

Republic of the Philippines
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY
DEPARTMENT OF BUDGET AND MANAGEMENT

Manila

**GUIDELINES ON THE UTILIZATION
OF THE FEASIBILITY STUDIES (F/S) FUND**

I. Purpose and General Coverage

These Guidelines shall provide the necessary parameters for the preparation and conduct of F/S for non-Public-Private Partnership (PPP) projects funded from the Feasibility Studies Fund for FY 2014 and subsequent years.

II. Definition of Terms

- a. Core Investment Program/Project (CIP)* – refers to the priority programs and projects included in the Public Investment Program (PIP), with a total project cost of at least PhP1 billion, and which have met the criteria to be considered as strategic CIP under the PIP Guidelines of NEDA.
- b. Project Feasibility Study* – refers to the culmination of all the preparatory work that provides a comprehensive review of all aspects of the project before a final decision about its viability is taken. An ideal F/S contains the following modules which provide the basis for project evaluation: (a) demand-and-supply or market module; (b) technical or engineering module; (c) manpower and administrative support module; (d) financial module; (e) economic module; (f) social module; (g) institutional module; and (h) environmental module.¹
- c. Updating of Feasibility Study* – refers to the revision of the original F/S by incorporating new or more accurate information and/or methodologies.
- d. Projects²* – refer to infrastructure and non-infrastructure projects of government, as follows:
 - i. Infrastructure Projects* – include construction, improvement, rehabilitation or restoration of roads and bridges, railways, airports, seaports, communication facilities, irrigation, flood control and drainage, water supply, sanitation and sewerage systems, shore protection, energy/power and electrification facilities, national buildings, school buildings, hospital buildings, and other related construction projects that form part of the government capital investment; and

¹ Based on Section 2.5.3 Feasible Phase of Volume I Reference Manual on Project Development and Evaluation (S. 2005) (NEDA).

² Based on the Implementing Rules and Regulations (IRR) on the Procurement of Consulting Services for Government Projects (Series of 1998).

- ii. *Non-Infrastructure Projects* – include agricultural, industrial, social, environmental, tourism, reclamation and all other types of government projects not otherwise classified as infrastructure.
- e. *Non-Public-Private Partnership (PPP) Projects* – refer to projects pursued under any of the following financing schemes: Official Development Assistance (ODA), local funding under government appropriations, or combination thereof.
- f. *Operating expenses* - refer to costs incurred in relation to the administration and mobilization of the funds, including, but not limited to, procurement activities, such as advertisement, pre-bid conferences and supplies and materials for every F/S activity processed.
- g. *Public Investment Program (PIP)* – translates the Philippine Development Plan (PDP) into a list of priority programs and projects to be implemented by the government within the medium-term.
- h. *Philippine Development Plan (PDP)* – is the government's roadmap in the formulation of policies and implementation of development programs for the medium-term. It adopts an inclusive growth framework that aims to reduce poverty in multiple dimensions and creates massive quality employment.
- i. *Regional Development Plan (RDP)* – as an accompanying document of the PDP, the RDP provides a spatial dimension to the national plan by identifying the regions' contributions to the goal of a high, sustained and broad-based growth.
- j. *Regional Development Investment Program (RDIP)* – translates the Regional Development Plan (RDP) of each region into a list of priority programs, projects and activities that need to be implemented to realize the region's vision.

III. General Guidelines

1. Eligibility

National Government Agencies (NGAs), Government-Owned and Controlled Corporations (GOCCs) wholly subsidized by the national government (NG) and Local Government Units (LGUs) with the following activities may avail of the F/S Fund:

- a) non-PPP projects reflected in the current CIP/PIP/RDIP; and
- b) other pre-investment studies needed for priority non-PPP projects.

For LGU projects, priority shall be accorded to infrastructure-related projects/activities that have national impact and/or significance.

2. Scope and Coverage

The F/S Fund may be utilized for pre-investment or feasibility studies, which normally precede decisions on whether or not to pursue specific activities. These studies may have the following as their objectives³:

- a) To establish investment priorities and sector policies;
- b) To determine the basic features and feasibility of individual projects; and
- c) To define and propose changes in governmental policies, operations and institutions necessary for the successful implementation or performance of investment projects.

Studies for objective (a) include, among others, basic resource inventories, such as, river basin surveys, transport sector surveys, and studies of alternative development patterns and of sectors on regional or nationwide scale.

Studies for objective (b) include feasibility studies as defined in Section II above.

Studies for objective (c) include, among others, analysis of project related organizations, administrative problems, planning machinery, regulatory and marketing policies, accounting, and management systems, manpower resources, and training requirements.

3. Requisite Documents

Government agencies, GOCCs and/or LGUs with proposals eligible for funding from the F/S Fund are required to submit to NEDA Project or Pre-investment/Sector Study Briefs that include the Project's/Study's:

- a. Objectives and expected outputs;
- b. Linkage to the agency's Organizational Performance Indicator Framework (OPIF)-based Major Final Outputs (MFOs); and
- c. Responsiveness and linkage to the outcomes and critical targets based on the PDP and its Results Matrices (RM).

4. Limitations on Proposals

There is no limit on the number of proposals to be submitted by the proponent agencies. However, screening of proposals will be based on the prioritization criteria stated in Section III.6 of these Guidelines.

5. Procurement Rules

All proposals that will be processed under the F/S Fund shall adhere to the provisions of Republic Act (RA) No. 9184 entitled "Government Procurement Reform Act (GPRA)" and its Revised Implementing Rules and Regulations (IRR).

³ Based on the Implementing Rules and Regulations (IRR) on the Procurement of Consulting Services for Government Projects (Series of 1998)

6. Processing and Approval

6.1. Listing of Eligible Proposals

- a. **Project F/S.** The annual list of eligible projects for F/S funding in the next fiscal year shall be drawn from the PIP/CIP and/or RDIP. The eligible projects shall be prioritized using a set of criteria as spelled out in Section 6.2.a.
- b. **Pre-investment/Sector Study.** The list of eligible studies shall be drawn from the PDP and/or RDP. The eligible studies shall be prioritized using a set of criteria as spelled out in Section 6.2.b.

6.2. Criteria for Prioritization

Proposals will be prioritized according to the following criteria. Only proposals which meet a minimum score of 60 points will be further considered for endorsement to the approving body.

6.2.a. For Project F/S (Objective b)

The following criteria shall be used in the screening, prioritization and evaluation of the new F/S and F/S updating that may be eligible for funding:

- a. Sector Relevance – considers whether the project's objective/s, for which the F/S or F/S updating will be undertaken, is responsive to the outcomes/sub-outcomes and critical targets in the PDP/RDP and RM.
 - *40 points* – responsive to seven (7) or eight (8) PDP/RDP/RM outcomes⁴;
 - *30 points* – responsive to five (5) or six (6) PDP/RDP/RM outcomes;
 - *20 points* – responsive to three (3) or four (4) PDP/RDP/RM outcomes; and
 - *10 points* – responsive to one (1) or two (2) PDP/RDP/RM outcomes.
- b. Total Project Cost – considers the investment requirement of the project.
 - *30 points* – projects costing PhP1 billion and above;
 - *20 points* – projects costing PhP500 million to PhP1 billion;

⁴ Sector outcomes as reflected in the PDP: 2011-2016: (1) Stable Macroeconomy; (2) Globally Competitive and Innovative Industry and Services Sector; (3) Competitive and Innovative Industry and Services Sector; (4) Access to Financing Expanded in Support to Macroeconomic Stability; (5) Effective and Efficient Governance; (6) Equal Development Opportunities; (7) Stable National Security; and (8) Sustainable and Climate Resilient Environment and Natural Resources

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- *10 points* – projects costing PhP200 million to PhP500 million; and
 - *0 points* – projects costing less than PhP200 million.
- c. Status of Project Preparation – considers the readiness based on the previously available data/documents on the project.
- *15 points* – F/S is for updating or with pre-F/S undertaken; and
 - *10 points* – new F/S.
- d. Project Timeline – considers the urgency of the conduct of F/S or updating of F/S based on the expected start of implementation of the project.
- *15 points* – (a) for projects to commence implementation in the next two (2) fiscal years (i.e., 2014 and 2015) from conduct of F/S or updating of F/S; (b) for projects arising from fortuitous events; and
 - *10 points* – for projects to commence implementation in 2016.

