

THE GOVERNMENT OPTIMIZATION ACT AND ITS IMPLEMENTING RULES AND REGULATIONS (Republic Act No. 12231)

Director John Aries S. Macaspac
Systems and Productivity Improvement Bureau
Department of Budget and Management

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The image shows a portion of the flag of the Department of Budget and Management. It features a blue field with a large red star in the center, containing three yellow stars and a golden eagle. The words "DEPARTMENT OF BUDGET AND MANAGEMENT" are written in white on a blue banner across the top.

OUTLINE

1.

Background on the Government Optimization Program

2.

Salient Features of the Government Optimization Act

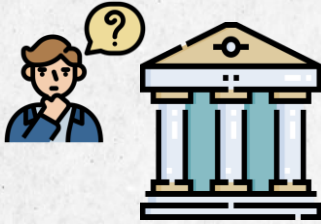
3.

Benefits and Impact of the Government Optimization Program

History of Government Reorganization and Reforms

MARCOS, SR. ADMINISTRATION (1965-1986)	AQUINO ADMINISTRATION (1986-1992)	RAMOS ADMINISTRATION (1992-1998)	ESTRADA ADMINISTRATION (1998-2001)
• Conduct of studies on a major functional area of government • Creation of an Integrated Reorganization Plan • Pursued organizational actions	• Adoption of guiding principles of (i) promotion of private initiative; (ii) decentralization; (iii) cost-effectiveness; (iv) efficiency in frontline services; and (v) accountability • Organization of policy group and survey teams	• Agency-level assessment and streamlining based on set criteria • Submission of Streamlining Report by department/ agency • Focus on eliminating duplication/redundancies and strengthening support to key functions and priority programs /projects	• Formulation of Institutional Strengthening and Streamlining Program • Creation of a Presidential Committee on Effective Governance • Preparation of Public Sector Institutional Strengthening and Streamlining Agenda and Integrated Administrative Reform Plan
ARROYO ADMINISTRATION (2001-2010)	AQUINO III ADMINISTRATION (2010-2016)	DUTERTE ADMINISTRATION (2016-2022)	MARCOS, JR. ADMINISTRATION (2022-Present)
• Government Rationalization Program • Anti-corruption measures • Anti-Red Tape Act • New Government Centers Program • E-Government	• Merit-based and good governance incentive programs • OpenGov PH • Creation of the Governance Commission for GOCCs • Streamlining of government operations (budget and business permits)	• Reengineering of Government Systems and Processes • Ease of Doing Business and Efficient Service Delivery • Creation of Anti-Red Tape Authority • Full devolution of functions/services to LGUs	• E-Governance and digital transformation • Full devolution of functions/services to LGUs • Regulatory reviews • Optimizing the bureaucracy

GOVERNANCE AND ADMINISTRATION ISSUES



ORGANIZATION AND MANAGEMENT ISSUES

- Redundant, overlapping, and duplicating functions
- Agencies performing functions that are conflicting
- Fragmented operations among agencies
- Low performing agencies



PERSONNEL ISSUES

- Underutilized plantilla positions
- Mismatch in technical capabilities of government employees



SERVICE DELIVERY ISSUES

- Inefficient systems and processes
- Ineffective programs/projects

THE NEED FOR TRANSFORMATIONAL REFORMS



"...daunting task now of transforming our government into an **agile bureaucracy** that is **responsive** to the needs of the public, provide **good and solid data** to ensure informed decision-making, as well as allow **secure and seamless access to public services**."

- First State of the Nation Address (2022)

"It is an invitation to all of us to think about being a Filipino and view the nation from a renewed perspective. It is a call for transformation. The transformation of our idea of being a Filipino, and the **transformation of our economy, of governance, of society...**"

- Bagong Pilipinas Kick-Off Rally (2024)

Source: Presidential Communications Office



CHAPTER 14:

PHILIPPINE DEVELOPMENT PLAN 2023-2028



PRACTICE GOOD GOVERNANCE AND IMPROVE BUREAUCRATIC EFFICIENCY



PARTICIPATORY GOVERNANCE DEEPEENED

- ✓ Ensure sufficient and functional participatory spaces
- ✓ Broaden public access to information
- ✓ Improve the quality of participation
- ✓ Increase inclusivity and accessibility of elections



