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MAY 16 2016

MEMORANDUM CIRCULAR

No. 2016 - 02

TO : All Undersecretaries, Assistant Secretaries, Bureau Directors,
Attached Agencies, Regional Directors, PENROs and CENROs

SUBJECT : **REVISED GUIDELINES AND PROCEDURES ON THE
APPRAISAL, SELECTION, AND APPROVAL OF PROJECT
PROPOSALS SUBMITTED TO THE CENTRAL OFFICE
FOR FUNDING AS SPECIAL PROJECTS**

In line with the provisions of Department Administrative Order No. 97-19 on the Regionalization and Institutionalization of Foreign Assisted and Special Projects and consistent with DAO 2014-01 Adopting the New DENR Organizational Structure Pursuant to E.O. 366 and the Rationalization Plan Duly Approved by the DBM, and to promote the optimal use of limited funds appropriated for the implementation of special projects, the following Revised Guidelines and Procedures on the Appraisal, Selection, and Approval of Project Proposals Submitted to the Central Office for Funding as Special Projects are hereby issued:

1. DEFINITION OF TERMS

For the purposes of this Circular, the following terms are defined as follows:

- 1.1 Special Projects - refers to DENR Central Office locally-funded projects which are short term or interim undertakings that address specific critical issues or anticipated needs in the ENR sector which is not a regular activity of the Department. It has a minimum duration of six months and maximum of two years.
- 1.2 Special Projects - refers to the DENR appropriation under Program II
Funds - Support to Operations, specifically under Fund-101 A.0.2.d. which is entitled *Conduct of Special Studies, Design and Development in Support of Forestry, Mining, and Environmental Management Operations* in the General Appropriations Act, and other such appropriations which the Secretary may designate for the purpose of implementing special projects.

2. ELIGIBLE PROJECTS FOR FUNDING

Project proposals under any of the following types shall qualify for funding as Special Projects:

- 2.1 Project or studies that address an environmentally critical situation or, which may be manmade or caused by natural phenomena, such as those that may result in the loss of lives, loss of sources of livelihood, or gravely endanger health;
- 2.2 Research studies which address a knowledge gap that is critical in the effective implementation of DENR policies and programs;
- 2.3 Projects leading to the upliftment of the socioeconomic conditions of communities in the uplands, coastal areas, and other natural resources dependent communities located in depressed provinces;
- 2.4 Development and dissemination of knowledge products generated from Projects which includes documentation of experiences, lessons learned and best practices;
- 2.5 Proposals promoting the development of new or pioneering technologies;
or
- 2.6 Other priority or urgent projects which require immediate funding, as determined by the Secretary.

3. REQUIREMENTS

Proponents should prepare and submit the following requirements:

- 3.1 Project Proposal;
- 3.2 Work and Financial Plan;
- 3.3 Endorsement of the Regional Director or Head of Office;
- 3.4 For projects requiring the participation or cooperation of other government agencies, local government units, private institutions or NGOs, the linkages and roles must be well-defined and stipulated in any appropriate legal document such as memorandum of agreement. Counterpart resources to be contributed by the participating agencies and project beneficiaries must be specified; and
- 3.5 *The target beneficiaries of the project or study are identified.*

4. CONSIDERATIONS

4.1 It directly supports the current priorities of the ENR sector as promulgated in the DENR Annual Priority Thrusts or Areas of Excellence and/or support national government initiatives

4.2 It is not a duplication of any ongoing, completed, or pipeline project in terms of area coverage and project activities.

4.3 It must be sustainable i.e. it has the ability to continue whether through policy advocacy, institutional capacity building, or replication of similarly related activities, even after the termination of special funding support.

4.4 The proponent or implementer has the technical and managerial capability to carry out the project.

4.5 The project proposal shall follow the prescribed FASPS format attached as Annex A

4.6 It must preferably have duration of not more than two (2) years to include a phase-out plan.

5. QUALIFIED PROPONENTS TO IMPLEMENT SPECIAL PROJECTS

The following may propose or implement special projects:

5.1 Units or Offices in the Central Office, including Bureaus and Attached Agencies of DENR;

5.2 Units or Offices at the DENR Regional/Provincial/Community offices;

5.3 Non-Government Organizations (NGOs) and People's Organizations duly accredited, private institutions/organizations, Local Government Units, and Academic institutions.

