

Republic of the Philippines  
**DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS**

**MEMORANDUM CIRCULAR NO. 2012-77**

For : **Undersecretaries  
Assistant Secretaries  
Heads of Sectoral Offices and Attached Agencies  
And Corporations  
Head Executive Assistant  
Service Directors  
RMC Chairmen  
Division Chiefs  
This Department**

From : **The Director for Administrative Service**

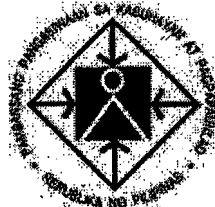
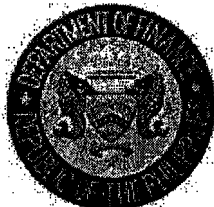
Date : **19 November 2012**

---

Transmitted herewith is a copy of Memorandum Circular No. 2012-03 dated November 12, 2012 from Secretary Florencio B. Abad, Department of Budget and Management and Chairman, AO 25 Inter-Agency Task Force on the subject **“GUIDELINES ON DETERMINING ELIGIBILITY AND RANKING BUREAUS, DELIVERY UNITS, AND INDIVIDUALS BASED PERFORMANCE IN LINE WITH THE GRANT OF THE PERFORMANCE-BASED BONUS (PBB) IN FY 2012.”**

For your information and dissemination.

  
**ROWENA S. QUIOGUE**



---

**INTER-AGENCY TASK FORCE  
ON THE HARMONIZATION OF NATIONAL GOVERNMENT PERFORMANCE  
MONITORING, INFORMATION AND REPORTING SYSTEMS**  
(Administrative Order No. 25 S. 2011)

---

**MEMORANDUM CIRCULAR No. 2012-03**

November 12, 2012

**TO :** All Heads of Departments, Bureaus, Offices and other Agencies of the National Government, including State Universities and Colleges, and Government-Owned or-Controlled Corporations

**SUBJECT:** Guidelines on Determining Eligibility and Ranking Bureaus, Delivery Units, and Individuals Based on Performance in Line with the Grant of the Performance-Based Bonus (PBB) in FY 2012

---

**1.0 BACKGROUND**

- 1.1 As provided in EO No. 80, s.2012 and MC 2012-01 issued by the AO 25 Inter-Agency Task Force (IATF), a Performance Based Incentive System (PBIS) consisting of the Productivity Enhancement Incentive (PEI) and the Performance-Based Bonus (PBB) shall be adopted in the national government beginning Fiscal Year (FY) 2012.
- 1.2 The PBB shall be characterized by a system of ranking bureaus or delivery units, and personnel within a Department/Agency according to their contribution to their respective Department/Agency performance as measured by verifiable and sustainable indicators of performance based on their Major Final Outputs (MFOs), commitments to the President supportive of the priorities under EO 43, s. 2011; and good governance conditions specified in MC 2012-02 and MC 2012-02-A issued by the AO 25 IATF on October 16, 2012 and October 31, 2012, respectively.

**2.0 PURPOSE**

This Memorandum Circular aims to provide guidelines on:

- 2.1 Determining the eligibility of Departments/Agencies to the PBB;
- 2.2 Ranking the bureaus, offices or equivalent delivery units within a Department/Agency based on performance;

- 2.3 Ranking and rating the performance of individuals in a bureau, office or delivery unit for the grant of the PBB in FY 2012; and
- 2.4 Distributing the PBB to qualified Departments, bureaus or delivery units, and personnel.

### **3.0 COVERAGE**

- 3.1 This circular covers all Departments and Agencies of the National Government, including State Universities and Colleges (SUCs), and Government-Owned or –Controlled Corporations (GOCCs).

For GOCCs, the implementation of this circular shall be done in close coordination with the Governance Commission for GOCCs (GCG).

For SUCs, the implementation shall be coordinated with the Commission on Higher Education (CHED).

the Congress, Judiciary, Constitutional Commissions and the Office of the Ombudsman are encouraged to adopt these guidelines to be eligible to the PBB in FY 2012.

- 3.2 All government officials and employees in the Departments, Agencies, SUCs and GOCCs holding regular plantilla positions, and all contractual and casual employees having an employer-employee relationship with these Departments, Agencies, SUCs and GOCCs; who are in the government service as of November 30, 2012; and have rendered at least four (4) months service during the year as of November 30, 2012.

