



14 March 2023

MR. HERCULANO C. CO, JR

Chairman

MR. MIGUEL E. UMAU *M. Umali*
 President & CEO (PCEO) *4/11/2023*

4.11.2023

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION (PNCC)

KM. 15 East Service Road, Bicutan,
 Parañaque City

**RE: VALIDATION RESULT OF PNCC'S
2021 PERFORMANCE SCORECARD**

Dear Chairman Co and PCEO Umali,

We respectfully furnish you with the PNCC 2021 Performance Scorecard (**Annex A**), where PNCC obtained an overall score of **60.06%**.

Very truly yours,

Justice ALEX L. QUIROZ (ret.)
 Chairperson

cc: COA Resident Auditor – PNCC

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION	
Office of the President	
Received by:	<i>U601</i>
Control No.	<i>123-058</i>
Date	<i>4/11/2023</i> Time <i>109 PM</i>

**PHILIPPINE NATIONAL CONSTRUCTION CORPORATION (PNCC)
VALIDATED 2021 PERFORMANCE SCORECARD**

	Component					PNCC Submission		GCG Validation		Supporting Documents	Remarks
	Objective/Measure	Formula	Rating Scale ^{a/}	Wt.	Target	Actual	Rating	Score	Rating		
CUSTOMERS / STAKEHOLDERS	SO 1	Maximize Stakeholder Value									
	SM 1	Construction and Development of Real Properties (FCA Properties)	Actual Accomplishment	All or Nothing	12%	Signed Lease Contract for 9.9 hectares of FCA Property	Awaiting OP Approval on the proposed lease and development of 9.9 hectare FCA property.	-	<i>Measure Excluded</i>	-	<ul style="list-style-type: none"> - Narrative Report on the Actions Taken by PNCC on FCA Property - PNCC's Letter to PMO dated 21 July 2021 re Status of Proposed Lease and Development of FCA Property - Reply from PMO dated 26 July 2021 re Proposal to Lease of the 9.9 hectare Property Located at the Financial Center Area through Public Bidding - Administrative Order No. 397 - DOJ Opinion No. 057 s.2001 - DOJ Opinion No. 162 s.2013

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INTERNAL PROCESS	SM 2	Percentage of Satisfied Customers										
		a. Partner Agencies	Actual Accomplishment	Actual / Target 0% = if less than 80%	2.5%	90%	100%	-	100%	2.5%	<ul style="list-style-type: none"> - Assessment of 2021 Customer Satisfaction Survey prepared for PNCC by IPSOS - Data Gathering Methodology as submitted by PNCC 	PNCC engaged the services of <i>Ipsos</i> , a third-party provider to interpret its CSS for 2021. PNCC has a total of three (3) customers which make up its universe: two (2) Lessees and one (1) Joint Venture partner. The three (3) gave at least a Satisfactory rating for PNCC.
		b. Concessionaires			2.5%	90%	100%	-	100%	2.5%		
	Sub-total		17%			-		5.00%				
SO 2	Improve Internal Systems and Procedures											
SM 3	ISO Certification	Actual Accomplishment	All or Nothing	5%	ISO 9001:2015 Certification	<ul style="list-style-type: none"> • PNCC Board adoption of QMS • Conduct of Refresher Course for IQ Auditors and Planning Sessions • Internal Audit was moved to February 2022 	-	No ISO Certification	0%	<ul style="list-style-type: none"> - Copy of PNCC Quality Manual - ISO Certification Project Milestone 2021 	With only the conduct of preparatory activities, PNCC failed to obtain its target of ISO 9001:2015 Certification in 2021.	

