



REPUBLIC OF THE PHILIPPINES

**Department of Budget and Management**  
Malacañang, Manila

**NATIONAL BUDGET CIRCULAR**

**No. 537**

February 20, 2012

**TO :** All Heads of Departments/Agencies/State Universities and Colleges and Other Offices of the National Government, Government-Owned and/or Controlled Corporations and Local Government Units, Budget Officers, Heads of Accounting Units and All Others Concerned

**SUBJECT :** Guidelines on the Release of Funds Chargeable Against the Priority Development Assistance Fund for FY 2012

**1.0 PURPOSE**

- 1.1 To prescribe guidelines on the release and utilization of the Priority Development Assistance Fund (PDAF) under Republic Act (R.A.) No. 10155, General Appropriations Act (GAA) for FY 2012;
- 1.2 To enhance transparency and accountability in the release and utilization of the PDAF; and
- 1.3 To align local development programs and projects with the national development agenda and priorities of the government.

**2.0 GENERAL GUIDELINES**

- 2.1 The PDAF shall be used to fund priority development programs and projects identified by the Members of Congress from the PDAF project menu hereby attached as Annex A.

In the identification of programs/projects or designation of beneficiaries, preference shall be given to projects located in the 4<sup>th</sup> to 6<sup>th</sup> class municipalities or indigents identified under the National Household Targeting System for Poverty Reduction by the Department of Social Welfare and Development without necessarily excluding other municipalities and beneficiaries.

- 2.1.1 Implementing agencies may be National Government Agencies (NGAs); Local Government Units (LGUs); and Government-Owned and/or Controlled Corporations (GOCCs).
  - 2.1.2 Funds shall be released directly to the implementing agencies enumerated in the PDAF Project Menu. However, in the case of LGUs, funds shall be released to the Department of Budget and Management (DBM) as the fund administrator and for GOCCs, funds shall be released to the Bureau of the Treasury (BTr).
  - 2.2 The PDAF shall not be used for payment of personal services expenditures, (i.e. payment of salaries, honoraria, allowances, bonuses and similar forms of compensation).
  - 2.3 LGUs may only be identified as implementing agencies if they have the administrative and technical capability to implement the programs/projects.
  - 2.4 Any program/project identified by District Representatives to be implemented outside his or her congressional jurisdiction shall have the written concurrence of the District Representative of the recipient/beneficiary Congressional district.
  - 2.5 The total allocation for programs/projects shall not exceed the following amounts:
    - 2.5.1 **Each Congressional District and Party-List Representative:** Total of Seventy Million Pesos (₱70,000,000): Forty Million Pesos (₱40,000,000) for infrastructure (hard) projects and Thirty Million Pesos (₱30,000,000) for soft projects.
    - 2.5.2 **Each Senator:** Total of Two Hundred Million Pesos (₱200,000,000): One Hundred Million Pesos (₱100,000,000) for infrastructure (hard) projects and One Hundred Million Pesos (₱100,000,000) for soft projects.
- Considering the approved fiscal program of the government, fifty-percent (50%) of the allocation for each legislator shall be released in the first semester, and the remaining 50%, in the second semester.
- 2.6 All procurement shall comply with the provisions of the Government Procurement Reform Act (R.A. No. 9184).

- 2.7 All purchases of motor vehicles shall comply with the following provisions:
- 2.7.1 Administrative Order No. 233 dated August 1, 2008 (Reiterating the Prohibition on the Acquisition and Use of Luxury Vehicles and Directing Revisions of Guidelines on Government Motor Vehicles Acquisition) as amended by Administrative Order No. 15 dated May 25, 2011 and implemented by DBM Budget Circular No. 2010-2 dated March 1, 2010; and
  - 2.7.2 Memorandum Circular No. 9 dated December 14, 2010 (Government Policy and Procedural/Documentary Requirements on the Approval/Issuance of Authority to Purchase Motor Vehicles).
- 2.8 Purchase of multi-purpose vehicles shall only be for peace and order purposes and not for utility vehicles and that it should comply with the existing rules and regulations covering the acquisition of motor vehicles.
- 2.9 All purchases of IT equipment shall be limited to hardware component only and shall be preferably purchased through the Procurement Service.
- 2.10 Proposed programs and projects intended for Arts and Culture shall be submitted together with a certification from the National Historical Commission of the Philippines (NHCP) on the proper classification as either soft or infrastructure programs/projects.

