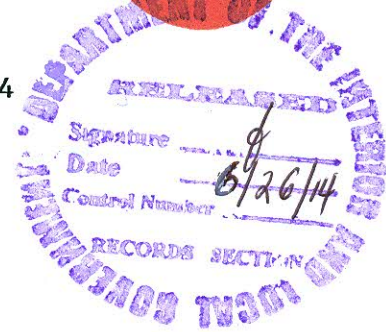




JUNE 26, 2014



**MEMORANDUM CIRCULAR**  
**No. 78 Series of 2014**

**TO : ALL CONCERNED DILG REGIONAL/PROVINCIAL/CITY DIRECTORS  
AND MUNICIPAL LOCAL GOVERNMENT OPERATION OFFICERS  
(MLGOOs), PROVINCIAL GOVERNORS, CITY/MUNICIPAL MAYORS  
OF CONCERNED LGUs**

**SUBJECT : GUIDELINES FOR THE IMPLEMENTATION OF VARIOUS  
PROGRAMS/PROJECTS FOR LOCAL GOVERNMENT UNITS;  
PROVISION FOR POTABLE WATER SUPPLY, LOCAL ACCESS  
ROADS AND OTHER PROJECTS UNDER THE GRASSROOTS  
PARTICIPATORY BUDGETING PROCESS (GPBP DILG FUND)  
(FORMERLY KNOWN AS BOTTOM-UP BUDGETING)**

**I. LEGAL BASES**

- Executive Order No. 43, series of 2011, organizing the Human Development and Poverty Reduction Cluster (HDPRC), among others, with mandate of implementing Bottom-Up Budgeting (BUB) to ensure the inclusion of the funding requirements for the development needs of focus cities and municipalities in the budget proposals of participating agencies
- Chapter XIV.B.1.g, Implementation of Various Programs/Projects for Local Government Units, Provision for Potable Water Supply under Republic Act No. 10352 (FY 2013 General Appropriations Act)
- Chapter XIV, 406010001 - Provision for Potable Water Supply, Local Access Roads and Other Projects under Republic Act No. 10633 (FY 2014 General Appropriations Act)
- Joint Memorandum Circular No. 3, series of 2012, among DBM, DILG, DSWD and NAPC, providing Policy Guidelines and Procedures in the Implementation of Bottom-Up Budgeting (BUB) for FY 2014 Budget Preparation

**II. BACKGROUND**

Pursuant to the Philippine Development Plan for 2011-2016, the National Government shall pursue the Millennium Development Goal of reducing poverty in the country from 26.50% in 2009 to 16.6% by 2015.



As a strategy of converging programs of National Government Agencies (NGAs) with the needs of the communities and the delivery of municipal services by Local Government Units (LGUs), the Bottom-Up Budgeting (BUB), now known as Grassroots Participatory Budgeting Process (GPBP), was introduced in CY 2012. Local Poverty Reduction Action Teams (LPRATs) were created in the original priority 609 cities and municipalities to formulate and monitor Local Poverty Reduction Action Plans for CY 2013.

As a result, various projects were identified and included in the CY 2013 Budget of pilot-participating NGAs. For DILG's part, two (2) projects were included in the 2013 Budget: (i) Provision for Potable Water Supply and (ii) Implementation of Various Programs/Projects for LGUs. For FY 2014, the same 2 projects are still budgeted with the inclusion of a new one, the Local Access Roads.

### III. PURPOSE

To provide the DILG Central and Field Offices and LGUs with the guidelines on the policies, processes and responsibilities in the implementation of priority poverty reduction subprojects identified by the LGUs through the GPBP which are funded under the General Appropriation Act (GAA): (i) **Implementation of Various Programs/Projects for LGUs– FY 2013**, and (ii) **Provision for Potable Water Supply, Local Access Roads and Other Projects - FY 2014**.

### IV. COVERAGE

This Circular shall cover the following:

- Fourteen (14) Cities and Municipalities (CMs) in five (5) Regions in FY 2013 under the **Implementation of Various Programs/Projects for Local Government Units**
- Six hundred thirty (630) Cities and Municipalities (CMs) in 16 Regions in FY 2014 under the **Provision for Potable Water Supply**
- Ninety (90) Cities and Municipalities (CMs) in fourteen (14) Regions in FY 2014 under the **Other Projects**
- One hundred ninety three (193) Cities and Municipalities (CMs) located in 15 Regions under FY 2014 Budget under the **Local Access Roads**

The List of covered LGUs and the corresponding budget allocation per subproject are shown in **Annex A**.

### V. DEFINITION OF TERMS

For purposes of this Guidelines, the following terms and conditions or words and phrases shall mean or be understood as follows:

- a. **Grassroots Planning and Budgeting Process** (GPBP) – an approach to formulating the budget proposal of agencies, taking into consideration the development needs of the poor cities/municipalities as identified in their respective local poverty reduction action plans that shall be formulated with strong participation of basic sectors and civil society organizations.



- b. **Local Poverty Reduction Plan (LPRAP)** – the LGU plan which contains programs and projects collectively drawn through a participatory process by the LGU with Civil Society Organizations (CSOs) and other stakeholders, and which will directly address the needs of the poor constituencies and the marginalized sectors in the LGU.
- c. **Local Poverty Reduction Action Team (LPRAT)** – the group, chaired by the Local Chief Executive (LCE) and composed of CSO and government representatives, that spearheads the formulation and monitoring of the LPRAP. CSO members shall be composed of NAPC-identified Basic Sector representatives, a Pantawid Pamilya Parent-Leader, a leader from a DOH organized Community Health Team, leaders of CSOs accredited by LGUs, leaders of CSOs accredited or recognized by NAPC, DSWD, DBM, DILG and other national government agencies, and private sector representative. Member from the government shall be composed of the Sangguniang Lungsod/Bayan Chairperson on Appropriation, heads of local agencies such as the Planning Officer, Budget Officer, Agricultural Officer, Social Welfare and Development Officer, Health Officer, DSWD Municipal Links and the DILG City/Municipal Local Government Operation Officer.
- d. **Poor** – refers to individuals and families whose income fall below the poverty thresholds as defined by the National Statistical Coordination Board. These are those who cannot afford to provide for their minimum basic needs of food, health, education, housing and other essential amenities of life in a sustainable manner.
- e. **Basic Sectors** – refer to the disadvantaged sectors of Philippine society, namely: farmers-peasant, agrarian reform beneficiaries, artisan fisher-folk, workers in the formal sector and migrant workers, workers in the informal sector, indigenous people and cultural communities, women, differently-abled persons, senior citizens, victims of calamities and disasters, youth and students, children and urban poor.
- f. **Civil Society Organizations (CSOs)** – include non-government organizations (NGOs), People Organizations (POs), cooperatives, trade unions, professional associations, faith-based organizations, media groups, indigenous people movements, foundations, and other citizen's groups formed primarily for social and economic development to plan and monitor government programs and projects, engage in policy discussions, and actively participate in collaborative activities with government.
- g. **Private Sector** - refers to organizations of business individuals or entities such as business chambers, and the like. It is considered a prime engine in the economy to promote development via investment and employment.
- h. **Community-Based Monitoring System (CBMS)** - an organized process of data collection and processing at the local level and integration of data to local planning, program implementation and impact monitoring. It promotes evidence-based policymaking and program implementation while empowering communities to participate in the process.
- i. **Local Government Units (LGUs)** – as provided under the Local Government Code of 1991 or Republic Act No. 7160, assume the primary responsibility for the



provision of basic services and facilities and the improvement of quality of life of their constituents.

