

PHILIPPINE RECLAMATION AUTHORITY STRATEGIC PERFORMANCE MANAGEMENT SYSTEM (SPMS)

The Philippine Reclamation Authority (PRA) hereby adopts the Guidelines promulgated by the Civil Service Commission (CSC) in the Establishment of Agency Strategic Performance Management System (SPMS), as may be applicable to PRA, as follows:

Part 1: The SPMS

I. The SPMS Concept

The SPMS is focused on linking individual performance vis-a-vis the PRA's organizational vision, mission and strategic goals. It is envisioned as a technology composed of strategies, methods and tools for ensuring fulfillment of the functions of the offices and its personnel as well as for assessing the accomplishments.

It is a mechanism that ensures that the employee achieves the objectives set by the organization and the organization, on the other hand, achieves the objectives that it has set itself in its strategic plan.

Performance management system is the heart of the human resource system because information produced from it is useful in human resource planning, management and decision making process.

The SPMS follows the four-stage PMS cycle: **performance planning and commitment, performance monitoring and coaching, performance review and evaluation, performance rewarding and development planning.**

To complement and support the SPMS, the following enabling mechanisms must be present, operational and maintained:

- A Recruitment System that identifies competencies and other attributes required for particular jobs or functional groups;
- An adequate Rewards and Incentives System;
- Mentoring and coaching program;
- An Information Communication Technology (ICT) that supports project documentation, knowledge management, monitoring and evaluation;
- Change management program; and
- Policy review and formulation.

II. General Objectives

The SPMS shall be prepared and administered to:

- a. Concretize the linkage of organizational performance with the Philippine Development Plan, PRA's Strategic Plan, and the Organizational Performance Indicator Framework;
- b. Ensure organizational effectiveness and improvement of individual employee efficiency by cascading institutional accountabilities to the various levels of the organization anchored on the establishment of rational and factual basis for performance targets and measures; and
- c. Link performance management with other HR systems and ensure adherence to the principles of performance-based tenure and incentive system.

III. BASIC ELEMENTS

The SPMS shall include the following basic elements:

- a. **Goal Aligned to PRA's Mandate and Organizational Priorities.**
Performance goals and measurement are aligned to the national development plans, PRA's mandate/vision/mission and strategic

priorities and/or organizational performance indicator framework. Standards are predetermined to ensure efficient use and management of inputs and work processes. These standards are integrated into the success indicators as organizational objectives are cascaded down to operational level.

- b. Outputs/Outcomes-based.** The system puts premium on major final outputs that contributes to the realization of organizational mandate, mission/vision, strategic priorities, outputs and outcomes.
- c. Team-approach to performance management.** Accountabilities and individual roles in the achievement of organizational goals are clearly defined to give way to collective goal setting and performance rating. Individual's work plan or commitment and rating form is linked to the department/unit/office and work plan or commitment and rating form to establish clear linkage between organizational performance and personnel performance.
- d. User-Friendly.** The forms used for both the organizational and individual performance are similar and easy to accomplish. The organizational and individual major final outputs and success indicators are aligned to facilitate cascading of organizational goals to the individual staff members and the harmonization of organizational and individual performance ratings.
- e. Information System that supports Monitoring and Evaluation.** Monitoring and Evaluation mechanisms and Information System are vital component of the SPMS in order to facilitate linkage between organizational and employee performance. The M&E and Information System will ensure generation of timely, accurate, and reliable information for both performance monitoring/tracking, accomplishment reporting, program improvement and policy decision-making.
- f. Communication Plan.** A program to orient agency officials and employees on the new and revised policies on SPMS shall be implemented. This is to promote awareness and interest on the system, generate employees' appreciation for the PRA's SPMS as a management tool for performance planning, control and improvement, and guarantee employees' internalization of their role as partners of management and co-employees in meeting organizational performance goals.

IV. KEY PLAYERS AND RESPONSIBILITIES

a) SPMS Champion (Agency Head)

- Primarily responsible and accountable for the establishment and implementation of the SPMS.
- Sets PRA's performance goals/objectives and performance measures.
- Determines PRA's target setting period.
- Approves office performance commitment and rating.
- Assesses performance of Offices/Departments.

b) Performance Management Team (PMT). The PMT shall be established preferably with the following composition:

- 1) Executive official designated by the Head of Agency as Chairperson
- 2) Highest Human Resource Management Officer or the career service employee directly responsible for human resource management
- 3) Highest Human Resource Development Officer or the career service employee directly responsible for personnel training and development
- 4) Highest Planning Officer or the career service employee directly responsible for organizational planning
- 5) Highest Finance Officer or the career service employee directly responsible for financial management
- 6) President of the accredited employee association in the agency or the authorized alternate representative. In offices where there are no accredited or recognized employee associations/unions, the rank and file representative shall be chosen through a general election or assembly

