



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
BONCODIN HALL, GEN. SOLANO ST., SAN MIGUEL, MANILA

LOCAL BUDGET CIRCULAR

No. 114
March 6, 2017

To : Local Chief Executives, Members of the Local Sanggunian, Local Budget Officers, Local Treasurers, Local Planning and Development Coordinators, Local Accountants, and All Others Concerned

Subject : **GUIDELINES ON THE RELEASE AND UTILIZATION OF THE FY 2017 LOCAL GOVERNMENT SUPPORT FUND - FINANCIAL ASSISTANCE TO LOCAL GOVERNMENT UNITS (LGSF-FA TO LGUs)**

1.0 BACKGROUND

Local governments confront rising public expectations regarding the delivery of services. Despite more than two decades of implementation of Republic Act (RA) No. 7160 (Local Government Code of 1991), however, local governments still face the various challenges in the exercise of their devolved service delivery functions. Foremost among these is the raising of sufficient funds for local development.

Cognizant of the need to provide further support to the LGUs to enable them to fully carry out functions devolved to them while at the same time, building their capacity towards genuine fiscal autonomy, the National Government has scaled up its efforts to ensure meaningful devolution.

To this end, the LGSF was included in the FY 2017 General Appropriations Act (GAA), Republic Act (RA) No. 10924, to cover the following:

- 1.1 FA to LGUs, which shall support priority programs and projects of LGUs;
- 1.2 Assistance to Disadvantaged Municipalities (ADM); and
- 1.3 Conditional Matching Grant to Provinces for Road Repair, Rehabilitation and Improvement (CMGP).

2.0 PURPOSE

To prescribe the guidelines and procedures in the release and utilization of the LGSF-FA to LGUs, and ensure its timely release and sound utilization.

3.0 REQUIREMENTS FOR USE AND RELEASE OF THE LGSF-FA TO LGUs

- 3.1 The programs and/or projects to be funded from the LGSF-FA to LGUs shall be implemented by the provinces, cities, municipalities and barangays concerned.
- 3.2 The LGSF-FA to LGUs shall be used to fund the priority programs and/or projects that are included in the Menu attached as Annex A, and that have not been fully funded from other sources.
- 3.3 All requests for the release of funds chargeable against the LGSF-FA are to be signed by the local chief executive (LCE) and submitted to the Department of Budget and Management (DBM), supported by the following:
 - 3.3.1 List of priority programs and/or projects to be implemented signed by the LCE;
 - 3.3.2 Sanggunian Resolution endorsing the list of priority programs/projects, and affirming that such programs/projects are part of the duly approved Local Development Investment Program and Annual Investment Program; and
 - 3.3.3 The following documents depending on the type of program/project being proposed for funding:

Type of Project	Documentary Requirement
Health	<ul style="list-style-type: none">a. Identification of the recipient government hospital and/or rural health center signed by the local health officer;b. Vehicle Type/Specifications (for ambulance);¹c. Cost and Number of Units (for ambulance);d. Deployment (for ambulance); and
Social Services	<ul style="list-style-type: none">a. Project Profile/Proposal, including the following information:<ul style="list-style-type: none">1. Type of Assistance/service to be rendered;2. Target Beneficiaries;3. Implementation process; and4. Period of implementation

¹ Motor vehicle specifications shall be in accordance with the DBM Budget Circular No. 2016-5 dated August 22, 2016 [Revised Guidelines on the Acquisition and Use of Government Motor Vehicles]. Moreover, LGUs shall follow Department of the Interior and Local Government Memorandum Circular (DILG MC) No. 2014-155 dated December 17, 2014 re Guidelines on Motor Vehicle Acquisitions by the LGUs, as amended by DILG MC No. 2015-52 dated May 11, 2015.

