

**SOCIAL HOUSING FINANCE CORPORATION  
2016 PERFORMANCE SCORECARD**

		Performance Measure				SHFC Submission		CGO-A Evaluation		Supporting Documents	GCG Remarks	
Objectives / Measures	Formula	Weight	Rating Scale	Target	Actual	Rating	Score	Rating				
SOCIAL IMPACT	<b>SO 1</b>	<b>Improve the Quality of Life of the Informal Settler Families and Low Income Filipinos through the Provision of Housing Finance</b>										
	SM 1	Number of Informal Settler Families (ISFs) provided with shelter security	Number of ISFs provided with shelter against the subsidy received for the year	10%	(Actual/Target) x Weight (but not to exceed assigned weight)	12,550 CMP -11,550 HDHP - 1,000	23,702 CMP - 10,476 HDHP - 13,226	10.00%	23,702 CMP - 10,476 HDHP - 13,226	10.00%	- Breakdown of Taken-Out Projects (HDH & CMP) - Samples of Disbursement vouchers	For 2016, SHFC released ₱723.26 Million for the Community Mortgage Program and ₱1,439.08 Million for the High-Density Housing Program (HDHP). The released amount benefitted a total of 23,702 which is 89% higher than the target of 12,550. Based on the report, SHFC was able to significantly exceed the target under the High-Density Housing Program.
		<b>Sub-total</b>	<b>10%</b>				<b>10.00%</b>		<b>10.00%</b>			
STAKEHOLDERS	<b>SO 2</b>	<b>Increase the Number of Empowered Communities</b>										
	SM 2	Number of Families assisted through CMP CISFA and HDH	Total Number of Families which were provided with a shelter loan from CMP CISFA and HDH (Annual)	10%	(Actual/Target) x Weight (but not to exceed assigned weight)	18,382 CMP - 16,500 HDH - 1,882	23,202 CMP CISFA - 11,233 HDHP - 11,969	10.00%	23,202 CMP CISFA - 11,233 HDHP - 11,969	10.00%	- List of Board Approved CMP and HDH Projects -Samples of Board Resolution approving the grant of Letters of Guaranty (LOG)	The measure connects with the SM 1 which takes note the number of actual families assisted by SHFC. The difference of SM 1 and SM 2 is that SM 2 refers to the SHFC Board Approval to grant the loan while SM 1 refers to the actual loan take-out.  For 2016, the total board CMP and HDH decreased by 12.63%. This is due to the no application on the Comprehensive and Integrated Shelter Financing Act (CISFA).

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<b>SO 3</b>	<b>Expand Collaborative Arrangements</b>										
SM 3	Number of partnerships developed and institutions capacitated	Cumulative Number of Partners (Mobilizers, LGUs, CSOs and Other Registered Organizations that Underwent Capacity Building Programs such as Seminars/ Trainings/ Workshops/ Mentoring/ Coaching Sessions) and Institutions Engaged	8%	(Actual/ Target) x Weight (but not to exceed assigned weight)	12 Partners	13 Partners (Total of 103 Partners)	8.00%	10 Partners (Total of 103 Partners)	6.67%	- List of Partnerships Developed and Institutions Capacitated (2010 - Dec 2016) - Samples from SHFC inviting the institutions or Mobilizers to attend capacity building program	Under the objective Expand Collaborative Arrangements, SHFC aims to strengthen its network and partnerships with various stakeholders. For 2016, SHFC reported 13 engagement with partners. However, three (3) were not counted since these are not new stakeholders and have been engaged by SHFC for the past years.
<b>SO 4</b>	<b>Create widespread acceptability for FAIR Shelter Solutions</b>										
SM 4	Number of Families of legally organized associations assisted through project development process	Number of Applications Enrolled in Terms of Informal Settler Families (ISFs) in Community Mortgage Program and High Density Housing Program	6%	(Actual/ Target) x Weight (but not to exceed assigned weight)	20,000	22,456 CMP - 11,811 HDHP - 10,645	6.00%	22,456 CMP - 11,811 HDHP - 10,645	6.00%	- List of Endorsed Projects to SHFC Credit Committee (Project Development) - Samples of Credit Committee Resolution	The total projects endorsed to the Credit Committee is a 22.82% decrease from 2015 actual of 29,097.

