Kaagapay ng Komunidad sa Maginhawang Pamumuhay

GOVERNANCE POLICY AND NOMINATION COMMITTEE
REPORT NO. 2020 - 04

Submitted by the Governance Policy Committee on 21 April 2020

Re	:	Recommended Board Actions
Presiding Chairperson	:	Dir. Felixberto U. Bustos Jr.
Attendees	:	Atty. Arnolfo Ricardo B. Cabling Usec. Bayani H. Agabin, Atty. Emiliano C. Reyes Dir. George JT D. Aliño II Dir. Lyndon B. Catulong, Sr. Dir. Ronald Barcena, and Atty. Maria Luisa Pangan

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The agenda for discussion by the Governance Policy Committee, viz:

I. FOR DELIBERATION

1. SHFC Fund Utilization and Corporate Workplan and Strategies for Calendar Year (CY) 2021
2. Corporate Operating Budget
3. Procedure for Nomination of Vice President Position

II. FOR INFORMATION

4. Review of the Applications for Vice President Position
5. OGCC Legal Opinion on SHFC Corporate Character

III. OTHER MATTERS

The Governance Policy and Nomination Committee (GPNCom) meeting was held on 21 April 2020 via videoconference.[1] The meeting was attended by the following Committee members joining the meeting from their general locations either using laptops, desktop mobile phones or tablets:[2]

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[1] Zoom videoconference platform
[2] SEC MC No. 06, S. 2020, Meetings via Remote Communication

1. Dir. Felixberto U. Bustos, Jr. – Lubao, Pampanga
2. Usec. Bayani H. Agabin – Marikina
3. Dir. Emiliano C. Reyes – Mariveles, Bataan
4. Dir. Lyndon B. Catulong Sr. – Davao City
5. Atty. Arnolfo Ricardo B. Cabling – Davao City
6. Dir. George JT Aliño II – Las Pinas
7. Dir. Ronald R. Barcena- Antipolo
8. Atty. Ma. Luisa Pangan – Quezon City

The Committee discussed the abovementioned agenda and hereby reports to the Board, thus:

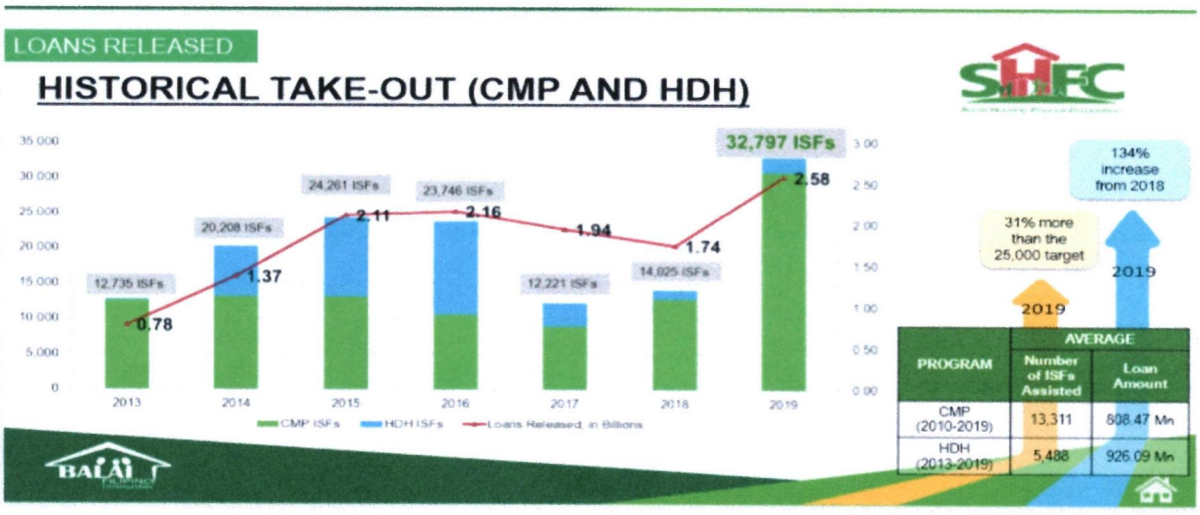
DISCUSSION AND DELIBERATION

I. FOR DELIBERATION

A. SHFC Fund Utilization

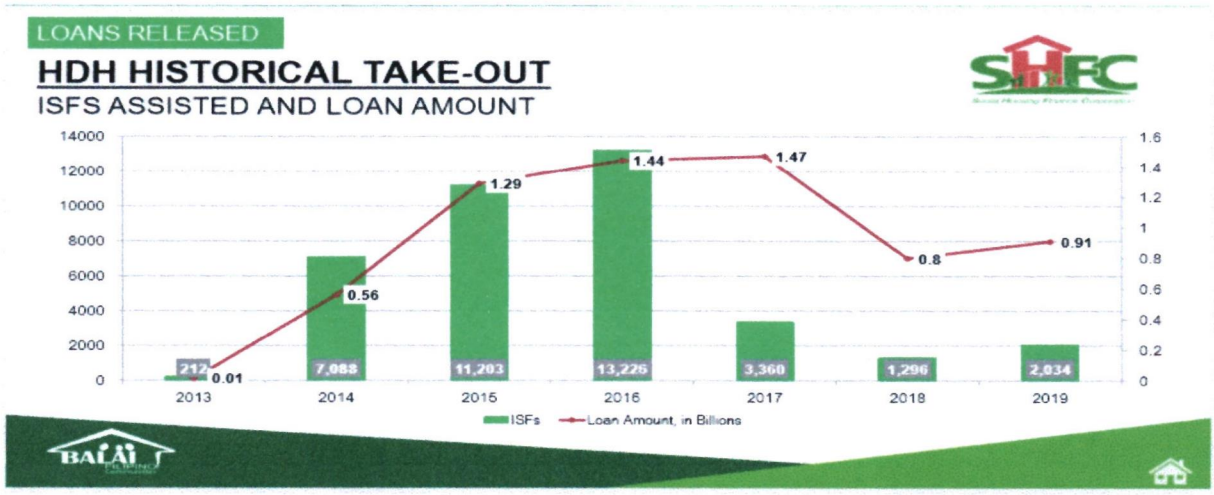
The Management, through Mr. Florencio Carandang Jr., reported first on the SHFC Fund Utilization considering that the presentation on the said matter was requested by Usec. Agabin in the past Committee meeting and the data on the Fund Utilization was used to come up with the 2021 Corporate Operating Budget (COB). It should also be noted that the Department of Budget and Management (DBM) issued a directive to submit the proposed 2021 COB on 25 May 2020.

