



MALACAÑAN PALACE
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO 181

IMPLEMENTATION OF THE PROVISIONS OF THE FY 2015 GENERAL APPROPRIATIONS ACT (GAA) ON THE GRANT OF THE FY 2015 PRODUCTIVITY ENHANCEMENT INCENTIVE (PEI) TO GOVERNMENT EMPLOYEES

WHEREAS, Item (4)(a)(iv) of the Senate and House of Representatives Joint Resolution (JR) No. 4 (s. 2009) includes *Incentives* as a component of the Total Compensation Framework for government personnel. Item (4)(h)(ii) thereof also provides for the grant of *Incentives* as rewards for exceeding agency financial and operational performance targets, and to motivate employee efforts toward higher productivity;

WHEREAS, Section 1(a) of Executive Order No. 80 (s. 2012) stipulates the grant of the Productivity Enhancement Incentive (PEI) as a component of the Performance-Based Incentive System, at ₱ 5,000 across the board; and

WHEREAS, under Item 3 of the Special Provisions on the Miscellaneous Personnel Benefits Fund (MPBF) of Republic Act (RA) No. 10651, entitled "An Act Appropriating Funds for the Operation of the Government of the Republic of the Philippines from January One to December Thirty-One, Two Thousand and Fifteen, and for Other Purposes," the amount of Thirty Billion Six Hundred Forty Seven Million Four Hundred Sixty Four Thousand Pesos (₱30,647,464,000.00) has been appropriated for the grant of the PEI to employees of the National Government, including State Universities and Colleges (SUCs), subject to the guidelines to be issued by the President.

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. The One-Time Grant of the FY 2015 PEI Equivalent to One Month Basic Salary. The PEI for FY 2015, equivalent to either ₱5,000 or one month basic salary as of May 31, 2015, is authorized to be granted by agencies, which meet the conditions stipulated in this Order, to their respective qualified personnel:

- a. National Government Agencies (NGAs) including SUCs;
- b. The Congress of the Philippines, Judiciary, Civil Service Commission (CSC), Commission on Audit (COA), Commission on Election (COMELEC), and the Office of the Ombudsman (OMB), subject to Section 8 hereof;
- c. Government-Owned or –Controlled Corporations (GOCCs), including Local Water Districts (LWDs), and Government Financial Institutions (GFIs); and
- d. Local Government Units (LGUs).



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Section 2. Personnel Covered. This Order shall apply to the following government personnel:

- a. Civilian personnel occupying regular, contractual, or casual positions, whether appointive or elective, on full-time or part-time basis, provided they have employer-employee relationship with the agencies concerned and whose compensation are charged against Personnel Services appropriations; and
- b. Military Personnel of the Armed Forces of the Philippines, Department of National Defense; and uniformed personnel of the Philippine National Police, Bureau of Fire Protection, and Bureau of Jail Management and Penology under the Department of the Interior and Local Government (DILG); the Philippine Coast Guard; and the National Mapping and Resource Information Authority.

Section 3. Exclusions. The following individuals hired by the government without employer-employee relationship and paid from non-Personnel Services appropriations are excluded from the coverage of this Order. Said individuals may include, but not be limited to, the following:

- a. Consultants and experts hired to perform specific activities or services with expected outputs;
- b. Laborers hired through job contracts (*pakyaw*) and those paid on piecework basis;
- c. Student laborer and apprentices; and
- d. Individuals and groups whose services are engaged through job orders, contracts of services, or others similarly situated.

Section 4. Conditions to be Met by Agencies Before They Could Grant the One-Time PEI at One Month Basic Salary. The PEI for FY 2015 equivalent to one month basic salary is authorized to be granted only by agencies that comply with the following conditions:

- a. For NGAs including SUCs, and GOCCs not covered by RA No. 10149 (GOCCs Governance Act of 2011):
 - a.1 Achievement of at least 90% of the FY 2014 targets under at least two (2) performance indicators (quantity, quality, or timeliness) for at least one (1) Major Final Output (MFO) under "Operations";
 - a.2 Compliance with the posting of the Transparency Seal as required under Section 91, General Provisions of the FY 2014 General Appropriations Act (R.A. No. 10633); and
 - a.3 Compliance with the posting or publication of the Citizen's Charter or its equivalent as required under the Anti-Red Tape Act of 2007 (R.A. No. 9485).
- b. For GOCCs covered under RA No. 10149:
 - b.1 Achievement of at least 90% of the FY 2014 targets under at least two (2) performance indicators (quantity, quality, or timeliness) for at

least one (1) Major Final Output (MFO) under "Operations" or the targets under the Performance Scorecard as agreed upon between the Governance Commission for GOCCs (GCG) and the GOCC pursuant to GCG Memorandum Circular No. 2013-02 (Re-issued) dated June 24, 2014.

- b.2 Compliance with the posting of the Transparency Seal as required under Section 91, General Provisions of the FY 2014 General Appropriations Act (R.A. No. 10633); and
- b.3 Compliance with the posting or publication of the Citizen's Charter or its equivalent as required under the Anti-Red Tape Act of 2007 (R.A. No. 9485).
- c. For Local Water Districts (LWDs):
 - c.1 Positive net balance in the average net income for the 12 months of operations prior to May 31, 2015.
- d. For Local Government Units (LGUs):
 - d.1 Compliance with the requirements under the Good Financial Housekeeping (formerly the Seal of Good Housekeeping) component of the FY 2014 Seal of Good Local Governance (DILG Memorandum Circular No. 2014-39).

Upon compliance with the above conditions, as verified accordingly under the succeeding section, an agency is authorized to grant PEI to its employees who have qualified under the Employee Service Requirement under Section 6 hereof. Otherwise, agencies unable to comply with the above conditions may grant the PEI only at the fixed amount of ₱5,000 to qualified employees.