### **3.0 RELEASE OF FUNDS**

#### **3.1 Allotment**

Within the limits prescribed under Section 2.5 hereof, the DBM shall issue the Special Allotment Release Order (SARO) to cover the release of funds chargeable against the PDAF. All requests for issuance of allotment shall be supported with the following:

- 3.1.1 List of priority programs/projects including the supporting documents in accordance with the PDAF Project Menu;
- 3.1.2 Written endorsements by the following:
  - 3.1.2.1 In case of the Senate, the Senate President and the Chairman of the Committee on Finance; and

- 3.1.2.2 In case of the House of Representatives, the Speaker and the Chairman of the Committee on Appropriations.

### **3.2 Cash Allocation**

#### **3.2.1 For NGAs**

As a general rule, the Common Fund Scheme shall be observed where the cash requirements for the implementation of the programs/projects shall be accommodated within the department/agency's available cash balance. When the cash balance is insufficient, issuance of Notice of Cash Allocation (NCA) may be made upon submission of the following:

- 3.2.1.1 Request of implementing agency;
- 3.2.1.2 Monthly Cash Program;
- 3.2.1.3 Certification whether the allotment is recorded as continuing appropriation or as accounts payable; and
- 3.2.1.4 List of Due and Demandable Accounts Payable (LDDAP).

NCA for infrastructure projects implemented by the Department of Public Works and Highways and the Department of Education shall be issued based on the LDDAP in accordance with the Direct Payment Scheme per DBM Circular Letter No. 2005-2 dated January 28, 2005.

- 3.2.2 For LGUs, the NCA shall be released to the DBM. Thereafter, the funding checks shall be issued for credit to the accounts of the LGUs concerned.
- 3.2.3 For GOCCs, the corresponding NCA shall be released to the BTr upon receipt of the SARO by the BTr.

### **4.0 REALIGNMENT OF FUNDS**

- 4.1 Realignment under this Fund may be allowed only once pursuant to Special Provision No. 6 of the Fund in the FY 2012 GAA, R.A. No. 10155.
- 4.2 Realignment of allotment may be allowed by the DBM if the following conditions exist:
  - 4.2.1 The revised program/project is within the PDAF Project Menu;

- 4.2.2 The allotment requested for realignment has not yet been obligated; and
  - 4.2.3 The allotment is still valid or has not yet lapsed. The validity of the FY 2012 budget is only until December 31, 2013.
  - 4.2.4 Requests for realignment of unobligated allotment treated as continuing appropriations shall be submitted to DBM not later than June 30, 2013.
- 4.3 Requests for realignment shall be supported by the following:
- 4.3.1 Written request of the proponent legislator or in case the requesting party is the implementing agency, concurrence of the proponent legislator;
  - 4.3.2 Written reason/justification for the realignment;
  - 4.3.3 For NGAs/GOCCs:
    - 4.3.3.1 Certification from the head of the budget office, duly noted by the agency head, that the fund being requested for realignment has not yet been obligated and still available;
    - 4.3.3.2 If cash has already been issued, certification from the bank on lapsed NCA or Remittance Advice evidencing that the amount was returned to the BTr.
  - 4.3.4 For LGUs:
    - 4.3.4.1 Certification from the local treasurer, duly noted by the local chief executive concerned, that the fund being requested for realignment has not yet been obligated and still available;
    - 4.3.4.2 Certification of non-implementation of programs/projects proposed to be realigned; and
    - 4.3.4.3 If funding checks have already been issued/credited to the account of the LGU and the realignment requires change of implementing LGU/agency, submit Remittance Advice evidencing that the amount was returned to the BTr.

- 4.4 The Secretaries of Agriculture, Education, Energy, Environment and Natural Resources, Health, Interior and Local Government, Public Works and Highways, and Social Welfare and Development are authorized to approve realignment from one project/scope to another within the allotment received from this Fund, subject to the following conditions: (i) for infrastructure projects, realignment is within the same implementing unit and same project category as the original project; (ii) allotment released has not yet been obligated for the original project/scope of work; and (iii) request is with the concurrence of the legislator concerned. The DBM shall be informed in writing of any realignment approved within five (5) calendar days from its approval.

