

Review Report Rationalization

An Assessment of the Implementation of the Program on
Rationalizing and Improving Public Service Delivery
Lessons Learned and the Way Forward

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THE CASE OF THE NATIONAL ANTI-POVERTY COMMISSION

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A. Organizational context

1. Mandate and key functions

The National Anti-Poverty Commission or NAPC was created by virtue of Republic Act 8425, otherwise known as the Social Reform and Poverty Alleviation Act, on 30 June 1998. The said law institutionalized the Social Reform Agenda (SRA) which embodied the results of a series of consultations and summits on poverty alleviation during the administration of then President Fidel V. Ramos. RA 8425 provides principles and strategies that constitute the national framework for integrating anti-poverty reforms and initiatives.

NAPC is mandated to serve as the coordinating and advisory body for the implementation of the SRA and ensure that it is incorporated into the formulation of the national, regional, sub-regional, and local development plans. It is responsible for enhancing the programs, approaches and strategies to strengthen partnership between government and the basic sectors. Included also among its functions is to develop and promote microfinance through the (i) establishment of the People's Development Trust Fund, (ii) strengthening of the People's Credit and Finance Corporation as the forerunner for microfinance services, and (iii) encouraging private and government financial institutions to open a special window for microfinance. Under RA 8425, three agencies were abolished, namely: the Presidential Commission to Fight Poverty, the Social Reform Council, and the Presidential Council for Countryside Development, and their functions and powers transferred to NAPC. NAPC is under the Office of the President.

NAPC is currently serving as the lead agency and houses the secretariat for Kapit-Bisig Laban sa Kahirapan (KALAHI) which is the strategic framework and program for poverty reduction of the Arroyo Administration. It provides policy review, targeting, planning and programming support as well as monitoring feedback mechanisms for KALAHI (<http://www.napc.gov.ph>).

2. Structure and component units

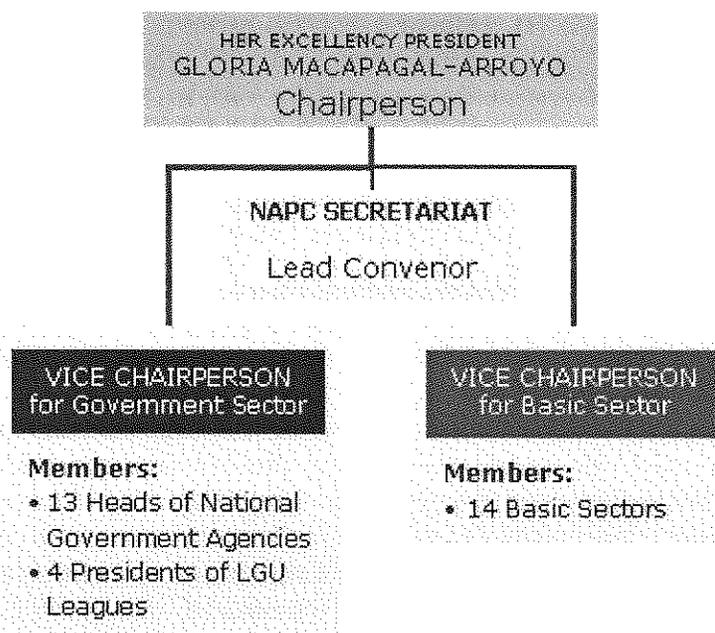
The Commission's organizational structure (Figure 1) embodies the principle of basic sector participation in policy decision-making at the highest level of governance. The Commission is composed of:

- (i) the government sector represented by 13 national government agencies (DAR, DA, DOLE, DBM, DSWD, DOH, DECS, DILG, DENR, DOF, NEDA, People's Credit and Finance Corporation and PCUP) and presidents of the four Local Government Leagues (Provinces, Cities, Municipalities and Barangays); and

- (ii) the basic sector consisting of 14 sectoral representatives (farmers and landless rural workers, artisanal fisherfolk, urban poor, indigenous cultural communities/people, workers in the formal sector and migrant workers, workers in the informal sector, women, youth and students, persons with disabilities, victims of disasters and calamities, senior citizens, NGOs, children, and cooperatives.

No less than the President of the Philippines heads NAPC, who is assisted by a Vice-Chairperson from the government sector who is appointed by the President and a Vice-Chairperson from the basic sector who is elected from among the sector's representatives to the NAPC.

Figure 1. Organizational Structure of NAPC



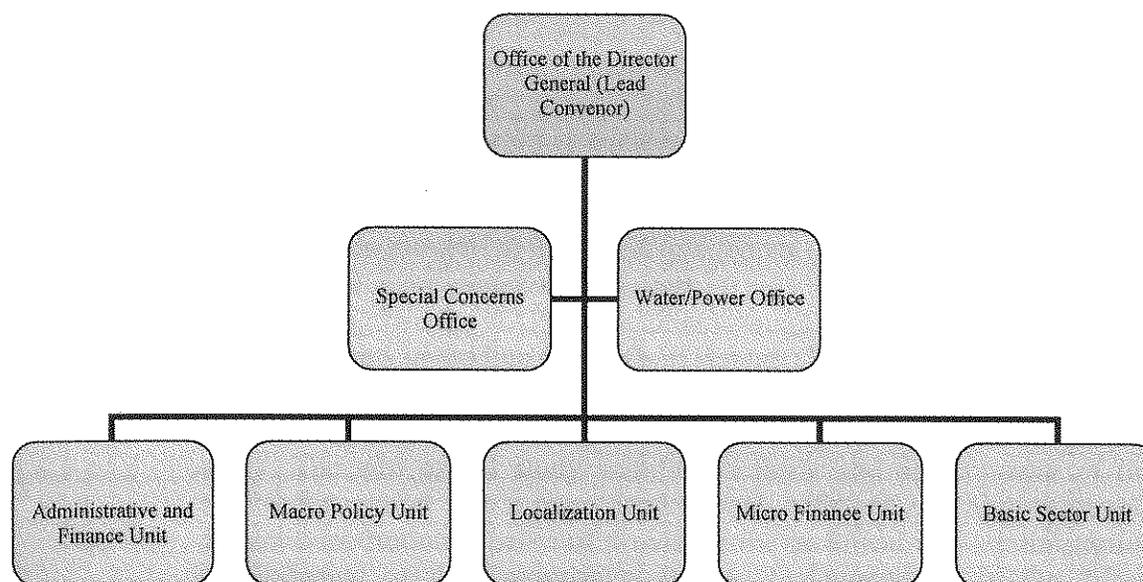
Technical and secretariat support to the Commission is provided by the NAPC Secretariat. The NAPC Secretariat links with groups from civil society, the academe and private sector to provide technical and resource supports for the poverty reduction strategies and programs. It provides information, communication and advocacy materials to popularize the anti-poverty goals, means and results to various stakeholders, especially the basic sectors. The Secretariat is headed by a Lead Convenor who holds the rank of a Cabinet Secretary. The Lead Convenor is assisted by two Deputy Director Generals. The organizational set-up of the NAPC Secretariat (Figure 2) and its major functions and key result areas include:

- The Macro Policy Unit is primarily responsible for macro-policy development. It undertakes (a) study, consultation and refinement of the

poverty reduction strategy framework of government ; and (b) integration of poverty reduction in the national, economic and social development plans.

- The Microfinance Unit performs the following functions: (a) strengthening and enhancement of the enabling policy environment responsive to the poor's microfinance and micro-enterprise needs; (b) provision of effective oversight and coordination in the rationalization and harmonization of existing government programs on microfinance/micro-enterprise; (c) ensure convergence of resources of existing government financial entities that provides microfinance products and services for the exclusive use of the poor; (d) promotion of mechanisms and strategies necessary for the implementation of a viable and sustainable government's microfinance program; (e) overseeing the efficient operationalization of the People's Development Trust to strengthen institutional capacities of microfinance and micro-enterprise service providers; (f) consolidation and review of various policies for recommendation to the NAPC En Banc on the enhancement of the microfinance industry in ensuring that target of making microfinance as a cornerstone against poverty; (g) close collaboration with other agencies and partners with microfinance/microenterprise programs in the country and taking active role in ensuring effective implementation of these programs; (h) monitoring of the government's target in providing greater access to microfinance to the poor; and (i) maintenance of a database of all microfinance statutes, issuances, policies, both local and international and a database on all microfinance/microenterprise programs of the various government agencies, the private sectors and donor agencies.
- The Localization Unit, in order to ensure the localization of poverty reduction strategies, is tasked to (a) establish enabling and capacity-building mechanisms for poverty diagnosis, targeting, planning, implementing and monitoring at local level; and (b) model or prototype-building and disseminate good practices for local poverty reduction strategies.
- Basic Sector coordination is the responsibility of the Basic Sector Unit. In carrying out this function, it (a) conducts consultation with basic sector and civil society groups regarding the poverty reduction strategies and thrusts of government ; and (b) guides and enables the process of selection of basic sector representatives to the Commission.
- The Administrative and Finance Unit provides administrative support to the whole organization.

Figure 2. Organizational Structure of the NAPC Secretariat



3. Human resources

There are 49 positions in the plantilla of the NAPC Secretariat, 27 of whom are permanent while 22 are co-terminous. All of these positions are filled up. The Secretariat augments its manpower by engaging the services of 34 contractual employees whose appointments need to be renewed every year by the DBM.

4. Performance issues and challenges

Two organizational development (OD) studies on the NAPC had been undertaken, one in June 2003 by Change Consultants, Inc., a private management consulting firm, and another in August 2006 conducted by the Ateneo School of Government (ASG). It should also be mentioned that a Turn-Over Report was prepared by the old secretariat on 22 June 2001 which also contained recommendations to improve the operations of the Commission.

The 2003 OD study identified the following challenges as threats to NAPC's operations (Change Management Consultants, Final Report June 2003):

- a. lack of clear-cut set of codified systems and procedures;
- b. lack of clear policy and support towards staff development;
- c. underlying tension between staff coming from Ramos and Estrada administrations; and

- d. lack of professional outlook among its employees.

The study also noted that “the previous outgoing secretariat administration also identified these same concerns” with the following recommendations:

- a. review the financial system to ensure transparency and clear accountabilities
- b. review and develop systems needed for the operation of the Secretariat
- c. rationalized the functions and related qualification standards to enable the staff to meet CSC guidelines
- d. develop an organizational chart
- e. strengthen the NAPC secretariat through HRD, equipment and systems upgrading (Turn-Over Report 22 January 2001:5):

These findings became part of the rationale for the conduct of the OD study. The aim of the study was “to facilitate the development of the NAPC Secretariat into a more professional, efficient and high-achieving dynamic institution capable of providing the technical and administrative requirements of the Commission in the implementation of the Social Reform Agenda” (p. 6).

The 2006 study identified five major hindering organizational factors in the performance and capacity of NAPC to perform its mandate, namely:

- Stakeholders are not levelled off on NAPC’s organizational vision, mission, strategies and goals
- Confusion in the NAPC Secretariat’s organizational structures and processes
- High turn-over of Lead Convenors and staff members
- Gaps in communication
- Responsiveness of poverty reduction programs dependent on agencies and other partners.

B. Reform Initiatives

Strictly speaking, NAPC did not go through the whole motion of conducting an assessment of the organization as directed in EO 366. It is because it had just gone through an OD study in June 2003 and the results of this study served as the bases for the documents NAPC submitted to DBM in compliance with EO 366. According to NAPC, the study had features similar to the requirements of EO such as the creation of a counterpart team in NAPC while the study was being conducted by Change Consultants, Inc., which could be considered as the equivalent of the Change Management Team (CMT). Both the management and staff (through the representatives of the employees association) were represented in the Team while practically everybody participated in the study as respondents either to the survey, one-

on-one interviews or focused group discussions. The results of the study were also disseminated to the staff. Since the recommendations of the study did not require changes that threatened their continued employment in the Commission and in fact, it even recommended the hiring of additional personnel, there was no negative reaction.

It can be said that NAPC itself initiated an OD intervention in 2003 would be a good indication that the leadership wanted to introduce change in the organization so as to improve its operations and enable to do its mandate and functions more effectively, efficiently and responsively. It may be noted that some of the major recommendations were adopted and implemented by NAPC including structural changes such as the creation of the Macro Policy Unit, and realignment of functions and processes, systems and procedures. The implementation of other reforms was not achieved due to change in the composition of the Commission. The new Commissioner had a different idea on what NAPC should be more concerned about.

In a letter to DBM dated 07 July 2005, NAPC submitted a "rationalized" organizational structure prepared by the Change Consultants, Inc. It also requested for an exemption from the coverage of EO 366, particularly Section 7 which prohibits the hiring and rehiring of personnel as well as renewal of contractual appointments. It was because under the "rationalized" structure, NAPC would be needing additional personnel. Hence, NAPC reiterated its request, which has been pending since 2002 and which had been approved by CSC and DBM in 2004, to fill up the additional 17 co-terminous positions and that these positions be converted into regular/career positions. The main reason cited for the request for additional personnel was the expansion of NAPC's duties and responsibilities under President Arroyo in view of her thrust on anti-poverty. The conversion of co-terminous to regular positions would address the frequent turn-over of its personnel which had been attributed to lack of security of tenure. It may be noted that the original request was for 25 additional technical staff. The letter also noted that, from the three Commissions which were abolished, only 49 positions, of which almost half were co-terminous, were given to NAPC. Attached to the rationalized organizational structure were the rationale/justifications for the request for increase in personnel based on assessment of the current responsibilities of and demands from its technical Units. It also mentioned that the demand for additional personnel is more urgent now given the demands on the organization to ensure the success of the President's 10-Point Agenda and the designation of its Lead Convenor as Power and Water Czar. The additional positions being requested were all senior positions distributed as follows: two for the Macro Policy Unity which would increase the personnel of the Unit from nine to 12; four for the Localization Unit (from 9 to 13); five for the Basic Sector Unit (from eight to 13) and six for the Microfinance Unit (from three to nine).

In its response to the NAPC request, DBM reiterated that EO 366 covers all government agencies and that “the Rationalization Program should be viewed as an opportunity for agencies to review their current functions, programs, activities and services and make an assessment on which of these could be strengthened or scaled down/phased out for a better focusing of the government’s limited resources” (DBM letter dated 07 October 2005). Nevertheless, DBM granted NAPC’s request for exemption from the prohibition on certain personnel actions and authorized the renewal of the contracts of 34 personnel, “without prejudice to the results of the rationalization efforts of the agency.” As regards the request for filling up of positions, DBM recommended that NAPC undertake first the rationalization process to “determine the relevance of said positions in the rationalized operations of the agency.” The CSC Chairperson was furnished a copy of the said DBM letter.

NAPC again wrote to DBM on 17 October 2005 reiterating its request to be given authority to fill up the co-terminous positions since it “has substantially complied with the ‘rationalization process’ being required under EO 366 with the submission of an organizational structure prepared by a private management group...”. It also requested for a meeting with the concerned officials and staff of DBM to further explain the need for new positions.

Just very recently, in August 2006, another OD study of NAPC had been completed. The Ateneo School of Government (ASG) conducted an assessment of the institutional performance of key oversight agencies, with focus on NAPC, in poverty reduction policymaking. The study specifically assessed the “institutional and organizational capacities of NAPC in the poverty reduction process, specifically in the area of policy development” as well as the working relationship between and among the four oversight agencies (NAPC, NEDA, DOF and DBM) and crucial stakeholders and how this has affected/affects the overall performance of NAPC (Final Report August 2006). Interestingly, the ASG study highlighted the need to develop and build the technical capacity of NAPC staff, specifically those in the Macro Policy and Basic Sector Units, and the need for the Directors and 75% of the staff, at the minimum, to be career personnel so as to “ensure sustainability of efforts and organizational direction” (p. 88). There was however no mention of the need to increase the number of its manpower complement. The study also did not recommend changes in the Commission’s structure but simply stated that “[t]he organizational structure and processes must likewise reflect the vision, mission, strategies and goals that is consistent to the organizational niches being established” and that “the delineation of functions, roles and expected outputs must be clear at all levels” (*Ibid*).

The NAPC OD study is part of a bigger study entitled “Assessment of the Institutional Capacity of Key Oversight Agencies in Poverty Reduction Policy-Making” conducted by ASG for the World Bank in connection with

the latter's financial assistance to the anti-poverty program of the Philippine government. Unlike the 2003 study, NAPC's participation was limited and more passive in the sense that the Management and staff served as respondents to the interviews and surveys but they were not involved in the actual conduct of the study. There was also no initiative to formally inform the staff of why the study was being conducted much less its results. It was more of a top level concern. The final report was endorsed by NAPC to the World Bank in November 2006.

C. Status and Suggestions

To date, the request of NAPC is still pending with DBM. It may be because, as far as DBM records are concerned, NAPC is still among the agencies that have yet to submit its rationalization plan. Meanwhile, NAPC is aware that EO 366 requires agencies to submit a status report of the implementation of their respective rationalization plans. NAPC is yet to submit this as it is still waiting for the response of DBM on its request for more personnel.

While it is true that a comprehensive assessment was done on the context or environment of NAPC and its stakeholders as well the internal organization and operations, the 2003 OD study did not cover important areas stipulated in the IRR of EO 366, specifically the identification and definition of what the core functions, programs, activities and projects of NAPC should be, given its mandate and resources. The results of the external scan aspect of the study already pointed to the "varying and sometimes conflicting definitions of the role of the Secretariat", e. g., whether "technical support" extends to networking provision of logistics to basic sectors; or whether coordination should include ensuring the convergence of programs and responses; or should it implement programs in areas where the line agency responsible has limited capacity, which some stakeholders considered as already being done by NAPC. Some of the stakeholders thought that NAPC should focus on policy making and monitoring while others agree with the present functions and activities of NAPC. The study fell short of identifying functions, programs, activities and projects which can be scaled down, phased out or abolished or which can be strengthened and therefore should be given more resources as required in the IRR. It simply recommended that the role and strategies of the Secretariat be clarified and for a review of NAPC's goals and strategies. So given the multiple concerns of NAPC and its resources, particularly its manpower resources, it would really point to the need for more employees.

The 2006 study provides a good instruction for NAPC to follow through the recommendations and make it part of its rationalization program and its implementation that will be consistent with the intent and spirit of EO 366. For example, it proposed that policy initiation and monitoring-evaluation be the niche of NAPC in the anti-poverty program of the government and hence, the Macro Policy and Basic Sector Units should be strengthened primarily in terms of its technical capacity. It further proposed that the Localization and Micro-Finance

Units be re-evaluated and its priorities rationalized to focus on how best to contribute towards developing the capacity of NAPC in policy initiation and monitoring and evaluation. Under the present structure of NAPC, Macro Policy and Localization Units both have nine staffmembers while the Basic Sector Unit has eight. Under the proposal of NAPC under its rationalization plan, the Localization and Basic Sector Units will have the most number of staff with 13 while Macro Policy will have 12. Micro Finance Unit will have nine from its present three employees. NAPC should also note the fact that the problems identified by the 2003 study especially regarding its structure, processes and human resources were still the same problems identified by the 2006 study.

The recommendations of the 2006 study concerning organizational reforms and capacity building strategies for NAPC are:

- Enhance organizational capabilities and establish NAPC's authority on the proposed niche which are policy initiation and monitoring and evaluation by developing and capacitating BSU and MPU in poverty reduction policy making and rationalizing the priorities of the other units toward the same niches
- Establish and communicate a clear and well-defined organizational vision, mission, strategies and goals and ensure that these are consistent with its prospective niches
- Improve the organizational performance in terms of efficiency and effectiveness by clarifying organizational structure and processes
- Further develop organizational sustainability by developing a critical mass of career staff and institute a sustained human resource development program for the staff and sustained capability building program for the Basic Sectors and Members of the NGAs
- Strengthen leadership as an opportunity to institute lasting and sustainable reforms.

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Interviews:

Undersecretary Susana Abaya, Deputy Governor General, NAPC
Josephine Valdez, Administrative Officer, NAPC

PROFESSIONAL REGULATION COMMISSION

Emalyn L. Sodusta

CIVIL SERVICE COMMISSION

CIVIL SERVICE COMMISSION

1. Introduction

Over the years, CSC has been reforming and re-structuring its role and approach to perform its mandate as the central personnel agency of the government. The CSC is authorized to effect changes in its organization as it deemed necessary by virtue of Section 17, Chapter 3, Subtitle A, Book V of the 1987 Administrative Code. This directive has enabled the Commission to pursue its concerns and directions to improve internal governance.

In 2002, the CSC Strategic Plan was formulated in response to the need of making CSC relevant and responsive to its constitutional mandate. The Plan is based on a diagnosis of the state of affair of the bureaucracy and includes assessment of critical issues affecting the civil service and a definition of the gaps and weaknesses in both the cultural and structural systems in the bureaucracy as well as inside the Commission itself (CSC RAT Plan Report).

The Plan articulates new perspectives and paradigms and the key reform areas that CSC has to focus in the long term. The Plan also requires certain necessary structural realignments to ensure the organizational effectiveness of CSC.

Based on the CSC strategic plan, the following are the new perspective and paradigms which the CSC has initiated, instituted, promoted and advocated through its personnel policy, standards, and guidelines:

- Shift in the role and orientation of civil servants from mere followers to being a source of expertise, innovations and institutional memory;
- Refocus bias in the recruitment and promotion of civil servants from aptitude skills to value orientation and integrity;
- Need to shift the role of the third level from managers to visionaries, technocrats and experts;
- Move away from appointment in the third level that is determined by political patronage;
- Shift in governance style from authoritarian to a more participatory and consultative management style;
- Reorientation of work ethics from rigid regulation to one of service and assistance;

- Reorientation of essential relationships of the civil service with other branches of government.

