

Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
Intramuros, Manila

DEPARTMENT ORDER NO. 35-02
(Series of 2002)

**REVISED GUIDELINES ON THE MANAGEMENT OF
THE NINE PERCENT (9%) SOCIO-ECONOMIC PROJECT FUND
UNDER REPUBLIC ACT NO. 6982**

Pursuant to Section 10 (b) of Republic Act No. 6982, hereinafter referred to as the Act, and Rule IX, Section 4 (a) of its Implementing Rules and Regulations (IRRs), and upon the recommendation of the Sugar Tripartite Council (STC) as embodied in its Resolution No. 12 (Series of 2002), the following revised guidelines on the management of the nine percent (9%) Socio-Economic Project Fund (SEPF) are hereby issued for the guidance and observance of all concerned.

1.0 OBJECTIVE

These guidelines are being issued to provide a responsive implementing mechanism and procedure toward the management of the 9% SEPF for socio-economic projects for the sugar workers, incorporating herein applicable provisions of Section 4 (a), Rule IX of the Rules implementing the Act and Department Order No. 29 (S. 1997).

2.0 SCOPE OF SOCIO-ECONOMIC PROJECTS

- 2.1 Socio-economic projects for sugar workers shall include livelihood, income and employment generation, education, health care, shelter and other related projects with socio-economic orientation such as manpower or skills training, organizational development and other necessary capability-building assistance intended to further enhance the livelihood, income, working and living conditions, and socio-economic status of sugar workers, their families and organizations.
- 2.2 It shall also include the acquisition of equipment and facilities and provision of infrastructure support for sugar workers, such as the construction, establishment or improvement of Sugar Workers Livelihood Centers, that will promote capability-building training, enhance the opportunity of sugar workers, their families and organizations to receive improved benefits under the Social Amelioration Program.

- 2.3 Whenever the need arises, on recommendation of the STC and approval by the Secretary of Labor and Employment, a portion of the SEPF may be utilized for relief, calamity, emergency or contingency assistance to sugar workers adversely affected by calamities, disasters or other similar conditions.

3.0 COVERAGE OF THE SEPF

The SEPF shall consist of:

- 3.1 The Nine Percent (9%) lien collection under Section 10 (b) of the Act remitted by the sugar mills to the Department of Labor and Employment-Bureau of Rural Workers (DOLE-BRW), including any and all incomes or interests derived therefrom.
- 3.2 The penalties for non-remittance of the lien and forfeited unclaimed or undistributed cash bonus fund (UCBF), pursuant to Sections 7 and 9 of the Act and Rule VI, Section 1.b (2.2.b) of its Implementing Rules and Regulations.
- 3.3 The balance of the forfeited unclaimed or undistributed social amelioration fund (USAF), including interests, pursuant to Presidential Decree No. 621, as amended.
- 3.4 Refund of disallowed amounts which were not used for the stipulated purpose referred in Item 5.16 of these guidelines.
- 3.5 Refund of unexpended balance or savings of the duly approved project referred in Item 5.17 of these guidelines.
- 3.6 Interest income earned by the project proponent out of the SEPF received from DOLE and deposited in its bank account referred in Item 5.18 of these guidelines.
- 3.7 Interests/incomes derived from loan repayments of income-generating projects referred in Item 5.19 of these guidelines.

4.0 MANAGEMENT OF THE SEPF

Only the Secretary of Labor and Employment can authorize the use of the SEPF and any and all incomes or interests thereon for socio-economic projects for sugar workers.

5.0 GENERAL GUIDELINES ON THE RELEASE OF THE SEPF BY THE DOLE/BRW TO PROPONENTS

A. SEPF AVAILMENT

- 5.1 Pursuant to Section 10 (b) of the Act, the proponents who may undertake socio-economic project for sugar workers are the planters or millers organizations, qualified workers organizations, BRW or the Sugar Industry Foundation, Inc. (SIFI).
- 5.2 The proponents shall submit to the Secretary of Labor and Employment thru the STC their respective project proposals following the suggested format in Annex "A" of these guidelines, together with the basic requirements indicated in Annex "B" hereof.
- 5.3 The proponent may source from the SEPF a subsidy for administrative expense which shall not exceed 20% of the approved total project cost; Provided that an administrative expense exceeding 20% but not exceeding 25% of approved total project cost may be allowed subject to the STC's project review and evaluation upon due consideration of the supporting justifications submitted by the proponent.
- 5.4 The BRW and DOLE Regional Offices shall provide technical assistance to the proponents in the preparation of project proposals, when necessary or as requested.
- 5.5 The STC shall, by resolution, recommend to the Secretary of Labor and Employment the approval of project proposals.
- 5.6 The proponent shall be notified within a reasonable period of time of the approval of the project proposal and subsequent release of the fund.
- 5.7 Upon approval of the proposal, the DOLE and the proponent shall enter into a Memorandum of Agreement (MOA).
- 5.8 In the course of project implementation, no amendment to the MOA may be allowed unless the proponent so requests in writing, supported by justifications, and unless upon recommendation of the STC and approval by the Secretary of Labor and Employment. Any expense incurred by the proponent as a result of an amendment not previously approved in accordance with this section shall be charged to the proponent.

