



## **National Integrity Systems**

# **Transparency International Country Study Report**

**Philippines 2006**

## Author

Dr. Gabriella Quimson, Visiting Scholar, De La Salle University, Manila; Visiting Fellow, Institute of Ethics, Governance and Law, Griffith University, Australia.

The National Integrity Systems TI Country Study Report of the Philippines is part of a 2006 series of National Integrity System Country Studies of East and Southeast Asia made possible with funding from:

Sovereign Global Development  
The Starr Foundation  
The Council for the Korean Pact on Anti-Corruption and Transparency  
United Kingdom Department for International Development



All material contained in this report was believed to be accurate as of 2006.

Every effort has been made to verify the information contained herein, including allegations. Nevertheless, Transparency International does not accept responsibility for the consequences of the use of this information for other purposes or in other contexts.

© 2006 Transparency International

Transparency International Secretariat  
Alt Moabit 96  
10559 Berlin  
Germany  
<http://www.transparency.org>

## Acknowledgements

I would like to express my gratitude for all the help given to me by my Researcher, Mrs. Anne Marie Barlis-Francisco, MPA-Voluntary Sector Management, National College of Public Administration and Governance (NCPAG), University of the Philippines.

I would like to express my gratitude for the support, assistance and guidance offered to me by Transparency International Philippines (TIP), particularly Chairman Judge Dolly Espanol and her team including TIP President Atty. Mervin Encanto, Board of Directors Member Atty. Rene Banez and Ms Ching Espanol.

I would also like to express a very special thanks to the rest of the contributors who were willing to give their inputs, to be interviewed and who contributed in one way or another to this report.

Ombudsman Ma. Merceditas Navarro-Gutierrez, Assistant Ombudsman Mark E. Jalandoni, Assistant Ombudsman Evelyn Baliton, Assistant Ombudsman Cyril E. Ramos, Research, Special Studies Bureau Director Atty. Ador Pacifico, Chief Advisor to the Ombudsman Tony Kwok

Transparency and Accountability Network Chairman Vincent Lazatin, Kababaihan Laban Sa Karahasan (KALAKASAN) Foundation, Inc., Vice President Ms Anna Leah Almeda-Lopez Sarabia, Executive Director Gaston Z. Ortigas Peace Institute Ms Karen Tanada, Chairperson of Concerned Citizens of Abra for Good Government (CCAGG) Ms. Pura Sumangil

House and Senate Ethics and Privileges Committee Researchers, Atty Spocky Farolan

Securities and Exchange Commissioner Joselia Poblador, Executive Director Makati Business Club Mr. Bill Luz, Makati Business Club Senior Research Associate Ms. Kathy Santos, Atty. Ricardo Romulo and Mrs. Bea Zobel de Ayala

Philippine Daily Inquirer (PDI) Chairman Ms. Marixi Prieto and PDI Publisher Mr. Isagani Yambot

Commission on Audit Chairman Guillermo Carrague, Former Commissioner Emmanuel Dalman

Supreme Court of the Philippines Chief Justice Artemio Panganiban, Program Management Office Program Director Supreme Court of the Philippines Ms Evelyn Dumdum, Project Management and Resource Mobilization Group Director Supreme Court of the Philippines Atty Susan Gavino, Atty. Ana Bonifacio-Cruz

Civil Service Commission Chairperson Ms Karina Constantino David and her team including Atty Raquel Buensalida, Ms Karla Guia-Balil

Procurement Watch Inc Program Director for Advocacy Ms. Ma. Kristina V. Pimentel, Procurement Watch Inc Board of Trustees Member Dr Edgardo Campos

COMELEC NCR Director Ferdinand Rafanan, COMELEC Public Relations Division Chief, Vicky Dulcero

Police Superintendent Procopio G. Lipana

Presidential Anti-Graft Commission Chairperson Dr. Constantia de Guzman, Presidential Anti-Graft Commissioner Teresita Baltazar, Presidential Anti-Graft Commissioner Nick Conti, the late Atty Kiko Andrados, Director Chat Alvarado and the rest of the PAGC team

Former Undersecretary of Finance Mr. Emmanuel Bonoan, former DepEd Undersecretary Atty. Chito Gascon

University of the Philippines National College of Public Administration and Governance Dean Alex Brillantes, Professor Ledivina Cariño, Professor Lily Domingo, Development Academy of the Philippines President Dr Eduardo Gonzalez, Development Academy of the Philippines Center for Governance Managing Director Ms. Magdalena Mendoza, Professor Doy Romero, De La Salle University Yuchengco Center President Dr. Trinidad Osteria, Ateneo de Manila University Rizal Library Director Ms. Lourdes David

UNDP Philippines Portfolio Manager for Governance Dr. Emmanuel Buendía and team, World Bank Philippines Country Director Joachim von Amsberg and team, ADB Principal Regional Cooperation Specialist Mr. Clay Wescott, AusAID Counsellor Angus MacDonald, Development Cooperation, Australian Embassy (Manila) First Secretary Mr Angus Barnes, Deputy Chief of Party of the Rule of Law Effectiveness Program Dr. Emil Bolongaita and his team including Ms. Carol Pascual-Sanchez

SWS Chair Mahar Mangahas, SWS Vice President Ms. Linda Luz Guerrero

Ms. Bernadette Borja Abad

# Contents

<b>Acknowledgements</b> .....	<b>3</b>
<b>List of Tables</b> .....	<b>5</b>
<b>Abbreviations</b> .....	<b>6</b>
<b>About the NIS Country Studies</b> .....	<b>7</b>
What Is the NIS?.....	7
Why Conduct NIS Country Studies? .....	7
Methodology of the NIS Country Studies .....	7
<b>Executive Summary</b> .....	<b>8</b>
<b>Priorities and Recommendations</b> .....	<b>9</b>
<b>Country Profile</b> .....	<b>11</b>
<b>Corruption Profile</b> .....	<b>12</b>
<b>Anti-Corruption Activities</b> .....	<b>16</b>
<b>The National Integrity System</b> .....	<b>18</b>
Executive .....	18
Legislature .....	20
Political Parties.....	20
Electoral Commission.....	21
Supreme Audit Institution .....	23
Judiciary .....	24
Civil Service .....	25
Law Enforcement Agencies .....	26
Public Contracting System .....	27
Ombudsman .....	28
Government Anti-Corruption Agencies .....	29
Media .....	30
Civil Society.....	31
Business Sector .....	32
Regional and Local Government .....	32
International Institutions.....	33
<b>Evaluation of the NIS</b> .....	<b>36</b>
<b>References</b> .....	<b>40</b>
<b>Notes</b> .....	<b>46</b>
<b>Appendix 1</b> .....	<b>50</b>

## List of Tables

<b>Table 1</b>	<b>Types of Corruption and Their Prevalence in Philippine Institutions.....</b>	<b>13</b>
<b>Table 2</b>	<b>Anticorruption Initiatives and Activities by International Donors.....</b>	<b>17</b>
<b>Table 3</b>	<b>2005 Budgetary Allocations of Different Agencies of the Philippine Government, Total Re-enacted Budget PHP 907.56 Billion.....</b>	<b>19</b>
<b>Table 4</b>	<b>Statement of Election Contribution and Expenditures of Political Parties, 1998 National Elections (in PHP).....</b>	<b>21</b>
<b>Table 5</b>	<b>Philippine Anti-Graft and Corruption Laws, by Year.....</b>	<b>37</b>
<b>Table 6</b>	<b>Philippine Anti-Graft and Corruption Laws, by NIS Pillar .....</b>	<b>38</b>

## Currency

The currency in the Philippines is the Philippine peso (PHP) and the rate of the peso to the US dollar in October 2006 was approximately PHP 100 to US\$2.00.

## Abbreviations

ADB	Asian Development Bank
AML	Anti-Money Laundering
BAC	Bidding and Awards Committee
BIR	Bureau of Internal Revenue
BOC	Bureau of Customs
COA	Commission on Audit
Comelec	Commission on Elections
CSO	Civil Society Organisation
CSC	Civil Service Commission
DepED	Department of Education
DILG	Department of Interior and Local Government
DOH	Department of Health
EO	Executive Order
GACA	Government Anti-Corruption Agencies
GPPB	Government Procurement Policy Board
GRP	Government of the Republic of the Philippines
IAS	Internal Affairs Service
IRA	Internal Revenue Allotment
IRR	Implementing Rules and Regulations
LGU	Local Government Unit
LSC	Lifestyle Check Coalition
MTPDP	Medium Term Philippine Development Plan
Napolcom	National Police Commission
NEDA	National Economic Development Authority
NFA	National Food Authority
NGO	Non-governmental Organisation
OMB	Office of the Ombudsman
PAGC	Presidential Anti-Graft Commission
PCIJ	Philippine Centre for Investigative Journalism
PDF	Philippine Development Forum
PNP	Philippine National Police
RA	Republic Act
SALN	Statement of Assets, Liabilities and Net Worth
SEC	Securities and Exchange Commission
SWS	Social Weather Station
TAN	Transparency and Accountability Network

## About the NIS Country Studies

### What Is the NIS?

The National Integrity System encompasses the key institutions, sectors or specific activities (the 'pillars') that contribute to integrity, transparency and accountability in a society. When it functions properly, the NIS combats corruption as part of the larger struggle against abuse of power, malfeasance and misappropriation in all its forms. Strengthening the NIS is about promoting better governance across all aspects of society.

The concept of the NIS has been developed and promoted by Transparency International as part of TI's holistic approach to combating corruption.<sup>1</sup> While there is no blueprint for an effective system to prevent corruption, there is a growing international consensus as to the salient institutional features that work best to prevent corruption and promote integrity. The country studies are based on an assessment of the quality of institutions relevant to the overall anti-corruption system.

### Why Conduct NIS Country Studies?

The purpose of each country study is to assess the National Integrity System, in theory (law and regulatory provisions) and practice (how well it works). The studies provide both benchmarks for measuring further developments and a basis for comparison among a range of countries.

The studies provide a starting point for signalling areas requiring priority action. They also form the basis from which stakeholders may assess existing anti-corruption initiatives. NIS country studies help explain, for example, which pillars have been more successful and why, whether they are mutually supportive and what factors support or inhibit their effectiveness. Country studies also assess where the emphasis should be placed on improving the system and what factors are required to support the overall development of the NIS.

The country studies create a sound empirical basis that adds to our understanding of strong or weak performers. Within a region, in which several countries may function with similar economic, political or social frameworks, the results of the study can create a sense of peer pressure for reform as well as an opportunity for learning from those countries that are in similar stages of development.

For Transparency International, country studies are an important measurement tool. They complement TI's global indices and surveys, such as the Corruption Perceptions Index, Bribe Payers Index and Global Corruption Barometer, as well as national surveys, by exploring the specific practices and constraints within countries and providing qualitative empirical results about the rules and practices that govern integrity systems. More than 55 such country studies have been completed as of August 2006.

TI believes that it is necessary to understand the provision for and capacity of the NIS pillars, as well as their interaction and practices, to be able to diagnose corruption risks and develop strategies to counter those risks. NIS Country Studies are a unique product of Transparency International, as they reflect the systemic approach TI takes to curbing corruption and the independence of analysis that can be offered by the world's leading anti-corruption NGO.

### Methodology of the NIS Country Studies

The NIS country studies offer a qualitative assessment of the integrity system in a country. The studies are based on both objective and subjective sources of data, which differ in quantity in each country evaluated. The studies therefore require both desk research and field research.

At least one focus group is convened as part of the country study. Focus group participants include anti-corruption and governance experts drawn from government (including donors, where relevant), the private sector, the professions (e.g. lawyers, accountants and engineers), media and civil society. The aim of the focus groups is for a broad base of stakeholders to evaluate the NIS and to comment on the draft NIS country study. The results of the meeting then inform further revision of the country study.

Each country study is reviewed by an external expert referee.

## Executive Summary

Today, the Philippines is witnessing a flurry of anti-corruption activity. The government has been working hand-in-hand with international donor organisations focusing on both preventive and punitive efforts that, in turn, have been supported by substantial financial resources at both national and sub-national levels. These have intended to fast-track and implement a myriad of reform initiatives to rid the country of endemic and pervasive corruption.

Philippine anti-corruption efforts may be described in superlative terms. For instance, in relation to legislation, as early as the 1930s a Penal Code was enacted punishing corrupt acts, and in the 1960s a landmark law, the Anti-Graft and Corruption Practices Act, was passed to counter corruption. The 1987 Philippine constitution enshrines principles of accountability, constitutional independence, fiscal autonomy and disclosure of information. The government advocates zero tolerance for corruption and follows the world's best practice in adopting a three-pronged anti-corruption approach – promotion, prevention and enforcement. Civil society in the Philippines is among the most vibrant worldwide, with a strong anti-corruption ideology, and the country's highly literate population produces independent thinkers and committed champions for reform. The Philippine press is Asia's liveliest. Other constituencies, such as the business sector, civil society, community groups and religious organisations have all coalesced to support the anti-corruption agenda.

Yet corruption remains prevalent. Recent international<sup>2</sup> and national<sup>3</sup> surveys and reports show that the Philippines is still perceived as highly corrupt. In support of these findings, there is a plethora of newspaper reports on fertilizer scams, electoral fraud, *jueteng* payola (receiving illicit payments for an illegal numbers game), political financing scandals, pre-need (private funds which target educational investors) companies' corporate governance problems and thievery in military procurement. A lack of compliance and implementation on the side of the public and a lack of prosecutions, convictions and enforcement on the side of the authorities persist. A bifurcation remains between catching 'small fry' and 'big fish'; between rhetoric and reality and promise and performance.

An institutional assessment of the national integrity system helps to clarify the situation. Several solutions are suggested: under-regulation exists, for instance, in the area of whistleblower protection for whole-of-government and private sector coverage (although two bills are now pending in Congress and one in the Senate); efficient information retrieval systems are needed for increased transparency; the political party system and campaign financing need strengthening; and independence of oversight bodies should be enhanced. On the other hand, over-regulation exists in rent-seeking areas, allowing politicians to become involved in the appointments system, promoting extortion and quota-fixing and serving to dilute efforts and resources in the war against corruption. A more empirical approach within research methodologies to inform and review legislation is lacking.

In a country with institutionalized corruption, integrity pillars themselves are compromised by systemic corruption compounded with difficulties to operate efficiently and effectively. Collusion, state capture, leadership incapable of crushing vested interests and a lack of a focal point are issues that still need to be addressed. These problems may be tackled by reviewing constitutional law, particularly in areas concerning appointments and the excessive power of the executive, strengthening institutional restraints against political interventions, building capacity within institutions, supporting demand for democratic principles in the public domain, ensuring independence and fiscal autonomy of accountability bodies and promoting moral standards and ethical values.

## Priorities and Recommendations

Priority is on regulatory reform to see how the anti-corruption environment can be improved through these means. The use of regulatory powers should on the whole be decreased and instead a greater focus on the use of incentives and opportunities should be increased to curb corruption. The Philippines' over-reliance on legalese only serves to further exacerbate this problem. For instance, the Philippine Constitution mandates that lawyers rather than anti-corruption experts sit as heads of most anti-corruption bodies and commissions. In addition, the use of laws leading to over-regulation can result in bureaucratic red tape and gridlock, which has the potential to further increase corruption. Although the presence of laws and a well-thought-out regulatory framework will certainly help towards corruption prevention, it will not ensure an efficient and effective NIS and it will not stop corruption from occurring. This is clearly seen in the Philippine case, where a tight regulatory system is in place but where enforcement and implementation remain a problem.

There is also an urgent need to review a number of existing laws. For instance, in the appointments process simply reviewing the constitutional provision regarding member composition of appointing bodies like the Commission on Appointments and the Judicial Bar Council may decrease politicisation in police, military and bureaucratic appointments. Changing the law concerning member composition of appointment bodies by skewing it from political to non-political members, including civil society and business sector members, interfaith individuals and academics, will decrease the 'horse trading' and collusion that comes into play between politicians during the appointments process and the resultant political patronage and state capture. Mandating the publication of criteria in the final steps in the appointment process would eliminate 'black box opaqueness', in which presidents can choose from short-listed candidates without accountability. In addition, review of constitutional law could assess whether there are suitable safeguards at present for preventing abuse by a corrupt executive. A review of the law could also integrate diffused investigatory bodies such as the National Police Commission, Civil Service Security, People's Law Enforcement Boards and the Internal Affairs Division. A review could further strengthen the independence and fiscal autonomy of probity institutions like the Commission on Audit (COA), the premier watchdog of public finances and performance, in line with the Lima Declaration to protect fraud and corruption investigators who fear reprisals from 'powerful people'.

Although less use of the regulatory process is recommended to deal with corruption, there is a need for the enactment of legislation for political financing, including internal audits of political parties that could help eliminate political debt and the phenomenon of money politics between politicians and their business sponsors. There is also a challenge to enact laws that will develop healthy party systems; a thriving democracy needs parties that are inclusive, transparent and responsive to their constituents. Members of political parties tend to be financially affluent and elitist and there needs to be further support for under-represented groups. Although a constitutional guarantee already exists to the right to information, there is also a need for a law to strengthen the disclosure of information: for instance, to increase access to a large area of sensitive military, economic and national security information at present conveniently protected from public scrutiny. A law to protect whistleblowers could also be enacted, which would help encourage whistleblowers to come forward and at the same time prevent 'trial by media' for the accused.

There is a need to rationalise and streamline the bureaucracy to make implementation of wage bill reform viable, since evidence shows that low salaries in the judiciary, bureaucracy, military and police are directly correlated to corruption. This can be done by capacity-building to instil greater transparency, accountability and ethical behaviour in public service. Building capacity will also strengthen institutions so that when charismatic leaders leave office, the institution does not fall apart and can continue to function effectively and efficiently.

There is also a need to improve enforcement by prosecuting and convicting 'big fish' rather than 'small fry'. Here 'big fish' means undersecretary level and above, big business tax evaders and military generals. This may be done through the depoliticisation of the appointment system and greater independence through greater fiscal autonomy for the judiciary and the police. Capacity building to improve investigatory and prosecutory expertise within law enforcement agencies will also help towards this objective.

There is a need to institutionalise anti-corruption training so it does not dissipate. This may be done by establishing an anti-corruption centre that offers courses on ethical and values-based governance, transformational leadership, good practice, normative values and their importance as social constructs in corruption prevention (according to interviews corruptors claim that in many

cases they do not realise that what they are doing is corrupt). The centre could also establish a virtual backbone for collaboration and sharing of information on corruption and anti-corruption efforts, access to databases and governance networks. It could promote conferences, forums and seminars to better understand corruption linkages with human rights violations, human trafficking, terrorism, political instability and environmental degradation.

Further corruption research is needed. For instance, research to inform anti-corruption legislation and the review of amendments should be upgraded to include empirically based methodologies. The use of corruption diagnostics and vulnerability assessments should be accelerated. A review and assessment of societal attitudes concerning 'good and bad corruption networks' should be undertaken to determine informal rules that appear to guide mass and elite behaviour. Finally, although it may be fashionable to denounce corruption at the top as the reason for failure, this is much too simplistic an explanation. A more hard-nosed analysis of structural causes of failure is needed, directing an attack against the roots of corruption, rather than merely looking at individuals to blame, to forge a pathway out of this corruption quagmire.

Thus, the key recommendations are as follows:

- The decrease of regulatory powers to curb corruption and instead a focus on increasing the use of incentives and opportunities to achieve zero tolerance for corruption.
- An immediate review of the appointments process, starting with member composition of appointing bodies like the Commission on Appointments and the Judicial Bar Council for depoliticisation.
- Implementation of wage bill reform for the military, bureaucracy, judiciary and police.
- Acceleration of enforcement by prosecuting and convicting 'big fish' rather than 'small fry' and publicising convictions nationwide.
- Institutionalisation of anti-corruption training with the establishment of an Anti-corruption Centre.
- Further corruption research, diagnostics, monitoring and evaluation.

