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Republic of the Philippines
PHILIPPINE POSTAL CORPORATION

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OFFICE OF THE POSTMASTER GENERAL

GCG
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1/13/14 4:05 pm
DATE TIME

Contact: The Manager, Corporate Planning Department

T/F +63 2 527 9615
Email corplan@philpost.gov.ph/corplan.phlpost@gmail.com

THE CHAIRMAN AND MEMBERS
Governance Commission for Government-owned and Controlled Corporations
3/F Citibank Centre, Citibank Plaza
Paseo de Roxas cor. Villar St.
1226 Makati City, Metro Manila

10 January 2014
1000 Manila City, Metro Manila

Subject: **Performance Agreement for 2013 – 2014 – Philippine Postal Corporation**

Dear Sir/Madam:

Relative to your letter dated 13 November 2013, please find the duly signed Performance Agreement for 2013 – 2014 between Governance Commission for Government Owned and Controlled Corporation and Philippine Postal Corporation.

Very truly yours,

(Ms.) MA. JOSEFINA M. DELA CRUZ
Postmaster General and CEO

Enc. As stated

cc:
1. The Chairman and Members, Board of Directors
2. All Assistant Postmasters General
3. The Corporate Secretary, Board of Directors

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OAPMG - MKTG. & MGT. SUPPORT SVCS.
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PHILIPPINE POSTAL CORPORATION

OFFICE OF THE APMG FOR ADMINISTRATION AND FINANCE
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JAN 16 2014
PHILIPPINE POSTAL CORPORATION

OFFICE OF THE ASST. POST GEN FOR OPERATIONS
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JAN 16 2014
PHILIPPINE POSTAL CORPORATION

OFFICE OF THE BOARD OF DIRECTORS
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JAN 16 2014
PHILIPPINE POSTAL CORPORATION

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 -

PHILIPPINE POSTAL CORPORATION (PHLPost)

WITNESSETH: THAT –

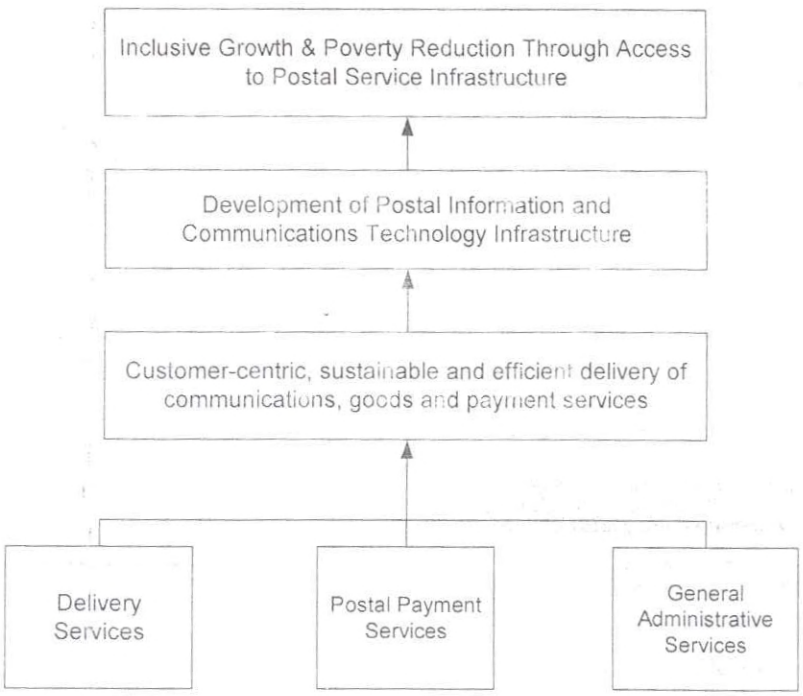
The Parties agree to the following terms:

1. ***Period***. – This Agreement shall be effective for a period of two (2) calendar years beginning from the execution of this Agreement and ending on 31 December 2014.

2. ***Charter Statement and OPIF Logframe***. – PHLPost's Charter Statement and OPIF Logframe for the Period specified in Section 1 hereof, shall be as follows:

Mission: PHLPost provides an efficient and on-time delivery of communications, goods and payment service in any Filipino Community.

Vision: By 2016, PHLPost is the preferred universal delivery service provider of communications, goods and payment services in every Filipino Community.



