



**MEMORANDUM CIRCULAR NO. 17-12**  
Series of 2017

**SUBJECT: GUIDELINES IN THE RANKING OF DELIVERY UNITS IN THE DEPARTMENT OF TRADE AND INDUSTRY UNDER THE 2017 PERFORMANCE-BASED INCENTIVE SYSTEM**

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**WHEREAS**, the Department of Trade and Industry (DTI), pursuant to Executive Order No. 80 s. 2012, adopted the Performance-Based Incentive System (PBIS) consisting of the Productivity Enhancement Incentive (PEI) and the Performance-Based Bonus (PBB);

**WHEREAS**, Section 5 of Executive Order No. 201, s. 2016 provides for the implementation of the enhanced PBB to qualified government personnel, to strengthen its results orientation. The PBB shall be subject to the achievement by departments or agencies, including LGUs and individual employees of their performance targets or commitments and compliance with good governance and other conditions. The grant of the enhanced PBB shall be based on a progressive rate system. As the position and responsibility in improving agency performance becomes higher, so is the amount of PBB;

**WHEREAS**, pursuant to Memorandum Circular No. 2017-1, Paragraph 5.1.a.7 issued by the Inter-Agency Task Force (IATF) on Administrative Order No. 25, series of 2011, the system of ranking delivery units must be posted in the Agency Transparency Seal and disseminated to all employees not later than October 1, 2017;

**WHEREAS**, Memorandum Circular 2017-1 issued by the IATF provides the guidelines on the identification and determination of delivery units within the department, which if found eligible, shall be forced ranked for purposes of the grant of FY 2017 PBB;

**WHEREAS**, Paragraph 8.3.b of MC 2017-1 states that an agency attached to the department or department-level entity shall be treated as an agency separate from its parent department and shall have a separate ranking of its delivery units;

**WHEREAS**, the system of ranking was discussed and considered by the DTI Performance Management Team (PMT) in its meeting held on September 13, 2017;

**WHEREAS**, the Department considered the PBB in its Strategic Performance Management System (SPMS) embodied in Department Order No. 15-12, s. 2015;

**NOW THEREFORE**, in connection with the adoption of the PBIS of this Department, pursuant to E.O. No. 80 dated July 20, 2012 and as provided under MC No. 2017-01 dated March 9, 2017, the following mechanics of ranking offices and personnel as basis for the grant of Performance-Based Bonus (PBB) for FY 2017 are hereby prescribed:

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1.0 **Coverage.** This circular covers all delivery units, which shall refer to DTI Bureaus, Regional Offices, Service Offices, and Executive Offices under the DTI-OSEC.

All officials and employees of eligible delivery units holding plantilla positions; contractual and casual personnel having an employer-employee relationship with the said delivery units, and whose compensation are charged against the lump sum appropriation under Personnel Services; and those occupying positions in the DBM-approved contractual staffing patterns of the delivery units are likewise covered by this circular.

2.0 **Eligibility Criteria of Delivery Units.** All delivery units that accomplished their targets declared under Forms A (Department Performance Accomplishment for FY2017) and A1 (Details of Bureau/Office Performance Indicators and Accomplishments); that have submitted their PGS scorecards duly signed by the Supervising Undersecretaries shall be deemed eligible for PBB,

3.0 **Eligibility of Individuals.** All officials, employees and personnel of eligible delivery units are deemed qualified to receive the PBB, provided that he/she has received a rating of at least "Satisfactory" based on the DTI-SPMS or CESPES for FY 2017, and subject to the provisions of MC Memorandum Circular 2017-1 issued by the IATF on Eligibility of Individuals.

4.0 **Functional Clusters.** Pursuant to Paragraph 8.3.c of the MC 2017-1, in order to facilitate the ranking process, the DTI is permitted to cluster delivery units based on similarities of functions and responsibilities provided that the overall ranking distribution for best and better delivery units shall not exceed 10% and 25% respectively of the total number of delivery units in the department. Ranking of DTI units shall be based on the following clusters:

Functional Cluster	Delivery Units
Regional Offices	CAR, R1, R2, R3, R4A, R4B, R5, R6, R7, R8, R9, R10, R11, R12, CARAGA
Central Office	BDTP, BIS, BITR, BPS, BSMED, BTIPR, CARP, CB, CPAB, EMB, FTEB, FTSC, NCRO, PAB
Central Office – Support Services	FMS, HRAS, IAS, ISMS, KMIS, LS, PMS, RGMS, Executive Offices

#### 5.0 Organizational Performance Rating (OPR)

5.1 A delivery unit's organizational performance rating (OPR) shall be based on its respective PGS Scorecard and a rating obtained from a forced ranking methodology by the DTI Secretary and by the Supervising Heads (undersecretaries/assistant secretaries);

5.2 **PGS Score.** The PGS score is determined based on a "pass/fail" mark per strategic measure as reflected in the delivery unit's Performance Governance System (PGS) Scorecard. A strategic measure is considered "Pass" if accomplishment is at least 90% of the target set in the PGS Scorecard. If the delivery unit has failed to reach the target set for that particular measure, this will be counted as a "Fail" mark. The PGS Score is obtained based on the

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number of targets with "Pass" marks over the total number of valid strategic measures using the PGS Rating Matrix v2.2.

