

**MALACAÑANG**  
**Manila**

**BY THE PRESIDENT OF THE PHILIPPINES**

**EXECUTIVE ORDER NO. 518**

**AMENDING EXECUTIVE ORDER NO. 124 SERIES OF 2002 PROVIDING  
FOR THE IMPLEMENTING MECHANISM OF THE ARMM SOCIAL  
FUND PROJECT FOR PEACE AND DEVELOPMENT**

**WHEREAS**, this Administration is committed to pursuing a parallel policy of building peace and development in Mindanao;

**WHEREAS**, the amended Organic Act for the Autonomous Region in Muslim Mindanao (ARMM) was enacted by Congress under Republic Act No. 9054; and the same was ratified in a plebiscite last August 14, 2001, thereby adding the Province of Basilan and Marawi City;

**WHEREAS**, part of the 1996 Peace Agreement between the Government of the Republic of the Philippines and the Moro National Liberation Front (MNLF) is the provision of livelihood opportunities for former combatants in the Special Zone for Peace and Development (SZOPAD) and one such program is the SZOPAD Social Fund;

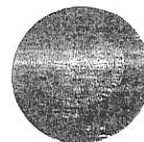
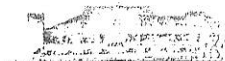
**WHEREAS**, a new and enhanced program to be known as the ARMM Social Fund for Peace and Development also known as ARMM Social Fund Project (ASFP) dedicated to the ARMM was designed, approved, and implemented in the ARMM starting Fiscal Year 2003 initially funded by a loan of the Philippine Government from the World Bank;

**WHEREAS**, the project's design allowed for expanded operations to be funded by other donors who will provide official development assistance within the framework of the ASFP program;

**WHEREAS**, the Japan Bank for International Cooperation provided for an additional loan to the Philippine Government to further reinforce the scaled-up operations of the ASFP;

**WHEREAS**, Executive Order No. 124 series of 2002 was issued to serve as the implementing mechanism for the implementation of the ARMM Social Fund Project;

**WHEREAS**, Section 8 of Executive Order No. 124 provides for an interface mechanism which paves the way for the organic staff of the Autonomous Regional Government to eventually take over the operations and management of the ASFP;



**WHEREAS**, on August 17, 2004, the ASFP Board of Directors approved the ASFP Transition Plan including the general concept of the new organizational structure to be set up once the ASFP is turned over to the Autonomous Regional Government;

**WHEREAS**, the new organizational structure will necessitate changes in the implementing mechanisms of the project;

**WHEREAS**, by December 2004, two components of the ASFP are already directly managed by the organic staff of the Autonomous Regional Government, and the supervision of the ASFP's provincial operations has been delegated to the ARMM Department of Social Welfare and Development since June 2003;

**WHEREAS**, Section 2 of Executive Order No. 496 dated 23 January 2006 gave the Office of the Presidential Adviser on the Peace Process the authority to oversee and whenever appropriate direct and/or manage projects related to the government's comprehensive peace and development efforts.

**NOW, THEREFORE, I, GLORIA MACAPAGAL ARROYO**, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

**Section 1.** Section 1 of Executive Order No. 124 is hereby amended to read as follows:

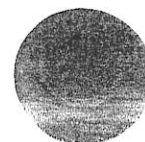
**"Section 1. ASFP.** There is hereby established a program fund to be known as the "ARMM Social Fund Project (ASFP) that shall have as its coverage and target beneficiaries, disadvantaged conflict affected and influenced communities in the expanded Autonomous Region in Muslim Mindanao (ARMM)."

The ASFP shall be under the oversight of the Office of the President.

**Sec. 2.** Section 2 of Executive Order No. 124 is hereby amended to read as follows:

**"Section 2. ASFP Board.** The ASFP Board shall be managed by a Board of Directors to be appointed by the President composed of the following:

- |          |   |   |
|----------|---|---|
| Chair    | - | ARMM Regional Governor  |
| Co-Chair | - | Office of the Presidential Adviser on the Peace Process (OPAPP)   |
| Members  | - | Executive Secretary   |
|          | - | Secretary of the Department of Budget and Management (DBM)        |
|          | - | Representative of the Governors of the Five Provinces of the ARMM |



- Two (2) Representatives from Civil Society Organizations (CSO)
- Representative of Women's Organization
- Representative from the Business Community

The Project Manager of the ASFP Project Management Office (PMO) shall be an ex-officio non-voting member of the Board, and shall act as the Secretary of the Board.