6.2.b. For Pre-Investment/Sector Studies (Objectives a and c)

The following criteria shall be used in the screening, prioritization and evaluation of sector studies that may be eligible for funding:

- a. Sector Relevance – considers whether the study's objective/s will bear a considerable impact on the targets spelled out in the PDP/RDP and RM.
- *40 points* – responsive to seven (7) or eight (8) PDP/RDP/RM outcomes;
 - *30 points* – responsive to five (5) or six (6) PDP/RDP/RM outcomes;
 - *20 points* – responsive to three (3) or four (4) PDP/RDP/RM outcomes; and
 - *10 points* – responsive to one (1) or two (2) PDP/RDP/RM outcomes.
- b. Urgency – considers studies arising from fortuitous events, directives, and those deemed necessary for identification/prioritization/implementation/operation of priority projects. – *25 points*
- c. Study Timeline – considers the amount of time to complete the study.
- *25 points* – for studies to be finished in less than one (1) year;

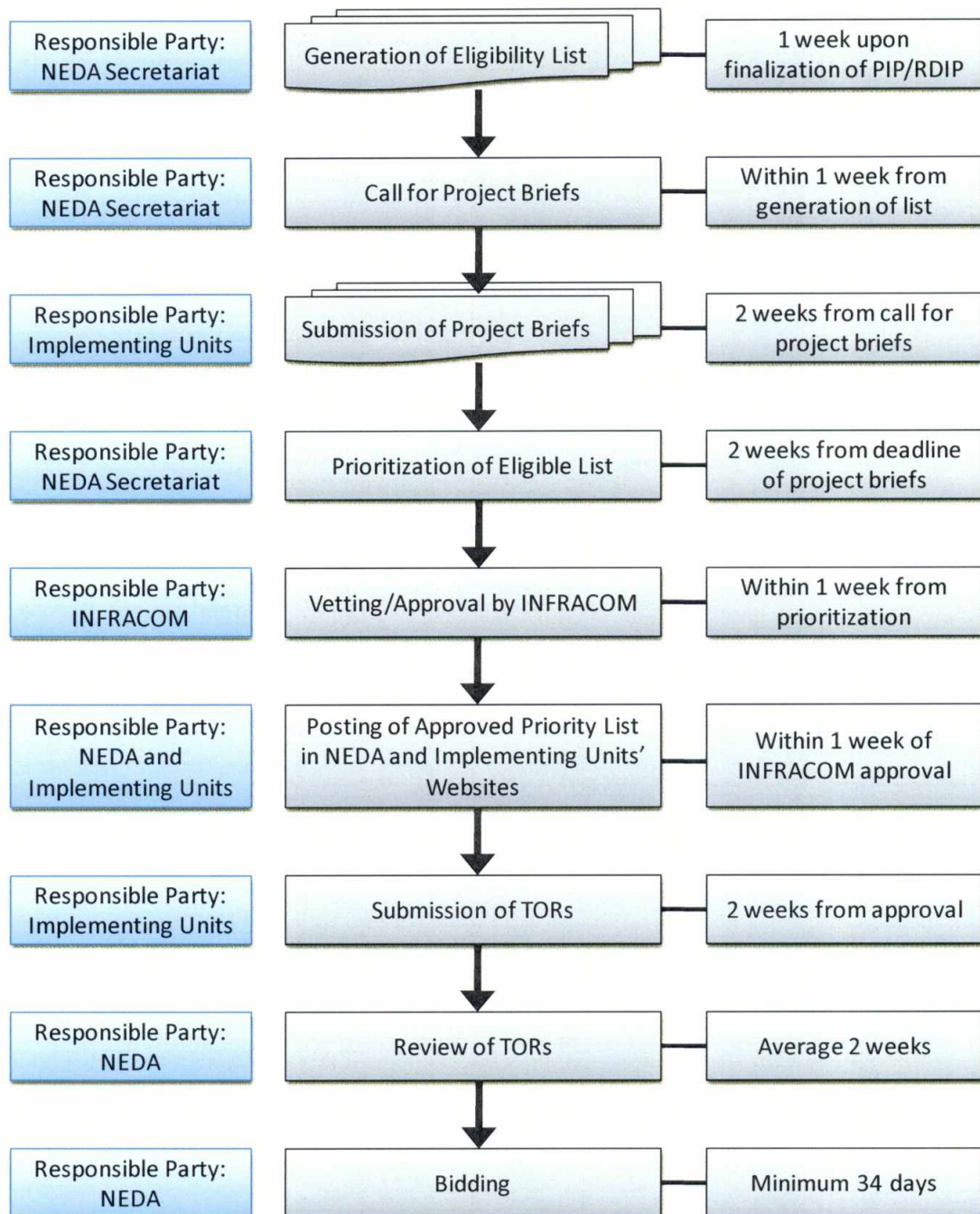
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- *15 points* – for studies to be finished in twelve (12) to eighteen (18) months; and
 - *5 points* – for studies to be finished in more than eighteen (18) months.
- d. Total Study Cost – considers the cost requirement of the sector study.
- *10 points* – for studies costing between PhP10 Million and below; and
 - *5 points* – for studies costing above PhP10 Million.

