



Republic of the Philippines
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT
DILG-NAPOLCOM Center, EDSA corner Quezon Avenue, West Triangle, Quezon City
<http://www.dilg.gov.ph>



Memorandum Circular No. 2021 - 060
Date: 02 JUN 2021

TO : PROVINCIAL GOVERNORS, MEMBERS OF THE SANGGUNIANG PANLALAWIGAN, LOCAL ROAD MANAGEMENT TEAM OF PROVINCIAL LOCAL GOVERNMENT UNITS (PLGUs) AND DILG REGIONAL DIRECTORS AND ALL OTHERS CONCERNED COVERED BY THE CMGP PROGRAM UNDER GAA FY 2021

SUBJECT : IMPLEMENTATION GUIDELINES OF THE CONDITIONAL MATCHING GRANT TO PROVINCES (CMGP) FOR ROAD AND BRIDGE REHABILITATION, UPGRADING AND IMPROVEMENT – LOCAL GOVERNMENT SUPPORT FUND (LGSF) TO PLGUS FOR FY 2021

1.0 BACKGROUND

The CMGP is a *Governance Reform Program* to sustainably improve the quality of local road network across the country using road infrastructure projects as an entry point to reinforce the achievement of reform targets to enhance Provincial Local Government Units' (PLGUs') systems, processes and practices in Local Road Management (LRM) and Public Financial Management (PFM). For more than four (4) years of CMGP project and governance reform implementation, most of the provinces have increased remarkably their capacity to plan, implement, and maintain their local road infrastructure projects.

Under the FY 2021 GAA, thirteen (13) PLGUs were provided with fund subsidy of which eight (8) of them have an allocation of 35 Million Pesos each and the other five (5) is 14 Million Pesos each with a total

amount of Three Hundred Fifty Million Pesos (P350,000,000.00) under LGSF - Allocation to Local Government Units for Road and Bridge Rehabilitation, Upgrading, and Improvement of Provincial Roads. Beneficiary PLGUs are compliant with DILG's Seal of Good Financial Housekeeping and DBM-validated Public Financial Management (PFM) Improvement Plan.

2.0 PURPOSE

This Memorandum Circular is issued to provide the guidelines of implementing the Program's component. This policy serves as an instrument to ensure the judicious use of funds, the effectiveness of implementation, and the quality of road and bridge projects.

3.0 LEGAL BASIS

This policy is consistent with RA 11518, otherwise known as the GAA FY 2021. More specifically, Allocation to Local Government Units, Chapter XXXVII, Section C, LGSF, Special Provisions Item No. 2, Conditional Matching Grant to Provinces for Road and Bridge Rehabilitation, Upgrading, and Improvement shall be used to support provinces identified in this Act.

4.0 COVERAGE OF THE PROGRAM

4.1 Geographic Coverage

The Program covers the thirteen (13) PLGUs identified in GAA FY 2021, RA 11518, namely: Ilocos Norte, La Union, Apayao, Benguet, Mt. Province, Nueva Ecija, Pampanga, Tarlac, Laguna, Western Samar, Davao Occidental, Dinagat Island and Agusan del Sur.

4.2 Program Component

4.2.1 Provision of financial subsidy to the above-mentioned thirteen (13) PLGUs for road and bridge rehabilitation, upgrading and improvement provided that the bridge/s shall be limited to those that form part of the road network or within the station limits of the road project.

4.2.1 Provision of technical assistance to PLGUs thru formal training, coaching and mentoring to support their

achievement of governance reform targets on Local Road Management (LRM) and Public Financial Management (PFM).

4.3 Public works eligible for funding are limited to rehabilitation, upgrading, and improvement of roads and bridges, provided that the following conditions are met, as applicable:

4.3.1 Provincial core roads to be covered are prioritized per latest approved Local Roads Network Development Plan (LRNDP).

4.3.2 Road appurtenances such as, but not limited to, lateral and cross drains, slope protection, road safety devices, box and pipe culverts, shall be included.

4.3.3 Bridges covered shall be limited to those forming part of the road network or within the station limits of the road project.

4.3.4 Identified projects for funding shall be reflected in the duly notarized Omnibus Sworn Statement (OSS) (*See template in Annex 11*).

5.0 GENERAL PROVISIONS

5.1 Fund Particulars

5.1.1 LGSF – CMGP FY 2021 GAA (R.A. No. 11518)

The amount of **Three Hundred Fifty Million Pesos (P350,000,000.00)** is a National Subsidy to thirteen (13) provinces compliant with DILG's Seal of Good Financial Housekeeping (GFH) and DBM-validated PFM Improvement Plan pursuant to the Special Provisions Item No. 2 under the LGSF of the GAA FY 2021.