- j. **Proponent LGU** - the LGU who has the jurisdiction over the proposed subproject, including the operations and maintenance. The LGU could also be the Implementing Partner provided said LGU is capable to implement based on the criteria stipulated in **Section VII A.2** of the MC.
- k. **Implementing Partner** – as the LGU or any entity who will be responsible in the procurement and implementation of the subproject. For water supply projects, the Implementing Partner shall also be responsible in the preparation of the Detailed Engineering Design.
- l. **Project Management Office (PMO)** – refers to the Project Management Office (PMO) that will be established in the DILG under the Office of Project Development Services (OPDS) which shall be responsible for the overall-project management of the GPBP-DILG Fund.
- m. **Provincial Technical Working Group (PTWG)** – a review team organized at the Provincial Level to be chaired by the Provincial Director with Cluster Heads or MLGOOs as members and technical staff from DILG-RO to assist in the review of subproject proposals. Representatives from the provincial government may be invited, preferably from the Provincial Engineering Office (PEO) and Provincial Planning and Development Office (PPDO).
- n. **Subprojects** - are the eligible individual projects which shall be funded under GPBP.
- o. **GPBP DILG Fund** – refers to National Government appropriation in the General Appropriation Acts (GAA) under the DILG Budget for the Implementation of Various Programs/Projects for Local Government Units (RA 10352); Provision for Potable Water Supply, Local Access Roads and Other Projects (RA 10633).
- p. **Variation Orders** – a change in the scope of works in a construction contract or supply in the form of an addition, substitution or omission from the original scope of works.

## VI. FUND SOURCES

### A. DILG Fund

The National Government (NG) has appropriated the following in the DILG Budget under the General Appropriations Act (GAA), herein referred to as DILG Fund.

- **Implementation of Various Programs/Projects for Local Government Units - Php33,448,900.00** under Republic Act 10352 (FY 2013 GAA)
- **Other Projects - Php72,367,484.00** under Republic Act 10633 (FY 2014 GAA)
- **Local Access Roads – Php563,157,199.76** under Republic Act 10633 (FY 2014 GAA)
- **Provision for Potable Water Supply - Php2,185,151,886.55** under Republic Act 10633 (FY 2014 GAA)





## B. LGU Counterpart

- B.1 In case the subproject cost is more than the subproject allocation, the Proponent LGU shall provide cash counterpart equivalent to the excess in subproject allocation. The counterpart to be provided must be sourced from LGU funds. This shall be formalized and included by the LGU in its AIP and Annual Budget. In such a case, the LGU counterpart shall be provided through an Appropriation Ordinance.
- B.2 Proponent LGU may also provide counterpart in cash or in kind to finance the preparatory and subproject implementation activities mentioned in **Section VII.F.1.b.**

## VII. GUIDELINES IN ACCESSING THE GPBP DILG FUND

### A. ELIGIBILITY ASSESSMENT OF IMPLEMENTING PARTNERS

1. The Implementing Partner is defined as the LGU or any other entity who will be responsible in the procurement and implementation of the subproject. For water supply projects, the Implementing Partner shall also be responsible in the preparation of the Detailed Engineering Design.
2. As a general rule, the LGU (herein referred to as the Proponent LGU) who has the jurisdiction over the proposed subproject, including the operations and maintenance, shall be the Implementing Partner provided said LGU is capable to implement based on the criteria stipulated in the following section.
3. Pursuant to Section 5.10 of DBM-DILG-DSWD-NAPC Joint Memorandum Circular No. 3, Series of 2012, dated 20 December 2012, the Implementing Partner must meet eligibility requirements to implement the GPBP subprojects. Regional Offices shall conduct eligibility assessment of the proposed Implementing Partners based on the following:
  - 3.1 A recipient of the DILG's SGH, based on latest available approved assessment result from the Bureau of Local Government Supervision (BLGS).
  - 3.2 Has made substantial progress in implementing its Public Financial Management (PFM) Improvement Plan as determined by DBM.
  - 3.3 Has the capacity to implement the project based on the following parameters:
    - a. Availability of qualified personnel who can manage the subproject
    - b. Availability of funds for the administrative costs
    - c. Previous experience in implementing similar subprojects
    - d. Capacity to implement subprojects through Competitive Bidding or by Administration
    - e. Capacity to monitor and evaluate subproject implementation
    - f. Absorptive capacity (capacity to implement additional projects especially if there are still on-going projects funded in previous years and/or funded by other agencies)



- g. Capacity to operate and sustain the subproject, particularly the capacity to provide annual Operation & Maintenance (O&M) fund
  - h. Has completed and liquidated their GPBP/BUB subprojects in 2013
4. Those LGUs that poorly implemented their GPBP/BUB subprojects in 2013 shall not be provided funding for priority project under FY 2014 GPBP/BUB
  5. DILG-Regional Office shall notify the Proponent LGUs whether they are eligible or not to implement the subproject immediately after assessment but not later than the **end of June**.
  6. If the reason for non-SGH compliance by the Proponent LGU is related to the Full Disclosure Policy (FDP), said LGU may still be considered as the Implementing Partners if it complies with the deficiencies in the FDP. Said LGU shall secure a certification from the DILG Central Office (DILG-CO) that the FDP has been complied with in accordance with DILG Memorandum Circular No. 2014-13. (Issuance of 2012 SGH Certificates to Local Governments with "After Assessment Compliance" for purposes of accessing Loans or other National Program Windows).
  7. If an LGU is found ineligible to implement a GPBP/BUB subproject, the DILG-Regional Office shall implement the subproject or may recommend the Provincial Government as the Implementing Partner, if eligible, based on **Section VI.A.3** or any other entity.

## B. SUBPROJECT APPROVAL PROCESS

### B.1 Preparation and Submission of Subproject Proposals and Supporting Documents

- a. As a general rule, the preparation of subproject proposals including the other supporting documents shall be the responsibility of the Proponent LGU.
- b. The proposals shall be submitted to DILG-RO through the PD/MLGOO together with the following required documents not later than the **end of June**:

SN	REQUIRED DOCUMENTS	TYPES OF PROJECT				
		Training	Survey	Water Supply	Equip-ment	Infra-structure
1	Official letter submitting the required documents	✓	✓	✓	✓	✓
2	Copy of Subproject Proposal/ Feasibility Study (See <b>Annex B</b> for the Subproject Proposal Format)		✓	✓	✓	✓
3	Water Potability Test results			✓		
4	Training Design (See <b>Annex C</b> )	✓				
5	SB/SP Res. Authorizing LCE to enter into MOA	✓	✓	✓	✓	✓



SN	REQUIRED DOCUMENTS	TYPES OF PROJECT				
		Training	Survey	Water Supply	Equip-ment	Infra-structure
6	LGU Counterpart as mentioned in <i>Section V.B</i> of this Guidelines (AIP and Annual Budget)	✓	✓	✓	✓	✓
7	Bank Certificate on LGU Trust Account in any Gov't Depository Bank or Application to Opening of Special Account	✓	✓	✓	✓	✓
8	Approved Work and Financial Plan/ Implementation Schedule (for Water Supply Project is part of FS)	✓	✓	✓	✓	✓
9	Design survey instruments/ questionnaire		✓			
10	Technical Specifications				✓	
11	Certification or any form of evidence from MPDC that the project is not located in "no-build" zone			✓		✓
12	Resolution that LGU will provide budget for the proper maintenance and repair of local roads or devolved facilities				✓	✓
13	LCE Approved DED/ Technical Design (including unit cost analysis/derivation, quantity calculation, plans and drawings, technical specifications, etc)					✓
14	Certification on the compliance to SGH	✓	✓	✓	✓	✓
15	Executive Order on the creation of WATSAN Council and WATSAN Team			✓		

- c. The MLGOO shall ensure the completeness of the documents as listed in **Section VII.B.1.b** above. In case there are lacking documents, the MLGOO shall immediately notify the Proponent LGU. The MLGOO shall endorse said documents to the DILG Provincial Office within two (2) days upon receipt of the complete subproject proposal documents.
- d. All subproject proposals shall be submitted to the DILG Provincial Offices. The Provincial Office shall review the completeness of the documents submitted, and shall
  - i. **For subproject proposals costing Php1.00 Million and below**, convene the PTWG to review the subproject proposals within five (5) days upon receipt of the proposals.
  - ii. **For subproject proposals costing above Php1.00 Million**, endorse to the DILG-Regional Offices within two (2) days after receipt of the proposals.





