

**SMALL BUSINESS CORPORATION (SBC)**  
**Validation Result of the 2020 Performance Scorecard**

	Objective/Measure	Component			SBC Submission <sup>1</sup>		GCG Validation		Supporting Documents	GCG Remarks		
		Formula	Weight	Rating Scale	Target	Actual	Rating	Actual			Rating	
SOCIAL IMPACT	SO 1	To Cause Prosperity among MSME Segments Traditionally Considered Unfinanceable, thereby Increasing Diversity and Inclusion										
	SM 1	Increase Total Financing Portfolio	Year-End Loan Portfolio (Gross Amount)	15%	(Actual / Target) x Weight If Below ₱2.99 Billion = 0%	₱7 Billion	₱7.32 Billion	-	₱7.36 Billion	15%	Portfolio Balance Report Commission on Audit (COA) Annual Audit Report	The Governance Commission referred to the figures for <i>Notes Receivable</i> and <i>Allowance for Impairment of Notes Receivable</i> in the COA Annual Audit Report to compute for the total financing portfolio of the SBC.
	SM 2	Increase Number of Micro and Small Enterprise Borrowers	Absolute Number of New Micro and Small Enterprise Borrowers	12.5%	(Actual / Target) x Weight	40,000	52,311 <sup>2</sup>	-	<b><u>Unverifiable</u></b>	0%	2019 and 2020 Master Lists from Oracle System and Corporate Dashboard	Upon review the master lists, the Governance Commission noted that the 2019 borrower codes/ identifiers are different from the 2020 borrower codes/ identifiers. As such, the Governance Commission could not compare the data and unable to determine the new borrowers for 2020.  We also note that SBC initially reported an accomplishment of 50,831

<sup>1</sup> Based on the reported accomplishments in the letter of SBC dated 14 June 2021. The SBC did not provide self-ratings in its submission.

<sup>2</sup> Includes 1,486 repeat borrowers under the Bayanihan CARES – a recovery program for enterprises affected by the COVID-19 pandemic.

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												<p>but was revised to 52,311. The submitted master list of new borrowers for 2020 shows 52,287 new borrowers providing inconsistent information for the measure. This was the same observation noted by the Governance Commission on the documents and information provided by the SBC related to the validation of its 2019 accomplishment.</p> <p>The Governance Commission reiterates that supporting documents and data that present inaccurate and inconsistent information will not be accepted. This practice casts doubt on the reliability and integrity of the documents and data which will hinder the Governance Commission to conduct proper and objective validation of actual accomplishment of GOCCs.</p>

Validation Result of the 2020 Performance Scorecard (*Annex A*)

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SM 3	Spread Distribution of Financing Portfolios	Number of Small Island Economies (SIE) <sup>3</sup> with at least ₱10 Million Financing Portfolio	10%	(Actual / Target) x Weight	Four (4) Small Island Economies with at least ₱10 Million Financing Portfolio	Sagada, Mt. Province ₱52,375,332 San Andreas, Catanduanes ₱2,580,000 Siquijor, Siquijor ₱4,039,837 Cagwait, Surigao del Sur ₱1,154,334	-	Cannot Be Validated	0%	Summary of Loan Release	Due to the non-submission of the requested Breakdown of the Total Financing Portfolio, the Governance Commission was unable to cross-check and validate the reported accomplishment.
SM 4	Percentage of Borrowers in Identified Business Segments with Increased Sales	Number of Borrowers in SIEs with at least 10% Increase in Sales / Total Number of Borrowers in SIEs	10%	(Actual / Target) x Weight	25%	35.85%	-	<b><u>Unverifiable</u></b>	0%	Total Financing Portfolio for select SIEs  Guidelines and Methodology on Determining Sales Increase of Targeted MSME Segments	This measure was proposed by the SBC to ensure systematic assessment of the impact of its financing programs and assistance to mSMEs. During the technical panel meeting for the 2020 scorecard, SBC represented that it shall develop an assessment tool to enable the establishment of credible data. The assessment tool will be used as reference for this measure.

<sup>3</sup> Small Island Economies as part of the unserved or underserved MSMEs refer to communities that are isolated or marginalized from the national economy due to their remoteness from large/traditional markets and high economic vulnerability and natural distresses. Island economies may include those in remote areas and are classified as 3<sup>rd</sup>, 4<sup>th</sup>, or 5<sup>th</sup> class municipalities.

