



MEMORANDUM CIRCULAR NO. 02
Series of 2017

**SUBJECT: GUIDELINES IN THE RANKING OF BUREAUS/OFFICES/DELIVERY UNITS AND
INDIVIDUAL PERSONNEL IN THE AVAILMENT OF THE 2016 PERFORMANCE-BASED
BONUS (PBB)**

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Section 1. BACKGROUND

Executive Order No. 201 s. 2016 provides that the existing PBB granted to qualified government personnel shall be enhanced to strengthen its results orientation. The Inter-Agency Task Force (IATF) on the Harmonization of National Government Performance Monitoring, Information and Reporting Systems created under Administrative Order (AO) No. 25, s. 2011, herein referred to as the AO 25 IATF, shall prescribe the conditions on the eligibility and procedure for the grant of the enhanced PBB, including the ranking system to recognize differences in levels of performance.

Pursuant thereto, the AO 25 IATF issued Memorandum Circular (MC) No. 2016- 1 to prescribe the guidelines on the grant of the FY 2016 PBB.

Section 2. OBJECTIVES AND COVERAGE

The Memorandum Circular (MC) is issued by the DAR to set rules and procedures in the granting of 2016 Performance-Based Bonus for officials and personnel in the DAR central, regional and provincial (including municipal) offices consistent with the guidelines provided under MC 2016-1 issued by the AO 25 Inter-Agency Task Force (IATF) pursuant to Executive Order No. 201 series of 2016.

Section 3. RECONSTITUTION OF THE PERFORMANCE MANAGEMENT GROUP (PMG)

3.1 The Performance Management Group (PMG) created under Memorandum Circular No. 07 series of 2013 shall be reconstituted to assist the Secretary and ensure the smooth implementation of the granting of the 2016 PBB in the Department. The PMG shall:

- a. Directly oversee and observe the performance of all offices;
- b. Ensure that the set of guidelines in this MC is followed thoroughly;
- c. Adopt a communication strategy will engage the employees in the process of understanding and meeting the targets of the Department under the PBB;
- d. Undertake the forced ranking of offices and individuals based on the considerations and parameters set by these guidelines;
- e. Set-up a Help Desk to respond to queries and comments; and

- f. Set-up an appeal mechanism which can respond to and redress issues and concerns brought by an official or employee.

3.2 The PMG shall be composed of the following officials and personnel:

- Chair: - Undersecretary, Legal Affairs Office (LAO)/
Designated DAR-PBB Focal Person
- Members: - Undersecretary, Finance, Planning and Administration Office (FPAO)
- Undersecretary, Field Operations Office (FOO)
- Undersecretary, Support Services Office (SSO)
- Undersecretary, Foreign Assisted and Special Projects Office (FASPO)
- Assistant Secretary, Finance, Planning and Administration Office (FPAO)
- National President, DAR Employees Association (DAREA)

3.3 A PMG-Technical Working Group (TWG) shall undertake all the technical and administrative work needed by the PMG. The TWG shall be composed of the following:

- Chair: - Director, Policy and Planning Service (PPS)
- Co-Chair: - Director, Agrarian Reform Capacity Development Service (ARCDS)
- Members: - Director, Administrative Service (AdServ)
- Director, Financial Management Service (FMS)
- Chief of Staff, Office of the USec-FOO
- Chief of Staff, Office of the USec-SSO
- Chief of Staff, Office of the USec-LAO
- Chief of Staff, Office of the USec-FPAO
- Representative, DAREA

3.4 The PMG-TWG shall be assisted by a Technical and Administrative Secretariat composed of the Technical Staff from Policy and Planning Service, Personnel Division, Agrarian Reform Capacity Development Service and Financial Management Service.

Section 4. GUIDELINES IN RATING AND RANKING OF DELIVERY UNITS

4.1 Based on MC 2016-1, eligibility of the concerned agency to the 2016 PBB shall be based on the 100% accomplishment of the agency targets included in the Performance-Informed Budget (PIB) of the 2016 General Appropriations Act and 100% compliance to the good governance conditions.

4.2 Assuming that the DAR will be eligible for the 2016 PBB, the rating and ranking of the delivery units (excluding ARMM) will be done in three groups, namely:

- a. Group I- ranking of the 80 DAR Provincial Offices (DARPOs),
- b. Group II- ranking of the 16 DAR Regional Offices (DARROs), and
- c. Group III- ranking of the 18 Bureaus and Services in the DAR-Central Office (DARCO).

