

EXECUTIVE ORDER NO. 235

STRENGTHENING THE GOVERNMENT CORPORATE MONITORING AND  
COORDINATING COMMITTEE AND FOR OTHER PURPOSES

WHEREAS, government corporations account for an inordinately high proportion of the country's external debt, public sector deficits and total credits;

WHEREAS, almost every aspect of government corporate operation represents a potential claim on government resources;

WHEREAS, a system of financial controls and periodic monitoring of government corporations is necessary to avoid the inefficient allocation and utilization of resources;

WHEREAS, there is a need to strengthen the mechanism for reviewing, monitoring and evaluating the overall performance of individual corporations as well as the government corporate sector as a whole; and

WHEREAS, an effective inter-departmental oversight mechanism is an integral part of the overall public sector rationalization program;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino people and the Constitution, do hereby order:

Section 1. Government Corporate Monitoring and Coordinating Committee. The Government Corporate Monitoring Committee created under Executive Order No. 936 dated February 29, 1984, and reconstituted as the Government Corporate Monitoring and Coordinating Committee under Memorandum Circular No. 10 dated May 19, 1986, hereinafter referred to as the Committee, is hereby reaffirmed as the monitoring and coordinating body for all government-owned or controlled corporations attached to the different Departments which are represented in the Committee and which demand a heavy burden on the National Treasury.

In determining the specific government corporations that shall fall within the scope of this government monitoring system, the Committee shall prepare a list of government corporations on an annual basis subject to the approval of the President: Provided, however, That the President may include additional government corporations even if they are not attached to departments represented in the Committee but demand a heavy burden on the National Treasury.

The Committee shall be composed of the Executive Secretary, the Secretaries of the Departments of Transportation and Communications, Finance, Agriculture, Public Works and Highways, Environment and Natural Resources, and Trade and Industry and the Director-General of the National Economic and Development Authority Secretariat. It shall be chaired on a rotating basis to be decided by the Committee.

Section 2. Staff Support and Secretariat of the Committee. The Committee shall have such secretariat and staff support as it may need in the performance of its functions and duties under this Order.

Section 3. Powers and Functions of the Committee. The Committee shall be responsible for coordinating the operations of the affected government-owned or controlled corporations for the purposes of:

- (1) Enhancing public accountability in the operations of the affected government-owned or controlled corporations;
- (2) Promoting efficient allocation and use of resources;
- (3) Instilling financial discipline and promoting financing self-sufficiency among the affected government-owned or controlled corporations; and
- (4) Integrating the plans and programs of the affected government-owned or controlled corporations with the requirements and goals of government policy.

For this purpose, the Committee shall have the following powers and functions:

- (a) Establish with the concurrence of affected government-owned or controlled corporations, performance criteria, targets and standards, and conduct periodic review and appraisal of performance in accordance with such agreed criteria, targets and standards;
- (b) Recommend to the President financial sanctions and restrictions such as, but not limited to, withholding of budgetary releases and imposition of additional financial controls on affected government corporations;
- (c) Monitor the implementation by the affected government-owned or controlled corporations of audit recommendations issued by the Commission on Audit to the extent that such audit recommendations are applicable to the evaluation and review functions of the Committee;
- (d) Issue appropriate guidelines, rules and regulations, subject to the approval of the President, implementing the provisions of this Executive Order;

- (e) Provide guidelines and guidance to the affected government-owned or controlled corporations in the preparation of corporate plans;
- (f) Perform such other related functions as may be necessary to carry out its responsibilities.

Section 4. Responsibility of the Committee For Monitoring and Evaluating the Performance of Government Corporations. The Committee shall be the central monitoring, coordinating, and performance evaluation unit for the affected government corporations, and shall, for this purpose, obtain, through the appropriate agencies, the necessary data and information with sectoral and national implications.

For purposes of its monitoring, coordinating and performance evaluation needs, the Committee shall devise an integrated corporate reporting system which will avoid the proliferation of duplicative reports and combine the essentials into a single set of reports. The integrated reporting system should be designed to serve the diverse information needs of the Committee and the service-wide agencies concerned. As much as possible, standard integrated reporting formats shall be developed and utilized.

With respect to its performance evaluation function, the Committee, with the concurrence of the affected corporations shall be responsible for developing indicators, criteria, standards and other measures of performance relevant to corporate monitoring, including the nature and scope of the comparative analysis of corporate performance, the identification of problem areas, the preparation of performance reports, and measures for relevant follow-up actions, and accordingly for implementing a performance evaluation system that will include a comprehensive review of performance on an annual basis.

The evaluation of corporate performance shall consider the degrees of attainment of performance targets in relation to applicable international commitments, implications on budgetary deficits, and similar matters of global or multi-sectoral economic significance, as well as granting of incentives as appropriate to well-performing corporations.

Section 5. Reports. The Committee shall require the affected corporations to prepare and submit such regular reports and information necessary for the accomplishment of the Committee's functions.

Section 6. Non-Diminution of Departmental Responsibility. Nothing in this Executive Order shall be construed as reducing or absolving the concerned Department to which each affected government-owned or controlled corporation is attached of its responsibilities towards such corporation including the taking of remedial action as may be necessary.

Section 7. Separability Clause. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying the other provisions thereof: Provided, That such remaining portions can still stand and be given effect in their entirety to accomplish the objectives of this Executive Order.

Section 8. Repealing Clause. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed, superseded, amended or modified accordingly.

Section 9. Effectivity Clause. This Executive Order shall take effect immediately.

Done in the City of Manila, this 22nd day of July in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

By the President:



JOKER P. ARROYO  
Executive Secretary