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Republic of the Philippines
BANGSAMORO AUTONOMOUS REGION IN MUSLIM MINDANAO
Ministry of Finance, and Budget and Management
Bangsamoro Government Center, Rosary Height VII, Cotabato City

BANGSAMORO BUDGET CIRCULAR

No. 2024-002

FOR : All Heads of Ministries and Offices of the Bangsamoro Government, SDF Focal Persons, Budget Officers, Accountants, and all Others Concerned

SUBJECT : **GUIDELINES ON THE RELEASE AND UTILIZATION OF SPECIAL DEVELOPMENT FUND**

DATE : **09 Sha'ban 1445 AH | February 19, 2024**

1.0 BACKGROUND AND LEGAL BASES

The Republic Act No. 11054, otherwise known as the Bangsamoro Organic Law (BOL) provides an allocation for Special Development Fund (SDF) to the Bangsamoro government. Specifically, it stipulates that:

***Special Development Fund.** - The National Government shall provide a special development fund to the Bangsamoro Government for the rebuilding, rehabilitation, and development of its conflict-affected communities.*

The amount equivalent to Fifty Billion pesos (₱50,000,000,000.00), at Five Billion pesos (₱5,000,000,000.00) per year, for a period of ten (10) years from the ratification of this Organic Law, shall be allocated for this purpose.

The utilization of the fund shall be in accordance with the Bangsamoro Development Plan to be adopted by the Bangsamoro Government, as provided in Section 6, Article XIII of this Organic Law. (Section 2, Article XIV)

In view of this provision, the Bangsamoro Parliament enacted pertinent appropriation laws¹ authorizing the MFBM to issue guidelines on the release of SDF.

2.0 PURPOSE

To provide guidelines on the release and monitoring of the Special Development Fund.

¹ Section 2, Bangsamoro Autonomy Act No. 22
Item 3 of the Special Provision under Item XXXII, Bangsamoro Autonomy Act No. 23 (2022 GAAB)
Item 3 of the Special Provision under Item XXXII, Bangsamoro Autonomy Act No. 32 (2023 GAAB)
Item 3 of the Special Provision under Item XXXII, Bangsamoro Autonomy Act No. 56 (2024 GAAB)

3.0 GENERAL GUIDELINES ON THE RELEASE OF SPECIAL DEVELOPMENT FUND

- 3.1 All appropriations authorized by the Approved Cash Program of the Special Development Fund for the specific year it is appropriated shall be available for release and disbursement for the purposes specified.
- 3.2 Funds for programs, activities, and projects (PAPs) specifically appropriated to an implementing Ministry, Office or Agency shall be released directly to the implementing BARMM Ministry, Office or Agency (BMOA).
- 3.3 Release of funds, such as Obligational Authority and Disbursement Authority, shall be in accordance with the MFBM-evaluated Budget Execution Documents (BEDs) prepared by the requesting BMOA.
- 3.4 All implementation-ready PAPs shall be released with Special Allotment Release Order (SARO) and Notice of Cash Allocation (NCA) upon submission of budget documents required in Item 5.1 of this Budget Circular.

4.0 VALIDITY OF FUNDS AND CASH MANAGEMENT

- 4.1 The validity for obligation and disbursement of the annual SDF shall be based on the provisions of the respective budget laws providing for its appropriation, and as may be amended by subsequent related legislative acts.
- 4.2 All pertinent policies and/ or guidelines on cash management² shall likewise be applicable to the cash management of the SDF.

5.0 SPECIFIC GUIDELINES ON THE RELEASE OF SPECIAL DEVELOPMENT FUND

5.1 Procedural guidelines and documentary requirements:

All fund releases of Special Development Fund shall be made only after submission of the following documents, subject to evaluation of MFBM, to wit:

- a) Special Budget Request indicating the name and cost of the project;
- b) Financial Plan (Budget Execution Document No. 1);
- c) Physical Plan (Budget Execution Document No. 2);
- d) Monthly Disbursement Program (Budget Execution Document No. 3);
and
- e) Other documentary requirements proving implementation readiness, which include but not limited to:

² This includes the Common Fund System provided in Section 5.4, Bangsamoro Budget Circular No. 2024-01 and the provisions of the Bangsamoro Treasury Circular No. 2023-03.

- i. Project Implementation Plans (for non-infrastructure PAPs);
 - ii. Pertinent Construction Documents (for infrastructure PAPs):
 - Approved and duly signed Program of Works (POW),
 - Approved and duly signed Budget for the Contract (ABC),
 - Approved and duly signed Detailed Engineering Design and/or Construction Plan.
 - iii. Non-motor vehicle equipment:
 - Specifications of Equipment
- f) Submission of requests made in batches (e.g. one request contains more than one project) will be facilitated and assessed as such. Thus, the requesting M/O/A is enjoined to only include projects with complete documentary requirements.
- g) The provision of the General Appropriations Act of the Bangsamoro, as well as pertinent issuances of the MFBM on fund utilization, shall apply suppletorily.

5.2 **Special procedure for requests including Motor Vehicle charged to SDF**

Pursuant to Presidential Administrative Order No. 14, series of 2018 and DBM Budget Circular No. 2022-01, no purchase of vehicle shall be valid without the Authority to Purchase Motor Vehicle (APMV) issued by the Chief Minister.

