



REPUBLIC OF THE PHILIPPINES  
**DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT**

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Diliman, Quezon City



November 16, 2011

**MEMORANDUM CIRCULAR  
NO. 2011 - 170**

**TO :** ALL CONCERNED PROVINCIAL GOVERNORS, CITY AND MUNICIPAL MAYORS, DILG REGIONAL, PROVINCIAL AND CITY DIRECTORS AND ALL OTHERS CONCERNED

**SUBJECT :** REVISED GUIDELINES ON THE IMPLEMENTATION OF PERFORMANCE CHALLENGE FUND IN VIEW OF THE TEMPORARY SUSPENSION AND RATIONALIZATION OF THE NATIONAL GOVERNMENT-LOCAL GOVERNMENT UNIT COST-SHARING POLICY

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**PREFATORY STATEMENT:**

The Performance Challenge Fund (PCF) aims to stimulate local government to put premium to performance and convergence to enable them to avail of financial support to jumpstart and sustain local development initiatives. It is **an incentive fund/subsidy to supplement the resources of an LGU in the implementation of priority programs/projects which are aligned with national goals and priorities included in the Annual Investment Program and have fund allocation out of the 20% component of the Internal Revenue Allotment (IRA).**

Under DILG MC 2011-163 dated April 27, 2011 providing the guidelines in the implementation of PCF, the **PCF shall match the investment of LGUs on local development projects aligned with national government goals and priorities** up to a certain maximum of P7M for provinces, P3M for cities and P1M for municipalities.

**SUPPLEMENTAL GUIDELINES:**

In view of Memorandum Order No. 24 issued by the Office of the President on September 19, 2011 on **Temporary Suspension and Rationalization of the National Government-Local Government Unit (NG-LGU) Cost-Sharing Policy** and in order to fast track releases of the PCF subsidy to eligible LGUs, the following guidelines are hereby issued, guided by the following conditions:

- Case 1.** In case of PCF recipient with released PCF subsidy – it shall continue to implement their projects according to the terms and conditions stipulated in the signed Memorandum of Agreement (MOA) between the LGU-PCF recipient and the DILG through the Regional Director.
- Case 2.** In case of PCF eligible LGU which have signed MOA but still without released PCF subsidy in view of the requirement that the PCF subsidy will only be released if PCF supported project have reached at least 30% project

implementation or has utilized at least 50% of LGU counterpart – shall be immediately released of PCF subsidy. This suspends the submission of Certification on Utilization of at least 50% of LGU counterpart/and or completion of at least 30% project implementation as provided under DILG MC 2011-123 dated August 31, 2100: Supplemental Guidelines in Accessing the 2011 PCF.

**Case 3.** In case of PCF eligible which have not yet forged MOA with DILG in view of the lack of LGU counterpart - it shall be released of PCF subsidy upon signing MOA with DILG wherein, stipulate thereat, the project to be supported by PCF shall have funding support as incorporated in the 2012 AIP.

Provided, that the PCF subsidy shall continue to support eligible projects aligned with the achievement of national thrust and priorities as provided for under DILG MC 2011-162 dated April 27, 2011.

PCF recipient LGUs shall continue to comply with submission and posting of project progress and completion report as provided under DILG MC 2011-123 dated August 31, 2011 on Submission of Project/Completion Report and Posting of Project/Completion Report.

DILG Regional Office shall continue to be accountable and responsible in monitoring the progress of the implementation of PCF-supported projects and in ensuring the completion of said projects based on approved project proposals and in accordance with signed Memorandum of Agreement between the LGU PCF Recipient and the DILG.

For the guidance and compliance of all concerned.

  
**JESSE M. ROBREDO**  
Secretary



Republic of the Philippines  
DEPARTMENT OF THE INTERIOR  
AND LOCAL GOVERNMENT  
IN REPLYING, PLS CITE:

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