

ISA-ICD'S ISLANDS OF GOOD GOVERNANCE

# JOURNEY REPORT

NATIONAL GOVERNMENT AGENCIES & GOVERNMENT OWNED AND CONTROLLED CORPORATIONS





ISLANDS *of* GOOD  
GOVERNANCE

# JOURNEY REPORT

NATIONAL GOVERNMENT AGENCIES & GOVERNMENT OWNED AND CONTROLLED CORPORATIONS

Published by the Institute for Solidarity in Asia

# ABOUT THE JOURNEY REPORT

This publication chronicles the philosophies, innovations, and efforts that went into preparing the Philippines' first national government agencies (NGA) and government-owned and controlled corporations (GOCC) to apply for recognition as Islands of Good Governance (IGG). It celebrates breakthrough results and community impact achieved through the sustained practice of transformative governance and imparted through stories told during audit.

The pilot issue of the Journey Report is released in two volumes (NGA-GOCC and LGU) and published by the Institute for Solidarity in Asia, a governance reform institute that works with public sector institutions to make governance a shared responsibility in the Philippines.

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# ON THE COVER

This lighthouse in Capones Island, Zambales was first lit in 1890 and used as a guide for international vessels approaching Subic Bay towards Corregidor Island, the entrance of Manila Bay. The lighthouse is the official symbol of the Islands of Good Governance (IGG) and appears on the official seal of the initiative. It is our fervent hope that the national government agencies, government-owned and controlled corporations, and local government units recognized for their achievements in good governance will serve as beacons of hope and progress for other Philippine institutions that wish to embark on their own journeys toward transformative and sustainable governance.

Photo: Bernice Esguerra



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# A TRANSFORMATIVE JOURNEY

FRANCISCO EIZMENDI JR.  
PRESIDENT, INSTITUTE FOR SOLIDARITY IN ASIA

Embarking on a journey is an act of transformation. Of waking up in a strange land. Of discovering the new and rediscovering the old. Of simply choosing to go. It is the grueling process of reaching a destination as a different person—one who has been changed since taking that first step forward.

We at the Institute for Solidarity in Asia have been a witness to this kind of transformation through the governance journeys our partners in the public sector have undergone. We've seen them navigate rough seas, sail from one milestone to another, and reach a new destination called the "Islands of Good Governance".

These voyages are a reflection of how organizations can morph into better institutions by putting in place governance mechanisms that result in tangible breakthroughs to the great benefit of their stakeholders. Along the way, we've noted the essential steps other institutions can use as a travel guide for a transformative journey.

## **ONE: PLAN YOUR ITINERARY.**

It all starts with a vision, and mapping out an itinerary that will take the organization from its starting point to its desired end state. This plan is reflected in *basic governance documents* composed of a strategy, a corresponding performance tracking tool, and a set of initiatives that enable the institution to reach its destination.

## **TWO: CHOOSE YOUR COMPANIONS.**

It's always better to travel with friends, and this applies to organizations travelling the path of good governance. The leadership team sets the direction and assembles the best and brightest minds into a *Technical Working Group (TWG)* to draw up a map for the entire institution. An *Office for Strategy Management (OSM)* is then put together to use that plan to lead the way. Together, they are a dream team and an effective support system for steering the organization towards its vision.

## **THREE: IMMERSE IN THE ADVENTURE.**

A plan will remain just a plan until one decides to take the leap. This allows organizations to bridge

the gap between a strategy that is well-formed and a strategy that is well-executed. An organization reaches landmarks by *cascading to strategic units* and *universalizing cascading* to operationalize the strategy. In this process, organizations will need to gather new friends that can advise them on the best routes to take to achieve the vision. This set of friends and partners in transformation is called the *Multi-Sector Governance Council (MSGC)*.

Of course, no adventure is without bumps. The OSM should know when to take a step back and discern if there are alternate ways of reaching strategic goals. These *unit governance practices* urge the organization to monitor, review, evaluate, and validate whether it has veered off the path and allow it to get back on track.

## **FOUR: REST AND REFLECT.**

To appreciate what has been done so far, it is good to rest and reflect. What is the organization like after continuously executing the transformation strategy? Has the organization cultivated a *governance culture*? What are some best practices from the ground? What should be avoided?

Documenting these experiences and passing them on afterward as a form of *governance sharing* is how an organization is able to see what it has become, changed by its stories and molded through experience.

## **FIVE: LEAVE AN IMPRINT.**

Reaching the destination through attaining targets is not enough. What sets an institution's governance journey apart are its *breakthrough results* that have made an impact on internal and external stakeholders. Breakthrough results are footprints that matter, not only as a sign of progress in operations but also as a mark of contribution to the improvement of Filipino lives.

These essential elements will be described in more detail in the next few articles. Through this Journey Report, we hope to inspire you and your institution—whether you're taking that first step or the next big leap.



# TICKET TO RIDE

WORDS BY NICOLAS ESPINOZA



All journeys begin with the first step, but what matters is that they are taken with a lot of preparation and in the right direction. A traveller must have his ticket indicating a point of origin, a destination, and estimated schedules for departure and arrival. He must have a passport to confirm his identity, and an itinerary to illustrate the means to arrive at the destination. Basic governance documents work the same way, providing clear directions for an institution in its journey toward transformation.

The strategy map acts as the institution's passport and ticket. It contains fundamental statements on good governance, collectively known as a "charter statement", that include the institution's core values, mission statement, and vision statement.

Core values are a mark of institutional identity. They are qualities that members of the organization strive to embody. The mission statement, meanwhile, contains the institution's mandate-driven function for the benefit of external stakeholders and is timeless. Located at the bottom of the strategy map, the core values and mission statement form the cornerstone of a demanding journey toward transformation.

The vision statement is an institution's destination point. It is the projection of a desired state to be realized within a certain period of time. Such an image speaks of the prestige and excellence that will result from fulfilling the goals the institution sets for itself, of course for the benefit of others.



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“All journeys begin with the first step, but what matters is that they are taken with a lot of preparation and in the right direction.”

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The vision statement inspires the institution to keep moving forward, but to reach its destination it must find a way to measure progress such that there is an improvement in overall performance. In setting goals, it should follow standards that are much greater than the usual so as to deliver unprecedented results.

To observe balance in the journey, these mutually-reinforcing goals, technically labeled as “strategic objectives”, are divided among four perspectives—finance, learning and growth, core processes, and stakeholders. Under these objectives, targets are laid out all the way to the vision year.

Finally, the institution must change certain aspects of operation to make it past challenge areas that hinder it from meeting its strategic objectives and fulfilling its targets. This is done through the creation of strategic initiatives that bridge performance gaps.

All of these metrics are captured in a governance scorecard, which becomes a guide and a source of useful information over time—the perfect itinerary toward transformation.



# STEERING A COURSE FOR CHANGE

WORDS BY NICOLAS ESPINOZA

An institution develops strategy at top level. This is because leadership teams—the decision-makers—are in the best position to understand the institution's purpose and to steer it deliberately toward improvement.

On a ship, it is the captain who carries the responsibility of directing the vessel towards its disembarkation point; but he needs the help of the crew, working together and carrying out his orders, to bring it safely to shore. In an institution aiming to transform, there is a step that must be taken in between giving orders and executing them. This role is filled by a Technical Working Group (TWG), a “dream team” of leaders that can translate the captain's orders at the operational level.

Individually, each member of the TWG is an architect of strategy that oversees a specific function in the

organization. As a whole, the TWG is responsible for proper execution and makes it possible for objectives to be worked on and measured in the lower levels of the institution. It is responsible for helping to cascade the strategy to the second-level and beyond in order to bring the institution's vision of excellence into reality.

Transformation is achieved when the entire organization is able to improve its performance guided by new strategic directions. It is the task of the TWG to map out a course of action for the institution such that it can put great distance between the disembarkation point and the shore. This includes the supervision of various units that perform functions critical to achieving the vision and sustaining it. In a way, the TWG becomes a coach to these units and monitors how they follow the plans already laid out.

With organizational synergy in mind, the TWG grows into an overseer of top-level execution. Its appreciation of the mutually reinforcing nature of critical units enables it to advise them on what course to undertake. Working in this united manner and performing at maximum capacity, the institution is able to reach milestones and overcome challenges that are much greater in scale.

For many mature organizations, the TWG becomes responsible for aligning individual performance to the organizational strategy. In this regard, it works

in concert with the Office for Strategy Management (OSM) to create harmonious management systems that can easily be implemented, and to facilitate better understanding of individual accountabilities.

Overall, the TWG champions transformative governance by designing the best way forward. It fosters collaboration for quicker and more impactful results through its work with top-level units, and later on, with the OSM.

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“In an institution aiming to transform, there is a step that must be taken in between giving orders and executing them.”

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# THE FRONTLINE OF EXECUTION

WORDS BY MICAH CRUZ

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“The successes of strategic units signify early wins for the organization and serve as rallying points that leadership can use to spread a culture of achievement in the organization.”

