Toward A Reform Framework for Good Governance: Focus On Anti-Corruption

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The experience of the Philippines in the continuing efforts to address graft and corruption, red tape, and inefficiencies in the bureaucracy is the basis in designing a framework for reform to promote accountability and transparency. The following are the areas of reform: (1) reforms in institutions and structures, including reforms in organizations, processes, and procedures; (2) reforms in mindsets, paradigms, and behavior; (3) reforms in leadership (at various levels); and (4) reforms in citizens, i.e., citizens' engagement and/or citizens' participation. The authors begin with the contextualization of corruption in the Philippines, along with its causes and effects, and a discussion of issues and challenges of corruption. They examine how the four imperatives of reform can contribute in minimizing if not to totally eradicating corruption and in promoting good governance in the country.

The history and experience of most nations show that no matter a country's level of development (or underdevelopment), size, or location, as long as there is government, there will always be some degree and variation of corruption. Over the years this problem has been pervasive in Third World Countries which has resulted in the deprivation of basic services and loss of citizens' lives and futures.

While many neighboring countries have been gaining ground as far as the fight on corruption is concerned, the Philippines continues to slip down and lag behind. A review of the country's Corruption Perceptions Index (CPI)[1] over the past 13 years reveals an emerging concern: first, the Philippines' CPI has consistently become worse since 1999, improving slightly only in 2001 and 2003 *(See Annex 1)*, and, second, 28 of the 35 countries that at one time or another ranked beside the Philippines have outranked the country *(See Annex 2)*. The CPI indicates that corruption in the Philippines has, on the contrary, been increasing, towards an unprecedented unfavorable score of 2.4 and rank of 139 in the 2009 CPI from the highest 3.6 score obtained in 1999. World Bank (WB) and Transparency International data show that the Philippines and

China exhibit the same level of corruption, yet China grew by 10.3 percent per annum between 1990 and 2000, while the Philippines grew by only 3.3 percent.

Looking at the question behind the question, however, why have other countries gained ground while the Philippines continues to slide down in integrity measures? Truly, there is an urgent need to ponder how these countries have reduced corruption while the Philippines' performance is getting worse.

The Source and Scourge of Corruption

Sources and Causes of Corruption

The origins of corruption dates back to the Spanish era, "when public office was auctioned off to the highest bidder and government was mainly an instrument for extracting money and labor from people" (Coronel and Kalaw-Tirol 2002: 1). Corruption can be caused both by political and administrative environment. According to Bertucci (2000), it is political since it implies extortion against corruption as plain lip service, the lack of buy-in from social partners, and shifts in political priorities, and second, it has to do with administrative causes such as the application of one-size-fits-all solutions and the loss of interest in the implementation of activities. Meanwhile, Tony Kwok (2009) asserts that corruption is perpetuated in an administrative environment such as in an institution where there is an opportunity and low ethical behavior. More specifically, according to him, the causes of corruption are: (1) opportunity—lack of system control, (2) attitude—low ethical value, (3) pressure—low salary, peer influence, and (4) low risk—lack of deterrence. However, whatever the causes of corruption may be, it still has a lot of damaging consequences that need to be addressed, thus some efforts and initiatives on corruption.

Corruption until today is prevalent in all levels of the state apparatus in the Philippines. It varies from petty to grand corruption, from political to bureaucratic corruption, from national to local corruption. In his review of the state of corruption in the Philippines, Nawaz (2008) says that the country is regularly plagued by corruption scandals that involve politicians at all levels and it starts with the electoral process. He adds that the high cost of elections serves to create dependencies on rich campaign contributors which encourages corruption by politicians once they are in power. The best example is the corruption scandal in 2007 involving the Commission on Elections (COMELEC) Chair as the broker between the government and the ZTE. Patronage and state capture are other sources of corruption. Cronyism continues to be a major factor in appointments in many sectors in our institutions such as in health, electoral sector, and local governments. There

is a systematic capture between the elected official and the campaign finance contributor (mostly business tycoons) since they demand a "quid pro quo" after elections (ibid.). According to the 2009 SWS Survey of Enterprises on Corruption, 31 percent of managers think that a typical company in their sector of business will be donating to the 2010 election campaign, consisting of 14 percent donating to only one candidate for a single position and 17 percent donating to more than one candidate for a single position. On the reasons for donating to the 2010 political campaigns, 68 percent of managers cite that the company believes in a candidate's platform, or the company might need help from a candidate with some future problems (50 percent); a candidate is poor but deserving (43 percent); a candidate will probably give the company business in the future (32 percent); it is a way of thanking a candidate for favors in the past (22 percent); and candidate might harbor ill will against the companies that do not contribute (13 percent) (SWS 2010: 20).

Aside from grand corruption, there is also petty corruption in the bureaucracy. According to Nawaz (2008), the cumbersome Philippine bureaucracy, low salaries of government employees, and a complex, confusing and contradictory regulatory regime create numerous vulnerabilities for rent-seeking in institutions. For instance, in the 2009 Social Weather Stations (SWS) Surveys of Enterprises on Corruption, three out of five (64 percent) managers see a lot of corruption in the public sector, unchanged since 2008 and similar to 61 percent in 2007. According to the SWS survey, over the past four years, about half of managers believe that either most or almost all companies in their respective lines of business give bribes to win public sector contracts: 46 percent in 2006, 48 percent in 2007, 45 percent in 2008, and 48 percent in 2009. Reforms were introduced in doing business in the Philippines but these have been found lacking. The 2009 WB/International Finance Corporation Doing Business survey ranked the Philippines as 140th among 181 countries in terms of ease of starting a business. In the Philippines, starting a business involves 15 procedures and entails up to 52 days of processing, and the complexity and delay make the transactions vulnerable to corruption. The country also performs poorly in terms of dealing with construction permits, getting credit, protection of investors, and enforcement of contracts. (Nawaz 2008).

Corruption exists in different levels and sectors which transcend government. For instance, in the 2009 Global Corruption Barometer (GCB), the Filipinos perceived that the following were the most corrupt sectors: political parties (70 percent), civil servants and public officials (72 percent) and the legislators (68 percent). A significant finding of the GCB is that corruption does not perpetuate only in the government, but also in the private sector and the media. The 2009 GCB shows that 32 percent of Filipinos consider the private sector to be either corrupt or extremely corrupt, while 12 percent believed that the media are corrupt or extremely corrupt.

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With the above data on corruption, it can be said that corruption is, indeed, endemic in the Philippines and it has plagued all levels of the politico-administrative system and goes beyond it. The Philippines has not been progressing in fighting corruption and the country continues to rank poorly in international perception surveys on corruption. The next part of the paper discusses the consequences of corruption and the agony that the country has been suffering because of corruption.

The Scourge of Corruption

Corruption erodes trust in government and weakens the moral bonds of a democratic society like the Philippines. It has become endemic even in the bureaucracy where trust is primordial. It has an array of damaging effects: weakened national institutions, inequitable social services, blatant injustice in the courts, economic inefficiency, and environmental exploitation (UNDP 2008). Likewise, Coronel and Kalaw-Tirol (2008: 17-22) enumerate five consequences of corruption: (1) it impedes economic growth; (2) it worsens income inequity and poverty; (3) it damages political legitimacy and stunts democracy; (4) it endangers public order and safety; and (5) it results in bureaucratic inefficiency and demoralization. Consequently, corruption worsens income inequality and poverty. Several studies have linked poverty with corruption. No less than the President of the Philippines says, *"Kung walang corrupt, walang mahirap"* ("If no one is corrupt, no one will be poor.") (Aquino 2010).

In particular, several empirical studies have shown that corruption impedes economic growth and shrinks investment. In the Philippines for example, where crony capitalism has had disastrous results, exactions by corrupt officials increase the cost of business so investors would rather put their money somewhere else (Coronel and Kalaw-Tirol 2008). Failure to reduce corruption incidence will result into waste of resources, diminished public confidence in government, and weakening efforts toward reforms. The most disastrous effect of corruption is poverty. The consequences of corruption will be felt hardest by the poor. Investors' confidence is also lacking in a country where corrupt practices are rampant. According to Bello (2010):

> Because it erodes trust in government, corruption must certainly be condemned and corrupt officials resolutely prosecuted. Corruption also weakens the moral bonds of civil society on which democratic practices and processes rest. But although research suggests it has some bearing on the spread of poverty, corruption is not the *principal* cause of poverty and economic stagnation, popular opinion notwithstanding.

