

Executive Briefing on



Performance-Based Incentive System and Cascading of Performance Targets

Objectives of the Executive Briefing

- Give an overview of Administrative Order No. 25
- Orient the Department Secretaries, Agencies, and Concerned Undersecretaries on the Performance Based Incentive System and Cascading of Performance Targets;
- Define Responsibilities of Department Heads

Outline of Presentation

- Introduction on Administrative Order No. 25 and the Results-Based Performance Management System
- Adoption of Performance-Based Incentive System for Government Employees
- Cascading of Department Performance Targets

Inter-Agency Task Force on Harmonization of National Government Performance Monitoring, Information and Reporting Systems (Administrative Order No. 25, s. 2011)

Task Force Members:



NEDA



DBM



OP



DOF



PMS

Government Oversight Partners:



CSC



CESB



COA



Ombudsman



NCC



GCG



CHED

Technical Secretariat:



Objectives of AO No. 25

- Rationalize, harmonize, streamline, simplify, integrate and unify the efforts of government agencies relative to the National Leadership's Agenda
- Establish a unified and integrated Results-Based Performance Management System (RBPMS)
- Use RBPMS as basis for determining entitlement to performance-based allowances, incentives, or compensation of personnel

Outputs of the Task Force

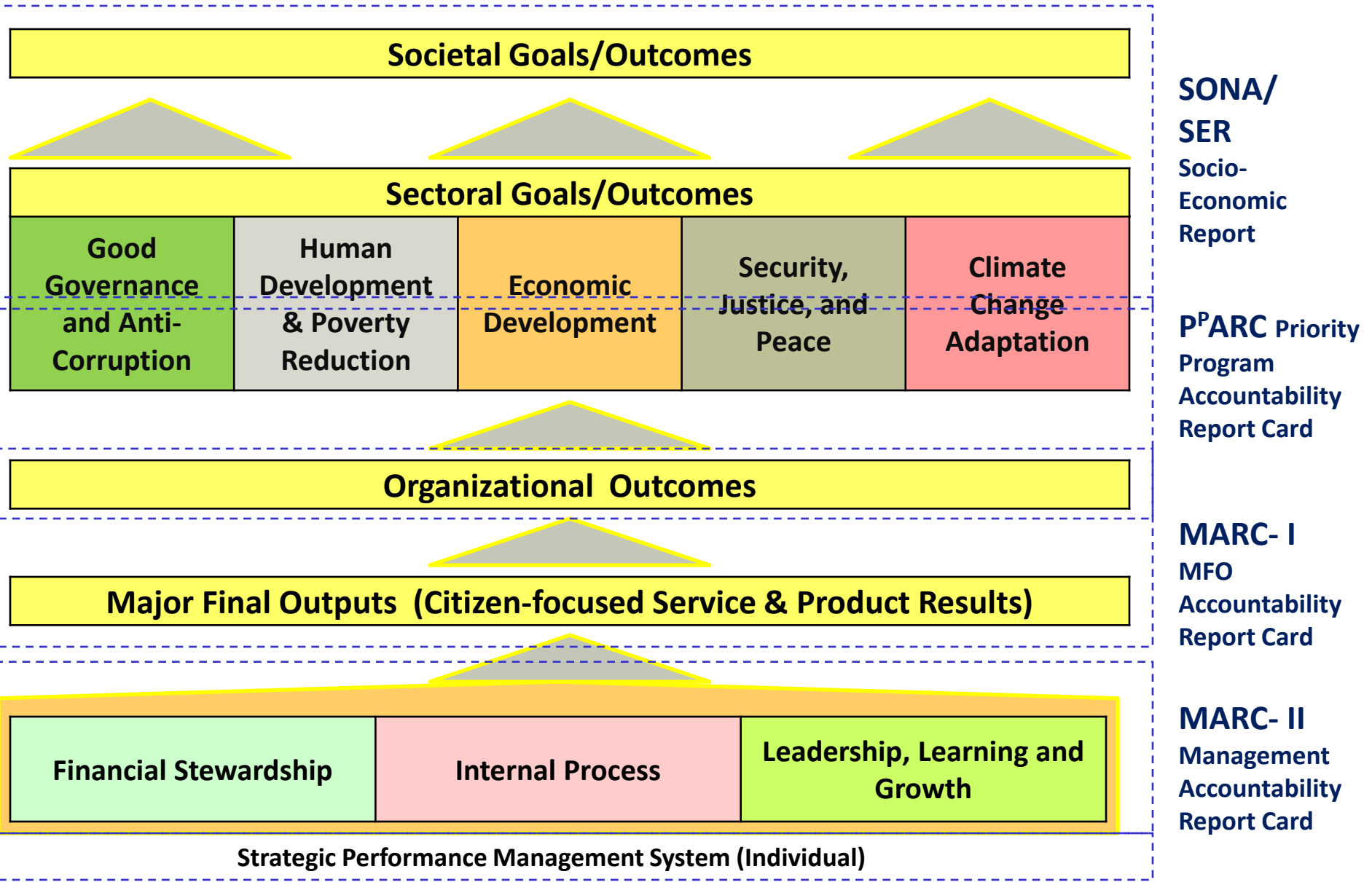
1. Harmonized Results-Based Performance Management System (RBPMS)

