



Republic of the Philippines
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS
OFFICE OF THE SECRETARY
Manila

097.13 DPWH
10-19-2005

OCT 17 2005

DEPARTMENT ORDER) SUBJECT: Revised Guidelines in the Implementation
NO. 89) of DPWH Projects by LGUs under the
Series of 2005) Special Local Road Fund of R.A. 8794 or
the MVUC Law, per D.O. No. 59, series
of 2005.

In order to preclude unnecessary repetitive documentation requirements in having a Project MOA for every Special Local Road Fund (SLRF) Project to be undertaken by the concerned LGU under the MVUC Law, Section 4 of Department Order No. 59, dated 06 May 2005, is hereby amended to read as follows:

"All Special Local Road Fund (SLRF) Projects under MVUC Law to be undertaken by the LGU, either by the Provincial or City Government, in accordance with the provisions of this Department Order (D.O. No. 59, s. of 2005) shall be covered by just one Project Memorandum of Agreement, to be entered into by and between the DPWH, represented by the Assistant Regional Director for Maintenance Operations, and the LGU concerned, represented by the Provincial Governor or City Mayor, and approved by the DPWH Regional Director, using the attached revised format in Annex 1."

This Department Order amends pertinent provisions of D.O. No. 59, series of 2005, accordingly and other previous issuances inconsistent herewith and takes effect immediately.

HERMOGENES E. EDDANE, JR.
Acting Secretary *Urge*



WIN5S00235

Annex I
Standard Format of Project MOA

MEMORANDUM OF AGREEMENT
BETWEEN THE DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS AND
THE PROVINCE/CITY OF _____
FOR THE IMPLEMENTATION OF THE SPECIAL LOCAL ROAD FUND (SLRF)
UNDER R.A. 8794 OR MVUC LAW

KNOW ALL MEN BY THESE PRESENTS:

This Memorandum of Agreement (MOA) entered into and executed this ____ day of _____ in the year of our Lord Two Thousand and ____ by and between

The Department of Public Works and Highways (DPWH) represented herein by Assistant Regional Director for Maintenance Operations _____, hereinafter referred to as DPWH.

And

The Provincial/City Government of _____ represented herein by Governor/City Mayor, _____, and hereinafter referred to as Local Government Unit (LGU).

WITNESSETH THAT:

WHEREAS, pursuant to Republic Act No. 8794, the Motor Vehicle User's Charge Law (MVUC Law), under Section 1 which declares that "it is the policy of the State to provide for and ensure the adequate maintenance of national and provincial roads through sufficient funding for the purpose";

WHEREAS, Section 7 of the said Act, which states that "all monies collected under this Act shall be earmarked solely and used exclusively (1) for road maintenance and improvement of road drainage, (2) for the installation of adequate and efficient traffic lights and road safety devices, and (3) for air pollution control". It further provides that 5% of all monies collected shall be deposited in the National Treasury under the Special Local Road Fund (SLRF), which shall be apportioned to provincial and city governments in accordance with the vehicle population and size of the road network under their respective jurisdiction, and shall be used exclusively for maintenance of local roads, traffic management and road safety devices. It also directs that the Special Road Support Fund, the Special Local Road Fund and Special Road Safety Fund shall be under the DPWH;

WHEREAS, pursuant to Sections 3 and 5 of Executive Order No. 124, dated 30 January 1987, the DPWH shall decentralize its responsibilities to the fullest extent possible; and, may delegate to any agency it determines to have adequate technical capability, any of its powers and functions. Consistent with this policy of decentralization, the DPWH shall assist the

LGUs in developing the latter's capabilities by allowing them greater participation in the local road maintenance and safety provisions;

WHEREAS, it is necessary that a Memorandum of Agreement should be entered into for the purpose of delineating responsibilities regarding the implementation of policies, standards and procedures at the LGU level in accordance with the pertinent provisions of the SLRF under the MVUC Law and its IRR;

NOW, THEREFORE, for and in consideration of the foregoing premises and mutual covenants herein set forth, the **PARTIES** to this Memorandum of Agreement do hereby agree on the following terms and conditions:

Article I COVERAGE

This agreement covers the release, utilization and liquidation of funds for the LGU eligible projects and activities such as road maintenance, road safety devices and traffic management funded by the Special Local Road Fund to be implemented by LGUs in accordance with the policies, standards and procedures of RA 8794 (MVUC Law) and its IRR.