The DARCO units are grouped into Bureaus and Services and Executive Offices, to wit:

1. Office of the Secretary
2. Offices of the Usec and Asec-FOO
3. Offices of the Usec and Asec-SSO and Usec-FASPO
4. Offices of the Usec and Asec-LAO
5. Office of the Usec and Asec-FPAO
6. Administrative Service (AdServ)
7. Agrarian Reform Capacity Development Service (ARCDS)
8. Policy and Planning Service (PPS)
9. Financial Management Service (FMS)
10. Management Information Systems Service (MISS)
11. Project Management Service (PMS)
12. Legal Service (LS)
13. Bureau of Agrarian Reform Beneficiaries Development (BARBD)
14. Bureau of Agrarian Legal Assistance (BALA)
15. Bureau of Land Tenure Improvement (BLTI)
16. Public Affairs and Media Relations Service (PAMRS)
17. PARC Secretariat
18. DARAB Secretariat

4.3 The DAR-Policy and Planning Service ^{1/} with the assistance of the PMG-TWG shall undertake the rating and ranking of the delivery units. Sources of the official data shall be the following: PPS for the Major Final Output (MFO) accomplishment report, FMS for the Budget Utilization Rate (BUR), and ARCDS for the compliance to the good governance conditions.

4.3.1 For the DARPOs, the rating and ranking shall be based on the accomplishments on the following:

- a. MFO- PBB indicators ^{2/} , Support to Operations (STO) and General Administration and Support Services (GASS which contain the BUR) as contained in the prescribed PBB Forms I and I-A and submitted by DAR to the AO 25 Task Force;
- b. Additional MFO non-PBB performance indicators which are deliverables of the concerned operating units and the official source of accomplishments are the Year-end Report of the Policy and Planning Service; and
- c. Compliance to the good governance conditions.

¹ PPS is responsible for the rating and ranking of delivery units while ARCDS is responsible for the individual employee's eligibility for the 2016 PBB

² The DARROs and DARPOs are accountable for MFOs 2-4, namely: Land Tenure Services, Agrarian Legal Services and Technical Advisory/Support Services, respectively. DARCO is responsible on MFO 1: Agrarian Policy and Advisory Services (APAS).

4.3.2 For the DARROs, the rating and ranking shall be based on the following:

- a. Accomplishment of the Regional Management Plan (RMP);
- b. Average rating of the DARPOs which are being supervised by the DARRO;
- c. Budget Utilization Rate (Obligation and Disbursement Rate); and
- d. Compliance to the good governance conditions.

4.3.3 For the DARCO units, the rating and ranking shall be based on the following:

- a. Accomplishment of the Office Work and Financial Plan;
- b. Rating of the MFO where the DARCO unit belongs;
- c. Budget Utilization (Obligation Rate and Disbursement Rate) of the office/unit; and
- d. Compliance to the good governance conditions.

4.4 Determining the Rating of the Performance Indicators on MFO 2: Land Tenure Services (LTS)

4.4.1 For LTS performance indicators, the rate of accomplishment versus the targets is the basic consideration in rating each delivery unit.

4.4.2 The performance indicators that are considered for ranking with the following weight assignment, are as follows:

A. PBB-INDICATORS

1. Number of hectares with completed claim folders documentation -20% (10% for accomplishment rate (accomplishment/target X 100%) and 10% for contribution to the total national accomplishment)
2. Number of hectares (gross area) distributed to ARBs (with EP/CLOA)- 40%
 - i. rate of accomplishment-10%;
 - ii. share in the national total accomplishment- 20%
 - iii. degree of difficulty in moving the lands as evidenced as LBP-compensable lands – 10%
3. Number of hectares covered under leasehold – 5% (5% for accomplishment rate and 5% for contribution to the total national accomplishment)

B. NON-PBB INDICATORS/ ADDITIONAL INDICATORS

1. Number of hectares in collective CLOA (subdivision survey and documentation)- 15% (7.5% accomplishment and 7.5% for contribution to the total national accomplishment)

2. No. of hectares under Distributed but not yet documented (DNYD), distributed but not yet paid (DNYP), Final Survey Documentation (FSD) - 10% (5% for accomplishment rate and 5% for contribution to the total national accomplishment)
3. No. of LADIS covered- 5% (2.5% for accomplishment rate and 2.5% for contribution to the total national accomplishment)
4. No. of ARBs installed out of the uninstalled ARBs- 5% (2.5% for accomplishment rate and 2.5% for contribution to the total national accomplishment)

- 4.4.3 For provinces with no targets in some indicators but with accomplishments, there shall be reconfiguration of the weight assignment to come up with a total of 100%.
- 4.4.4 For provinces with no targets in certain indicators, the weight assignment shall be realigned to indicators with targets to come up with a total of 100%.
- 4.4.5 The ratings shall be based on ranges and scales to be determined based on the highest and lowest accomplishments/rates for the year.
- 4.4.6 The DARPOs will be ranked accordingly based on their scores.

