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DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT
DEPARTMENT OF BUDGET AND MANAGEMENT
JOINT MEMORANDUM CIRCULAR No. 2017 - 2
Date: April 26, 2017

TO : ALL HEADS OF THE DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT (DILG), THE DEPARTMENT OF BUDGET AND MANAGEMENT (DBM), THE BUREAU OF THE TREASURY (BTr), PROVINCIAL GOVERNMENTS, AND ALL OTHERS CONCERNED

SUBJECT : GUIDELINES FOR THE IMPLEMENTATION OF THE CONDITIONAL MATCHING GRANT TO PROVINCES FOR ROAD REPAIR, REHABILITATION AND IMPROVEMENT (CMGP) FOR FY 2017 AND THEREAFTER

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## 1. Background

The national and local road networks are the largest and most important infrastructure assets of the Philippine Government. Section 17(a) and 17(b)(3)(vii) of Republic Act (RA) No. 7160 or the Local Government Code (LGC) of 1991 mandates the Local Government Units (LGUs) to provide basic services and facilities, including infrastructure facilities such as roads and bridges. Section 17(f) of the LGC, however, provides that the National Government (NG) may augment the basic services and facilities assigned to an LGU when these are inadequate to meet the requirements of its inhabitants.

From the enactment of the LGC up to the present, most LGUs continue to need technical assistance and funding support from external sources in order to plan and implement devolved infrastructure programs and projects necessary for the delivery of basic services and facilities, such as the improvement, rehabilitation, and maintenance of provincial roads.

Thus, to partly address the poor state of provincial roads across the country and to improve the competency of provinces in local road management (LRM) and in incorporating reforms in public financial management (PFM), the NG has allocated amounts in the FY 2017 General Appropriations Act (GAA) under the Local Government Support Fund (LGSF)-Conditional Matching Grant to Provinces for the Road Repair, Rehabilitation and Improvement (CMGP), as well as for corresponding support services to the CMGP under the DILG budget.

The CMGP is the successor of the KALSADA Program which was initiated in FY 2016 following the successful completion of the Australian Aid's Provincial Road Management Facility which covered 10 selected provinces in the Visayas and Mindanao.

## 2. Purpose

This Joint Memorandum Circular (JMC) is being issued to prescribe the general policies and mechanics in the implementation of the CMGP and capacity development for the governance reforms of provinces, quality assurance of road projects, and program management.

## 3. Definition of Terms

3.1. **Local Government Support Fund (LGSF)** – financial subsidy to LGUs for the implementation of priority programs and projects, as provided in the GAA.

3.2. **Local Road Management (LRM) –** involves planning, prioritizing, and sustainably managing the local road network in consideration of the envisioned socio-economic development of the local government unit.

3.3. **Provincial Road Network Development Plan (PRNDP)** – an integrated 3 to 5-year development plan for the sustainable management of provincial road networks and is supported by multi-year budgeting and expenditure management. The plan includes a capacity building program to improve skills, processes and systems in road development and management, and provides the means for the strategic development of road networks based on sound technical, social, economic and environmental criteria.

3.4. **Public Financial Management (PFM)** – a system of rules, procedures and practices for government to manage public finances. It encompasses budgeting, accounting, auditing, cash management, management of public debt, revenue generation, and public reporting on public sector financial operations.

3.5. **Good Financial Housekeeping (GFH) -** is a component of DILG's Seal of Good Local Governance (SGLG) where an LGU's compliance with accounting and auditing standards, rules and regulations are assessed.

3.6. **Provincial Core Road -** minimum road network required to support economic and social development by providing linkages between the majority of population and the basic services and facilities within the province. Core roads also serve as the primary drivers of local economic growth.

## 4. Coverage of the Program

The CMGP Program (or the "Program") shall cover all provinces that comply with the GFH of the SGLG of the DILG. For FY 2017, all provinces listed in the FY 2017 GAA shall be covered.

## 5. Policy Content and Guidelines

5.1. **Program Components.** All eligible provinces shall be recipients of the following Program Components:

5.1.1. **CMGP (LGSF Component).** This component shall provide funds for the implementation of provincial road projects, including repair of bridge/s within the station limits of the road project.

5.1.2. **Support to CMGP (DILG Component).** This component shall provide funds for the: (a) capacity development towards the achievement of governance reform targets for provinces; (b) overall program management and monitoring; and (c) quality assurance of road projects.

5.2. **Eligible Projects under LGSF Component**

5.2.1. Eligible projects to be funded under the LGSF component are those identified as priority in the most recently-approved PRNDP, which includes projects along provincial core roads of at least one kilometer, except when: (a) the length of the road section is less than one kilometer; or (b) the remaining length to be paved is less than one kilometer.

5.2.2. Eligible work categories shall be limited to, or may be a combination of the following:

5.2.2.1. **Road Repair.** Repair of cracks on concrete pavements; repair of drainage or slope protection structures; replacement/repair of road safety devices; re-blocking of Portland Cement Concrete Pavement (PCCP) or selective replacement of sections of concrete pavements of not more than four (4) continuous lane blocks; and repair of bridge/s within the station limits of the road project.

5.2.2.2. **Road Rehabilitation**. Re-blocking/replacement of Portland Cement Concrete Pavement (PCCP) exceeding four (4) continuous lane blocks; pavement resurfacing works; and combination of works covered under Sec 5.2.2.1.