PUBLIC ACCOUNTABILITY AND INTEGRITY BOLSTERED

- ✓ Enhance public feedback loops
- ✓ Intensify transparency in public spending
- ✓ Strengthen implementation and monitoring of anti-corruption laws and programs
- ✓ Improve national governance assessments



GOVERNMENT FUNCTIONS, SYSTEMS, AND MECHANISMS RATIONALIZED AND STRENGTHENED

- ✓ Pursue rightsizing and the whole-of-government approach in re-engineering systems and procedures
- ✓ Accelerate digital transformation in government
- ✓ Raise the productivity performance of agencies



COMPETENT, MOTIVATED, AGILE, AND RESILIENT PUBLIC SERVANTS SUPPORTED

- ✓ Guarantee complete and capable human resources in government
- ✓ Promote conducive working environments

S. No. 890
H. No. 7240

Republic of the Philippines
Congress of the Philippines
Metro Manila

Nineteenth Congress

Third Regular Session

Begun and held in Metro Manila, on Monday, the twenty-second
day of July, two thousand twenty-four.

[REPUBLIC ACT NO. 12231]

AN ACT OPTIMIZING THE NATIONAL GOVERNMENT
FOR EFFICIENT PUBLIC SERVICE DELIVERY

*Be it enacted by the Senate and House of Representatives of the
Philippines in Congress assembled:*

SECTION 1. *Short Title.* - This Act shall be known as
the "Government Optimization Act".

SEC. 2. *Declaration of Policy.* - It is hereby declared the
policy of the State to promote and maintain effectiveness,
efficiency, economy, equity, and ethical accountability in the
government; enhance institutional capacity to improve public
service delivery; and ensure the attainment of the country's
societal and economic development goals and objectives.
Consistent with this, the government shall provide adequate
resources to support an organization's essential role, scope, and
level of governance, and minimize, if not eliminate,

REPUBLIC ACT NO. 12231

AN ACT OPTIMIZING THE NATIONAL GOVERNMENT FOR EFFICIENT PUBLIC SERVICE DELIVERY

"GOVERNMENT OPTIMIZATION ACT"

SALIENT FEATURES

GOVERNMENT OPTIMIZATION ACT



GOP-RELATED ISSUANCES

Issuance	Date of Issuance
1) Republic Act (RA) No. 12231	4 August 2025
2) Implementing Rules and Regulations of RA No. 12231	23 January 2026
3) GOP Management Plan	<i>(Submitted to the President on 17 March 2026)</i>
4) DBM Circular Letter No. 2026-7	29 April 2026
5) COEB Memorandum Circular No. 2026-1	30 April 2026
5) DBM Circular Letter No. 2026-8	10 June 2026



GOVERNMENT OPTIMIZATION PROGRAM

The **Government Optimization Program (GOP)** is a reform mechanism primarily aimed to enhance government's institutional capacity, enabling the government to:

Implement
transformational
reform initiatives



Improve public
service delivery



Focus on the
performance of
the vital/core
functions of
agencies



Simplify
systems and
processes of
agencies



COVERAGE OF THE PROGRAM

Mandatory Coverage of the Program



All departments and agencies of the Executive Branch

Excluded in the Program Implementation



Teaching and teaching-related positions in schools



Military and uniformed personnel



GOCCs and GFIs covered by the GCG
(pursuant to RA No. 10149, s. 2011)

For Optional Adoption of the Program



Legislature: Senate and HOR



Judiciary



Office of the Ombudsman



Constitutional Commissions



LGUs

PRESIDENT'S AUTHORITY TO OPTIMIZE THE EXECUTIVE BRANCH

Pursue **functional shifts**:

