

MEMORANDUM CIRCULAR NO. 21  
Series of 1997

SUBJECT: Addendum to Memorandum Circular No. 2, series of 1997,  
Prescribing the Guidelines Governing the Implementation and  
Management of Foreign-Assisted Projects (FAPs).

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## PREFATORY STATEMENT

Memorandum Circular No. 2, which took effect on January 10, 1997, was issued to synchronize activities and promote better coordination in the management, planning, monitoring and evaluation of FAPs. In the course of these activities, certain issues such as project management structure and staffing need to be redefined and properly addressed.

It in this context that these guidelines are hereby issued and promulgated.

## I. FAPs MANAGEMENT STRUCTURE

### 1. BACKGROUND INFORMATION

To date, DAR has six (6) major on-going Foreign-assisted projects, namely:

- a. EU-Agrarian Reform Support Project (ARSP) (Grant)
- b. OECF-Agrarian Reform Infrastructure Support Project (Loan)
- c. Belgian Agrarian Reform Support Project (BARSP) (Grant)
- d. World Bank-Agrarian Reform Community Development Project (WB-ARCDP) (Loan)
- e. FAO-Technical Support to Agrarian Reform and Rural Development (Grant)
- f. UNDP-Support to Asset Reform through the CARP and Development of Indigenous Communities (Grant)

Each of these projects has its own Project Management Office at the Central Level. However, their structure vary at the Regional and Provincial levels. The OECF-ARISP uses the existing field structure and staff is on the DAR mainstream. The other projects have their own Project Management Offices (PMO) which is separate and distinct from DAR. The EU-ARSP has hired consultants/specialists and support staff for the PMO down to the provincial level.

These parallel project structures at the regional and provincial levels has created problems of coordination and synchronization of activities. Support from the field personnel are not as strong as when they are actively involved in the project. As the PMOs tend to work independently, physical and financial monitoring and administrative procedure are difficult to handle.

## 2. OBJECTIVES:

- a. The installation of a FAPs Management System and Structure would rationalize systems and procedures for administration, monitoring and evaluation of these projects.
- b. The structure shall ensure that FAPs are in the mainstream of DARs thrusts, priorities and programs.
- c. It shall facilitate the implementation of the project and full support on the project is assured.

## 3. HIGHLIGHTS:

The FAPs Management Structure is hereby attached as Annex 1 of these guidelines, highlights of which are as follows:

- a. Each Foreign-Assisted Project shall have a Steering Committee (SC) whose members are defined under Item 3.4 of MC no. 2, series of 1997. Concerned Regional Directors could be called upon to attend SC meetings as the need arises.
- b. The FAPs Executive Committee, chaired by the Assistant Secretary for Support Services shall be vested the power to provide policy recommendations, to ensure proper integration of FAPs within the Department and to review the functions of the Project Steering Committees.
- c. Supervision of all Project Management Offices (PMOs) shall be centralized in the Support Services Office, specifically under the PDMS. Hence, all PMOs, DAR Regional and Provincial Units concerned shall secure clearance from PDMS on all matters pertaining to GOP counterpart funding, loan proceeds, staffing, grant of honoraria, hiring of consultants, among others. Quarterly progress and annual accomplishment reports shall be submitted by all PMOs/ concerned DARROs/DARPOs to PDMS.
- d. Existing DAR structures at the Regional and Provincial levels shall be utilized to ensure full support to FAPs. The concerned Regional Directors and/or the PAROs shall be assigned as Project Managers to facilitate mobilization of staff and other resources.
- e. DAR shall create a FAPs Finance Unit within the Finance, Management and Accounting Service at the Central Office by assigning key staff to

handle annual budget preparation for FAPs approval, disbursement, accounting. They shall also handle the financial monitoring of all FAPs involving GOP counterpart funding and loan and grant proceeds which are coursed through DAR. In case of grants directly released by donor agencies to the respective PMOs, the DAR FAPs Finance Unit shall monitor the financial status of said projects.

- f. Likewise a FAPs Finance Unit at the Regional and Provincial levels shall be established parallel to the structure at the Central level.
- g. A FAPs unit within the Regional Support Service Division (SSD) and the Provincial BDCD shall be established to supervise FAPs concern within their area of jurisdiction. These units shall be structured parallel to PDMS. Point persons shall be designated for each FAPs in the area, however, he/she shall be assigned and be responsible for a maximum of two (2) projects only.
- h. Qualified project staff shall be detailed/assigned on a concurrent basis and shall be provided with honoraria as incentive.

## **II. Project Staffing**

To address the demand of the FAPs that specific staff be assigned to the project, the following measures shall be adopted, for projects requiring GOP counterpart for Personal Services;

- a. The PMOs concerned shall determine the specific positions required by the project. Priority shall be given to qualified DAR regular staff who shall be detailed on concurrent basis. Selection shall be competitive. Honoraria, as prescribed under DBM Circular No. 75, dated March 1, 1995, shall be granted as incentive to staff directly involved in project implementation and those performing functions for the project over and above their regular activities.
- b. For projects which require hiring of Specialists, said positions are subject to DBM Circular 433, which provides for a rate of compensation which shall not exceed 120% of the salary of an equivalent position in the regular plantilla. This Circular however, shall not apply to positions involving direct payment of salaries and wages by the concerned donor institutions.
- c. Salary rates for specialists and key positions shall be standardized.



### III. GRANT OF HONORARIA:

Grant of honoraria shall be guided by the following:

- a. Grant of Honoraria shall be subject to the availability of funds. Only those projects with allocation for honoraria under the GOP counterpart budget endorsed by PDMS and approved by DBM shall be authorized to draw honoraria.
- b. Project staff in FAPs which are integrated in nature and which have substantial capital investment or activities shall be qualified to receive honoraria.
- c. Projects which provide technical assistance in nature, and which specifically involves equipment support, training and capability building for staff, and conduct of feasibility studies are not qualified for the grant of honoraria.
- d. Only those staff who are directly involved in FAPs ( CPMOs, RPMOs, PPMOs, MAROs, Dfs, staff of FAPs Finance Units, Project Coordinators, Point persons and members of Technical Working Groups)) are qualified to receive honoraria, provided, however that their involvement in the projects are not part of their regular functions and is clearly an additional workload for them.
- e. Honoraria of all MAROs and Dfs involved in FAPs shall be standardized for all projects. MAROs and Dfs shall receive a maximum monthly honoraria of Php 800.00 and Php 600.00, respectively.

### IV. OTHER PROVISIONS:

1. Representation and Traveling Allowance (RATA)  
Personnel assigned to FAPs who are entitled to Representation and Traveling Allowance (RATA) shall draw such allowance from GOP counterpart funds effective upon his assignment to FAPs.
2. Complementation of projects  
Two or more FAPs are allowed to cover the same ARC provided the projects are complimentary and not duplicating.

This Memorandum Circular takes effect 2/15/97, 1997 and supersedes all issuances inconsistent herewith.

Done this 2/15/97 day of May, 1997. Quezon City.

**ERNESTO D. GARILAO**  
Secretary

**FAPs MANAGEMENT UNIT  
DEPARTMENT OF AGRARIAN REFORM**

Annex 1

