



Department of Environment and
Natural Resources



Department of Budget and
Management

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DENR - DBM JOINT MEMORANDUM CIRCULAR NO. 01

Series of 2004

Subject : **Implementing Guidelines on the Operationalization of the Air Quality Management Fund under Republic Act 8749**

Pursuant to Section 14 of Republic Act No. 8749, otherwise known as the Philippine Clean Air Act of 1999 (the "Act") and Rule XVI of DENR Administrative Order ("DAO") No. 2000-81, as well as Executive Order No. 192, and in order to provide guidelines on the management and operationalization of the Air Quality Management Fund, this Order is hereby issued for the guidance of all concerned.

Section 1.0 Title

This Joint Circular shall be known as the "Implementing Guidelines Governing the Operationalization of the Air Quality Management Fund (AQMF)."

Section 2.0 Basic Policy

It is a policy of the State to formulate a holistic national program of air pollution management that shall be implemented by the government through proper delegation and effective coordination of functions and activities. Further, it is a policy of the State to formulate and enforce a system of accountability for short-term and long-term adverse environmental impact of a project, program or activity. This shall include the setting up of a funding or guarantee mechanism for clean-up and environmental rehabilitation and compensation for personal damages.

To achieve said policies, an Air Quality Management Fund among others, established by the Act and DAO 2000-81 as a special account in the National Treasury is hereby operationalized and shall be administered by the Department of Environment and Natural Resources through the Environmental Management Bureau (EMB).

Section 3.0 Objective

It shall be the objective of this Joint Circular to set forth the policies and procedures as administrative guidelines in the operation and management of the AQMF which will provide for, among others, the following:

- (a) to finance containment, removal, and cleanup operations of the Government in air pollution cases;
- (b) to guarantee restoration of ecosystems and rehabilitate areas affected by the acts of violators of the Act;
- (c) to support research, enforcement and monitoring activities and capability building of the implementing agencies of the Clean Air Act;
- (d) to provide technical assistance to the implementing agencies of the Clean Air Act to finance similar activities undertaken within an airshed.

Section 4.0 Sources of Fund

Sources of AQMF shall include the following:

- (a) air emission charges from industrial facilities;
- (b) air emission charges from motor vehicles;
- (c) fines and penalties for non-compliance with environmental standards. This relates to both vehicular and industrial related air pollution;
- (d) grants, donations and endowments from both private sector and donor organizations;
- (e) fees collected from the processing of permit applications such as Authority to Construct (AC), Permit to Operate (PO) air pollution facilities; Certificates of Conformity issued to new motor vehicles/vehicle types and tests equipment; and
- (f) fines and penalties for violation of the other provisions of the Act and its Implementing Rules and Regulations.

Specific revenue sources by agency to accrue to the Fund is hereto attached as Annex "1".

Section 5.0 Operation and Management of the Fund

The AQMF shall be administered and managed by the Department through the EMB in accordance with the following:

5.1 Collection of the Fund

Collections from sources identified under Section 4.0 hereof shall be remitted to the Bureau of Treasury (BTr) through Authorized Government Depository Banks (AGDB) pursuant to DOF Order No. 52-96 dated May 22, 1996.

5.2 Utilization of the Fund

The AQMF shall be used for activities that are in direct support of objectives outlined in the Air Quality Action Plan (AQAP) of the airsheds. This special fund shall be reserved for national purposes and will be allocated among the airsheds. The AQMF shall be utilized to support, grant, finance or otherwise assist activities such as, but not limited to, the following:

ATA *AM*

- a) purchase of equipment related to air quality monitoring, reporting or management;
- b) running cost for special campaigns, monitoring, enforcement or public awareness raising;
- c) costs for special events related to air quality monitoring, enforcement, etc.;
- d) research on air related issues;
- e) running cost of Governing Boards and Technical Secretariat.

5.3 Availment of Funds

5.3.1 Appropriation

The amounts collected and accruing to the AQMF shall be deposited and maintained as a Special Account in the National Treasury. Withdrawal from the Fund shall be made through annual appropriations in the budget of the EMB-DENR.

5.3.2 Review and Approval of Work and Financial Plan (WFP)

The concerned agency/Board shall submit a project proposal to EMB in accordance with established set of criteria for possible funding from the AQMF. The said project proposal shall be supported by a WFP reviewed by the EMB Special Review Committee.

On the review and approval of WFP, options or remedies should be recommended in case the proposed project is disapproved. An appeal or reconsideration provision has to be included in the process.

Any party aggrieved by the decision of the said Special Review Committee may, within fifteen (15) days from receipt of said decision/disapproval of its request, seek reconsideration with the said Committee. In case an adverse decision is still rendered, the party concerned may, within fifteen (15) days from receipt of said decision appeal to the DENR Secretary.

The said decision shall become final and executory if no reconsideration is made before the said Committee or no appeal is taken therefrom to the DENR Secretary within fifteen (15) days from receipt of said decision.

The reviewed WFPs shall then be submitted to the EMB Director before the same is forwarded to DBM for allocation and release of funds.

