



Republic of the Philippines
DEPARTMENT of AGRARIAN REFORM
ELLIPTICAL ROAD, DILIMAN, QUEZON CITY • TELS. 928-7031 TO 39

MEMORANDUM CIRCULAR NO. 02
Series of 1997

SUBJECT: **Prescribing the Guidelines Governing the Implementation and Management of Foreign-Assisted Projects (FAPs)**

I. PREFATORY STATEMENT

These guidelines are hereby issued in view of the need to synchronize the activities and promote better coordination and efficient management in the planning, implementation, monitoring and evaluation of Foreign-Assisted Projects under the Department of Agrarian Reform. It shall appropriately delineate and distinguish the roles and functions among the offices and units of the Department in relation to these projects.

The guidelines complement Special Order No. 886, series of 1996 which provides for the creation of an Executive Committee for all Foreign-Assisted Projects and chaired by the Assistant Secretary for Support Services.

II. GENERAL POLICIES

- 2.1 Foreign-Assisted Projects (FAPs) shall mean all projects funded under Official Development Assistance (ODA) whether through loans or grants, capital projects or technical assistance which are being implemented or proposed for implementation by DAR.

All FAPs of DAR shall be part and parcel of the overall program of the Department and should therefore be consistent with its goals, objectives, and policies and should complement its existing programs.

- 2.2 All FAPs shall be considered Special Projects of DAR. Hence, the Department shall assure compliance with its commitments and responsibilities to the project as provided for in the loan or grant agreements.

The Department is responsible and accountable for the effective and efficient implementation of all FAPs. It shall establish appropriate structure and mechanisms to oversee their implementation. For this purpose, DAR shall establish distinct Project Management Offices and/or designate an implementing unit within the Department to take charge of these projects.



"Tulong-tulong sa pagsulong"



III. ROLES AND FUNCTIONS

3.1 Office of the Assistant Secretary for Support Services

- 3.1.1 The Office shall assure that all FAPs are mainstreamed and are consistent with DAR's goals, objectives, policy framework and program priorities.
- 3.1.2 With the increasing number of Foreign-Assisted projects, the Office shall assure that duplication of investment and over-lapping of activities shall not occur.
- 3.1.3 The Office shall be responsible for the proper integration of FAPs within the Department and assure effective coordination and complementation of resources and technical expertise among the different concerned units in project implementation.
- 3.1.4 The office shall authorize the conduct of all regular workshops, conferences and call regular coordination meetings to address the concerns of FAPs.
- 3.1.5 The Office shall be furnished with regular consolidated accomplishment reports of all FAPs prepared by PDMS. Likewise, it may require PMOs to submit special reports on a "need basis".

3.2 Project Development and Management Service

- 3.2.1 PDMS shall be responsible for the conceptualization, development and management of DAR LTI and PBD projects, both locally and foreign funded.

It shall also act as the clearing house of all proposed, pipeline and ongoing Foreign-Assisted Projects. All project proposals, prepared by other DAR units for foreign funding, requests for budget cover, loan proceeds, and counterpart funding of the Government of the Philippines shall pass through the PDMS for programming and official endorsement to NEDA, DBM, PARC and donor agencies/ foreign funding institutions.

- 3.2.2 PDMS, in coordination with FIMAS and the Budget Division, shall be responsible for the programming of GOP counterpart funds for the FAPs. It shall consolidate all requests for such funds, and submit the same to the PARC Secretariat or to FMAO for inclusion in the next budget year.
- 3.2.3 PDMS shall oversee the monitoring and evaluation of all FAPs. Monitoring reports shall be submitted to the PDMS by all PMOs

and DAR implementing units in accordance with the Monitoring, Evaluation and Reporting System for FAPs. It shall likewise prepare regular consolidated reports for the Office of the ASec for SSO.

