



Republic of the Philippines
National Electrification Administration
Quezon City

12 May 2008

MEMORANDUM No. 2008-008

MEMORANDUM TO: ALL ELECTRIC COOPERATIVES (ECs)

**SUBJECT : PERFORMANCE MANAGEMENT CONTRACT
(PMC) FOR NEW GENERAL MANAGERS**

I. RATIONALE

In line with the EPIRA, and the necessity to upgrade required core competencies for General Managers, a Performance Management Contract is hereby introduced as a new employment scheme for first time EC General Managers. After undergoing a more rigorous process of selection for hiring, the successful applicant shall enter into a contract-based service with the EC. This will ascertain that the level of competency and potential, as initially determined by the entrance test results, during actual application, is effective and sustained.

II. POLICY

The Performance Management Contract shall establish an equitable working agreement for both the EC and its new General Manager. The contract defines the requirements of the position which shall be used in the validation of actual performance. The contract creates an impression of a working relation that is not strictly employer-employee, and that the exercise of flexibility in an individual's management style is free of control while a set performance standards is to be realized. A copy of the PMC is attached, as part of this Memorandum.

III. EFFECT ON OTHER ISSUANCES/EFFECTIVITY

This shall take effect fifteen (15) days upon submission of copies to the University of the Philippines Law Center as required by Executive Order No. 292 or publication to the Official Gazette.


EDITA S. BUENO
Administrator

NATIONAL ELECTRIFICATION
ADMINISTRATION

IN REPLYING, PLEASE REFER TO: #OR012375



NER-OR012375

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5/21/08

PERFORMANCE MANAGEMENT CONTRACT

KNOW ALL MEN BY THESE PRESENTS:

This Performance Management Contract made and entered by and between:

_____ FOR BREVITY, a non-stock, non-profit cooperative with office address at _____ herein represented by Board President _____ herein referred to as the "First Party";

-and-

_____ Filipino, of legal age, with postal address at _____ herein referred to as the "Second Party";

-WITNESSETH-

1. The First party is in need of the services of the Second Party who shall perform work not performed by the regular personnel of the Second Party;
2. That the Second Party has signified his intention, to which the First Party has accepted, to provide managerial services needed by the latter;
3. That the Second Party hereby possesses the education, experience and skills required to perform the job as described herein;
4. That the Second Party hereby attests that he is not related within the third degree of consanguinity or affinity to the; 1) hiring authority and/or 2) representative of the First Party; that he has not been previously dismissed from government service by reason of an administrative offense; that he has not reached the compulsory retirement age of sixty-five (65);
5. That in view hereof, the Second Party is hereby contracted as a *General Manager* for the period of _____ starting _____, with a fixed rate of P _____ per month.
6. That a *General Manager*, the Second Party is expected to perform the following functions:

- a. Advise the CLIENT on possible strategic options and innovations to address the current management and operational issues of a particular Electric Cooperative.
 - b. Oversee the overall operation of _____.
 - c. Improvement of collection efficiency, reduction of non-power cost and systems loss for the attainment of financial viability and operational efficiency.
 - d. Review all policies and advise the First Party of possible strategic options and innovations to address the current management and operational issues.
7. That the Parties shall set a parameters to determine the effectiveness and efficiency of his performance which shall be the basis of the evaluation of the First Party within the contract period.
 8. That Second Party is entitled to all benefits being enjoyed by the regular personnel of the electric cooperative.
 9. That if the Second Party to this contract is an incumbent employee of the electric cooperative, this contract shall be considered as separate agreement from the existing employment contract of the second party with the electric cooperative. The "no diminution of salary" provided for in the Labor Code shall not apply if an incumbent employee has entered into a performance management contract and later on such contract is terminated or not renewed. The incumbent employee shall revert to his original employment contract with the corresponding entitlement to the salary attached to the position. Retirement pay computation and years of service of the employee should not be interrupted by the performance management duration and same employee shall also be entitled to the base salary under the contract limited to the actual duration of the contract.
 10. That if the Second Party has delivered a satisfactory performance causing the turnaround of operations of the electric cooperative or marked improvement in key parameters set in this contract and Annex hereof, the Second Party shall be considered as regular General Manager after undergoing the appropriate process for regular employment subject to existing NEA Guidelines.
 11. That the First Party shall create a committee to assess/evaluate the performance of the second party based on the parameters/conditions provided for in this contract. Thus, the First Party will send its actions/recommendations through a Board Resolution; and NEA validates the submitted accomplishments of the First Party and likewise conduct assessment through interview.

12. That the members of the Committee shall be composed of representatives from NEA Board of Administrators, Deputy Administrators and two (2) members of the concerned EC Board of Directors.
13. That the First Party may adjust the salary of the Second Party during the duration of the contract based on improved operations of the electric cooperative. However, if the Second Party failed to achieve improvement of operations or to meet the conditions under this contract for at least one-year (1) year, he/she agrees that such failure would be a sufficient ground to terminate this contract.
14. That the Second Party shall perform work at a time and schedule to be agreed upon by both parties.

IN WITNESS WHEREOF, both parties have hereunto set their hands this _____ day of _____, 2008 at _____.

NAME OF COOPERATIVE.:

Board President

Second Party

Signed in the presence of:

WITNESS

WITNESS

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
Quezon City) S.S.

BEFORE ME, a Notary Public for and in the above jurisdiction, personally appeared the following:

NAME

COM. TAX. CERT. NO.

DATE/PLACE ISSUED

FIRST PARTY

SECOND PARTY

Known to me to be the same persons who executed the foregoing instrument and acknowledge to me that the same is their own free will and voluntary act and deed.

This instrument consists of three (3) pages including this page wherein this Acknowledgement is written, and is signed by the parties and their instrumental witnesses on each and every page hereof.

WITNESS MY HAND AND SEAL, this _____ day of _____
2008 at _____, Philippines.

NOTARY PUBLIC

Doc. No. _____:
Page No. _____:
Book No. _____:
Series of 2008