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A PLANNING-BUDGETING CYCLE FOR THE DEPARTMENT OF AGRICULTURE:  
A MANUAL FOR PROGRAM PLANNING

(An adaptation of the NASA and the U.S. Department  
of National Defense Models)

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Very restricted circulation: circulation requested within  
the circle of the School of Economics only

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NOTE: Although this is a work commissioned by the Under-  
secretary of Agriculture, this is circulated to elicit  
comments from the faculty of the School of Economics and  
to inform the University and School of Economics author-  
ities about the work done by the author under a consul-  
tancy contract with the Department of Agriculture.

APOLOGY

*Typographical imperfections due to last-minute alterations on cut stencils. Alterations due to the sudden appearance of P.D. 547.*

secretary Jose Drilon Jr. of the then Department of Agriculture and Natural Resources directed the Planning Service in the Office of the Secretary to study the budget process in the Department. Arcadio Sarmiento was assigned responsibility for the project and the undersigned came in as consultant financed by Ford Foundation under the grant to the DANR. Later, Undersecretary Drilon ordered the study expanded to preparation of a Planning Manual for DANR. At about that time Sarmiento and his work group was neck-deep buried in planning the Four-Year Abaca Development Program; thus, the consultant was left holding the bag. Rodolfo Madrid, the officer-in-charge of the Planning Service, was most amiable about the slow progress on the work; note that the consultant was also neck-deep buried in administrative duties as the new Secretary of the School of Economics, University of the Philippines.

The illness of Undersecretary Drilon toward the end of FY 1974 and the split of the DANR into the (1) Department of Agriculture and (2) Department of Natural Resources in July 1, 1974 gave excellent opportunity for the consultant to make up <sup>for</sup> lost time. While problems concomitant with the split of the DANR were being

solved at the Department of Agriculture, the consultant took advantage of the relative peace in the Library of the U.P. School of Economics; the Library of the College of Business Administration and the Office of the Secretary, School of Economics.

Consequently, on August 29, 1974 to August 31, 1974, Rodolfo Madrid was able to convene a workshop on the working papers relating to the Planning Manual of the Department of Agriculture. All agencies under and attached to the Department of Agriculture participated in the workshop except the Bureau of Soils, the Bureau of Plant Industry and the National Grains Authority -- presumably all busy in the rehabilitation and emergency operations in the wake of the floods in Central Luzon and the Greater Manila area two weeks before.

The present draft is a revised version incorporating points raised during the workshop. It is therefore, appropriate to mention the dynamic leadership of Efren Baconawa of the Bureau of Animal Industry and Pacifico Canlas of the Bureau of Agricultural Economics during the workshop where every participant contributed positively.

The present work does not claim originality with respect to concepts. Rather, it is a piece of eclectic work whose claim to creativity lies in:

- (a) guessing what the Undersecretary means by a planning manual,
- (b) understanding the nature of the people in <sup>the</sup> Department of Agriculture,
- (c) abstracting the problems within the Department, and
- (d) bravery or foolhardiness in offering a solution and following through.

The consultant had followed the affairs of the Department from the vantage point of the Senate Committee on Agriculture and Natural Resources, as technical consultant of its chairman, Senator Emmanuel Pelaez way back 1970. Two months after the imposition of Martial Law, the consultant became a member of the Planning Service of the DANR, resigning a year later to return to the U.P. School of Economics.

It would have been impossible to come up with this work if the U.P. School of Economics Library and U.P. Business Library did not have the following (in the order of their usefulness):

1. J. Price Gittinger, "The Literature of Agricultural Planning Notes on its Usefulness," Working Paper: Center for Development Planning National Planning Association, January 1966. -- Saved us from losing time over useless references.
2. Milton M. Snodgrass and Luther T. Wallace, Agriculture Economics and Growth, New York: Appleton-Century-Crofts, 1970. -- Indicated to us easy methods for explaining complex concepts.
3. John P. Crecine, "Defense Budgeting: Organizational Adaptation to Environmental Constraints," in R.F. Byrne and others, Studies in Budgeting, Amsterdam: North-Holland Publishing Company, 1971. -- For the model of planning and budgeting process which is adopted in the present work.
4. Herbert Weichmann, "Financial Planning as a New Government Function," Economics (a biannual collection of Recent German contribution) Vol. 3 (1971) pp. 72-87.
5. George A. Steiner and William G. Ryan, Industrial Project Management, New York: Macmillan, 1968. -- (For its appendix reproducing the NASA Project Planning and Management Manual, which was used as the model for project planning.)

6. J. Price Gittinger, Economic Analysis of Agricultural Projects, Baltimore: Johns Hopkins University Press, 1973. -- For the over-all view of project evaluation.
7. Certain Management Books -- having read a number of them gave us ideas what the Planning Manual for the Department of Agricultural should not be.

The above works are cited here because about 1/4 of the words used in the present work are direct quotations from them. The consultant considers a manual as a recipe book; recipes that are kitchen-tested and found satisfactory should be used as is. There are no footnotes and citations in the inside pages because the format for a scholarly treatise is not necessarily the best format for a manual.

Permission to adopt from the abovementioned works should be received by the time this work is scheduled for publication.

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September 16, 1974

P.S.

Because postscripts usually get noticed, the consultant herein expresses appreciation for the typing assistance rendered by Mrs. Socorro J. dela Cruz and the editorial assistance provided by Mrs. Evelyn V. San Joaquin.

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## SUMMARY

This is not a manual for planning in the context of macroeconomic allocation of resources. This is a manual for planning the activities of the Department of Agriculture. It happens, however, that by decree, the activities of the Department of Agriculture must conform with the macroeconomic plans of the NEDA.

This Manual aims to teach and at the same time standardize the planning procedures in agencies of the Department of Agriculture. Its basic features are:

a. The distinction between planning as an executive function and the staff function related to planning. The latter is construed as the concept intended in the Reorganization Plan of the Executive Branch of the Government when planning units were created in the departments and agencies.

b. Emphasis on the budget as both a planning and control tool in an attempt to eliminate occasions for feuding between budget and planning units.

c. Documentation of decisions made at every step of the planning, budgeting and project implementation process; thereby achieving an automatic generation of data for a Program Information System.

d. Provision for initiating projects from the field offices.

e. Provision for participative decision-making; provisions for rejoinders on program decisions from the Bureau Directors and Departmental Regional Directors.

f. Emphasis on the project as the micro-unit in program planning.

g. A scheme for Project and Program Management.

h. Documentation of program modifications forced by budgetary decisions beyond the control of the Department.

## CHAPTER I

### INSTITUTIONAL BACKGROUND

#### Department of Agriculture, NFAC, The Bureaus

The Office of the Secretary of Agriculture is the primary source of policies for agriculture; consequently, the Secretary is a participant in the preparation of the Development Plan for the Economy, which is issued by the NEDA/<sup>as</sup>decreed by the President. The Secretary also develops the long-range plan for the activities of the Department of Agriculture.

The President, nevertheless, has, in the past and up to the present, initiated his own agricultural program and organized his own instrumentalities to insure its success. At present, the President takes a personal interest in rice, corn, feed grains, vegetables, livestock and fisheries in relation to a nutrition program. The President's agent in this endeavor is the National Food and Agriculture Council, an inter-agency coordinating council which provides budgetary incentives to the Bureaus in the Department of Agriculture to enable them to expand their activities in relation to rice, corn, feedgrains, vegetables, livestock and fisheries. Incidentally, the Secretary of Agriculture is Chairman of the NFAC, which is now attached to the Department of Agriculture..

That the President has taken an active hand in shaping the agricultural program may be a reflection of a lack of boldness in the past Secretaries of Agriculture who failed to conceive a comprehensive scheme to solve the rice and nutrition problem. It is also reflective of a lack of coordination of programs among agencies doing related functions within and outside the Department of Agriculture in the past.

Since the coming of Arturo Tanco, Jr. into the Office of the Secretary, the Office of the Secretary has become a miniature NFAC in the sense/<sup>that</sup> it also provided budgetary incentives to the bureaus in the Department to enable them to undertake activities related to the program pursued by the incumbent Secretary of Agriculture. By FY 1973, the budget for Special Activities in the Office of the Secretary ~~was~~ firmly established. The cotton program and the abaca program will soon become fixtures in the Office of the Secretary. In effect, the Office of the Secretary has become the initiator of high-impact projects that solve present problems and those impending in the immediate future.

A unique concept of division of labor in the Department of Agriculture has thus emerged, in which the Bureaus initiate and develop only the low-impact, long-gestation programs, which are nevertheless very necessary in the entire process of modernizing the rural sector.

However, this de facto division of labor need not be permanent nor will it long prevail. As planning know-how seeps down among the lower-level executives, the bureaus will be able to perceive their function within a broader context and therefore become bolder and more dynamic.

Furthermore, on September 5 , 1974, the Department itself was reorganized into the Department Proper and the Department's Regional Offices. The new structure will allow the formulation of programs and the development of projects specific to the particular conditions of a region hand-in-hand with the pursuit of programs encompassing the nation.

Presidential Decree 547, which outlines the new structure of the Department provides that the several bureaus under the department shall become staff bureaus. By definition of the Reorganization Plan, "a staff bureau performs primarily policy and program development and advisory functions for the department." The Director of a staff bureau advises and assists the Office of the Secretary on matters pertaining to the bureau's area of specialization. He also provides consultative and advisory services to the regional offices of the department in addition to developing the objectives of the bureau.

National Organization for Development Planning and Budgeting

A. The current planning complex in the Philippines includes the following:

1. The NEDA Board, composed of the cabinet members more closely involved with economic development and the President (Chairman). The Board institutionalizes the direct involvement of top executives in economic planning.
2. The National Economic and Development Authority. This is headed by a Director-General who is vice-chairman of the NEDA Board. This Authority (NEDA) is a technical group responsible for substantive planning and programming functions. It also serves as the medium for the effective coordination of the implementation of approved plans and programs by the various government agencies.
3. The Development Budget Coordination Committee. This is now a permanent body attached to the NEDA to serve as the institutional link between planning and budgeting, and thereby assure conformity of the annual budget with the over-all plan. This was formerly the Presidential Development Budget Committee which was created by Executive Order No. 232 (series of 1970).
4. The Investment Coordination Committee. This body is also attached to the NEDA, to coordinate the investment policies of government financial institutions, and thus maximize the use of available resources to support development plans.

