



Republic of the Philippines
DEPARTMENT of AGRARIAN REFORM

DAR Memorandum Circular
No. 10
Series of 2012

Subject: Revised Operating Guidelines on the Grant of the National Government Assistance to Local Government Units (NGALGU) for Rural Infrastructure Development under the Agrarian Reform Communities Project II (ARCP II)

Section 1. Prefatory Statement

Upon the representations of the Department of Agrarian Reform (DAR) and with the support of the Department of Budget and Management (DBM), the Office of the President (OP) approved the provision of budgetary assistance to partner Local Government Units (LGUs) in the implementation of rural infrastructure (RI) subprojects under the Agrarian Reform Communities Project II (ARCP II). The OP approval to provide funding support, representing 25% of the total subproject cost, is pursuant to Chapter 3, Article 1, Section 25(c) of the Local Government Code. With the ARCP II being saddled with equity concerns of the LGUs, the OP assistance is intended to boost the LGUs' capability to address the equity requirements for the implementation of RI subprojects in the target Agrarian Reform Communities (ARCs).

The 25% National Government Assistance to Local Government Units (NGALGU) will be released by the DBM to the DAR, and by the DAR to the LGUs as part of the LGUs' equity to the first tranche of assistance under the ARCP II Loan Proceeds (LP) through the Municipal Development Fund Office (MDFO). Subject to LGU compliance with the requirements enumerated in the succeeding discussions, the DAR shall release the NGALGU for deposit in the LGU equity account where the LGU will deposit its equity contributions. Subsequently, the LGU will liquidate the amount received from the DAR pursuant to the usual accounting and auditing regulations.

In this regard, Operating Guidelines for NGALGU, through DAR Memorandum Circular No. 14 was issued on 11 November 2011 to guide the LGUs and field implementers of the ARCP II in the accessing, processing, release, utilization and liquidation of the NGALGU. The guidelines describe the eligibility requirements, documents to be submitted, responsibility centers and procedures to be followed.

However, recent developments necessitate the revision of the said Operating Guidelines to assist the LGUs in easily, promptly and properly complying with the requirements for the availment of NGALGU.

Section 2. Scope

These operating guidelines are applicable to all local government units (LGUs) covered by ARCP II with approved RI subproject/s and applying for NGALGU.

Section 3. Definition of Terms

For the purpose of this Memorandum Circular, the following terms are defined:

3.1 Certificate of Availability of Funds (CAF) – refers to the certification issued by the Accounting Division of DAR Finance, Management and Administrative Office (FMAO) showing that there is available fund/cash for the NGALGU entitlement of LGUs

3.2 Local Government Unit (LGU) – refers to either provincial or municipal government implementing RI subproject/s

5. Liquidation of NGALGU. Upon complete utilization of the NGALGU, the LGU shall liquidate the amount of the assistance received pursuant to the usual accounting and auditing regulations.

Section 5. Operating Procedures

The release of the NGALGU is predicated on the approval, procurement, implementation and turnover of the RI subproject to be co-financed by the LGU with the DAR under the ARCP II. To simplify the processing of the NGALGU, the requirements and procedures prescribed below are parallel with the requirements and procedures in the processing of the ARCP II assistance under the LP. The NGALGU will be processed and released by the DAR FMAO under Fund 101 while the LP assistance will be processed by the DAR Foreign-Assisted Projects Office (FAPsO) under Fund 102 and released by the MDFO.

As shown in Annex 1, the simplified process for the grant of the NGALGU is as follows:

1. Issuance of Special Allotment Release order (SARO) and Notice of Cash Allocation (NCA). Based on the requests and submissions of the DAR, the DBM shall first release the Special Allotment Release Order (SARO) and then the Notices of Cash Allocation (NCAs) for the NGALGU to the DAR FMAO.
2. Submission of Letter of Intent and Request for Funding (2 original copies). LGUs with subprojects approved by the NSAC/RSAC shall request the DAR Secretary, through the ARCP II National Project Coordinator, for the release of the CAF and Funding Check for the corresponding NGALGU, based on the NSAC/RSAC Resolution. To avail of the NGALGU, the LGU shall submit directly to the ARCP II-NPCO a Letter of Intent (Annex 2), with the following attachments:
 - a. Memorandum of Agreement (MOA) duly signed by the LGU Chief Executive (i.e., Mayor/Governor), for signature of the DAR Secretary for subprojects costing above Php40 million (Annex 3A), or DAR Undersecretary/Project Implementation Officer for subprojects costing above Php5 to Php40 million (Annex 3B), or DAR Regional Director/ARCP II Regional Project Manager for subprojects costing below Php5 million (Annex 3C). Six (6) originals of the documents shall be distributed as follows: LGU-1, NPCO-1, DAR FMAO-1, Notary Public-1, attachment to disbursement voucher-1, COA-1.
 - b. NSAC/RSAC Resolution, in six certified true copies (as certified by NSAC/RSAC Secretariat)
 - c. Sangguniang Bayan Resolution (Annex 4A) or Sangguniang Panlalawigan Resolution (Annex 4B) authorizing the LGU Chief Executive to enter into and sign the NGALGU MOA, in six certified true copies
 - d. Bank certification that the LGU has opened a special account for the LGU's equity contributions, under the name "(LGU's Name) DAR ARCP II LGU Equity," an original of the document to be attached to the disbursement voucher and a copy for the NPCO.
- Note: The NPCO shall create a secretariat that will be responsible for coordinating with the LGUs in the processing of the NGALGU, including assistance in coming up with certified true copies of the documentary requirements, and tracking/follow-through of the request within the DAR, among others.
3. Endorsement of Request to DAR-Central Office Budget Division (DARCO BD). The NGALGU Secretariat at the NPCO shall check the completeness of documents submitted by the LGUs and forward to NPCO-Finance and Administrative Division (FAD) for endorsement to DARCO BD.

- 3.3 **Local Government Unit (LGU) Equity** – refers to the counterpart fund of the LGU in implementing RI subprojects equivalent to 70% (1st and 2nd class municipalities), 60% (3rd and 4th class municipalities), or 50% (5th and 6th class municipalities) of the total subproject cost
- 3.4 **National Government Assistance to Local Government Units (NGALGU)** – refers to the funding assistance from the Office of the President to LGUs covered by ARCP II with approved RI subprojects. NGALGU is equivalent to 25% of the total subproject cost.
- 3.5 **National Subproject Approval Committee (NSAC)** – refers to the inter-agency committee, whose members are from the national offices partner agencies such as the National Economic and Development Authority and Departments of Budget and Management, Finance, Public Works and Highways and Environment and Natural Resources, among others, which is tasked to review, evaluate and approve proposed RI subprojects worth US\$75,000 and above
- 3.6 **Notice of Advance Procurement Activities (NAPA)** – refers to the notice allowing LGUs to proceed the with the conduct of activities relative to the procurement of RI subproject/s but not to award the contract to the winning bidder yet
- 3.7 **Regional Subproject Approval Committee (RSAC)** – refers to the inter-agency committee, whose members are from the regional offices of partner agencies such as the National Economic and Development Authority and Departments of Budget and Management, Finance, Public Works and Highways and Environment and Natural Resources, among others, which is tasked to review, evaluate and approve proposed RI subprojects worth below US\$75,000
- 3.8 **Rural Infrastructure (RI) subproject** – refers to the basic infrastructure, such as farm-to-market roads, small-scale irrigation facilities, multi-purpose buildings, and potable water supply systems, among others, provided with funding assistance by ARCP II and implemented by LGUs