B. SEPF RELEASES, UTILIZATION AND AUDIT

- 5.9 The SEPF budget of the duly approved socio-economic project shall be directly released to the proponent subject to liquidation and audit.
- 5.10 SEPF releases to the proponent shall be made on a staggered basis. It shall be subject to the following conditions:
- a. Fund requirement of the project;
 - b. Submission of liquidation report of at least 75% of previously released fund;
 - c. Certification of the availability of cash by the BRW accountant;
 - d. Report/updated report on status of project completion; and
 - e. Such other conditions as may be specified in the MOA.

The staggered releases of fund shall be:

- a. 1st release, shall be not more than 50% of the approved budget;
 - b. 2nd release, shall not be more than 25% of the balance subject to conditions Nos. b and d above. Of the latter, at least 50% status of project completion; and
 - c. 3rd and last release of the remaining 25% balance subject to conditions Nos. b and d above. Of the latter, at least 75% status of project completion.
- 5.11 In addition to the MOA as stated in Item 5.7 of these Guidelines, prior to the initial fund release of the SEPF, the proponents shall be required to accomplish a Deed of Undertaking (Annex "C") stating thereon that they fully understand and shall strictly observe the stipulations, terms and conditions of the MOA.
- 5.12 As part of its report or updated report, the proponent shall inform the DOLE in writing on the actual date and milestones on the implementation of the Project.
- 5.13 The proponent shall utilize the SEPF received from DOLE exclusively for the intended purpose and in accordance with the provisions of these guidelines. No deviation from the approved project or budget proposal shall be allowed, except upon recommendation of STC and approval of the Secretary of Labor and Employment. Intended project or budget deviation shall be made known thru a written request from the proponent.
- 5.14 The proponent shall keep and maintain separate books of account, subsidiary records and combo/savings bank account for SEPF received from DOLE. They shall be subject to the visitorial audit and examination by the BRW and the Commission on Audit (COA).

- 5.15 The proponent shall submit liquidation reports to the Secretary of Labor and Employment within ninety (90) calendar days or earlier after end of reference quarter reckoned from the date of receipt of the SEPF and thereafter until the completion of the project. Such liquidation reports shall consist of the following:
- a) a summary of expenses incurred as compared with the approved budget;
 - b) report of checks issued;
 - c) report of deposit, collections and interest earned, whenever applicable
 - d) original copies of official receipts/paid invoices/bills related to the project;
 - e) duly approved vouchers;
 - f) list of actual beneficiaries and their addresses;
 - g) proof/evidence that beneficiaries are sugar workers or dependents of sugar workers (such as payrolls, payslips, SSS payments)
 - h) certificate of acceptance of project beneficiaries for accomplished/completed projects;
 - i) pictures taken before, during and after implementation of the project, whenever applicable; and
 - j) other supporting documents which maybe required
- 5.16 Expenses found to be irregular, unnecessary, excessive, extravagant or not in accordance with the work and financial plan of the duly approved project/budget proposal shall not be considered a proper charge to the project fund and shall be disallowed by the BRW or the COA. The proponent shall refund to the DOLE through the BRW the corresponding amount of the disallowed payments for issuance of official receipt. Disallowed payments shall revert back to the SEPF.
- 5.17 Any unexpended balance or savings of the project shall be remitted to the DOLE-BRW and shall form part of the SEPF.
- 5.18 Interest income earned out of the SEPF received from the DOLE shall be properly accounted for and remitted to the DOLE-BRW and shall form part of the SEPF.
- 5.19 Portion of the approved budget utilized by the proponent for income-generating projects shall be treated in the proponent's books of accounts as Loan Revolving Fund, subject to liquidation, monitoring or audit by the DOLE and the COA.
- Loan repayments shall be treated as a loan revolving fund and shall be properly accounted for in the proponent's books of accounts.
- Interests/incomes derived from loan repayments shall be remitted to DOLE-BRW and shall form part of the SEPF.
- 5.20 SEPF released to the proponent shall be post-audited by the COA in accordance with Section 15 of the Act.

