



**Philippine Institute for Development Studies**

*Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas*

# Study on the Utilization and Impacts of the Motor Vehicle User's Charge in the Philippines

## Final Report

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## Acronyms and abbreviations

AEP	-	Annual Expenditure Program
AGDB	-	Accredited Government Depository Bank
BOM	-	Bureau of Maintenance
BTr	-	Bureau of the Treasury
CEO	-	City Engineering Office
COA	-	Commission on Audit
DBM	-	Department of Budget and Management
DENR	-	Department of Environment and Natural Resources
DEO	-	District Engineering Office
DILG	-	Department of Interior and Local Government
DILG-PPDS	-	DILG-Office of Project Development Services
DO	-	Department Order
DOTC	-	Department of Transportation and Communications
DPWH	-	Department of Public Works and Highways
DPWH-PS	-	Department of Public Works and Highways-Planning Service
ESITU	-	Environmentally Sustainable Initiatives Transportation Unit
EST	-	Environmentally Sustainable Transport
IRAP	-	International Road Assessment Program
IRR	-	Implementing Rules and Regulations
JEV	-	Journal Entry Voucher
LAA	-	Letter of Advise of Allotment
LBP	-	Land Bank of the Philippines
LDC	-	List of Deposited Collections
LGU	-	Local Government Unit
LTO	-	Land Transportation Office
LTO-DO	-	LTO-District Office
LTO-RO	-	LTO-Regional Office
LTO-SHO	-	LTO-Sectoral Head Office
MVIC	-	Motor Vehicle Inspection Center
MVIS	-	Motor Vehicle Inspection System
MVRS	-	Motor Vehicle Registration System
MVUC	-	Motor Vehicle Users' Charge
NCA	-	Notice of Cash Allotment
NEDA	-	National Economic and Development Authority
NGA	-	National Government Agency
NRLP	-	National Road Lighting Program
PUJ	-	Public Utility Jeepney
RB	-	Road Board
RBS	-	Road Board Secretariat
RPO	-	Road Program Office
SARO	-	Special Allotment Release Order
SLRF	-	Special Local Road Fund
SRSaF	-	Special Road Safety Fund
SRSF	-	Special Road Support Fund

SVPCF	-	Special Vehicle Pollution Control Fund
TAD	-	Traffic Accident Data
TARAS	-	Traffic Accident Recording and Analysis System



## Executive Summary

A well-maintained road system is essential to economic development by facilitating movement of people and goods. It also ensures access to employment, education and social services. However, two studies conducted in the late 1990s<sup>1</sup> pointed to the poor quality of the national roads of the Country. This condition was attributed to meagre allocation for road maintenance from the National Budget due to competing needs of other central government agencies, leading to unpredictable level of fund granted to the Department of Public Works and Highways (DPWH) for road preservation.

To address the issue of inadequate funding, the Motor Vehicle Users' Charge Fund was established through Republic Act 8794, hereinafter to be referred to as the MVUC Act, which was signed into law in June 27, 2000. It is aimed at ensuring sustainable financing of road maintenance and the minimization of air pollution from mobile sources.

Section 7 of the MVUC Act stipulates that “all monies collected shall be earmarked solely and used exclusively (1) for road maintenance and the improvement of road drainage, (2) for the installation of adequate and efficient lights and road safety devices, and (3) for air pollution control”. The monies are deposited to the National Treasury and allocated in four (4) special accounts, namely, 1) Special Road Support Fund (SRSF), 2) Special Local Road Fund (SLRF), 3) Special Road Safety Fund (SRsAF), and 4) Special Vehicle Pollution Control Fund (SVPCF). By law, the first 3 funds (SRSF, SLRF, and SRsAF) are placed under the Department of Public Works and Highways (DPWH) and the last one (SVPCF) is under the Department of Transportation and Communications (DOTC). However, the utilization of the MVUC is riddled with allegations of misuse of funds and unequitable allocation.

Hence, this Study seeks to evaluate the effectiveness and efficiency of the collection and disbursement of the MVUC. It aims to identify the weaknesses and strengths of the current procedures adopted in the allocation of the MVUC and the results of these weaknesses and strengths on project implementation. It also seeks to evaluate the impacts of MVUC-funded programs and projects and whether or not the objectives—in terms of adequate maintenance and road drainage, adequate and efficient safety devices, and reduced air pollution control—of the MVUC scheme are achieved.

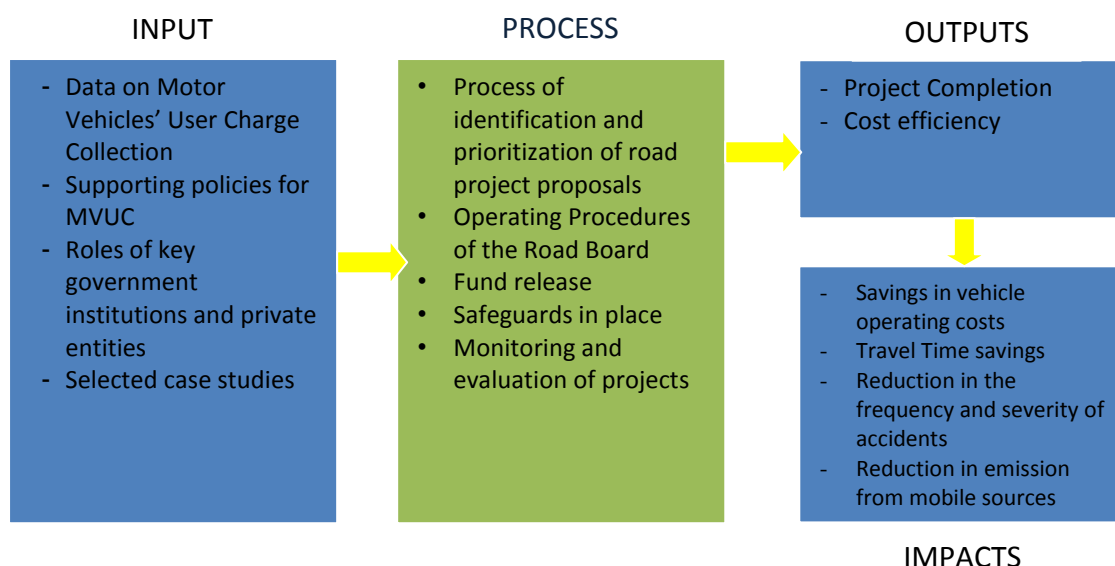
In general, the Study adopts a modified input-process-output framework of inquiry. Input data include multi-year MVUC collections, pertinent policies and department orders of the key institutions, and the roles of the various government and private stakeholders. The input data obtained will provide an understanding of the environment within which the processes operate. Once the input variables have been described, the processes pertaining to project identification, prioritization, implementation, and monitoring as well as other procedures such as fund release and procurement will be studied. The evaluation will document existing safeguards to ensure that the integrity and transparency of the process are retained. Inquiry

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<sup>1</sup> ADB-funded *Philippine Transport Strategy Study (PTSS)*, 1997 and WB-funded *Better Roads Philippines (BRP)*, 1999

into the final product of the process shall be divided into two parts: outputs, which pertain to the physical accomplishments of the projects undertaken, and impacts, which shall consider how the projects that have been prioritized and funded by the MVUC have benefited the locality in particular and the entire community in general, vis-à-vis the project objectives.

Figure E1. Framework of Inquiry of MVUC Impact Study



This Final Report integrates the findings of Phases 1 and 2 of the MVUC study and completes the process evaluation for the operation and management of the MVUC Special Funds as well as the qualitative impact evaluation for the selected projects in the case studies. The current version includes the assessment of the implementation of, as well as qualitative impact evaluation for, projects funded by the Special Vehicle Pollution Control Fund (SVPCF) and the Special Road Safety Fund (SRSaF), particularly the Motor Vehicle Inspection System (MVIS) and Installation of Road Safety Devices along Daang Maharlika in Atimonan, Quezon, respectively. Main sources of information used in this report are the MVUC Act and its IRR, previous studies on the MVUC Special Funds, reports of the Commission on Audit (COA), the 2013 revised Operating Procedures Manual (OPM), pertinent project documents and key informant interviews with staff of the Road Board Secretariat (RBS), DOTC, Land Transportation Office (LTO), Department of Budget and Management (DBM), Department of Public Works and Highways (DPWH)-Road Program Office and respective district engineering offices. The evaluation of the output for the implementation of both case projects are based on ocular inspection of the project sites by the Study Team.

### Key Actors in the Disposition of the MVUC Monies

The key agencies and their corresponding responsibilities in the disposition of the MVUC monies are summarized in the table below:

**Table E1. Key Agencies and their Corresponding Responsibilities**

AGENCY	ROLES
Road Board	<p>To implement prudent and efficient management and utilization of special funds, including:</p> <ul style="list-style-type: none"> <li>• Establishment of necessary procedures and controls, and monitoring of collections, deposits, and disbursements and implementation of projects</li> <li>• Distribution/allocation of the monies collected in accordance with the provisions of RA 8794</li> <li>• Approval of the rolling multi-year/annual work program and special budgets and submission of same to DBM for release of funds</li> <li>• Raise public awareness on the use of the Special Funds and the Activities of the Board</li> </ul>
Department of Public Works and Highways (DPWH)	<p>To ensure prudent, wise, effective and efficient utilization of the SRSF and SRSaF by performing the following functions:</p> <ul style="list-style-type: none"> <li>• Preparation and submission to the Road Board of Annual Work Plans (AWP) and rolling Multi-year work plans (MYP) through the Road Program Office (RPO)</li> <li>• Report on the status of funds under the Special Local Road Fund available for transfer to the various local governments</li> <li>• Implementation of the approved road maintenance and road safety programs, duly monitored by the Bureau of Construction</li> <li>• Submission of annual reports to the Road Board</li> </ul>
Department of Transportation and Communications (DOTC)	<p>To ensure prudent, wise, effective and efficient utilization of the SVPCF by performing the following functions:</p> <ul style="list-style-type: none"> <li>• Preparation and submission to the Road</li> </ul>

	<p>Board of Annual Work Plans (AWP) and rolling Multi-year work plans (MYP)</p> <ul style="list-style-type: none"> <li>• Coordinates with the Department of Environment and Natural Resources (DENR) to ensure that the program and its implementation are consistent with the Philippine Clean Air Act of 1999</li> <li>• Implementation of the approved programs, projects, and activities</li> <li>• Submission of annual reports to the Road Board</li> </ul>
Land Transportation Office (LTO)	<p>To ensure the proper collection and remittance thereof and efficient implementation of projects through:</p> <ul style="list-style-type: none"> <li>• Collection of MVUC from road users as part of the annual vehicle registrations, and penalty from overloading</li> <li>• Submission of recommendation to the DOTC Secretary of any change in the classification of motor vehicles;</li> <li>• Deposit of all collections to the special trust accounts in the National Treasury;</li> <li>• Expediting the implementation of the MVUC projects; and</li> <li>• Submission of required reports to the DOTC and Road Board</li> </ul>
Department of Interior and Local Government (as a representative of the LGUs)	<ul style="list-style-type: none"> <li>• Collaborate with DPWH in administering/overseeing the implementation and utilization of SLRF at the LGU level in accordance with the prescribed policies and standards under the MVUC law and its IRR;</li> <li>• Inform the provincial and city governments of their SLRF annual allocation for the preparation of their AWP;</li> <li>• Review, consolidate, and submit LGUs Annual Works Program to the Road Board thru the DPWH-Road Program Office</li> <li>• Monitor the progress and utilization of SLRF</li> <li>•</li> </ul>

<p>Local Government Units (LGUs)</p>	<p>In the implementation of road projects under the SLRF, the LGUs and the DPWH must enter into a Memorandum of Agreement to delineate responsibilities. Based on the MoA, the LGUs agree to perform the following tasks:</p> <ul style="list-style-type: none"> <li>• Preparation and submission of the Annual Work Program as advised by DILG upon advisement from the Road Board;</li> <li>• Opening and maintaining a separate Trust Account/Local Currency Current Account to be known as the Road Fund Disbursement Account;</li> <li>• Implementation of projects</li> </ul>
<p>Department of Budget and Management (DBM)</p>	<ul style="list-style-type: none"> <li>• Ensures that requests for funding approval are within the approved MVUC Expenditure Program</li> <li>• Responsible for the issuance of Special Allotment Release Order and the Notice of Cash Allotment (NCA) for the approved projects under the four (4) special trust accounts, which are submitted by the Road Board to the Department</li> </ul>

## Key Processes and Procedures

### 1) Collection and deposit of Monies

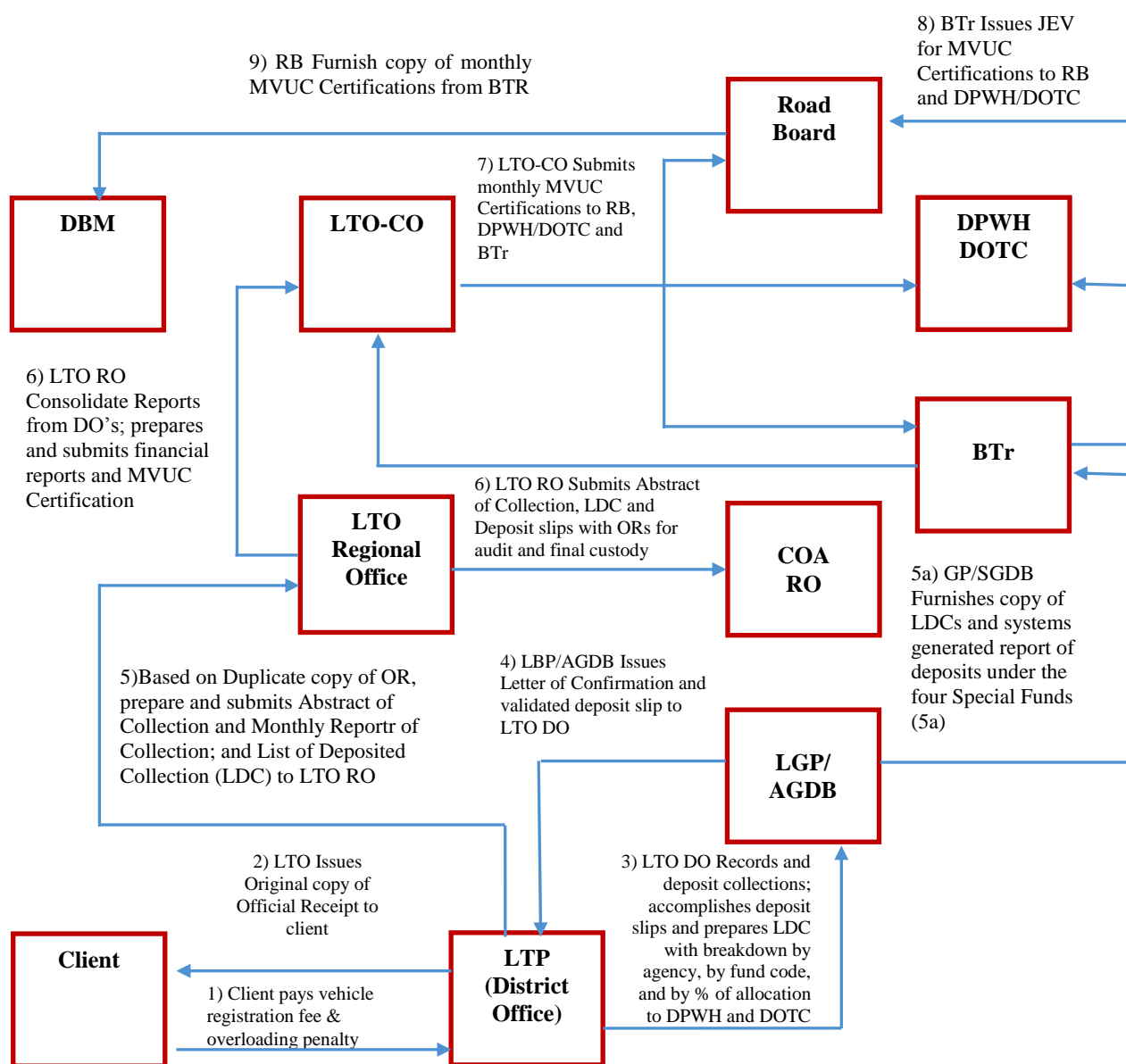


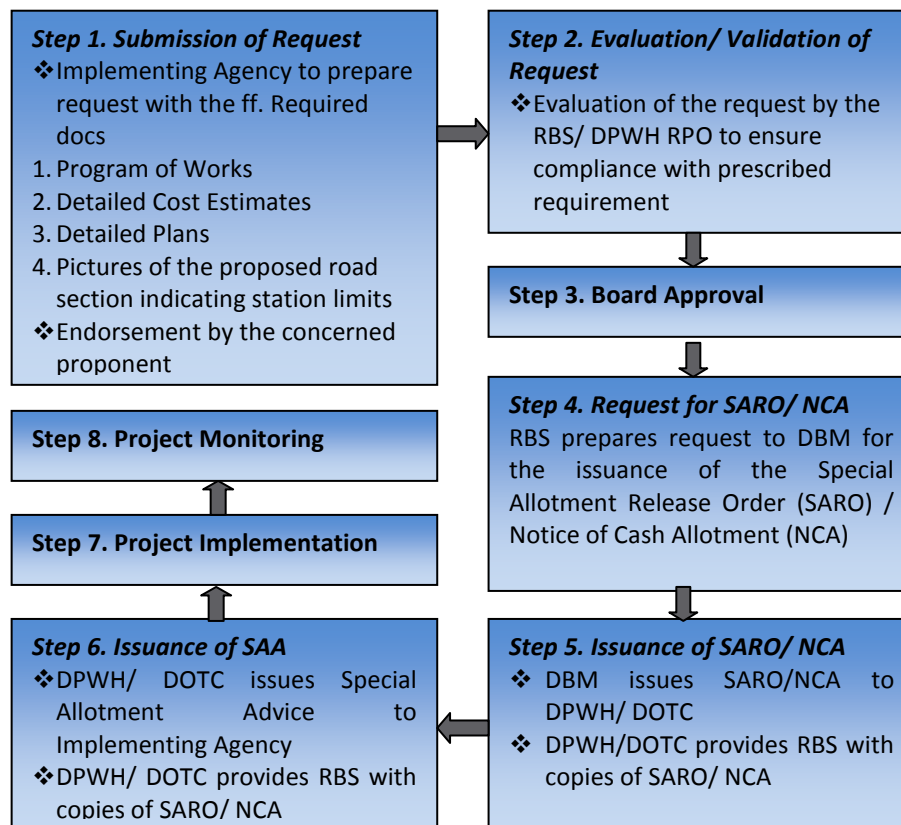
Figure E2. Process Flow for Collection and Deposit of MVUC Monies

Source: 2009 COA Sectoral Audit Report

### 2) Fund Approval and Release

There are four (4) documentary requirements for funding request. These are:

- 1) Program of Works
- 2) Detailed Project Cost Estimates
- 3) Detailed Plan
- 4) Pictures of the proposed road project with station limits/pollution control project



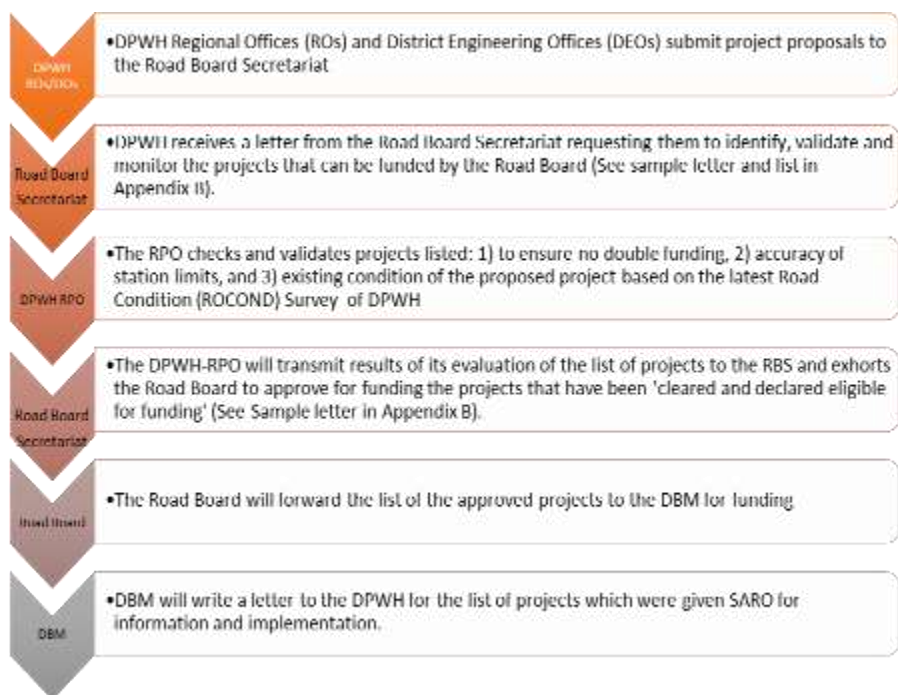
Source: Road Board

Figure E.3. Project Funding Approval and Monitoring Cycle

## Process Evaluation

One key finding in process evaluation is that the prescribed procedure for project identification and prioritization is not strictly adhered to. Rather, the procedure depicted in Figure E.4 is adopted.

**Figure E4. De facto procedure for Project Identification for SRSF and SRSaF Funding**



Apart from the conduct of key informant interviews with pertinent agencies involved, five case studies were conducted as below:

- Special Vehicle Pollution Control Fund (SVPCF) Case Study: Motor Vehicle Inspection System-NCR North
- Special Road Safety Fund (SRSaF) Case Study: Installation of Road Safety Devices along Daang Maharlika
- Special Local Road Fund (SLRF) Case Study: Baguio City
- Special Road Support Fund Case Study 1: Upgrading of Road Shoulder along Marcos Highway
- Special Road Support Fund Case Study 2: National Road Lighting Program-Roxas Blvd. (Vito Cruz to P. Burgos St.)

## Key Findings

### 1. Collection and Deposit of MVUC monies

Several potential sources of the discrepancy between the LTO Certificates of Deposit and the BTr have been identified which include:

- MVUC monies deposited in General Fund due to incorrect agency/transaction code;
- No LDC for LTO advance deposits on Fridays



## 2. Project Identification and Prioritization Process

The Motor Vehicles Users' Charge contributes an additional 40% available fund for maintenance of national roads. Hence, it is important that the identification and prioritization of projects will be performed rationally to ensure maximum benefits for the community.

### *For MVUC projects under DPWH*

Based on key informant interviews, it was discovered that the prescribed procedure indicated in the IRR of the RA 8794 as well as the RB OPM is not strictly followed (i.e., DPWH identifies priority road projects through the RPO, using HDM-4. In actuality, the project proponents submit proposals to the Road Board and the RPO serves as the clearinghouse checking accuracy of station limits and incidence of double funding.

On the other hand, with the decommissioning of TARAS, projects are based on recommendations from DEO/RO and results of Road Safety Audits conducted by the BQS. Prioritization is now on a 'first-come, first served' basis.

Although the bottom-up approach for project identification is a legitimate methodology, adopting this solely without validation using HDM4 or a network perspective of accident blackspots may lead to the implementation of projects that are not of the highest priority, thereby defeating the intention of the fund.

### *Fund Approval and Release*

For projects under SLRF, one key challenge is the requirement for the *Sangguniang Panglunsod (SP)* to issue a resolution granting the City Mayor to enter into and sign the tripartite Memorandum of Agreement (MOA). This makes the process vulnerable to the political manoeuvres, especially when the SP is not of the same political party as the incumbent Mayor, hence delaying the process and subsequent implementation of priority projects.

### *For MVUC projects under DOTC*

It was also discovered that the main reason for this underutilization of funds is the absence of a definitive operating procedure system for the identification and prioritization of projects. Hence, it is critical that the SVPCF guidelines that have been recently completed will be approved and implemented to facilitate implementation of critical projects that will reduce the adverse impacts of transport on the environment and the general populace.

It was also observed that the expansion of the role of the Road Board Secretariat, as articulated in the revised 2012 IRR, now creates overlaps of its functions with the DPWH. For instance, the Road Board, through its Secretariat, has initiated a project to supply the required road signages along national roads for the entire country (Appendix G). Under this project, the Road Board, through its Secretariat, will procure the road signages and

the fund will no longer be downloaded to DPWH. However, installation of the signages will be performed by the DPWH using its regular maintenance budget.

The enhanced authority of the Road Board Secretariat creates a real potential of overlaps of the functions with the DPWH as the premier authority of the country on Road Safety.

### 3. Transparency and accountability

Transparency of process and accountability of actors are critical factors for the successful implementation of the MVUC funds. However, two observations indicate that there is still a need to improve on this area.

- a. One of the functions of the RB, through the RBS, is to raise awareness of the public on the use of the special funds and the activities of the Board through the publication of an annual report, not more than four (4) months after the end of the fiscal year. The IRR further stipulates that the Annual Report be made available and disseminated in a popular form. In this era of electronic access, one of the more popular medium is the Road Board website. However, annual reports are not available online.

Moreover, information on projects implemented is also not available on the website for the general public to access.

- b. It was also noted that no clear schedule for proposal submission and approval is indicated in the RB OPM or was discovered during the various key informant interviews. In fact, the approval of the second case study (Installation of Road Safety Devices along *Daang Maharlika*) and subsequent release of the SARO took about 21 months. The absence of a systematic system for proponents to track their proposals has necessitated the involvement of local politicians to assist in following up on the status of requests. This could present an opportunity for political interference in the project identification and implementation process.

### 4. Monitoring and Evaluation of Impacts

The MVUC was instituted to ensuring sustainable financing of road maintenance and the minimization of air pollution from mobile sources. It is considered to be the 3<sup>rd</sup> biggest source of tax revenue for the government of the Philippines. But despite this, there is no systematic procedure in place for the evaluation of impacts of the projects undertaken through the MVUC funds. Although the Section 5g of the MVUC Act IRR stipulates that the Road Board require DPWH and DOTC to provide acceptable and systematic procedures for measuring conditions, maintain a database, and quantify benefits on a life-cycle, this has not been actively pursued.

Five case studies were conducted during the conduct of the Study as follows:

In the first case study (North MVIC), it was noted that the MVIC is not linked with the Motor Vehicle Registration System (MVRS). This hinders real-time verification of the results of the Inspection and opens the system to manipulation of results to facilitate

vehicle registration. When this happens, the objectives of the MVIS program is subverted and diminishes the value for money of the fund allocated.

Except for the IRAP Demonstration Corridor (SRSF Case Study 1), impact evaluation system is absent. It is evident the focus is on project implementation, rather than impacts of the projects.

## **Recommendations**

Based on the key findings, the following recommendations are put forward to improve the effectivity and efficiency of the MVUC fund.

### **Collection and deposit of MVUC monies**

To improve the efficiency of MVUC collection, it is strongly recommended that serious effort be placed into automating the system of recording and encoding of collections and deposits to reduce human errors.

### **Project Identification and Prioritization**

#### *Project Identification and prioritization*

For projects administered under the DPWH, it is recommended that the process conform to the prescription of RA 8794 and its IRR wherein: 1) the district/regional offices submit proposed projects to the Central Office/RPO, and 2) projects are prioritized using HDM4.

Towards this end, the DPWH Secretary issued a memorandum on December 14, 2015 directing all district engineers and regional directors that all project proposals for “Asset Preservation and Additional Pavement Width” under the Motor Vehicle Users Charge (MVUC) be sent to the Road Program Office, Planning Service for evaluation and validation (Appendix F).

For DOTC administered projects, it is recommended that the guidelines for identification and prioritization of projects to be funded through the SVPCF be approved and implemented. It is further suggested that multi-year funding scheme be studied to ensure sustainability of programs and maintenance of facilities.

#### *Funding Approval and Release*

Considering that the current process for release of the SLRF is cumbersome and open to political interference, it is recommended that the institutional repercussion of downloading the SLRF fund to the LGUs in a manner similar to release of the Internal Revenue Allocation (IRA) be studied more thoroughly.

### *Transparency of Process*

To improve the transparency of the whole process, it is suggested that:

- Information on projects undertaken for the last 5 years be published in the Road Board website;
- A clear timeline from submission of project proposal to RB decision (approval or disapproval) be formulated;
- An on-line verification of the status of project proposals be made available at the RB website.

### *Establishment of Impact Evaluation System*

An appropriate impact evaluation plan, where expected outputs and outcomes are stated, should be made a requirement in the application for funds. Further, it is recommended that the evaluation and monitoring of the plan be institutionalized. Performance indicators for the following categories must be identified and included in project proposals:

- Travel time savings
- Savings in vehicle operating costs
- Reduction in the frequency and severity of accidents
- Increased comfort, convenience, and reliability of service

### **Institutional Reforms**

Three institutional reforms are put forward to improve the efficiency and transparency of the processes:

- Establishment/Creation/Identification of an Oversight Committee for the MVUC funds

To ensure constant improvement of process and procedures as well as adhere to the essence of RA 8794 for the prudent and effective utilization of the funds, it is strongly suggested that an oversight committee be created/identified for the MVUC. One option put forward is the Internal Audit Office under the Office of the President.

- Re-focus the role of the Road Board Secretariat focused on monitoring and evaluation of project Implementation and Outcomes

As stated in the previous subsection, the expansion of the authority of the Road Board Secretariat, by virtue of the 2012 Revised IRR, to include procurement and project implementation has the potential to duplicate the functions that are part of the mandate of DPWH. For more efficient operations and in the adherence to the essence of the law, it is recommended that the RBS re-focus its roles to its tasks outlined in RA 8794 and develop a monitoring and evaluation system for projects implemented under MVUC.

- Strengthen the use of community-based employment in road maintenance projects and the participation of civil society organizations in monitoring and increasing transparency in road projects

Communities are critical actors in the development of the locality. Hiring of community organizations and local units are beneficial in terms of efficiency on work and economic advancements. Given the experiences of community-based labor approach on road maintenance from other countries and the experience in the Philippines, this approach in road maintenance certainly has potential for mainstreaming. However, the local communities in our country have not yet reached the stage where they can be the outright implementer of the project. It must be initiated by the government or a private entity, coupled with a program that could capacitate the communities into sustaining such efforts.

