

Performance Agreement

This Performance Agreement ("the Agreement") is made and entered into this November, 2016 by and between Nepal Electricity Authority (NEA), which expressions shall unless repugnant to the context or meaning thereof be deemed to be represented by its Deputy Managing Director, Distribution and Consumer Services (DMD, DCS) a true and lawful Attorney of Managing Director, NEA; as "the First Party" and Mr, Distribution Center Chief ofDistribution Center, NEA as "Second Party", as duly endorsed and approved by the decision of the NEA Board.

Each also individually referred to as the "Party" and collectively to as "Parties".

In consideration of the benefit of NEA, both the parties acknowledge the importance and promise to execute as agreed below.

1. General

The Parties hereby conclude this Agreement in terms of preconditions as set forth for the purpose by the NEA Board decision datedThe Parties wish to ensure that they are clear about the objectives to be achieved and secure the commitment of the Distribution Center Chief to a set of outcomes that will secure the predetermined policy, programs and goal of NEA as well as terms and conditions under this Agreement entered into between the Parties.

The contents of this Agreement and outcome of any review concluded in terms of Annex-I & Annex-II appended herewith may be made available to the public notice. Nothing in this Agreement diminishes the obligations, duties and responsibilities of the Second Party as an employee of NEA, or the effects of the existing or new regulations, circulars, policies, directives or other instruments.

The performance assessment results will be submitted to the NEA Board within 15 days after the conclusion of the assessment.

2. Purpose of this Agreement

The purpose of this Agreement is to:

- i. Specify objectives and targets defined and agreed with the Second Party and to communicate to the same, the First Party's expectations of the Second Party's performance and accountabilities in line with the NEA's objectives, functions, bylaws, policies, manuals, directives, and programs.
- ii. Specify accountability and responsibilities set out in the Key Performance Activities (KPAs) and monitor and measure performance against set Key Performance Indicators (KPIs) listed in Annex-I & Annex-II, which forms an integral part of this Agreement.
- iii. Give effect to the functional and committed performance oriented working relationship between the Parties in attaining improved service delivery; and
- iv. In event of outstanding performance to appropriately reward the Second Party.

3. Terms and Commencement of this Agreement

This Agreement will commence just after signing and will remain in force until the end of Ashadh, 2075. However, periodic performance review will be the basis for periodic extension of services up to the intended period of two fiscal years.

The Parties will review the provisions of this Agreement in each quarter of the fiscal year. The content of this Agreement may be revised at any time during the above mentioned period to determine the applicability of the matters agreed upon. The Parties will conclude the new Performance Agreement that replaces this Agreement at least once in a year, as the case may be, by not later than one month after the beginning of the next fiscal year.

If at any time during the validity of this Agreement the work environment alters, whether as a result of government / NEA Board decision or otherwise to the extent that the content of this Agreement are no longer appropriate, the content shall immediately be revised.

4. Remuneration and Other fringeBenefits

The Second Party shall be entitled to receive salary and other allowances as stipulated by the NEA rules and regulations. However, the first party may reward the second party on the basis of the improved performance as dictated in the NEA bylaws and Clause 10 of this Agreement.

5. Distribution CenterChief as an Independent Professional

It is agreed thatDistribution Center chief shall have complete freedom of action as to the details, methods and means of performing its assigned activities under this Agreement. Nothing in this contract shall constrain the Second Party to work as independent professional to achieve his obligated targets. The second party shall be free to work for the benefit of NEA without any conflicting interest of his own as per NEA's rules, regulations and bylaws.

6. Working Relationship

This Agreement creates a relationship of special trust and confidence between the Parties to act for the benefit of nation as a whole and NEA in particular. As an independent professional, the Second Party does not have the authority to bind the First Party, unless expressly agreed elsewhere in this agreement in writing. The Regional chief shall act as true and lawful representative of First Party who shall give due diligence to assist, supervise, monitor and appraise the activities conducting the related Parties.

7. Performance Target and Performance Appraisal

The key performance Activities (KPAs) and key performance Indicators (KPIs) are set forth and presented in the Annex-I attached herewith, KPAs describe the principal task need to be done while KPIs provide the details of the evidence that must be provided to show that a key objective has been achieved. The Second Party shall evaluate the situation, revise work plan and actively engage so as to achieve the KPIs listed in this contract.

The KPIs listed in Annex-I & Annex-II shall be revised annually. The KPAs and KPIs give broader perspective on the parameters the Second Party shall focus on. The Second Party's performance, in addition, will be measured in terms of overall contribution made in achieving goals and strategies of the First Party. The intervals specified for evaluation are indicative and will be generally followed. However, nothing in this contract restricts the First Party to evaluate the Second Party at any time of the contract period.