The *Medium Term Philippine Development Plan (MTPDP)* 2004-2010 identified the following issues on efforts to curb corruption in the Philippines: i) weak enforcement of anti-corruption laws; ii) need to reinvigorate the anti-corruption agencies and improve their coordination; iii) low social awareness and high tolerance for corruption; iv) need to institutionalize government-civil society-business collaboration; and v) need to strengthen integrity and accountability in government-business transactions. In addition, there is a low conviction rate in corruption cases with an average of 38.64 percent and delay in the resolution of corruption cases, at 6.5 years on average for a case in the Sandiganbayan. Among the reasons for such delays are the prolonged court proceedings due to lack of quorum, lack of witness protection program in corruption cases, and the perceived vulnerability of judges to political influence.

Crusades and Efforts on Corruption

To respond to the issues on corruption, there has been a surge of anti-corruption initiatives all over the world, including the Philippines. There has been an increase in the number of anti-corruption actors and stakeholders. National, bilateral, and international organizations have supported anti-corruption initiatives anywhere in the world. Since 1997, the United Nations Development Programme (UNDP) has been involved in accountability, transparency, and integrity (ATI) programmes as part of its interventions (UNDP 2005). The United Nations, with its Convention Against Corruption (UNCAC), the Asian Development Bank, WB and other multilateral organizations have emphasized corruption and good governance in their programs and projects especially in developing countries. It is a concern of each country especially in a developing world like the Philippines.

The fight against corruption is considered a crusade for many Filipinos, especially those in the civil society sector. The following sections discuss some of the efforts of the Philippines in fighting corruption, from studying corruption to determine its causes and consequences; efforts on legislation and its implementation, which is more crucial; the role of the institutions in minimizing corruption not only in the workplace, but also as a practice by all sectors; and the significant role of the civil society in fighting corruption.

Comprehensive Legislation and Abundance of Anti-Corruption Policies

The Philippines has many laws and policies on anti-corruption. Since 1930, more than 40 anti-corruption laws and policies have been passed, defining graft and corrupt practices and punishable acts, as well as identifying agencies and organizations responsible for enforcing these laws. *(See Annex 3 for the updated list of laws, Presidential Decrees, Proclamations, Executive*

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Orders, and other Regulations on Corruption Prevention) Some of the major laws that define and penalize graft and corruption in the country are the following: (1) the *Revised Penal Code of 1930* or Act No. 3815, (2) Article XI of the 1987 Philippine *Constitution,* and (3) *Anti-Graft and Corrupt Practices Act* or Republic Act (RA) 3019 (Brillantes and Fernandez 2008). The latest addition to these laws is the *Anti-Red Tape Act* (ARTA) of 2007, or RA 9485. The ARTA emphasizes the government's commitment to fighting corruption in the bureaucracy. It directs agencies, corporations, and financial institutions with government interest to develop citizens' charters to serve as guidelines of conduct for employees. In relation to this, the Department of the Interior and Local Government has initiated some projects, such as the Comprehensive and Unified Response to Eliminate Red Tape (C.U.R.E Red Tape), aimed at enhancing the delivery of basic services to the people by eliminating red tape practices.

Abundance of Institutions

Similarly, many anti-corruption bodies and inter-agencies have been organized and constituted through the years. Since 1950, close to 20 bodies have been organized, including inter-agency bodies, such as: the Civil Service Commission (CSC), Office of the Ombudsman (OMB), Sandiganbayan, Commission on Audit (COA), Supreme Court (SC), National Bureau of Investigation (NBI), the Anti-Money Laundering Council (AMLC), and the Presidential Anti-Graft Commission (PAGC). For its part, the OMB has convened the Multi-Sectoral Anti-Corruption Council (MSACC) to engage the collaborative involvement of business and civil society in the fight against corruption. Recently, this body has reviewed the gaps in anti-corruption legislation, using as a framework the provisions in the UNCAC, to which the Philippines is a signatory. This Charter defines four thematic clusters for anti-corruption initiatives: Technical Assistance and Information Exchange, Prevention, Criminalization, and International Cooperation. On the other hand, the PAGC was responsible for overseeing the implementation of Administrative Order 255, which directs the heads of the executive department to lead moral renewal in their agencies. More recently, President Benigno Aquino III has attempted to create the Truth Commission with Executive Order No. 1[2] which shall identify and determine cases of graft and corruption and is mandated to call upon any government investigative or prosecutorial agency, such as the Department of Justice or any of the agencies, for assistance in investigating the case.

Civil Society Participation

The Philippines has an active civil society that advocates, among others, causes concerning human rights, social welfare, and anti-corruption.

Nongovernment organizations (NGOs), like the Transparency and Accountability Network (TAN), perform a significant role in anti-corruption. TAN is a civil society coalition formed primarily for the purpose of exchanging information on developments and initiatives in transparency and accountability. It has a membership base of 21 organizations composed of academe, private sector, and civil society groups with strong interest in anti-corruption and good governance. The coalition envisions the country with transparent, accountable, and efficient public institutions and an empowered citizenry intolerant of corruption.

Another NGO is Transparency International (TI) Philippines which conducts several programs and projects, such as orientation seminars and workshops, to heighten awareness on corruption. TI Philippines is a key partner of the UNDP and CSC on its project "Building Integrity in the System of Governance." In terms of promoting accountability, efficiency, and transparency, Procurement Watch, Inc. and Social Watch, Inc. have been working on their advocacies to eradicate poverty and the causes of poverty, and to ensure an equitable distribution of wealth and the realization of human rights. Social Watch, for instance, has been active in analyzing the national budget and in offering an alternative budget initiative (ABI). Procurement Watch, on the other hand, aims to enhance transparency, accountability, and efficiency in public procurement through a multisectoral, constructive, and procedure-focused approach. Some of their initiatives are: the *Bantay Eskwela* (Education Watch); creating a tool for measuring the efficiency of public procurement with the differential expenditure efficiency management system; and on infrastructure reforms, the *Bantay Lansangan* (Road Watch). Important partners from the media in combating corruption include the Philippine Center for Investigative Journalism and Newsbreak that both conduct and expose investigative cases on corruption, including the high-profile ones.

Where have we failed?

Despite efforts and initiatives of all sectors/areas and the aid the country has been getting from multilateral development banks and bilateral donors to fight corruption, the Philippines is falling short in instituting reforms against corruption. The next question is, where have we failed?

Viewed from a broader context, the country's problems and challenges are largely attributed to its failure to institute good governance. The weak apparatus of the State prevents itself from providing an enabling environment to improve the living conditions of common Filipinos and to institute accountability mechanisms. A good context for comparing the country's governance performance is the Southeast Asian region. In terms of integrity measures, although the Philippines is ahead of Laos, Cambodia, and

Myanmar, it lags behind Singapore, Malaysia, Thailand, Vietnam, and Indonesia *(See Annex 4)*. In terms of fulfilling commitments to the Millennium Development Goals, India, Thailand, and Malaysia are ahead of the Philippines. In particular, the Philippines is spending only about 0.5 percent of its gross domestic product (GDP) on education, while others are spending more than 5 percent. The country is under-investing on infrastructure—only about 2 percent of GDP while the requirement is at least 5 percent, and has been unable to sustain its economic growth that will build industries, create wealth, and raise living standards.

What can we do?

The UN Convention against Corruption (UNCAC) has emphasized the need to further fine-tune and amend existing structures, processes, and institutions to prevent and criminalize corruption and encourage international cooperation. Technical assistance from international partners and continuous exchange of information are visibly urgent.

As early as 1979, Cariño and De Guzman recommended the following initiatives to guard against individual negative bureaucratic behavior: (1) procedural changes to plug anti-corruption loopholes; (2) personnel's areas of discretion; improving technical expertise, standardization and clarification of decision rules; (3) increasing visibility by making rules and procedures clear; (4) management audits as a "proactive" or preventive step; (5) ethics seminars to address moral lapses; institution of rewards; and purges and variants. Cariño and De Guzman (1979) likewise recommended the following: (1) attacking the agency's administrative culture with a multi-pronged and concerted approach against graft and corruption; (2) attacking the political and administrative system by providing honest and effective leadership; (3) attacking the ethico-cultural system by harnessing cultural agents of church, mass media, bureaucracy; and (4) attacking the economic system by strengthening the government's bargaining hand against the private sector. (Cariño and De Guzman 1979: 377-385)

Mangahas (2009) likewise suggested the following mechanisms in eliminating corruption. According to him, it rests largely on: (1) the existence of well-defined and implementable rules and procedures in transacting with government; (2) a credible legal and judicial system that efficiently resolves corruption cases brought to it; (3) a professional and nonpolitical career civil service; and a system of sanctions against erring agents, whether public or private; (4) a continuing review and rationalization of compensation and incentive structure for better performance; (5) credibility of the system to punish corrupt behavior; and (6) insulation against political intervention and a deliberate reduction in the scope of political appointments.

