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Department of Environment and Natural Resources

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DENR
MEMORANDUM CIRCULAR
No. 2002- 14

SUBJECT : Prescribing the Guidelines for the Implementation of Southern Philippines Irrigation Sector Project – Watershed Management Sub-Component (SPISP-WMS)

Pursuant to the Memorandum of Agreement entered into by and between the DENR and the National Irrigation Administration (NIA) relative to the Southern Philippines Irrigation Sector Project and consistent with the thrusts and priorities of the Department, the following guidelines for the implementation of the Southern Philippines Irrigation System Project – Watershed Management Sub-Component (SPISP-WMS) is hereby provided for the guidance of all concerned.

ARTICLE I

Preliminary Provisions

Sec. 1. Scope and Coverage. This Memorandum Circular shall govern the implementation of the different activities of the Watershed Sub-component of the Southern Philippines Irrigation Sector Project, located in Regions VI, VII and CARAGA.

Sec. 2. Implementation Arrangements - The implementation of the SPISP-WMS shall be guided by the strategies and approaches outlined in the Philippine Strategy for Improved Watershed Resources Management, Guidelines for Watershed Management and Development in the Philippines, provisions of EO 263, PD 705 as amended, and other appropriate orders and issuances of the Department. Implementing offices/units shall be guided by the following:

2.1 The over-all implementation of the Watershed Management Sub-component of the SPISP shall be administered by the Forest Management Bureau (FMB) thru the Central Project Management Office (CPMO) in close coordination with the National Irrigation Administration. Project activities shall be implemented by the DENR field office(s) thru the Site Project Management Office(s) concerned.

2.1.1 Implementation of project activities shall be in accordance with the duly approved Work and Financial Plan of the Project.

2.1.2 In carrying out the project area development, project activities may be carried out directly by the SPMO (by administration) or contracted to on-site People's Organizations (PO's) depending on the type of activity and the capability of the PO.

- 2.1.3 In accordance with the approved supplement to the DENR-NIA MOA, funds for the implementation of site activities shall be transferred directly from NIA to the concerned PENRO while funds intended for DENR-CPMO shall be transferred to the Forest Management Bureau (FMB). Obligations and disbursements of funds for the implementation of the project shall be through the implementing office concerned and in consonance with the duly approved Work and Financial Plan. Subsequently, liquidation of expenses and/or Statement of Expenditure (SOE) shall be submitted directly to NIA, copy furnished FMB CPMO, by the respective implementing offices following the format and specific guidelines prescribed by NIA and the Bank (ADB) for the purpose.
- 2.1.4 Costing for the implementation of the work activities shall be based on pertinent DENR issuance or prevailing rates.
- 2.2 Upon termination of the project (SPISP), the management of the watershed shall be turned-over to the Peoples' Organization/s (POs) concerned who shall be organized, strengthened and capacitated for the purpose.

Sec. 3. Definition of Terms – As used in this guidelines, the terms enumerated below shall mean as follows:

- 3.1 Comprehensive Site Development – Plantation establishment activities in a reforestation site which include, among others; construction of infrastructure; seedling production; site preparation; outplanting; replanting; maintenance and protection; and silvicultural treatments such as covercrop planting, income enhancement planting ,inter-cropping; and other on-farm livelihood activities by the peoples' organization.
- 3.2 Peoples' Organization/Community Contractor – Refers to an association, organization, foundation, cooperative, or such other popular groupings or formations, duly registered with the appropriate government agency, consisting of 15 or more members who are residing within or adjacent to the Project site who entered into a contract with the Project involving any of the activities in the project sites.
- 3.3 Force Majeure - force majeure shall refer to those events which could not be foreseen, or which though foreseen, were inevitable so as to make it impossible for the contractor to carry out, in whole or in part, his/her/their obligations under the contract. These shall include the following:
- 3.3.1 Those due to human causes as wars, armed invasion, revolution, rebellion, insurrection, armed blockades, riots, civil disturbance, strikes and other analogous causes; and

