

DEC 18 2025



PPA MEMORANDUM ORDER
NO. 015 - 2025

SUBJECT: AUTHORIZING THE GRANT OF THE PRODUCTIVITY ENHANCEMENT INCENTIVE (PEI) FOR FISCAL YEAR 2025 TO ALL QUALIFIED PPA OFFICIALS AND PERSONNEL

1. LEGAL BASES

- 1.1 DBM Circular Letter No. 2025-13, "*Grant of the Fiscal Year (FY) 2025 Productivity Enhancement Incentive (PEI)*" dated December 17, 2025; and
- 1.2 CPCS Implementing Guidelines No. 2025-01, "*Implementing Guidelines of Executive Order No. 95 s. 2025*" dated October 22, 2025;
- 1.3 Executive Order No. 95, s.2025, "*Approving the Compensation and Position Classification System (CPCS) II and Pay Grades for Government-Owned or-Controlled Corporations, Repealing Executive Order No. 150 (s. 2021), and for Other Purposes*" dated September 16, 2025;
- 1.4 DBM Budget Circular No. 2017-4, "*Guidelines on the Grant of the Productivity Enhancement Incentive (PEI) to Government Employees for Fiscal Year (FY) 2017 and Years Thereafter*" dated December 4, 2017.

2. COVERAGE

This memorandum order shall apply to all PPA officers and employees, whether regular, contractual, or coterminous in nature.

3. EXCLUSIONS

The following are excluded from the coverage of this Circular:

- 3.1 Individuals hired without employer-employee relationships and funded from non-Personnel Services appropriations/budgets, as follows:
 - (a) Consultants and experts hired for a limited period to perform specific activities or services with expected outputs;
 - (b) Laborers hired through job contracts (pakyaw) and those paid on piecework basis;
 - (c) Student laborers and apprentices; and
 - (d) Individuals and groups of people whose services are engaged

through job orders, contracts of service, or others similarly situated.

4. BASIS OF COMPUTATION

4.1 The PEI of ₱5,000 shall be given to qualified PPA officers and employees not earlier than December 15 of the current year, subject to the following conditions:

4.1.1 The PPA officer or employee remains in government service as of November 30 of the current year;

4.1.2 The PPA officer or employee has rendered at least a total or an aggregate of four (4) months of at least satisfactory service as of November 30 of the current year, including leaves of absence with pay.

4.2 Those who have rendered less than the total or an aggregate of 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:

Length of Service	Percentage of ₱5,000
3 months to less than 4 months	50%
2 months to less than 3 months	40%
1 month to less than 2 months	30%
less than one month	20%

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

4.4 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.

5. LIMITATIONS

5.1 PPA officers and employees formally charged with administrative and/or criminal cases which are still pending resolution, shall be entitled to the PEI, provided that:

5.1.1. Those officers and employees 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 officer or employee shall return the PEI received for that year;

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

6. FUNDING SOURCES

The funding for the payment of the PEI shall be charged to the Authority's approved Corporate Operating Budget (COB). The Controllershship Department if hereby directed to release the necessary funds to all RCs concerned.

7. RESPONSIBILITY OF THE PPA OFFICIALS

The PPA Management acting through its Governing Board shall be responsible for the proper implementation of this Circular, without prejudice to the refund by the employees concerned of any excess or unauthorized payments.

8. EFFECTIVITY

This Circular shall take effect immediately.


JAY DANIEL R. SANTIAGO



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
BONCODIN HALL, GENERAL SOLANO STREET, SAN MIGUEL, MANILA

BUDGET CIRCULAR

No. 2017 - 4
December 4, 2017

TO : All Heads of Departments, Bureaus, and Agencies of the National Government, Including State Universities and Colleges (SUCs), and Government-Owned or -Controlled Corporations (GOCCs); Local Water Districts (LWDs); Local Government Units (LGUs); and All Others Concerned

SUBJECT : Guidelines on the Grant of the Productivity Enhancement Incentive (PEI) to Government Employees for Fiscal Year (FY) 2017 and Years Thereafter

1.0 Purpose

This Circular is issued to prescribe the rules and regulations on the grant of the **PEI to government personnel for FY 2017 and years thereafter**, pursuant to Executive Order (EO) No. 201, s. 2016 entitled, "Modifying the Salary Schedule for Civilian Government Personnel and Authorizing the Grant of Additional Benefits for Both Civilian and Military and Uniformed Personnel," as approved by the President on February 19, 2016.

Section 6 of the EO states, to wit:

"Beginning FY 2016, the Productivity Enhancement Incentive shall be given not earlier than December 15 of every year to all qualified government employees at Five Thousand Pesos (P5,000) each for the purpose of improving the government employees' productivity."