The Imperative for Reform

> Reform is never easy, and to act against corruption is particularly difficult. But every victory over corruption helps protect sustainable and equitable development.
>
> > Ruth Pierce, Ambassador, Australian
> > Embassy in Manila, February 2005

Reform of public administration is important for most countries today. Locating this imperative in a broader context, reform of public administration has become a continuing mandate for all the countries (Leong 2006; Uphoff 1986; Osborne and Gaebler 1992). Reforms aim to bring about significant improvements in public service that make it more efficient, effective, and economical. Reforms also make the public service more accountable and transparent.

The focus of this paper is to point out areas for reform in fighting the long pressing problem of corruption in the Philippines. Given massive graft and corruption and declining trust in government, there is an urgent need for reform in the public administration and governance systems of the Philippines.

The success or failure of the government is dependent on the proper and effective functioning of its public administration. Therefore, reforms in public administration are critical for the proper functioning of a nation. Public administration reform (PAR) has become an important theme, as it is a means of increasing and preserving a high standard of public service. The UN Resolution 57/277 of the General Assembly on Public Administration and Development has reiterated the spirit of a well-performing public administration. It says, "an efficient, accountable, effective and transparent public administration, at both the national and international levels, has a key role to play in the implementation of internationally agreed goals" (UNDP 2003: 1).

In terms of fighting corruption, there is no single solution; it all depends on the country and on the level where corruption has taken place. In Hongkong, for instance, Kwok introduced the ICAC model. He offers a three-pronged approach to fight corruption. These are (1) deterrence, (2) prevention, and (3) education. Based on a comparative analysis of five Asian countries (India, Hong Kong, Mongolia, the Philippines, and Singapore), Jon S.T. Quah (2003) of the National University of Singapore draws six lessons for designing successful anti-corruption efforts:

- commitment by the political leadership is crucial;
- a comprehensive strategy is more effective;
- the anti-corruption agency itself must be incorruptible;

- the anti-corruption agency must be removed from police control;
- opportunities for corruption in vulnerable agencies must be reduced; and
- corruption can be reduced by raising salaries, if a country can afford to do so.

In the Philippines, the vision of good governance can be achieved by curbing corruption. Hence, the authors recommend a four-pronged strategy of: (1) reforming structures, processes and institutions, (2) reforming mindsets and behaviors across sectors, (3) committed and transformational leadership, and (4) citizens' engagement.[3] *(See Figure 1)*.

This strategy will be most effective when it concretely addresses actual experiences of (1) processes that ought to be reformed, such as loopholes, discretionary decisions, and unclear procedures; (2) cultural, political, economic and social perceptions that ought to be transformed; (3) concrete leadership attitudes and behavior pertaining to wealth, self interest, and power; (4) active citizens' engagement.[4] In this context, data about the reform experiences attributed to specific institutions and individuals were gathered to provide the basis for instituting the four-pronged strategy for reform. The examples, however, are not limited to the Philippine experience; to provide a comparative perspective, best practices from other countries are likewise cited in this article.

Figure 1. Reform Framework for Anti-Corruption

Reforming Institutions, Processes, and Procedures

> Corruption is a symptom of something gone wrong in the management of the state. Institutions designed to govern the relationships between citizens and the states are used instead for the personal enrichment of public officials and the provisions of benefits to the corrupt.
>
> <div align="right">UNDP (1997: vii)</div>

Reforms in public administration are generally those pertaining to reforms of institutions, processes and procedures as a priority for action because of the growing recognition of their significant roles in the development (Manning and Parison 2003: 6). Reforming institutions, processes, and procedures is important in fighting corruption. According to North (1994: 360), "institutions are the humanly devised constraints that structure human interaction." In other words, institutions are formal and informal constraints on political, economic, and social interactions. They provide incentives and disincentives for the people to behave in certain ways. Therefore, good institutions are necessary to establish an incentive structure which reduces uncertainty and enhances efficiency that strengthens the economic performance (North 1991). "There is also a need for institutions for the right policy formulation and to be implemented" (Chang 2005: 2).

UNDP (1997) suggests that if a country is caught in a "corruption trap" piecemeal reform efforts are unlikely to be worthwhile. UNDP emphasizes a need for more fundamental reforms. There are no quick fixes on reforming institutions, processes, and procedures, but there is nothing wrong in trying, thus reforms must be institutionalized. *(See Box 1)*

The Philippines is not lacking in anti-corruption laws; neither are we lacking in anti-corruption initiatives. What we need is honest-to-goodness implementation and leadership and political will (Brillantes and Fernandez 2008). One broad structural reform that can be considered is the consolidation of all anti-corruption bodies under one agency to address the problem of lack of coordination and diffusion of powers and responsibilities—and accountabilities—in the war against corruption. A single-window anti-corruption approach can be adopted. Looking at the Philippine situation and the proliferation of anti-corruption bodies, Quah (2010) uses the hackneyed but true saying that indeed, "too many cooks spoil the broth." The success of Korea in addressing corruption has been attributed to the Anti Corruption and Civil Rights Commission (ACRC), a body or agency that consolidated the various anti-corruption agencies. The adoption of institutional and structural reforms may include those reforms that further broaden the power of the Ombudsman to strengthen its capacities. There is a need for greater policy and institutional powers for the OMB to strengthen its capacity to investigate, prosecute, and punish erring public officials, including the authority to examine bank accounts and seize assets. There is likewise a need for a

Box 1. Institutional Reforms to be Considered to Strengthen the Enforcement of Anti-Corruption Initiatives

- Establish independent investigators, prosecutors, and adjudicators to ensure 'equal' enforcement of the laws and regulations.
- Strengthen capacity and integrity of the police as the frontline investigative agency for criminal infractions.
- Strengthen and ensure independence and accountability of the judicial system.
- Provide adequate powers of investigation and prosecution consistent with international human rights norms.
- Integrate transparent mechanisms, which eliminate privileges that have no relation with the needs of the public, and which high public officials enjoy by reason of their office, into the reform of enforcement measures.
- Develop effective complaints mechanisms and procedures for appeals, whether internally by a public servant or by a member of the public.
- Develop mechanisms to protect whistleblowers: encourage the development of institutions, laws, and practices which ensure that responsible citizens can report corrupt practices without fear of reprisals; and to ensure that the media are empowered to play their pivotal role in holding relevant individuals and institutions accountable.
- Tackle special sectors that are known to be breeding corruption (e.g., in Georgia, the fight against corruption started in the Ministry of Education, considered to be one of the most corrupt systems).
- Impose powerful deterrents for the would-be corrupt, such as civil penalties, blacklisting of corrupt firms, extradition arrangements, and other legal provisions that enable the profits of the corrupt to be seized and forfeited, inside or outside the country.
- Strengthen the ministry in charge of civil service reform and establish a close relationship between it and other anti-corruption agencies (enforce codes of conduct; increase supervision; results-oriented enforcement, management-based measurable performance indicators; empower the public through citizens' charters; a credible public complaints system; access to information)

Source: UNDP 2005: 11.

witness protection law that can encourage witnesses to come to the open to facilitate prosecution. But, most importantly, there is a need for trust and integrity for those who are seated in the OMB. The WB (1999) proposed a nine-point approach to fighting corruption in the Philippines *(See Box 2)*. These approaches are more or less aimed at reforming institutions, structures, and processes.

More specifically, institutions should be able to provide clear and practical recommendations on how the aforementioned action areas can be promoted. The academe, for instance, should likewise be able to actively engage in the discourse and process of strengthening the country's public financial management system (PFMS), which is considered as the core of public sector reform. Although some gains have been achieved in introducing the medium-term expenditure framework (MTEF), the country is yet to put in place a sound framework for PFMS, adopt public expenditure financial

accountability targets, and implement reforms to address issues related to budget execution, budget legislation, release of appropriated funds, utilization of funds, accounting, financial reporting, and audit. Addressing corruption in these areas requires a deep appreciation of systems and processes.