- Using the Five KRAs, OPIF and Results Matrix as underlying frameworks
- RBPMS as basis and transparency mechanism of the performance-based incentives

2. Performance-Based Incentive (PBI) System



Harmonized Results-based Performance Management System (RBPMS)



To quality for PBB, agencies must meet at least 90% of P^PARC and MARC-I, and satisfy MARC-II (good governance conditions)

Draft EO Directing the Adoption of a Performance-Based Incentive (PBI) System for Government Employees



Premises

There is a need to:

1. Rationalize the current incentive system in government which is generally characterized by across-the-board bonuses
2. Strengthen performance monitoring and appraisal systems based on existing systems like the OPIF, the Strategic Performance Management System of the CSC and the RBPMS
3. Improve service delivery by the bureaucracy by linking personnel incentives to the bureau or delivery unit's performance
4. Establish a Performance-Based Incentive (PBI) System that will motivate higher performance and greater accountability

Performance-Based Incentive System

PBI system consisting of the Productivity Enhancement Incentive (PEI) and the Performance-Based Bonus (PBB) shall be adopted in the national government beginning FY 2012.

1. PEI at P5,000 shall continually be granted across-the- board
2. PBB, which is a top-up bonus, shall be given to personnel of bureaus or delivery units in accordance with their contribution to the accomplishment of their Department's overall targets and commitments

Adoption of a PBI System

- Flexibility shall be given to heads of departments to suit the PBB system to the nature of their operations
- Adoption of a communications strategy and publication of performance targets and accomplishments in the website to ensure transparency and accountability

Criteria and Conditions to qualify for PBB

1. Achieved at least 90% of MFO targets and Priority Program targets agreed with the President under the five Key Result Areas of EO 43
2. Meet 2 to 3 good governance conditions/ requirements set by the AO 25 Task Force annually under the performance drivers of the RBPMS
 - a. Financial stewardship - mandatory posting of budget reports (Agency Transparency Seal); posting of all invitations to bid and awarded contracts in the PHILGEPS; and liquidation of all cash advances for the year within the reglamentary period
 - b. Internal process efficiency - establishment of a Citizen's Charter or its equivalent
3. Bureaus within the Department meeting above conditions are forced ranked and the personnel within them



Performance Categories (1)

Department Secretaries shall rank the bureaus or delivery units, including attached agencies, according to their performance following a normal distribution.

Bureaus/Delivery Units	
Distribution	Rating
10%	Best
25%	Better
50%	Good
15%	Poor

Performance Categories (2)

