

January 3, 2019

MEMORANDUM 2019  
AO-2019-01-013

TO : ALL EXCOM MEMBERS  
ALL Central Office Department Managers  
All Regional Directors  
The NFA Board Secretary  
ALL PROVINCIAL MANAGERS/OICs

**OFFICIAL RESULT OF NFA APPLICATION FOR PBB 2017**

May we inform you that the NFA failed to achieve the required weighted average score of at least 90% to be granted PBB for 2017, despite several appeals for reconsideration. The NFA gained an over-all score of 59.47%, after GCG's re-validation (*Annex 5*).

The appeals/justifications made on the following indicators were denied by GCG:

- 1. SM 1: 15-Day National Average Buffer Stocks Maintained at = 0%**  
NFA requested to adopt the NFA Council-approved scorecard which provides a different rating scale from the GCG-modified scorecard. Request for revision was denied.
- 2. SM 6: Number of Alternative Distribution Centers in 10 Priority Provinces= 0%**  
NFA was able to exceed the target number of Alternative Distribution Centers (ADCs). However, the 0% score is awarded because the ADCs established are not based on the Council-approved 5-year plan. The NFA Council failed to approve the adoption of a 5-year program to ensure the strategic approval/ establishment of ADCs.
- 3. SM 7: Stakeholder's Evaluation of the NFA's Delivery of Services to its Critical Stakeholder: Palay-Farmers & Licensees= 0%**  
NFA requested to exclude this measure and replace with a measure tracking the actions undertaken to address the issues identified during the 2016 survey. The request was denied. The measure on customer satisfaction rating is standard across GOCCs under the jurisdiction of GCG. While addressing identified issues is vital in ensuring efficient delivery, the requirement to conduct an annual satisfaction survey was communicated to NFA since the adoption of this measure in 2016.

4. **SM 11 : Debt Level (Bank Loans) = +1%**

The request for revision of the rating scale is denied. The measure aims to ensure the reduction of NFA's debt level over time. Hence, the graduated rating scale encourages improvement of debt level.

5. **SM 12 : ISO 9001:2015 Aligned QMS Established = +2.5%**

Third-party audit for the conferment of ISO certificate was conducted in 2018, beyond the deadline set in the scorecard. Partial score was granted for the conduct of internal audit assessment in 2017.

6. **SM 13 : Competency Framework = 0%**

Target not met. Competency baseline was not established. PXT Assessment is not the assessment tool for the conduct of Competency Assessment as prescribed under the NFA Competency Framework.

Consequently, pursuant to GCG M.C. No. 2016-01, failure to qualify for PBB means that the Appointive Members of the Governing Board of NFA shall not be qualified to receive the Performance-Based Incentive (PBI).

Despite the result of the 2017 PBB, we encourage everyone to continue performing better, particularly on targets that are within our control.



TOMAS R. ESCAREZ  
OIC-Administrator

atth: a/s

PLEASE DISSEMINATE  
TO YOUR RESPECTIVE  
PROVINCIAL OFFICES





AA News

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Office of the President of the Philippines  
**GOVERNANCE COMMISSION**  
FOR GOVERNMENT OWNED OR CONTROLLED CORPORATION'S  
3/F, Citibank Center, 8741 Paseo De Roxas, Makati City, Philippines 1226



Management System  
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05 November 2018

**MR. EMMANUEL F. PIÑOL**  
Chairman  
**NATIONAL FOOD AUTHORITY (NFA)**  
Philippine Sugar Center Building,  
North Avenue, Diliman, Quezon City

to let's inform the  
DIC / other members  
of EXCOM / MANCOM  
& FOS for aw

NATIONAL FOOD AUTHORITY  
Office of the Deputy Administrator for  
Marketing Operations  
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**ATTN: ATTY. JUDY CAROL L. DANSAL** *improvement for their*  
Deputy Administrator for Marketing Operations *sums upon m*

**RE: VALIDATION RESULT OF 2017 PERFORMANCE**  
**SCORECARD OF NFA** *word.*

Dear Chairman Piñol,

This is to formally transmit the validation result of NFA's 2017 Performance Scorecard. Based on the validation of documentary submissions, NFA gained an overall score of **59.47%** (56.5% out of 95%) (See **Annex A**).

In relation to its application for the grant of the 2017 PBB to eligible officers and employees, NFA fails to satisfy the requirements of **GCG MEMORANDUM CIRCULAR (MC) No. 2017-01**<sup>1</sup> and the *Checklist of Documents to be submitted by GOCCs to Qualify for the 2017 Performance-Based Bonus (PBB)*, particularly the achievement of a weighted-average score of at least 90% in its 2017 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<sup>2</sup>.

