



## SWIMMING AGAINST THE CURRENT

# Major hurdles

By **DR. JESUS P. ESTANISLAO**

**E**VEN as the National Electrification Administration (NEA) was putting in place all the essential governance elements in pursuit of the realization of its vision, it faced major hurdles. "Lighting up the countryside" is a great tagline; but in order to actually get it done NEA had to surmount considerable difficulties.

The first of these relates to funding. Having to reach even the remotest "sitios" or smallest communities, given the geography of the country, demanded considerable funding. The estimate of cost associated with "total sitio electrification" was put at P26.6 billion. In order to get the needed political support for such an enormous amount, NEA had to put together a Total Electrification Master Plan. This plan had to be solid and credible: it had to be presented to the President such that it would form part of his socio-economic development road map. To no one's surprise, NEA succeeded, and working in tandem with its ECs, NEA has managed to get thus far, close to P20 billion released for the program: the result has been awesome, with more than the targeted number of "sitios" actually electrified by the middle of 2015. Clearly, credit has to go to the political leadership of the country: it was determined to put rural electrification—down to the last sitio—at the top of its priorities; but credit must also go to NEA and its ECs. Because they delivered more than the targeted numbers per year, they got the budget allocation for the following year actually released. They thus ended up—on the basis of delivering actual results, generally above target—getting the funding they needed, despite its apparent enormity.

The second difficulty relates to the natural calamities, which have increased in severity and frequency these past few years. Such calamities destroy more than the electricity infrastructure particularly in far-flung areas, which are oftentimes hard to reach for repair work. Typhoons and other natural disaster wreak havoc not only on electricity distribution

lines and other vital facilities. They also destroy property and sources of livelihood. NEA had to come up with an EC Resiliency Program to help ECs prepare for such eventuality. It also institutionalized the Task Force "Kapatid" Program, which called for neighbouring ECs to provide immediate assistance and relief to badly struck ECs in times of disaster and emergency. This program has given a more concrete face to solidarity in action between ECs. It may have slowed down the pace of electrifying more sitios, since some resources had to be diverted to repair and immediate rehabilitation; but it has raised the morale and confidence of ECs. They are now convinced that NEA never leaves them alone, especially in times of natural disaster.

The third difficulty relates to the special difficulties brought about by the archipelagic character of the Philippines. Reaching far-flung sitios oftentimes proves to be much more challenging than electrifying areas close to urban centers. NEA has taken a pro-active approach to local government units and local communities so these would be NEA's partners in facilitating the installation of electric infrastructures across rivers and mountains. Adopting the traditional "bayanihan" approach, NEA has learned to bank upon local community contribution to its total sitio electrification program.

If we were to ask NEA what enabled it to surmount the enormous difficulties it faced even as it sought to improve its governance regime, we would almost automatically be referred to the three "P"s that NEA has embedded into its institutional culture. The first "P" refers to professionalism, which combines a deep commitment to serve with competence. The second "P" refers to prudence in the utilization and deployment of resources that the national government has set aside for it. The third "P" refers to partnership not only with the ECs through which it works, but also with the local communities it serves. NEA brings them electricity, but NEA also needs their help and support for it to be able to do so.



## SWIMMING AGAINST THE CURRENT

# As agent for inclusive development



By **DR. JESUS P. ESTANISLAO**

**T**HERE can be no doubt about the warmth of feeling for The National Electrification Administration (NEA) and its ECs as they electrify more sitios and connect more new consumers into an electricity source. The socio-economic impact is palpable. Moreover, as NEA keeps the momentum it has built over these several years, fairly soon, in partnership with its ECs, it will realize its vision of rural electrification down to the last sitio.

As NEA justifiably basks in the accomplishments it has already attained under its Quality Management System, it now has to look up to higher ground. Bringing electricity to every sitio is an important, critical step. It has to be followed by another, and this has to do with bringing inclusive growth and development down to every barangay and sitio of the country. After all, the many demands of such growth and development are more easily met once

electricity is made available.

However, to take the next step, leading to higher ground for the country, NEA has to begin working closely with its ECs so that they become effective agents for inclusive development. This would bring them to a much bigger, even more challenging "ball game," relative to electrifying even the remotest corners of our countryside.

By having NEA extend the technical expertise on good governance that it has acquired to the ECs operating under its auspices would open vast new horizons for the entire NEA family of ECs. Outside of installing a performance governance system in each of the ECs, NEA would also have to help build capacity for its ECs to become pro-active agents for inclusive finance as well as for inclusive SME development.

Inclusive finance would mean that the different families or households that each EC covers can be encouraged and helped in forming themselves into family associations that would systematically learn and

observe the discipline of savings, and of pooling such savings in cooperative finance units that would be in the forefront of promoting local social enterprises. The ECs already have an advantage in organizing the households they serve; the new challenge is for these households to be organized into grassroots cooperative finance units: with savings pooled from household members, and with development finance available for SME development. This would present a totally new paradigm for most ECs, and they would need close, professional guidance to adopt it in their respective areas.

