

President Gloria Macapagal-Arroyo's Anti-Corruption Strategy in the Philippines

An evaluation

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Fighting corruption has been one of the priority issues for President Gloria Macapagal-Arroyo for the past five years. Faster-paced and result-oriented implementation of anti-corruption projects did bring some tangible results. There are new laws and executive and administrative orders related to anti-corruption which have been passed. New strategies during her second term such as strengthening anti-corruption agencies, more social value formation at the national level, and the use of e-procurement in the government system, show encouraging signs for success. However, despite the effort and achievement, the public perception of corruption and sincerity of the government performance in fighting corruption remains unchanged or has even worsened. Is it due to lack of political will? Does this mean that the government is losing the war on corruption? The answers are complex, but two important reasons are the slow progress to improve the country's economy and the ineffectiveness of the government which has resulted in a negative public perception. The government needs to gain more public confidence so that the anti-corruption reforms will strengthen good governance and make it accountable.

Introduction

After assuming office as the fourteenth president of the Republic of the Philippines in January 2001, President Gloria Macapagal-Arroyo has proclaimed combating corruption as one of her top priorities together with poverty reduction, economic growth, and anti-terrorism. In order to recover the public trust from the many corrupt acts committed by government officials and the plunder of her predecessor, former President Estrada, she could not simply make an appeal to curb corruption and focus on the moral recovery of the government as one important national agenda to tackle, but was pressured to formulate and implement specific anti-corruption measures with top priority. President Arroyo's four core beliefs (necessity to improve moral standards in the government and society in order to achieve

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good governance; change the character of politics; reduce poverty; and leadership by example) introduced during her inauguration speech in 2001 still remain as priority issues of the national agenda. This article examines the anti-corruption measures initiated during her administration, and evaluates the achievements and obstacles encountered during the past five years.

Overview of President Arroyo's Anti-Corruption Strategy

President Arroyo's challenge in combating graft and corruption started with the inauguration speech presented at EDSA II in January 2001, where she expressed four core beliefs of the nation: necessity to improve moral standards in the government and society in order to provide a strong foundation for good governance; change the character of the politics in order to create fertile ground for true reform, where politics of personality and patronage must give way to a new politics of party programmes and process of dialogue with the people; win the fight against poverty; and leadership by example.¹ This was her first commitment on assuming office as President. While the People Power II revolution in 2001 was directly triggered by the anger of the people towards the corrupt acts by the former president, then vice-president Arroyo was under severe pressure to treat anti-corruption and moral recovery in the government as immediate national priorities.

Anti-corruption through good governance was one of the key reform packages that President Arroyo articulated in her first State of the Nation Address (SONA) in 2001, where she stressed "improvement of moral standards and the rule of law" as the nation's priority issue among other components.² Her first role in fighting corruption was to order each government agency to formulate anti-corruption strategies, and to deliver tangible results within twelve months. She also initiated several jumpstart activities, including the selection of the two most corrupt government agencies—the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC)—to be highlighted as "showcases in fighting against corruption"; the reduction of red tape by decreasing the number of signatories needed for transactions with the government by half; supporting fair and speedy trials of the cases against former President Estrada; and the implementation of e-procurement. Her promise to stamp out corruption is part of the efforts to "minimize bottle-necks-to-productivity." Although the media and commentators evaluated her first year of leadership and overall performance as "passable", there was great sentiment and expectations among the public for tangible results and changes in tackling corruption issues.³ In fact, a public survey shows rather encouraging results. According to the Social Weather Station, a Philippines based non-profit social research institution, the annual average satisfaction rate (percentage satisfied minus percentage dissatisfied) on the President's performance in 2001 was +18.5 points, while eradicating corruption showed -9.5

points. This rate is significantly higher than that of June 2005 showing –33 points and –33 points respectively.⁴

During 2002 and 2003, President Arroyo was concerned with the implementation of the first year's anti-corruption plan. Some tangible results were achieved during this period, especially in terms of bureaucratic reform, such as simplifying procedures for government transactions to cut red tape, reducing opportunities for face-to-face communications between government officials and establishing a corruption complaint infrastructure through the use of information and communications technology (ICT) and automated process, and resolving cases filed against corruption.

Two reports on the Medium-Term Philippine Development Plan (MTPDP) 2001–2004 and 2004–2010 were respectively published under the Arroyo administration, stressing the issue of fighting corruption. The first report identifies good governance as a key driving force to ensure the country's sustained growth and development.⁵ This report refers to graft and corruption issues using the broad concept of “good governance,” which is attained with (1) improving service delivery, (2) improving ethical standards in society, and (3) strengthening institutions.⁶

The second report, however, devotes a part and chapter on the theme of “Anti-Corruption and Good Governance” by stating that “graft and corruption are increasingly viewed as threats to the sustained growth and development of the country.”⁷ Anti-corruption strategies are categorized into punitive, preventive, promoting zero tolerance for corruption, and bureaucratic reforms. An explanation is provided for the preventive anti-corruption measures to be instituted, namely improving front-line service delivery by auditing systems and procedures to simplify and speed up agency processes, strengthening procurement reforms, and involving all sectors at all levels to scrutinise projects that are willfully made transparent, so that people can actually see the benefits accruing to them from the government.⁸

While the first report assigns priority to the passage of the Procurement Act, Reengineering Bill, Freedom of Information Act, Enactment of Civil Service Code, and Amendments to the Local Government Code under the scheme of good governance, the second report focuses on the strengthening of existing anti-corruption bodies, effective usage of e-procurement which was built on the progress already made, anti-corruption campaigns, and continuation of past efforts as a driving tool to achieve goals.

In her SONA of 2004, President Arroyo identified her government's anti-corruption campaign as one of five crucial events for the national agenda.⁹ The government's anti-corruption campaign was officially launched with the creation of the Swift Action Team.¹⁰ Tools to assess the status of government vulnerability and officials were designed to implement this campaign. These are the lifestyle checks and Integrity Development Review (IDR). Lifestyle checks aim to provide a means by which corruption may be detected through disparities between earned income and apparent income. The IDR is a tool to diagnose the vulnerability of government

agencies and to assess their effectiveness. President Arroyo stated on several occasions that “we have made lifestyle checks a lethal weapon, and adopted procurement reforms to take the fight forward.” This, according to the government, is likely to become the roadmap for combating corruption during the next five years.

New anti-corruption agencies were established and existing ones were strengthened. During Arroyo’s first term, the Presidential Anti-Graft Commission (PAGC) was created to investigate and hear administrative cases and complaints against personnel in the executive department.¹¹ The Presidential Committee on Effective Governance (PCEG)¹² is supported by a privately funded Governance Advisory Council to complement its work, serve as a watchdog against corruption, and promote good governance.¹³ The Inter-Agency Anti-Graft Coordinating Council (IACC), which was institutionalised in 1999 by anti-corruption agencies (namely, the Commission of Audit, Civil Service Commission, National Bureau of Investigation, Presidential Commission Against Graft and Corruption (former version of PAGC) and Office of Ombudsman (OMB)) adopted “Guidelines for Cooperation” to strengthen their working relationships and joint activities for detecting and prosecuting corruption cases. The Presidential Commission on Values Formation (PCVF) which teaches moral values in the government to change the way and prevent corruption in the government was also created in 2004.