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SM 5	Client Satisfaction Rating	Rating (Done by External Party)	3%	All or Nothing	Pre-take out: 92% Post-take out: Satisfactory	3.00%	Certification of Rating was submitted by UP-NCPAG on December 22, 2016. Results are as follows based on overall satisfaction rating:  Pre-take out survey - 90.10% (Very Satisfactory) Post-take out survey - 91.60% (Very Satisfactory)	1.5%	- Client Satisfaction Survey Certification from National College of Public Administration and Governance of the University of The Philippines (NCPAG-UP)	In its letter dated 16 December 2016, SHFC requested to divide the 3% weight equally to the two targets: 1.5% for Pre-Takeout and 1.5% for Post-Takeout. Considering that the survey captures different processes and stakeholders, the request of SHFC to divide the weight is accepted while retaining the rating scale of All or Nothing.  SHFC submitted a score of 90.10% and 91.6% for Pre-take out and Post-take out services, respectively. The reported score is based on the Certification provided by the consultant hired by SHFC. Validation of the report on the survey result showed that 89.3% respondents surveyed for CMP and 93.8% respondents surveyed for HDH rated SHFC's Pre-take out services as satisfactory. Averaging the scores gained for CMP and HDH, to arrive at the overall satisfaction survey for Pre-take out services, results to 91.55%. Nonetheless, neither of the 90.10% nor the 91.55% reached the target of 92% for the Pre-take out. Hence, no score shall be provided for this target.

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											The reported score of 91.6% for Post-take out services were validated to be correct. In view of this, SHFC garnered a score of 1.5% for the Post-take out and 0% for the Pre-take out services.	
		<b>Sub-total</b>						<b>27.00%</b>		<b>24.17%</b>		
<b>FINANCE</b>	<b>SO 5</b>	<b>Enhance Financial Capacity</b>										
	SM 6	Collection Efficiency Rate (CER)	$\frac{\text{(Actual Collection for the Year / Billing for the Year)} \times 100}{\text{Billing for the Year refers to Total Collectibles for the Year}}$	10%	(Actual/Target) x Weight (but not to exceed assigned weight)	84%	76.60%	9.12%	76.60%	9.12%	-Collection Efficiency Report  - Computation of Collection Efficiency Rate	The 2016 CER of 76.60% is lower by 0.14% compared to the CER in 2015 of 76.71%. For 2016, the total net collections amounting to ₱688.07 Million include principal, interest, advances and insurance less penalties while billings amounting to ₱898.26 Million include principal, interest and insurance (current billings only).  GCG notes the COA observation on the SHFC: (a) undistributed collections (UC) in the total amount of ₱440.34 Million that remained unposted/unapplied to Loan Installment Receivable (LIR) and other affected accounts, thereby overstating the LIR account and understating the affected accounts as of 31 December 2016; and (b) advances from Member Borrowers (MBs) amounting to ₱2016 Million as of 31 December

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										2016 are not supported with schedules reconciled with Individual Subsidiary Ledger of MBs.
SM 7	EBITDA Margin	(Earnings Before Interest, Taxes, Depreciation and Amortization / Total Revenues) x 100	8%	(Actual/Target) x Weight (but not to exceed assigned weight)	31%	36.76%	8.00%	21.21%	5.47%	<ul style="list-style-type: none"> <li>- Report Computation of EBITDA Margin</li> <li>- COA Audited Financial Statement</li> </ul> <p>SHFC's EBITDA margin declined by 6.48% from the 22.68% in 2015 down to 21.21% in 2016. The net income after tax but before subsidy decreased from ₱92.18 Million in 2015 to ₱62 Million in 2016 mainly because of the minimal growth in the revenues by 2% while a substantial escalation of the financial expenses by 209%.</p> <p>The SHFC-submitted EBITDA margin was computed based on the unaudited financial statements (FS) while the GCG validation is based on the COA-audited FS. Hence, the ratings as submitted and validated differ.</p>

