

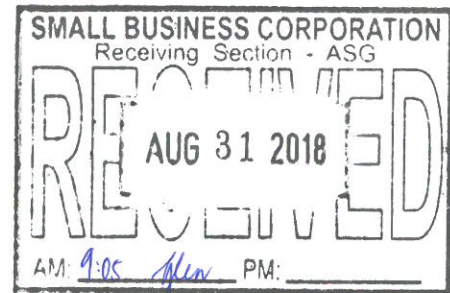


17 August 2018

MS. ZENAIDA C. MAGLAYA
 DTI Undersecretary and Acting Chairperson

MS. MA. LUNA E. CACANANDO
 President and CEO (PCEO)

SMALL BUSINESS CORPORATION (SBC)
 17 and 18th Floors, 139 Corporate Center,
 139 Valero Street, Salcedo Village, Makati City



E1-20180831-001-OP-B

RE : TRANSMITTAL OF 2018 PERFORMANCE SCORECARD

Dear DTI Undersecretary and Acting Chairperson Maglaya and PCEO Cacanando,

This is to formally transmit the 2018 Charter Statement and Strategy Map (**Annex A**) and 2018 Performance Scorecard (**Annex B**) of SBC.

The SBC proposed Charter Statement, Strategy Map and Performance Scorecard submitted through its letters dated 27 September 2017¹ and 27 November 2017² were **MODIFIED** based on the discussions made during a meeting on 29 November 2017 and evaluation of documents submitted through its letters dated 29 January 2018³ and 20 June 2018⁴. The 2018 Performance Scorecard, as attached, shall take effect **IMMEDIATELY**.

Based on the thorough review and analysis of the proposed Strategic Measures (SMs), six (6) SMs were excluded from the SBC's 2018 Performance Scorecard. One of the reasons for the exclusion of these measures is the lack of explanation from the SBC substantiating the direction and intention of the measure as in the case of the measures "Number of Venture Capital Partnerships with Local Institutions" and "Preparedness for Setting Up of MSME Finance Institute". Furthermore, the unlikelihood of the measure to reflect the performance of the organization as a whole is another reason for the removal of the SBC proposed measure in the 2018 Performance Scorecard. The measures removed for this reason are "Preparedness for the Accelerated P3 Implementation", "Active Participation in Legislative Fora", "Quality of Corporate Dashboard", and "Degree of Alignment of Group Level and Individual Level Scorecards with the Corporate Scorecard".

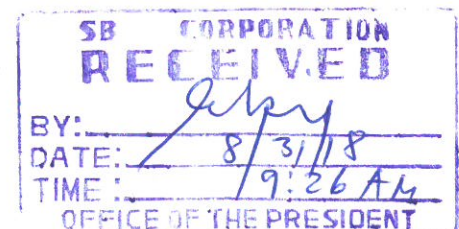
Moreover, several measures were included in the 2018 Performance Scorecard. As a financial institution, the Governance Commission finds that it is pertinent to include additional measures under the Finance Perspective to guarantee the profitability and financial sustainability of the corporation. Thus, the measures "Improve Net Operating Income", "Improve Collection Effectiveness Index", and "Improve Past Due Rates" were introduced in the 2018 Performance Scorecard. Additionally, measures reflecting the mandate of the SBC of providing assistance to

¹ Officially received by the Governance Commission on 29 September 2017.

² Officially received by the Governance Commission on 27 November 2017.

³ Officially received by the Governance Commission on 30 January 2018.

⁴ Officially received by the Governance Commission on 25 June 2018.



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the MSME sector were also included in the 2018 Performance Scorecard. These measures are "Increase Total Financing Portfolio" and "Increase Number of Capacity Building Programs".

We take this opportunity to inform SBC that Item 5 of GCG Memorandum Circular No. 2017-02 mandates GOCCs to submit Quarterly Monitoring Reports and upload the same in the GOCC's website within thirty (30) calendar days from the close of each quarter.

In view of the foregoing, SBC is hereby **DIRECTED** to upload the 1st and 2nd Quarterly Monitoring Reports in its website and submit the same together with validating documents necessary for the review and evaluation of the reported accomplishment. SBC is given **thirty (30) calendar days** to comply with the said directive.

FOR YOUR COMPLIANCE.

Very truly yours,

SAMUEL G. DAGPIN, JR.

