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Republic of the Philippines
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT
DEPARTMENT OF BUDGET AND MANAGEMENT

APR 30 2025

JOINT MEMORANDUM CIRCULAR
NO. 2025-001

TO : **ALL PROVINCIAL GOVERNORS, CITY MAYORS, MUNICIPAL MAYORS, DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT (DILG) REGIONAL DIRECTORS, DILG-BANGSAMORO AUTONOMOUS REGION IN MUSLIM MINDANAO (BARMM) MINISTER OF LOCAL GOVERNMENT, AND HEADS OF CONCERNED OFFICES**

SUBJECT : **GUIDELINES ON THE GRANT OF THE PERFORMANCE-BASED BONUS FOR OFFICIALS AND EMPLOYEES OF LOCAL GOVERNMENT UNITS FOR THE FISCAL YEAR 2023**

1.0 BACKGROUND AND PURPOSE

1.1 Memorandum Circular No. 2023-1 issued by the Inter-Agency Task Force (IATF) on the Harmonization of National Government Performance Monitoring, Information and Reporting Systems (Administrative Order No. 25 s. 2011), dated 22 August 2023, stated that performance targets for Local Government Units (LGUs) shall be based on the *Guidelines on the Grant of Performance-based Bonus for LGUs* shall be jointly issued by the Department of the Interior and Local Government (DILG) and the Department of Budget and Management (DBM).

1.2 This Joint Memorandum Circular (JMC) is issued to prescribe the criteria and conditions for the grant of the PBB for FY 2023 performance of local government officials and employees, to be validated and given in FY 2024, as provided in the succeeding provisions of this JMC. This shall be implemented in close coordination with the AO25 IATF.

2.0 COVERAGE

This JMC covers all provinces, cities, and municipalities, excluding barangays; and applies to all their officials and employees holding regular plantilla positions, as well as, contractual and casual personnel, having an employer-employee relationship with these LGUs, and whose compensation is being paid wholly out of the Personnel Services (PS) budget.

The term "*officials*" as used in this issuance refer to those holding local elective positions.

The provisions contained herein are applicable only for the grant of the FY 2023 PBB for LGUs.

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3.0 ELIGIBILITY CRITERIA

3.1 To be eligible for the grant of the FY 2023 PBB, LGUs must ***pass the minimum local governance standards*** which entail becoming an awardee of the **Seal of Good Local Governance (SGLG)** for the Calendar Year 2023.

3.2 LGUs qualified under Section 3.1 must also satisfy the following criteria and conditions:

a. ***Set-up Most Current and Updated Citizen's Charter reflecting*** the LGU's improved and streamlined/re-engineered system and procedure for all its government services to citizens, businesses, and government agencies pursuant to Section 6 of Republic Act (RA) No. 11032 and the President's directive to reduce the processing time of all public transactions with the government and ensure accessible and convenient delivery of services to the public.

Relative to this, each LGU shall submit to the Anti-Red Tape Authority (ARTA) its Certificate of Compliance (CoC) every March 31st of each year. For FY 2023, pursuant to ARTA Advisory No. 2023-02, the deadline for submission was extended to May 31, 2023. The CoC Template shall serve as the basis of the validation process of ARTA starting on April 2024.

Moreover, for the FY 2023 PBB cycle, CoC submissions received by the Authority on or before May 31, 2023, and adherent with the prescribed CoC template, shall be deemed compliant with the Citizen's Charter requirement.

b. ***Sustained Compliance with Audit Findings*** of at least 30% of prior the years' audit recommendations must be fully implemented as shown in the Report on the Status of Implementation of the Prior Years' Recommendations. These recommendations exclude the Property, Plant, and Equipment (PPE)-related items of the Annual Audit Report (AAR). Audit findings closed in FY 2021 must also not recur. The inclusion of this criterion aims to: improve the LGU's internal control processes; enhance operational effectiveness; and eliminate, resolve, and remedy most, if not all, of the audit findings, by the end of 2023.

c. ***Performance Rating System to be Used for Personnel in the First and Second Levels, and those occupying Career Executive Service (CES) positions*** of departments/agencies in NGAs, GOCCs, and LGUs, including managerial or director positions, but are not Presidential appointees, shall be consistent with the Civil Service Commission (CSC)-approved Strategic Performance Management System (SPMS). For the CES officers and incumbents to CES positions, the rating of their performance shall be based on the guidelines issued by the CES Board (CESB).

3.3 To qualify for the FY 2023 PBB, LGUs must first meet the requirements prescribed in Section 3.1 as an awardee of the SGLG for CY 2023 and satisfy the criteria and conditions in Section 3.2. In case of non-compliance with any one (1) of the three (3) conditions in Section 3.2, LGUs may still qualify for the FY 2023 PBB with isolation of the unit/s and official/s most responsible for the deficiency.

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4.0 FY 2023 PBB ASSESSMENT AND SCORING SYSTEM

LGUs shall be rated in accordance with their compliance with the criteria cited above. Each criterion has an assigned weight, as shown in Table 1. The maximum score that may be obtained by the LGU is 50 points. To be eligible for the FY 2023 PBB, the LGU must attain a total score of at least 40 points.