6. PROCEDURE FOR SCREENING AND APPROVAL OF PROJECT PROPOSALS

The following procedures shall govern the appraisal, selection and approval of project proposals:

6.1 The Foreign Assisted and Special Projects Service (FASPS) in coordination with the Policy and Planning Service shall issue a Call for Project Proposals by January of the current year to be funded for the forthcoming fiscal year.

6.2 Based on the Priority List of Projects issued, proponents shall prepare project proposals using the prescribed FASPS format, including information and

attachments required under Section 3 and 4 of this Memorandum Circular. Proposals should be submitted to FASPS on or before the end of March of the current year.

- 6.3 Proposals from DENR Regional/Field Offices as well as from regional or Provincial-based NGOs/POs/LGUs shall be pre-screened and prioritized by the Regional Planning and Management Division following the criteria set forth in this Circular attached as annex B.
- 6.4 All proposals coming from Regional Offices and Units in the DENR Central Office shall be submitted to the Foreign Assisted and Special Projects Service (FASPS). A Central Office Project Screening Group shall be created to undertake final screening and prioritization of project proposals. It shall be composed of representatives from FASPS and the Policy and Planning Service (PPS) and from other concerned Offices as may be deemed necessary.
- 6.5 In the course of project selection and prioritization, project proponents may either be invited to discuss and defend their proposals, or members of the Central Office Project Screening Group may conduct validation of the proposed project.
- 6.6 Based on the results of the evaluation, FASPS shall endorse the recommendation of the Central Office Project Screening Group to the Undersecretary for Policy, Planning, and Foreign-Assisted Programs for approval, through the Undersecretary for Policy, Planning and Foreign-Assisted Programs. Upon approval, FASPS shall proceed to program funds for the implementation of the projects. The process and documents flow for the screening and approval of special projects is attached as Annex C.

7. OTHER PROVISIONS

- 7.1 The Project Preparation Division (PPD) - Foreign-Assisted and Special Projects Service (FASPS) shall update the Project Appraisal and Rating Form when necessary, which contain the specific criteria or indicators for rating project proposals. This shall be the basis for ranking and prioritizing project proposals to be funded under the Special Projects Funds.
- 7.2 The Undersecretary for Policy, Planning, and Foreign-Assisted Programs is hereby authorized to issue additional guidelines or orders as may be necessary to implement this Circular.

This Circular takes effect immediately and supersedes MC 1997-15 and all other issuances inconsistent herewith.


RAMON J.P. RAJE
Secretary



RATING SHEET FOR PROJECT PROPOSALS THAT ADDRESS ENVIRONMENTALLY CRITICAL OR CALAMITY/EMERGENCY SITUATIONS

Purpose:

To determine urgency and extent of possible impact of the calamity/emergency situation being addressed.

Calamity/emergency events refer to either natural or man-made phenomena that may cause environmental damage resulting to the loss of lives, source of livelihood, or may gravely endanger health.

Coverage:

Below are projects/studies which may qualify under this category:

- A geologic study on the hazard prone areas to decide the extent and preventive measures against the danger posed by the structure of the area. Specifically, the studies center on the assessment of fault line in residential and highly urbanized areas, flood and landslide prone areas, and areas exposed to tsunami events.
- Hydrologic surveys in search of potential sources of water and other related studies like low water table, salt water intrusion, etc.
- Rehabilitation of mined-out, mine affected areas and mine tailing areas left open by lessee/permittee.
- Coastal protection and rehabilitation studies which are not being carried out by CEP.
- Geothermal development/hydroelectric plants' environmental impact studies. These activities highly effect the primary and secondary forest growth, river systems supporting lowland communities, displacement of inhabitants, among others.
- Projects/studies on pollution/health hazard impacts, urban/industrial impact on the environments, among others.

Rating:

If the calamity has already happened and the project aims to implement measures that will prevent further damage or loss of lives

Current/ongoing	- 5 points
Recent (past 6 months)	- 4 points
Past (one year or more)	- 3 points
If the project aims to implement measures that will minimize the possible impacts or hazards of a foreseen disaster/ event	- 2 points
If the project aims to study or assess the possible impact or hazards of a potential disaster/ calamity	- 1 point

RATING SHEET FOR IMPACT PROJECTS TO ALLEVIATE POVERTY

Purpose:

To encourage the implementation of income-generating projects in areas where they are most needed.