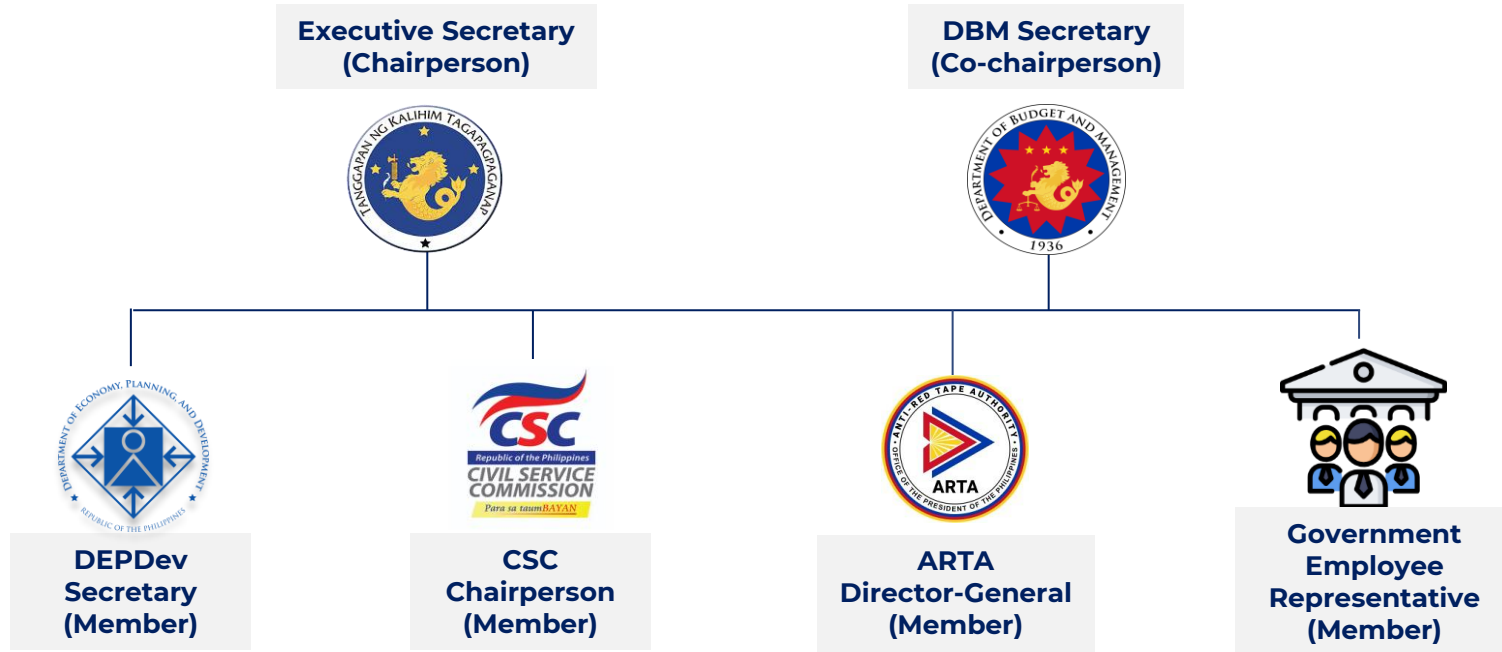
- **Strengthen** functions
- **Scale down, phase out, eliminate, or discontinue** functions, programs, or projects or activities
- **Transfer/integrate/split** functions

Implement **organizational actions**:

- **Merge or consolidate** agencies
- **Transfer** agencies/units/positions
- **Split** agencies/units
- **Create** new agencies/offices/positions
- **Regularize** ad hoc offices
- **Abolish or deactivate** agencies or units



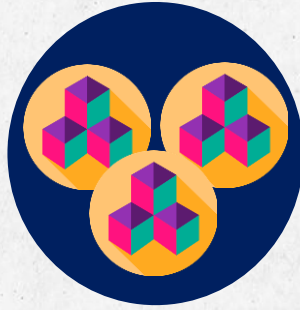
COMMITTEE ON OPTIMIZING THE EXECUTIVE BRANCH (COEB)



CONDUCT OF STRATEGIC REVIEW AND STUDY ON THE BUREAUCRACY



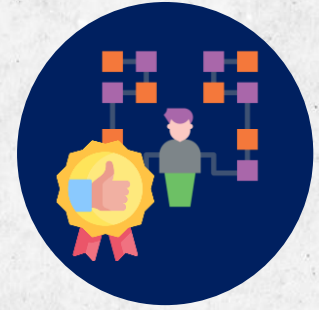
**Determine role
of government,
including extent
of government
intervention**



**Identify areas of
dysfunctions and
bureaucratic
inefficiencies**



**Assess relevance
of agency's
mandates,
functions,
programs and
projects**



**Provide
recommendations
on
transformational
and organizational
changes that could
be implemented**

REQUIREMENTS FOR THE GOP

AGENCY

- **Organizational Review and Study (ORS)**
- **Optimization Plan**
- **Detailed Optimized Organizational Structure and Staffing Pattern, including estimated cost**



COEB

- **Strategic Review and Study (SRS)**
- **Optimized Organizational Structure**
- **Executive issuances**