He then presented the historical performance of SHFC in the past years, as shown in the tables below:

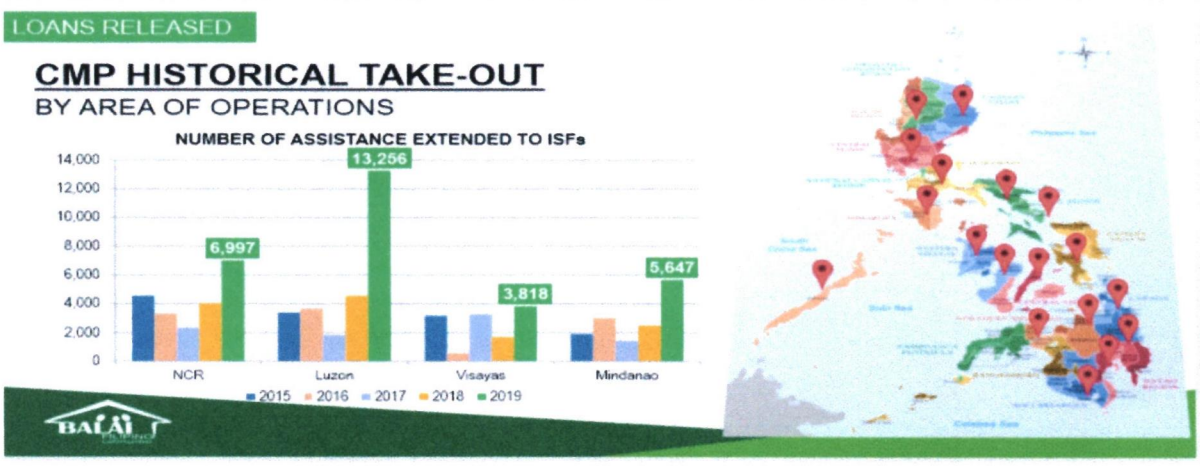


PROGRAM	AVERAGE	
	Number of ISFs Assisted	Loan Amount
CMP (2010-2019)	13,311	808.47 Mn
HDH (2013-2019)	5,488	926.09 Mn

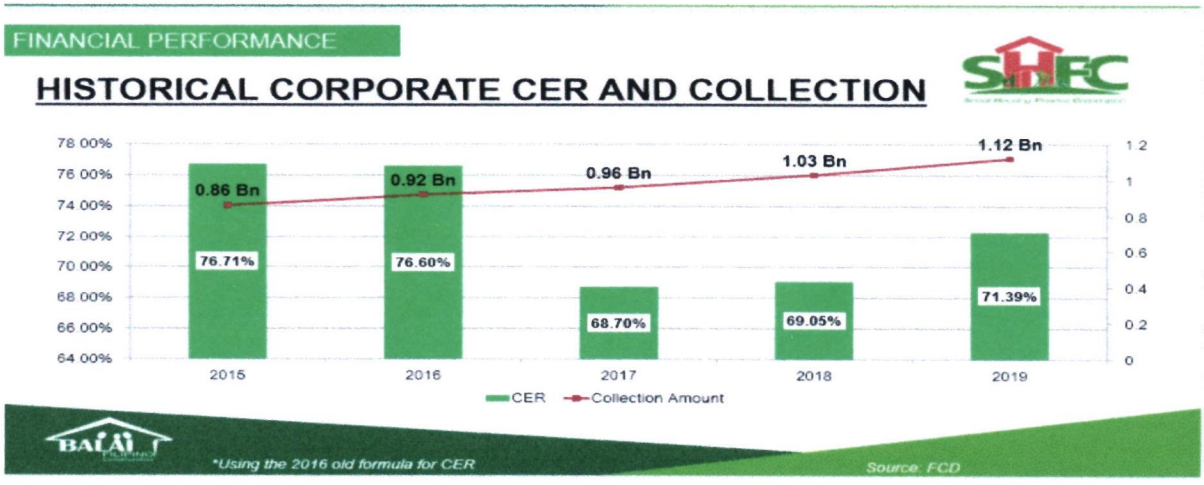
It should be noted that there is a sudden exponential growth in the take-outs of both Community Mortgage Program (CMP) and High-Density Housing Program (HDH) from the previous year. Mr. Carandang attributed this growth on the right mix of efforts harnessed by SHFC.



With respect to the HDH, the take-outs in 2017-2019 are expected to decrease considering that the said program was completed during the Aquino Administration in 2016 which resulted with the DBM ceasing the allocation of the funds to the program. However, the HDH is being taken over by a new modality called the CMP Vertical which is basically the improved version of the HDH.



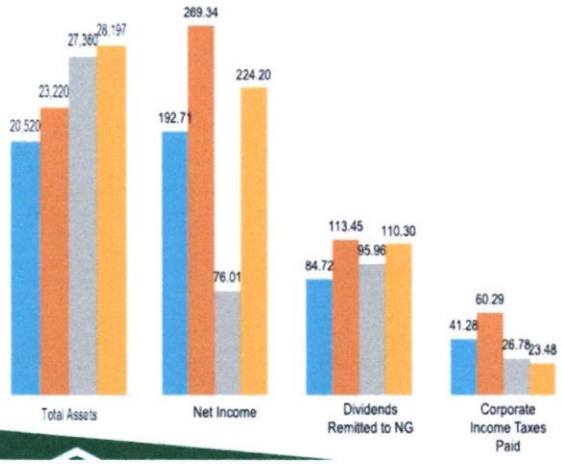
It should also be noted that the CMP has expanded not only in Luzon but also in Mindanao and Visayas. This means that urban centers nationwide are expanding and that these parts of the country also need housing assistance.



The Management then presented the Financial Performance of SHFC from 2016-2019, as shown in the tables below:

FINANCIAL PERFORMANCE

FINANCIAL POSITION (2016-2019)



FINANCIAL ASPECT	AMOUNT IN MILLION PESOS			
	2016	2017	2018	2019
Total Assets	20,520	23,220	27,360	28,197
Net Operating Income	192.71	269.34	76.01*	224.20
Dividends Remitted to the National Gov't	84.72	113.45	95.96	110.30*
Corporate Income Taxes Paid	41.28	60.29	26.78	23.48

It should be noted that the 2018 Net Operating Income amounting to PhP76.01 Million is based on the data revalidated by the Governance Commission for Government-Owned or Controlled Corporations (GCG) which is different from the data of SHFC which amounts to around PhP240 Million

FINANCIAL PERFORMANCE

CASH DIVIDENDS AND INCOME TAXES PAID 2005-2019

YEAR	INCOME TAXES PAID	DIVIDENDS PAID	TOTAL
2005	447	1,130	1,577
2006	16,460	23,294	39,754
2007	37,635	47,466	85,101
2008	56,554	65,422	121,976
2009	23,517	41,774	65,290
2010	35,324	53,768	89,092
2011	51,156	74,175	125,331
2012	19,223	49,616	68,839
2013	6,446	19,591	26,037
2014	38,266	59,718	97,984
2015	37,025	68,662	105,687
2016	39,918	84,713	124,631
2017	60,291	113,453	173,744
2018	26,775	95,960	122,735
2019	23,482	110,297*	133,779
TOTAL	**472,519**	**909,039**	**1,381,557**

Under the Duterte Administration (2017-2019), dividends paid are the highest ever.