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<b>SO 5 A</b>	<b>Design Non-traditional Financing Schemes</b>										
SM 8	Conceptual Framework/ Schemes for Accessing Non-Traditional Funds	Guidelines Crafted and Presented to the Board	3%	All or Nothing	Guidelines crafted / Incentives identified for the developers' participation in the CMP as a mode of compliance to the 20% balanced housing (by June 2016)	Guidelines approved per Corporate Circular 16-043 on June 21, 2016	3.00%	Board Approved Guidelines released through SHFC Corporate Circular in June 2016	3.00%	-Corporate Circular No. 16 - 043: Guidelines on the Implementation of Community Mortgage Program (CMP) and High Density Housing Program (HDHP) as Mode of Compliance for the Balanced Housing Development Requirement under Section 18 of the Urban Development Housing Act (UDHA) of 1992	The SHFC was able to hit its target by securing a Board-approved guideline which was released through SHFC Corporate Circular in June 2016. This said Circular provides for the guidelines on the implementation of CMP and HDH Program as mode of compliance for the balanced housing development requirement under Section 18 of the UDHA of 1992.



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<b>SO 5 B Develop other long-term funding sources</b>												
INTERNAL PROCESS	SM 9	Issuance of CMP / Corporate Bonds	Issuance of CMP ABS (Accounts at 0-3 Months with Estimated Value of P2 Billion)	3%	All or Nothing	Issuance of CMP Mortgages, applying the proceeds for the HDH program by June 2016	The OGCC Legal opinion stating that proceeds of the CMP ABS may be applied to the HDH program was obtained last August 1, 2016  Note: Amendment of the Balanced Housing requirement under RA 7279 lapsed into law in July 2016; Awaiting HLURB's IRR on bond issuance as a mode of compliance	1.00%	Application of CMP Proceeds to HDH Programs was not implemented by June 2016	0.00%	- DOJ - OGCC Opinion No. 128 Series of 2016	Though the SHFC attained the confirmation of the DOJ-OGCC, it failed to implement the actual application of the CMP Proceeds to HDH Program due to the revision of RA 7279 and SHFC waited for its Implementing Rules and Regulations. The Performance Agreement for 2016 was transmitted by the GCG to the SHFC as early as 01 March 2016 but the latter did not request for any renegotiation for this measure. The SHFC lacked in foresight and diligence in not considering the consequences of the possibility of the non-issuance of the IRR of the RA 7279. In view of this, SHFC earned a score of zero for this measure.
			<b>Sub-total</b>	<b>24%</b>				<b>21.12%</b>		<b>17.59%</b>		
<b>SO 6 Create non-mortgage-based products</b>												
INTERNAL PROCESS	SM 10	Number of projects with usufruct arrangements	Absolute Number	5%	(Actual/Target) x Weight (but not to exceed assigned weight)	2 HDH Projects	5 HDH projects financed by the SHFC amounting to ₱286 M with 4,144 ISFs	5.00%	5 HDH Projects Financed	5.00%	- List of HDH Projects Under Usufruct Arrangements - Copy of Usufruct Agreement per Project	The total beneficiaries of the HDH Projects financed by SHFC under the usufruct arrangements is 4,144 ISFs with a total loan amount released of ₱285.99 Million.  The Governance Commission would like to take note of the observation of COA in the latter's 2016 Audited Reports that 31

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										Transfer Certificate of Titles (TCTs) under Usufruct Agreement of HDH lot acquisition project valued at ₱392.28 Million are still not transferred in the name of SHFC contrary to Section 6 of the SHFC Corporate Circular No. 14-005 series of 2014. Likewise, TCT on the lot acquisition through SHFC Re-Financing Program of a Local Government Unit (LGU) of Quezon City, amounting to ₱16.36 Million was not transferred in the name of the Community Association (CA) and with no annotation of SHFC Mortgage while full payment was already made contrary to Section 5 of Implementing Rules and Regulations (IRR) 2014-003, thus, may result in non-recovery/loss of fund, in case of third party claimant.	
<b>SO 6 A</b>	<b>Design, Develop and Deliver FAIR Shelter Solutions</b>										
SM 11	Number of MFI/LGU for Wholesale Lending	Framework Developed and Approved by the Board	5%	All or Nothing	1 MFI/LGU Partner (Pilot Testing)	Submitted to the OGCC request for legal opinion on November 29, 2016	5.00%	0 MFI/LGU Partner	0.00%	-Letter of Request for Opinion on SHFC's Proposed Wholesale Lending Program	In a letter to GCG dated 16 December 2016, SHFC requested to revise the target from 1 MFI/LGU Partner (Pilot Testing) to Submission to OGCC of request for legal opinion on the corporation's authority to do wholesale lending. The request is made due to the administrative transition which caused delays in