In addition to the all encompassing philosophy of focus on the civil service, the CSC also adopted six (6) key reform areas to focus in the long term. These are: (1) Effective and Efficient Administrative Justice; (2) Professionalizing the Civil Service which entails strengthening of the Third Level; (3) Improve Public Service Delivery; (4) Harnessing Public Sector Unionism; (5) Strengthen External Relations; and (6) Management and Support Service.

11 Mandate and Key Functions

The Civil Service Commission is the central personnel agency of the government and one of the three independent constitutional commissions with a responsibility in the national government structure to recruit, build, maintain and retain competent, professionally motivated government workforce that is truly responsive to the needs of the government and the public.

The CSC was conferred the status of a department by RA No. 2260 as amended and elevated to a constitutional body by the 1973 Constitution. It was reorganized under PD No. 181 dated September 24, 1972 and again reorganized, by virtue of Executive Order No.292 (1987) to undertake the following functions:

- Lead and initiate in professionalizing the civil service;
- Promote public accountability in government service;
- Adopt performance-based tenure in government; and
- Implement the integrated rewards and incentives program for government employees.

A. Structure and Component Units

The CSC organizational structure, include three (3) Executive Offices, 12 offices and 36 divisions at the central office. CSC has a total of 16 regional offices and 105 field/provincial offices nationwide.

The three Executive Offices are: (1) Office of the Chairman, (2) Office of the Commissioners, and (3) Office of the Assistant Commissioners. Of the twelve offices, seven (7) provide policy and program support (OLA, ERPO, PPSO, HRDO, PRO, IRMO and PAIO); three (3) manage support services (OPMD, OFAM, and OPMIS); and two (2) are management arms (IAS and COMSEC-LO).

The various attempts of CSC to restructure its organization has resulted to a number of changes in functions and structure and in the strengthening of central and regional offices. See Figure 1 for present organizational structure.

Abolished Offices/Functions

At the central office, the following offices were abolished: (1) The Merit Systems Protection Board (MSPB), (2) the Office of the Executive Director (OED), (3) the Research Development Office (RDO),(4) and the Intelligence and Security Unit (ISU)

The MSPB was abolished because it duplicates the functions of the Office of Legal Affairs. The OED has also become a redundant layer as all line and staff offices are already directly reporting to the Commission. The functions of the Research Development Office are supportive of planning and programming work and are already handled by the Office for Planning and Administration. The ISU was abolished as it is no longer important to the mandate and operation of the CSC given the cooperation of other agencies whose primary functions are in providing intelligence and security services.

Reinforced Offices/Functions

Two (2) offices were merged in order to strengthen the development and evaluation of policies and standards towards professionalizing the civil service. These are the Office of Career Systems and Standards and the Office of Personnel Inspection and Audit to form into Personnel Policies and Standards Office (PPSO).

The Central Administrative Office was downshifted and split into two (2) offices: Office for Personnel Management and Development (OPMD) and Office for Finance and Assets Management (OFAM). This gives importance to the internal human resource management programs and operations of the CSC. The OFAM divisions are rationalized to group functionally related units and its excess personnel resources were transferred to other offices.

The Public Information Unit becomes a full-blown office to become the Public Assistance and Information Office and now handles the Mamamayan Muna and the Honor Awards Program. The aim is to spearhead the public service delivery enhancement and promote service excellence in the bureaucracy

The Commission Secretariat has become a three-division office not only to coordinate the meetings of the Commission proper but also to liaise with the legislature and improve coordination of central and regional offices.

The Office for Legal Affairs was strengthened and reorganized to ensure speedy and more effective adjudication/disposition of cases. At the same time, legal concerns

units have been established in the PPSO to deal with non-disciplinary cases related to personnel actions, and in the ERPO to deal with examination/eligibility related cases.

The Internal Audit Service was upgraded from the Internal Management Improvement Division that used to be under the Office of Planning and Management in order to ensure accountability and effective utilization of resources through more effective control systems and procedures.

In order to strengthen the support to mainstreaming rank and file representation in consensus-building and decision-making in government agencies, the Personnel Relations Office incorporates secretariat functions to the Public Sector Labor Management Council (PSLMO), the implementation of policies and standards in the accreditation of employee associations, conciliation and mediation services and advocacy for responsible public sector unionism.

Restructuring and Strengthening the Regional Offices

To cope with the growing number of administrative regions, the CSC embarked on the rationalization of the RO/FO structure. The reorganization of the regional offices has followed the completion of the rationalization at central offices which resulted to a uniform organizational structure that is reflective of new and strengthened function/role of the regional offices.

B. Personnel Complement

As of October 13, 2006, CSC has a total of 1,016 employees out of the 1,330 plantilla positions. Of the number of employees, 142 personnel belong to the third level with salary grade of 26 and above; 612 belong to the second level with salary grade of 11 to 25. The remaining number of personnel (total of 262) are in first level, with the salary grade of 1-10.

Table 1. Comparison of CSC Plantilla Positions

Level	Old Structure		Rationalized Structure	
Third Level	150	9.7%	163	12%
Second Level	886	58%	911	69%
First Level	499	33%	256	19%
Total	1,535		1330	

Source: CSC Personnel Department, 2005

Table 1 shows the number of CSC plantilla positions under old and rationalized structure. Overall there is a reduced number of positions under the rationalized structure. It can also

be noted that there is an increase in the number of plantilla positions for the second and third level.

In terms of gender, a total of 613 personnel are female while only 403 are male. Most of the personnel are married (751) while 228 are single. The rest are widowed, separated and annulled.

There are a total of 200 personnel belonging to age 51-64. The age bracket of most personnel (557) fall between 36 to 50 years of age. A total of 259 personnel fall under the age bracket of 18 to 35 years of age.

As to employment status, a total of 982 are permanent while the remaining are either temporary or co-terminus.

CSC personnel have a relatively high educational qualification. Two (2) have doctorate degrees, while a total of 236 have masteral degrees. The remaining are college degree holders, undergraduate and or graduate of technical/vocational courses.

Table 2. Number of Abolished and Newly Created Positions under the CSC RAT Plan

Level	No. of Abolished Positions	No. of Newly created positions
Third level	91	110
Second level	334	352
First level	499	256
Total	924	718

In terms of the number of positions created under the rationalized structure, table 2 shows a total of 718 newly created positions as compared to the abolished positions of 924. In line with its concern to strengthen the third level positions, a relatively high number of positions were created under this level. The first level positions were reduced by half from a total of 499 to 256. There is only a slight increase in the newly created positions for the second level.

C. Performance Issues and Challenges

CSC underwent an internal re-alignment of its organizational structure to resolve the following issues and concerns:

- Need to strengthen coordination among offices for efficient delivery of public service;

- Need to enhance/streamline internal systems and procedures;
- Develop an efficient and effective model of governance within CSC;
- Create feedback/monitoring mechanisms for delegated/devolved functions;
- Need to expand the use of IT in all CSC operations;
- Revisit Performance Evaluation Monitoring System (PEMS);
- Review structure of and support to field offices; and
- Develop relevant and needs-based staff development programs.

III. Description of the Reform Initiatives

A. Rationale for Reforms

CSC undertook an internal re-alignment of its organizational structure for better management of the programs, better utilization of resources and to institute a real performance-based operations. The restructuring program that CSC has prepared in 2002 under its reorganization or Balangkasana II formed the basis of the RAT Plan submitted to DBM in 2005.

The Balangkasana built on the lessons of past attempts at reorganizations while at the same time adjusting the structure to fit current realities and challenges (RAT Plan Report, 2006). The process involved defining the context in which the reorganization will take place through a clinical and rigorous examination of the core and vital functions of CSC and its various units based on the Strategic Plan

B. Process Requirements

CSC as a constitutional office is exempted from EO 366 which directs a strategic review of the operations and organizations of the Executive Branch to improve public service delivery. In a meeting conducted on May 31, 2005 with all heads of offices, CSC resolved (Resolution No. 050713, May 31, 2005) to apply the parameters laid down in EO 366 and to submit the CSC Rationalization Plan to the DBM for its consideration since Balangkasana II is consistent with the goals and objectives of EO 366.

In 2002 and in keeping with the goal of Balangkasana II, CSC has embarked on a six-phase validation process that is rational, transparent and participatory. The validation process was designed to provide a mechanism of completing the previous organization process including DBM approval; ensure that the CSC functions and directions are properly reflected in the organizational structure; give the officials and employees a direct hand in defining their career paths within the organization; and gain insights on how the officials and employees think the Commission should be structured and staffed (CSC Resolution No. 040876).

The validation process necessitated the definition of roles and functions of the various offices of the CSC to clarify and emphasize the spheres of responsibilities and accountabilities of each office. As a result of the validation process, the Commission has approved the new CSC organizational structure which restructured the central offices of the Commission.

Under the new structure, the Regional Offices are tasked with implementing and monitoring the compliance of Civil Service policies, programs and projects while the Field Offices are tasked with providing assistance and guidance to agencies to enable them to comply with the said policies, programs and projects

The six-phase validation process undertaken in the Central Office was adopted to define the new structure of the ROs by (1) delineating the roles and functions of the Regional and Field Offices, (2) coming up with a regional structure with uniform functions that are most responsive to the needs of the clients and stakeholders; and (3) making the regional staffing realistic and effective.

The CSC rationalization process underwent the following phases for both the CO and the ROs/FOs:

Phase I	Consultation on the proposed organizational structure, roles and functions, classification and staffing pattern
Phase 2	Validation and approval of the organizational structure, roles and functions, classification and staffing pattern; and information dissemination.
Phase 3	Listening to people's preference
Phase 4	Matching and placement of personnel
Phase 5	Negotiations and final consultations on new assignments
Phase 6	Designations and assumption to duty of officials and personnel in their new assignments.

At the regional offices, a series of consultations were made with the CSC directors in November 2003, February 2004 and June 2005 to discuss the new regional structure, classification and staffing pattern for the ROs. The reorganization of ROs and FOs followed the completion of the rationalization of CO offices.

As a result of the rationalization, a total of 200 officials and employees opted to retire and be separated from the service pursuant to EO 366. This represents 15 per cent of the entire CSC workforce. Profile of those who availed is shown in Table 3.

The names of the retirees together with the CSC RAT Plan was submitted to DBM on September 2005 and approved on October 1, 2005.

Based on EO 366, the retirement/separation benefits is borne by the GSIS and the DBM. The administrative expenses resulting from the completion of the CSC

RAT Plan is charged against the FY 2005 MOOE budget under the un programmed Fund and/or the Contingency Reserved Fund of the Commission.

C. Progress of Reform Initiatives

By comparison with the reform efforts in a number of government agencies, the CSC RAT Plan was implemented very quickly. Achievements to date include:

- All retirees are given their incentives and benefits;
- Personnel assignments are in place; and
- New positions are being filled up

The successful implementation of the CSC RAT Plan is attributed to a number of factors: the "luxury of time" since reform process was started in 2002 when the Commission undertook a reorganization or Balangkas II; small size of the CSC, leadership of key officials and the autonomy granted to CSC as a constitutional body to make decisions and to implement them.

D. Experiences on RAT Plan Development and Change Management Strategy/Practice

1. Change vision

The Strategic Plan formulated in 2002 mapped out CSC vision and redefined the framework, directions and priority policies and programs. The vision to strengthen CSC's own integrity requires a shifts in perspective, focus and role, and internal structural re-alignment to realize the vision. CSC vision is well-known and widely posted in media and public places.

2. Change strategy

The strategies developed in Strategic Plan enabled CSC to move closer to the vision. Change in the structure and operations of CSC is determined by the following strategies: lead the shift in the role and orientation of civil servants from that of followers to being a source of expertise and innovation; place premium on service values in the recruitment of civil servants; entrust the third level with a visionary role; insulate appointments and promotion in the third level from politics and the discretionary exercise of political prerogative; effect a shift in management style from authoritarian supremacy to participatory and consultative management; re-oreint sewrvice ethics among state employees from rigid regulation to assisting clients in the operating environment of the government; and shift in essential relationships of the civil service with other branches of government.

3. Commitment of Different Stakeholders

Commitment is shown through a number of strategies as set out below:

- Demonstrate a commitment to improved performance through open, transparent and consultative approach with different stakeholders;
- Listening to employees – a strong emphasis was placed on employees concern: Listening to employees was a major aspect of CSC service strategy. This has been achieved through the Balangkasán way in the conduct of survey, general assemblies and matching preferences and placement

4. Capacity and Leadership

The Executive Offices under the leadership of the Chairperson is the change sponsor in cooperation with the Central Administrative Office. They provide the form and direction and are the ones who determine the selection and placement of personnel affected by the RAT Plan. There is effective leadership to manage change especially in the personnel aspect of work. CSC is identified in EO 366 to review RAT Plan of other government agencies.

5. Culture

CSC reorganization focuses on service performance. It started with a review of existing functions vis-à-vis the Strategic Plan and looking into the appropriate units and staffing requirements of each office/division. The management considered the nature of activities, work loads and accountability of functions of each office/ unit as well as the result of performance evaluation of employees in order to determine problems/difficulties in work performance.

To ensure employees involvement in the reorganization process as well as their buy-in commitment to the new functions and roles of the CSC and their respective offices/offices, the Balangkasán entailed a six-phase validation process that was transparent, consensual, objective and judicious (Refer to Process Requirement).

E. Governance Practices

1. Participation of Different Stakeholders

The different stakeholders of the CSC are the management, employees and the bureaucracy. The CSC reorganization or Balangkasán calls for all personnel to get involved in the planning and development of the organizational structure, roles and functions of each office. There was wide participation of personnel especially that of the rank and file because a survey was conducted to determine employees preferences as to the office they want to be assigned and the head of office they want to work

with. Survey results were discussed in general assemblies. Personnel were encouraged to seek audience with the Chairman to clarify issues.

CSC Employees Union (Pintig) has actively participated in the consultation process and provided support on the reorganization processes for as long that there are no forced dismissal or termination of employees.

2. Transparency of data to stakeholders

Open and wide discussions/consultations with officials and employees including the union marked every step of the reorganization. Data on the RAT Plan was made available to offices, divisions and personnel. There never was any attempt on the part of management to keep personnel in the dark. The intensive validation process that marked the RAT Plan enabled each and every personnel to know the development and result of the Plan on their career and future employment.

3. Accountability of results

CSC Resolution No. 050713 (May 3, 2005) stated that the final output of the RAT Plan is subject to the approval of the Commission. Being the approving authority, the Commission is thus responsible for the results of the Plan.

4. Predictability of outcomes on service delivery

The Plan which was started in 2002 and well participated by various stakeholders is expected to result to better and improve service delivery in the bureaucracy.

F. Perceived Implementation Issues and Challenges on the RAT Plan

The achievements in the implementation of the RAT Plan is encouraging. Nonetheless, there remain a long way to go to fully implement the Plan:

- Outputs of offices need to be refined and tested over the next few years before CSC will be confident of their robustness;
- A culture sensitive to outputs need to be developed throughout the bureaucracy; and
- Capacities of managers need to be enhanced to improve management of their areas of responsibilities.

G. Lessons Learned

While the RAT Plan was developed for the specific issues facing the Commission at the time, a number of general lessons can be drawn from the CSC experience.

- Comprehensiveness - the first lesson from CSC is the benefit of comprehensiveness. The CSC RAT Plan tackled the roles and functions of the different offices from the central to the regional offices. The intent was to ensure that all offices were strategically aligned and that they clarify and emphasized spheres of responsibilities and accountability of each office, and thus provide a consistent set of incentive signals. Indeed, it was only by tackling all parts and aspects of the organization that significant gains can be achieved.
- As Constitutional office- Although exempted as a constitutional body from EO 366, CSC opted to undertake a review of its functions and operations. Undergoing this experience provided the Commission the opportunity to look into their organization and to determine the proper functions and size that is best for the organization to operate under the present situation and reality.
- As management - Incentive package provided in EO 366 makes it easy for management to convince employees who are eligible for retirement or separation from the service. Generally, it is hard for management to call for retirement and separation without corresponding incentives as they have to consider the human element, e.g. relationships, family and career opportunities of affected personnel.
- Clear Performance Specification - This relates to the value of clear performance specification. The CSC RAT Plan seeks to clarify the relationship of the various offices to which a division or unit is party. It defines the performance dimensions relevant to each relationship and the performance reporting to be provided to each stakeholder. This blend of clear specifications and transparency is an essential element of the RAT Plan. So too is the delegation to authority as in the case of the regional/field offices commensurate with the performance to be delivered. An imbalance between the performance required and the control over resources is likely to be dysfunctional.
- As clients/customers - Easier to relate and transact business with CSC under a lean organizational structure, clearer functions and requirements, e.g. least waiting time, less paper work and simplest procedures for the transacting public.

H. Next Steps

- Head of offices to monitor the proper turnover of responsibilities and documents to ensure unhampered delivery of services. They are also directed to submit a status report to the OPMD on the EO 366 implementation in their respective offices
- CSC to implements the action plan entitled "Strategic Direction Toward the Completion of the CSC RAT Plan ,CSC Resolution 051113, August 2005 (See Annex A). The Action Plan aims to ensure the smooth implementation of the RAT Plan. It is composed of providing services to retirees and to actions/activities concerning internal/external human resource.
- CSC to implement program for retirees to include providing administrative assistance to comply with the requirements of DBM and GSIS and to enable retirees to receive their incentives and benefits at the earliest time possible. Retirees or those who opted to separate from the service are also provided pre-retirement program . The pre-retirement program include briefings and seminar workshops on health services and economic opportunities.
- CSC to implement plan for internal/external human resource. CSC Personnel department is tasked to complete the administrative requirements in the filling up of third, second and first level positions; to make announcements on vacancies; and to accept applicants. For internal human resource, the action plan provides for inventory of competences and the conduct of programs to enhance personnel capacities and skills on their new roles and functions.

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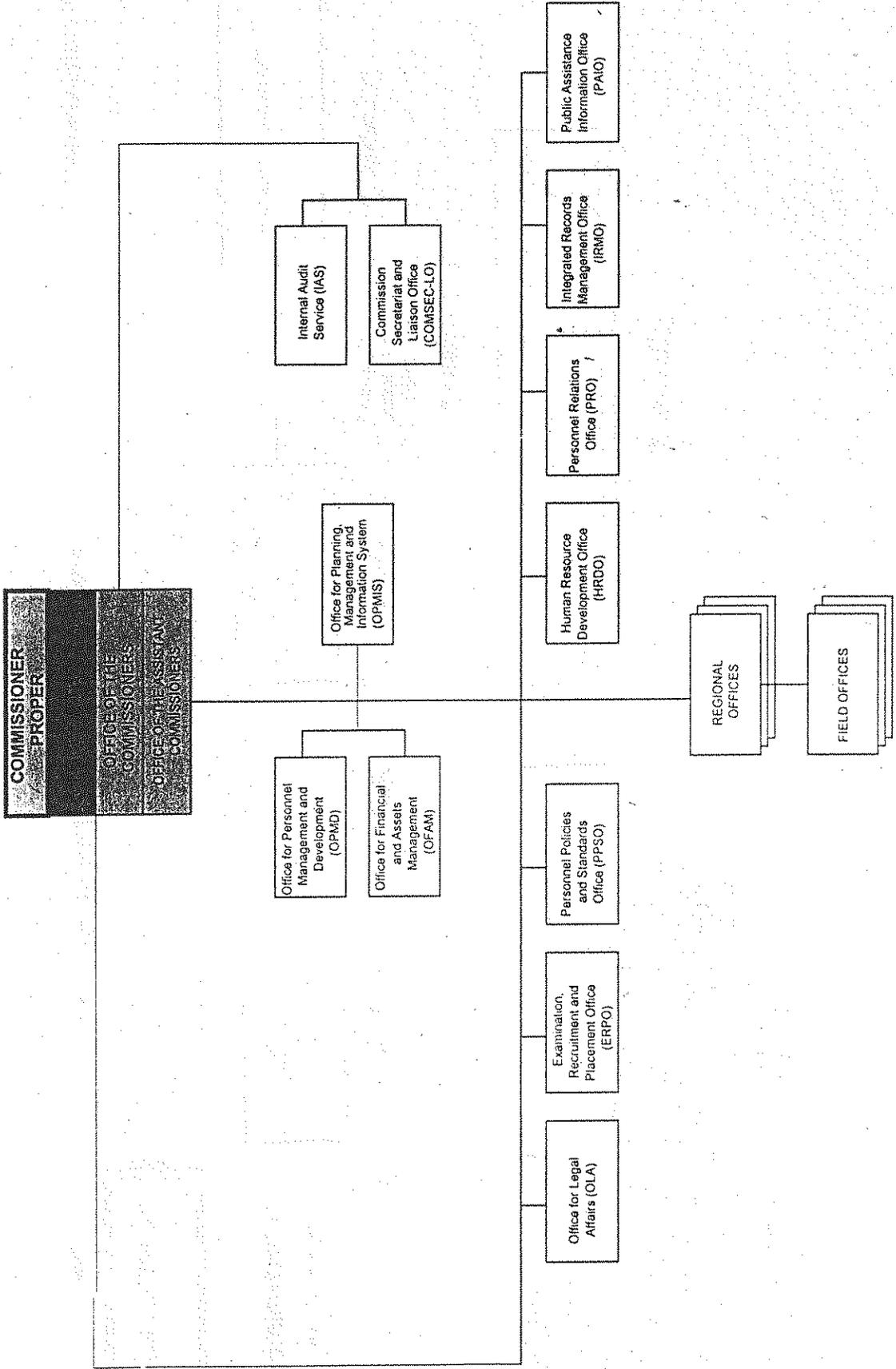
1. Materials