The improvement of the PAGC and OMB became a new challenge during Arroyo’s second term. For the OMB, the increase in the number of prosecutors from 52 to 104 resulted in an improvement of the conviction rate from 6 to 14 percent.¹⁴ Similarly, the PAGC adopted a more proactive approach and began promoting preventive measures against corruption, and 80 investigators and 20 support staff were newly posted to carry out effective work.¹⁵ Senator Mar Roxas, for example, is seeking to enlarge the *Sandiganbayan* (the anti-corruption court), allow regional trial courts to handle minor corruption cases, empower the OMB to inspect the bank deposits of officials, establish a reward and protection system for whistleblowers, boost the OMB’s budget, and authorise the OMB to deputise lawyers from the private sector.¹⁶

The establishment of the Government Electronic Procurement System (e-procurement system) in 2004 significantly increased the efficiency in government procurement by decreasing costs by at least 30 percent. Applying the e-procurement system in the government directly influenced anti-corruption efforts as most of the corruption cases are found during this stage. In contrast to the views of some critics of using an e-procurement system in the developing countries, the Philippines can be seen as a successful model for effectively managing the e-procurement system.¹⁷

Another new initiative during Arroyo’s second term was the mobilisation of the country’s formal and informal education system by the government, the media, and civic organisations to rally societal reform. Proclamation No. 828 “Declaring a Decade (2005–2015) of Good Governance and Good Citizenship to Fight Corruption

and to Eradicate Poverty,” and Proclamation No. 591 “Declaring the Month of May of Every Year as “Anti-Graft and Corruption Awareness Month” were passed in 2005 for this purpose, with the PCVF playing a pivotal role.

To comply with international standards in fighting corruption, the government pushed for the ratification of the United Nations Convention Against Corruption in September 2003. The Convention requires governments to criminalise bribery, promote integrity among public officials, and increase participation of civil society in the fight against corruption.

Though the basis of the anti-corruption activities conducted during the past five years is President Arroyo's first year strategy, three aspects are emphasised during her second term. First, the focus is on strengthening anti-corruption agencies by increasing their budget and staff and their mandate. Second, more social value formation is encouraged by promoting various anti-corruption activities at the national level. This includes early education programmes, periodic training of internal auditors and ethics compliance, and implementation of lifestyle checks and IDR in government agencies and their staff. Third, the use of e-procurement and ITC in the government system is actively promoted especially after the passing of the Procurement Law in 2002.

Anti-Corruption Framework and Strategy in the Philippines¹⁸

In 1999, the government of the Philippines requested the World Bank to make recommendations to assist the government in combating corruption. Based on the needs and urgency of the involvement, the World Bank proposed the following nine-point plan to be implemented by the country: reducing opportunities for corruption by policy reforms and deregulation; reforming campaign finance; increasing public oversight; reforming budget processes; improving meritocracy in the civil service; targeting selected departments and agencies; enhancing sanctions against corruption; developing partnerships with the private sector; and supporting judicial reform.¹⁹

In response to this, the Development Academy of the Philippines (DAP), a government think tank, formulated a comprehensive anti-corruption blueprint in consultation with civil society organisations, the private sector, anti-corruption agencies, cabinet members, the media, and the academe. In 2000, the National Anti-Corruption Framework (NACF) was adopted. The NACF was a systematic approach to viewing the whole cycle of prevention on combating corruption from investigation and prosecution. It features a long-term sequencing of anti-corruption actions and a centrepiece jumpstart programme for immediate execution. The plan is civil society-driven and focuses on the systemic causes and consequences of corruption. As shown in Table 1, it consists of five strategic objectives, 15 key result packages, and 49 project concepts, which present a set of comprehensive measures

on anti-corruption. Though the programme is designed to cover all kinds of anti-corruption and governance measures, its total implementation is rather ambitious. This programme was not officially launched and only a few projects could actually be executed during the Estrada administration.²⁰

The late 1990s was a time when international society and donors started focusing on anti-corruption as a part of achieving good governance. Ongoing assistance programmes to support anti-corruption efforts were intensified, and in some cases assistance for anti-corruption programmes in the government was increased. For the donors, tackling corruption issues was crucial to reduce opportunities in their own development projects. In April 2001, three months after Arroyo became president, a group of donors submitted their joint recommendations to her proposing steps to fast-track the implementation of an anti-corruption action programme.²¹ In their recommendations, the donor agencies focused on the following three items: (1) setting priorities and generating local ownership; (2) strengthening the management of the government anti-corruption action programme and ensuring that it has adequate resources; and (3) more detailed recommendations for initiating specific activities as part of a medium-term anti-corruption programme.²² Several ideas of the present anti-corruption programme are taken from these recommendations.

Based on the NACF and the recommendations by the donors, the Arroyo administration has introduced a new anti-corruption programme, which focuses on three areas of reform: (1) punitive measures that include effective enforcement of anti-corruption laws; enforcement mechanisms within revenue generating agencies with BIR and BOC as showcases; Morality, Lifestyle, and Nightlife Checks; Text-CSC Programme and other programmes to facilitate participation of the public; (2) preventive measures that include the strengthening of anti-corruption laws, improvement of integrity systems; conducting integrity development reviews; and strengthening of financial accountability reforms; and (3) promotion of zero tolerance for corruption through societal values formation that includes values formation and ethics compliance for government officials and employees as well as the strengthening of people's values to achieve zero tolerance.²³

As a jumpstart activity, Arroyo ordered a total of 16 departments, bureaus, and offices to plan and implement anti-corruption projects with these priority actions: (1) reduce corruption in the executive branch with tangible results; (2) prosecute *moto proprio* corruption in high places; (3) make the Bureau for Internal Revenue a showcase agency in the anti-corruption drive; (4) implement e-procurement; (5) make the Bureau of Customs a showcase agency against corruption and stop the "open-drawer" syndrome; (6) reduce red tape by decreasing the number of signatories needed for transactions with the government by half; (7) encourage local government units to streamline operations and slash red tape; and (8) support of fair and speedy trials of the cases against former President Estrada. In response to

her order, and to reduce corruption in the executive branch with tangible results, each agency introduced specific activities, plans, and strategies.

Items marked (*) in Table 1 below are the current initiatives adopted by the Arroyo administration. This first-ever implementation, faster-paced and result-oriented, is one of the characteristics of tactics under the Arroyo administration. Currently, to create the development of a culture of intolerance against corruption and an environment with corruption safeguards, more than 30 agencies are meeting to craft the National Anti-Corruption Agenda.

TABLE 1 National Anti-Corruption Framework (NACF)

Strategic Objective	Result Packages	Project Names
1. Key government transactions made simple, transparent and accessible	<ul style="list-style-type: none"> • Transactions Re-engineering Programme • Information Feed-forward Programme • Public Service Accessibility Programme 	<ul style="list-style-type: none"> • Revenue Collection Process Re-engineering • Procurement Process Improvement (*) • Registration and Licensing Process Re-Engineering (*) • Service Quality Improvement • Transaction Re-engineering in Selected Agencies (*) • Public Service Information Billboards • Mandatory Citizen Charters • Service Delivery Decentralisation • Electronic Transaction (*)
2. Public Service Accountabilities Habitually Practised and Enforced	<ul style="list-style-type: none"> • Programme for Enhancing Justice Administration • Programme for the Executive Branch • Programme for the Legislature 	<ul style="list-style-type: none"> • Whistle Blowers Incentive and Protection • Fast Tracking of High Profile Cases (*) • Enforcing Ethical Standards for Judges and Support Staff • Effective Case Management • Judicial Education • Asset Disclosure System (*) • Corruption Vulnerability Assessment (*) • Key Appointment Watch • Audit the Auditors, Regulate the Regulators • Budget Process Reform • Strengthening the Divestment Procedure • Confirmation Process Reform • “Pork” Control