The PMT shall have the following functions and responsibilities:

- Sets consultation meeting of all Assistant General Managers (AGMs)/Unit Heads for the purpose of discussing the targets set in the office performance commitment and rating form.
- Ensures that Office performance targets and measures, as well as the budget are aligned with those of the agency and that work distribution of Offices/units is rationalized
- Recommends approval of the office performance commitment and rating to the Head of Agency.
- Acts as appeals body and final arbiter for performance management issues of the agency.
- Identifies potential top performers and provide inputs to the PRAISE Committee for grant of awards and incentives.
- Adopts its own internal rules, procedures and strategies in carrying out the above responsibilities including schedule of meetings and deliberations, and delegation of authority to representatives in case of absence of its members.

The Corporate Planning Department shall serve as the PMT Secretariat.

c) Corporate Planning Department

- Monitors submission of Office Performance Commitment and Review Form and schedule the review/evaluation of Office Commitments by the PMT before the start of performance period.
- Consolidates, reviews, validates and evaluates the initial performance assessment of the AGMs/Unit Heads based on reported Office accomplishments against the success indicators, and the allotted budget against the actual expenses. The result of the assessment shall be the basis of PMT's recommendation to the Head of Agency who shall determine the final Office rating.

- Conducts an agency performance planning and review conference annually for the purpose of discussing the Office assessment for the preceding performance period and plans for the succeeding rating period with concerned AGMs/ Heads of Units. This shall include participation of the Finance Department as regards budget utilization.
- Provides each OAGM/Finance Department with the final Office Assessment to serve as basis of Departments in assessment of individual staff members.

d) Human Resource Management Division (HRMD)

- Monitors submission of Individual Performance Commitment and Review Form by AGMs/Heads of Units.
- Reviews the Summary List of Individual Performance Rating to ensure that the average performance rating of employees is equivalent to or not higher than the Office Performance Rating as recommended by the PMT and approved by the General Manager and CEO.
- Provides analytical data on retention, skill/competency gaps, and talent development plans that align with strategic plans.
- Coordinates development interventions that will form part of the HR Plan.

e) Assistant General Managers/Unit Heads

- Assumes primary responsibility for performance management in his/her Office/Departments.
- Conducts strategic planning session with the supervisors and staff and agree on the outputs that should be accomplished based on the goals/objectives of the organization and submits the Office Performance Commitment and Review Form to the Corporate Planning Department.

- Reviews and approves individual employee's Performance Commitment and Review form for submission to the HRMD before the start of the performance period.
- Submits a quarterly accomplishment report to the Corporate Planning Department based on the SPMS calendar.
- Does initial assessment of Offices'/Departments' performance using the approved Office Performance Commitment and Review form.
- Determines final assessment of performance level of the individual employees in his/her Offices/Departments based on proof of performance.
- Informs employees of the final rating and identifies necessary interventions to employees based on the assessment of developmental needs.
 - Recommends and discuss a development plan with the subordinates who obtain **Unsatisfactory** performance during the rating period not later than (1) month after the end of the said period and prepares written notice/advice to subordinates that a succeeding Unsatisfactory performance shall warrant their separation from the service.
 - Provides preliminary rating to subordinates showing **Poor** performance not earlier than the third (3rd) month of the rating period. A development plan shall be discussed with the concerned subordinate and issue a written notice that failure to improve their performance shall warrant their separation from the service.

f) Department /Division Managers

- Assumes joint responsibility with the AGMs/Unit Heads in ensuring attainment of performance objectives and targets
- Rationalizes distribution of targets/tasks

- Monitors closely the status of the performance of their subordinates and provide support and assistance through the conduct of coaching for the attainment of targets set by the Departments/Unit and individual employee.
- Assesses individual employees' performance
- Recommends developmental intervention

g) Individual Employees

- Act as partners of management and their co-employees in meeting organizational performance goals

Part 2: The SPMS Process

I. The SPMS Cycle

The SPMS shall follow the same **four-stage PMS cycle** that underscores the importance of performance management.

Stage 1: Performance Planning and Commitment

This is done at the start of the performance period where AGMs/Unit Heads meet with the Department/Division Managers and staff and agree on the outputs that should be accomplished based on the goals/objectives of the organization.

During this stage, **success indicators** are determined. Success indicators are performance level yardsticks consisting of **performance measures and performance targets**, This shall serve as bases in the office and individual employee's preparation of their performance contract and rating form.