REQUIREMENTS FOR THE GOP

AGENCY ORGANIZATIONAL REVIEW AND STUDY (ORS)

- ❖ ORS of the agency's mandates, missions, objectives, functions, systems, procedures, programs, activities, projects, organizational structure, staffing pattern, and manpower complement
- ❖ Shall also include evaluation of the qualifications and performance of all personnel



Results/findings/
recommendations of ORS
shall be considered in the
formulation of the
Optimization Plan



REQUIREMENTS FOR THE GOP

AGENCY OPTIMIZATION PLAN

To include areas where improvements are necessary and areas where more resources need to be rechanneled as part of agency's institutional strengthening effort

- ❖ Agency Head to lead and oversee the preparation of his/her department/agency
- ❖ Shall consider optimization efforts of department itself, and agencies and GOCCs under its supervision and control, administrative supervision, or attached for policy and program coordination



Agency Head to institute mechanisms to ensure **harmonization** of optimization efforts for the sector

REQUIREMENTS FOR THE GOP

AGENCY OPTIMIZATION PLAN

May include the requirement for additional plantilla positions for:

- Qualified casual or contractual personnel
- JO and COS workers with a minimum of ten (10) years of continuous service in the agency

Subject to a cap or quota to be determined by the COEB and existing civil service laws, rules, and regulations



REQUIREMENTS FOR THE GOP

AGENCY OPTIMIZATION PLAN



- ❖ Agency Head to submit Optimization Plan to the COEB **within 180 days from the effectivity of the IRR** (on or before **August 29, 2026**)
- ❖ In case of **non-submission** by agency, **COEB to prepare an Optimization Plan** based on findings and recommendations from its SRS and submit the same to the President



**RESOLUTION No. 2026-1**

Adopting the Committee on Optimizing the Executive Branch (COEB)
Memorandum Circular No. 2026-1 dated 30 April 2026, Entitled,
"Guidelines on the Conduct of Organizational Review and Study, and the
Preparation and Submission of Optimization Plan by Agencies Covered
Under Republic Act No. 12231, Otherwise Known as the Government
Optimization Act"

WHEREAS Republic Act (RA) No. 12231¹ or the Government Optimization Act

mandates the
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WHEREAS, a government a

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COMMITTEE ON OPTIMIZING THE EXECUTIVE BRANCH

MEMORANDUM CIRCULAR NO. 2026-1

30 APRIL 2026

To : All Heads of Departments, Bureaus, Offices, Commissions, Boards, Councils, Government-Owned or -Controlled Corporations (GOCCs), and All Other Agencies of the Executive Branch; the Legislature; the Judiciary; the Constitutional Commissions; Office of the Ombudsman; Local Government Units (LGUs); and All Others Concerned

Subject : GUIDELINES ON THE CONDUCT OF ORGANIZATIONAL REVIEW AND STUDY (ORS), AND THE PREPARATION AND SUBMISSION OF OPTIMIZATION PLAN BY AGENCIES COVERED UNDER REPUBLIC ACT (RA) NO. 12231, OTHERWISE KNOWN AS THE GOVERNMENT OPTIMIZATION ACT

1.0 Background/Rationale

This Memorandum Circular (MC) is being issued to establish the standardized framework and guidelines for conducting ORS in departments/agencies covered under the Government Optimization Program (GOP).

Pursuant to RA No. 12231¹ and its Implementing Rules and Regulations (IRR), the covered government agencies are directed to conduct an ORS of the agency's mandates, missions, objectives, functions, systems, procedures, programs, activities, projects, organizational structure, staffing pattern, and manpower complement, which includes an evaluation of the qualifications and performance of all personnel, as well as the preparation and submission of the Optimization Plan.

