



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 -

SUGAR REGULATORY ADMINISTRATION (SRA)

WITNESSETH: THAT –

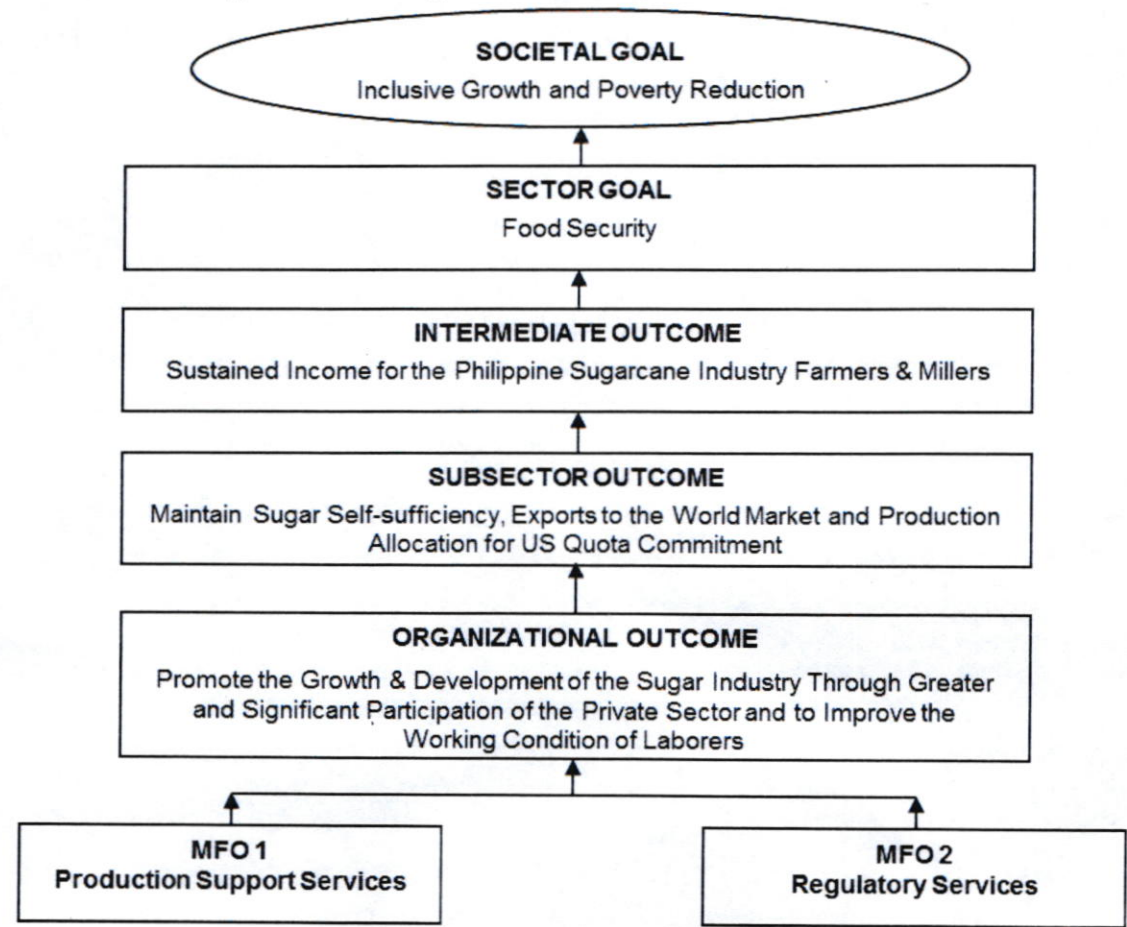
The Parties agree to the following terms:

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

Mission: To provide stakeholders of the Philippine sugarcane industries with pro-active and effective policies, regulatory, R&D and extension services

Vision: An empowered government organization that ensures long-term viability, environmental sustainability and global competitiveness of Philippine sugarcane industries through greater and significant participation of the stakeholders



