government programs and projects. For this purpose, they shall identify and undertake measures that will reduce expenditures by at least five (5%) percent of authorized regular appropriations for non-personal services items.

SEC. 2. The measures may include the implementation of any or all of the following:

Continued implementation of the policy on personnel attrition;

Deferment of any of the following activities;

- a. Acquisition of motor vehicles;
- b. All foreign travels of government personnel, except those approved by the Office of the President and those associated with scholarships and trainings funded by sponsors other than the government;
- c. Attendance to conferences by private sector entities where the cost shall be charged to the government;
- d. Conduct trainings/workshops/seminars except those conducted by government training institutions and agencies in the performance of their regular functions and those that are funded by foreign grants;
- e. Conduct of cultural and social celebrations except milestone anniversaries;

- f. Construction of new office buildings except those that have already been contracted; and
- g. Grant of honoraria except in cases where it constitutes the only source of compensation from government received by the person concerned.

2.3 Cost saving on the use of office supplies, electricity and other utilities, including communication and other regular operating expenses; and

2.4 Projects that are encountering problems and significant cost-overruns may be identified and deferred to succeeding years.

SEC. 3. Agencies are given the flexibility to identify sources of cost-savings, provided the 5% minimum savings under Section 1 is complied with.

SEC 4. All agencies shall prepare their respective austerity programs and submit a report thereon to the Office of the president, through the Department of Budget and Management (DBM), on or before November 15, 1997.

SEC. 5. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 31st day of October, in the year of our Lord, Nineteen Hundred and Ninety-Seven.

(Sgd.) FIDEL V. RAMOS
President of the Philippines

By the President:

(Sgd.) RUBEN D. TORRES
Executive Secretary

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