

**CONTRACT FOR THE
DEVELOPMENT OF THE DBM - STRATEGIC PERFORMANCE
MANAGEMENT SYSTEM**

This Contract is entered into this 21st day of June, 2013, by and between the following:

DEPARTMENT OF BUDGET AND MANAGEMENT (DBM), a government agency created by virtue of the laws of the Republic of the Philippines, with principal office address at DBM Building II, Gen. Solano St., San Miguel Manila, represented herein by its Undersecretary, **LAURA B. PASCUA**, hereinafter called "the Client";

- and -

ENRIQUE V. ABADESCO, JR., of legal age with postal address at No. 32c, 8 Wack Wack Road, Mandaluyong City, hereinafter called, "the Consultant".

WHEREAS, the Department of Budget and Management (DBM) created the Performance Management Team (DBM-PMT) per Office Order No. 2012-471 to lead the establishment of a Strategic Performance Management System (SPMS), as mandated by the Civil Service Commission Memorandum Circular (MC) No. 6, s2012, "Guidelines in the Establishment and Implementation of Agency Strategic Performance Management System".

WHEREAS, to assist the Committee in carrying out its function, the Secretary granted approval on the hiring of an expert in performance management to assist the PMT in its various activities leading to the roll-out of the system, including consultations during the crafting of the internal guidelines and the conduct of a coaching program;

WHEREAS, based on the Curriculum Vitae submitted, the CPRS recommended to the Secretary, the hiring of Mr. Abadesco as Consultant to develop the DBM-SPMS;

WHEREAS, under Section 53.7 of the Revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184, negotiated procurement may be resorted to in the case of individual consultants engaged to do work that is highly technical or primarily confidential or policy determining, where trust and confidence are the primary considerations for the hiring of consultants;

NOW, THEREFORE, for and in consideration of the foregoing premises, the parties hereby mutually stipulate and agree as follows:

1. Services	The Consultant shall perform the services specified in Annex A, "Terms of Reference and Scope of Services," which is made an integral part of this Contract ("the Services").
2. Term	The Consultant shall perform the Services during the period commencing June 25, 2013 and continuing through November 23, 2013 or any other period as may be subsequently agreed by the parties in writing. Consultant shall post a performance security in any of the prescribed form and percentage of the contract cost as provided under Section 39 of the Implementing Rules and Regulations of Republic Act No. 9184.
3. Payment	A. Ceiling
	For Services rendered pursuant to Annex A, the Client shall pay the Consultant an amount not to exceed a total of Five Hundred Twenty Eight Thousand Pesos (P528,000.00). This amount has been established based on the understanding that it is inclusive of the Consultant's professional fee and profits as





	well as any tax obligation that may be imposed on the Consultant, except traveling expenses, food and accommodation in the conduct of the workshops outside Metro Manila.
	B. Schedule of Payments
	Fifty percent (50%) shall be paid in the last week of August 2013 upon submission of the required outputs and deliverables indicated in Annex A of the TOR duly accepted by Assistant Secretary Gil P. Montalbo as satisfactory and in compliance with the terms of the contract. The remaining fifty percent (50%) shall be paid upon completion of the project and submission of the final report.
	C. Payment Conditions
	Payment shall be made in Philippine Pesos, no later than twenty (20) days following the submission of the Certification as required by Item 3 (B) of this Contract.
4. Project Administration	The Consultant shall directly report to Assistant Secretary Gil P. Montalbo and the PMT for his assignments under this Contract. Asec. Montalbo/PMT shall be responsible for the review, acceptance, and approval of the detailed technical contents of the Consultant's reports and recommend payment for Services rendered by the Consultant.
5. Performance Standards	The Consultant undertakes to perform the Services with the highest standards of professional and ethical competence and integrity.
6. Confidentiality	The Consultant shall not, during the term of this Contract and within two years after its expiration, disclose any proprietary or confidential information relating to the Services, this Contract or the Client's business or operations without the prior written consent of the Client.
7. Ownership of Materials	Any studies reports or other material, graphic, software or otherwise, prepared by the Consultant for the Client under the Contract shall belong to and remain the property of the Client.
8. Insurance	The Consultant will be responsible for taking out any appropriate insurance coverage.
9. Assignment	The Consultant shall not assign this Contract or sub-contract any portion of it without the Client's prior written consent.
10. Law Governing Contract and Language	The Contract shall be governed by the laws of the Philippines, and the language of the Contract shall be in English.
11. Dispute Resolution	Any dispute arising out of the Contract, which cannot be amicably settled between the parties, shall be referred to adjudication/arbitration in accordance with the laws of the Client's country.

