



Republic of the Philippines
DEPARTMENT of AGRARIAN REFORM

MEMORANDUM CIRCULAR No. 07
Series of 2007

SUBJECT : Guidelines in the Grant of Performance Incentives for the Third Level Officials of DAR

ARTICLE I

PRELIMINARY PROVISIONS

Section 1. Prefatory Statement. Under Administrative Order (AO) No. 161 (Prescribing Standard Incentive Pay System Based on Productivity Performance, for All Officials and Employees of the Government, National and Local Including Those of Government-Owned and/or Controlled Corporations and Government Financial Institutions and for Other Purposes), issued on 6 December 1994 by then President Fidel V. Ramos, granting of productivity incentive benefits to all government officials and employees was recognized as a means of enhancing efficiency and effectiveness in the civil service. Said AO also provided the policy framework for the issuance of a uniform set of guidelines (e.g., DBM Circular Letter Nos. 3-96 and 3-97 and DBM National Compensation Circular Nos. 73 and 73-A) to ensure equity and fairness in granting such award.

In consonance with Civil Service Commission (CSC) Resolution No. 010112 and CSC Memorandum Circular No. 01, Series of 2001, the Department of Agrarian Reform (DAR) likewise formulated its own Program on Awards and Incentives for Service Excellence (PRAISE) which aims to "provide both monetary and non-monetary awards and incentives to recognize, acknowledge and reward productive, creative, innovative and ethical behavior of employees through formal and informal modes". Said award/incentive system applies to all employees in the career and non-career service of DAR.

Third level officials are accountable for managing the workforce to produce timely and quality results with the least possible cost, thus generating more savings for the Department.

While there is a system for measuring performance as well as recognizing and rewarding different levels of performances, as provided in the Performance Management System being implemented by CSC, there is a need to strengthen these systems, specifically the incentive and reward system. Thus, this MC is issued authorizing Third Level Officials with incentives based on performance.

Section 2. Statement of Policies. The grant of performance incentive to Third Level Officials shall be guided by the following policies:

a. **Basis of the Grant**

The incentives shall be based on the productivity and performance of individual Officials as evaluated and determined by the head/s of the Office in accordance with the policies and standards set forth by the CSC and the Career Executive Service Board (CESB).

b. **Types and Rates of Incentives**

As envisaged in this MC, the types of incentives which will be granted to the Third Level Officials shall be categorized as follows:

- b.1 **Monetary Incentives** shall be the same as those granted to the Rank and File employees under existing guidelines.
- b.2 **Non-Monetary Incentives** will include the following:
 - b.2.1 **Foreign travel** (initiated by DAR) by the concerned Third Level Official provided that the said official achieved a performance rating of "Exceptional" in the last two (2) annual rating periods;
 - b.2.2 **Local travel** by the concerned Third Level Official with his/her family (legal spouse and 1 child) provided that the said official achieved a performance rating of "Commendable" in the last three semestral rating period year;
 - b.2.3 **Automatic nomination** to promotion to the next higher position or scholarship/training abroad provided that the concerned Third Level Official achieved a performance rating of "Commendable" in the last two (2) annual rating periods; and
 - b.2.4 **Other non-monetary incentives** that the DAR Management may deem proper and appropriate.

c. **Performance Evaluation System**

The evaluation of the overall performance of the Third Level Official shall be based on the Performance Contract and the Career Executive Service Performance Evaluation System (New CESPES) which provides the corresponding Rating Scale and Points System.

Section 3. Definition of Terms.

For purposes of this Circular, Third Level Officials shall refer to those who are appointed as Provincial Agrarian Reform Officer (PARO) I, PARO II, Provincial Agrarian Reform Adjudicator (PARAD), Assistant Regional Director (ARD) for Operations, ARD for Administration, Service Chief, Assistant Bureau Director, Bureau Director, Regional Director, Regional Agrarian Reform Adjudicator (RARAD), Head Executive Assistant, Executive Director, Assistant Secretary, Board Member III, and the Undersecretary.

ARTICLE II

COVERAGE

Section 4. Coverage. The incentives herein authorized shall apply to all appointed Third Level Officials and those designated to perform the functions of 3rd level positions.

This also covers all performance-based incentives given in the previous years released in accordance with the provisions of this Circular.

Section 5. Cases Not Covered by the Grant of Incentives. The following cases shall not be entitled to receive the aforementioned incentives:

- a. Those who obtained a performance rating of "Below Average" or "Unacceptable".
- b. Those who have been suspended preventively during the year owing to administrative charge;
- c. Those who have been found guilty of an administrative charge, except those who have been reprimanded or warned;
- d. Those who have been officially declared on absence without official leave (AWOL) during the year;
- e. Those who have died, optionally retired, resigned, transferred to another office, dismissed or dropped from the rolls during the current year; and

ARTICLE III

OPERATING PROCEDURES

Section 6. Computation of Rating. The performance rating of the Third Level Officials shall be evaluated and computed in accordance with the procedures set forth under the New CESPES and the corresponding Rating shall be as follows:

Rating Scale

7	Exceptional
6	Commendable
5	Above Average
4	Good Solid Performance
3	Solid Performance
2	Below Average
1	Unacceptable

Section 7. Implementation Arrangement. To institutionalize and oversee the implementation of this MC, the National Award and Incentive Committee (AIC) for the Third Level Officials shall be created to be composed of the following:

Undersecretary for FMAO	-	Chairman
Undersecretary for PPLAO	-	Member
Undersecretary for FOO	-	Member
Undersecretary for SSO	-	Member
Director for Administrative Service	-	Member
Director for FIMAS	-	Member

Regional Awards and Incentives Committee

Regional Director	-	Chair
ARDA	-	Member
ARDO	-	Member
RARAD	-	Member

The AIC shall be charged with the following functions:

- a. Ensure that the productivity, innovative ideas, suggestions and exemplary behavior of the Third Level Officials can be identified, considered, managed and implemented on a continuing basis;
- b. Be responsible for the development, administration, monitoring and evaluation of the awards and incentives system of the Department for the Third Level Officials;
- c. Establish its own internal procedures and strategies to carry out its duties and responsibilities;
- d. Address issues and concerns within (15) working days from the date of submission to the AIC; and
- e. Perform related functions as may be assigned by the Secretary or the Regional Director conformity with the CSC rules and regulations on the matter.

The Personnel Division of the Administrative Service at DARCO and the Personnel Section and Planning Division at DARRO shall act as the Secretariat for the AIC. The attendance or participation of the RDs to the AIC shall be on an on call basis.

Section 8. Source of Funding. The grant of incentives as herein provided shall be based on the available savings generated by the concerned units of DAR at the central, regional or provincial office. This would mean that the incentives due the Third Level Officials shall be charged against their respective savings either at the central, regional or provincial office.

Funds for non-monetary incentives shall be provided by the DARCO.

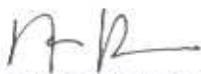
ARTICLE IV

FINAL PROVISIONS

Section 9. Repealing Clause. This MC shall supersede and/or amend related orders, circulars and other issuances on the matter which are inconsistent hereof.

Section 10. Effectivity Date. This MC shall take effect upon approval.

January 2007. Diliman, Quezon City



NASSER C. PANGANDAMAN
Secretary