Validation Result of the 2020 Performance Scorecard (Annex A)

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		Formula	Weight	Rating Scale	Target	Actual	Rating	Actual	Rating		
											<p>However, the Governance Commission noted that the <b>one-page guideline and methodology</b>, submitted as supporting document, does not provide comprehensive information on the assessment tool. The document lacks sufficient information that will govern SBC on the systematic assessment of the impact of its financing programs and assistance.</p> <p>The Governance Commission further notes that based on review of the submitted summary of survey results, the SBC only surveyed 129 of the 1,000 targeted borrowers. It should be noted that in 2020 alone, estimated borrowers reached 50,000. The sample size of 1,000 represents only 2% of the total population. Considering this small sample size, SBC should have considered conducting the survey to all 1,000 borrowers.</p>
<b>Sub-Total</b>			<b>47.5%</b>				-		<b>15%</b>		

## Validation Result of the 2020 Performance Scorecard (Annex A)

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	Objective/Measure	Formula	Weight	Rating Scale	Target	Actual	Rating	Actual	Rating			
FINANCE	<b>SO 2 Good Governance and Cost Efficiency in the Management of Stakeholders' Investment Observing Both Financial and Social Returns</b>											
	SM 5	Improve Net Operating Income	Operating Income – Operating Expenses	15%	(Actual / Target) x Weight	₱23.16 Million	₱23.99 Million	-	₱(105.12 Million)	0%	COA Annual Audit Report	Validated actual based on COA Audited FS. Computed based on operating income (net of Gains) of ₱387.97 Million and operating expense (net of Losses – Non-Cash Expenses) amounting to ₱493.09 Million.
	SM 6	Improved Past Due Rate	Value of Past Due Loan Accounts / Total Financing Portfolio	10%	1 - [(Actual – Target / Target) x Weight]	16.40%	10.01%	-	Cannot Be Validated	0%	COA Annual Audit Report	Due to the non-submission of the requested report generated by the SBC's Past Due Rate Module, the Governance Commission could not determine the past due rate of the corporation for 2020.
	<b>Sub-total</b>			<b>25%</b>				-		<b>0%</b>		
CUSTOMERS	<b>SO 3 Effectiveness and Efficiency of Delivery of Services to MSMEs Confirmed by Supported Enterprises and Partner Institutions</b>											
	SM 7	Percentage of Satisfied Customers	Number of Stakeholders who gave a Rating of at least Satisfactory / Total Number of Respondents	5%	(Actual / Target) x Weight If Less Than 80% = 0%	90%	98%	-	98%	5%	Fieldwork Progress Report Training Report Back Checking and Spot-Checking Report Data Processing Report	Acceptable.

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		Formula	Weight	Rating Scale	Target	Actual	Rating	Actual	Rating		
										Observation and Debriefing Report Summary Report on the 2020 Customer Satisfaction Survey Sample of Accomplished Survey Forms	
		<b>Sub-total</b>		<b>5%</b>			-		<b>5%</b>		
<b>SO 4 Create an Organizational System that Supports Agile Innovation and Roll-Out</b>											
<b>INTERNAL PROCESS</b>											
	SM 8	Improve Percentage of Loan Applications Processed within Prescribed Turnaround Time	Number of Applications Processed within Applicable Turnaround Time / Total Number of Applications	5%	(Actual / Target) x Weight	100% of Applications Processed within the Prescribed Turnaround Time <sup>4</sup>	64.85%	-	Cannot Be Validated	0%	Revised Citizen's Charter (2021 1 <sup>st</sup> Edition) Summary Report

<sup>4</sup> The applicable time for the processing of loans should be consistent and in compliance with Republic Act No. 11032, otherwise known as the Ease of Doing Business and Efficient Government Service Delivery Act of 2018.

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		Formula	Weight	Rating Scale	Target	Actual	Rating	Actual	Rating		
											The Governance Commission also notes that under the 2019 version of the Citizen's Charter of SBC, the processing time for loan applications is either 12 working days or 22 working days. The same is not compliant with the prescribed timeline under Republic Act No. 11032.
SM 9	Automate Existing Systems and Processes	Actual Accomplishment	7.5%	(Actual / Target) x Weight	100% Attainment of 2020 Deliverables (based on DICT-Approved ISSP or ISSP as Submitted to DICT)	80%	-	28.57%	2.14%	<p>Screenshots of the Walkthrough from the Borrower Registration System to the Loan Evaluation System</p> <p>Report on the Beta Test of the Loan Releasing System</p> <p>SBC Memorandum on the Quality Assurance Review of the Account Management System</p> <p>Letter to the DICT on the Revisions to the 2018-2020 Information Systems Strategic Plan (ISSP)</p>	Only two (2) of the seven (7) deliverables for 2020 were substantiated with acceptable supporting documents. The summary of the validation of the Governance Commission is provided in <b>Appendix 1</b> .

