

IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT NO. 12231, OTHERWISE KNOWN AS THE "GOVERNMENT OPTIMIZATION ACT";

IRR of REPUBLIC ACT NO. 12231, January 23, 2026

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Pursuant to Section 24 of Republic Act (RA) No. 12231 ("Government Optimization Act") dated August 4, 2025, the following rules and regulations are hereby promulgated and adopted:

RULE I - GENERAL PROVISIONS

Section 1. Short Title and Purpose. This Implementing Rules and Regulations hereinafter called the IRR, is issued pursuant to Section 24 of RA No. 12231, otherwise known as the "Government Optimization Act," for the purpose of prescribing the necessary rules and regulations for the effective implementation of the Government Optimization Program (GOP), hereinafter referred to as the "Program," for brevity, in accordance with the state policies and principles declared under the Act.

Section 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, redundancies, overlaps, and duplications in its operations, and simplify its rules and regulations, system, and processes, while protecting the welfare and civil servants and other government workers.

RULE II - DEFINITION OF TERMS

Section 3. Definition of Terms. For purposes of the implementation of the Program, the following terms or words and phrases shall mean or be understood as follows:

a)

Abolition refers to the dissolution of an agency or unit and the discontinuance of its operations, or the elimination of a position deemed obsolete, unnecessary, redundant, or overlapping.

b)

Affected personnel refers to government officials and employees, whether regular, contractual, or casual, who may be affected by organizational actions arising from the results of the strategic review and study under the

Program.

For purposes of the implementation of the Program, affected personnel specifically refers to those whose positions have been officially declared redundant and to be abolished, and can no longer be placed in the new/optimized staffing pattern, hence, are given the options provided under Sections 13 and 16 of the Act, as reiterated under Section 28 of this IRR.

c)

Consolidation refers to the dissolution of two (2) or more agencies or units with duplicating or overlapping functions to create a new one.

d)

Creation refers to the establishment of an agency, unit, or position deemed necessary for the agency's operations or performance of essential functions.

e)

Deactivation refers to the act of making dormant or non-operational an agency or unit by phasing out its functions or transferring them to other agencies or units, and discontinuing the provision of resources. An agency or unit is rendered dormant or non-operational if it is defunded and its operation is terminated but its formal existence continues. A deactivated agency or unit is devoid of any activity, personnel, financial, and physical resources.

f)

Detailed Optimized Organizational Structure refers to the output of a government agency that provides information on the systematic arrangement and functions of the divisions and units within the organization. This shall be based on the Optimized Organizational Structure that shall be developed by the Committee on Optimizing the Executive Branch (COEB).

g)

Exigency of the service refers to a situation where government service is urgently needed and where any delay in its execution and delivery will adversely affect the outcome of the service to clients and its effective and efficient delivery.

h)

Merger refers to the combination of two (2) or more agencies or units, whereby the identity of one is retained and

the other agency/ies or unit/s is/are abolished or deactivated.

i)

Optimization refers to the process of analyzing and designing the appropriate roles, mandates, structures, functions, sizes, systems, and processes of government agencies to ensure effective, responsive, and efficient service delivery.

j)

Optimized Organizational Structure refers to the output of the COEB, which shall contain the appropriate structure of government agencies and their corresponding mandates and functions, resulting from the conduct of strategic review and study.

k)

Phasing out refers to the gradual elimination or discontinuance of a function, program, activity, or project through the sequential or selective abolition of its parts, until the said function, program, activity, or project ceases to exist.

l)

Placement refers to the process of matching the position, qualifications, and skills of the personnel with the needs of the agencies, which occurs when the individual is assigned to a particular job.

m)

Reskilling refers to the process of acquiring new skills that will enable affected personnel to perform functions of the position to which they may be transferred to.

n)

Scaling down refers to the reduction in the intensity or magnitude of a function, program, activity, or project either by eliminating selected components or reducing the geographical, demographic, or clientele coverage, the types of services rendered, or the level of outputs.

o)

Staffing pattern refers to the staffing complement of an agency which shows the number of authorized positions by class and occupational group for each organizational unit within the agency.

p)

Strengthening refers to the act of increasing the targets of a core function or its expected goods or services and the desired impact of these, or widening its clientele or geographical coverage by infusing additional physical, financial, and other resources to it.

q)

Transfer refers to the movement of an agency, unit, or function to another where it properly belongs or its functions are more aligned, or of a position or employee from one organizational unit to another within the same department or agency, or from one department or agency to another, with equivalent rank, level, or salary.

r)

Upskilling refers to the process of enhancing the existing skills of affected personnel to enable them to more proficiently perform the functions of the position to which they may be transferred to.

RULE III - COVERAGE

Section 4. Coverage. The implementation of the Program shall cover all agencies of the Executive Branch, including departments, bureaus, offices, commissions, boards, councils, and all other entities attached to or under their administrative supervision, and government-owned or -controlled corporations (GOCCs) not covered by RA No. 10149 or the "GOCC Governance Act of 2011."

The following positions shall be excluded in the coverage of the Program:

a)

Teaching and teaching-related positions in elementary, secondary, technical or vocational schools, state universities and colleges, and non-chartered tertiary schools; and

b)

Military and uniformed personnel in the Department of National Defense, the Department of the Interior and Local Government, the Department of Transportation, the Department of Environment and Natural Resources, and the Department of Justice.

Provided, That the agencies concerned shall ensure that the personnel occupying such excluded positions possess the prescribed qualifications and are actually performing the functions corresponding to said excluded positions.

The Legislature, Judiciary, Constitutional Commissions, and the Office of the Ombudsman may, within their respective authorized appropriations, optimize their respective offices, consistent with the principles and guidelines contained in the Act, this IRR, and within the parameters of the Unified Position Classification and Compensation System established under RA No. 6758, as amended.