Box 2. Combating Corruption in the Philippines

Drawing upon the World Bank's global experience and the Philippine-specific analysis, the WB recommends that a national strategy for fighting corruption in the Philippines should focus on reducing opportunities and motivation for corruption and should make corruption a high-risk, low-reward activity.

Nine key elements are recommended for the national anti-corruption program:

- reducing opportunities for corruption by policy reforms and deregulation
- reforming campaign finance
- increasing public oversight
- reforming budget processes
- improving meritocracy in the civil service
- targeting selected departments and agencies
- enhancing sanctions for corruption
- developing partnerships with the private sector
- supporting judicial reform.

Source: Bhargava (WB Country Director, Philippines) 2000.

Box 3. Reforms in the Bureau of Internal Revenue

Some of the most significant initiatives undertaken under Commissioner Guillermo Parayno's administration:

1) expansion of VAT coverage to include professionals and banks and other financial institutions;
2) rollout of various e-services, which include electronic broadcasting, web-based tax identification number application and processing, electronic raffle of invoices/receipts, provision of e-payment gateways, e-substituted filing of tax returns and electronic submission of sales reports (eSales);
3) building of third party information through computer linkages and data matching;
4) enhancement of existing detection systems, which include conduct of Tax Compliance Verification Drives and accreditation and registration of cash register machines and point-of-sales machines;
5) audit of exempt entities and cases involving non-remittance of withholding taxes;
6) conduct of special operations on high profile tax evaders, which resulted in the filing of cases under the Run After Tax Evaders (RATE) Program;
7) establishment of linkage with private sector groups for joint monitoring and implementation of good governance projects; and
8) establishment of the BIR Contact Center and eLounges in Regional Offices.

Source: BIR, http://www.bir.gov.ph/about/history.htm.

Reforming mindsets and behaviors

One of the most challenging imperatives on good governance is reforming the behaviors and mindsets of the people. Changing behaviors is difficult in general, especially in some countries where there is still a strong overlap of traditional social systems with state modernization efforts; merit reform is resisted in order to practice nepotism and favoritism in civil service appointment and promotion (Riggs 1963: 127 as cited in Shepherd 2003). Additionally, public employment patronage that finances competition between political parties and factions continues to be a dominant feature. There will be a high practice of political appointments and compulsory political levies on civil service (Shepherd 2003).

Culture, in particular, is a challenge. There is this so-called "culture of corruption" deeply imbedded in the system of the bureaucracy.

"Reforming mindsets" refers to "molding of the individual and collective perspectives or paradigms of public officials in line with the demand of the changing context." It is also called "reforming the culture" (Pant 2007: 82). There are two ways of reforming the mindsets: reforming the individual mindsets and reforming collective mindsets. Individual mindsets include desirable work behaviors, positive thinking and attitude, emotional intelligence (self and social awareness, matured behaviors), and moral intelligence (integrity, honesty, compassion, and forgiveness). These personal values help an individual in setting personal goals and daily conduct and conforming ethical code both at personal and organizational levels (Ibid., 89). Pant says, "Collective mindsets should be the development of model work culture that manifests and fosters the type of organizational values and behaviors performance by maintaining high ethical and moral standards and public image" (ibid.).

According to Pant, the ideal model culture consists of the following features which have been the secrets of successes of many organizations in the world:

1. people-centered: staff personal and professional development;
2. performance driven: performance- and merit-based promotion and rewarding system;
3. goal oriented: a clear sense of direction;
4. innovation inclined: value of innovative and creative thoughts;
5. client committed: identify and satisfy the needs of clients;
6. productivity oriented: optimizing outputs and economizing inputs;
7. quality obsessed: consecutive efforts for betterment; and
8. inclusion-oriented: embracing all sectors of society (Pant 2007: 89-90).

In some countries, the civil service is highly politicized and accountable to the political leaders rather than the public and the national interest. This situation diminishes the public service standard and fosters graft and corruption at a high rate that causes incompetence, inefficiency, redundancy and oversized staffs in civil service. Similarly, in other countries, mainly in Africa and Middle East Asia, the civil service is considered as political support and, as a result, downsizing public sectors in these countries is difficult. Additionally, the use of the civil service to create jobs leads to fiscal pressure, which in turn drives low wages that frustrates the qualified people. Consequently, sooner or later, there will be the scarcity of qualified people in the public sector that ultimately affects the functioning of the nation.

According to Shepherd (2003: 4), politicization of the civil service can be minimized by "developing a more politically-informed view of the relative advantages and disadvantages of merit and patronage system." He further stressed that transparency (public access to information on political appointees and their status) about the ways through which the exercise of political parties control over the bureaucracy might be another way to depoliticize the civil service.

Experience suggests the need to "make corruption a high-risk, low-reward activity" (Mangahas 2009). Therefore, changing the status quo inevitably involves the imperative to transform the mindsets and paradigms that breed corruption.

A mechanism in reforming behaviors and mindsets of the people is through leadership by example. The leader, to most extent, can serve as an inspiration or a model in bringing change of mindsets and behaviors of his people.

Changing mindsets and behavior is long term and requires investment in the various educational systems. At the primary and high school levels, anti-corruption education (ACE) interventions can be incorporated in the curriculum. At the college levels, ACE can be conducted in partnership with schools of public administration and governance, including the design of the curriculum, internship methods, and extra and co-curricular activities of the students.

Box 4. Initiatives of the Civil Service Commission

A program currently pursued by the Civil Service Commission is the promotion of ethics and accountability in the public sector.

One component is the conduct of the Public Service Ethics and Accountability (PSEA) workshop for officials and employees in government. Major departments and offices like the Department of Budget and Management, Department of the Interior and Local Government, Armed Forces of the Philippines, Technical Education and Skills Development Authority, and Philippine Children's Medical Center, among other agencies, have participated in the training program. An important component of this training program is the development of an ethics promotion or corruption prevention plan by the participants. Discussions and workshops are substantial on the issues of causes, patterns, and consequences of corruption and the best anti-corruption practices.

Another component is the conduct of Values Development trainings nationwide. The core activity is a review of the fundamental values in the Filipino culture to align them with public service values. In 2002, a total of 14,583 government employees participated in the program. Considering the number of government workforce, these training programs are not enough to create a significant "movement" of reformers in government.

The last component is the Presidential Honor Awards Program that recognizes the exemplary performance and contribution of the employees in the civil service. Every year, several officials and employees are recognized for very specific achievements. The idea is to foster positive morale within the bureaucracy and improve the image of public service so as to influence the tide of public opinion. However, no study has been made to determine the extent of effectiveness of the program.

The CSC also strengthens the merit principle through the improvement of various personnel mechanisms in the civil service, specifically the Performance Evaluation System and the Incentives and Awards System. These mechanisms put more premiums on performance or merit rather than political patronage.

Source: Fernandez-Mendoza (n.d).

Reforming Leadership

Leadership plays a crucial role in the success or failure of any government effort. According to Tamesis (2004), because of the inherent challenges to delivery, anti-corruption initiatives have not been sustainable. Technical approaches to fight corruption have proven unproductive thus far, and will continue unless reforms are led by a clean leadership that is dedicated to serve the public good and supported by well-functioning institutions. Ahmad says, "Given the opportunity and the right political support, the public sector can accept the challenges of change and reform" (Ahmad 1997: 68 as cited in ADB 2007). Many times, "political will" refers to the "right political support."

Effective leadership is central to effective and sustainable implementation of any anti-corruption efforts. It plays a vital role in the success or failure of the government. The key to successful implementation of anti-corruption policies and laws is "leadership, leadership, and still more leadership" (Kotter 1996: 31). Corruption affects the country at all levels, from national to local government. Leadership is of such critical importance. According to Bhargava (2000: xiii):

> Because leadership is of such critical importance in the anticorruption struggle, a talented manager should be appointed. This manager must have impeccable and widely recognized integrity, a track record of sticking to a job and showing results, and the ability to communicate well with a wide public audience. To drive forward the anticorruption strategy and agenda, the manager should be given the support of a strong organization and adequate resources. The manager's mandate would involve spearheading the anti-corruption efforts and coordinating a variety of agencies and groups involved in the effort.