5.2.2.3. **Road Improvement**. Additional seal or pavement width; geometric improvements; drainage improvements such as renewal or installation of culverts, repair and replacement of curb and gutter, installation of side ditches, and raising of the road to elevate the road pavement above the water table/flood level; provision of road safety features; conversion of gravel roads surface or dilapidated asphalt surface to concrete pavement with adequate provision for drainage structures, shoulder, slope protection, and road safety features/devices including warning signs and pavement markings; repair of bridge/s within the station limits of the road project; and combination of works covered under Sections 5.2.2.1 and 5.2.2.2.

5.3. **Allocation Criteria.** For FY 2017, the LGSF-CMGP shall be allocated to eligible provinces based on the following criteria:

5.3.1. **Equal Base Allocation**

Each province shall be provided with an equal share of forty-five million pesos (Php 45,000,000.00) to guarantee the improvement or rehabilitation of at least 3 km of provincial roads within FY 2017.

5.3.2. **Remaining Allocable Share.** The remaining allocable share shall be apportioned to each province based on:

5.3.2.1. **Need for road upgrading (60%),** computed based on the length of unpaved roads per province divided by the total length of unpaved roads of all eligible provinces multiplied by 0.60. This criterion ensures that the provinces with longer unpaved road network will receive a higher allocation.

5.3.2.2. **Province Land Area (40%),** computed based on total land area per province divided by the total land area of all eligible provinces multiplied by 0.40. This criterion ensures that the provinces with larger land area, which typically have longer provincial road network, will receive higher share of the budget.

The summary of allocation per province for FY 2017 is shown in **Appendix 1**.

### 5.4. Preparation and Submission of Documentary Requirements

#### 5.4.1. Detailed Engineering Design (DED) and Program of Works (POW)

5.4.1.1. For each proposed project, the Provincial Government shall prepare the DED and POW in accordance with applicable DPWH and other standards. The minimum design criteria to be adopted for CMGP projects are listed in **Appendix 2**.

5.4.1.2. The Governor shall certify that the DED and POW are in accordance with the standards, and that the project is ready for procurement.

5.4.2. **Other Requirements**. The Provincial Government shall also prepare the other requirements listed in **Appendix 3** together with the DED and POW.

5.4.3. Provincial Governments are encouraged to submit to the DILG all documentary requirements within the first quarter, but not later than June 30 of the current year. However, the Public Financial Management Assessment Report (PFMAR) shall also be submitted to the DBM Regional Office within the first semester of the current year.

5.4.4. Within fifteen (15) days upon submission of complete requirements, the DILG through a written notice shall advise the Provincial Government to: (a) proceed with the procurement process short of award; or (b) address any findings or observations and submit a response to the DILG.

### 5.5. Release of Funds

5.5.1. Within ten (10) days upon confirmation of satisfactory compliance with the requirements listed in **Appendix 3** by a province, the DILG shall endorse to DBM the release of funds for that province.

5.5.2. The release of funds to the Province shall not be endorsed unless the DILG has verified that all its Konkreto at Ayos na Lansangan ang Daan Tungo sa Pangkahalatang Kaunlaran (KALSADA) projects released under the FY 2016 GAA have the corresponding Notices to Proceed **(NTP)**.

5.5.3. Notwithstanding the availability of specific recipient LGUs in the GAA, the CMGP (LGSF Component) shall follow the procedures for releases from the Special Purpose Funds, wherein the DBM shall issue a Special Allotment Release Order (SARO) to the BTr. Under Schedule II of National Budget Circular No. 567 dated January 3, 2017,[1] the SARO issuance shall not require the submission of Special Budget Request.

5.5.4. Subsequently, upon endorsement of compliant LGUs by the DILG, the DBM may issue the corresponding Notice of Cash Allocation (NCA) to the Modified Disbursement System (MDS) - Government Servicing Bank (GSB) and the Advice of NCA Issued (ANCAI) to the BTr, which shall directly download the funds to the Province.

[1] FY 2017 Fund Release Guidelines: Expenditure Items for Later Release (Negative List)

5.5.5. All other applicable provisions under DOF-DBM Joint Circular No. 2016-1 dated January 4, 2016[2] and DBM-DOF Joint Circular No. 2013-1 dated September 16, 2013[3] shall be observed.

5.5.6. Consistent with Section 86 (c) of the General Provisions of the FY 2017 GAA, RA No. 10924, the amount 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 Fund to be used for the specified purpose. Moreover, the LGU shall maintain a separate subsidiary ledger for each project to record each transaction.

5.6. **Governance Reform for Provinces**

5.6.1. The Provincial Government shall prepare, on or before 30 June 2017, a Governance Reform Roadmap for a term of six (6) years (2017-2022) to achieve the reform targets listed in **Appendix 4.**

5.6.2. By the end of FY 2017, the Provincial Government shall achieve the minimum reform targets listed in **Appendix 5**.

5.7. **Procurement by the Provincial Governments**

All projects shall be procured through competitive bidding, with strict adherence to the provisions of RA No. 9184, its 2016 Revised Implementing Rules and Regulations (IRR), and Government Procurement Policy Board (GPPB) Guidelines. In addition, the policies and procedures listed in **Appendix 6** shall be strictly observed.