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Planning poses the challenge of where to begin, but the first moments of execution are an even more difficult test of how well we can follow through on our ideas. It is only too easy to become trapped in the purgatory of failed execution, where good intentions alone do not amount to anything. But whose responsibility is it to move plans forward?

Commitment at the top is an imperative of spurring change. However, buy-in at management level is also essential for sustainability. If not careful, leadership teams that immerse themselves in operations can become too heavy-handed and constricting. It must be remembered that their ideal role is one of providing direction and delegating the responsibility of acting on plans to key units. In turn, these units, which are chosen based on the institution's strategic initiatives, are the ones that become responsible for propelling the strategy forward.

It is necessary to ensure that they do not only feel like contributors to the strategy but that they, in fact, take ownership of their respective strategic initiatives. This requires the disciplines of execution to be put in place to help key units focus on their most important goals, funnel their work into manageable deliverables, and instill a cadence of accountability among their people.

In implementing these disciplines, the units become conscious of how exactly they are pushing the strategy forward. Exemplars of execution are marked by their successes in both process and performance, with regular monitoring and reporting showing deliverables that are on target and on track.

The successes of strategic units signify early wins for the organization and serve as rallying points that leadership can use to spread a culture of achievement in the organization. While each unit is cognizant of its own responsibilities and proud of being a key player in achieving organizational goals, the strategy also makes sure to break silos by emphasizing that organizational success is not the product of one unit alone but of every unit performing at the highest level.

Even as the organization matures, the role of strategic units does not diminish. While they help catalyze change through their accomplishments in the early stages, they eventually become points for convergence among lower-level units. Due to their high-level performance and significant contributions to organizational goals, strategic units are able to influence actions in the lower level and embed the strategy throughout the institution.

# GATHERING FOR GOOD GOVERNANCE

WORDS BY GUIA LUISTRO

Democratic communities thrive through their people. Progress depends on this inherent belief not only in the public sector but also in all walks of life. There is a call for each individual to take part in governance.

In the Philippine setting, engaging citizens in identifying their role in transforming the country into a genuine democratic nation is still a struggle. Most Juans and Juanas equate casting ballots during elections as the end all, be all of civic action. But through governance reforms that have prompted more public-private partnerships, dialogues among members of local communities, and volunteerism especially in the aftermath of recent natural disasters, there has been a clamor to bring people together to exchange ideas and come up with sustainable solutions to debilitating problems.

Public institutions journeying the Performance Governance System (PGS) pathway have acted on this aspect of democracy through the creation of Multi-Sector Governance Councils (MSGC). The aim of the MSGC mechanism is to transform the country one national government agency, one local government unit, and one government-owned and controlled corporation at a time, through the participation of sectoral representatives in implementing an organizational development strategy geared to produce breakthrough results. Putting together an MSGC is more than just convening field experts and influencers to discuss critical issues. It is gathering individuals who will co-own the vision and team up with their public sector counterparts to attain strategic goals.

Members are selected beyond political affiliation and agree to join the MSGC on a purely voluntary basis. In

this set-up, the council, with the institution's leadership team, meets regularly to assess performance vis-à-vis a strategy map and a governance scorecard. To conclude each session, concrete action steps that both parties should accomplish before the next meeting are agreed upon.

Since the creation of the MSGC mechanism under the PGS, these councils have evolved into accountability partners, gatekeepers of the transformation process, and instruments for sustaining and continuing the strategy despite changes in leadership. Notable contributions of these MSGCs include cracking open the cloistered shell of the Philippine Army to produce videos to communicate the Army's strategic roadmap toward professionalizing its forces; steady progress in competitiveness rankings through the collaboration of the Department of Trade and Industry and its coordinating councils for ease of doing business; and creation of the Support Your Navy Foundation as an alternative means of funding the Philippine Navy vision of becoming a stronger and more credible institution that the country can be proud of. These efforts are just some examples that highlight the positive impact of the MSGC mechanism in making governance a shared responsibility.

As the Philippines continues to transition to democracy, compelling every single Filipino to play a part in nation building is a dream still waiting to be realized. Yet by spreading the concept of the MSGC and other similar mechanisms promoting citizen engagement in different sectors—youth, business, academe, religious, and others—it is a dream that is now within reach. All that must be done is to gather individuals who are willing to bring something to the table for the benefit of all.

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**“As the Philippines continues to transition to democracy, compelling every single Filipino to play a part in nation building is a dream still waiting to be realized.”**

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**WHAT IS THE MSGC'S GREATEST ACHIEVEMENT  
IN WORKING WITH THE PHC?**

"Our partnership with the Philippine Heart Center has evolved throughout the years. We would like to believe that our most valuable contribution is to raise awareness that there is still hope for children born with congenital heart diseases. Through our continued partnership with PHC, more children are given a second chance to live life to the fullest."

MR. ALEX GO KIAN LIN, MR. HENRY LIM, AND MR. MIKE YAO, CHILDREN'S HEART FOUNDATION

**WHAT HAVE YOU DONE  
AS AN MSGC MEMBER?**

"We organized the MSGC into sub-committees that focused on a few 'quick win' projects associated with training and education of military personnel"

DR. JESUS ESTANISLAO  
CHAIRMAN EMERITUS  
INSTITUTE FOR SOLIDARITY IN ASIA

**DESCRIBE THE MSGC  
IN THREE WORDS.**

"Excellent stakeholder  
engagement."

OCTAVIO B. PERALTA  
SECRETARY GENERAL,  
ASSOCIATION OF DEVELOPMENT  
FINANCING INSTITUTIONS IN  
ASIA AND THE PACIFIC (ADFIAP)

**WHAT DOES THE MSGC  
MEAN TO YOU?**

"For me, it's really a vehicle for imparting private sector ideas to the government. It is a mechanism for private sector participation in the government."

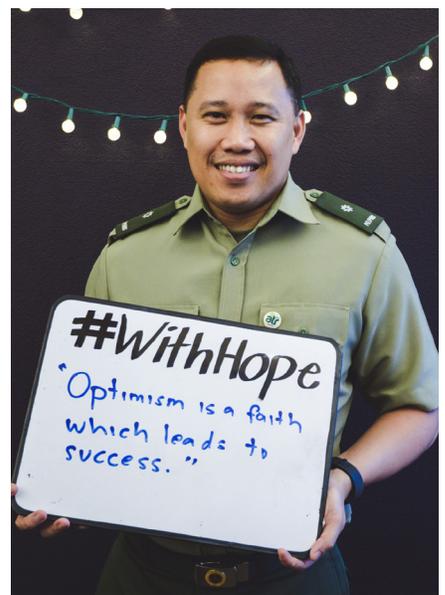
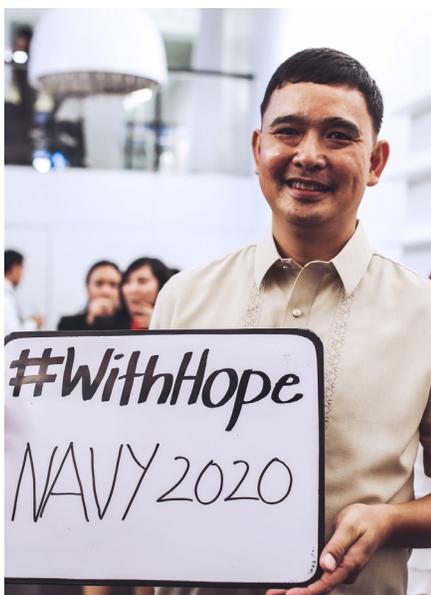
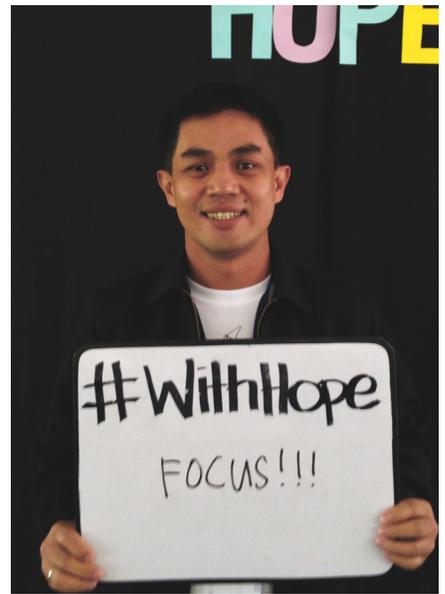
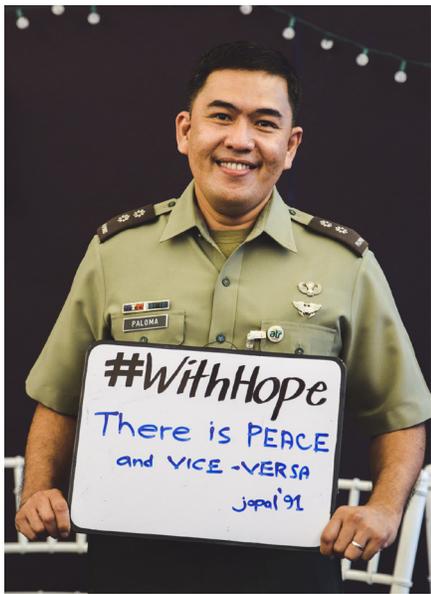
ATTY. ALEXANDER L. LACSON  
PARTNER, MALCOLM LAW

**HOW HAS YOUR ROLE AS AN MSGC MEMBER CHANGED YOUR PERSPECTIVE  
OF GOVERNANCE?**

"When the National Electrification Administration convened the MSGC, I saw it as an application of the principles and practices of participatory governance in an NGA or GOCC. This is an innovation which I welcome. What the MSGC represents is a more structured and institutionalized form of participation at the national level."