3. **Measurement of Performance.** – Based on SRA's Interim Performance Scorecard, attached hereto as **Annex A**, the evaluation of SRA'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: Production Support Services	Quantity 1: Number of sugarcane block farms validated by SRA and Department of Agrarian Reform (DAR)	25%	25%	-	-	6	20	25
	Quantity 2: Number of completed research projects' stages	3%	3%	18	22	34	26	30**
	Quality: Number of completed research projects certified for dissemination.	6%	6%	-	-	-	3	6
	Quantity 3: Number of production-related materials and services distributed to farmers							
	<ul style="list-style-type: none"> • Plantlets • Canepoints • Trichogramma • Soil analysis Tests 	3%	3%	194,300	235,951	240,600	260,000	280,000
		5%	5%	2,694,700	5,028,229	5,434,181	6,000,000	6,500,000
		1%	1%	25,597	19,829	15,007	15,000	15,000***
		3%	3%	1,345	2,971	2,499	3,000	4,000
Subtotal of Weights:		46%	46%					
MFO 2: Regulatory Services	PI Set 1: Licensing							
	Timeliness: Average number of days for processing of Licenses / Permits / Certificates with complete requirements:							
	<ul style="list-style-type: none"> • Sugar Mills and Refineries, Sugar, Muscovado and Molasses Traders Licenses 	5%	5%	-	-	-	2 working days	2 working days
	• Sugar Test Certificates	5%	5%	-	-	-	10 working days	10 working days
	• Export/Import Clearances	7%	7%	-	-	-	5 working days	5 working days
	• Shipping Permit	3%	3%	-	-	-	1 working day	1 working day
• Sugar Quedan Certificates	10%	10%	-	-	-	1 working day per batch	1 working day per batch	
PI Set 2: Monitoring								
Quantity: Percentage of Customs Bonded Warehouses (CBWs) profiles (out of 100 CBWs)	3%	3%	-	-	-	25%	75%	
Subtotal of Weights:		33%	33%					
Organization-wide Financial Indicator	Financial: Dividend remittance	21%	21%	-	-	₱ 28M	₱ 35M	₱ 35M****
Subtotal of Weights:		21%	21%					
		100%	100%					

* See formulas and data provider on Annex A.
** Subject to additional manpower complement
*** Decline in the distribution of Trichogramma strips would mean better performance (less pest infestation)
**** Subject to renegotiation

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

4. **Strategic Initiatives.** – SRA hereby commits to undertaking the Block Farming of Selected ARBs, a profile of which is attached hereto as **Annex B**, its sole strategic initiative identified as having a significant impact on its Performance Scorecard.

The Commitment herein includes obtaining all necessary approvals, if applicable, such as those for Major Development Projects under GCG MC No. 2013-03. SRA 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.** – SRA 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 SRA 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);¹

- 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. ✓

¹ See CIVIL SERVICE COMMISSION MEMORANDUM CIRCULAR No. 3, s. 2013.

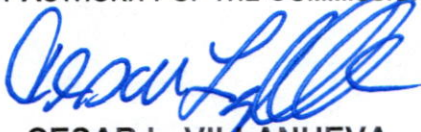
7. SRA hereby undertakes to have its Performance Scorecard rated by its customers and solicit feedback on how the same may be improved. SRA shall determine the most effective method for accomplishing the said purpose. Such information shall be reported to GCG together with the quarterly monitoring report. The rating shall not affect the performance indicators/measures in SRA's Performance Scorecard, and shall be used solely as a reference by GCG and SRA 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 2nd day of December 2013 in the City of Makati, Philippines.

