



Republic of the Philippines
DEPARTMENT of AGRARIAN REFORM

ELLIPTICAL ROAD, DILIMAN, QUEZON CITY TELS. 928-70-31 TO 39

MEMORANDUM CIRCULAR NO. 04
Series of 1998

SUBJECT: CREATION OF FOREIGN-ASSISTED PROJECTS (FAPs) OFFICE

PREFATORY STATEMENT

Memorandum Circulars No. 2 and No. 21, prescribing the guidelines governing the implementation and management of foreign-assisted projects (FAPs), took effect on January 10, 1997 and May 21, 1997, respectively. These were issued to streamline the management system and structure of foreign-assisted projects (FAPs) under the Department of Agrarian Reform (DAR). With the increasing number of FAPs, the DAR recognizes the need to strengthen and further streamline the existing support systems for the implementation and management of FAPs and integrate all FAPs into the mainstream of the DAR structure at all levels.

BACKGROUND

Over the last five years, DAR has generated considerable Official Development Assistance (ODA) funds from various foreign funding institutions and donor governments to facilitate effective implementation of the Comprehensive Agrarian Reform Program (CARP). As of end of year 1997, about P10 Billion worth of ODA funds, for eleven (11) FAPs, have been generated to partly finance the required support infrastructure and services for agrarian reform communities (ARCs) and complement the limited Agrarian Reform Fund (ARF).

To date, DAR is implementing three (3) major loan projects financed by the World Bank (WB) and the Overseas Economic Cooperation Fund (OECF). In addition, there are eight (8) grant-assisted projects funded by various institutions, such as the European Union (EU), the United Nations Development Programme (UNDP), and the Food and Agriculture Organization (FAO)/Italy, and also funded from bilateral assistance by the Governments of Belgium, Canada, Japan, the Netherlands, and Sweden.

These FAPs are under a management structure which is governed by loan contracts, bilateral agreements or financing memorandums between the donor institutions/governments and the Government of the Philippines (GOP). Project Management Offices (PMOs), which have been established by DAR for each of the FAPs, are directly responsible for the implementation, coordination and monitoring of project activities.

RATIONALE

Building on established policy framework for ODA funding, drawing lessons from the Department's experience in the management and implementation of on-going FAPs, and anticipating the approval and implementation of new FAPs in 1998, DAR foresees the need to establish a "one-stop-shop" for all FAPs.

The existing DAR set-up for FAPs puts in place the appropriate and quite adequate mechanisms to respond to the present requirements of on-going FAPs. However, this set-up is seen to be inadequate and inappropriate as requirements of FAPs are expected to increase



"Tulong-tulong sa pagsulong"



and become complex with their implementation now climbing to a momentum. In addition, ODA to support CARP is expected to increase over the next two years. Multilateral agreements with the Asian Development Bank (ADB), the International Fund for Agricultural Development (IFAD), and the OECF (Phase II), and bilateral assistance from the Spanish Government, among others, are hoped to be forged before the end of the first semester of 1998 and will significantly intensify DAR's intervention efforts in providing the necessary support infrastructure and services to about 1,000 ARCs nationwide.

With these milestones and anticipated increase in FAPs implementation requirements, DAR management support systems for FAPs need to be strengthened and restructured. The creation of the Foreign-Assisted Projects Office is thus deemed necessary.

THE FOREIGN-ASSISTED PROJECTS (FAPs) OFFICE

As a matter of policy, DAR has declared that all FAPs under its authority should form an integral part of its overall program and functional structure, consistent with its goals, objectives and policies. The creation of the FAPs Office is thus a direct response to the need to synchronize project activities of FAPs with regular activities of the DAR, and enhance coordination and efficient management in the planning, implementation, monitoring and evaluation of all FAPs under DAR.

Basically, the FAPs Office shall serve as the "one-stop-shop" which shall oversee the implementation of all FAPs and shall provide technical assistance and administrative support to the Project Management Offices (PMOs) of all FAPs in order to expedite the delivery of essential support services to the ARCs. It shall also serve as the "contact unit" or "clearing house" within DAR which would expedite coordination of activities and collaboration of efforts among the donor agencies/governments, PMOs, involved national line agencies, and the DAR management. (Refer to Figure 1.)

RESPONSIBILITIES AND FUNCTIONS

The FAPs Office shall assume the roles and functions of the Project Development and Management Service (PDMS) particularly relating to FAPs management and implementation as prescribed under Memorandum Circulars No. 2 and No 21. Specifically, the FAPs Office shall be responsible in providing the following:

1. PROJECT IMPLEMENTATION ASSISTANCE

1.1 PRE-IMPLEMENTATION ACTIVITIES (For newly approved FAPs):

- Establishment of the PMO, to include provision of office/physical facilities and recruitment and orientation of key project staff, preparation of terms of reference and scope of services of project consultants/specialists;
- Preparation of the initial workplan and budget based on loan agreements or financing memorandums;
- Formulation and installation of appropriate management systems and procedures, to include preparation of operations and administrative manuals and implementation procedures; and
- Coordination with DARCO units and other national government agencies such as the NEDA, DBM, DFA, DOF, COA and other concerned agencies, and donor institutions on pre-implementation activities.

1.2 IMPLEMENTATION ACTIVITIES (For on-going FAPs):

Provide technical assistance and administrative support to the PMOs in the:

- Preparation and review/approval of annual workplans and budgets;
- Implementation of the operations, administrative and financial management systems and procedures;
- Extension of staff support to technical review and evaluation missions from donor institutions and DARCO;
- Review of physical and financial progress reports;
- Conduct of tender and bidding procedures and procurement activities; and
- Coordination with DARCO, donor institutions and other national government agencies on the effective and efficient implementation of the project.

1.3 Post-Project Operations

- Devising of appropriate mechanisms for project turn-over and sustainability;
- Assessment of project accomplishments vis-a-vis project objectives/targets;
- Closing of financial accounts and preparation of project completion reports;
- Preparation of Phase II proposal for the project and the necessary support documents; and
- Coordination with concerned agencies and donor institutions for Phase II approval and implementation.

2. PROJECT COORDINATION AND MONITORING

- 2.1 Implementation of a standardized performance assessment and monitoring system for all FAPs;
- 2.2 Proper coordination and integration with offices and units within the DARCO and with the regional and provincial offices on project-related activities including staffing requirements and complementation and/or optimal use of resources;
- 2.3 Making representations with DBM on budget proposals and fund releases particularly with regards to GOP counterpart funds, with COA on financial audit requirements and fund disbursements, and with donor institutions on project operations and fund utilization;
- 2.4 Coordination with other government agencies and private entities where the project involves inter-agency and/or tripartite participation;
- 2.5 Preparation/review/consolidation of progress reports for submission to DAR management, donor institutions, and oversight agencies such as the NEDA, DBM, and DOF;
- 2.6 Information dissemination and promotion of FAPs activities through media;
- 2.7 Establishment of a database of local and expatriate consultants, NGOs and POs and other development partners as potential sources of consultants/resource persons;
- 2.8 Convening of regular Project Managers' meetings with DAR management and serving as technical secretariat thereto, including coordination and follow-up courses of action agreed upon during these meetings.

3. PROJECT FINANCIAL MANAGEMENT

- 3.1 Financial monitoring of all FAPs particularly project funds coursed through DAR;

- 3.2 Maintenance of FAPs accounts and preparation of consolidated financial reports for submission to DARCO, donor institutions, and oversight agencies;
- 3.3 Supervision of all FAPs Finance Units established at the regional and provincial DAR offices;
- 3.4 Coordination/follow-up with DARCO units, donor institutions and oversight agencies particularly the DBM with regard to project budgets, and fund releases;
- 3.5 Preparation/review of annual budget particularly the GOP counterpart;
- 3.6 Preparation of Statement of Expenditures (SOE) for the use of funds from continuing appropriations;
- 3.7 Review of audit reports prior to submission to DARCO, donor institutions, and concerned agencies; and
- 3.8 Review of financial operations manual of each of the FAPs.

MANAGEMENT STRUCTURE

1. There shall be an Executive Director to oversee and manage the operations of the Project Development and Management Service (PDMS) and the FAPs Office. Under the supervision of the Assistant Secretary for Support Services, the Executive Director shall be responsible for the overall management and supervision of project pre-implementation and implementation of all FAPs and shall represent the DAR Secretary in Project Steering Committee (PSC) meetings. In addition, he shall provide policy directions and/or recommendations to the different PSCs and shall see to the smooth flow of ODA funds to expedite delivery of support services to the ARCs covered by FAPs. (Refer to Figures 2A and 2B .)
2. The Executive Director shall be supported by a team of specialists/consultants, technical, financial and administrative staff to be tapped from the pool of experts and staff of on-going FAPs on need basis. Support staff shall be seconded from DAR based on required qualifications and relevant work experience.
3. The FAPs Office shall have two (2) main services to carry out its functions and responsibilities:
 - ***Project Implementation and Management Services***, to provide assistance on project pre-implementation, implementation, post-implementation activities, and project coordination and monitoring.
 - ***Administrative and Finance Services***, responsible for overall financial management, programming and disbursement of loan/grant proceeds and provision of administrative services.
4. Project Management Offices (PMOs) established by DAR for each of the FAPs shall be under the supervision of the FAPs Office. The PMOs shall be responsible for the management and implementation of day-to-day operations of the FAPs. They shall secure clearances/endorsements from the FAPs Office on all matters pertaining to GOP counterpart funding, loan proceeds, recruitment of key personnel, staffing and compensation package, and other relevant administrative and financial matters. They shall be submitting regular reports on their respective program of activities, and

physical and financial status/accomplishments to the DAR Secretary through the FAPs Office.

The FAPs Project Managers/Directors, who are appointed/endorsed for appointment by the DAR Secretary, shall course/refer all major policy and operational matters directly to the FAPs Office before referring them to the donor institutions/agencies or national line agencies.

5. The management and operational structure of all FAPs shall be mainstreamed into the existing DAR regional and provincial structures. As prescribed under MC 21, the DAR Regional Director shall serve as the Regional Project Manager (RPM) of all FAPs in his region. He shall oversee the activities of the FAPs Unit which shall be established within the Support Services Division (SSD). Composed of Desk Officers headed by the Chief of SSD, the SSD-FAPs Unit shall serve as the technical arm of the RPM in coordinating and monitoring all FAPs in the region. A Regional FAPs Finance Unit shall be established to provide support to the FAPs Unit under SSD on matters related to financial management and monitoring and administrative requirements. (Refer to Figure 3)
6. At the provincial level, the Provincial Agrarian Reform Officer (PARO) shall be designated as the Provincial Project Manager (PPM) for all FAPs in the province. A FAPs Unit shall likewise be established within the Beneficiaries Development and Coordination Division (BDCD) manned by Desk Officers directly supervised by the BDCD Chief. Similarly, the BDCD-FAPs Unit shall serve as the technical arm of the PPM in coordinating and monitoring all FAPs being executed/implemented by the DAR in the province. (Refer to Figure 4.)
7. At the municipal and ARC levels, FAPs implementation shall be carried out through the Municipal Agrarian Reform Officers (MAROs) and the Development Facilitators (DFs), respectively, with the assistance of the DAR/FAO-TSARRD Farm Systems Development (FSD) Teams which shall form the core of the coordination and implementation structure of project activities in the ARCs. (Refer to Figure 5.)
8. DARCO units, particularly the PDMS, BARBD and FIMAS, and other concerned offices, shall provide technical assistance and support to the FAPs Office.

This Memorandum Circular takes effect immediately and supersedes all other issuances inconsistent herewith.

Done this 17th day of FEBRUARY, 1998, Diliman, Quezon City.


