

BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER NO. 3

**AUTHORIZING THE GRANT OF PRODUCTIVITY ENHANCEMENT
INCENTIVE TO GOVERNMENT EMPLOYEES FOR FISCAL YEAR 2010**

WHEREAS, the efforts of the national government in exercising prudence in government spending have greatly contributed in reversing overspending in previous months and in keeping the fiscal deficit within target for FY 2010;

WHEREAS, the economy has stabilized; investors' confidence, trust and faith in the Philippine Government have been restored; plans for the effective implementation of government programs such as on education, health, poverty alleviation, and job generation are pursued under the platform of good governance;

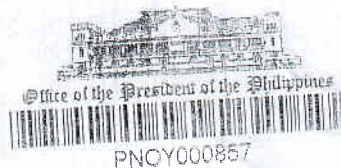
WHEREAS, these accomplishments were achieved through the unwavering support, commitment, and collaborative efforts of all government employees from all sectors and levels of Philippine bureaucracy;

WHEREAS, the grant of **Productivity Enhancement Incentive (PEI)** provided under item (4)(h)(ii) of the Senate and House of Representatives Joint Resolution No. 4, approved on 17 June 2009, may be authorized at the end of the year by the President of the Philippines for the Executive Branch and local government units (LGUs);

WHEREAS, government employees deserve to be rewarded with the PEI in recognition of their collective participation in said fiscal and operational performance in FY 2010, and to motivate them towards sustained and improved productivity;

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

SECTION 1. Grant of Productivity Enhancement Incentive (PEI) to Employees in the Executive Branch. Employees in the Executive Branch, including those in government-owned or controlled corporations (GOCCs) and government financial institutions (GFIs), are authorized to be granted a one-time maximum amount of Ten Thousand Pesos (P10,000.00) each as PEI, subject to the following conditions:



- a. The employees were hired on a permanent, temporary, casual or contractual status, and are still in the service as of 30 November 2010;
- b. The employees have rendered for the year at least four (4) months of service as of 30 November 2010;
- c. Employees who have rendered less than four (4) months of service as of 30 November 2010, shall also be entitled to the PEI on pro-rated basis, as follows:

Length of Service	Percentage of the PEI
3 months but less than 4 months	40%
2 months but less than 3 months	30%
1 month but less than 2 months	20%
Less than 1 month	10%

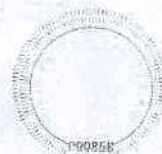
- d. The employees should not have received any additional year-end benefit in FY 2010 over and above the benefit authorized under Republic Act (R.A.) No. 6686, as amended by R.A. No. 8441.

SECTION 2. Funding Source of the PEI for Employees in the Executive Branch. Funds needed for the grant of the PEI to employees in the Executive Branch shall be charged against the following:

- a. For national government agencies (NGAs), the amount required shall be charged against:
 - i. Savings from unreleased appropriations for NGAs under R.A. No. 9970, the FY 2010 General Appropriations Act (GAA), which shall be pooled and released by the Department of Budget and Management (DBM) to fund the PEI in the amount of Seven Thousand Pesos (P7,000.00) for each employee; and,
 - ii. Savings in the respective agency allotments for the remaining Three Thousand Pesos (P3,000.00) for each employee.

In the event that agency savings are insufficient to cover in full the remaining P3,000.00, partial grant thereof shall be made at a uniform rate for all qualified employees.

- b. For GOCCs and GFIs, the amount required shall be charged against savings from the respective approved corporate operating budgets for FY 2010. A GOCC or GFI which does not have sufficient funds may grant the PEI at a lower but uniform rate for all qualified employees.



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SECTION 3. PEI for Employees in the Legislative and Judicial Branches and Other Offices Vested with Fiscal Autonomy. Employees in the Senate, House of Representatives, the Judiciary, the Office of the Ombudsman, and Constitutional Offices vested with fiscal autonomy may likewise be granted a one-time PEI by their respective heads of office at rates not exceeding Ten Thousand Pesos (P10,000.00) each, chargeable against their respective available savings in allotments, subject to the conditions in Sub-sections 1a to 1d hereof.

SECTION 4. PEI for Employees in LGUs. The grant of the one-time PEI to employees in LGUs, including those in barangay governments, shall be determined by the *sanggunian* depending on the LGU financial capability, subject to the Personal Services limitation in LGU budgets under R.A. No. 7160, and to the conditions in Sub-sections 1a to 1d hereof, chargeable against the FY 2010 local government funds.

In determining the amount of the PEI, the *sanggunian* shall exercise prudence and judicious use of government funds, and shall ensure that the expenditure thereof is reasonable and will not, in any way, adversely affect the delivery of services to the public.

SECTION 5. Payment of the PEI. The payment of the PEI to all government employees shall be made not earlier than 15 December 2010.

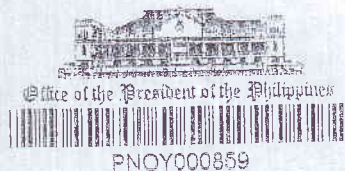
SECTION 6. Guidelines on the Grant of the PEI. The DBM shall issue the necessary guidelines to implement this Administrative Order.

SECTION 7. Effectivity. This Administrative Order shall take effect immediately.

Done in the City of Manila this 25th day of November in the Year of Our Lord, Two Thousand and Ten.

By the President:

PAQUITO N. OCHOA, JR.
Executive Secretary



CERTIFIED COPY:

MARIANITO M. DIMAANDAL
DIRECTOR IV
MALACANANG RECORDS OFFICE

En 11-26-2010 - 81-26-2010