### **4.0 DETERMINING ELIGIBILITY OF DEPARTMENTS/AGENCIES TO THE PBB**

Departments/Agencies, including SUCs and GOCCs, shall accomplish the attached Forms I, I-A and II to reflect the actual accomplishment of the targets of the Department/Agency and those of the component bureaus, offices or delivery units. Department/Agencies, SUCs and GOCCs that meet the following criteria and conditions are eligible to the PBB for FY 2012:

- 4.1 Achieved at least 90% of each one of their Major Final Outputs (MFO), Support to Operations (STO) and General Administrative Support Services (GASS) targets<sup>1</sup> for FY 2012, as specified in Form A (Cascading of Department Performance Targets) in MC 2012-01;
- 4.2 Achieved at least 90% of each one of their priority program/project targets agreed with the President under the five Key Result Areas (KRAs) of EO No.

---

<sup>1</sup> Per MC 2012-01, the performance targets include quality and timeliness indicators/targets of Support to Operations (STO) and General Administrative and Support Services (GASS).

43, as specified in Form B (Department Targets on Key Programs and Projects) in MC 2012-01; and

- 4.3 Satisfied 100% of four good governance conditions: three (3) under financial stewardship and one (1) under internal process, as specified in MC 2012-02 and MC 2012-2A.<sup>2</sup>

Inability to meet any of the performance targets will render Departments/Agencies ineligible for the PBB in FY 2012. This condition is to ensure that all the Department/Agency mandated MFOs and priority commitments are equally attended to and are achieved.

## **5.0 RANKING OF BUREAUS, OFFICES OR EQUIVALENT DELIVERY UNITS BASED ON PERFORMANCE**

- 5.1 Departments/Agencies that qualify for the PBB under Section 4.0 shall determine the component bureaus or delivery units and attached agencies that accomplished at least 90% of each one of their performance targets for FY 2012. The Department Secretary/Head of Agency shall refer to Form I (Department Accomplishments on Cascaded Performance Targets), Form I-A (Details of Bureau/Delivery Unit Accomplishments) and Form II (Department Accomplishments on Key Programs and Projects) which show the comparison of targets and accomplishments, as primary basis for measuring the performance of bureaus or delivery units. In particular, Form I-A shall present the performance targets of each of the bureaus, attached agencies and delivery units in the Department/Agency vying for the PBB versus their actual accomplishments. It is understood that these bureaus/delivery units and attached agencies shall have complied with the applicable good governance conditions as an eligibility requirement for the PBB.
- 5.2 Bureaus or delivery units and attached agencies that do not meet the criteria and conditions under Section 5.1 shall not be eligible to the PBB.
- 5.3 Based on Forms I, I-A, and II, bureaus or delivery units eligible to the PBB shall be forced ranked according to the extent/degree of their contribution to the achievement of their respective Department/Agency performance targets. The Department Secretary/Head of Agency shall rank the qualified bureaus or delivery units<sup>3</sup> as follows:

<b>Ranking</b>	<b>Performance Category</b>
Top 10%	Best Bureau/Delivery Unit
Next 25%	Better Bureau/Delivery Unit
Next 65%	Good Bureau/Delivery Unit

<sup>2</sup> For GOCCs, additional good governance conditions must be complied with as specified in GCG MC 2012-11.

<sup>3</sup> GOCCs must refer to GCG MC 2012-11 on the categories of ranking delivery units.

To facilitate the ranking of the bureaus or delivery units, they can be formed into sub-groups according to the similarity of their tasks and responsibilities. The forced ranking will be done within the different sub-groups.

5.4 In addition to quantitative criteria, the Department Secretary/Head of Agency has the option to use other criteria (both quantitative and qualitative) which must be conveyed to bureau/delivery unit heads for transparency. However, the use of quantitative criteria which is reflected in Forms A, A-1 and B will provide the more objective and less discretionary rating scheme.

5.5 The Department Secretary/Head of Agency may task a Performance Management Group (PMG) consisting of senior officials that directly oversee and observe the performance of bureaus or delivery units to assist him/her in undertaking the forced ranking of delivery units and individuals. In addition, the PMG shall assist the Department Secretary/Head of Agency in the following:

5.5.1 Adopting and undertaking a communications strategy which will engage the employees in the process of understanding and meeting the targets of the Department/Agency under the PBB scheme and the services/outputs that the Agency, bureaus and employees need to deliver to meet these targets.

5.5.2 Publishing the performance targets of the Department/Agency under Forms A, A-1, and B and the progress of their quarterly or monthly accomplishments in the Agency website and intranet for the public to be informed and the employees to access, respectively.

