

**STRENGTHENING WORLD BANK GROUP
ENGAGEMENT ON GOVERNANCE AND ANTICORRUPTION
CONSULTATION FEEDBACK**



PHILIPPINES

(JANUARY 15-16, 2007)

Participants:

Government

1. Lary Agfalo, Mindanao Rural Development Project 2 (MRDP2)
2. Geroncio Aguio, National Commission on Indigenous Peoples
3. Gerlie Anzar, Mindanao Economic Development Council
4. Ma. Virginia Ala – Department of Health (DOH)
5. Charito Alvarado – Presidential Anti-Graft Commission (PAGC)
6. Ronaldo Amorado, National Coordinator, Aha! Ehem!
7. Raul Asis – Department of Public Works and Highways (DPWH)
8. Rene Burdeos, Regional Director, Department of Interior and Local Government, Region VII
9. Mary Val Cortez, MPDC, LGU-Asuncion
10. Lilibeth Cuajao, Municipal Engineer, Asuncion, Davao del Norte
11. Constanca De Guzman - PAGC
12. Chalton Deo, IT Administrator, Argao, Cebu
13. Aida Dizon – Philippine Ports Authority
14. Aida Carpennero – Department of Education (DepEd)
15. Maximo M. Estela, Mayor, Sto. Tomas, Davao del Norte
16. Jun Fernandez – National Economic and Development Authority
17. Guillerma Flores – Department of Social Welfare and Development (DSWD)
18. Cleto B. Gales Jr., City Administrator, IGACOS
19. Bingle Gutierrez – Department of Budget and Management
20. Miguel Herrera, Chief Economic Development Specialist, National Economic and Development Authority
21. Mark Jalandoni – Office of the Ombudsman (OMB)
22. Norhana Kamit, Mindanao Economic Development Council
23. Lilia Z. Rocas – DepEd
24. Teodulo Romo, Regional Director, Department of Social Welfare and Development, Region VII
25. Rebecca Sembrero, Municipal Administrator, Argao Cebu

Civil Society Organizations (CSO) [including Academe]

26. Fr. Margarito Alingasa, Executive Director, CUSWFI
27. Dr. Ronaldo Amorado, National Coordinator, Aha! Ehem!
28. Moises Baral – Naga City People's Council (NCPC)

29. Maria Jocelyn Basaguin – Development Academy of the Philippines (DAP)
30. Alex Brillantes – UP National College of Public Admin. and Governance (UP NCPAG)
31. Ma. Isabel Buenaobra – The Asia Foundation (TAF)
32. Emilio Capulong, Jr. – Kilosbayan Foundation
33. Dolores Corro, MINCODE
34. Reynaldo Cuizon, Director, Project AIM
35. Dolores Español – Transparency International
36. Lorraine Gatlabayan – Ateneo School of Government
37. Dennis Gonzalez – Ateneo School of Government
38. Eduardo Gonzales – DAP
39. Ky Johnson – The Asia Foundation
40. Noraida Karim, CFSI
41. Vincent Lazatin – Transparency and Accountability Network (TAN)
42. Sixto Donato Macasaet – CODE NGO
43. Noel Magalit – Procurement Watch, Inc.
44. Amado Mendoza, Jr. – University of the Philippines (UP)
45. Magdalena Mendoza – DAP
46. Redempto Parafina – Ateneo School of Government
47. Roderick Poca, University of San Carlos
48. Gloria Ramos, University of Cebu
49. Aristeo Salapan, Student Coordinator, CGBE
50. Leoncito Silva – Fellowship of Christians in Government, Inc.
51. Pura Sumangil – Concerned Citizens of Abra for Good Government

Private Sector

52. John Forbes – American Chamber of Commerce
53. Alberto Lim – Makati Business Club (MBC)
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55. Mahar Mangahas – Social Weather Station (SWS)

How did the process fit into ongoing country dialogue?

The World Bank Manila Office is conducting a mid-term review of its Country Assistance Strategy (CAS), which itself places strong emphasis on supporting “Islands of Good Governance” as its key thrust. The GAC consultations were thus designed to meet the dual objectives of soliciting inputs for the mid-term CAS review and generating feedback on the Bank-wide Governance and Anticorruption strategy. The GAC questions were adapted accordingly.

