

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 518

AMENDING CERTAIN PROVISIONS OF EXECUTIVE ORDER NO. 486
DATED 8 NOVEMBER 1991 ESTABLISHING A PERFORMANCE-
BASED INCENTIVE SYSTEM FOR GOVERNMENT-OWNED OR
CONTROLLED CORPORATIONS AND FOR OTHER PURPOSES

Recognizing the need to amend certain provisions of Executive Order No. 486 dated 8 November 1991, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. Subsection (a), Section 4 of Executive Order No. 486 is hereby amended to read, as follows:

"(a) *Presidential Citations.* - These shall be awarded to GOCCs for their outstanding performance *vis-a-vis* the pre-agreed criteria."

SEC. 2. Subsection (b), Section 4 is hereby deleted and the first two (2) paragraphs of subsection (c), renumbered as subsection (b), are hereby amended to read, as follows:

"b. *Corporate Incentive Awards.* - Depending on the degree of performance, GOCCs shall be authorized to allocate an amount equivalent to a percentage of the total annual budget for Personnel Expenses as Cash Incentive Fund. The percentages authorized for each GOCC shall be as follows:

<u>GOCC Performance Grade</u>	<u>Maximum Cash Incentive Fund</u>
A (Outstanding)	20 percent
B (Very Satisfactory)	15 percent
C (Satisfactory)	10 percent
D (Fair)	None
E (Poor)	None

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. The maximum allowable amount of incentive bonus for a GOCC officer or employee shall

vary according to the performance grade of the GOCC and of his department or division or unit, and to his individual performance but shall in no case exceed three (3) months' basic salary or its equivalent."

3. Section 5 is hereby amended to read, as follows:

"SEC. 5. *Discontinuance of Other Performance-Based Monetary Incentives.* - All other performance-related monetary incentives inconsistent with or not herein provided but presently practiced by GOCCs shall be discontinued unless specifically authorized by law: *Provided*, That a GOCC that avails itself of incentives provided under other specific laws shall be prohibited from availing itself of the incentives authorized herein."

4. Section 6 is hereby amended to read, as follows:

"SEC. 6. *Restrictions and Sanctions.* - Incentive awards shall be given to full-time permanent, temporary and casual employees, including contractual employees with employment in the nature of a regular employee, who have rendered at least one (1) year of service as of the end of the year covered by the PES evaluation.

"The GCMCC shall assign or appoint a Comptroller to a GOCC that registered a performance grade lower than Satisfactory in an evaluation year.

"Any GOCC that fails to achieve at least a Satisfactory performance rating in two (2) consecutive evaluation periods shall be subjected to whatever measures and sanctions by the GCMCC, such as, but not limited to, the immediate replacement of the member(s) of the GOCC's Board of Directors and/or any or all of its key officers, in accordance with the provisions of Executive Order No. 236, series of 1987, and other pertinent laws.

"Any officer or employee who violates any provision of this Order shall likewise be penalized pursuant to existing administrative and other lawful means."

5. Section 8 is hereby amended to read, as follows:

"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 1992."

SEC. 6. Section 9 is hereby amended to read, as follows:

"SEC. 9. *Amendatory Effects.*- All orders, circulars, issuances, rules and regulations or parts thereof which are inconsistent with the provisions of this Executive Order are hereby repealed or modified accordingly: *Provided*, That any provision not otherwise repealed or modified herein shall remain effective and enforceable as part of this Order."

SEC. 7. Section 10 is hereby amended to read, as follows:

"SEC. 10. *Transitory Provision.* - GCMCC-monitored GOCCs in 1991 shall be entitled to the productivity incentive benefits provided under Administrative Order No. 268 dated 21 February 1992 for Calendar Year 1991."

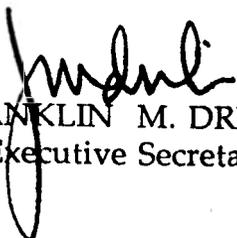
SEC. 8. Section 11 is hereby added to Executive Order No. 486 to read, as follows:

"SEC. 11. *Effectivity.* - This Executive Order shall take effect after fifteen (15) days from publication in a newspaper of general circulation."

DONE in the City of Manila, this 29th day of May, in the year of Our Lord, nineteen hundred and ninety-two.



By the President:



FRANKLIN M. DRILON
Executive Secretary