

BY THE PRESIDENT OF THE PHILIPPINES

MEMORANDUM CIRCULAR NO. 41

AMENDING MEMORANDUM CIRCULAR NO. 61-A , SERIES OF 1993

In order to ensure the effective implementation of Republic Act No. 7171 entitled "An Act to Promote the Development of the Farmers in Virginia Tobacco Producing Provinces," and to provide for the share of beneficiary provinces equivalent to 15% of the excise taxes on locally-manufactured Virginia-type cigarettes, certain provisions of Memorandum Circular No. 61-A are hereby amended as follows:

2.1 The Department of Budget and Management shall:

- 2.1.2 On the basis of National Tobacco Administration Certification, determine the (1) qualified beneficiary provinces by taking into account their average annual Virginia Tobacco production, which should not be less than one million kilos, and (2) compute the corresponding amount of their respective shares based on the adjusted Virginia tobacco acceptances.
- 2.1.3 Taking into account the cash management and programming procedures, and budgetary constraints, to issue a funding check directly to the beneficiary provinces monthly, based on the Advise of Allotment released for this purpose.

2.3 The National Tobacco Administration (NTA) shall:

- 2.3.1 Implement an effective and efficient system of documentation and reporting of Virginia Tobacco production and tobacco acceptances by the Trading Centers in the beneficiary provinces, and such other information as may be deemed necessary for the purpose.
- 2.3.2 Provide the DBM and the provincial governments concerned with a certification, duly approved by the NTA Administrator, of Virginia Tobacco acceptances by provinces for the immediate past year, provided, however, that such Certificate shall be submitted to the DBM not later than the first quarter of the current year.

2.4 The Provincial government-beneficiary shall:

- 2.4.1 Record separately the receipts and disbursements of funds in order to account the balance of the funds released to them.
- 2.4.2 Ensure that all projects to be implemented are duly approved by their respective Sangguniang Panlalawigan through an appropriate ordinance or resolution.

3.0 GUIDELINES

3.3 Financial and Remittance Scheme and Utilization

- 3.3.2 The DBM shall release the share of each province directly to the Provincial Government on a quarterly basis by way of issuance of an advise of Allotment and cash allocation by issuing a funding check on a monthly basis, using the certification issued by the Bureau of Internal Revenue as to the amount of the said excise tax actually collected and remitted to the Bureau of Treasury, subject to the usual cash programming procedure and budgetary constraint.
- 3.3.3 The respective shares of the beneficiary provinces shall be treated as a special account under the general fund of the provinces to be utilized for the following projects:
- 3.3.3.1 Cooperative projects that will enhance a better quality of products, increase productivity, guarantee the market, and in general increase farmers' income;
 - 3.3.3.2 Livelihood projects particularly the development of alternative farming systems to enhance farmers' income;
 - 3.3.3.3 Agro-industrial projects that will enhance tobacco farmers in the Virginia tobacco-producing provinces to be involved in the management and subsequent ownership of these projects, such as post-harvest and secondary processing like computerized curing barn, redrying plant, cigarette manufacturing and by-product utilization; and
 - 3.3.3.4 Infrastructure projects such as farm-to-market roads."

This Memorandum Circular shall take effect immediately.

(Sgd.) **JOSEPH EJERCITO ESTRADA**

By the President:

(Sgd.) **RAMON B. CARDENAS**
Acting Executive Secretary

Manila, September 8, 1999