



Republic of the Philippines  
**Department of Education**

18 JAN 2013

DepEd MEMORANDUM  
No. **6**, s. 2013

**PERFORMANCE-BASED INCENTIVE SYSTEM (PBIS)**

To: Undersecretaries  
Assistant Secretaries  
Bureau Directors  
Directors of Services, Centers and Heads of Units  
Regional Directors  
Schools Division/City Superintendents  
All Others Concerned

1. Enclosed is a copy of the Memorandum from the Office of the President dated December 14, 2012 entitled **Performance-Based Incentive System (PBIS)** for the information and guidance of all concerned.
2. The PBIS is a new incentive system launched in 2012 that awards the *Performance-Based Bonus (PBB)* to deserving employees of the national government agencies. The mechanics of the program, criteria and other relevant information on the PBIS and PBB are discussed in the enclosure.
3. Immediate dissemination of this Memorandum is desired.

  
**BR. ARMIN A. LUISTRO FSC**  
Secretary

Encl.:  
As stated

Reference:  
None

To be indicated in the Perpetual Index  
under the following subjects:

BENEFITS  
EMPLOYEES  
OFFICIALS

PERFORMANCE  
POLICY  
TEACHERS

Rhea/DM R- Performance-Based Incentive System  
0012/January 7, 2013

Office of the President  
of the Philippines

DEPARTMENT OF EDUCATION  
OFFICE OF THE SECRETARY

Dec 27, 2012

hayla

1816H-230923

MEMORANDUM

**FOR** : **ALL CABINET SECRETARIES**

**FROM** : **RAMON A. CARANDANG**  
Secretary of Presidential Communications  
Development and Strategic Planning

**CC** : **FLORENCIO B. ABAD**  
Secretary of Budget and Management

**ANTONIO D. KALAW, JR.**  
President, Development Academy of the  
Philippines

**RE** : **Performance-Based Incentive System**

**DATE** : **December 14, 2012**

DEPARTMENT OF EDUCATION  
OFFICE OF THE SECRETARY

RECEIVED  
28 DEC 2012

By: [Signature]  
Date: 12/23/12

The Presidential Communications Development and Strategic Planning Office (PCDSPO) has been working with the Department of Budget and Management (DBM) and the Development Academy of the Philippines (DAP) in the formulation of a communications plan for the Performance-Based Incentive System (PBIS).

The PBIS is a new incentive system launched this year that awards the Performance-Based Bonus (PBB) to deserving employees of national government agencies. Since this replaces an existing incentive system, and may entail an increase/decrease in the bonuses that will be received by some employees this year, there is a need to thoroughly explain it to the bureaucracy through the department heads.

The mechanics of the program, criteria and other relevant information on the PBIS and PBB are discussed in detail in the attached communications materials:

1. PBB Infographic
2. PBB Frequently Asked Questions
3. PBB Poster

You may reproduce these materials, preferably in full color, by downloading the files from the PBB page on the websites of the Official Gazette ([www.gov.ph/pbb](http://www.gov.ph/pbb)) and DAP ([http://www.dap.edu.ph/?page\\_id=1757](http://www.dap.edu.ph/?page_id=1757)). Please forward these links to your staff by email and post the collaterals on your bulletin boards and other prominent areas in your offices.

Thank you.

PCDSPO/121412/MGM

# PERFORMANCE-BASED BONUS

The Government is adopting a policy on performance-based incentives to reward exemplary performance!



**JUAN DELA CRUZ**  
Government employee, SG 10

**Gross Salary – Php17,255.00**  
\*Exclusive of allowances



## PERFORMANCE-BASED BONUS (PBB)

On top of other bonuses, gov't employees can qualify for the PBB. It is part of the Performance-Based Incentives System, a breakthrough program launched by the Aquino administration in 2012 to reward exemplary public service.

### PRODUCTIVITY ENHANCEMENT INCENTIVE (PEI)

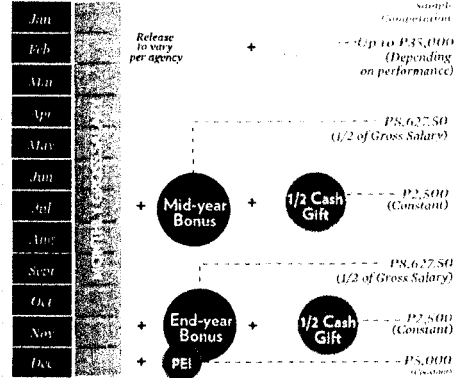
\*Amount dependent on Executive Order issued yearly

### CASH GIFT

\*Amount fixed at P5,000.00

### MID- AND END-YEAR BONUSES

\*13th month pay



<sup>1</sup> EO 80, directing the adoption of a performance-based incentive system for government employees

<sup>2</sup> An executive issuance issued yearly authorizes the release of the PEI.

