



**FOR REVIEW PURPOSES ONLY**

**DOCUMENTATION OF THE  
PHILIPPINES CONSULTATION WORKSHOP**

**DRAFT**

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Though we have attempted to provide an accurate account, the attached document is preliminary and may contain errors or omissions. Please contact us with any corrections. Thank you.



## **Documentation of the Philippines Consultation Workshop on the Review of the Implementation of ADB's Governance and Anticorruption Policies**

National College of Public Administration and Governance,  
University of the Philippines, Diliman, Quezon City, 7 December 2004

**NOTE:** *This document is primarily intended for participants of the workshop. Though others are welcome to consider the contents, the information will be less clear to people who did not attend the live event.*

The Asian Development Bank in collaboration with the National College of Public Administration and Governance, University of the Philippines (UP-NCPAG) organized a consultation workshop with a group of government and civil society participants in the Philippines. In plenary and small groups, participants identified major issues in governance and anticorruption, assessed ADB's progress, and recommended action to strengthen ADB's work. This document presents trends, issues, assessments, and actions relevant to ADB's work in governance and anticorruption. The Agenda for the workshop follows in an appendix.

The **purpose** of the workshop is for ADB to listen to diverse stakeholders as they collectively:

- Consider what ADB has achieved, not achieved, and lessons learned in the Philippines in governance & anticorruption;
- Describe issues in governance and anticorruption in the Philippines and the region that will affect ADB's future work; and,
- Recommend appropriate roles and priority actions for ADB in governance and anticorruption in the Philippines.

### **I. Regional/Country Trends in Governance and Anticorruption**

Participants listed current issues and trends that were important governance and anticorruption work in their country and in Asia. The responses were grouped as follows:

#### **SOCIETAL ISSUES**

##### *Problems in values*

- Lack of nationalism and love of country
- Low level of pride
- Lack of national discipline
- Mendicant thinking
- "Pocket orientation" (selfishness, greed)
- Lack of inculcating moral values in education and government systems

##### *Accepted cultural practices*

- Nepotism
- *Pakikisama* (seeking smooth interpersonal relationships, regardless of legal strictures)

- Standards not the same for public and private sector. Why is this moral and ethical standards posed to government while private are getting rich (fairness in government and private sector)?

*Problems of the social structure*

- Overweening strength of elite
- Elite capture of government and economic resources
- Poor institutions
- Deterioration, lack of- or poor education

**PROBLEMS WITHIN GOVERNMENT**

*With the State*

- Weak national leadership
- Lack of political will and commitment
- Too much political interference in policy and project implementation
- Poor national-local relations
- Weak institutions
- Poor implementation of laws
- Poor oversight and monitoring
- Poor access to information by the people
- Low investments in governance reform
- Lack of transparency and people participation
- Judicial insulation
- Deficient system of governance – need to shift to parliamentary system
- Lack of appreciation of investments in governance reforms (structural reforms) and fiscal reforms not only infrastructure reforms

*With the Bureaucracy*

- Problem of interface of national and local policies
- Lack of transparency and people participation
- Lack of capacity of government officials
- Low absorptive capacity
- Inability to learn from experience
- Poor bureaucratic government systems and procedures
- Lack of sincerity as public servants
- Need to rationalize bureaucracy (performance management system)
- Lack of performance measurement
- Weakness in monitoring performance
- Low pay of civil servants
- Poor quality of civil servants
- Establishment of systems and procedures especially on fiscal/financial transactions
- Simplification and transparency of processes to limit corruption
- Limited laws in the judiciary
- Highly politicized process of appointment of judges and justices

## PROBLEMS SPECIFIC TO ANTICORRUPTION

- Need to tackle causes and consequences of corruption
- Weak enforcement of laws (including bribery laws)
- Too many laws
- Laws that exist not adequate to counter corruption
- Too many agencies in anticorruption drive
- Agencies reactive rather than proactive, prosecutorial rather than preventive
- Need to strengthen anti-graft agencies
- Lack of investigation personnel
- Lack of systems and procedures in fiscal transactions
- Low deterrence to commission of corruption
- Weak or absence of corruption prevention systems approach
- Absence of strong bribery campaign in private sector – corporate governance
- Existing weaknesses in ADB's policy in anticorruption
- Weak/lack of implementation ADB's policy

## SECTORAL PROBLEMS

- Trade liberalization policy
- Flaws in electoral policy
- Environmental degradation

## II. ADB's Performance: Participants' Report Card

This session asked participants to consider ADB's governance and anticorruption performance versus its key result areas as committed in key policies using a Report Card.

