

# MALACAÑANG

## Manila

### ADMINISTRATIVE ORDER NO. 29

#### **AUTHORIZING THE GRANT OF CY 1992 PRODUCTIVITY INCENTIVE BENEFITS TO GOVERNMENT PERSONNEL AND PROHIBITING PAYMENTS OF SIMILAR BENEFITS IN FUTURE YEARS UNLESS DULY AUTHORIZED BY THE PRESIDENT**

WHEREAS, the faithful implementation of statutes, including the Administrative Code of 1987 and all laws governing all forms of additional compensation and personnel benefits is a Constitutional prerogative vested in the President of the Philippines under Section 17, Article VII of the 1987 Constitution;

WHEREAS, the Constitutional prerogative includes the determination of the rates, the timing and schedule of payment, and final authority to commit limited resources of government for the payment of personnel incentives, cash awards, productivity bonus, and other forms of additional compensation and fringe benefits;

WHEREAS, some government agencies have overlooked said Constitutional prerogative and have unilaterally granted to their respective officials and employees incentive awards;

WHEREAS, the Office of the President issued Administrative Order No. 268, dated February 21, 1992, strictly prohibiting the grant of Productivity Incentive Bonus or other allowances of similar nature for Calendar Year 1992 and future years pending the issuance of the requisite authorization by the President;

WHEREAS, notwithstanding said prohibition some government offices/agencies and government-owned and/or -controlled corporations and financial institutions have granted productivity incentive benefits in varying nomenclature and amounts without the proper authorization/coordination with the Office of the President;

WHEREAS, the unilateral and uncoordinated grant of productivity incentive benefits gave rise to discontentment, dissatisfaction and demoralization among government personnel who have received less or have not received at all such benefits;

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NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Republic of the Philippines, by virtue of the powers vested in me by law and in order to forestall further demoralization of government personnel do hereby direct:

SECTION 1. All agencies of the National Government, including government-owned and/or -controlled corporations and government financial institutions, and local government units, are hereby authorized to grant productivity incentive benefits in the maximum amount of ONE THOUSAND PESOS (P1,000.00) each to their permanent and full-time temporary and casual employees, including contractual personnel with employment in the nature of a regular employee, who have rendered at least one (1) year of service in the Government as of December 31, 1992.

SECTION 2. The prohibition prescribed under Section 7 of Administrative Order No. 268 is hereby reiterated. Accordingly, all heads of government offices/agencies, including government-owned and/or -controlled corporations, as well as their respective governing boards are hereby enjoined and prohibited from authorizing/granting Productivity Incentive Benefits or any and all similar forms of allowances/benefits without prior approval and authorization via Administrative Order by the Office of the President. Henceforth, anyone found violating any of the mandates in this Order, including all officials/employees and the COA Auditor-in-Charge of such government office/agency found to have taken part thereof, shall be accordingly and severely dealt with in accordance with the applicable provisions of existing penal laws.

Consequently, all administrative authorizations to grant any form of allowances/benefits and all forms of additional compensation usually paid outside of the prescribed basic salary under R.A. No. 6758, the Salary Standardization Law, that are inconsistent with the legislated policy on the matter or are not covered by any legislative action are hereby revoked.

The implementation of Executive Order No. 486 dated November 8, 1991, as amended by Executive Order No. 518 dated May 29, 1992, is hereby deferred until a more comprehensive and equitable scheme for the grant of the benefits that can be applied government-wide is formulated by the Department of Budget and Management.

SECTION 3. The Department of Budget and Management, thru its Compensation and Position Classification Bureau, is hereby directed to undertake a comprehensive review and study of the existing compensation system and policy in the government, and

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when necessary, formulate/devise a unified and standardized Position Classification and Compensation Plan which will not be limited to basic salary but to include all forms of allowances/benefits and all other forms of compensation.

SECTION 4. All departments, offices and agencies which authorized the payment of CY 1992 Productivity Incentive Bonus in excess of the amount authorized under Section 1 hereof are hereby directed to immediately cause the return/refund of the excess within a period of six (6) months to commence fifteen (15) days after the issuance of this Order.

SECTION 5. The Department of Budget and Management is hereby directed to immediately transfer to the Reserve Control Account as part of CY 1993 mandatory reserves an amount equivalent to the aggregate total of the agency appropriations used for the payment of the Productivity Incentive Benefits and other similar benefits in violation of Administrative Order No. 268. This shall be in addition to the five-percent (5%) reserve mandated pursuant to Section 67 of the General Provisions of R.A. No. 7645, the General Appropriations Act for CY 1993.

SECTION 6. To implement the benefit herein authorized, a Special Account shall be created, to be funded from an additional 5% reserve imposed on all maintenance and other operating expenses of all agencies of the government which is in addition to that imposed under Section 67 of the General Provisions of R.A. No. 7645, and Section 5 of this Order.

SECTION 7. Agencies are hereby allowed to pay the benefit herein authorized out of any available funds prior to the release of the Advice of Allotment.

SECTION 8. Agencies are mandated to submit to the Department of Budget and Management (DBM) a supplemental Work and Financial Plan to cover the total requirement of the Productivity Incentive Benefit indicating the source of the amount mandated to be immediately transferred to the Reserve Control Account referred to in Section 5 and the additional 5% reserve imposed on all maintenance and other operating expenses referred to in Section 6 of this Order, within fifteen (15) days from the date of the issuance of this Order. In case of failure on the part of government offices/agencies to submit said requirement within the period herein prescribed, the Department of Budget and Management is hereby empowered to determine the specific item from which subject amount will be deducted.

SECTION 9. In the case of government-owned and/or controlled corporations and government financial institutions

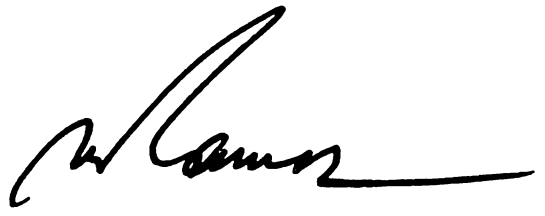
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the necessary amount shall be sourced fully from their respective corporate funds, and the local government units from their respective local funds.

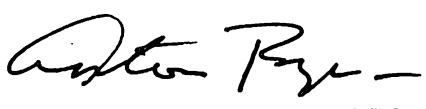
SECTION 10. Strict compliance by all concerned with the provisions of this Order is enjoined.

SECTION 11. This Administrative Order shall take effect immediately.

DONE in the City of Manila, this 19<sup>th</sup> day of January, in the Year of Our Lord, Nineteen Hundred and Ninety-Three.



By the President:



ANTONIO T. CARPIO  
Chief Presidential Legal Counsel