4.5 Rating of the performance indicators under the MFO 3: Agrarian Legal Services (ALS)

4.5.1 The Agrarian Justice Delivery (AJD) has two sub-MFOs, namely: (1) the adjudication of cases delivered by the DAR Adjudication Board (DARAB) at the Central, Regional Agrarian Reform Adjudication Board (RARAD) and Provincial Agrarian Reform Adjudication Board (PARAD); and (2) Agrarian Legal Assistance delivered by the Legal Offices at the DARCO, DARROs and DARPOs. Separate ratings shall be done by each delivery unit.

4.5.2 Sub-MFO on Agrarian Legal Assistance (ALA) ³

- a. The basis for the rating is the rate of accomplishment and its share in the national accomplishment. The two major indicators with the corresponding weight assignments are as follows:
 - Representation for cases – 30%
 - Judicial cases – 10% (rate of accomplishment = 7%; share in the national accomplishment = 3%)
 - Quasi-judicial cases-20% (rate of accomplishment = 14%; share in the national accomplishment = 6%)
 - Resolution of ALI cases – 50% (rate of accomplishment = 35%; share in the national accomplishment = 15%)
 - Mediation - 20% (rate of accomplishment = 14%; share in the national accomplishment = 6%)

³ These are the point systems used in the previous PBB rating

- b. For provinces with no targets in certain indicators but with accomplishments, there shall be reconfiguration of the weight assignment to come up with a total of 100%.
- c. For provinces with no targets in certain indicators, the weight assignment shall be realigned to indicators with targets to come up with a total of 100%.
- d. The ratings shall be based on ranges and scales to be determined based on the highest and lowest accomplishments rates for the year.

4.5.3 Sub-MFO on Adjudication of Cases

- a. There is only one indicator for the adjudication of cases. The rate of accomplishment versus targets is 80% and contribution to total national accomplishment is 20%.⁴
- b. For provinces with no targets in certain indicators but with accomplishments, there shall be reconfiguration of the weight assignment to come up with a total of 100%.
- c. For provinces with no targets in certain indicators, the weight assignment shall be realigned to indicators with targets to come up with a total of 100%.
- d. The ratings shall be based on ranges and scales to be determined based on the highest and lowest accomplishments rates for the year.

4.5.4 For ALS, the provincial offices will be ranked accordingly based on their total scores for ALA and Adjudication of cases.

4.6 Rating of the performance indicators under the MFO 4: Technical Advisory/ Support Services (TASS)

- 4.6.1 The main consideration in coming up with the TASS rating is the rate of accomplishment based on targets and multiplied by the weight assignment for each indicator.
- 4.6.2 The performance indicators considered with weight assignments are as follows:

A. PBB INDICATORS

1. No. of ARBs provided with credit and microfinance - 20%; (rate of accomplishment- 10%; contribution to national accomplishment = 10%)
2. No. of ARBs trained in ARCs and non-ARCs - 20%; (rate of accomplishment- 10%; contribution to national accomplishment = 10%)
3. No. of support services provided to ARBs - 10% (rate of accomplishment- 5%; contribution to national accomplishment = 5%)

⁴ These are the point systems used in the previous PBB rating

B. NON-PBB INDICATORS/ ADDITIONAL INDICATORS

1. No. of new members in organizations – 10%; (rate of accomplishment- 5%; contribution to national accomplishment= 5%)
2. No. of organizations provided with credit – 10%; (rate of accomplishment- 5%; contribution to national accomplishment= 5%)
3. No. of organizations covered in ITeMA- 10%; (rate of accomplishment- 5%; contribution to national accomplishment= 5%)
4. No. of ARBOs covered in partnership programs – 10% (rate of accomplishment- 5%; contribution to national accomplishment= 5%)
5. No. of completed physical infrastructures monitored- 10%, (rate of accomplishment- 5%; contribution to national accomplishment= 5%)