Thus, a public official or a political leader should not be merely managers. As Drucker (1973) says, "Management is doing things right; leadership is doing the right things." The leadership (political will) with innovation and creativity is crucial in reforming public administration and tackling corruption.

The many laws and policies on corruption need to be implemented. Implementation will have to be championed by an effective leader. The key role of leadership and political will in implementing anti-corruption policies and laws is central in the fight against corruption. Leadership, therefore, is key to minimizing corruption. To determine what kinds of leadership have succeeded in a similar context, it will be worthwhile to study what qualities exist among the leadership styles of government executives of Singapore, Malaysia, Thailand, Vietnam, and Indonesia that we might be able to adopt in building our own leadership capacity evaluation standards. Although Singapore has always been way ahead in the Association of Southeast Asian Nations (ASEAN) in integrity rating, we scored similarly with Thailand, Vietnam, and Indonesia at some point in the past 13 years of the implementation of the CPI evaluation. However, these ASEAN neighbors have managed to improve their performance beyond ours. On the other hand, it may be of value to likewise study what we may have in common with Laos, Cambodia, and Myanmar, ASEAN neighbors whose integrity ratings have similarly deteriorated. On a more proactive note, we might consider focusing on trying to understand the kind of leadership that enables Singapore to consistently surpass our ASEAN community.

In view of this situation, the leadership of Singapore, Malaysia, Thailand, and Indonesia may be evaluated in terms of their effectiveness as law enforcers, sustainable development administrators, and poverty

exterminators. In the history of present developed countries, we see the role of effective leaders to bring their country in the present state. One instance can be the country Malaysia. Mahathir Mohamad, the Malaysian prime minister (1981-2003) who contributed enormously to bring Malaysia to its present state, "believes firmly in leadership by example which became the slogan of his administration" (ibid.). Another example would be Lee Kuan Yew of Singapore, the first and longest serving Prime Minister of Singapore, whose leadership brought Third World Singapore into a thriving metropolitan city in a stunning three decades. He elevated the nation from the Third World to the First World league. Indeed, Singapore is one of the most successful former colonies, with Lee as a symbol of its success. When he stepped down in 1990, he left "gold standards"—a clean and efficient government, world-class infrastructure and a business-friendly economy (Oei 2005). In South Korea, there is Major General Park Chung-hee (1961-79) who carried out a military *coup d'etat* followed by an anti-corruption campaign that was welcomed by the general public (Liu 2006). To its credit, the Park regime brought about considerable changes in Korean society, including rapid economic advancement. The "Saemaul" (New Village) program was instituted in 1971 as a self-help program for farmers. Although seen by some as a tool for government indoctrination, it did bring many benefits to the rural poor. The program later spread to fishing communities and then to urban areas. Due to various reforms, Korea became virtually self-sufficient in food production by the mid-1970s. Throughout the 1960s and 1970s, a reawakening of cultural activities was helped along by broadening mass communication and education.

In essence, reforming leadership, which is many times marked by political will, is indispensible in any anti-corruption efforts. Beyond the problem of morality is one of leadership by example. The weak state apparatus which prevents our country from providing an enabling environment to improve living conditions for common Filipinos renders the poverty-stricken public vulnerable to corruption and abusive leadership. Leadership indeed matters. Effective leaders are able to mobilize collaboration between the national and local public sector and the private sector and civil society to deliver goods and services to the public. Accountability, transparency, participation, and predictability through rule of law are translated into experience as processes, tools, and instruments. Experience becomes scorecards and benchmarks for political, social, administrative, economic, and cultural dimensions of governance. The outcome of effective leadership is decreased incidence of corruption, better service delivery, economic growth and development, and improved living conditions. At the end of the day, implementation of anti-corruption initiatives is the key to stopping corruption and central to effective and sustainable implementation is leadership, and many times marked by political will.

Tackling Corruption through Transformational Leadership

We emphasize the role of the transformational leader in tackling corruption. A transformational leader (Burns 1978) is very high in his ethical virtues. He leads the people by example. He values accountability, transparency, and integrity. He is very much serious in his work ethics. He is responsive and clear in his purpose resulting in trust and confidence from the people. The transformational leader believes in transparency and keeps the records very well. This transparent character earns him credibility and integrity. A man can deceive people around him but he can never deceive his own heart. An honest heart never lies, steals, cheats, and manipulates. An honest man thinks positively, works diligently with faith in future, and paces up gladly. In such environment, there will be no sting of corruption. He cannot be lured by the temptations of corruption.

Promoting Accountability and Transparency

Accountability and transparency are the key governing imperatives of public administration and good governance. An accountable and transparent leader takes the lead role in promoting accountability and transparency in his organization and in the institution as a whole. A transformational leader is transparent and is responsible and answerable to the public. The purpose, vision, and individual and organizational roles are clearly penned with the detailed structure, process, and procedures. A transformational leader leads the people by example, aligning actions with shared values. He models what he expects people to do by clarifying his personal values and the public values. If people see the consistency between his personal life and his public life, then he earns the loyalty and trust of his people.

Encouraging People's Participation and Empowerment

A transformational leader celebrates the values and victories, even small ones; tackles problems through recognizing others' contributions; and creates a spirit of community. A transformational leader knows how to motivate his people and mobilize groups for the betterment of the country as a whole. He also believes in shared vision and values. He decentralizes power and gives opportunity to others. He articulates vision and casts it in such a persuasive and powerful way that people intrinsically sense it and do accordingly. Sometimes, he thinks outside the box; he knows how to show a clear big picture of his vision where the role and relationship are clearly drawn that makes people work efficiently and effectively. There will be clear-cut rules and regulations that foster smooth work under such leadership.

Box 5.1. Bureau of Customs under Parayno's Administration

Under Parayno's leadership, Customs Modernization in the Philippines has taken off. The period of 1992-1998 was one of the golden opportunities for reform and modernization in the custom service. In the BOC, the Public Ethics and Accountability Program was established to increase the risks and reduce the rewards in engaging in corrupt practices. Attempts to exempt certain key customs positions from the civil service law that regulated those positions failed.

BOC managers risk being overwhelmed by day-to-day emergencies and policy issues and often do not have the time to plan. The BOC Commissioner took it upon himself to manage the reform and provide guidance on the directions to be taken. The reform used a strong top-down approach, with relatively few consultations with stakeholders or BOC management. To free himself of such routine matters as dealing with personnel promotions and mobility, the commissioner rationalized procedures so that they would require less direct input from him. He also instituted a clear delegation of authority to his deputy-commissioners in relation to personnel and procurement matters. The commissioner tracked the progress of the reform in detail and personally intervened to address problems as necessary.

Source: Case study 1, Parayno (2007).

Box 5.2. Bayani's Leadership in Marikina

The leadership of former mayor Bayani Fernando and his wife, Marides Fernando, has transformed Marikina City from a sleepy and lackluster town (always in the shadow of its bigger sister city Quezon City) into one of the most progressive and shining cities in the Philippines. With the Mayor's creative leadership by example, Marikina is branded as the most peaceful, most orderly, cleanest, greenest, corrupt-free new city in the country. The Mayor has established a high level of professionalism and effectiveness in the discharge of services of the Marikina City Hall even the basic and routine ones such as access to health and maintenance services and proper garbage disposal. He also succeeded in promoting the City of Marikina into a "little Singapore" in terms of the cleanliness and orderliness of infrastructure, such as roads and flood control projects, and of the general discipline of its citizenry.

Source: www.worldmayor.com.