Except for the Chair, each member of the Board shall have permanent alternate to be designated by their respective principals, who shall have full powers and authority to vote in Board meetings in the event that the principal is unable to attend.

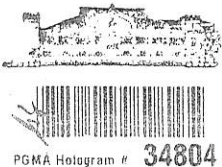
The Chair shall recommend three (3) nominees representing the CSO, Women's Organization and Business Community to the President for appointment as members of the Board.

The Board shall meet twice a year or as maybe necessary as determined by the Chair. As much as possible, the meetings shall be held in Cotabato City. The Board may invite in its meetings relevant government agencies and donor agencies for coordination of activities and programs of the ASFP."

**Sec. 3.** Section 3 of Executive Order No. 124 is hereby amended to read as follows:

**"Section 3. Functions of the ASFP Board.** The ASFP Board shall perform, among others, the following functions:

- a. Establish levels of authority and responsibilities of the ASFP Project Management Office (PMO);
- b. Guide policies and endorse implementing guidelines (including Operations Manual) needed to accomplish the purpose and objectives of the ASFP;
- c. Review and approve the Project's Overall Project Plan, and the Annual Operation Plan and the budget of the ASFP;
- d. Ensure that the overall progress of the ASFP and the performance of the PMO and other operating units are on target in terms of meeting the Project's performance commitments for a given timeframe;
- e. Ensure that an external management and financial audit is undertaken of the ASFP on an annual basis;



- f. Authorize the Project Manager to perform any and all things necessary to implement the decisions and policies of the Board and all other matters that are delegated to him/her by the Board;
- g. Resolve policy issues relating to the timely and effective utilization of the ASFP fund;
- h. Ensure timely submission of semi-annual and annual reports to the Office of the President;
- i. Promulgate rules and regulations to implement this Executive Order; and
- j. Perform other relevant tasks that may be assigned by the President."

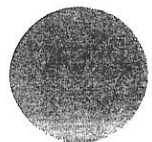
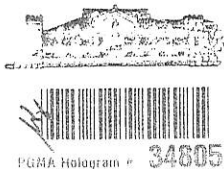
**Sec. 4.** Section 4 of Executive Order No. 124 is hereby amended to read as follows

**"Section 4. MMSC.** For the efficient and fast decision-making process and to promote decentralization, there shall be established Municipal Multi-Sectoral Committees (MMSC), which shall approve the priority barangays and the appraised sub-projects following the relevant procedures in the Operations Manual in their area of jurisdiction.

There shall be nine (9) members made up of four (4) municipal officials and five (5) representatives from civil society. Each municipal MSC member shall be recommended by the Municipal Sangguniang Bayan and endorsed by the Municipal Mayor to the Provincial Governor for appointment.

The MSC shall cover the entire municipality under its area of jurisdiction. Each MSC shall be composed of the following:

- Chair - Municipal Planning and Development Coordinator
- Co-Chair - President of the Municipal Chapter of Liga ng mga Barangay
- Members - Private Sector Representative
- Sangguniang Bayan Chairperson for Social Services or Poverty Reduction Committee
- Sangguniang Bayan Chairperson for Infrastructure Committee
- CSO Representative



- Representative from Women's Organization
- Representative from Indigenous People
- Representative from the Business Community

The Municipal Social Welfare Officer (MSWO) of the respective municipality shall be the ex-officio non-voting member and shall serve as technical secretariat of the MSC.

**Sec. 5.** Section 5 and 6 of Executive Order No. 124 are hereby amended to read as follows:

**"Section 5. ASFP-PMO.** There shall be an office to be known as the ARMM Social Fund Project-Project Management Office (ASFP-PMO) that shall implement the Project. The ASFP-PMO shall have a simple and streamlined organizational structure that will allow "nearer to the ground" decision-making and efficient flow of funds to the implementing organizations. The PMO will work closely with the ARMM-DSWD for the delivery of ASFP's Community Development Assistance (CDA) component and the ARMM-DPWH for the delivery of the ASFP's Strategic Regional Infrastructure (SRI) component and other concerned ARMM line agencies. Selected provincial ad hoc committees can be convened to improve delivery of services if the need so arises. The ASFP-PMO may contract a limited number of technical consultants to augment its work, where necessary and upon approval by the Board.