5.8. **Project Implementation**

All projects shall be implemented in accordance with Annex E [Contract Implementation Guidelines for the Procurement of Infrastructure Projects] of the 2016 Revised IRR of R. A. No. 9184. The specific roles and responsibilities of the DILG and the Provincial Governments in the implementation of CMGP-funded projects are listed in **Appendix 7**.

5.9. **Program Implementation Arrangements**

The roles and responsibilities of the concerned entities, agencies, and provinces in the implementation of the CMGP Program are listed in **Appendix 8**.

5.10. **Utilization of Balance from Downloaded Funds.** While the project is ongoing, the Provincial Governments may use the balance from downloaded funds (*i.e.*, the difference between the approved budget for the contract and the bid amount) to finance additional costs due to variation orders for that particular project. The balance from downloaded funds shall not be used for other projects. The variation order shall strictly comply with Annex E of the 2016 Revised IRR of RA No. 9184, and the provisions of the Contract.

[2] Guidelines for Direct Release of Funds by the Bureau of the Treasury to Local Government Units (LGUs) in FY 2016 and Thereafter

[3] Guidelines in the Use of Authority to Debit Account for Transfers to Local Government Units

5.11. **Modification of Projects.** Prior to endorsement by DILG to DBM, the Provincial Governments may modify the location, specifications, and design of projects proposed for funding under the CMGP, subject to their compliance with the requirements under Section 5.2 hereof. Modification of projects already endorsed to DBM shall not be allowed.

## 6. Roles of the Agencies in Monitoring and Submission of Reports and other Requirements

6.1. The DILG shall:

6.1.1. Establish a monitoring system for governance reforms and CMGP projects;

6.1.2. Use existing assessment tools such as the LRMPA and APCPI to evaluate the provinces' performance in LRM and in procurement, respectively;

6.1.3. Engage technical experts to assist the provinces in the preparation of their Governance Reform Roadmap on LRM and PFM and to prepare a Monitoring and Evaluation Guidelines for the governance reform component;

6.1.4. Prepare a quarterly monitoring report on the progress of governance reforms for dissemination to PSC members within fifteen (15) days after the reporting period;

6.1.5. Prepare monthly report on the progress of implementation of CMGP projects for dissemination to concerned entities;

6.1.6. Conduct regular site visits and spot checks during construction of CMGP projects;

6.1.7. Collect data on specific social and economic indicators in CMGP project sites to aid in the outcome evaluation for dissemination to the public; and

6.1.8. Assist the DBM in monitoring the utilization of CMGP funds.

6.2. The DBM shall:

6.2.1. Manage and administer the Openroads Portal;

6.2.2. Monitor the implementation of the PFM Improvement Plan by the provinces; and

6.2.3. Take the lead in monitoring the utilization of CMGP funds.

6.3. The Provincial Government shall:

6.3.1. Upload to OpenRoads Portal (www.openroads.gov.ph) a geo-tagged "kml" video or routeshoot video taken along the provincial road projects. The taking of video for uploading must be done before construction, during construction (at 50% accomplishment) and after completion of the CMGP project;

6.3.2. Submit to DILG-OPDS (CMGP PMO) a bi-monthly Progress Report on the financial and physical accomplishment of CMGP projects every 10th and 25th of the month;

6.3.3. Submit to the DBM, the Speaker of the House of Representatives, the President of the Senate, the House Committee on Appropriations and the Senate Committee on Finance, either in printed form or by way of electronic document, quarterly reports on the financial and physical accomplishments (**see Appendices 9 and 10**), within fifteen (15) days after the reporting period, copy furnished the DILG. The said reports shall also be posted by the Provincial Government to the OpenRoads Portal.

7. **Amendment of the Guidelines.** The DBM and DILG may amend or supplement this JMC, as may be necessary.

8. **Issues for Resolution.** Interpretation of the provisions of this JMC, including cases not covered herein, shall be submitted to the DILG for resolution by the DILG and DBM.

9. **Effectivity**

This Circular shall take effect immediately upon publication in the Official Gazette or a newspaper of general circulation.

**CATALINO S. CUY**
Officer-in-Charge, DILG

**BENJAMIN E. DIOKNO**
Secretary, DBM

Department of Budget and Management
OSEC-2017-002729

**Appendix 1**

## CMGP ALLOCATION FOR FY 2017

| Region | Province | CMGP Allocation |
|---|---|---|
| CAR | Abra | 250,819,520 |
| | Apayao | 229,801,092 |
| | Benguet | 133,244,985 |
| | Ifugao | 132,732,157 |
| | Kalinga | 173,442,068 |
| | Mountain Province | 179,088,437 |
| I | Ilocos Norte | 216,891,160 |
| | Ilocos Sur | 140,321,444 |
| | La Union | 95,870,265 |
| | Pangasinan | 167,109,942 |
| II | Batanes | 61,912,210 |
| | Cagayan | 328,740,209 |
| | Isabela | 398,017,717 |
| | Nueva Vizcaya | 242,742,798 |
| | Quirino | 175,645,691 |
| III | Bulacan | 103,413,894 |
| | Nueva Ecija | 214,577,790 |
| | Pampanga | 120,688,801 |
| | Tarlac | 172,624,753 |
| | Zambales | 143,877,310 |
| | Aurora | 135,318,527 |
| | Bataan | 136,123,929 |
| IV-A | Batangas | 108,719,025 |
| | Cavite | 89,602,717 |
| | Laguna | 79,193,130 |
| | Quezon | 272,460,354 |
| | Rizal | 71,334,134 |
| IV-B | Marinduque | 116,500,284 |
| | Mindoro Occidental | 222,764,537 |
| | Mindoro Oriental | 410,316,984 |
| | Palawan | 878,860,401 |
| | Romblon | 120,548,656 |
| V | Albay | 119,623,332 |
| | Camarines Norte | 92,152,345 |

