

LETTER OF INSTRUCTIONS NO. 302, August 04, 1975

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TO :

The Budget Commissioner

The Secretary of Finance

The Secretary of Local Governments and Community Development

In order to accelerate infrastructure development in the rural areas, there shall be implemented a Rural Roads Program (RRP) wherein 22 provinces will undertake the construction/improvement of some 750 kilometers of roads and 2400 lineal meters of bridges in the rural areas during the three-year period FY 1976–FY 1978. This program will be implemented on a "reimbursement" scheme wherein the provinces concerned will initially finance the construction of these projects and, upon completion of each individual project, the national government (thru the Department of Local Governments and Community Development) will reimburse the province concerned with previously determined amounts equivalent to the project direct costs. The unreimbursed balance (approximately 25%–30% of total project cost) will be the province counterpart to the national government fund reimbursement. The reimbursements for the three-year period of program implementation will total approximately P100 million. This amount will be provided from the Discretionary Funds of the President as indicated in para 7 of PD 144.

In as much as this program will be implemented on a "reimbursement" scheme, the participating provinces have to advance operating funds to completely undertake these projects before they could avail of said reimbursements. Considering that this program involves a volume of work greater than those undertaken during previous years, the participating provinces will need national government assistance in the form of "seed" money to get this program moving on schedule. This will amount to P15 million over the three-year period of program implementation, in addition to the P100 million mentioned above.

In view of the foregoing, it is hereby directed that:

- The sum of P100 million be allocated out of the Local Government Fund established under Section 7 of PD 144 to be released to the Secretary of Local Governments and Community Development in staggered amounts during the three-year period of implementation of the Rural Roads Program, as follows:

(In Million Pesos)

For FY 1975–76

P24,000

For FY 1976–77

P33.500

For FY 1977–78

42.500

P100.000

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- Releases to the Secretary of Local Governments and Community Development of the above-mentioned yearly allocations shall be affected by the Budget Commissioner on a quarterly basis pursuant to existing regulations.
- The Secretary of Local Governments and Community Development shall utilize said funds for reimbursement of portion (not exceeding 70%) of direct costs of projects prosecuted by the participating provincial governments under the Rural Roads Program. These reimbursements shall be on a project-by-project basis as each individual project is declared complete and in accordance with approved plans and specifications by the Secretary of Local Governments and Community Development.
- The DLGCD will monitor the utilization of these funds and will submit reports thereon to the Office of the President on a quarterly basis.
- The amounts released by the Secretary of Local Governments and Community Development as reimbursements for completed projects in accordance with the foregoing instructions shall not be used by the participating provincial governments for purposes other than to defray the costs of other approved RRP projects to be prosecuted subsequently during the three-year period of implementation of the Program.
- Upon termination of the Rural Roads Program, the unreleased balance in the custody of the Secretary of Local Governments and Community Development shall be restored to the aforesaid Local Government Fund under Presidential Decree No. 144 by way of remittance to the Treasurer of the Philippines.
- An additional sum of P15 million is likewise hereby allocated out of the Local Government Fund established under Section 7 of Presidential Decree No. 144 to cover the grants-in-aid to the provincial governments participating in the Rural Roads Program in order to provide them with initial funds with which to start the prosecution of duly-approved RRP projects.
- Releases of said grants-in-aid shall also be in staggered amounts during the three-year period of program implementation, as follows:

(In Million Pesos)

For FY 1975–76

P3.600

For FY 1976–77

5.025

For FY 1977–78

6.375

P15.000

- The provincial governments participating in the Rural Roads Program shall set aside in their annual Infrastructure Fund budgets the necessary appropriations covering in full the pre-determined direct costs of RRP projects approved for the fiscal year. For the purpose, an amount not exceeding 15% of the pre-determined project costs may be taken up in the provincial budget as estimated income from National Aid (grant-in-aid).
- The Secretary of Finance, upon review of the provincial budget and upon ascertaining that the required appropriations for duly-approved RRP projects have been fully provided for, shall direct the Treasurer of the Philippines to cause the immediate release to the province concerned of the grant-in-aid allocated to it during the fiscal year; Provided, that said grant shall not exceed 15% of the previously determined direct project costs. For this purpose, the Secretary of Local Governments, and Community Development shall furnish the Secretary of Finance with a copy of the DLGCD-approved Annual Implementation Plan showing the approved RRP projects of each participating province and the annual allocations of reimbursable amounts and grants-in-aid to each province for each of the three years of implementation of the RRP.
- In the event that the project is not completed at the end of the fiscal year, the unexpended balance of the appropriation set aside therefor in the provincial budget shall be treated as "continuing appropriations".
- In case the prosecution of the project is abandoned, any grant-in-aid released to the province for the same project shall be refunded in full to the National Government by remittance to the Treasurer of the Philippines who shall restore the amount to the Local Government Fund under Presidential Decree No. 144.

The Secretary of Local Governments and Community Development and the Secretary of Finance shall formulate the guidelines and procedures that they may deem necessary in carrying out effectively their respective areas of responsibility in the proper implementation of this Letter of Instructions.

DONE in the City of Manila, this 4th day of August, in the year of Our Lord, Nineteen Hundred and Seventy-Five.

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