

**[DBM NATIONAL BUDGET CIRCULAR NO. 537
FEBRUARY 20, 2012, February 20, 2012]**

**GUIDELINES ON THE RELEASE OF FUNDS CHARGEABLE AGAINST
THE PRIORITY DEVELOPMENT ASSISTANCE FUND FOR FY 2012**

TO: ALL HEADS OF DEPARTMENTS/ AGENCIES/STATE UNIVERSITIES AND COLLEGES AND OTHER OFFICES OF THE NATIONAL GOVERNMENT, GOVERNMENT-OWNED AND/OR CONTROLLED CORPORATIONS AND LOCAL GOVERNMENT UNITS, BUDGET OFFICERS, HEADS OF ACCOUNTING UNITS AND ALL OTHERS CONCERNED

SUBJECT: GUIDELINES ON THE RELEASE OF FUNDS CHARGEABLE AGAINST THE PRIORITY DEVELOPMENT ASSISTANCE FUND FOR FY 2012

1.0 Purpose

- 1.1 To prescribe guidelines on the release and utilization of the Priority Development Assistance Fund (PDAF) under Republic Act (R.A) No. 10155, General Appropriations Act (GAA) for FY 2012;
- 1.2 To enhance transparency and accountability in the release and utilization of the PDAF; and
- 1.3 To align local development programs and projects with the national development agenda and priorities of the government.

2.0 General Guidelines

- 2.1 The PDAF shall be used to fund priority development programs and projects identified by the Members of Congress from the PDAF project menu hereby attached as Annex A.

In the identification of programs/ projects or designation of beneficiaries, preference shall be given to projects located in the 4th to 6th class municipalities or indigents identified under the National Household Targeting System for Poverty Reduction by the Department of Social Welfare and Development without necessarily excluding other municipalities and beneficiaries.

2.1.1 Implementing agencies may be National Government Agencies (NGAs); Local Government Units (LGUs); and Government-Owned and/or Controlled Corporations (GOCCs).

2.1.2 Funds shall be released directly to the implementing

agencies enumerated in the PDAF Project Menu However, in the case of LGUs, funds shall be released to the Department of Budget and Management (DBM) as the fund administrator and for GOCCs, funds shall be released to the Bureau of the Treasury (BTr).

- 2.2 The PDAF shall not be used for payment of personal services expenditures, (i.e. payment of salaries, honoraria, allowances, bonuses and similar forms of compensation).
- 2.3 LGUs may only be identified as implementing agencies if they have the administrative and technical capability to implement the programs/projects.
- 2.4 Any program/project identified by District Representatives to be implemented outside his or her congressional jurisdiction shall have the written concurrence of the District Representative of the recipient/beneficiary Congressional district.
- 2.5 The total allocation for programs/ projects shall not exceed the following amounts:

2.5.1 Each Congressional District and Party-List Representative: Total of Seventy Million Pesos (P70,000,000): Forty Million Pesos (P40,000,000) for infrastructure (hard) projects and thirty Million Pesos (P30,000,000) for soft projects.

2.5.2 Each Senator: Total of Two Hundred Million Pesos (P200,000,000): One Hundred Million Pesos (P100,000,000) for infrastructure (hard) projects and One Hundred Million Pesos (P100,000,000) for soft projects.

Considering the approved fiscal program of the government, fifty-percent (50%) of the allocation for each legislator shall be released in the first semester, and the remaining 50%, in the second semester.

- 2.6 All procurement shall comply with the provisions of the Government Procurement Reform Act (R.A. No. 9184).
- 2.7 All purchases of motor vehicles shall comply with the following provisions:
 - 2.7.1 Administrative Order No. 233 dated August 1, 2008 (Reiterating the Prohibition on the Acquisition and Use of Luxury Vehicles and Directing Revisions of Guidelines on Government Motor Vehicles Acquisition) as amended by Administrative Order No. 15 dated May 25, 2011 and

implemented by DBM Budget Circular No. 2010-2 dated March 1, 2010; and

2.7.2 Memorandum Circular No. 9 dated December 14, 2010 (Government Policy and Procedural/ Documentary Requirements on the Approval/Issuance of Authority to Purchase Motor Vehicles).

2.8 Purchase of multi-purpose vehicles shall only be for peace and order purposes and not for utility vehicles and that it should comply with the existing rules and regulations covering the acquisition of motor vehicles.

2.9 All purchases of IT equipment shall be limited to hardware component only and shall be preferably purchased through the Procurement Service.

2.10 Proposed programs and projects intended for Arts and Culture shall be submitted together with a certification from the National Historical Commission of the Philippines (NHCP) on the proper classification as either soft or infrastructure programs/projects.

3.0 Release of Funds

3.1 Allotment

Within the limits prescribed under Section 2.5 hereof, the DBM shall issue the Special Allotment Release Order (SARO) to cover the release of funds chargeable against the PDAF. All requests for issuance of allotment shall be supported with the following:

3.1.1 List of priority programs/ projects including the supporting documents in accordance with the PDAF Project Menu;

3.1.2 Written endorsements by the following:

3.1.2.1 In case of the Senate, the Senate President and the Chairman of the Committee on Finance; and

3.1.2.2 In case of the House of Representatives, the Speaker and the Chairman of the Committee on Appropriations.

3.2 Cash Allocation

3.2.1 For NGAs

As a general rule, the Common Fund Scheme shall be observed where the cash requirements for the