



Republic of the Philippines
DEPARTMENT OF THE INTERIOR AND LOCAL
GOVERNMENT
OFFICE OF THE PRESIDENTIAL ADVISER ON
THE PEACE PROCESS



Joint Memorandum Circular No. __, Dated ____, Series of 2012

TO : REGIONAL DIRECTORS (CAR, IV-A, IV-B, V, VI, VII, VIII, IX, X, XI, XII, XIII); GOVERNORS, MUNICIPAL/CITY MAYORS, DILG PROVINCIAL and CITY DIRECTORS, CLGOOs and MLGOOs OF PAMANA FUND LGUs; AND, ALL OTHERS CONCERNED

SUBJECT : SUPPLEMENTAL GUIDELINES FOR THE MANAGEMENT OF THE PAMANA- DILG FUND

The DILG-OPAPP Joint Memorandum Circular No. 01, Series of 2012 RE: GUIDELINES IN THE MANAGEMENT OF THE PAYapa at MAsagananag PamayaNAn or PAMANA DILG-FUND was issued on March 28, 2012. To better respond to emerging issues and varying situations in the covered areas, Supplementary Guidelines are hereby issued to ensure the smooth implementation of the PAMANA-DILG Fund.

1.0 ELIGIBLE PROJECTS

- 1.1 Pillar 3, which is being funded by the PAMANA-DILG Fund for 2012, covers sub-regional or regional projects or those that create high impacts and interconnectivity in the target areas. Community-based projects such as Day-Care Centers, School Buildings, Level-1 Water Supply Systems are thus considered as non-eligible projects under the PAMANA-DILG Fund and should be appropriately proposed under Pillar 2 of the PAMANA Program.
- 1.2 *Clarification on Annex B, Item F of JMC No. 1, series of 2012 which contains the eligible projects for which PAMANA-DILG Fund may be utilized:*
 - 1.2.1 As one of the sources of subsidy for LGU projects funded from other sources (i.e. ODA, other National Government Agencies, GFI Loans), with similar objectives, e.g., those that are included in the peace and development agenda of the LGU:
 - 1.2.1.1 The PAMANA-DILG Fund may be used only to finance at most 50% of the counterpart requirement from the LGU. For example, if the Total Project Cost is Php 200.0M, the counterpart requirement is 10% of the Total Project Cost or equivalent to Php 20.0M, the PAMANA-DILG Fund contribution should not be more than Php 10.0M.

1.2.1.2 If the proposed utilization of PAMANA-DILG Fund exceeds the above threshold, the LGU should be able to clearly present a justification to be reviewed by the Regional/Provincial Technical Working Group (R/PTWG) and endorsed to the DILG Regional Project Management Team (RPMT), for approval.

1.2.1.3 LGU should submit five (5) copies of the approved project Feasibility Study (FS)/Project Proposal (PP) of the mother project indicating the estimated Total Project Cost and counterpart requirement, as well as the proof of approval of the project, for review/notation of the PTWG. The provisions of Section III.B.3 of JMC No. 1, series of 2012 shall likewise be followed in the review and appraisal of the FS/PP.

1.2.1.4 Utilization of the PAMANA-DILG Fund for such purpose shall be validated through LGU submission of Certificate of Status of Funds (CSF), Statement of Receipts and Disbursement (SORD), Disbursement Voucher (DV), checks and receipts issued. Item 3.C.1 of JMC No. 1, series of 2012 shall likewise be followed.

1.2.2 In the financing of the Detailed Engineering Design (DED) cost of the project:

1.2.2.1 LGUs that do not have the capacity to or may not have the time or enough personnel to undertake DED, shall be allowed to avail of the PAMANA-DILG Fund for the engagement of a consultant for DED preparation.

1.2.2.2 The DED Cost to be charged under PAMANA-DILG Fund should not be more than 3.0 % of the Total Project Cost (TPC). Any excess shall be borne by the LGU. Cost for DED may be inclusive of preliminary surveys such as geo-resistivity tests on potential well source for water supply project and other related surveys necessary for the development of the DED.

1.2.2.3 LGUs that have the capacity to undertake Detailed Engineering Design (DED) should do so in-house, using their own resources.

