

BEST PRACTICES IN ANTI-CORRUPTION IN THE PHILIPPINES



UNITED NATIONS
DEVELOPMENT PROGRAMME

AUSTRALIAN AGENCY FOR
INTERNATIONAL DEVELOPMENT

CAREER EXECUTIVE
SERVICE BOARD



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International Development



Career Executive
Service Board

CONTENTS

FOREWORDS	i
PREFACE.....	iv
 CHAPTER 1: Anti-Corruption Agencies	1
OMB's organizational reforms and present strategies against corruption	3
Fighting corruption: The experience of the Office of the Ombudsman	11
The Presidential Anti-Graft Commission	15
Lifestyle checks	19
The new Government Accounting System: COA's anti-corruption initiative	21
Waging a long-drawn out war against corruption	25
The Solana Covenant: A blast of energy, hope and inspiration	35
 CHAPTER 2: Civil Society	39
Access to information	41
Project monitoring: CCAGG'S initiative for good government	43
Building coalitions	47
Civil society: Its role in public procurement reforms	51
Government Watch: Citizens' action for good governance	55
Graft and corruption: Experiences of government managers and employees	61
 CHAPTER 3: Government Agencies	63
Towards a graft- and corruption-free society	65
Reforms at the AFP	67
AFP's Office of Ethical Standards and Public Accountability	73
Adopt-a-Project Program: Corporate participation in local development	77
The SEC: Winning against corruption	85
Curbing corruption at the Bureau of Customs	89

FOREWORD

To celebrate past gains in democratic governance and to support President Gloria Macapagal-Arroyo's 10-point pro-poor legacy agenda, the government and civil society organizations together with the United Nations Development Programme (UNDP) and other donors embarked on an advocacy campaign called the 10 to 10 with an overall theme on, "Engaging the People and Communities: Advancing Governance Reforms towards the Realization of the Millennium Development Goals". From October 10 to December 10, 2004, partners in government together with civil society organizations, academe, media, private sector and the donor community came together and spearheaded collective actions towards addressing reforms in governance to achieve the United Nations Millennium Development Goals.

One of the major themes of the 10 to 10 advocacy campaign is the call for a graft- and corruption-free society, which was kicked off by a National Conference on Anti-Corruption last October 26-27, 2004. This national conference was the first-ever multi-sectoral gathering that brought together all stakeholders towards an action agenda to fight graft and corruption. Led by the Civil Service Commission (CSC) and the Career Executive Service Board (CESB), the members of the Anti-Corruption Cluster consisting of the Office of the Ombudsman (OMB), Commission on Audit (COA), Department of Budget and Management (DBM), Presidential Anti-Graft Commission (PAGC), Transparency and Accountability Network (TAN), Business for Integrity & Stability of Our Nation Foundation Inc. (BISYON) 2020, Development Academy of the Philippines (DAP), and other stakeholders began several initiatives to advance good governance practices within the bureaucracy.

This National Conference on Anti-Corruption initiated collective actions to further combat graft and corruption wherein all stakeholders pledged to institutionalize and implement three pillars of action: 1) detection, vigilance, investigation, and prosecution; 2) prevention, education and information; and 3) the role of professionals and business groups in combating graft and corruption. This national conference also provided a comprehensive and in-depth analysis of current anti-graft and corruption laws, and the government agencies enforcing such laws with the view of strengthening anti-corruption efforts of the government.

We are proud to say that the Philippines is among the 113 countries that signed the UN Convention Against Corruption (UNCAC). This Convention aspires to promote and strengthen measures to prevent and combat corruption; promote, facilitate and support international cooperation and technical assistance to prevent and fight corruption, including asset recovery; and promote integrity, accountability and proper management of public affairs and public property. However for this Convention to take effect, it requires 30 countries to ratify. So far, only 12 countries have ratified this Convention and early ratification by as many countries as possible, including the Philippines, will be important.

UNDP is honored to be a partner in this advocacy campaign. The challenge remains with all of us—to take full advantage of the gains, commitments and milestones achieved during this campaign as our continuing advocacy tool to support governance reforms in the next five years. We salute the anti-corruption crusaders, supporters and advocates in government, private sector and civil society organizations and concerned citizens and groups for their unwavering efforts and commitment in shepherding the cause against anti-corruption and promoting good governance. UNDP is truly honored to be part of your efforts to fight corruption in this country.

DEBORAH LANDEY

Resident Representative

United Nations Development Programme

Manila

January 2005

FOREWORD

On behalf of the Government of Australia, I congratulate all the contributors to the publication, *Best Practices in Anti-Corruption in the Philippines*.

Australia is committed to fighting corruption, both domestically and internationally. Our overseas aid program is strongly focused on supporting more transparent and accountable governance. In the Philippines, we were very pleased to support the National Conference on Anti-Corruption held by the Civil Service Commission on 26-27 October 2004 in partnership with the Inter-Agency Anti-Graft Coordinating Council and other organizations through the Career Executive Service Board, as part of the 10 to 10 Campaign-Festival on Governance Reforms. This follow-up publication from the National Conference to disseminate best practices is an encouraging sign of commitment by leaders from a number of key institutions. It augurs well for future success in the battle against corruption, which remains an impediment to social and economic development. As development partners, it is not enough for us to focus on improving basic services, such as health and education, without also ensuring they are underpinned by sound governance.

Reform is never easy, and to act against corruption is particularly difficult. But every victory over corruption helps protect sustainable and equitable development. The Australian Government is pleased to be associated with an impressive range of government and non-government organizations in disseminating best practices in anti-corruption in the Philippines. I recommend this book to all those interested in advancing our shared development goals of stability and prosperity.

RUTH PEARCE

*Ambassador
Australian Embassy
Manila*

February 2005

PREFACE

The recent years have seen a surge of anti-corruption campaigns. The increase in the number of stakeholders in anti-corruption crusades is unprecedented. Numerous conferences, both local and international, have been conducted for the past few years. On a positive note, the relation between corruption and poverty has been clearly established.

The term “anti-corruption crusades” is defined as announcements by an organization that concerted action will be taken to fight corruption¹. The levels of these crusades are international, regional, national, and department or agency. By and large, the major sectors sponsoring anti-corruption crusades are the government, private sector and civil society such as non-government organizations (NGOs) and religious groups.

Despite wide and serious efforts to combat the problem, most crusades, however, have failed because of two main reasons. One is political which implies exhortations against corruption as plain lip service, the lack of buy-in from social partners, and shifts in political priorities. The second reason has to do with administrative causes such as the application of one-size-fits-all solutions and the loss of interest in the implementation activities².

Because of the inherent challenges to delivery, anti-corruption initiatives have not been sustainable. The complex nature of the problem of corruption itself, given its relationship with politics and the political system as the basis of power and patronage, is the root of these obstacles. Technical approaches to fight corruption have proven unproductive thus far, and will continue to be so unless reforms are led by clean leadership that is dedicated to serve the public good and supported by well-functioning governance institutions³.

Surely, there is no shortage of lessons that can be learned from different anti-corruption crusades. However, it has been observed that these lessons are often not internalized since they are not disseminated in the first place and therefore stakeholders in the fight against corruption fail to heed them. Here, a gap exists. This compilation of the “best practices” in anti-corruption in the Philippines is an attempt to address that gap.

¹ Guido Bertucci, “Why Anti-Corruption Crusades Often Fail to Win Lasting Victories”, Paper Presented during the Anti-Corruption Summit, Arlington, Virginia, 21 September 2000.

² Bertucci (2000).

³ Pauline Tamesis, “National Anti-Corruption Reforms: Overcoming the Challenges to Delivery - Lessons from Countries Around the Globe”, Paper presented during the National Conference on Anti-Corruption, Mandaluyong City, Philippines, 26-27 October 2004.

The articles found herein are culled from last year's National Conference on Anti-Corruption participated in by some of the major players in governance and anti-corruption both at the local and international scenes. This compilation is essentially divided into three parts. The first part narrates the experiences of what are referred to as "anti-corruption agencies"—Office of the Ombudsman, Presidential Anti-Graft Commission, Commission on Audit and Civil Service Commission.

The second part relates what have been happening in civil society and NGO circles. Papers discussing the initiatives of this particular sector include that of the Philippine Center for Investigative Journalism, Concerned Citizens of Abra for Good Government, Transparency and Accountability Network, Procurement Watch, Inc., Government Watch and Philippine Government Employees Association.

The third part consists of articles on the experiences of government offices other than the anti-corruption agencies mentioned earlier. The initiatives embarked on by the Armed Forces of the Philippines, Municipality of Goa in Camarines Sur, Securities and Exchange Commission, and Bureau of Customs are thoroughly discussed.

On the whole, this compilation represents an exhaustive documentation of the most outstanding practices of anti-corruption initiatives in the country involving various sectors of society. They draw up the critical building blocks to thriving efforts in combating graft. They provide the framework for other entities and individuals to pattern their anti-corruption agenda on. While the concepts and ideas embedded in these efforts do not exactly guarantee success in their replication in other anti-corruption crusades, it is important—and reassuring—to note that they are born out of actual experiences of those involved.

Winning the war against corruption entails a deep sense of understanding on the underpinning causes, complexities and ramifications of the problem. For one, corruption deeds have become sophisticated and thus call for more sophisticated counter-measures. We hope that this compilation becomes of meaningful assistance to the ever-growing crop of anti-corruption advocates.

MARY ANN Z. FERNANDEZ-MENDOZA, CESO I

*Executive Director, Career Executive Service Board
and Chairperson, 10 to 10 Steering Committee*

January 2005

CHAPTER 1

ANTI-CORRUPTION AGENCIES

Four government agencies take center stage in the crusade against corruption, namely: the Office of the Ombudsman, the Presidential Anti-Graft Commission (PAGC), the Commission on Audit (COA), and the Civil Service Commission (CSC). This chapter presents in detail the role of each agency as well as highlights some successful initiatives in their fight against corruption.

Ombudsman Simeon B. Marcelo takes time to share the challenges that confronted his office and the strategies being employed to be able to achieve the Ombudsman's mission: from organizational reforms to collaboration and partnership with various groups in the private sector. Assistant Ombudsman Melchor Arthur H. Carandang, meanwhile, talks about some prominent cases the Office has investigated using simple analysis of available data, showing the great disparity in the officials' declared net worth and legitimate income.

Commissioner Teresita D. Baltazar takes up the mandate of PAGC in exercising disciplinary functions over Presidential appointees from salary grades 26 and higher. In the same article, she writes about PAGC initiatives to prevent corruption. PAGC's Commissioner Nicasio A. Conti focuses on the exciting lifestyle checks on government officials that have brought to fore many of their extravagant lives.

COA Chair Guillermo N. Carague introduces the new and easier Government Accounting System as a way of making government transactions transparent thus preventing corruption. He reveals how COA's accountants quickly designed, formulated, and made operational the system as well as its electronic version without the help of outside consultants and a budget lower than what it would take a private company.

Finally, since it's people who are engaged in corrupt activities and people who should prevent it, CSC Assistant Commissioner Nelson L. Acebedo bares CSC's program initiatives to stem corruption starting with reforms in the examination system to recruitment of prospective government employees to performance management to honor awards and client satisfaction. To cap the efforts of these agencies, a covenant was forged for a deeper commitment and cooperation. Executive Director Mary Ann Z. Fernandez-Mendoza of the Career Executive Service Board discusses the Solana Covenant of the Ombudsman, COA, and the CSC.



*Chief Justice Hilario J. Davide, Jr. (left)
and Ombudsman Simeon V. Marcelo.*



*Participants take turns in
signing the Covenant of
Commitments.*



*CESB Executive Director Mary
Ann Z. Fernandez-Mendoza (left)
and CSC and CESB Chair Karina
Constantino-David.*

OMB'S ORGANIZATIONAL REFORMS AND PRESENT STRATEGIES AGAINST CORRUPTION

Simeon B. Marcelo
Ombudsman, Office of the Ombudsman

The Philippines struggles everyday with the problem of poverty and corruption. Recent practices and studies have shown that corruption directly and positively impacts on poverty. A Working Paper of the International Monetary Fund, entitled "Does Corruption Affect Income Inequality and Poverty?"¹ concludes that there is a statistically significant positive association between corruption and poverty; that statistical "evidence shows that corruption increases poverty."² In the words of His Eminence Ricardo Cardinal Vidal: "Corruption affects all of us, endangers our national life, and makes the poor poorer."

CHALLENGES

When the current *Tanodbayan* assumed office in October 2002, this was the situation:

- 1) the Office of the Ombudsman (OMB) had only 32 full-time prosecutors handling approximately 2,000 cases at the Sandiganbayan and only 37 field investigators to cover the entire Philippines;
- 2) no training program for its prosecutors and investigators;
- 3) no investigation or surveillance equipment;
- 4) no supervisory/monitoring system of cases and prosecutors' performance;
- 5) no docketing/routing/case management system at the Office of the Special Prosecutor (OSP); and
- 6) OMB prosecutors are grossly underpaid.

Hong Kong's Independent Commission against Corruption (HK-ICAC) is one of the most successful anti-corruption agencies in the world. Comparative data with ICAC would show the gross inadequacy of OMB's resources:

1. *Total personnel.* ICAC has 1,326 personnel for a bureaucracy of 174,175 officials and employees and a population of 6.8 million; OMB has 1,141 personnel for a bureaucracy

¹ By Sanjeev Gupta, Hamid Davoodi and Rosa Alonso-Terme.

² ID. at p. 21

of approximately 1,500,000 officials and employees and a population of 82 million, more or less.

2. *Number of field investigators (the personnel responsible for securing evidence against corrupt government officials).* ICAC has 837 field investigators for a bureaucracy of 174,175: the ratio is 1:208. OMB has 87 field investigators for a bureaucracy of approximately 1,500,000 officials and employees: the ratio is 1:17,241.
3. *Budget.* ICAC has \$90 million or P4.94 billion for 1,326 personnel watching 174,175 public sector officials and employees, OMB has P480 million for 1,141 personnel, watching a bureaucracy of approximately 1,500,000 officials and employees.
4. *Compensation.* ICAC: Based on information, one of the highest paid among government officials and employees in Hong Kong. OMB: Congress has already passed the law granting substantial increases in allowances to members of the judiciary and the prosecutors of the Department of Justice (DOJ). However, no such law was approved by the last Congress with respect to the OMB prosecutors.

RESPONSES

Organizational reforms

1. *Creation of the Internal Affairs Board*

- handles complaints against incumbent and former officials and employees of the OMB; and
- seeks to ensure the highest degree of integrity among officials and employees of the OMB.

2. *Adoption of the Integrity Development Review Project - Pursuing Reforms Through Integrity Development (PRIDE)*

- aims to provide diagnostic tools that will assist government agencies in assessing their systems integrity and in mapping out their corruption vulnerabilities; and
- constitutes a crucial step towards benchmarking and monitoring efforts in corruption prevention

3. *Augmented number of personnel and resources*

- Creation and funding for 35 new positions for prosecutors in June 2003 and for 56 new positions for field investigators in November 2003. The OMB formed this year the Field Investigation Office, patterned after the Operations Department (Field Investigation Department) of Hong Kong's ICAC, from the new field investigator positions created.

The Office of the President, upon OMB's request, recommended to Congress the approval of funding for 48 additional prosecutors and 111 additional field investigators by 2005. Owing to the complexity and volume of the cases, the OMB needs at least 150 prosecutors to handle its 2,000 cases at Sandiganbayan. The Field Investigation Office should have, at the very least, 500 field investigators as soon as possible.

4. *Strengthened individual and institutional competence and effectiveness*

- Institutionalized a training program for OMB prosecutors via a series of trial advocacy skills training seminars; video-taped last three seminars and lectures to be used as teaching aids; crafted model “questions and answers” forms on common graft offenses to serve as guides for prosecutors
- Sponsored a computer literacy program for OMB lawyers and employees
- Restructured prosecution bureaus by putting in place a case management system to ensure accountability and supervision; introduced and operationalized docket and records management system at the Office of the Special Prosecutor (OSP)
- Created OSP’s own administrative office to enhance its administrative and operational efficiency and independence
- Conducted skills enhancement and training seminars for the Graft Investigation and Prosecution Officers of the OMB (those conducting preliminary investigation and administrative adjudication)
- Conducted training seminars for field investigators on Financial Investigation and Forensic Accounting sponsored by the American Bar Association and on field investigation and corruption detection, with Tony Kwok and Paul Dickenson, both former senior officials of ICAC, as instructors, thru the help of the United States Agency for International Development (USAID)
- Training program for the first batch of 25 new field investigators:
 - * US Federal Bureau of Investigation (FBI) lecture on surveillance;
 - * forensic accounting lecture by personnel from the US Customs;
 - * workshops conducted by the Philippine Drug Enforcement Agency on setting-up entrapment operations;
 - * GMA 7-Imbestigador training seminar;
 - * actual field surveillance and basic intelligence seminar conducted under the Philippine Air Force’s Intelligence Service; and
 - * a three-week training seminar under the Intelligence Service of the Armed Forces of the Philippines on intelligence-gathering and the conduct of surveillance
- Enhanced and rationalized the administrative adjudication proceedings of the OMB:
 - * administrative proceedings are now summary in nature;
 - * double docketing of cases as both criminal and administrative; and
 - * decisions of the OMB are now immediately executory even pending appeal
- Obtained fund grants from USAID and the United Nations Development Programme (UNDP) for training of prosecutors, field investigators and crafting of OMB’s Medium-Term Development Plan. Grants were also obtained from the European Community in the amount of PhP3.1 million over three years for the strengthening of the OMB’s cooperation with civil society organizations by funding training programs for:
 - * volunteer-observers in bids and awards committees;
 - * volunteer-monitors in the implementation of awarded contracts; and
 - * volunteers who will secure detailed data needed for lifestyle checks
- Obtained fund grants from the World Bank-ASEM (Asia Europe Meeting) Trust

Fund worth US\$716,258.00 to be spent for:

- * the development of a computerized case-tracking system for our prosecutors;
- * the establishment of a data bank of all Statement of Assets, Liabilities, and Net Worth submitted by government officials and employees; and
- * training seminars for field investigators.

5. *Corruption prevention through the development of Corruption Prevention Reform Measures*

The Presidential Anti-Graft Commission (PAGC), in partnership with the Office of the Ombudsman, the Presidential Committee on Effective Governance (PCEG) and the Transparency and Accountability Network (TAN), a network of 21 anti-corruption non-governmental organizations, facilitated the crafting of agency-specific corruption prevention reform measures.

- A series of five seminar-workshops were conducted and participated in by numerous government agencies for them to come up with corruption prevention measures, by identifying corruption vulnerabilities and formulating strategic measures to address these vulnerabilities. The conveners (PAGC, OMB, PCEG and TAN) decided to initially focus on 10 agencies.
- Two workshops were held to critique and prioritize the Corruption Prevention Reform Measures (CPRMs) presented by each government agency. The revised CPRMs were then subjected to focus group discussions (FGDs) with the respective OMB resident ombudsmen, experts and stakeholders/clients to validate them. At the same time, the monitoring mechanisms were also discussed to ensure implementation of these CPRMs. The conveners subsequently reviewed the revised CPRMs for further refinements. The finalized CPRMs constitute a Corruption Prevention Reform Program which will be a work in progress until corruption is significantly reduced in the bureaucracy.
- As a strategy for CPRM to ensure a high rate of success in curbing corruption in the bureaucracy, the same 10 agencies will undergo next year an Integrity Development Review (IDR), with the assistance of the Development Academy of the Philippines (DAP).

The IDR is a diagnostic tool used to determine corruption vulnerabilities. The IDR is an approach to objectively assess an agency's level of achievement in instituting measures to enhance organizational integrity and to strengthen its resistance to corruption. This provides a set of standards or levels of accomplishment by which an agency can benchmark itself.

At the same time, it serves as a "road map" to the agency in progressively instituting corruption prevention reform measures to be able to significantly reduce corruption. The program is intended to effectively address the apparent lack of comprehensive, doable, coordinated and sustainable strategy to combat corruption that is focused on vulnerable institutions and systems in order to cut the lifeline and systemic roots of corruption.

Enhanced strategic collaboration and partnership with various sectors

Values formation

OMB partnered with the Philippine Province of the Society of Jesus (MOA on 13 October 2003) and adopted the Ehem! Aha! approach:

- Ehem! is an anti-corruption manual that consists of modules, workshops, designs and exercises:
 - * aims to establish a graft-intolerant culture through the process of cultural sensitivity and discernment
 - * aims to cause reforms in individual and institutional orientation attitude and behavior
- Ehem! Aha! anti-corruption initiative:
 - * conducted 22 batches of Ehem! Aha! seminars
 - * participated in by NGOs, OMB-accredited Corruption Prevention Units and the Junior Graftwatch Units
 - * produced and distributed Ehem! Aha! posters
 - * Video/TV advertisement (anti-corruption election initiative)

Lifestyle probe

Considering that the Office of the Ombudsman has only 17 field investigators in Metro Manila, it was decided to engage in strategic agency targeting, i.e., focusing limited resources on the three most corrupt (or perceived to be most corrupt agencies of the government), i.e., the revenue-generating agencies: the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC), and the Department of Public Works and Highways (DPWH). Data indicate the following dispositions on the lifestyle check cases:

- Dismissed from service/forfeiture of retirement benefits and perpetual disqualification from public office:
 - * one case against an undersecretary of the DPWH;
 - * one case against a deputy commissioner of the BOC;
 - * one case against a BIR assistant regional director; and
 - * one legal officer of the BIR
- Criminal cases filed with lower courts: One case for falsification/perjury filed with the Regional Trial Court of Quezon City against a BIR assistant regional revenue officer.
- Resolutions issued finding probable cause and directing the filing of criminal and forfeiture cases with the Sandiganbayan:
 - * one case against a DPWH undersecretary for perjury, violation of Section 7 of RA 3019 and forfeiture of ill-gotten wealth;
 - * one case against a deputy commissioner of the BOC for violation of the Anti-Graft and Corrupt Practices Act and for violation of the Tariff and Customs Code; and
 - * one case against a DPWH regional director for perjury, violation of Section 7 of RA 3019 and forfeiture of ill-gotten wealth.

- Orders of preventive suspension issued:
 - * DPWH undersecretary;
 - * BOC deputy commissioner;
 - * BIR assistant commissioner;
 - * DPWH regional director;
 - * two BIR directors; and
 - * the BOC chief of customs operations office.

