



Republic of the Philippines
DEPARTMENT OF BUDGET AND MANAGEMENT
DBM Bldg. II, Gen. Solano Street, San Miguel, Manila



NATIONAL BUDGET CIRCULAR

No. 547
January 18, 2013

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 2013

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. 10352, General Appropriations Act (GAA) for FY 2013;
- 1.2 To enhance transparency and accountability in the release and utilization of the PDAF; and
- 1.3 To support local development programs and projects consistent with the national development agenda and priorities of the government.

2.0 GUIDELINES

- 2.1 The PDAF shall be used to fund priority programs and projects to be undertaken by implementing agencies identified by the Legislators from the Project Menu of the Fund hereby attached as Annex A.
 - 2.1.1 The identification of programs/projects and/or designation of beneficiaries shall conform with the priority list, standard or design prepared by each implementing agency. Moreover, preference shall be given to projects located in the 4th to 6th class municipalities or indigents identified under the National Household Targeting System for Poverty Reduction (NHTS – PR) by the Department of Social Welfare and Development (DSWD).
 - 2.1.2 Projects funded under the PDAF shall be implemented by National Government Agencies (NGAs); Local Government Units (LGUs); or Government-Owned and/or Controlled Corporations (GOCCs), as the case may be.

- 2.1.3 Funds shall be released directly to implementing agencies as identified in the PDAF Project Menu (Annex A). In the case of LGUs, funds shall be released to the Department of Budget and Management (DBM) as fund administrator, while for GOCCs, funds shall be released to the Bureau of the Treasury (BTr).
- 2.2 In no case shall the PDAF be used for payment of Personal Services expenditures, (i.e. payment of salaries, honoraria, allowances, bonuses and similar forms of compensation).
- 2.3 All programs/projects, except for assistance to indigent patients and scholarships, identified by a member of the House of Representatives to be implemented outside his/her legislative district shall have the written concurrence of the member of the House of Representatives of the recipient or beneficiary legislative district and endorsed by the Speaker of the House of Representatives.
- 2.4 Course/program offerings and target beneficiaries under the scholarship programs to be undertaken by the Development Academy of the Philippines (DAP) shall be consistent with the purposes of the PDAF.

The DAP shall certify that the scholarship programs to be undertaken by it and funded under PDAF are not covered by similar programs fully subsidized by the national government, namely: the Public Management Development Program and the CHED Executive Development Program.

- 2.5 The construction/repair/rehabilitation of roads and bridges to be implemented by the Department of Public Works and Highways (DPWH) shall conform with the priorities and work programs of the DPWH for the year.
- 2.6 LGUs may be identified as implementing agencies for infrastructure projects provided they have the technical capability to implement the same.
- 2.7 The total allocation for programs/projects shall not exceed the following amounts:
- 2.7.1 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 listed under Item B of Annex A; and Thirty Million Pesos (₱30,000,000) for soft programs and projects listed under Item A of Annex A.
- 2.7.2 Each Senator: Total of Two Hundred Million Pesos (₱200,000,000): One Hundred Million Pesos (₱100,000,000) for infrastructure (hard) projects listed under Item B of Annex A;

and One Hundred Million Pesos (₱100,000,000) for soft programs and projects listed under Item A of Annex A.

Subject to the approved fiscal program of the government for the year, only fifty-percent (50%) of the allocation for each legislator may be released in the first semester, and the remaining 50%, may be released in the second semester.

- 2.8 All procurement shall comply with the provisions of the Government Procurement Reform Act (R.A. No. 9184) and its Revised Implementing Rules and Regulations and to pertinent guidelines, rules and regulations for items enumerated hereunder:

2.8.1 Motor vehicles

2.8.1.1 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

2.8.1.2 Memorandum Circular No. 9 dated December 14, 2010 (Government Policy and Procedural/ Documentary Requirements on the Approval/ Issuance of Authority to Purchase Motor Vehicles).

2.8.2 IT Equipment

IT equipment to be purchased shall be limited to hardware component and shall preferably be purchased through the Procurement Service.

