



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT  
DILG-NAPOLCOM Centre  
EDSA corner Quezon Avenue, West Triangle, Quezon City



September 28, 2015

MEMORANDUM CIRCULAR  
NO.: 2015-111

TO : DILG REGIONAL/PROVINCIAL/ CITY DIRECTORS  
CLUSTER LEADERS, CLGOOs/MLGOOs/ARMM REGIONAL  
SECRETARY, ARMM GOVERNOR, GOVERNORS/MAYORS  
OF PCF RECIPIENT LGUs AND OTHERS CONCERNED

SUBJECT : OPERATIONAL GUIDELINES ON THE IMPLEMENTATION  
OF 2015 PERFORMANCE CHALLENGE FUND (PCF)

#### I. INTRODUCTION

Established in 2010, the **Performance Challenge Fund (PCF)** is a performance-based reform program of the DILG that seeks to rationalize intergovernmental 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 to support high-impact local development projects identified as a priority by the LGU.

The PCF is a contribution to President Benigno Aquino III's battle-cry of "Kung Walang Corrupt, Walang Mahirap" and the Department's "Tapat na Palakad, Bayang Maunlad" campaign.

The President's vision, as espoused in the Philippine Development Plan (PDP) of 2011-2016, is to achieve inclusive growth, which translates to rapid and sustained development that creates jobs and continuously reduces mass poverty. The PDP puts a premium on the promotion of effective and honest governance, particularly at the local level, through an intensive campaign on full disclosure of LGU performance, implementation of systems to determine said performance in terms of the current state of local governance and compliance with policies, and institution of performance-based LGU incentives or awards.

## II. PURPOSE

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

## III. GUIDING PRINCIPLES

1. Support the government's advocacy of improving overall LGU performance in governance and delivery of basic services;
2. Expand opportunities for performing LGUs to accelerate local inclusive development, giving constituencies better access to education, health care, and tourism development among others;
3. Sustain the provision of incentives to LGUs commensurate to their performance level;
4. Foster and sustain cooperation among government stakeholders, development partners, NGOs, and CSOs to influence greater LGU performance;
5. Amplify the engagement of CSOs in the project monitoring to institutionalize a participatory, balanced, and transparent PCF;
6. Enhance the LGU's program/project conceptualization, implementation, monitoring and evaluation; and
7. Project processes shall ensure gender-sensitivity, disability-inclusiveness and other thematic concerns that promote the welfare of the most vulnerable sectors in the community.

## IV. ELIGIBILITY REQUIREMENTS

### A. Eligible LGUs

Local Government Units that passed the Seal of Good Local Governance of the Department shall be eligible to avail of the PCF.

### B. Eligible Projects

1. The PCF subsidy shall be used to finance local development projects supportive of the Philippine Development Plan (PDP) 2011-2016 such as those:
  - **Supporting the Millennium Development Goals** (e.g. school buildings, rural health units/health centers, birthing or lying-in facilities, water and sanitation, and housing and settlements)
  - **Stimulating Local Economic Development** (e.g. core local roads and bridges, farm-to-market roads, tourism facilities, 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 centers, 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)
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 in training, seminars, conferences or convention;
  - Construction, repair or refinishing of administrative offices; and
  - Purchase of administrative office furniture, fixtures, equipment or appliances.
3. Projects must be implemented within a period of one year.
4. Proposed project cost must be one million pesos (P 1M) or higher to finance high impact & big projects which otherwise may not be supported by local funds.



## V. IMPLEMENTATION PROCEDURES

### A. Issuance of Notice of Eligibility

Upon release of the list of awardees of the Seal of Good Local Governance (SGLG) by the DILG, the DILG Regional Director shall issue the Notice of Eligibility (Annex A) to qualified LGUs.

### B. Conduct Regional Orientations

From the issuance of the notices of eligibility to the LGUs, the DILG Regional Offices shall conduct a Regional PCF Orientation for:

- Eligible Provinces, Cities and Municipalities;
- DILG Provincial/City Directors;
- DILG Cluster Leaders;
- City/Municipal Local Government Operations Officers (C/MLGOOs).