DEPARTMENT OF BUDGET AND MANAGEMENT

By:


LAURA B. PASCUA
 Undersecretary

CONSULTANT

By:


ENRIQUE V. ABADESCO, JR.
 Consultant

ll

GIL P. MONTALBO

SIGNED IN THE PRESENCE OF:

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF ~~MANILA~~) S.S.

Funds Available:
Ignacio
ESPERANZA Q. IGNACIO
Chief Accountant

Book 1712013-6-1038 6/21/13

BEFORE ME, a Notary Public for and in the City of ~~MANILA~~, Philippines, personally appeared the following:

NAME	VALID ID	VALID UNTIL
Laura B. Pascua	DBM ID No. 0072	2014
Enrique V. Abadesco, Jr.	Drivers License No. X01.93.018444	

known to me to be the same persons who executed the foregoing Contract and who acknowledged to me that the same is their free and voluntary act and deed and of the entities they respectively represent.

This Contract for the _____ was signed by the parties, and signed/initialed by their material witnesses on each and every page thereof.

WITNESS MY HAND AND SEAL this JUN 21 2013 day of _____, 2013.

Doc. No.
Page No.
Book No.
Series of 2013.

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ATTY. FRANCISCO DE LA CRUZ MIRAYNES
NOTARY PUBLIC MANILA
MY COMMISSION EXPIRES ON 12-31-2015
350 G/F GODINO BLDG.
A.I. VILLEGAS ST. 1300 ERMITA MANILA
IBP NO. 86803-10-6-11 - MANILA-2013
PTR NO. 1487717 - 1/3/13
ROLL NO. 32582
MCLE III 09289 16 - 8-9-2011
COMMISSION NO. 012-011

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ANNEX A

Republic of the Philippines
Department of Budget and Management
Malacañang, Manila

Terms of Reference

Development of the Strategic Performance Management System (SPMS) for the Department of Budget and Management

I. Background

The Civil Service Commission (CSC), in its Resolution No. 1200481 dated March 16, 2012, promulgated Memorandum Circular No. 6, s. 2012, "Guidelines in the Establishment and Implementation of Agency Strategic Performance Management System", mandating all agencies of the Government to establish their Strategic Performance Management System (SPMS).

The DBM is currently using the mandatory human resource systems under the Revised Administrative Code of 1987, which is the Performance Evaluation System (PES) administered in accordance with rules and regulations and standards promulgated by the CSC. The system, however, focuses only on individual appraisals using the Performance Appraisal Report (PAR) form, which are pre-requisites for promotion and other personnel actions including transfer and productivity-incentive benefit (PIB).

To harmonize and address the gaps, the SPMS will provide a strategic and verifiable basis in assessing and improving the performance of DBM employees and the effectiveness of the department's programs and projects. It will strengthen the culture of performance and accountability in the department.

The DBM-SPMS will be focused on linking individual performance vis-à-vis the agency's organizational vision, mission and strategic priorities. It is envisioned as a technology composed of strategies, methods and tools for ensuring fulfilment of the functions of the Divisions and its personnel as well as for assessing the accomplishments. This System will be a mechanism to ensure that each employee contributes to the attainment of or helps achieve the objectives set by the department and, on the other hand, the organization, achieves the objectives that it has set itself to achieve in its strategic plan.

As prescribed in the aforementioned MC, the DBM-SPMS should follow the four-stage major processes: **performance planning and commitment, performance monitoring and coaching, performance review and evaluation, performance rewarding and development planning.**

II. Objectives

The DBM-SPMS shall be prepared and implemented to:

- a. Concretize the linkage of organizational performance with the President's Social Contract with the Filipino People, the Key Result Areas, DBM performance commitments and program thrusts as embodied in its Strategic Plan RBPMS, PBB, Organizational Performance Indicator Framework, and the CAS Planning Tools ;

SBP

- b. Ensure organizational effectiveness and improvement of individual employee efficiency by cascading institutional accountabilities to the various levels of the organization anchored on the establishment of rational and factual basis for performance targets and measures; and
- c. Link performance management with other human resource systems and ensure adherence to the principle of performance-based tenure and incentive system.

III. Scope of Work

The service provider will undertake a review of the existing systems of the Department relative to Performance Management System.

At the end of the engagement, the Consultant should have been able to:

1. Prepare a performance management framework for DBM with the key elements of the CSC-prescribed SPMS as its core;
2. Develop the performance commitment templates following the key components of the OPCR and IPCR prescribed by the CSC;
3. Write the internal guidelines for the implementation of the SPMS in DBM, including the mentoring and coaching program;
4. Conduct capacity-building activities on mentoring and coaching program for DBM officials and second-level managers (i.e., Division Chiefs); and
5. Recommend a change management program, including the development of a communications strategy to orient and prepare the DBM officials and employees on the shift towards a performance-driven organizational culture.