Performance measures shall include any one, combination of, or all of the following general categories, whichever is applicable:

Category	Definition
Effectiveness/Quality	The extent to which actual performance compares with targeted performance. The degree to which objectives are achieved and the extent to which targeted problems are solved. In management, effectiveness relates to <i>getting the right things done</i> .
Efficiency	The extent to which time or resources is used for the intended task or purpose. Measures whether targets are accomplished with a minimum amount or quantity of waste, expense, or unnecessary effort.
Timeliness	Measures whether the deliverable was done on time based on the requirements of the law and/or clients/stakeholders. Time-related performance indicators evaluate such things as project completion deadlines, time management skills and other time-sensitive expectations.

The PRA's target setting period, a period within which the office and employees' targets are set and discussed by the raters and ratees, reviewed and concurred by the AGMs/Unit Heads and submitted to the PMT, shall be in accordance with the attached SPMS Calendar as **PRA-SPMS Form-4**.

The PRA Road Map, Strategic Plan, Annual Investment Plan, etc. shall be the basis of the targets of Departments/Offices. Aside from the Office commitments explicitly identified under each Strategic Priority in the Road Map, **major final outputs** that contribute to the attainment of organizational mission/vision which form part of the **core functions** of the PRA shall be indicated as performance targets. Attached as **PRA-SPMS Form-2** is the form on PRA Major Final Outputs and Strategic Priorities for each calendar year.

The targets shall take into account the following:

- **Historical Data.** The data shall consider past performance.
- **Benchmarking.** This involves identifying and comparing the best agencies or institutions or units within the agency with similar

functions or processes. Benchmarking may also involve recognizing existing standards based on provisions or requirements of the law.

- **Client demand.** This involves a bottom-up approach where the Office sets targets based on the needs of its clients. The Office may consult with stakeholders and review the feedback on its services.
- **OPES Reference Table** - list of major final outputs with definition and corresponding OPES points.
- **Top Management instruction.** The Head of Agency may set targets and give special assignments.
- **Future trend.** Targets may be based from the results of the comparative analysis of the actual performance of the Office with its potential performance.

In setting work targets, the Office shall likewise indicate the detailed budget requirements per expenses account to help the agency head in ensuring a strategy driven budget allocation and in measuring cost efficiency. The Office shall also identify specific division/unit/group/individuals as primarily accountable for producing a particular target output per program/project/activity. These targets, performance measures, budget and responsibility centers are summarized in the Office Performance Commitment and Review Form (OPCR) **(PRA-SPMS Form-1)**.

The approved Office Performance Commitment and Review Form shall serve as basis for individual performance targets and measures to be prepared in the Individual Employee's Performance Commitment and Review Form (IPCR) **(PRA-SPMS Form-3)**.

Unless the work output of a particular duty has been assigned pre-set standards by management, its standards shall be agreed upon by the supervisors and the ratees.

Individual employees' performance standards shall not be lower than the agency's standards in its approved Office Performance Commitment and Review form.

Stage 2: Performance Monitoring and Coaching

During the performance monitoring and coaching phase, the performance of the Departments/Offices and every individual shall be regularly monitored at various levels: i.e., the Head of Agency, Corplan Department, AGMs, Department Managers and individual.

Monitoring and evaluation mechanisms should be in place to ensure that timely and appropriate steps can be taken to keep a program on track and to ensure that its objectives or goals are met in the most effective manner. Also a very vital tool of management at this stage is an information system that will support data management to produce timely, accurate and reliable information for program tracking and performance monitoring/reporting.

Supervisor and coaches play a critical role at this stage. Their focus is on the critical function of managers and supervisors as coaches and mentors in order to provide an enabling environment/intervention to improve team performance; and manage and develop individual potentials.

Stage 3: Performance Review and Evaluation (Office Performance and Individual Employee's Performance)

This phase aims to assess both Office and individual employee's performance level based on performance targets and measures as approved in the office and individual performance commitment contracts. The **PRA-SPMS Form-5** (Performance Monitoring and Coaching Journal), **PRA-SPMS Form-6** (Tracking Tool for Monitoring Targets) and **PRA-SPMS Form-7** (Tracking Tool for Monitoring Assignments) are likewise attached hereto and form an integral part hereof.

The results of assessment of Office and individual performance shall be impartial owing to scientific and verifiable basis for the target setting and evaluation. The attached Feedback Form or **PRA-SPMS Form-8** shall contain the result of the said assessment made.

- **Office Performance Assessment**

The Corporate Planning Department/any responsible Department in PRA shall consolidate, review, validate and evaluate the initial performance assessment of the AGMs/Unit Heads based on reported

office accomplishments against the success indicators, and the allotted budget against the actual expenses. The result of the assessment shall be submitted to the PMT for calibration and recommendation of the Head of agency. The Head of Agency shall determine the final rating of Departments/Offices.