TABLE 1 National Anti-Corruption Framework (NACF) (cont'd)

Strategic Objective	Result Packages	Project Names
3. Public Servants Made Honest and Service-Oriented	<ul style="list-style-type: none"> • Incentives and Rewards Programme • Programme for Organising Anti-Corruption Vanguard • Integrity Checking and Building Programme 	<ul style="list-style-type: none"> • Pay Scale Decompression • Pay for Performance • Integrity Awards Project • Internal Reformers Club • CESO Anticorruption Vanguard • Activating Public Sector Unions and Employee Associations Against Graft and Corruption • Random Lifestyle Checks (*) • Public Ethics Enforcement • Integrity Month Campaign
4. Public Sensitivity to Corruption Heightened	<ul style="list-style-type: none"> • Civil Society Mobilisation Programme • Anti-Corruption Culture Building Programme • Information and Communication Programme 	<ul style="list-style-type: none"> • Government Wide Report Card System (*) • Civil Society Watchdog (*) • Multi-Sectoral Integrity Pacts • Anti-Corruption Public Education Program (*) • Good Individual and Corporate Citizenship Campaign • Anti-Corruption Websites • Open Public Documents • Mass Media Express of Corruption • Communication Programme Against Corruption
5. Institutional Platform Against Corruption Strengthened	<ul style="list-style-type: none"> • Policy Reform Programme • Programme on Strengthening Anti-Graft and Corruption Bodies • Anti-Corruption Campaign Sustaining Mechanisms 	<ul style="list-style-type: none"> • Anti-Corruption Legislative Agenda • Strengthening the Anti-Corruption Laws • Regulatory Reform • Electoral Reform • Intensifying Enforcement Capability of Anti-Graft and Corruption Bodies (*) • Enhancing Capability of Investigatory Bodies • Enhancing Capability of Prosecutorial Bodies • Anti-Graft and Corruption Programme Facilities • Programme Watch (Monitoring and Evaluation)

SOURCE: Development Academy of the Philippines, "Making National Anti-Corruption Policies and Programs More Effective," (Manila: unpublished paper, 2001).

* Projects or similar projects carried out by President Arroyo's administration

Achievements of Government Agencies

The year 2000, before Arroyo was appointed as president, is widely perceived as a period of rising governance deficit in the Philippines due to Estrada's case and other incidents. However, progress has been made in programmes combating corruption since Arroyo became president. Various anti-corruption measures have been implemented on the basis of the abovementioned eight priority actions, through public awareness campaigns, and the promulgation of laws and orders. Anti-corruption efforts have been initiated at two levels: at the national level, by the Office of the President and Office of Ombudsman; and at the local level by all government agencies, including the local government. Table 2 provides details of the new laws and executive and administrative orders related to anti-corruption, passed since 2001. Two presidential commissions, one advisory council and a number of taskforce teams were newly established. Two proclamations to boost public awareness and several government codes and orders for streamlining and rationalisation of agencies were announced.

TABLE 2 New laws, executive orders, rules and regulations related to anti-corruption and bureaucratic reform introduced from 2001 to present

First term (2001–2003)	Second term (2004–present)
<ul style="list-style-type: none"> • First Administrative Order to prohibit government agencies from entering into any business contracts with the president's relatives or those of her husband. (2001) • Republic Act 9184. Procurement Reform Act was passed. (2002) • Executive Order No.12.Presidential Anti-Graft Commission (PAGC) was established.(2001) • Anti-Money Laundering Act was passed. (2003) • Executive Order No. 114. Restructuring of BIR towards a Taxpayer's Focused Organization. (2002) • Executive Order No. 109.Streamlining the rules and procedures on the review and approval of all contracts of departments, bureaus, offices of the government. (2002) • Executive Order No. 72. Rationalizing the agencies under or attached to the Office of the President (2002) • Executive Order No.25. Governance Advisory Council was established.(2001) 	<ul style="list-style-type: none"> • Executive Order 366. Authorizing the rationalization of the bureaucracy in order to reduce the fiscal burden and improve the delivery of public services. (2004) • Proclamation No. 828 "Declaring A Decade (2005-2015) of Good Governance and Good Citizenship to Fight Corruption and to Eradicate Poverty" (2005) • Proclamation No. 591 "Declaring the Month of May of Every Year as "Anti-Graft and Corruption Awareness Month" by the President. (2005) • Executive Order No. 314. Presidential Commission on Values Formation (PCVF) was created. (2004) • Executive Order No. 251 requiring BIR to furnish the OMB with income tax returns filed. (2004) • Task Force on Anti-Smuggling (EO 385) was created.

TABLE 2 New laws, executive orders, rules and regulations related to anti-corruption and bureaucratic reform introduced from 2001 to present

First term (2001–2003)	Second term (2004–present)
<ul style="list-style-type: none"> • Executive Order No.40. Consolidating procurement rules and procedures for all National Gov. agencies and requiring the use of the Government Electronic Procurement System. (2001) • Executive Order No. 38. Reorganizing and extending the life of Special Task Force at the BIR, BOC and other agencies. (2001) • UN Convention against Transnational Organized Crime (ratified May 2002) • Signified UN Convention Against Corruption (Sep. 2003) 	

More specifically, the achievements of the government agencies based on the eight priority actions launched by the president in 2001 are indicated below.²⁴

First term of the Arroyo Administration (2001–2003)

- By 2002, 17 government agencies have reduced red tape in their departments by cutting down by half the number of signatures required in their transactions.
- By June 2001, 42 cities, 14 capital towns, 26 municipalities in growth centres and 41 non-target municipalities streamlined civil application systems.
- By June 2001, the PAGC achieved zero-backlog in investigation and hearing of cases filed. 192 cases were resolved, including 171 cases inherited from the previous PAGC leadership.
- The Department of Justice (DOJ) was granted deputation by the OMB to allow DOJ Prosecutors to participate in the active conduct of cases against former President Estrada. It provided legal assistance in terms of research and preparation of pleadings.
- An e-procurement programme has been initiated to save millions and minimise anomalies.²⁵
- The tracking and monitoring system in BIR offices to track or monitor taxpayer compliance generated the collection of 7,049 billion pesos.
- At the Department of Finance, the processing time for tax credit and duty drawback claims has been reduced from 112 working days to 60 working days at the BOC, and from 2 years to 120 working days at the BIR.
- The BIR filed 92 administrative cases against erring revenue personnel from January to April 2002.

- The BIR implemented the Public Awareness Programme by conducting 186 seminars on the Code of Conduct. By May 2002, a total of 11,314 BIR employees or 95.98 percent of the total workforce have attended the seminar.
- Posting of flowcharts at the lobby of government agencies with frontline services showing the processes and steps in business transactions.
- The Department of Public Works and Highway (DPWH), signed a Memorandum of Agreement with a local nongovernmental organization to allow it to observe actual bidding procedures.
- Anti-Red Tape Seminar Workshop on “Streamlining Regulatory Systems” provided for local officials and functionaries of 112 cities, 37 capital towns, and municipalities.
- Agreement between Mandaue City Office and Department of Interior and Local Government (DILG) for free consultancy services in the implementation of the Anti-Red Tape Project was signed in May 2002.
- The Land Transportation Office (LTO) launched “LTO Kiosks” in vicinities without LTO offices reducing processing time in renewal of driver’s licences from 90 days to 15 minutes.
- Three bills on political financing were introduced into the Senate in December 2002.²⁶
- New Government Accounting System (NGAS) was implemented in January 2002.²⁷
- The Customs Valuation Bill that limits the discretion of customs officers to question or determine values at the border was ratified.
- The Security and Exchange Commission adopted the Code of Corporate Governance.

