

## National Agencies

### **Moving Beyond the Challenge: not just MCC but Governance Competency**

The Millennium Challenge Corporation (MCC) of the United States of America has identified the Philippines as among the 28 nations as beneficiaries of development grants. An estimated forty billion peso (Php40B) grant may flow to the Philippines to finance development-oriented initiatives, a huge amount that the Philippines may completely lose should it fail to be included among MCC Compact Status countries by December 2009. Of the 28 nations identified, the Philippines is among the last three (3) remaining countries which have not yet reached the said status.

No less than the President responded to the “MCC Challenge” as she formed the MCC Taskforce co-headed by Executive Secretary Eduardo Ermita and Ambassador Cesar Bautista of the National Competitiveness Council (NCC). Jointly, nine (9) Policy Improvement Projects (PIPs) were identified with each being undertaken through a private-public partnership (PPP). From infrastructure, to technology and responsiveness systems, these PIPs are aimed at improving the ratings of the country especially on the aspect of Control of Corruption (COC) of which the Philippines has been rated poorly.

With the success of the Performance Governance System (PGS) of the Institute for Solidarity in Asia (ISA) in transforming the governance culture in various local government units, sectoral associations and national institutions; the Institute, through its Chairman Dr. Jesus P. Estanislao was selected as the champion for PIP No. 4 which aims to “Set-up a Balanced Scorecard System to government national agencies and departments.” With ISA as the private sector champion, the Development Academy of the Philippines (DAP) and the Civil Service Commission (CSC) were tapped as point-persons from the government side following the PPP principle.

Through an Order issued by Executive Secretary Ermita dated 9 July 2009, six (6) national agencies were selected to undertake the first step in installing the PGS, the Initiation Stage. The selection was based on the developmental impact of these agencies to the country. These agencies include: Bureau of Internal Revenues (BIR) as the revenue collecting agency for the national government, the Department of Education (DepEd) and the Department of Health (DOH) for the delivery of basic social services, the Department of Public Works and Highways (DPWH) and the Department of Transportation and Communications (DOTC) for infrastructure development which has a significant impact to economic progress, and the Philippine National Police (PNP) as the agency in-charge of peace and order.

Through the lead facilitation of Dr. Aniceto B. Fontanilla, ISA Fellow and Board of Trustee, the six (6) agencies underwent a working session participated upon by a joint body of internal and external stakeholders in which the organization’s Charter Statement, Strategy Map and Governance Scorecard were formulated keeping in mind a 2030 Perspective following a lecture given by Dr. Jesus P. Estanislao on the PGS and on Philippines 2030. From the discussions emerged an analysis of the different facets of the organization and the issues that confront the

agency. The presence of the Multi-Sector enriched the discussions as both sources of information and co-owners of the strategy.

Fundamental to the Initiation Process is the strengthening of the **Organizational Charter Statement** which is made up of the **Vision, Mission** and **Core Values**. Following the global best practice concept of Collins and Porras, the process of drawing the strategy begins with a review of the mission statement and the core values serving as institutional guidelines or lighthouses that would guide the journey of the organization. As **DOH** continues to upgrade the status of health in country to reduce out-of-pocket expenses of *Juan dela Cruz*, it does so with *Excellence* and *Integrity* with a deep sense of *Compassion* for the poor and marginalized sector. In the same way that **DepEd**, through its policies and programs, shall continuously be guided with its mission “to provide quality basic education that is accessible to all and lays the foundations for lifelong learning and service for the common good.” These elements are institutional, preserved and strengthened; as such, these define the conduct of the organization.

Keeping in mind the organizational fabrics of core values and mission statement, agencies envisioned a long term end state that it wishes to pursue. A target that shall move the agency to action in a manner that would best exude its core values in the continuous delivery of its mandate. Through this mechanism, ISA aims to change the culture of governance to one that is reactive and short term to one that thinks long terms and proactive, creating a scenario where it wants to operate following the principle of opportunity framing. This guided **DOTC** when it envisioned to be, “by 2030, a world-class organization, providing integrated transport, connecting people, islands, families, communities and the nation with the rest of the world, and constantly responding for environmentally sustainable and globally competitive transport.”

Equally important in identifying an end to be pursued is the mechanism to reach the destination. The Initiation Stage covers the formulation of a **Strategy Map** which is a visual depiction of the organization’s journey towards the attainment of its 2030 Vision. Likewise, it represents through the arrows a causal relationship between objectives and perspectives allowing organizations to evaluate systemic and foundational issues affecting the attainment of desired organizational outcomes. Given the complex command responsibility of the **PNP**, building on its Transformation Program and, its aim of becoming “a highly capable and effective police force by 2030...towards the attainment of a safer place to live, work and do business,” shall be best attained primarily by forming strategic partnership with the stakeholders especially the Local Chief Executive following the principle that “the community is the police and the police is the community.” Such partnership may extend to sourcing of resources necessary to improve human capability and systems to better carry out its sworn mandate to the community.

What makes ISA’s PGS a functional management and governance framework is the equal weight that the framework gives on strategy formulation and execution. Through the **Governance Scorecard**, agencies are made to measure their progress through quantifiable scores and commitments that can be verified. The scores then become actual gauges of performance to which the agency’s effectiveness will be based on, a deviation from the prevalent practice of words-based progress reporting. With this, the International Roughness Index shall serve as among the 14 measures defining **DPWH**’s performance.

Central to the success of the installation of the first stage of the PGS is a complete commitment from the top management to the cross-section of the organization. In the case of **BIR**, Commissioner Sixto Esquivas IV was present for the entire duration of the 2 days working session, encouraging internal and external stakeholders to think of how the organization should progress and be measured.

The Initiation Stage aims to start a measurable performance-based culture targeted at the attainment of a unified direction jointly crafted by private-public sector participation as an inherent facet of public governance in the Philippines. What the Initiation Stage has accomplished is to bring the consciousness of thinking long-term to our institutions that have long been conditioned to think based on the term of the current dispensation in power, both for local and national public organization. Likewise, it fosters synergistic partnership between the organization and stakeholders through an avenue that would allow them to think of the good of the organization, and it brings a higher level of consciousness to measurable performance as the ultimate yardstick for true and responsive governance.

Interestingly, the MCC Challenge is simple: to make the cut. The National Government could have chosen short-term reputation-building mechanisms to change and to address the perception on corruption, instead it chose to take the more painstaking road of introducing institutional reforms by looking at these high-impact organizations across the four (4) perspectives of Organizational Learning and Growth, Finance, Internal Processes and Constituency. This characterizes a potential shift in a governance culture from reactive governance to strategy-driven governance. The response is increasing governance competency to primarily aid the agency in responding to its core essence and mandate, the MCC Challenge becomes secondary and an incidental result of this revolutionary view of public governance.