



Republic of the Philippines
DEPARTMENT of AGRARIAN REFORM

DAR Memorandum Circular

No. 74
Series of 2011

Subject: 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

Section 1. Prefatory Statement

Upon the representations of the Department of Agrarian Reform and with the support of the Department of Budget and Management, the Office of the President (OP) agreed to provide budgetary assistance to partner Local Government Units in the Agrarian Reform Communities Project II (ARCP II) for the implementation of rural infrastructure subprojects. 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. The ARCP II has been saddled by the equity problems of the LGUs and the OP-DBM assistance is intended to boost the LGUs' ability to address the rural infrastructure requirements of the target Agrarian Reform Communities.

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 its equity. It will constitute the initial counterpart of the LGU to the first tranche of assistance under loan proceeds to be provided by the ARCP II through the Municipal Development Fund Office (MDFO). Subject to LGU compliance with the requirements listed below, the DAR shall release the NGALGU for deposit in the Special Trust Fund 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.

Section 2. Scope

These operating policies and procedures are issued to guide Local Government Units and field implementers of the ARCP II in the accessing, processing, release, utilization and liquidation of the NGALGU. The guidelines below describe the eligibility requirements, documents to be submitted, responsibility centers and procedures to be followed.

Section 3. Eligibility and Other Requirements

1. NSAC/RSAC approval. The 25% NGALGU shall be given to partner LGUs to support the implementation of their approved subprojects. The initial 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 of the issuance by the DAR of the Certificate of Availability of Funds (CAF) 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 counterpart for the subprojects that have been approved and validated by DAR for 2011-2012 implementation. Assistance for additional subprojects may be provided, especially for irrigation subprojects, subject to the availability of funds.
3. DAR-LGU MOA. The release of the NGALGU shall be based on a Memorandum of Agreement (MOA) to be executed by and between the DAR and the LGU for the approved subproject to be given the 25% assistance.
4. "As Bid" POW. The total subproject cost as approved by the NSAC/RSAC may still change after the completion of the procurement process. Thus, the amount of NGALGU to be actually released shall be based on the As Bid Program of Work (POW). The MOA shall include this stipulation and the DAR shall make the adjustments in the accounting entries as necessary.
5. Special Trust Fund Account (STFA). The DAR shall issue a funding check for 100% of the NGALGU to be given to the LGU. The LGU shall deposit the check in the Special Trust Fund Account that it will open specifically for its equity counterpart for ARCP II subprojects. This STFA shall indicate through subsidiary ledgers the different amounts by source.
6. Liquidation of NGALGU. Upon complete utilization of the NGALGU, the LGU shall liquidate the assistance received pursuant to the usual accounting and auditing regulations.

Section 4. 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. Thus, to simplify the processing of the NGALGU, the requirements and procedures described below run parallel with the requirements and procedures in the processing of the ARCP II assistance under loan proceeds (LP). However, the NGALGU will be processed and released by the DAR Finance, Management and Administration Office (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.

The simplified process for the grant of the NGALGU is as follows (Annexes 1 and 2):

1. SARO and NCA. Based on the requests and submissions of the DAR, the DBM releases to the DAR FMAO first the Special Allotment Release Order (SARO) then the Notices of Cash Allocation (NCAs) for the NGALGU.
2. Letter of Intent and Request for CAF. LGUs with subprojects approved by the NSAC/RSAC request the DAR Secretary, through the ARCP II National Project Coordinator, for the release of the corresponding NGALGU, including the issuance of the CAF based on the NSAC/RSAC resolution. The LGU submits a Letter of Intent (Annex 3) to avail of the NGALGU, with the following attachments:
 - a. Memorandum of Agreement (Annex 4) duly signed by the Mayor, for signature of the DAR Secretary, in six original copies (1 – LGU, 1 – NPCO, 1 – DAR FMAO, 2 – Notary Public, 1 – as attachment to disbursement voucher)
 - b. NSAC/RSAC Approved POW, in six certified true copies

- c. NSAC/RSAC resolution, in six certified true copies
- d. Sangguniang Bayan Resolution (Annex 5) authorizing the Mayor to enter into and sign the NGALGU MOA along with the other documents required for the Loan Proceeds (LP) assistance (i.e., MOA, Accession Undertaking and Subproject Agreement), in six certified true copies

