

Summary of Proceedings

Focus Group Discussion on Planning for Effective Change: Challenges, Practices and Lessons from the Rationalization Program

26 April 2006, Richmond Hotel, Pasig City

Batch 2

*The Department of Budget and Management
with assistance from the GOP-UNDP Programme
in cooperation with
the Development Academy of the Philippines*



GOP-UNDP PROGRAMME
FOSTERING DEMOCRATIC GOVERNANCE
UNIVERSITY OF THE PHILIPPINES – NATIONAL
COLLEGE OF PUBLIC ADMINISTRATION AND
GOVERNANCE (UP-NCPAG):
IMPLEMENTING PARTNER



**FOCUS GROUP DISCUSSION ON
PLANNING FOR EFFECTIVE CHANGE:
Challenges, Practices, and Lessons from the Rationalization Program**

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Richmonde Hotel, Ortigas Center, Pasig City

Batch 2: 1:00 pm – 6:00 pm

INTRODUCTION OF PARTICIPANTS

Ms. Baby Ricardo, Facilitator, welcomed everyone to the Focus Group Discussion organized by the Department of Budget and Management (DBM) in partnership with the Development Academy of the Philippines (DAP) and with funding support from the GOP-United Nations Development Programme (UNDP). She said the FGD aims to capture the valuable experiences of selected agencies on the implementation of the Government Rationalization Program or Executive Order 366.

She introduced the guests/ observers from DBM, members of the DAP Team, and participants from selected agencies that have not submitted their rationalization plans to DBM. She asked Director Magdalena Amelita Castillo of Organization and Productivity Improvement Bureau (OPIB) of DBM to give the welcome remarks

WELCOME REMARKS

DBM Director Amelita Castillo thanked participants for participating in the FGD. She explained that the activity aims to facilitate a sharing of experiences in the rationalization efforts. She added that the output of the FGD is a generic guidebook on change management, which would serve as a reference for all agencies implementing rationalization efforts.

PERSPECTIVE SETTING

To set the perspective of the discussion, Ms. Baby Ricardo asked participants which is more important when taking a journey: *Is it the destination? Or is it the journey itself? Are you a type of person who asks first about the details of the journey such as its purpose and specific activities upon reaching the destination? Or are you a person who asks about other people going with you and the means and route to reach the destination.*

She took note of the participants' responses to the questions. She then briefly explained the difference between the destination person and journey person: if you are a destination person, you think of the fastest way to reach the destination; if you are a journey person, you prepare for the things needed for the travel.

She explained that the question of destiny or journey itself is similar with the rationalization program of the government or any major change an institution may be going through. She added that people may have differing perspectives about change and thus, may respond differently to it.

She requested participants to openly share their experiences, difficulties, issues, challenges and lessons learned in each stage of the rationalization process. She added that issues about the Rationalization Program may be raised in the FGD, but it may not be the proper venue to resolve them. She encouraged agencies, even if they are in different stages of the rationalization process, to share their openly experiences, issues, concerns and good practices in each stage of the process: plan preparation, plan approval and plan implementation.

DISCUSSION PROPER

To start the discussion on plan preparation, Ms. Ricardo asked representatives: *What are the challenges, difficulties and approaches used, if any, during preparation of the plan.* Agency representatives took turns sharing their experiences in preparing their plan.

A second round of sharing followed which focused on agency experiences during the approval process and implementation of the plan. Ms. Ricardo asked the following: *For those who are still waiting for the approval (and implementation) what are you now doing? Or what are the things (activities) you are doing to let employees know that you are now in this stage, waiting for feedback/ approval. What are the most important things that you have to do to remind them that once there is feedback then the plan may be implemented soon? How much of the implementation have been considered in your rationalization plan? It is supposed to be a transition time to identify people that have to be separated because their positions were already declared redundant. Other than things mentioned are there some lessons that may be culled from the whole journey?*

Department of Environment and Natural Resources (DENR) ***Teresita Castillo, Undersecretary***

1. The preparation of the rationalization plan in DENR started upon receipt of EO 366. However even before the release of the implementing rules and regulations (IRR) of EO 366, a study group was already formed. A donor partner provided some support in implementing EO 366 and the IRR in the department. When the IRR was released, the department created the CMT and sub-CMTs as it has more than 22,000 employees in the central, regional and field offices. The CMT was initially composed of 8 members, but later reconstituted with 23 members (when Secretary Reyes was appointed). The agency management felt that given the huge number concerns and critical steps involved in rationalization, more people had to be directly involved particularly in decision-making. The CMT invited 7 union representatives and several technical people representing offices in Luzon, Visayas, Mindanao and the Central Office.
2. DENR's Management Committee served as a forum for consultation but decision making is given to the CMT as the IRR provided. The Management Committee is composed of bureau/service/attached agency directors and employee representatives.