ERNESTO D. GARLAO
Secretary

Figure 1. Organizational Chart of the Department of Agrarian Reform
FOREIGN ASSISTED PROJECTS OFFICE

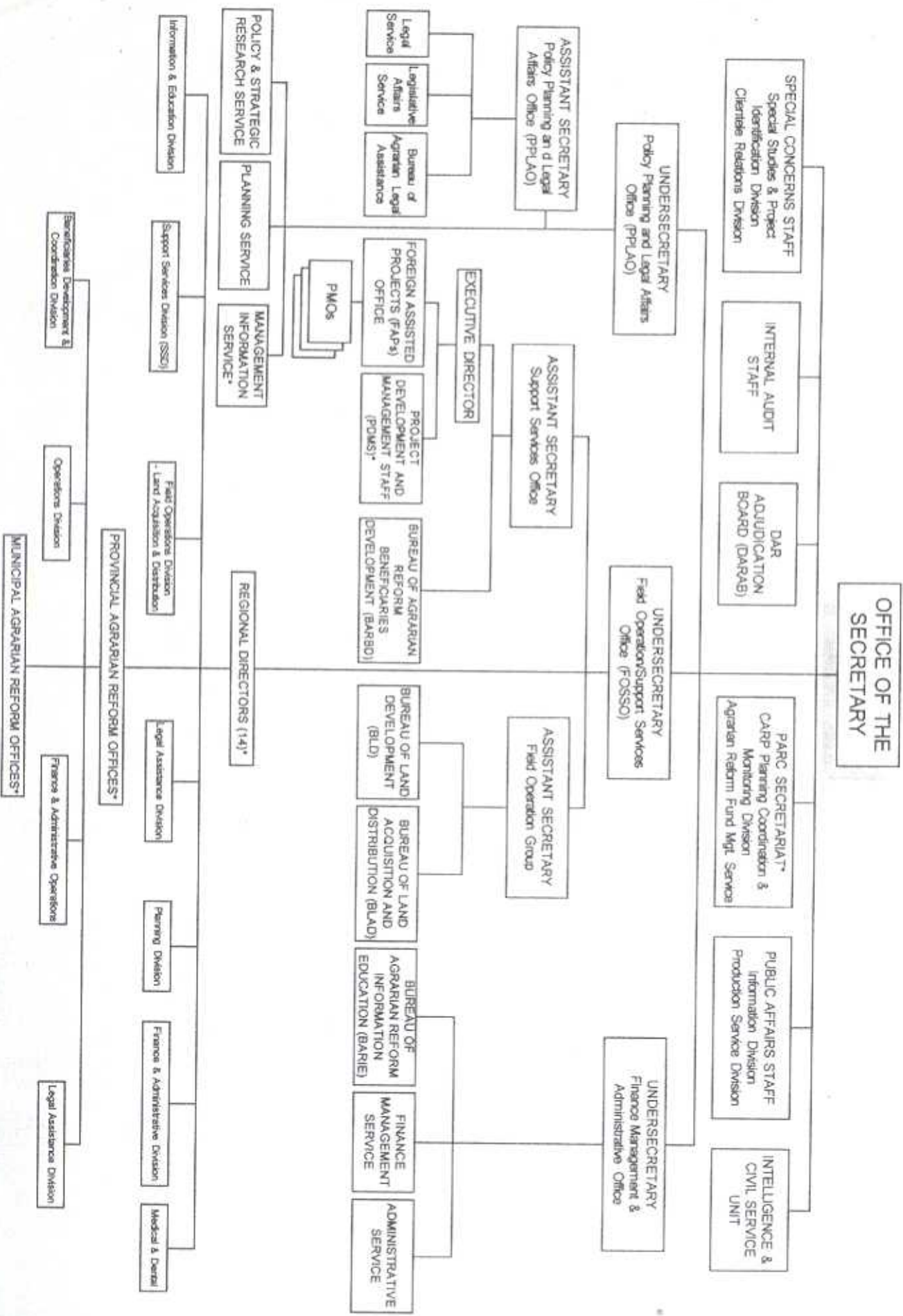


Figure 2A. ORGANIZATIONAL STRUCTURE
 Project Development, Management and Foreign-Assisted Projects' Office (PDM-FAPSO)