EDICIO G. DELA TORRE, ELECTRIC CONSUMERS ADVOCACY OF THE PHILIPPINES





# MASTERS OF CHANGE

WORDS BY GUIA LUISTRO

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“Members of the OSM are masters of an important skill: the ability to take on any role that is demanded by every situation critical to moving the strategy forward.”

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The Office for Strategy Management (OSM) is a unit with numerous functions, but just one goal: to bridge the gap between strategy formulation and strategy execution. Here, we will see how OSM members are tasked to take on different roles to turn transformation into reality.

The herculean task of shepherding all units and personnel to produce breakthrough results is no easy job. More often than not, this is overlooked once those at the top agree on the general direction of the organization as reflected in its basic governance documents. The neglect brought about by this situation plunges organizations into the doldrums of having just a good strategic plan. It's no wonder units are left struggling to balance performance expectations vis-à-vis the dictated yearly targets, with the whirlwind-like reality of daily operations, just coasting along to the status quo.

Organizations undergoing a transformation program, just like those implementing the Performance Governance System (PGS), have recognized the need to bridge the gap between a well-formulated strategy and a well-executed strategy through creating or reconfiguring traditional strategic planning offices swamped with operational concerns into an Office for Strategy Management (OSM), tasked to live up to its name of managing the strategy. The OSM is the unit bestowed with the authority to whip the organization into shape, encourage behavioral change in the spirit of good governance, and ultimately create the transformation demanded by its stakeholders.

Spearheading strategy management is an undertaking that requires expertise in numerous functions. To oversee strategy, the OSM must understand the inner workings of the organization and provide an objective perspective of everyone's performance as reflected in a governance scorecard (or a similar performance tracking tool), supervise the progress of strategic initiatives, and even overhaul the strategy if deemed necessary. To tailor-fit the organization to its envisioned end state, the OSM must also rally units not only to accomplish targets but also to boost morale by recognizing the contributing value of every individual to the vision. To turn strategy into reality, it must facilitate the transformation process well, with the use of proper communication channels and careful navigation through the challenges brought about by the changes it must implement.

As such, members of the OSM are masters of an important skill: the ability to take on any role that is demanded by every situation critical to moving the strategy forward. Not everyone is blessed with this kind of flexibility, but a team of select individuals willing to make transformation happen can get the job done.



## THE STRATEGIC ORCHESTRATOR

The OSM can be likened to an orchestrator: surreptitiously coordinating all units and individuals to perform according to a strategic plan designed to produce breakthrough results. To do so, it must shape-shift into a scorecard manager that regularly monitors, analyzes, reports and validates organizational performance; an alignment manager that is able to find a place for everyone to contribute to the strategy through the use of an appropriate cascading framework and performance appraisal tools; and an

initiatives manager that is able to keep track of projects that support the attainment of targets while ensuring a strategy-driven budget. Playing these three roles simultaneously is what allows the OSM to seamlessly attune the organization to the transformation program. Moreover, through this process of harmonizing what is deemed to be strategic with what is operational, the OSM is able to compose an organization ready to continue its path toward the vision.



### THE INNOVATOR

A new strategy calls for new approaches, new perspectives, new frameworks, new tools, and new tactics. Whether it likes it or not, the OSM must be able to introduce fresh ideas that can convince even the most stubborn members of the organization that the transformation program is the way of the future.



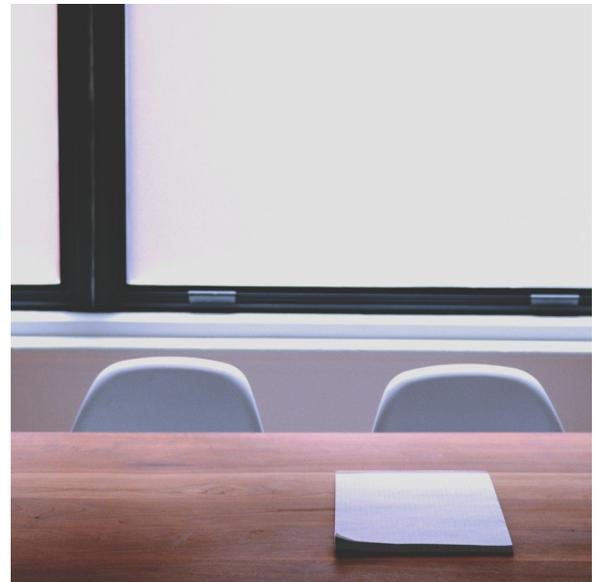
### THE INFLUENCER

What the OSM chooses to highlight in its assessment report is considered critical for action. Seeing the bigger picture of organizational performance gives the OSM the power to influence those at the top, as its most important function to the leadership team is to provide advice that it can be used for decision-making.



### THE MEDIATOR

Transformation is a difficult process to embark on. The role of the OSM in this situation is to act as the mediator between people; strategy and operations; and the present state and the vision. In the end, the OSM as a mediator is what allows it to bring people together under a common dream.



### THE COACH

How do units learn to implement strategy? The OSM serves as their mentor, educating them on the game plan to winning and achieving organizational goals. It encourages every employee to play their role and keep track of their score through different tools: scorecards, scoreboards, dashboards, and execution plans.

# THE PRACTICE OF TRANSPARENCY

WORDS BY MICAH CRUZ

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“At their simplest, governance practices mean that there is a system to ensure that work is not done in a vacuum, and that operations are purposeful, goal-oriented, and outcome-driven even at the lowest level.”

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What is our government doing?

This is a common question posed in the media, to which the answer oftentimes becomes reductive as it concentrates on the minutiae of government. Because of this, the general consensus is that whatever the government does, it does with too much red tape. What people see are the mountains of paperwork for every process imaginable: a form for applying for something, a form for following something up, a form for getting something, and a form for everything else in between. All that paperwork is meant to be helpful and to keep operations organized, but ironically, because of the sheer volume, what happens is the complete opposite. While the idea behind documentation is to be transparent, in the end nobody is really able to find or understand anything—much less evaluate. It’s understandable then why government work seems like such a mystery.

This is where responsible governance practices come in.

For a lot of people “governance practices” concern only monitoring and reporting: the process of tracking work, recording activities, and reporting what has happened. If this were true, practically every public institution could be considered well-governed, but that is not the case at all. It is exactly this misunderstanding that has led to the red tape that everybody complains about. At their simplest, governance practices mean that there is a system to ensure that work is not done in a vacuum, and that operations are purposeful, goal-oriented, and outcome-driven even at the lowest level. It is understood that what is being monitored is not actually the work process but the alignment of organizational performance.

Governance practices go beyond submitting accomplishment reports, with management actually evaluating their units’ performance and understanding the actions that need to be taken to keep moving forward. Even top leadership is part of this system in that they use unit analyses in their decision-making with regard to the organizational strategy. Through the interplay of these practices, the organization is able to be both dynamic and focused—undertaking strategic shifts to keep itself relevant while remaining steadfast toward the vision it wants to achieve.

Operating on a full system of unit governance practices, an organization can understand what it is supposed to do and connect this to what it is actually doing. Going further, an organization whose direction is clear and which practices responsible governance can prove to the public that its work benefits society, not just in the form of process documents, but more importantly through performance and outcome evaluations that demonstrate its strategy-driven operations. Through the implementation of governance practices, transparency stops being a superficial concept; it goes down to the core of what an organization is.





# PERSONAL GOVERNANCE IN THE WORKPLACE

WORDS BY JONAS TRINIDAD

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“While an organization’s program normally calls for the use of individual scorecards to climb this particular step toward transformative and sustainable governance, this practice can also be extended far beyond the professional aspect of an employee’s life.”

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The principles of governance bring forth the unavoidable hurdle of converting each and every individual in support of an organization’s institutional reforms, strategic objectives, and long-term vision. After rationalizing each unit’s involvement in the strategy, the organization—with the maturity of its governance program—becomes more cognizant of the unique contribution each individual has in the achievement of targets. Appropriate emphasis and importance are likewise placed on the alignment between organizational progress and individual performance. The success of this practice, however, rests heavily on three things: the articulation of a holistic strategy, the facilitation of an efficient cascading process, and the clear and creative communication of the reform agenda.