Section 4. Eligibility and Other Requirements

1. NSAC/RSAC approval and Resolution. The 25% NGALGU shall be given to partner LGUs to support the implementation of their approved RI subprojects. The basis for the computation of the 25% assistance shall be the total subproject cost indicated in the resolution of the National or Regional Subproject Approval Committee (NSAC/RSAC). This NSAC/RSAC approved cost shall be the basis for the issuance of the Certificate of Availability of Funds (CAF) by the DAR that will be used by the LGU in enacting an Appropriation Ordinance indicating all fund sources for the subproject to be implemented.
2. Prioritization. The NGALGU shall be granted as LGU counterpart for the subprojects that have been approved and validated by DAR for 2011-2013 implementation under the ARCP II. Assistance for additional subprojects may be provided, especially for irrigation subprojects, subject to the availability of funds.
3. DAR-LGU MOA. A Memorandum of Agreement (MOA) shall be executed by and between the DAR and the LGU for the approved RI subproject to be given the 25% assistance. This is a the pre-requisite for the release of the NGALGU.
4. LGU Equity Account. The DAR shall issue a funding check for 100% of the NGALGU to the LGU, which shall deposit the check in the LGU equity account to be opened specifically for its equity counterpart for ARCP II RI subprojects. This account shall indicate through subsidiary ledgers the different amounts by source.

5. Liquidation of NGALGU. Upon complete utilization of the NGALGU, the LGU shall liquidate the amount of the assistance received pursuant to the usual accounting and auditing regulations.

Section 5. Operating Procedures

The release of the NGALGU is predicated on the approval, procurement, implementation and turnover of the RI subproject to be co-financed by the LGU with the DAR under the ARCP II. To simplify the processing of the NGALGU, the requirements and procedures prescribed below are parallel with the requirements and procedures in the processing of the ARCP II assistance under the LP. The NGALGU will be processed and released by the DAR FMAO under Fund 101 while the LP assistance will be processed by the DAR Foreign-Assisted Projects Office (FAPsO) under Fund 102 and released by the MDFO.

As shown in Annex 1, the simplified process for the grant of the NGALGU is as follows:

1. Issuance of Special Allotment Release order (SARO) and Notice of Cash Allocation (NCA). Based on the requests and submissions of the DAR, the DBM shall first release the Special Allotment Release Order (SARO) and then the Notices of Cash Allocation (NCAs) for the NGALGU to the DAR FMAO.
2. Submission of Letter of Intent and Request for Funding (2 original copies). LGUs with subprojects approved by the NSAC/RSAC shall request the DAR Secretary, through the ARCP II National Project Coordinator, for the release of the CAF and Funding Check for the corresponding NGALGU, based on the NSAC/RSAC Resolution. To avail of the NGALGU, the LGU shall submit directly to the ARCP II-NPCO a Letter of Intent (Annex 2), with the following attachments:
 - a. Memorandum of Agreement (MOA) duly signed by the LGU Chief Executive (i.e., Mayor/Governor), for signature of the DAR Secretary for subprojects costing above PhP40 million (Annex 3A), or DAR Undersecretary/Project Implementation Officer for subprojects costing above PhP5 to PhP40 million (Annex 3B), or DAR Regional Director/ARCP II Regional Project Manager for subprojects costing below PhP5 million (Annex 3C). Six (6) originals of the documents shall be distributed as follows: LGU-1, NPCO-1, DAR FMAO-1, Notary Public-1, attachment to disbursement voucher-1, COA-1.
 - b. NSAC/RSAC Resolution, in six certified true copies (as certified by NSAC/RSAC Secretariat)
 - c. Sangguniang Bayan Resolution (Annex 4A) or Sangguniang Panlalawigan Resolution (Annex 4B) authorizing the LGU Chief Executive to enter into and sign the NGALGU MOA, in six certified true copies
 - d. Bank certification that the LGU has opened a special account for the LGU's equity contributions, under the name "(LGU's Name) DAR ARCP II LGU Equity," an original of the document to be attached to the disbursement voucher and a copy for the NPCO.

Note: The NPCO shall create a secretariat that will be responsible for coordinating with the LGUs in the processing of the NGALGU, including assistance in coming up with certified true copies of the documentary requirements, and tracking/follow-through of the request within the DAR, among others.
3. Endorsement of Request to DAR-Central Office Budget Division (DARCO BD). The NGALGU Secretariat at the NPCO shall check the completeness of documents submitted by the LGUs and forward to NPCO-Finance and Administrative Division (FAD) for endorsement to DARCO BD.

4. Issuance of Notice to Advance Procurement Activities (NAPA). While the NGALGU is being processed, the LGU shall likewise complete the requirements for the issuance of the CAF by the MDFO for the funding assistance under the LP. Upon the LGUs' compliance with the requirements for both the NGALGU and LP, the NPCO shall issue a NAPA, together with one original of the signed NSAC/RSAC Approved Program of Works (POW) and one certified true copy of the NSAC/RSAC Resolution, directly to the LGU Chief Executive, copy furnished the Regional and Provincial Project Offices (RPO/PPO).
5. Obligation and Issuance of Certificate of Availability of Funds (CAF). The NPCO shall endorse the LGU Letter of Intent, together with the duly executed MOA and other annexes, to the DAR FMAO. The Budget Division shall obligate the corresponding NGALGU amount and the Accounting Division shall issue the necessary CAF.
6. Issuance of Notice to Enact Appropriation Ordinance (NEAO) and Enactment of Appropriation Ordinance. The NGALGU Secretariat will transmit to the LGUs copies of MOA together with the NGALGU CAF and the NEAO. Upon receipt, the LGUs will enact the corresponding Appropriation Ordinance, which will be submitted to NPCO.
7. Preparation of Disbursement Voucher (DV). The NPCO shall prepare the DV with the pertinent attachments and forward these to the FMAO Accounting Division. The DV should indicate the amount equivalent to 25% of the approved total subproject cost, as reflected in the NSAC/RSAC Resolution, or an amount not exceeding the obligations made prior to the effectivity of this Memorandum Circular. The Accounting Division shall process the DV, which, when approved, shall be forwarded to the DAR Central Office (DARCO) Cashier.