5. The planning units in government agencies, including government-owned or controlled corporations. These units facilitate the coordination and integration of agency plans and programs with the over-all plan.

6. The National Computer Center. The Center has been placed under the NEDA to constitute a computer-based information system for policy formulation, planning and program implementation.

B. Annual budgeting for the national government is performed by the Budget Commission, whose technical staff is divided into functional divisions such as the Fiscal Policy Staff and the Budget Operations Service.

Staff Function Related to Planning and Budgeting in the Department Proper, . Department of Agriculture

The Planning Service in the Department of Agriculture is responsible for providing the department with economical, efficient, and effective services relating to planning, programming and project development. It has a Planning and Programming Division, a Project Development and Evaluation Division, and a Special Studies Division.

A. The Planning and Programming Division

1. Assists the Secretary in:

- a. Formulation of long-range and annual plans and programs for the department
- b. Formulation of the basic policies and guidelines for the preparation of the departmental budget, including those for the detailed allocation of funds for capital outlays, and coordinate with the Budget Division in the preparation of the department budget
- c. Formulation of the criteria for determining priorities for proposed projects, and accordingly select capital projects for funding and execution including appropriate financing schemes
- d. Undertaking of such re-programming as necessary in accordance with actual resources made available, including the



determination of cut-backs and/or projects to be included from unprogrammed to programmed category.

Further more, the Planning and Programming Division undertakes the following:

2. Periodically evaluates performance reports, and integration project implications for aggregative planning
3. Maintains liaison with the central planning agency and other appropriate economic or planning bodies
4. Performs such other functions as may be provided by law.

B. The functions of the Project Development and Evaluation Division include the following:

a. Initiate and/or provide support for the development of projects by the various bureaus and offices of the department in accordance with approved priority areas.

b. Evaluate projects proposed by units of the department according to technical and economic feasibility and prescribed standards

c. Undertake major project development activities.

d. Review the progress of projects under implementation against set standards, objectives and schedules

e. Perform such other functions as may be provided by law

### C. Function of the Special Studies Division

The Special Studies Division, Office of Planning Services, Department of Agriculture, is a special research arm of the Office of the Secretary of Agriculture. Since well informed decisions must be based on good data, a policy maker must have a unit that can serve as a "strike force" in solving highly technical problems in the field of agriculture, economics and marketing.

The Special Studies Division had its beginning as the Marketing Research Unit (MRU) of NFAC. Thus, the MRU is the nucleus of this new division of the Department of Agriculture. The primary function of this unit is to conduct special studies for use as basis for policy making not only by NFAC and the Department of Agriculture but also by other government agencies.

Specifically the duties of the MRU-NFAC were to plan and conduct research duties on marketing agricultural products, food consumption, feasibility of special projects, demand estimates and regional development. These duties required highly trained technical personnel to conduct research and report results for use in policy making. The personnel had to precisely define economic problems, prepare questionnaires, determine the best sampling designs to use, conduct interviews, analyze the data using appropriate statistical techniques and prepare technical reports for the use of policy makers.

The personnel working under this unit at present are largely graduates of agriculture, major in agricultural economics. Some are pursuing graduate studies. These personnel have wide experience and training in agricultural economics research. Their training with the Marketing Research Unit-NFAC has equipped them with the necessary skills and background to undertake the highly technical work with which the Special Studies Division will be involved. This is evidenced by the output of 44 technical reports produced by the staff members to date. Thus with the transformation of the Marketing Research Unit into the Special Studies Division it is but proper that these personnel be given the positions so as to continue this highly technical job of marketing research.

The Financial and Management Service of the DA is responsible for providing the department with staff advice and assistance on budgetary, financial and management improvement matters. It has a Budget Division, an Accounting Division and a Management Division.

The functions of the Budget Division are:

a. Develop and improve budgetary methods, procedures, and justifications

b. Provide, subject to budgetary ceilings, fund estimates in support of the department's operations, plans and programs

c. Assist management in the presentation of the Department's budgetary estimates before screening committees.

d. Prepare annual financial work plans.

e. Provide technical assistance to subordinate budget units in the application and utilization of budgetary methods and the budget system

f. Allocate, in coordination with the Planning Service, available funds to programs on the basis of approved guidelines and priorities.

g. Issues allotment advice in support of the fund requirement for the conduct of the operations under each program.

h. Review performance reports to determine conformance with set standards

i. Prepare financial reports for management guidance and as required by higher authorities

j. Perform such other functions as may be provided by law.

### The Functions of the Accounting Division

- a. Advise management on financial matters
- b. Prepare and submit financial reports to management and other government departments and agencies authorized to receive such reports
- c. Maintain basic and subsidiary accounting records and books of accounts to reflect accurate and current financial information required by existing auditing rules and regulations and by management
- d. Certify to the availability of funds, obligate funds, and issue Treasury Warrants to liquidate obligations
- e. Process requisitions, vouchers and reports of collections and disbursements
- f. Prepare billings to debtors of the National Government, and
- g. Perform such other functions as may be provided by law

### The functions of the Management Division

- a. Develop plan and program objectives relative to management improvement in the department.
- b. Examine the administrative organization of the department and make recommendations for improvement
- c. Maintain and update the department's organization and other manuals

d. Undertake regular management surveys of organizational structure, manpower, and operations; study special problems as assigned; review existing methods, procedures, and systems; and make recommendations for improvement

e. Develop new and improved management system; exercise staff supervision over the implementation of such improvements; and provide training in the use of the system

f. Develop staffing standards and manpower requirements for the department.

g. Review internal control systems for safeguarding money and property to ascertain weaknesses and deficiencies requiring correction.

h. Perform such other functions as may be provided by law

#### Computer Service in the Department of Agriculture

The Department of Agriculture has Computer Service which shall be responsible for providing the Department and the bureaus under it, including the corporations and other agencies attached to it with economical, efficient, and effective services relating to electronic data processing.

Organization of the Department of Agriculture  
Excerpts

PRESIDENTIAL DECREE NO. 461

REORGANIZING THE DEPARTMENT OF AGRICULTURE AND NATURAL RESOURCES INTO TWO DEPARTMENTS, NAMELY: DEPARTMENT OF AGRICULTURE AND DEPARTMENT OF NATURAL RESOURCES, AMENDING FOR THIS PURPOSE CHAPTER I, PART VIII OF THE INTEGRATED REORGANIZATION PLAN.

. . . . .

SECTION 1. Presidential Decree No. 1, dated September 24, 1972, relative to Chapter I, Part VIII of the Integrated Reorganization Plan is hereby amended by reorganizing the Department of Agriculture and Natural Resources into two Departments, namely: (a) Department of Agriculture and (b) Department of Natural Resources.

SECTION 2. The Department of Agriculture shall be composed of the Department Proper which shall include the Office of the Secretary, the Planning Service, the Financial and Management Service, the Administrative Service, the Computer Service Center, and the Agrarian Reform Unit. The bureaus under the supervision and control of the Department are the (1) Bureau of Soils, (2) Bureau of Plant Industry, (3) Bureau of Animal Industry, (4) Bureau of Agricultural Extension, and (5) Bureau of Agricultural Economics. The following government-owned and controlled corporations are attached to the

Department: (a) National Grains Authority, (b) Philippine Tobacco Administration, (c) Philippine Virginia Tobacco Administration, (d) Philippine Coconut Authority, (e) Coconut Investment Company, and (f) Philippine Cotton Corporation. The Fertilizer Industry Authority, National Food and Agriculture Council, and the National Meat Inspection Commission are placed under the administrative supervision of the Department. The Coconut Consumers Stabilization Committee is attached to the Department. The Philippine Council for Agricultural Research shall be attached to the National Science Development Board.

SECTION 3. The organization and functions of the Planning Service, the Financial and Management Service, and the Administrative Service shall be in accordance with Articles III, IV, and V, Chapter I, Part II of the Integrated Reorganization Plan.

SECTION 4. The Computer Service shall be responsible for providing the Department and the bureaus under it, including the corporations and other agencies attached to it with economical, efficient, and effective services relating to electronic data processing.



SECTION 5. The Agrarian Reform Unit shall be responsible for providing advice and assistance to the Office of the Secretary in coordinating the work of the Department on extension service and soil surveys and classification with that of the Department of Agrarian Reform.

SECTION 6. The organizations and functions of the Bureau of Animal Industry, Bureau of Agricultural Extension, and Bureau of Agricultural Economics shall be provided in Paragraphs 7 and 8, Article II and in Article IV, VIII, and IX, respectively, of Chapter I, Part VIII of the Integrated Reorganization Plan and in Letter of Implementation No. 9, dated November 1, 1972.

SECTION 7. There is created a Bureau of Plant Industry which shall be responsible for conducting research on agricultural crops; production of improved seeds and plant materials; protection of agricultural crops from pests and diseases; development and improvement of farm equipment, structures, and practices, and such other functions as may be provided by law. The Bureau of Plant Industry shall have, in addition to a Planning and Management Staff and an Administrative Division, the following divisions: (a) Laboratory Services Division, (b) Research Division, (c) Production

Division, (d) Farm Development Division which is renamed Agricultural Engineering Division, and (e) Crop Protection Division. The functions of these divisions shall be as provided in Paragraph 2, Article III, Chapter I, Part VIII of the Integrated Reorganization Plan and in Letter of Implementation No. 9, except that the Laboratory Services Division and the Research Division shall not have the functions on production of soil inoculants and soil research, respectively.