<sup>3</sup> RA 4758, signed into law in 1989, resolved previous distortions in the government compensation system by, among other things, upgrading the salary of government workers in tranches. Wage increases brought about by SSI, III are a direct result of the implementation of this law.



## Why change the current incentive system?



To make it more fair. Under the current incentives system, bonuses are given uniformly to all civil servants regardless whether they do their job well or not.



Under the new incentives system, bonuses will be allocated in a way that is more fair. Good work will be encouraged, and bad work will be discouraged.



Good work leads to better services for our people and encourages a culture of merit.

## How can our department qualify for the PBB?

### Achieve at least 90% of set targets

An agency determines its own targets. There are two kinds:

PRIORITY PROGRAM TARGETS	MAJOR FINAL OUTPUTS (MFOs)
Determined by Key Result Areas, approved by the President and based on his Platform	Based on services and goods an agency should deliver. Approved by Congress

### Meet all 4 Good Governance requirements set by the Inter-Agency Task Force created by A025<sup>1</sup>

- ✓ Mandatory disclosure of budget information on the agency website
- ✓ Posting of all invitations to bid and awarded contracts in the Philippine Government Procurement Electronic System (PHILGEPIS)
- ✓ Liquidation of all cash advances for the year within the reglementary period
- ✓ Establishment of a Citizen's Charter or its equivalent

### Submit compliance reports on or before the deadline.

<sup>1</sup>Administrative Order 25, s. 2011, Creating an inter-agency task force on the harmonization of National Government performance monitoring, information and reporting systems

The incentive rates vary and will be based on 2 factors: an employee's performance and the performance of his or her agency.

Bureau/ Unit ranking	Employee performance assessment		
	Best	Better	Poor
<b>Best</b> ★★★★★ Top 10%	P35,000	P20,000	P10,000
<b>Better</b> ★★★ Next 25%	P25,000	P13,500	P7,000
<b>Good</b> ★ Up to 65%	P15,000	P10,000	P5,000
<b>Poor</b> ☹			

Best Performer in a Best Bureau

Juan dela Cruz  
Php35,000.00

Employees rated "poor" in the annual Performance Appraisal System

## Funding

The PBB shall be sourced from the Miscellaneous Personnel Benefits Fund (MPBF)

MPBF: Yearly agency budget for personnel benefits of government officials and employees, including compensation adjustments under the Salary Standardization Law




*Maari ba akong makakuha ng*

# **PERFORMANCE BASED BONUS?**



Para sa karagdagang impormasyon ukol sa  
PBB, pumunta lamang sa:

**[www.gov.ph/pbb](http://www.gov.ph/pbb)** 

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*Para sa mga katanungan, mag-email sa:*  
**[pbb@gov.ph](mailto:pbb@gov.ph)**



# **PERFORMANCE BASED BONUS**

*Frequently Asked Questions*

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## **A. INTRODUCTION TO THE PERFORMANCE-BASED INCENTIVE SYSTEM (PBIS) FOR NATIONAL GOVERNMENT AGENCIES AND EMPLOYEES**

### **a. What is PBIS?**

The Performance-Based Incentive System (PBIS) is a new system of incentives for government employees that is being introduced in FY 2012, per EO No. 80<sup>1</sup>. Under this new system, employees may receive two incentives: the Performance-Based Bonus (PBB) and the Productivity Enhancement Incentive (PEI).

The PBB is a top-up bonus that is given to employees based on their performance and contributions to the accomplishment of their Department's overall targets and commitments.<sup>2</sup> This will be on top of the PEI current annual incentive distributed to employees across the board. The amount available for PEI bonuses will depend on savings incurred by the national government.

### **b. What is PBB?**

The PBB, which is the new bonus introduced via the PBIS, will be given to employees based on their contribution to the accomplishment of their Department's overall targets and commitments.

Under the PBB, units of Departments will be ranked according to their performance. The personnel within these units shall also be ranked. The

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<sup>1</sup> On July 20, 2012, President Aquino issued Executive Order No. 80 directing the adoption of the Performance-Based Incentive System for government employees beginning FY 2012. The system shall consist of the Productivity Enhancement Incentive (PEI) and the Performance-Based Bonus (PBB). EO No. 80 is premised on the following: First is the need to rationalize the current incentive system in government, which is generally characterized by across-the-board bonuses. Second is the necessity to strengthen performance monitoring and appraisal systems based on existing systems like the OPIF, the Strategic Performance Management System of the CSC, and the RBPMS. Third is the belief that service delivery by the bureaucracy can be improved by linking personnel incentives to the bureau or delivery unit's performance and recognizing and rewarding exemplary performance.