## Country Profile

In 1521 Spain conquered the Philippine archipelago. The Philippines remained under Spanish colonial rule for nearly 400 years, but in 1898 the Philippines declared independence. The same year, Spain ceded the Philippines to the United States; soon afterward, conflict erupted between Filipino revolutionaries and American forces. By 1902 the Americans had proclaimed the end of the conflict and in 1907 the first Philippine Assembly, the Philippines' legislative body under U.S. colonial administration, was convened, starting five decades of U.S. colonial rule. Due to its two periods as a colony, the Philippines' political development has at times been described as 'schizophrenic' because of '400 years in the convent' under Spain (1521–1898) and '50 years of Hollywood' under the Americans (1900–1945).<sup>4</sup>

The Japanese occupied the Philippines for four years from 1941. In 1944 the United States liberated the islands and a year later granted the Philippines full independence. The country became Southeast Asia's showcase of democracy. However, in 1972 President Ferdinand Marcos declared martial law and governed the country under a 'benevolent democracy', which was in essence an authoritarian regime supported by the military. In 1986 he was ousted by a People Power Revolution. After that the country again became a democracy, alluded to at times as 'demo-crazy' because of the several unsuccessful coups it has suffered in the last couple of decades.<sup>5</sup>

The Philippines from the 1950s to the 1970s was the richest country in Asia after Japan, but its economy declined and contracted in the 1980s due to a combination of factors: a loss of competitiveness in stock and commodity markets, increasing political instability and the cost of corruption calculated at 10 per cent of GDP.<sup>6</sup> Today, it is classified as a developing country, meaning it has a low standard of living, an undeveloped industrial base and a medium-to-low Human Development Index.<sup>7</sup> As enunciated in President Gloria Macapagal Arroyo's State of the Nation Address in 2005, the present administration's economic strategy includes improving infrastructure, fiscal reform through the introduction of an expanded value-added tax to overhaul the tax system and bolster revenues, deregulation and privatisation and increasing regional trade integration. As of December 2005, the outstanding public sector debt was recorded by the Department of Finance at 93.4 per cent of GDP with the potential of cutting into services like education, health, social welfare and infrastructure development.<sup>8</sup> Overseas Filipino workers – or the country's *bayanis* (a term used by the government for these workers, meaning 'economic saviours' of the country) – help boost the economy with annual remittances from abroad. For instance, in 2005 remittances amounted to US \$9.72 billion.<sup>9</sup> Business-process outsourcing, a trend of relocating entire business functions to either self-owned or third-party service providers in low-cost locations, is a growing industry engendering a proliferation of call centres and transcription services. Last year *Forbes* hailed the peso as Asia's best-performing currency, and the Supreme Court for the first time since nationalisation policy in the 1950s allowed 100 per cent foreign ownership in the mining sector.<sup>10</sup>

The Aeta, genetically akin to Andamanese islanders, are known as the aboriginal inhabitants of the Philippines. Of the total Philippine population 95 per cent are ethnic Filipinos, and according to the 2000 census the population was estimated to reach 85,236,913 by 2005.<sup>11</sup> Present-day elites are descendants of Spanish colonisers and Chinese immigrants. Those of Spanish descent still own key national companies and *haciendas*, while the Chinese have made inroads into retail, service and electronics industries. The Philippines is the third-largest Roman Catholic country in the world, with Catholics comprising 83 per cent of its population.<sup>12</sup>

The Philippines suffers from high inequalities of income, assets and opportunities, with the richest 5 per cent of households accounting for nearly a third of national income, while the poorest 25 per cent account for only 6 per cent of national income.<sup>13</sup> High inequality and modest economic growth have translated into slow progress on poverty reduction, cutting poverty by only 5 percentage points in the Philippines, as compared with other Southeast Asian countries, which measure poverty reduction indices in double-digit figures.<sup>14</sup>

## Corruption Profile

Causes of corruption are found in the context of culture, the political economy and incentives, or all three.<sup>15</sup> Although corruption scholarship today tends to veer away from cultural explanations, it has been argued that Filipino traits, such as *balato* (a portion of cash earnings that is given by someone who wins in gambling as goodwill money to friends or as a tip), the *palakasan* system (use of patronage networks), *barkada* (loyal gang members) and *alalay* (supporters or sycophants) have led to nepotism and cronyism, influence peddling and collusion.<sup>16</sup> Flawed structures in the political economy perpetuated by colonial powers have also caused corruption.<sup>17</sup> Hispanic caciquism (a rural land-based elite system imbued with clerical and class loyalties whose political power was rooted in dispersed *satrapies* (provinces) based on ethnic and regional loyalties), a cruel and unfair *encomienda* system (an agricultural arrangement with Spanish landlords utilising huge tracts of land and slave-tenant labour) and the introduction of *gobernadorcillos* (a native upper class given official positions in the Spanish colonial administration) and the United States's promotion of political elitism through the intelligentsia class, excessive presidential powers and the love of money have resulted in a socio-economic structure prone to corruption.<sup>18</sup> Types of economic incentives between principals and agents and the lack of legal culture have also nourished corruption.<sup>19</sup> Low status and salaries in the bureaucracy, police and military; opportunities for corruption; and perceptions of corruption as a low-risk, high-reward activity due to a lack of legal enforcement have engendered corrupt activities.<sup>20</sup> In the Philippine context all three causes are present; incentive-based and structural corruption has been exacerbated by social and cultural norms.

Public and private sector corruption come in two types – grand and petty. Grand corruption involves large amounts of money, 'big fish' corruptors and large doses of undue influence. Examples of grand corruption prevalent in Philippine society are: state capture, presidential graft, electoral corruption, 'money politics' and irregular practices in procurement projects. Petty corruption occurs in the form of 'speed money' for bureaucrats, *tong* (speed money) for the police and bribes for court officials.<sup>21</sup>

Table 1 outlines types of corruption in the Philippines, where they have occurred and their prevalence in different institutions.

**Table 1 Types of Corruption and Their Prevalence in Philippine Institutions**

Key:

Prevalence

High Moderate Low None 

Generic Name	Practices	Executive	Business	Legislature	Criminal Justice System	Electoral System	Military	Bureaucracy
<b>Graft</b> (Misappropriation of public funds)	Malversation							
	Embezzlement							
	Anomalies							
	Fraud							
	Ghost workers and services							
	Executive graft							
	<i>Estafa</i> (embezzlement)							
<b>Bribery</b>	<i>Lagay</i> (bribes both large and small)							
	<i>Tong</i>							
	Mulcting							
	Speed Money							
	Envelopmental Journalism (bribes paid to journalists)							
	Gift-giving or Inviting							
	<i>Merienda</i> (snack money)							
<b>Patronage</b>	Cronyism							
	Nepotism							
	Influence-Peddling							
	Cop-coddling (usually of drug lords)							
	Favouritism							
<b>Extortion</b>	Kickbacks							
	Commissions							
	Ten Percenters							
	Protection Money							
	Exposés by media							
	Kidnapping (by police or military)							

Generic Name	Practices	Executive	Business	Legislature	Criminal Justice System	Electoral System	Military	Bureaucracy
<b>Conflict of Interest</b>								
<b>Whitewashing</b>	<i>Lutong Macao</i>							
<b>Narco-Politics</b>								
<b>Smuggling</b>								
<b>Electoral Corruption</b>	Flying voters							
	Vote buying							
	Ghost voters							
	Intimidation and death							
	<i>Dagdag Bawas</i> (addition or deletion of votes)							
	Rigged results							
<b>Corporate Corruption</b>	Banking							
	Auditors							
	Micro-economic or 'within-firm' corruption							
	Stock manipulation							
	Information Peddling							
	Money Laundering							
<b>Judicial Corruption</b>	Case Meddling							
	Delaying Tactics							
<b>Pork Barrel</b>								

**Source:** Gabriella Quimson, *Corruption: A Threat To Political Stability*, PhD thesis, 2004.

Measuring corruption in terms of costs is notoriously difficult.<sup>22</sup> Economic costs have been in the vicinity of \$48 billion in the last 20 years, since 1997 surpassing the country's foreign debt of \$40.6 billion.<sup>23</sup> Studies paint a disturbing picture of costs in terms of resources lost, squandered or devoted to sub-optimal uses.<sup>24</sup> The Department of Education (DepED), which directly affects public schools and the poor, has been in crisis due to procurement malpractices.<sup>25</sup> The Department of Health (DOH), which affects most of the population and particularly the poor, has also been affected by irregularities, such as pharmaceutical piracy.<sup>26</sup> Congressman Joey Salceda, an economics adviser to President Arroyo, has said that corruption in revenue-generating agencies, like the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC), 'remains the single biggest stumbling block to economic development and is the principal root cause of income inequality'.<sup>27</sup> Political costs come in terms of the erosion of the credibility and legitimacy of the political system, political instability and the erosion of democratic principles. Socially, corruption is linked to increases in environmental degradation, rural livelihoods, human trafficking and trans-boundary threats.

Structural adjustment, in the form of liberalization, deregulation, privatization and decentralization, was started by post-Marcos administrations keen to dismantle symbols of an authoritarian regime.<sup>28</sup> Although these reforms have the potential to benefit the economy by crushing monopolies, increasing competition in the private sector and making local government more responsive to the people, the empirical evidence of whether it has been beneficial or detrimental in the Philippine case remains unconfirmed. However, anecdotal evidence indicates that these reforms seem to have, in fact, increased the incidence of corruption. For instance, businessmen say that certain types of deregulation increase corruption by inducing businessmen

to bribe government authorities to protect their markets from competition;<sup>29</sup> economic liberalisation has encouraged the emergence of local bosses in rapid-growth zones, which have allowed a number of local operators to amass economic and political power;<sup>30</sup> privatisation of government-owned and controlled corporations increases corruption through irregular bidding practices;<sup>31</sup> and decentralisation has resulted in the decentralisation of corruption.<sup>32</sup>

## Anti-Corruption Activities

Anti-corruption activities take place in both the public and private sectors; the latter includes civil society, media, religious organisations and community groups. Due to the legacies of avowed graft-busters such as Senator Miriam Defensor Santiago and Philippine Commission for Good Government chairperson Haydee Yorac, successful anti-corruption efforts have taken place in the BOC, the Community Improvement Division and the Commission on Elections (Comelec). The government's reform agenda is enunciated in developmental frameworks such as the Medium-Term Philippine Development Plan (MTPDP), which calls for a collective front against graft and corruption. This led to the creation of the Lifestyle Check Coalition (LSC), which pooled together 16 government agencies and non governmental organisations (NGOs) to investigate the morality and lifestyle of government officials. The executive has increased the budget of the Office of the Ombudsman (OMB) in order to build investigative and prosecutorial capacity. The Electronic Information Exchange, linking the One-Stop Shop Inter-Agency Tax Credit and Duty Drawback Centre, is increasing the BIR's transparency and the Customs Integrity Action Plan will implement a programme to reduce BOC's corruption vulnerabilities. The government of the Republic of the Philippines (GRP) has established the Philippine Development Forum (PDF) with donor participation including a Governance and Anti-Corruption Working Group, which meets regularly to discuss development agenda updates and implementation. It has also established the National Anticorruption Plan of Action and its secretariat, which has created an anti-corruption road map coordinating all reform initiatives.

The private sector's reform initiatives are multi-fold. Civil society organisations are involved in vigilance watches in procurement, candidate selection and institution-monitoring. Each government integrity pillar has a counterpart NGO that supports, assists and monitors it. NGOs, like Transparency and Accountability Network (TAN), establish informative websites for the public and expose corruption activities. Transparency International Philippines helps raise public awareness and build constituencies for demand for reform through education and training. The Philippine Centre for Investigative Journalism (PCIJ) publishes hard-hitting investigative articles and books concerning public malfeasance, presidential graft, irregular bidding in local governments and judicial misconduct, among others. The business sector through the Coalition on Corruption and its member the Makati Business Club participates in procurement-watch activities, for example pork-barrel monitoring, Internal Revenue Allotment monitoring, textbook procurement and corruption diagnostics, such as SWS business enterprise surveys.

The government is also working together with international donor organisations in a number of governance and anti-corruption initiatives. Initiatives and activities are outlined in Table 2.

**Table 2 Anticorruption Initiatives and Activities by International Donors**

<b>ASIAN DEVELOPMENT BANK (ADB)</b>	
<b>Approach</b>	<b>Anti-Corruption Activities</b>
<b>Prevention</b>	<ul style="list-style-type: none"> <li>• Strengthening the Anti-Money-Laundering (AML) Regime and designing and developing a transaction monitoring system for the Financial Intelligence Unit</li> <li>• Providing advice on areas requiring legislative reform</li> <li>• Strengthening the independence and defining judicial accountability</li> </ul>
<b>AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT (AusAID)</b>	
<b>Approach</b>	<b>Anti-Corruption Activities</b>
<b>Prevention</b>	<ul style="list-style-type: none"> <li>• Enhancing the efficiency and accountability in the trial courts</li> <li>• Training for Supreme Court and appellate justices, court administrators and presiding executive judges</li> </ul>
<b>Promotion</b>	<ul style="list-style-type: none"> <li>• Developing an automated audit tool in the conduct of financial audit to enhance the Public Accountability Programme of the Philippine Commission on Audit</li> </ul>
<b>CANADIAN INTERNATIONAL DEVELOPMENT AGENCY (CIDA)</b>	
<b>Approach</b>	<b>Anti-Corruption Activities</b>
<b>Prevention</b>	<ul style="list-style-type: none"> <li>• Establishing BIR Call Centre Systems Support Project</li> <li>• Promoting the Government Electronic Procurement System (GEPS)</li> <li>• Reviewing and consolidating BOC rules and regulations nationwide</li> </ul>
<b>Promotion</b>	<ul style="list-style-type: none"> <li>• Supporting Workshops on Guidelines and Inter-Agency Coordination in Fighting Corruption</li> </ul>
<b>EUROPEAN COMMISSION (EC)</b>	
<b>Approach</b>	<b>Anti-Corruption Activities</b>
<b>Prevention</b>	<ul style="list-style-type: none"> <li>• Supporting EU-OMB Corruption Prevention Project</li> <li>• Strengthening the Anti-Money Laundering Council by providing training</li> <li>• Assisting the Judiciary Programme Access to Justice for the Poor</li> </ul>
<b>Promotion</b>	<ul style="list-style-type: none"> <li>• Supporting EU-OMB Corruption Prevention Project Component Winning the Cooperation of the Wider Public</li> <li>• Assisting Graft and Corruption Prevention Education (GCPE) Teaching Exemplars</li> </ul>
<b>Prosecution</b>	<ul style="list-style-type: none"> <li>• Building capacity for investigation and prosecution for Anti-Money Laundering in judicial and law enforcement agencies and civil society</li> </ul>
<b>UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)</b>	
<b>Approach</b>	<b>Anti-Corruption Activities</b>
<b>Prevention</b>	<ul style="list-style-type: none"> <li>• Transforming the PNP into a more capable, effective and credible work force</li> <li>• Pursuing enhanced capacities of oversight agencies for change management and bureaucratic reforms complementing efforts of the Presidential Committee on Effective Governance (PCEG)</li> </ul>
<b>UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)</b>	
<b>Approach</b>	<b>Anti-Corruption Activities</b>
<b>Prevention</b>	<ul style="list-style-type: none"> <li>• Making government procurement more transparent</li> <li>• Adopting the Integrity Development Review</li> <li>• Making transparent and accountable management at the Bureau of Internal Revenue</li> </ul>
<b>Promotion</b>	<ul style="list-style-type: none"> <li>• Strengthening Judiciary and Media Relations</li> </ul>
<b>Prosecution</b>	<ul style="list-style-type: none"> <li>• Promoting Rule of Law Effectiveness (ROLE) through Work Shops, training sessions for Court of Appeals and prosecutors</li> </ul>
<b>WORLD BANK</b>	
<b>Approach</b>	<b>Anti-Corruption Activities</b>
<b>Prevention</b>	<ul style="list-style-type: none"> <li>• Supporting the Government's Procurement Policy Board</li> <li>• Mapping capacity of internal audit units in each agency nationwide</li> <li>• Supporting DPWH Complaints and Action Centre (CAAC)</li> </ul>
<b>Promotion</b>	<ul style="list-style-type: none"> <li>• Supporting Judicial Reform Project Component strengthening support for reform</li> <li>• Promoting education in corporate governance for boards of directors</li> </ul>
<b>Prosecution</b>	<ul style="list-style-type: none"> <li>• Supporting Judicial Reform Project</li> <li>• OMB computerized data base and integration of statement of assets and liabilities</li> <li>• Supporting Sandiganbayan in computerization of court record management system.</li> </ul>

**Source:** Centre for Governance, Development Academy of the Philippines, May 2006.

# The National Integrity System

## Executive

Philippine constitutional law states that executive power shall be vested in the president of the Philippines. In line with the principle that a public office is a public trust, four main laws govern the conduct of public officials in the executive branch: the Revised Penal Code (Republic Act or RA 3815) of 1930, the Forfeiture Law of 1955 (RA 1379), the Anti-Graft and Corrupt Practices Act of 1960 (RA 3019) and the Act Defining and Penalising the Crime of Plunder of 1991 (RA 7080). A proposed civil service code has been under study since February 2005 at committee level. Executive issuances also support the fight against corruption; for example, Executive Order (EO) 314, which created the Presidential Commission on Values Formation.

Being one of three co-equal branches of government, the executive operates on a Montesquieuan model of state governance based on the principle of separation of powers and a check-and-balance system. 'Checks' refer to the ability, right and responsibility of each branch to monitor the activities of the others; 'balance' refers to the ability of each entity to use its authority to limit the powers of the others.

In the 2006 re-enacted budget the executive, including all its departments, bureaus and units, took up a major, 45.549 per cent, portion of the entire budget (see Table 3). Aside from this oversight facility, the executive has other onerous responsibilities in curbing corruption in the country. Section 27, the Declaration of State Principles and Policies, Article II, of the 1987 Philippine constitution declares that the state shall maintain honesty and integrity and take effective measures against graft and corruption. The Philippine president, as head of state, chief executive and commander in chief of the armed forces, is committed to these policies. As chief executive, the president has the power to propose and execute laws and to issue directives and measures<sup>33</sup> to counter corruption. The president also has the power to create governance and anti-corruption bodies, such as the Presidential Anti-Graft Commission and the Governance Advisory Council. The president has substantial discretionary budgetary powers both in terms of control of slush funds such as the *Kilos Asenso* Fund and the *Kalayaan Barangay* Fund and also in relation to the unresolved issue of oversight of the effective disbursement of allocated congressional funds.

**Table 3 2005 Budgetary Allocations of Different Agencies of the Philippine Government, Total Re-enacted Budget PHP 907.56 Billion**

	<b>Sub-Institution (where applicable)</b>	<b>Amount (in PHP)</b>	<b>% of Total Government Budget</b>
<b>Executive</b>	<b>all departments, bureaus and units<sup>a</sup></b>	416.8 billion	45.925
	Office of the President	3.4 billion	0.375
	PAGC	18.5 million	0.002
	PNP	35.2 billion	3.878
<b>Legislature</b>		4.51 billion	0.497
<b>COMELEC</b>		1.3 billion	0.144
<b>COA</b>		3.65 billion	0.402
<b>Judiciary</b>		7.52 billion	0.829
<b>Ombudsman</b>		647 million	0.071
<b>Regional and Local Government</b>		158 billion	17.444
	Internal Revenue Allotment	152 billion	16.707
	ARMM	6.69 billion	0.737
<b>CSC</b>		472 million	0.052
<b>CHR</b>		197 million	0.022
<b>Debt Service Fund – Interest Payments</b>		302 billion	33.24
<b>Net Lending</b>		7.6 billion	0.837
<b>TOTAL</b>		902.696 billion	99.463

<sup>a</sup> see breakdown in Appendix Tables 1 and 2.

**Source:** Republic of the Philippines General Appropriations Act RA 9336, FY 2005, 1 January-31 December 2005; 2005 National Expenditure Programme.

In terms of integrity mechanisms, the Act Establishing a Code of Conduct and Ethical Standards for Public Officials and Employees of 1989 (Republic Act No 6713) and its Implementing Rules and Regulations (IRR) define ethical standards in public service, and EO 317 (2000) prescribes a code of conduct for relatives and close personal relations of the president. The 2005 Integrity Development Action Plan (IDAP) includes a department order creating an agency-specific code of ethical standards for preparation and adoption in accordance with RA 6713, and Memorandum Order No. 182 creates an internal affairs and complaints committee (IACC) in the Office of the President. In terms of post-employment restrictions the 1987 constitution does not allow public servants to work for private corporations until a year after leaving the public sector.