## **5.0 POSTING REQUIREMENTS**

- 5.1 DBM shall post in its official website all releases and realignments under the PDAF. Implementing agencies shall likewise post in their respective official websites the (i) priority list, standard and design submitted to Congress; (ii) projects identified and names of the concerned proponents; (iii) names of project beneficiaries and/or recipients; (iv) any realignment authorized; (v) status of project implementation; and (vi) program/project evaluation and/or assessment reports in line with the Organizational Performance Indicator Framework (OPIF).
- 5.2 For LGUs, aside from their websites, posting of PDAF releases shall also be made in at least three (3) publicly accessible and conspicuous places within the LGU consistent with the provision of the Local Government Code of 1991, or, to be published in a newspaper of general circulation in the territorial jurisdiction of the LGU concerned pursuant to the Department of the Interior and Local Government (DILG) Memorandum Circular (MC) No. 2011-08A dated January 13, 2011, as amended by MC No. 2011-134 dated September 19, 2011.
- 5.3 For any procurement to be undertaken under the PDAF, the implementing agencies shall post in the Philippine Government Electronic Procurement System (PHILGEPS) or in a newspaper of general circulation all invitation to bid, names of participating bidders with their corresponding bids, and awards of contract in accordance with R.A. 9184, its implementing rules and regulations and Administrative Order No. 17 dated 28 July 2011.

## **6.0 ACCOUNTABILITY**

The implementing agencies shall be accountable for the implementation of the programs/projects, subject to existing budgeting, accounting, and auditing rules and regulations.

## **7.0 REPEALING CLAUSE**

All issuances that are inconsistent with this Circular are hereby rescinded/superseded accordingly.

## **8.0 SAVING CLAUSE**

Cases not covered by the provisions of this Circular shall be referred to DBM for appropriate action.

## **9.0 EFFECTIVITY**

This Circular shall take effect immediately.

  
**FLORENCIO B. ABAD**  
Secretary





**FY 2012 PRIORITY DEVELOPMENT ASSISTANCE FUND  
Project Menu and List of Requirements**

<b>Particulars</b>	<b>Program/Project</b>	<b>Implementing Agency</b>	<b>List of Requirements</b>
1. Education	Scholarships	DepED/SUCs/NCIP/LGU	Name of recipient schools and estimated number of scholars
	Sportsfest/Sports Tournament	TESDA/CHED SUCs/LGUs	Name of recipient school/LGU, type of sports tournament, and type of assistance
	Purchase of IT Equipment	DepED/TESDA/CHED/SUCs/LGUs	Name of recipient school/LGU, specifications, and number of IT equipment (limited to hardware component which should be preferably purchased through the Procurement Service)
	Purchase of School Equipment, Furniture and Fixtures	LGUs	Name of recipient school/LGU, type, and number of equipment
	Educational Facilities identified in the Basic Education Information System Quick Count Module of DepED which includes the color coding scheme: (f) school desks and chairs	DepED	Name of school, location and cost
	Assistance to the Alternative Learning System (ALS) program	DepED	Specific type of ALS Program and approximate number of beneficiaries
2. Health	Assistance to Indigent Patients Either Confined or Out-Patients in Hospitals under DOH and Specialty Hospitals, Hospitals under University System, Hospitals Devolved to LGUs and Rural Health Units (RHU), including Professional Fees if favorably endorsed by proponent legislator	DOH Hospitals/Specialty Hospitals/UPS-PGH/ WVSU Hospital/LGUs	Name of recipient hospital/RHU
	Purchase of Medical Equipment	DOH Hospitals/Specialty Hospitals/UPS-PGH/ WVSU Hospital/LGUs	Name of recipient hospital/RHU, type and number of equipment



**FY 2012 PRIORITY DEVELOPMENT ASSISTANCE FUND  
Project Menu and List of Requirements**

Particulars	Program/Project	Implementing Agency	List of Requirements
	Purchase of Ambulances and Mobile Clinics	LGUs	Type of vehicle including engine displacement, number of units, and deployment
	Medical mission including provision of medicines	LGUs	Recipient LGU, and estimated cost of medical mission
	Insurance Premium	PhilHealth/LGUs	Indicate if national or local counterpart, and estimated number of indigent beneficiaries
	Reduction of Infant Mortality and under-five Mortality, and Improvement of Maternal Health and Reduction of Maternal Mortality	DOH	Specific project under DOH's Health Facilities Enhancement Program
3. Livelihood	Small and Medium Enterprise/Livelihood	DTI/DACDANCMF (OMA)	Enumerate type of project/s Specific program/project/activity as reflected in the GAA; in case CDA is the implementing agency, list of cooperative/s duly registered or accredited by CDA
	One Town, One Product (OTOP) Program	LGUs	Enumerate type of project/s
	Specialty training/employment program (community based training program) including acquisition of training supplies and equipment	DTI	Name of recipient/s
	Purchase of equipment to upgrade existing Technical Vocational Training Centers	TESDA/LGUs	Enumerate type of program, number of equipment, and approximate number of recipients
	Special program for employment of students (SPES)	TESDA	Name of recipient training center, type, and number of equipment
4. Social Services	Comprehensive and Integrated Delivery of Social Services Program	DOLE DSWD	Approximate number of students
	Assistance to indigents or Displaced Families/victims of calamities	LGUs	In the case of LGUs, enumerate details of the project identified by the community and specific location. If to be used as LGU counterpart for FAPs, identify project title of FAPs, and copy of grant or loan agreement
		LGUs	Type of assistance/services to be rendered