<sup>2</sup> Last December 21, 2011, President Aquino issued Administrative Order No. 25 creating an Inter-Agency Task Force on the Harmonization of the National Government Performance Monitoring, Information and Reporting Systems in line with the Administration's thrust to raise transparency and accountability in governance. AO 25 seeks to rationalize, harmonize, streamline, simplify, integrate, and unify the efforts of government agencies mandated to exercise broad oversight on performance of government agencies relative to the National Leadership's Agenda, the Philippine Development Plan (or PDP) 2011-2016, agency mandates, commitments and targets. The AO aims to establish a unified and integrated Results-Based Performance Management System (RBPMS) across all departments and agencies within the Executive Branch.

ranking of units and personnel will be based on their actual performance at the end of the year, as measured by verifiable, observable, credible, and sustainable indicators of performance.

**c. What is the difference between PBIS and PBB?**

The PBB or the Performance-Based Bonus is a component of the PBIS or the Performance-Based Incentive System. The PBB is a top-up bonus which will be given to employees based on their contribution to the achievement of their Department or Agency's targets and commitments in FY 2012. The other component is the PEI, which is provided to employees across the board, regardless of their actual performance.

**d. What is the difference between PBB and the bonuses currently given to national government employees?**

The PBB is a new incentive given to government employees based on their performance. This is different from existing bonuses in government, which are given to employees across the board, regardless of their performance.

The PBB was introduced by the Aquino Administration to reward and encourage exemplary performance among public servants in national government. The PBB, as introduced in 2012, is on top of the following bonuses currently provided to government employees:

- i. Mid-Year and Year-End Bonuses are the government equivalent of the 13<sup>th</sup> Month Pay of employees in the private sector. Like the 13<sup>th</sup> Month Pay, the total amount of the Mid-year and Year-end Bonuses are equivalent to their one month's salary, depending on their rank and salary grade. The Mid-year and Year-end Bonuses are given no earlier than May 1 and November 15, respectively.
- ii. The Cash Gift is an across-the-board bonus of P5,000 given to each

employee of the national government. It is released in two tranches: at the middle and end of the year, together with the Mid-year and Year-end Bonuses.

- iii. The Collective Negotiation Agreement (CNA) Bonus, meanwhile, is provided to employees of government agencies where there is an accredited employee's union, and where the agency and the union have entered into a Collective Negotiation Agreement (CNA).

The CNA Bonus is funded by savings from the agency's maintenance expenditure items identified in their CAN. An agency can raise these savings through cost cutting and productivity measures—identified in their CNA.

- iv. The PEI is an existing across-the-board bonus, given equally to government employees. Unlike the Mid-year and Year-End Bonuses and Cash Gifts, the amount given per employee is not fixed. Instead, the amount depends on the level of savings incurred and authorized by the national government to fund the PEI. Thus, the amount per employee has varied through the years.

*1. Will our PEI be smaller in 2012?*

Yes. In 2011, the PEI was P10,000. This year it is P5,000. But this does not include other bonuses given throughout the year.

*2. Does this mean that employees will get less this year than the amount given in 2011?*

Since the PBB will be given on top of the PEI, only the underperforming minority will be getting less, while the majority of performing employees will get the same amount as last year's PEI. Employees who demonstrate

exemplary performance, on the other hand, will actually enjoy bigger bonuses.

Assuming, for example, that everyone achieves their respective targets, about 42.25 percent of employees will get a top-up PBB bonus of P5,000 in addition to their PEI of P5,000. This adds up to P10,000, which is the same amount received by employees in 2011.

Meanwhile, more than 50 percent of employees will receive bonuses higher than P10,000, since the PBB for better performers ranges from P7,000 to P35,000. This way, exceptional performers are given due recognition and reward, encouraging the rest of the bureaucracy to follow suit and aim for exemplary public service.

**e. How much will the PBB be?**

The amount will depend on the performance of each employee and the unit that he/she belongs to. This is to foster a culture of teamwork within each unit and within the department itself, especially if the latter has different kinds of outputs and services to deliver.

The Best Performer from the best-performing unit or “Best Bureau” will get a PBB of P35,000; the Better Performer from a “Better Bureau” will get P13,500; while the Good Performer from a “Good Bureau” will get P5,000. However, the minority of poor performers will get no PBB.

In other words, the PBIS provides the best rewards for the best people in the bureaucracy, amounting to a total of P40,000 with the PBB and PEI combined.

Under the PBIS, however, underperformers will not be left empty-handed: they will still receive the P5,000 across-the-board PEI.

**f. Will government employees get less as a result of PBIS?**

PBIS-covered government employees will still receive their Year-End and Mid-Year Bonuses, Cash Gifts, and CNA Bonuses. These bonuses are separate from the PBIS and are therefore unaffected by an employee's performance.

For the PEI and PBB—which now fall under PBIS starting 2012—most government employees will receive the same or even much more than what they used to receive under the PEI in the previous years. We place this at 57 percent based on the approved distribution of the PBB, on the assumption that the agency meets the minimum performance standard. Only the minority of underperformers will get less: a PEI of 5,000, which will be given across-the-board.