| Region | Province | CMGP Allocation |
|---|---|---|
| | Camarines Sur | 261,044,080 |
| | Catanduanes | 113,695,813 |
| | Masbate | 186,169,148 |
| | Sorsogon | 116,753,239 |
| VI | Aklan | 147,031,292 |
| | Antique | 129,543,023 |
| | Capiz | 225,786,558 |
| | Guimaras | 92,659,095 |
| | Iloilo | 413,885,032 |
| NIR | Negros Occidental | 321,227,015 |
| | Negros Oriental | 285,138,744 |
| VII | Bohol | 436,270,777 |
| | Cebu | 162,883,087 |
| | Siquijor | 63,942,036 |
| VIII | Biliran | 60,435,342 |
| | Eastern Samar | 218,861,400 |
| | Leyte | 329,648,248 |
| | Northern Samar | 128,873,635 |
| | Western Samar | 207,818,970 |
| | Southern Leyte | 164,767,242 |
| IX | Zamboanga del Norte | 438,038,911 |
| | Zamboanga del Sur | 352,292,295 |
| | Zamboanga Sibugay | 260,102,765 |
| X | Bukidnon | 566,025,267 |
| | Camiguin | 69,785,140 |
| | Lanao del Norte | 219,696,333 |
| | Misamis Occidental | 255,139,886 |
| | Misamis Oriental | 518,131,779 |
| XI | Compostela Valley | 452,155,188 |
| | Davao del Norte | 479,727,531 |
| | Davao del Sur | 243,625,043 |
| | Davao Oriental | 350,500,460 |
| | Davao Occidental | 119,297,198 |
| XII | North Cotabato | 334,919,028 |
| | Sarangani | 266,940,940 |
| | South Cotabato | 366,926,330 |
| | Sultan Kudarat | 362,656,365 |

| Region | Province | CMGP Allocation |
|---|---|---|
| CARAGA | Agusan del Sur | 488,514,975 |
| | Agusan del Norte | 172,388,162 |
| | Dinagat Island | 68,028,713 |
| | Surigao del Norte | 202,853,479 |
| | Surigao del Sur | 254,709,241 |
| ARMM | Lanao del Sur | 244,092,302 |
| | Maguindanao | 341,938,296 |
| **Total** | | **18,030,000,000** |

**Appendix 2**

## CMGP MINIMUM DESIGN CRITERIA
## (Based on DPWH Standards)

| Design Parameter | Minimum Standard |
|---|---|
| Right of way | 15 m Minimum |
| Super elevation | 8 % Maximum |
| Cross slope | 1.5 % Minimum (Carriageway )<br>3.0 % Minimum (Shoulder, gravel surfacing ) |
| Carriageway width | 6.10 m (two lanes ) |
| Shoulder width | 1.0 m Minimum<br>Minimum of gravel surfacing |
| Length of tangent between reverse curves | Min length of 30m |
| Length of vertical curve | Min length of 60m |
| Radius of Horizontal Curve | Min radius of 30m |
| Longitudinal grade | Min of 0.50% on cut section and max of 12% on cut/fill section |
| Side slope ratio (H:V) | Cut slope of 1.5:1 to 1:1 for common materials<br>Cut slope of 0.5:1 to 1:1 for rippable rock<br>Cut slope of 0.25:1 to 0.5:1 for hard/solid rock<br>Minimum fill slope of 1.5:1 |
| Side drains | Should be provided, in accordance with drainage design standards |
| Cross drains | Box culvert: 25-year flood with sufficient freeboard to contain the 50-year flood<br>Pipe culvert: 15-year flood with sufficient freeboard to contain the 25-year flood<br>Minimum size of 910 mm in diameter |
| Slope protection | Should be provided (when necessary) |
| Aggregate Subbase Course | Should be provided |
| Portland Cement Concrete Pavement (PCCP) | Minimum thickness of 200 mm. Must be supported by pavement design analysis |
| Dowels and Tie Bars | Should be provided |
| Warning signs | Should be provided (Refer to DPWH Highway Safety Manual) |
| Guardrails | As needed (Refer to DPWH Highway Safety Manual) |
| Pavement Markings | Should be provided (Refer to DPWH Highway Safety Manual) |
| Chevron Signs | Should be provided (Refer to DPWH Highway Safety Manual) |
| Accessibility Requirements for Persons with Disability | Should be provided |
| Bridges | Permanent structures (concrete or steel)<br>Structural design based on AASHTO HS20-44, using 0.4 g ground acceleration coefficient for seismic analysis and 50year flood frequency for hydraulic analysis<br>Carriageway Width = 6.7 m |

All DEDs and POWs shall comply with the following: (i) DPWH Department Order No. 197 s. 2016 *(Revised Guidelines in the Preparation of Approved Budget for the Contract)*; and (ii) DPWH Department Order No. 44 s. 2012 *(Standardization of Construction Duration)*.

