



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS
OFFICE OF THE SECRETARY
MANILA

097-13 DPWH
4-7-99

April 7, 1999

DEPARTMENT ORDER)
No. 61)
Series of 1999 8/11/99)

SUBJECT: IMPLEMENTING RULES AND
REGULATIONS (IRR) FOR THE
DPWH-LGU COST SHARING
PROGRAM.

The following rules and regulations are hereby issued pursuant to the approval of the President on 19 November 1998 of the request of the League of Municipalities of the Philippines (LMP), dated 18 November 1998, to implement a cost sharing program between the Department of Public Works and Highways (DPWH) and the Local Government Units (LGU), particularly municipal governments, to enhance the capability of the LGUs in the implementation of infrastructure projects and promote rural development.

1. ELIGIBLE PROJECTS

1.1 Projects eligible under this program shall be any of the following:

- 1.1.1 Concreting of unpaved road sections at Poblacion/town plaza;
- 1.1.2 Concreting of access road to public market; and
- 1.1.3 Concreting of barangay road access to at least two barangays.

1.2 An LGU may implement two or more projects provided that each project shall cost not more than P 1.0 Million and provided further that the total National Government (NG) counterpart shall not exceed P 1.0 Million.

2. COST SHARING SCHEMES

The cost sharing schemes to implement the proposed projects are as follows:

	DPWH	LGU
2.1 1 st and 2 nd class municipalities:	₱ 1,000,000.00 (50%),	₱ 1,000,000.00 (50%)
2.2 3 rd and 4 th class municipalities:	₱ 1,000,000.00 (75%),	₱ 333,333.00 (25%)
2.3 5 th and 6 th class municipalities:	₱ 1,000,000.00 (85%),	₱ 176,470.00 (15%)


3. AVAILMENT PROCEDURES

3.1 Availment Requirements

3.1.1 Each LGU shall identify and prepare a list of projects with the total estimated cost broken down into NG and LGU counterpart funds using the form in Annex A.1. This list shall be submitted to the LMP.


- 3.1.2 The LGU shall also submit to the LMP a Resolution from the Municipal Council and a Certification from the Municipal Treasurer providing for the LGU counterpart fund for the project(s).
- 3.1.3 All projects submitted by the LGUs shall be reviewed, prioritized and consolidated by the LMP for submission to DPWH.
- 3.1.4 The LMP shall conduct orientation workshops for the LGUs in the preparation of Plans, Programs of Work (POW) and implementation schedule, with technical assistance from the DPWH District Engineers Office (DPWH-DEO).
- 3.1.5 The LGU shall prepare the plans, POW and implementation schedule for review and approval of the DPWH-DEO.
- 3.1.6 The DPWH Central Office shall submit to the Department of Budget and Management the approved list and cost of projects prior to disbursement.

3.2 Funds Allocation and Disbursements

- 3.2.1 Upon receipt of the list of projects to be implemented, the DPWH shall sub-allot the NG counterpart fund for the projects to the DPWH-DEOs concerned.
 - 3.2.2 Authorized deductions from NG counterpart funds for engineering and administrative overhead shall not exceed three and half percent (3.5%) provided that not more than one percent (1%) shall accrue to the DPWH-DEO and the balance of two and a half percent (2.5%) to the LGU.
 - 3.2.3 The concerned DPWH-DEO and LGU shall enter into a Memorandum of Agreement (MOA) defining the responsibilities in project implementation, transfer of funds to the LGU, audit and liquidation of fund transferred and the disposition of any balance. The Plans, POW, implementation schedule, Municipal Resolution and the Treasurer's Certification providing LGU counterpart funds shall form part of the said MOA.
 - 3.2.4 Upon the effectivity of the MOA, the DPWH-DEO shall issue to the LGU a Letter of Advice of Allotment (LAA) covering the amount released by the DPWH-Central Office, in accordance with the approved POW and supported by the statement from the DPWH-DEO Accountant concerned that the project funds are available. The LAA shall serve as the obligational authority of the LGU to implement the project(s).
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- 3.2.5 The DPWH-DEO shall release to the LGU an initial cash advance equivalent to at least fifteen percent (15%) of the obligational authority. The LGU shall take up said cash advance, including the LGU counterpart fund, as a Trust Fund to be deposited in a separate checking account with a Government depository bank.
- 3.2.6 Subsequent cash advances shall be subject to availability of Notice of Cash Allocation specifically released by DBM for the project(s) and liquidation or accounting of these cash advances shall be in accordance with Commission on Audit Circular No. 94-013 dated December 13, 1994.
- 3.2.7 The LGU shall remit to the Bureau of Treasury, under the account of the DPWH, any interest that may accrue out of the funds transferred, furnishing the DPWH with a copy of the said remittance.
- 3.2.8 The LGU shall submit monthly reports of disbursements on the project(s) to the DPWH-DEO, duly certified by its Chief Accountant and verified correct by its Resident Auditor, copy furnished the LMP. Any unused balance of the cash advance after the completion of the project(s) shall be refunded to the DPWH-DEO.
- 3.2.9 The counterpart fund provided by the NG shall not be used for the purchase of any kind of service vehicle, office equipment and/or payment of honoraria or additional compensation pursuant to COA Circular No. 94-013 dated 13 December 1994.
- 3.2.10 After final acceptance of the project(s), liquidation of cash advances issued, the District Engineers Office shall drop the cost of the project from its books of accounts through an invoice and transfer receipt including copy of the journal voucher and shall turn-over the project to the LGU concerned for maintenance purposes.

