



GOVERNANCE OF GOCCs: DEVELOPMENTS, ISSUES AND CONCERNS

DELIVERED BY:

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AT THE EUC 5TH ANNUAL CONVENTION ENTITLED “GEARING FOR ECONOMIC PROGRESS THROUGH AGGRESSIVE PUBLIC FINANCIAL MANAGEMENT REFORMS.”

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Distinguished guests, fellow workers in government, ladies and gentlemen, a pleasant afternoon to you all. On behalf of GCG, I wish to express our gratitude to the EUC led by its President, *COA Assistant Commissioner Carmela Perez*, for giving us this opportunity to share GCG’s experience on the topic: **Governance of GOCCs: Developments, Issues and Concerns**. We also look forward to working with EUC in advocating for “transparent, accountable and efficient public financial management through the use of Information and Communications Technology”.

The timing is rather prophetic, as GCG has recently begun developing the Integrated Corporate Reporting System, or the ICRS for short. The ICRS will serve as the central web portal and database for all information and reports on the GOCC Sector. It is the centerpiece of the Commission’s strategic use of ICT on initiating and enhancing reforms in the GOCC Sector. We envision the GCG, through the ICRS, to be the central repository of all data related to GOCCs. Everything the public needs or wants to know, we should be able to provide it. That is the only way we can be a truly effective oversight agency. The ICRS will bring to life the daylight policy in the GOCC Sector, where all information on the GOCC Sector will be a click of the mouse away.

But the ICRS, or the use of ICT in any endeavor for that matter, is not a magical wand that can be used for all problems. To be effective, the use of ICT must be part of an overall reform strategy. And the formulation of an effective reform strategy, in turn / must always begin with the fundamentals.

This is precisely what Congress set out to do in enacting Republic Act No. 10149 and creating GCG; to create a national government agency focused first and foremost on the fundamentals of the GOCC Sector. With its powers, GCG is mandated to establish an improved policy and regulatory environment on 4 fundamentals.

Our Strategy Map is oriented around two main themes: Development and Good Governance, and these 4 fundamentals are reflected in the internal processes perspective.

First, the Government's ownership policy and its exposure in the GOCC Sector. Towards this end, the Commission has promulgated the *Ownership and Operations Manual Governing the GOCC Sector*¹. Based on the Government's Ownership Policy, the Commission has begun rationalizing the GOCC Sector, cleaning up the list of GOCCs, by identifying those that are already dissolved, liquidated, or inactive. We have also begun identifying the strategic roles of GOCCs in national development with the view of rationalizing and transforming the size of the GOCC Sector.

The *second* fundamental deals with establishing the government corporate standards on transparent and responsible leadership from the Governing Board of each GOCC. These standards are defined under the *Fit and Proper Rule*² on the manner of selecting the Government's representatives to the Governing Boards, and in the *Code of Corporate Governance for GOCCs*³ on the responsibilities and duties of those who have been appointed.

The *third* fundamental deals with performance and accountability for the Government's returns on its investments not only in financial terms, but on the equally important aspect of each GOCC's social impact and contribution to national development. The GCG will be managing the performance of GOCCs using the *Balanced Scorecard* framework of Kaplan and Norton, which is already being used by some national government agencies. We will be rolling out this performance evaluation system within the first quarter of this year.

Fourth, a compensation and position classification system that enables GOCCs to attract, retain and motivate the best and the brightest Filipinos in contributing to our nation's pursuit of rapid, inclusive and sustainable growth.

Like all government agencies, the work of GCG is daunting and at times, overwhelming. There are days when our work can drown out everything else that is happening around us. To date, a great deal of our manpower remains focused on managing the sea of change ushered in by Republic Act No. 10149. Some involve awakenings on the true nature of GOCCs as part of a larger public sector, while others involve correcting the mistakes and transgressions of the past.

This is why inter-agency coordination and partnering with NGOs such as EUC, are crucial to GCG in fulfilling its mandate, and the ICRS is a key component of GCG's strategy. It is embedded throughout our strategy map. As the saying goes, information is power, and the ICRS is envisioned to enhance GCG's external relations by providing timely and relevant information on all 4 fundamentals to the rest of the bureaucracy, civil society organizations, and the general public, all of whom are ultimately the real stakeholders of the GOCC Sector.

¹ GCG MC No. 2012-07.

² GCG MC No. 2012-05.

³ GCG MC No. 2012-06

GCG was established at a time of scandal in the GOCC Sector. It is our sincere hope that through our work, we shall one day bring the current state of things to a level where confidence can be truly placed in the Government's appointed representatives to the GOCC Boards, and that the rest of the government bureaucracy, the media and the general public will have become fully equipped as "public stockholders" and provide the necessary check and balance. From being brought into life at a time of mistrust, mismanagement and bare mediocrity, it is our goal to work with the GOCCs and our stakeholders in making GOCCs become true, responsive and significant contributors to national development; and that one day the GCG will itself become irrelevant, and we can begin to wind down our own operations at the click of a mouse.

Thank you very much again and good day.