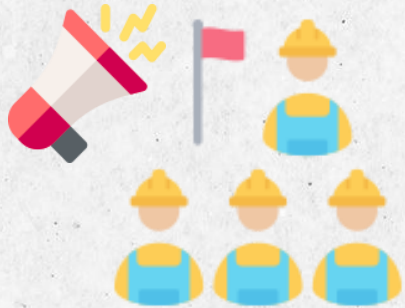
An ORS provides a diagnostic evaluation of agency mandates, functions, staffing pattern, operational processes, and resource utilization in order to identify inefficiencies, redundancies, and gaps, thereby facilitating well-informed decisions that support strategic realignment and optimization. The results of the ORS shall serve as basis for the formulation of the Optimization Plan, in consultation with the employees' representatives concerned, which shall indicate the agency's plan for optimization, areas where improvements are necessary, and where more resources need to be re-channeled as part of its institutional strengthening efforts, as well as consider the agency's requirements for additional *plantilla* positions for its qualified

COEB MEMORANDUM CIRCULAR NO. 2026-1

**GUIDELINES ON THE CONDUCT OF
THE ORGANIZATIONAL REVIEW AND
STUDY (ORS), AND THE PREPARATION
AND SUBMISSION OF OPTIMIZATION
PLAN BY AGENCIES COVERED UNDER
REPUBLIC ACT NO. 12231, OTHERWISE
KNOWN AS THE GOVERNMENT
OPTIMIZATION ACT**

REQUIREMENTS FOR THE GOP

CONSULTATIONS WITH EMPLOYEE REPRESENTATIVES



The agency shall conduct the organizational review and study, and prepare the Optimization Plan, in consultation with an employee representative, in the following order of preference:

- 1) The sole and exclusive negotiating agent;
- 2) The representative of its registered organization; or
- 3) A nominee from its rank-and-file employees.



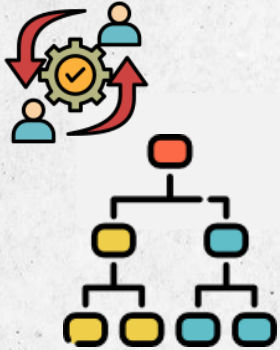
CHANGE MANAGEMENT AND PLACEMENT TEAM

FUNCTIONS OF THE CMPT

- a. Conduct an organizational review and study
- b. Assist the Agency Head in the preparation of the agency's Optimization Plan
- c. Conduct consultation meetings with affected personnel and other stakeholders concerned
- d. Develop an implementation plan and strategies to ensure effective transition of the agency to the DBM-approved Detailed Optimized OSSP
- e. Oversee the actual implementation of the DBM-approved Detailed Optimized OSSP
- f. Recommend measures to mitigate the impact of the optimization efforts to the operations of the agency, as well as to the personnel who will be retained in the agency



CHANGE MANAGEMENT AND PLACEMENT TEAM



COMPOSITION OF THE CMPT

- ❖ Officials/personnel from different offices/units of the agency, such as those performing human resource, planning, finance, management improvement, and central office and field operations-related functions
- ❖ At least one (1) representative of the agency's accredited union should sit in as member
 - If none, rank-and-file employees to elect from among their ranks their representative/s to the CMPT



REQUIREMENTS FOR THE GOP

OPTIMIZED ORGANIZATIONAL STRUCTURE OF AGENCIES AND EXECUTIVE ISSUANCES



- ❖ COEB to submit to the President the **Optimized Organizational Structures** of agencies and corresponding draft executive issuances
- ❖ Executive issuances to include **functional shifts/modifications and organizational actions** on agencies concerned
- ❖ To be submitted to the President within 180 days from the completion of the conduct of SRS for a particular sector



REQUIREMENTS FOR THE GOP

AGENCY DETAILED OPTIMIZED ORGANIZATIONAL STRUCTURE AND STAFFING PATTERN



- ❖ Agency Heads to prepare **Detailed Optimized Organizational Structure and Staffing Pattern** based on the approved Optimized Organizational Structure of the agency
- ❖ To be submitted to DBM for evaluation and approval **within 90 days** after approval by the President of the executive issuances submitted by the COEB, or based on the timeline prescribed in the pertinent executive issuances

OPTIONS FOR AFFECTED PERSONNEL

OPTION 1: AVAILMENT OF RETIREMENT BENEFITS AND SEPARATION INCENTIVES



Retirement benefits
under existing laws



Separation
incentives



Refund of HDMF
contributions



Commutation of
unused leave credits

Separation Incentive Rates

Years of Service	Separation Incentives Per Year of Service
5 to < 11 years	$\frac{1}{2}$ of actual monthly basic salary
11 to < 21 years	$\frac{3}{4}$ of actual monthly basic salary
21 to < 31 years	Actual monthly basic salary
31 years and above	$1\frac{1}{4}$ of actual monthly basic salary

OPTIONS FOR AFFECTED PERSONNEL

SAMPLE COMPUTATION OF SEPARATION INCENTIVE

EMPLOYEE A



Administrative
Assistant III
(SG 9)

