



DEPARTMENT OF
ENVIRONMENT AND
NATURAL RESOURCES

DENR SPECIAL ORDER
NO. 318
SERIES OF 1993

MAR 11 1993

SUBJECT: Conduct of Unit Cost Study on DENR
Sectoral Activities

In the interest of the service and in line with the thrust of formulating standards and guidelines for effective and efficient planning endeavor, the Planning and Programming Division, Planning Service is hereby assigned to conduct a Unit Cost Study on DENR Sectoral Activities.

The objectives of the Study shall be: 1) To standardize the definition of the different sectoral activities in terms of the processes and the pre-requisite and successor activities involved therein; and 2) To come up with a standard unit cost per activity based on the standard definition of the different sectoral activities, which is applicable to all the Regions. It shall consist of four (4) parts: 1) Field work preparatory activities; 2) Test run; 3) Field data gathering and consultation; and 4) Data analysis and report writing (Refer to the attached proposal for the details of these activities).

The Study shall be undertaken by the following staff from the Planning and Programming Division:


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|------------------------|-----------------------|
| 1. Lilia SD. Raflones | 10. Teodora Cabrera |
| 2. Yolanda B. Gomez | 11. Samson Sapaden |
| 3. Marlon M. Cardinoza | 12. Normita Ballon |
| 4. Vicky Ylagan | 13. Lilian de Guzman |
| 5. Apolonio Basilio | 14. Emmanuel Suarez |
| 6. Fe Garrido | 15. Rodel Ombao |
| 7. Emerson Garcia | 16. Luminada Rotol |
| 8. Josephine Gomez | 17. Edelito Edralinda |
| 9. Joseph Lita | |

In support of this undertaking, the Regional Offices are hereby enjoined to give their full support and assistance. They shall mobilize all their concerned personnel to do the preparatory activities, and require them to participate in the discussions and attend to the data needs of the PPD staff during the actual field data gathering and consultation.


The report on the study shall be submitted to the top management by the end of the 3rd quarter 1993.

Expenses for this study shall be charged against the allotment of the Planning Service.

This Order shall take effect immediately.


ANGEL C. ALCALA
Secretary

Recommending Approval:


CIRILO B. SERINA
Assistant Secretary for
Planning and Policy Studies

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UNIT COST STUDY ON
DENR SECTORAL ACTIVITIES

RATIONALE

The unit cost determines the expenses that would be incurred to accomplish one unit of work. This is also a measure of the efficiency of the implementing unit concerned as it approximates the work that can be accomplished given the limited resources. This means that the more work that can be done given a limited budget, without however sacrificing quality, the more efficient the implementing unit would be.

Unit cost is very important baseline information in any planning exercise. In the case of DENR, however, this importance will still be explored.

Over the years, DENR has been implementing several activities geared at pursuing its mandate and program and policy thrusts. These activities are being carried out by all the Regions under a uniform unit of work measurement as devised by the Planning and Programming Division and agreed upon by the different Regions. The problem, however, is that the different Regions have no common or standard unit cost per activity notwithstanding the fact that most of these activities are already recurrent activities for the past 6 years. The unit cost per activity even varies among the different Regions ranging from 0% to 300% (based on the smallest unit cost) and in some activities, it is even more than 1000%.

Variation in unit cost of the different Regions can be attributed to the fact that there is no common or standard definition of the sectoral activities in terms of the processes and pre-requisite and successor activities involved. With such variations in unit cost, it would be very difficult to compare the performance of the different Regions based on Efficiency.

To address this concrete problem, this study is thus proposed to gather empirical data that would support the standardization of unit cost of the different DENR sectoral activities.

OBJECTIVES

The following are the specific objectives of the study:

1. To standardize the definition of the different sectoral activities in terms of the processes and the pre-requisite and successor activities involved therein; and

2. To come up with a standard unit cost per activity based on the standard definition of the different sectoral activities, which is applicable to all the Regions.

METHODOLOGY

The study shall be conducted by the Annual Planning Staff and Strategic Planning Staff, Planning and Programming Division. It consists of four (4) parts, namely: 1) Fieldwork preparatory activities; 2) Test Run; 3) Field data gathering and consultation; and 4) Data analysis and report writing at the Central Office.

1. Team Organization and Fieldwork Preparatory Activities

Five (5) working groups shall be organized for the fieldwork preparatory activities. Each group shall be composed of APS and SPS staff based on their technical expertise (Refer to Annex 1 for the suggested groupings).

The groups shall pre-identify the different expenses that could be incurred for each UWM of the sector/s assigned to them based on the Revised List of UWM prepared by SPS. The groups shall indicate the description of the expenses in a form as suggested in Annex 2. This form shall be filled up completely during the fieldwork. It is expected that this work shall be completed during the 1st week of March.

The unit cost shall not include the following:

-Salaries of permanent employees;

-Fixed expenditures viz. Communication Services (03); Repair and Maintenance of Government Facilities (04); Rents (08); and Water, Illumination and Power (14).

For the purpose of the Test Run and Fieldwork, APS and SPS staff shall be organized into four (4) Teams (Refer to Annex 3 for the suggested Team compositions). The Teams shall cover specific sector/s during the test run and specific Regions during the fieldwork.

A general briefing to all the teams shall be done prior to the scheduled test run and fieldwork.

