



Republic of the Philippines

DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT

DILG-NAPOLCOM Center, EDSA corner Quezon Avenue, West Triangle, Quezon City

<http://www.dilg.gov.ph>



**OPERATIONAL GUIDELINES ON THE IMPLEMENTATION OF 2016  
PERFORMANCE CHALLENGE FUND (PCF)**

**Memorandum Circular No. 2016-167  
November 23, 2016**

**1. Background**

Established in 2010, the Performance Challenge Fund (PCF) is a performance-based reform program of the DILG that seeks to rationalize inter-governmental transfers of the national government to Local Government Units (LGUs) and encourage the convergence of local development initiatives with national development agenda and priorities. It is an incentive given to eligible LGUs under the Local Governance Performance Management Program of the Department to support high-impact local development projects identified as a priority by the LGU.

For 2016, the PCF shall be awarded to LGUs that passed the Seal of Good Local Governance (SGLG): Pagkilala sa Katapatan at Kahusayan ng Pamahalaang Lokal. The SGLG is an award program encouraging and challenging all provinces, cities and municipalities to improve on their performance and service delivery.

**2. Purpose**

This Circular will serve as guide to the 1.) PCF LGU beneficiaries to effectively and efficiently implement their PCF-supported projects and 2.) DILG on the management of PCF which includes release of financial subsidy, monitoring and reporting of the implementation of PCF program.

**3. Scope/Coverage**

All DILG Regional/Provincial/City Directors, Cluster Leaders, CLGOOs/MLGOOs, ARMM Regional Secretary, ARMM Governor, Governors and Mayors of PCF Recipient LGUs and others concerned

**4. Guiding Principles**

- Support the government's advocacy of improving overall LGU performance in governance and delivery of basic services;
- Expand opportunities for performing LGUs to accelerate local inclusive development, giving constituencies better access to education, health care, and tourism development among others;
- Sustain the provision of incentives to LGUs commensurate to their performance level;
- Foster and sustain cooperation among government stakeholders, development partners, NGOs, and CSOs to influence greater LGU performance;
- Enhance the LGU's program/project conceptualization, implementation, monitoring and evaluation;

- Project processes shall include gender-sensitivity, disability-inclusiveness, human development index, and other thematic concerns that promote the welfare of the most vulnerable sectors in the community.

## 5. Policy Content and Guidelines

### 5.1. Eligibility Requirements

#### 5.1.1. Eligible LGU

Local Government Units shall be eligible to avail the PCF subject to the following conditions:

- Passed the Seal of Good Local Governance (SGLG); and
- With **NO** uncompleted projects under PCF 2011-2013 and NO Not-Yet Started projects under PCF 2014-2015, per status report from the PCF website (<http://www.pcf.dilg.gov.ph>).

#### 5.1.2. Eligible Projects

5.1.2.1. The PCF subsidy shall be used to finance local development projects supportive of the following:

- **Attainment of MDGs/Sustainable Development Goals:** (e.g. school buildings, rural health units/health centres, birthing or lying-in facilities, water and sanitation, and housing and settlements, Rehabilitation Centre, Patrol Cars);
- **Stimulating Local Economic Development** (e.g. core local roads and bridges, access roads, irrigation systems, post-harvest facilities, cold storage facilities, ports and wharves and other economic structures and growth enhancement projects like market, slaughter house, etc.)
- **Preparing for Disaster and Adapting to Climate Change** (e.g. flood control, reforestations, storm drainage, dikes, seawall and related flood protection measures and slope protection, evacuation centres, rainwater collection facility, early warning system/devices and rescue equipment)
- **Promoting Environmental Protection** (e.g. sanitary landfill, material recovery facilities, sewerage system)
- **Furthering Transparency and Accountability** (e.g. website development)

5.1.2.2. Considering the incentive/subsidy is a top-up to the local development funds of LGUs, identification of projects should be governed by the policies governing the use of the 20% of the Internal Revenue Allotment (IRA) for local development projects provided for in DBM-DILG Joint Memorandum Circular 2011-1 dated April 13, 2011 amending DILG-DBM JMC No.1, dated September 20, 2005, entitled, "Guidelines on the Appropriation And Utilization of the 20% of the Annual IRA for Development Projects" and DILG Memorandum Circular No. 2010-138



dated December 2, 2010, entitled " Use of the 20% Component of the Annual IRA Shares", hence, PCF subsidy shall not be utilized for the following:

- Projects exclusively on training or capacity development;
- Financing of micro credits and loans.
- Administrative expenses such as cash gifts, bonuses, food allowance, medical assistance, uniforms, supplies, meetings, communication, water and light, petroleum products and the like;
- Salaries, wages or overtime pay;
- Travelling expenses, whether domestic or foreign;
- Registration or participation fees on training, seminars, conferences or convention;
- Construction, repair or refinishing of administrative offices; and
- Purchase of administrative office furniture, fixtures, equipment or appliances.

5.1.2.3. Projects must be implementable **within a period of one year**.

5.1.2.4. Proposed project must be a whole single project and not a component of other projects.

## **5.2. Implementation Procedures**

### **5.2.1. Issuance of Notice of Eligibility**

The DILG Regional Director, shall issue the Notice of Eligibility (**Annex A**) to qualified LGUs upon receipt of the final list of awardees of the Seal of Good Local Governance (SGLG) from the DILG-CO.

### **5.2.2. Conduct Regional Orientation**

From the issuance of the notices of eligibility to the LGUs, the DILG-CO shall download funds to the Regional Offices for the conduct of the Regional PCF Orientation for:

- Concerned LCEs, Planning Officers or Engineers and Accountants of Eligible Provinces, Cities and Municipalities;
- Concerned DILG/Provincial/City Directors;
- Concerned DILG Cluster Leaders;
- Concerned City/Municipal Local Government Operations Officers (C/MLGOOs); and
- Concerned Provincial Focal Persons.

### **5.2.3. MOA Signing and Release of Fund to recipient LGUs**

5.2.3.1. The LGUs shall execute a Memorandum of Agreement (MOA) (**Annex B**) with the DILG Regional Office upon submission of the following requirements:

- Sanggunian Resolution (Annex C) authorizing the LCE to enter into a MOA with DILG Regional Director;
- Certified true copy of the Annual Investment Program (AIP) or Local Development Investment Program (LDIP)/Provincial Development Investment Program (PDIP) for the year (page indicating the project) by the Secretary to the Sanggunian;
- Checklist of Project (Annex D) indicating the proposed project duly approved by the LCE

5.2.3.2. The DILG Regional Office shall issue the PCF check or the List of Due and Demandable Accounts Payable – Advice to Debit Account (LDDAP-ADA) to the LGU recipient upon signing of the MOA. The LGU recipient shall issue Official Receipt (OR) to the Regional Office corresponding to the amount received.