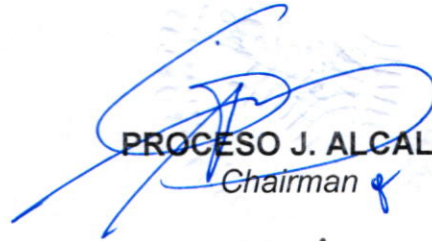
**GOVERNANCE COMMISSION
FOR GOCCS**

**SUGAR REGULATORY
ADMINISTRATION**

BY AUTHORITY OF THE COMMISSION:



CESAR L. VILLANUEVA
Chairman



PROCESO J. ALCALA
Chairman

DEPARTMENT OF AGRICULTURE

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MA. ANGELA E. IGNACIO
Commissioner



MA. REGINA BAUTISTA-MARTIN
Administrator



RAINIER B. BUTALID
Commissioner



PABLITO S. SANDOVAL, SR.
Board Member



JESUS T. BARRERA
Board Member

**SUGAR REGULATORY ADMINISTRATION
INTERIM PERFORMANCE SCORECARD 2013**

Performance Measures				Baseline Data			Targets		
Description	Formula	Weight		Data Provider	2010	2011	2012	2013	2014
		2013	2014						
MFO 1 : Production Support Services									
Quantity 1: Number of sugarcane block farms validated by SRA and Department of Agrarian Reform (DAR)	Σ sugarcane block farms validated	25%	25%	R,D & E Department - Agricultural Extension Div. Planning & Policy Department – Project Evaluation & Monitoring Section	-	-	6	20	25
Quantity 2: Number of completed research projects' stages	Σ completed research projects' stages	3%	3%	R,D & E Dept. LAREC, LGAREC, Sugar Reference Lab, Environmental Lab	18	22	34	26	30*
Quality: Number of completed research projects certified for dissemination	Σ completed research projects certified for dissemination	6%	6%	Various consortia	-	-	-	3	6
Quantity 3: Number of production-related materials and services distributed to farmers	Σ production-related materials and services distributed	3%	3%	R,D & E Dept – LGAREC	194,300	235,951	240,600	260,000	280,000
• Plantlets		5%	5%	R,D & E Dept – LAREC, LGAREC	2,694,700	5,028,229	5,434,181	6,000,000	6,500,000
• Canepoints		1%	1%	R,D & E Dept - LGAREC	25,597	19,829	15,007	15,000	15,000**
• Trichogramma		3%	3%	R,D & E Dept – LAREC, LGAREC, Soils Laboratory	1,345	2,971	2,499	3,000	4,000
• Soil analysis Tests									
Subtotal of Weights:		46%	46%						

Performance Measures				Baseline Data			Targets		
Description	Formula	Weight		Data Provider	2010	2011	2012	2013	2014
		2013	2014						
MFO 2 : Regulatory Services									
PI Set 1: Licensing									
Timeliness: Average number of days for processing of Licenses / Permits / Certificates with complete requirements:									
• Sugar Mills and Refineries, Sugar, Muscovado and Molasses Traders Licenses		5%	5%	Regulation Department	-	-	-	2 working days	2 working days
• Sugar Test Certificates	Total number of days processing Licenses / Permits / Certificates	5%	5%	R, D & E Dept – Sugar Reference Laboratory	-	-	-	10 working days	10 working days
• Export/Import Clearances		7%	7%	Regulation Department	-	-	-	5 working days	5 working days
• Shipping Permit	Total no. of processed requests	3%	3%	Regulation Department	-	-	-	1 working day	1 working day
• Sugar Quedan Certificates		10%	10%	Regulation Department	-	-	-	1 working day per batch	1 working day per batch
PI Set 2: Monitoring									
Quantity: Percentage of Customs Bonded Warehouses (CBWs) profiles (out of 100 CBWs)	$\frac{\sum \text{Customs Bonded Warehouses}}{100}$	3%	3%	Regulation Department	-	-	-	25%	75%
Subtotal of Weights:		33%	33%						
Organization-wide Financial Indicator									
Financial: Dividend remittance	Amount of dividend remitted	21%	21%	Administrative & Finance Department	-	-	₱ 28M	₱ 35M	₱ 35M***
Subtotal of Weights:		21%	21%						
TOTAL OF WEIGHTS:		100%	100%						