5.3.3 Special Budget Request (SBR)

All approved Work and Financial Plans, duly supported with the Certification from the BTr of Fund (AQMF) Availability/Balance, shall be submitted by EMB to DBM for the approval of Special Budget and the issuance of corresponding Special Allotment Release Order (SARO) and Notice of Cash Allocation (NCA) subject to budgeting laws, rules and regulations.

5.4 Fund Reporting and Auditing

5.4.1 Fund Recording and Deposit

Receipts derived from the different sources of the AQMF as provided in Section 4.0 hereof shall be deposited by EMB Central/Regional/Provincial Offices, Department of Transportation and Communications (DOTC), Local Government Units (LGUs), Provincial Offices and other relevant agencies to the Bureau of Treasury (BTr) through AGDB for the account of the AQMF. All collections and deposits to the BTr shall be properly identified in the Official Receipts (OR), Abstract of Collections (daily), Report of Collection (monthly), List of Collections (LC) and other financial reports to facilitate the monitoring and control.

For proper accounting and reporting of the AQMF, the concerned agencies shall maintain separate bank accounts, books of accounts, subsidiary ledgers and other financial reports.

5.4.2 Reporting Requirements

The following reports are to be submitted:

1. Quarterly Report on Physical and Financial Progress – the Governing Boards through the EMB Regional Office shall submit to the EMB Central Office a quarterly physical and financial progress report and should include the (a) quarterly report of collections and an audited report of disbursements. These should be submitted not later than the 10th day of the ensuing month following the quarter.
2. Consolidated Quarterly Report on Physical and Financial Progress – the EMB Central Office shall consolidate all quarterly reports mentioned in Item 1 for submission to the Governing Boards and to DBM on or before the 30th day of the ensuing month following the quarter.
3. Annual Report – this report will be prepared by EMB and submitted to DENR which will ensure its publication as per provisions of Section 4, Rule XVI of the IRR. The report should specify income and expenditure of the AQMF, together with a summary of initiatives supported and refused. This Annual Report will be available within two (2) months after the end of the fiscal year.

5.4.3 Fund Auditing

All transactions under this fund shall be subject to COA rules and regulations.

Section 6.0 Separability Clause

If any provision of this rules and regulations is declared unconstitutional or invalid, the same shall not affect the validity and effectivity of the other provisions hereof.

Section 7.0 Repealing Clause

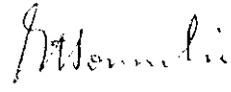
All orders, circulars, Joint Circular inconsistent with this Joint Circular are deemed repealed or modified accordingly.

Section 8.0 Effectivity

This Joint Circular shall take effect immediately.

Approved by:


MICHAEL T. DEFENSOR
Secretary - DENR



EMILIA T. BONCODIN
Secretary - DBM


Annex "1" Specific Revenue Sources by Agency to Accrue to the Fund

AGENCY	SOURCES	REMARKS
DENR	1. Air emission charges from industrial facilities	New source
DOTC-LTO	2. Air emission charges from motor vehicles	New source
DENR, DOTC-LTO, DILG-LGUs, MMDA	3. Fines and penalties for non-compliance with environmental standards (vehicular and industrial)	Existing source
DENR, DOST, DOE, DOH, DOTC, DTI, DILG	4. Grants donations and endowments from both private sector and donor organizations	New source
DENR-EMB	5. Fees collected from the processing of permit applications such as Authority to Construct and Permit to Operate air pollution facilities	Existing source
DENR-EMB	6. Fees collected from Certificates of Conformity (COC) issued to new motor vehicles/vehicle types and test equipment	New source
DOTC	7. Fees collected from Certificates of Compliance to Emission Standards to imported secondhand motor vehicles	New source
DENR, DILG, DOE, DTI	8. Fines and penalties for violation of other provisions of the Act and its Implementing Rules and Regulations	New source

APPENDIX

RESPONSIBILITIES OF GOVERNMENT IMPLEMENTING AGENCIES **Department of Environment and Natural Resources (DENR)**

- 1). Shall be the primary government agency responsibility for the implementation of the CAA;
- 2). Administer the AQMF;
- 3). Sets air quality standards for all sources of air emission;
- 4). Review and/or revise air quality standards;
- 5). Designates airsheds nationwide and classifies them into Attainment and non- attainment areas;
- 6). Heads all the Governing Boards to be established;
- 7). Adjudicates air pollution cases on stationary sources;
- 8). Shall, in cooperation with the National Statistical Coordination Board (NSCB) design and develop an information network for data storage, retrieval and exchange;
- 9). Design and establish an Ambient Air Monitoring Network for the assessment of ambient air quality;
- 10). Issue Certificate of Conformity to new motor vehicles prior to registration;
- 11). Issue Certificate of Conformance to standards of test equipment for motor vehicles before it can be used for mandatory emission tests;
- 12). Prepares National Air Quality Status Report;
- 13). Issue Permit to Operate and Authority to Construct;
- 14). Monitor stationary sources on their compliance to air quality standards (emission and ambient) and;
- 15). Collect permitting fees.