The Consultant shall likewise be expected to submit an overall project documentation report of all the activities completed.

IV. Period of Engagement, Project Schedule and Output

The consultant will render 32 person-days, spread over a period of five (5) months, from June 24 to November 23, 2013. The Consultant and the DBM shall observe the following schedule:

SCHEDULE	ACTIVITY	NO. of PERSON-DAY	OUTPUT
June	Consultative meeting with the PMT	1	Inception Report
July	Conduct of a two-day workshop for the PMT	2	Workshop for the PMT conducted
July - August	Drafting of the Agency SPMS (i) Guidelines and (ii) Manual	10	Proposed SPMS guidelines and templates (OPCR and IPCR, monitoring journals) SPMS Manual
August	Consultations with Directors and staff	2	Refinements on the SPMS guidelines

			based on results of the consultations conducted
August-September	Roll-out/cascading	3	Briefings/orientations conducted
September-October	Conduct of six batches of two-day coaching workshops	12	Conduct of coaching workshops completed
November	System feedback and evaluation	2	Initial assessment of the pilot implementation of the SPMS Final report and documentation

V. Implementation Arrangements

The Department and the Consultant shall observe the following working arrangements:

1. The implementation of the engagement will be supervised by the Chair of PMT. The Consultant will primarily work with and report to Assistant Secretary Gil P. Montalbo.
2. The CPRS shall provide the necessary information required by the Consultant to complete their tasks, in coordination with other DBM offices, as necessary. In addition, the CPRS shall ensure the participation of the concerned DBM officers and staff in the overall conduct of the activities.
3. All information and other data gathered and prepared in the conduct of the activities of this project shall be the sole property of the DBM. The Consultant shall not have the right to disclose any information pertaining to the herein engagement without clearance from DBM.
4. All DBM organizational information handled by both parties must be treated with confidentiality.
5. The PMT Chair may call the attendance of the Consultant during PMT Meetings, at a venue and a schedule that is agreeable to both parties.

VI. Required Expertise and Skills

The consultant must be a senior expert in the areas of organizational development and corporate planning, with at least 10 years of experience in consulting work in the areas of expertise. He/She must possess knowledge and understanding of the DBM mandate and the OPIF (managing for results). The consultant must be at least a master's degree holder with a proven track record in performance management and capacity-building. Work experience with government agencies is an advantage.

VII. Requirement for Submission

Submit Curriculum Vitae to Assistant Secretary Gil P. Montalbo through this email address: dbm-cprs@dbm.gov.ph

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REPUBLIC OF THE PHILIPPINES
Department of Budget and Management
Malacañang, Manila

NOTICE OF AWARD

June 21, 2013

MR. ENRIQUE V. ABADESCO, JR.

No. 32c, 8 Wack Wack Road
Mandaluyong City 1555

Dear **Mr. Abadesco**:

We are pleased to inform you that the contract for the Project "Development of the Strategic Performance Management System for the Department of Budget and Management" is hereby awarded to you in the amount of Five Hundred Twenty Eight Thousand Pesos (P528,000.00).

In this regard, you are hereby required to post a performance security in the amount and form stated in Section 39 of the Implementing Rules and Regulations of Republic Act No. 9184 within ten (10) calendar days upon receipt of this notice.

Please coordinate with Assistant Secretary Gil P. Montalbo, Chairperson, Performance Management Team, for the signing of the contract and the necessary implementation/execution of this project.

Thank you.

Very truly yours,


LAURA B. PASCUA
Undersecretary



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
MALACAÑANG, MANILA

NOTICE TO PROCEED

MR. ENRIQUE V. ABADESCO, JR.
No. 32c, 8 Wack Wack Road
Mandaluyong City 1555

Dear **Mr. Abadesco**:

The attached Contract having been approved, notice is hereby given to you that work may commence as Consultant for the Development of the DBM Strategic Performance Management System.

Thus, you shall be responsible for performing the services in coordination with the Office of Assistant Secretary Gil P. Montalbo and/or the Performance Management Team of this Department under the terms and conditions of the Contract and in accordance with the Terms of Reference.

Please acknowledge receipt and acceptance of this notice by signing both copies in the space provided below. Keep one copy and return the other to the Department of Budget and Management.

Very truly yours,


LAURA B. PASCUA
Undersecretary

I acknowledge receipt and acceptance of this Notice on: June 24, 2013

Name of Representative: ENRIQUE V. ABADESCO, JR.

Authorized Signature: 