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OUR REFERENCE
MC # 9, s. 2013

MEMORANDUM CIRCULAR

TO : **THE SENIOR DEPUTY ADMINISTRATOR, DEPUTY ADMINISTRATORS, DEPARTMENT / REGIONAL / OPERATIONS / PROJECT MANAGERS AND OTHERS CONCERNED**

SUBJECT : **ALIGNING OF PERFORMANCE CONTRACTS WITH THE IMPLEMENTING GUIDELINES OF THE PERFORMANCE BASED BONUS UNDER EXECUTIVE ORDER NO. 80, S. 2012**

Attached is the Career Executive Service Board (CESB) Circular No. 06, series of 2012 with the above-cited subject.

It provides among others that for CY 2012, CES officials who have already completed and submitted their performance contracts with their respective Superior Raters on their Leading and Innovating Milestones (LIM) and Regular and Routinary Milestones (RRM) may be allowed to modify or restructure the same in alignment with the Major Final Outputs (MFOs), Performance Indicators (PIs), Performance Targets (PTs) or the Programs/ Activities/ Projects (PAPs) of their respective agencies.

For your information and guidance.

ANTONIO S. NANGEL
Administrator
February 19, 2013

Republic of the Philippines
CAREER EXECUTIVE SERVICE BOARD

ISO 9001:2008 CERTIFIED

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Circular No. 6
Series of 2012

TO : All Heads of Departments and Agencies of the National Government, Including Government-Owned or Controlled Corporations with Original Charters, and All Officials in the Career Executive Service.

SUBJECT : **ALIGNING OF PERFORMANCE CONTRACTS WITH THE IMPLEMENTING GUIDELINES OF THE PERFORMANCE BASED BONUS UNDER EXECUTIVE ORDER NO. 80 S. 2012 (DIRECTING THE ADOPTION OF A PERFROMANCE-BASED INCENTIVE SYSTEM FOR GOVERNMENT EMPLOYEES).**

On September 19, 2012, the Career Executive Service Board adopted CESB Resolution No. 1045 entitled "Alignment of Performance Contracts with the Implementing Guidelines of the Performance Based Bonus under Executive Order No. 80, s. 2012 (Directing the Adoption of a Performance Based Incentive System for Government Employees)."

It may be recalled that President Benigno S. Aquino III, on December 21, 2011, issued Administrative Order (AO) No. 25 purposely to harmonize, unify, streamline and simplify the efforts of government agencies relative to the National Leadership's Agenda, the Philippine Development Plan 2011-2016, agency mandates, commitment and targets through an integrated Results-Based Performance Management System (RBPMS);

In order to ensure the smooth implementation of AO 25, an Inter-Agency Task Force (IATF) was created and was tasked to come up with 1) A harmonized Results-Based Performance Management System; and 2) A Performance-Based Incentives (PBI) System for Government Employees.

As provided in AO 25, the Organizational Performance Indicators Framework (OPIF) and the Results Matrix shall be the underlying frameworks for the RBPMS. There will be a collaborative mechanism that will establish a unified and integrated RBPMS incorporating a common set performance scorecard and creating an accurate, accessible and up-to-date government-wide, sectoral and organizational performance information system.

Corollarily, Executive Order No. 80 dated July 20, 2012 provides for the adoption of a PBI system consisting of the Productivity Enhancement Incentive (PEI) and the Performance-Based Bonus (PBB) in the national government beginning FY 2012. The PEI shall continually be granted across-the-board while the PBB is a top-up bonus which 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.

The PBB shall be characterized as a system of ranking units and personnel according to their performance along with the Department's Major Final Outputs, Department's commitments to the President supportive of the priorities under EO 43 and good governance conditions to be determined by the IATF created under AO 25.

Item no. 7.10 of Memorandum Circular No. 2012-1 of the IATF, provides that "if in the process of cascading targets, the department realizes that there are adjustments needed in the specification of MFOs, PI and PTs, they may submit to DBM the revised MFOs, PIs and PTs together with the original ones and the explanation for the change. If there is also a need to restructure the agency Programs/Activities/Projects (PAPs) to better align them to MFOs (i.e., as a rule, one PAP attributed to one MFO) and the 5 Key Results Areas to make the cascading process manageable, the department may also submit the revised PAP structure following the guidelines under the National Budget Circular (NBC) No. 532."

On the other hand, at the start of the CY, CES Officials are required to meet with their respective superior raters to set their respective Leading and Innovating Milestones (LIM) and Regular and Routinary Milestones (RRM) pursuant to the Guidelines of the Career Executive Service Performance Evaluation System (CESPES).

Therefore, should the Department or agency's Major Final Outputs (MFO), Performance Indicators (PI), Performance Targets (PTs) or its Programs/Activities/Projects (PAPs) need to be modified pursuant to item no. 7.10 of Memorandum Circular No. 2012-1 of the IATF, the CES Officials are likewise required to modify or restructure their respective performance contracts to ensure that the Department or agency's MFOs, PIs or PTs are cascaded down to the CES Officials.

Thus, for CY 2012, CES Officials, who have already completed and submitted their performance contracts with their respective Superior Raters on their Leading

and Innovating Milestones (LIM) and Regular and Routinary Milestones (RRM), may be allowed to modify or restructure the same in alignment with the Major Final Outputs (MFOs), Performance Indicators (PIs), Performance Targets (PTs) or the Programs/Activities/Projects (PAPs) of their respective Department or Agency in compliance with Memorandum Circular No. 2012-1 of the Inter-Agency Task Force.

In this regard, all concerned are formally notified for their information and guidance.

ANTONIO D. KALAW, JR.
Chairperson

Attested by:

MARIA ANTHONETTE V. ALLONES, CESO I
Executive Director

13 December 2012
Date

PPS2012/Circulars/X4/CESB Res. No. 1045 Alignment of Performance Contracts