Note:

- (i) To expedite processing, the LGU shall submit the requirements above directly to the ARCP II NPCO.
 - (ii) The NPCO shall create a secretariat that will be responsible for coordinating with the LGUs in the processing of the NGALGU, including assistance in putting together the requirements (e.g., certified true copies) and tracking and follow-through of the request within the DAR. The NGALGU Secretariat shall work in collaboration with the designated Accountant of the NPCO Finance and Administration Division (FAD).
 - (iii) Certified true copies of RSAC resolutions and POWs shall be prepared by the RSAC Secretariat.
3. Obligation and Issuance of CAF. The NPCO endorses the LGU Letter of Intent, together with the duly executed MOA and other annexes, to the DAR FMAO. The Budget Division obligates the corresponding amount and the Accounting Division issues the CAF.
 4. Notice to Procure. While the NGALGU is being processed, the LGU is likewise completing the requirements for the issuance by the MDFO of the CAF for the assistance under loan proceeds. Upon meeting the requirements for both the NGALGU and LP – including the respective CAFs that will be used in the passing of the Appropriation Ordinance for the subproject – the NPCO issues to the LGU a Notice to Procure. The NPCO sends this Notice, together with the pertinent NGALGU and LP documents, to the Mayor through the Regional and Provincial Project Offices (RPO/PPO).
 5. Procurement. The LGU undertakes the procurement process, prepares the Bid Evaluation Report (BER) and sends the BER to the NPCO through the RPO/PPO for review and approval. The NPCO Rural Infrastructure Division reviews the BER, seeks the clearance of the Asian Development Bank as may be necessary, and prepares the As Bid POW. The NPCO then sends the unsigned As Bid POW to the LGU through the RPO, together with the No Objection Letter (NOL) advising the Regional Project Manager (RPM) about the clearance from NPCO to award the contract. The RPM transmits the unsigned As Bid POW to the LGU through the PPO, together with the advice to the Mayor to issue the Notice of Award to the winning contractor. [Note: The necessary adjustments will be made in those cases where the RPO prepares and approves the As Bid POW, i.e., for RSAC approved subprojects and those procured using the shopping mode.]
 6. Letter-Request for Release of Cash. Upon its acceptance and signing of the As Bid POW, the LGU submits a Letter-Request (Annex 6) for the release of the cash for the NGALGU computed at 25% of the total project cost reflected in the As Bid POW. The following shall be attached to the Letter-Request:

- a. As Bid POW duly signed by the LGU, PPO and RPO, in two certified copies (1 – NPCO FAD, 1 – as attachment to disbursement voucher)
- b. Bank certification that a Special Trust Fund Account has been opened for the LGU's equity contributions, under the name "(LGU's Name) DAR ARCP II LGU Equity," in two copies (1 original – as attachment to disbursement voucher and 1 photocopy – NPCO FAD)

Note:

- (i) The revised POW prepared by the NPCO based on the BER becomes the Final Approved As Bid POW upon approval and signature of the NPCO, RPO, PPO and LGU.
 - (ii) To expedite processing, the LGU may secure the approval and signatures of the RPO and PPO on the As Bid POW and submit the requirements above directly to the ARCP II NPCO. Or the LGU may submit its Letter-Request through the PPO and RPO, asking the officials concerned to sign the As Bid POW accordingly.
7. Disbursement Voucher and Funding Check. The NPCO FAD prepares the disbursement voucher with the pertinent attachments and forwards this to the FMAO Accounting Division. The voucher shall indicate the amount equivalent to 25% of the total subproject cost as reflected in the As Bid POW. The Accounting Division processes the voucher and, upon approval, forwards it to the DAR Central Office (DARCO) Cashier.
 8. Funding Check. The DARCO Cashier prepares the funding check representing 100% of the NGALGU. The check will be specifically in the name of the LGU's equity account, i.e., "(LGU's Name) DAR ARCP II LGU Equity." To receive the check, the Municipal Treasurer has to personally claim it in the DARCO Cashier and do the following:
 - a. Present his/her LGU Identification (ID) Card and a letter of authorization signed by the Mayor.
 - b. Issue an Official Receipt of the LGU
 9. Liquidation. The LGU liquidates the NGALGU received upon full utilization and before the release of the final tranche for the LP assistance. The final LP tranche will not be released until and unless the NGALGU received is fully liquidated. The LGU submits to the NPCO FAD the following documents, all of which should 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