E.O 366
CSC Rat Plan
Personnel Profile
List of Retirees
Action Plan

2. Interviews

Atty. Rachel Buensalida, Director IV, Office of the Chairman
Director Delima, CSC, NCR
Director Lydia Castillo, Region 4
Director Editha de la Pena, Personnel Department
Elna Avila, President, Pintig, Employees Union

CSC ORGANIZATIONAL CHART



Action Plan: Strategic Direction Toward the Completion of the CSC Rationalization Plan



Administrative Assistance

Notification/
briefing

1 week

Compliance with requirements of retirees

2 weeks

Processing of requirements for submission to DBM & GSIS

2 weeks

Release of budget by DBM

1 week

Processing of payment

6 weeks

EO INCENTIVE
GSIS

Pre-Retirement Program

Planning for Pre-Retirement Program

2 weeks

Conceptualization of Design

Submission of proposal to the Chair

Briefing

Implementation of the Program
Seminars, Workshops, Health Services

3 weeks

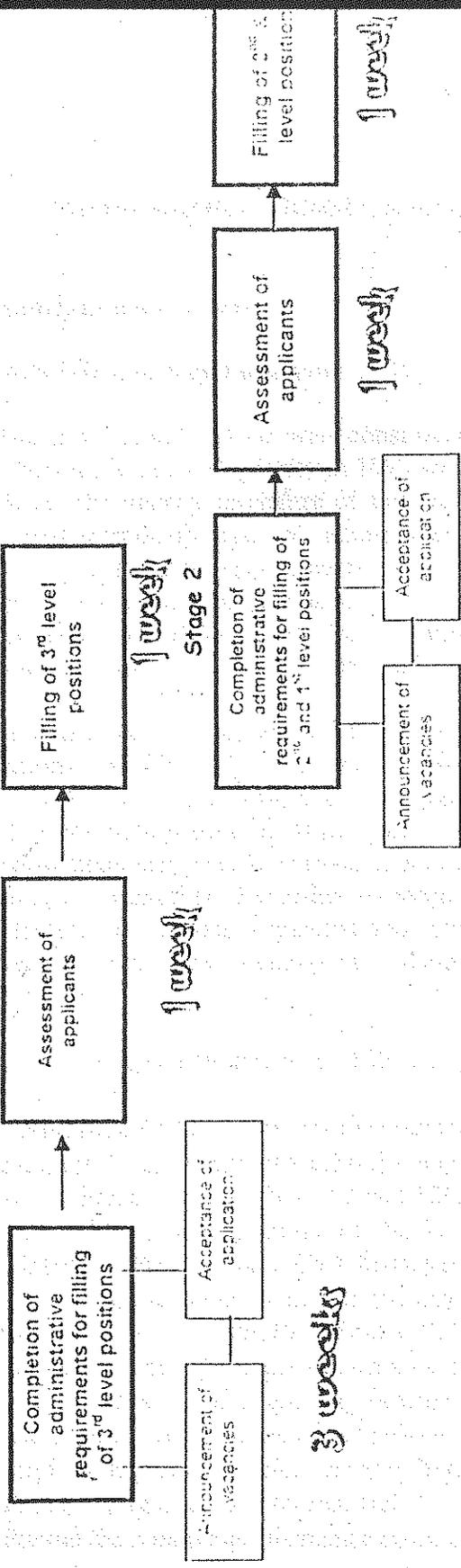
Salamat Mabuhay Sirnam

Action Plan: Strategic Direction Toward the Completion of the CSC Rationalization Plan

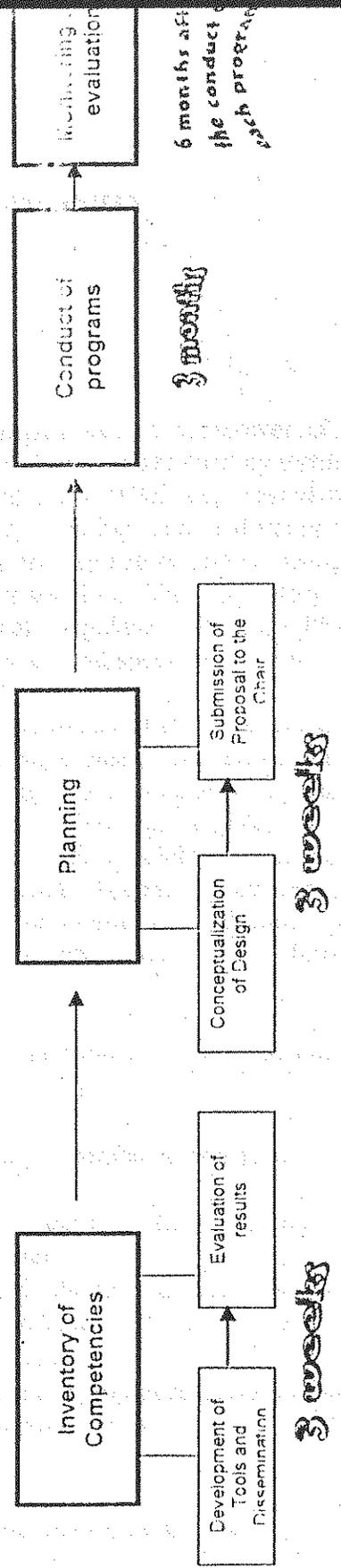


Stage 1

Personnel Actions



CONDUCTING



PROFESSIONAL REGULATION COMMISSION

A. Organizational Context

1. Mandate and Key Functions

The professional sector who constituted the highly skilled manpower of the country became a national priority in 1973 when the PRC was established by virtue of PD 223. As the agency-in-charge of the professional sector, PRC was vested with powers and responsibilities of administering, implementing and enforcing the regulatory policies of the government with respect to the regulatory and licensing of the various professions and occupations under its jurisdictions. This regulatory law also mandated the creation of various Professional Regulatory Boards (PRBs) consisting presently of 43 from the original 33 professions and specialty boards..

The enactment of RA 8981 or the PRC Modernization Act of 2000 has expanded the functions of PRC. The Act provided for a system to sustain the momentum of reforms and modernization efforts of PRC and encouraged a comprehensive program for the full computerization of all licensure examinations. Under this legislation, PRC has to adopt necessary measures to preserve the integrity and inviolability of licensure examinations, strengthen discipline to weed out corrupt Commission officers and Board Examiners, update organizational structure for operational efficiency and effectiveness, delineate managerial responsibilities and decentralize through regionalization.

In the light of this new mandate, PRC has pursued the following key directions :

- Commitment to increase income collections;
- Support the government's austerity and economy measures in compliance with Administrative Orders No. 103 and 126;
- Pursue the implementation of the Electronic New Government Accounting System or eNGAS and e-Cash Management System;
- Provide service convenience to the transacting public through the DoxPro Call Center Facility and the PRC Text with Globe and Smart and Express Lana;
- Continue to provide quality Licensure Examinations;
- Provide for stronger regulatory powers to ensure the prompt resolution of cases and conduct more inspection of schools and establishments;
- Improve Human Resource Development;
- Review Regional Operations; and
- Pursue the conduct performance monitoring; and service excellence.

2. Structure and Component Units

PRC organizational structure consists of a Commission Proper and three (3) major operating offices. The Commission Proper is composed of a Chairperson and two (2) Commissioners, all appointed by the President for a period of seven years. Under the Commission are the 43 Professional Regulatory Boards (PRBs) which exercise administrative, quasi-legislative, and quasi-judicial powers over their respective professions. Created by separate enabling laws, the PRBs perform their functions subject to review and approval of the Commission. They are assisted in the discharge of their duties, functions and responsibilities by the Secretary to the Regulatory Boards. As a body, PRC is attached to the Office of the President for general direction and coordination.

The three (3) major operating offices are: (1) Licensure Office, (2) Regulations Office, and (3) Office of Financial and Administrative Services. There are 2 Ad hoc offices: (1) Maritime Affairs Office, and (2) Office for Professional Teachers. (Annex—Present Organizational Structure).

Under Licensure Office are: Application Division, Examination Division, Rating Division, and Educational Statistics Task Force. The Regulations Office consists of Registration Division, Legal Division, and Standards and Inspection Division. The Office of Financial, Administrative and Support Services is composed of Budget Division, Accounting Division, EDP and Administrative Division.

The two (2) Ad Hoc Task Forces are: Office for Professional Teachers and Maritime Office. The Task Force for Professional Teachers processes, evaluates and prequalify applicants for examinations, takes charge in registration of professional teachers and maintains registry of professional teachers. Under the Maritime Office are Marine Deck Officers Division, Marine Engineers Office, Division and Seafarer's Training and Certification and Watchkeeping Section.

PRC has 10 Field Offices: Tuguegarao, Baguio, Lucena, Legaspi, Tacloban, Iloilo, Cebu, Davao, Cagayan de Oro and Zamboanga.

Each office is headed by a Director responsible for the supervision of the different divisions, units or section..

Aside from the regular and formal sectors in PRC, there are also various informal sectors such as: Employee Credit Associations (cooperative, savings and loan association) and Union.

3. Systems and Procedures

1. Policy Formulation

Sitting as a collegial body, the Commission Proper formulates the policy and provides standards and guidelines regarding the professional sector. Through the PRBs, the Commission administers, implements and enforces the regulatory policies of the National Government with respect to the regulation and licensing of the 43 professional under its jurisdiction (See Annex A for list of profession).

2. Personnel Administration

The Administrative Division which allocates and supervises all the resources of PRC is composed of several sections, namely: Personnel, Property, General Services and Records section. The creation of HRD division is proposed in order to take care of personnel matter from the formulation and execution of HRD policies, rules and regulations and development of personnel program which shall include selection and placement, career and employee development, classification and pay performance rating, employee relations, counselling, grievance and employee welfare services.

3. Program Planning and Management

In the present structure, there is no separate planning unit. Program planning is done with the office/divisions and discussed at management meeting with proposals made thereafter. A planning and management division is included in the Plan to assist the Commission in its planning and evaluation functions.

Changes in organizational thrusts and policy directions are set during the Annual planning conferences.

4. Finance and Administrative Services

Presently, the Office of Finance and Administrative Services (OFAS) is responsible for finance and administrative matters. Under OFAS are the budget division, accounting division, EDP and administrative division. OFAS prepares and allocates budget of PRC it obtained from the National Government and from annual income it derives from transactions with clients. PRC income has increased from a total of 341 million in 2001 to 583 million in 2005. In fact PRC has become one of the top 20 earners for government as informed by the Bureau of Treasury in March 6, 2006 Congressional Committee Meeting for E-Commerce.

PRC recognizes the excessive scope of OFAS, and hence proposed to separate OFAS into two offices, namely: Finance Services Office and Administrative Service Office. The rationale for this is to enable personnel to specialize and to focus their skills on specific work assignments especially with 13 regional offices to handle.

4. Human Resources

Even with the increase in the number of functions and clients, the number of personnel for PRC remained the same. Of the total 484 plantilla positions, there are only a total of 334 in the central office, and 150 employees at the regional offices.

Over the years PRC has entered into "job order arrangements with 238 contractual workers and five (5) casuals. It has more women personnel than men.

Table 1. Number of PRC Personnel

Total number of employees	484
Total number of contractual/casual	238
Number of operating offices	3
Number of Ad Hoc	2
Number of Divisions	
Number of Regional Offices	10

5. Performance Issues and Challenges

PRC has operated under a lean plantilla positions despite the increasing client population. It proposes to restructure and expand its manpower composition in order to resolve the following issues and concerns:

1. Four (4) new professions of Teachers (1994), Agriculture and Fisheries, (1997), Maritime (1998), and Guidance and Counseling (2004) have been added to the functions of PRC without any formal increase in personnel.
2. In addition to the revision of old laws, the Professional Regulatory Boards Secretariat also handles bills (a total of 8 pending bills) for enactment into law, requiring new secretaries, PRB members and other support staff. The various professional regulatory laws require at least one secretary per PRB. There are only 19 secretaries as compared to the 42 active groups of PRBs.

3. Monitoring the quality of test construction has been difficult since not all PRBs have academic background although they may be excellent practitioners. In the present structure, the PRC does not have an office to conduct research and train the PRBs on test construction. The Plan includes the creation of a new office that will develop test databanks, ensure that it has sufficient number of valid and relevant questions for randomized extraction, and present the results of examinations in statistical reports which are needed by CHED and schools to improve the quality of education.
4. Need to beef up the ability of the Examinations Office to handle the walk-in examinations which is a major part of PRC Modernization program.
5. Need for regular staff since Maritime clients are being served by contractual personnel to ensure that the status of PRC in the International Maritime Office "white list" is maintained.
6. Need more lawyers to speed up the processing of cases filed against professionals.
7. The need to reorganize the EP Division and Records section has been recognized in order to give life to the PRC Modernization Program which is focused on IT. This means that the Records Section will issue certifications and copies of records based on computerized files with an added feature called "express lane".
7. Need to establish a Commission Support Group to include a Secretariat to take the minutes of meetings, and at the same time a Public Information division to provide information to and respond to public requests
8. Need to create Internal Audit Office to improve the integrity of PRC transactions and in compliance with Administrative Order 73 (2003).

B. Description of the Reform Initiatives

1. Rationale for the reform

PRC has been reforming their role and approach to performing their works for some years. With RA 8981, a new set of beliefs and policies became the guiding principles for professional sector operation. The rationale for the reform is to restructure in response to the mandate to modernize and to make PRC more efficient and effective as a professional body. The reform includes abolishing 261

plantilla out of its 484 plantilla positions . It also proposed the creation of 554 new positions. While the Plan proposed to provide additional staff, the Commission also saw the need to look into developing the corps of officials and employees.

The benefits of a new structure include:

- Employees are provided more time for planning and decision-making;
- Minimum duplication of personnel equipment;
- Increase skills of employees through repetition and/or performance of new functions;
- More efficient training for specialization and diversification;
- Better direction and control;
- Increase availability of higher positions where one gets appointed or promoted to;
- More systematic training in technical line of work for the central and regional offices due to decentralization of functions and creation of new organizational units.

2. Process Requirements for Rationalization

Based on EO 366, the Chairperson appointed the members of the Change Management Team (CMT) to formulate and implement the PRC Rationalization Plan. Office Order No. 2005-16 issued on August 2, 2006 sets up the creation of CMT to handle the program. The CMT is made up of Steering Committee and the Technical Working Group.

The Steering Committee has 7 members headed by the Chairperson. She has a vice chair to second her and also a co- vice chair. The Technical Working Group (TWG) is composed of eleven member-heads of the various offices and divisions. It is headed by a chairman and a vice chair to second her. TWG has two (2) secretaries seven (7) members. There was no representative from the union and the rank and file.

The process in developing the Plan starts with the review of the mandate, mission, vision, goals and functions of the Commission by the CMT. The Team held a series of meetings to review the core functions based on the nature of offices, skills and number of personnel needed for each function

The Plan was first submitted to DBM CMT on August, 2006 which then reviewed the proposed plantilla and structure for implementation. The Plan was returned to PRC with recommendations to make adjustments on the position

changes required by DBM in its approved notice of Organization, Staffing and Compensation Action (NOSCA) for support staff positions.

On March 10, 2006, the Plan was re-submitted to the DBM, with all the attached papers endorsed by the CMT Vice Chair and approved by the Chairperson. In its attached letter, the Chairperson stated that PRC already made the adjustments required by the DBM in its approved notice of Organization, Staffing and Compensation Action for support staff positions, and stressed the need to create 554 new positions in order to handle its growing clients and provide the growing clientele with quality service.

3. Progress of Reform Initiatives

The Plan submitted by PRC to DBM on March 10 was returned to the agency on October 17, 2006 with recommendations that PRC shall declare the redundant positions and collapse first level positions with salary grades of 9 and below. Although EO 366 allow organizational expansion, it can only allow it as long as it is justifiable. The creation of new positions is beyond the ceiling prescribed by DBM. It advised PRC to consider the Plan as Plan A and assured PRC of approving the proposed plantilla once there is funds for its implementation. At the same time, DBM denied the request for approval of the Plan on staggered basis.

The Plan is now being reviewed by PRC following the recommendations of DBM. The CMT is meeting regularly to meet the deadline for the submission of the Plan on November 30, 2006.

I

4. Rat Plan and Change Management Strategy

- a. **Change Vision** – Rat Plan was envisioned to be the vehicle through which PRC can be capacitated to perform its mandated functions under RA 8981. The compelling and inspiring vision that is driving the change is the vision to see the PRC fully discharging its mandate under the law. This vision has been communicated to its employees, to DBM and to the public through the website.
- b. **Change Strategy** – Most of the work in Plan preparation and development was carried out by head of offices, divisions and sections with very minimal involvement of employees. Some employees are involved in providing data in order for the head of offices to come up with the restructuring plan. There are no internal mechanisms to address/resolve issues of affected personnel. Due to lack of information about the Plan, the prevalent attitude is that change is welcome for as long as this increases their chances for promotion. This

perception need to be corrected through information campaign and dialogues especially with affected personnel.

- c. **Commitment of Different Stakeholders** – Once the Plan is approved, the DBM and CSC are likely to provide support since they have reviewed the Plan. In fact the CSC has identified PRC as--- Those who prepared the Plan is likely to commit themselves to the proposed changes in as much as they were involved in the preparation and development of the Plan.
- d. **Capacity and Leadership**- The Chairperson has the capacity to lead change. Together with the Administrative and Personnel Services, they will be responsible in the deployment and training of employees to meet the requirements of their new functions.
- e. **Team Culture** – All head of units were represented in determining the manpower requirements of each functions and operations. Each member of the CMT was able to interact with senior managers and they were able to discuss and receive feedback and comments from other members

From among regular employees, since there is lack of information as to the nature and extent of changes on manpower, many of them are hopeful that the changes to be made by the PRC will redound to their own benefits.

5. Governance Practices

a Participation of Different Stakeholders

The different stakeholders were not involved in the preparation and development of the Plan. There were no general assemblies/meetings conducted to discuss the Plan and to get feedback/comments. The President of the Union agreed with the position of management on the restructuring and chose to fiscalize. The different associations in PRC have not been involved formally in the Rat Plan.

b. Transparency of Data

No mechanisms to validate the recommendations of the TWG. Data on the Plan were kept to the Team and not discussed with the employees and stakeholders.

c. Accountability of Results

The Office of the Chairperson as the approving authority was involved in the deliberation of the recommendations made by the CMT. A series of meetings were conducted by the CMT prior to presenting the Plan to the DBM CMT.

d. Predictability of Outcomes on Service Delivery

Compliance to the requirements of DBM for a thorough review of the structure and the staffing would result to approval of the Plan, and hence to improve service delivery

5. Implementation Issues and Challenges

- Management is anticipating resistance to change by employees affected by the Plan. Employees whose positions are retained may agree with the decisions of management, but they are also hopeful that they will benefit from the Plan in terms of promotion and increase salary.
- Human resource development issues such as competencies, merit principle, deployment and training the corps of officials and employees on their new functions.

6. Lessons Learned

1. As a regulatory body

PRC is different from a regular agency because it has to play the role not only as regulator but also as an agency with income earning objective to maintain, operate and upgrade the modernization program. As a body it operates under a lean personnel complement, hence EO 366 was a welcome opportunity for the agency to review its functions, and expand and upgrade the quality of its services. It is therefore, hard for PRC to accept the recommendations of the DBM to stick to what is the prescribed number of personnel.

2. As Management

After careful study of the manpower complement, management underwent the difficult task of determining whose positions are unnecessary and to deploy personnel whose positions are found redundant. They found it hard to declare vacant positions to affected personnel, many of them are young and have less than 15 years of service. Moreover, management has to comply to the decisions of DBM to outsource, declare redundant positions, and to come up with

more substantive functions. Employees commented that EO 366 should have been more flexible to allow staff expansion.

3. As Employees

Most employees heard about the Plan, but what exactly is the Plan and how it is affecting them is not clear to them. Most of them are "silent" about the Plan hoping that their welfare are being considered by the management. Since management has not yet made the announcements on affected employees, the general feeling of "fear" and anticipation of the final results and approval from DBM remains.

4. As Clients/Customers

There is lack of communications to clients/customers on the proposed plan. The lessons learned is for clients to know and absorbed the implications of restructuring in order to avoid misconceptions on the program.

6. Next Step

The implementation Plan of PRC is focused on the following areas of concerns:

1. Creation of a placement committee who will takes charge in smooth transfer and deployment of personnel without necessarily disrupting the services;
2. Coordination with CSC since PRC is one agency being considered as recipient of CSC pool of employees; and
3. Conduct of capability enhancement programs for corp of officials and employees on their new functions.

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**RATIONALIZING THE DEPARTMENT OF EDUCATION TOWARDS
THE ATTAINMENT OF QUALITY BASIC EDUCATION FOR ALL**

Mark Anthony M. Gamboa

**RATIONALIZING THE DEPARTMENT OF EDUCATION TOWARDS
THE ATTAINMENT OF QUALITY BASIC EDUCATION FOR ALL**

**An Assessment of the Implementation of the Rationalization Program at the
Department of Education**

October 2006

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A. ORGANIZATIONAL CONTEXT

The Department of Education (DepEd) is the government agency whose functions are essential to development. Education plays a crucial role in alleviating poverty and sustaining the development of a country. The DepEd makes the task of educating people as its singular mission as they consider the people as the nation's most important resource. This is in consonance with the proposition of the human capital theory that economic development is a function of the quality of a nation's education.