Organizations are then left to reconcile how each of their individual employees can discern his or her unique and vital role in the pursuit of the institution’s vision and the institutionalization of governance values. It is critical to establish and monitor the link between an individual’s work to the strategy. Stronger organizational alignment is present once each employee’s work can be traced to his or her respective unit’s performance, and from there to the overall strategic direction. Observing this practice can form a more motivated workforce. More and more organizations are finding success in strategy execution via strengthening and fully realizing this link. The strict monitoring of an individual’s strategic contribution is also an opportunity to implement an objective performance appraisal system.

While an organization’s program normally calls for the use of individual scorecards to climb this particular step toward transformative and sustainable governance, this practice can also be extended far beyond the professional aspect of an employee’s life. Some organizations have successfully inculcated personal governance into their overall transformation program. An individual’s personal scorecard not only measures his or her professional contribution to the organization, but also highlights other perspectives that must be considered in life such as family, culture, health, finance, and religion. This encourages a deeper and more critical look into one’s personal mission and core values that can easily translate to how people maneuver within the work environment.

By taking on the challenge of unifying each and every employee under an institutional goal, an organization develops the capacity of an individual to substantially contribute, and affirms its commitment to promote and practice governance principles such as personal accountability, organizational alignment, and solidarity. When the pursuit and achievement of the organization’s vision are manifested in an individual’s commitment and mission, he can truly say that he is practicing personal governance in the workplace.

# NOURISHMENT FOR THE JOURNEY

WORDS BY MICAH CRUZ

Food is an important part of every journey. In today's culture of fusion and constant creation, it has even become something to look forward to. The same is true in the journey toward transformation, a major undertaking where nourishment is needed not only to strengthen the bones of an institution but also to enliven the spirits of those working to achieve its vision. And like a hearty stew that can sustain the body and awaken the senses, it is governance culture that serves as nourishment for any institution on a quest for long-term development. Cultivating this takes patience, preparation, and a talent for putting many different ingredients together.

## INGREDIENTS

- Governance processes
- Performance management processes
- Budget
- Communication plan
- Leadership
- Incentives
- Integrity program

## PREPARATION

1. *Harmonize governance and performance management processes.* These form the core of governance culture and must be handled delicately. Before putting them all together in one pot, it is important to understand the character of each system and process. There is always an underlying trait that can bind these seemingly puzzling frameworks together. Once you find this, you will be able to see how to blend them perfectly.
2. *Link budget to strategy.* After combining differing organizational systems, it is also necessary to ensure that budget is aligned to strategy. Finances cannot become a reason to constrain the bursting flavors of strategy development, so it is important to ensure that critical programs are prioritized in the budget. Any organization worth its salt (never forget the seasoning!) will keep this in mind.
3. *Communicate the organizational story effectively.* Now it's time to let the entire organization in on the details of the transformation program so that strategy permeates the organization. People need time to adapt to the changes that take place in the first two steps of cooking up a governance culture, and ubiquitous and consistent communications will definitely make the transition more fluid.



4. *Unify through committed leadership.* By now, everything is slowly coming together—the ideals of strategy have been inculcated in the organization. At this point the ingredient you should be looking for is committed leadership that can further unify the plans and programs that drive progress. The perfect dish cannot have too many competing tastes; one should stand out to give it a distinctive character. In the same way, the ideal organization cannot derive guidance from divided leadership.
5. *Link incentives to performance.* There's no better way to spice things up than to link incentives to performance. This is something that can truly invigorate people in an organization. With plans already laid out, individuals must be encouraged to work harder and to strive for more. In doing so, they learn to feel responsible for achieving their goals and are able to take ownership of their work.
6. *Roll out an integrity program.* For the secret ingredient that ties everything you have done together—turn to an integrity program. This will be the basis of change, and the soul of transformation. An integrity program can deepen everybody's appreciation of good governance.

## SERVING INSTRUCTIONS

This recipe for governance culture is for sharing. It serves entire institutions and their stakeholders, and tastes better when taken with fellow travellers on the road to transformation.

# BEYOND FIGURES AND METRICS

WORDS BY JONAS TRINIDAD

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“The essence of a breakthrough result is nestled in the complexities of metrics and figures. Its powerful and innate purpose is to deliver greater service to communities and individuals.”

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*Purpose is the reason you journey. Passion is the fire that lights the way.*

The successful culmination of an organization’s governance journey does not only manifest itself in institutional transformation, but also in substantial outcomes felt by ordinary Filipino citizens. Breakthrough results are articulated for exactly the purpose of fully realizing an organization’s mandate, which proves the occurrence of two things: the resurgence of a motivated and inspired workforce rallied under institutional goals and the delivery of service that makes an impact.

Through their commitment, driven and supported by their respective governance programs, several national government agencies (NGAs) and government-owned and controlled corporations (GOCCs) are slowly transforming the landscape of governance and service in the country. This is experienced through countless perspectives with varying degrees of commitment and impact. In the eyes of a public sector employee or a beneficiary living in a remote area, transformation becomes more grounded, inspired, and palpable.

Officers from various organizations have noted significant improvements in their employees. Not only have their people become more passionate about achieving institutional targets, they are also more conscious of the organization’s mandate and their role in promoting sustainable development and inclusive growth in various sectors of the country. Through the pursuit of their respective breakthroughs and visions, organizations have allowed transformation to occur, exhibited in the work and mindset of their employees. In the process, the unique value and contribution of each individual is recognized and celebrated. The employee finds that he is a contributor to the overall performance of the organization—a vital part of its journey.

An employee’s performance emphasizes progress. A stakeholder’s stories highlight impact. The essence of a breakthrough result is nestled in the complexities of metrics and figures. Its powerful and innate purpose is to deliver greater service to communities and individuals. Indeed, the experiences and sentiments of beneficiaries closely indicate how their lives, families, and communities have been affected by an organization’s breakthrough results.

While some goals significantly improve an organization’s internal environment for its employees, others directly and dramatically transform the lives of ordinary citizens. An organization whose initiatives have always been deeply-rooted in a culture of excellence strives to share and make its quality services available to a greater number of Filipinos. Driven by an enduring commitment to fulfill its mandate it can bring development to communities in the farthest regions of the country.

The passion for delivering breakthrough results is fuelled by a strong sense of service and accountability to one’s organization and stakeholders. An institution should reach a point in which tangible improvement in the lives of Filipinos becomes the true indicator of success in its governance journey.



"The positive effect of the breakthrough on the bank's employees is that they are not doing their jobs just to comply but to achieve more for the bank and its stakeholders. I think they realized that if we have more loan approvals many more people will have access to funds."

*Atty. Perla Caraan is the head of the Development Bank of the Philippines' Corporate Governance Office. By working on its breakthrough goal of expanding access to loans at the best rates possible, DBP provides means to fund development projects, promoting overall inclusive growth and development for the Philippines.*



"Electricity also helped with farming because we use an electric powered water pump to irrigate the crops. We don't have to carry the water down to the fields manually anymore."

*Joseph Montanes is the president of the Apo-Ibo Sagrada Pamilya Irrigators Association from Colawin, Cebu, a sitio that was energized by the Cebu Electric Cooperative in partnership with the National Electrification Administration whose breakthrough goal is to energize 32,441 sitios.*



"Without the regional heart center, I would rather not undergo heart surgery since we cannot afford to travel to Manila to have the surgery there."

*Trinidad Avergonzado is a beneficiary of the Z-Benefit package and is a patient at Vicente Sotto Memorial Medical Center, the regional heart center of the Philippine Heart Center in Cebu. With its breakthrough goal of establishing 5 regional heart centers, PHC is ensuring that quality services are accessible to more patients that need specialty care.*

# BETTER TOGETHER

WORDS BY NICOLAS ESPINOZA

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“However laudable, the excellent performance of one organization can only improve so many lives. But the excellent performance of many government organizations working together can open doors to better communication with the private sector and a vibrant civil society.”

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A developed nation of healthy, informed, and empowered people cannot be built through the contributions of an excellent few. The practice of governance requires power. This is used to build the potentials of people and institutions in pursuing the lofty aspirations of the citizenry and improving their standards of living. In this endeavor, it is the contributions of as many actors as possible that will have greater impact—in other words, making governance a shared responsibility.

In the interest of making palpable and significant impact on ordinary lives, government organizations must imbibe a mentality of continuous improvement. Though some may uphold their mandate faithfully and perform their functions well, they must make room for improvement and take advantage of the options provided by connectivity, technology, and innovation. By improving processes, systems of service delivery become more efficient and effective, allowing institutions to do more with less.