Note:

- (i) MOAs that have been obligated based on the As bid POW shall not receive any adjustment payment for the difference from the approved total subproject cost, as reflected in the NSAC/RSAC Resolution or POW.
 - (ii) MOAs that have been obligated based on the NSAC/RSAC Approved POW and have been paid based on the As bid POW shall be adjusted for the LGU to receive the difference from the approved POW.
 - (iii) All DVs prepared prior to the issuance of this Memorandum Circular shall be based on the approved total subproject cost as reflected in the NSAC/RSAC Resolution.
8. Preparation of Funding Check. The DARCO Cashier shall prepare the funding check, representing 100% of the NGALGU assistance, specifically in the name of the LGU's equity account, i.e., "(LGU's Name) DAR ARCP II LGU Equity." As authorized LGU representative, the Municipal/Provincial Treasurer shall personally claim the check from the DARCO Cashier upon presentation of the following:
 - a. Authorization letter by the LGU Chief Executive
 - b. LGU Identification (ID) Card or any valid government-issued ID, such as Driver's license, GSIS card, or passport, among others
 - c. Official Receipt to be issued by the LGU for the amount of the LGU equity account
 9. Liquidation. The LGU shall liquidate the NGALGU received upon full utilization and before the release of the final tranche for the LP assistance. The final LP tranche shall not be released until and unless the LGU has fully liquidated the NGALGU received. The LGU shall submit to the NPCO the following documents, all of which shall be post-audited by the LGU's Resident COA Auditor:

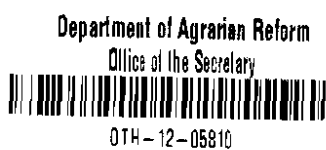
- a. Statement of Receipts and Disbursements (SORD)
- b. Summary of Expenditures (SOE) with attached Monthly Cost Summary Report (MCSR)
- c. Certified true copies of disbursement vouchers including attachments.

Section 6. Miscellaneous Provisions

1. Separability Clause. Any judicial pronouncement declaring as unconstitutional any provision of this Memorandum Circular shall not affect the validity of the other provisions.
2. Repealing Clause. This Memorandum Circular amends or supersedes any previous issuance (i.e., Memorandum Circular No. 14, series of 2011) inconsistent with it.
3. Effectivity. This Memorandum Circular shall take effect immediately.

Diliman, Quezon City, ¹⁴ December 2012.

VIRGLIO R. DE LOS REYES
Secretary



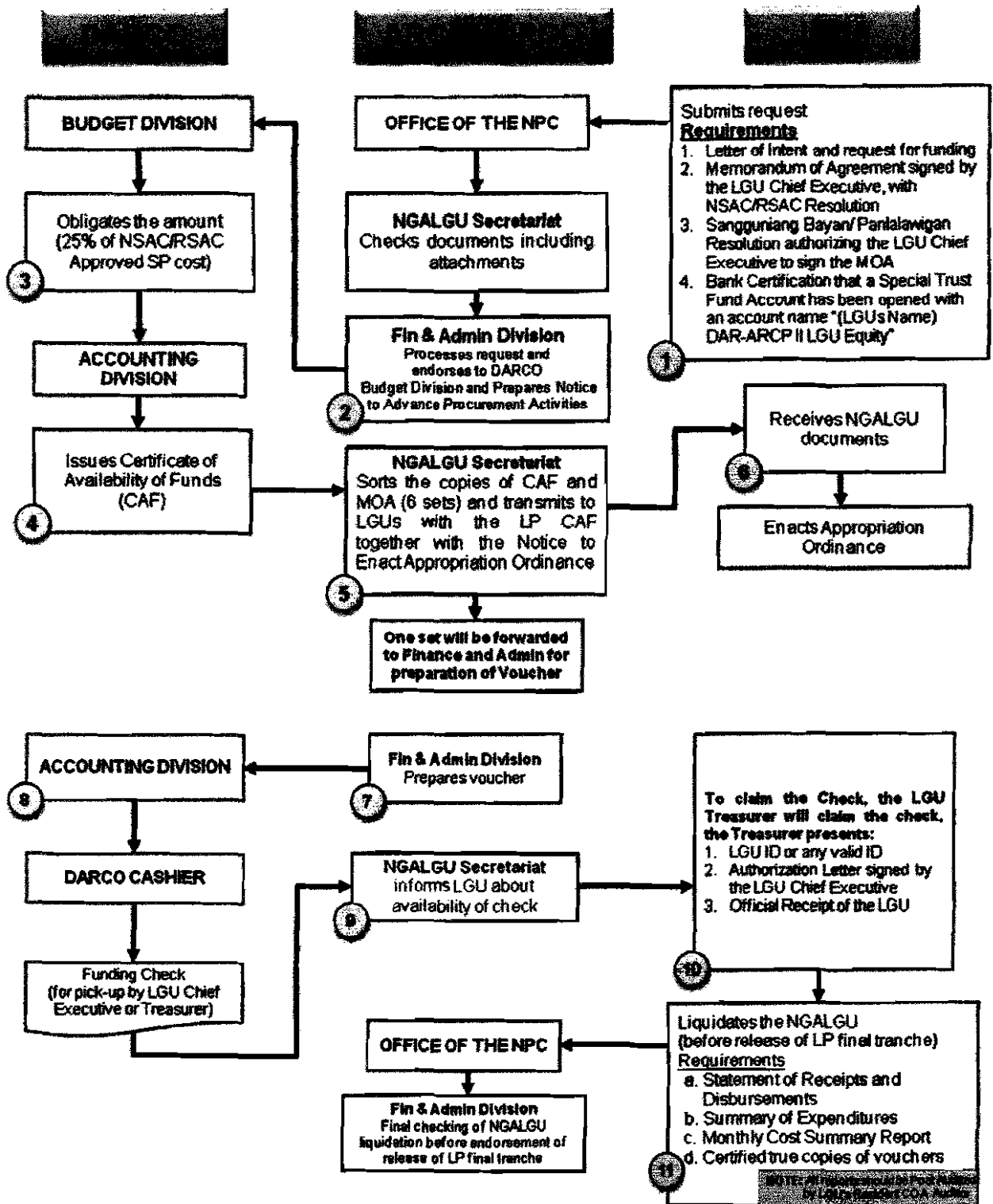
Attachments

- | | |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Annex 1 | Schematic Process Flow |
| Annex 2 | Pro forma LGU Letter of Intent to Avail of the NGALGU and Request for Funding |
| Annex 3A | Pro forma DAR-LGU Memorandum of Agreement on NGALGU (For cases where DAR Secretary signs the MOA) |
| Annex 3B | Pro forma DAR-LGU Memorandum of Agreement on NGALGU (For cases where DAR Undersecretary/Project Implementation Officer signs the MOA) |
| Annex 3C | Pro forma DAR-LGU Memorandum of Agreement on NGALGU (For cases where DAR Regional Director/ARCP II Regional Project Manager signs the MOA) |
| Annex 4A | Pro forma Resolution of Expressed LGU Commitments and Undertakings Authorizing the Municipal Mayor to sign MOA, SPA, AU, NGALGU |
| Annex 4B | Pro forma Resolution of Expressed LGU Commitments and Undertakings Authorizing the Provincial Governor to sign MOA, SPA, AU, NGALGU |

Note:

The templates and requirements for the other required documents, e.g. NSAC/RSAC Resolution, POW, Bank Certification, SORD, SOE and MCSR, shall follow those used in the approval, processing and liquidation of the LP assistance for the subproject.