DepEd traces its roots to the Superior Commission of Primary Institutions established through Educational Decree of 1863 on 20 December 1863. The Education Act of 1982 created the Ministry of Education, Culture and Sports which later became the Department of Education, Culture and Sports in 1987 by virtue of Executive Order No. 117. The enactment of Republic Act no. 7722 and Republic Act no. 7796 gave rise to a trifocalized management of education, refocusing DECS mandate to basic education covering pre-school, elementary, secondary, and non-formal education while distributing its other functions to the Commission on Higher Education (CHED) and the Technical Education Skills Development Authority (TESDA).

In 2001, the Department saw another major reform through the enactment of Republic Act no. 9155, otherwise called the Governance of Basic Education Act of 2001, redefining the roles of the central and field offices of the Department as well as the roles of schools with shared governance as impetus for change.

1. Mandate and Key Functions

The mandate of the Department stems from the provision in the Philippine Constitution that the "State shall protect and promote the right of all citizens to quality education at all levels, and shall take appropriate steps to make such education accessible to all".¹ Furthermore, the State is mandated to provide for a free public education in elementary and high school levels with elementary education being compulsory for all children of school age.² Henceforth, the Department is the principal government agency vested with authority, accountability, and responsibility for ensuring access to, promoting equity in, and improving the quality of basic education in the Philippines.³

Given the mandate, the Department is called upon to establish, maintain, and support a complete, adequate, and integrated system of basic education in the Philippines. The DepEd has to ensure that all Filipino children of school age are in school and are provided with free quality education.

2. Structure and Component Units

Two major structural components are organized to carry out the DepEd's mandate of promoting and providing quality education, namely the Central Office and the Field Offices. The Central Office maintains the overall administration of basic education at the national level. It is responsible for setting policy directions and standards for quality education. The Field Offices, on the other hand, which comprise regional offices, division offices, and

¹ CONST. Art. XIV, Sec. 1.

² CONST. Art. XIV, Sec. 2(2).

³ Rep. Act no. 9155 (2001), Sec. 6.

schools, are responsible for the regional and local coordination and administration of the Department's mandate.

The Department is headed by a Secretary who exercises overall authority and supervision over the operations of the Department.⁴ The Secretary is assisted by not more than four undersecretaries and not more than four assistant secretaries, with at least one undersecretary and one assistant secretary being career executive service officers chosen from among the staff of the Department.⁵ Assisting the Office of the Secretary are different services, bureaus, and centers (see Figure 1 below). At present, the Department has five services, namely: Administrative Service⁶; Financial Management Service⁷; Human Resource Development Service⁸; Planning Service⁹; and Technical Service¹⁰.

There are three staff bureaus that assist the Department in formulating policies, standards, and programs related to curriculum and staff development. The Bureau of Elementary Education (BEE) has a main thrust of providing access, progress, and quality in elementary education. The Bureau of Secondary Education (BSE), on the other hand, focuses on curriculum and staff development and population education at the secondary level. Lastly, the Bureau of Non-formal Education (BNFE), which was renamed in 2004 as Bureau of Alternative Learning Systems (BALS) by virtue of Executive Order no. 356, ensures that all learning needs of marginalized learners are addressed.

Similarly, providing technical and administrative support to the Department are the National Education Testing and Research Center (NETRC), Health and Nutrition Center (HNC), National Educators Academy of the Philippines (NEAP), Educational Development Projects Implementing Task Force (EDPITAF), National Science Teaching Instrumentation Center (NSTIC), and Instructional Materials Council Secretariat (IMCS). Other agencies attached to and providing support to the Department are the National Book Development Board (NBDB); National Council for Children's Television (NCCT); the Philippine High School for the Arts; Literary Coordinating Council (LCC); and the Instructional Materials Council (IMC).

⁴ Rep. Act no. 9155 (2001), Sec. 7.

⁵ Rep. Act no. 9155 (2001), Sec. 7, last paragraph.

⁶ The Administrative Service is responsible for providing the Department with economical, efficient, and effective services relating to legal assistance, information records, supplies, equipment, security and custodial work.

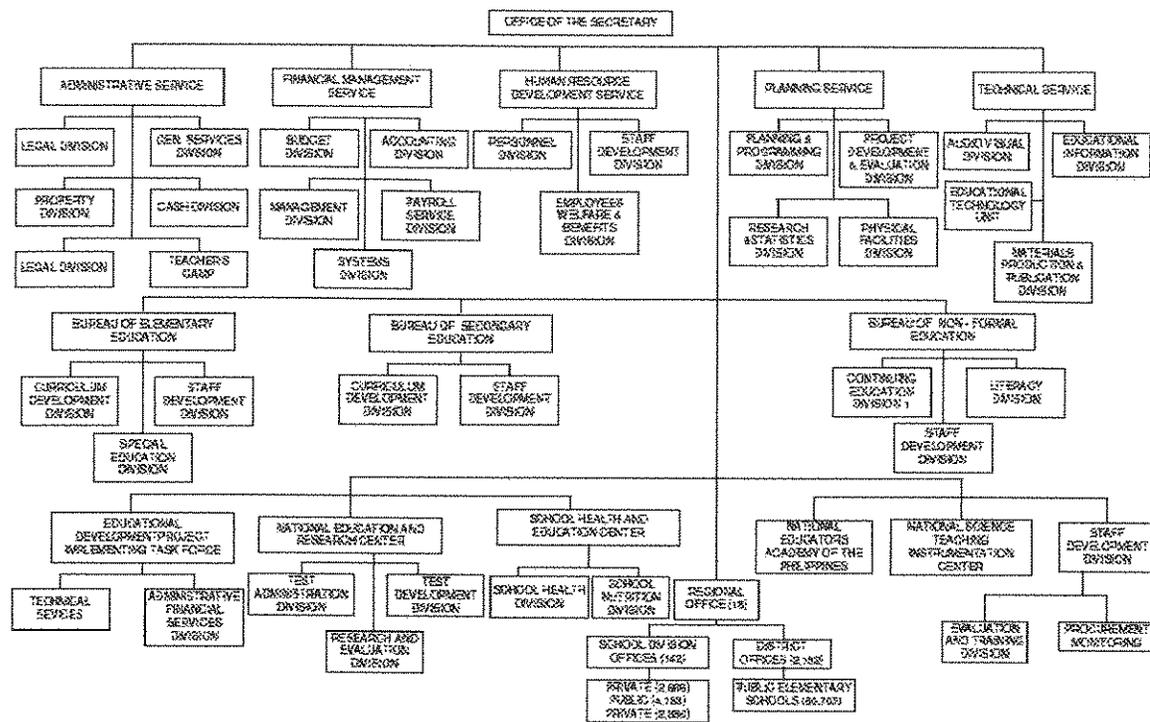
⁷ The FMS is composed of five divisions namely: Budget Division, Accounting Division, Management Division, Payroll Services Division, and Systems Division.

⁸ The Human Resource Development Service develops and administers personnel programs, which include selection and placement, classification and pay, career and employment development performance appraisal, employee relations and welfare services.

⁹ The Office of Planning Service (OPS) is responsible for providing the department with effective and efficient services like generating and processing of education-related data, developing educational programs/projects, program monitoring, assessment and evaluation, planning and programming of educational facilities and providing technical assistance to requesting offices from the national to the sub-national levels related to the planning and related activities.

¹⁰ It functions in coordination with various DECS offices, bureaus, divisions and schools.

Figure 1. Department of Education Organizational Chart



The Field Offices consist of 16 Regional Offices; 157 Provincial and City Schools Divisions; 2,227 School Districts, which assist the Schools Division Offices; and 48,446 schools, which are under the supervision of the Schools Division Offices. Of the total schools, 40,763 are elementary schools (36,234 public and 4,529 private) and 7,683 are secondary schools (4,422 public and 3,261 private).¹¹

The Regional Office is headed by a Regional Director, whose responsibilities include defining a regional educational policy framework; developing a regional basic education plan; developing regional educational standards; monitoring, evaluating and assessing regional learning outcomes; determining the organization component of the divisions and districts and approving the proposed staffing pattern of all employees in the divisions and districts; and, evaluating all schools division superintendents and assistant division superintendents in the region, among others.¹²

A schools division superintendent, on the other hand, heads a division whose responsibilities include, among others: developing and implementing division education development plans; planning and managing the effective and efficient use of all personnel, physical and fiscal resources of the division, including professional staff development; monitoring the utilization of funds provided by the national government and the local government units to the schools and learning centers; and, ensuring compliance of quality standards for basic education programs.¹³

¹¹ DepEd website <Accessed 23 September 2006, http://www.deped.gov.ph/about_deped/history.asp>

¹² Rep. Act no. 9155 (2001), Sec. 7(B).

¹³ Rep. Act no. 9155 (2001), Sec. 7(C).

Assisting the schools division offices are schools district supervisors who are responsible for providing professional and instructional advice and support to the school heads and teachers/facilitators of schools and learning centers in the district or cluster thereof; curricula supervision; and performing such other functions as may be assigned by proper authorities.¹⁴ The schools district supervisors have no administrative, management, control, or supervisory functions over the schools and learning centers within their respective districts.¹⁵

Providing for empowerment at the school level, the Governance of Basic Education Act of 2001 provides that "there shall be a school head for all public elementary schools and public high schools or a cluster thereof" who is both an instructional leader and administrative manager of the school.¹⁶

3. Systems and Procedures

The passage of Republic Act no. 7722 and Republic Act no. 7796 trifocalized the management of education in the Philippines. The trifocal management of education refocused the roles of DepEd to basic education, which covers elementary, secondary, and non-formal education. The administration of the post-secondary, middle-level manpower training and development were transferred to TESDA, while the supervision of higher education institutions as well as degree-granting programs in all tertiary educational institutions was transferred to the CHED.

From a highly centralized public school system, the Department is now embarking on the principle of shared governance in basic education. The Local Government Code of 1991 devolved the management of education to the local government units. As such, basic education has become part of the responsibilities of the local government units through the established Local School Boards. The roles of each of the levels of management in the DepEd field offices were further redefined by the passage of the Governance of Basic Education Act of 2001. The governance of basic education in the Philippines begins at the national level, with the Central Office laying down policy directions, standards, and plans for the education sector. The policy and standards are then translated into programs, projects, and services at the regions, divisions, schools, and learning centers.¹⁷ The schools and learning centers are considered as the most important vehicle for providing quality basic education in the country.

4. Human Resources

The Office of the Secretary has total permanent positions of 504,804 as of 2005.¹⁸ Of this total, 474,618 positions are technical positions; 564 are key positions; 28,269 are administrative; and 1,353 positions are support to technical. For school year 2005-2006, the BEIS reported a total of 341,789 teachers for public elementary schools and 126,141

¹⁴ Rep. Act no. 9155 (2001), Sec. 7(D).

¹⁵ Public Schools District Supervisors Association, et al. vs. Hon. Edilberto C. De Jesus, et al., G.R. No. 157286, June 16, 2006.

¹⁶ Rep. Act no. 9155 (2001), Sec. 7(E).

¹⁷ Rep. Act no. 9155 (2001), Sec. 2.

¹⁸ DBM. Staffing Summary: Fiscal Year 2005.

teachers for public secondary schools.¹⁹ These teachers are distributed to 37,161 public elementary schools and 4,915 public high schools.

The quality of human resources in the Department, especially the teachers, leaves much to be desired considering that many lack training and proper qualifications. In addition to the problem in quality of teachers is the distributional problem, with far-flung areas having less teachers.

5. Performance Issues and Challenges²⁰

The main issue, which continually hounds the Department, is the declining quality of education in the Philippines. The performance of the Philippines in terms of education has lagged behind her counterparts in the region. The issues on the dismal state of Philippine education, which some considered as a crisis, were the main concern that guided the CMT in its strategic review of the DepEd.

Moreover, there is a challenge to keep the international commitment of the Philippines to ensure Education for All (EFA)²¹ by the year 2015. At present, education in the Philippines is saddled by many challenges. The quality of basic education is low. The Mean Percentage Score (MPS) of Grade VI pupils was a dismal 58.73%, with achievement rate in Mathematics only at 59.10%; in Science with 54.12%; and in English with 59.15%.²² The performance of 4th year High School students was worse with an MPS of only 46.80%, with 50.70% in Mathematics; 39.49% in Science; and, 51.33% in English.²³ In terms of completion, the typical cohort survival rate over the past 30 years since 1975²⁴ shows that of 100 pupils who enrolled in Grade 1, only 66 of them finished elementary school. Of the 66, only 58 students were able to enroll in 1st year High School and only 43 finished the secondary level. Of those who finished High School, only 23 enrolled in College and 14 were able to obtain college degrees.

To top the problem of low quality are the under-spending in education by the Government and the poorly managed system of education in the Philippines.

¹⁹ BEIS. Basic Education Statistics. As of 31 August 2006.

²⁰ The discussions under this section as well as in the proceeding sections are based on the interview conducted by the writer with Ms. Louisa Roberto, Head of the CMT Secretariat (18 October 2006).

²¹ The following are the six (6) EFA goals: (1) Expanding and improving comprehensive early childhood care and education, especially for the most vulnerable and disadvantaged children; (2) Ensuring that by 2015 all children, particularly girls, children in difficult circumstances and those belonging to ethnic minorities, have access to, and complete, free and compulsory primary education of good quality; (3) Ensuring that the learning needs of all young people and adults are met through equitable access to appropriate learning and life-skills programmes; (4) Achieving a 50 per cent improvement in levels of adult literacy by 2015, especially for women, and equitable access to basic and continuing education for all adults; (5) Eliminating gender disparities in primary and secondary education by 2005, and achieving gender equality in education by 2015, with a focus on ensuring girls' full and equal access to and achievement in basic education of good quality; and, (6) Improving all aspects of the quality of education and ensuring excellence of all so that recognized and measurable learning outcomes are achieved by all, especially in literacy, numeracy and essential life skills. (UNESCO. Education for All Global Monitoring Report <Accessed 24 October 2006 http://portal.unesco.org/education/en/ev.php-URL_ID=43811&URL_DO=DO_TOPIC&URL_SECTION=201.html>

²² For School Year 2004-2005. Source: BEIS. Basic Education Statistics. As of 31 August 2006.

²³ For School Year 2004-2005. Source: Basic Education Statistics. As of 31 August 2006

²⁴ Talinio, M. T. Basic Education Sector Reform Agenda (BESRA): Presentation delivered during the BESRA-KRT1 Consultative Workshop. 27-28 September 2006.

The main challenge to the Department is to live up to its mandate of providing quality basic education to all Filipinos. The Constitution, no less, mandates the provision of accessible, quality education at all levels.²⁵ The DepEd is supposed to protect and promote the rights of all Filipinos to quality education. The Department is, however, being plagued by the problems not just in terms of the quality of education but worse, in making education accessible to all. In cursory evaluation, it appears that the Department, in its efforts to deal with its mandate has to work on two-pronged tasks: one is to make education accessible to all, and the other is to provide quality education.

The Department also has to address the challenges that beset its organizational structure and component units. The overlapping of functions is apparent across levels, i.e., from the Central Office down to the Division level. There seems to be an unclear and confusing delineation of functions among the Central Office, the Regional Offices, and the Division Offices.

The issue of "turfing" is also present among and across these levels of the Department. The recent predicament of public schools district supervisors in their functions and their being absorbed in the Division Office has resulted in misunderstanding between the district supervisors and the division office as well as the school principals. The issue of district supervisors being stripped of their administrative powers over schools continues to meddle with the effective and efficient implementation of policies and programs of the Department. In spite of the decision²⁶ by the Supreme Court categorically stating that the Governance of Basic Education Act of 2001 effectively removed the level of management in district offices and that public schools supervisors do not have administrative supervision over school heads, the schools district supervisors are still pushing for the recognition of their administrative authorities over schools. This results in misunderstanding and ambiguities in the functions, roles, and responsibilities of the various officials in DepEd, more specifically at the division level. The need to clarify the issue on the roles of various officials at the division level must be addressed.

In terms of systems and procedures, the challenge to the Department is to come up with a strong database applying the latest in information technology so as to provide timely, adequate, and correct information not only to the decision-makers inside the Department but also to its various data users (e.g. lawmakers, policymakers, mass media, and the public in general). At present, there is no uniformity in the data that each of the units of the Department possesses hence, when the data users ask for education data, inconsistencies arise. The challenge to the Department is to strengthen its records management so as to make the recording, retrieval, and analysis of the data easier and more efficient. An effective and efficient data management system will impact positively on the decisions and policies that are being made by the officials of the Department as well as by the lawmakers.

The most commonly blamed for the poor performance of public education in the Philippines are the teachers. Both public opinions and studies have shown that there is a need to first improve the quality of public school teachers to achieve quality education. One reason for the ineffectiveness of public school teachers is their lack of training and preparation to instruct and educate the students. There is a shortage of teachers trained in Mathematics and Science hence, the prevalence of teachers teaching subjects for which they are not

²⁵ CONST. Art. XIV, Sec. 1.

²⁶ Public Schools District Supervisors Association, et al. vs. Hon. Edilberto C. De Jesus, et al., G.R. No. 157286, June 16, 2006.

prepared. This results in the mismatch of teachers. The mismatch results in the poor performance of schools on these subjects. In some areas, the problem is not the absolute shortage of teachers but is more of distributional with fewer teachers in far-flung areas.

Attracting quality teachers to teach in public schools is one of the challenges that the Department has to address to be able to improve the quality of instruction. The problem of lack of administrative staff in the Department down to the school level also impedes the effective and efficient operation of the DepEd.

B. DESCRIPTION OF THE REFORM INITIATIVES

In 2004, the Department's Change Management Team (CMT) was created pursuant to DepEd Memorandum Order no. 451, s. 2004. The focus of the rationalization program in the Department was hinged on Schools First Initiative (SFI), which "provides the opportunity to reorganize all levels of the Department towards creating the learning environment which puts schools at the core of the learning process". Consistent with the Governance of Basic Education Act of 2001, the roles of the various levels "must be rationalized vis-à-vis school as primary operating unit within the educational system".²⁷

The goals for the rationalization of the department were also laid down by the same Order, to wit:

- a. "A leaner central office focused on agenda-setting, policy-making, research, standards formulation, and overall leadership;
- b. "A reengineered regional office set up to provide field leadership in the enforcement of standards. Corollary to this, the regional office, to be a technical support services hub for divisions.
- c. "A reengineered schools division office with a core competence in instructional leadership and supervision.
- d. "High-performing schools (as measured by high EFA performance indicators and high national test results)"

1. Rationale for Reforms

The strategic review of the CMT showed the need to strengthen the curriculum and instruction in the DepEd, hence these have been thrusts of rationalization efforts in the Department. There is a constant need to improve performance. In every organization, there is always a need to continually reform in order to address the challenges and changes that occur in its environment. This is true with the Department of Education as it embarks on fulfilling its international commitment to ensure education for all by 2015 and to realign its role in the light of the passage of the Governance of Basic Education Act of 2001.

2. Progress of Reform Initiatives

The final Rationalization Plan drafted by the CMT which, hereinafter shall be referred to as the RatPlan for brevity, is now with the Office the Secretary of the Department of Education

²⁷ DepEd Memorandum Order no. 451, s. 2004.

for approval. Secretary Jesli Lapus, the newly installed head of the Department, is currently studying the RatPlan submitted by the CMT and is incorporating some revisions he deems necessary. It should be noted that the preparation of the RatPlan spanned three Secretaries of the Department. The constituting of the CMT was done under the leadership of Secretary Florencio Abad. The bulk of the work of the CMT was done during the leadership of the then Officer-In-Charge-Secretary Fe Hidalgo. Secretary Lapus took over the leadership of the Department in June 2006 just before the final document was set for approval.

The new leadership in the Department necessitated the review of the RatPlan before it be submitted to the DBM to align the rationalization of the Department with the plans and programs of Secretary Lapus. Although the RatPlan was, in principle, approved by then OIC-Secretary Hidalgo, the change of leadership, which accompanies with it the change of priorities, justifies its review. In order to review the Rationalization Plan prepared by the CMT, Secretary Lapus will constitute a task force to do the review of the document. The task force to be constituted shall not necessarily consist of the members of the CMT.

Prior to the submission to the Office of the Secretary and after the RatPlan has been finalized by the CMT, those who will be affected by the rationalization have been informed in accordance with the requirement of Executive Order no. 366. Nevertheless, since the RatPlan is still with the OSEC, and has yet to be approved by the DBM, the implementation of the RatPlan is still suspended.

3. Rationalization Plan and Change Management Strategy/Practices

All the rationalization activities in the DepEd were anchored on the improvement of the DepEd's curriculum and instruction. The problem of shortage of personnel in the Department prevented the CMT from opting to transfer those affected personnel to other government agencies. No affected personnel of the Department will be transferred to other agencies. Those personnel who occupy positions performing functions that are declared non-core/overlapping/irrelevant or redundant shall remain in the Department unless they opt for retirement or separation from the government. The CMT proposed the transfer of the affected DepEd personnel to the vacant positions in the core functions/offices/units of the Department. Considering that the Department still lacks personnel, the circumstances shall be more of integrating government employees from the other agencies rather than transferring DepEd personnel to other government agencies.

