



22 February 2021

MR. RAMON M. LOPEZ

Secretary, Department of Trade and Industry and NDC Chairperson

MS. MA. LOURDES F. REBUENO

General Manager (GM)

NATIONAL DEVELOPMENT COMPANY (NDC)

NDC Building, 116 Tordesillas St., Salcedo Village,
Makati City, Philippines

**RE : VALIDATION RESULT OF THE 2019
PERFORMANCE SCORECARD OF NDC**

Dear Secretary Lopez and GM Rebueno,

This is to formally transmit the validation result of NDC's 2019 Performance Scorecard. Based on the Governance Commission's validation of the documentary submissions, NDC gained an over-all score of **80.00%** (See **Annex A**). The same is to be posted in NDC's website, in accordance with Section 43 of GCG Memorandum Circular (M.C.) No. 2012-07¹.

Pursuant to Section 4.1.1. of GCG M.C. No. 2019-02², "*[m]easures wherein the accomplishments for the same cannot be objectively verified by GCG on accounts of inadequate or incomplete documentation by the GOCC on how such accomplishments were determined may be given an automatic zero score.*" The NDC was given an automatic zero score for two (2) of its Strategic Measures due to its non-submission of the requested supporting documents, despite being afforded the opportunity to submit the same.³

In relation to the grant of the 2019 Performance-Based Bonus (PBB) to eligible officers and employees, NDC fails to satisfy the requirements of GCG M.C. No. 2019-02⁴ particularly the achievement of a weighted-average score of at least 90% in its 2019 Performance Scorecard. In this regard, the Board is reminded that any unilateral action to release the PBB will be considered as a violation of the Board's fiduciary duty to protect the assets of the GOCC as provided under Section 19 of Republic Act No. 10149⁵.

Consequently, pursuant to GCG M.C. No. 2018-04⁶, failure to qualify for the PBB means that the Appointive Members of the Governing Board of NDC shall not be qualified to receive the Performance-Based Incentive (PBI).

¹ CODE OF CORPORATE GOVERNANCE FOR GOCCs dated 28 November 2012.

² INTERIM PERFORMANCE BASED-BONUS (PBB), dated 25 July 2019.

³ Letter dated 01 June 2020, transmitted to NDC via e-mail on 08 June 2020; and request for additional documents per e-mail dated 30 October 2020.

⁴ INTERIM PERFORMANCE-BASED BONUS.

⁵ GOCC Governance Act of 2011.

⁶ INTERIM PERFORMANCE-BASED INCENTIVE (PBI) SYSTEM FOR APPOINTIVE DIRECTORS OF GOCCs COVERED BY GCG FOR 2016 AND FOR THE YEARS THEREAFTER.

FOR NDC'S INFORMATION AND GUIDANCE.

Very truly yours,

cc: COA Resident Auditor - NDC

NATIONAL DEVELOPMENT COMPANY (NDC)
Validation Result of 2019 Performance Scorecard

Component			Rating Scale	Target	Submission		GCG Validation		Supporting Documents	GCG Remarks		
Objective / Measure	Formula	Weight		2019	Actual	Rating	Score	Rating				
IMPACT	SO 1	Strengthen Business Sustainability (Financial Impact)										
	SM 1	Return on Equity	Net Income / Stockholder's Equity Adjusted	15%	(Actual/Target) x Weight	3.00%	82.62%	15%	27.81%	15%	<ul style="list-style-type: none"> • Computation of Return on Equity and Extraordinary Income • COA AAR on NDC 2019 FS 	Target exceeded. The GCG-validated accomplishment was based on the COA audited financial statements and the accompanying notes.
	SO 2	Support Local Development (Social Impact)										
	SM 2	Cumulative Number of Local Jobs Generated by the Projects/ Investments	Number of local jobs generated per operational report	10%	(Actual/Target) x Weight 0% = If below 2018 Actual	2018 Actual + 127 new jobs	523 (2018 Actual) + 127 new jobs = 650	10%	523 (2018 Actual) + 178 new jobs = 701	10%	<ul style="list-style-type: none"> • San Carlos Bioenergy, Inc. (SCBI) Report on Number of Jobs Generated as of 31 December 2019 	Target exceeded. The validated increase in the number of jobs was based on the SCBI certification dated 10 November 2020.
Sub-total			25%				25%		25%			

