

[**DBM NATIONAL BUDGET CIRCULAR NO. 485, March 13, 2003**]

RATIONALIZATION OF PROJECT MANAGEMENT OFFICES (PMOS)

1.0. Purpose

The establishment, restructuring and operation of Project Management Offices (PMOs) shall be rationalized:

- 1.1. To provide for the integration of existing project offices in the regular structure, systems and functions of the agency and ensure operational sustainability and alignment of project concerns with the overall agency program;
- 1.2. To ensure optimum use of physical and financial resources towards an efficient and effective implementation of priority development projects; and,
- 1.3. To strengthen overall project performance monitoring and accountability and promote the development of and strengthen in-house agency capability in the operation and management of projects.

2.0. Coverage

This Circular covers national government agencies and instrumentalities, government-owned and/or controlled corporations and government financial institutions implementing locally-funded and/or foreign-assisted projects.

3.0. Definition of Terms

- 3.1. Project Management Office — a unit in an implementing agency, complementing its regular or organic units, directly responsible for the implementation, coordination and monitoring of project activities.
- 3.2. Unified PMO — 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.
- 3.3. Implementing Agency — any of the various units of government, i.e., Office of the Secretary (OSEC) of a department, an agency attached to a department, line bureau, or government-owned or controlled corporation implementing development projects.
- 3.4. Scrap and build — a strategy which involves the creation of new units and/or positions corresponding to the equivalent cost of structures or staffing reduced or abolished. This includes deactivation of organizational units and/or the conversion of vacant positions, in exchange for new units or positions of equivalent cost.

3.5. 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.

4.0. General Policies

4.1. Agencies shall endeavor to undertake the management and implementation of development projects within its regular operations and through its existing organic structures and staff.

4.2. Where necessary, a Project Management Office (PMO) may be established in the implementing agency when there are two or more development projects which need focused implementation to comply with expressed commitments and ensure attainment of target sectoral and agency outputs and outcomes.

4.3. However, a unified PMO may be established starting with a single development project provided the following conditions are present:

4.3.1. Project components are "capital-intensive", i.e., will involve infrastructures/civil works and other capital outlays (exception, however, are those purely procurement projects);

4.3.2. Implementation will involve two or more agencies either within the department, across departments, GOCCs and other government instrumentalities, and/or sectors; and,

4.3.3. Physical implementation will be in two or more areas.

4.4. Once a PMO has been established, said PMO shall be responsible for the management and operation of the projects of the agency in a consolidated and unified manner. It may be activated/deactivated and its staffing may contract or expand based on the project operations needs of the implementing agency.

4.5. PMOs shall not be created for each and every project, except in cases provided under this circular.

5.0. Policy Guidelines

5.1. The unified PMO shall serve as the overall manager of the various projects undertaken by the agency. It shall ensure that projects are properly coordinated and are consistent with the agency's regular or core functions.

5.2. Implementing agencies shall propose the appropriate internal structure considering reasonable general functional groupings and staffing complement. Such structures and staffing requirements shall closely 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.

5.3. The unified PMO shall be headed by a responsible senior official of the implementing agency or the Project Implementation Officer (PIO) as may be designated by the agency head.

5.4. PMO Functions

5.4.1. The PMO shall have at least the following key functions:

a. Project operations planning

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

b. Project monitoring/evaluation

The tracking and assessment of physical and financial progress per component or activity vis a vis set targets and schedules, identification of problem areas and corresponding measures to address issues.

Under the PIO set-up, said PIOs shall be responsible for the conduct of a regular assessment of PMO performance to determine whether target outputs are being achieved, bottlenecks addressed and implementation schedules met.

c. Project coordination/"oversight",

The overall project supervision and coordination at both hierarchical (for policy and program consistency) and functional (for interagency/project/component harmonization and "complementarity"

d. Project operation and management

The day-to-day business of project implementation to include decision and operational policy making in technical, financial and administrative matters

e. Trouble shooting

The formulation and adoption of emergency and/or permanent measures or interventions to address problem areas and disruptions in project operations

f. Financial Management