Results Area	Qualitative Assessment (+ & -)	Examples / Lessons Learned
1. Ensure country leadership and ownership of the governance and anticorruption development agenda	+ Yes.	<ul style="list-style-type: none"> <li>• Acting swiftly and consistently</li> <li>• More effort needs to be exerted - assertive</li> </ul>
2. Take a long-term approach to achieving improvements in governance and anticorruption	+ DMCs / ADB: Not aware  +	<ul style="list-style-type: none"> <li>• Issue: Extent of ADB work with regard to standards applied to private sector governance – Is ADB focused only on public sector governance? Why limit ADB's policy?</li> <li>• Program is intact and set forth</li> </ul>
3. Optimize impact of ADB's operations on poverty reduction by addressing key governance issues in DMCs in a systematic and focused manner.	Yes.  No.  +	<ul style="list-style-type: none"> <li>• Yes –systems ok; even valued by congressmen</li> <li>• Funds disbursement focus</li> <li>• No risk assessment of corruption/ preventive measures</li> <li>• Maximize the resources provided</li> </ul>

4. Measure development impact of governance and anticorruption support (Impact of governance)	+	<ul style="list-style-type: none"> <li>No firm feedback mechanism; Monitoring not evaluative</li> </ul> <p><i>“The SEC has good indicators for monitoring success and ADB should look into putting a facility in getting good feedback in its projects.”</i></p>
5. Demonstrate to borrowing DMCs the cost of corruption and the value of eliminating it by setting an example of zero tolerance for it in ADB's own activities; promote spread of good internal financial and other control systems to DMCs by encouraging their use in all agencies involved in ADB related activities.	<p>Yes. No.</p> <p>+</p> <p>Yes. But there is perception that they are not totally promoting it.</p>	<ul style="list-style-type: none"> <li>DSWD ok</li> <li>ADB has not been able to display “zero tolerance” effectively</li> <li>Experience in Sri Lanka &amp; Bangladesh</li> <li>Production of manuals/brochures</li> <li>They should be more proactive.</li> </ul>
6. Enhance strategic alliances and partnerships with the international development community in governance and anticorruption	No. (WB has better standards)	<ul style="list-style-type: none"> <li>In comparison to WB, there doesn't seem to be harmonization with the standard of publishing debarred firms</li> </ul>
7. Empower the poor people and civil society organizations through processes used to identify and design projects 8. Ensure stakeholder participation to establish priorities and poverty reduction targets, and help direct project identification and design	<p>No.</p> <p>+</p> <p>Very limited effectiveness.</p> <p>Capacity and mechanism not working well.</p>	<ul style="list-style-type: none"> <li>LGU officials may come in the way</li> <li>Public consultation and participatory approach</li> <li>Know the right parties to talk to.</li> </ul>
9. Introduce transparent procedures that ensure full disclosure of information for all dealings with public sector entities	<p>Yes.</p> <p>No.</p> <p>+ and -</p> <p>Yes for DMC ADB – negative.</p>	<ul style="list-style-type: none"> <li><i>Systems improvement with transparency loan negotiations, bidding, etc.</i></li> <li>No transparent procedures and ADB does not publicize firms and agencies that have corruption cases</li> <li>Qualified / issues raised: <ul style="list-style-type: none"> <li>Does ADB/ government agency provide information to the people/ Congress (as people's representative)?</li> </ul> </li> </ul> <p><i>Gap between full disclosure as a policy and during actual implementation.</i></p> <ul style="list-style-type: none"> <li>Not just make it available but accessible.</li> </ul> <p><i>Standard of transparency should be made known.</i></p>

10. Improve public expenditure management at central and local levels.	No.	<ul style="list-style-type: none"> <li>• There has to be some balancing between lending objective of ADB with good expenditure management.</li> </ul>
12. Strengthen ADB's capacity to effectively address governance issues	<p>It may not have adequate capacity.</p> <p>No sufficient information.</p>	<ul style="list-style-type: none"> <li>• Sovereign concern of DMC</li> <li>• Diplomacy /</li> <li>• Political realities</li> <li>• Engage more local consultants especially those using participatory approaches.</li> </ul>

### III. Recommended Actions for ADB on Governance & Anticorruption

Participants were asked “what ADB needs to do to achieve its commitments under the policies.” In particular, “what should be ADB’s role and priority actions?” After the small group discussion, participants were asked to react to other groups’ recommendations by drawing:

- Red star on a top-priority recommendation
- Blue-cross on a good recommendation
- Black circle on a recommendation that needs much further study

Question # or from Session 1	Answers	Recommendations / Actions
(i) What is ADB's comparative advantage in improving governance and combating corruption in the DMC?	Leverage as funding agency.	
(ii) Should ADB have a long-term partnership with the DMC for improving governance and combating corruption in the DMC? And what could ADB's role be?	Is this sufficient?	<ul style="list-style-type: none"> <li>• ADB should focus on sustainability of individual projects in terms of financial aspects and the overall project ☆☆☆☆</li> <li>• ADB to have feedback/ evaluation consultations with development partners. ☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆</li> <li>• Sharing of information leading to criminal prosecution (i.e., case of Gen. Garcia) ☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆</li> <li>• ADB to provide support for Government of the Philippines to conduct analysis and research on governance, institutional and corruption constraints to poverty reduction and pro-poor growth. ☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆</li> <li>• Project that supports and improves the education system which has a long-term effect on governance and anticorruption <ul style="list-style-type: none"> <li>○ Quality of education ☆</li> <li>○ Teachers' competence ☆</li> <li>○ Curriculum development</li> </ul> </li> <li>• Moral/values development (values formation) ☆☆☆</li> <li>• Lending policy <ul style="list-style-type: none"> <li>○ Provide grants for governance and anticorruption initiatives ☆☆☆</li> </ul> </li> </ul>