**FY 2012 PRIORITY DEVELOPMENT ASSISTANCE FUND  
Project Menu and List of Requirements**

Particulars	Program/Project	Implementing Agency	List of Requirements
5. Peace and Order	Purchase of the following: Firetrucks and Firefighting Equipment Patrol/Multipurpose Vehicles, Multicabs and Prisoner's Vans Police Patrol Equipment	DILG/LGUs	For firetrucks, patrol/multipurpose vehicles, multicabs and prisoner's vans: type of vehicle including engine displacement, number of units, and deployment For firefighting or police patrol equipment: type and number of equipment and deployment
6. Arts and Culture	Rehabilitation/Preservation/Conservation of Historical and Heritage Sites	NHCP (formerly NH)/LGUs	Scope of work, location, estimated cost, and NHCP certification indicating proper classification of programs/projects i.e., soft (coffee table book), hard (repair/rehab. of Historical Shrine and Parks)
7. Public Infrastructure Projects	Construction/Repair/Rehabilitation of the ff: Roads and Bridges Flood Control Public Markets/Multi-Purpose Buildings/ Multi-Purpose Pavements, Pathways and Footbridges  School Fences and Stages	DPWH/LGUs DPWH/LGUs DPWH/LGUs  LGUs	Scope of work, location, and estimated cost Scope of work, location, and estimated cost Scope of work, location, and estimated cost
	Educational Facilities identified in the Basic Education Information System Quick Count Module of DepED which includes the color coding scheme: (i) school buildings	DepED/DPWH/LGUs	Name of school, scope of work, location, and estimated cost
	Basic and/or Emergency Obstetric Care Units, Wards or Facilities Hospital and Health Facilities	DOH/DPWH	Name of hospital, scope of work, location, and estimated cost
	Roads and Bridges leading to Declared/Strategic Tourist Destinations determined by the DOT	DPWH	Scope of work, location, and estimated cost
	Academic Buildings Academic Buildings of Community Colleges Administered/Managed by LGUs	DPWH/SUCs LGUs	Name of recipient SUC, scope of work, location, and estimated cost Name of school, scope of work, location, and estimated cost



**FY 2012 PRIORITY DEVELOPMENT ASSISTANCE FUND  
Project Menu and List of Requirements**

Particulars	Program/Project	Implementing Agency	List of Requirements
	Police, Jail and Fire Stations	DPWH/DILGALGUs	Scope of work, location, and estimated cost
	Septage and Sewerage Project in accordance with the National Sewerage and Septage Management Program	DPWH	Scope of work, location, and estimated cost
	Farm to Market Roads identified in the DA network plan and following the new construction design	DA	Scope of work, location, estimated cost and DA certification that the project is included in the network plan
	Small Water Impounding Projects/Shallow Tube Wells/Small Farm Reservoir	DA	Scope of work, location, and estimated cost
	Water Supply System - Level I and II	DPWH	Scope of work, location, and estimated cost
	Water Supply System - Level III	LGUs	Scope of work, location, and estimated cost
	Purchase/Installation of Pipes/Pumps/Tanks, Water Supply System Development for Local Water Districts	LGUs	Scope of work, location, and estimated cost
	Barangay/Sitio Electrifications	DOE/NEALGUs	Name of barangay or sitio, scope of work, estimated cost and certification from NEA
	Irrigation Projects/Facilities within the priority production areas identified by the DA	NIA/LGUs	Scope of work, location, and estimated cost In addition, DA-NIA certification that the project is included in the priority production areas identified by the DA
	Housing Units for Eligible Beneficiaries	NHAI/LGUs	Number of housing units, scope of work, location, estimated cost and LGU certification that there is an existing site or lot where the housing units will be constructed

\* Projects to be implemented by LGUs shall be charged against the allocation for soft programs/projects