* Subject to additional manpower complement

** Decline in the distribution of Trichogramma strips would mean better performance (less pest infestation)

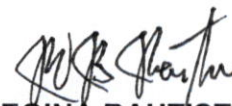
*** Subject to renegotiation

For GCG:



RAINIER B. BUTALID
Commissioner, GCG

For SRA:



MA. REGINA BAUTISTA-MARTIN
Administrator, SRA

SUGAR REGULATORY ADMINISTRATION

STRATEGIC INITIATIVES PROFILE

I. STRATEGIC INITIATIVE 1

- 1. Name of Project** : Block Farming of Selected ARBs
- 2. Contact Person/
Project Team Head** : Rosemarie S. Gumera, Planning and Policy Department
Manager
- 3. Project Description** : This program espouses the operational consolidation of small farms to take advantage of plantation-scale production. Similar to the national convergence strategy, the Sugarcane Convergence Program (SCP) will involve the DA, DAR, and DENR. Operations of small farms will be consolidated into minimum "block farms" of 30-50 hectares. Ownership of each small farm is still maintained and respected, thus giving the landowners a share in the profit or earnings in using the land for sugarcane production.
- The project has the following objectives:
- General: To increase small farmers' (block farming beneficiaries) income at a minimum increment of P 40,000 per hectare in crop year 2015-2016 against crop year 2010-2011 income level.
- Specific:
- a. To increase farm productivity of small farms (ten hectares and less) enrolled in block farms from 50 TC/Ha to 75 TC/Ha and sugar yield from 1.9 LKg/TC to 2.1 Lkg/TC in crop year 2015-2016 against crop year 2010-2011 level.
 - b. To establish at least one block farm per MDDC and transforming each block farm into an agro-industrial enterprise.

4. Milestones

Activities	Timeline		Budget (in ₱ Million)	Funding Source	Status
	Start	End			
1. Pre-approval meetings	Jan 2014	Feb 2014	0.90	DAR / SRA	
2. Parcellary GPS Survey & Mapping	Jan 2014	Feb 2014			
3. Block Farm Approval	Jan 2014	Feb 2014			
4. Productivity Needs Assessment	Jan 2014	Mar 2014			
5. Preparation of Intervention Package per Block Farm	Jan 2014	Mar 2014			
6. Capability building activities and other interventions	Jan 2014	Mar 2014	140.00		
7. Implementation of Activities Per Block Farm	Jan 2014	Nov 2015	2.75	SRA	
8. Mid-Implementation Evaluation	Oct 2014	Nov 2014	0.02		
9. Final Evaluation/Report Preparation	Oct 2014	Nov 2015			
Total			143.67		

SUGAR REGULATORY ADMINISTRATION

Interim Performance Scorecard 2013-2014

Performance Measures		Baseline Data (if available)					Targets	
		2010	2011	2012	2013	2014	2013	2014
Description	Weight	Data Provider / Means of Verification						
MFO 1 : Production support services								
<u>Quantity 1</u>	25%	<ul style="list-style-type: none"> R, D & E Department - Agricultural Extension Div. Planning & Policy Department - Project Evaluation & Monitoring Section 						
		-	-	6	20	25		
<u>Quantity 2</u>	3%	<ul style="list-style-type: none"> R, D & E Dept. LAREC, LGAREC, Sugar Reference Lab, Environmental Lab 						
		18	22	34	26	30*		
<u>Quality</u>	6%	Various consortiums						
		-	-	-	3	6		
<u>Quantity 4</u>		Number of production-related materials and services distributed to farmers						
	3%	<ul style="list-style-type: none"> Plantlets 						
	5%	<ul style="list-style-type: none"> Canepoints 						
	1%	<ul style="list-style-type: none"> Trichogramma 						
	3%	<ul style="list-style-type: none"> Soil Analysis Tests 						
		194,300	235,951	240,600	260,000	280,000		
		2,694,700	5,028,229	5,434,181	6,000,000	6,500,000		
		25,597	19,829	15,007	15,000	15,000**		
		1,345	2,971	2,499	3,000	4,000		
Subtotal of Weights - MFO 1								
		46%						
MFO 2 : Regulatory services								
PI Set 1	Licensing							