3. Based on the DENR experience, a bigger CMT membership lessened the need for consultations. However, the CMT still conducted a number of consultations, forums, discussions and meetings with employees. It felt that the bigger size and composition of the CMT allowed for more transparency of the process. The CMT followed the six-step process prescribed by DBM. Though it found the process tedious, the CMT was able to come up with the road map that consists of the vision, mission, roles, functions, major final outputs, positions and structures. This road map served as the framework for all its organizational actions.
4. The CMT was faced with the following employee concerns and issues, which had to be resolved before it can go to the discussion of structure.
 - Insufficient strategies for the communication. Even with a clear strategy and even assurance, people have difficulty acceptance change.
 - Poor GSIS records keeping
 - Lack of GSIS and agency counterpart incentives
 - Mitigation measures. DENR formed a group that will focus on investment programs, skills enhancement, loans settlement for employees, etc.
 - Funds availability
 - Media press releases that negatively affected employee perspective
5. After a two-day Management Committee meeting, the CMT was able to come up with the high-level functional structure (chart) following the functional approach. The CMT started discussion on the structure in June 2005 in which the Secretary was involved. It was an iterative and evolving process. It used consensus, not majority or numbers in decision-making. People who do not agree on an action to be taken have to be convinced. They agreed to use the HAHHA approach (hear-argue-hear-agree) to get consensus and arrive at decisions. The functional structure is a considered a milestone as it will serve as the CMT's basis for developing the staffing pattern and job descriptions.
6. Some important lessons learned by the CMT include:
 - Document all CMT activities and decisions in the form of resolution, minutes of the meetings, attendance sheets, etc.
 - Get a focused and active Secretariat

National Economic Development Authority (NEDA)
Nestor Mijares IV, Deputy Director-General

1. The CMT had prepared the Rationalization Plan and submitted it to the Secretary for approval. The Secretary endorsed the plan for submission to DBM. But before the approved plan was submitted to DBM, a new Secretary was appointed; thus delaying the submission of the plan per request of the new Secretary. A few months later, the former Secretary came back to head of agency. As of date the plan has not been submitted to DBM. Along the way, the CMT chair was also replaced although there was no reversal on the decision of the Secretary. The CMT now finds itself in an awkward situation because it has prepared the plan and is now waiting for the action of the Secretary. An important lesson here is that

the decision/ action of the Secretary has to be considered when an agency is undertaking a major rationalization program.

2. Deputy Director General Mijares explained that the rationalization efforts must be viewed from the perspective of the Secretary, being a representative of the Administration and his role/ effort in professionalizing the bureaucracy. The following questions may be asked: *Are we reorganizing or rationalizing for a specific Administration? Or are we rationalizing from the point of view of professionalizing the bureaucracy?* These questions are important because if an agency does not submit its plan, it is (dependent on) either the decision of the DBM Secretary or the Agency Secretary. DDG Mijares thinks that decisions made are essentially political yet the main premise is professionalizing the bureaucracy; and that contradiction pervades the process.
3. When DDG Mijares came in as CMT Chair, he discovered that rules on decision-making have not been established. Hence, the first agenda of the CMT was to solve the question, “when do we know when the CMT has decided”? The CMT agreed that decisions have to be made by numbers. It also defined the CMT Chair’s role in decision-making.
4. He added that one of the difficulties encountered by the CMT is the prescription on notification. He feels that some rationalization guidelines and limitations have to be clarified to avoid differing interpretation among agencies (e.g. notification procedure which states that affected employees should be notified 10 days prior to submission of the plan to DBM). *DBM Director Castillo explained that it will “tolerate” non-issuance of notification as long as the employee association and management come to agreement on the matter.*
5. According to DDG Mijares, the notification prescription has contributed to the delay of submission of the NEDA plan. Had the prescription period not been there, the previous secretary could have been endorsed the plan to DBM before Secretary Neri came back as head of agency. He added that the CMT was able to forge an agreement with the employee organization to waive the notification period for their benefits (since they do not have much option anyway). Initially, some members of the CMT were very legalistic or worried that separation of affected employees might be jeopardized if they enter into an agreement with the employee organization.
6. DDG Mijares shared that also had difficulty with the use of functional analysis as prescribed by DBM. Analyzing the functions of the agency focuses on what it is doing and not on what it should really be doing. In effect, one is set on a starting point (where you are) rather than where one should be. Since everyone’s attitude is toward protecting their turf or own interests, it is going to be very difficult. Rather than analyzing what it is doing, the agency should look at new (market) demands. It should be looking first at strategic directions rather than analyzing functions of the agency. Functional analysis may come after determining the strategic directions of the agency. Although the use of functional analysis approach was a guideline, the CMT felt that the “word from DBM is a word from heaven”. It is simpler to just follow a guideline. *On this point, DENR Undersecretary Castillo shared that though DENR started with strategic*

directions and a clear process for the CMT (e.g. vision, goals and mandates) they still got into a dilemma especially as they started analyzing functions of the agency. They felt existing laws prohibited them from thinking out of the box or to look forward to the future.

