



08 March 2022

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 2020
PERFORMANCE SCORECARD OF NDC**

Dear Secretary Lopez and GM Rebueno,

This is to formally transmit the validation result of NDC's 2020 Performance Scorecard. Based on the Governance Commission's validation of the documentary submissions, NDC gained an over-all score of **65.09%** (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. 2012-07.¹

In relation to the grant of the 2020 Performance-Based Bonus (PBB) to eligible officers and employees, NDC fails to satisfy the requirements of GCG M.C. No. 2019-02² particularly the achievement of a weighted-average score of at least 90% in its 2020 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. 10149.³

Consequently, pursuant to GCG M.C. No. 2021-01,⁴ 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).

FOR NDC'S INFORMATION AND GUIDANCE.

Very truly yours,

SAMUEL G. DAPIN, JR.
Chairman

MICHAEL P. CLORIBEL
Commissioner

MARITES C. DORAL
Commissioner

cc: The Resident Auditor - NDC

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

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

³ GOCC Governance Act of 2011

⁴ Interim Performance-Based Incentive (PBI) System for Appointive Directors of GOCCs covered by GCG for 2020 and for the Years Thereafter.



NATIONAL DEVELOPMENT COMPANY (NDC)
Validation Result of 2020 Performance Scorecard

Component					Rating Scale	Target	Submission		GCG Validation		Supporting Documents	GCG Remarks
Objective / Measure		Formula	Weight	2020		Actual	Rating	Score	Rating			
IMPACT	SO 1	Strengthen Business Sustainability (Financial Impact)										
	SM 1	Return on Equity	Net Income / Stockholder's Equity Adjusted	25%	(Actual/ Target) x Weight	4.19%	5.15%	25%	Negative 36.39%	0%	• COA AAR on NDC 2020 FS	Validated accomplishment was based on the COA audited financial statements. Adjustments were made to exclude the extraordinary items. The same is consistent with NDC's proposal in its 2018 and 2019 Performance Scorecards to exclude extraordinary items to measure the actual results of operations. While the resulting ROE using the adjusted formula is incongruent with the resulting net income as presented in NDC's audited FS, the Governance Commission is constrained to adopt such result based on the proposal of NDC to adopt an adjusted formula. Per representation of NDC, the adjustment in the formula is to reflect the actual results of its operations.

Component			Rating Scale	Target	Submission		GCG Validation		Supporting Documents	GCG Remarks		
Objective / Measure	Formula	Weight		2020	Actual	Rating	Score	Rating				
STRATEGIC FOCUS	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	5%	(Actual/ Target) x Weight 0% = If below 2019 Actual	2019 Actual + 50 new jobs	1,243 new jobs	5%	807	5%	<ul style="list-style-type: none">Science Park of the Philippines, Inc. letter on number of Jobs Generated by the Light Industry and Science Park IV	Based on the revised submission of NDC, there were 106 new jobs in 2020. Since it already excluded jobs generated in the prior year, the revised report was deemed acceptable. With this and the 2019 actual of 701 jobs, the cumulative number of jobs in 2020 stood at 807.
	Sub-total		30%				30%		5%			
STRATEGIC FOCUS	SO 3	Increase Investments in High Impact Priority Areas by Leveraging in NDC's Competitive Advantage										
	SM 3	Cumulative Value of Investments	<u>Amount of NDC Investment at the Pre-FS Stage approved by Mancom</u>	15%	(Actual/ Target) x Weight	<u>₱388 Million</u>	₱1.489 Billion	14.89%	₱138 Million	5.34%	<ul style="list-style-type: none">Minutes of the Management Committee Meeting on 23 December 2020	<p>The formula and target was revised to capture NDC's projected investment to the project, consistent with the requirement of the measure and target. The revised target includes investment for MTEK and the Startup Venture Fund.</p> <p>Only the projected investment for MTEK was considered as accomplishment. We note that the ManCom approval for SVF did not include yet the approval of investment in a startup.</p>

