



## 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 -

**METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM –  
CORPORATE OFFICE (MWSS-CO)**

**WITNESSETH: THAT –**

The Parties agree to the following terms:

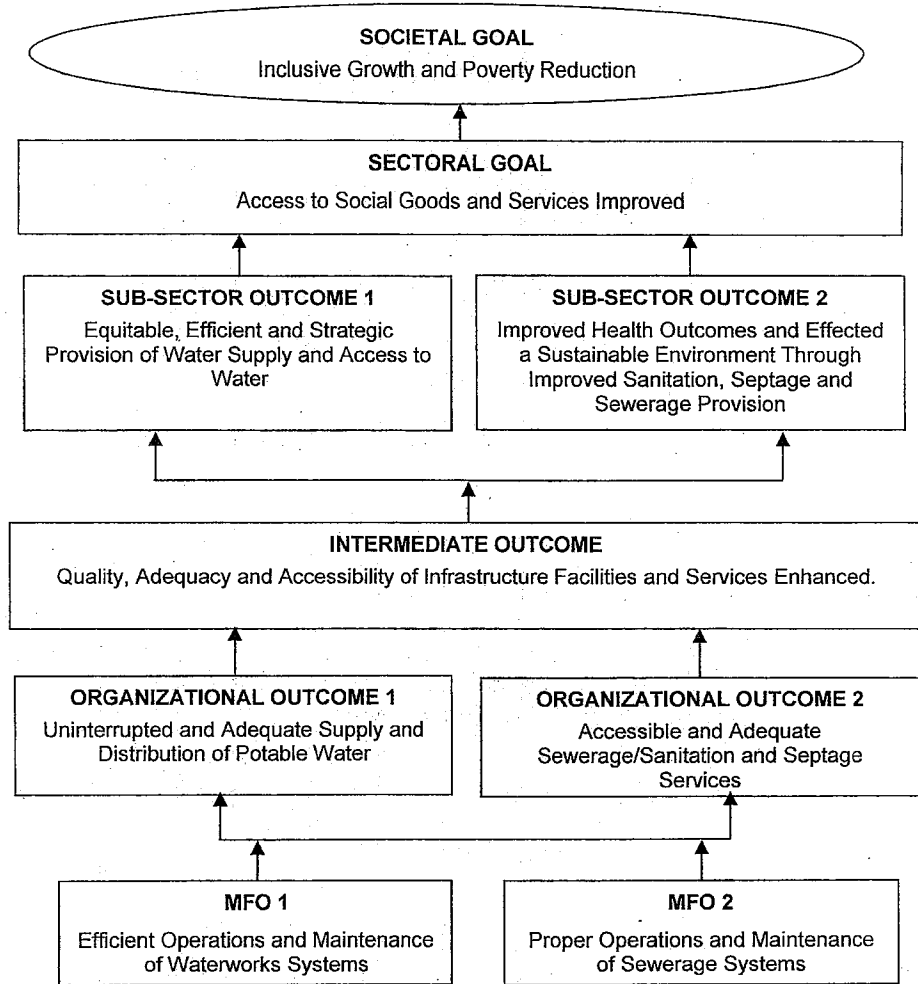
1. **Period.** – This Agreement shall be effective for a period of two (2) calendar years beginning from the execution of this agreement and ending on 31 December 2014.
2. **Charter Statement and OPIF Logframe.** – MWSS-CO's Charter Statement and OPIF Logframe for the Period specified in Section 1 hereof, shall be as follows:

**Mission:** For Metro-Manila and its adjacent towns:

- Protect, secure, optimize and expand our water sources, their watersheds and infrastructure;
- Provide equitable access to clean, potable and affordable water;
- Aggressively increase the coverage of sewerage disposal system; and
- Ensure prudence and efficiency in the implementation of all our plans, including those we accomplish through our agent concessionaires, and in doing so, deliver affordable water tariffs that will support the long term water security program for Metro Manila and all covered areas.

**Vision:** MWSS is the prime mover and guardian of water security providing adequate, safe, reliable, and affordable water and sewerage services to Metro Manila and its existing and future coverage areas, while ensuring the sustainability of its water resources and the intelligent and right use of water.

**MWSS-CO Logframe**



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

MFO	Performance Measures*	Weight		Baseline			Annual Targets	
		2013	2014	2010	2011	2012	2013	2014
MFO 1: Efficient Operations and Maintenance of Waterworks Systems	PI Set 1: New Centennial Water Source Project (NCWSP): Addressing water security for MWSS by constructing a redundant dam to Angat dam.							
	Quantity 1: Completed Feasibility Study to determine viability of NCWSP	10%	-	-	-	-	100%	-
	Quantity 2: NEDA-ICC submission for approval of the NCWSP implementation	10%	-	-	-	-	100%	-
	Quantity 3: Tendering of NCWSP	-	10%	-	-	-	-	100%
	Quantity 4: NCWSP Implementation	-	20%	-	-	-	-	10%**
	PI Set 2: Bulacan Bulk Water Supply Project (BBWSP): Provision of treated bulk water to 24 municipalities of Bulacan							