**g. Is it fair for government employees who will get less than what they used to get?**

For the longest time, good performers in government received little to no recognition for their hard work. Majority of them receive as much in bonuses as their coworkers who underperform or do not take responsibility for their tasks.

Through the PBIS, the Aquino administration seeks to foster a culture of fairness and excellence in the bureaucracy, where good work is duly recognized, while poor output goes unrewarded.

**h. Is the PBB just a new name for an additional "Christmas Bonus" for government employees?**

No. The PBB is not a holiday or Christmas Bonus. Instead, the PBB is based on an agency and employee's actual performance. It is therefore a reward for good performance, not a gift or entitlement.

Because an agency and its employees are going to be assessed based on their actual performance from January 1 to December 31, 2012, distributing the PBB will start in January of next year. However, agencies that have met at least 90

percent of their performance targets by November 30, 2012 (see Section C) may have their actual performance evaluated earlier. This will allow for the possible release of their employees' PBB by end-December 2012.

**i. Why do we need the PBB when we already have all these other bonuses?**

Under the status quo, bonuses are given uniformly to all civil servants, regardless of their performance. In some cases, this incentive system has even been abused. To remedy this, the Aquino administration sought to introduce a new system that will focus on service delivery and reward the best in the bureaucracy through incentives that correspond with the performance of employees and their offices.

In other words, having definite rewards for exemplary work can inspire public servants to perform better. This can even motivate their co-workers in their own units to perform well, too. Altogether, such a system is designed to encourage improved performance and better accountability, in line with ensuring the accomplishment of the Administration's priority development agenda.

More importantly, however, the PBB seeks to transform the management of agency and employee performance to foster a culture of accountable public service, as well as produce concrete and visible improvements in the delivery of public goods and services. The ultimate aim of the PBB—besides instituting a genuine meritocracy in Philippine government—is to serve the Filipino public more effectively and efficiently.

**j. How will the PBI be funded?**

For national agencies, both the PEI and the PBB shall be sourced from the Miscellaneous Personnel Benefits Fund (MPBF). For GOCCs, their PBB shall be sourced from their corporate funds.

**k. How will the PBIS be implemented?**

The PBIS will be implemented in annual phases. FY 2012 is the pilot implementation year of the PBIS. What we intend to do in FY 2012 is to lay down the pre-conditions for a successful PBIS, such as setting clear and reasonable performance indicators and targets with the Departments. This allows the government to make a credible PBB system as well as a reasonably good validation system.

The AO25 Task Force will support Departments during the pilot implementation year, especially with respect to laying down targets based on the President's priorities.

FY 2013 shall be the Harmonization Phase, during which the Results-Based Performance Management System (RBPMS; see Section D) will be put in place, together with a Strategic Performance Management System (SPMS) prescribed by the Civil Service Commission. Thus, the guidelines on the PBB shall be updated to reflect, harmonize, and implement the two systems. Departments will then be expected to submit an improved set of performance targets and indicators.

In FY 2014, we can already expect the alignment of the Department targets with its smallest operational units. In addition to the FY 2013 good governance conditions, two or three more conditions should be met. A gradual increase from the FY 2013 bonus is likewise expected.

In FY 2015, the PBB should have reached the Institutionalization Phase. The system will be fully developed by this time, so that there is full alignment of Department targets with individual targets. In addition to the FY 2014 good governance conditions, two or three more conditions should be met. A gradual increase from the FY 2014 bonus is also expected.

**l. When will the PBB be given out to employees?**

The PBB will be given to employees only after their departments and agencies have 1.) accomplished all PBIS eligibility criteria, 2.) met their performance targets, and 3.) submitted all their accomplishment reports to the AO25 Task Force before the deadline (see Section C).

The final deadline for such accomplishment reports will be in the first week of January 2013. However, agencies that have met their performance targets by November 30, 2012 (see Section C) may be have their actual performance evaluated sooner, so that the government can facilitate the possible release of their employees' PBB within December 2012.

**m. Will all employees get their PBB by the end of 2012?**

No. Only employees belonging to agencies that have met their performance targets by November 30, 2012 (see Section C) can have their actual performance evaluated to facilitate the possible release of their employees' PBB within December 2012.

However, if agencies do not meet this early deadline for the submission of accomplishment reports, then their final deadline will be in the first week of January 2013.

**n. Do agency heads have the authority to redistribute the PBB equally to their employees?**

No. The PBB shall be given based on the performance ranking of delivery units and the individuals within these units. Agency heads are not allowed to diverge from the objective system of performance ranking under the PBIS. Otherwise, they defeat the very purpose of the PBIS.



## **B. PBIS COVERAGE**

### **a. Which agencies and employees are covered by the PBIS?**

Regular, contractual, and casual officials and employees of Departments and Agencies of the National Government who occupy plantilla positions, who have an employer-employee relationship with these Departments and Agencies, and who have been in government service for at least four (4) months as of November 30, 2012 may be covered by the PBIS.

