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PRESCRIBING THE GUIDELINES AND PROCEDURES FOR THE IMPLEMENTATION OF MEMORANDUM ORDER NO. 27

The following guidelines and procedures are issued to clarify the provisions of Memorandum Order No. 27, dated 14 August 1992 which mandates the streamlining of agency operations and organizations:

PART I Objectives

1. To provide agencies with information on existing laws, rules and regulations governing the various aspects of the implementation of Memorandum Order No. 2; as well as guidelines on the institutional processes involved.
2. To present the options and parameters available within existing laws, rules and regulations, for the rationalization, refocusing, and improvement of agency functions, projects and activities, structure, staffing pattern, and, budgetary allocations.
3. To ensure uniformity and consistency in the interpretation and application of the provisions of Memorandum Order No. 27.

PART 2 Streamlining Procedure

1. *Functions, Activities and Projects*

1.1 Definition of Terms

a) Program refers to the functions and activities necessary for the performance of a major purpose for which a government agency is established (Sec. 2.12, Book VI, National Government Budgeting, EO 292).

Program components are listed as functions, activities and projects with corresponding budgetary allocations under the General Appropriations Act.

b) Project means a component of a program covering a homogeneous group of activities that result in the accomplishment of an identifiable output (Sec. 2.13, Book VI, National Government Budgeting, EO 292), and undertaken within a definite time frame.

Projects are categorized as locally-funded and foreign-assisted in the General Appropriations Act (GAA).

c) Abolition means the one-time elimination or discontinuance of the operation of a function, activity or project.

d) Phase-out refers to the gradual elimination or discontinuance of a function, activity or project through the sequential or selective abolition of its component parts, until such time that the said function, activity or project ceases to exist.

e) Scale down means a reduction in the intensity or magnitude of a function, activity or project either by eliminating selected components; or reducing its geographical, demographic or clientele coverage, the types of services rendered, or the level of outputs.

f) Strengthening or Expansion means an increase in targets, expected outputs/services and desired impact, or widening of clientele/geographical coverage; and, the infusion of the required additional physical, financial and other resources.

1.2 General Principles

a) Functions, activities and projects shall be prioritized according to their level of contribution to the agency mandate, the agency thrusts, or government priorities in general.

b) All agency functions, activities and projects that are devolved pursuant to the Local Government Code shall be excluded from the agency functions, activities and projects.

c) The abolition of functions, activities and projects shall not violate pertinent laws or agency enabling act which may specifically provide for their existence.

1.3 Specific Guidelines

a) The following functions, activities and projects may be abolished or phased out as indicated:

- Those that are no longer relevant to the agency mandate, or government thrusts and priorities.
- Those that duplicate, or unnecessarily overlap with other functions, activities and projects or those that are redundant or outdated.

Duplication or overlapping occurs if the objectives, geographical or clientele coverage, expected outputs and desired impact of agency functions, activities and projects are the same or similar.

- Those that are not producing the desired effects, and no longer achieve the objectives for which they were originally designed and implemented.
- Those that are not cost-efficient and do not generate the level of physical and socio-economic returns intended for specific amounts of resource inputs.

For this purpose, each agency shall review and validate the criteria against which the cost-efficiency of functions, activities or projects are determined. Those whose

cost-efficiency levels fall under the minimum shall be considered for abolition or phase out.

- Those that unnecessarily duplicate or compete with the private sector and can be done more efficiently and effectively by it.

Government participation in areas/services which have socioeconomic development impact but where limited or no private sector participation has been generated, shall be considered in determining unnecessary duplication or competition with the private sector.

For the purposes of these guidelines, a function, activity or project, or component thereof is considered unnecessary duplication or competition if a similar private endeavor is also being undertaken for the same purpose, over the same clientele/geographical coverage, and with the same targeted results/outputs.

b) Functions, activities and projects may be scaled down based on the following:

- Reduction in Geographical Coverage. Implementation may be stopped in some areas and focused on those considered priority. A priority area could be a region, province, city, municipality, barangays, or a combination thereof.
- Reduction in Demographic or Clientele Coverage. The size or types of population/clientele being served may be reduced, focusing only on those requiring most urgently this particular government service.

c) Functions, activities and projects may be expanded or strengthened based on the following criteria:

- Those functions, activities and projects that are not being undertaken but which are necessary may be subsumed under existing functions, activities and projects to which they are related;
- Those that are considered priority based on the provisions of these guidelines may be strengthened or expanded in any of the following forms:
 - expansion of population or clientele coverage
 - addition of more types and levels of services or outputs
 - improvement of the quality of services or outputs
 - infusion of more physical, manpower and financial resource inputs to support expansion and or improvements indicated.

2. Department/Agency Formal Structure

2.1 Definition of Terms

- Organic units are offices, bureaus, staffs, services, divisions and other units within a department or agency which are integral parts of the internal organization of that department or agency.

- For the purposes of these guidelines, attached agencies refer to those entities which are not organic parts of the structure of a department, but which may be attached to it for operational and policy coordination; and which have separate budgets as provided for in the General Appropriations Act.

2.2 General Principles

a) The function/activity/project distribution to various agency formal units should be clear. Where more than one office, bureau, service or division performs a function, activity or project, their specific role should be defined.

b) Where the enabling act specifically provides for the existence of an office, bureau, service, or division; its internal structure may be modified in accordance with the guidelines prescribed hereunder. Where its functions, activities, or projects are abolished or transferred, such that its active operation is no longer necessary, such unit may be rendered dormant or inoperational, but not abolished.

For the purposes of these guidelines, an office, bureau, service or division, duly created by law is rendered "dormant" or "inoperational" if its operational existence is terminated but its formal existence continues. The said unit is devoid of any activity, personnel, and financial and physical resources.

c) Where the existence of an office, bureau, service or division has not been specifically provided for by law, and where its functions, activities and projects are abolished it may likewise be abolished.

For the purposes of these guidelines, an office, bureau, service, or division is considered abolished if its formal and operational existence is terminated.

d) The internal structure of a department or attached agency may be expanded and organic units thereof may be established, merged, consolidated, rendered dormant or abolished, provided that the total structural size of the department or attached agency should not be bigger than its present structure, in terms of the total number of organic units.

2.3 Specific Guidelines

a) Merger/Consolidation of existing organic units

Existing offices, bureaus, services or divisions, performing similar or overlapping functions, activities or projects may be merged or consolidated into only one unit with a redefined set of functions, activities and projects, and corresponding manpower, financial as well as physical resources.

b) Expansion of Existing Organic Units

- An existing bureau, office, service or division may be expanded if additional functions, activities and projects have been transferred to it from other units which have been abolished, if its existing programs are expanded in coverage or scope, or if it is the surviving unit of the merger or consolidation with another unit.