An agency performance review conference shall be conducted annually by the Corporate Planning Department for the purpose of discussing the Office assessment with concerned AGMs/Unit Heads. This shall include participation of the Finance Department as regards budget utilization. To ensure complete and comprehensive performance review, all Departments/Offices shall submit a quarterly accomplishment report to the Planning Office based on the SPMS calendar (**PRA-SPMS Form-4**).

Any issue/ appeal/protest on the Office assessment shall be articulated by the concerned AGMs/Unit Heads and decided by the agency head during the conference, hence the final rating shall no longer be appealable/contestable after the conference.

The Corporate Planning Department shall provide each Department Office with the final Office Assessment to serve as basis of the Departments in the assessment of individual staff members.

- **Performance Assessment for Individual Employees**

The immediate supervisor shall assess individual employee performance based on the commitments made at the beginning of the rating period. The performance rating shall be based solely on records of accomplishments; hence, there is no need for self rating.

The SPMS puts premium on **major final outputs** towards realization of organizational mission/vision. Hence, rating for planned and/or intervening tasks shall always be supported by reports, documents or any outputs as proofs of actual performance. In the absence of said bases or proofs, a particular task shall not be rated and shall be disregarded.

The supervisor shall indicate qualitative comments, observations and recommendations in the individual employee's performance commitment and review form to include competency assessment and critical incidents which shall be used for human resource development purposes such as promotion and other interventions.

Employee's assessment shall be discussed by the supervisor with the concerned ratee prior to the submission of the individual employee's performance commitment and review form to the AGMs/Unit Heads.

The AGMs/Unit Heads shall determine the final assessment of performance level of the individual employees in his/her Department/Office based on proof of performance. The final assessment shall correspond to the adjectival description of Outstanding, Very Satisfactory, Satisfactory, Unsatisfactory or Poor.

The AGMs/Unit Heads may adopt appropriate mechanism to assist him/her distinguish performance level of individuals, such as but not limited to peer ranking and client feedback.

The **average** of all individual performance assessments shall **not** go higher than the collective performance assessment of the Office.

The AGMs/Unit Heads shall ensure that the employee is notified of his/her final performance assessment and the Summary List of Individual Ratings with the attached IPCRs are submitted to the HRMD within the prescribed period.

Stage 4: Performance Rewarding and Development Planning

Part of the individual employee's evaluation is the competency assessment vis-à-vis the competency requirements of the job. The result of the assessment shall be discussed by the Heads of Office and supervisors with the individual employee at the end of each rating period. The discussion shall focus on the strengths, competency-related performance gaps and the opportunities to address these gaps, career paths and alternatives.

The result of the competency assessment shall be treated independently of the performance rating of the employee.

Appropriate developmental interventions shall be made available by the AGMs/Unit Heads in coordination with the HRMD.

A professional development plan to improve or correct performance of employees with Unsatisfactory and Poor performance ratings must be outlined, including timeliness, and monitored to measure progress.

Attached is the **PRA-SPMS Form-9** pertaining to Performance Rewarding and Development.

The results of the performance evaluation/assessment shall serve as inputs to the:

- a. AGMs/Unit Heads in identifying and providing the kinds of interventions needed, based on the developmental needs identified.
- b. HRMD in consolidating and coordinating developmental interventions that will form part of the HR Plan and the basis for rewards and incentive
- c. PMT in identifying potential PRAISE Awards nominees for various awards categories; and,
- d. PRAISE Committee in determining top performers of the Agency who qualify for awards and incentives.

II. Rating Period

The PRA Performance evaluation shall be done semi-annually.

There shall be five-point rating scale (1 to 5), 5 being the highest and 1, the lowest.

SPMS RATING SCALE

RATING		Description
Numerical	Adjectival	
5	Outstanding	Performance represents an extraordinary level of achievement and commitment in terms of quality and time, technical skills and knowledge, ingenuity, creatively and initiative. Employees at this performance level should have demonstrated exceptional job

		mastery in all major areas of responsibility. Employee achievement and contributions to the organization are of marked excellence.
4	Very Satisfactory	Performance exceeded expectations. All goals, objectives and targets were achieved above the established standards.
3	Satisfactory	Performance met expectations in terms of quality of work, efficiency and timeliness. The most critical annual goals were met.
2	Unsatisfactory	Performance failed to meet expectations, and/or one or more of the most critical goals were not met.
1	Poor	Performance was consistently below expectations, and/or reasonable progress toward critical goals was not made. Significant improvement is needed in one or more important areas.