4. PROJECT IMPLEMENTATION

- 4.1 The project(s) shall be implemented by the LGU, in accordance with the approved POW and Plans and Specifications, preferably by administration or force account.
 - 4.2 The LGU concerned shall submit to the DPWH-DEO monthly accomplishment reports on the project(s), copy furnished the LMP.
 - 4.3 The DPWH-DEO and LGU shall jointly conduct a final inspection of each completed project, which shall be formally accepted by the Municipal Mayor who shall be responsible for the maintenance of the project(s).
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- 4.4 After the completion of all projects under the Program, the LMP shall consolidate all reports on project implementation and submit a completion report to the DPWH Central Office and the Office of the President.

This order takes effect immediately.



GREGORIO R. VIGILAR
Secretary

April 07, 1999

MEMORANDUM OF AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This AGREEMENT entered into and executed this 15 day of March in the year of our Lord nineteen hundred and ninety-nine, at the City of Manila by and between:

The DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS,
herein represented by Honorable GREGORIO R. VIGILAR, Secretary,
and herein after referred to as the DPWH;

And

The LEAGUE OF MUNICIPALITIES OF THE PHILIPPINES,
represented herein by Honorable Mayor JINGGOY E. ESTRADA,
National President, and herein referred to as the LMP.

WITNESSETH


WHEREAS, the President of the Republic of the Philippines approved on 19 November 1998, a request of the LMP, dated 18 November 1998 to implement a cost sharing program between the DPWH and the Local Government Units (LGU), particularly municipal governments, to enhance the capability of LGUs in the implementation of infrastructure projects and to promote rural development;

WHEREAS, the Department of Budget and Management has released the amount of P 1,540,000,000.00 thru SARO No. A-99-00199 dated 26 February 1999, representing P1.0 Million for each of 1,540 municipalities in the country as the counterpart fund of the National Government (NG);

NOW, THEREFORE, in consideration of the foregoing premises, the Parties to this Memorandum of Agreement hereby agree to the following terms and conditions;

ARTICLE I - SCOPE OF WORK

Section 1.1 This Memorandum of Agreement (MOA) covers the implementation of projects identified by the municipal governments and limited to any of the following categories only:

1. Concreting of unpaved road sections at Poblacion/town plaza;
 2. Concreting of access road to public market;
 3. Concreting of barangay road access to at least two barangays.
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Section 1.2 The cost sharing schemes to implement the proposed projects are as follows:

	DPWH	LGU
2.1 1 st and 2 nd class municipalities:	₱ 1,000,000.00 (50%),	₱ 1,000,000.00 (50%)
2.2 3 rd and 4 th class municipalities:	₱ 1,000,000.00, (75%),	₱ 333,333.00 (25%)
2.3 5 th and 6 th class municipalities:	₱ 1,000,000.00, (85%),	₱ 176,470.00 (15%)

ARTICLE II – AVAILMENT REQUIREMENTS

Section 2.1 Each LGU shall identify and prepare a list of projects with the total estimated cost broken down into NG and LGU counterpart funds using the form in Annex A.1. This list shall be submitted to the LMP.

Section 2.2 The LGU shall also submit to the LMP a Resolution from the Municipal Council and a Certification from the Municipal Treasurer providing for the LGU counterpart fund for the project(s).

Section 2.3 All projects submitted by the LGUs shall be reviewed, prioritized and consolidated by the LMP for submission to DPWH.