What were the key issues/themes raised by participants?

1. Governance issues are serious and complex; problems and their solutions are multiple and differ by context (e.g. sectoral, geographical, cultural). Government commitments are also variable in response to this complexity, and these are not always easy to determine in an objective manner. Even when the government (or a part of it) appears committed, this commitment can waver (or vice versa).

2. World Bank cannot ignore the political roots of corruption. There is a need to focus on corruption linked to elected politicians. Some stakeholders expect World Bank to engage in cleaning up electoral process, as this lies at the root of corruption, or address the roles of elected officials in corruption.
3. As a strategy, it is best to tackle corruption as an obstacle to service delivery, rather than to emphasize the moral aspects (cultural aspects of corruption). A number however see the benefit of promoting values reorientation, behavioral change, for instance through formal education and information / education campaigns
4. Increased World Bank engagement is welcome by all consulted stakeholders. There is high level of trust in, and expectations from, World Bank such that it is deemed necessary to engage even and especially in areas of high corruption risk.
 - 4.1. Generally, disengagement from difficult areas is not helpful because (1) there are pockets of successful reforms/initiatives even within these difficult areas and (2) it may send the wrong signal, e.g. World Bank is not serious enough that it does not want to face up to the real challenges.
 - 4.2. However, “engagement-disengagement” strategy can be used as a bargaining tool such that Bank assistance becomes an incentive for governments/leaders to implement desired reforms and deliver services.
5. The Bank strategy should entail both focused assistance through concrete entry points (i.e., promising area) and well-thought-out efforts to address more challenging areas. In the case of the Philippines, deepening and broadening procurement reform would be a good example of such a promising entry point. Supporting those agencies that are relatively weak and more corrupt, if their agency-level leadership is credible, would be an example of the latter.
6. Increased support for the country’s own fiduciary control systems is welcome; separate or parallel systems are not. E-governance should be promoted and supported.
7. Information disclosure and transparency, coupled with oversight by non-government organizations, is a successful approach that needs to be scaled up and sustained.
 - 7.1. World Bank should use disclosure of project implementation details as tool for enhanced transparency
 - 7.2. World Bank needs instruments to support non-government actors to follow up on rhetoric. This includes grants to NGOs. Policy dialogue, technical assistance, analytical work and better access to information will be helpful.
 - 7.3. World Bank needs to find a way of supporting scaling-up of CSO initiatives to enhance their impact and make them more sustainable.
8. Sub-national and community initiatives provide promising entry points, especially in the Philippines where top-level leadership is unstable but decentralization efforts have been continuing.

9. There is a need / expectation for the World Bank to invest more in and lead efforts in developing more robust approaches to monitoring governance progress. Some suggest that the World Bank support institutions that generate and analyze data/information to promote greater transparency and accountability.
10. Some governance indicators that were deemed important were:
 - 10.1. Quality and efficiency of delivery of basic services and of government projects
 - 10.2. Prices paid for certain procured items
 - 10.3. Professionalization of the civil service (e.g., number of government posts filled by individuals without proper qualifications)
 - 10.4. Credibility, independence, and efficiency of the justice system
 - 10.5. Security / political stability