The PBIS will be implemented in all Departments and Agencies of the National Government, State Universities and Colleges (SUCs) and Government-Owned or-Controlled Corporations (GOCCs). However, these institutions must first meet the eligibility criteria (see Section C) before they can qualify for the grant of PBB under the PBS.

For SUCs, the implementation shall be coordinated with the Commission on Higher Education. For GOCCs who are covered by the GOCC Governance Act of 2011 (Republic Act No. 10149), the implementation of PBIS shall be led by the Governance Commission for GOCCs (GCG). GCG will issue separate guidelines for the adoption of PBIS in GOCCs.

### **b. Are Congress, the Judiciary and other constitutional offices covered by PBIS?**

The Congress, Judiciary, Constitutional Commissions and the Office of the Ombudsman are encouraged to adopt the PBIS in line with the provisions in EO No. 80 and the guidelines issued by the AO 25 Inter-Agency Task Force.

Of these Constitutional Offices, only the Civil Service Commission and the Commission on Audit have officially opted into the PBIS and may therefore be eligible for the grant of the PBB.

**c. Are casual and contractual employees included?**

Contractual and casual employees who have an employer-employee relationship with their respective Departments, Agencies, SUCs and GOCCs, who have been in government service as of November 30, 2012, and who have rendered at least four (4) months service during the year as of that date are eligible to receive the PBB under the PBIS.

**d. Who are not covered by the PBIS?**

Those with no employer-employee relationship with their respective National Government Departments and Agencies, SUCs and GOCCs are not covered by the PBIS. These include job order workers, consultants, and those hired under contracts of service (Note: Contracts of service are different from contractual employees who hold plantilla positions). As such, they will not receive both the PEI and PBB under the PBIS.

**e. Will those employees who are not covered by the PBIS still receive bonuses?**

Under the current implementation, regular, casual and contractual officials and employees of National Government Departments and Agencies, particularly the Constitutional Offices, who have not opted to adopt the PBIS may still receive other bonuses, including PEI, but not the PBB.

## **C. PBB ELIGIBILITY CRITERIA**

**a. How can an agency be eligible for the PBB under the PBIS?**

To qualify for the PBB, an agency covered by the PBIS must fulfill the following:

- i. Meet all Good Governance Conditions set annually by the AO 25 Task force (see succeeding items for more details);

- ii. Achieve at least 90 percent of each performance target set for the agency (see succeeding items for more details);
- iii. Rank eligible bureaus (delivery units) and the individuals within them; and
- iv. Submit accomplishment reports on time.

**b. What are Good Governance conditions?**

EO No. 80 states that the Inter-Agency Task Force under AO No. 25 will set the good governance conditions for the PBB on an annual basis. The good governance conditions are based on the performance drivers of the Results-Based Performance Management System (RBPMS): financial stewardship, internal process, and leadership, learning and growth.

**i. What are the Good Governance Conditions set by the AO 25 Task Force for fiscal year 2012?**

For FY 2012, the AO 25 Task Force has set four good governance conditions, with three under financial stewardship and one under internal process. These are: the establishment of a Transparency Seal; posting of bid notices and awards on the website of Philippine Government Electronic Procurement System (PhilGEPS); liquidation of all cash advances to officials and employees; and establishment of a Citizen's Charter or its equivalent.

**ii. What is the Agency Transparency Seal?**

Pursuant to Section 93 of the General Appropriations Act of 2012, all departments shall have a Transparency Seal on their respective websites that should contain the following information:

1. The agency's mandates and functions, names of its officials with their position and designation, and contact information;
2. Annual reports required by National Budget Circular Nos.

507 and 507-A issued on January 31, 2007 and June 12, 2007, respectively, for the last three years;

3. Their respective approved agency budgets and the corresponding targets for fiscal year 2012;
4. Major programs and projects, categorized along the five key results areas of the Aquino Social Contract, as identified by E.O. No. 43, s. 2011;
5. Program/projects beneficiaries as identified in the applicable special provisions;
6. Status of implementation and program/project evaluation and/or assessment reports; and
7. Annual procurement plan, contracts awarded and the name of contractors/suppliers/consultants.

**iii. What information should agencies post on PhilGEPS?**

Departments and Agencies must ensure that all Invitations to Bid and awarded contracts are posted on the PhilGEPS website, pursuant to the Revised Implementing Rules and Regulations of the Government Procurement Reform Act (RA No. 9184).

**iv. What types of cash advances are covered in FY 2012?**

Departments and Agencies must ensure the liquidation, within the reglementary period, of all cash advances granted to all officials and employees for the year.

As stated in the rules of the Commission on Audit (COA), the liquidation of cash advances for foreign travels must be done within 60 days from travel, while the liquidation of cash advances for domestic travel must be made within 30 days from travel. The liquidation of cash advances for special activities must be done within 30 days upon completion of the

project or activity as provided for in the liquidation authority.