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<i>Construction and Development of Expressway Projects</i>											
SM 4	a. Lucena-Matnog Expressway/ SLEX TR5	Actual Accomplishment	All or Nothing	7%	Commencement / Continuation of STOA Negotiation	Ongoing Discussion on review and completion of other documents required to continue the STOA Negotiation	-	Continuation of STOA Negotiation	7%	<ul style="list-style-type: none"> - Letter from TRB dated 5 Feb 2021 - Letter from TRB dated 29 Sep 2021 - Letter from TRB dated 01 Dec 2021 	<p>The discussions on the finalization of the Supplemental Toll Operation Agreement (STOA) Negotiation for the development of Lucena-Matnog Expressway/TR5 (TR5) were made in 2021 which led to the STOA's eventual approval and the signing thereof in the following year.</p>
				3%	Project Groundbreaking	No update yet.	-	No Accomplishment Reported	0%		<p>PNCC did not provide a report on this target.</p> <p>This measure is rated zero since the accomplishments cannot be objectively verified by the GCG on account of inadequate or incomplete documentation by the PNCC.</p>

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b. Pasig River Expressway Project (PAREX)	Actual Accomplishment	All or Nothing	12%	Completion of STOA Negotiation	The STOA was signed by TRB, SMC, O&M Corp. and PNCC on 21 September 2021 Awaiting the approval of the STOA by the President of the Philippines	-	STOA negotiation completed	12%	- Signed STOA on Parex Project with cover memorandum from the Executive Secretary	The STOA was signed on 21 September 2021. The actual groundbreaking ceremony was held on 24 September 2021 – 3 days after the signing of the agreement.
			1%	Project Groundbreaking	Project Groundbreaking was held on 24 September 2021	-	Project Groundbreaking was held on 24 September 2021	1%	- Photo documentation and various news articles on PAREX Groundbreaking	
c. Integrated Airport Toll Expressway Network (IATEN)	Actual Accomplishment	All or Nothing	7%	TRB Declaration as Toll Road Project	The TRB declared the IATEN Project as a Toll Road	-	The TRB declared the IATEN Project as a Toll Road	7%	- TRB letter dated 11 June 2021	TRB requested documents for compliance of PNCC and SMHC, specifically the necessary legal documents for the Joint Investment Proposal and financial aspects which SMHC and PNCC eventually complied thereto.
			3%	Ongoing Discussions of Legal, Technical, and Financial Aspects in the Negotiations	Ongoing Discussion on review and completion of other documents required to continue the STOA Negotiation	-	Ongoing Discussion on review and completion of other documents required to continue the STOA Negotiation	3%	- TRB letter dated 18 August 2021 - TRB letter dated 22 November 2021	

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SM 5	Payroll Transition from Manual (Face-to-Face) to ATM	Actual Accomplishment	Actual / Target	5%	100% Implementation	All regular employees have been enrolled for ATM payroll. 1 st ATM Payroll commenced on 15 January 2021	-	71.93% Implementation	3.60%	- Certification from Landbank Bicutan DOST Branch dated 13 September 2021 - PNCC's 2021 Annual Report	Based on the Certification provided by Landbank, 41 new payroll accounts were opened for the PNCC. The number of filled regular positions as of 2021 is 57.																
SO 3 Enhance Mobility of People and Commerce																											
<i>Increased Annual Daily Traffic</i>																											
SM 6	a. Metro Manila Skyway Stage 3	Actual Annual Traffic Count/ Projected Annual Traffic Count	Actual / Target	12%	43 Million Annual Vehicle Traffic	Total Traffic count from its actual operation in July 2021 up to December 31, 2021 is 13,578,852.	-	13.2 Million Annual Vehicle Traffic	3.69%	- Skyway Stage 3 Traffic as of 31 December 2021	<table border="1"> <thead> <tr> <th>MONTH</th> <th>Traffic</th> </tr> </thead> <tbody> <tr> <td>July</td> <td>1,434,888</td> </tr> <tr> <td>August</td> <td>1,503,331</td> </tr> <tr> <td>September</td> <td>1,847,158</td> </tr> <tr> <td>October</td> <td>2,481,028</td> </tr> <tr> <td>November</td> <td>2,481,291</td> </tr> <tr> <td>December</td> <td>3,469,156</td> </tr> <tr> <td>TOTAL</td> <td>13,216,852</td> </tr> </tbody> </table>	MONTH	Traffic	July	1,434,888	August	1,503,331	September	1,847,158	October	2,481,028	November	2,481,291	December	3,469,156	TOTAL	13,216,852
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b. FTI-Bicutan	Actual Accomplishment	Actual / Target	5%	15% of Segment 1 Completed	99% completion on C5 (Pier 61 - 66), ongoing activities on P 00-27 and P 67-72 and Section 2A Southbound, and DEDs for Ramps 1-4, Section 1A and Section 2 realignment	-	3.28% of Section 1, 99% completion on C5 (Pier 61 - 66), ongoing activities on P 00-27 and P 67-72 and Section 2A Southbound, and DEDs for Ramps 1-4, Section 1A and Section 2 realignment	0%	- Project Gantt Chart on MMSS 4 (SEMME C6 Project) Section 1 - MMSS 4 Project Status Report from SMHC as of December 2021	The Project Status Report by SMHC only supplied the % accomplishment on the construction of Section 1 and details of ongoing activities but without the actual accomplishment for Segment 1. Given the limited information from the submissions, the actual accomplishment for this measure cannot be objectively verified on account of insufficient information/documentation.																	
			Sub-total	60%			-		37.29%																		