Section 5. Transitory Provisions

1. NGALGU Releases for Approved Subprojects. These guidelines shall govern all NGALGU requests and applications filed after the effectivity of this Memorandum Circular. However, for the subprojects that have been previously approved by the NSAC/RSAC and are now in various pre-implementation and implementation stages, the NGALGU shall be processed and released as follows:
 - a. Approved Subproject with As Bid POW. Upon the LGU's submission of the pertinent requirements, the DAR shall immediately issue the CAF and funding check for the entire NGALGU computed based on the As Bid POW of the subproject.
 - b. Approved Subproject with no As Bid POW yet. Upon the LGU's submission of the pertinent requirements, the DAR shall issue the NGALGU CAF based on the NSAC/RSAC approved total subproject cost. The DAR shall likewise immediately prepare the funding check for 80% of the total amount of NGALGU to be provided. This first tranche is intended to jumpstart the procurement and implementation of the NSAC/RSAC approved subprojects in the ARCP II pipeline.

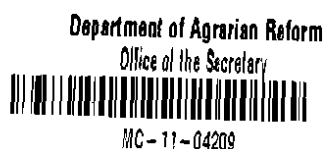
The balance of 20% shall be requested by the LGU and released by the DAR upon the preparation and approval of the As Bid POW of the subproject. The DAR shall make the adjustments in the computation of the final tranche and in the accounting entries as necessary.
2. Revision of NG:LGU Cost Sharing Policy. 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. Under this policy, LGUs falling in the fifth and sixth income class are required to provide 50% of the total subproject cost as equity counterpart; third and fourth class, 60%; and first and second class, 70%. Should the "Guiding Principles and National Government: Local Government Unit Cost Sharing Policy in the Evaluation and Processing of Projects Involving Devolved Activities" be revised, the NGALGU to be granted shall be equal to the LGU equity share or 25% of the total subproject cost, whichever is lower. (Thus, for example, if the NG:LGU cost sharing scheme is changed to 80:20, the NGALGU shall be correspondingly reduced to 20% of the total subproject cost. If the LGU equity share is pegged at 30%, the NGALGU will remain at the current 25% of total subproject cost.) The new policy, if any, will be applied prospectively to subprojects not yet approved by the NSAC/RSAC at the time of effectivity of the revised cost sharing scheme.

Section 6. Miscellaneous Provisions

1. Separability Clause. Any judicial pronouncement declaring as unconstitutional any provision of the Memorandum Circular shall have no effect on the validity of the other provisions not affected thereby.
2. Repealing Clause. This Memorandum Circular amends or supersedes any previous issuance inconsistent with it.
3. Effectivity. This Memorandum Circular shall take effect immediately.

Diliman, Quezon City, 11 November 2011.