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SM 10	Attain ISO 9001:2015 Certification	Actual Accomplishment	5%	Maintain ISO 9001:2015 Certification <b>or</b> ISO 9001:2015 of at least One (1) Regional Lending Group = 2.50% Maintain ISO 9001:2015 Certification <b>and</b> ISO 9001:2015 Certification of at least One (1) Regional Lending Group = 5%	Maintain ISO 9001:2015 Certification; ISO 9001:2015 Certification of at least One (1) Regional Lending Group	Maintained ISO 9001:2015 Certification; Obtained ISO 9001:2015 Certification for Northern Luzon Group	-	Maintained ISO 9001:2015 Certification; Obtained ISO 9001:2015 Certification for Northern Luzon Group	5%	ISO Certificate from the Third-Party Provider	The scope of the ISO 9001:2015 certification in the Head Office is "Lending, Capacity Building for MSMEs and for Financial Institutions" while the scope for the ISO 9001:2015 certification for the North Luzon Group is "Lending Process".	
<b>Sub-total</b>			<b>17.5%</b>				-		<b>7.14%</b>			
<b>SO 5 Enhance the Competencies of SBCorp Workforce to Further Develop Existing and Come Up with New Financing Models for Neglected Segments</b>												
<b>LEARNING &amp; GROWTH</b>	SM 11	Percentage of Employees Meeting Required Competencies	Competency Baseline in 2020 – Competency Baseline in 2019	5%	All or Nothing	Improvement in the Competency Baseline of the Organization <sup>5</sup>	1.07 Corporate Competency Rating (an increase of 0.07 from the 2019 baseline)	-	0.0774 Improvement in the Competency Baseline of the Organization	5%	Computation of the Organizational Competency Score for 2020 Results of the Competency Assessment Workforce Complement for 2019 and 2020	The 2019 validated competency baseline of the SBC is 1.0365 while the 2020 validated competency baseline of the corporation is 1.1139.

<sup>5</sup> The competency baseline of the organization shall pertain to the average percentage of required competencies met which can be computed using the following formula:

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

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



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		Formula	Weight	Rating Scale	Target	Actual	Rating	Actual	Rating		
											Validation based on the prescribed formula of the Governance Commission in deriving the overall competency level of an organization.
		<b>Sub-total</b>		<b>5%</b>			-		<b>5%</b>		
		<b>TOTAL</b>		<b>100%</b>			-		<b>32.14%</b>		

## VALIDATION OF SM 9: AUTOMATE EXISTING SYSTEM AND PROCESSES

ICT PROJECTS AND INFORMATION SYSTEMS	SUPPORTING DOCUMENTS	GCG VALIDATION
Financing Systems Project	No Submission	Unverifiable.
Administration and Support Systems Project	No Submission	Unverifiable.
Online Borrower Registration System	No Submission	Unverifiable.
Loan Evaluation System	Screenshots of the Walkthrough from the Borrower Registration System to the Loan Evaluation System	<p>Unverifiable.</p> <p>Under the Information Systems Strategy, it is noted that the status of the system is "For Development". Thus, as a supporting document, the Governance Commission shall refer to the Beta Test Report of the system.</p> <p>Due to the non-submission of the report, the Governance Commission could not validate the development of the system.</p>
Loan Disbursement System (e-Signature & OTP)	Report on the Beta Test of the Loan Releasing System	<p>Acceptable.</p> <p>The Beta Test Report noted that "<i>all system functionalities are functional</i>". The results also requested the Internal Audit Group to conduct an audit of the system and recommended the implementation of the system to the Management Committee.</p>
Account Management System (AMS)	<p>Results of the Pilot Test on the Project Visit Monitoring Module (Component 1 of the AMS)</p> <p>Results of the Quality Assurance Testing on the Account Status Monitoring (Component 2a and 2b of the AMS)</p>	<p>Acceptable.</p> <p>Per the SBC Memorandum on the Quality Assurance Review of the AMS, all the modules passed the functionality and data validation tests,</p>
Records Management System (Digital/Digitized Records)	No Submission	Unverifiable.