

MALACAÑANG
MANILA

MFN 1479

MEMORANDUM ORDER NO. 252

ESTABLISHING CRITERIA AND ADMINISTRATIVE PROCEDURE FOR
COMPENSATION ADJUSTMENTS FOR GOVERNMENT-OWNED AND CONTROLLED
CORPORATIONS (GOCCs) AND GOVERNMENT FINANCIAL INSTITUTIONS
(GFIs)

The Government Corporate Monitoring and Coordinating Committee (GCMCC) is hereby directed to convene for the purpose of identifying Government-Owned and Controlled Corporations (GOCCs) and Government Financial Institutions (GFIs) which will qualify for compensation adjustments under the criteria and guidelines hereunder indicated and to recommend for approval by this Office the corresponding compensation packages.

With the GCMCC's recommendations, shall be submitted an Index of Occupational Services in the qualified GOCCs and GFIs clearly identifying and providing benchmark positions for salary grade adjustments as closely comparable to their private sector counterparts.

1. **Qualification Criteria.** -- The GOCCs/GFIs to be recommended for compensation adjustments must satisfy the following criteria:

- a. **Strategic Position.** -- The GOCC/GFI must be operating in a strategic industry with strong and extensive backward and forward linkages with other industries.
- b. **Proprietary Functions.** -- The GOCC/GFI must be performing proprietary functions and activities more in the nature of a private character or enterprise, rather than governmental or political in character.
- c. **Stability and Self-Reliance.** -- The GOCC/GFI must not be a recipient of any operational subsidy or guarantee from the National Government, except for those required in the ordinary conduct of its business or activities, e.g., required by lending institutions pursuant to their charters.
- d. **Performance Rating.** -- The economic performance of the GOCC/GFI for the preceding fiscal year should at



least be at par with its high-performing private counterparts, evaluated by the applicable industry standards as determined by the GCMCC.

- e. **Financial Capacity.** -- The GOCC/GFI must be financially capable of sourcing the compensation adjustments solely from their corporate funds without prejudicing corporate operations or sacrificing agreed corporate goals and objectives as well as commitments made to the Office of the President.
- f. **Privatization Plans.** -- The GOCC/GFI must demonstrate that it is formulating concrete plans for, or is already undergoing, privatization.

2. **Guidelines.** -- In formulating the compensation scheme to be recommended for approval, the GCMCC shall observe the following guidelines:

- a. **Grade Limitations.** --The upward adjustment of salaries shall not exceed Salary Grade 32 nor be lower than Salary Grade 5, as provided in the Salary Schedule for Civilian Personnel under Congressional Joint Resolution No. 01, dated July 26, 1993. Grade assignments for positions shall conform to a Benchmark Position Schedule to be formulated by the GCMCC, which shall take into account the factors normally considered in job evaluation.
- b. **Benefits.** -- New benefits, in cash or in kind not otherwise already included in the standardized salary rates or approved productivity incentive benefits, may be included in the compensation scheme to be recommended so long as the ratio for Personnel Services, Maintenance and Other Operating Expenses, and Capital Outlay is maintained at 40%/50%/10% for any GOCC/GFI in any fiscal year. [Employee Stock Ownership Plans (ESOP) are not subject to the ratio restrictions.]
- c. **Transparency.** -- In the formulation of its recommendations, the GCMCC shall, having in view the expeditious completion of its work, allow as broad a participation of the management and rank-and-file of GOCCs/GFIs as may be practicable.

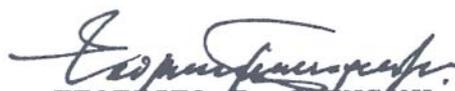
3. **Deadlines.** -- The GCMCC through the Chairman shall submit its final recommendations not later than March 31, 1995, presenting interim reports at the end of every month, to the Office of the President.

4 This Memorandum Order shall take effect immediately
Manila, January 13, 1995.



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By the President



TEOFISTO T. GUINGONA, JR.
Executive Secretary

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