1.3 For FY2012, eligible agricultural production-related/livelihood projects may include, in their project design, and in the computation of the total project cost, the cost for support training/capacity building interventions that shall be considered eligible for financing under the PAMANA-DILG Fund.

2.0 PREPARATION AND SUBMISSION OF PROJECT PROPOSAL AND SUPPORTING DOCUMENTS

2.1 LGUs should submit five (5) copies of the Project Proposals to the concerned DILG Regional/ Provincial Director as may be appropriate, in consonance with the provisions of Section III, Item B.2 of JMC No. 1, series of 2012.

- 2.2 Starting 2013, proposals for projects that require multi-year funding should be submitted as one proposal at the initial year of implementation. Likewise, all supporting documents such as, plans and sketches, bills of materials and estimated costs, implementation period, cost breakdown per year, etc., shall be defined and shown in the appropriate documents and submitted together with the project proposal. Review of multi-year projects shall be at the RTWG level, regardless of the cost.

3.0 FUND ADMINISTRATION

3.1 *Amendment on Section III, sub-item C.2, item C (Fund Administration)*

Release of Funds shall be done by the DBM direct to the DILG Regional Offices through their Regular Accounts (Fund 101), thus there is no need to open a Trust Account for the PAMANA-DILG Fund Project.

3.2 *Clarification on Section III, sub-item C.3, item C (Fund Administration)*

Recipient LGUs may opt to open a Special Trust Account for the PAMANA-DILG Fund to facilitate tracking of fund utilization, however, the LGU may also use their existing trust account provided that a separate subsidiary ledger shall be maintained.

3.3 *Clarification on Section III, sub-item C.5 (Mechanics for Fund Releases), item C (Fund Administration):*

3.3.1 Item C.5 stipulates that release of funds shall be done in two (2) tranches: 80.0% for the initial release and 20.0% for the final release. However, for LGUs that will avail of the 3.0% for DED preparation, funds will be released in three (3) tranches as follows:

- 1st tranche equivalent to 3.0% of the Total Project Cost (inclusive of DED costs)
- 2nd tranche equivalent to 80.0% of the Total Project Cost (less of DED costs)
- 3rd and last tranche equivalent to a maximum of 20.0% of the Project Allocation.

3.3.2 In the case of LGUs that would avail of the DED cost of 3.0% of the Total Project Cost, for infrastructure projects, the documents required for the release of each tranche is listed under Annex D-1, hereby attached.

3.3.3 The last tranche shall be released based on the *Awarded Contract Cost*, but shall not be more than the remaining balance of the allocation for the project.

3.3.4 After release of the last tranche, any balances from the total LGU allocation may be released to finance variation orders that will entail additional costs, or capacity building interventions supportive of the completed project. Utilization of such balances shall still be subject to the review of the R/PTWG and consequent approval by R/PPOC.

3.3.5 Further, utilization and liquidation of funds shall be subject to the provisions of COA Circular 94-013-Series of 1994:

- The transferred funds shall be taken up as "Due from LGUs-138" by the DILG and Due to NGAs-416 by the LGUs;
- The check shall be issued in the name of the LGU for deposit to its Trust Account in its authorized Government Depository Bank. The LGU shall issue its official receipt in acknowledgment;
- A separate subsidiary record for each account shall be maintained by the LGU, whether or not a separate bank account is opened. The LGU shall likewise maintain a subsidiary ledger of the cash transferred pertaining to the project;
- The LGU shall liquidate the funds and submit to the DILG Regional Office concerned, either in printed or by the way of electronic documents, separate quarterly reports on the liquidation of the said amount;
- Within 10 days after the end of the month, the LGU shall submit to DILG Regional Office concerned the Report of Checks Issued (RCI), Statement of Receipts and Disbursement (SORD), and Statement of Expenditure (SOE) to report the utilization of the funds. Only actual project expenses shall be reported. The reports shall be approved by the Local Chief Executive;
- The LGU Auditor shall audit the disbursements out of the Trust Account in accordance with existing COA Regulations;
- The LGU shall return to the DILG Regional Office concerned any unused balance upon completion of the projects;
- The DILG Regional Office concerned shall obligate the allotment for the project to be implemented based on the advice of allotment and/or memorandum of agreement or similar document;
- The DILG Regional Office concerned shall maintain a subsidiary ledger of the cash transferred pertaining to the project; keep separate subsidiary records for the trust liability whether or not a separate bank account is maintained;
- The DILG Regional Office concerned shall conduct periodic spot check on fund utilization, proper utilization of book of accounts, and overall financial management of the LGU.