Respondent Type	Consultation Reply
1. Top governance challenges in the country	
<i>Civil Society</i>	<ul style="list-style-type: none"> ▪ Lack of strong political will and sincerity from top leadership on several issues erodes the public’s faith in the institutions, thus putting the country into a ‘weak’ state. This is based on actual experience as well as the general perception of the people. There is weak commitment and ambiguous prospects of reform. ▪ Poor implementation of State’s laws and policies further makes a ‘weak’ state. Although laws and regulations on anti-corruption are fairly sound, institutions implementing it suffer from limited resources and/or corrupt leadership. ▪ There is too much emphasis on governance and anti-corruption efforts at the national level and not enough inputs are given to the sub-national groups. The sub-national level is where corruption often takes place, with some sub-national governments resisting change. However, sub-national interventions produce higher impact to its citizens since it is closer to home. It was also noted that there is minimal participation and involvement of CSOs in the sub-national level. ▪ The frequent changes in leadership at the cabinet level leads to unstable program planning and delivery, and low staff morale. ▪ Opaque decision making and budget allocation processes. Lack of transparency in the implementation of government projects.
<i>Government</i>	<ul style="list-style-type: none"> ▪ Corruption as a culturally-accepted phenomenon. The public accepts, condones, abets, and even takes part in corrupt practices either as a victim or beneficiary. This must be overhauled through a paradigm shift that says to all: “corruption does not pay.” There is a need to change values and behavior. ▪ No unity and coordination among different government implementing agencies and civil society watchdog groups leading to fragmented ineffective efforts. The Philippines also suffer from the lack of sustainability and poor follow-through of its anti-corruption efforts.
<i>Private Sector</i>	<ul style="list-style-type: none"> ▪ The judicial system/process is highly politicized: spotting, investigating, prosecuting, and adjudicating offenders are vulnerable to bribery and influence peddling. ▪ Country Development Fund (CDF or pork barrel) of the Congress is highly subjected to graft and corruption due to the independent decision making and opaque budget planning that easily leads to preferential treatment and bribery among officials.

Respondent Type	Consultation Reply
	<ul style="list-style-type: none"> ▪ Seeming public apathy or lack of / inconsistent public outrage over serious governance problems and corruption cases may be attributable to desire not to “sink the ship just to fire the captain” and due to unclear alternatives.
2. Promising areas of governance and anticorruption reform and potential obstacles	
<i>Civil Society</i>	<ul style="list-style-type: none"> ▪ The Government Procurement Reform Act (GPRA) or R.A. 9184 institutionalized and provided among others, e-bidding, uniform procurement standards, harmonized bidding documents, and participation of the external Bids and Awards Committee (BAC) observers. However, resistance to GPRA by sub-nationals was noted due to limits imposed on their former independence. Also, a consensus on the proposed guidelines for international bidding remains to be reached. Finally, external observers’ participation is limited/unsustainable due to lack of resources. ▪ Participatory audit was mentioned as a promising area but its implementation was short-lived due to lack of logistical and financial support. ▪ The Civil Society Organization (CSO) projects and initiatives to enhance accountability and transparency. There are groups such as the Government Watch, Procurement Watch and Road Watch. However, most groups find it difficult to sustain their efforts due to limited financial support.
<i>Government</i>	<ul style="list-style-type: none"> ▪ The Procurement Reform Law is highly sophisticated and is a potential high-impact reform but it is yet to be fully implemented at all levels. Several government agencies still do not fully understand the law. ▪ Governance and anti-corruption programs such as initiatives within the Ombudsman such as the Lifestyle Checks, DOF’s RIPS (Revenue Integrity Protection Service), RATE (Run After Tax Evaders) and RATS (Run After The Smugglers). However, these initiatives are weakened due to inefficient lawyers and political interference. ▪ PAGC’s Integrity Development Action Plan (IDAP) to institutionalize internal audit systems and OMB’s Integrity Development Reviews (IDRs) ▪ Civil Service Commission’s implementation of the <i>Ethical Standards for Government Officials and Employees</i>. Initiatives of the Career Executive Service Board are also welcome. The risk in this area is the existing culture of non-accountability among leaderships. ▪ Devolution of certain services from the national government to the sub-national or local level. This also includes capacitating Local Development Councils and more specifically that at the barangay or community level. However, there are some risks in operationalizing various initiatives at the barangay level because of the lack of needed capacity among officials and personnel. Concern was also raised as to the environment of hesitation between the national and

