

EXECUTIVE ORDER NO. 124

**PROVIDING FOR THE IMPLEMENTING MECHANISM FOR THE ARMM
SOCIAL FUND 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 (except Isabela City) and the City of Marawi to the original provinces and cities that voted to join the ARMM;

WHEREAS, part of the 1996 Peace Agreement between the Government of the Republic of the Philippines and the Moro National Liberation Front 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 (ASFPD) dedicated to the ARMM has been designed to be implemented starting fiscal year 2003 to be initially funded by a loan of the Philippine Government from the World Bank;

WHEREAS, the project is designed that it can be scaled up and allow for other donors to come in with official development assistance within the framework of the ASFPD program;

WHEREAS, the Investment Coordinating Committee – Cabinet Committee has approved the ASFPD during its meeting last 15 August 2002, and

WHEREAS, there is a need to establish the implementing mechanism for the ASFPD.

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. ASFPD. – There is hereby established a program fund to be known as the “*ARMM Social Fund for Peace and Development*” (ASFPD) that shall have as its



coverage and target beneficiaries disadvantaged conflict affected and influenced communities in the expanded Autonomous Region in Muslim Mindanao (ARMM).

Section 2. ASFPD Board. --- The ASFPD shall be managed by a Board of Directors to be appointed by the President composed of the following:

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| Chairman | - | ARMM Governor |
| Co-Chair | - | Representative of the Office of the President |
| Members | - | Secretary of Social Welfare and Development; |
| | - | Presidential Adviser on the Peace Process; |
| | - | Representative of the Governors of the ARMM Provinces; |
| | - | Representative of the Business Community from ARMM; |
| | - | Representative of former combatants from ARMM; and |
| | - | Two (2) representatives of civil society from ARMM. |

The Executive Director of the ASFPD-FMO shall be an ex-officio non-voting member of the Board, and shall act as the Secretary of the Board.

Except for the Chairman, each member of the board shall have a permanent alternate to be appointed by the President, who shall have full powers and authority to vote in board meetings in the event that his principal is unable to attend.

Every board member or his/her permanent alternate shall receive a *per diem* of Five Thousand (P5,000.00) Pesos for every meeting attended.

The Board shall meet at least once every quarter, or as may be necessary as determined by the Chairman. The Board may invite in its meetings relevant government agencies and donor agencies for coordination of activities and programs of the ASFPD.

Section 3. Functions of the ASFPD Board. -- The ASFPD Board shall perform, among others, the following functions:

- (a) Establish levels of authority and responsibilities of the Sub-projects Approval Committees (SPACs), Central Fund Management Office (CFMO), Area Fund Management Office (AFMO), the different departments, units, officers and employees of the ASFPD-FMO;
- (b) Formulate and approve financing policies and implementing guidelines (including Operations Manual) needed to accomplish the purpose and objectives of the ASFPD.
- (c) Review annually the policies and strategies of the ASFPD;
- (d) Review and approve the annual work and financial plan and budget of the ASFPD-FMO;



- (e) Review the progress of the projects and the performance of the SPACs, CMFO, AFMO in terms of the management of the delivery of services;
- (f) Ensure that an external management and financial audit is undertaken of the ASFPD on an annual basis;
- (g) Authorize the Executive Director 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 by the Board;
- (h) Resolve policy issues relating to the timely and effective utilization of the ASFPD;
- (i) Submit a quarterly and annual report to the President;
- (j) Promulgate rules and regulations to implement this Executive Order; and
- (k) Perform other tasks that may be assigned by the President.

Section 4. SPACs --- For the efficient and faster decision making process, there shall be established initially two (2) Subproject Approval Committees (SPACs), which shall approve the priority barangays and the appraised sub-projects following the relevant procedures in the Operations Manual in their area of jurisdiction.

One SPAC shall cover the provinces of Maguindanao, Lanao del Sur, and the City of Marawi, while the other shall cover the provinces of Basilan, Sulu, and Tawi-Tawi.

Each SPAC shall be composed of the following to be appointed/designated by the President:

- Chairman - Representative of the ASFPD Board of Directors
- Members - Representative of the Province;
- Technical representative of the ARMM Department of Public Works & Highways;
- Technical representative of the ARMM Department of Social Welfare & Development;
- Representative of the ARMM Regional Planning & Development Office
- Two (2) representatives of civil society, including a representative from the indigenous peoples from the area;
- Representative of the business community from the area; and
- Representative of former combatants from the area.