Monthly Basic Salary

25,521.00

3rd Tranche, Step 7

x

Years in
government service

30 years

x

Incentive factor

**Actual MBS
or 1**

=

Total separation
incentive:

765,630.00

EMPLOYEE B



Technical Staff
(SG 16)

Monthly Basic Salary

46,152.00

3rd Tranche, Step 2

x

Years in
government service

10 years

x

Incentive factor

1/2 or 0.5

=

Total separation
incentive:

230,760.00

OPTIONS FOR AFFECTED PERSONNEL

SAMPLE COMPUTATION OF SEPARATION INCENTIVE

EMPLOYEE C



Division Chief
(SG 24)

Monthly Basic Salary

104,209.00

3rd Tranche, Step 2

x

Years in
government service

20 years

x

Incentive factor

$\frac{3}{4}$ or 0.75

=

Total separation
incentive:

1,563,135.00

EMPLOYEE D



Director IV
(SG 28)

Monthly Basic Salary

172,418.00

3rd Tranche, Step 3

x

Years in
government service

35 years

x

Incentive factor

$1\frac{1}{4}$ or 1.25

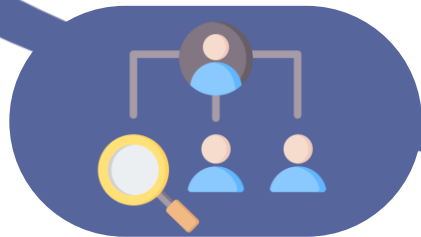
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Total separation
incentive:

7,543,287.50

OPTIONS FOR AFFECTED PERSONNEL

OPTION 2: TRANSFER TO OTHER POSITIONS IN THE AGENCY OR OTHER AGENCIES AND BE RESKILLED/UPSKILLED



**Occupy vacant
positions within the
agency**

OR



**Apply for transfer to
other
departments/agencies/
GOCCs**



**Reskilling and
upskilling**

PROHIBITION ON REEMPLOYMENT



Affected personnel who **retired or separated** from the service as a result of the implementation of the GOP shall not be reemployed in any agency of the National Government, including GOCCs, for a period of **five (5) years**, except in the exigency of the service or as teaching or medical staff in educational institutions and hospitals, respectively.

CONGRESSIONAL OVERSIGHT AND IMPACT ASSESSMENT



Joint Congressional Oversight Committee shall be created to oversee, monitor, and evaluate the implementation of the GOP



President to submit a **report to Congress** after completion of implementation of the GOP



DBM to commission the conduct of an **independent impact assessment** of the Program three (3) years after its completion

