



27 December 2021

MAJ. GEN. DELFIN N. LORENZANA, AFP (RET.)

Chairman and DND Secretary

ATTY. RAYMOND L. MITRA

President and CEO (PCEO)

PHILIPPINE AEROSPACE DEVELOPMENT CORPORATION (PADC)

PADC Hangar 2, General Aviation Area

Domestic Airport Rd., Pasay City

**RE: VALIDATION RESULT OF PADC'S
2020 PERFORMANCE SCORECARD**

Dear Secretary Lorenzana and PCEO Mitra,

This is to formally transmit the validation result of PADC's 2020 Performance Scorecard. Based on the Governance Commission's validation of the GOCC's documentary submissions, PADC obtained an overall score of **45.41%** (See **Annex A**). The same is to be posted in PADC's website, in accordance with Section 43 of GCG Memorandum Circular (M.C.) No. 2012-07.¹

In relation to the grant of 2020 PBB to eligible officers and employees, PADC fails to satisfy the requirements of GCG M.C. No. 2019-02,² particularly the achievement of a weighted-average score of at least 90% in its 2020 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. 10149.³

Consequently, pursuant to GCG M.C. No. 2021-01,⁴ failure to qualify for the PBB means that the Appointive Members of the Governing Board of PADC shall not be qualified to receive the Performance-Based Incentive (PBI).

FOR PADC'S INFORMATION AND GUIDANCE.

Very truly yours,

cc: COA Resident Auditor – PADC

¹ Code of Corporate Governance for GOCCS, dated 28 November 2012.

² Interim Performance-Based Bonus (PBB), dated 25 July 2019.

³ GOCC Governance Act of 2011.

⁴ Interim Performance-Based Incentive (PBI) System for Appointive Directors of GOCCs covered by GCG for CY 2020 and for the Years Thereafter, dated 28 January 2021.

PHILIPPINE AEROSPACE DEVELOPMENT CORPORATION (PADC)
Validated 2020 Performance Scorecard

Component					PADC Submission		GCG Validation		Supporting Documents	Remarks													
Objective/ Measure	Formula	Weight	Rating Scale ^{a/}	Target	Actual	Rating	Score	Rating															
FINANCIAL	SO 1	Expand Revenue Generation to Support Corporate Growth																					
	SM 1	Gross Revenues <i>(in millions)</i>	Absolute Amount	30%	Actual / Target	56.66	None	–	60.54	30%	Management Letter (ML) on the audit of the PADC for the period 01 January – 31 December 2020 by the COA	<table><tr><th>Revenue Items</th><th>2020</th></tr><tr><td>Sales Revenue</td><td>3.275</td></tr><tr><td>Rental Income</td><td>51.08</td></tr><tr><td>Other Income</td><td>6.188</td></tr><tr><td>Total</td><td>60.543</td></tr></table>	Revenue Items	2020	Sales Revenue	3.275	Rental Income	51.08	Other Income	6.188	Total	60.543	
	Revenue Items	2020																					
	Sales Revenue	3.275																					
	Rental Income	51.08																					
Other Income	6.188																						
Total	60.543																						
SO 2	Exercise Sound Financial Management																						
SM 2	Earnings Before Interest, Taxes, Depreciation, and Amortization [EBITDA] <i>(in millions)</i>	Net Income + Interest + Taxes + Depreciation + Amortization	10%	Actual / Target	16.78	None	–	19.470	10%	ML on the audit of the PADC for the period 01 January – 31 December 2020 by the COA	<table><tr><th>Items</th><th>Amount (P) in millions</th></tr><tr><td>Net Income before Tax</td><td>18.086</td></tr><tr><td>Interest Exp.</td><td><i>Cannot be determined</i></td></tr><tr><td>Depreciation</td><td>1.384</td></tr><tr><td>Amortization</td><td>–</td></tr><tr><td>EBITDA (minimum)</td><td>19.470</td></tr></table> <p>EBITDA target for 2020 has been exceeded as computed EBITDA is already at ₱19.47 Million (even without the amounts of interest, being added back, if any).</p>	Items	Amount (P) in millions	Net Income before Tax	18.086	Interest Exp.	<i>Cannot be determined</i>	Depreciation	1.384	Amortization	–	EBITDA (minimum)	19.470
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EBITDA (minimum)	19.470																						