Just very recently, the Office of the Ombudsman ordered the preventive suspension of a two-star general, with the rank of major general of the AFP charged with acquiring ill-gotten assets. This is preparatory to the conduct of further investigations to determine possible administrative and criminal liability, as well as forfeiture of ill-gotten wealth, if warranted.

Also, on 27 September 2004, the OMB filed with the Sandiganbayan the very first forfeiture of ill-gotten wealth case arising from the lifestyle check program against a former regional director of the DPWH. The case seeks to recover for the government at least P51 million worth of assets.

Transparency in procurement

Republic Act No. 9184, the Government Procurement Reform Act, requires two observers from the non-public sector to sit in the bids and awards committee of government agencies. Private sector assistance can also extend to monitoring compliance with the obligations under the awarded contracts.

OMB has partnered with Procurement Watch, Inc. (PWI) for the latter to train volunteer observers for the Bids and Awards Committees (BAC). PWI has already given training seminars to several groups on the Procurement Law. The Asia Foundation granted funding for the operationalization of the complaints handling mechanism for handling the reports of BAC observers.

For monitoring the implementation of awarded contracts and training monitors therefore, the OMB is in the process of collaborating with G-Watch. G-Watch is an independent monitoring, research and advocacy project that specializes in the monitoring of the contract implementation side of procurement.

Project Case Assist/ Operation Big Fish

Competent private lawyers who will assist the Ombudsman prosecutors in handling the top 50 “big fish” cases at the Sandiganbayan. The Office has identified about 50 of the most prominent and high-impact cases pending with the Sandiganbayan. These are cases that involve high-ranking government officials who are represented by the best lawyers that money can buy.

On 15 June 2004, the OMB and the Philippine Bar Association (PBA) entered into a Memorandum of Agreement with respect to the prosecution of some of these “big fish” cases. Fourteen lawyers from the PBA volunteered. At two lawyers per major case, the OMB would need at least 100 volunteer lawyers for its 50 “big fish” cases.

With the help of volunteer lawyers from the private sector, the OMB hopes to be able to aggressively prosecute the most powerful and influential public officials involved in said 50 most significant graft cases. Among the “big fish” cases are:

- 1) President Diosdado Macapagal Boulevard case;
- 2) the RSBS pension fund case;
- 3) the PEA-AMARI scam;
- 4) the tax credit scam cases;
- 5) DPWH vehicle repair scam case; and
- 6) the PCGG cases.

The Erap plunder case model. Despite the avalanche of pleadings filed and the demands of continuously presenting 76 witnesses in this plunder case over a period of almost 11/2 years, the prosecution never asked for a single postponement. Private prosecutors devoted *pro bono* their time and expertise in finding and gathering evidence, in researching on the difficult legal issues involved and in interviewing witnesses.

Coalition Against Corruption

Organization of members of the Parish Pastoral Council for Responsible Voting (PPCRV) and other church-based bodies into anti-corruption groups:

- providing data with respect to lifestyle checks;
- sitting as observers in bids and awards committees; and
- acting as monitors in assuring faithful compliance of awarded contracts.

The Makati Business Club and NAMFREL apparently had the same idea of getting involved in the fight against corruption. Thus, the Coalition Against Corruption was formed and, on September 21, 2004, the Coalition launched the Combating Corruption Conference. The Coalition is composed of: the Makati Business Club, Code NGO, NAMFREL, Catholic Bishops Conference of the Philippines-National Secretariat for Social Action, Bishops-Businessmen’s Conference for Human Development, TAN, and the TAG Project.

Barug! Pilipino and DepEd

On October 6, 2004, two agreements were entered into by the Office of the Ombudsman:

1. OMB MoA with Barug! Pilipino
 - Barug! Pilipino will aid the OMB in the conduct of its lifestyle probe.
 - Barug! Pilipino will gather data and detailed information on the properties of government officials and employees.
2. OMB MoA with Barug! Pilipino and the Department of Education
 - Barug! Pilipino will provide observers in the bids and awards committees of the DepEd.
 - Barug! Pilipino will provide monitors in the implementation of awarded contracts.

All told, strategic collaboration with the various sectors extends and multiplies the otherwise limited and finite resources of the Office of the Ombudsman, as well as expose, educate and embolden those involved to commit more of their time and resources in the fight against corruption.

An effective and well-funded anti-corruption campaign can reduce the incidence of poverty. To be more specific, reduced corruption increases government savings that can, in turn, be used for poverty alleviation projects. In its 2004 Common Country Assessment, the UNDP said that about 13 percent of the P781 billion Philippine national budget (or about P100 billion) is lost to corruption.

However, it is estimated that the greatest loss happens at the revenue generation agencies: the BIR and the BOC.

Senator Joker Arroyo explains that only 12 percent of the entire budget (that which is used for capital expenditures and, therefore, the subject of contracts), is susceptible to graft and corruption. In reality, he explains that only about 3.6 percent of the budget is possibly lost to corruption. He concludes, therefore, that the greatest loss due to corruption happens at the revenue generation agencies. Assuming that what is due the government in revenues is P700 billion, the failure to collect just 15 percent of that amount already translates into a P105 billion loss to government.³

It is the OMB's fervent hope that Congress, in considering OMB's budget for 2005 and the succeeding years, would realize that massive funding is needed to win the war against corruption and that they would view our budgetary and resource requests in the same way that Office of the Ombudsman does:

- as investment and not as expense ;
- where the primary beneficiaries are the poor and the marginalized sectors of society; and
- where the direct and immediate effect is the alleviation of poverty.

³ Belinda Olivares-Cunanan, "Mercy Missions Can Be Done Here," *Philippine Daily Inquirer*, 9 August 2004.

FIGHTING CORRUPTION

THE EXPERIENCE OF THE OFFICE OF THE OMBUDSMAN

Melchor Arthur H. Carandang
Assistant Ombudsman, Office of the Ombudsman

The Office of the Ombudsman (OMB) has been in existence for some 15 years in its crusade against corruption. Two Ombudsmen have already completed their respective terms, and another one is on his third year. Having been part of all those precious years, I can honestly say that we have not lost the war as slowly but surely we are actually gaining some grounds. Now, we are moving towards the right direction, and because of this that there is much hope in our fight. After all, it took the Hong Kong's Independent Commission against Corruption (HK-ICAC) more than 25 years before it became a notable anti-corruption body.

Most of us understand what corruption is all about and its magnitude only in a general sense. There is no study that has categorically stated the exact figure representing government losses to corruption. What the studies have are simple extrapolations.

The Deputy Ombudsman would tell and empower the prosecutors from the Department of Justice (DOJ) during our seminars cum dialogues and explain to them the enormity of the problem through some percentages in the national budget. He would say that 60 percent of the national budget, the General Appropriations Act passed by Congress, is allocated for debt-servicing; the remaining 40 percent is for government operations. However, with the report that 20 percent of the national budget goes to corruption, what is actually left for government operations is only 20 percent.

Given this ratio, what kind of services can government deliver to the people? Note the poor quality of roads, highways and buildings; the inadequate supply of books in public schools; the insufficient supply of medicines and other medical supplies in government hospital; and the long delay in the delivery of basic services. In simple terms, what we have is an inefficient government dealing with our people.

To concretize these obscure numbers, here are some sample cases that we have investigated.

Let's start with one employee of the Bureau of Internal Revenue (BIR) who is currently occupying the position of attorney V. He started at the BIR in 1979 at the age of 21 as Revenue Examiner I, then became a lawyer in 1982 and worked his way up to reach his position. He derived his income primarily from employment. Looking into the history of his income, we have come up with the following figures from 1980 up to the present.

If we were to add all his salaries from the time he started working with the BIR, the aggregate amount is P2,441,179 up to 2002. We must note, however, that we never deducted from the figures his reasonable expenses to cover his daily basic requirements, the school expenses, all the taxes due for all those years.

During his tenure with the BIR, his 2001 Statement of Assets and Liabilities was very alarming as he has declared herein the accumulation of nine real properties with an estimated value of more than P8 million and he has a large amount of cash assets of over P10 million.

During this period, the subject has only P93,080 worth of liabilities.

In 2001, he had an increase in net worth of P8,351,213 as his total net worth ballooned to P21 million compared to only P12 million registered in 2000. In the previous years, he had also substantial increases in net worth which a prudent man may readily consider the same to be disproportionate to this legitimate income.

Let me now present another case, also an official from the BIR but now occupying the position of regional director.

During his tenure, he was able to acquire the following properties:

- 18 real properties with a total market value as indicated in the tax declarations of 9 million pesos. This amount is even understated as the market value is always lower than its actual value. The assets include a real property in Ayala Alabang.
- From 1993 to 2002, he had a total of 21 travels abroad, mostly with his wife and children.
- He has put up five corporations with a total paid up capital of P1,400,000.
- He has a 2000 BMW with a plate number indicating the initials of his wife, a 1999 Ford Expedition and a 2003 Toyota Revo.

This exposé was made by the Philippine Center for Investigative Journalism (PCIJ), courtesy of Tess Bacalla, which prompted our office to investigate 30 BIR officials and employees. We have already filed several cases against 14 of them and 12 cases are still undergoing investigation. More or less, they all have acquired assets that are grossly disproportionate to their legitimate income, forfeitable under Republic Act No. 1379.

Let me discuss another case, an official of Department of Public Works and Highways (DPWH) and holding a position as regional director. This person served in the DPWH for more than 37 years. Through lifestyle check, it was observed that there were big variances between the increase in his net worth as against that of his annual salary from year 1986 to 2001.

Here is a glimpse of his obvious increase in net worth declared in his Statement of Assets and Liabilities and Net worth (SALN) disproportionate to his annual salary. From the year 1986 to 2001 he has a total of P13,208,591 increase in net worth declared in his

SALN while his total salary from year 1986 to 2001 only amounted to P2,549,220.00.

Using the net worth method, it was discovered that the total unexplained wealth amounted to P11,648,567.

Aside from the questionable increase of net worth found in his SALN, other empirical findings showed that there are other assets concealed by this regional director. His undeclared real properties have a total estimated cost of P43,226,000 from which some of them are: a house and lot amounting to P1.28 million, a building and lot amounting to P2 million, a property in Ayala Alabang costing P24.8 million, another property in California with a cost of P15 million and a residential lot with an estimated amount of P146,000.

Furthermore, he and his wife had several travels abroad in a span of five years. The regional director took eight flights and his wife made 28 travels abroad. A total of 36 travels were made and each travel had an estimated cost of P100,000. Thus, his total travel expenses within five years were P3,600,000.

To sum up, the regional director's ill-gotten wealth is P58,474,567.

There is still more from what has already been stated. It was also discovered through further investigation that this regional director had been kidnapped and paid a ransom amounting to P4,850,000 in exchange for his freedom.

The next case relates to some anomalies in the procurement of hospital equipment perpetrated in one premier local government unit (LGU) in the National Capital Region. Involved in these anomalous transactions were its mayor, the city health officer and several doctors or medical practitioners. There were several anomalous transactions that were uncovered but this paper will deal only with three.

The first transaction related to the purchase of a sterilizer. In this case, it was noted that in a span of one year, the city government purchased only one type of dry heat sterilizer through three purchase orders with different specifications in the total amount of P10,460,000. It was discovered that the actual cost of the said sterilizers was only P120,500. Hence, the cover price amount was P10,339,500.

Another transaction was the purchase of an ultrasound machine wherein the government lost about P6 million. Here, the supplier made a product described as Aloka Dynaview Ultrasound appear as SICOA Dynaview Ultrasound which commanded a higher price.

The last pertains to the purchase of two units of volumetric pressure which had an actual unit price of P75,000. The government in this transaction paid a whopping amount of P9,900,000 resulting in an undue injury to the government of P9,750,000.

From what we have seen, it would seem that corruption is insurmountable. The LGU experience on how pervasive corruption was in that locality is very alarming. Everybody in that organization appears to be involved in the illegal activities, from top to bottom, and from different respectable professions. Individually, we have noticed that a corrupt individual appears to be insatiable as he never stops doing corrupt activities to amass wealth. His wealth grows year after year even if his salaries in the government are too low to afford it.

With the well-organized and systematic manner of perpetrating corruption, how should

the Ombudsman address the problem?

A few months after the *Tanodbayan* assumed his post in 2002, he came to realize that the Office of the Ombudsman is doomed to fail. While on paper, the office seems to be very powerful, operation-wise, it will never succeed. According to him, with the limited resources given to the office, a small number of prosecutors handling so many cases for prosecution and a few number of investigators doing investigation, there is no way that it can make even a small dent in the fight. It was like fighting a war with a fly swatter.

So, with a few little steps, he worked on increasing the number of its personnel in the Office of the Special Prosecutor. From a handful of prosecutors, he was able to almost double the figure. He coupled the manpower increase with the much-needed capability enhancement seminars, thinking that it was another way of strengthening its prosecutorial arm. Likewise, he displayed a lot of commitment and dedication in his work, hoping that his prosecutors would emulate the same. So far, from a conviction rate of six percent at the time he assumed office, the present *Tanodbayan* was able to achieve a modest increase in its rate notwithstanding the fact that its resources are still not sufficient.

Now, the office focuses on 50 major cases, a well-selected number of cases wherein the chances of winning, putting the culprits in jail, or getting a conviction are very high. With still limited resources, it becomes practicable to adopt such a strategy, hoping that it will achieve a lot more and not end up achieving nothing.

Similarly, the *Tanodbayan* expanded its field investigation office. From about 18 investigators, the office now has 68 investigators doing field investigation. Patterned after the HK-ICAC, the office opted to recruit fresh graduates with good scholastic records, mostly *cum laude* and from reputable institutions. All of them likewise have undergone training given by trainers from the US Federal Bureau of Investigation, Internal Revenue Service, and Customs, and the HK-ICAC to enhance their respective investigative skills. The said office has been instrumental in conducting lifestyle checks on corrupt officials and employees of DPWH, the Bureau of Customs (BOC), and BIR.

So far, as a result of the lifestyle checks, we have dismissed several officials from DPWH, BOC, and BIR, and have filed one case for falsification and perjury. Aside from these positive interventions in the investigation and prosecution of corruption cases, the office wasted no time in linking and partnering with the different volunteer groups from the civil society, the non-governmental organizations (NGOs) and peoples' organizations (POs). The office recognizes the vital role of these different groups in its campaign to prevent corruption in the bureaucracy. Most noted is the project Ehem! Aha! with the Jesuit volunteers, the procurement watch with the Government Watch (G-Watch) and the Transparency and Accountability Network (TAN). There is also the much-needed support coming from the business community through the Makati Business Club (MBC).

With all these positive developments, the Office of the Ombudsman has been transformed into one potent force to combat corruption. The confidence it now enjoys from all sectors is something that the office can build on. This is not just the fight of the Office of the Ombudsman, this is our fight. This is just the beginning of a more meaningful fight against corruption. We still have a long way to go.

THE PRESIDENTIAL ANTI-GRAFT COMMISSION

Teresita D. Baltazar
Commissioner, Presidential Anti-Graft Commission

The Presidential Anti-Graft Commission (PAGC) is a small office and exercises the President's disciplinary functions over his/her appointees. PAGC handles only administrative cases of presidential appointees, with salary grade 26 and above. The mandate of PAGC as stated by Executive Order No. 12 is to investigate charges of graft and corruption against presidential appointees in the Executive department and to conduct studies on new measures to prevent and minimize the opportunities for graft and corruption. The directive from President Gloria Macapagal-Arroyo is that the PAGC be the vanguard in her administration's war against corruption (as mentioned during the oath-taking of PAGC Chair Dario C. Rama on March 18, 2002).

In 2001, we took a look at the anti-corruption initiatives of previous administrations. One problem we noticed is that previous anti-corruption initiatives were limited to prosecution. A second problem is the lack of coordination between and among agencies tasked with fighting corruption, while a third one is the perennial lack of resources. Fourth, there exists a prevailing cynicism that nothing can be done to stop corruption. The fifth problem is the lack of continuity/sustainability of previous anti-corruption initiatives (*ningas cogon*). The sixth problem is the lack of competence in undertaking anti-corruption programs, a problem comprised of the lack of persons responsible and accountable in implementing anti-corruption programs as well as the lack of monitoring, feedback and assessment mechanisms in the implementation of previous anti-corruption programs. Finally, seventh, is the "tokenism" in previous initiatives to fight corruption (for example, the giving out of IDs indiscriminately to "graft-busters" and anti-corruption stickers).

Given that, the following initiatives or actions were undertaken by the PAGC: prosecution, lifestyle checks, research on new measures to prevent corruption (unchartered waters, so to speak), the Corruption Prevention Reform Program, inter-agency anti-graft coordination, and the promotion of zero tolerance for corruption through values formation, internal cooperation, and the learning of the practices.

Under the first initiative—prosecution—the goals were to achieve zero backlog of cases, to finish cases within 60 days after the filing of a formal charge, to follow up with the Office of the President (OP) on pending cases, and to follow up on the implementation of recommended sanctions upheld by the OP.

The lifestyle check program was a first, so we had to learn the ropes. Goals were to hold a seminar workshop, and to create a lifestyle check primer and lifestyle check indicators. A group resulting from this initiative was the Lifestyle Check Coalition, composed of the Inter-Agency Anti-Graft Coordinating Council (Office of the Ombudsman, PAGC, Department of Justice, Civil Service Commission, National Bureau of Investigation, and Commission on Audit), the intelligence community (Intelligence Service of the Armed Forces of the Philippines and Philippine National Police Intel Service), and civil society groups which include a network of informants. The Philippine Center for Investigative Journalism (PCIJ) gathered information, and because of their work, the lifestyle check program hit the ground running because all the information was there. Also part of this program is a Lifestyle Check Coalition operations group which holds regular meetings to keep lifestyle check cases moving. Lastly, the Revenue Integrity Protection Service (RIPS) also assists in this program.

As for the research on new measures to prevent corruption, the initiatives were to set up memoranda of agreement with two groups, one with the Procurement Watch Inc. (PWI) to provide diagnostic reports on public biddings observed by PWI observers; and two, with the Philippine Government Employees Association (PGEA) to propose corruption prevention measures in government agencies.

The Corruption Prevention Reform Program, which is a work in progress, set up a collaborative partnership among PAGC, the Office of the Ombudsman, Presidential Commission on Good Government (PCGG) and the Transparency and Accountability Network (TAN). Through this program, seminar workshops were held on corruption prevention. These workshops involved 33 government agencies and focused on the identification of corruption vulnerabilities and the formulation of corruption prevention reform measures (CPRMs). Also, there were focus group discussions of an initial 10 agencies with stakeholders to validate or refine corruption prevention reform measures. Lastly, there was a monitoring of implementation of the program through the resident ombudsman, stakeholders and the general public.

The fifth initiative was to join with many other agencies to activate the inter-agency anti-graft coordination done through the IAAGCC.

Sixth is the promotion of zero tolerance for corruption through values formation. This is a campaign to make every Filipino a good citizen by living, in concrete action, the 16 Filipino values in the preamble of the Constitution: faith in God, unity, patriotism, work, respect for life, respect for law and government, truth, justice, freedom, love, equality, peace, promotion of the common good, concern for the family and future generations, concern for the environment, and order. This is the sole means for all Filipinos to have zero tolerance for corruption. Any fight must be values-based and values-driven. This work is long term, but we are going to do it. Every Filipino, whether rich or poor, should know that he/she could do something to help the country.

Then, there is the focus on international cooperation through the United Nations Convention Against Corruption (UNCAC). There was a convening of a technical working group for inputs into the Philippine position on the UNCAC. We participated in the

negotiation and the signing. Through the IAAGCC, there was a recommendation for immediate concurrence by the Philippine Senate. We need the cooperation of many countries to recover the fruits of corruption.

Finally, we are not trying to re-invent the wheel here; we have to learn from the best practices in other countries. We have already sent personnel to be trained in both Hong Kong and Vietnam to facilitate this. All we need now is political will, which we are bringing to the table.

There are many institutions involved in the undertaking of these initiatives. There is the IAAGCC. Also, there is TAN, the National Youth Commission (NYC), which helps to make all the young people good citizens, PGEA, the Good Citizenship Movement and the Council on Values Formation. Now we are offering training to every human resource personnel of every government agency.

Some positive results have come from these initiatives. First, there is now a zero backlog of cases. Second, the OP, upon the recommendation of PAGC, has dismissed five high-ranking officials who failed the lifestyle check. Third, corruption prevention reform measures are being undertaken by 10 government agencies: Bureau of Internal Revenue (BIR), Bureau of Customs (BOC), Department of Agrarian Reform (DAR), Department of Education (DepEd), Department of Environment and Natural Resources (DENR), Department of the Interior and Local Government (DILG), Department of Health (DOH), Department of Justice (DOJ), Department of Public Works and Highways (DPWH), and National Labor Relations Commission (NLRC).

There are several existing factors which have contributed to the success or failure of these programs. One of the negative factors comes from the area of prosecution where preventive suspensions and administrative sanctions are not immediately executory and are only recommendatory. There has also been a delay in the review and action by the OP on cases forwarded by the PAGC. Another detrimental factor is that the anti-corruption initiatives in the area of prevention and promotion of zero tolerance for corruption have a long gestation period.

On the positive side, there is the surprise factor in the lifestyle check program which has proven to be a novel approach in fighting corruption. All the grafters were caught with their pants down. But we must hurry before they wise up to this program. The close cooperation and coordination of anti-corruption agencies and civil society groups ensure the efficiency and effectiveness of the initiatives. It is also helpful to tap into the resources of civil society groups through partnerships, as well as to learn the best practices in fighting corruption. Finally, another beneficial factor is the seven-year terms of heads of constitutional bodies involved—COA, CSC and OMB. Much can be done within this time frame.

