



Republic of the Philippines  
**National Electrification Administration**

**MEMORANDUM No. 2010-016**

May 17, 2010

**MEMORANDUM TO ALL ELECTRIC COOPERATIVES**

**SUBJECT: REVISED GUIDELINES ON THE REQUEST FOR RELEASE OF CONSTRUCTION FUNDS TO ELECTRIC COOPERATIVES (ECs)**

**I. PURPOSE**

To set the guidelines on the submission, processing and approval of Request for the Release of Construction Funds (RRCF) for the electrification projects and other related construction activities of the Electric Cooperatives (ECs).

**II. POLICY**

- A. Projects in the approved workplan/ICPM and funded from NEA loans and subsidies from the National Government will be eligible for evaluation and approval for release of funds. Additional projects, not included in the approved workplan/ICPM, shall be processed upon approval of the Administrator.
- B. Electrification Projects that are funded from the Priority Development Assistance Fund (PDAF), and Initiatives of Congressmen and Senators, that are channeled through NEA shall also be evaluated and processed for release of funds.

**III. IMPLEMENTING GUIDELINES**

**A. Project Classification**

Project shall be classified as follows:

1. New Distribution Line Construction
2. Rehabilitation of Distribution Lines
3. Headquarters Facilities Construction
4. Facilities Improvement
  - a) Distribution Lines
  - b) Substation and related equipment
  - c) Headquarters facilities repair and improvement
5. Logistics, i.e. vehicles, equipment and tools, site acquisition
6. Power Transformer and related accessories/Installation of Substation

**B. For Subsidy/PDAF and Initiative Fund**

1. Upon receipt of the approved workplan/ICPM, the EC shall initiate the submission of RRCF using the NEA Standard Form duly signed by its General Manager and Board President. All the necessary supporting documents shall be attached to the RRCF.
2. The request shall be forwarded to Engineering Department for project evaluation and recommendation for approval by Deputy Administrator for Electric Distribution Utilities Services (DAEDUS).
3. Upon approval, the RRCF shall be routed to the Financial Planning and Control Division to confirm available allocated funds.
4. The Deputy Administrator for Corporate Resources and Financial Services (DACRFS) then recommends the RRCF to the Administrator for final approval of release of funds to the EC.

**C. Loans for Capital Projects**

1. Upon receipt of the approved workplan/ICPM, the EC shall initiate the submission of RRCF using the NEA Standard Form duly signed by its General Manager and Board President. All the necessary supporting documents shall be attached to the RRCF.
2. The request shall be submitted to Accounts Management and Guarantee Department (AMGD) for financial evaluation and forwarded to Engineering Department for technical evaluation. Recommendation shall be forwarded to DAEDUS for approval.
3. Upon approval, the RRCF shall be routed to AMGD for loan balance and loan contract preparation.
4. The DACRFS shall recommend to the Administrator the final approval of release of funds to the EC.

**D. Schedule of Fund Release - Subsidy/PDAF and Initiative Fund**

1. All RRCFs of ECs shall be evaluated, processed and released at the same time provided they are of different project classification.
2. Upon approval of the RRCF for a specific project classification, funds shall be released to the ECs as follows:
  - Initial release of fifty percent (50%) of the total evaluated cost, labor and materials.
  - Succeeding releases shall be based on progress billing after fifty percent (50%) accomplishment.



- Ten percent (10%) shall be withheld and be released only upon submission of all supporting documents as required by Commission on Audit (COA) such as accounting of funds, certificate of completion, as built staking sheets, bill of materials and NEA final inspection/acceptance.
- 3. The succeeding RRCF for projects of the same classification shall be processed only if the first project has been completed and closed-out.
- 4. Projects funded under PDAF shall not be covered by Item No. 2. RRCF for these projects shall be processed using the same procedure. The evaluated total project cost shall be released immediately upon receipt of funds by NEA for the purpose.

**E. Loan Releases for Capital Projects**

1. Loan releases for Capital Projects will depend on the request for loan availments by the EC and availability of loan balance.

**F. NEA Inspection**

1. Periodic inspection shall be conducted by the NEA Engineers for the following purposes:
  - a) to ensure that the funds released are properly utilized,
  - b) to determine that the project is undertaken in accordance with the approved plans and specifications,
  - c) to determine the progress of work, and
  - d) to recommend remedial actions for any problem that may arise.
2. The Accomplishment Reports and Certificate of Final Inspection and Acceptance certified by the EC Representative, the NEA and/or the Engineering Department shall be prepared as the basis for subsequent fund release.

**IV. COMPLETION TIMELINES**

To avoid early or late releases of approved funds, the ECs are enjoined to follow approved timelines, closely supervise and monitor project milestones and immediately cause the full compliance to project completion and close-out procedures.

**This supersedes NEA MEMORANDUM TO ALL ELECTRIC COOPERATIVES dated December 15, 1997 and shall take effect immediately.**

*Edita S. Bueno*  
**EDITA S. BUENO**  
Administrator

NATIONAL ELECTRIFICATION  
ADMINISTRATION

IN REPLYING- PLS. CITE: #OR016674



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