#### 5.2.4. Submission of Project Proposal

The LGUs are given 30 calendar days to submit the Project Proposal (Annex E) and all its pertinent administrative requirements based on their submitted AIP/LDIP/PDIP upon signing of the MOA. The hard and digitized copy of the Project Proposal, AIP/LDIP/PDIP (page indicating the project) and high resolution picture of the proposed project site or the site of the proposed deployment/exact location in case of motor vehicle/equipment must be submitted by the LGU for uploading to the PCF website.

LGU's Project Proposal shall include the following documents:

- Administrative/Executive Order creating the LGU PCF Project Implementation Unit/Team;
- Program of Works with Detailed Estimates and Quantity Take-off; and
- Pictures of the proposed site (in high-resolution preferably taken in two different angles).

#### For Infrastructure Projects

- Detailed Engineering Design (DED)
- Detailed Estimates
- Program of Work
- Bar Chart/S-curve

#### For Procurement of Motor Vehicles

The project proposal of the LGU must include the following requirements for the approval of the Authority to Purchase Motor Vehicles and other requirements pursuant to Administrative Order No. 233 s. 2008 as amended by AO No. 15 s. 2011, Budget Circular (BC) No. 2010-02, National Budget Circular (NBC) No. 446 s. 1995, as amended by NBC No. 446-A s. 1998, and BC No. 2016-5.

- Technical Specifications of the Vehicle;
- Unit Cost of the proposed Motor Vehicle



- Report of the physical count of vehicle and heavy equipment; and
- For second hand/reconditioned vehicle – Certification by responsible official as to the Remaining Useful Value (RUV) of the vehicle to be acquired, acknowledging that the said vehicle is in good running condition as provided under National Budget Circular (NBC) No. 446-A dated January 30, 1998.

DBM Department Order No. 2015-15 dated November 16, 2015 authorizing the DBM Regional Office to recommend approval of acquisition/purchase of DRRM equipment and motor vehicles under Bottom-Up Budgeting and DILG Performance Challenge Fund (PCF)

The Appraisal Review and Approval Form (ARAF) found in **Annex F** will serve as checklist in the review of the LGU's compliance to the PCF administrative requirements.

Whenever practicable, the DILG Provincial Office shall be responsible for the appraisal of the projects and the completeness of documents, while the DILG Regional office shall be responsible for the Approval of the Project Proposal.

#### 5.2.5. Notice to Implement

Within five (5) working days of the submission of all project documents, the Regional Office shall issue a Notice to Implement (NTI) (Annex G) **authorizing the start of the project implementation and fund utilization**. However, LGUs with previous PCF will not be given the NTI unless the following have been conformed:

5.2.5.1. LGUs with previous PCF (2011-2013) that have complied with all of the following requirements:

- Those that have completed the project and submitted all administrative documentary requirements and pertinent Annexes to DILG Regional Office;
- Those that have submitted to DILG the following:
  - i. Project Completion Report;
  - ii. Certificate of Acceptance, if project is By Contract;
  - iii. Physical Accomplishment Report with high resolution pictures; and
  - iv. Copy of the Final Report of Disbursement duly-received by COA assigned in the LGU at the time of application if the "verified correct" Report of Disbursement is not yet available.

5.2.5.2. For PCF 2014-2015 recipients, if project is already completed or project is in the on-going status of implementation per report from the PCF website and upon submission to the concerned DILG Regional Office a Certification on the Completion of at least 70% of Project Physical Accomplishment (**Annex H**) as certified by the LGU Project in-charge and approved by the Local Chief Executive.

### 5.2.6. Project Timeline

- 5.2.6.1. All projects must be completed within 12 months upon receipt of the Notice to Implement (NTI). The date of receipt of the NTI from the DILG regional office shall be considered the project's start-up date. All LGU recipients are expected to implement the project based on the signed Memorandum of Agreement (MOA), Project Proposal and Program of Works.

In case of change order or deviations in the implementation of their project/s, recipient LGUs shall secure DILG's approval. Variation Order is not allowed in the last quarter of the implementation period.

- 5.2.6.2. Total change of the approved project proposal is highly discouraged. However, total change of approved proposal shall only be allowed if the submitted project could be completed within one year upon the issuance of the NTI of the original project. A letter from the LGU shall be attached indicating the projected/target completion date of the new project proposal. All pertinent administrative requirements on submission of new project proposal must be observed.

### 5.3. Fund Management

#### 5.3.1. Entry to Regional Books of Account

PCF Fund shall be taken up as an expense in the Book of Accounts of the Regional Offices, the entry should be **Financial Assistance** to Local Government Units.

#### 5.3.2. Utilization of Unexpended Balance After Project Completion

Any balance can be used by the LGUs and utilized by them subject only to the conditions such as:

- Enhancement/improvement of the original project; and
- Procurement of or subsidizing a project supporting the original one.

Use of unexpended balances shall no longer require the approval of the DILG Regional Director. However, the use of these Unexpended Balances is still subject to the submission of reports to the DILG Regional Offices thru the appropriate channel.

In cases, where LGUs will not propose projects supportive of the original, said balances shall be refunded to the National Treasury following existing guidelines on the transfer of funds. Proof of such remittance/refund shall be submitted to the concerned DILG regional office, which shall, in turn, forward the same to FMS of the DILG Central Office for record purposes.

### 5.4. Monitoring and Reporting



#### **5.4.1. Progress Monitoring**

The LGU shall submit a Monthly Progress Accomplishment Report within five (5) days after the end of ensuing month using the Statement of Work Accomplished (SWA) (Annex I) and Statement of Receipts and Disbursement (SORD) (Annex J) to the Regional Office thru channel.

#### **5.4.2. Conduct of Monitoring Visits**

The DILG Regional Team shall conduct quarterly monitoring visits. The National PCF Management Team shall conduct spot-checks and validation.

#### **5.4.3. Data Uploading on the PCF website**

To fast track submission of PCF Project Accomplishment Reports of recipient LGUs, the Cluster Leaders (CLs) and PCF Provincial Focal Person shall upload the status of LGU project implementation on a monthly basis (not later than the 5th day of the ensuing month) directly at the PCF website.

Cluster leaders shall encode Accomplishment Reports of recipient component cities and municipalities under their coverage while the PCF Provincial Focal Person shall encode reports from the recipient province. Regional Office shall encode data for Highly Urbanized Cities or LGUs that are not under the coverage of Cluster leader or Provincial Focal Person. Also, an electronic copy of the following must be submitted by the LGU for proper uploading of the concerned person on the PCF website:

##### **Start-up Phase**

- Memorandum of Agreement (duly notarized);
- Project Proposal;
- AIP or LDIP or PDIP (certified true copy by the Secretary to the Sanggunian of the page indicating the project);
- Acknowledgement letter on the DILG Regional Office Notice to implement (NTI);
- Program of Works; and
- 2 High-resolution (preferably geotagged) jpeg photos of the project site taken from two angles.