2.8.3 Rescue Vehicles and Other Equipment under Peace and Order and Security

2.8.3.1 The procurement of rescue vehicle shall conform with the guidelines under item 2.8.1;

2.8.3.2 Equipment to be purchased shall be limited to rescue equipment only; and

2.8.3.3 The purchase of rescue equipment shall be recorded in the General Fund books of accounts consistent with section 5.1.7 of Commission on Audit Circular No. 2012-002 dated September 12, 2012.

- 2.9 Realignments under the PDAF shall only be allowed within the same category under the PDAF Project Menu (i.e., soft programs/projects to soft programs/projects; infrastructure to infrastructure).

3.0 RELEASE OF FUNDS

3.1 Allotment

Within the limits prescribed under item 2.7 hereof, the DBM shall issue the Special Allotment Release Order (SARO) to cover the release of funds chargeable against the PDAF which shall be valid for obligation until the end of FY 2013, pursuant to Section 63, General Provisions of the FY 2013 GAA (R.A. No. 10352). 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 of the House of Representatives 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 such that the cash requirements of programs/projects under the PDAF shall be accommodated within the department/agency available cash balance. When the cash balance is insufficient, a Notice of Cash Allocation (NCA) may be issued upon submission of the following:

3.2.1.1 Request of implementing agency;

3.2.1.2 Monthly Cash Program; and

3.2.1.3 List of Due and Demandable Accounts Payable (LDDAP).

For infrastructure projects implemented by the Department of Education (DepEd), the NCA 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.

3.3 Availability of Appropriations

Pursuant to Section 63 of the General Provisions of the FY 2013 GAA (R.A. No. 10352), PDAF appropriations shall be available for release and obligation until the end of FY 2013.

4.0 REALIGNMENT OF FUNDS

4.1 Realignment under this Fund may only be allowed once pursuant to Special Provision No. 4 of the Fund in the FY 2013 GAA (R.A. No. 10352).

4.2 Realignment may be allowed under the following conditions:

4.2.1 The revised program/project is within the PDAF Project Menu;

4.2.2 The allotment being requested for realignment has not been obligated;

4.2.3 The allotment is still valid or has not yet lapsed; and

4.2.4 Requests for realignment of unobligated allotment as of December 31, 2012 treated as continuing appropriations in FY 2013 shall be submitted to the DBM not later than June 30, 2013.

4.3 Requests for realignment shall be supported with the following:

4.3.1 A written request from the proponent legislator; in case the requesting party is the implementing agency, the concurrence of the proponent legislator shall be obtained;

4.3.2 Written reason/justification for the realignment;

4.3.3 Certification of availability of funds

4.3.3.1 For NGAs/GOCCs:

a) Certification from the head of the budget office, duly noted by the agency head, that the allotment being requested for realignment has not yet been obligated and still available;

- b) If cash has already been issued, a certification from the servicing bank that the NCA has lapsed or Remittance Advice/Deposit Slip evidencing the return of the cash to the BTr.

4.3.3.2 For LGUs:

- a) Certification from the local accountant duly noted by the local chief executive (LCE) concerned, that:
 - a.1 The fund received by the LGU has neither been obligated nor disbursed and therefore still available for realignment; and
 - a.2 The project proposed to be realigned has not yet been implemented.
- b) If funding checks have already been issued/credited to the account of the LGU and the realignment requires change of implementing LGU/agency, a certification signed by the local treasurer that the funds have been deposited back to the BTr, as evidenced by a copy of Remittance Advice/Deposit Slip.

4.4 Requests for realignment, modification and revision of projects shall be duly endorsed by the following:

4.4.1 For the Senate, the Senate President and the Chairman of the Committee on Finance; and

4.4.2 For the House of Representatives, the Speaker of the House of Representatives and the Chairman of the Committee on Appropriations.

4.5 The Secretaries of Agriculture, Education, Energy, Interior and Local Government, Labor and Employment, Public Works and Highways, Social Welfare and Development, and Trade and Industry are also authorized to approve requests for realignment (for allotments received from the PDAF) from one project/scope to another, subject to the following conditions:

4.5.1 For infrastructure projects, realignment is within the same implementing unit and same project category as the original project;

4.5.2 That the allotment released has not been obligated for the original project/scope of work; and

- 4.5.3 The concerned legislator concurs with the requested realignment.

The said Departments shall inform the DBM in writing of any realignment approved within five (5) calendar days from the date of approval.

