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Department of Environment and Natural Resources

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DENR ADMINISTRATIVE ORDER

NO. 2004 - 56

**SUBJECT: INTEGRATION/CONSOLIDATION OF PROJECT
MANAGEMENT OFFICES IN THE DENR STRUCTURE
AND OPERATIONS**

Pursuant to National Budget Circular No. 485, which calls for the rationalization of Project Management Offices (PMOs), and to support the Department's ongoing efforts to streamline its operations and strengthen the institutionalization of foreign-assisted projects, the DENR hereby adopts the following policies, guidelines and structure for the integration/consolidation of project management offices of foreign-assisted projects (FAPs).

1.0 BACKGROUND/RATIONALE

The need for integrating FAPs into the agency's regular structure and operations to improve efficiency and sustainability of projects had been recognized by DENR when DAO No. 97-19 was issued to provide guidelines for the regionalization and institutionalization of FAPs. Since then, efforts toward this direction were supported by succeeding Orders, such as DAO 98-24 as amended by DAO 98-65 and 2000-11 (all refer to Manual of Approvals), SO 99-1487 (refers to delegation of supervision over FAPs), and DAO 2000-20 (again on regionalization), which increasingly involved the regular/organic units in the implementation and management of FAPs.

Despite these efforts, PMOs for specific projects continued to proliferate to conform with the terms of loan/grant agreements and to ensure expeditious implementation of projects, which was perceived to be unfeasible within the existing capability and/or bureaucratic procedures of implementing agencies. As of 2003, there were at least nineteen (19) project-specific PMOs in the DENR with an estimated total number of 741 personnel (regular/detailed, contractual plantilla, casual, service contracts), requiring a budget of at least PhP 52 million annually for personal services of contractual personnel alone.

The provisions of NBC 485 indicate that the circular intends to address both the concerns for integration/institutionalization of projects, and the need for focused and expeditious implementation to comply with expressed commitments. As a general policy, NBC 485 requires the integration of project management offices in the regular structure, systems and functions of the implementing agency. However, where there are two or more development projects in an implementing agency, it allows the establishment of a unified project management office responsible for the management and operation of the projects of the agency in a consolidated and unified manner.

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2.0 BASIC POLICY

The integration/consolidation of project management offices in the DENR shall be consistent with the mandate, functions, powers, and structural organization of DENR, as defined under Executive Order No. 192, Administrative Order No. 1, series of 1988, and Administrative Order No. 2003-31. Thus, the implementation and management of foreign assisted projects shall be assigned to or integrated in the appropriate office/unit concerned based on their respective mandates, powers and functions as defined in the said Orders.

3.0 OBJECTIVES

This Order shall have the following objectives:

- 3.1 Enhance the operational sustainability of FAPs and ensure alignment of project concerns with the overall DENR program;
- 3.2 Ensure that the development and programming of FAPs are consistent with the DENR's development thrusts and programs;
- 3.3 Facilitate the efficient and effective implementation of FAPs in terms of resource utilization, timely delivery of desired project outputs, and compliance with commitments stipulated in the loan/grant agreement and policies/ requirements of oversight agencies;
- 3.4 Clearly define the lines of authority and accountability among DENR offices in the implementation and management of FAPs;
- 3.5 Develop and strengthen in-house capability in the operation and management of programs/projects; and
- 3.6 Strengthen project monitoring and reporting in terms of timeliness and reliability of data/information through the development and implementation of a database/information system that would meet donor, oversight and DENR management requirements.

4.0 DEFINITION OF TERMS

As used in this Order, the following terms shall mean:

- 4.1 Development Project – a set of special or priority activities committed to be implemented over a fixed period of time aimed at attaining specific objectives that will contribute to the enhancement of agency outputs and outcomes. These activities need immediate implementation, are non-recurring in nature and may involve inter-structures implementation. (Source: NBC No. 485). In addition to the above characteristics and for purposes of this Order, development projects shall also refer to projects involving substantial capital investments usually financed by foreign loans.