2.0 Coverage

This Circular shall apply to the following positions and personnel:

- 2.1 All positions of civilian personnel, whether regular, casual, or contractual in nature, appointive or elective, full-time or part-time, now existing or hereafter created in the Executive, Legislative, and Judicial Branches, the Constitutional Commissions and other Constitutional Offices, SUCs, GOCCs not covered by Republic Act (RA) No. 10149, s. 2011 which are under the jurisdiction of the Department of Budget and Management (DBM), and LWDs; and in LGUs.

- 2.2 Military personnel of the Armed Forces of the Philippines and the Department of National Defense; and uniformed personnel of the Philippine National Police, Philippine Public Safety College, Bureau of Fire Protection, and Bureau of Jail Management and Penology under the Department of the Interior and Local Government; Philippine Coast Guard under the Department of Transportation; and National Mapping and Resource Information Authority under the Department of Environment and Natural Resources.

3.0 Exclusions

Excluded from the coverage of this Circular are those hired without employee-employer relationships and funded from non-Personnel Services appropriations/budgets, as follows:

- 3.1 Consultants and experts hired for a limited period to perform specific activities or services with expected outputs;
- 3.2 Laborers hired through job contracts (*pakyaw*) and those paid on piecework basis;
- 3.3 Student workers and apprentices; and
- 3.4 Individuals and groups of people whose services are engaged through job orders, contracts of service, or others similarly situated.

4.0 Guidelines on the Grant of the Productivity Enhancement Incentive

- 4.1 The ***Productivity Enhancement Incentive*** of ***P5,000*** shall be given to personnel ***not earlier than December 15 of the current year***, subject to the following conditions:
- 4.1.1 The employees are still in the service as of ***November 30*** of the current year; and
- 4.1.2 The employees have rendered at least a total or an aggregate of ***four (4) months*** of at least satisfactory service as of November 30 of the current year, including leaves of absence with pay.
- 4.2 Those who have rendered less than the total or aggregate of four (4) months of service but still in the service as of November 30 of the current year shall be entitled to pro-rated PEI, as follows:

Length of Service	Percentage of the PEI
3 months to less than 4 months	50%
2 months to less than 3 months	40%
1 month to less than 2 months	30%
Less than 1 month	20%

- 4.3 The PEI of an employee on part-time basis shall be pro-rated corresponding to the services rendered. If employed on part-time basis with two (2) or more agencies, an employee shall be entitled to proportionate amounts corresponding to the services in each

agency, provided that the total PEI shall not exceed the authorized amount.

4.4 The PEI of an employee who transferred from one agency to another shall be granted by the new agency.

4.5 The PEI of an employee on detail to another government agency shall be granted by the parent agency.

4.6 A compulsory retiree, on service extension as of November 30 of the current year, may be granted the PEI, subject to the pertinent conditions and guidelines under this Circular.

4.7 Personnel Charged With Administrative and/or Criminal Cases

Personnel who were formally charged with administrative and/or criminal cases, which are still pending for resolution, shall be entitled to PEI until found guilty by final and executory judgment, provided that:

4.7.1 Those found guilty shall not be entitled to PEI in the year of finality of the decision. The personnel shall return the PEI received for that year.

4.7.2 If the penalty imposed is only a reprimand, the personnel concerned shall be entitled to the PEI.

5.0 Grant of PEI to Employees in GOCCs under the Jurisdiction of the DBM and in LWDs

Personnel of GOCCs under the jurisdiction of the DBM and those in the LWDs may be granted the PEI at rates not exceeding P5,000 as determined by their respective governing boards, subject to the following considerations:

5.1 The conditions under Item 4.0 hereof on the entitlement of personnel to the PEI shall be strictly observed.

5.2 If funds are insufficient, PEI may be granted at lower but uniform rate for all employees of a GOCC or LWD.

6.0 Grant of PEI to Employees in LGUs

Personnel of LGUs may be granted the PEI at rates not exceeding P5,000 as determined by their respective *sanggunian*, subject to the following considerations:

6.1 The conditions under Item 4.0 hereof on the entitlement of personnel to the PEI shall be strictly observed.

6.2 The Personnel Services (PS) limitation in LGU budgets under Sections 325 and 331 of RA No. 7160 shall be complied with.

6.3 If funds are insufficient, the PEI may be granted at lower but uniform rate for all employees of an LGU.

7.0 Grant of PEI to Employees in GOCCs covered by RA No. 10149, s. 2011

The policy and procedural guidelines on the grant of the PEI to personnel of GOCCs that are covered by RA No. 10149, s. 2011 shall be issued separately by the **Governance Commission for GOCCs**.

8.0 Fund Sources

8.1 For **National Government Agencies**, including SUCs, the amounts required for the payment of the PEI shall be charged against agency appropriations for the purpose in the current year's General Appropriations Act. Any deficiency shall be charged against the Miscellaneous Personnel Benefits Fund.