Component			Rating Scale	Target	Submission		GCG Validation		Supporting Documents	GCG Remarks	
Objective / Measure	Formula	Weight		2020	Actual	Rating	Score	Rating			
SO 4	Enhance the Value of Investment Portfolio										
SM 4	Return on Investments	Amount of dividends received ¹ / Total Investment Infused excluding companies for dissolution and pre-operating companies	10%	(Actual/Target) x Weight	6.78%	42.72%	10%	42.52%	10%	<ul style="list-style-type: none">• Return on Investment (ROI) Computation• Breakdown of Investments as of 31 December 2020• BTr and NDC Official Receipts for dividend collection• COA AAR PITC and NDC	Validated actual pertains to ₱330.33 Million dividends received. Reported dividend received from PITC was revised to ₱322.49 Million representing ownership share of NDC in PITC.
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 80%	100%	95%	4.75%	95%	4.75%	<ul style="list-style-type: none">• Final Report from the third-party consultant• Samples of accomplished survey questionnaire	Acceptable.
Sub-total			30%				29.64%		20.09%		

¹ Including dividend remittance of NDC's subsidiaries to the National Government.

Component			Rating Scale	Target	Submission		GCG Validation		Supporting Documents	GCG Remarks		
Objective / Measure	Formula	Weight		2020	Actual	Rating	Score	Rating				
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	15%	(Actual/Target) x Weight	₱190.16 Million	₱204 Million	15%	₱192.11 Million	15%	• Audited Statement of Cash Flows for 2020	Validated lease collections was based on the Audited Cash Flows Statement for 2020.
	SO 7	Improve Budget Utilization to Support Operational Efficiency										
	SM 7	Budget Utilization Rate	Total Amount of Cash Disbursements / Total Budget for the Year	10%	92% to 100% = 10% 80% to 91% = 5% Less than 80% = 0% More than 100% = 0%	>91%	97%	10%	97.28%	10%	• BUR Computation • DBM Approved COB for 2020 • Budget Ledger Monitoring • BAC Resolutions, Secretary's Certificates, Materials Requisition Forms, and CY 2020 PPMP • Audited Cash Flow Statements for 2020	Acceptable.
	Sub-total		25%				25%		25%			

Component			Rating Scale	Target	Submission		GCG Validation		Supporting Documents	GCG Remarks		
Objective / Measure	Formula	Weight		2020	Actual	Rating	Score	Rating				
LEARNING AND GROWTH	SO 8	Prioritize Competency Build-up of Project Teams										
	SM 8	Improvement in the Competency Baseline of the Organization	Actual Accomplishment	5%	All or Nothing	Improvement in the Competency Baseline of the Organization ₂	Improved	5%	Competency level improved by 0.93%	5%	<ul style="list-style-type: none">Excel file of summary of the competency assessment results and the computation of competency level per Employee2019 and 2020 Competency Assessment Forms	<p>Since the GCG prescribed formula for competency level accounts for the total number of personnel profiled, the competency level was recomputed to exclude the NDC General Manager. The latter was not included in the competency assessment in consideration of the position's status as a Presidential appointee.</p> <p>Previously submitted assessment report also excluded the General Manager.</p>
	SO 9	Build a Culture of Continual Improvement and Excellence										
	SM 9	ISO Certification	Actual Accomplishment	5%	All or Nothing	Re-certification to ISO 9001:2015 Standards	Recertified	5%	Re-certification to ISO 9001:2015 Standards	5%	<ul style="list-style-type: none">Surveillance Audit ReportISO Certification	Acceptable.

² The competency baseline of the organization shall pertain to the average percentage of required competencies met which can be computed using the following formula:

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

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	2020		Actual	Rating	Score	Rating			
	SM 10	Automate Key Process										
	SM 10	Information Technology Systems Implemented	Number of projects completed based on the deliverables per ISSP / Total number of 2020 deliverables per 2020 – 2022 ISSP submitted to DICT	5%	(Actual/Target) x Weight	100% Completion of the 2020 ISSP Deliverables as submitted to DICT	100%	5%	Completed 100% of 2020 ISSP Deliverables as submitted to DICT	5%	<ul style="list-style-type: none">2020-2022 ISSP received by DICT on 28 December 2020Secretary's Certificate on the Board's approval of ISSP on 28 October 2020User Acceptance Report for CIISConsultant's Accomplishment Report for NDC as accepted by NDC	All three (3) of the 2020 deliverables under the ISSP were completed. Projects are as follows: 1. Cloud Integrated Information System 2. Upgrade of Financial Management System; and 3. Upgrade of Real Time Budget Monitoring System (BMS)
	Sub-total			15%				15%		15%		
	VALIDATED RATING			100%				99.64%		65.09%		