III. Uses of Performance Ratings

- a. Security of tenure of those holding permanent appointments is not absolute but is based on performance.

Employees who obtained **Unsatisfactory** rating for one rating period or exhibited poor performance shall be provided appropriate developmental intervention by the AGMs/Unit Heads, in coordination with the HRMD, to address competency-related performance gaps.

If after advice and provision of developmental intervention, the employee still obtains Unsatisfactory ratings in the immediately succeeding rating period or Poor rating for the immediately succeeding rating period, he/she may be dropped from the rolls. A written notice/advice from the AGMs/Unit Heads at least 3 months before the end of the rating period is required.

- b. The PMT shall validate the Outstanding performance ratings and may recommend concerned employees for performance-based awards. Grant of performance-based incentives shall be based on

the final ratings of employees as approved by the AGMs/Unit Heads.

- c. Performance ratings shall be used as basis for promotion, training and scholarship grants and other personnel actions.

Employees with Outstanding and Very Satisfactory performance ratings shall be considered for the above mentioned personnel actions and other related matters.

- d. Officials and employees who shall be on official travel, approved leave of absence or training or scholarship programs and who have already met the required rating period of 180 days or 6 months shall submit the performance commitment and rating report before they leave the office.

For purpose of performance-based benefits, employees who are on official travel, scholarship or training within a rating period shall use their performance ratings obtained in the immediately preceding rating period.

- e. Employees who are on detail or secondment to another office shall be rated in their present or actual office, copy furnished their mother office. The ratings of those who were detailed or seconded to another office during the rating period shall be consolidated in the office, either the mother (plantilla) office or present office, where the employees have spent majority of their time during the rating period.

PART 3: Miscellaneous Provisions

I. Sanctions

Unless justified and accepted by the PMT, non-submission of the Office Performance Commitment and Review form to the PMT, and the Individual employee's Performance Commitment and Review forms to HRMD within the specified dates shall be a ground for:

- a. Employees' disqualification for performance-based personnel actions which would require the rating for the given period such as promotion, training or scholarship grants and performance enhancement bonus, if the failure of the submission of the report form is the fault of the employees.
- b. An administrative sanction for violation of reasonable office rules and regulations and simple neglect of duty for the supervisors or employees responsible for the delay or non-submission of the office and individual performance commitment and review report.
- c. Failure on the part of the AGMs/Unit Heads to comply with the required notices to their subordinates for their unsatisfactory or poor performance during a rating period shall be a ground for an administrative offense for neglect of duty.

II. Effectivity

The PRA SPMS shall become effective upon approval by the Civil Service Commission.

(ORIGINAL SIGNED)
PETER ANTHONY A. ABAYA
General Manager/CEO

Date



Republic of the Philippines
PHILIPPINE RECLAMATION AUTHORITY
(Public Estates Authority)

7th floor, Legaspi Towers 200 Bldg., 107 Paseo de Roxas St., Legaspi Village, 1226 City of Makati
Tel. Nos.: (02) 817-4711 • (02) 459-5000 • Facsimile No.: (02) 815-2662
Website: www.pea.gov.ph • Email: info@pea.gov.ph

PRA Circular No. 009
Series of 2016

TO : ALL PRA OFFICERS AND EMPLOYEES

SUBJECT : INDIVIDUAL EMPLOYEES' PERFORMANCE RATING

DATE : October 12, 2016

Considering that individual performance appraisal rating/score is one of the basis for promotion of each employee and since it is the main factor in the grant of merit increases, all officers and employees are hereby enjoined to exercise due care, honesty, objectivity and fairness in assessing the performance level of each employee. You are hereby directed to consider the following guidelines based on the Strategic Performance Management System (SPMS) as required by the Civil Service Commission (CSC) under CSC-Memorandum Circular (MC) No. 6, S. 2012.

The Performance Rating shall consider the following:

1. The Performance Targets shall be based on PRA's Road Map, Strategic Plan, Annual Investment Plan, Major Final Outputs (MFOs), Core Functions of the Office, etc. and shall consider the detailed budget requirements per expense account to ensure a strategy driven budget allocation and to measure cost efficiency.
2. The Performance Measures shall include the following general categories:
 - A. **Effectiveness/Quality** : The extent to which actual performance compares with targeted performance. The degree to which objectives are achieved and the extent to which targeted problems are solved. In

management, effectiveness relates to getting the right things done.

B. Efficiency : The extent to which time or resources is used for the intended task or purpose. Measures whether targets are accomplished with a minimum amount or quantity of waste, expense or unnecessary effort.

C. Timeliness : Measures whether the deliverable was done on time based on the requirements of the law and/or clients/stakeholders. Time -related performance indicators evaluates such things as project completion deadlines, time management skills and other time sensitive expectations.

