



Republic of the Philippines

**Department of the Interior and Local Government**

A. Francisco Gold Condominium II, EDSA cor. Mapagmahal St., Pinyahan, Quezon City

**MEMORANDUM**

**TO : ALL DILG REGIONAL DIRECTORS OF REGIONS I, IV-A, V, VI, VII, IX, X,  
CARAGA**

**SUBJECT : SUPPLEMENTAL GUIDELINES FOR THE 2010 PILOT IMPLEMENTATION OF  
THE PERFORMANCE CHALLENGE FUND GRANT**

**DATE : October 29, 2010**

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This refers to the documentary requirements to be complied with by the concerned LGU eligibles to enable them to access the PCF grant. As stipulated in the Memorandum on the PCF Interim Guidelines dated October 14, 2010, all fifteen (15) eligible LGUs shall submit their letters of intent along with the project design, Sanggunian Resolutions, and Certification from the Municipal Treasurer to the DILG Regional Office for evaluation to serve as basis for the release of the PCF grant.

In this regard and to ensure the prompt release of PCF grant to LGUs and reporting to Central Office, the following supplemental guidelines are hereby provided:

- 1) All documentary requirements shall be submitted to the Regional Office not later than November 15, 2010;
- 2) Evaluation of documents shall be between November 15 and 19, 2010;
- 3) After satisfactory compliance to PCF grant requirements, the DILG Regional Office shall release the Php 1M PCF grant to the LGU grantee upon signing of the Memorandum of Agreement between the DILG (thru the Regional Director) and the LGU recipient. Release period is between November 22 and 26, 2010.
- 4) LGU grantee through the Municipal Treasurer shall issue an Official Receipts corresponding to the amount of PCF grant received. The Official Receipt shall be submitted to the Central Office through the Director of the Finance Management Service (FMS) not later than December 15, 2010.

To further provide guidance to the LGU grantees, attached is a format of a project design. Likewise, a standard format on the proposed Memorandum of Agreement is hereby provided.

For the guidance of all concerned.

**AUSTERE A. PANADERO**

Undersecretary for Local Government

# Performance Challenge Fund

## PROJECT DESIGN FORMAT

- I. Project Title :**
- II. Project Location:**
  - Region :
  - Province:
  - Municipality:
- III. Description:**
  - Rationale
  - Goal and Objectives
- IV. Target Beneficiaries**
  - Specific Sector
- V. Project Components**
- VI. Project Management**
- VII. Project Cost**
  - Budget
  - Other Financing Partners
  - Supplementary Financing, if any
  - Work and Financial Plan
- VIII. Implementation Schedule**
- IX. Expected Benefits**

## 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** \_\_\_\_\_, herein referred to as **LGU** PCF Grantee with principal office at \_\_\_\_\_ and represented in this agreement by its **Municipal Mayor** \_\_\_\_\_ by virtue of Municipal Sanggunian Resolution No. \_\_, Series of \_\_\_\_\_.

### WITNESSETH

**WHEREAS**, the Department of the Interior and Local Government (DILG) through the Bureau of Local Government Development (BLGD) is the Office with primary responsibility in localizing the Millennium Development Goals (MDGs) and capacitating LGUs 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 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 an incentive fund divulge to the LGUs in the form of counterpart funding to high-impact capital investment projects in the Annual Investment Program (AIP) and funded out of the 20% Local Development Fund (LDF) consistent with national development goals and priorities;

**WHEREAS**, the Performance Challenge Fund (PCF) is being administered by the Department of the Interior and Local Government in collaboration with the Department of Budget and Management (DBM) to recognize good governance performance particularly in the adoption of "good housekeeping" along the governance areas of development planning, sound financial management, transparency and accountability, and valuing performance monitoring;

**WHEREAS**, the Performance Challenge Fund progressive realization for MDGs, programs and projects is anchored on the contribution of local government units (LGUs), as well as non-government and private sector organizations;

**WHEREAS**, Local Government Units (LGUs), as provided under the Local Government Code of 1991 or Republic Act 7160, assume the primary responsibility for the provision of basic services and facilities and the improvement of quality of life of their constituents towards the achievement of MDGs;

**WHEREAS**, the Municipality \_\_\_\_\_, has been awarded the Seal of Good Housekeeping thereby entitles the LGU to receive the 2010 pilot PCF Grant amounting to a maximum of One Million Pesos (P 1,000,000.00).

**NOW, THEREFORE**, 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. Requirements for the Release of PCF Grant

The following requirements should be submitted to DILG Central Office through the Regional Offices:

1. Letter of Interest of LGU grantee along with the following:
  - a. Project Design inclusive of description, location, workplan and project schedule, budget and financing plan, project management and other financing partners or supplementary financing, if any;
  - b. Sanggunian Resolution:
    - a) Authorizing the Local Chief Executive to enter into a Memorandum of Agreement (MOA) for the PCF grant;
    - b) Approving the allocation of LGU funds as counterpart to the PCF grant; and
    - c) Certifying that the project is included in the 2011 Annual Investment Program
  - c. Certification from the Municipal Treasurer that the project is receiving a budget from the 20% Development Fund equivalent to the above requirements.

#### Section 2. Eligible Projects

Eligible projects for the PCF Grant are those that support the national priorities of the present administration in achieving the MDGs (e.g. livelihood and employment generating projects, school buildings, hospital and health centers, training and crisis centers) which are implementable in one (1) year.

#### Section 3. Delineation of Responsibilities

PCF Recipient LGU shall:

1. Comply with the documentary requirements under Section 1 for the release of PCF Grant;
2. Open a Special Account in a government bank and provide the DILG Regional Office a certification from the Local Treasurer and the details of the account;
3. Maintain a Book of Accounts for the PCF;
4. Issue an official receipt corresponding to the amount of PCF grant received;
5. Create a PCF Project Team responsible for the implementation of the project;
6. Submit to the DILG Regional Office quarterly physical reports of accomplishments and fund utilization report; and liquidation report verified by the COA Field Office;

DILG Regional Office shall:

1. Prepare and issue checks as cash advances to the LGU grantee subject to Pre-Audit pursuant to COA Circular 2009-2;
2. After 5 working days of satisfactory compliance to PCF grant requirements and upon signing of the Memorandum of Agreement between the DILG and LGU grantee shall release the PCF Grant to the LGU grantee;
3. Facilitate the release of PCF grant amounting to a maximum of ONE MILLION (P1,000,000.00) PESOS to the recipient LGU upon signing of the Memorandum of Agreement and the satisfactory of submission documentary requirements under Section 1 by the LGU; and
4. Monitor the progress of project implementation by the LGUs and disbursement of funds by the LGU grantee and submit consolidated status report on the implementation of PCF funded project, and liquidation report to the FMS; and

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

**LGU**

\_\_\_\_\_  
MAYOR

SIGNED IN THE PRESENCE OF:

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

**ACKNOWLEDGEMENT**

REPUBLIC OF THE PHILIPPINES)  
Quezon City ) 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 \_\_\_\_\_