Unfortunately, innovation is neither practiced nor achieved by the majority. It is not the status quo. But even though this “status of innovation” is a persistent reality, organizations should not be constrained to maintain less efficient practices when better ones are developed. They can learn from organizations that cultivate governance and promote their best practices.

Those organizations that do have best practices to promote must properly document excellent performance in specific areas in detail. They themselves must understand what critical factors enabled them to perform optimally and deliver breakthrough results. Next, they must devise or participate in platforms that will allow them to effectively communicate their best practices. With the proliferation of new and more effective media for communication and interaction, there are many ways to share best practices without using up too many resources.

In turn, following in their footsteps enables government organizations to affect more stakeholders in a meaningful way. However laudable, the excellent performance of one organization can only improve so many lives. But the excellent performance of many government organizations working together can open doors to better communication with the private sector and a vibrant civil society. This will ultimately lead to a better quality of life for the many communities of a united nation.





# STORIES FROM THE JOURNEY

FRANCISCO DUQUE III  
CHAIRMAN, INSTITUTE FOR SOLIDARITY IN ASIA

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“After a review of the “essentials” of transformative and sustainable governance, we bring you stories from the journey—accounts of transformation that make up this year’s milestone achievements.”

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One’s first instinct upon returning from a journey is to share with others experiences and lessons learned from time spent exploring new frontiers. We are eager to do the same as we look back on our travels with partners in the public sector whom we can now count among the Philippines’ first Islands of Good Governance (IGG).

After a review of the “essentials” of transformative and sustainable governance, we bring you stories from the journey—accounts of transformation that make up this year’s milestone achievements.

We start off with breakthroughs in the national military, featuring a conversation about humanitarian assistance and disaster response with the Chief of Staff of the Armed Forces of the Philippines (AFP); testimonies on personal governance from two young Philippine Army officers serving in the Eastern Visayas region; and an exciting peek into Philippine Navy innovations in maritime defense.

Next we reflect on the role of government- owned and controlled corporations, discover where the Philippine Heart Center (PHC) is in its road to building a nation of happy, healthy hearts; and how the National

Electrification Administration (NEA) has illumined paths to progress for the small town of Colawin in Cebu.

Finally, we take you behind the scenes of the Department of Trade and Industry’s (DTI) efforts to elevate Philippine competitiveness, ease of doing business, and consumer awareness; and give due recognition to our Bangko Sentral ng Pilipinas (BSP) whose achievements have reaped multiple recognitions at the global level.

It has been an eventful past few months, but we cannot forget that this breakout period in Philippine reform is the result of many years of hard and patient work with partner government institutions that have responded to the call for sustainable transformation. We thank all those who had made the journey with us, and for proving that governance can make a real difference in institutions, communities, and individual lives.

Working together, we are convinced that there is no destination too far and certainly no border that cannot be crossed in order to serve the Filipino and to act so that he might believe in government again.

## FEATURED GOVERNANCE PARTNERS

Armed Forces of the Philippines  
Philippine Army  
Philippine Navy  
Philippine Heart Center

National Electrification Administration  
Department of Trade and Industry  
Bangko Sentral ng Pilipinas

# A UNIFIED RESPONSE

*Our Armed Forces is prepared to respond in times of disaster,  
but hitting this target is just the beginning.*

WORDS BY MARIELLE ANTONIO AND KIRSTEN RAMOS

General Hernando Iriberry, Chief of Staff of the Armed Forces of the Philippines (AFP) and Colonel Antonio Parlade Jr, executive officer of its operations office and a member of its strategic management committee, sit down with us in back-to-back interviews on how the institution is faring in terms of improving humanitarian assistance and disaster response (HADR) operations; and what the Philippines really needs to survive the next big disaster.



## HOW WOULD YOU DESCRIBE THE AFP'S HADR RECORD IN THE LAST TWO YEARS?

**Iriberry:** The Armed Forces has been proactive. In 2013, we were first responders in the Bohol earthquake, Zamboanga siege, and Typhoon Yolanda. Those were instances where the AFP performed well and gained the respect of the people they served because of their preparedness and responsiveness.

**Parlade:** We also have more helicopters now to complement these capabilities. We have additional ships like the landing craft donated by the Australian government, so we now have two additional craft vehicles that can transport troops and equipment to heavily damaged coastal areas.



COL ANTONIO G PARLADE JR in his office at Camp Emilio Aguinaldo in Quezon City. Opposite page: GEN HERNANDO DCA IRIBERRI in Aguinaldo's Hall of Flags.

### WHAT HAS PUBLIC PERCEPTION BEEN LIKE?

**Iriberry:** We have not really received any negative comments on our performance as first responders despite there being negative comments on the response of government as a whole. But of course we are at the forefront of the bureaucracy in tending to the needs of affected communities, so we can still improve in coordination.

**Parlade:** Public perception is getting better, but we are worried that these capabilities we now have are not enough if you consider worst case scenarios. Suffice it to say that we are slowly expanding our response units and that in the next few years we will have converted majority of our personnel into first responders.

### IS THERE A FORMULA FOR SUCCESSFUL HADR?

**Iriberry:** Yes, and it can be summed up in one word: *bayanihan* ("solidarity"). Our effectiveness is only as good as our working together with other government agencies, civil society organizations, and strategic international partners. We saw this during Yolanda.

**Parlade:** I would say it is about preparedness and synergy. If you are prepared, you can anticipate emergencies. Synergy has you working with other sectors such that the impact is greater than individual effects of agencies working separately. Those are the two things we need in HADR operations.

### WHERE IS THE INSTITUTION TODAY IN TERMS OF ACHIEVING ITS BREAKTHROUGH IN HADR?

**Iriberry:** We have already reached our target of 80% readiness. The Philippine Navy's Task Force 27 has already reached 87% readiness; the Philippine Air Force Search and Rescue Group has reached 82.2%; and the Philippine Army 525th Combat Battalion has reached 80.43%. This shows we have exceeded our target as far as operational readiness for our primary HADR units.

### HOW DO YOUR IMPROVED HADR CAPABILITIES SHOWCASE INSTITUTIONAL TRANSFORMATION?

**Iriberry:** We have seen the effects [of natural calamities] in affected areas and in these calamities our country suffered more, so I think it is fitting for the Armed Forces to choose the capacity to perform HADR as a breakthrough goal. It is a test of our effectiveness in serving our people during the times in which they need us most.

**Parlade:** We recognize the limitations of government as far as resources. There is supposed to be a cluster system that includes food, non-food, transportation, communications, and security responsibilities; but right now we are the most robust organization that can assist in disaster response so we are committing to all of these on top of providing national response units.

### WHAT ROLE HAS GOVERNANCE PLAYED IN ALL OF THIS?

**Iriberry:** Governance leads to better morale and respect. It has really created a better Armed Forces not only in terms of HADR but also of the entire spectrum of organizational development. Governance has helped us achieve our goals, manage our resources better, and elicit the respect of the people we serve. It will be a proud moment for the Armed Forces to be declared an Island of Good Governance.

**Parlade:** It's a big contribution to the government's own governance pathway to be recognized as an Island of Good Governance. We can show people that we are sincere, that we can walk the talk, that we can be relied upon.

# UP CLOSE AND PERSONAL

*An inside look at the Philippine Army's battle for self-transformation*

WORDS BY MARIELLE ANTONIO



The military is not an organization one normally associates with breathing space. After all, its unique level of discipline comes from a strong emphasis on uniformity and a culture of implementing orders. But this mind-set has been elevated in the Philippines, where military breakthroughs and transformations have recently blossomed. Within the ranks, there is a new appreciation for the holistic growth of individual soldiers even as they continue to follow firm and exacting standards.

The Philippine Army is currently the best example of this changing outlook. Its transformation roadmap to 2028, by which time it seeks to become “a world-class Army that is a source of national pride”, confirms total dedication from the level of the Commanding General to last man in the field. At the individual level, this commitment is expressed in the form of a personal scorecard—a one-page listing of targets across the seven perspectives of work, health, spirituality, finance, education, environment, and family life.

As of this year, 67,151 out of the Philippine Army's total number of 85,000 personnel are the proud authors and executors of personal scorecards. Soon, this achievement will apply to each and every Philippine Army soldier—a visible manifestation of its becoming a more professional institution loved by communities across the nation.

In this story, we feature the personal journeys of two soldiers relayed to us first-hand on a visit to the 8th Infantry Division in Samar. Here, they speak about how the personal scorecard has improved both the institution and the individuals that comprise it.



**CAPT ANDREW M LINAO**  
**ASSISTANT DIVISION PUBLIC AFFAIRS OFFICER**  
**8TH INFANTRY DIVISION**

One of the issues that came out in the creation of the Army Transformation Roadmap (ATR) was the way we dealt with stakeholders outside our traditional war-fighting role. We had to shift our focus to engaging the public by being more open with them.