- 4.2 **Foreign-assisted Project** – also referred to as ODA (Official Development Assistance) project, is a project partly or wholly funded from foreign sources either through soft loans or grants (financial or in-kind), or a combination thereof, on the basis of a loan or grant agreement, Memorandum of Understanding, *Note Verbale*, or similar instruments entered into by the Government of the Philippines (GOP) with a foreign financing or donor institution or country.
- 4.3 **Implementing Agency** – any of the various units of government, i.e. Office of the Secretary (OSEC) of a Department, an agency attached to the Department, line bureau, or government owned or controlled corporation implementing development projects. (Derived from NBC 485).
- 4.4 **Project Management Office (PMO)** – a unit established in an implementing agency, complementing its regular or organic units, directly responsible for the implementation, coordination and monitoring of project activities. (Source: NBC No. 485).
- 4.5 **Project Focal Person** – a DENR official or personnel designated to act as the main person responsible for coordinating a project or a component thereof, and who shall serve as the main link between the project/component and its various stakeholders, e.g. DENR management, concerned project implementing units, donor and oversight agencies.
- 4.6 **Project Implementing Unit** – a regular office or unit in the implementing agency tasked or designated to implement a particular component or activity of a project.
- 4.7 **Sub-PMO** – a substructure of a UPMO, i.e. sectoral groupings or regional/field units under the UPMO, which oversees the operations and ensure the efficient and effective implementation of all development projects in its particular sectoral concern or area of jurisdiction (Derived from NBC 485).
- 4.8 **Technical Assistance Project** – refers to a project intended to promote economic, social and technological development by enhancing human and institutional capabilities through the transfer and development of skills, knowledge and technology including the provision of limited quantities of physical resources required to demonstrate, test, initiate, or apply such technologies. It usually involves the provision of inputs such as expert/consultancy services, training or local personnel, and limited capital goods/ equipment to undertake activities like research and development, pre-investment studies, institution building, human resource development, all of which are aimed at supplementing and enhancing the technical competence and capabilities of local institutions in performing their basic tasks or in project development. (Source: NEDA ODA Handbook).
- 4.9 **Unified Project Management Office (UPMO)** – a PMO characterized by consolidated structures and resources to oversee, operate and ensure efficient and effective implementation of all development projects in an implementing agency. (Source: NBC No. 485).

5.0 COVERAGE

This Order shall apply to all ongoing foreign-assisted projects, except those projects terminating in 2004. Existing PMOs of ongoing projects due for completion/termination in 2005 and beyond, including those under an extension phase, shall be consolidated/unified or integrated in the DENR regular structure. New or pipeline projects shall likewise be subject to the provisions of this Order.

6.0 GENERAL POLICIES AND GUIDELINES

- 6.1 No new project-specific PMOs shall henceforth be created. However, existing vacant contractual positions from ongoing and completing projects may be utilized, i.e. converted or transferred to augment offices designated to implement or manage new projects.
- 6.2 Existing PMOs created for purely technical assistance type projects are abolished and their functions mainstreamed or integrated into the appropriate regular offices/units. Regular or organic offices/units designated as project implementing units of such projects may, however, be augmented by contractual personnel, as needed.
- 6.3 Existing PMOs of development projects, especially those that are capital-intensive (i.e. will involve infrastructures/civil works and other capital outlays), involves multi-agency or multi-sectoral participation, and where physical implementation will be in two or more areas, shall be consolidated into a unified PMO.
- 6.4 The unified PMO (UPMO) shall be responsible for the management and operations of the Department's foreign-assisted development projects. It may be activated/deactivated and its staffing may contract or expand based on the project operations needs of the DENR.
- 6.5 UPMO substructures may be established, i.e. regional/field and sectoral groupings under a unified PMO, as necessary, depending on the number, magnitude, complexity, diversity, and implementation strategy of projects. As a general guide, Sub-PMOs at the Regional Offices, Line Bureaus and Attached Agencies may be established if there are two or more development projects being implemented in their respective sectoral or administrative jurisdictions.
- 6.6 The core staff for the UPMO shall consist of organic personnel. If needed, staff augmentation for the UPMO and the organic units designated as project implementing units shall come from the approved contractual positions of existing/ongoing/completing projects. Additional staffing, if needed, shall adhere to the policy of scrap and build, shall be within the agency budget ceiling and shall be covered by existing organization and staffing standards and position classification and compensation system, and other policies as specified in NBC 485.

7.0 STRUCTURE OF THE UNIFIED PMO

Considering the existing and projected composition of the DENR ODA portfolio, a unified PMO shall be established at the Central Office and at the Regional Offices and Bureaus concerned.