**Appendix 3**

## REQUIREMENTS FOR THE RELEASE OF CMGP FUNDS FOR FY 2017

**A. The following shall be submitted to the DILG-CMGP PMO on or before 30 June 2017:**

1. Copy of Provincial Road Network Development Plan (PRNDP). This will not be required for provinces that have already submitted in 2016 a copy of their PRNDP covering FYs 2016-2018;

2. Copy of detailed engineering design (DED) and program of works (POW) for the proposed projects for FY 2017, with Certification from the Governor that the DED is compliant with the applicable DPWH and other standards;

3. Copy of the Local Road Management Performance Assessment (LRMPA) Result for 2016;

4. Copy of the Public Financial Management Assessment Report (PFMAR) and PFM Improvement Plan (PFMIP), as required per DBM-DILG-DOF-NEDA Joint Memorandum Circular No. 2015-1 dated 24 February 2015;

5. Copy of Agency Procurement Compliance and Performance Indicator Results for FY 2015, for monitoring strict adherence to the provisions of RA No. 9184, its IRR and GPPB Guidelines;

6. Copy of Physical and Financial Accomplishment Reports of LGU-funded Road Rehabilitation and Maintenance Projects in CY 2016; and

7. Copy of the approved Annual Investment Plan for FY 2017, which shows funding for road rehabilitation and maintenance as required in Appendix 8, Item 4.f.i. of this JMC, and with Certification from the Accountant of the availability of funds.

**B. The following conditions shall be complied with:**

1. All Konkreto at Ayos na Lansangan ang Daan Tungo sa Pangkahalatang Kaunlaran (KALSADA) projects funded under CY 2016 GAA were already issued with Notices to Proceed;

2. Routeshoot videos of the proposed CMGP projects for 2017 should be submitted to DILG and/or uploaded to OpenRoads Portal (www.openroads.gov.ph); and

3. DILG's Endorsement Letter to DBM for the Release of Funds.

**Appendix 4**

## MEDIUM-TERM (6-YEAR) GOVERNANCE REFORM TARGETS FOR PROVINCES

The results of the Local Road Management Performance Assessment (LRMPA), Public Financial Management Assessment (PFMA) and Agency Procurement Compliance and Performance Indicators (APCPI), among others, shall serve as references in identifying the interventions and strategies.

### A. Local Road Management (LRM)

#### 1. Local Road Information Management

a. Roads and Bridges Information System (RBIS) established, populated, and regularly updated at least annually by the Provincial Engineering Office (PEO).

b. RBIS data used in the updating of the PRNDP with the list of projects arranged in order of priority. The projects listed in the PRNDP shall form the basis of evaluating eligible projects for CMGP funding support.

c. Geo-tagging for road projects conducted regularly (including CMGP projects) using the RouteShoot application, in accordance with the following schedule:

   i. Within ten (10) days before construction;
   ii. Within ten (10) days upon reaching an accomplishment of 50%; and
   iii. Within ten (10) days after issuance of Certificate of Completion

#### 2. Local Road Network Development Planning

a. Multi-stakeholder participation in road network planning and investment programming adopted as standard practice.

b. PRNDP adopted by the province as a planning document through Sangguniang Panlalawigan Resolution, in support of the Provincial Development and Physical Framework Plan (PDPFP).

c. PEO engineers are able to prepare quality road designs and plans in accordance with standards.

d. All road projects for the year have detailed engineering design, program of works, environmental management plans and detailed estimates based on DPWH standards.

e. All road projects proposed for funding are taken from the PRNDP.

#### 3. Local Road Construction & Maintenance

a. All road projects are implemented according to DPWH standard specifications and quality.

b. Provincial Government evaluates performance of contractors in accordance with NEDA-approved Constructors' Performance Evaluation System.

c. All provincial roads are maintained in fair-to-good condition based on recently conducted survey with budget of at least Php100,000 per kilometer of road per year.

d. Communities are engaged in local road maintenance.

e. Provincial Government has an efficient permitting system on quarrying.

**4. Local Road Asset Management.**

a. In accordance with COA Circular C2015-008 *(Accounting and Reporting Guidelines on the Local Roads Asset Management System)*, the Provincial Government shall endeavor to achieve the following performance standards:

i. Major road components, types, condition, cost, construction date, useful life, remaining useful life are inventoried annually, (25% of the total road network by the end of CY 2016; 50% of the total road network by the end of CY 2017; 75% of the total road network by the end of CY 2018; 100% of the total road network by the end of CY 2019);

ii. The following data are duly reconciled by the General Services Office and updated periodically:
   - Road Inventory and Road Map; and
   - Records as per Registry of Public Infrastructure.

   This shall be verified by an Accomplished Annex A: Report of the Local Road Network of COA Circular No. 2015-008 that is forwarded to Provincial Assessor's Office (PAssO) for valuation;

iii. Provincial Assessors Office regularly appraises road lot and forwards appraised value per road lot to Provincial Accounting Office (PAccO);

iv. PAccO determines carrying value of assets annually;

v. PAccO recognizes and records road networks as assets in accounting books annually; and

vi. Investment Committee prepares the report on the physical count of the road network of the province through an accomplished Annex C of COA Circular No. 2015-008.

b. Local road inventory and mapping completed by 2019 and regularly updated thereafter either through Routeshoot uploaded to the OpenRoads Portal and/or Local Bridges and Roads Inventory System (LBRICS) uploaded to RBIS.

