

GOVERNANCE SCORECARDS: AN OVERVIEW OF THE PHILIPPINE INITIATIVE

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1. Why governance scorecards?

- a) The need to move from words to action.
- b) Training and orientation are already being required.
- c) These need to be supplemented by scorecards, which monitor whether the “words” learned from training and orientation are actually translated into “action”.
- d) Scorecards, then, monitor compliance and actual observance of good governance principles.
- e) Scorecards are reported out to the regulators and to the general public.

2. How are scorecards done?

- a) Good governance guidelines, consistent with generally and globally accepted principles, provide the basic framework.
- b) A questionnaire, based on the basic governance framework, could then be formulated.
- c) Answers to the questionnaire should be found from several sources. These sources can be combined. They generally include basic, publicly available data; public opinion surveys; more focused client satisfaction surveys; peer and expert reviews.
- d) A governance score would then be derived from these answers drawn from various sources.

3. Who would do the scorecards?

- a) For corporate governance, the Institutes of Directors in East Asia network (IDEA.Net) is working with the OECD/World Bank Global Forum for corporate governance to issue scorecards for economies in East Asia as well as for banks and publicly listed companies in the region. In the Philippines, the Institute of Corporate Directors, as a member of IDEA.Net is leading the initiative. The private sector members of the Capital Market Development Council (FINEX, BAP, PSE, IHAP) are participating. The public sector members of CMDC are fully cooperating (DOF, BSP, SEC, IC).
- b) For national and local governance scorecards, under the joint auspices of the Governance Advisory Council and the Presidential Committee for Effective Governance, this initiative has been launched. The Center for Corporate Responsibility of AIM and the Institute for Solidarity in Asia are contributing secretariat and technical services of the Governance Advisory Council’s initiative in this regard.
- c) But to carry it out, full cooperation of government and participation of business and civic organizations as well as of civil society are essential.

- d) For the national governance scorecard, among the organizations that have already signified participation are the Management Association of the Philippines, FINEX, and the Makati Business Club. The Transparency and Accountability Network (TAN), a civil society network of networks, is also participating. The three major oversight bodies in government, PMS, DBM, and COA are fully cooperating.
- e) For the local governance scorecard, among the organizations that have already signified participation are the Philippine Chamber of Commerce and Industry, the Chinese Filipino Chamber of Commerce, FINEX, PICPA, and the Rotary Clubs (initially Manila, Cebu and Makati). TAN is also participating. Together with DILG, the three major oversight bodies in government (PMS, DBM, COA) are fully cooperating.
- f) Participation is open to other business and civic organizations as well as other civil society organizations, which are fully committed to public governance reforms. They also should be willing to work under the joint auspices of the Governance Advisory Council and the Presidential Committee for Effective Governance.

4. When would the scorecards be issued?

- a) The initial, preliminary scores would be issued in November 2002. Coverage would be limited, and the first scores would serve as benchmarks.
- b) Coverage would be gradually expanded in the next three years.
- c) Governance scores would be issued every 6 months. Starting 2003, although coverage would still be limited, scores would be issued in May and November.

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