TABLE 1: FY 2021 PBB SCORING SYSTEM	
CRITERIA AND CONDITIONS	WEIGHT
1. Seal of Good Local Governance Awardee	20 pts
2. Updated Citizen's Charter	10 pts
3. Sustained Compliance with Audit Findings	10 pts
4. Performance Rating System Consistent with SPMS	10 pts
TOTAL SCORE POINTS	MAXIMUM = 50

It can be gleaned in Table 1 that compliance with all criteria yields a total of 50 points for an LGU. To attain a total score of at least 40 points, an LGU must first pass the criteria on SGLG, and then pass at least two of the other three criteria. In such case, while the LGU will be eligible, the unit/s most responsible for the criteria not complied with will be isolated from the grant of the FY 2023 PBB.

5.0 ENROLLMENT AND VALIDATION PROCESS

5.1 The grant of the PBB for FY 2023 to LGUs is not mandatory and shall be implemented through an enrollment process;

5.2 LGUs that intend to participate in the grant of the PBB for FY 2023 shall signify their intention by writing a Letter of Intent (LOI) addressed to the DILG Regional Director concerned through the following DILG Field Officers:

a. DILG Provincial Director for Provinces;
b. City Director or City Local Government Operations Officer (CLGOO) for Cities; or
c. Municipal Local Government Operations Officer (MLGOO) for Municipalities.

The DILG Regional Offices (ROs) shall compile the LOIs. These shall be officially transmitted to the DILG-Bureau of Local Government Supervision or BLGS through email: lgupbb.dilg@gmail.com. Only the DILG ROs are encouraged to submit through this platform to ensure effective tracking of submission;

5.3 The BLGS shall prepare the List of LGUs with LOIs. This list shall be counter-checked against the first shortlist based on Item 3.1. Only those LGUs that have met all local governance standards shall be included in the final roll of LGUs to be transmitted to the AO25 Secretariat by April 18, 2025;

5.4 The AO25 Secretariat shall then advise the ARTA, CSC, and Commission on Audit (COA) to validate the compliance of the shortlisted LGUs with items 3.2a, 3.2b, and 3.2c, respectively;

5.5 After the validation, the ARTA, CSC, and COA shall submit their findings to the AO25 Secretariat not later than June 30, 2025, which in turn, shall consolidate

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and process the findings to generate the List of Eligible LGUs or those LGUs that satisfy all the conditions prescribed in Section 3.0 of this issuance;

5.6 The List of Eligible LGUs shall be provided by the AO25 Secretariat to the DILG, through the BLGS, by July 31, 2025;

5.7 Based on the said List, the DILG shall issue Notices of Eligibility by August 29, 2025, to the qualified LGUs. These shall be prepared by the BLGS and signed by the DILG Secretary. Once signed, the Notices shall be transmitted to the concerned DILG Regional Offices for dissemination;

5.8 The Notice of Eligibility serves as the authorization of an LGU to grant the PBB, therefore, only LGUs receiving such document shall be eligible for the grant of the PBB for FY 2023; and

5.9 The List of Eligible LGUs shall be posted on the Results-Based Performance Management System (RBPMS) and DILG websites:

a. https://rbpms.dap.edu.ph
b. https://www.dilg.gov.ph

6.0 ELIGIBILITY OF DELIVERY UNITS AND INDIVIDUALS

6.1 Local Chief Executives and Sanggunian members are eligible only if their respective LGUs are eligible. The maximum PBB rate is 65% of their monthly basic salary as of December 31, 2023. Their rates must be consistent with rates indicated in Section 7.0;

6.2 The unit/s and official/s most responsible for the non-compliance to the criteria and conditions provided in Section 3.2 shall not be eligible for the grant of FY 2023 PBB.

6.3 To qualify, employees belonging to the first and second levels must receive a rating of at least a "Very Satisfactory" based on the LGU's CSC-approved SPMS;

6.4 Personnel in detail to another government agency for six (6) months or more shall be included in the scoring of employees in the recipient agency that rated his/her performance. The payment of the PBB shall come from the mother agency;

6.5 Personnel who transferred to an LGU from another government agency in FY 2023 shall be rated by the LGU/agency where he/she served the longest. If equal months were served for each, he/she will be included in the recipient agency;

6.6 An official or employee who has rendered a minimum of nine (9) months of service during the fiscal year and with at least a "Very Satisfactory" rating may be eligible for the full grant of the PBB;

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6.7 An official or employee, who rendered less than nine (9) months but a minimum of three (3) months of service and with at least a "Very Satisfactory" rating shall be eligible for the grant of the PBB on a pro-rata basis corresponding to the actual length of service rendered, as follows:

TABLE 2. PERCENTAGE OF PBB RELATIVE TO OFFICAL / EMPLOYEE'S LENGTH OF SERVICE	
LENGTH OF GOVERNMENT SERVICE	**% OF PBB**
8 months but less than 9 months	90%
7 months but less than 8 months	80%
6 months but less than 7 months	70%
5 months but less than 6 months	60%
4 months but less than 5 months	50%
3 months but less than 4 months	40%

The following are the valid reasons for an employee who may not meet the nine-month actual service requirement to be considered for the PBB on a pro-rata basis:

a. Newly-hired employee;
b. Retirement;
c. Resignation;
d. Rehabilitation leave;
e. Maternity leave and/or paternity leave;
f. Vacation or sick Leave with or without pay;
g. Scholarship/study leave;
h. Sabbatical Leave; or
i. End of Term of a local official.