1. Are cash advances given to local government units and other organizations covered by the Good Governance condition in FY 2012?

No. For FY 2012, the Good Governance condition only covers the cash advances granted to national government officials and employees within the year for the purpose of local and foreign travel and special projects.

2. Are the outstanding cash advances due for liquidation since FY 2011 or before covered?

No. For FY 2012, the liquidation of outstanding cash advances due since FY 2011 or before is not yet included in the Good Governance condition. Nonetheless, COA requires Departments to liquidate such outstanding cash advances immediately.

**v. What are Citizen's Charters?**

Departments must comply with Section 6 of the Anti-Red Tape Act (ARTA, RA No. 9485), which provides that "All government agencies including departments, bureaus, offices, instrumentalities, or government-owned and/or controlled corporations, or local government or district units shall set up their respective service standards to be known as the Citizen's Charter in the form of information billboards which should be posted at the main entrance of offices or at the most conspicuous place, and in the form of published materials written either in English, Filipino, or in the local dialect, that detail: (a) the procedure to obtain a particular service; (b) the person/s responsible for each step; (c) the maximum time to conclude the process; (d) the document/s to

be presented by the customer, if necessary; (e) the amount of fees, if necessary; and (f) the procedure for filing complaints.”

Are all agencies required to establish a Citizen’s Charter?

To qualify for the PBB, agencies must establish an equivalent of a Citizen’s Charter, such as a service guide or a service charter. For instance, the IRR<sup>3</sup> of ARTA clarifies that “those performing judicial, quasi-judicial and legislative functions are excluded from the coverage of the Act, however, their respective frontline services are deemed included.”

**vi. How will the agencies’ compliance to Good Governance conditions be validated?**

By November 30, 2012, Departments will be validated on their compliance with the Good Governance conditions. This will be done through the submission of certifications to be signed by the Head of their respective Departments or Agencies and other accountable officials. The AO25 Task Force shall also validate if Departments and Agencies have complied with their online posting requirements (e.g. Transparency Seal, PhilGEPS). Oversight agencies may also conduct spot-checking.

**c. What are the Performance Targets that agencies should meet?**

In order to qualify for the PBB, PBIS-covered Departments and Agencies must achieve at least 90 percent of each of their: 1) performance targets for their Major Final Outputs (MFOs), Support to Operations (STO) and General Administration and Support Services (GASS) submitted to Congress; and 2) Priority Program targets agreed with the President under the five Key Result Areas (KRAs) of the Aquino Social Contract, under E.O. No. 43 s. 2011.

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<sup>3</sup> Section 1 of Rule I of the IRR

**i. What is a performance target?**

A performance target (PT) is a predetermined target level of performance (quantity, quality, timeliness and cost of an output) against which actual performance can be compared and for which a mean, deviation and trend line can be calculated over time.

**ii. How are the performance targets for PBB set?**

Departments and Agencies have been asked to review the MFOs, performance indicators, and targets as declared in the Organizational Performance Indicator Framework (OPIF) Book of Outputs for FY 2012, and the key program and project targets related to the five Aquino Social Contract KRAs under EO 43.

A Department or Agency should select or prioritize three performance indicators for each MFO and indicate the target for FY 2012. The Head of Agency should also set the performance targets of support services belonging to STO and GASS.

Frontline service Departments which have key programs or projects with performance targets for FY 2012 agreed with the President shall also prioritize and feature those performance targets (for instance, 4.6 million international tourist arrivals for the Department of Tourism; the construction of 41,000 classrooms in the case of the Department of Education). The resulting targets corresponding to the MFOs, STO, GASS and key programs or projects shall be deemed the baseline commitment of the Department for 2012 to be cascaded to second level units.

**iii. What is an MFO?**

A Major Final Output (MFO) is a good or service that a Department or Agency is mandated to deliver to external clients through the implementation of programs, activities and projects.

**iv. What are the performance indicators for MFOs?**

A performance indicator (PI) is a characteristic of performance i.e. quantity, quality, timeliness or cost that is to be measured and will illustrate the standard by which a Department is expected to deliver its services.

As specified in EO No. 80, PIs should be verifiable, observable, credible, and sustainable. For the FY 2012 PBB, Departments shall select or prioritize three PIs for each MFO to capture the dimensions of quantity, quality, and timeliness. In order for the people to better appreciate what a Department or Agency does, the strategic performance indicators should center on indicators for frontline services or services of the Department or Agency catering to the public.

**v. What is STO?**

STO or Support to Operations refers to activities that provide technical and substantive support to the operations and projects of a Department or Agency. For PBB in FY 2012, Departments and Agencies are asked to identify performance indicators and targets for these activities capturing the dimensions of quality and timeliness of services as specified by the Department Secretary.

