



**NEA BOARD OF ADMINISTRATORS**  
**MEETING NO. 15**  
27 August 2021, 7:00 a.m.  
Via ZOOM Conference

**RB Resolution No. 2021-81**  
**APPROVAL OF THE CY 2022 PERFORMANCE EVALUATION SYSTEM (PES)**  
**REQUIREMENTS**

Pursuant to Section 4(s) of the Presidential Decree (P.D.) No. 269, as amended; and, Section 5 of Republic Act (R.A.) No. 10531 or the *Powers, Functions and Privileges of the National Electrification Administration*, the NEA is authorized and empowered to exercise such powers and do such things as may be necessary to carry out the business and purposes for which the NEA was established, or which from time to time may be declared by the Board of Administrators as necessary, useful, incidental or auxiliary to accomplish such purposes; and Section 5 of P.D. No. 269, all of the powers of the NEA shall be vested in and exercised by the Board of Administrators;

**WHEREAS**, as indicated on Sec. 15.2.2 of the NEA Manual of Corporate Governance, the Board Governance, Nomination, and Remuneration Committee (BGNRC) shall assist the Board of Administrators in fulfilling its corporate governance responsibilities;

**WHEREAS**, the minutiae are enumerated below:

**Background**

The Governance Commission for GOCCs (GCG) issued a Performance Evaluation System (PES) for the GOCC Sector that provided the framework for setting the organizational targets. The achievements of such targets shall serve as basis for the following:

- a) Determining the grant of Performance-Based Bonus (PBB) and Performance-Based Incentives (PBI);
- b) Determining whether Appointive Directors are eligible for reappointment; and
- c) Ascertain whether a GOCC should be reorganized, merged, streamlined, abolished or privatized.





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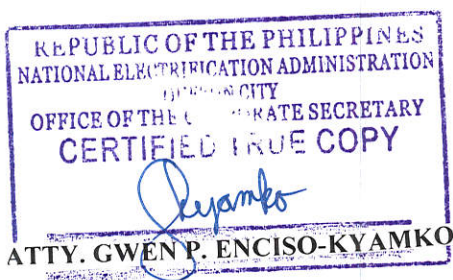
Accordingly, the following are the required PES documents for submission to GCG not later than the last working day of August:

1. Strategy Map (PES Form 1)
2. Proposed Performance Scorecard (PES Forms 2 and 2a)
3. Measure Profile (PES Form 2b)
4. Briefer on the rationale of the CY 2022 targets

For more than fifty years, NEA has undertaken the task of improving the socio-economic welfare of the people in the countryside through the Rural Electrification Program (REP). As such, it provided legal, institutional, financial and technical (LIFT) assistance to 121 electric cooperatives (ECs) which in turn distribute power on an area coverage basis. Based on the latest available data, as of May 2021, NEA has enabled the ECs to energize 100% of municipalities and cities, 99% of the barangays and 100%\* of the potential consumer connections. At present, it is now in the level of energization for sitios and households.

In its efforts to institute good governance, the agency adopted the Performance Governance System (PGS) in 2007, a local version of the Kaplan-Norton Balanced Scorecard (BSC), which is also the model being used by the Governance Commission for GOCCs (GCG). The agency's Performance Scorecard translates the Strategic Objectives in the Strategy Map into critical success indicators that will measure progress and guide the decision making of NEA towards its vision.

The 2022 Performance Scorecard was crafted in consideration of the continuing threat of COVID-19. The Agency is cognizant of the need to balance the safety of its employees while ensuring the continuous delivery of





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services to its stakeholders in a "New Normal" environment that is characterized by volatility and uncertainty.