- 3.3.2 Those due to natural causes such as earthquakes, typhoons, storms, floods, prolonged drought, epidemics and other similar phenomena.
- 3.4 High Value Agroforestry (HVA) – agroforestry system that combines high value crops such as mango, mahogany and ilang-ilang with cash crops such as corn/rice and vegetables. As used in this guideline, HVA refers to forest trees and/or fruit trees planted along the boundary of cultivated farms in the watershed.
- 3.5 Natural Vegetation Strips (NVS) – natural or planted vegetation strips along the contour within cultivated farms in the watershed.
- 3.6 Stream Bank Stabilization – enrichment planting on the 10-meter wide strip on both sides of the stream using Bamboo, Ipil-ipil and other suitable species.
- 3.7 Graded Trail - A path constructed along a carefully surveyed alignment on the ground generally wide enough to permit the use of animal-drawn carts, with gradient or slope normally not exceeding 10%.
- 3.8 Production Forests – Areas with slopes from 18%-50% developed to supply both timber and non-timber products such as bamboo, rattan, horticultural crops (e.g. fruit/nut trees, gums and resins, spices, or a combination thereof).
- 3.9 Protection Forests – Areas regardless of slope which are highly susceptible to erosion or too rocky for establishment of either production forests or limited production forests, developed for the principal objective of establishing vegetative cover to prevent erosion, conserve water and nurture wildlife.

ARTICLE II

Administrative and Financial Management

Sec. 4. As indicated in Section 2 of this memorandum circular, the over-all implementation of the Watershed Management Sub-component of the SPISP shall be administered by the Forest Management Bureau (FMB), in close coordination with NIA. Project activities shall be implemented by the DENR field offices concerned through the respective Sub-Project Site Management Offices (SPMO) created for the purpose.

Sec 5. All administrative concerns in the implementation of the Watershed Management Sub-component of SPISP shall be governed by applicable rules and regulations administered by the Civil Service Commission.

Sec. 6. Financial Management. Funds for the implementation of the site activities shall be transferred directly to the concerned PENRO while funds intended for the operations of the DENR-CPMO shall be transferred to the Forest Management Bureau. Obligations and disbursements of funds shall be covered by the ADB-NIA Project Administration Management Guidelines adopting the 70 % Loan Proceeds (LP) and 30% GOP/PC utilization of funds following the Category 08 – Community Action Activities (Direct Costs) and Category 09-A –

Water Management Administration (Indirect Costs). Charging of expenses shall be in accordance with the approved Work and Financial Plan. Subsequently, financial reports like the Statement of Expenditures (SOE), Cost Summary Report for LP and GOP/PC, Reports of Check Issued shall be submitted directly to NIA for liquidation purposes, and in like manner, the site Project Management Offices shall submit documents to NIA copy furnished the FMB-CPMO. Financial reports shall be certified correct by the Chief Accountant verified and attested as correct by the Resident Auditor.

ARTICLE III

Survey and Delineation of the Project Sites

Sec. 7. Survey and Delineation – The activity includes actual delineation and establishment of the boundaries of the project sites as well as of the different management zones and other zones as may be assigned (e.g. reforestation sites, agroforestry sites, enrichment planting sites, etc.) therein.

- 7.1 Delineation/Validation of Project Site Boundaries and Management Zones. The actual survey of the project site boundaries and management zones therein may be contracted out to the stakeholder-community who may hire technically qualified individuals/(e.g. licensed geodetic engineer or forester) to conduct the survey if they have no capability to do so. In case the community/PO is not technically capable of conducting such survey and is not willing to hire qualified persons, the same shall be manifested in writing and submitted to the Sub-project Site Manager. In such case, the activity shall be contracted to qualified persons/firms through appropriate selection process. The surveyor-contractor however, shall hire laborers from, and shall always coordinate with the community and other stakeholders in the conduct of such survey/delineation. The management zones to be delineated on the ground are, but not limited to, the following: a) Reforestation Site, b) Agroforestry Site, c) Virgin Forest/Protection Forest, d) Second Growth Forest, e) Settlement/Built-Up Area, and f) Proposed Dam Site (if any). Validation of the management zones shall be conducted, if and when necessary.
- 7.2 Map and Technical Report Preparation - This activity shall include preparation of control and operations maps and technical report clearly indicating the results of the survey activities. Different management zones shall likewise be reflected in the map such as zones of the natural forest, reforestation areas, upland farms, settlement/built-up areas and unclaimed areas, if any.