Second term of the Arroyo Administration (2004–present)

- In the Office of the President, a total of 125 agencies were either abolished or properly aligned/subsumed under the different departments/agencies to demonstrate leadership in structural and functional fitness.
- The PAGC conducted an integrity check on six public agencies nationwide. Along this line, lifestyle checks and anti-graft units were formed in six agencies.
- The President ordered the PAGC to hire 80 investigators and a support staff of 20 to carry out effectively.
- By May 2004, the PAGC resolved 950 cases filed against Presidential appointees, including 47 cases with punitive recommendations.
- 159 lifestyle checks were conducted on government officials and more than 100 cases were endorsed to the Office of the President and the OMB.
- The Department of Budget and Management (DBM) was ordered to allocate

35 million pesos for the OMB to recruit 50 lawyers for its investigation and prosecution work.

- The business community launched the Philippine Integrity Fund (PIF) to help the OMB hire the best lawyers, accountants, researchers and investigators
- The number of prosecutors in the OMB increased from 52 to 104 after additional funding was provided by the President. This resulted in an improvement in the conviction rate from 6 to 14 percent.
- The Solana Covenant, a joint anti-corruption plan involving the Civil Service Commission, Commission of Audit, and the OMB was forged.²⁸
- In the BIR, new tax administration measures were established to minimise corruption practices. In the BOC, the Customs Integrity Action Plan was formulated as the working guide for its anti-corruption programmes.
- By June 2004, the E-Procurement System saved 173 million pesos and some 7,173 suppliers and 2,522 agencies were registered.
- From January 2001 to May 2004, 140 formal charges were filed against 136 BIR personnel involved in corruption.
- 83 corruption cases were filed against 128 BOC personnel since January 2001.
- The Government created direct feedback mechanisms through short message service (SMS) for immediate response to complaints.
- The Philippines National Police (PNP) established an Internal Audit Office.
- A law that will make the OMB like Hong Kong's Independent Commission Against Corruption (ICAC) will be introduced to strengthen and expand the OMB's institutional capability.
- A "Scoreboard" to monitor the implementation of the existing anti-corruption plan and strategy is being considered.

Many of the above activities are carried out under a scheme of bureaucratic reform including procurement reform, yet all of these activities are directly or indirectly linked to reducing corruption opportunities in the government. While many positive features are highlighted in many agencies, some comments and questions can also be raised. The following is a brief assessment of the various achievements.

A survey conducted in January 2004 shows that close to three-quarters of business persons perceive that a government agency has simplified transactions.²⁹ 17 percent of respondents have cited simpler transactions in the BIR, a showcase agency for fighting corruption. This is the second highest rate next to Land and Transport Office (see Table 3). However, the public still considers the BIR and BOC as two of the most corrupt agencies. Table 4 shows the BIR still ranking as the lowest third in terms of sincerity of government agencies in the fight against corruption.³⁰ Indeed, the net rate for the past five years shows further deterioration. In short, there is a gap in awareness between business persons and the general public.

TABLE 3 Agencies whose transactions were simplified (%)

Land and Transport Office (LTO)	25
Bureau of Internal Revenue (BIR)	17
Local Permits	11
Business Permits	9
SSS (Social Security System)	8
SEC (Security & Exchange Commission)	6
Local Taxes	5
National Bureau for Investigation	4
DTI (Department of Trade and Industry)	4
Bureau of Customs (BOC)	4

SOURCE: Social Weather Station, Manila.

TABLE 4 Net sincerity ratings of government agencies in fighting corruption

Government Agency	2000	2001	2003	2004	2005	Level
SEC (Security & Exchange Commission)		+51	+65	+68	+55	Very Good
PSE (Philippine Stock Exchange)					+52	Very Good
Supreme Court	+39	+50	+65	+59	+48	Good
Department of Health	+17	+58	+61	+57	+40	Good
OMB	-5	-7	+21	+28	+22	Moderate
Sandiganbayan (anti-corruption court)	+16	+21	+33	+27	+19	Moderate
Office of President	-34	+53	+39	+22	+13	Mediocre
PAGC			+1	+11	+5	Mediocre
DILG (Dept. of Interior/Local Gov)			-8	-14	-17	Poor
Philippine National Police	-24	-51	-35	-48	-42	Bad
Land and Transport Office			-23	-47	-45	Bad
BIR (Bureau of Internal Revenue)	-74	-55	-51	-57	-59	Very Bad
DPWH (Dept. of Public Works/Highway)	-68	-45	-59	-63	-66	Very Bad
BOC (Bureau of Customs)	-83	-71	-65	-69	-75	Very Bad

SOURCE: 2005 SWS Survey of Enterprises on Corruption.

NOTE: Net = Gross Sincerity – Gross Insincerity

No significant progress can be seen in supporting fair and speedy trial of cases against former President Estrada, which is one of the Arroyo administration's anti-corruption strategies. The survey conducted by the SWS in 2005 found that 54 percent of the respondents believe that the pace of the trial is "much too slow" while only 34 percent said that trial was moving at the right pace.³¹ The satisfaction rate was much higher when the same survey was conducted in April 2002, which showed that 66 percent of the respondents were satisfied with the trial.

Several government agencies conducted training programmes and workshops on ethics, anti-corruption, and other topics. For instance, more than 95 percent of the BIR staff attended anti-corruption related seminars. How effective are these events and what comes next? Merely conducting training programs and workshops does not necessarily curb corruption practices. The effectiveness of the anti-corruption units or task forces which were established inside the agencies such as in the Philippines National Police is yet to be evaluated as this is a question of limited enforcement and preventive role within the agencies.

Short Message Service (SMS) can be a new innovative tool for receiving claims, preventing and detecting possible corruption. The Indonesian government, for example, recently introduced the same services. Since then, the government has received positive feedback, however, it has to deal with more than a hundred messages daily. This makes it difficult in handling all the claims and ascertaining which sources are reliable. Developing a complaint handling mechanism will result in smooth transactions.

The evaluation of the PCVE, which was established in 2004 to teach moral values in the government and promote early education on anti-corruption, is still premature and questionable. Should this function not be the work and responsibility of the Department of Education or the OMB which has an anti-corruption education section? Is this creating another overlap of the jurisdiction? **Above all, the basic question is whether these initiatives are sustainable or not. In fact, the nonsustainability of the country in terms of anti-corruption and moral recovery of the government programme and activities is repeated in history, which has left the level of corruption unchanged.** Continuing to drive the implementation of agency-specific anticorruption programmes and periodically communicating progress to the public is vital.

Evaluation of President Arroyo's Anti-Corruption Strategy

The anti-corruption activities in the Philippines can be considered more dynamic compared with those in the neighbouring Asian countries where corruption is rampant like Indonesia, China, and Vietnam, and could mainly be attributed to the following factors: (1) the country's high level of press freedom and freedom of speech of the citizenry, bringing anti-corruption activities to the forefront; (2) a leadership spearheaded by the president committed to combating corruption exists; (3) government endorsement of most regulations on anti-corruption activities and people; (4) the use of English as an official language, allowing information on international movements on anti-corruption to be easily updated and shared with the international society with no time lag; (5) the government's sufficient knowledge and experience in building anti-corruption framework and strategies; (6) active involvement of civil society organisations in advocating

anti-corruption activities in the country; (7) high public awareness of corruption issues, especially after the two bloodless revolutions in 1986 and 2001; and (8) the government being fully supported by the international donors in implementing anti-corruption activities.