3.2.4 PDMS shall provide support to all PMOs and/or DAR implementing units. It shall specifically;

- * Formulate and establish systems, procedures and guidelines for monitoring and evaluation of the physical and financial status and accomplishments of all FAPs.
- * Serve as member and coordinator of the Technical Committee of the Steering Committees of all FAPs.
- * Ensure the prompt preparation, collection and consolidation of reports from the PMOs for submission to NEDA, DBM and concerned donor agencies.
- * Assist the PMO in coordinating and liaisoning with the different DAR units and other agencies on matters pertaining to the project.

3.2.5 PDMS shall assign at least one (1) Desk Officer for each project to perform the abovementioned tasks.

The Regional SSD and the Provincial BDCD shall be the counterpart field office of the PDMS. They shall be responsible for the monitoring and evaluation of FAPs at their respective level.

3.2.6 The PDMS Director shall sit as member of the Executive Committee for all FAPs, which is chaired by the Asst. Secretary for Support Services. PDMS Desk Officers concerned shall provide technical support to the Executive Committee.

3.3 Bureau of Agrarian Reform Beneficiaries Development

3.3.1 BARBD shall oversee and ensure that the development of the ARC project sites are in accordance with the ARC Strategic development Framework.

3.3.2 BARBD shall provide guidance and technical assistance on the SIBS and Enterprise Development components of the ARCs which are selected and prioritized as project sites.

3.3.3 Using the established systems and procedures, BARBD shall be responsible in ensuring the conduct of the following work for all selected ARC project sites:

- a. ARC Profiling
- b. Baseline Survey
- c. ARB Monitoring
- d. ARC Monitoring
- e. ARC Impact Monitoring
- f. Assessment of development levels of ARCs

BARBD shall assist the Regional Support Service Division, Provincial BDCD and the Development Facilitators in the conduct of the abovementioned works.

3.3.4 For projects involving the pilot implementation of models or methodologies and systems, the PMO may directly undertake the abovementioned work but in close coordination with BARBD.

3.3.5 The BARBD Director shall serve as member of the Executive Committee for all FAPs and may be designated as member of the Technical Working Committee of a concerned FAP, as the case may be.

3.4 Steering Committee

Steering Committee (SC) or equivalent body shall mean the highest policy and decision-making body for each particular FAP.

3.4.1. Each FAP shall have its own Steering Committee (SC) or equivalent body to oversee the overall progress and implementation of the project. It shall address and act on all policy issues and decide on matters affecting project implementation.

3.4.2 SCs shall have the following major functions:

3.4.2.1 Review and approve the Project's Global and Annual Work and Financial Plans.

3.4.2.2 Issue policies on project prioritization, working arrangements and act on problems and issues affecting project implementation.

3.4.2.3 Periodically review the overall project performance.

3.4.3 SCs shall be chaired by the DAR Secretary or his designated representative. Members shall be composed of officials from DAR units concerned or directly involved with the project, such as the following;

Area of Concern	Lead Unit
Eco./Physical Infra	PDMS
Surveys	BLD
Data Base	MIS
Support to Inst. Devt.	BARBD
Others	Concerned Unit

Representatives from other line agency (if project is interagency), PMO, and Donor agency shall also sit as members of the Committee. All SC members shall have voting rights except the donor agency, who shall act as non-voting member.

3.4.4 The SC shall have a Technical Committee (TechCom) whose function is to review the proposals of the PMO and recommend same for approval of the SC. The TechCom shall work to facilitate the resolution of major issues and problems and provide necessary support to the PMO. It shall be composed of the concerned Regional Director, Provincial Agrarian Reform Officers (PAROs), and Directors and/or key staff of DARCO units or bureaus.

3.4.5 The PMO shall act as the secretariat of the SC.

3.5 Project Management Office

Project Management Office (PMO) shall refer to the specific office responsible for the actual implementation and day-to-day management of FAPs

3.5.1 DAR shall create a PMO for each large-scale project, which may cover several regions or provinces. It shall be separate and distinct from the regular units of DAR whose primary function is to ensure smooth project implementation.