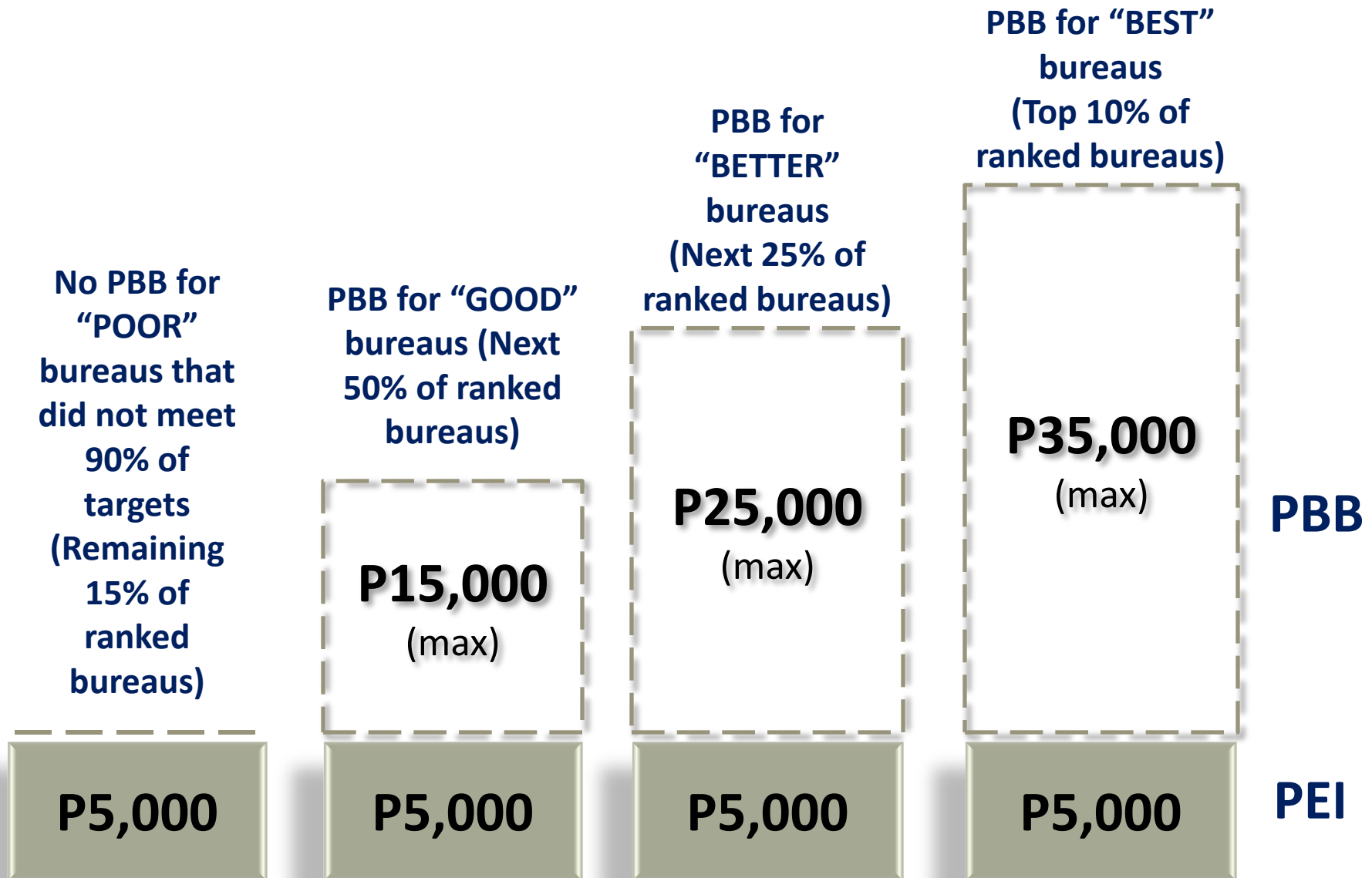
For 2012, the Bureau Heads shall rate employees using their respective Performance Appraisal Systems

Personnel within the Bureaus/Delivery Units	
Distribution	Rating
10%	Best
25%	Better
65%	Good

Below Satisfactory Rating – No PBB



PBB Distribution



No PBB for Bureaus whose accomplishment is less than 90% of targets

PBB Rates of Incentives

Bureau Category	Individual Category		
	Best Performer	Better Performer	Good Performer
Best Bureau	35,000	20,000	10,000
Better Bureau	25,000	13,500	7,000
Good Bureau	15,000	10,000	5,000



Coverage

All Departments/Agencies, other Offices of the National Government, State Universities and Colleges (SUCs), and Government-Owned or-Controlled Corporations (GOCCs) are covered.

