



**Department of Finance**

**MUNICIPAL DEVELOPMENT FUND OFFICE**

# **PROJECT TECHNICAL ASSISTANCE AND CONTINGENCY FUND (PTACF)**

**THE EXECUTIVE DIRECTOR**

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## OVERVIEW

The Project Technical Assistance and Contingency Fund (PTACF) was created through Municipal Development Fund Office (MDFO)– Policy Governing Board (PGB) Resolution No. 07-05-29-2008. It aims to provide optional financing for LGUs (except highly urbanized cities in Metro Manila, and key cities and provinces over the country) in funding the contingency requirements and Technical Assistance (TA) needed for LGU subprojects that are financed by MDFO.

## OBJECTIVES

1. To help LGUs who want to avail of any of the MDFO's lending facilities accelerate preparation and submission of feasibility studies and detailed engineering design (DED);
2. To create a fund that would absorb the foreign exchange cost differential incurred in the actual project implementation of LGUs availing of any of the MDFO's lending facilities; and
3. To finance other TA needs of LGU that are deemed necessary for subproject implementation, but are not in the Subproject Loan Agreement (SPLA), or those that are not provided or accommodated in other MDFO-funded projects accessed by it.

## ELIGIBLE BORROWERS

1. All income class LGUs except highly urbanized cities in National Capital Region (NCR) that will access any MDFO funds financing
2. All LGUs with approved subprojects under any of the MDFO funding facilities.

## ELIGIBLE FINANCING

Eligible items for funding include, but not limited to, the following:

1. Preparation of project feasibility studies;  
*Loanable amount: 3% of the proposed Project Cost*
2. Preparation of Detailed Engineering Design;  
*Loanable amount: 6% of the proposed Project Cost*
3. Actual foreign exchange cost differential incurred upon project implementation; and
4. Other technical assistance (TA) needs of the LGU which are deemed necessary for the completion of a project and are not included in the original SPLA. Examples of such TA include:
  - capacity building
  - technical related tests, e.g., test on well drilling related to the feasibility study;
  - revenue enhancement program; and
  - other studies related to the project.

## LOAN TERMS AND CONDITIONS

1. Interest Rates

LGU Income Classification	Interest Rate
4 <sup>th</sup> to 6 <sup>th</sup> class municipalities	0%
2 <sup>nd</sup> and 3 <sup>rd</sup> class municipalities	0.5%
1 <sup>st</sup> class municipalities	1.0%
Cities and Provinces, except HUCs in NCR	1.5%

2. Repayment Period

Loan payments should be made within (3) three years with no grace period on the principal payment, with provision for Internal Revenue Allotment (IRA) deduction in case of payment default.

## APPLICATION REQUIREMENTS

1. Letter of Intent (LOI) signed by the Local Chief Executive and mentioning the proposed project or intervention, its objectives, beneficiaries, benefits and impact;
2. Local Government Council Resolution manifesting support for the project and authorizing the Local Chief Executive to enter into relevant agreements;
3. Feasibility Study/Project Proposal; and
4. Certificate of Net Debt Service and Borrowing Capacity issued by the Bureau of Local Government Finance (BLGF).