


Monitoring the Implementation of the Policy Brief on Corporate Governance of SOEs in Asia: Updates from the Philippines

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Outline of Presentation



- Background
- Status of Implementation
- Concluding Remarks

Background

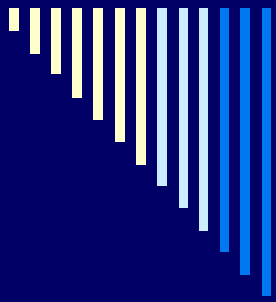


- Identified 5 priorities from Policy Brief
- Builds on key DOF accomplishments including,
 - Advocated the issuance of a Presidential directive to strengthen Board governance through Director training, formation of Board Committees and Board evaluation.
 - Secured grant financing to develop learning modules and training programs on corporate governance as well as the development of the CG scorecard.
 - Formed strategic partnerships to push for CG reforms.

Background



- **Adopts a strategic yet pragmatic approach.**
- **Recognizes the critical importance of leadership by example by the Board.**
- **Hinges on close partnership of government with private sector, civil society and other non-state actors.**



Background



- **First 3 priorities (2009-2010) relate to recommendations in Chapter VI (Responsibilities of Boards of SOEs):**
 - **Increase Competencies in SOE Boards (RVI.5);**
 - **Provide proper training for SOE Board members (RVI.6);**
 - **Develop performance evaluation for SOE Boards (RVI.7)**

Background



- **Priority 4 (2010-2011) addresses transparency and disclosure, particularly the active monitoring and benchmarking of SOE performance (RV.6).**
- **Priority 5 (after 2010) refers to ensuring the visibility, strength and consistency in the exercise of the ownership function of the State (RII.3).**



Status of Implementation

SOE Board Responsibilities (2009-2010)



□ Status: Implementation Ongoing/Continuing

- In partnership with the Institute of Corporate Directors of the Philippines (ICD), DOF organized two CG training for SOE Boards and senior officials in 2009.
- Encouraged the establishment of a pool of professional directors. A number of SOE Directors have since become ICD Fellows or participated in a professional directors development program.
- Government financial institutions (GFIs) leading the way in CG best practices.



Status of Implementation

SOE Board Responsibilities (2009-2010)



□ Status: Implementation Ongoing/Continuing

- GFIs now implementing a performance rating system for their Boards, e.g. Land Bank of the Philippines.
- Strengthening board selection process to ensure quality at entry and minimizing political interference remains a key challenge. A system of incentives and penalties need to be in place to encourage Board performance.
- Incoming Administration will mean new batch of GOCC/GFI Directors. Target completion date may be moved to 2010-2011.



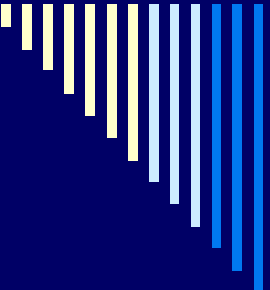
Status of Implementation

Monitor and benchmark SOE performance (2010-2011)



□ Status: Work in Progress

- Close financial monitoring of GOCCs/GFIs have resulted in their increased revenue contributions to the fiscal consolidation efforts of the National Government.
- CG scorecard is going on its third year of implementation. GOCCs/GFIs are required to participate in the 2010 CG scorecard self-assessment exercise. Submissions due end June 2010.
- More room for improvement and to deepen CG reforms.



Status of Implementation

Exercise of Ownership Function of the State (After 2010)



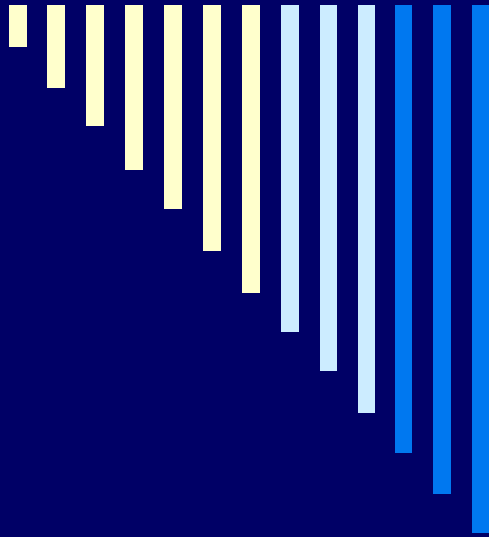
□ Status: Preparatory Work / Review Stage

- Need to strengthen coordination among various ownership entities.
- Need to update, revise and codify ownership policy document of the State.
- Need to pass an Omnibus Government Corporate Sector Reform Bill, which would address issues affecting the government corporate sector.



Concluding Remarks

- ❑ Much work needs to be done in strengthening CG reforms in the government corporate sector.
 - ❑ Incoming Administration emphasis on governance provides an excellent opportunity to deepen CG reforms in the government corporate sector.
 - ❑ DOF remains steadfast in pushing for higher CG standards for GOCCs/GFIs.
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THANK YOU!