Given all this information, the future actions to be undertaken are the following:

- continuous training and exposure to the best practices in fighting graft in other countries;
- continuous research on new ways of fighting corruption;
- accessing of more resources in the fight against corruption especially from the foreign donor community;

- ensuring that government agencies have a road map through the use of the Integrity Development Review in their efforts to eliminate corruption;
- ensuring that government agencies have internal audit services in compliance with Republic Act 3456 as amended by RA 4177 and its implementing Administrative Order No. 70 dated 14 April 2003;
- training of a core of top executives in all agencies on corruption prevention and hold them responsible and accountable for reducing if not eliminating corruption in their respective agencies;
- subjecting the implementation of corruption prevention reform programs to assessment instruments (Report Card c/o the Development Academy of the Philippines) and inclusion of this in the performance evaluation of officers and personnel (c/o CSC);
- carrying out an effective information-education and media campaign against corruption, and tapping of the AdBoard's Advocacy Advertising Program;
- providing trainers' training on good citizenship and values formation to HR personnel in all government agencies who will echo it to all the employees so that we are both reforming the system through the CPRM and reforming the people;
- strengthening and expanding partnerships with civil society groups in anti-corruption work and provide them with continuous training (lifestyle check, procurement watch);
- advocating the passage of a whistle-blower law to provide protection and incentives to corruption whistle-blowers;
- amendment to EO 12 to make preventive suspensions and administrative sanctions immediately executory or create a special unit in the OP Legal Service to review and act on PAGC cases forwarded within a specific time frame e.g. 60 days;
- hiring of more investigators or continuous training of investigators;
- acquiring high-tech surveillance equipment for lifestyle checks;
- providing a well-stacked library of reference materials;
- setting up of an effective mechanism for receiving information from informants (Internet portal, call center, SMS reporting); and
- setting up or linking with a database of all 201 files, Statements of Assets and Liabilities (SAL), Income Tax Returns (ITR), travels, etc. of presidential appointees.

LIFESTYLE CHECKS

Nicasio A. Conti

Commissioner, Presidential Anti-Graft Commission
(Former Head, Transparency Group, Office of the President)

What is a lifestyle check? It is an investigation into the character and ways of living or lifestyle of government officials and employees to determine consistency with their income. It presumes that government officials living extravagantly beyond their means may be involved in graft and corruption. It is anchored on freedom of information and access to important data, for example, the Statement of Assets and Liabilities and Networth (SALN) and Income Tax Returns (ITR).

The focus of lifestyle checks is on the following: real properties (through the Assessor's Office/Register of Deeds); personal properties (through the Land Transportation Office); business interests and financial connections (through the Securities and Exchange Commission and Department of Trade and Industry); travels abroad (through the Bureau of Immigration); schools where children are enrolled (through the Department of Education); and employment and possible income of family members up to the 4th civil degree, if any.

The legal bases of this program are the Constitution as well as a presidential decree and several republic acts. The 1987 Constitution states that "Public officials must lead modest lives." Other bases are: RA 1379 - Forfeiture of Unlawfully Acquired Property in Favor of the State (1955); RA 3019 - Anti-Graft and Corrupt Practices Act (1960); RA 6713 - Code of Conduct and Ethical Standards for Public Officials and Employees (1989); PD 46 - Anti-Gift Giving Law (1975); and RA 9160 - Anti-Money Laundering Law.

The objectives of lifestyle checks are: to realize a graft-free bureaucracy; to consolidate the campaign against graft and corruption; to concretize into action a national leadership call; to apply the principle of transparency and accountability; to encourage officials to live simply; to instill ethics and values at work; and to punish erring government officials. Its scope covers all public officials and employees, with an earlier focus on the Bureau of Internal Revenue (BIR), Bureau of Customs (BOC), and Department of Public Works and Highways (DPWH). Lifestyle checks on the Armed Forces of the Philippines (AFP) and the Philippine National Police (PNP) are also being undertaken.

The process of this program has six steps. First is the identification of targets or subjects. Then, data will be gathered and a case will be built up. The next step is fact-finding to confirm or validate the claims. After this validation, comes the actual filing of a complaint

against the subject, then prosecution, and finally forfeiture. This process usually takes one to three months for data gathering, four to six months for fact-finding, and four to six months for administrative adjudication that involves dismissal from service, for a total of about 15 months.

Some of the usual defenses presented by subjects under investigation are the following: 1) marriage into a family of wealth; 2) income from the wife's business; 3) practice of profession; 4) winnings from the lottery; 5) inheritance; or 6) properties being used are not under their names.

There are many stakeholders in this fight against corruption. The government, business sector, civil society organizations, the media, and international agencies should all work together. Their roles are unified: to empower CSOs, to engage investigative media, to encourage the participation of the general public as informants, give support (especially the business sector) to investigation, lifestyle checks, and rewards and incentives for informants, and to find support from donor institutions.

There have been some great milestones in this program. First, the lifestyle probes ripened to criminal and administrative cases. In fact, 80 cases have been filed involving high-ranking officials investigated by the Office of the President - Transparency Group, Department of Finance (DOF), Presidential Anti-Graft Commission (PAGC) and Office of the Ombudsman (OMB) Fact Finding and Investigation Bureau. Of these, 20 officials were suspended or dismissed from service, while others are still pending. Also, majority of the leads are pursued from report of investigative media and civil society organizations (CSOs) information. Second, there has been the formation of agency-based lifestyle check units. Third, a Lifestyle Check Coalition covenant involving CSOs has been signed. And fourth, much support has been given by the business sector and other anti-corruption watchdogs (church-based groups, workers' unions and the academe).

The facilitating factors for the lifestyle checks are strong legislations, political will, the existence of national anti-corruption agenda, the National Coalition Against Corruption, and an increase in the role of donor agencies to provide technical assistance. However, factors that have hindered the program are the weak enforcement of laws, the lack of manpower especially investigators and prosecutors, and the lack of organizational focus of anti-corruption agencies, (e.g. many have multiple mandates). We need a unified focus to enhance efficiency and to reduce redundancy. We must sit down and talk about who is responsible for what.

PAGC intends to take strategic directions. One is to intensify the lifestyle check program. Another is to re-engineer certain anti-corruption agencies similar to the Hong Kong Independent Commission against Corruption (HK-ICAC). A third goal is to strengthen the integrity infrastructure of public sector institutions like the development and implementation of public sector integrity standards. Lastly, another plan is to strengthen the capacities of anti-corruption and integrity development agencies.

THE NEW GOVERNMENT ACCOUNTING SYSTEM COA'S ANTI-CORRUPTION INITIATIVE

Guillermo N. Carague
Chair, Commission on Audit

The old Government Accounting System (GAS) was about 50 years old when I came into the Commission on Audit (COA). It was introduced in the 1950s. A year or two before I joined COA, a World Bank report said that only the Philippines and Pakistan used systems like the old GAS. We changed our system and developed the New Government Accounting System (NGAS) as soon as I came in 2001. This quick change came because as early as I was the Secretary of Budget and Management, I knew of the old system and wanted to change it, but I learned that only COA could make that change. When I joined COA, I was prepared for an uphill battle. If the old GAS existed for 50 years, I thought this meant that people in COA were in love with the old system. Yet when I suggested the change, people in COA said that they had been waiting years for this change.

I was surprised at the competence of the people in COA. It would take six to eight months to change the accounting system of just one company. The government is a conglomeration of many different companies and industries, and yet it took only four months to design NGAS. We had to throw the old one out of the window and design a new one because the old GAS violated so many accounting standards that there was no point in modifying it. Luckily, we beat Pakistan just in the nick of time. In March, April, May and June of 2001, we designed the new system. From July to October, we created the accounting manuals. In November and December, we conducted a systematic training of personnel. By January of 2002, NGAS was in place.

NGAS follows international accounting standards and is very similar to private corporate accounting. Under the old GAS, if a government accountant applied and said his background was government accounting, this would be a negative factor because the system was in violation of many accounting concepts. Today, there is practically a seamless relationship between private accounting and government accounting. The old GAS was not understood by many people, even government certified public accountants (CPAs), which meant that there had to be something wrong with it. If CPAs could not understand it, how would non-accountants, mayors and governors figure it out? Accounting is supposed to be a tool of business, not just for profit, but also for government business, non-

governmental organizations (NGOs), among others. The old GAS was not a tool for management because hardly anyone understood it. NGAS, on the other hand, is similar to corporate accounting; even non-accountants can easily understand it.

The new system is a modified accrual-based system that follows internationally-accepted accounting standards. But perhaps the most important feature of the system is its adoption of responsibility accounting, which is a management accounting concept. It allows for the adoption of activity-based and project accounting which were non-existent in the old system.

Be that as it may, the new system is actually much simpler and easier to understand than the old system. To those of us who have not served in government, perhaps our only exposure to government accounting was that three-unit subject in college which we would rather forget about. Under the old system, if you asked a government accountant how a particular transaction was to be journalized, he would tell you what accounts to debit and credit, but he would not be able to give you the account titles. This means there was no analysis of government transactions. The old system produced a balance sheet and a statement of operations but the latter was neither an income statement nor a cash-flow statement; it was not even a funds-flow statement. On the other hand, the new system produces a balance sheet, income statement, cash-flow statement and various management reports to aid government managers in the discharge of their duties.

It is important to note that in the design and development of the new accounting system, COA has not engaged any outside consultant, whether foreign or domestic. In the 2003 report of the World Bank and Asian Development Bank (ADB), they congratulated the Philippines only on three things: the procurement law, the NGAS and the COA organizational restructuring.

After about half a year of using the NGAS, in 2002, we started to computerize it. Again, we did not get a private consultant. We did not get existing accounting software to modify it; we developed it from scratch. In developing the new accounting software, we hired 27 consultants from the Polytechnic University of the Philippines, and so although these were consultants, they were still government people. So even in the development of the software, no private consultants were hired. This is very important because it proves that we have many competent people; it's just a matter of tapping their latent capabilities.

In the private sector, I've seen a lot of accounting software, but I can tell you that the Electronic New Government Accounting System (e-NGAS) is superior to any application software even in the private sector. For example, if your debits and credits are not balanced, the computer will reject the entry, so you cannot have unbalanced journal entry of accounts. Also, it requires posting to a subsidiary ledger; if you do not do this, the computer will reject your entry. The computer will also reject any inconsistencies and discrepancies. Another advantage of the new system is its speed in producing financial statements. In the old GAS, it would take several months after the end of the year before you could prepare financial statements. In the e-NGAS, you can produce financial statements any time, with a mere click of the mouse.

The NGAS cost us several cups of coffee and some biscuits. The e-NGAS cost us P30 million. Is that expensive or not? To give you a benchmark, one local government unit

hired a software company to computerize its operations. Their contract called for a payment of P140 million. That's just one government agency. The NGAS is good for more than 5,000 government agencies. If you multiply 5,000 by P150 million, you get P7 billion. We did not spend that. Now, P30 million divided among 5,000 agencies is less than a driver's monthly salary. That's COA's contribution to the government.

I think one of the reasons for inefficiency in government is that government managers did not have this tool of management. The old system was never used this way because it was against international accounting standards and it was not understood even by CPAs themselves.

As far as accounting is concerned, there are other features of the e-NGAS. It will tell you for every item of stock and inventory how many days supply you have. It will also tell you when it is time to reorder any item in inventory. It will tell you the amount of repairs for every motor vehicle in a cumulative fashion.

Beyond accounting, we are now moving into e-audit. We are buying 2,400 laptops to give to our auditors all over the country. This is going to save us tons of paper over time. Is this going to be expensive to the government? It is not. In fact, on an incremental basis, the P30 million did not cost the government anything because we funded it with savings. COA is indeed at the forefront of computerization.

WAGING A LONG-DRAWN OUT WAR AGAINST CORRUPTION

Nelson L. Acebedo

Assistant Commissioner, Civil Service Commission

With shams and exposes becoming daily fare, every man on the street has a ready word or two on corruption. And all too often, their views reflect an indictment of government in general and of those who work in government in particular. Needless to say, such a sweeping generalization is unfair if one were to label the bureaucracy as lethargic and hopeless. Given such a bleak scenario, however, the country still finds a glimmer of hope in the realization that something has to be done and can be done to curb graft and corruption.

As the agency that exercises oversight functions on personnel management in the government, the Civil Service Commission (CSC) realizes all too well its role in fighting corruption at the bureaucratic front. Its mandate is explicit: that it shall assume a lead role in professionalizing the civil service; in promoting public accountability in government service; in adopting performance-based tenure in government; and in implementing the integrated rewards and incentives program for government employees. Armed with the said mandate, CSC thus proceeds in creating the enabling environment that effectively reduces corruption, re-builds the integrity of the civil service and restores pride in government service.

Effective governance can be equated to reducing, if not eradicating corruption. The more effective governance is, the lesser the chance for corruption to flourish. Guided by this dictum, the Commission addresses corruption in the civil service through definitive measures and deliberate initiatives that deal with the more fundamental systems that redound to public accountability. These initiatives include interrelated programs, namely:

1. Revising the Performance Management System (PMS);
2. Instituting reforms in the examination system;
3. Intensifying Honor Awards and client satisfaction programs; and
4. Stricter enforcement of Republic Act 6713 (Code of Conduct and Ethical Standards for Government Employees)

How do these initiatives stem corruption?

Briefly, the Performance Management System deals with corruption in an indirect but encompassing way as it covers the entire government workforce. The PMS seeks to institutionalize performance-based security of tenure in the government as a means of professionalizing the civil service and thus dispel the notion that security of tenure is the shield and protector of incompetence in the bureaucracy. The Commission believes that managing all aspects of the performance of employees strengthens their sense of accountability, especially if their tenure is based on quality and levels of performance.

A more rigid and accurate performance management system will pave the way for weeding out the incompetent, the laggards, those who abuse authority or who simply fail to perform their tasks according to set technical and behavioral standards. Reforms in the examination system focus on maintaining the integrity of the CSC-administered tests and on recruiting into government service individuals who cannot be easily swayed into earning quick bucks. An ethics-based test to determine the behavioral tendencies and personality profile of would-be entrants to government service has been developed to complement this measure.

The Honor Awards Program addresses corruption from a positive angle as it recognizes and rewards outstanding and exemplary performance. By doing so, the program ensures that the public's attention will be drawn to good performance to the selfless and dedicated state workers. The public will eventually learn to expect civil servants to adhere to the standards of public office.

Corollary to this initiative are the client satisfaction programs which empower citizens and which highlight their role as partners in the promotion of quality public service. These client satisfaction programs—*Mamamayan Muna*, TEXTCSC and Public Service Delivery Audit—not only encourage the public to report instances of red tape, corruption and inefficiency. These programs admonish government agencies to review systems and procedures in the process, identifying probable occasions for corruption in government transactions. There, too, is the enforcement of RA 6713, otherwise known as the Code of Conduct and Ethical Standards for Public Officials and Employees, which explicitly states the norms of conduct of civil servants.

PERFORMANCE MANAGEMENT SYSTEMS

Public service has always been generally viewed as largely unsatisfactory due to poor services rendered to the public coupled with discourteous behavior of civil servants. Yet, come performance appraisal period, most government personnel obtain "Very Satisfactory" ratings. Clearly, there is a contradiction between actual performance and paper evaluation. This obvious mismatch between public perception of agency performance on the one hand, and the individual rating on the other, may be due to two very critical factors: an ineffective appraisal system that cannot objectively measure performance or the inability of raters to exercise objective judgment.

The foundation of performance-based security of tenure is a well-functioning

performance evaluation system. It is a potent personnel mechanism that links performance with individual and organizational effectiveness as well as accountability, integrity, and public service delivery excellence.

Among the CSC's primary tasks is to establish a culture of performance and accountability within the bureaucracy. Accountability mechanisms in government such as performance appraisals/assessments are attempts at making people answerable for the things that they do or fail to do. How people spend their time on the job and what results are achieved are basic manifestations of individual performance in an organization. Individual performance is a focus in the establishment of an effective system that is able to discriminate performers from non-performers and to facilitate other human resource management (HRM) decisions such as tenure, promotion and provision of appropriate incentives.

Policies and systems for employee performance evaluation have long been in place. Currently, however, there is increasing clamor to review the existing system. The demand is for public servants to produce tangible results (making a difference instead of just keeping busy), to be more accountable (performing the mandate of the organization), and to correct the notion that a permanent appointment guarantees security of tenure (which sometimes serves as shield and protector of incompetence in the bureaucracy). Hence, there is the need to revisit and, as necessary, re-invent the performance evaluation system.

With funding assistance from the United Nations Development Programme (UNDP), the CSC is currently working on a new PMS that will ensure objective measurement of individual performance and effective use of performance evaluation results. The objective of the project is to transform and expand its current Performance Evaluation System (PES) to a performance management system. Such a shift will entail the development of a process or set of processes for establishing shared understanding about what will be achieved (and how will it be achieved) and managing people in a way that increases the probability that what will be achieved will indeed be achieved. The processes involved are performance planning and commitment, performance monitoring and coaching, performance review and feedback, performance rewarding and career development planning.

Thus, the PES should eventually accomplish the following:

- Align individual performance goals with the organizations strategic goals/vision;
- Ensure organizational effectiveness by cascading institutional accountabilities to the various levels of the organization's hierarchy;
- Measure performance by objectives and outcomes ("What gets measured gets done"); and
- Be linked to other human resource (HR) systems in the organization.

Performance contracting

A crucial component of PMS is performance contracting. Known in the private sector as pay-for-performance, performance contracting links pay to performance indicators mutually agreed upon by the contractor and the contractee. As borne out by business sector experience, accountability and consequent results are assured when pay is tied to performance. In the same manner that the grant of incentives is a corruption-prevention measure, performance-

based rewards may help get rid of mediocrity in government service.

The Commission strongly advocates the institutionalization of performance-based security of tenure in the public sector. It endeavors to purposely link job performance with one's security of tenure as a means of professionalizing the civil service. Eventually the notion of security of tenure being the shield and protector of incompetence in the bureaucracy will be disproved. While it is not easy to grasp the indirect link or connection of PMS to the problem of corruption in the bureaucracy, state employees have to understand that mediocrity in the performance of duties is tantamount to being corrupt. This is because corruption goes beyond bribery. Corruption is theft of public revenue, and as public servants whose pay are taken from government coffers, every civil servant is expected to give his/her utmost best in whatever post he/she occupies in the bureaucracy's ladder. If each state worker takes to heart his duties, performing them with fervor, industry and dedication, the civil services would most certainly emerge as a potent force in stemming graft and corruption.

A related undertaking of the Commission is the review and development of an alternative to improve the civil service pay system, characterized by adequate incentives and enforceable penalties for malfeasance. Experiences have shown that countries that have established a viable system of rewards for civil servants that are competitive with the private sector have also reduced levels of corruption.

REFORMS IN THE EXAMINATION SYSTEM

The quality of human resources in an organization is as good as the quality of the recruitment process. Mandated to uphold the doctrine of merit and fitness in government service, the Commission has been setting minimum requisites for people wanting to work in government. However, other norms such as value dimensions (integrity, character, client-service orientation and work ethics) concerning the applicant have not been considered in the recruitment standards.

The traditional practice of assessing personnel based on ability expertise, intelligence and potential cannot capture the negative behavioral proclivities of job seekers in government. The quality of public service begins, first and foremost, in the recruitment of the right people in all aspects and dimensions. Thus, an ethics-based personality test to determine the behavioral tendencies and personality profile of a job applicant may be able to address the long-standing problem of hiring otherwise qualified people who are deficient on the moral and ethical requirements of public service.

Development of ethics-based personality test

The development of an ethics-based assessment test in the civil service is a departure from the traditional practice of assessing personnel based on ability, expertise, intelligence and potential.

Started in 2003, this UNDP-assisted project aims to: 1) introduce an ethics-based test as an instrument to evaluate the fitness of applicants to assume government positions; 2) develop a comprehensive test item banking system; 3) apply the value test instrument in the CSC and in other government offices; and 4) include other mechanisms on recruiting

candidates, such as involving civil society in the recruitment process of government. The test hopes to surface propensity in engaging in corrupt activities among other undesirable traits of an individual entering the public service.

Upholding the integrity of civil service exams and eligibilities

From January 2001 to June 2002, the Commission, through the Office for Legal Affairs, received, investigated and adjudicated 51 examination irregularity cases. The figure excludes the considerable number of cases that are handled in the regional offices.

Examination irregularities include fake certificates of eligibility, impersonation, examination number switching, tampering of the Picture Seat Plan (PSP), and even theft of test booklets. Of course, these nefarious activities are done for a fee. In some areas, those who engage in corruption have even organized themselves and may have maintained links with each other in the manner of syndicates.

Strategies undertaken to address these problems are preventive and investigative. Preventive strategies include changes in procedure to reduce vulnerability to corruption and creation of the Legal Concerns Unit (LCU) to fast-track resolution of examination irregularity cases. Specific mechanisms to support preventive strategies are as follows:

1. *Enhancement of the Computer-Assisted Test (CAT)*

Both software and hardware components of the CAT were enhanced such that it built on the desirable features of the old system and integrated the new facilities and modules to make test administration easier, more efficient, and doubly secure.

2. *Installation of the Virtual Private Network*

To be installed by year 2005, the network will enable the central office to control and secure existing systems and data on CAT administration. CAT forms shall be deployed simultaneously to all regional testing centers daily. The examinee data files shall be transmitted to and processed at the central office. Release of results will be done by the Civil Service Commission Regional Offices (CSCROs) within the day.

3. *Strengthening of examination systems and procedures*

Examination systems and procedures have been fine-tuned to forestall irregularity. For instance, all application forms must be brought to the respective examinations rooms to compare the pictures and the signatures in the said form with those found in the PSP and to establish if the examinee is the same person as the one who applied.

4. *Adoption of specific investigative mechanisms*

- Through in-house cleansing, the CSC undertakes to cleanse its own ranks. It has initiated and pursued investigations of its own personnel suspected of being involved in examination irregularities. So far, four employees have been formally charged for grave misconduct, dishonesty or gross neglect of duty.
- The newly created LCU within our examination office is a sign of the Commission's resolve to cleanse not just its own system but also the whole bureaucracy. The LCU conducts investigations on examination anomalies and

pursues all possible leads even those coming from anonymous letters. It initiates the prosecution of cases both criminal and administrative against erring employees. CSC conducts Technical Review and Assessment of the Conduct of Examinations (TRACE). Through the TRACE, regional offices are monitored and given necessary assistance in the performance of their delegated examination functions and compliance with set rules and guidelines.

5. *Adoption of policies to safeguard the integrity of examination systems*

The CSC has enacted several policies that would further strengthen the integrity of our examination systems. CSC Resolution No. 040274 (Policy on Safeguarding the Integrity of Civil Service Examinations) ensures that holders of fake eligibilities and/or impersonators will not be able to use spurious eligibilities for government employment. The said resolution also seeks to professionalize the Corps of Test Administrators (PROCTAD). One of the reasons for the occurrence of examination irregularities is the laxity of examination administrators in implementing rules and guidelines.

