



GCG MEMORANDUM CIRCULAR NO. 2012 – 14

SUBJECT : INTERIM PERFORMANCE-BASED INCENTIVE (PBI) SYSTEM FOR APPOINTIVE DIRECTORS / TRUSTEES OF GOCCs COVERED BY R.A. NO. 10149

DATE : 06 December 2012

WHEREAS, Section 23 of the “*GOCC Governance Act of 2011*” (R.A. No. 10149) mandates the Commission to determine “the compensation, *per diems*, allowances and **incentives** of the members of the Board of Directors/Trustees of the GOCCs..., using as a reference, among others, Executive Order [E.O.] No. 24 dated February 10, 2011”;¹

WHEREAS, Section 11 of E.O. No. 24 provides that “[t]he maximum amount of Performance-Based Incentives [PBIs] which may be paid to members of the Board of Directors/Trustees shall be based on the size of the GOCC but not to exceed a reasonable percentage of a Board Member’s *actual* annual *per diems* received”;

WHEREAS, the computation for PBIs under GCG Memorandum Circular No. 2012-11 is inapplicable to the situation of Directors/Trustees who are *sui generis* insofar as they are neither officers nor employees of the GOCCs where they serve, or of the government, and whose compensation structure consists of *per diems* for actual attendance in meetings and PBIs only;²

WHEREAS, there is a need to provide for a separate method of computing the PBI for Appointive Directors of the GOCC Sector covered by R.A. No. 10149;

NOW, THEREFORE, by virtue of the power vested in GCG under Section 23 of R.A. No. 10149, the Commission resolved to formally adopt, in its *en banc* meeting held on 15 November 2012, an **INTERIM PERFORMANCE-BASED INCENTIVE SYSTEM FOR APPOINTIVE DIRECTORS/TRUSTEES** of GOCCs covered by R.A. No. 10149, pending the formal issuance and approval by the President of the final CPCS for GOCCs, as follows:

¹ *Emphasis supplied.* The entire provision reads thus:

SEC. 23. *Limits to Compensation, Per Diems, Allowances and Incentives.* - The charters of each of the GOCCs to the contrary notwithstanding, the compensation, *per diems*, allowances and incentives of the members of the Board of Directors/Trustees of the GOCCs shall be determined by the GCG using as a reference, among others, Executive Order No. 24 dated February 10, 2011. *Provided, however,* That Directors/Trustees shall not be entitled to retirement benefits as such directors/trustees.

In case of GOCCs organized solely for the promotion of social welfare and the common good Without regard to profit, the total yearly *per diems* and incentives in the aggregate which the members of the Board of such GOCCs may receive shall be determined by the President upon the recommendation of the GCG based on the achievement by such GOCC of its performance targets. [*Emphasis supplied.*]

² See Section 8, E.O. No. 24, s. 2011.

1. Conditions Precedent to Entitlement to PBI. – For the Appointive Directors/Trustees of GOCCs covered by R.A. No. 10149 to be entitled to a PBI to be computed on the basis of the formula provided for in Section 2 hereunder, the following conditions must be fulfilled for the covered year:

1.1. For the GOCC: The PBI shall only be allowed to Appointive Members of Governing Boards of GOCCs who have qualified to grant the IPBB to their officers and employees under GCG Circular No. 2012-11 (Re-Issued), in relation to E.O. 80 (s. 2012) and the IATF MC No. 2012-01, 2012-02 and 2012-02A, in that:

- (a) The GOCCs have met the requisite 90% rating in their MFOs for Year 2012 which shall be validated pursuant to Certifications issued by the GOCCs under the sworn signatures of their Chairpersons and Presidents, to be submitted not later than 30 November 2012;
- (b) The GOCCs have met the Good Governance Conditions for Year 2012 as validated pursuant to the Certifications issued by the GOCCs under the sworn signatures of their Chairpersons and Presidents, to be submitted not later than 30 November 2012; and
- (c) The GOCCs have satisfied all statutory liabilities, including the payment of all taxes due to the Government, and declaration and payment of all dividends to the State, whenever applicable.

1.2. For the Individual Appointive Director/Trustees: No Appointive Director / Trustee shall be entitled to the PBI unless he/she shall have attended at least 90% of all authorized and duly called for Board and Committee meetings (to which he/she is officially designated).

2. Entitlement. – The grant of the PBI shall be based on a percentage of the Total Actual Annual Authorized *per diems* as provided under Sections 9 and 10 of E.O. No. 24 (s.2011) received by a Director / Trustee as follows:

MFO Target Achievement	Incentive Entitlement per Director / Trustee
100%	100% of Total Actual Annual Authorized <i>per diems</i> received
95%	90% of Total Actual Annual Authorized <i>per diems</i> received
90%	80% of Total Actual Annual Authorized <i>per diems</i> received
Below 90%	None

3. Funding for the Interim PBI System. – The funding to support the Interim PBI System covered in this Circular shall be charged by GOCCs from their respective corporate funds in accordance with applicable laws, rules and regulations.

4. Period Covered. – The Interim PBI System shall cover FY 2012.

5. **Date of Grant.** – The grant of the PBI shall be paid not earlier than 17 December 2012.

This Circular shall take effect immediately upon its publication in the Commission's website at www.gcg.gov.ph.



CESAR L. VILLANUEVA
Chairman



CESAR V. PURISIMA
DOF Secretary



MA. ANGELA E. IGNACIO
Commissioner



FLORENCIO B. ABAD
DBM Secretary



RAINIER B. BUTALID
Commissioner