



REPUBLIC OF THE PHILIPPINES

## NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

### PRELIMINARY GUIDELINES ON THE RANKING OF NEDA DELIVERY UNITS AND INDIVIDUALS IN LINE WITH THE GRANT OF PERFORMANCE-BASED BONUS (PBB) FOR FY 2017<sup>1</sup>

#### BACKGROUND

Executive Order (EO) No. 80 s. 2012<sup>2</sup> and EO No. 201 s. 2016<sup>3</sup> authorized the Performance-Based Incentive System (PBIS), consisting of the Productivity Enhancement Incentive (PEI) and the Performance-Based Bonus (PBB) to be an integrated scheme of rewarding exemplary performance in government through the grant of incentives linked with actual performance. EO No. 201 s. 2016 also provided that the compensation and position classification be revised or updated to strengthen the PBIS in recognition of government personnel who play a greater role and carry a heavier responsibility in attaining performance targets and delivering results.

Memorandum Circular (MC) 2017-14 issued by the AO 25 Inter-Agency Task Force (IATF) on the Harmonization of National Government Performance Monitoring, Information and Reporting Systems prescribed the conditions on eligibility and procedures for the grant of the enhanced PBB, including the ranking system to recognize different levels of performance.

#### PURPOSE

This set of guidelines aims to provide the basis for distribution of the PBB incentives within the NEDA-Office of the Secretary (OSec) and to inform and guide all NEDA officials and employees on the rating and ranking process of delivery units.

#### KEY PLAYERS

The NEDA Performance Management Group (PMG), which consists of senior officials who directly oversee and observe the performance of delivery units, shall assist the Secretary of Socioeconomic Planning in undertaking the forced ranking of delivery units. It is also tasked to ensure adherence to the PBB Guidelines.

Pursuant to Special Order (SO) No. 145-2016, the members of the NEDA PMG are as follows:

<b>Chairperson:</b>	Undersecretary, Central Support Office
<b>Members:</b>	Undersecretary, NDO Investment Programming Undersecretary, NDO Policy and Planning Undersecretary, Regional Development Office Representative of the Office of the Secretary
<b>Observer:</b>	Organization of NEDA Employees (ONE) Representative

In case a NEDA PMG member cannot attend the meeting, he or she can send a representative (at least Director IV level) who is authorized to decide on behalf of the PMG member during the deliberations.

<sup>1</sup> Subject to the confirmation of the Performance Management Group

<sup>2</sup> Directing the Adoption of a Performance-Based Incentive System for Government Employees

<sup>3</sup> Modifying the Salary Schedule for Civilian Government Personnel and Authorizing the Grant of Additional Benefits for Both Civilian and Military and Uniformed Personnel

<sup>4</sup> Guidelines on the Grant of the Performance-Based Bonus for Fiscal Year 2017

The Financial, Planning and Management Staff (FPMS) is designated as the core PMG Secretariat and will be responsible for consolidating relevant documents and coordinating with the IATF, through the AO 25 Secretariat, on all matters related to the PBB. The Administrative Staff (AS) shall extend assistance to FPMS and shall prepare NEDA's Form 1.0 (Report on Ranking of Offices/Delivery Units).

## COVERAGE

The following are the thirty-one (31) NEDA-Osec Delivery Units (DUs) :

1	ANRES	Agriculture, Natural Resources and Environment Staff
2	AS	Administrative Staff
3	DIS	Development Information Staff
4	FPMS	Financial, Planning and Management Staff
5	GovS	Governance Staff
6	IAS	Internal Audit Service
7	ICTS	Information and Communications Technology Staff
8	IS	Infrastructure Staff
9	LS	Legal Staff
10	MES	Monitoring and Evaluation Staff
11	NPPS	National Policy and Planning Staff
12	NRO CAR	NEDA Regional Office CAR
13	NRO I	NEDA Regional Office I
14	NRO II	NEDA Regional Office II
15	NRO III	NEDA Regional Office III
16	NRO IV-A	NEDA Regional Office IV-A
17	NRO IV-B	NEDA Regional Office IV-B
18	NRO V	NEDA Regional Office V
19	NRO VI	NEDA Regional Office VI
20	NRO VII	NEDA Regional Office VII
21	NRO VIII	NEDA Regional Office VIII
22	NRO IX	NEDA Regional Office IX
23	NRO X	NEDA Regional Office X
24	NRO XI	NEDA Regional Office XI
25	NRO XII	NEDA Regional Office XII
26	NRO XIII	NEDA Regional Office XIII
27	OSEC	Office of the Secretary <sup>5</sup>
28	PIS	Public Investment Staff