- 4.6.3 For provinces with no targets in certain indicators but with accomplishments, there shall be reconfiguration of the weight assignment to come up with a total of 100%.
- 4.6.4 For provinces with no targets in certain indicators, the weight assignment shall be realigned to indicators with targets to come up with a total of 100%.
- 4.6.5 The ratings shall be based on ranges and scales to be determined based on the highest and lowest accomplishments/rates for the year.
- 4.6.6 The provincial offices will be ranked accordingly based on their scores.
- 4.7 Rating for the Budget Utilization Report both on Obligation Rate and Disbursement Rate
- 4.7.1 The actual obligation rate and disbursement rate (as of December 31, 2016) of each provincial office shall be their respective rating. The official report shall be supplied by the Financial Management Service (FMS).
- 4.8 Rating and Ranking of the DAR-Provincial Offices (DARPOs)
- 4.8.1 The DAR-Provincial Offices shall be ranked based on :
- a. Scores of the MFOs because they are the delivery units of the LTS, ALS and TASS;
 - b. Budget Utilization Rate; and
 - c. Compliance of the documentary requirements to the Good Governance Conditions.
- 4.8.2 The scores based on the rate of accomplishment shall be multiplied by the following weight (%) distribution (Table 1).
- 4.8.3 Based on the forced ranking guidelines issued by AO 25 IATF, 10% of the DARPOs shall be considered as best, 25% as better and 65% as good. Since there are 80 DARPOs, there would be 8 best DARPOs, 20 better DARPOs and 52 good DARPOs.

Table 1. Performance Indicators and Weight Assignments

| Indicator | (%) | Indicator | (%) |
|----------------------------------|-----|--|-----|
| Land Tenure Services (LTS) | 30 | Obligation Rate | 10 |
| Technical Advisory/SS (TASS) | 20 | Disbursement Rate | 10 |
| AJD-Adjudication | 10 | Compliance to Good Governance Conditions | 10 |
| AJD-ALA | 10 | | |
| Total = 100% (100 points) | | | |

4.8.4 Hence, DARPOs ranked 1-8 would be best DARPOs, those ranked no. 9 to 28 shall be better DARPOs and those in rank no.29 to 80 shall be the good DARPOs.

4.9 Rating and Ranking of the DAR-Regional Offices (DARROs)

4.9.1 The rating and ranking of the 16⁵/ DARROs shall be based on the following major considerations, namely:

- a. Average rating of all the DARPOs supervised by the Regional Management - 30%;
- b. Regional AJD Accomplishment - 10% (RARAD = 5%; Legal Division =5%);
- c. Regional Management Plan to support the DARPOs- 30%;
- d. Obligation Rate- - 10%;
- e. Disbursement Rate - 10%; and
- f. Compliance to the Good Governance Conditions-10%.

4.9.2 Based on the forced ranking guidelines, 10% shall be best DARROs, 25% better and 65% good DARROs. Since there are 16 DARROs, there shall be 1 best DARRO, 4 better DARROs and 11 good DARROs.

4.9.3 Hence, the DARRO ranked 1 shall be the best DARRO, those ranked 2 to 5 shall be the better DARROs and those ranked 6 to 16 shall be the good DARROs.

4.10 Rating and Ranking of the Bureaus and Services in DAR-Central Office

4.10.1 To rate and rank the 18 units/clusters of the DAR-Central Office, considerations shall be based on the following:

- a. Accomplishment of the Office Work and Financial Plan- 40%;
- b. National Level /Over-all performance rating of the applicable MFO where the particular DARCO unit is providing technical support - 30%
- c. Obligation Rate of the concerned- 10%;
- d. Disbursement Rate of the concerned - 10%; and
- e. Compliance to the Good Governance Conditions-10%.

⁵ Including Negros Island Region. ARMM is not part of the DAR's PBB delivery units.

4.10.2 In cluster of offices, the final rating shall be based on the average rating of all offices included in the cluster. It should be noted that if one office in the cluster failed in some criteria, the entire cluster shall be affected. For example, if one office in the cluster failed to submit the accomplishment report, the concerned office shall be rated based on the office work and financial plan.

4.10.3 Based on the forced ranking guidelines, 10% would be best office, 25% better and 65% good offices. Since there are 18 DARCO bureaus, services or offices, there would be one (1) best office, four (4) better offices and 13 good offices.

4.10.4 Hence, the bureaus/services ranked 1 shall be the best office, those ranked 2 to 5 shall be the better offices and those ranked 6 to 18 shall be the good offices.

4.11 Final Ranking the DARPOs, DARROs and DARCO Units

The initial forced ranking of DARPOs, DARROs and DARCO units done by PPS with the assistance of the PMG-TWG shall be deliberated by the PMG who will come up with final ranking which shall also be submitted to the DAR Secretary for approval. The approved ranking of offices shall be disseminated to all offices at the provincial, regional and DARCO levels.