Among the areas and units that shall be strengthened by the RatPlan are the National Educators Academy of the Philippines (NEAP); the Legal Service; Health and Nutrition; EDPITAF; Information Communication Learning Service; Internal Audit Service; and Budget and Finance. The changes are geared towards the achievement of an improved curriculum and instruction.

In terms of the rigor of analysis and processes observed in developing the plan, the CMT, since its creation in November 2004, has conducted about 34 meetings to formulate and discuss the RatPlan. The CMT has been constituted to act as a technical working group and, at the same time, as a conduit to the various units and stakeholders of the Department. All the matters discussed in the CMT were relayed to the various units of the Department and to the associations by their representatives who are members of the CMT. Moreover, the results of the CMT meetings were discussed in the Management Committee (ManCom) meetings in every region and in the ExeCom at the Central Office.

(a) *Change Vision*

The necessity of change in the Department is called upon by the dismal performance of public education in the Philippines and the difficulty of the Department in fulfilling its mandate of providing quality basic education to the people. The change vision of the DepEd is actually a reiteration of its existing mission, which is "[T]o provide quality basic education that is equitably accessible to all and lay the foundation for life-long learning and service for the common good"²⁸. The constant necessity to improve the performance of the Department to achieve the best education is the driving force behind the change in the DepEd.

The change vision has been communicated down to the regional and division level. Considering the passion of the people in DepEd to bring about change, the officials are optimistic that this vision shall be compelling and inspiring enough to drive the change.

(b) *Change Strategy*

The Department is replete with personnel who are committed to excellence in public service. The CMT considers this commitment of personnel as the strongest enabler to change. Everybody in the Department is willing to change for the improvement of the quality of education in the Philippines. In addition, the seemingly good reputation of the new Secretary of the Department, as well as the qualifications and capacities of the Undersecretaries and other top-rank officials, provide a strong enabler to change.

On the other hand, the Department has to contend the issue of "turfs". Although everybody is willing to change, some are reluctant to change being imposed upon their own turfs. They are more than willing to change the system but are apprehensive in changing the staff complement and functions of their respective offices. Some offices, on the other hand, that will maintain the ranks and salary levels of their respective staff in the RatPlan are requesting for increase.

Continuous and open communication is the approach being used by the CMT to facilitate change within the Department. The CMT Secretariat is available to clarify issues and concerns of every DepEd personnel, whether he/she is affected by the change or not. The explanation that the change is geared towards the strengthening and expansion of the Department also helps to facilitate willingness among the personnel to change. Emphasizing that the change is not to remove the personnel from the Department but to improve the quality of basic education in the Philippines appears to be a success in terms of minimizing anxiety among the DepEd personnel.

The CMT is also open to recommendations from various stakeholders to the change to be effected in the Department.

(c) *Commitment*

The commitment of the DepEd personnel, especially its top officials, to improve the quality of basic education in the Philippines serves as the strongest impetus to change. The career officials, as well as the political appointees to the Department, are committed to bringing about positive change in the system of education in the Philippines. Moreover, since the

²⁸ DepEd website <Accessed 23 September 2006, <http://www.deped.gov.ph/about_deped/vision_mission.asp>

emphasis of change is to strengthen and expand the regional and division offices, the CMT has been able to build commitment among the rank-and-file personnel of the Department down to the division level. Communicating to and consulting the regional and division officials through the ManCom meetings have also facilitated local ownership of the change to be effected.

(d) *Capacity and Leadership*

The current Undersecretary for Operations Ramon C. Bacani is the person leading the change in the Department. He currently is the Chairman of the CMT and is considered as the focal-person in the Department when it comes to its Rationalization Program. On top of the capabilities of Usec. Bacani to lead change, as perceived by the personnel in the Department, is the apparent support that the top officials of the Department are getting from the rank and file employees. The apparent support to the top officials of DepEd will surely facilitate the smooth implementation of the RatPlan once this is approved for implementation by the DBM.

Seemingly, however, there is a need to further capacitate the staff of the CMT Secretariat to deal with the concerns and issues that accompany change. The CMT Secretariat must be knowledgeable in the RatPlan and be able to explain how this will affect the Department in general and the personnel in particular. Other than the CMT and Usec. Bacani, no other change agents have been identified to facilitate the implementation of the RatPlan. Identifying focal persons is crucial even before the RatPlan is approved by the DBM and especially when there are concerns coming from the personnel in the regions and the divisions. Moreover, since it is either the HRDS or the CMT who will implement the change, coordination between the two units are crucial.

(e) *Culture*

The culture in the Department, generally, is not actually posing any problem to change. It is the system that renders the implementation of change difficult. The personnel in DepEd has been very supportive to the proposed changes because of the assurance that the change is for expansion of the Department and that all the personnel shall be protected.

Since the CMT deemed it necessary to assure the personnel that the change is for expansion, there seems to be a probable impediment to the implementation of RatPlan when it would involve transfer of personnel. This is confirmed by the fact that the issue on "turving" is well alive during the discussion on RatPlan. The willingness of the personnel to the change being proposed by the CMT, as long as the change will not affect them, is evidently a probable hindrance to the ease in implementation of the plan.

4. Governance Practices

The processes in the formulation of the RatPlan have generally complied with the principles of participation, transparency, accountability, and predictability.

(a) *Participation*

In constituting the CMT, it was made sure that every unit of the Department as well as the major stakeholders (i.e., the various associations) are represented (see Annex A). All the

Bureau Directors are members of the CMT. The Regional Directors and the representatives of the various associations are also members of the CMT. There are also two (2) union representatives to the CMT. By making sure that all the major units of the DepEd and all the associations are represented, the Department did not receive any complaint regarding the membership of the CMT. There was, however, a problem due to the relatively large CMT membership in terms of coming up with decisions as some CMT members were persistent to their positions that resulted in long drawn-out discussions.

The personnel of the Department, who are not members of the CMT, were also consulted by their respective representatives to the CMT when it comes to taking a position on issues that concerned them. The CMT members were the ones who directly talked to and communicated with the rank-and-file employees. The rank-and-file employees of DepEd had been allowed to raise their concerns through their representatives to the CMT.

(b) *Transparency*

In making the process of formulating the RatPlan transparent, the CMT opened its meetings and discussions to the non-members of the CMT as well as to the public. Stakeholders were allowed to observe the proceedings of the CMT. All the decisions and discussions of the CMT are also being relayed to the units and associations by their respective representatives to the CMT. The members of the CMT also reported to the ManCom meetings all the matters discussed and tackled during the CMT meetings. They are the ones tasked to inform their staff and/or members about the status and matters involving the RatPlan.

(c) *Accountability*

The CMT, generally, has shown accountability to all the decisions that it has made. The CMT has made sure that the concerns of all those that will be affected by the rationalization are taken care of. The representatives of all the units and associations are held accountable to their respective staff and members in making sure that the latter are well-informed of the status of the rationalization. The members of the CMT are also responsible in making sure that the position that they take during the discussions and meetings of the CMT reflects the sentiments and concerns of their respective staff or members.

The personnel who will be affected by the rationalization are also free to go to their representative to the CMT or to the CMT Secretariat itself and clarify and discuss their concerns.

(d) *Predictability*

All rank-and-file personnel up to the division chief items were included in the rationalization of the DepEd. All units from the Central Office down to the division office were put under strategic review. The top most level positions, however, were not included in the RatPlan. These include the positions of the political appointees in the Department. Their non-inclusion to the RatPlan could be a source of discontent among the personnel in the lower ranks.

5. Implementation Issues and Challenges

Since the RatPlan is still under review in the Office of the Secretary, the concerns of implementation of the plan have yet to be dealt with in detail. The crucial question on the feasibility of the implementation of the RatPlan has yet to be taken into consideration. There still has no decision as to who will implement the RatPlan and how this shall be implemented because of the lack of clear cut guidelines for its implementation.

The Department has submitted to the Civil Service Commission (CSC) the need of the DepEd for more clerks, data entry machine operators, school's cashiers, and bookkeepers among others. Considering that the Department will absorb more personnel from other government agencies, the CMT should have included in the RatPlan integration programs and projects in order to facilitate the smooth integration of the personnel who will be transferred to the DepEd. Moreover, even if no personnel from the DepEd will be transferred to other government agencies, the Department should have come up with impact mitigating interventions to those who will be affected.

6. Lessons Learned and Recommendations

In the formulation of its Rationalization Plan, the Department has realized that to be able to respond to the needs of the people as well as the mandate of the laws that pertain to education, it is important that the various aspects that facilitate performance be reviewed comprehensively and exhaustively. Moreover, the importance of participation in the formulation of the RatPlan should be emphasized. Allowing stakeholders to participate in the discussion provides a more comprehensive view on the organization and the issues and challenges that surround it. Having a participatory process also provides assurance that the plan to be produced by the CMT embodies the values and aspirations of the DepEd personnel in general. The participation of all the stakeholders helped in minimizing reluctance among personnel to accept the changes to be imposed by the plan. It assures the personnel of proper representation and gives them a guarantee that all their concerns are discussed during the CMT meetings.

Open communication between and among the members of the CMT and the DepEd personnel also lessened the anxieties that the plan is supposed to bring. The CMT in the DepEd appropriately emphasized that the change the RatPlan hopes to bring is not geared towards removing non-performing personnel but is more of an opportunity for the Department to expand and strengthen the roles that it plays in fulfilling its mandate and responding to the demands of the people. Focusing on the improvement of the performance of the agency rather than trimming the number of personnel should be the guiding principle in the formulation of the rationalization plan and in communicating the plan to the stakeholders.

Upon the other hand, it appears that the CMT focused on the physical aspects of the Department, i.e., the organizational structure and component units. It seems, as it appears during the interview, that the CMT, in conducting the strategic review, overlooked the latent factors that will enable or hinder the successful implementation of the plan. Among these crucial factors is the culture in the Department. Taking into consideration the culture is crucial in properly addressing the issues and challenges that hound the Department. In some instances, failure to take into consideration the culture of the organization shatters the implementation of a well-written document.

Moreover, the absence of clear-cut guidelines in implementing the RatPlan is indicative of the focus that the CMT took in formulating the plan. It appears that the formulation of the

Plan focused on final outputs and overlooked the fact that implementation issues have to be addressed at the same time. Again, as it appears in the interview conducted, the strategies during the transition period of rationalization in DepEd leave much to be desired.

To guarantee that the voices of the rank-and-file personnel in the Department as well as in the regional and division offices, it is recommended that the CMT present the results of the strategic review and the final document in a consultation workshop where non-members of the CMT from the Central Office, the Regional Office, the Division Office, and the schools are invited. By doing so, the CMT could validate the results of the strategic review and that comments to the RatPlan could have been elicited. This would also help strengthen local ownership of the RatPlan.

In making the process more transparent, the CMT could make the information more accessible to the personnel and the public in general by providing information boards placed in conspicuous areas within the premises of the Central Office, Regional Offices, Division Offices, as well as in schools. Moreover, printing of bulletins or newsletters updating the personnel of the Department on the discussions and status of the RatPlan would significantly help in reducing their anxieties. The CMT could also prepare documents or information sheets, which can be disseminated to the public in general, because the public also has the right to be informed on the status of rationalization in the Department as this involves the use of public funds. All these could also be uploaded in the website of the Department. Public interest requires no less than a transparent process.

It is also recommended that all positions in the Department, including the positions of the Assistant Secretaries, Undersecretaries, and other appointive positions, be reviewed and considered for rationalization. Likewise, considering the issues between the division offices and the public schools district supervisors, the RatPlan could also clarify their roles taking into consideration the mandate of the law and the decision of the Supreme Court on the matter.

7. Next Steps

Considering that the RatPlan is still under review in the Office of the Secretary, it is proposed that the review be conducted together with the CMT so as not to weaken the apparent participation of the CMT in the finalization of the document to be submitted to the DBM. It is also proposed that a consultative workshop be conducted inviting participants from the field offices in order to validate the plan and at the same time disseminate the thrusts of the rationalization program of the Department.

With regard to the implementation of the plan, it is proposed that the CMT incorporate impact mitigating interventions for those who will be affected by the rationalization as well as develop a program of integration for those who will be transferred to the Department. The transfer of DepEd personnel, even if just within the Department, will still result in anxiety because of the change in the nature of work and the working environment hence, the need to develop programs that will help these affected personnel to adjust to their new work and environment.

As regards aligning the RatPlan with other policies of the Department, it is proposed that the CMT integrate the results of the RatPlan with the Basic Education Sector Reform Agenda

(BESRA)²⁹, which is a package of policy reforms being pursued by DepEd to build upon the efforts of the School's First Initiative (SFI).

²⁹ BESRA focuses on five key reform thrusts, to wit: (1) get all schools to continuously improve; (2) enable teachers to further enhance their contribution to learning outcomes; (3) increase social support to attain desired learning outcomes; (4) improve impact on outcomes from complementary interventions involving early childhood education, alternative learning systems, and private sector participation; and (5) change institutional culture of DepEd to better support these key thrusts.

Annex A: Members of the CMT

DepEd Memorandum No. 451, s. 2004

Chairman: Undersecretary Juan Miguel M. Luz
Co-Chairmen: Undersecretary Ramon C. Bacani
Undersecretary Jose Luis Martin C. Gascon

Members:

Dr. Teresita G. Inciong	-Director, Bureau of Elementary Education
Dr. Lolita M. Andrada	-Director, Bureau of Secondary Education
Dr. Carolina S. Guerrero	-Director, Bureau of Alternative Learning System
Dr. Thelma G. Santos	-Director, Health and Nutrition Center
Mr. Maximo C. Aljibe	-Director, Administrative Service
Dr. Alice A. Panares	-Asst. Director, NEAP
Mr. Jesus LR. Mateo	-Director, EDPITAF
Dr. Paraluman R. Giron	-Director, Region IV-B, Representative of DepEd Regional Directors
Supt. Raymundo D. Lapating	-Pres., Phil. Association of Schools Superintendents (PASS)
Dr. Cecilia C. Geronimo	-Pres., Phil. Association of Education Supervisors (PAES)
Ms. Estelita R. Reyes	-Pres., Phil. Schools District Supervisors Association (PAPSDS)
Dr. Teresita V. Arriola	-Pres., Phil. Elementary School Principal Association (PESPA)
Dr. Lorelie C. Siy	-Pres., Phil. Association of Secondary School Administrators (PASSA)
Ms. Tarcela S. Farolan	-Gen. Sec., Teachers' Organization in the Phil. Public Sector (TOPPS)
Atty. Domingo B. Alidon	-Pres., DepEd National Employee's Union

DepEd Memorandum No. 469, s. 2004

Mr. Jesus G. Galvan	-Assistant Secretary for Finance and Management Service
Ms. Lily Z. Roces	-OIC, Assistant Secretary for Planning Service
Ms. Leonila G. Joson	-OIC, Personnel Division, HRDS
Mr. Francis Allen B. Dela Cruz	-Vice Pres., DepEd Central Office Employees' Union

LIGHT RAIL TRANSIT AUTHORITY

Ma. Clarissa R. Sia

LIGHT RAIL TRANSIT AUTHORITY (LRTA)

I. Introduction

The transportation policies of the Department of Transportation and Communications for the continuing management of the Light Rail Transit Authority (LRTA) are based on the following concerns (Structuring Plan of LRTA, 2004):

- Development and maintenance of an efficient, adequate, economical, safe, convenient and dependable transportation system that shall truly be responsible to the demands of the population consistent with the total scope of metropolitan needs;
- Establishment of an efficient mass transport system which can provide the people with safe, fast and reliable mobility;
- Alleviation of the worsening traffic and transportation situation in metropolitan Manila within the context of rational land use pattern;
- Provision of an organizational structure to oversees the effective implementation of LRT projects including its construction and operation; and
- Promotion of sound economic conditions within the transportation industry and among the several modes and common carriers in order that a healthy, dynamic and strong private sector can meet the transportation requirements of the country.

To meet the needs of the citizenry and resolve the problems of mass transportation. the government created the LRTA which is responsible for the construction, maintenance and operations and/or lease of the light rail transit system initially in Metro Manila. The LRTA is a wholly owned government corporation created on July 12, 1980 (Executive Order No. 603, as amended by EO 830 dated September 1982) to provide a reliable, efficient and environment-friendly mass rail services.

As stated in E.O. 603, it is part of the powers of the LRTA Board of Directors to provide comprehensive policy guidelines for the development, operation and promotion of a light rail transit system and to borrow funds from any source, private or public, foreign or domestic and issue bonds and other evidence of indebtedness, the payment of which shall be guaranteed by the National Government, subject to pertinent borrowing laws.

Thus as a start, the Board negotiated with the Belgian government to have a granted of P300M "soft" and interest-free loan with a repayment term of 30 years. It was expected that the LRTA would be able to repay the said amount for a period of 20 years out of its revenue income. A Belgian consortium provided an additional loan of P700M to cover the costs of the cars, signaling power control, telecommunications, training and technical assistance. This capitalization is in addition to the authorized capital of 3 billion pesos granted by the Philippine Government (E.O. 830).

A Swiss Engineering Services firm managed and supervised the construction of the project and is responsible for extension studies of the system to comprise the 150 kilometers of routes along major avenues in the Philippines in about 20 years time.

II. Mandate and Key Functions

By virtue of EO 603, LRTA was created to be responsible for the construction, maintenance and/or lease of LRT systems in the Philippines following the principles of economy, efficiency and quality operations. A safe and cost-effective systems and procedures are to be adopted in undertaking its functions for optimum customer's satisfaction. The system was designed not as a profit center but as a public utility.

A. Structure and Component Units

1. **Management-** When LRTA was created in 1980, the functions of LRTA were concentrated to policy formulation, regulation of fare rates, planning and management of the construction of the system extensions. To perform its mandated functions, only forty-eight (48) personnel were given plantilla items. To operate the system (LRT1), the LRTA project known as "Metrorail" was operated by a subsidiary company of Meralco, Metro, Inc. on a management contract for a twenty-year period.
2. **Eventual turnover of the systems operation management to LRTA-** The contract of Metro, Inc. was no longer renewed in 2000 due to the adverse consequences of a strike staged for about one month by its rank and file employees due to problems of financial position of the operation, their work status and efficient service delivery to the public.

Even with the takeover of the maintenance and operations functions to LRTA after the 2000 incident, the 48 plantilla items were not increased. The contractual employees were entrusted with accountable positions and the regular employees were overburdened with additional assignments and greater responsibilities due to expansion of system extensions e.g. LRT 2.

3. **Strategies adopted by LRTA after the turnover -** Even without an increase in plantilla items, LRTA as a GOCC committed to attain a level of efficiency as a private corporation by supporting Arroyo's 10-Point Agenda especially with the completion of LRT 2. It adopts the following strategies:
 - Continue to operate Lines 1 and 2 and eventual turn-over of management of the maintenance component to the private sector;
 - Rehabilitate and modernize the system especially LRT 1 in order to expand its capacity by 100%;
 - Restructure its organization to respond to employees' needs and welfare;
 - Construct and extend Lines 1 and 2 for the eventual implementation of a "Unified Ticketing System;" and,
 - Improve financial conditions through legislative advocacy to increase the capitalization of LRTA and the intensification of non-rail revenues through advertising and stall rentals and commercial development within LRTA properties.

With the implementation of these strategies, the expected outcome will be the following:

- Provide a safe, reliable and available fleets
- Establish a better system for an effective passenger movement to decongest Metro Manila
- Attain a sustained financial viable operations
- Increase capacities of systems and personnel

4. **Present Organizational Structure** - LRTA is governed by a nine-man Board of Directors with DOTC Secretary as Chairman. The members are the NEDA Director-General, LRTA Administrator, LTRB and MMDA Chairmen, Department Secretaries of; Finance, Budget and Management and Public Works and Highways, and a representative from the private sector. The Board of Directors determines its organizational structure and the number, positions and salaries of its personnel, subject to pertinent organization and compensation law (E.O. 603 Art. 2.4)

The Chief Operating Officer is the Administrator and is supported by five (5) key departments, namely: the Planning, Finance, Administrative Departments, Line 1 Operations and Engineering and Line 2 Maintenance and Operations. See Figure 1.