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SUGAR REGULATORY ADMINISTRATION

Interim Performance Scorecard 2013-2014

<u>Timeliness</u>	Average number of days for processing of Licenses / Permits / Certificates with complete requirements:							
	<ul style="list-style-type: none"> Sugar Mills and Refineries, Sugar, Muscovado and Molasses Traders Licenses 	5%	<ul style="list-style-type: none"> Regulation Department 				2 working days	2 working days
	<ul style="list-style-type: none"> Sugar Test Certificates 	5%	<ul style="list-style-type: none"> R, D & E Dept – Sugar Reference Laboratory 				10 working days	10 working days
	<ul style="list-style-type: none"> Export/Import Clearances 	7%					5 working days	5 working days
	<ul style="list-style-type: none"> Shipping Permit 	3%	<ul style="list-style-type: none"> Regulation Department 				1 working day	1 working day
	<ul style="list-style-type: none"> Sugar Quedan Certificates 	10%					1 working day / batch	1 working day / batch
PI Set 2	Monitoring							
<u>Quantity 1</u>	Percentage of Customs Bonded Warehouses (CBWs) profiled (out of 100CBWs)	3%	<ul style="list-style-type: none"> Regulation Dept 				25%	
Subtotal of Weights – MFO 2		33%						
Organization-wide Financial Indicator								
<u>Financial</u>	Dividend remittance							
	<ul style="list-style-type: none"> 35M – 100% < 35M - < 33M – 90% < 33M - < 31M – 80% < 31M - < 28M – 70% < 28M and below – 0 	21%				Php 28M	Php 31-35M	
TOTAL of Weights		100%						

SUGAR REGULATORY ADMINISTRATION

Interim Performance Scorecard 2013-2014

Organizational Outcome Indicators:

Indicators	Reference Year	Baseline Figures	2013	2014
Percentage increase in fund collection	2012 Gross Corp. Revenue	P 419,498,244	6%	12%
Yield of sugarcane increased, tons cane / hectare	Crop Year 2011-2012	56.76	58.59	62.78
Net profit-cost ratio for sugarcane increased	PDP 2011-2016 Results Matrix – 2012 NPR	0.04	0.16	0.22
Percentage increase in sugarcane area	SRA Roadmap 2011-2016 (original) Crop Year 2011-2012	387,311	5%	12%
Milling recovery improved, LKg/TC	SRA Roadmap 2011-2016 (original) Crop Year 2011-2012	1.99	2.01	2.04
Percentage increase in the production of sugarcane-based bioethanol		32.4M liters	100%	150%

NOTE: LKg = 50-kilo bag; TC = tons cane

Sector Outcome Indicators:

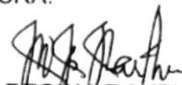
Indicators	Reference Year	Baseline Figures	2013	2014
Ratio of sugar production vs. domestic requirement	Crop Year 2011-2012	1.1 :1.0	1.08:1.0	1.15:1.0
Yield of sugarcane increased, tons cane / hectare	Crop Year 2011-2012	56.76	58.59	62.78
Net profit-cost ratio for sugarcane increased	PDP 2011-2016 Results Matrix – 2012 NPR	0.04	0.16	0.22
Percentage increase in sugarcane area	SRA Roadmap 2011-2016 (original) Crop Year 2011-2012	387,311	5%	12%
Milling recovery improved, LKg/TC	SRA Roadmap 2011-2016 (original) Crop Year 2011-2012	1.99	2.01	2.04
Percentage increase in the use of sugarcane-based bioethanol				
Percentage increase in the use of sugarcane in electricity generation				

For GCG:



RAINIER B. BUTALID
Commissioner, GCG

For SRA:



MA. REGINA BAUTISTA-MARTIN
Administrator, SRA

For DA:



SEGREDO R. SERRANO
Undersecretary, DA