## B. Public Financial Management (PFM)

### 1. Internal Audit

a. Internal Audit Unit is established and functional consistent with applicable Guidelines issued by the DBM and the CSC.

b. Provincial offices are regularly subjected to internal audit based on the approved Internal Audit Plan.

c. Recommendations in the Internal Audit Report are promptly implemented by the LCE and the concerned provincial offices.

**2. Budgeting, Revenue Generation, and Expenditure Management**

a. The appropriation ordinance authorizing the annual/supplemental budget(s) are linked with the Annual Investment Program, Local Development Investment Program (LDIP) and Provincial Development and Physical Framework Plan (PDPFP).

b. All required funding for annual road maintenance is provided for in the Appropriation Ordinance authorizing the annual/supplemental budget(s).

c. Duly accredited Civil Society Organizations (CSOs) participate in the planning and budgeting processes.

d. Synchronized Planning and Budgeting Calendar, particularly for budget preparation and authorization, is strictly observed.

e. Provincial Government operates with a credible budget such that actual appropriations are expended and disbursed for the purpose intended within the budget year.

f. Revenue targets and collection improve annually.

g. Financial reports are prepared on time and are published in accordance with DILG's Full Disclosure Policy.

h. Provincial Government has no disallowances from the Commission on Audit.

**3. Procurement**

a. Procurement transactions of the Provincial Government are fully compliant with the provisions of RA No. 9184, its 2016 Revised IRR and pertinent GPPB Guidelines.

b. Provincial Government adopts competitive bidding as the default mode of procurement of goods, civil works and consulting services.

c. Provincial Government undertaken an APCPI assessment annually and submits the results to GPPB-TSO for confirmation.

**Appendix 5**

## GOVERNANCE REFORM TARGETS FOR FY 2017

The Provincial Government shall endeavour to achieve the following governance reform targets within FY 2017:

1. Updated inventory of all provincial roads uploaded to Roads and Bridges Information System (RBIS);

2. Geo-tagging of all CMGP projects implemented using Routeshoot application and submitted to DILG and/or uploaded to OpenRoads Portal (www.openroads.gov.ph) in accordance with the following schedule:

   a. Within ten (10) days before construction;
   b. Within ten (10) days upon reaching an accomplishment of 50%; and
   c. Within ten (10) days after issuance of Certificate of Completion.

3. Updated PRNDP covering 2017-2022 approved by the Provincial Development Council and adopted by the Sangguniang Panlalawigan through a Resolution;

4. Evaluation of Constructor's performance conducted for at least three (3) CMGP or other locally-funded projects, and results submitted to the Construction Industry Authority of the Philippines (CIAP);

5. At least 50% of the total length of Fair-to-Good roads are provided with budget for maintenance and maintenance works implemented;

6. At least 50% of the total number of road projects funded under the 20% Development Fund for 2017 have detailed engineering designs prepared in accordance with standards;

7. At least 50% of the total road network are booked as road assets in accordance with COA Circular No. C2015-008;

8. Report on the Baseline Assessment of Internal Control Systems (BAICS), prepared at least for the Provincial Engineering Office;

9. PFM Improvement Plan for FY 2017 adopted and implemented;

10. LRM Improvement Plan for FY 2017 adopted and implemented; and

11. APCPI Action Plan for FY 2017 adopted and implemented.

**Appendix 6**

## CMGP PROCUREMENT POLICIES AND PROCEDURES

1. The Provincial Government shall use the latest standard bidding documents for procurement of works issued by the GPPB.

2. All procurement projects and activities must be included in the Annual Procurement Plan of the Provincial Government.

3. Upon receipt of the DILG's advice to proceed with the procurement process short of award, the Provincial Government may proceed with the procurement process in accordance with the RA No. 9184, its IRR, and pertinent GPPB Guidelines.

4. The publication and posting of the Invitation to Bid (ITB) shall not be later than fifteen (15) working days after the funds have been received by the Provincial Government.

5. A copy of the procurement schedule shall be submitted to the DILG by the Provincial Government within five (5) days upon receipt of the advice to proceed with the procurement process.

6. The DILG may be invited to observe the opening of bids.

7. In the event of a failed bidding, the Provincial Government shall immediately start the re-bidding process within five (5) working days after the Head of the Procuring Entity (HOPE) has approved the BAC Resolution declaring a failure of bidding, in accordance with the timelines set forth in 2016 Revised IRR of RA No. 9184. Within the same period, the Provincial Government shall submit to the DILG a revised procurement schedule indicating the revised target dates for the bidding.

8. In the event that the implementing province will have to resort to negotiated procurement after two failed biddings, the negotiation shall be commenced within five (5) days after the HOPE has approved the resolution declaring a failure of bidding and shall be completed within thirty (30) days. Within the same period, the Provincial Government shall submit to the DILG a revised procurement schedule indicating the revised target dates for the bidding.

9. The Provincial Government shall ensure the posting of performance security by contractors in accordance with Section 39 of RA No. 9184 and its IRR.