Prior to the test run and fieldwork, the concerned Regions shall be informed of the study and require them to do the following:

a. Identify the different processes, pre-requisite activities, successor activities and responsible persons for each sectoral activity based on their FY 1993 WFP;

b. Identify and detail the expenses per unit of work measurement based on the definitions that would be established; and

c. Ask the Region to require the presence of Region, PENRO and CENRO specialist (one each per sector) during the discussion and consultation.

2. Test Run

A test run of the procedures (including the usefulness of the Form) shall be conducted in Region 4, and possibly NCR if time permits.

The teams shall cover specific sector/s during the test run. The suggested assignments of the Teams are as follows:

Team 1- FMS, LEP and PMP

Team 2- LMS and FNSP

Team 3- EMS and PAWS

Team 4- MGS and ERDS

The teams shall verify the processes, the pre-requisites and successor activities of all sectoral activities as listed in the Revised List of UWMs prepared by the Strategic Planning Staff from the Regional specialists (Region, PENRO and CENRO specialists as earlier required). The sectoral specialist may refer to the data which they were required to prepare for the purpose of the discussion. The groups shall make the necessary corrections based on the discussion and indicate that the same is the version of that Region.

Based on the processes, pre-requisite and successor activities that the Regional specialists have established, the groups shall require them to identify and detail the expenses that could accomplish one unit of work. The teams shall make use of the Unit Cost Form earlier prepared to check and counter check figures and to facilitate the identification of the cost components. The Regional Specialists may refer to the data earlier prepared for the purpose of the discussion.

The discussions shall continue until all the sectoral activities have already been covered.

Feedbacks shall be provided to the Teams concerning the Test Run. Based on these feedbacks, the procedures shall be adjusted accordingly.

The Test Run shall be conducted in the 2nd week of March.

3. Field Data Gathering and Consultation

For the purpose of the field data gathering and consultation, Teams shall be assigned specific Regions to cover. Two Teams at a time shall go on fieldwork. After the first two teams arrived, the next two teams shall proceed with their fieldwork. The

priority Region shall first be covered in the 1st semester and the rest during the second semester. The specific Regional assignments of each team and the fieldwork schedule are as follows:

Team	Regions to be covered	Schedule
1	CAR	last week March
2	Region 6	-do-
3	Region 5	3rd week April
4	Region 11	-do-
1	Regions 9 and 1	1st week July- 2nd week July
2	Regions 8 and 7	-do-
3	Region 1 and 2	4th week July- 1st week August
4	Region 10 and 12	-do-

4. Data Analysis and Report Writing

The teams shall prepare a matrix comparing the outputs of the different Regions. The groups shall establish the commonality in the processes, pre-requisite and successor activities per sectoral activity. Those common to a large number of the Regions shall be considered as the national standard.

The unit cost shall also be compared among the different Regions. Commonality in unit cost can be established by determining the unit cost which is nearest to a large number of the Regions. The average unit cost of the Regions, which is nearest to each other, shall be considered as the national standard.

The Report of each team is expected to be completed in two-week time after the fieldwork.

All the reports shall be consolidated into one mother report. The report should be complete and supported by empirical data. It shall be submitted to top management which should be the basis for issuing a guidelines or administrative issuance on said standardization.

For the complete schedule, please refer to Annex 4.

Annex 1

UNIT COST STUDY

Fieldwork Preparatory Activities
Composition of Working Groups

Group	Sectoral assignment
Group 1- Luminada Rotol Lilian de Guzman Marlon Cardinoza	FMS, LEP, PMP
Group 2- Josephine Gomez Vicky Ylagan Emmanuel Suarez	LMS, FNSP
Group 3- Apolonio Basilio Normita Ballon	MGS
Group 4- Samson Sapaden Fe Garrido Rodel Ombao	EMS
Group 5- Joseph Lita Emerson Garcia Teodora Cabrera	PAWS, ERDS

Annex 2

SUGGESTED FORM FOR THE UNIT COST STUDY

Region: 1
 Sector: FMS
 Activity: Sub-classification of FL
 UWM: Ha sub-classified
 Implementing Unit: LEP/PENRO

Date of Interview: _____
 Time of Interview _____
 Start _____
 Finish _____
 Respondents:

Expenditure Description	Expense Class			Remarks
	Wages	02	06 07	
1. 10 laborers to assist in clearing, transport of materials, etc.	xxx			
2. Cost of monuments, @ P__ monument, an ave. of ____ monuments per 100 ha. project area			xxx	inc. cost of cement.
3. TEV of ____ regular members of the team		xxx		
4. Hiring of boat			xxx	
5. Office supplies for report writing and mapping				xxx sketch map of scale 1: will be produced
6.....				
7. others				
Total	xxx	xxx	xxx	xxx

List assumptions:

1. Cost estimate are based on an ave. project size of 100 ha
2. A LEP party is composed of 1 chief, 2 foresters, etc.
3. The activity consists of 20 days of fieldwork and 2 days of office work
4. Cost estimates based on 1993 prices

The average cost per ha may be computed by dividing the total cost by 100 ha.

UNIT COST STUDY

Team Composition

Team 1 - Marlon M. Cardinoza
Samson Sapaden
Luminada Rotol
Lilian de Guzman

Team 2- Vicky Ylagan
Joseph Lita
Fe Garrido
Normita Ballon

Team 3 - Samson Sapaden
Joseph Lita
Emerson Garcia
Edelito Edralinda
Marlon Cardinoza

Team 4 - Yolanda B. Gomez
Apolonio Basilio
Teodora Cabrera
Emmanuel Suarez
Rodel Ombao

