



PERFORMANCE AGREEMENT

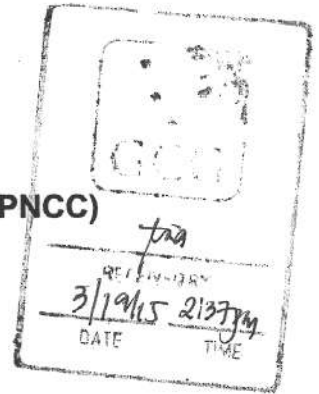
This Performance Agreement has been executed pursuant to the **PERFORMANCE EVALUATION SYSTEM FOR THE GOCC SECTOR (GCG MC No. 2013-02 [Re-Issued])** between the –

GOVERNANCE COMMISSION FOR GOCCs (GCG)

- and -

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION (PNCC)

WITNESSETH: THAT –

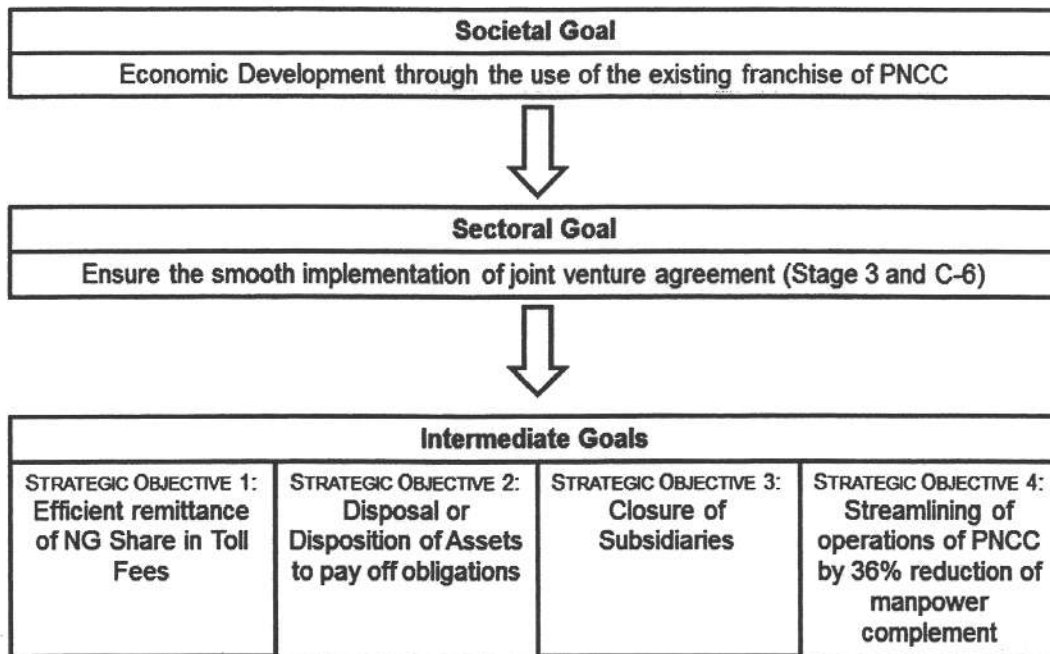


The Parties agree to the following terms:

1. **Period.** – This Agreement shall be effective beginning from the execution of this Agreement and ending upon the determination by the Governance Commission of the eligibility of PNCC for the FY 2015-2016 PBB and PBI.
2. **Charter Statement and Performance Framework.** – PNCC's Charter Statement and Organizational Performance Indicator Framework (OPIF) for the Period specified in Section 1 hereof, shall be as follows:

Mission: To provide an orderly, coordinated and efficient program for the management and operation of PNCC and its subsidiaries in accordance with law and the overall development plan of the President of the Philippines.

Vision: By 30 June 2016, PNCC should have disposed of its assets and paid off its liabilities to the national government and the private sector.