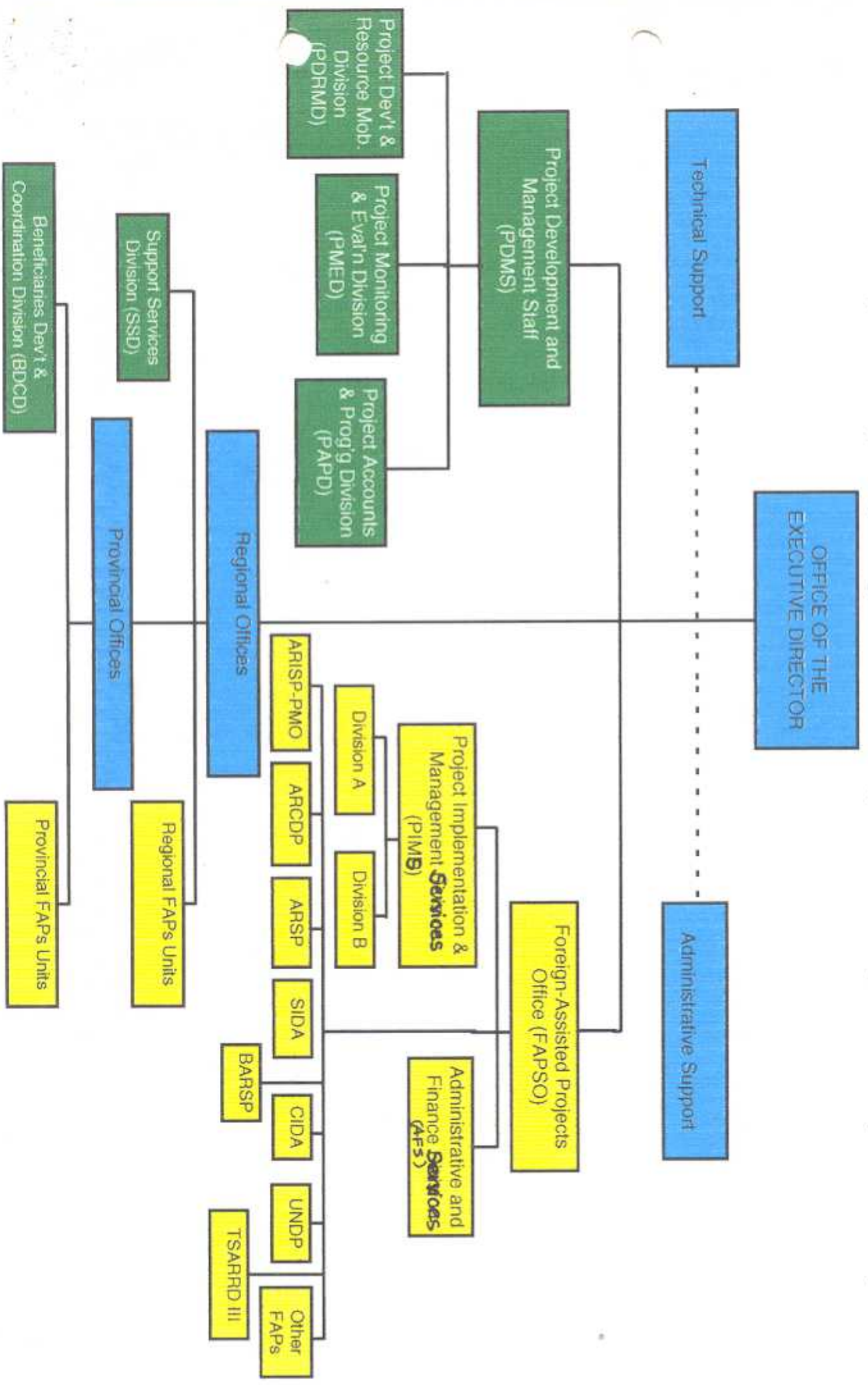


Figure 28 ORGANIZATIONAL STRUCTURE
Project Development, Management and Foreign-Assisted Projects' Office (PDM-FAPSO)