The Bantay Lansangan experience proves that there is indeed space for CSO participation in the road monitoring aspect. DPWH has shown willingness to work with CSOs in order to increase transparency. As the chairperson of the Road Board, it would be best if the DPWH-CSO partnership can be replicated for the monitoring of the MVUC fund. The Road Board can release a resolution similar to Department Order No. 14, Series of 2011, where the Road Board Secretariat can take the lead in giving policy directions in greater CSO participation in managing the MVUC fund. This could mean CSO participation not only in project implementation, but also in identification and prioritization as well.

One important activity that should be adopted for the MVUC fund is the RSSRC. The RSSRC is a great tool which does not only consider the physical components of the project. More importantly, the impacts to the road users are also measured. Although impact to the road user indicators such as road safety, flow of traffic and road surface is mainly perception rating, it nevertheless is a great step towards measuring MVUC outcomes. More information can be added in the survey so that more advanced impact evaluation methodologies may be employed in the future.

Finally, closely related to the RSSRC is the need for the DPWH to capacitate volunteer CSOs. Road construction and engineering is a technical craft. Thus, the issuance of a Procedures Manual for Monitoring may not be sufficient. Continuous capacity building activities must be undertaken, and the manual must be updated to reflect current standards. The Procedures Manual developed for Bantay Lansangan in 2008 may serve as the template, or it may be further upgraded, simplified or even translated into vernacular terms for the volunteers.

## Introduction

### a. Background of the Study

A well-maintained road system is essential to economic development by facilitating movement of people and goods. It also ensures access to employment, education and social services. However, two studies conducted in the late 1990s<sup>2</sup> pointed to the poor quality of the national roads of the Country. This condition was attributed to meagre allocation for road maintenance from the National Budget due to competing needs of other central government agencies, leading to unpredictable level of fund granted to the Department of Public Works and Highways (DPWH) for road preservation (Better Roads Philippines, 1999, as quoted by Virata, et.al., 2005, I-1 to I-2). Inadequate funding delayed critical road maintenance works which increased rehabilitation costs and lowered level of service for road users (Philippine Transport Strategy Study, 1997, as quoted by Virata, et. al., 2005, I-9).

To address the issue of inadequate funding, the Motor Vehicle Users' Charge Fund was established through Republic Act 8794, hereinafter to be referred to as the MVUC Act, which was signed into law in June 27, 2000. It is aimed at ensuring sustainable financing of road maintenance and the minimization of air pollution from mobile sources. Section 7 of the aforementioned RA stipulates that "all monies collected shall be earmarked solely and used exclusively (1) for road maintenance and the improvement of road drainage, (2) for the installation of adequate and efficient lights and road safety devices, and (3) for air pollution control". The monies are deposited to the National Treasury and allocated in four (4) special accounts, namely, 1) Special Road Support Fund (SRSF), 2) Special Local Road Fund (SLRF), 3) Special Road Safety Fund (SRSaF), and 4) Special Vehicle Pollution Control Fund (SVPCF). By law, the first 3 funds (SRSF, SLRF, and SRSaF) are placed under the Department of Public Works and Highways (DPWH) and the last one (SVPCF) is under the Department of Transportation and Communications (DOTC).

The utilization of the MVUC is riddled with allegations of misuse of funds and unequitable allocation. In 2008, the House of Representatives, led by Rep. Rufus Rodriguez of Cagayan de Oro, moved to abolish the Road Board due to signs of corruption. Rep. Rodriguez alleged that his district has not received any allocation due to his opposition to the then administration of Pres. Gloria Macapagal-Arroyo, while other congressmen enjoyed benefits and bonuses. In 2009, Senators Miriam Defensor-Santiago called for an investigation of the Road Board and the use of the MVUC after Typhoon 'Ondoy' caused massive flooding in the Metropolis. Sen. Santiago based her allegations of the misuse of the MVUC funds on a Commission on Audit (COA) report which detailed some irregularities and deficiencies in the use of the special funds. Reports also surfaced that the MVUC was added to the Priority Development Assistance Fund (PDAF) or "pork barrel" of lawmakers.

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<sup>2</sup> ADB-funded *Philippine Transport Strategy Study (PTSS)*, 1997 and WB-funded *Better Roads Philippines (BRP)*, 1999

Despite these controversies, there had been no comprehensive evaluation of the procedures and safeguards in place for the allocation of the MVUC and implementation and operations of projects funded.

## b. Objective of the Study

The general objective of the Study is to evaluate the effectiveness and efficiency of the collection and disbursement of the MVUC. It seeks to identify the weaknesses and strengths of the current procedures adopted in the allocation of the MVUC and the results of these weaknesses and strengths on project implementation. It also seeks to evaluate the impacts of MVUC-funded programs and projects and whether or not the objectives—in terms of adequate maintenance and road drainage, adequate and efficient safety devices, and reduced air pollution control—of the MVUC scheme are achieved.

The Study is composed of two main components, namely process evaluation and impact evaluation, with the following specific objectives:

### *Process Evaluation*

- a. To assess the effectiveness of the MVUC scheme by investigating whether or not the funds are used for their intended purposes;
- b. To determine conditions and safeguard that have to be put in place in the use of the funds;
- c. To determine how greater transparency and accountability can be induced in the use of the funds.

### *Impact Evaluation*

- a. To evaluate the impacts of the MVUC scheme by gathering evidence on the programs and projects under the four special funds; and
- b. To help build the capacity of the government in conducting impact evaluation for road transport projects.

For impact evaluation, the extent to which the project objectives have been met will be analyzed through the conduct of case studies of five (5) projects implemented using the MVUC. In general, transport projects are undertaken to lower costs. The most common direct benefits that will redound to the communities include:

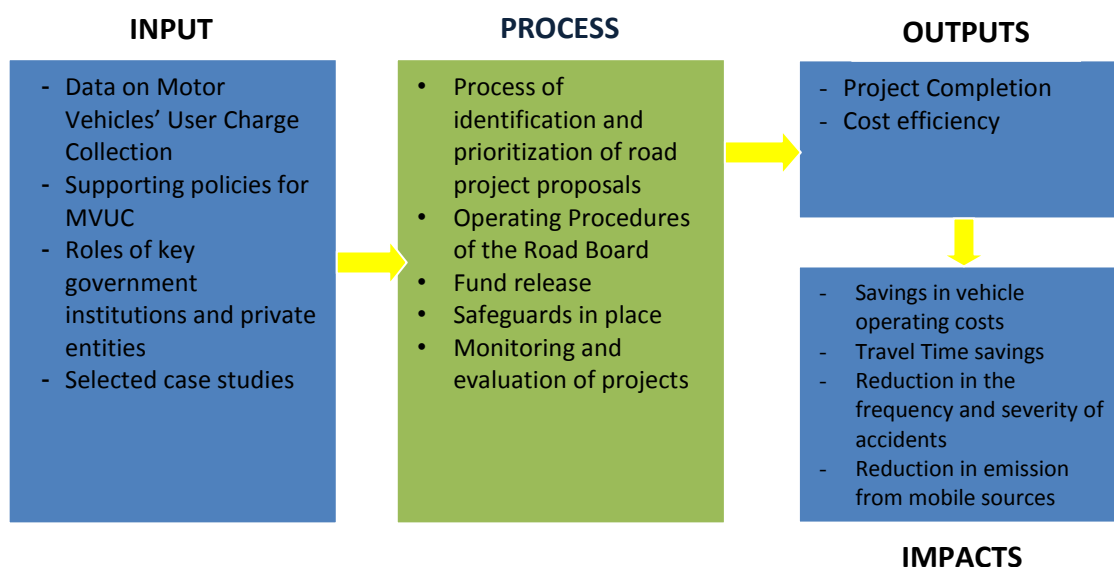
- Savings in vehicle operating costs
- Person Travel Time savings
- Reduction in the frequency and severity of accidents
- Increased comfort, convenience, reliability, and accessibility of service

Indicators for the first three categories are most applicable to the transport projects qualified for MVUC funding and will be used as deemed appropriate for the project under evaluation, subject to availability of data.

In general, the Study adopts a modified input-process-output framework of inquiry. Input data include multi-year MVUC collections, pertinent policies and department

orders of the key institutions, and the roles of the various government and private stakeholders. The input data obtained will provide an understanding of the environment within which the processes operate. Once the input variables have been described, the processes pertaining to project identification, prioritization, implementation, and monitoring as well as other procedures such as fund release and procurement will be studied. The evaluation will document existing safeguards to ensure that the integrity and transparency of the process are retained. Inquiry into the final product of the process shall be divided into two parts: outputs, which pertain to the physical accomplishments of the projects undertaken, and impacts, which shall consider how the projects that have been prioritized and funded by the MVUC have benefited the locality in particular and the entire community in general, vis-à-vis the project objectives.

**Figure 1. Framework of Inquiry of MVUC Impact Study**



### c. Coverage this Final Report

This Final Report presents the complete process evaluation for the operation and management of the Motor Vehicle User's Charge (MVUC) Special Funds and assessment of the implementation based on additional information obtained from key informants. It also describes the process and impact evaluation system in place as observed through the case studies for the four special funds. Main sources of information used in this document are the MVUC Act and its revised IRR, previous studies on the MVUC Special Funds, reports of the Commission on Audit (COA), the 2013 Operating Procedures Manual (OPM), key informant interviews with staff of the Road Board Secretariat (RBS), DOTC, Land Transportation Office (LTO), the Department of Budget and Management (DBM), DPWH Central, Regional, and District Offices as well as ocular inspection conducted by the Research Team on the locations of the selected Case Studies.



## I. The Motor Vehicle Users' Charge Fund

As stipulated in RA8794, the MVUC fund is sourced from the registration fees of vehicles and penalties for overloading collected by the Land Transportation Office (LTO) annually. The monies are deposited to the National Treasury and allocated in four (4) special accounts, namely, 1) Special Road Support Fund (SRSF), 2) Special Local Road Fund (SLRF), 3) Special Road Safety Fund (SRSaF), and 4) Special Vehicle Pollution Control Fund (SVPCF). By law, the first 3 funds (SRSF, SLRF, and SRSaF) are placed under the Department of Public Works and Highways (DPWH) and the last one (SVPCF) is under the Department of Transportation and Communications (DOTC). The prescribed allocation for each fund, with the responsible national agency are shown below:

**Table 1. Special Funds under the Motor Vehicles Users' Charge**

AGENCY	FUND		ALLOCATION	PURPOSE
DPWH	151	Special Road Support Fund (SRSF)	80%	Road maintenance and improvement of drainage of national primary and secondary roads
	152	Special Local Road Fund (SLRF)	5%	Maintenance of local roads, traffic management and road safety devices
	153	Special Road Safety Road (SRSaF)	7.5%	Installation of traffic signs, pavement markings, and safety devices
DOTC	151	Special Vehicle Pollution Control Fund	7.5%	Air pollution control

The law stipulates that 70% of the SRSF should be used for the maintenance of and drainage of primary national roads and the remaining 30% be utilized for national secondary national roads. Furthermore, the operating expenses of the Road Board and its Secretariat are charged against the SRSF.

The Implementing Rules and Regulations (IRR) of the MVUC Act was issued jointly by the Secretaries of DPWH and DOTC on August 16, 2000. It outlines the objectives that will be pursued in the implementation of the law to ensure that its intent is achieved.

These are:

- 1) To provide adequate maintenance of the national and provincial roads to ensure satisfactory service to road users, efficient road transport operations and preservation of road assets;
- 2) To determine the physical and financial maintenance needs of the national road network, as optimized in a multi-year program within projected funding resource, with consideration of road safety requirements;

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- 3) To determine optimal medium-term funding needs and allocations for the national and local road networks in relation to the economic and functional performance of the road networks, as a basis for evaluating the equity burden of road user charges;
- 4) To prioritize road maintenance needs as well as redressing and resolving maintenance backlogs, inclusive of road safety requirements;
- 5) To provide for a system of contracting maintenance work through competitive bidding;
- 6) To organize regular monitoring of road networks and road works, inclusive of road safety requirements and local road maintenance, to ensure prompt objective assessment and feedback of system performance and quality;
- 7) To formulate and implement a comprehensive program for the prevention, control and management of air pollution from mobile sources consistent with R.A. 8749, the Philippine Clean Air Act of 1999 and its Implementing Rules and Regulations; and,
- 8) To establish and implement the appropriate structural and procedural improvements to carry out these policies.

There have been three amendments to the IRR of RA 8794:

- September 2000, stipulating that the heading of the 1<sup>st</sup> column of the tables on Schedule 1 found on pages 15-16 be changed from '2000' to 'Base Rate'<sup>3</sup>;
- 2012, through a board resolution signed by the Secretaries of DPWH and DOTC, amending the requirement for Work Program to Expenditure Program and enhancing the responsibilities of the RBS<sup>4</sup>. The revisions in the functions of the RBS will be discussed in more detail in the sub-section on describing the Road Board;
- April 2013, amending the gross vehicle weight of trucks for the enforcement of the anti-truck overloading<sup>5</sup>.

A total of PhP112.5B has been deposited to the MVUC fund from 2001<sup>6</sup> to 2014. During the same period, PhP105B was disbursed for the different funds, bringing the fund balance to about PhP7.5B.

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<sup>3</sup> DPWH Department Order No. 161 Series of 2000

<sup>4</sup> Interview with RBS, March 25, 2015

<sup>5</sup> Joint Resolution of DPWH and DOTC approved April 5, 2013

<sup>6</sup> LTO started collecting MVUC in 2001 following the completion of the 1<sup>st</sup> version of the Operating Procedures Manual

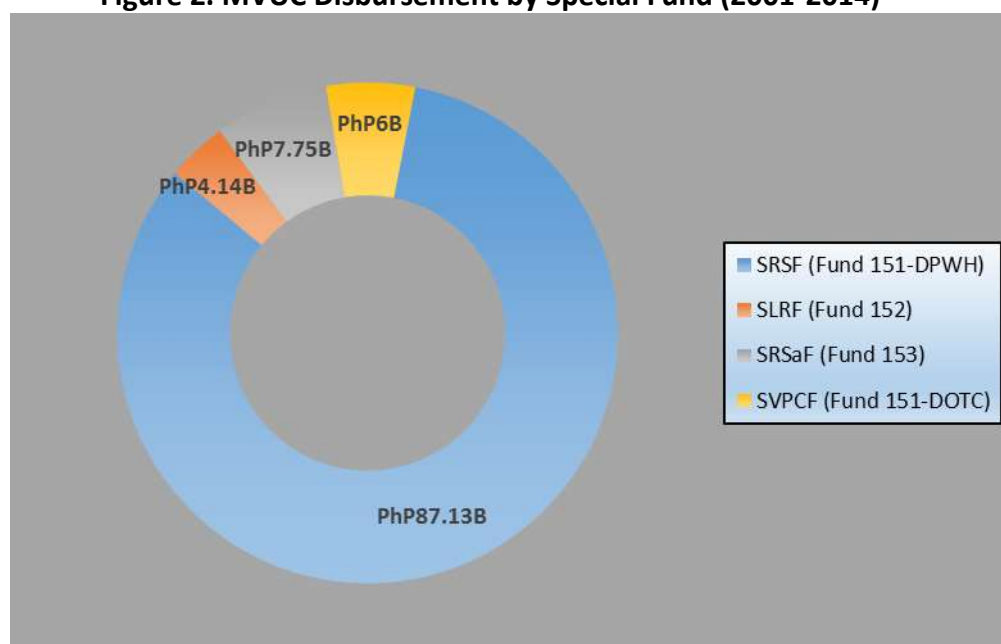
**Table 2. MVUC Fund Total Collections and Releases (2001-2014)**

YEAR	MVUC Collections	Releases
2001	₱3,171,682,068.85	₱0.00
2002	₱4,419,422,233.78	₱701,347,687.00
2003	₱5,455,562,970.16	₱4,068,516,000.00
2004	₱6,649,022,226.76	₱4,886,706,057.00
2005	₱7,207,309,000.06	₱6,869,331,120.00
2006	₱7,854,959,214.52	₱11,547,156,789.00
2007	₱8,443,724,502.95	₱10,541,325,541.00
2008	₱8,579,097,694.44	₱7,953,109,898.00
2009	₱9,031,116,338.79	₱6,267,383,944.00
2010	₱9,581,147,502.05	₱6,019,101,776.00
2011	₱10,100,381,687.60	₱8,836,159,908.00
2012	₱10,364,734,263.94	₱12,698,044,083.00
2013	₱10,856,204,914.51	₱8,216,715,685.00
2014	₱10,789,870,932.63	₱16,413,488,394.00
<b>Grand Total</b>	<b>112,504,235,551.04</b>	<b>₱105,018,386,882.00</b>
<b>Fund Balance</b>	<b>₱7,485,848,669.04</b>	

Source: Road Board

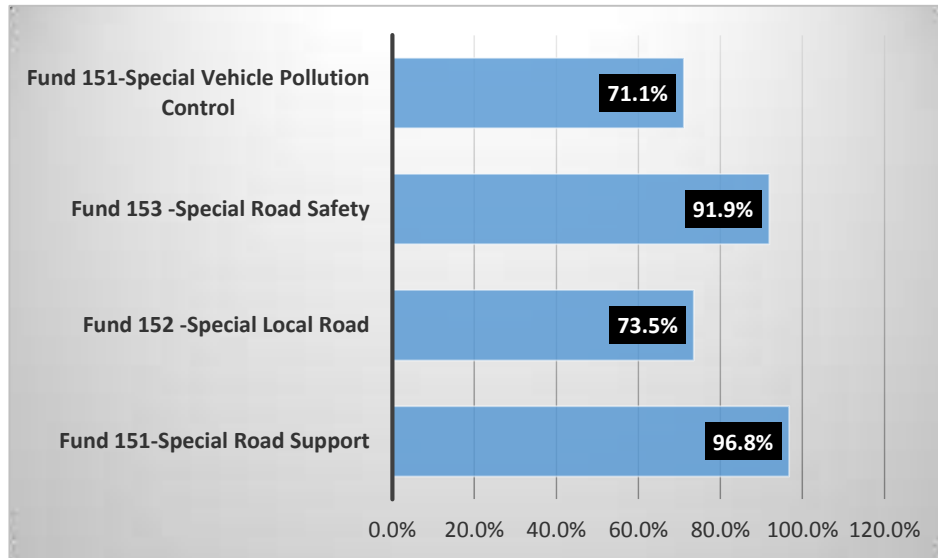
Of the total releases between 2001-2014, PhP87.13B (83% of total disbursement) was from the SRSF, PhP4.14B from the SLRF (3.9%), PhP7.75B from SRSaF (7.4%), and PhP6B from the SVPCF (5.7%). The disbursement from the SRSF includes the operating expenses of the Road Board and its Secretariat for the same time period which totals about PhP330.6M (0.38% of the total SRSF disbursement). Details of the annual disbursement for each special fund will be discussed in the respective case studies.

**Figure 2. MVUC Disbursement by Special Fund (2001-2014)**



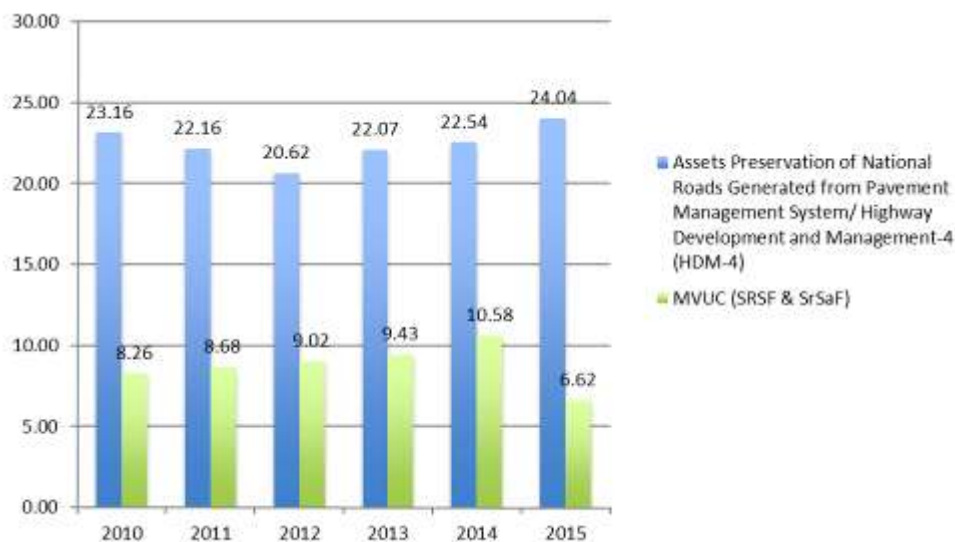
Based on the allocation and disbursement by special fund, the SRSF has the highest utilization rate<sup>7</sup> at 96.8%, followed by the SRSaF at 91.9%. The SLRF and SVPCF have utilization rates of 73.5% and 71.1%, respectively.

**Figure 3. Utilization Rate by Fund**



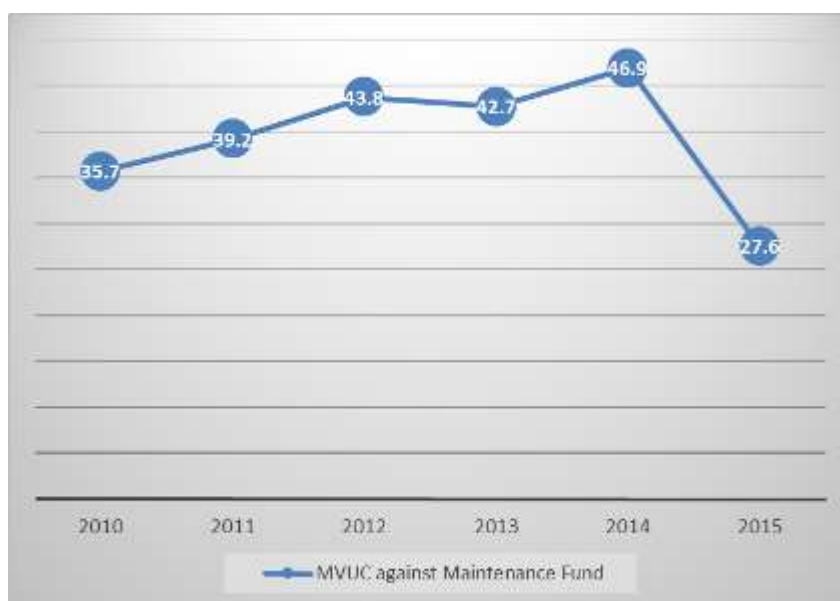
Analysis of available MVUC funds for Fund 151 (SRSF) and Fund 153 (SRSaF) for 2010-2015 vis-à-vis the DPWH Budget for Asset Preservation for the same duration indicate that on the average, the MVUC provides additional 39% of funds for maintenance of national roads.

**Figure 4. MVUC Funds vis-à-vis DPWH Assets Preservation Budget from GAA**



<sup>7</sup> Ratio of total disbursement to total fund allocation

**Figure 5. Percentage of MVUC Fund Available vis-à-vis DPWH Maintenance Budget**



The percentage of the MVUC fund in comparison with maintenance budget of the DPWH sourced from the GAA dipped to 27.6% in 2015 within the analysis period.

## II. Key Agencies and their Corresponding Responsibilities

This chapter outlines the responsibilities of the various key agencies involved in the collection, management, and disbursement of the MVUC fund and the identification, prioritization, and implementation of the projects financed by the various special funds, as prescribed by the law and its IRR and other subsequent pertinent department orders.

### II.1 Road Board

To ensure the prudent and efficient management and utilization of the Special Funds, RA 8794 stipulated the creation of the Road Board to be composed of seven key members, namely:

1. The Secretary of Public Works and Highways, as ex-officio Chairperson
2. The Secretary of Finance, as ex-officio member
3. The Secretary of Budget and Management, as ex-officio member
4. The Secretary of Transportation and Communications, as ex-officio member
5. Three other members are from transport and motorists organizations which have been active and in existence during the past five (5) years, appointed for a term of

two (2) years by the President of the Philippines upon the recommendation of the DPWH Secretary and the DOTC Secretary

The Road Board convened for the first time on November 22, 2000 under the leadership of then DPWH Secretary Gregorio R. Vigilar. Based on the IRR of the Act and reflected in the 2013 Revised Operating Procedures Manual, its functions include:

### **II.1.1 Operation of Special Funds**

To establish the necessary procedures, including appropriate controls, for collection of monies, deposits to the special trust accounts in the National Treasury, and disbursements from the MVUC account. It must likewise put in place the appropriate accounting, auditing, and reporting arrangements, in accordance with the accounting and auditing regulations of the government.

### **II.1.2 Management of Special Funds**

To monitor the income and expenditure of the monies and approve withdrawals from the Special Funds, ensuring that that the distribution is in accordance with Section 7 of the Act.

### **II.1.3 Approval of Expenditure Programs**

To approve on an annual basis, prior to the beginning of the financial year the Annual Expenditure Program (AEP) for the Special Road Support Fund (SRSF), Special Road Safety Fund (SRSaF), identified through Traffic Accident Recording and Analysis System (TARAS)<sup>8</sup>, and road safety audits conducted by the DPWH without prejudice to road sections which the Board may, upon recommendation of the DPWH, consider for funding during the course of the year; and Special Vehicle Pollution Control Fund (SVPCF), as well as the proposed apportionment of the Special Local Road Fund (SLRF) to provincial and city governments.

### **II.1.4 Approval of Special Budgets**

To approve a Special Budget for each Special Fund based on the approved expenditure program and covering either an annual or multi-year period as may be applicable, and to submit such to the Department of Budget and Management (DBM) for release of funds.

### **II.1.5 Review of Work Programs**

To review and approve revisions of the annual work programs in accordance with updated estimates of income to the Special Funds and level of work accomplishment based on submitted Work Plan, and to establish an operating

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<sup>8</sup> TARAS is a graphic data entry, statistical query system that provides access to information on traffic accidents on national roads throughout the Philippines, managed and implemented by the DPWH. It stores and analyzes traffic data collected for national roads and identifies hazardous locations or road sections with high frequency and severity of traffic accidents for prioritization in the Ranking List for road safety projects. According to DPWH RPO, the TARAS system has been discontinued.

margin above which the Implementing Agencies (DPWH and DOTC) can modify or make variations in the individual work project or the total program, subject to the prior approval of the Board.

#### **II.1.6 Complementary Expenditure Programs Under Other Funding**

To consider, in the approval of the Annual Expenditure Programs (AEP), such other work programs to be implemented by DPWH and DOTC that are to be financed through other sources, including:

- (a) the continuing appropriations by Congress for road maintenance, road safety and Local roads;
- (b) the continuing appropriations by congress for vehicle emissions control; and
- (c) any grants and other funding from external agencies, donors and private financing.

#### **II.1.7 Procedures for Monitoring Performance and Managing Program**

To require DPWH and DOTC to provide and perform acceptable and systematic procedures for measuring conditions; maintaining a database; determining treatments, priorities, cost estimates and quantified benefits on a life-cycle basis; and managing the implementation of programs in conformity with planned costs and time.

#### **II.1.8 Approval of Bidding Procedures**

To approve competitive bidding procedures for execution of road maintenance and road safety projects.

#### **II.1.9 Utilization of the Special Funds**

To continually monitor the utilization and deployment of the four Special Funds, to ensure that the same are allocated and used effectively and efficiently in accordance with the approved programs. For this purpose, the Board may require DPWH and DOTC to submit periodic reports at interval not longer than three (3) months presenting physical and financial progress in relation to approved programs and projection of expenditures.

#### **II.1.10 Public Awareness and Reports**

To raise public awareness on the use of the Special Funds and the activities of the Board, thus making the road users' involvement better informed; as soon as possible and not more than four (4) months after the end of the fiscal year, to publish an Annual Report which shall include, among others, (a) a statement of the Board's activities during the year, (b) the annual financial statements and audit reports of the Board, including a separate accounting of each of the four Special Funds, and (c) an evaluation of the Board's performance in comparison with its statements of intent made at the beginning of the fiscal year; to make the Annual Report publicly available and widely disseminated in a popular form; to

prepare or cause to be prepared such other reports as may provide for greater transparency and clarity in the operations of the Board.

#### **II.1.11 Supervisory Authority**

To exercise supervision and control over all substantive activities that are funded by and emanate from the use of the four Special Funds above-mentioned, including activities undertaken by DPWH and DOTC.

To provide administrative guidance on all matters, the Road Board has developed an Operating Procedures Manual (OPM) which has been revised through the years to its latest 2013 version.

#### ***Road Board Secretariat***

Section 6 of the IRR of RA8794 stipulates the creation of the Road Board Secretariat to support the functions of the Board. Hence, following the creation of the Road Board, then DPWH Secretary Gregorio R. Vigilar issued Department Order 171 creating the Task Force for the establishment of the Road Board Secretariat on September 2000. However, although the RBS was created in January 2001, in accordance with the action plan of DO 171, it was not fully operational until 2004. The delay in operationalization was mainly due to a rather lean plantilla positions approved for the RBS, this most of its initial personnel were ‘borrowed’ on detail status, particularly the engineers and accountant<sup>9</sup>.

The Secretariat is headed by an Executive officer who is appointed by the Board and acts as secretary to the Board. The Secretariat is responsible for the day-to-day management of the Funds and for implementation of the decisions of the Board. In general, the Road Board Secretariat is responsible for the following tasks: (1) book keeping of proper accounts and records in respect of the Funds; (2) preparation and submission of audit in respect of each financial year a balance sheet, a statement of income and expenditure, and a statement of cash flow as prescribed by COA; (3) Preparation of the Annual Report of the Fund; and (4) arrangement of the business for meetings of the Board and its sub-committees.

In 2012, through a board resolution signed by the Secretaries of DPWH and DOTC, the responsibilities of the RBS<sup>10</sup> were expanded to include<sup>11</sup>:

- Undertaking research activities, policy studies and preparing special/ technical reports needed by the Board;
- Implementing special projects upon the direction and supervision of the Board;

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<sup>9</sup> Key informant interview with former Undersecretary Teodoro Encarnacion, one of the two undersecretaries through which the RBS task force was to report to the Secretary as mentioned in DO 171, through email received on May 26, 2015.