C. ACQUISITION AND DISPOSITION OF EQUIPMENT AND MACHINERY

- 5.21 No purchases of equipment and machinery shall be allowed, unless the procurement of the same is necessary in the effective implementation of the project. The said item shall be explicitly indicated in the project proposal for approval by the Secretary of Labor and Employment upon recommendation of the STC.
- 5.22 As a general rule, the procurement of equipment and machinery shall be made through public bidding. All supporting documents relative to the purchases of said items shall form part of the liquidation report to be submitted to the DOLE through the BRW.
- 5.23 Receipt of equipment and machinery by the accountable person shall be covered by Acknowledgment Receipt for Equipment and Machinery (Annex "D").
- 5.24 In the event that a particular project ceases its operation, any equipment and machinery acquired out of the SEPF shall be turned over by the proponent to the DOLE for proper disposition. The said equipment may be given to other proponents which need the same in the course of project implementation. Whenever applicable, in case no voluntary turn over is made by the proponent, the DOLE shall assume possession and control of subject equipment and machinery for proper disposition.
- 5.25 An annual inventory of equipment and machinery purchased out of the SEPF shall be submitted by the proponent to the DOLE-BRW not later than January 31 of each year. The said inventory report (Annex "E") shall contain, among others, the specifics/description, location and condition of the item and the accountable person to whom the said equipment and machinery were issued or donated.

6.0 MONITORING AND EVALUATION

- 6.1 The DOLE, through the BRW and DOLE Regional Offices, shall undertake periodic monitoring, audit and evaluation of all SEPF financed socio-economic projects for sugar workers.

The Bureau of Rural Workers (BRW) shall be responsible for prescribing monitoring and evaluation instruments in accordance with these guidelines and provisions of the Act. It shall exercise technical supervision over the Regional Offices.

The Regional Offices shall be responsible for monitoring approved projects implemented on the ground. It shall ascertain adherence to prescribed guidelines and provisions of MOA using duly prescribed evaluation instruments.

6.2 In monitoring implementation of duly approved projects:

The DOLE Regional Office shall:

6.2.1 render technical assistance to the proponent to ensure that project implementation is in accordance with the approved project document and MOA;

6.2.2 inspect project implementation and verify status reports submitted by the proponent;

6.2.3 submit regular quarterly monitoring report to the Secretary of Labor and Employment, through the BRW, copy furnished the proponent, within thirty (30) calendar days of succeeding quarter; and

6.2.4 do other related functions whenever necessary

The DOLE – Bureau of Rural Workers shall:

6.2.5 render technical assistance to the proponent, whenever requested to do so;

6.2.6 conduct evaluation and/or audit on the status of program implementation;

6.2.7 conduct validation of liquidation reports, whenever necessary as determined in supporting liquidation reports;

6.2.8 shall furnish the proponent with a copy of the program evaluation/audit report for the latter's due compliance and appropriate action;

6.2.9 conduct impact evaluation of program/project implementation; and

6.2.10 do other related functions whenever necessary

6.3 The proponents shall submit to the Secretary of Labor and Employment, copy furnished the STC, their respective quarterly status/accomplishment report within thirty (30) calendar days after the end of the reference quarter using standard report format (Annex "F").

A final report of accomplishment shall likewise be submitted to the DOLE, copy furnished the STC, within sixty (60) calendar days after the completion of the Project.

7.0 LIMITATION ON THE PURCHASE OF MOTOR VEHICLE

The SEPF shall only be used for the procurement of motor vehicle by the proponent when the Secretary of Labor and Employment, upon recommendation of the STC, specifically authorizes its purchase.

Such request for purchase of vehicle shall be explicitly indicated in the project proposal submitted by the proponent, together with the justification, inventory of existing motor vehicle and other supporting documents which are necessary in the evaluation of the request.

As to authorized purchases, the provisions governing the acquisition and disposition of equipment and machinery as stated in Item 5.C of these Guidelines shall be observed.

8.0 GROUNDS FOR CANCELLATION OF THE MOA AND/OR SUBSEQUENT NON-RELEASE OF SEPF

- 8.1 In the event that the proponent fails to use the SEPF for the intended purpose, the sum corresponding to the amount which was not used for the stipulated purpose, including any unexpended balance and interests thereof shall be refunded to the DOLE through the BRW. Thereafter, cancellation of the MOA shall be done after STC deliberation on the matter and due notice to proponent. Any or all unreleased budget shall no longer be released/available to the proponent.
- 8.2 In the event that the proponent is found to be not capable of completing the implementation of the approved project, no subsequent fund release, if any, shall be made. Cancellation of the MOA shall be done after STC deliberation on the matter and due notice to proponent. Any or all unexpended balance, including interests, still with the proponent shall be refunded to the DOLE through the BRW.
- 8.3 In case of unauthorized purchases of equipment, machinery and equipment, the Proponent shall refund to the DOLE through the BRW the amount equivalent to the acquisition cost of such items. Such act shall also be a ground for the cancellation of any or all subsequent fund releases, cancellation of MOA and/or non-availment of SEPF for succeeding projects.