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MFO	Performance Measures*	Weight		Baseline			Annual Targets		
		2013	2014	2010	2011	2012	2013	2014	
3	Quantity 5: Completed Feasibility Study to determine viability of BBWSP	10%	-	-	-	-	100%	-	
	Quantity 6: NEDA-ICC submission for approval of the BBWSP implementation	10%	-	-	-	-	100%	-	
	Quantity 7: Tendering of BBWSP	-	10%	-	-	-	-	100%	
	Quantity 8: BBWSP Implementation	-	20%	-	-	-	-	10%**	
	PI Set 3: Angat Water Transmission Improvement Project (AWTIP): Improved reliability and operational flexibility of conveyance systems from Angat Dam to La Mesa portals								
	Quantity 9: Completed Feasibility Study to determine viability of AWTIP	10%	-	-	-	-	100%	-	
	Quantity 10: NEDA-ICC submission for approval of the AWTIP implementation	10%	-	-	-	-	100%	-	
	Quantity 11: Tendering of AWTIP	-	10%	-	-	-	-	100%	
	Quantity 12: AWTIP Implementation	-	10%	-	-	-	-	10%**	
	PI Set 4: Rate Rebasing Support								
	Quantity 13: Validation and Estimation of proposed Concessionaire CAPEX as support to Rate Rebasing Exercise of MWSS Regulatory Office, resulting in at least 30% reduction from declared CAPEX	20%	-	-	-	-	100%	-	
	<b>Subtotal of Weights:</b>		<b>80%</b>	<b>80%</b>					
MFO 2: Proper Operations and Maintenance of Sewerage Systems	PI Set 5: Implementation of the MWSS Master Plan on sewerage and sanitation/ Compliance with the SC decision to clean-up Manila Bay								
	Quantity 14: Completion of Marikina North STP (East Zone)	2%	2%	-	-	-	50%	100%	
	Quantity 15: Completion of Congressional, Legal, Grant, Paco, Baesa, Proj 7, Tatalon, Paltok, Bahay Toro, Samson, Tandang Sora, San Antonio, Del Monte, Kapiligan, Bagbag STPs (West Zone)	2%	2%	-	-	-	100%	-	
	Quantity 16: Completion of Talayan STP West Zone	2%	2%	-	-	-	50%	100%	
	Quantity 17: a) Desludging of septic tanks in the East Zone b) Desludging of septic tanks in the West Zone	2%	2%	109%	97%	97%	98%	Subject to Renegotiation	
<b>Subtotal of Weights:</b>		<b>10%</b>	<b>10%</b>						
General Administrative and Support Services (GASS)	Reorganization of MWSS completed	10%	10%	-	-	-	40%	60%	
		<b>100%</b>	<b>100%</b>						

\*See formulas and data provider on Annex B.

\*\* Milestone ground breaking

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

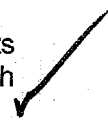
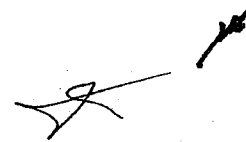
4. **Strategic Initiatives.** – MWSS-CO hereby commits to undertaking the following key programs and/or projects identified as having significant impact on its Performance Scorecard (PES Form 2) attached hereto as **Annex B**, to wit:

- (a) Strategic Initiative 1 – New Centennial Water Supply Source Project;
- (b) Strategic Initiative 2 – Bulacan Bulk Water Supply Project;
- (c) Strategic Initiative 3 – Aqueduct Water Transmission Improvement Project (AWTIP);
- (d) Strategic Initiative 4 – Validation and Estimation of proposed Concessionaire CAPEX as support to Rate Rebasing Exercise of MWSS Regulatory Office, resulting in at least 30% reduction from declared CAPEX;
- (e) Strategic Initiative 5 – Review of Sewerage & Sanitation Master Plan; and
- (f) Strategic Initiative 6 – MWSS Reorganization

The Commitment herein includes obtaining all necessary approvals, if applicable, such as those for Major Development Projects under GCG MC No. 2013-03. MWSS-CO shall include updates on the foregoing Strategic Initiative in its submission of quarterly monitoring reports (PES Form 3) to the GCG.

5. **Quarterly Submission of Performance Monitoring.** – MWSS-CO 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 C**.
6. **Good Governance Conditions.** – In addition to the covered portions of the Performance Scorecard, the MWSS-CO 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);<sup>1</sup>

<sup>1</sup> See CIVIL SERVICE COMMISSION MEMORANDUM CIRCULAR No. 3, s. 2013.



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. MWSS-CO hereby undertakes to have its Performance Scorecard rated by its customers and solicit feedback on how the same may be improved. MWSS-CO 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 MWSS-CO's Performance Scorecard, and shall be used solely as a reference by GCG and MWSS-CO 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 December 2013 in the City of Makati, Philippines.

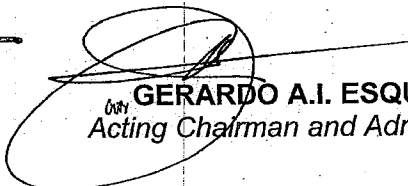
**GOVERNANCE COMMISSION  
FOR GOCCs**

**METROPOLITAN WATERWORKS  
AND SEWERAGE SYSTEM –  
CORPORATE OFFICE (MWSS-CO)**

BY AUTHORITY OF THE COMMISSION:



**CESAR L. VILLANUEVA**  
Chairman



**GERARDO A.I. ESQUIVEL**  
Acting Chairman and Administrator

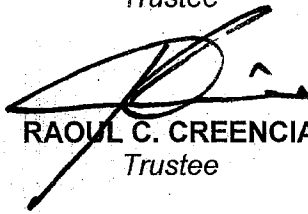
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**MA. ANGELA E. IGNACIO**  
*Commissioner*



**RAINIER B. BUTALID**  
*Commissioner*

  
**EMMANUEL Z. CAPARAS**  
*Trustee*



**RAOUL C. CREENCIA**  
*Trustee*

*Ma. Cecilia G. Soriano*

**MA. CECILIA G. SORIANO**  
*Trustee*

  
**JOSE RAMON T. VILLARIN**  
*Trustee*



**BENJAMIN J. YAMBAO**  
*Trustee*