In addition to the above factors, despite many forms of corruption being unique to specific government agencies and functions, it is in theory relatively smooth to make progress in the government when the necessary preconditions exist. According to the World Bank, there are four preconditions: (1) the size of agencies and departments is relatively small; (2) their mandates are narrow, well defined, and can easily be subject to scrutiny and reform; (3) ambiguous legislation and administrative orders can be clarified or rescinded; and (4) business processes can be broken down into discrete components and evaluated.³²

Yet Arroyo's government has admitted that progress in anti-corruption efforts is still slow.³³ To manage the fight against corruption in the Philippines, the government must address several issues such as the weak enforcement of anti-corruption laws; the need to reinvigorate the anti-corruption agencies and improve their coordination; the low social awareness and high tolerance for corruption; the need to institutionalise government-civil society-business collaboration; and the need to strengthen integrity and accountability in government-business transactions.³⁴

The results of the past five years of anti-corruption efforts are evaluated below.

Extent of Corruption: The Past Five Years

(a) Public Perceptions

Although a series of anti-corruption activities have proactively and consistently been made, the public perception of corruption remains unchanged or even worsened. A recent public survey finds 59 percent dissatisfied with the performance of President Arroyo, giving her a net satisfaction rating of -33. This is the lowest approval rate for any president since Marcos.³⁵ The rating on “eradicating graft and corruption” also shows discouraging results. In March 2005, the net rate (-30) is the second most unsatisfied among 15 other items, followed by “fighting inflation.”³⁶ This rate is unchanged since it was last surveyed a quarter ago. However the rate is 16 points lower than the survey of 2003.

Transparency International (TI) conducted a survey in 2004 and asked the respondents this question: “Will corruption get worse over the next three years?” Surprisingly, seven out of ten respondents felt that corruption would increase, and only 14 percent believed that corruption would decrease. This was the third highest percentage among the 61 countries surveyed (see Table 5).³⁷

TABLE 5 Will corruption get a lot worse over the next three years?

Percentage of respondents who answered “yes”	
Ecuador	62%
Costa Rica	61%
Philippines	54%
Sample average	21%

SOURCE: Transparency International Global Corruption Barometer 2004.

This question on the likelihood of corruption levels getting better or worse is an indicator of the relative success of the fight against corruption. If the general public shows optimism, they may have been given reason to believe that real efforts are underway to curb corruption and promote transparency.³⁸ On the contrary, if the public is pessimistic, they are likely to be reacting to a more adverse set of circumstances, such as lack of political will or lack of coordination or effectiveness of the anti-corruption efforts. Normally such a pessimistic result may also reflect insufficient public knowledge about anti-corruption reforms. However, the Philippines’ case does not apply as public debate on corruption in this country is high. Is it then a lack of political will or coordination of the anti-corruption efforts? Does this mean that the public feels that the government is losing the war on corruption? The answers to these questions are complex, but one of the reasons is a slow progress to improve the economy and the effectiveness of the government, and a strong perception of the “capture of the state” that biases public decision making towards favouring the negative perception on the prospects of curbing corruption.

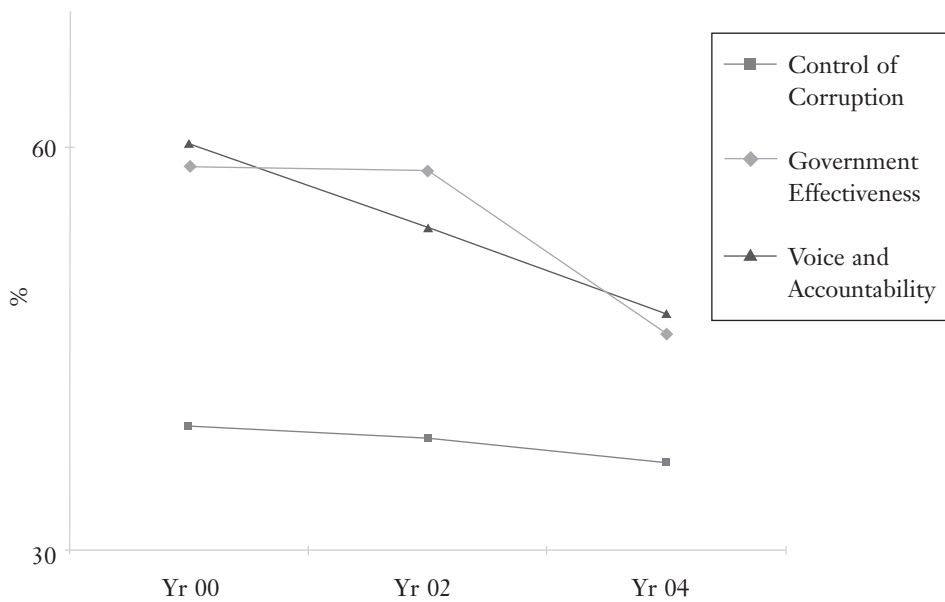
While there are discouraging signs for the government, the private sector’s indignation and willingness to financially participate in fighting corruption is growing rapidly. According to the enterprise survey, more than 50 percent of respondents say their company’s net income would rise if government corruption is reduced to that of Singapore.³⁹ Respondents, therefore, have reasoned that an anti-corruption programme is a good investment with 76 percent saying that they are willing to donate a certain percentage of their net income to a programme that commits to halving corruption in ten years. The average percentage of income they are willing to donate to an anti-corruption fund now stands at 5 percent.⁴⁰

(b) Corruption and Governance Elements

The newly developed Governance Index in 2004 indicates that all governance related items, namely, control of corruption, rule of law, regulatory quality, government effectiveness, political stability, voice, and accountability in the Philippines have been constantly declining for the past five years (see Table 6).⁴¹ Table 7 shows that the governance indicators from cross-country database indicates that except voice and accountability, all the government elements are lower in the Philippines than the

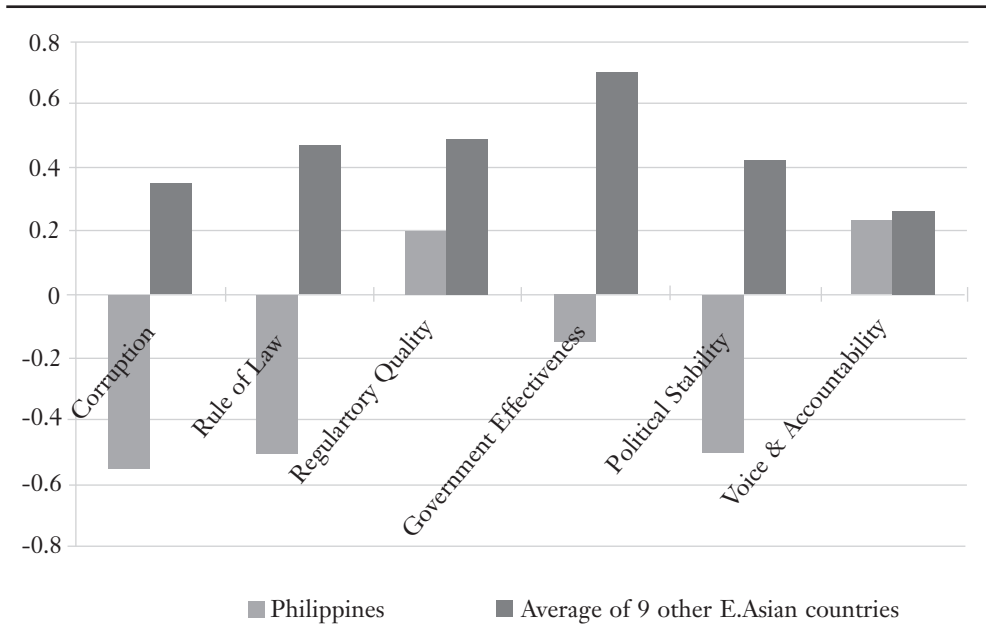
other East Asian countries. This means that the Philippines' competitive ranking has declined, and its lacklustre investment climate can be attributed mainly to its high level of perceived corruption (see Table 8). Looking at these data and the public perception on corruption, the government needs to face squarely the corruption problem which is now becoming worse and showing no hope of improvement.