Accountability of the president, cabinet and other executive officials is found in Section 1-3, Article XI of the 1987 Philippine constitution, which states that public office is a public trust. For the president, vice-president, heads of constitutional commissions and independent bodies, legal sanction is through impeachment, while for other public officials sanctions come in the form of reprimands, disqualifications, suspension or dismissal from their positions. The president reports to a joint session of the Philippine Congress, the House of Representatives and the Senate, in the annual State of the Nation Address, which includes a brief section on anti-corruption reforms and is broadcast to the public at large. The disclosure of assets by public officials is mandated by law in the 1987 Philippine constitution, Article XI, Section 16, in which all public officials, including the president, must submit to publishing their Statement of Assets, Liabilities and Net Worth (SALN). Transparency is also promoted by publication of information on websites, e-services and interactive portals by government departments where the public can submit complaints on line, although anonymity is not possible. Some agency websites are very informative, posting annual reports and memos, presidential speeches and issuances. The development of an Internal Complaint Unit through e-complaints intends to increase the number of informants willing to expose graft and corruption.

Public perception is that the executive is corruption-prone. This may be due to past Philippine presidents' being tainted with allegations of cronyism, nepotism and presidential graft. In a highly personality-oriented culture, leadership by example is crucial – it must not only not be corrupt, but

it must also be seen not to be corrupt. A prominent businessman and lawyer (an officer of the Makati Business Club) stated that nowadays even the Office of the President has lost credibility and stature. However, positive indications have emanated from the executive that anti-corruption reform has been placed at the top of the national agenda. President Arroyo has strived hard to take forward good governance, particularly in the area of fiscal reform and corruption enforcement and prosecution through support of both the Ombudsman and the Presidential Anti-Graft Commission.

## Legislature

Section 1, Article VI of the 1987 constitution vests legislative power in the Congress of the Philippines, which consists of an upper (Senate) and a lower (House of Representatives) house. The legislature serves as a co-equal branch with the executive and the judiciary with powers to fight corruption. It can propose and enact new anti-corruption legislation, amend existing laws, review and repeal old ones, conduct anti-corruption studies, investigate allegations of official misconduct and concur in anti-corruption treaties and international agreements. It has the constitutional right and responsibility of advice and consent for presidential nominations through the Commission on Appointments and has powers to determine the rules of election proceedings, including judging election returns and member qualifications through an Electoral Tribunal. The legislature performs oversight functions over the executive and the judiciary, but its budget amounts to less than a half percent of the total re-enacted 2006 budget – minuscule in relation to the onerous responsibilities it performs as an oversight body.

In terms of personal integrity, members of the legislature adhere to the Code of Conduct and Ethical Standards for Public Officials and Employees (RA 6713). A Committee on Ethics and Privileges has jurisdiction over matters relating to duties, conduct, rights, privileges and immunities, dignity, integrity and reputation of its members. Each house determines rules of proceedings concerning sanctioning its members and with the concurrence two-thirds may suspend or expel a member. The Committee on Accounts has jurisdiction over matters relating to the internal budget of the house, including disbursements of expenditures, a problematic area for corruption. Rules on gifts are embodied in the Code of Conduct (RA 6713), which forbids solicitation of gifts, gratuities, favours and entertainment and is enforceable nationwide and across all branches and instrumentalities; the Revised Penal Code, which considers the receipt of gifts as constituting direct, indirect or qualified bribery; and the Anti-Graft and Corrupt Practices Act, which penalises the act of receiving any gift. Public redress against members of both houses may be achieved through the Office of the Ombudsman. Losing candidates, except in the *barangays* (the basic political unit in the Philippines<sup>34</sup>), are barred from being appointed or re-employed in government service within one year following the election.<sup>35</sup>

Transparency is mandated by Section 20 of Article 6 of the 1987 constitution. This states that records and books of accounts of Congress shall be preserved, open to the public and audited by the Commission on Audit (COA), which shall publish annually an itemized list of amounts paid to and expenses incurred by each member. Article IX of the constitution also requires the submission of the statement of assets and liabilities for members of congress (RA 3019, RA 6713). Section 142 of the House Rules reiterates the constitutional provision on transparency. Section 57 of Senate Rule 20 requires that a record of its sessions be printed and published, reflecting in detail everything that has been said, done and read in the sessions.

The legislature affects a wide spectrum of public life and provides a framework within which government operates. However, congressmen and senators are alluded to as *tongressmen* and *senatongs* (Tong means bribes) and have been known to collect bribes. The Philippine congress serves not only as a law-making body but has also been known to function as a mechanism for machine politicians and provincial businessmen who parlay access to state resources and regulatory powers into forms of protection and advantage for their business interests.<sup>36</sup> The majority of members come from provincial 'dynasties' with diverse business interests, and some use congressional seats to advance these business interests, both in their districts and beyond.<sup>37</sup> The peculiar fiscalising role of the Senate may serve in both a positive and a negative way, with some senators delivering speeches exposing corruption and promising investigation and prosecution only to fall silent upon payment of hush money or other forms of remuneration.

## Political Parties

Strong, representative and responsive political parties are integral to a democratic system, and a free and open party system is mandated in Section 6, Article IX of the 1987 constitution. However,

no legislative framework has been put in place to support the strengthening of these political parties, although bills have been pending in congress since President Ramos's administration in the 1990s. There are three electoral laws that contain minor provisions covering political parties. The Synchronised Elections and Electoral Reforms Law of 1991 (RA 7166) appoints time lines, specifies authorised expenses and lists numbers of official watchers per polling place. The Omnibus Election Code *Batas Pambansa* 881 defines political parties as ideologically linked bodies and outlines registration procedure, sets limits on expenses and mandates that statements of contributions and expenditures constitute a public record for three years after elections. The Party-List System Act of 1995 (RA 7941) attempts to correct the lack of representation for under-represented sectors, such as labour, peasants, the urban poor, indigenous communities, women, youth, overseas workers and professionals, by mandating that party-list representatives constitute 20 per cent of the total number of representatives. At present the number of party-list representatives is less than half that.

Party organisation and its roots are weak, and personalities dominate parties and campaigns. Programmatic and ideological cleavages – the traditional bases for political party development – have not shaped political competition. Party switching has weakened the party system; pro-administration legislators receive a larger share of funds than the opposition, which motivates its members to switch allegiance. Sanctions for party misconduct are usually defined by a formal disciplinary procedure in the party constitution, and expulsion can occur with approval of two-thirds of all its members. The Liberal Party enforces discipline through informal mechanisms such as leave of absence and abstention from participating in internal party meetings, yet so far no members have been sanctioned. Despite the fact that political parties are weak, most aspiring politicians see becoming a party member as essential. The reason is that during elections candidates can rely on party watchers, who monitor election returns to ensure they are shielded from cheating and who in some cases allegedly do the cheating for candidates. Strong and expansive control of party machinery is a forceful incentive for candidates to become party members.

The Philippines has a weak party system with a lack of ideology and a lack of financial independence prone to corruption since sponsors who contribute to campaign financing demand a *quid pro quo* after elections. Another factor that fuels corruption is the lack of legislation for financial audit of political party expenditures. Political parties must file itemised statements of contributions and expenditures at Comelec 30 days after elections. As the law does not require a financial audit, there is no way of knowing whether information submitted is accurate or not. There is also no requirement for parties to reveal funding sources, and Comelec accepts reporting of anonymous donors. This lack of transparency increases the opportunity for corruption by vested interests.

Table 4 shows the inconsistencies between contributions received by political parties and the expenses they incur. In 1998 the political party *Lakas*, for example, received no contributions but spent PHP35 million.

**Table 4 Statement of Election Contribution and Expenditures of Political Parties, 1998 National Elections (in PHP)**

Political Party	Contributions Received	Expenses Incurred
Lakas-NUCD-UMDP-KAMPI	0	35,000,000
LAMMP	66,500,000	66,000,000
LP	4,987,500	3,700,000
REPORMA	44,636,000	39,000,000

**Source:** Celito Arlegue and John Joseph S. Coronel, "Political Party Reform Strategies in the Philippines", in *Political Party Strategies to Combat Corruption*, Peter Manikas and Laura Thornton, eds., (Washington D.C.: National Democratic Institute for International Affairs, 2004), p. 233.

## Electoral Commission

The Commission on Elections (Comelec) in 1940 was established as an independent body to conduct and supervise elections. Constitutional lawmakers, understanding the commission's important role in the conduct of elections, imbued it with powers such as independence and fiscal autonomy, as well as regulatory and administrative authority. A tight regulatory framework

supports electoral processes to ensure open, free and orderly elections. These laws are the Election Code of 1940, which regulates election phases so that voters can vote freely and honestly and to prevent fraudulent elections; the Voters Registration Act (RA 8189) of 1966, a primer that unequivocally sets the schedule of the registration process; the Omnibus Election Code (*Batasang Pambansa Bilang* 881 of 1985), regulating pre to post election phases, including rules covering campaign periods, registration and vote-counting procedures, Comelec expenses, disqualifications and disposition of ballot boxes, and certificates of canvass up to proclamations of winner; the Synchronised National and Local Election Act of 1991, which calls for synchronised elections and electoral reforms (RA 7166); and the most recent, an Act Authorising the Comelec to Use an Automated Election System of 1997 (RA 8436).

In addition to these laws, the Comelec has also established electoral rules governing pleadings, practice and procedure in the Comelec Rules of Procedures of 1993.<sup>38</sup> The commission also issues guidelines covering election phases and their diverse aspects, from campaign procedures concerning media and poster-printing candidacy guidelines to political financing, plebiscites, referendum initiatives and even to proclamation guidelines including formulating procedural rules *en banc* to expedite elections cases. The Comelec exercises quasi-judicial and judicial powers by filing and prosecuting election complaints and makes recommendations to Congress for minimising election spending. The president may even be forbidden to pardon violations of election law if the commission does not recommend it. It has deputising powers in concurrence with the president over law enforcement agencies to ensure free, orderly, successful and credible elections. However, the Supreme Court is the final arbiter of election contests, quo warranto proceedings and other electoral adjudications (Section 7 of Article IX of the 1987 constitution).

The commission is decentralised, with 5,200 personnel throughout the Philippines. Under the constitution, the president is vested with the authority to appoint the Comelec's seven commissioners, who each have a seven-year term without possibility of renewal. Congress, through the bicameral Commission on Appointments (CA), confirms their appointments. The commission is answerable only to Congress, and its officers can be removed only by impeachment, while the Supreme Court has final jurisdiction on judicial matters. The Comelec's duties are to report to the president and to Congress after elections regarding the conduct of elections. The code of conduct for its officials is governed by the constitution, which states that public office is a public trust, and also by the 1989 Act on the Code of Conduct for Public Officials. Officers must publicise their SALNs as mandated by the constitution. The Civil Service Commission (CSC) approved a Comelec Grievance Committee in 2003 with appointed departmental representatives to create a work atmosphere for good supervisor-employee relationships and to serve as a catalyst for the development of dispute-settlement capabilities, but it still remains non-operational as of 2006.

In spite of all these laws, the 'sins of the Commission' remain numerous, and its reputation is badly tarnished.<sup>39</sup> Allegations of irregular bidding in its computerisation and modernisation programme and perceptions of political patronage persist. Ramon Casiple, executive director of the Institute for Political and Electoral Reform, says that as many as 93 per cent of Comelec personnel are endorsed politically.<sup>40</sup> According to PCIJ, only a handful of regional directors are civil-service eligible, while the others are pawns to politically appointed commissioners through the Commissioners-in-Charge system.<sup>41</sup> Presidential opposition candidates Fernando Poe, Jr., and Loren Legarda have accused the Comelec of tampering with certificates of canvass and vote rigging. Military commanders in Mindanao have alleged that vote-buying and vote-rigging have occurred between Comelec and local officials.<sup>42</sup>

The 2005 'Hello Garci' tape scandal, in which President Arroyo was caught talking to Comelec Commissioner Virgilio Garcillano during the vote-counting for the presidential election in 2004, exposes the endemic and pervasive nature of corruption within the commission. At best it demonstrates a conflict of interest and at worse vote-rigging occurring in an institution that is supposed to serve as the country's electoral watchdog.

It appears that the level of electoral corruption has not changed much since the 1969 election in which Sergio Osmeña, the opposition leader at the time, attributed Marcos's re-election win to 'guns, goons and gold'. According to Christian Monsod, a former head of the Comelec, Philippine presidents, with the exception of President Corazon Aquino, have only served to weaken an already weak Comelec by systematically appointing politicians as Comelec officials.<sup>43</sup> More recently, in 2006, Comelec again became embroiled in an alleged corruption incident involving a pro-administration move that supports a People's Initiative for Charter Change.<sup>44</sup> Calls are now mounting for its abolition and replacement with a secretariat.<sup>45</sup> A recent survey indicates that 52 per cent of Filipinos want the current Comelec commissioners to quit.<sup>46</sup> The latest report submitted by former Chief Justice Davide to President Arroyo in March 2006 about the Comelec recommends

the immediate filling of vacancies in the Comelec's top three positions, Charter change and the enactment of laws against political turn-coatism.

## Supreme Audit Institution

Article IX of the 1987 Philippine constitution created the Commission on Audit (COA), one of three constitutional commissions, which prevents the irregular use of government funds or properties. Armed with this crucial mandate, the COA is the praetorian of the national treasury. It is endowed with constitutional dependence and fiscal autonomy. A report by the Philippine Centre on Transnational Crime states that

The COA is the watchdog of the financial operations of the government. It is empowered to examine, audit, and settle all accounts pertaining to the revenue and receipts of, and expenditures or uses of funds and property under the custody of government agencies and instrumentalities. It promulgates accounting and auditing rules and regulations for the prevention and disallowance of irregular, unnecessary, excessive, extravagant, or unconscionable expenditures, or use of government funds and properties.<sup>47</sup>

COA plays a critical role in the fight against corruption by promoting transparency and accountability in public financial transactions. It publishes losses on overpriced equipment, as in the fertiliser scandal, in which dead people were included in the list of fertilizer beneficiaries; irregularities such as fraud in the local city governments of Tarlac and Caloocan; and anomalies, as in the Meralco scam in which significant costs had been added as operating expenses in submitted financial statements. COA forms task forces to conduct special audits for selected infrastructure projects, supplies and equipment purchases. It reports violations of the law, as in the special audit of six cities and a town in which it found overwhelming irregularities amounting to millions of pesos every year (although no prosecutions followed these discoveries).<sup>48</sup> Yet in 2005 it received less than half a per cent of the national budget.

In terms of regulatory support, pursuant to Section 6 of Article IX-A of the constitution, the commission en banc crafts its own rules. Aside from this, other internal rules in the form of COA issuances, circulars, memoranda, letters and resolutions exist. COA has its own Code of Ethics for Government Auditors; it prohibits making loans within audit jurisdictions and forming unholy alliances as well as fraternisation with contractors in *karaoke* establishments and bars. The current chairman, Guillermo Carrague, is a reform champion who is also an innovator. He has introduced a new system of risk-based auditing and has internationally been nominated as United Nations Industrial Development Organisation External Auditor. He spearheads the New Government Accounting System; when an electronic version now in development is fully implemented, it is expected to speed the preparation of the Annual Financial Report (AFR) of the national government.<sup>49</sup> The chairman leads a group of commissioners who are untainted, highly professional and independent – traits that are crucial to the highest guardian of public accountability and performance. Gifts over PHP 5,000 are not allowed by the commission, and civil service post-employment restrictions apply for a year, during which employees are not allowed to join the private sector.

Concerning reporting lines, the COA delivers an annual financial report to the president and Congress. The commission has taken proactive steps to reach out to the public and to be more transparent through an interactive portal that maintains a Fraud Alert Form advising whistleblowers to report fraud, waste, abuse or mismanagement of funds; it also warns of lack of anonymity. COA also maintains an Audit Help Desk, which reaches out to the ordinary citizen and COA's audit clientele who need help relating to government financial transactions, accounting and audit.<sup>50</sup> As with all civil servants, disclosure rules apply to COA officials. In terms of transparency, the latest annual audit reports are downloadable and available to audit clientele. COA policy decisions, procurement processes and an Invitation to Bid are on its website. Complaint enforcement mechanisms are dictated by the CSC code. In pursuit of anti-corruption activity, COA is a member of the LSC and a leading member of inter-agency committees battling corruption.

Although COA investigations have led to exposés, the lack of prosecutions and convictions can jeopardise investigators' lives and has led to demoralisation among auditors. They have expressed fear, saying, 'We're scared of Congressmen, we're scared of the system. *Babalikan kami*. [They'll seek revenge.] We don't want to tolerate corruption, but nothing happens to our reports. We just become subjects of harassment, and other people even make money out of our reports'.<sup>51</sup>

Auditors feel helpless, as 'small people waging a war against political giants'.<sup>52</sup> The appointment of COA officials lies in the hands of a 25-member Congressional Commission on Appointments, and threats are used to stop investigations. For example, there were allegations that the Commission would bypass the chairman's appointment unless an auditor, who turned out to be a personal friend, was reinstated in Metro Manila.<sup>53</sup> Horse-trading occurs in the area of auditor assignments, and auditors who have questioned irregular or corrupt practices have been promptly re-assigned.<sup>54</sup> Bills advocating an automatic release of an internal revenue allotment for COA amounting to 1.2 per cent of the national internal revenue collection, tackling compensation issues and paving the way to COA's exemption from the Salary Standardisation Law, thereby strengthening COA independence, are still pending. Congressman Hermilando Mandanas has filed a bill that will ensure COA's fiscal autonomy.

## Judiciary

Article VIII of the 1987 Philippine constitution vests power in the Judicial Department, counterbalancing the executive and legislature, composed of the Supreme Court and lower courts. The Supreme Court's duties are to 'settle actual controversies' and 'to determine whether or not there has been a grave abuse of discretion'. The independence of the judiciary is ensured by constitutional law, which states that members have security of tenure, fiscal autonomy and independence.

A special anti-graft court called the Sandiganbayan, which deals exclusively with criminal and civil cases involving graft and corrupt practices committed by public officers and employees, was created in 1978 by President Marcos. It functions closely with the ombudsman. However, it has a reputation for problems of delay and controversial decisions, such as lifting sequestration orders against crony companies and dismissing charges concerning 'ill-gotten wealth'.

The Judiciary Reorganization Act of 1980 decentralised the judiciary by establishing a four-tiered Philippine court system composed of an informal barangay system for arbitration and mediation at the lowest tier; local, regional and metropolitan courts; the Court of Appeals, including the Sandiganbayan; and a 15-member Supreme Court at the highest level. The judiciary received less than 1 per cent of the 2005 proposed budget, although this was an increase over the 2004 budget, with the Sandiganbayan being allocated 0.03 per cent.

The New Code of Judicial Conduct for the Philippine Judiciary and the Code of Conduct for Court Personnel contain provisions based on the Bangalore Principles of Judicial Conduct stating judicial canons, such as independence, integrity, impartiality, propriety, equality, competence and diligence. The judiciary adheres to the constitutional precept that public office is a public trust.<sup>55</sup> Its policy statement in the Davide Watch 1998 programme says that the bench must be fully accountable to the public by remaining transparent. The Supreme Court, however, issued a resolution in 1999 denying the disclosure of the SALN of judiciary members. Prior to the launching of the International Conference and Showcase on Judicial Reforms in November 2005, the judiciary continued to refuse to publish their SALN (with the exception of Associate Justice Adolf Azcuna, who gave his SALN to PCIJ in 2004), citing majority rule as a reason. In June 2004 PCIJ requested the justices' SALNs in order to use them as 'reference material' on its website, but this request was declined.

In May 2006 the Sandiganbayan tried President Estrada on charges of plunder, a case that was purportedly of national interest, but it disallowed television coverage and taping of the proceedings even for record purposes. Part of the appointment process of the chief justice has also remained opaque. In December 2005 lawyers' groups under the Supreme Court Appointments Watch requested that the three short-listed nominees be interviewed publicly, but this was denied by the Judicial and Bar Council. Supreme Court justices are removable only by impeachment and are exempted from the disciplinary authority of the Office of the Ombudsman. Although in theory misconduct by impeachable officials may be investigated, in practice this is prohibitively expensive.