Local government units (LGUs) may also optimize their respective offices, consistent with the governing principles and guidelines contained in the Act, this IRR, and the provisions of RA No. 7160 or the "Local

Government Code of 1991," as amended, and subject to their financial capability.

The Governance Commission for GOCC shall continue to exercise its authority under RA No. 10149 to recognize, merge, streamline, abolish, or privatize any GOCC, in consultation with the department to which the GOCC is attached.

RULE IV - GOVERNING PRINCIPLES

Section 5. Governing Principles. The National Government shall implement the Program in accordance with the following principles:

a)

The scope, level, and prioritization of government programs, activities, and projects, as well as the appropriate manner for providing the public goods and services shall be determined in accordance with the constitutional mandate, political and socio-economic contexts, objectives, and available resources of the government;

b)

The government shall establish a conducive policy environment to encourage the active engagement of the private sector and civil society organizations in the production and delivery of goods and services;

c)

The government shall recognize the principle of equal pay for equal work;

d)

The government shall respect the right to self-organization of employees in the public sector, and shall encourage participation in matters affecting their rights;

e)

The delineation of functions and responsibilities between the National Government and the LGUs in the provision of public goods and services shall be clearly defined, consistent with the provisions of RA No. 7160, as amended, and other pertinent laws and issuances, to provide a more seamless, accessible, and responsive government service to the people;

f)

A whole-of-nation approach shall be adopted to ensure seamless operations of agencies within and across sectors and to better anticipate and be more responsive to public needs;

g)

Government operations shall be simplified so that the agencies can focus on the performance of their core functions and implementation of programs and projects that will lead to the attainment of the desired sectoral and national goals and outcomes;

h)

Government systems and processes shall be streamlined and modernized to facilitate the delivery and upgrade the quality of frontline services, improve policy formulation, planning, and performance evaluation, and to raise the overall productivity of the public sector;

i)

Digitization and e-governance shall be utilized as means to efficiently optimize government roles and provide prompt and effective services to the people;

j)

Government rules, procedures, and requirements shall be rationalized to reduce the regulatory burden on citizens, businesses, and other stakeholders, as well as reduce the administrative burden on the part of the government; and

k)

The organizational structure of an agency shall be designed and optimized to facilitate the effective, efficient, and economical implementation of programs and projects, and attainment of organizational outputs and outcomes, and its appropriate staffing mix shall be determined based on the skills and competencies required to effectively and efficiently carry out the agency mandate and functions.

RULE V - AUTHORITY OF THE PRESIDENT TO OPTIMIZE THE OPERATIONS OF THE EXECUTIVE BRANCH

Section 6. Authority of the President to Optimize the Operations of the Executive Branch. Pursuant to Section 6 of the Act, the President is granted the following authority in optimizing the operations of the different agencies in the Executive Branch:

a)

To pursue the following functional shifts or modifications:

1)

Strengthen the functions of the agency that directly contribute to the targeted ultimate societal outcomes of the National Government and/or the targeted sector or sub-sector outcomes of the agency;

2)

Scale down, phase out, eliminate, or discontinue functions, programs, projects, or activities that can be better carried out or undertaken by the private sector, or have already been devolved to LGUs consistent with the governing principles provided in the Act; and

3)

Transfer or integrate functions from one agency to another which can better perform the same, or split functions of agencies, bureaus, and offices that may be conflicting or multifarious.

b)

To implement the following organizational and staffing actions, upon determination of the COEB that is in the best interest of the State to create, reorganize, merge, streamline, abolish, or deactivate agencies, offices, or units:

1)

Merge or consolidate agencies whose functions are unnecessarily overlapping or duplicating and can be undertaken by a single entity, or whose clients are similar or related, to rationalize the use of government resources;

2)

Transfer agencies, units, or positions to another department, agency, or unit where their functions are more aligned;

3)

Split agencies or units with multifarious functions that are deemed distinct but equally important aspects of governance;

4)

Create new agencies, offices, or positions, as needed, to strengthen the capacity of government agencies to perform their mandate;

5)

Regulate ad hoc offices whose functions are vital and significant, and must be continually undertaken by the government; and

6)

Abolish or deactivate agencies or units, subject to evaluation and favorable recommendation of the COEB, based on any of the following grounds:

i)

the functions are already redundant, no longer relevant or necessary, or can be better undertaken by another entity or subsumed under other agencies/units;

ii)

the agency is no longer achieving the objectives and purposes for it was originally created;

iii)

the agency's continued operation is not cost-effective since it does not generate the desired level of outputs and outcomes vis-a-vis the resource inputs; or

iv)

the agency or unit has become non-operational or dormant and/or has outlived its purpose.

RULE VI - COMMITTEE ON OPTIMIZING THE EXECUTIVE BRANCH

Section 7. Creation of the COEB. Pursuant to Section 7 of the Act, the COEB is created to oversee the implementation of the Program. The COEB shall be convened within thirty (30) days from the effectivity of the Act to commence the exercise of its powers and functions. It shall be composed of the following:

a) Executive Secretary as Chairperson;

b) Secretary of the Department of Budget and Management (DBM) as Co-Chairperson;

c) Secretary of the Department of Economy, Planning, and Development (DEPDev) as member;

d) Chairperson of the Civil Service Commission (CSC) as member; and

e) Director-General of the Anti-Red Tape Authority (ARTA) as member.

The foregoing may appoint a representative who shall be at least a third (3rd) ranking official of the agency, or

whose position is the third (3rd) highest based on the agency's approved staffing pattern, in accordance with Section 10 of this IRR.

A government employee representative, who shall be the Public Sector Labor-Management Council (PSLMC) sectoral labor representative, depending on the agency or unit being considered for optimization, shall also be a member of the COEB.