<sup>5</sup> Composed of the Office of the Secretary, Office of the Undersecretary for Central Support, Office of the Undersecretary and Assistant Secretary for Policy and Planning, Office of the Undersecretary and Assistant Secretary for Investment Programming, Office of the Undersecretary and Assistant Secretary for Regional Development, and Legislative-Liaison Office

29	RDS	Regional Development Staff
30	SDS	Social Development Staff
31	TSIS	Trade, Services and Industry Staff

All officials and employees of NEDA holding regular plantilla positions; contractual and casual personnel having employer-employee relationship with NEDA, and whose compensation are charged against the lump sum appropriation under Personnel Services; and those positions in the DBM-approved contractual staffing pattern of the agencies concerned.

## ELIGIBILITY CRITERIA

NEDA-Osec must satisfy the following conditions to be eligible for the grant of the PBB for FY 2017, as indicated in Section 4 of MC 2017-1:

1. Satisfy 100% of the following Good Governance Conditions (GGC)<sup>6</sup> set by the AO 25 IATF:
  - a. Maintain/Update the Agency Transparency Seal pursuant to Section 93 of the General Provisions of the FY 2017 GAA to enhance transparency and enforce accountability. The NEDA-CO and NRO Transparency Seal pages should only contain the following documents:
    - I. Agency's Mandate, Vision, Mission and List of Officials
      - i. NEDA's Legal Mandate
      - ii. The NEDA Vision and Mission
      - iii. Directory of NEDA Officials
    - II. Annual Financial Reports (2013-2017)
      - i. FAR No. 1: Statement of Appropriations, Allotments, Obligations, Disbursements and Balances (SAAOBDB) - Current and Continuing
      - ii. Summary Report on Disbursements
      - iii. BAR No. 1: Quarterly Physical Report of Operations
      - iv. FAR No. 5: Quarterly Report on Revenue and Other Receipts (Not applicable)
      - v. Financial Plan
    - III. DBM-Approved Budget and Targets
      - i. Budget 2017
      - ii. Targets/MFOs/GAA Targets 2017
    - IV. Projects, Programs and Activities, Beneficiaries, and Status of Implementation
      - i. Projects and Programs 2017 (Not applicable)
      - ii. Beneficiaries 2017 (Not applicable)
      - iii. Status of Implementation 2017 (Not applicable)
    - V. Annual Procurement Plan 2017
      - i. FY 2017 Annual Procurement Plan (APP-non CSE)

<sup>6</sup> Non-compliance with any Good Governance Conditions will render the entire NEDA ineligible for the PBB. Assessment of agency compliance with the GGCs requirements shall be conducted starting October 1, 2017

- ii. FY 2018 Annual Procurement Plan for Common-Use Supplies and Equipment (APP-CSE)
  - VI. QMS ISO Certification by any international certifying body approved by the IATF or ISO-aligned QMS documents
  - VII. System of Ranking Delivery Units
  - VIII. NEDA FOI Manual
- b. Maintain/update the posting of all Invitations to Bids and awarded contracts in the Philippine Government Electronic Procurement System (PhilGEPS) pursuant to the Government Procurement Reform Act (Republic Act No. 9184) for transactions from November 16, 2016 to November 15, 2017.
  - i. NEDA should ensure that the status of notices in the PhilGEPS is updated on or before December 1, 2017. Failed or cancelled bid status should still be updated in the PhilGEPS.
  - ii. If the agency is unable to update the system or post the BAC Resolution, Notices of Award, Bid Results, Actual Approved/Awarded Contracts and Notices to Proceed/Purchase Orders for transactions above One Million (Php 1,000,000.00) in the PhilGEPS due to factors outside of the control of NEDA, NEDA should submit a report to or inform the PhilGEPS and submit a letter of explanation (see Annex 6 of MC 2017-1) addressed to the AO 25 IATF on or before December 1, 2017.
- c. Compliance with the President's directive on improving all frontline services consistent with the Anti-Red Tape Act of 2007 (RA No. 9845) and the President's directive to cut down processing time of all applications from submission to release and ensure accessible and convenient delivery of services to the public as reflected in CSC Memorandum Circular No. 14 s. 2016:
  - i. Maintain/update the Citizen's Charter or Service Charter or its equivalent, reflecting the agency's enhanced service standards for all its front line services to citizens, business, and government agencies;
  - ii. Self-assessment and reporting of improvements made by the agency to implement CSC Memorandum Circular No. 14 s. 2016.
- d. Develop NEDA's FOI Manual pursuant to requirements and provisions of EO No. 2 s. 2016 which, for purposes of the FY 2017 PBB, should be uploaded in the agency Transparency Seal on or before October 1, 2017 for validation by the Presidential Communications Operations Office (PCOO).

