



Republic of the Philippines
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT
DILG-NAPOLCOM Center, EDSA cor. Quezon Avenue
West Triangle, Quezon City 1100



MEMORANDUM CIRCULAR
NO. 2015-56

TO : ALL CONCERNED CITY MAYORS AND MEMBERS OF THE SANGGUNILANG PANLUNGSOD OF LGUs, CONCERNED DILG REGIONAL/CITY DIRECTORS AND ALL OTHERS

SUBJECT : GUIDELINES FOR THE IMPLEMENTATION OF DILG MICRO-MEDIUM-RISE BUILDING (MMRB) PROJECTS BY LGUs

DATE : May 25, 2015

I. RATIONALE

Pursuant to the provision of DILG-OSEC Special Provision No. 5 of Republic Act (RA) No. 10633, otherwise known as the General Appropriations Act (GAA) for Fiscal Year (FY) 2014 (GAA FY 2014) and the similar special provision DILG-OSEC Special Provision No. 5 of RA No. 10651, otherwise known as the GAA for Fiscal Year FY 2015, allocating the total amount of P1,400,000,000 for 2014 and 2015 towards the construction of micro-medium rise buildings (MMRB), based on submitted "People's Plans", with the following as intended implementation components: (1) provision for construction of micro-medium rise buildings for Informal Settler Families living in specific danger areas in the National Capital Region; (2) Disaster-risk reduction & management; (3) Interim Shelter Fund family assistance of P18,000.00 per identified informal settler family; (4) social preparation .

The purpose of the fund is to help/assist in saving "at risk" people from foreseeable danger, improve flood prevention, and reduce economic loss for the broader community. The DILG was tasked by the President to spearhead this program, together with the Presidential Commission for the Urban Poor and the National Anti-Poverty Commission, pursuant to Memorandum Order No. 57, s. 2013 of the Office of the President.

The National Technical Working Group (NTWG), led by DILG, has been focusing on participative approaches for formulating effective housing solutions through intensive consultations among various stakeholders and convergence workshops to create a multi-track, multi-stakeholder framework. Inputs gathered from stakeholder consultations indicate that: (1) more effective outcomes can be produced through site specific and innovative solutions; and (2) budget support needs to be flexible and responsive to allow implementation of these site specific and innovative solutions.

Pursuant to the Local Government Code of 1991 (Republic Act No. 7160) and the Urban Development and Housing Act of 1992 (Republic Act No. 7279), LGUs shall implement local housing programs to provide for the housing needs of their homeless constituents, leveraging their resources with other actors and stakeholders if necessary. Towards this end, the DILG shall provide support for LGUs to accelerate the implementation of socialized housing projects prepared through the People's Planning process.

II. DEFINITION OF TERMS

- A. **HOUSING FUND** refers to the Fifty Billion Alternative Housing Program and People's Proposals (AHPPP) Fund.
- B. **INFORMAL SETTLER FAMILIES PROJECT MANAGEMENT OFFICE (ISF PMO)** of the DILG is the office within the Department that oversees all activities relative to the implementation of the Oplan Likas Program and ensure the active participation of all agencies concerned.
- C. **LOCAL HOUSING BOARD** is a local special body created by cities and municipalities outside the Autonomous Region in Muslim Mindanao (ARMM) with informal settlers residing in covered areas pursuant to DILG Memorandum Circular (MC) No. 2008-143, that is tasked to formulate, develop, implement, and monitor policies on the provision for integrated sustainable housing and resettlement areas, and on the observance of the right of the underprivileged and homeless to a just and humane eviction and demolition. In addition to the composition of members under DILG MC No. 2008-143, concerned LGUs shall bring to at least 50% voting membership of the Board from the PO project proponents.
- D. **PEOPLE'S PLANS** are community housing and shelter development plans formed by People's Organizations through a process of consultation with and endorsement by the beneficiaries. This is the process by which planning for minimum standards and requirements for housing and site development, determination of financing schemes, determination of levels of subsidy, estate management schemes, procurement process, livelihood identification and planning, and preventive action plan or policing of their own ranks to avoid returning to previous settlement, emanate from and decided solely by the Community Association, with only the facilitation of discussions and technical assistance provided by government and/or NGOs at each level.

E. MINIMUM DESIGN STANDARDS – As set forth in Section 2 of BP220 for the construction of socialized housing projects in urban and rural areas,, intended to provide the minimum requirements for the construction of socialized housing projects within the generally accepted levels of safety, health and ecological considerations. It should be one that encourages the use of duly accredited indigenous materials and technology such as innovative design and systems, modular systems and components among others. Variances from the standards and requirements may be granted if strict observance will cause unnecessary hardship to the case of regional considerations/characteristics, peculiarities of the location and other relevant factors. This comes from a dissemination of local and regional successful models of HDH as best practice examples and development of regional & local technical exchanges, promoting more thorough participatory design approach, evaluating & investigating project location and impact on structural design and cost, introducing value engineering in structural design & costing.