- e. In case the Proponent LGU fails to submit the required documents within the prescribed period, the DILG-RO shall advise and notify the concerned LGU and require them to explain the reason for its poor performance. If after validation and evaluation, the reason is found not acceptable or after due course the LGU has no action, the DILG-RO through the DILG-CO reserves the right to recommend to DBM the reversion of the LGU Budget Allocation and the inclusion of the Proponent LGU in the list of poor performers
- f. As a general rule at the end of the appropriation validity period, any unused allotment will automatically be reverted to the General Fund. In the case of FY 2013 budget, the appropriation is valid until December 2014 while FY 2014 Budget is until December 2015.

## **B.2 Review and Approval of Subprojects**

- a. For subprojects costing **Php1.00 Million** and below, the Provincial Technical Working Group (PTWG), as mentioned in **Section VII.B.1.d**, shall review and approve/disapprove subproject proposals within fifteen (15) days after receipt of the proposals. Within two (2) days after approval, the Provincial Director shall endorse the approved subproject proposals to the DILG-RO.
- b. For subprojects costing above Php1.00 Million, the PDMU shall review the subproject proposals and recommend to the Regional Director for approval/disapproval within fifteen (15) days after receipt of the proposals. Within two (2) days after receipt of the recommendation, the Regional Director shall approve/disapprove subproject proposals.
- c. As part of the Review/Approval Process, the PTWG or PDMU shall conduct site validation including source validation for water subprojects to verify the accuracy of submitted documents and to further assess the feasibility of the subproject/s.
- d. Proposals that did not pass the PTWG or PDMU review and approval shall be returned to the Proponent LGU for revision to comply with the comments/recommendations of the reviewing body.
- e. After receipt of the official notice that the proposed subproject did not pass the review, the Proponent LGU shall, within fifteen (15) days submit the revised proposal. Review and approval shall follow the same procedure stated in **Section VII.B.2**.
- f. In case the concerned LGU has not complied within the 15-day period, the DILG reserves the right to recommend to DBM the reversion of the LGU Budget Allocation and the inclusion of the LGU in the list of poor performers.
- g. If recommendation involves replacement of subproject, the Proponent LGU shall submit the request for replacement to the Local Poverty Reduction Action Team (LPRAT) following the existing GPBP Guidelines. After the approval of the replacement, the DILG-RO shall advise the Proponent LGU to prepare the project proposal following the same process.



- h. All review and approval shall be completed on the **30<sup>th</sup> June**.

### **B.3 Signing of Memorandum of Agreement (MOA)**

- a. A MOA shall be forged between the DILG Regional Office and the Implementing Partner to formalize the implementation arrangement, among others. If the Implementing Partner and the Proponent LGU are not one and the same, a Tripartite MOA shall be executed among the Proponent LGU, Implementing Partner and the DILG Regional Office.
- b. Upon verification that the Implementing Partner has complied with all the requirements, the DILG-RO Regional Director, shall enter into a MOA following the template provided in **Annex N** and shall be signed within the prescribed period.
- c. MOAs shall be signed five (5) days after subproject approval but not later than **15<sup>th</sup> July**.
- d. Copies of all perfected MOAs shall be submitted to both the Regional and LGU Resident Auditors within five (5) days from its execution.
- e. The subproject cost to be reflected in the MOA shall be the appraised amount of the subproject and broken-down into DILG Fund and LGU Counterpart.

### **B.4 Issuance of Certificate of Availability of Funds (CAF)**

- a. Within five (5) days after the MOA signing, the DILG Regional Office shall issue a Certificate of Availability of Funds (CAF) to the Implementing Partner with amount corresponding to the approved subproject allocation stipulated in the MOA, subject to the submission of the following:
  - i. Bank Certificate on LGU Trust Account
  - ii. Appropriation Ordinance to cover the LGU Counterpart, if needed
  - iii. LGU Certification that the bidding documents for procurement of consultants for DED, Civil Works or procurement of Goods and Services, whichever is applicable, are complete and ready for issuance.
- b. The CAF issued by the DILG Regional Office and the Appropriation Ordinance to cover the LGU Counterpart, shall be the basis of the Implementing Partner to issue the Certificate of Availability of Funds to proceed with the procurement process. **Annex D** is a sample pro-forma for CAF.
- c. In case the Implementing Partner will be the DILG RO, an appropriate document shall likewise be issued for the RO-BAC to proceed with the procurement.

### **B.5 Preparation, Submission and Approval of Technical Design/Detailed Engineering Design (DED)**

- a. For Implementation of Various Programs/Projects for LGUs (FY 2013), Other Projects and Local Access Roads (FY 2014),



- i. The Proponent LGU shall prepare DED or Technical Design, Technical Specifications, Activity Design, whichever is applicable.
  - ii. DED/Technical Design, Technical Specifications, Activity Design, whichever is applicable shall form part of the submission of subproject proposal and the review and approval process stipulated in **Section VI.B** of this Guidelines.
- b. For Water Supply Subprojects
- i. For subprojects costing P1.00 Million and below, the Implementing Partner shall prepare Technical Design in lieu of DED. The Technical Design shall include the drawings, Program of Works (POW), among others.
  - ii. For subprojects costing above P1.00 Million, the Implementing Partner shall prepare the DED which may be undertaken through any of the following:
    - By Contract, through Competitive Bidding pursuant to RA 9184 (Government Procurement Reform Act)
    - Partnership agreement with any of the following:
      - LWUA/Water District
      - Provincial Government
      - AFP Engineering Brigade
      - CSOs/NGOs
      - State Universities/ Academes
      - National Agencies
    - By administration or in-house, provided that the Implementing Partner has the capacity to prepare DED.
    - Upon the request of the Implementing Partner other than the DILG-RO, the DILG-RO may directly engage the services of consultants or government agencies in the preparation of DED.
  - iii. In cases where the Implementing Partner will contract out or outsource the preparation of DED as mentioned in **Section VI.B.5, Item b.ii**, the DED provider shall be engaged within 30 days after the issuance of CAF.
  - iv. In case the DED preparation will be outsourced, the DED shall be completed within two (2) months (excluding procurement period). The completed DED shall be submitted to DILG-PO through the MLGOO within one (1) week after acceptance by LGU, or if by Administration after the initial release of fund but not later than **1<sup>st</sup> week of October**. The DED to be submitted shall comprise but not limited to the following documents:
    - Detailed designs, plans and drawings (signed and sealed by the approving authorities)