3.5.2 For technical assistance projects and other project types which could be handled by existing units within the structure of DAR, the Secretary upon the recommendation of the ASEC for SSO, shall designate the implementing unit and Project Manager from among the existing qualified staff. The PMO for the specific project shall thus be based in said unit, i.e. BLD, MIS etc.

3.5.3 DARCO units, whose mandate is to support the FAPs, shall provide technical assistance to the PMO. A mechanism shall be established for this purpose.

3.5.4 For projects which cover a specific region, the PMO shall be stationed and based in that specific region for exigency of implementation. For projects covering several regions and provinces, the PMO shall be based in Manila or in another area of central location.

3.5.5 The PMOs shall be headed by a Project Manager, to be designated by the DAR Secretary in accordance with the qualification standards set for the

project or unless otherwise provided for in the official agreement with the Donor government. The Project Manager shall be assisted by a pool of technical specialists and an administrative support staff as deemed appropriate and necessary.

3.5.6 The PMOs shall be responsible and accountable to the SC for the targets and outputs of the project. It shall be responsible for the day-to-day management of project implementation. Specifically, it shall have the following functions:

- * Prepare the global and annual workplans, targets and budget of the project.
- * Formulate and establish systems, procedures, and guidelines for the implementation of the project.
- * Implement the project plans with utmost efficiency, to achieve goals and targets as scheduled.
- * Ensure that the project's plans and activities are synchronized and consistent with DAR's programs and projects.
- * Ensure that the funds and other resources of the project are properly managed and accounted for.
- * Prepare and submit periodic physical and financial monitoring reports to DAR as provided for in the FAPs Monitoring System, and other special reports as may be required.
- * The PMO shall act as the Secretariat of the SC. It shall prepare and present to the SC during regular meetings the following documents:
 - * Accomplishments and Status of the project as of date
 - * Issues/problems, proposed and alternative solutions and recommendations.
 - * Future activities of the PMO
 - * Status of ARCs covered by the Project

IV. COORDINATION BETWEEN DAR AND PMOs

FAPs shall be treated as special projects designed to achieve specific objectives and targets within a given period of time. They shall be allowed flexibility in approach and strategies to prove the effectiveness of innovative schemes or development models, provided they pursue the same goals and objectives espoused by DAR. They need also to operate within the bounds of government policies.

As a subset of DAR's overall program, PMOs shall ensure that implementation of FAPs is synchronized and complementary with the regular activities of the Department. They shall regularly coordinate with the concerned Regional Directors, PAROs, MAROs and other DAR officials in the course of project implementation. Likewise, the concerned Regional Directors and PAROs shall ensure that land distribution will be completed in the areas or ARCs covered by the FAPs. To ensure proper coordination, the following shall be observed and undertaken:

4.1 Joint Annual Planning and Budgeting

For projects which require certain components to be implemented under the regular activities of DAR, the PMO and DAR units concerned shall coordinate to synchronize their plans. This shall be done in a Joint Annual Planning and Budgeting Workshop, where activities and targets shall be set out, roles and responsibilities are delineated, budget estimates and inputs required from donor funds and government counterpart funds are determined. The annual workplace and budget shall be seen in the context of the overall plan and budget of the project.

Annual Planning and Budgeting for the succeeding year shall be done every October to November of the current year to allow enough lead time for the regular budget preparation of the Department.

Annual Plans and Budget shall be presented by the PMO to the SC for approval every December to January of the year.

Budget estimates shall be presented by source, and shall reflect the donor contribution and the GOP counterpart fund and the units which shall utilize said funds.

4.2 Joint Quarterly Assessment

PMOs and concerned DAR units and offices shall assess the progress and physical and financial accomplishments of the project based on the workplace and the budget. Quarterly assessments shall be held to discuss the progress, problems, issues and concerns in project implementation, and recommended solutions. These assessments shall be held prior to the quarterly SC meetings. Representatives of the DAR FAPs Monitoring units from PDMS, BARBD, Regional Support Service Division (SSD), Provincial Beneficiaries Development and Coordination Division (BDCD) shall attend the quarterly assessment. TechCom representatives may also attend.