The COEB shall organize sub-committees composed of experts on government operations, organizational development, and human resource management, with a secretariat for each sub-committee composed of regular personnel from said agencies, to assist in the performance of its functions.

Section 8. Participation of the PSLMC Sectoral Labor Representative in the COEB. The duration of the membership of the PSLMC sectoral labor representative to the COEB shall only be coincide with duration of the optimization process of an agency. Their participation shall be limited to proceedings directly involving the optimization of the agency or unit which they represent.

For this purpose, the PSLMC shall facilitate the determination of the representatives per each sector. The list of official representatives per sector shall be submitted by the PSLMC to the COEB.

Section 9. Powers and Functions of the COEB. The COEB shall exercise the following powers and functions:

a)

Develop the policies, frameworks, indicators, strategies, and mechanisms, in consideration of the lessons learned from previous efforts on reorganization, to be adopted in the implementation of the Program;

b)

Develop a GOP Management Plan containing, among others, the activities, responsibilities, and resource requirements that shall be adopted to ensure its effective implementation. The DBM, as the COEB Secretariat, shall facilitate the preparation of the GOP Management Plan and submission of the same to the President within thirty (30) days from the issuance of this IRR;

c)

Conduct studies on the mandates, functions, programs, projects, operations, structures, and manpower complement of the different government agencies and instrumentalities covered by the Program;

d)

Develop and prepare the Optimized Organizational Structure of agencies concerned and the corresponding executive issuances for approval by the President, in accordance with the provisions of Section 6 of the Act;

e)

Develop and prepare the overall change management program, which shall include communication plans, the appropriate Organizational Development Program (ODP), and other mechanisms to effectively manage the

transition, ensure the smooth implementation of the Program, and safeguard the welfare of employees affected by the optimization efforts;

f)

Monitor the different agencies' implementation of their respective approved optimization plans, and report to the President any issue that must be addressed; and

g)

Engage the services of experts or consultants, through the DBM, and create technical working groups, to assist the COEB and its sub-committees in the performance of their functions.

Section 10. Designation of Primary and Secondary Representatives to the COEB. To ensure representation and facilitate coordination and collaboration on all matters relative to the functions of the Committee, all members of the COEB shall designate, within fifteen (15) days from the effectivity of this IRR, at least a third (3[rd]) highest ranking official, within their respective offices, to serve as their primary and secondary representatives in the COEB. The members of the COEB shall inform the DBM, as the COEB Secretariat, of their designated primary and secondary representatives.

The members of the COEB shall be responsible for overseeing the performance of the powers and functions of their respective agencies in the implementation of the Act and this IRR.

Section 11. Secretariat of the COEB. The DBM shall provide the necessary secretariat services to the COEB and designate focal persons for each sub-committee to ensure effective coordination. As Secretariat of the COEB, the DBM shall perform the following functions and responsibilities:

a)

Coordinate the activities of the COEB with the agencies and stakeholders concerned;

b)

Facilitate the development of policies and the implementation of the corresponding activities that will contribute to the optimization efforts;

c)

Prepare and recommend the agenda, resolutions, minutes, and other similar documents for the COEB meetings and other activities;

d)

Prepare and/or consolidate the necessary reports on the activities and accomplishments of the COEB and its

sub-committees in support of the annual report to be submitted by the COEB to the Office of the President (OP);

e)

Develop and maintain a monitoring and evaluation system on the status of the approval and implementation of the optimized organizational structures of the agencies concerned;

f)

Maintain the documents and records of the COEB and establish a database and/or a secure online portal for the purpose, to serve as guide in decision making; and

g)

Perform such other tasks as may be directed by the COEB.

Section 12. Sub-Committee on Human Resource Welfare (SC-HRW). The SC-HRW is hereby organized to oversee, formulate, and implement policies, programs, and other support mechanisms for affected personnel defined in Section 3 of this IRR.

The SC-HRW shall be composed of the following:

Chairperson: CSC

Co-Chairperson: DBM

Members: Office of the Executive Secretary

DEPDev

ARTA

Government Service Insurance System (GSIS)

Other relevant agencies, such as the Department of Labor and Employment (DOLE) and Department of Trade and Industry (DTI), as well as experts on human resource management, may be invited as resource institutions/persons in the deliberations and meetings of the Sub-Committee.

All member-agencies of the SC-HRW shall designate focal officials, with a rank not lower than a Director or its equivalent, to serve as their permanent representative to the Sub-Committee.

Section 13. Functions of the SC-HRW. The SC-HRW shall perform the following functions:

a)

Develop and prepare the overall Change Management Program that shall include the appropriate ODP and other mechanisms to effectively manage the transition, ensure the smooth implementation of the Program, and safeguard the welfare of employees who may be affected by the organizational optimization efforts;

For this purpose, the ODP refers to a structured, long-term initiative designed to improve the agency's capabilities in aligning strategy, structure, processes, and culture to effectively manage change, increase productivity, and foster innovation.

b)

Spearhead the preparation and implementation of reskilling and upskilling programs, in collaboration with the agencies concerned, the CSC, and relevant private institutions in order to prepare the affected personnel who opt not to retire or be separated for deployment to other agencies or offices which require their qualifications, skills, and competencies;

c)

Ensure that affected personnel who are provided with the necessary and adequate information to enable them to decide on the option most beneficial to them; and

d)

Provide opportunities on skills/livelihood/entrepreneurial/investment development or enhancement programs, business management training, and counseling programs for affected personnel, in collaboration with DOLE, DTI, their attached agencies, and other relevant government agencies and private institutions.

Section 14. Sub-Committee on Communications and Public Relations (SC-CPR). The SC-CPR is hereby organized to lead the development and implementation of the communications strategy for the Program.