Article II SCOPE AND PROJECT IMPLEMENTATION

01. This agreement specifies the implementation of SLRF Projects along Provincial/City roads in the Province/City of _____, with funding under the MVUC Special Local Road Fund as follows:

1. Name of Project No. 1 and Allocation
2. Name of Project No. 2 and Allocation
3. Name of Project No. 3 and Allocation
4. Name of Project No. 4 and Allocation

02. The Scope of maintenance projects and activities funded under the SLRF is limited to any of the following outputs and categories:

OUTPUT	WORK CATEGORY
a. Carriageway Maintenance	<ul style="list-style-type: none">▪ Pavement Maintenance▪ Regravelling▪ Bridge and Structure Maintenance
b. Roadside Maintenance	<ul style="list-style-type: none">▪ Shoulder Maintenance▪ Drainage Maintenance▪ Vegetation Control▪ Traffic Services Maintenance
c. Preventive Maintenance	<ul style="list-style-type: none">▪ Pavement Resurfacing▪ Concrete Reblocking▪ Seal Widening▪ Preventive Works

d. Rehabilitation and Improvement	<ul style="list-style-type: none"> ▪ Rehabilitation ▪ Drainage Improvement ▪ Rehabilitation plus Improvement
e. Emergency Reinstatement	<ul style="list-style-type: none"> ▪ Emergency Reinstatement
f. Road Management	<ul style="list-style-type: none"> ▪ Professional Services and Administration
g. Road Safety	<ul style="list-style-type: none"> ▪ Safety Devices (Installation and Operation) ▪ Safety Projects ▪ Road Safety Education & Training ▪ Road Safety Management

03. The LGUs shall prepare an Annual Work Program (AWP) and Multi-Year Work Program (MWP) to ensure an ultimately current situation with no backlog in local roads maintenance. In preparing the AWP and rolling MWPs, both the LGU regular funds for road maintenance and the Special Local Road Fund shall be taken into account. As much as possible, recurring maintenance projects shall first be sourced from the LGU regular road maintenance fund while non-recurring (asset preservation) projects shall be funded from the Special Local Road Fund.
04. The Annual Work Program containing eligible Work Outputs and Categories in the required formats, shall be prepared by the Provincial /City Engineer's Office and approved by the Governor/City Mayor. The LGUs AWP shall be submitted, reviewed and consolidated by the Department of the Interior and Local Government (DILG) and forwarded to the DPWH-Road Program Office (DPWH-RPO).
05. The LGUs shall implement the project/s by Contract, thru competitive bidding, except for LGUs which were determined by DPWH to have a demonstrated capability to implement the project by itself, i.e. by Administration. Pursuant to Amendment No. 3 dated 29 September 2003 of the IRR of the MVUC Law and in accordance with DPWH Department Order No. 137 series of 1999 under Section 5, the DPWH District Engineer shall evaluate the capability of LGU on the basis of the following criteria:
 - a. Maintenance condition of local roads under the LGUs;
 - b. Construction/maintenance experience or track record of the LGU relevant to the proposed Project;
 - c. Organization and personnel of the LGU for the proposed Project;
 - d. Construction equipment of the LGU for the proposed Project; and
 - e. Financial and procurement management systems of the LGU.
06. The details of these evaluation criteria, including the measurable indicators thereof and their application, are given in the prescribed evaluation format "Annex A", which shall be approved by the District Engineer.
07. The DPWH and LGU shall conduct a final inspection of each of the completed project(s) and shall issue a Joint Certificate of Completion for each.

Article III
RELEASE OF FUNDS AND DEPOSITS

OPENING OF ROAD FUND DISBURSEMENT ACCOUNT. Each LGU shall maintain a separate Trust Account to be known as the Road Fund Disbursement Account by opening a Local Currency Current Account (LCCA) in the authorized government depository bank preferably Land Bank of the Philippines and provide DPWH, copy furnished the DILG, with the LCCA Number to facilitate the transfer of fund.

RELEASE OF FUNDS. Upon receipt of the Sub-Allotment Advice (SAA) from DPWH-Central Office corresponding to the amount approved by the Road Board for SLRF for the year, the DPWH District Office shall release the funds to LGUs thru Letter of Advice of Allotment (LAA) and the corresponding cash advance in the form of check based on the amount approved by the Road Board as per Annual Work Program for each province/city.

DEPOSIT IN THE ROAD FUND DISBURSEMENT ACCOUNT. The LGU shall deposit all monies from SLRF in the LCCA mentioned in paragraph 1 of this Article.