Consequently, pursuant to GCG M.C. No. 2016-01<sup>3</sup>, failure to qualify for PBB means that the Appointive Members of the Governing Board of NFA shall not be qualified to receive the Performance-Based Incentive (PBI).

**FOR YOUR INFORMATION AND GUIDANCE.**

Very truly yours,

**SAMUEL G. DAGPIN, JR.**  
Chairman

National Food Authority  
**RECEIVED**  
DEC 17 2018  
Corporate Planning and  
Management Services Department

**MICHAEL P. CLORIBEL**  
Commissioner 1-8

**MARITES C. DORAL**  
Commissioner

cc: COA Chairman **MICHAEL G. AGUINALDO**  
COA Resident Auditor - NFA

<sup>1</sup> Interim Performance-Based Bonus, dated 09 June 2017.

<sup>2</sup> GOCC Governance Act of 2011.

<sup>3</sup> Compensation Framework for Members of the GOCC Governing Boards, dated 10 May 2016.

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NATIONAL FOOD AUTHORITY (NFA)  
2017 Performance Scorecard Evaluation

	Objective/Measure	Component		Rating Scale	Target	NFA Submission		GCG Validation		Supporting Documents	GCG Remarks	
		Formula	Weight			Actual	Rating	Actual	Rating			
SOCIAL IMPACT	SO 1	Ensure Food Security										
	SM 1	15-Day National Average Buffer Stocks Maintained	Sum of the Days to Last (DTL) per Month/12	15%	$\geq 33 = 0\%$ $29-32.99 = 5\%$ $25-28.99 = 10\%$ $15-24.99 = 15\%$ $13-14.99 = 10\%$ $11-12.99 = 5\%$ $< 11 = 0\%$	15 Days	7 Days	15%	7 Days	0%	<ul style="list-style-type: none"> <li>Monitoring and Compliance Report for Procurement in the National and Regional Level</li> <li>Random Sampling: NFA Provincial Offices (Regions III, VIII and X) Emails and Inventory Reports</li> </ul>	<p>Target not met. NFA requested to adopt the NFA Council-approved scorecard which provides a different rating scale from the GCG-modified scorecard.</p> <p>Request for revision is <u>DENIED</u>. The rating scale based on the GCG-modified scorecard provides threshold of considerable level of accomplishment while the proposed rating scale of NFA is too thinly scattered providing significant merit of relatively slight improvement in achievement.</p>
	SM 2	30-Day Buffer Stock	Sum of the Days to Last within the Month of July	-	$\geq 30 = 5\%$ $15-29.99 = 3\%$ $< 15 = 0\%$	30-day buffer stock in any one day between July 1 - 31	-	-	-	0%	-	Request for removal of the measure is <u>APPROVED</u> .
			Sub-total	15%				15%		0%		



Objective/Measure	Component		NFA Submission		GCG Validation		Supporting Documents	GCG Remarks		
	Formula	Weight	Rating Scale	Target	Actual	Rating			Actual	Rating
<b>SO 2 Availability, Accessibility, Affordability and Food Safety</b>										
SM 3	Percent Procurement from 33 Surplus Provinces	Procurement from Surplus Provinces / NFA Total Domestic Procurement	-	85%-100% = 5% 50%-84.99% = 3% < 50 = 0%	65%	-	-	-	-	Request for removal of the measure is <b>APPROVED</b> .
SM 4	Average Farmgate Price in Surplus Provinces	Absolute Amount	10%	Farmgate Price equal to GSP = 10% 95%-99.99% of GSP = 8% 90%-94.99% of GSP = 5% Below 90% of GSP = 0%	Minimum of P15.30/kg	P17.97/kg	10%	P18.19/kg	10%	<ul style="list-style-type: none"> <li>PSA report in the PSA Website</li> <li>NFA Monitoring and Compliance Report for Procurement (National Level)</li> </ul> <p>Acceptable. Actual accomplishment revised using data from the Philippine Statistics Authority. NFA is given a full score when the Government Selling Price (GSP) is equal to or more than the farmgate price.</p>
<b>SO 3 Improve Quality Services</b>										
SM 5	Stocks Maintained in Good and Consumable Condition	% Total Stocks in Good & Consumable Condition/ Total Stocks Stored	10%	99%-100% = 10% 98%-98.99% = 7% 97%-97.99% = 5% 96%-96.99% = 3% < 96% = 0%	100%	99.83%	10%	99.83%	10%	<p>Acceptable.</p> <p>Request to modify rating scale is <b>APPROVED</b>. Rating scale is the same as the 2018 GCG-modified Performance Scorecard.</p>