₱ 1.38 Bn
Total Contribution to National Government

*Tentative
In Thousand Pesos

The Management then presented the Budget Utilization of SHFC through the years, as shown in the tables below:

BUDGET UTILIZATION

CMP Utilization Rate

BUDGET YEAR	GAA ('000)	Utilization ('000)	Utilization Rate
1995 to 2009	7,042,591	7,261,966	103%
2010	500,000	404,994	81%
2011	500,000	1,000,908	200%
2012	500,000	560,032	112%
2013	1,000,000	791,135	79%
2014	1,000,000	831,609	83%
2015	1,000,000	830,474	83%
2016	1,000,000	741,360	74%
2017	237,409	474,190	200%
2018	0	1,041,886	-
2019	0	1,575,630	-
TOTAL	12,780,000	15,514,184	

In 1994, the Comprehensive and Integrated Shelter Financing Act (CISFA) has been enacted which mandated the National Government to allocate PhP12,780,000,000 to the National Shelter Program. It should be noted that in 2018 and 2019, SHFC only utilized PhP0.00 in the General Appropriation Acts (GAA) Funds because the whole fund of PhP12,780,000,000 has already been allocated in the previous years. However, SHFC was able to utilize its budget even though there were no funds allocated in 2018 and 2019.

On the question as to why SHFC is still receiving funds from the DBM even though the funding has already ceased, the Management answered that the DBM only releases the funds for the particular phase – either lot acquisition, site development or house construction which SHFC requested.

BUDGET UTILIZATION

High Density Housing Program Utilization Rate

FUND SOURCE	PROJECT COST	SARO	NCA	DISBURSEMENT	UTILIZATION RATE	
					NCA	SARO
GAA						
2013	80,755,000.00	80,755,000.00	80,755,000.00	75,718,078.98	94%	94%
2014	3,665,008,000.00	3,665,008,000.00	2,664,065,550.00	2,904,434,283.07	109%	79%
2015	3,742,865,000.00	3,742,865,000.00	2,266,030,634.63	2,830,900,747.14	125%	76%
2016	906,032,800.00	906,032,800.00	105,555,031.00	247,828,604.78	235%	27%
2017	279,015,437.60	279,016,000.00	-	135,648,000.00	-	49%
2018	800,000,000.00	800,000,000.00	-	36,001,655.00	-	5%
2019	731,424,000.00	731,424,000.00	-	-	-	0%

The Management admitted that with respect to the utilization of budget for the HDH program SHFC has not been "doing well" considering that the Management needs to reorganize the Communities to be validated first prior to take-out because SHFC does not have any control in coming up of the list of the Member-Beneficiaries (MBs) since the said list came from the Department of Interior and Local Government (DILG).

The Management then presented the summary of the analysis on the historical performance, as shown below:

Summary:

- Loan Take outs has manifested an impressive trajectory in the last two years (J Growth pattern is realised – activities being undertaken seems to be the right mix of efforts to deliver SHFC's mandate of providing FAIR shelter solutions)
- Loan amortisation collections and Net operating income is consistently increasing
- Collection efficiency of loans is increasing
- Utilisation of program funds are mixed – for CMP, it has improved tremendously; for HDH, major efforts are needed to use the funds

The Management then presented the Take-out targets from 2019 to 2023, as shown below:

Mandate: Develop and implement social housing programs for the low-income families in the informal and formal sector.

Mission: Offering social housing programs through Flexible Affordable Innovative Responsive Shelter Solutions

Take-out Targets from 2019-2023

2019	2020	2021	2022	2023	TOTAL 2019-2023
25,000	35,000	60,000	60,000	70,000	**250,000**

Five-year target will address 29% of the Estimated Housing Need of the ISFs (849,218) in 2023.

Usec. Agabin then asked if the Management will not revise the take-out targets for 2020 to 2023 considering that the Covid-19 Pandemic will greatly affect the operations of SHFC. The Management answered that although the said pandemic is a major "hiccup" to the operation, it would not in effect dent too much the years of building the increased income levels of the MBs. Aside from that, SHFC has already an institutional support such as the Department of Human Settlements and Urban Development (DHSUD). Moreover, the National Economic and Development Authority (NEDA) is already crafting the recovery plan of the country.

He further explained the reason for the Management not revising its take-out targets by presenting the graph shown below:

He explained that even though SHFC will take a hit on its net operating income, the Management will rather continue to be optimist and do the necessary staff work to achieve its targets.

Usec. Agabin noted the answer of the Management but then reminded that if that is the case then the Covid-19 pandemic will not be an excuse if SHFC will not reach its GCG target.

Thereafter, the Management then duly noted the comments of Usec. Agabin.

B. Corporate Workplan and Strategies for CY-2021

As a continuation of his discussion, Mr. Carandang then presented the 2021 Corporate Workplan, as shown in the table below:

2021 CORPORATE WORKPLAN

SOCIAL IMPACT			Wt
SM1: Provision of Shelter Security and Improved Housing Quality •60,000 Informal Settler Families provided with housing loans and grants			35%
Subtotal			**35%**
STAKEHOLDERS	Wt	**FINANCE**	Wt
SM2: Percentage of Satisfied Customers •90% of respondents of the Client Satisfaction Survey (based on GCG methodology) gave a Satisfactory rating for SHFC's Pre-takeout services	10%	**SM3: Improve Collection Efficiency Rating of SHFC Program Loans** • 90% Modified Cumulative CER for current and past due accounts **SM4: Improve status of problematic accounts** • 10% Reduction of Problematic Accounts **•SM 5: Improve the Financial Bottomline** • 10% Reduction of the Projected Net Loss per the SHFC Board approved Corporate Operating Budget for 2021 • **SM6: Improve Budget Utilization Rate** • Not Less Than 90% of the GAA Allocation for CMP	10% 5% 5% 10%
Subtotal	**10%**	*Subtotal*	**30%**
INTERNAL PROCESS	Wt	**ORGANIZATION**	Wt
SM7: Enhance Support Systems for Effective and Efficient Processes •Updated ISSP approved by the Board, and submitted to DICT	10%	**SM8: Attain Quality Management Certification** •Pass ISO Surveillance Audit (Head Office and 1 Regional Office) •ISO Certification for two (2) Regional Branches **SM9: Improve Competency Baseline of the Organization** •Increase corporate competency level	5% 5% 5%
Subtotal	**10%**	*Subtotal*	**15%**