7. Other major difficulties faced by NEDA in the rationalization process include:
 - Notifying all employees to be rationalized prior to approval (even if NEDA thinks otherwise). Some CMT members took the legalistic view on the notification requirement which contributed to the delay of the submission of the plan.
 - Use of the functional analysis approach versus other approaches. The agency should have focused first on the strategic analysis/ demands. Functional analysis should have been done only after the strategic analysis to avoid turfing problems.
8. DDG Mijares said it is important for the CMT to study the draft plan well before presenting it to employees. He urged co-participants to show affected employees that remaining in the position is no longer an option. He suggested employee-transfer option be included as an option in the IRR, i.e. an employee could be transferred to another position when his position is declared redundant. *DBM Director Castillo explained that most agencies/ departments have a tendency to accommodate everyone first.*
9. DDG Mijares asked how does one determine or assess the more suitable person to a function/ position. If there are two incumbents in the same position/function (e.g. Clerk III has 2 incumbents), how is decision made on who stays and who leaves? *DBM Director Castillo explained that the answer to the question is in the guidelines.*
10. Lessons learned by NEDA include:
 - The CMT should ensure complete documentation of all processes and proceedings. Documentation should be clear on what functions and positions are retained. Proceedings and minutes of meetings and attendance should be well documented. These will become useful in the appeals process.
 - It should be clear to everyone that selection is at the second round of “screening” and not in the functional analysis stage. The Civil Service provision on retention will be utilized in the second round of “screening”. In NEDA, CMT remanded all results to NEDA units to justify the analysis and to clarify at which level they got into, i.e. if they are in the CSC provisions (separation or rehiring stages). He emphasized that documentation is very important because employees will challenge that they were not informed, nor consultations made.
 - The head of office/ agency should be made sensitive to the rationalization process and requirements. As the overall Change Management Agent, DBM should have conducted proper orientation to all heads of agencies. In NEDA’s case, after all the hard work of analysis and thinking, the previous Secretary / OIC said, “if ain’t broke why fix it?” So the CMT members started entertaining such idea, too. In another instance, when the CMT was discussing the re-structuring of two vacant positions (secretary positions), the Secretary made a statement to keep those structure/ positions. This statement came as a

de facto statement/ decision. It spelled out the directions but somehow robbed the energy of people involved.

- Continuity is important. For instance, if the process is derailed (e.g. intervention of the Secretary) the momentum wanes significantly. It becomes very difficult to revert to a very open and objective approach to rationalization. The momentum is gone and it cannot be recovered. All the pain does not seem to be worth it. NEDA is just a small agency. Out of 1,200 employees, a hundred are being rationalized (close to 10%). As well, some units were given discretion on how to restructure. The grant of discretion may be bad especially for regional offices as uniformity is a big thing when talking about functions and positions. Uniformity of structure is still a strong rationale for selling the idea of rationalization but if discretion is given in terms of structure and number of positions, people could simply imagine what motivations will prevail. Even if the motivations are good, (bad) stories can be made out of it. Standardizing the structure is one strong instrument that would convince others that rationalization is not about individuals but about positions.

11. Ms. Ricardo summarized NEDA experience:

- It emphasized that rationalization plan is not about individuals but functions/ positions.
- The agency has to determine the real objective of the rationalization program: political or delivery of services?
- The role of the head of agency is critical. Though the process is function dependent, the CMT cannot veer away from the influence of the head of agency. What is the Secretary's perspective? His approach? His suggested strategic directions? EO 366 does not prevent the agency to think strategically.
- Continuity is important: in leadership, process, directions set, etc.
- It is good to have guidelines. CMT can go back to the guidelines to justify certain actions/ parameters.
- The role of employees is very important. As early as plan preparation, employees gave feedback re the effects. The question is: do employees have to know who is to be rationalized?

Department of Public Works and Highways (DPWH)

Maria Rowena Pacobas, OIC-Personnel Division

1. The agency will incur the biggest number of affected employees under the rationalization program. Secretary Vigilar anticipated this by setting the strategic directions of the agency in the 1990s. He started the reengineering of the agency with funding support from the World Bank. He decided to tie the rationalization efforts to a long-term loan from World Bank and thus, allowed for continuity of the process. As part of the commitment to the WB, the WB consultant reviews the agency's reengineering plans regularly. Triggers set in the reengineering plans have to be met before the release of a tranche. The head of agency may come and go, but the directions set in the plans undergo very minimal change.

2. The agency work plan for rationalization has been in place since 2004. Currently, Secretary Ebdane is on top of rationalization effects. Based on the suggestion of the World Bank, the agency has prepared a communication plan, which is viewed as an opportunity to prepare all employees.
3. The agency formed three major CMTs (central office/ regional operations/ project management – foreign assisted projects for infrastructure). It also created a sub-committee on mitigating measures to address the effects of the changes on employees. It also set up an Asset Management and Disposal Committee in preparation for the abolition of its two big departments: the Bureau of Maintenance and Bureau of Equipment.
4. The agency formed 5 major committees including the CMT. The CMTs are very active but every level of decision-making is elevated to the Executive Committee (Execom). The Execom approves everything the CMT does. The Execom meets every 2 or 3 months and holds special meetings for rationalization plan matters. When the CMT work started in June 2005, it deployed as part of its communications plan, top-level officials (e.g. directors and assistant secretaries) in the department to go to all 16 regional offices to talk to District Engineering employees. Through these talks, the sentiments of employees were solicited. When CMT representatives dialogued with DBM the first time these sentiments/issues were presented. Secretary Ebdane himself communicated with employees in those sensitive offices (e.g. Bureau of Equipment). The head of the CMT calls affected employees especially when there is a critical decision to be made. He explains what might happen and to seek the employees' feedback or comment.
5. In preparing the plan, the CMT started with the functional analysis. Ms. Pacobas confirmed that functional analysis approach was difficult and tedious but the CMT also referred to existing reengineering plans. It took the CMT four months to complete the functions and structure. During this time, a problem cropped up when regional offices disseminated, out of eagerness, sensitive information about their respective proposed plan (e.g. functional charts, positions, staffing pattern) to people outside of the agency. As a result, some government officials (e.g. Congressmen, Secretary) tried to meddle with the agency's rationalization plan. The CMT had to do damage control. Although unintended, the leak of information in a way served to prepare the employees.
6. After the approval of the functions by the Execom, the CMT proceeded to review the structure. After approval of the structure, it worked on the position chart. Work on the position chart was extremely difficult because a lot people were affected. During its first presentation to DBM, it already has in mind removing the "sensitive" bureaus. After reassessing the situation last January 2006, the Execom and Mancom decided not to cut those bureaus since the agency may still need equipment and people for its operations. With this comment, the CMT went back to the drawing board.
7. The Secretary issued Department Order in October 2005 providing guidelines about the criteria for selection, upgrading, re-classification, etc. Employees have already been informed about the criteria (standards) to meet if they want to keep