Annex 1
Revised Schematic Process Flow:



Annex 3A
Pro forma DAR-LGU Memorandum of Agreement on NGALGU
(For subprojects worth more than PhP40 million to be signed by the DAR Secretary)

MEMORANDUM OF AGREEMENT

KNOW ALL PERSONS BY THESE PRESENTS:

This Agreement is entered into and executed by and between:

The Department of Agrarian Reform, a national government agency tasked to lead the implementation of the Comprehensive Agrarian Reform Program, with principal office address at DAR Compound, Elliptical Road, Diliman, Quezon City, represented herein by VIRGILIO R. DE LOS REYES, with the agency in his capacity as Secretary and hereinafter referred to as the "DAR";

-and-

The Local Government of _____, established and existing under the laws and regulations of the Republic of the Philippines, with office address at _____, duly represented herein by Honorable _____, in his/her capacity as LGU Chief Executive (i.e., Mayor or Governor), hereinafter referred to as the LOCAL GOVERNMENT UNIT or LGU;

WITNESSETH: THAT

WHEREAS, the DAR and the LGU have entered into an agreement to collaborate in the implementation of the Agrarian Reform Communities Project II (ARCP II), a foreign-assisted project funded by the Asian Development Bank under the loan agreement (Loan Agreement No. 1225 P dated December 17, 2008) with co-financing from the OPEC Fund for International Development (OFID) that seeks to address rural poverty in selected Agrarian Reform Communities (ARCs) and ARC Clusters;

WHEREAS, the implementation of the ARCP II in the project areas within the jurisdiction of the LGU has been hampered by the LGU's resource constraints, particularly in terms of providing the equity counterpart for rural infrastructure subprojects;

WHEREAS, pursuant to Chapter 3, Article 1, Section 25(c) of Republic Act. No. 7160 (Local Government Code), the Office of the President shall provide, through the DAR, National Government assistance for the implementation of rural infrastructure subprojects under the ARCP II, co-implemented by the DAR and various LGUs;

WHEREAS, the LGU signified its intention to avail of the National Government assistance to come up with its equity counterpart for its subproject duly approved by the National or Regional Subproject Approval Committee (NSAC/RSAC) established under the ARCP II;

NOW, THEREFORE, for and in consideration of the foregoing premises, the parties hereto hereby agree as follows:

SUBPROJECT DESCRIPTION

1. The subproject covered by this Agreement is described as follows:

SP Name: _____

NSAC/RSAC Approved Total Subproject Cost: _____

2. Certified true copies of the NSAC/RSAC Resolution are hereto attached and made an integral part of this Agreement

GRANT OF NATIONAL GOVERNMENT ASSISTANCE TO LGUS

The National Government shall provide through the DAR the National Government Assistance to LGUs (NGALGU) equivalent to 25% of the total cost of the subproject to be implemented under the ARCP II. The grant

Pro forma LGU Letter of Intent to Avail of the NGALGU and Request for Funding

Letter of Intent and Request for Funding

Date _____

DIRECTOR HOMER P. TOBIAS
National Project Coordinator
Agrarian Reform Communities Project II
Department of Agrarian Reform
Diliman, Quezon City

Dear Director Tobias:

We hereby express our intent to avail of the National Government Assistance to LGUs (NGALGU) representing 25% of the total approved cost of rural infrastructure subprojects that we will implement in partnership with the Department of Agrarian Reform (DAR) under the Agrarian Reform Communities Project II (ARCP II).

Specifically, we would like to request the issuance of the Certificate of Availability of Funds (CAF) as well as the release of funding for the NGALGU for the following subproject which has been approved by the ARCP II National (or Regional) Subproject Approval Committee (NSAC/RSAC):

Name of Subproject _____

NSAC/RSAC Approved Total Subproject Cost _____

In this regard, we submit the following documents:

1. DAR-LGU Memorandum of Agreement (MOA) for the NGALGU (signed by the LGU Chief Executive and with a Local Project Office member signing as witness for the LGU; with attached NSAC/RSAC Resolution)
2. Sangguniang Bayan/Panlalawigan Resolution authorizing the undersigned to enter into and sign the DAR-LGU MOA
3. Bank Certification that the LGU has opened an account for the LGU's equity contributions, under the name "(LGU's Name) DAR ARCP II LGU Equity."

As soon as the CAF and Funding Check is available, kindly inform us through:

Name of Contact Person _____
Contact Numbers _____ Landline: _____ Mobile: _____
Email Address _____

Likewise, please advise me through my mobile phone number _____ and/or email address _____.

Thank you.

Very truly yours,

Local Chief Executive
(i.e., Mayor or Governor)

of the 25% NGALGU is based on the cost sharing scheme specified in Department of Finance (DOF) Department Order No. 40-09 dated 03 December 2009, as follows:

| | |
|------------------------------------------------------|--------------------------------------------------------|
| 5 th to 6 th income class LGU: | 50% of the total subproject cost as equity counterpart |
| 3 rd to 4 th income class LGU: | 60% of the total subproject cost as equity counterpart |
| 1 st to 2 nd income class LGU: | 70% of the total subproject cost as equity counterpart |

DUTIES AND RESPONSIBILITIES

1. The DAR shall:
 - a. Process the LGU request for the NGALGU following the ARCP II Operating Guidelines for National Government Assistance to Local Government Units for Rural Infrastructure Development (Annex C).
 - b. Provide the LGU with National Government assistance in the amount equivalent to 25% of the total subproject cost. This amount is computed at PhP _____ based on the approved total subproject cost as reflected in the NSAC/RSAC Resolution.
 - c. Issue the Certificate of Availability of Funds (CAF) to the LGU upon signing of this Agreement.
 - d. Release to the LGU the NGALGU amount through funding check.
 - e. Monitor the utilization of the NGALGU in the implementation by the LGU of the subproject particularly by requiring the LGU to submit audited financial reports.
2. The LGU shall:
 - a. Be responsible for the overall implementation of the subproject.
 - b. Enact an Appropriation Ordinance for the subproject, stating therein all fund sources for the subproject.
 - c. Receive the NGALGU and ensure its proper utilization, particularly as counterpart to the first tranche of loan proceeds to be released in support of the subproject.
 - d. Open and maintain a separate LGU Bank Account under the name "(LGU's Name) DAR ARCP II LGU Equity" and deposit therein the DAR funding check for the NGALGU.
 - e. Prepare and submit to the DAR the required reports as to the disbursement of the financial assistance in accordance with existing accounting rules and procedures.
 - f. Provide the DAR the necessary audited financial reports to fully liquidate the financial assistance received. The full liquidation of the NGALGU shall be a precondition to the release of the final tranche of loan proceeds for the subproject.
3. In the event that the amount released by the DAR to the LGU as NGALGU is not appropriately and/or fully liquidated and/or is found to have been misused as determined by the ARCP II, the LGU must refund to the DAR the misused or misappropriated amounts within the period prescribed by the DAR. The DAR shall withhold any further monies or releases for the subprojects of the LGU under the ARCP II. Failure of the LGU to refund the amount misused or misappropriated after due notification shall be a basis for the pre-termination of subproject implementation and funding. Subsequently, the DAR shall recommend to the Department of Finance through the Municipal Development Fund Office the immediate deduction from the Internal Revenue Allotment of the LGU the total amount released for the subproject, without prejudice to the resort to the DAR of other administrative and legal remedies by the DAR.

This Agreement or any part hereof may be changed, modified, revised and amended or supplemented for the purpose of the effective implementation and management of the subproject, upon mutual consent of the parties in writing.

