

MEMORANDUM OF AGREEMENT
FOR THE IMPLEMENTATION OF THE SPECIAL LOCAL ROAD FUND (SLRF)
UNDER THE MVUC LAW, R.A. 8794

KNOW ALL MEN BY THESE PRESENTS:

This Memorandum of Agreement (MOA) for the Implementation of the Special Local Road Fund (SLRF) under the Motor Vehicle User's Charge (MVUC) Law is made and executed at _____ Metro Manila, Philippines, this _____ 2005, by and between:

The Department of Public Works and Highways (DPWH) thru the Road Program Office (RPO), represented herein by its Secretary and concurrently Ex-officio Chairperson of the Road Board, Honorable HERMOGENES E. EBDANE, JR., duly authorized with principal office address at Bonifacio Drive, Port Area, Manila, herein referred to as DPWH.
and

The Department of the Interior and Local Government (DILG) thru the Office of the Project Development Services (OPDS), represented herein by its Secretary, the Honorable ANGELO T. REYES duly authorized, with principal office address at 10th floor, A. Francisco Gold Condominium II, Mapagmahal St., Quezon City, hereinafter referred to as DILG.

WITNESSETH THAT:

WHEREAS, the existing road network in the country is extensive with about 202,000 kilometers that are administratively classified as national roads (15%) and local roads (85%) of which 16% are provincial roads and 4% are city roads;

WHEREAS, the DPWH is responsible for national roads while local roads are under the responsibility of the Local Government Units (LGUs) as provided for under Section 17, of the Local Government Code, (RA 7160);

WHEREAS, thirty one percent (31%) or 9,200 kilometers of the provincial roads are in poor condition due to insufficient funding for maintenance works;

WHEREAS, pursuant to R.A. 8794, MVUC Law, under Section 1 declares that "it is the policy of the State to provide for and ensure the adequate maintenance of national and provincial roads through sufficient funding for the purpose"; and Section 7 states that "all monies collected under this Act shall be earmarked solely and used exclusively for 1) Road maintenance and improvement of road drainage; 2) for the installation of adequate and efficient traffic lights and road safety devices; and 3) air pollution control" and be deposited in four (4) Special Trust Accounts in the National Treasury as follows:

- i. Eighty Percent (80%) shall be allotted to and placed in the Special Road Support Fund;
- ii. Five Percent (5%) shall be allotted to and placed in the Special Local Road Fund;
- iii. Seven and One half Percent (7.5%) shall be allotted to and placed in the Special Road Safety Fund;
- iv. Seven and One half Percent (7.5%) shall be allotted to and placed in the Special Vehicle Pollution Control Fund;

WHEREAS, the Special Local Road Fund (SLRF) shall be apportioned to provincial and city governments in accordance with the vehicle population and size of the road network under their respective jurisdictions and shall be used exclusively for maintenance of local roads, traffic management and road safety devices;

WHEREAS, DPWH, the agency responsible for national roads, is also authorized to administer the utilization of the SLRF by provinces and cities for the maintenance and road safety measures of their local roads;

WHEREAS, the DILG is an agency mandated to exercise general supervision over the Local Government Units (LGUs) and is tasked to strengthen the capability of LGUs in the delivery of devolved services including the maintenance and construction of local roads and to coordinate the activities undertaken by LGUs;

WHEREAS, the DILG has recently formulated the Rural Roads Development Policy Framework (RRDPF), which shall be the primary guide of LGUs to effectively carry out their mandate to develop and manage their respective local road network;

WHEREAS, the DPWH, in consideration of the DILG's mandate over LGUs and the recent undertakings under the RRDPF, has proposed that DILG extends its assistance to provinces and cities through the Special Local Road Fund for the maintenance of local roads;

WHEREAS, the Road Board during its 35th Meeting recommended that a Memorandum of Agreement (MOA) be executed between the DPWH and DILG to delineate responsibilities for planning and programming, apportionment of funds; monitoring and reporting of the utilization of the Special Local Roads Funds;

NOW, THEREFORE, for and in consideration of the foregoing premises and mutual covenants herein set forth, the DPWH and DILG mutually agree on the following;

Article I SCOPE AND COVERAGE

This agreement covers the planning, programming and apportionment of SLRF to provinces and cities as well as the monitoring and reporting of the utilization of the SLRF under the MVUC Law (RA 8794).

Article II APPORTIONMENT AND RELEASE OF FUNDS TO LGUs

Apportionment. The SLRF shall be apportioned to provincial and city governments in accordance with the vehicle population and size of the road network under their jurisdictions. The Road Board shall determine based on its assessment of the revenues into the SLRF the payment profile or level of expenditures that will be apportioned to LGUs. The DPWH-Road Program Office (DPWH-RPO) shall prepare the SLRF allocation Matrix based on the vehicle population and road length data provided by the DILG.

Release of Funds. Upon the receipt of the Special Allotment Release Order (SARO) from the DBM, the DPWH Central Office shall issue Sub-Allotment Advice (SAA) to the District Engineering Offices concerned, copy furnished the DILG, which will be subsequently released to the LGUs thru Letter of Advice of Allotment (LAA) based on the amount approved by the Road Board.