The PSP has been enhanced to make it a more effective tool in detecting discrepancies in information given by one examinee and to make it more tamper-proof.

CSC Resolution No. 040275 sets up a whistle-blower protection program. The successful prosecution of examination irregularity cases depends to a large extent on the testimony of witnesses who are themselves conspirators to the offense. The need to get the cooperation of these witnesses is addressed by the recently approved policy granting immunity from administrative prosecution any public official or employee who voluntarily gives information pertaining to an examination irregularity regardless of whether he was involved as a bribe-giver or conspirator. This whistle-blower policy has become one of the most important tools in the prosecution of offenders.

CSC Resolution No. 021599 (Omnibus Guidelines on Withholding and Releasing of Test Results, Closing and Repeating of Test Centers and Conducting Validating Examination) provides for the conduct of validating examination. Test results which are found to be statistically improbable prompt the Commission to conduct further investigation as this indicates the use of “*codigos*”, “*postes*”, examinee number switching, or tampering of the answer data files by examination personnel.

HONOR AWARDS AND CLIENT SATISFACTION PROGRAMS

Honor Awards program

Started in 1966, this yearly and nationwide undertaking recognizes and rewards outstanding public officials and employees and groups for their outstanding contributions and achievements in the delivery of public service.

Under the program, three awards are given:

- The Presidential or *Lingkod Bayan* Award conferred for extraordinary

contributions which may be a suggestion, innovation, invention or superior accomplishments with nationwide impact;

- The *Dangal ng Bayan* Award given for exemplary ethical behavior pursuant to RA 6713; and
- The CSC *Pagasa* Award for outstanding contributions which directly benefit more than one department of the government.

Awardees are provided incentives by the government and the private companies as well. As the list of awardees grows through the years, the Commission hopes that the awardees passion for excellence and their guard on integrity will create a ripple effect throughout the bureaucracy.

Client satisfaction programs

In response to rising public expectations on government service, the CSC has placed premium on instituting reforms that redound to improved frontline service. These reform initiatives involve the different agencies of the government, the transacting public, and the different sectors of the government.

The programs provided the public with tools for monitoring services rendered by government agencies and made the citizenry active partners in improving service delivery. The programs check on the demeanor of public servants in performing their tasks and in attending to the transacting public.

Mamamayan Muna, Hindi Mamaya Na! Program

Foremost among the said initiatives is the *Mamamayan Muna, Hindi Mamaya Na!* Program launched by the CSC in 1994. Commonly known as *Mamamayan Muna*, the program seeks to institutionalize courtesy and quick service to the public. It provides those transacting with any government office with a redress mechanism for grievances against discourteous and erring state employees and/or laborious procedures in government offices. Action on complaints is done with the assistance of agency-designated *Bilis Aksyon* Partners.

Mamamayan Muna confers immediate recognition on employees who exemplify the best in service delivery. The program likewise encourages the public to send in their requests for assistance on pending transactions and suggestions and recommendations aimed at further improving government programs and services.

In its 10-year span, a total of 53,935 reports were received nationwide. A big bulk, 82 percent of these reports were requests for assistance in the release of licenses, permits, clearances and related documents indicating that the paper chase in government agencies continues to be the cause of public ire and a most probable root of corruption. Complaints constitute 38 percent of the reports received which include inaction on requests, discourtesy, misconduct and graft and corruption, even unofficial use of government vehicles. While there were reports which were amicably settled, others led to the filing of appropriate charges against the reported employees.

TEXTCSC Project

Taking into account the popularity of short messaging system, TEXTCSC was introduced in June 2002 to provide an alternative and fast mode by which people can get in touch with government.

TEXTCSC uses only one number aptly corresponding to TEXTCSC on the cellular phone keypad, 0917-8398272. The project serves as a tool for people transacting business with any government agency to report on-the-spot to the Commission their experience with a public agency. The project likewise provides ready information access to the texting public, either through downloading of information or direct sending of queries to the Commission.

TEXTCSC has so far served its envisioned role of linking the government and the people. It has served as a medium for disseminating information on government programs and services. Apart from making the public partners in monitoring the services rendered by the government, it has also pushed government efforts in curbing graft and corruption.

Public Service Delivery Audit (PASADA)

PASADA is a proactive mechanism installed in the last quarter of 2003 to systematically test frontline services. Instead of waiting for the public to send in reports, PASADA takes a different tack—actual testing of service. CSC deploys a pool of undercover volunteers who pose as ordinary clients or customers to simulate the experiences of the public, good or bad, as they transact business with the government. Three areas are looked into and assessed: frontline service providers; structure, systems and procedures; and physical working conditions. While the initial pool of volunteers comes from the CSC, enlistment of volunteers and partnerships with the different sectors shall be pursued.

PASADA will also strengthen the capability of CSC in spotting, diagnosing and addressing areas prone to corruption. While the program is still in its infancy stage, PASADA will eventually complement other initiatives to cleanse and improve the image of government and its workers. Such advocacy is essential to harness the people's support and participation in national development efforts. PASADA is one of the initiatives under the Anti-Corruption Portfolio of the Government of the Philippines - UNDP Governance Program.

The initiatives underscore that public service delivery cannot operate in a vacuum, meaning it cannot exist independent of the environment it lives in. Rather, it should thrive in that environment. The programs were premised on the following: first, that the public or the client has something to say; second, that agencies should take into account what the client says; and third, that agencies recognize the need to address client concerns.

Service delivery improvement is an unending task. And therein lies the challenge for both the government and the citizenry. For the government, service reform entails continuously redefining standards; for the citizenry, this spells vigilance.

ENFORCEMENT OF RA 6713

RA 6713 or the Code of Conduct and Ethical Standards for Government Employees, which was passed in 1989, sets the behavioral and ethical standards for officials and employees in government pursuant to the policy of the State to promote a high standard of ethics in public service. Public officials and employees are mandated to “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.”

Towards this end, the following are being undertaken:

- Conduct of value development programs to strengthen the officials and employees' commitment to public service and help promote the primacy of public interest over personal interest in the performance of their duties. The CSC developed training modules for the eight norms of conduct prescribed under the law. New entrants to government service are required to undergo *Alay sa Bayan* (ALAB), a 40-hour orientation program. Those already in government service go through the Values Orientation Workshop (VOW).
- Institutionalization of the Code of Conduct and Ethical Standards which sets out the norms of conduct observed in the following values: commitment to public interest, professionalism, justness and sincerity, political neutrality, responsiveness to the public, nationalism and patriotism, commitment to democracy and simple living.
- Setting up of mechanisms to ensure that government transactions are transparent and the public has access to information. The absence of these mechanisms is an opportunity for corruption.
- Grant of incentives and rewards to officials and employees who have demonstrated exemplary service and conduct on the basis of their observance of the norms of conduct.
- Adoption of mechanisms to ensure the fast and efficient delivery of service to the public, including response to requests and petitions.
- Stricter monitoring of public disclosure of assets and liabilities. Since it is the financial assets that are the most concrete evidence in matters of graft and corruption, public officials and employees are required to declare every year their statement of assets and liabilities.
- Officials and employees shall avoid conflict of interests, such that the interests of their business do not clash with the interests of the office they serve.

Almost everyone has a stake in the implementation of this law, from the transacting public to the government agencies that oversee its mechanisms. Under the *Dangal ng Bayan* awards, for example, private citizens and peoples' organizations (POs) or non-governmental organizations (NGOs) can nominate individuals who are exemplars of desirable behavior. Aside from CSC, the Commission on Audit and the Office of the Ombudsman are involved in the incentives and rewards component of RA 6713.

Although there is no formal study yet as to the effects or results of the implementation

of this law, there are indications that it has awakened the awareness and vigilance of the citizenry and expects the public sector to act in accordance with the prescribed guidelines.

The public can be critical of the government and its bureaucracy, particularly with the help of the media. This can be seen in TV programs zeroing in, and sometimes exaggerating on the misdemeanors of government officials and employees. In the same manner, the public can also be quick in expressing their appreciation and praise for good deeds. We have heard of stories of lowly paid government employees like teachers, utility workers and drivers who have been placed into the limelight because of exemplary behavior.

Public officials and employees are now aware of their responsibilities and behavior, and of the consequences of their actions.

The prestige and recognition that come with the rewards instituted under the law is one factor that contributes to the continued success of the program. The degree of its success, however, could have been greater without these delimiting factors:

- Limited information on the program. Budgetary constraints prevent the conduct of more aggressive promotion campaign on the program; and
- Limited participation by the public. There are transacting public who do not want to take time to send reports to the Commission. Others cannot give adequate information for fear of reprisal.

The initiatives presented herein offer no quick-fix solutions, no sure-fire formulas, and no instant results. What is certain, though, is that these measures are envisioned to enhance the quality of government personnel, and create a more competent and productive, ethical and accountable and customer service-oriented workforce. True, the challenges are immense. The Commission remains committed though in waging the war against corruption, confident that with these initiatives, the battle has already been partly won.

THE SOLANA COVENANT

A BLAST OF ENERGY, HOPE AND INSPIRATION

Mary Ann Z. Fernandez-Mendoza
Executive Director, Career Executive Service Board

"If you can see beauty even when it is not pretty every day...If you can source your life from its presence...If you can live with failure and still stand at the edge of the lake and shout to the silver of the full moon, "YES."

-Jean Houston

INTRODUCTION

The headlines these days are not pretty. Two institutions, the Armed Forces of the Philippines (AFP) and the Government Service Insurance System (GSIS), are being investigated for graft and corruption involving their senior officials. According to one survey report, there are families who have experienced hunger in the last three months. Our economic managers warn that the economy will collapse if no revenue measures are passed before the year-end. Another disheartening news is the dismal performance of elementary and high school students in Mathematics and English as compared with other countries in Asia.

However, there are also many good news. One is the on-going lifestyle checks being done by the Ombudsman together with civil society organizations. About 20 officials from revenue generating agencies have already been suspended for their unexplained wealth. Other good news are the success stories of Jollibee and Cebu Pacific, the boom of call centers, and the growing competencies of Filipinos in the field of ICT and productivity in the making of computers and parts. More good news include the active involvement of key government agencies, non-government and civil society organizations, and the business sector in the 10 to 10 Governance Reforms Campaign-Festival, and the recent harvest of outstanding and ethical government employees.

The fight against corruption has been fraught with many difficulties. First, there is the perception that there are too many agencies involved in anti-corruption work and yet their initiatives appear to be weak, disparate and uncoordinated. Second, public support appears wanting. There are many reasons for this. Perhaps they believe that the situation is hopeless and nothing will happen if they report anomalies. They are not aware as to how they can get involved and where they can go to report on anomalies. Maybe, another reason is the fact there are not enough success stories of enforcement and prosecution. Third, there is

also an on-going debate on whether there is need for new anti-corruption laws. Lastly, there is also the issue on the adequacy of resources of the anti-corruption bodies to pursue the fight against corruption.

The initiative of the Office of the Ombudsman (OMB), the Civil Service Commission (CSC) and the Commission on Audit (COA) to work together and fight corruption is a blast of hope, energy and inspiration. The heads of the three independent constitutional and oversight agencies saw many opportunities to come together and “use their power and prerogatives” to bear upon graft and corruption in the civil service. The fact that they will be working together for five more years also presents a backdrop for support and sustainability of their efforts and initiatives.

Thus, an Anti-Corruption Summit involving only the heads of the CSC, COA and OMB was held last January 28-29, 2004. The venue was the Solana Dive Resort in Anilao, Batangas. Also present was Tony Kwok, formerly with Hong Kong’s Independent Commission against Corruption (HK-ICAC) who facilitated the activity. There was no fanfare and media blitz.

The major objective of the summit was to discuss concrete initiatives that can be done together by the three agencies given their resources and how they can support each other to move their anti-corruption agenda. The three agencies were one in wanting to produce “visible quick wins” to inspire public confidence, to sustain the gains and to evolve a doable and concrete plan of action.

This summit led to the formation of a Joint Anti-Corruption Plan called the Solana Covenant. This covenant is basically an agreement between the three oversight agencies.

SIGNIFICANT FEATURES OF THE COVENANT

The covenant is divided into two main parts: the collective agreements and the individual agency initiatives.

Among the initiatives that call for collective agency action are:

1. Establishment of the asset disclosure database - This will support the lifestyle checks and investigation of corrupt officials and employees.
2. Creation of a joint task force or technical support group for major investigations - This will enable each agency to draw on the expertise of the two other agencies. The OMB for one would benefit from COA’s expertise on auditing in detecting and investigating anomalous government transactions. The same is true for both CSC and COA who would learn much from OMB when it comes to conducting investigations.
3. Commitment to self-cleansing - The agencies agreed to cleanse their own backyards of corrupt officials and employees through the filing of criminal and administrative cases against these erring personnel. Corollary to this, they also agreed to respect the exercise of primary jurisdiction over each agency’s erring officials and employees. Thus, administrative complaints against an agency’s personnel shall be taken cognizance of by the mother agency and not by the other agency even if it has concurrent original jurisdiction.

4. Exchange training to improve anti-corruption capabilities - The agencies committed to share knowledge and expertise. Thus, each agency will invite representatives from the two other agencies to trainings and seminars on anti-corruption.
5. Maximize information-sharing including the use of interlinked websites - This will enable not just the personnel of each of the agencies but also the public at large to have ready data and information on corruption-related rules, issuances and developments.

Other joint initiatives include: 1) the vetting of appointed officials where an integrity vetting system will be established and information on problem employees will be shared; 2) inter-agency audit where CSC, COA and OMB will conduct joint audits of government agencies to review systems, personnel and anti-corruption measures; 3) promoting the concept of establishing integrity or ethics committee in every government agency; 4) finalization of the memorandum of agreement between the CSC and OMB on the delineation of responsibilities and case coverage in handling administrative cases; and 5) setting-up of an inter-agency liaison network or clearinghouse to follow up on the status of administrative cases and other information that relate to corruption.

Individual agency actions

CSC committed to strengthen its personnel audit function. The personnel audit will be geared towards detecting corruption in the appointment process and other personnel movements within an agency.

COA pledged to finalize the circular on monitoring of unliquidated cash advances. It also agreed to issue a circular directing its auditors to disallow the salaries of officials and employees with disapproved appointments, with no approved extension of service, and those whose contracts of service or job orders have not been submitted to CSC for evaluation.

OMB committed to draft a proposed bill on whistle-blowing and witness protection for corruption-related cases. It also agreed to issue a directive to its staff to follow the schedule of penalties prescribed by CSC for administrative cases involving offenses under the Administrative Code of 1987.

Some ground rules were also established such as: 1) to ensure confidentiality of complaints, press releases shall be issued only after the issuance of a preventive suspension order or the determination of probable cause or prima facie case; and 2) to act immediately on administrative complaints filed against their respective officials and employees, irrespective of their salary grade, in the exercise of their primary disciplinary authority.

INITIAL ACCOMPLISHMENTS

An Action Planning Workshop with support from the United Nations Development Programme (UNDP) was held at the Manolo M. Lopez Development Center (MMLDC), Antipolo City in June 2004. A more detailed work program was formulated with specific strategies, targets and timelines.

The CSC has started work on the establishment of a Statement of Assets and Liabilities and Net worth (SALN) database, enhancements on compliance and monitoring procedures

and inclusion of the Income Tax Returns (ITRs) in the SALN. To facilitate this, a technical working group was formed. CSC issued Memorandum Circular No. 7, s. 2004 (dated March 24, 2004) which reiterates compliance with the procedures for submission of SALN. CSC also developed an initial electronic database on SALN, using FOXPRO. To date, information on the SALN for 2002 of the Bureau of Internal Revenue and SALN for 2002 and 2003 of the Bureau of Customs employees have been encoded.

Plans were made for the establishment of a joint task force for the provision of technical support in major investigations to draw on the expertise of the different agencies. This considered the feasibility of seconded officers to enhance mutual understanding and broadening of the experience of concerned officials.

On the commitment to "self-cleansing", CSC has started a serious investigation and crackdown on unscrupulous employees and individuals perpetrating examination irregularities. OMB has also initiated the investigation and suspension of corrupt investigators and has also created an Internal Affairs Board.

To initiate the monitoring of unliquidated cash advances, the following issuances were promulgated: COA Memorandum No. 2004-014 dated February 24, 2004 (Submission of Reports on Unliquidated Cash Advances to CSC, PAGC, OMB or DOJ); the OMB memorandum to all Deputy Ombudsmen, Assistant Ombudsmen, Directors, Graft Investigation and Prosecution Officers dated March 17, 2004 to support the COA memorandum; and CSC Resolution No. 04-0676 dated June 17, 2004 (Policy Guidelines to Govern the Liquidation of Cash Advances and the Penalty to be Imposed for Failure of an Accountable Officer to Liquidate within the Prescribed Period). These issuances have already resulted in the immediate liquidation of cash advances in many government agencies.

CSC and OMB are in the process of finalizing a memorandum of agreement that will delineate responsibilities and case coverage in handling administrative cases, and the setting up of an integrity or ethics committee in every government agency. This will minimize overlapping and allow CSC and OMB to focus their attention on important and priority concerns.

A plan is also being developed to undertake agency audits that will assess personnel and financial systems as well as anti-corruption measures using an integrated approach by the three agencies.

CONCLUDING STATEMENTS

So far or in a matter of seven months the three agencies have done much. They have demonstrated that it is possible to bring inter-agency cooperation at a higher level. They have set a precedent for long-term cooperation and partnership. They have also shown mutual trust and respect for each other. They have built on past gains that have been started by the Inter-Agency Anti-Graft Coordinating Council. They have regular meetings to assess their efforts and initiatives. They have started to engage and involve the NGOs and CSOs in their various initiatives. It will be difficult for their successors not to continue these initiatives. It will be worthwhile to find out what will happen to the Solana Covenant in the next three years.

CHAPTER 2

CIVIL SOCIETY

At the core of any successful campaign against corruption is the role of civil society. International and national experiences show that civil society plays a vital role in the implementation of instruments against corruption. This is shown in the way that civil society provides expedient linkages between the public and the private sectors, putting pressure on those in government to carry out their obligations. Civil society is capable of performing unique anti-graft activities. These include:

- 1. rallying the citizen involvement and assistance in the execution of strategies against corruption; and*
- 2. providing information gateways from the populace to the government in crafting the right approach.*

This chapter provides concrete manifestations of the significance of civil society and private organizations in combating corruption. Focusing on media's access to information, Luz Rimban discusses the thrusts of the Philippine Center for Investigative Journalism which has in many occasions, triggered investigations of many government officials. Pura Sumangil talks about the experiences of the Concerned Citizens of Abra for Good Government in project monitoring which enabled the correction of many sloppily done government projects thus saving taxpayers' money.

Francisco A. Magno, executive council member of the Transparency and Accountability Network, takes up the topic of building coalitions to be able to exchange information on development and initiatives in transparency and accountability. The utility of civil society groups, particularly Procurement Watch, Inc., in public procurement reforms is at the nucleus of Josefina U. Esguerra's piece while Dondon Parafina explains the strategies of Government Watch specifically focusing on textbook distribution. This chapter closes with the experiences of government employees as graft-busters as expounded by Esperanza S. Ocampo, president of the Philippine Government Employees Association.



Participants during the National Conference on Anti-Corruption.



PCGG Chair Haydee Yorac (left) and CSC and CESB Chair Karina Constantino-David.



PCIJ's Luz Rimban speaks in one of the workshops.

ACCESS TO INFORMATION

Luz Rimban

Broadcast Manager, Philippine Center for Investigative Journalism

The purpose of the Philippine Center for Investigative Journalism (PCIJ) is to expose hidden issues and problems and uncover wrongdoing. It focuses on accountability of those in power and employs extensive interviewing, document searches, and direct observation.

The efforts of PCIJ on investigative journalism involved the Estrada investigation and the lifestyle checks on Bureau of Internal Revenue (BIR) officials. The Estrada investigation started out as rumors and tips that were verified through field work, extensive interviews, and document searches. This resulted into seven print stories and six TV reports, which became part of the articles of impeachment. In the lifestyle checks, on the other hand, PCIJ looked at the unexplained wealth of some BIR personnel and exposed the ways of some personnel who tried to prolong their stay in office.

The media now routinely employs investigative techniques. An example is the *Imbestigador ng Bayan* of GMA-7. A program such as this exposes corruption, informs the public, and empowers the people. Thus, there is already an audience for stories about corruption and wrongdoing.

Investigative journalism can help break the cycle of corruption and abuse:

- by revealing the flaws in the government machinery, exposing who is responsible;
- by putting the issue of reform on the news agenda, and revealing what can be done;
- by “naming and shaming,” especially when corruption takes place with impunity and those who are guilty are not brought to justice;
- by catalyzing dramatic changes (e.g. the resignation of corrupt officials);
- by featuring the work of reform-minded individuals and groups, and showing citizens what they can do about corruption; and
- by forcing individuals and institutions to be transparent and accountable.

Media needs access to information to be able to expose corruption. Compared to other Asian countries, the Philippines has a liberal environment. Access to information is enshrined in the Constitution (Section 7 of the Bill of Rights) and in Republic Act 6713. Jurisprudence has always sided with the citizens’ right to know.

However, there are obstacles to information access. Access to information is not yet institutionalized. A culture of secrecy prevails in many government offices. No access is given to controversial documents such as government contracts. Access to information is

still subject to the discretion of the head of agency.

The PCIJ conducted a study on access to Statements of Assets and Liabilities (SALs) of government officials. The table below shows the requirements and the time it took for each of the agency before they release the documents.

PCIJ study on access to SALs
April to May 2002

Government agency	Requirement	Time it took to get documents
House of Representatives 1998-2001 SAL	Letter of request	1 week
Senate 2000-2001 SAL	Letter of request	1 day
Senate 1998-1999 SAL	Letter of request + follow up calls	28 days
SALs of Estrada Cabinet members	Letter of request + follow up calls	Several months; referred to other agencies

The following are seen to be the obstacles to information access:

- Poor state of record-keeping (the information infrastructure), haphazard filing system, and lack of photocopying facilities;
- Information available are not always timely and reliable, not always complete and understandable; and
- On the part of media practitioners:
 - There is lack of research and evidence on allegations of wrongdoing;
 - Media culture focuses on ratings and out-scooping the competition;
 - Inadequate resources and manpower devoted to solid research;
 - Media persons themselves are ill-informed and ill-trained; and
 - Corruption in the media.

