



GCG MEMORANDUM CIRCULAR NO. 2023-01

SUBJECT : PERFORMANCE EVALUATION SYSTEM (PES) FOR THE GOCC SECTOR
DATE : 19 JANUARY 2023

1. **BACKGROUND.** – R.A. No. 10149 mandates the Governance Commission for Government Owned or Controlled Corporations (GCG) to actively exercise the State's ownership rights through the institutionalization of a Performance Evaluation System (PES).

The PES sets the process of appraising the accomplishments of GOCCs in a given fiscal year based on set performance criteria, targets, and weights. Using the *Performance Scorecard* as a governance and management tool, it aims to facilitate the achievement of breakthrough results and performance through the effective and efficient monitoring and coordination of the strategic objectives of the GOCC.

2. **PURPOSE.** – The PES shall provide the framework for setting the organizational targets of a GOCC. The achievement of such targets shall serve as basis for the following:
 - (a) Determining the grant of Performance-Based Bonus (PBB) and Performance-Based Incentives (PBI);
 - (b) Determining whether Appointive Directors are eligible for reappointment as a component of the Performance Evaluation for Directors (PED);
 - (c) Ascertain whether such GOCC should be reorganized, merged, streamlined, abolished, or privatized; and
 - (d) Determining whether a special audit of the GOCC is necessary.
3. **Performance Scorecards.** – The performance of a GOCC shall be evaluated based on a Performance Scorecard approved by the GCG.
4. **Checklist of Documents to be Submitted.** – The following documents approved by the Governing Board of the GOCC (thru a Board Resolution), or in the absence of a quorum in the membership of the Governing Board, by the highest-ranking officer of the GOCC's Management (thru an endorsement letter), shall be submitted to the GCG on or before **the first working day of September but not later than the last working day of October, or on such other date as may be subsequently determined by the GCG:**
 - (a) ***Board Resolution approving the proposed PES Documents for the consideration of the GCG***

The resolution shall include the names and respective designations of the GOCC's official representatives to the technical panel.

(b) Charter Statement and Strategy Map

The Charter Statement shall consist of the GOCC's (i) Mission, (ii) Vision for at least a 5-calendar year period, and (iii) Core Values. The Charter Statement shall underlie the strategic objectives and the corresponding measures to be set out in the Performance Scorecard. The Mission shall articulate, among others, the social impact/change that the State intended the GOCC to fulfill based on its mandate/charter. Vision statements previously submitted can continue to be used for succeeding years unless the same has been changed or the timeframe of the original submission has lapsed.

The Strategy Map is "an integrated set of strategic choices or objectives drawn by the governing body, the successful execution of which results in the achievement of the GOCC's vision in relation to its mission or purpose for having been created."¹ It visually illustrates the GOCC's strategy in the following perspectives:

- Social Impact
- Financial
- Customers/Stakeholders
- Internal Processes
- Learning and Growth

Guidelines on the Strategy Map.

- i. Strategic objectives shall focus on outcomes or breakthrough results. They should be specific, measurable, achievable, realistic, and time-bound.
- ii. The GOCC shall ensure that its strategic objectives are consistent with the Philippine Development Plan (PDP), applicable sector-specific development plans, and any declarations made with other Government Agencies.
- iii. The GOCC may merge Social Impact and Customers/Stakeholders if the objectives and measures for both perspectives are the same.
- iv. The Strategy Map does not have to cover all of the GOCC's programs, projects, and activities. For purposes of the PES and monitoring by GCG, the Strategy Map needs only to reflect those aspects of the GOCC's operations that are priorities in accomplishing the Strategic Objectives.
- v. A GOCC may also propose to change the name of a perspective in order to more accurately reflect the nature of its operations, subject to the mutual agreement of the GOCC and GCG.

¹ Section 3(y) of R.A. No. 10149.

(c) *Proposed Performance Scorecard.*

The Performance Scorecard shall be submitted using the PES Form 2 (Annual Performance Scorecard) and PES Form 2a (Measure Profile).

1. *Guidelines on Measures.*

- i. The total number of measures for all Perspectives shall be at least five (5), but not more than fifteen (15). The GCG may prescribe specific measures to enable uniformity or comparability for certain sectors of GOCCs.
- ii. Generally accepted or industry-wide performance measures, as practiced locally or internationally, may be used.
- iii. Measures must relate to outcomes that are within the control or influence of the GOCC to make them fair. These should also be clearly defined, not redundant with each other, and measurable from data readily available and verifiable within the GOCC.
- iv. Each Measure shall be assigned a weight to reflect its importance and the maximum credit that may be given in evaluating the GOCC's performance. The sum of all weights must add up to one hundred percent (100%).