Question # or from Session 1	Answers	Recommendations / Actions
	engaged in corruption and disclosure and harmonizing with other donors.	
<p>(v) Should ADB provide support for:</p> <p>a) DMCs to be able to conduct analysis and research on the governance, institutional and corruption constraints to poverty reduction and pro-poor growth.</p> <p>b) DMCs to have a few simple and effective indicators, such as corruption, public expenditure management, quality of services, and business climate and to deliver performance information to citizens through monitoring and evaluation systems.</p>	<p>Yes. →</p> <p>Yes. →</p>	
<p>(vi) What are the key improvements in governance and anticorruption that can be made to the country strategy and program for a DMC. For example, is it important for the country strategy and program (CSP) to include:</p> <p>a) Sector specific governance, insti. and corruption analysis?</p> <p>b) Should ADB continue with country governance assessments?</p> <p>c) Governance and corruption risk mitigating measures to protect the investments proposed in the portfolio, and ensuring these are monitored and reported on during the annual portfolio reviews.</p>	<p>Yes.</p> <p>Yes.</p> <p>Yes.</p>	<p>All. ❄️❄️</p> <ul style="list-style-type: none"> <li>Project documents/RRPs should include risk assessment for each individual project and preventive measures (see vii, a). ❄️+</li> </ul>
<p>(vii) In the areas of governance and corruption, what are the improvements that ADB should make in the preparation, implementation and monitoring of projects and programs?</p>	<p>Yes (to all listed in the handout)</p>	<p>Additional recommendations:</p> <ul style="list-style-type: none"> <li>Strengthen ADB's Anticorruption Policy</li> <li>A % of lending of ADB's overall funding should always be allocated to projects that are specific to combating corruption; in each individual loan, a % should go to preventive measures for corruption ❄️❄️</li> <li>ADB should be serious in implementing its</li> </ul>



## Appendix



### PHILIPPINES CONSULTATION WORKSHOP

7 December 2004, 8:30 am – 4:30 pm

National College of Public Administration and Governance

University of the Philippines, Diliman, Quezon City

#### PURPOSE & AGENDA

##### **Purpose :**

The purpose of the workshop is to gather diverse stakeholders to collectively:

- Consider what ADB has achieved, not achieved, and lessons learned in the Philippines in governance and anticorruption;
- Describe issues in governance and anticorruption in the Philippines and the region that will affect future work; and
- Recommend appropriate roles and priority action points for ADB in governance and anticorruption in the Philippines.

- 8:30 a.m.        **Arrival/Registration/Welcome**
- 9:00 a.m.        **Opening Program/Welcome Remarks**  
Dr. Jose Abueva  
President, Kalayaan College  
President, University of the Philippines (1987-93)  
Professor Emeritus, NCPAG  
  
Mr. Thomas Crouch  
Country Director  
Philippine Country Office  
Asian Development Bank
- 9:30 a.m.        **Overview of the Workshop and Introduction of Participants**  
**Regional/Country Trends in Governance and Anticorruption to Reduce Poverty**  
Dr. Ledivina V. Cariño, University Professor, NCPAG, UP
- 10:00 a.m.       **Governance and Anticorruption Desk-Based Review: Background and Issues**  
Ms. Asha Newsum, Principal Governance Specialist, Governance & Regional Cooperation Division, Regional Development and Sustainable Development Department, ADB
- 10:30 a.m.       **Implementing the Policies in the Philippines – Highlights**  
Ms. Elsie Louise Araneta, Sr. Governance Specialist, Office of the Director General, Southeast Asia Department, ADB
- 11:00 a.m.       **Small Group Discussion 1: Feedback on ADB's Contribution to the Philippines: Achievement and Performance**

12:00 Noon Lunch

1:00 p.m. Continue Discussion

1:30 p.m. **Plenary Session: Group Reports on ADB's Contribution and Performance**

2:15 p.m. **Small Group Discussion 2: Priority Actions by ADB for Governance and Anticorruption**

3:15 p.m. **Plenary Session: Group Reports on Recommended Priority Actions Implications and Next Steps**

4:00 p.m. **Evaluation**

4:15 p.m. **Closing Program**  
Prof. Jose N. Endriga  
Vice-President for Public Affairs  
University of the Philippines (2001-2003)

Ms. Asha Newsum  
Asian Development Bank

4:30 p.m. **End of Workshop**