3. ***Measurement of Performance***. – Based on the Interim Performance Scorecard 2013-2014 attached hereto as ***Annex A***, the PHLPost's Performance for 2013-2014 shall be based on the following Measures/Performance Indicators and Annual Targets, to wit:

MFO	Performance Indicator	Weight		Baseline	Annual Targets	
		2013	2014	2012	2013	2014
MFO 1: Delivery Services	**Timeliness 1-A**: Express post delivery performance (International)	10%	10%	N/A	90%*	95%*
	Timeliness 1-B: Express post delivery performance (Domestic)	10%	10%	N/A	80%*	90%*
	Timeliness 2-A: Non-express post delivery performance (International)	10%	10%	N/A	70%	80%
	Timeliness 2-B: Non-express post delivery performance (Domestic)	10%	10%	N/A	70%	80%
	Financial 1: Net Income before tax + Franking Credits	20%	20%	N/A	P576 Million	P610 Million
	Quantity 3: No. of franchised postal outlets	10%	10%	N/A	6	78
	Subtotal of Weights:	**70%**	**70%**			
MFO 2 : Postal Payment Services	**Financial 1:** Revenue Generated from Postal Payment Services (Money Order and e-Postal Money Order, CCT Payout, Philhealth, PDIC, SPISC, Biometrics Data Capture, Other Payout Services)	20%	20%	P83 Million	P300 Million	P438 Million
	Subtotal of Weights:	**20%**	**20%**			
GAS: General Administrative Services	Manualization of Core Processes	10%	10%	N/A	1 (Domestic Network)	7 (Surface Mail Exchange, Express Mail Exchange, Domestic Airmail Exchange including Parcel, Post Office Operations

MFO	Performance Indicator	Weight		Baseline	Annual Targets	
		2013	2014	2012	2013	2014
						Service Regulations, and Financial Accounting)
	Quality1: Collection Efficiency	0%	0%	N/A	PPC to provide quarterly progress reports on addressing COA findings	
Subtotal of Weights:		**10%**	**10%**			
TOTAL OF WEIGHTS		**100%**	**100%**			

**Committed areas for 2013 & 2014 has been specifically identified and submitted to GCG.*

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

4. ***Strategic Initiatives***. – PHLPost 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 B***, to wit:

   (a) Strategic Initiative 1 – Quality Assurance Program
   (b) Strategic Initiative 2 – Postal Network Enhancement Program
   (c) Strategic Initiative 3 – Postal Financial Inclusion Program
   (d) Strategic Initiative 4 – Service Certification Program

   The Commitment herein includes obtaining all necessary approvals, if applicable, such as those for Major Development Projects under GCG MC No. 2013-03. PHLPost shall include updates on the foregoing Strategic Initiatives in its submission of quarterly monitoring reports to the GCG.

5. ***Quarterly Submission of Performance Monitoring***. – PHLPost shall submit a quarterly monitoring report to the GCG within thirty (30) calendar days from the close of each quarter using the monitoring report attached hereto as ***Annex B***.

6. ***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:

   6.1. *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; and
   (e) Compliance with the submission and review requirements covering Statement of Assets, Liabilities and Net Worth (SALN);

   6.2. *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 that are still under dispute and there has been no final and executory judgment/decision as of the date of the release of the PBB by the GOCC shall be excluded for the purpose of this provision.

(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.

7. PHLPost hereby undertakes to have its Performance Scorecard rated by its customers and solicit feedback on how the same may be improved. PHLPost shall determine the most effective method for accomplishing the said purpose. Such information shall be reported to GCG together with the quarterly monitoring report. The rating shall not affect the performance indicators/measures in PHLPost's Performance Scorecard, and shall be used solely as a reference by GCG and PHLPost during Performance Agreement Negotiations/Renegotiations

8. Nothing herein shall be construed as limiting the authority of GCG to initiate renegotiations and/or revoke Performance Agreements in accordance with existing laws, rules and regulations.

