

22 February 2023

MR. BENJAMIN E. DIOKNO

*Secretary, Department of Finance (DOF)
and PHILGUARANTEE Chairperson*

MR. ALBERTO E. PASCUAL

President and CEO

PHILIPPINE GUARANTEE CORPORATION (PHILGUARANTEE)

17th Floor, BDO Towers Valero, 8741 Paseo de Roxas
Makati City

**RE: RESULT OF THE REVALIDATION OF THE 2020
PERFORMANCE SCORECARD OF
PHILGUARANTEE**

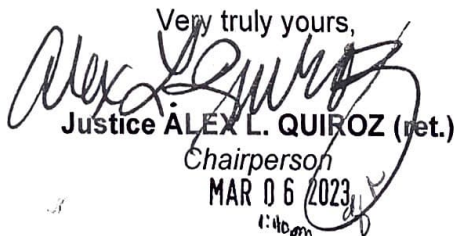
Dear Secretary Diokno and PCEO Pascual,

This refers to PHILGUARANTEE's letter dated 02 June 2022¹ requesting for reconsideration for four (4) Strategic Measures (SM) with a rating of 0% under the validated 2020 Performance Scorecard:²

- SM 3: Percentage of Satisfied Customers;
- SM 7: Improve Collection Efficiency Rate;
- SM 11: Automation of Key Process/es; and
- SM 12: Improve Competency Level

Review and evaluation of PHILGUARANTEE's request, including the additional documents submitted, are summarized in the "*Result of Revalidation of the 2020 Performance Scorecard*" attached as **Annex A**. Foregoing considered, PHILGUARANTEE's score is hereby INCREASED from 64.13% to **79.13%**. PHILGUARANTEE remains to have failed to achieve the weighted-average score of at least 90% required for the 2020 Performance-Based Bonus (PBB) to its officers and employees. We take this opportunity to inform PHILGUARANTEE that the validated Performance Scorecard shall be posted on PHILGUARANTEE's website in accordance with Section 43 of GCG Memorandum Circular (M.C.) No. 2012-07.³

FOR PHILGUARANTEE'S INFORMATION AND GUIDANCE.

Very truly yours,

Justice **ALEX L. QUIROZ** (ret.)
Chairperson
MAR 06 2023
1:46pm

cc: COA Resident Auditor – PHILGUARANTEE

¹ Officially received by the Governance Commission on 09 June 2022.

² Officially received by PHILGUARANTEE on 18 March 2022.

³ Code of Corporate Governance dated 28 November 2012.

PHILIPPINE GUARANTEE CORPORATION (PHILGUARANTEE)
Revalidation of 2020 Performance Scorecard

Component						PHILGUARANTEE Submission		GCG Validation		Supporting Documents	Remarks
	Objective/ Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating		
SOCIAL-ECONOMIC IMPACT	SO 1	Contribute to Inclusive Growth and Spur Regional Development									
		Increase Total Value of Loans Guaranteed to the following sectors:									
		a. Housing		15%		₱160.11 Billion	₱175.71 Billion	n.d.	₱175.71 Billion	15%	COA Notes to FS of PHILGUARANTEE and AGFP
	SM 1	b. Priority Sector/MSME	Value of outstanding Guarantee for the year	10%	Actual / Target x Weight	₱3.6 Billion	₱0.348 Billion	n.d.	₱3.08 Billion	8.56%	
		c. Agriculture		5%		₱3.5 Billion	₱4.25 Billion	n.d.	₱0.40 Billion	0.57%	
		Sub-Total		30%			n.d.		24.13%		

Component						PHILGUARANTEE Submission		GCG Validation		Supporting Documents	Remarks	
Objective/ Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating				
STAKEHOLDERS	SO 2	Develop or Implement Programs as a Reliable Key Partner										
	SM 2a	Percentage Implementation of the MSME Credit Guarantee Program	Actual Accomplishment	5%	Actual / Target x Weight	Implemented to 2,000 MSMEs ¹	Implemented to 2,944 MSMEs	n.d.	2,944 MSMEs	5%	Guarantee Agreement Guarantee Confirmation	Acceptable.
	SM2 b	Increase No. of Beneficiaries in the Key Sectors	Actual Accomplishment	0%	Actual / Target x Weight	Housing Sector: 4,121 New Housing Loan Borrowers Priority/MSME: 2000 Business Agri: 39,000 Agri-based workers (For monitoring only)	Housing Sector: 11,281 New Housing Loan Borrowers Priority/MSME: 2,944 Business Agri: 48,038 Agri-based workers (For monitoring only)	n.d.	Housing Sector: 11,281 New Housing Loan Borrowers Priority/MSME: 2,944 Business Agri: 48,038 Agri-based workers (For monitoring only)	n/a	Database per sector Guarantee Agreement	Measure is for monitoring purposes only.

¹ The MSME Credit Guarantee Program implementation on the part of PhilGuarantee is ₱60 Billion, representing 50% guarantee cover out of 120 Billion of loan portfolio by the participating/accredited banks.