ARTICLE IV

Physical Development

Sec. 8. Coverage – Consistent with the participatory approach to watershed management as prescribed under the Strategy for Watershed Resources Management, the physical development of the project sites shall be undertaken primarily by the stakeholder-community through appropriate contract(s) with DENR. Physical development shall be based on the approved annual

work and financial plan of the project and on the Watershed Management Plan prepared for each site. The physical development component consists of the following activities:

- 8.1 Reforestation Activity – involves the planting of trees and other perennials in the denuded forestland portions of the project sites.
- 8.2 Enrichment Planting/Assisted Natural Regeneration – involves the planting of trees within inadequately stocked forestlands and farm boundaries to improve its forest stock.
- 8.3 Agroforestry Development – involves the management system that combines NVS, HVA, production of agricultural crops/fruit-bearing trees and forest trees and/or livestock simultaneously or sequentially on the same unit of land. This activity shall be undertaken by the stakeholder-community, either collectively or individually. Planting and/or seedling production under this activity may be contracted to a community or family contractor.
- 8.4 Stream Bank stabilisation – involves planting of bamboo and other prescribed species in strips along banks of rivers to minimize occurrence of erosion and sedimentation.

ARTICLE V

Support Services

Sec. 9 Nursery Operation – involves all activities in the production of planting stock preferably to be undertaken by the stakeholder-community through a contract. However, production of planting stock may be through procurement if and when the situation demands it or does not allow enough time for raising in the Project nursery. The planting stock to be produced/procured shall include forest trees, fruit-bearing trees and other agricultural crops suitable to the planting sites. It shall be used in the physical development activities of the project.

Sec. 10 Information, Education and Communication (IEC) – The activity shall include the preparation of a comprehensive plan on IEC campaign to enhance community awareness on the importance of the watersheds and the benefits that can be derived therefrom, as well as to generate support for the project from the general public. The activities shall include, but not limited to, installation of billboards, production of print materials, conduct of house-to-house visits and community assemblies.

Sec. 11 Training - To ensure that the participating organizations and the project staff are equipped with knowledge and appropriate skills necessary for the implementation of the project, the project shall undertake series of seminar-training for such purpose. This activity shall also include capacity building on livelihood and enterprise development. A comprehensive training needs assessment shall be conducted by the project staff to determine the training needs of the participating communities who will be the eventual managers of the project.

Sec. 12 Provision of Appropriate Land Tenure Instruments (LTI) - In consonance with the prescribed watershed management strategies of multiple use and participatory/community-based resource management, the following arrangements shall be adopted:

- 12.1 All existing land tenure arrangements (e.g. CBFMA, CSC, CFSA) covering portions of the watershed project sites shall be respected.
- 12.2 Areas not covered by any land tenure instrument but are suitable and being applied for such purpose by legitimate claimants may be awarded through appropriate land tenure instrument in accordance with pertinent rules and regulations and guidelines prescribed therefor.

Sec. 13 Research and Development – research and development activity shall include the conduct of appropriate research studies to improve strategies and approaches in watershed management, generation of database such as but not limited to, the development of appropriate technologies for the implementation of the various activities of the project.

Sec. 14 Community Organising/Strengthening –community organising is a continuing process that involves the formation, and/or strengthening of people’s organization, cooperative, federation or any other popular groupings. It shall be conducted by project in-house staff with the assistance of potential community leaders that may be identified. In order to facilitate the formation of responsible groups, value formation, leadership and other appropriate training programs may be provided to the participants.