The Board shall review and approve the Project Management Office organizational structure and staffing pattern with compensation packages following the allowable rates under Memorandum Order No. 20 dated June 25, 2001 for the project staff due to the volume of work and the security risks involved.

**Section 6.** Section 6 of Executive Order No. 124 is hereby deleted in view of the revised organizational structure of the ASFP."

**Sec. 7.** Section 7 of Executive Order No. 124 is hereby amended to read as follows:

**"Section 7. The Project Manager.** A Project Manager shall be appointed and/or designated by the Regional Governor as the Chief Executive Officer of the ASFP-PMO. The Project Manager shall be an organic personnel of the Autonomous Regional Government that has extensive project implementation experience in Mindanao, and must possess the necessary educational qualifications and managerial skills to manage projects of this nature.

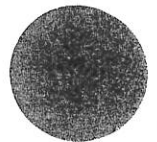
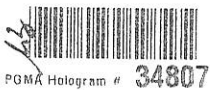


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The Project Manager shall perform, among others, the following duties and responsibilities:

- a. Direct the preparation and timely submission to the Board of the overall Project Implementation Plan, and the ASFP Annual Operations Plan, which reflects all the Work and Financial Plans of the different components, and the Project's Management Plan;
- b. Install and institutionalize the management systems for planning, monitoring and evaluation of the ASFP in all the Project's operating units;
- c. Conduct monthly management meetings to determine the status of implementation plans;
- d. Conduct quarterly meetings with the relevant ARMM line agencies which implement and/or support implementation of the ASFP;
- e. Immediately act to resolve bottlenecks in implementation, as determined from progress reports or feedbacks from implementing units;
- f. Assess bi-annually the performance of key staff of the PMO, and the ARMM line agencies, based on their performance commitments/contracts;
- g. Manage the smooth and efficient operations of the ASFP-PMO and all its operating units and staff so that the objectives of ASFP can be successfully achieved;
- h. Ensure that technical reports and policy papers are prepared and distributed in a timely manner for discussion and consideration of the Board;
- i. Direct the preparation and submission of semi-annual and annual reports of the ASFP to the Board;
- j. Ensure that the Board decisions are implemented and complied with;
- k. Represent ASFP-PMO in meetings with the fund donors, international agencies, other government agencies, local government units, and the general public; and
- l. Perform other tasks as may be assigned by the Board."



**Sec. 8.** Section 8 of Executive Order No. 124 is hereby amended to read as follows:

**"Section 8. Institutional Arrangement** – The ASFP Board shall oversee the smooth transition of the ASFP to the ARMM Regional Government based on performance triggers as indicated in the Operations Manual."

**Sec. 9.** Section 9 of Executive Order No. 124 is hereby amended to read as follows:

**"Section 9. Budget.** The budgetary fund requirement for the ASFP shall be included in the Annual General Appropriations Act (GAA) of the ARMM until the end of the project."

**Sec. 10.** Section 10 of Executive Order No. 124 is hereby amended to read as follows:

**"Section 10. Transitory Provision.** The assets of the Central Fund Management Office (CFMO) including those acquired during the SZOPAD Social Fund (SSF) shall be transferred to the ASFP-PMO which shall be under the control and supervision of Autonomous Regional Government."

**Sec. 11.** The Board shall ensure that a Comprehensive Audit of the Project will be done before the full turnover to ARG.

**Sec. 12.** Section 11 of Executive Order No. 124 on the repealing clause is hereby re-numbered as Section 12. Executive Order No. 496 series of 2006 is hereby repealed insofar as it places the ASFP under the oversight, supervision and/or control of OPAPP.

**Sec. 13.** This Executive Order shall take effect immediately.

Done in the City of Manila, this 21<sup>th</sup> day of March, in the Year of Our Lord Two Thousand and Six.

*Gloria Arroyo*

By the President:

  
**EDUARDO R. ERMITA**  
Executive Secretary