This Memorandum of Agreement shall take effect immediately upon its signing by the parties concerned.

IN WITNESS WHEREOF, the Parties through their authorized representatives have herewith set their hands this _____ day of _____ 201__ in _____.

DEPARTMENT OF AGRARIAN REFORM

LOCAL GOVERNMENT UNIT
OF _____

VIRGILIO R. DE LOS REYES
Secretary

HON. _____
Local Chief Executive
(i.e., Mayor or Governor)

WITNESSES:

JERRY E. PACTURAN
Undersecretary, Support Services Office

Any Member of the ARCP II
Local Project Office

HOMER P. TOBIAS, CESO III
Director IV / National Project Coordinator

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
QUEZON CITY) S.S.

BEFORE ME, a Notary Public for and in Quezon City this _____ day of _____ 20____, personally appeared, **Secretary Virgilio R. De Los Reyes** with Tax Identification Number 112-829-730 issued by Bureau of Internal Revenue, and **Mayor/Governor** _____ with I.D No. _____, issued on _____ 201____, at _____ known to me to be the same persons who executed the foregoing Memorandum of Agreement and acknowledgement to me that the same is their respective free act and deed.

THIS MEMORANDUM OF AGREEMENT consists of two (2) pages including the one on which this acknowledgement is written.

IN WITNESS WHEREOF, I hereunto set my hands and affix my notarial seal, the day place and year above-written.

Notary Public

Doc. No._____
Page No._____
Book No._____
Series of 201____

Annex 3B

Pro forma DAR-LGU Memorandum of Agreement on NGALGU
(For subprojects worth more than PhP5 million up to PhP40 million to be signed by the DAR
Undersecretary/Project Implementation Officer)

MEMORANDUM OF AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Agreement is entered into and executed by and between:

The Department of Agrarian Reform, a national government agency tasked to lead the implementation of the Comprehensive Agrarian Reform Program, with principal office address at DAR Compound, Elliptical Road, Diliman, Quezon City, represented herein by **JERRY E. PACTURAN**, in his capacity as Undersecretary, SSO and Project Implementation Officer, FAPs, with the agency hereinafter referred to as the "DAR";

-and-

The **Local Government of _____**, established and existing under the laws and regulations of the Republic of the Philippines, with office address at _____, duly represented herein by Honorable _____, in his/her capacity as LGU Chief Executive (i.e., Mayor or Governor), hereinafter referred to as the LOCAL GOVERNMENT UNIT or LGU;

WITNESSETH: THAT

WHEREAS, the DAR and the LGU have entered into an agreement to collaborate in the implementation of the Agrarian Reform Communities Project II (ARCP II), a foreign-assisted project funded by the Asian Development Bank under the loan agreement (Loan Agreement No. 1225 P dated December 17, 2008) with co-financing from the OPEC Fund for International Development (OFID) that seeks to address rural poverty in selected Agrarian Reform Communities (ARCs) and ARC Clusters;

WHEREAS, the implementation of the ARCP II in the project areas within the jurisdiction of the LGU has been hampered by the LGU's resource constraints, particularly in terms of providing the equity counterpart for rural infrastructure subprojects;

WHEREAS, pursuant to Chapter 3, Article 1, Section 25(c) of Republic Act No. 7160 (Local Government Code), the Office of the President shall provide, through the DAR, National Government assistance for the implementation of rural infrastructure subprojects under the ARCP II, co-implemented by the DAR and various LGUs;

WHEREAS, the LGU signified its intention to avail of the National Government assistance to come up with its equity counterpart for its subproject duly approved by the National or Regional Subproject Approval Committee (NSAC/RSAC) established under the ARCP II;

NOW, THEREFORE, for and in consideration of the foregoing premises, the parties hereto hereby agree as follows:

SUBPROJECT DESCRIPTION

1. The subproject covered by this Agreement is described as follows:

SP Name: _____

NSAC/RSAC Approved Total Subproject Cost: _____

2. Certified true copies of the NSAC/RSAC Resolution are hereto attached and made an integral part of this Agreement

GRANT OF NATIONAL GOVERNMENT ASSISTANCE TO LGUS

The National Government shall provide through the DAR the National Government Assistance to LGUs (NGALGU) equivalent to 25% of the total cost of the subproject to be implemented under the ARCP II. The grant

of the 25% NGALGU is based on the cost sharing scheme specified in Department of Finance (DOF) Department Order No. 40-09 dated 03 December 2009, as follows:

| | |
|------------------------------------------------------|--------------------------------------------------------|
| 5 th to 6 th income class LGU: | 50% of the total subproject cost as equity counterpart |
| 3 rd to 4 th income class LGU: | 60% of the total subproject cost as equity counterpart |
| 1 st to 2 nd income class LGU: | 70% of the total subproject cost as equity counterpart |

DUTIES AND RESPONSIBILITIES

1. The DAR shall:
 - a. Process the LGU request for the NGALGU following the ARCP II Operating Guidelines for National Government Assistance to Local Government Units for Rural Infrastructure Development (Annex C).
 - b. Provide the LGU with National Government assistance in the amount equivalent to 25% of the total subproject cost. This amount is computed at PhP _____ based on the approved total subproject cost as reflected in the NSAC/RSAC Resolution.
 - c. Issue the Certificate of Availability of Funds (CAF) to the LGU upon signing of this Agreement.
 - d. Release to the LGU the NGALGU amount through funding check.
 - e. Monitor the utilization of the NGALGU in the implementation by the LGU of the subproject particularly by requiring the LGU to submit audited financial reports.
2. The LGU shall:
 - a. Be responsible for the overall implementation of the subproject.
 - b. Enact an Appropriation Ordinance for the subproject stating therein all fund sources for the subproject.
 - c. Receive the NGALGU and ensure its proper utilization, particularly as counterpart to the first tranche of loan proceeds to be released in support of the subproject.
 - d. Open and maintain a separate LGU Bank Account under the name "(LGU's Name) DAR ARCP II LGU Equity" and deposit therein the DAR funding check for the NGALGU.
 - e. Prepare and submit to the DAR the required reports as to the disbursement of the financial assistance in accordance with existing accounting rules and procedures.
 - f. Provide the DAR the necessary audited financial reports to fully liquidate the financial assistance received. The full liquidation of the NGALGU shall be a precondition to the release of the final tranche of loan proceeds for the subproject.
3. In the event that the amount released by the DAR to the LGU as NGALGU is not appropriately and/or fully liquidated and/or is found to have been misused as determined by the ARCP II, the LGU must refund to the DAR the misused or misappropriated amounts within the period prescribed by the DAR. The DAR shall withhold any further monies or releases for the subprojects of the LGU under the ARCP II. Failure of the LGU to refund the amount misused or misappropriated after due notification shall be a basis for the pre-termination of subproject implementation and funding. Subsequently, the DAR shall recommend to the Department of Finance through the Municipal Development Fund Office the immediate deduction from the Internal Revenue Allotment of the LGU the total amount released for the subproject, without prejudice to the resort to the DAR of other administrative and legal remedies by the DAR.

This Agreement or any part hereof may be changed, modified, revised and amended or supplemented for the purpose of the effective implementation and management of the subproject, upon mutual consent of the parties in writing.