2. Achieve each one of the following performance targets:

- a. All MFO indicators and targets in the FY 2017 Performance-Informed Budget approved by Congress shall be the basis for assessing eligibility for the PBB. Organizational performance in the achievement of MFO targets shall be closely monitored through the use of quarterly agency accountability reports uploaded in the DBM Unified Reporting System (URS) to indicate the progress towards the accomplishment of broader sectoral and societal outcomes targeted by the agency for improving the lives of Filipinos.
- b. The common STO targets shall include the following:
  - I. Certification/continuing certification of the Quality Management System (QMS) for at least one core process. The certification must be issued by any international

certification body (ICB) accredited by the International Accreditation Forum (IAF) members. Preferably, the ICB is accredited by the Philippine Accreditation Board, Department of Trade and Industry, which is a member of the IAF and authorized to accredit ICBs. The certification must be valid until December 31, 2017 or later date and must be posted in the agency Transparency Seal.

A certified true copy of the Agency's ISO QMS Certificate/s shall be submitted to the GQMC thru the DBM Secretariat – Systems Productivity Improvement Bureau immediately after obtaining an ISO QMS Certificate or Recertification not later than December 31, 2017, for verification purposes.

- II. If an agency is not yet ISO certified, it should have at least an ISO-aligned documentation for at least one (1) core process, to include the following:
    - i. Approved Quality Manual and approved Procedures and Work Instructions Manual, including Forms; and
    - ii. Evidence of ISO 9001-aligned QMS implementation, i.e. (1) Certification of the Head of the Agency on the conduct of Internal Quality Audit; and (2) Minutes of the FY 2017 Management Review
  - III. The second STO target is identified in accordance with the priority of the Agency Head.
- c. The common GASS targets shall include the following:
- I. Budget Utilization Rate (BUR), which shall consist of:
    - i. Obligations BUR computed as obligations against all allotments still effective in FY 2017, both continuing and current year from all appropriation sources, including those released under the "GAA as the allotment order policy, for maintenance and other operating expenses (MOOE) and capital outlays (CO) in FY 2017; and
    - ii. Disbursements BUR, which is measured by the ratio of total disbursement (cash and non-cash, excluding personnel services) to total obligations for MOOE and CO in FY 2017.
    - iii. Pursuant to Item III. A of the FY 2017 President's Veto Message, Department/Agencies are directed to ensure the obligation of programs, activities and projects funded under the FY 2017 GAA not later than December 31, 2017. Failure to do so will affect future budget levels of the respective departments/agencies. Likewise, the Disbursements BUR of departments/agencies should be raised.
  - II. Quarterly submission of Budget and Financial Accountability Reports (BFARs) online using the DBM's Unified Reporting System (URS) 30 days after the end of each quarter, as provided in COA-DBM Joint Circular No. 2014-1 dated July 4, 2014.
  - III. NEDA shall have fully complied with at least 30% of the prior years' audit recommendations, as shown in the Report on Status of Implementation of Prior Years' Recommendations of the Annual Audit Report.
  - IV. In case NEDA is assessed to have deficiencies in meeting its performance commitments, the Secretary may request for re-evaluation of compliance status and submit the justification to warrant a reconsideration of the initial assessment and results. For the purpose of re-evaluation, justifiable reasons are factors that are considered outside of the control of the agency.

3. Use the CSC-approved Strategic Performance Management System (SPMS) in rating the performance of First and Second Level officials and employees and officials holding managerial and Director positions but are not Presidential appointees. In rating the performance of Career Executive (CES) offices and incumbents of CES positions, the Career Executive Service Performance Evaluation System (CESPES) shall be the basis.

