

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF INTERNAL REVENUE**  
Quezon City

June 9, 2015

**REVENUE MEMORANDUM CIRCULAR NO. 38-2015**

**SUBJECT: Publishing the Full Text of Circular Letter No. 2015-7 Dated June 3, 2015 by the Secretary of the Department of Budget and Management, Entitled “Updated Guidelines for Issuance of Multi-Year Obligational Authority (MYOA)”**

**TO : All Internal Revenue Officials, Employees and Others Concerned**

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For the information and guidance of all concerned, quoted hereunder is the full text of Circular Letter No. 2015-7 dated June 3, 2015 by the Secretary of the Department of Budget and Management:



**“REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF BUDGET AND MANAGEMENT  
MALACAÑANG, MANILA**

**CIRCULAR LETTER**

**No. 2015-7  
June 3, 2015**

**TO : Heads of Departments, Bureaus, Offices and Agencies of the National Government, Heads of Finance Units; Budget Officers; Chief Accountants and All Others Concerned**

**SUBJECT : Updated Guidelines for Issuance of Multi-Year Obligational Authority (MYOA)**

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**1.0 Policy Statement**

Pursuant to the General Provision of the annual GAA, departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs shall request the DBM for the issuance of a MYOA prior to entering into contracts to cover the total project costs of multi-year programs, activities and projects (whether locally funded projects or foreign assisted projects). The MYOA to be issued by the DBM shall be the basis or reference for the Approved Budget for the Contract

referred to under Section 5 of R.A. No. 9184, (Government Procurement Reform Act).

## 2.0 **Coverage**

This Circular covers all multi-year programs, activities, and projects being implemented by National Government Agencies, Constitutional Offices and SUCs. This shall also include multi-year contracts, lease and lease-purchase agreements under the Revised Armed Forces of the Philippines Modernization Program (AFPMP), R.A. No. 10349.

## 3.0 **Definition of Terms**

The following terms shall be taken and understood in the sense indicated hereunder and as used in this Circular:

### 3.1 **Approved Budget for the Contract (ABC)** refers to the following:

3.1.1 For specifically appropriated items as reflected in the annual budget of the agency (NGAs including SUCs), the amount corresponding to either the full cost of a single year or multi-year program or project or activity. For multi-year projects, for which a MYOA has been issued, the ABC shall be the amount reflected in the MYOA.

3.1.2 For lump sum allocation of a department or agency, this corresponds to the allocation of the specific implementing unit as determined by the head of the department or agency.

3.2 **Capital Expenditures or Outlays** refer to an expenditure category or expense class for the purchase of goods and services, the benefits of which extend beyond the fiscal year and which add to the assets of the Government, including investments in capital stock of Government-Owned and Controlled Corporations and their subsidiaries.

3.3 **Forward Estimate (FE)** refers to the future costs of the on-going policies (translated into programs and projects) of the government over a three-year period.

3.4 **Funding Strategy** refers to a funding program for a specific multi-year project indicating sources of financing to support said project for the entire duration of the project, subject to DBM review and confirmation.

3.5 **Medium Term Expenditure Program (MTEP)** refers to the three to five year requirements of the agency's yearly priority programs, activities, projects (PAPs) within a given or assumed budget ceiling.

3.6 **Multi-Year Obligational Authority (MYOA)** is a document issued by DBM either for locally funded projects or foreign assisted

projects implemented by agencies in order to authorize the latter to enter into multi-year contracts for the full project cost.

- 3.7 **Multi-year project (MYP)** refers to the program or project which will take more than one year to complete that requires multi-year appropriations.
- 3.8 **Non-capital Expenditures** refer to an expenditure category or expense class which address spending on predictable, repeatable costs for goods and services for the conduct of normal government operations.