3. **Measurement of Performance.** – Based on the Performance Scorecard 2015-2016 attached hereto as **Annex A**, the PNCC's Performance for 2015-2016 shall be based on the following Measures/Performance Indicators and Annual Targets, to wit:

Objectives and Measures		TARGETS	
		2015	2016
SO1	Efficient Remittance of NG Share in Toll Fees		
SM1	Establishment of measures and procedures for the payment and remittance of NG share in P.D. 1113 projects.	Finalization and enforcement of procedure by which NG share in toll projects should be remitted directly to the BTr without need of PNCC management services	
SM2	Establishment of measures and procedures for the payment and remittance of NG share in P.D. 1894 projects	Formal adoption of policy and procedure by which the net proceeds (after providing for expenses of operations) would be prioritized in the payment for NG liabilities	Adoption of a final liquidation plan over the values of the projects as payment for outstanding liabilities of PNCC
SO2	Disposal/Disposition of Assets to Pay off Recognized Obligation		

SM3	Application of Financial Center Area (FCA) property to outstanding NG liabilities of PNCC	Agreement with Btr and DOF on valuation of FCA, and effecting an offsetting against NG liabilities (primarily the obligation to PMO)	
SM4	Disposition and realization of the value of Tagoloan, Misamis (6 has) property.	Agreement with LGU on the valuation of the property and receipt of payment to be applied to payment of NG liabilities	
SM5	Disposition of Bicutan property (3.3has) through public bidding	Have property appraised, finalize TOR and conduct public bidding, and apply proceeds to the payment of NG liabilities	Conduct of public bidding
SM6	Disposition and liquidation of PMO obligations	Pay the undisputed portion thereof (P5.5B) to PMO	Come to a final settlement of the balance unpaid; failing in which, provide for an escrow amount as part of liquidation of PNCC
SM7	Disposition and liquidation of NDC obligations	Enter into a compromise agreement in the OGCC arbitration case	Failing to settle with NDC, provide for an escrow amount as part of the liquidation of PNCC
SM8	Confirmation of the "newly discovered" obligation to BTr in the amount of Php2.5B	Confirm the existence and the final amount of liability to BTr	If actually existing, provide for the payment as part of the liquidation of PNCC
SO3	Disposition of Subsidiaries		
SM9	Closure of inactive subsidiaries (TCPC, TFC CDCPFC, ASDI)	Final report on the disposition of assets and liabilities of TCPC, TFC, CDCPFC, ASDI	
SM10	Transfer of DISC Functions to PNCC	Actual assumption of DISC Functions; transfer of assets and liabilities; final report on winding down of DISC	
SO4	Streamlining of the Agency		

SM11	Reduction and Streamlining of the Organization	Development of Reorganization Plan; 36 % reduction in manpower complement	Payment of separation pay to all employees
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4. **Quarterly Submission of Performance Monitoring.** – PNCC shall submit a quarterly monitoring report to the GCG within thirty(30) calendar days from the close of each quarter.

5. **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 (Re-Issued), GCG MC No. 2014-02, and GCG MC No. 2014-03 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 Network (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.

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- (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.
- (f) Compliance with the deadlines and submission of reports through the Integrated Corporate Reporting System (ICRS) pursuant to GCG MC No. 2014-02.
- (g) Compliance by all members of the Governing Board with the submission of all required forms for the Director Performance Review (DPR) pursuant to GCG MC. No. 2014-03 and implementing issuances pursuant thereto.
- (h) Submission of Corporate Operating Budgets (COBs):
 - i. For GOCCs receiving national government budgetary support, COBs shall be submitted to the Department of Budget and Management (DBM) for review and approval on or before the deadline indicated in DBM National Budget Memorandum No. 120 on "Budget Call for FY 2015;"
 - ii. For GOCCs without national government budgetary support, COBs shall be submitted to the Governance Commission using the same deadline as provided in DBM National Budget Memorandum No. 120.

6. PNCC hereby undertakes to have its Performance Scorecard rated by its customers and solicit feedback on how the same may be improved. PNCC 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 PNCC's Performance Scorecard, and shall be used solely as a reference by GCG and PNCC.

7. PNCC shall timely inform GCG of all audit observations and notices of disallowances within seven (7) working days from the time it receives the same from the Commission on Audit (COA) prior to the regular publication of the final annual audit report. Accordingly, PNCC shall copy furnish the Governance Commission copies of all written communications between PNCC and COA on such matters, inform GCG of the schedule of its exit interview with COA seven (7) working days before the schedule or as soon as practicable, and other efficient means of inter-agency coordination.