This Memorandum of Agreement shall take effect immediately upon its signing by the parties concerned.

IN WITNESS WHEREOF, the Parties through their authorized representatives have herewith set their hands this _____ day of _____ 201__ in _____.

DEPARTMENT OF AGRARIAN REFORM

LOCAL GOVERNMENT UNIT
OF _____

JERRY E. PACTURAN
Undersecretary
Project Implementation Officer, FAPs

HON. _____
Local Chief Executive
(i.e., Mayor or Governor)

WITNESSES:

HOMER P. TOBIAS, CESO III
Director IV/ ARCP II National Project Coordinator

Any Member of the ARCP II
Local Project Office

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
QUEZON CITY) S.S.

BEFORE ME, a Notary Public for and in Quezon City this _____ day of _____ 20____, personally appeared, Undersecretary Jerry E. Pacturan with Tax Identification Number _____ issued by Bureau of Internal Revenue, and Mayor/Governor _____ with I.D No. _____, issued on _____ 201____, at _____ known to me to be the same persons who executed the foregoing Memorandum of Agreement and acknowledgement to me that the same is their respective free act and deed.

THIS MEMORANDUM OF AGREEMENT consists of two (2) pages including the one on which this acknowledgement is written.

IN WITNESS WHEREOF, I hereunto set my hands and affix my notarial seal, the day place and year above-written.

Notary Public

Doc. No. _____
Page No. _____
Book No. _____
Series of 201____

Annex 3C
Pro forma DAR-LGU Memorandum of Agreement on NGALGU
(For subprojects worth PhP5 million and below to be signed by the DAR Regional Director/ARCP II
Regional Project Manager)

MEMORANDUM OF AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Agreement is entered into and executed by and between:

The **Department of Agrarian Reform**, a national government agency tasked to lead the implementation of the Comprehensive Agrarian Reform Program, with principal office address at DAR Compound, Elliptical Road, Diliman, Quezon City, represented herein by _____, in his capacity as Regional Director/ARCP II Regional Project Manager, with the agency and hereinafter referred to as the "DAR";

-and-

The **Local Government of _____**, established and existing under the laws and regulations of the Republic of the Philippines, with office address at _____, duly represented herein by Honorable _____, in his/her capacity as LGU Chief Executive (i.e., Mayor or Governor), hereinafter referred to as the LOCAL GOVERNMENT UNIT or LGU;

WITNESSETH: THAT

WHEREAS, the DAR and the LGU have entered into an agreement to collaborate in the implementation of the Agrarian Reform Communities Project II (ARCP II), a foreign-assisted project funded by the Asian Development Bank under the loan agreement (Loan Agreement No. 1225 P dated December 17, 2008) with co-financing from the OPEC Fund for International Development (OFID) that seeks to address rural poverty in selected Agrarian Reform Communities (ARCs) and ARC Clusters;

WHEREAS, the implementation of the ARCP II in the project areas within the jurisdiction of the LGU has been hampered by the LGU's resource constraints, particularly in terms of providing the equity counterpart for rural infrastructure subprojects;

WHEREAS, pursuant to Chapter 3, Article 1, Section 25(c) of Republic Act. No. 7160 (Local Government Code), the Office of the President shall provide, through the DAR, National Government assistance for the implementation of rural infrastructure subprojects under the ARCP II, co-implemented by the DAR and various LGUs;

WHEREAS, the LGU signified its intention to avail of the National Government assistance to come up with its equity counterpart for its subproject duly approved by the National or Regional Subproject Approval Committee (NSAC/RSAC) established under the ARCP II;

NOW, THEREFORE, for and in consideration of the foregoing premises, the parties hereto hereby agree as follows:

SUBPROJECT DESCRIPTION

1. The subproject covered by this Agreement is described as follows:

SP Name: _____

NSAC/RSAC Approved Total Subproject Cost: _____

2. Certified true copies of the NSAC/RSAC Resolution are hereto attached and made an integral part of this Agreement

GRANT OF NATIONAL GOVERNMENT ASSISTANCE TO LGUS

The National Government shall provide through the DAR the National Government Assistance to LGUs (NGALGU) equivalent to 25% of the total cost of the subproject to be implemented under the ARCP II. The grant of the 25% NGALGU is based on the cost sharing scheme specified in Department of Finance (DOF) Department Order No. 40-09 dated 03 December 2009, as follows:

| | |
|------------------------------------------------------|--------------------------------------------------------|
| 5 th to 6 th income class LGU: | 50% of the total subproject cost as equity counterpart |
| 3 rd to 4 th income class LGU: | 60% of the total subproject cost as equity counterpart |
| 1 st to 2 nd income class LGU: | 70% of the total subproject cost as equity counterpart |

DUTIES AND RESPONSIBILITIES

1. The DAR shall:
 - a. Process the LGU request for the NGALGU following the ARCP II Operating Guidelines for National Government Assistance to Local Government Units for Rural Infrastructure Development (Annex C).
 - b. Provide the LGU with National Government assistance in the amount equivalent to 25% of the total subproject cost. This amount is computed at PhP _____ based on the approved total subproject cost as reflected in the NSAC/RSAC Resolution.
 - c. Issue the Certificate of Availability of Funds (CAF) to the LGU upon signing of this Agreement.
 - d. Release to the LGU the NGALGU amount through funding check.
 - e. Monitor the utilization of the NGALGU in the implementation by the LGU of the subproject particularly by requiring the LGU to submit audited financial reports.
2. The LGU shall:
 - a. Be responsible for the overall implementation of the subproject.
 - b. Enact an Appropriation Ordinance for the subproject stating therein all fund sources for the subproject.
 - c. Receive the NGALGU and ensure its proper utilization, particularly as counterpart to the first tranche of loan proceeds to be released in support of the subproject.
 - d. Open and maintain a separate LGU Bank Account under the name "(LGU's Name) DAR ARCP II LGU Equity" and deposit therein the DAR funding check for the NGALGU.
 - e. Prepare and submit to the DAR the required reports as to the disbursement of the financial assistance in accordance with existing accounting rules and procedures.
 - f. Provide the DAR the necessary audited financial reports to fully liquidate the financial assistance received. The full liquidation of the NGALGU shall be a precondition to the release of the final tranche of loan proceeds for the subproject.
3. In the event that the amount released by the DAR to the LGU as NGALGU is not appropriately and/or fully liquidated and/or is found to have been misused as determined by the ARCP II, the LGU must refund to the DAR the misused or misappropriated amounts within the period prescribed by the DAR. The DAR shall withhold any further monies or releases for the subprojects of the LGU under the ARCP II. Failure of the LGU to refund the amount misused or misappropriated after due notification shall be a basis for the pre-termination of subproject implementation and funding. Subsequently, the DAR shall recommend to the Department of Finance through the Municipal Development Fund Office the immediate deduction from the Internal Revenue Allotment of the LGU the total amount released for the subproject, without prejudice to the resort to the DAR of other administrative and legal remedies by the DAR.

This Agreement or any part hereof may be changed, modified, revised and amended or supplemented for the purpose of the effective implementation and management of the subproject, upon mutual consent of the parties in writing.

This Memorandum of Agreement shall take effect immediately upon its signing by the parties concerned.