SECTION 8. There is created a Bureau of Soils which shall be responsible for the assessment, development and conservation of existing and potential soil resources of the Philippines, conducting research on different aspects of soil utilization, management, and conservation; and such other functions as may be provided by law. The Bureau of Soils shall have, in addition to a Planning and Management Staff and an Administrative Division, the following divisions:

- a. Laboratory Services Division which shall provide technical supervision in the effective operation and maintenance of the Bureau's soil laboratories, including the maintenance of precision laboratory equipment; prescribe standards in the physical and/ or chemical analysis of soils for researches and farmlands as the bases for formulation of fer-

tilizer and lime recommendation and for soil characterization; prepare the program for the production and distribution of soil inoculants; coordinate with the Soil Research Division in the study of new and effective methods of analysis and with Soil Fertility Division in updating soil correlation values and fertilizer requirements of crops; and perform such other functions as may be provided by law.

- b. Soil Conservation Division which shall formulate policies, standards and measures for soil and water conservation and utilization; develop a program for field demonstrations on soil and water conservation; develop a program for agriculture areas of erosion, floods, and siltation; and perform such other functions as may be provided by law.
- c. Soil Fertility Division which shall formulate policies and procedures for soil fertility preservation; develop a program for soil fertility maintenance; and perform such other functions as may be provided by law.

results of field fertilizer and fertility maintenance studies for purposes of preparing and issuing periodic soil fertility status and fertilizer recommendations for major economic crops; and perform such other functions as may be provided by law.

- d. Soil Research Division which shall design a program of researches on soil chemistry, soil physics, soil biology and mineral nutrition as they relate to agricultural and non-agricultural application; provide standards and establish criteria for researches on soil utilization, conservation and soil, water, and plant relationships; exercise technical supervision in the operation of the Bureau's research stations; maintain liaison with other research institutions in both government and private sectors, including foreign institutions; provide technical assistance to other agencies in conducting training programs on soil research and other related subjects; and perform such other functions as may be provided by law.
- e. Soil Surveys Division which shall prepare the plans and programs on basic soil surveys at all levels of generalization throughout the Philippines to provide

sufficient soil resources data needed by the government and the private sector; interpret basic soil survey data to provide information on land classification, land capability and land-use; provide standards and guidelines in the conduct of review, and summarize reports on soil surveys for dissemination; prepare and maintain thematic maps, charts, tables, photo mosaics, diagrams and other related materials; and perform such other functions as may be provided by law.

SECTION 9. The Department of Natural Resources shall be composed of the Department Proper which shall include the Office of the Secretary, the Planning Service, the Financial and Management Service, and the Administrative Service. In addition, there are created in the Department Proper a Legal Service, Computer Service Unit and an Agrarian Reform Unit. The bureaus under the supervision and control of the Department are: (a) Bureau of Forest Development, (b) Bureau of Lands, (c) Bureau of Fisheries, which is renamed Bureau of Fisheries and Aquatic Resources, and (d) Bureau of Mines. The following agencies are attached to the Department: (a) Presidential Committee on Wood Industries Development, (b) National

Committee for Mineral Exploration and Survey Operations, (c) Fisher Industry Development Council, (d) Surigao Mineral Reservation Board, (e) Presidential Action Committee on Land Reforms.

The National Committee for Mineral Exploration and Survey Operations is reconstituted as follows: Secretary of Natural Resources, as Chairman, Director of Mines, as Vice-Chairman, and representative of the Office of the Executive Secretary, Budget Commission, Philippine Air Force, Philippine Navy, Bureau of Coast and Geodetic Survey, Bureau of Fisheries and Aquatic Resources, Bureau of Mines, Bureau of Forest Development, Bureau of Lands, Bureau of Plant Industry, and Bureau of Soils, as members.

SECTION 10. The organizations and functions of the Planning Service, the Financial and Management Service, and the Administrative Service shall be in accordance with Articles III, IV, and V, Chapter I, Part II of the Integrated Reorganization Plan, except that the Administrative Service shall not have a Legal Division.

SECTION 11. The Legal Service shall have the following functions: Prepare decisions and orders on cases involving the disposition, utilization, exploitation, and development of public lands, forests, mines, aquatic resources and other

natural resources brought on appeal from action taken by the bureaus under the Department, review patents, licenses, concessions, permits, deeds of conveyance, sales and other transfer of rights, affecting public lands, mines, forest, aquatic resources and other natural resources initiated and/or processed by the bureaus under the Department; appear as counsel for the Secretary, Undersecretary, bureau directors, and other subordinate employees under the Department in court cases where such officials or employees are parties thereto in their official capacities and upon authorization of the Solicitor General; conduct administrative investigation, including the review of administrative charges against employees of the Department; and perform such other functions as may be provided by law.

SECTION 12. The Agrarian Reform Unit of the Department shall be responsible for providing the Office of the Secretary with advice and assistance in coordinating the work of the Department on land surveys, release of lands of the public domain for resettlement purposes, and other related activities with that of the Department of Agrarian Reform.

SECTION 15. Section 1 of Presidential Decree No. 107, dated January 24, 1973, is hereby amended by removing the Secretary of Agriculture and Natural Resources from member-

ship in the National Economic and Development Authority and providing for the membership in that body of the Secretary of Agriculture and the Secretary of Natural Resources.

The Secretary of Agriculture shall be ex-officio

(a) Chairman of the Council of the National Grains Authority; Fertilizer Industry Authority, National Food and Agriculture Council, National Artificial Rain Stimulating Committee;

(b) Vice-Chairman of the Philippine Council for Agricultural Research and the Board of Directors of the Greater Manila Terminal Food Market; and

(c) Member of the Metric System Board, Board of Directors of the Philippine International Trading Corporation, Board of Trustees of the Tarlac College of Technology, National Economic and Development Authority, Board of Directors of the National Irrigation Administration, National Manpower and Youth Council, Price Control Council, Executive Committee of the National Security Council and the Agrarian Reform Coordinating Council.



TANGGAPAN NG PANGULO NG PILIPINAS  
(OFFICE OF THE PRESIDENT OF THE PHILIPPINES)

PRESIDENTIAL DECREE 547

AMENDING PD 461 TO CREATE DEPARTMENT-WIDE REGIONAL OFFICES IN THE DEPARTMENT OF AGRICULTURE, TO INTEGRATE AGRICULTURAL EXTENSION SERVICES AND FOR OTHER PURPOSES.

WHEREAS, the functions, responsibilities and coverage of the Department of Agriculture as created under Presidential Decree No. 461 are concentrated on agriculture and food production;

WHEREAS, the general organizational pattern for executive departments in the Integrated Reorganizational Plan, which involves integrated implementation of related field programs through departmentwide regional directors, would be more effective and economical for the Department considering the closely related functions of its bureaus;

WHEREAS, such an organizational patterns will allow the effective decentralization of functions to field offices, establish direct communications between the department head and implementors of food crop production programs in the field, and thus effect faster and more direct services to the people;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the

Constitution, do hereby amend Presidential Decree No. 461, as follows:

SECTION 1. Section 2 shall read:

"SEC. 2. The Department of Agriculture shall be composed of the Department Proper which shall include the Office of the Secretary, the Planning Service, the Financial and Management Service, the Administrative Service, the Computer Service Center, and the Agrarian Reform Unit. The bureaus under the supervision and control of the Department of Agriculture are the (1) Bureau of Soils, (2) Bureau of Plant Industry, (3) Bureau of Animal Industry, (4) Bureau of Agricultural Extension, and (5) Bureau of Agricultural Economics. They shall be staff bureaus and primarily responsible for giving advice to the Office of the Secretary; the development of plans and development programs; the formulation of policies and standards and providing technical supervision to the regional offices; and such other functions as may be provided by law. The following government-owned or controlled corporations are attached to the Department: (a) National Grains Authority, (b) Philippine Tobacco Administration, (c) Philippine Virginia Tobacco Administration,

(d) Philippine Coconut Authority, (e) Coconut Investment Company and (f) Philippine Cotton Corporation. The National Food and Agriculture Council, the Fertilizer Industry Authority and the National Meat Inspection Commission are placed under the Administrative supervision of the Department. The Philippine Council for Agriculture Research shall be attached to the Department of Agriculture.

SECTION 2. Section 5 shall read:

"SEC. 5 The Agrarian Reform Unit of the Department of Agriculture shall be responsible for providing advice and assistance to the Office of the Secretary in coordinating the work of the Department on extension service and soil surveys and classification with that of the Department of Agrarian Reform.

The Bureau of Farm Management of the Department of Agrarian Reform is abolished and all current personnel, appropriations, records, equipment and property which correspond to agricultural extension activities are transferred to the Department of Agriculture, provided that the latter Department shall allocate such personnel, appropriations, records, equipment and property to the same priority areas set by the Department of Agrarian Reform."

SECTION 3. Section 14 shall read:

"SEC. 14. The Department of Agriculture shall have regional offices organized on a Department-wide basis. The regional offices of the Bureau of Forest Development, the Bureau of Fisheries and Aquatic Resources and the Bureau of Lands shall be established in accordance with Article I, Chapter III, Part II of the Integrated Reorganization Plan, as amended, and with Letter of Implementation No. 9. ....

SECTION 4. The Secretary of Natural Resources shall be ex-officio member of the National Food and Agriculture Council. The Secretary of Agriculture shall be ex-officio member of the Natural Resources Development and Management Council and the Fisheries Industry Development Council.

SECTION 5. All laws, decrees, and orders, or parts thereof, which are inconsistent with the preceeding are hereby repealed or amended accordingly.

SECTION 6. This Decree shall take effect immediately.

Done in the City of Manila, this 5th day of September,  
in the year of our Lord, nineteen hundred and seventy-four.

FERDINAND E. MARCOS  
President  
Republic of the Philippines

By the President;

ALEJANDRO MELCHOR  
Executive Secretary

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The Nature of a Regional Office (Excerpts from the Reorganization Plan)

The regional office shall be headed by a Regional Director who may be assisted, whenever necessary, by one or more Assistant Regional Directors. The Regional Director and Assistant Regional Director shall be appointed by the President, in accordance with Paragraph 5(c) of Article IV, Chapter I of Part III of this Plan.

The regional director shall be responsible for department or agency functions as performed in the regional area under his jurisdiction; provided, however, that when the department or agency function or activity transcends regional boundaries and requires central and/or interregional action, said function may be performed under the direct supervision and control of the department proper and/or line bureau, as the case may be.