Sec. 15 Formation of Watershed Management Council- This council shall serve as an advisory body composed of representatives from the community, DENR (PENRO), concerned LGU, NGOs (if there are any) to provide assistance to the community in cases of conflict and other matters that the community cannot decide on its own. The WMC is an oversight and advisory body. Decisions on the day-to-day operations of the community will be a responsibility of the organizations. WMC shall meet regularly at a date agreed upon by the members.

Sec. 16 Forest Protection – This involves all activities necessary for the protection of the watershed sites from all forms of destruction (e.g. timber poaching, forest fires, pest and diseases, inappropriate uses, etc.). Such activities may include deputation of community members as forest environment and natural resources officers, foot patrol, formation of community forest protection teams and fire brigades, and establishment of forest product monitoring centers.

ARTICLE VI

Infrastructure Support

Sec. 17 Infrastructure Support – The Project shall provide the necessary infrastructure facilities in support of its various activities. The said facilities may include establishment of field offices, nursery facilities, structural measures for soil erosion control, look-out towers, graded trails and other appropriate infrastructure support in coordination with other appropriate agencies. Construction of such facilities shall be as far as possible contracted to the community. Otherwise it may be contracted to a competent individual/outfit or undertaken by the project itself. In such

case, however, the labor for the establishment/installation/construction of such facilities shall be tapped from the stakeholder-communities.

ARTICLE VII External Linkages

Sec. 18 External Linkages – To ensure sustainability of the project, and to ensure that the community may avail of other basic services from other government and non-government entities, academic and research institutions, the capability of the community to access support from these groups will be hastened. When necessary, participation or involvement of other groups will be through MOA/MOU between and among all stakeholders, or through any other appropriate arrangements.

ARTICLE VIII Monitoring and Evaluation

Sec. 19 Monitoring and Evaluation – Regular monitoring and evaluation of project sites will be conducted by the CPMO in close coordination with the SPMO and concerned DENR offices (CENRO/ PENRO/ Regional Office) and NIA. There will also be a mid-project and end-of-project assessment to be conducted by CPMO, SPMO, NIA, PENRO /Regional Office in close coordination with the concerned Local Government Units. Periodic review missions may be conducted by ADB, the funding agency. The cut-off date for the submission of report by the SPMO to the CPMO of its regular monitoring of project accomplishments shall be every 15th day of the month. The CPMO, on the other hand, shall consolidate the reports and submit the same to NIA not later than the 25th day of the month under review.

Sec. 20 Billing and Validation/Inspection- In case of contracted activities to the community, the PENRO shall create/dispatch an inspection/validation team in cases where ground validation/inspection of accomplishment(s) being billed for payment by the contractors is needed. In cases where there is no existing inspection/validation team, the same shall be created through a PENRO Special Order. The report of the inspection/validation team shall serve as the basis of the payment or non-payment of the billed accomplishments.

Sec. 21 Mode of Implementation – The validation by above-evaluation team shall be done primarily to determine the extent to which the community contractor had attained the targets specified in their agreement. This shall be the basis for determining the amount payable to the community contractor. The validation team will conduct inspection and assess performance in response to progress billings submitted by the contractor. The team shall use standard procedures adaptable to a given area. They shall likewise identify implementation issues and concerns and recommend measure(s) to address the same.

Sec. 22 Frequency of Inspection/Assessment – Inspection and assessment of accomplishment of contractor shall be undertaken upon request/submission of billing by the contractor based on the approved contract.

ARTICLE IX

Contract Management

Sec. 23 Mode of Awarding Contracts -- Contract of activities shall be awarded in accordance with applicable rules and regulations, and guidelines. Reforestation or watershed rehabilitation contracts may be in the form of the following: a) Service Contract (Pakyaw), b) Family Approach Contract, c) Community Contract/Peoples Organization Contract or any other appropriate schemes depending upon the feasibility and practicality of each form as determined by the Sub-project Site Manager.