IN WITNESS WHEREOF, the Parties through their authorized representatives have herewith set their hands this _____ day of _____ 201__ in _____.

DEPARTMENT OF AGRARIAN REFORM

LOCAL GOVERNMENT UNIT
OF _____

Regional Director
ARCP II Regional Project Manager

HON. _____
Local Chief Executive
(i.e., Mayor or Governor)

WITNESSES:

Provincial Agrarian Reform Officer
ARCP II Provincial Project Manager

Any Member of the ARCP II
Local Project Office

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
QUEZON CITY) S.S.

BEFORE ME, a Notary Public for and in Quezon City this _____ day of _____ 20____, personally appeared, Director _____ with Tax Identification Number _____ issued by Bureau of Internal Revenue, and Mayor/Governor _____ with I.D No. _____, issued on _____ 201____, at _____ known to me to be the same persons who executed the foregoing Memorandum of Agreement and acknowledgement to me that the same is their respective free act and deed.

THIS MEMORANDUM OF AGREEMENT consists of two (2) pages including the one on which this acknowledgement is written.

IN WITNESS WHEREOF, I hereunto set my hands and affix my notarial seal, the day place and year above-written.

Notary Public

Doc. No. _____
Page No. _____
Book No. _____
Series of 201____

Annex 4A
Pro forma Resolution of Expressed LGU Commitments and Undertakings
Authorizing the Mayor to sign MOA, SPA, AU, NGALGU

Republic of the Philippines
Province of _____
Municipality of _____

Office of the Sangguniang Bayan

Excerpts from the

MINUTES OF THE _____ REGULAR SESSION OF THE SANGGUNIANG BAYAN OF _____, _____ HELD AT THE SESSION HALL ON _____.

Resolution No. _____

A RESOLUTION EXPRESSING THE COMMITMENTS AND UNDERTAKINGS OF THE MUNICIPALITY OF _____, _____ IN THE IMPLEMENTATION OF THE AGRARIAN REFORM COMMUNITIES PROJECT II (ARCP II) IN THE MUNICIPALITY

WHEREAS, the Agrarian Reform Communities Project II (ARCP II) is a six-year development project of the Department of Agrarian Reform (DAR) financed by a loan from the Asian Development Bank under Loan No. 2485-PHI and OPEC Fund for International Development (OFID) under Loan No. 1225P

WHEREAS, the ARCP II shall fund development activities in selected Agrarian Reform Communities (ARCs) and ARC clusters in partnership with Local Government Units;

WHEREAS, the ARC of _____ located in the municipality of _____, Province of _____ is one of the qualified sites for ARCP II assistance;

WHEREAS, the Municipal Government of _____ fully supports and commits itself to the improvement of household income and the quality of life of project beneficiaries in _____ ARC;

NOW, THEREFORE, be it resolved as it is hereby resolved by the Sangguniang Bayan, in a session duly assembled, that its incumbent Mayor, HON. _____, or his/her successors be authorized as he/she is hereby authorized and empowered, for and in behalf of the Municipal Government of _____, to do the following:

- (a) support the implementation of the Agrarian Reform Community Development Plan (ARCDP) of _____ ARC and integrate this Plan in the Municipal Development Plan.
- (b) appropriate and/or include in the Municipality's annual budget corresponding amounts needed to undertake ARCP II activities.
- (c) provide required equity/contribution in cash and in kind for all rural infrastructure subprojects proposed/approved for ARCP II funding assistance.
- (d) conduct feasibility studies and undertake detailed engineering plans for rural infrastructure subprojects to be proposed for ARCP II funding assistance.
- (e) conduct necessary surveys (census of project affected persons, social surveys, etc.) related to subproject implementation.
- (f) provide and set aside a separate trust fund and work in partnership with appropriate ARC organizations for the proper and adequate maintenance of completed and turned over ARCP II rural infrastructure sub-projects.
- (g) observe and comply with prescribed safeguard policies by ARCP II and existing Philippine laws on (1) environment, (2) involuntary resettlement for project affected persons, and (3) indigenous peoples.
- (h) provide adequate appropriations that will allow the municipality to acquire required right of way (ROW), site or location for rural infrastructure sub-projects proposed/approved for ARCP II

funding assistance including the necessary payment of compensation and provision of other entitlements to project affected persons in lieu of a deed of donation.

- (i) initiate expropriation proceedings of properties affected by the sub-project to be funded by ARCP II whenever necessary, and subject to existing laws, guidelines and procedures governing the acquisition of right of way, site or location for government infrastructure projects.
- (j) abide by the ADB and government procurement safeguard and anti corruption policies to enforce proper financial and fiduciary management.

RESOLVED FURTHER, that the Municipal Government of _____ hereby authorizes the Municipal Mayor to undertake the following for and in behalf of the municipality:

- 1. confirm, approve and ratify all previous representations and all the terms and conditions of the Memorandum of Agreement (MOA) signed between the Municipality of _____ and the DAR for the implementation of ARCP II in the municipality. *(If MOA has been signed already with the accompanying SB Resolution)*

or

- 1. enter into a Memorandum of Agreement with the DAR for the implementation of project-related activities of the approved ARCDP of _____ ARC for and in behalf of the municipality, including the MOA covering the National Government Assistance to Local Government Units (NGALGU) for the implementation of Rural Infrastructure subprojects under the Agrarian Reform Communities Project II. *(If MOA has yet to be signed)*
- 2. enter into such other Memoranda of Agreement with other parties such as other National Government Agencies (NGAs), Government Owned and Controlled Corporations (GOCCs), Private Business Entities, International and Local Non-Government Organizations, etc., that may be necessary to facilitate implementation of rural infrastructure subprojects particularly in providing assistance to LGUs for equity/counterpart under ARCP II.
- 3. enter, sign and execute the Subproject Agreement (SPA) and Accession Undertaking (AU) and to accede to the terms and conditions stipulated therein for the execution of rural infrastructure subprojects approved for ARCP II funding assistance.
- 4. enter into contracts for civil works, consultancy, equipment and other agreements required in the implementation of rural infrastructure subprojects approved for ARCP II funding assistance.
- 5. enter into a Sub-Loan Agreement (SLA) with the Municipal Development Fund Office (MDFO) of the Department of Finance (DOF) and authorize the MDFO to deduct from the monthly IRA of the municipality, the grant portion of the sub-project cost converted into loan until the said loan and any interest thereon are finally paid and settled, in the event that the LGU defaults.
- 6. enter into a Memorandum of Agreement with private parties such as people's organizations and cooperatives assisted by ARCP II for the operation, maintenance, and management of completed and turned over ARCP II rural infrastructure sub-projects subject to the terms and conditions as prescribed by the Sanggunian.

RESOLVED FURTHER, that the Municipal Government of _____ shall refund the amounts advanced by the ARCP II and/or the DAR, including the assistance under Loan Proceeds, the 25% National Government Assistance to LGUs (NGALGU) and other grants provided to the LGU through the ARCP II, should the LGU fail to complete the requirements of the Subproject Agreement that would give rise to the inoperability or cancellation of the subproject, or if it is determined by the DAR that the amount has been misused or misappropriated and/or not appropriately or fully liquidated.