TABLE 6 Selection of Governance Index (2000–2004)⁴²
Higher percentage implies better governance rating



SOURCE: D. Kaufmann, A. Kraay and M. Mastruzzi, "Governance Matters IV: Governance Indicators for 1996–2004" (Washington D.C.: World Bank, 2005). See <http://www.worldbank.org/wbi/governance/pubs/govmatters4html>.

TABLE 7 Governance indicators among East Asian countries



NOTE: The six indicators aggregate several hundred survey-based variables on perception of governance for almost 200 countries and territories. The indicators are normally distributed with a mean of 0 and a standard deviation of 1. The nine other East Asian economies are China, Hong Kong, Indonesia, Korea, Malaysia, Singapore, Taiwan (China), and Vietnam. Source: D. Kaufmann, A. Kraay and M. Mastruzzi, “WBI Governance Indicators” and from “Country Assistance Strategy for the Republic of the Philippines,” (Manila: World Bank Office, 2005).

TABLE 8 Competitiveness ranking of East Asian countries

Country	2000	2001	2002	2003	2004
China	24	26	28	29	24
Indonesia	43	46	47	57	58
Malaysia	26	28	24	21	16
Philippines	35	39	40	49	52
Singapore	2	3	8	4	2
Thailand	31	34	31	30	29

SOURCE: World Economic Forum, 2004.

NOTE: These rankings are among all the countries worldwide; the lower the number, the more competitive the country.

Issue of “pork barrel”

Discretionary funds effectively administered and allocated by Senators and Congressmen for local projects are commonly known as “pork barrel.” This is also a known source of kickbacks for these legislators. Legislators get kickbacks

from various infrastructure projects, resulting in shoddy roads, bridges and school buildings.⁴³ The issue has long been debated, but no concrete decisions nor visions have been made clear. The National Anti-Corruption Framework adopted the “Pork Control” project in 2000, however it has never been implemented. This issue was also not directly dealt with in the donor’s recommendations to President Arroyo in 2001. According to the TAN Poll Survey in June 2005, 95 percent of the public agree in reducing pork barrel by 50 percent.⁴⁴ In order to recover public trust and implement a legislative reform, the president should pay more attention to this particular subject.

Overlapping anti-corruption jurisdiction in the government

Strengthening existing anti-corruption bodies is one of the key elements for President Arroyo’s second term. Presently, a total of 17 government agencies are given functions against corrupt acts.⁴⁵ However, although the basic mandates of each agency are defined, many have overlapping jurisdiction, often diffusing anti-corruption efforts. This creates poor coordination in policy and programme implementation, weak management and wastage of resources. Currently, the Inter-Agency Anti-Graft Coordinating Council (IACC) plays the coordination role, but in reality, it is not active. The OMB and PAGC, the two main anti-corruption agencies, have some overlapping activities such as promoting and investigating role. The PAGC began promoting preventive measures against corruption which is the principal role of the OMB while it had only heard and investigated complaints against erring presidential appointees at the beginning. For example, the PAGC becomes the primary agency to conduct “lifestyle checks” on government officials, with the OMB as the enforcer. The PAGC is now trying to transform itself into the model of Hong Kong’s ICAC.⁴⁶ The mission and responsibility of each anti-corruption agency must be clearly defined and coordinated to avoid the inefficient duplication of duties.

Looking back at the country’s history, it is noteworthy that most past presidents have created their own anti-graft agencies. Table 9 shows seventeen anti-corruption investigation institutions being formed by nine presidents since the 1950s. The frequent change of institutions also creates instability and inconsistency of the policy and mandate of the anticorruption agencies.⁴⁷ Some agencies were even used as a political tool, and some did not function properly according to the mission and mandate especially during the Marcos and Estrada presidencies. Jak Jabes of the Asian Development Bank has stated that “countries that are more successful in fighting corruption have one independent anti-corruption agency. If you multiply the number of agencies dealing with corruption, you dilute the situation.” Having one strong independent leading anti-corruption body or leading agency is desirable to avoid these problems.⁴⁸ In this sense, the government’s decision for strengthening the function of the OMB, the constitutionally mandated lead agency for combating

corruption having the power to investigate and prosecute violations of the anti-corruption laws, seems to follow the right track. Experience elsewhere has shown that the ombudsman's effectiveness rests on political support, adequate resources, public perception, functional competence, and regulatory value.⁴⁹

TABLE 9 Presidential anti-corruption agencies in the Philippines

Name	President	Period
1. Complaints and Action Committee	Ramon Magsaysay	Dec 1955–Jul 1958 (4 years and 7 months)
2. Pd Action Committee	Ramon Magsaysay	Dec 1955–Jul 1958 (4 years and 7 months)
3. President Committee on Administrative Performance and Efficiency	Carlos Garcia	Jul 1958–Dec 1961 (2 years and 5 months)
4. Presidential Anti-Graft Committee	Carlos Garcia	Feb 1960–Dec 1961 (13 months)
5. Presidential Anti-Graft Committee	Diosdado Macapagal	Jan 1962–Jan 1966 (4 years)
6. Presidential Agency on Reforms in Gov. Office	Ferdinand Marcos	Jan 1966–Sep 1966 (8 months)
7. Presidential Complains and Action Office	Ferdinand Marcos	Sep 1966–Oct 1967 (1 year)
8. Presidential Agency on Reforms and Government Operations	Ferdinand Marcos	Oct 1967–Feb 1970 (2 years and 4 months)
9. Complaints and Investigation Office	Ferdinand Marcos	Feb 1970–Feb 1986 (16 years)
10. Public Ethics and Accountability task Force	Corazon Aquino	1986–1988 (approximately 2 years)
11. President Commission on Good Governance (PCGG)	Corazon Aquino	Feb 1986–present
12. Presidential Commission Against Graft and Corruption (PAGC)	Fidel Ramos	Feb 1994–Jun 2000 (over 6 years)
13. Inter-Agency Anti-Graft Coordinating Council (IAAGCC)	Joseph Estrada	Aug 1999–present
14. Presidential Committee on Effective Governance (PCEG)	Joseph Estrada	Oct 1999–present

TABLE 9 Presidential anti-corruption agencies in the Philippines

Name	President	Period
15. National Anti-Corruption Commission (NACC)	Joseph Estrada	Jul 2000–Apr 2001 (10 months)
16. Presidential Anti-Graft Commission (PAGC)	Gloria M. Arroyo	Apr 2001–present
17. Governance Advisory Council	Gloria M. Arroyo	Jul 2001–present

SOURCE: Eric C. Batalla, “De-Institutionalizing Corruption in the Philippines,” in *Combating Corruption in East Asia*, ed. Antonio C. Pedro Jr. (Manila: The Yuchengco Center for East Asia, De La Salle University, 2001), 47.

In addition to the need for coordination among the anti-corruption government bodies, establishing a third party group to monitor a check and balance system among institutions is also important to ensure the transparency and accountability of the governmental system.