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Component						PHILGUARANTEE Submission		GCG Validation		Supporting Documents	Remarks
Objective/ Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating			
SO 3	Enhance Public Image or Reputation as a Reliable Partner of Progress										
SM 3	Percentage of satisfied customers	Number of respondents who gave a rating of at least Satisfactory over Total Number of respondents	5%	(Actual / Target) x Weight If less than 80% = 0%	90% Satisfactory Rating	95% Overall Positive Rating	n.d.	95%	5%	Customer Satisfaction Report Database of responses	Request for reconsideration is ACCEPTED.
SO 4	Implement Regulatory and Supervisory Functions over BLAs										
SM 4	Conduct Operations Audit in Building and Loan Associations	Number of operations audits conducted	5%	(Actual/ Target) x Weight	Conducted Operations Audit to all BLAs under the supervision and regulation of PHILGUARANT EE	Completed the conduct of Operations Audit to all BLAs under the supervision and regulation of PHILGUAR- ANTEE	n.d.	Completed the conduct of Operations Audit to all BLAs under the supervision and regulation of PHILGUAR- ANTEE	5%	Audit Report on 3 BLAs	Acceptable.
	Sub-total		15%				n.d.		15%		

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Component						PHILGUARANTEE Submission		GCG Validation		Supporting Documents	Remarks	
Objective/ Measure	Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating				
FINANCE	SO 5 Achieve Sound Financial Results											
	SM 5	Increase Total Comprehensive Income	Total Revenue less total expenses	10%	(Actual/Target) x Weight	₱221.79 Million	₱796.03 Million	n.d.	₱536.973 Million	10%	COA Annual Report COA Notes to FS	Validated actual based on COA Audited Financial Statements
	SM 6	Sales Value of Acquired Asset	Actual Sales Value of Acquired Asset / Target Sales Value	5%	(Actual/Target) x Weight	₱6 Million	₱35.02 Million	n.d.	₱35.02 Million	5%	Database of Asset Disposition Sample of Notice of Sale Sample of Absolute Deed of Sale	Acceptable.
	SM 7	Improve Collection Efficiency Rate	Actual Collections / Projected Collections	10%	(Actual/Target) x Weight	At least 60% Collection Efficiency (Amortization Payments of Housing Loans from Disposed Acquired Assets)	96.61%	n.d.	97.51%	10%	Sample of Receipts Summary of Potential Collection Summary of Actual Collection	Request for reconsideration is ACCEPTED. Based on updated documents provided by PHILGUARANTEE for actual collections post-COA audit, the numerator was revised from the original ₱262.29 Million to ₱264.72 Million. With 2020 collections projected at ₱271.49 Million, the CER was revised upward from 96.61% to 97.51%.

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Component						PHILGUARANTEE Submission		GCG Validation		Supporting Documents	Remarks	
	Objective/ Measure		Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating		
												It was clarified that RMD collections for this SM is a subset of audited SCF collection figures.
	Sub-total			25%				n.d.		25%		
INTERNAL PROCESS	SO 6	Enhance Operational Reliability										
	SM 8	Implement Quality Management	Actual Accomplishment	5%	All or Nothing	ISO 9001: 2015 Certification	ISO 9001:2015 Certification (issued to PHILGUARANTEE by TUV Rheinland after successfully passing the 1 st Surveillance Audit)	n.d.	ISO 9001:2015 Certification	5%	ISO 9001:2015 Certificate Audit Report	Acceptable.
	SM 9	Development of Internal Policies Focused on Operational Efficiency	Actual Accomplishment	5%	All or Nothing	Board Approved Business Continuity Plan (BCP)	Board-approved Supplemental Business Continuity Plan (BCP)	n.d.	Board-approved Supplemental Business Continuity Plan (BCP)	5%	Secretary Certificate	PHILGUARANTEE modified the existing BCP and BCMS of PhilEXIM and HGC. PHILGUARANTEE is yet to adopt a new BCP which integrates the processes and procedures of PhilEXIM and HGC.

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Component						PHILGUARANTEE Submission		GCG Validation		Supporting Documents	Remarks	
	Objective/ Measure		Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating		
	SM 10	Implementation of Information Systems Strategic Plans	Actual Accomplishment	5%	All or Nothing	ISSP (Phase 1-2020 ICT Resource Acquisition Clearance from the Department of Information and Communications Technology)	ICT Resource Acquisition (ITRA) Clearance was granted by Sec. Honasan of DICT on October 26, 2020	n.d.	ISSP (Phase 1-2020 ICT Resource Acquisition Clearance)	5%	ICT Resource Acquisition (ITRA) Clearance from DICT	Acceptable.
SO 7 Digital Transformation												
	SM 11	Automation of Key Process/es	Actual Accomplishment	5%	All or Nothing	Automation of one (1) Key Process (preferably establishment of Digital Payment Platforms)	Board-approved GCash money service as one of the Digital Payment Platforms	n.d.	Digital Payment Platforms not established in 2020	0%	Secretary Certificate Contract between PHILGUARANTEE and third-party provider	PHILGUARANTEE did not establish its own Digital Payment Platform but contracted the services of a licensed remittance agent and e-money issuer. While the same may still be considered as an accomplishment, the contract with third-party provider was effective only on February 2021. Hence, the same cannot be considered as an accomplishment for 2020. <u>PHILGUARANTEE's request for reconsideration was DENIED since the finalization of the contract</u>

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Component						PHILGUARANTEE Submission		GCG Validation		Supporting Documents	Remarks
Objective/ Measure		Formula	Wt.	Rating Scale	Target	Actual	Rating	Actual	Rating		
											and the first transaction under GCash took place in 2021. Given the foregoing and to avoid double-counting, this was considered as an accomplishment for SM 10 of the 2021 scorecard.
		Sub-total		20%			n.d.		15%		
LEARNING AND GROWTH	SO 8	Implement Competencies									
	SM 12	Improve Competency Level	Actual accomplishment	10%	All or Nothing	Board Approved Competency Framework with 1. Competency Catalogue 2. Competency Tables 3. Competency Matrix 4. Position Profiles 5. Competency Based Job Description	Completed the Development of the Competency Framework and Competency Catalogue with Operational Definitions	n.d.	Accomplishment not acceptable	0%	Memorandum PHILGUARANTEE's request for reconsideration was DENIED. The Board's approval and establishment of a substantially complete and implementable framework are necessary to ensure career growth and stability.
		Sub-Total		10%			n.d.		0%		
		TOTAL		100%			n.d.		79.13%		

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