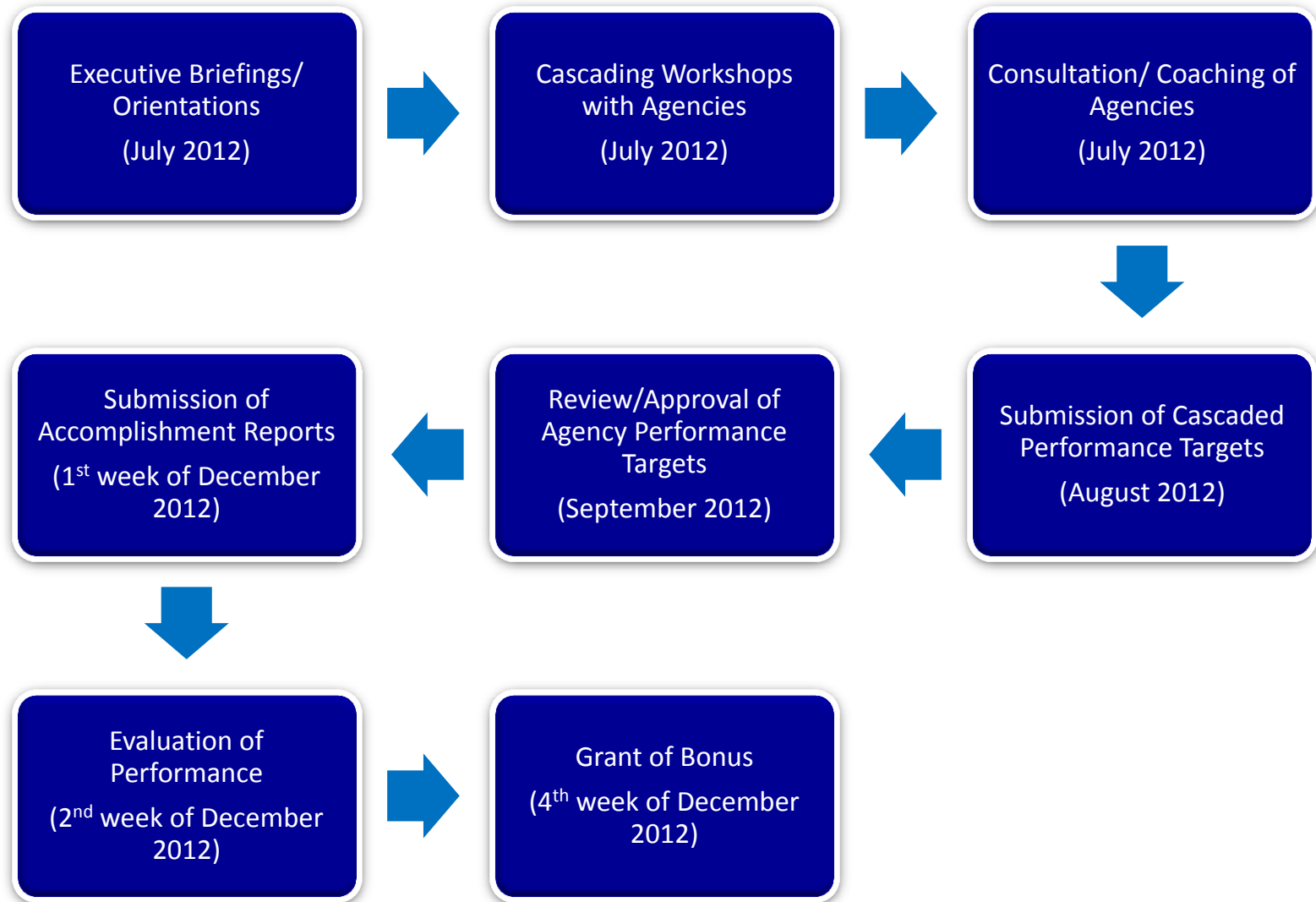
The Governance Commission on GOCCs (GCG) is encouraged to adopt the policies and principles in the EO and issue guidelines for GOCCs covered under RA 10149, pending formulation of a compensation system for GOCCs.