The 2005 U.S. State Department report on Human Rights Practices was damning of the judiciary, stating it was 'encrusted with corruption and inefficiency'.<sup>56</sup> PCIJ says that congestion problems are 'the biggest stumbling block to curbing corruption due to its snail-paced trial of graft charges against corrupt government officials'.<sup>57</sup> Average trial times for graft cases are six to seven years. Detainees must wait an average of two years to be charged.<sup>58</sup> Of 440 lawyers interviewed in Metro Manila, Baguio, Cebu and Davao cities, 49 per cent said they were aware of judges in their localities who received bribes from litigants.<sup>59</sup> Cases, regardless of size, must be heard and decided by a division, which is composed of three justices, meaning that the same amount of time is spent on a low-cost case as is spent on a plunder case.<sup>60</sup> There is also a perception of politicisation of judicial appointments. President Aquino appointed 13 out of 15 justices and

President Arroyo has appointed 12 out of 15. According to Father Joaquin Bernas, a prominent constitutionalist, the Judicial and Bar Council has relinquished power into the hands of the president.<sup>61</sup> Newspaper reports state that prominent cases are decided to the president's liking, such as mining laws, E-vat and fiscal reform, and EO 464.<sup>62</sup>

Despite the above issues, the judiciary also shows a determination to push through reform. It adheres to the Bangalore Principles of Judicial Conduct of judicial integrity and justice for all. According to the Supreme Court chief justice, Artemio Panganiban, its Action Programme for Judicial Reform 'safeguards the liberty and nurtures the prosperity of the people, under the rule of law'.<sup>63</sup> The Supreme Court intends to address threats to judicial independence by developing a framework to define the overall scope of judicial independence and accountability, re-engineer the judiciary's administrative structure, identify impediments to judicial independence, recommend appropriate amendments consistent with the Philippine constitution and implement its constitutional mandate for fiscal autonomy.<sup>64</sup> To improve case adjudication, foster public trust and confidence and enhance integrity in judicial infrastructure the Judiciary Reform Support Project is being implemented. The Supreme Court is also promoting judicial ethics in symposiums and expanding accountability networks through dispute resolution programmes. The Supreme Court hosted a high-level international conference in 2005 in Manila with supreme court chief justice attendees from all over the world for the promotion of judicial independence.

As an integrity institution, the judiciary, particularly the anti-graft court, plays a crucial role in the NIS. As part of the criminal justice system it interacts with the OMB and other law enforcement agencies, in particular the Philippine National Police and other quasi-judicial bodies, such as the Department of Justice and its investigative bureau, the National Bureau of Investigation.

## Civil Service

Article IX of the 1987 constitution provides for three independent, autonomous constitutional commissions, one of which is the Civil Service Commission. The CSC's responsibilities are to ensure professionalism and meritocracy in the civil service; promote public accountability in government and improve public service delivery.<sup>65</sup> The Philippine civil service is underpinned by a tight regulatory framework composed of the Anti-graft and Corrupt Practices Act (RA 3019), Security of Tenure Act (RA 6656), the Code of Conduct and Ethical Standards for Public Officials and Employees (RA 6713) and the Revised Penal Code. Other measures are EO 292 – Administrative Code of 1987, *Book V of the Revised Administrative Code of 1987 On the Civil Service Commission*, which lays down the basic policies and legal provisions for the CSC as the government's central personnel agency with jurisdiction over administrative cases, including graft and corruption, brought before it on appeal.<sup>66</sup>

The CSC crafted the comprehensive Code of Conduct and Ethical Standards for Public Officials and Employees statute with implementing guidelines enforceable nationwide. It contains strict and explicit rules on conflict of interest to insulate public officials from decisions in which they have a financial interest, to prevent favouritism or economic self-interest, to define one-year industry-related post-employment restrictions, including the barring of losing electoral candidates from appointment or re-employment in government service and to prohibit gift-giving, solicitation, gratuities and entertainment *quid pro quos*. The submission of a statement of assets and liabilities called for in Article XI is mandated for all public officials except those who serve in an honorary capacity. Failure to do so gives rise to criminal and administrative sanctions. In line with government efforts to improve efficiency and reduce red tape, all agencies are required to provide information on transaction procedures.<sup>67</sup>

The CSC has 1,350 employees working nationwide in 15 regional and 105 field/provincial offices and the central office.<sup>68</sup> Funding is by congressional appropriation. The CSC submits an annual report to the president and Congress. It promotes accountability among public servants through a performance incentives system called the Performance Management and Evaluation System.<sup>69</sup> The CSC, however, suffers from lack of resources. From the 2005 GAA it received only 0.052 per cent of the total budget. In 2001 the CSC's ethical training plans for agencies were put on hold due to budget constraints.<sup>70</sup> It lacks a database to monitor the number of its employees and to monitor performance.

The CSC offers immunity from prosecution to individuals who are willing to testify. It has instituted the *Mamamayan Muna, Hindi Mamaya Na* programme, a client-feedback mechanism of which "Text CSC" (a project that involves the public texting complaints to the CSC about corrupt public officials) is a component.<sup>71</sup> This affords the public a fast and effective means of bringing their complaints and grievances against public officials, employees and offices to the attention of the

CSC. Public servants may be sanctioned criminally, with imprisonment; administratively, with fines, suspension, dismissal with forfeiture of retirement benefits, disqualification from re-entering government service and cancellation of civil service eligibility; and civilly, with payment of damages to affected individuals.

The CSC is critical to the NIS. It adopts measures to promote morale, efficiency, integrity, responsiveness and courtesy among public servants. It also promulgates policies, standards and guidelines and adopts plans and programmes to promote economical, efficient and effective personnel administration in the government. The CSC interacts with other government agencies and is a member of the Solana Covenant, an anticorruption plan coordinated with the Inter Agency Anti-Graft Coordinating Council.

The two most acute problems in the civil service today are lack of meritocracy due to political intervention in the appointments process and an urgent need for salary reform.<sup>72</sup> The proportion of political appointees has increased 30 per cent since President Estrada's time.<sup>73</sup> The charismatic and fiercely independent head of the CSC is concerned that this practice has caused demoralisation, an exodus of professionals and a proliferation of vested interests in the higher echelons of the civil service.<sup>74</sup> Pay differentials are also a problem, with public servants receiving substantially less than private-sector employees at the same level. This leads to a selection bias in which trained public-sector professionals seek jobs in the private sector or abroad.<sup>75</sup> After some time, two types of workers emerge: low-productivity workers and those who are willing to accept bribes.<sup>76</sup> A wage reform bill is being implemented by the CSC but may be beyond the capacity of a poor country like the Philippines. A rationalisation programme is also being implemented but may cause instability as the government is the largest employer in the country.

## Law Enforcement Agencies

Section 6 of Article XVI in the General Provisions of the 1987 constitution establishes the country's police force, requiring it to be 'national in scope and civilian in character'. Constitutional law also allows for local executives to have authority over police units. To fulfil this mandate the Department of the Interior and Local Government Act of 1990 (RA 6975) was passed establishing the Philippine National Police under a reorganised Department of the Interior and Local Government (DILG).

In terms of disciplinary and compliance mechanisms, the law provides for the creation of a National Police Commission (Napolcom) to 'administer and control' the force. This is a collegial body within the department, with administrative, advisory, education, training and diagnostic functions and policy-making and regulatory powers, including the preparation of a police manual prescribing rules and regulations for human resource management, complaints procedures and efficiency enhancement of the PNP. The law also provides an administrative and disciplinary mechanism incorporating a step-by-step procedure to deal with complaints against any member of the police force. People's Law Enforcement Boards (PLEBs) located in municipalities outside Manila also act as oversight bodies. The National and Regional Appellate Boards are formal, administrative disciplinary machinery that impose disciplinary action and penalties on PNP personnel. The law deputises local executives as representatives of Napolcom within their respective territorial jurisdiction and bestows on provincial governors the power to choose the PNP provincial director from a list of three eligible candidates recommended by the PNP regional director. The PNP Reform Act of 1998 (RA 8551) envisions the force as a community and service-oriented agency.

With respect to integrity issues, Napolcom has been given powers including the monitoring and investigating of police anomalies and irregularities that mandate an upgrade of appointment qualifications, including recruiting personnel of good moral conduct and the passing of psychiatric/psychological, drug and physical fitness tests. An attrition system is included spelling out maximum tenure for key positions. The 1990 law provides for the Internal Affairs Service (IAS), an investigative body, which monitors and investigates police anomalies and irregularities and also conducts *motu proprio* and automatic investigations of cases.<sup>77</sup>

Although the Office of the Ombudsman is the lead agency in corruption investigation, the PNP has a substantial role to play in the fight against corruption. Composed of 120,000 uniformed and non-uniformed personnel and maintaining regional police offices nationwide, it is the only institution that has extensive scope and jurisdiction over the citizenry. It also has the ability to maintain direct contact in day-to-day dealings with the community at large, 'affecting everyday lives of the citizenry from untangling traffic jams to busting crime syndicates'.<sup>78</sup> It has substantial financial resources for fighting corruption; its 2005 budget comprises more than 10 per cent of the national budget. To improve public relations, the PNP has already launched a number of community-based

programmes, such as *Courtesy, Action, Results and Example (CARE)*, a values formation training programme; *Personnel Audit*, which is aimed at ensuring the placement of 'right persons in the right jobs'; and *Tamad, Abusado, Bastos and Ayaw Padisiplina (TABA)* Cops a Special Project campaign to enhance good manners, discipline, competence and honesty among men and women in uniform and to stop misdemeanours.<sup>79</sup> By strengthening the institution internally and projecting a clean image it can send a clear message to the public that it has the political will to fight corruption and make the country safer.<sup>80</sup>

Corruption exists internally within the institution in the recruitment and procurement processes, fund disbursement and resource allocation.<sup>81</sup> Police corruption also exists externally when police themselves are directly involved in criminal activity, such as drug-dealing, kidnapping, carjacking and extortion, as well as when the police distort the process of crime investigation, such as by falsifying evidence and testimonies in court and stealing from crime scenes.<sup>82</sup>

A damning report against the PNP was published by Transparency International in 2005 stating that the police were the most corrupt institution in the country.<sup>83</sup> Since then the PNP has taken positive steps to curb corruption in the force by publicising annual reports, policies, and organisational charts on the PNP website, being e-compliant under e-procurement requirements and allowing civil society members and the private sector to become active participants in bidding and awards committees (BACs). There is also a move towards making PNP auditors, accountants, supply accountable officers and internal affairs investigators civilian officials to ensure transparency in fund disbursements.<sup>84</sup> The PNP leadership is studying the possibility of selecting civilians to head the divisions of the Directorate for Comptrollership and the PNP Finance Services. The PNP has also recommended that the IAS be reorganised as a totally independent body. Possible sanctions against corrupt police officers are disciplinary action, dismissal from the service and imprisonment.<sup>85</sup>

## Public Contracting System

The Philippine public contracting system has often been considered a nest of corruption activity. In 1978 President Marcos issued Letter of Instruction No. 755 establishing the General Services Administration, an integrated procurement system for the national government and its instrumentalities. President Aquino, adhering to the principles of 'decentralization, autonomy and accountability', abolished the General Services Administration and transferred its functions to individual government agencies.

In 2002 a landmark law was passed, the Government Procurement Act of 2002 (RA 9184). It was enacted primarily to reduce graft and corruption and to achieve economy and efficiency in procurement. Among its salient features are the adoption of consistent rules across all government agencies, including local government; increased transparency through civil society observers in the bid evaluation and award process; establishment of the Government Procurement Policy Board (GPPB) as the principal body responsible for procurement policy formulation and the implementation and monitoring of effective public procurement reform, to promote transparency, accountability and effectiveness; publication of bid invitations and outcomes on the GPPB website; and harmonisation of procurement procedures between government and international financing agencies.<sup>86</sup> In 2004, the GPPB adopted harmonised bid documents, which simplified the consistency of procurement rules in the country and the potential for effective oversight; removed powers of pre-qualification and bidding awards from committee members; expedited transparent 'eligibility screening' to disallow time for a procuring agency to purposely disqualify prospective bidders not favoured by the agency; shifted to the 'lowest calculated responsive bid' as a non-discretionary, objective criterion; standardised processes and forms; promoted e-procurement for increased transparency; trained and professionalised procurement officials and provided procurement rules and penalties to local and national government units.

Accountability but, more important, transparency is the vital new ingredient of the law that through its Implementing Rules and Regulations governs PHP 100 billion in government procurement and can potentially reduce the PHP 22 billion annual loss from government coffers. To add transparency to the process, the newest addition to the law is the inclusion of two observers – one from a private group in a sector or discipline relevant to the procurement and the other from a non-government organisation provided there are no conflicts of interest in the contract to be bid out.<sup>87</sup> The rationale is not to 'deodorise' but to expose the real processes that transpire during bidding exercises.<sup>88</sup> Observers also have a non-adversarial role that is believed to bring about better results.<sup>89</sup> Considering that the main objective is to increase transparency and widen information dissemination for bidding opportunities, stringent rules exist concerning advertising projects above a certain value.<sup>90</sup> However, in cases of emergency the period for posting may be

waived and a bid can proceed without external monitoring. These emergency times present high risks for corruption.

Whistleblowers can report corruption in procurement to the OMB or the Presidential Anti-Graft Commission (PAGC), but Procurement Watch, Inc., the NGO procurement watchdog, states that a diagnostic report must be signed by anyone who wants to prosecute.<sup>91</sup> Suspension or removal from the BAC may be enforced by the head of the procuring entity, and those breaking the rules or failing to comply with the law risk penal and administrative sanctions.<sup>92</sup> The head of the procuring entity may be held administratively and criminally liable if there is indication of abuse, an unreasonable and unjustifiable rejection of bids or manifest preference to any bidder, but since the enactment of the law there have been no convictions, and only one prosecution in military procurement has occurred. An alleged procurement scam at the Department of Agriculture was not prosecuted.

Procurement reform highlights tradeoffs between avoiding corruption and giving officials flexibility to operate in the light of their knowledge.<sup>93</sup> The Procurement Act of 2002 lacks flexibility and at times suffers from rigidity. For instance, rules do not allow for deviation or discretion no matter how small or big the bid. Outside observers do not have the technical expertise and knowledge needed for purchases of specialised research and development equipment, as in military procurement and complex special-purpose projects such as dams, port facilities or customised versions of products such as computer systems. Involvement of members of the business sector in BACs may present conflicts of interest as businessmen may use their positions in BACs to gain insider information for their own or friends' business transactions. Transparency and openness in the bidding process may end in collusion in which information may be used to maintain cartels, fix prices and share markets.

## Ombudsman

Article XI of the 1987 constitution provides for the establishment of an Office of the Ombudsman and endows it with fiscal autonomy and constitutional independence. The OMB is the country's premiere anti-corruption body, lead government agency and primary integrity institution responsible for curbing graft and corruption. The constitution grants it powers to investigate citizens' complaints against public officials; direct public officials or agencies to correct abuse and impropriety; recommend penalties and punishment; direct the furnishing of reports; request other government agencies for assistance; publicise matters of jurisprudence; determine causes of inefficiency, red tape, mismanagement, fraud and corruption in government; make recommendations for elimination of corruption and the observance of high standards of ethics and efficiency; and promulgate rules of procedure. The Tanodbayan (ombudsman) and his or her deputies serve as 'protectors of the people'.

Compared to anti-corruption agencies in other countries, the Philippine OMB is one of the most powerful,<sup>94</sup> underpinned by a comprehensive regulatory framework known as 'The Ombudsman Act of 1989' (RA No 6770). The act grants the OMB preventive, investigatory and prosecutorial powers and requires it to assist the public and to provide administrative resolution to corrupt cases. Unlike other national counterparts, the OMB can act on mere suspicion of wrong-doing and on anonymous complaints. Tanodbayan Simeon Marcelo, a former ombudsman, has described its functions as 'catalytic' in promoting high standards of integrity, honesty and responsibility.<sup>95</sup>

In 2004 the office was under-resourced, but in 2005 its budget was increased by 70 per cent to include provisions for the hiring of much-needed prosecutors and field investigators. Congress granted an additional PHP 200 million to support enhancement of existing programmes and projects for implementation and execution and to help bring the office up to par with other anti-corruption counterparts in Asia, such as the Independent Commission Against Corruption in Hong Kong. This was a step in the right direction, as a lack of finance, manpower and equipment had been identified as a reason for the office's low rate of success.<sup>96</sup>

In terms of accountability, the OMB is required to submit an annual report to the president, vice-president and the legislature, which includes the Senate president, speaker of the House of Representatives and members of Congress. In 2004, 8 orientation briefings and 17 public accountability seminars were held. Regular public consultation and public oversight occurred with civil society. The EC-Omb Corruption Prevention Project, Component 2, concentrates efforts to win wider public cooperation through publicity campaigns, texting communications in Mindanao, interactive portals, informative websites and a Report Card Survey.

There is a critical mass of support by international donors; the Millennium Challenge Account Threshold Programme funded by the United States will be injecting US \$21 million to help the

OMB's reform agenda. The president assigned a counterpart fund of PHP 1 billion to assist the OMB to make the country eligible for Millennium Challenge Account compact status within the next two years.

The Code of Conduct and Ethical Standards for Public Officials and Employees (RA 6713) covers OMB.<sup>97</sup> The Ombudsman Act of 1989's Code of Conduct stresses disclosure of relationships, prohibition and disqualification. Internal regulations were passed in January 2005 covering Norms of Behaviour, including ethical standards, gifts and benefits, internal whistleblowing and post-employment restrictions, and have been reiterated by Office Order No. 05-13 to 05-15, Series 2005.; this does not allow interaction between past and present employees to avoid breaches of confidentiality, particularly among those handling pending cases. OMB employees are not allowed to become involved in procurement or recommend relatives for employment or private lawyers to defendants. Gifts above PHP 2,000 are recorded by the Gift Registry Board and kept in custody by the Internal Affairs Board, which serves as a channel for internal complaints. Perishable goods like foods, often given by Filipinos, are donated to charities. Penalties are in the form of disciplinary action, suspension, fines and dismissal with forfeiture of benefits. The Tanodbayan serves for seven years without reappointment and may only be removed by impeachment for treason, bribery, graft and corruption, other high crimes or betrayal of public trust. In terms of post-employment restrictions, employees are not allowed to work in the private sector or in firms previously related to their work until a year after they have left the OMB.

OMB is subject to declaration of the SALN and a disclosure of business interests and financial connections, as well as divestment. Also, a disclosure of relationship is required under which OMB officials must publicly disclose any relationships with other government employees. The OMB publishes internal monthly journals with information about its activities. It issues rules on internal whistleblowing and reporting and deals with reprisal, anonymity and processing issues through internal memoranda. It has also decided to tap text power to permit citizens to fight graft and corruption and is in the process of establishing a system that allows people to report graft by sending messages to designated cellular phone hotlines.

The OMB leads the Lifestyle Check Coalition initiative, investigates graft-ridden departments and corruption in the military, coordinates with DOJ and local government using field investigation offices and interacts with the judiciary, particularly the Sandiganbayan. The new ombudsman, Merceditas Gutierrez, has a formidable reputation for expeditious resolution of cases and efficient case management.<sup>98</sup> In the latest PDF meeting, Ombudsman Gutierrez announced the conviction by the Sandiganbayan of two mayors and seven officials at director level.<sup>99</sup> With strong leadership and new injections of money, the OMB can continue building capacity to increase both 'small-fry' and 'big-fish' convictions, remove perceptions of political intervention in the appointment system and increase institutional strengthening to eradicate institutional discontinuity and perceptions of the 'revolving door syndrome'.

## Government Anti-Corruption Agencies

President Arroyo created the Presidential Anti-Graft Commission in 2001 through Executive Order No. 12. PAGC is the president's anti-corruption arm and the executive department's anti-corruption agency. Constitutional law gives the president power to control, and therefore to investigate, all executive departments and their officials.<sup>100</sup> PAGC's mandate is to investigate or hear administrative complaints against presidential appointees<sup>101</sup>; to investigate administrative cases against non-presidential appointees conspiring with presidential appointees alleged to have done irregular acts; and to assist the president in the campaign against graft and corruption. It engages in desk research clarify situations (it does not have resources to do field investigations); submits recommendations to OP on factual findings, legal conclusions and sanctions; conducts studies on new measures to prevent or minimise opportunities for graft and corruption and submits recommendations on case findings, conclusions and sanctions.