V. STAFFING OF PMOs

- 5.1 DAR shall ensure that PMOs for FAPs are manned by adequate, competent and efficient staff.
- 5.2 Selection of project staff shall be open and competitive. Priority shall be given to qualified staff within the DAR, especially for Project Manager

positions. This shall insure accountability and continuity of support even after project implementation.

5.3 A committee composed of representatives from the Office of the ASec for SSO, PDMS, BARBD, Project Managers and other concerned DAR units shall be formed. Selection of PMO staff shall be done by the Committee, guided by the requirements of the project and the qualification standards set forth in the Omnibus Rules of the Civil Service Commission. Subsequent Special Order shall be prepared by the Committee, noted and endorsed by the ASec for SSO and approved by the Secretary.

5.4 For regular DAR personnel and staff who opt and are chosen to be assigned to the PMOs, the following rules shall apply:

5.4.1 Mode of assignment

- * Detail shall mean working full-time in the PMO for the duration of the project while deriving wages and salaries from DAR. This does not involve a reduction in rank, status or salary. Monthly honoraria shall be given as additional compensation.
- * Secondment shall mean qualifying and getting a specific position under the PMO plantilla. This may either involve a reduction or increase in compensation. The staff shall derive his corresponding salary from the PMO.
- * Concurrence shall mean working part-time in the project with assigned tasks over and above their regular activities. Honoraria shall be granted as additional remuneration.
- * Resignation in favor of a position in the Project.

5.4.2 Regular staff who wish to be detailed to the PMO shall secure the approval and endorsement of their immediate supervisor and Head of office.

5.4.3 Seconded staff who get a promotion by assuming the PMO plantilla position shall be entitled to a leave of absence from DAR for a maximum period of one (1) year. Sect. 9 of the Omnibus Rules provides that secondment for a period exceeding one year shall be subject to the approval of the Commission on Civil Service. Secondment shall be covered by a written agreement between DAR and the PMO and concurred in by the employee seconded. Such agreement shall be submitted to the Commission, through the Personnel Division, for records purposes.

The seconded employee shall be on leave without pay in his mother unit for the duration of his secondment, and during such period, he may earn leave credits which are commutable immediately thereafter and payable by the PMO.

5.5 For FAPs which need the services of Municipal Agrarian Reform Officers (MAROs) and Development Facilitators (DFs) in ARCs, the following guidelines shall apply:

5.5.1 MAROs assigned in areas where land distribution is complete (LAD-free) may be assigned on concurrent basis to the PMO to assist in ARC development.

5.5.2 MAROs assigned in project areas where LAD activities are still ongoing, should prioritize the latter and shall continue to report to the PARO, maintaining the present structure of DAR. However, the MARO shall closely coordinate with the Project Office. As the situation may warrant, an ARC Cluster Coordinator may be deployed in the area to oversee the implementation of the various components of the project. He shall report directly to the PMO.

5.5.3 Development Facilitators shall be assigned full-time to ARCs covered by the FAPs. He shall be under the supervision of the MARO who shall approve his/her performance contract and evaluation. In matters relating to project implementation, an assigned or designated ARC Area Coordinator or the PMO itself supervises and directly coordinates with the DFs.

5.6 Remuneration

5.6.1 The Steering Committee, Technical Committee, Desk Officers, and DAR staff involved and/or working on detail or part-time to the PMOs shall be entitled to monthly honoraria, traveling and meal allowance, and other incidental expenses for the duration of the project. These shall be in accordance with the provisions of National Compensation Circular No. 75, dated March 1995.