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SO 4		Reinforce Collection Systems																	
SM 7	Percentage of Receivables Collected	Actual Collection divided by Target Collection	Actual / Target	7%	100% Collection of the ₱100.55 Million Receivables from PMMA	The MR of PNCC is now submitted for resolution of the COA	-	Measure Excluded	-	- Supplemental Motion for Reconsideration (of the 10 February 2021 Decision) on the Petition for Money Claim of the PNCC against the PMMA	<p>Measure excluded.</p> <p>On 10 February 2021, COA's Decision No. 2021-032 denying the PNCC's Petition was issued. PNCC filed a Motion for Reconsideration (MR) of the decision on 15 April 2021 and a Supplemental Motion for Reconsideration was filed on 23 August 2021. PNCC is currently awaiting the action of COA on the MR.</p> <p>PNCC's accomplishment of the target is contingent on an external factor which is COA's action on the submitted Motion for Reconsideration and subsequent Supplemental Motion for Reconsideration.</p>								
SO 5		Improve Equity and Debt Management Service Strategies																	
SM 8	Revenues	Service Income + Share in JVs + Dividend Income + Interest Income	Actual / Target	10%	₱402.09 M	₱167.16 Million as of 30 Nov 2020	-	₱255.95 M	6.37%	- COA-audited 2021 Financial Statements (FS) and Notes to FS	<table border="1"> <thead> <tr> <th>Revenue</th> <th>Amount (P)</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>182,946,596</td> </tr> <tr> <td>2021</td> <td>255,946,224</td> </tr> <tr> <td>% Inc</td> <td>39.90%</td> </tr> </tbody> </table> <p>While PNCC's 2021 revenue is higher than its 2020 figure, this is only 63.65% of the target.</p>	Revenue	Amount (P)	2020	182,946,596	2021	255,946,224	% Inc	39.90%
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	SM 9	Conversion of Debt-to-Equity	Actual Amount of debt-to-converted-to-equity / Actual Amount of debt to be converted to equity	All or Nothing	1%	Finalization of Debt Payment Scheme with PMO	The Office of the President of the Philippines has yet to resolve the appeal filed by PNCC.	-	No development on the target	0%	- PNCC's Appeal Memorandum as submitted to the Office of the President	Target not met.
			Sub-total		18%					6.37%		
LEARNING & GROWTH	SO 6	Development of Manpower										
	SM 10	Percentage of Employees Meeting Required Competencies	Actual Accomplishment	All or Nothing	5%	Board-Approved Competency Framework	The ISO Subcommittee for Competency Framework has submitted to the Board the Competency Framework on 29 April 2021 and it was approved by the Board on 19 May 2021	-	Board-approved Competency Framework	5%	- Board-approved Competency Framework dated 19 May 2021 - Board Resolution BD 09-2021 (Approval of the Competency Framework)	With the submission of its Board-approved Competency Framework, PNCC achieved its target for the year.
			Sub-total		5%						5.00%	
			TOTAL WEIGHTS EXCLUDED WEIGHTS		100% (19%)					53.66%		
			VALIDATED TOTAL		81.00%					53.66 / 81.00 = 66.25%		