### C. MOA Signing and Issuance of Check to LGU recipients

1. The LGUs shall execute a Memorandum of Agreement (MOA) (Annex B) with the DILG Regional Office upon submission of the following requirements:
  - Certified true copy of the Annual Investment Program (AIP) for the year or Local Development Investment Program (LDIP) (page indicating the project) ;
  - Sanggunian Resolution authorizing the LCE to enter into a MOA with DILG Regional Director (Annex C);
  - Checklist of Project/s (Annex D) indicating the proposed project duly approved by the LCE;
  - Bank Certification that the LGU has existing Trust Fund Account (for first time PCF recipients)
2. The DILG Regional Office will issue the PCF check 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.

#### D. Requirements for Release of Check

LGUs with previous PCF (2011-2013) that have complied with all of the following requirements shall be eligible for release of check, thus:

1. Those that have submitted all administrative documentary requirements and pertinent Annexes to DILG Regional Office;
2. Those that have submitted to DILG the following (if PCF-recipient of the previous year/s):
  - Project Completion Report;
  - Certificate of Acceptance, if project is By Contract;
  - Physical Accomplishment Report with high resolution pictures; and
  - 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.

#### E. Submission of Project Proposal

The LGUs are given 30 calendar days to submit the **Project Proposal (Annex E)** based on their submitted Annual Investment Program (AIP) or Local Development Investment Program (LDIP). The hard and digitized copy of the Project Proposal, AIP/LDIP (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).
1. **For Infrastructure Projects**
    - Detailed Engineering Design (DED)
    - Detailed Estimates
    - Program of Work
    - Bar Chart/S-curve
    - Engineering certifications (required by the Philippine Agricultural Engineering Act of 1998)

## 2. 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. 15 s.2011 (Amending Administrative Order No. 233 (S. 2008) Entitled "Reiterating the Prohibition on the Acquisition and Use of Luxury Vehicles and Directing Revisions of Guidelines on Government Motor Vehicles Acquisition") dated May 25, 2011 on the procurement of Motor Vehicles.

- Letter of the LCE to SHLG requesting for approval of authority to purchase motor vehicle chargeable against the PCF;
- 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.

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.

### F. Notice to Implement

Within three (3) days of the submission of project documents, the Regional Office shall issue a Notice to Implement (NTI) (Annex G) authorizing the start of the project implementation.

### G. Project Timeline

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.



## VI. FUND MANAGEMENT

### A. Entry to Regional Books of Account

For uniformity in taking up the PCF as an expense in the Books of Account of the Regional Offices, the entry should be **Financial Assistance to Local Government Units**.

### B. 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
- 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.

## VII. MONITORING AND REPORTING

### A. 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 H)** to the Regional Office thru channel.

### B. Conduct of Monitoring Visits

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

### C. Data Uploading on the PCF Website

To fast track submission of PCF Project Accomplishment Reports, the Cluster Leaders and PCF Provincial Focal Person shall assist the Regional Team in uploading the status of LGU project implementation on a monthly basis directly at the PCF website.

Cluster leaders shall encode Accomplishment Reports of recipient cities and municipalities under their coverage while the PCF Provincial Focal Person shall encode reports from the recipient province. Also, an electronic copy of the following must be submitted for proper uploading of the concerned person on the:

**Start-up Phase**

- Memorandum of Agreement
- Project Proposal
- AIP or LDIP (page indicating the project)
- Program of Works
- 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)
- Authority to Purchase Motor Vehicle from DBM or DILG
- 2 High-resolution(preferably geotagged) jpeg photos of the project taken from two angles

**Project Completion Phase**

- Report of Disbursement duly received by Local COA
- Project Completion Report
- Certificate of Acceptance (if project is by Contract)
- LCE/beneficiaries testimonies
- 2 High-resolution (preferably geotagged) jpeg photos of the project taken from two angles

**D. Reporting of Completed Projects**

Within 10 calendar days of project completion, the LGUs shall submit the copy of their Project Completion Reports (PCRs) (Annex I) to the C/MLGOOs, for Cities/Municipal Projects, Provincial Focal Person in the case of provincial projects or the Regional PCF Management Team in the case of HUCs and ICCs' projects. The PCRs to be submitted by LGUs shall include the following attachments:

- Certificate of Project Completion by the Local Chief Executive
- Certificate of Acceptance (if the project is By Contract)
- Copy of the Report of Disbursement (ROD) duly received by the local COA
- 2 High-resolution (preferably geo-tagged) jpeg photos of the project taken from two angles
- LCE testimonies



Permanent brass markers (6 inches in height x 11 inches in width) for completed projects like roads, bridges, and flood control shall be installed on a post at the beginning of said infrastructure. For buildings, it shall be installed near the entrance door (see ANNEX J for marker's format).