The SC-CPR shall be composed of the following:

Chairperson: DBM

Co-Chairperson: Presidential Communications Office

Members: Office of the Executive Secretary

CSC

DEPDev

ARTA

Other relevant agencies, such as the Department of Information and Communications Technology, and media outlets may be invited as resource institutions/persons in the deliberations and meetings of the Sub-Committee.

All member-agencies of the SC-CPR shall designate focal officials, with a rank not lower than a Director or its equivalent, to serve as the permanent representative to the Sub-Committee.

Section 15. Functions of the SC-CPR. The SC-CPR shall perform the following functions:

a)

Develop and recommend the approval of the communications plan and toolkit that includes the key messages and information, education, and communication (IEC) materials (e.g., audio visual presentation, public service announcements, social media cards, and press releases, among others) which shall guide the agencies on their deliverables under the Program;

b)

Coordinate with other agencies concerned for the effective dissemination of the IEC materials to the target audience;

c)

Conduct communications and outreach activities, such as workshops, dialogues, and media engagements to advocate for the Program;

d)

Identify the communication challenges and information gaps of the government and other relevant stakeholders, which may be addressed by the COEB;

e)

Submit a quarterly report of its proceedings and accomplishments to the COEB Secretariat for monitoring purposes;

f)

Establish a feedback mechanism for concerns on the Program, which may include a hotline, to be headed by the CSC;

g)

Direct agencies to designate their respective official focal person/s for the Program;

h)

Conduct periodic evaluation of the communications plan and recommend its updating, as necessary; and

i)

Perform such other tasks as may be directed by the COEB.

Section 16. Creation of Other Sub-Committees. In addition to the sub-committees created under Sections 12 and 14 of this IRR, the COEB may organize other sub-committees, as necessary, to assist in the performance of its functions.

**RULE VII - STRATEGIC REVIEW AND STUDY ON THE
MANDATES, FUNCTIONS, SYSTEMS, OPERATIONS,
AND PROCESSES OF THE EXECUTIVE BRANCH**

Section 17. Conduct of Strategic Review and Study on the Mandates, Functions, Systems, Operations, and Processes of the Executive Branch. Within one (1) year from the effectivity of this IRR, the COEB, through its sub-committees, shall conduct and endeavor to complete a complete a strategic review and study on the roles, mandates, functions, programs, projects, operations, structures, and manpower complement of the different agencies under the Executive Branch for purposes of:

a)

Determining the role of the government, as well as the suitable extent of government intervention, in the sectoral areas covered;

b)

Identifying, among others, areas of dysfunctions and bureaucratic inefficiencies in the sectoral areas covered and concerned government agencies;

c)

Assessing the relevance of an agency's mandates, functions, programs, and projects in pursuit of the country's socio-economic and development goals and outcomes; and

d)

Providing recommendations on the appropriate roles, mandates, and functions of government agencies, organizational actions to improve efficiency and interoperability of government agencies; and necessary transformational and organizational changes that can be implemented in the sectoral areas and/or agencies concerned.

The conduct of the strategic review and study shall be consistent with the governing principles set forth under Section 5 of the Act and may contain the recommended actions provided in Section 6 of the Act.

Based on the timelines of activities contained in the GOP Management Plan, and as may be necessary, the COEB may adjust the period for the conduct of the strategic review and study under this Section and formulate a prioritization framework for the sectors and agencies covered by the Program, taking into consideration their alignment with national development priorities, cost-effectiveness and fiscal impact, service delivery impact, and technology and innovation potential, among others.

RULE VIII - PRE-REQUISITES TO OPTIMIZATION

Section 18. Organizational Review and Study. All agencies covered by the Program shall conduct an organizational review and study of the agency's mandates, missions, objectives, functions, systems, procedures, programs, activities, projects, organizational structure, staffing pattern, and manpower complement. Said organizational review and study shall also include the evaluation of the qualifications and performance of all personnel.

The Agency Head shall ensure that the findings and recommendations arising from the organizational review and study shall be considered in the formulation of the Optimization Plan.

For this purpose, the agencies may engage the services of consultants who are experts and knowledgeable on the mandates, functions, and operations of the department/agency and its sectoral coverage, subject to the provisions of RA No. 12009 and its IRR.

Section 19. Agency Optimization Plan. The agency shall formulate an Optimization Plan consistent with the governing principles set forth under Section 5 of the Act, which shall include areas where improvements are necessary and areas where more resources need to be rechanneled as part of its institutional strengthening effort.

The Agency Head shall lead and oversee the preparations of the Optimization Plan of his/her department/agency. The Optimization Plan of each department shall consider the optimization efforts of the department itself, the agencies and GOCCs under its supervision and control or its administrative supervision, as well as those attached for policy and program coordination.

The Agency Head shall institute mechanisms to ensure harmonization of its optimization efforts for the sector concerned and the timely preparation and submission of the Optimization Plan of his/her department/agency.

The Optimization Plan may also include the agency's requirement for additional plantilla positions for its qualified casual or contractual personnel, as well as its job order or contract of service workers with a minimum of ten (10) years of continuous service in the agency, subject to a cap or quota as may be determined by the COEB and the existing civil service laws, rules, and regulations, and the CSC-approved Merit Selection Plan of the agency: Provided, That the optimized agency shall not be allowed to hire casual and contractual personnel, as well as job order or contract of service workers, within five (5) years from the time of the Optimization Plan is implemented.

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.

Accordingly, the Optimization Plan shall reflect the results of stakeholder consultations conducted during its preparation, ensuring that the perspectives of affected personnel, service clients, and other relevant stakeholders are duly considered in the formulation of the Plan.

Section 20. Submission of the Optimization Plan. The Optimization Plan, which shall consider the results of the organizational review and study, shall be submitted by the Agency Head to the COEB within one hundred eighty (180) days from the effectivity of this IRR. The DBM and the CSC may extend assistance to the agencies in the preparation of the Optimization Plan, as may be necessary.