3. The Performance Rating Scale is as follows:

Rating		
Numerical	Adjectival	Description
5	Outstanding	Performance represents an extraordinary level of achievement and commitment in terms of quality and time, technical skills and knowledge, ingenuity, creativity and initiative. Employees at this performance level should have demonstrated exceptional job mastery in all major areas of responsibility. Employee achievement and contributions to the organizations are of marked excellence.
4	Very Satisfactory	Performance exceeded expectations. All goals, objectives and targets were achieved above the established standard.
3	Satisfactory	Performance met expectations in terms of quality of work, efficiency



and timeliness. The most critical annual goals were met.

2 Unsatisfactory Performance failed to meet expectations and/or one or more of the most critical goals were not met.

1 Poor Performance was consistently below expectations and/or reasonable progress toward critical goals was not met. Significant improvement is needed in one or more important areas.

4. For a more uniform and consistent application of the aforementioned Performance Rating Scale, hereunder are the Ranges of Rating (in terms of percentage) for all levels of performance indicated in the Rating Scale which are in accordance with those prescribed in CSC Memorandum Circular No. 13, S. 1999, as follows:

SPMS RATING SCALE			
Point Score	Numerical	Adjectival	Ranges of Rating
4.4 - 5.0	5	Outstanding	130% and above
3.6 - 4.3	4	Very Satisfactory	115% to 129%
2.6 - 3.5	3	Satisfactory	100% to 114%
1.8 - 2.5	2	Unsatisfactory	51% to 99%
1.0 - 1.7	1	Poor	50% and below

5. Every employee's performance of intervening or additional task shall be credited a bonus score ranging from .10, .20, .30 etc. to a maximum of one (1) point which shall be added to their overall numerical rating.

Intervening or additional work/task is defined as those which are not inherent and are not directly related to employees designated plantilla position and may include memberships in ad-hoc committees, research work and other assignments which will require considerable effort and time of the employees and are duly covered by an Office Order. To be considered intervening or additional, the tasks should be done simultaneously with the planned targets.

Every one (1) significant official intervening job assignment which is covered by an Office Order shall be credited a bonus score of .10 which shall



added to the overall numerical rating. Hence, to get a maximum bonus score of one (1) to be added to an employee's overall numerical rating, there must be ten (10) significant official intervening job assignments which are all covered by Office Orders.

6. These Guidelines shall take effect immediately.

- Original Signed -
PETER ANTHONY A. ABAYA
General Manager and CEO



4.18.002

The following are the applicable PBB rates for FYs 2017 and 2018 based on GCG Memorandum Circular No. 2018-01 Amendments to the Interim Performance-Based Bonus (31 January 2018)



Office of the President of the Philippines
GOVERNANCE COMMISSION
FOR GOVERNMENT OWNED OR CONTROLLED CORPORATIONS
3/F, Citibank Center, 8741 Paseo De Roxas, Makati City, Philippines 1226



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GCG MEMORANDUM CIRCULAR NO. 2018 – 01.

SUBJECT : AMENDMENTS TO THE INTERIM PERFORMANCE-BASED BONUS (PBB)

DATE : 31 JANUARY 2018

1. **BACKGROUND AND PURPOSE.** – This Circular has been issued to amend the guidelines on the rates of the Performance-Based Bonus (PBB) for officers and employees of the GOCCs covered by R.A. No. 10149 as provided under GCG Memorandum Circular (M.C.) No. 2017-01¹.
2. **LEGAL BASIS.** – Pursuant to the Memorandum from the Executive Secretary dated 24 January 2018², the PBB rates shall be harmonized with those of the National Government Agencies, using the rates prescribed by the Inter-Agency Task Force under Administrative Order No. 25 (s. 2011) in relation to GCG Memorandum Circular (MC) No. 2017-01. For uniformity, the harmonization of the PBB rates of all other GOCCs pursuant to the *GCG Memorandum Circular (M.C.) No. 2017-01* shall be applied only to the FY 2017 PBB onwards.
3. **RATES OF PBB.** – Section 4.2.1. of GCG M.C. No. 2017-01³ is hereby revised as follows:

“4.2.1. PBB RATES FOR FY 2016. –

- a. **For Profitable GOCCs.** – The grant of the PBB shall be based on the performance of the individual Officers and Employees with the rate of incentive as a multiple of the individual’s monthly basic salary (MBS) as of 31 December of 2016 based on the table below, but not to exceed the ceilings computed by using the same multiple to twice the basic salary of the comparable NG position as provided in **Annex A**. Thus, the PBB for Profitable GOCCs shall be distributed among its Officers and Employees for FY 2016, as follows:

Percentile	Multiple
Top: Maximum 10%	<u>2.50</u>
Next: Maximum 25%	<u>1.50</u>
Remaining: Minimum 65%	<u>1.00</u>

¹ *Interim Performance-Based Bonus*

² Officially received by the Governance Commission on 26 January 2018.