2. *Guidelines on Annual Targets.*

- i. The GOCC shall propose Annual Targets for each measure. The targets should be clearly defined, realistic, and growth-oriented.
- ii. All funding requirements necessary for accomplishing Annual Targets should be supported with adequate funding from the Corporate Operating Budget (COB).
- iii. Annual Targets shall be consistent with General Appropriations Act (GAA), PDP, sectoral plans and programs of the GOCC's Supervising Agency, and/or other relevant government agencies.

(d) *Strategic Initiative Profile*

Strategic Initiatives are time-bound programs, projects and initiatives that have significant impact on the Scorecard. These initiatives, if any, shall be explained using the Strategic Initiative Profile Form (PES Form 3).

(e) *Briefer*

The briefer shall provide the rationale on the proposed targets which shall discuss matters such as, but not limited to:

- Analysis of previous years' Performance and the impact on customers or stakeholders based on relevant socio-economic indicators; and
- Linkage of the targets to the annual COB.

(f) *Corporate Operating Budget as submitted to the Department of Budget and Management (DBM)*

(g) All other documents as may be required by the GCG

The above-mentioned documents shall be completed by the GOCC in accordance with the guidelines issued by the GCG. Should a GOCC fail to submit the foregoing documents within the prescribed deadline, the GCG shall accordingly complete the GOCC's Performance Scorecard based on its own assessment and available documents.

5. **Performance Target Conference (PTC).** – A technical panel from the GCG shall evaluate the proposed Performance Scorecard of the GOCC. The GOCC shall form a technical panel duly authorized to provide the GCG all necessary information relevant and material to the measures and targets in the GOCC's Performance Scorecard. Technical personnel from the GOCC's supervising agency or parent company, other service-wide agencies, civil society organizations, and private sector industry experts may be invited or consulted in the finalization of the Performance Scorecard of the GOCC.

The GOCCs shall submit all documents required by the GCG within fifteen (15) calendar days after the conduct of the technical panel meetings (TPMs).

A Performance Target Conference (PTC) shall thereafter be convened between the GOCC, represented by its Chief Executive Officer (CEO), and the Governance Commission for the setting of final performance targets of the GOCC.

6. **Submission of Quarterly Targets.** – Within 15 calendar days from receipt of the GCG-approved Performance Scorecard, the GOCC shall submit its Quarterly Targets using PES Form 2b.
7. **Submission of Quarterly Monitoring Reports.** – The GOCCs shall accomplish the requisite Quarterly Monitoring Reports (PES Form 4) for the calendar year detailing its progress in accomplishing its performance targets. The updated monitoring reports for the first to third quarter and its supporting documents should be submitted to the GCG and uploaded in the GOCC's website within thirty (30) calendar days from the close of each quarter.

The Quarterly Monitoring Reports should also disclose substantial changes in circumstances that were unforeseen during the TPM that may affect the timely achievement of targets.

8. **Submission of Annual Performance Reports.** – Each GOCC shall submit to GCG the fully accomplished Monitoring Report and its supporting documents beginning every first working day of March but not later than the last working day of April of the immediately succeeding calendar year.

The accomplishments reported should be aligned with the Financial Reports submitted to the Commission on Audit (COA). In the event that adjustments in the submitted Monitoring Reports are warranted based on reports from the COA, the GOCC concerned shall submit to GCG the final Monitoring Report reflecting such adjustments.

9. **Validation of Annual Performance Reports.** – The GCG may direct the submission of additional supporting documents for the validation of reported accomplishments. Extensions on the period of submission of GOCCs may be granted only when the necessity for such extension is grounded on factors not within the control of the GOCC.

Measures for which the GOCC fails to submit the requested validating documents within the prescribed deadline, and for accomplishments that cannot be objectively verified by GCG on account of inadequate or incomplete documentation shall be given an automatic zero score.

Upon official receipt of its GCG-validated performance score, GOCCs may request for reconsideration within thirty (30) days. After such period, the performance score shall be deemed final. Measures given zero score due to non-submission of supporting documents will no longer be subject to revalidation by the GCG.

10. **Residual Authority of the GCG.** – Nothing herein shall be construed as limiting the authority of the GCG to amend and/or revoke the GOCC's Performance Scorecard as the circumstances may warrant.

11. **Good Governance Conditions.** – In addition to the Performance Scorecard, the GOCC must satisfy the following requirements:

(a) The GOCC has satisfied all statutory liabilities, including:

- i. payment of all taxes due to the Government as certified/validated by the Bureau of Internal Revenue;
- ii. declaration and payment of all dividends to the State as of the end of the applicable calendar year, whenever applicable, as certified/validated by the Department of Finance (DOF);
- iii. payment of NG Advances as certified/validated by the DOF; and
- iv. remittance of mandatory contributions as certified/validated by the following agencies: GSIS or SSS, Pag-IBIG, and PhilHealth.