Component			Rating Scale	Target	Submission		GCG Validation		Supporting Documents	GCG Remarks	
Objective / Measure	Formula	Weight		2019	Actual	Rating	Score	Rating			
STRATEGIC FOCUS	SO 3	Increase Investments in High Impact Priority Areas by Leveraging in NDC's Competitive Advantage									
	SM 3	Cumulative Value of Investments	Cumulative value of investments in high priority areas as approved by the NDC Board	15%	(Actual/Target) x Weight 0% = If below 2018 Actual	2018 Actual (₱3.80 Billion) + ₱1.5 Billion	₱9.4 Billion	15%	₱8.42 Billion	15%	<ul style="list-style-type: none"> • Letter to Manila Exposition Complex, Inc. (MECI) regarding subscription of shares • Secretary's Certificate and Board Paper re: Additional Equity to MECI • Board Paper and Minutes of the Special Meeting of the Board of Directors re: acquisition of GYREI Shares

Component			Rating Scale	Target	Submission		GCG Validation		Supporting Documents	GCG Remarks	
Objective / Measure	Formula	Weight		2019	Actual	Rating	Score	Rating			
SO 4 Enhance the Value of Investment Portfolio											
SM 4	Return on Investments	Amount of dividends received / Total Investment Infused excluding companies for dissolution and pre-operating companies	10%	All or Nothing	2.22%	2.44%	10%	2.44%	10%	<ul style="list-style-type: none"> Return on Investment (ROI) Computation Breakdown of Investments as of 31 December 2019 Cash Receipts Entries and Official Receipts for collection of dividends 	Target exceeded.
SO 5 Improve Customer Satisfaction											
SM 5	Percentage of Satisfied Customers	Number of respondents who rated at least satisfactory / Total number of survey respondents	5%	(Actual / Target) x Weight 0% = If below 90%	100%	93%	4.65%	<i>Report not acceptable</i>	0%	<ul style="list-style-type: none"> Final Report from the third-party consultant Contact-Asia Services, Inc. (CASI) 	Based on the submitted Final Report, a total of 40 primary customers gave a rating of at least Satisfied out of the 50 survey respondents translating to 80% of the total respondents. Moreover, review of the submitted samples of

Validation Result of 2019 Performance Scorecard (Annex A)

Component			Rating Scale	Target	Submission		GCG Validation		Supporting Documents	GCG Remarks
Objective / Measure	Formula	Weight		2019	Actual	Rating	Score	Rating		
										<p>accomplished survey questionnaires revealed that there were additional questions added before the question on the <i>Overall Satisfaction Rating</i>. As provided under Part IV Item 6.a of the GCG Standard Methodology on the conduct of survey, and as reiterated in the FAQs on GCG Standardized Customer Satisfaction Survey published on the GCG website, GOCCs are not allowed to modify the questionnaire prescribed by the GCG. <i>However</i>, GOCCs may add questions specific for its operations but only under the</p>

Component			Rating Scale	Target	Submission		GCG Validation		Supporting Documents	GCG Remarks
Objective / Measure		Formula		Weight	2019	Actual	Rating	Score		
										portion for Execution of Service. Thus, NDC was not able to comply with the CSS guidelines and it likewise failed to meet the required minimum threshold of 90% based on its submitted report.
		Sub-total	30%			29.65%		25%		
CORE PROCESS	SO 6	Optimize the Economic Value of NDC Land Assets								
	SM 6	Income from Asset Management	Amount of Lease Income and Sales Proceeds Collected	20%	(Actual/Target) x Weight 0% = If less than ₱253 Million	<u>₱175 Million</u>	₱249.28 Million	0%	₱227.56 Million	20%