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

Motor vehicle stickers shall be installed at the driver's side (left front door) of the vehicle. Please refer to Annex L for Sample Marker with the corresponding specifications.

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

Based on the GAA, BLGD shall update the stakeholders, namely, 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.

#### F. 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 religious groups, senior citizen organizations, women's groups, and other organizations on a voluntary basis. CSO participation in field monitoring is highly encouraged as it complements the project monitoring at the national level.

### VIII. TRANSPARENCY IN THE IMPLEMENTATION OF PROJECTS

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

#### IX. DOCUMENTATION OF PROJECTS

Each region shall produce a Regional Compendium/Magazine of documented PCF projects.

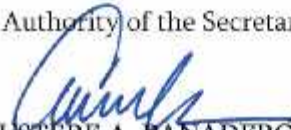
X. REPEALING CLAUSE

All existing administrative orders, rules and regulations, circulars and instructions inconsistent with the provision of this order are hereby repealed, amended or modified accordingly.

DILG Regional Offices through the Regional PCF Focal Persons, Cluster Leaders, and City/Municipal Local Government Operations Officers are hereby directed to cause the dissemination of this Circular.

This Memorandum Circular shall take effect immediately.

By Authority of the Secretary



AUSTERE A. PANADERO

Undersecretary for Local Government

## 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 Projects for PCF Funding**

The LGU PCF Recipient shall utilize the PCF Incentive only in projects 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); preparing for disasters and adaptation to climate change; towards sustainable environmental management; stimulating local economic development and furthering transparent, accountable and participative local governance, which are 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 other pertinent LG documents needed for infrastructure projects and procurement of motor vehicles.

### **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. 2015-\_\_ 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/quarterly 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.

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

1. Prepare & Facilitate the release of PCF check 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 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. 2015-\_\_ 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	_____	_____
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 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) 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 financial housekeeping;

WHEREAS, the 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 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 of this 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.

SB Secretary

ATTESTED: Presiding Officer

ANNEX D: LIST OF LGU PCF PROJECTS FOR 2015

Region: \_\_\_\_\_

Province: \_\_\_\_\_

PCF Recipient LGU: \_\_\_\_\_

Income Class of LGU: \_\_\_\_\_

This is to certify that the Performance Challenge Fund 2015 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>Achieving Millennium Development Goals (MDG)</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"/> others, specify		
<b>Stimulates Local Economic Development (LED)</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>Preparing for Disaster &amp; Climate Change</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>Protecting Environment</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

### APPRAISAL REVIEW and APPROVAL FORM (ARAF)

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
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PRE – QUALIFICATION		
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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		
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1.	Institutional		
	1.1 Proof of land ownership (Deed of		



<p>Donation/Sale, Tax Declaration, Transfer Cert. of Title, Certificate of Land Ownership under CARP, Certificate/Title of Ancestral Domain)</p>		
<p>1.2 Land Use/Zoning (agricultural, residential, commercial, institutional, public land)</p>		
<p>1.3. Right of way/ownership</p>		
<p>1.3.1 Deed of Donation/Sale – for roads/water supply</p>		
<p>1.3.2 Waiver/ consent letter of land owners–for water supply system</p>		
<p>1.4 No non-compensable negative effects on affected indigenous peoples (IPs)/marginalized sector/s</p>		
<p>1.5 Peace and order situation (proposed subproject site)</p>		
<p><b>2. Technical</b></p>		
<p><b>2.1 Infrastructure</b></p>		
<p>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.</p>		
<p>2.1.2 The proposed site is not located on a slope that is prone to landslide or erosion.</p>		
<p>2.1.3 The proposed site is not located within or near a fault line.</p>		
<p>2.1.4 The proposed site will not disturb historical and monumental markers.</p>		
<p>2.1.5 Completeness of detailed engineering design (drawing plans)</p>		
<p>2.1.6 Priced bill of quantities and</p>		

detailed estimates		
2.1.7 Construction schedule, bar chart/S-curve		
2.1.8 Technical specifications		
2.1.9 Pictures of proposed project site		
<b>2.2 Goods/Equipment</b>		
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		
<b>3. Environmental</b>		
3.1 IEE/ECC application, if applicable		
<b>4. Sustainability</b>		
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		
<b>5. Complementary Projects to</b>		
5.1 CLT		
5.2 Pamana		
5.3 Focus LGUs		
Other Comments for consideration: _____		