VIRGILIO R. DE LOS REYES
Secretary

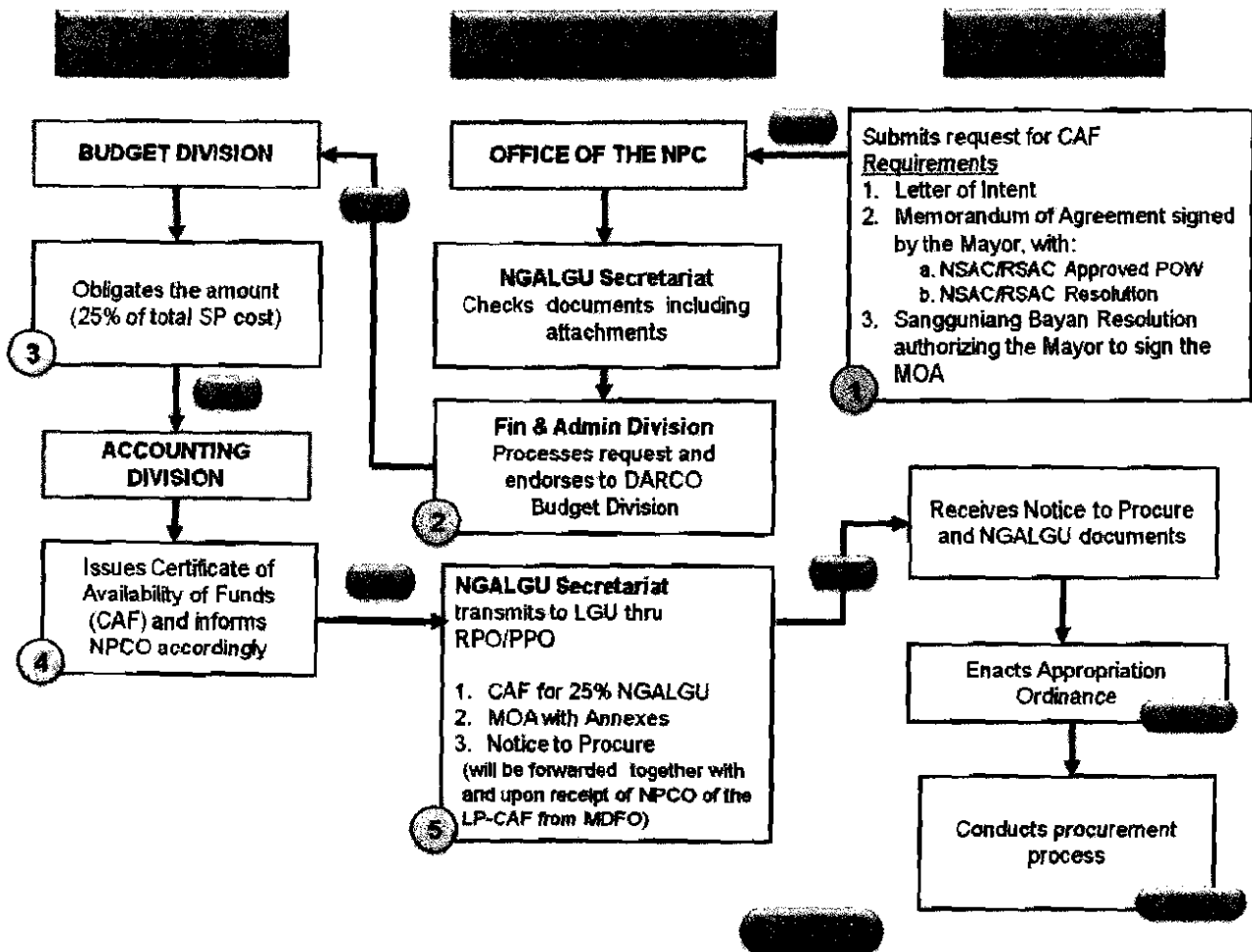


Attachments

- | | |
|---------|--|
| Annex 1 | Schematic Process Flow: Request for Certificate of Availability of Funds (CAF) |
| Annex 2 | Schematic Process Flow: Request for Cash |
| Annex 3 | Pro forma LGU Letter of Intent to Avail of the NGALGU and Request for CAF |
| Annex 4 | Pro forma DAR-LGU Memorandum of Agreement on NGALGU |
| Annex 5 | Pro forma Resolution of Expressed LGU Commitments and Undertakings
(i.e., authorizing Mayor to sign MOA, SPA, AU, NGALGU) |
| Annex 6 | Pro forma Letter-Request for NGALGU Cash |

