



Republic of the Philippines  
**DEPARTMENT of AGRARIAN REFORM**

Memorandum Circular No. 09  
Series of 2008

**Subject: Operational Directives for Mainstreaming and Sustainability of ARCDP2 Activities**

In view of the eventual completion of the major components of ARCDP2 this coming December 2008 and phase out of Central Project Office activities, consultants and staff, the following general directions shall be adopted in order to ensure mainstreaming of project activities and sustainability of initial gains from the interventions provided by the Project.

**I. Rationale**

Loan closing date for the US\$ 50 million loan from the World Bank for ARCDP2 based on the project extension agreed with the Bank will be on December 31, 2008. However, due to the appreciation of the value of peso against the US dollars, some approved and contracted irrigation subprojects can no longer be accommodated within the US\$ 50 million loan. Hence DAR, through the Department of Finance (DOF), has requested from the World Bank an additional financing of US\$10 million for the construction of said irrigation subprojects. Concomitant to the additional financing is another one year extension of Project implementation completion and loan closing date.

However, the Project has initiated the mainstreaming of activities within DAR for a smooth transition by December 2008. This means the gradual phasing out of CPO which was started in January this year, and for the DAR field offices to take on full responsibility to continue implementation and monitoring of ARC-level project activities under the full supervision of the FAPsO Project Implementing Officer.

**II. Project Performance:**

From 2003 up to present, the Project has assisted 88,301 households in 125 ARCs located in 120 municipalities in 18 provinces. It also supported the organizational development and capability building needs of 238 Peoples' Organizations (POs).

In terms of its development and component objectives, the Project has achieved most of its target in key performance indicators. Increase in real net household income in early starter ARCs have been recorded at 24% compared to the 20% target by year end 2007. Crop yield increase was 20% against a 15% target, increase in business assets was PhP12.9 million against the PhP 10 million target and cropping intensity was over 200% compared with a 140% target.

On organizational development, 63% of POs (136 POs) has achieved an increase in organizational maturity vis-à-vis target of 75%. Based on current trends, this is most likely to be achieved on or before December 2008.

On rural infrastructure, accomplishment is at 83%. Of the 260 subprojects, 162 are completed. Most road subprojects are projected to be completed by December 2008. Three (3) road subprojects and eleven (11) irrigation subprojects will spill over until June 2009.

### **III. Remaining Project Activities**

With the forthcoming phase out of CPO and given the remaining activities of ARCDP2, all DAR central, regional and provincial offices and units concerned are hereby directed to implement the following:

1. at the DAR Central Office,

- a. ARCDP2-CPO shall phase-in with FAPsO Monitoring & Evaluation Unit (FAPsO M&E) for the operation and regular updating of the Field Implementation and Support Coordination (FISC) System which was developed by the Project.

This phasing-in shall be initiated starting July and the system turn-over should be completed by September 2008. ARCDP2 in coordination with FAPsO M&E and BARBD shall ensure continuous monitoring and updating of the KPIs until project completion;

- b. ARCDP2-CPO shall establish a team for the preparation of the Project Implementation Completion Report (ICR). Said team shall likewise take-over the Project "in-house" monitoring function in coordination with FAPsO M&E (per above turn-over of FISC System) to align project reporting and the build-up of information and analysis for the ICR;

- c. Institutionalize partnership between DAR, through SSO-BARBD, and LBP on the adoption of MICROSOL and AGRISOL strategies towards sustained access of ARBs and ARCs to credit/capital.

BARBD shall designate permanent staff(s) who shall work closely with AED/SRF component on the mainstreaming of component strategies and activities;

- d. BARBD and ARCDP2-CPO to enhance the ARC level of development assessment (ALDA) to incorporate in the assessment parameters key features of MICROSOL and AGRISOL relative to

organizational maturity of ARC coops and POs, enterprise development, etc.;

- e. BARBD and ARCDP2-CPO to review and develop training modules and methodologies for enterprise-based capacity building of ARC coops and promote strategies on MICOOP modeling (by NATCCO) and other similar Build-Operate-Adopt Transfer (BOAT) approach (by CARD);
- f. Review and conduct in-depth assessment of roll-over scheme to identify critical features for its successful implementation and adoption;
- g. FAPsO to incorporate in the DAR Annual Work and Financial Plan (WFP) the monitoring and evaluation activities on project interventions; and ensure conduct of regular field monitoring assessments of infrastructure subprojects by the National and Provincial Inspectorate Teams (NIT and PIT);
- h. ARCDP2-CPO to initiate completion and submission of liquidation documents as well as submission of Final Statement of Expenditures and turn over of documents to FAPsO Finance Unit;
- i. FAPsO Finance & Admin Unit to expedite preparation of consolidated audited financial report for submission to World Bank;
- j. FAPsO Finance Unit to facilitate cleansing of ARCDP2 book of accounts and closure to the DAR regular fund; and
- k. FAPsO Administrative Unit to ensure inventory and proper turnover of all equipment, vehicles and other assets after completion of the Project activities for proper disposition.

2. at the DAR Regional and Provincial Offices,

- a. Construction of remaining infrastructure subprojects are still on-going, with some subprojects to spill-over up to June 2009.

The Provincial Project Offices (PPOs) through the BD CD shall ensure:

- i. that construction works are closely monitored to ensure completion of remaining subprojects, and
  - ii. that training for all implementation, operation and maintenance groups (IOMGs) shall be completed prior to turn-over of the subprojects;
- b. Continuous monitoring of implementation of environmental management plans (EMP) in completed and ongoing infrastructure

subprojects in order to fully comply with the Environmental Safeguards Framework and Guidelines of the Project;

- c. Follow up efforts on environmental sustainability at the ARC level up to the closing date of the Project;
- d. Revisit sustainability plans prepared at the LGU and ARC level to ensure that the primary beneficiaries are fully prepared to continue activities on their own;
- e. Continuous support to POs assisted by the Project for fund sourcing and marketing of their agri-enterprise projects;
- f. Expedite completion of liquidation reports for funds released to LGUs, and other service providers, and DAR units to enable closing of the books of accounts before loan closing;
- g. Conduct an inventory of all equipment, vehicles and other assets and turnover same to the DARCO Administrative Division with all the necessary documentation three (3) months after project closing;
- h. Monitoring of rollover schemes introduced by the project and generate lessons and identify innovations and strategies for its sustainability;
- i. Maintain coordination with service providers introduced under the Project for continuous provision of support services to the ARCs; and
- j. Continue monitoring of maintenance by ARCs/LGUs of the turned over infrastructure subprojects through the Provincial Inspectorate Team (PIT).

The activities enumerated above shall form part of the performance contract and evaluation System for Performance Evaluation and Employee Development (SPEED) of the offices/units concerned. The regional and provincial units concerned shall allocate funds for the spill-over and mainstreaming activities under their annual regular budget. Concerned offices at the central, regional and provincial offices shall prepare the reports on the progress of the above activities and submit to the FAPsO Project Implementing Officer on a quarterly basis.

This order takes effect immediately.

22 July 2008, Diliman, Quezon City

  
**NASSER C. PANGANDAMAN**  
Secretary

Department of Agrarian Reform  
Office of the Secretary



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