The importance of PAGC is two-fold: it contributes to controlling 'grand corruption' because of its focus on presidential appointees, and it contributes to addressing administrative corruption because of its authority to handle corruption diagnostics.<sup>102</sup> PAGC's head, Constanca de Guzman, has lifted the commission's image substantially by formulating a medium-term strategic policy framework. Supported by dynamic commissioners and a highly professional staff, the commission has promoted integrity development reviews, which assess corruption vulnerabilities, integrity development action plans to implement integrity measures and internal audits in all government departments.<sup>103</sup>

PAGC does not have fiscal autonomy and is dependent on OP for its budget, receiving only a fraction of what OMB receives. This may be a factor in the commission's lack of capacity,

particularly in securing convictions. Since its inception in 2001 PAGC has handled 1,004 cases, of which 40 per cent were dismissed for lack of jurisdiction, 9 per cent carried punitive recommendations and 59 per cent were dismissed for insufficient evidence. In order to improve PAGC's success rate President Arroyo ordered PAGC and other agencies to reach a quota of 10 cases per quarter, or 40 a year. This type of quota imposition can either spur agencies to raise conviction rates or increase corruption by encouraging harassment, haphazard filing with insufficient evidence and concentration on minor cases rather than important but more time-consuming ones.<sup>104</sup>

PAGC officials follow the Code of Conduct for Public Officials (RA 6713) and SALN disclosure. In addition to this, PAGC has crafted a Code of Conduct that contains rules of conflict of interest, gifts and employment restrictions specific to the organisation. Whistleblower anonymity and confidentiality are guaranteed, as investigation of a case may proceed with PAGC as the nominal complainant.<sup>105</sup>

PAGC's effectiveness as an integrity institution is weakened by a number of factors. First, it has difficulty being viewed as an independent entity due to its reliance on the OP both organisationally and financially. The increasing use of donor funding, however, has the potential of alleviating this dependence. Second, due to its organisational proximity to the president, the credibility of its outcomes tends to be eroded. Questions have also been raised concerning the small likelihood that the president herself would submit to an investigation by a body of her own creation.<sup>106</sup> In addition, there is a growing consensus on the importance of a focal point to increase anti-corruption effectiveness for reform.<sup>107</sup> This view was reinforced in a Southeast Asian Forum for Parliamentarians by ADB's former director for governance and regional cooperation, Jak Jabes, when he said that a proliferation of government anti-corruption agencies could lead to duplication, layering and turf wars.<sup>108</sup> If this is the trend, then the lack of independence and fiscal autonomy that is seen to hinder PAGC may increase the probability that another body will be chosen as a focal point around which to promote the battle against corruption.

## Media

Section 4, Article III of the Bill of Rights of the 1987 constitution states that no law can be passed abridging freedom of speech or expression. This is reiterated in Article XIV in terms of artistic or intellectual freedom of expression.

Three types of laws cover media activities: censorship, control of ownership and control of political advertising. Historically, censorship laws were imposed under President Marcos's martial law regime ordering the Secretary of Defence 'to take over and control all communications media'. In 1985 Presidential Decree (PD) 1986 created the Movie and Television Review and Classification Board to re-energise the industry and also to impose censorship requirements; although civil society organisations have argued for PD 1986's abolition due to its unconstitutionality, it continues to impose censorship regulations to this day. The new Anti-Money-Laundering Law has also affected freedom of expression indirectly by censoring media reports on suspected money-laundering transactions and setting sanctions for violations on 'breach of confidentiality'. Presidential Proclamation 1017 Emergency Rule in 2006 attempted to curb freedom of expression in broadcast and print media by closing down media, arresting or threatening with arrest publishers and journalists who the government considered to be de-stabilisers.

The laws on ownership control originated in the 1960s in order to regulate ownership of radio and television stations (RA 3846; RA 1963), using the excuse of wanting to break monopoly strangleholds in the industry. The Fair Election Act of 2001 (RA 9006) mandates that the Senate supervise media exposure for candidates and public information campaigns.

The National Union of Journalists has a comprehensive code of ethics that covers issues such as accuracy, confidentiality, honesty, plagiarism, prejudice and the presumption of innocence. Section X contains a 'conscience clause' that states that journalists will only accept tasks compatible with the integrity and dignity of the profession and are not allowed to accept or offer any present, gift or other consideration of a nature that may cast doubt on their professional integrity. However, reduced advertising rates for political interests do not have to be disclosed and are usually considered to be trade practice.<sup>109</sup> The largest television broadcast network, ABS CBN, maintains a strict internal code of ethics for its staff.<sup>110</sup>

Because the media is a watchdog against corruption, politicians have tried to muzzle it through regulations. Even more seriously, its enemies have resorted to murdering journalists. The Philippines is Asia's most dangerous country for reporters. A survey reported that 25 have been killed in corruption-related slayings since 2004.<sup>111</sup>

As part of the NIS the media's role is to shape public opinion, provide a mechanism for authorities to understand how the people feel and, conversely, report on how the people sense the policies of authorities. Its reports about corruption can launch investigations; halt power abuse; catalyse reform, as in Life Style Checks among corrupt officials; initiate public discussion and awareness, as in EO 464; widen access to information; and focus attention on neglected areas, as in PCIJ reports on President Estrada's mistresses. In a country lacking protection for whistleblowers most have turned to the media as the only avenue of redress. Therefore, it has also become a potent weapon for public accountability.

Yet the media are also known to suffer from corruption problems. There is a culture of corruption in media that started in the 1950s with individual payoffs. These became an integral part of the beat in the 1960s and were institutionalised into systemic corruption called 'envelopmental journalism' in the 1970s.<sup>112</sup> Politicians allegedly maintain a favoured list of journalists on their payroll; involvement of the media upper-echelons allegedly exists in the offering of heavily discounted 'media packages' to politicians during election times, circumventing legal limits.<sup>113</sup> Media corruption peaks during election time as surveys show that media exercise the strongest influence among voters.<sup>114</sup> However, so far no journalists have been convicted for accepting bribes.

## Civil Society

Civil society is not regulated by law. The Local Government Code mandates local government units (LGUs) to promote active partnerships and engage with civil society, particularly at the sub-national level. In keeping with the president's call for a collective front against graft and corruption, NGOs and other civil society organisations (CSOs) have also been asked to join forces with the government, for instance, in the Lifestyle Check Coalition to investigate morality, lifestyle and the nightlife of government officials.

The Philippines is world-renowned for its vibrant civil society. It emerged in the 1970s as the frontrunner in the field of anti-corruption activism, employing non-violent boycotts and protests against the Marcos regime. As a result, CSOs are known to be imbued with high standards of public ethics and morality.<sup>115</sup> They remain in the forefront of anti-corruption activity and have been directly responsible for unseating two corrupt presidencies through people-power movements. Known for their 'vigilance' activities, such as overseeing the selection processes of the ombudsman, the SC chief justice and procurement, their objective is to increase public-sector transparency, accountability, effectiveness and inclusiveness for citizens.<sup>116</sup>

The nature of civil society in the Philippines is fissiparous. CSOs in Manila link into networks. KOMPIL I and KOMPIL II are civil society consortiums composed of broad cross-sections of society from academia, the church, artistic groups, the media, business and even 'concerned parents', supported by political groups. KOMPIL pursues anti-corruption reforms and is now focusing on an overhaul of the country's governance structure and the pursuit of a comprehensive form of sustainable development.<sup>117</sup> Although 95 per cent of governance networks are Manila-based, steps have been taken to activate provincial networks through anti-corruption NGOs like Abra and Barug.<sup>118</sup> TAN network has 25 organisations, among which 8 are fully active. The precise number of CSOs is difficult to ascertain, but the number is presumed to be large and increasing. In terms of NGOs, the Securities and Exchange Commission (SEC) estimates that there were about 150,000 non-stock, nonprofit organizations as of June 2002, a dramatic increase from only about 58,000 in 1993.<sup>119</sup> Civil society also includes self-help groups; neighbourhood associations and community organisations; religious and spiritual societies; professional associations; business foundations; local philanthropies; private voluntary organisations and NGOs; and a wide variety of organisations of workers, farmers, fishers, indigenous people, urban poor, elderly citizens, people with disabilities, media workers, religious and church people, men, women, young people, children and students who have not registered with the SEC.

No official figures on expenditures exist for civil society as a whole. Codes of conduct and commitment to anti-corruption policies and practices are dependent on each individual organisation with no code for the institution at large.<sup>120</sup> Areas of concern have surfaced; for instance, conflicts of interest exist where beneficiaries are also board members and where board members are also project implementers. However, NGOs say that donors fail to understand restrictions of structure and composition of the NGO system, which operates outside hierarchical corporate structures, and for purposes of implementation donors must decide whether they prefer to implement or to prioritise Western-style rules.<sup>121</sup> Another local NGO complaint is that in some cases foreign sponsors themselves are opaque when they fail to show auditors' reports to NGOs or when they fail to publish proven findings of misappropriations in finance-related projects.

## Business Sector

Section 20, Article II of the 1987 constitution recognises the 'indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments.' The year 2000 was a watershed for enhancing business-sector regulation and strengthening the Securities and Exchange Commission, the business sector's regulatory body, whose responsibility is to ensure 'full and fair disclosure' of securities information for the protection of investors.<sup>122</sup> The SEC keeps records and documentation of 500,000 corporations, including corporate birth certificates, articles of incorporation, general information sheets, shareholders' names, annual financial statements and special reports.<sup>123</sup>

In February 2000 SEC published a report on stock price manipulation and insider trading involving a company owned by an alleged crony of President Estrada. In response to this scandal, laws were enacted to protect the business environment. These were the Securities Regulation Code of 2000 (RA 8799), which supports a financially distressed business sector, and the Act Providing the Regulatory Framework for Securitisation of 2004 (RA 9267), which mandates that the SEC through its Compliance and Enforcement Department protect investors by investigating and prosecuting fraudulent or manipulative devices and practices that create market distortions. The pending Corporate Recovery Act was proposed to clarify rules for enterprise rehabilitation and business revitalisation and modernisation.<sup>124</sup>

In the banking sector four new laws were enacted: the General Banking Law of 2000 regulating the organisation and operations of banks, quasi-banks and trust entities (RA 8791), the Anti-Money-Laundering Act of 2001 (RA 9160 and RA 9194 amending RA 9160) introducing the Suspicious Transaction Reporting System and the establishment of the Money-Laundering Council; and a Special-Purpose Vehicles Act of 2002 granting tax exemptions and fee privileges to companies that acquire or invest in non-performing assets. The SEC also issues memoranda on corporation rules, auditing practices and fines. In 2002, the SEC approved the promulgation and implementation of a Code of Corporate Governance that protects the rights of minority shareholders, regulates boards of directors and promotes disclosure and transparency.

Corruption thrives in the public-private interface, and economic elites as well as government entities are main actors and sources of corruption.<sup>125</sup> Examples of the corruption types prevalent in the Philippines are crony capitalism and infrastructure scams.<sup>126</sup> The 2005 Fifth SWS Enterprise Survey on Corruption reveals that corruption exists in the private sector, where dishonest business practices persist.<sup>127</sup> A survey of chief executive officers and senior managers conducted by the Asian Institute of Management, Business and Social Research Desk, and the Social Weather Stations shows that a number of businessmen are just as guilty as government officials.<sup>128</sup> Teten Masduki, winner of the 2005 Ramon Magsaysay Award for Public Service, says 'The main actors of corruption are government and the private sector and society always becomes its victim'.<sup>129</sup>

The role of the business sector in curbing corruption is important,<sup>130</sup> although a number of bureaucrats and academics have expressed scepticism about the sector's sincerity in joining civil society and government in the fight. At the end of 2005, the business sector's potential for contributing financially had not been realised. A famous academic said, 'they have not contributed a cent towards reform programmes'.<sup>131</sup> However, the Coalition on Corruption, a group of businessmen, in conjunction with the Makati Business Club, have participated in monitoring procurement in DOH, DepED textbooks, DND equipment, congressional pork barrels and internal revenue allotments; coordinated with SWS in corruption diagnostics; mediated in alternate dispute resolution so that the court forms partnerships with business organisations and industry associations; participated in LSC and advocated Comelec cases.<sup>132</sup> A 2005 survey reports that business people are willing to give up 5 per cent of their net income to fight corruption.<sup>133</sup>

## Regional and Local Government

Sections 1 to 21, Article X of the 1987 Philippine constitution comprise the legal provisions for local government, mainly outlining autonomy, just sharing of financial and physical resources and the demarcation of political and territorial boundaries. The regulatory framework that supports the constitutional law is the Local Government Code of 1991 (RA 7160), which establishes effective mechanisms of recall, initiative and referendum; allocates among the different local government units their powers, responsibilities and resources; and provides for the qualifications, election, appointment and removal, term, salaries, powers and functions and duties of local officials and all other matters relating to the organisation and operation of the local units. It also entitles local governments to receive proceeds of the national wealth, allocates criteria for sectoral representation and political subdivision, specifies aggregations and establishes the passage of an

Organic Act for Autonomous Regions. Since 1991 several amendments have been made to the code concerning administrative divisions, revenue and term times (RA 8524).

LGUs' role through decentralisation is to bring government closer to the people so that people may have a more direct say in the affairs of government and also to increase government responsiveness to the people.<sup>134</sup> Local government comprises 79 provinces, 1,142 cities, 1,496 municipalities, 41,944 *barangays*, an Autonomous Regional Government and a Special Administrative Region.<sup>135</sup> Unless LGUs are able to generate adequate taxes from their communities they rely heavily on the Internal Revenue Allotment (IRA), a central government hand-out.<sup>136</sup> Of the total IRA a major portion, 60 per cent, remains in national government hands, while the rest is allocated to local government.<sup>137</sup> At a 1995 UN Summit on Social Development in Stockholm, the Philippines backed a '20:20 Pact', which allocated 20 per cent of IRA to meet urgent human needs of the poorest such as water, nutrition, medicine, primary schools and farm-to-market roads.

The Code of Conduct and Ethical Standards for Government Officials and Personnel (RA 6713) also pertains to local government officials. The Civil Service Commission and applicable provisions of the Local Government Code, such as the Creation of Local Personnel Board and the Policy on Human Resource Development, primarily govern local government conduct. The guiding principles are the merit system and security of tenure. Discipline over career employees is lodged with the local chief executives and the Civil Service Commission. Post-employment restrictions for losing local government candidates are the same as for other political candidates; they are prohibited from being appointed or re-employed in the government service within one year following such an election.

Transparency and disclosure methods are covered by the filing of SALN (RA 3019, RA 6713). The local finance officer must itemise monthly collections and disbursements within a period of at least two consecutive weeks at prominent places, and these must be published in a newspaper of general circulation. The penalty for non-compliance is a fine not exceeding PHP 500 or imprisonment not exceeding one month or both. Local government officials must follow provisions of the Government Procurement Reform Act (RA 9184), which promotes transparency in procurement and bidding processes. To improve efficiency and reduce red tape, all agencies are required to provide information on procedures of transactions to the public.<sup>138</sup> Local government officers or employees who violate an ordinance may experience administrative disciplinary sanctions or an appropriate civil or criminal action. Local government interacts with civil society, the business sector and national government agencies, particularly the Department of Interior and Local Government, for the purposes of policy formulation and standard setting.

COA reports demonstrate that LGUs suffer from flawed procurement processes, usually in infrastructure projects, which have allowed local government officials to make large sums in construction deals. Examples of these anomalies are the Cainta asphalt plant, Roxas City water-treatment plant and a number of others, and the provision of education and health services, like the office-supply scandal in Caloocan City, irregularities in payment of public school teachers' social security benefits in the Autonomous Region of Muslim Mindanao (ARMM), anomalies in the supplies of hospital equipment in Makati City's Osmak, irregularities in personnel hiring where the prevalence of patronage and family control is well known and usurious lending activities.<sup>139</sup> In a COA report on six cities – Caloocan, Manila, Makati, Valenzuela, Pasig and Marikina – and a town, Cainta, findings showed a lack of oversight in procurement processes by congressional bodies, which need to re-focus attention from Manila to LGUs.<sup>140</sup>

## International Institutions

Three types of international institutions are involved in anti-corruption reform: the multilateral banks, such as the ADB and the World Bank; bilateral donor institutions, such as USAID, Japan International Cooperation Agency (JICA), CIDA, EU and AusAID; and other types of organisations, such as the UNDP and the Asia Foundation. The World Bank in 2006 supports the largest number of anti-corruption and governance projects in the Philippines. Bank president Paul Wolfowitz has said<sup>141</sup> that graft is a major impediment to development and that the bank will step up transparency and anti-corruption efforts on three fronts: increasing the number of anti-corruption and governance experts, increasing its investments in judicial and civil service reform and media freedom and introducing a new system to reduce risks of corruption in bank projects, including steps to 'address incentives and opportunities to fight corruption right from the start'.<sup>142</sup> The bilateral donors are also mainstreaming anti-corruption elements into their programmes to ensure aid delivery effectiveness. UNDP fosters democratic governance, such as justice, political and public administration reforms, while TAF collaborates with partners from the public and private sectors to help foster greater openness.

Regulatory frameworks that govern international institutions constitute external pressure emanating from non-regional shareholders for multilaterals and from their country's tax payers for bilateral donors.<sup>143</sup> Agreements between the host country and the institution dictate the level of independence the institution will have within the country and the interaction between partner government and donor. For instance, the agreement between the ADB and the Philippine government allows the bank a high level of independence from the laws of the host country. There are also proposals to recover aid money from dishonest contractors and bureaucrats through independent international recovery organisations to take the politics out of corruption crackdowns.<sup>144</sup>

Because international institutions have stated responsibilities and objectives in relation to fighting corruption and promoting integrity both within projects and among staff, anti-corruption policies have been formulated to reduce the burden corruption exacts from governments and economies of the region.<sup>145</sup> The ADB's anti-corruption policy serves as an example in this section. The bank's policy is continuously updated in an output manual, policy clarifications and integrity guidelines and procedures. To increase public consultation, comments are invited on-line. The ADB has an Integrity Oversight Committee that determines whether parties to ADB-financed activity have failed to comply with the Anti-Corruption Policy and if so determines sanctions, such as reprimands and debarment. The Office of Auditor General, Integrity Division (OAGI) protects and maintains confidentiality of whistleblowers, and staff who fear reprisals can request an administrative review. The Anti-Corruption Policy requires all ADB-financed activity, including all ADB staff, to adhere to the highest financial and ethical standards. It designates the Office of the Auditor General as the initial point of contact for allegations of fraud, corruption and abuse among ADB-financed projects or its staff. OAGI's annual reports are downloadable. The ADB has an Integrity Oversight Committee whose procedures include investigation, corrective action, suspension or cancellation of loans, appeals and sanctions reporting. Anti-corruption elements are also embedded within individual country projects.

To address concerns in ADB-assisted projects, the ADB approved an accountability mechanism in 2003 consisting of two phases: a consultation phase with a special project facilitator, who will respond to specific problems of locally affected people, and a compliance review phase through the Compliance Review Panel to investigate alleged violations of ADB's operational policies and procedures and to make recommendations to ensure project compliance.<sup>146</sup> This precautionary measure would help reduce risk for bank projects. This is particularly called for since a \$20-million World Bank grant-funded environment project in 2002 with the Philippine government and an environmental NGO, when a substantial portion of the funds had disappeared before the project was to be fully implemented.<sup>147</sup> To prevent conflicts of interest, ADB does not allow employment or contracting of staff members' spouses. Post-employment restrictions disallow recruitment of former employees from working as consultants within a year and for managers within two years. Only gifts up to \$50 are allowed; any other gifts must be reported and registered in the Office of Administrative Services.