Type of Project	Documentary Requirement
Disaster Risk Reduction and Climate Change Adaptation, Peace and Order or Security	<ul style="list-style-type: none"> a. Vehicle Type/Specifications;² b. Cost and Number of Units; c. Deployment; and
Construction, Rehabilitation, Repair, or Improvement of Public Infrastructure Projects	<ul style="list-style-type: none"> a. Program of Works certified by the DPWH or Provincial or City or Municipal Engineer, as the case may be; b. Description and picture of the geo-tagged location of the project; c. Detailed Estimates prepared by the DPWH or Provincial or City or Municipal Engineer, as the case may be; d. Detailed Engineering Design prepared by the DPWH or Provincial or City or Municipal Engineer, as the case may be; e. Certification from the LCE attesting to the following: <ul style="list-style-type: none"> 1. The LGU has the capability to implement the project by administration or contract and in accordance with the design, plan, specifications, and such other standards and policies of the National Government; 2. Project is readily implementable within the prescribed timelines and that there are no issues related to the site/land title, including informal settlers thereon and right-of-way acquisition; 3. Project site is located at a safe zone based on the MGB hazard map or the project is located at a hazard zone but engineering mitigation measures prepared by the DPWH or Provincial or City or Municipal Engineer (copy of which should also be submitted) have been included in the design to address the potential problems, as the case may be; and 4. The LGU shall commit to fund the cost of maintenance and repairs thereof.

² Ibid.

Type of Project	Documentary Requirement
	f. For projects costing more than P10.0 million – individual certification from the DPWH District Engineering Office that the LGU has the technical capability to implement the project.

3.3.4 LGUs, which previously received funding support from the LGSF-FA to LGUs, shall submit a report following the template shown in Annex B hereof.

- 3.4 Requests which do not comply with any of the foregoing documentary requirements shall be returned to the LGU concerned through the DBM Regional Offices (ROs).
- 3.5 The requests shall be subject to DBM evaluation based on necessity, and just and equitable distribution of funds, among others. It is understood that only requests prepared and submitted by the LCEs shall be evaluated by the DBM. Requests that are shown to have been prepared and submitted by third parties, *e.g., fixers and facilitators*, other than the LGU concerned shall be immediately denied.
- 3.6 In order to provide ample time for evaluation, the deadline for the submission of requests for funding shall be on or before September 30, 2017.
- 3.7 Consistent with ALGU-LGSF Special Provision No. 4 of the FY 2017 GAA, RA No. 10924, the LGSF-FA to LGUs shall be released directly by the Bureau of the Treasury (BTr) to the beneficiary LGUs through authorized government servicing banks upon receipt of and consistent with the purposes indicated under, the corresponding Special Allotment Release Order (SARO) and Advice of Notice of Cash Allocation Issued (ANCAI) released by the DBM to the BTr.
- 3.8 Consistent with Section 86(c) of the General Provisions of the FY 2017 GAA, RA No. 10924, the amount(s) to be released to LGUs specifically for public works and infrastructure projects and other programs, services and facilities, including construction of local roads and facilities, shall be recorded as Trust Funds to be used only for the specified purpose(s) by the LGUs.

4.0 PROJECT IMPLEMENTATION

- 4.1 Disbursement and utilization by the LGUs shall be subject to pertinent provisions of the Government Procurement Reform Act (RA No. 9184) and its 2016 Revised Implementing Rules and Regulations (IRR), as well as the applicable accounting, budgeting and auditing rules and regulations.

- 4.2 Purchase of motor vehicles shall be subject to the pertinent guidelines issued by the DBM, and the authority to purchase shall be sought before the posting of the Invitation to Bid/Request for Quotation, consistent with pertinent guidelines on the acquisition and use of motor vehicles as may be issued by the DILG.

5.0 PROHIBITIONS IN THE USE OF THE LGSF-Financial Assistance to LGUs

The amount received by the LGU from the LGSF-Financial Assistance to LGUs shall not be used:

- 5.1 For any purpose other than the programs and/or projects, including the location thereof, for which the fund was released;
- 5.2 To augment funding for programs and/or projects already covered by the ADM and CMGP under the FY 2017 GAA; and
- 5.3 For the payment of Personal Services³ expenditures (i.e., payment of salaries, including honoraria, allowances, bonuses, and similar forms of compensation).