Failure to timely disclose such matters to the Governance Commission prior to the same becoming public information or the submission of the application for the Performance-Based Bonus (PBB) or Performance-Based Incentive (PBI) may be considered as non-compliance with the Good Governance Condition of submitting Concrete and Time Bound Action Plans on findings of COA, rendering the Governing Board

INELIGIBLE to apply for the PBI, without prejudice to a further determination on the impact of the same on the GOCCs PBB application.

DONE, this 3rd day of March 2015, in the City of Makati, Philippines.

**GOVERNANCE COMMISSION
FOR GOCCs**

BY AUTHORITY OF THE COMMISSION:



CESAR L. VILLANUEVA
Chairman



MA. ANGELA E. IGNACIO
Commissioner



RAINIER B. BUTALID
Commissioner

**PHILIPPINE NATIONAL
CONSTRUCTION CORPORATION**



ELPIDIO C. JAMORA, JR.
Chairman

LUIS F. SISON
President



TOMAS C. ALVAREZ
Board Member



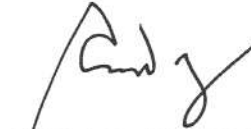
ROSENDO T. CAPCO
Board Member

TOMAS C. FALGUI III
Board Member



ELISEA G. GOZUN
Board Member

**PHILIPPINE NATIONAL
CONSTRUCTION CORPORATION**



ROBERT G. VERGARA

Board Member



ROSANNA E. VELASCO

Board Member



NORA O. VINLUAN

Board Member

ANTONIO C. PIDO

Board Member



CRISTINO L. PANLILIO

Board Member



TONI ANGELIE V. COO

Board Member

**SUMMARY OF AGREEMENTS
PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
PLAN OF ACTION
2015 - 2016**

VISION: By June 30, 2016, PNCC should have disposed of its assets and paid off its liabilities to the national government and the private sector.

				COMMENTS / RECOMMENDATIONS
Objectives and Measures		Target 2015	Target 2016	
SO1	Efficient Remittance of NG Share in Toll Fees			
SM1	Establishment of measures and procedures for the payment and remittance of NG share in P.D. 1113 projects.	Finalization and enforcement of procedure by which NG share in toll projects should be remitted directly to the BTr without need of PNCC management services		
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SO2	Disposal/Disposition of Assets to Pay off Recognized Obligation			The PNCC shall provide the Governance Commission with a listing of all assets and outstanding liabilities to determine which assets can be disposed off to settle said liabilities.
SM3	Application of Financial Center Area (FCA) property to outstanding NG liabilities of PNCC	Agreement with Btr and DOF on valuation of FCA, and effecting an offsetting against NG liabilities (primarily the obligation to PMO)		
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SM6	Disposition and liquidation of PMO obligations	Pay the undisputed portion thereof (Php5.5B) to PMO	Come to a final settlement of the balance unpaid; failing in which, provide for an escrow amount as part of liquidation of PNCC	PNCC will endeavor to come to an agreement with PMO that no further actions will be filed after the DOJ resolution of the arbitration case.

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SM7	Disposition and liquidation of NDC obligations	Enter into a compromise agreement in the OGCC arbitration case	Failing to settle with NDC, provide for an escrow amount as part of the liquidation of PNCC	PNCC will endeavor to come to an agreement with NDC that no further actions will be filed after the DOJ resolution of the arbitration case.
SM8	Confirmation of the "newly discovered" obligation to BTr in the amount of Php2.5B	Confirm the existence and the final amount of liability to BTr	If actually existing, provide for the payment as part of the liquidation of PNCC	
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SO4	Streamlining of the Agency			
SM11	Reduction and Streamlining of the Organization	Development of Reorganization Plan; 36 % reduction in manpower complement	Payment of separation pay to all employees	

For Governance Commission for GOCCs:


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Chairman


RAIMIER B. BUTALID
Commissioner


M. ANGELA E. IGNACIO
Commissioner

For Philippine National Construction Corporation:


ELPIDIO C. JAMORA, JR.
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TOMAS C. ALVAREZ
Director


ANTONIO C. PIDO
Director



TOMAS C. FALGUI II
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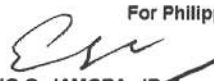
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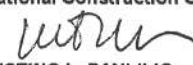
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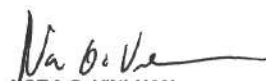
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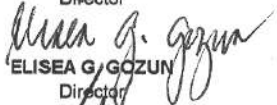

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