their position. The Order also addressed the criterion for classification/ re-classification. Classification was a major problem because although the Secretary has the power to create Engineering Offices, a Congressman may submit a bill creating his own Engineering Office. The Department Order clearly stated that only permanent employees could apply to fill identified vacant positions. Still some Congresspersons insisted on re-classification, non-abolishment of certain positions, or absorption of certain casual employees. (The agency has more than 7,000 casual employees, or 30% to 40% of agency personnel.) An internal policy was disseminated to inform offices that after the rationalization plan only 50% of the casual positions would be allowed because the agency can no longer support them. This was viewed as a very good opportunity to purge the system. The department has submitted a request for DBM to allow the extension of casual appointments until the agency rationalization plan is approved, so that these casuals may avail of incentives.

8. Other major concerns of the CMT include:
 - Hiring. CSC rulings state that only permanent employees could fill the positions. However, in reality the department's project management office is composed of non-permanent but very qualified employees. This could lead to the agency getting less qualified people.
 - Downgrading of position levels. The CMT decided to downgrade an entire regional office into a division. Affected employees expressed willingness to slide down (position level down grade). However, the CMT heard that downgrading is prohibited. It plans to seek DBM advise on what to do about the matter.
 - Managing employee morale. Five employees have died due to heart attack since the rationalization process started. She added that Secretary Edbane insists he will be the one to sign the 15,100 notices to ensure smooth implementation of the plan. Out of the 15,100 personnel only 7,500 will be placed in permanent positions. After the rationalization, the agency will have 8,000 permanent and casual employees. This presents a dilemma to the Secretary who is seen as a humanitarian secretary. The Execom has approved the rationalization plan on April 24.
9. In the DPWH experience, it is important to document all processes and agreements/ decisions, and to implement mitigating measures as early as possible.

Department of Health (DOH)
Kenneth Roquillo, Director of HRD Bureau

1. As DOH is still working on its plan, Director Roquillo asked if they can propose a Phase-In-Phase-Out Plan for their rationalization plan. He explained that DOH has 72 hospitals that have to meet a standard staffing requirement. DOH would need to add a number of personnel to acquire the standard staffing requirement, which means an increase in Personnel Services costs. At the same time, DOH sees the need to downsize its regional offices. Under the Phase-In-Phase-Out Plan, people will not have to go out of the system but rather positions will be declared co-terminus with the incumbent. Given its proposal to have an interim structure and

final structure, the CMT is considering this Phase-In-Phase-Out approach to transition to the organization's desired, planned structure.

2. DBM Director Castillo said they usually advise agencies to prepare a plan within EO 366, meaning within the agency's existing resources. The agency could prepare an ideal structure. Excess personnel could be placed with other agencies such as DOH and DepEd that need additional personnel. Hence, DBM cannot assure DOH of an immediate response to the request for additional number of personnel.
3. Director Roquillo explained that the agency looks at the rationalization plan as its Phase-In-Phase-Out Plan. The CMT plans to focus first on the functions, staffing pattern of its regional offices, followed by those of its hospitals. Only then will they focus on the requirements of the central offices. He asked for some clarification on the transfer of functions in view of a prohibitive law. For instance, DOH wants to transfer some of its functions to the Philippine Alternative Council but it cannot at this time because of an "untouchable law". Such transfer would strengthen its pharmacists assigned to BFAD. He also asked DBM if the rationalization program covers its corporate hospitals.
 - *Director Amelita Castillo of DBM informed Director Roquillo that his agency could make a proposal to the Office of the President. DOH has the flexibility to rationalize corporate hospitals. She explained that unlike agencies that are dependent on the national budget, DBM looks carefully at the business plan of GOCCs. She added that the implementation of voluntary retirement may result in brain drain in the agency.*

Office of the President (OP)