<sup>10</sup> Interview with RBS, March 25, 2015

<sup>11</sup> Section (e) of the Revised IRR, circa 2012



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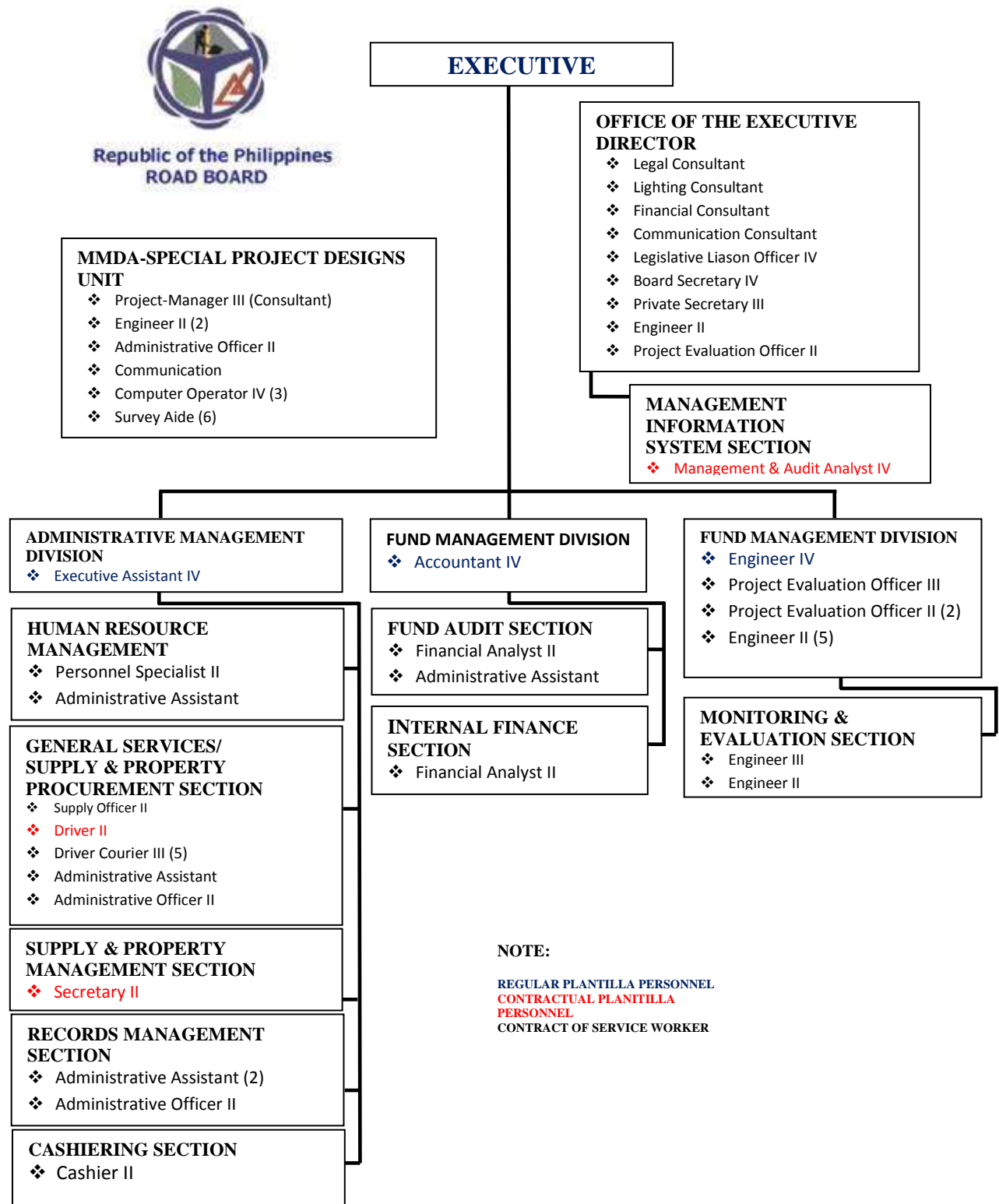
- Make or accept grants or donations;
- Executing routinary contracts, in behalf and/or under the direction of the Board; and,
- Exercising such other functions as may be directed by the Board.

Currently, the RBS has 9 permanent staff positions, including the Executive Director and Division Heads, increased from 5 in 2011. Additional 15 entry level positions have also been approved to support the functions of each division. Of the 15 positions, 12 have been filled up and 3 are being advertised. All positions require civil service eligibility to ensure level of competency.

### II.2 Department of Public Works and Highways (DPWH)

To ensure prudent, wise, effective and efficient utilization of the SRSF and SRSaF by performing the following functions:

1. Preparation and submission to the Road Board of Annual Work Plans (AWP) and rolling Multi-year work plans (MYP) through the Road Program Office (RPO);
2. Report on the status of funds under the Special Local Road Fund available for transfer to the various local governments, in coordination with the Department of Interior and Local Government (DILG);
3. Implementation of the approved road maintenance and road safety programs, duly monitored by the Bureau of Construction;
4. Submission of annual reports to the Road Board



**Figure 6. Interim Organizational Structure of the Road Board Secretariat**  
Source: [http://www.roadboard.gov.ph/LS/theroadboard~chart/Organizational\\_Chart.html](http://www.roadboard.gov.ph/LS/theroadboard~chart/Organizational_Chart.html)

### II.2.1 Road Program Office (RPO)

To assist the DPWH in the performance of its tasks, Section 12 of the IRR of the Act grants the DPWH Secretary the authority to establish the Road Program Office (RPO), with the following constitution, functions, and responsibilities, as amended and stipulated by Department Order 005-2011<sup>12</sup>:

1. The Director of Planning Service shall be the Head of the RPO. As such he/she shall coordinate and consolidate the planning and programming activities of the Planning Service and the planning and programming activities of the Bureau of Maintenance for MVUC projects. He/she shall also ensure that the consolidated plans and programs are coordinated with the Road Board Secretariat (RBS). He/she shall review the plans and programs for MVUC resource allocation prior to submission to the Secretary and subsequent transmission to RBS.
2. The RPO Head shall be supported by staff from Planning Service (PS) and Bureau of Maintenance (BOM). The RBS shall also provide staff support to the RPO Head as the need arises, subject to the approval of the Road Board.
3. The RPO Head shall coordinate with all other units within and outside of the DPWH on matters related to MVUC-funded road maintenance and road safety activities.
4. The RPO Head shall submit the planning and programming targets and outputs to the RBS. The RBS, in turn, shall submit and present the MVUC plans and programs to the Road Board for deliberation and approval.
5. The Planning Service (PS) shall be responsible for the:
  - Planning and programming of Preventive Maintenance (PM) projects to be funded from the regular PM program under the General Appropriations Act (GAA);
  - Preparation of the list of PM projects generated from the Pavement Management System/Highway Development Management 4 (PMS/HDM)<sup>13</sup> Planning Application for resource allocation under the Special Road Support Fund of MVUC. The Regional Offices and District Engineering Offices shall validate the HDM-4 outputs before their final inclusion in the list of projects under the GAA and MVUC funds.

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<sup>13</sup> The DPWH uses HDM-4 as its main tool for pavement management. HDM-4 is a road investment model that evaluates economic viability of road projects and optimizes economic benefits to road users. It seeks to find optimum strategies for planning and maintaining pavements in a serviceable condition over a given period of time.

- Preparation of the list of road safety projects prioritized from the Traffic Accident and Recording Analysis System (TARAS) and Road Safety Audits to be funded from Special Road Safety Funds of the MVUC.
6. The Bureau of Maintenance shall be responsible for the:
    - Preparation of the Annual Routine Maintenance Program under the GAA and MVUC Funds.
    - Preparation of the Roadside Maintenance Program under the GAA and MVUC Funds.
  7. The Implementing Units<sup>14</sup> shall be responsible for the submission of accomplishment reports to the Bureau of Construction (BOC).
  8. The BOC shall be responsible for the administration of the Project Monitoring System which includes all MVUC funded projects.
  9. The Quality Assurance Units (QAU) shall be responsible for the implementation oversight by including MVUC Projects in their regular QAU assessments. The QAU reports shall be submitted to the RPO Head.

### II.3 Department of Transportation and Communications (DOTC)

Pursuant to Section 7 of R.A. 8794, the IRR provides for the functions, duties and responsibilities of DOTC with respect to the collection of the Motor Vehicle User's Charge through the LTO, and the disposition of the monies accruing to the Special Vehicle Pollution Control Fund. It states the authority of the DOTC Secretary to undertake structural and procedural improvements in the agencies concerned to ensure the prudent, wise, effective and efficient utilization of the Special Vehicle Pollution Control Fund and directed the establishment of a Vehicle Pollution Control Fund Committee (VPCFC).

The Committee is responsible for the administration and management of the fund, to provide directions to the projects or activities utilizing the fund and, in general, supervise, monitor and ensure the proper implementation of the approved Vehicle Pollution Control Program.

The Committee is headed by the DOTC Secretary, and assisted by a Technical Working Group (TWG), headed by the DOTC Director for Planning, and the DOTC Secretariat. The TWG and the DOTC Secretariat is responsible for the submission of Annual Work Programs (AWPs) and rolling Multi-Year Work Programs (MWPs) of DOTC, identifying the specific programs, projects and activities aimed at preventing, controlling, and

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<sup>14</sup> DPWH DO 24 series of 2007, as amended by DPWH DO 54, series of 2011 prescribes that Implementing Unit for projects costing up to PhP50 million will be the District Engineering Office and those above PhP50 million will be the responsibility of the Regional Office

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managing air pollution from motor vehicles, including the resources and funding requirements and setting the timetable for their accomplishment, for the modification and approval of the Board. It is also tasked to conduct studies and surveys necessary relative to air pollution by vehicles and to monitor, manage and administer the SVPCF, in accordance with the guidelines provided by the Board.

In the preparation of the work programs, the Committee is directed to coordinate with the Department of Environment and Natural Resources (DENR) to ensure that the program and its implementation are consistent with the Philippine Clean Air Act of 1999.

The membership of the Committee, the Working Group and the Secretariat are all determined by the DOTC Secretary. The DOTC Secretary may also assign personnel, either on a temporary or permanent basis as the case may be, from other offices and units of DOTC.

The first VPCF Committee was constituted in 2005 through Department Order 2005-16.

### **II.3.1 Land Transportation Office**

The Land Transportation Office (LTO) is a line agency under the DOTC mandated to enforce existing traffic rules and regulations of the country, including drivers' licensing and vehicle registration. Thus, in the management of the MVUC as prescribed in RA 8794 and its IRR, it is responsible for ensuring proper collection and remittance and efficient implementation of projects through the collection of MVUC from road users as part of the annual vehicle registration, and penalty from overloading. It deposits all collections to the special trust accounts in the National Treasury in conformance with Section 7 of the MVUC Act. It also submits recommendation to the DOTC Secretary of any change in the classification of motor vehicles. In addition to collection and remittance, the LTO, through its district and regional offices, also functions as an implementing arm for projects under the SVPCF.

### **II.4 Department of Interior and Local Government (DILG)**

By virtue of the Memorandum of Agreement entered into by the Department of Interior and Local Government (DILG) and DPWH in 2005 for the administration of the SLRF, the DILG has agreed to:

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- 1) Collaborate with DPWH in administering/overseeing the implementation and utilization of SLRF at the LGU level in accordance with the prescribed policies and standards under the MVUC law and its IRR;
- 2) Provide DPWH with data on LGU road length and vehicle registration as basis for apportionment of the SLRF to provinces and cities;
- 3) Inform the provincial and city governments of their SLRF annual allocation for the preparation of their AWP;
- 4) Review, consolidate, and submit LGUs Annual Works Program to the Road Board thru the DPWH-Road Program Office;
- 5) Monitor the progress and utilization of SLRF;
- 6) Install and operate Implementation Tracking System with the assistance of DPWH;
- 7) Institutionalize systems and mechanisms on road maintenance management in the LGUs; and,
- 8) Represent the LGUs to the Road Board.

## **II.5 Local Government Units (LGUs)**

The LGUs are tasked to prepare and submit their AWP corresponding to the allocated amounts as advised by DILG upon advisement from the Road Board. Upon approval of AWP, the LGUs and the DPWH, through its appropriate Regional Office (RO), must enter into a Memorandum of Agreement (MOA) to delineate responsibilities. The MOA is executed for every fund release to the LGU. The general terms of the MOA directs the LGUs to:

- 1) Implement projects funded by SLRF, in accordance with the approved Work Program and Maintenance Performance Standards and Procedures required of all LGUs and to submit to DILG a quarterly progress report, copy furnish the DPWH-District Engineering Office (DEO);
- 2) Establish, maintain, and operate a financial management system to record details of expenditures from the SLRF released to the LGUs and to submit quarterly financial report;
- 3) Prepare and submit to DPWH an Annual Report not later than 20th of February of each year;
- 4) Conduct annual inventory of existing local road networks for updating of data base of provincial/city roads assets and submission of same to DILG Central Office for updating of the National Inventory of Local Roads; and,
- 5) Periodic inspection, verification, and measurement of work accomplished through assigned engineers to monitor SLRF projects.

The LGUs are required to open and maintain a separate Trust Account/Local Currency Current Account to be known as the Road Fund Disbursement Account to be

exclusively for road maintenance, road safety devices, and traffic management. Fund releases from SLRF for the respective LGU are deposited to this account.

## **II.6 Department of Budget and Management (DBM)**

The DBM is mandated to 'promote the sound, efficient and effective management and utilization of government resources. In keeping with its mandate, it ensures that the expenditures from the MVUC fund is within the approved MVUC Expenditure program (i.e., budget ceiling) for the year, allocated per special fund. The agency is responsible for the issuance of Special Allotment Release Order (SARO) and the Notice of Cash Allotment (NCA) for the approved projects under the four (4) special trust accounts, which are submitted by the Road Board to the Department. The detailed procedure for budget release is discussed in Chapter 3.

## **III. MVUC Collection, Management, and Disbursement Processes**

This chapter describes key processes prescribed in RA 8794, its IRR and other subsequent department orders, and the Operating Procedures Manual (OPM) of the Road Board.

### **III.1 Collection and deposit of monies**

Collection of monies and subsequent deposit to the Bureau of Treasury (BTr) is performed by the Land Transportation Office (LTO) in accordance with Presidential Decree No. 1234 and Joint Memorandum Circular of the DoF and COA No. 1-81, and Department of Finance (DOF) Order No. 52-96 dated May 22, 1996. The procedure for the collection and deposit of MVUC can be divided into several major tasks performed by the agencies involved:

- 1) Collection by the LTO District office (LTO-DO) of vehicle registration fees from vehicle owners covered by its jurisdiction as well as overloading penalties, when applicable;
- 2) The LTO DO deposits the collections to the Land Bank of the Philippines (LBP), the Authorized Government Depository Bank (AGDB) for MVUC, and prepares the List of Deposited Collections (LDC), with breakdown by fund code. It shall also submit to the LTO Regional Office (LTO-RO) the Abstract of Collections and Monthly Report of Collection and LDC, based on the duplicate copy of the Original Receipt (OR).
- 3) The LBP shall issue a letter of confirmation and validated deposit to LTO DO. It shall likewise furnish the Bureau of Treasury (Btr) the LDC and systems generated report for the four (4) special funds.

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- 4) The LTO RO consolidates reports from the district offices and submits financial report and MVUC Certification to the LTO Central Office (LTO CO). The LTO RO likewise submits Abstract of Collection, LDC, and Deposit Slips with ORs for audit and final custody to the respective regional office of the Commission on Audit (COA-RO).
- 5) The LTO CO submits monthly MVUC Certifications to the Road Board (RB) through the Road Board Secretariat (RB), the Department of Public Works and Highways/Department of Transportation and Communications (DPWH/DOTC) and BTr. The LTO CO is required to submit the financial reports for the preceding month by the 20<sup>th</sup> of each month.
- 6) The BTr issues the Journal Entry Voucher (JEV) for MVUC Certifications to RB through the RBS and DPWH/DOTC.

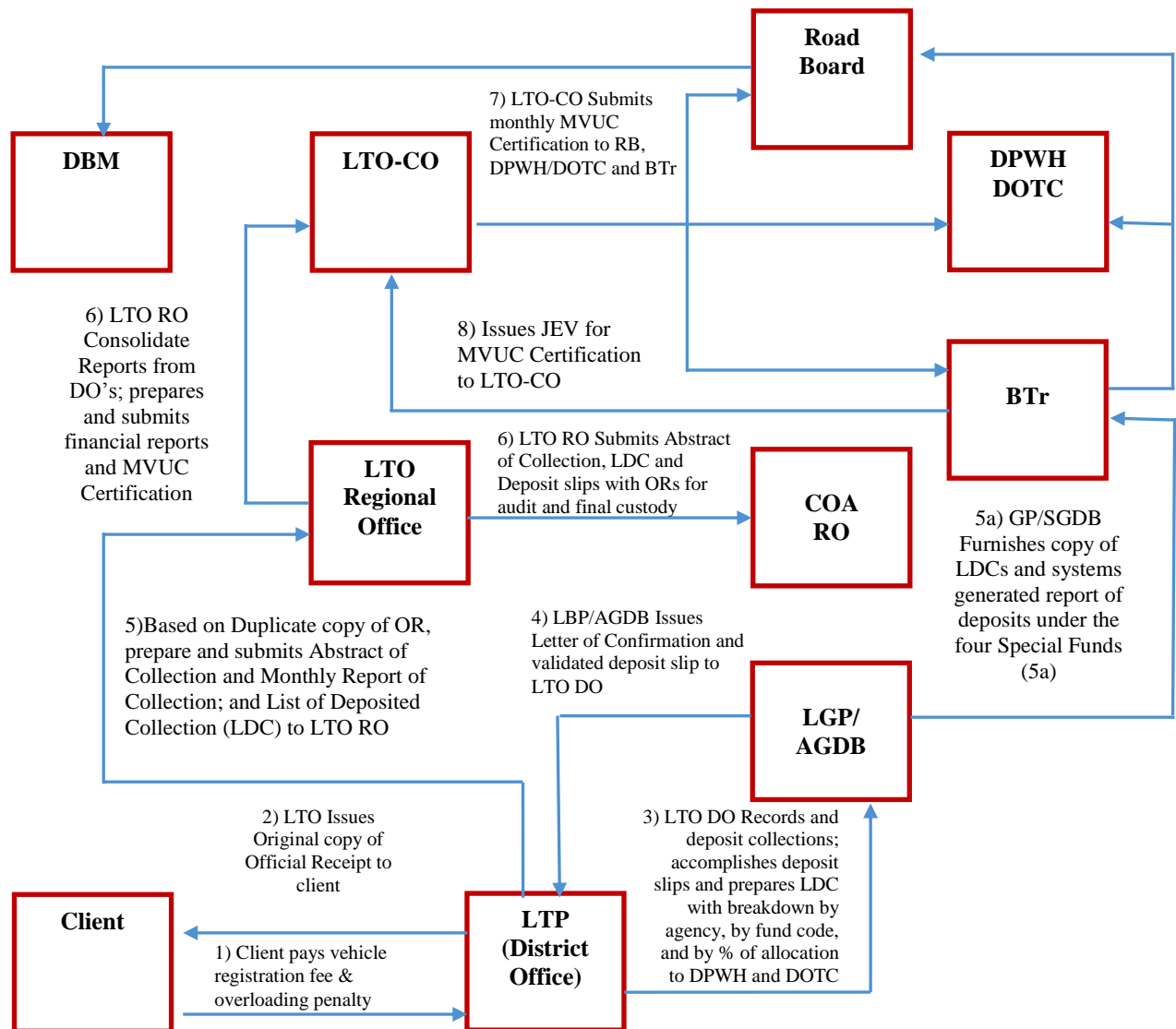
The detailed process flow for the collection and deposit of MVUC monies is outlined in Figure 5.

**Figure 7. Process Flow for the Collection and Deposit of MVUC Monies**

9) RB Furnish copy of  
monthly MVUC  
Certifications from BTR

8) BTr Issues JEV for  
MVUC Certifications to RB  
and DPWH/DOTC





Source: 2009 COA Sectoral Audit Report

### III.2 Project Identification, Prioritization, and Approval

There are four (4) documentary requirements in initiating the request for funding under any of the four special funds. These are:

- Program of Works
- Detailed Project Cost Estimates
- Detailed Plan
- Pictures of the proposed road project with station limits/pollution control project

These are submitted to the proponent agencies by the implementing agencies. For SRSF and SRSaF, the implementing agency may be the district engineering or the regional offices and the proponent agency is the DPWH. For the SLRF, the LGUs

submit to the DILG as the proponent agency. For SVPCF, the regional LTOs will submit to the DOTC.

Once the annual list of projects has been finalized, the proponent agency then submits to the Road Board for review. The 2013 RB Operating Procedures Manual (OPM) prescribes output classes with specific work categories that are eligible for funding from the special funds. Work categories under Output classes 1 and 2 are eligible for funding from the Special Road Support Fund (SRSF), while those in Output Class 3 are for Special Local Road Fund (SLRF). These are listed in the table below:

**Table 3. Work Categories for Output Classes 1-3**

OUTPUT	Work Category Number/Name	Output Class 1: Maintenance of National Primary Roads	Output Class 2: Maintenance of National Secondary Roads	Output Class 3: Maintenance of Local Roads
Carriageway Maintenance	10 Pavement Management	√	√	√
	11 Regravelling	√	√	√
	12 Bridge and Structure Maintenance	√	√	√
Roadside Maintenance	15 Shoulder Maintenance	√	√	√
	16 Drainage Maintenance	√	√	√
	17 Vegetation Control	√	√	√
	18 Traffic Services and Maintenance	√	√	√
Preventive Maintenance	20 Pavement Resurfacing	√	√	√
	21 Concrete Reblocking	√	√	√
	22 Seal Widening	√	√	√
	23 Preventive Works	√	√	√
Rehabilitation and Improvement	25 Rehabilitation	√	√	√
	26 Drainage Improvement	√	√	√
	27 Rehabilitation plus improvement	√	√	√
Emergency Reinstatement	28 Emergency Reinstatement	√	√	
Road Management	30 Professional Services	√	√	

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	31 Administration	√	√	
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Source: 2013 Road Board Operating Procedures Manual

Emergency reinstatement pertains to projects that are necessary for immediate or temporary repair of damage caused by a sudden and unexpected event.

Output Classes 4 to 6 define work classes that may be funded from the Special Road Safety Fund (SRSaF):

**Table 4. Work Categories for Output Classes 4-6**

OUTPUT	Work Category Number/Name	Output Class 4: Safety Works on National Roads	Output Class 5: DPWH Safety Works on Local Roads	Output Class 6: LGU Safety Works on Local Roads
Safety devices	50 Safety Devices Installation	√	√	√
	51 Safety Devices Operation	√	√	
Safety Projects	55 Safety Projects	√	√	√
Road Safety Education and Training	57 Road Safety Education and Training	√	√	
Road Safety Management	59 Road Safety Management	√	√	

Source: 2013 Road Board Operating Procedures Manual

Output Class 7 describes work categories for Special Vehicle Pollution Control Fund (SVPCF):

**Table 5. Work Categories for Output Class 7**

OUTPUT	Work Category Number/Name	Output Class 7: Motor Vehicle Pollution Control
Vehicle Standards and Enforcement	60 Development of Vehicle Standards and Regulations	√
	61 Enforcement of Vehicle Standards and Regulations	
Vehicle Pollution Control Education and Training	67 Vehicle Pollution Control Education & Training and Public Information	√
Vehicle Pollution Control Management	69 Vehicle Pollution Control Management	√
Alternative Vehicle Pollution Control Technology	70 Alternative Vehicle Pollution Control Technology	√

Source: 2013 Road Board Operating Procedures Manual

All proposed projects are evaluated by the RBS. However, for proposals under SRSF and SRSaF, the RBS coordinates with the DPWH RPO to ensure that the proposed projects conform to the results of the HDM-4 and TARAS and that these have not been funded from other sources. On the other hand, proposals for projects under the

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SLRF are guided by the allocation for each city/municipality, as determined by the prescribed formula shown below:

$$\text{LGU allocation} = \text{Annual SLRF} (0.30PI + 0.20VHI + 0.50RLI)$$

Where *PI* = performance index  
*VHI* = vehicle population index  
*RLI* = Road length index

The performance index currently being used in the determination of LGU allocation is the Seal of Good Housekeeping<sup>15</sup> implemented by the Department of Interior and Local Government (DILG)<sup>16</sup>.

For the SVPCF, the MVUC law directs the DOTC to coordinate closely with the Department of Environment and Natural Resources (DENR) in the preparation of its Annual Work Plan (AWP) and the corresponding Expenditure Program (AEP) to ensure that the program and its implementation are consistent with the Philippine Clean Air Act of 1999. The AWP and AEP are to be submitted by the DOTC to the Road Board through its Secretariat by November of the year prior to the financial year to which the programs apply. The DOTC Secretary or the delegated representative shall confirm the submitted AEP in writing with a clear implementation schedule.

The submitted AEP should include a brief description of the proposed course or program, including the target audience and geographical spread, objective(s) to be achieved and how these will be measured; total cost, proposed starting date, and duration of the course or program.

### III.3 Funding Release Process

Upon approval of the projects, the Road Board submits the budget of the approved projects to the Department of Budget and Management (DBM). The DBM then issues the Special Allotment Release Order (SARO)/Notice of Cash Allotment (NCA) to the proponent agencies, after verification of availability of funds based on the approved Expenditure Program (i.e., approved budget ceiling for the use of the Special Funds). The proponent agencies (DPWH and DOTC) will then release the funds to the implementing units.

At the end of the obligated period, any unspent balance, unless the Board otherwise agrees, should be cancelled and reverted to the relevant special trust account<sup>17</sup>.

### III.4 Monitoring of Projects

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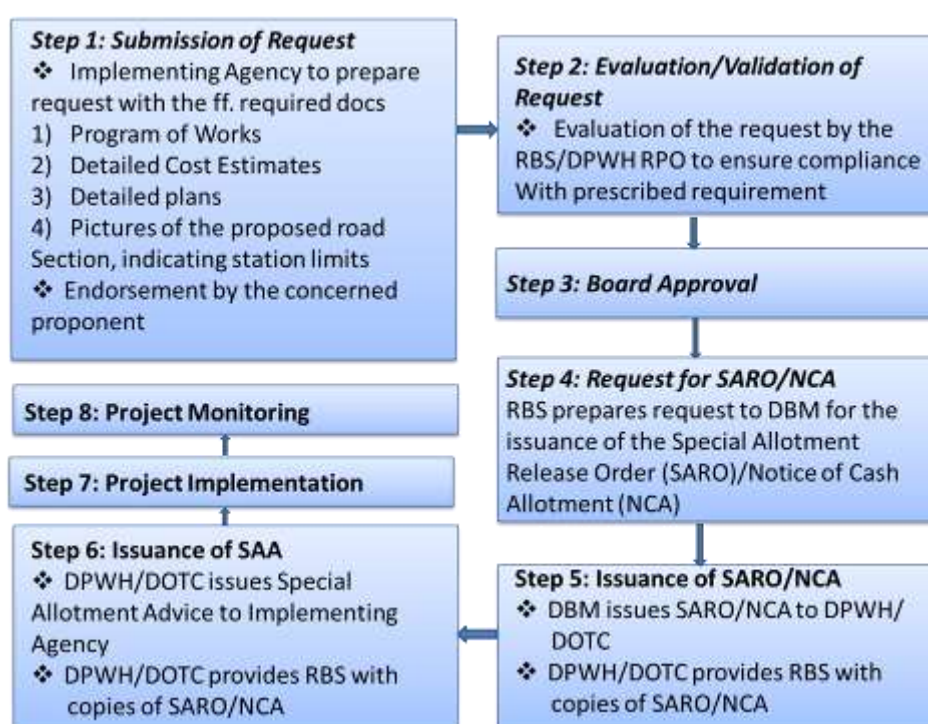
<sup>15</sup> The Seal of Good Housekeeping monitors and awards LGUs with good performance in internal housekeeping specifically in the areas of local legislation, development planning, resource generation, and resource allocation.

<sup>16</sup> Interview with RBS on February 9, 2015

<sup>17</sup> 2009 COA Sectoral Audit Report

Section 5 of the IRR directs the RB ‘to require DPWH and DOTC to provide and perform acceptable and systematic procedures for measuring conditions and managing the implementation of programs in conformity with planned costs and time’. Further, Chapter 6 of the Operating Procedures Manual (OPM) establishes the report format for the quarterly achievement, annual and special reports required by the RB and to be submitted by DPWH, DOTC and the LGUs for its utilization of the respective Special Funds. These reports must be submitted to the RBS at the end of March, June and September no later than the 20<sup>th</sup> of the month following the quarter being reported.

The Project Funding Approval and Monitoring process is shown in Figure 6.



Source: Road Board

**Figure 8. Project Funding Approval and Monitoring Cycle**

## IV. Process Evaluation

This section presents the key findings of the initial evaluation of the implementation of the prescribed procedures as described in the Section III and the identified challenges. The description of the *de facto* practices and implementation issues are based on COA reports, interviews with the Road Board Secretariat, members of the VPCFC (past and current), and key personnel of the DPWH and DPWH Road Program Office (DPWH-RPO), LTO, BTr, and DBM.

#### IV.1 Collection and Deposit of MVUC Monies

In 2008, COA reported that ‘the total MVUC collections and deposits could not be accurately established due to errors in recording, among others, which resulted in unreconciled differences between LTO and BTr records of PhP1.288B as of Dec. 31, 2008<sup>18</sup>. Further analysis of data between 2009-2014 shows that the discrepancy has now increased to PhP4.032B.