In case of failure on the part of the agency to submit the Optimization Plan within the prescribed period, the COEB shall provide an Optimization Plan for the agency based on the findings and recommendations arising from its strategic review and study and on the recommendations of the DBM, and submit the same to the President. The OP may conduct consultations with the agencies concerned, as may be deemed necessary.

Section 21. Guidelines on the Conduct of Organizational Review and Study and Preparation of Agency Optimization Plan. The guidelines on the conduct of organizational review and study, and the preparation and submission of the Optimization Plan by the agencies shall be prescribed in a separate policy to be issued by the COEB within sixty (60) days from the effectivity of this IRR.

RULE IX - SUBMISSION OF THE OPTIMIZED ORGANIZATIONAL STRUCTURES OF GOVERNMENT AGENCIES

Section 22. Submission of the Optimized Organizational Structure and Proposed Executive Issuances to the President. Within one hundred eighty (180) days from the completion of the conduct of strategic review and study for a particular sector pursuant to Section 17 of this IRR, the COEB shall submit to the President the Optimized Organizational Structures of agencies concerned and the corresponding draft executive issuances, taking into consideration the results and findings of the said strategic review and study and the Optimization Plans submitted by the agencies.

The executive issuances to be submitted by the COEB to the President should include the functional shifts/modifications and organizational actions to be pursued consistent with Section 6 (a) and (b) of this IRR, as well as a provision on the winding down of operations of agencies/units to be abolished, merged, or consolidated.

The Committee shall ensure that consultations with the agencies and other stakeholders concerned are conducted in the preparation of the Optimized Organizational Structures of agencies and the corresponding draft executive issuances.

Section 23. Submission of the Detailed Optimized Organizational Structure and Staffing Pattern (OSSP) to the DBM. Within ninety (90) days after the approval by the President of the proposed executive issuances submitted by the COEB, or based on the timeline prescribed in the pertinent executive issuances, Agency Heads shall prepare and submit to the DBM the Detailed OSSP of their respective agencies, including its estimated cost, for evaluation and approval.

The department/agency shall conduct consultations with its employees and other stakeholders concerned in the preparation of the Detailed Optimized OSSP.

The DBM and CSC shall provide assistance to agencies concerned in the preparation of their respective Detailed Optimized OSSPs.

Section 24. Compliance of Government Agencies. All government agencies covered by the Act are hereby directed to comply with the directives of the COEB and ensure the timely submission of the necessary documents,

as may be required by the COEB and its Sub-Committees, to ensure the smooth and successful implementation of the Program.

RULE X - CHANGE MANAGEMENT PROGRAM AND PLACEMENT TEAM IN AGENCIES

Section 25. Change Management Program. In proper cases, agencies shall ensure that a Change Management Program is developed and carried out to ensure the smooth and effective implementation of the Program within the agency.

Section 26. Creation of a Change Management and Placement Team. A Change Management and Placement Team (CMPT) shall be constituted each agency to assist the Agency Head in the preparation of the Detailed Optimized OSSP.

The CMPT shall be composed of the officials/personnel from the different offices/units of the agency, such as those performing human resource, planning, finance, management improvement, and central office and field operations-related functions.

In addition, the CMPT shall have at least one (1) representative of the agency's accredited union sitting in as member. In the absence of an accredited union in the agency, the rank-and-file employees shall elect from among their ranks their representative/s to the CMPT through an assembly organized for the purpose.

Section 27. Functions of the CMPT. The CMPT in each agency shall perform in the following functions:

a)

Conduct an organizational review and study of the agency's mandates, missions, objectives, functions, systems, procedures, programs, activities, projects, organizational structure, staffing pattern, and manpower complement, including the evaluation of the qualifications and performance of all personnel;

b)

Assist the Agency Head in the preparation of the Optimization Plan of the agency;

c)

Conduct consultation meetings with the affected personnel and other stakeholders concerned;

d)

Develop an implementation plan and strategies to ensure effective transition of the department/agency to the DBM-approved Detailed Optimized OSSP;

e)

Oversee the actual implementation of the DBM-approved Detailed Optimized OSSP; and

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.

RULE XI - PERSONNEL OPTIONS AND POLICIES

Section 28. Options for Affected Personnel Under the Program. Personnel whose positions have been officially declared redundant under the Detailed Optimized OSSP of an agency by reason of functional overlap or duplication, obsolescence or irrelevance, devolution of functions/services/programs to LGUs, or transfer to other agencies, which will result in the positions/ abolition, shall have the following options:

a)

Remain in government service and:

1.

Occupy vacant positions within the agency, if qualified, without reduction in salary, pursuant to Section 16 of the Act; or

2.

Apply for transfer to other agencies/GOCCs, subject to CSC rules and regulations, pursuant to Section 16 of this Act; or

b)

In the case of affected personnel hired on a permanent basic and with appointments attested by the CSC, retire or separate from the service and avail of the retirement benefits and separation incentives as provided under Section 13 of the Act.

The list of personnel whose positions have been officially declared redundant shall be submitted by the agency concerned to the DBM and CSC for monitoring purposes.

The affected personnel who will opt to remain in government service shall undergo a reskilling or upskilling program, whichever is appropriate, to capacitate them for re-deployment to other units within the department/agency or other agencies, consistent with Section 30 of this IRR.

The personnel movement, including the conduct of reskilling and upskilling, shall be completed within one (1) year from the approval of the Notice of Organization, Staffing and Compensation Action (NOSCA) by the DBM.

Affected personnel who initially opted to remain in government service but would later decide to retire after the

expiration of the sixty (60)-day deciding period reckoning from the date of approval of the NOSCA by the DBM may do so under any of the existing retirement schemes, as applicable, but shall no longer be allowed to avail of the separation incentives under Section 13 of the Act.