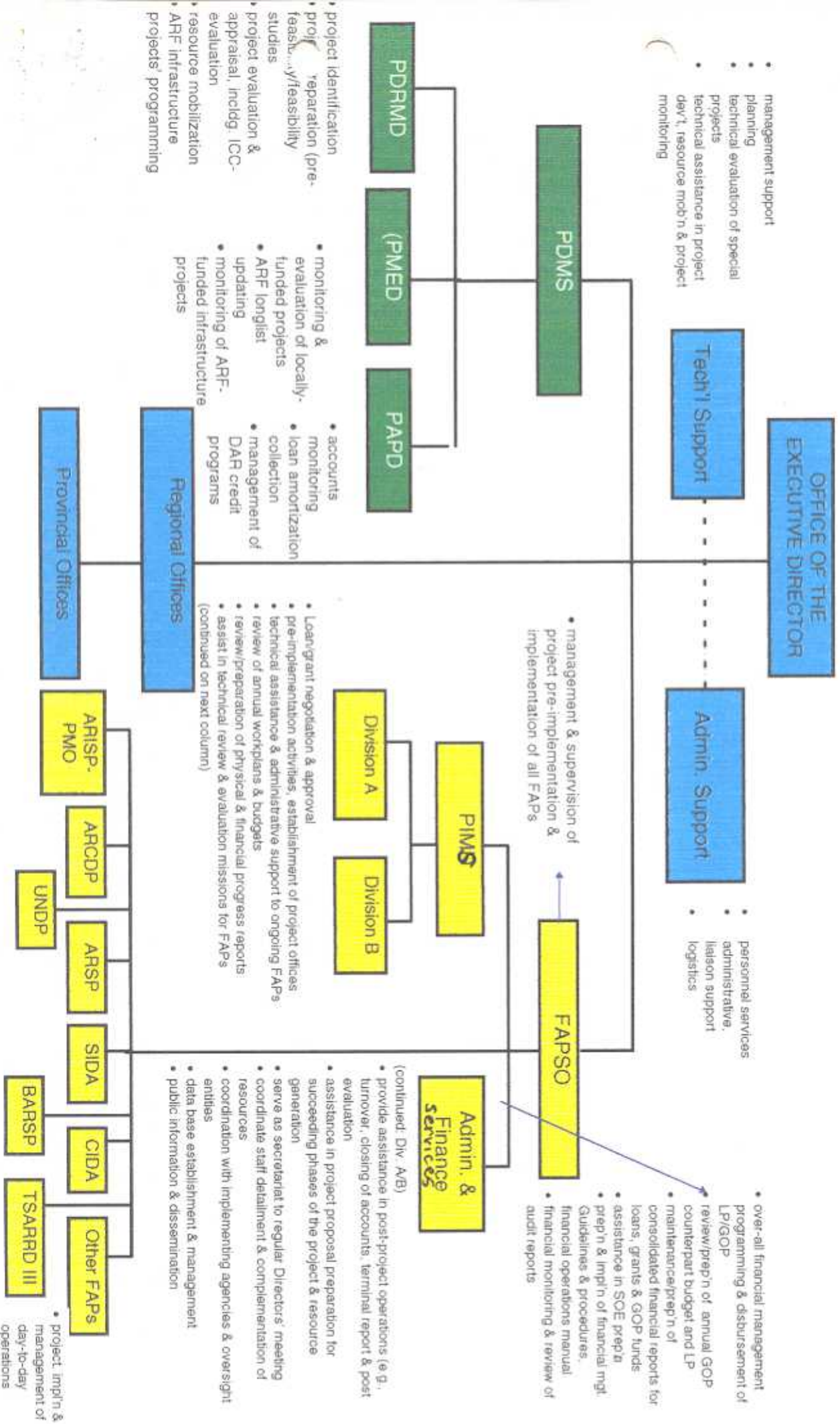


Figure 3. FAPs Office at DAR Regional Office