REPORT OF EXPENDITURES. Each LGU shall submit a quarterly Report of Expenditure to DPWH, copy furnished the DILG-Office of Project Development Services (DILG-OPDS) within fifteen (15) days after the end of each quarter. The disbursement report must be duly certified by the Provincial/City Accountant and Provincial Governor/City Mayor and duly verified by the Provincial/City Auditor. Any unexpended amount after the project completion shall be remitted to DPWH. Succeeding release of SLRF to each LGU shall be made only after full liquidation of previous cash advance issued to the province/city. The LGU shall be made fully accountable for all funds for the project(s) released to it by the DPWH.

Article IV
WORKING ARRANGEMENTS AND PROCEDURES FOR EXECUTING THIS AGREEMENT

For the efficient and successful execution of this Agreement, the PARTIES hereby agree to undertake the following:

A. DUTIES AND RESPONSIBILITIES OF DPWH:

01. To advise LGU of their Annual SLRF allocation based on the payment profile determined by the Board on its assessment of the revenues into the SLRF in coordination with the DILG.
02. Upon the receipt of the Sub-Allotment Advice (SAA) from the DPWH-Central Office, to transfer the fund and issue cash advance to LGU the amount approved by the Road Board for the SLRF for the year.
03. To provide technical assistance to LGU in preparing implementation mechanisms, standards and procedures on SLRF project implementation and provide training for institutional capacity building in coordination with DILG.
04. To assist LGUs in installing and operating an approved budget tracking system and to conduct an assessment of the progress and quality of funded SLRF road

maintenance, road safety and traffic management projects in coordination with the DILG.

B. DUTIES AND RESPONSIBILITIES OF LGUs:

01. To prepare and submit Annual Work Program (AWP) of eligible work outputs and categories corresponding to the amount as will be advised by DILG based on the payment profile and allocation to be approved by the Road Board. The AWP should be prepared in the required format.
02. To open a separate Trust Account/Local Currency Current Account (LCCA) to be known as the Road Fund Disbursement Account which shall be used exclusively for road maintenance, road safety devices and traffic management.
03. To implement the road maintenance, road safety and traffic management works in accordance with the Approved Work Program and Maintenance Performance Standards and Procedures required of all LGUs, and submit to DILG a quarterly report on the progress and quality of the funded works, copy furnished the DPWH-DEO.
04. To establish, maintain and operate a financial management system to record details of all expenditures from the SLRF released to the LGUs and submit a quarterly financial report showing (1) billings for works/services completed/supplied which has been paid; (2) billings for works/services completed which have been received (but not yet paid); and (3) the estimated value of works completed but not yet billed.
05. To prepare and submit to DPWH an Annual Report in the specified format not later than 20th of February of each year. The Annual Report shall show/describe:
 - The opening balance in the Road Fund Disbursement Account at the beginning of the financial year;
 - The expenditure in cash terms for the financial year
 - The works completed in sufficient detail.
06. To conduct annual Inventory of the existing Local Road Networks and their conditions in order to update the database/statistical records of the provincial/city roads assets and submit to DILG Central Office for updating of the National Inventory of Local Roads.
07. To assign Engineers to monitor the SLRF projects thru periodic inspection, verification and measurement of work accomplished to ensure that the approved maintenance standards are being followed.

**Article V
EFFECTIVITY**

This Agreement shall be effective from the date of its signing and shall continue to be in force, unless sooner terminated by either party within thirty days (30) upon prior written notice delivered to the other.

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)

_____)s.s.

X _____ **X**

BEFORE ME, this _____ day of _____, 200__ at _____, Philippines personally appeared Honorable **GOVERNOR/ CITY MAYOR** _____ with Community Tax Certificate No. _____ issued at _____ on _____ and **DPWH ASSISTANT REGIONAL DIRECTOR** _____

_____ with Community Tax Certificate No. _____ issued at _____ on _____ known to me to be the same persons who executed the foregoing instrument and they acknowledged to me that the same is their free and voluntary act and deed and of the entities they represent.

WITNESS MY HAND AND NOTARIAL SEAL

Notary Public

Doc. No. _____
Page No. _____
Book No. _____

Article VI
SPECIAL PROVISIONS

All Annexes and other documents attached to this Memorandum of Agreement shall be understood as forming part of this MOA. Provisions and contents thereof are therefore binding on both parties unless part or whole of these documents are amended and mutually agreed upon by both parties.

IN WITNESS WHEREOF, the PARTIES have hereto affixed their signatures on the date and place above-written.

FOR THE DPWH:

FOR THE LGU:

**ASSISTANT REGIONAL DIRECTOR
FOR MAINTENANCE OPERATIONS**

**PROVINCIAL GOVERNOR/
CITY MAYOR**

WITNESSES:

DISTRICT ENGINEER

PROVINCIAL/CITY ENGINEER

APPROVED:

REGIONAL DIRECTOR