6.8 An official or employee shall be disqualified from the grant of the PBB due to ANY of the following reasons:

a. On vacation or sick leave, with or without pay, for the entire year of FY 2023

b. Found guilty of administrative and/or criminal cases by final and executory judgment in FY 2023; however, if the penalty meted out is only a reprimand, such penalty shall not cause the disqualification to the PBB;

c. Failure to submit the 2022 SALN as prescribed in the rules provided under CSC MC No. 3 s. 2015, including those who are responsible for non-compliance with the establishment and conduct of the review and compliance procedure of the SALN;

d. Failure to liquidate all cash advances in FY 2023 within the reglementary period, as prescribed in COA Circular 97-002 dated February 10, 1997 and reiterated in COA Circular 2009-002 dated May 18, 2009;

e. Failure to submit complete SPMS Forms; or

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f. Failure to comply with the implementation of prior years' audit recommendations or posting and dissemination of the LGU system of assessing the performance of delivery units.

7.0 RATES OF THE PBB

The total score as stated in Section 4.0 shall be the basis for determining the amount of the PBB an LGU is eligible for. The maximum rate of the PBB for officials and employees of LGUs who achieved 50 points shall be 100% of each individual's 65% monthly basic salary (MBS) as of December 31, 2023, unless they are otherwise qualified under Section 6.6 or disqualified under Section 6.7. For illustration, refer to Table 3 below:

TABLE 3: RATES OF THE PBB

TOTAL SCORE	PBB RATES
50 points	**65%** (Unless Section 6.6 or Section 6.7 is applicable)
40 points	**50%** (Unless Section 6.6 or Section 6.7 is applicable)

If funds are insufficient for the grant of the PBB, the PBB may be given at lower rates, but at a uniform percentage of the prescribed rate, based on the LGU's financial capacity and PS limitation.

8.0 FUNDING SOURCES

The PBB shall be charged against FY 2023 LGU funds subject to the PS limitation in LGU budgets pursuant to Sections 325(a) and 331(b) of the Local Government Code of 1991 (R.A. No. 7160), and the 2016 Budget Operations Manual for LGUs.

In case the LGU did not allocate funds from its FY 2023 budget, it can charge its FY 2023 PBB against its FY 2024 budget. A supplemental budget should be enacted in FY 2024 for this purpose, subject to the relevant local budgeting policies mentioned above.

The LGU shall exercise prudence in the use of local funds. In determining the amount of the PBB, the Sanggunian concerned shall ensure that the same is reasonable and that the expenditure will not, in any way, adversely affect the delivery of services to the public.

9.0 SUBMISSION OF ACCOMPLISHED FORMS

9.1 The Planning Development Office and Human Resource Management Office of the eligible province, city, or municipality shall accomplish Form 1 (Report on LGU Officials and Employees Eligible to Receive the Grant of FY 2023 PBB);

9.2 Prior to the release of the PBB to eligible individuals, the accomplished Form 1 shall be submitted to the following personnel:

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a. DILG Provincial Director for provinces;
b. City Director or City Local Government Operations Officer (CLGOO) for cities; or
c. Municipal Local Government Operations Officer for municipalities (MLGOO).

The City Director or CLGOO and MLGOO shall transmit all submitted Form 1 documents to the concerned Provincial Director through the designated LGU-PBB Provincial Focal Person;

9.3 The designated LGU-PBB Provincial Focal Person shall accomplish Form 2 (Provincial Consolidation Report for Component Cities and Municipalities) and submit such, together with Form 1 documents, to the concerned DILG Regional Office through the designated LGU-PBB Regional Focal Person; and

9.4 The designated LGU-PBB Regional Focal Person shall accomplish Form 3 (Regional Consolidation Report for Provinces, Highly Urbanized Cities and Independent Component Cities) and submit such, together with accomplished Forms 1 and 2, to the BLGS, not later than January 30, 2026.

10.0 PAYMENT PERIOD

The payment of FY 2023 PBB shall be made until December 31, 2025.

11.0 EFFECTIVITY

This JMC shall take effect immediately.

Certified true copies of this JMC shall be posted on the DILG and RBPMS website, and shall also be posted on the Official Gazette and to be filed in the University of the Philippines (UP) Law Center.

JUANITO VICTOR C. REMULLA
Secretary, DILG

AMENAH F. PANGANDAMAN
Secretary, DBM

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