5.1.2 Fund Allocation

As specified in the Special Provisions Item No. 2 of the LGSF in GAA FY 2021, the CMGP budget allocation shall be allocated to thirteen (13) PLGUs identified on the GAA. Please see *Annex 1*.

5.2 Fund Release Requirements (FRR)

5.2.1 Governance Reform Requirements

- a. Compliance with the Good Financial Housekeeping (GFH) component of the Seal of Good Local Governance (SGLG) of the DILG.
- b. Latest DBM-validated PFM Improvement Plan to be submitted to DBM within 1st Quarter of 2021, copy furnish DILG-OPDS.

5.2.2 Technical Requirements

- a. Detailed Engineering Designs compliant with the DPWH standards.
- b. All other documentary requirements, specifically for road right-of-way, as mentioned in *Annex 3: Design Criteria*.

5.3 Fund Release Process

- 5.3.1 The process from the endorsement of projects to DBM until fund release by the Bureau of the Treasury (BTr) is shown in ***Annex 5***.

5.4 Use and Validity of Funds

- 5.4.1 The PLGU shall exclusively utilize the fund for its intended purpose as indicated in NADAI and in accordance with the existing government budgeting, procurement, accounting, and auditing laws, rules, and regulations.
- 5.4.2 In accordance with Item No. 6 of the **Special Provisions** under LGSF of FY 2021 GAA, implementation of and payments for infrastructure projects is valid until **December 31, 2022**.
- 5.4.3 The PLGU may use the balance from downloaded funds (i.e., the difference between the Approved Budget for the Contract and the Bid Amount) to finance additional costs due to variation orders for that particular project while the project is ongoing and within the validity of the contract. If

the balance of the Approved Budget for the Contract and Bid Amount is insufficient to finance the variation order, the LGU shall shoulder the additional cost.

The application of Variation Order shall be in accordance with Annex E of the 2016 Revised IRR of RA No. 9184, and with Section IV, Clause 43 of the Gen. Condition of Contract (GCC).

5.5 Condition for Endorsement

5.5.1 CMGP Funds shall only be released to PLGUs that have complied with all requirements identified in the FY 2021 GAA and Section 5.2 of this Guidelines.

5.5.2 PLGUs are required to submit to the DILG all fund release requirements within the first quarter, but shall not be later than June 30 of the current year. The Public Financial Management Assessment Report (PFMAR) Improvement Plan shall also be submitted to the DBM Regional Office within the first quarter of the current year.

5.5.3 Fund release requirements submitted beyond June 30, 2021, shall be endorsed to DBM in exceptional cases i.e., the occurrence of force majeure and peace and order issues or armed conflicts, subject to the approval of the DILG Secretary.

5.5.4 The PLGUs that did not comply with the requirements for fund release, except in instances in 5.5.3, as stipulated in Section 5.2 of this Guidelines by June 30, 2021, shall not be indorsed to DBM.

5.6 Prohibited Use of Funds

The CMGP Fund shall not be used:

5.6.1 For any purpose other than the project/s to which the fund was released as specified in the NADAI;

5.6.2 To fund projects already covered by other funds;

5.6.3 For the payment of **Personal Services**¹ expenditures (i.e., payment of salaries, including honoraria, allowances, bonuses, and similar forms of compensation); and

5.6.4 All other activities related to project preparation and evaluation.

5.7 Reversion of Funds

5.7.1 Any undisbursed funds upon expiration of fund validity on December 31, 2022, shall be reverted to the BTr by the recipient PLGU in accordance with Paragraph 2 Item No. 6 of the Special Provisions of the LGSF.

5.7.2 Any unutilized funds for completed projects upon payment of the final Billing, including Liquidated Damages, shall be reverted to the BTr.

5.7.3 For projects that cannot be implemented or completed due to overlapping with other funding sources or due to peace and order conditions, funds shall be reverted to BTr by the PLGU.

5.8 Program Institutional Arrangements

The roles and responsibilities of the DILG, DBM and PLGUs in the implementation of the CMGP Program are stated in *Annex 7 (Program Institutional Arrangements)*.

5.9 Procurement by the PLGU

All projects shall be procured through competitive bidding, with strict adherence to the provisions of RA No. 9184 and its 2016 Revised Implementing Rules and Regulations (IRR).