- 7.1 The UPMO, as overall manager of the Department's foreign assisted development projects, shall be mainly responsible for facilitating and coordinating the implementation of the projects. Its functions shall be assumed by existing offices/officials, or if necessary, a core unit or group may be formed and attached to the office of the designated head of the UPMO/Sub-PMO to assist in the coordination and monitoring of projects.
- 7.2 The Central PMO, which shall be headed by the Assistant Secretary for Foreign-Assisted and Special Projects, shall be subsumed to the Foreign-Assisted and Special Projects Office (FASPO). In addition to its existing functions, FASPO shall serve as a common PMO for all central office-based development projects as well as coordinate the functions/activities of Sub-PMOs that may be created in the Regional Offices, Line Bureaus and Attached Agencies.
- 7.3 A Regional PMO, which may be established either as a unit attached to the RED's Office, or its functions subsumed to an existing regular unit in the Regional Office, shall be headed by the Regional Executive Director or a designated regional senior official depending on the nature and scope of the development projects in the region. It shall serve as a common PMO for all development projects in the region and shall coordinate the activities of designated project implementing units in the region.
- 7.4 The staff bureaus shall provide policy support and technical advice to the UPMO and designated project implementing units. For Bureaus implementing a number of technical assistance projects, they may establish a project coordinating unit attached to the Director's Office, or may designate an appropriate regular unit in the bureau like the Planning Division to coordinate and monitor such projects.
- 7.5 Line Bureaus and Attached Agencies may establish separate UPMOs, subject to the conditions of NBC 485. However, for consolidation and M&E purposes, the Central PMO shall exercise oversight functions over these UPMOs.
- 7.6 The DENR Executive Committee, which is composed of the Secretary, Undersecretaries, Assistant Secretaries, Bureau Directors, and Heads of Attached agencies, shall concurrently serve as the FAPs Steering Committee. As such, it will provide policy directions for the Department's ODA portfolio, ensure consistency of projects with the DENR's development thrusts and program priorities, and resolve operational issues brought to its level for attention and appropriate action.
- 7.7 A Regional Steering Committee for FAPs may be formed by the Regional Executive Directors, as needed, depending on the scope and complexity of FAPs being implemented in their respective regions.

- 7.8 The DENR's regular finance and administrative service/divisions shall continue to be responsible for the finance and administrative requirements of FAPs, i.e., budgeting, accounting, cashiering and hiring of personnel. To expedite processing of project documents, however, these regular units shall designate personnel dedicated to meeting FAPs' requirements and who shall work closely with the UPMO.
- 7.9 Procurement of goods and services, especially those subject to international and national competitive bidding, following guidelines of donor agencies, shall be the responsibility of a separate Bids and Awards Committee for FAPs (BAC-FAPs), with secretariat services to be provided by the UPMO.

Attached as Annex A is the organizational arrangement for the UPMO and shall form an integral part of this DAO.

8.0 FUNCTIONS OF THE UNIFIED PMO

The Central, Regional/Sectoral PMOs shall perform the following functions corresponding to their respective areas of concern, and in coordination with the designated project implementing units:

- 8.1 Project Operations Planning. Includes detailed mapping-out of specific component or activity objectives, deliverable outputs, measures of performance, monitoring and evaluation systems, work and financial plans, activity scheduling, implementation strategies and other day-to-day requirements for efficient and effective project management.
- 8.2 Project Monitoring/Evaluation. Tracking and assessment of physical and financial progress per component or activity vis-à-vis set targets and schedules, identification of problem areas and corresponding measures to address issues.
- 8.3 Project Coordination/ "Oversight". Refers to overall project supervision and coordination at both hierarchical (for policy and program consistency) and functional (for interagency/project/component harmonization and "complementarity").
- 8.4 Project Operation and Management. Refers to the day-to-day business of project implementation to include decision and operational policy-making in technical, financial and administrative matters.
- 8.5 Trouble Shooting. The formulation and adoption of emergency and/or permanent measures or interventions to address problem areas and disruptions in project operations.
- 8.6 Financial Management and Administrative Support. In close coordination with the regular finance and administrative divisions/units in the Department, the UPMO shall ensure compliance with financial management, administrative and procurement policies and guidelines of donor agencies and GOP with regard to project

implementation, which includes, budgeting, accounting, cash management, internal audit, procurement, and personnel hiring. This also covers coordination with appropriate oversight agencies and/or Official Development Assistance institutions, where necessary and applicable concerning project financial matters.

- 8.7 Coordination with Various Stakeholders. All activities which require policy, activity linking, before, during and after project implementation with oversight entities, other implementing agencies, funding institutions and project beneficiaries/clientele.
- 8.8 Post Project Completion/Mainstreaming of Project Concerns in Regular Activities. Formulation, adoption and installation of measures, systems and structures to ensure the continuous and sustained implementation of project activities which have been integrated in the regular structure and system of the implementing agency.

9.0 TRANSITORY PROVISIONS

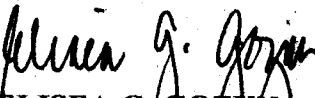

- 9.1 The Foreign-Assisted and Special Projects Office shall prepare and submit by end of September 2004 a proposed realignment of functions and personnel, including its staffing requirement as Central PMO;
- 9.2 Existing PMOs of FAPs with project duration extending beyond 2004 shall prepare and submit by end of October 2004 the proposed revised organizational structure for their respective projects following the policies and guidelines stipulated in this Order. The revised organizational/functional structure of projects shall be covered by separate special orders.
- 9.3 The Regional Offices and Bureaus concerned shall prepare and submit by end of October 2004 their respective proposed structures and core staffing (regular personnel) of their respective Regional/Bureau PMOs, including staff augmentation requirements, if necessary.
- 9.4 The FASPO shall prepare and submit a consolidated deployment plan for the plantilla contractual personnel of ongoing and completed projects based on the requirements of the Central/Regional/Bureau PMOs and Project Implementing Units by end of November 2004.