The Area Manager of the AFMO shall be an ex-officio non-voting member of the SPAC.

The members of the SPACs shall receive a per diem of P2,500.00 for every meeting attended, but in no case to exceed P10,000.00 per month. The SPACs shall meet at least once a month, or as may be necessary.

Section 5. ASFPD-FMO. --- There shall be a semi autonomous body to be known as the *ARMM Social Fund for Peace and Development-Fund Management Office* (ASFPD-FMO) that shall implement the program. The ASFPD-FMO 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 Board shall review and approve an organizational structure and staffing pattern with compensation packages following allowable rates under Memorandum Order No. 20 dated June 25, 2001 for the contractual staff as well as the Executive Director.

The SZOPAD Social Fund Fund Management Office (SSF-FMO) created under Executive Order No. 445 dated October 1, 1997 is hereby abolished.

In addition to the initial projects of the ASFPD, the ASFPD-FMO shall manage and implement existing on-going projects of the SSF-FMO based on the policies and arrangements under which the projects were evaluated and approved.

Section 6. CFMO and AFMO --- For the efficient management of the projects, there shall be a Central Fund Management Office (CFMO), and initially, two (2) Area Fund Management Offices (AFMO) each headed by an Area Manager, to be strategically located in an area as determined by the Board, where it can best serve the beneficiaries of the ASFPD.

Section 7. The Executive Director --- The Executive Director shall be appointed by the President of the Philippines as the Chief Executive Officer of the ASFPD-FMO. The Executive Director must have extensive relevant Mindanao experience, and must possess the necessary educational qualifications and managerial skills to manage programs of this nature.

The Executive Director shall perform, among others, the following duties and responsibilities:

- a. Manage the smooth and efficient operations of the ASFPD-FMO, the CFMO, the AFMO, its operating units and staffs;
- b. Prepare all the technical reports and policy papers for the discussion and consideration of the Board;
- c. Prepare the quarterly and annual report of the ASFPD, the Operations Manual, Annual Work and Financial Plan, and Budget;



- d. Implement and monitor the decisions of the Board;
- e. Represent the ASFPD-FMO in meetings with the fund donors, international agencies, other government agencies, local government units, and the general public;
- f. Manage the smooth transition from the SSF-FMO to the ASFPD-FMO, and subsequently to the ARMM Regional Government; and
- g. Perform other tasks as may be assigned by the Board.

Section 8. Institutional Arrangement. --- The board shall, within the first year, formulate an interface mechanism, whereby upon the end of the third year of the project and subject to satisfactory progress in meeting the agreed milestones, organic staff of the Autonomous Regional Government (ARG) shall eventually take over the management and operation of the project. It shall formulate and implement a training program whereby organic staff of the ARG shall acquire adequate training necessary to build up its capacity.

Section 9. Budget. --- The project's initial budgetary funding requirements shall be included in the General Appropriations Act for year 2003, and every year thereafter until the end of the project.

Section 10. Transitory Provisions. --- The officers and staff of the SSF-FMO shall continue to hold office until the end of their contracts. Thereafter, they shall be on a holdover capacity until the new organizational structure and staffing pattern of the ASFPD-FMO shall have been established and approved. Those who are not reappointed under the new staffing pattern shall be deemed terminated.

The assets of the SSF-FMO shall be transferred to the ASFPD-FMO.

The Executive Director shall manage the remaining work program under the IBRD, OPEC and IBRD-JSDF until its full completion, in accordance with the principles and targets outlined in the relevant Project Agreement.

The remaining relevant functions of the SZOPAD Social Fund Executive Committee under Executive Order No. 445 (series of 1997) with reference to, among others, approval of subprojects and variation orders, shall be performed by the ASFPD Board of Directors, for projects Five Million (P5,000,000.00) Pesos and above, and by the CFMO-Management Committee for projects below Five Million Pesos.

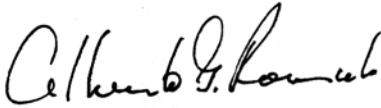
Section 11. Repealing Clause --- All orders, issuances, rules and regulations and other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.



Section 12. Effectivity. --- This Executive Order shall take effect immediately.

DONE in the City of Manila, this day of **SEP 12 2002** in the year of Our Lord, twenty hundred and two.

By the President:



ALBERTO G. ROMULO
Executive Secretary



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