- **SM 1** – There is already an inventory of identified projects in the pipeline consisting of more than 60,000 projects ready for take-out in 2020 in order for SHFC to achieve its target amidst the Covid-19 Pandemic.
- **SM 3** – The target for the Collection Efficiency Rating (CER) is supposed to be 92%. However, due to the Covid-19 Pandemic, the Management did some adjustments on the target.
- **SM 4** – The problematic accounts include the highly delinquent accounts which have not been paid for 60 months and up. Some of the said accounts need intervention such as foreclosure and remedial actions.
- **SM 5** – One of the efforts the Management has come up to reduce the net projected loss of SHFC due to the Covid-19 Pandemic is to open several branches nationwide.
- **SM 6** – Considering that SHFC has no control over HDH list of member-beneficiaries, only the GAA allocation for CMP is being factored in the Budget Utilization Rate to be improved.
- **SM 7** – The Information Systems Strategic Plan (ISSP) will be updated considering that the present ISSP will expire this year.
- **SM 8** – Aside from the recertification of the Quality Management Certification, the Management is pushing for the certification of SHFC's branch offices.
- **SM 9** – The Management will explore other facets of training such as mentorship and on-the-job (OJT) training.

Director Aliño raised an inquiry as to how SHFC has attained its target in the past years without the actual turnover. Mr. Carandang answered that when the loan is released either for the lot acquisition, site development or house construction, then it is already an accomplishment.

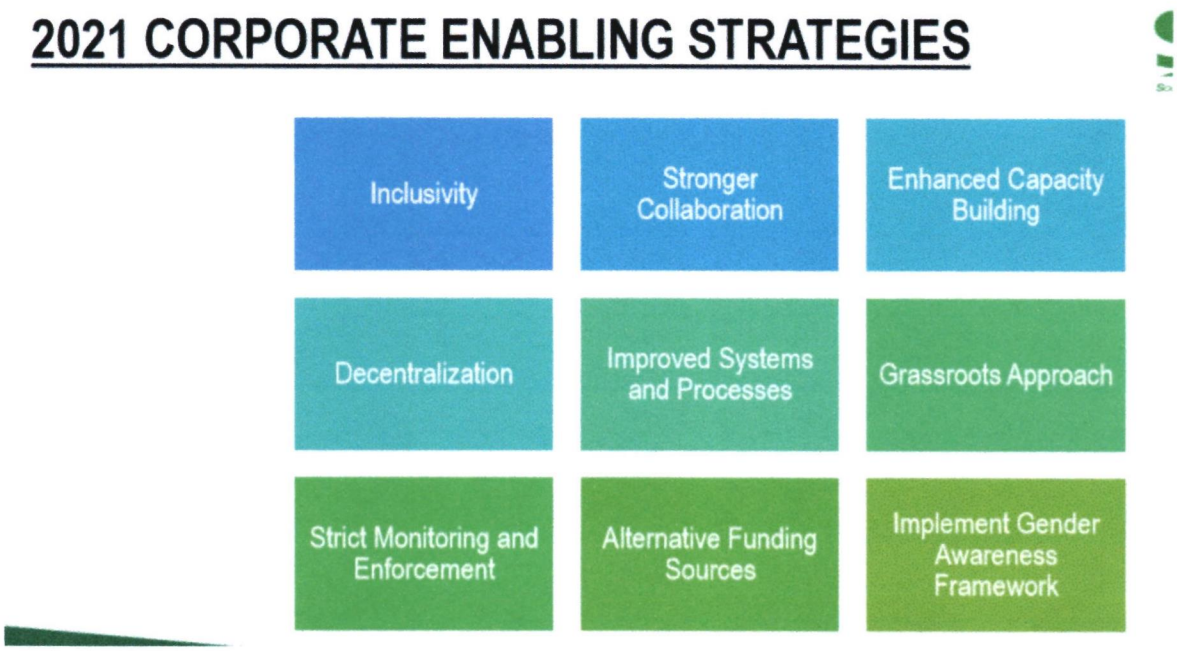
Director Aliño then added that if SHFC intended to help the people then there should be an actual turnover to the ISFs. Mr. Carandang duly noted the comment of Director Aliño and

added that he will raise the said concern if the Technical Working Group (TWG) conducts a meeting.

Atty. Leo B. Deocampo, OIC SVP for Operations explained that the security of tenure not only refers to the physical receipt of the title of the MBs. In fact, in the lot acquisition phase, the MBs have been given a security of tenure already considering that the the title of the property is registered in the name of the Community Associations (CAs) and even in the HDH projects wherein it is under the usufruct agreement. If the problem in the project is only organizational, there will be intervention on the part of SHFC to the CAs such as the creation of Estate Management Department, among others.

Atty. Cabling then added that for the first ten (10) years of SHFC, it focused on onsite projects wherein the MBs are already living in the area. SHFC will purchase the land then it will lend the CAs loan to enable them to purchase the land they are living in from SHFC. However, for the last five (5) years, SHFC explored new CMP projects with different modalities considering that the mandate of SHFC is not only to provide security of tenure but also develop the site and the construction of the houses.

Mr. Carandang then presented the 2021 Corporate Enabling Strategies that the Management will undertake to achieve its targets, as shown in the graph below:



Mr. Carandang then presented the following Strategic Initiatives/ Activities for CY 2021:

STRATEGIC INITIATIVES/ACTIVITIES FOR CY 2021

SOCIAL IMPACT & STAKEHOLDERS

- Pro-active partnerships with LGUs, NGAs, and others
- Responsive and appropriate programs
- Genderized Livelihood assistance
- Improving processes in light of external factors
- Enforcement of policies and sanctions
- Continuous feedback
- Grassroots initiated project development

FINANCE

- Seek other funding sources and investment options
- Improve accounts through full implementation of remedial actions (reactivation and restructuring of accounts)
- Build big and more projects (budget utilization)
- Financial responsibility among MBs

INTERNAL PROCESS

- Adherence to ARTA Law
- Review and enhance IT-related processes
- Enhance compliance to company policies

ORGANIZATION

- Continuous implementation of QMS
- Strengthen human resource training programs (e.g., to include mentorship)

2. Corporate Operating Budget (COB) for CY-2021

The Management, through OIC-VP for Finance and Comptrollership Department, Mr. Dante Anabe, presented the Corporate Operating Budget (COB) for CY 2021.