##### **Implementation Phase**

- Monthly Accomplishment Reports through Statement of Work Accomplished (SWA) (Annex H) vis-à-vis Program of Work (POW);
- Monthly Statements of Receipts and Disbursements;
- Authority to Purchase Motor Vehicle from DBM; and
- 2 High-resolution (preferably geotagged) jpeg photos of the on-going project taken from two angles.

##### **Project Completion Phase**

- Final Statement of Receipts and Disbursement (SORD) duly received by Local COA;
- Project Completion Report (Annex I);

- Certificate of Turn-over and Acceptance (if project is by Contract);
- LCE and beneficiaries' testimonies (Annex on Guide Questions); and
- 2 High-resolution (preferably geotagged) jpeg photos of the completed project taken from two angles.

The Regional Focal Person shall conduct regular monitoring of PCF website updating by the Cluster Leader/ PCF Provincial Focal Persons and provide technical assistance as necessary.

#### **5.4.4. Reporting of Completed Projects**

Within 10 calendar days of project completion, the LGUs shall submit the copy of their Project Completion Reports (PCRs) (Annex K) to the DILG Regional Office thru channels. The PCRs to be submitted by LGUs shall include the following attachments:

- Certificate of Project Completion by the Local Chief Executive;
- Certificate of Turn Over and Acceptance (if the project is By Contract);
- Copy of Statement of Receipts and Disbursement (SORD) duly received by the local COA;
- 2 High-resolution (preferably geo-tagged) jpeg photos of the completed project taken from two angles; and
- LCE and beneficiaries' testimonies.

For projects involving acquisition of motor vehicles the LGU shall accomplish and submit the Motor Vehicle Report Form (Annex L) within 15 calendar days upon delivery or completion of the procurement process.

#### **5.4.5. Permanent Markers**

A project Marker shall be installed in conspicuous place within the area for completed projects. Markers can be funded thru the PCF by indicating said marker as part of the items in the Program of Works.

- Permanent markers, preferably brass-plate markers (8.5 inches in width x 11 inches in height), shall be installed on a concrete stand at the beginning of said infrastructure for completed projects like access roads, bridges, and flood control. For buildings, it shall be installed near the entrance or main door. (see **Annex M** for Marker's format and Concrete Stand Design)
- Motor vehicle stickers shall be installed at the driver's side (left front door) of the vehicle. Please refer to **Annex N** for Sample Marker with the corresponding specifications.
- Goods and Equipment shall use the same sticker design for motor vehicles and shall be installed to the visible part of the equipment.

#### **5.4.6. Reportorial Requirements under the General Appropriations Act (GAA)**

Based on the GAA, BLGD shall update the following: Department of Budget and Management (DBM), House of Representatives, and the Senate with quarterly reports that note financial and physical accomplishments of PCF. The same report shall also



be posted on the DILG website as compliance to such reportorial requirements, hence, submission of reports by the LGU recipients thru channels and up-to-date encoding of DILG Field Officers in the PCF website is necessary.

#### **5.4.7. CSO Participation**

The Regional Office through channel must ensure the regular monitoring of the implementation of PCF funded projects in coordination with the local CSOs such as faith-based organizations and other sectoral groups on a voluntary basis. CSO participation in field monitoring is highly encouraged as it complements the project monitoring at the national level.

### **5.5. Transparency in the Implementation of Projects**

All recipient LGUs shall strictly follow the provisions of COA Circular No. 2013-004 dated January 30, 2013 entitled "Information and Publicity on Programs/Projects/Activities of Government Agencies", as amended by COA Circular No. 2016-003 dated August 16, 2016.

### **6. Penal Provisions**

Non-compliance to the provisions of this Memorandum Circular shall be dealt with in accordance with pertinent laws, rules and regulations.

### **7. References**

- 7.1. RA 10717 – General Appropriations Act (GAA) 2016
- 7.2. COA Circular No. 2016-003 dated August 16, 2016
- 7.3. Budget Circular No. 2016-5 dated August 22, 2016
- 7.4. RA 9184 – Government Procurement Act
- 7.5. Administrative Order No. 15 s.2011 (Amending Administrative Order No. 233 (S. 2008)
- 7.6. DBM-DILG Joint Memorandum Circular 2011-1 dated April 13, 2011
- 7.7. DBM Department Order No. 2015-15 dated November 16, 2015

### **8. Annexes**

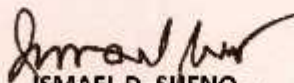
- Annex A: Notice of Eligibility
- Annex B: Memorandum of Agreement (MOA)
- Annex C: Sanggunian Resolution
- Annex D: Checklist of Projects
- Annex E: Project Proposal Format
- Annex F: Appraisal Review and Approval Form
- Annex G: Notice to Implement
- Annex H: Physical Status Certification

- Annex I: Statement of Work Accomplished (SWA)
- Annex J: Statement of Receipts and Disbursements (SORD)
- Annex K: Project Completion Report
- Annex L: Motor Vehicle Report
- Annex M: Brass Markers
- Annex N: Motor Vehicle and Equipment Sticker

#### 9. Effectivity

This Memorandum Circular shall take effect immediately.

#### 10. Approving Authority

  
ISMAEL D. SUENO  
Secretary



#### 11. Feedback

For related queries, kindly contact the Bureau of Local Government Development (BLGD) at Tel. Nos. (02) 927-7852 or 925-0356, or e-mail address us at [pcf.dilg@gmail.com](mailto:pcf.dilg@gmail.com)



## Annex A: Notice of Eligibility

(DILG REGION LETTERHEAD)

Date \_\_\_\_\_

Hon. \_\_\_\_\_  
Province/City/Mun \_\_\_\_\_

Dear Hon. \_\_\_\_\_:

We are pleased to inform you that the LGU of \_\_\_\_\_, being a Seal of Good Local Governance (SGLG) recipient for CY \_\_\_\_\_, can now access the Performance Challenge Fund (PCF) subsidy in the amount of \_\_\_\_\_ Pesos (Php \_\_\_\_\_).

For your reference, we have attached a copy of DILG Memorandum Circular No. \_\_\_\_ dated \_\_\_\_\_ stating the menu of eligible projects and the implementing guidelines to avail yourself of the Performance Challenge Fund.

Kindly facilitate the submission of your project proposal and the pertinent documentary requirements within thirty (30) days of receipt hereof.

Our warmest regards.

Very truly yours,

\_\_\_\_\_  
Regional Director

**Annex B**

**MEMORANDUM OF AGREEMENT**

This **MEMORANDUM OF AGREEMENT** entered into and executed this \_\_\_\_ of \_\_\_\_\_ by:

The **Department of the Interior and Local Government (DILG)** herein referred to as the **DILG-Region \_\_\_\_** with principal address at \_\_\_\_\_, represented herein by Regional Director \_\_\_\_\_.