To address these obstacles, PCIJ has initiated the following:

- Website on data of government officials: www.i-site.ph;
- Book on investigating corruption and other issues;
- Video guide for citizens and journalists on investigative corruption;
- Advocacy for access to information through Access to Information Network (ATIN) pushing for legislation on access to information;
- Investigative journalism training; and
- Submitting print reports to newspapers.

PROJECT MONITORING

CCAGG'S INITIATIVE FOR GOOD GOVERNMENT

Pura Sumangil

Chairperson, Concerned Citizens of Abra for Good Government

There is a constitutional body in our government to enforce accountability in the public service. This is the Commission on Audit (COA). Its mandate is to ensure open, regular, efficient, and responsible government.

Despite COA's presence in Abra, mismanagement of programs and projects still happened. This was found out by the Concerned Citizens of Abra for Good Government (CCAGG) during its initial engagement in the monitoring of the community employment and development projects (CEDPs) in 1986. Twenty projects were reported 100-percent finished when these were just started or implemented halfway. Certificates of their completion were signed by section chiefs including the head of their in-house monitoring and were subsequently turned over to the end-users. Most materials used were of inferior quality. Nineteen projects were without approved plans and specifications. News about this has generated public outcry.

We understood from this experience the evil of corruption as it drained scarce government resources. It enriches a few but impoverished the majority of Abreños as social services meant to support them in their bid for development were derailed. Furthermore, it also bred contempt on government.

Not at all happy with the above, CCAGG became emboldened to pursue its monitoring activities and thus contribute to the restoration of honesty and accountability in the public service, so necessary in the attainment of good government.

LEGAL BASES OF MONITORING

We met detractors on the way, most of whom were dummy contractors or officials. They asked, "Where did you get your authority to monitor?" We pointed to the pages of the Philippine Constitution which speak of "the right of NGOs and people's organizations (POs) to promote their welfare...to pursue and protect their legitimate and collective interest and aspirations through peaceful means." We also referred them to the various executive orders (EOs) which mandate the creation of project monitoring committees with non-governmental organization and PO membership on all levels to monitor and evaluate development projects of the government.

Then there are the various memoranda of agreement and understanding which we entered into with the National Economic and Development Authority (NEDA), Department of Budget and Management (DBM), Regional Project Monitoring and Evaluation System (RPMES) in the Cordillera Administrative Region (CAR), COA, and lately, the Civil Service Commission (CSC) which made us a partner of government in ensuring transparency and accountability in project implementation.

MONITORING DESCRIBED

Monitoring is a feedback mechanism of management to ensure that reports sent to their office by their field personnel are true and correct.

The task of monitoring is never easy. It requires preparations like understanding the project cycle, program of work and the activities contained therein, basic and technicalities of monitoring and evaluation, and doing the actual field monitoring activity. There is also the inherent risk attendant to the work. In our 18 years of monitoring, we have lost one member. He was a lawyer.

CCAGG monitors travel a lot, hike mountain trails, cross rivers and streams, walk under the heat of the sun or under the rain and go hungry at times. All these to be able to reach project sites to keep track of government funds, ensure that projects allotted by the government to the people are implemented according to plans and specifications, and be the people's springboard in realizing development for themselves.

TOOLS IN MONITORING

Our tools when we conduct project site inspection are: a steel tape to measure the actual work done, a record book to write findings and observations, jobsite interviews with people like the contractors, implementing agency personnel and the community, a camera to picture the physical status of the project, a voice tape recorder to document interviews with project stakeholders, and a packed lunch or snacks. We do not want to incur a debt of gratitude to contractors who would love to feed us. If we are indebted, we are not free, and might cause a distortion in the monitoring report to be released.

While we are still in the project site, we already discuss our findings and initial recommendation to the contractor or government engineer or their representative if they are around. We formally transmit our findings to them as well as to COA for clarification of issues and possible management comment and for appropriate action. At times, we request an audience with the agency concerned to discuss contentious issues and thus find acceptable solutions to problems met in the project site. And we follow up their actions on the recommendations we make.

RESULT OF MONITORING

Many of our monitoring activities have made high-profile successes.

1. We have caused the suspension from work of 11 engineers ranging from two months to two days to nine months to nine days without pay for dishonesty and/or misconduct.

They were the culprits in the unproductive system of project implementation I mentioned earlier. This was our first initiative to fight corruption. You can just imagine our pain in deciding to pursue the case against the engineers who happened to be our provincemates. But they have harmed us, and they must be punished. For our tenacity in pursuing this case until its resolution, President Corazon C. Aquino cited the CCAGG as the “most active NGO in Region I” in a fitting program in Malacañang in 1987.

2. A contractor was penalized with a remove-and-replace order of portions of a 4.6-kilometer highway project. Its cement mix was below specifications, the aggregates used were far bigger than the specified sizes, and its sub-base was not properly prepared resulting to inferior foundation of the road. We petitioned the Secretary of Department of Public Works and Highways (DPWH) to suspend the implementation of the project and to conduct coring test on random locations. Engineers from the Quality Assurance Unit from Manila came to oversee it. The core samples extracted were subjected to laboratory test that revealed that their strength “miserably failed”. The contractor was penalized by removing and replacing questionable portions of the road at his own expense.
3. In another national project along the Abra-Kalinga Road, the program of work identified the source of gravel and sand as 51 kilometers away. The volume of aggregates and the distance for hauling were therefore running into millions of pesos. However, we discovered that the contractor was extracting his aggregates just nearby which made the hauling cost cheaper. We reported this to the concerned officials. The DPWH regional director found our complaint meritorious, hence the sanction to the contractor to extend the road project by using the savings realized from the item on hauling of aggregates.

There were also many low-profile successes of our monitoring work.

Take the farm-to-market roads in two farming villages. We arrived just on time as they were about to pour concrete on the roadbed. The contractor buried the side forms halfway into the prepared bed. We called his attention to this and recommended immediate correction to which he agreed to execute. This corrective work took all of two hours and it involved the use of grader and a road roller.

If independent monitoring did not assume its role in the process, these farm-to-market roads would have been half-short of the required thickness. The farmers would have been the losers. Transparency International (TI) took notice of our work of fighting graft and corruption in the local level. With two others, TI has awarded us its first Integrity Award in Ottawa, Canada.

FACTORS THAT CONTRIBUTED TO THE SUCCESS OF FIGHTING CORRUPTION IN ABRA

1. The print and broadcast media of the Catholic Church have aided us through the years in our advocacy for citizens' participation in governance by monitoring, to enforce transparency and accountability among the ranks of government and of contractors.
2. We organized communities for grassroots support and involvement. The people who stay in the project site witness the whole activities of construction and report to us errors committed in the process resulting to substandard works or even delays.
3. The dedication and commitment of our CCAGG monitoring team. Many of our monitors are young and professionally prepared. Their desire for our province to prosper is their main reason for letting go of opportunities for greener pastures. They say, "We are young only once."
4. The continuing support of our diocese, the United Nations Development Programme and CSC for funding our participatory project monitoring. Mention must be made too of the general public who donate their hard-earned pesos to the organization as well as those who pass on necessary documents relative to monitoring in order to pursue a corrupt-free society.

FUTURE ACTIONS AS FOLLOW-THROUGH ACTIVITIES

1. Planned change should be introduced to improve the work ethos of government personnel. Formational seminars and conferences should be given to them to curb their corrupt tendencies. Salary increment should be considered, too. The current in-house monitoring system of government units should be reviewed.
2. COA should resurrect and institutionalize its participatory audit program. This was pilot-tested in Abra in 2001 with the CCAGG as COA's audit partner. This was hailed by COA itself as successful. Participatory audit seeks to promote transparency in the conduct of audit through the participation of civil society organizations (CSOs). Members of CSOs who reside in the project areas could safeguard interim targets on performance, time and cost, thus optimizing input services. This could result in quality products that are functional, enduring and responsive to community needs. CSOs can help contribute to the attainment of sound fiscal management and good governance.

BUILDING COALITIONS

Francisco A. Magno

Executive Council Member, Transparency and Accountability Network

The Transparency and Accountability Network (TAN) is a civil society coalition formed primarily for the purpose of exchanging information on developments and initiatives in transparency and accountability.

The network is represented by 25 organizations involved in anti-corruption work, academe, private sector, professional groups, religious sector, and the civil society.

TAN envisions the Philippines as a country characterized by transparent, accountable, efficient, and effective public institutions, and an informed, empowered, involved citizenry intolerant of corruption.

TAN ANTI-CORRUPTION FRAMEWORK

TAN seeks to contribute significantly to the reduction of corruption in the Philippines by catalyzing and advancing a multi-sectoral transparency and accountability strategy, founded on the prevention and prosecution of corruption, and the promotion of a corruption-intolerant society. Its framework involves the 3Ps:

- PROSECUTION of corrupt individuals
- PREVENTION of corrupt acts
- PROMOTION of a corruption-intolerant society

MEMBERS

- Ateneo Center for Social Policy and Public Affairs (ACSPPA)
- Ateneo School of Government (ASG)
- Center for Local Governance Research and Development (CLGRD)
- Concerned Citizens of Abra for Good Government (CCAGG)
- Concerned Women of the Philippines (CWP)
- Caucus of Development NGO Networks (CODE-NGO)
- Development Academy of the Philippines (DAP)
- Evelio B. Javier Foundation, Inc. (EBJFI)
- Fellowship of Christians in Government (FOCIG)
- Hagit-Bisdak
- Institute for Politics and Governance (IPG)
- Institute for Political and Electoral Reforms (IPER)
- Institute for Popular Democracy (IPD)
- Kilosbayan-Bantay Katarungan

- Konsensyang Pilipino
- La Salle Institute of Governance (LSIG)
- Makati Business Club (MBC)
- National Institute for Policy Studies (NIPS)
- Pagbabago@Pilipinas
- Philippine Center for Policy Studies (PCPS)
- Procurement Watch, Inc. (PWI)
- Social Weather Stations (SWS)
- The Asia Foundation
- Transparency and Public Accountability Today and Tomorrow
- Transparency International-Philippines

PARTNER INSTITUTIONS

- Office of the Ombudsman (OMB)
- Civil Service Commission (CSC)
- Career Executive Service Board (CESB)
- Office of the President (OP) - Transparency Group
- Presidential Anti-Graft Commission (PAGC)
- Foundation for Communications Initiatives (Cultural Center of the Philippines, Radyo Pitlag, CyberDyaryo, ISLA TV)

PROJECTS

2002

- Consultations with various civil society organizations and non-government organizations nationwide
- National Transparency and Accountability Program (with PAGC, Presidential Committee on Effective Governance and OMB)

2003

- Institutionalization
- Anti-corruption literacy campaign
- Walking Through the Office of the Ombudsman
- National Authority for Revenue Administration (NaRA)
- Right to Information

2004

- Tri-media campaign on the issue of corruption
- Capacity-building of TAN member- and partner-organizations for the monitoring and evaluation of actual public procurement practice
- Analysis of the lobbying practices for House Bill 5465 - NaRA

Tri-media campaign on the issue of corruption

- Partnership with the Foundation for Communications Initiatives (FOCI)
- Roadshow presentation of Malou Jacob's *Anatomiya ng Korupsyon* (CCP): Manila, Naga, Baguio, Bacolod, and Davao
- Radio docudrama: *Pit ang Liwanag sa Liwayway* (Radyo Pitlag): CDs available
- Documentary on *The Making of Anatomiya* (ISLA TV): ongoing

Procurement monitoring

- Partnership with PWI and OMB
- Trainers' training for TAN member- and partner-organizations (May 2004)
- EBJFI conducting trainings with the League of Cities and League of Municipalities of the Philippines
- TAN OpsTeam, CCAGG, FOCIG conducting trainings with NGA volunteers

Analysis of the lobbying practices for the NaRA Bill

- Ongoing
- After the study, the Network hopes to be able to come up with new and innovative strategies to get the bill passed into law.

OTHER ACTIVITIES

E-leksyon (www.tan.org.ph)

- Compare the commitments of President Gloria Macapagal-Arroyo in a TAN survey prior to the elections with pronouncements made after the elections on anti-corruption strategy

Also at the TAN website

- Link with Governance Resource Center - Exchange (www.grc-exchange.org)
- Formation of information officers e-group for better exchange of information within the network (e.g. announcement of activities, job openings, and other organizational needs)

CIVIL SOCIETY

ITS ROLE IN PUBLIC PROCUREMENT REFORMS

Josefina U. Esguerra
Treasurer, Procurement Watch, Inc.

Established in February 2001, Procurement Watch, Inc. (PWI) is made up of people from the academe, professionals, progressive lawyers, and concerned private sector executives. It aims to reduce opportunities for corruption in public procurement through the conduct of research and advocacy.

The approaches being adopted by PWI are partnerships with reform-minded officials in government and systems approach to combating corruption in public procurement. Corruption, not government, is the enemy. "Witch-hunting" is not PWI's business.

ACTIVITIES OF PROCUREMENT WATCH, INC.

- Civil society organization (CSO) observers in government bids and awards committees (BACs)
- Diagnostic reports for internal reform of procurement procedures
- Advocacy for passage of the Government Procurement Reform Act (GPRA)
- Training on and dissemination of GPRA rules and regulations

PROCUREMENT MONITORING

- Department of Public Works and Highways projects
- Computerization in the Commission on Audit, Bureau of Customs, Supreme Court, Bureau of Internal Revenue, Securities and Exchange Commission, Professional Regulation Commission, and Office of the Ombudsman
- Armed Forces of the Philippines modernization program
- Goods procurement of the Philippine Amusement and Gaming Corp., National Power Corporation, Bureau of Foods and Drugs, Department of Health, and Department of National Defense

TRAINING ACTIVITIES

- Capacity-building of agency procurement staff and BAC members
- Training of BAC observers: how to recognize the "red flags"
- Supporting the transition of local government units (LGUs) to new arrangements under GPRA

RESEARCH ACTIVITIES

- Through procurement monitoring, identify areas of vulnerability and approaches to remedy them
- Collaborate with Government Watch in the monitoring of textbooks and drugs
- Feedback to the Government Procurement Policy Board on the effectiveness of GPRA provisions

POLICY ADVOCACY

- Worked with both administration and opposition legislators to create bi-partisan support for the procurement reform bill
- Provided technical assistance to legislative staff in the preparation of alternative versions of the bill
- Logistical and technical support during hearings
- Drew other CSOs to support the bill

BASIC REFORM GUIDELINES

<i>Basic reforms</i>	<i>Problems addressed</i>
<ul style="list-style-type: none">• Pre-qualification of bidders replaced by eligibility check and post qualification• Shift to lowest calculated responsive bid• Agency budget is pre-determined• Posting on the government electronic procurement system (G-EPS) website/BAC observers• Use of objective non-discretionary criteria and coverage of all government entities, including LGUs	<ul style="list-style-type: none">• Delays• Collusion• Discretionary criteria• Lack of competition• Lack of transparency• Abuse of discretion

RECENT DEVELOPMENTS IN ANTI-CORRUPTION WORK

- High official development assistance (ODA) priority for governance issues
- New opportunities for broader impact through collaboration with anti-corruption agencies
- CSOs are into coalition-building to consolidate individual efforts, learnings and results

CHALLENGES FOR FUTURE WORK

- Impact on total government expenditure
- Targeting of procuring agencies with large expenditure budgets
- Expanding partnerships with other CSOs that can do procurement monitoring
- Establishing networks in other regions
- Information support system for trained BAC observers
- Communication link to the Office of the Ombudsman
- Developing standards for procurement monitoring and evaluation
- Capacity-building in procurement audit of agencies
- Rewards and incentives for agencies with advanced procurement reform efforts

LESSONS LEARNED

- Reform is a long-term and continuing process
- Celebrate small victories
- Need for technical competence
- Immense value of partnering process
- Understanding the cultural context and social process of change

GOVERNMENT WATCH

CITIZENS' ACTION FOR GOOD GOVERNANCE

Dondon Parafina
Coordinator, Government Watch

Government Watch (G-Watch) is an initiative that is specifically designed for the use of ordinary citizens. It asks what any ordinary citizen would want to know: "Where did our taxes go? Was the government able to deliver what it promised to deliver?" Its primary objective, therefore, is to enable ordinary citizens to see and check how the government spends public funds and how it is doing its job.

The Ateneo School of Government (ASG) is the proponent of the G-Watch project. The direct engagement of G-Watch with specific programs of various agencies fulfills one of the School's objectives, which is, to contextualize theoretical discourses within the sphere of actual policy decision and action.

G-Watch focuses on public expenditure tracking and the monitoring of program implementation. With the passage of the Government Procurement Reform Act (GPRA), which provides transparency and accountability mechanisms for bidding transactions, G-Watch complements it by addressing the latter half of the process, which is contract implementation.

We have initially monitored three agencies, which are responsible for delivering vital services such as education, health and public works. We look at textbook delivery and school buildings in the Department of Education (DepEd), drug procurement in the Department of Health (DOH), and roads, bridges and flood control projects in the Department of Public Works and Highways (DPWH). We added the Department of Social Welfare and Development (DSWD), where we track the distribution of donations and relief goods down to the recipient level.

The G-Watch project started in year 2000 under the Philippine Governance Forum, which was a collaborative program of the ASG, the Ateneo Center for Social Policy and Public Affairs (ACSPPA), and the United Nations Development Programme (UNDP).

The problem of corruption in the country triggered the need to have this kind of project. The big amount of public funds lost to corruption and the extent to which it has eroded the integrity of our institutions demanded for methods of action through which the people can directly intervene in governance and public management.

G-Watch employs the preventive approach to corruption. It looks into systems and processes and identifies their vulnerabilities; and where systems improvement and reform cannot by itself protect the agency from the vulnerabilities, instruments for citizens' direct involvement are forwarded.

VISION AND MISSION OF G-WATCH

Vision

Competent and credible government institutions and meaningful civil society participation in governance

Mission

To provide a venue where the government and the civil society can be engaged in the formulation of policies and programs to improve governance

The G-Watch vision emphasizes value for our government institutions and we believe that citizens' participation and action must be guided by such value, that the purpose of citizens' intervention is to help the government restore its effectiveness and respectability, and not to shame it. It is for troubleshooting and not for troublemaking. G-Watch strives to provide a venue for the interaction of the government and civil society stakeholders in policy and program formulation.

G-WATCH FRAMEWORK

The G-Watch framework sets down two conditions. Since our main target audiences are the ordinary people, or those who are not technically inclined, it requires that the tool and method be made simple and easy to use. It must focus on aspects that are within the capacity of non-technical people to check and assess.

It is also necessary that the conduct of the activity be done in consultation with the agency to validate the findings and to generate responses. This presupposes one critical factor: the identification of a "champion" inside the agency who is expected to receive and listen to the report and consequently be able to respond and act on the recommendations. The report is useless if no one listens to it and if all it gets is a short-lived sensationalized coverage in the media. Below is the monitoring tool that we use:

Monitoring tool

Project	Planned/ normative	Actual	Variance	Cause of variance	G-Watch assessment	Agency assessment
Time						
Cost						
Quantity						
Quality						
Process						

It involves the variables of time, cost, quantity, quality (which are readily observable) and process. To check government's effectiveness, it compares the plan, and in the case of process, the normative, with actual results of implementation. Was there a variance or was there a deviation? If yes, what caused these variances or deviations?

These data are then assessed from the perspective of ordinary citizens as clients. Afterwards, agency assessment is sought in what we call problem-solving session to get their reaction and their own assessment. At any rate, whatever may be the reasons and explanations of the agency, the entire exercise still boils down to client satisfaction and the agency is made aware that it is being watched and it is somehow pressured to act on reported problems.

Monitoring results

Using this tool, here are some of the monitoring results that we have generated:

- In the case of medicines, we highlighted price discrepancies across regions, in both the centers for health development (CHDs) and the retained hospitals. Take for instance the medicines purchased by Regions XI and III. One was purchased through exclusive distributorship and the other through bidding. These two separate procurements of exactly the same drug with exactly the same specifications resulted into two widely different prices—with a discrepancy of 1,031 percent. These may even come from one and the same supplier. And even if they do not, it is hard to see how such difference can ever be justified.
- In the DPWH, delays of one year or longer in project implementation and additional costs amounting to hundreds of millions per project also surfaced. The case of the Bislig Bridge illustrates the usual complaint of the public about infrastructure projects. The construction of this bridge started in 1998, and after a total of P95 million spent for this bridge, it remains under construction until today.
- In DepEd, cases of abandoned school building projects were also found and documented, like the one in Benguet. On textbook delivery, G-Watch also reported 40-percent discrepancy in the record of allocation of the national office as against actual accounting in sample districts. While we did not directly attribute this to corruption, as it could be a simple problem of recording and documentation, still we do not know where the textbooks have gone. We also found out that the system of delivery was weak and unresponsive. Suppliers can deliver anytime anywhere (even to a nearby *sari-sari* store) without proper coordination with the school recipients.

How were these reports received by the concerned agencies? The G-Watch report on DOH prompted the Secretary to issue a memorandum order aimed at improving the drug procurement procedures in its CHDs and hospitals.

After presentations to DPWH, it was also prompted to review projects with reported problems and it was convinced of the need to involve citizen groups in project inspection, notwithstanding their limited or even lack of knowledge in engineering.

On the other hand, the problem regarding school buildings was jointly addressed by DepEd and the DPWH. To address the textbook delivery problem, the G-Watch report served as a take-off point for the launching of Textbook Count: National Monitoring of Textbook Delivery. Through this response from DepEd, G-Watch was able to provide a venue for government-citizens interaction not only in terms of policy and program formulation, but implementation as well.

THE TEXTBOOK COUNT

Textbook Count is a program of DepEd in partnership with civil society. It was initiated during the time of Secretary Edilberto de Jesus and actively promoted by Undersecretary Juan Miguel Luz. It aims to ensure that the right quantity and quality of textbooks are delivered to the right recipient at the prescribed time. It may sound so easy, but when you start to be confronted with the number of textbooks to count (37 million in 2003 and 14 million in 2004) and the number of delivery points to track (5,000 in 2003 and almost 8,000 in 2004), multiplied by the number of suppliers, and then consider the waiting time of five to 10 days, then the tasks become terribly intimidating.

But we did not get intimidated. The program pushed through because the department is really serious in its drive against corruption. Textbook procurement is prone to corruption in view of the big amount involved in it—almost P1 billion every year. There was also a need to make the delivery operations more efficient and performance-conscious for both the department and the suppliers. And further, the department needs additional manpower at less or no cost for the monitoring and inspection of deliveries. This is where the volunteer citizens come in.