He then presented the Assumptions and Targets, as shown in the table below:

Take-Out Target	Amount *(in Millions)*
1) Total	**13,827.143**
CMP	9,836.706
HDH	1,090.308
DOTr	2,800.129
AKPF	100.000

Collection Target	Amount *(in Millions)*
2) Total	**900.423**
CMP	773.170
HDH	127.253
3) Cumulative CER	90%
4) Net Loss	-472

5) Personnel Services' Budget is based on the old approved T.O with 255 plantilla positions

6) DBM shall allocate funds for the implementation of CMP and HDH projects for CY 2021

The Sources and Uses is also shown below:

Sources	
1. Fund Balances Beg. (all funds)	548.794
2. CMP Subsidy	8,036.706
3. HDH Subsidy	1,090.308
4. DOTr Funds	3,000.000
5. Marawi Shelter Program (OCD)	12.157

6. AKPF	134.878
5. Proceeds from Securitization	2,000.000
7. Collections (Amortization)	900.000
8. Other Income/Receipts	121.065
Total	**15,843.908**
Uses	
Loans Outlay, Capex, Operational Expenses, and Subsidies	
CMP	11,399.807
HDH	1,252.430
DOTr	3,000.000
MRRRP *(Marawi Recovery, Rehabilitation and Reconstruction Program)*	12.157
AKPF	134.878
Total	**15,799.272**
Cash Balance, End	**44.636**

The COB Summary, Budget for SHFC, Personnel Services Budget, MOOE Budget and Capital Outlay were also presented, as shown in the tables below:

2021 COB SUMMARY (with comparative figures) (In Millions)					
PROGRAMS	**2021**	**2020**	**2019**	**% INCREASE/(DECREASE)**	
	PROPOSED BUDGET	**BUDGET**	**ACTUAL**	**2020 BUDGET**	**2019 ACTUAL**
CMP	11,076.591	9,291.443	3,261.025	19%	240%
HDH	1,252.430	5,881.443	1,112.340	-79%	13%
DOTr	3,000.000	2,607.128	50.029	15%	5896%
MRRP	12.157	134.464	16.054	0%	-24%
AKPF	134.878	129.571	13.247	4%	918%
TOTAL	**15,476.056**	**18,044.049**	**4,452.695**	**-14%**	**248%**

2021 BUDGET FOR SHFC *(CMP & HDH) (In Millions*					
PARTICULARS	**2021**	**2020**	**2019**	**% INCREASE/(DECREASE)**	
	PROPOSED BUDGET	**BUDGET**	**ACTUAL**	**2020 BUDGET**	**2019 ACTUAL**
Personnel Services	360.853	351.708	284.920	*3%*	*27%*
MOOE	868.082	1,686.252	362.994	*-49%*	*139%*
Capital Outlay	173.072	205.858	52.809	*-16%*	*228%*
Loans	10,927.014	12,929.068	2,560.302	*-15%*	*327%*
TOTAL	**12,329.021**	**15,172.886**	**3,261.025**	***-19%***	***278%***

It should be noted that for the budget for the Personnel Services, the 27% increase from the proposed 2019 actual budgets is basically utilized budget for unfilled position while the 3% increase is attributed to the provision for retirement and terminal leave benefits of the

employees in compliance with the Commission on Audit (COA) observation to provide budget for the retiring employees.

2021 PERSONNEL SERVICES BUDGET *(CMP & HDH) (In Millions)*					
PARTICULARS	**2021**	**2020**	**2019**	**% INCREASE/(DECREASE)**	
	PROPOSED BUDGET	**BUDGET**	**ACTUAL**	**2020 BUDGET**	**2019 ACTUAL**
Salaries & Wages	149.755 *42%*	152.399 *43%*	136.823 *48%*	-2%	9%
Other Compenstion	97.599 *27%*	96.156 *27%*	83.677 *29%*	2%	17%
Personnel Benefit Contributions	36.597 *10%*	29.755 *8%*	26.428 *9%*	23%	38%
Other Personnel Benefits	76.901 *21%*	73.398 *21%*	37.993 *13%*	5%	102%
TOTAL	**360.853**	**351.708**	**284.920**	**3%**	**27%**

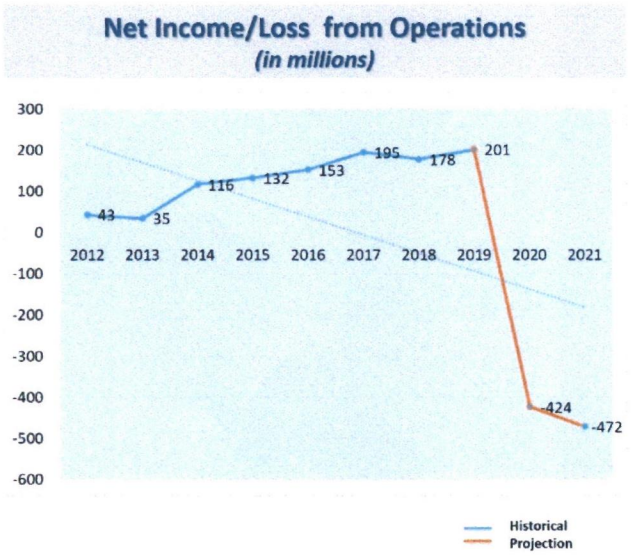
2021 MOOE BUDGET *(CMP & HDH)* (In Millions)					
PARTICULARS	**2021**	**2020**	**2019**	**% INCREASE/(DECREASE)**	
	PROPOSED BUDGET	**BUDGET**	**ACTUAL**	**VS 2020 BUDGET**	**VS 2019 ACTUAL**
Professional Services	**472.050** *54%*	**417.955** *25%*	**130.098** *36%*	13%	263%
Rent Expenses	**37.336** *4%*	**28.250** *2%*	**10.135** *3%*	32%	268%
Supplies and Materials	**34.367** *4%*	**29.844** *2%*	**11.146** *3%*	15%	208%
Others MOOE	**148.095** *17%*	**971.439** *58%*	**67.190** *19%*	-85%	120%
Capacity Building	**19.203** *2%*	**20.000** *1%*	**6.004** *2%*	-4%	220%
Communication Expenses	**14.895** *2%*	**8.983** *1%*	**5.146** *1%*	66%	189%
Repairs & Maintenance	**12.664** *1%*	**12.046** *1%*	**3.877** *1%*	5%	227%
Advertising	**13.060** *2%*	**15.318** *1%*	**3.630** *1%*	-15%	260%
Others	**116.413** *13%*	**182.418** *11%*	**125.768** *35%*	-36%	-7%
TOTAL	**868.082**	**1,686.252**	**362.994**	**-49%**	**139%**
	100%	*100%*	*100%*		

It should also be noted that the increase for the Rent Expenses is due to the expansion of satellite offices as well as the procurement of additional vehicles.