5.10 Project Implementation

5.10.1 All projects shall be implemented in accordance with the General Conditions of the Contract (GCC) and Annex E – Contract Implementation Guidelines for the Procurement of Infrastructure Projects of the 2016 Revised IRR of R.A. No. 9184.

¹ Sec. 306(k) of the Local Government Code of 1991

⁴ Contract Implementation Guidelines for the Procurement of Infrastructure Projects of the Revised IRR of 9184

5.10.2 All pertinent documents necessary for the efficient and effective implementation of the CMGP Program shall readily and promptly be provided by the PLGUs to the DILG in accordance with Section 28, Article II of the 1987 Constitution, and Executive Order No. 2 s. 2016, which provides for the right of the people to information on matters of public concern, and state policies to full public disclosure and transparency in public service.

5.10.3 The specific roles and responsibilities of PLGUs and DILG in the implementation of projects funded under CMGP are specified under *Annex 8*.

5.10.4 In case the PLGU opt to implement the project by administration, they shall secure a Certificate of Technical Capability from the DPWH.

5.10.5 In case the implementation is by Administration, the PLGU shall post a warranty security prior to project turnover, and acceptance in accordance with Appendix I of RA 9184.

5.10.6 In case the implementation is by contract, the contractor shall post a warranty security in favor of the implementing unit prior to project turnover and acceptance.

5.11 Project Monitoring and Reporting

The PLGUs are *primarily* responsible for monitoring the day-to-day implementation of their CMGP projects, and reporting its status to the appropriate bodies, as required in the FY 2021 GAA. Road projects implementation are monitored and reported monthly and road maintenance activities are monitored and reported quarterly through a Provincial Project Monitoring Committee (PPMC).

5.11.1 PLGU Monitoring and Reporting

5.11.1.1 In accordance with Item No. 7 of the **Special Provisions** under LGSF of FY 2021 GAA, the PLGUs shall post quarterly reports regarding the fund utilization on the LGU's website. The PLGU shall send written notice when said

reports have been submitted or posted on its website to the DBM, House of Representatives, Senate of the Philippines, House Committee on Appropriations, Senate Committee on Finance, and other offices where the submission of reports is required under the existing law, rules and regulations. PLGUs shall use the template of quarterly reports shown in Annex 23 and 24.

5.11.1.2 The PLGU shall submit to DILG a monthly Progress Report on the financial and physical accomplishment of CMGP projects every end of the month using Data Capture Form (DCF) shown in Annex 25.

5.11.1.3 The PLGU shall use the Infrastructure Project Management System (IPMS) as their Project Management tool to monitor the day-to-day implementation activities of CMGP Projects and other infrastructure projects.

5.11.2 DILG Monitoring and Reporting

The DILG shall oversee the implementation of the Program using SubayBAYAN and other reports submitted by the PLGUs to DILG. Furthermore, DILG shall also monitor the performance of the PLGUs achievement of reforms under the Program.

5.11.3 Third Party Monitoring

Consistent with the Special Provisions of the FY 2021 GAA under the DILG-OSEC for MEALGU and DILG Memorandum Circular No. 2018-89 entitled "Guidelines on Engagement with Civil Society Organizations", third-party monitoring thru Development LIVE (DevLIVE) by CSOs, private organizations and individuals shall be used for the monitoring of the projects.

5.12 Maintenance of all Fair-to-Good Provincial Roads

5.12.1 The PLGU shall implement routine and periodic maintenance activities for all fair-to-good roads in

accordance with the DPWH standards and the approved Annual Maintenance Work Program (AMWP). Refer to **Annex 10** for the template.

5.12.2 The DILG Central and Field Offices shall monitor and assess the quarterly status of implementation of the AMWP. The report shall be submitted within fifteen (15) days at the end of each quarter through the following link: [http://bit.ly/Maintenance Monitoring](http://bit.ly/Maintenance_Monitoring). The report template for Road Maintenance is attached as **Annex 9**.

5.13 Modification of Projects

Prior to endorsement by DILG to DBM, the PLGUs may modify the location, specifications, and design of projects proposed for funding under the CMGP, subject to their compliance with the requirements under Section 5.2 hereof. Modification of projects already endorsed to DBM shall not be allowed.