PADC Validated 2020 Performance Scorecard

Component						PADC Submission		GCG Validation		Supporting Documents	Remarks																
Objective/ Measure		Formula	Weight	Rating Scale ^{a/}	Target	Actual	Rating	Score	Rating																		
	SM 3	Percentage of Core Revenues Against Total Revenues	Core Revenues / Total Revenues	30%	Actual / Target	30%	None	–	5.41%	5.41%	ML on the audit of the PADC for the period 01 January – 31 December 2020 by the COA	<table><tr><th>Revenues</th><th>2020</th><th>%</th></tr><tr><td>Core</td><td>3.275</td><td>5.41%</td></tr><tr><td>Rental</td><td>51.080</td><td>84.37%</td></tr><tr><td>Other</td><td>6.188</td><td>10.22%</td></tr><tr><td>Total</td><td>60.543</td><td>100%</td></tr></table> While the pandemic had affected the operations of businesses in 2020, the further increase in PADC's Rental Income contributed to the lower percentage of its core revenues vis-à-vis the total.	Revenues	2020	%	Core	3.275	5.41%	Rental	51.080	84.37%	Other	6.188	10.22%	Total	60.543	100%
	Revenues	2020	%																								
Core	3.275	5.41%																									
Rental	51.080	84.37%																									
Other	6.188	10.22%																									
Total	60.543	100%																									
	Sub-total			70%			–		45.41%																		
CUSTOMERS / STAKEHOLDERS	SO 3	Provide Transport Services to Stakeholders																									
	SM 4	Increased Number of Trained Students from Aviation Schools	Actual Accomplishment	5%	All or Nothing	Increase from 2019 Actual Students Trained	None	–	None	0%	N/A	These measures were not provided with any reported accomplishments by the PADC from the 1 st - 4 th quarters of 2020, as well as no supporting documents nor available information on the status of the targets.															
	SM 5	Percentage of Satisfied Customers a. Lessees b. MRO Clients	Number of respondents which gave at least a Satisfactory rating / Total number of respondents	a. 5% b. 5%	Actual / Target 0% = If less than 80%		None	–	None	0%	N/A																
		Sub-total			15%				–		0%																

Component						PADC Submission		GCG Validation		Supporting Documents	Remarks	
Objective/ Measure		Formula	Weight	Rating Scale ^{a/}	Target	Actual	Rating	Score	Rating			
INTERNAL PROCESS	SO 4	Develop / Modernize PADC Capability										
	SM 6	Signed MOAs/MOUs with Original Equipment Manufacturers (OEMs)	Actual Accomplishment	5%	All or Nothing	1 Signed MOA/MOU with an OEM	None	–	None	0%	N/A	This measure was not provided with any reported accomplishment by the PADC from the 1 st - 4 th quarters of 2020, as well as no supporting document nor available information on the status of the target.
	SO 5	Compliance to International Standards										
	SM 7	ISO Certification	Actual Accomplishment	5%	All or Nothing	ISO 9001:2015 Certification	None	–	<i>Not accomplished</i>	0%	Memorandum from AO25 Secretariat to GCG re Final Compliance Validation Results of GOCCs under R.A. 10149 for the FY 2020 PBB	In the list of final Non-Compliant agencies, PADC was found to be non-compliant with the ISO-QMS requirement.
	Sub-total			10%				–		0%		
LEARNING & GROWTH	SO 6	Maintain Professionalized Work Force										
	SM 8	Percentage of Employees Meeting Required Competencies	Actual Accomplishment	5%	All or Nothing	Board-approved Competency Framework	None	–	None	0%	N/A	This measure was not provided with any reported accomplishment by the PADC from the 1 st - 4 th quarters of 2020, as well as no supporting document nor available information on the status of the target.
	Sub-total			5%						0%		
TOTAL			100%						45.41%			

a/ But not to exceed the weight assigned per indicator.