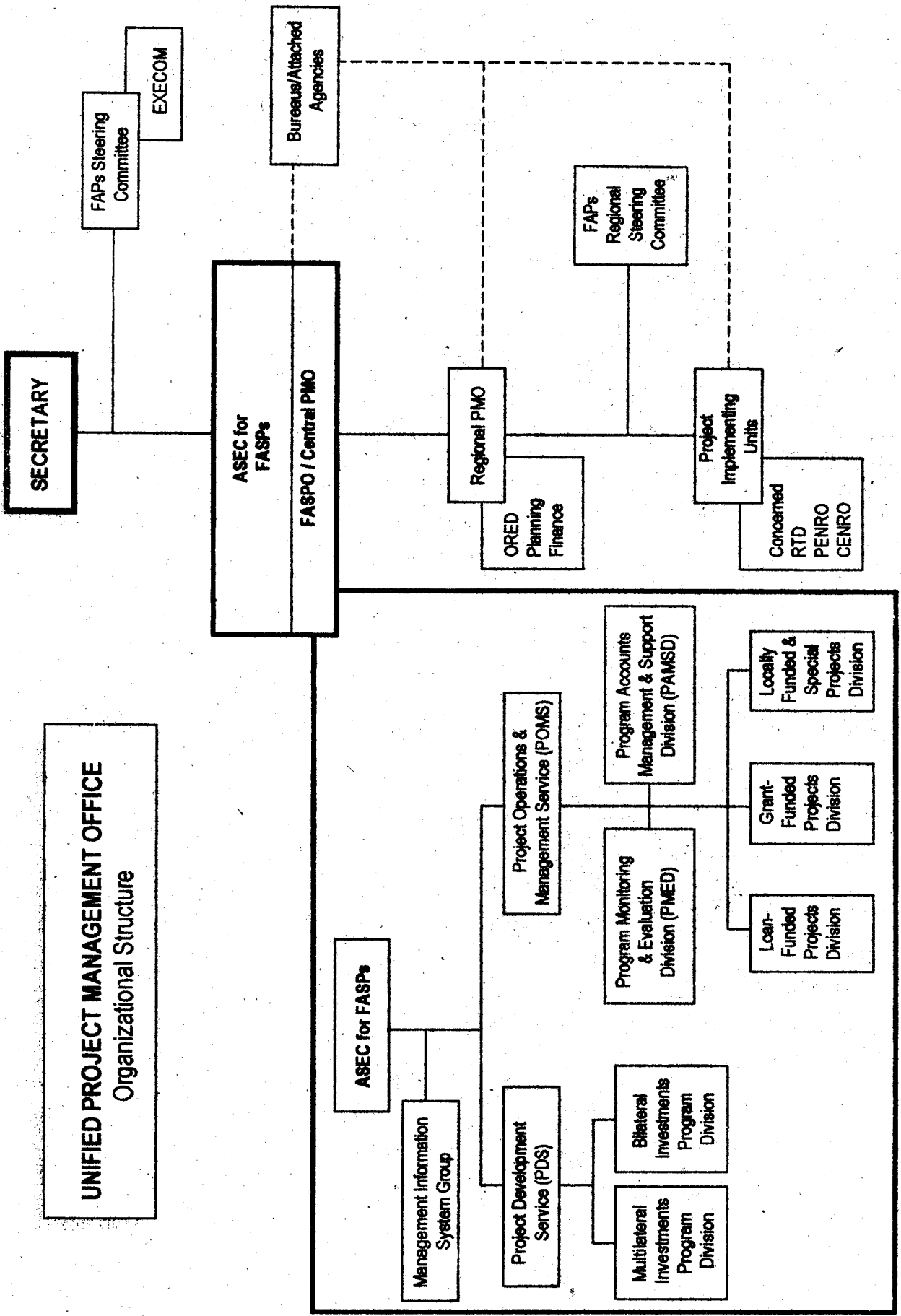
10.0 REPEALING AND AMENDING CLAUSE

All related orders and issuances whose provisions are inconsistent herewith are hereby repealed, revoked or amended accordingly.

11.0 EFFECTIVITY

This Order shall take effect immediately.


ELISEA G. GOZUN
Secretary




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