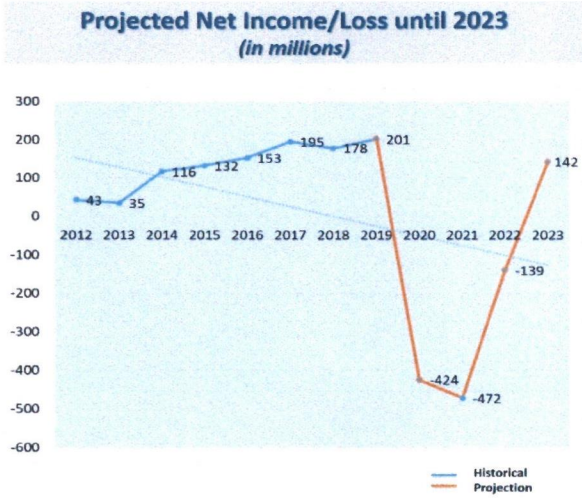
2021 CAPITAL OUTLAY BUDGET (CMP & HDH) (In Millions)					
PARTICULARS	**2021**	**2020**	**2019**	**% INCREASE/(DECREASE)**	
	PROPOSED BUDGET	**BUDGET**	**ACTUAL**	**VS 2020 BUDGET**	**VS 2019 ACTUAL**

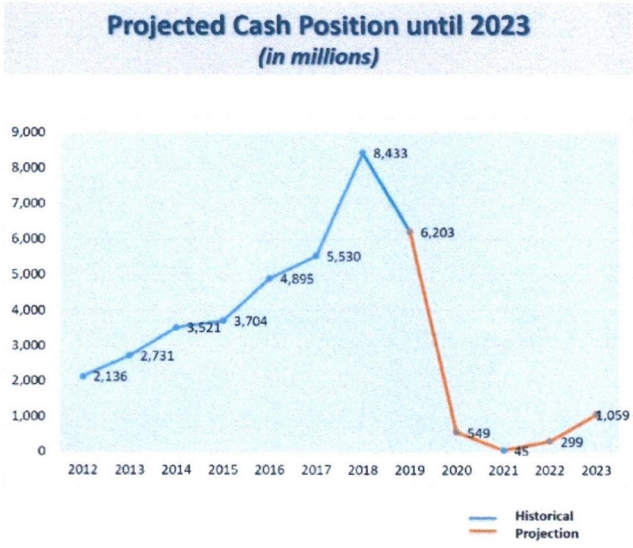
Office Equipment	**1.812** *1%*	**6.865** *3%*	**1.433** *3%*	-74%	26%
IT Equipment & Software	**80.993** *47%*	**60.543** *29%*	**3.343** *6%*	34%	2323%
Transportation Equipment	**21.000** *12%*	**30.150** *15%*	**12.969** *25%*	-30%	62%
Office Building/ Improvement	**49.125** *28%*	**37.598** *18%*	**17.837** *34%*	31%	175%
Others	**20.142** *12%*	**70.703** *34%*	**17.227** *33%*	-72%	17%
TOTAL	**173.072**	**205.858**	**52.809**	-16%	228%
	100%	*100%*	*100%*		

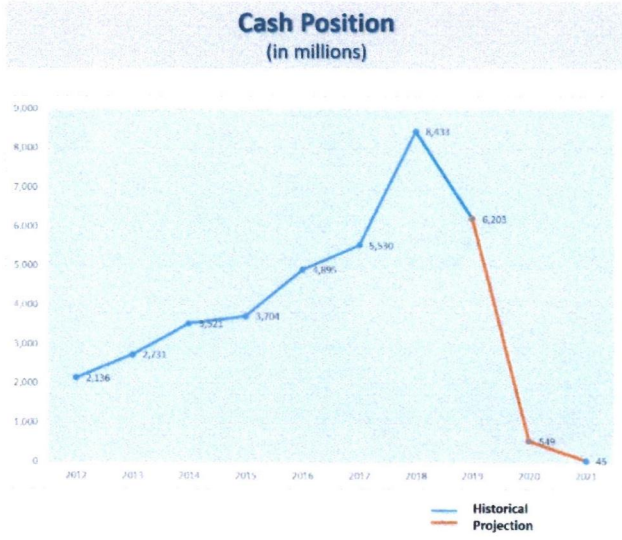
The Management then presented the Cass Position, Net Income/Loss from Operations, Projected Net Income/Loss until 2023 and Projected Cash Position until 2023, as shown in the graphs below:



It should be noted that the original projected Net Income for 2020 is around PhP165,000,000. However, due to the current situation because of Covid-19 Pandemic, the Management was forced to revise the projected Net Income for 2020 considering that there was a three (3)-month moratorium of monthly amortization granted to the MBs. Aside from that, the current situation was taken into consideration in the planning of the projected Net Income and it is assumed that it will adversely impact the projected Net Income until next year.







UNDERLYING ASSUMPTIONS IN 2022 & 2023 Amounts in Millions			
	2021	**2022**	**2023**
1. Take-Out *no. of ISFs* *Growth rate*	13,827 *60k*	13,482 *60k* *-2%*	12,121 *70k* *-10%*
2. Collection *Growth rate*	900	1,740 *93%*	2,373 *36%*
3. Cumulative CER (FF, Current & Past Due) *Growth rate*	90%	91% *1%*	92% *1%*
4. Net Income/Loss *Growth rate*	-472	-139 *70%*	142 *202%*
5. Cash Position *Growth rate*	45	299 *85%*	1,059 *254%*
6) Provision of 10% increase in PS and MOOE budget in years 2022 and 2023 to cover inflation and increase in targets.			
7) DBM shall allocate funds for the implementation of CMP and HDH projects for years 2022 and 2023			

Usec. Agabin then raised a clarification on the source of fund of the CMP considering that in the earlier presentation, it was reported that the CMP funding has already ceased. Mr. Anabe

answered that the funds allocated by CISFA were already fully utilized but still the funding for the CMP will be coming from GAA.

Mr. Carandang clarified that although the whole fund allocated for CMP from CISFA, the DBM said that SHFC should keep on requesting fund allocation for the CMP because the CMP is considered as one of the government programs. He added that in 2020, DBM allocated PhP500,000,000 budget for the CMP.

Usec. Agabin then instructed the Management to revise the presentation to include the sources of funds not limited to the CISFA funds such as other government subsidies to see how SHFC was able to utilize funding outside the CISFA funding.

Atty. Cabling made an explanation. However, due to low audio connection, the Committee did not hear the said explanation clearly.

Atty. Payot then explained further that in 2018 and 2019, the Management met with the DBM Secretary and they relayed to the said Secretary the said predicament that there was no budget allocated to the CMP projects. The DBM Secretary then instructed the Management to either find another law to support the proposed funding for the CMP or rename the CMP considering that the said program is only funded by CISFA. However, the Management argued that there were laws created supporting the funding of the CMP such as the Department of Human Settlements and Urban Development (DHSUD) Act which paved way to the creation of the DHSUD and the Magna Carta Law for the Urban Poor which provides hat the housing is a very crucial component for poverty alleviation and that the programs of SHFC will be prioritized for funding particularly the CMP.

