

Raising governance standards helps boost competitiveness

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The last two weeks have seen a number of conferences focused on the topic of governance and the economy. The midyear Economic Briefing, with the theme “Good Governance is Good Economics,” was held on Sept. 17. On the same day, The Asia Society opened its 2-part series, “Philippine Transparency Forum,” which had speakers from abroad sharing their experiences in battling corruption and promoting good governance.

On Sept. 18, the Makati Business Club and European Chamber of Commerce held its second Integrity Summit. The Integrity Initiative has signed up over 1,500 companies to its cause to promote good governance. During the summit, Social Weather Stations presented its 10th SWS Enterprise Survey on Corruption.

On Sept. 19, The Asia Foundation organized a briefing on the SWS Enterprise Survey, while The Asia Society ran the second part of its Philippine Transparency Forum series with a workshop with the Governance Cluster of the Cabinet.

On Sept. 20 and 21, the Ombudsman chaired a conference on the Apec (Asia-Pacific Economic Cooperation) Code of Conduct of Business Against Corruption, with speakers from Transparency International, the United Nations, and every Apec member-economy.

And on Sept. 26, the Institute for Solidarity in Asia, National Competitiveness Council, and Center for International Private Enterprise held the semiannual Public Governance Forum to review the work of agencies and local government units in the Performance Governance System using the Balanced Scorecard management tool.

Was this all mere coincidence or some grand design? Whatever we choose to call it, we are clear about one thing: the realization that governance matters and that it has a direct impact on the economy and on people’s lives.

Indeed, the topic of governance and bureaucracy and bureaucratic reform plays an important role in global competitiveness reports. It is covered in the WEF’s Global Competitiveness Index, IFC’s Ease of Doing Business Report, IMD’s World Competitiveness Report, Transparency International’s Corruption Perception Index, and Heritage Foundation’s Economic Freedom Index. In most of these reports, the Philippines has been on an uptrend in the area of governance and anticorruption. We are up 23 ranks in the governance and institutions category

of the WEF and up five countries in the governance sections of the IMD report and the Corruption Perception Index. In the latest SWS Enterprise Survey on Corruption, the government's rating from the business community with respect to its fight against corruption registered a dramatic rebound since 2009, the last year the survey was conducted. Of 25 agencies reviewed, including the Office of the President, all but two reflected improved scores, with the Office of the President jumping from a negative 37 percent net rating to a positive 81 percent.

What do these ratings mean for the average Filipino? In two words, savings and quality. At the Department of Public Works and Highways, one of the top-rated agencies in this Balanced Scorecards program, its reform program has had an effect on its ability to deliver projects on time, at the right cost, and with the right quality. After public spending slowed down last year due to procurement reforms and fixes, the DPWH has run ahead of pace consistently this year and bid out projects with as much as 30 percent savings, resulting in billions of pesos in savings.

What else can we do to improve our situation? A lot, because we started from a relatively low base. Let me outline some steps to consider.

Streamlining. By most measures, our government procedures take too long, largely because so many steps seem unnecessary and the process is so manual. The IFC's Ease of Doing Business Report measures 10 key transactions from Starting a Business to Closing a Business. In almost all categories, the Philippines ranks poorly because procedures are long, complicated, or expensive relative to others. We rank 136th among 183 economies.

One way to address this issue is to streamline processes through ESSA—Eliminate, Simplify, Standardize, Automate—steps. The basic theory is that the simpler, clearer, and more transparent the process, the lower the chances for corrupt practices.

Monitoring and evaluation. More periodic customer satisfaction surveys of public services undertaken by independent groups will help both the government and the public measure public services and improve them. The Civil Service Commission has started this by monitoring compliance with the Anti-Red Tape Act. The SWS Enterprise Survey on Corruption is a welcome return of a 10-year series which annually measures the business community's experience and perception of corruption.

Multisectoral stakeholder advisory councils. At the NCC, the Performance Governance System program organizes multisectoral councils for government agencies undergoing the Balanced Scorecard process. These councils provide advice to agency heads and review the strategic plan targets of these agencies. With the government now moving toward performance-based incentives systems, it will be good for the private sector and civil society to help in setting performance targets. These councils can do that. I propose that we organize multisectoral councils in all major departments so we can institutionalize performance-based programs in government.

The demands of competitiveness suggest that we support a continued systematic approach to raising the standards of governance.

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