6.3. Processing and Approval by the NEDA Board Committee on Infrastructure (INFRACOM)

The NEDA Secretariat shall request concerned agencies to submit Project/Pre-Investment/Sector Study Briefs for their respective proposals, which shall form the basis for prioritization by the NEDA Secretariat using the above criteria. The NEDA Board Committee on Infrastructure (INFRACOM) shall approve the prioritized list. Concerned implementing agencies (IAs) shall be required to prepare the Terms of Reference (TOR) for their respective approved proposals for F/S funding, which will be submitted to NEDA for review. The finalized TOR shall be the basis for the subsequent tendering.

6.4. Timetable



7. Memorandum of Agreement (MOA)

NEDA and the concerned implementing unit of government will sign a MOA primarily to identify the responsibilities of the parties involved to facilitate the timely completion of the study, and ensure commitment and cooperation of all concerned agencies involved.

8. Operating Expenses

For FY 2014, operating expenses shall be charged against the regular budget of NEDA. In subsequent years, the funding requirements for the operating expenses shall be incorporated in the regular budget of NEDA. The disbursement of said operating funds shall be subject to the existing budgeting, accounting and auditing rules and regulations.

IV. Roles and Responsibilities

1. NEDA

- a. Shall administer the F/S Fund and undertake the procurement of consultants who shall undertake the specific studies approved by INFRACOM;
- b. Shall process the submission of government agencies to determine the list of eligible proposals based on the criteria enumerated in Section 6 of these Guidelines;
- c. Shall prepare and submit to DBM a Special Budget Request supported by the List of F/S approved by INFRACOM indicating the project name, description and purpose, among others, and the Monthly Disbursement Program;
- d. Shall monitor implementation of the studies under the F/S fund;
- e. Shall submit either in printed form or by way of electronic document, to DBM, copy furnished the House Committee on Appropriations and the Senate Committee on Finance, integrated quarterly reports on the financial and physical accomplishments of the Fund; and
- f. Shall be responsible for ensuring that quarterly reports submitted to concerned units of Government are likewise posted on the official website of NEDA.

2. Implementing Unit

- a. Shall prepare and submit all requisite documents to NEDA for INFRACOM evaluation and approval;
- b. Shall be responsible in the preparation of all documentary requirements (e.g., TOR) duly approved and endorsed by the head of agency/office units;
- c. Shall assign representative/s to NEDA, to act as member of the NEDA Bids and Awards Committee Technical Working Group for the procurement of consultants for specific studies;
- d. Shall be responsible for contract implementation, including ensuring the quality of outputs;
- e. Shall endorse to NEDA the acceptability of the study deliverables/outputs for purposes of facilitating payment to the consultants;
- f. Shall coordinate with NEDA, for appropriate action and/or approval, proposed changes in cost or scope and proposed extension of contract; and
- g. Shall submit to NEDA, either in printed form or by way of electronic document, quarterly progress reports not later than fifteen (15) days from the end of the quarter for consolidation into the F/S Fund report to be submitted to DBM, copy furnished the House Committee on Appropriations and the Senate Committee on Finance. Said quarterly progress report shall include among others, status of implementation, implementation issues and constraints.

3. DBM

- a. Shall release a Special Allotment Release Order (SARO) and/or a Notice of Cash Allocation (NCA) for the approved projects within fifteen (15) working days from receipt of the Special Budget Request with complete documentation requirements under Item IV.1.c herein.

V. Reporting and Posting Requirements

NEDA shall submit to the DBM, copy furnished the House Committee on Appropriations and the Senate Committee on Finance quarterly reports, either in printed form or by way of electronic document, the financial and physical accomplishments of the F/S Fund not later than thirty (30) days from the end of each quarter.

The Director-General of NEDA and the NEDA web administrator or equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of NEDA.

VI. Resolution of Issues

Issues and concerns arising from the implementation of these Guidelines shall be resolved jointly by the NEDA and DBM.

VII. Effectivity


These Guidelines shall take effect immediately.

Issued this ____ day of _____ 2014.

NATIONAL ECONOMIC AND
DEVELOPMENT AUTHORITY (NEDA)


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