VI. COMMUNICATION FLOW

6.1 All monitoring and evaluation forms, prescribed by the PDMS, shall be accomplished by the PMOs and all designated units implementing FAPS and submitted to the PDMS on the required cut-off date. These shall cover both the physical and financial aspects of the projects.

6.2 Specifics on the matter are incorporated in the guidelines on Monitoring and Evaluation Framework to be prepared by the PDMS.

6.3 Based on these reports, PDMS shall prepare a consolidated accomplishment report of all FAPs for submission to concerned units.

- 6.4 Copies of all other documents and communications relating to FAPs and prepared by PDMS, shall be furnished the Office of the ASec for SSO for his information.

VII. PROGRAMMING, MANAGEMENT and FLOW of GOP COUNTERPART FUNDS

- 7.1 GOP counterpart funds shall be allocated only for additional activities or expenses required to implement FAPs. Regular activities funded under the regular budget shall not be included.
- 7.2 PDMS, in coordination with FMAO, shall be responsible for programming of GOP counterpart funds for FAPs. Requests for GOP counterpart funds for the succeeding year shall be made every first quarter of the current year. This follows the GOP budget preparation schedule. In this regard, PMOs shall submit to the PDMS in January of each year the request for GOP counterpart funds, specifying the recipient units or offices.
- 7.3 PDMS shall consolidate requests for GOP counterpart funds, and submit same to FMAO and PARC Secretariat for inclusion in the next budget year. PDMS shall likewise coordinate with these offices to facilitate fund releases to the PMOs and DAR units concerned.
- 7.4 The PARC Secretariat and the DAR-FMAO shall ensure that the required GOP counterpart funds are sufficiently allocated to fulfill the Department's commitment to the project. The said offices shall regularly coordinate with the Department of Budget and Management (DBM) to facilitate programming and release of funds.
- 7.5 The PMO and DAR implementing units shall ensure that GOP counterpart funds are utilized properly and efficiently. For this purpose, the following policies shall be adopted:
- 7.5.1 Each FAP shall have its own special or trust account in the name of the project, to be opened by the implementing unit with the Land Bank of the Philippines.
 - 7.5.2 A separate book of accounts shall be maintained for each project for the GOP counterpart funds by the Accounting Division at all levels.
 - 7.5.3 The PMO and/or DAR implementing unit shall submit quarterly audited report of disbursement and a Trial Balance every 10th of the following month to DARCO-FMAO.
- 7.6 Flow of Funds

- 7.6.1 PMO or concerned implementing unit shall submit to PDMS the budget proposal for the coming year supported by the project profile, work targets and budget estimates.
- 7.6.2 The Project Implementation and Management Division (PIMD) of the PDMS shall submit to DAR-Budget Division the request for counterpart funds, together with the supporting documents. These shall be incorporated in the Department's budget.
- 7.6.3 DAR shall submit the Department's budget to the DBM for inclusion in the President's budget.
- 7.6.4 Upon approval of DAR's budget, the Budget Division shall inform PDMS of the approved amount/budget. The latter shall advise the PMO and/or implementing unit to prepare the Work and Financial Plan.
- 7.6.5 The Work and Financial Plan (WFP) shall then be submitted and incorporated in the Department's overall WFP, for submission to DBM. Upon approval, subsequent General or Special Allotment Release Order (GARO/SARO) shall be issued..
- 7.6.6 The PMO or DAR unit concerned shall open a special account in the name of the project with the Land Bank of the Philippines.
- 7.6.7 The DAR-Budget Division shall issue a Sub-Allotment Advice (SAA) and Funding Check (FC) to the concerned office.
- 7.6.8 Upon receipt of the Funding Check, the concerned unit shall deposit same with LBP in the special account for the project.
- 7.6.9 The concerned office shall disburse the funds according the WFP and subject to the usual accounting rules and regulations.

This Memorandum takes effect 10 January 1997 and supersedes all issuances inconsistent herewith.

Done this 10th day of JAN., 1997 Quezon City.


ERNESTO D. GARILAO
Secretary