



REPUBLIC OF THE PHILIPPINES

Department of Budget and Management

Building 1, General Solano Street, San Miguel, Manila



BUDGET CIRCULAR

No. 2007-2

October 1, 2007

TO : Heads of Departments, Bureaus, Offices and Agencies of the National Government including State Universities and Colleges (SUCs); Government-Owned and/or -Controlled Corporations (GOCCs); Government Financial Institutions (GFIs); and Local Government Units (LGUs); and All Others Concerned

SUBJECT : Guidelines on the Grant of Honoraria Due to Assignment in Government Special Projects

1.0 Purpose

This Circular is issued to prescribe the guidelines on the grant of honoraria due to assignment in government special projects pursuant to Section 46(e), General Provisions of RA No. 9401, the FY 2007 General Appropriations Act (GAA).

2.0 Definitions

- 2.1 An honorarium is a form of compensation given as a token of appreciation or reward for gratuitous services on account of one's broad and superior knowledge or expertise in a specific field for which, going by custom, tradition or propriety, no fixed price is set.
- 2.2 A special project is a duly authorized inter-office or intra-office undertaking of a composite group of government officials and employees which is not among the regular and permanent functions of their respective agencies. Such undertaking may be locally-funded or foreign-assisted, is reform-oriented or developmental in nature, and is contributory to the improvement of service delivery and enhancement of the performance of the core functions of an agency or member agencies.

3.0 Coverage and Exclusion

- 3.1 This Circular shall apply to all personnel of national government agencies (NGAs) including SUCs, GOCCs, GFIs and LGUs, who are designated to positions in special projects as defined above on a part-time basis.
- 3.2 It does not apply to government personnel on re-assignment or on full-time detail to special projects since they are already regularly compensated in the form of salaries.

4.0 Guidelines

- 4.1 Government personnel who are on part-time assignment to a special project which entails rendition of work in addition to or over and above their regular workload may be entitled to honoraria.
- 4.2 The amount of honoraria shall be based on the nature of their work assignments in a special project, the level of difficulty of the duties and responsibilities thereat, the extent of their productivity and quality of performance measured in terms of completed and accepted deliverables in accordance with the timeframes set per project component of a special project plan approved after the effectivity of this Circular.
- 4.3 The special project plan shall be prepared in consultation with all personnel assigned to a project and approved by the department/agency/lead agency head. Such plan shall contain the following:
- title of the project;
 - objectives of the project, including the benefits to be derived therefrom;
 - outputs or deliverables per project component;
 - project timetable;
 - skills and expertise required;
 - personnel assigned to the project and the duties and responsibilities of each;
 - expected deliverables per personnel assigned to the project per project component at specified timeframes; and
 - cost by project component, including the estimated cost for honoraria for each personnel based on man-hours to be spent in the project beyond the regular work hours; personnel efficiency should be a prime consideration in determining the man-hours required.
- 4.4 The estimated total honorarium cost per personnel per project component shall be computed as follows:

$$\text{Estimated Honorarium, H} = \left(\frac{\text{Salary Rate}}{1 \text{ month}} \right) \left(\frac{1 \text{ month}}{22 \text{ days}} \right) \left(\frac{1 \text{ day}}{8 \text{ man-hours}} \right) (T \text{ man-hours})$$

$$\text{Estimated Honorarium, H} = 0.0057(\text{Monthly Salary Rate})(T)$$

Where : Monthly Salary Rate = the actual monthly salary of an official or employee but not exceeding Step 8 of the equivalent salary grade for his/her designated position in a special project as indicated in item 4.8

T = total estimated man-hours per personnel, per project component

- 4.5 Payment of the honorarium shall be made only upon completion and acceptance by the agency head of the deliverable per project component.
- 4.6 The actual honorarium to be paid to each personnel shall depend on the performance rating to be given by the project management, as follows:

Performance Rating	% of Estimated Honoraria Per Project Component
Outstanding	100%
Very Satisfactory	85%
Satisfactory	70%

For example, if the performance rating is Very Satisfactory, the actual honorarium to be paid follows:

$$\text{Actual Honorarium} = 85\%(H)$$

- 4.7 For rating purposes, the project management shall formulate a performance evaluation plan that is transparent and fair, and considers timeliness, quality of outputs, and other applicable work efficiency determinants.
- 4.8 The following hierarchical levels, duties and responsibilities, and equivalent salary grades of positions shall serve as guides in determining the personnel to be designated in special projects and in computing the honoraria to be granted:

- Project Manager/Project Director or Equivalent

The position plans, directs and coordinates the activities of a special project, and the efficient allocation and utilization of a project's physical, financial, manpower and technological resources to ensure that a project's objectives and targets are accomplished.

The honorarium shall be based on the actual monthly salary of a designee but not exceeding the monthly salary equivalent to SG-28, Step 8.

- Technical Staff Team Leader

The position heads a group of Technical Staff who are assigned to a special project component; may devise own plans, methods of approach, guidelines and procedures consistent with the overall special project objectives.

The honorarium shall be based on the actual monthly salary of a designee but not exceeding the monthly salary equivalent to SG-24, Step 8.

- Senior Technical Staff

The position performs the difficult phases of a special project which may or may not be subject to technical review; is responsible for the correctness, technical adequacy and reliability of deliverables.

The honorarium shall be based on the actual monthly salary of a designee but not exceeding the monthly salary equivalent to SG-18, Step 8.

- Team Member/Technical Staff

The position performs the simple phases of a specific project which are subject to technical review; is answerable for the correctness, technical adequacy and reliability of deliverables.

The honorarium shall be based on the actual monthly salary of a designee but not exceeding the monthly salary equivalent to SG-15, Step 8.

- Administrative Staff

The position renders administrative and support services to a special project, including but not limited to personnel, financial, records and supply management, and other auxiliary services.

The honorarium shall be based on the actual monthly salary of a designee but not exceeding the monthly salary equivalent to SG-15, Step 8.

- 4.9 The total honoraria that may be received by each personnel per special project shall not exceed 25% of his/her annual basic salary. Designation to more than one (1) special project may be allowed to the extent feasible, provided that the total honoraria received from all special projects shall not exceed 25% of the annual basic salary.
- 4.10 No overtime pay or other allowances shall be paid nor any Compensatory Time-Off be granted to the same personnel for the period that honoraria are granted.

5.0 Fund Sources

The amounts necessary for payment of honoraria shall be sourced from the following:

- 5.1 For NGAs, the amounts shall be charged against their respective appropriations in the annual GAA. No additional funding shall be provided by the government.
- 5.2 For GOCCs and GFIs, the amounts shall be charged against their respective corporate funds.
- 5.3 For LGUs, the amounts shall be charged against their respective local government funds.

6.0 Responsibilities of Agency Heads

Agency heads shall be held responsible and personally liable for honoraria payments not in accordance with the provisions of this Circular, without prejudice, however, to the refund of any excess payments by the personnel concerned.

7.0 Saving Clause

Cases not covered by the provisions of this Circular shall be referred to the Department of Budget and Management for resolution.

8.0 Repealing Clause

All provisions of existing circulars, guidelines, rules and regulations on the grant of honoraria for personnel assigned to special projects, including the grant of honoraria to project personnel in LGUs provided under Local Budget Circular No. 62 dated July 29, 1996, are hereby repealed.

9.0 Effectivity

This Circular shall take effect immediately.


ROLANDO G. ANDAYA, JR.
Secretary