6.0 PENAL PROVISIONS

Projects not implemented in accordance with the provisions of this Guidelines including all other applicable laws, but not limited to the following, may result in the filing by concerned parties of appropriate civil, criminal, and/or administrative cases against the local public officials and/or employees concerned for acts or omissions in relation to the performance of their duties, or non-inclusion and/or disqualification of the PLGU in assistance provided by the National Government:

- i. R.A. No. 3019 "Anti-Graft and Corruption Practices Act";
- ii. R.A. No. 9485 "An act to improve efficiency in the delivery of government service to the public by reducing bureaucratic red tape, preventing graft and corruption, and providing penalties therefore";
- iii. R.A. No. 9184 "The Government Procurement Reform Act and its Revised Implementing Rules and Regulations";
- iv. E.O. No. 292 "Administrative Code of 1987": Book VI "National Government Budgeting" - Chapter 5 Sec. 43 "Liability for Illegal Expenditures" and Chapter 7 Sec. 80 "Misuse of Government Funds and Property"; and
- v. Pertinent Provisions of R.A. No. 11518, known as FY 2021 GAA.

7.0 SPECIAL PROVISION

7.1 Failure to revert unutilized funds for projects shall be considered as non-compliance with this Guidelines, and shall be subject for filing appropriate action against the PLGUs, to wit:

7.1.1 Projects that cannot be implemented due to overlapping of funds, and peace and order situations.

7.1.2 Uncompleted projects due to lapse of funds validity.

8.0 ISSUES FOR RESOLUTION

Interpretation of the provisions of this MC, including cases not covered herein, shall be submitted to DILG Central Office for resolution, except for concerns regarding transfer of funds from the **National Government** to the PLGUs, and PFM concerns, which shall be directed to the DBM for resolution.

9.0 ANNEXES

Annex 1	:	List of Provinces with FY 2021 CMGP Allocation
Annex 2	:	Site Validation Assessment Form
Annex 3	:	Design Criteria
Annex 4	:	DED Review Checklist
Annex 5	:	Flow Chart from the Project Endorsement to DBM until Fund Release by the BTr
Annex 6	:	CMGP Procurement Policies and Procedures
Annex 7	:	Program Institutional Arrangement
Annex 8	:	Project Implementation Arrangement
Annex 9	:	Road Maintenance Status Report Template
Annex 10	:	Annual Maintenance Work Program Template
Annex 11	:	Omnibus Sworn Statement (OSS) Template
Annex 12	:	Justifications for Deviation from Design Standards
Annex 13	:	Aide Memoire
Annex 14	:	Provincial Inspectorate Team Project Assessment Report
Annex 15	:	Pre-final Inspection (PUNCHLIST)
Annex 16	:	Inspection Report for Final Completion
Annex 17	:	Final Inspection Report
Annex 18	:	Certificate of Completion

Annex 19	:	Acceptance Report (<i>without Defects</i>)
Annex 20	:	Acceptance Report (<i>with Defects</i>)
Annex 21	:	Certificate of Acceptance
Annex 22	:	CMGP Project Completion Report
Annex 23	:	CMGP Quarterly Financial Report of Operations
Annex 24	:	CMGP Quarterly Financial Report of Operations
Annex 25	:	Data Capture Form
Annex 26	:	Action Plan Form
Annex 27	:	Definition of Terms

10.0 EFFECTIVITY

This Circular shall take effect immediately upon publication in the DILG Website, or a newspaper of general circulation.

11.0 TRANSITORY PROVISION

Issuance of a **Notarized Affidavit of Undertaking (NAU)** for reversions of fund and cancellations of projects ***is no longer required***, thereby amending Sections 6.1 to 6.3 on reversion of fund and Sections 6.7.1 to 6.7.2 on cancellation of projects under the 2020 CMGP Guidelines.

All other provisions of existing CMGP Guidelines contrary to this Guidelines shall remain valid and effective until amended or repealed.

12.0 SEPARABILITY CLAUSE

If any clause, sentence or provision of this MC shall be deemed invalid or unconstitutional, its remaining parts shall not be affected thereby.

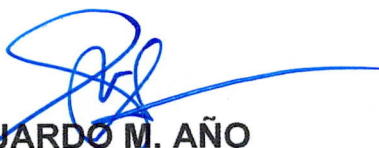
13.0 AMENDMENTS AND/OR MODIFICATIONS

All amendments to the provision of this MC shall be done separately by DILG through the issuance of an MC or inclusion in the succeeding GAA respectively.

14.0 FEEDBACK

Inquiries concerning this document should be directed to the DILG – Office of Project Development Services through the Unified Project Management Office – Local Road Sector by phone at (02) 8925-3844 and by email at localroadsector.opds@gmail.com for appropriate action.

15.0 APPROVING AUTHORITY


EDUARDO M. AÑO
Secretary



DILG-OSEC 05282021-026