## CHAPTER II

### PLANNING AND PLANNING SERVICE

#### Planning

Planning is one of the major functions of line executives-- the top level at the DA being composed by the Secretary of Agriculture, the Undersecretary, -- and chiefs of staff, i.e. the bureau Directors. Planning is the continuous process of deciding in advance what to do, how to do it, when to do it and who is to do it.

Within the context of the complete operating cycle of an organization, planning is the second phase. These phases, in their order, are:

- (1) objective setting
- (2) planning activities
- (3) action
- (4) accomplishment
- (5) feedback
- (6) control

#### Steps in the Planning Process

- (1) Appraising the environment
- (2) Visualizing the desired role of the organization on the environment
- (3) Perceiving the needs and requirements of the clientele (--- in the Department of Agriculture's case,

these are the farm sector, agribusiness, households, the foreign market)

- (4) Determining changes in the needs and requirements of other interested groups, if any
- (5) Providing a system of communication and information flow whereby organizational members can participate in the planning process
- (6) Developing broad goals and plans which will direct the efforts of the total organization
- (7) Translating the broad planning goals into functional efforts
- (8) Developing<sup>a</sup> system for detailed planning of resource utilization within each of the functional units

#### Staff Function in the Planning Process

The increasing complexity of problems faced by the top-level management has emphasized the need for more organized investigation, analysis and evaluation; consequently, there is a need for a specialized staff to aid top-level management in performing the tedious, repetitive tasks involved in investigation, analysis and evaluation.

Whether found in the Office of the Secretary or Office of the Director of a Bureau a planning service is only a group which

operates a system for investigating a problem fully so that expert judgment and intuition may be brought to bear on the problem.

It cannot be overemphasized that the role of the Planning Service is not planning; but rather, facilitating the planning activities of the Secretary and the Directors. The Bureau Directors and Regional Directors would have a better appreciation of the role of the Planning Service, if the image it projects is that of an extension of the Secretary's planning function. To do this the Planning Service must establish considerable dialogue with the Bureau Directors and Regional Directors. Its activities must be carried out in relation to the real world as conceived by the Bureau Directors and Regional Directors. In this manner shall the activities of the Planning Service be an extension of the planning functions of the Bureau Directors and Regional Directors as well.

However, in the dialogues with the Bureau Directors and Regional Directors, the Planning Service should -- whenever necessary -- push for adaptations and innovations quietly but persuasively. The refined information it obtains by using its sophisticated tools and techniques must be brought to bear upon the problem so that the effort can lead to adjustments in



the Directors' perception of the Department of Agriculture's role in the environment. In doing this, the Planning Service staff should be cognizant of all the factors involved and should be in tune with the value system of the Secretary and the Directors. A continuing dialogue can help to establish a common set of premises to be used throughout the Department of Agriculture.

To What Extent Can the Planning Service Influence the Decision

A Planning Service that performs the above function in an objective manner, i.e., with a "scholar-like" detachment, hardly ever determines the decision choice. All its effort only facilitates the making of the decision by reducing imperfection of knowledge to a minimum.

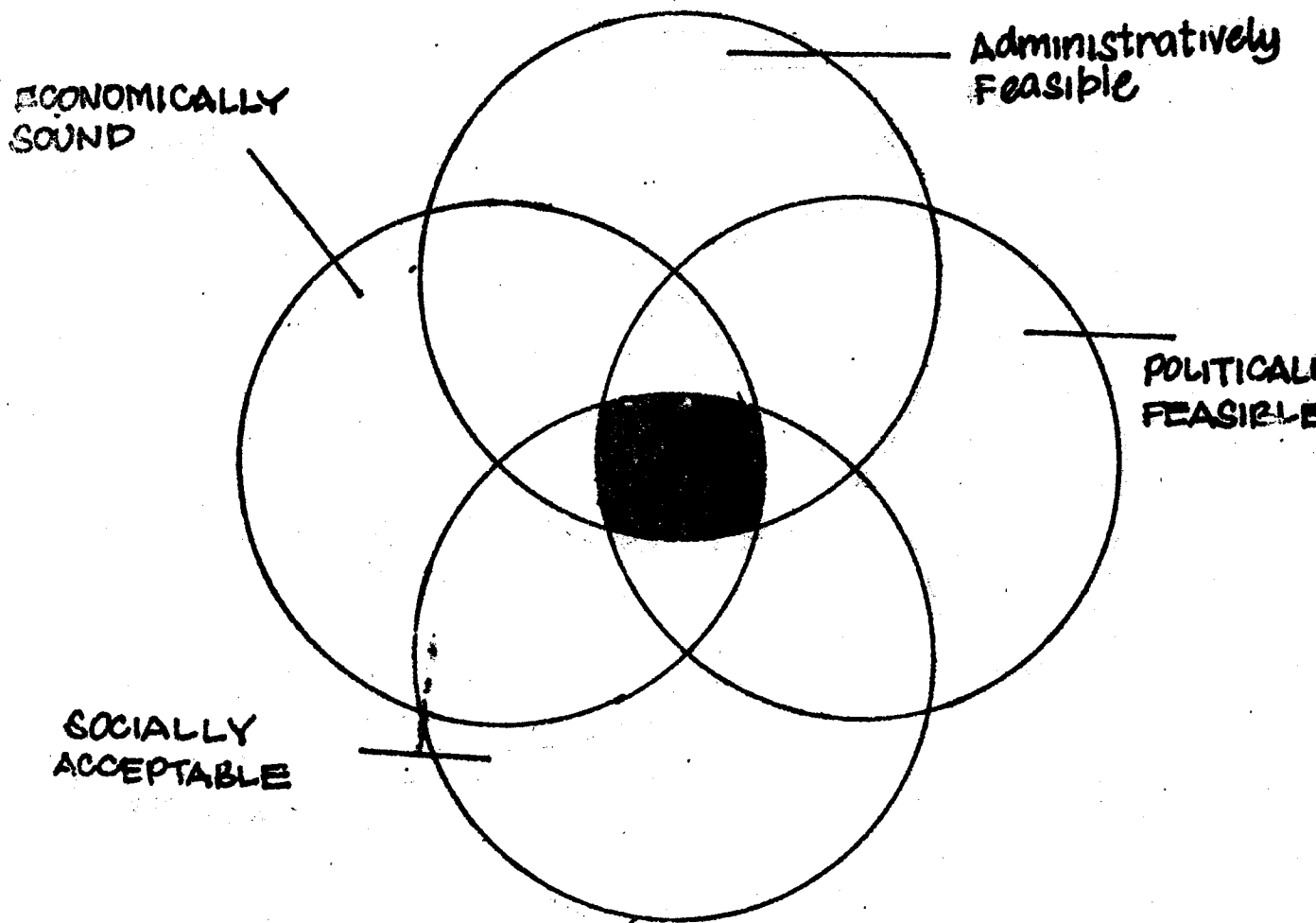
An effective decision is one that is politically acceptable, administratively feasible, economically sound, socially acceptable and capable of modifications as conditions change. In effect, all the Planning Service does is rank the alternatives in terms of these criteria, indicating those that meet all criteria. That there will be a single alternative meeting all these criteria is nil. Often, compromises have to be made

when a particular action is made; the Planning Service helps clarify what these compromises are. To illustrate the point, the blackened area in Fig. 1 following is the area where all criteria are met and this area is severely restricted. The overlapping areas indicate areas for compromise. The Secretary and the Directors determine what compromises they will make in relation to their goals.

How the Planning Service in the Department Proper  
Assists the Secretary

For any problem referred by the Secretary to the Planning Service, the following steps would be involved:

- 1) Discover what the Secretary is trying to attain
- 2) Discover what the Secretary should be trying to attain, (the problem presented by the Secretary must be seen in relation to goals of national policy makers -- the President or the NEDA, as a whole, for instance -- which are generally either known or intuitively agreed upon)
- 3) Search out possible courses of action from the Bureaus and other pertinent sources
- 4) Examine possible courses of action



**FIGURE 1 - CRITERIA FOR DECISION MAKING**

- 5) Evaluate possible courses of action
- 6) Rank the alternative courses of action in order of desirability, according to a criterion, and indicate the most promising alternatives.

#### How the Agency Planning Units Assist the Secretary

1) Agency planning units are of the greatest service to the Secretary when they most efficiently carry out the intentions of their agency heads.

2) Since project planning is basic to program formulation, agency planning units develop capabilities to insure that each project endorsed by their agency heads have undergone analysis to find if:

(a) all underlying technical facts have been marshalled

(b) organizational and management judgments have been sufficiently explored

3) Agency planning units coordinate with the Planning Service in the Dept. of Agriculture in gathering data that will be useful for both agency needs and the needs of the Secretary.

## CHAPTER III

### BASIC POINTERS FOR PROJECT ANALYSIS

Because the President decreed that all government agencies should fit their programs to the objectives of national economic development plan, the program of activities in the Department of Agriculture must become just one more instrument to attain macroeconomic goals. Consequently, it is important to analyze a proposed project to be certain it will be beneficial from the stand point of the economy as a whole.

Although <sup>be</sup> agricultural programs must now ~~be undertaken~~ in the <sup>text</sup> ~~con-~~ of a broader horizon than just the individual farmer, there will be no justification for dispensing with farm business analysis in the process of project conception. Whatever the objectives of agricultural programs be, these programs generally involve persuading the private sector -- largely, the farm sector -- to adopt recommended practices. Most projects have to be designed to make the private sector accept a new practice.

To cite an example:

For macroeconomic purposes, a project is undertaken to have the farm sector accept a practice that is likely

to accelerate the growth of outputs most rapidly. That particular project, however, is undertaken only after satisfying the following:

- (a) farmers consider the possible increased farm family net income - cash and/or in kind -- justifies the adoption of the recommended new practice
- (b) the investment farmers themselves are expected to make will be profitable enough to induce them to act -- i.e., it is important to be able to predict the timing and amount of returns to individual farmers
- (c) the recommended new practice will fit into existing cultivation patterns
- (d) farmers are made to fully understand the risks in the recommended techniques and are still willing to accept the new practice.

