



National Power Corporation

23 October 2013

Circular No. 2013-026

Subject: National Power Strategic Performance Management System (SPMS)

1. RATIONALE

To pursue the thrust of the Civil Service Commission (CSC) and the Governance Commission for GOCCs (GCG) of establishing a performance evaluation system in the government to promote performance improvement and organizational effectiveness, a Strategic Performance Management System (SPMS) is adopted in the Corporation. The SPMS links group and individual performance vis-à-vis the corporate Vision, Mission and Strategic Goals.

Management therefore recognizes the need to implement a revised performance evaluation system to strengthen the culture of performance and accountability among the workforce.

2. OBJECTIVES

The SPMS shall be administered with the following objectives:

- 2.1 To ensure alignment of performance in all levels of the organization with the Vision, Mission and Major Final Outputs (MFO) of the corporation;
- 2.2 To ensure organizational effectiveness and improvement of individual employee efficiency by cascading functional/department accountabilities to lower levels of organization anchored on the establishment of factual and rational basis for performance targets and standards.
- 2.3 To link individual performance with other HR systems and ensure adherence to the principle of performance-based tenure and incentive system.

3. LEGAL BASES

- 3.1 Administrative Order No. 25 dated December 21, 2011 which provides for the establishment of a unified and integrated Results-Based Performance Management System (RBPMS) across all departments and agencies within the Executive Branch of Government incorporating a common set performance scorecard, and creating an accurate, accessible, and up-to-date government-wide, sectoral and organizational performance information system.
- 3.2 Civil Service Commission Memorandum Circular No. 6, s. 2012-“Guidelines in the establishment and implementation of agency Strategic Performance Management System (SPMS)”.

- 3.3 Governance Commission for GOCCs (GCG)MC No. 2013-02 - “Performance Evaluation System (PES) for the GOCC Sector,” dated April 29, 2013, providing the framework for setting of the organizational targets of a GOCC.

4. COVERAGE

The SPMS shall apply to all officials and employees holding position on a Permanent, Temporary, Co-terminus, Casual, or Contractual employment status.

5. DEFINITION OF TERMS

The following terms shall be used:

- 5.1 **Major Final Output** - Goods and services that the corporation is mandated to deliver to its internal/external clients.
- 5.2 **Key Result Areas (KRAs)** - refer to general areas of outputs or outcomes for which a Functional Group (FG)/Department/Division/Individual is responsible.
- 5.3 **Key Performance Indicators (KPIs)** are performance standards, agreed upon beforehand, which reflect the critical success factors of an individual or a group. KPI is used to gauge or compare performance in terms of meeting the individual’s or group’s strategic and/or operational goals, which are directly linked to KRAs. These include measures of quality, quantity and timeliness.
- 5.4 **Performance Targets.** Measurable outputs corresponding to KPIs that should be accomplished within the prescribed performance period.
- 5.5 **Relative Weight** is the *percentage weight allocation* per KRAs/KPIs/Performance Targets as determined by the respective FG/Department/Division Heads.
- 5.6 **Performance Scorecard** shall refer to the Corporate Performance Scorecard duly signed by the GCG and the NPC pursuant to PES Form 1 of GCG MC 2013-02.
- 5.7 **Performance Contract** shall refer to the FG/Department/Division/Individual Performance Commitments duly agreed upon between the rater and the ratee, as prescribed in **SPMS Form 1 and SPMS Form 2** of this Circular.
- 5.8 **Performance Rating** shall refer to the FG/Department/Division/Individual Performance Rating arrived at in the manner prescribed in Item 10 of this Circular.
- 5.9 **Performance Management Team (PMT)** – shall serve as the consultative, advisory body of Management on matters pertaining to FG

Performance targets and measures and at the same time act as appeals body to resolve performance management issues in implementing this Circular.

- 5.10 **Rater** - shall refer to the Division Manager of Cost Center or Monitoring Center for position JG 15 and below. For Division Managers and above, the rater referred herein shall be the immediate supervisor.

6. PERFORMANCE MANAGEMENT CYCLE

The SPMS shall follow the four-stage Performance Management Cycle that underscores the importance of performance management.

Stage 1 – Performance Planning and Commitment

*This is done prior to the start of the performance period where the President/FG/CC Heads meet with the immediate staff and agree on the outputs that should be accomplished based on the goals/objectives of the corporation using **SPMS Form 1** (for FG/Department/Division Performance Contract) and **SPMS Form 2** (for Individual Performance Contract).*

During this stage, KRAs/KPIs/Standards/Targets are determined and agreed upon and Performance Contracts are likewise signed.

*The setting of Corporate/Functional/Department/Division targets shall follow the schedule indicated in **Annex 1** pursuant to the PES Schedules in GCG MC 2013-02.*

Stage 2 – Performance Monitoring and Coaching

For Corporate Performance – To comply with the reportorial requirement of the GCG, all FGs shall submit a quarterly report of its relevant accomplishments based on the Performance Scorecard, to the Corporate Planning Department within 15 calendar days from the close of each quarter.