- 8.2 The DOLE shall have the right to institute and pursue any legal action/s against the erring Proponents, if any, and their properties and assets under the provisions of the MOA, these Guidelines and other applicable laws, rules and regulations.

9.0 DUTIES AND RESPONSIBILITIES OF DOLE

The DOLE shall:

- 9.1 release the SEPF as grant, subject to liquidation and book it up as “Due from Non-Government Organizations/Private Organizations [NGOs/POs (133)]”;
- 9.2 require regular liquidation and status/accomplishment reports;
- 9.3 monitor and inspect project implementation and verify/audit financial records, books of accounts and reports of the proponent;
- 9.4 evaluate effects or impact of the project or program;
- 9.5 demand the refund of unused funds or savings after project completion;
- 9.6 demand the refund of the disallowed amounts after financial audit;
- 9.7 demand the remittance of interest income earned by the project proponent;
- 9.8 demand the remittance of interests/incomes derived from loan repayments of income-generating projects;
- 9.9 demand the sum corresponding to the amount which was not used for the stipulated purpose, including any unexpended balance and interests;
- 9.10 assume possession and control of any or all equipment, machinery and motor vehicle acquired out of the SEPF pertaining to the project which ceased operation in case of no voluntary turn over by the proponent;
- 9.11 demand from the proponent the amount equivalent to the acquisition cost of equipment, machinery and motor vehicle purchased out of the SEPF without the required authority from the DOLE; and
- 9.12 institute and pursue any legal action/s against the erring proponents and their properties and assets under the provisions of the MOA, these guidelines and other applicable laws, rules and regulations.

10.0 DUTIES AND RESPONSIBILITIES OF PROPONENT

The Proponent shall:

- 10.1 record in its books of accounts the SEPF received from DOLE as "Due to National Government Agency (DOLE-BRW)";
- 10.2 inform the DOLE in writing on the actual date and milestone on the implementation of the project;
- 10.3 ensure project implementation in accordance with the duly approved project document and the corresponding MOA;
- 10.4 keep and maintain separate combo/savings account and books and subsidiary records for SEPF received from the DOLE;
- 10.5 submit quarterly liquidation reports and duly certified financial statement/s to the DOLE;
- 10.6 require beneficiaries to issue certificate of acceptance for accomplished/completed projects;
- 10.7 regularly submit to the DOLE through the STC the required status/accomplishment reports, including final report of accomplishment indicating thereon the effects and impact of the project to the beneficiaries;
- 10.8 submit to the DOLE annual inventory of equipment, machinery and motor vehicle, if any, purchased out of the SEPF not later than January 31 of each year;
- 10.9 turn over to the DOLE any or all equipment, machinery and motor vehicle acquired out of the SEPF pertaining to the project which ceased operation;
- 10.10 remit to DOLE the interest income earned by the project proponent;
- 10.11 remit interests/incomes of income-generating projects; and
- 10.12 return to DOLE any unexpended balance or savings of the project.

11.0 RESOLUTION OF ISSUES

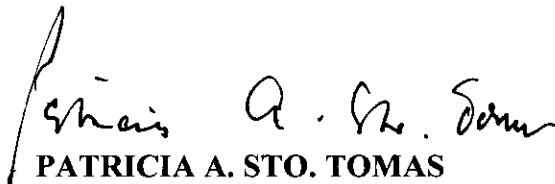
Issues arising from the implementation or interpretation of these Guidelines and matters not covered by the provisions herein shall be submitted to the Secretary of Labor and Employment through the STC for resolution and appropriate action.

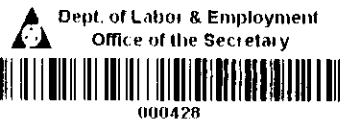
12.0 EFFECT ON OTHER ISSUANCES

The provisions of existing rules and administrative issuances not otherwise repealed, modified or inconsistent with this Order shall continue to have full force and effect.

13.0 EFFECTIVITY

This Order shall take effect immediately.


PATRICIA A. STO. TOMAS
Secretary



December 12, 2002

DISSEMINATED BY AC RECORDS SECTION ON 12-27 2002