**A. SOCIAL IMPACT PERSPECTIVE**

**Objective 1: To empower member-consumers as responsible owners of the Electric Cooperatives**

To realize NEA's vision to achieve sustainable rural development through rural electrification, there is a need to guarantee the empowerment of member consumer-owners (MCOs). Strongly organized, well informed and actively engaged MCOs are necessary towards the fulfilment of NEA's agenda. The Agency has vigorously pursued the implementation of the Member-Consumer-Owners Program for Empowerment (MCOPE) after the formal launching of the program's guidelines in 2019. The organization of MCOs aims to increase awareness and active involvement of the MCOs in all EC affairs and activities to improve responsible citizenship and induce social mobility at the grassroots level.

Consultations with the ECs are being conducted to set the most acceptable, documentable and realistic metric for the Strategic Measure on empowerment.

**B. STAKEHOLDERS PERSPECTIVE**

**Objective 2: To ensure that the Electric Cooperatives provide accessible, adequate, quality and reliable service**

**Strategic Measure 1: Number of completed and energized sitio projects**

With the ECs as its implementing arm in the mandated mission of rural electrification, even in missionary or

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economically unviable areas, the NEA continues to implement the Sitio Electrification Program (SEP). For 2022, NEA commits to extend electric service to 1,085 sitios, based on the recommended budget level by the Department of Budget and Management (DBM).

**Strategic Measure 2: Number of consumers connected**

The number of consumer connections best defines the success of the Rural Electrification Program. It quantifies the extent of the program and consequently the possibility for socio-economic development.

In support of President Rodrigo R. Duterte's 5-point Electricity Agenda and the Department of Energy's 9-point Energy Agenda, NEA commits to connect 400,000 consumers as a result of its electrification programs. The target will be attained through the connection of additional consumers on existing distribution lines or add-ons, SEP, Solar Home System, Micro-Grid /Hybrid and other options.

**Objective 3: To generate peak performance among Electric Cooperatives to ensure competitiveness**

**Strategic Measure 3 – Number of EC officials and employees graduated from certification / competency programs**

NEA will continue to be a learning institution as it mandates that all of the EC employees have completed certification/competency programs for the year.

Some 1,320 EC graduates of these skill-building programs are expected in 2022. The annual target takes into account that the 2022 National Election may have a profound impact on the availability of target participants from the ECs, particularly for the critical

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first two quarters of the year. Also, significant strides in the national vaccination program may allow NEA to conduct face-to-face trainings in limited capacity, and other possible blended learning pedagogies. However, this may entail higher operational costs due to risk premiums and the Agency may need to limit further the maximum number of participants to mitigate health risks.

Continuing challenges in connectivity and due to poor communication infrastructure in major areas in the country were also taken into consideration.

**Strategic Measure 4 – Improved EC Overall Performance Rating from “B” and “C” to at least “A” Rating**

NEA assesses yearly the level of EC performance based on sets of operational standards and parameters duly approved by the NEA Board of Administrators.

To further determine the credit worthiness, level of development, protection, empowerment and satisfaction of member-consumer-owners and also promote accountability and responsibility in ECs’ compliances and fiduciary obligations, NEA has enhanced performance assessment criteria. This enhanced criteria, however, was amended by the Agency to address the heightened demands for power rate reduction, security of power supply, reliability of service, good governance, and Member-Consumer-Owners’ (MCOs) empowerment.

For performance year 2022, the baseline shall be established based on the amended criteria to determine the level of improvement of the “B” and “C” ECs.

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*Signature*

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**Objective 4: To enhance networking to gain support for program implementation**

**Strategic Measure 5 – Percentage of Satisfied Customers**

To ensure enhancement of NEA's delivery of services and to secure stakeholders' requirements, the Customer Satisfaction Survey is established as one of its main performance indicators. Monitoring and measuring customer satisfaction is also one of the key elements under the ISO 9001 standard. For 2022, NEA targets to achieve a 90% Satisfactory Rating.