³ *Interim Performance-Based Bonus*

**The percentile of the "Top" and "Next" levels are maximum figures with the discretion on the part of the Governing Board/Management to decrease the figures and distribute them to the "Remaining" level.*

Provided, that the total cost of the PBB shall not result in a net loss for the applicable year computed before subsidy and unrealized gains/losses, and after payment of all statutory obligations and liabilities.

- b. **For Losing GOCCs.** – The grant of the PBB shall also be based on the performance of the individual Officers and Employees with the following fixed rate of incentive; thus, Losing GOCCs shall distribute PBB among its Officers and Employees for FY 2016, as follows:

Percentile	Amount
Top: Maximum 10%	<u>25,000</u>
Next: Maximum 25%	<u>15,000</u>
Remaining: Minimum 65%	<u>7,500</u>

- 4.2.2. **DETERMINATION OF PROFITABILITY.** – The resulting amount following the table below, as may be applicable, shall be the basis for determining a GOCC's profitability, to wit:

Total Comprehensive Income (TCI)
Plus:
1. <u>Unrealized Losses</u>
2. Disbursements of Program Subsidies treated as expenses
Less:
1. Subsidies treated as revenues
2. Subsidies granted to settle tax obligations for prior years
3. <u>Unrealized Gains</u>
4. All income or dividends received from Operating Subsidiaries, regardless of accounting entry

For the 2016 PBB, the basis shall be the 2016 Audited Income Statement. However, GOCCs with negative Retained Earnings shall automatically be classified as a "Losing" GOCC regardless of the resulting figure after application of the above formula, and shall use the applicable fixed rates stated in Section 4.2.1.b. herein, unless the GOCC has been determined as profitable based on the above formula for two (2) consecutive years, inclusive of the current year.

- 4.2.3. **PBB FOR FY 2017 AND YEARS THEREAFTER.** – The one-time grant of the annual PBB shall be based on the performance of the individual Officers and Employees with the rate of incentive as a multiple of the individual's monthly basic salary (MBS) as of 31 December of the applicable year based on the table below, unless otherwise specified by the GCG, but not lower than ₱5,000:

Percentile	PBB as % of MBS
Top: Maximum 10%	65.0%
Next: Maximum 25%	57.5%
Remaining: Minimum 65%	50.0%

The percentile of the "Top" and "Next" levels are maximum figures with the discretion on the part of the Governing Board/Management to decrease the figures and distribute them to the "Remaining" level.

Provided, that the total cost of the PBB shall not result in a net loss for the applicable year computed before subsidy and unrealized gains/losses, and after payment of all statutory obligations and liabilities."

4. **FLEXIBILITY.** – The multiples and amounts herein are intended to provide a cap on the PBB that may be distributed by a GOCC. However, nothing herein shall be construed to limit the business judgment or authority of the Governing Board, when giving due regard to the financial condition and existing policies of a particular GOCC, to reduce (a) the actual amounts to be distributed, and/or (b) the distribution rates under Section 3.
5. **SUBMISSION OF REVISED DOCUMENTS.** – The GOCCs are hereby directed to submit their revised PBB Form 1 and Forms 3a and 3b for FY 2016, reflecting the revised rates herein provided on or before 31 March 2016.
6. **EFFECTIVITY.** – This Circular shall take effect immediately upon its publication in the Commission's website at www.gcg.gov.ph.