- Detailed design reports (water demand projection, hydraulic analysis including network diagram, pump, structural, electrical design)
  - Bill of Quantities, including detailed computations
  - Technical Specifications
  - Geodetic Survey Report
  - Geotechnical Report (geo-resistivity report, if necessary)
- c. The MLGOO shall ensure the completeness of the documents submitted as listed in **Section VII.B.1.b** above and shall be endorsed to the DILG Provincial Office within two (2) days upon receipt of the DED
  - d. For subprojects costing Php 1.00 Million and below, the DILG Provincial Director shall, upon receipt of the Technical Design, convene within two (2) days the PTWG to review and approve/disapprove the Technical Design. Within ten (10) days, the PTWG, shall complete the review and approval/disapproval of the Technical Design. Within two (2) days after approval, the Provincial Director shall endorse the approved Technical Design to DILG-RO.
  - e. For subprojects costing above Php1.00 Million, the DILG PD shall, upon receipt, endorse within two (2) days the DED to the DILG Regional Office through the PDMU, for review and approval. Within ten (10) days, the PDMU shall complete the review and recommend approval/disapproval of the DED to the Regional Director. Within two (2) days after receipt of the recommendation, the Regional Director shall approve/disapprove the DED.
  - f. In case the Implementing Partner fails to submit the required documents within the prescribed period, DILG-RO through the DILG-CO shall recommend to DBM the reversion of the LGU Budget Allocation and inclusion of the said Implementing Partner in the list of poor performers. In this case, the Implementing Partner shall return all funds released within one (1) month.
  - g. Technical Design/DED that did not pass the PTWG or DILG PDMU approval shall be returned to the Implementing Partner for revision to comply with the comments/recommendations of the reviewing body.
  - h. After receipt of the official notice that the proposed subproject did not pass the review, the Implementing Partner shall, within seven (7) days submit the revised Technical Design/DED. Review and approval shall follow the same procedure stated in **Section VII.B.2**.
  - i. In case the Implementing Partner has not complied within the seven (7)-day period, DILG-RO through the DILG-CO shall recommend to DBM for the inclusion of the Implementing Partner in the list of poor performers.
  - j. All review and approval shall be completed on or before the **3<sup>rd</sup> week of October 2014**

### C. MODE OF IMPLEMENTATION



**C.1** Subject to the provisions under Republic Act No. 9184 and its Revised Implementing Rules and Regulations (IRR), the mode of implementation for all GPBP/BUB subprojects may be done through any of the following:

- a. By Administration
- b. By Contract
- c. By Contract for Design and Build Infrastructure Projects

**C.2 Subprojects to be Implemented By Administration**

- a. In areas where there are issues on peace and order or security, AFP Engineering Brigade may be tapped as the Implementing Partner subject to the Guidelines of Infrastructure projects undertaken by the AFP Corps of Engineers under RA 9184 (Government Procurement Reform Act).
- b. Procurement of materials/goods shall strictly follow the RA 9184 and its IRR.

**C.3 Subprojects to be implemented by Contract**

- a. Implementing Partner shall strictly follow the Implementing Rules and Regulation on **Competitive Bidding** pursuant to RA 9184 (Government Procurement Reform Act).
- b. The Implementing Partner shall start the posting and advertisement of Invitation to Bid (ITB) within 5 days after issuance of the CAF by the DILG Regional Office. The Implementing Partner shall submit to the DILG-RO through the PD a copy of the ITB as published on the newspaper and PhilGEPs, within two (2) days after publication and posting. The Implementing Partner shall complete the bidding process following the timelines stipulated in RA 9184 as summarized in **Annex E**.
- c. The Implementing Partner shall invite the DILG Provincial Director or his duly authorized representative to observe during the bid opening. The DILG-RD may also be invited to observe.
- d. In the event of a failed bidding, the Implementing Partner shall immediately start the re-bidding process within five (5) days after the BAC has issued a resolution declaring a failure of bidding, in accordance with the timelines set-forth in RA 9184. Within the same period, the Implementing Partner shall submit to DILG-RO a revised PFP indicating the revised target dates for the bidding.
- e. In the event the Implementing Partner will have to resort to negotiated procurement after two (2) failed biddings, the Implementing Partner shall commence the negotiation within five (5) days after the BAC has issued a resolution declaring a failure of bidding and complete the negotiation within 15 days.
- f. In case of failure in the two (2) biddings and the negotiated procurement, the Implementing Partner shall seek clearance from the DILG-RO to implement the subproject by Administration. In such a case, the procurement of materials/goods shall adhere to RA 9184. Likewise, the



Implementing Partner shall submit a revised Program of Works that excludes Contractor's Profit, Taxes and Overhead Contingencies and Miscellaneous (OCM) expenses; with unit price derivations per item of work, for review, validation and approval by the DILG Regional Office.

- g. The bidding process is deemed completed upon the issuance of the Notice to Proceed (NTP) by the Implementing Partner.

#### **C.4 Subprojects to be implemented by Contract for Design and Build Infrastructure Projects**

The Implementing Partner may also implement the subproject By Contract for Design and Build Infrastructure Projects following the Guidelines for Procurement and Implementation of Contract for Design and Build Infrastructure Projects, Annex G. of RA 9184, subject to the review of DED by the DILG ROs.

- C.5** Per COA Circular No. 2009-001, Section 3.1.1 dated February 12, 2009, within five (5) working days from the execution of the contract, the Implementing Partner shall submit to the LGU Resident Auditor a copy of the said contract together with all the documents forming part thereof, by reference or incorporation

- C.6** All procurement shall be completed on or before the **2<sup>nd</sup> week of September** except for Water Supply Subprojects which may be completed before the **end of November**. All procurement activities must be included in the Annual Procurement Plan of the Implementing Partner.

#### **D. ADHERENCE TO NATIONAL GOVERNMENT STANDARDS AND POLICIES**

- D.1** The Implementing Partner shall abide by the standards and policies set by the National Government which are applicable to all phases of subproject preparation and implementation.

- D.2** The DILG-RO shall ensure that these standards and policies are considered during appraisal and are being observed during actual implementation by the Implementing Partner.

- D.3** The following are the existing national standards/guidelines, laws and policies, among others that should be observed by all Parties:

- Buildings and other vertical structures per the CY 2005 Revised Edition of the IRR of the National Building Code (PD 1096), and Volume 1, 6th Edition of the National Structural Code of the Philippines published CY 2010 by the Association of Structural Engineers of the Philippines
- Vol. II, Standard Specifications for Public Works and Highways (2004 Edition)
- Post-harvest facilities, processing plants/facilities, etc. per DA guidelines
- Evacuation Centers and other DRRM and Climate Change Adaptation (CCA) required facilities
- Tourism facilities per DOT guidelines
- "No-build" zone in accordance with FY 2014 GAA



- Philippine National Standard for Drinking Water pursuant to DOH AO 2007-0012
- Rainwater Collection Facilities pursuant to RA 6716
- Code on Sanitation of the Philippines pursuant to PD 856
- Clean Water Act of 2014 pursuant to RA 9275

**D.4** Infrastructure subprojects shall provide architectural and structural features, design or facilities that will reasonably enhance mobility, safety and welfare of persons with disability pursuant to B.P. 344 and RA 7277.

**D.5** Infrastructure subprojects shall integrate energy-savings solutions in the planning and implementation to mitigate the effect of climate change pursuant to RA 9729.

## **E. SUBPROJECT IMPLEMENTATION**

### **E.1 For Implementing Partners**

- a. The Implementing Partner shall designate a full-time Project Engineer/Supervisor to supervise the construction/implementation on a day to day basis
- b. The Implementing Partner shall conduct a Pre-Construction Conference with the Contractor immediately after the acceptance of the Notice to Proceed (NTP) to discuss the following:
  - Technical aspects of the Contract
  - Specific subproject timelines including the advice to Contractor to mobilize within seven (7) days after the receipt of the NTP
  - Agree on the regular conduct of coordination meetings
  - The nature and thrust of the subproject in relation to the GPBP to ensure that the Contractor appreciates the Project
  - The participatory monitoring approach of the GPBP
  - Compliance of the Contractor to pertinent policies and guidelines

**Annex F** provides the complete agenda in the conduct of the Pre-Construction Conference

- c. Consistent with RA 6685 dated 12 December 1988, the Implementing Partner shall ensure that the Contractor hires at least fifty percent (50%) of the unskilled and at least thirty percent (30%) of the skilled labour requirements from the available bona fide residents in the province, city or municipality where the subproject is located. The Implementing Partner shall ensure that the following are strictly observed: (1) adoption of the standard labour salary rate, (2) adoption of rotation process, as possible, to accommodate as many community members in the labour force, (3) transparency in the criteria for selection, and (4) prioritizing those from the community with no current employment and are abled.
- c. The Implementing Partner shall cause the Contractor to submit a monthly report on the labour force employed within the subproject based on the format shown in **Annex G**, as part of the Monthly Physical Accomplishment Report stipulated in *Item E.1.f* below.



