



BUREAU OF CUSTOMS
MAKABAGONG ADUANA, MATATAG NA EKONOMIYA



IA G Memo No. 32-2023

MEMORANDUM

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FOR : ASSISTANT COMMISSIONER
DEPUTY COMMISSIONERS
ALL DISTRICT COLLECTORS
ALL CONCERNED OFFICES

FROM : 
MICHAEL C. FERRIN
Acting Deputy Commissioner
Internal Administration Group

SUBJECT : **PRESCRIBED GUIDELINES ON THE ISSUANCE
OF MULTI-YEAR CONTRACT AUTHORITY (MYCA)**

DATE : July 3, 2023

1. For the information and guidance, attached is a copy of Department of Budget and Management Circular No. 2023-7 dated 17 May 2023, entitled "**Prescribed Guidelines on the Issuance of Multi-Year Contractual Authority (MCYA)**"
2. A copy of the said Budget Circular may also be downloaded from the BOC website <https://customs.gov.ph/> and DBM website: <https://www.dbm.gov.ph/>. If an office cannot access the BOC website and DBM website, a hard copy may be obtained from the Central Records Management Division, upon request.
3. For dissemination to all concerned.

Encl: Circular No. 2023-7 dated 17 May 2023

Cc: Office of the Commissioner

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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO ST., SAN MIGUEL, MANILA



CIRCULAR LETTER

No. 2023 - 7
May 17, 2023

TO : All Heads of Departments/Agencies/State Universities and Colleges and Other Offices of the National Government including Constitutional Commissions/Offices; Budget Officers; Heads of Finance and Accounting Units and All Others Concerned

SUBJECT : PRESCRIBED GUIDELINES ON THE ISSUANCE OF MULTI-YEAR CONTRACTUAL AUTHORITY (MYCA)

1.0 RATIONALE

Pursuant to Section 32 of the General Provisions of Republic Act (R.A.) No. 11936 or the FY 2023 General Appropriations Act (GAA), departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and State Universities and Colleges (SUCs) shall request the Department of Budget and Management (DBM) for the issuance of a MYCA prior to entering into contracts for Locally-Funded Projects (LFPs) and Regular and Recurring Services, to cover the total project costs of multi-year programs, activities and projects.

For Foreign-Assisted Projects (FAPs) and Multi-Year Public-Private Partnership (PPP) Projects, implementing agencies shall:

- **Ensure that the annual funding requirement for FAPs** are reflected in the project profile consistent with the National Budget Circular (NBC) No. 581 dated December 27, 2020 and other guidelines that may further be issued thereon.
- **Secure Letter of Commitment (LOC) for multi-year PPP projects** undertaken with the government pursuant to R.A No. 6957, as amended by R.A. No. 7718¹, consistent with the guidelines provided under NBC No. 564² dated June 8, 2016 and other guidelines that may further be issued thereon.

¹ **R.A. No. 7718:** "An Act Amending Certain sections of R.A. No. 6957 entitled: An Act Authorizing the Financing Construction, Operation, and Maintenance of Infrastructure Projects by the Private Sectors and for Other Purposes"

² **NBC No. 564:** Guidelines for Issuance of Letter of Commitment (LOC) Covering National Government Support for Multi-year Solicited Public-Private Partnership (PPP) Projects

2.0 PURPOSES

As part of the adoption and continued implementation of Cash Budgeting System (CBS) pursuant to Executive Order No. 91, s. 2019, this Circular is being issued:

- 1.1. To modify the prescribed formats of MYCA (**Annex A**), Request for MYCA (**Annex B**) and its Funding Strategy (**Annex C**); and
- 1.2. To harmonize and update the guidelines for the issuance of MYCA specified under DBM Circular Letter (CL) No. 2015-7³ dated June 3, 2015 and NBC No. 570⁴ dated May 19, 2017.

3.0 COVERAGE

This Circular covers departments, bureaus, offices, agencies and operating units of the national government, including commissions/offices under the Constitutional Fiscal Autonomy Group (CFAG) and SUCs undertaking multi-year contracts (MYCs) for locally-funded multi-year projects, including regular and recurring procurement services, except those funded by PPP and FAPs.