Thus, the program had been designed in such a way that specific components are identified, goals are set and mechanisms for participation and coordination are installed.

The program has three components, namely: bidding, production, and delivery; and there is civil society participation in all these components. During the bidding process, we safeguard the integrity of the process; during production, we ensure textbook quality; and during delivery, we help high schools and districts check the textbooks delivered to them.

In the first component, civil society representatives observe in the three stages of procurement (pre-bid conference, bid submission and opening, post-qualification and content evaluation). We are even allowed to independently review bidding documents and witness the conduct of content evaluation.

In the second component, textbooks are inspected in the warehouses at various stages of production before shipping. And just to emphasize how the DepEd values civil society participation, the DepEd inspection team does not go without a civil society representative.

Some of the results of the inspections are: binding defects, reversed pages, wrinkled pages, among others. These could not have been corrected if not inspected.

Aside from raising the quality of books and satisfying the client, the inspections are also advantageous to the supplier because they save on transport cost if their books will be rejected later in the schools.

In the delivery component, a DepEd memo spelled out the mechanisms for the delivery

and stipulated the participation of civic groups in it. Resolutions were also made regarding synchronized schedules of suppliers' deliveries, coordination between and among concerned groups, and the penalties for delinquency.

The suppliers' deliveries were synchronized by zone, by division, by district, and by high school. This schedule was provided to all suppliers and the DepEd local offices with the local civic groups keep track of it.

There was massive preparation at various levels before the implementation took off. Civil society and non-governmental organizations, whether church- or school- or community-based, were organized. In 2003, Namfrel took the lead in the mobilization of volunteers. In 2004, the Boy Scouts and the Girl Scouts were doing that job.

A series of briefing-orientations were also conducted for all involved offices and groups in Luzon, Visayas, and Mindanao. All pertinent materials and documents were also sent to all offices, groups, and individual volunteers nationwide. Print and radio advertisements containing information on date of deliveries and quantity to be delivered also came out.

From 8 civic groups in 2003, there are now 18 participating in the Textbook Count program. If we consider the 100 councils of the Boy Scouts and Girl Scouts, the provincial chapters of Namfrel and other groups with local networks, then you will see the extent of citizens' involvement in this undertaking.

Several advertisements came out for the two runs of Textbook Count. Through these ads, we were able to generate more interested groups and individuals to join, such as the Rotary Clubs, Jaycees, students, parents, professionals, and even senior citizens.

Below is the coordination structure that G-Watch follows to make civil society participation orderly and on track. A mobilization strategy was formulated to guide the provincial coordinators. With this strategy, we are able to cover all 78 provinces in the country.

Materials were provided to all volunteers so that they know when to expect the deliveries and how many textbooks will actually be received by the high schools and districts. The volunteers were also given a material that enumerates their duties and responsibilities, as well as IDs.

For the actual monitoring, we tasked the provincial coordinators to assign at least one volunteer per delivery point. The list of volunteers with their contact numbers was submitted and consolidated by G-Watch. It was forwarded to the DepEd and the suppliers so that the delivery personnel can inform the volunteer about the arrival of deliveries. And so the volunteer can wait for them, proceed with the counting and inspection, and sign the necessary papers.

We also devised a mechanism for reporting—one is on-the-spot and the other is final reporting. This provides feedback and data for the assessment of the outcome of the entire exercise.

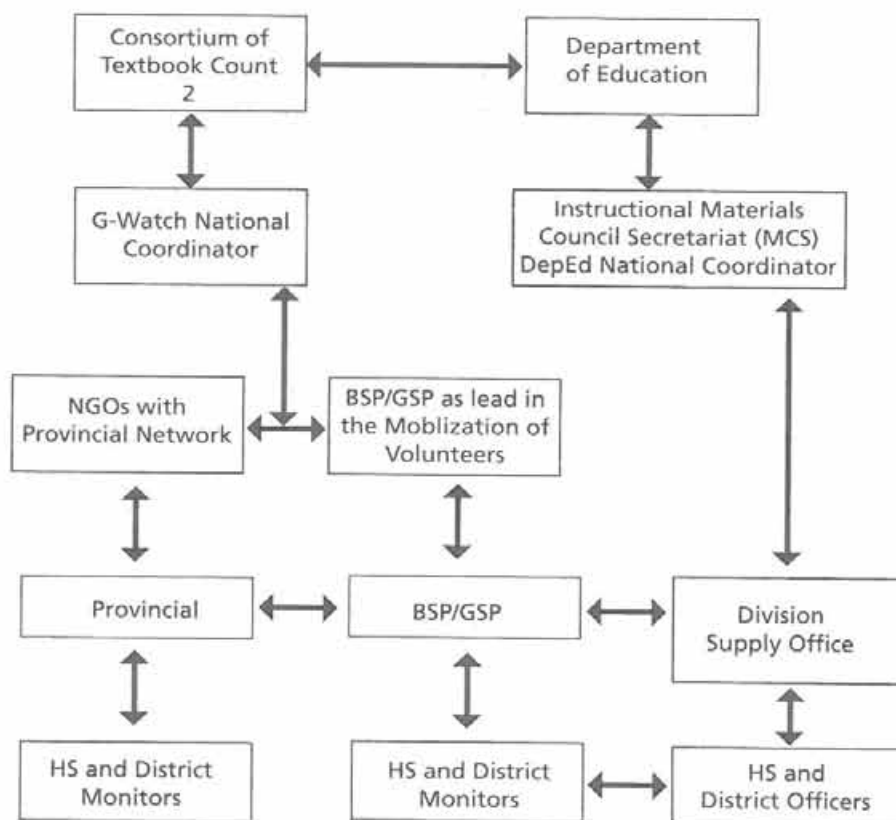
G-Watch also manages a parallel documentation of the deliveries. From the copy of civil society organization (CSO) receipts, which we consolidate, DepEd can refer to it in case they need to validate their records.

The Textbook Count program is already on its second round and here are some of the accomplishments of the first round:

- The price of textbooks was reduced by 40 percent, which was equivalent to more than P700-800 million in savings for the government.
- It set a groundbreaking performance for the department as it was able to complete the procurement process from bidding to delivery in 12 months; it would normally take 20 months or longer before.
- The program also successfully reduced delivery errors (under-delivery or over-delivery) to five percent on the average.

G-Watch coordination structure

LESSONS LEARNED



First, concerned citizens can be equipped with simple tools that can guide them in monitoring government program implementation. And moreover, the outcome of this activity can translate into influences on the policy and program of the government.

Secondly, monitoring findings and recommendations can only be made truly useful in the context of a constructive engagement with an agency champion.

And finally, the citizen's direct involvement in program implementation prevents corruption and makes possible better access to basic goods and services.

These serve as concrete steps in addressing the problem of poverty, and hence, a contribution to the advancement of public management in the country and the achievement of the Millennium Development Goals.

GRAFT AND CORRUPTION

EXPERIENCES OF GOVERNMENT MANAGERS AND EMPLOYEES

Esperanza S. Ocampo

National President, Philippine Government Employees Association

In response to the growing clamor for an efficient, honest and professional public service, the Philippine Government Employees Association (PGEA) and the National Convention of Government Employees Working Council (NCGEWC), in its annual convention in 1997, passed a resolution to apply for accreditation with the Office of the Ombudsman as a corruption prevention unit (CPU).

Consequently, these two associations of both the organized and unorganized government employees were granted accreditation as CPU by the Office of the Ombudsman with no less than former Ombudsman Aniano Desierto bestowing the certificate of accreditation during the 1998 National Convention of Government Employees.

As an accredited CPU, the PGEA and NCGEWC have both experienced birth pains but have recorded considerable success in pursuing some cases against corrupt government officials. Some of our leaders who reported anomalies in their respective offices were harassed. As a matter of fact, one was arbitrarily dismissed and another eats death threats for breakfast.

This, however, did not deter us from pursuing what we have started. We became more persistent and registered the support of many. We strived hard until leading graft authorities and even the President have recognized our efforts to curb graft and corruption.

In the early part of 2003, with its proven track record, both the Office of the Ombudsman and the Presidential Anti-Graft Commission (PAGC) have entered into a separate memorandum of undertaking with PGEA formally instituting its partnership with these two leading anti-corruption agencies as a partner in the campaign against graft and corruption. This formally gave birth and recognition to the *Dulugan ng Bayan* as PGEA's centerpiece corruption prevention program in pursuit of its functions and responsibilities as partner of the Office of the Ombudsman and PAGC.

As a result of PGEA's anti-corruption efforts, it is the only federation of government employees who signed the covenant concluded by the Lifestyle Check Coalition.

The *Dulugan ng Bayan* gained further recognition when it entered into an informal partnership with the Office of the Presidential Chief of Staff and the Transparency Group in its highly acclaimed lifestyle check program.

Pursuant to the memorandum of undertaking with the Ombudsman and PAGC, the Office of the President issued Memorandum Circular No. 126 last December 15, 2003 enjoining all government officials and employees to support the *Dulugan ng Bayan*.

To expedite its implementation, we adopted a manual of operations to standardize the operations of this employee-initiated workplace-based anti-corruption effort.

With the given mandate and authority, the PGEA and NCGEWC are now embarking on a massive organizational campaign to establish *Dulugan ng Bayan* in every agency of government particularly those considered to be highly graft-ridden.

DULUGAN NG BAYAN

The *Dulugan ng Bayan* is a public assistance desk to be manned by the government employees' associations/unions and volunteers themselves for the purpose of establishing an agency-based clearinghouse in preventing and documenting graft and corruption activities. As an agency-based CPU affiliated with the PGEA and NCGEWC, it is deputized to serve as a citizen's arm and partner of the Office of the Ombudsman, PAGC and the Transparency Group as an agency-partner in fighting graft and corruption. As a citizen's arm, it serves as a mechanism for state workers to police their own ranks and assists in documenting and conducting informal investigation of allegations of anomalies in their respective offices.

The goals of the *Dulugan ng Bayan* are as follows:

1. To ensure and to broaden the participation of public sector workers' unions/associations in the drive against corruption and inefficiency in government;
2. To serve as the focal point of various government employees associations, coalitions and movements in the campaign for transparent, effective and efficient government;
3. To heighten the public servant's awareness on the value of an honest, efficient and effective government through the conduct of consultations, workshops and conferences;
4. To provide a mechanism to monitor government programs and agency performances, and to increase networking and multi-sectoral initiatives against corruption;
5. To serve as a venue for extending immediate assistance to the public, documenting complaints, gathering evidence, filing pursuable cases and tracking/monitoring of the same; and
6. To create awareness among public servants and the public as well on their role and responsibility, and encourage the full implementation of Republic Acts 6713 and 3019.

Currently, we have two formal *Dulugan ng Bayan* operating at the GSIS and the Philippine Health Insurance Corporation. What I mean by formal operations is the presence of an actual facility duly-established inside the premises of these agencies.

On the other hand, we have informal *Dulugan ng Bayan* action officers in agencies where PGEA has established its presence. They are the ones furnishing us with copies of evidence against some government officials with questionable lifestyles and anomalous activities.

As earlier stated, some of our *Dulugan ng Bayan* action officers, on their own accord, have initiated graft cases against their respective corrupt officials. We also registered considerable successes resulting to either the dismissal or suspension of the involved officials.

The harassment and arbitrary dismissal of our leaders prompted the PGEA to lobby hard for the enactment of a Whistle-Blower Protection Act. This demand was particularly mentioned in the Memorandum of Understanding for Empowered Public Service we signed with then Executive Secretary Alberto Romulo last March 22, 2004. Moreover, we are closely coordinating with the Office of Senator Mar Roxas for the early passage of his sponsored Whistle-Blower Protection Bill.

But the road still seems to be endless. A self-policing graft-prevention program could not last long without the appropriate support both on the technical and administrative aspects.

CHAPTER 3

GOVERNMENT AGENCIES

An elemental key to the success of anti-corruption strategies is the mobilization of government institutions, members of the private sector, and other societal entities from all fronts. The first two chapters delve on the responsibility of anti-corruption agencies and civil society as two primary partners. But beyond these two foremost groups of graft-busters, there is the integral role of government offices other than those referred to as official anti-corruption agencies. Quietly, these government offices, including a number of local government units, are undertaking steps to cleanse their own ranks from the menace of corruption. This chapter looks into these offices and their reforms.

To put the discussion in perspective, Secretary Patricia A. Sto. Tomas of the Department of Labor and Employment, shares her insights on graft prevention in relation to the broken windows theory of management giving focus on the role of Career Executive Service Officers (CESOs). She emphasizes the importance of patching broken windows in our little corners of the bureaucracy while keeping unbroken ones "clear and clean so that government work may continue to serve and flourish."

Gen. Narciso L. Abaya bares the reforms initiated during his watch at the Armed Forces of the Philippines by way of an austerity program and cutting down on unnecessary expenses, making procurement transparent, and reaching out and optimizing inter-agency cooperation. Tertullian Duran of the AFP's Office of Ethical Standards and Public Accountability backs up the previous article by discussing the work of his office and how it locates itself in the government's overall effort against corruption.

At the local government level, Marcel S. Pan of Goa, Camarines Sur talks about how a dynamic leadership and transparent management have turned around a third-class municipality into a center of education, culture, commerce and trade in the third congressional district of Camarines Sur and recognized as one of the best-managed LGUs in the country.

Commissioner Joselia J. Poblador reveals how the Securities and Exchange Commission has been able to stem corruption through organizational changes while Teresita S. Roque bares some initiatives to curb corruption at the Bureau of Customs.



PAGC Chair Constanca P. De Guzman (foremost) listens to one of the presentations.



CESB Members Carina S. Valera and Ramon F. Nieva register.



UNDP Resident Representative a.i. Kyo Naka.



Labor Secretary Patricia A. Sto. Tomas.

TOWARDS A GRAFT- AND CORRUPTION-FREE SOCIETY

Patricia A. Sto. Tomas
Secretary, Department of Labor and Employment

The Chinese have a phrase for it: interesting times. Yes, we live in interesting times, referring to a period marked with difficulty or hardship. But difficulty or hardship does not quite cover it. Interesting times also refer to difficulties that we ourselves created, in other words, self-inflicted wounds.

Not too long ago, the City of New York had its share of detractors. Its residents did not want to ride the subways. Its taxi drivers were discourteous. Certain parts were notoriously unsafe. Then they hired a new police chief who believed in the broken windows theory. "Broken windows, what?" asked a few. The theory is that if somebody broke a window and did not get punished, you will soon have more broken windows. More broken windows can mean more burglaries, drugs, and even murder. In other words, small crimes breed big crimes. And big crimes make for some very interesting times.

Today, New York City has a much better reputation. And so can we. But we must learn to apply our own version of the broken windows theory. We must mind the small things, so they don't mutate to bigger and more disastrous proportions.

From the point of view of the Career Executive Service Officer (CESO) that I once was, my thesis is simple: The best antidote to graft and corruption is good management. And good management begins with fixing the broken windows of our national existence.

What are our broken windows?

For starters, we have forgotten how to obey. Everyday, without fail, I see people jumping through broken railings to dash across roads meant mainly for vehicles. It is our version of urban ballet and while Filipino ingenuity or agility often wins the day, some of us occasionally wind up fractured, if not dead.

In our offices, how many people come on time and how many have their time cards punched in by an officemate or an underpaid security guard? How many of us routinely bring home ball pens, notepads, and the transparent plastic that eventually cover our children's books and other school requirements?

But why have we forgotten how to obey? It is because there are no consequences for good or bad behavior; most of the time, anyway. If you get greedy and you buy a condominium or two in New York, you might find yourself in trouble. If all that you have done is get somebody to punch in your time card, you may likely get away with it unless somebody whom you may have jumped over in a promotion tells on you. Or if your girlfriend writes an anonymous letter

to the resident ombudsman about some indiscretions you may have committed, such as faking your birth date because she found out that you are married after all.

Marriage, like family planning, is not something that we take seriously. But then, there are many things that we do not take seriously either. For instance, we do not take seriously that the citizen is king and we often make the citizen wait. There are cashiers who stop working at 4 p.m., forcing applicants for a certain service or certificates to go back the next day. Or, there are officials who change a system without announcing to the citizen-customers so that they are unable to access a loan or a benefit or even information that may mean life or death.

Sometimes, a broken window is a function not of a willful commission but of omission or ignorance. I have seen people cursing an office, or its manager or the president because the person who has the information was absent or taking a rest somewhere. Surely, we must have heard of back-up person or reliever whose function is to ensure that continuity, consistency, and predictability are obtained.

Another broken window is opting out of the competition because we have not been able to keep up. Why can't we turn our post offices into Internet cafes or fax transmission centers, or even alternative calling stations? Why are we losing out when we enjoy tax-free advantages and our businesses do not even have to pay rental or royalties?

I have taken the easy way out by telling you about our glass that is half-empty. Let me tell you now why it is half-full. This time, the windows are not broken. As the song goes: "They invite you to come closer, they want to show you more."

Think of offices that serve you quickly or promptly. I think of local governments like Marikina, Cebu, and Davao where you can pay real estate taxes in five minutes flat.

Think of offices that go out of their way helpful—where the security guards have been taught to be courteous and the employees themselves show you how your concerns can be better addressed.

Think of officials and employees that have internalized their vision, that have pursued their mission without losing enthusiasm despite lack of funds and encouragement.

Think of people who plod day in and day out, grateful that they have jobs but even more grateful that they are able to serve those who are less privileged than they are.

For those with broken windows, let us, you and I, who are fortunate to have risen through the ranks, help patch up those shattered structures and make them examples of livable and safe homes for our constituency. Let us catch those who throw the stones and let them pay. Let us watch those unbroken windows and keep them clear and clean so that government work may continue to serve and flourish.

It is easy to throw stones and break a window; to damn the wrong-doing and bewail the inadequacies. But it is wise to ask ourselves to begin by holding ourselves as examples and by starting the movement towards a graft- and corruption-free society within our little corner of the bureaucracy. We cannot leave it to the Ombudsman, the Civil Service Commission, the courts, or even Congress, to discover the worst in us. We must begin by seeing the best in us and then discovering that the windows finally have opened and they provide us a view of the world that is appreciative and accepting of our efforts, and what we have become.

REFORMS AT THE AFP

Narciso L. Abaya

Chief of Staff, Armed Forces of the Philippines

Even as the issue of the day (with the case involving Maj. Gen. Carlos Garcia) is the alleged grand diversion of Armed Forces of the Philippines (AFP) resources other than intended, the AFP had balanced its budget for FY 2003 and 2004. The AFP received no supplemental releases from the Department of Budget and Management (DBM) for the last two years. I thought we had to “live within our means” because for every peso added to the AFP budget is a peso deducted from the budget for social development and anti-poverty programs.

I embarked on an austerity program at the general headquarters, which I would like to share with you because you might be confronted with the same problems.

- I inherited a P83 million telephone bill, and cut the number of telephone lines from 200 to 60 resulting to savings of P400,000 a month;
- Stopped electric and water subsidies to homes will save about P10 million a year;
- Closed DAFA (defense attaché offices/posts), which will save AFP about P5 million a month;
- Cutting down on ceremonies and socials, ballroom dancing, extravagant sports fests, etc. In socials and ceremonies, military officials are greeted with gun salutes for arrival honors, with the number of shots depending on the number of stars they are entitled to. The President of the country is entitled to 21 shots, the Vice President 19, while the Chief of Staff 17. When I was G4 in the 1980s, one bullet was worth P400. In ceremonies now, I did away with this practice because it was a waste of time and money just to satisfy one person's ego.
- Stopped requests for publications and advertisements. When I was newly installed as Chief of Staff, a former high-ranking government official called me up requesting me to buy a whole shipment of coffee-table books costing P2,000.00 each, for a total worth of P200,000.00. This person said that they would “distribute” the books to the different state universities. I told him, “*Hindi puwede*” because it was not in our budget. Then he called me up again and told me that it didn't need to come from the budget. He told me that it could be sponsored by suppliers, to which I told him, “*Lalong hindi puwede.*”

WELFARE PROGRAMS

Internationally-generated savings have funded morale and welfare programs, especially condominium housing units for our officers and enlisted personnel. The AFP officers ladies club visited 27 military camps nationwide to conduct livelihood seminars for 3,000

beneficiaries. AFP financial institutions such as the Armed Forces and Police Savings and Loans Association Inc. (AFPSLAI), of which I am the chairman, have also responded to our thrusts for the Filipino soldier by lowering interest rates for salary loans from 17 percent to 15 percent; the grant of microfinance loans to soldiers and their families; and in donating part of their earnings for ambulances and needed medical equipment.

EFFORTS AT LINKAGING AND TRANSPARENCY

The AFP's management of its resources has always been clouded with suspicion, and knowing this, among my first moves as Chief of Staff was to seek the help of institutional partners in promoting transparency in the AFP. In the field of procurement, for example, because of pestering complaints from losing bidders, the DBM Procurement Service was tapped by the AFP to handle the bidding and awarding of the P100 million release of the President for combat clothing and individual equipment (CCIE). The move resulted to completed deliveries and savings of P22 million that have since been earmarked for more CCIEs for our soldiers.

Anti-graft and corruption cooperation reached a high point with the signing last January 2004 of a tripartite memorandum of agreement between the Office of the Ombudsman, the AFP and the Commission on Audit (COA) to spell out duties and responsibilities in relation to the anti-graft and corruption campaign. These tie-ups with the Ombudsman, COA and DBM-PS manifested the AFP's willingness to be transparent, and its submission to the supremacy of civilian institutions.

OPTIMIZING INTER-AGENCY COOPERATION

Another challenge to our anti-graft efforts is the lack of qualified and capable investigators and lawyers in Office of Ethical Standards and Public Accountability (OESPA), our anti-graft investigating body, and its satellite offices in the subordinate headquarters and units of the AFP. Similar to the shortages and other problems that plague the Office of the Ombudsman, the AFP is wanting in personnel with the technical, financial and legal expertise to be investigators. Even as counter-intelligence is an inherent responsibility of commanders, it is not principally focused on "lifestyle checks" as it is with safeguarding the organization from possible infiltration and sabotage. Further, our pool of military lawyers is a barely enough for our administrative requirements, and there is a great need for these professionals, not only in our legal offensives against enemies of the state, but also in the legal aspect of anti-graft and corruption efforts.