- d. The Implementing Partner shall cause the Contractor to observe the following:
  - i. Construction materials are available on site in accordance with the approved plans and specifications
  - ii. Material Engineer is present on site
  - iii. Appropriate equipment are on site, in accordance with the Equipment Schedule
  - iv. Actual implementation/construction is in accordance with the approved Plans and Technical Specifications
  - v. Quality control tests are conducted consistent with the frequency and number specified in the Technical Specifications for each item of work. The tests are conducted by accredited testing center/laboratory
  - vi. Waste disposal is done in accordance with prescribed standards
  - vii. Health and Safety standards set by DOLE are implemented
- e. The Implementing Partner shall require the Contractor to submit a Monthly Physical Accomplishment Report within five (5) days after the end of each month using the report form shown in **Annex H** – Statement of Work Accomplished. Copy of the report shall be submitted to the PD and PDMU within two (2) days after submission of the Contractor.
- f. In case there is noted/observed delay, the Implementing Partner shall immediately issue a Warning Letter to the Contractor and require the submission of a catch-up plan to complete the works within the approved contract period. In case the delay is due to unforeseen events or work items known to the Implementing Partner, the Contractor shall immediately be advised to submit a request within thirty (30) days from the occurrence of such circumstances/events leading to the delay, for either suspension of works or extension of contract time. Any Contractor's request submitted beyond the said period shall be denied. The Implementing Partner shall act on the Contractor's request within three (3) days upon receipt of the request.
- h. In case there is stoppage of work for unknown reasons or the Contractor has abandoned the subproject, the Implementing Partner shall immediately assess/evaluate the situation, including the determination of the accomplished and remaining works, and officially notify the Contractor to explain the reason for abandonment and the consequence of its action. If warranted, Implementing Partner shall forfeit the Performance Security Bond in favor of the Implementing Partner and recommend blacklisting of the Contractor and revocation of the PCAB License. In such a case, the Implementing Partner shall take over the work or immediately rebid the remaining works.
- i. The Implementing Partner shall invite the presence of DILG-MLGOO/PD/RD during major activities such as, but not limited to:
  - 1. For Water Supply Subprojects
    - Well drilling
    - Pumping test
    - Pipe laying
    - Leakage/hydro testing/commissioning



- Water sampling for potability (before, during and after construction)
- 2. For Other Infrastructure Projects
  - Pouring of concrete
  - Soil testing
  - Field density test
  - Testing and commissioning
  - RCPC laying
  - Materials testing
- j. The Implementing Partner shall request inspection from DILG-RO or Provincial Office when the subproject reaches 95% physical accomplishment for punch listing. Immediately after inspection, the Implementing Partner shall inform the Contractor to rectify the noted deficiencies, if any, and to complete the works within the remaining contract duration.
- k. Within one (1) week upon submission of the Contractor's request for Final Inspection of the subproject, the Implementing Partner shall conduct joint final inspection with representatives from DILG-RO and to the extent possible with the participation of the Partner CSOs.
- l. Within one (1) week upon submission of the Contractor's request for Final Inspection of the subproject, the Implementing Partner shall also request COA inspection.
- m. The Implementing Partner shall organize ceremonial inauguration to officially turn-over the completed subproject to the LGU who will operate and maintain the subproject.
- n. The Implementing Partner shall prepare and submit to DILG Regional Office the Subproject Completion Report (SPCR), within one (1) month after completion, which should include the following documents:
  - i. Certificate of acceptance of the project issued or signed by the recipient or beneficiaries
  - ii. COA certification of Liquidation of 100% of the project fund and COA Inspection Report
  - iii. Others, as deemed necessary.

## **E.2 For DILG-ROs, Provincial/City Directors or MLGOOs**

- a. The DILG-RO, through the PDMU, shall take the lead in monitoring all aspects of subproject implementation.
- b. During monitoring visits, the DILG-RO, through the PDMU, shall observe/check the following, among others:
  - i. Availability of construction materials on site, in accordance with the approved plans and specifications
  - ii. The presence of Materials Engineer on site
  - iii. Availability of appropriate equipment on site, in accordance with the Equipment Schedule
  - iv. Quality control tests results conducted whether they are consistent with the frequency and number specified in the



Technical Specifications, and whether the tests were conducted by accredited testing center/laboratory

- v. Waste disposal is done in accordance with prescribed standards
- vi. Health and Safety standards set by DOLE are being implemented
- vii. Works are in accordance with the approved Plans and Specifications

The DILG-RO, through the PDMU, or the City/Provincial Director and MLGOO shall immediately advise the Implementing Partner for any noted deviations and to cause the Contractor to initiate corrective actions.

- c. The DILG-RO, through the PDMU, City/Provincial Director and MLGOO shall validate reports submitted by the Implementing Partner on the Contractor's compliance with the provisions of RA 6685 regarding the hiring of skilled and unskilled labor. If the Contractor is not compliant with the said provisions, the Implementing Partner shall immediately be advised to cause the Contractor to comply.
- d. The DILG-RO, through the PDMU, shall evaluate all submitted reports by the Implementing Partners/Proponent LGU. For the following cases:
  - Physical Works not in accordance with the Approved Plans and Specifications - The DILG-RO, through the PDMU, Provincial/City Director and MLGOO shall advise the Implementing Partner to immediately issue notice to Contractor to implement corrective measures on noted defects. Implementing Partner shall be advised to monitor Contractor's corrective actions.
  - Inconsistency between the reported and actual work accomplished, PD and/or PDMU shall advise the Implementing Partner to conduct a joint inspection with the Contractor within three (3) days, to resolve inconsistencies
  - Any delay in subproject implementation, PD or PDMU shall advise the Implementing Partner to issue Warning Letter to the Contractor and require immediate submission of catch-up plan to complete the works within the approved contract period.
- e. Poor quality of works - The PDMU shall check the results of quality control tests conducted by the Contractor, among others.
- f. **Annex I** shows the list of minimum QC tests that should be conducted by the Contractor per type of subproject. The DILG Regional Office shall conduct at least two (2) separate quality control tests to validate quality of the subproject preferably the Field Density Test for Earthworks and Coring Test for PCCP.
- g. In case there is a reported stoppage of work for unknown reasons or the Contractor has abandoned the subproject, the DILG-RO, through the PDMU, P/CD and MLGOO shall advise the Implementing Partner to immediately assess/evaluate the situation and recommend appropriate action.



- h.** The DILG-RO, through the PDMU, Provincial/City Director and MLGOO shall closely monitor the subproject. Advise the Implementing Partner to:
  - i.** Before the subproject reaches 95%, organize the joint inspection for Punchlisting
  - ii.** Before the subproject reaches 100% physical, organize the joint final inspection and to request COA for final inspection.