**Table 6. MVUC Collection and Deposit**

YEAR	LTO Deposit *	Statement of Deposits **	% Diff
2001	₱3,426,312,376.29	₱3,171,682,068.85	-7.43%
2002	₱4,672,346,471.62	₱4,419,422,233.78	-5.41%
2003	₱5,455,565,035.16	₱5,455,562,970.16	0.00%
2004	₱6,649,038,226.76	₱6,649,022,226.76	0.00%
2005	₱7,207,319,724.06	₱7,207,309,000.06	0.00%
2006	₱8,261,165,614.92	₱7,854,959,214.52	-4.92%
2007	₱8,537,353,489.71	₱8,443,724,502.95	-1.10%
2008	₱8,859,758,530.90	₱8,579,097,694.44	-3.17%
2009	₱9,184,490,405.34	₱9,031,116,338.79	-1.67%
2010	₱9,845,653,526.84	₱9,581,147,502.05	-2.69%
2011	₱10,328,137,604.56	₱10,100,381,687.60	-2.21%
2012	₱10,715,046,304.58	₱10,364,734,263.94	-3.27%
2013	₱11,242,062,868.70	₱10,762,575,927.75	-4.27%
2014	₱12,204,344,783.97	₱10,935,289,205.96	-10.40%
<b>TOTAL</b>	<b>₱116,588,594,963.41</b>	<b>₱112,556,024,837.61</b>	<b>-3.46%</b>
* Based on Certification issued by LTO RO consolidated by LTO Central Office			
** Based on Updated Certifications Issued by the Bureau of Treasury			

Source: Road Board

In the course of this Study, several sources of the discrepancies were identified through discussions with key personnel from pertinent agencies. These include:

1) MVUC monies deposited in General Fund

The LTO started in January 2001 shortly after the enactment of the law. However, the special funds were only created in 2002. Hence, the collection prior to the establishment of the MVUC funds were deposited in General Fund (Fund 101). No adjustment has been made for the 2001 MVUC deposit<sup>19</sup>.

<sup>18</sup> 2009 COA Sectoral Report

<sup>19</sup> Meeting with LTO and RBS on Nov. 16, 2015

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### 2) Manual Encoding of List of Deposited Collections (LDC)<sup>20</sup>

Another source of the discrepancy identified is the manual encoding of the List of Deposited Collections by the Bureau of Treasury (BTr) which is considered to be prone to human error. According to LTO, its Abstract of Collection is automatically generated. The registration fee/penalty is automatically displayed once license plate is encoded. Moreover, the monthly summaries from LTO are collected and checked by the Road Board Secretariat (RBS) and checked for consistency with the validated deposit slips from the Land Bank of the Philippines. Thus, it was agreed that the problem lies in the encoding of data on LTO deposits.

### 3) Use of Incorrect Agency/Transaction Code

One source of error in the encoding of MVUC collection is the use of incorrect transaction/agency code by the LTO collection officers.

### 4) No LDC of LTO Advance Deposits<sup>21</sup>

A main issue that was identified was the non-issuance of LDC for the LTO advance deposits. It is the practice of LTO to make advance deposit of the weekly collections every Friday by the 3 pm cut-off time, although payments are still processed by the LTO offices until 5pm or 6 pm on Fridays. This is to ensure that no large amount of money is kept at the district offices over the weekend. In as much as the rest of the Friday collections will still be deposited the following Monday, the LTO does not submit a List of Deposited Collections (LDC), only an Abstract of Deposits with the DPWH Agency Code but without the breakdown of deposits by special fund. As a result, the BTr allocates the advance deposit to DPWH Fund 151, 152, and 153. The rest of the deposits will be placed in the General Fund (Fund 101).

This year, the Bureau of Treasury (BTr) has issued several Journal Entry Vouchers (JEVs)<sup>22</sup> to adjust MVUC collections, including:

- 1) JEV No. 15-10-07772 dated October 01, 2015:  
Collections for the year 2006 received on 2007-2013.
- 2) JEV No. 15-10-07774 dated October 01, 2015 to correct:

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<sup>20</sup> Meeting with personnel of the Bureau of Treasury, LTO, and representative of Road Board Secretariat, Dec. 1, 2015.

<sup>21</sup> Ibid

<sup>22</sup> A journal voucher is an integral part of the audit trail, and carries (1) a serial number, (2) transaction date, (3) transaction amount, (4) ledger account(s) affected, (5) reference(s) to documentary evidence (such as invoices or receipts) supporting the entry, (6) brief description of the transaction, and the (7) signature(s) or initials of one or more authorized signatories. A journal is, in effect, a collection of financial data culled from journal vouchers. (Source:

<http://www.businessdictionary.com/definition/journal-voucher.html#ixzz3uy8SDMXh>)

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- a. MVUC share for DPWH OSEC were credited to DOTC;
  - b. MVUC share for DOTC were credited to DPWH OSEC;
  - c. MVUC share for DPWH OSEC were credited to other agencies;
- 3) JEV No. 15-06-04808 dated June 17, 2015:  
MVUC collections which should be recorded to DPWH OSec (B5702) were recorded to DPWH RO III (B9789), DPWH RO V, DPWH RO XI (B9876), etc.
- 4) JEV No. 15-07-05328 dated July 03, 2015  
Discrepancy in Generated MVUC Summary for the months of January and February 2015, for the date July 3, 2015 against April 7, 2015.
- 5) JEV No. 115-05-04164 dated May 29, 2015  
Erroneous transaction code such as 604 for regular collections and 609 for penalty collections.

### IV.2 Project Identification and Prioritization

#### IV.2.1 For Projects Under DPWH Supervision

As described in the preceding chapter, the prescribed procedure for identification and prioritization of projects under the MVUC Act and its IRR is for the DPWH RPO to generate a list of priority road projects, using HDM-4, for MVUC funding. This list shall then be validated by the concerned RO and DO. However, the 2009 COA Sectoral Performance Audit Report pointed out that there have been instances recorded where regional offices submit their proposals directly to the Road Board, without prior submission to their Central Office<sup>23</sup>. Further, the 2011 COA Report noted a 'lack of effective procedures by the Planning and Evaluation Division (PED) of the Road Board Secretariat (RBS) in the evaluation of 1,011 projects amounting to P7.99 billion before implementation by the Regional Offices/District Engineering Offices (ROs/DEOs) of the DPWH may result in the approval of non-priority projects'<sup>24</sup>. Hence, to optimize value for money, it directed the Road Board to 'request from the DPWH the current/updated HDM-4, updated RBIA (Road and Bridge Information Application) and list of funded and proposed projects to avoid duplication/overlapping'<sup>25</sup>.

Discussion with the DPWH RPO<sup>26</sup> revealed that despite the COA recommendation, the list of priority projects is still not generated by HDM-4 as prescribed by the MVUC law and its IRR nor coursed through the implementing agencies. Rather, the RBS compiles the list of projects submitted to them from the district and regional offices of the DPWH. The RBS then sends the list to the DPWH RPO/Planning Service for evaluation

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<sup>23</sup> Sectoral Performance Audit Report 2009-02. Commission on Audit.

<sup>24</sup> 2011 COA Report on the Road Board

<sup>25</sup> Ibid

<sup>26</sup> Meeting with DPWH RPO, Feb. 27, 2015



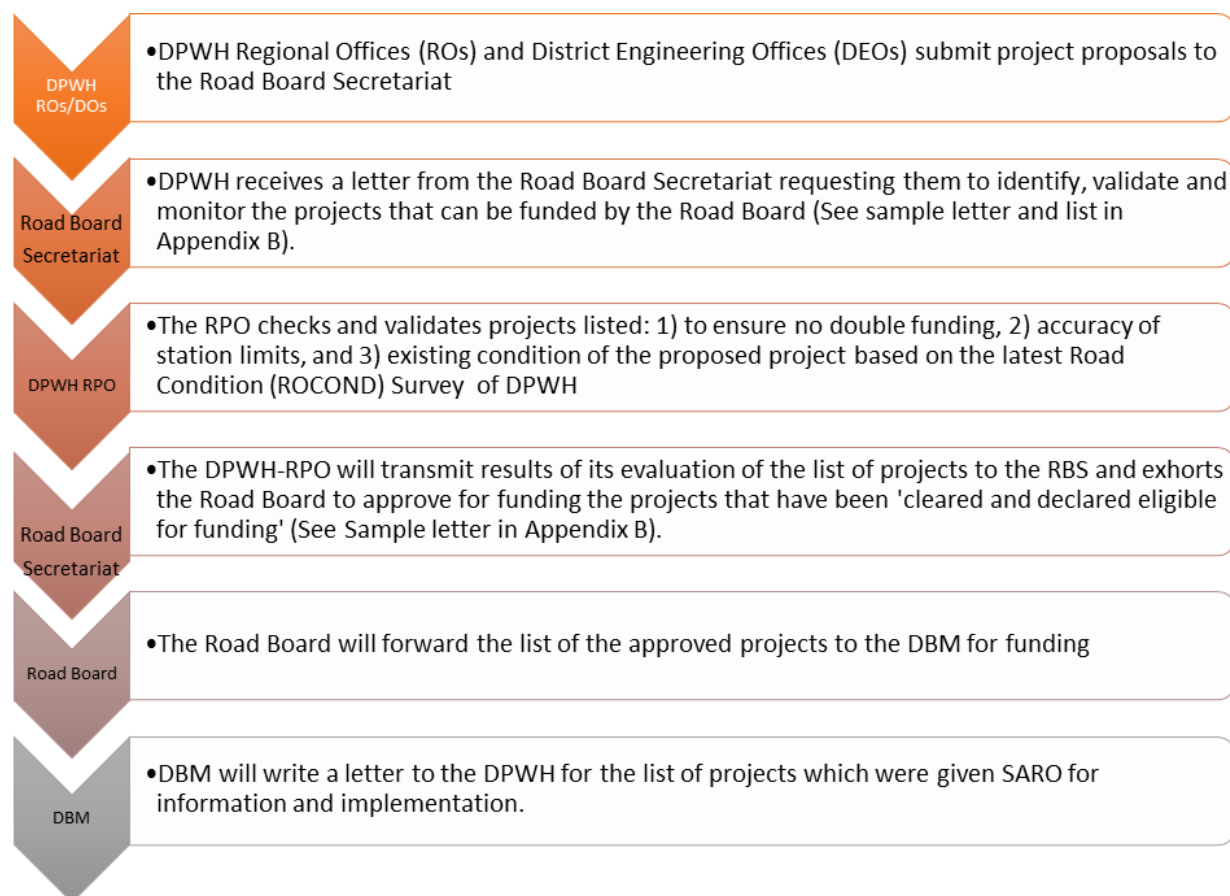
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and confirmation. The DPWH RPO/Planning Service will check whether the project has not yet been funded from other sources. The indicated road conditions will likewise be validated using Road Condition (ROCOND) data that the Agency regularly generates and confirm the station limits (i.e., start and end) of project. The results of the evaluation of DPWH RPO will be transmitted to the RBS, with the exhortation to endorse to the Department of Budget and Management (DBM) only projects that have been evaluated and declared 'eligible for funding' (Sample letter and table of projects are shown in Appendix A).

The current procedure for identifying of priority preventive maintenance projects as illustrated below:

**Figure 9. De facto procedure for Project Identification for SRSF and SRSaF Funding**

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Source: Road Program Office

For the identification of priority road projects under the SLRF, two critical challenges have been identified. These are the 1) absence of a comprehensive and validated database on local road conditions and 2) accuracy of number of motor vehicles that are actually used in the City/municipality, which may not be the same the number of registered vehicles in the City. These data are inputs to the formula used to determine the budget ceiling for each locality. Although one of the required tasks for the LGUs is to regularly conduct local road inventory and submit same to DILG, the results of these have not been validated by DPWH. To address this issue, the Road Board approved the conduct of the Road Inventory Survey on an estimated 47,000 kilometers of local roads during its February 9, 2015 meeting. These issues will be discussed more thoroughly upon the conduct of the Case Study on SLRF.

IV.2.2 For Projects Under DOTC Supervision

Of all the 4 funds, the SVPCF is most underutilized. In the 2011 COA Report<sup>27</sup> on the MVUC, it was found the only 1.7% of the funds of that year was release for pollution control—substantially below the 7.5% yearly allotment mandated by the law. Further scrutiny of data on SVPCF collection and releases from 2001-2014 reveal that there had been years when there were no releases from the SVPCF.

**Table 7. Collections and Releases of Special Vehicle Pollution Control Fund**

PARTICULARS	DOTC	
	Fund 151	
Allotment	Special Vehicle Pollution Control	
Year	Collections	Releases
2001	₱235,189,161.54	0.00
2002	₱342,278,354.14	0.00
2003	₱409,027,760.98	0.00
2004	₱498,744,009.07	₱144,463,000.00
2005	₱540,521,366.12	₱276,700,000.00
2006	₱603,115,726.32	₱514,299,000.00
2007	₱649,321,294.67	0.00
2008	₱683,939,656.20	₱541,701,420.00
2009	₱731,788,846.77	₱811,524,500.00
2010	₱786,116,869.50	₱131,175,000.00
2011	₱859,666,176.70	₱67,226,000.00
2012	₱817,186,427.88	₱45,878,744.00
2013	₱776,713,138.25	0.00
2014	₱809,249,698.95	₱3,467,114,863.00
<b>Total</b>	<b>₱8,742,858,487.09</b>	<b>₱6,000,082,527.00</b>

Source: Road Board Secretariat

The main reason for this underutilization of funds is the absence of a definitive operating procedure system for the identification and prioritization of projects. This has led to the inability of the DOTC to ‘formulate and implement a comprehensive program for the prevention, control and management of air pollution from mobile sources consistent with R.A. 8749, the Philippine Clean Air Act of 1999 and its Implementing Rules and Regulations’<sup>28</sup>. This was pointed out by COA in its 2012 Audit Report which recommended that the DOTC ‘facilitate the revision of the Implementing Rules and Regulations for the Special Vehicle Pollution Control Fund (SVPCF) so that projects funded out of said fund would be immediately undertaken’<sup>29</sup>. Subsequent interview with the DOTC confirmed that to date the agency does not

<sup>27</sup> 2011 COA Audit Report

<sup>28</sup> Section 1g of RA8794 IRR

<sup>29</sup> 2012 COA Audit Report

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have clear guidelines on prioritization of projects, although development of such is underway<sup>30</sup>. Because of this lack of clear guidance, several projects proposed by the DOTC were disapproved for funding because these “did not fall within the approved work categories”<sup>31</sup>.

As an illustration, the case of the Special Vehicle Pollution Control programs and projects proposed for 2013 funding is cited here. The Department of Budget and Management released SARO No. BMB-A-12-0008165 amounting to PhP 45,878,744 to cover implementation of FY 2012, obligated until December 2013. Included in the list of projects is the PUJ Modernization Program which was not implemented because the Road Board requested for a DOJ opinion and the latter ruled that ‘public fund (such as the MVUC) should not be used for private undertakings. According to this ruling, public transportation modes, which are privately owned, are not eligible for funding under the MVUC. As a result, there were no disbursements to the DOTC in 2013.

### IV.3 Release of Funds

The Study conducted by Virata et. al. (2005)<sup>32</sup> stated that the procedure followed by the Department of Budget and Management Procedure (DBM) is consistent with the one-fund concept (General Fund), with the release of the SARO and NCA to the DPWH and DOTC put on queue together with those of other agencies of the national government.

However, subsequent interview with DBM personnel<sup>33</sup> on February 2015 revealed that although the Agency follows the One-fund concept<sup>34</sup>, the MVUC is earmarked by law for road maintenance and safety, and vehicle pollution control. Thus, upon receipt of the RB resolution on the approval of the projects, the SARO and NCA are prepared and processed. Under ideal conditions, the SARO can be released within 7 to 15 days, in compliance with the Civil Service. However, there have been instances

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<sup>30</sup> Interview with Dir. Florencia Creus of DoTC Planning, Dec. 19, 2014

<sup>31</sup> <http://www.manilatimes.net/senate-panel-starts-probe-on-road-users-tax/46314/>. Accessed August 28, 2014.

<sup>32</sup> Virata, C., et. al. (2005). Road Board Assistance on Road User Charges Law Implementation. USAID/Philippines OEDG.

<sup>33</sup> Interview with DBM Budget and Management Specialist on Feb. 9, 2015

<sup>34</sup> The "one-fund" concept is a fiscal management policy requiring that as much as possible, all revenues and other receipts of the government must enter the General Fund and their utilization and disbursement subject to the budgeting process.

when the release took about a month or so<sup>35</sup> (please see Appendix B for documentation of a specific case).

#### IV.4 Project Monitoring

Based on the IRR of the MVUC Act, DPWH and DOTC are to put in place a monitoring system for projects implemented under the MVUC special funds. Hence, DPWH and DOTC are required to submit quarterly report itemizing physical and financial progress for each major project and summarizing physical and financial progress by output. The report should also provide a projection of expenditures. Under this set-up, the monitoring of the RB is heavily dependent on the reports submitted by the DPWH, DOTC and LGUs. Discussion with the RBS<sup>36</sup> revealed that in the past, implementing agencies did not submit the required reports regularly. This may be due to the fact that there are no sanctions in place for non-submission. To remedy this inadequacy, the RBS conducts spot checks to ensure conformity of project implementation to the technical specifications of the Program of Works. But considering the number of projects in comparison to the available personnel of the RBS, monitoring inspections will only be limited and cannot cover all projects. Moreover, the current monitoring efforts of the RBS focuses on compliance to technical specifications and time and cost schedules. The RB OPM does not include any guideline which requires the implementing agencies to conduct evaluation of benefits vis-à-vis project objectives, nor does it contain key indicators to measure project benefits/impacts. Monitoring is therefore limited to the physical outputs and does not provide for evaluation of whether the project objectives have been attained and the optimal benefits to society achieved. Monitoring and evaluation systems of the selected projects under each special fund are discussed in detail in the respective case studies.

### V. Special Vehicle Pollution Control Fund (SVPCF) Case Study: Motor Vehicle Inspection System-NCR North

#### V.1 Motor Vehicle Inspection System

Based on the RB OPM, Work Category 61 for the Special Vehicle Pollution Control Fund (SVPCF) (see Table 4) provides for the acquisition, construction and maintenance of land, building, equipment and all other expenses necessary for the conduct of motor vehicle type approval, inspection and emission testing by DOTC/LTO or its authorized centers. This likewise includes implementation and monitoring of programs approved in Work Category 60 (Development of Vehicle Standards and Regulations).

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<sup>35</sup> Interview with RBS, Feb. 9, 2015

<sup>36</sup> Ibid

Examples of qualifying programs/activities/projects (PAPs) may include but not limited to the following<sup>37</sup>:

- Procurement of Motor Vehicle Type Approval Facilities;
- Maintenance and operation of Motor Vehicle Inspection System (MVIS) Facilities;
- Maintenance and operation of Motor Vehicle Type Approval Test System (MVTAS) Facilities;
- Anti-Smoke belching operation/random roadside emission testing of in-use motor vehicles;
- Implementation of Private Emission Testing Centers (PETC) Regional Monitoring System (Operationalization of Regional Monitoring Teams)
- Implementation of programs relating to vehicle standard and regulations

The Motor Vehicle Inspection System (MVIS) Program of the DOTC involves the development of a network of motor vehicle inspection centers nationwide. It aims to improve the efficiency, effectiveness, reliability, and transparency of the inspection process by using primarily automated inspection methods that will be linked to the information system of the LTO. It is expected to play a crucial part in ensuring that the projected rapid growth in the motor vehicle population of the country is environmentally- sustainable and safe for citizens. Specifically, it aims to:

- To promote clean air by reducing pollution coming from in-use Motor Vehicles (MVs)
- To enhance road safety by reducing accidents caused by vehicular defects and mechanical failures;

The MVIS of NCR North was established in 1992 through a donation from the Government of Japan, along with three other MVIS systems, namely, NCR South (Pasay City), Region III (San Fernando, Pampanga), and Region IV-A (Lipa, Batangas). Each station had fully computerized and automotive inspection/testing equipment on wheel alignment, brake, speedometer, headlight, Hydrocarbons (HC)/Carbon Monoxide (CO) and diesel smoke emission. It is intended to accommodate public transportation companies with approved franchises servicing the north of Metro Manila (including the cities of Caloocan, Quezon, Malabon, Navotas, and Valenzuela), vehicles with government and diplomatic plates, and even private vehicles which are registered with the Diliman District Office.

In 2007, upgrading and rehabilitation of MVIS NCR-North was undertaken and focused on putting in place equipment for the various stages of inspection, as outlined in the Table below.

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<sup>37</sup> Road Board Revised Operating Procedures Manual (OPM) c. 2013

**Table 8. Equipment to be upgraded and rehabilitated: MVIS NCR North, 2007**

Stage	Inspection Aspect
Stage 1	Above carriage inspection
Stage 2	Brake efficiency
	Wheel Alignment
	Suspension efficiency (for light vehicles)
Stage 3	Smoke emission
	Lighting efficiency
Stage 4	Undercarriage inspection
	Joint play efficiency <sup>38</sup>

Source: LTO

The rehabilitated and upgraded MVIS NCR North was inaugurated on July 14, 2008 with a total cost of P14.47M was sourced from the SVPCF.

## V.2 Status of Implementation

Based on the 2012 COA audit report obtained<sup>39</sup>, regular maintenance and calibration of the Motor Vehicle Inspection System (MVIC) testing equipment in LTO-NCR was not strictly observed, as directed in Section 10 of LTO -Region I Section 10 of LTO Administrative Order No. ACL-2009-018, thus contributing to the deterioration of the same. Moreover, despite repeated recommendations from the COA<sup>40</sup>, the MVIS LTO-NCR remained unconnected to the Motor Vehicle Registration System (MVRS), hence impeding real-time authentication and validation of inspection results. The same COA audit report also included the MVIS Status Report prepared by the Management of the NCR North, detailing the defects of the System (Table 9). As can be seen below, significant component of the equipment in the NCR North are defective and in dire need of rehabilitation and upgrading. The aforementioned report also indicated that the equipment have not been calibrated.

<sup>38</sup> Check for mechanical condition of axle components

<sup>39</sup> 2012 COA Audit Report

<sup>40</sup> Recommended in 2010 and 2011 COA Audit Reports

Table 9. Status Report of MVIS NCR North Management (2012)

NORTH MOTOR VEHICLE INSPECTION CENTER (MVIC)	
Defective Parts of the Equipment	Defects/Remarks
<b><i>Lane 1 – Light Duty Lane</i></b>	
Stage 2 – Test Equipment Peripherals	Operation cannot be checked due to faulty Personal Computers (PCs)
Stage 3 – Smoke Emission Tester	
• Central Processing Unit (CPU)	Defective, no display VGA out
• Gas Analyzer	No display, with power but low pump, no oxygen censor
• Smoke Analyzer	Defective: communication with burn marks
• Headlight tester	Operation cannot be checked because of faulty PC
Stage 4 – Under chassis inspection	Defective Uninterruptible Power Supply (UPS)
<b><i>Lane 2 - Light Duty Lane</i></b>	
Stage 1 – Input computer panel	PC corrupted
Stage 2 – Test Equipment Peripherals	Corrupted Operating System
Stage 3 – Smoke Emission Tested	
• CPU	Blurred LCD Monitor
• Gas Analyzer	Faulty power supply, no oxygen censor
• Sound level meter	No communication, Sonometer line problem
• Headlight Tester	No direction movement, transmission error, no ticking sound of head panel
<b><i>Stage 4 – Under Carriage Inspection</i></b>	
• Liquid Crystal Display (LCD) Monitor/Process Indicator	No display
• Joint Play	Flashlight on, motor not working
• CPU	Defective UPS

Source: 2012 COA Audit Report

To validate the current conditions of the North MVIC equipment, site visits were conducted on January 27, 2015 and March 12, 2015. During the visits, it was confirmed that the conditions of the equipment have not improved since 2012. The picture below shows the equipment intended to be used for inspection of brakes, suspension, and side slip. Logs have been used to replace the steel rollers that have been corroded by rust.



Figure 10. Stage 2 Test Equipment Peripherals: NCR North MVIC



Taken during Study Team Site Visit, January 27, 2015

Moreover, only the emission testing is functional in Stage 3<sup>41</sup>. Equipment for testing of lighting efficiency (i.e., headlights) and speedometer are defective.

Figure 11. Emission Testing Machine at North MVIC



Taken during Study Team Site Visit, January 27, 2015

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<sup>41</sup> Interview with Mr. August Cesperes, MVIC NCR North Officer-In-Charge, January 27, 2015

Figure 12. Central Database Station: NCR North MVIC



Taken during Study Team Site Visit, January 27, 2015

### V.3 Impact Monitoring

#### V.3.1 Emission Reduction

The MVIS Program has a two-pronged aim: to reduce emission from motor vehicles, in compliance with the Article 4 of the Clean Air Act of the Philippines, and to reduce incidence of road accidents caused by mechanical failure. Its primary clientele are public utility and government vehicles. Due to the scarcity of government funds, the functions of the MVIS are complemented by Private Emission Testing Centers (PETC) supervised by the LTO. Based on key informant interviews, there is currently no comprehensive monitoring system in place to measure the impact of the MVIS program.

Data obtained from the LTO Central Office shows that the MVIC NCR North serviced 156,385 vehicles in 2013 and 166,011 vehicles in 2014. On the other hand, the MVIC NCR South inspected 63,042 vehicles in 2013 and 83,089 in 2014. This brings the total number of vehicles serviced by the two NCR MVIC in 2013 to 219,427. However, the estimated number of vehicles for hire in 2013 is about 315,172<sup>42</sup>. Thus, it can be surmised that a sizable number of vehicles for hire were not accommodated in the government-run MVICs and sought the services of the PETCs.

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<sup>42</sup> According to the 2013 Annual Report of LTO, the number of registered vehicles in NCR totals 2,101,148. To get the estimate of the number of public transportation units in NCR, the total volume of vehicles in NCR is multiplied by the average share of 15% of traffic volume of public transport modes (Source: *Mega Manila Planning Transport Support System, 2012*).

**Table 10. Number of Vehicles Inspected at the North and South MVICs of LTO  
(2013-2014)**

Month	North MVIC				South MVIC			
	2013		2014		2013		2014	
	PASSED	FAILED	PASSED	FAILED	PASSED	FAILED	PASSED	FAILED
January	9,353	50	16,022	125	5,039	36	5,412	475
February	15,019	75	12,194	85	5,206	461	5,802	478
March	14,540	50	16,044	145	5,336	453	6,631	515
April	16,143	40	14,249	103	5,798	477	5,753	434
May	16,448	90	16,046	106	5,740	485	7,164	612
June	14,291	52	15,566	102	5,302	454	7,039	498
July	16,496	105	14,334	130	6,038	461	7,161	611
August	12,833	70	14,314	101	5,072	407	7,091	670
September	16,819	65	16,557	126	5,787	452	7,766	531
October	12,301	80	13,834	114	4,833	396	7,845	650
November	5,248	0	8,766	84	2,389	182	5,746	533
December	6,217	0	6,799	65	2,081	157	3,410	262
<b>TOTAL</b>	<b>155,708</b>	<b>677</b>	<b>164,725</b>	<b>1,286</b>	<b>58,621</b>	<b>4,421</b>	<b>76,820</b>	<b>6,269</b>

Source: LTO Central Office

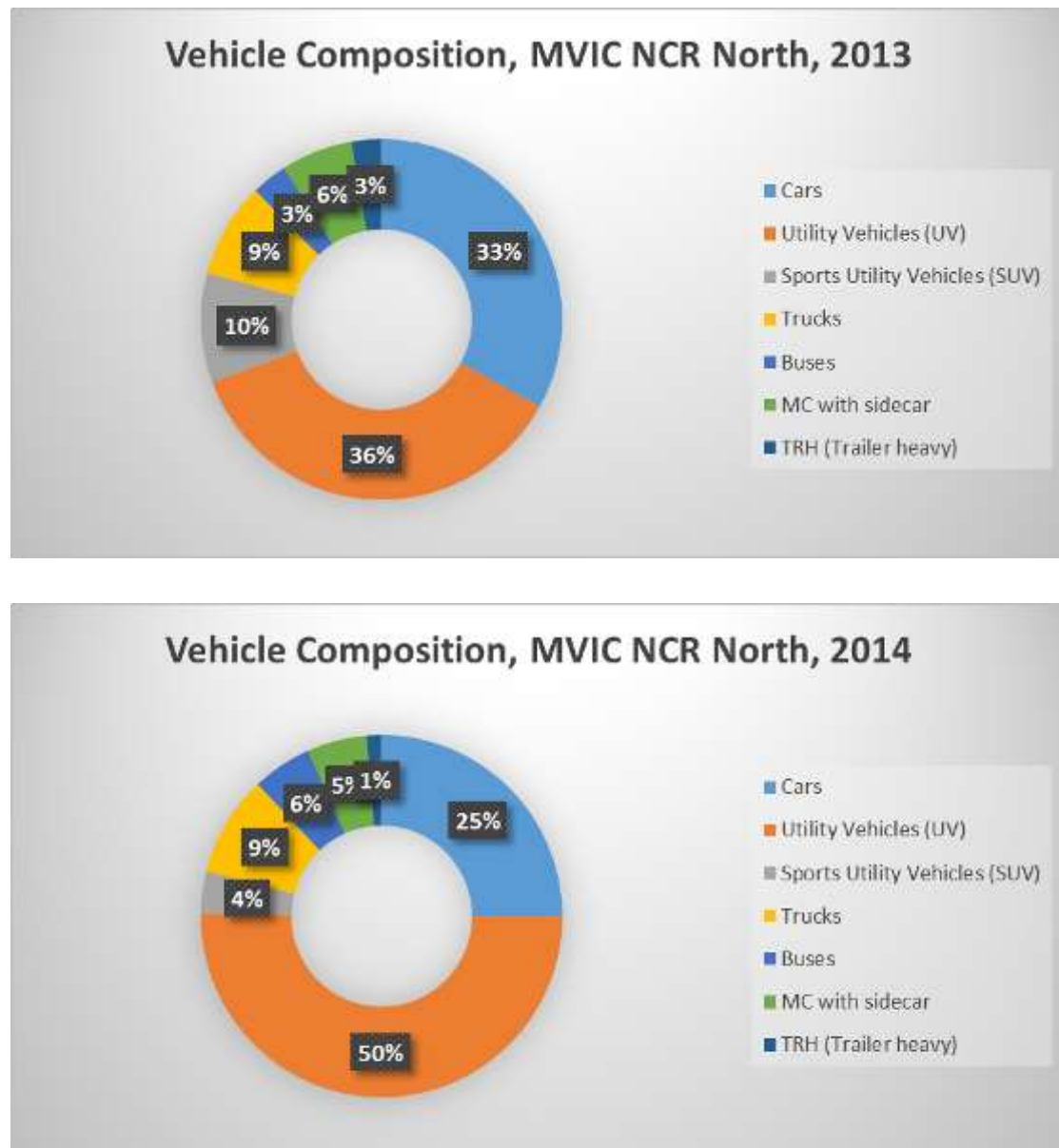
The data also shows that of the total number of vehicles serviced by the MVIC NCR North, only 677 (0.43%) and 1,286 (0.77%) did not pass the inspection in 2013 and 2014, respectively. For the MVIC NCR South the values were slightly higher with 4,421 (7%) failed in 2013 and 6,269 (7.5%) in 2014.

