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Moving mountains: ICD and ISA

A former Finance and Socio-economic Planning secretary established institutes and programs to promote a culture of good governance in the Philippines.

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"Must I affirm once again that the men and women who want to serve Jesus Christ in the Work of God, are simply citizens the same as everyone else, who strive to live their Christian vocation to its ultimate consequences

with a deep sense of responsibility?" --
St. Josemaria Escriva, *Passionately*
Loving the World

"Jess, you have not been faithful!"

The words of then Apostolic Nuncio to the Philippines, the late Archbishop Gian Vincenzo Moreni, cut to the heart of Jesus "Jess" Estanislao, as he walked into the prelate's office in the late 1990s after Archbp. Moreni left word that he wanted to see him.

A former Philippine Socioeconomic Planning secretary in 1989-1990 and Finance chief in 1990-1992, founding dean of the Asian Development Bank Institute in Tokyo in 1998, and founding president of the University of Asia and the Pacific (UA&P) in 1992-1997, among others, Jess had introduced Opus Dei to the Philippines in 1964, together with fellow Harvard-trained economist Bernardo "Bernie" Villegas.

"When he said that, I immediately thought to myself, 'Oh no, what have I done?'" Jess said with a feigned look of pain, as we chatted recently over morning tea in his office in the Makati Central Business District (one of the Philippines' main and oldest business centers).

And as he rushed to think of which of his actions could have elicited such a stinging rebuke from no less than the Holy See's envoy to the country, Jess recalled Archbp. Moreni quickly adding (perhaps as he noticed Jess's face starting to fall): "Didn't your founder say that members of Opus Dei need to be leaven in the middle of the world, wherever important decisions have to be made for the sake of society?"

"And here you are, suddenly disappearing like a monk..."

Jess quickly realized that while the Nuncio had started their dialogue in

veiled jest, the latter was driving home a crucial point.

"At that time, I was right in the thick of laying the groundwork for UA&P and, so, yes, one could say that I seem to have disappeared from public view (after heading two national line departments in succession that have been key to spurring economic growth that, decades later, has now been among the fastest in the world,)" Jess recalled.

GOOD GOVERNANCE

Getting to work immediately after that meeting, and consulting peers among state economic and private sector leaders, he zeroed in on the need to firm up governance as an indispensable foundation for sustainable fast growth that will, at the same time, help lift more of his countrymen out of poverty.

Inadequate governance has long been a concern among both foreign and local investors in the Philippines, as noted by a number of multilateral lenders, and attracting more investments is key to increasing gainful jobs. So Jess realized that focusing on governance would hit many birds with just one stone.

“Good governance” has been promoted for decades now, and it has become a buzzword for those seeking to make organizations — whether government or private — work as they should. Key to this concern is putting in place an organizational structure and culture to ensure that decision-making and implementation conform to exacting standards.

The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) defined “governance” as “the process of decision-making

and the process by which decisions are implemented.” ESCAP identified eight key traits of “good governance,” namely: it is participatory, consensus-oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive, and follows the rule of law. In this way, good governance “assures that corruption is minimized, the views of minorities are taken into account... that the voices of the most vulnerable in society are heard in decision-making” and “is also responsive to the present and future needs of society.”

The Philippine Development Plan, which states that “[g]ood governance... fosters participation, ensures transparency, demands accountability, promotes efficiency, and upholds the rule of law in economic, political and administrative institutions and processes,” notes that “[i]t is a

hallmark of political maturity but also a requisite for growth and poverty reduction, for there are irreducible minimum levels of governance needed for large-scale investment to occur and for social programs to be supported.”

ADVOCACIES: PRIVATE AND PUBLIC SECTOR

Rolling up his sleeves, Jess established two related nonprofit advocacies: the Institute of Corporate Directors (ICD, focused on private businesses) in 1999, and the Institute for Solidarity in Asia (ISA, which focuses on government offices) a year later. Both advocacies fall under the Center for Excellence in Governance.

“Everybody in the business community told me: ‘Hey Jess, you cannot do just corporate governance; you have to do public governance as

well. It takes two to tango,” he recalled.

