

**[ EXECUTIVE ORDER No. 366, October 04, 2004 ]**

**DIRECTING A STRATEGIC REVIEW OF THE OPERATIONS AND ORGANIZATIONS OF THE EXECUTIVE BRANCH AND PROVIDING OPTIONS AND INCENTIVES FOR GOVERNMENT EMPLOYEES WHO MAY BE AFFECTED BY THE RATIONALIZATION OF THE FUNCTIONS AND AGENCIES OF THE EXECUTIVE BRANCH**

WHEREAS, in the midst of challenges facing the public sector such as globalization, increasing demographic pressures and scarce resources, the government has to define its proper role in society, focus its efforts on its core governance functions and improve its performance on the same;

WHEREAS, to attain improved government performance, there is a need to institute reforms that would transform the bureaucracy into an efficient and results-oriented structure;

WHEREAS, as an initial effort, the rationalization of agencies in the Office of the President has been effected;

WHEREAS, Sections 77 and 78 of the General Provisions of Republic Act No. 9206 (General Appropriations Act of 2003), as reenacted, authorize the President of the Philippines to direct changes in the organizational units or key positions in any department or agency, and require all departments/agencies of the Executive Branch to conduct a comprehensive review of their respective mandates, missions, objectives, functions, programs, projects, activities and systems and procedures, identify areas for improvement and implement structural, functional and operational adjustments to improve government's service delivery and productivity, respectively;

WHEREAS, the Administrative Code of 1987 has vested the President with residual powers to reorganize the Executive Branch; and

WHEREAS, the Supreme Court had, in numerous cases, upheld the authority of the President to reorganize the Executive Branch;

NOW, THEREFORE, I, GLORIA MACAPAGAL - ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order the strategic review of the operations and organizations of the Executive Branch to improve public service delivery, in accordance with the following provisions:

SECTION 1. *Coverage*, This Executive Order shall cover all Departments of the Executive Branch and their component units/bureaus, including all corporations, boards, task forces, councils, commissions and all other agencies attached to or under the administrative supervision of a Department.

The Constitutional Offices, Legislature, Judiciary, and State Universities and Colleges (SUCs) may, on a voluntary basis, apply the parameters contained herein if they opt to review their respective operations and organization.

SEC. 2. *Strategic Review of Agency Operations and Organizations.* All Department Secretaries are hereby directed to take the lead in the conduct of a 'strategic review of the operations and organization of all component units, including agencies attached to or under the administrative supervision, of their respective Departments for purposes of:

- a. Focusing government efforts and resources on its vital/core services; and
- b. Improving the quality and efficiency of government services delivery by eliminating/minimizing overlaps and duplication, and improving agency performance through the rationalization of service delivery and support systems, and organization structure and staffing.

SEC. 3. *Rationalization and Service Delivery Improvement Framework.* The conduct of the strategic review by the Department Secretaries of their respective operations and organization shall be guided by the following framework:

- a. Focus government efforts on the exercise of its fundamental functions of establishing and providing the appropriate social, political and economic environment within which development can prosper;
- b. Transform the bureaucracy into an effective and efficient institution for the delivery of core public services; and
- c. Ensure the long term sustainability of core government services through resource mobilization and cost-effective public expenditure management.

SEC. 4. *Preparation of a Rationalization Plan.* The Department Secretary shall prepare a Rationalization Plan for the whole Department, including the agencies and government-owned and/or controlled corporations (GOCCs) attached to or under its administrative supervision. The Plan shall be prepared in accordance with the strategic plan of the Department and shall contain the disposition of its functions, programs, projects, activities. organizations units, agencies, staffing and personnel. Such Plan shall indicate the following information:

- a. The core functions, programs, activities and services of the Department and its units/agencies;
- b. The specific shift in policy directions, functions, programs, projects, activities and strategies, indicating the phasing of the intended shifts;
- c. The functions, programs and projects which would be scaled down, phased out or abolished such as:

1. Those that duplicate or unnecessarily overlap with other programs, activities, and projects within the Department and its attached agencies and with other government entities;
2. Those that are not producing the desired outcomes, no longer achieving the objectives and purposes for which they were originally designed and implemented, and/or not cost efficient and do not generate the level of physical and economic returns vis-a-vis the resource inputs,
3. Those that are redundant/outdated or no longer relevant to the accomplishment of the major final outputs of the department/agency;
4. Those that directly compete with those of the private sector that can be done more efficiently and effectively by said sector; and
5. Those which have been devolved to local government units.
  - d. The functions, programs and projects where more resources would be channeled such as:
    1. Those that directly support core/frontline services;
    2. Those that are directly involved in the social, economic and political empowerment of the people, or those that promote private sector initiative;
    3. Those that contribute to the creation of livelihood or employment opportunities, and an environment conducive to investment and entrepreneurship, and productivity; and
    4. Those that directly contribute to the ultimate societal outcome objectives of the National Government and/or the intermediate/sector/sub-sector/organizational outcome objectives of the agency.
  - e. The resulting structural and organizational shift, stating the specific changes in the units/agencies of the Department;
  - f. The staffing unit, highlighting the changes to be made in the staffing pattern and personnel of the Department and its agencies, as well as the organizational strengthening strategies that need to be implemented.
  - g. The resource allocation shift, specifying the effects of the streamlined setup on the budgetary allocations of the Department and its agencies; and
  - h. The internal and external communication plan, indicating the specific methods and strategies employed/being undertaken in conveying the rationalization process to the personnel who may be affected and to other stakeholders.

SEC. 5. *Submission of the Rationalization Plan.* The Rationalization Plan shall be submitted to the Department of Budget and Management (DBM) for review, to ensure its consistency with the objectives of this effort, and subsequent submission to the President for approval.

In case non-submission of a Rationalization Plan by the Department Secretaries, the DBM shall submit to the President the areas for rationalization and improvement in the department/agencies concerned.

SEC. 6. *Timetable for the implementation of the Rationalization Program.* The DBM, together with the Civil Service Commission (CSC), shall coordinate the implementation of the Program. They are authorized to prepare a timetable for its implementation, including the phasing of activities and availment of the incentive package as provided under Section 10 of this Order.

SEC. 7. *Prohibition on Hiring/Rehiring of Personnel During Plan Preparation.* Except for newly created agencies, the hiring of additional personnel (permanent, temporary, contractual or casual), and the renewal of contracts/appointments of all employees hired on contractual, casual or temporary basis is hereby prohibited during the preparation of the Rationalization Plan.

SEC. 8. *Options for Personnel Who May Be Affected by the Rationalization of the Functions and Agencies of the Executive Branch.* Personnel who may be affected by the rationalization of the functions and agencies of the Executive Branch shall have the option to:

8.1. Remain in government service, if with permanent appointment attested by the CSC. Those with temporary appointment attested by the CSC; may opt to remain but are guaranteed tenure up to the expiration of their appointment only; or

8.2. Avail of the retirement/separation benefits as herein provided.

SEC. 9. *Personnel Who Would Opt to Remain in Government Service.* Affected personnel with permanent or temporary appointment who would opt to remain in government service shall be placed in other agencies by the CSC where additional personnel are required. However, the position of the transferred personnel in the recipient agency shall be co-terminus with the incumbent. Such affected personnel shall not suffer any diminution in pay, except certain allowances that used to be given corresponding to the performance of specific functions which would no longer form part of their new functions.

Personnel who would choose to remain in government service but would later object to his/her new job assignment shall be deemed separated/retired and shall be paid retirement, separation or unemployment benefit, whichever is applicable under existing retirement/separation laws, without the incentives provided herein.

SEC. 10. *Personnel Who Would Opt to Retire or Be Separated from the Service.* Affected personnel, with appointments attested by the CSC, whether hired on a permanent or temporary basis, who would opt to retire or be separated from the service, and those hired on a casual or contractual basis, if qualified, shall be given