GCG MEMORANDUM CIRCULAR NO. 2017 – 05

SUBJECT: GRANT OF THE PRODUCTIVITY ENHANCEMENT INCENTIVE (PEI)

DATE: 05 DECEMBER 2017

1. LEGAL BASIS – This Circular has been issued to establish the rules and regulations for the grant of the Productivity Enhancement Incentive (PEI) to qualified GOCC Officers and Employees pursuant to Executive Order No. 80, s. 2012 (E.O. No. 80),1 pending the formal implementation of the Compensation and Position Classification System (CPCS).

2. COVERAGE. – This Circular shall apply to all Officers and Employees of GOCCs within the coverage of R.A. No. 10149.

Excluded from the coverage are those individuals hired by GOCCs without employer-employee relationships and/or those whose compensation is not sourced from Personnel Services appropriations/budgets of their respective GOCCs, as follows:

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

3. GRANT OF THE PRODUCTIVITY ENHANCEMENT INCENTIVE. –

   3.1. The Productivity Enhancement Incentive (PEI) of ₱5,000 shall be given to the qualified employee not earlier than December 15 of the current year, subject to the following conditions:

       3.1.1. The GOCC personnel remains to be in government service as of November 30 of the current year; and
       3.1.2. The GOCC personnel has rendered at least a total or an aggregate of four (4) months of at least satisfactory service as of

1 Directing the Adoption of a Performance-Based Incentive System for Government Employees.
November 30 of the current year, *whether continuous or intermittent*, including leaves of absence with pay.

3.2. Those who have rendered a total or an aggregate of less than four (4) months of service but are still in government service as of November 30 of the current year, shall be entitled to pro-rated PEI, as follows:

<table>
<thead>
<tr>
<th>Length of Service</th>
<th>Percentage of P5,000</th>
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<tbody>
<tr>
<td>3 months to less than 4 months</td>
<td>50%</td>
</tr>
<tr>
<td>2 months to less than 3 months</td>
<td>40%</td>
</tr>
<tr>
<td>1 month to less than 2 months</td>
<td>30%</td>
</tr>
<tr>
<td>Less than one month</td>
<td>20%</td>
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3.3. The PEI of personnel hired on part-time service shall be pro-rated corresponding to the services rendered. If employed on part-time basis with two (2) or more agencies, the personnel shall be entitled to proportionate amounts corresponding to the services in each agency, provided that the total PEI shall not exceed the authorized amount.

3.4. The PEI of personnel on detail with another government agency shall be granted by the parent agency.

3.5. The PEI of personnel who transferred from one agency to another shall be granted by the new agency.

3.6. A compulsory retiree on service extension as of November 30 of the current year may be granted the PEI, subject to the pertinent guidelines herein.

4. **Personnel Charged with Administrative and/or Criminal Cases.**

4.1. Personnel formally charged with administrative and/or criminal cases which are still pending for resolution, shall be entitled to the PEI, provided that:

4.1.1. Those personnel found guilty by final and executory judgement shall not be entitled to the PEI in the year of finality of the decision. In cases where the PEI has already been released, the personnel shall return the PEI received for that year.

4.1.2. If the penalty meted out is only a reprimand, the personnel concerned shall be entitled to the PEI.

5. **Funding Sources.** – The funding for the payment of the PEI shall be charged by GOCCs to their respective approved corporate operating budgets (COBs). However, it shall be prohibited to source the payment of the said bonuses from the following:

(a) Loans;
(b) Subsidy from the National Government for the GOCC’s operations, except for subsidy income or subsidy given by Department of Budget and Management *precisely for the payment of the PEI*; and

(c) Sale of the GOCC’s asset(s) for the sole purpose of paying the bonuses.

5.1. **Insufficient Funds.** – If funds are insufficient, PEI may be granted at lower but uniform rate for all Officers and Employees of the GOCC.

6. **Responsibility of the GOCCs.** – The GOCCs, acting through their Governing Boards, shall be responsible for the proper implementation of this Circular. The responsible officer shall be held liable for any payment not in accordance with the provisions of this Circular, without prejudice to the refund by the employees concerned of any excess or unauthorized payments.

7. **Resolution of Cases.** – Cases not covered by the provisions of this Circular shall be referred to the GCG for resolution.

8. **Repealing Clause.** – All other GCG orders, circulars, issuances, and decisions, as well as Board resolutions, or parts of the foregoing, which are inconsistent with this Memorandum Circular are hereby repealed or modified accordingly.

9. **Effectivity Clause.** – This Circular shall take effect immediately upon its publication in the Commission’s website www.gcg.gov.ph.

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**Samuel G. Dagpin, Jr.**
Chairman

**Michael P. Cloribel**
Commissioner

**Marites C. Doral**
Commissioner