Section 29. Procedures for the Placement of Personnel to Vacant Positions Within the the Department/Agency. The following guidelines and procedures shall be adopted in the placement of affected personnel in vacant positions within the agency.

a)

The placement of personnel in the DBM-approved Detailed Optimized OSSP of the agency shall, as far as practicable, be consistent with RA No. 6656 or "An Act to Protect the Security of Tenure of Civil Service Officers and Employees in the Implementation of Government Reorganization," CSC Resolution No. 240098 on the Revised Rules on Government Reorganization, and other applicable civil service laws, rules, and regulations.

b)

For purposes of this Section, a position is considered comparable if it is at the same class level and belongs to the same occupational service as the position prior to the optimization efforts, with the same, similar, or functionally related duties and responsibilities, but not necessarily with the same salary grade (SG) assignment.

To illustrate, the position of Senior Manpower Development Officer (SG-18) is comparable to the position of Senior Labor and Employment Officer (SG-19).

In cases where the SG of the comparable position is lower than that of the incumbent's former position, the incumbent may continue to receive the salary corresponding to his/her former position.

c)

Incumbents who placed to comparable positions during the implementation of the Program must have met the qualification standards for the position in the approved staffing patter, except those positions governed by special laws and/or requiring practice of profession.

29.2 Procedures for the Transfer of Personnel to Other Agencies. The following guidelines and procedures shall be adopted in the placement of affected personnel who will opt to apply for transfer to other agencies:

a)

Affected personnel shall inform their respective agency's CMPT of their top three (3) preferred recipient agencies where they will apply for transfer to, subject to the availability of positions and compliance with the prescribed Qualification Standards of the said positions.

b)

The CSC and the DBM, in consultation with the various departments and public sector unions, shall develop and publish in their respective websites the list of agencies where additional personnel are required.

The agencies, through their respective CMPTs, shall provide the CSC with the details of the affected personnel opting to transfer to other agencies and their preferred three (3) agencies.

c)

Within sixty (60) days upon receipt of the preferred three (3) agencies of the affected personnel, the CSC shall match the position, qualifications, and skills of the said personnel. The CSC shall match the position, qualifications, and skills of the said personnel with the requirements of the agencies needing additional personnel.

d)

Upon acceptance or approval by the recipient agency of the transfer of the affected personnel, the corresponding Transfer Order (TO), signed by the CSC Regional Director and indicating the new assignment of the affected personnel, shall legitimize the transfer and formalize the integration of the said personnel to the recipient agency. The TO shall be issued to the affected personnel concerned, copy furnished the DBM.

e)

Upon receipt of the TO, the DBM shall prepare and issue the NOSCA, and the necessary Special Allotment Release Order and Notice of Cash Allocation for the Personnel Services requirements of the transferred personnel.

f)

If match has been found by the CSC and the affected personnel refuses to be placed in the Recipient Agency, they shall be deemed separated/retired, and paid the applicable separation/retirement/unemployment benefits under existing laws, but without the corresponding separation incentives under the Act.

g)

The placed personnel shall enjoy security of tenure in the Recipient Agency in accordance with civil service rules and regulations.

The DBM and CSC shall issue the additional guidelines and specific procedures, as necessary, to be adopted in the placement of affected personnel in vacant positions within the agency and to other agencies.

Section 30. Upskilling and Reskilling Program for Affected Personnel Who Opt Not to Retire or Separate from the Service. A reskilling and upskilling program shall be implemented for affected personnel who opt to remain in

government service, to support their re-deployment to positions following the approval of the Detailed Optimized OSSP under the Program.

In coordination with the CSC, the Agency Human Resource Management Offices (HRMOs) shall also conduct a skill gap assessment to determine the reskilling and upskilling needs of affected personnel within sixty (60) days upon the approval of the Detailed Optimized OSSP.

Based on the results of the assessment, a targeted Reskilling and Upskilling Plan for affected personnel shall be developed by the HRMOs of the agencies concerned within thirty (30) days from the conduct of the skills gap assessment. Said Plan shall specify the training programs, appropriate delivery modes (e.g., in-person, online, blended), and expected learning outcomes.

The trainings shall be conducted by accredited government training institutions, such as the Civil Service Institute, Development Academy of the Philippines, and other relevant training providers, depending on the identified agency mandate and identified competency requirements, within ninety (90) days following the completion of the agency's Reskilling and Upskilling Plan.

The services of training providers in the private sector may be tapped in cases where the required capacity development programs are not available in the government training institutions.

The agency's respective HRMOs shall monitor training participation and completion, and shall ensure that personnel receive certification upon successful completion of the Reskilling or Upskilling Program. Said certification shall form part of the personnel's official training record.

To ensure the successful implementation of the Upskilling and Reskilling Program, the CSC shall provide policy guidance, set standards for training design and delivery, and assist in skills assessment and program evaluation.

Additionally, the conduct of the Upskilling and Reskilling Program shall be funded by the respective implementing agencies' existing appropriations, subject to applicable civil service, budgeting, accounting and auditing laws, rules and regulations.

Section 31. Retirement Benefits and Separation Incentives for Affected Personnel Who Will Opt to Retire or Separate from the Service. The affected personnel hired on a permanent basis and with appointments attested by the CSC who will opt to retire or separate from the service shall be entitled to retirement benefits and separation incentives, as provided under Section 13 of this Act.

a) Qualified affected personnel shall be given the option to avail of any of the following retirement benefits under existing laws:

1)

Retirement gratuity provided under RA No. 1616 or "An Act Further Amending Section Twelve of Commonwealth Act Numbered One Hundred Eighty-Six, as amended, By Prescribing Two Other Modes of Retirement and for Other Purposes," as amended;

2)

Retirement benefit under RA No. 660 or "An Act to Amend Commonwealth Act Numbered One Hundred and Eighty-Six Entitled, "An Act to Create and Establish a Government Service Insurance System, to Provide for Its

Administration, and to Appropriate the Necessary Funds Therefor," and to Provide Retirement Insurance and for Other Purposes;" or

3)

Retirement, separation, or unemployment benefit provided under RA No. 8291 or "An Act Amending Presidential Decree No. 1146, as Amended, Expanding and Increasing the Coverage and Benefits of the Government Service Insurance System, Instituting Reforms Therein and for Other Purposes."