Factors to be considered:

- a) Ranking of the project site in the 20 most depressed provinces under SRA. The more depressed the area, based on its per capita income, the higher the rating.
- b) Socioeconomic empowerment of project beneficiaries

Rating:

<i>Rank of Depressed Province</i>	<i>Pt. Score</i>
1 - 10	3
11 - 15	2
16 - 20	1

One (1) point score for each of the following factors addressed by the project:

- a) Uses local labor
- b) Uses indigenous materials
- c) Provides management skills training
- d) Provides technology transfer
- e) Promotes cost savings

RATING SHEET FOR PROJECT PROPOSALS ON TECHNOLOGY DEVELOPMENT/EVALUATION

Purpose:

The purpose of this criterion is to assess the possible social, economic, ecological viability/benefits of the technology to be introduced by the project.

Factors to be considered:

The technology to be developed or introduced must meet the following considerations:

- a) **Environment-friendly**
 - The technology to be developed or introduced will have minimal emission or effluents, and considers minimal waste generation out of raw materials
 - The emission or effluents are within the Philippine environmental standards
 - The project whose objective is to develop a technology or a process, at the very onset will already involve participation of project beneficiaries.
- b) **Provision of training on technology developed or introduced**
 - The project shall provide training to project personnel and beneficiaries on the technology to be introduced. The nature of training shall not be limited to the application of the technology but also include the repair and maintenance of any infrastructure used.
- c) **Makes uses of available local resources and involve stakeholders in the project site**
 - Projects which make use of locally available resources with provision to ensure replenishment or propagation of said raw materials
 - Projects that involve the stakeholders, particularly in the project site. The involvement of indigenous people will be given higher priority.
- d) **Technology is income generating and will lead to the improvement of economic conditions of stakeholders**
 - The product of the technology will directly benefit the stakeholders. If the product is intended to benefit areas other than the project site, stakeholders/local communities should have direct benefits from the project in terms of labor hire, socio-economic benefits, to offset any environmental effects.
- e) **There is continuing monitoring and technical assistance to project beneficiaries even after project completion**

Rating:

The project proposals gets one (1) point score for each of the factors satisfied. However, nos. 1 and 2 are "musts" and therefore must be present in all proposals on technology development / evaluation.

**RATING SHEET FOR PROPOSALS TO SUPPORT INTERNATIONAL
/ INTER-AGENCY COMMITMENTS**

Purpose:

To determine level of DENR commitment and participation in international/regional/national committees, bodies, agreements as basis for prioritizing funding allocation for such commitments.

Rating:

Presidential Task Forces/Committees/ Bodies where DENR is lead agency (DENR is Chair or Co-Chair)	- 5 points
Presidential Task Forces/Committees/ Bodies where DENR is a member	- 4 points
Peso-counterpart for the initial year of Grant projects, provided that the Proponent contributes at least 60% of the budgetary requirement	- 3 points
Cabinet level Inter-agency Committees/ Bodies/Agreements where DENR is lead agency	- 2 points
Other Inter-agency Committees, and Peso counterpart for grant projects without budgetary contribution from the proponent	- 1 point

RATING SHEET ON PROJECT SUSTAINABILITY

Purpose:

The purpose of this criterion is to evaluate the potential of the project for sustainability, based on administrative and technical merits after the period of project implementation and funding support.

Factors to Be Considered:

The project has components that will ensure capacity building for the project to be implemented continuously after the termination of funding support. Elements to consider are the following:

a) Training cum IEC

- Training of personnel must focus on project management, orientation on technology to be introduced (if any), project development cum feasibility study, among others.
- Training of project beneficiaries must include: leaders training, community organizing cum cooperative management, "How to have" training on technology to be introduced, accounting, feasibility study with focus on product packaging and marketing, among others.

b) Project makes use of local resources (e.g. manpower, materials, funds) and involvement of stakeholders in the project site

- Project makes use of locally available resources with provision for replenishment or propagation of the said raw materials
- Project involves the stakeholders in the project site. Involvement of indigenous people will be given higher priority.

c) Process documentation

- People will provide proper recording of project activities. Documentation may take the form of photos/video/recording of the project's progress including accomplishments, problems/issues encountered, solutions applied, lessons learned.
- Projects will include the scheme of project monitoring and evaluation and impact evaluation will merit priority.
- Project fund generation

The project will include the formation of revolving fund or trust fund, which may be taken from other funding sources other than the project funds.

- Gender Sensitivity

The project provides a high level of women participation from project planning to implementation.

Rating:

The first two factors, i.e. training cum IEC and the use of local resources, are "musts". The proposal which meets these two factors gets a score of 3 points. An additional one (1) point score shall be given for each of the other factors (nos. 3 - 5) satisfied.