To summarize: Whereas economic analysis of a project is centered on its contribution to output, financial analysis seeks:

- (1) to insure that there are adequate incentives for farmers and other intended project participants.
- (2) to assess the financial impact of the project on

farms and other participants. This assessment is based on an analysis of the participants' current financial position and on projections of their future financial position as the project is implemented

(3) to provide a sound financing plan for the project.

(4) to determine whether the financial requirements of the individual participants in the project are properly coordinated. This determination is made on the basis of an overall financial projection for the project as a whole

(5) to assess the financial management competence, especially of the larger firms and project entities in order to form a judgment about how well they will be able to discharge their responsibilities for project implementation and what management changes may be necessary.

#### The Model Farm Plan as a Tool in Planning

For most agricultural projects, the proper point from which to begin both the economic and financial analysis is a "model farm" plan. A useful farm plan is one that represents a careful judgment by agriculturalists about the optimum farming activities and cropping patterns given reasonable assumptions about such things as:

(a) risks farmers are willing to assume

(b) farmers' preferences for subsistence food crop production.

or, other considerations that reflect themselves in the rate at which farmers can be expected to adopt new practices, the cropping patterns they will be willing to follow.

Judgment based on experience would generally suffice to point out the reasonable assumptions to make. Sample surveys might be necessary where expert judgment is not available.

#### Traditional Tools for Estimating the Desirability of Projects

There is no one best technique for estimating the desirability of projects. However, some are better than others for certain purposes. While there are many non-quantitative criteria for making project decisions, a practice has developed -- largely through the influence of the World Bank -- for quantifying the comparison between projects which attain the same goal. The idea is to compare the benefits with the costs to determine which alternative gives the greater return for the money to be spent since projects generally last more than one year, the measures devised seek to convert projects which have differently shaped future cost and benefit streams into comparable measures by the use of a common denominator. This is referred to as discounting. The usual method of comparison through discounting involves calculating the following:



- (1) benefit-cost ratios = a measure of social benefit relative to cost
- (2) net present worth = present worth of the cash flow stream over the project life
- (3) internal rate of return = a measure of the average usefulness of the money to be used in the project over the project life; this may be measured two ways:
  - (a) internal economic return (with emphasis on macroeconomic returns)
  - (b) internal financial return (with emphasis on returns, from the point of view of the individual participant in the project)

The procedure for calculating these measures are found in J. Price Gittinger, Economic Analysis of Agricultural Products, a publication of the World Bank or any book on project evaluation.

### Financial Programming

Project approval and scheduling of implementation presupposes that financial programming has been undertaken. There are two context in which financial programming is taken, namely:

(a) one, forecasting the budgetary requirements of the agency initiating the project and the possible budgetary allocations by the Budget Commission: this is the function of the Financial and Management Services in the Department Proper and the Budget Officer of the Agency.

(b) two, assessment and forecasting of the availability of investment funds as well as insuring an adequate source of investible funds for the private sector participants in the project: this is the function of the Planning Service in the Department Proper, which must be done in coordination with the Investment Coordination Committee in the NEDA.

### Financial Programming in the Context of the Planning Service

In the type of economy that the Philippines has, the National Government does not usually issue direct orders ( -- instances like General Order No. 47, directing firms to import rice in the meantime that they are unable to pro-

duce the grains requirement of their employees are very rare) to produce. The means of action available to the public authorities are mainly financial in character.

That is, if increased output is required in certain areas funds must be made available to those areas to attract enterprise there.

Therefore, if a project entails investment by the private sector -- the farm sector and/or agribusiness -- the Planning Service must ascertain if the sectors involved can finance the investment with sector funds. If not, it must be ascertained whether the financial institutions can be tapped, given all other competing claims on the funds of financial institutions.

It would be helpful in this endeavor to establish in the Planning Service a standing committee to be known as the Agricultural Investment Programming Committee to be composed of representatives of the commercial banking sector, non-bank financial intermediaries, government lending institutions and the farm and agribusiness sectors who approach these institutions for funds. Such a committee would be able to exercise expert judgment on the analysis of the Planning Service and will have a stronger recommendatory

influence on the Investment Coordination Committee in the NEDA.

Liaison with the Regional Development Council

Regional Offices organized on a department-wide basis have been established in the Department of Agriculture to be responsible for the operating function of the Department. Note especially that Regional Offices of the Department should be implementing national programs. The bureaus perform staff function, which is basically to provide advice and assistance to the Regional Offices in their area of specialization.

Local and regional level programs are conducted through the Department of Local Government and Community Development and the Regional Development Council being established in the eleven administrative regions in the country. The establishment of regional development council is intended to remove much of the burden of undertaking development activities for the region from the national agency and instead vest this burden in the bodies which -- because of their delimited and specialized role, and the administrative and technical expertise provided by elective and appointive officials -- are in a better position to

undertake them. The Planning Service should be particularly keen in recognizing project proposals that fit the preceding description of a "local and regional-level" activity so that such proposals can be immediately referred to the Development Council with its recommendations. The Departmental Regional Directors of the Department of Agriculture must always coordinate with the Regional Development Council to insure that local efforts are related and integrated with national development activities.

#### Fundamental Social Concerns

Finally, for general perspectives, the fundamental social concerns are as follows:

##### A. Health

1. The probability of a healthy life through all stages of the life cycle.
2. The impact of health impairments on individuals.

##### B. Individual development through learning

1. The acquisition by children of the basic knowledge, skills and values necessary for their individual development and their successful functioning as citizens in their society.

2. The availability of opportunities for continuing self-development and the propensity of individuals to use them.

3. The maintenance and development by individuals of the knowledge, skills and flexibility required to fulfill their economic potential and to enable them to integrate themselves in the economic process if they wish to do so.

4. The individual's satisfaction with the process of individual development through learning, while he is in the process.

5. The maintenance and development of the cultural heritage relative to its positive contribution to the well-being of the members of various social groups.

C. Employment and quality of working life

1..The availability of gainful employment for those who desire it.

2. The quality of working life.

3. Individual satisfaction with the experience of working life.

D. Time and leisure

1. The availability of effective choices for the use of time.

E. Command over goods and services

1. The personal command over goods and services.
2. The number of individuals experiencing material deprivation.
3. The extent of equity in the distribution of command over goods and services.
4. The quality, range of choice and accessibility of private and public goods and services.
5. The protection of individuals and families against economic hazards.

F. Physical environment

1. Housing conditions.
2. Population exposure to harmful and/or unpleasant pollutants.
3. The benefit derived by the population from the use and management of the environment.

G. Personal safety and the administration of justice

1. Violence, victimisation and harassment suffered by individuals.
2. Fairness and humanity of the administration of justice.
3. The extent of confidence in the administration of injustice.

H. Social opportunity and inequality

1. The degree of social inequality.
2. The extent of opportunity for participation in community life, institutions and decision-making.



## CHAPTER IV

### A PLANNING-BUDGETING CYCLE FOR THE DEPARTMENT OF AGRICULTURE

A complete planning-budgeting cycle should not take more than two years for a new project or a change in project. One year would ordinarily be spent for going through screening for approval and programming and one year for the budgeting. The third year should already be the first year of implementation. However, extraordinarily well-thought out and/or highly strategic project proposal may not necessarily take long to go through the entire process.

A. The first phase is the project conception stage which goes as follows:

- (1) Guided by presidential pronouncements, decrees, the NEDA Four-Year Economic Plan and inspiration, anyone in any staff bureau may conceive a project, any day.
- (2) The project proposal is submitted to/<sup>a</sup> pertinent program director any day
- (3) Program Director endorses Project Proposal to Agency Head, through the Agency Planning Unit
- (4) Agency Planning Unit Performs Project Analysis
- (5) Agency Planning Unit recommends action to Agency Head
- (6) Agency Head rejects or endorses the project proposal

- to the Secretary, through the Planning Service
- (7) Planning Service performs project analysis, sends out the project proposal to Financial and Management Service (FMS) and to related agencies for comments
  - (8) Planning Service gathers comments and transmits them to Agency Planning Units concerned
  - (9) Agency Planning Unit sends Revised Proposal
  - (10) Planning Service sends revised Proposal to FMS
  - (11) FMS recommends action to Planning Service
  - (12) Planning Service recommends action to the Secretary
  - (13) Secretary rejects or approves proposal
  - (14) If Secretary approves the Proposal, Planning Service tentatively programs the project for implementation in the appropriate Fiscal Year. If the project is a research project, the Planning Service transmits its recommendation to PCAR and awaits PCAR's concurrence before recommending action to the Secretary.
  - (15) Planning Service communicates approval and tentative schedule of implementation to Agency Planning Unit
  - (16) Agency Planning Unit ensures that the Program Director causes a project implementation plan to be developed within 90 days.

(17) Implementation subject to Budget Release.

Note: NFAC and corporation projects are submitted to the Planning Service only for purposes of recording, not for screening.

B. The second phase is the budgeting phase. All approved new projects and changes in projects are incorporated with on-going projects to constitute the planned program for the budget year.

For the purposes of fixing the annual budget, the approved project plans which have been costed out are converted into the appropriation budget structure by the agency budget units for submission to the Budget Commission, through the Secretary So six months before the annual budget call, properly documented dialogues takes place over the entire Department of Agriculture as follows:

- (1) Major Program Memorandum (MPM): a general statement of the perceived agricultural situation and an over-all description of all program, including projects under each, and how they relate to that situation. This is prepared by the Planning Service for the Secretary and is influenced by a parallel document issued by the several

Bureau Directors and <sup>DA</sup> Regional Directors regarding their separate areas of responsibility. The parallel documents issued by the Directors are a response to the first draft of the MPM issued by the Office of the Secretary, through the Planning Service. The revision of the MPM considers the responses of the Bureau and Departmental Regional Directors.