Provided, That affected personnel shall have a minimum of five (5) years of government service to avail of the separation benefits provided under this Act. The GSIS shall formulate guidelines on the grant of separation or unemployment benefits to affected personnel under the aforesaid laws.

Qualified affected personnel who will opt to avail of the benefits under RA No. 1616 shall be entitled to a refund of retirement premiums consisting of both personal and government shares, to be paid by the GSIS. The personnel shall be given the option to avail either the retirement gratuity benefit provided under RA No. 1616 or the separation incentives under Section 13 (b) of the Act, which shall be charged against the General Appropriations Act (GAA).

b)

In addition to said retirement benefits, the affected personnel who would opt to retire or be separated shall be entitled to the following separation incentives, as applicable:

1)

One half (1/2) of the actual monthly basic salary for every year of government service, computed starting from the first year, for those who have rendered five (5) years to less than eleven (11) years of service;

2)

Three-fourths (3/4) of the actual monthly basic salary for every year of government service, computed starting from the first year, for those who have rendered twenty-one (21) to less than twenty-one (21) years of service; and

3)

The actual monthly basic salary for every year of government service, computed starting from the first year, for those who have rendered twenty-one (21) to less than thirty-one (31) years of service; and

4)

One and one-fourth (1 1/4) of the actual monthly basic salary for every year of government service, computed starting from the first year, for those who have rendered thirty-one (31) years of service and above.

The actual monthly basic salary shall refer to the affected personnel's salary as of the date of approval of the agency's Detailed Optimized OSSP by the DBM.

The incentive of the affected personnel who would opt to retire or separate from the service shall be computed as follows:

$$SI = MBS \times IF \times Y$$

SI

=

Separation incentive

MSB

=

Actual monthly basic salary of the employee

IF

=

Incentive factor of 0.50, 0.75, 1.00, or 1.25, as the case may be

Y

=

Length of government services in years, months and days converted in years

To convert a given number of months into a year, divide the number of months by 12 months. To convert a given

number of days into a year, divide the number of days by 264, which was derived by multiplying 22 days/month by 12 months/year.

Provided, That for the purpose of computing the total amount of separation incentives that affected personnel will receive, only the government service rendered up to age fifty-nine (59) and a fraction thereof will be counted. Government service from the age of sixty (60) will no longer be subject to the separation incentives provided therein, without affecting the original incentive factor determined based on the actual years of service of the affected personnel, as applicable.

Provided, further, That to comply with the required number of years of service under RA No. 8291, the portability scheme under RA No. 7699 or "An Act Instituting Limited Portability Scheme in the Social Security Insurance Systems by Totalizing the Workers' Creditable Services or Contributions in Each of the Systems" may be applied, subject to existing policies and guidelines.

The number of personnel who will avail of separation incentives under Section 13 (b) personnel who retired or were separated from service shall be entitled to the following benefits, among others, under applicable laws:

a)

Refund of Pag-IBIG Contributions - All affected personnel who are members of the Pag-IBIG fund shall be entitled to the refund of their contributions (both personal and government), pursuant to existing rules and regulations of the Home Development Mutual Fund; and

b)

Communication of Unused Vacation and Sick Leave Credits - All affected personnel shall be entitled to the commutation of unused vacation and sick leave credits in accordance with existing rules and regulations.

Section 33. Period of Availability of the Retirement Benefits and Separation Incentives. The retirement benefits and separation incentives provided under the Act shall be available within sixty (60) days from the issuance by the DBM of the NOSCA to the agencies concerned.

RULE XII - PROHIBITION ON REEMPLOYMENT AND NON-INTERRUPTION OF GOVERNMENT SERVICE DURING THE TRANSITION PERIOD

Section 34. Prohibition on Reemployment of Personnel Retired/Separated from the Service. Affected personnel who retired or were separated from the service as a result of the implementation of the Program shall not be reemployed in any agency of the National Government, including all GOCCs covered and not covered by RA No. 10149, 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.

Pursuant to the Omnibus Rules on Appointment and Other Human Resource Actions (ORAOHRA) issued by the CSC, an exigency of service exists when there are:

a)

National or Local Emergencies, i.e., natural disasters (typhoons, earthquakes, pandemics) declared under RA No. 10121 or RA No. 11469, and armed conflict, terrorism, or severe civil unrest;

b)

Critical Service Disruptions, i.e., sudden vacancy in a key position (e.g., hospital chief during a health crisis, treasury head during budget session) and systematic failure (e.g., information technology collapse in an agency);

c)

Statutory or Judicial Deadlines, i.e., mandated deliverables (e.g., election preparations, audit reports); and

d)

Operational Necessity, i.e., projects of national significance (e.g., infrastructure deadlines, peace talks).

On the other hand, exigency cannot be invoked for:

a)

Routine workload fluctuations;

b)

Personal preferences of officials (e.g., reassigning an employee due to interpersonal conflicts);

c)

Actions leading to the circumvention of competitive selection (e.g., favoring unqualified appointees); and

d)

Other forms of avoidance to comply with labor laws and/or due process.

For this purpose, supporting endeavor (e.g., disaster declarations, project timelines, vacancy reports) on the reemployment of such personnel in the exigency of the service shall be submitted as justification by the agency

concerned to the COEB for evaluation and approval.