STAKEHOLDERS

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## Validation Result of 2017 Performance Scorecard (Annex A)

Objective/Measure	Component				NFA Submission		GCG Validation		Supporting Documents	GCG Remarks	
	Formula	Weight	Rating Scale	Target	Actual	Rating	Actual	Rating			
SM 6	Number of Alternative Distribution Centers in 10 Priority Provinces	Absolute Number	10%	(Actual/Target) x Weight	87 based on the Council Approved 5-Year Program	330	10%	330 ADCs not based on the Council-approved 5-year program	0%	<ul style="list-style-type: none"> <li>Report on the Number of Existing Non-Traditional Accredited Retail Outlets for 2017</li> <li>Memo-randum to the NFA Council requesting for approval to license at least 300 alternative distribution centers for 2016 and the targets for 2017-2021</li> </ul> <p>NFA was able to exceed the target number of ADCs. However, the 0% score is awarded because the ADCs established are not based on the Council-approved 5-year plan.</p> <p>NFA Council failed to adopt a 5-year program to ensure the strategic approval/establishment of ADCs.</p> <p>NFA's requested to adopt the Council-approved target and weight for this measure is <b>APPROVED</b>.</p>	
SO 4	<b>Attain Client Satisfaction</b>										
SM 7	Stakeholder's Evaluation of the NFA's Delivery of Services to its Critical Stakeholder: Palay-Farmers & Licensees	Number of respondents who gave a Satisfactory rating or higher / Total number of respondents	5%	All or Nothing	90% of respondents gave a rating of Satisfactory or higher	No. of issues = 43 No. of issues acted = 43	5%	No accomplishment	0%	-	<p>NFA requested to exclude this measure and replace with a measure tracking the actions undertaken to address the issues identified during the 2016 survey. The request is <b>DENIED</b>.</p> <p>The measure on customer satisfaction rating is standard across</p>

Objective/Measure	Component			NFA Submission		GCG Validation		Supporting Documents	GCG Remarks		
	Formula	Weight	Rating Scale	Target	Actual	Rating	Actual			Rating	
									<p>GOCCs under the jurisdiction of GCG. While addressing identified issues is vital in ensuring efficient delivery, the requirement to conduct an annual satisfaction survey was communicated to NFA since the adoption of this measure in 2016.</p> <p>Moreover, the proposed measure is a Strategic Initiative which NFA needs to implement in order to improve customer satisfaction level.</p>		
SM 8	Number of Provinces Implementing the Registration and Licensing Information System (RLIS)	Number of Provinces	10%	(Actual/Target) x Weight	Roll-out to 35 Provinces	35 Provinces	10%	35 Provinces	10%	<ul style="list-style-type: none"> <li>List of NFA Provincial Offices, with RLIS installed</li> <li>Notarized Certification issued by the Provincial Managers</li> <li>Sample generated reports of NFA-NCR for the months of November and December 2017</li> <li>Sample Application form</li> </ul>	<p>Acceptable.</p> <p>Request to modify the weight is <u>APPROVED</u> consistent with the GCG-modified 2018 Performance Scorecard</p>



Objective/Measure	Component			NFA Submission		GCG Validation		Supporting Documents	GCG Remarks		
	Formula	Weight	Rating Scale	Target	Actual	Rating	Actual			Rating	
								generated by the system • Report of RLIS composite team on the installation of RLIS, training of concerned employees and initial implementation of the system			
		<i>Sub-total</i>	45%			45%		30%			
<b>SO 5 Improve Collection Efficiency</b>											
<b>FINANCIAL</b>	SM 9	Collection of Trade Accounts Receivables Aging 3 years and Below	Absolute Amount of Trade Accounts Receivables based on Audited Balance Sheet	5%	P115M - P121M = 5% P100M - P114.99M = 3% P89M - P99.99M = 1% < P89M = 0%	P80 Million	P125.681 Million	5%	P125.681 Million	5%	Report on Collection of Receivables with corresponding Official Receipts Number  Acceptable.  NFA's request to modify the target and rating scale is <b>DENIED</b> . The measure is crucial in improving NFA's financial position. Graduated rating scale provides allowable acceptable level of accomplishment. Moreover, the request is moot considering that NFA exceeded the target set by the GCG.