- (2) At any given point in time, there is supposed to exist in DA, a set of approved programs. To change this set of programs or to modify an element of one of these programs, requires the submission to the Secretary of Agriculture, through the Planning Service, of a Program Change Request (PCR).
- (3) The Secretary Responds to the PCR with a Program Change Decision (PCD), through the Planning Service.
- (4) PCR's and PCD's are to be stated in terms of total costs over the life of the program, not just budget-year costs.
- (5) In case that a change in one program also affects other programs. These effects are to be included in the PCR's and PCD's as well.
- (6) The results of PCD's are used to update the draft MPM and the Four-Year Agricultural Plan (FYAP); the latter

is a financial document containing the estimated costs of all approved DA programs carried forward for four years (the planning horizon).

- (7) As the time approaches for the Bureau to prepare their annual appropriations requests, a "finalized" MPM is issued by the Planning Service. This MPM contains all OSEC-approved projects in addition to on-going projects.
- (8) Bureau budget submissions shall consist of two parts. The first is the "Basic" submission which is merely a "budget request" costing out of OSEC-approved programs. The second is an "Addendum" submission which represents Bureau reclaims to the list of OSEC-approved programs, giving the Bureaus a final chance to argue for particular programs they think important.
- (9) Because the Addendum submissions imply a change in the list of approved programs, if reconsidered, they must be accompanied by supporting Program Change Requests.
- (10) On the usual deadline for Bureau Submission to the OSEC, the Basic and Addendum budgets of each Bureau are presented to the Finance and Management Service for review. Since all items on the Basic budgets have previously been approved in theory, the Finance and Management Services review is an argument about the

costing out process, not about the programs themselves.

- (11) Addendum budget submissions and changes made during the review process are handled slightly different than program changes that arise during the normal PCR-PCD process. Usually, budget decisions taken during the period of the "budget crunch" are for the budget year only. Such decisions are recorded in documents called Program Budget Decisions (PBD's) rather than in PCD's.
- (12) After the Finance and Management Review, the properly costed-out Basic budget, plus any changes made in PBD's constitutes the DA Budget Submission to the Budget Commission (converted to the familiar appropriations categories). The budget Submission represents the new, updated list of DA approved programs. The month following submission of the Budget to the Budget Commission shall be spent updating the various planning documents to reflect decisions taken during the budget review. Any program changes must be supported by a Program Change Request (PCR). PCR's are used to introduce the "out-year" (beyond the budget year) implication of the

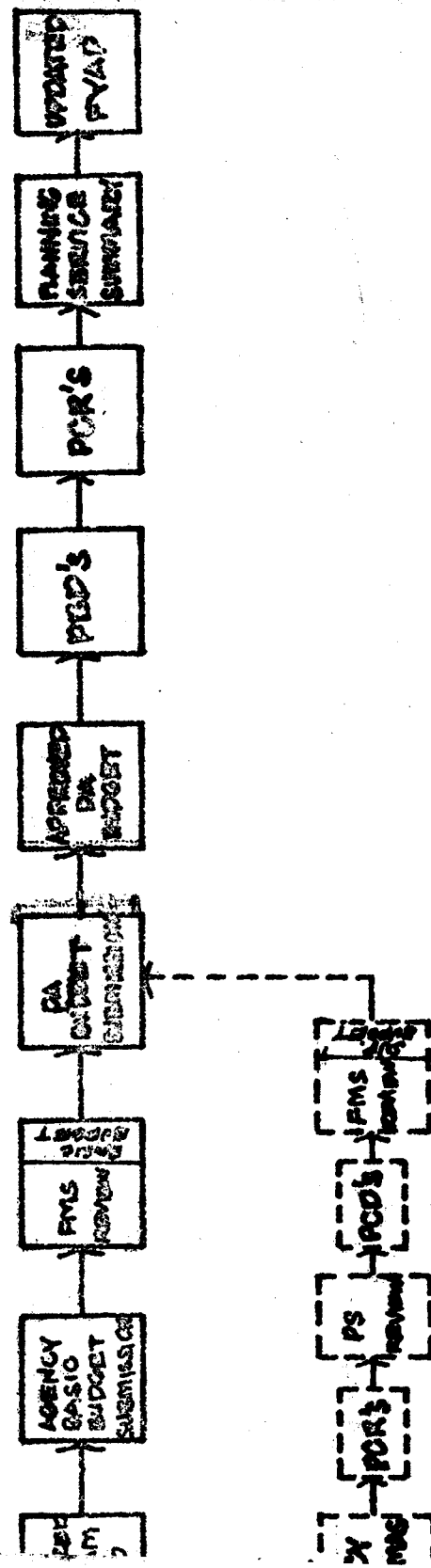
Program Budget Decisions. PCR's are reviewed by the Planning Service and result in Program Change Decisions and an updated Four-Year Agricultural Plan.

(13) Attached is a diagramatic presentation of the above system.

C. Budget allocation for each project is received, the Program Director revises the Project Implementation Plan in accordance with budget availabilities. The Program Director must be careful to keep both the original Project Implementation Plan and the revised Project Implementation Plan.

D. Check on performance, to judge required cut-backs or budget increases for the next budget year.

Note: Again, the NFAC and the corporations participate in the cycle merely to provide the Planning Service with data for inclusion in the Four-Year agricultural plan.



1. **Fig. 2 - THE PLANNING-BUDGETING CYCLE**



## CHAPTER V

### MINIMUM DATA REQUIREMENTS IN THE PREPARATION OF A PROGRAM MEMORANDUM

#### I. Data for Appraising the Environment, i.e., Trends and Projections "With" and "Without the Planned Program" for the Following:

##### A. Land utilization, i.e. hectarage for

##### 1. Agricultural Uses

- (a) Cropland for food and commercial crops, including fiber
- (b) Croplands planted to feed (a new development due to the livestock program), which may be feed-grains or grass
- (c) pasture
- (d) farmer's home lots
- (e) farm roads

##### 2. Non-agricultural Uses (i.e., competing uses of land from the point of view of agriculture)

- (a) Special-purpose uses (area covered by dams for irrigation, soil erosion check dams)
- (b) urban & other built-up areas (specially conversion to subdivisions for housing)
- (c) recreation or wildlife preserves (— in relation to the ~~environmental-quality-related~~ project of the Department of Natural Resources.

- B. Major Classes of land use by ownership (i.e., by national government, provincial government, municipal government, other public agencies, private)
- C. Employment in agriculture, total population in agriculture
- D. Quality of the labor force (-- may be in terms of median number of years of schooling completed by persons 15 years and older in rural Philippines and regions; median number of years of schooling completed by persons actually working)
- E. Indices of farm productivity
  - (1) median money income of farm and non-farm families
  - (2) number of persons supplied with food and fiber by one farm worker
  - (3) total agricultural exports under government incentives program vs. total agricultural exports outside government incentives program.
- F. Indices of farm output (crops and livestock)
- G. World agricultural situation.
- H. Indices of total farm inputs.
  - (1) farm labor (family and hired)
  - (2) farm real estate
  - (3) mechanical power and machinery
  - (4) energy (petroleum, electricity)

## 2. Claims

### (a) Liabilities

(1) Real estate debt

(2) Non-real estate debts

[a] loans from private lending institutions

[b] loans from government lending institutions

### (b) Proprietors equity

## II. Program Budget Information

A. Trends in past budget availments, by program and project.

B. Budget requirements for planned programs, by approved.

new project and on-going projects needs.

## III. Programs Management Information

A. Trends in past achievement, manpower and equipment

wage, by program and projects

B. List of approved new projects, including names of program directors and project managers

C. List of on-going projects, including names of program directors and project managers

D. Measures of target goals, by project under each program.

- (5) fertilizers and lime
- (6) feed, seed and breeder livestock
- (7) miscellaneous inputs
- (8) total Purchased inputs, total unpurchased inputs

I. Distribution of the consumer peso

- J. The farm share in the retail price for selected food and
- K. The distribution of the 1949 marketing margin for selected food and fiber.
- L. Per capita food use in families of various income levels.
- L. Per capita food consumption: relative importance of major food groups
- M. The food balance sheet
- N. The balance sheet of agriculture, as of June 30, consisting of

1. Assets

(a) physical assets

- (1) real estate
- (2) non-real estate

- [a] livestock and poultry
- [b] machinery and motor vehicles
- [c] crops stored on- and off-farms
- [d] plantings of permanent crops
- [e] household furnishing and equipment

## CHAPTER VI

### INSTRUCTION FOR PLANNING PROJECTS IN THE DEPARTMENT OF AGRICULTURE

#### I. Purpose

This Instruction prescribes policies and procedures for project planning within the Department of Agriculture with respect to the manner in which projects are planned approved and managed.

#### II. Applicability

This Instruction applies to the Office of the Secretary, the Bureau of Plant Industry, the Bureau of Animal Industry, the Bureau of Soils and the Bureau of Agricultural Economics.

#### III. Exemption

In the Office of the Secretary, PCRR, NFAC and the Corporations shall be exempt from compulsory adherence to this Instruction. However, these program offices may adopt whatever features are applicable to their units.

#### IV. Definitions

For the purpose of this Instruction, the following definitions apply:

##### 1. Agriculture includes:

- (a) farming, i.e., primary production of food  
and fiber

(b) agribusiness

- (1) farm supply industries (feed, seed, farm machinery, farm pharmaceuticals)
- (2) farm product processing industries (industries converting raw forms into forms consumers want)
- (3) distribution industries which move farm products to consumers

2. Farm development programs include:

- (a) programs to balance cropland and range development
- (b) cropland improvements
- (c) programs for reorganizing farming for greater efficiency
- (d) programs to help marginal farmers move out of farming
- (e) programs for greater land use efficiency
- (f) programs to make the farm more productive
- (g) programs to meet "felt needs" from the grass roots

3. Agribusiness development program includes programs designed to:

- (a) improve the adequacy and timeliness of input supplies and contractor's services to farming
- (b) improve the storage, processing and marketing systems

4. Program - A related series of undertakings which continue over a period of time (normally years), and which are designed to accomplish a broad agricultural goal. Program responsibility is assigned to an appropriate Program Office within the Department of Agriculture.

5. Project - An undertaking, within a program with a scheduled beginning and ending.

6. System - One of the principal functioning entities comprising a project. Ordinarily, a system is the first major subdivision of the project work.