10. The Provincial Government shall submit to the Local Auditor a copy of the contract and other required supporting documents within five (5) days from the execution of the contract, in accordance with Section 3.1 of COA Circular No. 2009-001 dated 12 February 2009.

11. Issuance of NTP shall not exceed 156 calendar days from the posting of ITB [Invitation to Bid] in accordance with ANNEX C of the 2016 Revised IRR of RA No. 9184.

**Appendix 7**

## ROLES AND RESPONSIBILITIES IN PROJECT IMPLEMENTATION

### A. Provincial Governments

1. A Pre-Construction Conference with the Contractor shall be conducted within three (3) days after the acceptance of the NTP.

2. A community and project billboard shall be installed and updated regularly in accordance with COA Circular No. 2013-004 dated 30 January 2013, and other relevant guidelines.

3. The Provincial Government shall have the primary responsibility for ensuring the quality of works, as well as compliance by the contractor with the plans, specifications, and provisions of the contract for all CMGP projects.

4. The Provincial Government shall ensure the presence of the Project Engineer or the Project Supervision Team, as required under Sec. 4.11.4.3 hereof, during critical construction/quality control activities such as, but not limited to the following:

   a. Pouring of Concrete;
   b. Soil Testing;
   c. Field Density Test;
   d. RCPC Laying; and
   e. Materials Testing.

5. In case of delay in the implementation of the project, the Provincial Government shall perform the following calibrated actions:

   a. negative slippage of 5% - issuance of Warning Letter with a requirement for the Contractor to submit a Catch-up Plan;
   b. negative slippage of 10% - issuance of final Warning Letter with a requirement for the Contractor to submit a detailed schedule of activities to catch up with the delays, supported by adequate resources such as materials, workforce and equipment; and
   c. negative slippage of 15% - initiation of termination process in accordance with Annex E of the 2016 Revised IRR of RA No. 9184 (Contract Implementation Guidelines for the Procurement of Infrastructure Projects).

6. All variation orders and contract time extensions shall be approved by the Provincial Governor. If the cost of the variation order exceeds the approved allocation for the project, the province shall provide the required additional funds. The Provincial Government shall inform DILG of any approved variation orders and contract time extensions.

7. In case where the contractor fails to complete the work within the specified contract time, plus any approved time extension, the Provincial Government shall impose liquidated damages in accordance with **Annex E of the 2016 Revised IRR of RA 9184.**

8. The Provincial Government may invite third party monitors during punchlistings and final inspections. Immediately after the inspection, the Provincial Government shall instruct the contractor to rectify the noted deficiencies, if any.

9. Within five (5) working days upon issuance of the Certificate of Completion, the Provincial Government shall request the COA to conduct an inspection of the completed project.

10. The Provincial Government shall ensure the posting of warranty securities by the contractors in accordance with Sec. 62.2 of the 2016 Revised IRR of RA No. 9184.

11. The Provincial Government shall prepare a Project Completion Report (PCR) and submit an electronic copy to DILG within three (3) months after project completion. The PCR shall include the following documents:

    a. Copy of Certificate of Completion/Turn-over; and
    b. Copy of Report of Disbursement/Liquidation duly received by the COA Auditor concerned.

**B. Department of the Interior and Local Government**

1. The DILG shall monitor the Provincial Government's compliance with the provisions of this Circular and shall set-up a database of the Provincial Governments' performances.

2. The DILG, through the authorized quality assurance firm, shall:

    a. assist the Provincial Government in contract management and construction supervision as part of capacity development of the Provincial Government;

    b. recommend corrective actions for any defects noted; and

    c. advise the Provincial Government to issue Warning Letter to the Contractor and to require the immediate submission of a Catch-up Plan to complete the works within the approved contract period in case the negative slippage has reached 5% or higher.

**Appendix 8**

## PROGRAM IMPLEMENTATION ARRANGEMENTS

1. **Program Steering Committee (PSC).** The PSC shall be organized by the DILG to provide policy guidance and support in the implementation of the CMGP Program. The composition and detailed functions of the PSC shall be determined during the implementation of the CMGP Program and shall be covered by a separate issuance.

2. **Department of the Interior and Local Government (DILG).** The DILG shall:

   a. Establish a Project Management Office (PMO) under the Office of Project Development Services (OPDS) which shall be responsible for the overall project management of the CMGP projects, in coordination with the DBM and the Provincial Governments;

   b. In coordination with the DBM, determine the annual allocation to be provided to the Provincial Governments based on approved criteria or conditions;

   c. Within ten (10) days upon confirmation of satisfactory compliance with the requirements listed in **Appendix 3,** endorse to the DBM the release of funds to the province;

   d. Engage a quality assurance firm to assist the Provincial Governments to ensure the quality of road projects implemented in the provinces;

   e. Conduct Performance Assessment for the Governance Reforms on LRM; and

   f. In collaboration with other stakeholders, provide capacity development interventions to the Provincial Governments through formal training, coaching and/or mentoring to help them achieve the reform targets listed in **Appendix 4.**

3. **Department of Budget and Management (DBM).** The DBM shall:

   a. Issue the Special Allotment Release Order (SARO) and NCA and coordinate with the BTr for the direct download of funds to the provinces;

   b. Consistent with DBM-DILG-DOF-NEDA Joint Memorandum Circular No. 2015-1 dated 24 February 2015:

      i. assist the Provincial Governments in assessing their PFM systems; and

      ii. lead in providing capacity development interventions to the Provincial Governments on PFM; and,

   c. Analyze the assessment results and provide copy to DILG as basis in preparing the Governance Reforms Road Maps and development of capacity development interventions.