The performance appraisal of the Second Party will be made in each quarter of each fiscal year based on the KPAs and KPIs listed herein. For the KPAs and KPIs without explicitly specified evaluation patterns, a mechanism shall be established as indicative rating on the five point scale to evaluate and calculate the score of performance.

8. Obligation of First Party

The First Party will create enabling environment to facilitate effective performance of the Second Party. The First Party, collectively with Regional Chief will work collaboratively to resolve problems, and identify and implement solutions which may impact the performances of the Second Party.

The First Party shall provide all human, physical and financial resource to the Second Party to the extent best possible in the given circumstances. However, it will be the duty and responsibility of the Second Party to utilize the given resources to achieve the targets specified and the Second Party will not subject to such excuses in performing his duties and responsibilities.

9. Consultation

Either Party shall make prior consultation to the other, while making decision which may impact the jurisdiction of the other. These decisions include, but not limited to, amongst others, those which may have direct effect on the performance of the Second Party or substantial financial effect on the First Party.

10. Performance Evaluation, Reward and Punishment

Basis of performance evaluation shall be as specified in Clause 7: Performance Target and Performance Appraisal above. The KPAs and KPIs given in Annex-I & Annex-II specify the broader perspective of evaluation which will be generally carried out at the end of each quarter of the fiscal year. For the KPAs without explicitly specified evaluation criteria, a mechanism shall be established as indicative rating on the five point scale to evaluate and calculate the score of the performance.

The weightage factor for each KPAs and KPIs are listed in Annex-I & Annex-II and performance shall be evaluated in percentage.

For the positive outcome, the performance on following two factors must be positive.

- i. The outcome of loss reduction must be at least 50% of the target value.
- ii. The outcome of Average Collection Period (ACP) must be 50% of the target value i.e. the ACP must reduce at least by 50% than the existing value.

10.1 Reward

The good performers with positive outcome achieving the set target will be rewarded appropriately. Such reward will include, but not limited to, the following.

- i. After evaluation of performance in each quarter of the fiscal year, the Distribution Center Chief will be entitled to receive cash incentive, in addition to EPR, for that quarter as following.

$$CIA = PO * \text{Basic Salary}$$

Where,

CIA – Cash Incentive Amount

PO - Performance Outcome of Weightage Factors in percentage

For the evaluation of cash incentive amount only, the weightage factor for performance outcome will be as following;

Performance Outcome	80-100%	60-<80%
Weightage Factor (PO)	1	0.5

- ii. The performance outcome of the Distribution Center Chief will be truly reflected in the Annual Performance Evaluation and thus in placement in greater responsibility and accountability as well as promotions.
- iii. The performance outcome will also be a significant factor for selection of Distribution Center Chief in Seminars, Training and participation in international events.
- iv. The performance of Distribution Center Chief subjects to the performance of staffs and offices under his jurisdiction. Such staffs will be entitled to receive Enhanced Performance Reward (EPR) based on the performance of that Distribution Center.

10.2 Punishment

The Distribution Center Chief with performance outcome less than 50% in aggregate or in two KPAs namely Loss Reduction and Reducing ACP; will be evaluated as poor performer. If performance in two consecutive quarter is poor, he may be subjected to the following punishment.

- i. The performance outcome of the Distribution Center Chief will be reflected in the Annual Performance Evaluation and thus in promotions.

- ii. The Distribution Center Chief will not be nominated in Seminars, Trainings and participation in international events.
- iii. The Distribution Center Chief will be transferred from the Distribution Center Office to the position with less decisive participation.

If the Second Party is found to be involved in fraudulent practices or found submitting false statements, will be subjected to the indiscipline action as per NEA bylaws.

The Second Party, however, will be entitled to have opportunity for clarifications for any punishment upon him.

11. Acknowledgement

Both the parties acknowledge that they have read and understand this Agreement and agree to be bound by its terms and conditions.

12. Resolution of Differences and Disputes

Any difference or dispute about the nature of this agreement relating to the duties, responsibilities, methods and assessment of performance or any other matter will be mediated by the Managing Director of the NEA within thirty days of the receipt of the formal reference by either party, whose decision shall be final and binding.

In witness, whereof, the Parties here to have each executed this Agreement on the date first above written.

On behalf of First Party

On behalf of Second Party

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 ()
 Deputy Managing Director

 NEA

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 ()
Distribution Center Chief
 Distribution and Consumer
 Services Directorate, NEA

In the presence of

.....
 Name:
 Designation: