



## National Power Corporation

CIRCULAR NO. 2018 - \_\_\_\_\_  
11 October 2018

**SUBJECT: NATIONAL POWER STRATEGIC PERFORMANCE  
MANAGEMENT SYSTEM (RE-ISSUED)**

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**1.0 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, a Strategic Performance Management System (SPMS) is adopted in the National Power Corporation (NPC) to promote performance improvement and organizational effectiveness. The SPMS links group and individual performance vis-a-vis the Corporate Vision, Mission and Strategic Goals.

In the implementation of the SPMS, The NPC adheres to the existing general policy of no discrimination based on gender identity, sexual orientation, disabilities, religion, and/or indigenous group membership.

**2.0 PURPOSE.** This is Circular is issued to provide the guidelines for the adoption and implementation of SPMS towards the achievement of 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.

**3.0 LEGAL BASES.**

- 3.1** Administrative Order No. 25 dated 21 December 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 of performance scorecard, and creating an accurate, accessible, and up-to-date government-wide, sectoral, and organizational performance information system;
- 3.2** Civil Service Commission (CSC) Memorandum Circular No. 6, series of 2012, "Guidelines in the Establishment and Implementation of Agency Strategic Performance Management System (SPMS)," as provided under CSC Resolution No. 1200481 promulgated on 16 March 2012;
- 3.3** Governance Commission for GOCCs (GCG) Memorandum Circular No. 2013-02 dated 29 April 2013, "Performance Evaluation System (PES) for the GOCC Sector," which provides the framework for setting of the organizational targets of a GOCC.

**4.0 COVERAGE.** The SPMS shall apply to all officials and employees holding position on a Permanent, Temporary, Co-terminus, Casual or Contractual (with employer-employee relationship) employment status, provided the official/employee has **rendered at least three (3) months service** in a given rating period.

**5.0 DEFINITION OF TERMS.** The following terms shall be used:

**5.1 Core Function** refers to output of an individual in the performance of its duties and responsibilities with reference to its statement of functions/job description.

**5.2 Major Final Output (MFO)/Key Result Area (KRA)** is defined as goods and services/outputs or outcomes that the Corporation/Functional Group (FG)/Department/Division/Individual are responsible and mandated to deliver to its internal/external clients through the implementation of programs, activities, and projects.

**5.3 Performance Contract** shall refer to the FG/Department/Division/Individual Performance Commitments duly agreed upon between the rater and the ratee using the following forms:

**5.3.1 SPMS Form 1 (Annex A): Office Performance Commitment and Review (OPCR)** for Functional Group/Department/Division performance commitments.

**5.3.2 SPMS Form 2 (Annex B): Individual Performance Commitment and Review (IPCR)** for individual performance commitments.

**5.4 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.

**5.5 Performance Monitoring and Coaching.** An activity wherein the conduct of regular monitoring by the raters are expected in order to address factors that will hinder effective work performance of the employee. Monitoring may be conducted through meetings, one-on-one discussions, memorandum and review of pertinent documents such as reports and communications and tracking forms to ensure timely completion and quality execution of deliverables.

**5.6 Performance Rating** shall refer to the FG/Department/Division/ Individual Performance Rating arrived at the manner prescribed in item 10.0 of this Circular.

**5.7 Performance Scorecard** shall refer to the Corporate Performance Scorecard duly signed by the GCG and the NPC pursuant to PES Form 2 of GCG MC No. 2017-02 dated 30 June 2017.

**5.8 Performance Standards/Rating Scale** refers to quantifiable grading system on the degree/level of ratee's performance based on identified MFO/KRA and agreed SI.

**5.9 Rater** shall refer to the Division Manager of Cost Center or Monitoring Center for position JG 15 and below. For the Division Managers and above, the rater referred herein shall be the immediate supervisor (Department/Sr. Department/Functional Group Head/President), as may be applicable.

**5.10 Relative Weight** is the percentage weight allocation per MFO/KRA as determined and agreed upon by the respective FG/Department/Division Heads.

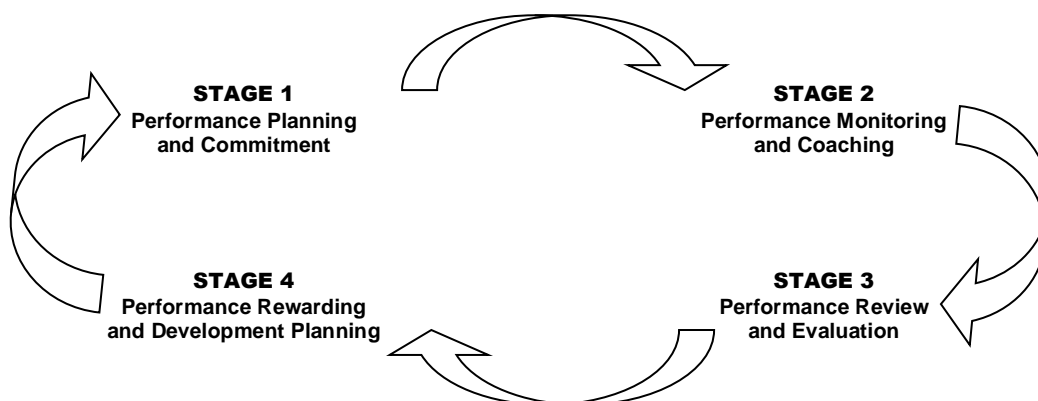
**5.11 Strategic Function** refers to output given to an individual/group that are linked to the priority deliverables of the Corporation as reflected in the Performance Scorecard duly approved by the NP Board and the GCG.

**5.12 Success Indicators (SIs)** are performance yardsticks consisting of Performance Measures and Performance Targets (**Measures + Targets = SI**) 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 MFO/KRAs. These are quantifiable measurements agreed to by the rater and the ratee before the start of a rating period.

**5.12.1 Performance Measures** are measures that contribute to or support the MFO/KRA that the FG/Department/Division/Individual aims to achieve. These include **measures of quality, quantity and timeliness.**

**5.12.2 Performance Targets** are Specific, Measurable, Attainable, Realistic and Time-bounded (SMART) goals corresponding to the MFO/KRA and SI which the FG/Department/Division/Individual should be accomplished within the prescribed performance rating period. Targets should be set and discussed by the raters and ratees, reviewed and concurred by the FG/Department/Division Head, as may be applicable.

**6.0 PERFORMANCE MANAGEMENT CYCLE.** The following is the four-stage Performance Management Cycle:



**6.1 Stage 1: Performance Planning and Commitment.** This is done prior to the start of the performance period where the FG/Sr. Department/Department/CC Heads meet with the immediate staff and agree on the outputs that should be accomplished based on the goals/objectives of the Corporation. For OPCR (FG/Department/Division Performance Contract), **SPMS Form 1** shall be used and for IPCR (individual employee's performance contract), **SPMS Form 2** shall be used.

During this stage, the MFOs/KRAs and corresponding SIs are determined and agreed upon by the rater and ratee. The following are the steps:

**6.1.1** The Corporate Measures and Targets are reflected in the Performance Scorecard for approval by the NP Board and the GCG.

**6.1.2** FG/Department/Division shall indicate in the **OPCR (SPMS Form 1)** the duly agreed upon MFOs/KRAs, Measures, and targets that support the strategic objectives, measures and targets in the Corporate Performance Scorecard.

**6.1.3** Individual staff/employees shall indicate in the **IPCR (SPMS Form 2)** the duly agreed upon MFOs/KRAs, SIs (measures and targets) that support those in the OPCR.

**6.2 Stage 2: Performance Monitoring and Coaching.** In this stage, the performances of FGs/Department/Division/Individual are regularly monitored.

**6.2.1 Corporate Performance.** FGs shall submit to the Corporate Planning Department **within 15 calendar days** from the close of each quarter a quarterly report of its relevant accomplishments based on targets set on the Performance Scorecard. This is in compliance to the reportorial requirement of the GCG.

**6.2.2 Individual Performance.** Using the **Performance Monitoring and Coaching Form (SPMS Form 3, Annex C)**, concerned rater shall monitor the individual performance based on commitments set/agreed upon.

FG Heads/Sr. Department/Department/CC Heads/Supervisors shall provide an enabling environment/intervention to improve team performance, and manage, and develop individual performance. Likewise, coaching shall be provided to keep track of performance targets.

**6.3 Stage 3: Performance Review and Evaluation.** This stage aims to assess the level of performance of the Corporate/FG/Department/Division/Individual based on set targets and measures as approved in the OPCR and IPCR. This is done on per semester basis, i.e. July for the rating period January to June; and January of the succeeding year for the July to December rating period of a given year.

**6.3.1 FG Performance Assessment.** FGs shall submit their accomplished SPMS Form 1 to the PMT-Corporate **within thirty (30) days** after end of each semester for calibration and recommendation to the President, who shall determine FG's final rating.

It is also in this stage where review/assessment of office expenses incurred against the office's budget is undertaken.