For this purpose, the following procedure for all requests of APMV funded under the SDF shall be implemented:

- a) The requesting BMOA may submit a Request for Authority to Purchase Motor Vehicle containing the following information:
 - i. Intended use or user;
 - ii. Quantity;
 - iii. Cost and funding source; and
 - iv. Motor Vehicle classification and specification
- b) The motor vehicle classification and specification must not fall within the category of "luxury vehicle" as defined in Section 3 of Presidential Administrative Order No. 14, series of 2018.
- c) If in order, the MFBM shall endorse the same to the Office of the Chief Minister for further review and subsequent release of APMV to the requesting BMOA
- d) Upon receipt of the APMV, the BMOA may submit SBR requesting for release of funds attaching the following documents:

- i. Duly signed APMV; and
- ii. Budget Execution Documents (BEDs 1-3)

e) In no case shall the request for motor vehicle be consolidated with other requests of different nature.

5.3 All BMOAs implementing infrastructure projects must comply with the additional requirements for the implementation of infrastructure projects as set forth in Section 4 of the BAA No. 22.

5.4 **Special Procedure for the Use of Extended Special Development Fund**

In the event that the validity of the use of annual Special Development Fund is extended based on pertinent legislative act, the following shall be observed to access the fund:

a) The BMOA shall submit a Letter of Request for Authority to Disburse Extended Fund attaching the following documents³:

- Budget Execution Documents (1-3) pertaining to the extended SDF;
- Budget and Financial Accountability Form 1, 1-A, 1-B 3, 4, and BAR No. 1
- Financial Statement

b) Upon finding the request in order, the MFBM shall issue the appropriate Authority to Disburse extended fund.

6.0 LIMITATIONS, FLEXIBILITY AND ADJUSTMENTS IN PROJECT IMPLEMENTATION

6.1 All releases for the Special Development Fund shall be limited to the approved list of Programs, Projects, and Activities, as well as the Cash Program of the fiscal year it is to be implemented.

6.2 To avoid duplicity, under no circumstances shall the SDF be released for other purposes such as the implementation of regular programs, activities, and projects appropriated under the General Appropriations Act of the Bangsamoro (GAAB) and/ or other appropriation laws.

6.3 **Special Procedure on Amendment and Adjustments in SDF-PPAs**

BMOAs shall be given maximum flexibility in the use of their cash allocations, provided that the authorized allotment for a specific purpose is not exceeded. This may include adjustments in the project design due to changes in scope, location, beneficiaries, and implementation period.

For this purpose, the following procedure must be followed:

³ Should multiple annual SDF be extended, the documents should be separately submitted per fiscal year

- a) The BMOA shall submit a request for Certification for the Amendment of Approved SDF-PPAs (Certification) to the SDF-Project Management Office (SDF-PMO).
 - b) Upon approval of such request, the SDF-PMO shall furnish a copy of the Certification to the MFBM for appropriate action.⁴
- 6.4 The rules and procedure on modification of allotment and use of savings as provided in the annual General Appropriations Act of the Bangsamoro and other pertinent issuances of the MFBM shall apply to the Special Development Fund.

7.0 REPORTING AND POSTING REQUIREMENTS

- 7.1 **Quarterly Financial and Physical Reports.** The implementing BMOAs shall submit quarterly reports on its financial and physical accomplishments, within thirty (30) days after the end of every quarter, through the following:
- a) Unified Reporting System (URS) or other electronic means for submission of reports;
 - b) Hardcopy submitted to the MFBM; and
 - c) Implementing Ministry/Office/Agency's website.
- 7.2 **Monthly Financial Reports.** The implementing BMOs shall also submit monthly reports on appropriations, allotments, and obligations of the current appropriations as well as monthly reports of disbursement, on or before the tenth (10th) day of the month immediately following the covered period, through the following:
- a) Unified Reporting System (URS) or other electronic means for submission of reports;
 - b) Hardcopy submitted to the MFBM; and
 - c) Implementing Ministry/Office/Agency's website.
- 7.3 The implementing BMOA shall send written notice when said reports have been submitted or posted on its website to the MFBM and other offices where the submission of reports is required under existing laws, rules and regulations. The date of notice to said Ministries and Offices shall be considered the date of compliance with this requirement.
- 7.4 Failure to comply with any of the foregoing shall result in the automatic suspension of the salaries of the responsible official or employee until they have complied with the above requirements pursuant to Section 57, Chapter 6, Book VI of E.O. No. 292, as may be applicable, and existing laws and guidelines issued thereon.
- 7.5 Repeated failure or refusal of said official or employee to submit the above reports without any justifiable cause may be a ground for administrative disciplinary action, subject to pertinent civil service rules and regulations. The

⁴ Only the Director General of the BPDA is authorized to approved requests for amendment as provided in SDF-TWG Resolution No. 02, issued on May 20, 2023.

this penalty provision.

8.0 MISCELLANEOUS PROVISIONS

- 8.1 The Planning Division of the MFBM, in coordination with the Bangsamoro Budget Office, shall be the responsible unit for the implementation of this policy.
- 8.2 The BMOAs shall submit to the MFBM the name and profile of at least two (2) officially designated contact person/ focal person for all Special Development Fund concerns, within five (5) days from the receipt of this Circular.
- 8.3 The MFBM shall only coordinate with the designated personnel on matters concerning Special Development Fund.
- 8.4 All documents must be submitted in hard copy, except otherwise allowed by the MFBM.
- 8.5 The MFBM shall initiate activities to properly orient the different stakeholders on the policy and procedures on the release of the SDF as provided herein.

9.0 EFFECTIVITY

This Bangsamoro Budget Circular shall take effect immediately.

UBAIDA C. PACASEM
Minister