**C. FINANCIAL PERSPECTIVE**

**Objective 5: To sustain the organization's viability and ensure accountability and transparency**

**Strategic Measure 6 – Amount of loans facilitated (PHP Billion)**

NEA as a government owned and controlled corporation mandated to deliver the basic service of electricity to the rural areas through the ECs, is providing loans to the ECs in order to attain total electrification, ensure the ECs readiness in operating and competing under the deregulated market, and to strengthen the ECs.

In order to continually support the ECs' financial requirements and ensure sustainability and financial viability, NEA commits to lend PHP 1 billion for the year.

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**Strategic Measure 7 – Percentage of ECs under Category B, C, and D provided with loans**

RA 10531 requires for NEA to assist ECs even those who are financially challenged, to be able to continue



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with their commitment of delivering efficient and reliable electric service even in missionary or economically unviable areas. With this, NEA commits to also provide loans to ECs under Category B, C, and D.

**Strategic Measure 8 – High collection efficiency maintained**

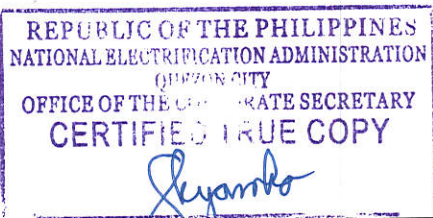
NEA collection efficiency measures the effectiveness of collections of EC's loan amortizations due for the period. It is computed by dividing the total collections plus the utilization of advance payment for the period (for ECs with advance payment but was not able to pay the amortization due) over the total loan amortizations due for the same period. For 2022, NEA's target is 98.23% collection efficiency due to the impact of COVID-19 pandemic to the financial situation of the ECs and likewise, due to the incapability of some critically challenged ECs to pay their loan obligations.

**Payment of NG Advances**

*The Strategic Measure on NG advances will no longer be included in the 2022 Performance Scorecard of NEA since this will be fully settled in CY 2021.*

**Strategic Measure 9 – Continuing Electrification Subsidy Utilization Rate**

For 2022, the Continuing Electrification Subsidy Utilization Rate refers to the total 2021 SEP disbursed divided by the total continuing 2021 SEP subsidy as of December 31, 2021. The "Total 2021 SEP Disbursed" pertains to the total amount disbursed during the performance year 2022. It requires that the disbursed amount come from the 2021 SEP subsidy which was disbursed/ utilized in 2022. This is to ensure the efficient disbursement of the remaining 2021 SEP



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subsidy. While the "Total Continuing 2021 SEP Subsidy as of 31 December 2021" is the total SEP subsidy as provided in the 2021 General Appropriations Act (GAA) minus the amount already disbursed as of 31 December 2021.

The NEA's target for 2022 is 90% only which is 10% lower than the target in 2021 due to the following reasons:

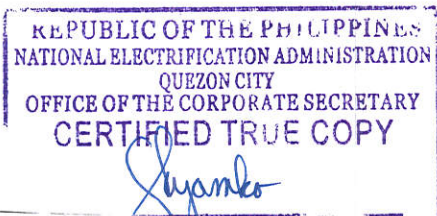
1. Historically, there is a difference from the approved evaluation and bidding. Sometimes, the 90% initial release is already sufficient for all the expenses incurred in the project implementation, hence, the 10% retention will not be claimed anymore;
2. Projects constructed by Administration have lower labor cost;
3. Funds of the projects with concerns on Right of Way (ROW), Peace and Order and Insurgencies will be returned to NEA if not resolved, thus, the 100% utilization cannot be met; and
4. The project cycle takes nine (9) months from the release of funds; thus, the liquidation overlaps with the release of the succeeding projects.

**D. INTERNAL PROCESS PERSPECTIVE**

**Objective 6: To upgrade organizational infrastructures**

**Strategic Measure 10 – Percentage of sitio electrification projects funded that are fully compliant with NEA standards and specifications**

With the risk of continued limitation in mobility and travel for 2022, this will have an impact on the physical inspection of energized sitios. As such, it is targeted that 50% of sitios will be completed and energized within 180 calendar days from release of funds to ECs.