Along the line, one possibility that we can explore is an investigative tie-up with other agencies/bureaus, and perhaps even with private sector organizations. Noting the successes of the Inter-Agency Anti-Graft Coordinating Council (IAAGCC), a fight against graft and corruption in the bureaucracy, AFP is open to the establishment of alliances with other agencies who have the investigative, technical, financial and auditing expertise needed in our programs. Truly, the AFP's membership in a network of anti-corruption advocates will be a boost for AFP's efforts to reform its systems and procedures.

RECOGNIZING REALITIES

Much has been written about “conversion” and how it relates to graft and corruption in the AFP. Many have postulated their understanding of the practice of conversion, often with illustrations that serve a personal agenda. For purposes of standardization, let us refer to the definition used by the Davide Commission in 1989.

“Conversion, i.e. spending the money for other than the budgeted purpose not necessarily because of graft and corruption but because of the needs of the field and the bureaucratic tape involved in complying with all the technicalities of disbursement.”

An example of conversion can be seen in the construction of barracks in Mindanao that uses indigenous materials like nipa (dried coconut fronds). Nipa can be bought from sidewalk vendors who do not issue official receipts. When one unit makes a cash advance for construction work, problems arise because of the need to show proof of purchase to the auditors to clear the budget. So the practice will be to get receipts from a hardware store for some other supplies (like nails), which was not the intended purpose.

Another case is when a soldier is critically wounded and needs to be evacuated to the V. Luna Hospital. What ought to happen is for the C-130 vehicle to be used. But in some situations this is just not possible, so the only alternative is to put him on a commercial airline like Philippine Air Lines (PAL). So how do the barracks report these funds? Through conversion, which would seem like “using funds for something that is not the intended purpose.” However, commanders would resort to this in order to save lives or for the welfare of their soldiers. Military men have two jobs: the accomplishment of the mission, and the welfare of their men. If the two are in conflict, the accomplishment of the mission is what takes precedence.

However, if you convert the proposed budget to cash, this is not conversion, it’s stealing. While the practice is accepted within the legal framework, because in some situations they cannot be done without adjustments, you can see how this practice can be prone to abuse.

Undoubtedly, the practice of conversion is prone to abuse and makes any government agency, whether civilian or military, susceptible to a culture of corruption, most especially to the military organization where the tempo of operations and the war of dynamics in the battlefield combine to create the “fogs of war.” Rigid systems that are unresponsive to realities on the ground present everyday dilemmas to our commanders.

During our workshop with the presidential task force on procurement and financial systems, the AFP sought to address this problem by presenting proposals that will provide the flexibility to commanders. This proposal, however, did not gain support from co-workers in the civilian bureaucracy. And so, a problem identified 15 years ago as what many say is a “necessary evil” remains unaddressed and unresolved.

But even as we continually stress adherence to traditional military values of integrity and discipline, I submit that to curb or at least minimize possible areas of graft in the AFP, the uniform application of government auditing and accounting systems to all government agencies, including the AFP, should be reviewed. Clearly, systems have failed to recognize the operational realities faced by an organization that has been engaged in counter-insurgency for more than 30 years.

MILITARY CULTURE AS A BOON, NOT A BANE

Lastly, one of our greatest obstacles is the military culture itself. The Feliciano Commission points out:

"...Military culture is an authoritarian culture and natural status barriers exist between enlisted men and officers, and between junior officers and senior officers. In a context which includes such cultures and barriers, internal mechanisms alone cannot realistically be expected to do away with the problem of corruption control."

Military status barriers are integral to military organizations because of the need for obedience and discipline, the unquestionable authority of the commander and the primacy of the unit before the individual. It is what makes the AFP a unique agency. And, it becomes an impediment to the promotion of transparency.

However, this characteristic of military organizations can be made to advance the cause of reforms by instilling responsibility and accountability among officers entrusted with designation of commanders with primordial weight to proven competence and an unblemished reputation. For you can have all sets of internal control, but the best safety measure is the well-meaning intention of a commander. Therefore, personnel management policies must also align with the need to identify early on officers with potential and the requisite rectitude, and to prepare them for positions of command.

IMPEDIMENTS IN THE FIGHT AGAINST CORRUPTION

The attempt to eliminate corruption, however, is not without impediments and it is not as simple as drawing up a plan of action or promulgating rules and regulations to prevent it. One very serious impediment is bureaucratic delay and inefficiency. Administrative lags, bureaucratic hurdles and regulations—all these are fertile grounds for corruption. All these are found both in the military and other public service institutions.

There is also the slow grind of justice that nurtures hopelessness and despair, especially to the whistle-blowers who put their lives and that of their loved ones at risk.

Despite this and other impediments, this fight against corruption has to be fought and won on many fronts:

- against the corrupt in all levels and sectors of our society;
- against socio-economic circumstances that breed corruption;
- against chronic inefficiency and structural flaws in the government machinery;
- against pervasive influences that predispose young minds to corruption; and
- even against man's inhumanity and insensitivity to the plight of his fellow men.

As a soldier, the battle against corruption reminds me of jungle warfare where you hardly see the enemy but know he is there nevertheless, ready to attack and fight back with all his might.

So what kind of ammunition and weapons can we use in this all-important battle?

In the book, *Corruption and The Destiny of Asia*, the author notes the following conditions, which mitigate corruption, even if they do not totally eliminate it.

1. "A positive attachment to the government and a spiritual involvement in the task of national progress";
2. "Efficient administration and the proper structural adjustment of government machinery and regulation so as to avoid the creation of sources of corruption";
3. "Favorable historical and sociological conditions";
4. "The functioning of an anti-corruption value system";
5. "The inspiring leadership of a group with high moral and intellectual standards"; and
6. "An educated public with sufficient intelligence to appraise and follow the course of events."

To these, we can add an ounce of idealism, and tons of moral rectitude, courage and determination, and a constant enthusiasm for truth and justice.

Surely, this anti-corruption conference is a step toward the right direction and I am glad that it has come at such an opportune time. But it is not enough that we voice out our concern against corruption. It is, as I have mentioned earlier, a battle that we, professionals in the military and the civil service, must fight and win daily on all fronts, and in the hearts and minds of those we serve. Although our efforts may seem like a drop of rain in the desert, our greatest reward is the inner satisfaction of knowing that we have served God, country and people as well.

AFP'S OFFICE OF ETHICAL STANDARDS AND PUBLIC ACCOUNTABILITY

Tertullian Duran

Deputy Chief, Office of Ethical Standards and Public Accountability
Armed Forces of the Philippines

The first military anti-graft body was the Armed Forces of the Philippines Special Operations Group (AFPSOG), which was created on January 10, 1962. It was renamed Anti-Graft and Corrupt Practices Agency (AGCPA) in August 1981. On May 13, 1986, after the EDSA Revolution, the AFP Anti-Graft Board (AAGB) was created by the Presidential Commission on Good Government (PCGG). On January 1, 1990, upon the deactivation of the AGCPA and AAGB, the Office of Ethical Standards and Public Accountability (OESPA) of the AFP was subsequently activated as a personal staff of the Chief of Staff.

MISSION

The mission of OESPA is "to enhance professionalism, promote honesty and integrity in the military service, instill ethical standards and inculcate a strong sense of public accountability among military and civilian personnel in the pursuit of a common commitment against graft and corruption in the AFP." It is the only office mandated to combat graft and corruption in the AFP.

FUNCTIONS

OESPA's functions are:

1. To ensure the implementation of the AFP Code of Ethics especially its integration, internalization and institutionalization;
2. To pursue a continuous organizational development process to suit the AFP's ultimate vision to eradicate graft and corruption in the military establishment;
3. To conduct continuous educational and information dissemination program towards the professionalization of the AFP;
4. To collect, analyze and compile all sworn statements of assets and liabilities of military personnel and permanent civilian employees of the AFP; and
5. To investigate military and civilian personnel of the AFP on possible violations of

the following graft-related laws:

- RA 6713 (Code of Conduct and Ethical Standards of Public Officials and Employees) and its Implementing Rules;
- RA 1379, as amended (An Act Declaring Forfeiture in Favor of the State Any Property Found to Have Been Unlawfully Acquired);
- RA 3019, as amended (Anti-Graft and Corrupt Practices Act); and
- Revised Penal Code, Title Seven, Crimes Committed by Public Officers in Relation to AW 94 (Various Crimes and AW 95, Frauds Against the Government) with Regards to Active and Retired Military Personnel.

ORGANIZATION

The Chief-OESPA is a personal staff of the Chief of Staff-AFP. The position is held in concurrent capacity by the Vice Chief of Staff-AFP. He is assisted by the Deputy Chief-OESPA.

The OESPA structure is made up of five divisions namely: administrative and personnel division; professional and graft prevention division; statement of assets and liabilities division; investigation and intelligence division; and legal division. A similar structure is adopted in all the major services, unified commands and other subordinate units up to brigade level in the Army or their equivalent in the Air Force and the Navy. As a general rule, the deputy commanders of the units or executive officers in their absence are the ones designated as the heads of these offices. The Chief-OESPA, as earlier cited, exercises technical supervision over these offices.

ANTI-CORRUPTION STRATEGY

OESPA deals with graft cases in their totality. It considers graft merely as the symptom with causes that must also be addressed. The three basic causes of graft were identified as follows: attraction, opportunity and rationalization.

Attraction refers to the feeling that money and resources are available and can be taken regardless of the morality involved.

Opportunity refers to the feeling that wrongful taking of money and resources is not “wrong” if one is not caught.

Finally, rationalization refers to the feeling that one wrongfully taking money and resources cannot really be “bad” because everybody else is doing it.

This premise on the cause of graft led to the adoption of the three-pronged strategy of integrity promotion, graft prevention, and graft prosecution.

INTEGRITY PROMOTION

Integrity promotion is designed to develop the correct attitude and reasoning in soldiers so that they will give up rationalization which encourages commission of graft. Integrity promotion is like psychological warfare. But then again, correct strategy to implement this is important, and it was decided that the best strategy is to involve every soldier as much as possible. The product of this effort is the publication of the AFP Code of Ethics which is

considered the "Bible of Soldiery". Everything that is chaste and desirable in the military culture is written in this little book. The AFP Code of Ethics contains provisions on the AFP Creed particularly on the core values of honor, loyalty, valor, duty and solidarity. It also prescribes the AFP stand on basic issues such as supremacy of civilian authority; chain of command; partisan politics; and human rights, among others.

To promote integrity, OESPA has been conducting the Annual Joint OESPA AFP/Ombudsman Education and Enlightenment Program since 1994. It is a one-day lecture to various units AFP-wide up to the brigade level and its equivalent in the Air Force and the Navy. The program is designed to instill awareness among military personnel on topics such as: the AFP Code of Ethics and military professionalism; proper preparation of the statement of assets and liabilities; moral and spiritual values; integrity circle/graft prevention; and laws on public service. Expert lecturers from the Deputy Chief of Staff for civil military operations or J7 and the Office of the Deputy Ombudsman for the Military ably assist OESPA in this yearly activity. The Code of Ethics, as the centerpiece of this endeavor, has indeed immensely contributed to the improved conduct and behavior of the individual soldier today. To sustain the professionalism campaign, the Code of Ethics is now included in the program of instruction and taught in all career courses for officers and enlisted men. During these seminars, various publications and materials are distributed such as the AFP Core Values posters and the *Kawal ng Kagitingan Komiks* that features true-to-life stories of military personnel and is translated in eight major Philippine dialects.

GRAFT PREVENTION

The second strategy employed by OESPA is graft prevention which is designed to remove the opportunity to commit graft by ensuring that OESPA representatives are present in the different units and offices as well as in the boards that screen personnel who will occupy sensitive positions. This program is important because experience has shown that not everybody, especially commanders controlling big government resources, knows the AFP Code of Ethics by heart and so behaves accordingly. To strengthen the campaign against graft and corruption, a GHQ letter directive was issued in 1993, providing the following guidance to all commanders:

1. Personalism and patronage as a leadership style must give way to professionalism.
2. OESPA officers must be accorded with respect by commanders.
3. Commanders must encourage rather than hamper periodic OESPA surveys and inspections.
4. Commanders must demonstrate respect for the AFP Code of Ethics and must lead to refine structures to maximize the utilization of resources.
5. Commanders must endeavor to live modest lifestyle. On the aspect of curbing the "bata-bata" system or entourage syndrome, a GHQ memorandum was issued to discourage newly designated unit commanders or chiefs of offices from bringing to their new units manifestly favored officers. This is to prevent collusion between the commander and his favored officer.

More recently, another memorandum was issued setting tenure limits for positions pertaining to comptrollership, logistics, procurement and finance.

In addition to these policies, the following efforts were initiated to prevent the commission of graft:

1. Installation of suggestion boxes in all AFP units. All suggestions/complaints are collated and elevated to OESPA.
2. Encouraged the formation of integrity circles which are a network of friends from the same workplace or unit who are committed to live up to the ideals of integrity, honesty, simplicity and professionalism, and have organized to voluntarily help in graft prevention and in the prosecution of graft cases.
3. Proper accomplishment and timely submission of the statement of assets and liabilities.

GRAFT PROSECUTION

The last strategy employed by OESPA is graft prosecution. The few cases that are not prevented from being committed will surely meet the full force of the law through the graft prosecution program.

In these last two areas of concern, many principles of intelligence have been used. Volunteer integrity circles have been organized and these groups have not only assisted very well in propagating the AFP Code of Ethics, but also have been effective in preventing corruption and helping prosecute graft cases. The bottom line is: firm but fair investigation of cases; no compromise; and the filing of cases and vigorously pursuing the same to its final resolution.

INTER-AGENCY ARRANGEMENTS

Aware of the daunting task of eradicating graft and corruption without the support and assistance of other government agencies, the AFP established networking with the Anti-Money Laundering Council (AMLC) and the Bangko Sentral ng Pilipinas, to assist OESPA in pursuing graft and corruption cases.

OESPA likewise hosted a joint seminar with the AMLC, on RA 9160 as amended (Anti-Money Laundering Act of 2002) to enlighten AFP officers on the ill effects of money laundering.

Early 2004, the AFP entered into a memorandum of agreement (MOA) on investigation of graft-related cases with the Office of the Ombudsman and the Commission on Audit. The MOA was conceptualized to foster closer coordination on the investigation of cases. It is in a way a manifestation of AFP's submission to the long-cherished democratic principle of "civilian supremacy over the military."

ADOPT-A-PROJECT PROGRAM

CORPORATE PARTICIPATION IN LOCAL DEVELOPMENT

Marcel S. Pan
Mayor, Municipality of Goa, Camarines Sur

Almost everyday, our national and local news report of massive corruption both in the national and local governments. When we read newspapers or open our television, we see the gruesome pictures of how corruption has deeply rooted itself in the system.

A study conducted by a non-governmental organization in the country showed that 70 percent of taxpayer's money is lost to corruption. That is why in the 2003 report of the most corrupt nations in the world, the Philippines landed in the 13th place in the most corrupt place in the world. Because of this, most taxpayers in the country, be they individuals or corporations either avoid paying the right taxes or evade paying taxes totally.

Foreign investors are also shying away from the country and are investing in Thailand, Vietnam, China or other ASEAN countries. As a result, the economic development in the Philippines is greatly hampered, basic services are not adequately provided, the local currency is further deteriorating, and Juan dela Cruz's dream of a better life continues to be an elusive dream!

And so, what can we do? What can the individual and corporate taxpayers do to maximize the utilization of their hard-earned taxes that only 30 percent is actually utilized by the government and the remaining 70 percent is lost to corruption? The best thing to do is find a showcase where it can be shown to both the national and local governments that taxes utilized fully can bring more development to the constituency. It is now time that corporations take a direct participation in countryside development that will be known as "Corporate Participation in Local Development."

In the National Internal Revenue Code of the Philippines, Section 34 provides: *"Contributions or gifts actually paid or made within the taxable year to, or for the use of the Government of the Philippines or any of its agencies or any political subdivision thereof exclusively for public purposes, or to accredited domestic corporation or associations organized and operated exclusively for religious, charitable, scientific, youth and sports development, cultural or educational purposes or for the rehabilitation of veterans, or to social welfare institutions, or to non-government organizations, in accordance with rules and regulations promulgated by the Secretary of Finance, upon recommendation of the Commissioner, no part of the net income of which inures to the benefit of any private*

stockholder or individual in an amount not in excess of ten percent (10%) in the case of an individual, and five percent (5%) in the case of a corporation, of the taxpayer's taxable income derived from trade, business or profession as computed without the benefit of this and the following subparagraphs."

If this five percent could be used to fund various development projects in the countryside with a guarantee of 100 percent utilization instead of paying 100 percent of corporate taxes fully to the national government with only 30 percent going to countryside development and the remaining 70 percent just enriching a few pockets, then the five percent tax will be bringing more difference in countryside development.

If corporations give the five percent of their taxable income as donations to responsible and transparent local government units (LGUs) to spur the development of the countryside, then corporate participation in local development will be enhanced. Various agricultural, health, education, economic and social programs can be funded out of this. Corporations, with their vast resources and influence, must take as one of its most major tasks the social responsibility of leading the drive to eradicate corruption in government. Corporations can help not only by assailing corruption but also by making showcases of graft-free development projects in partnership with responsible local government units who are willing to enter into this noble endeavor.

But the question is whether or not we can find an LGU which can be a showcase for the other local government units and the national government to emulate.

Goa is a small 3rd class municipality in Camarines Sur. It was a mismanaged municipality incurring yearly deficits, and as a typical LGU, was ridden with graft and corruption. Yet, when a young and dynamic leadership took over in July 1998, it has made a 180-degree turnaround. It is now recognized as one of the best-managed LGUs in the country. It has become the center of education, culture and commerce and trade in the 3rd congressional district of Camarines Sur.

Goa has won national awards from prestigious award giving bodies. Gawad Galing Pook awarded it for its "Reorganization: An Effective Local Governance Tool" in 2002. In 2004, Marcel S. Pan, Goa's mayor, was adjudged as one of the Ten Outstanding Municipal Mayors of the Philippines. In February 2004, he was also recognized by the Department of Health (DOH) for his graft-free purchases of medicine for the LGU's health services.

Notable among the innovative practices that the municipality is doing now is the implementation of its various infrastructure projects that are all cost-effective and efficient without sacrificing the quality of work. For example, when the national government implements a concreting project of barangay roads, its P100,000 budget only results to 25 linear meters of paved road. And the paved road is usually substandard. But Goa produces 80 to 90 linear meters of paved roads in its projects, depending on the distance of the project from the Poblacion area and the condition of the road before the project implementation. This is more than triple the output of the national government! And the result is better because work specifications are followed. Since 1999, there were also road openings and re-openings undertaken by Goa that already reached 99 kilometers with only

more than P1 million spent. Had the national or provincial government implemented these, it would have cost the government coffers P99 million as they budget P1 million per kilometer in this kind of project.

LIST OF PROJECTS IMPLEMENTED IN 2003

Below is the list of various projects implemented by the local government of Goa that are really cost-effective and efficient.

Concreting of barangay roads (4.00M Width)

Location	Length (meter)	LGU Project Cost	DPWH Estimated Project Cost (P200,000.00/51 LM)
L. Pan- Baligon Road	330	P400,000.00	P1,294,118.00
Zone 2, Salog	82	P100,000.00	P321,568.00
Cagaycay	90	P100,000.00	P352,941.00
Pinaglabanan	123	P100,000.00	P482,353.00
Digdigon	123	P100,000.00	P482,353.00
Del Amor, Halawig-gogon	70	P100,000.00	P274,510.00
Balaynan	86	P100,000.00	P337,255.00
Maymatan	90	P100,000.00	P352,941.00
TOTAL	994	P1,100,000.00	P3,898,039.00

Road opening

Location	Length (meter)	LGU Project Cost	DPWH Estimated Project Cost
Tabgon	2,000	MADF (actual cost) P100,000.00	
Estimated Cost of Heavy EquipmentP			233,359.00
TOTAL	2,000	P333,359.00	P2,000,000.00

Rehabilitation of barangay road

Location	Length (meter)	LGU Project Cost	DPWH Estimated Project Cost
Tamban	7,000	MADF	P100,000.00
		Estimated Cost of Heavy Equipment	P773,953.15
TOTAL	7,000	P873,953.15	P6,000,000.00

Construction of temporary school buildings

Location	LGU	Estimated	Project Cost
Taytay (8 makeshift classrooms)	MADF	P68,369.00	P139,000.00
	Pan Donation	P70,631.00	
Pinaglabanan (3 makeshift classrooms)	MADF	P32,541.00	P44,000.00
	PTA	P11,459.00	
Estimated Cost of Projects Undertaken by Heavy Equipments (CY 2003)			P4,901,775.68
Less: Fuel, Oil, Spare Parts and Maintenance			P733,652.39
Total Amount Saved by the LGU Thru Heavy Equipment			P4,168,123.29

The present administration also eradicated the receiving of kickbacks in its purchases of supplies, materials and medicines. Medicine is the most prized among corrupt officials in the national and local government. Up to 60 percent of kickbacks are received from the purchase and orchestrated biddings of medicine.

OLD BIDDING PRACTICE

The present administration stopped this practice. Initially, it was conducting its own bidding. But the suppliers connived with each other to maximize their own profits. Irked, the mayor sought the assistance of the Regional Director of the DOH because he observed that the purchase price of medicines by the said agency is very low compared with the bids of the Goa suppliers.

DIRECT PURCHASE OF MEDICINES

In 2002, Goa entered into a memorandum of agreement (MOA) with DOH Region V with the agreement that the LGU forwards its money to the DOH Regional Office and the latter does the bidding for them with the condition that the procurement price must be at par with that of the DOH's.

In 2002 alone the LGU saved P244,000 in its P1 million budget compared with its purchases from the suppliers in the past year. This has now been the practice of the local government unit of Goa since then. It is the only LGU in the whole country doing this practice.

That is why DOH gave a commendation to the mayor in February 5, 2004 at Legaspi City in "admiration of his exemplary performance and commitment to public health service, as manifested by his obtaining low-priced quality drugs and medicines for the municipality using a procurement system through the DOH Center for Health Development of Bicol, thereby maximizing its resources in particular and that of the government in general, for the health benefits of his constituents—a symbol of excellent governance worth emulating."

Goa has already proven that it can utilize its taxes fully for the benefit of its constituency and it is now offering itself to be a showcase of this project. Through the Adopt-a-Project Program of Goa, we are offering a list of programs on infrastructure, health, education, agriculture and culture where your corporation can donate any amount.

