



MEMORANDUM CIRCULAR No. 120
Series of 2025

TO : THE SENIOR DEPUTY ADMINISTRATOR, DEPUTY ADMINISTRATORS, THE REGIONAL/DEPARTMENT/PROJECT MANAGERS, DIVISION MANAGERS, AND ALL OTHERS CONCERNED

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

Following the issuance of Executive Order (EO) No. 95, s. 2025, which updates the compensation and benefit schedule for government personnel, the grant of the FY 2025 Productivity Enhancement Incentive (PEI) is hereby authorized for all qualified NIA personnel.

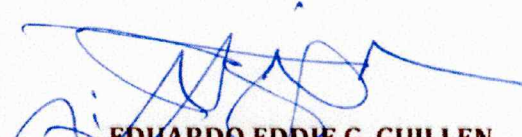
The PEI is a uniform incentive granted to recognize the collective productivity of the workforce and their dedication toward the achievement of the Agency's performance targets for the current fiscal year. The grant of this incentive is further guided by the administrative parameters prescribed under DBM Circular Letter No. 2025-13 dated December 17, 2025.

The FY 2025 PEI, in the uniform amount of Five Thousand Pesos (P5,000), shall be granted in accordance with the eligibility criteria, exclusionary rules, and the computation of pro-rated benefits defined in the attached DBM Circular and its supplemental reference, DBM Budget Circular No. 2017-4.

Heads of all concerned offices are directed to ensure the efficient processing of the payroll to facilitate the timely release of the incentive to all eligible employees.

A copy of DBM Circular Letter No. 2025-13 is attached for reference and guidance on the specific qualifying conditions for the grant of the incentive.

For information and guidance.


EDUARDO EDDIE G. GUILLEN
Administrator
23 DEC 2025





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)