7. Subsystem - A functional entity within a system.

8. Program Office - For purposes of this Instruction, refers to any of the following offices in the Department of Agriculture:

(1) Office of the Secretary including NFAC, PCAR, the corporations and other attached agencies.

(2) Office of the Undersecretary

(3) Office of the Commissioner, Bureau of Agricultural Extension

(4) Office of the Director, Bureau of Plant Industry

- (5) Office of the Director, Bureau of Animal Industry
- (6) Office of the Director, Bureau of Soils
- (7) Office of the Director, Bureau of Agricultural  
Economics

9. Program Director - The individual assigned by the head of office of the initiating agency to assume responsibility for the success of a program. Whenever a program encompasses more than one region of the country there shall be a Deputy Program Director for each region in order to achieve decentralized planning and control as well as take into consideration the different regional peculiarities. (For details see Appendix D)

10. Project Manager - The individual, normally at the Dept'l. Regional Office, who is assigned the direct responsibility for project execution. (For details see Appendix D)

11. System Manager - The individual normally in the field, who is assigned responsibility for execution of a major subdivision of project work.

12. Project Proposal - A brief summary and description of a proposed project. The project proposal serves as a briefing document on the project. Content and preparation of Project proposals are described in Appendix A.



13. Project Approval Document - A document which, when signed by the Secretary of Agriculture, authorizes the responsible Program Director to initiate and carry out the project within the scope defined in the document. Content and preparation of project approval documents are described in Appendix B.

14. Project Implementation Plan - A detailed plan that describes the project and the manner in which it is to be carried out within the scope defined by the Project Approval Document. When approved by the appropriate Program Director, the Project Implementation Plan becomes the primary operating document for project implementation. Content, preparation and revision of Project Implementation Plans are described in Appendix C.

## V. Background

The over-all Department of Agriculture planning structure is summarized as follows:

1. Long-Range Planning - Long-range planning is accomplished through the development of a formal Department of Agriculture Long-Range Plan. This Plan shall be the product of continuous intensive planning effort conducted jointly by the Planning Service in the Department of Agriculture (in behalf of the Secretary), the Planning staff of the different bureaus (in behalf of their respective Directors), and the Regional Directors

of the Department. The Planning Service in the Department Proper is responsible for coordination, integration and publication of the Plan. The Program Offices as defined in IV.8., are the primary initiators of the elements incorporated into the Plan. The field workers shall be, through their Regional Directors, participants in the preparation of the Plan and shall be responsible for providing estimates of resource requirements.

The Long-Range Plan takes into consideration national requirements, technical feasibility and economic considerations. It sets forth major Department of Agriculture programs and includes missions, goals, schedules and preliminary estimates of costs. The general features of the Long-Range Plan must be approved by the Secretary of Agriculture. The Plan is updated at his direction.

2. Intermediate-Range Planning - The program goals in the Long-Range Plan are achieved through the development of a four-year operating plan and the establishment of specific research and development projects. Projects are the primary unit of the intermediate-range planning. The four-year operating plan includes a four-year projection of resource requirements for each currently approved project. Each new Project Proposal and Project Approval Document will provide

a four-year projection of resource requirements by fiscal year as well as total resource requirements for the project. Thus each Project Approval Document signed by the Secretary can be used to update the Four-Year Operation Plan.

3. Current Planning - The primary devices used for current planning are the normal annual budget submissions, the <sup>annual</sup> Operation Plan and related documents. The Annual Operation Plan is a summary information document showing distribution and monthly phasing of contemplated program obligations. These documents are amended during the year as necessary.

## VI. Policies

The following policies are established by this Instruction:

1. A Program Director desiring to initiate a new project will request project approval by the Secretary, by submitting a Project Proposal and a draft Project Approval Document properly endorsed by the head of his Program Office to the Planning Service. The Planning and Financial Staff of the Bureau Director undertakes the analyses that will prepare the Director to endorse a project. Project Managers in the field desiring to initiate a new project may submit a Project Proposal to the Program Office. A Project Proposal will be submitted to the

Secretary of Agriculture only after sufficient preliminary work has been done to indicate broad technical feasibility and approximate resource requirements for the project and the Proposal has been coordinated with all affected project managers and Program Offices.

2. Project Approval - The Project Approval Document will briefly describe the scope of the approval granted, the assignment of project and system management responsibilities and the resource requirements by fiscal year for the first five years and the total through completion. The Project Approval Document, signed by the Secretary shall be accompanied by an authority to obligate funds. It further authorizes the Program Director to take necessary action to carry out the project. The Project Approval Document shall be updated as necessary to indicate approval by the Secretary of any changes not within the approval authority of the Program Director.

3. Actions Subsequent to Project Approval - Each approved project will be set forth in a carefully developed Project Implementation Plan to be approved by the Program Director. This plan shall describe, in specific terms, the technical, financial, procurement and management arrangements for the project. The Project Implementation Plan also include a clear assignment of managerial responsibility and authority and a statement

of the funding, manpower and facilities support which each Regional Office is furnishing to the project. The Project Implementation Plan may be required prior to project approval at the discretion of the Program Director. In any event, the Project Implementation Plan shall be available within 90 days after formal project approval unless otherwise specified in the Project Approval Document.

4. Organization for Project Management - The organizational pattern for a given project will be determined on a case-by-case basis. The detailed assignment of responsibility and authority will be described in the Project Implementation Plan.

(a) The Role of the Regional Office

(1) Department of Agriculture projects will normally be executed by the field workers in the regional offices of the Department in accordance with a Project Implementation Plan approved by the Program Director. Project management responsibility will be assigned to a project manager unless a specific justification for retention of project management responsibility at the Program Office is provided by the Program Director and approved in the Project Approval Document. The Project Implementation Plan shall authorize the functions which it is to perform.

(2) Separate system management assignments will be included in the Project Implementation Plan when a project has its systems under execution in more than one region. Each system management assignment to a region shall establish the region's responsibility for system accomplishment within the overall project and shall authorize the functions which it is to perform.

(3) The Regional Directors shall be, ex officio, responsible for project and systems management within their respective regions but shall delegate sufficient authority to a project and/or systems manager within the area to permit the manager to manage the project or system effectively.

(b) The Role of the Program Office

(1) The Regional Office which is assigned a management responsibility for a given project shall be subject to overall direction and evaluation by the Program Director with respect to conduct of projects under a program. The Program Director delegates authority to a Deputy Program Director to issue instructions to regional offices with respect to project execution. Lower organizational levels of the Program Office may communicate with regional personnel to obtain or provide information but may not issue

instructions or place requirements upon a regional office

(c) The Role of the Planning Service in the Office of the Secretary

Specific responsibilities of the Planning Service in the Office of the Secretary, with respect to a given project, include the following:

- (1) Establishment of objectives and policy guidelines.
- (2) Allocation of resources and provisions for programming, in coordination with the Financial and Management Service in the Office of the Secretary.
- (3) Provision of decisions and resources not within the scope of the approved Project Development Plan.
- (4) Performance of inter-project/inter-program coordination.
- (5) Evaluation of overall performance and accomplishment of project objectives.

Note: Analysis and advice is provided the Secretary by the Planning Service. The Departmental Regional Director shall supervise the execution of projects in behalf of the Secretary.

VI. Appeals

Appeals or review of a decision of a Project Manager shall be handled through the normal chain of command. Disagreement between a project manager in one region and a systems

manager in another region shall normally be resolved by agreement between the Directors of the regions. If referred to the Program Office, the problem will be resolved by the Program Director, upon consultation with the Deputy Program Director for the region concerned.



## APPENDIX A

### Project Proposals

#### I. Responsibility for Content of Proposal

The Program Director is responsible for the content of a project proposal even if the proposal may originate from the Regional Director in the field.

#### II. Content

It should present a brief and concise description of the proposed project, including (see "Contents of Project Implementation Plan" for explanations of the following requirements):

(a) Project Designation (Title and any identifying number; the system of numbering to be determined by the Planning Service, Department of Agriculture.

(b) Project Objectives (including need for the project, its relationship to the projects, and to over-all Department of Agriculture program objectives).

(c) Technical Plan (see Part III, Appendix C)

(d) Reliability and Quality Assurance (see Part IV, Appendix C)

(e) Management Plan (see Part V, Appendix C)

(f) Management Reporting System (see Part VI, Appendix C)

(g) Procurement Arrangements (see Part VII, Appendix C)

(h) Schedules (see Part VIII, Appendix C)

(i) Resource Requirements (see Part IX, Appendix C)

Note: The extent of details to be included in the Project cannot be specified since it will vary according to the nature of the proposed project. Many details may be unknown or undecided at the time the Proposal is prepared. However, the essentials needed to define the scope of the approval being requested should be included.

III. The Project Proposal shall be submitted together with a draft Project Approval Document to the Secretary, through the Planning Service.

## APPENDIX B

### I. Preparation of Project Approval Document

The Project Approval Document will be prepared by the Program Office -- i.e., its Planning and Management unit in the bureau -- requesting project approval, signed by the Program Director<sup>and</sup> endorsed by the Bureau Director. In the case of the Office of the Secretary, only the Program Director's signature is necessary. The Document will define (1) the scope of the approval with respect to the proposed project and (2) will include brief statements pertaining to each category of information included in the Project Proposal.

### II. Processing of Project Proposals and Project Approval Documents

(1) The initiating Program Office will provide copies of the Project Proposals to (1) all other affected Program Offices; (2) to the Planning Service, Department Proper for information and/or comment, as appropriate.

(2) After receipt and review of the comments, the initiating Program Office shall prepare a draft Project Approval Document and submit it with the amended Project Proposal to the Secretary of Agriculture, through the Planning Service. The submission will include a list of any unresolved problems raised by the comments from other offices.

(3) The Planning Service will advise the Secretary with regard to the proposed project from the view point of the overall Department of Agriculture program, resource availability and general management policy in consultation with the Financial and Management Service.