DONE, this 13 November 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

PHILIPPINE POSTAL CORPORATION

CESAR N. SARINO
Chairperson
President, Philippine Postal Bank

MA. JOSEFINA M. DELA CRUZ
Postmaster General

RAINIER B. BUTALID
Commissioner

FELIPE A. HIDALGO JR.
Board Member

JOEL L. OTARRA
Board Member

MORY Q. SISON
Board Member

RONALD S. TUAZON
Board Member

MA. LOURDES P. VARONA
Board Member

Performance Measures						Baseline Data *(if available)*			Targets	
Description	Formula	Weight 2013	Weight 2014	Rating System	Data Provider *(if applicable)*	2010	2011	2012	2013	2014
Financial 1: Net Income before tax + Franking Credits	Absolute amount	20%	20%	Actual/Target x Weight (but not to exceed assigned weight)		- P266 Million	P175 Million	P353 Million	P576 Million	P610 Million
Quantity 3: No. of franchised postal outlets	Absolute number	10%	10%			N/A	N/A	N/A	6	78
Subtotal of Weights:		**70%**	**70%**							
MFO 2 : Postal Payment Services										
Financial 1: Revenue Generated from Postal Payment Services (Money Order and e-Postal Money Order, CCT Payout, Philhealth, PDIC, SPISC, Biometrics Data Capture, Other Payout Services)	Absolute amount	20%	20%	Actual/Target x Weight (but not to exceed assigned weight)		P41 Million	P44 Million	P83 Million	P300 Million	P438 Million
Subtotal of Weights:		**20%**	**20%**							

PHILIPPINE POSTAL CORPORATION

Performance Measures						Baseline Data *(if available)*			Targets	
Description	Formula	Weight 2013	Weight 2014	Rating System	Data Provider *(if applicable)*	2010	2011	2012	2013	2014
MFO 1 : *Delivery Services*										
Timeliness 1-A: Express post delivery performance (International)	Percent delivered within TAT (average of committed areas)	10%	10%	Actual/Target x Weight (but not to exceed assigned weight)		N/A	N/A	N/A	90%	95%
Timeliness 1-B: Express post delivery performance (Domestic)	Percent delivered within TAT (average of committed areas net of verified undeliverable)	10%	10%			N/A	N/A	N/A	80%	90%
Timeliness 2-A: Non-express post delivery performance (International)	Percent delivered within TAT (average of committed areas)	10%	10%			N/A	N/A	N/A	70%	80%
Timeliness 2-B: Non-express post delivery performance (Domestic)	Percent delivered within TAT (average of committed areas net of verified undeliverable)	10%	10%			N/A	N/A	N/A	70%	80%

Performance Measures					Data Provider (if applicable)	Baseline Data (if available)			Targets	
Description	Formula	Weight 2013	Weight 2014	Rating System		2010	2011	2012	2013	2014
GAS – General Administrative Services										
Manualization of Core Processes	Actual accomplishment	10%	10%	All or nothing		N/A	N/A	N/A	1 (Domestic Network)	7 (Surface Mail Exchange, Express Mail Exchange, Domestic Airmail Exchange including Parcel, Post Office Operations, International Accounts, Service Regulations, and Financial Accounting)
Collection Efficiency		0%	0%	N/A		N/A	N/A	N/A	PPC to provide quarterly progress reports on addressing COA findings	
Subtotal of Weights:		10%	10%							
TOTAL OF WEIGHTS:		**100%**	**100%**							

**Committed areas for 2013 & 2014 has been specifically identified and submitted to GCG.*

GOVERNANCE COMMISSION
3/F, Citibank Center, 8741 Paseo De Roxas, Makati City, Philippines 1226

1-1421-18-11-2013-007996

13 November 2013

HON. MA. JOSEFINA M. DELA CRUZ
Postmaster General
PHILIPPINE POSTAL CORPORATION (PPC)
3/F, Central Office Building, Liwasang Bonifacio,
1000 Manila

RE : TRANSMITTAL OF PERFORMANCE AGREEMENT FOR 2013 – 2014

Dear Postmaster General Dela Cruz:

This is to formally transmit the Performance Agreement for 2013-2014 between PPC and GCG, which embodies the agreements reached during our Performance Agreement Negotiation (PAN) on 16 September 2013.

Please send back to the Commission 1 copy of the agreement initialed on every page and signed at the end.

Ex-Officio alternates, if any, may also sign the agreement on behalf of their respective principals.

FOR YOUR APPROPRIATE ACTION.

Very truly yours,

CESAR L. VILLANUEVA
Chairman