

[**EXECUTIVE ORDER NO. 486, November 08, 1991**]

ESTABLISHING A PERFORMANCE-BASED INCENTIVE SYSTEM FOR GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS AND FOR OTHER PURPOSES

WHEREAS, in line with the Reform Program for Government Corporations, the Government, through the Government Corporate Monitoring and Coordinating Committee (GCMCC), seeks to improve the financial and operating efficiency and effectiveness of government-owned or controlled corporations (GOCCs);

WHEREAS, the establishment, development and implementation of an effective Performance Evaluation System as provided under Executive Order No. 236 dated 22 July 1987 constitute one of the most important elements of the Reform Program;

WHEREAS, Presidential Decree No. 985, as amended by Presidential Decree No. 1597 and Republic Act No. 6758, authorizes the Department of Budget and Management to review on a continuing bases and to prepare, for the consideration and approval of the President, policies and levels of allowances and other fringe benefits applicable to government personnel;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. Purpose. There is hereby established an incentive system for the government-owned or controlled corporations (GOCCs) which shall be directly linked to their level of performance and which shall encourage and recognize outstanding performance and accomplishments with varying incentives. The incentives shall complement the performance evaluation system herein established pursuant to existing policy.

SEC. 2. Performance Evaluation System. For purposes of this Executive Order, the Performance Evaluation System (PES) shall refer to the process of appraising the accomplishments of GOCCs in a given year based on pre-agreed performance criteria and targets between the latter and the Government Corporate Monitoring and Coordinating Committee (GCMCC) and using weights to grade the overall performance of the GOCCs. The system shall be established and administered by the GCMCC pursuant to Executive Order No. 235, the Administrative Order No. 59, series of 1986.

SEC. 3. Coverage. The performance-based incentive system shall immediately apply to all GOCCs that are being monitored by the GCMCC under the Performance Evaluation System as approved by the President of the Philippines at the time of the effectivity of this Executive Order. Thereafter, other GOCCs shall be covered by the Incentive System upon the establishment of the Performance Evaluation System of