Alberto Bernardo, Assistant Executive Secretary

1. The OP is tasked to assist the President who is the Commander in Chief of the Armed Forces of the Philippines, the Chief Executive, the Chief Foreign Policy Maker and the Chief Legislator. Given the complexity of the President's roles, a support staff is needed. To identify the support staff, they use a mechanism that is based on the principle of operating unit. The operating unit is very fluid, flexible and dynamic. It does not need permanent staff to handle operations. The main approach is to define the objective/ outcome and not the person.
2. The OP conducted a strategic planning session to identify what it is supposed to do, what it should do, what it can do, what it wants to do, and what it must do. There are many things that it supposed to do; there are some things that it can do; and there are things that it would like to do. It recognizes that it should be driven by outcome. For instance, is the mandate necessary for an organization to do? If it is necessary, then it is okay. Could it deliver the outcome and what cost (e.g. social, economic)? If it could not efficiently deliver the outcome (at a desired cost) then maybe it could outsource that service? For instance, if it wants to lobby in the US Congress, it must ask the following questions first: Is the agency capable? Is this something that must be done as required in the foreign policy and advocacy? The answer may be that the organization has to do it. But is it necessary to put up an outfit in the office to handle it? The point here is that there should be

flexibility. In the context of rationalization, if there is something that the organization must do but it cannot do, then it should not have been created. A program may be identified as a must do and may be done through a mechanism and not through a creation of a structure. The OP CMT was able to identify these complexities and dynamics, and to focus on outcome.

3. In the case of PIA (Philippine Information Agency), the OPS wants to develop new communication highway based on the information that need to be put across. It is looking for new information vehicles to effectively deliver information. It is a re-thinking process, an entirely new way of viewing and implementing things. The OPS determines things that must be done given the resource constraints. It is citizen-driven and it targets cost-effectiveness but does not engage in monopoly. If the organization is not capable or efficient in performing a particular function then something has to be done. If a function will not be efficient or redound to the benefit of citizens, it will be given to somebody else. For instance, OPS did away with a lot of ad-hoc committees like those in “impeachment projects” affecting 48 to 68 employees. It wants to cluster the organization into 3: service delivery, compliance regulatory enforcement and policy. Since enforcement is one of its objectives, it now has to ask itself if it has to join DENR in the customs enforcement. The current DENR policy approach is that all enforcement on anti-environment are consolidated. Previously, the function is with the bureaus. At the end of the day, it monitors the target outcome, accountability and even the budgetary implications.
4. Assistant Executive Secretary Bernardo asked DBM if the OP could submit for approval the identified functions and intermediary roles first, before drafting the staffing pattern. If DBM requires the submission of both functions and staffing pattern, the agency might experience a long delay, and efforts might be undone or overtaken by events. He added that the structure and staffing pattern work requires different expertise/ discipline. The CMT members, for instance, may not have the capability and determination to detach themselves from the human side of rationalization.
 - *DOH Director Roquillo of DOH agreed to the suggestion to divide the work of the CMT based on respective expertise (e.g. structure and functions and staffing pattern). He endorsed the idea that approval of function/structure by DBM come first before the staffing pattern is prepared.*
 - *As to how political developments would affect the approved rationalization plan, NEDA DDG Mijares said that as far as NEDA is concerned, the approach is “status quo.” Those within the “control” of the current structure should be approached “as is” until new events happen. As to managing change, higher-level authorization per stage somehow provides an opportunity for more thorough work to be done by the professionals.*
 - *DBM Director Castillo shared that DBM and OP CMT regularly hold meetings on the OP’s plan. The findings and recommendations of DBM are presented to the Rationalization Program Execom. DBM then relays to OP CMT whatever decisions made by the Execom so the OP could*

proceed. There is no formal approval yet, but in principle, the DBM team has already reviewed and approved the plan. She added that the suggestion of OP to employ different expertise and get approval of the functional structure before developing the staffing pattern is possible. The organization of the CMT is actually the “call” of the department with the inclusion of a union representative as the only requirement.

- *Ms. Ricardo thinks there would be no violation of the IRR should an agency decide to submit/get approval of the functional structure first and have technical experts/professionals work on the other components of the plan, particularly the staffing pattern after structure approval. She cited the example of DPWH when it formed committees that have expertise on asset management and disposal.*

National Irrigation Administration (NIA)
Cecilio Catarroja, Department Manager B, MSD

1. NIA has already submitted its plan to DBM. It submitted a five-year implementation plan based on some assumptions and parameters. One is that communal construction of irrigation facilities has been devolved to the Local Government Units. Another assumption is that under ARMA, the management of secondary and tertiary canals as well as old farms facilities will be turned over to the irrigators associations. NIA is currently in the process of turning over and strengthening the irrigators associations. It has a total of 5,000 employees and 1,900 will be declared redundant under the proposed rationalization plan.
2. While the agency has done intensive communication and information dissemination, the CMT needs clarification on the notification procedure. It conducted orientations/ presentations that allowed them to solicit feedback of employees. However, the Employee Association President chose not to sign any communication released by the CMT. There were also negative sentiments from some department heads whose departments were merged. For instance, 12 department managerial positions were decreased to 5 positions.
3. OP Assistant Executive Secretary Bernardo suggested that NIA explore the possibility of outsourcing the turnover of the management of secondary and tertiary canals as well as old farms facilities to the irrigators associations in less than 5 years. He suggested that outsourcing certain tasks could help the agency focus on its major tasks.