4.0 IMPLEMENTATION ARRANGEMENTS

4.1 PAMANA-DILG Fund Project Steering Committee (PSC)

The National Barangay Operations Office (NBOO) of the DILG and the Program Development Unit (PDU) of OPAPP shall serve as the Secretariat of the PSC.

4.2 PAMANA-DILG Fund National Project Management Team (NPMT)

The NPMT shall include the NBOO with the designation of the NBOO as the Outcome Manager responsible for monitoring the DILG's Major Program Outcome on "Safe and Conflict-Free Communities".

4.3 PAMANA-DILG Fund Regional Project Management Teams (RPMTs)

With the accountability for fund release lodged with the DILG Regional Offices, the RPMTs, with DILG as chair, is also responsible for revalidating recommendations of the PPOC/RPOC, and shall subsequently conduct further review of approved Project Proposals endorsed by the latter, prior to the release of the first tranche, to verify satisfactory compliance to all requirements. Likewise, all other requests for fund releases shall be reviewed by the RPMTs.

4.4 Municipalities / Cities as Implementing Partner

4.4.1 Under Section IV, item E (Local Governments), the JMC provides that the Provincial Government shall be the implementing partner of DILG and OPAPP. However, in situations wherein component cities/municipalities have the capacity to implement, cities and municipalities may act as the implementing partner provided that they have exhibited capacity to implement projects through *Competitive Bidding*. This is to be assessed by the concerned R/PTWG, which should be made part of the project appraisal process, and revalidated by the RPMT based on the following parameters:

- There are qualified personnel who can manage the project
- City/Municipality has the funds for the administrative costs
- City/Municipality has previous experience in implementing similar projects
- City/Municipality has the capacity to monitor and evaluate project implementation
- City/Municipality has the capacity and the funds to operate and sustain the Project

4.4.2 As an implementing partner, MOAs shall be forged between the concerned City/Municipality and the DILG Regional Office. Tripartite MOA with the Province shall be encouraged.

4.4.3 To streamline the fund flow, funds shall then be directly released to Cities/Municipalities concerned.

4.5 Composition of the R/PTWG

4.5.1 It is advised that the R/PTWG members shall be limited to a maximum of seven (7) members. However, it is acknowledged that the multi-sector nature of the proposed projects would require a variety of experts. The concerned TWG may then resort to invitation of representatives of other R/PPOC members as resource persons/experts in the evaluation meetings/site validation visits.

4.5.2 Membership of National Commission on Indigenous People (NCIP) in the R/PTWG

Membership in the R/PTWG by the NCIP representative is mandatory if the proposed project will be encroaching on ancestral domains or may affect IPs. This will ensure consideration of IP concerns in the project appraisal process that could facilitate securing of the Free Prior and Informed Consent (FPIC) or any appropriate clearances.

4.6 Implementation in high risk areas declared by the R/PPOC

4.6.1 In areas identified by the R/PPOC as critical or with extreme conflict, services of the AFP Engineering Brigade shall be engaged in the implementation of the project.

4.6.2 MOA may either be forged between the LGU or the DILG Regional Office and the head of the AFP Engineering Brigade covering the area.

4.7 Administrative Costs

In no case shall the fund be used to cover administrative costs (i.e. travel expenses, honorarium, supervision cost) of LGU personnel overseeing and monitoring the project. Such expenses shall be borne by the implementing LGU.

4.8 Endorsement of Approved Project Proposals

All LGU projects approved for implementation should be appropriately endorsed by the Regional/Provincial Peace and Order Councils to the concerned Regional/Provincial Development Councils for appropriate adoption and integration in their respective plans and programs.