Sec.24 Performance Bond - Contractors of the Project activities shall be required to post in favor of DENR a Performance Bond equivalent to 10% of the total contract cost issued by the Government Service Insurance System (GSIS) or any accredited bonding agency callable on demand in order to guarantee the faithful performance of the contractor. It shall be released to the contractor upon acceptance of the contracted services in accordance with DENR MC No. 24, Series of 1990.

Sec. 25 Payment of Mobilization Cost - Pursuant to the authority granted by the Office of the President on 10 January 1989 and in May 1989, payment of mobilization cost shall be allowed in community-based reforestation contracts. The contractor community/family shall be entitled to the payment of mobilization cost which shall not exceed fifteen percent (15%) of the first year cost. The mobilization cost however shall be deductible from the payments for the progress billings of the contractor in a prorated manner.

Sec. 26 Payment of Billings - Succeeding payments to the contractor shall be made only in response to written progress billings submitted to the Sub-project Site Manager in accordance with the payment schedule. Upon receipt of the billing, the Sub-project Site Manager shall immediately endorse the same directly to the PENRO concerned who shall dispatch the inspection/validation team (IVT) within 3 days upon receipt of the endorsement. The IVT shall, within 3 working days upon instruction by PENRO, inspect the accomplishment(s) being billed for. Within three (3) working days after inspection, the IVT shall submit their inspection report to the Sub-project Site Manager who shall in turn endorse the same to the paying authority. The report may either recommend for payment of the bill in such amount as may be warranted by actual accomplishments, for adjustment, or its rejection, as the case may be. If payment is recommended, the billing shall be immediately processed and the payment shall be remitted to the contractor. If rejection is recommended by IVT, the Sub-project Site Manager shall notify the contractor within three (3) working days from receipt of the Inspection Report informing the latter of such and the reasons therefor. The Sub-project Site Manager shall have the right to suspend payment, or impose such conditions as may be appropriate, if the result of inspection by the IVT indicate that accomplishments are below the targets specified. Suspension, if imposed, shall last until such time that the contractor overcomes any shortfall in performance and compliance with the terms and conditions of the contract.

Sec. 27 Minimum Survival Rate – The minimum survival rate in contract reforestation that is acceptable to DENR upon completion and turn-over of the contracted reforestation site shall be 80% each of the final crop and nurse trees, the latter shall be if and when required or other perennials based on the prescribed planting density/design.

Sec. 28 Retention Fee – To further guarantee accomplishment of the contracted activities/services, an amount equivalent to 15% of the total contract cost shall be retained by DENR office concerned. This amount shall be disbursed to the contractor as final payment upon satisfactory completion of the contracted services.

Sec. 29 Force Majeure - In case of force majeure, the contractor shall notify the Project in writing within seven (7) days after its occurrence, describing the same and its effects upon the performance. The parties to the contract shall, within five (5) days after receipt of the notice by the Project, consult with each other to decide on the most appropriate course of action to take under the circumstances, which may include suspension of work or termination of the contract. Forest fires regardless of cause or origin, shall not be considered force majeure, especially since adequate funds for site preparation, maintenance and protection (which include fire prevention and control) are provided for in the agreement. Thus, the contractor shall be fully responsible in the replanting of burned areas. In case of suspension of work, the contract may be extended for a period equivalent to that for which the contractor was prevented from performing the work. In the event of termination, the beneficiaries, upon receipt of the notice, shall take immediate steps to bring the work to a close in a prompt and orderly manner minimizing expenditures as far as practicable. The DENR is not liable to the community except for work or services performed prior to the date of termination and for actual costs incurred in connection with the liquidation of work.