Writing recently on factors that started him on this journey, he said: “The impetus that led us to this advocacy has been the realization that poverty, corruption, and lack of civic consciousness have been the three endemic ills confronting Philippine society.”

“Moreover, no single silver bullet can fix these problems that have been weighing us down. They are closely interrelated; they reinforce one another, and they would take a long process of transformation to begin to minimize their combined ill effects,” he explained.

“We therefore proposed that nothing less than a long-term, sustained, transformation program through the discipline of good governance should be undertaken.”

Such a protracted struggle would need a “ground-up” strategy, he said, tackling “one corporation at a time, one government agency or local government unit at a time; and then getting them to undertake social outreach programs that push other corporations and government institutions to go on their own transformation journey as well.

“We don’t just give training,” Mr. Estanislao said in our recent chat. “We push the envelope for better practices, rules and regulations in the Philippines... we work with regulators — the Central Bank, the SEC, the GCG (Governance Commission for Government-Owned or -Controlled Corporations)... to bring the standards of corporate governance higher...”

He cited challenges in private sector and government perceptions of governance programs. “In the case of

the private sector, they think they already know, but in reality they don't," he noted. "In the case of the public sector, they think that they need you, but many times they do not know how to use you properly."

ICD and ISA initially adapted a globally accepted strategy execution program — the Balanced Scorecard of Harvard Business School — for government agencies and private businesses in the country.

In 2015, the ICD shifted to the ASEAN Corporate Governance Scorecard (ACGS) where the Philippines placed second among the region's economies. IESE Business School later established a positive correlation between company placement in the ACGS and its premium price, attractiveness to investors, as well as overall financial and economic performance. "The ACGS continues to this very day, with

more Philippine publicly listed corporations notching high, commendable scores,” Mr. Estanislao wrote of the biennial ranking.

The ICD also formed the Global Network of Director Institutes (GNDI) together with eight other leading corporate director organizations in order to provide a platform for continuous sharing of best practices in corporate governance and professional director development. GNDI now counts 21 director institutes among its members.

As for government efforts, the Philippine Navy and the Philippine Army, plus four local governments (Iloilo City, Balanga City, San Fernando City in Pampanga, and San Fernando City in La Union) made it in 2019 to the Hall of Fame of Palladium, which originated at the Harvard Business School. Since then, other National Government agencies

and local governments have shown that they could cut poverty incidence and corruption, as well as improve public confidence in their services, based on independent public perception surveys.

Like many other outfits, the pandemic forced ICD to move its corporate governance programs online, thus widening its reach.

The ISA worked with public hospitals under the Department of Health.

“These public hospitals, by adopting a transformation road map, ended up being able to attend to the demands of the pandemic and, at the same time, build up capacity for the future,” Jess recalled.

The ISA has since reached out to specialty hospitals like the Philippine Heart Center, and close to 80 such establishments are now enrolled in the ISA program. Also in ISA’s sights are public school divisions and

public community colleges nationwide.

The Archdiocese of Manila has also adopted ISA's program and, depending on the outcome of its participation, other dioceses in the Philippines may follow suit.

THREE CORE TASKS

Both governance advocacies have now identified three core tasks on the road ahead:

- * Cascade governance values and best practices down to every individual at work or in school, with outreach to families and local communities.
- * Continue the push for higher levels of efficiency, effectiveness, and professionalism within each corporation and agency.

* Encourage private companies and government agencies to undertake solidarity initiatives that address poverty, corruption, and lack of civic consciousness.

“The biggest hurdle,” Jess said, “would be any lack of commitment to really make a difference.”

He now takes every opportunity to "infect" other government and private sector leaders with this zeal.

"When you come across a beggar on the street, don't just give the loose change you find in your pockets," Jess told a group of professionals attending a retreat just south of Metro Manila in August 2024.

"Of course, that is good. But you have to think bigger: what can I do for society, or for a segment of society, that will help them help themselves for five, 10, 20 years down the line?"

This article has been repurposed by the author from his original piece, "Journey of a thousand miles" in the Aug. 15, 2024 issue of BusinessWorld. (<https://www.bworldonline.com/opinion/2024/08/15/614002/journey-of-a-thousand-miles/>)

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