Department of Agriculture (DA)
Alberto Maningding, Assistant Director

1. The DA formed CMTs and sub-CMTs composed of more than 100 individuals. However, members of the CMTs were also affected by the rationalization plan. He added that the agency used to have 57,000 employees. Now, it only has 27,000 employees (75 percent is actually based in NIA). The submission of the plan was delayed because the agency's 11 corporations did not submit their respective

proposed plans on time. These plans have to be integrated with the main DA rationalization plan. A lot of employees expressed interest in ‘availing’ of the rationalization package but some of these positions cannot be declared redundant.

2. In order to meet the requirements and deadline of DBM, it may opt to submit the functions first and the staffing pattern after approval of the structure. The CMT intends to inform employees affected once the plan is approved. In its plan, DA clustered or merged all of its bureaus into 4.
3. One of the challenges encountered is when the President of NIA Employees Association instructed members not to sign any communication. But they were persuaded to sign with their reservations written on the same page.
 - *DENR Undersecretary Teresita Castillo asked if they could convert a line bureau into a staff bureau. DBM Director Castillo replied that the agency could do so but it has to submit a recommendation.*
 - *DENR Undersecretary Castillo asked if merging of functions is possible in the rationalization program. DBM Director Castillo said merging of functions is possible. NEDA DDG Mijares said there is need to be careful in the use of terminologies such as “merging” as it might confuse people in the organization.*

Department of Interior and Local Government (DILG)
Arlene Zamora, Director – Planning Service

1. Director Zamora said her agency went through almost similar processes and concerns raised by the other agencies. She added that DILG’s current rationalization plan is actually a product of the CMT previously headed by now DENR Usec Teresita Castillo. Before Usec. Castillo left DILG, the agency already completed the functional statements for the rationalization plan.
2. From the time a new Secretary came to DILG, it took a month to form a new CMT and sub-CMTs. The new CMT and sub-CMTs have just started reviewing the proposed rationalization plan. *DBM Director Castillo said that they already have consulted Assistant Secretary Panadero on the new deadline for DILG. She added that the plan is already set for review of DBM. The CMT can present their plan to the Secretary for fine-tuning.*
3. Director Zamora explained the rationalization plan of DILG would greatly affect those employees in clerical positions. While some units/ offices will be strengthened, the dilemma is how the agency could accommodate people if they are not qualified. If people are placed in the CSC pool, what assurance do they have that they would be accommodated at CSC? *DBM Director Castillo pointed out that the estimated number of would-be affected employees could easily be accommodated by the Department of Education alone. There are many agencies that may need clerical services.*

Department of Budget and Management (DBM)
Myrna Chua, Director

1. The focus of DBM is on redefining its strategic role and how it looks at the budget of agencies. The change of leadership in DBM in a 7-month period affected the progress of the plan. The CMT already presented the proposed strategic changes to the new Secretary and the directorates.
2. The proposed changes would be mainly on systems and procedures, with the structure expected to flow from these changes. Another change would be on upgrading of employee skills (e.g. public expenditure management). The CMT has to set up corresponding systems and procedures including the human resource requirements in order to complete the plan. The ongoing efforts are focused on building the database and IT-assisted systems (e.g. auditing systems) which are built over time.
3. The CMT realized it needs a road map to reach the ideal state. There will be no major change in the structure because its main concern is its internal procedure. Minor changes on the structure will be done, if at all, only to remove duplication. Changes could result in decrease in numbers (of positions) because it is trying to eliminate function overlaps with DOF and NEDA.

ISSUES AND CONCERNS

1. Post plan submission process
 - DA Assistant Director Maningding asked about the post submission process and requested DBM to provide technical assistance to implement recommendations and comments on the plan. Director Castillo explained that a DBM team will review the plan and then discuss initial findings with the CMT/ Execom of the agency. For example, in the case of the Office of the Vice President (OVP), the DBM reviewed the plan and presented their comments. Consequently, OVP representatives presented the comments to the Vice President and the Chief of Staff for approval. DBM follows a similar process for any agency. She added that the agency may request for the assistance of the assigned team in defining/ determining the functions (perhaps one day a week).
 - PPA Port Manager Cruz supported the request of DA for DBM assistance to the agencies, especially in making recommended changes to the plan. He also asked DBM about the agencies whose plans were returned to the agency. DBM Director Castillo explained that plans that did not follow the guidelines and parameters of EO 366 were returned to the concerned agency. Since the agency did not follow the guidelines, the premise of the agency plan is flawed. The Executive Committee tasked to review the submitted plans decided to immediately return the plan because no amount of comment from DBM could change the premise within which the CMT worked. Specifically, the agency should look at the resources of the department before they request for expansion.