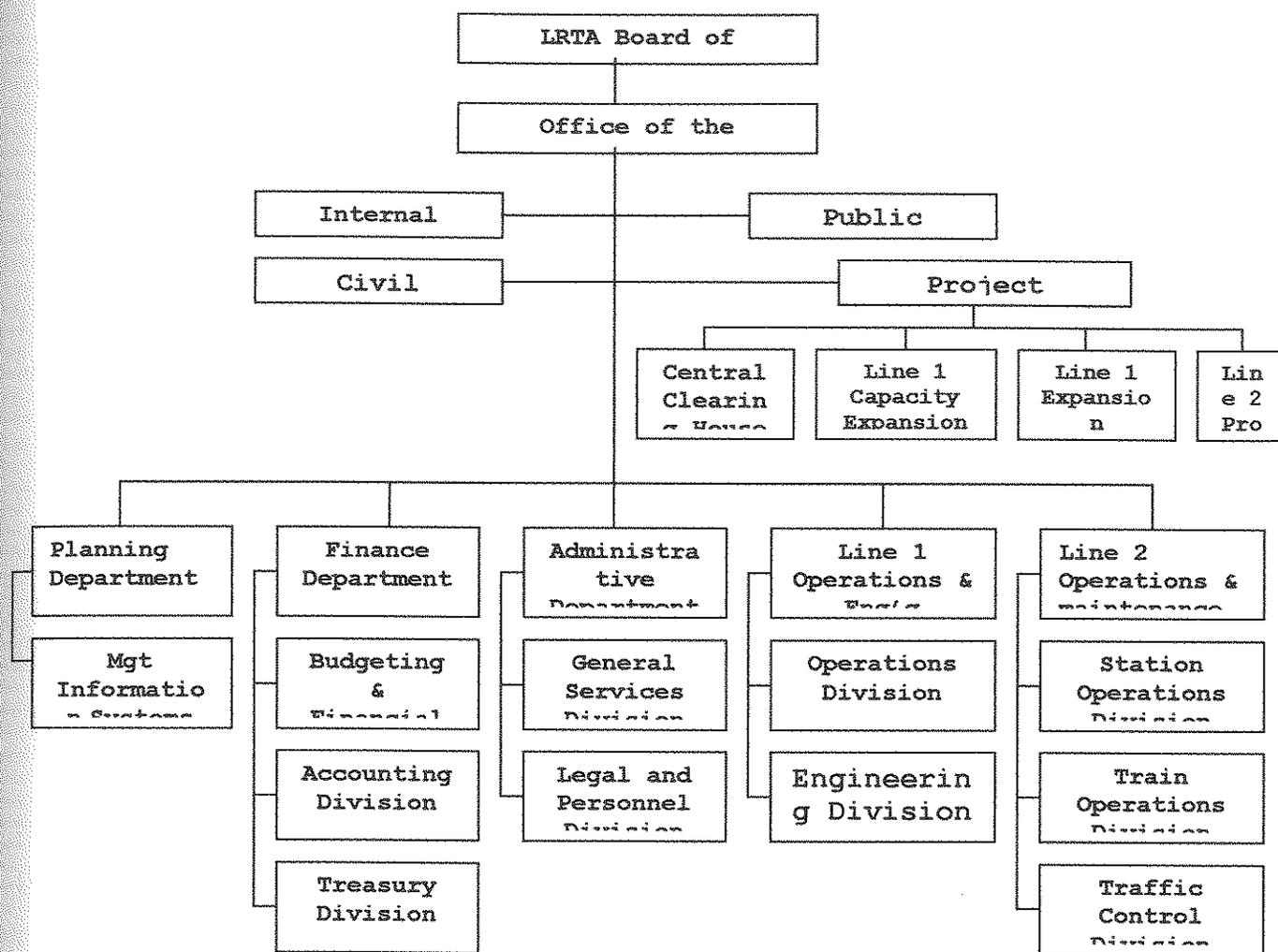
Most of the personnel with plantilla positions are in the first three departments. The last two departments and the Project Management Office are mostly occupying contractual items.

B. Systems and Procedures

1. **Policy Formulation**- The LRTA Board, the DOTC and the Office of the President issues and prescribes standards, guidelines, procedures, rules and regulations regarding the transportation sector specifically on LRTA. The Office of the Administrator formulates and recommends policies and plans for approval of the LRTA Board with regard to administration and operations of the LRT/MRT systems. It is also the Office of the Administrator who is responsible for the implementation of the approved policies, plans and rules and regulations and the management of LRTA.

The Planning Department formulates corporate goals/objectives, policies and short/medium/long term corporate plans and programs of the Authority. The Finance Department prepares and recommends financial policies, short and long term financial plans and programs, systems and procedures and implements them upon the approval of the Board. The Administrative Department formulates and implements plans, programs and guidelines regarding personnel management and development and general services of the LRTA in line with the objectives and policies of the Authority.

Figure 1-Organizational Chart



2. **Finance and Administration-** The Finance Department is responsible for all financial transactions and advises the Administrator and the Board on all financial matters and prepares and submits financial reports required by the government. The Administrative Department takes charge of comprehensive insurance coverage for all LRTA assets and personnel, and maintains personnel records, supplies, equipment, custodial works. In addition, it handles and develops real estate properties, buildings and other ancillary structures for income generation purposes as well as the procurement and property management system.
3. **Program Planning and Management -** The Office of the Administrator as the overall manager of the affairs of the LRTA, spearheads the following activities:
 - Conduct and execute studies concerning the expansion of the LRT's system's network in consultation with appropriate agencies both public and private. The Operations and Engineering Department provides operational inputs in the planning

of new and expansion projects. The Planning Department conducts feasibility studies, funding, financing and approval of proposed projects by relevant government authorities. The Finance Department undertakes studies on funding programs of the LRT system projects (Line 1 and 2 and future projects) in coordination with relevant agencies.

- Conduct of periodic performance audit both financial and operational to ensure efficient utilization of scarce resources to attain the goals and objectives of the LRTA. The Planning Department provides the Office of the Administrator periodic reports on operations and data, statistics and other relevant information on LRT system operations to the public and other concerned agencies. Likewise, it also directs all the IT activities of the LRTA including computer-based systems in all aspects of railway management and operation.
 - Plan, develop and conduct public relations program of the LRTA.
4. **Construction and Operations**- The Operations and Engineering Department is in-charge of all construction, maintenance (System 2) and operations of the rail system. Particularly, it does the following activities:
- **Planning**- It provides operational inputs in the planning of new projects and participates in detailed engineering and design of the various infrastructure projects of the LRTA. Likewise, it evaluates the operational feasibility of proposed projects based on standards.
 - **Construction**- It oversees the construction, expansion/extension of new LRT lines and new projects. It also conducts rehabilitation and maintenance of the existing and new LRT lines.
 - **Operations**-Takes charge of the day to day operations of the existing LRT lines including ticketing. It also utilizes and controls equipment, spare parts and other machineries for operation.

C. Human Resources

1. **Present Staff Complement-** In 1997, there was an attempt to privatize LRTA because its lean composition of 48 personnel with plantilla items could no longer function efficiently. At the same time, the Metro, Inc. was faced with financial problems of maintaining and operating the LRT system.

In 2000, Metro, Inc. ceased to maintain and operate the LRT system because their contract was not renewed due to the strike staged by militant rank and file employees of the systems operators. With this situation, LRTA assumed the responsibility of maintenance and operation with the approval of the Department of Budget and Management (DBM) referred to as the LRT-Managed Interior Operation (MIO). Additional personnel were hired to perform the engineering and operations functions on a contractual status of appointment until now. Initially, LRTA-MIO took charge of the operation and maintenance of Line 1 system but in 2003, the maintenance of Line 1 was outsourced to a private contractor and later Line 2 will also be outsourced.

With this set-up, the responsibilities, accountabilities and risks of regular permanent personnel increased without added remuneration with the implementation of LRTA projects such as Line 2.

2. **Composition of Staff and Status of Appointment-** Table 1 shows the number of permanent personnel. One added position (Deputy Administrator) was approved by DBM in December 2004 making the total regular employees to 49. Contractual positions consist of 1,698 both supervisory and rank and file, with more women personnel than men.

D. Performance Issues and Challenges

With the limited number of plantilla items, LRTA planned to restructure its manpower composition in 2003 to resolve the following issues and concerns, namely: (LRTA Restructuring Plan, 2004 and interviews)

1. Salary grade of those occupying managerial positions is not comparable with other offices with similar functions having the same level of accountability and especially with added responsibilities with the turnover of the system operations in 2000.
2. Regular rank and file employees assuming managerial/supervisory functions are demoralized due to no increase in remuneration. The contractual employees even get higher salaries compared with their supervisors.
3. Line 1 operation personnel get lower salaries with those from Line 2 with similar functions and level of responsibilities.
4. Need for additional manpower with plantilla items because of their accountable nature of responsibilities and increasing number of projects and workload.
5. Lack of continuity in performance of duties due to fast turn-over, detailing and transfer of personnel especially those with accountable responsibilities.

6. Most of the contractual employees have served a longer period without security of tenure.

II. Description of the Reform Initiatives

A. Rationale for the Reforms

1. **LRTA Rationale for Reforms**- Based on DOTC's rationale for reforms, there is a need to rationalize due to technological change, overlapping/duplicating functions, changes in systems of work and in structures that are no longer relevant and responsive to needs of the stakeholders. But in the case of LRTA, their rationale is to review its mandate, mission, vision, goals, objectives, priorities and strategies for the next five-fifteen years.

The restructuring program they prepared in 2003 was the basis of the rationalization program they submitted to DBM in 2005. The restructuring program set the following premises:

- Prepare an organizational structure that is responsive to LRTA mandate and program directions;
 - Eliminate duplicate and overlapping functions and programs;
 - Ensure consistency in qualification standards;
 - Address demoralization problems; and
 - Identify areas of improvement in service delivery (operations) and productivity.
2. **LRTA Process Requirements for Rationalization (Restructuring)**- In 2003, LRTA issued an office order to activate a Task Force to handle its Restructuring Program. It was composed of representatives from the different departments, divisions and representatives from the rank and file. Each level in the organizational structure prepared the required manpower based on the volume and level of responsibility and degree of work accountability.

To validate the recommendations of the concerned office, the Task Force conducted an on-site visit and held series of meetings to determine the revised organizational structure and the appropriate contractual personnel to be retained, transferred and terminated/separated. In the process of validation, DBM was consulted for guidance. After the series of consultations, the Task Force formulated guidelines for the new structure for Board's approval. It was approved on June 27, 2004 (Board Resolution No. 218).

In the process of the rationalization program, LRTA sought exemption from E.O. 366 on the provision to fill-up vacant items and hire personnel because of the nature of their functions i.e. the continued operation of LRT Line 1 and 2. It was approved on June 20, 2005.

It was also mentioned in the request for exemption that the proposed restructuring of LRTA was "not the rationalization program envisaged under E.O. 366 dated October 2004." It was rather an evaluation of the existing set-up aimed at designing a structure that is aligned with DOTC's policy direction and one that is more responsive to the current mandate of the Authority i.e. to manage, administer and operate Line 1 and 2

systems as well as maintain the new LRT 2 system in the meantime that it is not yet sourced out.”

3. **Summary of Documents Submitted to the DBM Change Management Team-** LRTA submitted to DBM their Restructuring/rationalization Plan (with all the attached appropriate executive orders) approved by the Board together with the endorsement of the Secretary of DOTC on 2 January 2006. A copy of the minutes of deliberations on issue clarifications was also attached and the exemption to E.O. 366 approval of DBM.
4. **Area for Revisions** - Organizational expansion is possible in E.O. 366 as long as it is justifiable. In this context, DBM agrees that LRT needs additional and upgrading of positions especially those holding accountable positions in the performance of functions. They have estimated about 400 items including the 49 present regular positions. However, LRTA is requested to submit first their Five-Year Business Plan for DBM and the Civil Service Commission to approve their Restructuring/ Rationalization Plan.

B. Progress of Reform Initiatives

1. Status of Preparation of the 5-year Business Plan-

At present LRTA is still reviewing their past performance and projecting future performance as required by DBM for the final approval of their restructuring program. To them, it is not realistic to prepare a five year business plan but it is better to have a ten-fifteen year business plan to reflect their position in transportation investments and operation vis-vis the other transport sector doing similar business like the Philippine Ports Authority, the Philippine Railways Corporation, the airport authorities, among others.

2. Constraints and Challenges

With the policy directions of the government on the transport sector, it is difficult with limited funding for operation to come up with the business plan that will reflect the successful implementation of the policy as stated in E.O. 308 (Art.1.1) i.e.:

- To promote, encourage and protect the mutual intermodal and intramodal complementation, cooperation and synchronization of the common carrier services both by the public (access and availability of facilities) and private (provision of transportation services like maintenance and operation) stakeholders.
- To encourage greater private participation to meet the transportation requirement goals that is safe and cost-effective.

C. Experiences on Rationalization Plan Development and Change Management Strategy/Practices

LRTA was exempted from E.O. 366 and in compliance with the call for rationalization program of the government, LRTA submitted their Restructuring Plan based on present situation and needs.

1. **Change Vision-** Even without the call for rationalization, LRTA has proposed a restructuring of their organization in 1997. The plan was never materialized due to change of leadership in 2001. With the turnover of LRTA Line 1 maintenance to a private contractor and the eventual maintenance and operation of Line 2 by LRTA, it necessitated the preparation of another restructuring plan in 2004 to meet the manpower requirement for the expanding LRT system. This plan was submitted to comply with the call for the strategic review of the operations and organizations of the Executive branch including the GOCCs or rationalizing and improving service delivery in October 2004.

In the past, the vision of LRTA was to be an "institution in the field of mass transit system and be in continuous pursuit of excellence in the provision of safe, reliable, efficient and effective mass rail transit services for optimum customer's satisfaction." With the existence of another mass transit system (MRT) and the operation of LRT Line 2, the vision was changed to a "sustainable "seamless" mass transit system integrated and complementary with other transport modes." So far, this vision is not yet posted in public places.

2. **Change Strategy**

LRTA Strategic Policy Direction is guided by the present political administration's 10 point agenda to ensure efficiency of service delivery. With adequate resources, the plans and programs of LRTA will be attained with the most practicable and organized strategies and processes/mechanisms. The personnel will be highly motivated in performing their jobs and the supervisors with accountability function will no longer be in dilemma as to their status of seniority vis-a vis with the regular employees and their appointment since they will be given plantilla items.

3. **Commitment of Different Stakeholders-** When the restructuring plan is approved, it is expected to be supported by DBM and CSC as it was deliberately reviewed by them. Those who prepared the restructuring plan is committed with the proposed changes because careful study of the manpower requirements was done and each of the organizational level was consulted.

With regard to the expansion program of LRTA, feasibility studies are being done. At present, a consultant is preparing the commercial business plan for some of the non-performing assets.

4. **Capacity and Leadership-** The Administrator is considered the change sponsor who will lead change in cooperation with the Office of Administrative Services since it will be responsible in the selection and recruitment of personnel. Since the staff are well-trained in their field of work, there is effective leadership to manage change especially in the technical aspect of work. The average year of service of both contractual (technical and those holding accountable positions) and regular employees is more than five years.

5. **Culture**

- *Performance Culture-* LRTA management focuses on service performance while preparing the plan. In recommending additional positions, the nature of activities, work loads and accountability of functions were taken into consideration. The result of performance evaluation of employees were utilized to determine problems in work performance.
- *Team Culture-* All levels of the organization were represented in determining the manpower requirements of each functions and operations. Each member of the Task Force was able to interact with senior managers and they were open in their comments without fear of retaliation.
- *Positive Culture -* Even though there is demoralization among the regular employees because of the limited positions for career opportunities, the employees are open to change and are willing to venture to new strategies and approaches. There is no problem of information dissemination and transparency of operations. The supervising staff function in accordance with their work targets and are accountable for what their position requires them to do.

There was no problem encountered when the plan was being prepared. In the case of the clients/ customers, there was no feedback (information dissemination) mechanism developed by LRTA for them to express their problems on service delivery. The public is not informed of developments in the LRTA.

D. Governance Practices

1. **Participation of Different Stakeholders-** The different stakeholders of LRTA are the management, employees, private agency doing business with them and the clients/customers. When the restructuring program of LRTA was being prepared, the management and the employees both regular and contractual were actively involved in its planning and development. However, little involvement was given to other stakeholders. There was no survey made to get the opinions and comments of other stakeholders as to the level of satisfaction and the reasons for dissatisfaction except the comments made through hotlines and e-mail.
2. **Transparency of Data to Stakeholders-** Data needed to come up with the restructuring plan was made available by all departments, divisions and other personnel involved in the process. There was even a validation of the recommendations made by the Task Force.
3. **Accountability of Results-** The Board of Directors being the approving authority was involved in the deliberation of the recommendations with the Task Force. At the DOTC level, a meeting was held to present the proposal to DBM.
4. **Predictability of Outcomes on Service Delivery-** With the requirement of DBM to prepare a Five-Year Business Plan to determine the needed structure for LRTA and financial viability of its operations, the outcome on service delivery will be positive because careful study was done.

E. Perceived Implementation Issues and Challenges on the Restructuring/Rationalization Program

With a realistic business plan, there would be less problem expected to be encountered regarding availability and utilization of resources, thus, the goals and objectives of LRTA will be met.

F. Lessons Learned

1. As GOCC- It is difficult to rationalize the existence of LRTA following government policies and guidelines of service delivery since it is different from a regular agency with social objectives and a profit orientation to maintain, operate and upgrade the systems. The LRTA is one of the most politicized agency without much professionalism in the area of business especially in its transportation fare system.
2. As Attached Agency of DOTC- The transportation policies related to LRTA operations are clear, however, there are doubts as to whether the general thrusts of LRTA are aligned with the transport sector.
3. As Management- When determining the manpower complement appropriate to LRTA functions, the difficulty to terminate any employee whose position is unnecessary was taken into account. Therefore, it was decided that only accountable positions be regularized. Also once LRTA becomes a regulatory GOCC like the Metropolitan Waterworks and Sewerage System (MWSS), a lot of positions will be unnecessary, thus it is better to have contractual employees.
4. As Employees- Though it is demoralizing to employees especially those serving LRTA for a long period of time to remain contractual, LRTA management was transparent with its restructuring plan. However, there is still hope for them to be given a permanent item once the plan is approved.
5. As Clients/Customers - It is clear that the proposed plans were not properly communicated to clients/customers as a continuing improvement attempt for a better service delivery. However, with the vision for better service delivery, though the clients/customers are not aware of possible structural changes, LRTA management assures them that the proposed changes will bring about better services and economic development to the country.

E. Next Steps

The proposed Restructuring/Rationalization Program of LRTA includes is the implementation plan with the following areas of concerns:

1. Personnel Matters

- *Appointment of Present Personnel-* Those holding permanent appointments will be given preference for new positions in the new staffing pattern.
- *Hiring of Personnel-* No new employee will be hired or appointed until all present employees are taken in.
- *Declared Vacant Position-* Once a permanent employee is promoted to higher post, the remaining position will be declared vacant.
- *Qualification Standard-* All newly approved plantilla item will follow the qualification standard.
- *Creation of a Placement Committee-* Will take charge of selection of personnel.
- *Coordination with Civil Service Commission-* LRTA will coordinate with CSC to conduct a Seminar on CSC Policies and Guidelines in connection with the restructuring of LRTA. Employees with no civil service eligibility will be required to take an exam.

2. Commercial Development

- Improve infrastructure facilities and fast track property-commercial development activities.
- Procure and execute contracts for concession rights for commercial advertising on all structural areas and spaces.
- Generate new businesses.

References:

1. Materials

E.O. 603 dated July 12, 1080

E.O. 830 dated September 1982.

DBM Restructuring Plan dated 2 January 2006

2. Interviews

DBM

Mr. Larry Drapete, 15 September 2006

LRTA

Ms. Divina J. Guison, 1 September 2006

Atty. Elmo Stephen P. Triste, 26 September 2006

Interviews with some tellers and one of their coordinators, drivers, public relations employees with regard to governance practices.

COMMISSION ON HIGHER EDUCATION

Juvy Lizette M. Gervacio

Commission on Higher Education (CHED)

A. Organizational Context

1. *Mandate and key functions*

The Commission on Higher Education (CHED) was established on May 18, 1994 through Republic Act 7722 or the Higher Education Act of 1994. It serves as the governing body covering both public and private higher education institutions as well as degree-granting programs in all tertiary educational institutions in the Philippines. (<http://www.ched.gov.ph/aboutus/index.html>)

CHED is mandated to undertake the following tasks:

- promote quality education
- take appropriate steps to ensure that education shall be accessible to all
- ensure and protect academic freedom for the continuing intellectual growth, the advancement of learning and research, the development of responsible and effective leadership, the education of high level professionals, and the enrichment of historical and cultural heritage. (<http://www.ched.gov.ph/aboutus/index.html>)

2. *Structure and Component Units*

Figure 1 shows the organizational chart of the CHED. The Commission *en banc* is in charge of formulating plans, policies and strategies relating to higher education and the operation of the CHED.

Under the Office of the Chairman is the Office of the Executive Director. This office heads the CHED secretariat and implements the plans and policies of the Commission. It oversees the over-all implementation of policies, programs, projects and activities of the different offices, namely: Office of Programs and Standards (OSS); Office of Policy, Planning, Research and Information (OPPRI); Office of Student Services (OSS); International Affairs Service (IAS); Legal Affairs Service (LAS); Administrative Service (AS); Finance Service (FS); and Regional Offices. It coordinates with the HEDF Secretariat in the utilization of HEDF funds for the efficient implementation of CHED programs and projects. (http://www.ched.gov.ph/aboutus/org_structure.html)

The functions of the different offices are as follows: (http://www.ched.gov.ph/aboutus/org_structure.html, October 30, 2006.)

Office of the Chairman and Commissioners (OCC). The Commission acts collegial body in formulating plans, policies and strategies relating to higher education and in deciding important matters and problems regarding the operation of the CHED. It is composed of five full-time members, the chairman and four commissioners, each having a term of office of four years.

Executive Office (EO): It oversees the overall implementation of policies, programs, projects and activities of the different offices. Moreover, it coordinates with the HEDF Secretariat in the utilization of HEDF funds for the efficient implementation of CHED programs and projects.

Program Committee. It serves as a forum for consensus building and review of policy formulations proposed by the different offices prior to endorsement to the Commission en banc.