**E.3** All subprojects shall be completed within the approved contract duration. In case the Implementing Partner cannot comply with this provision, the concerned Implementing Partner shall be recommended for inclusion in the list of poor performers

## **F. FUND ADMINISTRATION**

In general, all prevailing COA rules and regulations shall be followed:

### **F.1 Fund Utilization**

- a.** The DILG Fund shall be used exclusively for the following:
  - a.1** To finance the implementation of subprojects reflected in the MOA.
  - a.2** The DED Cost to be charged under the Fund shall not be more than 6% of the subproject allocation. Any excess shall be borne by the Proponent LGU as equity/counterpart. Cost for DED may be inclusive of preliminary surveys such as geo-resistivity tests on potential well source for water supply subproject and other related surveys necessary for the development of the DED.
  - a.3** Any balances or savings shall be returned to the DILG Regional Offices within fifteen (15) working days after subproject completion.
  - a.4** In no case shall the Implementing Partner use the GPBP DILG Fund to cover administrative costs (e.g. office supplies, local travelling expenses, communication, honoraria, meetings and consultations, salaries, and any other related monitoring and construction supervision expenses) of Implementing Partner personnel overseeing and monitoring the subproject. Such expenses shall be borne by the Implementing Partner.
- b.** The Implementing Partner counterpart funds shall be used to finance the following:
  - b.1** Partly for the implementation of subprojects
  - b.2** In-house preparation of Technical Design/Detailed Engineering Design
  - b.3** Preparatory activities (Feasibility Study/Subprojects Proposal preparation, survey/validation, social preparation activities, cost/fees for permits, tests, and etc.)

**b.4 Construction Supervision**

**b.5** Administrative cost for the monitoring and evaluation of subproject (e.g. office supplies, local travelling expenses, communication, honoraria, meetings and consultations, salaries, and any other related monitoring and construction supervision expenses)

**b.6** For Water Supply Subprojects, Proponent LGU shall appropriate at least 1% of the subproject allocation for sanitation related activities such as behavioural change communication, barangay consultation on water, sanitation and hygiene and Community Led Total Sanitation (CLTS)

**F.2 Mechanics for DILG Fund Releases**

**a.** Release of Funds shall be done by the DBM direct to the DILG Regional Offices through their Regular Accounts (Fund 101). The DILG RO shall book up the Notice of Cash Allocation (NCA) as "Subsidy from National Government - 4-03-01-0101" while the fund transfer shall be taken up as "Due from LGUs – 1-03-030030". The DILG Regional Office shall immediately obligate the whole amount allotted for the subproject. The DILG Regional Office concerned shall maintain a subsidiary ledger of the fund transfer pertaining to the subproject/s.

**b.** Proponent LGU may opt to open a Special Trust Account for the Fund or may use the existing Trust Account and a separate subsidiary ledger for each subproject shall be maintained to facilitate tracking of fund utilization and liquidation. The transferred funds shall be taken up as "Due to NGAs" by the Implementing Partner.

**c.** For subprojects that will be implemented by other entities such as the AFP Engineering Brigade/CSOs/other Implementing Partner, the concerned Regional Office, shall transfer the fund to these entities, based on the agreed and approved Work and Financial Plan. These entities shall open a Special Trust Account for the purpose. The DILG, through the Regional Director, shall likewise enter into a MOA with these entities.

**d.** Fund releases to Implementing Partner shall be made in the following tranches and submission of required documents mentioned in **Annex J**.

**d.1 "Soft" Subprojects** (Training, Survey, Advocacy/ IEC Material or project of similar nature) - **100% of the Subproject Allocation** shall be released upon MOA signing

**d.2 For Procurement of Equipment/Goods** - fund releases shall be made in two (2) tranches

- **1<sup>st</sup> Tranche – 90% of the Subproject Allocation**

- **2<sup>nd</sup> Tranche – 10% of the Subproject Allocation or the Awarded Contract Cost less the 1<sup>st</sup> Tranche**, whichever is the lower but shall not be more than the remaining balance of the Subproject Allocation and upon submission



of evidentiary supporting documents that the 1<sup>st</sup> Tranche has been disbursed and the Certificate of Acceptance

**d.3 For all infrastructure subprojects**

**d.3.1 Subprojects costing Php1.00 Million and below - 100% of the Subproject Allocation** shall be released upon MOA signing

**d.3.2 For subprojects costing above Php1.00 Million:**

- i. For the Provision of Potable Water Supply Project, the release of funds for subprojects above P1.0 million shall be in two tranches
    - First tranche - 50% of total subproject allocation
    - Second tranche - remaining 50%
  - ii. For Implementation of Various Programs/Projects for LGUs, Other Projects and Local Access Roads, fund releases shall be made in two (2) tranches
    - **1<sup>st</sup> Tranche - 80% of the Subproject Allocation**
    - **2<sup>nd</sup> Tranche** shall be released as follows:
      - ✓ ***By Contract - Approved Contract Cost less the first tranche***, but shall not be more than the remaining balance of the Subproject Allocation subject to the full liquidation of the 1<sup>st</sup> tranche and 100% physical accomplishment.
      - ✓ ***By Administration - Approved Subproject Cost less the first tranche***, but shall not be more than the remaining balance of the Subproject Allocation subject to 70% liquidation of the 1<sup>st</sup> tranche and 70% physical accomplishment.
- e. Requests for fund releases shall be submitted to the concerned Regional Office with the required supporting documents.
  - f. The DILG RO, thru the PDMU, shall review the submitted documents and conduct field inspection to validate the claimed physical accomplishment prior to the release of funds.
  - g. DILG RO shall release the funds within seven (7) days upon satisfactory compliance of the requirements. It shall issue the check in the name of the Implementing Partner for deposit to the Implementing Partner's Trust Account maintained for the purpose. For its part, the Implementing Partner shall issue the corresponding official receipt in acknowledgment.



- h. Regional Directors are given authority to act on, sign and/or approve contracts, disbursement vouchers, checks, liquidation reports with amounts equivalent to the approved subproject costs stipulated in the MOAs with the Implementing Partners, and all other related documents pertaining to the implementation of the Projects, subject to the usual accounting and auditing rules and regulations.
- i. The DILG RO shall officially inform the concerned Regional and Local Resident Auditors that a check has been issued to the Implementing Partner, immediately after issuance of the check.
- j. The Implementing Partner shall deposit the Cash Counterpart Fund in the Trust Account before the release of the 1<sup>st</sup> tranche stipulated in **Section VI.B.1** of this Guidelines. The Cash Counterpart Fund shall be fully disbursed before the release of the last Tranche.

### F.3 Documentary Requirements for Fund Releases

- a. The complete list of requirements for Fund Releases is shown in **Annex J**.
- b. In consideration of the time needed to secure the necessary permits, licenses, certificates, clearances, and other documentary requirements from other National Government Agencies (NGAs), except for the (i) “no build’ zone certification, and (ii) first water potability test (during source validation), which shall be submitted together with the project proposal, **copies of applications thereof may suffice as basis for the initial release of funds. Such requirements, however, shall be complied with prior to implementation.** Indicated below are the related requirements that need to be complied with:

#### b.1 For Various Programs/Projects for LGUs, Local Access Road and Other Projects:

- i. Prior to the Release of the First Tranche copies of the applications:
  - Proof that the Certificate of Land Ownership or any applicable legal instrument/s allowing the use of land or property for the subproject (where applicable) is being secured
  - Proof that Environmental Compliance Certificate (ECC) or Certificate of Non-Coverage (CNC) whichever is applicable, is being secured.
  - Pursuant to RA 8371, for subproject 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 subprojects, (i.e. agricultural buildings and structures, drainage systems, 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.

- ii. Prior to subproject implementation all the required documents, permits and clearances stated above should have been secured by the concerned Implementing Partner, however the copies of the approved permits and clearance shall be submitted before the release of the *Second Tranche*.

#### **b.1 For Water Supply Project:**

- i. Prior to the Release of the First Tranche copies of the applications:
  - Proof that the Certificate of Land Ownership or any applicable legal instrument/s allowing the use of land or property for the subproject (where applicable) is being secured
  - Pursuant to RA 8371, for subproject 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.
- ii. Prior to Second Release
  - Copies of the approved permits and clearance stated above but these should have been secured by the concerned Implementing Partner before subproject implementation.
  - Copies of the application for the following but the copies of the approved permits and clearance shall be submitted before the subproject completion:
    - ✓ Proof that Environmental Compliance Certificate (ECC) or Certificate of Non-Coverage (CNC) whichever is applicable, is being secured.
    - ✓ For water supply subprojects, copy of the application for the issuance of Water Permits from deputized agencies of National Water Resources Board (NWRB).