5.0 POSTING REQUIREMENTS

- 5.1 The DBM and the respective heads of implementing agencies and their web administrators or equivalent, shall be responsible for ensuring that the following information, as may be applicable, are posted on their respective official websites:

- 5.1.1 All releases and realignments under this Fund;
- 5.1.2 Priority list, standard and design submitted to Congress;
- 5.1.3 Projects identified and names of proponent legislator;
- 5.1.4 Names of project beneficiaries and/or recipients;
- 5.1.5 Any authorized realignment;
- 5.1.6 Status of project implementation; and
- 5.1.7 Program/project evaluation and/or assessment reports.

Moreover, for any procurement to be undertaken using this Fund, implementing agencies shall likewise post on the Philippine Government Electronic Procurement System all invitations to bid, names of participating bidders with their corresponding bids, and awards of contract.

- 5.2 For LGUs, aside from their websites, the posting of PDAF releases shall also be made in at least three (3) publicly accessible and conspicuous places in 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 full disclosure policy of the Department of the Interior and Local Government.

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 ITEMS FOR RESOLUTION

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

8.0 REPEALING CLAUSE

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

9.0 EFFECTIVITY

This Circular shall take effect immediately.

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FLORENCIO B. ABAD
Secretary

**FY 2013 PRIORITY DEVELOPMENT ASSISTANCE FUND
Project Menu and List of Requirements**

A. PROGRAMS/PROJECTS CHARGEABLE AGAINST SOFT ALLOCATION

| Particulars | Program/Project | Implementing Agency | List of Requirements |
|--------------------|---|--|--|
| 1. Education | Scholarships | TESDA/CHED/NCIP/LGUs SUCS DAP | Name of recipient schools and estimated number of scholars Specify type of program, target beneficiaries, estimated number of participants and a certification from DAP that the program is not among those fully subsidized by the national government |
| | Assistance to students | DepED | Name of recipient schools, estimated number of students and type of assistance to be given |
| | Sporstfest/ Sports Tournament | SUCs/DepED/LGUs | Name of recipient schools/LGUs, type of national/local sports tournament and type of assistance to be given |
| | Purchase of IT Equipment | DepED/TESDA/CHED/SUCs/LGUs | Name of recipient schools, number of IT equipment, specifications (limited to hardware component which should preferably be purchased through the Procurement Service) |
| | Purchase of School Equipment, Furniture and Fixtures | LGUs | Name of community colleges/extension classes, type and quantity |
| | School desks and chairs included under the Educational Facilities identified in the Basic Educational Information System which uses the color coding scheme | DepED | Name of recipient school, location, cost and certification from DepED that the school is not included among the recipients of funds programmed for educational facilities |
| | 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 (including professional fees) | 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 hospitals/RHUs, type and quantity of equipment |
| | Purchase of Ambulances and Mobile Clinics | LGUs | Type of vehicle including engine displacement, number of units and deployment |
| | Medical mission including provision of medicines and immunization | LGUs | Type of medical services to be covered by medical mission, estimated cost |
| | Insurance Premium | PhilHealth | Beneficiaries identified under the National Household Targeting System for the Poverty Reduction (NHTS - PR) classified under the informal sector |