*For the Individual Performance – the individual performance commitments shall be regularly monitored by the Rater using **SPMS Form 3 (Performance Monitoring and Coaching)** of this Circular.*

FG Heads, managers and supervisors shall provide an enabling environment/intervention to improve team performance, manage and develop individual performance. Coaching by Cost Center heads shall be provided to keep track of performance targets.

Stage 3 – Performance Review and Evaluation

This phase aims to assess the level of performance of the Corporate/FG/Department/Division/Individual based on the Performance Contracts, on a semestral basis.

All FGs shall submit their accomplished SPMS Form 1 to the PMT within 30 days after end of each semester for review and endorsement to the President.

For Department/Division/Individuals, the accomplished SPMS Form 1 and 2 shall be submitted to the FG Head within 15 days after each semester for approval.

Stage 4 – Performance Rewarding and Development Planning

The result of the assessment shall be discussed by the Rater with the Ratee at the end of each rating period. The discussion shall focus on the strength, competency, performance gaps and opportunities to address these gaps, career paths, and options.

The grant of performance incentives shall be governed by prevailing issuances. Further, the result of performance evaluation assessment shall serve as input to the FG/CC Head/PMT in identifying potential nominees to various PRAISE Awards.

7. RATING PERIOD

Performance Evaluation shall be done every six (6) months ending on June 30 and December 31 of every Calendar Year. The minimum appraisal period shall be at least ninety (90) days or three (3) months.

8. PERFORMANCE RATING SCALE

The six-point rating scale of 1 to 6 shall be used, with 6 being the highest and 1, the lowest. The performance rating shall be based on the following rating scale with the corresponding description:

| RATING | | PERCENTAGE RANGE | DESCRIPTION |
|---------------|-------------|--|---|
| NUMERICAL | ADJECTIVAL | | |
| 6 (95-100) | Outstanding | Performance exceeding targets by 15% and above | Performance represents an extraordinary level of achievement and commitment in terms of quality and time, technical skills and knowledge, ingenuity, creativity and initiative. Employees at this performance level should have demonstrated exceptional job mastery in all major areas of responsibility. |

| RATING | | PERCENTAGE RANGE | DESCRIPTION |
|--------------|------------------------|--|---|
| NUMERICAL | ADJECTIVAL | | |
| | | | Employee's achievements and contributions to the organization are of marked excellence. |
| 5 (90-94) | High Very Satisfactory | Performance exceeding targets by 10% | Performance exceeded targets by 10%. All targets were achieved above the established standards. |
| 4 (84-89) | Low Very Satisfactory | Performance exceeding targets by 5% | Performance exceeded targets by 5%. All targets were achieved above the established standards. |
| 3 (75-83) | Satisfactory | Meets target, normal expectation | Performance met targets. |
| 2 (68-74) | Unsatisfactory | Performance below 100% of the targets. | Performance failed to meet targets. One or more critical targets were not met. |
| 1 (60-67) | Poor | Performance below 51% of the targets. | Performance failed to meet targets by 50% of agreed standards. |

9. KEY PERFORMANCE INDICATORS (KPI)

Actual performance shall be rated in any one, combination of, or all of the following performance measures/standards, whichever is applicable:

| Category | Definition |
|-------------------|--|
| Quality | Quality refers to accuracy, usefulness or effectiveness. In management, effectiveness relates to <i>getting the right things done</i> . |
| Quantity | Addresses how much work is produced. Refers to how much work is done in a given period. Volume of work. |
| Timeliness | Measures whether the deliverable was done on time based on the requirements of the law and/or clients/stakeholders. Time-related performance indicators evaluate such things as project completion deadlines, time management skills and other time-sensitive expectations. |

10.PERFORMANCE RATING. The ratings of FG/Department/Division/ Individual Performance shall be in the following manner:

- 10.1 Actual accomplishments vis-à-vis performance targets shall be given Raw Score in accordance with the Performance Standards in SPMS Form 1 and 2.
- 10.2 The Raw Score for each KPI shall be multiplied to the Relative Weight to obtain the weighted Rating for each KPI.
- 10.3 The sum of the weighted ratings shall be the FG/ Department/ Division/Individual Rating.
- 10.4 The average of all Individual Performance Ratings shall not go higher than the performance rating of the Division.
- 10.5 The Individual’s Final Rating shall be comprised of the corporate performance rating, the functional group performance rating, plant performance rating, if applicable and the individual performance rating. The following table presents the allocation of performance factors and weight allocations on different ratee groups:

| RATEE GROUP | PERFORMANCE FACTORS AND WEIGHT ALLOCATION (%) | | | |
|---------------------------------|---|----------------|-------------------|------------------------|
| | Corporate Performance | FG Performance | Plant Performance | Individual Performance |
| President | 100 | | | |
| SVP/Vice President | 35 | 65 | | |
| Head Office | | | | |
| • Managerial | 20 | 40 | | 40 |
| • Supervisory and Rank and File | 20 | 30 | | 50 |
| MinGen | | | | |
| MINGEN-R.O. (SUPPORT) | | | | |
| • Managerial | 20 | 40 | | 40 |
| • Rank and File | 20 | 30 | | 50 |
| OPERATIONS | | | | |
| • Managerial | 20 | 20 | 40 | 20 |
| • Supervisory and Rank and File | 20 | 20 | 20 | 40 |
| SPUG | | | | |
| SUPPORT | | | | |
| • Managerial | 20 | 30 | 10 | 40 |
| • Rank and File | 20 | 20 | 10 | 50 |
| OPERATIONS | | | | |
| • Managerial and Plant Heads | 20 | 20 | 40 | 20 |
| • Supervisory and Rank and File | 20 | 20 | 20 | 40 |

For rating purposes, Resource Management Service/Dams Management Department and Watershed Management Department shall be classified as FG and the heads shall be rated using the PF and weight allocation for VP level.