When I created my personal scorecard, I made sure it was in line with my duty of improving public affairs to enable the Army to reach out to more *kababayans* (countrymen). I guess you can say I'm on a mission to influence enthusiasm for public affairs among the enlisted personnel in our region.

I tell civilians, including my wife, family, and friends, about the changes we are undergoing. In this age of social media, they have become our allies in distributing information. They are the audience and the messengers.

Today, our troops have become determined to follow through on the goals they have set for themselves. In particular, there is greater awareness of avoiding human rights violations.

Now that we have experienced this transformation for ourselves, we have become more confident about talking to the media and Filipino communities.

**FIRST LT GREGORIO PAMITTAN**  
**COMPANY COMMANDER**  
**43RD INFANTRY BATTALION**

The personal scorecard reminds you of things you forget to do. It motivates you to meet your goals. From there, you can innovate to meet your targets and set bigger goals. It's a simple reminder of the path you should take as an individual and as a member of the organization. You start to see that everything is linked.

My biggest improvement has been physical. I failed my first physical fitness test so I'm now following a daily program—sit-ups and push-ups before bed, more runs now that we're retraining.

Personally, I want to be loved more by my family. Since I moved to Samar, cell signal has been difficult, and I'm not able to apply regularly for rest and recreation. My target is to visit home at least thrice a year. Last year, I was able to meet it. This year, I have two visits to go.

From the environmental perspective, I have been able to exceed my target of planting 10 seedlings a year.

Because of the personal scorecard, we're learning that if we want to meet the objectives of the ATR, we need to begin at ground-level, with ourselves.

# A SEA CHANGE

*The Philippine Navy's latest breakthroughs are a preview of things to come five years from achieving Sail Plan 2020.*

WORDS BY MJ EVALAROSA

The sea is never still, even at its calmest. It is constantly changing and participating in life, from its shadowy depths to its surface waters. Only those equipped with the will, fortitude, and understanding of its ever-transforming tides stand a chance.

For a nation made up of more than 7,000 islands and a coastline of more than 36,000 kilometers, safeguarding Philippine maritime territories is a daunting task. After US troops left their Philippine bases in the early 1990s, the Navy's morale was at its lowest. This was largely brought about by the outdated resources, competency gaps, and obsolete doctrines that hindered it from developing into a more modern and progressive organization.

It seemed to be steering a rusty ship in treacherous waters until the creation of the Philippine Navy Sail Plan 2020 in 2006, and a subsequent invitation to apply for recognition as one of the Philippines' first Islands of Good Governance (IGG) in 2013. These were instrumental in bringing about a 180-degree change into the organization. The Navy has many milestones to show several years into pursuing Sail Plan 2020, whose goals and targets it constantly reports on to the public. In pursuing transformation, the institution has emerged as a strong pillar of peace, security, and national development.

"To subject ourselves to the scrutiny of our stakeholders shows our willingness to change so that we can serve others better and become a bastion of excellence, standard of innovation, and proud sentinel of the sea," says Vice Admiral Caesar Taccad, Flag Officer in Command of the Philippine Navy. "This is a waypoint for our Sail Plan."

Opening itself to stakeholders and other key players in governance urged the institution to exceed its projected expectations.

From 2013-2015 it increased its number of Maritime Situational Awareness Platforms (MSAPs) from 21 to 37. From these platforms, the Navy is able to obtain 24/7 knowledge from the integrated collection, analysis, and exchange of information that relates to the maritime environment. This knowledge, called "Maritime Situational Awareness" is used to support decision-making for governance, development, and security undertakings under ideal conditions.

Fourteen units and offices are now ISO 9001:2008 certified, bringing about quality services such as the Centralized Clearance System—a one-stop shop that saves on resources and manpower hours. There has been an enormous turnaround from the old process of re-enlistment where personnel had to conjure up folders of requirements and endure lengthy clearance periods. Now it's a matter of pressing buttons on a machine.

Finally, the Navy has been able to fully-institutionalize three research and development units responsible for further enhancing its capabilities in maritime operations. These are the Naval Research and Technology Development Center (NRTDC), Office of Naval Strategic Studies (ONSS), and Fleet-Marine Warfare Center.

Behind these breakthroughs is a conviction to change, present in every member of the institution.

As the Philippine Navy harvests the fruits of their unwavering efforts towards protecting our seas and securing the future of its officers and our maritime nation, it has become a benchmark for other institutions. Still, its accomplishments have not made it complacent. Its lifelong adventure continues.

Opposite page: Philippine Navy ships in formation during a capability demonstration exercise.



# HAPPIER, HEALTHIER HEARTS

*In putting up regional heart centers  
the Philippine Heart Center is solving a decades-old problem.*

WORDS BY ISABEL CAMUS



Dr. Ramon Najarro (left) and Dr. Francisco Emilio Remotigue Jr. (right) are part of the pediatric department at the Vicente Sotto Memorial Medical Hospital in Cebu City, a regional heart center and Z-Benefit accredited hospital. Both specialize in pediatric cardiology.

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**“You’re not just curing a particular disease, you’re helping an entire family.  
We can now ensure that our standard of care is comparable  
to that of the Philippine Heart Center.”**

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Cardiovascular disease has remained a leading cause of death in the Philippines since 1993. Most Filipinos cannot afford the surgeries or care needed to cure cardiovascular problems, and eventually end up dying without ever receiving proper treatment. Despite numerous advancements in technology, most Philippine provincial hospitals are still not equipped to perform open heart surgeries on their patients, forcing them to travel to Metro Manila despite illness. This is an issue the Philippine Heart Center is working tirelessly to address by setting up regional heart centers like the Vicente Sotto Memorial Medical Hospital in Cebu. Two of the hospital’s pediatric cardiologists, Dr. Ramon Najarro and Dr. Francisco Emilio Remotigue Jr. tell us more.

## WHAT IS IT LIKE TO HAVE CARDIAC PATIENTS THAT ARE CHILDREN?

**Remotigue:** What most people don't know is that congenital heart disease is common in children. These children with cardiac problems will have poor growth and recurring respiratory tract infections that constantly require admission to the hospital. Surgery to cure the problem costs nearly a million pesos. A child with cardiac disease is a financial burden on the family, but more importantly, the child's quality of life suffers greatly. Without surgery, most children don't live past their second decade.

## HOW BENEFICIAL IS IT TO PARTNER WITH THE PHILIPPINE HEART CENTER?

**Najarro:** Our partnership with PHC enables our junior consultants to now go to PHC and train under them. They eventually come back here and volunteer their services to the hospital. This allows us to ensure that our personnel are competent and excellent in cardiovascular care. Also, with the assistance of PHC, we were able to gain accreditation under PhilHealth's Z-Benefit package, which alleviates the financial burden on our patients.

## HOW DOES THE Z-BENEFIT PACKAGE WORK?

**Remotigue:** The Z-Benefit package is issued under PhilHealth and basically subsidizes several cardiac procedures for patients. However, to be accredited for this PhilHealth requires that we conduct at least five open-heart surgeries, which we hadn't done before. In January 2015, the Heart Center conducted a medical mission and guided us as we performed the 5 open-heart surgeries. We were accredited for the Z-Benefit package in May 2015.

## HOW DOES IT HELP TO BE ONE OF PHC'S REGIONAL HEART CENTERS?

**Najarro:** There are three aspects. The first is service to the patient. Our patients don't have to go to Manila where they will have to spend money not just on the operation, but on living expenses as well. Logistically speaking, it can be taxing for a child and his family. Second, training for our professionals has improved. Since we have been capacitated by PHC, we feel confident that we can establish our own fellowship training programs for the region. Lastly, through all these efforts, we hope to generate more research in

cardiovascular care, which will enable us to contribute and give back to the institutions that have taught us.

## ARE YOU PROUD OF YOUR WORK AS A PEDIATRIC CARDIOLOGIST?

**Remotigue:** Most definitely. When I was in training I was able to assist at least five surgeries per day, so imagine my frustration when I got back here and none of my patients could be operated on due to financial reasons. With this program, our patients are now able to avail of procedures with subsidized costs. Imagine the satisfaction of seeing our patients running around the office versus seeing them every three months with the same problems.

**Najarro:** It feels nice to know that there are things we can do now that we weren't able to do in the past. The best feedback we get is from the smiles of our patients. In the past when you saw a patient with a cardiac problem it gave you a heavy feeling knowing that this child would just keep coming back and possibly eventually die from the problem. Now there's hope. They undergo the surgery, come back relatively healthy, productive, and with parents smiling. You're not just curing a particular disease, you're helping an entire family. We can now ensure that our standard of care is comparable to that of the Philippine Heart Center.

### THE LOWDOWN ON REGIONAL HEART CENTERS

As it journeys towards clinical excellence, the Philippine Heart Center realizes that specialized cardiovascular care cannot be limited to Metro Manila hospitals as nearly half of its patients come from outside the National Capital Region.