## F.4 Reporting and Liquidation

### a. Liquidation of Fund Transfers

- a.1 The Implementing Partner shall liquidate the funds and submit to the DILG Regional Office, either in print or by way of electronic documents, reports on the liquidation of the fund transfer.
- a.2 The Implementing Partner shall submit to DILG Regional Office the Report of Disbursement/Liquidation (ROD) including copies of the supporting documents as evidence of the actual utilization of funds, if necessary, within 10 days after the end of each month. The ROD shall be duly signed by the concerned Accountant and approved by the Local Chief Executive/Head of Agency and stamped-received by the concerned COA Auditor. This shall serve as the basis for the subsequent fund releases. See **Annex K** for the Pro-Forma Report of Disbursement/Liquidation (ROD).
- a.3 Before the end of the month, the Implementing Partner shall submit Audit ROD or the Credit Notice issued by the Local Auditor (whichever is applicable) as the basis for recording the liquidation of the Implementing Partner
- a.4 Within fifteen (15) days after the end of each month, the DILG-RO shall submit to DILG Central Office the Regional Consolidated Report on Fund Utilization and Liquidation. Please refer to **Annex L** for the pro-forma Regional Consolidated Report on Fund Utilization.
- a.5 The DILG Regional Accountant or any authorized representative shall conduct spot checks of fund utilization, proper recording of book of accounts, and overall financial management of the Implementing Partner.
- a.6 In case of non-submission of report mentioned in *item a.2* above, an Annual Audited Consolidated Report with separate audit opinion shall be submitted to DILG RO within one (1) month after the end of each year. DILG-RO shall furnish DILG-CO of such report.
- a.7 All fund transfers shall be liquidated one (1) month after the completion of each subproject. The Implementing Partner shall submit Summary Report showing all fund deposits and actual disbursements provided that the Implementing Partner has submitted all mentioned in **item a.3 and a.5** above. In case the Implementing Partner failed to submit such reports, an Audited Consolidated Report including a separate opinion from the Auditor, as to whether the fund has been used for the purpose, shall be submitted to the DILG RO.
- a.7 The DILG RO shall officially notify the Implementing Partners on the need to submit the required liquidation reports.

**b. Liquidation of Regional Operational Fund**

Within 10 days after the end of each month, the Regional Office shall submit to DILG Central Office the ROD on the utilization of the funds transferred for operational expenses.

**VIII. IMPLEMENTATION ARRANGEMENTS****A. Project Management Offices (PMOs)**

Project Management Offices (PMOs) shall be established in the DILG Central Office under the Office of Project Development Services (OPDS) which shall be responsible for the overall-project management, in close coordination with the GPBP-PMO and other line agencies involved in the implementation of the Projects. Specifically, the PMOs shall be responsible for the following:

- Formulation/Updating of Operational Guidelines and Strategies for effective implementation
- Over-all physical and financial planning
- Over-all fund management
- Development and implementation of monitoring and evaluation systems
- Conduct of periodic monitoring on the subproject implementation and fund utilization.
- Development and maintenance of databases for the Projects
- Preparation and submission of monthly and quarterly reports to the DILG Management and other partner agencies.
- In accordance with Section 64 of GAA FY 2014, preparation of status report of all the GPBP/BUB projects to be submitted to DBM, House Committee on Appropriations and Senate Committee on Finance, either in print or by way of electronic document.
- Provision of advisory and technical assistance to DILG Field Offices and Implementing Partners, in the development, implementation, operation and management of subprojects
- Development and implementation of capacity development programs for DILG Field Offices and Implementing Partners.
- Conduct of regular consultations/dialogues with DILG-ROs and LGUs

**B. Regional Offices**

The Regional Offices shall take the lead and be responsible for the efficient and effective implementation of the Projects at the local level, and shall take appropriate measures to ensure that the Funds transferred to Implementing Partners are used for the intended purpose.

**B.1 The Regional Director shall:**

- Organize Provincial Technical Working Groups (PTWGs) in all participating provinces to review and approve proposals and Technical Designs for subprojects amounting to Php 1.00 Million and below
- On behalf of the DILG, enter into a MOA with the Implementing Partners for the implementation and release of funds for the subprojects



- Enter into Partnership Agreement with service providers for the DED preparation and implementation of capacity development activities
- Approve/disapprove subproject proposals and DED for subprojects above Php 1.00 Million
- Sign and/or approve contracts, disbursement vouchers, checks, liquidation reports relative to Project implementation

**B.2 The Regional Offices**, thru the Project Development and Management Units (PDMUs) shall take the lead and be responsible for the efficient and effective implementation of the Projects at the local level. The PDMUs shall be responsible for the following:

- Regional fund management, which includes among others, review of documents submitted by Implementing Partners prior to release of funds, and verifying satisfactory compliance of requirements
- Regional physical and financial planning;
- Review, assessment and validation of the proposed subprojects;
- Eligibility assessment of LGUs
- Review, evaluation and approval of subproject proposals and DED;
- Implementation of subprojects, as necessary
- Provision of advisory and technical assistance to DILG Provincial/Municipal Offices and Implementing Partners, in the development, implementation, operation and management of subprojects
- Ensuring the compliance to requirements of Proponent LGUs/Implementing Partners
- Provision of capacity development assistance to Implementing Partners;
- Provision of support to the Provincial and Municipal Offices in the monitoring and evaluation of subprojects
- Preparation and submission of Physical and Financial Accomplishments of all GPB/BUB projects to DILG Central Office thru FMS and OPDS
- Preparation of regular alert status reports that will provide management advance information on what is happening on the ground that will guide in addressing possible bottleneck
- Regular consultations/dialogues with LGUs and other stakeholders
- Conduct of separate quality control tests, as necessary

### **C. DILG Provincial/City/Municipal Offices**

The **Provincial/City Directors and MLGOOs** shall assist the DILG Regional Office in overseeing the implementation of the Projects at the local level. The DILG Provincial/City Director or his/her duly designated representative shall act as the GPBP-Focal Person in the Province/City. The MLGOO shall serve as the GPBP-Focal Person in the municipality. The Provincial/City Director and MLGOO shall be responsible for the following:

- Facilitation in the conduct of the capacity development activities at the provincial/city/municipal level
- Briefing to Implementing Partners and Proponent LGUs of the Project Guidelines and Timelines
- Monitoring and providing reports/feedback to Regional Office on the progress of activities in all phases of project implementation to include but not limited to the following:





- Status of the preparation of subproject proposals, DED/Technical Design and other supporting documents
- Progress of the preparation of Bidding Documents
- Issuance of the Sanggunian Resolution authorizing the Mayor to sign the MOA
- Status of Procurement
- Status of Subproject Implementation
- Review the completeness of the relevant documents submitted by the Implementing Partners
- Facilitation in finalizing the documents required in MOA signing.
- Providing feedback whether Implementing Partner has issued CAF to BAC as a requirement to commence procurement process.
- Monitoring and providing advice during the bidding process.
- Act as an Observer during the Bid Opening.
- Ensuring timely submission of accomplishment reports (including pictures) and upon subproject completion, attest to the existence of the subproject.
- Ensuring that Implementing Partner install and regularly update the Subproject Community Billboard in compliance with the COA issuance No. 2013-004 dated January 30, 2013 and other relevant guidelines
- Participation in the conduct of punchlisting and final inspection and submit report within 2 days after inspection to DILG-RO
- Ensuring that the DILG-Funds are utilized for the intended purpose
- Assistance in the conduct of spot checking on the book of accounts and ledgers of the Implementing Partners

#### **D. The Provincial Technical Working Group (PTWG)**

The **PTWG** shall be chaired by the Provincial Director with Cluster Heads or MLGOOs as members. Representatives from the provincial government preferably from the Provincial Engineering Office (PEO) and Provincial Planning and Development Office (PPDO), to assist in the review of subproject proposals.