Office of Programs and Standards (OPS). It is tasked to assist in formulating academic development plans, policies, standards and guidelines for higher education programs, including alternative learning systems such as open learning and distance education; develop criteria and instruments in monitoring and evaluating the enforcement of Policies, Standards and Guidelines (PSGs) by the CHED Regional Offices; assist in formulating the criteria for selecting Centers of Excellence (COEs) and Centers of Development (CODs) in various academic programs and in developing the tools for evaluating the impact of COEs and CODs vis-a-vis students, community and country.

Office of Policy, Planning, Research and Information (OPPRI) . It is tasked to assist in the development of sector-wide policies, plans, and programs and formulate/implement projects to improve the sub-sector; gather, process and analyze higher education data/information; conduct activities needed for policy/decision making, planning, project development and implementation; and package and disseminate higher education data/information and research outputs.

Office of Student Services (OSS). It is tasked to develop, recommend, monitor and evaluate the implementation of policies, systems, procedures and programs on matters pertaining to the various student services in higher education institutions.

International Affairs Service (IAS). The IAS is tasked to help promote Philippine higher education abroad for international recognition. It works in concert with all offices of CHED.

Administrative Committee. It as a forum for consensus building and review of action plans, programs and services proposed by the Legal Affairs Service, Administrative Service and Finance Service prior to endorsement to the Commission en banc.

Legal Affairs Service (LAS). It renders efficient and competent legal services to the CHED and its constituents upon being provided sufficient staff, facilities and resources, by rendering rulings, opinions and other legal actions on matters concerning the implementation of R.A. 8272, R.A. 7279 and other relevant education laws, CHED memoranda, orders and guidelines, and the preparation, examination and implementation of its programs, systems and procedures, as well as issues and concerns affecting the rights and obligations of the various sectors of the educational community.

Administrative Service (AS). It is tasked to develop and maintain the personnel program that includes recruitment, selection and appointment, performance evaluation, employee relations and welfare services, leave administration and other personnel benefits; plan and develop training program; records management services, cash management, reproduction, messengerial and other related services.

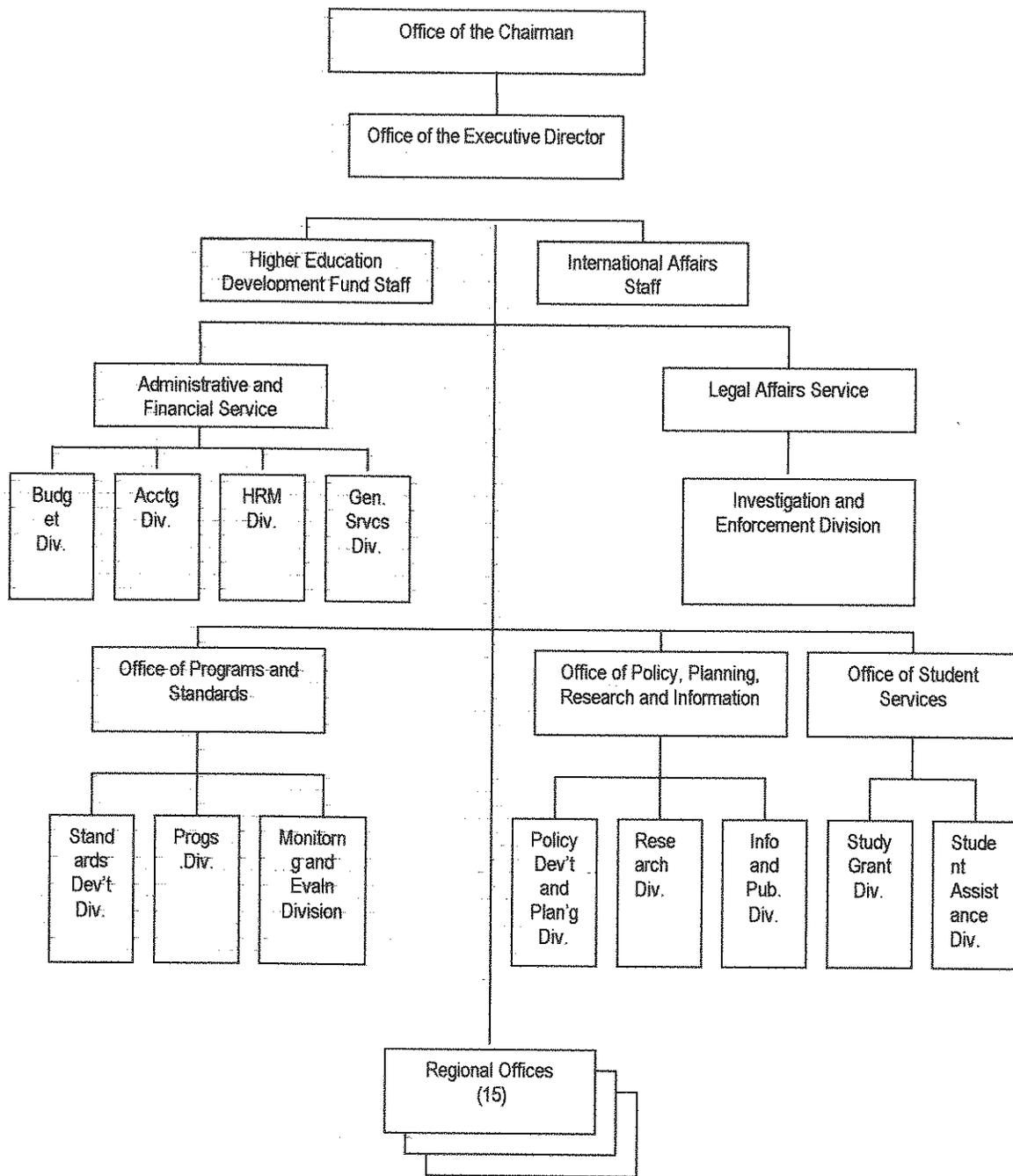
Finance Service (FS). It is tasked to prepare the budget proposal; keeps record of all financial transactions of the CHED, perform pre-audit functions on all disbursements and review and consolidates financial statements of CSIs and render quarterly consolidated financial reports.

Higher Education Development Fund Secretariat (HEDF). It is tasked to mobilize funds for the strengthening of higher education in the entire country and monitor the implementation of programs and projects to ensure achievement of objectives within the allocated budgets.

Regional Offices (ROs). These offices serve as the frontline offices or the implementing units of the CHED in the different regions of the country. They carry out the CHED's thrusts, programs, and policies at the regional level and serve as centers or focal points where all concerns, issues, programs and projects of higher education institutions are facilitated.

Technical Panels (TPs). They serve as advisory and consultative bodies to the Commission composed of academicians, practitioners, representatives of professional organizations and appropriate government agencies. Technical Panels have been created for the following disciplines.

Figure 1. CHED Organizational Chart
As of January 1, 2006



Source: CHED, October 2006.

3. *Systems and Procedures*

The CHED is responsible for formulating and implementing policies, plans and programs for the development and efficient operation of the system of higher education in the country. At present, there are a total of 1647 higher education institutions. About 1,465 or 89% of these are private institutions, while the rest or 11% are classified as public institutions. (<http://www.ched.gov.ph/hes/index.html>, 30 October 2006.)

Private Higher Education Institutions. Private higher education institutions are established under the Corporation Code and are governed by special laws and general provisions of this Code. Generally, private higher education institutions (PHEIs) are covered by the policies, standards and guidelines (PSGs) set by the Commission on Higher Education in terms of program offerings, curriculum, administration and faculty academic qualifications, among others. The heads of PHEIs usually manage its internal organization and implement the PSGs formulated by the CHED. A total of 79 PHEIs were granted autonomy or deregulated status by CHED in recognition of their committed service through quality education, research, and extension work (CMO No. 32, s. 2001, CMO No. 21, s. 2003, CMO No. 21, s. 2004) (<http://www.ched.gov.ph/hes/index.html>, 30 October 2006.)

Public Higher Education Institutions. The State Universities and Colleges (SUCs) are chartered public higher education institutions established by law, administered and financially subsidized by the government. The Local Universities and Colleges (LUCs) are those established by the local government through resolutions or ordinances. LUCs are financially supported by the local government concerned.

The SUCs have their own charters. The board of regents for state universities and a board of trustees for state colleges maintain the formulation and approval of policies, rules and standards in SUCs. The Chairman of the CHED heads these boards. However, CHED Order No. 31 series of 2001 of the Commission en banc has also authorized the CHED Commissioners to head the board of trustees or board of regents of SUCs. Implementation of policies and management are vested on the president, staff, and support units of the public higher education institutions. (<http://www.ched.gov.ph/hes/index.html>, 30 October 2006.)

4. Human Resources

The CHED has a total of 609 authorized positions but only 448 or 73.5% of these are filled up. The Central office has a total of 258 authorized positions with only 128 or almost half (49.6%) are filled up. On the other hand, the CHED Regional Offices have 351 authorize positions with 320 positions filled up or 91.2%. At present, the ratio of its technical staff to administrative staff is 55:45.

5. Performance Issues and Challenges

CHED is a small agency that is performing a huge task. It has not increased its staff despite that the number of higher education institutions that needs to be supervised has increased in the recent years.

Although there is no change in its mandate through the years, the agency needs to be strengthened, especially its regulatory functions. Its legal department should be given more teeth since there are more institutions now to be regulated.

One of the major challenges is politics. There were instances when schools have made violations and were reprimanded by CHED, but it often turns out that the board of trustees or stakeholders of the concerned schools are influential and powerful persons. With a weak legal department, cases are more difficult to handle.

In addition, Executive Order 566 was issued on September 08, 2006 which provides CHED with additional task to "regulate the establishment and operation of review centers and similar entities." With this additional function, CHED would need additional personnel to undertake these additional tasks.

B. Description of the reform initiative

1. Rationale for reforms

In line with the rationalization program, the reform was instituted by CHED primarily to comply with the requirements of the program. They formulated their plan with the aim of strengthening its capacity to deliver services effectively and efficiently.

2. Progress of reform initiatives (accomplishments)

As of the interview date, CHED has already submitted its rationalization plan. Unfortunately, the plan has been returned for revision. There were only eight

clerical positions which were proposed to be rationalized and these are even vacant positions. CHED is having difficulty on how to reduce the number of positions. CMT based its plan on the perceived needs of offices. When it was presented, the DBM and CSC also had different perspectives regarding the plan.

The following were the comments made by the DBM and CSC on CHED's Rationalization Program.

1. CHED should decentralize its functions.
2. There should be an increase in the number of its technical staff compared to its administrative staff. At present, the ratio of its technical staff to administrative staff is 55:45. Ideally, it is recommended that they should maintain a ratio of 70:30.
3. There should be a strategic planning before CHED could come out with its rationalization plan.
4. There should be a delineation in the functions of the Commissioner and the Executive Officer.
5. The rationalization plan should be within the approved filled up position.

The CMT has complied with all the comments and have submitted its draft rationalization plan to the Board. However, due to the issuance of EO 566, they will retrieve the plan from the Board in order to consider the new task in the plan.

3. Rationalization plan and change management strategy/practices

a) Change vision

The CHED envisions that with the rationalization plan, it will be able to deliver services more efficiently and effectively. It also emphasized the importance of education, hence CHED wants to be more capable in performing its mandate and tasks. CHED has four thrusts:

Efficiency and Effectiveness. This refers to the optimization of social, institutional and individual returns and benefits derived from the utilization of higher education resource.

Quality and Excellence. This refers to the provision of undergraduate and graduate education competitive with international standards of quality and excellence

Relevance and Responsiveness. This refers to the generation and diffusion of knowledge in the broader range of disciplines relevant and responsive to the dynamically changing and international environment.

Access and Equity. This refers to the broadening access of deserving and qualified Filipinos to higher education opportunities.

b) Change strategy

A survey was first conducted in the Commission of who among its staff wanted to retire. When the results came in, there were only a few who signified that they wanted to avail of early retirement. Unfortunately, those who were interested to retire are occupying positions that are not redundant.

As a follow-up, CHED invited a resource speaker from the DBM to present and discuss the rationalization program and the retirement package that was available to those whose positions will be considered redundant. There were two orientation programs that were conducted. Unfortunately, they were not fully attended. A Memorandum was also issued to the different offices hoping that this will be echoed to their staff.

The CMT reviewed the CHED mandate and the performance of its staff. They found out that although there was no change in its mandate, the scope of work is wider because the number of higher education institutions that needs to be regulated has been increasing in recent years.

c. Commitment

The Change Management Team was formulated according to guidelines of the Rationalization Program. It is composed of the following members:

Dr. Carlito S. Puno – Chairman
Dr. William C. Medrano – Co-Chairman
Dr. Amelia A. Biglete – member
Dr. Felizardo Francisco – member
Ms. Apolonia R. Vivo – Secretariat
Mr. Alvin Laurep – Secretariat , HRMD
Engr. Ronaldo Liveta – CHEDEA Representative

CMT conducted several meetings. In terms of resources, the CMT was able to spend about 180,000 pesos for 2005 just for the formulation of the rationalization program.

d. Capacity and leadership

The CMT staff did not participate in any of the seminars conducted by the DBM on the rationalization program. There was also no thorough discussion within the Employees Union since its representatives are also new. There seems to be a lack of discussion on the Implementing Rules and Regulations of the

rationalization program in the organization. This can be attributed to the negative impression on the Rationalization Program that people will be losing their jobs. Further, the orientation program was not fully attended by the staff.

e. Culture

The members of the Employees' Union did not agree with the rationalization program. This is one of the reasons why a speaker from the DBM came to explain. At the moment, people have a "wait and see" attitude. They are also concerned if there will be enough money to pay for all the benefits of those who will be affected by the rationalization program. Unfortunately, they also get news from some DBM staff that there is no money to finance the program, hence, it only adds to their negative impression on the program.

f. Governance practices

Transparency. Members of the CMT tried to be transparent by conducting meetings and informing the heads of the different offices about the program. However, they also admitted that there was no assurance that they were able to inform their staff about the rationalization program. They have also asked resource persons from the DBM in order to discuss the program. Unfortunately, very few of the staff attended.

The program was also discussed during the flag raising ceremonies.

Participation. The CMT has members representing the Employees' Union. There were two orientation programs but were not fully attended by the staff. They did not A memorandum was also issued to the head of offices but the CMT members do not have an idea if the information was disseminated to their staff.

Accountability. The members of the CMT are accountable to their decisions. They have presented their plan to the DBM and CSC with the support of the Chairman.

Predictability. There were changes in the representatives of the employees' association, hence, there was no in-depth discussion about the rationalization program in the organization. There was also no assurance if there was money from the government to be able to finance those who are occupying redundant positions..

g. Implementation issue and challenges

Several issues were identified regarding the implementation of the rationalization program

Financial assurance. According to the Employees' Association representative, they are against the rationalization program even if the benefits for the retiree is

good. The prices of commodities are getting higher and even some DBM employees themselves claim that there is no money to support the program.

DBM and CSC seems not be reconciled in their own criteria. The Rationalization Program is a hidden effort to streamline the bureaucracy. Reduction in the number of employees has been the primary consideration. DBM always emphasized on how many people need to be taken out, and it does not take into consideration that the agency should be strengthened.

Recommendation of the CMT is not followed. It is not clear why the recommendation of the CMT is not followed.

h. Lessons learned

The following are the lessons learned from the reform:

1. The funding for the program should be clear in order to assure the affected employees that the benefits will be give to them.
2. There staff should be encouraged to attend the orientation about the rationalization program. The agency should be properly guided on the rationalization program.
3. It was suggested that it is better to have an external body to conduct the rationalization plan in order to prevent biases in the organization.

i. Next steps

The CMT has already submitted its revised rationalization plan to the Board. They did all the suggestions that were provided to them by DBM and CC. However, with the issuance of the EO 350, the CMT is planning to take the plan and revise it accordingly.

References:

CHED Rationalization Plan, 2006.

Interviews:

Dr. William Medrano
Executive Director
Co-Chair – CMT

Ms. Luisa S. Valencia
Director II, CMT member

Ms, Cynthia Q. Hernandez
Senior Education Program Specialist, CHEDEA
Mr, Eulando A. Lontoc
Special Invetigator III, CHEDEA

Ms. Apolonia R. Vivo
OIC-Chief, HRMD, CMT Secretariat

TECHNOLOGY AND LIVELIHOOD RESOURCE CENTER

Juvy Lizette M. Gervacio

Technology and Livelihood Resource Center (TLRC)

A. Organizational Context

1. *Mandate and key functions*

The Technology and Livelihood Resource Center (TLRC) was established in 1977 as a result of the 1976 International Conference on the Survival of Humankind hosted by the Philippines. During that Conference, it was determined that technology should play a bigger role in the economic development of the ordinary citizen. (TLRC Factsheet, 2006).

Under Presidential Decree 1097, the government mandated the TLRC to make technology easily accessible to the poor and readily applicable for business use. The mission of TLRC is "to spearhead enterprise development and the creation of livelihood opportunities through an integrated approach covering the promotion and utilization of resources and technology breakthroughs." (TLRC, 2006)

With the approval of its rationalization plan, the TLRC focuses its operations into two functions, namely: a) technology and livelihood promotion and information dissemination and b) technology sourcing, assessment, utilization and commercialization.) (TLRC, 2006).

2. *Structure and Component Units*

The TLRC used to be program based with eight functional groups. After the rationalization plan has been implemented, the Center's organizational structure is now composed of three groups. The two main groups are: a) Technology Utilization and Commercialization Services (TUCS) and b) Technology and Livelihood Information Dissemination Services (TLIDS). The third group functions as administrative support which is the Corporate Support services (CSS). Figure 1 shows the organizational structure of the TLRC.

The new structure include the following features:

- Creation of a Deputy Director-General Position
- Shift from program-based to a functional structure
- Shift a top-heavy to a lean and mean organization with more professional and technical personnel
- Organization of only two operating groups from the original six groups
- Consolidation of all support services under one support group (TLRC Rationalization Plan, 2005).

The functions of the different unit as follows; (TLRC Rationalization Plan, 2005).

Board of Trustees. It is responsible for the governance and policy direction of the Center and has direct supervision on the Internal Audit Office.

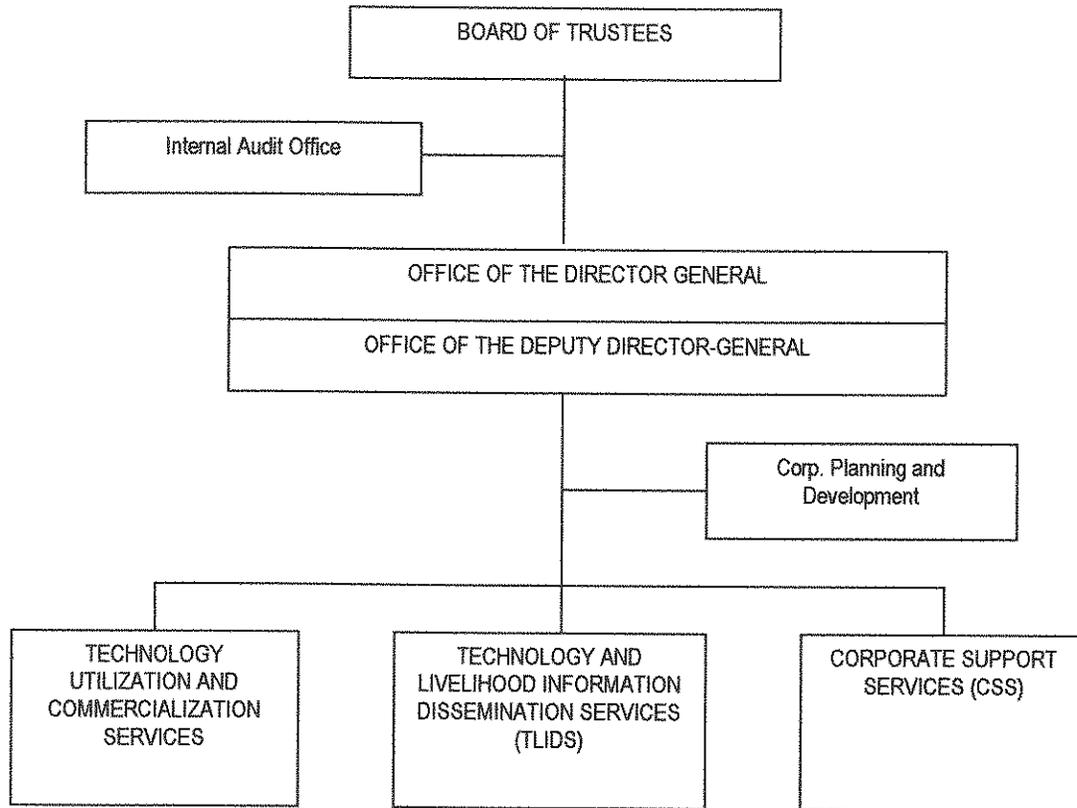
Office of the Director-General. The office is responsible for the overall operations and administration of the Center as well as executes and administer policies and guidelines approved by the Board of Trustees. It also manages the TLRC's programs and projects and supervises the Corporate Planning and Development Office.

Technology Utilization and Commercialization Services Group. This group is responsible for the formulation of TLRC's Technology Agenda.

Technology and Livelihood Information Dissemination Services Group. This group is responsible for the dissemination of technology and livelihood information through multi-media packages that enhances urban and rural socioeconomic and livelihood development.

Corporate Support Services Group. This group is responsible for overall planning, controlling, directing, coordinating and supervising the delivery of support services of the Center.

Figure 1.
TLRC Organizational Chart



Source: TLRC, 2006.