- and -

The **Local Government Unit** of \_\_\_\_\_, herein referred to as **LGU** PCF recipient with principal office at \_\_\_\_\_ and represented in this agreement by its **(Governor/City/Municipal Mayor)** \_\_\_\_\_ by virtue of Provincial/City/Municipal Sanggunian Resolution No. \_\_, Series of \_\_\_\_.

**WITNESSETH**

**WHEREAS**, the Department of the Interior and Local Government (DILG) is mandated to strengthen local government unit's capability to effectively discharge their powers and functions towards improving the delivery of basic services and facilities to their constituents;

**WHEREAS**, the Development Budget Coordinating Committee (DBCC) of the Department of Budget and Management (DBM) approved the Performance-Based Incentive Policy (PBIP) which provides for an incentive framework to rationalize national government and intergovernmental transfers to LGUs towards improving LGU performance in governance and delivery of basic services.

**WHEREAS**, the Performance Challenge Fund (PCF) for Local Government Units is a program of DILG that serves as a facility to help stimulate LGUs that put premium on transparency, accountability and service delivery performance to enable themselves to avail of financial support to jumpstart and sustain local socioeconomic development initiatives supportive of national government goals and priorities. It is an incentive fund to eligible LGUs to support the implementation of high-impact capital investment projects in the development plans.

**WHEREAS**, the Performance Challenge Fund (PCF) is being administered by the DILG in collaboration with the Department of Budget and Management (DBM) to recognize governance performance particularly in the adoption of "good local governance" along the governance areas of (1) Good Financial Housekeeping, (2) Disaster Preparedness (3) Social Protection (4) Business Friendliness and Competitiveness (5) Peace and Order and (6) Environmental Management.

**WHEREAS**, the Performance Challenge Fund's progressive realization to achieve the Philippine Development Plan (PDP) 2011-2016 thru programs and projects supporting the Millennium Development Goals (MDGs), stimulating local economic development, encouraging disaster preparedness and climate change adaptation, promoting ecological solid waste management and promotion of transparency and accountability are anchored on the contribution of local government units (LGUs) as well as nongovernment and private sector organizations;



**WHEREAS**, the Local Government Units (LGUs), as provided under the Local Government Code of 1991 or Republic Act 7160, assume the primary responsibility of providing basic services and facilities and the improvement of quality of life of their constituents through the implementation of these programs and projects;

**WHEREAS**, the Province and/or City/Municipality \_\_\_\_\_, has been awarded the Seal of Good Local Governance (SGLG) thereby entitles the LGU to receive the PCF incentive.

**NOW, THEREFORE**, for and in consideration of the above premises and of the mutual covenants stipulated hereinafter set forth the PARTIES hereto agree to enter into this Memorandum of Agreement to adhere to the following terms and conditions:

#### **Section 1. Identification of Project for PCF Funding**

The LGU PCF Recipient shall utilize the PCF incentive only in project that support the national priorities for the attainment of the Philippine Development Plan 2011-2016 such as those projects aimed at achieving the Millennium Development Goals (MDGs)/Sustainable Development Goals(SDGs); preparing for disasters and adaptation to climate change; towards sustainable environmental management; stimulating local economic development and tourism and furthering transparent, accountable and participative local governance, which is implementable within **one (1) year from the date of receipt of the Notice to Implement (NTI) signed by the DILG Regional Office.**

#### **Section 2. Submission of Project Details**

Within 30 days after signing of this MOA, the LGU PCF Recipient shall submit to DILG Regional Office the project proposal to include Administrative/Executive Order creating the LGU PCF Project Implementation Unit/Team, Program of Works with Detailed Estimates and Quantity Take-off, Pictures of the proposed site (in high-resolution preferably taken in two different angles) and all other pertinent documents needed for the proposed project.

#### **Section 3. Roles and Responsibilities of PCF Recipient LGU**

1. Maintain a separate ledger/book of accounts for the PCF incentive fund;
2. Issue an official receipt corresponding to the amount of PCF incentive, upon receipt of the PCF;
3. Create a PCF project team to be responsible for the implementation of the project;
4. Submit to the DILG Regional Office thru channels the complete documentary requirements of the proposed project/s and reports as stipulated in Memorandum Circular No. 2016-\_\_ dated \_\_\_\_\_;
5. Put up a signage of the reports using formats such as billboards, tarpaulins, banners, or posters in the place where the project is to be implemented following the template/design stipulated in COA Circular No. 2013-004: \_\_\_\_\_ dated \_\_\_\_\_;
6. For disclosure of projects, post in conspicuous places within public buildings (in front of provincial capitol, city/municipal halls, public library, market, etc.) monthly progress of project implementation and completed projects, including the disbursed PCF subsidy. In the absence of a website (in the case of cities/municipalities), said documents shall be posted on the website of the provincial government or on the DILG regional websites.
7. Put up a "PCF Marker" as stipulated in the MC No. \_\_\_\_\_ dated \_\_\_\_\_ upon completion of the project.

8. Submit to DILG Regional Office thru channels the progress monitoring report and other reports needed as stipulated in the MC No. \_\_\_\_\_ dated \_\_\_\_\_.

**Section 4. Role of DILG Regional Office**

1. Prepare & facilitate the release of PCF check/ List of Due and Demandable Accounts Payable – Advice to Debit Account (LDDAP-ADA amounting to P\_\_\_\_\_ to the recipient LGU upon signing of this Memorandum of Agreement (MOA)
2. Issue a Notice to Implement (NTI) to the LGU recipient upon the submission of all pertinent documentary requirements;
3. In coordination with the Provincial PCF Focal Person, Cluster Head, and C/MLGOO, conduct periodic monitoring on the progress of project implementation and disbursement of the PC funds by the LGU;
4. Conduct validation and ocular inspection of the LGU projects to validate reports submitted and substantiate comments/observations and recommendations. In case of negative findings and observations or slippage, the LGU beneficiary shall be required to submit an exception report that contains the negative finding and observations or slippage, its cause/s, recommendations, and actions taken;
5. Post the status of project implementation and fund utilization on the DILG Regional website if needed;
6. Supervise the encoding of the LGU project details, accomplishments and status at the PCF website in coordination with the Provincial PCF Focal Person, Cluster Head, and C/MLGOO as per MC No. 2016-\_\_ dated \_\_\_\_\_

This agreement shall take effect immediately upon signing by the representatives of the Parties hereto and shall be enforced within one (1) year of completion of the project.

**IN WITNESS WHEREOF**, the Parties hereunto affixed their signatures on this \_\_\_\_ day of \_\_\_\_\_, at \_\_\_\_\_, Philippines.