To provide greater access to these services, PHC has taken on the challenge of enabling existing regional medical centers to serve as regional heart centers. These are also endorsed for the PhilHealth Z-Benefit program to ensure sustainability.

Currently, there are five regional heart centers, located in Davao, Cagayan de Oro, Cebu, Legazpi, and Ilocos Norte.

# EVERYTHING IS ILLUMINATED

*The National Electrification Administration and its electric cooperatives respond to the challenge of spurring development in the countryside.*

WORDS BY ISABEL CAMUS AND KIRSTEN RAMOS



Judy-Ann Cotillard, a 15-year old high school student from Sitio Colawin in Cebu recalls using kerosene lamps to study in her early grade school years.

Studying at night by kerosene lamp or candlelight is a memory clear as day in the minds of Sitio Colawin's residents. Many can still recall the fear of accidentally falling asleep with the lamp still lit.

Mothers recount how they had to take their children to the nearest hospital 20 kilometers away to have them vaccinated because the clinic in Colawin could not store vaccines due to the lack of electricity.

Though living in the age of technology, students and teachers had no access to computers or the Internet.

Bringing electricity to remote areas like the *sitio* ("small town") of Colawin in Argao, Cebu is not an easy feat for the National Electrification Administration and partner electric cooperatives such as the Cebu Electric

Cooperative I (CEBECO I). It entails transporting heavy-duty materials, such as electric poles, cables, and other equipment on undeveloped roads and rocky terrain. This is but one illustration of the necessity of electricity in inclusive growth and development. To help these small communities progress, NEA is working to energize 100% of 32,441 sitios through its Rural Electrification Program by providing financial and technical assistance to the electric cooperatives that supply power to these areas.

After finally receiving electricity in the early 2000s, Colawin experienced a rush of progress in all areas of life. The school established a computer laboratory with Internet connectivity, enabling students to graduate with the computer skills necessary in today's technology driven world.

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“To help these small communities progress, NEA is working to energize 100% of 32,441 sitios through its Rural Electrification Program by providing financial and technical assistance to the electric cooperatives that supply power to these areas.”

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Elisa Sarda, born and raised in Colawin, raised three children of her own in the *sitio* and compares how it was bringing up her children without electricity versus her life now as she takes care of her grandson.

Farmers have benefited from new agricultural techniques and equipment. An irrigation facility that uses an electric pump to bring water down to the vegetable and rice fields is a blessing not only to Colawin but also to its nearby *barangays* (“villages”). A training center was also established to teach farmers the science behind raising better crops.

According to Joseph Montanes, president of the local irrigation and farmer’s association, shelling out money for the electricity to keep the pump running outweighs the benefits of not having to manually transport buckets of water down to the fields. He does not have trouble collecting money from the farmers because they would rather pay than have no electricity again.

Livelihood has become more diversified with the establishment of small businesses. Elisa Sarda, an elementary teacher, runs a photocopying center out of her home, where the school and its students can have educational material duplicated. Everyday moments

like her grandson asking her to change channels on the television prompt her to remember a time when she and her husband used the battery of their motor vehicle to power basic appliances such as radios. Raising children without electricity was an enormous challenge, and depending on manual labor to do every house chore is something she is grateful the town’s younger generations don’t have to experience.

With all this development taking place, more people are looking at the town of Colawin in Cebu as a potential retirement or business destination. Meanwhile, NEA and electric cooperatives will continue to pursue their goal of bringing electricity to every household in the Philippines.

The rapid growth of population ensures that there will always be one more person who needs electricity, but the dedication of government institutions like NEA and its partner electric cooperatives powers the hope of a better future for the countryside.

# TOP OF THE WORLD

*The Department of Trade and Industry leads the country  
in scaling ever-higher peaks.*

WORDS BY MJ EVALAROSA



Department of Trade and Industry Secretary Gregory Domingo speaking at the National Competitiveness Council's Ease of Doing Business Summit last 27 May 2015.

Business registrations in the Philippines used to deter a lot of proprietors, mostly because it took them almost a month to make their way through a labyrinth of steps. Now, the entire process takes about 30 minutes—a far cry from the former 26 days. This improvement is largely due to the implementation of the Next- Generation Philippine Business Registry (PBR), which enables a seamless, transactional environment for business registration. The Department of Trade and Industry (DTI) launched PBR in 2012 and took it online in 2014.

Micro, small, and medium sized enterprises (MSMEs) benefitted from this the most when 39,379 sole proprietor business names were registered between January and May 2015, an 11% increase from the registrations made at the same period in 2014. MSMEs account for



The Ease of Doing Business Task Force at the 3rd Annual Ease of Doing Business Summit in which they announced that businesses could now be established in 11 steps in 11 days.

more than 99% of the country's registered businesses and are the backbone for inclusive growth as they create jobs and serve as a breeding ground for entrepreneurship.

DTI's 2016 target is to assist 100,084 MSMEs.

Improvements have also been applied to consumer awareness. When consumers are well-informed and vigilant about their rights and responsibilities, they are empowered to improve economic performance by helping to drive competition, productivity, and business innovation. DTI had planned to increase consumer awareness from 66% to 80%, but through the focused efforts of its different bureaus, it was able to reach 81% by the end of the first quarter of 2015.

One of DTI's primary goals is to increase the country's competitiveness from the lower third to upper third rank (48th) in the World Economic Forum (WEF) global competitiveness report by 2016. Back in 2010, the Philippines ranked 85th out of 139 economies and below investment grade.

With the help of the National Competitiveness Council (NCC), getting to the upper third of global rankings is now within reach. Since 2010, the Philippines has successfully transitioned towards becoming an efficiency-driven economy after acting as a factor-driven economy for many years.

As of the 2015 report, the country ranks 47th out of the 144 economies included in the index, leapfrogging from 82nd place in 2010. This is regarded by WEF as the fastest rise over that period among all the countries studied. Once again, DTI has exceeded its own expectations.

With the Philippines hosting APEC and entering into ASEAN integration this year, all economic indicators are being closely monitored, and these breakthroughs certainly reflect a more confident and informed national economy and Filipino consumer.

Fostering a competitive mind-set in a country that has just started to act on its full potential is both a challenge and an opportunity, but with the help of well-governed institutions like DTI it will not be long before the Philippines catches up to those on top.

# STRAIGHT-A STREAK

*The Bangko Sentral ng Pilipinas (BSP) blazes a trail in the international scene through good governance.*

WORDS BY MJ EVALAROSA



The Bangko Sentral ng Pilipinas (BSP) highlights the results of its governance initiatives in two reports, the 2010 BSP Governance Report and the 2014 BSP Governance Report. The next report is expected to be released in 2016.

The Bangko Sentral ng Pilipinas (BSP) has managed stay on top of the Makati Business Club executive outlook survey for four years now, with a net score of 90.8 and a satisfied score of 95.4. It has diligently kept the country's inflation rate within target rate in the last six years, and led the Philippines to rank first in terms of policy and regulations for microfinance, increasing bank access for micro entrepreneurs by activating more than 179 banks with microfinance operations from a starting figure of zero in 2000.

These achievements are largely due to BSP's pursuit of good governance initiatives via its Systemwide Governance Assessment (SGA) rolled out in 2010. "The SGA signifies our commitment to leading the way in governance," BSP Governor Amando Tetangco Jr. states in the institution's 2010 SGA report. "As an independent monetary authority and as a key financial system regulator, we are expected to blaze the trail for good governance in the country. And we rise to the challenge, taking it as both a privilege and a responsibility."

The results of the SGA prompted BSP to come up with three-year roadmaps containing governance initiatives for the periods 2010-2013 and 2014-2016. To achieve this, the institution laid out five governance principles and commitments that would become its basis for executing transformation plans.

Here is what BSP's report card looks like, with one year left to accomplish its remaining governance initiatives:

#### **INTEGRITY**

From 2010-2013, BSP enhanced its Code of Ethics by adopting a No Gift Policy and a Policy on Disclosure of Wrongdoing. To strengthen its ethics development program for employees, it pushed for initiatives that would help manage discrimination perceptions. Since its implementation, BSP has maintained high ethical standards via its regularly issued Diversity Report and plans to further strengthen its ethics development programs by providing guidelines on post-employment responsibilities and undertakings.

#### **ACCOUNTABILITY AND TRANSPARENCY**

With Office Order 254, the evaluation processes and approval of the country's major infrastructure projects and subsequent budget information are now more defined. To ensure business continuity, BSP integrated risk management systems like the Quality Management System (QMS) and reviewed the effectiveness of its

Performance Evaluation System (PES). It also adopted the Enterprise-Wide Communication Plan and the BSP Project Management Excellence Program, which promotes higher standards for accountability and transparency.

#### **OWNERSHIP AND VOICE**

Communication is a two-way street, and BSP provides ample opportunities and avenues for personnel at every level to have their voice heard. Regular employee assemblies are organized through BSP's Employees Association and Administrative Officers. As a result, its average net agreement rating has increased from slightly positive to highly positive.

