

**MALACAÑANG  
MANILA**

**PRESIDENTIAL DECREE No. 242**

**PRESCRIBING THE PROCEDURE FOR ADMINISTRATIVE SETTLEMENT OR  
ADJUDICATION OF DISPUTES, CLAIMS AND CONTROVERSIES BETWEEN OR AMONG  
GOVERNMENT OFFICES, AGENCIES AND INSTRUMENTALITIES, INCLUDING  
GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS, AND FOR OTHER  
PURPOSES.**

WHEREAS, it is necessary in the public interest to provide for the administrative settlement or adjudication of disputes, claims and controversies between or among government offices, agencies and instrumentalities, including government-owned or controlled corporations, to avoid litigation in court where government lawyers appear for such litigants to espouse and protect their respective interests altho, in the ultimate analysis, there is but one real party in interest the Government itself in such litigations;

WHEREAS, court cases involving the said government entities and instrumentalities have needlessly contributed to the clogged dockets of the courts, aside from dissipating or wasting the time and energies not only of the courts but also of the government lawyers and the considerable expenses incurred in the filing and prosecution of judicial actions;

WHEREAS, all the aforementioned offices, agencies, and instrumentalities are under the executive control and supervision of the President of the Philippines;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by the powers vested in me by the Constitution as Commander-in-Chief of all the Armed Forces of the Philippines and pursuant to Proclamation No. 1081 dated September 21, 1972 and General Order No. 1 dated September 22, 1972, as amended, do hereby order and decree;

**Section 1.** Provisions of law to the contrary notwithstanding, all disputes, claims and controversies solely between or among the departments, bureaus, offices, agencies and instrumentalities of the National Government, including constitutional offices or agencies, arising from the interpretation and application of statutes, contracts or agreements, shall henceforth be administratively settled or adjudicated as provided hereinafter: Provided, That this shall not apply to cases already pending in court at the time of the effectivity of this decree.

**Section 2.** In all cases involving only questions of law, the same shall be submitted to and settled or adjudicated by the Secretary of Justice, as Attorney General and ex officio legal adviser of all government-owned or controlled corporations and entities, in consonance with section 83 of the Revised Administrative Code. His ruling or determination of the question in each case shall be conclusive and binding upon all the parties concerned.

**Section 3.** Cases involving mixed questions of law and of fact or only factual issues shall be submitted to and settled or adjudicated by:

(a) The Solicitor General, with respect to disputes or claims controversies between or among the departments, bureaus, offices and other agencies of the National Government;

(b) The Government Corporate Counsel, with respect to disputes or claims or controversies between or among the government-owned or controlled corporations or entities being served by the Office of the Government Corporate Counsel; and

(c) The Secretary of Justice, with respect to all other disputes or claims or controversies which do not fall under the categories mentioned in paragraphs (a) and (b).

**Section 4.** In the settlement or adjudication of the aforementioned cases, the Secretary of Justice or the Solicitor General or the Government Corporate Counsel may in his discretion refer to an arbitration panel the determination of questions of fact. The duly designated representative of the Secretary of Justice, Solicitor General or Government Corporate Counsel, as the case may be, shall act as Chairman of such panel.

**Section 5.** The decisions of the Secretary of Justice, as well as those of the Solicitor General or the Government Corporate Counsel, when approved by the Secretary of Justice, shall be final and binding upon the parties involved. Appeals may be taken to and entertained by the Office of the President only in cases wherein the amount of the claim or value of the property exceeds P1 million. The decisions of the Office of the President on appeal cases shall be final.

**Section 6.** The final decisions rendered in the settlement or adjudication of all such disputes, claims or controversies shall have the same force and effect as final decisions of the court of justice.

**Section 7.** The Secretary of Justice is hereby authorized to promulgate such rules as he may deem necessary to carry out or implement the provisions of this decree.

**Section 8.** This Decree shall take effect upon its promulgation.

Done in the City of Manila, this 9th day of July, in the year of Our Lord, nineteen hundred and seventy-three.

(Sgd.) **FERDINAND E. MARCOS**  
President of the Philippines

By the President:  
(Sgd.) **ROBERTO V. REYES**  
Acting Executive Secretary