Minimum design standards of the on-site/in-city/off-city (if provided in people's plan) budget, which contemplates Micro-Medium Rise housing solutions, must consider the following, among others:

- a. Minimum space requirements (unit, ground, and floor areas, etc.);
- b. Construction requirements (structural, electrical, sanitary, construction, etc.);
- c. Accessibility (internal and external circulation); and
- d. Utilities, service and basic amenities (water supply, sanitation facilities, waste disposal, common areas and open spaces if lot size allows).

F. MICRO-MEDIUM-RISE BUILDING is a multi-family mixed-residential and/or commercial building of 1-5 storeys and houses families with independent means of access and each unit having its own living, dining, cooking, toilet, laundry, and sleeping areas, as may be preferred by the beneficiaries, subject to the limitations of land.

G. SENDING LGU refers to the local government unit in Metro Manila where, in cases of evictions or voluntary resettlement actions, the ISF families originate and are sought to be resettled from, in compliance with MC No. 2008-143, 2009-005, MC No. 2010-134, Section 27 of RA 7279 and Section 481 (4) of the Local Government Code.

H. **RECEIVING LGU** refers to the local government unit, whether in or outside Metro Manila, to where ISF families originating from a sending LGU are intended to be resettled with its consent and a corresponding MOA with the sending LGU on provisions for basic and welfare services, requesting support from concerned national agencies whenever needed before resettlement.

III. IMPLEMENTATION MECHANICS

A. **People's Plan Fund.** There is hereby transferred to the concerned LGU, for availment by and benefit of Informal Settler Families Residing in danger areas within Metro Manila, an amount for the implementation of People's Plans for the expressed purpose of DILG OSEC Special Provision No. 5 of GAA 2014 or RA 10633, and GAA 2015 or RA 10651, provided: That the amount shall be made available only for the implementation of People's Plans, towards the construction of Micro-Medium-Rise Buildings, based on the list of beneficiaries from danger areas in Metro Manila jointly identified by DILG, the LGU, and other agency partners in disaster-risk reduction and management.

B. **Qualified LGU must have:**

1. Presence of ISFs living in danger zones within the city;
2. Existence of Shelter Development Plan emanating from a people's plan that underpins the ISF housing development;
3. Established or commitment to establish, through an ordinance, a Local Project Management Team that will oversee the project implementation, composed, among others, of at least 50% coming from proponent CSOs/POs;
4. Established or commitment to establish, through an ordinance, a strengthened Local Housing Board, at least 50% of its voting members are representatives of proponent POs and their partner NGOs; and
5. Willingness to facilitate or provide resources leveraged from its own local funds, other agency funds and/or services or facilitating provision for a shelter agency/private sector partners for subsidies such as but not limited to land and land development, for completion and sustainability of the housing project.

C. **Leveraging more resources.** Given the enormous scale of the housing problem, current financial resources are insufficient to address the massive housing need and to cover all the shelter project components. LGUs and city-wide upgrading organizations and communities must leverage more funds and resources (thru refinancing and other innovative and sustainable approaches) by linking up with other government agencies like SHFC thru the HDH program, foundations, church based organizations and private funding sources. The financial assistance program, leveraged with other sources, shall cover the following areas that all stakeholders must consider in every people's plan:

1. Minimum standards and requirements for housing and site development;
2. Community preparation and participation;
3. Financing schemes;
4. Subsidy/affordability schemes;
5. Estate management schemes;
6. Procurement;
7. Related activities such as livelihood;
8. Preventive action plan.

IV. INSTITUTIONAL ARRANGEMENTS

A. The DILG shall:

1. Conduct pre-qualification assessment based on the following:
 - a. Presence of ISFs living in danger zones within the city;
 - b. Available people's plan and master list provided by proponent community association;
 - c. Willingness to provide or access counterpart funding, services or facilitating provision for a financing agency/private sector partners to implement housing project;
 - d. Endorsement from NAPC or PCUP, or the community involved for the implementation of people's plans.
2. Release from said fund to the LGU shall be subject to the submission by the DILG to the DBM of the People's Plan and the listing and details of projects indicating among others the location of the site and names of respective beneficiaries approved by the DILG.