5.5.3 Setting up a Help Desk which can be embedded in the above websites to be able to respond to queries and comments on the Department's/Agency's targets and accomplishments. The more frequently the officials and employees can be informed, if not engaged, in tracking the Department/Agency and their bureau/delivery unit performance, the more beneficial it is to the PBIS.

5.5.4 Setting up a complaints mechanism which can respond to and redress issues and concerns brought forward by an official or employee on the PBB. The complaints mechanism can be incorporated among the functions of the Grievance Committee of the agency.

5.5.5 Ensuring adherence to the criteria and guidelines of the PBB.

## 6.0 RATING AND RANKING PERFORMANCE OF INDIVIDUALS

- 6.1 Officials and employees of bureaus, offices or delivery units that qualified for the PBB, based on the criteria and conditions set in Section 5.0, shall be forced ranked<sup>4</sup> as follows:

<b>Ranking</b>	<b>Performance Category</b>
Top 10%	Best Performer
Next 25%	Better Performer
Next 65%	Good Performer

- 6.2 Officials belonging to the Third Level who receive a rating lower than 'Very Satisfactory' under the CESB guidelines, and employees belonging to the First and Second Levels who receive a 'Below Satisfactory' rating under the CSC guidelines, shall not be eligible to the PBB.
- 6.3 For the 2012 PBB, Departments/Agencies shall use the Career Executive Performance Evaluation System (CESPES) to determine the individual performance and accomplishments of those officials belonging to the Third Level. However, with respect to the First and Second Level employees, the Departments/Agencies are given flexibility to use their existing CSC-approved Performance Appraisal System (PAS). They should ensure that the scheme is fair and transparent. Departments/Agencies are encouraged to consider 360-degree feedback in evaluating individual performance.
- 6.4 The CESB shall ensure the conduct of the CESPES in the Department/Agencies during the 1st quarter of the year following the rating period. The Department/Agencies shall submit all accomplished individual Performance Contract (PC) and Adjusted Performance Contract (APC), and Behavioral Competency Scale (BCS) of all ratees to the CESB for the computation of the performance ratings not later than the last working day of February or two (2) months after the rating period. Submissions after the said period shall no longer be entertained by CESB and shall cause the ratee to have no CESPES rating for the rating period.
- 6.5 Departments/Agencies should also ensure clear and shared understanding of their bureaus' or delivery units' and individuals' performance targets and their respective contribution to the overall Department/Agency performance targets. The Department/Agency must also make clear the treatment of non-performers. These should be considered in the Communications Plan and by the PMG.
- 6.6 The mechanism on providing feedback on employee performance progress shall be implemented and enforced.

<sup>4</sup> GOCCs should refer to GCG MC 2012-11 for the categories of ranking individuals.

## 7.0 PBB DISTRIBUTION AND RATES FOR FY 2012

- 7.1 The rates of the PBB shall be based on the performance ranking of bureaus or delivery units, and rating of individuals, as provided in EO No. 80, as follows:

<b>Bureau/Delivery Unit Performance Category</b>	<b>Individual Performance Category</b>		
	Best	Better	Good
Best	35,000	20,000	10,000
Better	25,000	13,500	7,000
Good	15,000	10,000	5,000

- 7.2 Thus, the Best Performer from the Best Bureau will get a PBB of P35,000; P25,000 for those in the Better Bureau; and P15,000 for those in Good Bureau. The Better Performer from the Best Bureau will get P20,000; P13,500 for those from the Better Bureau; and P10,000 for those from the Good Bureau. The Good Performer from the Best Bureaus will get P10,000; P7,000 from the Better Bureaus and P5,000 from the Good Bureaus. As mentioned in Item 6.2 above, it should be noted that regardless of his/her bureau performance, individuals who receive a Below Satisfactory performance rating will not be qualified for the PBB.

## 8.0 SUBMISSION OF PBB ACCOMPLISHMENT REPORTS

- 8.1 To facilitate the release of FY 2012 PBB to qualified personnel before the end of the year, Departments/Agencies can already submit their PBB Accomplishment Reports as of 30 November 2012 (Forms I, I-A and II) by the first week of December 2012, for proper evaluation.
- 8.2 Departments/Agencies that will submit reports as of 31 December 2012 should make clear with their respective personnel that, if qualified, they will receive the top-up bonus in the first quarter of FY 2013.
- 8.3 Departments/Agencies should submit the PBB Accomplishment Reports (in hard and electronic copies) to their respective DBM-BMBs, copy of which should be furnished the IATF through [ao25secretariat@dap.edu.ph](mailto:ao25secretariat@dap.edu.ph).