8.2 For **GOCCs under the jurisdiction of the DBM and for LWDs**, the amounts required to grant the PEI shall be charged against their approved corporate operating budgets (COBs), provided that the national government shall not release funds for the PEI or any related expenditures; provided, further, that the GOCCs shall not resort to borrowings for the purpose; and provided, furthermore, that the performance targets of GOCCs as stipulated in their DBM-approved COBs are met and their programs/projects for the year are not adversely affected.

8.3 For **LGUs**, the amounts required to grant the PEI shall be charged against their respective local government funds, subject to the PS limitation in LGU budgets pursuant to Sections 325(a) and 331(b) of RA No. 7160.

9.0 When to Pay the PEI

Payment of the PEI shall be made **not earlier than December 15** of the current year.

10.0 Responsibility of Agencies

Agencies shall be responsible for the proper implementation of the provisions of this Circular. The responsible officers 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.

11.0 Resolution of Cases

Cases not covered by the provisions of this Circular shall be referred to the DBM for resolution.

12.0 Effectivity

This Circular shall take effect immediately.


BENJAMIN E. DIOKNO
Secretary







REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
BONCODIN HALL, GENERAL SOLANO STREET, SAN MIGUEL, MANILA

CIRCULAR LETTER

No. 2025-13
December 17, 2025

TO : All Heads of Departments, Bureaus, and Agencies of the National Government, Including State Universities and Colleges (SUCs), and Government-Owned or -Controlled Corporations (GOCCs); Local Water Districts (LWDs); Local Government Units (LGUs); and All Others Concerned

SUBJECT : GRANT OF THE FISCAL YEAR (FY) 2025 PRODUCTIVITY ENHANCEMENT INCENTIVE (PEI)

1.0 Background

Administrative Order (AO) No. 25, s. of 2011¹ provided for the establishment of the Results-Based Performance Management System (RBPMS) across all agencies within the Executive Branch, which shall be used as basis for determining entitlement to performance-based allowances, incentives, or compensation of government personnel.

Under **Executive Order (EO) No. 80, s. 2012**², the Performance Based Incentive System (PBIS) was adopted, consisting of the (i) Performance-Based Bonus, and the (ii) PEI, to motivate higher performance and greater accountability in the public sector, as well as to ensure the accomplishment of key commitments and targets by the various agencies.

However, the implementation of the RBPMS and the PBIS was suspended with the issuance of **EO No. 61** in June 2024. Thereupon, a Technical Working Group (TWG) was constituted to review the RBPMS and the PBIS with the purpose of streamlining and improving the government performance management and incentives system.

¹ Creating an Inter-Agency Task Force on the Harmonization of National Government Performance Monitoring, Information and Reporting Systems (December 21, 2011)

² Directing the Adoption of a Performance-Based Incentive System for Government Employees (July 20, 2012)

Meanwhile, to promote productivity and support the achievement of government employees' performance targets, the President authorized the Department of Budget and Management, as the administrator of the Compensation and Position Classification System of the government, to issue the necessary guidelines, rules, and regulations on the grant of the FY 2025 PEI.

2.0 Rationale

The grant of the **PEI** is aligned with one of the governing principles of **Congress Joint Resolution (JR) No. 4, s. 2009**³ that "*a performance-based incentive scheme which integrates personnel and organizational personnel shall be established to reward exemplary civil servants and well-performing public institutions*".

Notably, the PEI is one of the **incentives** under the Total Compensation Framework, which was established under Congress JR No. 4, s. 2009, that may be granted to government employees as a reward for exceeding agency and financial performance targets, and to motivate employee efforts toward higher productivity.

Relatedly, the appropriations for the PEI is one of the Personnel Services items for comprehensive release through General Appropriations Act as the Allotment Order, as provided under National Budget Circular No. 595⁴.

3.0 Grant of the FY 2025 PEI

In this regard and as authorized by the President, the **FY 2025 PEI shall be granted** at a uniform rate of **P5,000** for each qualified government employee, which shall be **payable not earlier than December 15, 2025**, for the purpose of improving the government employees' productivity, subject to the conditions, policies, and guidelines prescribed under **Budget Circular No. 2017-4**⁵.

4.0 For the information and guidance of all concerned.



ROLANDO U. TOLEDO
Acting Secretary



³ "Joint Resolution Authorizing the President of the Philippines to Modify the Compensation and Position Classification System of Civilian Base Personnel and the Base Pay Schedule of Military and Uniformed Personnel in the Government, and For Other Purposes", dated June 17, 2009

⁴ Guidelines on the Release of Funds for Fiscal Year (FY) 2025 (January 20, 2025)

⁵ Guidelines on the Grant of the Productivity Enhancement Incentive to Government Employees for Fiscal Year (FY) 2017 and Years Thereafter (December 4, 2017)