In every project that you adopt, the name of your corporation will be prominently displayed in the project location. A marker will also be placed in the market location to inform the people that the project is donated by your good company. The local administration will also campaign for the products or services that you offer for their patronage. The LGU will also publicize your good deeds through radio, television and newspapers earning your company a very positive advertisement. Lastly, your company will be honored by the fact that in a remote area, your taxes have been fully utilized for the acceleration of rural development.

SAFETY NETS

Your company needs a guarantee or a safety net that the municipality or its officials will not just spend your donation to its liking or will not just go to the pockets of a few. The LGU is willing to enter into a MOA with the donor regarding the donation. Notable features in the agreement are:

1. The donor is authorized to conduct audits of the LGU books limited to the donated funds.
2. The donor is authorized to conduct on-site inspection of the adopted project and its implementation.
3. The donor can demand a 100 percent refund if anomaly or deviation from the MOA occurs.

MEMORANDUM OF AGREEMENT (PROJECT ADOPTION)

KNOW ALL MEN BY THESE PRESENTS:

This MEMORANDUM OF AGREEMENT entered into by and between:

The **LOCAL GOVERNMENT OF GOA, PROVINCE OF CAMARINES SUR**, represented by **HON. MARCEL S. PAN**, Municipal Mayor, Filipino, of legal age, married, with residence and postal address at Rizal Street, Goa, Camarines Sur hereinafter referred to as the **FIRST PARTY**;

- and -

ABC CORPORATION, a duly incorporated business corporation in the Philippines, represented by **MR. JOHN DOE**, President, Filipino, of legal age, married, with residence and postal address at 150th Floor, Enciso Building, Ayala Avenue, Makati City, hereinafter referred to as the **SECOND PARTY**.

WITNESSETH:

1. The **FIRST PARTY** has a list of proposed key economic projects, which remain unimplemented by reason of insufficient funds for the purpose;
2. The **SECOND PARTY** is willing to assist the **FIRST PARTY** in carrying-out some of the latter's programs by adopting a specific proposed project, under the following terms and conditions, to wit:
 - a. The **SECOND PARTY** hereby adopts and commits for the **CONSTRUCTION OF A THREE-CLASSROOM SCHOOL BUILDING** at Goa National High School, Taytay, Goa, Camarines Sur, and assumes the total cost thereof as contained in the corresponding updated Program of Works, copy of which is appended hereto;
 - b. The **SECOND PARTY** may, at its option, directly supervise the implementation of the project, without prejudice to applicable existing government rules and regulations; otherwise, the **FIRST PARTY** shall be responsible for the implementation thereof, strictly complying with the program of works to ensure optimum utilization of the fund allocated for the purpose;
 - c. The **SECOND PARTY**, in the event that it does not opt to directly supervise the

implementation of the project, shall automatically release to the FIRST PARTY one hundred (100 percent) per centum of the total cost of the project, by depositing the amount to the First Party's account;

- d. It is understood that the amount so deposited shall partake the nature of a public fund, hence the same shall be subject to existing auditing rules and regulations promulgated by the Commission on Audit (COA);
- e. The second party reserves the right to audit disbursements of the donated funds to the LGU. It is further authorized to conduct audit of project implementation.
- f. Should the second party find out in its audit that an anomaly has been made on the implementation of its adopted project, it can demand for a hundred percent refund of its donated fund from the first party;
- g. The first party shall receive the donated fund from the second party and issue an official receipt thereof;
- h. The first party shall implement the adopted project based on the approved program of work and make billboards clearly specifying the name of the donor of the project;
- i. The first party binds itself to refund up to 100 percent the donated fund of the first party should it be found out that an anomaly or deviation from the original program of work has been found out in the project implementation.
- j. The first party shall accept the finish project in behalf of the recipients of the donated project.

IN WITNESS WHEREOF, the parties have hereunto set their hands this 1st day of April 2004 at the Municipality of Goa, Province of Camarines Sur, Philippines.

LOCAL GOVERNMENT OF GOA
PROVINCE OF CAMARINES SUR
(FIRST PARTY)

Represented by:
HON. MARCEL S. PAN
Municipal Mayor

ABC CORPORATION
(Second Party)

Represented by:
MR. JOHN DOE
President

SIGNED IN THE PRESENCE OF:

WITNESS

WITNESS

THE SEC

WINNING AGAINST CORRUPTION

Joselia J. Poblador
Commissioner, Securities and Exchange Commission

Statement of the problem against corruption

Until 2000, the Securities and Exchange Commission (SEC) attention was wrongly focused. It operated principally as a court and corporate registry and thus failed to work as a securities market regulator. Emphasis was put on quasi-judicial functions over intra-corporate disputes. Furthermore, capital market development and regulation was not progressing and the BW Stock Price Scandal took place.

These problems bared what was wrong/corrupt in the securities market and projected SEC as an ineffectual regulator. The SEC structure failed to provide/enforce fairness, transparency, accountability (good governance) in the market which are the ingredients to building investors' confidence and credibility of market institutions and players.

Furthermore, the Philippine Stock Exchange (PSE) failed in its functions as a Self-Regulatory Organization (SRO). Its mutualized state (operating exclusively for its members stockholders) preserved "old boys' club" notoriety. At the time, SEC ranked among the highest in the list of corrupt government agencies.

INITIATIVES/ACTIONS UNDERTAKEN TO SOLVE THE PROBLEM

From 1993, the World Bank (WB), Asian Development Bank (ADB) and the US Agency for International Development (USAID) studies pointed out what was wrong with the Philippine capital market and with SEC. They proposed that there was a need for reforms. However, no effective action took place until 2000 while the BW Stock Scandal continued.

In 2000, the New Securities Regulation Code (SRC) took effect, stipulating wholesale reforms for good governance, full disclosure, accountability, international best practices/international accounting standards, and SEC's reorganization. SEC was seen as a regulator, not a court.

The core functions of a regulator were to advance market regulation/development, take care of compliance and enforcement, company registration and monitoring and support services (economic research and information; human resources; financial management).

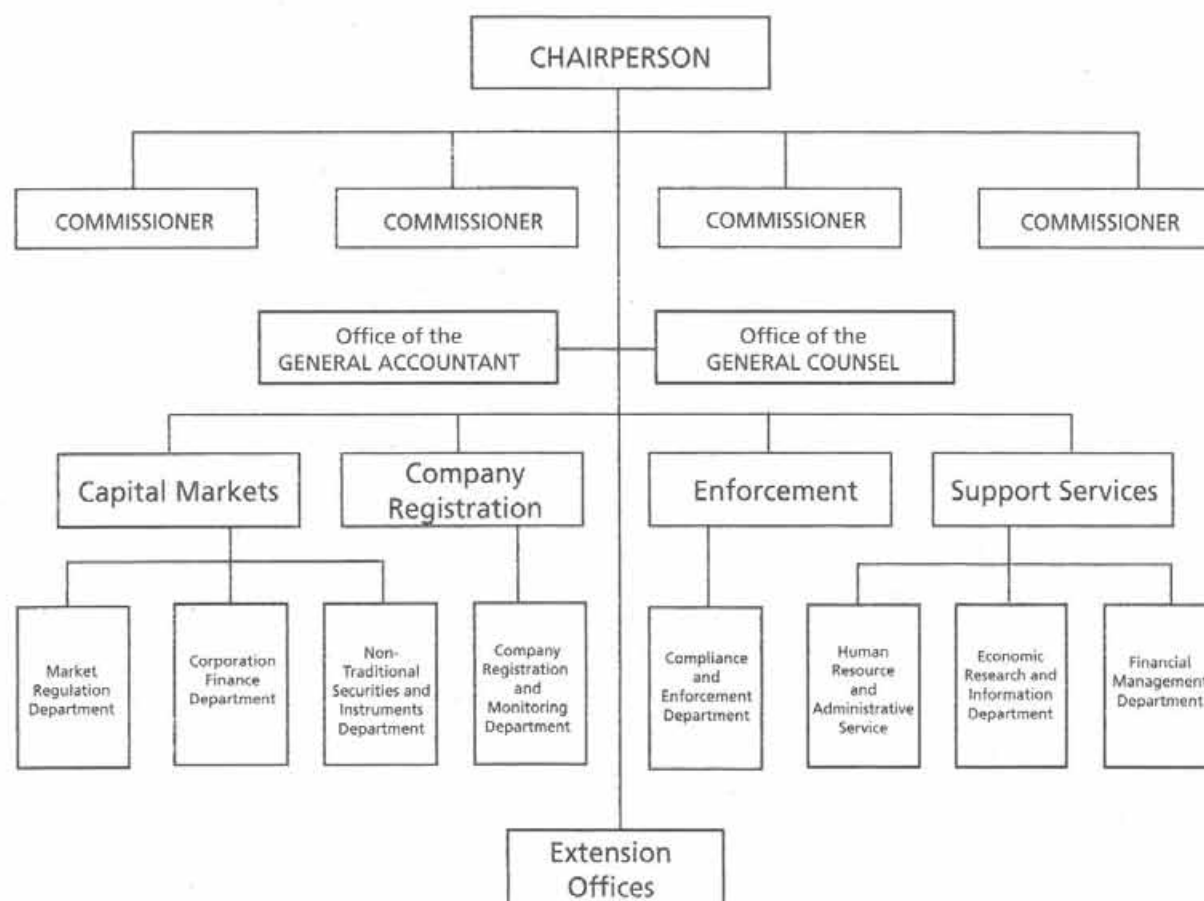
Number of SEC personnel

	Prior	Post	Change	
			Number	Percent
Total no. of employees	708	364	344	49%
No. of regular departments	10	8	2	20%
No. of ad hoc departments	3	-	3	100%
No. of divisions	36	26	10	28%
No. of extension offices	11	7	4	36%
No. of other/special offices	1	2	1	100%

We retained the administrative sanction process, investigation of criminal and administrative violations. We moved the prosecution of criminal violations before trial courts to the Department of Justice (DOJ) and moved intra-corporate disputes to trial courts.

ORGANIZATIONAL CHANGES

The organization was restructured as follows:



Computerization plans are underway for on-line registration, on-line reporting, on-line data retrieval and computerized internal operations and immediate response check for email. However, only on-line registration is complete. Computerization is done through the assistance of the ADB.

The Operations Manual discusses the Code of Conduct/Ethics and streamlined processes. We also had translations done of the Citizen's Manuals and completed the SEC Web Page, which can be found at www.sec.gov.ph

Other initiatives include hotlines, Citizens' Investment Alert, pamphlets (available in Cebuano, Ilocano, Ilonggo, Filipino, English), SEC infomercials, memoranda of understanding with the Department of Trade and Industry (DTI), National Bureau of Investigation (NBI) and Bangko Sentral ng Pilipinas (BSP) to enforce laws against investment scams, and the creation of the Bureau of Internal Revenue and SEC data exchange.

We have also promulgated or enforced the Code of Corporate Governance, Best Practices, Accreditation of Auditors, and International Accounting Standards of Auditing.

STEPS INVOLVED IN REORGANIZATION AND OTHER REFORMS

The SRC enactment was done with the help of the legislative and executive branches. They authorized the streamlining of structures operations and upgrading of human resources in the SRC-prescribed reorganization of SEC. They also authorized to determine its own qualification standards, compensation and position classification systems.

With the technical assistance of ADB experts, we received advanced funding of golden parachute for separated SEC employees. The restructuring led to a new Organizational Chart, where core functions were determined by the nature of offices, skills and number of personnel needed for each function. The computerization of many of the functions led to ease in processing.

Conflict-free separation of employees was ensured through close coordination with affected staff, the Civil Service Commission (CSC) and the Department of Budget and Management (DBM). Designated functions facilitated timely release of separation package and ensured understanding of guidelines for personnel selection. In September 2000, the SEC formally advised separated employees of the redundancy package (two months for every year of service). The final list was given to DBM, which determined the termination date upon availability of funds and submission of clearances. In the process, casual and temporary employees were included. We provided assistance program to exiting employees such as seminars on investing, entrepreneurship and new job opportunities. We also embarked on hiring new employees with higher standards of education/skills as well as retention of employees who were matched with positions by the Placement Committee.

RESULTS

The initiatives of SEC have borne fruit. SEC was ranked No.1 among 24 government agencies as the most sincere in fighting corruption in a 2004 Social Weather Stations

survey and No.2 in the 2003 survey. SEC also ranked among the Top 10 in highest approval rating since 2000 to the present, according to a Makati Business Club semi-annual survey. Operations have improved in efficiency as shown in the number of clients served within one hour:

- 2001 - (April) 12 percent; (December) 28 percent
- 2003 - 86 percent
- 2004 - (January to July) 87 percent

As the executing agency for implementing capital market reforms, SEC enabled the national government to acquire a \$75 million ADB loan and another \$75 million loan by 2005. The California Public Employees' Retirement System (CALPERS) upward rating of Philippines was substantially contributed by their recognition of reforms put in place by SEC for the last four years.

The main factor that contributed to our success was the support of other agencies and sectors, namely, the Office of the President, DBM, DOJ, NBI, Congress, Presidential Anti-Graft Commission, the media and donor agencies like ADB, WB, USAID, Australian Agency for International Development, and Canadian International Development Agency (CIDA).

FUTURE ACTIONS AS FOLLOW-THROUGH ACTIVITIES

There are two main areas of focus for future planning.

The first is the Development and Consensus Building for the Non-Bank Financial Sector Development Plan - 12-Year Blueprint for Growth and Expanded Contribution to the Philippine Economy (2004-2016).

The second is the legislative reform agenda on the Revised Investment Company Act, Corporation Code, Corporate Recovery Act, Pre-Need Code, and Lending Companies Act.

CURBING CORRUPTION AT THE BUREAU OF CUSTOMS

Teresita S. Roque
Deputy Collector, Bureau of Customs

Endemic throughout the world, corruption short-changes in a massive scale the country's citizens with the care and protection from their government because the much-needed resources for these mandates are channeled to the wrong inputs. Thus, corruption stirs enmity against the government resulting in more often than not, unrest and eventually in successful uprisings, which Filipinos of this generation remember very well.

The United Nations Development Programme (UNDP) defines corruption as "the misuse of public power, office or authority for private benefit through bribery, extortion, influence peddling, nepotism, fraud, speed money or embezzlement."

In a country like the Philippines which is already suffering from myriad social, economic, and political problems, unabated corruption will inevitably lead to national perdition.

INITIATIVES TO SOLVE THE PROBLEM

Computerization

At the Bureau of Customs (BOC), the processing of imports is now done digitally through Electronic Data Interchange. BOC was able to reduce 79 signatures to only seven thus lessened the opportunity for graft and at the same time speed up the delivery of service. This has been found to be effective in pre-empting the commission of anomalies. BOC has given more and more impetus to its computerization program.

Value Classification and Review Committee

Another important thing to consider is the operationalization of the Value Classification and Review Committee (VCRC), which is based on World Trade Organization standards. The VCRC is now being implemented in all ports. It is led by the district collector as chairman with the deputy collector for assessment as vice chairman.

The VCRC caters to formal entries that are on the "hit list" because their declared value is questionable. Thus, BOC has the right to ask importers for the sales contract, purchase order or proof of payment to establish transaction between the importer and the supplier. In case of disagreement, the consignee can avail of the tentative release arrangement pending VCRC resolution.

A number of procedures are followed when an entry is coursed to the VCRC.

VCRC Secretariat

The receiving clerk receives the VCRC Request for Review Form properly filled up together

with the entry referred by the concerned customs examiner and supervising customs operations officer and records the same in a pre-numbered logbook.

The evaluator performs the following:

- check the value range;
- consult the Value Reference Information System (VRIS) and print available data;
- require the importer to submit documents if warranted, such as sales contract, evidence of payment, certificate of discount, and other documents to verify price actually paid or payable;
- initially determine if the article is correctly classified based on the data warehouse; and
- from the documents gathered, initially determine if there is a genuine valuation issue.

The head of the VCRC secretariat is responsible for the following:

- maintenance of the logbook which contains the docket number assigned to the case and the date and time when the VCRC Request for Review Form has been received by the secretariat and by whom; and
- preparation of the minutes of VCRC meetings which, among others, indicate the following: facts of the case, issue, findings of the evaluators on value and classification, and excerpts of the position paper of the parties involved, if any.

VCRC

The VCRC deliberates on the issue involved including the determination on whether a genuine valuation issue exists or not.

If a genuine valuation issue exists, the VCRC provisionally determines the appropriate value based on the applicable valuation method pursuant to Customs Administrative Order (CAO) 2-99 and informs the importer/broker accordingly.

If the provisional value is acceptable to the importer/broker, he may pay the assessed duties and taxes based therefrom and the collector of customs causes the release of shipment thereafter. If the provisional value is unacceptable to the importer/broker, the shipment may nevertheless be released through tentative release if there will be a delay in the resolution of the case.

In shipments that will be processed under tentative release, an importer is given a period of 15 days extendible for a period of not exceeding another 15 days for reasonable cause, from receipt of notice to comply with the requirements needed. The VCRC, in turn, resolves the issue within 24 hours from receipt of full requirements.

For shipments where tentative release is not availed of, the VCRC resolves the issue within 24 hours upon receipt of the documentary requirements.

Failure to comply with the documentary requirements as directed by the VCRC within the period provided is a ground for rejecting the valuation method as declared.

The VCRC prepares and submits a draft resolution containing information such as the port of entry, country of importation, VCRC issue number, date filed, entry number,

name of consignee, resolution (method used), basis of resolution (explanation on method used), computation of duties and taxes as per resolution, and implementation instruction. After that, the VCRC notifies the importer of the decision.

The commissioner of customs and the deputy commissioner for assessment and port operations through the Import and Assessment Service are furnished with copies of all the decisions of the VCRC.

The Collection Division causes the release of shipments through OLRs (On-Line Release System) based on the results of payment verification.

Import Specialist Team

In line with the Selectivity System in the bureau's Computerization Program, the Import Specialist Team (IST) was created and established to complement the Risk Management Group (RMG). The IST is composed of selected personnel from the Formal Entry Division (FED) or special deputy collectors, in the case of the Ninoy Aquino International Airport (NAIA), the Enforcement and Security Service (ESS), and the Customs Intelligence and Investigation Service (CIIS), which is divided into sub-units/sections for better and focused control.

The purpose of the IST is to enhance the bureau's Selectivity System by complementing and assisting the RMG in its review and updating of parameters in the selectivity screen and to act as a safety net on green lane entries.

It is the primary duty and responsibility of the representative from FED with the support of the ESS and CIIS representatives to review all green lane entries assigned to him/her for any discrepancy or violation of Tariff and Customs regulations.

Duties and functions of the IST include the scanning and review of all green lanes for two purposes. One is checking the authenticity of the documents submitted; the correctness of the tariff heading as against the description in the entry and supporting documents and dutiable value versus applicable published values if any is on file; applicability of special tariff rates versus certificate of origins and other requirements; anti-dumping bond versus the list of imports subject thereto; nature and quantity of articles versus declared weight and the like. Another purpose is identifying shipments whose release will be in clear violation of existing laws, rules and regulations.

The IST is also responsible for collating on a daily basis data pertaining to shipments found to be in violation of the law, undervalued, misclassified, misdeclared and the like, specifically identifying the importer, customs broker, nature and description of the article, tariff heading, country of origin, *modus operandi*, and other important information that could serve as basis to develop, enhance or re-program selectivity screens, and submit these reports to the RMG head before the close of working hours.

It is the duty and responsibility of the IST to act on the assigned entries without delay from the time green lane entries are submitted by the Collection Division and received by the IST receiving clerk who indicates the actual time of receipt in the transmittal logbook. In the same manner, the reviewed green lane entries are returned to the Collection Division and the transmittal logbook indicates the time of receipt by the Collection Division or in

special cases, by any unit/office.

In the event of the unavailability of any team member, the FED chief/RMG head is authorized to temporarily designate another member from the office concerned to the IST team to review the entries. In the case of the ESS, request for augmentation or change is sent to the ESS acting director.

For purposes of carrying out the principal duties of the IST, a representative of IST may observe the actual examination of approved entries for spot-check/100% examination upon written authority of the FED chief/RMG head on a case-to-case basis.

The personnel composing the IST are under the full control and supervision of the FED chief and RMG head. The IST submits a weekly report to the commissioner of customs, copy furnished the district collector, ESS director and CIIS director.

If after two hours, no alert for spot-check/100 percent examination is issued, it is presumed that no indicators can be found by the assigned sub-units/section in the entry/documents submitted to suggest irregularity.

Additional procedures as necessary are issued from the RMG head/FED chief to the IST of the district concerned after clearance from the Office of the Commissioner.

Integrity Enhancement Programme

The NAIA is the premiere entry and exit point of the country. BOC-NAIA is fully aware that it is where tourists savor their very first impression of the host nation in which case the men and women assigned there are appropriately dubbed as "frontliners." They are given instructions to make the arrival and departure of globetrotters wholesome and memorable.

This particular aspect of the enhancement program is linked to the government tourism program. However, anti-graft and corruption measures have been set up at the Passenger Service for obvious reasons.

Customs examiners, for instance, display "Serving with Honor" slogan pins to stress their commitment to service. They also use nameplates in addition to the existing NAIA ID. The latter will discourage the wearers to hide their identities and, at the same time, enable those they deal with to pinpoint each of them if and when necessary.

The "Frontliners Commitment to Service" credo, which is recited in all official meetings of Customs frontliners, is the latest reinforcement of BOC's commitment to the integrity and good governance program and in keeping with the Civil Service Commission advocacy in public service.

Moreover, a series of seminar-workshops have been conducted among frontliners to curb corruption through all forms of smuggling. One of the proven ways of combating smuggling right at the arrival area is through profiling. In this aspect, frontliners are taught the fine techniques of perceiving the undertones, the meaning or hints of what is known as the body language. For instance, when a passenger starts to get panicky when his/her luggage is about to be examined, a warning signal that an inspection must be thorough and fool-proof is flashed.

Finally, CCTV monitors have been installed in the examination counters to record interaction between passengers and frontliners. Passengers on queue can view how passenger clearance is carried out by frontliners.

BEST PRACTICES IN **ANTI-CORRUPTION** IN THE PHILIPPINES

A Joint Project of the



United Nations Development Programme



Australian Agency for International Development



Career Executive Service Board