SAMUEL G. DAGPIN, JR.
Chairman


MICHAEL P. CLORIBEL
Commissioner


MARITES C. DORAL
Commissioner

Drw

MAXIMUM AMOUNT FOR PBB FOR PROFITABLE GOCCS

	Salary Grade	Top (2.5x)	Next (1.5x)	Remaining (1.0x)	Below Satisfactory
Clerical/ General Staff	1	45,000	27,000	18,000	0
	2	48,375	29,025	19,350	0
	3	52,005	31,203	20,802	0
	4	55,905	33,543	22,362	0
	5	60,095	36,057	24,038	0
	6	64,605	38,763	25,842	0
	7	69,450	41,870	27,780	0
	8	74,655	44,793	29,862	0
	9	80,255	48,153	32,102	0
Professional and Supervisory (SG10-25)	10	86,275	51,765	34,510	0
	11	92,745	55,647	37,098	0
	12	99,700	59,820	39,880	0
	13	107,180	64,308	42,872	0
	14	115,220	69,132	46,088	0
	15	124,435	74,661	49,774	0
	16	134,390	80,634	53,756	0
	17	145,140	87,084	58,056	0
	18	156,755	94,053	62,702	0
	19	169,296	101,577	67,718	0
Middle Management (SG 21-26)	20	182,835	109,701	73,134	0
	21	197,465	118,479	78,986	0
	22	213,260	127,958	85,304	0
	23	230,320	138,192	92,128	0
	24	248,750	149,250	99,500	0
	25	268,650	161,190	107,480	0
	26	290,140	174,084	116,056	0
Senior Management	27	313,350	188,010	125,340	0
	28	338,420	203,052	135,368	0
	29	365,495	219,297	146,198	0
	30	394,730	236,838	157,892	0

The following are the applicable Distribution System for FYs 2016 and 2017 and rates for FY 2017 based on GCG MC 2017-01 Interim Performance Based Bonus (June 9, 2017)

4. **DISTRIBUTION SYSTEM.** – Distribution of PBB among qualified Officers and Employees of a GOCC who have complied with the eligibility rules in Section 4 above shall be in accordance with the following procedure:

4.1. **Grouping of Personnel.** – In determining the distribution of the PBB among qualified GOCC Officers and Employees, all personnel shall be ranked on a percentile basis within their respective levels as determined by the GOCC Governing Board through Management in accordance with the following guidelines:

(a) **Senior Management:** This refers to the executive officers of the GOCC, and includes all heads of functional units, which are primarily involved in the development, evolution, and approval of long-term vision across a function or area of specialization. It includes those who lead the development of function strategy, implement and maintain policies of the organization for area of responsibility. (e.g., Deputy Administrator, Sr. Deputy Administrator, Assistant General Manager, Executive Vice President, Sr. Vice President, Vice President, etc.)

The President/CEO, or whoever is the highest ranking executive officer, has the prerogative to avail of either the Performance-Based Incentive (PBI) under GCG M.C. No. 2017-02, or the PBB, *but not both*. In the event the CEO is included in the PBB application, he/she must meet the eligibility requirements for the PBI and shall be ranked separately on his/her own and shall not be included in the forced ranking of Officers and Employees.

(b) **Middle Management:** This covers those whose work is primarily achieved through others, with direct accountability for setting direction and deploying resources. Responsible for people management, including performance evaluation and pay reviews and typically hire/fire decisions. Includes individual contributors who are recognized as subject matter experts with in-depth technical knowledge, project management and significant influence skills in area of expertise (e.g., Head of Department or Service).

(c) **Professional and Supervisory:** This level comprises the personnel whose work is primarily achieved by an individual or through project teams. Requires the application of expertise in professional or technical area(s) to achieve results. Typically has a university degree or equivalent work experience that provides knowledge and exposure to fundamental theories, principles and concepts. Includes supervisors and junior management that may not have full management authority (e.g., Financial Analyst/Specialists, Accountant, HR Officer, etc.)

(d) **Clerical/General Staff:** This category includes all clerical, administrative and secretarial staff with little or no supervisory responsibility but who contribute independently to the organization. It also covers basic computing/data processing staff such as operators, customer service assistants and skilled craftsmen/technicians (e.g., Secretary, Clerk, Finance Processor, Administrative Assistant, Chauffeur, Utility Worker, Messenger).

4.2 **Distribution for Qualified Officers and Employees.** – In each level provided for in Section 4.1 above, the ratings of Officers and Employees under the

GOCC's SPMS or its equivalent shall be quantified to allow for ranking on a percentile basis for the purpose of distribution as follows:

- 4.2.1. **Rates of PBB.** – The grant of the PBB shall be based on the performance of the individual Officers and Employees with the rate of incentive as a multiple of the individual's monthly basic salary (MBS) as of 31 December of the applicable year based on the table below, but not lower than ₱5,000:

Percentile	PBB as % of MBS
Top: Maximum 10%	65.0%
Next: Maximum 25%	57.5%
Remaining: Minimum 65%	50.0%

**The percentile of the "Top" and "Next" levels are maximum figures with the discretion on the part of the Governing Board/Management to decrease the figures and distribute them to the "Remaining" level.*

Provided, that the total cost of the PBB shall not result in a net loss for the applicable year computed before subsidy and unrealized gains/losses, and after payment of all statutory obligations and liabilities.

- 4.3. **Posting of the Distribution of PBB.** – The GOCCs shall post in their respective Transparency Seals the schedule and summary of the distribution of the PBB according to the mechanism herein stated using PBB Forms 3a and 3b, in lieu of the System of Ranking Delivery Units provided under the applicable IATF M.C. on PBB.

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