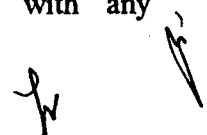
Section 2.4 The LMP shall conduct orientation workshops for the LGUs in the preparation of Plans, Programs of Work (POW) and implementation schedule, with technical assistance from the DPWH District Engineers Office (DPWH-DEO).

Section 2.5 The LGU shall prepare the plans, POW and implementation schedule for review and approval of the DPWH-DEO.

Section 2.6 The DPWH Central Office shall submit to the Department of Budget and Management the approved list and cost of projects prior to disbursement.

ARTICLE III – FUND TRANSFER

Section 3.1 Upon receipt of the list of projects to be implemented, the DPWH Central Office shall sub-allot the counterpart fund for the projects to the DPWH-DEOs concerned. At the same time, it will also release a cash advance equivalent to at least fifteen percent (15%) of the NG counterpart fund of the cost of the project(s), which shall be deposited in a trust fund including the LGU counterpart fund, for specific purpose, with any government depository bank.





- Section 3.2 Subsequent cash advances shall be released only after liquidation of the previous cash advance or accounting thereof in accordance with the Commission On Audit (COA) Circular No. 94-013 dated 13 December 1994 and subject to availability of Notice of Cash Allocation (NCA) specifically released by DBM for the projects.
- Section 3.4 The final payment shall be made after a final inspection has been conducted jointly by the DPWH-DEO and LGU and after the project(s) has been found to be satisfactorily completed based on the POW and approved Plans and Specifications.
- Section 3.5 Interests that may accrue out of the fund transferred shall be remitted to the Bureau of Treasury, under the account of the DPWH, and any unused balance of the trust fund after the completion of the project(s) shall be returned to DPWH-DEO.

ARTICLE IV – PROJECT IMPLEMENTATION AND REPORTS

- Section 4.1 The project(s) shall be implemented by the LGU, in accordance with the approved POW and Plans and Specifications, preferably by administration or force account.
- Section 4.2 The LGU concerned shall submit to the DPWH-DEO monthly accomplishment reports on the project(s), copy furnished the LMP.
- Section 4.3 Prior to final payment, the DPWH-DEO and LGU shall jointly conduct a final inspection for each of the completed project(s), which shall be formally accepted by the Municipal Mayor who shall be responsible for the maintenance of the project(s).
- Section 4.4 After the completion of all projects under the Program, the LMP shall consolidate all reports on project implementation and submit a completion report to the DPWH Central Office and the Office of the President.


ARTICLE V - LIMITATIONS

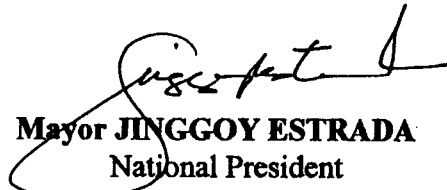
- Section 5.1 The counterpart fund provided by the NG shall not be used for the purchase of any kind of service vehicle, office equipment and/or payment of honoraria or additional compensation pursuant to COA Circular No. 94-013 dated 13 December 1994.
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ARTICLE VI - GENERAL PROVISIONS

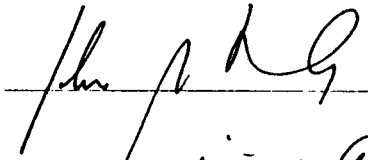
Section 6.1 This MOA shall take effect upon signing by the Parties hereto and shall continue and remain in force until the completion and acceptance of the project(s) unless mutually terminated earlier by the said Parties.

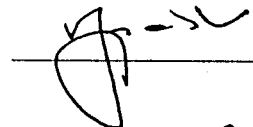
WITNESS WHEREOF, the Parties hereto both have affixed their signatures in the place and date first above-stated.


GREGORIO R. VIGILAR
Secretary
Department of Public Works
and Highways


Mayor JINGGOY ESTRADA
National President
League of Municipalities
Philippines

Signed in the presence of:





ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)


SS

CITY OF MANILA)

BEFORE ME, a Notary Public, for in Manila, this 15th day of March; 1999, in Manila, personally appeared GREGORIO R. VIGILAR, with his Community Tax Certificate No. 01652508 issued on 2/03/99 at Quezon City and JINGGOY E. ESTRADA with his Community Tax Certificate No. 17327777 issued on 2/10/99 at San Juan, Metro Manila, known to me and to me known to be the same persons who signed and executed the foregoing instrument and acknowledgement to me that the foregoing is his free, voluntary act and deed.

WITNESS MY HAND AND SEAL on this 15th day of March, 1999 in Manila.