The engagement of consultancy services by government personnel who retired or were separated as a result of the optimization efforts shall be governed by Section 7 of RA No. 6713 or the "Code of Conduct and Ethical Standards for Public Officials and Employees."

Section 35. Non-interruption of Government Service during the Transition Period. This IRR, or any subsequent guidelines, rules or regulations to be issued in pursuance of the Act or any initiative related to the implementation of the recommendations under the strategic review and study conducted through the Program, shall not operate to suspend or exempt any government office or personnel from compliance with the provisions of RA No. 11032 or the "Ease of Doing Business and Efficient Government Service Delivery Act of 2018."

The agencies shall implement their respective approved Detailed Optimized OSSP in such a manner that government operations will not be delayed or disrupted. For this purpose, agencies affected by the Program shall be given a period of one (1) year from the approval of the NOSCA to fully implement their respective Detailed Optimized OSSPs.

Agencies and personnel shall perform their respective functions, duties, and responsibilities in a holdover capacity until the transition has been completed.

RULE XIII - JOINT CONGRESSIONAL OVERSIGHT COMMITTEE AND REPORTING TO CONGRESS

Section 36. Joint Congressional Oversight Committee on the GOP. Pursuant to Section 18 of the Act, the Oversight Committee created shall oversee, monitor, and evaluate the implementation of the Act.

The Oversight Committee shall be composed of five (5) members each from the Senate and from the House of Representatives, which shall include the Chairpersons of the Senate Committees on Civil Service, Government Reorganization, and Professional Regulations, and Finance, and the Chairperson of the House Committees on Government Reorganization and Appropriations.

The President of the Senate and the Speaker of the House of Representatives shall each designate the remaining three (3) members from the Senate and the House, respectively, one (1) of whom shall be from the minority.

Section 37. Report to Congress. The President shall submit a report to Congress on the results of the Program after the completion of its implementation.

RULE XIV - IMPACT ASSESSMENT

Section 38. Conduct of an Impact Assessment. The DBM shall commission an independent impact assessment of the Program to be conducted three (3) years after its completion to determine, among others, the effects of, and gains and lessons learned from the implementation of the Program.

The impact assessment may also cover those government entities which are not covered by the Act but opted to conduct optimization in their respective agencies. For this purposes, said government agencies, after three (3) years of their implementation of their respective optimization efforts, shall submit a report to the COEB containing data, such as, but not limited to, the resulting functional and organizational shifts; systems, processes, and procedures which were simplified, streamlined/rationalized, and digitalized, and the effects of the optimized set-up on the budgetary allocations of said government entities.

The qualification of the independent entity/expert that will conduct the impact assessment shall be determined by the COEB.

The results, key findings, and recommendations of the impact assessment shall be published in the DBM website upon completion to ensure transparency, accountability, and the continuous improvement of government optimization efforts.

RULE XV - PROVISIONS APPLICABLE TO OTHER BRANCHES OF GOVERNMENT, CONSTITUTIONAL COMMISSIONS, OFFICE OF THE OMBUDSMAN, AND THE LGUs

Section 39. Provisions Applicable to Other Branches of Government, Constitutional Commissions, Office of the Ombudsman, and the LGUs. The governing principles, policies, standards, and guidelines, as well as the activities, conditions and limitations provided in the Act, shall be followed in the implementation of the Program by other branches of government, Constitutional Commission, Office of the Ombudsman, and the LGUs.

The Heads of said offices shall issue their respective IRRs and furnish a copy thereof to the Senate Committees on (i) Civil Service, Government Reorganization and Professional Regulation, and (ii) Finance, the House Committees on (i) Government Reorganization and (ii) Appropriations, and the DBM within thirty (30) days from the approval of the IRR

RULE XVI - GENERAL REQUIREMENTS

Section 40. Funding Requirements. The amounts necessary for the initial implementation of the Act shall be charged against any applicable appropriation items under the current GAA, subject to existing budgeting, accounting, and auditing laws, rules, and regulations. Subsequent amounts needed to continue the implementation of the Program shall be included in the annual GAA, subject to the usual budgetary process.

In the event that the Legislature, Judiciary, Constitutional Commissions, and the Office of the Ombudsman optimize their respective offices in accordance with the provisions of the Act, the funds necessary for the purpose shall likewise be sourced from any applicable appropriations under the GAA.

For GOCCs not covered by RA No. 10149, the amount needed for the implementation of their Optimization Program shall be sourced from their respective corporate funds. In case of funding deficiency, the National Government may assist in the payment of separation incentives of personnel whose salaries and other compensation are covered by RA No. 6758, as amended.

In case the LGUs pursue optimization efforts consistent with the provisions of the Act and RA No. 7160, as amended, the amount needed for the purpose shall be drawn from their respective local government funds.

In the interest of transparency, the funds allocated to the COEB and its sub-committees shall be maintained and utilized in accordance with the existing accounting and auditing rules and regulations, and audited by the COA.

RULE XVII - SUNSET AND FINAL PROVISIONS

Section 41. Sunset Provisions. Without prejudice to the President's inherent power to reorganize the executive branch, the authority given to the President under the Act shall end five (5) years after the effectivity of the Act.

Section 42. Separability Clause. In the event that any provision of this Rules or parts thereof are declared unconstitutional, the remainder thereof not otherwise affected shall remain in full force and effect.

Section 43. Effectivity. This IRR shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

This day of 23 JAN 2026, in Manila, Philippines.

Committee on Optimizing the Executive Branch:

Chairperson:

Co-Chairperson:

(SGD.) RALPH G. RECTO

(SGD.) ROLANDO U. TOLEDO

Acting Executive Secretary

Acting Secretary, DBM

Members

(SGD.) ARSENIO M. BALISACAN

(SGD.) MARILY B. YAP

Secretary, DEPDDev

Chairperson, CSC

(SGD.) ERNESTO V. PEREZ

Director-General, ARTA

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