3. Submit quarterly reports indicating, among others, the breakdown of disbursements for the aforesaid programs to the DBM, House Committee on Appropriations, Senate Committee on Finance and the Senate Committee on Housing.
4. Monitor compliance to the creation of the LGU's Local Project Management Team thru the LHB.
5. Provide for or facilitate coordination and technical assistance to LGUs and/or proponent POs, whenever practicable, to insure completion and sustainability of the shelter project.

B. The LGU shall:

1. Complete data of ISFs living in danger zones within the city;
2. Make its Shelter Development Plan to include ISF people's plans;
3. Establish, through an ordinance, a strengthened Local Housing Board with greater voting members from ISF POs.
4. Provide or facilitate access to counterpart resources, services or facilitating provision for a financing agency/private sector partners to complete the housing project.
5. Provide DILG with a Physical and Financial Plan of the implementation of the project that includes:
 - a. A localized IRR with project stakeholders within 120 days after MOA signing; Agreed project IRR between LGU and proponent People's Organization that developed the People's Plan with the consent of major project partners;
 - b. Implementation Period or a Time Frame for the project;

- c. Establish or strengthen its Local Housing Board (LHB) as recommended by the Housing and Urban Development Coordinating Council's "LGU's Guidebook for Local Housing Project/Programs", and as directed by DILG Memorandum Circular 2010-134 "LGU Compliance to Section 28 of RA 7279 (UDHA) and Section 27 of Local Government Code", with the defined functions and representation under this Circular;
- d. Establish its Local Housing Office (LHO), the implementing arm of its Local Housing Board, in compliance with DILG MC No. 2010-134;
- e. Facilitate easy access of proponent POs to various counterpart resources for completion of the people's plan and eventual construction of the micro-medium rise shelter;
- f. Establish a grievance mechanism, through its LHB, to immediately resolve conflicts and issues among project stakeholders relative to and during implementation of the people's plan/s.

V. LGU FUND ADMINISTRATION

The funds shall be available to the concerned LGU solely to finance People's Plans housing programs, for the benefit of families in danger areas of Metro Manila, towards the construction of Micro-Medium-Rise Buildings.

In case of near-city or off-city resettlement people's plan, the fund may be used either by the sending or the receiving LGU, subject to the same requirements under this IRR. Off-city people's plan will integrate components of livelihood and basic services (water, waste management, and electricity).

VI. MECHANICS FOR FUND RELEASE

- A. Upon submission of the DILG to the DBM of the People's Plan with details of project's approval by the DILG, the DILG – CO shall release the funds through the Regional Office supported by the MOA between DILG – CO and the LGU concerned.

B. The concerned RO shall facilitate the fund release to the concerned LGU based on the following documents:

1. Signed MOA between the DILG-CO and the LGU
2. DILG-PMO approved Final list of validated beneficiaries/recipients
3. DILG-PMO approved Utilization Plan Proposal
4. Local Housing Board Approved Relocation/Resettlement Action Plan (RRAP)
5. DPWH confirmation on the capability of concerned LGU to implement nationally-funded projects in compliance with Section 85, General Provisions of GAA FY 2014 and Section 89, General Provisions of GAA FY 2015
6. LGU-issued Official Receipt upon the transfer of funds

C. The amount shall be available solely for the implementation of approved People's Plans, towards the construction of Micro-Medium-Rise Buildings, based on the list of beneficiaries from danger areas in Metro Manila jointly identified by DILG, NAPC, PCUP, and partner CSOs.

D. In no case shall the fund transferred be utilized by the LGU to cover administrative costs (e.g., office supplies, local travelling expenses, communication, honoraria, meetings and consultations, salaries, and any other related monitoring and construction supervision expenses) of LGU personnel overseeing and monitoring the project.

VII. FLOW OF FUND

The flow of funds is attached as Annex "A" to guide the parties in addressing administrative and financial concerns.

VIII. IMPLEMENTATION PROCESS FLOW

The process flow will follow the LGU initiated approach (See Annex A) and administration. The project implementation should be in accordance with the provisions of GAA FY 2014 and 2015, Republic Act No. 9184 and its Implementing Rules and Regulations and other pertinent laws, rules and provisions.