Chairman


MICHAEL P. CLORIBEL
Commissioner 1-8


MARITES C. DORAL
Commissioner

2018 CHARTER STATEMENT AND STRATEGY MAP (ANNEX A)



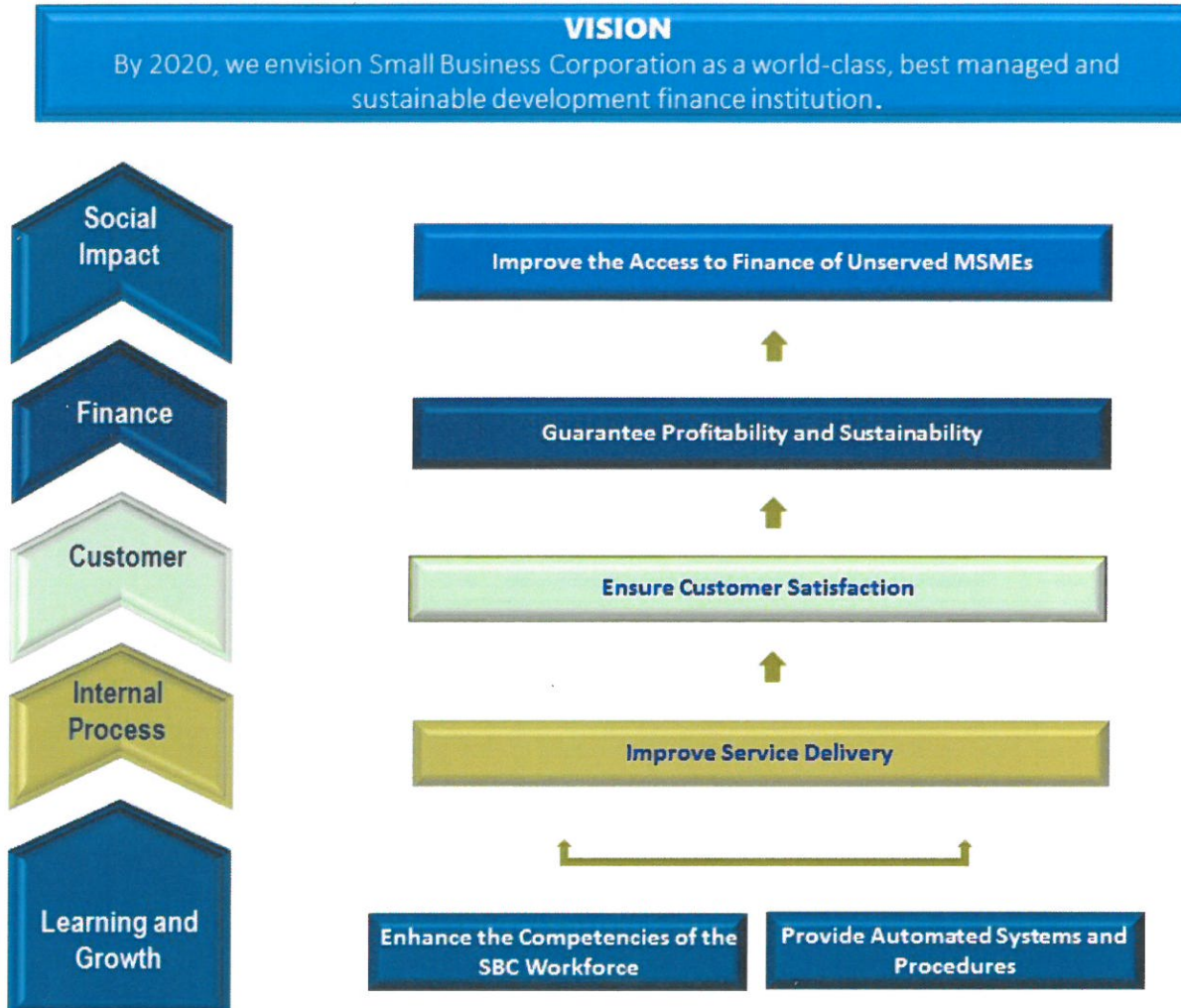
MISSION

Grow the MSME sector by:

- developing and implementing financing and capacity building support programs for underserved enterprises and for grassroots MSME organizations; and
- advocating for measures and policies that will promote a stronger MSME finance industry.