RATING SHEET FOR NEEDS CONSISTENCY

Purpose:

This criterion will determine if the project truly responds to the needs of its target beneficiaries.

Factors to be considered:

Factors to be considered are the ff: a) instrument used to support community needs, b) absence of other government or NGO support for the target community, and c) no. of project beneficiaries

Rating:

The project is supported by a gender-sensitive needs assessment survey and had been subjected to A series of consultations with the intended project beneficiaries

- 3 points

The project is supported by a preliminary socio-economic survey or Rapid Rural Appraisal Survey of the community concerned

- 2 points

The project is the subject of a Board Resolution or Petition of the local government or community concerned, or has been favorably endorsed by local officials

- 1 point

Additional one point for each of the following factors satisfied by the project proposal:

- a) The issue or concern being addressed or the community being targeted by the project is not yet covered by any other government or NGO project.
- b) The project will benefit a large percentage of the population of the target community (50% or more)

RATING SHEET FOR FEASIBILITY STUDY PROPOSALS

Purpose:

To assess if the investment project proposed by the Feasibility Study has a high potential for success based on the Pre-FS conducted by the proponent

Criteria:

Point Score

a) Cost in the conduct of the FS	
• Less than 1% of the total project cost	5
• 1% of the total project cost	4
• 2% of the total project cost	3
• Above 2% but less than 5% of total project cost	2
• 5% or more of total project cost	1
b) Location of the Project	
• Within the 20 depressed provinces of SRA or the 15 poor provinces identified by NEDA	5
• Within the DENR priority areas (based on Forestry Master Plan, Mining Investment Plan, Environmentally Critical Areas, Biodiversity	4
• Within the poor regions (Regs 5, 8, 12, 13, ARMM)	3
• Within other regions not stated above (letter c)	2
• Within metro-manila	1
c) Economic Considerations	
• If initial EIRR is greater than 15%	3
• If initial EIRR is 15%	2
• If initial EIRR is less than 15%	1
d) Financial Considerations	
• If ROI is greater than 15%	3
• If 15%	2
• If less than 15%	1
e) Social/Political Considerations	
• Project is locally managed (local NGO, LGU, Indigenous people)	5
• With community empowerment activities	4
• With intensive IEC activities	3
• With limited community participation	2
• With local government endorsement	1
f) Environmental consideration	

If the project proposal has an EIA, an additional point score of 1 shall be given

g) Sustainability

If the project proposal has a sustainability framework/plan, a bonus of one (1) point will be added to the total score.

RATING SHEET FOR MANAGEMENT CAPABILITY

1. Experience of the Organization (for NCOs only):	Points
a) Size of relevant projects handled: ongoing and completed for the last 5 years	
• Above PhP 5 M	5
• Above PhP 1 M but less than PhP 5 M	4
• Above PhP 800 T to PhP 1 M	3
• PhP 500 T to PhP 800 T	2
• Below PhP 500 T	1
c) No. of relevant projects handled: ongoing and completed for the last 5 years	
• 8 and above	5
• 6 to 7	4
• 4 to 5	3
• 2 to 3	2
• 1	1
d) Performance in past DENR projects	
• Outstanding	5
• Very Satisfactory	4
• Satisfactory	3
• Unsatisfactory	2
• Poor	0
e) Job capacity	
• Currently handling 1 project	5
• 2 projects	4
• 3 to 4 projects	3
• 5 to 6 projects	2
• Greater than 6 projects	1
 2. Managerial and technical capability of project manager/staff	
a) Educational Qualification	
• With relevant PhD	3
• With relevant Master Degree	2
• With relevant College degree	1
b) Related trainings attended for the last 10 years (i.e. training has minimum of 3 days)	
• 10 and above	5
• 7 to 9	4

- 5 to 6 3
- 3 to 4 2
- 1 to 2 1

c) No. of relevant projects handled

- 10 and above 5
- 7 to 9 4
- 5 to 6 3
- 3 to 4 2
- 1 to 2 1

d) Performance in past DENR/special projects

- Outstanding 5
- Very Satisfactory 4
- Satisfactory 3
- Unsatisfactory 2
- Poor 0

e) Job capacity

- 1 5
- 2 4
- 3 to 4 3
- 5 to 6 2
- Greater than 6 1

3. Counterpart Resources (for NGOs only)

- Will provide 50% or more of project cost 5
- Will provide 40% or more 4
- Will provide 30% or more 3
- Will provide 20% or more 2
- Will provide at least 10% 1