**ELIGIBILITY OF NEDA OFFICIALS AND EMPLOYEES**

1. The Department Secretaries/Head of Agencies are eligible only if their respective departments/agencies are eligible. If eligible, their PBB rate for FY 2017 shall be equivalent to 65% of their monthly basic salary.
2. Employees belonging to the First, Second and Third levels should receive a rating of at least “Satisfactory” based on the agency’s CSC-approved SPMS or CESPES. CESPES covers all incumbents of CES positions in various agencies of the national government for an uninterrupted period of at least three (3) months. Payment of the PBB to Third Level officials shall be contingent on the release of results of the CESPES.
3. Personnel on detail to another government agency for six (6) months or more shall be included in the ranking of employees in the recipient agency that rated his/her performance. Payment of the PBB shall come from the parent agency.
4. Personnel who transferred from one government agency to another shall be rated and ranked by the agency where he/she served the longest. If equal months were served for each agency, he/she will be included in the recipient agency.
5. An official/employee who has rendered a minimum of nine (9) months of service in FY 2016 and with at least Satisfactory rating shall be eligible to the full grant of the PBB.
6. An official/employee who rendered less than nine (9) months but a minimum of three (3) months of service with at least Satisfactory rating shall be eligible to the grant of the PBB on a pro-rata basis corresponding to the actual length of service rendered, as follows:

<b>LENGTH OF SERVICE</b>	<b>% OF PBB</b>
8 months but less than 9 months	90%
7 months but less than 8 months	80%
6 months but less than 7 months	70%
5 months but less than 6 months	60%
4 months but less than 5 months	50%
3 months but less than 4 months	40%

The following are the valid reasons for an employee who may not meet the nine-month actual service requirement to be considered for PBB on a pro-rata basis:

- a. Being a newly hired employee;
  - b. Retirement;
  - c. Resignation;
  - d. Rehabilitation leave;
  - e. Maternity leave and/or Paternity leave;
  - f. Vacation or sick leave with or without pay;
  - g. Scholarship/Study leave; and
  - h. Sabbatical leave
7. The following shall not be entitled to the FY 2017 PBB:
    - a. An employee who is on vacation or sick leave, with or without pay for the entire year;
    - b. Personnel found guilty of administrative and/or criminal cases filed against them and meted penalty in FY 2017 by formal and executory judgement. If the penalty meted out is only a reprimand, such penalty shall not cause the disqualification to the PBB;

- c. Officials and employees who failed to submit the 2016 SALN as prescribed in the rules provided under CSC Memorandum Circular No. 3 (s. 2015);
- d. Officials and employees who failed to liquidate cash advances received in FY 2017 within the reglementary period as required by COA;
- e. Officials and employees who failed to submit their complete SPMS Forms;
- f. Officials and employees responsible for submitting COA Annual Financial Reports and Statements to include Financial Statements, Annual Financial Reports and Annual Audit Reports, shall not be entitled to the PBB if the agency fails to comply with the said reporting requirements as prescribed by COA;
- g. The Head of Procuring Entity (HOPE), Chairperson and Secretariat of the Bids and Awards Committee (BAC) shall not be entitled to the FY 2017 PBB if the agency fails to submit the following:
  - FY 2017 Annual Procurement Plan (APP-non CSE) to the Government Procurement Policy Board (GPPB) not later than one month after the issuance of MC 2017-1 in the format prescribed under GPPB Circular No. 07-2015;
  - FY 2018 APP Common-Use Supplies and Equipment to the DBM-Procurement Service on or before November 30, 2017; and
  - Results of FY 2016 Agency Procurement Compliance and Performance Indicators (APCPI) System complete with the following forms: (1) APCPI – Self-assessment Form; (2) APCPI – Consolidated Procurement Monitoring Report; (3) APCPI – Procurement Capacity Development Action Plan; and the Questionnaire on or before March 31, 2017.
- h. Officials and employees responsible for the non-compliance of prior years' audit recommendations;
- i. Officials and employees responsible for the QMS certification or alignment if the agency fails to comply with the said requirement;
- j. Officials and employees responsible for posting and dissemination of the agency system of ranking performance of DUs if the agency fails to comply.