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	<p>local levels on who has jurisdiction over certain projects. Another obstacle is the volatility of projects due to possible change in leadership, most concretely at the local level.</p> <ul style="list-style-type: none"> ▪ Lihok Filipina’s “scorecard project” where trained volunteers pose as clients to gauge government’s efficiency and responsiveness in the delivery of services ▪ Air Quality Management Board which showcase the commitment of local or sub-national governments to clean air. This however, was unsustainable due to lack of capacity/understanding of the official’s mandate under the Local Government Code.
<i>Private Sector</i>	<ul style="list-style-type: none"> ▪ Strengthening the Ombudsman. However, even the OMB can be subjected to political interference. ▪ KALAHI-CIDSS is a promising program because of its community-based and participatory approach.
3. How the Bank should engage where governance is weak, and circumstances under which to disengage	
<i>Civil Society</i>	<ul style="list-style-type: none"> ▪ Substantially increase support to sub-national and community initiatives. ▪ Support and encourage more government transparency initiatives with corresponding monitoring by NGOs. ▪ The Bank should be more transparent and disseminate information regarding its own projects more widely. ▪ Move from pilot testing to more sustainable governance and anti-corruption projects. ▪ Support efforts of media and schools to promote and champion good governance and create “counter-culture” of good citizen behavior. ▪ The Bank should have more documentation of best practices for broad dissemination through popular media. ▪ The Bank should disengage where corruption remains unabated despite GAC mechanisms in place but are not being implemented. ▪ Support efforts to increase citizens’ participation in the budget process by adding more representation and sharing more information through the Local Development Councils. ▪ Help government undertake civil service reforms. ▪ There is a need for budget system reform by introducing a multi-year budget to bring changes to the system. Most graft and corruption practices boils down to the improper use of government’s limited resources.
<i>Government</i>	<ul style="list-style-type: none"> ▪ Do not use corruption as an entry point, use affirmative points

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	<ul style="list-style-type: none"> ▪ Support efforts to integrate voters’ education in the curriculum of elementary education, improve values education and adopt “experimental learning” as a teaching and learning strategy ▪ Pinpoint good practices and recognize local chief executive (LCE) champions
5. How to strengthen the Bank’s work with champions of reform outside the executive branch of government – parliament, judiciary, civil society, media and the private sector	
<i>Civil Society</i>	<ul style="list-style-type: none"> ▪ The Bank should invest more in capacity-building interventions: support monitoring activities by civil society and private sector through more specific, more comprehensive, shared information systems and logistical support to trained monitors. A study conducted by one of the watchdog NGOs indicated that there are only 500-700 trained observers against a demand of 8,000 observers. Integrating ethics and accountability into its existing training interventions should also be looked into. ▪ For the legislative branch, the Bank can put pressure to make congressional spending of the Country Development Funds more transparent. ▪ The Bank should initiate the correction of perception in the civil society, especially small NGOs, against the organization since the former is perceived to be an aloof international agency. The Bank should improve its accessibility to small communities or projects. <p>The Bank should help ensure that local or sub-national governments have their local development plans in the spirit of participative management which entails ownership and ensures participation from the grass roots.</p>
<i>Private Sector</i>	<p>For the judiciary, put pressure to fast track “big” cases of corruption and establish special programs for courts on corruption cases.</p>
<i>Government</i>	<ul style="list-style-type: none"> ▪ Since there are conflicting signals on the governance situation in the Philippines, it should be a challenge for the Bank to ensure that there will be coordinated signals gearing towards one direction. Positive developments in the fight against corruption should also be reported to the public. There is a need to ensure balanced reporting to highlight even the small packets of successes. ▪ Work with the media more closely to put out balanced reporting, carefully communicating both the good and the bad news with integrity. ▪ Work with sub-national governments by making available technical assistance (TA), grants and loans at the local level.

Respondent Type	Consultation Reply
	Scaling up of projects with noted best practices should also be supported.
6. How to mitigate fiduciary risk in Bank operations?	
<i>Civil Society</i>	This can be done through the Bank's transparency on project costs, backed by monitoring and reporting of monitoring independent groups from civil society and private sector.
<i>World Bank Office Manila (WBOM)</i>	Setting up of anti-corruption teams to guide the sector teams in making sure that safeguards against graft and corruption are in place.
7. The Bank's role vis-à-vis other donors in supporting governance reform	
<i>WBOM</i>	There is a need to identify high-impact areas. It was suggested that donors should support common GAC programs to focus its limited resources to those few areas that would register in local and international ratings with high-impact results.
8. How to monitor progress in governance and anticorruption at the country level	
<i>Government</i>	<ul style="list-style-type: none"> ▪ Use the Ombudsman's Integrity Development Review (IDR) and PAGC's Integrity Development Action Plan (IDAP) and outputs. ▪ Tracking of the progress of implementation of international conventions through donors' forum and other agencies. ▪ Look into the Local Government Performance Monitoring System or LGPMS ▪ Develop a monitoring system based on customer satisfaction index.
<i>Private Sector</i>	Use current surveys of both traditional indicators and perception-oriented studies by government agencies such as the National Statistics Coordination Board, and survey agencies such as the Social Weather Station. Give equal importance to public perception surveys as well as statistical surveys.
<i>Civil Society</i>	<p>Several proposed mechanisms to be put in place:</p> <ol style="list-style-type: none"> 1. Implementation of the Price Procurement Watch which measures the improvements and non-improvements made before and after the Procurement Law, e.g. actual procurement cost vs. its true market value 2. Tripartite score cards