#### 4.0 **Guidelines**

- 4.1 Prior to the bidding of multi-year contract for MYPs (both capital and non-capital projects), national government agencies must first secure a MYOA (format shown in **Annex A**) from the DBM. This prerequisite shall ensure that the succeeding funding requirements of the MYP shall be included in the budget program for the corresponding year and is within the total project cost and categories as reflected in the FEs or in the MTEP.
- 4.2 Capital expenditures or outlays requested for issuance of MYOA shall have been included by the agencies in the Comprehensive Integrated Infrastructure Program (CIIP) or in the **Three-Year Rolling Infrastructure Program (TRIP)** as reinstituted by the Committee on Infrastructure (INFRACOM). This aims to build the pipeline of strategic projects needed to sustain rapid economic growth, thereby ensuring that only those well developed and implementation-ready projects queue up for the budget. The DBM and NEDA will jointly issue the guidelines for the TRIP.
- 4.3 Evaluation of proposals for funding of capital and non-capital projects shall be as follows:
  - 4.3.1 Investment Coordination Committee (ICC), INFRACOM, and the NEDA Board – for projects costing P1 billion and above (locally funded and foreign assisted projects), including Public Private Partnership projects;
  - 4.3.2 Development Budget Coordination Committee (DBCC) Sub-Committee on Program/Project Appraisal (SC-PPA) – for projects costing less than P1.0 billion (P300 million to less than P1.0 billion);
  - 4.3.3 Department of Budget and Management – for projects costing less than P300 Million.

- 4.4 Agencies shall submit the following documentary requirements for issuance of a MYOA using the format prescribed in this Circular:

DOCUMENTS	PROJECT COST	
	P1 Billion and above	Below P1 Billion
1. Request for MYOA including a confirmation on the agency commitment (format shown in <b>Annex B</b> )	√	√
2. Funding Strategy/Medium Term Expenditure Program (format shown in <b>Annex C</b> )	√	√
3. Approval of the projects by: <ul style="list-style-type: none"> <li>• INFRACOM or NEDA Board or DBCC, when applicable</li> <li>• Agency Head, supported with the following: <ul style="list-style-type: none"> <li>❖ Summary of Project Benefits including economic viability and technical justification<sup>1</sup></li> <li>❖ Details of expected output and outcome</li> </ul> </li> </ul>	√   -  -	-   √  √
4. Approved loan agreement for FAPs, when applicable	√	√
5. Certification of the Agency Head that any procurement activity pertaining to the project to be covered by the MYOA has not been started yet as of date of request	√	√
6. All other clearances as required under existing laws, policies, rules and regulations, when applicable: <ul style="list-style-type: none"> <li>• DOST-ICTO endorsement of computerization projects</li> <li>• NTC clearance for acquisition of communication equipment</li> </ul>	√  √	√  √

<sup>1</sup> The agency shall certify that the project is consistent with (i) Philippine Development Plan, (ii) NEDA Result Matrix, and (iii) Public Investment Program, as required under Item 3a of ICC Memorandum dated April 29, 2013.

DOCUMENTS	PROJECT COST	
	P1 Billion and above	Below P1 Billion
<ul style="list-style-type: none"> <li>DENR geo-hazard certification; or Project Location with geo-tagged map or electronic photograph of the project location with certification<sup>2</sup></li> </ul> <p>In the case of AFP Modernization Program (AFPMP):</p> <ul style="list-style-type: none"> <li>Approval of the projects or activities by President of the Philippines in the event that the Revised AFPMP has not yet been endorsed to Congress</li> <li>Approval by the President issued to the DND Secretary to enter into MYC for a specific acquisition or project</li> <li>Documents cited under Items 1 and 2 above <ul style="list-style-type: none"> <li>❖ Request for MYOA including a confirmation on the agency commitment</li> <li>❖ Funding Strategy/ Medium Term Expenditure Program</li> </ul> </li> </ul>	<p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p>	<p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p>

4.5 Notwithstanding the issuance of a MYOA, the annual requirement of the program or project shall be included in the proposed National Expenditure Program subject to Congressional Approval.

4.5.1 Agencies shall include in their budget proposals to be submitted to DBM for succeeding budget year, the requirement of the program or project covered with MYOA.

<sup>2</sup> Certification of the proponent agency may be worded as follows:

*"This is to certify that we coordinated with the (i) Mines and Geo-Science Bureau to ensure that the locations/areas/sites are not included in critical geo-hazard areas or no-build zones and with the (ii) Department of Environment and Natural Resources that the same is not within the National Integrated Protected Area System, critical habitats and other conservation areas." (In case the project is to enhance biodiversity protection, the (ii) phrase could be removed.)*

4.5.2 Obligation to be incurred in any given year shall in no case exceed the allotment released for the purpose during said year.

5.0 **Applicability Clause**

Provisions of existing circulars and issuances not consistent herewith are amended accordingly.

6.0 This Circular shall take effect immediately.

(original signed)  
**FLORENCIO B. ABAD**  
Secretary”

All concerned are hereby enjoined to be guided accordingly and give this Circular a wide publicity as possible.

(Original Signed)  
**KIM S. JACINTO - HENARES**  
Commissioner of Internal Revenue