IX. REPORTING AND LIQUIDATION

The LGU, thru the LPMT, shall submit the following to the DILG:

- a. Monthly monitoring report
- b. Spot check and verification visit reports
- c. Periodic evaluation report
- d. Monthly or quarterly financial management reports
- e. Documentation of grievance cases and how these are resolved
- f. Impact evaluation report

X. MONITORING AND EVALUATION

The DILG shall:

1. Conduct periodic monitoring of MMRB construction and basic facilities based on Physical and Financial Plan and work schedule; and
2. Help conduct regular spot-checks. Beneficiaries will be randomly selected to be interviewed and evaluated to assess:
 - a. Quality of services received by the household;
 - b. Compliance of agencies/LGUs/NGOs with responsibilities; and
 - c. Compliance of beneficiaries with conditionalities.
3. Conduct periodic evaluation of program performance relative to achievement of targets and implementation progress based on the Physical and Financial Plan.
4. Conduct impact evaluation at the end of program period.

XI. END OF USE

Upon completion of the project and submission of Report of Disbursement of the LGU to the Department and return of unexpended balance and the refunded disallowance remitted by the LGU, the accounting in recording the transfer and utilization of the transferred funds must be observed as prescribed in Annex A.

XII. END OF PROGRAM/EXIT STRATEGY

DILG and the LGUs shall develop an exit strategy, considering that shelter support is linked to livelihood. The basis for the continuance of benefits to the end of the program is the assessment of the LGU within the program duration. After a sufficient period determined by the LGU from shelter provision, the household beneficiary will be assessed based on whether or not they need further livelihood training, technical assistance or other support intervention. Family beneficiaries shall be deemed delisted and program coverage will stop if found to have misused livelihood provisions, violated association rules or conditions with shelter agencies, or violated other program rules after being given the verbal and written warnings.

These rules should be clearly defined at the LHB level from program onset and explained to beneficiaries when they enrol.

XIII. PENALTIES AND SANCTIONS

The DILG may:

- a. Terminate, cancel, or suspend the implementation of the project in the following instances:
 1. LGU's non-compliance to project processes, standards and requirements;
 2. Corruption and fraudulent practices;
 3. When situations/circumstances would make it improbable for the project to continue to be carried out;
 4. Upon request of the LGU;

In case the project is partially or fully cancelled due to the fault of the LGU or its agent, the LGU shall be obliged to return the unexpended balance of the released portion of the funds or the pertinent portion related to the cancelled component of the project.

- b. Suspend/withhold the release of the funds if any of the following occurs:
 1. The DILG, during the conduct M&E activities determines that the LGU or the agent of the LGU is performing unsatisfactorily in the implementation and execution of the project(s) or in the event that substantial slippage in implementation is incurred;
 2. Extraordinary conditions such as force majeure, fortuitous events and the like which shall make it necessary to suspend the implementation of the project(s);


The LGU will be given a period of one month to resolve the issue, improve performance or remedy the situation. However, termination will be resorted to only, if the LGU, having been duly notified, does not make any effort to institute measures that will address issues at hand.

- c. File the appropriate civil, criminal and/or administrative case against the concerned local public official/s for acts or omissions in relation to the performance of its duties under this Memorandum Circular.

XIV. EFFECTIVITY

This Memorandum Circular shall take effect immediately.


MAR ROXAS
Secretary

 
DILG-OSCC OUTGOING 15-01450

Annex A
Fund Releases, Recording, and Reporting

A. DILG Central Office and DILG Regional Office

1. The DILG Central Office shall facilitate the release of fund from the National Government Annual Budget provided for in the General Appropriations Act. As fund for Year 2015 is included in the GAA's later release, the DILG Budget Division shall spearhead the preparation of the Special Budget Request to be submitted to the Department of Budget and Management.
2. Upon receipt of Notice of Cash Allocation, the DILG Accounting Division shall prepare and record the following accounting entries:

Account Title	Account Code	Debit	Credit
Cash-Modified Disbursement System (MDS), Regular	1-01-04-040	xxx	
Subsidy from National Government	4-03-01-010		xxx

3. The DILG Budget Division shall facilitate the release of fund thru sub-allotment to the DILG-Regional Office; the Accounting Division shall prepare Notice of Transfer of Allocation based on the Sub-Allotment issued by Budget Division. Such will be the basis of the DILG Accounting Division to prepare and record the following accounting entries:

Account Title	Account Code	Debit	Credit
Subsidy from National Government	4-03-01-010	xxx	
Cash-Modified Disbursement System (MDS), Regular	1-01-04-040		xxx

The release of funds to the DILG-Regional Office shall be supported by the Memorandum of Agreement between DILG and the Local Government Unit (LGU) and its Implementing Rules and Regulations.