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										<p>the development of other details after the finalization of the framework. Moreover, SHFC can only proceed with pilot testing after receipt of favorable opinion from OGCC.</p> <p>As a background, the proposed program contradicts the OGCC Opinion No. 180, s. 2006 which states that "there is nothing in either R.A. 7835 or E.O. 272 that allows NHMFC or SHFC to lend in bulk directly to local government." Hence, the SHFC must secure the approval of the OGCC to proceed with the implementation of the Wholesale Lending Program.</p> <p>GCG is of the opinion that SHFC should have conducted its due diligence before the crafting of the framework specially such opinion was already rendered as early as 2006. As corporate governance practice, risks associated with the conduct of business and operations should have been foreseen by SHFC. It is in this light that the request to renegotiate the target is denied.</p>

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<b>SO 6 B</b>	<b>Integrate and Upgrade Support Systems</b>										
SM 12	Automation of System Processes through ISSP	Absolute	6%	All or Nothing	2 Modules (Loan Management System and Financial Management Information System Modules) commenced based on the TOR; NTP by 3rd Quarter	Board decision to review ISSP (per Board Resolution No. 543 and minutes of the 118th Board meeting)  The 3 Year Cycle ended in 2016. The new Board decided to undertake a review of the ISSP instead of pursuing the DRS & the development of the 2 modules on December 13, 2016	6.00%	0 Modules commenced by 3rd Quarter of 2016	0.00%	Board Resolution No. 543, Series of 2016	<p>The SHFC requested to revise the target from the implementation of 2 modules (Loan Management System and Financial Management Information System Modules) to Board Approval of the review of the ISSP. Based on the justification of SHFC, delays due to election ban and management transition allegedly affected the procurement needed for the implementation of the ISSP. Moreover, the need to review the current ISSP plan arises since the three-cycle had already ended.</p> <p>The request for modification of the target may be accepted to consider the fact that the validity of the ISSP will expire in 2016. However, the proposed target of Board Approval of the Review of the ISSP is not acceptable as it does not equate to an output but an activity or a strategic initiative in order to accomplish the target. Further, the evidence presented by SHFC on this matter is the Minutes of the 118<sup>th</sup> Board Meeting of SHFC. The recommendation of the Board to conduct the review of the ISSP was made based on SHFC's request for the renegotiation of</p>

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										certain targets under the 2016 Performance Scorecard. The SHFC lacked in foresight and failed to exercise due diligence in its target setting as it is not unknown to them that its 3-year ISSP is expiring in 2016. In view of this, SHFC earned a score of zero for this measure.	
SM 13	% of HDH Applications Processed within 120 Working Days	Total Number of days to process HDH loan applications/ Total HDH Applications for the year	3%	(Actual/Target) x Weight (but not to exceed assigned weight)	90%	100% (19 out of 19 Projects were processed within 120 days)	3.00%	100%	3.00%	- SHFC's Report on Processing Time (Working Days from Credit Committee Approval to Board Approval)	The SHFC received 19 projects under the HDH. All 19 projects were processed within 120 working days or within 24 average working days from the date of endorsement to the Credit Committee to the date of Board approval.
SM 14	% of CMP Applications Processed within 60 Working Days (from Credit Committee to Board Approval)	Total Number of days to process CMP loan applications/ Total CMP applications for the year	3%	(Actual/Target) x Weight (but not to exceed assigned weight)	90%	97.87% (92 out of 94 projects were processed within 60 days)	3.00%	97.87%	3.00%	-SHFC's Report on Processing Time (Working Days from Credit Committee Approval to Board Approval)	The SHFC received 94 projects under the Community Mortgage Program. Out of 94 projects, only 92 projects were processed within 60 days or within only 22 average working days. It must be noted that loan applications below ₱5 Million does not require to be approved by the Board but shall still be evaluated by the Credit Committee.
		<b>Sub-total</b>	<b>22%</b>				<b>22.00%</b>		<b>11.00%</b>		