Reviewed and Appraised By:

**PDMU Staff/RPCF Team Member**

## Instructions on how to fill up the ARAF

### General Information

Indicate the region, province, municipality, congressional district, name of LCE, income class, project title, appraised project cost, contact number of LCE/LGU, and the civil society organization (CSO) involved.

### Sub-project Stages and Requirement

Indicate on the Remarks column the date the LGU submitted the documents and the findings. Indicate also in the Annex Column the annex no. of the required documents attached.

### Prequalification

The purpose of this stage is to check the readiness of the LGU. Do not proceed with the field appraisal if the pre-qualification documents are not complete. Immediately inform the LGU if the documents submitted are not complete.

Check if each pre-qualification document is complete, check if it is properly signed by the required signatories and if the content satisfies the requirement.

### Appraisal

#### 1. Institutional

1.1 Proof of Land Ownership – Validate the availability of any of these documents from the Assessor's Office or the Office of the Mayor. Any of these documents will establish the ownership of the proposed site by the LGU.

1.2 Land Use/Zoning – Check if the location of the proposed site complies with the land use plan/zoning ordinance. You may secure certification from the MPDC/zoning officer.

#### 1.3 Right of Way/Ownership

- \* 1.3.1 Deed of Sale/Donation (for roads and the source and location of reservoir for the water supply system) –Validate the availability of any of these documents from the Assessor's Office.
- \* 1.3.2. Waiver/consent of land owner (for water supply system) – Secure copy of this document from the LGU. These should be properly documented; all properties to be traversed by the pipelines should have the signed waivers/consent by the owner.
- \* 1.4 No non-compensable negative effects on affected indigenous peoples (IPs)/marginalized sector/s – As much as possible, recommend/identify sites where no indigenous peoples/marginalized sectors will be affected.

2015 August \_\_

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: Statement of Work Accomplished (SWA)**

PERFORMANCE CHALLENGE FUND  
 MONTHLY PROGRESS ACCOMPLISHMENT REPORT  
 As of Date \_\_\_\_\_

Project Title: \_\_\_\_\_  
 Mun./City/Prov.: \_\_\_\_\_  
 PCF Year: \_\_\_\_\_  
 PCF Amount: \_\_\_\_\_  
 Project Total Amount: \_\_\_\_\_  
 Contract Amount: \_\_\_\_\_  
 Date of Actual Start of Implementation: \_\_\_\_\_

Program of Works					Actual Implementation						
No.	Items of Work/Description	Quantity	Item Cost	(% Weight	Date of Start	Date Completed	Accomplishment to date(%)	Accum. Accompl. to Date (%)	Paid Items(Php)		Paid amount to date (Php)
									PCF	LGU Fund (If Any)	
TOTAL											

Prepared By: \_\_\_\_\_  
 P/C/M Engineer

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

Approved: \_\_\_\_\_  
 Mayor/Governor

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

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

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

## Annex I: 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 J: Brass Markers for Completed Projects

Project : Construction of Farm-to-Market Road

This farm-to-market road was constructed thru the DILG  
Performance Challenge Fund availed by the Province/  
City/Municipality of \_\_\_\_\_  
having passed the DILG Seal of Good Local Governance in 20\_\_.

Project Completed on : \_\_\_\_\_

## Annex K: 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:

Approved By:

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

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



## Annex L: Motor Vehicle Sticker for Completed Projects

Project: Procurement of Motor Vehicle



### Specs:

- Size: 6" height by 11" width
- Font Style: Century Gothic
- Font Size: 18
  - Name of Seal
  - Calendar Year
  - Date of Procurement
- Font Size: 58
  - Province/ City/ Municipality
- Colors: Yellow and Blue