**vi. What is GASS?**

General Administration and Support Service (GASS) refers to activities



dealing with the provision of overall administrative management support to the entire operation of a Department or Agency. It includes activities such as general management and supervision, legislative liaison services, human resource development, and financial and administrative services. For PBB in FY 2012, Departments and Agencies are asked to identify performance indicators and targets for these activities capturing the dimensions of quality and timeliness of services.

**vii. Are support services of agencies included in the PBB?**

Support services (or offices under STO and GASS) will not be left out since they will also have to set their own performance indicators and targets.

Offices providing administrative and technical support to the units responsible for the delivery of the MFOs and the key programs and projects shall be given two performance indicators each, capturing the dimensions of quality and timeliness of services specified by the Department Secretary.

**viii. Are performance targets lower than FY 2011 accomplishments acceptable?**

No. The performance targets of Departments and Agencies must be consistent with the FY 2012 budget approved by Congress and should not be lower than accomplishments in FY 2011.

**D. EVALUATION AND RANKING OF PERFORMANCE FOR PBB**

**a. What is the PBB system of evaluation and ranking?**

The PBB shall be characterized by a system of ranking bureaus or delivery units and the personnel within these units according to their performance.

The performance incentives shall be based on two levels to consider: the delivery unit and individual contributions to the achievement of a Department's or Agency's targets. In categorizing groups, the Department Secretaries are authorized to rank or line up the bureaus and attached agencies under their respective Departments according to performance and determine whether they are eligible or not to receive the PBB.

Department Heads may also modify the ranking system among delivery units to best fit their operations or their respective functions. They can also use their existing personnel rating system to force-rank their employees within bureaus or delivery units.

**b. How will the performance of bureaus or delivery units be evaluated and ranked?**

Departments and Agencies shall submit their actual accomplishments of targets—as well as the accomplishments of their component bureaus or delivery units— to the AO25 Task Force. Failure to meet any of the PBB eligibility criteria (see previous section for details) within the deadline will render Departments and Agencies ineligible for the PBB in FY 2012.

Bureaus or delivery units will be forced-ranked according to their accomplishment of targets and will be categorized under the following groups: Best Bureaus (top 10 percent of ranked bureaus), Better Bureaus (next 25 percent), Good Bureaus (remaining 50 to 65 percent) and Poor Bureaus (bureaus that failed to accomplish 90 percent of their targets).

**c. How will individual performance be evaluated?**

Within the bureaus or delivery units which are ranked as Best, Better and Good Bureaus, employees will be ranked according to their actual individual performance and categorized under the following groups: Best Performers (top 10 percent of ranked employees in a bureau), Better Performers (next 25

percent) and Good Performers (next 65 percent).

At the same time, individual employees who receive a rating of “Below Satisfactory” under the annual Performance Appraisal System of the Civil Service Commission will not receive any amount under the PBB. Meanwhile, employees in Poor Bureaus will not be eligible to receive any amount under the PBB, since their respective bureaus failed to meet the minimum performance criteria.

**d. How much PBB will be given to employees at every rank?**

The amount of PBB will depend on the performance of each employee as well as the unit that he/she belongs to. The Best Performer from a Best Bureau will get a PBB of P35,000; the Better Performer from a Better Bureau will get P13,500; while the Good Performer from a Good Bureau will get P5,000. Of course, the minority of poor performers (employees in Poor Bureaus or those who get a Below Satisfactory rating in the Performance Appraisal System) will get no PBB.

Bureau/ Unit ranking	★★★	★★	★	☹
	Top 10%	Next 25%	Up to 65%	
<b>Best</b> ★★★ Top 10%	P35,000	P20,000	P10,000	Employees rated poor in in the annual Performance Appraisal System
<b>Better</b> ★★ Next 25%	P25,000	P13,500	P7,000	
<b>Good</b> ★ Up to 65%	P15,000	P10,000	P5,000	
<b>Poor</b> ☹				

This Performance-Based Bonus distribution matrix shows that the amount of the bonus that may be received by a qualified government employee is dependent on the performance of the bureau and of the individual employee.

**e. Who will determine the bureau and employee rankings?**

The Secretary or Head of the Agency shall rank the qualified bureaus or delivery units. The Department Secretary or 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 in undertaking the forced-ranking of delivery units and individuals. Meanwhile, the heads of the bureaus or delivery units will be responsible for the ranking of the employees within these units.

**f. What if my supervisor does not like me?**

The ranking of employees in bureaus or delivery units will be done by each unit head according to the actual and measurable performance of employees. Under the PBB, employee evaluations are designed to be objective and measurable, instead of subjective or dependent on an employee's personal relationship with his or her supervisor.

**g. Can I appeal the rating that I received from my supervisor? How and where can I forward my complaint?**

Yes, an employee can question the rating that they receive as a result of the rankings. The PBIS requires all departments and agencies to create grievance committees that will address possible questions or complaints by employees on their rankings.