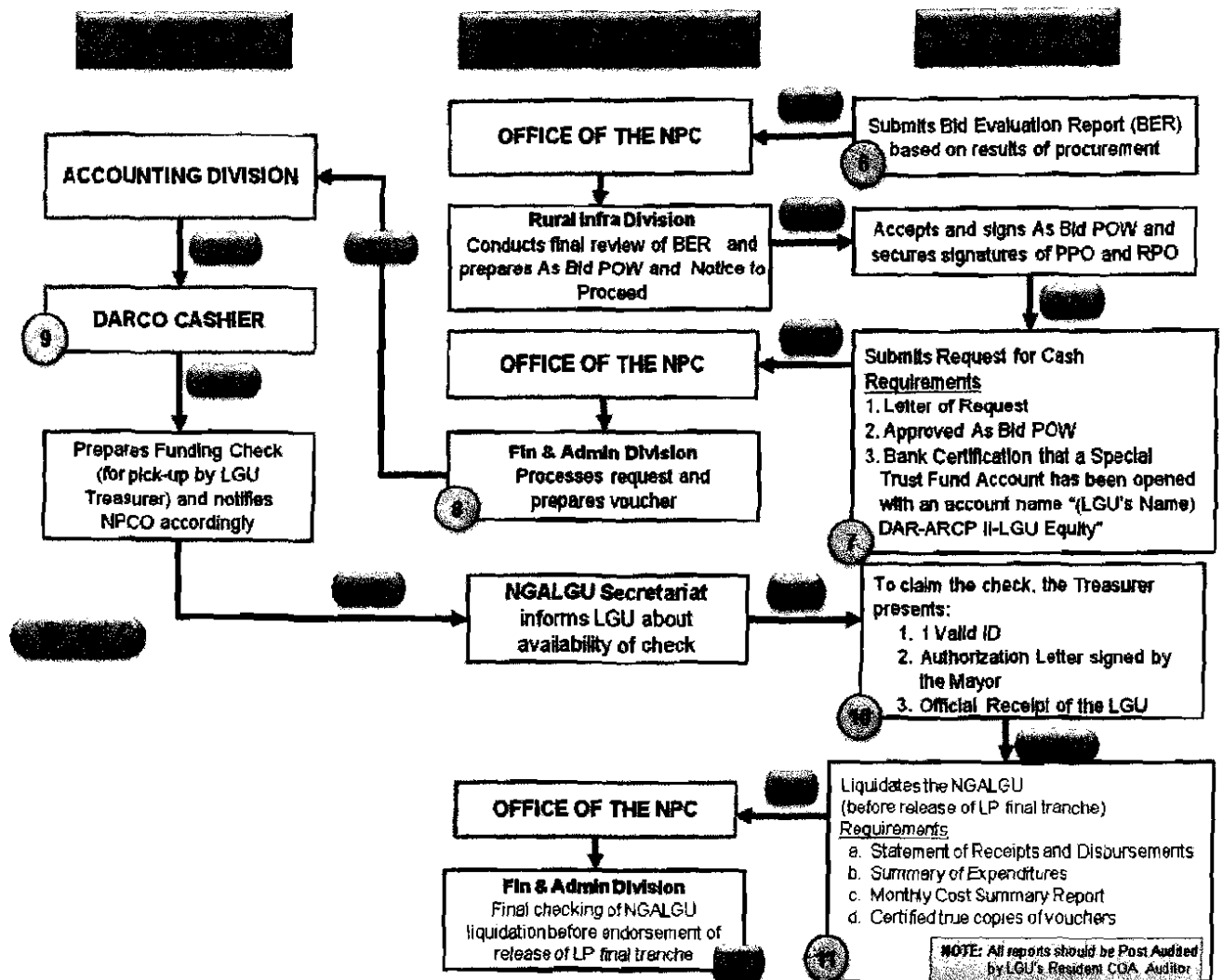
The templates and requirements for the other required documents, e.g. NSAC/RSAC resolution, POW, Notice to Procure, BER, Bank Certification, SORD, SOE and MCSR, shall follow those used in the approval, processing and liquidation of the LP assistance for the subproject.

Request for Certificate of Availability of Funds



Annex 2
Schematic Process Flow: Request for Cash

Request for Cash



Letter of Intent and Request for CAF

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) for the NGALGU for the following subproject that has been approved by the ARCP II National (or Regional) Subproject Approval Committee (NSAC/RSAC):

Name of Subproject _____

NSAC/RSAC Resolution No. _____ Date: _____

NSAC/RSAC Approved Total Subproject Cost _____

In this regard, we are pleased to submit the following documents:

1. DAR-LGU Memorandum of Agreement (MOA) for the NGALGU (signed by the mayor and LGU witnesses; with attached NSAC/RSAC resolution and approved POW)
2. Sangguniang Bayan Resolution authorizing the undersigned as mayor to enter into and sign the DAR-LGU MOA

As soon as the CAF 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,

Municipal Mayor

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 **VIRGILIO R. DE LOS REYES**, in his capacity as Secretary and hereinafter referred to as the “**DAR**”;

-and-

The **Local Government of _____** in the Province of _____, a unit of government established and existing under the laws and regulations of the Republic of the Philippines, with office address at Municipal Hall, _____, duly represented herein by Honorable _____, in his/her capacity as Municipal Mayor, and 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 approved to 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 Resolution No.: _____ Date: _____

NSAC/RSAC Approved Total Subproject Cost: _____

2. Certified true copies of the NSAC/RSAC Resolution and NSAC/RSAC Approved Program of Work (POW) are hereto attached as Annexes A and B 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. Under this policy, LGUs falling in the fifth and sixth income class are required to provide 50% of the total subproject cost as equity counterpart; third and fourth class, 60%; and first and second class, 70%.