2. Notification Process

- In response to the question of issuance of notification, DBM Director Castillo said that the agency could release notices as long as management and labor union/s have come to agreement on the matter. However, the rules state that notices should be released 10 days prior to submission of the plan to DBM.
- NEDA DDG Mijares believes that the agency should not do anything other than to inform the people—not to notify because the legal meaning of notification is different. The agency could inform or consult the people but notifying them, i.e. handing them a walking paper, should happen only after the conduct of the screening and separation (or for possible re-hiring) to avoid any unnecessary hurt.
- OP Assistant Executive Secretary Bernardo commented that the (government employee association) federation used the term notification with a legal undertone. However, notification can be done verbally/ orally or through other ways that could notify employees. What is important is that the agency could show that there was an announcement for all concerned, that employees were notified and the content was announced in a meeting. The term “notification” may have many legal ramifications.
- Ms. Ricardo asked if the notification has to be written. Mr. Mijares of NEDA explained that agencies should go back to the original intent of the issuer. When the courts have to interpret the term, the issuer will eventually be asked about its intention when it used the word notification.
- DPWH OIC Pacobas asked if a memorandum signed by the Secretary, informing everyone on the functions and integral positions can be considered tantamount to notification or information.
- OP Assistant Executive Secretary Bernardo opined that the memorandum is legally acceptable. He added that notification could be done by publication. The memorandum is not actually directed to a particular employee or employees. It is for all employees in general. He added that compliance to notification prior to approval of the plan is required in the IRR. The manner of notification may be a conflict in itself. The agency should talk to employees and involved them in the process even prior to the final notification (e.g. signed letter). A piece of written letter is not a substantial compliance to the provision because employees have a stake. Affected employees have the right to quality of information.
- Ms. Ricardo clarified that from the change management point of view, the IRR provides for 10 days notification prior to submission because ultimately people will be the ones affected. The provision was included to satisfy the request of the federation to inform the affected employee. She stressed the need to agree on a definition of notification. If an employee is affected by the plan because his/ her position is to be abolished then s/he should know that through a general assembly. In that general assembly, affected employees

should know the proposed new structure, including the functions to be strengthened, retained or abolished. The next level of notification could be the CMT members or managers of affected offices talk to the individual affected employee about the general events though the specifics may not be clear. What should be clear to the individual is that he knows he may lose a job. She added that mitigating measures (e.g. counseling and livelihood) should run parallel to the information drive. The individual employee should receive his final notice (walking paper) only if everything is complete and approved by DBM.

- In relation to the issue, NEDA DDG Mijares asked if the plans submitted for DBM approval showed a net reduction in personnel. DBM Director Castillo shared that CSC has a net reduction of 205 employees, who decided to retire. She explained that if the affected function is declared redundant and fortunately the incumbent is a candidate for retirement, then this could easily be done. There is a problem, however, if the affected function has an incumbent who does not want to retire.
- DPWH OIC Pacobas asked if it could be given more time before it has to issue the notification to employees. They would prefer to wait for the decision of the Executive Committee regarding the issue on notification.
- NEDA DDG Mijares suggested that, whatever decision or action of the Executive Committee on the notification issue, a communication must be issued by DBM for the information of all agencies. He suggested that the agency issue a formal notice. The context of the notice is the function and the unit that would be affected without categorically stating an individual is separated from the service. He added that the IRR provision does not state if an employee is out or not.
- DBM Director Castillo explained that per IRR provision, the employee whose position is declared redundant is given 2 months to decide whether to remain in government or to retire/be separated. If an employee opts to stay in government, he could re-apply to a most suitable vacant position. The Selection Board can do its role of selection based on RA 6656 as stated in the IRR. If the employee does not qualify for a position in the agency, he can still go to the CSC pool.
- Ms. Ricardo added that from the time of general notification until approval (of the rationalization plan), the agency has time to talk to the affected individuals. Certainty will come in upon the approval of the plan. The involved individual will also come up with a clear decision.
- DBM Director Castillo said the concerns and clarification on the notification provision will be brought before the Executive Committee. The CSC, being a member of the Executive Committee, may have its own requirements that need to be met as regards the matter.

3. Employees appeal

- OP Assistant Executive Secretary Bernardo opined that on the question of who are the affected individuals under the rationalization plan, the answer is threshed out by the notification. This is an opportunity for those affected to exercise whatever rights available to them. There must be a clear interpretation that would favor the affected employee. The question now is what kind of notification would suffice. A written notice may not be substantial though in a sense may be considered legal compliance. However, the real intention of the provision is to give affected employees an opportunity to (appeal) if there is a way but not later than 10 days prior to submission of the rationalization plan). This should be observed as a matter of compliance otherwise it could cause the negation of the rationalization plan.
- NEDA DDG Mijares commented that if the intention of the provision is to give an employee the opportunity to appeal, the following questions should be answered: What will be the subject of appeal? Will the subject of appeal be the scheme of rationalization and not the individual appeal for the position? How does the agency notify affected employees? What is the intention of the confederation of the unions on notification procedure? Is it legally tenable to give an individual a notice only after approval of the plan given that the process of communicating the entire plan has been followed? He suggested that DBM review the logic since notification prior to approval might negate the entire plan.
- A related question was raised: Is deputizing an existing grievance committee into an appeals board better? OP Assistant Executive Secretary Bernardo explained that a grievance committee per CSC rules is only for issues on working conditions and promotions. NEDA DDG Mijares added that the agency sub-CMTs could serve as an appeals board on rationalization impacts.