In terms of transparency, the bank has a public communications policy called Disclosure and Exchange of Information, which became effective 1 September 2005. To implement this policy, the bank instils among its staff 'a presumption in favour of disclosure of information', which means that it takes a proactive stance at 'sharing information with and seeking feedback from all its stakeholders'.<sup>148</sup> To respond to information requests from stakeholders, such as external constituents and audiences, the bank categorises documents into three types: confidential, for official use only and unclassified. The first two types are not released or published; only the last is placed in the public domain. There is an anonymous hotline for complaints, and the Staff Council deals with staff issues such as inappropriate behaviour that may be considered corrupt. Sanctions are suspension and/or dismissal.

The international institutions are a key part of the NIS, interacting with government agencies and civil society to provide financial assistance and knowledge management for anti-corruption reform.

Multi-lateral development banks such as the ADB, the European Bank for Reconstruction and Development, the International Monetary Fund and the World Bank came up with a joint statement in February 2006 to fight corruption by standardising corruption definitions, improving consistency of investigative rules and procedures, strengthening information sharing, and assuring compliance and enforcement actions.<sup>149</sup> In addition, a task force has been established to report bi-monthly on progress in order to develop a uniform Framework for Preventing and Combating Fraud and Corruption with the goal of concluding an agreement by September 2006. Bank leaders have also agreed to strengthen countries' capacity to combat corruption and to improve cooperation with other stakeholders to enhance transparency and accountability.

The government of the Philippines and international donors have coalesced to form the Philippine Development Forum, a consultative group established by the government to act as a mechanism to facilitate policy dialogue about the Philippine development agenda (see 'Anti-Corruption Activities'). A PDF Working Group on Governance and Anti-Corruption focuses on governance reform, such as public expenditure management, performance management and public service delivery, and anti-corruption reform focuses along the lines of the National Anticorruption Plan of Action in the areas of investigation, prosecution and speedy trials, prevention and education.<sup>150</sup>

## Evaluation of the NIS

Overall, the Philippine NIS has difficulty functioning effectively. The reason for this is that in a country with endemic and institutionalised corruption, the NIS pillars themselves have become compromised. The principle of separation of power and the check-and-balance mechanism – crucial elements in the prevention of collusion within oversight departments – have been ignored. Horse-trading occurs between individual legislators and the executive to place their people into positions in the bureaucracy, military or the police. Systematic state capture of government by both political and business elites is also a concern. Accountability agencies imbued with constitutional independence and fiscal autonomy lack true independence due to inadequate financial resources and budget shortfalls. The OMB and other enforcement agencies have problems building the capacity of their organisations as part of their investigative and prosecutorial roles. Government anti-corruption agencies' efforts have tended to be diffused and dispersed, leading to a dilution of resources due to the lack of a focal point. The bifurcated system in which the rich are allowed to get away but the poor are punished remains a major problem in the criminal justice system. Finally, although Philippine anti-corruption laws are comprehensive, and tight regulatory frameworks exist, laws are not formulated through a consultative process to ensure that stakeholders have given their inputs and consensus building is ensured.

The informal sector, although vibrant and lively, lacks a degree of self-regulation to ensure that integrity mechanisms, such as codes of conduct and rules on conflict of interest and gifts and hospitality, are enforced. The public-private interface, and even the private-private interface, has always been an area where corruption flourishes. Scepticism has not been eradicated among civil society organisations concerning the business sector's motivation to engage in anti-corruption efforts. The decentralisation push by the government and international donors to strengthen local government and bring communities closer to decision-making processes, although commendable, also has the potential of decentralising corruption.<sup>151</sup> International donors who preach the anti-corruption agenda also suffer from corruption within their own governments. Institutions like the OMB, CSC and the executive have mechanisms in place for whistleblowers, but these systems would be inadequate for protection against reprisals and an increase in disclosures.

However, it is not all bleak news. First, the Philippines is ahead of most countries given that it has provisions in constitutional law, a comprehensive legal framework and a tight regulatory regime in place to support the NIS. These are further supported by other measures, such as executive orders, presidential proclamations and decrees, administrative orders and official memoranda that serve to underpin anti-corruption efforts. Tables 5 and 6 list all anti-corruption and anti-graft laws that help strengthen the NIS in the Philippines.

**Table 5 Philippine Anti-Graft and Corruption Laws, by Year**

Year	Law	Number	Details
1987	Constitution	Art IX, Sec 1-21	Accountability of Public Officers including SALN
1987 Constitution	Constitution	Art IX	Independence and Autonomy of Constitutional Commissions
1987	Constitution	Bill of Rights, Art III, Sec 7	Right to Information on Matters of Public Concern
1930	Act Revising the Penal Code	RA 3815	Imposes sanctions through penalties and fines on corrupt officials
1955	Act Declaring Forfeiture in Favour of the State of Any Property Found To Have Been Unlawfully Acquired By Any Public Officer or Employee	RA 1379	Authorizes state to appropriate any property found to have been unlawfully acquired by any public officer or employee
1960	Anti-Graft and Corrupt Practices Act	RA 3019	Identifies 11 types of corrupt acts among public officials, requires them to file every 2 years detailed and sworn statement of assets and liabilities, includes submission of SALN every other year
1969	An Act Providing for the Office of the Citizen's Counsellor	RA 6028	Provides for the formation of Office of the Citizens' Counsellor; passed August of that year by President Marcos but not implemented
1988	An Act To Protect the Security of Tenure of Civil Service Officers and Employees in the Implementation of Government Reorganisation	RA 6656	Prohibits removal of officer or employee in the career service except for a valid cause and after due notice and hearing
1989	An Act Establishing a Code of Conduct and Ethical Standards for Public Officials and Employees	RA 6713	Promotes a high standard of ethics in public service; public officials and employees shall at all times be accountable to the people and shall discharge their duties with utmost responsibility, integrity, competence and loyalty, act with patriotism and justice, lead modest lives and uphold public interest over personal interest
1991	An Act Defining and Penalising the Crime of Plunder of 1991	RA 7080	Any public officer who, by himself or in connivance, acquires ill-gotten wealth of at least seventy-five million pesos (P75,000,000.00), shall be punished by life imprisonment with perpetual absolute disqualification from holding any public office.
2005	General Appropriations Act	RA 9336	FY 2005, 1 January-31 December 2005

**Sources:** Chan Robles Virtual Law Library, <http://adb.org/Documents/Policies/PCP/prelims.pdf>; The Lawphil Project - Philippine Laws and Jurisprudence Databank, <http://www.lawphil.net>; Transparent Accountable Governance Website, <http://www.tag.org.ph/philaw/default.htm>; 1987 Philippine Constitution.

**Table 6 Philippine Anti-Graft and Corruption Laws, by NIS Pillar**

<b>Pillar</b>	<b>Law</b>	<b>Number</b>
<b>Executive</b>	Constitutional Law	Art VII
<b>Legislature</b>	Constitutional Law	Art VI
<b>Political Parties</b>	No Law	
<b>Comelec</b>	Omnibus Election Code of the Philippines of 1985 or Batas Pambansa Bilang 881	Art IX-C
	Synchronised National and Local Election Act of 1991	RA 7166
<b>COA</b>	Constitutional Law	Art IX-D
<b>Judiciary/ Sandiganbayan</b>	Constitutional Law	Art VIII
	An Act Further Defining the Jurisdiction of the Sandiganbayan	RA 8249
	An Act To Strengthen the Functional and Structural Organisation of the Sandiganbayan	RA 7975
<b>Civil Service Commission</b>	Constitutional Law	Art IX-B
<b>Police</b>	Philippine National Police Reform and Reorganisation Act of 1998	
<b>Procurement</b>	Government Reform Act of 2002	RA 9184
<b>Ombudsman</b>	The Ombudsman Act of 1989	RA 6770
<b>Anti-Corruption Agencies</b>	EO, PD and other measures	
<b>Media</b>	Creating the Movie and Television Review and Classification Board 1985	PD 1986
<b>Civil Society</b>	No Law	
<b>Business Sector/SEC</b>	The Securitisation Act of 2004	RA 9267
	The Bank Act of 1993	RA 7653
<b>Regional and Local Government</b>	Constitutional Law	Art X
	The Local Government Code of the Philippines of 1991	RA 7160
<b>International Institutions</b>	International Agreements	

**Sources:** Chan Robles Virtual Law Library, <http://adb.org/Documents/Policies/PCP/prelims.pdf>; The Lawphil Project - Philippine Laws and Jurisprudence Databank, <http://www.lawphil.net>; Transparent Accountable Governance Website, <http://www.tag.org.ph/philaw/default.htm>; 1987 Philippine Constitution.

Most institutions have accountability and integrity mechanisms in place, rules on transparency and disclosure and rules on disclosure of information and divestment. Known as the showcase of democracy in Southeast Asia, the Philippines has had a tenacious hold on maintaining its democratic principles at the expense of economic growth. This freedom has allowed its citizenry to vent corruption grievances through its media and assist in reducing the incidence of corruption through its civil society movements. Filipino Report Cards, produced by the government, demonstrate how the public would like government to improve public service delivery, have been successful instruments for reform. Awareness of corruption and its detrimental nature and intolerance for it is widespread across the public domain, particularly among the urban middle and upper classes.

A holistic approach has been adopted by both government and non-government actors; civil society, business, religious groups and academia have coalesced to try to help reduce corruption levels. The National Anti-Corruption Plan of Action 2006 has a secretariat that coordinates and helps bring these efforts together. The government's zero-tolerance policy and its promotion of internal audits, integrity reviews and integrity action plans in departments and agencies across the bureaucracy demonstrate that political will exists. Reform has not become stuck at the individual level but has now moved to addressing agency-level corruption. Institutions are strengthened by capable people and reform champions. The Philippines' highly literate population is a resource from which the NIS can draw.

On the whole, the NIS is led by independent-thinking, capable professionals who are committed to doing their best to stem corruption within their institutions. There is enthusiasm for forming integrity circles, road maps and citizen charters to reduce the culture of corruption. The Philippines is always one of the first countries to put its name to international pacts, treaties and covenants such as UNCAC, OECD-ADB and EITI to fight supply-side corruption. The priority now is to turn all these action plans into an endgame to actually reduce corruption levels.

## References

- J. S. Aguilar, *Counting the Cost of Corruption in the Philippines*, [http://www.cyberdyaryo.com/commentary/c2004\\_0428\\_04.htm](http://www.cyberdyaryo.com/commentary/c2004_0428_04.htm).
- A. Al Madani, 'Democracy', Axis of Logic, 2006, [www.axisoflogic.com/](http://www.axisoflogic.com/).
- T. Arceo-Dumlao, 'Company execs also guilty of graft, says poll', *Philippine Daily Inquirer*, 17 October 2005.
- A. A. Arugay, *From Protest to Participation? Accountability Reform and Civil Society in the Philippines*, 2005, [http://web.kssp.upd.edu.ph/talastasan/papers/arugay\\_protest\\_to\\_participation.pdf](http://web.kssp.upd.edu.ph/talastasan/papers/arugay_protest_to_participation.pdf).
- Asia News Report Survey 2006, The Annual Report Asia 2005*, Reporters Sans Frontieres (RSF), Paris.
- 'Asia Pacific Group on Money Laundering Mutual Evaluation Report on the Republic of the Philippines (Hong Kong: Political and Economic Risk Consultancy, Ltd. [PERC], 2006).
- 'Assessing the Past, Addressing the Future', paper presented at UP NCPAG International Conference, Public Administration Plus Governance, University of the Philippines, Dilliman, Quezon City, 21 October 2002.
- O. Azfar and T. Gurgur, *Decentralization and Corruption in the Philippines* (Quezon City, Philippine Centre for Investigative Journalism [PCIJ], 2005).
- T. Bacalla, 'Despite Anomalies, There are Few Checks on Corrupt Local Officials', PCIJ Report, 3–4 November 2003, <http://www.pcij.org/stories/2003/localprocurement2.html>.
- , 'While Congress Hounds Supreme Court, Local Governments Are Off the Hook' (PCIJ, Report, 3–4 November 2003), <http://www.pcij.org/stories/2003/localprocurement.html>.
- Balangay: An Introductory Course on Barangay Governance* (Quezon and Manila: Institute of Politics and Governance [IPG] and Friedrich Ebert Stiftung [FES], 1999).
- A. M. Balisacan and H. Hill, eds, *The Philippine Economy: Development, Policies, and Challenges*, (Oxford and New York: Oxford University Press, 2003).
- Evelyn Baliton, Assistant Ombudsman, Author Interview, 28 November 2005.
- L. Banayo, "'Confronted by the lord bishops on issues more transcendental than mining, they retreated" A tentative presidency', *Malaya* (Manila), 9 February 2006.
- , 'Opinion: Crime and punishment', *Malaya*, 9 March 2006.
- P. Bardhan, *The Economics of Corruption in Less Developed Countries: A Review of Issues* (Berkeley: University of California, Center for International and Development Economics Research, 1996).
- Fe Barin, Chairman, Securities and Exchange Commission, Author Interview, 5 December 2005.
- W. Bello, 'Afterthoughts: Sociologists, activists, and the post-globalist society', Excerpts from acceptance speech for Honorary Doctorate in Sociology, Panteion University of Social and Political Science, Athens, 23 May 2005, published 4 June 2005.
- , 'Can the Philippines Handle Globalization?' (Manila: Cultural Centre of the Philippines, paper presented to Karangalan, 2005).
- , 'Do corporations rule?', BBC News, 2005, <http://news.bbc.co.uk/1/hi/magazine/4201516.stm>, accessed 6 February 2006.
- J. Bernas, 'Looking for a chief justice', *Philippine Daily Inquirer*, 12 December 2005.
- T. Besley and J. McLaren, 'Taxes and Bribery: The Role of Wage Incentives', *Economic Journal* 103, 416 (1993): 119–41.
- V. K. Bhargava and E. Bolongaita, *Challenging Corruption in Asia 1, 2* (Washington, D.C.: World Bank, November 2003), 1–270.
- 'Bolante off the hook?', *Malaya*, 5 February 2006.
- A. Brillantes, *Governance Assessment of the Philippines* (Manila: Asian Development Bank [ADB], 2003).

- L. Briones, , 'Public Financial Accountability for Integrity and Results: The Case of the Philippine Bureau of the Treasury', in S. Schiavo-Campo, ed., *Governance, Corruption and Public Financial Management* (Manila: Asian Development Bank, 1999), 219–41.
- T. J. Burgonio, '2 Military officers testify on election fraud – Other military officials no-show at Senate probe', *Philippine Daily Inquirer*, 28 September 2005.
- Guillermo Carrague, COA Chairman, and COA commissioners, Author Interview, 12 December 2005.
- J. Carroll, *Philippine Institutions* (Manila: Solidaridad Publishing House, 1970).
- R. Casiple, 'Election, Political Parties, and Corruption', paper presented at *Curbing Corruption in South East Asia*, FES Regional Conference, Manila, 27–28 September 2005.
- Y. Chua, 'An Expensive and Unaccountable Legislature' (PCIJ Report, 22–24 March 2004, <http://www.cmfr.com.ph/chua2.html>).
- Y. T. Chua and S. S. Coronel, *Guide to Government* (Quezon City: Philippine Centre for Investigative Journalism, 2003).
- E. E. A. Co, *Philippine Culture of Corruption: Causes, Consequences and Challenges* (Quezon City: University of the Philippines, 2005).
- COA auditor, Author Interview, 25 October 2005.
- M. W. Collier, 'Explaining corruption: An institutional choice approach', *Crime Law and Social Change* 38, 1 (2002): 1–32.
- 'Corruption types and causes' (Manila: Philippine Centre for Policy Studies [PCPS], 2003).
- Country Reports on Human Rights Practices – Philippines* (Washington, D.C.: U.S. Department of State, Bureau of Democracy, Human Rights and Labor, 2005).
- I. Cruz, 'A Macapagal-Arroyo Court?', *Philippine Daily Inquirer*, 7 January 2006.
- V. Danguino, 'Reporting Under the Gun', PCIJ I Report, November–December 2005.
- Karina David, Chairperson, CSC Author Interview, 25 November 2005.
- E. S. de Dios and R. D. Ferrer, *Study 1, Corruption in the Philippines: Framework and context* (PCPS, 2005), <http://www.e-works.com.ph/pcps/projects.asp>.
- C. P. De Guzman, 'Presidential Anti-Graft Commission Programs', paper presented at Combating Corruption Conference, Manila, 21 September 2004.
- Constancia de Guzman, Chairman, PAGC, and Tess Baltazar, Commissioner, Author Interview, 17 October 2005.
- 'Department of Budget and Management Staffing Summary Report Fiscal Years 2000 and 2005' (Manila: Department of Budget and Management, 2005).
- B. Diokno, 'Beyond the Basics: The Philippine Case', in S. Schiavo-Campo, ed., *Governance, Corruption and Public Financial Management* (Pasig: ADB, 1999), 134–42.
- A. Doronila, 'Marcosian ploy seen in "people's initiative"', *Philippine Daily Inquirer*, 27 March 2006.
- E. Dum Dum, 'On Judicial Reforms: "Strengthening the Judiciaries of the 21st Century"', paper presented at Conference on Judicial Reform, Makati, 28–30 November 2005.
- 'Editorial 2006, "Ombudsman claims independence from SC"', *Malaya*, 3 March 2006.
- J. D. Espanol, 'Corruption and the Criminal Justice System', paper presented at *Correlation of Corruption and Political Stability*, National Defence College of the Philippines, Camp Aguinaldo, Quezon City, 23 November 2001.
- Dolores Espanol, Chairman, Transparency International Philippines, Author Interview, 27 March 2006.
- J. E. Esplanada, 'Arroyo nears record of most ex-AFP appointees', *Philippine Daily Inquirer*, 28 March 2006.
- , 'CSC reels from Arroyo prerogative to appoint execs', *Philippine Daily Inquirer*, 27 March 2006.
- , 'Government operating like employment agency', *Philippine Daily Inquirer*, 29 March 2006.
- Ex-President Makati Business Club, Author Interview, 1 December 2005.

- 'Fertilizer fund scam smokescreen', *Malaya*, 9 March 2006.
- Susana N. Gavino, Director, Supreme Court of the Philippines, Author Interview, 28 October 2005.
- D. Gonzalez, *Addressing the Problem of Corruption in the Philippine Bureaucracy: The Ombudsman and Ethics Training* (Manila: Ateneo de Manila University, 2005).
- 'Gov't procurement bill gets bicameral committee nod', *Philippine Daily Inquirer*, 17 December 2002.
- 'Graft and Corruption' (Manila: Philippine Centre on Transnational Crime [PCTC], 1999).
- C. Hofilena and A. Rufo, 'The Showbiz Press Gets into Politics', PCIJ Report, 3–4 May 2004, <http://www.cmfr.com.ph/chai1.htm>.
- B. Huang, 'The triumph of civil society', 2001, [http://www.cyberdyaryo.com/commentary/c2001\\_0228\\_01.htm](http://www.cyberdyaryo.com/commentary/c2001_0228_01.htm).
- E. T. Joaquin, 'Decentralization and Corruption: The Bumpy Road to Public Sector Integrity in Developing Countries', *Public Integrity* 6, 3 (Summer 2004): 207–19.
- F. L. Jocano, *Notion of Value in Filipino Culture*, Series Title 2 (Quezon City: Punlad Research House, 1992).
- T. Kwok, 'It Needs Two to Tango in Corruption – How Can the Business Sector Stop Dancing?' (Manila: European Chamber of Commerce, 2005).
- , 'The Role of Business Against Corruption' paper presented at Makati Business Club Forum, Manila, 17 May 2005.
- Vince Lazatin, President, Transparency and Accountability Network, Author Interview, 2 December 2005.
- 'Lifestyle check on government officials and employees still enforced – PGMA', 7 March 2006, <http://news.balita.ph/html/article.php/20060307191907357>.
- D. Lucas, 'Education crisis to hit RP economy, execs warn', *Philippine Daily Inquirer*, 27 August 2006.
- Bill Luz, President, Makati Business Club, Author Interview, 17 October 2005.
- A. Magno, 'Elections', *The Philippine Star*, 1 December 2005.
- 'Countering Corruption: The country's No. 1 headache is not the economy; it's corruption' (Makati: Makati Business Club, 2004).
- 'Business Optimistic About Economy But Worried About Corruption and Politics' (Makati: Makati Business Club, Economic Research, 2006).
- H. Marquette, *Corruption, Politics and Development: The Role of the World Bank* (Basingstoke, Hampshire, UK: Palgrave MacMillan, 2003).
- R. Martinez, *Strategies of Corruption Prevention in the Philippines: Mobilizing Civil Society* (Canberra: Australian National University, 1999).
- T. Masduki, 'Confronting Corruption: Moving from Vigilance to Action' (Manila: 2005 Magsaysay Awardees' Lecture Series, paper, 30 August 2005).
- J. L. McCoy, 'The Emergence of a Global Anti-corruption Norm', *International Politics* 38, 1 (2001): 65–90.
- P. Meagher, 'Anti-corruption agencies: Rhetoric versus reality', *The Journal of Policy Reform* 8, 1 (March 2005).
- 'Media gives COA thumbs up reports', *COA News* 4, 8 (November–December 2003).
- A. M. Mendoza, Jr., *The Industrial Anatomy of Corruption: Government Procurement, Bidding and Awards of Contract* (PCPS, 2001).
- J. Montemayor, '10 Gloria men face lifestyle check', *Malaya*, 10 February 2006.
- G. Montinola, 'Sources of Corruption: A Cross-Country Study', *British Journal of Political Science* (Cambridge University Press) 32 (2002): 147–170.
- J. Moran, 'Democratic Transitions and Forms of Corruption', paper presented at 50th Annual Conference, Political Studies Association, UK, 10–13 April 2000.