Should the "Guiding Principles and National Government: Local Government Unit Cost Sharing Policy in the Evaluation and Processing of Projects Involving Devolved Activities" be revised, the NGALGU to be granted shall be equal to the LGU equity share or 25% of the total subproject cost, whichever is lower. (Thus, for example, if the NG:LGU cost sharing scheme is changed to 80:20, the NGALGU shall be correspondingly reduced to 20% of the total subproject cost. If the LGU equity share is pegged at 30%, the NGALGU will remain at the current 25% of total subproject cost.) The new policy, if any, will be applied prospectively to subprojects not yet approved by the NSAC/RSAC at the time of effectivity of the revised cost sharing scheme.

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 the National Government assistance in the amount equivalent to 25% of the total subproject cost. This amount is initially computed at PhP _____ based on the NSAC/RSAC Approved POW.
 - c. Issue the Certificate of Availability of Funds (CAF) to the LGU based on the NSAC/RSAC Approved POW upon signing of this Agreement.
 - d. Release to the LGU the NGALGU amount based on the Final Approved "As Bid" POW to be determined under the procurement process for the subproject.

- 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 providing for appropriation 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 Special Trust Fund 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 found to have been misused as determined by the ARCP II, the LGU must refund to the DAR any misused or misappropriated amounts within a stipulated period as prescribed by the DAR. In the meantime, 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 of the total amount released for the subproject, without prejudice to the pursuit by the DAR of other administrative and legal remedies.

By mutual consent in writing, 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.

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 _____ 2011 in _____.

DEPARTMENT OF AGRARIAN REFORM

LOCAL GOVERNMENT UNIT
OF _____

VIRGILIO R. DE LOS REYES
Secretary

HON. _____
Municipal Mayor

WITNESSES:

JERRY E. PACTURAN
Undersecretary, Support Services Office

Municipal Treasurer

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

MPDC / Local Project Officer

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** _____ with I.D No. _____, issued on _____ 2011, at _____ known to me to be the same persons who executed the foregoing Memorandum of Agreement and acknowledgement to me that the same is free act and deed.

THIS MEMORANDUM OF AGREEMENT consists of four (4) 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 2011

Annex 5

***Pro forma Resolution of Expressed LGU Commitments and Undertakings
(i.e., authorizing 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. 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 Southern Philippines 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 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 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 signed between the Municipality of _____ and DAR for the implementation of ARCP II in the municipality. *(If MOA has been signed already with the accompanying SB Resolution)*
2. 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)*
3. 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.
4. 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.

5. 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.
6. enter into a Sub-Loan Agreement (SLA) with the Municipal Development Fund Office (MDFO) of the Department of Finance (DOF) and in case of LGU default in the maintenance of subprojects within the prescribed period by the DAR in the SPA, and pursuant to the SLA, 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.
7. 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 should it be 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 _____

UNANIMOUSLY 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

Letter Request for NGALGU Cash

Date _____

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

Dear Director Tobias:

This is to request the release of the National Government Assistance to LGUs (NGALGU) for the following subproject that has undergone procurement pursuant to the guidelines of the Agrarian Reform Communities Project II (ARCP II):

Name of Subproject _____

NSAC/RSAC Resolution No. _____ Date: _____

Total Subproject Cost Based on
Approved As Bid Program of Work (POW) _____

In this regard, we are pleased to submit the (a) As Bid POW signed by the undersigned as mayor and by the ARCP II Regional and Provincial Project Managers and (b) Bank Certification that a Special Trust Fund Account has been opened for the LGU's equity contributions, under the name "(LGU's Name) DAR ARCP II LGU Equity."

As soon as the 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 _____.

We look forward to your favorable consideration of this request. We hope to hear from you soon in this regard.

Thank you.

Very truly yours,

Municipal Mayor