Inclusive SME development is the corollary of inclusive finance. This covers the whole gamut of encouraging the emergence and further growth as well as development of SMEs in every area that the ECs cover. Continuous training should be provided for those capable of entrepreneurial activities. Incubators would need to be set up in close collaboration with centers of

learning and industry development in any given area. Specific technical assistance would need to be provided so SMEs are nurtured, with more than a few allowed to enter into the wider financial and capital market of the country. Marketing networks also need to be tapped so SMEs in any given area would have access to the value added and market supply chains, which spread out like concentric circles from the local area, to the wider region, and indeed to the entire country, and even to the whole of ASEAN as well as the much bigger global market. SME development would also be a new territory, which naturally comes into view once rural electrification has been fully brought into the countryside.

NEA and its family of connected ECs have much to celebrate over. But the bigger and wider horizon of total area development, based on inclusive finance and inclusive SME development, now beckons for them to explore and conquer in the few decades ahead.





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## SWIMMING AGAINST THE CURRENT

# The NEA transformation journey



By **JESUS P. ESTANISLAO**

**T**HE National Electrification Administration (NEA), as it tells its story of going through the different phases of the Public Governance System until receiving the coveted title of "Island of Good Governance," presents a narrative of hope.

Against those who almost instinctively think that no Philippine government agency can remain true to its mandate, deliver performance in pursuit of that mandate, and cling ever more tightly to its core values of "absolute honesty," "maximum efficiency," and "total solidarity," NEA presents a humble, yet forceful rebuttal. NEA is a case study that goes counter to such jaded thinking. NEA's case is for the whole country (and indeed, for the whole of APEC) to look at. It tells of a committed leadership at the top, a clear "vision for the enterprise" that is widely shared, and a strong determination to deliver results in pursuit of the enterprise vision. The process of delivering those results has not been hassle and problem-free: NEA faced many obstacles; but it had the courage to keep going towards its enterprise vision while facing the many obstacles it encountered along the way.

The key "take-away" lesson from looking at the NEA transformation story is: yes, a Philippine government agency, and specifically a government-owned and controlled corporation (GOCC) or state-owned enterprise can be an oasis of honesty, efficiency, and solidarity. Indeed, NEA is an "island of good governance," one

well worth emulating by many other government agencies.

NEA has been blessed with a long-running and steady emphasis on "good values." It benefited from the passion and commitment to proper values from its previous Administrator and subsequently its Chairman, who served NEA for many years. He -- Fr. Francisco Silva -- instilled in NEA all the proper values that he brought from his ministry as a priest of the Archdiocese of Cebu. Moreover, he had the foresight of preparing an equally dedicated and competent successor, who is the current NEA administrator: she too has been serving professionally in that position for several years, spanning two Administrations.

On such a base of good and proper values, NEA started painstakingly and perseveringly to build a good governance regime. In 2006, when the Department of Finance wanted to find out how well-governed were the Philippine GOCCs, the Institute of Corporate Directors reported that NEA as among the top ten GOCCs in terms of compliance with proper corporate governance practices. This spurred NEA on to undertake the Performance Governance System or PGS pathway (a public governance pathway) for the Philippine public sector that the Institute for Solidarity in Asia, a public governance advocacy, was promoting to significantly raise the standards of actual governance practice in national government agencies and local government units.

In 2007, NEA completed all requirements for "Initiated" status

under the PGS. Every year thereafter, it moved up the PGS pathway: in 2008, it obtained "compliant" status; in 2009, "proficiency" status; and finally, in 2010, "institutionalized" status. By obtaining "institutionalized" status, NEA effectively completed the PGS pathway. As fate would have it, NEA was awarded "institutionalized" status and certificate of completion of the PGS in the presence of Prof. David Norton, one of two authors of the balanced scorecard, which is the basis of the PGS.

Did NEA stop there and rest on its laurel of being the "first-ever national agency and government corporation" to become PGS-institutionalized? The answer was clearly no. In the words of the current NEA Administrator, Edita Bueno: "it was difficult to just stop, knowing the danger (of sliding back) that lies ahead. We continued to build on our momentum"; we seized every "new opportunity to excel." In other words, NEA kept on going along the governance pathway, until in 2015 it could present solid breakthrough, genuinely transformative results (that were externally audited and verified) such that it could win the brand of "Island of Good Governance".

This, then, is the NEA transformation story. It is a story, which started with a commitment to good and proper values and a clear vision. It was written by the commitment of its top leadership and the involvement of everyone in NEA. It continues to be written with a self-propelled drive towards attaining its clear vision in pursuit of its core purpose and legal mandate.