Engaging Citizens

In fighting corruption, reforming and engaging citizens is an equally important reform imperative. The fight against corruption is not the sole concern of the government. The "governance" concept encourages the participation of citizens in the governance process. The fourth framework is a demand-side approach aimed at promoting citizens' engagement in the governance processes and in curbing corruption. According to Chene (2008), strengthening demand for good governance and anti-corruption is a logical policy arena. She adds:

In many developing countries, the public sector is perceived as distant, corrupt and unaccountable, leading to a widespread crisis of legitimacy between citizens and the institutions that represent them. The link between citizen voice, transparency and accountability has been recognized in this context as the core of good governance and improved public sector performance. There is a growing consensus that working on the demand-side of curbing corruption is a critical dimension of governance reform. This recognition has opened new opportunities for citizen involvement in recent years, with the proliferation of a wide range of accountability mechanisms aimed at increasing citizen voice and influence over public policies and the use of public resources. Such interventions share the common goal of empowering citizens to play a more active role in decisions that affect them, with the view to reducing the accountability gap between citizens and policy makers and improving the provision of public services. (Chene 2008: 1)

Citizens' engagement in the governance process is a new paradigm in reforming public administration. Citizens must take an ownership of the well-being of the country and must take an active part in sharing their ideas and more importantly in taking part in the governance process. The full extent of engaging citizens in government can fulfill the notion of a famous slogan—"by the people, for the people." There is wide recognition that the active engagement of civil society organizations (CSOs) plays an important role not only in operationalizing the voice in the good governance paradigm but also in bringing about accountability and improving service delivery of government institutions—national and local government units. CSOs have exemplified their ability to engage in partnerships and participate in governance processes. They have established systems, tools, and mechanisms toward exacting accountability in both national and local government institutions.

The civil society movement in the Philippines is one of the most vibrant and dynamic in the region. Strong enabling framework for civil society participation in governance has been provided for in the *1987 Philippine Constitution* and the *Local Government Code of 1991*. In the Philippines, the civil society has a powerful presence. A vibrant Filipino civil society was manifested in the EDSA people power revolution which has brought a significant transition in our government. People's participation is now becoming an intrinsic part of the governance process. To date, the Philippines has an estimated 600,000 CSOs including NGOs and people's organizations (POs). The figure, however, needs to be disaggregated to show those that are actually engaged in governance reforms.

There are various mechanisms to engage the citizens in anti-corruption. There is a wide range of channels that can be envisaged to support closer citizen participation including the media, political parties, and citizens' watchdogs, among others. For instance, the people could engage in the democratic process through participation in the electoral process but the real

essence of citizens' engagement in the governance process is through an active participation in government decision-making or in the policy-making process. In the Philippines, this participation is realized because of decentralization. Also, with modern technology, more voices are heard through the internet. The internet offers various modes of communication such as online meetings, social networking via facebook or twitter, and feedback mechanisms through chatrooms, blogs, and forums, which have cut off the expensive mechanisms for soliciting citizen inputs.

In order to illustrate the interventions that could build citizens, the authors shall discuss this part based on Chene's five mechanisms for citizens' participation which include (1) free press, (2) transparency of government processes and public access to official information, (3) participatory planning and budgeting, (4) community participation in service delivery, and (5) citizens' feedback and monitoring of public services.

1. Free Press

Building the capacity of media to investigate and expose corruption cases can contribute to galvanize public opinion and action against corruption. An example is the Philippine Center for Investigative Journalism (PCIJ). In 2000, it packaged investigative reports in a book entitled *Betrayals of the Public Trust: Investigative Reports on Corruption*, exposing corruption which has spawned during the administration of three elected Presidents of the country: Corazon Aquino, Fidel V. Ramos, and Joseph Estrada, who were challenged by charges of corruption and malfeasance. The reports exposed corruption cases which involved the Presidency and Congress, the courts, the environment, local governments and corruption in service delivery. Consequences of corruption in service delivery would be potholed streets, inadequate textbooks and broken chairs in public schools, and expired medicines (PCIJ 2000).

2. Transparency of government processes and public access to official information

RA 6713, or the *Code of Conduct and Ethical Standards for Public Officials and Employees,* which requires government employees to submit their Statement of Assets, Liabilities and Net Worth (SALN), and the Citizen's Charter as required by RA 9485 or the *Anti-Red Tape Act* are ways to promote transparency in government processes.

3. Decentralization/devolution of public services

This would encourage more participation from the local people. The *Local Government Code (LGC)* of 1991 emphasizes the importance of NGOs in local governance.

The LGC has improved governance by enabling active citizen participation at the local level. More specifically, the Code provides the enabling framework for citizen engagement in local governance through NGOs within the context of local autonomy:

> SEC. 34. Role of People's and Nongovernmental Organizations. - Local government units shall promote the establishment and operation of people's and nongovernmental organizations to become active partners in the pursuit of local autonomy.

The Code likewise encourages partnerships between the local government and NGOs in the promotion of local development, delivery of services and capacity building initiatives. More specifically, partnerships may be in the areas of joint ventures, capability-building and livelihood projects; development of local enterprises to improve productivity and income, diversify agriculture, spur rural industrialization, promote ecological balance and enhance the economic and social well-being of the people (Section 35). In operationalizing such objectives, local government units may provide financial and other forms of assistance to NGOs as long as they are approved by the local chief executive with the concurrence of the local legislative body (Section 36).

4. Participatory Planning and Budgeting

The involvement of citizens has enabled improved service delivery and accountability of the public sector. Brillantes and TiuSonco II (2005) emphasized that the collegial and partnering role of civil society groups with government has evolved over recent years and they have become active participants in national and local development planning activities and the implementation, monitoring and evaluation of policies, programs, and projects. Participatory planning and budgeting refer to the involvement of citizens in identifying local priorities, policies, programs, and projects that require allocation of resources. Participatory planning and budgeting provide the opportunity for people to participate in the allocation of resources to priority social policies and for them to monitor public spending and policy performance. As such, local constituents gain ownership of the policies/ programs/projects for local development; thus, they are committed to support social policies and development initiatives of local government units (LGUs).

Box 6.1. Workers Party of Porto Alegro

> The experience of participatory budgeting introduced by the Workers Party (PT) in the Brazilian city of Porto Alegro has been well documented. Although there have been some concerns over the balance between participation and the quality of representation, the city has experienced impressive results in terms of **increased participation, more pro-poor expenditures**, **greater access to public services, and local government accountability**. Between 1989 and 1996, the number of households with access to water services rose from 80 to 98 percent; the percentage of the population served by municipal sewerage rose from 46 to 85 percent; and the number of children enrolled in public schools doubled. This experience presents a strong example of democratic accountability through civic participation ensuring greater legitimacy and fairness of allocation processes.

Source: www.wmd.org/wbdo/oct-nov02/SouzaHabitat.doc.

5. Community participation in service delivery

Increasing NGO involvement in the delivery of basic services is certainly one mode by which problems of society are collectively solved (Brillantes 2003). As cited by Brillantes (2003), Cernea (1998) identifies the strengths of NGOs as follows:

  1) capacity to reach rural poor and outreach to the rural areas,
  2) capacity to promote local participation,
  3) capacity to operate at low costs, and
  4) capacity to innovate and adapt.

6. Citizens' feedback and monitoring of public services

There are several mechanisms and social accountability tools that the citizens could use for feedback and monitoring of public services. These mechanisms would include the Citizen Report Card (CRC). The CRC is a simple but powerful tool to provide public agencies with systematic feedback from users of public services. By collecting feedback on the quality and adequacy of public services from actual users, CRC provides a rigorous basis and a proactive agenda for communities, civil society organizations, and LGUs to engage in a dialogue with service providers to improve the delivery of public services. (ADB and ADBI 2007) This tool has been proven successful in the case of Bangalore's Citizen Report Card. In the Philippines, Public Service Audit (or PASADA) has been introduced and initiated by the Civil Service Commission as a pro-active mechanism for citizens' feedback and monitoring. As Memorandum Circular No. 24 provides, the PASADA is installed to address the problems wrought by inefficiency at the government's first level of contact

with the citizenry. PASADA provides a mechanism through which the performance of government front line services can be systematically checked and evaluated on a simple strategy, i.e., a pool of volunteer or public service monitors checks and tests out government frontline services. The idea is for them to stimulate and empathize with the experience of the public, whether good or bad, as they transact with the government. Finally, it might be noted that the National College of Public Administration and Governance and the Association of Schools of Public Administration in the Philippines have been actively engaged as volunteers in the CRC and the PASADA and other mechanisms for citizen feedback.

Reform Initiatives of Citizens

Mechanisms strengthening the demand for anti-corruption measures are meant to transform individuals—especially those from social groups that are traditionally excluded from government decision-making processes—into engaged and organized citizens that have the knowledge and power to express demands and influence decisions that directly affect them through increased participation in governance processes.

Box 6.2. Public Service Accountability Monitor of South Africa

In South Africa, the PSAM shifted its focus over time to the structural context of weak financial management generating corruption risks. It thus contributed to the **improvement of financial reporting standards in provincial reporting agencies**, which in turn resulted in a dramatic decrease of audit disclaimers issued by the AG since 1996. These disclaimers were issued in 10 of the 13 major public agencies between 1996 and 2000, meaning that the government could not account for more than 90 percent of its total budget over a period of several years. As a result of PSAM intervention, audit disclaimers issued by the AG comprised only 41 percent of the total provincial budget, a reduction of more than half.