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**Strategic Measure 12 – Percentage of regular loans released within the prescribed processing periods**

One hundred percent release of regular-term loans to ECs is pegged to be released on an average of 24 days. This target is reflective of NEA’s goal of providing timely service to its clientele.

To guarantee efficient, effective and prompt assistance to ECs’ loan request, NEA is committed to facilitate 100% of ECs’ request within 24 days for regular term Loan for the year.

**E. LEARNING AND GROWTH PERSPECTIVE**

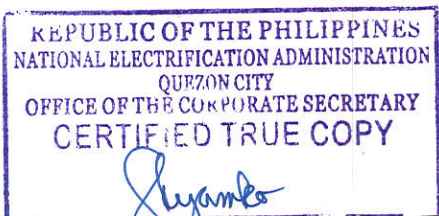
**Objective 7: To enhance human resources’ knowledge, skills and behavioral competencies**

**Strategic Measure 13 – Compliance to Quality Standards**

To comply with Executive Order No. 605 s. 2007, “Institutionalizing the Structure, Mechanisms and Standards to Implement the Government Quality Management Program, amending for the purpose Administrative Order No. 161, s. 2006,” and GCG’s good governance conditions, NEA continuously implements and improves the relevant ISO management systems and standards to institutionalize a culture of quality and integrity and governance. By yearend, NEA commits to pass the Surveillance Audit by the Certifying Body.

**Strategic Measure 14 – Percentage of employees with required competencies met**

In 2016, NEA had developed its Board-approved Competency Framework. The Competency Framework or Model is a written description of the



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competencies required for successful or exemplary performance in a job category, work team, work setting, profession, organization or industry. It is the output of analyses conducted to differentiate high performers from average and low-performers. As the next step, NEA established a baseline of the competencies of its employees using this framework. In 2022, NEA targets to have an increase from the 2021 competency level of its employees.

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5. Corporate Operating Budget (COB) for CY 2022 as submitted to DBM

**WHEREAS**, one of the globally accepted corporate governance practices and in accordance with the requirements of the Corporate Governance Scorecard (CGS), the Board undertakes the annual review of the Strategy Map including the Vision and Mission as well as the corresponding strategies for its attainment. In the past, the Board approved the adoption of NEA's Strategy Map. After further review, it has been determined that the Strategy Map is still relevant at this time;

**WHEREAS**, the Performance Scorecard and Measure Profile translates the Strategic Objectives in the Strategy Map into critical success indicators while the Briefer discusses in detail the committed performance targets for the year;

**WHEREAS**, the Management, in its Memorandum to the BGRNC dated 16 August 2021 requested the following actions:

- a. Approval of the CY 2022 PES requirements including the Strategy Map and Proposed Performance Scorecard and its submission to the GCG; and
- b. Approval to grant full authority to the Officer-in-Charge (OIC) to negotiate with GCG in behalf of the Board on matters relating to the CY 2022 PES



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**WHEREAS**, after discussion and deliberation, the Board of Administrators agreed to approve the requests;

**NOW, THEREFORE, BE IT RESOLVED**, that the NEA Board of Administrators, in its meeting today, 27 August 2021, approves, as it hereby approves, the CY 2022 PES requirements including the Strategy Map and Proposed Performance Scorecard and its submission to the GCG;

**RESOLVED FURTHERMORE**, to grant full authority to the Officer-in-Charge (OIC) to negotiate with GCG in behalf of the Board on matters relating to the CY 2022 PES.

Approved this 27<sup>th</sup> day of August 2021

**SEC. ALFONSO G. CUSI**  
 Chairman

  
**USEC. EMMANUEL P. JUANEZA**  
 Alternate Chair

  
**AGUSTIN L. MADDATU**  
 Member

  
**ATTY. ALIPIO CIRILO V. BADELLES**  
 Member

  
**RENE M. GONZALES**  
 Member