- M. Navarro-Gutierrez, 'Progress Updates' (Manila: Philippine Development Forum, 2006), <http://pdf.ph/downloads/Governance%20&%20AC%20Progress%20updates%20August%202006%20ver2.pdf>.
- NEDA Director-General Augusto B. Santos, *Performance and Prospects of the Philippine Economy*. (Manila: National Economic Development Authority [NEDA], 2006).
- J. Norton, 'Wolfowitz unveils anti-corruption strategy', Reuters, 11 April 2006.
- Report of the Oakwood Mutiny Investigation by the Feliciano Commission, Manila, 2006.
- S. C. Ocampo, 'Corruption: Its Historical Roots and Development', paper presented at National Study Conference on Corruption, University of the Philippines Diliman, College of Social Work and Community Development, Quezon, 14–15 January 2005.
- Office of the Ombudsman, Annual Report* (Quezon: Office of the Ombudsman, 2004).
- A. M. Olarte, 'Corruption in DECS Culture' (PCIJ, 1999).
- A. M. Olarte and Y. T. Chua, 'Up to 70% of Local Health Funds Lost to Corruption', PCIJ Report, 2–4 May 2005, <http://www.manilatimes.net/others/special/2005/may/02/20050502spe1.html>.
- 'Outstanding Public Sector Debt declines to 93.4% of GDP, 2006' (Manila: Department of Finance, 2006), [www.dof.gov.ph/stat/Press%20Release%20OPSD%202005pdf.pdf](http://www.dof.gov.ph/stat/Press%20Release%20OPSD%202005pdf.pdf).
- A. Pabico, 'Can Comelec Reform', PCIJ, November–December 2005.
- , 'What Went Wrong in the Comelec? The questionable credentials and integrity of commissioners have wrecked the election body', PCIJ I Report special issue, July 2005.
- R. Padua, 'ABS-CBN questions probers' credibility, Decries conflict of interest', *Malaya*, 9 February 2006.
- PAGC Director, Personal communication, 11 September 2006.
- A. Papa, 'New Southcom chief named', *Philippine Daily Inquirer*, 11 January 2006.
- R. S. Pascua, 'Our Roles in Government Procurement Pooling Volunteers to Sit as BACs Members/Observers', paper presented to Bishops-Businessmen's Conference, A Presentation to the Coalition Against Corruption Conference, Makati City, 21 September 2004).
- R. Pelovello, '5 sued for pocketing WB funds', *Malaya*, 10 July 2004.
- 'Philippine National Police Annual Report 2005' (Quezon: Philippine National Police [PNP], 2004).
- Kristina V. Pimentel, Program Director for Advocacy, Procurement Watch, Inc., Author Interview, 27 November 2005.
- 'Police National Anti-Corruption Plan', paper presented to Presidential Anticorruption Workshop, Development Academy of the Philippines, Tagaytay City, 21 January 2005.
- D. Porcalla, 'Judiciary biggest obstacle to anti-corruption campaign', Philippine Headline News Online, 14 October 2005, <http://www.odiousdebts.org/odiousdebts/print.cfm?ContentID=13895>, accessed 14 October 2005.
- 'Pulse Asia's March 2006 Ulat ng Bayan Survey' (Quezon City: Pulse Asia, Inc., 2006), <http://pulseasia.newsmaker.ph/main.asp?mode=&page=article&articleID=64614455670&section=Highlights>.
- J. R. S. Puno, 'The new Philippine Code of Judicial Conduct', paper presented at International Conference and Showcase on Judicial Reforms, First Plenary Session, Makati, 28 November 2005.
- J. S. T. Quah, *Curbing Corruption in Asia: A Comparative Study of Six Countries* (Singapore: Times Media Private Limited, 2003).
- J. M. Ragragio, 'G-Watch Tool for Citizens' Monitoring of Public Works Projects' (Manila: Ateneo de Manila University, 21 September 2004).
- B. Reid, 'Poverty Alleviation and Participatory Development in the Philippines', *Journal of Contemporary Asia* 35 (2005).
- J. B. Rempillo, 'New Code of Conduct for Judges, Court Personnel' (Manila: Philippine Supreme Court, 2004), <http://pio.supremecourt.gov.ph/benchmark/04/05-06/05-060405.php>.
- R. J. Romulo, 'Advancing Governance Reforms', paper presented at Conference on Advancing Governance Reforms in the Philippines, Manila, 19 March 2002.

- S. Rose-Ackerman, *Corruption and Government: Causes, Consequences and Reform* (New York: Cambridge University Press, 1999).
- D. R. Sah, 'Corruption Across Countries and Regions: Some Consequences of Local Osmosis' (Manila: AIM-World Bank Global Distance Learning Centre, 28 February 2006).
- T. Shorrock, 'Experts urge tougher US, World Bank anti-corruption stance', Inter Press Service, 2002, [www.cyberdyaryo.com/features/f2002\\_0517\\_06.htm](http://www.cyberdyaryo.com/features/f2002_0517_06.htm).
- J. T. Sidel and E.-L. Hedman, *Philippine Politics and Society in the Twentieth Century, Colonial Legacies, Post-colonial Trajectories* (London; New York: Routledge Taylor and Francis Group, 2000).
- R. Suparno, 'Transparency reforms the key to controlling corruption', *Indonesia Post*, 8 May 2006.
- Social Weather Stations (SWS), '2003/04 Surveys of Lawyers and Judges on the State of the Judiciary and the Legal Profession in the Philippines' (Manila: Forum of Metro Manila Trial Court Judges, 23 February 2005).
- , 'The 2005 SWS Survey of Enterprises on Corruption' (Manila: 5th Annual Business Enterprise Survey on Corruption, 2005).
- , 'The 2005 SWS Survey of Enterprises on Corruption: Solicitation of Bribes: Good News in Metro Manila, Stability in Metro Cebu, Bad News in Metro Davao' (Manila: SWS, 2005).
- Karen Tanada and Anna Leah Sarabia, NGOs heads, Author Interview, 4 December 2005.
- P. P. Tapales, 'Colloquium' (Los Angeles: UCLA International Institute, the Center for Southeast Asian Studies, 11 October 2005).
- L. Teodoro and R. Kabatay, *Media Laws and Regulations in the Philippines* (Quezon City: University of the Philippines Press, 2005).
- D. Treisman, 'The causes of corruption: a cross-national study', *Journal of Public Economics* 76 (2000): 399–457.
- P. C. Tubeza, 'Even the dead got fertilizers, COA reports', *Philippine Daily Inquirer*, 8 April 2006.
- 'UN World Summit for Social Development' (Copenhagen: United Nations Research Institute for Social Development, 6–12 March 1995).
- 'US report scores RP judiciary as corrupt', *Manila Times*, 3 March 2005.
- C. W. VanRijckeghem, 'Bureaucratic corruption and the rate of temptation: do wages in the civil service affect corruption, and by how much?' *Journal of Development Economics* 65, 2 (B 2001): 307–31.
- W. Vigilia and R. Padua, '30% of VAT seen going to corruption', *Malaya*, 4 February 2006.
- Clay Wescott, ADB Head, Asia Pacific Governance Institute, Author Interview, 19 October 2005.
- 'World Bank Report 1997' (Washington, D.C., World Bank, 1997).
- , 'World Development Report 2006: Equity and Development' (World Bank, 2006).
- Isagani Yambot, *Philippine Daily Inquirer* publisher, Author Interview, 27 November 2005.

## Other Websites

[www.adb.org/Documents/Policies/ADBAccountability](http://www.adb.org/Documents/Policies/ADBAccountability)  
[www.adb.org/approachfightcorruption](http://www.adb.org/approachfightcorruption)  
[www.apjr-sc-phil.org](http://www.apjr-sc-phil.org)  
[www.asg.ateneo.edu/rc2.html](http://www.asg.ateneo.edu/rc2.html)  
[www.cadi.ph/](http://www.cadi.ph/)  
[www.cadi.ph/philippine\\_civil\\_society.htm](http://www.cadi.ph/philippine_civil_society.htm)  
[www.census.gov.ph/data/sectordata/popproj01.htm](http://www.census.gov.ph/data/sectordata/popproj01.htm)  
[www.coa.gov.ph/COA\\_hm/Helpdesk/H\\_desk.htm](http://www.coa.gov.ph/COA_hm/Helpdesk/H_desk.htm)  
[www.coa.gov.ph/COA\\_hm/Helpdesk/H\\_desk.htm](http://www.coa.gov.ph/COA_hm/Helpdesk/H_desk.htm)  
[www.comelec.gov.ph/laws/](http://www.comelec.gov.ph/laws/)  
[www.csc.gov.ph](http://www.csc.gov.ph)

[www.csc.gov.ph/the\\_csc.html](http://www.csc.gov.ph/the_csc.html)  
[www.dotpcvc.gov.ph/Information/people.html](http://www.dotpcvc.gov.ph/Information/people.html)  
[www.forbes.com/](http://www.forbes.com/)  
[www.pia.gov.ph/](http://www.pia.gov.ph/)  
[www.pnp.gov.ph/index.html](http://www.pnp.gov.ph/index.html)  
[www.pnp.gov.ph/index.html](http://www.pnp.gov.ph/index.html)  
[www.pnp.gov.ph/index.html](http://www.pnp.gov.ph/index.html)  
[www.sec.gov.ph/](http://www.sec.gov.ph/)  
[www.supremecourt.gov.ph/](http://www.supremecourt.gov.ph/)  
[www.tag.org.ph/investigativereports](http://www.tag.org.ph/investigativereports)  
[www.transparency.org/research/surveys\\_indices/gcb](http://www.transparency.org/research/surveys_indices/gcb)  
[www.worldbank.org.ph](http://www.worldbank.org.ph)

## Notes

<sup>1</sup> Details of the NIS can be found in the *TI Source Book* 1997 and 2000 and the *TI Anti-Corruption Handbook* (Berlin: Transparency International [TI], 1997, 2000), [www.transparency.org](http://www.transparency.org).

<sup>2</sup> International surveys like Transparency International's (TI) Corruption Perceptions Index (CPI) rank the Philippines as steadily worsening in corruption perception from 102 in 2004 to 117 in 2005; the 2005–2006 Political and Economic Risk Consultancy (PERC) report ranks the Philippines as Asia's second-most corrupt country; in March 2006 Pacific Strategies and Assessments (PSA), a leading Asia-based risk consultancy, reported that the Philippines is Asia's top kidnapping spot due to a weak rule of law and rampant corruption.

<sup>3</sup> National reports reflect the same situation; the Social Weather Station (SWS) survey claims that in 2005 most Filipino entrepreneurs still perceive corruption as a major problem; SWS's 2006 the 'Year of Great Trials' Annual Survey Review asserts that consistent areas of public dissatisfaction remain about the president and corruption.

<sup>4</sup> P. P. Tapales, 'Colloquium' (Los Angeles: UCLA International Institute, the Center for Southeast Asian Studies, 11 October 2005).

<sup>5</sup> A. Al Madani, 'Democracy', *Axis of Logic*, 2006, <http://www.axisoflogic.com>.

<sup>6</sup> A. M. Balisacan and H. Hill, eds., *The Philippine Economy: Development, Policies, and Challenges* (Oxford and New York: Oxford University Press, 2003).

<sup>7</sup> *World Development Report 2006: Equity and Development* (World Bank, 2006).

<sup>8</sup> 'Outstanding Public Sector Debt declines to 93.4% of GDP, 2006' (Manila: Department of Finance, 2006), <http://www.dof.gov.ph/stat/Press%20Release%20OPSD%202005pdf.pdf>.

<sup>9</sup> NEDA Director-General Augusto B. Santos, *Performance and Prospects of the Philippine Economy* (Manila: National Economic Development Authority [NEDA], 2006).

<sup>10</sup> <http://www.forbes.com>.

<sup>11</sup> <http://www.census.gov.ph/data/sectordata/popproj01.htm>.

<sup>12</sup> <http://www.dotpcvc.gov.ph/Information/people.html>.

<sup>13</sup> *World Development Report 2006: Equity and Development* (World Bank, 2006).

<sup>14</sup> <http://www.worldbank.org.ph>

<sup>15</sup> D. Treisman, 'The causes of corruption: A cross-national study', *Journal of Public Economics* 76 (2000): 399–457.

<sup>16</sup> J. Carroll, *Philippine Institutions* (Manila: Solidaridad Publishing House, 1970); F. L. Jocano, *Notion of Value in Filipino Culture*, Series Title 2 (Quezon City: Punlad Research House, 1992).

<sup>17</sup> M. W. Collier, 'Explaining corruption: An institutional choice approach', *Crime Law and Social Change* 38, 1 (2002): 1–32; G. Montinola, 'Sources of Corruption: A Cross-Country Study', *British Journal of Political Science* 32 (2002): 147–170.

<sup>18</sup> E. E. A. Co, *Philippine Culture of Corruption: Causes, Consequences and Challenges* (Quezon City: University of the Philippines, 2005); S. C. Ocampo, 'Corruption: Its Historical Roots and Development', paper presented at National Study Conference on Corruption, University of the Philippines Diliman, College of Social Work and Community Development, Quezon City, 14–15 January 2005; J. T. Sidel and E.-L. Hedman, *Philippine Politics and Society in the Twentieth Century, Colonial Legacies, Post-colonial Trajectories* (London and New York: Routledge Taylor and Francis Group, 2000).

<sup>19</sup> Philippine Centre for Policy Studies Good Governance for Local Development Project Reports, 2003; S. Rose-Ackerman, *Corruption and Government: Causes, Consequences and Reform* (New York: Cambridge University Press, 1999).

<sup>20</sup> V. K. Bhargava and E. Bolongaita, *Challenging Corruption in Asia* 1, 2 (Washington, D.C.: World Bank, November 2003), 1–270; J. S. T. Quah, *Curbing Corruption in Asia: A Comparative Study of Six Countries* (Singapore: Times Media Private Limited, 2003).

<sup>21</sup> E. S. de Dios and R. D. Ferrer, *Study 1, Corruption in the Philippines: Framework and context* (PCPS, 2005) <http://www.e-works.com.ph/pcps/projects.asp>.

<sup>22</sup> P. Bardhan, *The Economics of Corruption in Less Developed Countries: A Review of Issues* (Berkeley: University of California, Center for International and Development Economics Research, 1996); V. K. Bhargava and E. Bolongaita, *Challenging Corruption in Asia* 1, 2 (Washington, D.C.: World Bank, November 2003), 1–270.

<sup>23</sup> V. K. Bhargava and E. Bolongaita, *Challenging Corruption in Asia* 1, 2 (Washington, D.C.: World Bank, November 2003), 1–270.

<sup>24</sup> J. S. Aguilar, *Counting the Cost of Corruption in the Philippines*, 2004, [http://www.cyberdyaryo.com/commentary/c2004\\_0428\\_04.htm](http://www.cyberdyaryo.com/commentary/c2004_0428_04.htm); <http://www.tag.org.ph/investigativereports>.

<sup>25</sup> D. Lucas, 'Education crisis to hit RP economy, execs warn', *Philippine Daily Inquirer*, 27 August 2006; A. M. Olarte, 'Corruption in DECS Culture' (PCIJ, I Report 1999).

<sup>26</sup> A. M. Olarte and Y. T. Chua, 'Up to 70% of Local Health Funds Lost to Corruption', PCIJ Report 2–4 May 2005, <http://www.manilatimes.net/others/special/2005/may/02/20050502spe1.html>.

<sup>27</sup> W. Vigilia and R. Padua, '30% of VAT seen going to corruption', *Malaya*, 4 February 2006.

<sup>28</sup> J. Moran, 'Democratic Transitions and Forms of Corruption', paper presented at 50th Annual Conference, Political Studies Association, UK, 10–13 April 2000.

<sup>29</sup> W. Bello, 'Afterthoughts: Sociologists, activists, and the post-globalist society', Excerpts from acceptance speech for Honorary Doctorate in Sociology, Panteion University of Social and Political Science, Athens, 23 May 2005, published 4 June 2005.

<sup>30</sup> W. Bello, 'Can the Philippines Handle Globalization?' Cultural Centre of the Philippines, paper presented to Karangalan, Manila, 2005.