3. Systems and Procedures

The TLRC provide Hands-on livelihood training programs in cooperation with private business partners and institutions that include regular courses and institutional courses. It also conducts capability building programs in various depressed and displaced urban communities at minimal or no cost.

The TLRC also have multi-media programs that include the TLRC Website and electronic library, TV talk show (Negosyo atbp), video courses, and, technovans, among others.

The local government executives are also tapped as partners in the establishment of their own fully operational mini-TLRC in order to push for local socioeconomic development at the municipal, city and provincial levels.

It also manages Technology Centers located in selected areas in the provinces. These were established to attract foreign and local investors to stimulate economic activities and provide employment in the communities.

4. *Human Resources*

The TLRC has a total of 161 plantilla positions wherein 92 of these are occupied. Prior to the rationalization program, TLRC had 399 positions and 300 of these were occupied. Hence, there was a 70% reduction in the human resources complement of TLRC.

5. *Performance Issues and Challenges*

The TLRC started to rationalize its operations since 2003 when the Department of Budget and Management listed it as one of the government's losing corporations. The challenge now lies on how it will be able to reverse its fiscal position.

So far, it has already generated an annual savings of P55M from salary expenses. This is in addition to the P123.4 million that is saved from office rentals. Additional savings of P4,569,180.00 is also expected after their movement to their new office.

At present, the TLRC is assessing the potential of its existing human resource. There is also a plan for retraining the staff in order to address the challenges of the new structure and mandate. TLRC is planning to conduct an assessment and planning session by December 2006.

B. *Description of the reform initiative*

1. *Rationale for reforms*

As early as 2003, the TLRC started studying how to rationalize its operations after the Department of Budget and Management listed it as one of the government's losing corporations. (TLRC, 2006). Hence, it came up with an organizational study and look for ways to prevent its losing position.

In line with the rationalization program, TLRC has the following objectives:

- To find TLRC's niche in the global setting

- To focus on the core mandate of TLRC
- To remove duplication and redundancies as well as keep it from competing with the private sector
- To streamline the organization and reduce it to the appropriate size
- To cut costs and achieve corporate viability
- To increase income and assure financial independence of TLRC. (TLRC Rationalization Plan, 2005).

2. *Progress of reform initiatives (accomplishments)*

TLRC is the first government agency to comply with the rationalization program. At present, TLRC has 92 plantilla positions and they are allowed 161. From eight managers, they were able to reduce it to three managers.

3. *Rationalization plan and change management strategy/practices*

a) Change vision

On December 8-10, 2005, the officers and staff of TLRC participated in a strategic planning conference to agree on the manner on which the rationalization program will be implemented in the Center. There was a consensus that they wanted TLRC to recover from its deficits in the last eight years and earn positive income starting 2006. (TLRC Factsheet, 2006).

In able to carry out its functions, TLRC pursued the following policy directions.

1. Abolition of lending functions
2. Integration of programs, project teams and special task force with regular workforce.
3. Regularization of special restricted funds as maybe allowed by existing rules and policies
4. Implementation of anti-poverty programs to be carried out only when social development funds are available for the purpose. (TLRC Rationalization Plan, 2005)

b) Change strategy

An organizational development study was conducted in 2004 to look for ways on how to stop the "bleeding" of the organization. Initially, there was an Organizational Development Committee (ODC) that was created to implement the study. This led to the reduction of the total manpower complement by 50 contractual positions.

When the Executive Order No. 366 and its Implementing Rules and Regulations and Memorandum No. 190, s. 2005 were issued, the ODC was later on transformed into a Change Management Team (CMT) with the following members:

- Deputy Director General
- Human Resources Development Head
- Corporate Planning Head
- Three (3) Group Managers
- Employees Association Representative
- Executive Assistant

The Center shifted from a program based structure to a functional one. It decided to discard functions and services that overlaps with similar functions or services that has been more effectively enforced by other government agencies. From eight functional groups, the Center's organizational structure is now down to just three groups; the main groups each focuses on the two core functions, while the third group functions as administrative support.

The CMT reviewed their mandates, functions and organizational structure. They clustered groups that have related functions. The performance rating served as the basis for ranking and choosing who will occupy the position. In addition, the potential of the personnel to take on additional tasks was also considered.

The process for the retirees was also made easier. They created a one-stop shop facility and lessened the number of stages in clearance from 15 to 8.

TLRC also packaged a livelihood program for its retirees. Each of them was entitled to a two-session livelihood course and P10,000 cash to serve as initial capital for their own business.

c) Commitment

Commitment was present from the Government and TLRC. Even before the EO came out, a series of meetings were already organized by the Department of Budget and Management providing orientation about the Rationalization program, Communication skills as well as coaching skills to the members of the CMTs.

On the part of the TLRC, the CMT, headed by the Deputy Director General, held regular meetings and disseminated accurate information to the staff. There was no special budget for the Committee but they continued to work in order to save the organization.

When the EO was approved, there was a conference held in Malacanan Palace together with President Gloria Macapagal Arroyo herself. The rationalization plan of the TLRC was also submitted and approved immediately.

d) Capacity and leadership

The rationalization plan was supported by the DBM and they held a meeting every month since the EO came out in order to improve the capacity of the CMT to implement the rationalization program. There were top level meetings as well as staff level meetings.

Moreover, the members of the CMT were able to attend the orientation program on the Rationalization Program, Communication Skills and Coaching skills which enabled them to do their task effectively.

There was no special budget for the CMT. With the Deputy Director General serving as head of the CMT, the members of the team worked together and discussed all the issues and concerns about the rationalization program. There was no special budget for the team. Their work was considered as part of their functions.

e) Culture

The initial reactions about the program are: 1) Was the program real? 2) Will there be money to finance those who will be affected? and 3) Will the Government Service Insurance System (GSIS) be able to pay the affected personnel?

In general, the personnel and staff of TLRC welcomed the rationalization program. This reaction is based on their speculation that the Center will soon be abolished if it continues to perform poorly and continues to be a losing government corporation. However, the staff had reservations if the government has enough money to provide all the benefits that were stipulated in the program.

In response, the CMT made sure that all questions of the affected personnel were answered truthfully and consistently. The members of the CMT issued consistent statements in order not to confuse the staff further.

In the end, the future of the organization was taken into consideration. It is either TLRC rationalize or they could be abolished at some point in time, considering that they are a losing government corporation.

4. Governance practices

Transparency. The CMT was transparent in providing information about the program. General Assemblies were held. They also held Town Hall

Discussions. Issues were raised and clarified during the weekly Flag raising ceremony. Discussions were also held even in shuttle buses in order to respond to the problems and questions regarding rationalization.

Participation. The CMT made sure that a representative of the Employee's Union is part of the CMT. They also provided several venues where people could participate in the discussion of the issues and concerns regarding rationalization.

Accountability. The CMT was accountable for all its decisions. If ever they needed some advice, they would seek the help of DBM and CSC in order to clarify the issues that were not clear to them. This helped them in their task as CMT members.

Predictability. The members of the CMT also acted and responded consistently in order to avoid confusion. Any personnel who wanted to ask something about the rationalization program was free to approach any member of the CMT for clarification.

5. Implementation issue and challenges

Several issues were identified regarding the implementation of the rationalization program.

Uncertainty. The employees were not certain if the rationalization plan was real. One of the main questions was regarding financial benefits. The fear of the affected employees lies on the capacity of the government to finance those who will be affected.

Benefits/GSIS computation. The Government Service Insurance System took three months to process all the benefits of the affected personnel. The long wait has brought more uncertainty to the employees.

Support System. It was important to provide the necessary support to the affected employees. Hence, it was very important for the CMT to sit down together and be consistent with their answers. All queries and doubts were answered consistently by the members of the team.

Strengthening of the new TLRC. The TLRC rationalization plan indicated that they need technical positions to complement their existing staff. However, the plantilla positions that were recently approved by the DBM were entry-level positions which they already got rid of. TLRC would prefer to hire experts and technical personnel.

6. Lessons learned

The main lesson in implementing a rationalization plan is to keep the communication lines open in order to minimize fears and gossips among the affected personnel. It is also important to use informal groups and even shuttle buses for information dissemination.

The GSIS should also hasten its operations. The delays caused anxiety among the affected personnel.

7. Next steps

The TLRC has already implemented its rationalization plan and their next step is to strengthen their own capabilities in order to adjust to its functions. A planning session is on the way in order to determine the needs of the organization.

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Interviews:

Dennis L. Cunanan
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Technology and Livelihood Resource Center

Napoleon J. Domingo, Jr.
Department Manager
Technology and Livelihood Resource Center

Hernani S. Yap
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Human Resource Management Division
Technology and Livelihood Resource Center

DEVELOPMENT ACADEMY OF THE PHILIPPINES

Juvy Lizette M. Gervacio

Development Academy of the Philippines

A. Organizational Context

1. *Mandate and key functions*

The Development Academy of the Philippines was established in June 1973 to assist in the country's development efforts as a change catalyst and as an individual and institutional capacity-builder for government, civil society and the business sector. It assists in shaping new government policies, crafting innovative development programs, and modernizing the management of government agencies and private enterprises. (<http://www.dap.edu.ph/October 30 , 2006.>)

As change catalyst, DAP continues to be the off "think tank" of government. Its greatest achievement can be gleaned from all the new ideas that have been adopted in government whether they be programs, policies, or new technologies. (<http://www.dap.edu.ph/October 30 , 2006.>) As a development catalyst, it continues to nurture technologies and helps government manage development knowledge. (DAP, 2006).

As capacity-builder, DAP has also enabled people and institutions, especially those in public and community service, to carry out their tasks effectively.

Since 1973, DAP has been serving the role of the National Productivity Organization (NPO). As NPO, DAP fulfills the country's commitment to the Asian Productivity Organization (APO) in promoting productivity in the Philippines. It spearheads the development of productivity consciousness and promotes the principles, techniques, and practice of productivity and quality in key sectors of the economy. (<http://www.dap.edu.ph/October 30 , 2006.>)

The APO, of which the Philippines is a founding member, is an intergovernmental agency dedicated to the promotion of productivity improvement to accelerate economic growth of member countries through mutual cooperation.

2. *Structure and Component Units*

Figure 1 shows the organizational structure and component units of DAP. The governance and policy direction of the Academy is vested in, and its powers exercised by, a Board of Trustees, which is composed of eleven members representing the following:

- Civil Service Commission
- Department of Agrarian Reform
- Department of Agriculture

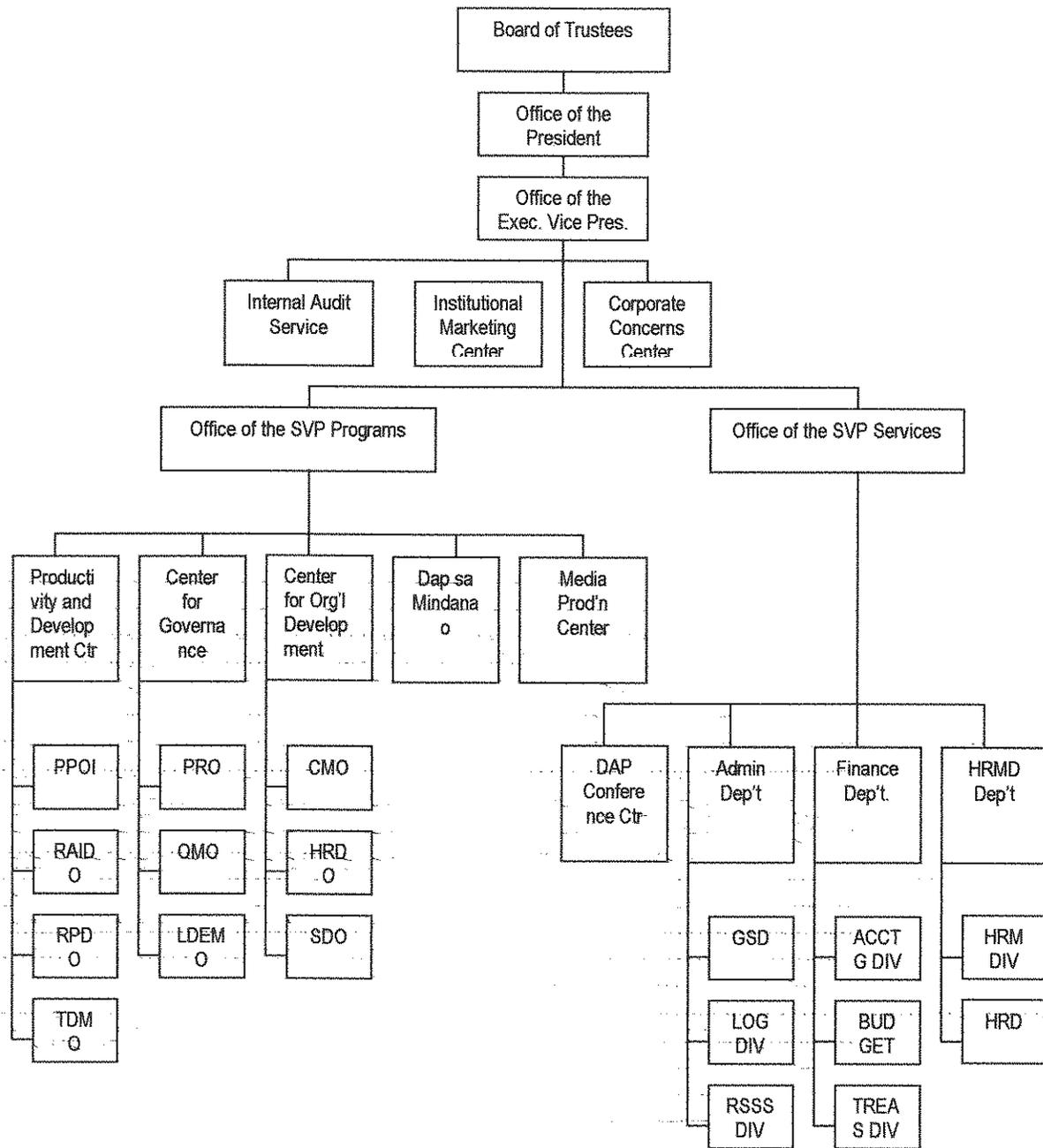
- Department of Budget and Management
- Department of Education
- Department of Environment and Natural Resources
- Department of Finance
- Department of Health
- National Economic and Development Authority
- Office of the President (<http://www.dap.edu.ph> , October 30, 2006).

Office of the President. The office directs and supervises the operations and internal administration of the Academy. It also delegates administrative responsibilities in accordance with the rules and regulations of the Academy.

There is an Executive Vice President and two Senior Vice Presidents. An internal Audit Service (IAS) was revived under the Office of the President as approved by the DAP Board on May 1998. There are six Managing Directors, 17 Directors and 10 Managers

The organizational chart of DAP is as follows:

**Figure 1. DAP Organizational Chart
October 2006**



Source: DAP Rationalization Plan, April 2006.

3. *Systems and Procedures*

DAP offers technical assistance to government, civil society and the business sector. It offers training and education, technical assistance, consultancy, research, advocacy, and publications in the areas of governance, productivity and quality, and management.

It implements projects for government, particularly national line agencies, local government units, and government corporations. It also undertakes projects for the private sector such as international donor agencies, private corporations, non-government organizations, and the academe.

It is a self-financing organization. It does not receive any budgetary support from government. It earns through project contracts from the provision of conference center services in its Pasig and Tagaytay facilities.

The Support Business Operation Office generates income from DAP's assets. They have income from Pasig and Tagaytay properties which include rental of conference facilities, canteen and even parking lot.

The project team is the basic organization unit of the Academy. The project manager, who heads the team, is responsible for the overall planning and execution of a project. (<http://www.dap.edu.ph/index.php>).

4. *Human Resources*

DAP has undergone several changes in its human resources through the years. At present, it has 280 positions with only 45 or 16% of these are considered as permanent positions. Most of the staff are occupying junior positions with 214 or 76%, compared to only 66 senior positions. In their proposed structure, DAP is aiming to reduce its personnel from 280 to 240. It also proposed to streamline 49 co-terminus positions but add more permanent positions. They also aim to add more senior staff and lessen junior staff.

From 2003-2004, DAP has already rationalized some of its positions. Even before the EO came out, there were about 116 people who signified that they want to retire. At present, there are only about 64 people who are interested to retire.

Table 1. DAP Human Resources Profile

Measures	Plantilla Items	Incumbents EO 1999	Boncodin Structure EO 2003	Proposed Structure
Permanent	244	92	45	54
Co-terminus	696	279	235	186
Total	940	371	280	240
Senior		72	66	95
Junior		299	214	145

Source: DAP Rationalization Program, 2006.

5. Performance Issues and Challenges

There are some challenges that are facing DAP which includes the following:

- Strengthening of the Academy as a premier development institution and the National Productivity Organization;
- Balancing relevance and viability concerns;
- Benchmarking operations with global standards; and
- Addressing challenges in project contracting. (DAP Rationalization Plan, 2006).

B. Description of the reform initiative

1. Rationale for reforms

DAP envisions several of its functions that need to be strengthened:

- Supporting development efforts at the lowest level; supporting government in strengthening institutions and in managing development knowledge.
- Interdisciplinary and policy-oriented research, education, training and publication in the fields of governance and productivity bearing upon development problems of local, national and international significance
- Discharging a regional role in initiating and catalyzing exchange of ideas and expertise on governance and productivity initiatives in Asia and the Pacific. (DAP Rationalization Plan, 2006).

2. Progress of reform initiatives (accomplishments)

DAP is revising its rationalization plan in accordance to the suggestions of the DBM and CSC. The comments on the original rationalization plan were basically financial because there were no more redundant positions.

However, it seems that DBM and CSC do not share the same perspective as regards to the DAPs rationalization plan.

For CSC, the comments have been favorable since DAP will have three tracks, namely: Management, Specialist and Administrative positions. This will match the wage bill that is currently proposed in Congress. However, CSC also claims that there no agency has done such a structure yet, which means that DAP will have a different structure and will not follow the rules. Hence, it is believed that it will be difficult to implement such proposed structure. On the other hand, DBM still follows the index method. It is believed, however, that DBM's comments will be followed.

3. Rationalization plan and change management strategy/practices

a) Change vision

DAP needs to further rationalize functions and positions to achieve:

- Streamlined and flatter structure with only three business groups
- Reduced manpower complement
- Reduced Personnel Services
- More top-level SGs, less top management. (DAP Rationalization Plan, 2006).

b) Change strategy

A Focused Group Discussion was conducted to key personnel and there was a grouping into clusters. They reviewed the thrust of DAP from 1973 to the present. They formed the clusters, namely:

- Governance
- Center for Sustainable Human Development
- Knowledge Management
- Support Business Operations
- Graduate School of Public and Development Management

These various clusters were asked to come up with their goals. The original rationalization plan has become a reference for the CMT.

General assemblies were held also when the EO came out. These were conducted in Pasig, Tagaytay and Mindanao. A memo was also circulated asking the employees who were interested to retire. The Center heads were also given a memo about the EO.

c) Commitment

Commitment to the Rationalization program could be gleaned from the formation of the CMTs. It is composed of representatives from all the Centers, from the Human Resources Office, Council of fellows, and elective representatives from DAP in Mindanao, Pasig and Tagaytay. Unfortunately, most of the members of the CMT are all busy with projects, hence they made provisions to have an alternate.

d) Capacity and leadership

The change in the leadership of DAP has affected the activities of the CMT. The members were also changed. There were no regular meetings that were conducted by the CMT since most of the members have busy schedules and other priorities.

However, when people come and ask the HR office for a computation of their benefits in case they are affected by the plan, they gladly help them. However, one of the major problems is the record of the GSIS. Their records of creditable services are irreconcilable. The records of GSIS for 2004 and 2005 are not reconciled so the people are not assured that the benefits of the rationalization plan will be given.

e) Culture

DAP personnel are open to the possibility of rationalization. However, the fear among those who will be affected is that there might be no money to finance the rationalization plan.

4. Governance practices

Transparency. There were general assemblies that were conducted in Pasig, Tagaytay and Mindanao. A memo was also circulated asking the employees who were interested to retire. The Center heads were also given a memo about the EO.

Participation. Membership in the CMTs was open to Center heads. Representatives from Pasig, Tagaytay and Mindanao as well as their alternates were included in the CMT. A focused group discussion was also conducted in order to review DAP's mandate through the years.

Accountability. There was a change in the leadership of DAP which affected the crafting of the rationalization plan. There were also changes in the members of the CMT. Most of the CMT members are all busy doing projects for DAP. Hence, it was difficult to meet the group in order to discuss the plan.

Predictability. The change in the leadership has slowed down the work of the CMT.

5. Implementation issues and challenges

Several issues and challenges were identified regarding the implementation of the rationalization program.

Uncertainty. The main question is on the capacity of the government to provide the money that is due to those who will be affected. People also wanted to know when will the rationalization plan be implemented. How about those not redundant but would want to avail of the program?

Benefits/GSIS computation. The Government Service Insurance System could not reconcile their records. Hence, it is difficult for the affected personnel to face uncertainty in the computation of their benefits.

Schedules of CMT Members. It is important to provide the necessary support to the affected employees. However, members of the CMT have been changing frequently and they also have very busy schedules causing delay in the meetings.

6. Lessons learned

The main lesson in implementing a rationalization plan is to consider the change of leadership of the organization. The change affected the drafting of the rationalization plan of DAP.

7. Next steps

The members of the CMT will be meeting to finalize the DAP rationalization plan in accordance to the suggestions of DBM and CSC.

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