If a rating issue cannot be resolved within the agency's grievance committee, it may be escalated to the AO25 Task Force that will evaluate the complaint and resolve the issue, whether at the level of its Secretariat, Technical Working Group or Task Force Principals, as the case may be.

## **E. PBIS GOVERNANCE, POLICY AND PROSPECTIVE DEVELOPMENTS**

### **a. Who is governing the implementation of PBIS?**

The AO25 Task Force is chaired by the Department of Budget and Management and co-chaired by the Office of the Executive Secretary. Its members are the Department of Finance, the National Economic Development Authority, the Presidential Management Staff, the Civil Service Commission, the Career Executive Service Board, the Commission on Audit, the Office of the Ombudsman, the Governance Commission for GOCCs, the Commission on Higher Education, and the National Competitiveness Council (representing the private sector). The Development Academy of the Philippines serves as Secretariat and technical resource institution of the Task Force.

### **b. What is the governance mechanism for the implementation of PBIS in every government department and agency?**

The Department Secretaries or Heads of Agencies shall be responsible for the implementation of the PBIS in their respective Departments or Agencies. To support the principals in the implementation of PBIS, Performance Management Groups (PMGs) should be convened at every Department or Agency.

### **c. What happens after the pilot implementation of PBIS in 2012?**

After the pilot implementation in 2012, PBIS will be further refined based on the lessons, feedback and evaluation of the pilot implementation. After all, the objective in the pilot year is to put in place the pre-conditions for a successful PBIS, such as setting and agreeing on clear and reasonable performance indicators and targets with the Departments to ensure the credibility of the PBB as well as develop a reasonably good validation system.

The AO25 Task Force will be supporting the Departments through the pilot implementation year, especially in the setting of targets based on the President's priorities.

FY 2013 shall be the Harmonization Phase, during which the Results-Based Performance Management System (RBPMS; see Section D) will be put in place, together with a Strategic Performance Management System (SPMS) prescribed by the Civil Service Commission. Thus, the guidelines on the PBB shall be updated to reflect, harmonize, and implement the two systems. Departments will then be expected to submit an improved set of performance targets and indicators.

In FY 2014, we can already expect the alignment of the Department targets with its smallest operational units. In addition to the FY 2013 good governance conditions, two or three more conditions should be met. A gradual increase from the FY 2013 bonus is likewise expected.

In FY 2015, the PBB should have reached the Institutionalization Phase. The system will be fully developed by this time, so that there is full alignment of Department targets with individual targets. In addition to the FY 2014 good governance conditions, two or three more conditions should be met. A gradual increase from the FY 2014 bonus is also expected.

**d. Is the PBIS a standalone program or part of a larger one?**

The PBIS is a system that is a component of the Results-Based Performance Management System (RBPMS), which is envisioned to be the single performance management system for the whole of the Executive Branch, in place of the multiple and disparate performance management systems that are currently being implemented.

The Administration's plan to establish the RBPMS stems from Administrative Order No. 25, which seeks to rationalize, harmonize, streamline, simplify, integrate, and unify the performance management systems and activities of oversight government agencies .

**e. What is the RBPMS?**

RBPMS stands for Results-based Performance Management System, which utilizes the Five Key Result Areas set by the President, the Organizational Performance Indicators Framework (OPIF) of the DBM and the PDP-Results Matrix (RM) of the NEDA as underlying frameworks.

The RBPMS will incorporate a common set performance scorecard, and at the same time, create an accurate, accessible, and up-to-date government-wide, sectoral, and organizational performance information system. The RBPMS shall likewise be used as basis for determining entitlement to performance-based allowances, incentives, or compensation of government personnel.

**f. What are the features of the RBPMS?**

The RBPMS consists of a set of comprehensive performance indicators that will cut across societal and sectoral performance, down to organizational and individual performance with reference to the Five KRAs under EO 43, the Results Matrix, and the Organizational Performance Indicators Framework.

It highlights citizen-focus and a culture of public service while linking the drivers of organizational performance, namely: financial stewardship; internal process efficiency; and leadership, learning and growth to higher level goals and desired outcomes.

The Major Final Outputs or the goods and services delivered by a Department will now be measured on the basis of how the needs of citizens are efficiently and effectively addressed, i.e., “kung naramdaman ni Juan dela Cruz ang

serbisyo ng gobyerno”.

In addition, agency performance in the scorecard will also hinge on the quality of good governance in each agency, particularly through these drivers: financial stewardship, or the judicious utilization of public resources and assets of the Government; internal process, which focuses on driving efficiency and seamlessness in work systems and processes to deliver services to the public; leadership, learning, and growth which focuses on the ethical behavior of senior officials and leaders that promote public trust, as well as the innovation arising from learning and growth conditions within the Department/Agency.

**g. Who is developing the RBPMS?**

The RBPMS is being designed by the Inter-Agency Task Force on the Harmonization of the National Government Performance Monitoring, Information and Reporting Systems, created under Administrative Order No. 25 issued on December 21, 2011.