- <sup>31</sup> 'Assessing the Past, Addressing the Future', paper presented at UP NCPAG International Conference, Public Administration Plus Governance, University of the Philippines, Dilliman, Quezon City, 21 October 2002.
- <sup>32</sup> B. Reid, 'Poverty Alleviation and Participatory Development in the Philippines', *Journal of Contemporary Asia* 35 (2005).
- <sup>33</sup> Including administrative orders, executive orders, proclamations, memorandum orders, memorandum circulars.
- <sup>34</sup> Barangays serve as the primary planning and implementing arm of government policies, plans, programmes, projects and activities in the community.
- <sup>35</sup> Civil Service Commission (CSC) MC No. 40, 1998, as amended.
- <sup>36</sup> J. T. Sidel and E.-L. Hedman, *Philippine Politics and Society in the Twentieth Century, Colonial Legacies, Post-colonial Trajectories* (London and New York: Routledge Taylor and Francis Group, 2000).
- <sup>37</sup> Y. Chua, 'An Expensive and Unaccountable Legislature' PCIJ Report, 22–24 March 2004, <http://www.cmfr.com.ph/chua2.html>.
- <sup>38</sup> [www.comelec.gov.ph/laws/](http://www.comelec.gov.ph/laws/)
- <sup>39</sup> [www.pcij.org/i-report](http://www.pcij.org/i-report)
- <sup>40</sup> R. Casiple, 'Election, Political Parties, and Corruption', paper presented at *Curbing Corruption in South East Asia*, FES Regional Conference, Manila, 27–28 September 2005.
- <sup>41</sup> 'What Went Wrong in the Comelec? The questionable credentials and integrity of commissioners have wrecked the election body', PCIJ I Report special issue, July 2005.
- <sup>42</sup> T. J. Burgonio, '2 Military officers testify on election fraud – Other military officials no-show at Senate probe', *Philippine Daily Inquirer*, 28 September 2005; A. Papa, 'New Southcom chief named', *Philippine Daily Inquirer*, 11 January 2006.
- <sup>43</sup> R. Casiple, 'Election, Political Parties, and Corruption', paper presented at *Curbing Corruption in South East Asia*, FES Regional Conference, Manila, 27–28 September 2005; A. Pabico, 'Can Comelec Reform', PCIJ I Report, November–December 2005.
- <sup>44</sup> A. Doronila, 'Marcosian ploy seen in "people's initiative"', *Philippine Daily Inquirer*, 27 March 2006.
- <sup>45</sup> A. Magno, 'Elections', *The Philippine Star*, 1 December 2005.
- <sup>46</sup> *Pulse Asia's March 2006 Ulat ng Bayan Survey*, 2006
- <sup>47</sup> 'Graft and Corruption', Philippine Centre on Transnational Crime [PCTC], Manila, 1999.
- <sup>48</sup> Tess Bacalla, *Despite Anomalies, There are Few Checks on Corrupt Local Officials*, PCIJ, 2003, <http://www.pcij.org/stories/2003/localprocurement2.html>.
- <sup>49</sup> Interview with COA Chairman Guillermo Carrague and COA Commissioners, 2005.
- <sup>50</sup> [www.coa.gov.ph/COA\\_hm/Helpdesk/H\\_desk.htm](http://www.coa.gov.ph/COA_hm/Helpdesk/H_desk.htm).
- <sup>51</sup> P. C. Tubeza, 'Even the dead got fertilizers, COA reports', *Philippine Daily Inquirer*, 8 April 2006.
- <sup>52</sup> Interview with COA Auditor, 2005.
- <sup>53</sup> Yvonne Chua, "Congress upkeep rises 10% yearly," *Manila Times*, 23 March 2004, <http://www.manilatimes.net/others/special/2004/mar/23/20040323spe1.html>.
- <sup>54</sup> Y. Chua, 'An Expensive and Unaccountable Legislature' PCIJ Report 22–24 March 2004, <http://www.cmfr.com.ph/chua2.html>.
- <sup>55</sup> Interview with Supreme Court of the Philippines Director Susana N. Gavino, 2005.
- <sup>56</sup> Washington, D.C.: U.S. Department State, Bureau of Democracy, Human Rights and Labor, 2005.
- <sup>57</sup> D. Porcalla, 'Judiciary biggest obstacle to anti-corruption campaign', Philippine Headline News Online, 14 October 2005, <http://www.odiousdebts.org/odiousdebts/print.cfm?ContentID=13895>, accessed 14 October 2005.
- <sup>58</sup> 'US report scores RP judiciary as corrupt', *Manila Times*, 2005.
- <sup>59</sup> Social Weather Stations (SWS), '2003/04 Surveys of Lawyers and Judges on the State of the Judiciary and the Legal Profession in the Philippines' (Manila: Forum of Metro Manila Trial Court Judges, 23 February 2005).
- <sup>60</sup> 'Countering Corruption: The country's No. 1 headache is not the economy; it's corruption' (Makati: Makati Business Club, 2004).
- <sup>61</sup> J. Bernas, 'Looking for a chief justice', *Philippine Daily Inquirer*, 12 December 2005.
- <sup>62</sup> L. Banayo, "'Confronted by the lord bishops on issues more transcendental than mining, they retreated" A tentative presidency', *Malaya* (Manila), 9 February 2006; I. Cruz, 'A Macapagal-Arroyo Court?', *Philippine Daily Inquirer*, 7 January 2006.
- <sup>63</sup> [www.apjr-sc-phil.org](http://www.apjr-sc-phil.org).
- <sup>64</sup> Interview with Supreme Court of the Philippines Director Susana N. Gavino, 2005; J. R. S. Puno, 'The new Philippine Code of Judicial Conduct', paper presented at International Conference and Showcase on Judicial Reforms, First Plenary Session, Makati, 28 November 2005.
- <sup>65</sup> [www.csc.gov.ph](http://www.csc.gov.ph)
- <sup>66</sup> 'Graft and Corruption' Philippine Centre on Transnational Crime [PCTC], Manila, 1999; C. Hofilena and A. Rufo, 'The Showbiz Press Gets into Politics', PCIJ Report, 3–4 May 2004, <http://www.cmfr.com.ph/chai1.htm>.
- <sup>67</sup> Book VII of the Administrative Code of 1987, under the title 'Administrative Procedure'.
- <sup>68</sup> [www.csc.gov.ph/the\\_csc.html](http://www.csc.gov.ph/the_csc.html).
- <sup>69</sup> B. Diokno, 'Beyond the Basics: The Philippine Case', in S. Schiavo-Campo, ed., *Governance, Corruption and Public Financial Management* (Pasig: ADB, 1999), 134–42.
- <sup>70</sup> D. Gonzalez, *Addressing the Problem of Corruption in the Philippine Bureaucracy: The Ombudsman and Ethics Training* (Manila: Ateneo de Manila University, 2005).
- <sup>71</sup> Interview with CSC Chairperson Karina David, 2005.
- <sup>72</sup> Interview with CSC Chairperson Karina David, 2005; J. E. Esplanada, 'Arroyo nears record of most ex-AFP appointees', *Philippine Daily Inquirer*, 28 March 2006; J. E. Esplanada, 'CSC reels from Arroyo prerogative to

- appoint execs', *Philippine Daily Inquirer*, 27 March 2006; J. E. Esplanada, 'Government operating like employment agency', *Philippine Daily Inquirer*, 29 March 2006.
- <sup>73</sup> 'Department of Budget and Management Staffing Summary Report Fiscal Years 2000 and 2005' (Manila: Department of Budget and Management, 2005).
- <sup>74</sup> Interview with CSC Chairperson Karina David, 2005.
- <sup>75</sup> R. Suparno, 'Transparency reforms the key to controlling corruption', *Indonesia Post*, 8 May 2006.
- <sup>76</sup> T. Besley and J. McLaren, 'Taxes and Bribery: The Role of Wage Incentives', *Economic Journal* 103, 416 (1993): 119-41.
- <sup>77</sup> 'Police National Anti-Corruption Plan', paper presented to Presidential Anticorruption Workshop, Development Academy of the Philippines, Tagaytay City, 21 January 2005.
- <sup>78</sup> Y. T. Chua and S. S. Coronel, *Guide to Government* (Quezon City: Philippine Centre for Investigative Journalism, 2003).
- <sup>79</sup> 'Philippine National Police Annual Report 2005' (Quezon: Philippine National Police [PNP], 2004).
- <sup>80</sup> [www.pnp.gov.ph/index.html](http://www.pnp.gov.ph/index.html)
- <sup>81</sup> Dolores Espanol, Chairman, Transparency International Philippines, Author Interview, 27 March 2006.
- <sup>82</sup> 'Police National Anti-Corruption Plan', paper presented to Presidential Anticorruption Workshop, Development Academy of the Philippines, Tagaytay.
- <sup>83</sup> [www.transparency.org/research/surveys\\_indices/gcb](http://www.transparency.org/research/surveys_indices/gcb)
- <sup>84</sup> 'Philippine National Police Annual Report 2005' (Quezon: Philippine National Police [PNP], 2004).
- <sup>85</sup> [www.pnp.gov.ph/index.html](http://www.pnp.gov.ph/index.html)
- <sup>86</sup> [www.gppb.gov.ph](http://www.gppb.gov.ph)
- <sup>87</sup> R. S. Pascua, 'Our Roles in Government Procurement Pooling Volunteers to Sit as BACs Members/Observers', paper presented to Bishops-Businessmen's Conference, A Presentation to the Coalition Against Corruption Conference, Makati City, 21 September 2004.
- <sup>88</sup> Interview Procurement Watch, Inc., Program Director for Advocacy Kristina V. Pimentel, 2005.
- <sup>89</sup> J. M. Ragragio, 'G-Watch Tool for Citizens' Monitoring of Public Works Projects' (Manila: Ateneo de Manila University, 21 September 2004).
- <sup>90</sup> [www.gppb.gov.ph/search\\_engine/default.asp](http://www.gppb.gov.ph/search_engine/default.asp)
- <sup>91</sup> Interview Procurement Watch, Inc., Program Director for Advocacy Kristina V. Pimentel 2005.
- <sup>92</sup> R. S. Pascua, 'Our Roles in Government Procurement Pooling Volunteers to Sit as BACs Members/Observers', paper presented to Bishops-Businessmen's Conference, A Presentation to the Coalition Against Corruption Conference, Makati City, 21 September 2004.
- <sup>93</sup> A. M. Mendoza, Jr., *The Industrial Anatomy of Corruption: Government Procurement, Bidding and Awards of Contract* (PCPS, 2001).
- <sup>94</sup> P. Meagher, 'Anti-corruption agencies: Rhetoric versus reality', *The Journal of Policy Reform* 8, no. 1 (March 2005).
- <sup>95</sup> "Rules On Internal Whistleblowing and Reporting", Office of the Ombudsman, Office Order No. 05-18 Series of 2005, 24 January 2005.
- <sup>96</sup> Report of the Oakwood Mutiny Investigation by the Feliciano Commission, Manila, 2006; 'Asia Pacific Group on Money Laundering Mutual Evaluation Report on the Republic of the Philippines (Hong Kong: Political and Economic Risk Consultancy, Ltd. [PERC], 2006).
- <sup>97</sup> D. Gonzalez, *Addressing the Problem of Corruption in the Philippine Bureaucracy: The Ombudsman and Ethics Training* (Manila: Ateneo de Manila University, 2005).
- <sup>98</sup> Interview, Chairman, Transparency International Philippines Judge Dolores Espanol, 2006.
- <sup>99</sup> M. Navarro-Gutierrez, 'Progress Updates' (Manila: Philippine Development Forum, 2006), <http://pdf.ph/downloads/Governance%20&%20AC%20Progress%20updates%20August%202006%20ver2.pdf>.
- <sup>100</sup> C. P. De Guzman, 'Presidential Anti-Graft Commission Programs', paper presented at Combating Corruption Conference, Manila, 21 September 2004.
- <sup>101</sup> With a salary grade of 26 upwards, such as directors, assistant secretaries, undersecretaries and cabinet members.
- <sup>102</sup> J. Montemayor, '10 Gloria men face lifestyle check', *Malaya*, 10 February 2006.
- <sup>103</sup> C. P. De Guzman, 'Presidential Anti-Graft Commission Programs', paper presented at Combating Corruption Conference, Manila, 21 September 2004.
- <sup>104</sup> Conrado Vasquez in J. S. T. Quah, *Curbing Corruption in Asia: A Comparative Study of Six Countries* (Singapore: Times Media Private Limited, 2003).
- <sup>105</sup> PAGC Director Chat Alvarado, Personal communication, 11 September 2006.
- <sup>106</sup> 'Bolante off the hook?', *Malaya*, 5 February 2006; 'Fertilizer fund scam smokescreen', *Malaya*, 9 March 2006.
- <sup>107</sup> J. S. T. Quah, *Curbing Corruption in Asia: A Comparative Study of Six Countries* (Singapore: Times Media Private Limited, 2003).
- <sup>108</sup> *The Asia Pacific Anti-Corruption Initiative*, 11th International Anti-Corruption Conference, Seoul, 27 May 2003.
- <sup>109</sup> Interview, *Philippine Daily Inquirer* publisher Isagani Yambot, 2005.
- <sup>110</sup> R. Padua, 'ABS-CBN questions probers' credibility, Decries conflict of interest', *Malaya*, 9 February 2006.
- <sup>111</sup> 'Asia News Report Survey 2006,' *The Annual Report Asia 2005*, Reporters Sans Frontieres (RSF), Paris, 2005.
- <sup>112</sup> C. Hofilena and A. Rufo, 'The Showbiz Press Gets into Politics', PCIJ Report, 3-4 May 2004, <http://www.cmfr.com.ph/chai1.htm>.
- <sup>113</sup> V. Danguino, 'Reporting Under the Gun', PCIJ I Report November-December 2005.

- <sup>114</sup> L. Banayo, 'Confronted by the lord bishops on issues more transcendental than mining, they retreated' A tentative presidency', *Malaya* (Manila), 9 February 2006.
- <sup>115</sup> B. Huang, 'The triumph of civil society', 2001, [http://www.cyberdyaryo.com/commentary/c2001\\_0228\\_01.htm](http://www.cyberdyaryo.com/commentary/c2001_0228_01.htm) (viewed on 8 November 2006).
- <sup>116</sup> [www.asg.ateneo.edu/rc2.html](http://www.asg.ateneo.edu/rc2.html)
- <sup>117</sup> [www.cadi.ph](http://www.cadi.ph)
- <sup>118</sup> Interview with Transparency and Accountability Network President Vince Lazatin, 2005.
- <sup>119</sup> Ledivina V. Cariño, ed. *Between the State and the Market: The Nonprofit Sector and Civil Society in the Philippines* (Quezon City: Center for Leadership, Citizenship and Democracy, National College of Public Administration and Governance, University of the Philippines, 2002), p. 71.
- <sup>120</sup> R. Martinez, *Strategies of Corruption Prevention in the Philippines: Mobilizing Civil Society* (Canberra: Australian National University, 1999).
- <sup>121</sup> Interview, heads of NGOs Karen Tanada and Anna Leah Sarabia, 2005.
- <sup>122</sup> Interview with Securities and Exchange Commissioner Joselia Poblador, 2006.
- <sup>123</sup> <http://www.sec.gov.ph>
- <sup>124</sup> [www.pia.gov.ph](http://www.pia.gov.ph)
- <sup>125</sup> T. Arceo-Dumlao, 'Company execs also guilty of graft, says poll', *Philippine Daily Inquirer*, 17 October 2005.
- <sup>126</sup> W. Bello, 'Do corporations rule?', BBC News, 2005, <http://news.bbc.co.uk/1/hi/magazine/4201516.stm>, accessed 6 February 2006; 'Business Optimistic About Economy But Worried About Corruption and Politics' (Makati: Makati Business Club, Economic Research, 2006).
- <sup>127</sup> SWS, 'The 2005 SWS Survey of Enterprises on Corruption' Manila: 5th Annual Business Enterprise Survey on Corruption, 2005).
- <sup>128</sup> 'The 2005 SWS Survey of Enterprises on Corruption: Solicitation of Bribes: Good News in Metro Manila, Stability in Metro Cebu, Bad News in Metro Davao' (Manila: SWS, 2005).
- <sup>129</sup> T. Masduki, 'Confronting Corruption: Moving from Vigilance to Action', paper presented at Magsaysay Awardees' Lecture Series, Manila, 30 August 2005.
- <sup>130</sup> T. Kwok, 'The Role of Business Against Corruption', paper presented at Makati Business Club Forum Manila, 17 May 2005; R. J. Romulo, 'Advancing Governance Reforms', paper presented at Conference on Advancing Governance Reforms in the Philippines, Manila, 19 March 2002.
- <sup>131</sup> Author Interview, Quezon City, 10 December 2005.
- <sup>132</sup> Interview with Makati Business Club President Bill Luz, 2005.
- <sup>133</sup> 'The 2005 SWS Survey of Enterprises on Corruption' (Manila: 5th Annual Business Enterprise Survey on Corruption, 2005).
- <sup>134</sup> O. Azfar and T. Gurgur, *Decentralization and Corruption in the Philippines* (Quezon City: Philippine Centre for Investigative Journalism [PCIJ], 2005).
- <sup>135</sup> E. T. Joaquin, 'Decentralization and Corruption: The Bumpy Road to Public Sector Integrity in Developing Countries', *Public Integrity* 6, 3 (Summer 2004): 207-19; D. R. Sah, 'Corruption Across Countries and Regions: Some Consequences of Local Osmosis' Manila AIM-World Bank Global Distance Learning Centre, 28 February 2006.
- <sup>136</sup> Institute of Politics and Governance [IPG] and Friedrich-Ebert-Stiftung [FES], *Balangay: An Introductory Course on Barangay Governance* (Quezon and Manila: Institute of Politics and Governance [IPG] and Friedrich Ebert Stiftung [FES], 1999).
- <sup>137</sup> Section 284, Local Government Code 1991.
- <sup>138</sup> A. Brillantes, *Governance Assessment of the Philippines* (Manila: Asian Development Bank [ADB], 2003).
- <sup>139</sup> T. Bacalla, 'Despite Anomalies, There are Few Checks on Corrupt Local Officials', <http://www.pcij.org/stories/2003/localprocurement2.html>; PCIJ Report, 3-4 November 2003.
- <sup>140</sup> Bacalla, 'While Congress Hounds Supreme Court, Local Governments Are Off the Hook', <http://www.pcij.org/stories/2003/localprocurement.html>; PCIJ Report 3-4, November 2003.
- <sup>141</sup> Although Patrick Bond at *Counterpunch* believes this is 'Wolfowitz Counter Hoax' (March 2006).
- <sup>142</sup> J. Norton, 'Wolfowitz unveils anti-corruption strategy', Reuters, 11 April 2006.
- <sup>143</sup> Interview with ADB Head of Asia Pacific Governance Institute Clay Wescott, 2005.
- <sup>144</sup> T. Shorrock, 'Experts urge tougher US, World Bank anti-corruption stance', Inter Press Service, 2002, [http://www.cyberdyaryo.com/features/f2002\\_0517\\_06.htm](http://www.cyberdyaryo.com/features/f2002_0517_06.htm).
- <sup>145</sup> H. Marquette, *Corruption, Politics and Development: The Role of the World Bank* (Basingstoke, Hampshire, UK: Palgrave MacMillan, 2003).
- <sup>146</sup> [http://www.adb.org/Documents/Policies/ADB\\_Accountability](http://www.adb.org/Documents/Policies/ADB_Accountability)
- <sup>147</sup> R. Pelovello, '5 sued for pocketing WB funds', *Malaya*, 10 July 2004.
- <sup>148</sup> 'The Public Communications Policy of the Asian Development Bank: Disclosure and Exchange of Information', Asian Development Bank, June 2005, <http://adb.org/Documents/Policies/PCP/prelims.pdf>.
- <sup>149</sup> <http://www.adb.org/approachfightcorruption>
- <sup>150</sup> M. Navarro-Gutierrez, 'Progress Updates' (Manila: Philippine Development Forum, 2006), <http://pdf.ph/downloads/Governance%20&%20AC%20Progress%20updates%20August%202006%20ver2.pdf>.
- <sup>151</sup> E. T. Joaquin, 'Decentralization and Corruption: The Bumpy Road to Public Sector Integrity in Developing Countries', *Public Integrity* 6, 3 (Summer 2004): 207-19.

# Appendix 1

**Table 1: Executive Offices 2005 Budgetary Allocation from the 2005 General Appropriations Act**

<b>Office</b>	<b>Amount (in PHP)</b>
<b>Office of the President</b>	3,404,987,000
<b>Office of the Vice President</b>	82,264,000
<b>Agrarian Reform</b>	4,881,255,000
<b>Agriculture</b>	2,916,015,000
<b>Budget and Management</b>	393,783,000
<b>Education</b>	102,629,586,000
<b>State Colleges and Universities</b>	15,712,283,000
<b>Energy</b>	330,738,000
<b>Environment and Natural Resources</b>	5,511,256,000
<b>Finance</b>	5,630,317,000
<b>Foreign Affairs</b>	5,018,174,000
<b>Health</b>	9,826,727,000
<b>Local Government</b>	43,681,173,000
<b>Justice</b>	4,635,929,000
<b>Labour and Employment</b>	4,328,287,000
<b>National Defence</b>	46,036,935,000
<b>Public Works and Highways</b>	42,472,572,000
<b>Science and Technology</b>	2,447,880,000
<b>Social Work and Development</b>	2,285,681,000
<b>Tourism</b>	1,121,727,000
<b>Trade and Industry</b>	1,979,356,000
<b>Transportation and Communication</b>	7,381,558,000
<b>National Economic Development Authority</b>	1,212,870,000
<b>Press Secretary</b>	808,391,000
<b>Other Executive Offices</b>	3,783,169,000
<b>Joint Legislative–Executive Councils</b>	1,616,000
<b>Agriculture and Fisheries Modernization Program</b>	10,261,068,000
<b>Budgetary Support to Government Corps</b>	4,685,670,000
<b>Calamity Fund</b>	700,000,000
<b>Contingent Fund</b>	800,000,000
<b>Dept. of Education School Building Program</b>	1,000,000,000
<b>E-Government Fund</b>	1,000,000,000
<b>International Commitments Fund</b>	1,800,584,000
<b>Miscellaneous Personnel Benefits Fund</b>	2,360,000,000
<b>National Unification Fund</b>	50,000,000
<b>Pension and Gratuity Fund</b>	34,667,211,000
<b>Priority Development Assistance Fund</b>	6,100,000,000
<b>Unprogrammed Fund</b>	34,854,520,000
<b>TOTAL BUDGET, ALL EXECUTIVE OFFICES</b>	<b>416,793,582,000</b>

**Source:** Republic of the Philippines RA 9336 General Appropriations Act, FY 2005, 1 January-31 December 2005.