Objective/Measure	Component				NFA Submission		GCG Validation		Supporting Documents	GCG Remarks	
	Formula	Weight	Rating Scale	Target	Actual	Rating	Actual	Rating			
<b>SO 6</b>	<b>Divestment of Assets</b>										
SM 10	Divestment of Assets Approved for Disposition by the NFA Council	Actual accomplishment	10%	(Actual/Target) x Weight	Appraisal of the NFA-Agricultural Credit Administration (ACA) property for divestment	NFA Council approved the sale of NFA ACA property based on the Asian Appraisal of P1.035 Billion	10%	Appraisal of the NFA-Agricultural Credit Administration (ACA) property for divestment	10%	Valuation Report by the Asian Appraisal Company, Inc. (AACI)	Acceptable. Request to modify weight is <b>APPROVED</b> . Weight allocation is the same as the GCG-modified 2018 Performance Scorecard of NFA.
<b>SO 7</b>	<b>Debt Management</b>										
SM 11	Debt Level (Bank Loans)	Absolute Amount of Outstanding Debt <sup>1</sup>	10%	P95B - P115.99B = 10% P116B - P126.9B = 9% P127B - P132.9B = 8% P133B - P135B = 5% >P135B = 0%	P130 Billion	P119.56 Billion	10%	P119.56 Billion	9%	2017 COA Audited Financial Statements	Reported actual is acceptable. However, the request for revision of the rating scale is <b>DENIED</b> . The measure aims to ensure the reduction of NFA's debt level over time. Hence, the graduated rating scale encourages improvement of debt level.
		<i>Sub-total</i>	25%				25%		24%		

<sup>1</sup> Both short and long-term based on Audited Balance Sheet

	Objective/Measure	Component			NFA Submission		GCG Validation		Supporting Documents	GCG Remarks		
		Formula	Weight	Rating Scale	Target	Actual	Rating	Actual			Rating	
LEARNING AND GROWTH	SO 8	Establish Quality Management System (QMS)										
	SM 12	ISO 9001:2015 Aligned QMS Established	Actual Accomplishment vs. Work Program	5%	ISO Certification = 5%  GAP Assessment = 2.5%	ISO Certification of NFA-Iloilo Regional Office/ Provincial Office	Certificate of Attestation/ ISO Certification received before PBB application	5%	Internal Audit assessment conducted last 04 to 05 December 2017	2.50%	Management Review Minutes	Third-party audit for the conferment of ISO certificate was conducted in 2018.  Partial score is granted for the conduct of internal audit assessment during 2017.
	SO 9	Establish Competency Framework										
SM 13	Competency Framework	Number of positions assessed / Total number of positions	5%	(Actual/ Target) x Weight	Establish Competency Baseline <sup>2</sup> covering 50%	Identify gaps of key officials (Regional Directors and Department Managers)	5%	Failed to Establish Competency Baseline covering 50%	0%	<ul style="list-style-type: none"> <li>NFA Human Resource Management Department (HRMD) Memorandum dated 19 February 2018</li> <li>PXT Assessment Test Result conducted by People Dynamics, Inc.</li> </ul>	Target not met. Competency baseline was not established. PXT Assessment is not the assessment tool for the conduct of Competency Assessment as prescribed under the NFA Competency Framework.	

<sup>2</sup> Involves the Competency Assessment and the Implementation (i.e. Assessment Tools/Processes, Competency Integration and Updated HR Policies), Covering each of the organizational level: a) Senior Management; b) Middle Management; c) Professional and Supervisory; and d) Clerical/ General Staff

Objective/Measure	Component			NFA Submission		GCG Validation		Supporting Documents	GCG Remarks		
	Formula	Weight	Rating Scale	Target	Actual	Rating	Actual			Rating	
<b>Excluded/ Removed Measures</b>											
-	-	Reduction in Controllable Maintenance & Other Operating Expenses	Actual Accomplishment	-	5% & above=5% 4%- 4.99%=4% 3%- 3.99%=3% 2%- 2.99%=2% 1%- 1.99%=1% 0-99% & lower = 0%	5% lower than the 2016 actual amount	(in Thousand Pesos)  2016: P669,098 2017: P490,535  decrease: P178,222 or 26.64%	-	-	NFA Monitoring and Compliance Report	Request to include measure is <b>DENIED</b> . Crucial and vital strategic measures to improve NFA's finances are already included in the scorecard.
<b>Sub-total</b>			10%				10%		0%		
<b>TOTAL</b>			95%				95%		56.5% out of 95%		
			100%				100%		59.47%		