SUNSET PROVISION

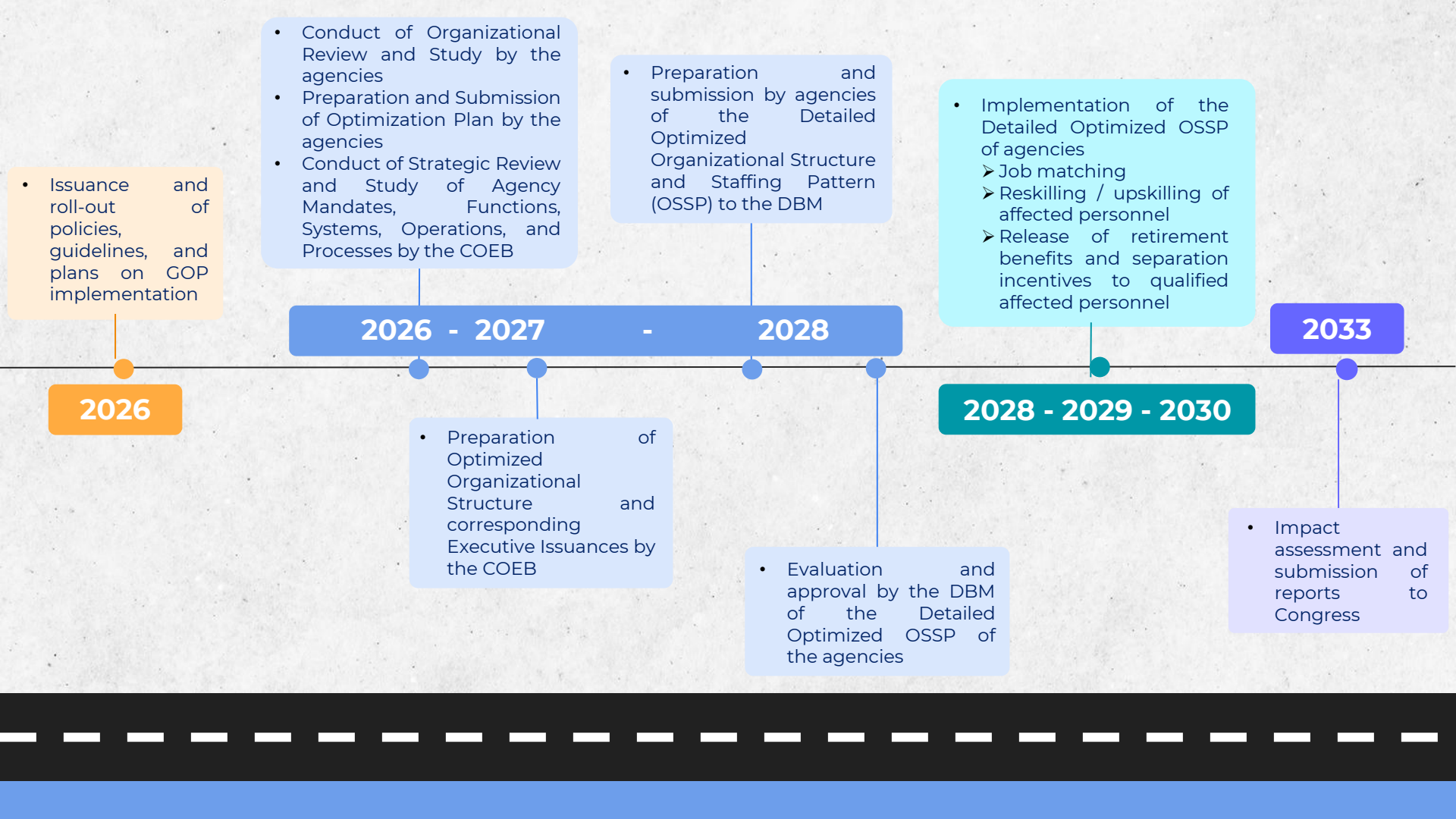


The authority given to the President under the Act shall **end five (5) years** after its effectivity.

GOP IMPLEMENTATION

TIMELINE OF ACTIVITIES





BENEFITS OF THE GOP AND

IMPACT TO FILIPINO PEOPLE



BENEFITS OF THE GOP ON THE BUREAUCRACY



Address government dysfunctions



**Improve organizational
and employee productivity**

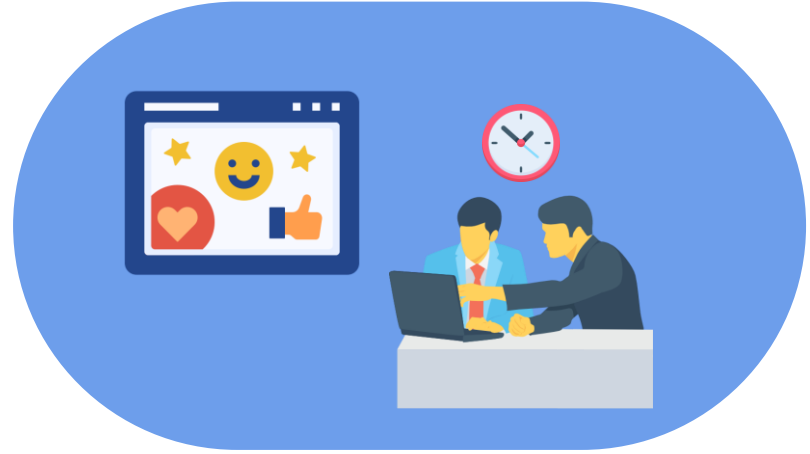


**Improve government interoperability
and service delivery**

IMPACT TO FILIPINOS



**More responsive
government programs**



**Improved public service
delivery**

Thank you!



**COMMITTEE ON OPTIMIZING THE EXECUTIVE
BRANCH (COEB) SECRETARIAT**

Systems and Productivity Improvement Bureau

Department of Budget and Management

General Solano St., San Miguel, Manila

Email: coebsecretariat@dbm.gov.ph

Trunkline: (02) 8657-3300 loc. 1237/1238