(b) Compliance with all the requirements mentioned in the "Revised Whistleblowing Policy for the GOCC Sector" and amendments thereto;

(c) Compliance with posting on the GOCC's website the information enumerated under Section 43 of the "Code of Corporate Governance for GOCCs" and amendments thereto;² and

(d) Compliance with the applicable financial reporting framework (e.g. PFRS, PPSAS) as certified/ validated by the COA.

12. **Other Conditions and Requirements (OCRs).** – All GOCCs are required to comply with the following conditions and requirements:

(a) Maintain and/or attain certification on the GOCC's Quality Management System (QMS) or its equivalent certification;

² All information and documents required to be posted on the GOCC's website by December 31.

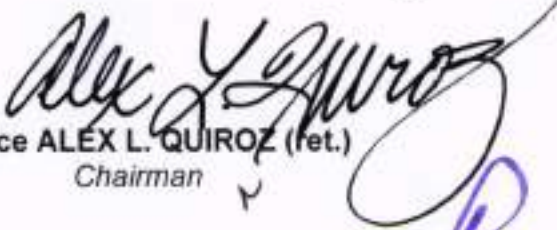
- (b) Timely submission and posting of Annual Procurement Plans (APP) and results of the Agency Procurement Compliance and Performance Indicator (APCPI) system, PhilGEPS posting of all invitations to bids and awarded contracts, and undertaking of early procurement activities, pursuant to applicable rules and regulations;
- (c) Timely submission of Corporate Operating Budgets (COBs) to the DBM;
- (e) Submission to the GCG of audit observations and notices of disallowances within seven (7) working days from the time it was received from the COA, all written communications between the GOCC and COA on such matters, which shall include, but not limited to, the concrete and time bound action plans for addressing the audit observations and notices of disallowances;
- (f) Compliance and submission of reports through the Integrated Corporate Reporting System (ICRS) pursuant to the policies and guidelines under *"Policies and Guidelines on the Integrated Corporate Reporting System (ICRS) for the GOCC Sector"* and amendments thereto;
- (g) Compliance by all Appointive Directors of the Governing Board with the submission of all required forms for the Director Performance Review (DPR) pursuant to the *"Performance Evaluation for Directors (PED)"* and amendments thereto;
- (h) Timely submission of the year-end financial statements and other related financial reports to the COA;
- (i) Compliance with the Executive Order on Freedom of Information: Executive Order No. 2, s.2016 as certified/ validated by the Presidential Communications Operations Office (PCOO);
- (j) Compliance to the Energy Efficiency and Conservation (EEC) Act as certified/validated by the Department of Energy (DOE) ;
- (k) Compliance and submission of requirements to the Anti-Red Tape Authority (ARTA); and
- (l) Compliance with the National Competition Policy as validated by the Philippine Competition Commission (PCC).

13. Sanctions. – Failure to comply with the terms and conditions of this Circular shall be considered a serious offense of the GOCC in general, and the Governing Board and Management of the GOCC in particular, that shall authorize the GCG, upon prior notice and an opportunity to be heard, to do any of the following:

- (a) Withdraw any of the incentives that the members of the Governing Boards, Officers and the rank-and-file employees would otherwise enjoy under R.A. No. 10149;
- (b) Recommend to the President the non-reappointment or replacement of the Appointive Directors of the GOCC concerned; and
- (c) Render the GOCC ineligible for the Performance-Based Bonus/ Performance-Based Incentive.

The foregoing sanctions are without prejudice to any administrative, civil, or criminal action against members of the Board of Directors/Trustees, Officers, or Employees responsible for the non-compliance with the provisions of this Circular.

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


Justice ALEX L. QUIROZ (ret.)
Chairman


Atty. GIDEON D.V. MORTEL, D.C.
Commissioner


Atty. GERALDINE B.
BERBERABE-MARTINEZ
Commissioner

FORMS:

PES Form	Description
	Board Resolution (Template)
PES Form 1	Strategy Map and Charter Statement
PES Form 2	Annual Performance Scorecard
PES Form 2a	Measure Profile
PES Form 2b	Quarterly Target
PES Form 3	Strategic Initiatives Profile
PES Form 4	Quarterly Monitoring Report

BOARD RESOLUTION NO. _____

**APPROVING THE CY [YEAR] PERFORMANCE SCORECARD FOR
THE [GOCC NAME (GOCC ACRONYM)].**

WHEREAS, the Governance Commission for GOCCs (GCG) issued GCG Memorandum Circular (M.C.) No. 2023-01 providing for the Performance Evaluation System (PES) for the GOCC Sector;

WHEREAS, among the requirements provided in GCG M.C. No. 2023-01 is the submission of the Board Resolution approving the Charter Statement and Strategy Map, proposed Performance Scorecard, and other documentary requirements for consideration of the GCG;