4. **Provincial Government**

   a. The LCE of each Provincial Government shall organize an LRM Team, which is composed of the following:
      i. Provincial Administrator;
      ii. Provincial Planning and Development Coordinator;

iii. Provincial Engineer;
iv. Provincial Budget Officer;
v. Provincial Environment and Natural Resources Officer;
vi. Provincial Treasurer;
vii. Provincial Accountant;
viii. Provincial Human Resource Management Officer;
ix. Provincial Social Welfare and Development Officer;
x. Provincial Assessor;
xi. Provincial General Services Officer;
xii. Sangguniang Panlalawigan Representative; and
xiii. Civil Society Organization Representative.

b. The LRM Team, together with the LCE, shall be responsible for the implementation of CMGP projects in the province geared towards the attainment of the envisioned reforms in LRM and PFM.

c. Under the Provincial Engineer's Office, a full-time Project Engineer/Inspector or a Project Supervision Team of not less than three (3) technical staff, whichever is necessary, shall be designated to supervise the day-to-day construction activities/ implementation of the project.

d. The Provincial Government shall designate either an office or a unit which shall serve as the Constructor's Performance Evaluation System - Implementing Unit (CPES-IU) to manage the evaluation of constructors' performance for all CMGP using the NEDA-approved CPES Guidelines.

e. The Provincial Government shall ensure that the priority projects have no social, technical, and right of way issues, and that the necessary permits have been secured.

f. The Provincial Government shall allocate funds for the following:

   i. road maintenance of Fair-to-Good roads at P100,000.00/km. At least 50% should be funded for FY 2017, 75% for FY 2018 and 100% for FY 2019 and thereafter;
   ii. implementation of the reform targets on LRM and PFM based on the Improvement Plans;
   iii. DED, including engineering survey, preparation of plans, printing and reproduction;
   iv. contract management and construction supervision including deployment of a full-time Project Engineer/Inspector or Project Supervision Team; and
   v. other related concerns to comply with NG policies such as permits.

g. The Provincial Government shall prepare and submit to DBM the Public Financial Management Assessment Report (PFMAR) and Public Financial Management Improvement Plan (PFMIP) within the first semester of every year starting FY 2017, in accordance with DBM-DILG-DOF-NEDA Joint Memorandum Circular No. 2015-1 dated 24 February 2015.

h. Return the unexpended fund balances to BTr within six (6) months from project completion and turnover. Funds released that are not obligated within two (2) years after receipt of the fund shall be returned to the BTr.

**Appendix 9**

## Local Government Support Fund
## Conditional Matching Grant to Provinces for Road Repair, Rehabilitation and Improvement (CMGP)
## Quarterly Financial Report of Operations
## For the Quarter Ending _____

| Fund Source | Date of Notice of Authority to Debit Account Issued (NADAI) | Type of Project | Name/ Title of Project | Specific Location (Include Municipality & Brgy) | Mode of Implementation (by Contract) | Amount (in pesos) | | | | | | | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Received | | | Obligation | | | Disbursement | | | |
| | | | | | | Previous Quarter | This Quarter | Total | Previous Quarter | This Quarter | Total | Previous Quarter | This Quarter | Total | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |

Prepared by: **The Local Finance Committee (LFC)**

Attested by:

_____
Provincial Budget Officer

_____
Provincial Governor

_____
Provincial Treasurer

_____
Provincial Planning and Development Coordinator

**Instructions:**

1. The report shall be prepared by the LFC in coordination with the other Provincial Officials concerned (e.g., Provincial Accountant on the allotment, obligation and disbursements).
2. The fund source shall be based on the NADAI issued by BTr to the province.
3. The type of program/project (e.g., repair, rehabilitation, or improvement)
4. Amount received refers to the amount received by the Provincial Government; it is the amount indicated in the NADAI. Obligation refers to the total amount obligated by the Provincial Government as of end of reporting period. Disbursement refers to the total amount paid by the Provincial Government as of end of reporting period.
5. Remarks shall contain other relevant information for which no appropriate column is provided.

**Appendix 10**

## Local Government Support Fund
## Conditional Matching Grant to Provinces for Road Repair, Rehabilitation and Improvement (CMGP)
## Quarterly Physical Report of Operations
## For the Quarter Ending _____

| Name/ Title of Project | Target Output | | | | | Actual Performance | | | | | Variance as of ____ | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | Total | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | Total | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |

Prepared by: **The Local Finance Committee (LFC)**

Attested by:

_____
Provincial Budget Officer

_____
Provincial Governor

_____
Provincial Treasurer

_____
Provincial Planning and Development Coordinator

**Instructions:**

1. The report shall be prepared by the LFC in coordination with the other Provincial Officials concerned (e.g., Provincial Engineer on the status of projects).
2. Target outputs and actual performance shall be broken quarterly and total variance shall be reflected for the as of quarter reporting period.
3. Remarks shall reflect relevant information/reasons/justifications for increase or decrease in actual performance versus target output as of the quarter covered by the report.