He added that the DBM then instructed the Management to utilize first all the funds and the former will subsequently allocate additional funds in compliance with the aforementioned two laws, to wit:

Atty. Valenciano then reiterated Section 10 in the Magna Carta Law for the Urban Poor or RA No. 11291 for the uplifting of standard of living and quality of life of the poor, which provides to wit:

> "Section 10. Funding Requirements. – The funding for the poverty alleviation programs and projects implemented under this Act shall be sourced from the existing appropriations as authorized under the General Appropriations Act (GAA) of the different departments and agencies implementing these programs including those enumerated below:
>
> xxx
>
> (i) Social Housing Finance Corporation (SHFC) – Community Mortgage Program for qualified organized informal settlers.
>
> Allocations for the implementation of these programs and projects shall be given preferential consideration in the funding allocation of the agency budget.
>
> Any additional funds to the existing appropriations of the pro-poor programs in the different departments and agencies shall be included in the GAA."

Director Reyes then suggested to prolong the period for the recovery of the Collection Efficiency Rating. He then added the issue that the ISFs will prioritize the food and education rather than the budget for shelter.

After thorough deliberation, the Committee approved to endorse to the Board the following:

1. The Proposed Corporate Workplan and Strategies for CY2021; and

2. The CY2021 Corporate Operating Budget in the amount of Php15.476 Billion pesos with the following breakdown:

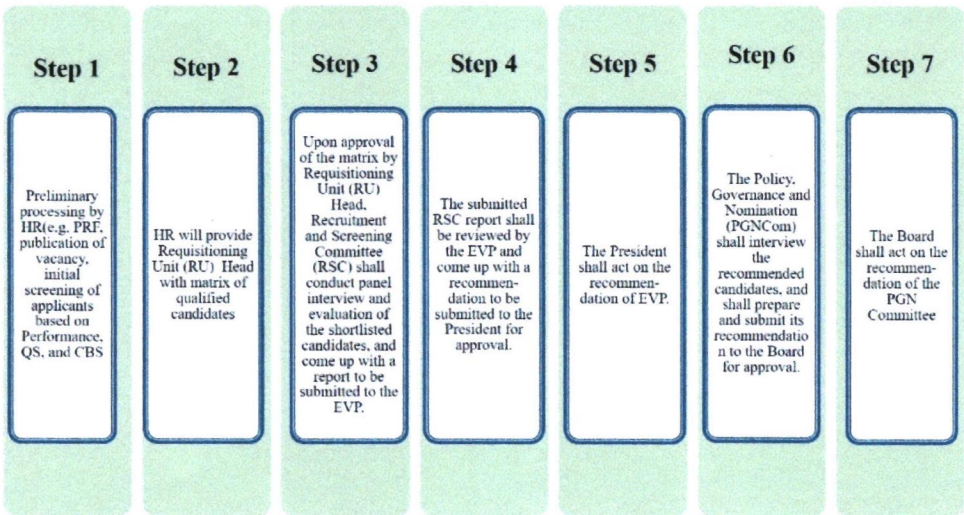
CMP	**P 11.077 B**
HDH	**1.252**
DOTr	**3.000**
MRRRP	**.012**
AKPF	**.135**
TOTAL	**15.476 B**

3. Procedure for Nomination of Vice President Position

The Management, through OIC-VP for Human Resource Department Ms. Jessica Caraso, presented the Procedure for Nomination of the Vice President Position, as shown below;

PROCESS FLOW

Promotion (for SG 27 and above)



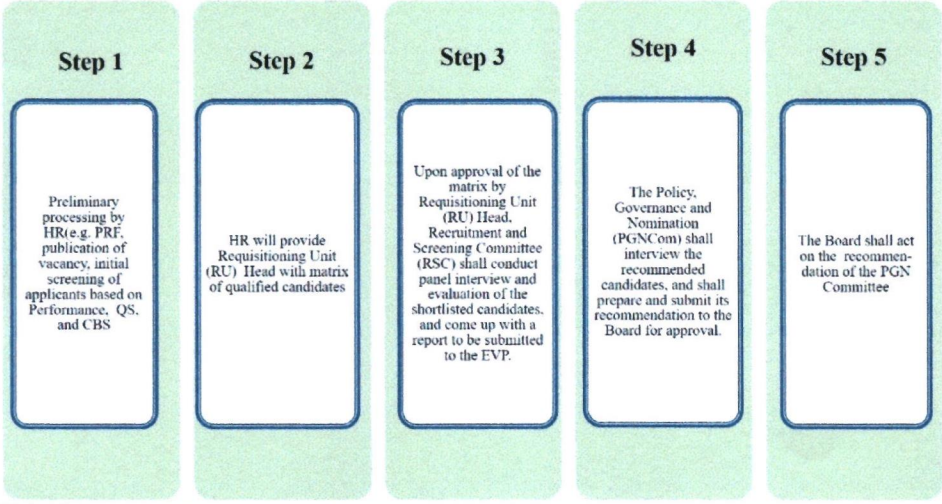
Director Barcena raised a clarification considering that that applicants for the Nomination of the Vice President will also come externally then it should be in the selection and promotion process flow. Atty. Valenciano then clarified that the said procedure shall be applicable for all personnel movement including the promotion and appointment for all applicants for any position with Salary grade 27 and above. The Management then duly noted the said clarification.

Director Reyes then suggested to shorten the process by removing Step Four and Five in the process flow. Director Catulong then agreed to the suggestion of Director Reyes.

Thereafter, the Committee approved to endorse to the Board the following Process Flow for the Nomination for Vice President Position:

PROCESS FLOW

Appointment & Promotion (for SG 27 and above)



II. FOR INFORMATION

Review of the Applications for Vice President Position

To continue her presentation, Ms. Caraso reported that the Vacant Position is the Vice President for Corporate Governance Group with Salary Grade 27.