Anti-corruption campaign and education

The second term of the Arroyo administration focused on public awareness as a strategic tool. Normally, when there is little or no opening for reform, anti-corruption strategies should concentrate on social measures by increasing awareness of the problem. On the other hand, if there is partial or significant opening for reform, the strategies should focus more on institutional reform. Although prevention is less costly and sustainable than cure, and anti-corruption efforts should be geared towards the creation of a culture of intolerance and the formation of an environment, repeating the same practices by different presidents does not produce positive effects. Assessing the Philippines case where political will appears to be strong, fostering anti-corruption network has already been established for years and public awareness on corruption issues is consistently high; but strategies need to be reconsidered into a different setting. In fact, a survey in 2000 shows the public's knowledge on how to fight corruption. A majority of the public believe that imposing stiffer penalties for corruptors is a very effective tool, while some believe that fewer signatures on paper and increase of salaries are less effective.⁵⁰

Lifestyle checks and integrity development review

According to the Presidential Spokesman, Ignacio R. Bunye, lifestyle checks and e-procurement programme are “two very important steps” by the Arroyo administration.⁵¹ “Lifestyle checks” are now becoming the President's centrepiece project. In October

2002, such checks were ordered on all government officials, including the police and military. Lifestyle checks aim to determine whether salaries from the government are sufficient to sustain living standards with public servants corruptly sourcing additional funds.⁵² By June 2004, 159 lifestyle checks on government officials and more than 100 cases were endorsed to the PAGC and the OMB. Among those recently dismissed were a DPWH undersecretary and a BIR director.⁵³

According to Quimson, this initiative has already encountered some loopholes. First, the reform initiative so far has exposed low-profile and middle-ranking officials, and proved largely ineffective against high-level officials.⁵⁴ In part, this is because it is easier to detect the ill-gotten gains of lower-ranking officials due to the local spending behaviour of this group. The PAGC, a primary agency for this initiative, has problems of jurisdiction and resources. For example, the investigation of the BIR personnel was blocked by the Supreme Court on the grounds that the case was beyond the PAGC's jurisdiction, and only a minority of cases have fallen under the PAGC's mandate.⁵⁵ Hopefully this will be solved by the decision made by the government to post 80 investigators and 20 support staff to the PAGC. Quimson has also raised questions on the methodology for using the lifestyle checks. First, a risk that lifestyle checks may develop into witch-hunts by department heads against their superiors, and rivalries may become motives for accusations with the risk of harassment. Second, lifestyle checks sometimes conflict with confidentiality and privacy concerns, and civil rights problems may also arise. Thirdly, offenders may intensify capital flight and money laundering abroad, making the exposure of high-ranking officials more difficult.⁵⁶

Another new tool designed is the Integrity Development Review (IDR), which aims to build the institutional foundations to prevent corruption before it occurs. The IDR entails a systematic diagnosis of the corruption resistance mechanisms in place in an agency and its vulnerabilities to corruption. The process is undertaken with the use of two major tools: corruption resistance review and corruption vulnerability assessment. Corruption resistance review is a guided self-assessment that provides set standards that each agency can assess itself regarding its efforts to develop integrity in the workshop.⁵⁷ Corruption vulnerability assessment is a detailed examination of high-risk activities and assesses the probability that corruption occurs or will occur and not be prevented or detected in a timely manner by the internal controls in place. Based on this, a detailed investigation and risk assessment of selected functions, processes, procedures, activities and controls is carried out.⁵⁸ These reviewing tools can be another weapon in the fight against corruption, provided that (1) sufficient and accurate data and information to conduct checks are provided by each government agency; (2) appropriate and needy action plans in each government are made based on the findings, as it is likely that same results and identification of risks would come out; (3) results for this review would make a difference compared with past studies; and (4) detailed results would be shared among civil society organisations and the public in a timely fashion.

Although anti-corruption activities are still on-going, and the final evaluation is yet to be made by public opinion, it is fair to say that various efforts have been initiated by each government agency under the leadership of President Arroyo. Her political pledge has been sincerely kept so far and results were delivered. While vigorous and credible programmes to tackle corruption still deserve high priority, it is also time to reflect and assess past best practices, and reset longer term goals. At the same time, the government should recognise the record high rate of dissatisfaction on the president's performance, and the pessimistic views against the never ending corruption in the Philippines. The government should also realise that 89 percent of the public think that there is corruption in the government, which shows a rate higher than that before Arroyo took the presidential post.⁵⁹

Some of the pending issues which were often proposed in the past need to be carefully reviewed for adopting new programmes rather than coming up with new and more ambitious plans. Some might be difficult to challenge, yet they are crucial for the government to curb corruption. Among these are targeting police and military as the next priority agencies for reform; focusing on private firm bribery and support improvement in corporate governance and competition policies; reforming public servants' remuneration; judiciary reform such as measures to streamline the courts and shorten decision periods; the issue of nepotism; "pork barrel" legislative agenda; enhanced disclosure of information; whistle-blowers' incentive and protection; fast tracking of high profile cases; and electoral reform.

Corruption in the Philippines is systematic and deep-rooted. There is no doubt that it will take years to overcome this serious problem. **President Arroyo is confident that** her government's campaign against corruption would bear fruit in six to seven years at the end of her term.⁶⁰ A former Hong Kong ICAC official also gave affirmative comments that it would take less than seven years to reduce the extent of corruption.⁶¹ If this initiative continues, then how much corruption will be reduced by that time? The history of anti-corruption efforts in this country is long, but though many agencies seem to have made significant and sustainable progress, the extent of corruption has not changed. The public reaction for not actively reporting corruption incidence as "nothing will be changed anyway" exemplifies their sentiment of "mission impossible." The public will need to have more confidence that the anti-corruption reforms will strengthen good governance and that the government will be held accountable.

Anti-corruption activities under the Arroyo administration are now entering a second phase. Establishing a new version of the National Anti-Corruption Framework, which is realistic and can be utilised for years, even for the next president, and a full fledged commitment by the president and each government body with a strong public support are essential tools for ensuring the success of the Philippines in curbing corruption.

NOTES

- 1 Gloria Macapagal-Arroyo, Inauguration Speech of 20 January 2001, Republic of the Philippines.
- 2 Gloria Macapagal-Arroyo, State of the Nation Address, 26 July 2001, Republic of the Philippines.
- 3 Ledivina Carino, "Initiatives Taken Against Corruption: The Philippine Case," (Manila: unpublished paper, University of the Philippines, 1998).
- 4 Social Weather Station "Satisfaction with National Administration Improved on many issues," June 2001 and 2005. See <http://www.sws.org.ph>.
- 5 National Economic Development Authority, *Medium-Term Philippine Development Plan 2001–2004* (Manila: NEDA, 2001).
- 6 *Ibid.*
- 7 National Economic Development Authority, *Medium-Term Philippine Development Plan 2004–2010* (Manila: NEDA, 2004), 249.
- 8 *Ibid.*, 250.
- 9 The president introduced new measures which stress (1) economic growth; (2) government anti-corruption campaigns; (3) modernisation of the educational system; (4) energy improvement; and (5) food for the masses. (State of the Nation Address on 26 July 2004).
- 10 Gloria Macapagal-Arroyo, State of the Nation Address, 26 July 2004, Republic of the Philippines.
- 11 The PAGC has two predecessors. In February 1994, the Presidential Commission Against Graft and Corruption (PCAG) was created, but was replaced by the National Anti-Corruption Commission (NACC) in July 2000. However, the NACC was never activated.
- 12 The PCEG was established in 1999 to oversee the formulation and implementation of an agenda for strengthening and streamlining the public sector. It is the highest level of anti-corruption agency in the government since it is headed by the Executive Secretary, with the Secretary of the Department of Budget and Management as its Vice Chairman.
- 13 This council is expected to advise the president on a wide range of governance issues and will recommend reforms for corporate and government behaviour. It will be responsible for promoting a Philippines Code of Corporate Governance and a Code of Ethics and for a developing a Philippine Corporate Governance Awards Programme.
- 14 NEDA, *Medium-Term Philippine Development Plan 2004–2010*, 249.
- 15 Government of the Philippines, "GMA orders beefing up of anti-graft commission," <http://www.gov.ph.org>., accessed 6 October 2004.
- 16 "Philippines' anti-corruption drive can work, says Senator," *Asia Pulse*, 4 April 2005.
- 17 According to Robert Schwart of the World Bank, as many as 95 percent of e-government projects in developing countries have experienced failure due to weak planning, political intervention, and bureaucratic impediments. It is estimated that approximately 35 percent of e-government projects in developing countries are total failures, while 50 percent of such