**DILG-Regional Office**

\_\_\_\_\_  
Department of the Interior and Local Government  
Region \_\_\_\_\_

**LGU**

\_\_\_\_\_  
Governor and/or City/Municipal Mayor

SIGNED IN THE PRESENCE OF:

\_\_\_\_\_  
\_\_\_\_\_



**ACKNOWLEDGEMENT**

**REPUBLIC OF THE PHILIPPINES}**

**) S.S.**

**BEFORE ME**, a notary public, for and in the above jurisdiction, personally appeared on this:

<u>NAME</u>	<u>CTC. NO.</u>	<u>DATE/PLACE OF ISSUE</u>
DILG Regional Director	_____	_____
Governor/Mayor	_____	_____

Known to me to be the person/s who executed the foregoing instrument and acknowledge to me is his/her free and voluntary act and deed.

The parties have signed this Memorandum of Agreement consisting of ... pages, including the page where the acknowledgement is written, and their instrumental witnessed on the left margin of each and every page.

IN WITNESS WHEREOF, I have hereunto set my hand on the date and place above written.

DOC NO. \_\_\_\_\_  
PAGE NO. \_\_\_\_\_  
BOOK NO. \_\_\_\_\_  
SERIES OF \_\_\_\_\_

## Annex C: Sample Sanggunian Resolution

RESOLUTION NO. \_\_\_\_\_ Series of 20\_\_

Resolution authorizing the Governor/Municipal/City Mayor \_\_\_\_\_ representing the local government unit of \_\_\_\_\_ to enter into Memorandum of Agreement (MOA) with the Department of the Interior and Local Government – Regional Office No. \_\_\_\_ represented by its Regional Director, \_\_\_\_\_ for the implementation of the Performance Challenge Fund (PCF) in the amount of \_\_\_\_\_ Pesos (P ) for the (name of project) of the Municipality/City of \_\_\_\_\_, appropriating \_\_\_\_\_ (p ) for the counterpart therefore and certifying that said project is included in the CY \_\_\_\_ Annual Investment Plan (AIP) or Local Development Investment Program (LDIP) or Provincial Development Investment Program of this Municipality/City.

WHEREAS, the Performance Challenge Fund (PCF) is being administered by the Department of the Interior and Local Government (DILG) in collaboration with the Department of Budget and Management (DBM) to recognize good governance performance particularly in the adoption of good local governance;

WHEREAS, the Province/Municipality/City of \_\_\_\_\_ is one of the recipients of the Performance Challenge Fund (PCF) in the amount of \_\_\_\_\_ for the (name of project) hereby appropriated \_\_\_\_\_ (P ) as counterpart fund;

WHEREAS, upon thorough review of the terms and conditions of the Memorandum of Agreement (MOA), the same are found to be in order;

NOW THEREFORE,

On motion of Hon. \_\_\_\_\_, deemed seconded by Hon. \_\_\_\_\_, it was RESOLVED, to authorize, and this body hereby authorizes the Province/Municipal/City Mayor, Hon. \_\_\_\_\_, representing the LGU of \_\_\_\_\_ to enter into MOA with the DILG-RO for the implementation of the PCF-funded project in the amount of P \_\_\_\_\_ for (name of project) appropriating \_\_\_\_\_ (P ) for the counterpart fund therefore and certifying that said (name of project) is included in the CY \_\_\_\_ AIP/LDIP/PDIP of this Province/Municipality/City.

RESOLVED FURTHER, to furnish a copy of this resolution to the Municipal Mayor, Hon. \_\_\_\_\_ and DILG- RO No. \_\_\_\_ for their information and reference.

APPROVED: \_\_\_\_\_ (date)

x-----x

HEREBY CERTIFY to the correctness of the foregoing resolution.

SP/SB Secretary

ATTESTED: Presiding Officer



# ANNEX D: LGU PCF PROJECT FOR 2016

Region: \_\_\_\_\_  
 Province: \_\_\_\_\_  
 PCF Recipient LGU: \_\_\_\_\_  
 Income Class of LGU: \_\_\_\_\_

This is to certify that the Performance Challenge Fund 2016 amounting to Php \_\_\_\_ M shall be utilized for the implementation of the following project/s with corresponding project cost.

Project Category	Proposed Project Title	Project Cost
<b><u>Achieving Millennium Development Goals (MDG)/SDG</u></b>		
<input type="checkbox"/> School building		
<input type="checkbox"/> School computer laboratory		
<input type="checkbox"/> Rural Health Unit		
<input type="checkbox"/> Birthing facility/Lying-In		
<input type="checkbox"/> Water and Sanitation		
<input type="checkbox"/> Housing & Settlements		
<input type="checkbox"/> Rehabilitation Centre		
<input type="checkbox"/> others, specify		
<b><u>Stimulates Local Economic Development (LED)</u></b>		
<input type="checkbox"/> Tourism facility		
<input type="checkbox"/> Access Road		
<input type="checkbox"/> Core local road construction/ maintenance/rehabilitation		
<input type="checkbox"/> Public market		
<input type="checkbox"/> Irrigation Systems		
<input type="checkbox"/> Cold Storage Facilities		
<input type="checkbox"/> Post-Harvest Facilities		
<input type="checkbox"/> Slaughterhouse		
<input type="checkbox"/> Transport terminal		
<input type="checkbox"/> others, specify		
<b><u>Preparing for Disaster &amp; Climate Change</u></b>		
<input type="checkbox"/> Evacuation facility		
<input type="checkbox"/> Early Warning System/Device		
<input type="checkbox"/> Rescue Equipment		
<input type="checkbox"/> Motor Vehicle		
<input type="checkbox"/> Slope Protection		
<input type="checkbox"/> Dikes/Sea Wall		
<input type="checkbox"/> Drainage/Canal		
<input type="checkbox"/> others, specify		
<b><u>Protecting Environment</u></b>		
<input type="checkbox"/> Material Recovery Facility		
<input type="checkbox"/> Sanitary Landfill		
<input type="checkbox"/> Dump Truck		
<input type="checkbox"/> Sewerage System		
<input type="checkbox"/> others, specify		

Confirmed/Certified by:

\_\_\_\_\_  
 Local Chief Executive

## Annex E: PCF Project Proposal Format

### Performance Challenge Fund Project Proposal Format

Project Code	
(i.e., MDGs)	2
School Building	

#### I. Identifying Information

Project title:	
LGU: (Mun./ Province)	
(Region/Cong. District)	
Project Location:	
No. of Beneficiaries:	
Direct:	Women : _____ Men : _____
Indirect:	Women : _____ Men : _____
Type of Beneficiary: (e.g., Fisherfolk)	
LGU Income Class:	
LCE/Contact Person	

#### II. Project Description

##### A. Brief Summary of the Project (maximum of 2 paragraphs, not exceeding 3 sentences per paragraph).

A description of what the project intends to do based on the problem/s it wants to address and its immediate impacts over a period of 12 months or less.