Sec. 30 Resolution of Disputes - In case of issues arising from a contract entered into pursuant to these guidelines, the contractor shall submit in writing his/her/their concern(s)/issue(s) to the Sub-project Site Manager who shall settle said concern(s)/issue(s) not exceeding fifteen (15) days thereafter. If and when the contractor is not satisfied with the decision rendered by the Sub-project Site Manager, he/she/they may elevate their case to the CENRO/PENRO or the Watershed Management Council for resolution. Issues that are policy in nature but specific to the watershed site shall be resolved by the Watershed Management Council which shall meet immediately to render resolution on such issues. The resolution shall be in writing furnishing the party(ies) concerned a copies thereof.

Sec. 31 Termination and Cancellation of Contracts - Contracts executed under these guidelines shall be terminated upon completion of the stipulated services in a manner acceptable to the project. Contracts may likewise be terminated or cancelled, after evaluation and due process has been observed, on the following grounds:

- 31.1 Fraud, misrepresentation or omission by the contractor of material facts in obtaining the contract which would otherwise disqualify him/her/them therefrom.
- 31.2 Failure to start the contracted services on the date specified in the contract without just cause.

- 31.3 Abandonment of the contracted site, or of the contracted work for a period of at least one month from the date of discovery by DENR of such fact.
- 31.4 Violation of, or failure to comply with, the terms and conditions of the contract, the pertinent provisions of this Guideline, and other rules and regulations, without just cause.

Sec. 32 Contract Supervision – The Sub-project Site Manager with the supervision of the CENRO/PENRO shall be responsible for ensuring proper and faithful compliance with the terms and conditions of the contract as well as with all other pertinent rules and regulations. He/she shall provide overall direction, management and control of contracted activities. The SPISP Sub-project Management Office shall assist in preparing documents, provide technical assistance, process billings, monitor progress of implementation and perform other duties as may be necessary for effective supervision and management.

Sec. 33 Contract Integrity - Department of Environment and Natural Resources (DENR) policies, rules and regulations applicable to SPISP-WMS shall be in effect at the time of signing of the contract and shall govern the same throughout its duration. New policies, rules and regulations, or provisions thereof, may apply only if they are not prejudicial to the contractor.

ARTICLE X Penalty Provision

Sec. 34 Liabilities of the Contractor - In case of failure of the contractor to undertake activities stipulated in the contract as determined by the project after payment has been released, the contractor is liable to return to the government expenditures in cash or render services to the project corresponding to the amount paid without prejudice to filing an appropriate case against him.

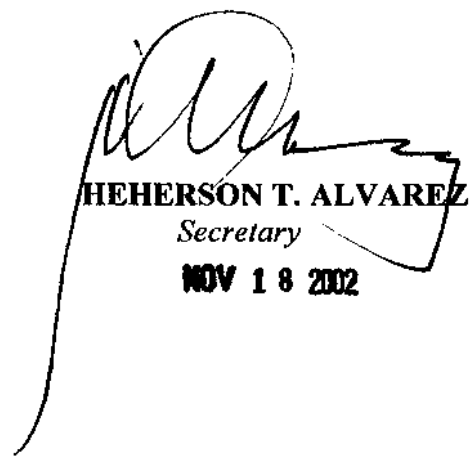
ARTICLE XI Final Provision

Sec. 35 Supplementary Rules and Regulations - The SPISP-WMS Central Project Management Office is hereby authorized to issue such supplemental or interpretative rules and regulations, as may be necessary taking into account the peculiarities or unique conditions in the project area.

Sec. 36 Repealing Clause - Unless otherwise explicitly provided under these guidelines, all other DENR issuances, rules and regulations that are inconsistent herewith shall not be applied.


Sec. 37 Separability Clause - In the event that any provision of these guidelines is declared unconstitutional or null and void, the validity of the other provisions shall not be impaired by such declaration.

Sec. 38 Effectivity - These guideline shall take effect immediately and the Project shall undertake a systematic information/education campaign to ensure that all Project implementors and beneficiaries are fully aware of and can understand the provisions provided in these guidelines.



HEHERSON T. ALVAREZ
Secretary
NOV 18 2002

Recommending Approval:



ROMEO T. ACOSTA
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Undersecretary for ENR Policy and Planning