5.0 ADHERENCE TO NATIONAL GOVERNMENT STANDARDS AND POLICIES

5.1 PAMANA-DILG Fund implementation shall adhere to National Government standards. Mode of implementation for PAMANA DILG-Fund projects shall be done through *Competitive Bidding* pursuant to RA 9184 (Government Procurement Reform Act), except in cases, wherein the AFP Engineering Brigade has been identified as the implementing partner. In such a case, mode of implementation shall be by administration.

5.2 The RPMT may, by invitation of the procuring LGU, act as observer in the bidding process.

5.3 Local Governments should abide by the standards and policies set by the National Government, compliance of which are to be checked in the review and evaluation of proposals and LGU requests for the release of funds. Local Governments should adhere to existing national standards/guidelines, such as that for:

- Buildings and other vertical structures per the National Building Code and National Structural Code of the Philippines
- Typical urban and rural roads and bridges per DPWH technical standards
- Hospital, lying-in facilities, health centers per DOH established standards
- Sanitary landfill, Material Recovery Facility (MRF) per DENR guidelines
- FMRs, post-harvest facilities, processing plants/facilities, irrigation, etc. per DA guidelines
- Evacuation Centers and other DRRM and Climate Change Adaptation (CCA) required facilities
- Rainwater Collection Facilities pursuant to RA 6716
- Tourism facilities per DOT guidelines

5.4 In consideration of the time needed to secure the necessary permits, licenses, certificates, clearances, and other documentary requirements from other National Government Agencies (NGAs), copies of applications thereof may suffice as basis for release of funds. Such requirements, however, shall be complied with prior to implementation. Indicated below are some of these requirements that need to be complied with:

5.4.1 Prior to the release of the 80.0%

- Proof that applicable legal instrument/s allowing use of the land or property for the project (where applicable) or Certificate of Land Ownership is being secured
- Copy of the Application for the issuance of Water Permit, for water supply system projects
- Copy of the Application for the issuance of Environmental Compliance Certificate (ECC), if necessary
- For Water Projects, copy of the Application for the issuance of Certificate of Water Potability

- Pursuant to RA 8371, for project areas with IPs that will be affected, a certification that the area affected does not overlap with any ancestral domain needs to be secured from the NCIP.
- Pursuant to Item e, Section 21, RA 8559 (Philippine Agricultural Engineering Act of 1998) and Item 4.9 of DILG Memorandum Circular No. 2008 - 167 dated November 11, 2008 implementing certain provisions of RA No. 8559, LGUs shall ensure that all engineering designs, plans, specifications, relative to the construction, installation, operations and maintenance of agricultural, aquaculture and fishery, and forest related LGU proposed projects, (i.e. agricultural buildings and structures, irrigation and drainage systems, farm-to market roads, post-harvest facilities) shall be signed and sealed by a licensed and registered Agricultural Engineer.

However, in the absence of a licensed and registered Agricultural Engineers in the area, Certification on the consistency with agricultural standards from the Provincial, City or Municipal Agriculturist shall suffice.

5.4.2 Prior to the release of the 20.0%

- All of the required documents, permits and clearances should have already been secured by the concerned LGU (i.e. water permit and water quality tests for water supply system projects, Environmental Compliance Certificates (ECCs) for environmentally-critical projects (ECPs) and those located in environmentally-critical areas (ECAs), prior to the LGU request for the release of the last tranche.
- Proof of Land Ownership

5.4.3. The Amended List of Requirements for Funds Release is shown in Annex D, as amended.

6.0 ERRATA

6.1 *Clarification on acronyms used in Section II, sub-item 3 (Peace Agreement Areas), item C (PAMANA Coverage):*

- CAR should be Cordillera Administrative Region
- RPMP should be Rebolusyonaryong Partido Manggagawa-Pilipinas
- RPA should be Revolutionary Proletarian Army
- ABB should be ABB-TPG which stands for Alex Boncayao Brigade Tabara-Paduan Group

6.2 *Clarification on Section III, sub-item C.1, item C (FUND ADMINISTRATION):*

COA issuance being referred to is Circular No. 94-013 instead of 94-103.

Issuances inconsistent herewith are hereby rescinded or repealed.


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DILG-OSEC OUTGOING 12-00861

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