Component			Rating Scale	Target	Submission		GCG Validation		Supporting Documents	GCG Remarks	
Objective / Measure	Formula	Weight		2019	Actual	Rating	Score	Rating			
									NDC Letter to DPWH dated 12 September 2019 re: the Pandacan Property	Flows Statement for 2019.	
SO 7 Improve Budget Utilization to Support Operational Efficiency											
SM 7	Budget Utilization Rate	Total amount of disbursements / Total budget for the year	5%	92% to 100% = 5% 80% to 91% = 2.5% More than 100% and Below 80% = 0%	>91%	95%	5%	95%	5%	<ul style="list-style-type: none"> BUR Computation DBM Approved COB for 2019 Budget Ledger Monitoring BAC Resolutions on 2 failed biddings for NDCIE Project Statement of Account on National Irrigation Administration Justification on delay in collection of compensati 	Reported accomplishment acceptable.

Component			Rating Scale	Target	Submission		GCG Validation		Supporting Documents	GCG Remarks
Objective / Measure	Formula	Weight		2019	Actual	Rating	Score	Rating		
									on for Pandacan Property ROW • Status of Negotiations with DPWH and TRB and NDC Letter to DPWH dated 12 September 2019 re: the Pandacan Property	
Sub-total		25%				25%		25%		
LEARNING AND GROWTH	SO 8	Prioritize Competency Build-up of Project Teams								
	SM 8	Percentage of Personnel Meeting Required Competency Standards	Actual Accomplishment	5%	All or Nothing	Competency Baseline Improved ¹	95.18%	5%	Unverifiable	0%

¹ The competency baseline of the organization shall pertain to the average percentage of required competencies met which can be computed using the following formula:

$$\frac{\sum_{a=1}^A \left(\frac{\text{Actual Competency Level}}{\text{Required Competency Level}} \right)_a}{B}$$

where: a = Competency required, A = Total number of competencies required of position, b = Personnel profiled, B = Total number of personnel profiled

Component			Rating Scale	Target	Submission		GCG Validation		Supporting Documents	GCG Remarks	
Objective / Measure	Formula	Weight		2019	Actual	Rating	Score	Rating			
									level per Employee • List of Plantilla Personnel as of 31 December 2019 • 2018 and 2019 Competency Assessment Forms	report or narrative on the analysis of the assessment results. In particular, there was no documentation on the computation or conversion of the non-numerical ratings to its equivalent numerical rating. In view of the foregoing, the consistency of the reported data cannot be objectively validated.	
SO 9	Build a Culture of Continual Improvement and Excellence										
SM 9	ISO Certification	Actual Accomplishment	5%	All or Nothing	ISO 9001:2015 Maintained	ISO 9001:2015 Maintained	5%	ISO 9001:2015 Maintained	5%	• Surveillance Report • Action Request Forms	Target met.
SM 10	Performance Governance System (PGS) Status Conferral	Actual Accomplishment	5%	All or Nothing	Institutionalized	-	-	-	0%	No submitted supporting documents	No submitted accomplishment for this measure.

Component			Rating Scale	Target	Submission		GCG Validation		Supporting Documents	GCG Remarks	
Objective / Measure	Formula	Weight		2019	Actual	Rating	Score	Rating			
SM 10 Automate Key Process											
SM 11	Information Technology Systems Implemented	Actual Accomplishment	5%	All or Nothing	Cash Accounting System Submitted for BIR's Accreditation and Board-Approved ISSP 2020-2022 as Submitted to DICT	Cash Accounting System submitted for BIR's accreditation and BIR has conducted Initial Audit of Cash Accounting System and ManCom Approved ISSP 2020-2022	5%	1. Financial Management System submitted for BIR's accreditation 2. No Board-approved ISSP was submitted to the DICT	0%	<ul style="list-style-type: none"> Receiving Copies of the Documents submitted to BIR for Accreditation of the Financial Management System Result of the Initial Audit conducted by BIR ManCom-Approved ISSP 2020-2022 	Only (1) out of the two (2) targets was met. No rating was granted given the "All or Nothing" rating scale for the measure.
Sub-total		20%				15%		5%			
VALIDATED RATING		100%				94.65%		80.00%			