

[OP MEMORANDUM CIRCULAR NO. 64, August 16, 1993]

GUIDELINES TO IMPLEMENT EXECUTIVE ORDER NO. 55 (1993)

Pursuant to Executive Order No. 55 entitled "Reconstituting and Further Strengthening the Government Corporate Monitoring and Coordinating Committee (GCMCC)", dated 8 February 1993, the following guidelines are hereby promulgated to streamline the GCMCC operations:

I

Definition of Terms

SECTION 1. Government-Owned And Controlled Corporations (GOCC) - As used in these Guidelines, a GOCC is a corporation created by special law or incorporated and organized under the Corporation Code and in which government, directly or indirectly, has ownership of the majority of the capital or voting stock. Any subsidiary of a GOCC shall also be deemed a GOCC.

A corporation, either created by special law or where the government has majority control and which is explicitly intended under the law and government policy for ultimate transfer to private ownership under certain specified conditions, shall be considered a GOCC until it is transferred to private ownership and control.

SECTION 2. Heavy Burden on National Treasury - The term heavy burden on the National Treasury as hereinafter used, relates to:

2.1 actual financial exposure of the National Government to a GOCC in the form of equity, advances, current subsidies or collectible taxes or fees, the magnitudes of which constitute a significant proportion to that of the government corporate sector and vis-a-vis other GOCCs;

2.2 loans and liabilities, whether domestic or foreign, which are guaranteed by the government; and

2.3 losses incurred by GOCCs.

II

Declaration of Policies and Operating Principles

SECTION 3. Adoption of National Policies Consistent With The Medium-Term Philippine Development Plan And Priority Areas Of The Presidency - The GCMCC shall be guided by the following policies and priorities in the pursuance of its role relative to the government corporate sector, among others:

3.1 Enhancement of the Role of the Corporate Sector as an Active Partner of the

Government in National Development - In order to optimize the active involvement of the government corporate sector in the development efforts of the National Government, it is deemed necessary that the thrusts and priorities as well as the operations of GOCCs be coordinated, integrated and monitored to ensure that they are consistent with the goals and objectives of the government. It is expected that monitoring and coordination of GOCC operations and activities will ensure that individual GOCCs and the government corporate sector in general are performing efficiently and effectively, especially in the priority areas of the Presidency, such as, pump-priming the economy, streamlining the bureaucracy, and people empowerment.

3.2 Attainment of a Prudent Level of Government Expenditures - This entails limiting the heavy burden of GOCCs on the National Treasury and providing for a more effective allocation and efficient utilization of public resources through the improvement of the system of prioritizing expenditures by channeling public resources to investments and programs that promote economic growth, among others.

3.3 Enhancement of Private Sector Privatization - This entails minimizing of government exposure, specially in priority investment areas.

3.4 Rationalization of the Government Corporate Sector - This includes the following strategies:

3.4.1 Pursue the privatization of GOCCs and implement the divestment program of the government which includes other dispositive actions such as abolition, consolidation and dissolution;

3.4.2 Limit the creation of new government corporations, particularly those involved in entrepreneurial and proprietary activities; and

3.4.3 Lessen the number of heavily subsidized programs in the government corporate sector.

SECTION 4. Adoption Of The Operating Principles of Streamlining, Flexibility And Command Responsibility - The GCMCC shall adopt the following operating principles in the performance functions and activities:

4.1 Focus on Presidential Concerns and on Monitoring, Coordinating and Evaluation - As a general rule, matters in the government corporate sector not requiring action or decision by the President or the Office of the President (OP) shall be left to the concerned departments, agencies and other oversight bodies. At the same time, the GCMCC shall mainly concentrate on the monitoring, coordination and evaluation of performance and issues in the government corporate sector. This will be consistent with the policy of devolution of functions, will provide operational focus and prevent overlapping and duplication of activities with other agencies/bodies.

4.2 Decentralization of Activities - Activities falling within the purview of the GCMCC shall also be decentralized to member-agencies. This will be in the form of a "lead agency" concept, whereby the responsible member-agencies shall be tasked to take the initiative or undertake activities along their areas of expertise on behalf of and subject to the guidance and approval of the GCMCC. The GCMCC shall

operate as a "task master" among its members.

4.3 Enhancement of the Command Responsibility of Mother Agencies - As a general rule, the responsibility over the performance of GOCCs shall be vested with the Mother Agency or the supervising department/agency where the GOCCs are attached to or under its administrative supervision. This will enhance the command responsibility of the Mother Agency over the GOCCs and effect better policy and operational integration.

4.4 Provision of Adequate Operational Flexibility to the GOCC - The establishment of an effective monitoring and coordination system for all GOCCs is not intended to curtail the operational flexibility of GOCCs. GOCCs shall be encouraged to perform their functions without undue interference from the National Government consistent with national interest and public welfare. As a general rule, any project or activity undertaken by a GOCC should reasonably be expected to be financially self-sustaining, that is, it must be able to support its operations from internally generated funds without special privileges, preferential treatment or continuing budgetary assistance from the government.

III

Role of the GCMCC

SECTION 5. Basis For Existence - The GCMCC, created under Executive Order No. 936 dated 29 February 1984, reconstituted under Memorandum Circular No. 10 dated 16 May 1986, reaffirmed under Executive Order No. 236 dated 22 July 1987, and reconstituted and further strengthened under Executive Order No. 55 dated 8 February 1993 as the monitoring and coordinating body for all GOCCs, shall serve as:

5.1 Central coordinating, monitoring and performance evaluation entity for GOCCs for the following purposes:

5.1.1 Enhance operational public accountability;

5.1.2 Promote sufficient allocation and use of resources;

5.1.3 Instill financial discipline and promote financial self-sufficiency; and

5.1.4 Integrate the plans and programs of the GOCCs with the requirements and goals of government policy.

5.2 Policy formulating and recommending body for the President on matters concerning the government corporate sector.

SECTION 6. Powers and Functions - The GCMCC shall perform the following specific functions:

6.1 As the central coordinating, monitoring and performance evaluation entity:

6.1.1 Monitor and evaluate the financial and physical performance of GOCCs;