Department of Transportation and Communication (DOTC-LTO)

- 1). Conduct emission test prior to renewal of registration of in-use vehicles;
- 2). Conduct emission test prior to initial registration of second hand imported and rebuilt motor vehicles and issue of Certificate of Compliance to Emission Standard;
- 3). Conduct emission test of apprehended vehicles;
- 4). Conduct roadside monitoring of vehicle emission standards;
- 5). Conduct deputation seminar of agents for deputation as smoke belching enforcers and issue deputation order to conduct random roadside inspection;
- 6). Authorize Private Emission Testing Center (PETC);
- 7). Conduct monitoring of PETC operation;
- 8). Collect fees, fines, penalties and other charges;
- 9). Conducts special campaigns, monitoring, public information and education drive;
- 10). Conducts research studies and other activities related to air quality management.

Department of Energy (DOE)

- 1). The DOE shall formulate and implement programs that will enhance further awareness on the environmental impacts of energy development

- and utilization, and its mitigating measures and undertake research and development activities and policy studies to assess and enhance standards. In addition, the DOE shall:
- 2). Set detailed criteria of qualified/eligible projects;
 - 3). Identify specific programs and projects of the sector which are qualified under the AQMF and create an inventory of such projects;
 - 4). Prioritize activities for implementation and estimate budgetary requirements;
 - 5). Coordinate with proponents the implementation of Identified activities;
 - 6). Monitor and evaluate the implementation of the activities under the AQMF;
 - 7). Set standard specifications for fuels and fuel-related products in coordination with DENR and other government as well as private agencies and public organization;
 - a). monitor compliance with the fuel specification set in the Act or PNS through fuel sampling and testing
 - b). penalize violations of the above requirements/rules
 - 8). Register fuel additives;
 - a). process application and issue registration certificate for fuel additives
 - b). develop on information database of registered fuels and additives and other related data

The DOE shall likewise coordinate with EMB in implementing the above-mentioned roles/activities and provide EMB lists of the energy projects/activities qualified/eligible to utilize the AQMF (proposed provision to be incorporated and consulted with DOE).

Department of Interior and Local Government (DILG- MMDA-LGUs)

- 1). Conduct roadside apprehension as deputized agents;
- 2). Prepare and enforce ordinance on ban on smoking;
- 3). Act as member of the Governing Boards.

Department of Trade and Industry (DTI)

The DTI Offices that are responsible for the implementation of the CAA are the following:

- 1). DTI-Board of Investments - to provide incentives under the IPP for the industries complying with emission standards;
- 2). DTI-Bureau of Import Services - to formulate and implement guidelines for the importation and release of used or MV or used engines;
- 3). DTI-Bureau of Trade Regulation and Consumer Protection - to develop and implement standards and procedures for certification of training institutions, instructors and facilities, and for licensing of qualified private testing/service centers and their technicians;
- 4). DTI-Bureau of Product Standards – to develop standards (Philippine National Standards) for testing procedure/testing vehicle emissions, for odometer and tamper resistant fuel management systems, for determination of vehicle useful life, and, for conforming engines to comply with the use of unleaded fuel within five years after the

- effectivity of RA 8749;
- 5) DTI-Regional/Provincial Offices - to implement the DTI Accreditation Scheme for MV PETCs.

Department of Finance – Bureau of Treasury (DOF-BTr)

- 1). Shall credit all collections deposited of the AQMF under SAGF Code 155;
- 2). Issues certification on the amount deposited of the AQMF upon request from collecting agencies.

Department of Budget and Management (DBM)

- 1). The DBM shall review the Special Budget Requests (SBR) and issue appropriate Special Allotment Release Order (SARO) and the corresponding Notice of Cash Allocation (NCA) in accordance with existing budgeting laws, rules and regulations.

Department of Health (DOH)

- 1). Undertake impact studies to determine the link between exposure to air pollution mixtures/individual compounds and the observed health effect;
- 2). Undertake epidemiological studies for setting/revising air quality guidelines and standards that are intended to protect human health from the impact of air pollution;
- 3). Undertake health valuation studies to estimate the cost to public health from exposure to air pollution and to compare the costs of various control measures that reduce emissions from mobile and stationary sources with the costs of public health effects;
- 4). Together with the Department of Environment and Natural Resources, formulate a pollution standard index of air quality to protect public health and the general welfare;
- 5). Through the Centers for Health Development, conduct public health monitoring surveillance of air pollution-related illnesses within their area of jurisdiction;
- 6). Through the Centers for Health Development, undertake epidemiological investigations of adverse health effects in the community caused by accidental release of air pollutants and/or chronic exposure to air pollutants within their area of jurisdiction.

Department of Science and Technology (DOST)

In coordination with the Department, other agencies, the private sector, the academe, NGOs and Pos shall, establish a National Research and Development program for the Prevention and Control of Air Pollution.

Commission on Audit (COA) (no submission)