Doc. No. 305;
Page No. 62;
Book No. XIV;
Series of 1999


JULIETA D. DELFIN
NOTARY PUBLIC
UNTIL DEC. 31. 1999
TIN 132-094-775
PTR NO. G-34463
MANILA 1/8/89

ANNEX A.1

LIST OF PROJECTS FOR LGU-DPWH COST SHARING PROGRAM

MUNICIPALITY OF _____

PROVINCE OF _____

Name of Project/Location	Description	Cost			Remarks
		DPWH Fund	LGU Fund	Total	

ATTACHMENTS:

1. MUNICIPAL RESOLUTION PROVIDING COUNTERPART FUND
2. TREASURER'S CERTIFICATION ON THE AVAILABILITY OF FUND

PREPARED BY:

APPROVED BY:

Municipal Engineer

Municipal Mayor

INDIVIDUAL PROGRAM OF WORK

Name/Location of Project:		Appropriation: _____ DPWH : _____ LGU : _____ Issued Obligated Authority: _____ Calendar days to comp: _____ Starting Date: _____				
Project Description						
MINIMUM EQUIPMENT REQUIRED		TECHNICAL PERSONNEL REQUIRED				
Description	No.	Description	No.			
ESTIMATED COST OF PROPOSED WORK						
ITEM NO.	DESCRIPTION	UNIT	QUANTITY	UNIT COST	DIRECT COST	% OF TOTAL

BREAKDOWN OF ESTIMATED EXPENDITURES	% OF TOTAL	AMOUNT
ESTIMATED COST:		
A. DIRECT COST		
1. Materials		
1.1 Supply/Delivery		
1.2 Testing of Materials		
2. Labor (including fringe benefits)		
3. Equipment Expenses		
SUBTOTAL		
B. GOVERNMENT EXPENDITURES		
1. Engineering and administrative overhead		
SUBTOTAL		
TOTAL ESTIMATED COST		

PREPARED BY:

Municipal Engineer

SUBMITTED BY:

Municipal Mayor

APPROVED BY:

District Engineer

PROFORMA INDIVIDUAL MEMORANDUM OF AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This AGREEMENT entered into and executed this _____ day of _____ in the year of our Lord nineteen hundred and ninety-nine, at the City of Manila by and between:

The DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS,
_____ DISTRICT ENGINEERING OFFICE herein
represented by _____, _____, and
herein after referred to as the DPWH-DEO;

- and -

The MUNICIPAL GOVERNMENT of _____,
represented herein by Honorable _____, Mayor,
and herein referred to as the LGU.

WITNESSETH

WHEREAS, the President of the Republic of the Philippines approved a request by the League of Municipalities of the Philippines on 10 November 1998, providing the Cost Sharing Scheme Program between the DPWH and the Local Government Units (LGU), particularly Municipal Governments, to implement priority infrastructure projects;

WHEREAS, the _____ projects, located in the Municipality of _____, are included in the priority infrastructure projects approved under the DPWH-LGU Cost Sharing Program, and herein referred to as the Projects;

WHEREAS, the amount of Pesos _____ (P _____) counterpart fund of the National Government has been allotted for the Projects, through an allotment (SAA No. _____, dated _____) issued by the DPWH Central Office;

WHEREAS, under the Resolution adopted by the Municipal Council dated _____ and a Certification by the Local Treasurers, dated _____, a counterpart fund has been provided by the LGU for the Project/s amounting to Pesos _____ (P _____);

NOW, THEREFORE, in consideration of the foregoing, the Parties to this Memorandum of Agreement hereby agree to the following terms and conditions:

ARTICLE I - SCOPE OF WORK

Section 1.1 The Memorandum of Agreement shall cover the implementation of eligible projects identified by the municipal government under the cost sharing program.

Section 1.2 Responsibilities and Authorities of the LGU:

1. Prepare Plans, individual Programs of Work (POW) and implementation schedule for each project.
2. Submit Municipal Council Resolution and Certification from Local Treasurer providing counterpart fund for the proposed project.
3. Open a bank account (Trust Fund) for the transfer of funds from DPWH including the LGU counterpart fund.
4. Implement the Projects in accordance with the approved POW and plans and specifications preferably by administration or force account.
5. Submit to the DPWH-DEO monthly accomplishment reports on the projects, copy furnished the LMP.
6. Conduct joint final inspection with DPWH-DEO prior to final payment.

