



GCG MEMORANDUM CIRCULAR NO. 2013 – 02 (RE-ISSUED)

**SUBJECT : PERFORMANCE EVALUATION SYSTEM (PES)
FOR THE GOCC SECTOR**

DATE : 24 JUNE 2014

1. **BACKGROUND.** – The “**GOCC Governance Act of 2011**” (R.A. No. 10149) recognizes GOCCs as significant tools for pursuing inclusive and sustainable economic growth and development in activities where:¹

- (a) The private sector is unwilling or unable to adequately provide a vital good or service;
- (b) Market intervention is necessary to protect the disadvantaged, marginalized or underprivileged sectors of society; or
- (c) There will be use of certain resources that the Government is required to maintain for the public’s reasonable use, and which cannot be relinquished to the private sector, pursuant to the *Public Trust Doctrine*;

Towards this end, R.A. No. 10149 mandates GCG to actively exercise the State’s ownership rights through the institutionalization of a Performance Evaluation System (PES).

2. **PURPOSE.** – The PES shall provide the framework for setting the organizational targets of a GOCC. The achievement of such targets shall serve as basis for the following:

- (a) Determining the grant of Performance-Based Incentives;
- (b) Determining whether Appointive Directors are eligible for reappointment as a component of the Performance Evaluation for Directors (PED);² and
- (c) “Ascertain whether such GOCC should be reorganized, merged, streamlined, abolished or privatized...”³

3. **PERFORMANCE AGREEMENTS.** – Performance Agreements shall be entered into between a GOCC, as represented by its Governing Board, and the State, as represented by the GCG.

¹ See SECTION 3, ADMINISTRATIVE ORDER No. 59, s. 1988; ART. 4, GCG MC No. 2012-07, otherwise known as the OWNERSHIP AND OPERATIONS MANUAL GOVERNING THE GOCC SECTOR

² See Section 17, R.A. No. 10149.

³ Section 5(a), R.A. No. 10149.

4. CHECKLIST OF DOCUMENTS TO BE SUBMITTED AND GUIDELINES. –

4.1. *Charter Statement and Strategy Map.* – The Charter Statement and Strategy Map following the guidelines below.

- (a) The Charter Statement shall consist of (i) the GOCC's Mission, (ii) Vision for at least a 5-calendar year period, and (iii) Core Values. The Charter Statement shall underlie the strategic objectives and the corresponding measures to be set out in the Performance Agreement. The Mission shall articulate, among others, the social impact/change that the State intended the GOCC to fulfill based on its mandate/charter, using as reference **ANNEX B – CLASSIFICATION OF GOCCs BY SOCIAL IMPACT** made an integral part of this Circular and available on the GCG website.⁴ Vision statements previously submitted can continue to be used for succeeding years unless the same has been changed or the timeframe of the original submission has lapsed.
- (b) The Strategy Map is “an integrated set of strategic choices or objectives drawn by the governing body, the successful execution of which results in the achievement of the GOCC's vision in relation to its mission or purpose for having been created.”⁵ It visually illustrates the GOCC's strategy in the following perspectives:
- Social Impact
 - Financial
 - Customers/Stakeholders
 - Internal Processes
 - Learning and Growth

Guidelines on the Strategy Map.

- i. Strategic objectives shall focus on outcomes or breakthrough results. They should be specific, measurable, achievable, realistic, and time-bound.
- ii. The GOCC shall ensure that its strategic objectives are consistent with the President's Social Contract, the Medium-Term Philippine Development Plan, applicable sector-specific development plans, and any declarations made with other Government Agencies.
- iii. The GOCC may merge Social Impact and Customers/Stakeholders if the objectives and measures for both perspectives are the same.
- iv. The Strategy Map does not have to cover all of the GOCC's Major Final Outputs (MFOs) under Organizational Performance Indicator Framework (OPIF). For the purpose of the PES and monitoring by GCG, the Strategy Map needs

⁴Annex B is a working Annex and is updated from time to time based on studies and/or requests of GOCCs. The latest version is made available on the GCG website.

⁵ Section 3(y) of R.A. No. 10149