4. Parameters and Guidelines

- PPA Port Manager Cruz asked to be clarified on the guidelines: 1) the number of proposed rationalized staffing should not exceed the number of warm bodies/ incumbents, and 2) the proposed PS budget should not exceed the existing one. He said these were not spelled out anywhere in the previous issuances or guidelines on the rationalization program or even during the discussion with the DBM representatives. He explained that their agency was almost done with their rationalization plan when the guidelines came. Instead of doing the plan all over again, and out of frustration, they are inclined to submit the Year 2001 PPA Structured Program. They will just wait for the DBM to make a decision on whether or not to accept the plan. Specifically, he wanted to know from DBM if his agency has to peg its proposed plantilla to 1,900 considering its incumbent personnel exceeds 2,000. The 2001 PPA Structure allows PPA to go up to 3,000 personnel.
- DBM Director Castillo the provisions on number of personnel and PS cost can be found in the IRR primer. DBM Division Chief Lorenzo Drapete clarified that PPA decided to strengthen or streamline its organization but the scheme

focused on the need. The filling up of positions is continuing based on the needs of the port areas. Its need for human resources has increased from 2004-2005 because it has to ensure the operation of ports in 7 areas of the country. DBM used the guideline on PS cost to arrive at the number of streamlined positions. Its understanding with PPA is that a port will initially operate with 10 people. As transactions increase, it may get additional warm bodies (e.g. security personnel) as DBM understands the need of GOCCs for flexibility.

- DBM Director Castillo explained that DOTC has to make a decision if it wants to go beyond its proposed plantilla. It is not for DBM to decide, though as a standard prescription, a department/bureau/agency should not go beyond the number of filled positions. The department has areas for scaling down and it could transfer all those affected to PPA.
- Ms. Ricardo added that attached agencies or smaller units of the department, could draft their own rationalization plan in the context of the whole department. The rule is PS cost of the proposed structure should not be greater than the existing.
- PPA Manager Cruz shared that one DOTC attached agency had increased its personnel size from 3,000 to 10,000 personnel in its proposed plan. DBM Director Castillo explained that the agency should have interpreted the rule in the context of department-wide rationalization. She surmised that DOTC simply informed its attached agencies about the guidelines. DBM have returned the integrated rationalization plan of DOTC because it shows that all of its attached agencies/ bureaus/ offices (plantilla positions) have expanded.
- Ms. Ricardo identified issues that need to be resolved. One issue to be resolved between DOTC and PPA is about policy direction. She suggested some key questions to start the discussion with its mother agency: 1) What are the policy directions of the department, and 2) Should the PPA be strengthened? A second issue is agreement on a clear interpretation and implementation of guidelines. Are guidelines applicable to the context of smaller units of the department or only to the department as a whole?

CLOSING

Ms. Ricardo thanked everyone for their active participation.

DENR Usec Castillo expressed her appreciation for the sharing session on the rationalization program. She suggested that DBM and DAP organize similar forums regularly, i.e. maybe 6 months or 12 months from now. She added that agencies could share and learn much from each other.

Ms. Ricardo encouraged participants to communicate with each other to continue the sharing of experiences, solutions or responses taken on the rationalization program.

DA Assistant Director Maningding requested the organizers to provide all participating agencies a summary of the discussions, including those from the morning session. Ms. Ricardo replied that DAP will discuss the request with the project team and DBM.

The FGD ended at 6:00 in the afternoon.

PARTICIPANTS

NAME	POSITION TITLE/ DESIGNATION	AGENCY
1. Alberto A. Bernardo	Asst Exec. Secretary	Office of the President
2. Alberto B. Maningding	Assistant Director	Department of Agriculture
3. Myrna S. Chua	Director	Department of Budget and Management
4. Teresita S. Castillo	Usec	Department of Environment and Natural Resources
5. Ramon M. Ezpeleta	Director	Department of Environment and Natural Resources
6. Mimi M. Marcelo	HRMO IV	Department of Environment and Natural Resources
7. Kenneth Roquillo	Director, HRD Bureau	Department of Health
8. Arlene Zamora	Director - Planning Service	Department of Interior and Local Government
9. Maria Rowena Pacobas	OIC - Personnel Division	Department of Public Works and Highways
10. Elenita C. Amit	EAV	Department of Public Works and Highways
11. Alice Tiongson	Consultant	Department of Public Works and Highways
12. Nestor R. Mijares IV	Deputy Director-General	National Economic and Development Authority
13. Cecilio S. Catarroja	Dept Mgr. B. MSD	National Irrigation Administration
14. Betty Lou S. Penera	Staff Director - Planning and Communication Research Division	Philippine Information Agency
15. Alex T. Cruz (Engr.)	Port Manager	Philippine Ports Authority

Implementing Partner/ DBM Team and/ DAP Team

NAME	POSITION TITLE	AGENCY
16. Magdalena Aruta	Assistant Director, BMB-D	Department of Budget and Management
17. Lorenzo C. Drapete	Division Chief, BMB-D	Department of Budget and Management
18. Clotilde L. Drapete	OIC Division Chief, OPIB	Department of Budget and Management
19. Baby Ricardo	Key Facilitator/ RP	Development Academy of the Philippines
20. Gerry Naraja	Director	Development Academy of the Philippines
21. Sheila Villaluz	Director	Development Academy of the Philippines
22. Willy Rodrigo	Senior Technical Staff	Development Academy of the Philippines
23. Florie Martin	Project Assistant	Development Academy of the Philippines