4.0 DEFINITION OF TERMS

For the purpose of this Circular, the following terms shall mean as follows:

- 4.1 **Approved Budget for the Contract (ABC)** – refers to the following:
 - 4.1.1 For specifically appropriated items as reflected in the annual budget of the agency (NGAs including SUCs), the amount corresponding to either the full cost of a single year or multi-year program or project or activity, as duly approved by the head of the department/agency.
 - 4.1.2 For lump sum allocation of a department or agency, this corresponds to the allocation of the specific implementing unit as duly approved by the head of the department or agency.
- 4.2 **Certificate of Availability of Funds (CAF)** – refers to the certification made by the proper accounting official of the agency concerned required for purposes of entering into contracts for certain types of expenditures and is an integral part of the contract. This document certifies that funds have been duly appropriated/allotted for the purpose of entering into a contract involving expenditure of public funds and that the amount necessary to cover the proposed contract for the current fiscal year is

³ Circular Letter No. 2015-7: Updated Guidelines for Issuance of Multi-Year Obligational Authority (MYOA)

⁴ NBC No. 570: Prescribing Guidelines for Issuance of Multi-Year Obligational Authority (MYOA) for Multi-Year Projects (MYPs) Covering the Procurement of Regular and Recurring Services

available for expenditure on account thereof, as verified by the Auditor concerned, pursuant to Section 86 of Presidential Decree No. 1445.

- 4.3 **Forward Estimates (FEs)** – refers to the three-year estimate of the future costs of ongoing policies and existing programs/activities/projects (P/A/Ps). This will serve as basis in the medium-term fiscal planning process to project government spending in the succeeding years.
- 4.4 **Funding Strategy** – a funding program for a specific multi-year project indicating sources of financing to support said project for the entire duration of the project as prepared and submitted by the agency concerned to the DBM.
- 4.5 **Locally-Funded Projects (LFPs)** – projects financed out of revenue collections and domestic borrowings.
- 4.6 **Medium-Term Expenditure Program (MTEP)** – refers to the three to five-year requirements of the agency's yearly priority P/A/Ps within a given or assumed budget ceiling.
- 4.7 **Multi-Year Contractual Authority (MYCA)** – formerly known as Multi-Year Obligational Authority (MYOA), a document issued by DBM, either for LFPs or for regular and recurring services, in order to authorize the recipient entity to enter into multi-year contracts for the full project cost of multi-year programs/projects. It contains an annual breakdown of the full project cost, to ensure that agencies include in their budget proposal for the ensuing years, the amount programmed for the said years.
- 4.8 **Multi-Year Project (MYP)** – a program or project which will take more than one fiscal year to complete that requires multi-year appropriations.
- 4.9 **Program** – a group of activities and projects that contribute to a common particular outcome. A program should have the following: 1) unique expected results or outcomes; 2) a clear target population or client group external to the agency; 3) a defined method of intervention to achieve the desired result; and 4) a clear management structure that defines accountabilities.
- 4.10 **Project** – a special undertaking carried out within a definite time frame and intended to result in some predetermined measure of goods and services.

4.11 **Regular and Recurring services (General Support Services)** – services that are essential, indispensable, or necessary to support the operations of the procuring entity or for the enhancement of the welfare of its personnel. Such services include but are not limited to:

- 4.11.1 Janitorial and security services;
- 4.11.2 Supply of drinking water;
- 4.11.3 Telecommunications requirements; and
- 4.11.4 Rental of office and equipment, among others.

5.0 GUIDELINES

5.1 A MYCA shall be required prior to commencement of any procurement activity relative to multi-year contracts for MYPs. The total project cost reflected in the MYCA shall be the basis or reference for the ABC as provided in R.A. No. 9184⁵ and its revised Implementing Rules and Regulations (IRR). Meanwhile, the annual breakdown indicated in the MYCA shall be the basis for the CAF.

5.1.1 Succeeding funding requirements of the MYP covering MYCA shall be included in the expenditure program for the corresponding year as reflected in the FEs or in the MTEP.

5.1.2 Infrastructure projects requested for issuance of MYCA shall have been included in the Three-Year Rolling Infrastructure Program (TRIP) approved by the NEDA Board-Committee on Infrastructure (INFRACOM). This will ensure that the infrastructure projects are responsive to the Philippine Development Plan and are readily implementable so as to minimize underspending, expenditure realignments or cost overruns.

5.2 MYCAs shall be issued for projects with implementation period of twelve (12) months or less which by design, necessitates implementation covering two (2) fiscal years. These include but are not limited to projects that are either research or scientific in nature.

5.3 For regular and recurring services, the DBM shall issue MYCA only under the following instances:

5.3.1 Savings will be generated in a contract that would exceed one (1) year;

⁵ **R.A. No. 9184**; "An Act Providing for the Modernization, Standardization and Regulation of The Procurement Activities of The Government and for Other Purposes"

- 5.3.2 Delivery of timely services would be hampered if annual bidding will be conducted; and
- 5.3.3 Locked-in contracts for specific cases, e.g., IT contracts of proprietary conditions, etc., which would make it more advantageous for the NGA to undergo the same.