When LTO personnel at the North MVIC and Central Office were asked why only a few failed the test, they explained that most vehicle owners would have subject their units for oil change and engine cleaning prior to the inspection<sup>43</sup>.

Data on vehicle composition inspected at MVIC NCR North for 2013 and 2014 was also obtained from the LTO Central Office. Analysis show that utility vehicles compose the largest proportion of the vehicles served by the MVIC NCR North, followed by cars. The UV category is most likely composed of AUV express/Garage to Terminal vehicles and school services, while cars include taxi and those with government diplomatic plates. However, no distinction is made in the data set between the two kinds of franchises. Motorcycles with sidecar made up 6% of the total number of vehicles inspected in 2013 and 5% in 2014.

<sup>43</sup> Mr. August Cesperes, North MVIC OIC and Ms. Bonette Navaja, Central Office

Figure 13. Composition of Vehicle Types Inspected at MVIC NCR North, 2013-2014



When asked whether the MVIC is perceived to have a consideration impact on the reduction of emissions, the MVIC NCR North Head stated that it is difficult to evaluate this in as much as the inspection is only conducted once a year, prior to the renewal of vehicle registration.

Secondary data on motor vehicle emissions is seen to support this perception. Data on emissions from motor vehicles for 2008 (a year after MVIC North and South became operational) and 2010 indicate that carbon monoxide (CO) and total organic gases (TOG) emissions from buses increased, with sharper increase from those which use diesel. A similar trend is observed for utility vehicles using diesel as well as tricycles.

**Table 11. Motor Vehicle Emissions by Vehicle Type in Metro Manila in 2008 and 2010  
(tons/year)**

Vehicle Type	Fuel Used	TOG		CO		NO <sub>x</sub>		SO <sub>x</sub>		PM <sub>10</sub>	
		2008	2010	2008	2010	2008	2010	2008	2010	2008	2010
Cars	Gas	32,450	32,640	267,715	269,281	14,603	14,688	647	626	535	538
	Diesel	312	85	912	247	960	260	64	17	276	75
UV	Gas	68,793	63,984	515,498	479,502	25,797	23,975	411	384	1,023	951
	Diesel	11,655	12,551	41,626	44,825	23,310	25,102	1,657	1,775	14,386	15,492
Buses	Gas	1,108	1,126	1,108	1,126	120	122	1	1	1	1
	Diesel	6,122	8,027	6,122	8,027	6,172	8,091	39	39	217	285
Trucks	Gas	435	381	10,396	8,220	1,017	891	7	7	12	11
	Diesel	11,539	13,040	38,671	43,700	38,983	44,053	248	2,806	1,372	1,551
MC/TC	Gas	107,561	124,677	150,354	174,280	1,157	1,341	830	962	11,508	13,339
	Diesel										
Sub-total	Gas	210,347	222,757	945,521	932,408	42,694	41,107	1,896	1,979	13,080	14,841
	Diesel	29,628	33,702	87,331	96,799	69,425	77,507	2,009	4,638	16,252	17,402
TOTAL		239,459	256,459	1,032,851	1,029,207	112,119	118,542	3,905	6,616	29,332	32,243

Source: ALMEC (2014)

TOG=Total Organic gases, CO=carbon monoxide, NO<sub>x</sub> = nitrogen oxide, SO<sub>x</sub> = Sulfur oxide, PM<sub>10</sub>

### V.3.2 Ensure Roadworthiness of Public Transportation Vehicles

In the absence of an impact assessment framework for SVPCF, secondary data on road accidents involving buses is used as proxy indicator of effectiveness of the MVIC for two reasons:

- 1) Vehicles for hire, including buses, are the main target clientele of MVIC. Hence, road accidents due to mechanical defects could indicate that the aims of the establishment of the MVIC have not been fully achieved;
- 2) Non-accommodation of vehicles-for-hire due to limited lanes and non-functional equipment at the MVIC encourage the use of PETCs which are notorious for granting certificates of compliance, even without actual inspection of vehicle.

However, data on road accident statistics for 2007 and 2009 obtained from the National Statistics Office (NSO) is aggregated for the entire Philippines, hence cannot directly measure the impact of the MVIC NCR North. However, it can indicate the impact of MVIS as a national program. If it is taken to be such, then considering that the number of traffic accidents due to mechanical defects has increased between 2007 and 2009, then it can point to an ineffective vehicle inspection system.

Table 12 . Causes of traffic Accidents (2007-2009)

Cause of traffic accidents	2007	2008	2009
Driver's error	3,021	4,323	---
Mechanical defect	2,075	1,904	2,706
Over-speeding	1,287	2,107	3,078
Bad overtaking	888	1,048	3,259
Road defect/under repair	1,149	1,414	1,899
Self-accidents	675	924	---
Hit and run	777	765	1,066
Bad turning	646	622	2,755
Overloading	515	903	1,750
Drunk driving	319	201	735
Using cellular phone while driving	222	70	291
Others	649	308	2,102

Source: National Statistics Office, 2012

#### V.4 Implementation Challenges

In general, the implementation of the programs and projects under the SVPCF has been hampered by the lack of clear guidelines for identification and prioritization of the same. The delay in crafting the Implementing Rules and Regulations for the SVPCF can be traced to the delayed constitution of the Vehicle Pollution Control Fund Committee (VPCFC). Under the IRR of the MVUC Act, the VPCFC is responsible for the administration and management of the fund, for provision directions to the projects or activities utilizing the fund and for the supervision, monitoring and proper implementation of the approved Vehicle Pollution Control Program. However, it was first constituted in July 2007 through DO 2007-04. Thus, it was the DPWH that administered the SVPCF from 2004 through 2007. The same DO also mandated the creation of the Technical Working Group (TWG), chaired by the Director of the Transportation Planning Service, to provide assistance to the Committee. Subsequently, the TWG was converted to a Project Management Office (PMO) in 2008 (DO 2008-03). During this time, the Committee and the TWG/PMO identified a multi-year plan covering 2007-2010. Table 7 shows that funds were released during this period. However, despite the multi-year plan, several improper utilization of the funds were observed by COA in its 2009 Audit Report<sup>44</sup>, as shown in the Table below:

<sup>44</sup> COA Sectoral Audit Report, 2009

Table 13 . COA Findings on Appropriate Disposition of SVPCF (2009)

Land Transportation Office		
Implementing Unit	Amount Released (PhP)	COA Findings
Central Office	44,766,493.83	The funds released to the Central and Regional Offices were intended for air pollution control. The audit disclosed that among the expenses charged to SVPCF, which may not be considered relevant, are foreign and local travels, trainings, meetings, seminars and conferences, gasoline and oil, utility bills, construction/improvement of LTO compound, offices and ASBU building, communication and IT equipment, furniture, motor vehicle, software and office supplies, installation of various facilities, repair of service motor vehicles, awards and incentives, representation expenses, security services, miscellaneous expenses, salaries, overtime, bonus and allowances of contractual/job order personnel performing functions not in connection with the MVUC program
National Capital Region	27,030,038.59	
Regional Office No. III	32,949,529.35	
Regional Office No. IV-A	7,332,282.42	
Regional Office No. VII	12,083,445.58	
<b>TOTAL</b>	<b>124,161,789.77</b>	

Source: 2009 COA Sectoral Audit Report

**Table 14. COA Findings on improper purchases and charges to the SVPCF (2009)**

Implementing Unit	Amount Released (PhP)	COA Findings
Main Office	58,412,371.21	Likewise, the funds released to DOTC Main Office and Regional Office No. XIII were intended for air pollution control. Among the expenses charged to SVPCF are purchase of environmental multi-media, digital instruction laboratory, mobile phones, television set, DLP projector, desktop micro-phones, fax machine, furniture, office supplies, cellcard, repair and improvement of office facilities and motor vehicles, advertisement, rental copier machine, training/seminar/meeting (food and accommodation), travel foreign and local, honoraria repair of motor vehicle and aircon, fuel and lubricant, salaries, allowance and bonus of casual employees, honoraria, hazard pay, security services, utility bills, representation and miscellaneous expenses.
Regional Office No. XIII	8,437,169.18	
Total	66, 849,540.39	

*Source: 2009 COA Sectoral Audit Report*

In 2011, the multi-year work program prepared by the VPCF Committee was presented to newly appointed DOTC Secretary Mar Roxas, prior to endorsement for the Annual Investment Plan (AIP). However, the proposed Work Program was disapproved, partly because the new administration wanted to do away with plans and programs crafted under the Arroyo administration and because the proposed workplan was deemed to be inconsistent with the new DOTC Secretary's priorities. Hence, all the projects and programs that have been prepared were pulled out. With the disapproval of the multi-year work program, the PMO was rendered redundant in as much as there were not projects and programs to implement. This situation led to the eventual dissolution of the PMO in 2012. With no PMO to oversee implementation, approved SVPCF projects (shown in the table below) were not accomplished within the target completion date of December 31, 2012, thus funds were reverted to the National Treasury.



Table 15. 2012 SVPCF Projects that were not implemented

Activity	Cost
1. Work Category 61 (Enforcement of Vehicle Standards and Regulations) <ul style="list-style-type: none"> <li>• <i>Oplan Kaayusan sa Paglalakbay</i></li> </ul>	PhP 303,300.00
2. Work Category 67 (Vehicle Pollution Control Education & Training and Public Information) <ul style="list-style-type: none"> <li>• Pilot Testing Program of Alternative Engines/Fuel Efficiency and Emission Reduction Technology for Public Transport<sup>45</sup></li> </ul>	PhP 33,400,000.00
3. Work Category 69 (Vehicle Pollution Control Management) <ul style="list-style-type: none"> <li>• Creation of the Environmentally Sustainable Initiative Transportation Unit (ESITU)</li> </ul>	PhP 12,175,444.00

Source: DOTC Planning

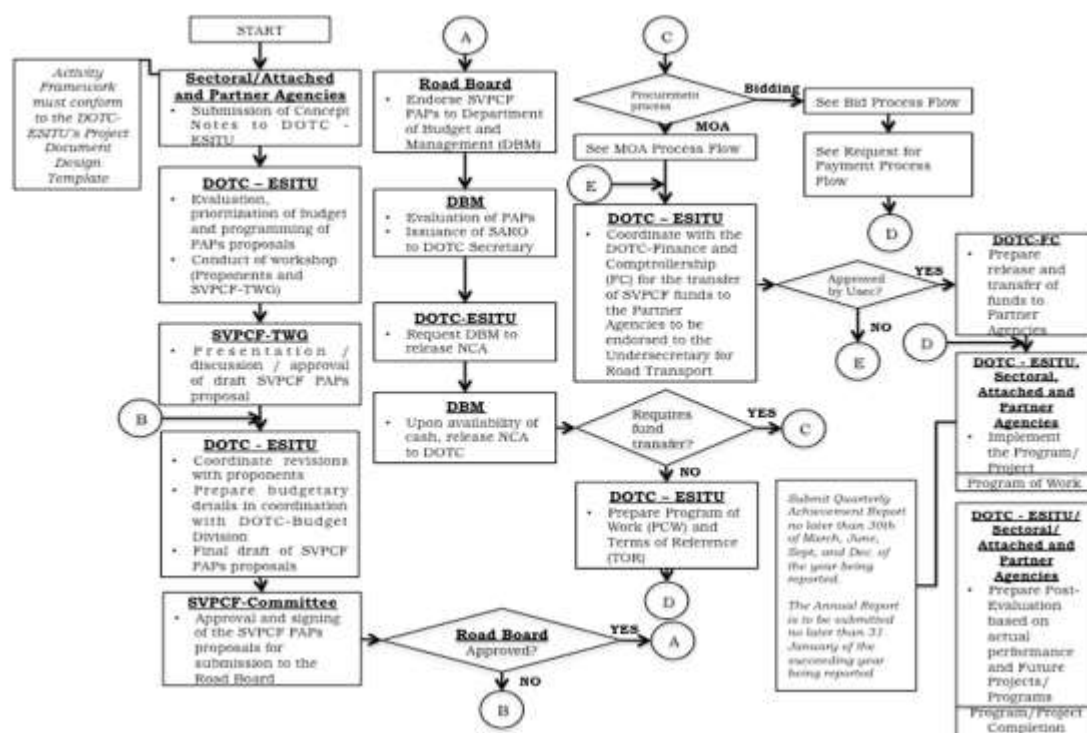
In 2013, DOTC DO 2013-03 reconstituted the SVPCF Committee for the purposes of: (1) administering and managing the SVPCF; (2) providing direction to the activities and projects using the SVPCF; and (3) in general, supervising, monitoring, and ensuring the proper implementation of the approved Vehicle Pollution Control Program, under the supervision of the Road Board. The Environmentally-Sustainable Initiatives Transportation Unit (ESITU) was also established under the Office of the Director for Planning to act as the project management team for the SVPCF-funded projects which it categorizes into the following:

- Clean fuel initiatives
- Vehicle technology and service rationalization
- Development studies on environment preservation

Funding for the ESITU has recently been approved by the Road Board. Moreover, the draft guidelines for project identification and prioritization under the SVPCF fund has been completed. However, as of December 2015, it still awaiting approval by the DOTC Secretary.

<sup>45</sup> Program was not implemented due to the Department of Justice's (DOJ) ruling that said that it is unlawful to use public money (i.e., MVUC fund) for private endeavors (i.e., current public transportation modes are privately owned and managed)

**Figure 14. Proposed Work flow for Project Identification and Development under the SVPCF Funding**



Recently, the National Economic and Development Authority Investment Coordination Committee (NEDA-ICC) approved the Php19B MVIS project for funding under the Build-Operate-Transfer (BOT) scheme. The MVIS Program will replace all private emission testing centers<sup>46</sup>.

## VI. Special Road Safety Fund (SRSaF) Case Study: Installation of Road Safety Devices along Daang Maharlika

### VI.1 Case Study Project Information

The Special Road Safety Fund (SRSaF) has three output classes: *Output Class 4: Safety Works on National Roads*, *Output Class 5: DPWH Safety Works on Local Roads*, and *Output Class 6: LGU Safety Works on Local Roads*<sup>47</sup>. Under these output classes are work categories which provide detailed description of programs and projects that are eligible for funding under the SRSaF. The Road Board OPM further defines *Work Category 57: Safety Projects* which cuts across the aforementioned output classes. It 'provides for the installation or construction of the following types of safety projects,

<sup>46</sup> Manila Bulletin, August 26, 2014 issue

<sup>47</sup> Pg. 38, Road Board Revised Operating Procedures Manual (OPM) c. 2013

which are typically identified by accident reduction studies'. Safety projects enumerated include the installation of new traffic signs and markings and provision of guard railing.

The selected Case Study Project is the Installation of Road Safety Devices along Daang Maharlika, K0152+000 to K0162+, with exceptions, Atimonan, Quezon, with the total approved budget ceiling of PhP11.2 Million.

#### **VI.1.1 Project Identification**

Based on the supporting documents submitted with the proposal<sup>48</sup>, the request for funding was triggered by a major accident which occurred on the downhill portion of Daang Maharlika in the Municipality of Atimonan. Three (3) buses and 5 trucks were involved in multiple collisions, resulting to 20 fatalities and numerous injuries. According to Mayor Jose Mendoza, he immediately called for a meeting with the Department of Public Works and Highways (DPWH), the Municipal Planning and Development Office and the police after the accident. He was alarmed that there have been numerous police reports of accidents occurring at the Atimonan side of Daang Maharlika<sup>49</sup>.

The proposal for the project was submitted to the Road Board by the DPWH Quezon 4<sup>th</sup> District Office on March 2013. The transmittal letter for the Road Board was signed by the District Engineer and the congressional district representative.

#### **VI.1.2 Project Design**

Based on key informant interview with the DPWH 4<sup>th</sup> Quezon DEO<sup>50</sup>, the proposed specifications of the road signs and other safety appurtenances conform to the standards prescribed in the 2012 DPWH Road Safety Manual (DPWH RSM). It was further articulated during the discussion that these specifications are validated and are finalized by the Road Board in cooperation with the DPWH engineer.

#### **VI.1.3 Funding Approval**

The SARO for the project was issued in April 21, 2014, a little over a year since the request was made by DPWH Quezon 4<sup>th</sup> DEO. Discussion with the DPWH Quezon 4<sup>th</sup> DEO personnel revealed that the period required for project evaluation and approval

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<sup>48</sup> Obtained from the Road Board Secretariat

<sup>49</sup> Meeting with Atimonan LGU officials, April 30, 2015

<sup>50</sup> Meeting with DPWH Quezon 4th DEO personnel, May 30, 2015

(or disapproval) of a proposal can vary between 2 to 3 months, depending on the workload of the Road Board Secretariat<sup>51</sup>.

#### VI.1.4 Project Procurement

The DPWH Quezon 4<sup>th</sup> District Office advertised the Invitation to Apply for Eligibility and to Bid for the Project at the DPWH website and the Philippine-Government Electronic Procurement System (Phil-GEPS), as required<sup>52</sup>.

Three contractors were found qualified and were asked to submit their bids, which opened on August 07, 2014. The resulting bids are shown below:

**Table 16. List of Bidders for the Project**

Name of Bidder	Total Bid Amount	% Variance from ABC
L.M.G. Construction	PhP10,444,526.11	(-) 5.80%
RAM Builders	PhP10,749,161.91	(-) 3.06%
St. Bernadine Construction and Enterprises	PhP10,540,904.25	(-) 4.94%

The Contract was eventually issued to L.M.G. Construction.

#### VI.1.5 Project Implementation

Notice-to-proceed (NTP) issued on August 26, 2014 to commence implementation by September 01, 2014 and the project was to be undertaken in ninety (90) calendar days.

### VI.2 Process Evaluation

#### VI.2.1 Project Identification

The project identification process undertaken for the project conforms with the Road Board OPM guideline which states that “the Annual Expenditure Plan (AEP) of the Special Road Safety Fund (SRSaF) shall prioritize road sections identified through TARAS, and road safety audits conducted by the DPWH/RBS without prejudice to road sections which the Board may, upon recommendation of the DPWH, consider for funding during the course of the year”<sup>53</sup>.

On the endorsement of the congressional representative, although not required by the Road Board, the staff of the DPWH 4<sup>th</sup> Quezon DEO believes that it facilitates the review and eventual approval of the project proposal. Considering the distance between Metro Manila and Atimonan, Quezon, it is

<sup>51</sup> Key Informant Interview, DPWH Quezon 4<sup>th</sup> DEO personnel, May 30, 2015

<sup>52</sup> DPWH Quezon 4<sup>th</sup> District Office Resolution No. 14-0031

<sup>53</sup> Pg. 5, Road Board Revised Operating Procedures Manual (OPM) c. 2013

not easy to follow up on the status of proposals submitted to the Road Board. According to the informants, this is usually done in their behalf by the Congressional Representative. That is why it is the DPWH DEO that actively seeks the endorsement.

## VI.2.2 Project Design and Implementation

Based on the DPWH Highway Safety Design Standards Manual, for road signs to be effective, it must meet 5 basic requirements<sup>54</sup>. These must:

- Fulfill a need;
- Command attention;
- Convey a clear, simple message;
- Command respect, and,
- Give adequate time for proper response

During the ocular inspection conducted by the PIDS Team on May 1, 2015, the installed signs were evaluated using the five requirements:

- Fulfil a need

Based on observation, the traffic signs installed indicated the potential dangers in the road section, hence deemed to fulfil the need. However, in a few locations, same traffic signs are placed proximate to each other, resulting to redundancy. In one location, it would appear that there was already an existing sign (one with yellow post) but a new one (with orange post) was installed as part of the project (Figure 7). Another issue noticed was the incorrect arrangement of the traffic signs. According to the DPWH Road Safety manual, the “sharp turn curve is used in advance of a sharp curve where motorists are required to slow down substantially because of the road geometry”. Thus, the sign should be placed at some distance before the sharp curve. However, in at least one road section, the sign was placed behind the ‘Reduce Speed’ sign, obstructing it from the view of the driver, and located on the curve itself, thereby diminishing its usefulness (Figure 8).

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<sup>54</sup> Pg. 4, Highway Safety Design Standards Part 2: Road Signs and Pavement Markings Manual



**Figure 15. Similar signs at same location**



**Figure 16. Imprecise Arrangement of Traffic Signs**

- Command attention

To command attention, traffic signs must be clear and distinct from a certain distance. However, it was observed that several traffic signs were obstructed from view by foliage of trees. Under such circumstance, the traffic signs could not effectively guide the drivers, particularly at night.



**Figure 17. Obstructed Traffic Signs**

- Convey a clear, simple message

The DPWH RSM prescribes that the use of regulatory and warning signs must be kept to a minimum so as not to lose their effectiveness in conveying a single message. However, in certain instances, signs of complementary messages can be placed at one location<sup>55</sup>. For instance, the DPWH RSM recommends that the 'Reduce Speed' sign must be used in conjunction with an appropriate warning sign to convey to the driver the reason for the speed reduction (Figure 10).

Furthermore, the DPWH RSM manual prescribes that when it is absolutely necessary to place several signs of different messages in one location, the distance between the signs should not be less than  $0.6V$  apart, where  $V$  is the 85<sup>th</sup> percentile speed in kilometres per hour (kph). Thus, considering that the 85<sup>th</sup> percentile speed in rural highways is between 40 kph to 60kph, the minimum distance between traffic signs should be 24 meters. However, during the visit to the case study area, it was noticed that in some areas, traffic signs are spaced closely (Figure 11).



Figure 18. Complementary Traffic Signs



Figure 19. 'Overcrowding' of traffic signs

- Command respect

The various classifications of traffic signs<sup>56</sup> have corresponding standard color, shape, and materials that are internationally accepted. Conformity with these

<sup>55</sup> 2012 DPWH Road Safety Manual, pg. 10

<sup>56</sup> Traffic signs have four categories: 1) Regulatory-signs that inform road users of traffic laws and regulations which, if disregarded, will constitute an offense; 2) warning signs – warn road users of condition on or adjacent to the road that may be unexpected or hazardous; 3) Informative (Guide) signs – inform and advise road users of directions, distances, routes, location of services for road users, and points of interest; 4) Special instruction signs – instruct road users to meet certain traffic rule requirements or road condition (Source: DPWH Road Safety Manual, 2012)

standards impute the installed traffic signs with authority to regulate, warn, and guide the drivers. However, during the site visit, it was observed that there were traffic signs that do not conform to the standards (Figure 9).



Figure 20. Non-standard traffic signs

- Give adequate time for proper response

The location of a traffic sign is critical to its effectiveness. According to the DPWH RSF, 'a traffic sign should be perceived and understood by the driver travelling at the 85% percentile speed of the traffic on the road, in sufficient time for him to safely take any action necessary'<sup>57</sup>. The table below shows the prescribed distance of the sign from the road condition that the driver is being warned about, based on the approach speed of the vehicle and the desired speed at the particular road section.

Table 17. Advance Warning Signs Distance (in meters)

Approach Speed (kph)	Desired Speed (kph)			
	Stop	20	30	40
50	75	60	45	30
60	100	90	75	60
70	160	150	140	120
80	225	200	190	170

Source: DPWH Road Safety Manual Part 2 (2012)

However, despite this regulation, it was observed during the site inspection that a few 'Reduce Speed' signs are installed on the curve itself (Figure 13), potentially reducing the time for proper driver response.

<sup>57</sup> DPWH Road Safety Manual (2012)





**Figure 21. Warning Signs located on the curve**

Other observations:

- Missing traffic signs in a few locations

Despite the fact that the project has already been completed, it was noticed that there were several signs that were not yet installed.



**Figure 22. Poles with missing traffic signages**

- Dilapidated Traffic signs

There were several old traffic signs that have not been removed, although this is part of the Project's scope of works.



Figure 23. Old and dilapidated traffic signages

- Official project billboard alongside another billboard with photo of Congressional District Representative

There were two project billboards installed for the project: the official DPWH project marker and the one bearing the same project title with the picture of the incumbent congressional representative of Quezon 4<sup>th</sup> District.



Figure 24. Project Billboards

### VI.3 Impact Monitoring

The project was completed in December 2014, based on the contract period of 90 days. However, when asked if there had been any evaluation conducted on efficacy of the project, the DPWH DEO key informants stated that there is no monitoring system in place, especially now when the Traffic Recording and Analysis System (TARAS) has been discontinued. They simply rely on police reports of occurrence of accidents in the project area. So far, they said there have been no reports of major road accidents occurring in the area since the project was completed.

In the absence of any existing data, the MVUC Study Team interviewed residents along the project corridor and truck drivers who frequently travel along the route. The responses gathered were consistent. The local residents perceived that there had been a reduction in the number of accidents since the traffic signs and guard rails have been installed. The group of drivers interviewed also shared the same opinion, that the newly installed traffic signs are very useful in guiding motorists, especially at night as they are reflectorized. According to the driver respondents, the most useful traffic signs are the Chevron Marking and 'Reduce Speed': The Chevron markings guide drivers along a curve and is particularly useful for those who traverse the route for the first time, and the 'Reduce Speed' sign, when properly located, provides a good reminder to start deceleration. The group articulated that the size and font of the traffic signs are just right and clear. They suggested that the guardrails should also be reflectorized to improve visibility at night.

In general, the local community and drivers, as revealed through the on-site interviews, consider the installation of the new traffic signs and guardrails as effective deterrents against road traffic accidents.

## VII. Special Local Road Fund (SLRF) Case Study: Baguio City

The case study conducted for the SLRF is slightly different from those that have been conducted for the three other funds which were project-centric. The process evaluation conducted for SLRF is focused on Baguio City and its experience as a fund recipient. This was undertaken to afford the researchers a better understanding of the MVUC funding dynamics from the LGU perspective.

The table below shows the SLRF allocation for Baguio City.

**Table 18. SLRF Allocation for Baguio City (2008-2015)**

YEAR	SLRF Allocation	Year Released
2008	P1,774,746.58	2010
2009	P1,765,088.00	Unreleased
2012	0	N/A
2013	0	N/A
2015	5,255,806.00	To be released pending completion of required documents

Source: Baguio City Engineering Office

As can be seen from the Table, the 2008 allocation was released in 2010. However, due to delay in procurement, the project proposed for the 2010 SLRF release, the Asphalt Overlay along Lake Drive 1, Burnham Park, Baguio City from Sta. 0+066 to Sta. 0+115, was not implemented until 2012.

Based on documents obtained from the DILG-CAR and Baguio CEO, two checks were issued to Kane Construction in keeping with the then procedure of downloading SLRF to the LGUs in two tranches: 50% upon mobilization and 50% upon project completion: 1) LBP Check No. 16484 for PhP 991,046.61 issued on November 20, 2013 and 2) LPB Check 18614 issued on March 10, 2014 for PhP 693,995.44, bringing the actual total project cost to P1,685,042.05.

However, on November 6, 2014, a 'Notice of Disallowance' (ND) for PhP 520,339.03 was issued by COA-CAR Office of the Audit Team Leader and the Supervising Auditor addressed to Baguio City Mayor Mauricio G. Domogan. It stated that there was a 'volume deficiency of 50.01 metric tons as inspected by a representative of the Technical Services, COA-CAR...on July 10, 2014'. To address the COA ND, a letter of 'Appeal from Notice of Disallowance' was sent by the Baguio City Engineering on March 19, 2015. It clarified that 'after the required area was completed, there were still three (3) truckloads of premix asphalt on site. So as not to waste the premix asphalt, it was decided with the contractor's engineer to continue to lay asphalt from Sta. 0+115 onwards for the condition of the road was on its deterioration state. With the required area of Seven Hundred Thirty Five (735) square meters, an additional area of Three Hundred Forty and 9/100 (340.09) square meters was asphalted'. The aforementioned letter further stated that 'After the project was completed, a representative from the Technical and Information Technology Service (TechITS) of COA-CAR Office, La Trinidad, Benguet, thru Engr. Roel Guadiz inspected the project and only minor surface depressions were noted'.

Because of the slow resolution of the issue of 'disallowance', Baguio City did not receive any SLRF allocation from 2012 to 2014.

## VII.1 Project Identification

However, even though the issue on disallowance was still being resolved, the Department of Interior and Local Government informed Baguio City LGU through its Mayor, the Hon. Mauricio G. Domogan, of its SLRF allocation of **Five Million Two Hundred Fifty Five Thousand and Eight Hundred Six Pesos (PhP 5,255,806.00)** on March 2, 2015. In this connection, on March 13, 2015, the DPWH-CAR issued a certification stating that ‘the City Government of Baguio has no unliquidated cash advance in the implementation of the SLRF’, only a disallowance as stated in the Credit Notice from COA-CAR (Appendix C). With the DPWH-CAR certification, the City Engineering Office of Baguio submitted its nine priority projects for 2015 SLRF culled from their Annual Investment Plan (AIP).

For the 2015 SLRF allocation, Baguio City has submitted a list consisting of nine (9) projects, as shown in the table below:

**Table 19. Proposed Projects of Baguio City\_2015 SLRF Allocation**

Work Category Number	Description	Road Name	Location	Estimated Project Cost
21	Concrete Re-blocking	Camdas	Brgy. Camdas	PhP700,000
21 & 26	Concrete re-blocking and drainage improvement	Sta. Escolastica	Brgy. Sta. Escolastica	PhP835,000
21	Concrete Re-blocking	Sarok	Sitio Sarok, Brgy. Camp 7	PhP1,035,106
21	Concrete Re-blocking	Bakakeng Norte	Brgy. Bakakeng Norte/Sur	PhP680,000
21	Concrete Re-blocking	Bado Dangwa	Brgy. Cresencia Village	PhP142,000
21	Concrete Re-blocking	Pinget	Brgy. Pinget	PhP600,000
21	Concrete Re-blocking	Dominican Hill	Brgy. Dominican-Mirador	PhP530,000
21	Concrete Re-blocking	Bengao	Sitio Bengao, Brgy. Bakakeng Central	PhP443,700
21	Concrete Re-blocking	Dizon	Brgy. Dizon Subd.	PhP290,000
<b>TOTAL ESTIMATED COST</b>				<b>PHp 5,255,806</b>

Source: DILG-CAR

The priority projects that are proposed for funding are taken from the Annual Investment Plan (AIP) of the City have undergone deliberations and have been ranked

according to urgency and necessity. The City Planning Department records the funding sources for the various projects in the AIP to ensure no double funding<sup>58</sup>.