11. RESPONSIBILITIES

11.1 Performance Management Team (PMT) - Corporate

- Ensure that performance targets and measures of FGs and Departments, as well as budget are aligned with those of the corporate targets;
- Review and recommend approval of the FG's Performance Commitment and Rating to the President;
- Act as appeals body and final arbiter on performance management issues of the corporation.
- Identify top performers and provide input to the PRAISE Committee for grant of awards and incentives;
- Adopt its own internal rules, procedures and strategies in carrying out its responsibilities including schedules of meeting and deliberations, and delegation of authority to representatives in case of absence of its members;

The Performance Management Team shall be composed of:

| | |
|-----------------|----------------------------------|
| Chairman : | Vice President-Corporate Affairs |
| Vice Chairman : | Vice President-Admin and Finance |
| Members : | Functional Group Heads |
| | PGEA President |
| | EXAI President |

Technical Secretariat Corporate Planning Department

11.2 Performance Management Team (PMT) – Functional Group.

Each FG shall create its PMT to undertake the following:

- Review, calibrate and validate the performance targets and accomplishments of department/division/individual employees within the group.
- Recommend approval of the Department/Division/Individual Performance Commitment and Rating to the FG Head.

The Performance Management Team shall be composed of:

| | |
|------------|------------------------------------|
| Chairman : | Vice President |
| Members : | Sr. Department/Department Managers |

11.3 Corporate Planning Department

- Act as the PMT-Corporate Secretariat.
- Monitor, review and consolidate the performance assessment of FGs for endorsement to the PMT.
- Conduct semi-annual corporate strategic planning and performance review conference.
- Comply with the reportorial requirements of the GCG with regard to corporate performance evaluation.

11.4 Human Resources Department

- Monitor and ensure the submission of accomplished Individual Performance Contracts by respective groups/offices.
- Review the summary List of Individual Performance Contract to ensure that the average performance ratings of employees is equivalent to or not higher than the Division performance rating.
- Provide analytical data on retention, skill/competency gaps, and develop training interventions that will form part of the HR Plan.

11.5 FG/Department/Division Heads

- Ensure the effective and efficient implementation of the SPMS within his FG by cascading the MFO targets and measures up to individual employees
- Implement strategies and action plans to facilitate the attainment of performance targets.
- Provide enabling environment/intervention/coaching to improve individual and team performance.
- Regularly review performance accomplishments vis-à-vis targets and comply with the reportorial responsibilities as indicated in this Circular.

11.6 Individual Employees

- Act as partners of Management and their co-employees in meeting their performance targets.

12. APPEALS

12.1 FG Performance

- Any issue on the initial FGs performance rating shall be discussed and decided during the performance review conference by the PMT. The PMT shall recommend to the President the FG rating.

- The President shall decide the final FG rating which rating shall no longer be contestable.

12.2 Individual Performance

- Individual employees who feel aggrieved or dissatisfied with their final performance ratings can file an appeal with the PMT within ten (10) days from the date of receipt of notice of their Final Ratings.
- The PMT shall decide on the appeals within one (1) month from receipt. The decision of the PMT may be appealed to the NPC President. Within fifteen (15) days, the President shall decide on appeal which decision shall no longer be appealable.
- Functional Group or individual employee, however, shall not be allowed to protest the performance ratings of other FGs or co-employees. Ratings obtained by other FG or employee can only be used as basis or reference for comparison in appealing one's FG or individual performance rating.
- Officials or employees who are separated from the service on the basis of Unsatisfactory or Poor performance rating can appeal their separation to CSC or its regional office within 15 days from receipt of the Order or Notice of Separation.

12.3 Where appeals are coming from offices of Corporate Affairs and Administration and Finance, the PMT Chairmanship and Vice Chairmanship shall be adjusted to promote impartiality.

- 13. PRESCRIBED FORMS.** The FG /Department/Division performance contract/rating shall use SPMS Form 1 in the accomplishment and submission of performance targets while the Individual employees shall use SPMS Form 2.
- 14. REPEALING CLAUSE.** All circulars, memoranda, issuances which are inconsistent thereto are deemed superseded.
- 15. SAVING CLAUSE.** Cases not covered in this Circular should be referred to the Vice President-Administration and Finance for resolution and/or appropriate action.
- 15. EFFECTIVITY.** This Circular shall take effect immediately.

(Original Signed)

MA. GLADYS CRUZ-STA. RITA
President and Chief Executive Officer