

Asia Network on Corporate Governance of State-Owned Enterprises

Recent Policy Reforms and Main Challenges in SOE Governance in the Philippines

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New Delhi, India

REVIEW

The Philippines hosted the meeting of the Network on Corporate Governance of State-Owned Enterprises (SOEs) in Asia last April 19-20, 2007.

Lead by ICD with the endorsement and support from the Office of the President, the Department of Finance, and the British Embassy in Manila.

Presidential Memorandum Issued on April 10, 2007

1. Development of a performance evaluation system to be used in evaluating the yearly performance of the Board of Directors of GOCCs and GFIs, taking into account corporate governance principles and best practices.
2. All Directors of GOCCs and GFIs are required to take an Orientation Seminar on Corporate Governance.
3. All Boards of Directors of GOCCs and GFIs were “enjoined to set up and organize appropriate Board Committees, e.g. Audit Committee and Governance Committee”.

A Specialized Corporate Governance Circle: For Gov't-Owned and Controlled Corporations and Gov't Financial Institutions (GOCCs & GFIs)

A Working Group for that would be in the lead to make a significant difference by observing high standards of corporate governance practice.

It brings together the heads and key members of the board of GOCCs (and GFIs) that are open and willing to pursue and further promote improved corporate governance practices.

The ten GOCCs that had the highest scores in the first Corporate Governance Scorecard for GOCCs/GFIs formed the initial nucleus for this Circle. (MOA signed last June 11, 2008 with DBP as lead convenor)

The ICD provides technical and secretariat services to the Circle.

GOCC & GFIs Circe

1. Bases Conversion Development Authority
2. Development Academy of the Philippines
3. Development Bank of the Philippines
4. Land Bank of the Philippines
5. National Transmission Corporation
6. National Electrification Administration
7. Philippine Deposit Insurance Corporation
8. Philippine Export Import Credit Agency
9. Philippine Health Insurance Corporation
10. Philippine National Oil Corporation

CG Scorecard

The GOCC/GFIs Circle shall review the current framework and questionnaire and better adapt it to the local conditions without diluting the commitment to the OECD core principles for SOEs (state-owned enterprises).

The Circle shall incorporate selected, relevant questions from the ICD Corporate Governance Scorecard for Publicly Listed Companies into the 2008 version of the Scorecard for GOCCs/GFIs.

Once the framework and questionnaire have been refined and upgraded, ICD shall take the lead in undertaking the CG Scorecard initiative for GOCCs/GFIs in 2008. This will be in partnership with the Department of Finance, the Office of the President, and the Institute of Internal Auditors of the Philippines.

Recent Updates

- The Office of the Government Corporate Counsel (OGCC) under the Department of Justice created the Institute for Public Corporate Governance (IPCG). IPCG is currently in talks with ICD for “train and trainers” and content provision.
- The ICD is likewise in talks with the Department of Finance regarding the development on CG workshops for select GOCC & GFIs.
- The Philippines will be hosting the 2009 OECD Asian CG Roundtable. (The PSE, ICD, SEC, DoF and OP are collaborating on this)

Challenges

- “Long-term” vs. “short-term” benefits
- Accountability and monitoring mechanisms
- Transparency and disclosure regimes
- Outdated laws/charters
- Lack of public awareness/support

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