

MALACAÑAN PALACE
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 80

**DIRECTING THE ADOPTION OF A PERFORMANCE-BASED INCENTIVE SYSTEM
FOR GOVERNMENT EMPLOYEES**

WHEREAS, there is a need to rationalize the current incentive system in government which is generally characterized by across-the-board bonuses that are given uniformly to all civil servants;

WHEREAS, there is a need to strengthen performance monitoring and appraisal systems based on existing systems like the Organizational Performance Indicator Framework (OPIF) which is being used by the Department of Budget and Management (DBM) to measure agency performance, the Strategic Performance Management System (SPMS) of the Civil Service Commission (CSC) which links individual performance to organizational performance, and the Results-Based Performance Monitoring System (RBPMS).

WHEREAS, service delivery by the bureaucracy can be improved by linking personnel incentives to the bureau or delivery unit's performance and recognizing and rewarding exemplary performance in the public sector;

WHEREAS, there is a need to establish and implement a Performance-Based Incentive (PBI) System that will motivate higher performance and greater accountability in the public sector and ensure the accomplishment of commitments and targets under the five (5) Key Result Areas (KRAs) laid down in Executive Order (EO) No. 43 (s. 2011) and the Philippine Development Plan (PDP) 2011-2016;

WHEREAS, Administrative Order (AO) No. 25 (s. 2011) seeks to establish a unified and integrated RBPMS across all departments and agencies within the Executive Branch of Government, incorporating a common set performance scorecard, and creating an accurate, accessible, and up-to-date government-wide, sectoral, and organizational performance information system, which shall be used as basis for determining entitlement to performance-based allowances, incentives, or compensation of government personnel;

WHEREAS, one of the governing principles of the Senate and House of Representatives Joint Resolution (JR) No. 4 (s. 2009), otherwise known as the "Salary Standardization Law (SSL) III," is the establishment of a PBI scheme which aligns personnel efforts to organizational performance to reward exemplary civil servants and well-performing institutions; and

WHEREAS, Presidential Decree (PD) No. 985, PD 1597, Republic Act (RA) No. 6758, as amended by Senate and House of Representatives JR Nos. 1 and 4, authorized the President to approve policies and levels of allowances and benefits.



NOW, THEREFORE, I, BENIGNO S. AQUINO III, President of the Philippines, by virtue of the powers vested in me by the Constitution and applicable laws, do hereby order:

SECTION 1. Adoption of a PBI System. A PBI system consisting of the Productivity Enhancement Incentive (PEI) and the Performance-Based Bonus (PBB) shall be adopted in the national government beginning Fiscal Year (FY) 2012.

- a. The PEI, in the amount of P5,000, shall continually be granted across-the-board, in accordance with the guidelines to be issued by DBM.
- b. The PBB, which is a top-up bonus, 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, subject to the following criteria:
 - i. Achievement by the Departments of performance targets under their respective Major Final Outputs (MFOs), and Priority Program/Project commitments as agreed with the President under the 5 KRAs under EO 43; and
 - ii. Accomplishment of good governance conditions set by the Inter-Agency Task Force (IATF) created under AO 25.

SECTION 2. Guidelines for the PBB. The following guidelines and principles shall govern the PBB scheme:

- a. The PBB shall be characterized as a system of ranking units and personnel within an organization according to their performance as measured by verifiable, observable, credible, and sustainable indicators of performance based on the following pillars:
 - i. Department's Major Final Outputs;
 - ii. Department's commitments to the President which are supportive of the priorities under EO 43; and
 - iii. Good governance conditions to be determined by IATF under AO 25.
- b. Flexibility shall be provided to the heads of departments and agencies to suit the PBB system to the nature of their operations and to drive peak performers, in terms of the determination of the appropriate delivery units to be rewarded and the performance indicators to be used; and
- c. There shall be appropriate communications strategy and publication of



performance targets and accomplishments in the department and agency websites and the website for the RBPMS to ensure transparency and accountability in the implementation of the PBB scheme.

SECTION 3. Performance Categories and Rates of Incentives. The amount of the PBB shall be based on the performance of the departments, bureaus or delivery units, and of the individual employees. Department Secretaries or their duly designated officials shall rank the bureaus or delivery units, including attached agencies, according to their performance following a normal distribution.

The PBB shall be distributed according to the following scheme for FY 2012, without prejudice to the revision thereof in succeeding years, as may be approved by the President, upon recommendation of the IATF:

| Performance Category | Best Performer | Better Performer | Good Performer |
|----------------------|----------------|------------------|----------------|
| Best Bureau | 35,000 | 20,000 | 10,000 |
| Better Bureau | 25,000 | 13,500 | 7,000 |
| Good Bureau | 15,000 | 10,000 | 5,000 |

Bureaus and individuals who receive a Below Satisfactory performance rating will not be qualified for the PBB.

SECTION 4. Prohibition against the Grant of New and Additional Increases in the Rates of Existing Incentives and Bonuses. The grant of allowances, incentives and bonuses other than those authorized under SSL III and any increase in the existing and authorized rates therefor, other than what is provided for in this EO, shall not be allowed.

Government agencies, including Government-Owned or -Controlled Corporations (GOCCs), with existing authorized performance-based incentive or bonus systems shall harmonize the same with the PBB scheme.

SECTION 5. Funding. Funds needed for the grant of the PBB to covered employees shall be charged against the following:

- a. For departments, bureaus, and agencies, including State Universities and Colleges (SUCs), the necessary funds shall be charged against the Miscellaneous Personnel Benefits Fund (MPBF) in the General Appropriations Act (GAA).
- b. For GOCCs, the funds required shall be charged against their respective corporate funds. The use of funds for the purpose shall be subject to the approval of their respective governing boards in accordance with applicable laws.



SECTION 6. Coverage. This EO shall cover all departments, agencies, SUCs, and GOCCs that remain under the jurisdiction of DBM.

SECTION 7. Applicability to GOCCs under the Jurisdiction of GCG. The Governance Commission on GOCCs (GCG) is encouraged to adopt the policies and principles contained in this EO and issue the necessary guidelines for GOCCs under its jurisdiction, pending the formal implementation of the Compensation and Position Classification System (CPCS) for GOCCS as mandated under RA 10149.

SECTION 8. Applicability to the Legislative and Judicial Branches, and Other Offices vested with fiscal autonomy. The Congress, Judiciary, Constitutional Commissions and the Office of the Ombudsman are encouraged to adopt the provisions of this EO to be eligible to the PBB.

SECTION 9. Role of the IATF in the grant of the PBB. The IATF under AO 25 shall formulate and issue the implementing guidelines for this EO. It shall provide assistance to agencies in the identification of indicators and targets and implement a validation system for agency reports and accomplishments.

The IATF under AO 25 may enlist the assistance of other agencies in the implementation of the provisions of this EO.

The Commission on Higher Education (CHED) shall issue additional implementing guidelines for SUCs.

SECTION 10. Separability Clause. If any provision of this EO is declared invalid, or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

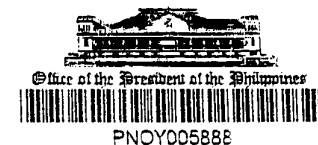
SECTION 11. Repealing Clause. All orders, rules, regulations, and issuances, or parts thereof, which are inconsistent with this EO, are hereby repealed, amended, or modified accordingly.

SECTION 12. Effectivity. This EO shall take effect immediately upon publication in a newspaper of general circulation.

DONE, in the City of Manila, this 20th day of July, in the year of our Lord, Two Thousand and Twelve.

By the President:

PAQUITO N. OCHOA, JR.
Executive Secretary



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