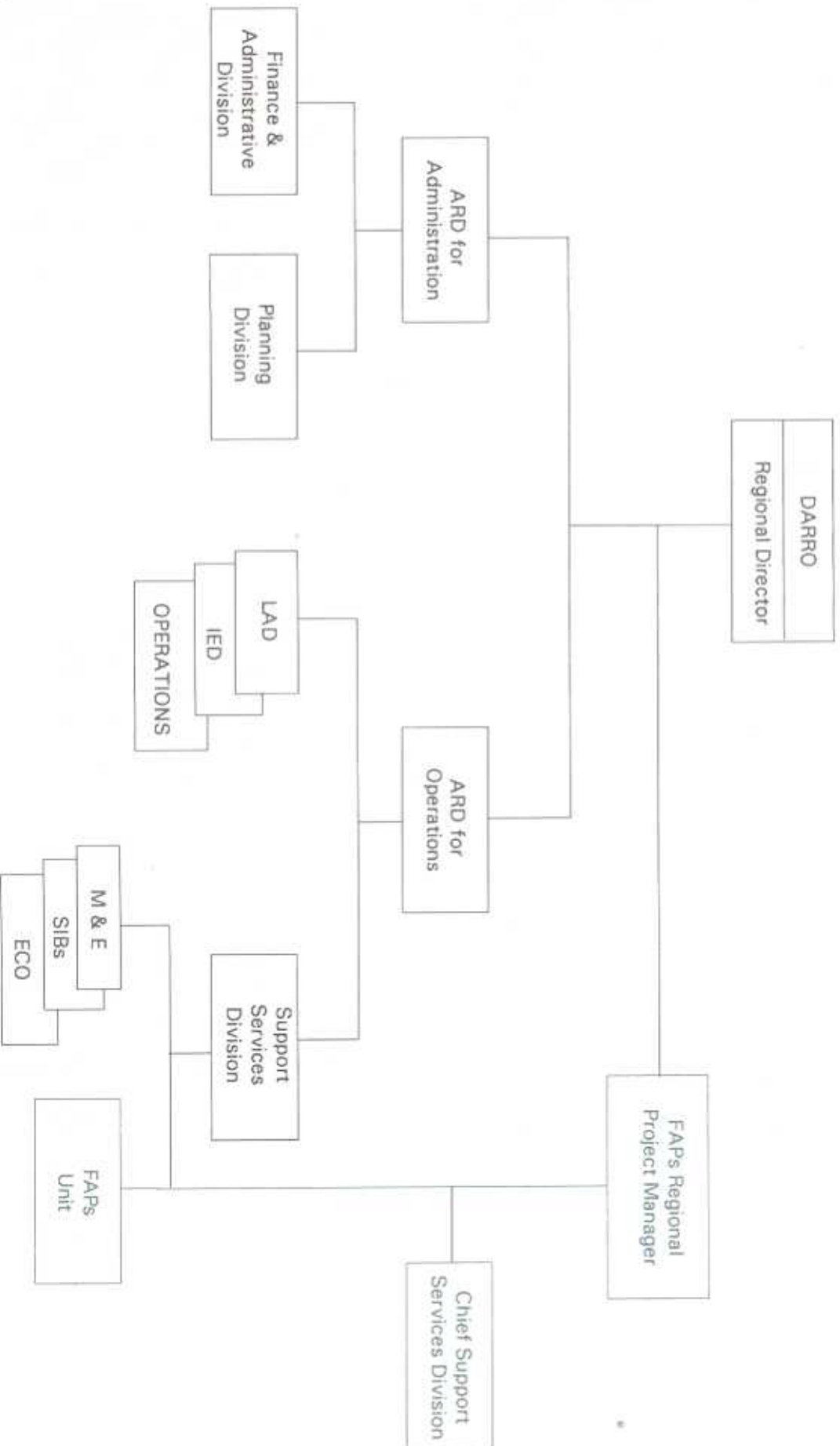


Figure 4. FAPs Office at DAR Provincial Office

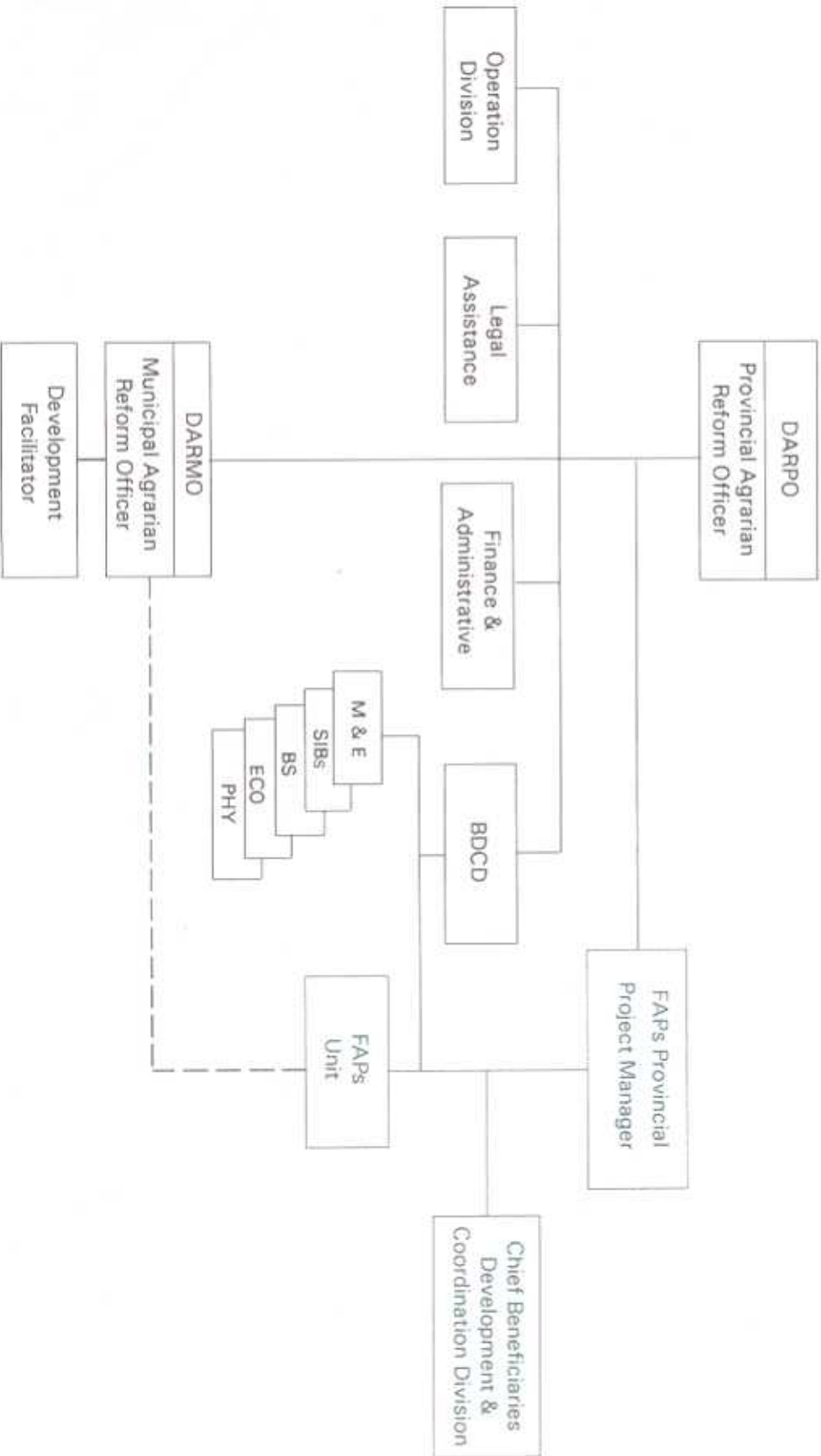


Figure 5. ARC Project Coordination and Implementation Structure In Relation to FAPs