- projects are partial failures. See “Majority of e-Government projects in developing countries fails,” *Investor Daily Indonesia*, 8 November 2004.
- 18 This section is based on the following materials: Development Academy of the Philippines, “Making National Anti-Corruption Policies and Programs More Effective,” (Manila: unpublished paper, 2001); DAP, “The Anti-Corruption Framework and Program of the Filipino People Under the Estrada Administration,” (Manila: unpublished paper, 2000) and the restricted papers and reports shown by the DAP which the author informally borrowed, and an interview with the DAP officials.
 - 19 World Bank, *Combating Corruption in the Philippines: An Update* (Manila: World Bank Office, 2001).
 - 20 The reasons include (1) Estrada's corruption scandal, in which the activity of National Anti-Corruption Commission, an old version of the PAGC, was suspended; (2) change of the president and her administration; (3) lack of project funds; and (4) the DAP not being an executing agency, leaving the implementation of projects to other government agencies.
 - 21 These donors included the World Bank, Asian Development Bank, United Nations Development Programme, Australian Agency for International Development, United States Agency for International Development, and the Canadian International Development Agency.
 - 22 World Bank, *Combating Corruption in the Philippines: An Update*.
 - 23 NEDA, *Medium-Term Philippines Development Plan 2004-2010*, 251.
 - 24 The sources are from: *Medium-Term Philippine Development Plan*, State of the Nation Address 2004, SONA Updates, Government News and media news.
 - 25 The e-procurement programme reduced textbook costs by an estimated 40 percent, and drug costs were also reduced by an estimated 27 percent, but competitive bidding has also contributed to these cost reductions.
 - 26 The aims of the three bills are to (1) strengthen the political party system by providing funds; (2) provide for the institutionalisation of campaign finance reform; and (3) establish a presidential campaign fund to cover allowed expenditure in presidential and vice-presidential elections.
 - 27 The NGAS aims to (1) simplify government accounting; (2) conform to international accounting standards; and (3) generate periodic and relevant financial statements for better performance monitoring.
 - 28 ab This lists concrete and doable initiatives to be undertaken within the next five years, such as the establishment of a database for the statement of assets, liabilities, and net worth (SALN) that the CSC will run, together with procedures to enhance compliance and monitoring, etc. See NEDA, *Medium-Term Philippine Development Plan 2004-2010*.
 - 29 Social Weather Station “Fourth Enterprise Survey on Corruption,” January 2004.
 - 30 Social Weather Station, “2005 SWS Survey of Enterprises on Corruption,” March 2005.
 - 31 *People's Daily* (April 20, 2005)
 - 32 World Bank, *Combating Corruption in the Philippines* (Manila: World Bank Office, 2000), xi.
 - 33 NEDA, *Medium-Term Philippine Development Plan 2004-2010*, 250.

- 34 Ibid.
- 35 Social Weather Station. Only 26 percent of Filipinos were satisfied with the president's performance.
- 36 Ibid.
- 37 Transparency International, "TI Global Corruption Barometer 2004," (Berlin: Transparency International, 2004), 11. (54 percent: increase a lot, 16 percent: increase a little, 15 percent: stay the same, 3 percent: decrease a lot)
- 38 Ibid.
- 39 Ibid.
- 40 Social Weather Station "The 2005 SWS Survey of Enterprises on Corruption," (Manila: SWS, 2005).
- 41 D. Kaufmann, A. Kraay, and M. Mastruzzi, "Governance Matters IV: Governance Indicators for 1996–2004," (Washington, D.C.: World Bank, 2005). See <http://www.worldbank.org/wbi/governance/pubs/govmatters4.html>.
- 42 Table 7 depicts the percentile rank on each governance indicator. The percentile rank indicates the percentage of countries worldwide that rate below the selected country (subject to a margin of error). Selected comparator (if any) is depicted by the lower bar for each governance indicator.
- 43 The *Philippine Daily Inquirer* also revealed that kickbacks range from a low 19 percent to a high 52 percent of the project cost. *Philippine Daily Inquirer*, 8 May 2002
- 44 See Transparent Accountable Governance at <http://www.tag.org.ph>.
- 45 Development Academy of the Philippines, "Making National Anti-Corruption Policies and Programs More Effective." The anti-corruption agencies can be classified into four categories: (1) constitutional anti-corruption agencies; (2) regular anti-corruption agencies; (3) presidential commissions and committees; and (4) inter-agency committees.
- 46 See Transparent Accountable Governance at <http://www.tag.org.ph>.
- 47 There were three reasons why these agencies were under insufficient operational conditions namely: (1) lack of professionalism in the unit; (2) lack of budget for carrying out tasks; and (3) lack of political commitment and leadership.
- 48 Government of the Philippines; *www.gov News* "Sen. Roxas says RP's anti-drive can work" (3 April 2005)
- 49 World Bank, "Using an Ombudsman to Oversee Public Officials," PREM Note 19 (Washington: World Bank, April 1999).
- 50 Social Weather Station, National Survey, December 2000.
- 51 Government of the Philippines, "World Bank cites GMA's success in fight vs. corruption," SONA Update 19 March 2005. See <http://www.gov.ph.org>.
- 52 A lifestyle check consists of four areas: behavioural (such as leisure habits); asset value; relative checks (means checking relatives who could have gained employment through the official's influence); and conflict of interest.

- 53 Government of the Philippines, SONA Updates, 2005, 26. See <http://www.gov.ph.org>.
- 54 Gabriella Quimson, *Global Corruption Report 2003* (Berlin: Transparency International, 2003), 238–239.
- 55 Ibid.
- 56 Ibid.
- 57 It provides a basis for the examination of agency operations which are categorised into 10 dimensions for review. These dimensions are leadership; code of conduct; gifts and benefits policy; human resource management (recruitment, selection, and movement of personnel); performance management; procurement management; whistle-blowing, internal reporting and investigation; corruption risk management; financial management (budgeting, accounting, cash handling); and interface with external environment. (Development Academy of the Philippines, internal document, 2005).
- 58 The assessment involves process mapping, identification and classification of risks, checking of existing controls, and evaluation of adequacy of safeguards. (Development Academy of the Philippines, internal document 2005).
- 59 Social Weather Station, “Fourth Quarter 2004 Social Weather Station Report,” May 2005. 53 percent of the respondents said “Great deal,” while 28 percent said “Some” and 8 percent “A little.”
- 60 Government of the Philippines, *www.gov News* “Government confident of licking corruption,” 13 May 2005.
- 61 Government of the Philippines, *www.gov News* “Palace taking concrete steps against corruption,” 9 March 2005.