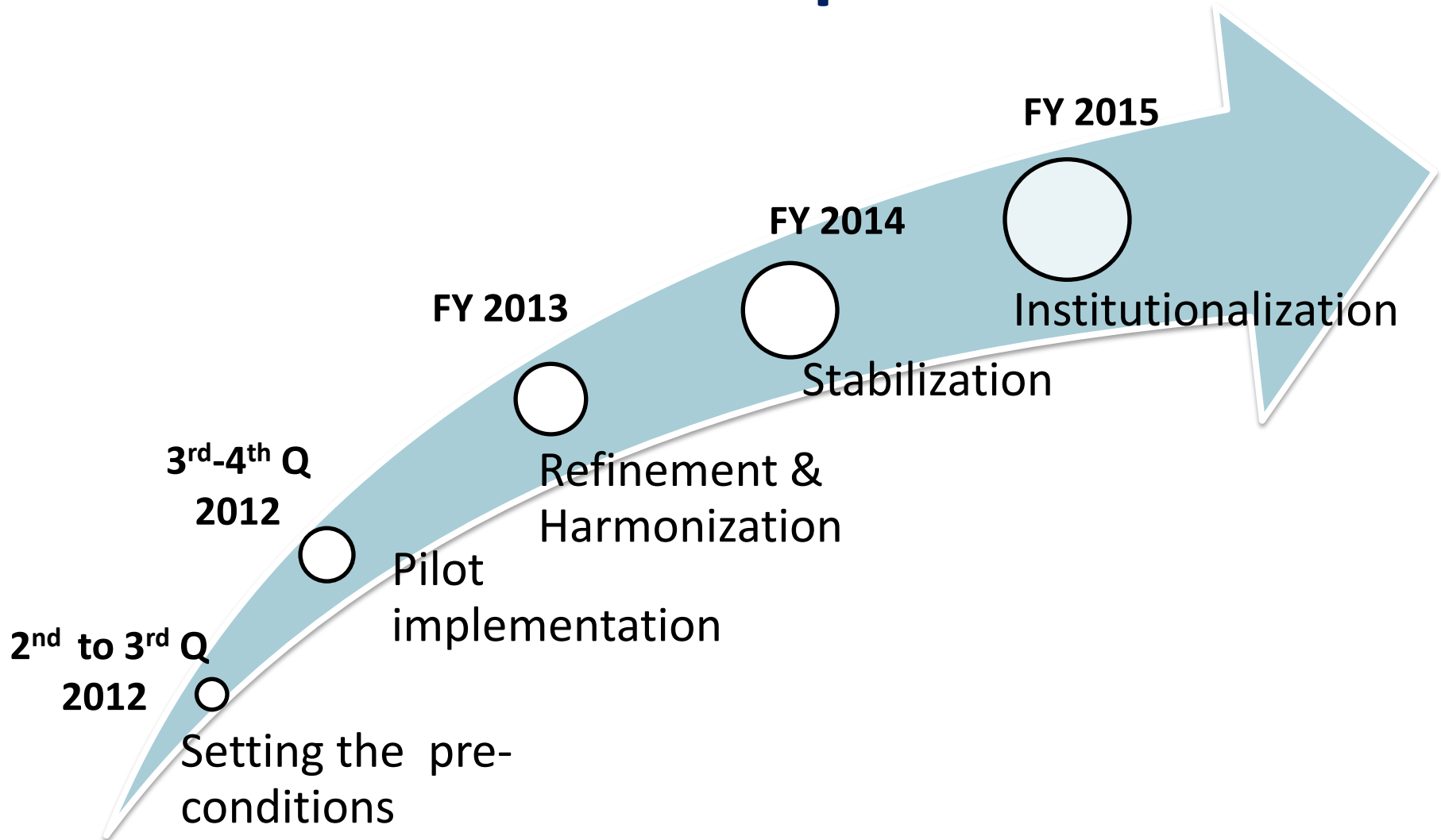
Funding for PBB

- The PEI and PBB top-up bonus shall be sourced from the Miscellaneous Personnel Benefits Fund (MPBF)
- For GOCCs, the same shall be sourced from their corporate funds

Implementation Schedule



Phases of PBB Implementation



(Proposed) Circular on the Cascading of Department Performance Targets to Bureau Level or Equivalent Offices



Criteria for the Grant of PBB

- In order to be eligible for the PBB, the department/agency should cascade its MFO performance targets, as declared in the OPIF and those targets under the 5 Key Result Areas of the President's Social Contract, into bureau or equivalent office-level targets.



The proposed circular will be issued in order to:

- Provide guidelines on the cascading of the department proper performance targets to the component bureau or equivalent office level targets, including the cascading of performance targets of line bureaus and attached agencies to their respective second level unit targets.
- Define the roles and responsibilities of the departments/agencies and component bureaus/offices/units, the DBM, and other oversight agencies in the cascading of performance indicators and targets.
- Set the timetable for submission, review and approval

Guidelines in Cascading Department Targets (1)

- Review MFOs, Pls, and targets as declared in the OPIF Book of Outputs for CY 2012, and the key program/project targets related to the 5 Key Result Areas
- Select or prioritize at least 3 performance indicators for each MFO to capture the dimensions of *quantity, quality, and timeliness*
- Key programs/projects with performance targets for CY 2012 agreed with the President shall also be included



Guidelines in Cascading Department Targets (2)

- Identify component bureaus/equivalent offices responsible for the delivery of the MFOs and those belonging to STO & GASS
- The department must submit to DBM the revised MFOs, Pls and PTs together with the original ones if there are adjustments needed in its specification



Timelines in Cascading Department Targets

- Submission to the DBM of the accomplished templates not later than August 30, 2012
- DBM shall review and approve submissions as to the consistency of identified bureau/office/unit targets with the overall department/agency performance targets
- Approved cascaded MFOs, PIs and PTs and quarterly accomplishments Department/agencies shall be published in department/agency websites or official publications for transparency



Responsibilities of Department Secretaries

- Review MFOs, Pls, and PTs as well as Key Programs and Projects
- Submit to DBM their PBB Proposals
 - At least 3 Pls per MFO to capture the dimension of quantity, quality, and timeliness
 - The delivery units
 - Revised MFOs, Pls and PTs if necessary
- Rank bureaus and attached agencies should the department be eligible for the PBB



Thank you.

For more information, send e-mail to ao25secretariat@dap.edu.ph