(4) When signed by the Secretary, the Project Approval Document will be returned to the initiating Program Office through its Planning and Management unit with information copies to all other Program Offices and all regional offices, leaving one file copy with the Planning Service. [IMPORTANT: The receipt of copies of the Project Approval Document does not constitute authorization for them to proceed with project. Authority to proceed is given only after approval of Project Implementation Plan and notice of budget release.]

Note: Be sure to allow enough time in your planning for the Planning Service to complete project analysis. This function is more time consuming than is generally realized. Before the Planning Service can proceed with economic and financial analysis, i.e., the project analysis proper -- it has to gather and verify underlying facts. Getting technical information will require going through the works of specialized professionals such as agronomists, soil scientists and management analysts. Judging whether all the individual parts of a project are put

together in such a way that the project can have a good chance of success requires evaluating the testimonies of experienced administrators who know the people and the region where the project is intended for implementation.

### III. Action Subsequent to Project Approval

#### A. Preparation of Project Implementation Plans

(1) When the Project Approval Document is signed by the Secretary, it authorizes the responsible Program Office to take the necessary actions to carry out the Project within the scope defined in the Project Approval Document. Such steps include issuing : instructions to the Regional Offices responsible for project management and resource procurement action.

(2)\* If a Project Implementation Plan has not been prepared, its preparation shall begin immediately and shall be available within 90 days after project approval unless otherwise specified in the Project Approval Document. The Project Implementation Plan will include the information described in the next page. Additional information may be included at the discretion of the Program Director. The Planning and Management unit in the Program Office shall see to the compliance with this requirement.

### B. Approval

The Project Implementation Plan shall be approved by the Program Director. Copies of the approved Project Implementation Plan (and all its provisions) will be distributed by the initiating Program Office to all other Program Offices, the Planning Service, the Financial and Management Service and all Regional Offices. If the project has international implications, the Project ~~Implementa-~~<sup>tion</sup> Plan will also be provided to the NEDA.

### C. Review

The Project Development Plan will be reviewed and updated periodically, and at least annually, by the responsible Program Office. Interim revisions will be made to effect any major changes in project scope or objectives.

## IV. Revision of Project Documents

A. Any proposed changes in a project exceeding the authority of the approved Approval Document shall be submitted to the Secretary for approval, through the Planning Service. When approval of a change is desired, the initiating Program Office will submit a revised Project Approval Document with a memorandum explaining the nature of the change. Revisions to Project

Approval Documents shall be coordinated by the initiating Program Office with other Program Offices directly affected.

B. Examples of changes in a project which must be submitted to the Secretary for approval and reflected in a revised Project Approval Document are changes in the:

- (1) Approved project scope or objectives.
- (2) Resource requirements beyond the scope of authority of the Program Director.

#### APPENDIX C

The various parts of the Project Implementation Plan will contain the following information:

##### PART I: Project Summary

A summary of project objectives, costs, manpower and time requirements.

##### PART II: Justification, History and Related Work

A statement of the need to be met by the project and its impact on the Department of Agriculture program concerned, including indication of any follow-up project implications, references to related work done by the Department of Agriculture and other agencies which preceded this project and a statement as to whether related effort is being carried on inside or outside the

Department of Agriculture at the present time, or planned for the future, should be included.

### PART III: Technical Plan

A. Description. The description shall outline the nature of the project, including all systems and principal subsystems as well as the technical design parameters. If systems or subsystems exist or are in development elsewhere, a comparison of the parameters should be made, and an explanation given for variations proposed.

B. Approach. Give a statement of the technical problems involved and of the current state of applicable technology, indicating the degree to which advance in the "state-of-the-arts" is prerequisite to successful completion of the project and the degree of difficulty to be expected. This statement should be accompanied by an outline of the most likely technical approach to be followed in solving the problems indicated. "Approach" also includes a discussion of possible performance trade-off, i.e., indicate compromises in quality and amount of work done in order to avert a complete failure, when unexpected unfavorable events occur.



PART IV: Reliability and Quality Assurance

1. Identify "errors signals" to watch for at different stages of the project and the possible sources of trouble.
2. Explain what would happen if particular elements of the project fails, i.e., what will be the impact of each failure on the project as a whole.
3. What are the possibilities of failures?
4. Specify measures of accomplishments and quality of work.

PART V: Management Plan

This includes a specification of:

(1) Assignment of Project management for the project in terms of its objectives, by Regional Offices.

(2) A description of the management organization for the project, and separate descriptions of the management organization for each system. These descriptions should clearly indicate the individuals to be assigned responsibility for management and should identify their line of authority and responsibility as well as state specific authority limitations.

(3) A description of the responsibilities and relationships to the Department of Agriculture of any external (local

or foreign) organizations involved in the project.

(4) A description of any permanent project-wide bodies, such as standing committees and evaluation groups.

(5) An assessment of possible international requirements of the project or opportunities for international cooperation. Describe support of any kind by foreign organizations or governments which will be necessary advantageous.

#### PART VI: Management Reporting System

A description of project reporting procedures. Identify the principal reports, their nature, frequency and circulation. Include reports used at the field level and those submitted to the Program Office.

Reporting should be limited to the minimum. Important work should be recorded thoroughly in the field office instead of being reported fully to the Program Office.

#### PART VII: Procurement Arrangements

Summarize necessary procurement activities as follows:

(1) An identification of each major project element

to be accomplished through contract; if known, the contractor or agency for each such element; the individual responsible for procurement of each element.

(2) A schedule of major contracting milestone, such as the following:

- (a) completion of specifications and work statement
- b) distribution of requests for proposals
- c) Receipt of proposals
- d) award of letter of contract

#### PART VIII: Schedules

PERT Network is one of the many techniques to show the phasing of the stages of a project. The calendar dates at which the key milestones will be passed should be shown, assuming the most practicable starting date. As subsequent revised PERT schedules are approved, these automatically constitute modifications of the Project Development Plan.

#### PART IX: Resource Requirements

1. Manpower. Estimate of both in-house manpower and contracted manpower.

2. Facilities. All major facilities essential to the project, listed by systems and subsystems; distinguishing insofar as possible between those already existing and those that will have to be developed in order to execute the project. The outline of existing facilities should indicate their scheduled availability. The outline of new facilities should indicate the lead-time involved and the planned schedule for construction, modification, repair and/or acquisition of facilities.

3. Funds. The total funds necessary for completion of the project will be estimated, both for in-house and contract manpower. The fund estimate should be phased by fiscal year for the first five years. identified by major project elements. Within the fund estimate for each major project element, further subdivision should show the major cost categories.

The general objectives of the fund estimate should be to facilitate validation of the completeness and reasonableness of the fund estimate as well as to provide historical points of departure for meaningful revision of fund estimates as program assumptions and/or prices of factors change.

4. Transportation. A description of plans and requirements for the movement of large vehicles to project sites and movements at the project sites.

PART X: Project Results

Indicate the channels and facilities through which information about results of project activities are to be processed and transmitted to the Program Office.

APPENDIX D

A. Duties of the Program Director

The Program Director shall:

- (1) Be the primary point of contact at the Program Office for coordination of all matters relating to a :  
program.
- (2) Review the technical, operational and financial progress of the program; keep the Secretary of Agriculture informed on its status and recommend to the Secretary actions to be taken on proposed changes to Project Implementation Plans.
- (3) Supervise the Project Managers in the coordination of the project in matters which involve the Office of the Secretary as well as inter-agency and public contacts.
- (4) Ensure that all decisions in the program, which will affect the results of other programs are coordinated with the appropriate Program Office.
- (5) Coordinate the termination of the projects.
- (6) Or may be assisted in the performance of the above duties by one or more depute program directors.
- (7) Or may be advised by a panel of experts.

## B. General Responsibilities of the Project Manager

### 1. Project Management

- (a) Integrating the several systems of the project, carrying out such overall systems engineering activities as may be necessary.
- (b) Ensuring that oversight and omissions in any aspect of the project are detected and corrected in time to minimize cost overruns, schedule delays and technical failures.
- (c) Identifying project requirements which have not been anticipated and actively taking such steps as may be necessary to obtain solutions to these needs.

### 2. Systems Management

Undertaking and completing the technical design; developing and testing the operation of project systems.

## C. Specific Functions and Authority as Project Manager

### 1. Project - wide Planning and Evaluation

- a) Initiating and submitting for Program Office approval Project Development Plan changes which are necessary to revise the technical parameters, the systems assignment to the several regional offices, or the scheduled dates of accomplishments for the project.

- b) Maintaining continuous surveillance of scheduled milestones for all systems in terms of program costs, and completion dates.
- c) Maintaining a current awareness of all activities within or outside the Department of Agriculture which may affect project accomplishments.
- d) Devising technical or procedural changes in areas within his own authority, or recommending such changes to higher authority.

## 2. Technical Consultation and Advice

- a) Establishing such ad hoc Advisory bodies as may be appropriate.
- b) Requesting from appropriate agencies in the Department of Agriculture and other agencies, especially PCAR, NSDB and U.P. at Los Baños, such special technical information as may be required.
- c) Chairing standing committees established in the Project Implementation Plan.

## 3. Budget Requirements and Financial Plans

- a) Submitting initial budget recommendations for the project or any of its system to the Planning Service through the Program Office, as part of the annual



Department of Agriculture budget preparation, and other budgetary revisions to be requested on a case-by-case basis.

b) Developing and recommending financial plans for the systems in the project and ensuring that proposed financial plans are in phase with the overall project schedule.

c) Financial Management

(a) Makes decisions with/<sup>in</sup> approved financial plans or other limitations by the Department of Agriculture or the Program Office, to commit and/or to reprogram funds as necessary for the prosecution of project assignments.

(b) Arranging, with the approval of the Financial and Management Service Chief, for the financing of special unbudgeted requirements and studies concerned with overall systems integration.

#### 4. Reports

(a) Developing and initiating such project reports as may be required by the Department of Agriculture or by project circumstances to keep the Program

Director, the Systems Managers and higher authorities informed of project progress.

- b) Furnishing project reports to the Planning Service and the Regional Directors, as established in the Project Development Plan.
- c) Ensuring that data resulting from the project are disseminated in accordance with the provisions of the Project Development Plan.