**6.3.2 Department/Division/Individual Performance Assessment.** The Department/Division/Individual Performance Assessment shall submit their accomplished SPMS Form 2 and Form 1, as maybe applicable, to their respective FG Head **within fifteen (15) days** after end of each semester.

**6.4 Stage 4: Performance Rewarding and Development Planning.** It is in this stage where 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-related performance gaps, and opportunities to address these gaps, career paths, and alternatives. The result of the competency assessment shall be treated independently of the performance rating of the employee.

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 Program on Awards and Incentives for Service Excellence (PRAISE) Awards.

- 7.0 RATING PERIOD.** The 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.**
- 8.0 PERFORMANCE STANDARDS/RATING SCALE.** The five-point rating scale of 1 to 5 shall be used, with 5 being the highest and 1, the lowest, description of which is attached as **Annex D.**
- 9.0 SUCCESS INDICATORS (SIs).** Actual performance shall be rated in any one, combination of, or all of the performance measures categorized in **Annex E**, whichever is applicable, and the agreed performance targets.
- 10.0 PERFORMANCE RATING.** The performance ratings of FG/Department/Division/Individual shall be determined in the following manner:
- 10.1** Each MFO/KRA is assigned a corresponding relative weight/performance measure based on the nature, complexity, difficult level, and process involved in delivering such performance target. The aggregate weight must not exceed 100%.
  - 10.2** Actual accomplishments vis-à-vis performance measure (quality, quantity, timeliness) and performance targets shall be rated using the 5-point rating scale.
  - 10.3** The raw score for each MFO/KRA shall be multiplied by the relative weight to obtain the weighted rating for each MFO/KRA.
  - 10.4** The sum of the weighted ratings shall be the FG/Department/Division/Individual Rating.
  - 10.5** The **average** of **all** Individual Performance Ratings **shall not go higher** than the performance ratings of the Department/Division where they are grouped/assigned.
  - 10.6** The Individual's Final Rating shall be comprised of the Corporate performance rating, the FG performance rating, plant performance rating (if applicable), and the individual performance rating.
- Annex F** shows the Table for Performance Factors and Percentage Weight Allocation on different rate groups.
- 11.0 KEY PLAYERS AND RESPONSIBILITIES.** The key players and the delineation of their respective tasks and responsibilities are itemized in **Annex G.**

## 12.0 USES OF PERFORMANCE RATINGS

12.1 Salary adjustment due to meritorious performance. Incumbent Officials/employees belonging to top 5% in a given year shall be granted salary adjustment as follows:

12.1.1 **Two (2) step increments** may be granted to qualified official/employee who has attained two (2) ratings of "Outstanding" during the two (2) rating periods within a calendar year;

12.1.2 **One (1) step increment** may be granted to qualified official/employee who has attained one (1) rating of "Outstanding" and one (1) rating of "Very Satisfactory", or two (2) ratings of "Very Satisfactory" during the two (2) rating periods within a calendar year.

12.2 Security of tenure of those holding permanent appointments is not absolute but is based on performance. The following rules are consistent with Rule 20 of CY 2017 Revised Rules on Administrative Cases in the Civil Service:

12.2.1 Employees who obtained **Unsatisfactory rating for one (1) rating period** or exhibited **poor performance within the first three (3) months** of the rating period shall be provided appropriate developmental intervention by the concerned CC Head/supervisor, in coordination with HRD, to address competency-related performance gaps.

If after advice and provision of developmental intervention the employee still obtains Poor rating for the remaining months of the rating period or Unsatisfactory rating in the immediately succeeding rating period, he/she **may be dropped from the rolls**. A **written notice/advice from the President and CEO at least three (3) months before the end of the rating period is required**.

12.2.2 An officer or employee who is given **two consecutive Unsatisfactory ratings may be dropped from the rolls after due notice**. Notice shall mean that the officer or employee concerned is informed in writing of his/her unsatisfactory performance for a semester and is sufficiently warned that a succeeding unsatisfactory performance may warrant his/her dropping from the rolls. Such notice shall be given not later than thirty (30) days from the end of the semester and shall contain sufficient information which shall enable the officer or employee to prepare an explanation within a reasonable period specified in the notice. This period shall not apply to probationary employees.

12.2.3 An officer or employee, who **for one evaluation period is rated Poor** in performance, may be dropped from the rolls provided he/she has been informed in writing of the status of his/her performance within fifteen (15) days after the end of the 3rd month with sufficient warning that failure to improve his/her performance within the remaining period of the semester shall warrant his/her dropping from the rolls. Such notice shall also contain sufficient information which shall enable the officer or employee to prepare an explanation within a reasonable period specified in the notice.