## VII.2 Fund Approval and release

As shown in Figure 2, once the fund allocation has been finalized by the RBS, DBM, and DILG-Office of Project Development Services (DILG-OPDS), the LGUs which have no outstanding unliquidated cash advances and are deemed qualified by the DILG based on the results of the Seal of Good Financial Housekeeping will be requested to submit a list of priority projects for financing.

According to City Engineering Office, the proposed projects are checked against the local road inventory<sup>59</sup>. Once these have confirmed and approved for funding, it is necessary for the *Sangguniang Panlungsod* to issue a resolution authorizing the City Mayor to enter into a 'Tripartite Memorandum of Agreement with the DPWH and DILG for the implementation of the Special Local Road Fund Under Republic Act No. 8794'<sup>60</sup>

For the release of 2015 SLRF allocation for Baguio City, the Mayor requested the *Sangguniang Panlungsod*, through the Vice-Mayor, for such resolution through a letter dated September 7, 2015. The City Mayor was granted the authority to enter into and sign the MOA on October 12, 2015<sup>61</sup>. However, the Study Team was informed during the site visit that the MOA has not been finalized yet due to lack of clarity within the DPWH as to who should sign on behalf of the agency (please see Appendix D).

## VII.3 Project Procurement

All projects under SLRF are bidded out by the Baguio City LGU.

## VII.4 Project Implementation

As discussed earlier, the last project undertaken in Baguio City under the SLRF was the Asphalt overlay of Lake Drive 1 in Burnham Park. The pictures below show the current good state of the asphalt overlay and enjoyed by tourists and local residents alike.

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<sup>58</sup> Interview with Dir. Evelyn Trinidad, City Director, DILG-CAR and Mr. Ric Abad, City Planning Dept., Baguio City, Nov. 6, 2015

<sup>59</sup> Interview with Engr. Stephen Capuyan, Assistant Chief, Maintenance Division, City Engineering Department  
City of Baguio, Nov. 6, 2015

<sup>60</sup> Resolution No. 228, Sangguniang Panlungsod, Oct. 12, 2015

<sup>61</sup> Ibid



Figure 25. 2010 SLRF Project in Baguio City: Asphalt Overlay Along Lake Drive 1, Burnham Park., from Sta. 066 to Sta. 0+0115

## VII.5 Project Monitoring

The DILG, as the oversight agency, is obliged to monitor the implementation of SLRF funded projects. The city offices submit inspection report to the DILG regional office based on their observations. In addition, the Local Project Monitoring Committee (LPMC), composed of DPWH, DILG, CEO, and other pertinent local government units, also conducts inspection of projects being implemented through various fund sources.

There is no impact monitoring system designed for SLRF projects.

## VIII. Special Road Support Fund Case Study 1: Upgrading of Road Shoulder along Marcos Highway

### VIII.1 Project Identification

The project selected as the first of the two case studies for the Special Road Support Fund (SRSF) is designated by the Department of Public Works and Highways (DPWH) as the International Road Assessment Program (IRAP)<sup>62</sup>-Phase 1 Demonstration Corridor. It was identified through the submitted priority projects of the District Engineering Offices in the Region based on Road Safety Audit conducted by the DPWH Central Office<sup>63</sup>. The project is located along Marcos Highway covering the City of Baguio, Province of Benguet and La Union Province with a total length of 47.03kms.

<sup>62</sup> International Road Assessment Program (IRAP), developed is an assessment tool that will evaluate safety conditions of roads through star ratings and aims to significantly reduce road crashes worldwide

<sup>63</sup> Key informant interviews with: 1) Engr. Engr. Nestor Nicolas, Assistant Chief Maintenance Division, DPWH CAR Regional Office; 2) Engr. Julie Agcon, Engineer III, IRAP Coordinator, DPWH CAR Regional Office; and 3) Engr. Nora R. Delos Santos, Maintenance Chief, Baguio 1<sup>st</sup> DEO



The scope of work for the case study is comprised of:

- 1) Upgrading of road shoulder;
- 2) Removal of structures and obstructions;
- 3) Construction of retaining walls;
- 4) Concrete lining of canals;
- 5) Carriageway reblocking;
- 6) Installation of RCPC pipes, inlets and manhole cover; and,
- 7) Construction of sidewalks.

Administrative jurisdiction of selected sections for upgrading are as follows:

- |                                 |   |                           |
|---------------------------------|---|---------------------------|
| 1) Baguio City DEO              | : | K0280+(-855) – K0 283+334 |
| 2) Benguet 1 <sup>st</sup> DEO  | : | K0260+(-686) – K0 279+149 |
| 3) La Union 2 <sup>nd</sup> DEO | : | K0237+(-810) – K0 259+224 |

## VIII.2 Funding Approval

To fully implement the identified road safety counter measures, two sources of MVUC funds have been tapped: the Road Safety Support Fund (Fund 153) for the construction/installation of the road safety devices totaling of P97.09Million and the Special Road Support Fund (Fund 151) for the remaining countermeasures such as paving of shoulder and carriageway improvement, with total project cost of P98M.

Special Allotment Release Order (SARO) No. BMB-A-14-0003795 chargeable against the SRSaF for the construction/installation of road safety devices was released on April 04, 2014. Subsequently, SARO No. A-14-0014903 for the construction/rehabilitation/improvement of Agoo-Baguio City Road was released on October 2, 2014.

## VIII.3 Project Procurement

Considering that the project covered several DEOs, the DPWH Office of the Secretary recommended that the project be 'solely undertaken by the DPWH-CAR'<sup>64</sup>. The memorandum further recommends that only one (1) qualified contractor be utilized to undertake the project to facilitate monitoring of the project. The latter recommendation is in reference to the practice of 'declustering' segments of a project and contracting several companies to facilitate project completion.

Upon the approval of the SARO, the procurement process was initiated by the posting of call for bids in websites of PhilGeps and DPWH as well as in leading newspapers, as required by the Procurement law. The winning company for both components of work was Northern Builders. Total contract amount for the component funded by the SRSF is PhP 92.043, lower than the approved budget ceiling (ABC) of PhP98M.

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<sup>64</sup> Inter-office Memos from DPWH Office of the Secretary dated March 7, 2014 and October 28, 2014, respectively

#### VIII.4 Project Implementation

The upgrading of the road shoulders was commenced on January 23, 2015 for 270 calendar days. It was supposed to be completed by October 19, 2015. However, due to inclement weather causing rock falls and landslides along the corridor, project completion has been moved back to end of November 2015.

Figure 26. SRSF Case Study: IRAP Demonstration Corridor





Pedestrian sidewalk installed on newly upgraded shoulder to serve school children



Portion of Case Study Project Still Under Construction

## VIII.5 Project Monitoring

### *Output monitoring*

The Office of the Secretary designated the Road Safety Program Division (RSPD) of the Bureau of Quality and Safety (BQS) as the overall monitoring unit of the project and to 'ensure that it (project) is built in accordance with the approved plans and specification'<sup>65</sup>. Moreover, to facilitate the implementation of the project, one project engineer from the DPWH-CAR was designated to 'supervise the over-all execution of the project'<sup>66</sup> and focal persons in each of the three DEOs were assigned as project inspectors to 'monitor the daily activities of the contractor'<sup>67</sup>. Progress report are to

<sup>65</sup> Inter-office Memos from DPWH Office of the Secretary dated March 7, 2014 and October 28, 2014, respectively

<sup>66</sup> Inter-office Memorandum from DPWH Office of the Secretary dated August 12, 2014, signed by Raul C. Asis, Undersecretary for Technical Services

<sup>67</sup> Ibid

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be submitted to the Office of the Director of the BQS through the IRAP Regional Coordinator every 1<sup>st</sup> week of the month.

### *Outcome Monitoring*

Based on the Status Report dated July 31, 2015, the project 'as projected and expected, after the implementation, will provide safer, better, faster, and easier access to and from adjacent municipalities of the province and its nearby provinces as well'. To monitor the impact of the implemented road safety schemes, Undersecretary Raul C. Asis issued a memorandum directing the DPWH-CAR to establish 'baseline or statistics of distinct observations and studies about road crash occurrence within the station limits of the project over a period of time'. In the gathering and collection of road crash records, referred to as Traffic Accident Data (TAD), he recommended that the Traffic Accident Report (TAR) form of the DPWH TARAS be used<sup>68</sup>. All TAR forms are to be collected every month and submitted to the BQS every first week of the succeeding month<sup>69</sup>.

Acting on the aforementioned directive, DPWH CAR wrote to the chiefs of the Police Stations serving areas within the demonstration corridor on September 10, 2015. Detailed data on traffic accidents to be collected will be for the period starting January 2015 until October 2016, one year after the target completion of the project. However, with the decommissioning of TARAS, sustainability of monitoring of incidence of road accident is not assured.

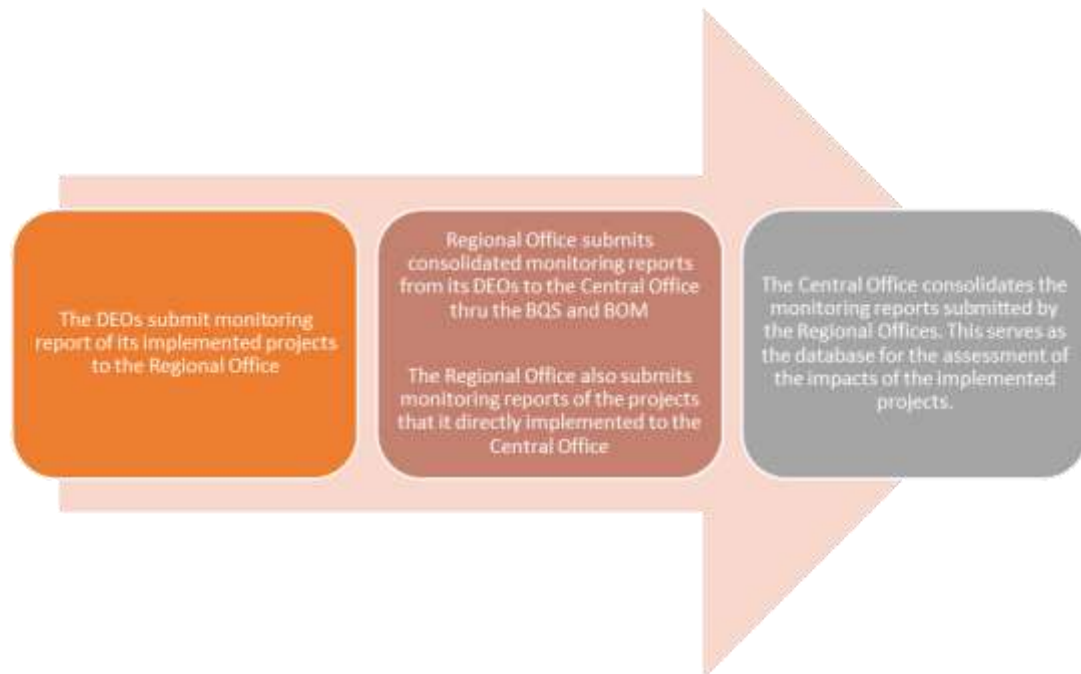


Figure 27. Information Flow for Road Accident Monitoring

<sup>68</sup> Inter-office memorandum issued on June 3, 2015, signed by Undersecretary Raul Asis

<sup>69</sup> To be confirmed with the BQS after the submission of this Progress Report

Incidence of road accidents has been monitored since January 2015 (please see Appendix E). However, the full impact of the project cannot be fully ascertained at this time in as much as the project has not yet been concluded.

## IX. Special Road Support Fund Case Study 2: National Road Lighting Program-Roxas Blvd. (Vito Cruz to P. Burgos St.)

### IX.1 Program Background

The National Road Lighting Program (NRLP) was established by the Road Board in 2012 and implemented in selected regions as shown in the Table below.

**Figure 28. National Road Lighting Program Releases**

CY 2011-2014 MVUC Releases  
Special Road Support Fund (F151) - National Road Lighting Program

Region	2011		2012		2013		2014	
	Estimated Length (km)	Amount	Estimated Length (km)	Amount	Estimated Length (km)	Amount	Estimated Length (km)	Amount
NCR	0	0	8.74	PHP 226,000,000.00	47.87	₱767,350,697.69	24.34	₱377,468,442.77
CAR	0	0	0	PHP 0.00	0.00	₱0.00	0.00	₱0.00
R1	0	0	0	PHP 0.00	0.00	₱0.00	4.30	₱26,253,000.00
R2	0	0	0	PHP 0.00	4.92	₱57,822,800.60	4.29	₱54,743,000.00
R3	0	0	0	PHP 0.00	4.50	₱61,728,780.80	11.37	₱149,775,000.00
R4A	0	0	0	PHP 0.00	3.60	₱54,379,692.60	16.39	₱186,523,157.23
R4B	0	0	0	PHP 0.00	0.00	₱0.00	0.00	₱0.00
R5	0	0	0	PHP 0.00	0.00	₱0.00	0.00	₱0.00
R6	0	0	0	PHP 0.00	8.29	₱111,602,726.00	23.17	₱189,444,000.00
R7	0	0	0	PHP 0.00	0.00	₱0.00	0.00	₱0.00
R8	0	0	0	PHP 0.00	0.00	₱0.00	9.59	₱103,192,000.00
R9	0	0	0	PHP 0.00	0.00	₱0.00	0.00	₱0.00
R10	0	0	0	PHP 0.00	0.00	₱0.00	0.00	₱0.00
R11	0	0	0	PHP 0.00	0.00	₱0.00	0.00	₱0.00
R12	0	0	0	PHP 0.00	0.00	₱0.00	2.00	₱31,509,000.00
R13	0	0	0	PHP 0.00	0.00	₱0.00	0.00	₱0.00
ARMM	0	0	0	PHP 0.00	0.00	₱0.00	0.00	₱0.00
TOTAL	0	0	8.74	₱226,000,000.00	69.18	₱1,052,884,697.69	95.45	₱1,118,907,600.00

### IX.2 Project Profile

The selected NRLP project is approximately 300 meters and was completed in July 29, 2015. The total project cost is PhP 47.744 million, less than the allocation of PhP47 million with the following scope of work:

- Removal of existing concrete pavement, curb and gutter and asphalt pavement;
- Construction of pavement (PCCP), curb and gutter and sidewalk;
- Installation of lamp post (single, double, combination arm);
- Installation of conduits, wires, and panel boards.

### IX.3 Project Identification and Design

Based on the interview with DPWH NCR personnel, they were only involved in the implementation of the project but were not in any way involved with project identification. The project design and location were decided by the Road Board.

Moreover, the Road Board, through its Secretariat, was responsible for the procurement and installation of the luminaires.

#### IX.4 Project Implementation

The Notice-to-Proceed (NTP) was awarded to New Big Four J Construction on December 05, 2014 and was completed on July 29, 2015.

Figure 29. Road Lighting Along Roxas Boulevard



#### IX.5 Project Impact

It is expected that road visibility along Roxas Boulevard, thereby minimizing road-related accidents and enhance security upon the completion of the Project. However, no baseline data has been collected nor an impact evaluation system put in place for the project.

## X. Key Findings from the Case Studies

This section presents the important findings that were gleaned through the conduct of the process and impact evaluation based on the five Case Studies.

### X.1 Collection and Deposit of MVUC monies

Several potential sources of the discrepancy between the LTO Certificates of Deposit and the BTr have been identified which include:

- MVUC monies deposited in General Fund due to incorrect agency/transaction code;
- No LDC for LTO advance deposits on Fridays

### X.2 Project Identification and Prioritization Process

The Motor Vehicles Users' Charge contributes an additional 40% available fund for maintenance of national roads. Hence, it is important that the identification and prioritization of projects will be performed rationally to ensure maximum benefits for the community.

#### *For MVUC projects under DPWH*

Based on key informant interviews, it was discovered that the prescribed procedure indicated in the IRR of the RA 8794 as well as the RB OPM is not strictly followed (i.e., DPWH identifies priority road projects through the RPO, using HDM-4. In actuality, the project proponents submit proposals to the Road Board and the RPO serves as the clearinghouse checking accuracy of station limits and incidence of double funding.

On the other hand, with the decommissioning of TARAS, projects are based on recommendations from DEO/RO and results of Road Safety Audits conducted by the BQS. Prioritization is now on a 'first-come, first served' basis.

Although the bottom-up approach for project identification is a legitimate methodology, adopting this solely without validation using HDM4 or a network perspective of accident blackspots may lead to the implementation of projects that are not of the highest priority, thereby defeating the intention of the fund.

#### *Fund Approval and Release*

For projects under SLRF, one key challenge is the requirement for the *Sangguniang Panglunsod (SP)* to issue a resolution granting the City Mayor to enter into and sign the tripartite Memorandum of Agreement (MOA). This makes the process vulnerable to the political manoeuvres, especially when the SP is not of the same political party as the incumbent Mayor, hence delaying the process and subsequent implementation of priority projects.

*For MVUC projects under DOTC*

It was also discovered that the main reason for this underutilization of funds is the absence of a definitive operating procedure system for the identification and prioritization of projects. Hence, it is critical that the SVPCF guidelines that have been recently completed will be approved and implemented to facilitate implementation of critical projects that will reduce the adverse impacts of transport on the environment and the general populace.

*Expansion of RBS Function*

As discussed earlier in the Report, by virtue of the revised 2012 IRR, the functions of the Road Board Secretariat has been enhanced to now include procurement and project implementation. This creates a potential for overlaps of its functions with the DPWH. For instance, the Road Board, through its Secretariat, has initiated a project to supply the required road signages along national roads for the entire country (Appendix G). Under this project, the Road Board, through its Secretariat, will procure the road signages and the fund will no longer be downloaded to DPWH. However, installation of the signages will be performed by the DPWH using its regular maintenance budget.

The enhanced authority of the Road Board Secretariat creates a real potential of overlaps of the functions with the DPWH as the premier authority of the country on Road Safety.

### **X.3 Transparency and accountability**

Transparency of process and accountability of actors are critical factors for the successful implementation of the MVUC funds. However, two observations indicate that there is still a need to improve on this area.

- a. One of the functions of the RB, through the RBS, is to raise awareness of the public on the use of the special funds and the activities of the Board through the publication of an annual report, not more than four (4) months after the end of the fiscal year. The IRR further stipulates that the Annual Report be made available and disseminated in a popular form. In this era of electronic access, one of the more popular medium is the Road Board website. However, annual reports are not available online.

Moreover, information on projects implemented is also not available on the website for the general public to access.

- b. It was also noted that no clear schedule for proposal submission and approval is indicated in the RB OPM or was discovered during the various key informant interviews. In fact, the approval of the second case study (Installation of Road



Safety Devices along *Daang Maharlika*) and subsequent release of the SARO took about 21 months. The absence of a systematic system for proponents to track their proposals has necessitated the involvement of local politicians to assist in following up on the status of requests. This could present an opportunity for political interference in the project identification and implementation process.

#### X.4 Monitoring and Evaluation of Impacts

The MVUC was instituted to ensuring sustainable financing of road maintenance and the minimization of air pollution from mobile sources. It is considered to be the 3<sup>rd</sup> biggest source of tax revenue for the government of the Philippines. But despite this, there is no systematic procedure in place for the evaluation of impacts of the projects undertaken through the MVUC funds. Although the Section 5g of the MVUC Act IRR stipulates that the Road Board require DPWH and DOTC to provide acceptable and systematic procedures for measuring conditions, maintain a database, and quantify benefits on a life-cycle, this has not been actively pursued.

In the first case study (North MVIC), it was noted that the MVIC is not linked with the Motor Vehicle Registration System (MVRS). This hinders real-time verification of the results of the Inspection and opens the system to manipulation of results to facilitate vehicle registration. When this happens, the objectives of the MVIS program is subverted and diminishes the value for money of the fund allocated.

Except for the IRAP Demonstration Corridor (SRSF Case Study 1), impact evaluation system is absent. It is evident the focus is on project implementation, rather than impacts of the projects.

## XI. Involving Communities in the Maintenance of Infrastructure

One key strategy for sustaining efforts in maintaining road infrastructure is to involve the local communities. This will not only promote inclusivity and transparency, but also provide opportunities for the individuals and the locality.

### EXPERIENCE IN OTHER COUNTRIES

#### Mbizana Local Municipality, South Africa

The community-based labor-intensive construction of the Amadiba road started when the Amadiba community together with a local non-profit organization asked assistance from the Council for Scientific and Industrial Research (CSIR) for the upgrade of their road. The project is to develop the Amadiba road, which is forty kilometers in stretch, into a sustainable road infrastructure with an aim to enhance the accessibility to socio-economic opportunities for more than 15000 people being served by the road and 1500 households located along the road.

The construction began in January 2002. However, the project itself had been running since July 2001. (Mashiri et. al, 2005).

Mbizana, where the Amadiba community is located, is considered to be as one of the poorest local authorities in South Africa with more than eighty percent of the population below the poverty line and a significant number of households unemployed (Alderman et. al, 2001 as cited by Mashiri et. a, 2005). Since 1994, the South African Government has had National Public Works Programme whose aims included employment and asset creation, alongside capacity and skills development (McCutcheon, 1999 as cited by Mashiri et. al, 2005) with a view to impacting on poverty reduction and economic growth. The socio-economic condition of the Amadiba community mentioned above provided for the said programme to be extended.

The labor-intensive component of the project is seen to be as providing short term employment recognizing of laying the foundation for the creation of systems, procedures, capacities for sustainable employment. This kind of mechanism fits the profile of the households of the Amadiba perfectly whose numbers are substantial in terms of having no income at all. The whole project transpired through a series of project inception workshops and meetings, supervision from the Project Steering Committee, carrying out of an Environmental Impact Assessment and the construction of the Amadiba road. (Mashiri et. al, 2005)

The project had a positive effect on the socio-economic condition and trajectory of the Amadiba community, especially on the beneficiaries of the project and residents along the road. These positive effects were bounded by the critical things that were given attention by the implementers of the projects. These are the institutionalization of the stakeholder involvement, importance of making the stakeholders understand the benefits that is emanating from the project, political will, and the labour-based approach for the construction of roads.

### **Nanggroe Aceh Darussalam (NAD) Province, Indonesia**

The Kecamatan Development Programme (KDP) is an initiative of the national government of Indonesia which aimed to alleviate poverty, to strengthen local government and community institutions and improve local governance. One component of the program is the National Program for Community Empowerment (Program Nasional Pemberdayaan Masyarakat-PNPM). The KDP/PNPM offers the community a list of activities that they can select from by a participatory approach in which the decision of the residents from the village and sub-district are being followed. Most of the projects (90%) under this component have been infrastructure projects. Under this program is the Local Resource-Based Road Works project. The project is also in partnership with the UNDP/ILO.

The implementation of the project is done by the facilitators from the UNDP/ILO and the community. They focus on the budget and how the construction of the

roads can be done within the given budget. The construction of the roads is being carried out either by a contractor hired by the community or directly by the community themselves under the direction of a village foreman/woman. With these mechanisms of the project, the quality of the road can be compromised. Moreover, with the challenge of having inadequate funding, the financing and management of routine maintenance was recognized as an issue in which should be concentrated on. As part of the solution, one option was the provision of allowance in the construction contracts of the contractor to be able to continue with routine maintenance once the construction of the road was finished. In addition to that, proper training, community-oriented handbooks and mentorships are things to be done for the communities to be better equipped to manage their own simple maintenance activities to prolong the life of the road (ILO, 2008).

### **Malawi and Paraíba, Northeast Brazil**

Both countries, in partnership with the World Bank have looked into undertaking Community Contracting to enable communities by letting them work and handle their own projects. Community contracting is defined to be as the procurement done by or on behalf of the community (Jorgensen, 1999 as cited by de Silva, 2000).

An assessment of local stakeholder perspectives of community contracting in the Malawi Social Action Fund and North East Brazil Rural Poverty Alleviation project was conducted in May 1999 and June 1999 respectively. The assessment was conducted after projects were conducted in the area. It was verified that community contracting has its own limits. Communities can handle subprojects that are simpler more efficiently. On the other hand, if the projects are more complex and technical in nature, communities should be provided assistance (de Silva, 2000)

### **Dehong Prefecture, Yunnan Province, China**

Road deterioration is evident in Dehong Prefecture because of the limited labor inputs and a lack of skill training. Maintenance quality is suboptimal and the burden of this situation falls on the women and poor residing in the area. Because of this condition, through the Gender and Development Cooperation Fund (GDGF), a pilot demonstration project of community based road maintenance was implemented. Through the said fund, the Asian Development Bank agreed with the Yunnan Provincial Department of Transport and the Dehong Prefecture Communications Bureau to increase the funding for routine maintenance of rural roads. This pilot project also provided an opportunity for the residents of the area for off-farm employment especially for the women and ethnic groups.

The project had been beneficial for the residents of Dehong Prefecture for roads were successfully maintained by the women's road maintenance groups, people were provided technical and management skills training in routine rural road

maintenance with other income generating activities, and wages from the maintenance work provided a substantial increase in the household income. (ADB, 2011).

## EXPERIENCE IN THE PHILIPPINES

### Community-based employment for road projects

With respect to community-based employment for road projects, the Philippines has already applied this kind of mechanism for over 20 years. In particular, the Community Based Employment Program (CBEP) seeks to provide short term employment to workers through the infrastructure projects, including road projects, and non-infrastructure projects undertaken by different government agencies. This program also covers providing emergency employment projects to individuals affected by disasters and economic shocks. In this context, the program is a social protection scheme and was devised to contribute to poverty alleviation.

Republic Act 6685 serves as the legal basis of the CBEP. Its provision is to hire local labor available in the areas where government infrastructure projects are to be undertaken. There are other laws such as the Executive Order No. 336 and Executive Order No. 994 that set out the policy direction and institutional frameworks for the implementation of Labor-Based/Equipment-Supported approach in government infrastructure projects.

When President Benigno S. Aquino III assumed office in 2010, he revived the CBEP as the major strategy for generating employment and poverty alleviation. The program is designed to have a variety of existing labor-intensive programs of different government agencies. The projects would include infrastructure and non-infrastructure. As a mechanism, the Public Employment Service Offices (PESOs) will be providing the list of the projects and its eligible beneficiaries. However, not all local government units have their own PESOs. In the absence of a PESO, the implementing national agency will be the one responsible in employing workers for their CBEP project. The wage of the workers is also determined by the implementing government agency (Artajo, 2013).

### Civil society participation in monitoring road projects

Electing the help of civil society organizations (CSO) in monitoring infrastructure projects is not new in the Philippine road transport sector. The World Bank initiated the *Bantay Lansangan* or Road Watch initiative in November 2007, as part of its implementation of phase two of the National Roads Improvement Management Program<sup>70</sup>. Bantay Lansangan is composed of multi-sectoral

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<sup>70</sup> The National Roads Improvement and Management Program, a project funded partially by World Bank through a loan, aims to improve the maintenance and management of national road system in the country, as well as improve road user satisfaction.

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organizations from all over the country including non-government, private, and official development partners. It is primarily tasked to monitor if transport infrastructure projects meet the quality and design benchmarks.<sup>71</sup> Further, it is recognized by the DPWH as a partner in efforts to deliver transparent and efficient services in relation to the road network of the country.

In 2011, the DPWH issued Department Order No. 14, Series of 2011 which directs the creation of a committee that shall be the lead entity in promoting DPWH-CSO partnership in all levels of project development cycle. In relation to this, DPWH and Bantay Lansangan signed a Budget Partnership Agreement in 2011 which states that the civil society organization shall be included not only in the monitoring aspects of transport infrastructure projects, but also in the budgeting process<sup>72</sup>. DPWH is to provide Bantay Lansangan with budget documents in order for the former to submit its recommendations and comments. Essentially, the agreement increased transparency as DPWH committed to give access to relevant information and data.

One of the interesting activities by Bantay Lansangan is coming up with the Road Sector Status Report Card (RSSRC). The RSSRC is a tool designed to measure the institutional and operational performance of DPWH using three key indicators: effectiveness, efficiency, and impact on the road user.<sup>73</sup> Bantay Lansangan has also developed a Procedures Manual for Road Construction and Maintenance in 2008. The manual was designed for volunteers who will conduct the road monitoring tasks for the organization. The manual contains basic concepts of road construction and it includes standard definitions in the design, sample calculations of measurements, and corresponding pictures to help the volunteers in understanding technical specifications of the roads. For example, a concrete pavement will be given a Good, Fair or Bad rating. Each of the rating has a corresponding definition and a picture to help the volunteer assess the road in their respective areas. According to DPWH however, Bantay Lansangan has failed to submit the RSSRC since 2011 as sustainability of the World Bank-funded organization may be an issue.<sup>74 75</sup>

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<sup>71</sup> Affiliated Network for Social Accountability in East Asia and Pacific. (2010). The Bantay Lansangan (Road Watch) Experience.

<sup>72</sup> DPWH, Bantay Lansangan inks Budget Partnership Agreement. Accessed December 26 from <http://goo.gl/RQB7Vd>.

<sup>73</sup> Road Sector Status Report Card 2009.

<sup>74</sup> 2014 DPWH Annual Report. Accessed from December 26, 2015 <http://goo.gl/w0jNtT>.

<sup>75</sup> Latest available RSSRC is the 2009 report. See <http://goo.gl/KhEpRP>.

## XII. Recommendations

Based on the key findings, the following recommendations are put forward to improve the effectivity and efficiency of the MVUC fund.

### XII.1 Collection and deposit of MVUC monies

To improve the efficiency of MVUC collection, it is strongly recommended that serious effort be placed into automating the system of recording and encoding of collections and deposits to reduce human errors.

### XII.2 Project Identification and Prioritization

#### *Project Identification and prioritization*

For projects administered under the DPWH, it is recommended that the process conform to the prescription of RA 8794 and its IRR wherein: 1) the district/regional offices submit proposed projects to the Central Office/RPO, and 2) projects are prioritized using HDM4.

Towards this end, the DPWH Secretary issued a memorandum on December 14, 2015 directing all district engineers and regional directors that all project proposals for “Asset Preservation and Additional Pavement Width” under the Motor Vehicle Users Charge (MVUC) be sent to the Road Program Office, Planning Service for evaluation and validation (Appendix F).