6.0 POSTING AND REPORTING REQUIREMENTS

- 6.1 The beneficiary LGUs shall:
 - 6.1.1 Comply with the posting requirements prescribed under RA No. 9184 and its 2016 Revised IRR;
 - 6.1.2 Prepare quarterly reports on fund utilization and status of program/project implementation using the attached format (Annex B), and post said reports on the LGU's website, and in at least three (3) conspicuous public places in the locality within twenty (20) days from the end of each quarter, consistent with the Full Disclosure Policy of the DILG; and
 - 6.1.3 Submit the same report, either in printed form or by way of electronic document within 30 days from the end of each quarter, to the following:
 - 6.1.3.1 the DBM, through its ROs;
 - 6.1.3.2 the Speaker of the House of Representatives;
 - 6.1.3.3 the President of the Senate of the Philippines;
 - 6.1.3.4 the House Committee on Appropriations; and

³ Sec. 306(k) of the Local Government Code of the Philippines.

6.1.3.5 the Senate Committee on Finance.

6.1.4 The reports submitted electronically must be duly signed by the authorities concerned.

7.0 RESPONSIBILITY AND ACCOUNTABILITY

The LCE and other local officials concerned shall be responsible and accountable in the proper disbursement and utilization of the LGSF-FA to LGUs for the implementation of eligible programs and/or projects, including compliance with pertinent provisions of RA No. 9184 and its 2016 Revised IRR, as well as applicable budgeting, accounting, and auditing rules and regulations. It shall be the responsibility of the LGU to ensure that no duplication and/or overlapping of funding occurs. As such, the LGU shall immediately inform the DBM if it has received funding from other sources for the same projects requested to be funded under the FY 2017 LGSF-FA to LGUs.

8.0 ISSUES FOR RESOLUTION

Interpretation of the provisions in this Circular, including cases not covered herein shall be referred to the DBM for final resolution.

9.0 SEPARABILITY CLAUSE

If any provision of this Circular is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

10.0 REPEALING CLAUSE

All provisions in existing guidelines that are not consistent with this Circular are hereby revised, modified and/or repealed accordingly.

11.0 EFFECTIVITY

This Circular shall take effect five days after its publication.


BENJAMIN E. DIOKNO
Secretary



ANNEX A

FY 2017 LGSF PROGRAM/PROJECT MENU

Program	Qualified Project*
Health	<ul style="list-style-type: none"> a. Assistance to indigent patients either confined or out-patient (including professional fees); and b. Purchase of ambulance.
Social Services	<ul style="list-style-type: none"> a. Assistance to indigent individual or families in any of the following forms: <ul style="list-style-type: none"> 1. Medical; 2. Burial; 3. Transportation; 4. Food Assistance; 5. Cash for Work; and 6. Educational Assistance.
Disaster Risk Reduction and Climate Change Adaptation	<ul style="list-style-type: none"> a. Heavy duty rescue vehicles
Peace and Order or Security	<ul style="list-style-type: none"> a. Purchase of firetrucks; and b. Purchase of multicabs.
Construction, Rehabilitation, Repair, or Improvement of Public Infrastructure Projects	<ul style="list-style-type: none"> a. Local roads and/or bridges; b. Public Markets; c. Slaughterhouses; d. Multi-purpose buildings; e. Multi-purpose pavements; f. Pathways; g. Trails; h. Drainage Canals; i. Seawalls; j. Water system projects including Level 1/Stand alone water points; and k. [Open and Closed] Sports facilities but not including sports equipment.

**Definition of terms herein used attached as Annex A-1 hereof*

Annex A-1

Definition of Terms

Particulars	Definition	Source
Bridge	A structure carrying a road over a road, waterway or other feature, with a clear span over 3.0 meters along the centerline between the inside faces of supports. A bridge may have an independent deck supported on separate piers and abutments, or may have a deck constructed integral with supports.	DPWH Enterprise Data Glossary, October 2016
Building	A roofed and walled structure built for permanent use.	DPWH Enterprise Data Glossary, October 2016
Drainage Canal	Drainage structure built to drain water from the road or any infrastructure.	Other Infrastructure Section, Programming Division, Planning Service, DPWH
Farm-to-Market Roads	Refer to roads linking the agriculture and fisheries production sites, coastal landing points and post-harvest facilities to the market and arterial roads and highways.	Republic Act No. 8745 or Agriculture and Fisheries Modernization Act of 1997
Flood Control	Detention or diversion of water for the purpose of reducing discharge for downstream inundation. Includes seawalls, river walls and other flood control system facilities for public use.	DPWH Enterprise Data Glossary, October 2016 COA Circular No. 2013-002: Adoption of the Revised Chart of Accounts for National Government Agencies, January 30, 2013
Multi-Purpose Building	A building used for more than one specific purpose.	
Multi-Purpose Pavement	A pavement used for more than one specific purpose.	