She then presented the following Qualification Standard for the said position:

Qualification Standard		
Education	**Work Experience**	**Training**
Master's Degree OR Certificate in Leadership and Management from the CSC or CES/CSE eligible	5 years of Supervision/Management experience	120 hours of Supervisory/ management learning and development intervention undertaken within the last 5 years

She then proceeded to discuss the timeline incurred in the Selection Process of the position, as shown in the table below:

Timeline	
Personnel Requisition Form (PRF)	PRF Created – December 4, 2019 PRF Approved – December 11, 2019
Publication	Publication dated December 11, 2019
Submission of application	Applicants (all internal): Mr. Jason C. Yap Ms. Josefina B. Banglagan Mr. Ruben C. Laset
Panel Interview	Tentative schedule on April 21, 2020

She then presented the set of qualifications of the three (3) qualified candidates for the position, as shown in the tables below:

JOSEFINA B. BANGLAGAN		
Education	**Work Experience**	**Training**
Qualified Master of Public Administration University of Manila BSBA – Accounting Philippine Women's University CESO V: Career Executive Service Eligible Certificate Course and Paralegal Training University of the Philippines Certificate Program in Marketing and Leasing for Building and Property Managers De La Salle University- College of Saint Benilde	**Qualified** 36 years 5 months total work experience 28 years supervisory/managerial experience	**Qualified** 232 hours

JASON C. YAP		
Education	**Work Experience**	**Training**
Qualified BS Accountancy Notre Dame University Certificate in Leadership and Management from the CSC or its accredited providers (over 120 hours)	**Qualified** 28 years 3 months total work experience 17 years 2 months supervisory/managerial experience	**Qualified** 272 hours

RUBEN C. LASET		
Education	**Work Experience**	**Training**
Qualified BS Business Management Ateneo De Manila University CESO IV: Career Executive Service Eligible	**Qualified** 41 years 3 months total work experience 32 years 6 months supervisory/managerial experience	**Qualified** 192 hours

Thereafter, the Committee decided to set another Governance Policy and Nomination Committee Meeting to conduct the interview of the candidates vying for the said position.

5. OGCC Legal Opinion on SHFC Corporate Character

The Management, through OIC-VP for Legal Department Atty. Melanie Valenciano, presented the Office of the Government Corporate Counsel (OGCC) Legal Opinion No.085 Series of 2020 on SHFC Corporate Character and the applicability of the Civil Service Laws and Rules, as shown below:

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF JUSTICE
OFFICE OF THE GOVERNMENT CORPORATE COUNSEL
3rd Floor MWSS Administration Building, Katipunan Avenue
Balara, Quezon City
Tel. Nos. 3436-3779 · Fax No. 3436-4405
www.ogcc.gov.ph
info@ogcc.gov.ph

OPINION
No. 085
Series of 2020

FOR : SOCIAL HOUSING FINANCE CORPORATION
ATTENTION : ATTY. JUNEFE G. PAYOT
Executive Vice President
ATTY. MELANIE B. VALENCIANO
OIC Vice President for Corporate and Legal Affairs
RE : CORPORATE CHARACTER OF SOCIAL HOUSING FINANCE CORPORATION AND THE APPLICABILITY OF CIVIL SERVICE LAWS AND RULES
DATE : 10 APRIL 2020

I. Preliminary Statement:

This refers to your 06 April 2020 letter requesting for our opinion on the corporate character of Social Housing Finance Corporation (SHFC) and the applicability of the Civil Service laws, rules, and regulations to SHFC and its employees in particular, the requirement of publication and posting of vacant positions for external applicants.

II. Antecedents:

As stated in your letter, Executive Order No. 272,[1] series of 2004 (E.O. 272), authorized the creation of SHFC and directed the transfer of the Community Mortgage Program (CMP), Abot Kaya Pabahay Fund (AKPF) Program, and other social housing powers and functions of the National Home Mortgage Finance

[1] Approved, 20 January 2004.

The pertinent pages where the conclusion and recommendation of the OGCC was read by Atty. Valenciano, to wit:

> (SUCs) and government-owned or controlled corporations (GOCCs) **with original charters** in accordance with RA No. 7041 and its implementing guidelines, and not less than fifteen (15) calendar days for local government units pursuant to Section 80(a), Title Three, Book I, RA No. 7160, and Rule VII hereof. [Emphasis supplied]
>
> x x x

Furthermore, the Supreme Court, in *GSIS Family Bank Employees Union vs. Sec. Cesar L. Villanueva*,[9] citing *Philippine National Oil Company-Energy Development Corporation vs. Hon. Vicente T. Leogardo*,[10] held that the test in determining whether a GOCC is subject to the Civil Service laws is the manner of its creation such that GOCCs incorporated under the Corporation Code are not covered by the Civil Service laws, to wit:

> x x x
>
> Thus, under the present state of the law, the test in determining whether a government-owned or controlled corporation is subject to the Civil Service Law is the manner of its creation such that government corporations created by special charter are subject to its provisions while those incorporated under the general Corporation Law are not within its coverage.
>
> x x x

Thus, based on the foregoing, SHFC, as a Non - chartered GOCC, is not covered by the Civil Service laws, rules, and regulations including the requirement of publication and posting of vacant positions.

However, as a GOCC, SHFC is covered by the rules and regulations of the Governance Commission for Government Owned or Controlled Corporations (GCG). Section 43 of GCG M.C. 2012-07 requires GOCCs to maintain a website and post the necessary information pertaining to institutional matters, its board and officers, financial, operational, and governance matters. While at present, it

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[9] G.R. No. 210773, 23 January 2019.

[10] G.R. No. L-58494, 05 July 1989.

does not require the GOCCs to post its vacant positions in its website, the said section reserved the right of the GCG to require the posting of other information or report in the future which may include the GOCC's vacant positions.

IV. Conclusion:

SHFC is a Non-chartered GOCC by virtue of its incorporation under the Corporation Code. As a Non - chartered GOCC, it is not covered by Civil Service laws, rules, and regulations, including the requirement of publication and posting of vacant positions.

Please be guided accordingly.

ELPIDIO J. VEGA
Government Corporate Counsel

Thereafter, the Committee duly acknowledged the said presentation.

III. OTHER MATTERS

For Administrative Matters, the Committee decided to conduct two (2) Executive Committee (Execom) Meetings to discuss the Gumamela and RSP Homeowners Associations, Inc. (HOAI) and one (1) Governance Policy and Nomination (GPN) Committee Meeting to conduct the interview for the candidates for the Vice President Position prior to the Board Meeting scheduled on 28 April 2020.

It was then decided that the GPN Committee Meeting will be held on 23 April 2020 at 2:00 p.m and the Execom Meeting will be held on 24 April 2020 at 9:00 a.m

There being no other matters discussed, Committee Meeting was adjourned at 1:37 p.m.

Respectfully Submitted

DR. FELIXBERTO U. BUSTOS JR
President, NHMFC
Presiding Chairperson

ATTY. ARNOLFO RICARDO B. CABLING
President, SHFC
Member

MR. LYNDON B. CATULONG, SR.
Private Sector Representative
Member

ATTY. EMILIANO C. REYES
Private Sector Representative
Member

MR. GEORGE JT D. ALIÑO II
Private Sector Representative
Member

ATTY. MA. LUISA G. PANGAN
DHSUD Representative
Member

MR. RONALD R. BARCENA
Private Sector Representative
Member

USEC. BAYANI H. AGABIN
DOF Representative
Member

Attested by:

ATTY. MELANIE B. VALENCIANO
Acting Board Secretary