##### B. Problem Statement (maximum of 2 paragraphs or 1 paragraph per problem it wants to address, substantiating the problem/s or opportunity/ies)

For example, the project wants to rehabilitate a 1-kilometer Access Road destroyed by flooding. To substantiate, state the number of families affected, their source of income, level of income, hectares planted to agricultural crops, etc., that would warrant the approval of the project.

##### C. Project Goal and Objectives

Since the PCF projects are implementable only over a period of 12 months or less:

- Only 1 goal should be stated; and,



- Limit the statement of objectives to 2 or 3. These objectives should be SMART (specific, measurable, attainable, realistic, and time bound).

#### **D. Project Components / Expected Output/s / Timetable**

- It is recommended that 1 objective correspond to 1 component. For example:

OBJECTIVE/S	COMPONENT
1. Rehabilitate 1 km of Access Roads	A. Access Road Rehabilitation
2.	B.

A Timetable or Project Implementation Plan is presented using the following table. For example:

COMPONENT	ACTIVITIES	EXPECTED OUTPUT/S	IMPLEMENTATION PERIOD	PERSON RESPONSIBLE
A. Access Road Rehabilitation	1. Finalization of Surveying Work	Final Surveying Work	January 20__	Project Engineer.
	2. Finalization of Engineering Plans and POWs	Final POWs	January	do
	3. Procurement	Contract signed	Feb	BAC
	4. Construction	Access Road rehabilitated	April	Contractor
B				

### **III. Budget**

Line Items	LGU Counterpart (if any)	Other Partners' Support (If any)	PCF Subsidy / Amount Requested	TOTAL PROJECT COST
<b>Total</b>				
<b>% share</b>				

**IV. Project Management / Monitoring and Evaluation**

Name the key officers and staff (LGU Project Management Team) that will be directly accountable for the project and their tasks. Describe the monitoring and evaluation schemes to be utilized in accordance with PCF guidelines.

**V. Project Sustainability**

- Describe how the project will be sustained after PCF assistance in terms of policy, user's fees and charges (i.e., water tariff) and related ordinances; office/unit responsible for the operation and maintenance.

**VI. Risk Management**

- Describe under what conditions the project will go wrong. Indicate what preventive and mitigation mechanisms need to be installed.



## Annex F: Appraisal Review and Approval Form

Region:	
Province:	
City/Municipality:	
Congressional District:	
Name of LCE:	
Income Class:	
Project Title:	
Appraised Project Cost:	
Contact Number:	
Civil Society Organization (CSO), If any	

Subproject Stages and Requirements	Remarks	Annex
------------------------------------	---------	-------

### PRE-QUALIFICATION

1.	Letter of Intent (LOI)		
2.	Executive Order (EO) creating PCFIU		
3.	SP/SB Resolution		
4.	Project Proposal		
5.	Certification that the project is included in the current Annual Investment Program (AIP) or Local Development Investment Program		
6.	Program of Work (POW) with Detailed Estimates and Quantity Take-Off		
7.	Detailed Engineering Design (DED)		

### APPRAISAL

1. Institutional	Remarks	Annex
1.1 Proof of land ownership (Deed of Donation/Sale, Tax Declaration, Transfer Cert. of Title, Certificate of		

Land Ownership under CARP, Certificate/Title of Ancestral Domain)		
1.2 Land Use/Zoning (agricultural, residential, commercial, institutional, public land)		
1.3. Right of way/ownership		
1.3.1 Deed of Donation/Sale –for roads/water supply		
1.3.2 Waiver/ consent letter of land owners–for water supply system		
1.4 No non-compensable negative effects on affected indigenous peoples (IPs)/marginalized sector/s		
1.5 Peace and order situation (proposed subproject site)		

## 2. Technical

### 2.1 Infrastructure

2.1.1 The proposed site is not susceptible to excessive surface run-off or flooding except for small water impounding projects and inland fishery projects.		
2.1.2 The proposed site is not located on a slope that is prone to landslide or erosion.		
2.1.3 The proposed site is not located within or near a faultline.		
2.1.4 The proposed site will not disturb historical and monumental markers.		
2.1.5 Completeness of detailed engineering design (drawing plans)		
2.1.6 Priced bill of quantities and detailed estimates		



2.1.7 Construction schedule, bar  
chart/S-curve

2.1.8 Technical specifications

2.1.9 Pictures of proposed project site

## 2.2 Goods/Equipment

2.2.1 Specifications and quantities

2.2.2 Cost estimates based on the  
canvass made by the LGU and  
validated by the RPCFT

2.2.3 Delivery schedule

## 3. Environmental

3.1 IEE/ECC application, if applicable

## 4. Sustainability

4.1 Unit/Personnel identified for the  
operation and maintenance of the facility

4.2. Annual budget for operation and  
maintenance

4.3. Proposed users' fees and charges  
for income-generating projects, if  
required

## 5. Complementary Projects to:

5.1 ADM

5.2 Salintubig

5.3 etc (specify)

Other Comments for consideration: \_\_\_\_\_

Reviewed and Appraised By:

**PDMU Staff/RPCF Team Member**

**Annex G**

**Sample Notice to Implement**

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2017 January \_\_\_\_

Hon. \_\_\_\_\_  
Province/City/Municipality \_\_\_\_\_

**Dear Governor/Mayor \_\_\_\_\_ :**

Pursuant to the terms of the Memorandum of Agreement (MOA) signed on \_\_\_\_\_ and upon completion of documents submitted to this level, you are hereby **NOTIFIED TO IMPLEMENT** the *Project Title at Project Location to be charged against the Performance Challenge Fund (PCF) in the amount of Php \_\_\_\_\_*. The maximum time for the completion of the project set forth in the agreement is twelve (12) months starting upon receipt of this notice.

Please be advised of the timely submission to this level, thru channels, of the reports and other pertinent documents using the prescribed forms as stipulated in the DILG Memorandum Circular No. \_\_\_\_\_ dated \_\_\_\_\_.

Please acknowledge receipt hereof.

Very truly yours,

\_\_\_\_\_  
Regional Director



## Annex H: Physical Status Certification

### CERTIFICATION

As of \_\_\_\_\_

This is to certify that according to the records of this office, the following is a true statement of the status of Project Physical Accomplishment per Program of Work:

Project Title: xxx

PCF Fund: xxx

Program of Works				
No.	Items of Work/Description	Quantity	Item Cost	(%) Weight
	TOTAL			

Furthermore, we certify that the LGU has completed at least 70% of its Project Physical Implementation Status.

This certification is issued pursuant to the approved Performance Challenge Fund (PCF) Implementation Procedures.