4. Upon receipt, the DILG-Regional Office shall prepare and record the following accounting entries:

Account Title	Account Code	Debit	Credit
Cash- MDS, Regular	1-01-04-040	xxx	
Subsidy from National Government	4-03-01-010		xxx

5. Upon request of the LGU, the DILG-Regional Office shall facilitate the fund release to the LGU based on the following documents:
 - a. Signed Memorandum of Agreement—between DILG and the LGU
 - b. Implementing Rules and Regulations
 - c. Final list of validated beneficiaries/recipients
 - d. Utilization Plan Proposal
 - e. Relocation/Resettlement Action Plan (RRAP)
 - f. LGU-issued Official Receipt upon the transfer of funds

The **final list of validated beneficiaries/recipients** shall be prepared by the LGU Settlement Office or Urban Affairs Office or other office in charge of housing concerns. The Head of such office shall certify the said list while the Mayor or Administrator or other duly authorized official in the LGU shall approve the said list.

The **Utilization Plan Proposal** shall be prepared by the beneficiary organization (Community Association or Homeowners Association), signed by the President of the said organization, and approved by the Local Housing Board.

The **Relocation/Resettlement Action Plan (RRAP)** shall be prepared by the Local Housing Board, supported by its resolution, and approved by the Mayor or Administrator or other duly authorized LGU official.

6. The DILG-Regional Office shall record the fund transfer to the LGU using the following accounting entries:

Account Title	Account Code	Debit	Credit
Due from LGUs	5-02-14-030	xxx	
Cash – MDS, Regular	1-01-04-040		xxx

7. For the liquidation, the LGU shall submit the Memorandum of Agreement to the DILG-Regional Office, along with the following documents required for monitoring purposes:
 - a. Report of Disbursement signed by the LGU's accountant
 - b. Report of Checks issued
 - c. Original documented list or biometric records of beneficiaries
 - d. Certificate of Completion
 - e. Certified true copy of contracts/passes provided to the beneficiaries
 - f. After-project report
 - g. Photo documentation
 - h. Documentation of Total Project Cost

The **Report of Disbursement** shall be prepared by the Local Housing Office, certified by the LGU Accountant, and approved by the Mayor or Administrator.

Upon submission of liquidation reports, the DILG – Regional Office shall record the following accounting entries:

Account Title	Account Code	Debit	Credit
Building/Construction in Progress -Building (whichever is applicable)	1-06-04-010	xxx	
Due from LGUs	1-03-03-030		xxx

The **Report of Checks Issued** shall be prepared by the LGU Treasurer, and approved by the Mayor or Administrator.

The **original documented list or biometric records of beneficiaries** shall be prepared by the LGU Urban Settlement Office or Urban Affairs Office or other office in charge of housing, certified by the DILG Official in the LGU, and approved by the DILG Regional Director.

The Certificate of Completion, certified true copy of contracts/passes provided to the beneficiaries, after-project report, photo documentation, and documentation of total project cost shall be prepared by the LGU Housing Office, certified by the Local Housing Board, and approved by the Mayor or Administrator.

8. Upon completion of the project and proper turnover or transfer of building by DILG – Regional Office to LGU by donation or financial assistance, the accounting entry of the DILG – Regional Office shall be:

Account Title	Account Code	Debit	Credit
Donation/Financial Assistance	5-02-14-030	xx	
Building	1-06-04-010		xx

B. Local Government Units

1. Upon receipt of the fund from the DILG-Regional Office, the LGU Treasurer's Office shall issue the corresponding Official Receipt and deposit the amount in the bank as a specific Trust Account. It shall be upon the discretion of the LGU to open a new account, or to use an existing Trust account, provided that a separate Subsidiary Ledger is maintained for the specific account.

2. Based on the Official Receipt the LGU Accounting Office shall prepare and record the following accounting entries under the General Fund:

Account Title	Account Code*	Debit	Credit
Cash in Bank- Local Currency, Current Account	111	xxx	
Due to National Government Agencies	416		xxx

**Based on Philippine Government Chart of Accounts under the New Government Accounting System*

3. The LGU Accounting Office shall verify the documents attached to the Disbursement Voucher to cover the payment for the completion or progress billings of project and prepare and record the following entries:

Account Title	Account Code	Debit	Credit
Building Account/Construction in Progress – Building (whichever is applicable)		xxx	
Cash in Bank- Local Currency, Current Account			xxx

4. The LGU Accounting Office shall prepare and record the following entries upon submission of liquidation reports to the DILG – Regional Office:

Account Title	Account Code	Debit	Credit
Due to NGAs		xxx	
Building/Construction in Progress - Building (whichever is applicable)			xxx

5. Upon completion of the project and proper turnover or transfer of building by DILG – Regional Office to LGU by Donation or Financial Assistance, the accounting entry of the LGU – Accounting Office shall be:

Account Title	Account Code	Debit	Credit
Building		xxx	
Income from Grant and Donation			xxx