Section 5. GUIDELINES IN DETERMINING ELIGIBILITY OF INDIVIDUALS

Consistent with MC 2016-1 issued by the AO 25 IATF, the following guidelines shall apply:

- 5.1 All officials and employees of eligible delivery units holding regular plantilla positions (permanent, co-terminus, CTI); and contractual and casual personnel having employer-employee relationship with the DAR, and whose compensation are charged to the lump sum appropriation under Personnel Services, or those occupying positions in the Department of Budget and Management -approved contractual staffing pattern of the agencies concerned may be eligible for PBB.
- 5.2 Employees who belong to the First and Second Levels shall receive rating of at least "Satisfactory" in their IPCR/OPCR for the 1st and 2nd semesters of 2016.
- 5.3 Third (3rd) Level Officials holding or who are designated to Career Executive Service (CES) positions should receive a rating of at least "Satisfactory" under the Career Executive Service Performance Evaluation System (CESPES). DARAB members, RARADs, and PARADs should receive a rating of at least "Satisfactory" under the Adjudicators Performance Evaluation Card (APEC).
- 5.4 Personnel on detail to another government agency (outside of DAR) for at least 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 mother agency.

- 5.5 Re-assigned staff within DAR (provincial, regional or central) covering the entire CY 2016 shall be included in the ranking of staff in his/her current office. For staff who were re-assigned for less than a year, he/she shall be ranked in the office where most of his/her time was spent.
- 5.6 Personnel who transferred from one government agency to another shall be rated and ranked by the agency where he/she served the longest. If the same number of months were served for each agency, he/she shall be included in the recipient agency.
- 5.7 An official or employee who has rendered a minimum of nine (9) months of service in FY 2016 and with a least Satisfactory rating may be eligible to the full grant of the PBB.
- 5.8 An official or employee who rendered less than nine (9) months but a minimum of three (3) months of service and with at least Satisfactory rating shall be eligible to the grant of PBB on a pro-rata basis corresponding to the actual length of service rendered, as follows (Table 2):

Table 2. Length of Service for 2016 and % of PBB Amount

| Length of Service | % of PBB Amount |
|---------------------------------|-----------------|
| 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% |

- 5.9 The following are the valid reasons for an employee who may not meet the nine (9)-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.
- 5.10 An employee who is on vacation or sick leave with or without pay for the entire year is not eligible to the grant of the PBB.
- 5.11 Personnel found guilty of administrative and/or criminal cases in FY 2016 by formal and executory judgment shall not be entitled to the PBB. If the penalty meted out is only a reprimand, such penalty shall not cause the disqualification to the PBB.

- 5.12 Officials and employees who failed to submit the 2015 Statement of Assets, Liabilities and Networth (SALN) as prescribed in the rules provided under CSC Memorandum Circular No. 3 (s.2015), shall not be entitled to the FY 2016 PBB.
- 5.13 Officials and employees who failed to liquidate within the reglementary period the Cash Advances received in FY 2016 as required by the Commission on Audit (COA) shall not be entitled to the FY 2016 PBB.
- 5.14 Officials and employees who failed to submit their complete their Career Executive Service Performance Evaluation System (CESPES) and Systems for Performance and Management System (SPMS) Forms, respectively shall not be entitled to the FY 2016 PBB.
- 5.15 Heads of Office shall ensure that officials and employees covered by RA no. 6713 submitted their 2015 SALN, liquidated their FY 2016 Cash Advances, and completed the SPMS and CESPES Forms, as these will be the basis for the release of FY 2016 PBB to individuals.

Section 6. RATES OF PERFORMANCE-BASED BONUS

The final rank of officials and employees of DAR shall be done by the Performance Management Group to ensure conformance with MC 2016-1 issued by the AO 25 IATF.

The PBB rates of employees shall depend on the ranking of their delivery units (Table 3) where they belong and based on the individual's monthly basic salary as of 31 December 2016, as follows, but not lower than PhP5,000.00.

Table 3. Performance Category and PBB as % of Basic Monthly Salary

| PERFORMANCE CATEGORY | PBB AS % OF BASIC MONTHLY SALARY |
|------------------------------------|----------------------------------|
| Best Office/ Delivery Unit (10%) | 65% |
| Better Office/ Delivery Unit (25%) | 57.5% |
| Good Office/ Delivery Unit (65%) | 50% |

Section 7. DISTRIBUTION OF THE PERFORMANCE-BASED BONUS

The time frame in the distribution of the PBB shall be based on the timeline set by AO 25 IATF. DBM shall release the funds to DAR based on the total amount required.

Section 8. EFFECTIVITY

This Memorandum Circular shall take effect immediately and supersedes all other circulars/issuances inconsistent herewith.

FEB 09 2017 Diliman, Quezon City.


RAFAEL V. MARIANO
 Secretary