Respondent Type	Consultation Reply
	3. Tracking punishments of big-time offenders 4. Tracking events that signal changes in GAC trends 5. Tracking appointments and tenure of career vs. non-career civil servants 6. Creating more specific indicators per area (best practices, capability-building, access to resources) in a universally accepted index 7. Conduct of customer satisfaction surveys
<i>Civil society</i>	<ul style="list-style-type: none"> ▪ Suggest quarterly and annual surveys rather than once every three years to develop and determine benchmarks in measuring progress. ▪ The level of people’s involvement in governance may also be used to monitor good governance reforms and anti-corruption efforts.
9. Areas for improvement in GAC strategy and country-level support	
<i>Civil Society</i>	<ul style="list-style-type: none"> ▪ The current national-level approach should be modified to focus more and be redirected to the sub-national, community and other dynamic sector initiatives. Accessibility of small communities to the Bank and/or its projects should also be improved. ▪ Disclosure of the World Bank project details as a tool for enhanced transparency implementation. ▪ The World Bank to invest more and lead efforts in more robust approaches to monitoring governance progress. ▪ Corruption is considered a given and efforts to fight it mostly focuses on instituting measures to curb it. However, there is a need to know why corruption exists and by knowing the roots of it can we more effectively respond to it.
<i>Private Sector</i>	<ul style="list-style-type: none"> ▪ Include and integrate World Bank’s good governance measures within existing fiduciary system. ▪ The Bank to consider entry into non-traditional areas, such as the <ol style="list-style-type: none"> 1. political arena, e.g. voters’ literacy, political party reforms, electoral reforms, tracking of political appointments and tenure 2. education sector, e.g. introducing GAC modules in schools of Public administration, enhancing school networks to share learning methodologies in GAC
<i>WBOM</i>	<ul style="list-style-type: none"> ▪ There may be a need to integrate better and have a cross-cutting perspective, i.e. anti-corruption action plan to effectively address GAC issues, since most of the GAC initiatives by the Bank are on a project-by-project or sector-by-

Respondent Type	Consultation Reply
	<p>sector basis.</p> <ul style="list-style-type: none"> ▪ Mismatch in the incentives system for Bank staff. It may be difficult to disengage from a project with potential GAC problems knowing that their (Bank’s staff) performance assessment would be based on the number of loans they have processed. ▪ Lack of institutional checks in terms of general effectiveness of the Bank’s GAC strategy. The effectiveness of the piece-meal approaches to address GAC issues can be enhanced if there is convergence or synergy with all the efforts that has been done with various donors. There is no general sense of the progress made in totality in terms of the institution’s overall efforts.
10. Other key issues	
<i>Civil Society</i>	<ul style="list-style-type: none"> ▪ When advocacy becomes too political, the Bank backs down a bit. It is also important to get in the area of political advocacy. ▪ The World Bank is not very transparent in coming up with projects and putting projects in project sites. ▪ There is a perception that the World Bank is being used as a tool to forward non-World Bank interest in the regions. ▪ The bank has mixed views on which issues it wants to listen to. ▪ The idea of the “Islands” is a good start but the complexity of the levels where GAC is a problem requires a more calibrated, needs-driven approach. ▪ There is a need for the media to be firmed up to gain more integrity. ▪ CSO alternative mechanisms for service delivery (such as those by faith-based organizations like Gawad Kalinga, Habitat for Humanity) help but they could be seen as an indictment of government; thus, promoting these may not be contributing to governance reforms. It is important to encourage complementation—government should encourage such private efforts by creating an environment that will ease / facilitate implementation of their projects.