Section 5. Validation of Compliance with the Conditions in Section 4 hereof. Compliance with the following conditions shall be validated by the following oversight agencies, to be consolidated by the Inter-Agency Task Force created under Administrative Order No. 25 (s. 2011) (AO 25 IATF):

- a. Major Final Output or Performance Scorecard
 - a.1 The Department of Budget and Management (DBM) for NGAs and GOCCs not covered by RA 10149;
 - a.2 The GCG for GOCCs covered by RA 10149; and
 - a.3 The Commission on Higher Education (CHED) for SUCs.
- b. Transparency Seal – the DBM for all agencies concerned
- c. Citizen's Charter – the CSC for all agencies concerned

In the case of the positive net balance in the average net income of LWDs, the Local Water Utilities Administration (LWUA) shall be responsible for validating compliance. Finally, the DILG shall validate the compliance of LGUs with the Good Financial Housekeeping under the Seal of Good Local Governance (SGLG).

Section 6. Employee Service Requirement. To be entitled to the FY 2015 PEI at

one month basic salary, employees must have: (1) rendered at least a total or an aggregate of **four (4) months of service as of May 31, 2015**, including leaves of absence with pay, and who are still in the service as of May 31, 2015; and (2) obtained at least a **satisfactory performance rating**.

- a. Employees who have rendered less than the total or an aggregate of four (4) months of satisfactory service as of May 31, 2015, may still be paid the full amount of the PEI upon completion of the four (4) months and satisfactory service rating requirements before the end of FY 2015.
- b. Employees hired after May 31, 2015 may also be paid the full amount of the PEI upon completion of the four (4) months and satisfactory performance rating requirements before the end of FY 2015.
- c. Employees with less than four (4) months of service in FY 2015, or whose performance ratings are unsatisfactory are not entitled to the PEI.

Section 7. Other Guidelines on the Payment of the FY 2015 PEI.

- a. The PEI of an employee on part-time basis shall be pro-rated corresponding to the services rendered. If employed on part-time basis with two (2) or more agencies, an employee shall be entitled to proportionate amounts corresponding to the services in each agency, provided that the total PEI shall not exceed the authorized amount.
- b. The PEI of an employee who transferred from one agency to another shall be granted by the new agency.
- c. The PEI of an employee on detail with another government agency shall be granted by the mother agency.
- d. A compulsory retiree on service extension as of May 31, 2015 may be granted the PEI subject to the pertinent guidelines herein.
- e. Personnel charged with administrative and/or criminal charges and meted penalty in FY 2015 shall not be entitled to the PEI. Those granted the PEI and later on found guilty and meted the penalty in 2015 shall refund the PEI. If the penalty meted out is only a reprimand, such penalty shall not disqualify the employee concerned to the grant of the PEI.

Section 8. Applicability to the Legislative and Judicial Branches, and Other Offices Vested with Fiscal Autonomy. Pursuant to item 4(h)(ii)(bb) of the Senate and House of Representatives Joint Resolution No. 4, s. 2009, the Senate President, Speaker of the House of Representatives, Chief Justice of the Supreme Court, the Ombudsman, and the heads of the CSC, COA and COMELEC may also grant their personnel the FY 2015 PEI at a maximum of one month basic salary pursuant to Item 3 of the Special Provisions on the Miscellaneous Personnel Benefit Fund (MPBF) of RA 10651 or the General Appropriations Act (GAA) of 2015, subject to pertinent budgeting and accounting laws, rules and regulations.

Section 9. Funding Sources. Funds for the payment of the PEI shall be sourced, as follows:

- a. For the Executive branch and SUCs – DBM shall release the amount needed from the MPBF under the FY 2015 GAA, subject to the result of the



validation done by the oversight agencies concerned;

- b. For the Congress, Judiciary, CSC, COA, COMELEC and the OMB – DBM shall release the amount needed from the MPBF under the FY 2015 GAA, subject to their respective adopted guidelines;
- c. For GOCCs, GFIs, and LWDs – from their respective approved corporate operating budgets for FY 2015. In case of insufficient funds, the PEI may be granted at a lower rate but at a uniform percentage of the authorized amount;
- d. For LGUs – from LGU funds, subject to the Personnel Services limitation in LGU budgets pursuant to Section 325 (a) and 331 (b) of RA No. 7160 (The Local Government Code of 1991). In case of insufficient funds, the PEI may be granted at a lower rate but at a uniform percentage of the authorized amount.

Section 10. When to Pay the FY 2015 PEI. Payment of the FY 2015 PEI shall be made not earlier than June 1, 2015.

Section 11. Resolution of Cases. Cases not covered by the provisions of this Order as well as issues arising from the implementation of the provisions of this Order shall be referred to the DBM for final resolution. DBM may likewise issue guidelines as may be necessary for the proper implementation of this Order.

Section 12. Responsibility of Agency Heads. Agency heads shall be responsible for the implementation of the provisions of this Order in their respective offices. They shall be held administratively, civilly, and/or criminally liable, as the case may be, for the payment of the PEI not in accordance with the provisions of this Order without prejudice to the refund by the employees concerned of any unauthorized or excess payment thereof.

Section 13. Separability. If any provision of this Order is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

Section 14. Repeal. All orders, proclamations, rules, regulations, or parts thereof, which are inconsistent with any of the provisions of this Order are hereby repealed or modified accordingly.

Section 15. Effectivity. This Order shall take effect immediately upon publication in a newspaper of general circulation.

DONE, in the City of Manila, this 15th day of May, in the year of Our Lord, Two Thousand and Fifteen.



By the President:


PAQUITO N. OCHOA, JR.
Executive Secretary