#### **STRATEGIC DIRECTION**

Keeping each of its levels focused on the institution's shared vision has been a challenge, but BSP has managed to nurture happy employees. Improved communication plans are in place to ensure that everyone is kept informed of the progress of BSP's strategic executions.

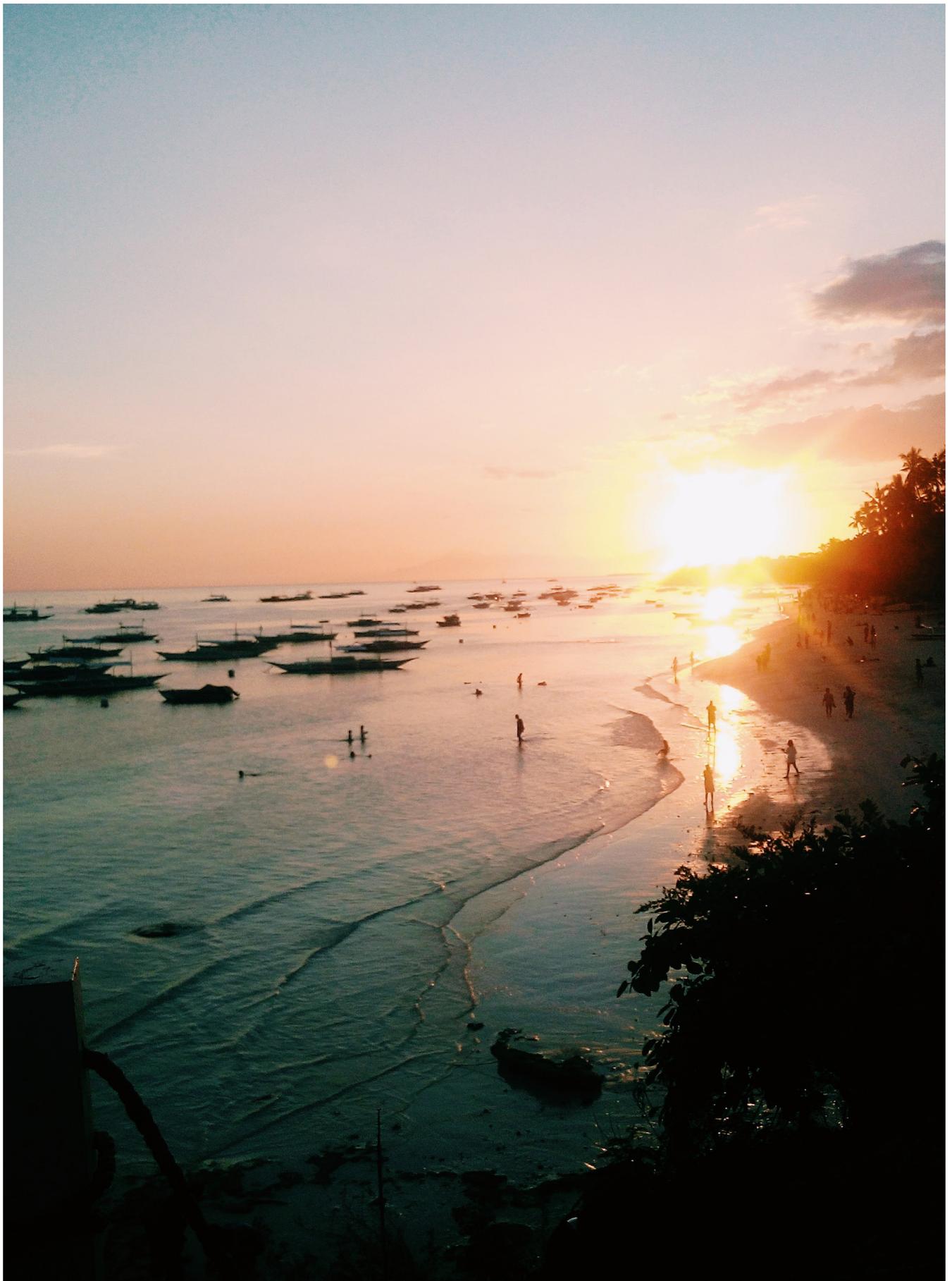
#### **RESPONSIVENESS**

With the drafting of its Employee's Charter and an integrated customer needs and satisfaction analysis, BSP hopes to remain efficient and proactive. BSP's Citizen's Charter has also been posted online for greater coverage.

"Ensuring good governance is never-ending; it is always a work in progress," Governor Tetangco remarked during BSP's 2014 Financial Sector Forum on the ASEAN Corporate Governance Scorecard. "Good corporate governance is key to ensuring sustainable long-term growth."

In the 2015 Annual Joint General Membership Meeting of finance organizations in the Philippines, he encouraged: "Be fully aware that in the hunt for what matters to you, you invariably affect others, and those ripples could someday come back to haunt you. I encourage you to be driven by "enlightened" self-interest. When you are guided by these higher-order objectives you would have a better chance of covering any 'blind spots'."

At the moment, BSP remains the only banking system in the world with a positive outlook and a quantifiable, sustainable plan for its future.



# MOVING FORWARD TOGETHER

JESUS ESTANISLAO  
CHAIRMAN EMERITUS, INSTITUTE FOR SOLIDARITY IN ASIA

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“It is no secret that for genuine and sustained inclusive development to take place, we need to think long-term and to focus on long-term strengthening of the four pillars of society: the government; the business sector; our schools; and our families.”

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“Making governance a shared responsibility” is at the heart of our advocacy in the Philippines. This does not only mean encouraging and enabling citizen participation in public governance, but also promoting multi-sector and inter-agency partnerships for long-term development. For close to 15 years now, ISA has journeyed with national government agencies and local government units in implementing transformation programs that enable them to deliver better services and a higher quality of life for Filipinos.

Through the Islands of Good Governance (IGG) our partners are being recognized for their commitment to governance reform and the delivery of breakthrough results that benefit countless communities and individuals. Through their programs, they have been able to involve their stakeholders and various sectors of society, thereby creating an environment where participatory governance flourishes.

In recent years, civic participation has happily been on the rise and we see more people willing to involve themselves in public sector governance. The private sector has also increased its corporate social responsibility efforts and established ways and means to give back to communities and to play a part in national development. As these different players come together for the common good, they uplift the lives of their fellow countrymen. This is something Filipinos recognize as the practice of *bayanihan* or solidarity.

At the macro level, we can observe the *bayanihan* spirit when our national government agencies work together to distribute relief goods and carry out rescue operations. It is also exemplified in our finance institutions which extend loans to other development agents at affordable interest rates for the sake of national development; it is shown as well in public-private partnerships that build hospitals, schools, and necessary infrastructure for the Filipino people.

It is no secret that for genuine and sustained inclusive development to take place, we need to think long-term and to focus on long-term strengthening of the four pillars of society: the government; the business sector; our schools; and our families. It will be difficult to move forward without tackling the problems of our country from top to bottom, and bottom to top.

Initiatives to educate, empower, and strengthen Filipino citizens at the grassroots level are as important as the initiatives that attempt to professionalize and clean up our public and private sector institutions. As we merge the micro and macro approaches and keep the *bayanihan* spirit in mind, we make progress in achieving true convergence and move forward together in our journey toward one goal—genuine, sustained, inclusive development.

## CO-CONVENORS



The Institute of Corporate Directors is a non-stock, non-profit organization dedicated to the study and professionalization of Philippine corporate directorship. It seeks to raise the level of the country's corporate governance policy and practice to world standards.



The National Competitiveness Council (NCC) is a task force dedicated to improving the country's competitiveness rankings through public-private sector collaboration as means to reduce poverty through inclusive growth.

## ADVOCACY PARTNERS



MERALCO is the largest electric distribution utility in the Philippines. It powers 5,367,720 customers and covers 9,377 km<sup>2</sup>. With Php 298.6 billion sales revenue in 2013, it aims to be the total energy solutions provider of choice.



MPIC is a leading infrastructure holding company in the Philippines. MPIC maintains and develops a diverse set of infrastructure assets through its investments in water utilities, toll roads, electricity distribution, hospital operations and light rail. MPIC is committed to investing in prime infrastructure assets with the potential to provide synergies with its existing operations.



Philex Mining Corporation and its subsidiaries are organized into two main business groupings: the metals business under Philex Mining and the energy and hydrocarbon business under Philex Petroleum Corporation.



PLDT is the leading telecommunications service provider in the Philippines. Through its principal business groups – fixed line, wireless and others – PLDT offers a wide range of telecommunications services across the Philippines' most extensive fiber optic backbone and fixed line and cellular networks.



San Miguel Corporation is one of the Philippines' largest and most diversified conglomerates, generating about 6.5% of the country's gross domestic product in 2013 through its highly integrated operations in beverages, food, packaging, fuel and oil, power and infrastructure.





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