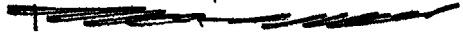
## 9.0 APPLICABILITY TO THE LEGISLATIVE AND JUDICIAL BRANCHES, AND NATIONAL GOVERNMENT AGENCIES COVERED BY RELATED INCENTIVE SCHEMES MANDATED BY LAW

- 9.1 Congress and the Judiciary are encouraged to follow these guidelines to be eligible to the Performance-Based Bonus.

9.2 Department/agencies can only benefit from one bonus scheme: either the PBB or the scheme mandated by law (e.g. lateral attrition law for revenue collectors).

## 10.0 EFFECTIVITY

This Circular shall take effect immediately.



**FLORENCIO B. ABAD**

Secretary, Department of Budget and Management  
and Chairman, AO 25 Inter-Agency Task Force





MFOs AND PERFORMANCE INDICATORS (1)	DEPARTMENT/ AGENCY FY2012 BUDGET (2)	DEPARTMENT FY 2012 TARGET (3)	RESPONSIBLE BUREAU/ DELIVERY UNITS (4)	DEPARTMENT FY 2012 ACTUAL ACCOMPLISHMENT (5)	FY 2012 QUARTERLY ACCOMPLISHMENTS (6)				REMARKS - (Cite reasons for exceeding or not meeting targets)
					Q1	Q2	Q3	Q4	
<b>B. Support to Operations (STO)</b>									
Performance Indicator 1									
Performance Indicator 2									
<b>C. General Administration and Support Services (GASS)</b>									
Performance Indicator 1									
Performance Indicator 2									
<b>Prepared by:</b>									
Planning Officer _____					Date _____				
Approved by: _____					Budget Officer _____				
Department Secretary/Agency Head _____					Date _____				

**DETAILS OF BUREAU/DELIVERY UNIT ACCOMPLISHMENTS**

**DEPARTMENT:** \_\_\_\_\_

As of \_\_\_\_\_

Major Final Outputs/ Responsible Bureaus or Delivery Units (1)	Performance Indicator 1 (2)	FY 2012 Performance Targets (3)	FY 2012 Quarterly Accomplishments (4)					Performance Indicator 2 (5)	FY 2012 Performance Targets (6)	FY 2012 Quarterly Accomplishments (7)					Performance Indicator 3 (8)	FY 2012 Performance Targets (9)	FY 2012 Quarterly Accomplishments (10)					Remarks (11)
			Q1	Q2	Q3	Q4	T			Q1	Q2	Q3	Q4	T			Q1	Q2	Q3	Q4	T	
<b>A. Major Final Outputs/ Operations</b>																						
Bureau 1																						
Bureau 2																						
Bureau 3																						
<b>B. Support to Operations (STO)</b>																						
Bureau 1																						
Bureau 2																						
Bureau 3																						
<b>C. General Administration and Support Services (GASS)</b>																						
Bureau 1																						
Bureau 2																						
Bureau 3																						

**Prepared by:** \_\_\_\_\_

**Planning Officer** \_\_\_\_\_

Date \_\_\_\_\_

**Budget Officer** \_\_\_\_\_

Date \_\_\_\_\_

**Approved by:** \_\_\_\_\_

Department Secretary/Agency Head \_\_\_\_\_

Date \_\_\_\_\_

DEPARTMENT ACCOMPLISHMENTS ON KEY PROGRAMS AND PROJECTS

As of \_\_\_\_\_

DEPARTMENT \_\_\_\_\_

Key Programs/ Projects (1)	Description of Program/ Project Objectives (2)	Department FY 2012 Targets/ Milestones (3)	Total Program/ Project Budget (4)	Program/ Project Budget for FY2012 (5)	Department FY 2012 Actual Accomplishment (6)	Responsible Bureaus/ Delivery Units (7)	FY 2012 Bureau/ Delivery Unit Accomplishments (8)				Remarks (Cite reasons for exceeding or not meeting target)
							Q1	Q2	Q3	Q4	

Prepared by: \_\_\_\_\_

Planning Officer \_\_\_\_\_

Date \_\_\_\_\_

Budget Officer \_\_\_\_\_

Date \_\_\_\_\_

Approved by: \_\_\_\_\_

Department Secretary/Agency Head \_\_\_\_\_

Date \_\_\_\_\_