- 12.3** The PMT-Corporate shall validate the Outstanding performance ratings and may recommend concerned employees to the PRAISE Committee for grant of awards and incentives. Grant shall be based on the final ratings of employees as approved by the President and CEO.
- 12.4** Performance ratings shall be used as basis for promotion, training, and scholarship grants and other personnel actions.
- 12.5** Employee who is on reassignment/promoted/transferred to another FG/Department/Division shall be rated in said FG/Department/Division. The rating of employee during the rating period shall be consolidated by the FG where employee has spent **majority** of his time during the rating period.
- 12.6** Officials and employees who shall be on official travel, approved leave of absence, or training/scholarship programs and who have already met the required minimum rating period of 90 days or 3 months shall submit the performance commitment and rating report before they leave the office.

For the purpose of performance-based benefits, employees who are on official travel, scholarship or training within a rating period shall use their performance ratings obtained in the immediately preceding rating period.

- 12.7** Employee who is on detail or secondment to another government agency shall be rated in said agency, copy furnished NPC. The rating of employee during the rating period shall be consolidated either by NPC or the other agency where the employees have spent majority of their time during the rating period.

- 13.0 IMPLEMENTATION SCHEDULES.** The attached **SPMS Calendar (Annex H)** shall be adopted in the implementation of this Circular. The conduct of orientations for all officials and employees covering the revisions on SPMS shall be done within one (1) month upon approval by the CSC of the revisions on the SPMS policies. Pilot Testing of the Revised SPMS policies shall be done on the First Rating period immediately succeeding the CSC's approval of the Revised SPMS.

The conduct of Annual Strategic Planning shall be done within the month of December for commitments and targets for the next performance rating periods while Performance Review Conference shall be done semi-annually, i.e. within the month of July to cover the January to June performance rating of the given year and within the month of January for the July to December of the given year.

#### **14.0 APPEALS**

- 14.1 FG/Department/Division Performance.** Any issue/concern on performance rating shall be discussed and decided during the Performance Review Conference between the Rater and the Ratee. Thereafter, the PMT shall recommend the FG rating to the President and CEO, who shall decide on the final rating, which shall no longer be contestable.

#### **14.2 Individual Performance**

- 14.2.1** Individual employees, who feel aggrieved or dissatisfied with their final performance rating can file an appeal with the PMT **within ten (10) days** from the date of receipt of notice of their Final Rating.

- 14.2.2** 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.

- 14.2.3** Officials or employees who were dropped from the rolls due to Unsatisfactory or Poor performance rating can file their appeal to CSC or its regional office **within 15 days** from receipt of the Order or Notice of Separation.
- 14.3** 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.
- 14.4** Where appeals are coming from the offices of Corporate Affairs Group and Administration and Finance Group, the PMT Chairmanship and Vice Chairmanship shall be adjusted to promote impartiality.
- 15.0 SANCTIONS/PENALTIES.** Non-submission of the OPCR and the IPCR shall be ground for:
- 15.1** Employee's disqualification for performance-based personnel actions such as promotion, training, scholarship grants, awards, incentives, and performance-based salary adjustment and bonus, which would require the performance rating for the given period.
- 15.2** An administrative sanction for violations of reasonable office rules and regulations and simple neglect of duty for the officials and employees responsible for the delay or non-submission of duly accomplished SPMS Forms 1 and 2.
- 15.3** Neglect of duty for failure to comply with the required notices to individual employee of their Unsatisfactory or Poor performance during a rating period.
- 16.0 REPEALING CLAUSE.** All circulars, memoranda, issuances which are inconsistent to the rules/guidelines prescribed in this Circular are deemed superseded.
- 17.0 SAVING CLAUSE.** Cases not covered in this Circular shall be referred to the Office of the President and CEO thru the Vice President, Administration and Finance Group for resolution and/or appropriate action.
- 18.0 EFFECTIVITY.** This Circular shall take effect immediately.

**PIO J. BENAVIDEZ**  
President and CEO

**Annexes:**

- Annex A** – SPMS Form 1 – Office Performance Commitment and Review  
**Annex B** – SPMS Form 2 – Individual Performance Commitment and Review  
**Annex C** – SPMS Form 3 – Performance Monitoring & Coaching  
**Annex D** – Performance Standards/Rating Scale  
**Annex E** – Performance Measures  
**Annex F** – Table for Performance Factors and Percentage Weight Allocation  
**Annex G** – Key Players  
**Annex H** – SPMS Calendar