Section 1.3 Responsibilities and Authorities of the DPWH-DEO:

1. Provide technical assistance to LMP in the conduct of orientation workshop for LGUs.
2. Review and approve Plans, POW and implementation schedule.
3. Transfer funds to LGU thru Letter of Advice of Allotment (LAA).
4. Release subsequent cash advances.
5. Monitor project implementation.
6. Conduct joint final inspection with LGU prior to final payment.

ARTICLE II - FUNDS TRANSFER AND DISBURSEMENT

- Section 2.1** Upon receipt of the sub-allotment advice from the DPWH Central Office, the District Engineering Office shall release to the LGU the obligational authority to cover the National Government counterpart for the project.
- 2.2** The DPWH-DEO shall release to the LGU an initial cash advance equivalent to at least fifteen percent (15%) of the obligational authority. The LGU shall take up said cash advance, including LGU counterpart fund, as a Trust Fund to be deposited in a separate checking account with a Government depository bank.
- 2.3** The DPWH-DEO shall release to the LGU succeeding cash advances after submission of the liquidation reports of funds transferred or accounting thereof, duly certified by the LGU Chief Accountant. The final payment shall be made only after a final inspection has been conducted jointly by the DPWH-DEO and LGU and after the project has been found to be satisfactorily completed based on the approved POW and Plans and Specifications.
- 2.4** The LGU shall remit to the Bureau of Treasury, under the account of the DPWH, any interest that may accrue out of the fund transferred, furnishing the DPWH with a copy of the said remittance.
- 2.5** The LGU shall submit monthly reports of disbursements on the Project to the DPWH-DEO, duly certified by its Chief Accountant and verified correct by its Resident Auditor, copy furnished the LMP. Any unused balance of the cash advance after the completion of the project shall be refunded to the DPWH-DEO.

ARTICLE III - FINAL INSPECTION AND PAYMENT

- Section 3.1** No final payment of the project shall be made by the municipal government without the joint final inspection with the DPWH-DEO.
- 3.2** After the joint final inspection of the projects and liquidation of cash advances issued, the DPWH-DEO shall drop the cost of the project from its book of accounts through an invoice and transfer receipt including copy of the journal voucher.

ARTICLE IV - ACCEPTANCE OF THE PROJECT

Section 4.1 After joint final inspection and payment, the project shall be accepted by the Municipal Mayor.

ARTICLE V - LIMITATIONS

Section 5.1 The counterpart fund provided by the NG shall not be used for the purchase of any kind of service vehicle, office equipment and/or payment of honoraria or additional compensation pursuant to COA Circular No. 94-013 dated December 13, 1994.

ARTICLE VI - GENERAL PROVISIONS

Section 6.1 This MOA shall take effect upon signing by the parties hereto and shall continue and remain in force until the completion and acceptance of the project unless mutually terminated earlier by the said Parties.

WITNESS WHEREOF, the Parties hereto both have affixed their signatures in the place and date first above-stated.

District Engineer
DPWH, _____ District Engineering Office

Municipal Mayor
Municipality of _____

signed in the presence of:



LEAGUE OF MUNICIPALITIES OF THE PHILIPPINES

285 Ermin Garcia St., Cubao, Quezon City
Telephone Nos. 913-67-37 to 40 • 912-03-49 • 912-48-15
Fax No. 912-48-16 • Deeper 1277-64544 or 1277-32864
E-mail Address: imp@l-manilla.com.ph

DPWH-LGU SHARING PROGRAM

OBJECTIVE

To promote rural development and develop the capability of the LGUs in the implementation of priority infrastructure projects

ELIGIBLE PROJECTS

An LGU may submit a project proposal to the DPWH costing not more than P1.0 Million and should fall in either of the following:

1. concreting of unpaved road sections at the Poblacion Town plaza;
2. concreting of access road to public market; and
3. concreting of barangay road access to at least two barangays

COST SHARING

The cost sharing scheme to implement the proposed project is as follows:

1. 1st and 2nd class municipalities: DPWH - 50%, LGU - 50%
2. 3rd and 4th class municipalities: DPWH - 75%, LGU - 25%
3. 5th and 6th class municipalities: DPWH - 85%, LGU - 15%

REQUIREMENTS FOR THE AVAILMENT OF THIS COST SHARING PROGRAM

1. Program of works/implementation schedule of the proposed project to be prepared by the LGU;
2. Resolution of the Municipal Council and the Local Treasurer providing counterpart fund for the proposed project; and
3. Project Implementation Agreement between DPWH and LGU defining responsibilities in the implementation of the projects, the transfer of funds to the LGU and the audit and liquidation of the fund transferred and the disposition of any balance.