Particulars	Definition	Source
Pathways	A structure that serves as a passage for pedestrian/passers-by/vehicle, e.g., road, sidewalk, etc.	Other Infrastructure Section, Programming Division, Planning Service, DPWH
Pavement	The constructed all-weather surface of a road, including parking and auxiliary lanes but excluding shoulders. That part of a roadway having a constructed surface for the facilitation of vehicular traffic.	DPWH Enterprise Data Glossary, October 2016
Public Markets	A market owned, operated and/or managed by the government intended to serve the general public where most of the food commodities for sale are generally unprocessed and perishable.	Department of Agriculture Administrative Order No. 5, series of 2012, January 12, 2012
Road	A general term denoting a public way for purposes of vehicular traffic, including the entire area within the road right-of-way.	DPWH Enterprise Data Glossary, October 2016
Seawall	Protection structure near the sea or a river	Other Infrastructure Section, Programming Division, Planning Service, DPWH
Slaughterhouses	Facilities where farm animals are butchered and processed	COA Circular No. 2013-002: Adoption of the Revised Chart of Accounts for National Government Agencies, January 30, 2013
Sports facilities	Individual buildings or groups of structures designed for exercising, sports training and practice, and competition in various sports	Sports Structures and Facilities. (n.d.) <i>The Great Soviet Encyclopedia</i> , 3rd Edition. (1970-1979). http://encyclopedia2.thefreedictionary.com/Sports+Structures+and+Facilities

Particulars	Definition	Source
Trails	A path or track	Other Infrastructure Section, Programming Division, Planning Service, DPWH
Water System Projects		Philippine Water Supply Sector Roadmap, 2 nd Edition, 2010, NEDA
Level I (Point source)	A protected well or a developed spring with an outlet but without a distribution system as it is generally adaptable for rural areas where the houses are thinly scattered serving an average of 15 households with people having to fetch water from up to 250 meters distance.	and
Level II (Communal faucet system or standpost)	A piped system with communal or public faucets usually serving 4-6 households within 25 meters distance. A system composed of a source, reservoir, distribution system and communal faucets. Generally suitable for rural and urban fringe areas where houses are clustered densely to justify a simple piped-system.	Philippine Development Plan 2011-2016, Chapter 5: Accelerating Infrastructure Development, NEDA
Level III (waterworks system or individual household connections)	A fully reticulated system with individual house connections based on a daily water demand of more than 100 liters per person. A system composed of a source, reservoir, piped distribution system and household taps. Generally suited for densely populated urban areas.	

ANNEX B

LOCAL GOVERNMENT SUPPORT FUND
Report on Fund Utilization and Status of Program/Project Implementation
For the Quarter Ended _____

Fund Source	Date of Notice of Authority to Debit Account Issued (NADAI)	Type of Program/Project	Name Title of Program/Project	Specific Location	Mechanism/ Mode of Implementation	Estimated Number of Beneficiaries	Amount			Estimated Period of Completion (month and year)	Program/ Project Status
							Received	Obligation	Disbursement		

Prepared by: The Local Finance Committee (LFC)

Attested by:

 Local Budget Officer

 Local Chief Executive

 Local Treasurer

 Local Planning and Development Coordinator

Instructions:

1. The report shall be prepared by the LFC, in coordination with the other local officials concerned (e.g. local accountant on the allotment, obligation and disbursements; local engineer on the status of infrastructure projects, as may be applicable).
2. The fund source shall be based on the NADAI issued to LGUs.
3. The type of program/project shall be identified, consistent with the Project Menu under Annex A of this Circular.
4. Amount received refers to the amount received by the LGU as its share. It is the amount indicated in the NADAI. Obligation refers to the total amount obligated by the LGU as of reporting period. Disbursement refers to the total amount paid by the LGUs as of reporting period.
5. The status of programs/projects refers to the percentage of physical completion as of reporting period.