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LEARNING AND GROWTH	SO 7	Develop a Responsive Organization									
	SM 15	ISO Certification for SHFC Frontline Services	All Processes (ISO Certification on June 2016)	6%	All or Nothing	ISO Certification for all processes secured	The ISO Certification for all SHFC processes was issued by AJA Registrar last August 26, 2016	6.00%	100% ISO 9001:2008 Certification Issued to SHFC	6.00%	- ISO Certificate from AJA Registrars

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SM 16	ICT Group Established based on Reorganization Plan (RP)	Absolute	6%	All or Nothing	ICT Group Established based on Reorganization Plan	<p>-An ICT Consultancy contract was signed on December 28, 2016 who will help in the review and transition plan to the proposed ICT Group</p> <p>-On December 29, 2016 SHFC submitted Success Indicators and Financial Projections to GCG as part of the required documents for the approval of the Reorganization Plan.</p>	6.00%	ICT Group was not established	0.00%	<p>This measure was introduced in SHFC's scorecard to emphasize the importance and the need for SHFC to undergo the rationalization process.</p> <p>Partial submission was made by SHFC in December 2014 when it first submitted its Rationalization Plan. Said partial submission was opposed by concerned members of its Middle Management as represented in their letter dated 02 February 2015.</p> <p>In an e-mail communication with SHFC last 13 January 2016, CGO-in-charge reminded SHFC to submit the required documentary requirements for the processing of the proposed RP. The communication was formalized in GCG letter dated 22 April 2016 informing SHFC the required documentary requirements. SHFC partially complied through its submissions dated 22 April 2016, 11 May 2016, and 28 December 2016. However, the GCG cannot proceed with the evaluation of the proposal since the vital requirement, which is the endorsement from HUDCC as SHFC's Supervising Agency, was not yet provided. The endorsement is crucial since it will set the overall tone of the RP as far as aligning</p>

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										<p>SHFC's strategic thrust with that of the HUDCC. Absent such endorsement, the CGO A will not be able to conduct a proper evaluation of the proposal.</p> <p>In its letter dated 16 December 2016, SHFC requested to revise the target for this measure from "ICT Group Established based on Reorganization Plan" to "Hiring of ICT Consultant to formulate the transition plan for 2017 in preparation for the reorganization."</p> <p>The measure plays a strategic role for SHFC to efficiently and effectively perform its mandate. The inclusion of the measure is in accordance with SHFC's objective to "Develop a Responsive Organization." In line with the intent and purpose of the measure, the proposed revision of target is denied as it is deemed unacceptable. The process of hiring an ICT Consultant does not necessarily translate to making SHFC a responsive organization. Moreover, the proposed target is considered a strategic initiative or an activity necessary to be undertaken to realize the goal or target. In view of this, SHFC earned a score of zero for this measure.</p>



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<b>SO 8</b>	<b>Elevate Personnel Competency</b>									
SM 17	Comprehensive Performance Management System (PMS) established and implemented	Absolute	5%	All or Nothing	Results of the baseline assessment; HR Policies on hiring and promotions revised in accordance with CBS Manual	A new Merit Promotion Policy (MPP) and the revised Recruitment and Selection Policy based on the CBS Manual have been approved and signed by the SHFC Management on December 23, 2016	5.00%	No results of the baseline assessment  A new Merit Promotion Policy (MPP) and the revised Recruitment and Selection Policy based on the CBS Manual have been approved and signed by the SHFC Management on December 23, 2016	0.00%	Memorandum on Endorsement of the revised Recruitment and Selection and Merit Promotion Policy  Upon the validation conducted by the GCG, it was found out that SHFC revised the said target when it returned the signed Performance Agreement (PA) in a letter dated 01 July 2016 by deleting the phrase "result of the baseline assessment", without prior notice to the GCG.  Thus, the original target as provided under the 2016 PA as transmitted to SHFC will be retained. The SHFC was not able to provide the result of the baseline assessment of the Comprehensive PMS. The SHFC was only able to formulate a Revised Recruitment and Selection Policy and Merit Promotion Policy based on the Competency-Based System (CBS) Manual. Hence, SHFC will have no score for this measure.
		<b>Sub-total</b>	<b>17%</b>				<b>17.00%</b>		<b>6.00%</b>	
		<b>TOTAL</b>	<b>100%</b>				<b>97.12%</b>		<b>68.76%</b>	

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