**FY 2013 PRIORITY DEVELOPMENT ASSISTANCE FUND
Project Menu and List of Requirements**

| Particulars | Program/Project | Implementing Agency | List of Requirements |
|------------------------------|--|---|---|
| 3. Livelihood | Small and Medium Enterprises/Livelihood One Town, One Product (OTOP) Project Specialty training/employment program (community based training program) including acquisition of training supplies and equipment Purchase of equipment to upgrade existing Technical Vocational Training Centers Special program for Employment of Students (SPES) | DTI/DA/CDA LGUs DTI TESDA/LGUs TESDA DOLE | Type of projects/specific program/project activity as reflected in the GAA (if CDA is the implementing agency, certification that the cooperative is duly registered or accredited by the CDA) Type of project/s and recipient LGUs Nature/type, beneficiaries and location of project Type of program, type and quantity of equipment if any, and approximate number of recipients Name of recipient training center, type, and quantity of equipment Approximate number of students |
| 4. Social Services | Comprehensive and Integrated Delivery of Social Services (CIDSS) Program Assistance to Indigent Individuals/Families | DSWD LGUs LGUs | Type of CIDSS program and specific location Type of assistance/services to be rendered |
| 5. Peace and Order/ Security | Purchase of the following: Firetrucks Firefighting Equipment Patrol Vehicles, Multicabs Prisoner's Vans <u>Rescue Vehicles</u> <u>Rescue Equipment</u> <u>Surveillance and Communication Equipment</u> Police Patrol Equipment | LGUs/DILG-OSEC, BFP LGUs/DILG-OSEC, PNP LGUs/DILG-OSEC, BJMP LGUs/DILG-OSEC, PNP LGUs/DILG-OSEC, PNP <u>LGUs, PNP</u> PNP, LGUs | Specification of firetruck, number of units, deployment Type and description of equipment, number of units and deployment Type of vehicle/specifications, number of units and deployment, engine displacement not exceeding 1800 cc for gasoline-fed or 2500 cc for diesel-fed Type of vehicle/specifications - engine displacement not exceeding 2500 cc for diesel-fed, number of units, deployment Type of vehicle/specifications - engine displacement not exceeding 1800 cc for gasoline-fed or 2500 cc for diesel-fed, number of units, deployment Type and description of equipment, number of units, deployment Type of equipment, number of units and target beneficiaries Type/description, number, deployment and cost of equipment |
| 6. Arts and Culture | Preservation/Conservation, including publication of historical materials | NHCP (formerly NHI)/LGUs | Type/nature of project and estimated cost |

**FY 2013 PRIORITY DEVELOPMENT ASSISTANCE FUND
Project Menu and List of Requirements**

B. INFRASTRUCTURE PROJECTS CHARGEABLE AGAINST HARD ALLOCATION

| Particulars | Program/Project | Implementing Agency | List of Requirements |
|-------------|---|---------------------------|--|
| | Construction/Rehabilitation/Renovation of the ff: <i>Roads and Bridges</i> | DPWH | Scope of work, location and estimated cost. Provided that the project conforms to the priorities and work program of the DPWH for the year |
| | Farm to Market Roads identified in the DA network plan and following the new construction design | DPWH | Scope of work, location, estimated cost and DA certification that the project is included in the network plan |
| | Public Markets/Multi-Purpose Buildings/ Multi-Purpose Pavements, Pathways and Footbridges | DPWH | Scope of work, location, and estimated cost |
| | Academic Buildings/ <i>School Buildings</i> | DPWH/SUCS | Name of recipient SUCs/ <i>Schools</i> , scope of work, location and estimated cost In addition to the above requirements, the construction/rehabilitation/renovation of school buildings shall be supported with a certification from DepED that the recipient school is not a recipient under any of the following sources: ♦ Special Purpose Fund - DepEd Schoolbuilding Program ♦ Built-in Appropriation under the DepEd and DPWH provision for Basic Educational Facilities ♦ Other fund sources - e.g. donations |
| | Police, Jail and Fire Stations | DPWH/DILG-OSEC, PNP, BJMP | Scope of work, location, and estimated cost |
| | Basic and/or Emergency Obstetric Care Units, Wards or Facilities | DPWH | Name of hospital, scope of work, location and estimated cost |
| | Housing Units for Eligible Beneficiaries | NHA | Number of housing units, scope of work, location, estimated cost and certification that the land is owned by LGU and is available for housing project |
| | Irrigation Projects/Facilities within the priority production areas identified by the DA | NIA | Scope of work, location, estimated cost and DA-NIA certification that the project is included in the priority production areas identified by DA |
| | Flood Control | DPWH | Scope of work, location and estimated cost |
| | Water Supply System Level I - Stand-alone water points (e.g. handpumps, shallow wells, rainwater collectors) Level II - Piped water with a communal water point (e.g. borewell, spring system) | DPWH | Scope of work, location and estimated cost |

**FY 2013 PRIORITY DEVELOPMENT ASSISTANCE FUND
Project Menu and List of Requirements**

| Particulars | Program/Project | Implementing Agency | List of Requirements |
|-------------|--|---------------------|---|
| | Small Water Impounding Projects/Shallow Tube Wells/Small Farm Reservoir | DA | 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 |
| | Rehabilitation/Preservation/Conservation of Historical and Heritage Sites | NHCP (formerly NHI) | Scope of work and location |