Prepared By:

\_\_\_\_\_  
LGU Project In-Charge

Approved by:

\_\_\_\_\_  
Provincial Governor/ City/Municipal Mayor

### Annex I: Statement of Work Accomplished (SWA)

## PERFORMANCE CHALLENGE FUND MONTHLY PROGRESS ACCOMPLISHMENT REPORT

As of Date

Project Title: \_\_\_\_\_

Prov/City/Mun.:

PCF Year: \_\_\_\_\_

PCF Amount:

Project Total Amount: \_\_\_\_\_

Contract Amount:

Date of Actual Start of Implementation:

[illegible]

Prepared By:

P/C/M Engineer

Date: \_\_\_\_\_

Prov/City/Mun. Accountant

Date: \_\_\_\_\_

Approved:

Governor/Mayor

Date: \_\_\_\_\_



Annex J

City/Municipality of \_\_\_\_\_  
Province of \_\_\_\_\_

DILG - PERFORMANCE CHALLENGE FUND CY \_\_\_\_\_  
STATEMENT OF RECEIPTS AND DISBURSEMENTS (SORD)  
For the month of \_\_\_\_\_

PROJECT TITLE: \_\_\_\_\_  
PROJECT COST: \_\_\_\_\_

Beginning Balance:						DILG Equity XXX	Total XXX
Receipts of Funds:							
	<u>Date</u>	<u>Reference No./Check No.</u>	<u>Particulars</u>		<u>Amount</u>		
Total Receipts					XXX	XXX	XXX
Total Available Funds						XXX	XXX
Less: Disbursements							
	<u>Date</u>	<u>Check No.</u>	<u>Disbursement Voucher No.</u>	<u>Payee/Particulars</u>	<u>Amount</u>		
Total Disbursements					XXX	XXX	XXX
Balance as of: _____						XXX	XXX

Cumulative Summary:		DILG	TOTAL
	Total Receipts	XXX	XXX
	Total Disbursements	XXX	XXX
	Total Balance	XXX	XXX

I hereby certify that the foregoing statements are true and correct:

Certified Correct:  
(As to Report)

Certified Correct:  
(As to Disbursement)

Noted by

Verified and Found Correct:

\_\_\_\_\_  
P/C/M Accountant

\_\_\_\_\_  
P/C/M Treasurer

\_\_\_\_\_  
P/C/M Governor/Mayor

\_\_\_\_\_  
State Auditor II / Audit Team Leader

## Annex K: LGU Project Completion Report

### PERFORMANCE CHALLENGE FUND SUPPORTED PROJECT LGU Project Completion Report

#### I. Identifying Information

Project title:	
LGU: (Mun./ Province)	
(Region/Cong. District)	
Project Location:	
No. of Beneficiaries:	
Direct	Women : _____ Men : _____
Indirect	Women : _____ Men : _____
Sector/s Involved: (e.g.,Fisherfolk)	
LGU Income Class:	
LCE/Contact Person	

#### II. Assessment of Accomplishments

Stated Objectives	Activities Conducted	Achievement of Objectives	Outcome/s (contribution to MDG, LED, support to DRR and CCA, good governance)

#### III. Difficulties Encountered and Measures Taken

#### IV. Unanticipated Benefits of the Project, if any

#### V. Finances (Actual Expenditure vs. Budget)

#### VI. Recommendations

#### VII. Attachments (Pictorials, Certificate of Completion, etc.)

Prepared by:

(Sgd.) LGU-PCF Team Leader

Date: \_\_\_\_\_

Approved By:

(Sgd) Local Chief Executive

Date: \_\_\_\_\_

## Annex L - Motor Vehicle Report Form

### Motor Vehicle Report Form

Type of Motor Vehicle	Brand	Engine Displacement	No. of Unit/s	Classification	No. of Cylinders	Fuel Type	Unit Cost	Remaining Useful Value (If Second hand)	Seller of Vehicle	Deployment

Prepared By:

\_\_\_\_\_  
Prov'l/Mun/City Accountant

Date: \_\_\_\_\_

Approved By:

\_\_\_\_\_  
Governor/Mayor

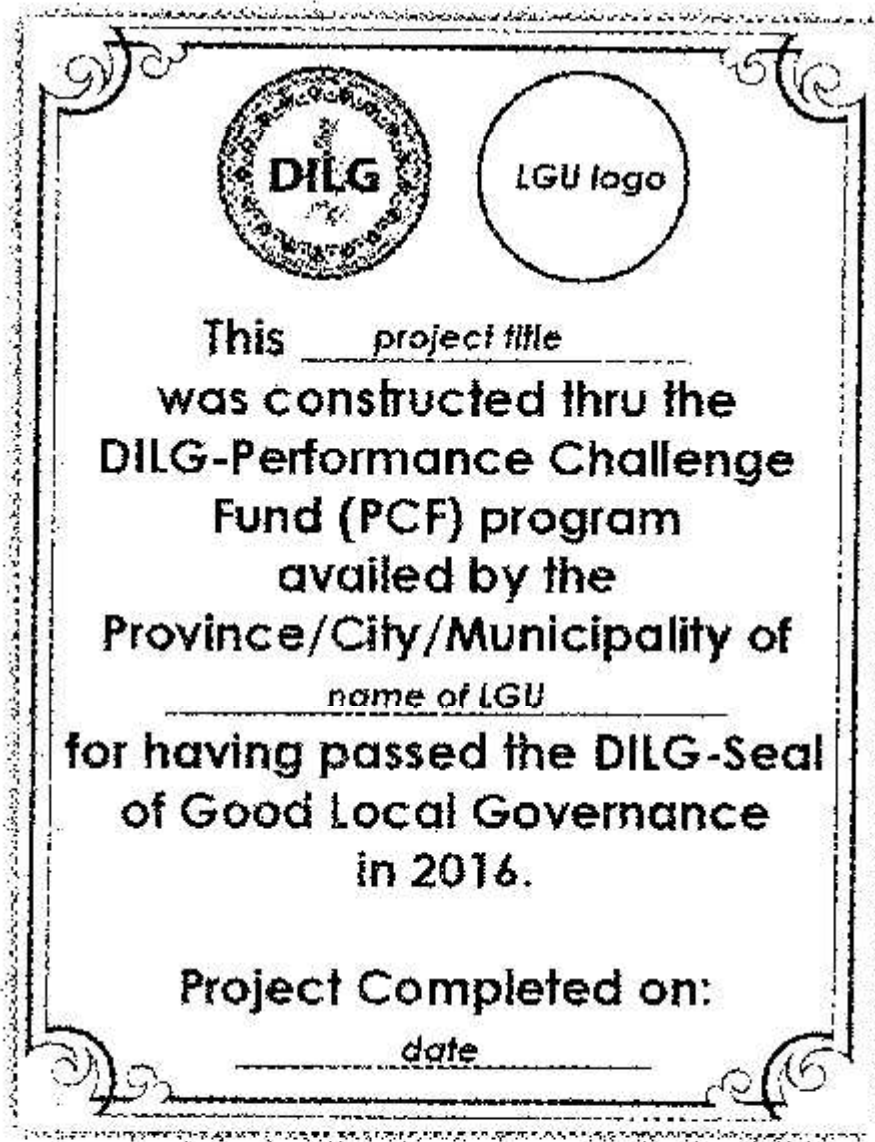
Date: \_\_\_\_\_



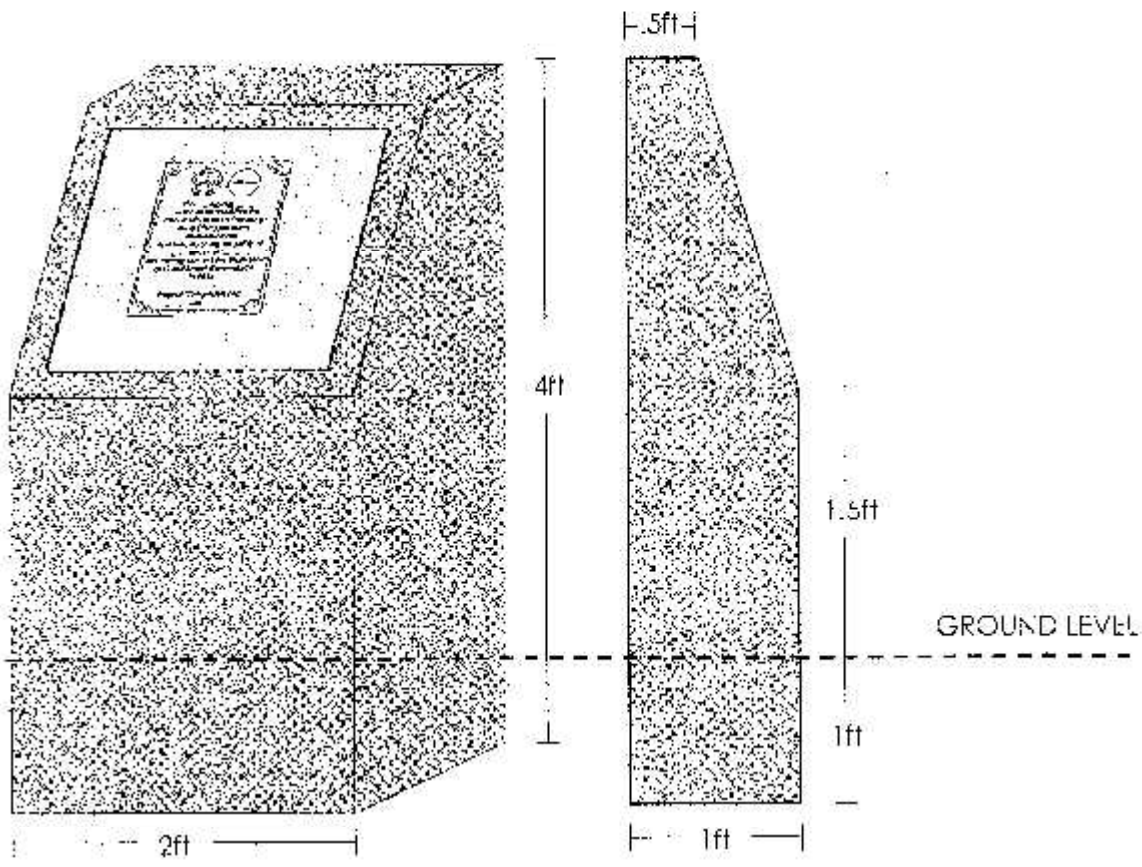
Annex M: Brass Marker for Completed Projects

SIZE: 8.5 inches width x 11 inches height

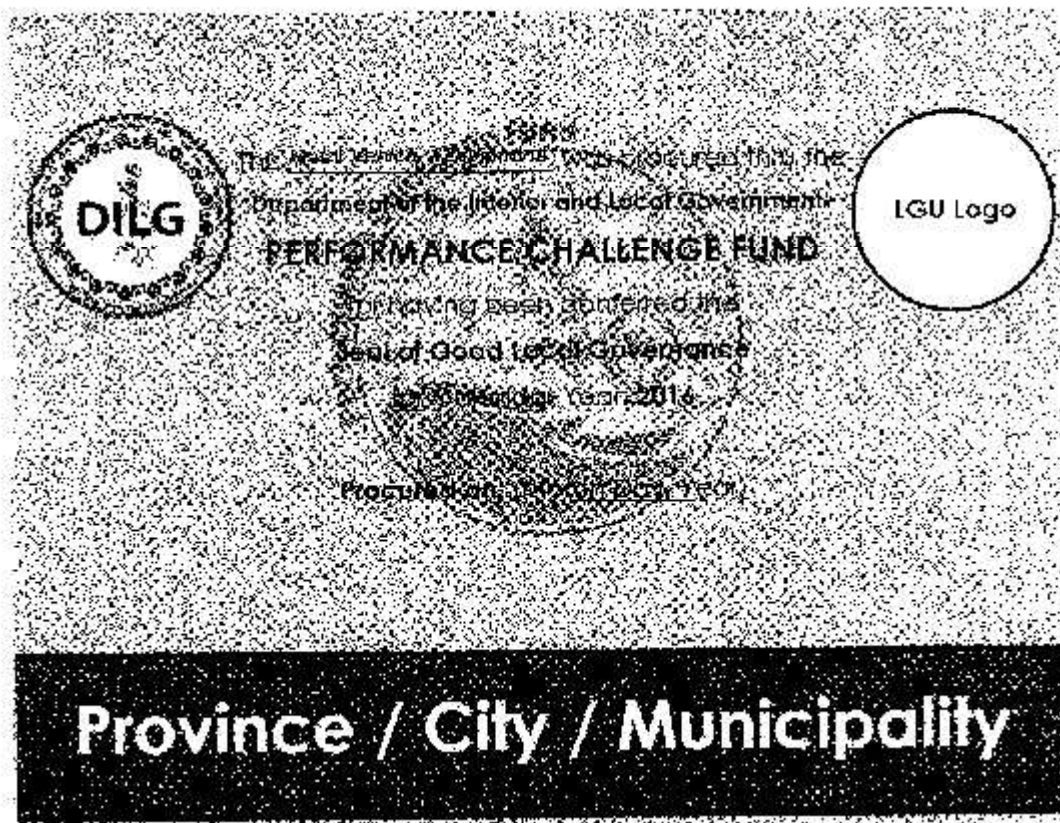
Material: Brass



Concrete Stand



ANNEX N: Motor Vehicle / Equipment Sticker



**SPECIFICATION:**

**Size:** 8.5 inches width x 11 inches height

**Font Style:** Century Gothic

**Color:** Yellow (#FFDE15) and Blue (#002C86)