To illustrate:

Total number of Pass	10
Total number of Measures	15

PGS Score= 3.5

5.3 **Forced Ranking.** The forced ranking methodology shall be adopted. A ranking sheet shall be provided to the DTI Secretary and Supervising Heads, who shall evaluate the units based on the following criteria:

5.3.1 Quantity (How much did the unit accomplish?); Quality (How well did the unit do it?); Timeliness (How fast did the unit deliver?)

5.3.2 Compliance and adherence to the principles of Public Expenditure Management, as follows:

- Fiscal discipline: *living within the means or utilizing available resources*
- Allocative efficiency: *spending money on the right things or the right priorities*
- Operational efficiency: *obtaining the best value for the money or resources available*

5.3.3 Organizational culture demonstrated (i) organizational effectiveness (*ramdam*), and (ii) *management of people and resources*.

5.4 **Secretary's Rating.** The Secretary's Rating shall be based on the scores derived from the forced ranking by the DTI Secretary of delivery units within the functional clusters.

5.5 **Supervising Heads' Rating.** All Supervising Heads shall use the forced ranking method in rating the Department's delivery units. The scores of other Supervising Heads will be considered based on a 70:30 weight ratio, in favor of the Functional Group Head.

5.6 **Formula.** To determine the Organizational Performance Rating (OPR) of each delivery unit, except for the Executive Offices, the following formula shall be applied:

$$\text{OPR} = \text{PGS Scorecard (50\%)} + \text{Supervising Heads' Rating (30\%)} + \text{Secretary's Rating (20\%)}$$

Where:

- *For functional groups with only one delivery unit, the undersecretaries shall rate the units according to a weighted criteria consisting of Effectiveness, Efficiency, and Timeliness.*

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5.7 **OSEC/Executive Offices.** Section 3.11 of Memorandum Circular No. 2012-05 states that “the Office of the Secretary shall be considered as one (1) delivery unit to include the OSEC itself and all the Offices of the Department Undersecretaries and Assistant Secretaries.” To determine the OPR, the formula shall be:

$$\text{OPR} = \text{Average PGS Score of the Undersecretaries (40\%)} + \text{Secretary's Rating (40\%)} + \text{CSF from Delivery Units (20\%)}$$

6.0 **Ranking of Delivery Units.** Using the OPR, each eligible delivery unit shall be ranked against other delivery units in the same cluster, according to the following categories:

Ranking	Performance Category
Top 10%	Best Delivery Unit
Next 25%	Better Delivery Unit
Next 65%	Good Delivery Unit

7.0 **PBB Rates of Individuals.** PBB rates of individuals shall depend on the performance category of the delivery unit where they belong, based on the individual's monthly basic salary as of December 31, 2017.

Ranking	# of DTI delivery units	Performance Category	PBB as % of Monthly Basic Salary
Top 10%	4	Best Delivery Unit	65%
Next 25%	9	Better Delivery Unit	57.5%
Next 65%	25	Good Delivery Unit	50%

Pro-rata PBB rates of individuals, however, who rendered less than nine (9) months of service for FY 2017 shall be subject to the provisions of MC Memorandum Circular 2017-1 issued by the IATF on the same.

Subject to the eligibility of the DTI, the PBB rate of the DTI Secretary shall be equivalent to 65% of his monthly basic salary.

8.0 **Program Offices.** DTI program offices, such as the e-Commerce Office and BIMP-EAGA, shall not be considered as delivery units. The functions and deliverables of these units shall be included in the PGS Scorecard of the undersecretary or assistant secretary handling them.

9.0 **Final Validation.** The DTI Secretary, by virtue of his authority under EO 80, shall review the results and will make the final determination of the ranking of offices under the DTI.

10.0 **Sanctions.** Pursuant to Section 2, Part IV of DTI DO 15-12, non-submission of PGS scorecards and dashboards shall render the delivery unit and individual, respectively, ineligible for the grant of the PBB and shall be a ground for:

10.1.1 Employee disqualification from performance-based personnel actions such as promotion, training, scholarship grants, or performance-

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enhancement bonus, if the non-submission of the report is the fault of the employee;

10.1.2 Administrative sanction for violation of reasonable office rules and regulations and simple neglect of duty committed by supervisors or employees responsible for the non-submission of the office and individual performance;

10.1.3 Administrative offense for neglect of duty for failure on the part of the Head of Office to comply with the required notices to their subordinates for their "Below Satisfactory" or "Poor" performance during a rating period.

11.0 **Appeals.** The procedure on appeals provided under Section 3, Part IV of DO 15-12, s. 2015 shall suppletorily apply to this Memorandum Circular.

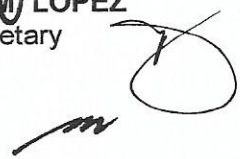
12.0 **Report to the DTI Secretary.** The Management Services Group (MSG) shall report the consolidated accomplishments of all units/offices to the DTI Executive Committee.


13.0 **Preparation and Submission of DBM Form 1.0: Report on Ranking of Bureaus/ Offices/Delivery Units.** The Planning & Management Service (PMS) and Human Resource and Administrative Service (HRAS) are the units responsible for the preparation of Form 1.0, for approval of the PBB Focal person. This document will be submitted to the AO 25 Secretariat c/o Department of Budget and Management.

14.0 **Suppletory Application.** The provisions of Executive Order No. 80 s. 2012; Executive Order No. 201, s. 2016; IATF Memorandum Circular No. 2017-1; and other laws, orders, and rules and regulations not inconsistent with this circular shall have suppletory effect.

This Order shall take effect immediately.  
18 October 2017, Makati City.

  
RAMON M. LOPEZ  
Secretary



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