

BY THE PRESIDENT OF THE PHILIPPINES **PMS LIBRARY**

**MEMORANDUM ORDER NO. 20**

**DIRECTING HEADS OF GOVERNMENT-OWNED-AND-CONTROLLED CORPORATIONS (GOCCs), GOVERNMENT FINANCIAL INSTITUTIONS (GFIs) AND SUBSIDIARIES EXEMPTED FROM OR NOT FOLLOWING THE SALARY STANDARDIZATION LAW (SSL) TO IMPLEMENT PAY RATIONALIZATION IN ALL SENIOR OFFICER POSITIONS**

**WHEREAS**, Administrative Order No. 5 directs the adoption of fiscal discipline measures in the public sector to sustain economic recovery and address the fiscal deficit problem;

**WHEREAS**, there is a need to channel scarce resources of the Government into more priority and critical concerns like poverty reduction, agriculture modernization and agrarian reform, information and communication technology, tourism, peace and order;

**WHEREAS**, the re-channeling of government resources necessitates looking at compensation packages of GOCCs and GFIs that are exempt from or do not follow the SSL;

**WHEREAS**, a preliminary review was conducted on the pay practices of certain GOCCs, GFIs and subsidiaries in their officer positions to determine pay disparity with comparable positions in National Government Agencies (NGAs);

**WHEREAS**, the study revealed a much superior pay package in GOCCs, GFIs and subsidiaries exempted from the SSL, such that officers in these entities receive at least twice what comparable positions receive in NGAs, and some heads of said entities even exceed the average salary of their counterpart positions in the private sector in the Philippines and in the ASEAN Region;

**WHEREAS**, Section 5, Article IX-B of the 1997 Constitution provides for the standardization of compensation of government officials and employees including those in GOCCs with original charters taking into account the nature of the responsibilities pertaining to and the qualifications required for their positions;

**WHEREAS**, in line therewith there is a need to harmonize the pay practices in these entities and place them at a level comparable to positions in



NGAs to preclude dichotomy in the bureaucracy brought about by the severe pay imbalance between personnel of these special entities and the rest of the bureaucracy following the SSL;

**NOW, THEREFORE, I, GLORIA MACAPAGAL ARROYO**, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order and direct all heads of GOCCs, GFIs and subsidiaries exempt from or not following the SSL to:

Section 1. Immediately suspend the grant of any salary increases and new or increased benefits such as, but not limited to, allowances; incentives; reimbursement of expenses; intelligence, confidential or discretionary funds; extraordinary expenses, and such other benefits not in accordance with those granted under SSL. This suspension shall cover senior officer level positions, including Members of the Board of Directors or Trustees.

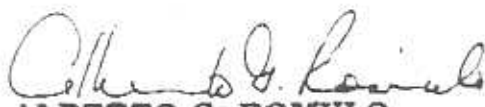
Section 2. Prepare a Pay Rationalization Plan for senior officer positions and Members of the Board of Directors/Trustees to reduce the actual pay package to not exceeding two (2) times the standardized rates for comparable national government positions as shown in attached table. The Rationalization Plans shall be submitted to the Office of the President through the Department of Budget and Management within one (1) month from the effectivity of this Order. The rationalization shall be implemented starting CY 2001.

Section 3. Any increase in salary or compensation of GOCCs/GFIs that are not in accordance with the SSL shall be subject to the approval of the President.

Section 4. This Memorandum Order shall take effect immediately upon its approval.

**DONE** in the City of Manila, this 25<sup>th</sup> of June, in the year of our Lord, Two Thousand and One.

By the President:

  
**ALBERTO G. ROMULO**  
Executive Secretary

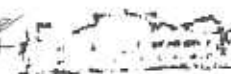
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Date





### Authorized Annual Compensation of NG Officials

Positions	SG	Salary	RATA	PERA	ADCOM	Year-end Benefits	Clothing Allowance	Extraordinary & Misc. Exp.	Total
Department Secretary	31	462,000	175,400	6,000	6,000	43,500	4,000	230,000	927,900
Department Undersecretary	30	330,000	136,800	6,000	6,000	32,500	4,000	115,000	630,300
Department Asst. Secretary	29	289,524	117,000	6,000	6,000	29,127	4,000	85,000	535,651
Bureau/Regional Director	28	278,377	99,600	6,000	6,000	28,199	4,000	80,000	502,176
Assistant Bureau Director	27	267,684	85,800	6,000	6,000	27,307	4,000	-	396,791

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Department Undersecretary	30	330,000	136,800	6,000	6,000	32,500	4,000	115,000	630,300
Department Asst. Secretary	29	289,524	117,000	6,000	6,000	29,127	4,000	85,000	536,651
Bureau/Regional Director	28	278,377	99,600	6,000	6,000	28,199	4,000	80,000	502,176
Assistant Bureau Director	27	267,684	85,800	6,000	6,000	27,307	4,000	68,000	396,791
Bureau Regional Director	26	257,388	85,800	6,000	6,000	26,449	4,000		453,637
Asst. Bureau Regional Director	25	247,488	70,800	6,000	6,000	25,624	4,000		359,912

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