The PTWG shall:

- Review, evaluate and approve/disapprove subproject proposals costing Php 1.00 Million and below
- Conduct site visits and field validation to further assess the feasibility of the proposed subprojects
- Prepare consolidated evaluation report for submission to the Regional Director.

#### **E. Proponent LGU/Implementing Partner**

Assessment of the eligibility of the Proponent LGU as the Implementing Partner shall be in accordance with **Section VII.A** of this Guidelines and shall be further validated during Subproject Review Process. The Implementing Partner may be the Provincial Government or the City/Municipal Government or any other entity as may be designated by the DILG Regional Director.

The **Proponent LGU** shall:

- Prepare subproject proposal/s based on the identified priorities as a result of the Regional/Provincial Programming



- Provide counterpart funds, as necessary
- Adhere to existing national standards/guidelines, laws and policies stipulated in **Section VII.D.3**, among others
- If not eligible as Implementing Partner, enter into a MOA with DILG and Implementing Partner
- If not eligible as Implementing Partner, jointly monitor the implementation of subproject with the Implementing Partner
- Commit to provide annual operations and maintenance funds through a Sanggunian Resolution
- For water supply subprojects, identify appropriate institution to manage and operate the subproject

The **Implementing Partner** shall:

- Enter into a MOA/Tripartite MOA, whichever is applicable, with the DILG and/or Proponent LGU for the implementation of subproject
- Open and maintain a Trust Account for the transfer of funds
- Designate a focal person/appropriate focal unit/department in the organization which will manage and coordinate the implementation of subproject/s, including financial transactions
- Designate a full time Project Engineer/Supervisor to oversee the physical implementation of the subprojects to ensure that it is in accordance with the plans and specifications
- Adhere to existing national standards/guidelines, laws and policies stipulated in **Section VII.D.3**, among others
- During procurement, adhere to and implement all provisions of RA 9184 and its Implementing Rules and Regulations (IRR)
- Consistent with **Sections VII.E.1** and **VII.F** of this Guidelines, ensure that subproject is implemented in accordance with the approved schedule, within the approved budget and in accordance with acceptable standards
- Submit monthly financial and physical accomplishment reports to the DILG-Regional Office.
- In accordance with Section 64 of GAA FY 2014, submit a status report of all the GPBP/BUB projects, either in print or by way of electronic document, to DBM, House Committee on Appropriations and Senate Committee on Finance
- Be responsible for the liquidation of funds transferred to the Implementing Partner
- Return to DILG-RO any of the unexpended balance of the funds

## VIII. MONITORING AND EVALUATION

### A. Progress Monitoring

#### A.1 DILG-PMOs

- a. Conduct regular site visits and spot checks in all phases of subproject implementation, whenever necessary
- b. In accordance with the special provisions of General Appropriations Act of FY 2013 and 2014, the DILG PMOs shall submit a consolidated quarterly monitoring report to DBM, GPB-PMO and DILG-FMS.

- c. Conduct semestral Project Implementation Reviews

## **A.2 DILG Field Offices**

DILG Regional Offices shall take the lead in the progress monitoring of all GPB/BUB subprojects funded by DILG.

- a. Consistent with **Section VII.E.2**, progress monitoring shall be conducted by DILG Regional/Provincial/City/Municipal Offices and shall cover but not limited to the following:
  - physical status and accomplishment
  - financial status to include utilization/disbursement rates
  - problems encountered and recommended solutions;
  - assumption/risk analysis
- b. Monitoring and reporting of progress of subproject implementation will be done monthly and quarterly using M&E forms prescribed by DILG PMOs with photos attached.

- A.3** Alert Mechanisms shall be established to ensure timely resolution of issues that may arise before, during and after subproject implementation.

## **B. Transparency and Accountability Mechanisms**

The following Transparency and Accountability Mechanisms shall be operationalized in the implementation of subprojects:

- B.1** Implementing Partners/Proponent LGU shall install subproject billboards on the subproject sites to provide information including the period of implementation, fund allocation and status of fund utilization consistent with COA Circular No. 2013-004 dated 30 January 2013 – Information and Publicity on Programs/Projects/Activities of Government Agencies on subproject reporting and monitoring of subproject/s.
- B.2** Implementing Partners shall post in their respective websites, within thirty (30) calendars days from entering into Contract with the winning contractor/bidder, the following information per subproject:
  - a. Subproject title and detailed description which shall include the nature and location
  - b. The detailed estimates in arriving at the Approved Budget for the Contract
  - c. The winning contractor and the detailed estimates of the bid awarded.
- B.3** Implementing Partner shall also post in their respective websites within thirty (30) calendars days from the issuance of subproject completion the following:
  - Detailed actual cost of the sub-project; and
  - Variation orders, if any



**B.4** DILG-PMOs and ROs shall post subproject implementation status on their respective websites. Full disclosure of subproject information and status of implementation is encouraged through tri-media.

**B.5** Third party monitors engaged by GPBP-PMO shall monitor to validate subproject status.

### **C. Project Evaluation**

Data on specific social and economic indicators shall be regularly collected in GPBP/BUB project sites to aid in outcome evaluation.

### **D. Information Dissemination and Institutional Learning**

DILG PMOs and ROs shall establish processes and mechanisms for the regular sharing of findings from monitoring and evaluation initiatives. This will include sharing of information on challenges encountered, good practices and lessons learned from program implementation. These are envisioned to feed into planning and programming to facilitate institutional learning.

## **IX. TIMELINES TO BE OBSERVED**

The DILG and the Implementing Partners/Proponent LGU shall adhere to the timelines stipulated in the GAA FY 2014 and in this Guidelines, summarized in ***Annex M***.

## **X. PENALTIES AND SANCTIONS**

The **Regional Director** is authorized to:

**A. Terminate/ cancel the implementation of the subproject in the following instances:**

- Implementing Partner's/Proponent LGU non-compliance to subproject processes, standards and requirements
- Corruption and fraudulent practices
- When situations/circumstances would make it improbable for the subproject to continue to be carried out
- Upon request of the Implementing Partner

In case the subproject is partially or fully cancelled due to the fault of the Implementing Partner, the Implementing Partner shall be obliged to return the unexpended balance of the released portion of the funds or the pertinent portion related to the cancelled component of the subproject, whichever applies without prejudice to paragraph C hereof.

**B. Suspend/withhold the release of the final tranche if any of the following occurs:**

- The DILG, during the conduct of review and monitoring activities determines that: (i) the procurement of any contract is inconsistent with RA 9184 provisions (ii) Implementing Partner is performing unsatisfactorily in the implementation and execution of the subproject or in the event that substantial slippage in implementation is incurred
- extraordinary conditions such as force majeure, fortuitous events and the like which shall make it necessary to suspend the implementation of the subproject

Implementing Partner *will be given a period of one month* to resolve the issue, improve performance or remedy the situation. However, termination will be resorted to only, if Implementing Partner, having been duly notified, does not make any effort to institute measures that will address issues at hand.

- C.** File the appropriate civil, criminal and/or administrative case against the concerned local public official/s for acts or omissions in relation to the performance of its duties under this Memorandum Circular.

**XI. EFFECTIVITY**

This Memorandum Circular shall take effect immediately.



**MAR ROXAS**  
Secretary