Government agencies have the option to renew the ongoing contract to not more than one year, subject to a favorable assessment or evaluation of contractor's performance, but in no case shall the total contract renewal exceed two years.

- 5.4 Agencies shall submit the following documentary requirements for issuance of a MYCA:
 - 5.4.1 Agency Request including Request for MYCA (Annex B) and Funding Strategy (Annex C).
 - 5.4.2 Certification of the Agency Head that any procurement activity pertaining to the project to be covered by the MYCA has not been started yet as of date of request.

Additional requirements for capital and non-capital projects, as applicable:

Approving Authority	Proposed Funding Level
NEDA Board – Investment Coordination Committee (ICC)	For major capital projects costing P2.5 billion and above ⁶
Agency Head	For projects costing below P2.5 billion ⁷ (supported by other documents, as may be required)
Office of the President (OP)	For administrative building/ space costing at least P1 billion ⁸

⁶ ICC Memorandum dated June 27, 2017: PhP2.5 Billion Project Cost Threshold for ICC Review/Approval of Project Proposal

⁷ Supported with summary of project benefits including economic viability, if applicable, details of expected output/outcome, work & financial plan showing implementation schedule and the corresponding activities, and cost-benefit analysis for the project

⁸ ICC Memorandum dated July 14, 2014: ICC Procedure on the Review/Approval Process for Public Buildings/Facilities Costing At Least PhP1 Billion

Other clearances required under existing laws, policies, rules and regulations, when applicable (for LFPs):

- DICT endorsed ISSP for ICT projects
- NTC clearance for acquisition of communication equipment
- DENR geo-hazard certification; or Project Location with geo-tagged mapping or electronic photograph of the project location with certification
- DPWH certification relative to project's conceptual plan⁹
- Approved Land Use Development and Infrastructure Plan of SUCs as evaluated and recommended by CHED

For Revised AFP Modernization Program OP approval is required.

- 5.5 Notwithstanding the issuance of a MYCA, MYCs entered into based on such MYCA, shall be guided by the following:
- 5.5.1 Annual review should be conducted by the agency concerned as part of the process/MYC to enable to negotiate for a lower price for the service in the event that the actual cost for the good or service covered by the contract becomes lower per prevailing market analysis;
- 5.5.2 Agencies shall ensure that the annual funding requirements for the multi-year projects shall be included in their budget proposals to be submitted to DBM for the covered years, consistent with the funding schedule in the MYCA and equivalent authorities;
- 5.5.3 In all instances, disbursements to be incurred in any given year shall in no case exceed the cash program for the purpose during the year.

For MYPs, the CAF shall be issued annually based on the budget for the year.

For MYPs with no funding requirement on any given year, instead of CAF, the Chief Accountant shall issue a certification that no fund is needed for the year, as indicated in the approved MYCA; and

⁹ Certifying that the project's conceptual plan has passed the review of the DPWH and is compliant with the standards of the National Building Code of the Philippines and other pertinent laws

- 5.5.4 Procurement of multi-year projects shall be subject to the provisions of R.A No. 9184 and its IRR, as amended and GPPB guidelines and/or the DBM.

6.0 APPLICABILITY CLAUSE

Provisions of existing circulars and issuances not consistent herewith are amended accordingly.

7.0 EFFECTIVITY

This Circular shall take effect immediately.


AMEMAR P. PANGANDAMAN
Secretary



MYCA No. _____



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO ST., SAN MIGUEL, MANILA

MULTI-YEAR CONTRACTUAL AUTHORITY

For Fiscal Year _____

ORGANIZATIONAL DESCRIPTION/CODE		FUND SOURCE CODE:	<input type="checkbox"/> Locally-Funded Project <input type="checkbox"/> Regular and Recurring Services
Department:			
Agency:			
Operating Unit:			
Organization Code:			

PROGRAM/PROJECT NAME:

YEAR	PARTICULARS	AMOUNT AUTHORIZED
Total		P

AMOUNT IN WORDS:

NOTES:

The authority herein issued shall be used solely for the purposes indicated. Notwithstanding the issuance of this MYCA, the actual obligations to be incurred in any given fiscal year shall in no case exceed the cash appropriation for the said fiscal year subject to the usual budgeting, accounting and auditing rules and regulations.