Source: http://www.internationalbudget.org/SAIs.pdf.

Box 6.3. Concerned Citizens of Abra for Good Governance

The CCAGG's monitoring of public works projects in the Abra Province resulted in the conviction of public officials on charges of corruption. CCAGG's investigations monitor a variety of practices in government projects – especially road construction projects, including the use of substandard materials, poor construction techniques, and fraud in contracting procedures. In recognition of the role played by the CCAGG, the Philippines' supreme audit institution entered into a partnership to conduct participatory audit exercises in the Abra region.

Source: http://www.internationalbudget.org/SAIs.pdf.

Box 6.3. 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. It has a membership base of 21 organizations composed of academe, private sector, and civil society groups with strong interest in anti-corruption and good governance. The coalition envisions the country with transparent, accountable, and efficient public institutions and an empowered citizenry intolerant of corruption.

TAN's anti-corruption initiatives fall under the four (4) major categories: administrative measures, legislative bills, NGO participation as reform partner, and electronic initiatives. Among these is the adoption of reforms in the government procurement process through the Electronic Procurement System (EPS), enactment of the Procurement Reform Law, streamlining of the pre-qualification process, and strengthening of the post-qualification process. TAN has also led in its participation in the lifestyle check system.

Source: Fernandez-Mendoza n.d.

Conclusions

Reform efforts on corruption entail a deep sense of understanding of its causes, complexities, and ramifications of the problem. We have discussed the four broad reform types: reforming institutions, processes, procedures; reforming mindsets and behavior; reforming leadership and political will; and engaging citizens. The reform of public administration in these four categories makes the governance more efficient, accountable, effective, and transparent. It significantly elevates the standard of public service. Public service in any country is the backbone of its government, plays a crucial role, and must be both efficient and effective.

Good institutions, processes, and procedures are essential for the effective functions of public administration. In the absence of good institutions, there are big possibilities of graft and corruption, inefficiency, incompetency, and redundancy in public administration. Hence, the institutions, processes, and procedures are reformed for the standard of performance by eliminating the evil things in public administration.

People think how they see and understand these. In other words, their mindsets and behaviors are the equally important factors in either contributing to or hindering corruption.

Leadership is central to effective and sustainable implementation of anti-corruption initiatives and many times fighting corruption requires strong political will. Therefore, effective leaders who lead by example are crucial not only for the PA reforming process, but also for high standard functions of

public administration and nation. The transformational leader's characteristics, such as, confidence, empowerment, vision span, and good moral behavior—modest life, shared vision, and being a change agent, make him fit in addressing the issues and concerns of corruption. People trust in a kind of leader who manifests the elements of good governance, such as, accountability, predictability, transparency, rule of law, and participation. This kind of leader plays a vital role in reforming public administration, whether it is in institutions, mindsets, leadership, or engaging the citizens. Reengineering triggers changes of many kinds of the job designs, organizational structures, and management systems—anything associated with process must be refashioned to fit with these erratic changes. The success of reengineering hinges on transformational leadership. Only if top-level managers back the effort and outlast the organizational cynics can reengineering succeed. Lastly, the implementation of reengineering is extremely strenuous that it needs fast radical change which accelerates the dramatic improvements. This lies in information technology, as maximized in a reengineering effort under the guidance of transformational management that has vision. Hence, the role of transformational leadership in reforming public administration is vital and indispensable.

Lastly, engaging citizens is significantly important to make public administration compatible with its changing context. The world is becoming a global village with the contribution of highly sophisticated technologies, particularly in communication and information systems. We can tap information and communications technology in promoting anti-corruption initiatives or even in exposing corrupt practices in all levels.

Endnotes

[1] Measured by Transparency International yearly since 1995, the CPI is globally considered to be a reliable indicator of a country's integrity.

[2] The creation of the Truth Commission likewise has stirred many controversies primarily questioning its constitutionality. These administrative lapses (MC 1, EO 1, the Truth Commission) have been attributed to the inexperience of the Aquino administration.

[3] Brillantes 2009. This framework has evolved from the studies of North, De Guzman, Reyes, and Brillantes on development reforms and governance imperatives.

[4] Cariño (1975) comprehensively discusses the reasons for graft and corruption.

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Annex 1. Corruption Perceptions Index (CPI) of the Philippines, 1997-2009
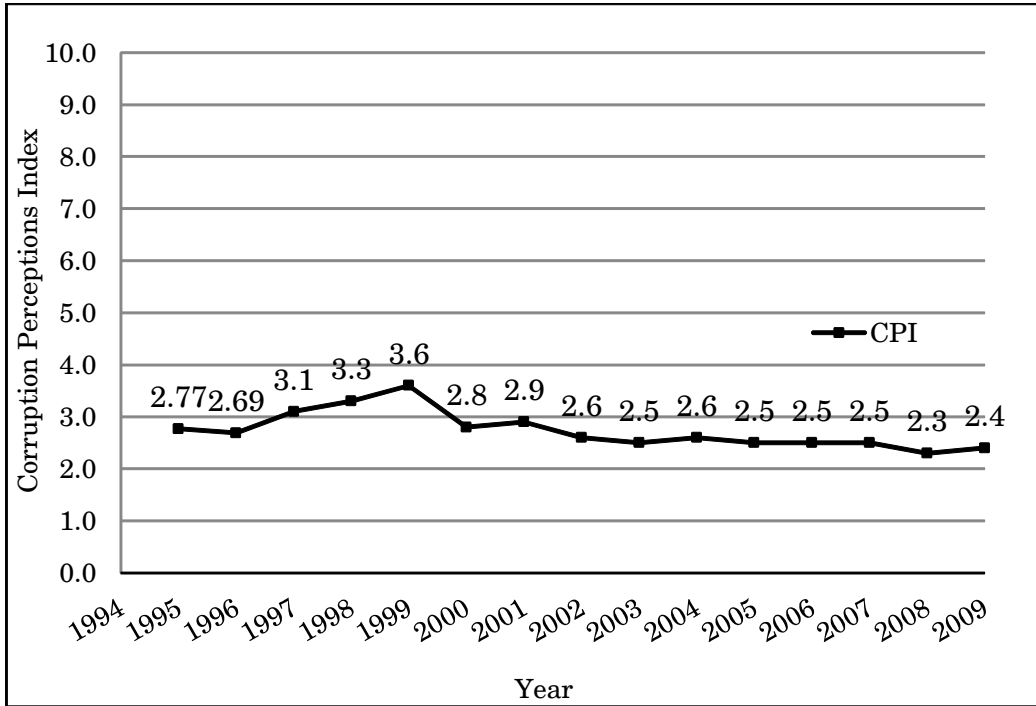
Source: Data from www.transparency.org.
Note: The maximum CPI score is 10.

**Annex 2. Philippines' CPI Compared with Other Countries',
1995-2008**

Year	Philippines		Countries whose 2008 CPI have Improved over Philippines'	
	CPI	Rank	Countries with Same CPI	2008 CPI
2008	2.3	141/180		
2007	2.5	131/179	Honduras Libya Nepal	2.6 2.6 2.7
2006	2.5	121/ 163	Rwanda Swaziland Benin Guyana Nepal	3.0 3.6 3.1 2.6 2.7
2005	2.5	117 /158	Bolivia Guatemala Guyana Libya Nepal Uganda	3.0 3.1 2.6 2.6 2.7 2.6
2004	2.6	102/145	Eritrea Uganda Vietnam Zambia	2.6 2.6 2.7 2.8
2003	2.5	92/133	Albania Argentina Ethiopia Pakistan Tanzania Zambia	3.4 2.9 2.6 2.5 3.0 2.8
2002	2.6	77/102	Pakistan Romania Zambia	2.5 3.8 2.8
2001	2.9	65/91	Guatemala Senegal	3.1 3.4
2000	2.8	69/90	India	3.4
1999	3.6	54/99	Turkey	4.6
1998	3.3	55/85	Ghana Mexico Senegal	3.9 3.6 3.4
1997	3.05	40/52	Thailand	3.5
1996	3.69	44/54	Indonesia Uganda	2.6 2.6
1995	2.77	36/38	India Brazil	3.4 3.5

Annex 2 *(Continued)*

Year	Philippines		Countries whose 2008 CPI have Become Worse than Philippines'	
	CPI	Rank	Countries with Same CPI	2008 CPI
2008	2.3	141/180		
2007	2.5	131/179	Burundi	1.9
2006	2.5	121/ 163	Ecuador Gambia Russia	2.0 1.9 2.1
2005	2.5	117 /158	Afghanistan	1.5
2004	2.6	102/145	Papua New Guinea	2.0
2003	2.5	92/133	Gambia	1.9
2001	2.9	65/91	Zimbabwe	1.8

Year	Philippines		Countries with Same CPI as Philippines	
	CPI	Rank	Countries with Same CPI	2006 CPI
2008	2.3	141/180	Yemen Iran	2.6 2.7
2007	2.5	131/179	Yemen Iran	2.6 2.7

Source: Data were derived from the Transparency International
website, http://www.ti.org.

