

EXECUTIVE ORDER NO. 486

ESTABLISHING A PERFORMANCE-BASED INCENTIVE SYSTEM FOR  
GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS AND  
FOR OTHER PURPOSES

WHEREAS, in line with the Reform Program for Government Corporations, the Government, through the Government Corporate Monitoring and Coordinating Committee (GCMCC), seeks to improve the financial and operating efficiency and effectiveness of government-owned or controlled corporations (GOCCs);

WHEREAS, the establishment, development and implementation of an effective Performance Evaluation System as provided under Executive Order No. 236 dated 22 July 1987 constitute one of the most important elements of the Reform Program;

WHEREAS, there is a need to establish a well-designed incentive system to complement the exemplary performance of GOCCs based on the Performance Evaluation System; and

WHEREAS, Presidential Decree No. 985, as amended by Presidential Decree No. 1597 and Republic Act No. 6758, authorizes the Department of Budget and Management to review on a continuing basis and to prepare, for the consideration and approval of the President, policies and levels of allowances and other fringe benefits applicable to government personnel;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. Purpose. There is hereby established an incentive system for the government-owned or controlled corporations (GOCCs) which shall be directly linked to their level of performance and which shall encourage and recognize outstanding performance and accomplishments with varying incentives. The incentives shall complement the performance evaluation system herein established pursuant to existing policy.

SEC. 2. Performance Evaluation System. For purposes of this Executive Order, the Performance Evaluation System (PES) shall refer to the process of appraising the accomplishments of GOCCs in a given year based on pre-agreed performance criteria and targets between the latter and the Government Corporate Monitoring and Coordinating Committee (GCMCC) and using weights to grade the overall performance of the GOCCs. The system shall be established and administered by the GCMCC pursuant to Executive Order No. 235, the Guidelines to Implement Executive Order No. 235 and Administrative Order No. 59, series of 1988.

SEC. 3. Coverage. The performance-based incentive system shall immediately apply to all GOCCs that are being monitored by the GCMCC under the Performance Evaluation System as approved by the President of the Philippines at the time of the effectivity of this Executive Order. Thereafter, other GOCCs shall be covered by the Incentive System upon the accomplishment of the Performance Evaluation System in the particular GOCC.

SEC. 4. Incentive System. There is hereby established an Incentive System to be administered by the GCMCC. The incentives shall include awards to a GOCC as an institution and to its officers and employees in recognition of their contribution to the attainment of the GOCC's goals and targets.

The incentives and rewards may be any of the following:

a. Presidential Citations. - These shall be granted to GOCCs for their outstanding performance vis-a-vis the pre-agreed criteria and targets. In the case of employees, they may vie for the awards for outstanding public service given by the President and the Civil Service Commission under Executive Orders No. 334, series of 1983, and 292, series of 1987.

b. Less restrictive regulations imposed by service-wide government agencies. - In this regard, the said agencies are directed to submit to the GCMCC the areas of flexibility in operations which may be granted to GOCCs as incentives for continued outstanding performance.

- c. Corporate Incentive Awards. Depending on the degree of performance, GOCCs shall be authorized to allocate an amount equivalent to a percentage of the total basic salaries of authorized and filled positions as an incentive fund. The percentages authorized for each GOCC shall be as follows:

GOCC Performance Grade	Maximum Incentive Fund
A (Outstanding)	10 percent
B (Very Satisfactory)	6 percent
C (Satisfactory)	4 percent

*ba* The above incentive fund shall be the source for rewards, either in kind or in cash bonuses, to be granted by GOCCs only to deserving officers and employees based on an evaluation of their individual performance and relative contribution to the attainment of the corporation's goals and targets. Said system for evaluating the employees' performance shall be consistent with the pertinent policies and guidelines issued by the Civil Service Commission. The maximum allowable amount of incentive bonus for a GOCC officer or employee shall vary according to the performance grade of the GOCC and to his individual performance but shall in no case exceed three (3) months basic salary or its equivalent.

Each eligible GOCC shall prepare a program for the disposition of the incentive fund to deserving officers and employees, subject to the guidelines to be issued jointly by the GCMCC and the DBM upon the recommendation of an Inter-Agency Committee.

This Inter-Agency Committee is hereby created to be composed of representatives, with the rank of Director, from the Government Corporate Monitoring and Coordinating Committee, the Department of Budget and Management and the Civil Service Commission.

Funding for the implementation of the corporate incentive awards authorized herein shall be provided in the succeeding budget of the respective GOCCs following the year performance criteria and targets are negotiated and agreed

The GCMCC, upon the recommendation of the Inter-Agency Committee, may introduce modifications or additional forms of incentives, subject to the approval by the President of the Philippines.

SEC. 5. Discontinuance of Other Performance-Based Monetary Incentives. All other performance-related monetary incentives inconsistent with or not herein provided but presently practiced in GOCCs covered under Section 3 hereof shall be discontinued unless specifically authorized by law.

SEC. 6. Restriction. Incentive awards shall be granted only to GOCC officers and employees appointed to regular plantilla positions.

SEC. 7. Implementing Guidelines. The guidelines for the implementation of this Executive Order shall be issued by the GCMCC and the Department of Budget and Management within sixty (60) working days from the effectivity thereof.

SEC. 8. Applicability. The Incentive System as established under this Executive Order shall be implemented starting with the evaluation of the performance of GOCCs for Calendar Year 1991.

SEC. 9. Amendatory Effect. All orders, circulars, issuances, rules and regulations or parts thereof which are inconsistent with the provisions of this Executive Order are hereby amended or modified accordingly.

SEC. 10. Effectivity. This Executive Order shall take effect immediately.

Done in the City of Manila, this 8th day of November, in the year of Our Lord, nineteen hundred and ninety-one.

*Corazon S. Aquino*

By the President:

*Franklin M. Drilon*  
FRANKLIN M. DRILON  
Executive Secretary