For DOTC administered projects, it is recommended that the guidelines for identification and prioritization of projects to be funded through the SVPCF be approved and implemented. It is further suggested that multi-year funding scheme be studied to ensure sustainability of programs and maintenance of facilities.

#### *Funding Approval and Release*

Considering that the current process for release of the SLRF is cumbersome and open to political interference, it is recommended that the institutional repercussion of downloading the SLRF fund to the LGUs in a manner similar to release of the Internal Revenue Allocation (IRA) be studied more thoroughly.

#### *Transparency of Process*

To improve the transparency of the whole process, it is suggested that:

- Information on projects undertaken for the last 5 years be published in the Road Board website;

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- A clear timeline from submission of project proposal to RB decision (approval or disapproval) be formulated;
- An on-line verification of the status of project proposals be made available at the RB website.

### *Establishment of Impact Evaluation System*

An appropriate impact evaluation plan, where expected outputs and outcomes are stated, should be made a requirement in the application for funds. Further, it is recommended that the evaluation and monitoring of the plan be institutionalized. Performance indicators for the following categories must be identified and included in project proposals:

- Travel time savings
- Savings in vehicle operating costs
- Reduction in the frequency and severity of accidents
- Increased comfort, convenience, and reliability of service

### **XII.3 Institutional Reforms**

Three institutional reforms are put forward to improve the efficiency and transparency of the processes:

- Establishment/Creation/Identification of an Oversight Committee for the MVUC funds

To ensure constant improvement of process and procedures as well as adhere to the essence of RA 8794 for the prudent and effective utilization of the funds, it is strongly suggested that an oversight committee be created/identified for the MVUC. One option put forward is the Internal Audit Office under the Office of the President.

- Re-focus the role of the Road Board Secretariat focused on monitoring and evaluation of project Implementation and Outcomes

As stated in the previous subsection, the expansion of the authority of the Road Board Secretariat, by virtue of the 2012 Revised IRR, to include procurement and project implementation has the potential to duplicate the functions that are part of the mandate of DPWH. For more efficient operations and in the adherence to the essence of the law, it is recommended that the RBS re-focus its roles to its tasks outlined in RA 8794 and develop a monitoring and evaluation system for projects implemented under MVUC.

- Strengthen the use of community-based employment in road maintenance projects and the participation of civil society organizations in monitoring and increasing transparency in road projects

Communities are critical actors in the development of the locality. Hiring of community organizations and local units are beneficial in terms of efficiency on work and economic advancements. Given the experiences of community-based labor approach on road maintenance from other countries and the experience in the Philippines, this approach in road maintenance certainly has potential for mainstreaming. However, the local communities in our country have not yet reached the stage where they can be the outright implementer of the project. It must be initiated by the government or a private entity, coupled with a program that could capacitate the communities into sustaining such efforts.

The Bantay Lansangan experience proves that there is indeed space for CSO participation in the road monitoring aspect. DPWH has shown willingness to work with CSOs in order to increase transparency. As the chairperson of the Road Board, it would be best if the DPWH-CSO partnership can be replicated for the monitoring of the MVUC fund. The Road Board can release a resolution similar to Department Order No. 14, Series of 2011, where the Road Board Secretariat can take the lead in giving policy directions in greater CSO participation in managing the MVUC fund. This could mean CSO participation not only in project implementation, but also in identification and prioritization as well.

One important activity that should be adopted for the MVUC fund is the RSSRC. The RSSRC is a great tool which does not only consider the physical components of the project. More importantly, the impacts to the road users are also measured. Although impact to the road user indicators such as road safety, flow of traffic and road surface is mainly perception rating, it nevertheless is a great step towards measuring MVUC outcomes. More information can be added in the survey so that more advanced impact evaluation methodologies may be employed in the future.

Finally, closely related to the RSSRC is the need for the DPWH to capacitate volunteer CSOs. Road construction and engineering is a technical craft. Thus, the issuance of a Procedures Manual for Monitoring may not be sufficient. Continuous capacity building activities must be undertaken, and the manual must be updated to reflect current standards. The Procedures Manual developed for Bantay Lansangan in 2008 may serve as the template, or it may be further upgraded, simplified or even translated into vernacular terms for the volunteers.



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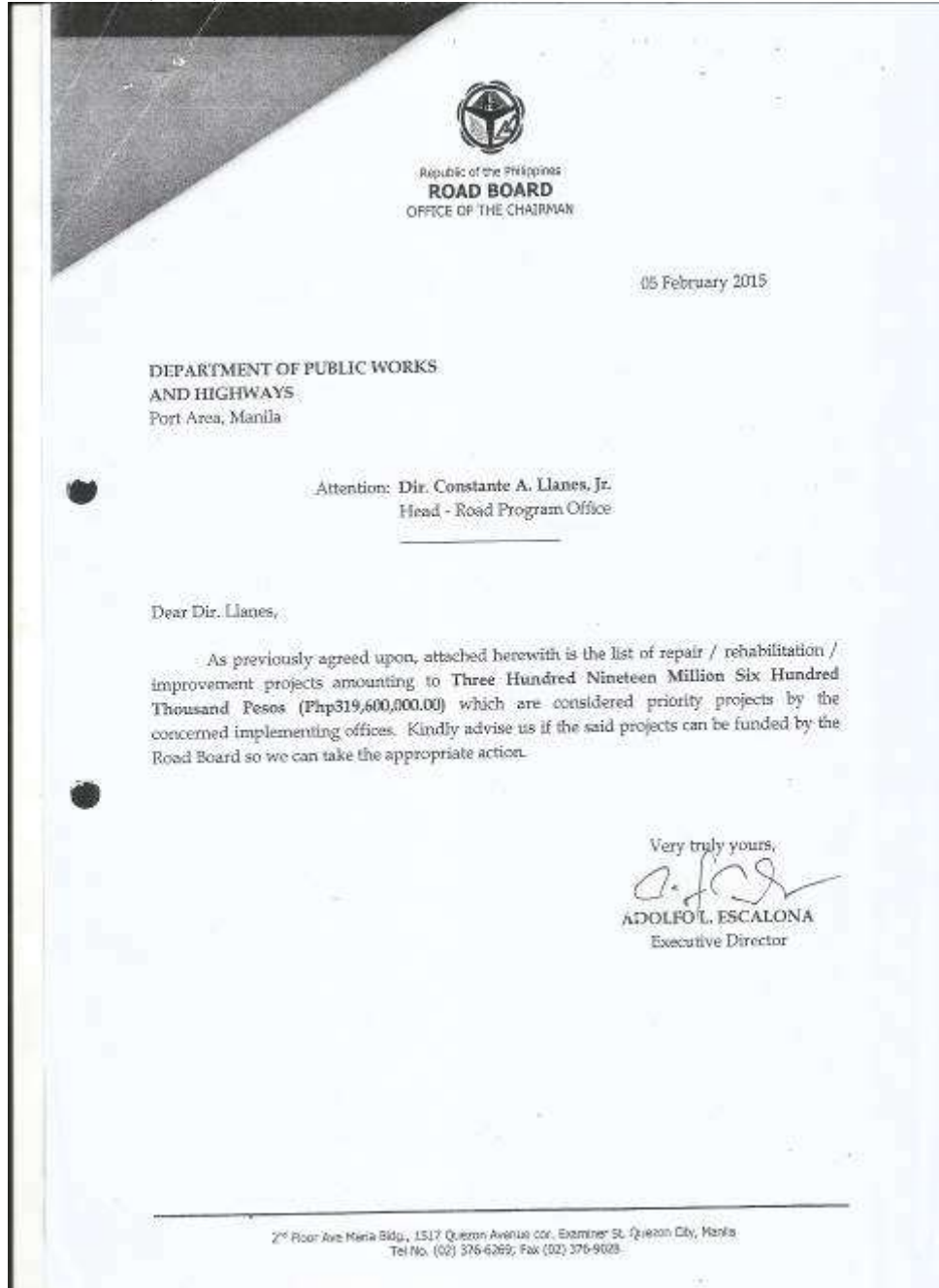
*Presentations:*

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## Appendix A: Sample Correspondences between RBS and DPWH RPO

### A1. Cover letter for list of Projects from Road Board Secretariat to DPWH-Road Program Office (RPO)



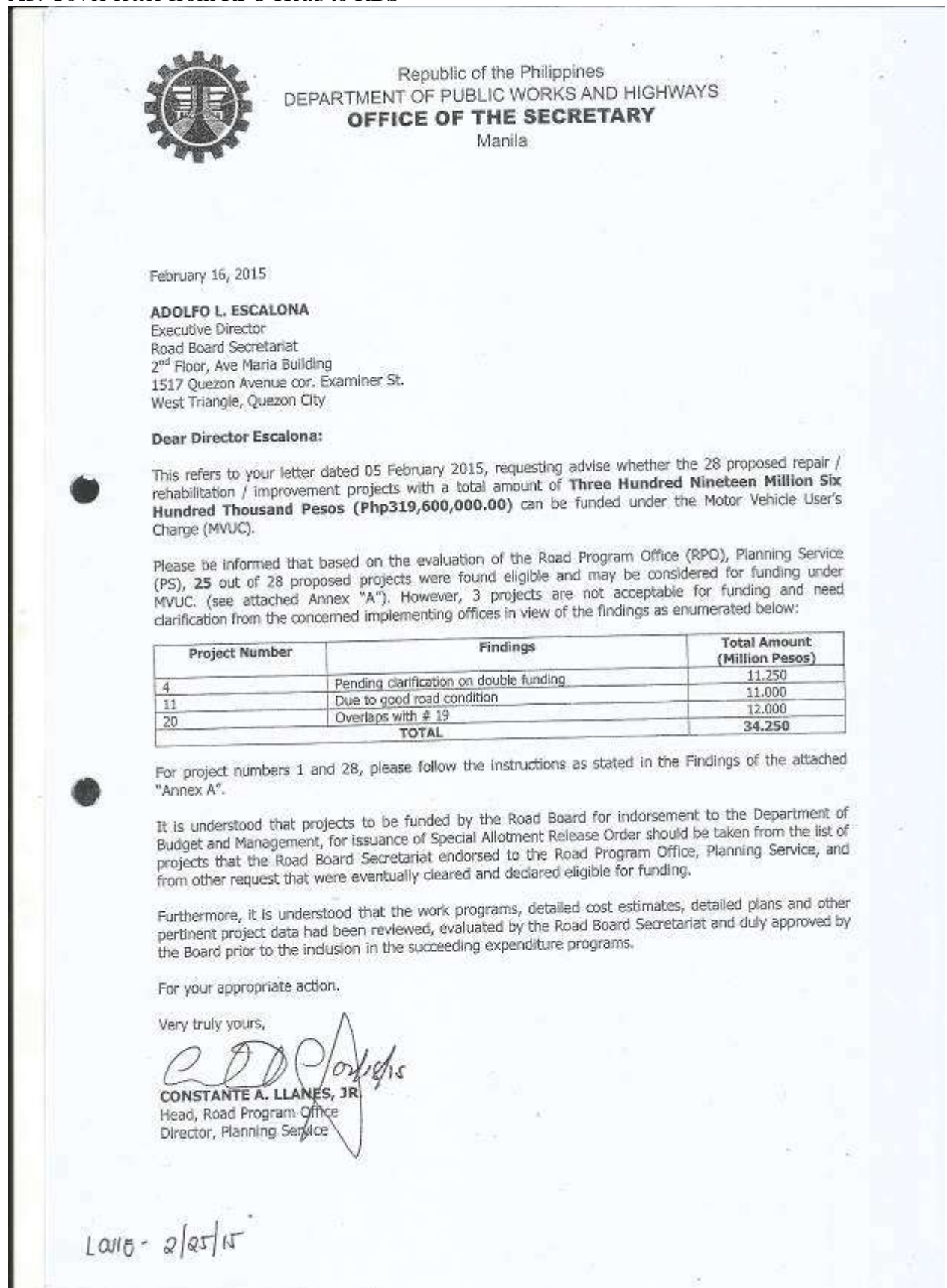
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A2. List of Priority Projects from RBS

Project No.	DEO	Scope of Work	Road Section	Station Limit	Estimated Amount	Location	Findings
1	Pangasinan 3rd DEO	Additional Pavement Width	Mangaldan - Manabog - Binalonan Road S00023LZ	K0196+000 to K0197+779 with exceptions	10,000,000.00	Pangasinan 5th District	Station limit is up to K0197+760 only. Change Section ID to S00023LZ
2	Pangasinan 3rd DEO	Additional Pavement Width	Carmen Jct - Manat Road, Brgy Pindangan East, Alcala, Pangasinan S00335LZ	K0176+200 to K0177+085 with exceptions	11,250,000.00	Pangasinan 5th District	Ok, it is within the limit. Concrete: Poor L=889m
3	Pangasinan 3rd DEO	Additional Pavement Width	Carmen Jct - Manat Road, Brgy Pindangan West, Alcala, Pangasinan S00335LZ	K0177+085 to K0177+970 with exceptions	11,250,000.00	Pangasinan 5th District	Ok, it is within the limit. Concrete: Good L=850m
4	Bulacan 1st DEO	Additional Pavement Width with Drainage Improvement	Daang Maharlika (LZ), Bahug 5 Paridel, Bulacan S01505LZ	K0052+085 to K0052+652, K0045+050 to K0045+600 & K0039+540 to K0039+700 (with exceptions)	11,250,000.00	Bulacan 2nd District	K0052+085 to K0052+652: Ok, it is within the limit. K0045+050 to K0045+600: Ok, it is within the limit. K0039+540 to K0039+700: Ok, it is within the limit.
5	Tarlac 1st DEO	Slope Protection	Paniqui - Camiting - Wasies Road, Paniqui, Tarlac S01026LZ	K0156+500 to K0156+750 with exceptions	10,000,000.00	Tarlac 1st District	Ok, it is within the limit.
6	Batangas 2nd DEO	Slope Protection	Batangas - Lobo Road, Lobo, Batangas S00041LZ	K0125+(-493) to K0126+000 with exceptions	11,750,000.00	Batangas 2nd District	Ok, it is within the limit.
7	Batangas 2nd DEO	Slope Protection	Batangas - Lobo Road, Lobo, Batangas S00041LZ	K0130+000 to K0130+600 with exceptions	12,440,000.00	Batangas 2nd District	Ok, it is within the limit.
8	Batangas 2nd DEO	Slope Protection	Batangas - Lobo Road, Lobo, Batangas S00041LZ	K0131+768 to K0132+300 with exceptions	12,350,000.00	Batangas 2nd District	Ok, it is within the limit.
9	Batangas 2nd DEO	Slope Protection	Batangas - Lobo Road, Lobo, Batangas S00041LZ	K0135+500 to K0137+200 with exceptions	12,890,000.00	Batangas 2nd District	Ok, it is within the limit.
10	Batangas 2nd DEO	Slope Protection	Batangas - Lobo Road, Lobo, Batangas S00041LZ	K0135+000 to K0135+700 with exceptions	13,000,000.00	Batangas 2nd District	Ok, it is within the limit.
11	Batangas 3rd DEO	Upgrading / Rehabilitation	Daang Maharlika (LZ) S01911LZ	K0068+671 to K0069+398 with exceptions	11,000,000.00	Batangas 3rd District	Ok, it is within the limit. Asphalt, L=401m, Good.
12	Batangas 3rd DEO	Upgrading / Rehabilitation	Marila - Batangas Road S01917LZ	K0056+563 to K0058+500 with exceptions	10,000,000.00	Batangas 3rd District	Ok, it is within the limit. Asphalt, L=619m, Good; L=1236, Fair; L=106m, Poor.
13	Cavite 2nd DEO	Additional Pavement Width with Drainage	Sta Rosa - Ulat - Tagaytay Road S01906LZ	K0060+(-020) to K0061+340.65 with exceptions	11,250,000.00	Cavite 5th District	Ok, it is within the limit.
14	Cavite 2nd DEO	Additional Pavement Width with Drainage	Sta Rosa - Ulat - Tagaytay Road S01906LZ	K0072+316.79 to K0072+678 with exceptions	11,250,000.00	Cavite 5th District	Ok, it is within the limit.
15	Laguna 2nd DEO	Asphalt Overlay	Manila South Road, Sta Rosa Section, Sta Rosa, Laguna S01715LZ	K0038+385 to K0038+845 with exceptions	11,620,000.00	Laguna 1st District	Ok, it is within the limit. Asphalt, L=165m, Good; L=299m, Poor.
16	Laguna 1st DEO	Asphalt Overlay	Calamba - Sta Cruz - Famy Jct Road S06098LZ	K0077+543 to K0077+450 with exceptions	12,000,000.00	Laguna 4th District	Ok, it is within the limit. Asphalt, L=107m, Fair.



A3. Cover letter from RPO Head to RBS



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A4. Sample List of Priority Projects with comments from RPO

Project No.	Source of Work	Road Section	Station Limit	Estimated Amount	Location	Findings	Duplication on GAA 2014 & 2015	RPO Comments	
		Asphalt Overlay	Manila South Road, Sta Rosa Section, Sta Rosa, Laguna S01715LZ	K0036+385 to K0038+845 with exceptions	11,000,000.00	Laguna 1st District	Ok, it is within the limit. Asphalt, L=165m, Good; L=255m, Poor.	None	Ok for funding
16	RV-A Laguna 1st DEO	Asphalt Overlay	Calamba - Sta Cruz - Famy Jct Road S0058LZ	K0077+343 to K0077+430 with exceptions	12,000,000.00	Laguna 4th District	Ok, it is within the limit. Asphalt, L=107m, Fair.	None	Ok for funding
17	RV-A Laguna 1st DEO	Asphalt Overlay	Calamba - Sta Cruz - Famy Jct Road S0058LZ	K0077+600 to K0078+400 with exceptions	12,000,000.00	Laguna 4th District	Ok, it is within the limit. Asphalt, L=500m, Fair; L=195m, Poor; L=205m, Bad.	None	Ok for funding
18	RV-A Laguna 1st DEO	Asphalt Overlay	Calamba - Sta Cruz - Famy Jct Road S0058LZ & S0059LZ	K0077+865 to K0092+700 with exceptions	12,000,000.00	Laguna 4th District	Ok, it is within the limit. Asphalt, L=265m, Good; L=772, Fair.	None	Ok for funding
19	RV-A Laguna 1st DEO	Asphalt Overlay	Calamba - Sta Cruz - Famy Jct Road S0059LZ	K0058+480 to K0100+000 with exceptions	12,000,000.00	Laguna 4th District	Ok, it is within the limit. Asphalt, L=1004, Fair; L=550m, Poor.	None	Ok for funding
20	RV-A Laguna 1st DEO	Asphalt Overlay	Calamba - Sta Cruz - Famy Jct Road S0059LZ	K0059+008 to K0100+600 with exceptions	12,000,000.00	Laguna 4th District	Overlap with #19	None	Not acceptable for funding - overlaps with # 19
21	RV-A Laguna 1st DEO	Asphalt Overlay	Lumban - Calinaya Road S01678LZ	K0102+635 to K0102+440 with exceptions	12,000,000.00	Laguna 4th District	Ok, it is within the limit. Concrete, L=807m, Fair.	None	Ok for funding
22	RV Albay 3rd DEO	Concrete Reticulating	Albay West Coast Road, San Jose Section, Libor, Albay S06789LZ	K0499+000 to K0502+700 with exceptions	10,000,000.00	Albay 3rd District	Ok, it is within the limit. Concrete, L=1166, Fair; L=2010, Poor.	None	Ok for funding
23	RV Camarines Sur 3rd DEO	Concrete of Road Shoulder with Drainage Improvement	Sagnay - Nako Road, Nako, Sagnay, Camarines Sur S02656LZ	K0485+527 to K0486+1103 with exceptions	11,250,000.00	Camarines Sur 4th District	Ok, it is within the limit.	None	Ok for funding
24	RV Camarines Sur 3rd DEO	Concrete of Road Shoulder with Slope Protection	Pili - Tigaon - Abay Dry Road, Patinanan, Sagnay, Camarines Sur S03998LZ	K0499+455 to K0508+022.60 with exceptions	11,250,000.00	Camarines Sur 4th District	Ok, it is within the limit.	None	Ok for funding
25	RV Sorsogon 1st DEO	Asphalt Overlay	Dasing Maharika, Daring - Putiao - Pilar Section S03732LZ	K0540+547 to K0542+000 with exceptions	12,000,000.00	Sorsogon 1st District	Ok, it is within the limit. Asphalt, L=754m, Good; L=1294m, Fair; L=818m, Poor.	None	Ok for funding
26	RV Sorsogon 1st DEO	Asphalt Overlay	Dasing Maharika, Panlayasan - Sant Isidro - Sorsogon City S03732LZ	K0545+000 to K0550+800 with exceptions	12,000,000.00	Sorsogon 1st District	Ok, it is within the limit. Asphalt, L=160m, Good; L=800, Fair; L=811m, Poor.	None	Ok for funding
27	RV Antique DEO	Drainage Improvement	Bartayan - San Pedro - Cutay Road S00409PN	K0098+700 to K0098+700 with exceptions	8,500,000.00	Antique Lone District	Ok, it is within the limit.	None	Ok for funding
28	RV Antique DEO	Drainage Improvement	Bofo - Antique Road S00409PN	K0090+889 to K0090+585 with exceptions	11,300,000.00	Antique Lone District	Ok, it is within the limit. Change Section ID to S00538PN	None	Ok for funding Change Section ID to S00318PN

319,600,000.00

Prepared by:


  
ELIZABETH C. FRANCO  
Engineer II

Noted by:

  
CONSTANTE A. LLANES, JR.  
Head, Road Program Office  
Director, Planning Service

## Appendix B: Sample Correspondence between RB and DBM on SARO

### B1. Road Board's request for release of SARO, Aug. 20, 2014

  
Republic of the Philippines  
**ROAD BOARD**  
OFFICE OF THE CHAIRMAN

15 August 2014

**HON. FLORENCIO B. ABAD**  
Secretary  
Department of Budget and Management  
General Solano St., San Miguel  
Manila

ATTENTION : **Director Ma. Soledad G. Doloiras**  
Budget and Management Bureau – A

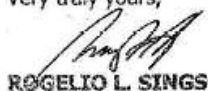
Dear Secretary Abad,

Pursuant to Board Resolution No.14-22, as approved in the 93rd Regular Road Board Meeting held on 26 March 2014, may we respectfully request for the release of the Special Allotment Release Order (SARO) and the corresponding Notice of Cash Allocation (NCA) in the total amount of **Eighty Two Million One Hundred Thousand Pesos (Php 82,100,000.00)**, chargeable against the CY2014 MVUC Special Road Support Fund (SRS&F)-Fund 151, to fund the herein attached matrix of approved projects. (Please refer to "Annex A").

It is also requested that the SARO/NCA indicate that, in utilizing this fund, the work to be implemented by the DPWH shall strictly comply with prescribed guidelines, rules, and regulations of the Road Board as adopted in existing Road Board Resolutions.

Thank you for your usual immediate attention on this matter.

Very truly yours,

  
**ROGELIO L. SINGSON**  
Chairman, Road Board

Department of Public Works and Highways  
Office of the Secretary  
WIN4J03995


Department of Budget and Management  
OFFICE OF THE SECRETARY  
**RECEIVED**  
AUG 20 2014  
BY: LIA D. ...  
CONTROL NO.: \_\_\_\_\_ TIME: \_\_\_\_\_

2<sup>nd</sup> Floor Ave Maria Bldg., 1517 Quezon Avenue cor. Examiner St. Quezon City, Manila  
Tel No. (02) 376-6269; Fax (02) 376-9028



Study on the Utilization and Impacts of the MVUC in the Philippines  
Final Report

B2. SARO Issued on Sept. 22, 2014, 33 Calendar days after request



**REPUBLIC OF THE PHILIPPINES**  
**DEPARTMENT OF BUDGET AND MANAGEMENT**  
MALACANANG, MANILA

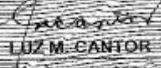
**SPECIAL ALLOTMENT RELEASE ORDER**  
For Fiscal Year 2014


Department	Department of Public Works and Highways (DPWH)	ORG CODE	
Agency	Office of the Secretary	18 001 0100000	
Operating Unit	Central Office	(05702)	
Locality			
Funding Source	Automatic Appropriations Special Road Support Fund	1 04 308	
Purpose Release of funds for the repair/rehabilitation/improvement/construction of pedestrian overpasses in NCR, pursuant to E.O. Resolution Nos. 14-22 and 14-37, chargeable against the Special Road Support Fund (SRSRF), Fund 181, RA No. 8794, Motor Vehicle Users' Charge (MVUC) Act, details in Annex A.			
MFO/PAP Code	Particulars	Object Code	Amount
	Road Networks	8060403001	82,100,000
	<b>TOTAL:</b>		<b>P. 82,100,000</b>

Amount in words  
**\*\*\* EIGHTY-TWO MILLION ONE HUNDRED THOUSAND PESOS ONLY \*\*\***

Notes:  
The allotment herein released shall be used exclusively for the purpose cited herein and valid for obligation until December 31, 2014 only. It is understood that the provisions, guidelines, rules and regulations under RA 8794, its IRR and the Operating Procedures Manual shall be strictly adhered in the utilization of the funds herein released. Further, the SAA to be issued to the concerned DFO shall likewise specify this condition.

The allotment herein authorized shall be used solely for the purposes indicated and disbursements therefrom shall be made in accordance with existing budgeting, accounting and auditing rules and regulations. It is the primary responsibility of the head of the Department, Bureau or Agency concerned to keep expenditures within the limits of the amount allotted.

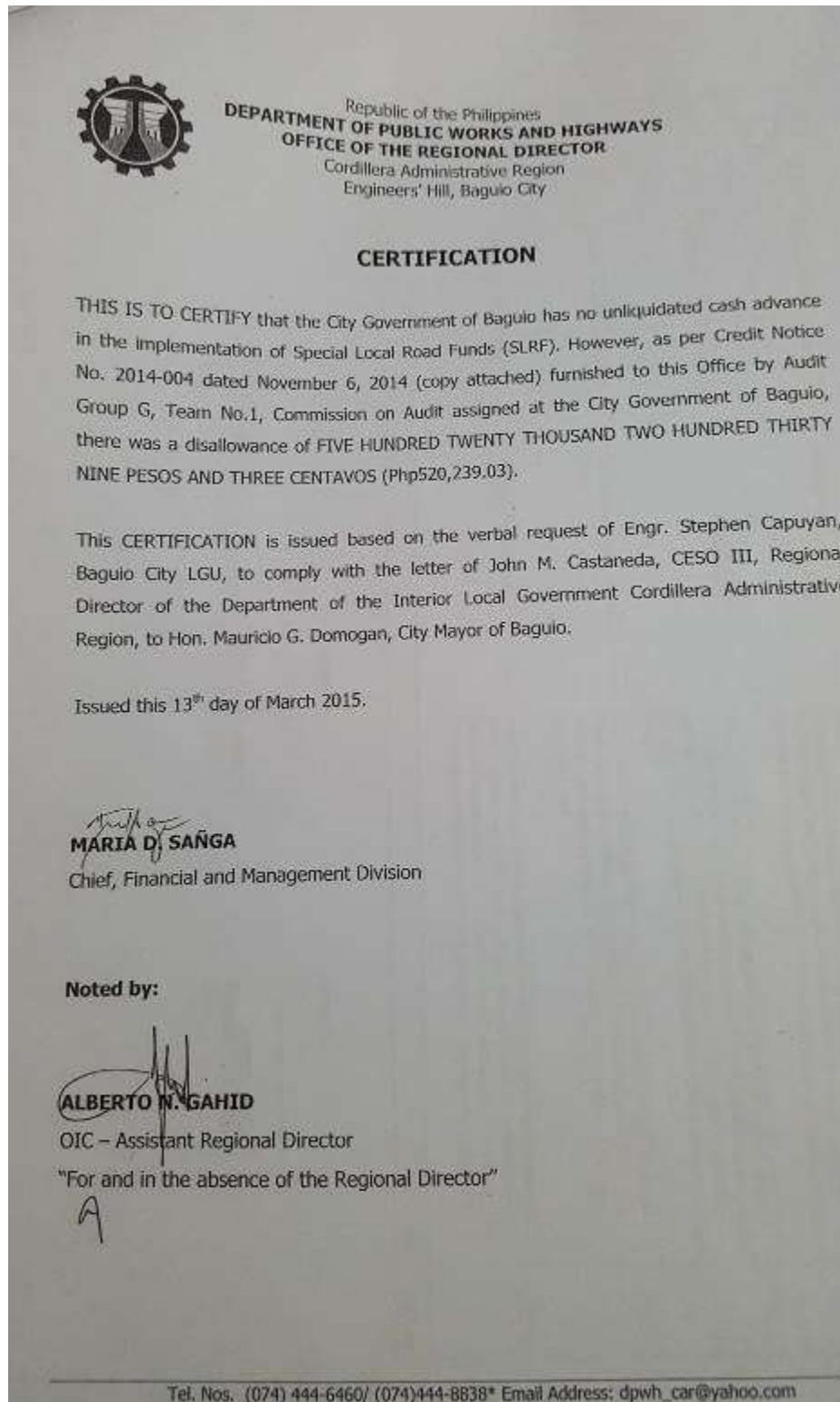
By Authority of the Secretary,  
  
**LUZ M. CANTOR**  
Undersecretary

In follow-up: <http://dbm.doe.gov.ph/barcode> 25A50120140066848  



SARONo: SARO-DMBA-14-0014241  
Date of Issue: September 22, 2014

Page 2 of 2 page(s)

## Appendix C: DPWH CAR Certification of No Unliquidated CA



The image shows a certification document from the Department of Public Works and Highways (DPWH) Office of the Regional Director, Cordillera Administrative Region, Engineers' Hill, Baguio City. The document is titled "CERTIFICATION" and certifies that the City Government of Baguio has no unliquidated cash advance in the implementation of Special Local Road Funds (SLRF). It references a Credit Notice No. 2014-004 dated November 6, 2014, and a disallowance of P520,239.03. The certification is issued based on a verbal request from Engr. Stephen Capuyan, Baguio City LGU, to comply with a letter from John M. Castaneda, CESO III, Regional Director of the Department of the Interior Local Government Cordillera Administrative Region, to Hon. Mauricio G. Domogan, City Mayor of Baguio. The certification is dated March 13, 2015, and is signed by Maria D. Sañga, Chief, Financial and Management Division, and Alberto N. Cahid, OIC - Assistant Regional Director. The document also includes contact information for the DPWH CAR office.