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Annex 3. Inventory of Philippine Laws Related to Graft and Corruption, 1930-2007

Revised Penal Code of the Philippines (1930) (Book 2, Titles 2, 4, 7)	Specified the crimes committed by the public officer, such as malfeasance and misfeasance in the office, fraud, forgery, malversation of public funds or property, and infidelity of public officers.
Republic Act (RA) 1379 (1955)	Declared forfeiture in favor of the state of any property found to have been unlawfully acquired by any public officer or employee, and provided for the proceedings.
RA 3019 (1960)	Also known as the Anti-Graft and Corruption Practices Act, this act provided for the repression of certain acts of public officers and private persons alike, which constitute graft or corrupt practices or which may lead thereto.
RA 6028 (1969)	Provided for the promotion of higher standards of efficiency and justice in the administration of laws, as well as to better secure the right of the people to petition the government for redress of grievances, creating the office of the citizen's counselor.
Presidential Decree (PD) 6 (1972)	Amended certain rules on discipline of government officials and employees.
PD 46 (1972)	Made it punishable for public officials and employees to receive and for private persons to give gifts on any occasion, including Christmas.
PD 677 (1975)	Amended Section 7 of RA 3019 (as amended).
PD 749 (1975)	Granted immunity from prosecution to givers of bribes and other gifts and to their accomplices in bribery and other graft cases against public officers.
PD 807 (1975)	Provided for the organization of the Civil Service Commission, in accordance with provisions of the Constitution of the Republic of the Philippines (repealed under President Aquino's administration)
PD 1606 (1978)	Revised PD 1486, creating a special court to be known as SandiganbayanÙ the main anti-graft court that adjudicates criminal cases filed against high-ranking government officials.
PD 1829 (1981)	Penalizes obstruction of apprehension and prosecution of criminal offenses.
Batas Pambansa (BP) 195 (1982)	Amended sections 8, 9, 10, 11, and 13 of RA 3019.
BP 242 (1982)	An act prescribing the period within which a denounced public officer may bring action against an informant or witness who gave false or malicious testimony, amending for the purpose Section 2 of PD 749.

Annex 3   *(Continued)*

1987 Constitution of the Republic of the Philippines	Article XI, Accountability of Public Officers; Article II, Sections 27 and 28, declares a policy of the State to maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption; and Article III, Section 7, provides for the right of people to have access to public information.
Executive Order (EO) 292 (1987)	Instituted the 1987 Administrative Code of the Philippines.
EO 243 (1987)	Created the Office of the Ombudsman (OMB) and restated its composition, powers, functions, and other salient features in the 1987 Constitution.
RA 6713 (1989)	Established the "Code of Conduct and Ethical Standards for Public Officials and Employees."
Code of Judicial Conduct (1989)	Provided for the appropriate conduct of judges in performing their duties.
RA 7055 (1991)	Strengthened civilian supremacy over the military by returning to the civil courts the jurisdiction over certain offenses involving members of the armed forces, other persons subject to military law, and members of the Philippine National Police (PNP).
RA 7080 (1991)	Defined and penalized the crime of plunder.
RA 7975 (1995)	An act to strengthen the functional and structural organization of the Sandiganbayan, amending for that purpose PD 1606, as amended.
RA 8249 (1997)	Further defined the jurisdiction of the Sandiganbayan, amending PD 1606 (as amended).
Proclamation 189 (1999)	Declared war against graft and corruption and authorized the Philippine Jaycee Senate, through the Graft Free Philippines Foundation, Inc., to institutionalize public awareness of clean, efficient, and honest governance.
EO 268 (2000)	Created the National Anti-Corruption Commission and abolished the Presidential Commission Against Graft and Corruption created under EO 151, s. 1994, as amended.
EO 317 (2000)	Prescribed a Code of Conduct for Relatives and Close Personal Relations of the President, Vice President, and Members of the Cabinet.
EO 12 (2001)	Created the Presidential Anti-Graft Commission (PAGC) and provided for its powers, duties, and functions and for other purposes to investigate complaints or hear administrative cases filed against presidential appointees.
EO 25 (2001)	Established the Governance Advisory Council to encourage more active involvement of the business sector in curbing graft and corruption.
RA 9160 (2001)	Defined the crime of money laundering and provided for the penalties of such act.

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Annex 3   *(Continued)*

EO 38 (2001)	Recognized and extended the life of the Special Task Force created under EO 156 (1999) entitled "Creating a Special Task Force to Review, Investigate and Gather Evidence Necessary to Successfully Prosecute Irregularities Committed at the Bureau of Internal Revenue, Bureau of Customs and Other Government Offices or Agencies," and required the use of the Government electronic procurement system.
Code of Corporate Governance (2002)	Further provided to actively promote corporate governance reforms aimed to raise investor confidence, develop capital market, and help achieve high sustained growth for the corporate sector and the economy.
RA 9184 (2002)	Provided for the modernization, standardization, and regulation of procurement activities of the Government, also known as the Government Procurement Reform Act.
EO 72 (2002)	Rationalized the agencies under or attached to the Office of the President.
EO 109 (2002)	Streamlined the rules and procedures on the review and approval of all contracts of departments, bureaus, offices, and agencies of the government including government-owned or -controlled corporations and their subsidiaries.
EO 114 (2002)	Restructured the Bureau of Internal Revenue (BIR) toward a Taxpayers' Focused Organization.
EO 251 (2003)	Required the Bureau of Internal Revenue to furnish OMB with income tax returns filed.
RA 9194 (2003)	Amended RA 9160 (Anti-Money Laundering Act).
EO 327 (2004)	Amended EO 12 which created the PAGC and provided for its powers, duties, and functions.
Proclamation 591 (2004)	Declared May as Anti-Graft and Corruption Awareness month.
EO 531 (2006)	Strengthened the PAGC by amending EO 12, s. 2001.
EO 531-A (2006)	Amended EO 531, s. 2006, to further strengthen the Presidential Anti-Graft Commission. This EO has given PAGC the authority to move for reconsideration in accordance with established rules regarding quasi-judicial bodies.
EO 531-B (2006)	Authorized PAGC to investigate presidential appointees who are members of the Armed Forces of the Philippines and the PNP if ordered by the President.
RA 9485 (2007)	To improve efficiency in the delivery of government service to the public by reducing bureaucratic red tape and preventing graft and corruption and providing penalties; also called the Anti-Red Tape Act of 2007.

Sources: http://www.tag.org.ph/phillaw; http://www.chanrobles.com; http://www.csc.gov.ph; http://www.ops.gov.ph; http://www.pagc.gov.ph; http://www.lawphil.net; http://sc.judiciary. gov.ph; http://www.ombudsman.gov.ph.

Annex 4. Corruption Perceptions Index (CPI) of ASEAN Countries, 2008

Rank	Country/Territory	CPI	Confidence Intervals	Surveys Used
4	Singapore	9.2	9.0 - 9.3	9
47	Malaysia	5.1	4.5 - 5.7	9
80	Thailand	3.5	3.0 - 3.9	9
121	Viet Nam	2.7	2.4 - 3.1	9
126	Indonesia	2.6	2.3 - 2.9	10
141	Philippines	2.3	2.1 - 2.5	9
151	Laos	2.0	1.6 - 2.3	6
166	Cambodia	1.8	1.7 - 1.9	7
178	Myanmar	1.3	1.0 - 1.5	4

Source: www.transparency.org.