RESOLVED FURTHER, that the DOF-MDFO be authorized as it is hereby authorized, in the event of failure to make refund the amount advanced, to withhold the amount from the internal revenue allotment (IRA) of the municipality.

RESOLVED FINALLY, to furnish the Office of the DAR Secretary, Office of the Undersecretary for SSO/Project Implementing Officer, DAR-FAPsO, and the DOF-MDFO, with a copy of this resolution.

Sponsored by Councilor _____
Seconded by Councilor _____

APPROVED.

I hereby certify to the correctness of the foregoing resolution.

SB Secretary

Attested by:

**Municipal Vice Mayor and
Presiding Officer**

Approved by His/Her Honor:

Municipal Mayor

Annex 4B
Pro forma Resolution of Expressed LGU Commitments and Undertakings
Authorizing the Provincial Governor to sign MOA, SPA, AU, NGALGU

Republic of the Philippines
Province of _____

Office of the Sangguniang Panlalawigan

Excerpts from the

MINUTES OF THE _____ REGULAR SESSION OF THE SANGGUNIANG PANLALAWIGAN OF
_____ HELD AT THE SESSION HALL ON _____.

Resolution No. _____

A RESOLUTION EXPRESSING THE COMMITMENTS AND UNDERTAKINGS OF THE PROVINCE OF _____ IN THE IMPLEMENTATION OF THE AGRARIAN REFORM COMMUNITIES PROJECT II (ARCP II) IN THE PROVINCE

WHEREAS, the Agrarian Reform Communities Project II (ARCP II) is a six-year development project of the Department of Agrarian Reform (DAR) financed by a loan from the Asian Development Bank under Loan No. 2465-PHI and OPEC Fund for International Development (OFID) under Loan No. 1225P

WHEREAS, the ARCP II shall fund development activities in selected Agrarian Reform Communities (ARCs) and ARC clusters in partnership with Local Government Units;

WHEREAS, the ARC of _____ located in the Municipality of _____, Province of _____ is one of the qualified sites for ARCP II assistance;

WHEREAS, the Provincial Government of _____ fully supports and commits itself to the improvement of household income and the quality of life of project beneficiaries in _____ ARC;

NOW, THEREFORE, be it resolved as it is hereby resolved by the Sangguniang Panlalawigan, in a session duly assembled, that its incumbent Governor, HON. _____, or his/her successors be authorized as he/she is hereby authorized and empowered, for and in behalf of the Provincial Government of _____, to do the following:

- (a) support the implementation of the Agrarian Reform Community Development Plan (ARCDP) of _____ ARC and integrate this Plan in the Provincial Development Plan.
- (b) appropriate and/or include in the Province's annual budget corresponding amounts needed to undertake ARCP II activities.
- (c) provide required equity/contribution in cash and in kind for all rural infrastructure subprojects proposed/approved for ARCP II funding assistance.
- (d) conduct feasibility studies and undertake detailed engineering plans for rural infrastructure subprojects to be proposed for ARCP II funding assistance.
- (e) conduct necessary surveys (census of project affected persons, social surveys, etc.) related to subproject implementation.
- (f) provide and set aside a separate trust fund and work in partnership with appropriate ARC organizations for the proper and adequate maintenance of completed and turned over ARCP II rural infrastructure sub-projects.
- (g) observe and comply with prescribed safeguard policies by ARCP II and existing Philippine laws on (1) environment, (2) involuntary resettlement for project affected persons, and (3) indigenous peoples.
- (h) provide adequate appropriations that will allow the province to acquire required right of way (ROW), site or location for rural infrastructure sub-projects proposed/approved for ARCP II

funding assistance including the necessary payment of compensation and provision of other entitlements to project affected persons in lieu of a deed of donation.

- (i) initiate expropriation proceedings of properties affected by the sub-project to be funded by ARCP II whenever necessary, and subject to existing laws, guidelines and procedures governing the acquisition of right of way, site or location for government infrastructure projects.
- (j) abide by the ADB and government procurement safeguard and anti corruption policies and to enforce proper financial and fiduciary management.

RESOLVED FURTHER, that the Provincial Government of _____ hereby authorizes the Provincial Governor to undertake the following for and in behalf of the province:

- 1. confirm, approve and ratify all previous representations and all the terms and conditions of the Memorandum of Agreement (MOA) signed between the Province of _____ and the DAR for the implementation of ARCP II in the municipality. *(If MOA has been signed already with the accompanying SP Resolution)*

or

- 1. enter into a Memorandum of Agreement with the DAR for the implementation of project-related activities of the approved ARCDP of _____ ARC for and in behalf of the province, including the MOA covering the National Government Assistance to Local Government Units (NGALGU) for the implementation of Rural Infrastructure subprojects under the Agrarian Reform Communities Project II. *(If MOA has yet to be signed)*
- 2. enter into such other Memoranda of Agreement with other parties such as other National Government Agencies (NGAs), Government Owned and Controlled Corporations (GOCCs), Private Business Entities, International and Local Non-Government Organizations, etc., that may be necessary to facilitate implementation of rural infrastructure subprojects particularly in providing assistance to LGUs for equity/counterpart under ARCP II.
- 3. enter, sign and execute the Subproject Agreement (SPA) and Accession Undertaking (AU) and to accede to the terms and conditions stipulated therein for the execution of rural infrastructure subprojects approved for ARCP II funding assistance.
- 4. enter into contracts for civil works, consultancy, equipment and other agreements required in the implementation of rural infrastructure subprojects approved for ARCP II funding assistance.
- 5. enter into a Sub-Loan Agreement (SLA) with the Municipal Development Fund Office (MDFO) of the Department of Finance (DOF) and authorize the MDFO to deduct from the monthly IRA of the province, the grant portion of the sub-project cost converted into loan until the said loan and any interest thereon are finally paid and settled, in the event that the LGU defaults.
- 6. enter into a Memorandum of Agreement with private parties such as people's organizations and cooperatives assisted by ARCP II for the operation, maintenance, and management of completed and turned over ARCP II rural infrastructure sub-projects subject to the terms and conditions as prescribed by the Sanggunian.

RESOLVED FURTHER, that the Provincial Government of _____ shall refund the amounts advanced by the ARCP II and/or the DAR, including the assistance under Loan Proceeds, the 25% National Government Assistance to LGUs (NGALGU) and other grants provided to the LGU through the ARCP II, should the LGU fail to complete the requirements of the Subproject Agreement that would give rise to the inoperability or cancellation of the subproject, or if it is determined by the DAR that the amount has been misused or misappropriated and/or not appropriately or fully liquidated.

RESOLVED FURTHER, that the DOF-MDFO be authorized as it is hereby authorized, in the event of failure to make refund the amount advanced, to withhold the amount from the internal revenue allotment (IRA) of the province.

RESOLVED FINALLY, to furnish the Office of the DAR Secretary, Office of the Undersecretary for SSO/Project Implementing Officer, DAR-FAPsO, and the DOF-MDFO, with a copy of this resolution.

Sponsored by Councilor _____
Seconded by Councilor _____

APPROVED.

I hereby certify to the correctness of the foregoing resolution.

Attested by:

SP Secretary

**Provincial Vice Governor and
Presiding Officer**

Approved by His/Her Honor:

Provincial Governor