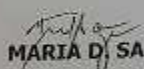
 Republic of the Philippines  
**DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS**  
**OFFICE OF THE REGIONAL DIRECTOR**  
Cordillera Administrative Region  
Engineers' Hill, Baguio City

**CERTIFICATION**


THIS IS TO CERTIFY that the City Government of Baguio has no unliquidated cash advance in the implementation of Special Local Road Funds (SLRF). However, as per Credit Notice No. 2014-004 dated November 6, 2014 (copy attached) furnished to this Office by Audit Group G, Team No.1, Commission on Audit assigned at the City Government of Baguio, there was a disallowance of FIVE HUNDRED TWENTY THOUSAND TWO HUNDRED THIRTY NINE PESOS AND THREE CENTAVOS (Php520,239.03).

This CERTIFICATION is issued based on the verbal request of Engr. Stephen Capuyan, Baguio City LGU, to comply with the letter of John M. Castaneda, CESO III, Regional Director of the Department of the Interior Local Government Cordillera Administrative Region, to Hon. Mauricio G. Domogan, City Mayor of Baguio.

Issued this 13<sup>th</sup> day of March 2015.

  
**MARIA D. SAÑGA**  
Chief, Financial and Management Division

**Noted by:**

  
**ALBERTO N. CAHID**  
OIC - Assistant Regional Director  
"For and in the absence of the Regional Director"  
A

Tel. Nos. (074) 444-6460/ (074)444-8838\* Email Address: dpwh\_car@yahoo.com

## Appendix D: Minutes of the Key Informant Interviews for the SLRF Case Study

### I. Engr. Stephen Capuyan

Assistant Chief, Maintenance Division, City Engineering Department, City of Baguio

Engr. Vic Ulpindo, Chief, Planning and Construction Division, City Engineering Officer, City of Baguio

- Dr. Napalang introduced the team to Engr. Capuyan
- Engr. Stephen Capuyan said that they identify projects through the directives of the City Engineer to inspect barangay roads. He said that this would give them an idea on the current and latest status of the roads. He said that the 9 projects for SLRF funding were identified during their inspection.
- Dr. Napalang asked the yearly allocation from the SLRF for Baguio City. Engr. Capuyan said that it ranges from 1.7 to 1.8 million pesos annually based from the allocation in 2012 and the previous years.
- Dr. Napalang asked if it is possible to resubmit projects that were applied for funding but were not implemented. Engr. Capuyan said that it is possible as long as it is recommended by the city engineering office.
- Dr. Napalang asked Engr. Capuyan on the disqualification of the city government to avail the fund in 2012. Engr. Capuyan said that there is a disallowance because of previous projects but was not able to give details as he is relatively new in the unit.
- Dr. Napalang asked if the local road inventory is done by the department. Engr. Capuyan said that the latest Local Road Inventory was completed in 2014. Dr. Napalang asked what the challenges during the inventory. Engr. Capuyan said that it was very challenging for their department as there are a lot of roads in the city and that it is beneficial for the city to be able to identify the local roads from that of the national roads. He also added that they also use the inventory, as basis on the conditions of the roads to assess which ones should be prioritized.
- Dr. Napalang asked the usual duration of the local road inventory. Engr. Ulpindo said that it usually takes 1.5 to 2 years for the road inventory. He also said that it is a continuing process as they have to update every time the condition of a certain road is changed.
- Dr. Napalang asked if the SLRF guidelines is clear. Engr. Capuyan said that it is unclear as it changes from time to time. While Engr. Ulpindo said that there is a continuity because the divisions under the city engineering office is

always rotated that is why they have challenges in the documentation and file keeping.

- Dr. Napalang asked if the fund is beneficial for the city government. Engr. Ulpindo said that the fund is beneficial like the Performance Challenge Fund as it supplements the city budget for development. Engr. Capuyan said that it is beneficial because the city government use its money for other purposes such as other barangay roads.

II. Evelyn Trinidad, City Director, DILG-CAR  
Mr. Ric Abad, Planning Officer III, City Planning Department, City of Baguio  
November 6, 2015

#### Highlights:

- Dr. Napalang introduced the team to Director Trinidad.
- Director Trinidad said that there are no SLRF releases for Baguio City for 3 consecutive years, 2012,2013 and 2014. She said that the reason is that the city failed to liquidate the cash advances for 2009 project. She said that funds are released per tranche that is 50% of the cost should be implemented and liquidated before the other half or 50% will be released. Dir. Trinidad said that it is hard for the LGU because they have to liquidate the 50% released to them, which usually causes delays. She said that it would be more efficient if the fund is downloaded fully or 100% to the LGU and will be liquidated only once after the implementation.
- Dr. Napalang clarified the statement of Engr. Capuyan on the disallowance, which disqualified Baguio City for SLRF release for 3 years. Dir. Trinidad said that there was a discrepancy on the actual delivery and the specification. She also said that there was a letter that was sent by Engr. Leo Bernardez, the city engineer, to the COA answering the ‘disallowance’.
- Dir. Trinidad said that one of the reasons she knows is the Php200,000 unspent from the previous project. She said that the DPWH could not answer whether or not the City government can use it for other projects under SLRF or if they will return the amount to the DPWH. The city government also raised this issue to the DILG thru Usec. Panadero, but they were not also given a clear answer. She also said that if they will return the 200 thousand pesos, it will no longer be returned to the MVUC fund but goes directly to the national treasury, which is inequitable for the MVUC fund recipients.
- Dr. Napalang asked why the SLRF allocation increased. Dir. Trinidad said that it is an aggregate of the previous years of being disqualified from SLRF Funding.
- Dir. Trinidad said that it will be better if the SLRF are directly downloaded to the LGUs since the fund is the LGUs share from the MVUC. Dir. Trinidad said that doing so will lessen the layers and possibilities of corruption. Dr. Napalang said that the fund may be channeled thru the DPWH because they are the ministry for road development and that there is a need to coordinate with DILG for the agency’s direct supervision to the LGUs.

- Dr. Napalang asked the requirements to qualify for the SLRF funding. Dir. Trinidad said that it is imperative for the LGU to have a Seal of Good Financial Housekeeping, this is a measure of performance and capacities of LGU to deliver basic social services. She said that it is somewhat measurement of compliance of LGUs to use its fund efficiently and effectively. She said that the city must implement and liquidate properly based on the specifications of the DPWH.
- Dr. Napalang asked the function of the DILG. Dir. Trinidad said that they do oversight functions on the delivery or implementation of the project being an included party in the MOA. She said that sometimes, even they do not have the technical knowhow in engineering; they join the inspection because it is part of their duties and responsibilities. She said that they make a report on their observations and send it to the regional office of DILG.
- Dr. Napalang asked if Dir. Trinidad the computation for the SLRF sharing of the LGUs. She said that the DILG does the computation based on the LGU and LTO's data on the registered vehicle and the road length.
- Dr. Napalang asked how the projects are prioritized. Dir. Trinidad said that the SLRF projects are identified thru the Annual Investment Plan. She said that the city government ranked its priority projects in the AIP so it is about knowing what was funded and what is not.
- Dr. Napalang asked if there are instances that projects are included in the SLRF list for funding that are not included in the AIP. Dir. Trinidad said that it never happened during the term of Mayor Domogan. She said that the mayor wants the priority projects indicated in the AIP to be followed.
- Dr. Napalang clarified the Performance Challenge Fund which was mentioned by Engr. Vic Ulpindo. Dir. Trinidad said that the fund is a prize for the LGU that qualify for the Seal of Good Local Governance. She said that in 2012 and 2015, the city government bagged 3 million and 5 million respectively. Dir. Trinidad said that the prize comes from the GAA. Dr. Napalang asked where the PCF is used. Dir. Trinidad said that projects for development based from the menu. The project is not necessarily specified just the area.
- Dr. Napalang asked how double funding is checked given that there are numerous funding sources available and how the DILG helps on checking double funded projects. Dir. Trinidad said that the projects are verified before funding thru the AIP. According to Dir. Trinidad, the projects identified went through the full process of planning lead by the Planning Department and the Local Development Council. The verification of double funding is done by the Planning Department. Mr. Ric Abad from the City Planning Department confirmed the statement of Dir. Trinidad.
- Dr. Napalang asked if the city government does the local road inventory which is one of the requirements for the SLRF eligibility. Dir. Trinidad said that the city does local road inventory thru the city Engineering Office particularly, the maintenance division under Engr. Capuyan. Dir. Trinidad said that the local road inventory is important to know what belongs to the DPWH and to the LGU and to check the status or condition of the roads.
- Dr. Napalang asked if Dir. Trinidad thinks that the SLRF is beneficial for the city government. Dir. Trinidad said that the 5 million pesos from SLRF is a big help for the city government as the funds that should be appropriated to the projects that will be funded by SLRF can be used for other purposes, especially on social services.
- Dr. Napalang asked what can be further improved in the process. Dir. Trinidad said that the Procurement Law is a tedious process that sometimes it is no longer

facilitating, it hampers the fast implementation. She said that there are a lot of instances where the implementation was delayed due to the procurement process where prices for a particular project increased because of inflation. She said that the national government should consider formulating a shorter process for procurement.

- Dir. Trinidad also said that there should be a provision on unspent or savings from the project in the guidelines.
- Dr. Napalang asked if the DILG City level is involved in monitoring of projects. Dir. Trinidad said that they force other parties to involve them because the MOA instructs their involvement. She said that they submit report to the DILG regional office for their observations.
- Dir. Trinidad said that the DPWH experienced difficulties in identifying who the signatory for the MOA will be. The city government initiated the drafting of the MOA and suggested that the District Engineer should sign the MOA but the DEO said that only the DPWH Regional Director is entitled sign the MOA but the Regional Director said that it should be the assistant Regional Director. She said that these mechanisms should be cleared in the guidelines.
- Dir. Trinidad also suggested that the MOA should only signed once among the DILG, DPWH and the LGU to lessen the hassle in the implementation, unless, there are significant changes in the existing MOA.
- Dr. Napalang asked what will be done to the MOA if the project is not implemented. Dir. Trinidad said that the MOA would not take effect since there is no project that will be implemented.
- Dir. Trinidad also suggested that the Local Project Monitoring Committee be strengthened as it could serve as the oversight committee in the implementation of all types of funding which includes the MVUC, BUB and the PCF. This could also facilitate the linkages among the projects that are implemented in the city towards the city government goal.


## Appendix E: Sample Road Accident Database

**TRAFFIC ACCIDENT REPORT ALONG AGOO - BAGUIO CITY ROAD VIA MARCOS HIGHWAY  
as of September, 2015**

REPORT NUMBER	DATE OCCURRED	LIGHT	WEATHER	LOCATION		SURFACE CONDITION	ACCIDENT SEVERITY	MAIN CAUSE OF ACCIDENT
				Barangay	Landmark			
<b>Tuba, Benguet</b>								
0001	January 16, 2015	Daylight	Fair	Sitio Salpang, Taloy Sur, Tuba	K0260 - K0261	Dry	Fatal Accident	Human Error
0002	January 16, 2015	Night	Foggy	Sitio Salpang, Taloy Sur, Tuba	K0260 - K0261	Dry	Property Damage	Vehicle Defect
0003	February 14, 2015	Daylight	Fair	Sitio Salpang, Taloy Sur, Tuba	K0260 - K0261	Dry	Property Damage	Vehicle Defect
0004	February 28, 2015	Daylight	Fair	Sitio Caucaian, Taloy Sur, Tuba	K0262 - K0263	Dry	Property Damage	Vehicle Defect
0005	April 20, 2015	Night	Fair	Sitio Caucaian, Taloy Sur, Tuba	K0262 - K0263	Dry	Minor Injury Accident	Human Error
0006	April 25, 2015	Daylight	Fair	Sitio Salpang, Taloy Sur, Tuba	K0260 - K0261	Dry	Property Damage	Vehicle Defect
0007	April 25, 2015	Daylight	Fair	Sitio Salpang, Taloy Sur, Tuba	K0260 - K0261	Dry	Property Damage	Human Error
0008	May 17, 2015	Daylight	Foggy	Sitio Emomas, Taloy Sur, Tuba	K0264 - K0265	Dry	Property Damage	Human Error
0009	June 4, 2015	Daylight	Fair	Sitio Salpang, Taloy Sur, Tuba	K0260 - K0261	Dry	Minor Injury Accident	Vehicle Defect
0010	July 7, 2015	Night	Rainy	Upper Palina, Taloy Sur, Tuba	K0259 - K0260	Wet	Minor Injury Accident	Human Error
0011	July 21, 2015	Night	Rainy	Upper Palina, Taloy Sur, Tuba	K0257 - K0258	Wet	Minor Injury Accident	Human Error
0012	August 8, 2015	Night	Fair	Sitio Salpang, Taloy Sur, Tuba	K0260 - K0261	Fair	Property Damage	Vehicle Defect
0013	August 21, 2015	Daylight	Rainy	Sitio Salpang, Taloy Sur, Tuba	K0260 - K0261	Rainy	Minor Injury Accident	Road Defect
0014	September 2, 2015	Daylight	Rainy	Upper Palina, Taloy Sur, Tuba	K0257 - K0258	Rainy	Property Damage	Human Error
0015	September 7, 2015	Daylight	Rainy	Sitio Caucaian, Taloy Sur, Tuba	K0262 - K0263	Rainy	Minor Injury Accident	Human Error
0016	September 19, 2015	Night	Foggy	Sitio Salpang, Taloy Sur, Tuba	K0260 - K0261	Foggy	Property Damage	Road Defect
0017	September 2, 2015	Daylight	Fair	Upper Palina, Taloy Sur, Tuba	K0258 - K0259	Dry	Property Damage	Human Error
<b>Tubao, La Union</b>								
670	September 9, 2015	Night	Fair	Francia West, Tubao, La Union	K0260 - K0261	Fair	Fatal Accident	Human Error
709	September 20, 2015	Daylight	Fair	Brig Lloren, Tubao, La Union	K0246 - K0248	Fair	Property Damage	Human Error

Prepared by: \_\_\_\_\_  
Checked by: \_\_\_\_\_  
Submitted by: \_\_\_\_\_

## Appendix F: DPWH Memorandum on MVUC Projects

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

DEC 14 2015

**MEMORANDUM**

FOR : **ALL REGIONAL DIRECTORS  
DISTRICT ENGINEERS**  
This Department

SUBJECT : **PROCESS FOR REQUESTING PROJECTS FUNDED BY THE MOTOR  
VEHICLE USERS CHARGE (MVUC)**

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To avoid double funding of asset preservation and road widening projects it is imperative that Implementing Offices do not request funding for projects through multiple funding sources (i.e. General Appropriations Act (GAA) and the Motor Vehicle Users Charge (MVUC)). This can result in double-funding of projects, thus creating a poor perception of the Department's planning process, and wastage of GAA funds due to return of funding to the Department of Budget and Management.


To mitigate this issue, and facilitate improved planning and coordination of asset preservation and road widening projects, all requests for funding of Asset Preservation and Additional Pavement Width projects under the Motor Vehicle Users Charge (MVUC) must be sent to the Road Program Office, Planning Service for evaluation and validation. The Implementing Office requesting MVUC funding must also certify the same project is not being considered for funding through other funding sources.

All funding requests must include a project definition detailing all project components, the specific work location using Department's Locational Referencing System, a specific Scope of Work and Target output(s). The project Components, Scope of Work and Targets must be in accordance with the requirements for loading into the Multi Year Programming and Scheduling Application (MYPs). The standard list of Scope of Work and Targets is attached and is also available for download from the MYPs web page on the Planning Applications intranet site.

The RPO will load all proposed and approved MVUC funded projects into MYPs to facilitate improved planning.

For strict compliance.

  
**ROGELIO L. SINGSON**  
Secretary

Department of Public Works and Highways  
Office of the Secretary  
  
WINSQ38323

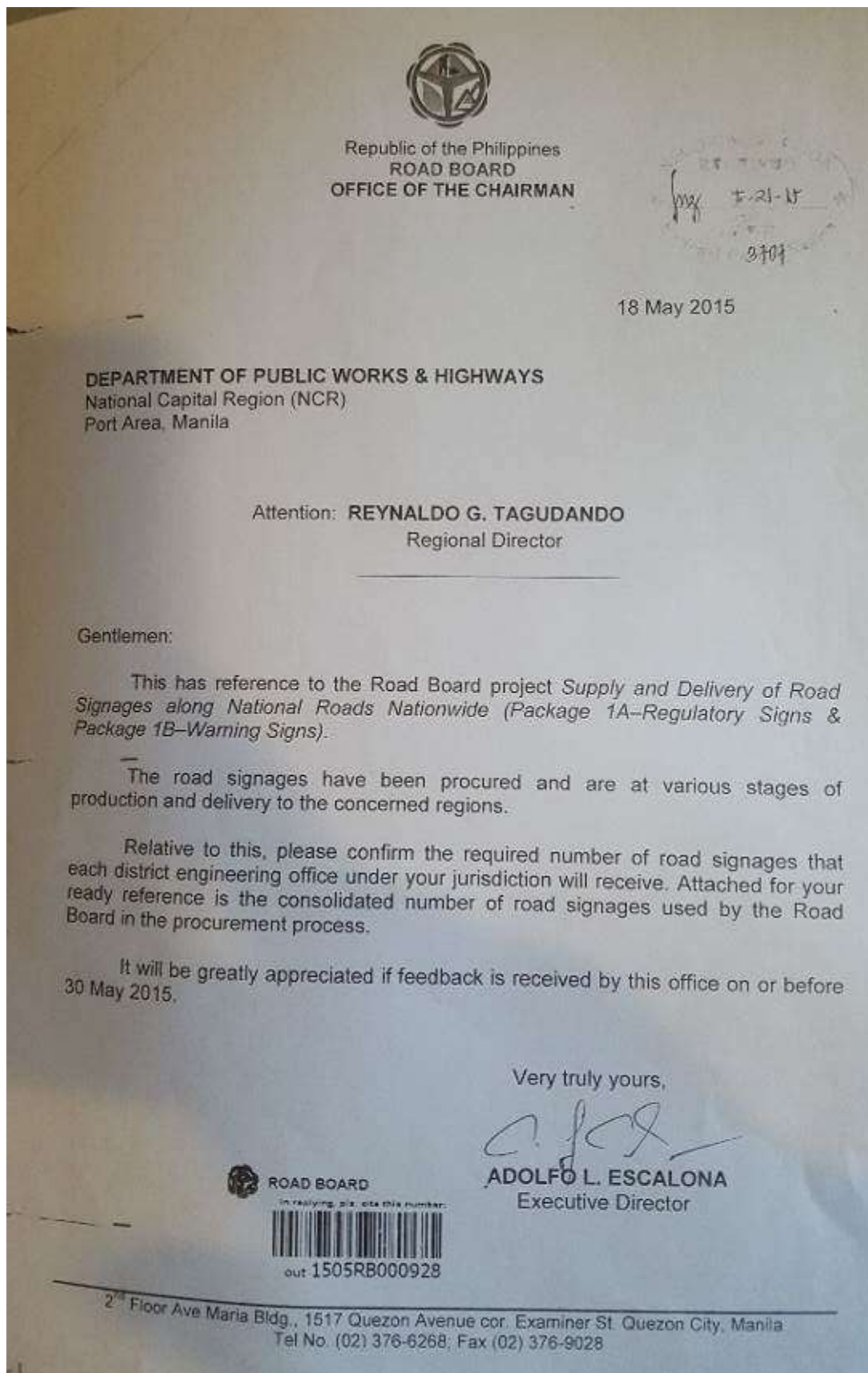
12/15/15

cc. Undersecretary Maria Catalina E. Cabral, PhD., Planning and PPP  
Director Constante A. Llanes, Jr., Planning Service  
Engr. Nenita R. Jimenez, DPD, Planning Service

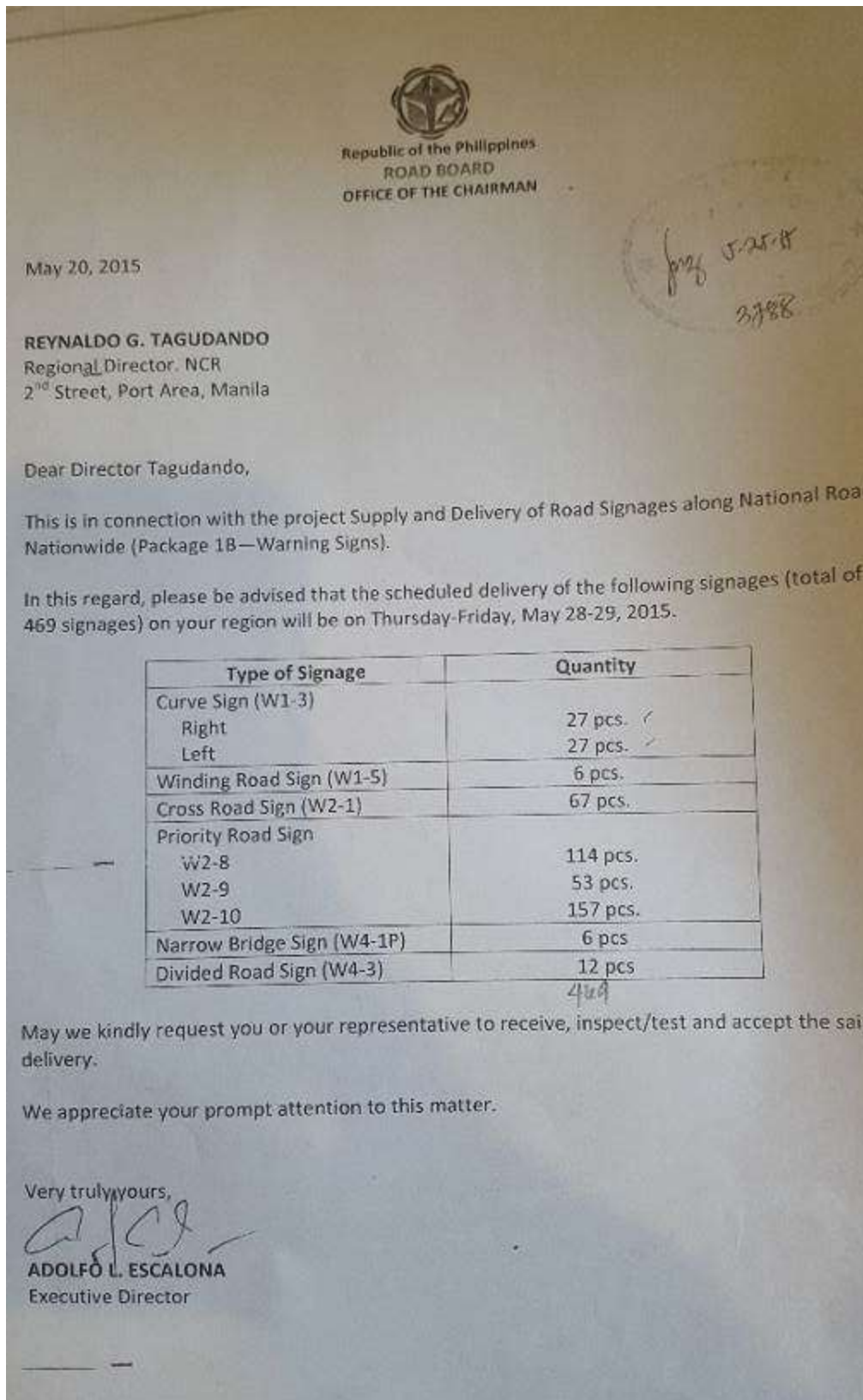
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## Appendix G: Road Board Project: Supply and Delivery of Road Signages along National Roads Nationwide



Study on the Utilization and Impacts of the MVUC in the Philippines  
Final Report



## Appendix H: Impact Evaluation Workshop Design

Technical Assistance to the Study on the Utilization and Impacts of the  
Motor Vehicle User's Charge (MVUC) in the Philippines

Impact Evaluation Workshop\*  
Dec. 17, 2015

### I. Background and Rationale

As a source of supplement fund for maintenance of the nation's road network and implement measures to mitigate adverse impacts of transportation on the environment, the MVUC was established through Republic Act 8794 in 2000 as a result of the road sector reform initiated in 1990s. It is aimed at ensuring sustainable financing of road maintenance and increased private sector participation. Section 7 of the aforementioned RA stipulates that "all monies collected shall be earmarked solely and used exclusively (1) for road maintenance and the improvement of road drainage, (2) for the installation of adequate and efficient lights and road safety devices, and (3) for air pollution control". The monies are deposited to the National Treasury and allocated in four (4) special accounts, namely, 1) Special Road Support Fund, 2) Special Road Safety Fund, 3) Special Vehicle Pollution Control Fund, and 4) Special Local Road Fund. The fund management agency for the MVUC, the Road Board, was established in 2001 and its office and the Secretariat were made operational in 2004.

The utilization of the MVUC, however, is replete with issues. A Commission on Audit (COA) report in 2009 detailed some irregularities and deficiencies in the use of the special funds. Reports also surfaced that the MVUC was added to the Priority Development Assistance Fund or "pork barrel" of lawmakers.

Despite these controversies, there had been no comprehensive evaluation of the procedures for the allocation of the MVUC and safeguards against corruption that are in place. Thus, the Study was commissioned by the Department of Budget and Management (DBM), through the Philippine Institute for Development Studies (PIDS) to evaluate the effectiveness and efficiency of the collection and disbursement of the MVUC. It is composed of two main components, namely process evaluation and impact evaluation. Phase 1 of the study was conducted from August 15, 2014 to May 15, 2015 and covered the overall process of the MVUC fund including: project identification, prioritization, release of funds, project implementation and monitoring. Phase 2 commenced last August 2015

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\* The research collaborators gratefully acknowledge the skillful assistance of Kirsten dela Cruz, PIDS Research Analyst, in conducting the workshop.

and is set to be completed by Dec. 15, 2015. Part of the Consultant's Deliverables is the design and the conduct of training on road project impact evaluation with implementing and oversight agencies as audience.

## II. Objectives of the Activity

At the end of the training workshop, the participants shall have:

1. Gained a better appreciation of the importance of the MVUC in preserving the country's road network;
2. Understood the issues and initiatives in the collection and disbursement of the MVUC, including project identification and prioritization;
3. Identified key indicators for monitoring and evaluation of projects implemented under the four special trust funds of the MVUC;

## III. Target Participants

- Agencies mandated to implemented projects under the MVUC, including DPWH, DOTC and DILG
- Agencies responsible for the collection and disbursement of the MVUC monies: RBS, LTO, Bureau of Treasury
- Oversight agencies: NEDA, DBM
- Other agencies that contribute to the efficient and prudent utilization of the MVUC

## IV. Expected Output

At the end of the activity, it is expected that the participants have crafted a draft impact monitoring plan for the MVUC based on perceived critical evaluation questions.

## V. Program

Time	Session/ Topic	Methodology	Responsible Person
8:30 – 9:00am	Registration		PIDS/Consultant
9:00 – 9:20am	Opening Program		PIDS/Consultant
	<ul style="list-style-type: none"> <li>- Introduction of the participants</li> <li>- Opening Remarks</li> <li>- Objectives of the Workshop</li> </ul>		
9:20 – 10 am	Articulation of the Audience Views on the MVUC	Plenary discussion (using SWOT framework)	PIDS/Consultant
10:00 – 10:10am	COFFEE BREAK		
10:10 – 11:00 am	Presentation of Key findings of the Study	Presentation	
11:00am-12nn	Lecture on 'Monitoring and Evaluation of Transport Projects'	Lecture	
12nn – 1:00pm	LUNCH		
1:00 – 1:15pm	Workshop Mechanics: Crafting of draft M&E System for MVUC		
1:15 – 3:15pm	Workshop proper	Break-out session	
3:15 – 4:00pm	Presentation of outputs	Plenary	
4:00 – 4:20pm	Synthesis and Conclusion		
4:20 – 4:30pm	Closing Remarks		

## Appendix I: Results OF SWOT Analysis – Impact Evaluation Workshop

The MVUC Impact Evaluation Workshop was held on December 17, 2015 at the PIDS Conference Hall, 18F Three Cyberpod Centris, Quezon Ave. cor. EDSA, Quezon City.

### PLENARY WS 1: SWOT

#### Strengths

1. Earmark for identified and approved projects
2. Assured funding for road maintenance and pollution control
3. Good leadership on the current road board
4. Sustainable fund source for the maintenance of provincial and city roads
5. Immediate release of funds
6. Immediate implementation of projects due to available funding

#### Weaknesses

1. Weak coordination mechanisms among concerned agencies
2. Lack of technical staff for the planning
3. Lack of prioritization criteria of projects to be funded (budget prep)
4. Late release of fund
5. One year validity of SARO
6. Road network planning
7. Different policies and standards on the national road networks
8. Unclear timeliness on the approval process
9. Constant realignment of released funds (during execution)
  - a. Result of poor prioritization
10. Unreconciled collection data between BTr and LTO
11. SLRF covers provinces and cities only, municipality, and barangay roads are not funded. Only 5% for local roads
12. Lack/absence of approved guidelines and policies for MVUC projects (SYPCF)
13. Duplication of funds for the proposed projects (MVUC and regular GAA)
14. Uncoordinated prioritization of projects
15. Dissemination of road board guidelines and project prioritization of projects

### Opportunities

1. Potential counterpart for International Commitments
2. A growing economy ensures greater collection/monies going to the fund
3. Better utilization of the fund can lead to better pollution control and better quality of the road network/safety
4. Better road network results to better transport of goods and services thereby boosting the economy
5. Provincial and city roads inventory being updated with funding from SLRF
6. Safer roads
7. TRIP (3-yr Rolling Infrastructure Program) will strengthen the linkage between planning and budgeting
8. Program convergence approach (among IAs) will harmonize target economic
9. Active CSO participation ensures better accountability and transparency

### Threats

1. Political Dynamics
2. Political interventions
3. Change in administration
4. Political influence in the allocation of the MVUC funds
5. Resistance of stake holders in the project implementation
6. Coordination between and among agencies
7. Calamities (natural and man-made) can adversely impact on the infra programs funded by the fund
8. Lack of discipline (compliance and rules and regulations) to undermines the effectiveness of the programs funded by MVUC



Philippine Institute for  
Development Studies  
*Surian sa mga Pag-aaral  
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