VALUES

- Development orientation
- Innovation
- Accountability
- Transparency
- Results-based mindset
- Knowledge-based service



SMALL BUSINESS CORPORATION (SBC)

		Component			Baseline Data		Target		
Objective/Measure		Formula	Weight	Rating System	2015	2016	2017	2018	
SOCIAL IMPACT	SO 1	Improve the Access to Finance of Unserved MSMEs							
	SM 1	Increase Total Financing Portfolio	Year-End Loan Portfolio (Gross Amount)	10%	₱4.60 Billion and Above = 15% ₱3.90 Billion to ₱4.50 Billion = 10% ₱3.30 Billion to ₱3.80 Billion = 5% Less Than ₱3.30 Billion = 0%	₱2.60 Billion	₱2.55 Billion	₱3.90 Billion	₱4.6 Billion
	SM 2	Increase Number of Micro and Small Enterprise Borrowers	Absolute Number of New Borrowers	10%	(Actual / Target) x Weight	N/A	N/A	N/A	40,000
	SM 3	Spread Distribution of Financing Portfolios Nationwide	Absolute Number (Number of Provinces with Loan Portfolio of ₱20 Million)	5%	(Actual / Target) x Weight Less Than 69 Provinces with Loan Portfolio of ₱20 Million = 0%	N/A	N/A	N/A	75 Provinces with Minimum Loan Portfolio of ₱20 Million Per Province
	Sub-total				25%				
FINANCE	SO 2	Guarantee Profitability and Sustainability							
	SM 4	Improve Net Operating Income	Operating Income - Operating Expenses	10%	(Actual / Target) x Weight Lower Than ₱13 Million = 0%	-₱96.55 Million	₱5.27 Million	N/A	₱19.20 Million
	SM 5	Improve Return on Assets	(Net Income / Total Assets) x 100	10%	(Actual / Target) x Weight	-0.42%	-0.02%	N/A	0.43%
	SM 6	Improve Collection Effectiveness Index	[(Beginning Receivables + Monthly Income - Ending Total Receivables) /	10%	(Actual / Target) x Weight	N/A	N/A	N/A	Break-even

Component					Baseline Data		Target		
	Objective/Measure	Formula	Weight	Rating System	2015	2016	2017	2018	
		(Beginning Receivables + Monthly Income - Ending Current Receivables) x 100							
	SM 7	Improve Past Due Rate	Value of Past Due Loan Accounts / Total Financing Portfolio	10%	1 - (Actual / Target) x Weight	N/A	N/A	N/A	20%
		Sub-total		40%					
STAKEHOLDERS	SO 3	Ensure Customer Satisfaction							
	SM 8	Percentage of Satisfied Customers	Number of Stakeholders who gave a Rating of at least Satisfactory / Total Number of Respondent	5%	(Actual / Target) x Weight If Less Than 80% = 0%	N/A	N/A	90%	90%
		Sub-total		5%					
INTERNAL PROCESS	SO 4	Improve Service Delivery							
	SM 9	Increase Number of Local Conduits Per Province	Absolute Number (Number of Provinces with At Least 3 Local Conduits)	5%	(Actual / Target) x Weight If Less Than 65 Provinces with At Least 3 Local Conduits = 0%	N/A	N/A	N/A	75 Provinces with , Least 3 Local Conduits
	SM 10	Improve Percentage of Loans Processed Within Prescribed Turnaround Time*	Number of Loans Applications Processed within Turnaround Time / Total Number of Applications	5%	(Actual / Target) x Weight	N/A	N/A	N/A	100% of Applications Processed within Prescribed Turnaround Time

* The processing time for loans processing is 30 days except for the processing time for loans under the P3 Program which is only one day.

Component					Baseline Data		Target		
	Objective/Measure	Formula	Weight	Rating System	2015	2016	2017	2018	
	SM 11	Increase Number of Capacity Building Participants	Absolute Number (Cumulative Count)	5%	(Actual / Target) x Weight Less Than 350 = 0%	140	223	300	400
	SM 12	Attain ISO 9001:2015 Certification	Actual Accomplishment	5%	All or Nothing	ISO 9001:2008 Certified	Surveillance Audit Passed	Maintain ISO 9001:2008 Certification and Readiness for ISO 9001:2015 Certification	ISO 9001:2015 Certification
	Sub-total			20%					
LEARNING & GROWTH	SO 5	Enhance the Competencies of the SBC Workforce							
	SM 13	Percentage of Employees Meeting Required Competencies	Actual Accomplishment	5%	All or Nothing	N/A	Baseline Completed	50% of the Competency Areas with the Highest Gap Addressed	Competency Assessment of 100% of Employees conducted by a Third-Party Re-Establish Competency Baseline of the Organization
	SO 6	Provide Automated Systems and Procedures							
	SM 14	Automate Existing Systems and Processes	Actual Accomplishment	5%	All or Nothing	N/A	N/A	N/A	Submission of ISSP to DICT for Approval
		Sub-total			10%				
	TOTAL			100%					