



REPUBLIC OF THE PHILIPPINES
Department of Budget and Management
Department of Trade and Industry



JOINT CIRCULAR NO. 2014-1
October 9, 2014

TO : All Concerned Officials of the Department of Budget and Management, Department of Trade and Industry and All Others Concerned

SUBJECT : Guidelines on the Implementation of the Shared Service Facilities (SSF) Project under the FY 2014 Budget of the Department of Trade and Industry

1.0 PURPOSE

- 1.1 To prescribe the guidelines on the release of funds and implementation of the Shared Service Facilities (SSF) Project in accordance with Item III.c of the President's Veto Message consistent with Special Provision No. 1 of the FY 2014 budget of the Department of Trade and Industry (DTI) under RA 10633 otherwise known as the General Appropriations Act (GAA).
- 1.2 To define the roles and responsibilities of the agencies concerned during project implementation and completion.

2.0 COVERAGE

- 2.1 This Joint Circular shall apply to all concerned Offices of the Department of Budget and Management (DBM) and the DTI in the implementation of the FY 2014 SSF Project lodged under the budget of DTI.

3.0 GENERAL GUIDELINES

- 3.1 The amount of ₱ 770,000,000 appropriated under the DTI budget in the FY 2014 GAA for the implementation of the SSF Project shall be released to DTI, the breakdown of which is as follows:

Regions	Amount	Total Budget
MOOE - Central Office		₱ 70,000,000
Capital Outlay - Regional Offices		700,000,000
NCR	P 12,670,000	
I	91,508,000	
II	48,202,000	
CAR	57,589,000	
III	52,464,000	

Regions	Amount	Total Budget
IVA	80,625,000	
IVB	19,004,000	
V	34,554,000	
VI	23,036,000	
VII	36,623,000	
VIII	34,554,000	
IX	46,071,000	
X	50,679,000	
XI	34,553,000	
XII	22,869,000	
XIII	54,999,000	
TOTAL		₱ 770,000,000

3.2 The SSF Project shall be primarily based on strategic priority industry clusters that are supportive of the Key Result Areas under EO No. 43, s. 2011 (Pursuing our Social Contract with the Filipino People through the Reorganization of the Cabinet Clusters). Industry clusters which are groups of competing, collaborating and interdependent business within a value chain shall be identified by DTI in consultation with key stakeholders. As far as practicable, priority shall be given to the focus/convergence areas with high poverty incidence and high poverty magnitude.

3.3 SSF shall refer to a set of machinery, equipment, tools, system, accessories, and other auxiliary items that may be required for the effective function of the SSF, to be managed by Co-operator for the common use by the beneficiaries. The Co-operator shall refer to the SSF partner, which may be any juridical entity such as but not limited to non-government organizations (NGOs), people's organizations, cooperatives, industry/trade/business associations, local government units (LGUs), state universities/colleges, technical vocational schools and other similar government academic and training institutions.

The beneficiary shall be the actual and potential user of the SSF which shall be predominantly a cooperative, an association or group of MSMEs, individual MSME, individual entrepreneurs, students, trainees, teachers and researchers.

3.4 A Memorandum of Agreement (MOA) between DTI and the Co-operator/s that specifies certain conditions including the use of the equipment under a usufruct agreement shall be executed with commitments by the latter to secure, operate, properly maintain and repair equipment upon acceptance. After a period of two (2) years wherein the Co-operator has demonstrated the successful operation of the SSF, DTI may transfer ownership of the equipment to the Co-operator.

The Co-operator shall comply with the following conditions during the period of usufruct:

3.4.1 Provision for maintenance and other related cost to ensure the proper and optimum use of the machinery, equipment, information technology system, and tools and related accessories;

3.4.2 Adoption of government rules on the disposition/transfer of properties upon termination of the usufruct and/or contract;

After the usufruct period of two (2) years, the operation of the SSF may be considered as successful based on any of the following criteria:

3.4.3 at least 10% increase in the number of beneficiaries assisted; or

3.4.4 at least 10% increase in sales and/or income generated.

3.5 The SSF equipment shall be used by the beneficiaries solely for the purpose for which it was intended and in such manner as not to prejudice the usufruct and, that the same shall be taken care of with due diligence. Accordingly, the Co-operator shall be entitled to reimbursement by the beneficiary of the expenses incurred for the maintenance and preservation of the SSF equipment.

3.6 In cases where the Co-operator of the SSF Project is a government entity, said Co-operator shall utilize their existing delivery and support systems, organizational structures and staffing in the operation of the project.

4.0 RESPONSIBILITIES

4.1 The Department of Trade and Industry shall:

4.1.1 Identify eligible projects based on one or more of the following criteria:

4.1.1.1 The proposed SSF Project addresses processing and manufacturing gaps or bottlenecks of an industry cluster including:

- i. Absence of the needed facility
- ii. Lack of capacity of an existing facility
- iii. Cost of services of an existing facility is not affordable
- iv. Lack of or inadequate technical and administrative services that will promote and facilitate the growth of MSMEs within the priority industry clusters.

4.1.1.2 The proposed SSF Project increases the productivity of the industry cluster in terms of:

- i. Product improvement/Quality enhancement/Marketability
- ii. Price competitiveness
- iii. Conformity to standards

4.1.1.3 The proposed SSF Project supports MSMEs within an industry cluster.

4.1.1.4 Project proposals that will improve One Town One Product (OTOP) products shall likewise be considered.

4.1.2 Formulate standard criteria and procedures in the selection of SSF Project and Co-operator, to ensure that only eligible project and legitimate, qualified, and deserving entity, with proven track record and capability to participate in the program is selected;

- 4.1.3 Organize coordination meetings in the identification of priority industry clusters;
- 4.1.4 Ensure compliance by Co-operator/s of the terms and conditions of the MOA and the usufruct agreement;
- 4.1.5 Submit Special Budget Request (SBR) to the DBM duly supported with Project Profile, Financial Plan, Physical Plan, Monthly Disbursement Program and other documentary requirements;
- 4.1.6 Conduct project procurement activities pursuant to RA 9184 and its implementing rules and regulations (IRR);
- 4.1.7 Monitor and consolidate the monthly physical accomplishment of SSF;
- 4.1.8 Establish business resource centers (BRCs) in strategic locations in the regions that will serve as hubs for excellence to capacitate MSMEs, and provide the necessary equipment for such purpose to be managed by the concerned DTI office. DTI shall be duty bound to maintain and preserve said equipment.

These BRCs will provide among others business counselling services, internet access, computing, printing, communication, and other forms of administrative services that will assist MSME beneficiaries in pursuing their business activities. The operation of the BRCs shall be in accordance with the conditions under Special Provisions in the GAA for 2014;

- 4.1.9 Submit to DBM quarterly budget accountability reports (BARs) / Financial Accountability Reports (FARs).

4.2 The Department of Budget and Management shall:

- 4.2.1 Evaluate and approve the SBR submitted by DTI and facilitate the release of SARO/NCA directly to DTI operating units.


5.0 GOVERNING CLAUSE

- 5.1 All releases, transfers of funds, payments, reimbursements and preparation of books of accounts made pursuant to this Circular shall be subject to pertinent laws, government budgeting, accounting and auditing rules and regulations.
- 5.2 Issues arising from the implementation of this Joint Circular shall be resolved jointly by DBM and DTI.

6.0 EFFECTIVITY

This Joint Circular shall take effect immediately.


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 Department of Trade and Industry


FLORENCIO B. ABAD
 Secretary
 Department of Budget and Management