WHEREAS, the Board Resolution shall include the names and respective designations of the GOCC's official representatives to the technical panel who are duly authorized to provide the GCG all necessary information relevant and material to the measures and targets in the GOCC's proposed Performance Scorecard;

WHEREAS, the Management has submitted to the Board for approval the proposed Performance Targets of for CY [YEAR] and all documentary requirements under GCG M.C. No. 2023-01;

WHEREAS, the Management has also identified the officers who will comprise the [GOCC Acronym's] technical panel;

NOW BE IT –

RESOLVED, that the Board hereby **APPROVES** the following:

1. The [GOCC ACRONYM] CY [YEAR] proposed performance scorecard and all other documents as required under GCG M.C. No. 2023-01, and its submission to the GCG;
2. Authorization of the following officers and employees to constitute the [GOCC ACRONYM] Technical Panel to provide the GCG all necessary information relevant and material to the measures and targets in the proposed performance scorecard:

Name	Position / Designation
1.	
2.	
3.	
4.	
5.	

3. Authorization of the President and CEO, or upon his/her written authority, a duly authorized representative, to take such steps, sign all documents and papers, and perform such acts as may be necessary to carry out and implement the foregoing authority;
4. Authorization of the President and CEO to represent [GOCC ACRONYM] during the Performance Target Conference (PTC) for the setting of the final performance targets of the GOCC.

DONE, this _____ day of _____ [Year], in [City/Municipality, Province], Philippines.

[To be signed by majority of the Board Members constituting a quorum.]

PES Form 1
Strategy Map and Charter Statement

[GOCC NAME]

[insert strategy map with charter statement]

(GOCC NAME)

[illegible]

	Component				Baseline Data					Proposed Target ^{a/}
	Strategic Objective (SO)/ Strategic Measure(SM)	Formula	Weight	Rating System	Prior Year 1	Prior Year 2	Prior Year 3	Prior Year 4	Prior Year 5	
Perspective 5	SO 6									
	SM 9									
	<i>Sub-total</i>									
	TOTAL									

a/ Annual and quarterly target should be provided

Note: The above number of Objectives/s for each Perspective and the number of Measure/s for each Objective is indicative only for purposes of presentation.

[GOCC NAME]

What is the objective?
What is the measure?
What is the reason behind choosing this measure?

How often is the measure updated/ calculated?
What is the unit of measure used?

How is the measure calculated? Clarify the terms in the formula:

What data is required in calculating the measure?
Where/how is it acquired? (specify document or person)

Is information about the measure available?

Currently available
With minor changes
Still to be formulated

When will this info be available?

Who is responsible for setting targets?
Who is accountable for targets?
Who is responsible for tracking & reporting targets?

BASELINE

2021	2022	2023

TARGETS

2024	2025	2026

(GOCC NAME)

	Component					Proposed Target				
	Strategic Objective (SO)/ Strategic Measure(SM)		Formula	Weight	Rating System	Annual	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Perspective 1	SO 1									
	SM 1									
	SM 2									
	SO 2									
	SM 3									
	Sub-total									
Perspective 2	SO 3									
	SM 4									
	SM 5									
	SM 6									
	Sub-total									
Perspective 3	SO 4									
	SM 7									
	Sub-total									
Perspective 4	SO 5									
	SM 8									
	Sub-total									

	Component				Proposed Target				
	Strategic Objective (SO)/ Strategic Measure(SM)	Formula	Weight	Rating System	Annual	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Perspective 5	SO 6								
	SM 9								
	<i>Sub-total</i>								
	TOTAL								

(GOCC NAME)

I. STRATEGIC INITIATIVE PROFILE I

Name of Project:

Contact Person/Project Team Head:

Project Description:

Project Milestones:

Activities	Timeline		Budget	Funding Source	Status
	Start	End			
TOTAL					

Measures Affected:

II. STRATEGIC INITIATIVE PROFILE II

(Repeat discussion following format above)

Note:

Strategic initiatives are time-bound projects designed to help the organization achieve its Strategic Objectives.

(GOCC NAME)

	Component					Annual Target	[] Quarter	
	Strategic Objective (SO)/ Strategic Measure(SM)		Formula	Weight	Rating System		Target	Actual
Perspective 1	SO 1							
	SM 1							
	SM 2							
	SO 2							
	SM 3							
	Sub-total							
Perspective 2	SO 3							
	SM 4							
	SM 5							
	SM 6							
	Sub-total							
Perspective 3	SO 4							
	SM 7							
	Sub-total							
Perspective 4	SO 5							
	SM 8							

	Component					Annual Target	[] Quarter	
	Strategic Objective (SO)/ Strategic Measure(SM)	Formula	Weight	Rating System	Target		Actual	
	Sub-total							
Perspective 5	SO 6							
	SM 9							
	Sub-total							
	TOTAL							