Approved:

Date of Issuance

Secretary of Budget and Management

REQUEST FOR MULTI-YEAR CONTRACTUAL AUTHORITY

For FY _____

Organizational Description/Code		Funding Source Code:
Department:		<input type="checkbox"/> Locally-Funded Project <input type="checkbox"/> Regular and Recurring Services
Agency:		
Operating Unit:		
Organizational Code (UACS):		
Procurement Program/ Project Title:		

Total Cost:	Duration (Number of Covered Years):	Year/s (From YYYY - To YYYY):
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Note/s:

Implementation Schedule (Year)	Particulars	Amount Requested (in Pesos)
Total:		P

Checklist of Requirements/Submissions (if applicable):

- Funding Strategy and Medium Term Expenditure Program (Annex C of this Circular)
Approval from any of the following:
 - NEDA Board - ICC
 - Agency Head
 - Office of the President (for administrative building/office space)
- Certification of the agency head that procurement activity pertaining to the project to be covered by the MYCA, has not been started yet as of date of request.
- Others, Please Specify: _____

CERTIFICATION

As a prerequisite for the issuance of a Multi-Year Contractual Authority, we are expressing our commitment to give priority and include the annual budgetary requirements of the procurement program/projects/activities specified above within our annual budgetary ceilings as may be prescribed by the DBM.

Date:

Head of Department/Agency
Designation

FUNDING STRATEGY

1. Department:	2. Program/Activity/Project (P/A/P) Title/s:
3. Implementing Agency:	4. Total Cost:

5. Medium-Term Budget Requirement:

Particulars	Allotment Class	Year 1	Year 2	Year 3	Year 4	Year 5	Total
P/A/P 1							
P/A/P 2							
P/A/P 3							
P/A/P 4							
Total							

For multiple agency projects

6. Years:	7. Department:	8. Agency:	9. P/A/P Requirement:
			0.00
			0.00
		TOTAL	0.00

10. P/A/P Supports the following Organizational Outcome/s (OO)

OO 1	
OO 2	
OO 3	
OO 4	

11. Funding Sources:

12. Year/s:	13. Agency Budget Ceiling <small>(in Pesos)</small>	14. Scrap and Build		17. Others <small>(Attach separate sheet, if necessary)</small>		20. Total <small>(in Pesos)</small>
		15. From P/A/P:	16. Amount <small>(in Pesos)</small>	18. (e.g., Use of Income, etc.)	19. Amount <small>(in Pesos)</small>	
21. Grand Total	P		P		P	P

22. Remarks/Explanatory Note/s:

23. Prepared by: _____ Chief, Budget Division	24. Endorsed by: _____ Director, Finance Service
25. Approved by: _____ Head of Department/Agency	

INSTRUCTION IN THE FILLING IN OF THE FUNDING STRATEGY FORM (ANNEX C)

Note: To be submitted as part of the agency request for the issuance of Multi-Year Contractual Authority (MYCA)

1. Department	Indicate the name of the Department to which the implementing agency is attached.
2. Program/Activity/Project (P/A/P) Title	Indicate the title to be accepted as the permanent name until implementation/evaluation.
3. Implementing Agency	The National Government Agency tasked with the implementation of the P/A/P.
4. Total Cost	Indicate the cost as proposed.
5. Medium-Term Budget Requirement	Indicate the annual requirement per P/A/P and allotment class.
6. Years	Indicate the years covered by the medium-term period.
7. Department	Department to implement the project. If multi-department, indicate all departments involved.
8. Agency	Indicate the name of the agencies implementing the project, if applicable. For multi-agency project, indicate all the agencies involved in the project and the medium-term budget program (amount) by year.
9. P/A/P Requirement	Refers to the yearly budget/cost requirement of the P/A/P.
10. P/A/P Supports the following Organizational Outcome (OO)	Indicate the organizational outcomes which the project supports OO is the short-term result produced by an agency that contributes to the enhancement of its legislated mandate and is achieved through the delivery of its programs.
11. Funding Sources	Indicate where the allocation will be taken with details to be indicated in item field numbers 12-21.
12. Year	If multi-year, indicate the year involved from Year 1 to Year n (last year) of project implementation and which require budget outlay.
13. Agency Budget Ceiling	Indicate the amount sourced from the agency. If multi-agency, indicate all the agencies involved and the amount sourced from their respective budget ceilings.
14-16 Scrap and Build	Indicate the P/A/P (box 15) which will be offered to be able to fund the requirement of the project and the corresponding amount (box 16) sourced from the "donor" P/A/P.
17-19 Others	Indicate other source of funding, e.g., use of income, and amount by source. Only those authorized to use income shall indicate it as a funding source. Include funding source other than those already identified in the previous boxes.
20. Total	The total sum of item field numbers 13, 16, and 19.
21. Total	The total per boxes 13, 16, and 19.
22. Remarks/Explanatory Note	Indicate any remarks or explanatory notes relevant to the entries in boxes 12-21.
23. Prepared by	To be signed by the Chief of Budget Division.
24. Endorsed by	To be signed by the director of the Finance Service of the department.
25. Approved by	To be signed by the Head of Department/Agency