



PERFORMANCE AGREEMENT

This Performance Agreement has been executed pursuant to the **PERFORMANCE EVALUATION SYSTEM FOR THE GOCC SECTOR (GCG MC No. 2013-02)** between the –

GOVERNANCE COMMISSION FOR GOCCs (GCG)

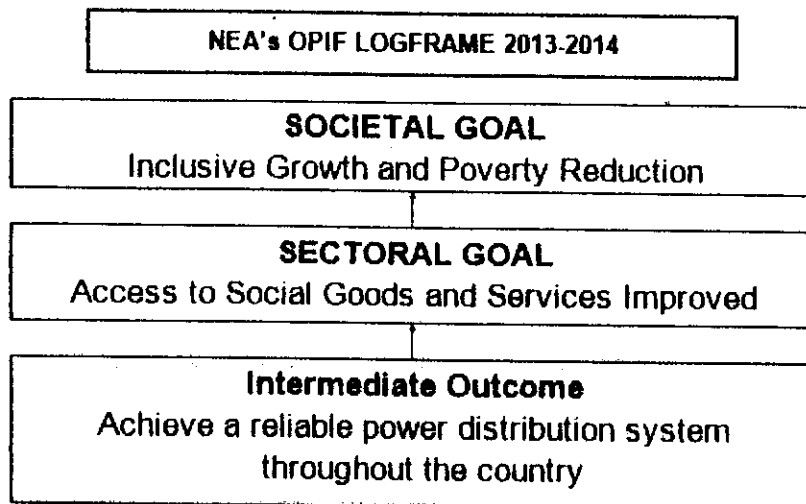
- and -

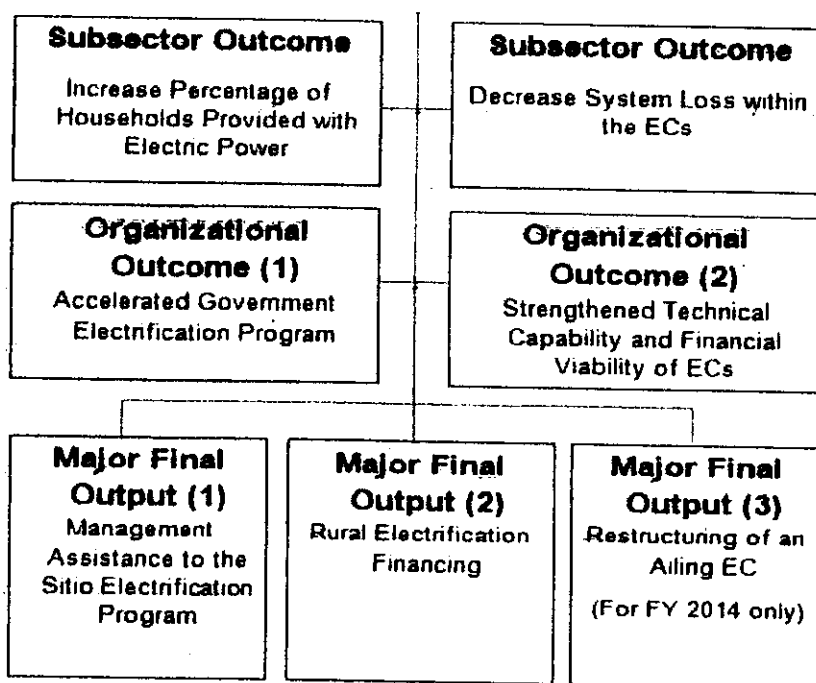
NATIONAL ELECTRIFICATION ADMINISTRATION (NEA)

WITNESSETH: THAT –

The Parties agree to the following terms:

1. **Period.** – This Agreement shall be effective for a period of **two** calendar years beginning from the execution of this agreement and ending on 31 December 2014.
2. **OPIF Logframe.** – NEA's Organizational Performance Indicator Framework (OPIF) for the Period specified in Section 1 hereof and discussed in the Briefer attached hereto as **Annex A**, shall be as follows:





3. **Measurement of Performance.** – Based on the NEA's Performance Scorecard (PES Form 1) attached hereto as *Annex B*, the GOCC's Annual Scorecard shall only be based on the following Measures and Annual Targets, to wit:

| Major Final Output | Performance Indicators* | Weight | | Baseline | | | Annual Targets | |
|------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|-----------|-----------|----------|-------|-------|----------------|------------------|
| | | 2013 | 2014 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Management Assistance to the Sitio Electrification Program | Number of completed and energized sitio projects. | 30 | 30 | N/A | 1,953 | 6,163 | 6,614 | 7,073 |
| | Percentage of sitio electrification projects funded that are fully compliant with NEA standards and specifications. | 15 | 15 | N/A | N/A | N/A | 75%** | 75%** |
| | Percentage of sitios completed and energized within 120 calendar days from release of funds to ECs. | 15 | 15 | N/A | N/A | N/A | 80% | 80% |
| Subtotal of Weights | | 60 | 60 | | | | | |
| Rural Electrification Financing | Amount of loans facilitated (Php Billion) | 15 | 10 | 1,511 | 1,395 | 1,649 | 1,65 | 1,7 |
| | Number of financial assistance packages granted to ECs. | 15 | 10 | 82 | 75 | 65 | 58 | 53*** |
| | Maintain high collection efficiency | 5 | 5 | 96% | 98% | 99% | 99% | 99% |
| | Average number of days to release loans. | 5 | 5 | N/A | N/A | N/A | 10 | 10 |
| Subtotal of Weights | | 40 | 30 | | | | | |
| Restructuring of an Ailing EC | Number of ailing ECs restructured | - | 4 | N/A | N/A | N/A | N/A | ALECO |
| | Sustainability of restructuring | - | 4 | N/A | N/A | N/A | N/A | PSP**** |
| | Turn-over of ailing ECs through PSP within 365 days | - | 2 | N/A | N/A | N/A | N/A | 31 December 2014 |
| Subtotal of Weights | | - | 10 | | | | | |

100% 100%

*See formulas on Annex B.

** 75% of those projects done as of end of September should be fully compliant with NEA standards and specifications. Final inspection and acceptance is being undertaken within 3 months from project completion.

*** Reduction in the target is in accordance with NEA's graduation policy on the grant of short-term loans for payment of EC power account.

**** Restructuring through private sector participation (PSP). Government subsidy should be zero.

It is understood that the GOCC must achieve an weighted-average of at least 90% to be eligible to grant any Performance-Based Bonus.

4. **Strategic Initiatives.** – NEA hereby commits to undertaking the following key programs and/or projects identified as having a significant impact on its Performance Scorecard (PES Form 2) attached hereto as **Annex C**, to wit:

- (a) Tapping Electric Cooperatives (ECs) as Regional Technical Evaluators (RTEs);
- (b) Conduct of Manufacturers/Suppliers Fora; and
- (c) Bulk Material Procurement through the Procurement Service-Department of Budget and Management (DBM-PS).

The Commitment herein includes obtaining all necessary approvals, if applicable, such as those for Major Development Projects under GCG MC No. 2013-03. NEA shall include updates on the foregoing Strategic Initiatives in its submission of Monitoring Reports (PES Form 3) to the GCG.

5. **Good Governance Conditions.** – In addition to the covered portions of the Performance Scorecard, the GOCC must fully comply with the Good Governance Conditions enumerated under GCG MC No. 2013-02, namely:

- 5.1. *Conditions common to National Government Agencies and GOCCs:*

- (a) Transparency Seal;
- (b) PhilGEPS Posting;
- (c) Cash Advance Liquidation;
- (d) Citizen's Charter or its equivalent;
- (e) Government Quality Management System Standards (GQMSS) pursuant to E.O. No. 605, s. 2007; and
- (f) Compliance with the submission and review requirements covering Statement of Assets, Liabilities and Networth (SALN);¹

- 5.2. *Conditions specific to GOCCs covered by R.A. No. 10149:*

- (a) Satisfaction of all statutory liabilities, including the payment of all taxes due to the Government, and declaration and payment of all dividends to the State as of the end of the applicable calendar year, whenever applicable. Liabilities

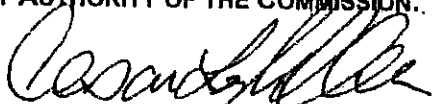
¹ See CIVIL SERVICE COMMISSION MEMORANDUM CIRCULAR NO. 3, s. 2013.

- (b) Submission and execution of concrete and time bound action plans for addressing Notices of Disallowances and Audit Observation Memoranda from the Commission on Audit (COA), if any.
- (c) Adoption of a "Manual of Corporate Governance" pursuant to Section 42 of the CODE OF CORPORATE GOVERNANCE FOR GOCCs (GCG MC No. 2012-07) that is approved by GCG and uploaded on the GOCC's website.
- (d) Compliance with posting on the GOCC's website the information enumerated under Section 43 of GCG MC No. 2012-07.
- (e) Adoption of a No GIFT POLICY approved by the GCG and uploaded on the GOCC's website pursuant to Section 29 of GCG MC No. 2012-07.

DONE, this 8 August 2013, in the City of Makati, Philippines.

**GOVERNANCE COMMISSION FOR
GOCCs**

BY AUTHORITY OF THE COMMISSION:



CESAR L. VILLANUEVA
Chairman



MA. ANGELA E. IGNACIO
Commissioner

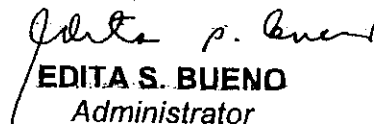


RAINIER B. BUTALID
Commissioner

**NATIONAL ELECTRIFICATION
ADMINISTRATION**



CARLOS JERICHO L. PETILLA
DOE Secretary and Chairman



EDITA S. BUENDO
Administrator



WILFRED L. BILLENA
Board Member



JOSEPH O. KHONGHUN
Board Member



JOSE VICTOR E. LOBRIGO
Board Member