## RANKING OF DELIVERY UNITS

A two-stage process for ranking of DUs will be followed:

### 1. FIRST STAGE RANKING

- a. For the first stage, ranking of delivery units will be done per cluster. Eligible DUs shall be clustered into four (4) groups, according to the similarity of tasks and responsibilities. Ranking within the cluster shall be done by concerned NEDA Official/s who directly oversee and observe the performance of DUs, as shown below:

CLUSTER	RATER/S	DELIVERY UNITS TO BE RANKED
<b>Cluster 1:</b>		
National Development Office – Policy and Planning Staffs	Undersecretary and Assistant Secretary for Policy and Planning	1) ANRES 2) GovS 3) NPPS 4) SDS 5) TSIS
<b>Cluster 2:</b>		
National Development Office - Investment Programming Staffs	Undersecretary and Assistant Secretary for Investment Programming	1) IS 2) MES 3) PIS
<b>Cluster 3:</b>		
Central Support Office Staffs / Office of the Secretary	Undersecretary for Central Support and Representative from the Office of the Secretary	1) AS 2) DIS 3) FPMS 4) IAS 5) ICTS 6) LS 7) OSec
<b>Cluster 4:</b>		
Regional Development Office Staff and Offices	Undersecretary and Assistant Secretary for Regional Development	1) RDS 2) NRO CAR 3) NRO 1 4) NRO 2 5) NRO 3 9) NRO 6 10) NRO 7 11) NRO 8 12) NRO 9 13) NRO 10

CLUSTER	RATER/S	DELIVERY UNITS TO BE RANKED
		6) NRO 4-A 14) NRO 11 7) NRO 4-B 15) NRO 12 8) NRO 5 16) NRO 13

- b. Each cluster is given the flexibility to develop its respective criteria for the ranking of the DUs, with the numerical OPCR rating of the head of the delivery unit as the minimum criterion. This may be supplemented by additional criteria.
- c. Each cluster head will have the option to rank the delivery units ordinally (i.e, with 1 being the top performer and n being the bottom performer) or forced ranked them using the adjectival rating of Best, Better, or Good.
- d. The DUs shall be forced ranked per cluster based on the following percentage distribution:

CLUSTER NUMBER	NO. DUs	NO. OF DELIVERY UNITS TO BE RANKED AS:		
		BEST (Top 10%)	BETTER (Next 25%)	GOOD (Next 65%)
1	5	1	1	3
2	3	1	1	1
3	7	1	2	4
4	16	2	4	10
<b>TOTAL</b>	<b>31</b>	<b>5</b>	<b>8</b>	<b>18</b>

- e. Each cluster shall circulate to officials and employees concerned the agreed criteria to be applied prior to the conduct of actual ranking. The rater/s within each cluster shall assess the DUs under their respective clusters against the agreed criteria and determine their rating and ranking.
- f. The rater/s shall discuss the result of the assessment with the heads of the delivery units. The rater/s shall document the results of the assessment using the attached Form 1 and forward the same to the PMG Secretariat (FPMS).

## 2. SECOND STAGE RANKING

- a. The results of the first stage ranking will then be forwarded to the Secretary for the determination of the final ranking, using the following percentage distribution:

NO. OF DUs	NO. OF DUs TO BE RANKED AS:		
	BEST (Top 10%)	BETTER (Next 25%)	GOOD (Next 65%)
<b>31</b>	<b>3</b>	<b>8</b>	<b>20</b>

- b. The criteria to be used are as follows:

CRITERIA
<p>1. Quality - Complexity of the nature of the tasks/operations</p> <ul style="list-style-type: none"> <li>• DUs contributing to more than one MFO and/or priority programs/ projects/ activities in the performance commitment of the Secretary and those units which have to undertake multitasking responsibilities all at the same time.</li> <li>• DUs which are often required to undertake extremely urgent provision of inputs/vetting of data and information as per instruction of the Office of the President.</li> <li>• DUs which have to assume greater degree of accountability/responsibility such as those which have to serve as primary drivers and facilitators for the completion of certain tasks and as negotiators relative to issues pertaining</li> </ul>



<b>CRITERIA</b>	
	to the substance of the work and the deadline as required by major clients namely OP, Congress, ACOs and other stakeholders.
2.	<p>Quantity – volume of work</p> <ul style="list-style-type: none"> <li>• DUs which have to attend to volumes of work on a daily basis relative to others which do not (documents received/ referred to them for action on a daily basis as compared to others who are busy only for certain periods of the year). Extra for those which are often requested to undertake quick provision of inputs/vetting of data/ information from OP.</li> <li>• DUs which have to attend to extensive coordination work to complete major tasks within a specified time period.</li> </ul>
3.	<p>Timeliness – turnaround time for accomplishing relatively easy tasks should range from one to two days only and five to ten working days for complex tasks. For very complex tasks, it could be more than ten working days. Give premium to those DUs which have very limited time to accomplish certain tasks given urgency such as Presidential requirements for inputs and vetting of data/information.</p>

- c. The results of the final ranking shall be indicated in Form 1.0.